THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Board Action

- **Board of Directors**
  Finance, Affordability, Asset Management, and Efficiency Committee

10/13/2026 Board Meeting

8-6

Subject

Approve and authorize the distribution of Appendix A for use in the issuance and remarketing of Metropolitan's Bonds; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This board letter requests authorization to finalize and include Appendix A in Metropolitan's bond offering statements for use with future debt financings. With board approval, staff will finalize Appendix A and incorporate it into offering statements for two bond issuances planned for November 2026. Distributing Appendix A, along with an offering statement, will enable Metropolitan and its underwriting team to market the respective bonds to a broad range of investors, supporting informed investment decisions and competitive pricing.

Proposed Action(s)/Recommendation(s) and Options

Staff Recommendation: Option #1

Option #1

a. Approve the draft of Appendix A (**Attachment 1**) attached to this board letter.
b. Authorize the General Manager, or other designee of the Ad Hoc Committee, to finalize, with changes approved by the General Manager and General Counsel, Appendix A.
c. Authorize distribution of Appendix A, finalized by the General Manager or other designee of the Ad Hoc Committee, in connection with the sale and/or remarketing of bonds.

Fiscal Impact: Approval of Appendix A does not itself authorize debt issuance or expenditures. It supports Metropolitan's ability to undertake separately authorized bond issuances and remarketings to finance capital expenditures, refund outstanding obligations, and manage existing debt in a cost-effective manner.
Business Analysis: Approval would provide current financial and operating disclosures to support Metropolitan's access to the capital markets, including planned capital financing and refunding transactions, and facilitate the efficient management of its debt portfolio.

Option #2

Do not approve Option #1
Fiscal Impact: Metropolitan would not have a current securities disclosure document in order to participate in publicly offered bond financings, which would limit its ability to meet the District's plans to issue debt obligations in the most cost-effective manner in the current market. Instead, Metropolitan would be required to use its revolving line of credit, direct placement bank products, and/or reserves on hand to issue debt obligations as intended in the Adopted Budget for Fiscal Year 2026/27 and Fiscal Year 2027/28 ("Adopted Budget"), which could lower Metropolitan's reserve balances below the minimum requirement.
Business Analysis: Metropolitan would forgo the opportunity to access the capital markets to actively manage its debt portfolio and implement the plans outlined in the Adopted Budget in an efficient and cost-effective manner.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Disclosure Procedures

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Related Board Action(s)/Future Action(s)

Adopt the Twenty-Seventh Supplemental Resolution to the Master Bond Resolution authorizing the issuance of up to $600 million of Water Revenue and Refunding Bonds, 2026 Series; providing the terms and conditions for the sale and issuance of the Bonds; and approve expenditures to fund the costs of issuance of the Bonds, October 13, 2026.

Adopt the Fifth Supplemental Resolution to the Master Subordinate Resolution authorizing the issuance of up to $300 million of Subordinate Water Revenue Bonds, 2026 Series; providing the terms and conditions for the sale and issuance of the Bonds; and approve expenditures to fund the costs of issuance of the Bonds, October 13, 2026.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (State CEQA Guidelines Section 15378(b)(4).)).

CEQA determination for Option #2:

None required

Details and Background

Background

Metropolitan's securities markets disclosures provide information to investors about Metropolitan's water supply, conservation and water shortage measures, regional water resources, water delivery system, capital investment plan, governance and management, revenues and expenses (including historical and projected), and power sources and costs in an appendix to its offering statements titled Appendix A, which is included as **Attachment 1**. Federal securities regulations require that bond disclosures not misstate facts that would be material to a reasonable investor in Metropolitan's bonds or omit material facts that, if undisclosed, would mislead investors.

Metropolitan's procedures to ensure compliance with federal securities regulations include, among others, board review and approval of Appendix A. The Board's approval of the disclosures in Appendix A will support offering statements for financings until the next update, expected to be completed in 2027. Appendix A may also be updated to describe events that occur after the distribution of this letter. However, material updates to Appendix A for financings made before the Board's next biannual update will be provided to the Board for review and comment in advance of its use.

Attachment 2 reflects changes to Appendix A that have been made to the disclosure since the Board's prior approval of Appendix A on November 18, 2025. With respect to financial information, Appendix A reflects unaudited actual results for fiscal year 2025/26 and, for other years, the adopted budget for fiscal years 2026/27 and 2027/28, including the 10-Year Financial Forecast. In addition, there are updates reflecting Metropolitan's current water conditions, and updates on legal and water quality regulatory issues. There is also additional language on the recently issued Colorado River Guidelines for Coordinated Operations of Lake Powell and

Lake Mead for Operating Years 2027 and 2028 and issues related to the discovery of golden mussels in Metropolitan's distribution system.

After Appendix A is approved, staff will continue to work with its finance team, including disclosure counsel, bond counsel, underwriters, a municipal advisor, counsel for underwriters, and remarketing agents, where applicable, to finalize bond offering statements that include or incorporate Appendix A. Once completed, the General Manager, or a designee of the Ad Hoc Committee authorized under Metropolitan's bond resolutions, will authorize distribution of the bond offering statements. The Ad Hoc Committee is comprised of the Chair of the Board, the Chair of the Finance Affordability, Asset Management and Efficiency Committee, and the General Manager.

The bond offering statements will then be electronically distributed to potential investors, providing material information concerning the issuance of bonds and the financial and operating conditions of Metropolitan, to assist with investment decisions regarding the bonds. As part of Metropolitan's most recent offering statements, Appendix A will be posted on the Budget & Finance page of Metropolitan's website (MWD | Financial Reports & Documents (mwdh2o.com)), on our investor relations portal (Bonds, Documents, Resources | Metropolitan | BondLink (buymetwaterbonds.com)) and on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (Municipal Securities Rulemaking Board::EMMA (msrb.org)).

Katano Kasaine 9/30/2026
Katano Kasaine *Date*
Assistant General Manager/
Chief Financial Officer

Shivaji Deshmukh 9/30/2026
Shivaji Deshmukh *Date*
General Manager

Attachment 1 – Appendix A

Attachment 2 – Appendix A (redline marked against prior approved Appendix A on November 18, 2025)

Ref# cfo12711720

Board Distribution Draft 10/13/26

APPENDIX A

The Metropolitan Water District of Southern California

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INTRODUCTION

This Appendix A provides general information regarding The Metropolitan Water District of Southern California ("Metropolitan"), including information regarding Metropolitan's operations and finances. Certain statements included or incorporated by reference in this Appendix A constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "project," "expect," "estimate," "budget" or other similar words. Such statements are based on facts and assumptions set forth in Metropolitan's current planning documents including, without limitation, its most recent biennial budget. The achievement of results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual results may differ from Metropolitan's forecasts. Metropolitan is not obligated to issue any updates or revisions to the forward-looking statements in any event.

Metropolitan maintains a website that may include information on programs or projects described in this Appendix A; however, none of the information on Metropolitan's website is incorporated by reference herein or is intended to assist investors in making an investment decision or to provide any additional information with respect to the information included in this Appendix A. The information presented on Metropolitan's website is not part of the Official Statement and should not be relied upon in making investment decisions.

Formation and Purpose

Metropolitan is a metropolitan water district created in 1928 under the authority of the Metropolitan Water District Act (California Statutes 1927, Chapter 429, as reenacted in 1969 as Chapter 209, as amended (the "Act")). The Act authorizes Metropolitan to: levy property taxes within its service area; establish water rates; impose charges for water standby and service availability; incur general obligation bonded indebtedness and issue revenue bonds, notes and short-term revenue certificates; execute contracts; and exercise the power of eminent domain for the purpose of acquiring property. In addition, Metropolitan's Board of Directors (the "Board") is authorized to establish terms and conditions under which additional areas may be annexed to Metropolitan's service area.

Metropolitan's primary purpose is to provide a supplemental supply of water for domestic and municipal uses at wholesale rates to its member agencies. If additional water is available, such water may be sold for other beneficial uses. As a water wholesaler, Metropolitan has no retail customers.

The mission of Metropolitan, as promulgated by the Board, is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

Metropolitan's rates and charges for water transactions and availability are set by its Board and are not subject to regulation or approval by the California Public Utilities Commission or any other state or federal agency. Metropolitan imports water from two principal sources: northern California via the Edmund G. Brown California Aqueduct (the "California Aqueduct") of the State Water Project owned by the State of California (the "State" or "California") and the Colorado River via the Colorado River Aqueduct ("CRA") owned by Metropolitan. See "METROPOLITAN'S WATER SUPPLY" in this Appendix A.

Member Agencies

Metropolitan is comprised of 26 member agencies, all of which are public entities, including 14 cities, 11 municipal water districts, and one county water authority, which collectively serve the residents and

businesses of more than 300 cities and unincorporated communities. Member agencies request water from Metropolitan at various delivery points within Metropolitan's system and pay for such water at uniform rates established by the Board for each class of water service. Metropolitan's water is a supplemental supply for its member agencies, most of whom have local supplies and other sources of water. See "METROPOLITAN REVENUES—Principal Customers" in this Appendix A for a listing of the ten member agencies representing the highest level of water transactions and revenues of Metropolitan during the fiscal year ended June 30, 2026. No member agency is required to purchase water from Metropolitan, but all member agencies are required to pay readiness-to-serve charges whether or not they purchase water from Metropolitan. See "METROPOLITAN REVENUES—Rate Structure," and "—Other Charges" in this Appendix A. Local supplies include water produced by local agencies from various sources including but not limited to groundwater, surface water, locally-owned imported supplies, recycled water, and seawater desalination (see "REGIONAL WATER RESOURCES" in this Appendix A). Metropolitan's member agencies may develop additional sources of water and Metropolitan provides support for several programs to develop these local resources. See also "REGIONAL WATER RESOURCES—Local Water Supplies" in this Appendix A.

The following table lists the 26 member agencies of Metropolitan.

Municipal Water Districts		Cities		County Water Authority
Calleguas	Las Virgenes	Anaheim	Los Angeles	San Diego
Central Basin	Orange County	Beverly Hills	Pasadena	
Eastern	Three Valleys	Burbank	San Fernando	
Foothill	West Basin	Compton	San Marino	
Inland Empire Utilities Agency		Fullerton	Santa Ana	
Upper San Gabriel Valley		Glendale	Santa Monica	
Western of Riverside County		Long Beach	Torrance	

Service Area

Metropolitan's service area comprises approximately 5,200 square miles and includes all or portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura. When Metropolitan began delivering water in 1941, its service area consisted of approximately 625 square miles. Its service area has increased by 4,575 square miles since that time. The expansion was primarily the result of annexation of the service areas of additional member agencies.

Metropolitan estimates that approximately 18.8 million people lived in Metropolitan's service area (as of January 1, 2026), based on official estimates from the California Department of Finance and on population distribution estimates from the Southern California Association of Governments and the San Diego Association of Governments. The economy of Metropolitan's service area is exceptionally diverse. In 2025, the economy of the six counties which contain Metropolitan's service area had a gross domestic product larger than all but eleven nations of the world. Metropolitan has historically provided between 40 and 60 percent of the water used annually within its service area. For additional economic and demographic information concerning the six county area containing Metropolitan's service area, see Appendix E—"SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION FOR METROPOLITAN'S SERVICE AREA."

The climate in Metropolitan's service area ranges from moderate temperatures throughout the year in the coastal areas to hot and dry summers in the inland areas. Since 2000, annual rainfall has ranged from approximately 4 to 23 inches along the coastal area, 6 to 42 inches in foothill areas, and 5 to 22 inches in inland areas. See also "METROPOLITAN'S WATER SUPPLY—General Overview," "—Current Water

Conditions," and "—Climate Action Planning and Other Environmental, Social and Governance Initiatives," and "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES."

GOVERNANCE AND MANAGEMENT

Board of Directors

Metropolitan is governed by a 38-member Board of Directors, made up of representatives from all of Metropolitan's 26 member agencies. Each member agency is entitled to have at least one representative on the Board, plus an additional representative for each full five percent of the total assessed valuation of property in Metropolitan's service area that is within the member agency. Changes in relative assessed valuation do not terminate any director's term. In 2019, California Assembly Bill 1220 (Garcia) amended the Act to provide that "A member public agency shall not have fewer than the number of representatives the member public agency had as of January 1, 2019." Accordingly, the Board may, from time to time, have more than 38 directors.

The Board includes business, professional, and civic leaders. Directors are appointed by member agencies in accordance with those agencies' processes and the Act. They serve on the Board without compensation from Metropolitan. Voting is based on assessed valuation, with each member agency being entitled to cast one vote for each $10 million or major fractional part of $10 million of assessed valuation of property within the member agency, as shown by the assessment records of the county in which the member agency is located. The Board administers its policies through the Metropolitan Water District Administrative Code (the "Administrative Code"), which was adopted by the Board in 1977. The Administrative Code is periodically amended to reflect new policies or changes to existing policies that occur from time to time.

Management

Metropolitan's day-to-day management is under the direction of its General Manager, who serves at the pleasure of the Board, as do Metropolitan's General Counsel, General Auditor, and Ethics Officer. Following are biographical summaries of Metropolitan's principal executive officers.

Shivaji Deshmukh, General Manager – Mr. Deshmukh assumed the role of General Manager on January 1, 2026. Prior to joining Metropolitan, Mr. Deshmukh served as the General Manager of the Inland Empire Utilities Agency, a position that he held since 2019. Before joining the Inland Empire Utilities Agency, Mr. Deshmukh served as the Assistant General Manager at the West Basin Municipal Water District for nine years, where Mr. Deshmukh oversaw engineering, operations, the recycled water program, and two major capital improvement programs. Prior to that, Mr. Deshmukh served Orange County Water District, managing implementation, design, and construction of the Groundwater Replenishment System, a 130 million gallon-per-day potable reuse project. Mr. Deshmukh holds a Bachelor and Master of Science in Civil and Environmental Engineering from the University of California, Los Angeles.

Marcia Scully, General Counsel – Ms. Scully was appointed as Metropolitan's General Counsel in March 2012. She previously served as Metropolitan's Interim General Counsel from March 2011 to March 2012. Ms. Scully joined Metropolitan in 1995, after a decade of private law practice, providing legal representation to Metropolitan on construction, employment, Colorado River and significant litigation matters. From 1981 to 1985 she was assistant city attorney for the City of Inglewood. Ms. Scully served as president of the University of Michigan's Alumnae Club of Los Angeles and is a recipient of the 1996 State Bar of California, District 7 President's Pro Bono Service Award and the Southern California Association of Non-Profit Housing Advocate of the Year Award. She is also a member of the League of Women Voters for Whittier and was appointed for two terms on the City of Whittier's Planning Commission, three years of which were served as chair. Ms. Scully earned a bachelor's degree in liberal arts from the University of

Michigan, a master's degree in urban planning from Wayne State University and her law degree from Loyola Law School.

Scott Suzuki, General Auditor – Mr. Suzuki assumed the position of General Auditor in February 2023. As general auditor, Mr. Suzuki independently reviews internal controls over business processes and information technology, develops a flexible annual audit plan, ensures that assets and resources are properly safeguarded against waste, loss or misuse, and administers Metropolitan's contract for audit services with an independent public accounting firm. Prior to joining Metropolitan, Mr. Suzuki served the County of Orange for almost 21 years in various auditing and accounting roles, concluding as assistant director of internal audit. He also held auditor positions at Home Base, Deloitte, and the California State University system. Mr. Suzuki holds a Bachelor of Arts degree in business economics from the University of California, Los Angeles. He is a certified public accountant (CPA) and holds the certified internal auditor (CIA), certified information systems auditor (CISA), and certified fraud examiner (CFE) designations.

Abel Salinas, Ethics Officer – Mr. Salinas was appointed as Metropolitan's Ethics Officer in July 2019. He is responsible for leading an independent oversight department, which includes ethics-related policymaking, education, advice, compliance and investigations. Prior to joining Metropolitan, Mr. Salinas worked as a Special Agent in Charge at the U.S. Department of Labor-Office of Inspector General. Mr. Salinas holds a bachelor's degree in criminal justice from Pan American University and a master's degree in policy management from Georgetown University. He holds a Certified Compliance and Ethics Professional designation.

Katano Kasaine, Assistant General Manager/Chief Financial Officer – Ms. Kasaine is responsible for directing Metropolitan's financial activities, including accounting and financial reporting, debt issuance and management, financial planning and strategy, managing Metropolitan's investment portfolio, budget administration, financial analysis, financial systems management, and developing rates and charges. In addition, she is responsible for administrative services, risk management, and business continuity activities. Before joining Metropolitan in August 2019, Ms. Kasaine worked at the City of Oakland for 25 years, holding various leadership positions, notably as the city's Finance Director/Treasurer. She holds a bachelor's degree in business administration from Dominican University in San Rafael, California and a master's degree in public health from Loma Linda University.

John Bednarski, Assistant General Manager of Water Resources and Technical Services – Mr. Bednarski was appointed as Assistant General Manager of Water Resources and Technical Services in March 2025, having served as Interim Assistant General Manager of Water Resources and Technical Services since June 2024. In this role, Mr. Bednarski oversees the activities of the engineering services group, the water resources management group, the Bay-Delta initiatives group. Mr. Bednarski joined Metropolitan in 1991 after a decade at the City of Los Angeles Department of Water and Power. A majority of Mr. Bednarski's career at Metropolitan has been in the area of managing the design and construction of large infrastructure projects and programs, including the Inland Feeder Program. More recently, he has managed the development of the Pure Water Southern California Program. Prior to his current assignment, Mr. Bednarski was the Chief Engineer at Metropolitan for five and a half years. In this role, he was responsible for overseeing the planning, design and construction of Metropolitan's capital infrastructure, as well as the dam safety initiatives program. Mr. Bednarski has a bachelor's degree in chemistry from Claremont McKenna College and master's degrees in environmental engineering and public administration from the University of Southern California. Mr. Bednarski is a licensed professional civil engineer in the State of California.

Shane Chapman, Assistant General Manager, Water Systems Operations – Mr. Chapman is responsible for the strategic direction and management of Metropolitan's operations. His primary responsibilities include managing water system operations, information technology and cybersecurity. Prior to his current position, Mr. Chapman previously was Metropolitan's Chief Administrative Officer from

January 2018 until September 2022. He joined Metropolitan as a Resource Specialist in 1991, progressing to the level of Program Manager in 2001. He became the Revenue, Rates and Budget Manager in 2003 and Assistant Group Manager in Water System Operations in 2006. Mr. Chapman previously served as General Manager of the Upper San Gabriel Valley Municipal Water District for seven years. Mr. Chapman has a Bachelor of Arts degree in economics from Claremont McKenna College and a master's degree in public administration from the University of Southern California.

Dee Zinke, Assistant General Manager, External Affairs – Ms. Zinke has been responsible for Metropolitan's communications, public outreach, education, member services, and legislative matters since January 2016. She joined Metropolitan in 2009 as Manager of the Legislative Services Section. Before coming to Metropolitan, Ms. Zinke was the Manager of Governmental and Legislative Affairs at the Calleguas Municipal Water District. Prior to her public service, she worked in the private sector as the Executive Officer and Senior Legislative Advocate for the Building Industry Association of Greater Los Angeles and Ventura Counties and as Director of Communications for E-Systems, a defense contractor specializing in communication, surveillance and navigation systems, based in Washington, D.C. Ms. Zinke holds a Bachelor of Arts degree in communication and psychology from Virginia Polytechnic Institute and State University.

Lisa Dye, Assistant General Manager for Organizational Strategy and Services – Ms. Dye was appointed on September 14, 2026 to oversee Metropolitan's Human Resources, Diversity, Equity and Inclusion, and Safety, Security and Protection Services. She will be responsible for advancing strategic planning, organizational development, leadership development, and safety, security, and regulatory compliance across the organization.

Ms. Dye has more than twenty years of public sector leadership experience. Prior to joining Metropolitan, Ms. Dye served as Assistant General Manager for the Inland Empire Utilities Agency, where she led the Finance, Human Resources, and Information Technology departments. She holds a bachelor's degree in business administration with an emphasis in Management and Human Resources, a master's degree in psychology with an emphasis in Industrial and Organizational Psychology, and a professional certification as a Society for Human Resource Management, Senior Certified Professional (SHRM-SCP).

Employee Relations

The total number of regular full-time Metropolitan employees included in the fiscal year 2026-27 budget is 2,045. As of August 3, 2026, 1,780 positions were filled. Of the filled positions, 1,184 were represented by AFSCME Local 1902, 91 by the Supervisors Association, 333 by the Management and Professional Employees Association and 129 by the Association of Confidential Employees. The remaining 43 employees are unrepresented. The four bargaining units represent 98 percent of Metropolitan's current employees. The Board approved an extension of the Memorandum of Understanding with AFSCME Local 1902 through December 31, 2027. Negotiations have begun with the Management and Professional Employees Association, the Association of Confidential Employees, and the Supervisors Association regarding their respective Memorandums of Understanding, each of which currently end December 31, 2026.

Risk Management

Metropolitan is exposed to various risks of loss related to, among other things, the design and construction of facilities, and the treatment and delivery of water. With the assistance of third-party claims administrators, Metropolitan is self-insured for property losses, liability, and workers' compensation. Metropolitan self-insures the first $25 million per liability occurrence, with commercial general liability coverage of $75 million in excess of the self-insured retention. The $25 million self-insured retention is maintained as a separate restricted reserve. Metropolitan is also self-insured for loss or damage to its property, with the $25 million self-insured retention also being accessible for emergency repairs and

Metropolitan property losses. In addition, Metropolitan obtains other excess and specialty insurance coverages such as directors' and officers' liability, fiduciary liability, cyber, and aircraft hull and liability coverage.

Metropolitan self-insures the first $5 million for workers' compensation with statutory excess coverage. The self-insurance retentions and reserve levels currently maintained by Metropolitan may be modified by the Board at its sole discretion.

See also Note 16 to Metropolitan's audited financial statements in Appendix B for additional information on Metropolitan's self-insurance and insurance coverage limits.

Cybersecurity

Metropolitan has adopted and maintains an active Cybersecurity Program ("CSP") that includes policies reviewed by Metropolitan's Office of Enterprise Cybersecurity, Audit department and independent third-party auditors and consultants. Metropolitan has appointed an Information Security Officer who is responsible for overseeing the annual review of the CSP and its alignment with Metropolitan's Strategic Plan. Metropolitan's policies and procedures on information governance, risk management, and compliance are consistent with best practices outlined by the Cybersecurity and Infrastructure Security Agency (CISA) Shields Up initiative and are consistent with the requirements prescribed by the America's Water Infrastructure Act (AWIA) for risk assessment and emergency response. Metropolitan's Cybersecurity Team is responsible for identifying cybersecurity risks to Metropolitan, preventing, investigating, and responding to any cybersecurity incidents, and providing guidance and education on the implementation of new technologies at Metropolitan. All persons or entities authorized to use Metropolitan's computer resources are required to participate in Metropolitan's Cybersecurity Awareness Training, which is conducted annually. See also "RISK FACTORS – Cybersecurity; Other Safety and Security Risks" in the front part of this Official Statement.

Business Continuity

Metropolitan maintains a Business Continuity Program that aligns with industry best practices to ensure that plans are in place across the organization to mitigate, respond to and recover from disruptive events that may impact normal operations. In accordance with its Operating Policy A-06, Emergency Management and Business Continuity, Metropolitan's plans ensure that resiliency strategies are in place to continue critical operations in the event of impacts to information technology systems, facilities and infrastructure, staffing levels, key vendors and resources. Using a continuous improvement model, Business Continuity Plans are reviewed, updated and exercised on a regular basis.

METROPOLITAN'S WATER SUPPLY

General Overview

Metropolitan's principal sources of water supplies are the State Water Project and the Colorado River. See "—State Water Project" and "—Colorado River Aqueduct." Metropolitan receives water delivered from the State Water Project under provisions of a State water supply contract, including contracted supplies, use of carryover storage in the San Luis Reservoir, and surplus supplies. Metropolitan holds rights to a basic apportionment of Colorado River water and has priority rights to an additional amount depending on the availability of surplus supplies. However, since 2003 no unused surplus has been available for California beyond the basic apportionment. Water management programs supplement these Colorado River supplies. To secure additional supplies, Metropolitan also has groundwater banking partnerships and water transfer and storage arrangements within and outside its service area. Metropolitan's principal water

supply sources, and other supply arrangements and water management programs are more fully described in this Appendix A.

Metropolitan's water supply contract with the State (as amended, the "State Water Contract") provides for up to 1,911,500 acre-feet contracted amount of State Water Project supplies annually as set forth in "Table A" of Metropolitan's State Water Contract ("Table A State Water Project water" as further described under "—State Water Project — State Water Contract"). The amount of State Water Project water available for allocation under the State Water Contract each year is determined by the California Department of Water Resources ("DWR") based on existing supplies in storage, forecasted hydrology, and other factors, including water quality and environmental flow obligations and other operational considerations. Over the ten-year period 2016 through 2025, Metropolitan's State Water Project allocation ranged from five percent to 100 percent of contracted amounts, averaging approximately 48 percent, which is equal to roughly 908,000 acre-feet annually. (An acre-foot is the amount of water that will cover one acre to a depth of one foot and equals approximately 325,851 gallons, which represents the needs of three average families in and around the home for one year within Metropolitan's service area.)

From calendar year 2016 through 2025, the amount of water delivered to Metropolitan's service area via the State Water Project infrastructure, including water from allocated supplies, human health and safety supplies, carryover, flexible storage from Castaic Lake and Lake Perris, water transfer, groundwater banking and exchange programs delivered through the California Aqueduct varied from a low of 468,000 acre-feet in calendar year 2022 to a high of 1,473,000 acre-feet in 2017. See also "—Current Water Conditions."

Metropolitan's rights to Colorado River water include a fourth priority right to 550,000 acre-feet of Colorado River water annually (its basic apportionment) and a fifth priority right to an additional 662,000 acre-feet annually (when surplus is available, which such surplus was last available in 2002). Metropolitan has additional available Colorado River supplies, totaling up to approximately 531,000 acre-feet per year, under water supply programs, transfer, exchanges, and certain conservation and storage agreements. Over the ten-year period 2016 through 2025, Metropolitan's net diversions of Colorado River water have averaged approximately 855,000 acre-feet annually, with annual volumes dependent primarily on programs to augment supplies, including transfers of conserved water from agriculture.

Stored water is a critical component of Metropolitan's annual water supply and year-to-year operations. Metropolitan's storage capacity, which includes reservoirs, conjunctive use and other groundwater storage programs within Metropolitan's service area and groundwater and surface storage accounts delivered through the State Water Project or CRA, is approximately 6.4 million acre-feet. Storage capacity provides the water system with year-to-year water supply carry-over capability and a mechanism to assist Metropolitan in providing consistent water supply reliability notwithstanding fluctuations in available supply. Metropolitan's storage as of January 1, 2026 is 4.6 million acre-feet. See "—Storage Capacity and Water in Storage."

The water supply for Metropolitan's service area is provided in part by Metropolitan and in part by non-Metropolitan sources available to Metropolitan's member agencies. The demand for supplemental water supplies provided by Metropolitan is dependent on water use at the retail consumer level and the amount of locally supplied and conserved water. From fiscal years 2017 through 2026, Metropolitan's water transactions (including water sales, exchanges and wheeling) with member agencies have averaged approximately 1.42 million acre-feet annually.

Metropolitan faces a variety of long-term challenges in providing adequate, reliable and high-quality supplemental water supplies for Southern California. These challenges include, among others: (1) population changes within the service area; (2) increased competition for low-cost water supplies; (3) variable weather

conditions, including extended drought periods; (4) increased environmental regulations; and (5) climate change and its impacts on water supply availability. Metropolitan's resources and strategies for meeting these long-term challenges are set forth in its Integrated Water Resources Plan (the "IRP"). See "—Climate Adaptation Master Plan for Water (CAMP4W) — Background" and "—IRP Regional Needs Assessment." In addition, Metropolitan manages water supplies in response to the prevailing hydrologic conditions by implementing its Water Surplus and Drought Management ("WSDM") Plan, and in times of prolonged or severe shortages, the Water Supply Allocation Plan (the "Water Supply Allocation Plan"). See "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES–Water Surplus and Drought Management Plan" and "—Water Supply Allocation Plan" in this Appendix A. The Water Supply Allocation Plan provides for the equitable distribution of available limited water supplies region-wide in case of extreme water shortages within Metropolitan's service area. The Water Supply Allocation Plan was not implemented for fiscal year 2025-26 and is not expected to be implemented for fiscal year 2026-27. See also "—Current Water Conditions."

Hydrologic conditions can have a significant impact on Metropolitan's imported water supply sources. California's climate is such that most of the annual precipitation occurs during late fall and winter. For Metropolitan's State Water Project supplies, precipitation in the form of rain in the Feather River watershed helps replenish storage levels in Lake Oroville, a key State Water Project facility, during fall and winter. Precipitation in the form of snow in California's Northern Sierra provides the additional storage for the subsequent runoff from the spring snowmelt that helps satisfy regulatory requirements in the San Francisco Bay/Sacramento-San Joaquin River Delta ("Bay-Delta") bolstering water supply reliability in the same year. See "—State Water Project — Bay-Delta Proceedings Affecting State Water Project." The source of Metropolitan's Colorado River supplies is primarily the watersheds of the Upper Colorado River Basin in the states of Colorado, Utah, and Wyoming. See "—Colorado River Aqueduct." Although precipitation in the Upper Colorado River Basin is primarily observed in the winter and spring, summer storms are common and can affect water supply conditions.

Uncertainties from potential future temperature and precipitation changes in a climate driven by increased concentrations of atmospheric carbon dioxide and other greenhouse gases ("GHGs") also present challenges. Areas of concern to California water planners identified by researchers include: reduction in Sierra Nevada and Colorado Basin snowpack; increased intensity and frequency of extreme weather events; shifting runoff patterns to earlier in the year when reservoir storage is more constrained due to flood protection; saltwater intrusion to water supplies (including as may be attributable to rising sea levels, high-tide events, and damage or erosion of levees) and potential cutbacks of deliveries of imported water. While the range of potential impacts from climate change remain subject to further study, climate change is among the uncertainties that Metropolitan seeks to address through its planning processes. See "—Climate Adaptation Master Plan for Water (CAMP4W)" and "—Climate Action Planning and Other Environmental, Social and Governance Initiatives."

Current Water Conditions

California's annual precipitation can vary greatly from year to year, and region to region, and more frequent extreme events (both dry and wet conditions) have been experienced within a given year than in the past. Water Year 2026, which represents the 12-month period from October 1, 2025 to September 30, 2026, had a normal start and precipitation as rain in the northern Sierra during the months of November and December 2025 were above 145 percent of normal. As of August 19, 2026, precipitation in the northern Sierra was at 50.8 inches or 95 percent of the water year average. However, snowpack did not start accumulating until January 2026 and peaked on February 24, 2026, with 11.5 inches or 43 percent of the 30-year median peak.

The State Water Project allocation for calendar year 2026 started at ten percent of contracted amounts on December 1, 2025, but was subsequently increased (through two increases) to the final allocation of 45 percent on May 14, 2026, or 860,175 acre-feet for Metropolitan. This allocation took into account State Water Project contractors' 2026 carryover supplies, existing storage in State Water Project facilities, estimated runoff, and operational and regulatory requirements.

As of August 19, 2026, Lake Oroville, a key State Water Project facility, is at 2.16 million acre-feet or 63 percent of capacity. As of August 19, 2026, the State Water Project share of San Luis Reservoir is at 807 thousand acre-feet for the State Water Project or 76 percent of its shared capacity. Total storage at San Luis Reservoir, which includes water for both the State Water Project and the Central Valley Project, is 1.21 million acre-feet or 59 percent of total capacity as of August 19, 2026.

For Water Year 2026, the Upper Colorado River Basin snowpack peaked at 60% of the 30-year median. This peak occurred on March 9, 2026, roughly one month ahead of normal snowpack peak conditions. As of August 5, 2026, precipitation was 83 percent of the 30-year median for the time of year. As of August 3, 2026, the median water year runoff forecast into Lake Powell was 37 percent of the 30-year average. The Colorado River Basin is still experiencing an extended drought. On August 4, 2026, the total system storage in the Colorado River Basin was 39 percent of capacity or 22.69 million acre-feet. See "– Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines." In 2026, a Level 1 Shortage governs the operation of Lake Mead. A Level 1 Shortage is triggered when the lake's elevation drops below 1,075 feet (but remains above 1,050 feet), requiring mandatory water cuts for lower Colorado River basin states, reducing Colorado River allocations to such states. There are no impacts to Metropolitan at a Level 1 Shortage, and no Drought Contingency Plan Contributions are required. As of August 10, 2026, Metropolitan estimated calendar year 2026 Colorado River water supplies to be approximately 969,000 acre-feet, which included approximately 277,700 acre-feet pursuant to the Exchange Agreement (defined below) between Metropolitan and San Diego County Water Authority ("SDCWA").

Metropolitan's storage as of January 1, 2026, was 4.6 million acre-feet. This is the highest beginning-of-year total water storage in Metropolitan's history. See "–Storage Capacity and Water in Storage." Metropolitan's projected amount of surplus supply in calendar year 2026 is approximately 270,000 acre-feet, based upon Metropolitan's demand estimate of 1.57 million acre-feet and Metropolitan's supply estimate of 1.84 million acre-feet.

Climate Adaptation Master Plan for Water (CAMP4W)

Background. Historically, since 1996, Metropolitan's principal water resources planning document has been its Integrated Water Resources Plan (the IRP as defined above). The purpose of the IRP was the development of a portfolio of preferred resources to meet the water supply reliability and water quality needs for the region in a cost-effective and environmentally sound manner. Originally developed by Metropolitan, its member agencies, sub-agencies and groundwater basin managers, the first IRP was adopted by the Board in January 1996 as a long-term planning guideline for resources and capital investments over a 25-year planning cycle through 2020. Utilizing an adaptive management approach, an IRP update was subsequently undertaken approximately every five years (*i.e.*, in 2004, 2010 and 2015), covering a 25-year planning period.

In February 2020, in connection with the development of its next IRP, Metropolitan initiated a two-phase process for its long-term resource planning to guide a 25-year planning cycle through 2045. The two phases consist of: (i) a needs assessment phase, and (ii) an implementation phase. Metropolitan's new planning process builds upon Metropolitan's adaptive management strategy by utilizing a scenario planning approach. Under this approach, Metropolitan anticipates ranges for how much water Southern California can expect from its imported and local supplies, as well as regional water demands, across four plausible

scenarios, each assuming specific forecasts of climate change impacts to imported supplies and different regional water demands. By evaluating these multiple scenarios, Metropolitan can inform decisions and action plans for the implementation of programs and projects needed to maintain reliable water supplies through the year 2045.

IRP Regional Needs Assessment. The first phase of Metropolitan's new resource planning process concluded with the preparation of the 2020 IRP Regional Needs Assessment (the "Regional Needs Assessment"), which was adopted by the Board in April 2022. The Regional Needs Assessment identified potential gaps between the expected supplies and the forecasted demands in Southern California across the four planning scenarios. The assessment further identified the amount of new core supplies, flexible supplies and storage that would be needed to address the predicted gaps. A core supply is water that would generally be available and used every year to meet demands under normal conditions and may include savings from conservation. A flexible supply is a supply that is implemented on an as-needed basis, and may or may not be available for use each year, and may include savings from focused, deliberate efforts to change water use behavior. Storage provides the capability to save water supply to meet demands at a later time; storage converts core supply into flexible supply and evens out variability in supply and demand. Among other things, the Regional Needs Assessment found that the portion of Metropolitan's service area that can only receive Metropolitan's supplies through the State Water Project (the "SWP Dependent Area") is vulnerable to Northern California drought and regulatory restrictions, and that additional resources must be made available to those areas. In addition, the Regional Needs Assessment addressed the possibility of shortage in three of the four planning scenarios, after exhausting available and accessible supplies. Only in a future with low demands and stable imported supplies would Southern California avoid shortage without additional water supply and system reliability investments.

A comprehensive Regional Needs Assessment update is anticipated to be made on an approximately five-year cycle, however the decision for the timing of future updates will depend upon developments that impact Metropolitan's supply or demand assumptions. The inputs to the Regional Needs Assessment analysis are reviewed and reassessed annually as needed to support CAMP4W (defined below) and the adaptive management decision-making process.

CAMP4W. In February 2023, the Board directed staff to integrate water resources, climate considerations, and financial planning into a comprehensive Climate Adaptation Master Plan for Water ("CAMP4W"), the second phase of Metropolitan's long-term resource planning process. CAMP4W incorporates the results and findings of the Regional Needs Assessment into a collaborative process to identify and evaluate integrated regional solutions. The intent of CAMP4W is to translate the high-level portfolio analysis from the Regional Needs Assessment into guidance for specific policies, programs, and projects to address the findings and mitigate the potential shortages. As part of the CAMP4W process, Metropolitan has established a Joint Task Force comprised of Metropolitan Board directors and general managers from its member agencies.

CAMP4W comprises multiple components which together will form an ongoing master planning program. Foundational inputs to the planning process and implementation decisions include (a) the Regional Needs Assessment; (b) climate risk and vulnerability assessments; (c) ongoing infrastructure studies and assessments; and (d) regular public and partner engagement.

In April 2025, Metropolitan's Board approved a CAMP4W Implementation Strategy (the "CAMP4W Implementation Strategy"). The CAMP4W Implementation Strategy outlines steps for implementing and institutionalizing climate adaptation at Metropolitan. The components of the CAMP4W Implementation Strategy include: (1) both resource-based and policy-based time-bound targets to guide investment decisions; (2) a Climate Adaptation Policy Framework, which comprises five high-level policy

statements, which support each of the Board-identified priority areas of reliability, resilience, financial sustainability, affordability and equity; (3) a Decision-Making Framework that defines a consistent, stepwise process for assessing projects and programs; (4) an adaptive management approach to monitoring, reporting, and adjusting, including a CAMP4W annual report to track trends and adjust time-bound targets as needed; and (5) implementation timelines, which will lay out key milestones over the next five years.

As part of the integration of financial planning into CAMP4W, Metropolitan has undertaken a review of its business model through an Ad Hoc Working Group comprised of representatives from Metropolitan's 26 member agencies. The business model review has addressed, among other matters, the recovery of treated water costs, the proportion and components of fixed and volumetric charges used in rate-setting, Metropolitan's reserve policies, and the basis for establishing water sales assumptions for budgeting purposes. In July 2025, the Board approved related financial policy changes, including a hybrid treated water cost recovery structure that will recover up to 30 percent of treatment revenue requirements through fixed Treatment Capacity Charges beginning in calendar year 2027, revisions to Metropolitan's unrestricted reserve policy, and a more conservative exceedance-based water sales forecasting methodology. The business model review is expected to continue to address additional matters, including water resource programs for the management of water supply and revenues and Metropolitan's level of service policy and available options to enhance system reliability and flexibility. Relevant Board decisions resulting from the business model review will be incorporated into CAMP4W assumptions and analyses as the CAMP4W planning process continues.

In October 2025, Metropolitan staff presented to the Board an integrated financial analysis providing an early assessment of anticipated costs and potential rate impacts associated with Metropolitan's near- and long-term infrastructure and resource planning needs. The analysis was presented for informational purposes and subsequently informed development of Metropolitan's biennial budget for fiscal years 2026-27 and 2027-28 and associated ten-year financial forecast.

Information and materials relating to Metropolitan's 2020 IRP Regional Needs Assessment and ongoing development of its CAMP4W are available at: https://www.mwdh2o.com/how-we-plan/. The materials and other information set forth on Metropolitan's website are not incorporated into this Appendix A and should not be construed to be a part of this Appendix A by virtue of the foregoing reference to such materials and website.

Specific projects and programs identified by Metropolitan in connection with the implementation of CAMP4W are subject to Board consideration and approval, as well as environmental and regulatory documentation and compliance.

Climate Action Planning and Other Environmental, Social and Governance Initiatives

General; Background. Metropolitan has long supported sustainability efforts. Dating back to its founding in 1928, planners and engineers designed the CRA to deliver water primarily by gravity across 242 miles of California desert to the State's south coastal plain. Metropolitan recognized the need for a reliable supply of power by investing in the construction of Hoover Dam and Parker Dam. Together, these dams produce clean, carbon-free energy that have historically supplied more than half of the energy needed to power the CRA pumps. See "METROPOLITAN EXPENSES—Power Sources and Costs; Related Long-Term Commitments," and " —Colorado River Aqueduct" in this Appendix A.

In the decades that followed, Metropolitan has continued to make investments in clean energy and energy-efficient design to reduce GHG emissions, as well as climate adaptation investments to bolster water supply availability, particularly during times of drought. In addition, Metropolitan has partnered with the scientific community, including academic research institutions and the private sector, to test and ultimately

implement advanced technologies that monitor and enhance Metropolitan's water supplies. Metropolitan's efforts to date in this area have focused not only on the goal of achieving broad environmental sustainability and efficiency objectives but also environmental risk mitigation.

Metropolitan has adopted several planning documents that address the core issues of environmental sustainability, improving climate resiliency of operations, and advancing the goal of carbon neutrality. These documents include the Climate Action Plan (discussed below), the Energy Sustainability Plan, Metropolitan's Capital Investment Plan, and its IRP and CAMP4W (discussed above). Metropolitan coordinates its ongoing sustainability efforts through its Chief Sustainability, Resilience, and Innovation Officer.

Information and materials related to Metropolitan's planning actions associated with climate change are available at: https://www.mwdh2o.com/planning-for-tomorrow/addressing-climate-change/. The materials and other information set forth on Metropolitan's website are not incorporated into this Appendix A and should not be construed to be a part of this Appendix A by virtue of the foregoing reference to such materials and website.

Climate Change Adaptation. Climate change is expected to increase average temperatures across the western United States. In the Colorado River Basin, the increase in average temperatures is expected to result in decreased runoff and lower flows as less snow is coupled with increased evapotranspiration from trees and plants. In the Sierra Nevada, precipitation is anticipated to increasingly fall as rain in a few large storms, rather than as snow. Sierra snowpack, a critical storage tool in California's water management as it holds water high in the mountains until peak summer demand, has been projected to decrease by up to 65 percent by the end of the century. In the local Southern California region, climate change threatens groundwater basins with saltwater intrusion and less natural replenishment. These factors are expected to reduce the reliability of Metropolitan's imported water supply for Southern California.

Metropolitan has long recognized the threat to its water supply posed by these long-term impacts and has been addressing climate change for 25 years through its IRP. Pursuant to its IRP, Metropolitan has invested in local supplies, developed new storage, and increased the flexibility of its water system facilities to be able to take delivery of water from diverse sources when available. Below are a few examples:

- Metropolitan has increased the water storage capacity of its dams and reservoirs by more than 13-fold since 1990 and has built the Inland Feeder, a large conveyance pipeline that allows for the movement of water into that storage. See "METROPOLITAN'S WATER DELIVERY SYSTEM" in this Appendix A. These investments provide a valuable opportunity to capture water in wet years and save it for dry ones.

- Metropolitan has increased the operational flexibility of its water delivery system through infrastructure improvements, such as the Inland Feeder, which provides the ability to capture and store high allocations of State Water Project supplies when available, and agreements to deliver Colorado River water supplies when State supplies are in drought, and vice versa. See "—Water Transfer, Storage and Exchange Programs."

- Metropolitan has invested approximately $976 million in conservation programs since 1990, which have helped decrease potable per capita water consumption over time in Metropolitan's service area. Metropolitan plans to continue to expand these efforts into the future. Per capita water consumption in Metropolitan's service area has declined from 209 gallons per person per day in 1990 to 115 gallons per person per day in 2023, 118 gallons per person per day in 2024, and 116 gallons per day in 2025. The decline in per capita consumption in recent years has been due to a combination of factors, including Metropolitan's conservation programs, extraordinarily cool and wet hydrologic

conditions, and the carry over of drought conservation measures implemented during the State's most recent drought. See "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES" in this Appendix A.

- Metropolitan's Local Resources Program accelerates the development of local water supply reliability projects by incentivizing agencies within Metropolitan's service area to construct recycled water, groundwater recovery and seawater desalination projects. Since 1982, Metropolitan has invested approximately $551 million in recycled water projects and $220 million in groundwater recovery projects. See "REGIONAL WATER RESOURCES—Local Water Supplies" in this Appendix A.

- Metropolitan has partnered with other utilities and organizations across the nation to understand both the effects of climate change and potential opportunities to build resilience. These collaborators include the Water Utility Climate Alliance, a collaboration of large water providers working on climate issues affecting the country's water agencies, and the California Resilience Challenge, a collaboration of businesses, utilities, and non-profit organizations developing climate adaptation planning projects.

In addition to impacts on water supply, the effects of climate change, such as wildfires, drought, and extreme weather events coupled with warming and extreme heat, are expected to increase the variability of water quality in Metropolitan's water supplies. The performance and condition of many of Metropolitan's assets are also likely to degrade more rapidly as climate change amplifies the weather conditions that drive their exposure to climate hazards. Changes to the energy markets resulting from California's decarbonization efforts in response to climate change and the impacts of more extreme or more frequent severe weather events and drought on energy infrastructure and available energy supplies (such as hydroelectricity) are also likely to occur. As discussed above under "—Climate Adaptation Master Plan for Water (CAMP4W) — CAMP4W," climate risk and vulnerability assessment and the further development of potential adaptation strategies are being undertaken by Metropolitan as part of its CAMP4W long-term planning process.

Climate Action Plan. In May 2022, Metropolitan adopted a Climate Action Plan, a comprehensive planning document that outlines Metropolitan's strategy for reducing GHG emissions associated with Metropolitan's future construction, operation, and maintenance activities. The Climate Action Plan includes an analysis of Metropolitan's historical GHG emissions, a forecast of future GHG emissions, sets a GHG reduction target for reducing emissions consistent with applicable state policies, and identifies a suite of specific GHG reduction actions that Metropolitan can implement to achieve its adopted targets. The Climate Action Plan establishes a GHG emissions reduction goal of 40 percent by 2030 and carbon neutrality by 2045. The Climate Action Plan includes nine strategies that target the reduction of direct emissions from natural gas and fuel combustion by supporting the transition to a zero emissions vehicle fleet and reduction of natural gas combustion; reducing indirect emissions associated with electricity consumption through improved energy efficiency and utilizing low-carbon and carbon-free electricity; and implementing GHG reduction measures that incentivize sustainable employee commutes and increase waste diversion; increasing water conservation and local water supply; and investigating and implementing carbon capture and carbon sequestration opportunities on Metropolitan-owned lands.

Metropolitan's Climate Action Plan includes an implementation strategy, annual GHG inventories, a public-facing tracking and monitoring tool to ensure progress towards meeting its goal, and five-year updates to capture new and emerging technologies for GHG emissions reductions. The strategies included in the Climate Action Plan provide the co-benefits of improved infrastructure reliability, greater energy resiliency, and expected reduced costs associated with energy procurement and maintenance.

Energy Sustainability. Metropolitan meets its energy demands through its investments in hydroelectric and solar power and the purchase of more than 2,000 GWh of electricity annually from the regional power grid. In November 2020, Metropolitan developed an Energy Sustainability Plan. The Energy Sustainability Plan includes a framework of sustainable actions focused on energy cost containment, reliability, affordability, conservation and adaptation, including reconfiguring certain existing power plants and variable-speed pump drives at pumping stations, and assessing the integration of islanded operations for microgrid purposes. Metropolitan invests in renewable energy resources, including buying and generating hydroelectric power to help meet much of its electricity needs. Currently, over three-quarters of Metropolitan's pumping and water treatment energy needs are met through renewable/sustainable energy resources. In addition to using power generated at Parker and Hoover Dams, Metropolitan has built 15 in-stream hydroelectric plants throughout its distribution system with a total capacity of about 130 megawatts. Metropolitan has also installed 3.5 megawatts of photovoltaic solar power at its facilities and is implementing a project to add battery energy storage at three of its water treatment plants to store green energy when power rates are low and discharge that energy when rates are higher.

Diversity, Equity and Inclusion and Governance. In its dedication to improving workplace culture for all employees, in October 2021, Metropolitan's Board adopted a statement pledging its support of diversity, equity and inclusion initiatives (the "Statement of Commitment"). The Statement of Commitment is the result of a collaborative discussion among the 38-member Board and provides guidance so that staff can develop, implement and maintain policies and practices to support diversity, equity and inclusion. In May 2022, Metropolitan hired its first Chief Diversity, Equity and Inclusion officer to help plan, develop, and implement strategies and initiatives designed to ensure that Metropolitan is a diverse and inclusive organization. Activities undertaken by Metropolitan's Diversity Equity and Inclusion office comply with all recent federal executive orders and other federal and state laws.

State Water Project

Background and Current Supply

One of Metropolitan's two major sources of water is the State Water Project, which is owned by the State, and managed and operated by DWR. The State Water Project is the largest state-built, multipurpose, user-financed water project in the country. It was designed and built primarily to deliver water, but also provides flood control, generates power for pumping, is used for recreation, and enhances habitat for fish and wildlife. The State Water Project provides irrigation water to 750,000 acres of farmland, mostly in the San Joaquin Valley, and provides municipal and industrial water to approximately 27 million of California's estimated 39.4 million residents, including the population within the service area of Metropolitan.

The State Water Project's watershed encompasses the mountains and waterways around the Feather River, the principal tributary of the Sacramento River, in the Sacramento Valley of Northern California. Through the State Water Project, Feather River water stored in and released from Oroville Dam (located about 70 miles north of Sacramento, east of the city of Oroville, California) and unregulated flows diverted directly from the Bay-Delta are transported south through the Central Valley of California, over the Tehachapi Mountains and into Southern California, via the California Aqueduct, to three delivery points near the northern and eastern boundaries of Metropolitan's service area. The total length of the California Aqueduct is approximately 444 miles. See "METROPOLITAN'S WATER DELIVERY SYSTEM—Primary Facilities and Method of Delivery — State Water Project" in this Appendix A.

As more fully described under "—State Water Project — State Water Contract — General Terms of the Contract," under the terms of each State water supply contract, DWR provides the initial allocation estimate of State Water Project water for the following calendar year by each December 1. Based upon updated runoff forecast and environmental, regulatory and operational constraints, DWR's total water supply

availability projections are refined during the calendar year and allocations to the State Water Project contractors are adjusted accordingly. On December 1, 2025, DWR announced an initial calendar year 2026 allocation of ten percent of contracted amounts, based on DWR's assessment of reservoir storage and an assumption of future precipitation. DWR increased the allocation two times during calendar year 2026 to the final allocation of 45 percent of State Water Project contractors' contracted Table A amounts. In addition, Metropolitan began 2026 with approximately 473,000 acre-feet of State Water Project carryover supplies from calendar year 2025, which includes carryover of Metropolitan, Coachella Valley Water District, and Desert Water Agency. See "—Water Transfer, Storage and Exchange Programs" and "—Storage Capacity and Water in Storage." See also "—Current Water Conditions."

State Water Contract

General Terms of the Contract. In 1960, Metropolitan signed a water supply contract (as amended, the "State Water Contract") with DWR to receive water from the State Water Project. Metropolitan is one of 29 agencies and districts that have long-term contracts for water service from DWR (known collectively as the "State Water Project contractors" and sometimes referred to herein as "Contractors"). Metropolitan is the largest of the State Water Project contractors in terms of the number of people it serves (approximately 19 million), the share of State Water Project water that it has contracted to receive (approximately 46 percent), and the percentage of total annual payments made to DWR by agencies with State water supply contracts (approximately 50 percent for calendar year 2026). Metropolitan received its first delivery of State Water Project water in 1972.

Pursuant to the terms of the State water supply contracts, all water supply related expenditures for capital and operations, maintenance, power, and replacement costs associated with the State Water Project facilities are paid for by the State Water Project contractors as components of their annual payment obligations to DWR. In exchange, Contractors have the right to participate in the system, with an entitlement to water service from the State Water Project and the right to use the portion of the State Water Project conveyance system necessary to deliver water to them. Each year DWR estimates the total State Water Project water available for delivery to the State Water Project contractors and allocates the available project water among the State Water Project contractors in accordance with the State Water Project supply contracts.

Under its State Water Contract, Metropolitan has a contractual right to its proportionate share of the State Water Project water that DWR determines annually is available for allocation to the Contractors. This determination is made by DWR each year based on existing supplies in storage, forecasted hydrology, and other factors, including water quality and environmental flow obligations and other operational considerations. Available State Water Project water is then allocated to the Contractors in proportion to the amounts set forth in "Table A" of their respective State water supply contract (sometimes referred to herein as Table A State Water Project water); provided, that in accordance with the terms of the State water supply contracts, the State may allocate on some other basis if such action is required to meet minimum demands of contractors for domestic supply, fire protection, or sanitation during the year. Pursuant to Table A of its State Water Contract, Metropolitan is entitled to approximately 46 percent of the total annual allocation made available to State Water Project contractors each year. Metropolitan's State Water Contract, under a 100 percent allocation, provides Metropolitan 1,911,500 acre-feet of water. The 100 percent allocation is referred to as the contracted amount. See also "—Current Water Conditions" for information regarding Metropolitan's allocation of State Water Project water for 2026. The term of Metropolitan's State Water Contract currently extends to December 31, 2085, or until all DWR bonds issued to finance construction of State Water Project facilities are repaid, whichever is longer. Upon expiration of the State Water Contract term, Metropolitan has the option to continue service under substantially the same terms and conditions.

Project Improvement Amendments. Metropolitan's State Water Contract has been amended a number of times since its original execution and delivery. Several of the amendments, entered into by DWR

and various subsets of State Water Project contractors, relate to the financing and construction of a variety of State Water Project facilities and improvements and impose certain cost responsibility therefor on the affected Contractors, including Metropolitan. For a description of Metropolitan's financial obligations under its State Water Contract, including with respect to such amendments, see "METROPOLITAN EXPENSES—State Water Contract Obligations" in this Appendix A.

Water Management Amendments. Metropolitan and other State Water Project contractors have undertaken negotiations with DWR to amend their State water supply contracts to clarify the criteria applicable to certain water management tools including single and multi-year water transfers and exchanges. The water management provisions amendment allows for greater flexibility for transfers and exchanges among the State Water Project contractors. Specifically, the amendment confirms existing practices for exchanges, allows more flexibility for non-permanent water transfers, and allows for the transfer and exchange of certain portions of Article 56 carryover water (see "—Water Transfer, Storage and Exchange Programs — State Water Project Agreements and Programs — Metropolitan Article 56 Carryover"). DWR certified a final Environmental Impact Report ("EIR") for the water management amendments in August 2020. In September 2020, North Coast Rivers Alliance, California Water Impact Network and others separately filed two lawsuits challenging DWR's final EIR and approval of the State water supply contract water management provisions amendment under the California Environmental Quality Act ("CEQA"). North Coast Rivers Alliance also alleges violations of the Delta Reform Act, and public trust doctrine, and seeks declaratory and injunctive relief. The cases were deemed related and assigned to the same judge. DWR filed notice of certification of the administrative record and filed answers in both cases on December 20, 2022. The plaintiffs in both cases filed requests for dismissal on August 10, 2026 and August 14, 2026. Any adverse impact of this litigation and rulings on Metropolitan's State Water Project supplies cannot be determined at this time. Despite the pending litigation, enough of the State Water Project contractors approved and executed the amendment as required by DWR for it to be deemed fully executed. The amendments went into effect on February 28, 2021. The State Water Contractors association, made up of 27 State Water Project contractors, has intervened in the two related cases to protect the interests of the Contractors.

Amendments for Allocation of Conveyance Costs. Metropolitan and other State Water Project contractors embarked on a third public process to further negotiate proposed amendments to their State water supply contracts related to cost allocation for a potential Delta Conveyance project. Pursuant to the terms of a prior settlement, negotiations for this State Water Project contract amendment were completed in public. In March 2021, DWR and the State Water Project contractors concluded public negotiations and reached an Agreement in Principle (the "Delta Conveyance AIP") that will be the basis for amendment of the State water supply contracts. The future contract amendment contemplated by the Delta Conveyance AIP would provide a mechanism that would allow for the costs related to any Delta Conveyance project to be allocated and collected by DWR. The Delta Conveyance AIP also provides for the allocation of benefits for any Delta Conveyance project in proportion to each State Water Project contractor's participation. DWR will maintain a table reflecting decisions made by public agency governing boards regarding that agency's participation. Contract language for the proposed amendments is still under development. See "—Bay-Delta Planning Activities" and "—Delta Conveyance" under "—Bay-Delta Proceedings Affecting State Water Project" below.

Coordinated Operations with Central Valley Project

Coordinated Operations Agreement. DWR operates the State Water Project in coordination with the federal Central Valley Project, which is operated by the Bureau of Reclamation. Since 1986, the coordinated operations have been undertaken pursuant to a Coordinated Operations Agreement for the Central Valley Project and State Water Project (the "COA"). The COA defines how the State and federal water projects share water quality and environmental flow obligations imposed by regulatory agencies. The agreement calls

for periodic review to determine whether updates are needed in light of changed conditions. After completing a joint review process, DWR and the Bureau of Reclamation agreed to amend the COA to reflect water quality regulations, biological opinions and hydrology updated since the 1986 agreement was signed. On December 13, 2018, DWR and the Bureau of Reclamation executed an Addendum to the COA (the "COA Addendum"). The COA Addendum provides for DWR's adjustment of State Water Project operations to modify pumping operations, as well as project storage withdrawals to meet in-basin uses, pursuant to revised calculations based on Water Year types. The COA Addendum shifts responsibilities for meeting obligations between the Central Valley Project and the State Water Project, resulting in a shift of approximately 120,000 acre-feet in long-term average annual exports from the State Water Project to the Central Valley Project.

See also "—Endangered Species Act and Other Environmental Considerations Relating to Water Supply — Endangered Species Act Considerations - State Water Project."

Bay-Delta Proceedings Affecting State Water Project

General. In addition to being a source of water for diversion into the State Water Project, the Bay-Delta is the source of water for local agricultural, municipal, and industrial needs. The Bay-Delta also supports significant resident and anadromous fish and wildlife resources, as well as recreational uses of water. Both the State Water Project's upstream reservoir operations and its Bay-Delta diversions can at times affect these other uses of Bay-Delta water directly, or indirectly, through impacts on Bay-Delta water quality. A variety of proceedings and other activities are ongoing with the participation of various State and federal agencies, as well as California's environmental, urban and agricultural communities, in an effort to develop long-term, collectively negotiated solutions to the environmental and water management issues concerning the Bay-Delta. Metropolitan actively participates in these proceedings. Metropolitan cannot predict the outcome of any of the litigation or regulatory processes described below but believes that a materially adverse impact on the operation of State Water Project pumps could negatively impact Metropolitan's State Water Project deliveries and/or Metropolitan's water reserves.

SWRCB Regulatory Activities and Decisions. The State Water Resources Control Board (the "SWRCB") is the agency responsible for setting water quality standards and administering water rights throughout California. The SWRCB exercises its regulatory authority over the Bay-Delta by means of public proceedings leading to regulations and decisions that can affect the availability of water to Metropolitan and other users of State Water Project water. These include the Water Quality Control Plan ("WQCP") for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary, which establishes the water quality objectives and proposed flow regime of the estuary, and water rights decisions, which assign responsibility for implementing the objectives of the WQCP to users throughout the system by adjusting their respective water rights permits.

Since 2000, SWRCB's Water Rights Decision 1641 ("D-1641") has governed the State Water Project's ability to export water from the Bay-Delta for delivery to Metropolitan and other agencies receiving water from the State Water Project. D-1641 allocated responsibility to water rights holders for meeting flow requirements and salinity and other water quality objectives established earlier by the WQCP.

The WQCP gets reviewed periodically and new standards and allocations of responsibility can be imposed on the State Water Project as a result. The SWRCB's current review and update of the WQCP is being undertaken in phased proceedings. In December 2018, the SWRCB completed Phase 1 of the WQCP proceedings, adopting the plan amendments and environmental documents to support new flow standards for the Lower San Joaquin River tributaries and revised southern Delta salinity objectives. The Phase 1 plan amendments include certain "unimpaired flow" requirements on the three San Joaquin River tributaries. The term unimpaired flow is used to describe a theoretically available water supply assuming existing river channel conditions in the absence of storage and stream diversions. It is theoretical and it does not represent

such conditions as they have occurred historically. Various stakeholders filed suit against the SWRCB challenging these Phase 1 plan amendments. In March 2024, the Sacramento Superior Court upheld the Phase 1 plan amendments, denying the challengers' claims. The decision is being appealed by affected water agencies and environmental groups.

Plan amendments being considered as part of Phase 2 of the WQCP proceedings are focused on the Sacramento River and its tributaries, Delta eastside tributaries, Delta outflows, and interior Delta flows. The State has also encouraged all stakeholders to work together to complete Voluntary Agreements (now referred to as "Healthy Rivers and Landscapes Program") for consideration by the SWRCB that could implement the proposed amendments to the WQCP through a variety of tools, including flow and non-flow habitat restoration for sensitive salmon and smelt species. Metropolitan is participating in the Phase 2 proceedings and participated in the Voluntary Agreement negotiations. On March 29, 2022, Metropolitan's General Manager signed a Memorandum of Understanding Advancing a Term Sheet for the Voluntary Agreements to Update and Implement the Bay-Delta Water Quality Control Plan, and Other Related Actions (the "VA MOU"). Other parties include the California Natural Resources Agency ("Natural Resources"), the California Environmental Protection Agency, the California Department of Fish and Wildlife ("CDFW"), the Bureau of Reclamation, DWR, the State Water Contractors association and additional public agricultural and municipal water agencies. Under the VA MOU, the parties "seek to take a comprehensive approach to integrate flow and non-flow measures, including habitat restoration, subject to ongoing adaptive management based on a science program" as described in an attached term sheet. The proposed approach under the VA MOU provides for implementation over eight years, with a potential extension to up to 12 years. To be implemented, any Voluntary Agreement package of agreed upon flow and non-flow measures would need to be reviewed by the SWRCB and formally considered and adopted as part of a comprehensive update to the WQCP.

On August 19, 2026, the SWRCB released for public review a final draft of the Sacramento/Delta amendments to the WQCP (the "Final Draft Bay-Delta Plan"), a Final Staff Report/Substitute Environmental Document that includes responses to previously submitted comments (the "2026 Final Staff Report"), and a Final Scientific Basis Report Supplement supporting the proposed Voluntary Agreements, also referred to as the Healthy Rivers and Landscapes proposal. Written comments on changes to the Final Draft Bay-Delta Plan were due by September 18, 2026. The SWRCB is scheduled to consider adoption of the Final Draft Bay-Delta Plan and the 2026 Final Staff Report at a public meeting on October 28 and 29, 2026.

If adopted, the Final Draft Bay-Delta Plan would establish multiple implementation pathways. The Voluntary Agreement pathway would permit implementation of specified flow, habitat and other commitments in lieu of an unimpaired hydrograph flow-only implementation method. The Voluntary Agreement pathway would have an initial eight-year term, with the possibility of extension to 12 years. The regulatory unimpaired hydrograph flow-only pathway would apply to other water rights not participating in the Voluntary Agreements.

The regulatory pathway for existing water rights would initially require a modified implementation of 55 percent of unimpaired flow during the wettest third of hydrologic conditions, 45 percent during the intermediate third of hydrologic conditions, and 35 percent during the driest third of hydrologic conditions, together with tributary-specific adjustments, storage-based off-ramps and adaptive implementation provisions. The SWRCB could modify the water-supply adjustments after initial implementation within the applicable adaptive range. New water rights obtained after December 31, 2025 and certain water rights modified after December 31, 2025 would be subject to the more restrictive hydrograph approach starting at 55 percent unimpaired hydrograph under all water year types. D-1641 obligations would continue, being the existing quantitative water quality objectives that are the responsibility of DWR and the Bureau of Reclamation. Under the Voluntary Agreement pathway, DWR and the Bureau of Reclamation, would reduce

exports from base conditions by 125,000 acre-feet in dry and below-normal water years and by 175,000 acre-feet in above-normal water years to provide additive Delta outflow. There are also commitments by DWR, Reclamation, and some of their water contractors to purchase water to be dedicated to the environment either temporarily or permanently.

The 2026 Final Staff Report models an average annual reduction in Sacramento/Delta supplies to southern California municipal and industrial users of 273,000 acre-feet, with modeled reductions ranging from 94,000 acre-feet in critical years to 510,000 acre-feet in dry years. For the Voluntary Agreement scenario, the modeling indicates an average annual increase of 29,000 acre-feet, in such supplies.

Bay-Delta Planning Activities. In 2000, several State and federal agencies released the CALFED Bay-Delta Programmatic Record of Decision and Environmental Impact Report/Environmental Impact Statement that outlined and disclosed the environmental impacts of a 30-year plan to improve the Bay-Delta's ecosystem, water supply reliability, water quality, and levee stability. CALFED is the consortium of State and federal agencies with management and regulatory responsibilities in the San Francisco Bay/ Sacramento-San Joaquin Delta Estuary. The CALFED Record of Decision remains in effect and many of the State, federal, and local projects begun under CALFED continue.

The existing State Water Project Delta water conveyance system needs to be improved and modernized to address operational constraints on pumping in the south Delta as well as risks to water supplies and water quality from climate change, earthquakes, and flooding. Operational constraints are largely due to biological opinions and incidental take permits to which the State Water Project is subject that substantially limit the way DWR operates the State Water Project.

In 2006, multiple State and federal resource agencies, water agencies, and other stakeholder groups entered into a planning agreement for the Bay-Delta Conservation Plan ("BDCP"). The BDCP was originally conceived as a comprehensive conservation strategy for the Bay-Delta designed to restore and protect ecosystem health, water supply, and water quality within a stable regulatory framework to be implemented over a 50-year time frame with corresponding long-term permit authorizations from fish and wildlife regulatory agencies. The BDCP included both alternatives for new water conveyance infrastructure and extensive habitat restoration in the Bay-Delta.

In 2015, the State and federal lead agencies proposed an alternative implementation strategy and new alternatives to the BDCP to provide for the protection of water supplies conveyed through the Bay-Delta and the restoration of the ecosystem of the Bay-Delta. The alternative strategy, which was called "California WaterFix," included planned water conveyance improvements to be implemented by DWR and the Bureau of Reclamation as a standalone project with the required habitat restoration limited to that directly related to construction mitigation. The originally proposed "California WaterFix" was subsequently withdrawn and reconfigured as an alternative Delta conveyance project as described under "–Delta Conveyance" below.

Delta Conveyance. On April 29, 2019, Governor Newsom issued an executive order directing identified State agencies to develop a comprehensive statewide strategy to build a climate-resilient water system, directing the State agencies to inventory and assess the current planning for modernizing conveyance through the Bay-Delta with a new single tunnel project (rather than the previously contemplated two-tunnel California WaterFix). Consistent with the Governor's direction, in January 2020, DWR commenced a formal environmental review process under CEQA for a proposed single tunnel Delta Conveyance Project. DWR certified its Final EIR and approved the Bethany Reservoir Alignment alternative on December 21, 2023. The approved conveyance facilities include intake structures on the Sacramento River, with a total capacity of 6,000 cfs, and a single tunnel to convey water to a new pumping facility in the south Delta that would lift water into the existing Bethany Reservoir, part of the California Aqueduct. On November 8, 2024 and December 6, 2024, respectively, the United States Fish and Wildlife Service ("USFWS") and the National

Marine Fisheries Service ("NMFS") issued programmatic biological opinions which would include the Delta Conveyance Project operations under the federal Endangered Species Act ("ESA"). See also "—Endangered Species Act and Other Environmental Considerations Relating to Water Supply — Endangered Species Act Considerations – State Water Project." On February 14, 2025, CDFW issued an incidental take permit for the Delta Conveyance Project. In April 2026, CDFW issued an amendment to the permit. USFWS and NMFS issued separate biological opinions addressing construction activities in March and May 2026, respectively.

Additional permitting processes, including the U.S. Army Corps of Engineers Clean Water Act section 404 dredge-and-fill permit, the SWRCB Change in Point of Diversion petition and the Delta Stewardship Council Delta Plan Consistency certification, are expected to continue through at least the end of 2026.

Ten lawsuits have been filed by various organizations, including Tulare Lake Basin Water Storage District, Sierra Club, City of Stockton, County of San Joaquin, County of Butte, Sacramento Area Sewer District, County of Sacramento, San Francisco Baykeeper, South Delta Water Agency and North Delta Water Agency, challenging the adequacy of DWR's Final EIR under CEQA and several other environmental laws. The lawsuits were consolidated for all purposes. Motions for preliminary injunctive relief seeking to halt pre-construction geotechnical work were granted in five of the cases on June 21, 2024 enjoining geotechnical work until DWR completes the Delta Plan certification of consistency procedure required under the Delta Reform Act. DWR filed a motion to modify the injunction to allow some geotechnical work to continue or, in the alternative, to temporarily stay the injunction pending a decision on the merits in DWR's appeal, which the trial court denied. On August 19, 2024, DWR filed notices of appeal, appealing the injunction in each of the cases. In October 2024, DWR filed a certification of consistency for a portion of the geotechnical work described in the Final EIR for the Delta Conveyance Project. Four groups filed appeals with the Delta Stewardship Council, which held a hearing on December 19, 2024. On January 23, 2025, the Delta Stewardship Council dismissed the four appeals for lack of jurisdiction, finding that the proposed geotechnical activities were not a covered action under the Delta Reform Act. On October 17, 2025, the California Court of Appeal reversed the trial court's preliminary injunction orders in the five related cases that had prohibited pre-construction geotechnical work. On March 30, 2026, the preliminary injunction was vacated, allowing the geotechnical work to proceed. On April 2, 2026, Metropolitan and other supporting State Water Project contractors were granted leave to intervene. DWR certified the administrative record on May 18, 2026. The merits of the consolidated actions remain pending.

On October 17, 2025, DWR filed a certification of consistency for the Delta Conveyance Project. The certification focuses on the approved Bethany Reservoir alignment for the Delta Conveyance Project. Ten groups filed administrative appeals with the Delta Stewardship Council. Following an appeal hearing, on April 23, 2026, the Delta Stewardship Council remanded the certification to DWR with respect to two issues: potential effects involving the invasive golden mussel and potential land-use conflicts with the Sacramento Area Sewer District's Harvest Water program. The Delta Stewardship Council denied or dismissed the remaining appeal issues. On July 24, 2026, DWR submitted a revised certification addressing the remanded issues. By August 24, 2026, the close of the appeal period, three appeals of the revised certification had been filed with the Delta Stewardship Council. The appeals are currently before the Delta Stewardship Council.

On August 20, 2020, the U.S. Army Corps of Engineers ("Army Corps"), the lead agency for the Delta Conveyance Project under the National Environmental Policy Act ("NEPA"), issued a notice of intent of the development of the Environmental Impact Statement ("EIS") for the Delta Conveyance Project. On December 16, 2022, the Army Corps released the Draft EIS for public and agency comment under NEPA. The comment period closed on March 16, 2023. The Army Corps issued its Final Programmatic EIS for the Delta Conveyance Project in November 2025 and completed a Programmatic Record of Decision on June 26, 2026. The Record of Decision completed the Army Corps' programmatic review under NEPA but does not

authorize construction or constitute a decision on the Army Corps' permit. Separate, project-level decisions on Clean Water Act section 404 and the Rivers and Harbors Act authorizations remain necessary.

Metropolitan's Board has previously authorized Metropolitan's participation in two joint powers agencies relating to a Bay-Delta conveyance project (originally formed in connection with California WaterFix): the Delta Conveyance Design and Construction Authority (the "DCA"), formed by the participating water agencies to actively participate with DWR in the design and construction of the conveyance project in coordination with DWR and under the control and supervision of DWR; and the Delta Conveyance Finance Authority, formed by the participating water agencies to facilitate financing for the conveyance project. The DCA is providing engineering and design activities to support DWR's planning and environmental analysis for the potential new Delta Conveyance Project.

In August 2020, the DCA released preliminary cost information for the proposed Delta Conveyance Project based on an early cost assessment prepared by the DCA. The DCA's early assessment was based on preliminary engineering, not a full conceptual engineering report, and includes project costs for construction, management, oversight, mitigation, planning, soft costs, and contingencies. Based on these assumptions, the DCA's early project cost assessment estimate was approximately $15.9 billion in 2020 un-discounted dollars, which includes a 44 percent overall contingency applied to the preliminary construction costs. In May 2024, the DCA released an updated cost estimate for the Bethany Reservoir Alignment configuration of the Delta Conveyance Project as approved by DWR. The updated total project cost estimate includes construction and other program costs (including, among other things, planning, design, construction management, land acquisition, environmental mitigation and costs of a community benefit program), as well as certain contingency and risk treatment costs to address uncertainty at the conceptual stage of project development. The updated total project cost estimate considers items such as labor, materials, equipment, level of effort, and other relevant cost items for a defined scope of work as described in the Delta Conveyance Project Final EIR certified by DWR in December 2023 and the supporting engineering project report prepared by the DCA. The updated total project cost estimate prepared by the DCA is primarily intended to support project financial and economic analysis and to provide guidance for further project development. If constructed, actual project costs would depend on actual labor and material costs, competitive market conditions, actual site conditions, final project scope, implementation schedule, continuity of personnel and engineering, and other variable factors. Based on these assumptions, the DCA's updated total cost estimate is approximately $20.1 billion in 2023 un-discounted dollars, which includes a 30 percent overall contingency applied to the construction cost estimate, and a contingency between 15 percent and 30 percent added to each element of other program costs. The DCA is also evaluating potential design modifications and construction innovations to enhance cost efficiency and feasibility. The DCA anticipates issuing an updated cost estimate and basis of design report in 2027.

At its December 8, 2020 Board meeting, Metropolitan's Board authorized the General Manager to execute a funding agreement with DWR and commit funding for a Metropolitan participation level of 47.2 percent of the approximately $340.7 million of estimated costs of preliminary design, environmental planning and other pre-construction activities needed over the four years 2021 through 2024 to assist in the environmental process for the proposed Delta Conveyance Project. Metropolitan contributed $160.8 million over the four years 2021 through 2024. Seventeen other State Water Project contractors also approved and contributed funding for the planning and pre-construction costs. Those contributions funded planning and further design and engineering through 2025. The funding agreement provides that funds will be reimbursed to Metropolitan if the project is approved and when the first bonds, if any, for the project are issued. In connection with approving the funding agreement, at its December 2020 Board meeting, the Board also authorized the General Manager to execute an amendment to the DCA joint exercise of powers agreement. The amendment, which was effective December 31, 2020, addressed changes in the anticipated participation structure for the proposed Delta Conveyance Project from that contemplated for California WaterFix.

At its December 10, 2024 Board meeting, Metropolitan's Board approved additional funding by Metropolitan of approximately $141.6 million for its share of the estimated $300.0 million of planning and pre-construction costs of the Delta Conveyance Project anticipated for calendar years 2026 and 2027. Seventeen other State Water Project contractors have also approved funding a share of the preconstruction costs for this two-year period. The amended funding agreement continues to provide that all funds contributed from 2020-2027 will be reimbursed to Metropolitan if the project is approved and implemented, and when the first bonds, if any, for the project are issued.

Metropolitan's December 10, 2024 action to approve an amendment to the 2020 funding agreement to fund planning and preconstruction costs for 2026-2027 does not commit Metropolitan to participate in the Delta Conveyance Project. Any final decision to commit to the Delta Conveyance Project and incur final design and construction costs would require further Board approval, which is currently anticipated in 2027, after key permits are obtained, which is anticipated by end of 2026.

On August 6, 2020, DWR adopted certain resolutions to authorize the issuance of bonds to finance costs of the Delta Conveyance Project environmental review, planning, design and, if and when such a project is approved, the costs of acquisition and construction thereof. The same day, it filed a complaint in Sacramento County Superior Court seeking to validate its authority to issue the bonds. Fourteen answers were filed in the validation action. In May 2023, a bench trial was conducted by the court in connection with the validation action. On January 16, 2024, the Sacramento County Superior Court denied DWR's request for a validation order, finding that DWR exceeded its statutorily delegated authority when it adopted the bond resolutions to authorize the issuance of its bonds to finance what the bond resolution defined broadly as the Delta Conveyance Program. However, the trial court expressly did not rule that DWR lacks authority to issue revenue bonds to finance the Delta Conveyance Project. On December 31, 2025, the California Court of Appeal affirmed the judgment. The Court of Appeal denied rehearing on January 28, 2026. On April 15, 2026, the California Supreme Court denied DWR's and supporting State Water Project contractors' petition for review and request for depublication, terminating the action. Only motions for attorney fees remain pending in the trial court, with a hearing date set for December 9, 2026.

On January 7, 2025, DWR filed a validation action in Sacramento County Superior Court seeking to validate a new bond resolution and confirm DWR's authority to issue revenue bonds to finance the planning, design, construction, maintenance and other capital costs of the Delta Conveyance Project. The validation action was stayed in January 2026 pending completion of the appellate proceedings involving the 2020 resolutions. In May 2026, DWR rescinded the 2025 bond resolution and dismissed the second validation action. Only motions for attorney fees remain pending in the trial court, with a hearing date set for December 9, 2026, concurrent with the fee motions in the 2020 case. The effect of the developments related to DWR's bond validation actions on the financing structure, schedule or costs of the Delta Conveyance Project cannot be determined at this time.

Additional lawsuits could be filed in the future with respect to the Delta Conveyance Project and may impact the anticipated timing and costs.

Long-Term Delivery Capability of the State Water Project

In July 2024, DWR completed and released its State Water Project Delivery Capability Report 2023 (the "2023 DCR"). The 2023 DCR forecasts long-term average State Water Project Table A deliveries of 53 percent of total contract amounts, under current regulations and operations, which was 3 percent lower than the projection that was included in the 2021 State Water Project Delivery Capability Report. The forecasted reductions were driven by the impacts of climate change that have already occurred and constraints within the federal and State permits needed to protect critical species. Additionally, the 2023 DCR provided modeling results for three potential future climate change scenarios based on existing regulations, assuming

design capacity of the existing infrastructure, and current State Water Project operations. The analyses in the 2023 DCR did not take into account the adaptation strategies and improvements to infrastructure being considered by DWR to address the effects of climate change and to maintain the State Water Project's historical delivery capability and reliability.

On May 6, 2025, DWR released an addendum to the 2023 DCR that details the potential impact of subsidence on current and future State Water Project deliveries. The technical report concludes that, with current adaptation actions, subsidence that has occurred along the State Water Project facilities reduces the long-term average delivery capability of the State Water Project by about three percent. In addition, the technical report estimates that, without additional operational adaptations or infrastructure improvements, with the current trajectory of subsidence combined with climate change, long-term average delivery capability of the State Water Project could be reduced by 18 percent to 87 percent by 2043. DWR has indicated that it is taking a dual-track approach to remedying the effects of subsidence on the California Aqueduct. Near-term or interim actions being taken by DWR have a five-year planning and implementation horizon and are expected to recapture some lost capacity and operational flexibility. In addition, as part of its long-term planning, DWR is collaborating with the Bureau of Reclamation and developing corrective actions to be completed over a 20-year horizon to fully restore the original conveyance capacity and operational flexibility of the California Aqueduct.

In December 2025, DWR released a draft for its State Water Project Delivery Capability Report 2025 (the "2025 DCR"). The 2025 DCR forecasts long-term average State Water Project Table A deliveries of 54 percent of total contract amounts, under current regulations and operations, which is 1 percent higher than the 2023 DCR projection. The forecasted increase is driven by provisions in the 2024 CESA Incidental Take Permit ("ITP") reducing the amount of freshwater required to be released each April and May to meet permit requirements under most hydrologic conditions. These months often coincide with high natural runoff, and therefore additional exports are anticipated. See "–Endangered Species Act – *California ESA–DWR Incidental Take Permit*" below. Additionally, the 2025 DCR provided modeling results for three potential future climate change scenarios based on existing regulations, assuming design capacity of the existing infrastructure, and current State Water Project operations. The analyses in the 2025 DCR do not take into account the adaptation strategies and improvements to infrastructure being considered by DWR to address the effects of climate change and to maintain the State Water Project's historical delivery capability and reliability. For example, the 2025 DCR does not reflect future potential DWR projects that are expected to augment the existing State Water Project infrastructure, such as the Delta Conveyance Project. The 2025 DCR also does not consider potential impact of subsidence on current and future State Water Project deliveries, which, as described above, was released as an addendum to the 2023 DCR.

Colorado River Aqueduct

Background

The Colorado River was Metropolitan's original source of water after Metropolitan's establishment in 1928. Metropolitan has a legal entitlement to receive water from the Colorado River under a permanent service contract with the Secretary of the Interior. Water from the Colorado River and its tributaries is also available to other users in California, as well as users in the states of Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming (collectively, the "Colorado River Basin States"), resulting in both competition and the need for cooperation among these holders of Colorado River entitlements. In addition, under a 1944 treaty, Mexico has the right to delivery of 1.5 million acre-feet of Colorado River water annually except as provided under shortage conditions described in Treaty Minute 323. The United States and Mexico agreed to conditions for reduced deliveries of Colorado River water to Mexico in Treaty Minute 323, adopted in 2017. Treaty Minute 323 established the rules under which Mexico agreed to take shortages and create reservoir storage in Lake Mead. Those conditions are in parity with the requirements placed on the Lower Basin States

(defined below) in the Lower Basin Drought Contingency Plan (described under "—Colorado River Operations: Surplus and Shortage Guidelines — Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead"). Mexico can also schedule delivery of an additional 200,000 acre-feet of Colorado River water per year if water is available in excess of the requirements in the United States and the 1.5 million acre-feet allotted to Mexico.

Construction of the CRA, which is owned and operated by Metropolitan, was undertaken by Metropolitan to provide for the transportation of its Colorado River water entitlement to its service area. The CRA originates at Lake Havasu on the Colorado River and extends approximately 242 miles through a series of pump stations and reservoirs to its terminus at Lake Mathews in Riverside County. Up to 1.25 million acre-feet of water per year may be conveyed through the CRA to Metropolitan's member agencies, subject to the availability of Colorado River water for delivery to Metropolitan as described below. Metropolitan first delivered CRA water to its member agencies in 1941.

Colorado River Water Apportionment and Seven-Party Agreement

Pursuant to the federal Boulder Canyon Project Act of 1928, California is apportioned the use of 4.4 million acre-feet of water from the Colorado River each year plus one-half of any surplus that may be available for use collectively in the Lower Basin States of Arizona, California and Nevada. Under an agreement entered into in 1931 among the California entities that expected to receive a portion of California's apportionment of Colorado River water (the "1931 Seven-Party Agreement") and which has formed the basis for the distribution of Colorado River water made available to California, Metropolitan holds the fourth priority right to 550,000 acre-feet per year. This is the last priority within California's basic apportionment. In addition, Metropolitan holds the fifth priority right to 662,000 acre-feet of water, which is in excess of California's basic apportionment. Until 2003, Metropolitan had been able to take full advantage of its fifth priority right as a result of the availability of surplus water and water apportioned to Arizona and Nevada that was not needed by those states. However, during the 1990s Arizona and Nevada increased their use of water from the Colorado River, and by 2002 no unused apportionment was available for California. As a result, California has limited its annual use to 4.4 million acre-feet since 2003, not including supplies made available under water supply programs such as Intentionally Created Surplus ("ICS") and certain conservation and storage agreements. In addition, a severe drought in the Colorado River Basin from 2000-2004 reduced storage in system reservoirs, ending the availability of surplus deliveries to Metropolitan. Prior to 2003, Metropolitan could divert over 1.25 million acre-feet in any year. Since 2003, Metropolitan's net diversions of Colorado River water have ranged from a low of 538,000 acre-feet in 2019 to a high of approximately 1,179,000 acre-feet in 2015. Average annual net diversions over the ten-year period 2016 through 2025 were approximately 855,000 acre-feet, with annual volumes dependent primarily on programs to augment supplies, including transfers of conserved water from agriculture and water made available to Metropolitan pursuant to the Exchange Agreement, in exchange for which Metropolitan delivers a like amount to SDCWA from any Metropolitan supply. See "—Quantification Settlement Agreement," "—Metropolitan and San Diego County Water Authority Exchange Agreement," and "—Colorado River Operations: Surplus and Shortage Guidelines." See also "—Current Water Conditions" and "—Water Transfer, Storage and Exchange Programs — Colorado River Aqueduct Agreements and Programs." In 2025, Metropolitan's total available Colorado River supply was 1,130,000 acre-feet. A portion of the available supply was left in Lake Mead. Of the water left in Lake Mead, 77,000 acre-feet was stored in Metropolitan's Lake Mead ICS supplies. Metropolitan elected to have the remaining 242,000 acre-feet become system water pursuant to the system conservation implementation agreements ("System Conservation Agreements") entered into with the Bureau of Reclamation under the Lower Colorado River Basin System Conservation and Efficiency Program for an enhancement of Metropolitan's commercial, industrial, and institutional turf replacement program incentive and for design and construction of facilities for the Antelope Valley-East Kern High Desert Water Bank Program. See also "—Storage Capacity and Water in Storage."

The following table sets forth the existing priorities of the California users of Colorado River water established under the 1931 Seven-Party Agreement.

PRIORITIES UNDER THE CALIFORNIA 1931 SEVEN-PARTY AGREEMENT[1]

Priority	Description	Acre-Feet Annually
1	Palo Verde Irrigation District gross area of 104,500 acres of land in the Palo Verde Valley	3,850,000
2	Yuma Project in California not exceeding a gross area of 25,000 acres in California	
3(a)	Imperial Irrigation District and other lands in Imperial and Coachella Valleys[2] to be served by All-American Canal	
3(b)	Palo Verde Irrigation District – 16,000 acres of land on the Lower Palo Verde Mesa	
4	Metropolitan Water District of Southern California for use on the coastal plain	550,000
	SUBTOTAL	4,400,000
5(a)	Metropolitan Water District of Southern California for use on the coastal plain	550,000
5(b)	Metropolitan Water District of Southern California for use on the coastal plain[3]	112,000
6(a)	Imperial Irrigation District and other lands in Imperial and Coachella Valleys to be served by the All-American Canal	300,000
6(b)	Palo Verde Irrigation District – 16,000 acres of land on the Lower Palo Verde Mesa	
	TOTAL	5,362,000
7	Agricultural use in the Colorado River Basin in California	Remaining surplus

Source: Metropolitan.

(1) Agreement dated August 18, 1931, among Palo Verde Irrigation District, Imperial Irrigation District, Coachella Valley County Water District, Metropolitan, the City of Los Angeles, the City of San Diego and the County of San Diego. These priorities were memorialized in the agencies' respective water delivery contracts with the Secretary of the Interior.

(2) The Coachella Valley Water District serves Coachella Valley.

(3) In 1946, the City of San Diego, the San Diego County Water Authority, Metropolitan and the Secretary of the Interior entered into a contract that merged and added the City and County of San Diego's rights to storage and delivery of Colorado River water to the rights of Metropolitan.

Quantification Settlement Agreement

The Quantification Settlement Agreement ("QSA"), which was executed by the Coachella Valley Water District ("CVWD"), Imperial Irrigation District ("IID"), and Metropolitan in October 2003, together with various QSA-related agreements including those in which SDCWA is a party, established Colorado River water use limits for IID and CVWD, and provided for specific acquisitions of conserved water and water supply arrangements. The QSA and related agreements provide a framework for Metropolitan to enter into other cooperative Colorado River supply programs and set aside several disputes among California's Colorado River water agencies.

Specific programs under the QSA and related agreements include lining portions of the All-American and Coachella Canals, which were completed in 2009 and conserve over 98,000 acre-feet annually. Metropolitan receives this water and delivers over 77,000 acre-feet of exchange water annually to SDCWA, and provides 16,000 acre-feet of water annually by exchange to the United States for use by the La Jolla, Pala, Pauma, Rincon, and San Pasqual Bands of Mission Indians, the San Luis Rey River Indian Water Authority, the City of Escondido, and the Vista Irrigation District. Water became available for exchange with the United States following a May 17, 2017 notice from the Federal Energy Regulatory Commission ("FERC") satisfying the last requirement of Section 104 of the San Luis Rey Indian Water Rights Settlement Act (Title I of Public Law 100-675, as amended). The QSA and related agreements also authorized the transfer of conserved water annually by IID to SDCWA (up to a maximum amount in 2021 of 205,000 acre-feet, then stabilizing to 200,000 acre-feet per year). Metropolitan receives this water and delivers an equal amount of exchange water annually to SDCWA. See description under "– Metropolitan and San Diego County Water Authority Exchange Agreement" below; see also "METROPOLITAN REVENUES–Principal Customers" in this Appendix A. Also included under the QSA related agreements is a delivery and exchange agreement between Metropolitan and CVWD that provides for Metropolitan, when requested, to deliver annually up to 35,000 acre-feet of Metropolitan's State Water Project contractual water to CVWD by exchange with Metropolitan's available Colorado River supplies.

Metropolitan and San Diego County Water Authority Exchange Agreement

No facilities exist to deliver conserved water acquired by SDCWA from IID. Accordingly, in 1998, following the execution of an agreement for the transfer of conserved water from IID to SDCWA, SDCWA and Metropolitan entered into an Exchange Agreement for SDCWA to exchange its IID conserved water for Metropolitan water deliveries at the SDCWA connections with Metropolitan (the "1998 Exchange Agreement"). SDCWA makes its water available to Metropolitan at Lake Havasu and Metropolitan delivers an equal amount of its own Metropolitan water at its connections with SDCWA in SDCWA's service area. In 2003, as part of the QSA and related agreements, SDCWA and Metropolitan amended the 1998 Exchange Agreement (as amended, the "2003 Exchange Agreement"), and Metropolitan also assigned to SDCWA its rights to water that is conserved as a result of the lining of the All-American and Coachella Canals. See "— Quantification Settlement Agreement." The 2003 Exchange Agreement allowed for exchange of both IID and the canal lining water and amended the price term for the exchange. In June 2010, SDCWA filed its first in a series of lawsuits challenging, among other things, Metropolitan's rates and charges as they related to the price term of the 2003 Exchange Agreement. On June 2, 2025, the parties settled all the lawsuits challenging the price term and other matters and amended and restated the Exchange Agreement (as amended and restated, the "2025 Exchange Agreement," and each of the 1998 Exchange Agreement, the 2003 Exchange Agreement or the 2025 Exchange Agreement, as applicable, the "Exchange Agreement").

The Exchange Agreement limits the amount of water that Metropolitan delivers to 277,700 acre-feet per year, except that an additional 5,000 acre-feet was exchanged in 2021 and an additional 2,500 acre-feet was exchanged in 2022 under the 2003 Exchange Agreement. Under the 2003 Exchange Agreement, in consideration for the exchange of the conserved water made available to Metropolitan by SDCWA with the

exchange water delivered by Metropolitan, SDCWA was obligated to pay an amount equal to the charges set by Metropolitan's Board from time to time to be paid by its member agencies for the conveyance of water through Metropolitan's facilities. Under the 2025 Exchange Agreement, the price per acre-foot to be paid by SDCWA for exchange water is set at a fixed dollar amount (the "Unit Price"), which increases annually, and will no longer be tied to Metropolitan's rates and charges. Additionally, under the 2025 Exchange Agreement, SDCWA will be obligated to pay to Metropolitan in each calendar year a minimum payment equal to the amount payable for the exchange of 227,000 acre-feet of water at the applicable Unit Price, even if SDCWA exchanges less than that amount in any one year. Each additional acre-foot of water exchanged above 227,000 acre-feet in a calendar year will be billed at the Unit Price. The Unit Price for years 2026 through 2034 is reflected in the table below.

Effective Date of Exchange Unit Price	Exchange Unit Price per Acre-Foot
January 1, 2026	$671
January 1, 2027	671
January 1, 2028	703
January 1, 2029	737
January 1, 2030	772
January 1, 2031	809
January 1, 2032	848
January 1, 2033	888
January 1, 2034	930

In years 2035 through the remainder of the term of the Exchange Agreement, the price per-acre foot will be equal to the prior year price, increased by a percentage equal to the Consumer Price Index for All Urban Consumers (CPI-U) for water and sewerage, as published by the U.S. Bureau of Labor Statistics, measured from October of two years prior to October of the prior year.

If SDCWA elects to receive treated water as part of its exchange water deliveries, Metropolitan's Treatment Surcharge (see "METROPOLITAN REVENUES—Rate Structure"), or a successor rate or charge for treated water service in effect as of the date of delivery of the treated water, will be added to the applicable Unit Price.

Under the 2025 Exchange Agreement, SDCWA may also offer to another Metropolitan member agency or member agencies the right to receive the exchange water deliveries, and if not accepted by any Metropolitan member agency, SDCWA may offer to sell to Metropolitan any available amount of conserved water SDCWA makes available at Lake Havasu.

With respect to exchange water to be delivered to another member agency, Metropolitan will deliver the water to the member agency or agencies, subject to Metropolitan's operational constraints, as it does all other purchases by such agency. Metropolitan will bill SDCWA for the delivered water pursuant to the terms of the 2025 Exchange Agreement as described above. All other terms of the right to receive the water will be determined by SDCWA and the Metropolitan member agency or agencies acquiring the right. For any water purchased by Metropolitan, Metropolitan will be obligated to pay a price per acre-foot as calculated under the 2025 Exchange Agreement based upon the actual costs incurred by SDCWA to obtain the water. Currently, SDCWA has entered into three agreements with Metropolitan member agencies to receive exchange deliveries between 2026 and 2047. Western Municipal Water District and Eastern Municipal Water

District have contracted to purchase up to 10,000 acre-feet of exchange deliveries per year. The City of Burbank has contracted to purchase up to 5,000 acre-feet of exchange deliveries per year.

The term of the 2025 Exchange Agreement, as it relates to conserved water transferred by IID to SDCWA, extends through 2047 and may be extended through 2077, and as it relates to water allocated to SDCWA that has been conserved as a result of the lining of the All-American and Coachella Canals remains in place through 2112; subject, in each case, to the right of SDCWA, upon a minimum of five years' advance written notice to Metropolitan, to permanently reduce the aggregate quantity of conserved water made available to Metropolitan under the Exchange Agreement to the extent SDCWA decides continually and regularly to transport such conserved water to its service area through alternative facilities (which do not presently exist).

More recently, SDCWA has exchanged less water than the maximum 277,000 acre-feet. In 2023, the water delivered to Metropolitan by SDCWA for exchange under the 2003 Exchange Agreement was approximately 227,700 acre-feet, consisting of 150,000 acre-feet of IID conservation plus 77,700 acre-feet of conserved water from the Coachella Canal and All-American Canal lining projects. The volume from IID conservation exchanged under the 2023 Exchange Agreement in 2023 was less than the stabilized volume of 200,000 acre-feet described under "—Quantification Settlement Agreement" above because 50,000 acre-feet were left in Lake Mead as a part of System Conservation Agreements among the Bureau of Reclamation, Metropolitan, SDCWA, and IID under the Bureau of Reclamation's Lower Colorado River Basin System Conservation and Efficiency Program. Similarly, in 2024, the volume from IID conservation exchanged under the 2003 Exchange Agreement was less than the stabilized volume of 200,000 acre-feet by 50,000 acre-feet as a part of System Conservation Agreements entered into among the Bureau of Reclamation, Metropolitan, SDCWA, and IID under the Bureau of Reclamation's Lower Colorado River Basin System Conservation and Efficiency Program. These agreements provide for the potential for similar reductions in the exchanged amount in 2025 and 2026, although no reductions occurred in 2025 and at this time, none are expected in 2026. See "—Colorado River Operations: Surplus and Shortage Guidelines — Lower Colorado River Basin System Conservation and Efficiency Program" below.

Colorado River Operations: Surplus and Shortage Guidelines

General. The Secretary of the Interior is vested with the responsibility of managing the mainstream waters of the lower Colorado River pursuant to federal law. Each year, the Secretary of the Interior is required to declare the Colorado River water supply availability conditions for the Lower Basin States in terms of "normal," "surplus" or "shortage" and has adopted operations criteria in the form of guidelines to determine the availability of surplus or potential shortage allocations among the Lower Basin States and reservoir operations for such conditions.

Interim Surplus Guidelines. In January 2001, the Secretary of the Interior adopted guidelines (the "Interim Surplus Guidelines"), initially for use through 2016, in determining the availability and quantity of surplus Colorado River water available for use in California, Arizona and Nevada. The Interim Surplus Guidelines were amended in 2007 and now extend through 2026. The purpose of the Interim Surplus Guidelines was to provide mainstream users of Colorado River water, particularly those in California and Nevada who had been utilizing surplus flows, a greater degree of predictability with respect to the availability and quantity of surplus water. Under the Interim Surplus Guidelines, Metropolitan initially expected to divert up to 1.25 million acre-feet of Colorado River water annually under foreseeable runoff and reservoir storage scenarios from 2004 through 2016. However, as described above, an extended drought in the Colorado River Basin reduced these initial expectations, and Metropolitan has not received any surplus water since 2002 and does not expect to receive any surplus water in the foreseeable future.

Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead. In May 2005, the Secretary of the Interior directed the Bureau of Reclamation to develop additional strategies for improving coordinated management of the reservoirs of the Colorado River system. In November 2007, the Bureau of Reclamation issued a Final EIS regarding new federal guidelines concerning the operation of the Colorado River system reservoirs, particularly during drought and low reservoir conditions. These guidelines provide water release criteria from Lake Powell and water storage and water release criteria from Lake Mead during shortage and surplus conditions in the Lower Basin, provide a mechanism for the storage and delivery of conserved system and non-system water in Lake Mead, and extend the Interim Surplus Guidelines through 2026 (as noted above) (the "2007 Interim Guidelines"). The Secretary of the Interior issued the final guidelines through a Record of Decision signed in December 2007. The Record of Decision and accompanying agreement among the Colorado River Basin States protect reservoir levels by reducing deliveries during low inflow periods, encouraging agencies to develop conservation programs and allowing the Colorado River Basin States to develop and store new water supplies. The Colorado River Basin Project Act of 1968 insulates California from shortages in all but the most extreme hydrologic conditions. Consistent with these legal protections, under the guidelines, Arizona and Nevada are first subject to the initial annual shortages identified by the Secretary in a shared amount of up to 500,000 acre-feet.

The guidelines also created the ICS program, which allows water contractors in the Lower Basin States to store conserved water in Lake Mead. Under this program, ICS water (water that has been conserved through an extraordinary conservation measure, such as land fallowing) is eligible for storage in Lake Mead by Metropolitan. Under the 2007 Interim Guidelines, ICS can be created through 2026 and delivered through 2036. See the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage." Subject to an agreement among the Lower Basin States, the 2027-2028 Operating Guidelines (as hereinafter defined) extend the ICS program, permit California contractors collectively to create up to 400,000 acre-feet of EC ICS (as hereinafter defined) in any year through December 31, 2028, and to accumulate, at any time, up to 2.0 million acre-feet in the aggregate of Binational ICS, EC ICS and DCP ICS. The 2027-2028 Operating Guidelines also permit delivery of these forms of ICS through December 31, 2038, and carry forward the existing categories of ICS.

Under the 2007 Interim Guidelines and the subsequent Colorado River Drought Contingency Plan Authorization Act, California can create and deliver up to 400,000 acre-feet of extraordinary conservation ICS ("EC ICS") annually and accumulate up to 1.5 million acre-feet of EC ICS in Lake Mead. In December 2007, California contractors for Colorado River water executed the California Agreement for the Creation and Delivery of Extraordinary Conservation Intentionally Created Surplus (the "California ICS Agreement"), which established terms and conditions for the creation, accumulation, and delivery of EC ICS by California contractors receiving Colorado River water. Under the California ICS Agreement, the State's EC ICS creation, accumulation, and delivery limits provided to California under the 2007 Interim Guidelines are apportioned between IID and Metropolitan. No other California contractors were permitted to create or accumulate ICS. Under the terms of the agreement, IID is allowed to store up to 25,000 acre-feet per year of EC ICS in Lake Mead with a cumulative limit of 50,000 acre-feet, in addition to any acquired Binational ICS water (water that has been conserved through conservation projects in Mexico). Metropolitan is permitted to use the remaining available ICS creation, delivery, and accumulation limits provided to California.

The Secretary of the Interior delivers the stored ICS water to Metropolitan in accordance with the terms of December 13, 2007, January 6, 2010, and November 20, 2012 Delivery Agreements between the United States and Metropolitan. As of January 1, 2026, Metropolitan had 1,614,000 acre-feet in its ICS accounts. These ICS accounts include water conserved by fallowing in the Palo Verde Valley, projects implemented with IID in its service area, groundwater desalination, the Warren H. Brock Reservoir Project, and international agreements that converted water conserved by Mexico to the United States. Additionally, approximately 269,000 acre-feet was left in Lake Mead between 2024 and 2025. This water became system

water pursuant to System Conservation Agreements with the Bureau of Reclamation under the Lower Colorado River Basin System Conservation and Efficiency Program. See also "—Colorado River Water Apportionment and Seven-Party Agreement" above.

Subject to an agreement among the Lower Basin States, under the 2027-2028 Operating Guidelines, the total combined amount of ICS that may be delivered to California contractors in any year is limited to 400,000 acre-feet, and total combined ICS deliveries to contractors in all Lower Basin States from January 1, 2026, through December 31, 2028, may not exceed 800,000 acre-feet. ICS may be used to offset reductions, subject to applicable law and the required delivery, forbearance and implementing agreements. Creation of ICS generally requires a plan approved by the Secretary of the Interior and is subject to a 10 percent system assessment to account for evaporation in the year of creation, subject to specified exceptions. The quantity of ICS remaining at the end of each year shall be diminished by annual evaporation losses of 3 percent.

Also subject to the required Lower Basin States agreement, the 2027-2028 Operating Guidelines impose additional Lake Mead elevation restrictions on ICS deliveries. If Lake Mead's January 1 elevation is between 1,025 feet and 1,000 feet, the Secretary of the Interior must consult with the requesting ICS contractor before approving a delivery and may reduce or deny the request if the delivery would cause Lake Mead to be projected to decline below elevation 1,000 feet during that year or if Lake Mead is below elevation 1,000 feet when the request is considered. No ICS may be delivered in a year in which Lake Mead's January 1 elevation is below 1,000 feet.

If an agreement among the Lower Basin States is not reached, no new ICS may be created after December 31, 2026, and previously created ICS would remain subject to the applicable provisions of the 2007 Interim Guidelines and the Lower Basin DCP (as hereinafter defined). See "—Ongoing Activities Relating to Colorado River Operations" for a discussion of the 2027-2028 Operating Guidelines.

Colorado River Drought Contingency Plans. Since the 2007 Lower Basin shortage guidelines were issued for the coordinated operations of Lake Powell and Lake Mead, the Colorado River has continued to experience drought conditions. The seven Colorado River Basin States, the U.S. Department of the Interior ("Department of the Interior") through the Bureau of Reclamation, and water users in the Colorado River Basin, including Metropolitan, began developing Drought Contingency Plans ("DCPs") to reduce the risk of Lake Powell and Lake Mead declining below critical elevations through 2026.

In April 2019, the President of the United States signed the Colorado River Drought Contingency Plan Authorization Act (referenced above), directing the Secretary of the Interior to sign and implement four DCP agreements related to the Upper and Lower Basin DCPs without delay. The agreements were executed and the Upper and Lower Basin DCPs became effective on May 20, 2019. The Lower Basin Drought Contingency Plan Agreement, which is in place through 2026, requires California, Arizona and Nevada to store defined volumes of water in Lake Mead at specified lake levels. California would begin making contributions if Lake Mead's elevation is projected to be 1,045 feet above sea level or below on January 1. Depending on the lake's elevation, California's contributions would range from 200,000 to 350,000 acre-feet a year ("DCP Contributions"). Pursuant to intrastate implementation agreements and a settlement agreement with IID, Metropolitan will be responsible for 90 percent of California's DCP Contributions under the Lower Basin DCP. CVWD will be responsible for 7 percent of California's required DCP Contributions. While IID is not a party to the DCP, if Metropolitan is required to make a DCP contribution, IID will assist Metropolitan in making DCP contributions by contributing the lesser of either: (a) three percent of California's DCP contribution or (b) the amount of water IID has stored with Metropolitan. The terms of the settlement agreement with IID referenced above and the mechanism by which IID will contribute to California's DCP Contributions is described in more detail under "—Water Transfer, Storage and Exchange Programs —Colorado River Aqueduct Agreements and Programs — California ICS Agreement Intrastate Storage Provisions" in this Appendix A. No DCP contribution has been required by California.

Implementation of the Lower Basin DCP enhances Metropolitan's ability to store water in Lake Mead and ensures that water in storage can be delivered later. Through 2026, the Lower Basin DCP increased the total volume of water that California could store in Lake Mead by 200,000 acre-feet, for a total of 1.7 million acre-feet. Under the September 12, 2019 DCP Contributions and ICS Accumulation Limits Sharing Agreement, California agreed to make up to 50,000 acre-feet of its accumulation space available to Arizona through 2026. Arizona has used this accumulation space, therefore making the effective increase in the volume of water California may store 1.65 million acre-feet. Both EC ICS and Binational ICS count towards the total volume of water that California may store in Lake Mead. Water stored as ICS will be available for delivery as long as Lake Mead's elevation remains above 1,025 feet. Previously, that water could have become inaccessible below a Lake Mead elevation of 1,075 feet. The conditional ICS accumulation delivery and elevation restrictions applicable under the 2027-28 Operating Guidelines are described above. Through 2026, Contributions may be made through conversion of existing ICS, including at times when Lake Mead's elevation falls below 1,025 feet, allowing Metropolitan to deliver the full amount of its basic apportionment and available water under its CRA water transfer and exchange programs even in years when a DCP Contribution is required. DCP Contributions made through conversion of existing ICS become DCP ICS. DCP Contributions may also be made by leaving water in Lake Mead that there was a legal right to have delivered. This type of DCP Contribution becomes system water and may not be recovered. Rules are set for delivery of DCP ICS through 2026 and between 2027-2057. The Lower Basin DCP remains effective through 2026. Operations for 2027 and 2028 will be governed by the 2027-2028 Operating Guidelines and applicable implementing and parallel agreements, which are described under "—Ongoing Activities Relating to Colorado River Operations" below.

Lower Colorado River Basin System Conservation and Efficiency Program. The United States Congress appropriated $4 billion for drought mitigation in the Inflation Reduction Act of 2022 (the "IRA"). Using funds made available through the IRA, the Bureau of Reclamation established the Lower Colorado River Basin System Conservation and Efficiency Program as part of a commitment made by the U.S. Department of the Interior on August 16, 2022 to take actions designed to address the unprecedented drought in the Lower Colorado River Basin. The program is continuing the process of negotiating terms for selected projects for funding proposed by Colorado River water delivery contract or entitlement holders for system conservation and efficiencies in the Lower Colorado River Basin that also lead to additional conservation and bridge the immediate conservation need while moving toward improved system efficiency and more durable long-term solutions. Metropolitan submitted several proposals for funding system conservation in both the short- and long-term.

Metropolitan has executed agreements with the Bureau of Reclamation pursuant to which the Bureau of Reclamation, rather than Metropolitan, agreed to pay for conserved water from Metropolitan's PVID Land Management, Crop Rotation and Water Supply Program from August 1, 2023 to December 31, 2026, from the Quechan Forbearance Program for calendar years 2023 through 2026, and from the Bard Seasonal Fallowing Program for calendar years 2024 through 2026. Water generated from these programs and these time periods will benefit Lake Mead as system water rather than accrue to Metropolitan. Metropolitan's Board and the Quechan Tribe have approved an amendment to the agreement that would extend payment for conserved water through December 31, 2028. Metropolitan's Board and the Bard Water District have approved an amendment to the agreement that would extend payment for conserved water through December 31, 2028, should a Bard Seasonal Fallowing Program be developed for 2027 and 2028. Under both amendments, Metropolitan makes payments and retains conserved water in 2027 and 2028, unless it elects to have the Bureau of Reclamation make the payments and have the conserved water left in Lake Mead. Both amendments were executed on August 18, 2026. See also "METROPOLITAN REVENUES —Federal Funding."

In addition, as referenced under "—Metropolitan and San Diego County Water Authority Exchange Agreement" above, in August 2024, Metropolitan's Board authorized the execution by Metropolitan of 2024

System Conservation Agreements among the Bureau of Reclamation, Metropolitan, SDCWA, and IID for Metropolitan's joint participation in IID's system conservation program with the Bureau of Reclamation for calendar years 2024 through 2026. Under these System Conservation Agreements, with IID's and SDCWA's consent, up to 100,000 acre-feet of water conserved by IID annually during 2024 through 2026 that would otherwise be transferred to SDCWA and exchanged under the Exchange Agreement will be made available as system conservation as a part of IID's System Conservation Agreement with the Bureau of Reclamation. To the extent that water otherwise intended for transfer to SDCWA and exchange under the Exchange Agreement is made available as system water, SDCWA will be required to purchase a like amount of water from Metropolitan at Metropolitan's full-service water rate. Each year, IID, Metropolitan, and SDCWA will mutually agree on the volume of water, if any, from the IID-SDCWA transfer program that will be made available as system conservation under IID's System Conservation Agreement with the Bureau of Reclamation for that year. A total of 50,000 acre-feet was made available in 2024 under this agreement; no water was made available under IID's System Conservation Agreement in 2025, and none is expected to be made available in 2026.

Metropolitan has executed three System Conservation Agreements with the Bureau of Reclamation where the Bureau of Reclamation will fund new conservation programs and enhancements of existing programs. Water generated from these programs will benefit Lake Mead as system water. These agreements include funding by the Bureau of Reclamation of up to $95.8 million for an enhancement of Metropolitan's commercial, industrial, and institutional turf replacement program, up to $82.0 million for design and construction of facilities for the Antelope Valley-East Kern High Desert Water Bank Program, and up to $8.0 million for Metropolitan's leak detection and repair program for disadvantaged communities. In total, Metropolitan has committed to conserve and create 269,296 acre-feet of system water over a ten-year period under these three agreements. As of January 1, 2026, all 269,296 acre-feet of system water has been created. As of June 30, 2026, across all three agreements, $2.4 million has been received. See also "METROPOLITAN REVENUES—Federal Funding."

Metropolitan has also executed a System Conservation Implementation Agreement with the Bureau of Reclamation where the Bureau of Reclamation will pay Metropolitan $325 per acre-foot for up to 200,000 acre-feet of water conserved and left in Lake Mead in 2026. The water may be conserved with existing conservation programs.

Ongoing Activities Relating to Colorado River Operations. The 2007 Interim Guidelines and the DCP continue to govern the management and operation of the Colorado River through 2026. On August 21, 2026, the Department of the Interior issued a Record of Decision ("ROD") establishing a decision framework for operations through 2036 and issued the first guidelines under that framework for Operating Years 2027 and 2028, as described in more detail below. The seven Colorado River Basin States, certain federally recognized Tribal Nations, the Department of the Interior and Colorado River water users continue to negotiate implementing agreements for 2027 and 2028 and longer-term operating guidelines under the decision framework included in the ROD.

In a process separate from the post-2026 guidelines development process, in November 2022, the Bureau of Reclamation initiated an expedited process to modify the 2007 Interim Guidelines for Colorado River operations in 2023, 2024, and possibly through 2026 to address the potential for continued low-runoff conditions and water shortages in the Colorado River Basin. In April 2023, the Bureau of Reclamation released a draft Supplemental Environmental Impact Statement ("SEIS") for public comment to modify the 2007 Interim Guidelines for proposed changes to operations starting in 2024 and to inform potential operations in 2025 and 2026 that would include reduced releases from Glen Canyon Dam and increased lower basin shortages. On May 22, 2023, representatives of the States of Arizona, California, and Nevada (the "Lower Basin States") sent a letter to the Bureau of Reclamation outlining the terms of a consensus

proposal to conserve an additional volume of at least three million acre-feet of Colorado River water in the lower basin by the end of calendar year 2026, with at least 1.5 million acre-feet of that additional total being conserved by the end of calendar year 2024 (the "Lower Basin Plan"). This conservation would be in addition to existing shortage apportionments and DCP contribution obligations under the current 2007 Interim Guidelines, Lower Basin DCP, and Treaty Minute 323.

Also on May 22, 2023, the Department of the Interior temporarily withdrew the draft SEIS so that it could fully analyze the effects of the proposal submitted by the Lower Basin States. Subsequently, and following the release of a revised draft SEIS in October 2023, on March 5, 2024, the Bureau of Reclamation released its Final SEIS selecting the Lower Basin Plan as the "Preferred Alternative" for Colorado River operations through 2025. The Bureau of Reclamation issued a Record of Decision to modify the 2007 Interim Guidelines consistent with the Lower Basin Plan in May 2024. The modified guidelines were also used to set operating conditions in 2026.

Under the Lower Basin Plan, California was anticipated to conserve at least 1.6 million acre-feet of the additional three million acre-feet by the end of 2026. As of the end of 2025, California conserved 1.78 million acre-feet under the Lower Basin Plan. Additionally, the plan's overall goal of conserving 3 million acre-feet by the end of 2026 was also achieved early; as of the end of 2025, a total of 3.1 million acre-feet was conserved under the Lower Basin Plan. Approximately 2.3 million acre-feet of that conservation was made through projects implemented under the Bureau of Reclamation's Lower Colorado River Basin System Conservation and Efficiency Program and funded through the IRA (as referenced above under "Lower Colorado River Basin System Conservation and Efficiency Program"), with the remainder achieved through other compensated and uncompensated conservation. Approximately 642,000 acre-feet of ICS was designated to meet the conservation goal and cannot be delivered, transferred or assigned through December 31, 2026. See also "—Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead."

In 2022 and 2024, USFWS issued biological opinions to the Bureau of Reclamation to extend federal ESA coverage for additional flow reductions and related activities on the Colorado River under the Lower Colorado River Multi-Species Conservation Program. USFWS is currently developing a new biological opinion and a habitat conservation plan amendment to the Lower Colorado River Multi-Species Conservation Program to align them with the post-2026 operating guidelines for the Colorado River. See also "—Endangered Species Act and Other Environmental Considerations Relating to Water Supply — Endangered Species Act Considerations - Colorado River."

On July 31, 2026, the Bureau of Reclamation released the Final Environmental Impact Statement for Post-2026 Operational Guidelines and Strategies for Lake Powell and Lake Mead (the "Final EIS"). The preferred alternative (the "Preferred Alternative") identified in the Final EIS is a 10-year adaptive decision framework through 2036 that establishes operational principles, thresholds and ranges, and a process for developing operating guidelines generally covering two-year intervals unless a consensus-based agreement supports a longer interval. The framework permits, among other things, Lower Basin shortages of up to 3.0 million acre-feet annually, annual Lake Powell releases ranging from 5.0 million to 12 million acre-feet, storage of conserved water in Lake Powell and Lake Mead, and voluntary Upper Basin conservation, subject to applicable conditions.

On August 21, 2026, the Department of the Interior issued a ROD adopting the Preferred Alternative's decision framework and issued the Colorado River Guidelines for Coordinated Operations of Lake Powell and Lake Mead for Operating Years 2027 and 2028 (the "2027-2028 Operating Guidelines"). The 2027-2028 Operating Guidelines are a final agency action for those two operating years only and do not

themselves establish a long-term operating strategy beyond 2028. The 2027-2028 Operating Guidelines contemplate implementing and parallel agreements for specified operational measures as described below.

For each of calendar years 2027 and 2028, the 2027-2028 Operating Guidelines determine that a shortage condition exists and apportion 6.25 million acre-feet for consumptive use in the Lower Basin States, a reduction of 1.25 million acre-feet in each of the two years from the quantity apportioned under a normal condition. If the Lower Basin States implement the proposed sharing agreement, the annual reductions would be 760,000 acre-feet for Arizona, 440,000 acre-feet for California, and 50,000 acre-feet for Nevada. California's 440,000 acre-foot annual reduction is a statewide amount. California's agricultural and urban water users must develop agreements on how reductions will be shared within the State. If the applicable implementing agreements are not fully executed, the Secretary of the Interior will determine the quantities and apportionment in accordance with applicable law. .

In addition to the 1.25 million acre-feet of annual Lower Basin reductions in 2027 and 2028, the 2027-2028 Operating Guidelines provide for Lower Basin contractors to conserve an additional 700,000 acre-feet in total as system conservation water during 2026 through 2028 pursuant to voluntary and implementing agreements.

The 2027-2028 Operating Guidelines become effective by their terms upon both execution by the Secretary of the Interior and execution of the necessary implementing and parallel agreements described in the 2027-2028 Operating Guidelines. Although the Secretary of the Interior issued the Guidelines on August 21, 2026, the 2027-2028 Operating Guidelines do not establish a date certain by which those agreements must be executed. The contemplated agreements include a Lower Basin implementing agreement for specified shortage, system conservation and ICS provisions and an agreement concerning drought operations at the Colorado River Storage Project initial storage units. If the agreements are not executed, certain provisions will not be implemented as contemplated, but the Secretary of the Interior will proceed under applicable law and existing authorities, and the absence of agreements will not impair, delay or otherwise limit the Secretary of the Interior's authority to implement operations in 2027 and 2028. Once effective, the 2027-2028 Operating Guidelines will govern those operating years unless modified or superseded by the Secretary of the Interior or superseded by consensus operating guidelines.

On August 24, 2026, the State of Nevada, the Colorado River Commission of Nevada and the Southern Nevada Water Authority ("SNWA") filed an action in the U.S. District Court for the District of Nevada against the U.S. Department of the Interior, the Bureau of Reclamation and related federal officials. The complaint challenges the ROD, the Final EIS and the 2027-2028 Operating Guidelines and alleges violations of the Administrative Procedure Act, the National Environmental Policy Act and the Law of the River, including alleged deficiencies in the consideration of alternatives, environmental effects, comments and mitigation measures. The plaintiffs seek declaratory relief, the vacating of the challenged federal actions and an injunction against implementation until the alleged violations are remedied.

As of January 1, 2026, Metropolitan's storage in Lake Mead was 1.61 million acre-feet. The total amount Metropolitan has stored in Lake Mead is expected to provide flexibility to Metropolitan in meeting potential additional water reductions under the 2027-2028 Operating Guidelines, subject to the annual and cumulative delivery limitations described above. See "—Storage Capacity and Water in Storage."

Endangered Species Act and Other Environmental Considerations Relating to Water Supply

Endangered Species Act Considerations - State Water Project

General. DWR has altered the operations of the State Water Project to accommodate species of fish listed as threatened or endangered under the federal ESA and/or California ESA.

The federal ESA requires that before any federal agency authorizes, funds, or carries out an action that may affect a listed species or designated critical habitat, it must consult with the appropriate federal fishery agency (either the NMFS or the USFWS depending on the species) to determine whether the action would jeopardize the continued existence of any threatened or endangered species, or adversely modify habitat critical to the species' needs. The result of the consultation is known as a "biological opinion." In a biological opinion, a federal fishery agency determines whether the action would cause jeopardy to a threatened or endangered species or adverse modification to critical habitat; and if jeopardy or adverse modification is found, recommends reasonable and prudent alternatives that would allow the action to proceed without causing jeopardy or adverse modification. If no jeopardy or adverse modification is found, the fish agency issues a "no jeopardy opinion." The biological opinion also includes an "incidental take statement." The incidental take statement allows the action to go forward even though it will result in some level of "take," including harming or killing some members of the species, incidental to the agency action, provided that the agency action does not jeopardize the continued existence of any threatened or endangered species and complies with reasonable mitigation and minimization measures recommended by the federal fishery agency or as incorporated into the project description.

The California ESA requires an incidental take permit or consistency determination for any action that may cause take of a State-listed species of fish or wildlife. To issue an incidental take permit or consistency determination, CDFW must determine that the impacts of the authorized take will be minimized and fully mitigated and will not cause jeopardy.

Federal ESA–Biological Opinions. On August 2, 2016, DWR and the Bureau of Reclamation requested that USFWS and NMFS reinitiate federal ESA consultation on the coordinated operations of the State Water Project and the federal Central Valley Project to update them with the latest best available science and lessons learned operating under the prior 2008 and 2009 biological opinions. In January 2019, the Bureau of Reclamation submitted the initial biological assessment to USFWS and NMFS. The biological assessment contains a description of the Bureau of Reclamation's and DWR's proposed long-term coordinated operations plan (the "2019 Long-Term Coordinated Operations Plan"). On October 22, 2019, USFWS and NMFS issued new federal biological opinions (the "2019 biological opinions") that provided incidental take coverage for the 2019 Long-Term Coordinated Operations Plan. On February 18, 2020, the Bureau of Reclamation signed a Record of Decision, pursuant to NEPA, completing its environmental review and adopting the 2019 Long-Term Coordinated Operations Plan.

In 2021, in accordance with direction provided by an executive order of then President Biden following his assumption of office, the U.S. Department of Commerce and the Department of the Interior heads reviewed the 2019 biological opinions, and on September 30, 2021, the Bureau of Reclamation Regional Director for Interior Region 10 sent a letter to the USFWS and NMFS re-initiating consultation on the long-term operations of the state and federal water projects. The consultation process requires the Bureau of Reclamation and DWR to develop a biological assessment describing the proposed operating criteria and perform an effects analysis. NMFS and USFWS are required to review the biological assessment and determine whether the proposed operating criteria would cause jeopardy or adverse modification of critical habitat. On November 15, 2024, the Bureau of Reclamation released the final EIS for the long-term operation of the Central Valley Project and the State Water Project.

The final EIS considers four alternatives and a no-action alternative for the operation of the Central Valley Project and the State Water Project, and addresses the review of the 2019 biological opinions. The final EIR identifies as the "preferred alternative" a new framework for Shasta Reservoir operations to benefit winter-run Chinook salmon; revised operational criteria for Delta exports; and supports implementation of the Healthy Rivers and Landscapes Program to provide more Delta outflow/habitat restoration in the Bay-Delta. See "—State Water Project — Bay-Delta Proceedings Affecting State Water Project – SWRCB Regulatory Activities and Decisions."

On November 8, 2024, and December 6, 2024, respectively, the USFWS and the NMFS issued new biological opinions for the re-initiation of consultation of the long-term operations of the Central Valley Project and State Water Project, superseding the 2019 biological opinions. Under the 2024 biological opinions, State and federal operational criteria for Delta export requirements are generally consistent. Metropolitan does not anticipate any significant impact to water supply from the 2024 biological opinions. The Bureau of Reclamation signed the Record of Decision on December 19, 2024, completing its environmental review and approving the Long-Term Operation of the Central Valley Project and the State Water Project (the "2024 Long-Term Coordinated Operations Plan"), adopting the preferred alternative.

Since taking office in January 2025, the President of the United States issued several Executive Orders relevant to the 2024 biological opinions, including Executive Order "Emergency Measures to Provide Water Resources in California and Improve Disaster Response in Certain Areas," ("Executive Order 14181") and "Putting People over Fish: Stopping Radical Environmentalism to Provide Water to Southern California." On December 2, 2025, the Bureau of Reclamation issued a new Record of Decision adopting a revised long-term operation plan for the Long-Term Operation of the Central Valley Project and the State Water Project (the "2025 Long-Term Coordinated Operations Plan"). The 2025 Long-Term Coordinated Operations Plan was developed in response to Executive Order 14181, and replaces the 2024 Long-Term Coordinated Operations Plan. The 2025 Long-Term Coordinated Operations Plan revises export and Delta operations, and it removes certain summer–fall habitat and export-reduction measures from prior biological opinions. The Bureau of Reclamation projects that the implementation of the 2025 Long-Term Coordinated Operations Plan will allow annual Central Valley Project deliveries to increase by 130,000 to 180,000 acre-feet.

On March 2, 2026, San Francisco Baykeeper, the Center for Biological Diversity and Friends of the River filed an action in the United States District Court for the Eastern District of California against the Bureau of Reclamation, NMFS and other federal defendants. The plaintiffs allege, among other things, that the Bureau of Reclamation exceeded certain incidental-take limits and failed to implement operational measures required by the 2024 NMFS biological opinion. The plaintiffs further allege that the Bureau of Reclamation and NMFS are required to reinitiate consultation under the Endangered Species Act because of the exceeded take limits, new information and modifications to the Central Valley Project operations associated with the federal operational criteria referred to as Action 5. The State Water Contractors association and certain Central Valley Project contractors were permitted to intervene in the action. On July 9, 2026, the district court denied plaintiffs' motion for a temporary restraining order, without prejudice. On August 3, 2026, the district court denied the plaintiffs' request for a preliminary injunction concerning the Bureau of Reclamation's planned Shasta Reservoir operations for the summer and early fall of 2026. The denial did not resolve the underlying claims, and the litigation remains pending. The ultimate outcome of the litigation and any resulting effect on Metropolitan's State Water Project supplies cannot be determined at this time.

Federal ESA–Litigation. On December 2, 2019, a group of non-governmental organizations, including commercial fishing groups and the Natural Resources Defense Council, sued USFWS and NMFS, alleging the 2019 biological opinions were arbitrary and capricious, later amending the lawsuit to include

claims under the federal ESA and NEPA related to decisions made by the Bureau of Reclamation. On February 20, 2020, Natural Resources, the California Environmental Protection Agency, and the California Attorney General sued the federal agencies, making similar allegations. The State Water Contractors association intervened in both cases to defend the 2019 biological opinions. Due to the rescission and replacement of the 2019 biological opinions in 2024, the federal agencies moved to dismiss the cases as moot. The action brought by the non-governmental organizations was dismissed on December 18, 2025, and the action brought by the State agencies was dismissed on December 30, 2025.

California ESA– DWR Incidental Take Permit. As described above, operations of the State Water Project require both federal ESA and California ESA authorizations. On March 27, 2020, DWR released a final EIR and Notice of Determination describing and adopting a State Water Project long-term operations plan with additional operational restrictions and additional conservation commitments. On March 31, 2020, CDFW issued an incidental take permit for the State Water Project that included further operational restrictions and outflow. As issued, the incidental take permit reduces State Water Project deliveries by more than 200,000 acre-feet on an average annual basis as compared to the 2019 biological opinions and includes $218 million over a ten-year period in environmental commitments for the State Water Project.

On October 28, 2024, DWR approved a Notice of Determination describing and adopting a new State Water Project long-term operations plan with additional operational restrictions and additional conservation commitments. On October 30, 2024, DWR issued its final EIR with respect to such plan. On November 4, 2024, the CDFW issued an incidental take permit for the new State long-term operation plan (the "CESA 2024 ITP"). The permit covers five species protected under the California ESA, including Delta smelt, longfin smelt, white sturgeon, winter-run Chinook salmon and spring-run Chinook salmon. The CESA 2024 ITP revises certain environmental operating requirements, including updated rules for springtime Delta flows intended to protect listed fish species. These revised requirements provide additional operational flexibility in some spring conditions, which may increase the amount of water the SWP is able to export and deliver to State Water Project contractors. DWR's modeling in the Draft 2025 Delivery Capability Report reflects these changes, including a modest improvement in long-term average Table A delivery capability under current regulations. See "—Long-Term Delivery Capability of the State Water Project" above**.**

California ESA–DWR Permit Litigation. On April 28, 2020, Metropolitan and the Mojave Water Agency ("Mojave") jointly sued CDFW, DWR and Natural Resources, alleging that the California ESA 2020 incidental take permit and final EIR violate CEQA and the California ESA. Metropolitan and Mojave also allege that DWR breached the State Water Contract and the implied covenant of good faith and fair dealing by, among other things, accepting an incidental take permit containing mitigation requirements in excess of that required by law. Subsequently, two State Water Project contractors and a Metropolitan member agency joined with Metropolitan and Mojave in a first amended complaint. Various other water agencies, including the State Water Contractors association, also filed CEQA and CESA actions, or subsequently joined in a first amended complaint in which the individual water contractors allege causes of action for breach of contract and the implied covenant of good faith and fair dealing. In addition, another State Water Project contractor, the San Bernardino Valley Municipal Water District ("SBVMWD"), filed a complaint alleging violations of CEQA and CESA, as well as breach of contract and the implied covenant of good faith and fair dealing, unconstitutional takings, and anticipatory repudiation of contract. Several federal Central Valley Project water contractors also filed a CEQA challenge. Four other lawsuits have been filed by certain commercial fishing groups and an American Indian tribe, several environmental groups, and two in-Delta water agencies challenging the 2020 final EIR as inadequate under CEQA and alleging violations of the Delta Reform Act, public trust doctrine and, in one of the cases, certain water right statutes.

All eight cases were coordinated in Sacramento County Superior Court. On May 7, 2021, the coordination trial judge ordered the CEQA and CESA causes of action as well as certain other administrative record-based claims alleged by petitioners in several other cases bifurcated from the State Water Project

contractors' respective contractual and unconstitutional takings causes of action, with the CEQA and CESA causes of action to be tried first. The administrative records were certified in the Fall of 2023. All of these cases were dismissed in 2025. Metropolitan, the State Water Contractors and Kern County Water Agency, CDFW and DWR signed a Memorandum of Understanding containing an improved process for coordination and transparency in decision-making in 2025.

Legal challenges to the CESA 2024 ITP have been filed by Central Delta Water Agency, South Delta Water Agency, Tehama-Colusa Canal Authority, San Luis & Delta Mendota Water Authority, Friant Water Authority, Glenn-Colusa Irrigation District, Reclamation District 108, Natomas Central Mutual Water Company, Sutter Mutual Water Company, Sacramento River Settlement Contractors and Westlands Water District.

Preliminary motions to stay or consolidate the CESA 2024 ITP litigation with earlier CEQA/ESA challenges were denied in June 2025. In 2026, Tehama-Colusa Canal Authority, Glenn-Colusa Irrigation District, Reclamation District 108, Natomas Central Mutual Water Company, Sutter Mutual Water Company, and the Sacramento River Settlement Contractors voluntarily dismissed their cases.

The State Water Contractors and its members Kern County Water Agency and Metropolitan have been granted Intervenor status in each of the cases. Metropolitan is unable to assess at this time the likely outcome of litigation CESA 2024 ITP, including any future litigation or any future claims that may be filed, or any potential effect on Metropolitan's State Water Project water supplies.

Endangered Species Act Considerations - Colorado River

Federal and state environmental laws protecting fish species and other wildlife species have the potential to affect Colorado River operations. A number of species that are on either "endangered" or "threatened" lists under the federal and state ESAs are present in the area of the Lower Colorado River, including among others, the bonytail chub, razorback sucker, southwestern willow flycatcher, and Yuma clapper rail. To address this issue, a broad-based state/federal/tribal/private regional partnership that includes water, hydroelectric power and federal and state wildlife management agencies in Arizona, California, and Nevada have developed a multi-species conservation program for the main stem of the Lower Colorado River (the Lower Colorado River Multi-Species Conservation Program or "MSCP"). The MSCP provides Metropolitan federal and state ESA compliance for any incidental take of protected species resulting from current and future water and power operations of its Colorado River facilities and to minimize any uncertainty from additional listings of endangered species. The MSCP also covers operations of federal dams and power plants on the river that deliver water and hydroelectric power for use by Metropolitan and other agencies. The MSCP covers 27 species and habitat in the Lower Colorado River from Lake Mead to the Mexican border for a term of 50 years (commencing in 2005). Over the 50-year term of the program, the total cost to Metropolitan is estimated to be about $88.5 million (in 2003 dollars), with annual costs ranging between $0.8 million and $4.7 million (in 2003 dollars).

In December 2022 and April 2024, the USFWS issued biological opinions to the Bureau of Reclamation that provided additional incidental take due to reductions in Colorado River flows in excess of flow-related covered actions and activities provided under the Lower Colorado River Multi-Species Conservation Program. The consultations for these biological opinions were initiated due to the anticipated reduction in flow between Hoover Dam and the Imperial Dam from the proposed 500+ Plan conservation activities. See also "--Ongoing Activities Relating to Colorado River Operations - Lower Basin Plan." These biological opinions are currently being utilized by the Bureau of Reclamation as part of the MSCP. The expanded mitigation measures and incidental take covered flow reductions under the 2024 biological opinion will remain in place through January 2028. This interim period allows time to develop a new biological opinion and amend the habitat conservation plan to align with the post-2026 Colorado River operating

guidelines. The anticipated new biological opinion and habitat conservation plan amendment will ensure continued ESA compliance for anticipated flow reductions under the new post-2026 operating guidelines. The process to develop a new biological opinion and amend the habitat conservation plan is ongoing and expected to be completed by 2028.

Invasive Species - Mussel Control Programs

Invasive zebra and quagga mussels are established in many regions of the United States and golden mussels have recently been detected in California (first detection in North America). Mussels can reproduce quickly and, if left unmanaged, can reduce flows by clogging intakes and raw water conveyance systems, alter or destroy fish habitats, and affect lakes and beaches. Mussel management activities may require changes in water delivery protocols to reduce risks of spreading mussel populations and increase operation and maintenance costs.

In January 2007, quagga mussels were discovered in Lake Mead. All pipelines and facilities that transport raw Colorado River water are considered to be infested with quagga mussels. Metropolitan has a quagga mussel control plan, approved by the CDFW to address the presence of mussels in the CRA system and limit further spread of mussels. Year-round monitoring for mussel larvae is conducted at various locations in the CRA system and at select non-infested areas of Metropolitan's system, and some locations in the State Water Project. Shutdown inspections have demonstrated that control activities effectively limit mussel infestation in the CRA. Metropolitan's costs for controlling quagga mussels in the CRA system, including chlorination, raw water discharge control, and monitoring are approximately $7 to $10 million per year.

In July 2024, Colorado Parks and Wildlife announced that zebra mussel larvae were detected in the Colorado River upstream of Lake Powell but no veligers (larval stage of quagga mussels) or adult mussels were discovered in extensive follow up monitoring. However, five dead adult mussels were found when Highline Lake was drained as part of the eradication plan. In September 2025, Colorado Parks and Wildlife confirmed the presence of adult zebra mussels in the Colorado River near Grand Junction and two other lakes in the region. The potential impact of zebra mussels in a region of the Colorado River that does not currently have quagga mussels is not currently known.

Adult quagga mussels were detected in the West Branch of the State Water Project in 2016 and 2021, and since 2023, veligers have been consistently detected in water leaving Castaic Lake through Metropolitan's Foothill Feeder indicating that a reproducing population of quagga mussels is now established in the West Branch of the State Water Project. Metropolitan is investigating potential control measures for water leaving Castaic Lake to minimize downstream impacts and protect infrastructure. Releases of raw water from Castaic Lake for groundwater replenishment now require a raw water discharge plan approved by CDFW.

In October 2024, golden mussels were detected in the Bay-Delta in the Port of Stockton. This was the first known occurrence of golden mussels in North America. Since their initial discovery, golden mussels have been found throughout the southern Delta, in O'Neill Forebay at San Luis Reservoir, a joint facility of the State Water Project and the Central Valley Project, and extending as far south as Silverwood Lake on the East Branch of the California Aqueduct and Pyramid Lake on the West Branch. Golden mussels have also been reported in a San Diego County reservoir. In October 2025, golden mussel veligers were found at the influent to Metropolitan's Henry J. Mills Water Treatment Plant, downstream of Silverwood Lake and adult mussels have also been detected in Metropolitan's Rialto Pipeline and Live Oak Reservoir. In September 2026, golden mussel veligers were detected in samples collected from Diamond Valley Lake. Metropolitan is refurbishing an existing chemical injection system located at Diamond Valley Lake to address the golden mussel infestation, with the chemical injection system expected to be operational by the end of calendar year

2026. Metropolitan does not anticipate making operational deliveries from Diamond Valley Lake until after the injection system is operational. Future deliveries from Diamond Valley Lake will comply with Metropolitan's invasive mussel control plan, which was submitted to CDFW for approval in July, 2026, and includes measures to help prevent the spread of mussels downstream. CDFW is coordinating surveys and sampling throughout the State to determine the speed and extent of the mussels' spread and a state taskforce is assessing potential control measures. Given their ability for rapid spread, downstream colonization is expected. Metropolitan is working with CDFW, DWR, and other affected agencies to assess impacts and develop potential control measures.

A shutdown of Metropolitan's Foothill Feeder downstream of Castaic Lake has been postponed until a quagga mussel control plan has been developed and approved to allow dewatering of the pipeline. Los Angeles County Public Works suspended groundwater replenishment deliveries of State Water Project supplies that require use of its distribution system to Metropolitan's member agency, Upper San Gabriel Valley Municipal Water District, after the detection of golden mussels in Silverwood Lake. Similarly, Los Angeles County Public Works suspended delivery to Metropolitan's member agency, City of Burbank, due to the quagga mussel infestation of the West Branch of the State Water Project. Delivery to the City of Burbank resumed in June 2026, following CDFW approval of a control plan and the installation of a chemical control facility.

On September 17, 2025, Assembly Bill 149 was signed into law. This bill amended the Fish and Game Code and Harbors and Navigation Code to extend protections from liability for the transfer of invasive mussels to water agencies that operate under approved mussel control plans and allocated $40 million for projects that prevent the spread and mitigate impacts of golden and other invasive mussels. Metropolitan maintains an approved mussel control plan for quagga mussels in the CRA. This plan is being updated to address all invasive mussels in the CRA and SWP.

In October 2025, Metropolitan's Board authorized approximately $2 million in planning expenditures and material costs to develop and pilot test invasive mussel control measures at Metropolitan facilities receiving State Water Project supplies, including anticipated near-term infrastructure upgrades. The cost of future infrastructure upgrades and increased maintenance costs are not known at this time.

Water Transfer, Storage and Exchange Programs

General

To supplement its State Water Project and Colorado River water supplies, Metropolitan has developed and actively manages a portfolio of water supply programs, including water transfers, storage, and exchange agreements. Supplies are conveyed through the California Aqueduct, utilizing Metropolitan's rights under its State Water Contract to use the portion of the State Water Project conveyance system necessary to deliver water to it, or through available CRA capacity. Consistent with its long-term planning efforts, Metropolitan continues to pursue voluntary water transfer and exchange programs with State, federal, public and private water districts, and individuals to help mitigate supply/demand imbalances and provide additional dry-year supply sources. A summary description of Metropolitan's supply programs is set forth below. In addition to the arrangements described below, Metropolitan is entitled to storage and access to stored water in connection with various storage programs and facilities. See "—Colorado River Aqueduct" above, as well as the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage" below.

State Water Project Agreements and Programs

In addition to the basic State Water Project contract provisions, Metropolitan has other contract rights that accrue to the overall value of the State Water Project. Because each Contractor is paying for

physical facilities, they also have the right to use the facilities to move water supplies associated with agreements, water transfers and water exchanges. Metropolitan has entered into agreements and exchanges with third parties that provide additional water supplies.

Existing and potential water transfers and exchanges are an important element for improving the water supply reliability within Metropolitan's service area and accomplishing the reliability goal set by Metropolitan's Board. Under voluntary water transfers and exchanges with agricultural users, agricultural communities may periodically sell or conserve a portion of their agricultural water supply to make it available to support the State's urban areas. The portfolio of supplemental supplies that Metropolitan has developed to be conveyed through the California Aqueduct extend from north of the Bay-Delta to Southern California. Certain of these arrangements are described below.

Castaic Lake and Lake Perris. Metropolitan has contractual rights to withdraw up to 65,000 acre-feet of water in Lake Perris (East Branch terminal reservoir) and 153,940 acre-feet of water in Castaic Lake (West Branch terminal reservoir), in addition to the annual "Table A" allocation. Any water used must be returned to the State Water Project within five years or it is deducted from allocated amounts in the sixth year. Metropolitan's storage balance as of January 1, 2026, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "–Storage Capacity and Water in Storage" below.

Metropolitan Article 56 Carryover. Metropolitan has the right to store in San Luis Reservoir, its allocated contract amount for delivery in subsequent years. Metropolitan can store up to between 100,000 and 200,000 acre-feet per year, depending on the final "Table A" allocation. Metropolitan's storage balance as of January 1, 2026, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "–Storage Capacity and Water in Storage" below.

Yuba River Accord. Metropolitan entered into an agreement with DWR in December 2007 to purchase a portion of the water released by the Yuba County Water Agency ("YCWA"). YCWA was involved in a SWRCB proceeding in which it was required to increase Yuba River fishery flows. Within the framework of agreements known as the Yuba River Accord, DWR entered into an agreement for the long-term purchase of water from YCWA. The agreement permits YCWA to transfer additional supplies at its discretion. Metropolitan, other State Water Project contractors, and the San Luis & Delta-Mendota Water Authority entered into separate agreements with DWR for the purchase of portions of the water made available. Metropolitan's agreement allows Metropolitan to purchase, in dry years through 2025, available water supplies which have ranged from approximately 8,135 acre-feet to 67,068 acre-feet per year. YCWA has proposed to extend the water transfer program through 2050, and certified a Final Supplemental Environmental Impact Report on September 17, 2024 for the extension. The SWRCB Administrative Hearing Office held public hearings in July and August 2025 on YCWA's pending water rights petition for the long-term transfer. On December 9, 2025, Metropolitan's Board authorized an amendment to extend its agreement with DWR through 2050. On January 21, 2026, the SWRCB adopted Order WR 2026-0001, approving YCWA's petition to extend points of diversion and places of use associated with the Yuba River Accord through December 31, 2050.

Metropolitan has also developed other groundwater storage and exchange programs, certain of which are described below. See "METROPOLITAN'S WATER DELIVERY SYSTEM—Water Quality and Treatment" in this Appendix A for information regarding certain water quality regulations and developments that impact or may impact some of Metropolitan's groundwater storage programs.

Arvin-Edison/Metropolitan Water Management Program. In December 1997, Metropolitan entered into an agreement with the Arvin-Edison Water Storage District ("Arvin-Edison"), an irrigation agency located southeast of Bakersfield, California. Under the program, Arvin-Edison stores water on behalf of

Metropolitan. In January 2008, Metropolitan and Arvin-Edison amended the agreement to enhance the program's capabilities and to increase the delivery of water to the California Aqueduct. To facilitate the program, new wells, spreading basins, and a return conveyance facility connecting Arvin-Edison's existing facilities to the California Aqueduct were constructed. The agreement provides Metropolitan priority use of Arvin-Edison's facilities to convey high-quality water available on the east side of the San Joaquin Valley to the California Aqueduct. Up to 350,000 acre-feet of Metropolitan's water may be stored, and Arvin-Edison is obligated to return up to 75,000 acre-feet of stored water in any year to Metropolitan, upon request. The agreement also contains a provision, referred to as the "Water Quality Sub-Account" or "WQSA" provision, pursuant to which Metropolitan may take delivery of a portion of Arvin Edison's surface water supplies in the spring and return an equal amount to Arvin Edison, typically in the same year during the summer when Arvin needs supplies most for irrigation. The agreement terminates in 2035 unless extended. Metropolitan's storage account balance under the Arvin-Edison program as of January 1, 2026 is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage" below. As a result of detecting 1,2,3-trichloropropane ("TCP") in Arvin-Edison wells above the maximum contaminant level ("MCL") in 2018, Metropolitan suspended the return of groundwater from the program until the water quality concerns can be further evaluated and managed. Instead, Metropolitan has requested that Arvin-Edison provide only surface water that can satisfy DWR's standards for direct pump-back into the California Aqueduct, or alternative methods satisfactory to Metropolitan, in order to meet both the DWR pump-in requirements and Metropolitan's request for the return of water. In 2026, Metropolitan did not recover any water stored with Arvin-Edison under the program, but 5,774 AF was exchanged under the WQSA provision. In 2027, Metropolitan recoveries and WQSA exchanges will be based on Metropolitan's need for additional supplies, Arvin-Edison's ability to provide surface water to Metropolitan, and Arvin-Edison's needs for supplies under WQSA during the summer months of 2027.

In October 2021, Arvin-Edison sued The Dow Chemical Company, Shell Oil Company, and others regarding TCP in Arvin-Edison's groundwater. According to Arvin-Edison's complaint, the defendants are the manufacturers and distributors of the TCP that caused the contamination of Arvin-Edison's groundwater supplies. Arvin-Edison alleges that the widespread presence of TCP at concentrations above the MCL in its wells has caused certain of its water banking partners (including Metropolitan) to reduce and/or suspend their water banking and management programs. Based upon a mitigation feasibility study dated November 4, 2021 prepared for Arvin-Edison, Arvin-Edison estimates that treatment would cost approximately $465 million, which includes capital costs and the present worth of operation and maintenance treatment costs over a 50-year period. In early 2026, Arvin-Edison settled its claims against The Dow Chemical Company and Shell Oil Company for $230 million. In exchange for the settlement payment, Arvin-Edison released its claims against the defendants.

Semitropic/Metropolitan Groundwater Storage and Exchange Program. In 1994, Metropolitan entered into an agreement with the Semitropic Water Storage District ("Semitropic"), located adjacent to the California Aqueduct north of Bakersfield, to store water in the groundwater basin underlying land within Semitropic. The minimum annual yield available to Metropolitan from the program is 38,200 acre-feet of water, and the maximum annual yield is 239,700 acre-feet of water depending on the available unused capacity and the State Water Project allocation. The agreement extends to November 4, 2035.

In 2021, Metropolitan's Board approved an agreement with SDCWA for the purchase by Metropolitan of 4,200 acre-feet and a lease of 5,000 acre-feet of return capacity from SDCWA's Semitropic Program for 2022. Similarly, in 2023, Metropolitan and SDCWA executed an agreement for Metropolitan to purchase 4,200 acre-feet and lease of 4,381 acre-feet of delivery capacity from SDCWA's Semitropic Program. The agreement provided for improved regional reliability and also allows for the exchange of previously stored water with Metropolitan in the future.

Metropolitan's storage account balance under the Semitropic program, as of January 1, 2026, which includes water purchased under the agreements with SDCWA, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage" below.

TCP has been detected in the groundwater supplies within Semitropic; however, detection levels at the turn-in locations for the Semitropic program have remained below the MCL and, to date, the return of groundwater to Metropolitan under the program has not been impacted. In October 2021, Semitropic, as well as its several affiliated improvement districts (collectively referred to in this paragraph as "Semitropic"), sued The Dow Chemical Company, Shell Oil Company, and others regarding TCP in Semitropic's groundwater. According to Semitropic's complaint, the defendants are the manufacturers and distributors of the TCP that caused the contamination of Semitropic's groundwater supplies. The litigation is ongoing with a 30-day jury trial set to begin on January 11, 2027. If Semitropic prevails in its litigation, a monetary recovery, if any, would be available to offset costs associated with any needed treatment facilities to remediate the groundwater contamination.

Kern Delta Storage Program. Metropolitan entered into an agreement with Kern Delta Water District ("Kern Delta") in May 2003, for a groundwater banking and exchange transfer program to allow Metropolitan to store up to 250,000 acre-feet of State Water Contract water in wet years and to permit Metropolitan, at Metropolitan's option, a return of up to 50,000 acre-feet of water annually during hydrologic and regulatory droughts. The agreement extends through December 2035. Metropolitan's storage account balance under this program as of January 1, 2026 is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage" below.

Mojave Storage Program. Metropolitan entered into a groundwater banking and exchange transfer agreement with Mojave in October 2003. The agreement allows for Metropolitan to store water in an exchange account for later return. The agreement allows Metropolitan to annually withdraw Mojave State Water Project contractual amounts, after accounting for local needs. Under a 100 percent allocation, the State Water Contract provides Mojave 89,800 acre-feet of water. This agreement was amended in 2011 to allow for the cumulative storage of up to 390,000 acre-feet. The agreement extends through December 2035. Metropolitan's storage account balance under this program as of January 1, 2026, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage" below.

Antelope Valley-East Kern Storage and Exchange Program. In 2016, Metropolitan entered into an agreement with the Antelope Valley-East Kern Water Agency ("AVEK"), the third largest State Water Project contractor, to both exchange supplies and store water in the Antelope Valley groundwater basin. Under the exchange, AVEK would provide at least 30,000 acre-feet over ten years of its unused Table A State Water Project water to Metropolitan. For every two acre-feet provided to Metropolitan as part of the exchange, AVEK would receive back one acre-foot in the future. For the one acre-foot that is retained by Metropolitan, Metropolitan would pay AVEK under a set price schedule based on the State Water Project allocation at the time. Under this agreement, AVEK also provides Metropolitan up to 30,000 acre-feet of storage. The agreement will remain in effect until the AVEK High Desert Water Bank Program (described below) is able to return water to Metropolitan. Metropolitan's storage account balance under this program as of January 1, 2026, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage" below.

Antelope Valley-East Kern High Desert Water Bank Program. In 2019, Metropolitan entered into an agreement with AVEK for a groundwater banking program referred to as the "High Desert Water Bank Program." Pursuant to such agreement, AVEK agreed to design, construct, own, operate and maintain certain facilities with the infrastructure necessary to provide Metropolitan with the right to store up to 70,000 acre-

feet of its unused State Water Project water or other supplies in the Antelope Valley groundwater basin annually for later return. The agreement was amended and restated by Metropolitan and AVEK (as amended and restated, the "AVEK Water Banking Agreement") in 2025 to provide for the financing of certain costs of construction of the program facilities to be funded by Metropolitan. Under the AVEK Water Banking Agreement, Metropolitan agreed to pay the costs of the High Desert Water Bank Program, including certain annual operations, maintenance, and replacement and management costs, recovery usage fees and recovery energy and treatment costs for the High Desert Water Bank Program and certain installment payments in amounts sufficient to pay the principal of and interest on bonds issued by the Antelope Valley-East Kern Water Agency Financing Authority ("AVEKFA"). See "METROPOLITAN EXPENSES—Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations — Subordinate Parity Obligations — AVEK Water Banking Agreement." The term of the AVEK Water Banking Agreement extends to December 31, 2057, provided that such term may be extended for an additional 20 years (*i.e.*, to December 31, 2077) at the option of Metropolitan.

Construction of the groundwater banking program facilities began in January 2021 and is expected to be completed by the end of 2027. Following completion of a portion of the recharge basins, Metropolitan began storing water in September 2023. In 2024, all recharge facilities were completed and Metropolitan has continued storing water. Metropolitan's storage account balance under this program as of January 1, 2026, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage" below. The estimated cost of construction of the groundwater banking facilities to be funded by Metropolitan is approximately $211 million; however, as described below, the estimated capital costs are expected to increase due to the detection of arsenic and nitrate in water recovered from the High Desert Water Bank Program. In July 2025, AVEKFA issued its 2025 AVEKFA Bonds (as hereinafter defined) primarily to finance (and re-finance) costs of construction of certain facilities for the High Desert Water Bank Program. See "METROPOLITAN EXPENSES—Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations—Subordinate Parity Obligations — AVEK Water Banking Agreement."

Water quality testing of the deeper recovery wells revealed that arsenic levels in water recovered from the High Desert Water Bank Program were above the federal and State MCL of 10 micrograms per liter ("µg/L"), ranging from 11 to 20 µg/L. Arsenic naturally occurs in the Antelope Valley groundwater basin, with levels detected throughout the basin but such levels are generally higher in the deeper aquifer. Based on the current water quality data, recovered water from the High Desert Water Bank Program requires treatment before delivery to the California Aqueduct. Metropolitan and AVEK have completed groundwater modeling and analysis to understand arsenic's behavior in the basin and have identified other constituents of concern, and are working on alternatives to optimize the design of the remaining recovery wells and treatment system. Sampling from ten completed wells also revealed nitrate present but at levels below the federal and State MCLs; however, recovered water may require treatment for nitrate in the future to comply with DWR and Metropolitan policies regarding introduction of nitrate into the California Aqueduct. The preliminary estimated capital costs for the arsenic treatment required to deliver the recovered water into the California Aqueduct range from approximately $44 million to $55 million (in total) and operations and maintenance costs for such treatment are estimated to be approximately $6 million per year. The preliminary capital costs for nitrate treatment necessary to deliver the recovered water into the California Aqueduct are estimated to be up to approximately $250 million (in total) and operations and maintenance costs for nitrate treatment are estimated to be $4 million per year. As an alternative to delivering water recovered from the High Desert Water Bank Program into the California Aqueduct, Metropolitan and City of Los Angeles are evaluating options to construct new infrastructure to transport water from the High Desert Water Bank Program to the Los Angeles Aqueduct. If water is transported to the Los Angeles Aqueduct without the use of the State Water Project, nitrate or arsenic treatment facilities may not be required. Metropolitan is currently doing a

feasibility study to evaluate this option. Estimated costs associated with this alternative have not been determined at this time.

Following the completion of construction of the groundwater banking program facilities, Metropolitan would have the right to store up to 70,000 acre-feet per year of its unused Table A State Water Project water or other supplies in the Antelope Valley groundwater basin for later return. The maximum storage capacity for Metropolitan supplies would be 280,000 acre-feet. At Metropolitan's direction, up to 70,000 acre-feet of stored water annually would be available for return by direct pump back into the East Branch of the California Aqueduct. Upon full completion of construction, this program would provide additional flexibility to store and recover water for emergency or water supply needs through 2057.

As described under "—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — Lower Colorado River Basin System Conservation and Efficiency Program," Metropolitan has entered into an agreement with the Bureau of Reclamation pursuant to which the Bureau of Reclamation has agreed to fund a portion of the costs of design and construction of the High Desert Water Bank Program facilities and Metropolitan has agreed to create and conserve specified quantities of water for the benefit of Lake Mead as system water by reducing its order and delivery of Colorado River water supplies by such amounts over a ten-year period. See also "METROPOLITAN REVENUES—Federal Funding."

San Gabriel Valley Municipal Water District and Other Exchange Programs. In 2013, Metropolitan entered into an agreement with the San Gabriel Valley Municipal Water District ("SGVMWD"). Under this agreement, Metropolitan delivers treated water to a SGVMWD subagency in exchange for twice as much untreated water in the groundwater basin. Metropolitan's member agencies can then use the groundwater supplies to meet their needs. Metropolitan can exchange and purchase at least 5,000 acre-feet per year. This program has the potential to increase Metropolitan's reliability by providing 115,000 acre-feet through 2035.

Coordinated Operating, Water Storage, Exchange, and Delivery Agreement with Irvine Ranch Water District. In 2011, Metropolitan entered into an agreement with the Municipal Water District of Orange County ("MWDOC") and the Irvine Ranch Water District ("IRWD"). Through the agreement, Metropolitan facilitates exchanges of State Water Project supplies that IRWD obtains through unbalanced exchanges with other State Water Project contractors. IRWD stores exchanged water in its groundwater bank at Strand and Stockdale Ranches. A portion of the water is returned to the partnering State Water Project contractor and the remaining portion remains in IRWD's water bank for future delivery to Metropolitan's service area. MWDOC/IRWD can take delivery of stored water through Metropolitan's distribution system and pays the Metropolitan full-service water rate. Metropolitan can also borrow stored supplies when needed and return an equal amount of water to IRWD's bank in future years. This agreement extends to November 2035 and enhances regional reliability by providing Metropolitan's service area with access to additional supplies.

San Bernardino Valley Municipal Water District Exchange Program. In 2020, Metropolitan signed a coordinated operating and surplus water agreement with SBVMWD. In 2021, in accordance with the terms of such agreement, Metropolitan's Board authorized an agreement with SBVMWD that provides a framework which allows for the exchange of both local and State Water Project supplies. The exchanges are equal if they occur within the same calendar year and up to two-to-one if water is returned in a subsequent calendar year. The agreement, which extends through December 31, 2031, provides for improved coordination to respond to outages and emergencies of either party.

Sites Reservoir Storage Project. The Sites Reservoir is a proposed reservoir project of approximately 1.5 million acre-feet to be located in Colusa County, that is being developed by the Sites Project Authority, a

joint exercise of powers authority. The water stored in the proposed project would be diverted from the Sacramento River. As currently proposed, the Sites Reservoir would have dedicated water storage and yield that would be used for fishery enhancement, water quality, and other environmental purposes. The proposed project could also provide an additional water supply that could be used for dry-year benefits. Metropolitan is a member of the Sites Reservoir Committee, a group of 22 agencies that are participating in certain planning activities in connection with the proposed development of the project, including project permitting and proposed reservoir operations. In April 2022, Metropolitan's Board approved $20 million in funding for Metropolitan's continued participation in such planning activities. Metropolitan's agreement to participate in the funding of the planning phase of project development does not commit Metropolitan to participate in the Sites Reservoir project in the future.

The project has advanced through several major environmental and regulatory milestones, including completion of the Final Environmental Impact Report in November 2023, issuance of state incidental take permits in October 2024, and federal biological opinions in December 2024 and July 2025. A revised draft water-right permit is anticipated in September 2026 and a final permit in November. It is currently expected that project financing and loan agreements will be executed in early 2027. As of August 2026, the cost of the project is estimated at approximately $8.1 billion in 2026 dollars.

Other Ongoing Activities. In October 2024, the Board authorized the General Manager to execute agreements with Western Canal Water District and Richvale Irrigation District providing for a one-time option payment of $250,000 each for the first right to purchase their available annual Feather River water transfer supplies during 2025 through 2027. In February 2025, the Board authorized the General Manager to execute single-year State Water Project water management transactions during 2025 and 2026 to manage for both drought and surplus conditions. This authorization includes allowing for the sale of surplus water outside of the service area in order to generate new revenues as assumed in the biennial budget for fiscal years 2024-25 and 2025-26. The sale of surplus water was authorized subject to certain conditions, including that Metropolitan projects that it will be adding to storage accessible by the SWP Dependent Area. Pursuant to this authority, in 2025 the General Manager executed three agreements for the sale of water: (i) an agreement for Metropolitan to sell water to Semitropic, and (ii) an agreement for Metropolitan to sell water to Belridge Water Storage District, Berrenda Mesa Water District, Lost Hills Water District, Dudley Ridge Water District and Wheeler Ridge-Maricopa Water Storage District (referred to collectively as the "Westside Districts"), and an agreement to sell water to San Gabriel Valley Municipal Water District. Under the agreement with Semitropic, Metropolitan transferred 10,000 acre-feet of Metropolitan's previously stored Table A State Water Project water with Semitropic (see "—Semitropic/Metropolitan Groundwater Storage and Exchange Program"), at a price of $500 per acre-foot. Under the agreement with the Westside Districts, Metropolitan sold 100,000 acre-feet of Metropolitan's Table A State Water Project water at a price of $400 per acre-foot. Under the agreement with San Gabriel Valley Municipal Water District, Metropolitan sold 5,000 acre-feet of Metropolitan's 2025 Table A supply at $500 per acre-foot. In 2026, Metropolitan executed two agreements (i) another agreement with Semitropic, (ii) and another agreement with the Westside Districts. Under the Semitropic agreement, Metropolitan transferred 20,000 AF of previously stored supplies at $450 per acre-foot. The agreement with Westside Districts is for the sale of up to 100,000 acre-feet of Metropolitan's 2026 Table A supply at $415 per acre-foot.

Colorado River Aqueduct Agreements and Programs

Metropolitan has taken steps to augment its share of Colorado River water through agreements with other agencies that have rights to use such water, including through cooperative programs with other water agencies to conserve and develop supplies and through programs to exchange water with other agencies. These supplies are conveyed through the CRA. Metropolitan determines the delivery schedule of these supplies throughout the year based on changes in the availability of State Water Project and Colorado River water. Under certain of these programs, water may be delivered to Metropolitan's service area in the year

made available or in a subsequent year as ICS water from Lake Mead storage. See "–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead*."

IID/Metropolitan Conservation Agreement. Under a 1988 water conservation agreement, as amended in 2003 and 2007 (the "1988 Conservation Agreement") between Metropolitan and IID, Metropolitan provided funding for IID to construct and operate a number of conservation projects that have conserved up to 109,460 acre-feet of water per year that has been provided to Metropolitan. As amended, the agreement's initial term has been extended to at least 2041 or 270 days after the termination of the QSA. Under a 2014 letter agreement, starting in 2016, 105,000 acre-feet of conserved water are made available by IID to Metropolitan each year. Under the QSA and a December 2019 agreement, Metropolitan, at the request of the Coachella Valley Water District ("CVWD"), forgoes up to 15,000 acre-feet of this water each year for diversion by CVWD from the Coachella Canal through 2026. See "–Colorado River Aqueduct – Quantification Settlement Agreement."

Palo Verde Land Management, Crop Rotation and Water Supply Program. In August 2004, Metropolitan and Palo Verde Irrigation District ("PVID") signed the program agreement for a Land Management, Crop Rotation and Water Supply Program. Under this program, participating landowners in the PVID service area are compensated for reducing water use by not irrigating a portion of their land. This program provides up to 133,000 acre-feet of water to be available to Metropolitan in certain years. The term of the program is 35 years. Fallowing began on January 1, 2005. The following table shows annual volumes of water saved and made available to Metropolitan during the 10 calendar years 2016 through 2025 under the Land Management, Crop Rotation and Water Supply Program with PVID:

WATER AVAILABLE FROM PVID LAND MANAGEMENT, CROP ROTATION AND WATER SUPPLY PROGRAM

Calendar Year	Volume (acre-feet)
2016	125,400
2017	111,800
2018	95,800
2019	44,500
2020	43,900
2021	42,305
2022	29,736
2023	15,749
2024	0[(1)]
2025	0[(1)]

Source: Metropolitan.

(1) Approximately 117,021 acre-feet of water was conserved under the program in 2024 and in 2025. However, as described in the paragraph immediately following this table, pursuant to the Lower Colorado River Basin System Conservation and Efficiency Program, any water generated from the program in 2024 and 2025 was required to benefit Lake Mead as system water.

This program is being funded by the federal government for the period from August 1, 2023 to December 31, 2026 pursuant to the Lower Colorado River Basin System Conservation and Efficiency Program established by the Bureau of Reclamation. Water generated from the program during that time period will benefit Lake Mead as system water rather than accrue to Metropolitan. See "–Colorado River

Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – Lower Colorado River Basin System Conservation and Efficiency Program."

Bard Water District Seasonal Fallowing Program. In 2019, Metropolitan entered into agreements with Bard Water District ("Bard") and farmers within the Bard Unit, to provide incentives for land fallowing under the Bard Seasonal Fallowing Program. The program reduces water consumption in Bard by incentivizing farmers to fallow land in the Bard Water District for four consecutive months in a calendar year in exchange for a fixed payment per irrigable acre (initially, $452), escalated annually. Metropolitan estimates water savings of approximately 1.7 to 2.0 acre-feet per fallowed acre. This reduction in water consumption helps augment Metropolitan's Colorado River supplies. Bard diverts Colorado River water for crop irrigation grown year-round in the warm dry climate. Farmers typically grow high-value crops in the winter (vegetable crops) followed by a lower-value, water-intensive, field crop (such as Bermuda and Sudan grass, small grains, field grains, or cotton) in the spring and summer.

As described under "—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — Lower Colorado River Basin System Conservation and Efficiency Program," Metropolitan has entered into an agreement with the Bureau of Reclamation pursuant to which the Bureau of Reclamation has agreed to fund the Bard Seasonal Fallowing Program in calendar years 2024 to 2026. In February 2025, the parties amended the agreement to include an additional 3,000 acres in the program for calendar years 2025 and 2026. Currently, participating farmers will reduce their water consumption through land fallowing of up to 6,000 acres in aggregate annually between April and July. For term of the agreement, the incentive payment is fixed at $570.00 per irrigable acre fallowed. The program is currently scheduled to end on December 31, 2026; however, the parties may agree to extend the program. Water generated from the program during that time period will benefit Lake Mead as system water rather than accrue to Metropolitan. If Metropolitan were to enter into a Bard Seasonal Fallowing Program for calendar year 2027 and 2028, under an agreement with the Bureau of Reclamation, Metropolitan would have the option to either make a payment to Bard and retain the water as supply, or have the Bureau of Reclamation make the payment and the water would become system water. See "—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — Lower Colorado River Basin System Conservation and Efficiency Program."

Quechan Forbearance Program. In 2005, Metropolitan entered into a settlement agreement in Arizona v. California with the Quechan Indian Tribe (the "Quechan Tribe") and other parties. The Quechan Tribe uses Colorado River water on the Fort Yuma Indian Reservation. In addition to the amount of water decreed for the benefit of the Reservation in the 1964 Arizona v. California decree, under the 2005 settlement agreement, the Quechan Tribe is entitled to (a) 20,000 acre-feet of diversions from the Colorado River or (b) the amount necessary to supply the consumptive use required for irrigation of a specified number of acres, and for the satisfaction of related uses, whichever is less. Of the additional diversions, 13,000 acre-feet became available to the Quechan Tribe in 2006. An additional 7,000 acre-feet will become available to the Quechan Tribe in 2035. Metropolitan agreed to provide annual incentive payments to the Quechan Tribe if the tribe forbore diversion of the additional water, thereby allowing Metropolitan to divert it. The value of these payments was $125 per acre-foot in 2006 and is escalated at 2.5 percent per year. In 2025, the payment is $194.96 per acre-foot. For calendar years 2023 through 2026, this program is being funded by the federal government pursuant to the Lower Colorado River Basin System Conservation and Efficiency Program established by the Bureau of Reclamation. Water generated from the program during that time period will benefit Lake Mead as system water rather than accrue to Metropolitan. Metropolitan has an opt-in provision in an agreement with the Bureau of Reclamation and the Quechan Tribe. Metropolitan can either make the payment and retain the water as supply, or can opt-in to have the Bureau of Reclamation make the payment and the water would become system water. See "—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — Lower Colorado River Basin System Conservation and Efficiency Program."

Quechan Tribe of the Fort Yuma Indian Reservation Seasonal Fallowing Pilot Program. In December 2021, Metropolitan entered into a two-year agreement with the Quechan Tribe to launch the voluntary Quechan Seasonal Fallowing Pilot Program (the "Pilot Program") for fallowing in 2022 and 2023. In December 2023, Metropolitan and the Quechan Tribe amended the agreement to extend the Pilot Program for an additional three years through 2026. Under the Pilot Program, Metropolitan provides incentives to farmers on Quechan tribal land for land fallowing that reduces water consumption to help augment Metropolitan's Colorado River supplies. Desert agriculture realizes a market advantage in the winter for high-value vegetables such as lettuce and broccoli. In the hot summer, farmers typically grow lower-value, water-intensive commodities such as grains and grasses. Farmers participating in the Pilot Program agree to decrease their water consumption through land fallowing of up to 1,600 acres annually during April through July. In calendar year 2026, participating farmers fallowed 444 acres, and Metropolitan made an incentive payment of $564.80 per irrigable acre fallowed. The payment is escalated annually. Metropolitan estimates water savings between 1.5 and 2.0 acre-feet per irrigable acre fallowed, with actual savings to be determined throughout the Pilot Program.

Lake Mead Storage Program. As described under "—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead*," Metropolitan has entered into agreements to set forth the guidelines under which ICS water is developed and stored in and delivered from Lake Mead. The amount of water stored in Lake Mead must be created through extraordinary conservation, system efficiency, tributary, imported, or binational conservation methods. Metropolitan has participated in projects to create ICS as described below:

Drop 2 (Warren H. Brock) Reservoir. In 2008, Metropolitan, CAWCD and SNWA provided funding for the Bureau of Reclamation's construction of an 8,000 acre-foot off-stream regulating reservoir near Drop 2 of the All-American Canal in Imperial County (officially named the Warren H. Brock Reservoir). Construction was completed in October 2010. The Warren H. Brock Reservoir conserves about 70,000 acre-feet of water per year by capturing and storing water that would otherwise be lost from the system. In return for its funding, Metropolitan received 100,000 acre-feet of water that was stored in Lake Mead for its future use and has the ability to receive up to 25,000 acre-feet of water in any single year. Besides the additional water supply, the addition of the Warren H. Brock Reservoir adds to the flexibility of Colorado River operations by storing underutilized Colorado River water orders caused by unexpected canal outages, changes in weather conditions, and high tributary runoff into the Colorado River. As of January 1, 2026, Metropolitan had taken delivery of 35,000 acre-feet of this water and had 65,000 acre-feet remaining in storage.

International Water Treaty Minutes 319 and 323. In November 2012, as part of the implementation of Treaty Minute 319, Metropolitan executed agreements in support of a program to augment Metropolitan's Colorado River supply between 2013 through 2017 through an international pilot project in Mexico. Metropolitan's total share of costs was $5 million for 47,500 acre-feet of project supplies. In December 2013, Metropolitan and IID executed an agreement under which IID paid half of Metropolitan's program costs, or $2.5 million, in return for half of the project supplies, or 23,750 acre-feet. As such, 23,750 acre-feet of Intentionally Created Mexican Allocation was converted to Binational ICS and credited to Metropolitan's binational ICS water account in 2017. See "—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead*." In September 2017, as part of the implementation of Treaty Minute 323, Metropolitan agreed to fund additional water conservation projects in Mexico that will yield approximately 27,275 acre-feet of additional supply for Metropolitan by 2026 at a cost of approximately $3.75 million. In 2020, Metropolitan made the first payment related to Treaty Minute 323 of $1.25 million, and 9,092 acre-feet of Intentionally Created Mexican Allocation was converted to Binational ICS and

credited to Metropolitan's binational ICS water account. In October 2023, the next payment of $1.25 million was made, however the crediting of 9,092 acre-feet of Binational ICS was delayed until 2026 to preserve ICS accumulation space. The final payment of $1.25 million was made in 2026 and an additional 9,091 acre-feet of Intentionally Created Mexican Allocation will be converted to Binational ICS and credited to Metropolitan's binational ICS water account by December 31, 2026.

Storage and Interstate Release Agreement with Nevada. In May 2002, SNWA and Metropolitan entered into an Agreement Relating to Implementation of Interim Colorado River Surplus Guidelines, in which SNWA and Metropolitan agreed to the allocation of unused apportionment as provided in the Interim Surplus Guidelines and on the priority of SNWA for interstate banking of water in Arizona. SNWA and Metropolitan entered into a storage and interstate release agreement on October 21, 2004. Under this agreement, SNWA can request that Metropolitan store unused Nevada apportionment in California. The amount of water stored through 2014 under this agreement was approximately 205,000 acre-feet. In October 2015, SNWA and Metropolitan executed an additional amendment to the agreement under which Metropolitan paid SNWA approximately $44.4 million and SNWA stored an additional 150,000 acre-feet with Metropolitan during 2015. Of that amount, 125,000 acre-feet have been added to SNWA's storage account with Metropolitan, increasing the total amount of water stored to approximately 330,000 acre-feet. In subsequent years, SNWA may request recovery of the stored water. When SNWA requests the return of any of the stored 125,000 acre-feet, SNWA will reimburse Metropolitan for an equivalent proportion of the $44.4 million plus inflation based on the amount of water returned. SNWA has not yet requested the return of any of the water stored with Metropolitan and it is not expected that SNWA will request a return of any of the stored water before 2027.

California ICS Agreement Intrastate Storage Provisions. As described under "–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead*," in 2007, IID, Metropolitan and other Colorado River contractors in California executed the California ICS Agreement, which divided California's ICS storage space in Lake Mead between Metropolitan and IID. Pursuant to various amendments to the California ICS Agreement, IID is permitted to store up to 100,000 acre-feet per year of conserved water within Metropolitan's system with a cumulative limit of 200,000 acre-feet, for the three-year term. When requested by IID, Metropolitan has agreed to return to IID the lesser of either 50,000 acre-feet per year, or in a year in which Metropolitan's member agencies are under a shortage allocation, 50 percent of the cumulative amount of water IID has stored with Metropolitan under the 2015 amendment. IID currently has 148,000 acre-feet of water stored with Metropolitan pursuant to the terms of the California ICS Agreement and its amendment.

In October 2021, Metropolitan and IID further agreed to store and return in 2026 an additional 54,000 acre-feet for IID. Further, under this agreement, if Metropolitan does not have sufficient ICS to make a DCP contribution in 2026, Metropolitan may use the stored water to do so. The agreement provides that from 2021 through 2026, IID would be permitted to store up to an additional 25,000 acre-feet per year (with an accumulation limit of an additional 50,000 acre-feet) of conserved water in Metropolitan's Lake Mead ICS account. While IID will still not be a party to the DCP, if Metropolitan is required to make a DCP contribution, IID will assist Metropolitan in making DCP contributions by contributing the lesser of either: (a) three percent of California's DCP contribution; or (b) the amount of water IID has stored with Metropolitan. Between 2021 and 2025, IID has stored and accumulated 34,528 acre-feet of conserved water in Metropolitan's Lake Mead ICS account. Under the above-described agreements, IID has stored a total of approximately 241,000 acre-feet with Metropolitan.

State Water Project and Colorado River Aqueduct Arrangements

Metropolitan/CVWD/Desert Water Agency Amended and Restated Agreement for the Exchange and Advance Delivery of Water. Metropolitan has agreements with CVWD and the Desert Water Agency ("DWA") under which Metropolitan exchanges its Colorado River water for the agencies' State Water Project contractual water and other State Water Project water acquisitions on an annual basis. Because CVWD and DWA do not have a physical connection to the State Water Project, Metropolitan takes delivery of CVWD's and DWA's State Water Project supplies and delivers a like amount of Colorado River water to the agencies. In accordance with these agreements, Metropolitan may deliver Colorado River water in advance of receiving State Water Project supplies to these agencies for storage in the Upper Coachella Valley groundwater basin. In years when it is necessary to augment available supplies to meet local demands, Metropolitan may meet the exchange delivery obligation through drawdowns of the advance delivery account, in lieu of delivering Colorado River water in that year. Metropolitan's estimated storage account under the CVWD/DWA program as of January 1, 2026 is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "–Storage Capacity and Water in Storage" below. In addition to the storage benefits of the CVWD/DWA program, Metropolitan receives water quality benefits with increased deliveries of lower salinity water from the State Water Project in lieu of delivering higher saline Colorado River water. In December 2019, the exchange agreements were amended to provide more flexibility and operational certainty for the parties involved. Additionally, under the amended agreements, CVWD and DWA pay a portion of Metropolitan's water storage management costs in wet years, up to a combined total of $4 million per year.

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Storage Capacity and Water in Storage

Metropolitan's storage capacity, which includes reservoirs, conjunctive use and other groundwater storage programs within Metropolitan's service area and groundwater and surface storage accounts delivered through the State Water Project or CRA, is approximately 6.4 million acre-feet. In 2026, approximately 750,000 acre-feet of total stored water in Metropolitan's reservoirs and other storage resources was emergency storage. Metropolitan's emergency storage is a regional planning objective established periodically to prevent severe water shortages for the region in the event of supply interruptions from catastrophic earthquakes or similar events (see "METROPOLITAN'S WATER DELIVERY SYSTEM–Seismic Considerations and Emergency Response Measures" in this Appendix A). The current emergency storage objective of 750,000 acre-feet is based on an outage duration of 6 to 12 months, retail water demand reduction of 25 to 35 percent based on achievable conservation actions, and aggregated loss of 10 to 20 percent of local production. Retail demand calculations for purposes of the emergency storage objective were based on a 2015 IRP forecast of demand for the year 2018 under average conditions. Metropolitan replenishes its storage accounts when available imported supplies exceed demands. Metropolitan's ability to replenish water storage, both in the local groundwater basins and in surface storage and banking programs, has been limited by Bay-Delta pumping restrictions under the biological opinions issued for listed species. See "–Endangered Species Act and Other Environmental Considerations Relating to Water Supply –Endangered Species Act Considerations – State Water Project – *Federal ESA-Biological Opinions*." Effective storage management is dependent on having sufficient years of excess supplies to store water so that it can be used during times of shortage. See "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES" in this Appendix A.

Metropolitan's storage as of January 1, 2026 was estimated to be 4.6 million acre-feet. This is the highest beginning-of-year total water storage in Metropolitan's history. Since 2017, the average storage as of January 1, 2026 is 3.8 million acre-feet, with a low of 3.0 million acre-feet in 2022. The record 2026 storage level was driven by a variety of factors. First, a series of atmospheric river storms and cold temperatures significantly increased the State snowpack in 2023, resulting in a 100 percent State Water Project allocation for the first time since 2006. Further gains resulted from adequate snowpacks and above-normal runoff in the Sierra Nevada and near-average runoff in the Colorado River basin 2024 and 2025. Combined with historically low demand due to continued conservation and reduced replenishment needs, and strategic water management actions that captured surplus supplies, these conditions allowed Metropolitan to build storage to its current record level.

The following table shows three years of Metropolitan's water in storage as of January 1, including emergency storage.

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METROPOLITAN'S WATER STORAGE CAPACITY AND WATER IN STORAGE[1]
(in Acre-Feet)

Water Storage Resource	Storage Capacity	Water in Storage		
		January 1, 2026	January 1, 2025	January 1, 2024
Colorado River Aqueduct				
Lake Mead ICS [2]	1,622,000	1,614,000	1,544,000	1,544,000
State Water Project				
Arvin-Edison Storage Program [3]	350,000	100,000	100,000	100,000
Semitropic Storage Program	350,000	237,000	227,000	190,000
Kern Delta Storage Program	250,000	142,000	142,000	142,000
Mojave Storage Program	330,000	19,000	19,000	19,000
AVEK Storage Program	30,000	30,000	27,000	27,000
AVEK High Desert Water Bank [4]	280,000	45,000	45,000	11,000
Castaic Lake and Lake Perris [5]	219,000	219,000	219,000	219,000
State Water Project Carryover [6]	621,000	473,000	383,000	325,000
Emergency Storage in DWR Reservoirs [7]	381,000	381,000	381,000	381,000
Subtotal	**2,811,000**	**1,265,000**	**1,163,000**	**1,034,000**
Within Metropolitan's Service Area				
Diamond Valley Lake [8]	810,000	760,000	788,000	753,000
Lake Mathews and Lake Skinner [8]	226,000	204,000	188,000	207,000
Conjunctive Use Programs	115,000	77,000	84,000	56,000
Subtotal	**1,151,000**	**1,042,000**	**1,060,000**	**1,017,000**
Other Programs				
DWA / CVWD Advance Delivery Account	800,000	303,000	381,000	205,000
Total	**6,384,000**	**4,605,000**	**4,529,000**	**4,182,000**

Source: Metropolitan.

(1) Water storage capacity and water in storage are rounded and measured based on engineering estimates; subject to change.

(2) Balance does not include water stored for IID in the IID ICS Sub-account. See "—Water Transfer, Storage and Exchange Programs — Colorado River Aqueduct Agreements and Programs — *California ICS Agreement Intrastate Storage Provisions*." See also "—Colorado River Aqueduct — Colorado River Operations: Surplus and Shortage Guidelines — *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead*" and "—*Colorado River Drought Contingency Plans"* for additional information regarding the Lake Mead ICS program and use of ICS water.

(3) Metropolitan has suspended the return of groundwater from the Arvin-Edison storage program. Stored supplies can still be recovered via surface water exchange. See "—Water Transfer, Storage and Exchange Programs — State Water Project Agreements and Programs — *Arvin-Edison/Metropolitan Water Management Program*." See also "METROPOLITAN'S WATER DELIVERY SYSTEM—Water Quality and Treatment."

(4) This reflects the full storage capacity as the recharge basins have been constructed. Full recharge and recovery operation is anticipated by 2027. See "—Water Transfer, Storage and Exchange Programs — State Water Project Agreements and Programs — *Antelope Valley-East Kern High Desert Water Bank Program*."

(5) Flexible storage allocated to Metropolitan under its State Water Contract. Withdrawals must be returned within five years.

(6) The total storage capacity as carryover in San Luis Reservoir varies year-to-year as the contractual annual storage limit combines with the remaining balance from the previous year. The contractual annual storage limit for calendar year 2026 reflects the limit at the current 45 percent State Water Project Table A allocation. Includes carryover of Metropolitan, Coachella Valley Water District, and Desert Water Agency. See "—Water Transfer, Storage and Exchange Programs — State Water Project Agreements and Programs — *Metropolitan Article 56 Carryover*."

(7) Estimated volume of storage maintained by DWR in southern reservoirs (Castaic, Perris, Pyramid, Silverwood) that could be used to provide Metropolitan its State Water Project allocation supplies in case of an emergency in the northern portions of the SWP system. This estimate was developed by Metropolitan.

(8) Storage in Metropolitan reservoirs includes 369,000 acre-feet of emergency storage, however, there is no minimum emergency storage volume in any single reservoir.

WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES

Water Surplus and Drought Management Plan

In addition to the long-term planning guidelines and strategy provided by its IRP, Metropolitan has developed its WSDM Plan for the on-going management of its resources and water supplies in response to hydrologic conditions. The WSDM Plan, which was adopted by Metropolitan's Board in April 1999, evolved from Metropolitan's experiences during the droughts of 1976-77 and 1987-92. The WSDM Plan is a planning document that Metropolitan uses to guide inter-year and intra-year storage operations. The WSDM Plan splits resource actions into two major categories: surplus actions and shortage actions. The surplus actions emphasize storage of surplus water inside the region, followed by storage of surplus water outside the region. The shortage actions emphasize critical storage programs and facilities and conservation programs that make up part of Metropolitan's response to shortages. Implementation of the plan is directed by a WSDM team, made up of Metropolitan staff, that meets regularly throughout the year and more frequently between November and April as hydrologic conditions develop. The WSDM team develops and recommends storage actions to senior management on a regular basis and provides updates to the Board on hydrological conditions, storage levels and planned storage actions through detailed reports.

Conservation

Conservation and water efficiency programs are part of Metropolitan's resource management strategy, and are an integral component of Metropolitan's IRP, WSDM Plan, and Water Supply Allocation Plan (described below). The central objective of Metropolitan's water conservation program is to help ensure adequate, reliable and affordable water supplies for Southern California by actively promoting efficient water use. The importance of conservation to the region has increased in recent years because of periods of occurring drought conditions in the State Water Project watershed and court-ordered restrictions on Bay-Delta pumping, as described under "METROPOLITAN'S WATER SUPPLY—State Water Project —Bay-Delta Proceedings Affecting State Water Project" and "—Endangered Species Act and Other Environmental Considerations Relating to Water Supply—Endangered Species Act Considerations - State Water Project — *Federal ESA-Biological Opinions*" in this Appendix A. Ongoing drought conditions in the Colorado River have further emphasized the need for additional conservation efforts. See "METROPOLITAN'S WATER SUPPLY—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines" in this Appendix A. Conservation reduces the need to import water to deliver to member agencies through Metropolitan's system.

Metropolitan's conservation program has largely been developed to assist its member agencies in meeting the conservation goals established by the 2015 IRP Update. See "METROPOLITAN'S WATER SUPPLY—Climate Adaptation Master Plan for Water (CAMP4W) — *Background*" in this Appendix A. All users of Metropolitan's system benefit from the reduced infrastructure costs and system capacity made available by investments in demand management programs like the Conservation Credits Program. Under the terms of Metropolitan's Conservation Credits Program, Metropolitan administers regional conservation programs and co-funds member agency conservation programs designed to achieve greater water use efficiency in residential, commercial, industrial, institutional and landscape uses. Spending by Metropolitan and its member agencies on active conservation incentives, including rebates for water-saving plumbing fixtures, appliances and equipment totaled about $20 million in fiscal year 2025-26. In addition, Metropolitan also spent $1.2 million on water conservation outreach and education. During fiscal year 2024-25, water savings achieved through new and prior-year conservation investments under Metropolitan's Conservation Credits Program were approximately 211,000 acre-feet.

Metropolitan has worked proactively with its member agencies to conserve water supplies in its service area, and significantly expanded its water conservation and outreach programs and increased funding

for conservation incentive programs. See "METROPOLITAN REVENUES—Rate Structure" in this Appendix A.

Metropolitan's member agencies and retail water suppliers in Metropolitan's service area also can implement water conservation and allocation programs, and some of the retail suppliers in Metropolitan's service area have initiated conservation measures.

State legislation has provided an additional catalyst for conservation by member agencies and retail suppliers. Legislation approved in November 2009 set a statewide conservation target for urban per capita potable water use of 20 percent reductions (from a baseline per capita use determined utilizing one of four State-approved methodologies) by 2020 (with credits for existing conservation) at the retail level. Legislation approved in 2018 (Assembly Bill 1668 and Senate Bill 606) directed the SWRCB to adopt water use efficiency standards for all residential water use and outdoor commercial, industrial, and institutional water use and also performance measures for indoor commercial, industrial, and institutional water use. Pursuant to such directive, on July 3, 2024, the SWRCB adopted a new regulation, termed "Making Conservation a California Way of Life," which will require urban retail water suppliers to calculate a water use objective annually, beginning January 1, 2025, based on the characteristics of the supplier's service area, and beginning January 1, 2027, demonstrate compliance with its objectives, implement established performance standards, and submit annual progress reports.

Water Supply Allocation Plan

In times of prolonged or severe water shortages, Metropolitan manages its water supplies through the implementation of its Water Supply Allocation Plan. The Water Supply Allocation Plan was originally approved by Metropolitan's Board in February 2008, and has been implemented three times since its adoption, including most recently in April 2015. The Water Supply Allocation Plan provides a formula for equitable distribution of available water supplies in case of extreme water shortages within Metropolitan's service area and, if needed, is typically approved in April with implementation beginning in July. In December 2014, the Board approved certain adjustments to the formula for calculating member agency supply allocations during subsequent periods of implementation of the Water Supply Allocation Plan. Although the Act gives each of Metropolitan's member agencies a preferential entitlement to purchase a portion of the water served by Metropolitan (see "METROPOLITAN REVENUES–Preferential Rights" in this Appendix A), historically, these rights have not been used in allocating Metropolitan's water. Metropolitan's member agencies and retail water suppliers in Metropolitan's service area also may implement water conservation and allocation programs within their respective service territories in times of shortage. See also "–Drought Response Actions" below. Based upon current hydrology and Metropolitan's available storage balances, the Water Supply Allocation Plan has not been implemented for fiscal year 2026-27.

Variability in Hydrological Conditions in Recent Years

Hydrologic conditions can have a significant impact on Metropolitan's imported water supply sources. In California, hydrological conditions have varied considerably in recent years. The Water Years 2020 through 2022 combined ranked as the three driest years in California's precipitation record. In calendar years 2021 and 2022, DWR's allocations to State Water Project contractors were five percent of contracted amounts, and it was the first time in the history of the State Water Project with two consecutive years at five percent of contracted amounts. Metropolitan has planned and prepared for dry conditions by investing in vital infrastructure to increase its storage capacity and enhance operational flexibility. Beginning in early 2021, Metropolitan implemented certain operational measures and programs to minimize State Water Project deliveries, in response to dry conditions. These actions included delivering Diamond Valley Lake water for the first time to the Henry J. Mills Treatment Plant and expanding the delivery of Colorado River water.

These measures were made possible by Metropolitan's continued investment in facility upgrades and improvements. Metropolitan also paid for several member agencies to shift from service connections that utilize State Water Project supplies to service connections that use Colorado River water to conserve State Water Project supplies. In addition to the five percent allocation in 2022, for the first time in history, DWR used a provision of the State water supply contract to allocate water on a basis other than Table A to meet minimum demands of Contractors for human health and safety needs. Metropolitan requested and received from DWR delivery of certain human health and safety supplies to the SWP Dependent Area. In calendar year 2022, in addition to the human health and safety supplies and mandatory water use reductions for the SWP Dependent Area agencies, Metropolitan met the water demands in its service area using a combination of CRA deliveries, storage reserves and supplemental water transfers and purchases.

Following the record dry period in California's statewide precipitation in Water Years 2020 through 2022, an extreme amount of precipitation and snowfall occurred in California during the Winter of 2023. For the first time since 2006, DWR was able to allocate the full contracted amounts of the State Water Project, allowing for a 100 percent allocation to the State Water Project contractors. Similar to conditions in California, water year 2023 was also extraordinarily wet in the Colorado River Basin. With guidance by its WSDM Plan surplus actions, the supplies available from the wet hydrologic conditions in 2023, allowed Metropolitan to begin refilling Diamond Valley Lake, replenishing the Castaic Lake and Lake Perris flexible storage accounts, and adding storage to San Luis Reservoir as Article 56c carryover, groundwater banks in the San Joaquin Valley, and to Lake Mead. Metropolitan added approximately 1.2 million acre-feet into its storage accounts in calendar year 2023 and ended the year with, at the time, a record-high amount of dry-year storage. See "METROPOLITAN'S WATER SUPPLY—Water Transfer, Storage and Exchange Programs — State Water Project Agreements and Programs — *Metropolitan Article 56 Carryover*.

In water year 2026, the State Water Project watersheds received normal precipitation; however the below average snowpack resulted in a final State Water Project Table A allocation of 45 percent. Meanwhile, in water year 2026, the Upper Colorado River Basin received a below average snowpack and the median water year runoff into Lake Powell is forecasted to be 37 percent of the 30-year average. As a result, Metropolitan's projected amount of surplus supply in calendar year 2026 is approximately 270,000 acre-feet based upon its demand estimate of 1.57 million acre-feet, and its supply estimate of 1.84 million acre-feet.

Metropolitan strategically stores water when available to increase regional water supply reliability, manage supplies during dry years, and provide emergency supplies. Storage capacity provides the water system with year-to-year water supply carry-over capability and a mechanism to assist Metropolitan in providing consistent water supply reliability notwithstanding fluctuations in available supply. Metropolitan has committed to providing equitable reliability to the SWP Dependent Area by increasing access to existing supplies and storage, and development of new supplies and storage, and is investing in infrastructure improvements designed to allow water stored in Diamond Valley Lake and Lake Mead to be delivered to more communities. See also "METROPOLITAN'S WATER SUPPLY—Water Transfer, Storage and Exchange Programs — State Water Project Agreements and Programs — *Other Ongoing Activities*."

REGIONAL WATER RESOURCES

General

The water supply for Metropolitan's service area is provided in part by Metropolitan and in part by non-Metropolitan sources available to members. Non-Metropolitan sources include water imported by the City of Los Angeles (the "City") from the Owens Valley/Mono Basin east of the Sierra Nevada through the City's Los Angeles Aqueduct to serve customers of the City. See "– Los Angeles Aqueduct." The balance of water within the region is produced locally, from sources that include groundwater and surface water production, recycled water and recovery of contaminated or degraded groundwater, and seawater desalination. Programs to develop these local resources include projects funded by Metropolitan's Local Resources Program (the "LRP"), as well as local agency funded programs. See "–Local Water Supplies."

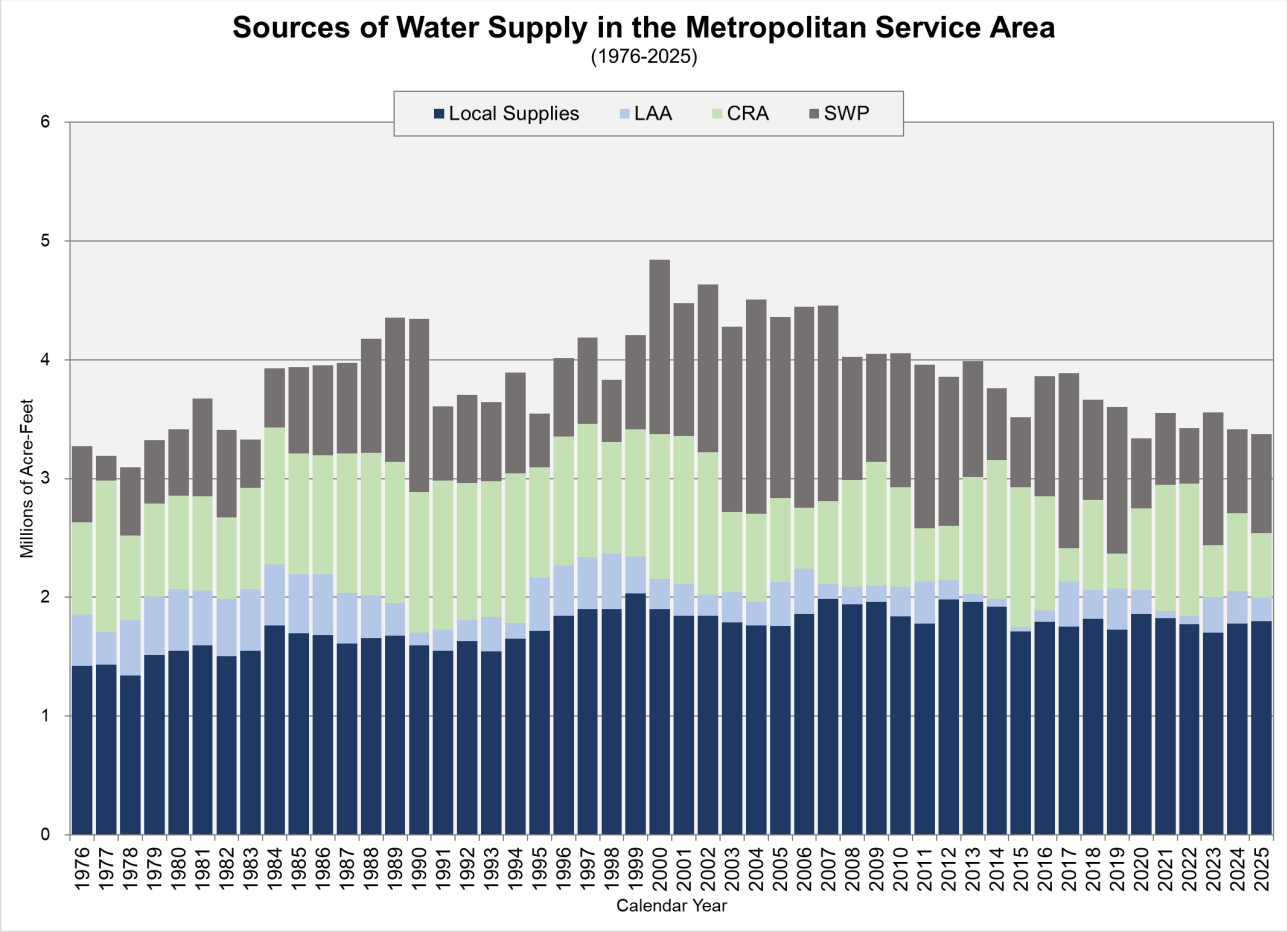
Based on a ten-year average from calendar years 2016 through 2025 (the most recent full year information available), non-Metropolitan sources met about 58 percent of the region's water needs. These non-Metropolitan sources of supply fluctuate in response to variations in rainfall. During prolonged periods of below-normal rainfall, local water supplies decrease. Conversely, prolonged periods of above-normal rainfall increase local supplies. Sources of groundwater basin replenishment include local precipitation, runoff from the coastal ranges, and artificial recharge with imported water supplies. In addition to runoff, recycled water provides an increasingly important source of replenishment water for the region.

Metropolitan's member agencies are not required to purchase or use any of the water available from Metropolitan. Some agencies depend on Metropolitan to supply nearly all of their water needs, regardless of the weather. Other agencies, with local surface reservoirs or aqueducts that capture rain or snowfall, rely on Metropolitan more in dry years than in wet years. Agencies with ample groundwater supplies purchase Metropolitan water primarily to supplement local supplies and to recharge groundwater basins. Consumer demand and locally supplied water vary from year to year, resulting in variability in the volume of Metropolitan's water transactions.

In recent years, supplies and demands have been affected by extreme weather variability (including drought and wet weather), water use restrictions, economic conditions, and environmental laws, regulations and judicial decisions, as described in this Appendix A under "METROPOLITAN'S WATER SUPPLY." The demand for supplemental supplies provided by Metropolitan is dependent on water use at the retail consumer level and the amount of locally supplied and conserved water. See "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES" in this Appendix A and "—Local Water Supplies" below.

Future reliance on Metropolitan supplies will depend on, among other things, current and future local projects that may be developed and the amount of water that may be derived from sources other than Metropolitan. For information on Metropolitan's water revenues, see "METROPOLITAN REVENUES" and "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

The following graph shows a summary of the regional sources of water supply for calendar years 1976 to 2025 (the most recent full year information available). In the graph below, LAA refers to the Los Angeles Aqueduct. See "—Los Angeles Aqueduct." The graph below includes updated local supply numbers that include Santa Ana River baseflow below Prado Dam, which was not included from 1980 through 2009.



Source: Metropolitan.

The major sources of water available to some or all of Metropolitan's member agencies in addition to supplies provided by Metropolitan are described below.

Los Angeles Aqueduct

The City of Los Angeles, through its Department of Water and Power ("LADWP"), operates its Los Angeles Aqueduct system to import water from the Owens Valley and the Mono Basin on the eastern slopes of the Sierra Nevada in eastern California. Water imported by the City on the Los Angeles Aqueduct system comes primarily from surface water rights of the City in eastern Sierra Nevada watersheds along various streams, creeks and rivers in the Mono Basin, Long Valley and Owens Valley, and groundwater resources in the Owens Valley from the City's ownership of approximately 330,000 acres of land and associated water rights. This water supply of the City, which serves LADWP's customers, currently meets about seven percent of the region's water needs based on a ten-year average from calendar years 2016 through 2025 (the most recent full year information available).

Surface runoff (snowmelt) is subject to substantial annual variability, which influences the amount of water delivered by the Los Angeles Aqueduct. In addition, the City is subject to several environmental commitments in the Mono Basin and Owens Valley which impact the availability of water to the City for import on the Los Angeles Aqueduct. These include: (i) the SWRCB's Mono Lake Basin Water Rights Decision 1631, which limits the City's water exports from the Mono Basin based on Mono Lake's surface

elevation; and (ii) the City's legal obligations under a long-term groundwater management plan relating to the City's groundwater resources in the Owens Valley.

Los Angeles Aqueduct water deliveries to the City vary from one year to the next. Since calendar year 2015, Los Angeles Aqueduct water deliveries to the City have averaged approximately 200,000 acre-feet per year, but has varied from as little as 33,000 acre-feet in calendar year 2015 to as much as 380,000 acre-feet of water in calendar year 2017. Consequently, the amount of water purchased by the City from Metropolitan also varies with the fluctuations of Los Angeles Aqueduct supply. Since 2015, the City's water purchases from Metropolitan (billed water transactions) ranged from a low of 103,000 acre-feet in calendar year 2019 to a high of 384,000 acre-feet in calendar year 2015.

Local Water Supplies

Local water supplies are made up of groundwater, groundwater recovery, surface runoff, recycled water, and seawater desalination. Metropolitan supports local resources development through its LRP, which provides financial incentives of up to $475 per acre-foot of water production (based on actual project unit costs that exceed Metropolitan's water rates) from local water recycling, groundwater recovery, and seawater desalination projects. LRP agreement terms are for 25 years and terminate automatically if construction does not commence within two full fiscal years of agreement execution or if water deliveries are not realized within four full fiscal years of agreement execution. Metropolitan utilizes conjunctive use of groundwater to encourage storage in groundwater basins. Member agencies and other local agencies have also independently funded and developed additional local supplies, including groundwater clean-up, recycled water and desalination of brackish or high salt content water. See also "METROPOLITAN'S WATER DELIVERY SYSTEM–Water Quality and Treatment" in this Appendix A for information regarding certain water quality regulations and developments that impact or may impact certain local groundwater supplies.

Metropolitan's water transaction projections are based in part on projections of locally-supplied water. Projections of future local supplies are based on estimated yields of projects that are currently producing water or are under construction at the time a water transaction projection is made. Estimated yields of projects currently producing water are calculated based on the projects' previous four-year production average. Estimated yields of projects that are under construction at the time a water transaction projection is made are based on data provided by the member agencies. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES–Water Transactions Projections" and "METROPOLITAN'S WATER SUPPLY–Climate Adaptation Master Plan for Water (CAMP4W)" in this Appendix A.

Groundwater. Local groundwater basins are the region's largest source of local supply. Since 2016, approximately 1.06 million acre-feet per year, about one-third of the annual water demands for approximately 18.8 million residents of Metropolitan's service area, are met through local groundwater production. Local groundwater basins are supported by stormwater and urban runoff, recycled water, and imported water used for replenishing basins and for creating seawater barriers that protect coastal aquifers from seawater intrusion.

Member Agency Storage Programs. Metropolitan has developed a number of local programs to work with its member agencies to increase storage in groundwater basins. Metropolitan has encouraged storage through its cyclic and conjunctive use storage programs. These programs allow Metropolitan to deliver water into a groundwater basin in advance of agency demands. Metropolitan has drawn on dry-year supply from nine contractual conjunctive use storage programs to address shortages from the State Water Project and the CRA.

Cyclic storage agreements allow pre-delivery of imported water for recharge into groundwater basins in excess of an agency's planned and budgeted deliveries making best use of available capacity in conveyance pipelines, use of storm channels for delivery to spreading basins, and use of spreading basins. This water is then purchased at a later time when the agency has a need for groundwater replenishment deliveries.

Conjunctive use agreements provide for storage of imported water that can be called for use by Metropolitan during dry, drought, or emergency conditions. During a dry period, Metropolitan has the option to call water stored in the groundwater basins pursuant to its contractual conjunctive use agreements. At the time of the call, the member agency pays Metropolitan the prevailing rate for that water. Nine conjunctive use projects provide about 210,000 acre-feet of groundwater storage and have a combined extraction capacity of about 70,000 acre-feet per year. See the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "METROPOLITAN'S WATER SUPPLY–Storage Capacity and Water in Storage" in this Appendix A. On April 8, 2025, Metropolitan's Board authorized the General Manager to terminate six of the conjunctive use agreements effective June 30, 2025. The termination of the six agreements resulted in a reduction of the total groundwater storage from 210,000 acre-feet to 115,000 acre-feet and a reduction in extraction capacity from 70,000 acre-feet to 38,000 acre-feet.

Reverse Cyclic Program. In 2022, Metropolitan's Board authorized the General Manager to enter into reverse-cyclic agreements with participating member agencies to preserve the availability of Metropolitan's State Water Project supplies. Metropolitan's General Manager initiated deferrals under the Reverse-Cyclic Program when the General Manager determined that the supply conditions warranted deferring the use of State Water Project supplies due to the risk of shortage of these supplies. Metropolitan executed agreements with Calleguas Municipal Water District, Three Valleys Municipal Water District, and Upper San Gabriel Valley Municipal Water District in 2022. Under these agreements and at Metropolitan's request, participating member agencies agreed to defer Metropolitan deliveries of 25,000 acre-feet of water (in aggregate) purchased in calendar year 2022 to allow Metropolitan to preserve its State Water Project supplies. Metropolitan billed participating member agencies the 2022 full-service rate and applicable treatment charge. In doing so, the participating member agencies avoid paying the projected higher service rate that would be in place when Metropolitan makes the deferred delivery. Metropolitan will deliver water to the participating member agencies no later than December 2027, which is five full calendar years from the date of purchase.

In late 2024, Metropolitan's Board authorized the General Manager to enter into reverse-cyclic agreements with participating member agencies to allow member agencies to pre-purchase an aggregate total of up to 100,000 acre-feet between November 19, 2024 and December 31, 2025. Ten member agencies made reverse-cyclic purchases in December 2024 for 100,000 acre-feet in aggregate at the 2024 full-service treated rate. Metropolitan will complete the deferred deliveries by December 2029, within five full years from the purchase date.

Recovered Groundwater. Contamination of groundwater supplies is a growing threat to local groundwater production. Metropolitan has been supporting increased groundwater production and improved regional supply reliability by offering financial incentives to agencies for the production and treatment of degraded groundwater since 1989 through the LRP. Metropolitan has executed LRP agreements with local agencies to provide financial incentives to 28 projects that recover contaminated groundwater with total contract yields of about 123,000 acre-feet per year. Total groundwater recovery use under executed agreements with Metropolitan was estimated to be approximately 63,300 acre-feet in fiscal year 2025-26.

Surface Runoff. Local surface water resources consist of runoff captured in storage reservoirs and diversions from streams. Since 2016, member agencies have used an average of 100,000 acre-feet per calendar year of local surface water. Local surface water supplies are heavily influenced by year to year local weather conditions, varying from a high of 170,000 acre-feet in calendar year 2024 to a low of 37,500 acre-feet in calendar year 2016.

Stormwater is another local water supply and is surface runoff that is captured and contained on-site or used for groundwater recharge as opposed to captured in storage reservoirs or diverted from streams, treated, and integrated into a distribution system. Since 2000, more than 1.1 million acre-feet of stormwater and urban runoff was captured on average by local agencies and used on-site or recharged into a groundwater basin. In 2020, Metropolitan launched two pilot programs to better understand the costs and benefits of stormwater capture, yield, and use. One program examines opportunities to capture stormwater for direct use and the other explores stormwater capture for groundwater recharge. Together, Metropolitan's Board authorized $12.5 million for these programs. The programs accepted applications through December 31, 2021. After several agencies decided not to pursue projects and one direct-use project agreement was terminated, the current commitment for projects is approximately $3.3 million. The active projects funded under these programs are in either the design, construction, or monitoring phase. The pilot programs are expected to last at least five years, including the construction and monitoring phases. The data collected during the pilot programs will assist Metropolitan in evaluating the water supply benefits of stormwater capture and provide guidance for future funding strategies.

Recycled Water-Local Agency Projects. Metropolitan has supported recycled water use to offset water demands and improve regional supply reliability by offering financial incentives to agencies for production and sales of recycled water since 1982 through the LRP. Since the inception of the LRP, Metropolitan has executed agreements with local agencies to provide financial incentives to 90 recycled water projects with total expected contract yields of about 369,000 acre-feet per year. During fiscal year 2025-26, Metropolitan provided incentives for approximately 20,400 acre-feet of recycled water under these agreements.

Additionally, 451,000 acre-feet of recycled water (including wastewater discharged to the Santa Ana River that percolates into downstream groundwater basins) was produced in fiscal year 2025-26 by local agencies through other independently funded and developed sources.

Metropolitan also supports recycled water conversions for property owners through the On-Site Retrofit Program. The On-Site Retrofit Program provides a financial incentive of $195 per acre-foot of estimated offset water for ten years to property owners who convert an imported water demand to a recycled water system. As of September 1, 2026 the On-Site Retrofit Program has provided $15.6 million to 558 projects that offset approximately 15,351 acre-feet per year of imported water supplies.

Recycled Water-Metropolitan Pure Water Southern California Program. Since 2010, Metropolitan has been evaluating the potential and feasibility of implementing a regional recycled water program, now referred to as Pure Water Southern California ("PWSC"). Chronic drought conditions have resulted in significant reductions in local surface supplies and groundwater production and have increased the need for recharge supplies to groundwater and surface water reservoirs to improve their sustainable yields and operating integrity. Despite wet conditions in water years 2023 and 2024, many groundwater basins remain below sustainable levels. In 2015, Metropolitan executed an agreement with the Los Angeles County Sanitation Districts ("Sanitation Districts") to implement a demonstration project and to establish a framework of terms and conditions of PWSC. In 2024, Metropolitan executed a new agreement with the Sanitation Districts to memorialize the Sanitation Districts' commitment to share in the operation of PWSC by taking responsibility for the development and operation of the membrane bioreactor ("MBR") facility.

The objectives of PWSC are to enable the potential reuse of up to 150 million gallons per day ("mgd") or an average of 155,000 acre-feet per year of cleaned wastewater effluent from the Sanitation Districts' A.K. Warren Facility (formerly the Joint Water Pollution Control Plant). Purified water from a new advanced treatment plant could be delivered through pipelines to the region's groundwater basins, industrial facilities for indirect potable reuse, two of Metropolitan's water treatment plants for raw water augmentation ("RWA"), and potentially introduced into one or more of Metropolitan's treated water feeders for treated water augmentation ("TWA").

Construction of a 0.5-mgd advanced water treatment demonstration plant was approved in 2017 and was completed in September 2019. Testing and operation of the demonstration plant began in October 2019 to confirm treatment costs and provide the basis for regulatory approval of the proposed treatment process. The tertiary MBR first testing phase was completed in 2021 and has been followed by secondary MBR testing which was completed in 2023. The testing program returned to tertiary MBR testing in 2024. The testing will form the basis for the design, operation, and optimization of the advanced treatment plant, and will help inform Metropolitan's Board decision whether to move forward with the potential full-scale program.

If implemented, PWSC as proposed would have the flexibility to produce purified water suitable for Direct Potable Reuse ("DPR") through RWA at two of Metropolitan's treatment plants (Weymouth and Diemer). The SWRCB Division of Drinking Water ("DDW") proposed new regulations for DPR in California that would allow recycled water to be used directly in the potable water system without first passing through an environmental buffer, such as groundwater or a lake, prior to using it as potable water. The regulations were subsequently approved by California's Office of Administrative Law on August 6, 2024, and became effective on October 1, 2024. PWSC was originally envisioned to be solely an indirect potable reuse (IPR) program to offset imported water needs. With these new regulations in place, a greater percentage of water produced by PWSC would be available for the potable water system. As a result, PWSC has integrated DPR into the planning effort and plans to expand the demonstration plant to accommodate testing of potential RWA and TWA treatment trains for regulatory acceptance.

If approved by the Board, designs of PWSC initial stage projects are anticipated to start in late 2026 or early 2027 using alternative delivery methods to allow development of guaranteed maximum prices (GMPs) for the projects before the Board would commit to the continued design and construction activities. Design and construction would be expected to take approximately ten years for the initial stage projects.

On November 10, 2020, Metropolitan's Board voted to begin environmental planning work on PWSC. The Notice of Preparation was published in September 2022 with scoping meetings held in October 2022. Metropolitan released the draft EIR for PWSC on May 14, 2025. On December 12, 2025, the Governor certified PWSC for judicial streamlining under the Senate Bill 149 Infrastructure Streamlining Program. The Board certified the Final EIR and approved PWSC for CEQA purposes on February 10, 2026.

Metropolitan has been active in pursuing partnerships with other agencies in connection with the development of PWSC. In November 2020, Metropolitan and the Sanitation Districts executed an amendment to their then-existing collaboration agreement to contribute up to approximately $4.4 million for the environmental planning phase costs. The agreement was further amended and restated in September 2024 to establish roles and responsibilities for the development of PWSC, including design of treatment facilities, joint operation of the demonstration facility, operator training, and sharing of grant funds. A new agreement with the Sanitation Districts is currently being developed to address the upcoming design and construction phase activities. In December 2020, Metropolitan and SNWA executed a funding agreement under which SNWA will contribute up to $6 million for the environmental planning costs for PWSC. In the event either SNWA or Metropolitan decides not to proceed or participate in PWSC in the future, SNWA's financial

contribution to PWSC's environmental planning would be returned by Metropolitan. In 2021, Metropolitan signed an agreement with certain Arizona parties (Central Arizona Project and Arizona Department of Water Resources) for a $6 million financial contribution similar to the SNWA agreement. In April 2024, Metropolitan began a collaborative process with the Metropolitan member agencies that would be interested in purchasing water from PWSC. The guiding principles were approved in January 2026 for the development of formal agreements in 2027, following approval of the PWSC program.

Metropolitan received $80 million in grant funding for PWSC from the State of California in the State's fiscal year 2022-23 budget. Work performed under this funding has continued in 2026. In May 2024, the Bureau of Reclamation announced Metropolitan was awarded grant funding of $99 million to advance PWSC planning and design efforts. In November 2024, the Bureau of Reclamation notified Metropolitan that it had awarded an additional $26 million to Metropolitan in grant funding. Metropolitan and the Bureau of Reclamation entered into an agreement for the full $125.4 million in grants in January 2025. Funding provided from the federal government through these grants can only provide 25 percent of the costs, thus requiring 75 percent in non-federal matching funds. Metropolitan is working to identify various sources of matching funds that will help utilize this grant funding. See also "METROPOLITAN REVENUES–Federal Funding."

In September 2025, Metropolitan staff presented an updated cost estimate for the potential phasing of PWSC to the Metropolitan Board that estimated Metropolitan's total phased program capital costs for the facility, if approved, would be approximately $9.4 billion (in 2025 dollars), including contingencies. See also "CAPITAL INVESTMENT PLAN—Projection of Capital Investment Plan Expenditures." If ultimately undertaken, the amount of the costs of design and construction of PWSC costs that may be incurred by Metropolitan would be dependent on, among other things, the ultimate design and timing of any approved project, the availability and receipt of potential grant funding sources, and the level of contributions from potential PWSC partners that may participate in any such approved project. The amount of any partner carried costs has not been determined at this time.

In April 2026, Metropolitan's Board approved the biennial budget for fiscal years 2026-27 and 2027-28 for Metropolitan's Capital Investment Plan ("CIP"), including $150 million for PWSC's initial design efforts to be funded by its current grant funding and partner contributions, as well as Metropolitan's unrestricted reserves. Pending the conclusion of the ongoing CAMP4W evaluation process, Metropolitan's board has yet to consider the approval of a full PWSC project. The ten-year financial forecast provided in the biennial budget for fiscal years 2026-27 and 2027-28 does not assume any additional capital or operating expenditures in connection with PWSC beyond the costs for the initial design efforts referenced above. Consistent with the current ten-year financial forecast, Metropolitan's financial projections for fiscal years 2028-29 through 2030-31 included in this Official Statement do not assume any capital or operating expenditures for PWSC. See "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

Seawater Desalination. Metropolitan supports seawater desalination as a part of the region's supply portfolio as well as a mechanism to increase regional supply resiliency under different climate change and population growth scenarios.

In 2007, the Board approved Metropolitan's role as a regional facilitator for seawater desalination. This includes supporting local projects during permitting and providing technical assistance when requested. Metropolitan's regional facilitation includes active participation in organizations advocating for desalination and salinity management, including CalDesal and the Southern California Salinity Coalition within California, and the Multi-State Salinity Coalition nationally. Metropolitan also participates in the National Alliance for Water Innovation ("NAWI"). NAWI is a Department of Energy-led, $100 million research effort

focused on accelerating the commercialization of early-stage desalination technologies. New technologies developed by NAWI could reduce cost and environmental barriers to seawater desalination in California.

In October 2014, seawater desalination projects became eligible for funding under Metropolitan's LRP. There is currently one local seawater desalination project in the design stage that is also a project under the LRP. South Coast Water District ("South Coast") is designing the 5-mgd Doheny Ocean Desalination project (the "Doheny Project") in south Orange County. South Coast has obtained key State permits for the Doheny Project and has awarded a Phase 1 progressive design-build-operate-maintain contract. In April 2024, Metropolitan's Board authorized the General Manager to enter into an LRP Agreement with MWDOC and South Coast for the Doheny Project for up to 5,600 acre-feet per year. Metropolitan, MWDOC, and South Coast executed the LRP agreement in July 2026.

In 2015, Poseidon Resources LLC ("Poseidon") began operating the 56,000 acre-foot per year (50-mgd) Carlsbad Desalination Project and associated pipeline. SDCWA has a purchase agreement with Poseidon for a minimum of 48,000 acre-feet per year with an option to purchase an additional 8,000 acre-feet per year.

In August 2023, the Las Virgenes Municipal Water District ("LVMWD") entered into a memorandum of understanding with Natural Ocean Well Co ("OceanWell"), an offshore desalination company, to collaborate on a pilot and demonstration project of Ocean Well's offshore desalination system. The pilot project, which began in March 2025 and was completed in June 2026, consisted of lowering a small test pod to a depth of approximately 100 feet in the Las Virgenes Reservoir to conduct studies related to the operation of submerged water filtration technology. The future demonstration project will consist of anchoring a larger pod to the ocean floor and installing an umbilical to deliver product water to shore at a mutually agreeable delivery point. In 2024, six of Metropolitan's member agencies (the City of Burbank, Calleguas Municipal Water District, LVMWD, City of Los Angeles, Three Valleys Municipal Water District and Upper San Gabriel Valley Municipal Water District), the Los Angeles County Waterworks District No. 29, Malibu and the Santa Clarita Valley Water Agency funded a feasibility study to explore the potential for a 60 mgd subsea desalination project off the coast of Malibu referred to as "Water Farm 1."

Local Supply Exchange Framework. In August 2025, Metropolitan's Board approved the Local Supply Exchange Framework (the "LSE Framework") to facilitate exchanges of locally produced supplies among its member agencies by utilizing Metropolitan's water supply and infrastructure. The LSE Framework was developed in collaboration with Metropolitan's member agencies through the business model review and refinement process undertaken in connection with the implementation of CAMP4W. Under the LSE Framework, one member agency would sell its locally produced water supply to another member agency via exchange with a Metropolitan water delivery. The local water supply sold would not enter Metropolitan's distribution system; instead, the selling member agency would produce and consume the local water supply within its service area, and Metropolitan would deliver an equivalent amount of water to the buying member agency. The selling and buying member agencies would coordinate the price for the local supply water through an agreement between such agencies. Metropolitan would coordinate the billing and accounting of the exchanged water.

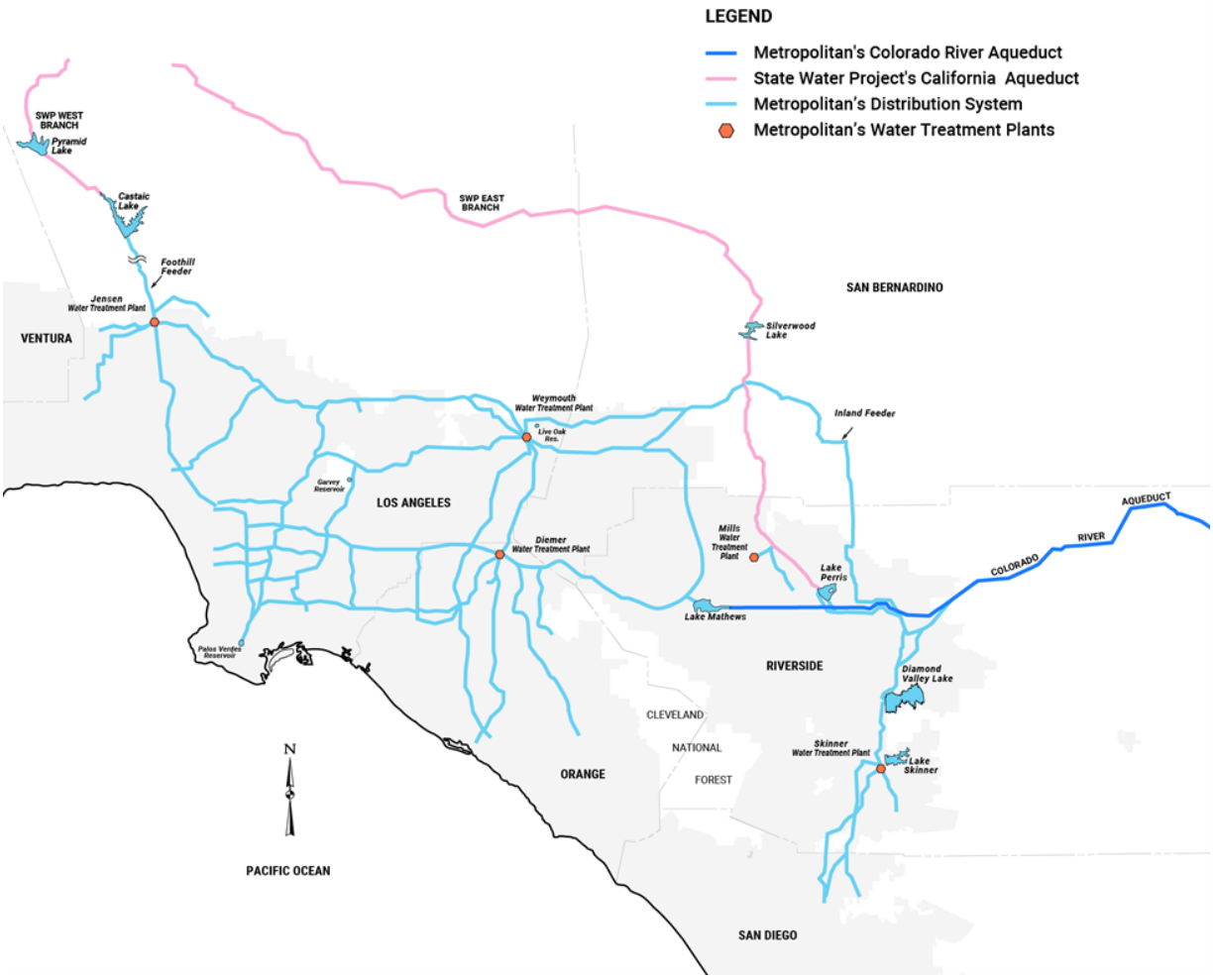
METROPOLITAN'S WATER DELIVERY SYSTEM

Primary Facilities and Method of Delivery

Metropolitan's water delivery system is made up of three basic components: the Colorado River Aqueduct (CRA), the California Aqueduct of the State Water Project, and Metropolitan's water distribution system. Metropolitan's delivery system is integrated and designed to meet the differing needs of its member agencies. Metropolitan seeks redundancy in its delivery system to assure reliability in the event of an outage. Improvements are designed to increase the flexibility of the system. Since local sources of water are generally used to their maximum each year, growth in the demand for water is partially met by Metropolitan. The operation of Metropolitan's water system is being made more reliable through the rehabilitation of key facilities as needed, improved preventive maintenance programs and the upgrading of Metropolitan's operational control systems. See "CAPITAL INVESTMENT PLAN" in this Appendix A.

The graphic that follows depicts Metropolitan's water delivery system, which is further described below.

METROPOLITAN'S WATER DELIVERY SYSTEM



Source: Metropolitan.

Colorado River Aqueduct. Work on the CRA commenced in 1933 and water deliveries started in 1941. Additional facilities were completed by 1961 to meet additional requirements of Metropolitan's member agencies. The CRA is 242 miles long, starting at the Lake Havasu intake and ending at the Lake Mathews terminal reservoir. Metropolitan owns all the components of the CRA, which include five pumping plants, 64 miles of canal, 92 miles of tunnels, 55 miles of concrete conduits, four reservoirs, and 144 underground siphons totaling 29 miles in length. The pumping plants lift the water approximately 1,617 feet over several mountain ranges to Metropolitan's service area. See "METROPOLITAN'S WATER SUPPLY–Colorado River Aqueduct" in this Appendix A.

State Water Project. The initial portions of the State Water Project serving Metropolitan were completed in 1973. The State Water Project, managed and operated by DWR, is one of the largest water supply projects undertaken in the history of water development. The State Water Project facilities dedicated to water delivery consist of a complex system of dams, reservoirs, power plants, pumping plants, canals and aqueducts to deliver water. Water from rainfall and snowmelt runoff is captured and stored in State Water Project conservation facilities and then delivered through State Water Project transportation facilities to water agencies and districts located throughout the Upper Feather River, Bay Area, Central Valley, Central Coast, and Southern California. Metropolitan receives water from the State Water Project through the main stem of the aqueduct system, the California Aqueduct, which is 444 miles long and includes 381 miles of canals and siphons, 49 miles of pipelines or tunnels and 13 miles of channels and reservoirs.

As described herein, Metropolitan is the largest (in terms of number of people it serves, share of State Water Project water it has contracted to receive, and percentage of total annual payments made to DWR therefor) of 29 agencies and districts that have entered into contracts with DWR to receive water from the State Water Project. Contractors pay all costs of the facilities in exchange for participation rights in the system. Thus, Contractors also have the right to use the portion of the State Water Project conveyance system necessary to deliver water to them at no additional cost as long as capacity exists. See "METROPOLITAN'S WATER SUPPLY–State Water Project" in this Appendix A.

Distribution System. Metropolitan's distribution system is a complex network of facilities which routes water from the CRA and State Water Project to Metropolitan's member agencies. The water distribution system includes components that were built beginning in the 1930s and through the present. Metropolitan owns all of these components, including nine reservoirs, five regional treatment plants, over 800 miles of transmission pipelines, feeders and canals, and 15 hydroelectric plants with an aggregate capacity of 130 megawatts.

In 2022, Metropolitan committed to equivalent water supply reliability for all member agencies. Based on performance during the 2020-2022 drought, improvements to the distribution system are planned or underway to achieve this commitment.

Diamond Valley Lake. Diamond Valley Lake, a man-made reservoir, built, owned and operated by Metropolitan, is located southwest of the city of Hemet, California. Excavation at the project site began in May 1995. Diamond Valley Lake was completed in March 2000, at a total cost of $2 billion, and was in full operation in December 2001. It covers approximately 4,410 acres and has capacity to hold approximately 810,000 acre-feet or 265 billion gallons of water. Imported water is delivered to Diamond Valley Lake during surplus periods. The reservoir provides more reliable delivery of imported water from the State Water Project during summer months, droughts and emergencies. In addition, Diamond Valley Lake can provide more than one-third of Southern California's water needs from storage for approximately six months after a major emergency (assuming that there has been no impairment of Metropolitan's internal distribution network). See the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under

"METROPOLITAN'S WATER SUPPLY–Storage Capacity and Water in Storage" in this Appendix A for the amount of water in storage at Diamond Valley Lake.

Inland Feeder. Metropolitan's Inland Feeder is a 44-mile-long conveyance system that connects the State Water Project to Diamond Valley Lake and the CRA. Construction of the Inland Feeder was completed in September 2009 at a total cost of $1.14 billion. The Inland Feeder provides greater flexibility in managing Metropolitan's major water supplies and allows an additional 1,000 cfs from the East Branch of the California Aqueduct to be moved into Metropolitan's service area, primarily into Diamond Valley Lake for storage.

Operations Control Center. Metropolitan's water conveyance and distribution system operations are coordinated from the Eagle Rock Operations Control Center (the "OCC") centrally located in Los Angeles County. The OCC plans, balances and schedules daily water and power operations to meet member agencies' demands, taking into consideration the operational limits of the entire system.

Water Quality and Treatment

General. Metropolitan filters and disinfects water at five water treatment plants: the F.E. Weymouth Treatment Plant in La Verne, the Joseph Jensen Treatment Plant in Granada Hills, the Henry J. Mills Treatment Plant in Riverside, the Robert B. Diemer Treatment Plant in Yorba Linda, and the Robert A. Skinner Treatment Plant in Winchester. In recent years, the plants typically treat between 0.8 billion and 1.0 billion gallons of water per day and have a maximum capacity of approximately 2.4 billion gallons per day. Approximately 50 percent of Metropolitan's water deliveries are treated water.

Metropolitan is operating in compliance with current State and federal drinking water regulations and permit requirements.

Federal and state regulatory agencies routinely identify potential contaminants and establish new water quality standards. Metropolitan continually monitors new water quality laws and regulations and frequently comments on new legislative proposals and regulatory rules. New water quality standards could affect the availability of water and impose significant compliance costs on Metropolitan. The federal Safe Drinking Water Act ("SDWA") establishes drinking water quality standards, monitoring, and public notification and enforcement requirements for public water systems. To achieve these objectives, the U.S. Environmental Protection Agency (the "USEPA"), as the lead regulatory authority, promulgates national drinking water regulations and develops the mechanism for individual states to assume primary enforcement responsibilities. The SWRCB DDW has primary responsibility for the regulation of public water systems in the State. Drinking water delivered to customers must comply with statutory and regulatory water quality standards designed to protect public health and safety. Metropolitan operates its five water treatment plants under a domestic water supply permit issued by DDW, which is amended, as necessary, such as when significant facility modifications occur. Metropolitan operates and maintains water storage, treatment and conveyance facilities, implements watershed management and protection activities, performs inspections, monitors drinking water quality, and submits monthly and annual compliance reports. In addition, public water system discharges to state and federal waters are regulated under general National Pollutant Discharge Elimination System ("NPDES") permits. These NPDES permits, which the SWRCB issued to Metropolitan, contain numerical effluent limitations, monitoring, reporting, and notification requirements for water discharges from the facilities and pipelines of Metropolitan's water supply and distribution system.

Groundwater. As described herein, Metropolitan has established five groundwater storage programs with other water agencies. These programs help manage supplies by allowing Metropolitan to store surplus water in years when it is available and convert it into dry-year supplies to be returned when needed. These programs can also provide emergency supplies. See "METROPOLITAN'S WATER SUPPLY–Water

Transfer, Storage and Exchange Programs –State Water Project Agreements and Programs" and "–Storage Capacity and Water in Storage" in this Appendix A. Generally, water returned to Metropolitan under these groundwater storage programs ("return water") may be made available in one of two ways: by direct pump back from a groundwater well to the California Aqueduct or, when available, by an exchange with a supply already in the aqueduct. Water quality issues can arise in water returned by direct pumping as a result of a water quality contaminant in the groundwater storage basin and due to the imposition of stricter water quality standards by federal or State regulation.

In 2017, the SWRCB adopted a regulation setting an MCL for TCP of five parts per trillion ("ppt") based upon a running annual average. TCP is a manufactured chemical used as a cleaning and degreasing solvent and has been found at industrial and hazardous waste sites. It is also associated with pesticide products used in agricultural practices. TCP has been recognized by the State of California as a likely human carcinogen. In January 2018, the new regulation went into effect. Under the new regulation, drinking water agencies are required to perform quarterly monitoring of TCP. There have been no detections of this chemical in Metropolitan's system. However, TCP has been detected above the MCL in groundwater wells of Metropolitan's groundwater storage program partners. Levels detected in groundwater wells of Arvin-Edison are the highest and impact Metropolitan's ability to put water and take return water under that program. As noted under "METROPOLITAN'S WATER SUPPLY–Water Transfer, Storage and Exchange Programs –State Water Project Agreements and Programs – *Arvin-Edison/Metropolitan Water Management Program*" in this Appendix A.

Return options for banking programs with wells impacted by TCP include returning water with surface water supplies, removing TCP-impacted wells from service, or treatment. Metropolitan may incur additional capital and/or operation and maintenance costs associated with treatment options, but the magnitude of these costs is not yet known at this time. To the extent groundwater quality prevents the return of water under one or more groundwater storage programs, the available supply of stored water during extended drought or emergency periods would be reduced.

Perchlorate. Perchlorate is both a naturally occurring and man-made chemical used in the production of rocket fuel, missiles, fireworks, flares and explosives. It is also sometimes present in bleach and in some fertilizers. Groundwater in the Henderson, Nevada ("Henderson") area has been contaminated with perchlorate as a result of two former chemical manufacturing facilities, and there are ongoing remediation programs to mitigate its release into the Las Vegas Wash and the downstream Colorado River. On July 21, 2020, the USEPA withdrew its 2011 determination to regulate perchlorate under the SDWA and issued a new determination that perchlorate does not meet the statutory criteria for regulation. Thus, there is currently no federal drinking water standard for perchlorate, which could potentially affect remediation efforts at two sites in the Henderson area (described below). The Natural Resources Defense Council challenged the USEPA's action, and the U.S. Court of Appeals for the District of Columbia ruled in May 2023 that the USEPA must regulate perchlorate. In January 2024, the USEPA agreed to propose a maximum contaminant level goal ("MCLG") and a national primary drinking water regulation ("NPDWR") for perchlorate by November 21, 2025, and to publish a final MCLG and NPDWR for perchlorate by May 21, 2027.

Pursuant to the consent decree, as subsequently amended, USEPA was required to sign a proposed NPDWR and MCLG for perchlorate by January 2, 2026, and is required to sign a final rule by May 21, 2027. On January 2, 2026, USEPA signed, and on January 6, 2026 published, a proposed NPDWR for perchlorate. USEPA proposed a health-based MCLG of 20 micrograms per liter and requested comment on alternative enforceable MCLs of 20 micrograms per liter, 40 micrograms per liter or 80 micrograms per liter. USEPA also proposed monitoring, mitigation, public notification, consumer confidence reporting and regulatory reporting for public water systems. The public comment period closed on March 9, 2026. As of the date of this Official Statement, USEPA has not issued a final rule. If finalized at any of the proposed levels, the

federal MCL would be higher than California's existing MCL of 6 micrograms per liter and would not displace California's more stringent standard applicable to public water systems in California.

California is reviewing its MCL for perchlorate in light of a revised Public Health Goal ("PHG") of 1 µg/L adopted in February 2015. PHGs are established by the California Office of Environmental Health Hazard Assessment ("OEHHA") and used as the basis for the development of a State regulation setting an MCL. The SWRCB is required to set an MCL for a chemical as close to the PHG as is technologically and economically feasible, placing primary emphasis on the protection of public health. DDW is conducting an in-depth risk management analysis to determine whether to revise the perchlorate MCL of 6 µg/L. The detection limit for purposes of reporting ("DLR") for perchlorate was lowered to 2 µg/L in July 2021, and it was further reduced to 1 µg/L in January 2024. With a revised DLR, new occurrence data can be collected to support the development of a revised California MCL for perchlorate, if appropriate. If California's MCL for perchlorate is revised to a level less than 6 µg/L, it will be important for the oversight agencies - the USEPA and the Nevada Division of Environmental Protection - to ensure that the perchlorate contamination originating at the two former chemical manufacturing facilities in Henderson is remediated to a level that minimizes impacts to the Colorado River and that perchlorate concentrations at Metropolitan's Whitsett Intake at Lake Havasu stay at levels below California's MCL. Metropolitan was successful in 2023 in advocating for the USEPA and the Nevada Division of Environmental Protection to require the Nevada Environmental Response Trust ("NERT"), which is responsible for cleaning up the former site of one of the chemical manufacturers in Henderson, to use California's current MCL of 6 µg/L for perchlorate, California's PHG for perchlorate of 1 µg/L, California's current MCL of 50 µg/L for total chromium, and California's then-proposed MCL of 10 µg/L for hexavalent chromium, which became effective October 1, 2024, as to-be-considered criteria ("TBCs") for remedial action objectives. The designation of these regulatory levels as TBCs requires the NERT to explicitly consider these values throughout the upcoming feasibility study and to follow all applicable guidance related to doing so. The feasibility study is the mechanism for the development, screening, and detailed evaluation of alternative remedial actions. Metropolitan will continue to monitor the cleanup of the two former chemical manufacturing facilities in Henderson and to monitor and participate in federal and state rulemaking proceedings.

PFAS. In recent years, state and federal agencies have undertaken a variety of efforts towards the development of laws and regulations regarding per- and polyfluoroalkyl substances ("PFAS"). PFAS are substances widely used in consumer and industrial products such as fabrics, carpets, firefighting foams, food packaging, and nonstick cookware and are known for their nonstick, waterproof, and heat and stain resistant properties. Perfluorooctane sulfonate ("PFOS") and perfluorooctanoic acid ("PFOA") are the two most common PFAS.

State PFAS Regulations. In August 2019, DDW lowered the notification levels ("NLs") for PFOS from 13 ppt to 6.5 ppt and for PFOA from 14 ppt to 5.1 ppt. NLs are non-regulatory, precautionary health-based measures for concentrations of chemicals in drinking water that warrant notification and further monitoring and assessment. If a chemical concentration is greater than its NL in drinking water that is provided to consumers, DDW recommends that the utility inform its customers and consumers about the presence of the chemical, and about health concerns associated with exposure to it. In February 2020, DDW lowered the response levels ("RLs") for PFOA and PFOS from 70 ppt for individual or combined concentrations to 10 ppt for PFOA and 40 ppt for PFOS. An RL is set higher than an NL and represents a chemical concentration level at which DDW recommends a water system consider taking a water source out of service or providing treatment if that option is available to them. Legislation that took effect on January 1, 2020 (California Assembly Bill 756) requires that water systems that receive a monitoring order from the SWRCB and detect levels of PFAS that exceed their respective RL must either take a drinking water source out of use or provide specified public notification if they continue to supply water above the RL. In March 2021, DDW set an NL of 0.5 parts per billion ("ppb") and an RL of 5 ppb for perfluorobutane sulfonic acid

("PFBS"), another PFAS chemical. In October 2022, DDW issued an NL of 3 ppt and an RL of 20 ppt for perfluorohexane sulfonic acid ("PFHxS"). Also in October 2022, the SWRCB issued a general order requiring select public water systems to monitor for PFAS. In April 2024, OEHHA adopted PHGs for PFOA at 0.007 ppt and PFOS at 1 ppt, a further step in the process of establishing MCLs in drinking water. In September 2024, OEHHA recommended an NL for PFHxA of 1,000 ppt. DDW requested that OEHHA establish a PHG for PFHxS on May 27, 2025. On October 3, 2025, OEHHA announced that it would be developing the PHG for PFHxS and requested data and information that could assist in conducting the risk assessment and in calculating the PHG. The deadline for submitting data and information was November 3, 2025. On October 29, 2025, DDW lowered the NLs for PFOA and PFOS to 4 ppt, lowered the RL for PFHxS to 10 ppt, and established a new NL and RL for PFHxA at 1,000 ppt and 10,000 ppt, respectively. Metropolitan monitors annually for PFAS and has periodically detected certain PFAS near the method detection limits.

On December 12, 2025, DDW issued General Order DW 2025-0002-DDW under Health and Safety Code sections 116378 and 116530, requiring community and non-transient community water systems to conduct initial PFAS monitoring consistent with the federal PFAS NPDWR and in preparation for California-specific PFAS regulations. Sampling must be completed by March 31, 2027, and results reported by April 26, 2027. Metropolitan is subject to the Order for specific sources and is conducting the required monitoring.

Federal PFAS Regulations. In 2016, the USEPA established non-enforceable and non-regulatory health advisories for PFOA and PFOS at single or combined concentrations of 70 ppt in treated drinking water. These advisories indicate the level of drinking water contamination below which adverse health effects are not expected to occur. On June 15, 2022, the USEPA established new interim, updated drinking water health advisories for PFOA and PFOS at concentrations of 0.004 ppt and 0.02 ppt, respectively. In its announcement, the USEPA noted that such concentrations are below the ability to detect under current detection methods. On June 15, 2022, the USEPA also established final health advisories for GenX chemicals (as defined below) and for PFBS of 10 ppt and 2,000 ppt, respectively.

On December 27, 2021, the USEPA published the final Fifth Unregulated Contaminant Monitoring Rule ("UCMR 5") for public water systems which includes monitoring for 29 PFAS in drinking water. UCMR 5 required pre-sampling preparations in 2022, and required sample collection from 2023 through 2025, with reporting of final results through 2026.

On July 1, 2026, USEPA proposed the Sixth Unregulated Contaminant Monitoring Rule ("UCMR 6"), which would require designated public water systems to monitor for 30 additional unregulated contaminants, including ultrashort organofluorine compounds (such as certain PFAS), pesticides, and industrial solvents, during a 12-month period between January 2028 and December 2030. As of the date of this Official Statement, UCMR 6 remains a proposed rule.

On April 10, 2024, the USEPA announced final regulations establishing the first national drinking water standards for six PFAS which became effective on June 25, 2024. The regulations set: (1) an MCL of 4 ppt for PFOA and PFOS; (2) an MCLG of zero for PFOA and PFOS; and (3) an MCL and MCLG of 10 ppt each for perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA," commonly known as "GenX chemicals"), and PFHxS. In addition, the USEPA set a novel hazard index MCL and MCLG of 1 (unitless) for any two or more of the following four PFAS as a mixture: PFNA, PFHxS, GenX chemicals, and PFBS. The regulations require public water systems to monitor for these PFAS. The initial monitoring must be completed by April 2027, followed by ongoing compliance monitoring. Water systems must also provide the public with information on the levels of these PFAS in their drinking water, which was

to begin in 2027. Under existing regulations, water systems must comply with the PFAS MCLs by April 2029.

On May 18, 2026, USEPA announced two proposed rules concerning the 2024 PFAS drinking water regulations. The first proposal would retain the 4 ppt MCLs for PFOA and PFOS and establish a federal exemption process under which eligible water systems in jurisdictions that have not obtained primacy for those MCLs could request up to two additional years, until 2031, to achieve compliance. The second proposal would rescind the regulatory determinations, MCLGs, MCLs, and related requirements for PFHxS, PFNA, Gen X Chemicals, and the hazard-index mixtures containing those PFAS and PFBS. The public comment period for both proposals closed on July 20, 2026. The requirements and deadlines established by the 2024 PFAS regulations remain in effect, unless and until the proposals are finalized, or the existing regulations are modified or vacated through litigation.

On June 7, 2024, the American Water Works Association ("AWWA"), the Association of Metropolitan Water Agencies ("AMWA"), and several chemical industry associations filed petitions for review in federal court of appeals claiming that the USEPA failed to comply with the federal SDWA when establishing the MCLs and MCLGs for the PFOA, PFOS, PFNA, PFHxS and GenX Chemicals. The litigation was stayed for several months while new USEPA leadership determined how to proceed. On September 11, 2025, the USEPA filed a motion to vacate the MCLs, MCLGs, and its determination to regulate PFNA, PFHxS, and the GenX Chemicals individually and to regulate mixtures of those three PFAS and PFBS through a hazard index. The USEPA did not request that the MCLs and MCLGs for PFOA and PFOS be vacated. On January 21, 2026, the U.S. Court of Appeals of the District of Columbia Circuit denied USEPA's motion for partial vacatur, concluding the merits of the parties' positions were not sufficiently clear to warrant summary action. On March 6, 2026, USEPA notified the court that it no longer advances portions of its brief defending the procedures used to regulate PFNA, PFHxS, GenX chemicals and the hazard index mixtures, while continuing to defend the standards for PFOA and PFOS. The court subsequently denied USEPA's request to sever and hold challenges to the other PFAS standards in abeyance. Oral argument is scheduled for September 18, 2026.

On September 6, 2022, the USEPA issued a proposed rule designating PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"). On April 13, 2023, the USEPA requested public input on whether to designate: (i) seven additional PFAS (PFBS, PFHxS, PFNA, GenX, PFBA, PFHxA, and perfluorodecanoic acid ("PFDA"), (ii) precursors to these seven PFAS and to PFOA and PFOS, and (iii) groups or categories of PFAS, as hazardous substances under CERCLA. Metropolitan provided comments on these proposals and urged the USEPA to further evaluate the potentially significant impacts of the proposed CERCLA designation on water and wastewater utilities. On May 8, 2024, the USEPA published its final rule designating PFOA and PFOS, including their salts and structural isomers, as CERCLA hazardous substances. The rule became effective on July 8, 2024.

On June 10, 2024, the Chamber of Commerce of the United States of America, Associated General Contractors of America, Inc., and National Waste & Recycling Association filed a Petition for Review, asking the D.C. Circuit Court to decide whether the USEPA acted appropriately in designating PFOA and PFOS as CERCLA hazardous substances. The American Chemistry Council and other organizations filed related petitions, and several environmental organizations intervened in defense of USEPA's rule. On September 17, 2025, the USEPA announced that it would retain the CERCLA hazardous substance designation for PFOA and PFOS and intends to develop a CERCLA Section 102(a) Framework Rule to provide a uniform approach to guide future hazardous substance designations. Following briefing, the D.C. Circuit Court heard oral arguments on January 20, 2026. On August 18, 2026, a unanimous 3-judge panel of

the D.C. Circuit upheld EPA's 2024 designation of PFOA and PFOS as hazardous substances. It is uncertain at this time if any of the parties will seek review of the panel's decision.

On February 8, 2024, the USEPA issued two proposed rules: (1) listing 9 PFAS (PFOA, PFOS, PFBS, HFPO–DA or GenX Chemicals, PFNA, PFHxS, PFDA, PFHxA, and PFBA) as hazardous constituents under the Resource Conservation and Recovery Act ("RCRA"); and (2) amending RCRA's definition of "hazardous waste" to clarify the USEPA's authority to address releases of all substances that meet the definition of hazardous waste under RCRA. The proposal to list nine PFAS as hazardous constituents remains pending and could be a first step toward a later rulemaking to designate one or more PFAS as hazardous wastes under the RCRA. Listing any PFAS as hazardous waste under RCRA would result in the automatic designation of that PFAS as a hazardous substance under CERCLA. On May 8, 2026, USEPA withdrew the proposal to amend the RCRA's definition of "hazardous waste," concluding that proposed amendments were unnecessary because existing statutory and regulatory authorities provide sufficient tools to impose protective permit conditions and address releases when appropriate. Metropolitan will continue to monitor and participate in federal and state rulemaking proceedings.

On April 23, 2026, USEPA issued interim guidance concerning the destruction and disposal of PFAS and PFAS-containing materials, but the interim guidance does not establish legally binding disposal requirements.

Metropolitan annually monitors for PFAS in its water supply and has periodically detected low levels of certain PFAS. Metropolitan has not identified any specific sources of the PFAS that have reached its water supply, and the occasional PFAS detections generally remain below the State's required reporting values and levels requiring notification or response. In December 2025 and March 2026, PFOS was detected at concentrations of 4.8 ppt and 4.6 ppt, respectively, in a dewatering well at the Jensen Water Treatment Plant. Because the well is identified as a source water under a 2025 DDW monitoring order and the detected concentrations exceeded the State NL of 4 ppt, Metropolitan notified its governing body and the agencies directly receiving treated water from the Jensen Water Treatment Plant. Water from the well is treated at the washwater reclamation plant and blended with other sources before treatment at the Jensen Water Treatment Plant. Following treatment and blending, PFOS concentrations in the influent from the Jensen Water Treatment Plant were below the Consumer Confidence Report Detection Level of 2 ppt, and the quality of the water leaving the plant was not affected. Certain of Metropolitan's member agencies have detected PFAS in their groundwater wells. If DDW establishes MCLs for certain PFAS, affected member agencies may be required to implement treatment or inactivate their affected sources to remain in compliance with DDW regulations, which could cause those systems to supplement their water needs with increased purchases of Metropolitan water.

Seismic Considerations and Emergency Response Measures

General. Metropolitan's system overlays a region of high seismicity. The conveyance and distribution systems traverse numerous faults capable of generating large magnitude earthquakes and some of Metropolitan's treatment plants, pressure control facilities, and other structures have the potential of experiencing high levels of earthquake-induced shaking. To mitigate this risk, Metropolitan routinely assesses the seismic hazards and potential risks to its facilities. It makes strategic investments through projects to limit overall system damage, improve post-earthquake recovery time, and reduce the impacts felt by the population and businesses. Metropolitan's strategy utilizes a defense-in-depth approach to prepare for and respond to the event adequately. Metropolitan's defense-in-depth approach includes the following priorities: (1) provide a diversified water supply portfolio, increase system flexibility, and maintain adequate levels of emergency storage to be able to withstand the potential disruption of imported supplies; (2) prevent damage to water delivery infrastructure in probable seismic events and limit damage in extreme events through the systematic review and upgrade of facilities for which deficiencies are identified; and

(3) minimize the duration of water delivery interruptions through a dedicated emergency response and recovery organization, including in-house design, construction, and fabrication capability.

As part of its goal to increase the diversification of the local water portfolio, Metropolitan has provided monetary assistance to member agencies to develop new local water supplies. Increased and improved diversification of local supplies also improves the region's reliability in the event of a significant seismic event. In addition, Metropolitan is evaluating the feasibility of implementing a regional recycled water program referred to as PWSC. See "REGIONAL WATER RESOURCES–Local Water Supplies – *Recycled Water-Metropolitan Pure Water Southern California Program*" in this Appendix A. If completed, it is expected that PWSC would provide up to 150 million gallons per day of advanced treated recycled water for groundwater replenishment. The program, if completed, could provide an additional reliable water source within Metropolitan's service area in the event of an interruption of imported supplies.

In 2000, Metropolitan completed Diamond Valley Lake, an 810,000-acre-foot capacity reservoir located on the coastal side of the San Andreas Fault. With the completion of Diamond Valley Lake, Metropolitan nearly doubled its available in-region surface storage and improved its ability to capture water from Northern California in wet years. Water from Diamond Valley Lake can supply four of Metropolitan's five water treatment plants. Planned system flexibility improvements currently in design and construction will make it possible to transport water from Diamond Valley Lake throughout the entire distribution system, reaching the last treatment plant through pumping. Diamond Valley Lake, along with the other in-region reservoirs, are used to maintain a six-month emergency storage reserve outside of the operational storage in case of disruption of the imported water supplies. See "–Primary Facilities and Method of Delivery – *Diamond Valley Lake*."

Metropolitan has developed a Seismic Upgrade Program to systematically evaluate its above-ground facilities for seismic risk and prioritize its upgrade effort. Structures undergo an initial rapid evaluation and, if a potential deficiency is identified, will then undergo a detailed structural evaluation to assess the required upgrades. Deficient facilities are upgraded to meet current seismic standards based on criticality to the water delivery system. Previous projects include seismic upgrades to the pump plant buildings for the CRA and upgrades to various facilities at Metropolitan's treatment plants, such as wash water tanks, filter basins, and administration buildings. For existing pipelines, seismic resilience will be incorporated as a component of pipeline rehabilitation projects. Metropolitan will evaluate each upgrade individually to balance risk, performance, and cost-effectiveness. Metropolitan is currently implementing a long-term program to replace or reline its prestressed concrete cylinder pipe with a welded steel pipe to extend its service life. Providing a steel liner insert will also improve the seismic performance of these pipelines. Another example of Metropolitan's continued effort to enhance the seismic resilience of its pipelines is the completion in early 2023 of a project to install earthquake-resistant ductile iron pipe at a location where the CRA crosses the Casa Loma Fault.

Metropolitan has an ongoing surveillance program that monitors the safety and structural performance of its dams and reservoirs permitted by DWR's Division of Safety of Dams. Operating personnel perform regular inspections that include monitoring and analyzing seepage flows and pressures. Engineers responsible for dam safety review the inspection data and monitor each dam's horizontal and vertical displacements. Major on-site inspections are performed at least twice each year. Instruments that transmit seismic acceleration time histories for analysis are installed at critical sites when a dam is subjected to strong motion during an earthquake.

Metropolitan has developed an emergency plan that calls for specific response levels appropriate to an earthquake's magnitude and location. Included in this plan are various communication tools, as well as a structured plan of management that varies with the severity of the event. Pre-designated personnel follow

detailed steps for field facility inspection and distribution system patrol. Approximately 200 employees are designated to respond immediately if seismic events exceed a certain magnitude. An Emergency Operations Center ("EOC") is maintained at the OCC. The OCC/EOC, specifically designed to be earthquake resistant, contains communication equipment, including a radio transmitter, microwave capability, and a response line linking Metropolitan with its member agencies, and DWR. The OCC/EOC also has the capability of communicating with other utilities, County EOCs, and the State's Office of Emergency Services. Metropolitan also maintains in-house capability to address two major pipeline breaks simultaneously as part of its emergency response plan to restore operation shortly after a significant seismic event.

In conjunction with DWR and LADWP, Metropolitan has formed the Seismic Resilience Water Supply Task Force to collaborate on studies and mitigation measures aimed at improving the reliability of imported water supplies to Southern California. Specific task force goals include revisiting historical assumptions regarding potential aqueduct outages after a seismic event; establishing a common understanding about individual agency aqueduct vulnerability assessments, projected damage scenarios, and planning assumptions; and discussing ideas for improving the resiliency of Southern California's imported water supplies through multi-agency cooperation. The task force has established multi-year goals and will continue to meet on these issues and develop firm plans for mitigating seismic vulnerabilities.

Metropolitan's resiliency efforts include manufacturing, pipe fabrication, and coating capabilities in its facilities in La Verne, California. Investments to upgrade the La Verne shop facilities in order to enhance and expand Metropolitan's capacity to provide fabrication, manufacturing, and coating services for rehabilitation work, maintenance activities, and capital projects has reached another milestone, with the completion of the Phase 5 upgrade. Refurbishment or replacement of the remaining aging equipment will continue. Metropolitan can also provide manufacturing, coating, and fabrication services upon request through reimbursable agreements to member agencies and DWR. These agreements have enhanced timely and cost-effective emergency response capabilities. Materials to fabricate pipe and other appurtenant fittings are kept on site. In the event of earthquake damage, Metropolitan has taken measures to provide the capacity to design and fabricate pipe and manufacture fittings. Metropolitan is also staffed to perform emergency repairs.

DWR has in place a seismic assessment program that evaluates the State Water Project's vulnerability to seismic events and makes recommendations for improvements. The assessment is important because the California Aqueduct crosses multiple major faults. The State Water Project delivers water supplies from Northern California that must traverse the Bay-Delta through hundreds of miles of varying levels of engineered levees that are potentially susceptible to significant damage due to flood and seismic risk. In the event of a failure of the Bay-Delta levees, the quality of the Bay-Delta's water could be severely compromised as saltwater comes in from the San Francisco Bay. Metropolitan's supply of State Water Project water would be adversely impacted if pumps that move Bay-Delta water southward to the Central Valley and Southern California are shut down to contain the saltwater intrusion. Metropolitan estimates that stored water supplies, CRA supplies and local water resources that would be available in case of a levee breach or other interruption in State Water Project supplies, combined with conservation efforts, would meet demands in Metropolitan's service area for approximately six months. See "METROPOLITAN'S WATER SUPPLY–Storage Capacity and Water in Storage" in this Appendix A.

Metropolitan, in cooperation with the other State Water Project contractors, developed recommendations to DWR for emergency preparedness measures to maintain continuity in export water supplies and water quality during seismic and other emergency events. Some recommendations have been implemented and others are in progress. These measures include improvements to emergency construction materials stockpiles in the Bay-Delta, improved emergency contracting capabilities, strategic levee

improvements and other structural measures of importance to Bay-Delta water export interests, including development of an emergency freshwater pathway to export facilities in a severe earthquake.

See also "RISK FACTORS—Earthquakes, Floods, Wildfires and Other Disasters" in the front part of this Official Statement.

Wildfires Risk Management Response

Wildfires remain a constant threat in California. In January 2025, wind-driven fires in Southern California burned more than 57,000 acres and destroyed over 18,000 structures, with the Palisades and Eaton fires causing the most damage in Los Angeles County. During these events, Metropolitan activated its EOC, coordinated closely with emergency agencies, adjusted system operations to support affected member agencies, and provided mutual assistance, particularly for the Eaton Fire. Although some staff were temporarily relocated and power outages required backup generators, Metropolitan sustained no significant damage and experienced no major operational disruptions.

Water conveyance facilities generally consist of pipelines and connections, flow control facilities, tanks, reservoirs, wells, treatment stations and pumping stations, which are not typically vulnerable to damage by wildfires. The above ground facilities within the Water System, such as treatment plants, operations centers, pressure control structures, and telecommunications sites (often on or near mountain peaks where wildfires may occur), are more vulnerable, but are generally designed to be tolerant to damage by wildfires through the use of fire resistant material where possible, such as concrete, steel and masonry blocks. Metropolitan maintains standby power generators at all critical facilities to provide for continued operations in the event of widespread disruptions to the electric grid or other power outages that may occur as a result of a significant fire.

Metropolitan is preparing fire management plans for each of its facilities or campuses that will include pre-suppression, suppression, and post-suppression activities. The plans will be based on a risk assessment that considers location, facility conditions, criticality of the facility to operations, sensitive habitat within and adjacent to the facility, and fire risk. A desktop assessment has been completed and approximately 27 campuses were identified as having a higher risk or criticality; these campuses will be the initial focus. A report for each campus with recommendations will be completed and will help inform future implementation for structure hardening, creation of defensible space, and landscape improvements. To complement the fire management plans, Metropolitan is developing sustainable landscape guidelines. These will be master guidelines for use throughout Metropolitan, and include appropriate design, plant selection, and maintenance to minimize fire risk as landscape can provide an effective barrier or deterrent. Both the fire management plans and sustainable landscape guidelines are being developed to adhere to existing laws and regulations. Staff is working closely with CalFire and monitoring changes to fire hazard zone mapping and updates to State regulations.

Metropolitan also continues to actively prepare for wildfires by collaborating with partner agencies such as CalFire, DWR, and counties to implement preparedness measures to protect watersheds. Examples of these efforts include removing brush from fire prone areas, as well as removing by-products of large fires such as ash, fire retardant, and other debris that could negatively affect water quality. In September 2024, Metropolitan's Board approved a funding contribution towards three forest restoration programs, through a financing mechanism managed by the Blue Forest non-profit corporation, a third-party organization. Metropolitan's contribution is directed toward three forest restoration projects in the northern Sierra: two in the Feather River watershed above Lake Oroville and one in Upper Butte Creek. The programs, to be implemented by Lassen National Forest, Plumas National Forest, Sierra Institute and other organizations, will include pilot investigations aimed toward a better understanding of the effect of improving watershed health on water quality, water supply, habitat protection, wildfire risk reduction, and carbon sequestration.

The restoration efforts vary by watershed but include forest thinning, forest restoration after a wildfire and protection of areas not recently burned.

During and after nearby wildfire events, Metropolitan coordinates with local fire departments, as well as participating in joint training and exercises throughout the year. Metropolitan tests its emergency communications processes through regular tests of emergency radio networks, satellite phones, mass-communication alerting systems, and online information sharing systems.

See also "RISK FACTORS—Earthquakes, Floods, Wildfires and Other Disasters" in the front part of this Official Statement.

Security Measures

Metropolitan's water and energy facilities are federally-determined critical infrastructure. Metropolitan deploys multiple layers of physical security and collaborates with federal and state partners to mitigate malevolent threats. It manages a physical security system consisting of electronic access controls, a surveillance and intrusion warning system, and a round-the-clock security watch center. Metropolitan maintains professional, in-house security specialists and retains a 200+ contract security guard force. It directs a capital improvement program to harden physical infrastructure. Metropolitan collaborates with key federal and State security partners, which entails on-site consultations, inter-agency mock exercises, real-time monitoring, and first response coordination. It follows the chain-of-custody protocols of the FERC and the North American Electric Reliability Corporation. Finally, Metropolitan complies with regulations authorized under the Bioterrorism Response Act of 2002, the Aviation and Transportation Security Act of 2001, and the America's Water Infrastructure Act of 2018.

CAPITAL INVESTMENT PLAN

General Description

Metropolitan's current Capital Investment Plan (the "Capital Investment Plan" or "CIP") describes Metropolitan's infrastructure and system reliability projects, either as new assets, upgrades to existing capital assets or refurbishment and replacements of existing facilities. The CIP is Metropolitan's planning document to ensure asset reliability, enhance operational efficiency and flexibility, and ensure compliance with water quality regulations.

Metropolitan's CIP is regularly reviewed and updated. Metropolitan's biennial budget process includes a review of the projected long-term capital needs and the development of a capital expenditure forecast for the next ten years, as well as the identification of the capital priorities of Metropolitan over the biennial budget term. The award of major contracts and professional services agreements is subject to approval by Metropolitan's Board. Pursuant to the Administrative Code, following the adoption of the biennial budget, a Board action is presented to (1) appropriate the total amount of approved biennial CIP expenditures and (2) authorize the General Manager to initiate or proceed with work on capital projects identified in the CIP for such biennial period. The amount and timing of borrowings to fund capital expenditures will depend upon the status of construction activity and water demands within Metropolitan's service area, among other factors. From time to time, projects that have been undertaken are delayed, redesigned, or deferred by Metropolitan for various reasons, and no assurance can be given that a project in the CIP will be completed in accordance with its original schedule or that any project will be completed as currently planned. In addition, from time to time, when circumstances warrant, Metropolitan's Board may approve capital expenditures other than or in addition to those contemplated by the CIP at the time of the then-current biennial budget.

Projection of Capital Investment Plan Expenditures

The table below sets forth the projected CIP expenditures by project type for the fiscal years ending June 30, 2027 through 2031, as reflected in the biennial budget for fiscal years 2026-27 and 2027-28. This budget includes funds to support core infrastructure refurbishment and replacement (R&R) work, key initiatives like drought mitigation projects, and planning and design of the initial stage of PWSC.

The estimated capital expenditures for PWSC included in the adopted biennial budget for fiscal years 2026-27 and 2027-28 include the planning and design of a nominal 45-mgd initial stage of PWSC. The ten-year financial forecast provided in the biennial budget for fiscal years 2026-27 and 2027-28 do not include any planned PWSC expenditures beyond fiscal year 2027-28, see "REGIONAL WATER RESOURCES – Local Water Supplies – *Recycled Water-Metropolitan Pure Water Southern California Program*" in this Appendix A.

Metropolitan's actual capital expenditures are subject to change as projects progress or are advanced. The biennial budget is updated every two years as a result of the periodic review and adoption of the capital budget by Metropolitan's Board. See "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

CAPITAL INVESTMENT PLAN
PROJECTION OF EXPENDITURES[1]
(Fiscal Years Ending June 30 - Dollars in Thousands)

	2027	2028	2029	2030	2031	Total
Infrastructure R&R	$316,948	$301,673	$436,383	$454,803	$497,603	$2,007,410
Infrastructure Upgrade	1,779	1,006	217	1,268	8,730	13,000
Stewardship	12,815	25,400	13,965	26,837	34,753	113,770
Supply Reliability	6,555	36,903	34,344	1,726	1,645	81,173
System Flexibility	86,903	85,018	35,091	56,166	19,669	282,847
Subtotal CIP	$425,000	$450,000	$520,000	$540,800	$562,400	$2,498,200
PWSC	$42,400	$107,600	$0	$0	$0	$150,000
Total CIP	$467,400	$557,600	$520,000	$540,800	$562,400	$2,648,200

Source: Metropolitan.

(1) Projected CIP expenditures for fiscal years 2026-27 through 2030-31 are based on the ten-year financial forecast provided in the biennial budget for fiscal years 2026-27 and 2027-28.

(2) The projected expenditures for PWSC set forth in the above table are based on cost estimates included in the ten-year expenditures projection provided in Metropolitan's biennial budget for fiscal years 2026-27 and 2027-28 and are to support planning and design of a 45-mgd initial phase of PWSC. Additional projected expenditures to implement PWSC beyond this phase will be estimated and presented to the Metropolitan Board in the future. See "REGIONAL WATER RESOURCES – Local Water Supplies – *Recycled Water-Metropolitan Pure Water Southern California Program*" in this Appendix A.

In developing the CIP, projects are reviewed, scored, and prioritized towards the objectives of ensuring the sustainable delivery of reliable, high-quality water, while meeting all regulatory requirements and maintaining affordability. Additional capital costs may arise in the future as a result of, among other things, federal and state water quality regulations, project changes and mitigation measures necessary to satisfy environmental and regulatory requirements, and additional facilities' needs. See "METROPOLITAN'S WATER DELIVERY SYSTEM–Water Quality and Treatment" in this Appendix A.

Construction projects included in the CIP are subject to ordinary construction risks and delays, including but not limited to: inclement weather or natural hazards affecting work and timeliness of completion; contractor claims, underperformance, or nonperformance; work stoppages or slowdowns; shortages of skilled labor; unanticipated project site conditions encountered during construction; errors or omissions in contract documents requiring change orders; and/or higher than anticipated construction bids or costs (including as a result of steeper than anticipated inflationary increases, tariffs, and other market conditions), any of which could affect the costs and availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors, and result in increased CIP costs. Many of Metropolitan's larger, more complex construction projects awarded before October 10, 2027 will be covered by a project labor agreement ("PLA") between labor unions and construction contractors, which will reduce the risk of work stoppages or slowdowns and ensure the use of skilled labor. The term of the PLA expires on such date, although it may be extended. Planned schedules for some projects have been extended to accommodate continuing supply chain issues, particular long fabrication times for electrical components such as transformers, switchgear, and other highly specialized equipment. Although not currently anticipated, additional delays in the future are possible.

Capital Investment Plan Financing

The CIP requires debt financing (see "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A) as well as pay-as-you-go funding. In connection with the adoption of the biennial budget for fiscal years 2026-27 and 2027-28 and the development of the ten-year financial forecast provided therein, Metropolitan established a funding plan for CIP expenditures using a combination of current operating revenues, grants and reimbursements, unrestricted reserves where specifically authorized by the Board, and revenue bond proceeds. For fiscal year 2026-27, approximately 40 percent of projected CIP expenditures are expected to be funded from current operating revenues; approximately nine percent from grants and reimbursements; and approximately 51 percent from revenue bond proceeds. For fiscal year 2027-28, approximately 36 percent of projected CIP expenditures are expected to be funded from current operating revenues; approximately 10 percent from grants and reimbursements; approximately 10 percent from unrestricted reserves for PWSC planning and final design, subject to the Board-authorized limit of $58 million; and approximately 45 percent from revenue bond proceeds.

Metropolitan's financial projections for fiscal years 2026-27 through 2030-31 assume approximately $1,293 million of the projected CIP expenditures (excluding any projected capital expenditures associated with PWSC, if approved) will be funded by revenue bonds over such period, which may include remaining proceeds from prior bond issuances. These revenue bonds may be issued either as Senior Revenue Bonds under the Senior Debt Resolutions or as Subordinate Revenue Bonds under the Subordinate Debt Resolutions (each as defined under "METROPOLITAN EXPENSES–Limitations on Additional Revenue Bonds" in this Appendix A). The cost of these projected bond issues is reflected in the financial projections under "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

Major Projects of Metropolitan's Capital Investment Plan

Colorado River Aqueduct Facilities. As previously noted, deliveries through the CRA began in 1941. Through annual inspections and maintenance activities, the performance and reliability of the various components of the CRA are regularly evaluated. Projects under the CRA facilities program are designed to replace or refurbish facilities and components on the CRA system in order to reliably convey water from the Colorado River to Southern California. The current projected cost estimate for all prior and planned refurbishment or replacement projects under the CRA facilities program from fiscal year 1998-99 through fiscal year 2035-36 is $1.9 billion. Costs through July 31, 2026 were $608.8 million. Budgeted aggregate capital expenditures for improvements on the CRA for fiscal years 2026-27 and 2027-28 are $162.8 million.

Distribution System – Prestressed Concrete Cylinder Pipe. Metropolitan's distribution system (see "METROPOLITAN'S WATER DELIVERY SYSTEM" in this Appendix A.) includes 163 miles of

prestressed concrete cylinder pipe ("PCCP"). In response to PCCP failures experienced by other water utilities, Metropolitan initiated the PCCP Assessment Program in December 1996 to categorize the condition of its PCCP lines, test surrounding soils for resistivity and corrosivity, and investigate inspection methods. From the results of this program, Metropolitan began making spot repairs of distressed PCCP segments as they were identified. However, rather than continue with reactive and relatively high-unit cost spot repairs, in 2011 Metropolitan initiated a long-term capital program to prioritize and proactively rehabilitate with welded steel liner approximately 100 miles of PCCP in five pipelines. Significant projects over the next several years include relining of portions of Second Lower Feeder, Sepulveda Feeder, and Allen McColloch Pipeline. Pipeline rehabilitation is prioritized based on the condition, risk of failure, and the criticality of the pipeline. The estimated cost to reline all 100 miles of PCCP is approximately $6.1 billion. Through July 31, 2026, approximately 26.7 miles have been relined or are under construction, and completion of the remainder is expected to take over 30 years. Costs through July 31, 2026, for all PCCP rehabilitation work (including the prior repairs) were $544.1 million and through fiscal year 2035-36 is $1.2 billion. Budgeted aggregate capital expenditures for PCCP rehabilitation for fiscal years 2026-27 and 2027-28 are $80.0 million.

Distribution System – Refurbishments and Improvements. In addition to the long-term program to rehabilitate Metropolitan's PCCP lines, several other components of the distribution system, including dams and reservoirs, are being refurbished and/or improved. Significant projects over the next several years include retrofitting of the distribution system to improve resiliency against earthquake; rehabilitation of reservoirs, relining of pipelines; and refurbishment of pump stations, pressure control structures, hydroelectric plants, and service connections. The projected cost estimate for refurbishment or replacement projects, other than the PCCP relining, from fiscal year 2004-05 through fiscal year 2035-36 is $2.1 billion. Costs through July 31, 2026, totaled approximately $697.8 million. For fiscal years 2024-25 and 2025-26, budgeted aggregate capital expenditures for refurbishing and improvements on the distribution system, other than PCCP rehabilitation, are $222.0 million.

Drought Response and System Flexibility. In response to the recent historic statewide drought that ended in 2023, several drought response projects that address decreasing water supplies both in specific parts of Metropolitan's service area and across the entire district have been added to the CIP. This is in addition to the ongoing projects to increase the system flexibility of Metropolitan's water supply and delivery infrastructure to meet service demands. Metropolitan continues investigating capital improvements that mitigate drought impacts and more projects are expected to be developed in the coming years. During the last two years, construction of Perris Valley Pipeline Tunnels and Badlands Tunnel Surge Protection Facility have been completed. The next are Inland Feeder-Rialto Pipeline Intertie and Wadsworth Pumping Plant Bypass Pipeline, which are expected to be completed in the current fiscal year. Construction of a new pump station at Venice Pressure Control Facility is ongoing, and construction of a new pump station at Sepulveda Pressure Control Facility and Inland Feeder-Foothill Pump Station Intertie are anticipate to start in the current fiscal year. The current projected cost estimate for the prior and planned drought response and system flexibility projects from fiscal year 2004-05 through fiscal year 2035-36 is $862.6 million, with $362.8 million spent through July 31, 2026 for improving system flexibility. Budgeted aggregate capital expenditures for drought response and system flexibility projects for fiscal years 2026-27 and 2027-28 are $172.4 million.

Water Treatment Plant Improvements. The F. E. Weymouth Water Treatment Plant, which was placed into service in 1941, is Metropolitan's oldest water treatment facility. Four more water treatment plants were constructed throughout Metropolitan's service area with the Henry J. Mills Water Treatment Plant being the newest water treatment facility, which was placed into service in 1978. These plants treat water from the CRA and/or the State Water Project. These plants have been subsequently expanded since their original construction. Metropolitan has completed numerous upgrades and refurbishment/replacement projects to maintain the plants' reliability and improve efficiency. Significant projects over the next several

years include refurbishment of settling basins and strengthening of inlet channels at the Weymouth plant, rehabilitation of filtration system at the Robert B. Diemer Water Treatment Plant, ozonation system and site security upgrade at the Joseph Jensen Water Treatment Plant, rehabilitation of finished water reservoirs at the Mills plant, and chemical system rehabilitation at the Robert A. Skinner Plant. The cost estimate for all prior and projected improvements at all five plants, not including the ozone facilities and water treatment capacity expansions, from fiscal year 2004-05 through fiscal year 2035-36 is approximately $1.9 billion, with $1.3 billion spent through July 31, 2026. Budgeted aggregate capital expenditures for improvements at all five plants for fiscal years 2026-27 and 2027-28 are $76.8 million.

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METROPOLITAN REVENUES

General

Until water deliveries began in 1941, Metropolitan's activities were, by necessity, supported entirely through the collection of *ad valorem* property taxes. Since the mid-1980s, water revenues, which includes revenues from water sales, wheeling and exchanges, have provided approximately 80 percent of total revenues annually. Over that period, *ad valorem* property taxes have accounted for about 11 percent of total revenues, and in fiscal year 2025-26, *ad valorem* property taxes accounted for approximately 19 percent of total revenues. See "–Revenue Allocation Policy and Tax Revenues." The remaining revenues have been derived principally from the sale of hydroelectric power, interest on investments, and additional revenue sources (water standby charges and availability of service charges) beginning in 1992. *Ad valorem* taxes do not constitute a part of Operating Revenues and are not available to make payments with respect to the water revenue bonds issued by Metropolitan.

The basic rate for untreated water service for domestic and municipal uses is $984 per acre-foot, which became effective January 1, 2026. The basic rate for untreated water service for domestic and municipal uses will increase to $1,030 per acre-foot effective January 1, 2027 and $1,106 per acre-foot effective January 1, 2028. See "—Rate Structure" and "—Water Rates." The ad valorem tax rate for Metropolitan purposes had been gradually reduced from a peak equivalent rate of 0.1250 percent of full assessed valuation in fiscal year 1945-46 to 0.0035 percent of full assessed valuation for fiscal year 2023-24. The Board subsequently increased the *ad valorem* tax rate to 0.0070 percent for fiscal years 2024-25 and 2025-26 and, in August 2026, established the ad valorem tax rate for fiscal year 2026-27 at 0.0085 percent. In November 2025, following a public hearing, the Board determined that the statutory tax rate limitation was inapplicable for fiscal years 2026-27 through 2035-36 based on its finding that the collection of *ad valorem* property tax revenues in excess of such limitation is essential to Metropolitan's fiscal integrity. See "-Revenue Allocation Policy and Tax Revenues." The rates charged by Metropolitan represent the cost of Metropolitan's wholesale water service to its member agencies, and not the cost of water to the ultimate consumer. Metropolitan does not exercise control over the rates charged by its member agencies or their customers.

Summary of Revenues by Source

The following table sets forth Metropolitan's sources of revenues for the five fiscal years ended June 30, 2026. Data for the fiscal year ended June 30, 2022 is presented on a modified accrual basis, consistent with Metropolitan's budgetary reporting for such fiscal years. Beginning in fiscal year 2022-23, the basis for budgeting was changed; accordingly, data for the fiscal years ended June 30, 2023, through June 30, 2026 are presented on a cash basis. All information is unaudited. Audited financial statements for the fiscal years ended June 30, 2025, and June 30, 2024, are included in APPENDIX B—"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024 AND BASIC FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026 AND SEPTEMBER 30, 2025 (UNAUDITED)."

SUMMARY OF REVENUES BY SOURCE[1]
Fiscal Years Ended June 30
(Dollars in Millions)

	Modified Accrual	Cash			
	2022	**2023**	**2024**	**2025**	**2026**
Water Revenues[2]	$1,515	$1,323	$1,167	$1,479	$1,416
Taxes, Net[3]	147	136	124	131	77
Additional Revenue Sources[4]	172	184	197	213	229
Interest on Investments[5]	7	21	42	38	55
Hydroelectric Power Sales	8	6	13	7	2
Other Revenues[6]	39	166	99	396	464
Total Revenues	$1,888	$1,836	$1,642	$2,264	$2,243

Source: Metropolitan.

(1) Does not include any proceeds from the sale of bonded indebtedness. The information in this table is unaudited.

(2) Water revenues include revenues from water sales, exchanges, and wheeling.

(3) *Ad valorem* taxes levied by Metropolitan are applied solely to the payment of outstanding general obligation bonds of Metropolitan and to State Water Contract (sometimes referred to as "SWC") obligations; taxes available to pay for SWC O&M costs are reflected as Other Revenue.

(4) Includes revenues derived from water standby charges, readiness-to-serve, and capacity charges.

(5) Includes adjustments for gains and losses, premiums and discounts, but excludes construction account and trust fund earnings.

(6) Includes revenue from excess SWP supply sales, with fiscal year 2025-26 reflecting $55.3 million from these sales, property taxes applied to SWC O&M Costs of $21.0 million in fiscal year 2021-22, $62.4 million in fiscal year 2022-23, $77.6 million in fiscal year 2023-24, $259.9 million in fiscal year 2024-25, and $343.9 million in fiscal year 2025-26. Fiscal year 2022-23 also includes $80 million in grant funding from the State for PWSC.

Revenue Allocation Policy and Tax Revenues

The Board determines the water revenue requirement for each fiscal year after first projecting the *ad valorem* tax levy for that year. The tax levy for any year is subject to limits imposed by the State Constitution, the Act and Board policy and to the requirement under the State Water Contract that in the event that Metropolitan fails or is unable to raise sufficient funds by other means, Metropolitan must levy upon all property within its boundaries not exempt from taxation a tax or assessment sufficient to provide for all payments under the State Water Contract. See "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A. The Act limits Metropolitan's tax levy to the amount needed to pay debt service on Metropolitan's general obligation bonds and to satisfy a portion of Metropolitan's State Water Contract obligations. However, Metropolitan has the authority to impose a greater tax levy if, following a public hearing, the Board finds that such revenue is essential to Metropolitan's fiscal integrity. For each fiscal year since 2013-14, the Board has exercised that authority and voted to suspend the tax limit clause in the Act, maintaining the fiscal year 2012-13 *ad valorem* tax rate to pay for a greater portion of Metropolitan's State Water Contract obligations. More recently, in 2022, the Board exercised its authority under the Act to suspend the tax limit clause for each of fiscal years 2022-23 through 2025-26, and in November 2025, the Board exercised its authority under the Act to suspend the tax limit clause for each of fiscal years 2026-27 through 2035-36. As noted above, in August 2026, the Board increased the *ad valorem* tax rate for fiscal year 2026-27 to 0.0085 percent. Any deficiency between tax levy receipts and Metropolitan's State Water Contract obligations is expected to be paid from Operating Revenues, as defined

in the Senior Debt Resolutions (defined in this Appendix A under "METROPOLITAN EXPENSES—Limitations on Additional Revenue Bonds").

Water Revenues

General; Authority. Water rates are established by the Board and are not subject to regulation or approval by the California Public Utilities Commission or by any other local, State, or federal agency. In accordance with the Act, water rates must be uniform for like classes of service. Metropolitan, a wholesaler, provides one type of service: full-service water service (treated or untreated). See "–Classes of Water Service."

No member agency of Metropolitan is obligated to purchase water from Metropolitan. Consumer demand and locally supplied water vary from year to year, resulting in variability in water revenues to Metropolitan. See "REGIONAL WATER RESOURCES" in this Appendix A. Metropolitan uses its financial reserves and budgetary tools to manage the financial impact of the variability in revenues due to fluctuations in annual water transactions. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

Payment Procedure. Water is delivered to the member agencies on demand and is metered at the point of delivery. Member agencies are billed monthly and a late charge of one percent of the delinquent payment is assessed for a payment that is delinquent for no more than five business days. A late charge of two percent of the amount of the delinquent payment is charged for a payment that is delinquent for more than five business days for each month or portion of a month that the payment remains delinquent. Metropolitan has the authority to suspend service to any member agency delinquent for more than 30 days. Delinquencies have been rare; in such instances late charges have been collected. No service has been suspended because of delinquencies.

Water Revenues. The following table sets forth water transactions (which include water sales, exchanges, and wheeling) in acre-feet and water revenues (which include revenues from water sales, exchanges, and wheeling) for the five fiscal years ended June 30, 2026. As reflected in the table below, water revenues for the fiscal year ended June 30, 2026, aggregated $1,416.4 million, of which $1,181.2 million was generated from water sales and $235.2 million was generated from exchanges and wheeling.

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SUMMARY OF WATER TRANSACTIONS AND REVENUES
Fiscal Years Ended June 30[1]

Fiscal Year	Water Transactions in Acre-Feet Member Agencies	Water Transactions in Acre-Feet Other	Water Transactions in Acre-Feet Total[2]	Water Revenues[3] ($ in millions)	Dollars Per Acre-Foot[4]	Average Dollars Per 1,000 Gallons
2022	1,645,805	36,027	1,681,832	$1,515.1	$921	$2.83
2023	1,410,388	13,076	1,423,464	1,322.7	938	2.88
2024	1,169,263	72,760	1,242,023	1,167.4	998	3.06
2025	1,336,707	69,921	1,406,628	1,479.1	1,107	3.40
2026 [5]	1,232,684	108,724	1,341,408	1,416.4	1,149	3.53

Source: Metropolitan.

(1) Information for the fiscal years 2021-22 is presented on a modified accrual basis; amount was corrected due to rounding. Information for fiscal years 2022-23 through 2025-26 is presented on a cash basis.

(2) Water transactions include water sales, exchanges and wheeling with member agencies and non-member agencies.

(3) Water Revenues include revenues from water sales, exchanges, and wheeling. Water Revenues from wheeling and exchange transactions were $165.0 million, $148.8 million, $173.2 million, $150.7 million and $235.2 million in the fiscal years ended June 30, 2022 through 2026, respectively.

(4) Dollars per acre-foot is calculated using water transactions with member agencies only.

(5) Fiscal Year 2025-26 data is unaudited.

Principal Customers

Total water transactions accrued for the fiscal year ended June 30, 2026, were 1.27 million acre-feet, generating $1.52 billion in water revenues for such period. Metropolitan's ten largest water customers for the year ended June 30, 2026 are shown in the following table, on an accrual basis.

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TEN LARGEST WATER CUSTOMERS
Year Ended June 30, 2026 [1]
Accrual Basis

Agency	Water Revenues [2] (in Millions)	Percent of Total	Water Transactions in Acre Feet[3]	Percent of Total
City of Los Angeles	$243.3	16.1%	211,208	16.7%
San Diego CWA	218.8	14.4	304,342	24.0
MWD of Orange County	157.2	10.4	119,998	9.5
West Basin MWD	132.3	8.7	90,741	7.2
Eastern MWD	123.7	8.2	108,432	8.6
Calleguas MWD	113.1	7.5	77,559	6.1
Western MWD of Riverside County	79.9	5.3	63,358	5.0
Three Valleys MWD	66.8	4.4	57,478	4.5
Inland Empire Utilities Agency	40.9	2.7	42,970	3.4
Central Basin MWD	34.0	2.2	23,403	1.8
Total	$1,210.0	79.9%	1,099,489	86.8%
Total Water Revenues [2]	$1,515.80	**Total Acre-Feet [3]**	1,267,000	

Source: Metropolitan.

(1) All information in this table is presented on an accrual basis. The information in this table is unaudited.

(2) Water Revenues include revenues from water sales, exchanges, and wheeling for all member and non-member agencies, except the sale of surplus supplies outside of the service area, as described in "METROPOLITAN'S WATER SUPPLY - Water Transfer, Storage and Exchange Programs - Other Ongoing Activities" in this Appendix A.

(3) Total Acre-Feet include water sales, exchanges, and wheeling with member agencies.

Rate Structure

The following rates and charges are elements of Metropolitan's unbundled rate structure effective as of January 1, 2026. See also "—Water Rates."

Supply Rates. The Supply Rate is a volumetric rate charged on Metropolitan's water sales. The Supply Rate supports a regional integrated approach through the uniform, postage stamp rate. The Supply Rate is calculated as the amount of the total supply revenue requirement divided by the estimated amount of water sales. Per Board direction in December 2021, all demand management costs (regardless of funding source, such as bond financing or current revenues) comprise a portion of the costs of supply and are collected on the supply rate.

System Access Rate. The System Access Rate recovers the cost of the conveyance, distribution, and storage of water on an average annual basis through a uniform, volumetric rate. The System Access Rate is charged for each acre-foot of water transported by Metropolitan, regardless of the ownership of the water being transported. The System Access Rate is charged for each acre-foot of water transported by Metropolitan to its member agencies and delivered as a full-service water transaction.

System Power Rate. The System Power Rate recovers the cost of energy required to pump water to Southern California through the State Water Project and CRA. The cost of power is recovered through a

uniform volumetric rate. The System Power Rate is applied to all deliveries of Metropolitan water to member agencies.

Treatment Surcharge. The Treatment Surcharge is the existing uniform, volumetric charge applied to all treated water deliveries. With implementation of the Treatment Capacity Charges beginning January 1, 2027, a portion of treatment costs that was previously recovered 100 percent through the Treatment Surcharge will shift to fixed recovery. As a result, the Treatment Surcharge will recover the remaining share of the treatment costs, approximately 70 percent, after applying the Treatment Capacity Charges.

The amount of each of these rates since January 1, 2022, is shown in the table entitled "SUMMARY OF WATER RATES" under "—Water Rates" below.

Other Charges

The following paragraphs summarize the additional charges for the use of Metropolitan's distribution system:

Treatment Fixed Charges. The Treatment Fixed Charges (collectively, the "Treatment Capacity Charges") consist of three components: (1) Treatment Peaking Capacity, (2) Treatment Used Standby Capacity, and (3) Treatment Remaining Standby Capacity Charges, and are designed to recover a portion of the fixed costs associated with peaking and standby capacity demands of member agencies connected to the treatment system. Collectively, these charges recover up to approximately 30 percent of total treatment costs, but are limited to the actual amount associated with peaking and standby capacity.

The Treatment Capacity Charges will be implemented beginning January 1, 2027 (calendar year 2027) and phased in over multiple years to provide member agencies time to plan for operational and financial impacts. The phased implementation establishes transitional billing determinants in the initial years before full rolling-period calculations are applied, and billing determinants will be reviewed as part of the annual rate-setting process. Based on the adopted rates and charges, the Treatment Fixed Charges are projected to generate $32.5 million in fiscal year 2026-27.

Readiness-to-Serve Charge. The Readiness-to-Serve Charge ("RTS") recovers the cost of the portion of the system that is available to provide emergency service and available capacity during outages and hydrologic variability. The RTS is a fixed charge that is allocated among the member agencies based on a ten-fiscal year rolling average of firm demands. Water transfers and exchanges, except SDCWA Exchange Agreement transactions, are included for purposes of calculating the ten-fiscal year rolling average. The Standby Charge, described below, will continue to be collected at the request of a member agency and applied as a direct offset to the member agency's RTS obligation. The RTS (including RTS charge amounts collected through the Standby Charge) generated $144.4 million in fiscal year 2022-23, $160.4 million in fiscal year 2023-24, $172.3 million in fiscal year 2024-25, and $183.9 million in fiscal year 2025-26. Based on the adopted rates and charges, the RTS (including RTS charge amounts expected to be collected through the Standby Charge described below) is projected to generate $205.0 million in fiscal year 2026-27.

Water Standby Charges. The Standby Charge is authorized by the State Legislature and has been levied by Metropolitan since fiscal year 1992-93. Metropolitan will continue to levy the Standby Charge only within the service areas of the member agencies that request that the Standby Charge be utilized to help fund a member agency's RTS obligation. See "– Readiness-to-Serve Charge" above. The Standby Charge for each acre or parcel of less than an acre will vary from member agency to member agency, reflecting current rates, which have not exceeded the rates set in fiscal year 1993-94, and range from $5 to $15 for each acre or parcel less than an acre within Metropolitan's service area, subject to specified exempt categories. Standby charges are assessments under the terms of Proposition 218, a State constitutional ballot initiative approved by the

voters on November 5, 1996, but Metropolitan's current standby charges are exempt from Proposition 218's procedural requirements. See "–California Ballot Initiatives."

Twenty-two of Metropolitan's member agencies collect their RTS charges through Standby Charges. RTS charges, on a cash basis, collected by means of such Standby Charges were $43.3 million in fiscal year 2023-24, $43.7 million in fiscal year 2024-25, and $43.5 million in fiscal year 2025-26. These amounts are included in the RTS generated revenues and projections described above.

Capacity Charge. The Capacity Charge recovers costs incurred to provide peak capacity within Metropolitan's distribution system. The Capacity Charge provides a price signal to encourage agencies to reduce peak demands on the distribution system and to shift demands that occur during the May 1 through September 30 period into the October 1 through April 30 period. This results in more efficient utilization of Metropolitan's existing infrastructure and deferring capacity expansion costs. Each member agency will pay the Capacity Charge per cfs based on a three-year trailing peak (maximum) day demand, measured in cfs. Each member agency's peak day is likely to occur on different days; therefore, this measure approximates peak week demands on Metropolitan. The Capacity Charge was $11,200 per cfs effective as of January 1, 2024, $13,000 per cfs effective as of January 1, 2025, and $14,500 per cfs effective as of January 1, 2026. The Capacity Charge will be $17,500 per cfs effective as of January 1, 2027. The Capacity Charge generated $36.1 million in fiscal year 2023-24, $40.3 million in fiscal year 2024-25, and $44.7 million in fiscal year 2025-26. Based on the adopted rates and charges, the Capacity Charge is projected to generate $48.8 million in fiscal year 2026-27.

Classes of Water Service

Metropolitan, as a wholesaler, provides one type of service: full-service water service (treated or untreated). Metropolitan has one class of customers: its member agencies. On August 18, 2020, the Board repealed the Administrative Code sections that established the wheeling service it previously made available to its member agencies (short-term wheeling service under one year) and the pre-set wheeling rate for that wheeling service. As a result of the Board's action, short-term wheeling to member agencies is now determined on a case-by-case basis by contract, as has been done for wheeling service for member agencies lasting more than one year and wheeling for third parties. The level of rate unbundling in Metropolitan's rate structure provides transparency to show that rates and charges recover only those functions involved in the applicable service, and that no cross-subsidy of costs exists. Metropolitan's cost of service process and resulting unbundled rate structure ensures that its wholesale customers pay for only those services they elect to receive.

The applicable rate components and fixed charges for each class of water service are shown in the chart below.

Current Services and Rate Components

	Rates & Charges That Apply								
Service	System Access	System Power	Supply Rate	Readiness-to-Serve	Capacity Charge	Treatment Surcharge	Treatment Peaking Capacity Charge	Treatment Used Standby Capacity Charge	Treatment Remaining Standby Capacity Charge
Full Service Untreated	Yes	Yes	Yes	Yes	Yes	No	No	No	No
Full Service Treated	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Metropolitan offers five programs that encourage the member agencies to increase groundwater and emergency storage and for which certain Metropolitan charges are inapplicable.

(1) Conjunctive Use Program. The Conjunctive Use Program is operated through individual agreements with member and retail agencies for groundwater storage within Metropolitan's service area. Wet year imported supplies are stored to enhance reliability during dry, drought, and emergency conditions. Metropolitan has the option to call water stored in the groundwater basins for the participating member agency pursuant to its contractual conjunctive use agreement. At the time of the call, the member agency pays the prevailing rate for that water, but the deliveries are excluded from the calculation of the Capacity Charge because Conjunctive Use Program deliveries are made at Metropolitan's discretion. Conjunctive use programs may also contain cost-sharing terms related to operational costs. Metropolitan determined to terminate six of its conjunctive use agreements effective June 30, 2025. See "REGIONAL WATER RESOURCES–Local Water Supplies" in this Appendix A.

(2) Cyclic Program. The Cyclic Program refers collectively to the existing Cyclic Program agreements and the Cyclic Cost-Offset Program approved in 2019. This Program is operated through individual agreements with member agencies for groundwater or surface water storage or pre-deliveries within Metropolitan's service area. Wet-year imported supplies are stored to enhance reliability during dry, drought, and emergency conditions. Deliveries to the cyclic accounts are at Metropolitan's discretion while member agencies have discretion on whether they want to accept the water. At the time the water is delivered from the cyclic account, the prevailing full service rate applies, but deliveries are excluded from the calculation of the Capacity Charge because Cyclic Program deliveries are made at Metropolitan's discretion. Cyclic agreements may also contain a credit payable to the member agencies under terms approved by the Board in April 2019 and amended by the Board in August 2023 for the Cyclic Cost-Offset Program. See "REGIONAL WATER RESOURCES–Local Water Supplies" in this Appendix A.

(3) Reverse-Cyclic Program. The Reverse-Cyclic Program is operated through individual agreements with member agencies. These agreements allowed member agencies to purchase water in calendar year 2022 and 2024 for delivery in a future wet year. Metropolitan will deliver the water within five years at its sole discretion. Under the Program, billing occurs before delivery is made at the full-service water rate, plus the treatment surcharge, if applicable, and the purchases are counted towards the member agency's Readiness-to-Serve Charge. However, deliveries are excluded from the calculation of the Capacity Charge because Reverse-Cycle Program deliveries are made at Metropolitan's discretion.

(4) Emergency Storage Program. The Emergency Storage Program is used for delivering water for emergency storage in surface water reservoirs and storage tanks. Emergency Storage Program purposes include initially filling a newly constructed reservoir or storage tank and replacing water used during an emergency. Because Metropolitan could interrupt delivery of this water, Emergency Storage Program Deliveries are excluded from the calculation of the RTS Charge, and the Capacity Charge.

(5) Operational Shift Cost Offset Program. The OSCOP is operated through individual agreements with member agencies. Through these agreements, cost-offset credits are offered to member agencies to offset the estimated additional costs and risks incurred by an agency as a result of voluntary operational changes requested by Metropolitan for the purpose of maximizing Metropolitan's water resources. All water delivered under the OSCOP is billed at Metropolitan's applicable full-service rate. Credits are reported as supply program costs.

The applicable rate components and fixed charges applicable for each such program are shown in the following chart.

Current Programs and Rate Components

	Rates & Charges That Apply							
Program	**Supply**	**System Access**	**System Power**	**Readiness -to-Serve**	**Capacity Charge**	**Treatment Peaking Capacity Charge**	**Treatment Used Standby Capacity Charge**	**Treatment Remaining Standby Capacity Charge**
Conjunctive Use	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Cyclic	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Reverse-Cyclic	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Emergency Storage	Yes	Yes	No	Yes	No	No	No	No
Operational Shift Cost-Offset	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Water Rates

The following table sets forth Metropolitan's water rates by category beginning January 1, 2022. See also "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES–Water Revenues" in this Appendix A. In addition to the base rates for untreated water sold in the different classes of service, the columns labeled "Treated" include the surcharge that Metropolitan charges for water treated at its water treatment plants. See "–Rate Structure" and "–Classes of Water Service" for descriptions of current rates.

SUMMARY OF WATER RATES
(Dollars Per Acre-Foot)

	SUPPLY RATE		SYSTEM ACCESS RATE	SYSTEM POWER RATE	TREATMENT SURCHARGE
	Tier 1	**Tier 2[3]**			
January 1, 2022	$243	$285	$389	$167	$344
January 1, 2023	$321	$530	$368	$166	$354
January 1, 2024	$332	$531	$389	$182	$353
January 1, 2025	$290		$463	$159	$483
January 1, 2026	$313		$492	$179	$544
January 1, 2027*	$413		$472	$145	$390
January 1, 2028*	$440		$525	$141	$408

	FULL SERVICE TREATED[1]			FULL SERVICE UNTREATED[2]		
		Tier 1	Tier 2[3]		Tier 1	Tier 2[3]
January 1, 2022		$1,143	$1,185		$799	$841
January 1, 2023		$1,209	$1,418		$855	$1,064
January 1, 2024		$1,256	$1,455		$903	$1,102
January 1, 2025	$1,395	N/A	N/A	$ 912	N/A	N/A
January 1, 2026	$1,528	N/A	N/A	$ 984	N/A	N/A
January 1, 2027*	$1,420	N/A	N/A	$ 1,030	N/A	N/A
January 1, 2028*	$1,514	N/A	N/A	$ 1,106	N/A	N/A

Source: Metropolitan.

* Rates effective January 1, 2027 and January 1, 2028 were adopted by Metropolitan's Board on April 14, 2026.

(1) Full service treated water rates are the sum of the applicable Supply Rate, System Access Rate, System Power Rate, and Treatment Surcharge.

(2) Full service untreated water rates are the sum of the applicable Supply Rate, System Access Rate, and System Power Rate.

(3) Metropolitan's rate structure effective through December 31, 2024 allowed member agencies to choose to purchase water from Metropolitan by means of a Purchase Order. The Purchase Orders were voluntary agreements that determined the amount of water that a member agency could purchase at the Tier 1 Supply Rate. Under the Purchase Orders, member agencies had the option to purchase a greater amount of water (based on past purchase levels) over the term of the Purchase Order at the Tier 2 Supply Rate. For member agencies that did not have Purchase Orders in effect, the Tier 2 Supply Rates applied for purchase amounts exceeding a calculated base amount (based on past purchase levels). Commencing January 1, 2025, Purchase Order commitments and the Tier 1 and Tier 2 supply rate are not components of the Metropolitan rate structure. All water purchases are at a single Supply Rate. See "—Rate Structure — *Supply Rates*." Metropolitan expects to revisit Purchase Order commitments and structure as needed through the business model review during the CAMP4W planning process. See "METROPOLITAN'S WATER SUPPLY—Climate Adaptation Master Plan for Water (CAMP4W)."

Financial Reserve Policy

Metropolitan's reserve policy provides for a minimum reserve requirement and target amount of unrestricted reserves at June 30 of each year. The minimum reserve requirement is maintained in the Revenue Remainder Fund and is based on the portion of fixed costs estimated to be recovered by water revenues during the 18 months beginning with the immediately succeeding July, taking into account the demand exceedance level used in the water rate-setting process. Any funds in excess of the minimum reserve requirement are held in the Water Rate Stabilization Fund. The target amount to be held in the Water Rate Stabilization Fund is based on the portion of the fixed costs estimated to be recovered by water revenues during the two years immediately following such 18-month period.

In July 2025, the Board adopted revisions to the reserve policy, which are reflected beginning July 1, 2026. The revised policy links reserve requirements to the demand exceedance level used for rate setting. A demand exceedance level represents the probability that actual water sales will meet or exceed the projected amount, with a higher exceedance level representing a more conservative sales forecast. Under the revised policy, the applicable reserve percentage is 15 percent at an 80 percent exceedance level, 19 percent at a 70 percent exceedance level, and 25 percent at a 50 percent exceedance level. The revised policy also incorporates treatment-related revenue requirements into the reserve calculation and consolidates the previously separate Treatment Surcharge Stabilization Fund into unrestricted reserves.

For rate setting and biennial budget development, the Board approved the use of a 70 percent exceedance level for the current biennium, fiscal year 2026-27 and fiscal year 2027-28, and an 80 percent exceedance level for subsequent biennia. This approach is intended to reduce downside financial risk associated with lower-than-projected water sales and improve the likelihood that budgeted revenues will be achieved.

In calculating reserve requirements, the revised policy excludes variable costs not directly tied to water sales, including certain power and water supply costs, and excludes uncertain or non-recurring revenues, such as unawarded grants and other non-recurring funding sources. These adjustments are intended to align reserve requirements more closely with the revenues and costs that are subject to water sales variability.

As an example, using the 70 percent exceedance level, costs are derived from net revenue requirements from water rates after deducting property taxes, non-rate revenues, and fixed charges such as capacity charges, readiness-to-serve charges and SDCWA exchange payments, leaving $1.338 billion in fiscal year 2026-27 costs to recover from water rates. Applying the 19 percent reserve factor to one year plus half of the next year's costs yields a minimum reserve of $396 million for fiscal year 2026-27. The target reserve is approximately $970 million, reflecting the higher level of protection needed to address current volatility and ensure long-term financial stability.

The Board also adopted revisions to the approved uses of funds in excess of the target reserve amount. Under the revised policy, such funds are to be utilized for capital expenditures in lieu of the issuance of additional debt; redemption, defeasance, or purchase of outstanding bonds or commercial paper; addressing pension or Other Post-Employment Benefit liabilities, including the establishment or contributions to a pension trust fund; and payment of legal or other financial obligations, as determined by the Board. Provided that the fixed charge coverage ratio is at or above 1.2, amounts in the Water Rate Stabilization Fund may be expended for any lawful purpose of Metropolitan, as determined by the Board. See "CAPITAL INVESTMENT PLAN—Capital Investment Plan Financing" in this Appendix A.

At June 30, 2026, unrestricted reserves, which consist of the Water Rate Stabilization Fund and the Revenue Remainder Fund, were estimated to total $788.2 million on a cash basis. As of June 30, 2026, the minimum reserve requirement using the new methodology was $424.3 million, and the target reserve level was $1,080.7 million.

Metropolitan projects that unrestricted reserves as of June 30, 2027, will be approximately $759.8 million on a cash basis. This projection is based on the assumptions set forth in the table entitled "HISTORICALLY AND PROJECTED REVENUES AND EXPENSES" under "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A. See also "Projected Fiscal Year 2026-27 Financial Results and Other Projection Period Information" under "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

California Ballot Initiatives

Proposition 218, a State ballot initiative known as the "Right to Vote on Taxes Act," was approved by the voters on November 5, 1996 adding Articles XIIIC and XIIID to the California Constitution. Article XIIID provides substantive and procedural requirements on the imposition, extension or increase of any "fee" or "charge" levied by a local government upon a parcel of real property or upon a person as an incident of property ownership. As a wholesaler, Metropolitan serves water to its member agencies, not to persons or properties as an incident of property ownership. Thus, water rates charged by Metropolitan to its member agencies are not property related fees and charges and therefore are exempt from the requirements of Article

XIIID. Fees for retail water service by Metropolitan's member agencies or their agencies are subject to the requirements of Article XIIID.

Article XIIID also imposes certain procedures with respect to assessments. Under Article XIIID, "standby charges" are considered "assessments" and must follow the procedures required for "assessments," unless they were in existence on the effective date of Article XIIID. Metropolitan has imposed its water standby charges since 1992 and therefore its current standby charges are exempt from the Article XIIID procedures. Changes to Metropolitan's current standby charges could require notice to property owners and approval by a majority of such owners returning mail-in ballots approving or rejecting any imposition or increase of such standby charge. Twenty-two of Metropolitan's member agencies have elected to collect all or a portion of their readiness-to-serve charges through standby charges. See "–Other Charges – *Readiness-to-Serve Charge*" and "– *Water Standby Charges*" above. Even if Article XIIID is construed to limit the ability of Metropolitan and its member agencies to impose or collect standby charges, the member agencies will continue to be obligated to pay the Readiness-to-Serve charges.

Article XIIIC makes all taxes either general or special taxes and imposes voting requirements for each kind of tax. It also extends the people's initiative power to reduce or repeal previously authorized local taxes, assessments, fees and charges. This extension of the initiative power is not limited by the terms of Article XIIIC to fees imposed after November 6, 1996 or to property-related fees and charges and, absent other authority could result in retroactive reduction in existing taxes, assessments or fees and charges.

Proposition 26, a State ballot initiative aimed at restricting regulatory fees and charges, was approved by a majority of California voters on November 2, 2010. Proposition 26 broadens the definition of "tax" in Article XIIIC of the California Constitution to include: levies, charges and exactions imposed by local governments, except for charges imposed for benefits or privileges or for services or products granted to the payor (and not provided to those not charged) that do not exceed their reasonable cost; regulatory fees that do not exceed the cost of regulation and are allocated in a fair or reasonable manner; fees for the use of local governmental property; fines and penalties imposed for violations of law; real property development fees; and assessments and property-related fees imposed under Article XIIID of the California Constitution. Special taxes imposed by local governments including special districts are subject to approval by two-thirds of the electorate. Proposition 26 applies to charges imposed or increased by local governments after the date of its approval, if they do not qualify under the listed exceptions. Under Proposition 26, the agency holds the burden of proof in a rate or charge challenge to demonstrate its rates or charges fall under the exceptions. In May 2022, in then-ongoing litigation brought by SDCWA challenging certain Metropolitan rates and charges, the San Francisco Superior Court ruled that Proposition 26 applies to Metropolitan's rates and charges, rejecting the argument that under Metropolitan's voluntary co-operative structure its rates and charges are not "imposed" and therefore not covered by the language of Proposition 26 that restricts exactions "imposed" by an agency. The parties have since settled all aspects of the litigation and the trial court judgment remains applicable to Metropolitan. However, Metropolitan's rates and charges recover the reasonable costs for benefits, services, and use of government property and are allocated in a fair and reasonable manner and are therefore exempt from the election requirements in Proposition 26.

Propositions 218 and 26 were adopted as measures that qualified for the ballot pursuant to the State's initiative process. Other initiative measures have been proposed from time to time, or could be proposed in the future, which if qualified for the ballot, could be adopted, or legislative measures could be approved by the Legislature, which may place limitations on the ability of Metropolitan or its member agencies to increase revenues or to increase appropriations in the future, or, if such measures are retroactive, affect previously adopted revenue increasing actions. Such measures may further affect Metropolitan's ability to collect taxes, assessments or fees and charges, which could have an adverse effect on Metropolitan's revenues.

Preferential Rights

Section 135 of the Act gives each of Metropolitan's member agencies a preferential right to purchase for domestic and municipal uses within the agency a portion of the water served by Metropolitan, based upon a ratio of all payments on tax assessments and otherwise, except purchases of water, made to Metropolitan by the member agency compared to total payments made by all member agencies on tax assessments and otherwise since Metropolitan was formed, except purchases of water. Historically, these rights have not been used in allocating Metropolitan's water. In 2004, the California Court of Appeal upheld Metropolitan's methodology for calculation of the respective member agencies' preferential rights under Section 135 of the Act. In 2017, the California Court of Appeal held that SDCWA's payments under the Exchange Agreement must be included in the preferential rights calculation.

Other Revenue Sources

Hydroelectric Power Revenues. Metropolitan has constructed 15 small hydroelectric plants on its distribution system. The combined generating capacity of these plants is approximately 130 megawatts, and is dependent on available water sources. The plants are located in Los Angeles, Orange, Riverside, and San Diego Counties at existing pressure control structures and other locations.

In addition, the power requirements for the CRA are offset, in part, by Metropolitan's hydroelectric power generation entitlements from Hoover and Parker dams. A net revenue stream results when the CRA power needs are less than Metropolitan's Hoover and Parker power entitlements, and in which the excess energy is imported and sold into the California Independent System Operator ("CAISO") market.

Since 2000, annual energy generation sales revenues have ranged between $1.5 million and nearly $44.9 million, fluctuating with available water supplies. Energy generation sales revenues, on a cash basis, were $1.5 million for fiscal year 2025-26.

Investment Income. In fiscal years 2023-24, 2024-25, and 2025-26, Metropolitan's earnings on investments, including adjustments for gains and losses and premiums and discounts, excluding construction account and trust fund earnings, and excluding gains and losses on swap terminations (if any), on a cash basis (unaudited) were $41.6 million, $38.4 million, and $55.1 million, respectively.

Federal Funding

Metropolitan has received a number of commitments for federal funding in recent years in the form of grants awarded by, and agreements entered into with, the Bureau of Reclamation under programs administered by the Bureau of Reclamation pursuant to fiscal year programmatic appropriations as well as additional funding under provisions of the Infrastructure Investment and Jobs Act (P.L. 11758) enacted by Congress in November 2021 (the "IIJA"), and the IRA. In total, these federal commitments aggregate approximately $517.8 million in funding to Metropolitan that is expected to be received over the period from 2024 to 2031.

Federal grants made available to Metropolitan through fiscal year programmatic appropriations as well as IIJA funding provisions consist of approximately $144.8 million in aggregate to fund a portion of the costs of various water efficiency, drought response, water recycling, and other eligible projects of Metropolitan; the most significant of which is $125.4 million in grant funding awarded by the Bureau of Reclamation for PWSC (see "REGIONAL WATER RESOURCES—Local Water Supplies — *Recycled Water-Metropolitan Pure Water Southern California Program*") as a large-scale water reuse and recycling project. Funding under these grant programs is subject to applicable cost-sharing requirements, and funds will be disbursed to Metropolitan as reimbursement for a portion of the costs incurred. Funding for these grant programs was appropriated by Congress and made available to the Bureau of Reclamation in

installments from federal fiscal year 2022 through federal fiscal year 2026. Funding provided to the Bureau of Reclamation for these grant programs is considered as available for obligation until expended (meaning that the agency can legally commit these funds to a specific purpose, and those funds remain usable for that purpose until they are fully spent, or until the period of availability expires). As of August 31, 2026, the payments expected to be received by Metropolitan as of such date under executed grant agreements have been received.

The funding provisions of the IRA provided significant mandatory appropriations to the Bureau of Reclamation to be made available from federal fiscal year 2022 through federal fiscal year 2026 (or 2031 for certain programs). The majority of such IRA funding was provided for drought mitigation in states and territories within the Bureau of Reclamation's area of operation, with priority given to the Colorado River Basin and areas experiencing long-term drought. As described under "METROPOLITAN'S WATER SUPPLY—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — *Lower Colorado River Basin System Conservation and Efficiency Program*," Metropolitan has entered into a number of System Conservation Agreements with the Bureau of Reclamation under the Lower Colorado River Basin System Conservation and Efficiency Program established by the Bureau with funding made available under the IRA. These agreements represent approximately $373.0 million of the federal funding commitments made to Metropolitan.

These agreements include three agreements (together with related amendments) with the Bureau of Reclamation pursuant to which the Bureau of Reclamation, rather than Metropolitan, agreed to pay for conserved water from Metropolitan's PVID Land Management, Crop Rotation and Water Supply Program and Bard Seasonal Fallowing Program for a specified three-year period, and from Metropolitan's Quechan Forbearance Program, for a specified four-year period, in exchange for which the conserved water from these programs will be added to Lake Mead as Colorado River system water. These agreements are anticipated to represent approximately $187.1 million in funding in aggregate over the period August 1, 2023, through December 31, 2026. Payments under the agreement (and the program extension amendment) related to Metropolitan's Quechan Forbearance Program are made directly by the Bureau of Reclamation to Metropolitan's program partner, the Quechan Tribe. Payments under the other agreements are made to Metropolitan and then Metropolitan administers the programs. See "METROPOLITAN'S WATER SUPPLY —Water Transfer, Storage and Exchange Programs — *Colorado River Aqueduct Agreements and Programs*" for a description of these Metropolitan programs. As of August 31, 2026, the payments expected to be received by Metropolitan as of such date from the Bureau of Reclamation under these agreements have been received.

Other agreements entered into between Metropolitan and the Bureau of Reclamation consist of long-term conservation agreements pursuant to which the Bureau of Reclamation has agreed to provide up to $186.0 million in funding for conservation programs and projects of Metropolitan and Metropolitan has agreed to provide conserved water to Lake Mead as Colorado River system water over a ten-year period. Funding to be provided by the Bureau of Reclamation under these agreements includes: (i) up to $82.0 million to fund certain costs of design and construction of facilities for the AVEK High Desert Water Bank Program (see "METROPOLITAN'S WATER SUPPLY—Water Transfer, Storage and Exchange Programs —State Water Project Agreements and Programs — *Antelope Valley-East Kern High Desert Water Bank Program*"); (ii) up to $95.8 million to fund Metropolitan's existing turf replacement program, which provides financial incentives to residents and businesses to convert grass to more sustainable, water-efficient landscaping; and (iii) up to $8.0 million for the establishment by Metropolitan of a leak detection and repair program in disadvantaged communities. Payments under these agreements are to be made by the Bureau of Reclamation to Metropolitan upon satisfaction by Metropolitan of project milestones. Payment amounts will be based on incurred costs to meet completed project milestones and will be determined on a quarterly basis, and documentation requirements. Prior to receiving funds under these agreements, California's Colorado

River water agencies must execute a forbearance agreement confirming that the conserved water will not be consumptively used. The forbearance agreement was executed in April 2025.

President Trump has issued a number of presidential executive orders since taking office, including executive orders outlining the Administration's policy goals and directives for, among other things, infrastructure development in certain areas. One such executive order initially directed an immediate pause of funding allocated to infrastructure projects under the IIJA and IRA during a 90-day review period. Certain of these executive actions have been the subject of judicial challenges. The outcome of these executive orders and subsequent official and unofficial actions that have been or may be taken at the federal level has not yet been determined and their ultimate impact, if any, on unspent funding appropriated by IIJA and IRA as well as obligated grants that have not yet been fully paid out is not yet known. See also "RISK FACTORS — Federal Policy and Funding Risks" in the front part of this Official Statement.

Investment of Moneys in Funds and Accounts

The Board has delegated to the Treasurer the authority to invest funds. All moneys in any of the funds and accounts established pursuant to Metropolitan's water revenue or general obligation bond resolutions are managed by the Treasurer in accordance with Metropolitan's Statement of Investment Policy. All Metropolitan funds available for investment are currently invested in United States Treasury and agency securities, supranationals, commercial paper, negotiable certificates of deposit, bank deposits (certificate of deposit), corporate notes, municipal bonds, government-sponsored enterprise, money market funds, California Asset Management Program ("CAMP") and the California Local Agency Investment Fund ("LAIF"). CAMP is a program created through a joint powers agency as a pooled short-term portfolio and cash management vehicle for California public agencies. CAMP is a permitted investment for all local agencies under California Government Code Section 53601(p). LAIF is a voluntary program created by statute as an investment alternative for California's local governments and special districts. LAIF permits such local agencies to participate in an investment portfolio, which invests billions of dollars, managed by the State Treasurer's Office.

The Statement of Investment Policy provides that in managing Metropolitan's investments, the primary objective shall be to safeguard the principal of the invested funds. The secondary objective shall be to meet all liquidity requirements and the third objective shall be to achieve a return on the invested funds. Although the Statement of Investment Policy permits investments in some government-sponsored enterprise, the portfolio does not include any of the special investment vehicles related to sub-prime mortgages. Metropolitan's current investments comply with the Statement of Investment Policy.

As of July 31, 2026, the total market value (cash-basis) of all Metropolitan invested funds was $1.5 billion. The market value of Metropolitan's investment portfolio is subject to market fluctuation and volatility and general economic conditions. Over the three years ended July 31, 2026, the market value of the month-end balance of Metropolitan's investment portfolio (excluding bond reserve funds) averaged approximately $1.3 billion. The minimum month-end balance of Metropolitan's investment portfolio (excluding bond reserve funds) during such period was approximately $979.9 million on October 31, 2024. See Note 3 to Metropolitan's audited financial statements in Appendix B for additional information on the investment portfolio.

Metropolitan's Administrative Code requires that (1) the Treasurer provide an annual Statement of Investment Policy for approval by Metropolitan's Board, (2) the Treasurer provide a monthly investment report to the Board and the General Manager showing by fund the description, maturity date, yield, par, cost and current market value of each security, and (3) the General Counsel review as to eligibility the securities invested in by the Treasurer for that month and report his or her determinations to the Board. The Board approved the Statement of Investment Policy for fiscal year 2026-27 on June 9, 2026.

Subject to the provisions of Metropolitan's water revenue or general obligation bond resolutions, obligations purchased by the investment of bond proceeds in the various funds and accounts established pursuant to a bond resolution are deemed at all times to be a part of such funds and accounts and any income realized from investment of amounts on deposit in any fund or account therein will be credited to such fund or account. The Treasurer is required to sell or present for redemption any investments whenever it may be necessary to do so in order to provide moneys to meet required payments or transfers from such funds and accounts. For the purpose of determining at any given time the balance in any such funds, any such investments constituting a part of such funds and accounts will be valued at the then estimated or appraised market value of such investments.

All investments, including those authorized by law from time to time for investments by public agencies, contain certain risks. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under Metropolitan's water revenue or general obligation revenue bond resolutions, or other amounts held by Metropolitan, could have a material adverse effect on Metropolitan's finances. These risks may be mitigated, but are not eliminated, by limitations imposed on the portfolio management process by Metropolitan's Statement of Investment Policy.

With limited exceptions, the Statement of Investment Policy requires that investments have a minimum credit rating of "A-1/P-1/F1" for short-term securities and "AA" for longer-term securities, without regard to modifiers, at the time of purchase. Effective July 1, 2025, the longer-term securities credit rating requirement was updated to "AA" or its equivalent or better by at least one NRSRO. Securities purchased before July 1, 2025, meet the prior credit rating requirement of "A" or its equivalent or better by an NRSRO. If a security is downgraded below the minimum rating criteria specified in the Statement of Investment Policy, the Treasurer shall determine a course of action to be taken on a case-by-case basis considering such factors as the reason for the downgrade, prognosis for recovery, or further rating downgrades, and the market price of the security. The Treasurer is required to note in the Treasurer's monthly report any securities which have been downgraded below Policy requirements and the recommended course of action.

The Statement of Investment Policy also limits the amount of securities that can be purchased by category, as well as by issuer, and prohibits investments that can result in zero interest income. Metropolitan's securities are settled on a delivery versus payment basis and are held by an independent third-party custodian. See Metropolitan's financial statements included in APPENDIX B– "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024 AND BASIC FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026 AND SEPTEMBER 30, 2025 (UNAUDITED)" for a description of Metropolitan's investments at June 30, 2025, and June 30, 2024.

Metropolitan retains an outside investment firm to manage its core portfolio, a portion of the liquidity portfolio, and the Endowment Portfolio. The Endowment Portfolio includes the Lake Matthews Trust, DVR Multi-Species Reserve Fund, Habitat Maintenance Fund-Lower Colorado, Water Utility Climate Alliance Membership, and the HCP Remedial Measures Fund. This firm managed approximately $1.04 billion in total investments on behalf of Metropolitan as of July 31, 2026. All outside managers are required to adhere to Metropolitan's Statement of Investment Policy.

Metropolitan's Statement of Investment Policy may be changed at any time by the Board (subject to State law provisions relating to authorized investments). There can be no assurance that State law and/or the Statement of Investment Policy will not be amended in the future to allow for investments that are currently

not permitted under State law or the Statement of Investment Policy, or that the objectives of Metropolitan with respect to investments or its investment holdings at any point in time will not change.

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METROPOLITAN EXPENSES

General

The following table sets forth a summary of Metropolitan's expenses, by major function, for the five fiscal years ended June 30, 2026. Data for the fiscal year ended on June 30, 2022 is presented on a modified accrual basis, consistent with Metropolitan's budgetary reporting for such fiscal years. Beginning in fiscal year 2022-23, Metropolitan changed its basis for budgetary reporting; accordingly, data for the fiscal years ended June 30, 2023 through June 30, 2026 are presented on a cash basis. All information is unaudited. Metropolitan's audited financial statements for the fiscal years ended June 30, 2025 and June 30, 2024, which are prepared on an accrual basis, are included in Appendix B.

SUMMARY OF EXPENSES
Fiscal Years Ended June 30
(Dollars in Millions)

	Modified Accrual	Cash			
	2022	**2023**	**2024**	**2025**	**2026**
Operation and Maintenance Costs[1][2]	$797	$940	$896	$877	$882
Total State Water Project[3]	547	579	708	577	562
Total Debt Service	283	301	327	344	352
Construction Expenses from Revenues[4]	135	135	35	175	205
Other[5]	55	7	9	12	10
Total Expenses (net of reimbursements)	$1,817	$1,962	$1,975	$1,985	$2,011

Source: Metropolitan.

(1) Includes operation and maintenance, conservation and local resource programs, CRA power, and water supply expenses. Fiscal years 2021-22, 2022-23, 2023-24, 2024-25, and 2025-26 include $25 million, $34.5 million, $64.5 million, $11.6 million and $25.7 million for Delta Conveyance expenses, respectively. See "METROPOLITAN'S WATER SUPPLY—State Water Project — Bay-Delta Proceedings Affecting State Water Project — *Delta Conveyance*."

(2) The higher level of increases in Operation and Maintenance costs in fiscal year 2022-23 over prior years primarily reflects significant increases in the costs of chemicals and other materials resulting from shortages or supply chain issues and higher than average CRA power and supply program costs.

(3) Includes operating and capital expense portions.

(4) At the discretion of the Board, in any given year, Metropolitan may increase or decrease funding available for construction disbursements to be paid from revenues. Does not include expenditures of bond proceeds. Fiscal year 2025-26 includes a $28.1 million transfer to the R&R fund.

(5) Includes operating equipment and for fiscal year 2025-26 operating equipment financing. Fiscal year 2021-22 includes $51 million for SDCWA litigation payments.

Revenue Bond Indebtedness and Other Obligations

As of November 1, 2026, Metropolitan had total outstanding indebtedness secured by a lien on Net Operating Revenues of $3.81 billion. This indebtedness is comprised of (a) $2.75 billion of Senior Revenue Bonds issued under the Senior Debt Resolutions (each as defined below), which includes $2.56 billion of

fixed rate Senior Revenue Bonds, and $184.2 million of variable rate Senior Revenue Bonds and (b)(i) $889.5 million of Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions (each as defined below), which includes $437.0 million of fixed rate Subordinate Revenue Bonds, and $452.6 million of variable rate Subordinate Revenue Bonds; and (ii) $169.1 million of Subordinate Parity Obligations (described under "—Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations — Subordinate Parity Obligations — AVEK Water Banking Agreement" below). In addition, Metropolitan has $135.9 million of fixed-payor interest rate swaps which provides a fixed interest rate hedge to an equivalent amount of variable rate debt. Metropolitan's revenue bonds and other revenue obligations are more fully described below.

REVENUE BOND INDEBTEDNESS AND OTHER OBLIGATIONS
(as of November 1, 2026)

	Variable Rate	Fixed Rate	Total
Senior Lien Revenue Bonds	$184,225,000	$2,562,610,000	$2,746,835,000
Senior Lien Short-Term Notes	—	—	—
Subordinate Lien Revenue Bonds	452,550,000	436,965,000	889,515,000
Subtotal (Direct Obligations of Metropolitan)	**636,775,000**	**2,999,575,000**	**3,636,350,000**
Subordinate Parity Obligations		169,070,000	169,070,000
Total Obligations	**636,775,000**	**3,168,645,000**	**3,805,420,000**
Fixed-Payor Interest Rate Swaps	(135,930,000)	135,930,000	—
Net Amount (after giving effect to Swaps)	$500,845,000	$3,304,575,000	$3,805,420,000

Source: Metropolitan.

As described under "–Outstanding Senior Revenue Bonds and Senior Parity Obligations–Senior Parity Obligations," in March 2024, Metropolitan entered into a Short-Term Revolving Credit Facility pursuant to which Metropolitan may issue senior lien short-term notes from time-to-time, bearing interest at a variable rate, and payable on parity with Metropolitan's Senior Revenue Bonds. As of November 1, 2026, there were no senior lien short-term notes outstanding under such Short-Term Revolving Credit Facility.

Limitations on Additional Revenue Bonds

Resolution 8329, adopted by Metropolitan's Board on July 9, 1991, as amended and supplemented (the "Master Senior Resolution," and collectively with all such supplemental resolutions, the "Senior Debt Resolutions"), provides for the issuance of Metropolitan's senior lien water revenue bonds. The Senior Debt Resolutions establish limitations on the issuance of additional obligations payable from Net Operating Revenues. Under the Senior Debt Resolutions, no additional bonds, notes or other evidences of indebtedness payable out of Operating Revenues may be issued having any priority in payment of principal, redemption premium, if any, or interest over any water revenue bonds authorized by the Senior Debt Resolutions ("Senior Revenue Bonds") or other obligations of Metropolitan having a lien and charge upon, or being payable from, the Net Operating Revenues on parity with such Senior Revenue Bonds ("Senior Parity Obligations"). No additional Senior Revenue Bonds or Senior Parity Obligations may be issued or incurred unless the conditions of the Senior Debt Resolutions have been satisfied.

Resolution 9199, adopted by Metropolitan's Board on March 8, 2016, as amended and supplemented (the "Master Subordinate Resolution," and collectively with all such supplemental resolutions, the

"Subordinate Debt Resolutions," and together with the Senior Debt Resolutions, the "Revenue Bond Resolutions"), provides for the issuance of Metropolitan's subordinate lien water revenue bonds and other obligations secured by a pledge of Net Operating Revenues that is subordinate to the pledge securing Senior Revenue Bonds and Senior Parity Obligations. The Subordinate Debt Resolutions establish limitations on the issuance of additional obligations payable from Net Operating Revenues. Under the Subordinate Debt Resolutions, with the exception of Senior Revenue Bonds and Senior Parity Obligations, no additional bonds, notes or other evidences of indebtedness payable out of Operating Revenues may be issued having any priority in payment of principal, redemption premium, if any, or interest over any subordinate water revenue bonds authorized by the Subordinate Debt Resolutions ("Subordinate Revenue Bonds" and, together with Senior Revenue Bonds, "Revenue Bonds") or other obligations of Metropolitan having a lien and charge upon, or being payable from, the Net Operating Revenues on parity with the Subordinate Revenue Bonds ("Subordinate Parity Obligations"). No additional Subordinate Revenue Bonds or Subordinate Parity Obligations may be issued or incurred unless the conditions of the Subordinate Debt Resolutions have been satisfied. Subordinate Parity Obligations are referred under the Subordinate Debt Resolutions as "First Tier Parity Obligations."

The laws governing Metropolitan's ability to issue water revenue bonds currently provide two additional limitations on indebtedness that may be incurred by Metropolitan. The Act provides for a limit on general obligation bonds, water revenue bonds and other evidences of indebtedness of 15 percent of the assessed value of all taxable property within Metropolitan's service area. As of November 1, 2026, outstanding general obligation bonds, water revenue bonds and other evidences of indebtedness in the amount of $3.82 billion represented approximately 0.09 percent of the fiscal year 2026-27 taxable assessed valuation of $4,443.2 billion The second limitation under the Act specifies that no revenue bonds may be issued, except for the purpose of refunding, unless the amount of net position (formerly referred to as net assets) of Metropolitan as shown on its balance sheet as of the end of the last fiscal year prior to the issuance of such bonds, equals at least 100 percent of the aggregate amount of revenue bonds outstanding following the issuance of such bonds. The net position of Metropolitan at June 30, 2026 was $7.72 billion. The aggregate amount of revenue bonds outstanding as of November 1, 2026 will be $3.64 billion. The limitation does not apply to other forms of financing available to Metropolitan. Audited financial statements including the net position of Metropolitan as of June 30, 2025 and June 30, 2024 are shown in Metropolitan's audited financial statements included in APPENDIX B–"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024 AND BASIC FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026 AND SEPTEMBER 30, 2025 (UNAUDITED)."

Metropolitan provides no assurance that the Act's limitations on indebtedness will not be revised or removed by future legislation. Limitations under the Revenue Bond Resolutions respecting the issuance of additional obligations payable from Net Operating Revenues on parity with the Senior Revenue Bonds and Subordinate Revenue Bonds of Metropolitan will remain in effect so long as any Senior Revenue Bonds and Subordinate Revenue Bonds authorized pursuant to the applicable Revenue Bond Resolutions are outstanding, provided however, that the Revenue Bond Resolutions are subject to amendment and supplement in accordance with their terms.

Variable Rate Exposure Policy

As of November 1, 2026, Metropolitan had outstanding $184.2 million of variable rate obligations issued as Senior Revenue Bonds under the Senior Debt Resolutions. In addition, as of November 1, 2026, $452.6 million of variable rate Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions were outstanding (described under "–Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations" below).

As of November 1, 2026, of Metropolitan's $636.8 million of variable rate obligations, $135.9 million of such variable rate demand obligations are treated by Metropolitan as fixed rate debt, by virtue of interest rate swap agreements (described under "—Outstanding Senior Revenue Bonds and Senior Parity Obligations —Variable Rate and Swap Obligations — Interest Rate Swap Transactions" below), for the purpose of calculating debt service requirements. The remaining $500.8 million of variable rate obligations represent approximately 13.2 percent of total outstanding water revenue secured indebtedness (including Senior Revenue Bonds and Senior Parity Obligations and Subordinate Revenue Bonds and Subordinate Parity Obligations), as of November 1, 2026.

Metropolitan's variable rate exposure policy requires that variable rate debt be managed to limit net interest cost increases within a fiscal year as a result of interest rate changes to no more than $5 million. In addition, the maximum amount of variable interest rate exposure (excluding variable rate bonds associated with interest rate swap agreements) is limited to 40 percent of total outstanding water revenue bond debt. Variable rate debt capacity will be reevaluated as interest rates change and managed within these parameters.

Outstanding Senior Revenue Bonds and Senior Parity Obligations

Senior Revenue Bonds

The water revenue bonds issued under the Senior Debt Resolutions outstanding as of November 1, 2026 are set forth below:

Outstanding Senior Revenue Bonds

Name of Issue	Principal Outstanding
Water Revenue Refunding Bonds, 2011 Series C	$ 29,315,000
Water Revenue Bonds, 2015 Authorization, Series A	21,505,000
Water Revenue Refunding Bonds, 2016 Series A	112,415,000
Water Revenue Refunding Bonds, 2018 Series B	103,690,000
Water Revenue Refunding Bonds, 2019 Series A	218,090,000
Water Revenue Bonds, 2020 Series A	207,355,000
Water Revenue Refunding Bonds, 2020 Series C	237,635,000
Water Revenue Bonds, 2021 Series A	188,890,000
Water Revenue Refunding Bonds, 2021 Series B	28,610,000
Water Revenue Refunding Bonds, 2022 Series A	236,655,000
Water Revenue Refunding Bonds, 2022 Series B	237,140,000
Water Revenue Bonds, 2023 Series A	245,280,000
Water Revenue Refunding Bonds, 2024 Series A	360,510,000
Water Revenue Bonds, 2024 Series C	203,590,000
Revenue Refunding Bonds, 2025 Series A	131,930,000
Special Variable Rate Water Revenue Refunding Bonds, 2025 Series B (1)	184,225,000
Total	**$ 2,746,835,000**

Source: Metropolitan.

(1) Outstanding variable rate obligation.

Variable Rate Bonds and Swap Obligations

As of November 1, 2026, of Metropolitan's $2.75 billion of outstanding Senior Revenue Bonds, $184.2 million are variable rate Senior Revenue Bonds issued under the Senior Debt Resolutions (described under this caption "–Variable Rate Bonds and Swap Obligations") in a weekly mode and supported by standby bond purchase agreements between Metropolitan and various liquidity providers ("Liquidity Supported Senior Revenue Bonds").

Liquidity Supported Senior Revenue Bonds. Metropolitan's outstanding variable rate demand obligations issued under the Senior Debt Resolutions, totaling $184.2 million as of November 1, 2026, consisted of $184.2 million principal amount of variable rate Senior Revenue Bonds, the interest rates on which are reset on a weekly basis. The variable rate demand obligations bearing interest at a weekly rate are subject to optional tender on any business day upon seven days' notice by the owners thereof and mandatory tender upon specified events. Such variable rate demand obligations are supported by standby bond purchase agreements between Metropolitan and liquidity providers that provide for purchase of variable rate bonds by the applicable liquidity provider upon tender of such variable rate bonds and a failed remarketing. Metropolitan has secured its obligation to repay principal and interest advanced under the standby bond purchase agreements as Senior Parity Obligations. A decline in the creditworthiness of a liquidity provider will likely result in an increase in the interest rate of the applicable variable rate bonds, as well as an increase in the risk of a failed remarketing of such tendered variable rate bonds. Variable rate bonds purchased by a liquidity provider ("bank bonds") would initially bear interest at a per annum interest rate equal to, depending on the liquidity facility, either: (a) the highest of (i) the Prime Rate, (ii) the Federal Funds Rate plus one-half of a percent, or (iii) seven and one-half percent (with the spread or rate increasing in the case of each of (i), (ii) and (iii) of this clause (a) by one percent after 60 days); or (b) the highest of (i) the Prime Rate plus one percent, (ii) Federal Funds Rate plus two percent, and (iii) seven percent (with the spread or rate increasing in the case of each of (i), (ii) and (iii) of this clause (b) by one percent after 90 days). To the extent such bank bonds have not been remarketed or otherwise retired as of the earlier of the 60th day following the date such bonds were purchased by the liquidity provider or the stated expiration date of the related liquidity facility, Metropolitan's obligation to reimburse the liquidity provider may convert the term of the variable rate bonds purchased by the liquidity provider into a term loan payable under the terms of the current liquidity facilities in semi-annual installments over a period ending on the third anniversary of the date on which the variable rate bonds were purchased by the liquidity provider. In addition, upon an event of default under any such liquidity facility, including a failure by Metropolitan to perform or observe its covenants under the applicable standby bond purchase agreement, a default in other specified indebtedness of Metropolitan, or other specified events of default (including a reduction in the credit rating assigned to Senior Revenue Bonds issued under the Senior Debt Resolutions by any of Fitch, S&P or Moody's below "A–" or "A3"), the liquidity provider could require all bank bonds to be subject to immediate mandatory redemption by Metropolitan.

The following table lists the current liquidity provider, the current expiration date of the facility, and the principal amount of outstanding variable rate demand obligations covered under the facility as of November 1, 2026.

Liquidity Facilities and Expiration Dates

Liquidity Provider	Bond Issue	Principal Outstanding	Facility Expiration
PNC Bank, N.A.	2025 Series B Bonds	$ 184,225,000	December 2028
Total		**$ 184,225,000**	

Source: Metropolitan.

Interest Rate Swap Transactions. By resolution adopted on September 11, 2001, Metropolitan's Board authorized the execution of interest rate swap transactions and related agreements in accordance with a master swap policy, which was subsequently amended by resolutions adopted on July 14, 2009 and May 11, 2010. Metropolitan may execute interest rate swaps if the transaction can be expected to reduce exposure to changes in interest rates on a particular financial transaction or in the management of interest rate risk derived from Metropolitan's overall asset/liability balance, result in a lower net cost of borrowing or achieve a higher net rate of return on investments made in connection with or incidental to the issuance, incurring or carrying of Metropolitan's obligations or investments, or manage variable interest rate exposure consistent with prudent debt practices and Board-approved guidelines. The Assistant General Manager, Finance & Administration reports to the Finance, and Asset Management Committee of Metropolitan's Board each quarter on outstanding swap transactions, including notional amounts outstanding, counterparty exposures and termination values based on then-existing market conditions.

Metropolitan currently has one type of interest rate swap, referred to in the table below as "Fixed Payor Swaps." Under this type of swap, Metropolitan receives payments that are calculated by reference to a floating interest rate and makes payments that are calculated by reference to a fixed interest rate.

Metropolitan's obligations to make regularly scheduled net payments under the terms of the interest rate swap agreements are payable on a parity with the Senior Parity Obligations. Termination payments under all interest rate swap agreements would be on parity with the Subordinate Parity Obligations.

The periodic payments due to Metropolitan from counterparties under its outstanding interest rate swap agreements were previously calculated by reference to the London interbank offering rate ("LIBOR"). On June 30, 2023, LIBOR rates for all tenors used to determine the periodic payments due to Metropolitan from swap counterparties ceased to be published. Prior to such date, Metropolitan adopted the terms of the ISDA 2020 IBOR Fallbacks Protocol for its existing swap agreements. Under the terms of the ISDA 2020 IBOR Fallbacks Protocol, the floating rate calculations based on a USD LIBOR rate switched to a term-adjusted Secured Overnight Financing rate ("SOFR") plus an adjustment. For Metropolitan swaps that had used one-month and three-month LIBOR, the new floating rate for one-month LIBOR will be SOFR plus 11.448 basis points ("bps"), and the new floating rate for three-month LIBOR will be SOFR plus 26.161 bps.

The following swap transactions were outstanding as of November 1, 2026:

FIXED PAYOR SWAPS:

Designation	Notional Amount Outstanding	Swap Counterparty	Fixed Payor Rate	Metropolitan Receives	Maturity Date
2003	45,782,500	Wells Fargo Bank	3.257%	61.20% x (SOFR plus 11.448 bps)	7/1/2030
2003	45,782,500	JPMorgan Chase Bank	3.257	61.20% x (SOFR plus 11.448 bps)	7/1/2030
2004 C	4,672,250	Morgan Stanley Capital Services, Inc.	2.980	61.55% x (SOFR plus 11.448 bps)	10/1/2029
2004 C	3,822,750	Citigroup Financial Products, Inc.	2.980	61.55% x (SOFR plus 11.448 bps)	10/1/2029
2005	17,935,000	JPMorgan Chase Bank	3.360	70.00% x (SOFR plus 26.161 bps)	7/1/2030
2005	17,935,000	Citigroup Financial Products, Inc.	3.360	70.00% x (SOFR plus 26.161 bps)	7/1/2030
Total	**$ 135,930,000**				

Source: Metropolitan.

These interest rate swap agreements entail risk to Metropolitan. One or more counterparties may fail or be unable to perform, interest rates may vary from assumptions, Metropolitan may be required to post collateral in favor of its counterparties and Metropolitan may be required to make significant payments in the event of an early termination of an interest rate swap. Metropolitan seeks to manage counterparty risk by diversifying its swap counterparties, limiting exposure to any one counterparty, requiring collateralization or other credit enhancement to secure swap payment obligations, and by requiring minimum credit rating levels. Initially, swap counterparties must be rated at least "Aa3" or "AA-", or equivalent by any two of the nationally recognized credit rating agencies; or use a "AAA" subsidiary as rated by at least one nationally recognized credit rating agency. Should the credit rating of an existing swap counterparty drop below the required levels, Metropolitan may enter into additional swaps if those swaps are "offsetting" and risk-reducing swaps. Each counterparty is initially required to have minimum capitalization of at least $150 million. See Note 5(f) in Metropolitan's audited financial statements in Appendix B.

Early termination of an interest rate swap agreement could occur due to a default by either party or the occurrence of a termination event (including defaults under other specified swaps and indebtedness, certain acts of insolvency, if a party may not legally perform its swap obligations, or, with respect to Metropolitan, if its credit rating is reduced below "BBB–" by S&P or "Baa3" by Moody's (under most of the interest rate swap agreements) or below "BBB" by S&P or "Baa2" by Moody's (under one of the interest rate swap agreements)). As of September 30, 2026, Metropolitan would have been required to pay to its counterparties termination payments if its swaps were terminated on that date. Metropolitan's net exposure to its counterparties for all such termination payments on that date was approximately $[_._] million. Metropolitan does not presently anticipate early termination of any of its interest rate swap agreements due to default by either party or the occurrence of a termination event. However, Metropolitan has previously exercised, and may in the future exercise, from time to time, optional early termination provisions to terminate all or a portion of certain interest rate swap agreements.

Metropolitan is required to post collateral in favor of a counterparty to the extent that Metropolitan's total exposure for termination payments to that counterparty exceeds the threshold specified in the applicable swap agreement. Conversely, the counterparties are required to release collateral to Metropolitan or post collateral for the benefit of Metropolitan as market conditions become favorable to Metropolitan. As of September 30, 2026, Metropolitan had no collateral posted with any counterparty. The highest, month-end, amount of collateral posted was $36.8 million, on June 30, 2012, which was based on an outstanding swap notional amount of $1.4 billion at that time. The amount of required collateral varies from time to time due primarily to interest rate movements and can change significantly over a short period of time. See "METROPOLITAN REVENUES—Financial Reserve Policy" in this Appendix A. In the future, Metropolitan may be required to post additional collateral, or may be entitled to a reduction or return of the required collateral amount. Collateral deposited by Metropolitan is held by the counterparties; a bankruptcy of any counterparty holding collateral posted by Metropolitan could adversely affect the return of the collateral to Metropolitan. Moreover, posting collateral limits Metropolitan's liquidity. If collateral requirements increase significantly, Metropolitan's liquidity may be materially adversely affected. See "METROPOLITAN REVENUES–Financial Reserve Policy" in this Appendix A.

Senior Parity Obligations

Short-Term Revolving Credit Facility. In March 2024, Metropolitan entered into a note purchase and continuing covenant agreement with Bank of America, N.A. ("BANA"), for the purchase by BANA and sale by Metropolitan from time-to-time of short-term flexible rate revolving notes. Pursuant to the agreement, as subsequently amended as of October 1, 2025 (as amended, the "Short-Term Revolving Credit Facility"), Metropolitan may borrow, pay down and re-borrow amounts through the issuance and sale from time to time of short-term notes (with maturity dates not exceeding one year from their delivery date), in an aggregate principal amount not to exceed $300.0 million (including, subject to certain terms and conditions, notes to refund maturing notes) to be purchased by BANA during the term of BANA's commitment to purchase notes thereunder, which commitment currently extends to March 19, 2027. As of November 1, 2026, Metropolitan did not have any tax-exempt short-term notes outstanding under the Short-Term Revolving Credit Facility.

Notes under the Short-Term Revolving Credit Facility bear interest at a fluctuating rate of interest per annum equal to: (A) for taxable borrowings, SOFR as administered by the Federal Reserve Bank of New York (or a successor administrator) as determined for each day in accordance with the Short-Term Revolving Credit Facility ("Daily Simple SOFR" as further defined in the Short-Term Credit Facility) plus 0.80 percent (so long as the current credit ratings on Metropolitan's Senior Revenue Bonds issued under the Senior Debt Resolutions are maintained); and (B) for tax-exempt borrowings, 80 percent of Daily Simple SOFR plus 0.60 percent (so long as the current credit ratings on Metropolitan's Senior Revenue Bonds issued under the Senior Debt Resolutions are maintained), subject, in each case to an applicable maximum interest rate, which shall not, in any case, exceed 18 percent. Subject to the satisfaction of certain terms and conditions, any unpaid principal borrowed under the Short-Term Revolving Credit Facility remaining outstanding at the March 19, 2027 stated commitment expiration date of the Short-Term Revolving Credit Facility may be refunded by and exchanged for term notes payable by Metropolitan in approximately equal semi-annual principal installments over a period of approximately three years. Any such term notes will bear interest at a fluctuating rate of interest per annum equal to, for each day: (A) for taxable borrowings, (1) the greatest of (i) the Prime Rate plus one percent, (ii) the Federal Funds Rate in effect at such time plus two percent, and (iii) ten percent (such rate as from time to time in effect, the "Taxable Base Rate"), plus (2) two percent; and (B) for tax-exempt borrowings, (1) the greatest of (i) the Prime Rate plus one percent, (ii) the Federal Funds Rate in effect at such time plus two percent, and (iii) seven percent (such rate as from time to time in effect, the "Tax-Exempt Base Rate"), plus (2) two percent.

Under the Short-Term Revolving Credit Facility, upon a failure by Metropolitan to pay principal of interest on any note thereunder, a failure by Metropolitan to perform or observe its covenants, a default in other specified indebtedness of Metropolitan, certain acts of bankruptcy or insolvency, or other specified events of default (including if any of Fitch, S&P or Moody's shall have assigned a credit rating below "A-" or "A3," or if each of Fitch, S&P and Moody's shall have assigned a credit rating below "BBB–" or "Baa3," to Senior Revenue Bonds issued under the Senior Debt Resolutions), BANA has the right to terminate its commitments and may accelerate (depending on the event, seven days after the occurrence, or for certain events, only after 180 days' notice, or, in connection with certain acts of bankruptcy or insolvency or in the event of an acceleration of Metropolitan debt by another lender, credit enhancer or swap counterparty, immediately) Metropolitan's obligation to repay its borrowings.

Metropolitan has secured its obligation to pay principal and interest on notes evidencing borrowings under the Short-Term Revolving Credit Facility as Senior Parity Obligations.

In connection with the execution of the Short-Term Revolving Credit Facility, Metropolitan designated the principal and interest payable on the notes issued thereunder as Excluded Principal Payments under the Senior Debt Resolutions and thus, for purposes of calculating Maximum Annual Debt Service, included the amount of principal and interest due and payable under the Short-Term Revolving Credit Facility on a schedule of Assumed Debt Service for any outstanding draws.

Metropolitan has previously entered, and may in the future, enter into one or more other or alternative short-term revolving credit facilities, the repayment obligations of Metropolitan under which may be secured as either Senior Parity Obligations or Subordinate Parity Obligations.

Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations

Subordinate Revenue Bonds

The water revenue bonds issued under the Subordinate Debt Resolutions outstanding as of November 1, 2026, are set forth below:

Outstanding Subordinate Revenue Bonds

Name of Issue	Principal Outstanding
Subordinate Water Revenue Refunding Bonds, 2017 Series A	$ 48,595,000
Subordinate Water Revenue Bonds, 2018 Series B	57,740,000
Subordinate Water Revenue Refunding Bonds, 2019 Series A	75,960,000
Subordinate Water Revenue Refunding Bonds, 2020 Series A	78,285,000
Subordinate Water Revenue Refunding Bonds, 2021 Series A[(1)]	222,160,000
Variable Rate Subordinate Water Revenue Bonds, 2024 Series B-1[(1)]	80,390,000
Subordinate Water Revenue Refunding Bonds, 2024 Series B-2[(2)]	89,445,000
Subordinate Water Revenue Refunding Bonds, 2024 Series B-3[(3)]	86,940,000
Subordinate Water Revenue Refunding Bonds, 2024 Series D[(1)]	150,000,000
Total	**$ 889,515,000**

Source: Metropolitan.

(1) Outstanding variable rate obligations.
(2) Initially delivered in a term rate mode at a fixed interest rate to July 1, 2029.
(3) Initially delivered in a term rate mode at a fixed interest rate to July 1, 2031.

Variable Rate Bonds

As of November 1, 2026, of the $889.5 million outstanding Subordinate Revenue Bonds, $452.6 million were variable rate obligations. The outstanding variable rate obligations include Subordinate Revenue Bonds that are variable rate demand obligations supported by standby bond purchase agreements between Metropolitan and a liquidity provider ("Liquidity Supported Subordinate Revenue Bonds").

Liquidity Supported Subordinate Revenue Bonds. As of November 1, 2026, Metropolitan had $452.6 million of outstanding Liquidity Supported Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions as variable rate Subordinate Revenue Bonds, the interest rates on which are currently reset on a weekly basis. While bearing interest at a weekly rate, such variable rate demand obligations are subject to optional tender on any business day upon seven days' notice by the owners thereof and mandatory tender upon specified events. Such variable rate demand obligations are supported by standby bond purchase agreements each by and between Metropolitan and the applicable liquidity provider, that provide for the purchase of the applicable variable rate bonds by the liquidity provider upon tender of such variable rate bonds and a failed remarketing. Metropolitan has secured its obligation to repay principal and interest advanced under each standby bond purchase agreement as First Tier Parity Obligations payable on parity with the Subordinate Revenue Bonds. A decline in the creditworthiness of the liquidity provider will likely result in an increase in the interest rate of the applicable variable rate bonds, as well as an increase in the risk of a failed remarketing of such tendered variable rate bonds. Variable rate bonds purchased by the liquidity provider ("bank bonds") would initially bear interest at a per annum interest rate equal to, the highest of (i) the Prime Rate plus one percent, (ii) Federal Funds Rate plus two percent, and (iii) seven percent (with the spread or rate increasing in the case of each of (i), (ii) and (iii) of this clause by one percent after 90 days). To the extent such bank bonds have not been remarketed or otherwise retired as of the earlier of the 90th day following the date such bonds were purchased by the liquidity provider or the stated expiration date of the liquidity facility, Metropolitan's obligation to reimburse the liquidity provider may convert the term of the variable rate bonds purchased by the liquidity provider into a term loan payable under the terms of the liquidity facility in ten equal semi-annual installments over a period ending on the fifth anniversary of the date on which the variable rate bonds were purchased by the liquidity provider. In addition, upon an event of default under the liquidity facility, including a failure by Metropolitan to pay principal or interest due to the liquidity provider, failure by Metropolitan to perform or observe its covenants under the applicable standby bond purchase agreement, a default in other specified indebtedness of Metropolitan, or other specified events of default (including a reduction in the credit rating assigned to Senior Revenue Bonds issued under the Senior Debt Resolutions by any of Fitch, S&P or Moody's below "A–" or "A3," as applicable), the liquidity provider could require all bank bonds to be subject to immediate mandatory redemption by Metropolitan.

The following table lists the current liquidity provider, the current expiration date of each facility, and the principal amount of outstanding variable rate demand obligations covered under each facility as of November 1, 2026.

Liquidity Facilities and Expiration Dates

Liquidity Provider	Bond Issue	Principal Outstanding	Facility Expiration
Bank of America, N.A.	2021 Series A	$ 222,160,000	June 2027
Bank of America, N.A.	2024 Series B-1	80,390,000	June 2027
Barclays	2024 Series D	150,000,000	September 2027
Total		**$ 452,550,000**	

Source: Metropolitan.

Term Rate Mode Bonds

As of November 1, 2026, Metropolitan had outstanding approximately $176.4 million of Subordinate Revenue Bonds bearing interest in a term rate mode, comprised of $89.4 million of 2024 Series B-2 Bonds and $86.9 million of 2024 Series B-3 Bonds (collectively, the "Term Rate Mode Bonds"). The Term Rate Mode Bonds initially bear interest at a fixed rate for a specified period from their date of issuance, after which: (i) there shall be determined a new interest mode for the applicable series of bonds (which may be a flexible index mode, an index mode, a daily mode, a weekly mode or a short-term mode), (ii) the Term Rate Mode Bonds may continue under the term rate mode for another specified period or (iii) the Term Rate Mode Bonds may be converted to bear fixed interest rates through the maturity date thereof. The owners of the Term Rate Mode Bonds of a series must tender for purchase, and Metropolitan must purchase, all of the Term Rate Mode Bonds of such series on the specified scheduled mandatory purchase date of each term rate period for such series. The Term Rate Mode Bonds outstanding as of November 1, 2026, are summarized in the following table:

Term Rate Mode Bonds

Bond Issue	Original Principal Amount Issued	Next Scheduled Mandatory Purchase Date
2024 Series B-2	$89,445,000	July 1, 2029
2024 Series B-3	86,940,000	July 1, 2031
Total	**$176,385,000**	

Source: Metropolitan.

Metropolitan will pay the principal of, and interest on, the Term Rate Mode Bonds on parity with its other Subordinate Revenue Bonds and Subordinate Parity Obligations. Metropolitan anticipates that it will pay the purchase price of tendered Term Rate Mode Bonds from the proceeds of remarketing such Term Rate Mode Bonds or from other available funds. Metropolitan's obligation to pay the purchase price of any such tendered Term Rate Mode Bonds is a special limited obligation of Metropolitan payable solely from Net Operating Revenues subordinate to the Senior Revenue Bonds and Senior Parity Obligations and on parity with the other outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations. Metropolitan has not secured any liquidity facility or letter of credit to support the payment of the purchase price of the Term Rate Mode Bonds on any mandatory purchase date. Failure to pay the purchase price of any Term Rate Mode

Bonds on a scheduled mandatory purchase date for such Term Rate Mode Bonds for a period of five business days following written notice by any Owner of such Term Rate Mode Bonds will constitute an event of default under the Subordinate Debt Resolutions, upon the occurrence and continuance of which the owners of 25 percent in aggregate principal amount of the Subordinate Revenue Bonds then outstanding may elect a bondholders' committee to exercise rights and powers of such owners under the Subordinate Debt Resolutions, including the right to declare the entire unpaid principal of the Subordinate Revenue Bonds then outstanding to be immediately due and payable.

Subordinate Parity Obligations

AVEK Water Banking Agreement. As described under "METROPOLITAN'S WATER SUPPLY—Water Transfer, Storage and Exchange Programs—State Water Project Agreements and Programs — Antelope Valley-East Kern High Desert Water Bank Program," in July 2025, Metropolitan and AVEK entered into the AVEK Water Banking Agreement to provide for the financing (and re-financing) of certain costs of construction of the program facilities to be funded by Metropolitan. Under the AVEK Water Banking Agreement, in exchange for its right to use the program facilities, Metropolitan agreed to pay the costs of the High Desert Water Bank Program, including certain installment payments in amounts sufficient to pay the principal of and interest on bonds issued by the AVEKFA, a joint exercise of powers authority, to provide for program financing, which installment payments payable by Metropolitan under the AVEK Water Banking Agreement have been assigned by AVEK to AVEKFA under an assignment agreement, dated as of July 1, 2025, by and among AVEKFA, AVEK and Metropolitan, to secure repayment of the AVEKFA bonds. Metropolitan has secured its obligation to pay such installment payments under the AVEK Water Banking Agreement as a First Tier Parity Obligation of Metropolitan under the Subordinate Debt Resolutions, payable on parity with Metropolitan's Subordinate Revenue Bonds.

On July 10, 2025, AVEKFA issued (i) its $52,425,000 Water Bank Revenue Bonds, Series 2025A (High Desert Water Bank Program) as fixed rate bonds (the "2025 AVEKFA Fixed Rate Bonds") and (ii) its $117,620,000 Water Bank Revenue Bonds, Series 2025B (High Desert Water Bank Program) as multi-modal bonds, initially issued in a term rate mode (the "2025 AVEKFA Term Rate Mode Bonds" and collectively with the 2025 AVEKFA Fixed Rate Bonds, "2025 AVEKFA Bonds"). Principal on the 2025 AVEKFA Fixed Rate Bonds is payable on April 1 in each of the years 2026 through 2050, inclusive. Interest on the 2025 AVEKFA Fixed Rate Bonds is payable semi-annually on April 1 and October 1 of each year at a fixed interest rate of 5.00% per annum. The 2025 AVEKFA Term Rate Mode Bonds were initially issued at a fixed per annum "term rate" for an initial "term rate period" ending (unless earlier terminated as described below) on the day preceding a scheduled mandatory purchase date for such bonds. While in the initial term rate period, interest on the 2025 AVEKFA Term Rate Mode Bonds is payable is payable semi-annually on April 1 and October 1 of each year at a fixed interest rate of 5.00% per annum. The 2025 AVEKFA Term Rate Mode Bonds are subject to mandatory tender by the owners thereof for purchase by AVEKFA on the initial scheduled mandatory purchase date of April 1, 2028, unless earlier purchased or redeemed by AVEKFA on any date on or after April 1, 2027. Upon the mandatory purchase of the 2025 AVEKFA Term Rate Mode Bonds on or before their scheduled mandatory purchase date: (i) a new interest mode for the 2025 AVEKFA Term Rate Mode Bonds will be determined (which may be a flexible index mode, an index mode, a daily mode, a weekly mode or a short-term mode), (ii) the 2025 AVEKFA Term Rate Mode Bonds may continue in a term rate mode for another specified term rate period, or (iii) the 2025 AVEKFA Term Rate Mode Bonds may be converted to bear fixed interest rates through the maturity date thereof. See also "OPERATING REVENUES, DEBT SERVICE AND INVESTMENT PORTFOLIO—Debt Service Requirements" in the front part of this Official Statement.

The installment payments Metropolitan is obligated to pay under the AVEK Water Banking Agreement consist of (i) scheduled payments which are in amounts sufficient to pay the principal of and interest on the 2025 AVEKFA Bonds as the same become due ("P&I Installment Payments") and (ii) an

installment payment, to the extent that the 2025 AVEKFA Term Rate Mode Bonds are not remarketed in connection with a new term rate period, a change in the interest mode or a conversion to a fixed interest rate for the 2025 AVEKFA Term Rate Mode Bonds, in an amount sufficient for AVEKFA to purchase any 2025 AVEKFA Term Rate Mode Bonds tendered for purchase on a scheduled mandatory purchase date for such 2025 AVEKFA Term Rate Mode Bonds (a "Mandatory Purchase Installment Payment" and together with the P&I Installment Payments, hereinafter, the "Installment Payments"). Pursuant to the AVEK Water Banking Agreement, the obligation of Metropolitan to make the Installment Payments under the AVEK Water Banking Agreement, including the obligation to pay all P&I Installment Payments and the obligation to pay a Mandatory Purchase Installment Payment when required for the purchase of the 2025 AVEKFA Term Rate Mode Bonds on the scheduled mandatory purchase date therefor is absolute and unconditional, and until such time as all P&I Installment Payments required have been paid in full (or provision for the payment thereof has been made as provided for in the AVEK Water Banking Agreement), Metropolitan has agreed that it will not discontinue or suspend any Installment Payments that are required to be made by it under the AVEK Water Banking Agreement when due, whether or not the facilities of the High Desert Water Bank or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments are not subject to reduction whether by offset or otherwise and are not conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

As described above, the obligation of Metropolitan to make the Installment Payments under the AVEK Water Banking Agreement, including the obligation to pay all P&I Installment Payments and the obligation pay a Mandatory Purchase Installment Payment for the purchase by AVEKFA of 2025 AVEKFA Term Rate Mode Bonds on a scheduled mandatory purchase date therefor when required under the AVEK Water Banking Agreement constitute First Tier Parity Obligations under Metropolitan's Subordinate Debt Resolutions payable on parity with Metropolitan's Subordinate Revenue Bonds and other Subordinate Parity Obligations. Under the Subordinate Debt Resolutions, Metropolitan is not required to take into account any Mandatory Purchase Installment Payment for the purchase of 2025 AVEKFA Term Rate Mode Bonds in setting its rates and charges. Metropolitan anticipates that the purchase price of tendered 2025 AVEKFA Term Rate Mode Bonds will be paid from the proceeds of the remarketing by AVEKFA of such AVEKFA Term Rate Mode Bonds or from other available funds of Metropolitan. The failure of Metropolitan to pay any Installment Payments under the AVEK Water Banking Agreement, including all P&I Installment Payments and the obligation pay a Mandatory Purchase Installment Payment for the purchase of 2025 AVEKFA Term Rate Mode Bonds on a scheduled mandatory purchase date therefor when required, for a period of five business days following written notice by AVEKFA will constitute an event of default by Metropolitan under the Subordinate Debt Resolutions.

Junior and Capital Lease Obligations

Commercial Paper Notes. Metropolitan currently is authorized to issue up to $400.0 million of Commercial Paper Notes payable from Net Operating Revenues on a basis subordinate to both the Senior Revenue Bonds and Senior Parity Obligations and to the Subordinate Revenue Bonds and Subordinate Parity Obligations. Although no Commercial Paper Notes are currently outstanding, the authorization remains in full force and effect and Metropolitan may issue Commercial Paper Notes from time to time.

Capital Lease Financing. In May 2025, Metropolitan's Board approved an equipment lease program (the "Equipment Lease Program") authorizing Metropolitan to execute and deliver, from time-to-time, one or more master equipment lease agreements ("Master Equipment Lease Agreements") for the lease of motor vehicles and other equipment by Metropolitan; provided, that the outstanding principal balance under all such Master Equipment Lease Agreements shall not exceed $35.0 million at any time. As authorized by the Board, Metropolitan's payment obligation under any such Master Equipment Lease Agreement entered into by Metropolitan may be secured by one or a combination of the following: (i) some or all of the vehicle or

other equipment leased under such Master Equipment Lease Agreement; and/or (ii) Net Operating Revenues, including as Senior Parity Obligations under the Master Resolution or as First Tier Parity Obligations or Second Tier Parity Obligations (payable from and secured by Net Operating Revenues on a basis junior and subordinate to the Subordinate Revenue Bonds and Subordinate Parity Obligations) under the Subordinate Debt Resolutions.

As part of Metropolitan's Equipment Lease Program, on October 2, 2025, The Metropolitan Water District Asset Financing Corporation, a non-profit public benefit corporation established by Metropolitan ("MAFC"), entered into a Master Equipment Lease Agreement, dated as of October 2, 2025, including Schedules of Property No. 1-3, dated as of October 2, 2025 (collectively the "BAPCC Equipment Lease Agreement") with Banc of America Public Capital Corp ("BAPCC"). Pursuant to the BAPCC Equipment Lease Agreement, Metropolitan, through MAFC, may acquire and lease vehicles and other equipment pursuant to separate leases (each, a "Lease") in exchange for the payment of certain rental payments.

Metropolitan and MAFC entered into a Master Equipment Sublease Agreement, dated as of October 2, 2025 (the "Equipment Sublease Agreement"), by and between MAFC and Metropolitan, pursuant to which MAFC subleases to Metropolitan the vehicles and other equipment leased under the BAPCC Equipment Lease Agreement in exchange for rental payments to be made by Metropolitan that are equal in amount to the rental payments due under the BAPCC Equipment Lease Agreement and any other amounts payable by MAFC to BAPCC under BAPCC Equipment Lease Agreement. MAFC's right, title and interest to and in the Equipment Sublease Agreement (including, without limitation, all vehicles and other equipment leased to Metropolitan by MAFC under the Sublease Agreement that is leased to MAFC under individual Leases executed from time to time) were assigned to BAPCC under a Master Assignment Agreement, dated as of October 2, 2025 (the "Equipment Sublease Assignment Agreement"), by and among MAFC, Metropolitan and BAPCC. The BAPCC Equipment Lease Agreement, the Equipment Sublease Agreement, and the Equipment Sublease Assignment Agreement are collectively referred to herein as the "Equipment Lease Program Documents."

Pursuant to the Equipment Lease Program Documents, the term of each Lease, and the interest rate payable as a component of the rental payments, for each asset acquired and leased by BAPCC to MAFC under the BAPCC Equipment Lease Agreement and by MAFC to Metropolitan under the Equipment Sublease Agreement is determined at the commencement of the Lease. As of November 1, 2026, the outstanding principal balance for Leases executed under the Equipment Lease Program Documents was $35.0 million, with the interest component payable with respect to such principal amounts at a blended interest rate of a 3.47% per annum, and scheduled Lease terms extending to November 1, 2035.

Metropolitan's obligation to make rental payments and to perform and observe the other covenants and agreements contained in each Lease entered into under the Equipment Lease Program Documents is absolute and unconditional, without abatement, diminution, deduction, set-off or defense, for any reason. Metropolitan's obligation to make rental payments for the lease of vehicles and other equipment under the Equipment Lease Program Documents is not secured by a pledge of or lien upon Net Operating Revenues, but Metropolitan's funds available to make such rental payments may include Net Operating Revenues.

BAPCC's remedies for nonpayment by Metropolitan of a scheduled rental payment or other default by Metropolitan under the Equipment Sublease Agreement, including a failure by Metropolitan to perform or observe its covenants under an applicable Lease, a payment default or acceleration under any other agreement for borrowing money, lease financing or provision of credit by BAPCC or any affiliate of BAPCC, or certain bankruptcy or insolvency events, include, among other available remedies, (i) an acceleration by BAPCC of all rental payments payable by MAFC and Metropolitan under any defaulted Lease and other amounts payable by MAFC and Metropolitan under each such defaulted Lease to the end of

the Lease term to be immediately due and payable, and (ii) the return and repossession by BAPCC of the leased vehicles and equipment, and/or the sale or lease thereof by BAPCC for the account of Metropolitan, continuing to hold Metropolitan liable, but solely from legally available funds, for the difference between the rental payments payable by MAFC or Metropolitan pursuant to each defaulted Lease and other amounts related to each such defaulted Lease that are payable by MAFC or Metropolitan to the end of the Lease term, and the net proceeds of any such sale or lease.

General Obligation Bonds

As of November 1, 2026, $16.0 million aggregate principal amount of general obligation bonds payable from *ad valorem* property taxes were outstanding. See "METROPOLITAN REVENUES–General" and "–Revenue Allocation Policy and Tax Revenues" in this Appendix A. Metropolitan's revenue bonds are not payable from the levy of *ad valorem* property taxes. The general obligation bonds outstanding as of November 1, 2026, are summarized in the following table:

General Obligation Bonds	Amount Issued[(1)]	Principal Outstanding
Waterworks General Obligation Refunding Bonds, 2019 Series A	$16,755,000	$2,380,000
Waterworks General Obligation Refunding Bonds, 2020 Series A	13,665,000	13,665,000
Total	**$30,420,000**	**$16,045,000**

Source: Metropolitan.

(1) Voters authorized Metropolitan to issue $850,000,000 of Waterworks General Obligation Bonds, Election 1966, in multiple series, in a special election held on June 7, 1966. This authorization has been fully utilized. This table lists bonds that refunded such Waterworks General Obligation Bonds, Election 1966.

State Water Contract Obligations

General. As described herein, in 1960, Metropolitan entered into its State Water Contract with DWR to receive water from the State Water Project. All expenditures for capital and operations, maintenance, power and replacement costs associated with the State Water Project facilities used for water delivery are paid for by the 29 Contractors that have executed State water supply contracts with DWR, including Metropolitan. Contractors are obligated to pay allocable portions of the cost of construction of the system and ongoing operating and maintenance costs, regardless of quantities of water available from the project. Other payments are based on deliveries requested and actual deliveries received, costs of power required for actual deliveries of water, and offsets for credits received. In exchange, Contractors have the right to participate in the system, with an entitlement to water service from the State Water Project and the right to use the portion of the State Water Project conveyance system necessary to deliver water to them at no additional cost as long as capacity exists. Metropolitan's State Water Contract accounts for nearly one-half of the total entitlement for State Water Project water contracted for by all Contractors.

DWR and other State Water Project contractors, including Metropolitan, have executed an amendment to extend their State water supply contracts from 2035 to 2085 and to make certain changes related to the financial management of the State Water Project in the future. See "METROPOLITAN'S WATER SUPPLY–State Water Project – State Water Contract" in this Appendix A.

Metropolitan's payment obligation for the State Water Project for the fiscal year ended June 30, 2026 was approximately $562.2 million, which includes prior year's credits of $144.4 million. For the fiscal year ended June 30, 2026, Metropolitan's payment obligations under the State Water Contract were

approximately 28.0 percent of Metropolitan's total annual expenses. A portion of Metropolitan's annual property tax levy is for payment of State Water Contract obligations, as described above under "METROPOLITAN REVENUES–Revenue Allocation Policy and Tax Revenues" in this Appendix A. Any deficiency between tax levy receipts and Metropolitan's State Water Contract obligations is expected to be paid from Operating Revenues, as defined in the Senior Debt Resolutions. See Note 11(a) to Metropolitan's audited financial statements in Appendix B for an estimate of Metropolitan's payment obligations under the State Water Contract. See also "–Power Sources and Costs; Related Long-Term Commitments" for a description of current and future costs for electric power required to operate State Water Project pumping systems and a description of litigation involving the federal relicensing of the Hyatt-Thermalito hydroelectric generating facilities at Lake Oroville.

Metropolitan capitalizes its share of the State Water Project capital costs as participation rights in State Water Project facilities as such costs are billed by DWR. Unamortized participation rights essentially represent a prepayment for future water deliveries through the State Water Project system. Metropolitan's share of system operating and maintenance costs are annually expensed.

DWR and various subsets of the State Water Project contractors have entered into amendments to the State water supply contracts related to the financing of certain State Water Project facilities. The amendments establish procedures to provide for the payment of construction costs financed by DWR bonds by establishing separate subcategories of charges to produce the revenues required to pay all of the annual financing costs (including coverage on the allocable bonds) relating to the financed project. If any affected Contractor defaults on payment under certain of such amendments, the shortfall may be collected from the non-defaulting affected Contractors, subject to certain limitations.

These amendments represent additional long-term obligations of Metropolitan, as described below.

Devil Canyon-Castaic Contract. On June 23, 1972, Metropolitan and five other Southern California public agencies entered into a contract (the "Devil Canyon-Castaic Contract") with DWR for the financing and construction of the Devil Canyon and Castaic power recovery facilities, located on the aqueduct system of the State Water Project. Under this contract, DWR agreed to build the Devil Canyon and Castaic facilities, using the proceeds of revenue bonds issued by DWR under the State Central Valley Project Act. DWR also agreed to use and apply the power made available by the construction and operation of such facilities to deliver water to Metropolitan and the other contracting agencies. Metropolitan, in turn, agreed to pay to DWR 88 percent of the debt service on the revenue bonds issued by DWR. The bonds matured and were fully retired on July 1, 2022 and thus there are no further debt service obligations for Metropolitan. Additionally, Metropolitan agreed to pay 78.5 percent of the ongoing operation and maintenance expenses of the Devil Canyon facilities and 96 percent of the operation and maintenance expenses of the Castaic facilities.

Off-Aqueduct Power Facilities. In addition to system "on-aqueduct" power facilities costs, DWR has, either on its own or by joint venture, financed certain off-aqueduct power facilities. The power generated is utilized by the system for water transportation and other State Water Project purposes. Power generated in excess of system needs is marketed to various utilities and the CAISO. Metropolitan is entitled to a proportionate share of the revenues resulting from sales of excess power. By virtue of a 1982 amendment to the State Water Contract and the other water supply contracts, Metropolitan and the other water Contractors are responsible for paying the capital and operating costs of the off-aqueduct power facilities regardless of the amount of power generated.

East Branch Enlargement Amendment. In 1986, Metropolitan's State Water Contract and the water supply contracts of certain other State Water Project contractors were amended for the purpose, among

others, of financing the enlargement of the East Branch of the California Aqueduct. Construction of the first phase of facility improvements to increase capacity by approximately 750 cubic feet per second ("cfs") was completed in early 1992. In November 2023, DWR prepared a final report for East Branch Enlargement cost reallocation methods. The report describes the methods used to determine the East Branch Enlargement cost allocation with the distinction between enlargement and improvement categories and the associated cost recovery methodology. Discussions among Metropolitan, the other State Water Project contractors on the East Branch, and DWR on any timetable and plan for future additional East Branch enlargement actions have been deferred.

The amendment establishes a separate subcategory of the Transportation Charge under the State water supply contracts for the East Branch Enlargement and provides for the payment of costs associated with financing and operating the East Branch Enlargement. Under the amendment, the annual financing costs for such facilities financed by bonds issued by DWR are allocated among the participating State Water Project contractors based upon the delivery capacity increase allocable to each participating Contractor. Such costs include, but are not limited to, debt service, including coverage requirements, deposits to reserves, and certain operation and maintenance expenses, less any credits, interest earnings or other moneys received by DWR in connection with this facility.

If any participating Contractor defaults on payment of its allocable charges under the amendment, among other things, the non-defaulting participating Contractors may assume responsibility for such charges and receive delivery capability that would otherwise be available to the defaulting participating Contractor in proportion to the non-defaulting Contractor's participation in the East Branch Enlargement. If participating Contractors fail to cure the default, Metropolitan will, in exchange for the delivery capability that would otherwise be available to the defaulting participating Contractor, assume responsibility for the capital charges of the defaulting participating Contractor.

Water System Revenue Bond Amendment. In 1987, Metropolitan's State Water Contract and other water supply contracts were amended for the purpose of financing State Water Project facilities through revenue bonds. This amendment establishes a separate subcategory of the Delta Water Charge and the Transportation Charge under the State water supply contracts for projects financed with DWR water system revenue bonds. This subcategory of charge provides the revenues required to pay the annual financing costs of the bonds and consists of two elements. The first element is an annual charge for repayment of capital costs of certain revenue bond financed water system facilities under the existing water supply contract procedures. The second element is a water system revenue bond surcharge to pay the difference between the total annual charges under the first element and the annual financing costs, including coverage and reserves, of DWR's water system revenue bonds.

If any Contractor defaults on payment of its allocable charges under this amendment, DWR is required to allocate a portion of the default to each of the non-defaulting Contractors, subject to certain limitations, including a provision that no non-defaulting Contractor may be charged more than 125 percent of the amount of its annual payment in the absence of any such default. Under certain circumstances, the non-defaulting Contractors would be entitled to receive an allocation of the water supply of the defaulting Contractor.

The following table sets forth Metropolitan's projected costs of State Water Project water based upon DWR's Appendix B to Bulletin 132-25 (an annual report (for this purpose, the 2025 report) produced by DWR setting forth data and computations used by the State in determining State Water Project contractors' Statements of Charges) for fiscal years 2026-27 through 2030-31. Metropolitan's share of the forecasted costs associated with the planning of a single tunnel Bay-Delta conveyance project (see "METROPOLITAN'S WATER SUPPLY—State Water Project —Bay-Delta Proceedings Affecting State

Water Project — Bay-Delta Planning Activities" and "—Delta Conveyance" in this Appendix A), and power costs forecasted by Metropolitan.

Metropolitan's projected costs of State Water Project water set forth below for fiscal years 2026-27 through 2030-31 reflect Metropolitan's biennial budget for fiscal years 2026-27 and 2027-28, which includes a ten-year financial forecast for subsequent fiscal years. The table also reflects projected Delta Conveyance planning costs for 2026 and 2027 previously authorized by Metropolitan Board in December 2024. Data in the table below is presented on a cash basis. See also "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A. The projections reflect certain assumptions concerning future events and circumstances which may not occur or materialize. Actual costs may vary from these projections if such events and circumstances do not occur as expected or materialize, and such variances may be material.

PROJECTED COSTS OF METROPOLITAN
FOR STATE WATER CONTRACT AND DELTA CONVEYANCE
(Dollars in Millions)

Year Ending June 30	Capital Costs[1]	Minimum OMP&R[1]	Power Costs[2]	Refunds & Credits[1]	Delta Conveyance[3]	Total[4]
2027	$241	$334	$214	$(70)	$75	$793
2028	277	364	213	(74)	41	822
2029	295	382	204	(74)	—	806
2030	298	399	195	(74)	—	818
2031	323	418	198	(61)	—	878

Source: Metropolitan.

(1) Capital Costs, Minimum Operations, Maintenance, Power and Replacement ("OMP&R") and Refunds and Credits projections for fiscal years 2026-27 through 2030-31 are based on DWR's Appendix B to Bulletin 132-25.

(2) Power costs forecasted by Metropolitan for fiscal years 2026-27 through 2030-31 are based on a State Water Project allocation of 49 percent in calendar year 2026, 48 percent in calendar year 2027, 47 percent in calendar year 2028, 46 percent in calendar year 2029, 45 percent in calendar year 2030, and 44 percent in calendar year 2031. Availability of State Water Project supplies varies, and deliveries may include transfers and storage. All deliveries are based upon availability, as determined by hydrology, water quality and wildlife conditions. See "METROPOLITAN'S WATER SUPPLY—State Water Project" and "—Endangered Species Act and Other Environmental Considerations Relating to Water Supply" in this Appendix A.

(3) Based on Metropolitan's share of the forecasted planning costs for a single tunnel project. Does not include any capital costs associated with any future Bay-Delta conveyance project. Reflects a portion of the $141.6 million of expenditures for Delta Conveyance planning costs in calendar years 2026 and 2027 approved by the Metropolitan Board in December 2024. See "METROPOLITAN'S WATER SUPPLY—State Water Project —Bay-Delta Proceedings Affecting State Water Project — *Delta Conveyance*" in this Appendix A.

(4) Totals may not add due to rounding.

Power Sources and Costs; Related Long-Term Commitments

Current and future costs for electric power required to operate the pumping systems of the CRA and the State Water Project are a substantial part of Metropolitan's overall expenses. Metropolitan's power costs include various ongoing fixed annual obligations under its contracts with the U.S. Department of Energy Western Area Power Administration and the Bureau of Reclamation for power from the Hoover Power Plant and Parker Power Plant, respectively. Under the terms of the Hoover Power Plant and Parker Power Plant contracts, Metropolitan purchases energy to pump water through the CRA. Expenses for electric power for

the CRA, net of power sales, for the fiscal years 2024-25 and 2025-26 were approximately $64.4 million and $46.4 million, respectively. Payments made under the Hoover Power Plant and Parker Power Plant contracts are operation and maintenance expenses. Expenses for electric power and transmission service for the State Water Project for fiscal years 2024-25 and 2025-26 were approximately $116.1 million and $155.6 million, respectively. Electricity markets are subject to volatility and Metropolitan is unable to give any assurance with respect to the magnitude of future power costs.

Colorado River Aqueduct. Approximately 50 percent of the annual power requirements for pumping at full capacity (1.25 million acre-feet of Colorado River water) in Metropolitan's CRA are secured through long-term contracts for energy generated from federal facilities located on the Colorado River (Hoover Power Plant and Parker Power Plant). Payments made under the Hoover Power Plant and Parker Power Plant contracts are operation and maintenance expenses. These contracts provide Metropolitan with reliable and economical power resources to pump Colorado River water to Metropolitan's service area.

As provided for under the Hoover Power Allocation Act of 2011 (H.R. 470), Metropolitan has executed a 50-year agreement with the Western Area Power Administration for the continued purchase of electric energy generated at the Hoover Power Plant through September 2067, succeeding Metropolitan's prior Hoover contract that expired on September 30, 2017.

Depending on pumping conditions, Metropolitan can require additional energy in excess of the base resources available to Metropolitan from the Hoover Power Plant and Parker Power Plant. The remaining up to approximately 50 percent of annual pumping power requirements for full capacity pumping on the CRA is obtained through energy purchases from municipal and investor-owned utilities, third party suppliers, or the CAISO markets. Metropolitan is a member of the Western Systems Power Pool ("WSPP") and utilizes its industry standard form contract to make wholesale power purchases at market cost. The long-term drought conditions have reduced the water level of Lake Mead and led to declining generation output from Hoover Dam, a condition that is expected to remain for the next several years. If the water level in Lake Mead falls below 1,035 feet, it is expected that the Bureau of Reclamation will cease operating 12 of the 17 turbines located at the Hoover Dam due to risks of operating older turbines at such a low level of water, which in turn would significantly impact power generation. Declining generation output from the Hoover Dam, combined with continued high pumping demand on the CRA, will likely lead to increased reliance on supplemental energy purchases from the WSPP or CAISO markets and continued higher than normal energy costs for the CRA.

Gross diversions of water from Lake Havasu for fiscal years 2024-25 and 2025-26 were approximately 972,034 acre-feet and 767,459 acre-feet, respectively, including Metropolitan's basic apportionment of Colorado River water and supplies from water transfer and storage programs. In fiscal years 2024-25 and 2025-2026, Metropolitan purchased approximately 938,522 megawatt-hours and 660,903 megawatt-hours, respectively, of additional energy.

Metropolitan has agreements with the Arizona Electric Power Cooperative ("AEPCO") to provide transmission and energy purchasing services to support CRA power operations. The term of these agreements extends to December 31, 2035. AEPCO's subsidiary, ACES, provides energy scheduling services for Metropolitan's share of Hoover and Parker generation and CRA pumping load.

State Water Project. The State Water Project's power requirements for 2026 are met from a diverse mix of resources, with approximately 59 percent from State-owned hydroelectric generating facilities. Approximately 17 percent of the State Water Project power needs is met by purchases from the CAISO market. The remaining power needs are met with short-term contracts for natural gas, solar, and hydroelectric generated power.

DWR is seeking renewal of the license issued by FERC for the State Water Project's Hyatt-Thermalito hydroelectric generating facilities at Lake Oroville. A Settlement Agreement containing recommended conditions for the new license was submitted to FERC in March 2006. That agreement was signed by over 50 stakeholders, including Metropolitan and other State Water Project contractors. With only a few minor modifications, FERC staff recommended that the Settlement Agreement be adopted as the condition for the new license. DWR issued a final EIR for the relicensing project on July 22, 2008.

Regulatory permits and authorizations are also required before the new license can take effect. In December 2016, NMFS issued a biological opinion setting forth the terms and conditions under which the relicensing project must operate in order to avoid adverse impacts to threatened and endangered species. This was the last major regulatory requirement prior to FERC issuing a new license. Metropolitan anticipates that FERC will issue the new license; however, the timeframe for FERC approval is not currently known. However, FERC has issued one-year renewals of the existing license since its initial expiration date on January 31, 2007 and is expected to issue successive one-year renewals until a new license is obtained.

DWR receives transmission service from the CAISO. The transmission service providers participating in the CAISO may seek increased transmission rates, subject to the approval of FERC. DWR has the right to contest any such proposed increase. DWR may also be subject to increases in the cost of transmission service as new electric grid facilities are constructed.

Numerous legislative bills and Executive Orders have been enacted over the years addressing California's GHG emissions that ultimately affect energy prices. The California Global Warming Solutions Act of 2006 (AB 32, Núñez), required California to reduce its GHG emissions to 1990 levels by 2020. SB 32 (2016, Pavley) extended AB 32 by requiring the State to reduce GHG emissions to 40 percent below 1990 levels by 2030. In 2018, Governor Brown signed SB 100 (de León) and Executive Order B-55-18, establishing the policy of the State that eligible renewable energy resources and zero-carbon resources supply 100 percent clean energy to all California end-use customers and State agencies by December 31, 2045. SB 100 also increased the 2030 Renewables Portfolio Standard ("RPS") requirement for retail electric utilities from 50 percent to 60 percent. Metropolitan and DWR are not subject to the RPS requirements. However, as a State agency, DWR is subject to the Executive Order. DWR has an existing climate action plan in order to achieve carbon neutrality by 2045. SB 1020 (2022, Laird) accelerated the date by which State agencies, including DWR, must procure 100 percent of electricity from eligible renewable energy resources and zero-carbon resources from December 31, 2045 to December 31, 2035, and requires certain criteria and process requirements that would apply to DWR in connection with its procurement of renewable and zero-carbon resources for the State Water Project.

On October 9, 2019, Governor Newsom signed SB 49 into law. SB 49 requires Natural Resources, in collaboration with the California Energy Commission and DWR, to assess the opportunities and constraints for potential operational and structural upgrades to the State Water Project to aid California in achieving its climate and energy goals, and to provide associated recommendations consistent with California's energy goals.

Defined Benefit Pension Plan and Other Post-Employment Benefits

Metropolitan is a member of the California Public Employees' Retirement System ("PERS"), a multiple-employer pension system that provides a contributory defined-benefit pension for substantially all Metropolitan employees. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. A

menu of benefit provisions is established by State statutes within the Public Employees' Retirement Law. Metropolitan selects optional benefit provisions from the benefit menu by contract with PERS.

Metropolitan makes contributions to PERS based on actuarially determined employer contribution rates. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration ("PERS Board"). Employees hired prior to January 1, 2013 are required to contribute 7.00 percent of their earnings (excluding overtime pay) to PERS. Pursuant to the current memoranda of understanding, Metropolitan contributes the requisite 7.00 percent contribution for all employees represented by the Management and Professional Employees Association, the Association of Confidential Employees, Supervisors Association, and AFSCME Local 1902 who were hired prior to January 1, 2012. Employees in all four bargaining units who were hired on or after January 1, 2012 but before January 1, 2013, pay the full 7.00 percent contribution to PERS for the first five years of employment. After the employee completes five years of employment, Metropolitan contributes the requisite 7.00 percent contribution. Metropolitan also contributes the entire 7.00 percent on behalf of unrepresented employees. Employees hired on or after January 1, 2013 and who are "new" PERS members as defined by the Public Employees' Pension Reform Act of 2013 pay a member contribution of 8.00 percent in fiscal years 2023-24 through 2025-26. In addition, Metropolitan is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS. The fiscal year contributions were/are based on the following actuarial reports and discount rates:

Fiscal Year	Actuarial Valuation	Discount Rate
2021-22	June 30, 2019	7.00%
2022-23	June 30, 2020	7.00%
2023-24	June 30, 2021	6.80%
2024-25	June 30, 2022	6.80%
2025-26	June 30, 2023	6.80%
2026-27	June 30, 2024	6.80%

The most recent actuarial valuation reports of PERS, as well as other information concerning benefits and other matters, are available on the PERS website at https://www.calpers.ca.gov/page/employers/actuarial-resources/public-agency-actuarial-valuation-reports. Such information is not incorporated by reference herein. Metropolitan cannot guarantee the accuracy of such information. Actuarial valuations are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial valuations will change with the future experience of the pension plans.

In July 2021, PERS' Funding Risk Mitigation Policy triggered an automatic discount rate reduction from 7.00 percent to 6.80 percent due to 21.30% investment return for fiscal year 2021 to offset the cost of reducing the expected volatility of future investment returns.

On November 17, 2021, the PERS Board adopted new actuarial assumptions based on the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rate of salary increases, and inflation assumption for public agencies. The PERS Board also changed the strategic asset allocation, capital market assumptions, and economic assumptions all of which support the new 6.80 percent discount rate. In addition, the PERS Board reduced

the inflation assumption from 2.50 percent to 2.30 percent. These changes were incorporated in the June 30, 2021 valuation, which impacted Metropolitan's required contribution for fiscal year 2023-24.

On April 16, 2024, the PERS Board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar.

In September 2025, Pension Outlook was updated with the June 30, 2024 actuarial valuation results, which established public agency employer contribution rates for fiscal year 2026-27 and state and school employer rates for fiscal year 2025-26.

As part of the 2025 Asset Liability Management (ALM) process, the PERS Board voted to maintain the discount rate at 6.8% and adopted a Total Fund Portfolio Management investment strategy. The board also adopted new economic and demographic actuarial assumptions. This updated assumption will affect employer contribution rates beginning in fiscal year 2027-28 for public agencies and fiscal year 2026-27 for state and school employers.

Metropolitan was required to contribute 37.52 percent and 36.88 percent of annual projected payroll for fiscal years 2024-25 and 2025-26, respectively. Metropolitan's actual contributions for fiscal years 2024-25 and 2025-26 were $100.7 million or 34.45 percent of annual covered payroll and $103.3 million or 33.31 percent of annual covered payroll, respectively. The fiscal years 2024-25 and 2025-26 actual contributions included $10.8 million or 3.69 percent and $10.5 million or 3.37 percent of annual covered payroll, respectively, for Metropolitan's pick-up of the employees' 7.00 percent share. For fiscal year 2026-27, Metropolitan is required to contribute 37.41 percent of annual projected payroll in addition to member contributions paid by Metropolitan.

Metropolitan's required contributions to PERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The PERS Board has adjusted and may in the future further adjust certain assumptions used in the PERS actuarial valuations, which may increase Metropolitan's required contributions to PERS in future years. Accordingly, Metropolitan cannot provide any assurances that its required contributions to PERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

Amortization payments are determined according to the CalPERS Actuarial Amortization Policy. The PERS Board adopted a new policy effective for the June 30, 2019, actuarial valuation. The new policy applies prospectively only; amortization bases (sources of UAL) established prior to the June 30, 2019, valuation will continue to be amortized according to the prior policy.

Amortization payments are determined as a level dollar amount. Investment gains or losses are amortized over a fixed 20-year period with a 5-year ramp up at the beginning of the amortization period. Non-investment gains or losses are amortized over a fixed 20-year period with no ramps. All changes in liability due to plan amendments (other than golden handshakes) are amortized over a 20-year period with no ramps. Changes in actuarial assumptions or changes in actuarial methodology are amortized over a 20-year period with no ramps. Changes in unfunded accrued liability due to a Golden Handshake are amortized over a period of five years.

The following table shows the funding progress of Metropolitan's pension plan.

Valuation Date	Accrued Liability ($ in billions)	Market Value of Assets ($ in billions)	Unfunded Accrued Liability ($ in billions)	Funded Ratio
6/30/24 (1)	$3.13	$2.24	$(0.89)	71.5%
6/30/23	$2.98	$2.09	$(0.89)	70.1%
6/30/22	$2.88	$2.02	$(0.86)	70.1%
6/30/21	$2.75	$2.23	$(0.52)	81.0%
6/30/20	$2.63	$1.85	$(0.78)	70.4%

Source: California Public Employees' Retirement System

(1) Most recent actuarial valuation available.

The market value of assets reflected above is based upon the most recent actuarial valuation as of June 30, 2024. The June 30, 2024 valuation report established the contribution requirements for fiscal year 2026-27. Increased volatility has been experienced in the financial markets in recent years. Significant losses in market value or failure to achieve projected investment returns could substantially increase unfunded pension liabilities and future pension costs.

The following tables show the changes in Net Pension Liability and related ratios of Metropolitan's pension plan.

(Dollars in thousands)	6/30/2026 (1)	06/30/25	Increase/ (Decrease)
Total Pension Liability	$ 3,184,065	$ 3,033,528	$ 150,537
Plan Fiduciary Net Position	2,464,031	2,240,018	224,043
Plan Net Pension Liability	$ 720,034	$ 793,510	$ (73,476)
Plan fiduciary net positions as a % of the total pension liability	77.39%	73.84%	
Covered payroll	$292,295	$279,846	
Plan net pension liability as a % of covered payroll	246.34%	283.55%	

(Dollars in thousands)	06/30/25	6/30/24	Increase/ (Decrease)
Total Pension Liability	$ 3,033,528	$ 2,926,787	$ 106,741
Plan Fiduciary Net Position	2,240,018	2,092,884	147,134
Plan Net Pension Liability	$ 793,510	$ 833,903	$ (40,393)
Plan fiduciary net positions as a % of the total pension liability	73.84%	71.51%	
Covered payroll	$279,846	$249,812	
Plan net pension liability as a % of covered payroll	283.55%	333.81%	

Source: GASB 68 Accounting Report for the respective measurement date prepared for Metropolitan by the California Public Employees' Retirement System.

(1) Fiscal year 2026 data is unaudited.

The Net Pension Liability for Metropolitan's Miscellaneous Plan for the fiscal years ended June 30, 2025 and 2026 were measured as of June 30, 2024 and June 30, 2025, respectively, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of June 30, 2023 and June 30, 2024, respectively.

For more information on the plan, see APPENDIX B—"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024."

Metropolitan currently provides post-employment medical insurance to retirees and pays the post-employment medical insurance premiums to PERS. On January 1, 2012, Metropolitan implemented a longer vesting schedule for retiree medical benefits, which applies to all new employees hired on or after January 1, 2012. Payments for this benefit were $23.0 million in fiscal year 2024-25 and $23.7 million in fiscal year 2025-26. Employees are not required to contribute to the plan. Under Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, Metropolitan is required to account for and report the outstanding obligations and commitments related to such benefits, commonly referred to as other post-employment benefits ("OPEB"), on an accrual basis.

The actuarial valuations dated June 30, 2023 and June 30, 2025, were released in April of 2024 and April of 2026, respectively. The 2023 valuation indicated that the Actuarially Determined Contribution ("ADC") in fiscal years 2023-24 and 2024-25 were $23.0 million and $23.7 million, respectively, and the 2025 valuation indicated that the ADC in fiscal years 2025-26 and 2026-27 were $23.7 million and is $33.9 million, respectively. The ADC consists of two parts: (1) the normal cost, which represents the annual cost attributable to service earned in a given year and (2) the layered amortization of Unfunded Actuarial Liability as a level percentage of payroll.

The actuarial assumptions included the following:

	June 30, 2025 Valuation	June 30, 2023 Valuation
Actuarial Cost Method	Entry Age, level percentage of payroll	Entry age, level percentage of payroll
Amortization Method/ Period	Level percentage of payroll over 23-year closed period from 6/30/2014 plus 15-year closed layers of future gains/losses/ assumption changes/plan changes	Level percentage of payroll over 23-year closed period from 6/30/2014 plus 15-year closed layers of future gains/ losses/assumption changes/plan changes
Asset Valuation Method	Gains/losses on the Actuarial Value of Assets spread over 5-year rolling periods with corridor of 80% and 120% of market value	Gains/losses on the Actuarial Value of Assets spread over 5-year rolling periods with corridor of 80% and 120% of market value
Investment Rate of Return	6.75%	6.75%
Inflation	2.50%	2.80%
Mortality, Disability, Termination, Retirement	CalPERS Assumptions set in 2025	CalPERS Assumptions set in 2021
Health Care Cost Trends	Pre-Medicare: 6.75% in 2025, grading to 3.94% in 2045 Medicare – 7.85% in 2025, grading to 3.94% in 2045	Pre-Medicare -12.72% for 2023, grading down to 4.14% for 2076 Medicare –8.45% for 2023, grading down to 4.14% for 2076
Mortality Improvement	80% of MP 2021	Mortality projected fully generational with Scale MP-2021.

As of June 30, 2025, the date of the most recent OPEB actuarial valuation report, the unfunded actuarial liability was estimated to be $207.0 million and projected to be $201.6 million at June 30, 2026.

In September 2013, Metropolitan's Board established an irrevocable OPEB trust fund with the California Employers' Retiree Benefit Trust Fund. The market value of assets in the trust as of June 30, 2025 was $427.7 million. As part of its biennial budget process, the Board approved the full funding of the ADC for fiscal years 2025-26 and 2026-27.

In recent years, financial markets have experienced increased volatility and the recent increase in the 2025 CalPERS premium rates driven by higher service costs, increased use of high-cost specialty drugs, and the impact of the Inflation Reduction Act negatively affect the trust fund's funding status. These challenges caused higher ADCs for fiscal years 2026-27 and 2027-28 based on the latest actuarial report.

The following tables show the changes in Net OPEB Liability and related ratios of Metropolitan's OPEB plan.

(Dollars in thousands)	06/30/26 [1]	6/30/25	Increase/ (Decrease)
Total OPEB Liability	$ 626,347	$ 570,654	$ 55,693
Plan Fiduciary Net Position	427,719	378,663	49,056
Plan Net OPEB Liability	$ 198,628	$ 191,991	$ 6,637
Plan fiduciary net positions as a % of the total OPEB liability	68.29%	66.36%	
Covered payroll	$292,295	$279,846	
Plan net OPEB liability as a % of covered payroll	67.95%	68.61%	

(Dollars in thousands)	6/30/25	06/30/24	Increase/ (Decrease)
Total OPEB Liability	$ 570,654	$ 493,593	$ 77,061
Plan Fiduciary Net Position	378,663	345,288	33,375
Plan Net OPEB Liability	$ 191,991	$ 148,305	$ 43,686
Plan fiduciary net positions as a % of the total OPEB liability	66.36%	69.95%	
Covered payroll	$279,846	$ 249,812	
Plan net OPEB liability as a % of covered payroll	68.61%	59.37%	

Source: GASB Statement No. 74/75 Report for the respective fiscal year prepared for Metropolitan by its actuary for the Retiree Healthcare Plan.

[1] Fiscal year 2026 data is unaudited.

The Net OPEB Liability for the years ended June 30, 2025 and 2026 were measured as of June 30, 2024 and June 30, 2025, respectively, and the Total OPEB Liability used to calculate the Net OPEB Liability as of such dates were determined by an annual actuarial valuation as of June 30, 2023 and 2025, respectively.

For more information on the OPEB plan, see APPENDIX B –"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024 AND BASIC FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026 AND SEPTEMBER 30, 2025 (UNAUDITED)."

HISTORICAL AND PROJECTED REVENUES AND EXPENSES

The "Historical and Projected Revenues and Expenses" table below for fiscal years 2023-24 through 2030-31, provides a summary of revenues and expenses of Metropolitan prepared on a cash basis. This is consistent with Metropolitan's current budgetary reporting method. Under cash basis accounting, water sales revenues are recorded when received (two months after billed) and expenses when paid (approximately one month after invoiced). The table does not reflect the accrual basis of accounting, which is used to prepare Metropolitan's annual audited financial statements. Under accrual accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of related cash flows.

The financial projections for fiscal years 2026-27 through 2030-31 in the table below reflect the biennial budget for fiscal years 2026-27 and 2027-28 as well as a ten-year financial forecast provided therein, on a cash basis. See "METROPOLITAN'S WATER SUPPLY—Colorado River Aqueduct—Metropolitan and San Diego County Water Authority Exchange Agreement" in this Appendix A. See also "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES —Water Revenues." The financial projections include Metropolitan's share of the forecasted costs associated with the planning of a single tunnel Bay-Delta conveyance project and certain costs associated with PWSC. See "METROPOLITAN'S WATER SUPPLY—State Water Project—Bay-Delta Proceedings Affecting State Water Project — *Bay-Delta Planning Activities*" and "*—Delta Conveyance*," "METROPOLITAN EXPENSES—State Water Contract Obligations" and "REGIONAL WATER RESOURCES—Local Water Supplies — *Recycled Water-Metropolitan Pure Water Southern California Program*" in this Appendix A. See also "CAPITAL INVESTMENT PLAN–Projection of Capital Investment Plan Expenditures."

The projections are based on assumptions concerning future events and circumstances that may impact revenues and expenses and represent management's best estimates of results at this time. See the footnotes to the table below entitled "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" and "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" for relevant assumptions, including projected water transactions and the average annual increase in the effective water rate, and "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" for a discussion of potential impacts. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the projection period will vary from the projections and the variations may be material. The budget and projection information, and all other forward-looking statements in this Appendix A, are based on current expectations and are not intended as representations of facts or guarantees of future results.

The presentation below is consistent with Metropolitan's current budgetary reporting method. Metropolitan will continue to calculate compliance with its rate covenants, limitations on additional bonds and other financial covenants in the Resolutions in accordance with their terms.

The presentation below differs from that previously presented in certain of Metropolitan's prior offering documents and continuing disclosure annual report filings with respect to the actual and expected use of certain funds on hand and the application of Reserve Transfers as offsets to operating and maintenance expenses and as Additional Revenues, respectively. Metropolitan now consistently applies these funds as set forth in the table below, which impacted the bond and fixed-charge coverage calculation in fiscal year 2024-25. O&M, CRA Power and Water Transfer Costs were updated to reflect a Reserve Transfer of $229 million in 2023-24, as reflected in the table below.

Metropolitan's resource planning projections are developed using a comprehensive analytical process that incorporates demographic growth projections from recognized regional planning entities, historical and projected data acquired through coordination with local agencies, and the use of generally accepted empirical and analytical methodologies. Due to the unpredictability of future hydrologic conditions, Metropolitan's projected supplemental wholesale water transactions may vary considerably. Metropolitan's Water Resource Management provided projections of the volume of annual water transactions for the biennial budget for fiscal years 2026-27 and 2027-28 and ten-year financial forecast. Based on those projections, recent water transactions, and updated demographic and water supply assumptions, Metropolitan incorporated more conservative assumptions for water transaction forecast for financial planning and rate-setting purposes. For the fiscal years 2026-27 and 2027-28 biennium, Metropolitan applied a 70 percent exceedance level to reduce the risk that actual water transactions will fall below forecast levels. Actual water transactions are likely to vary from projections as a result of hydrologic conditions, local supply availability, water demand and other factors. As shown in the chart entitled "Historical Water Transactions" below, water transactions can vary significantly from projected levels, demonstrating the degree to which Metropolitan's commitments to meet supplemental demands can impact water transactions. In years when actual transactions exceed projections, the revenues from water transactions during the fiscal year will exceed budget, potentially resulting in an increase in financial reserves. In years when actual transactions are less than projections, Metropolitan uses various tools to manage reductions in revenues, such as reducing expenses below budgeted levels, reducing funding of capital projects from revenues, and drawing on reserves. See "METROPOLITAN REVENUES—Financial Reserve Policy" in this Appendix A. See also "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES —Projected Fiscal Year 2026-27 Financial Results and Other Projection Period Information." Metropolitan considers actual transactions, revenues and expenses, and financial reserve balances in setting rates for future fiscal years.

As described above, financial projections for fiscal years 2026-27 through 2030-31 reflect the biennial budget for fiscal years 2026-27 and 2027-28 and ten-year financial forecast provided therein, on a cash basis. This includes the issuance of $1,420 million of bonds for fiscal years 2026-27 through 2030-31 to finance a portion of the costs of the CIP. The financial projections for fiscal years 2026-27 and 2027-28 do not assume the issuance of revenue bonds to finance capital expenditures of Metropolitan relating to certain refurbishment and replacement projects. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" and "CAPITAL INVESTMENT PLAN–Capital Investment Plan Financing" in this Appendix A.

Water transactions with member agencies were 1.17 million acre-feet in fiscal year 2023-24, 1.34 million acre-feet for 2024-25, and 1.24 million acre-feet in fiscal year 2025-26. Water transactions are projected to be 1.21 million acre-feet for fiscal year 2026-27, 1.28 million acre-feet for fiscal year 2027-28, 1.28 million acre-feet for fiscal year 2028-29, 1.28 million acre-feet for fiscal year 2029-30 and 1.29 million acre-feet for fiscal year 2030-31. Water transactions for fiscal year 2024-25 include 100,000 acre-feet pre-purchased by member agencies under Metropolitan's reverse cyclic program. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES—Projected Fiscal Year 2026-27 Financial Results and Other Projection Period Information." Rates and charges increased by 8.5 percent for calendar year 2026, and will increase by 6.2 percent for calendar year 2027, and 6.2 percent for calendar year 2028. Rates and charges are projected to increase by 7.0 percent for calendar year 2029, 7.0 percent for calendar year 2030, and 6.5 percent for calendar year 2031. Actual rates and charges to be effective in calendar year 2029 and thereafter are subject to adoption by Metropolitan's Board.

Financial projections for fiscal years 2027-28 through 2030-31 reflect a greater portion of Metropolitan's State Water Contract obligations being paid from property taxes. In August 2026, the Board established the *ad valorem* tax rate for fiscal year 2026-27 at 0.0085 percent of full assessed valuation,

consistent with the assumption in the Adopted Budget. The ten-year financial forecast in the Adopted Budget assumes continuation of a 0.0085 percent ad valorem tax rate during the projection period.

The projections were prepared by Metropolitan and have not been reviewed by independent certified public accountants or any entity other than Metropolitan. Dollar amounts are rounded.

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HISTORICAL AND PROJECTED REVENUES AND EXPENSES[a]
Fiscal Years Ended June 30
(Dollars in Millions)

				Projected				
	2024	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
	Actual	Actual	Actual	Budget	Budget	10-Yr. Forecast	10-Yr. Forecast	10-Yr. Forecast
Water Revenues[b]	$ 1,167	1,479	$ 1,416	$ 1,483	$ 1,333	$ 1,425	$ 1,546	1,679
Other Charge Revenues[c]	196	213	229	286	392	404	412	426
Total Operating Revenues	1,364	1,692	1,645	1,769	1,725	1,829	1,958	2,105
O&M, CRA Power and Water Transfer Costs[d]	(760)	(822)	(827)	(923)	(982)	(1,088)	(1,170)	(1,248)
Total SWC OMP&R and Power Costs[e]	(543)	(200)	(169)	(330)	(337)	(305)	(303)	(352)
Total Operation and Maintenance	(1,303)	(1,021)	(996)	(1,253)	(1,319)	(1,393)	(1,473)	(1,600)
Net Operating Revenues	$ 61	$ 670	$ 649	$ 516	$ 405	$ 435	$ 485	504
Miscellaneous Revenue[f]	21	116	120	37	256	215	225	236
Reserve Transfers[g]	229	—	—	10	—	—	—	—
Sales of Hydroelectric Power[h]	13	7	2	3	4	4	4	4
Interest on Investments[i]	42	38	55	34	35	37	39	41
Total Additional Revenues	305	161	177	84	295	256	268	281
Adjusted Net Operating Revenues[j]	$ 366	$ 831	$ 826	$ 600	$ 700	$ 691	$ 753	$ 785
Senior Obligations	(197)	(208)	(185)	(207)	(217)	(317)	(273)	(351)
Subordinate Obligations	(125)	(131)	(160)	(145)	(151)	(66)	(115)	(38)
Senior and Subordinate Obligations[k]	(322)	(339)	(345)	(352)	(368)	(383)	(388)	(389)
Funds Available from Operations	$ 44	$ 492	$ 481	$ 248	$ 332	$ 308	$ 365	$ 396
Debt Service Coverage (DSC) on all Senior Bonds	1.86	3.99	4.48	2.90	3.23	2.18	2.76	2.24
DSC on all Senior and Subordinate Bonds[l]	1.14	2.45	2.39	1.70	1.90	1.80	1.94	2.02
Operating Equipment Expense	$ (9)	$ (11)	$ (8)	$ (17)	$ (18)	$ (19)	$ (21)	(22)
Operating Equipment Financing Principal[m]			(2)	(4)	(4)	(4)	(4)	(4)
Pay-As-You Go Construction	(35)	(175)	(205)	(227)	(278)	(210)	(240)	(250)
Pay-As-You Go Funded from Replacement & Refurbishment Fund Reserves	—	—	28	—	—	—	—	—
Total SWC Capital Costs Paid from Current Year Operations	—	—	—	—	—	—	—	—
Remaining Funds Available from Operations	$ —	$ 306	$ 294	$ —	$ 32	$ 75	$ 100	$ 120
Fixed Charge Coverage[n]	1.14	2.45	2.39	1.70	1.90	1.80	1.94	2.02
Property Taxes[o]	$ 202	$ 391	$ 421	$ 465	$ 487	$ 502	$ 517	527
General Obligation Bonds Debt Service Paid from Property Taxes	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
SWC Capital Costs Paid from Property Taxes	(122)	(129)	(75)	(171)	(203)	(220)	(224)	(262)
SWC O&M Costs Paid from Property Taxes	(78)	(260)	(344)	(292)	(282)	(280)	(292)	(264)

Source: Metropolitan.

(Footnotes to table on prior page)

(a) Unaudited. Totals may not add due to rounding. Prepared on a cash basis. Projections for fiscal year 2026-27 through fiscal year 2030-31 are based on assumptions and estimates used in the biennial budget for fiscal years 2026-27 and 2027-28 and the ten-year financial forecast provided therein. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

(b) Water Revenues include revenues from water sales, exchanges, and wheeling. During the fiscal years ended June 30, 2024, 2025, and 2026 annual water transactions with member agencies were 1.17 million acre-feet (MAF), 1.34 MAF, and 1.24 MAF respectively. See the table entitled "Summary of Water Transactions and Revenues" under "METROPOLITAN REVENUES—Water Revenues" in this Appendix A. The water transactions projections are 1.21 MAF for fiscal year 2026-27, 1.28 MAF for fiscal year 2027-28, 1.28 MAF for fiscal year 2028-29, 1.28 MAF for fiscal year 2029-30, and 1.29 MAF for fiscal year 2030-31. Projections reflect adopted overall rate and charge increase of 6.2 percent for each of the calendar years 2027 and 2028. Rates and charges are projected to increase 7.0 percent for calendar year 2029, 7.0 percent for calendar year 2030 and 6.5 percent for calendar year 2031, subject to adoption by Metropolitan's Board. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

(c) Includes revenues from water standby, readiness-to-serve, capacity and treatment capacity charges. The term Operating Revenues excludes *ad valorem* taxes. See "METROPOLITAN REVENUES–Other Charges" in this Appendix A.

(d) Water Transfer Costs, the interest component of the lease payments under the Equipment Sublease Agreement (described under "METROPOLITAN EXPENSES—Junior and Capital Lease Obligations — *Capital Lease Financing*" in this Appendix A) and PWSC planning costs (described under "REGIONAL WATER RESOURCES–Local Water Supplies – *Recycled Water-Metropolitan Pure Water Southern California Program*" in this Appendix A) are included in operation and maintenance expenses for purposes of calculating the debt service coverage on all Obligations. O&M, CRA Power and Water Transfer Costs are net of reserves, grant or other state appropriated funds to be applied to fund planning costs of PWSC (see "REGIONAL WATER RESOURCES–Local Water Supplies –*Recycled Water-Metropolitan Pure Water Southern California Program*") and California WaterFix refund monies held and applied to offset Delta Conveyance costs ($30 million in fiscal year 2023-24). Also net of conservation and supply programs expenses expected to be paid from bond proceeds. See footnote (k) below.

(e) Includes on- and off-aqueduct power and operation, maintenance, power and replacement costs payable under the State Water Contract and Delta Conveyance planning costs. See "METROPOLITAN EXPENSES–State Water Contract Obligations" in this Appendix A. See also "METROPOLITAN'S WATER SUPPLY–State Water Project –Bay-Delta Proceedings Affecting State Water Project – *Bay-Delta Planning Activities*" and "– *Delta Conveyance*" in this Appendix A. SWC OMP&R costs are net of (offset by) amounts paid from property taxes as detailed in the table above. See footnote (o) below.

(f) May include lease and rental net proceeds, net proceeds from sale of surplus property, reimbursements and PWSC contributions. In fiscal year 2024-25 includes approximately $47.3 million prior year IRA funding revenues. Includes $55 million in revenues for fiscal year 2025-26 generated from additional arrangements enabled by Metropolitan's record high storage reserves. See "METROPOLITAN'S WATER SUPPLY—Water Transfer, Storage and Exchange Programs—State Water Project Agreements and Programs — *Other Ongoing Activities*" in this Appendix A.

(g) Reflects transfers from the Water Rate Stabilization Fund and General Fund of $229 million in fiscal year 2023-24.

(h) Includes CRA power sales through fiscal year 2024-25. Starting in fiscal year 2025-26 CRA power sales are included in the CRA power expense (net).

(i) Does not include interest applicable to Bond Construction Funds, the Excess Earnings Funds, other trust funds and the Deferred Compensation Trust Fund. Includes net gain or loss on investments.

(j) Adjusted Net Operating Revenues is the sum of all available revenues that the revenue bond resolutions specify may be considered by Metropolitan in setting rates and issuing additional Senior Revenue Bonds and Senior Parity Obligations and Subordinate Revenue Bonds and Subordinate Parity Obligations.

(k) Includes debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds, Subordinate Parity Obligations, and additional Revenue Bonds (projected). Assumes bond issuances of approximately $240 million in fiscal year 2026-27, approximately $250 million in fiscal year 2027-28, approximately $310 million in fiscal year 2028-29, approximately $300 million in fiscal year 2029-30 and $320 million in fiscal year 2030-31. See "CAPITAL INVESTMENT PLAN—Capital Investment Plan Financing" in this Appendix A. In fiscal year 2024-25, Metropolitan issued $309.1 million of Senior Revenue Bonds and Subordinate Revenue Bonds for the capital expenditures occurring in fiscal years 2024-25 and 2025-26.

(l) Adjusted Net Operating Revenues, divided by the sum of debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds and Subordinate Parity Obligations and additional Revenue Bonds (projected). See "METROPOLITAN EXPENSES--Outstanding Senior Revenue Bonds and Senior Parity Obligations" and "--Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations" in this Appendix A.

(m) Reflects the principal component of the lease payments under the Equipment Sublease Agreement (described under "METROPOLITAN EXPENSES--Junior and Capital Lease Obligations --*Capital Lease Financing*" in this Appendix A).

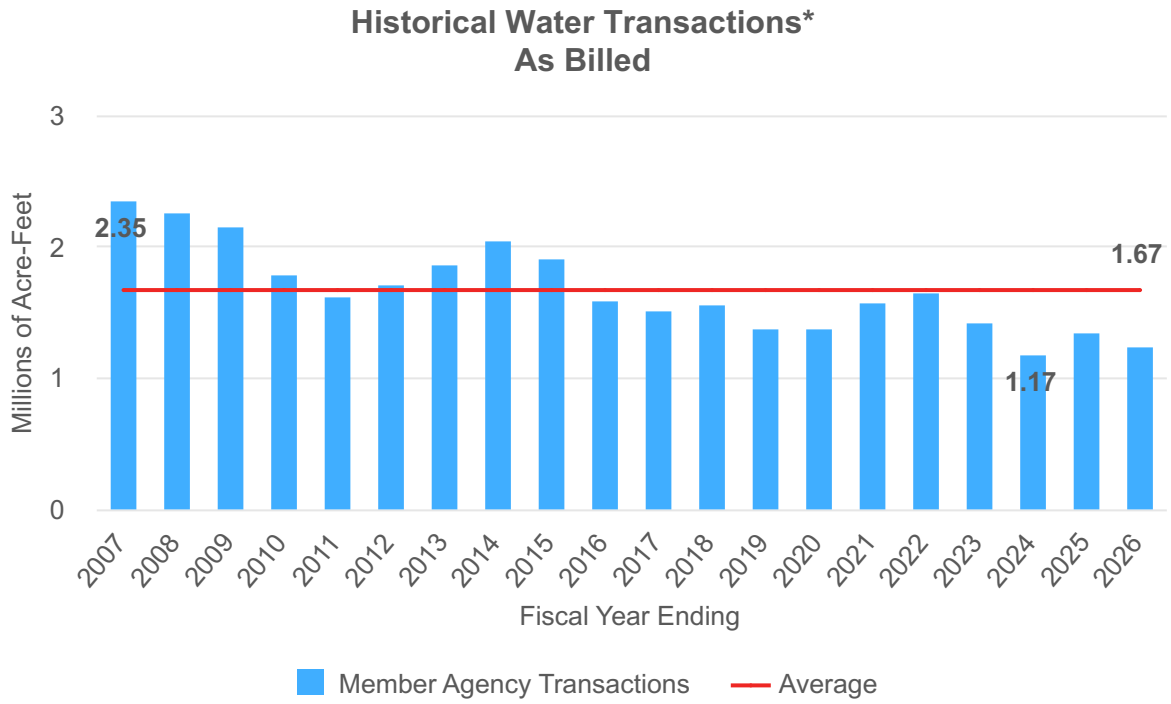
(n) Adjusted Net Operating Revenues, divided by the sum of the State Water Contract capital costs paid from current year operations and debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds and Subordinate Parity Obligations, and additional Revenue Bonds (projected).

(o) *Ad valorem* tax rate increased to 0.0070 percent of full assessed valuation beginning in fiscal year 2024-25 and 0.0085 percent of full assessed valuation beginning in fiscal year 2026-27. Assumes a 4.25% increase in assessed valuation per annum over the prior year beginning in Fiscal Year 2026-27.

MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES

Water Transactions Projections

The water transactions with member agencies were 1.17 million acre-feet in fiscal year 2023-24, 1.34 million acre-feet in fiscal year 2024-25, and 1.24 million acre-feet in fiscal year 2025-26 (unaudited actual results). Water transactions are projected to be 1.21 million acre-feet in fiscal year 2026-27, 1.28 million acre-feet in fiscal year 2027-28, 1.28 million acre-feet in fiscal year 2028-29, 1.28 million acre-feet in fiscal year 2029-30, and 1.29 million acre-feet in fiscal year 2030-31, consistent with the biennial budget and ten-year financial forecast. For purposes of comparison, Metropolitan's highest level of water transactions during the past 20 fiscal years was approximately 2.35 million acre-feet in fiscal year 2006-07, and the lowest was 1.17 million acre-feet in fiscal year 2023-24. The chart below shows the volume of water transactions with member agencies over the last 20 fiscal years.



* Water transactions include sales, exchanges, and wheeling with member agencies. Fiscal Year 2025-26 information is based on unaudited actual results.

Water Revenues

Metropolitan projects revenues from water transactions will be about 70 percent of its total revenues after implementation of the adopted biennial budget for fiscal years 2026-27 and 2027-28. In adopting the budget and rates and charges for each fiscal year, Metropolitan's Board reviews the anticipated revenue requirements and projected water transactions to determine the rates necessary to produce the required revenues to be derived from water transactions during the fiscal year. Metropolitan sets rates and charges estimated to provide operating revenues sufficient, with other sources of funds, to provide for payment of its expenses. See "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

Under the 2025 Exchange Agreement executed by Metropolitan and SDCWA in June 2025, beginning in calendar year 2026, the price to be paid by SDCWA for exchange water will no longer be tied to Metropolitan's rates and charges as assumed in Metropolitan's projected revenues from water transactions, but will instead be a fixed dollar amount per acre-foot. Under the 2025 Exchange Agreement, SDCWA will be obligated to pay to Metropolitan in each calendar year a minimum payment equal to the amount payable for the exchange of 227,000 acre-feet of water at the applicable fixed Unit Price, even if SDCWA exchanges less than that amount in any one year. See "METROPOLITAN'S WATER SUPPLY—Colorado River Aqueduct — Metropolitan and San Diego County Water Authority Exchange Agreement" in this Appendix A. As a result of this change in the contract pricing terms for exchange agreement transactions, a portion of Metropolitan revenues from water transactions are expected to be fixed, rather than volumetric, in future years during the projection period. The fixed Unit Price for water transactions under the 2025 Exchange Agreement is lower than the contract price under the 2003 Exchange Agreement. Projected water revenues for fiscal years 2027-28 through fiscal year 2030-31 reflect the Fixed Unit Price set forth under the 2025 Exchange Agreement.

Metropolitan's Board has in recent years regularly adopted annual increases in water rates. See "METROPOLITAN REVENUES–Rate Structure" and "–Classes of Water Service" in this Appendix A. On April 14, 2026, the Board adopted average increases in rates and charges of 6.2 percent for each of calendar years 2027 and 2028, to be effective on January 1, 2027 and January 1, 2028, respectively. Rates and charges are projected to increase 7.0 percent for calendar year 2029, 7.0 percent for calendar year 2030, and 6.5 percent in calendar year 2031. Actual rates and charges to be effective in calendar year 2029 and thereafter are subject to adoption by Metropolitan's Board. Metropolitan's biennial budget process for fiscal years 2028-29 and 2029-30 will include proposed water rate increases for calendar years 2029 and 2030, and a new ten-year financial forecast for fiscal years 2028-29 through 2037-38. See "–Projected Fiscal Year 2026-27 Financial Results and Other Projection Period Information" below.

Projected Fiscal Year 2026-27 Financial Results and Other Projection Period Information

Projections for fiscal year 2026-27 are based on the adopted biennial budget for fiscal years 2026-27 and 2027-28. Water Revenues for fiscal year 2026-27 are budgeted to be $1,483 million.

Operation and maintenance expenses in fiscal year 2026-27 are budgeted to be $1,253 million, which represents approximately 52 percent of total estimated costs for fiscal year 2026-27. These expenditures include the costs of labor, electrical power, materials and supplies of both Metropolitan and its contractual share of the State Water Project. Comparatively, operations and maintenance expenditures in fiscal year 2025-26 were budgeted at $996 million, which represented approximately 50 percent of total costs. Total expenditures for the twelve months ending June 30, 2027 are budgeted to be $2,417 million, which is $5.1 million under the total expenditures budgeted for fiscal year 2026-27.

Metropolitan maintains cash reserves as a tool to manage the fluctuations in revenues and/or increases in expenses. Water revenues vary based on Metropolitan's water transactions, which are primarily driven by demand for Metropolitan's water supplies. Expenses may vary on a host of factors, including but not limited to construction costs, chemical costs for treatment, power costs, hydroelectric power production, variable rate debt costs, among other potential types of costs Metropolitan incurs. Metropolitan's unrestricted reserves provide the flexibility to increase rates on a scheduled basis as opposed to when additional revenues are needed intermittently. Projections for fiscal year 2026-27 include using $28 million in unrestricted reserves related to operating and maintenance.

Based on budgeted revenues and expenditures for fiscal year 2026-27, senior revenue bond debt service coverage (on a cash basis) is expected to be 2.90x. For fiscal year 2026-27, aggregate revenue bond

debt service coverage (on a cash basis) is expected to be 1.70x and the fixed charge coverage is estimated to be 1.70x. Fiscal year 2026-27 capital expenditures, estimated at $467 million, are being partially funded by the proceeds of bonds issued in fiscal year 2026-27 for such purpose, grant funding, and the remainder from pay-as-you-go funding. Metropolitan's unrestricted reserves are expected to be approximately $760 million on a cash basis at June 30, 2027. See "METROPOLITAN REVENUES–Financial Reserve Policy" in this Appendix A.

Financial projections for fiscal years 2027-28 through 2030-31 are reflected in the biennial budget for fiscal years 2026-27 and 2027-28 and ten-year financial forecast provided therein. The fiscal year 2026-27 and 2027-28 biennial budget and rates set the stage for rate increases over the ten-year planning period, with adopted overall rate increases of 6.2 percent for calendar year 2027 and 6.2 percent for calendar year 2028. The biennial budget for fiscal years 2026-27 and 2027-28 and ten-year financial forecast assumes rate increases of 7.0 percent for calendar year 2029, 7.0 percent for calendar year 2030, and 6.5 percent for calendar year 2031. Actual rates and charges to be effective in calendar year 2029 and thereafter are subject to adoption by Metropolitan's Board as part of the biennial budget process, at which point the ten-year forecast will be updated as well. Increases in rates and charges reflect the impact of reduced water transactions projections, increasing operations and maintenance costs, and increasing State Water Project costs, when compared to prior fiscal years.

Metropolitan's financial results during the fiscal years 2026-27 through 2030-31 may be impacted by current and subsequent developments relating to, among other things, the effects of changing hydrological conditions (including drought and extreme wet weather), unanticipated changes in member agencies' demands, new legislation, changes in environmental compliance requirements, unfavorable court decisions, and inflation and other national and regional economic conditions, as well as other unforeseen events.

For purposes of future budget development and rate setting, Metropolitan implemented a revised sales forecast methodology. In July 2025, Metropolitan's Board adopted a policy implementing a more conservative water sales forecast using a 70 percent exceedance level in connection with Metropolitan's biennial budget process for fiscal years 2026-27 and 2027-28, and an 80 percent exceedance level for subsequent biennia. The current ten-year financial forecast, however, maintains a 70 percent exceedance assumption throughout the forecast period. A 70 percent exceedance forecast means that there is a 70 percent probability that actual sales will meet or exceed the budget forecast and an 80 percent exceedance forecast means that there is an 80 percent probability that actual sales will meet or exceed the budget forecast. The change in forecast methodology is expected to provide a conservative, lower-bound planning assumption for future revenue and rate modeling. The development of the biennial budget for fiscal years 2026-27 and 2027-28 was informed by the updated water shortage and reliability analyses prepared in connection with the 2020 IRP Needs Assessment, as updated in 2025, which incorporate more recent demographic data, conservation achievements, local supply developments and revised assumptions for Metropolitan's imported water supplies. See "METROPOLITAN'S WATER SUPPLY–Climate Adaptation Master Plan for Water (CAMP4W)" in this Appendix A.

See also the "Management's Discussion and Analysis" contained in APPENDIX B– "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024 AND BASIC FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026 AND SEPTEMBER 30, 2025 (UNAUDITED)."

Redline Comparison

Appendix A – The Metropolitan Water District of Southern California

BASELINE (original)
Attachment 1 - Appendix A - 2025.pdf (11/18/2025 Board Meeting, Item 7-2; 128 pages)

REVISED (new)
APPENDIX A Fall 2026 2026A_v.3 5.pdf (Board Distribution Draft 10/13/26; 136 pages)

How to read this redline

~~Deleted text~~	Text in the 2025 baseline that was removed (red strikethrough).
Inserted text	Text added in the Fall 2026 revision (blue underline).
▌	A vertical bar in the left margin marks every line containing a change.
A-12	Grey marks in the right margin give the corresponding page in the Fall 2026 document.

Summary of changes

1,737 Insertions	**1,754** Deletions	**11,120** Words inserted
10,125 Words deleted	**685** Paragraphs / tables changed	**96 of 145** Sections with changes

Comparison is of document text, word by word, in reading order. Running headers, footers, board-packet stamps and page numbers are excluded, and text layout is reflowed. Formatting-only changes (font, spacing, pagination, en/em-dash and curly/straight quote style) are not marked. 28 financial and operating tables and 3 charts are presented as clean tables/charts sourced from the Word comparison (MET APPENDIX A COMPARE OF FALL 2025 TO FALL 2026.docx); every value was checked against both PDFs. Where that Word file's baseline differs from Attachment 1, the 2025 values shown are taken from Attachment 1 (noted under each table).

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The Metropolitan Water District

of Southern California

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INTRODUCTION

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This Appendix A provides general information regarding The Metropolitan Water District of Southern California ("Metropolitan"), including information regarding Metropolitan's operations and finances. Certain statements included or incorporated by reference in this Appendix A constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "project," "expect," "estimate," "budget" or other similar words. Such statements are based on facts and assumptions set forth in Metropolitan's current planning documents including, without limitation, its most recent biennial budget. The achievement of results or other expectations contained in such forward-looking statements ~~involve~~ involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual results may differ from Metropolitan's forecasts. Metropolitan is not obligated to issue any updates or revisions to the forward-looking statements in any event.

Metropolitan maintains a website that may include information on programs or projects described in this Appendix A; however, none of the information on Metropolitan's website is incorporated by reference herein or is intended to assist investors in making an investment decision or to provide any additional information with respect to the information included in this Appendix A. The information presented on Metropolitan's website is not part of the Official Statement and should not be relied upon in making investment decisions.

Formation and Purpose

Metropolitan is a metropolitan water district created in 1928 under the authority of the Metropolitan Water District Act (California Statutes 1927, Chapter 429, as reenacted in 1969 as Chapter 209, as amended (the "Act")). The Act authorizes Metropolitan to: levy property taxes within its service area; establish water rates; impose charges for water standby and service availability; incur general obligation bonded indebtedness and issue revenue bonds, notes and short-term revenue certificates; execute contracts; and exercise the power of eminent domain for the purpose of acquiring property. In addition, Metropolitan's Board of Directors (the "Board") is authorized to establish terms and conditions under which additional areas may be annexed to Metropolitan's service area.

Metropolitan's primary purpose is to provide a supplemental supply of water for domestic and municipal uses at wholesale rates to its member agencies. If additional water is available, such water may be sold for other beneficial uses. As a water wholesaler, Metropolitan has no retail customers.

The mission of Metropolitan, as promulgated by the Board, is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way.

Metropolitan's rates and charges for water transactions and availability are set by its Board and are not subject to regulation or approval by the California Public Utilities Commission or any other state or federal agency. Metropolitan imports water from two principal sources: northern California via the Edmund G. Brown California Aqueduct (the "California Aqueduct") of the State Water Project owned by the State of California (the "State" or "California") and the Colorado River via the Colorado River Aqueduct ("CRA") owned by Metropolitan. See "METROPOLITAN'S WATER SUPPLY" in this Appendix A.

Member Agencies

Metropolitan is comprised of 26 member agencies, all of which are public entities, including 14 cities, 11 municipal water districts, and one county water authority, which collectively serve the residents and businesses of more than 300 cities and unincorporated communities. Member agencies request water from Metropolitan at various delivery points within Metropolitan's system and pay for such water at uniform rates established by the Board for each class of water service. Metropolitan's water is a supplemental supply for its member agencies, most of whom have local supplies and other sources of water. See "METROPOLITAN REVENUES—Principal Customers" in this Appendix A for a listing of the ten member agencies representing the highest level of water transactions and revenues of Metropolitan during the fiscal year ended June 30, ~~2025.~~ 2026. No member agency is required to purchase water from Metropolitan, but all member agencies are required to pay readiness-to-serve charges whether or not they purchase water from Metropolitan. See "METROPOLITAN REVENUES—Rate Structure," and "—Other Charges" in this Appendix A. Local supplies include water produced by local agencies from various sources including but not limited to groundwater, surface water, locally-owned imported supplies, recycled water, and seawater desalination (see "REGIONAL WATER RESOURCES" in this Appendix A). Metropolitan's member agencies may develop additional sources of water and Metropolitan provides support for several programs to develop these local resources. See also "REGIONAL WATER RESOURCES—Local Water Supplies" in this Appendix A.

The following table lists the 26 member agencies of Metropolitan. A-2

County				
Municipal Water Districts		**Cities**		**Water Authority**
Calleguas	Las Virgenes	Anaheim	Los Angeles	San Diego
Central Basin	Orange County	Beverly Hills	Pasadena	
Eastern	Three Valleys	Burbank	San Fernando	
Foothill	West Basin	Compton	San Marino	
Inland Empire Utilities Agency		Fullerton	Santa Ana	
Upper San Gabriel Valley		Glendale	Santa Monica	
Western of Riverside County		Long Beach	Torrance	

Service Area

Metropolitan's service area comprises approximately 5,200 square miles and includes all or portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura. When Metropolitan began delivering water in 1941, its service area consisted of approximately 625 square miles. Its service area has increased by 4,575 square miles since that time. The expansion was primarily the result of annexation of the service areas of additional member agencies.

Metropolitan estimates that approximately 18.8 million people lived in Metropolitan's service area (as of ~~May 1, 2025),~~ January 1, 2026), based on official estimates from the California Department of Finance and on population distribution estimates from the Southern California Association of Governments and the San Diego Association of Governments. The economy of Metropolitan's service area is exceptionally diverse. In ~~2024,~~ 2025, the economy of the six counties which contain Metropolitan's service area had a gross domestic product larger than all but eleven nations of the world. Metropolitan has historically provided between 40 and 60 percent of the water used annually within its service area. For additional economic and demographic information concerning the six county area containing Metropolitan's service area, see Appendix E—"SELECTED DEMOGRAPHIC AND ECONOMIC INFORMATION FOR METROPOLITAN'S SERVICE AREA."

The climate in Metropolitan's service area ranges from moderate temperatures throughout the year in the coastal areas to hot and dry summers in the inland areas. Since 2000, annual rainfall has ranged from approximately 4 to 23 inches along the coastal area, 6 to 42 inches in foothill areas, and 5 to 22 inches in inland areas. See also "METROPOLITAN'S WATER SUPPLY—General Overview," "—Current Water ~~Conditions,~~ Conditions," and "—Climate Action Planning and Other Environmental, Social and Governance Initiatives," and "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES."

GOVERNANCE AND MANAGEMENT

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Board of Directors

Metropolitan is governed by a 38-member Board of Directors, made up of representatives from all of Metropolitan's 26 member agencies. Each member agency is entitled to have at least one representative on the Board, plus an additional representative for each full five percent of the total assessed valuation of property in Metropolitan's service area that is within the member agency. Changes in relative assessed valuation do not terminate any director's term. In 2019, California Assembly Bill 1220 (Garcia) amended the Act to provide that "A member public agency shall not have fewer than the number of representatives the member public agency had as of January 1, 2019." Accordingly, the Board may, from time to time, have more than 38 directors.

The Board includes business, professional, and civic leaders. Directors are appointed by member agencies in accordance with those agencies' processes and the Act. They serve on the Board without compensation from Metropolitan. Voting is based on assessed valuation, with each member agency being entitled to cast one vote for each $10 million or major fractional part of $10 million of assessed valuation of property within the member agency, as shown by the assessment records of the county in which the member agency is located. The Board administers its policies through the Metropolitan Water District Administrative Code (the "Administrative Code"), which was adopted by the Board in 1977. The Administrative Code is periodically amended to reflect new policies or changes to existing policies that occur from time to time.

Management

Metropolitan's day-to-day management is under the direction of its General Manager, who serves at the pleasure of the Board, as do Metropolitan's General Counsel, General Auditor, and Ethics Officer. Following are biographical summaries of Metropolitan's principal executive officers.

~~*Deven Upadhyay,*~~ *Shivaji Deshmukh, General Manager* – Mr. ~~Upadhyay was appointed as General Manager on January 29, 2025, having served as Interim General Manager since June 2024. Prior to such appointment, Mr. Upadhyay served as Metropolitan's Executive Officer and Assistant General Manager of Water Resources and Engineering. In such role, he focused primarily on key Metropolitan strategies and innovative planning efforts for the Colorado River and the State Water Project. He was responsible for~~

~~managing the engineering services and water resources management groups, and the Colorado River and Bay Delta programs. Prior to that position, Mr. Upadhyay was formerly Metropolitan's Chief Operating Officer from November 2017. He has over 25 years of experience in the water industry. He joined Metropolitan in 1995, beginning as a Resource Specialist and then left Metropolitan in 2005 to work at the Municipal Water District of Orange County. In 2008, he returned to Metropolitan as a Budget and Financial Planning Section Manager and became a Water Resource Management Group Manager in 2010. Mr. Upadhyay has a Bachelor of Arts degree in economics from the California State University, Fullerton and a master's degree in public administration from the University of La Verne.~~

~~Mr. Upadhyay has announced his retirement, which will be effective at the end of calendar year 2025. On October 14, 2025, Metropolitan's Board announced the selection of Mr. Shivaji Deshmukh as the next General Manager of Metropolitan. Mr. Deshmukh will join Metropolitan as general manager-designate on November 3, 2025 and will assume~~ Deshmukh assumed the role of General Manager ~~of Metropolitan~~ on January 1, ~~2026, following the retirement of Mr. Upadhyay.~~

~~*Shivaji Deshmukh, General Manager-Designate* – Mr. Deshmukh was appointed as General Manager-Designate on October 14, 2025. Prior to join~~ 2026. Prior to joining Metropolitan, Mr. Deshmukh served as the General Manager of the Inland Empire Utilities Agency, a position that he held since 2019. Before joining the Inland Empire Utilities Agency, Mr. Deshmukh served as the Assistant General Manager at the West Basin Municipal Water District for nine years, where Mr. Deshmukh oversaw engineering, operations, the recycled water program, and two major capital improvement programs. Prior to that, Mr. Deshmukh served Orange County Water District, managing implementation, design, and construction of the Groundwater Replenishment System, a ~~100 million gallon per day~~ 130 million gallon-per-day potable reuse project. Mr. Deshmukh holds a Bachelor and Master of Science in Civil and Environmental Engineering from the University of California, Los Angeles.

Marcia Scully, General Counsel – Ms. Scully was appointed as Metropolitan's General Counsel in March 2012. She previously served as Metropolitan's Interim General Counsel from March 2011 to March 2012. Ms. Scully joined Metropolitan in 1995, after a decade of private law practice, providing legal representation to Metropolitan on construction, employment, Colorado River and significant litigation matters. From 1981 to 1985 she was assistant city attorney for the City of Inglewood. Ms. Scully served as president of the University of Michigan's Alumnae Club of Los Angeles and is a recipient of the 1996 State Bar of California, District 7 President's Pro Bono Service Award and the Southern California Association of Non-Profit Housing Advocate of the Year Award. She is also a member of the League of Women Voters for Whittier and was appointed for two terms on the City of Whittier's Planning Commission, three years of which were served as chair. Ms. Scully earned a bachelor's degree in liberal arts from the University of Michigan, a master's degree in urban planning from Wayne State University and her law degree from Loyola Law School.

Scott Suzuki, General Auditor – Mr. Suzuki assumed the position of General Auditor in February 2023. A-4
As general auditor, Mr. Suzuki independently reviews internal ~~controls, financial records and reports,~~ controls over business processes and information technology, develops a flexible annual audit plan, ensures that assets and resources are properly ~~accounted for and~~ safeguarded against waste, loss or misuse, and administers Metropolitan's contract for audit services with an independent public accounting firm. Prior to joining Metropolitan, Mr. Suzuki served the County of Orange for almost 21 years in various auditing and accounting roles, concluding as assistant director of internal audit. He also held auditor positions at ~~Home-Base,~~ Home Base, Deloitte, and the California State University system. Mr. Suzuki holds a Bachelor of Arts degree in business economics from the University of California, Los Angeles. He ~~holds~~ is a certified public accountant (CPA) ~~license and~~ and holds the certified internal auditor (CIA), certified information systems auditor (CISA), and certified fraud examiner (CFE) designations.

Abel Salinas, Ethics Officer – Mr. Salinas was appointed as Metropolitan's Ethics Officer in July 2019. He is responsible for leading an independent oversight department, which includes ethics-related policymaking, education, advice, compliance and investigations. Prior to joining Metropolitan, Mr. Salinas worked as a Special Agent in Charge at the U.S. Department of Labor-Office of Inspector General. Mr. Salinas holds a bachelor's degree in criminal justice from Pan American University and a master's degree in policy management from Georgetown University. He holds a Certified Compliance and Ethics Professional designation.

Katano Kasaine, Assistant General Manager/Chief Financial Officer – Ms. Kasaine is responsible for directing Metropolitan's financial activities, including accounting and financial reporting, debt issuance and management, financial planning and strategy, managing Metropolitan's investment portfolio, budget administration, financial analysis, financial systems management, and developing rates and charges. In addition, she is responsible for ~~human resources, the diversity, equity and inclusion office,~~ administrative services, risk management, and business continuity activities. Before joining Metropolitan in August 2019, Ms. Kasaine worked at the City of Oakland for 25 years, holding various leadership positions, notably as the city's Finance Director/Treasurer. She holds a bachelor's degree in business administration from Dominican University in San Rafael, California and a master's degree in public health from Loma Linda University.

John Bednarski, Assistant General Manager of Water Resources and Technical Services – Mr. Bednarski was appointed as Assistant General Manager of Water Resources and Technical Services in March 2025, having served as Interim Assistant General Manager of Water Resources and Technical Services since June 2024. In this role, Mr. Bednarski oversees the activities of the engineering services group, the water resources management group, the Bay-Delta initiatives ~~group, and the office of safety, security, and protection.~~ group. Mr. Bednarski joined Metropolitan in 1991 after a decade at the City of Los Angeles Department of Water and Power. A majority of Mr. Bednarski's career at Metropolitan has been in the area of managing the design and construction of large infrastructure projects and programs, including the Inland Feeder Program. More recently, he has managed the development of the Pure Water Southern California Program. Prior to his current assignment, Mr. Bednarski was the Chief Engineer at Metropolitan for five and a half years. In this role, he was responsible for overseeing the planning, design and construction of Metropolitan's capital infrastructure, as well as the dam safety initiatives program. Mr. Bednarski has a bachelor's degree in chemistry from Claremont McKenna College and master's degrees in environmental engineering and public administration from the University of Southern California. Mr. Bednarski is a licensed professional civil engineer in the State of California.

Shane Chapman, Assistant General Manager, Water Systems Operations – Mr. Chapman is responsible for the strategic direction and management of Metropolitan's operations. His primary responsibilities include managing water system operations, information technology and cybersecurity. Prior to his current position, Mr. Chapman previously was Metropolitan's Chief Administrative Officer from January 2018 until September 2022. He joined Metropolitan as a Resource Specialist in 1991, progressing to the level of Program Manager in 2001. He became the Revenue, Rates and Budget Manager in 2003 and Assistant Group Manager in Water System Operations in 2006. Mr. Chapman previously served as General Manager of the Upper San Gabriel Valley Municipal Water District for seven years. Mr. Chapman has a Bachelor of Arts degree in economics from Claremont McKenna College and a master's degree in public administration from the University of Southern California.

Dee Zinke, Assistant General Manager, External Affairs – Ms. Zinke has been responsible for Metropolitan's communications, public outreach, education, member services, and legislative matters since January 2016. She joined Metropolitan in 2009 as Manager of the Legislative Services Section. Before coming to Metropolitan, Ms. Zinke was the Manager of Governmental and Legislative Affairs at the Calleguas Municipal Water District. Prior to her public service, she worked in the private sector as the Executive Officer

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and Senior Legislative Advocate for the Building Industry Association of Greater Los Angeles and Ventura Counties and as Director of Communications for E-Systems, a defense contractor specializing in communication, surveillance and navigation systems, based in Washington, D.C. Ms. Zinke holds a Bachelor of Arts degree in communication and psychology from Virginia Polytechnic Institute and State University.

Lisa Dye, Assistant General Manager for Organizational Strategy and Services – Ms. Dye was appointed on September 14, 2026 to oversee Metropolitan's Human Resources, Diversity, Equity and Inclusion, and Safety, Security and Protection Services. She will be responsible for advancing strategic planning, organizational development, leadership development, and safety, security, and regulatory compliance across the organization.

Ms. Dye has more than twenty years of public sector leadership experience. Prior to joining Metropolitan, Ms. Dye served as Assistant General Manager for the Inland Empire Utilities Agency, where she led the Finance, Human Resources, and Information Technology departments. She holds a bachelor's degree in business administration with an emphasis in Management and Human Resources, a master's degree in psychology with an emphasis in Industrial and Organizational Psychology, and a professional certification as a Society for Human Resource Management, Senior Certified Professional (SHRM-SCP).

Employee Relations

The total number of regular full-time Metropolitan employees included in the fiscal year ~~2025-26 budget is 1,965. As of September 2, 2025, 1,825~~ 2026-27 budget is 2,045. As of August 3, 2026, 1,780 positions were filled. Of the filled positions, ~~1,230~~ 1,184 were represented by AFSCME Local 1902, 91 by the Supervisors Association, 333 by the Management and Professional Employees Association and ~~126~~ 129 by the Association of Confidential Employees. The remaining ~~45~~ 43 employees are unrepresented. The four bargaining units represent 98 percent of Metropolitan's current employees. The Board approved an extension of the Memorandum of Understanding with ~~each of AFSCME Local 1902,~~ AFSCME Local 1902 through December 31, 2027. Negotiations have begun with the Management and Professional Employees Association, the Association of Confidential Employees, and the Supervisors Association ~~extends through~~ regarding their respective Memorandums of Understanding, each of which currently end December 31, 2026.

Risk Management

Metropolitan is exposed to various risks of loss related to, among other things, the design and construction of facilities, and the treatment and delivery of water. With the assistance of third-party claims administrators, Metropolitan is self-insured for property losses, liability, and workers' compensation. Metropolitan self-insures the first $25 million per liability occurrence, with commercial general liability coverage of $75 million in excess of the self-insured retention. The $25 million self-insured retention is maintained as a separate restricted reserve. Metropolitan is also self-insured for loss or damage to its property, with the $25 million self-insured retention also being accessible for emergency repairs and Metropolitan property losses. In addition, Metropolitan obtains other excess and specialty insurance coverages such as directors' and officers' liability, fiduciary liability, cyber, and aircraft hull and liability coverage.

Metropolitan self-insures the first $5 million for workers' compensation with statutory excess coverage. A-6
The self-insurance retentions and reserve levels currently maintained by Metropolitan may be modified by the Board at its sole discretion.

See also Note 16 to Metropolitan's audited financial statements in Appendix B for additional information on Metropolitan's self-insurance and insurance coverage limits.

Cybersecurity

Metropolitan has adopted and maintains an active Cybersecurity Program ("CSP") that includes policies reviewed by Metropolitan's Office of Enterprise Cybersecurity, Audit department and independent third-party auditors and consultants. Metropolitan has appointed an Information Security Officer who is responsible for overseeing the annual review of the CSP and its alignment with Metropolitan's Strategic Plan. Metropolitan's policies and procedures on information governance, risk management, and compliance are consistent with best practices outlined by the Cybersecurity and Infrastructure Security Agency (CISA) Shields Up initiative and are consistent with the requirements prescribed by the America's Water Infrastructure Act (AWIA) for risk assessment and emergency response. Metropolitan's Cybersecurity Team is responsible for identifying cybersecurity risks to Metropolitan, preventing, investigating, and responding to any cybersecurity incidents, and providing guidance and education on the implementation of new technologies at Metropolitan. All persons or entities authorized to use Metropolitan's computer resources are required to participate in Metropolitan's Cybersecurity Awareness Training, which is conducted annually. See also "RISK FACTORS – Cybersecurity; Other Safety and Security Risks" in the front part of this Official Statement.

Business Continuity

Metropolitan maintains a Business Continuity Program that aligns with industry best practices to ensure that plans are in place across the organization to mitigate, respond to and recover from disruptive events that may impact normal operations. In accordance with its Operating Policy A-06, Emergency Management and Business Continuity, Metropolitan's plans ensure that resiliency strategies are in place to continue critical operations in the event of impacts to information technology systems, facilities and infrastructure, staffing levels, key vendors and resources. Using a continuous improvement model, Business Continuity Plans are reviewed, updated and exercised on a regular basis.

METROPOLITAN'S WATER SUPPLY

General Overview

Metropolitan's principal sources of water supplies are the State Water Project and the Colorado River. See "—State Water Project" and "—Colorado River Aqueduct." Metropolitan receives water delivered from the State Water Project under provisions of a State water supply contract, including contracted supplies, use of carryover storage in the San Luis Reservoir, and surplus supplies. Metropolitan holds rights to a basic apportionment of Colorado River water and has priority rights to an additional amount depending on the availability of surplus supplies. However, since 2003 no unused surplus has been available for California beyond the basic apportionment. Water management programs supplement these Colorado River supplies. To secure additional supplies, Metropolitan also has groundwater banking partnerships and water transfer and storage arrangements within and outside its service area. Metropolitan's principal water supply sources, and other supply arrangements and water management programs are more fully described in this Appendix A.

Metropolitan's water supply contract with the State (as amended, the "State Water Contract") provides A-7
for up to 1,911,500 acre-feet contracted amount of State Water Project supplies annually as set forth in "Table A" of Metropolitan's State Water Contract ("Table A State Water Project water" as further described under "—State Water Project — State Water Contract"). The amount of State Water Project water available for allocation under the State Water Contract each year is determined by the California Department of Water Resources ("DWR") based on existing supplies in storage, forecasted hydrology, and other factors, including water quality and environmental flow obligations and other operational considerations. Over the ten-year period 2016 through 2025, Metropolitan's State Water Project allocation ranged from five percent to 100 percent of contracted amounts, averaging approximately 48 percent, which is equal to roughly 908,000 acre-feet annually. (An acre-foot is the amount of water that will cover one acre to a depth of one foot and equals approximately 325,851 gallons, which represents the needs of three average families in and around the

home for one year within Metropolitan's service area.)

From calendar year ~~2015 through 2024,~~ 2016 through 2025, the amount of water delivered to Metropolitan's service area via the State Water Project infrastructure, including water from allocated supplies, human health and safety supplies, carryover, flexible storage from Castaic Lake and Lake Perris, water transfer, groundwater banking and exchange programs delivered through the California Aqueduct varied from a low of 468,000 acre-feet in calendar year 2022 to a high of 1,473,000 acre-feet in 2017. See also "—Current Water Conditions."

Metropolitan's rights to Colorado River water include a fourth priority right to 550,000 acre-feet of Colorado River water annually (its basic apportionment) and a fifth priority right to an additional 662,000 acre-feet annually (when surplus is available, which such surplus was last available in 2002). Metropolitan has additional available Colorado River supplies, totaling up to approximately ~~526,000~~ 531,000 acre-feet per year, under water supply programs, transfer, exchanges, and certain conservation and storage agreements. Over the ten-year period ~~2015 through 2024,~~ 2016 through 2025, Metropolitan's net diversions of Colorado River water have averaged approximately ~~892,000~~ 855,000 acre-feet annually, with annual volumes dependent primarily on programs to augment supplies, including transfers of conserved water from agriculture.

Stored water is a critical component of Metropolitan's annual water supply and year-to-year operations. Metropolitan's storage capacity, which includes reservoirs, conjunctive use and other groundwater storage programs within Metropolitan's service area and groundwater and surface storage accounts delivered through the State Water Project or CRA, is approximately ~~6.0 million acre-feet.~~ 6.4 million acre-feet. Storage capacity provides the water system with year-to-year water supply carry-over capability and a mechanism to assist Metropolitan in providing consistent water supply reliability notwithstanding fluctuations in available supply. Metropolitan's storage as of January 1, ~~2025 is 4.53~~ 2026 is 4.6 million acre-feet. See "—Storage Capacity and Water in Storage."

The water supply for Metropolitan's service area is provided in part by Metropolitan and in part by non-Metropolitan sources available to Metropolitan's member agencies. The demand for supplemental water supplies provided by Metropolitan is dependent on water use at the retail consumer level and the amount of locally supplied and conserved water. From ~~calendar years 2015 through 2024,~~ fiscal years 2017 through 2026, Metropolitan's water transactions (including water sales, exchanges and wheeling) with member agencies have averaged approximately ~~1.54~~ 1.42 million acre-feet annually.

Metropolitan faces a variety of long-term challenges in providing adequate, reliable and high-quality supplemental water supplies for Southern California. These challenges include, among others: (1) population changes within the service area; (2) increased competition for low-cost water supplies; (3) variable weather conditions, including extended drought periods; (4) increased environmental regulations; and (5) climate ~~change.~~ change and its impacts on water supply availability. Metropolitan's resources and strategies for meeting these long-term challenges are set forth in its Integrated Water Resources Plan (the "IRP"). See "—Climate Adaptation Master Plan for Water (CAMP4W) — Background" and "—IRP Regional Needs Assessment." In addition, Metropolitan manages water supplies in response to the prevailing hydrologic conditions by implementing its Water Surplus and Drought Management ("WSDM") Plan, and in times of prolonged or severe shortages, the Water Supply Allocation Plan (the "Water Supply Allocation Plan"). See "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES–Water Surplus and Drought Management Plan" and "—Water Supply Allocation Plan" in this Appendix A. The Water Supply Allocation Plan provides for the equitable distribution of available limited water supplies region-wide in case of extreme water shortages within Metropolitan's service area. The Water Supply Allocation Plan was not implemented for fiscal year ~~2024-25~~ 2025-26 and is not expected to be implemented for fiscal year ~~2025-26.~~ 2026-27. See also "—Current Water Conditions."

Hydrologic conditions can have a significant impact on Metropolitan's imported water supply sources. A-8
California's climate is such that most of the annual precipitation occurs during late fall and winter. For Metropolitan's State Water Project supplies, precipitation in the form of rain in the Feather River watershed helps replenish storage levels in Lake Oroville, a key State Water Project facility, during fall and winter. Precipitation in the form of snow in California's Northern Sierra provides the additional storage for the subsequent runoff from the spring snowmelt that helps satisfy regulatory requirements in the San Francisco Bay/Sacramento-San Joaquin River Delta ("Bay-Delta") bolstering water supply reliability in the same year. See "—State Water Project — Bay-Delta Proceedings Affecting State Water Project." The source of Metropolitan's Colorado River supplies is primarily the watersheds of the Upper Colorado River Basin in the states of Colorado, Utah, and Wyoming. See "—Colorado River Aqueduct." Although precipitation in the Upper Colorado River Basin is primarily observed in the winter and spring, summer storms are common and can affect water supply conditions.

Uncertainties from potential future temperature and precipitation changes in a climate driven by increased concentrations of atmospheric carbon dioxide and other greenhouse gases ("GHGs") also present challenges. Areas of concern to California water planners identified by researchers include: reduction in Sierra Nevada and Colorado Basin snowpack; increased intensity and frequency of extreme weather events; shifting runoff patterns to earlier in the year when reservoir storage is more constrained due to flood protection; saltwater intrusion to water supplies (including as may be attributable to rising sea levels, high-tide events, and damage or erosion of levees) and potential cutbacks of deliveries of imported water. While the range of potential impacts from climate change remain subject to further study, climate change is among the uncertainties that Metropolitan seeks to address through its planning processes. See "—Climate Adaptation Master Plan for Water (CAMP4W)" and "—Climate Action Planning and Other Environmental, Social and Governance Initiatives."

Current Water Conditions

California's annual precipitation can vary greatly from year to year, and region to region, and more frequent extreme events (both dry and wet conditions) have been experienced within a given year than in the past. Water Year ~~2025,~~ 2026, which represents the 12-month period from October 1, ~~2024~~ 2025 to September 30, ~~2025, had a dry start until the first storms arrived in late November 2024 bringing almost seven inches of rain in just two days to the Northern Sierra with little impact to the Central and Southern Sierra. In general, there tends to be no~~ 2026, had a normal start and precipitation as rain in the northern Sierra during the months of November and December 2025 were above 145 percent of normal. As of August 19, 2026, precipitation in the ~~Sierra during summer months.~~ northern Sierra was at 50.8 inches or 95 percent of the water year average. However, snowpack did not start accumulating until January 2026 and peaked on February 24, 2026, with 11.5 inches or 43 percent of the 30- year median peak.

The State Water Project allocation for calendar year ~~2025 started at five~~ 2026 started at ten percent of A-9
contracted amounts on December ~~2, 2024,~~ 1, 2025, but was subsequently increased (through ~~five increases) to 50 percent on April 29, 2025, or 955,750~~ two increases) to the final allocation of 45 percent on May 14, 2026, or 860,175 acre-feet for Metropolitan. This allocation took into account State Water Project contractors' ~~2025~~ 2026 carryover supplies, existing storage in State Water Project facilities, estimated runoff, and operational and regulatory requirements.

As of ~~September 4, 2025, northern Sierra precipitation is 106 percent of the 30-year average for the time of year, reflecting the extreme precipitation in November 2024 and February 2025. As of September 4, 2025, the water year unimpaired runoff forecast for the Sacramento River was 20.1 million acre-feet or 116 percent of the 30-year average. As of September 3, 2025,~~ August 19, 2026, Lake Oroville, a key State Water Project facility, is at ~~2.29~~ 2.16 million acre-feet or ~~112 percent of the historical average for this date, while~~ 63 percent of capacity. As of August 19, 2026, the State Water Project share of San Luis Reservoir is at ~~626~~ 807

thousand acre-feet for the State Water Project or ~~59~~ 76 percent of its shared capacity. Total storage at San Luis Reservoir, which includes water for both the State Water Project and the Central Valley Project, is ~~869 thousand acre-feet or 43~~ 1.21 million acre-feet or 59 percent of total capacity as of ~~September 3, 2025.~~ August 19, 2026.

~~As of September 2, 2025,~~ For Water Year 2026, the Upper Colorado River Basin ~~precipitation is 82~~ snowpack peaked at 60% of the 30-year median. This peak occurred on March 9, 2026, roughly one month ahead of normal snowpack peak conditions. As of August 5, 2026, precipitation was 83 percent of the 30-year median for the time of year. As of ~~September 2, 2025,~~ August 3, 2026, the median water year runoff forecast into Lake Powell ~~is 49~~ was 37 percent of the 30-year average. The Colorado River Basin is still experiencing an extended drought. On ~~September 1, 2025,~~ August 4, 2026, the total system storage in the Colorado River Basin was ~~38~~ 39 percent of capacity or ~~22.15~~ 22.69 million acre-feet. See "– Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines." ~~As of September 2, 2025, Metropolitan estimates approximately 885,000 acre-feet of~~ In 2026, a Level 1 Shortage governs the operation of Lake Mead. A Level 1 Shortage is triggered when the lake's elevation drops below 1,075 feet (but remains above 1,050 feet), requiring mandatory water cuts for lower Colorado River basin states, reducing Colorado River allocations to such states. There are no impacts to Metropolitan at a Level 1 Shortage, and no Drought Contingency Plan Contributions are required. As of August 10, 2026, Metropolitan estimated calendar year 2026 Colorado River water ~~to be available to Metropolitan in calendar year 2025, which includes~~ supplies to be approximately 969,000 acre-feet, which included approximately 277,700 acre-feet pursuant to the Exchange Agreement (defined below) between Metropolitan and San Diego County Water Authority ("SDCWA"). ~~Additional Colorado River supply tends to be available from higher priority water users as the year progresses. Based on recent higher priority water use, Metropolitan expects final Colorado River supplies to be approximately 950,000 acre-feet.~~

Metropolitan's storage as of January 1, ~~2025, was 4.53~~ 2026, was 4.6 million acre-feet. This is the highest beginning-of-year total water storage in Metropolitan's history. See "–Storage Capacity and Water in Storage." ~~As of September 1, 2025,~~ Metropolitan's projected amount of surplus supply ~~to manage~~ in calendar year ~~2025 was approximately 70,000 acre-feet based upon its~~ 2026 is approximately 270,000 acre-feet, based upon Metropolitan's demand estimate of ~~1.78 million acre-feet, and its~~ 1.57 million acre-feet and Metropolitan's supply estimate of ~~1.85~~ 1.84 million acre-feet.

Climate Adaptation Master Plan for Water (CAMP4W)

Background. Historically, since 1996, Metropolitan's principal water resources planning document has been its Integrated Water Resources Plan (the IRP as defined above). The purpose of the IRP was the development of a portfolio of preferred resources to meet the water supply reliability and water quality needs for the region in a cost-effective and environmentally sound manner. Originally developed by Metropolitan, its member agencies, sub-agencies and groundwater basin managers, the first IRP was adopted by the Board in January 1996 as a long-term planning guideline for resources and capital investments over a 25-year planning cycle through 2020. Utilizing an adaptive management approach, an IRP update was subsequently undertaken approximately every five years *(i.e.*, in 2004, 2010 and 2015), covering a 25-year planning period.

In February 2020, in connection with the development of its next IRP, Metropolitan initiated a ~~new~~ two-phase process for its ~~long- term resource planning, which will initially guide a 25-year~~ long-term resource planning to guide a 25 year planning cycle through 2045. The two

- phases consist of: (i) a needs assessment phase, and (ii) an implementation phase. Metropolitan's new planning process builds upon Metropolitan's adaptive management strategy by utilizing a scenario planning approach. Under this approach, Metropolitan anticipates ranges for how much water Southern California can expect from its imported and local supplies, as well as regional water demands, across four plausible scenarios,

each assuming specific forecasts of climate change impacts to imported supplies and different regional water demands. By evaluating these multiple scenarios, Metropolitan can inform decisions and action plans for the implementation of programs and projects needed to maintain reliable water supplies through the year 2045.

IRP Regional Needs Assessment. The first phase of Metropolitan's new resource planning process concluded with the preparation of the 2020 IRP Regional Needs Assessment (the "Regional Needs Assessment"), which was adopted by the Board in April 2022. The Regional Needs Assessment identified potential gaps between the expected supplies and the forecasted demands in Southern California across the four planning scenarios. The assessment further identified the amount of new core supplies, flexible supplies and storage that would be needed to address the predicted gaps. A core supply is water that would generally be available and used every year to meet demands under normal conditions and may include savings from conservation. A flexible supply is a supply that is implemented on an as-needed basis, and may or may not be available for use each year, and may include savings from focused, deliberate efforts to change water use behavior. Storage provides the capability to save water supply to meet demands at a later time; storage converts core supply into flexible supply and evens out variability in supply and demand. Among other things, the Regional Needs Assessment found that the portion of Metropolitan's service area that can only receive Metropolitan's supplies through the State Water Project (the "SWP Dependent Area") is vulnerable to Northern California drought and regulatory restrictions, and that additional resources must be made available to those areas. In addition, the Regional Needs Assessment addressed the possibility of shortage in three of the four planning scenarios, after exhausting available and accessible supplies. Only in a future with low demands and stable imported supplies would Southern California avoid shortage without additional water supply and system reliability investments. A-10

A comprehensive Regional Needs Assessment update is anticipated to be made on an approximately five-year cycle, however the decision for the timing of future updates will depend upon developments that impact Metropolitan's supply or demand assumptions. The inputs to the Regional Needs Assessment analysis ~~will be~~ are reviewed and reassessed annually as needed to support CAMP4W (defined below) and the adaptive management decision-making process.

CAMP4W. In February 2023, the Board directed staff to integrate water resources, climate considerations, and financial planning into a comprehensive Climate Adaptation Master Plan for Water ("CAMP4W"), the second phase of Metropolitan's long-term resource planning process. CAMP4W incorporates the results and findings of the Regional Needs Assessment into a collaborative process to identify and evaluate integrated regional solutions. The intent of CAMP4W is to translate the high-level portfolio analysis from the Regional Needs Assessment into guidance for specific policies, programs, and projects to address the findings and mitigate the potential shortages. As part of the CAMP4W process, Metropolitan has established a Joint Task Force comprised of Metropolitan Board directors and general managers from its member agencies.

CAMP4W comprises multiple components which together will form an ongoing master planning program. Foundational inputs to the planning process and implementation decisions include (a) the Regional Needs Assessment; (b) climate risk and vulnerability assessments; (c) ongoing infrastructure studies and assessments; and (d) regular public and partner engagement.

In April 2025, Metropolitan's Board approved a CAMP4W Implementation Strategy (the "CAMP4W Implementation Strategy"). The CAMP4W Implementation Strategy outlines steps for implementing and institutionalizing climate adaptation at Metropolitan. The components of the CAMP4W Implementation Strategy include: (1) both resource-based and policy-based time-bound targets to guide investment decisions; (2) a Climate Adaptation Policy Framework, which comprises five high-level policy statements, which support each of the Board-identified priority areas of reliability, resilience, financial sustainability, affordability and equity; (3) a Decision-Making Framework that defines a consistent, stepwise process for assessing projects and

programs; (4) an adaptive management approach to monitoring, reporting, and adjusting, including a CAMP4W annual report to track trends and adjust time-bound targets as needed; and (5) implementation timelines, which will lay out key milestones over the next five years.

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As part of the integration of financial planning into CAMP4W, ~~Metropolitan's business model is currently under review in a parallel process. To undertake the business model review,~~ Metropolitan has undertaken a review of its business model through an Ad Hoc Working Group comprised of ~~Metropolitan's General Manager and the managers of its 26 member agencies was formed to review and recommend refinement of Metropolitan's business model. Among other things, the Ad Hoc Working Group is currently developing a set of financial policies for Board consideration with recommendations for: (i)~~ representatives from Metropolitan's 26 member agencies. The business model review has addressed, among other matters, the recovery of treated water ~~costs; (ii)~~ costs, the proportion and components of fixed and volumetric charges ~~to be considered in Metropolitan's future rate-setting; (iii) Metropolitan's reserve policies; and (iv)~~ used in rate-setting, Metropolitan's reserve policies, and the basis for ~~the establishment of~~ establishing water sales assumptions for ~~future budgeting purposes. Future areas of focus of the~~ budgeting purposes. In July 2025, the Board approved related financial policy changes, including a hybrid treated water cost recovery structure that will recover up to 30 percent of treatment revenue requirements through fixed Treatment Capacity Charges beginning in calendar year 2027, revisions to Metropolitan's unrestricted reserve policy, and a more conservative exceedance-based water sales forecasting methodology. The business model review ~~process are expected to include consideration of (a) water resources~~ is expected to continue to address additional matters, including water resource programs for the management of water supply and ~~revenues, and (b)~~ revenues and Metropolitan's level of service policy and available options to enhance system reliability and flexibility. ~~Any final decisions~~ Relevant Board decisions resulting from the business model review will be ~~integrated~~ incorporated into CAMP4W assumptions and analyses ~~at the appropriate time~~ as the CAMP4W planning process continues.

In October 2025, Metropolitan staff presented to the Board an integrated financial analysis providing an early assessment of anticipated costs and potential rate impacts associated with Metropolitan's near- and long-term infrastructure and resource planning needs. The analysis was presented for informational purposes and subsequently informed development of Metropolitan's biennial budget for fiscal years 2026-27 and 2027-28 and associated ten-year financial forecast.

Information and materials relating to Metropolitan's 2020 IRP Regional Needs Assessment and ongoing development of its CAMP4W are available at: https://www.mwdh2o.com/how-we-plan/. The materials and other information set forth on Metropolitan's website are not incorporated into this Appendix A and should not be construed to be a part of this Appendix A by virtue of the foregoing reference to such materials and website.

Specific projects and programs identified by Metropolitan in connection with the implementation of CAMP4W are subject to Board consideration and approval, as well as environmental and regulatory documentation and compliance.

Climate Action Planning and Other Environmental, Social and Governance Initiatives

General; Background. Metropolitan has long supported sustainability efforts. Dating back to its founding in 1928, planners and engineers designed the CRA to deliver water primarily by gravity across 242 miles of California desert to the State's south coastal plain. Metropolitan recognized the need for a reliable supply of power by investing in the construction of Hoover Dam and Parker Dam. Together, these dams produce clean, carbon-free energy that have historically supplied more than half of the energy needed to power the CRA pumps. See "METROPOLITAN EXPENSES—Power Sources and Costs; Related Long-Term ~~Commitments –~~ Commitments," and "—Colorado River Aqueduct" in this Appendix A.

In the decades that followed, Metropolitan has continued to make investments in clean energy and energy-efficient design to reduce GHG emissions, as well as climate adaptation investments to bolster water supply availability, particularly during times of drought. In addition, Metropolitan has partnered with the scientific community, including academic research institutions and the private sector, to test and ultimately implement advanced technologies that monitor and enhance Metropolitan's water supplies. Metropolitan's efforts to date in this area have focused not only on the goal of achieving broad environmental sustainability and efficiency objectives but also environmental risk mitigation.

Metropolitan has adopted several planning documents that address the core issues of environmental sustainability, improving climate resiliency of operations, and advancing the goal of carbon neutrality. These documents include the Climate Action Plan (discussed below), the Energy Sustainability Plan, Metropolitan's Capital Investment Plan, and its IRP and CAMP4W (discussed above). Metropolitan coordinates its ongoing sustainability efforts through its Chief Sustainability, Resilience, and Innovation Officer. A-12

Information and materials related to Metropolitan's planning actions associated with climate change are available at: https://www.mwdh2o.com/planning-for-tomorrow/addressing-climate-change/. The materials and other information set forth on Metropolitan's website are not incorporated into this Appendix A and should not be construed to be a part of this Appendix A by virtue of the foregoing reference to such materials and website.

Climate Change Adaptation. Climate change is expected to increase average temperatures across the western United States. In the Colorado River Basin, the increase in average temperatures is expected to result in decreased runoff and lower flows as less snow is coupled with increased evapotranspiration from trees and plants. In the Sierra Nevada, precipitation is anticipated to increasingly fall as rain in a few large storms, rather than as snow. Sierra snowpack, a critical storage tool in California's water management as it holds water high in the mountains until peak summer demand, has been projected to decrease by up to 65 percent by the end of the century. In the local Southern California region, climate change threatens groundwater basins with saltwater intrusion and less natural replenishment. These factors are expected to reduce the reliability of Metropolitan's imported water supply for Southern California.

Metropolitan has long recognized the threat to its water supply posed by these long-term impacts and has been addressing climate change for 25 years through its IRP. Pursuant to its IRP, Metropolitan has invested in local supplies, developed new storage, and increased the flexibility of its water system facilities to be able to take delivery of water from diverse sources when available. Below are a few examples:

- Metropolitan has increased the water storage capacity of its dams and reservoirs by more than 13-fold since 1990 and has built the Inland Feeder, a large conveyance pipeline that allows for the movement of water into that storage. See "METROPOLITAN'S WATER DELIVERY SYSTEM" in ~~in~~ this Appendix A. These investments provide a valuable opportunity to capture water in wet years and ~~and~~ save it for dry ones.
- Metropolitan has increased the operational flexibility of its water delivery system through infrastructure improvements, such as the Inland Feeder, which provides the ability to capture and store high allocations of State Water Project supplies when available, and agreements to deliver Colorado River water supplies when State supplies are in drought, and vice versa. See "—Water Transfer, Storage and Exchange Programs."
- Metropolitan has invested approximately $976 million in conservation programs since 1990, which have helped decrease potable per capita water consumption over time in Metropolitan's service area.

~~area.~~ Metropolitan plans to continue to expand these efforts into the future. Per capita water consumption ~~consumption~~ in Metropolitan's service area has declined from 209 gallons per person per day in ~~1990 to 126 gallons per person per day in 2022, 114 gallons per person per day in 2023 and 118~~ 1990 to 115 gallons per person per day in ~~2024.~~ 2023, 118 gallons per person per day in 2024, and 116 gallons per day in 2025. The decline in per capita consumption in recent years has been due to a combination of factors, including Metropolitan's conservation programs, extraordinarily cool and wet hydrologic conditions, and the carry over of drought conservation measures implemented during the State's most recent drought. See "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES" in this Appendix A.

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- Metropolitan's Local Resources Program accelerates the development of local water supply reliability projects by incentivizing agencies within Metropolitan's service area to construct recycled ~~recycled~~ water, groundwater recovery and seawater desalination projects. Since 1982, Metropolitan has ~~has invested approximately $549~~ invested approximately $551 million in recycled water projects and ~~$213 million in~~ $220 million in groundwater ~~groundwater~~ recovery projects. See "REGIONAL WATER RESOURCES—Local Water Supplies" ~~in this~~ in this Appendix A.
- Metropolitan has partnered with other utilities and organizations across the nation to understand both ~~both~~ the effects of climate change and potential opportunities to build resilience. These collaborators ~~collaborators~~ include the Water Utility Climate Alliance, a collaboration of large water providers ~~working on~~ working on climate issues affecting the country's water agencies, and the California Resilience ~~Challenge, a~~ Challenge, a collaboration of businesses, utilities, and non-profit organizations developing climate adaptation ~~adaptation~~ planning projects.

In addition to impacts on water supply, the effects of climate change, such as wildfires, drought, and extreme weather events coupled with warming and extreme heat, are expected to increase the variability of water quality in Metropolitan's water supplies. The performance and condition of many of Metropolitan's assets are also likely to degrade more rapidly as climate change amplifies the weather conditions that drive

their exposure to climate hazards. Changes to the energy markets resulting from California's decarbonization efforts in response to climate change and the impacts of more extreme or more frequent severe weather events and drought on energy infrastructure and available energy supplies (such as hydroelectricity) are also likely to occur. As discussed above under "—Climate Adaptation Master Plan for Water (CAMP4W) — CAMP4W," climate risk and vulnerability assessment and the further development of potential adaptation strategies are being undertaken by Metropolitan as part of its CAMP4W long-term planning process.

Climate Action Plan. In May 2022, Metropolitan adopted a Climate Action Plan, a comprehensive planning document that outlines Metropolitan's strategy for reducing GHG emissions associated with Metropolitan's future construction, operation, and maintenance activities. The Climate Action Plan includes an analysis of Metropolitan's historical GHG emissions, a forecast of future GHG emissions, sets a GHG reduction target for reducing emissions consistent with applicable state policies, and identifies a suite of specific GHG reduction actions that Metropolitan can implement to achieve its adopted targets. The Climate Action Plan establishes a GHG emissions reduction goal of 40 percent by 2030 and carbon neutrality by 2045. The Climate Action Plan includes nine strategies that target the reduction of direct emissions from natural gas and fuel combustion by supporting the transition to a zero emissions vehicle fleet and reduction of natural gas combustion; reducing indirect emissions associated with electricity consumption through improved energy efficiency and utilizing low-carbon and carbon-free electricity; and implementing GHG reduction measures that incentivize sustainable employee commutes and increase waste diversion; increasing water conservation and local water supply; and investigating and implementing carbon capture and carbon sequestration opportunities on Metropolitan-owned lands.

Metropolitan's Climate Action Plan includes an implementation strategy, annual GHG inventories, a public-facing tracking and monitoring tool to ensure progress towards meeting its goal, and five-year updates to capture new and emerging technologies for GHG emissions reductions. The strategies included in the Climate Action Plan provide the co-benefits of improved infrastructure reliability, greater energy resiliency, and expected reduced costs associated with energy procurement and maintenance.

Energy Sustainability. Metropolitan meets its energy demands through its investments in hydroelectric and solar power and the purchase of more than 2,000 GWh of electricity annually from the regional power grid. In November 2020, Metropolitan developed an Energy Sustainability Plan. The Energy Sustainability Plan includes a framework of sustainable actions focused on energy cost containment, reliability, affordability, conservation and adaptation, including reconfiguring certain existing power plants and variable-speed pump drives at pumping stations, and assessing the integration of islanded operations for microgrid purposes. Metropolitan invests in renewable energy resources, including buying and generating hydroelectric power to help meet much of its electricity needs. Currently, over three-quarters of Metropolitan's pumping and water treatment energy needs are met through renewable/sustainable energy resources. In addition to using power generated at Parker and Hoover Dams, Metropolitan has built 15 in-stream hydroelectric plants throughout its distribution system with a total capacity of about 130 megawatts. Metropolitan has also installed 3.5 megawatts of photovoltaic solar power at its facilities and is implementing a project to add battery energy storage at three of its water treatment plants to store green energy when power rates are low and discharge that energy when rates are higher. ~~The completion of construction of the project to add battery storage at the three treatment plants is expected to be completed in 2026.~~ A-14

Diversity, Equity and Inclusion and Governance. In its dedication to improving workplace culture for all employees, in October 2021, Metropolitan's Board adopted a statement pledging its support of diversity, equity and inclusion initiatives (the "Statement of Commitment"). The Statement of Commitment is the result of a collaborative discussion among the 38-member Board and provides guidance so that staff can develop, implement and maintain policies and practices to support diversity, equity and inclusion. In May 2022, Metropolitan hired its first Chief Diversity, Equity and Inclusion officer to help plan, develop, and implement

strategies and initiatives designed to ensure that Metropolitan is a diverse and inclusive organization. Activities undertaken by Metropolitan's Diversity Equity and Inclusion office comply with all recent federal executive orders and other federal and state laws.

State Water Project

Background and Current Supply

One of Metropolitan's two major sources of water is the State Water Project, which is owned by the State, and managed and operated by DWR. The State Water Project is the largest state-built, multipurpose, user-financed water project in the country. It was designed and built primarily to deliver water, but also provides flood control, generates power for pumping, is used for recreation, and enhances habitat for fish and wildlife. The State Water Project provides irrigation water to 750,000 acres of farmland, mostly in the San Joaquin Valley, and provides municipal and industrial water to approximately 27 million of California's estimated ~~39.1~~ 39.4 million residents, including the population within the service area of Metropolitan.

The State Water Project's watershed encompasses the mountains and waterways around the Feather River, the principal tributary of the Sacramento River, in the Sacramento Valley of Northern California. Through the State Water Project, Feather River water stored in and released from Oroville Dam (located about 70 miles north of Sacramento, east of the city of Oroville, California) and unregulated flows diverted directly from the Bay-Delta are transported south through the Central Valley of California, over the Tehachapi Mountains and into Southern California, via the California Aqueduct, to three delivery points near the northern and eastern boundaries of Metropolitan's service area. The total length of the California Aqueduct is approximately 444 miles. See "METROPOLITAN'S WATER DELIVERY SYSTEM—Primary Facilities and Method of Delivery — State Water Project" in this Appendix A.

As more fully described under "—State Water Project — State Water Contract — General Terms of the Contract," under the terms of each State water supply contract, DWR provides the initial allocation estimate of State Water Project water for the following calendar year by each December 1. Based upon updated runoff forecast and environmental, regulatory and operational constraints, DWR's total water supply availability projections are refined during the calendar year and allocations to the State Water Project contractors are adjusted accordingly. On December ~~2, 2024,~~ 1, 2025, DWR announced an initial calendar year ~~2025 allocation of five~~ 2026 allocation of ten percent of contracted amounts, based on DWR's assessment of reservoir storage and an assumption of future precipitation. DWR increased the allocation ~~five~~ two times during calendar year ~~2025~~ 2026 to the final allocation of ~~50~~ 45 percent of State Water Project contractors' contracted Table A amounts. In addition, Metropolitan began ~~2025 with approximately 303,000~~ 2026 with approximately 473,000 acre-feet of State Water Project carryover supplies from calendar year ~~2024.~~ 2025, which includes carryover of Metropolitan, Coachella Valley Water District, and Desert Water Agency. See "—Water Transfer, Storage and Exchange Programs" and "—Storage Capacity and Water in Storage." See also "—Current Water Conditions."

State Water Contract A-15

General Terms of the Contract. In 1960, Metropolitan signed a water supply contract (as amended, the "State Water Contract") with DWR to receive water from the State Water Project. Metropolitan is one of 29 agencies and districts that have long-term contracts for water service from DWR (known collectively as the "State Water Project contractors" and sometimes referred to herein as "Contractors"). Metropolitan is the largest of the State Water Project contractors in terms of the number of people it serves (approximately 19 million), the share of State Water Project water that it has contracted to receive (approximately 46 percent), and the percentage of total annual payments made to DWR by agencies with State water supply contracts (approximately ~~52~~ 50 percent for calendar year ~~2025).~~ 2026). Metropolitan received its first delivery of State Water Project water in 1972.

Pursuant to the terms of the State water supply contracts, all water supply related expenditures for capital and operations, maintenance, power, and replacement costs associated with the State Water Project facilities are paid for by the State Water Project contractors as components of their annual payment obligations to DWR. In exchange, Contractors have the right to participate in the system, with an entitlement to water service from the State Water Project and the right to use the portion of the State Water Project conveyance system necessary to deliver water to them. Each year DWR estimates the total State Water Project water available for delivery to the State Water Project contractors and allocates the available project water among the State Water Project contractors in accordance with the State Water Project supply contracts.

Under its State Water Contract, Metropolitan has a contractual right to its proportionate share of the State Water Project water that DWR determines annually is available for allocation to the Contractors. This determination is made by DWR each year based on existing supplies in storage, forecasted hydrology, and other factors, including water quality and environmental flow obligations and other operational considerations. Available State Water Project water is then allocated to the Contractors in proportion to the amounts set forth in "Table A" of their respective State water supply contract (sometimes referred to herein as Table A State Water Project water); provided, that in accordance with the terms of the State water supply contracts, the State may allocate on some other basis if such action is required to meet minimum demands of contractors for domestic supply, fire protection, or sanitation during the year. Pursuant to Table A of its State Water Contract, Metropolitan is entitled to approximately 46 percent of the total annual allocation made available to State Water Project contractors each year. Metropolitan's State Water Contract, under a 100 percent allocation, provides Metropolitan 1,911,500 acre-feet of water. The 100 percent allocation is referred to as the contracted amount. See also "—Current Water Conditions" for information regarding Metropolitan's allocation of State Water Project water for ~~2025.~~ 2026. The term of Metropolitan's State Water Contract currently extends to December 31, 2085, or until all DWR bonds issued to finance construction of State Water Project facilities are repaid, whichever is longer. Upon expiration of the State Water Contract term, Metropolitan has the option to continue service under substantially the same terms and conditions. ~~See also "— *Amendment of Contract Term.*"~~

Project Improvement Amendments. Metropolitan's State Water Contract has been amended a number of times since its original execution and delivery. Several of the amendments, entered into by DWR and various subsets of State Water Project contractors, relate to the financing and construction of a variety of State Water Project facilities and improvements and impose certain cost responsibility therefor on the affected Contractors, including Metropolitan. For a description of Metropolitan's financial obligations under its State Water Contract, including with respect to such amendments, see "METROPOLITAN EXPENSES— State Water Contract Obligations" in this Appendix A.

Water Management Amendments. Metropolitan and other State Water Project contractors have undertaken negotiations with DWR to amend their State water supply contracts to clarify the criteria applicable to certain water management tools including single and multi-year water transfers and exchanges. The water management provisions amendment allows for greater flexibility for transfers and exchanges among the State Water Project contractors. Specifically, the amendment confirms existing practices for exchanges, allows more flexibility for non-permanent water transfers, and allows for the transfer and exchange of certain portions of Article 56 carryover water (see "—Water Transfer, Storage and Exchange Programs — State Water Project Agreements and Programs — Metropolitan Article 56 Carryover"). DWR certified a final Environmental Impact Report ("EIR") for the water management amendments in August 2020. In September 2020, North Coast Rivers Alliance, California Water Impact Network and others separately filed two lawsuits challenging DWR's final EIR and approval of the State water supply contract water management provisions amendment under the California Environmental Quality Act ("CEQA"). North Coast Rivers Alliance also alleges violations of the Delta Reform Act, and public trust doctrine, and seeks declaratory and injunctive relief. The cases were deemed related and assigned to the same judge. DWR filed notice of certification of the

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administrative record and filed answers in both cases on December 20, 2022. The plaintiffs in both cases filed requests for dismissal on August 10, 2026 and August 14, 2026. Any adverse impact of this litigation and rulings on Metropolitan's State Water Project supplies cannot be determined at this time. Despite the pending litigation, enough of the State Water Project contractors approved and executed the amendment as required by DWR for it to be deemed fully executed. The amendments went into effect on February 28, 2021. The State Water Contractors association, made up of 27 State Water Project contractors, has intervened in the two related cases to protect the interests of the Contractors.

Amendments for Allocation of Conveyance Costs. Metropolitan and other State Water Project contractors embarked on a third public process to further negotiate proposed amendments to their State water supply contracts related to cost allocation for a potential Delta Conveyance project. Pursuant to the terms of a prior settlement, negotiations for this State Water Project contract amendment were completed in public. In March 2021, DWR and the State Water Project contractors concluded public negotiations and reached an Agreement in Principle (the "Delta Conveyance AIP") that will be the basis for amendment of the State water supply contracts. The future contract amendment contemplated by the Delta Conveyance AIP would provide a mechanism that would allow for the costs related to any Delta Conveyance project to be allocated and collected by DWR. The Delta Conveyance AIP also provides for the allocation of benefits for any Delta Conveyance project in proportion to each State Water Project contractor's participation. DWR will maintain a table reflecting decisions made by public agency governing boards regarding that agency's participation. Contract language for the proposed amendments is still under development. See "—Bay-Delta Planning Activities" and "—Delta Conveyance" under ~~"Bay-Delta~~ "—Bay-Delta Proceedings Affecting State Water Project" below.

Coordinated Operations with Central Valley Project

Coordinated Operations ~~Agreement.~~ Agreement DWR operates the State Water Project in coordination with the

federal Central Valley Project, which is operated by the Bureau of Reclamation. Since 1986, the coordinated operations have been undertaken pursuant to a Coordinated Operations Agreement for the Central Valley Project and State Water Project (the "COA"). The COA defines how the State and federal water projects share water quality and environmental flow obligations imposed by regulatory agencies. The agreement calls for periodic review to determine whether updates are needed in light of changed conditions. After completing a joint review process, DWR and the Bureau of Reclamation agreed to amend the COA to reflect water quality regulations, biological opinions and hydrology updated since the 1986 agreement was signed. On December 13, 2018, DWR and the Bureau of Reclamation executed an Addendum to the COA (the "COA Addendum"). The COA Addendum provides for DWR's adjustment of State Water Project operations to modify pumping operations, as well as project storage withdrawals to meet in-basin uses, pursuant to revised calculations based on Water Year types. The COA Addendum shifts responsibilities for meeting obligations between the Central Valley Project and the State Water Project, resulting in a shift of approximately 120,000 acre-feet in long-term average annual exports from the State Water Project to the Central Valley Project.

See also "—Endangered Species Act and Other Environmental Considerations Relating to Water Supply — Endangered Species Act Considerations ~~–~~ - State Water Project." A-17

Bay-Delta Proceedings Affecting State Water Project

General. In addition to being a source of water for diversion into the State Water Project, the Bay-Delta is the source of water for local agricultural, municipal, and industrial needs. The Bay-Delta also supports significant resident and anadromous fish and wildlife resources, as well as recreational uses of water. Both the

State Water Project's upstream reservoir operations and its Bay-Delta diversions can at times affect these other uses of Bay-Delta water directly, or indirectly, through impacts on Bay-Delta water quality. A variety of proceedings and other activities are ongoing with the participation of various State and federal agencies, as well as California's environmental, urban and agricultural communities, in an effort to develop long-term, collectively negotiated solutions to the environmental and water management issues concerning the Bay-Delta. Metropolitan actively participates in these proceedings. Metropolitan cannot predict the outcome of any of the litigation or regulatory processes described below but believes that a materially adverse impact on the operation of State Water Project pumps could negatively impact Metropolitan's State Water Project deliveries and/or Metropolitan's water reserves.

SWRCB Regulatory Activities and Decisions. The State Water Resources Control Board (the "SWRCB") is the agency responsible for setting water quality standards and administering water rights throughout California. The SWRCB exercises its regulatory authority over the Bay-Delta by means of public proceedings leading to regulations and decisions that can affect the availability of water to Metropolitan and other users of State Water Project water. These include the Water Quality Control Plan ("WQCP") for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary, which establishes the water quality objectives and proposed flow regime of the estuary, and water rights decisions, which assign responsibility for implementing the objectives of the WQCP to users throughout the system by adjusting their respective water rights permits.

Since 2000, SWRCB's Water Rights Decision 1641 ("D-1641") has governed the State Water Project's ability to export water from the Bay-Delta for delivery to Metropolitan and other agencies receiving water from the State Water Project. D-1641 allocated responsibility to water rights holders for meeting flow requirements and salinity and other water quality objectives established earlier by the WQCP.

The WQCP gets reviewed periodically and new standards and allocations of responsibility can be imposed on the State Water Project as a result. The SWRCB's current review and update of the WQCP is being undertaken in phased proceedings. In December 2018, the SWRCB completed Phase 1 of the WQCP proceedings, adopting the plan amendments and environmental documents to support new flow standards for the Lower San Joaquin River tributaries and revised southern Delta salinity objectives. The Phase 1 plan amendments include certain "unimpaired flow" requirements on the three San Joaquin River tributaries. The term unimpaired flow is used to describe a theoretically available water supply assuming existing river channel conditions in the absence of storage and stream diversions. It is theoretical and it does not represent such conditions as they have occurred historically. Various stakeholders filed suit against the SWRCB challenging these Phase 1 plan amendments. In March 2024, the Sacramento Superior Court upheld the Phase 1 plan amendments, denying the challengers' claims. The decision is being appealed by affected water agencies and environmental groups.

Plan amendments being considered as part of Phase 2 of the WQCP proceedings are focused on the Sacramento River and its tributaries, Delta eastside tributaries, Delta outflows, and interior Delta flows. The ~~SWRCB~~ State has also encouraged all stakeholders to work together to ~~reach one or more Voluntary Agreements~~ complete Voluntary Agreements (now referred to as "Healthy Rivers and Landscapes Program") for consideration by the SWRCB that could implement the proposed amendments to the WQCP through a variety of tools, including flow and non-flow habitat restoration for sensitive salmon and smelt ~~species, while seeking to protect water supply reliability.~~ species. Metropolitan is participating in the Phase 2 proceedings and participated in the Voluntary Agreement negotiations. On March 29, 2022, Metropolitan's General Manager signed a Memorandum of Understanding Advancing a Term Sheet for the Voluntary Agreements to Update and Implement the Bay-Delta Water Quality Control Plan, and Other Related Actions (the "VA MOU"). Other parties include the California Natural Resources Agency ("Natural Resources"), the California Environmental Protection Agency, the California Department of Fish and Wildlife ("CDFW"), the Bureau of Reclamation, DWR, the State Water Contractors association and additional public agricultural and municipal

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water ~~users.~~ agencies. Under the VA MOU, the parties "seek to take a comprehensive approach to integrate flow and non-flow measures, including habitat restoration, subject to ongoing adaptive management based on a science program" as described in an attached term sheet. The proposed approach under the VA MOU provides for implementation over eight ~~years~~ years, with a potential extension to up to ~~15~~ 12 years. To be ~~implemented~~ implemented, any Voluntary Agreement package of agreed upon flow and non-flow measures would need to be reviewed by the SWRCB and formally considered and adopted as part of a comprehensive update to the WQCP.

~~In September 2023, the staff for~~ On August 19, 2026, the SWRCB released ~~a Draft~~ for public review a final draft of the Sacramento/Delta amendments to the WQCP (the "Final Draft Bay-Delta Plan"), a Final Staff Report/Substitute Environmental Document ~~(the "Draft Staff Report") for the WQCP Phase 2 updates for the Sacramento River watershed, Delta eastside tributaries, interior Delta, and Delta. The Draft Staff Report analyzes several alternatives for WQCP updates, including the proposed~~ that includes responses to previously submitted comments (the "2026 Final Staff Report"), and a Final Scientific Basis Report Supplement supporting the proposed Voluntary Agreements, also referred to as the Healthy Rivers and Landscapes ~~(HRL) proposal (previously referred to as "Voluntary Agreements"), several variations of unimpaired hydrograph outflow objectives, several modular alternatives that would limit State Water Project and Central Valley Project operations, and several narrative objectives. As described in the Draft Staff Report, the SWRCB could adopt more than one alternative, providing for layered implementation. The Draft Staff Report's Proposed Action includes a flow objective~~ proposal. Written comments on changes to the Final Draft Bay-Delta Plan were due by September 18, 2026. The SWRCB is scheduled to consider adoption of the Final Draft Bay-Delta Plan and the 2026 Final Staff Report at a public meeting on October 28 and 29, 2026.

If adopted, the Final Draft Bay-Delta Plan would establish multiple implementation pathways. The Voluntary Agreement pathway would permit implementation of specified flow, habitat and other commitments in lieu of an unimpaired hydrograph flow-only implementation method. The Voluntary Agreement pathway would have an initial eight-year term, with the possibility of extension to 12 years. The regulatory unimpaired hydrograph flow-only pathway would apply to other water rights not participating in the Voluntary Agreements.

The regulatory pathway for existing water rights would initially require a modified implementation of 55 percent of ~~the unimpaired hydrograph. The Draft Staff Report's Proposed Action flow objective is predicted to result in an annual average reduction of 446,000 acre-feet for~~ unimpaired flow during the wettest third of hydrologic conditions, 45 percent during the intermediate third of hydrologic conditions, and 35 percent during the driest third of hydrologic conditions, together with tributary-specific adjustments, storage-based off-ramps and adaptive implementation provisions. The SWRCB could modify the water-supply adjustments after initial implementation within the applicable adaptive range. New water rights obtained after December 31, 2025 and certain water rights modified after December 31, 2025 would be subject to the more restrictive hydrograph approach starting at 55 percent unimpaired hydrograph under all water year types. D-1641 obligations would continue, being the existing quantitative water quality objectives that are the responsibility of DWR and the Bureau of Reclamation. Under the Voluntary Agreement pathway, DWR and the Bureau of Reclamation, would reduce exports from base conditions by 125,000 acre-feet in dry and below-normal water years and by 175,000 acre-feet in above-normal water years to provide additive Delta outflow. There are also commitments by DWR, Reclamation, and some of their water contractors to purchase water to be dedicated to the environment either temporarily or permanently.

The 2026 Final Staff Report models an average annual reduction in Sacramento/Delta supplies to southern California municipal ~~supplies, which provides an estimate of the potential water cost for Metropolitan. The public comment period for the Draft Staff Report closed on January 19, 2024. Metropolitan provided comments individually and through the State Water Contractors. In October 2024, the SWRCB~~ A-19

~~released draft revisions to the WQCP Phase 2 updates for public review. Metropolitan provided comments through the State Water Contractors. On July 24, 2025, SWRCB released a revised draft of updates of WQCP Phase 2 (the "2025 Revised Draft") for public review. The 2025 Revised Draft incorporated refined project descriptions and analyses. In late August 2025, the SWRCB released supplemental modeling related to the 2025 Revised Draft. The 2025 Revised Draft proposes to move forward with the inclusion of Voluntary Agreements in WQCP Phase 2 for water rights included in approved Voluntary Agreements and other flow-only provisions for water rights not included as part of the approved Voluntary Agreements. The 2025 Revised Draft also proposes the designation of Tribal Tradition and Culture beneficial use within the Delta watershed. On September 16, 2025, SWRCB rescinded its previously published notice of opportunity for public comment and hearing on the 2025 Revised Draft and cancelled the public hearing and the associated public comment period for the 2025 Revised Draft. SWRCB staff anticipates a limited recirculation of the draft Staff Report/Substitute Environmental Document in support of the updates to the WQCP Phase 2 together with an updated draft WQCP in December 2025.~~ and industrial users of 273,000 acre-feet, with modeled reductions ranging from 94,000 acre-feet in critical years to 510,000 acre-feet in dry years. For the Voluntary Agreement scenario, the modeling indicates an average annual increase of 29,000 acre-feet, in such supplies.

Bay-Delta Planning Activities. In 2000, several State and federal agencies released the CALFED Bay-Delta Programmatic Record of Decision and Environmental Impact Report/Environmental Impact Statement that outlined and disclosed the environmental impacts of a 30-year plan to improve the Bay-Delta's ecosystem, water supply reliability, water quality, and levee stability. CALFED is the consortium of State and federal agencies with management and regulatory responsibilities in the San Francisco Bay/ Sacramento-San Joaquin Delta Estuary. The CALFED Record of Decision remains in effect and many of the State, federal, and local projects begun under CALFED continue.

~~In 2006, multiple State and federal resource agencies, water agencies, and other stakeholder groups entered into a planning agreement for the Bay-Delta Conservation Plan ("BDCP"). The BDCP was originally conceived as a comprehensive conservation strategy for the Bay-Delta designed to restore and protect ecosystem health, water supply, and water quality within a stable regulatory framework to be implemented over a 50-year time frame with corresponding long-term permit authorizations from fish and wildlife regulatory agencies. The BDCP includes both alternatives for new water conveyance infrastructure and extensive habitat restoration in the Bay-Delta.~~

The existing State Water Project Delta water conveyance system needs to be improved and modernized to address operational constraints on pumping in the south Delta as well as risks to water supplies and water quality from climate change, earthquakes, and flooding. Operational constraints are largely due to biological opinions and incidental take permits to which the State Water Project is subject that substantially limit the way DWR operates the State Water Project.

In 2006, multiple State and federal resource agencies, water agencies, and other stakeholder groups entered into a planning agreement for the Bay-Delta Conservation Plan ("BDCP"). The BDCP was originally conceived as a comprehensive conservation strategy for the Bay-Delta designed to restore and protect ecosystem health, water supply, and water quality within a stable regulatory framework to be implemented over a 50-year time frame with corresponding long-term permit authorizations from fish and wildlife regulatory agencies. The BDCP included both alternatives for new water conveyance infrastructure and extensive habitat restoration in the Bay-Delta.

In 2015, the State and federal lead agencies proposed an alternative implementation strategy and new alternatives to the BDCP to provide for the protection of water supplies conveyed through the Bay-Delta and the restoration of the ecosystem of the Bay-Delta. The alternative ~~strategy~~ strategy, which was called "California WaterFix," included planned water conveyance improvements to be implemented by DWR and the Bureau of Reclamation as a standalone project with the required habitat restoration limited to that directly

related to construction ~~mitigation (the~~ mitigation. The originally proposed "California WaterFix" ~~that~~ was subsequently withdrawn and reconfigured as an alternative Delta conveyance project as described under "–Delta Conveyance" ~~below), and ecosystem improvements and habitat restoration more generally, which are being undertaken under a more phased approach.~~ below.

Delta Conveyance. On April 29, 2019, Governor Newsom issued an executive order directing identified State agencies to develop a comprehensive statewide strategy to build a climate-resilient water system, directing the State agencies to inventory and assess the current planning for modernizing conveyance through the Bay-Delta with a new single tunnel project (rather than the previously contemplated two-tunnel California WaterFix). Consistent with the Governor's direction, in January 2020, DWR commenced a formal environmental review process under CEQA for a proposed single tunnel Delta Conveyance Project. DWR certified its Final EIR and approved the Bethany Reservoir Alignment alternative on December 21, 2023. The approved conveyance facilities include intake structures on the Sacramento River, with a total capacity of 6,000 cfs, and a single tunnel to convey water to a new pumping facility in the south Delta that would lift water into the existing Bethany Reservoir, part of the California Aqueduct. On November 8, 2024 and December 6, 2024, respectively, the United States Fish and Wildlife Service ("USFWS") and the National Marine Fisheries Service ("NMFS") issued programmatic biological opinions which would include the Delta Conveyance Project operations under the federal Endangered Species Act ("ESA"). See also "—Endangered Species Act and Other Environmental Considerations Relating to Water Supply — Endangered Species Act Considerations – State Water Project." On February 14, 2025, CDFW issued an incidental take permit for the Delta Conveyance Project. In April 2026, CDFW issued an amendment to the permit. USFWS and NMFS issued separate biological opinions addressing construction activities in March and May 2026, respectively.

Additional permitting processes, including ~~ESA biological opinions for Delta Conveyance Project construction,~~ the U.S. Army Corps of Engineers Clean Water Act section 404 dredge-and-fill permit, the SWRCB Change in Point of Diversion petition and the Delta Stewardship Council Delta Plan Consistency certification, are expected to continue through at least the end of 2026. A-20

Ten lawsuits have been filed by various organizations, including Tulare Lake Basin Water Storage District, Sierra Club, City of Stockton, County of San Joaquin, County of Butte, Sacramento Area Sewer District, County of Sacramento, San Francisco Baykeeper, South Delta Water Agency and North Delta Water Agency, challenging the adequacy of DWR's Final EIR under CEQA and several other environmental laws. ~~They have been~~ The lawsuits were consolidated for all purposes. Motions for preliminary injunctive relief seeking to halt pre-construction geotechnical work ~~to characterize subsurface soil and groundwater conditions~~ were granted in five of the cases on June 21, 2024 enjoining ~~such~~ geotechnical work until DWR completes the Delta Plan certification of consistency procedure required under the Delta Reform Act. DWR filed a motion to modify the injunction to allow some geotechnical work to continue or, in the alternative, to temporarily stay the injunction pending a decision on the merits in DWR's appeal, which the trial court denied. On August 19, 2024, DWR filed notices of appeal, appealing the injunction in each of the cases. ~~The court of appeal denied DWR's motion to stay the injunction pending adjudication of its appeal on the merits.~~ In October 2024, DWR filed a certification of consistency for a portion of the geotechnical work described in the Final EIR for the Delta Conveyance Project. Four groups filed appeals with the Delta Stewardship Council, which held a hearing on December 19, 2024. On January 23, 2025, the Delta Stewardship Council dismissed the four appeals for lack of jurisdiction, finding that the proposed geotechnical activities were not a covered action under the Delta Reform Act. On ~~February 6,~~ October 17, 2025, the California Court of Appeal reversed the trial court's preliminary injunction orders in the five related cases that had prohibited pre-construction geotechnical work. On March 30, 2026, the preliminary injunction was vacated, allowing the geotechnical work to proceed. On April 2, 2026, Metropolitan and other supporting State Water Project contractors were granted leave to intervene. DWR certified the administrative record on May 18, 2026. The merits of the consolidated actions remain pending.

On October 17, 2025, DWR filed ~~its opening brief on appeal of the preliminary injunction halting preconstruction geotechnical work. Briefing was completed on May 14, 2025. Oral argument on DWR's appeal were heard on September 16, 2025.~~ a certification of consistency for the Delta Conveyance Project. The certification focuses on the approved Bethany Reservoir alignment for the Delta Conveyance Project. Ten groups filed administrative appeals with the Delta Stewardship Council. Following an appeal hearing, on April 23, 2026, the Delta Stewardship Council remanded the certification to DWR with respect to two issues: potential effects involving the invasive golden mussel and potential land-use conflicts with the Sacramento Area Sewer District's Harvest Water program. The Delta Stewardship Council denied or dismissed the remaining appeal issues. On July 24, 2026, DWR submitted a revised certification addressing the remanded issues. By August 24, 2026, the close of the appeal period, three appeals of the revised certification had been filed with the Delta Stewardship Council. The appeals are currently before the Delta Stewardship Council.

On August 20, 2020, the U.S. Army Corps of Engineers ("Army Corps"), the lead agency for the Delta Conveyance Project under the National Environmental Policy Act ("NEPA"), issued a notice of intent of the development of the Environmental Impact Statement ("EIS") for the Delta Conveyance Project. On December 16, 2022, the Army Corps released the Draft EIS for public and agency comment under NEPA. The comment period closed on March 16, 2023. The Army Corps ~~anticipates that it will complete the Final EIS in late 2025, although timing is uncertain given the change in presidential administrations.~~ issued its Final Programmatic EIS for the Delta Conveyance Project in November 2025 and completed a Programmatic Record of Decision on June 26, 2026. The Record of Decision completed the Army Corps' programmatic review under NEPA but does not authorize construction or constitute a decision on the Army Corps' permit. Separate, project-level decisions on Clean Water Act section 404 and the Rivers and Harbors Act authorizations remain necessary.

Metropolitan's Board has previously authorized Metropolitan's participation in two joint powers agencies relating to a Bay-Delta conveyance project (originally formed in connection with California WaterFix): the Delta Conveyance Design and Construction Authority (the "DCA"), formed by the participating water agencies to actively participate with DWR in the design and construction of the conveyance project in coordination with DWR and under the control and supervision of DWR; and the Delta Conveyance Finance Authority, formed by the participating water agencies to facilitate financing for the conveyance project. The DCA is providing engineering and design activities to support DWR's planning and environmental analysis for the potential new Delta Conveyance Project. A-21

In August 2020, the DCA released preliminary cost information for the proposed Delta Conveyance Project based on an early cost assessment prepared by the DCA. The DCA's early assessment was based on preliminary engineering, not a full conceptual engineering report, and includes project costs for construction, management, oversight, mitigation, planning, soft costs, and contingencies. Based on these assumptions, the DCA's early project cost assessment estimate was approximately $15.9 billion in 2020 un-discounted dollars, which includes a 44 percent overall contingency applied to the preliminary construction costs. In May 2024, the DCA released an updated cost estimate for the Bethany Reservoir Alignment configuration of the Delta Conveyance Project as approved by DWR. The updated total project cost estimate includes construction and other program costs (including, among other things, planning, design, construction management, land acquisition, environmental mitigation and costs of a community benefit program), as well as certain contingency and risk treatment costs to address uncertainty at the conceptual stage of project development. The updated total project cost estimate considers items such as labor, materials, equipment, level of effort, and other relevant cost items for a defined scope of work as described in the Delta Conveyance Project Final EIR certified by DWR in December 2023 and the supporting engineering project report prepared by the DCA. The updated total project cost estimate prepared by the DCA is primarily intended to support project financial and economic analysis and to provide guidance for further project development. If constructed, actual project costs would depend on actual labor and material costs, competitive market conditions, actual site conditions, final project scope, implementation schedule, continuity of personnel and engineering, and other variable factors.

Based on these assumptions, the DCA's updated total cost estimate is approximately $20.1 billion in 2023 un-discounted dollars, which includes a 30 percent overall contingency applied to the construction cost estimate, and a contingency between 15 percent and 30 percent added to each element of other program costs. The DCA is also evaluating potential design modifications and construction innovations to enhance cost efficiency and feasibility. The DCA anticipates issuing an updated cost estimate and basis of design report in 2027.

At its December 8, 2020 Board meeting, Metropolitan's Board authorized the General Manager to execute a funding agreement with DWR and commit funding for a Metropolitan participation level of 47.2 percent of the approximately $340.7 million of estimated costs of preliminary design, environmental planning and other pre-construction activities needed over the four years 2021 through 2024 to assist in the environmental process for the proposed Delta Conveyance Project. Metropolitan contributed $160.8 million over the four years 2021 through 2024. Seventeen other State Water Project contractors also approved and contributed funding for the planning and pre-construction costs. Those contributions ~~will fund~~ funded planning and further design and engineering through 2025. The funding agreement provides that funds will be reimbursed to Metropolitan if the project is approved and when the first bonds, if any, for the project are issued. In connection with approving the funding agreement, at its December 2020 Board meeting, the Board also authorized the General Manager to execute an amendment to the DCA joint exercise of powers agreement. The amendment, which was effective December 31, 2020, addressed changes in the anticipated participation structure for the proposed Delta Conveyance Project from that contemplated for California WaterFix.

At its December 10, 2024 Board meeting, Metropolitan's Board approved additional funding by Metropolitan of approximately ~~$142.0~~ $141.6 million for its share of the estimated $300.0 million of planning and pre-construction costs of the Delta Conveyance Project anticipated for calendar years 2026 and 2027. ~~A portion of Metropolitan's approved funding amount may be offset by certain amounts Metropolitan expects to receive back from DWR under its State Water Contract by the end of 2025 in the amount of $75.0 million.~~ Seventeen other State Water Project contractors have also approved funding a share of the preconstruction costs for this two-year period. The amended funding agreement continues to provide that all funds contributed from 2020-2027 will be reimbursed to Metropolitan if the project is approved and implemented, and when the first bonds, if any, for the project are issued. A-22

Metropolitan's December 10, 2024 action to approve an amendment to the 2020 funding agreement to fund planning and preconstruction costs for 2026-2027 does not commit Metropolitan to participate in the Delta Conveyance Project. Any final decision to commit to the Delta Conveyance Project and incur final design and construction costs would require further Board approval, which is currently anticipated in 2027, after key permits are obtained, which is anticipated by end of 2026.

On August 6, 2020, DWR adopted certain resolutions to authorize the issuance of bonds to finance costs of the Delta Conveyance Project environmental review, planning, design and, if and when such a project is approved, the costs of acquisition and construction thereof. The same day, it filed a complaint in Sacramento County Superior Court seeking to validate its authority to issue the bonds. Fourteen answers were filed in the validation action. In May 2023, a bench trial was conducted by the court in connection with the validation action. On January 16, 2024, the Sacramento County Superior Court denied DWR's request for a validation order, finding that DWR exceeded its statutorily delegated authority when it adopted the bond resolutions to authorize the issuance of its bonds to finance what the bond resolution defined broadly as the Delta Conveyance ~~Project. On February 14, 2024, Metropolitan and four other supporting public water agencies filed a Notice of Appeal in California's Court of Appeal, Third Appellate District, of the Sacramento County Superior Court's ruling denying DWR's request for an order validating bond resolutions~~ Program. However, the trial court expressly did not rule that DWR lacks authority to issue revenue bonds to finance the Delta Conveyance Project. ~~DWR filed a Notice of Appeal on February 16, 2024. Eight cross-appeals were filed by~~

~~March 2024. In April 2024, DWR filed a motion to dismiss the cross-appeals as untimely. In May 2024, DWR's motion to dismiss the cross-appeals was denied without prejudice to renewing the motion in the merits briefing. As of May 12, 2025, the case was fully briefed. No date for oral argument has been scheduled.~~ On December 31, 2025, the California Court of Appeal affirmed the judgment. The Court of Appeal denied rehearing on January 28, 2026. On April 15, 2026, the California Supreme Court denied DWR's and supporting State Water Project contractors' petition for review and request for depublication, terminating the action. Only motions for attorney fees remain pending in the trial court, with a hearing date set for December 9, 2026.

On January 7, 2025, DWR filed a validation action in Sacramento County Superior Court seeking to validate a new bond resolution and confirm DWR's authority to issue revenue bonds to finance the planning, design, construction, maintenance and other capital costs of the Delta Conveyance Project. ~~DWR is pursuing this second validation action for the new bonds in parallel with its appeal of the decision rendered in its 2020 validation action over the 2020 bonds in case the appeal~~ The validation action was stayed in January 2026 pending completion of the appellate proceedings involving the 2020 resolutions. In May 2026, DWR rescinded the 2025 bond resolution and dismissed the second validation action. Only motions for attorney fees remain pending in the trial court, with a hearing date set for December 9, 2026, concurrent with the fee motions in the 2020 ~~cases is unsuccessful. Answers were due no later than March 25, 2025. As of April 1, 2025, Metropolitan, Coachella Valley Water District ("CVWD"), Santa Clarita Valley Water Agency, Santa Clara Water Agency, and Mojave Water Agency have filed answers in support of DWR's position; ten answers were filed raising affirmative defenses in opposition, and two parties have filed demurrers seeking to dismiss the case because an appeal is pending on the validity of the 2020 bond resolutions. On June 12, 2025, the Superior Court rejected the demurrers and held that the validation action may proceed.~~ case. The effect of the developments related to DWR's bond validation actions on the financing structure, schedule or costs of the Delta Conveyance Project cannot be determined at this time.

Additional lawsuits could be filed in the future with respect to the Delta Conveyance Project and may impact the anticipated timing and costs.

Long-Term Delivery Capability of the State Water Project

In July 2024, DWR completed and released its State Water Project Delivery Capability Report 2023 (the "2023 DCR"). The 2023 DCR forecasts long-term average State Water Project Table A deliveries of 53 percent of total contract amounts, under current regulations and operations, which ~~is~~ was 3 percent lower than the ~~2021 DCR projection.~~ projection that was included in the 2021 State Water Project Delivery Capability Report. The forecasted reductions ~~are~~ were driven by the impacts of climate change that have already occurred and constraints within the federal and State permits needed to protect critical species. Additionally, the 2023 DCR provided modeling results for three potential future climate change scenarios based on existing regulations, assuming design capacity of the existing infrastructure, and current State Water Project operations. The analyses in the 2023 DCR ~~do~~ did not take into account the adaptation strategies and improvements to infrastructure being considered by DWR to address the effects of climate change and to maintain the State Water Project's historical delivery capability and reliability. ~~For example, the 2023 DCR does not reflect future potential DWR projects that are expected to augment the existing State Water Project infrastructure, such as the Delta Conveyance Project.~~

On May 6, 2025, DWR released an addendum to the 2023 DCR that details the potential impact of subsidence on current and future State Water Project deliveries. The technical report concludes that, with current adaptation actions, subsidence that has occurred along the State Water Project facilities reduces the long-term average delivery capability of the State Water Project by about three percent. In addition, the technical report estimates that, without additional operational adaptations or infrastructure improvements, with the current trajectory of subsidence combined with climate change, long-term average delivery capability of

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the State Water Project could be reduced by 18 percent to 87 percent by 2043. DWR has indicated that it is taking a dual-track approach to remedying the effects of subsidence on the California Aqueduct. Near-term or interim actions being taken by DWR have a five-year planning and implementation horizon and are expected to recapture some lost capacity and operational flexibility. In addition, as part of its long-term planning, DWR is collaborating with the Bureau of Reclamation and developing corrective actions to be completed over a 20-year horizon to fully restore the original conveyance capacity and operational flexibility of the California Aqueduct.

In December 2025, DWR released a draft for its State Water Project Delivery Capability Report 2025 (the "2025 DCR"). The 2025 DCR forecasts long-term average State Water Project Table A deliveries of 54 percent of total contract amounts, under current regulations and operations, which is 1 percent higher than the 2023 DCR projection. The forecasted increase is driven by provisions in the 2024 CESA Incidental Take Permit ("ITP") reducing the amount of freshwater required to be released each April and May to meet permit requirements under most hydrologic conditions. These months often coincide with high natural runoff, and therefore additional exports are anticipated. See "–Endangered Species Act – *California ESA– DWR Incidental Take Permit"* below. Additionally, the 2025 DCR provided modeling results for three potential future climate change scenarios based on existing regulations, assuming design capacity of the existing infrastructure, and current State Water Project operations. The analyses in the 2025 DCR do not take into account the adaptation strategies and improvements to infrastructure being considered by DWR to address the effects of climate change and to maintain the State Water Project's historical delivery capability and reliability. For example, the 2025 DCR does not reflect future potential DWR projects that are expected to augment the existing State Water Project infrastructure, such as the Delta Conveyance Project. The 2025 DCR also does not consider potential impact of subsidence on current and future State Water Project deliveries, which, as described above, was released as an addendum to the 2023 DCR.

Colorado River Aqueduct

Background

The Colorado River was Metropolitan's original source of water after Metropolitan's establishment in 1928. Metropolitan has a legal entitlement to receive water from the Colorado River under a permanent service contract with the Secretary of the Interior. Water from the Colorado River and its tributaries is also available to other users in California, as well as users in the states of Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming (collectively, the "Colorado River Basin States"), resulting in both competition and the need for cooperation among these holders of Colorado River entitlements. In addition, under a 1944 treaty, Mexico has the right to delivery of 1.5 million acre-feet of Colorado River water annually except as provided under shortage conditions described in Treaty Minute 323. The United States and Mexico agreed to conditions for reduced deliveries of Colorado River water to Mexico in Treaty Minute 323, adopted in 2017. Treaty Minute 323 established the rules under which Mexico agreed to take shortages and create reservoir storage in Lake Mead. Those conditions are in parity with the requirements placed on the Lower Basin States (defined below) in the Lower Basin Drought Contingency Plan (described under "—Colorado River Operations: Surplus and ~~Storage~~ Shortage Guidelines — Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead"). Mexico can also schedule delivery of an additional 200,000 acre-feet of Colorado River water per year if water is available in excess of the requirements in the United States and the 1.5 million acre-feet allotted to Mexico.

Construction of the CRA, which is owned and operated by Metropolitan, was undertaken by Metropolitan to provide for the transportation of its Colorado River water entitlement to its service area. The CRA originates at Lake Havasu on the Colorado River and extends approximately 242 miles through a series of pump stations and reservoirs to its terminus at Lake Mathews in Riverside County. Up to 1.25 million acre-feet of water per year may be conveyed through the CRA to Metropolitan's member agencies, subject to

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the availability of Colorado River water for delivery to Metropolitan as described below. Metropolitan first delivered CRA water to its member agencies in 1941.

Colorado River Water Apportionment and Seven-Party Agreement

Pursuant to the federal Boulder Canyon Project Act of 1928, California is apportioned the use of 4.4 million acre-feet of water from the Colorado River each year plus one-half of any surplus that may be available for use collectively in the Lower Basin States of Arizona, California and Nevada. Under an agreement entered into in 1931 among the California entities that expected to receive a portion of California's apportionment of Colorado River water (the "1931 Seven-Party Agreement") and which has formed the basis for the distribution of Colorado River water made available to California, Metropolitan holds the fourth priority right to 550,000 acre-feet per year. This is the last priority within California's basic apportionment. In addition, Metropolitan holds the fifth priority right to 662,000 acre-feet of water, which is in excess of California's basic apportionment. Until 2003, Metropolitan had been able to take full advantage of its fifth priority right as a result of the availability of surplus water and water apportioned to Arizona and Nevada that was not needed by those states. However, during the 1990s Arizona and Nevada increased their use of water from the Colorado River, and by 2002 no unused apportionment was available for California. As a result, California has limited its annual use to 4.4 million acre-feet since 2003, not including supplies made available under water supply programs such as Intentionally Created Surplus ("ICS") and certain conservation and storage agreements. In addition, a severe drought in the Colorado River Basin from 2000-2004 reduced storage in system reservoirs, ending the availability of surplus deliveries to Metropolitan. Prior to 2003, Metropolitan could divert over 1.25 million acre-feet in any year. Since 2003, Metropolitan's net diversions of Colorado River water have ranged from a low of 538,000 acre-feet in 2019 to a high of approximately 1,179,000 acre-feet in 2015. Average annual net diversions over the ten-year period ~~2015 through 2024 were approximately 892,000~~ 2016 through 2025 were approximately 855,000 acre-feet, with annual volumes dependent primarily on programs to augment supplies, including transfers of conserved water from agriculture and water made available to Metropolitan pursuant to the Exchange Agreement, in exchange for which Metropolitan delivers a like amount to SDCWA from any Metropolitan supply. See "—Quantification Settlement Agreement," "— Metropolitan and San Diego County Water Authority Exchange Agreement," and "—Colorado River Operations: Surplus and Shortage Guidelines." See also "—Current Water Conditions" and "—Water Transfer, Storage and Exchange Programs — Colorado River Aqueduct Agreements and Programs." In ~~2024,~~ 2025, Metropolitan's total available Colorado River supply was ~~985,000~~ 1,130,000 acre-feet. A portion of the available supply was left in Lake Mead. ~~Although this water could have been~~ Of the water left in Lake Mead, 77,000 acre-feet was stored in Metropolitan's Lake Mead ICS ~~supplies,~~ supplies. Metropolitan elected to have ~~it~~ the remaining 242,000 acre-feet become system water pursuant to the system conservation implementation agreements ("System Conservation Agreements") entered into with the Bureau of Reclamation under the Lower Colorado River Basin System Conservation and Efficiency Program for an enhancement of Metropolitan's commercial, industrial, and institutional turf replacement program incentive and for design and construction of facilities for the Antelope Valley-East Kern High Desert Water Bank Program. See also "—Storage Capacity and Water in Storage."

The following table sets forth the existing priorities of the California users of Colorado River water established under the 1931 Seven-Party Agreement. A-25

BEFORE — ATTACHMENT 1 (2025) — DELETED

PRIORITIES UNDER THE CALIFORNIA 1931 SEVEN-PARTY AGREEMENT[1]

Priority	Description	Acre-Feet Annually
1	Palo Verde Irrigation District gross area of 104,500 acres of land in the Palo Verde Valley	3,850,000
2	Yuma Project in California not exceeding a gross area of 25,000 acres in California	
3(a)	Imperial Irrigation District and other lands in Imperial and Coachella Valleys[2] to be served by All-American Canal	
3(b)	Palo Verde Irrigation District – 16,000 acres of land on the Lower Palo Verde Mesa	
4	Metropolitan Water District of Southern California for use on the coastal plain	550,000
	SUBTOTAL	4,400,000
5(a)	Metropolitan Water District of Southern California for use on the coastal plain	550,000
5(b)	Metropolitan Water District of Southern California for use on the coastal plain[3]	112,000
6(a)	Imperial Irrigation District and other lands in Imperial and Coachella Valleys to be served by the All-American Canal	300,000
6(b)	Palo Verde Irrigation District – 16,000 acres of land on the Lower Palo Verde Mesa	
	TOTAL	5,362,000
7	Agricultural use in the Colorado River Basin in California	Remaining surplus

AFTER — FALL 2026 — INSERTED

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	TOTAL	5,362,000
7	Agricultural use in the Colorado River Basin in California	Remaining surplus

Images of the table as it appears in Attachment 1 (2025) and in the Fall 2026 document.

_____ *Source: Metropolitan.* (1) Agreement dated August 18, 1931, among Palo Verde Irrigation District, Imperial Irrigation District, Coachella ~~Valley County~~ Valley County Water District, Metropolitan, the City of Los Angeles, the City of San Diego and the County of San Diego. These priorities were memorialized in the agencies' respective water delivery contracts with the Secretary of ~~the Interior. *(Footnotes continue on following page)*~~ the Interior. (2) The Coachella Valley Water District serves Coachella Valley. (3) In 1946, the City of San Diego, the San Diego County Water Authority, Metropolitan and the Secretary of the ~~Interior entered~~ Interior entered into a contract that merged and added the City and County of San Diego's rights to storage and delivery of Colorado River water to the rights of Metropolitan.

~~*(Footnotes continued from prior page)*~~

Quantification Settlement Agreement

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The Quantification Settlement Agreement ("QSA"), which was executed by the ~~CVWD,~~ Coachella Valley Water District ("CVWD"), Imperial Irrigation District ("IID"), and Metropolitan in October 2003, together with various QSA-related agreements including those in which SDCWA is a party, established Colorado River water use limits for IID and CVWD, and provided for specific acquisitions of conserved water

and water supply arrangements. The QSA and related agreements provide a framework for Metropolitan to enter into other cooperative Colorado River supply programs and set aside several disputes among California's Colorado River water agencies.

Specific programs under the QSA and related agreements include lining portions of the All-American and Coachella Canals, which were completed in 2009 and conserve over 98,000 acre-feet annually. Metropolitan receives this water and delivers over 77,000 acre-feet of exchange water annually to SDCWA, and provides 16,000 acre-feet of water annually by exchange to the United States for use by the La Jolla, Pala, Pauma, Rincon, and San Pasqual Bands of Mission Indians, the San Luis Rey River Indian Water Authority, the City of Escondido, and the Vista Irrigation District. Water became available for exchange with the United States following a May 17, 2017 notice from the Federal Energy Regulatory Commission ("FERC") satisfying the last requirement of Section 104 of the San Luis Rey Indian Water Rights Settlement Act (Title I of Public Law 100-675, as amended). The QSA and related agreements also authorized the transfer of conserved water annually by IID to SDCWA (up to a maximum amount in 2021 of 205,000 acre-feet, then stabilizing to 200,000 acre-feet per year). Metropolitan receives this water and delivers an equal amount of exchange water annually to SDCWA. See description under "– Metropolitan and San Diego County Water Authority Exchange Agreement" below; see also "METROPOLITAN REVENUES–Principal Customers" in this Appendix A. Also included under the QSA related agreements is a delivery and exchange agreement between Metropolitan and CVWD that provides for Metropolitan, when requested, to deliver annually up to 35,000 acre-feet of Metropolitan's State Water Project contractual water to CVWD by exchange with Metropolitan's available Colorado River supplies.

Metropolitan and San Diego County Water Authority Exchange Agreement

No facilities exist to deliver conserved water acquired by SDCWA from IID. Accordingly, in 1998, following the execution of an agreement for the transfer of conserved water from IID to SDCWA, SDCWA and Metropolitan entered into an Exchange Agreement for SDCWA to exchange its IID conserved water for Metropolitan water deliveries at the SDCWA connections with Metropolitan (the "1998 Exchange Agreement"). SDCWA makes its water available to Metropolitan at Lake Havasu and Metropolitan delivers an equal amount of its own Metropolitan water at its connections with SDCWA in SDCWA's service area. In 2003, as part of the QSA and related agreements, SDCWA and Metropolitan amended the 1998 Exchange Agreement (as amended, the "2003 Exchange Agreement"), and Metropolitan also assigned to SDCWA its rights to water that is conserved as a result of the lining of the All-American and Coachella Canals. See "—Quantification Settlement Agreement." The 2003 Exchange Agreement allowed for exchange of both IID and the canal lining water and amended the price term for the exchange. In June 2010, SDCWA filed its first in a series of lawsuits challenging, among other things, Metropolitan's rates and charges as they related to the price term of the 2003 Exchange Agreement. On June 2, 2025, the parties settled all the lawsuits challenging the price term and other matters and amended and restated the Exchange Agreement (as amended and restated, the "2025 Exchange Agreement," and each of the 1998 Exchange Agreement, the 2003 Exchange Agreement or the 2025 Exchange Agreement, as applicable, the "Exchange Agreement").

The Exchange Agreement limits the amount of water that Metropolitan delivers to 277,700 acre-feet per year, except that an additional 5,000 acre-feet was exchanged in 2021 and an additional 2,500 acre-feet was exchanged in 2022 under the 2003 Exchange Agreement. Under the 2003 Exchange Agreement, in consideration for the exchange of the conserved water made available to Metropolitan by SDCWA with the exchange water delivered by Metropolitan, SDCWA ~~is~~ was obligated to pay an amount equal to the charges set by Metropolitan's Board from time to time to be paid by its member agencies for the conveyance of water through Metropolitan's facilities. Under the 2025 Exchange Agreement, ~~beginning in 2026,~~ the price per acre-foot to be paid by SDCWA for exchange water is set at a fixed dollar amount (the "Unit Price"), which increases annually, and will no longer be tied to Metropolitan's rates and charges. Additionally, under the 2025

Exchange Agreement, SDCWA will be obligated to pay to Metropolitan in each calendar year a minimum payment equal to the amount payable for the exchange of 227,000 acre-feet of water at the applicable Unit Price, even if SDCWA exchanges less than that amount in any one year. Each additional acre-foot of water exchanged above 227,000 acre-feet in a calendar year will be billed at the Unit Price. The Unit Price for years 2026 through 2034 is reflected in the table below.

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Effective Date of Exchange Unit Price	Exchange Unit Price per Acre-Foot
January 1, 2026	$671
January 1, 2027	671
January 1, 2028	703
January 1, 2029	737
January 1, 2030	772
January 1, 2031	809
January 1, 2032	848
January 1, 2033	888
January 1, 2034	930

In years 2035 through the remainder of the term of the Exchange Agreement, the price per-acre foot will be equal to the prior year price, increased by a percentage equal to the Consumer Price Index for All Urban Consumers (CPI-U) for water and sewerage, as published by the U.S. Bureau of Labor Statistics, measured from October of two years prior to October of the prior year.

If SDCWA elects to receive treated water as part of its exchange water deliveries, Metropolitan's Treatment Surcharge (see "METROPOLITAN REVENUES—Rate ~~Structure,"),~~ Structure"), or a successor rate or charge for treated water service in effect as of the date of delivery of the treated water, will be added to the applicable Unit Price.

Under the 2025 Exchange Agreement, SDCWA may also offer to another Metropolitan member agency or member agencies the right to receive the exchange water deliveries, and if not accepted by any Metropolitan member agency, SDCWA may offer to sell to Metropolitan any available amount of conserved water SDCWA makes available at Lake Havasu.

With respect to exchange water to be delivered to another member agency, Metropolitan will deliver the water to the member agency or agencies, subject to Metropolitan's operational constraints, as it does all other purchases by such agency. Metropolitan will bill SDCWA for the delivered water pursuant to the terms of the 2025 Exchange Agreement as described above. All other terms of the right to receive the water will be determined by SDCWA and the Metropolitan member agency or agencies acquiring the right. For any water purchased by Metropolitan, Metropolitan will be obligated to pay a price per acre-foot as calculated under the 2025 Exchange Agreement based upon the actual costs incurred by SDCWA to obtain the water. Currently, SDCWA has entered into three agreements with Metropolitan member agencies to receive exchange deliveries between 2026 and 2047. Western Municipal Water District and Eastern Municipal Water District have contracted to purchase up to 10,000 acre-feet of exchange deliveries per year. The City of Burbank has contracted to purchase up to 5,000 acre-feet of exchange deliveries per year.

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The term of the 2025 Exchange Agreement, as it relates to conserved water transferred by IID to SDCWA, extends through 2047 and may be extended through 2077, and as it relates to water allocated to SDCWA that has been conserved as a result of the lining of the All-American and Coachella Canals remains ~~as~~ in place through 2112; subject, in each case, to the right of SDCWA, upon a minimum of five years' advance written notice to Metropolitan, to permanently reduce the aggregate quantity of conserved water made available to Metropolitan under the Exchange Agreement to the extent SDCWA decides continually and

regularly to transport such conserved water to its service area through alternative facilities (which do not presently exist).

More recently, SDCWA has exchanged less water than the maximum 277,000 acre-feet. In 2023, the water delivered to Metropolitan by SDCWA for exchange under the 2003 Exchange Agreement was approximately 227,700 acre-feet, consisting of 150,000 acre-feet of IID conservation plus 77,700 acre-feet of conserved water from the Coachella Canal and All-American Canal lining projects. The volume from IID conservation exchanged under the 2023 Exchange Agreement in 2023 was less than the stabilized volume of 200,000 acre-feet described under "—Quantification Settlement Agreement" above because 50,000 acre-feet were left in Lake Mead as a part of System Conservation Agreements among the Bureau of Reclamation, Metropolitan, SDCWA, and IID under the Bureau of Reclamation's Lower Colorado River Basin System Conservation and Efficiency Program. Similarly, in 2024, the volume from IID conservation exchanged under the 2003 Exchange Agreement was less than the stabilized volume of 200,000 acre-feet by 50,000 acre-feet as a part of System Conservation Agreements entered into among the Bureau of Reclamation, Metropolitan, SDCWA, and IID under the Bureau of Reclamation's Lower Colorado River Basin System Conservation and Efficiency Program. These agreements provide for the potential for similar reductions in the exchanged amount in 2025 and 2026, although no reductions ~~are expected at this time.~~ occurred in 2025 and at this time, none are expected in 2026. See "—Colorado River Operations: Surplus and Shortage Guidelines — Lower Colorado River Basin System Conservation and Efficiency Program" below.

Colorado River Operations: Surplus and Shortage Guidelines

General. The Secretary of the Interior is vested with the responsibility of managing the mainstream waters of the lower Colorado River pursuant to federal law. Each year, the Secretary of the Interior is required to declare the Colorado River water supply availability conditions for the Lower Basin States in terms of "normal," "surplus" or "shortage" and has adopted operations criteria in the form of guidelines to determine the availability of surplus or potential shortage allocations among the Lower Basin States and reservoir operations for such conditions.

Interim Surplus Guidelines. In January 2001, the Secretary of the Interior adopted guidelines (the "Interim Surplus Guidelines"), initially for use through 2016, in determining the availability and quantity of surplus Colorado River water available for use in California, Arizona and Nevada. The Interim Surplus Guidelines were amended in 2007 and now extend through 2026. The purpose of the Interim Surplus Guidelines was to provide mainstream users of Colorado River water, particularly those in California and Nevada who had been utilizing surplus flows, a greater degree of predictability with respect to the availability and quantity of surplus water. Under the Interim Surplus Guidelines, Metropolitan initially expected to divert up to 1.25 million acre-feet of Colorado River water annually under foreseeable runoff and reservoir storage scenarios from 2004 through 2016. However, as described above, an extended drought in the Colorado River Basin reduced these initial expectations, and Metropolitan has not received any surplus water since 2002 and does not expect to receive any surplus water in the foreseeable future.

Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and A-29

Lake Mead. In May 2005, the Secretary of the Interior directed the Bureau of Reclamation to develop additional strategies for improving coordinated management of the reservoirs of the Colorado River system. In November 2007, the Bureau of Reclamation issued a Final EIS regarding new federal guidelines concerning the operation of the Colorado River system reservoirs, particularly during drought and low reservoir conditions. These guidelines provide water release criteria from Lake Powell and water storage and water release criteria from Lake Mead during shortage and surplus conditions in the Lower Basin, provide a mechanism for the storage and delivery of conserved system and non-system water in Lake Mead, and extend the Interim Surplus Guidelines through 2026 (as noted above) (the "2007 Interim Guidelines"). The Secretary

of the Interior issued the final guidelines through a Record of Decision signed in December 2007. The Record of Decision and accompanying agreement among the Colorado River Basin States protect reservoir levels by reducing deliveries during low inflow periods, encouraging agencies to develop conservation programs and allowing the Colorado River Basin States to develop and store new water supplies. The Colorado River Basin Project Act of 1968 insulates California from shortages in all but the most extreme hydrologic conditions. Consistent with these legal protections, under the guidelines, Arizona and Nevada are first subject to the initial annual shortages identified by the Secretary in a shared amount of up to 500,000 acre-feet.

The guidelines also created the ICS program, which allows water contractors in the Lower Basin States to store conserved water in Lake Mead. Under this program, ICS water (water that has been conserved through an extraordinary conservation measure, such as land fallowing) is eligible for storage in Lake Mead by Metropolitan. Under the 2007 Interim Guidelines, ICS can be created through 2026 and delivered through 2036. See the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage." ~~Under the guidelines~~ Subject to an agreement among the Lower Basin States, the 2027-2028 Operating Guidelines (as hereinafter defined) extend the ICS program, permit California contractors collectively to create up to 400,000 acre-feet of EC ICS (as hereinafter defined) in any year through December 31, 2028, and to accumulate, at any time, up to 2.0 million acre-feet in the aggregate of Binational ICS, EC ICS and DCP ICS. The 2027-2028 Operating Guidelines also permit delivery of these forms of ICS through December 31, 2038, and carry forward the existing categories of ICS.

Under the 2007 Interim Guidelines and the subsequent Colorado River Drought Contingency Plan Authorization Act, California can create and deliver up to 400,000 acre-feet of extraordinary conservation ICS ("EC ICS") annually and accumulate up to 1.5 million acre-feet of EC ICS in Lake Mead. In December 2007, California contractors for Colorado River water executed the California Agreement for the Creation and Delivery of Extraordinary Conservation Intentionally Created Surplus (the "California ICS Agreement"), which established terms and conditions for the creation, accumulation, and delivery of EC ICS by California contractors receiving Colorado River water. Under the California ICS Agreement, the State's EC ICS creation, accumulation, and delivery limits provided to California under the 2007 Interim Guidelines are apportioned between IID and Metropolitan. No other California contractors were permitted to create or accumulate ICS. Under the terms of the agreement, IID is allowed to store up to 25,000 acre-feet per year of EC ICS in Lake Mead with a cumulative limit of 50,000 acre-feet, in addition to any acquired Binational ICS water (water that has been conserved through conservation projects in Mexico). Metropolitan is permitted to use the remaining available ICS creation, delivery, and accumulation limits provided to California.

The Secretary of the Interior delivers the stored ICS water to Metropolitan in accordance with the terms of December 13, 2007, January 6, 2010, and November 20, 2012 Delivery Agreements between the United States and Metropolitan. As of January 1, ~~2025, Metropolitan had 1,544,000~~ 2026, Metropolitan had 1,614,000 acre-feet in its ICS accounts. These ICS accounts include water conserved by fallowing in the Palo Verde Valley, projects implemented with IID in its service area, groundwater desalination, the Warren H. Brock Reservoir Project, and international agreements that converted water conserved by Mexico to the United States. Additionally, approximately ~~27,000~~ 269,000 acre-feet was left in Lake Mead ~~in 2024.~~ between 2024 and 2025. This water became system water pursuant to System Conservation Agreements with the Bureau of Reclamation under the Lower Colorado River Basin System Conservation and Efficiency Program. See also "—Colorado River Water Apportionment and Seven-Party Agreement" above.

Subject to an agreement among the Lower Basin States, under the 2027-2028 Operating Guidelines, the total combined amount of ICS that may be delivered to California contractors in any year is limited to 400,000 acre-feet, and total combined ICS deliveries to contractors in all Lower Basin States from January 1, 2026, through December 31, 2028, may not exceed 800,000 acre-feet. ICS may be used to offset reductions, subject to applicable law and the required delivery, forbearance and implementing agreements. Creation of ICS A-30

generally requires a plan approved by the Secretary of the Interior and is subject to a 10 percent system assessment to account for evaporation in the year of creation, subject to specified exceptions. The quantity of ICS remaining at the end of each year shall be diminished by annual evaporation losses of 3 percent.

Also subject to the required Lower Basin States agreement, the 2027-2028 Operating Guidelines impose additional Lake Mead elevation restrictions on ICS deliveries. If Lake Mead's January 1 elevation is between 1,025 feet and 1,000 feet, the Secretary of the Interior must consult with the requesting ICS contractor before approving a delivery and may reduce or deny the request if the delivery would cause Lake Mead to be projected to decline below elevation 1,000 feet during that year or if Lake Mead is below elevation 1,000 feet when the request is considered. No ICS may be delivered in a year in which Lake Mead's January 1 elevation is below 1,000 feet.

If an agreement among the Lower Basin States is not reached, no new ICS may be created after December 31, 2026, and previously created ICS would remain subject to the applicable provisions of the 2007 Interim Guidelines and the Lower Basin DCP (as hereinafter defined). See "—Ongoing Activities Relating to Colorado River Operations" for a discussion of the 2027-2028 Operating Guidelines.

Colorado River Drought Contingency Plans. Since the 2007 Lower Basin shortage guidelines were issued for the coordinated operations of Lake Powell and Lake Mead, the Colorado River has continued to experience drought conditions. The seven Colorado River Basin States, the U.S. Department of the Interior ("Department of the Interior") through the Bureau of Reclamation, and water users in the Colorado River Basin, including Metropolitan, began developing Drought Contingency Plans ("DCPs") to reduce the risk of Lake Powell and Lake Mead declining below critical elevations through 2026.

In April 2019, the President of the United States signed the Colorado River Drought Contingency Plan Authorization Act (referenced above), directing the Secretary of the Interior to sign and implement four DCP agreements related to the Upper and Lower Basin DCPs without delay. The agreements were executed and the Upper and Lower Basin DCPs became effective on May 20, 2019. The Lower Basin Drought Contingency Plan ~~Agreement~~ Agreement, which is in place through 2026, requires California, Arizona and Nevada to store defined volumes of water in Lake Mead at specified lake levels. California would begin making contributions if Lake Mead's elevation is projected to be 1,045 feet above sea level or below on January 1. Depending on the lake's elevation, California's contributions would range from 200,000 to 350,000 acre-feet a year ("DCP Contributions"). Pursuant to intrastate implementation agreements and a settlement agreement with IID, Metropolitan will be responsible for 90 percent of California's DCP Contributions under the Lower Basin DCP. CVWD will be responsible for 7 percent of California's required DCP Contributions. While IID is not a party to the DCP, if Metropolitan is required to make a DCP contribution, IID will assist Metropolitan in making DCP contributions by contributing the lesser of either: (a) three percent of California's DCP contribution or (b) the amount of water IID has stored with Metropolitan. The terms of the settlement agreement with IID referenced above and the mechanism by which IID will contribute to California's DCP Contributions is described in more detail under "—Water Transfer, Storage and Exchange Programs — Colorado River Aqueduct Agreements and Programs — California ICS Agreement Intrastate Storage Provisions" in this Appendix A. No DCP contribution ~~was required by California in 2025 and no DCP contribution will be required by California in 2026.~~ has been required by California.

Implementation of the Lower Basin DCP enhances Metropolitan's ability to store water in Lake Mead and ensures that water in storage can be delivered later. ~~The~~ Through 2026, the Lower Basin DCP ~~increases~~ increased the total volume of water that California ~~may~~ could store in Lake Mead by 200,000 acre-feet, for a total of 1.7 million ~~acre-feet, which Metropolitan will have the right to use. However, under~~ acre-feet. Under the September 12, 2019 DCP Contributions and ICS Accumulation Limits Sharing Agreement, California agreed to make up to 50,000 acre-feet of its accumulation space available to Arizona through 2026. Arizona has used this accumulation space, therefore making the effective increase in the volume of water California

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may store 1.65 million acre-feet. Both EC ICS and Binational ICS count towards the total volume of water that California may store in Lake Mead. Water stored as ICS will be available for delivery as long as Lake Mead's elevation remains above 1,025 feet. Previously, that water could have become inaccessible below a Lake Mead elevation of 1,075 feet. ~~DCP~~ The conditional ICS accumulation delivery and elevation restrictions applicable under the 2027-28 Operating Guidelines are described above. Through 2026, Contributions may be made through conversion of existing ICS, including at times when Lake Mead's elevation falls below 1,025 feet, allowing Metropolitan to deliver the full amount of its basic apportionment and available water under its CRA water transfer and exchange programs even in years when a DCP Contribution is required. DCP Contributions made through conversion of existing ICS become DCP ICS. DCP Contributions may also be made by leaving water in Lake Mead that there was a legal right to have delivered. This type of DCP Contribution becomes system water and may not be recovered. Rules are set for delivery of DCP ICS through 2026 and between 2027-2057. The Lower Basin DCP ~~will be effective through 2026, however, the SEIS (which is~~ remains effective through 2026. Operations for 2027 and 2028 will be governed by the 2027-2028 Operating Guidelines and applicable implementing and parallel agreements, which are described under "— Ongoing Activities Relating to Colorado River Operations" ~~below) could alter provisions of the DCP.~~

~~***Lake Mead 500+ Plan.*** In December 2021, Metropolitan, the Department of the Interior, the Arizona Department of Water Resources, the Central Arizona Project, and the Southern Nevada Water Authority ("SNWA") executed a memorandum of understanding for an agreement to invest up to $200 million in projects over the two years 2022 and 2023 to keep Lake Mead from dropping to critically low levels. The agreement, known as the "500+ Plan," aimed to add 500,000 acre-feet of additional water to Lake Mead in both 2022 and 2023 by facilitating actions to conserve water across the Lower Colorado River Basin through voluntary measures such as creation of system conservation, creation of ICS and decreases in planned ICS releases. The additional water, enough water to serve about 1.5 million households per year, would add about 16 feet total to the reservoir's level. Under the memorandum of understanding, the Arizona Department of Water Resources committed to provide up to $40 million to the initiative over two years, with Metropolitan, the Central Arizona Project and SNWA each agreeing to contribute up to $20 million. The federal government planned to match those commitments, providing an additional $100 million. As of the end of calendar year 2022, over 500,000 acre-feet of additional water was added to Lake Mead. Metropolitan's financial contribution through the end of calendar year 2022 totaled approximately $4 million. In 2023, existing conservation projects for the Lower Colorado River Basin were terminated to allow the programs to enroll in the Bureau of Reclamation's Lower Colorado River Basin System Conservation and Efficiency Program as part of the Inflation Reduction Act of 2022 (the "IRA"), which included funds (described below) to assist in addressing the Lower Colorado River drought conditions. California Lower Colorado River Basin contract and entitlement holders have continued to pursue a goal of conserving 400,000 acre-feet annually through 2026. See also "–Endangered Species Act and Other Environmental Considerations Relating to Water Supply – Endangered Species Act Considerations - Colorado River."~~ below.

Lower Colorado River Basin System Conservation and Efficiency Program. The United States Congress appropriated $4 billion for drought mitigation in the ~~IRA.~~ Inflation Reduction Act of 2022 (the "IRA"). Using funds made available through the IRA, the Bureau of Reclamation established the Lower Colorado River Basin System Conservation and Efficiency Program as part of a commitment made by the U.S. Department of the Interior on August 16, 2022 to take actions designed to address the unprecedented drought in the Lower Colorado River Basin. The program is continuing the process of negotiating terms for selected projects for funding proposed by Colorado River water delivery contract or entitlement holders for system conservation and efficiencies in the Lower Colorado River Basin that also lead to additional conservation and bridge the immediate conservation need while moving toward improved system efficiency and more durable long-term solutions. Metropolitan submitted several proposals for funding system conservation in both the short- and long-term.

Metropolitan has executed agreements with the Bureau of Reclamation pursuant to which the Bureau of Reclamation, rather than Metropolitan, agreed to pay for conserved water from Metropolitan's PVID Land Management, Crop Rotation and Water Supply Program from August 1, 2023 to ~~July~~ December 31, 2026, from the Quechan Forbearance Program for calendar years 2023 through 2026, and from the Bard Seasonal Fallowing Program for calendar years 2024 through 2026. ~~Metropolitan's Board and the board of PVID have approved amendments to the agreement that would extend payment for conserved water to December 31, 2026. The amendment is expected to be executed by Metropolitan and the Bureau of Reclamation by the end of calendar year 2025.~~ Water generated from these programs and these time periods will benefit Lake Mead as system water rather than accrue to Metropolitan. Metropolitan's Board and the Quechan Tribe have approved an amendment to the agreement that would extend payment for conserved water through December 31, 2028. Metropolitan's Board and the Bard Water District have approved an amendment to the agreement that would extend payment for conserved water through December 31, 2028, should a Bard Seasonal Fallowing Program be developed for 2027 and 2028. Under both amendments, Metropolitan makes payments and retains conserved water in 2027 and 2028, unless it elects to have the Bureau of Reclamation make the payments and have the conserved water left in Lake Mead. Both amendments were executed on August 18, 2026. See also "METROPOLITAN REVENUES —Federal Funding."

In addition, as referenced under "—Metropolitan and San Diego County Water Authority Exchange Agreement" above, in August 2024, Metropolitan's Board authorized the execution by Metropolitan of 2024 System Conservation Agreements among the Bureau of Reclamation, Metropolitan, SDCWA, and IID for Metropolitan's joint participation in IID's system conservation program with the Bureau of Reclamation for calendar years 2024 through 2026. Under these System Conservation Agreements, with IID's and SDCWA's consent, up to 100,000 acre-feet of water conserved by IID annually during 2024 through 2026 that would otherwise be transferred to SDCWA and exchanged under the Exchange Agreement will be made available as system conservation as a part of IID's System Conservation Agreement with the Bureau of Reclamation. To the extent that water otherwise intended for transfer to SDCWA and exchange under the Exchange Agreement is made available as system water, SDCWA will be required to purchase a like amount of water from Metropolitan at Metropolitan's full-service water rate. Each year, IID, Metropolitan, and SDCWA will mutually agree on the volume of water, if any, from the IID-SDCWA transfer program that will be made available as system conservation under IID's System Conservation Agreement with the Bureau of Reclamation for that year. A total of 50,000 acre-feet was made available in 2024 under this agreement; no water ~~is expected to be~~ was made available under IID's System Conservation Agreement in ~~2025 or~~ 2025, and none is expected to be made available in 2026.

Metropolitan has ~~also~~ executed three System Conservation Agreements with the Bureau of Reclamation A-32
where the Bureau of Reclamation will fund new conservation programs and enhancements of existing programs. Water generated from these programs will benefit Lake Mead as system water. These agreements include funding by the Bureau of Reclamation of up to $95.8 million for an enhancement of Metropolitan's commercial, industrial, and institutional turf replacement program, up to $82.0 million for design and construction of facilities for the Antelope Valley-East Kern High Desert Water Bank Program, and up to $8.0 million for Metropolitan's leak detection and repair program for disadvantaged communities. In total, Metropolitan has committed to conserve and create 269,296 acre-feet of system water over a ten-year period under these three agreements. As of ~~September 1, 2025, 27,010~~ January 1, 2026, all 269,296 acre-feet of system water has been created. As of June 30, 2026, across all three agreements, $2.4 million has been received. See also "METROPOLITAN REVENUES—Federal Funding."

Metropolitan has also executed a System Conservation Implementation Agreement with the Bureau of Reclamation where the Bureau of Reclamation will pay Metropolitan $325 per acre-foot for up to 200,000 acre-feet of water conserved and left in Lake Mead in 2026. The water may be conserved with existing conservation programs.

Ongoing Activities Relating to Colorado River Operations. ~~Before the DCP and 2007 Lower Basin shortage guidelines terminate in 2026, the U.S. Department of the Interior through the Bureau of Reclamation, the seven Colorado River Basin States, and water users in the Colorado River Basin, including Metropolitan, are expected to develop new shortage guidelines for~~ The 2007 Interim Guidelines and the DCP continue to govern the management and operation of the Colorado ~~River.~~ River through 2026. On August 21, 2026, the Department of the Interior issued a Record of Decision ("ROD") establishing a decision framework for operations through 2036 and issued the first guidelines under that framework for Operating Years 2027 and 2028, as described in more detail below. The seven Colorado River Basin States, certain federally recognized Tribal Nations, the Department of the Interior and Colorado River water users continue to negotiate implementing agreements for 2027 and 2028 and longer-term operating guidelines under the decision framework included in the ROD.

In a process separate from the post-2026 guidelines development process, in November 2022, the Bureau of Reclamation initiated an expedited process to modify the 2007 Interim Guidelines for Colorado River operations in 2023, 2024, and possibly through 2026 to address the potential for continued low-runoff conditions and water shortages in the Colorado River Basin. In April 2023, the Bureau of Reclamation released a draft Supplemental Environmental Impact Statement ("SEIS") for public comment to modify the 2007 Interim Guidelines for proposed changes to operations starting in 2024 and to inform potential operations in 2025 and 2026 that would include reduced releases from Glen Canyon Dam and increased lower basin shortages. On May 22, 2023, representatives of the States of Arizona, California, and Nevada (the "Lower Basin States") sent a letter to the Bureau of Reclamation outlining the terms of a consensus proposal to conserve an additional volume of at least three million acre-feet of Colorado River water in the lower basin by the end of calendar year 2026, with at least 1.5 million acre-feet of that additional total being conserved by the end of calendar year 2024 (the "Lower Basin Plan"). This conservation would be in addition to existing shortage apportionments and DCP contribution obligations under the current 2007 Interim Guidelines, Lower Basin DCP, and Treaty Minute 323.

Also on May 22, 2023, the Department of the Interior temporarily withdrew the draft SEIS so that it could fully analyze the effects of the proposal submitted by the Lower Basin States. Subsequently, and following the release of a revised draft SEIS in October 2023, on March 5, 2024, the Bureau of Reclamation released its Final SEIS selecting the Lower Basin Plan as the "Preferred Alternative" for Colorado River operations through 2025. The Bureau of Reclamation issued a Record of Decision to modify the 2007 Interim Guidelines consistent with the Lower Basin Plan in May 2024. The modified guidelines ~~will also be~~ were also used to set operating conditions in 2026. A-33

Under the Lower Basin Plan, California ~~is~~ was anticipated to conserve at least 1.6 million acre-feet of the additional three million acre-feet by the end of 2026. ~~It is expected that up to~~ As of the end of 2025, California conserved 1.78 million acre-feet under the Lower Basin Plan. Additionally, the plan's overall goal of conserving 3 million acre-feet by the end of 2026 was also achieved early; as of the end of 2025, a total of 3.1 million acre-feet was conserved under the Lower Basin Plan. Approximately 2.3 million acre-feet of ~~the conservation will be~~ that conservation was made through projects implemented under the Bureau of Reclamation's Lower Colorado River Basin System Conservation and Efficiency Program and funded through the IRA (as referenced above under "Lower Colorado River Basin System Conservation and Efficiency Program"), with the remainder achieved through other compensated and uncompensated conservation. ~~Uncompensated conservation commitments may be met with the use of newly created EC ICS. Any ICS designated as meeting the new conservation goal~~ Approximately 642,000 acre-feet of ICS was designated to meet the conservation goal and cannot be delivered, transferred or assigned through December 31, 2026. See also "—Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead."

In ~~2023~~ 2022 and 2024, USFWS issued ~~short-term~~ biological opinions to the Bureau of Reclamation to extend federal ESA coverage for additional flow reductions and related activities on the Colorado River under the Lower Colorado River Multi-Species Conservation Program. USFWS is currently developing a new biological opinion and ~~amendments~~ a habitat conservation plan amendment to the Lower Colorado River Multi-Species Conservation Program to align them with the post-2026 operating guidelines for the Colorado River. See also "—Endangered Species Act and Other Environmental Considerations Relating to Water Supply — Endangered Species Act Considerations - Colorado River."

On ~~June 16, 2023,~~ July 31, 2026, the Bureau of Reclamation released the Final Environmental Impact Statement for Post-2026 Operational Guidelines and Strategies for Lake Powell and Lake Mead (the "Final EIS"). The preferred alternative (the "Preferred Alternative") identified in the Final EIS is a 10-year adaptive decision framework through 2036 that establishes operational principles, thresholds and ranges, and a process for developing operating guidelines generally covering two-year intervals unless a consensus-based agreement supports a longer interval. The framework permits, among other things, Lower Basin shortages of up to 3.0 million acre-feet annually, annual Lake Powell releases ranging from 5.0 million to 12 million acre-feet, storage of conserved water in Lake Powell and Lake Mead, and voluntary Upper Basin conservation, subject to applicable conditions.

On August 21, 2026, the Department of the Interior ~~formally initiated the process for the development of new post-2026 operating guidelines to replace the 2007 Interim Guidelines and coordinated management strategies and published a Notice of Intent in the Federal Register to prepare the EIS related to such post- 2026 guidelines and to solicit comments and hold public scoping meetings on their development. The public scoping period closed on August 15, 2023. On March 6, 2024, the Upper Basin states of Wyoming, Colorado, New Mexico and Utah submitted a proposal for evaluation by~~ issued a ROD adopting the Preferred Alternative's decision framework and issued the Colorado River Guidelines for Coordinated Operations of Lake Powell and Lake Mead for Operating Years 2027 and 2028 (the "2027-2028 Operating Guidelines"). The 2027-2028 Operating Guidelines are a final agency action for those two operating years only and do not themselves establish a long-term operating strategy beyond 2028. The 2027-2028 Operating Guidelines contemplate implementing and parallel agreements for specified operational measures as described below.

For each of calendar years 2027 and 2028, the 2027-2028 Operating Guidelines determine that a shortage condition exists and apportion 6.25 million acre-feet for consumptive use in the Lower Basin States, a reduction of 1.25 million acre-feet in each of the two years from the quantity apportioned under a normal condition. If the Lower Basin States implement the proposed sharing agreement, the annual reductions would be 760,000 acre-feet for Arizona, 440,000 acre-feet for California, and 50,000 acre-feet for Nevada. California's 440,000 acre-foot annual reduction is a statewide amount. California's agricultural and urban water users must develop agreements on how reductions will be shared within the State. If the applicable implementing agreements are not fully executed, the Secretary of the Interior will determine the quantities and apportionment in accordance with applicable law.. A-34

In addition to the 1.25 million acre-feet of annual Lower Basin reductions in 2027 and 2028, the 2027-2028 Operating Guidelines provide for Lower Basin contractors to conserve an additional 700,000 acre-feet in total as system conservation water during 2026 through 2028 pursuant to voluntary and implementing agreements.

The 2027-2028 Operating Guidelines become effective by their terms upon both execution by the Secretary of the Interior and execution of the necessary implementing and parallel agreements described in the 2027-2028 Operating Guidelines. Although the Secretary of the Interior issued the Guidelines on August 21, 2026, the 2027-2028 Operating Guidelines do not establish a date certain by which those agreements must be executed. The contemplated agreements include a Lower Basin implementing agreement for specified shortage, system conservation and ICS provisions and an agreement concerning drought operations at the

Colorado River Storage Project initial storage units. If the agreements are not executed, certain provisions will not be implemented as contemplated, but the Secretary of the Interior will proceed under applicable law and existing authorities, and the absence of agreements will not impair, delay or otherwise limit the Secretary of the Interior's authority to implement operations in 2027 and 2028. Once effective, the 2027-2028 Operating Guidelines will govern those operating years unless modified or superseded by the Secretary of the Interior or superseded by consensus operating guidelines.

On August 24, 2026, the State of Nevada, the Colorado River Commission of Nevada and the Southern Nevada Water Authority ("SNWA") filed an action in the U.S. District Court for the District of Nevada against the U.S. Department of the Interior, the Bureau of Reclamation ~~in the EIS (the "Upper Division States Alternative"). The Upper Division States Alternative proposed water supply reductions would be made on the Lower Basin States based on the combined volume in Lake Mead and Lake Powell, with reductions to be determined using actual water conditions in October, rather than predictions in August as currently employed under the 2007 Interim Guidelines. The Upper Division States Alternative also includes rules for Glen Canyon Dam releases. The Lower Basin States (California, Arizona, and Nevada) submitted a joint proposal for evaluation on March 6, 2024. The proposal submitted by the Lower Basin States for evaluation by the Bureau of Reclamation (the "Lower Basin Alternative") includes new higher reductions in water supply across a wider range of system conditions than those implemented in the 2007 Interim Guidelines, including reductions for California. Under this proposal, reductions to water users in the Lower Basin would be determined based on the total live storage in seven reservoirs in the Colorado River Basin (referred to as total system contents), including Lakes Powell, Mead, Mohave, Havasu as well as Flaming Gorge, Blue Mesa, and Navajo Reservoirs. Reductions for Lower Basin water users are proposed to phase-in starting when the collective volume at these reservoirs is less than 69 percent of water that can be withdrawn. Reductions for Lower Basin water users are proposed to reach a static level of 1.5 million acre-feet when the collective volume at these reservoirs is less than 58 percent and California's proposed share of this 1.5 million acre-foot reduction is 440,000 acre-feet. Further reductions are assumed when the collective volume at these reservoirs is less than 38 percent, however, the proposal did not include details for how those additional reductions would be shared at a state level. The Lower Basin Alternative also includes rules for Glen Canyon Dam releases.~~

~~The potential impacts to California and Metropolitan of the alternatives under development in the Bureau of Reclamation's draft Environmental Impact Statement (the "DEIS") for the post-2026 operating guidelines remain uncertain and will depend on the Bureau of Reclamation's analysis, the ultimate selection of an alternative, and the outcome of ongoing negotiations. The DEIS is expected to be published in late 2025 or early 2026.~~ and related federal officials. The complaint challenges the ROD, the Final EIS and the 2027-2028 Operating Guidelines and alleges violations of the Administrative Procedure Act, the National Environmental Policy Act and the Law of the River, including alleged deficiencies in the consideration of alternatives, environmental effects, comments and mitigation measures. The plaintiffs seek declaratory relief, the vacating of the challenged federal actions and an injunction against implementation until the alleged violations are remedied.

As of January 1, ~~2025,~~ 2026, Metropolitan's storage in Lake Mead was ~~1.54~~ 1.61 million acre-feet. The total amount Metropolitan has stored in Lake Mead is expected to provide flexibility to Metropolitan in meeting potential additional water reductions ~~that may occur under new post-2026 operating guidelines.~~ under the 2027-2028 Operating Guidelines, subject to the annual and cumulative delivery limitations described above. See "—Storage Capacity and Water in Storage."

Endangered Species Act and Other Environmental Considerations Relating to Water Supply A-35

Endangered Species Act Considerations - State Water Project

General. DWR has altered the operations of the State Water Project to accommodate species of fish listed as threatened or endangered under the federal ESA and/or California ESA.

The federal ESA requires that before any federal agency authorizes, funds, or carries out an action that may affect a listed species or designated critical habitat, it must consult with the appropriate federal fishery agency (either the NMFS or the USFWS depending on the species) to determine whether the action would jeopardize the continued existence of any threatened or endangered species, or adversely modify habitat critical to the species' needs. The result of the consultation is known as a "biological opinion." In a biological opinion, a federal fishery agency determines whether the action would cause jeopardy to a threatened or endangered species or adverse modification to critical habitat; and if jeopardy or adverse modification is found, recommends reasonable and prudent alternatives that would allow the action to proceed without causing jeopardy or adverse modification. If no jeopardy or adverse modification is found, the fish agency issues a "no jeopardy opinion." The biological opinion also includes an "incidental take statement." The incidental take statement allows the action to go forward even though it will result in some level of "take," including harming or killing some members of the species, incidental to the agency action, provided that the agency action does not jeopardize the continued existence of any threatened or endangered species and complies with reasonable mitigation and minimization measures recommended by the federal fishery agency or as incorporated into the project description.

The California ESA ~~generally~~ requires an incidental take permit or consistency determination for any action that may cause take of a State-listed species of fish or wildlife. To issue an incidental take permit or consistency determination, CDFW must determine that the impacts of the authorized take will be minimized and fully mitigated and will not cause jeopardy.

Federal ESA–Biological Opinions. On August 2, 2016, DWR and the Bureau of Reclamation requested that USFWS and NMFS reinitiate federal ESA consultation on the coordinated operations of the State Water Project and the federal Central Valley Project to update them with the latest best available science and lessons learned operating under the prior 2008 and 2009 biological opinions. In January 2019, the Bureau of Reclamation submitted the initial biological assessment to USFWS and NMFS. The biological assessment contains a description of the Bureau of Reclamation's and DWR's proposed long-term coordinated operations plan (the "2019 Long-Term Coordinated Operations Plan"). On October 22, 2019, USFWS and NMFS issued new federal biological opinions (the "2019 biological opinions") that provided incidental take coverage for the 2019 Long-Term Coordinated Operations Plan. On February 18, 2020, the Bureau of Reclamation signed a Record of Decision, pursuant to NEPA, completing its environmental review and adopting the 2019 Long-Term Coordinated Operations Plan.

In 2021, in accordance with direction provided by an executive order of then President Biden following his assumption of office, the U.S. Department of Commerce and the Department of the Interior heads reviewed the 2019 biological opinions, and on September 30, 2021, the Bureau of Reclamation Regional Director for Interior Region 10 sent a letter to the USFWS and NMFS re-initiating consultation on the long-term operations of the state and federal water projects. The consultation process requires the Bureau of Reclamation and DWR to develop a biological assessment describing the proposed operating criteria and perform an effects analysis. NMFS and USFWS are required to review the biological assessment and determine whether the proposed operating criteria would cause jeopardy or adverse modification of critical habitat. On November 15, 2024, the Bureau of Reclamation released the final EIS for the long-term operation of the Central Valley Project and the State Water Project.

The final EIS considers four alternatives and a no-action alternative for the operation of the Central Valley Project and the State Water Project, and addresses the review of the 2019 biological opinions. The final

EIR identifies as the "preferred alternative" a new framework for Shasta Reservoir operations to benefit winter-run Chinook salmon; revised operational criteria for Delta exports; and supports implementation of the Healthy Rivers and Landscapes Program to provide more Delta outflow/habitat restoration in the Bay-Delta. See "—State Water Project — Bay-Delta Proceedings Affecting State Water Project – SWRCB Regulatory Activities and Decisions."

On November 8, 2024, and December 6, 2024, respectively, the USFWS and the NMFS issued new biological opinions for the re-initiation of consultation of the long-term operations of the Central Valley Project and State Water Project, superseding the 2019 biological opinions. Under the 2024 biological opinions, State and federal operational criteria for Delta export requirements are generally consistent. Metropolitan does not anticipate any significant impact to water supply from the 2024 biological opinions. The Bureau of Reclamation signed the Record of Decision on December 19, 2024, completing its environmental review and approving the Long-Term Operation of the Central Valley Project and the State Water Project (the "2024 Long-Term Coordinated Operations Plan"), adopting the preferred alternative. ~~Under the 2024 biological opinions, State and federal operational criteria for Delta export requirements are consistent. Metropolitan does not anticipate any significant impact to water supply from the 2024 biological opinions. The Bureau of Reclamation indicated that it has undertaken a review of the 2024 biological opinions and that modifications to the 2024 Long-Term Coordinated Operations Plan may be proposed by the end of 2025 or early 2026.~~

Since taking office in January 2025, the President of the United States issued several Executive Orders relevant to the 2024 biological opinions, including Executive Order "Emergency Measures to Provide Water Resources in California and Improve Disaster Response in Certain Areas," ("Executive Order 14181") and "Putting People over Fish: Stopping Radical Environmentalism to Provide Water to Southern California." ~~Whether any specific actions that may result from these Executive Orders could impact the continued implementation of the 2024 biological opinions is not yet known. In the event that the operation~~ On December 2, 2025, the Bureau of Reclamation issued a new Record of Decision adopting a revised long-term operation plan for the Long-Term Operation of the Central Valley Project ~~changes~~ and the State Water Project (the "2025 Long-Term Coordinated Operations Plan"). The 2025 Long-Term Coordinated Operations Plan was developed in response to ~~such Executive Orders, there could be indirect impacts on the State Water Project.~~ Executive Order 14181, and replaces the 2024 Long-Term Coordinated Operations Plan. The 2025 Long-Term Coordinated Operations Plan revises export and Delta operations, and it removes certain summer–fall habitat and export-reduction measures from prior biological opinions. The Bureau of Reclamation projects that the implementation of the 2025 Long-Term Coordinated Operations Plan will allow annual Central Valley Project deliveries to increase by 130,000 to 180,000 acre-feet.

On March 2, 2026, San Francisco Baykeeper, the Center for Biological Diversity and Friends of the River filed an action in the United States District Court for the Eastern District of California against the Bureau of Reclamation, NMFS and other federal defendants. The plaintiffs allege, among other things, that the Bureau of Reclamation exceeded certain incidental-take limits and failed to implement operational measures required by the 2024 NMFS biological opinion. The plaintiffs further allege that the Bureau of Reclamation and NMFS are required to reinitiate consultation under the Endangered Species Act because of the exceeded take limits, new information and modifications to the Central Valley Project operations associated with the federal operational criteria referred to as Action 5. The State Water Contractors association and certain Central Valley Project contractors were permitted to intervene in the action. On July 9, 2026, the district court denied plaintiffs' motion for a temporary restraining order, without prejudice. On August 3, 2026, the district court denied the plaintiffs' request for a preliminary injunction concerning the Bureau of Reclamation's planned Shasta Reservoir operations for the summer and early fall of 2026. The denial did not resolve the underlying claims, and the litigation remains pending. The ultimate outcome of the litigation and any resulting effect on Metropolitan's State Water Project supplies cannot be determined at this time.

Federal ESA–Litigation. On December 2, 2019, a group of non-governmental organizations, including commercial fishing groups and the Natural Resources Defense Council, sued USFWS and NMFS, alleging the 2019 biological opinions were arbitrary and capricious, later amending the lawsuit to include claims under the federal ESA and NEPA related to decisions made by the Bureau of Reclamation. On February 20, 2020, Natural Resources, the California Environmental Protection Agency, and the California Attorney General sued the federal agencies, making similar allegations. The State Water Contractors association intervened in both cases to defend the 2019 biological opinions. Due to the rescission and replacement of the 2019 biological opinions in 2024, the federal agencies moved to dismiss the cases as moot. The action brought by the non-governmental organizations was dismissed on December 18, 2025, and the action brought by the State agencies was dismissed on December 30, 2025.

California ESA– DWR Incidental Take Permit. As described above, operations of the State Water Project require both federal ESA and California ESA authorizations. On March 27, 2020, DWR released a final EIR and Notice of Determination describing and adopting a State Water Project long-term operations plan with additional operational restrictions and additional conservation commitments. On March 31, 2020, CDFW issued an incidental take permit for the State Water Project that included further operational restrictions and outflow. As issued, the incidental take permit reduces State Water Project deliveries by more than 200,000 acre-feet on an average annual basis as compared to the 2019 biological opinions and includes $218 million over a ten-year period in environmental commitments for the State Water Project. A-37

On October 28, 2024, DWR approved a Notice of Determination describing and adopting a new State Water Project long-term operations plan with additional operational restrictions and additional conservation commitments. On October 30, 2024, DWR issued its final EIR with respect to such plan. On November 4, 2024, the CDFW issued an incidental take permit for the new State long-term operation plan (the "CESA 2024 ITP"). The permit covers five species protected under the California ESA, including Delta smelt, longfin smelt, white sturgeon, winter-run Chinook salmon and spring-run Chinook salmon. The CESA 2024 ITP ~~does not result in additional water supply or fiscal impacts, and the 2024~~ revises certain environmental operating requirements, including updated rules for springtime Delta flows intended to protect listed fish species. These revised requirements provide additional operational flexibility in some spring conditions, which may increase the amount of water the SWP is able to export and deliver to State Water Project ~~long-term operations plan is consistent with the federal 2024 Long-Term Coordinated Operations Plan.~~ contractors. DWR's modeling in the Draft 2025 Delivery Capability Report reflects these changes, including a modest improvement in long term average Table A delivery capability

- under current regulations. See "—Long-Term Delivery Capability of the State Water Project" above.

California ESA –DWR Permit Litigation. On April 28, 2020, Metropolitan and the Mojave Water Agency ("Mojave") jointly sued CDFW, DWR and Natural Resources, alleging that the California ESA 2020 incidental take permit and final EIR violate CEQA and the California ESA. Metropolitan and Mojave also allege that DWR breached the State Water Contract and the implied covenant of good faith and fair dealing by, among other things, accepting an incidental take permit containing mitigation requirements in excess of that required by law. Subsequently, two State Water Project contractors and a Metropolitan member agency joined with Metropolitan and Mojave in a first amended complaint. Various other water agencies, including the State Water Contractors association, also filed CEQA and CESA actions, or subsequently joined in a first amended complaint in which the individual water contractors allege causes of action for breach of contract and the implied covenant of good faith and fair dealing. In addition, another State Water Project contractor, the San Bernardino Valley Municipal Water District ("SBVMWD"), filed a complaint alleging violations of CEQA and CESA, as well as breach of contract and the implied covenant of good faith and fair dealing, unconstitutional takings, and anticipatory repudiation of contract. Several federal Central Valley Project water contractors also filed a CEQA challenge. Four other lawsuits have been filed by certain commercial fishing

groups and an American Indian tribe, several environmental groups, and two in-Delta water agencies challenging the 2020 final EIR as inadequate under CEQA and alleging violations of the Delta Reform Act, public trust doctrine and, in one of the cases, certain water right statutes.

All eight cases ~~have been~~ were coordinated in Sacramento County Superior Court. On May 7, 2021, the coordination trial judge ordered the CEQA and CESA causes of action as well as certain other administrative record-based claims alleged by petitioners in several other cases bifurcated from the State Water Project contractors' respective contractual and unconstitutional takings causes of action, with the CEQA and CESA causes of action to be tried first. The administrative records were certified in the Fall of 2023. ~~The parties are currently meeting and conferring on a merits briefing schedule for the CEQA and CESA claims. Metropolitan and other State Water Project contractor parties are considering whether to dismiss their cases.~~ All of these cases were dismissed in 2025. Metropolitan, the State Water Contractors and Kern County Water Agency, CDFW and DWR signed a Memorandum of Understanding containing an improved process for coordination and transparency in decision-making in 2025.

Legal challenges to the CESA 2024 ITP have been filed by Central Delta Water Agency, South Delta Water Agency, Tehama-Colusa Canal Authority, San Luis & Delta Mendota Water Authority, Friant Water Authority, Glenn-Colusa Irrigation District, Reclamation District 108, Natomas Central Mutual Water Company, Sutter Mutual Water Company, Sacramento River Settlement Contractors and Westlands Water District. A-38

Preliminary motions to stay or consolidate the CESA 2024 ITP litigation with earlier CEQA/ESA challenges were denied in June 2025. ~~The court has directed the parties to submit a joint case management plan by October 2025.~~

In 2026, Tehama-Colusa Canal Authority, Glenn-Colusa Irrigation District, Reclamation District 108, Natomas Central Mutual Water Company, Sutter Mutual Water Company, and the Sacramento River Settlement Contractors voluntarily dismissed their cases.

The State Water Contractors and its members Kern County Water Agency and Metropolitan have been granted Intervenor status in each of the cases. Metropolitan is unable to assess at this time the likely outcome of litigation ~~relating to the California ESA 2020 incidental take permit or the~~ CESA 2024 ITP, including any future litigation or any future claims that may be filed, or any potential effect on Metropolitan's State Water Project water supplies.

Endangered Species Act Considerations - Colorado River

Federal and state environmental laws protecting fish species and other wildlife species have the potential to affect Colorado River operations. A number of species that are on either "endangered" or "threatened" lists under the federal and state ESAs are present in the area of the Lower Colorado River, including among others, the bonytail chub, razorback sucker, southwestern willow flycatcher, and Yuma clapper rail. To address this issue, a broad-based state/federal/tribal/private regional partnership that includes water, hydroelectric power and federal and state wildlife management agencies in Arizona, California, and Nevada have developed a multi-species conservation program for the main stem of the Lower Colorado River (the Lower Colorado River Multi-Species Conservation Program or "MSCP"). The MSCP provides Metropolitan federal and state ESA compliance for any incidental take of protected species resulting from current and future water and power operations of its Colorado River facilities and to minimize any uncertainty from additional listings of endangered species. The MSCP also covers operations of federal dams and power plants on the river that deliver water and hydroelectric power for use by Metropolitan and other agencies. The MSCP covers 27 species and habitat in the Lower Colorado River from Lake Mead to the Mexican border for a term of 50 years (commencing in 2005). Over the 50-year term of the program, the total cost to Metropolitan is estimated to be about $88.5 million (in 2003 dollars), with annual costs ranging between $0.8 million and $4.7

million (in 2003 dollars).

In December ~~2023~~ 2022 and April 2024, the USFWS issued biological opinions to the Bureau of Reclamation that provided additional incidental take due to reductions in Colorado River flows in excess of flow-related covered actions and activities provided under the Lower Colorado River Multi-Species Conservation ~~Program In~~ Program. The consultations for these biological opinions were initiated due to the anticipated reduction in flow between Hoover Dam and the Imperial Dam from the proposed 500+ Plan conservation ~~activities described under "–Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines – Lake Mead 500+~~ activities. See also "--Ongoing Activities Relating to Colorado River Operations - Lower Basin Plan." These biological opinions are currently being utilized by the Bureau of Reclamation as part of the MSCP. ~~These~~ The expanded mitigation measures and ~~flow reductions~~ incidental take covered flow reductions under the 2024 biological opinion will remain in place through January 2028. This interim period allows time to develop a new biological opinion and amend the habitat conservation plan to align with the post-2026 Colorado River operating guidelines. The anticipated new biological opinion and habitat conservation plan amendment will ensure continued ESA compliance for anticipated flow reductions under the new post-2026 operating guidelines. The process to develop a new biological opinion and amend the habitat conservation plan is ongoing and expected to be completed by ~~2028, following the adoption of the new post-2026 operating guidelines.~~ 2028.

Invasive Species - Mussel Control Programs A-39

Invasive zebra and quagga mussels are established in many regions of the United States and golden mussels have recently been detected in California (first detection in North America). Mussels can reproduce quickly and, if left unmanaged, can reduce flows by clogging intakes and raw water conveyance systems, alter or destroy fish habitats, and affect lakes and beaches. Mussel management activities may require changes in water delivery protocols to reduce risks of spreading mussel populations and increase operation and maintenance costs.

In January 2007, quagga mussels were discovered in Lake Mead. All pipelines and facilities that transport raw Colorado River water are considered to be infested with quagga mussels. Metropolitan has a quagga mussel control plan, approved by the CDFW to address the presence of mussels in the CRA system and limit further spread of mussels. Year-round monitoring for mussel larvae is conducted at various locations in the CRA system and at select non-infested areas of Metropolitan's ~~system *(e.g.*, Diamond Valley Lake),~~ system, and some locations in the State Water Project. Shutdown inspections have demonstrated that control activities effectively limit mussel infestation in the CRA. Metropolitan's costs for controlling quagga mussels in the CRA system, including chlorination, raw water discharge control, and monitoring are approximately ~~$7-10~~ $7 to $10 million per year.

In July 2024, Colorado Parks and Wildlife announced that zebra mussel larvae were detected in the Colorado River upstream of Lake Powell but no veligers (larval stage of quagga mussels) or adult mussels were discovered in extensive follow up monitoring. However, five dead adult mussels were found when Highline Lake was drained as part of the eradication plan. In September 2025, Colorado Parks and Wildlife confirmed the presence of adult zebra mussels in the Colorado River near Grand Junction and two other lakes in the region. The potential impact of zebra mussels in a region of the Colorado River that does not currently have quagga mussels is not currently known.

Adult quagga mussels were detected in the West Branch of the State Water Project in 2016 and 2021, and since 2023, veligers have been consistently detected in water leaving Castaic Lake through Metropolitan's Foothill Feeder indicating that a reproducing population of quagga mussels is now established in the West Branch of the State Water Project. Metropolitan is investigating potential control measures for water leaving Castaic Lake to minimize downstream impacts and protect infrastructure. Releases of raw water from Castaic

Lake for groundwater replenishment now require a raw water discharge plan approved by CDFW.

In October 2024, golden mussels were detected in the Bay-Delta in the Port of Stockton. This was the first known occurrence of golden mussels in North America. Since their initial discovery, golden mussels have been found throughout the southern Delta, in O'Neill Forebay at San Luis Reservoir, a joint facility of the State Water Project and the Central Valley Project, and extending as far south as Silverwood Lake on the East Branch of the California Aqueduct and Pyramid Lake on the West Branch. Golden mussels have also been reported in a San Diego County reservoir. In October 2025, golden mussel veligers were ~~also~~ found at the influent to Metropolitan's Henry J. Mills Water Treatment Plant, downstream of Silverwood ~~Lake.~~ Lake and adult mussels have also been detected in Metropolitan's Rialto Pipeline and Live Oak Reservoir. In September 2026, golden mussel veligers were detected in samples collected from Diamond Valley Lake. Metropolitan is refurbishing an existing chemical injection system located at Diamond Valley Lake to address the golden mussel infestation, with the chemical injection system expected to be operational by the end of calendar year 2026. Metropolitan does not anticipate making operational deliveries from Diamond Valley Lake until after the injection system is operational. Future deliveries from Diamond Valley Lake will comply with Metropolitan's invasive mussel control plan, which was submitted to CDFW for approval in July, 2026, and includes measures to help prevent the spread of mussels downstream. CDFW is coordinating surveys and sampling throughout the ~~Delta~~ State to determine the speed and extent of the mussels' spread and a state taskforce is assessing potential control measures. Given their ability for rapid spread, downstream colonization is expected. Metropolitan is working with CDFW, DWR, and other affected agencies to assess impacts and develop potential control measures. ~~These groundwater replenishment deliveries to the member agencies are temporarily suspended as control plans and mitigation measures are developed and put in place.~~

A shutdown of Metropolitan's Foothill Feeder downstream of Castaic Lake has been postponed until a quagga mussel control plan has been developed and approved to allow dewatering of the ~~pipeline, and~~ pipeline. Los Angeles County Public Works ~~has not permitted~~ suspended groundwater replenishment deliveries of State Water Project supplies that require use of its distribution ~~system,~~ system to Metropolitan's member agency, Upper San Gabriel Valley Municipal Water District, after the detection of golden mussels in Silverwood Lake. Similarly, Los Angeles County Public Works suspended delivery to Metropolitan's member agency, City of Burbank, due to the quagga mussel infestation of the West Branch of the State Water Project. ~~Similarly, Los Angeles County Public Works terminated delivery from the East Branch of the State Water Project to Metropolitan's member agency, Upper San Gabriel Valley Municipal Water District, after the detection of golden mussels in Silverwood Lake.~~ Delivery to the City of Burbank resumed in June 2026, following CDFW approval of a control plan and the installation of a chemical control facility. A-40

On September ~~18,~~ 17, 2025, Assembly Bill 149 was signed into law. This bill amended the Fish and Game Code and Harbors and Navigation Code to extend protections from liability for the transfer of invasive mussels to water agencies that operate under approved mussel control plans and allocated $40 million for projects that prevent the spread and mitigate impacts of golden and other invasive mussels. Metropolitan maintains an approved mussel control plan for quagga mussels in the CRA. This plan ~~will be~~ is being updated to address all invasive mussels in the CRA and ~~SWP in the coming months.~~ SWP.

In October 2025, Metropolitan's Board authorized approximately $2 million in planning expenditures and material costs to develop and pilot test invasive mussel control measures at Metropolitan facilities receiving State Water Project supplies, including anticipated near-term infrastructure upgrades. The cost of future infrastructure upgrades and increased maintenance costs are not known at this time.

Water Transfer, Storage and Exchange Programs

General

To supplement its State Water Project and Colorado River water supplies, Metropolitan has developed and actively manages a portfolio of water supply programs, including water transfers, storage, and exchange agreements. Supplies are conveyed through the California Aqueduct, utilizing Metropolitan's rights under its State Water Contract to use the portion of the State Water Project conveyance system necessary to deliver water to it, or through available CRA capacity. Consistent with its long-term planning efforts, Metropolitan continues to pursue voluntary water transfer and exchange programs with State, federal, public and private water districts, and individuals to help mitigate supply/demand imbalances and provide additional dry-year supply sources. A summary description of Metropolitan's supply programs is set forth below. In addition to the arrangements described below, Metropolitan is entitled to storage and access to stored water in connection with various storage programs and facilities. See "—Colorado River Aqueduct" above, as well as the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "— Storage Capacity and Water in Storage" below.

State Water Project Agreements and Programs

In addition to the basic State Water Project contract provisions, Metropolitan has other contract rights that accrue to the overall value of the State Water Project. Because each Contractor is paying for physical facilities, they also have the right to use the facilities to move water supplies associated with agreements, water transfers and water exchanges. Metropolitan has entered into agreements and exchanges with third parties that provide additional water supplies.

Existing and potential water transfers and exchanges are an important element for improving the water supply reliability within Metropolitan's service area and accomplishing the reliability goal set by Metropolitan's Board. Under voluntary water transfers and exchanges with agricultural users, agricultural communities may periodically sell or conserve a portion of their agricultural water supply to make it available to support the State's urban areas. The portfolio of supplemental supplies that Metropolitan has developed to be conveyed through the California Aqueduct extend from north of the Bay-Delta to Southern California. Certain of these arrangements are described below. A-41

Castaic Lake and Lake Perris. Metropolitan has contractual rights to withdraw up to 65,000 acre-feet of water in Lake Perris (East Branch terminal reservoir) and 153,940 acre-feet of water in Castaic Lake (West Branch terminal reservoir), in addition to the annual "Table A" allocation. Any water used must be returned to the State Water Project within five years or it is deducted from allocated amounts in the sixth year. Metropolitan's storage balance as of January 1, ~~2025,~~ 2026, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "–Storage Capacity and Water in Storage" below.

Metropolitan Article 56 Carryover. Metropolitan has the right to store in San Luis Reservoir, its allocated contract amount for delivery in subsequent years. Metropolitan can store ~~at most~~ up to between 100,000 and 200,000 acre-feet per year, depending on the final "Table A" allocation. Metropolitan's storage balance as of January 1, ~~2025,~~ 2026, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "–Storage Capacity and Water in Storage" below.

Yuba River Accord. Metropolitan entered into an agreement with DWR in December 2007 to purchase a portion of the water released by the Yuba County Water Agency ("YCWA"). YCWA was involved in a SWRCB proceeding in which it was required to increase Yuba River fishery flows. Within the framework of agreements known as the Yuba River Accord, DWR entered into an agreement for the long-term purchase of water from YCWA. The agreement permits YCWA to transfer additional supplies at its discretion. Metropolitan, other State Water Project contractors, and the San Luis & Delta-Mendota Water Authority entered into separate agreements with DWR for the purchase of portions of the water made available. Metropolitan's agreement allows Metropolitan to purchase, in dry years through 2025, available water supplies

which have ranged from approximately 8,135 acre-feet to 67,068 acre-feet per year. YCWA has proposed to extend the water transfer program through 2050, and certified a Final Supplemental Environmental Impact Report on September 17, 2024 for the extension. The SWRCB Administrative Hearing Office held public hearings in July and August 2025 on YCWA's pending water rights petition for the long-term transfer. ~~As of the date of this Official Statement, the SWRCB has not issued a decision.~~ On December 9, 2025, Metropolitan's Board authorized an amendment to extend its agreement with DWR through 2050. On January 21, 2026, the SWRCB adopted Order WR 2026-0001, approving YCWA's petition to extend points of diversion and places of use associated with the Yuba River Accord through December 31, 2050.

Metropolitan has also developed other groundwater storage and exchange programs, certain of which are described below. See "METROPOLITAN'S WATER DELIVERY SYSTEM—Water Quality and Treatment" in this Appendix A for information regarding certain water quality regulations and developments that impact or may impact some of Metropolitan's groundwater storage programs.

Arvin-Edison/Metropolitan Water Management Program. In December 1997, Metropolitan entered into an agreement with the Arvin-Edison Water Storage District ("Arvin-Edison"), an irrigation agency located southeast of Bakersfield, California. Under the program, Arvin-Edison stores water on behalf of Metropolitan. In January 2008, Metropolitan and Arvin-Edison amended the agreement to enhance the program's capabilities and to increase the delivery of water to the California Aqueduct. To facilitate the program, new wells, spreading basins, and a return conveyance facility connecting Arvin-Edison's existing facilities to the California Aqueduct were constructed. The agreement provides Metropolitan priority use of Arvin-Edison's facilities to convey high-quality water available on the east side of the San Joaquin Valley to the California Aqueduct. Up to 350,000 acre-feet of Metropolitan's water may be stored, and Arvin-Edison is obligated to return up to 75,000 acre-feet of stored water in any year to Metropolitan, upon request. The agreement also contains a provision, referred to as the "Water Quality Sub-Account" or "WQSA" provision, pursuant to which Metropolitan may take delivery of a portion of Arvin Edison's surface water supplies in the spring and return an equal amount to Arvin Edison, typically in the same year during the summer when Arvin needs supplies most for irrigation. The agreement terminates in 2035 unless extended. Metropolitan's storage account balance under the Arvin-Edison program as of January 1, ~~2025~~ 2026 is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage" below. As a result of detecting 1,2,3-trichloropropane ("TCP") in Arvin-Edison wells above the maximum contaminant level ("MCL") in 2018, Metropolitan suspended the return of groundwater from the program until the water quality concerns can be further evaluated and managed. Instead, Metropolitan has requested that Arvin-Edison provide only surface water that can satisfy DWR's standards for direct pump-back into the California Aqueduct, or alternative methods satisfactory to Metropolitan, in order to meet both the DWR pump-in requirements and Metropolitan's request for the return of water. In ~~2025,~~ 2026, Metropolitan did not recover any water stored with Arvin-Edison under the program, ~~and no water~~ but 5,774 AF was exchanged under the WQSA provision. ~~However, in January and February of 2025, Metropolitan returned a total of 835 acre-feet to Arvin-Edison to repay the remaining balance from a 2025 WQSA exchange. In 2026, Metropolitan recoveries or~~ In 2027, Metropolitan recoveries and WQSA exchanges will be based on Metropolitan's need for additional supplies, Arvin-Edison's ability to provide surface water to Metropolitan, and Arvin-Edison's needs for supplies under WQSA during the summer months of ~~2026.~~ 2027.

In October 2021, Arvin-Edison sued The Dow Chemical Company, Shell Oil Company, and others regarding TCP in Arvin-Edison's groundwater. According to Arvin-Edison's complaint, the defendants are the manufacturers and distributors of the TCP that caused the contamination of Arvin-Edison's groundwater supplies. Arvin-Edison alleges that the widespread presence of TCP at concentrations above the MCL in its wells has caused certain of its water banking partners (including Metropolitan) to reduce and/or suspend their water banking and management programs. Based upon a mitigation feasibility study dated November 4, 2021 prepared for Arvin-Edison, Arvin-Edison estimates that treatment would cost approximately $465 million,

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which includes capital costs and the present worth of operation and maintenance treatment costs over a ~~50-year period. A jury trial was set for September 8, 2025. On August 1, 2025, Arvin-Edison filed a Notice of Conditional Settlement in the case. According to the court's August 4, 2025 Minute Order, counsel are to complete the settlement and dismiss the case by February 10, 2026. The conditional settlement terms are unknown at this time, as well as whether a monetary recovery, if any, would be available to offset costs associated with treatment facilities to remediate the groundwater contamination.~~ 50- year period. In early 2026, Arvin-Edison settled its claims against The Dow Chemical Company and Shell Oil Company for $230 million. In exchange for the settlement payment, Arvin-Edison released its claims against the defendants.

Semitropic/Metropolitan Groundwater Storage and Exchange Program. In 1994, Metropolitan entered into an agreement with the Semitropic Water Storage District ("Semitropic"), located adjacent to the California Aqueduct north of Bakersfield, to store water in the groundwater basin underlying land within Semitropic. The minimum annual yield available to Metropolitan from the program is 38,200 acre-feet of water, and the maximum annual yield is 239,700 acre-feet of water depending on the available unused capacity and the State Water Project allocation. The agreement extends to November 4, 2035.

In 2021, Metropolitan's Board approved an agreement with SDCWA for the purchase by Metropolitan of 4,200 acre-feet and a lease of 5,000 acre-feet of return capacity from SDCWA's Semitropic Program for 2022. Similarly, in 2023, Metropolitan and SDCWA executed an agreement for Metropolitan to purchase 4,200 acre-feet and lease of 4,381 acre-feet of delivery capacity from SDCWA's Semitropic Program. The agreement provided for improved regional reliability and also allows for the exchange of previously stored water with Metropolitan in the future.

Metropolitan's storage account balance under the Semitropic program, as of January 1, ~~2025,~~ 2026, which includes water purchased under the agreements with SDCWA, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage" below. A-43

TCP has been detected in the groundwater supplies within Semitropic; however, detection levels at the turn-in locations for the Semitropic program have remained below the MCL and, to date, the return of groundwater to Metropolitan under the program has not been impacted. In October 2021, Semitropic, as well as its several affiliated improvement districts (collectively referred to in this paragraph as "Semitropic"), sued The Dow Chemical Company, Shell Oil Company, and others regarding TCP in Semitropic's groundwater. According to Semitropic's complaint, the defendants are the manufacturers and distributors of the TCP that caused the contamination of Semitropic's groundwater supplies. The litigation is ongoing with a 30-day jury trial set ~~for July 27, 2026.~~ to begin on January 11, 2027. If Semitropic prevails in its litigation, a monetary recovery, if any, would be available to offset costs associated with any needed treatment facilities to remediate the groundwater contamination.

Kern Delta Storage Program. Metropolitan entered into an agreement with Kern Delta Water District ("Kern Delta") in May 2003, for a groundwater banking and exchange transfer program to allow Metropolitan to store up to 250,000 acre-feet of State Water Contract water in wet years and to permit Metropolitan, at Metropolitan's option, a return of up to 50,000 acre-feet of water annually during hydrologic and regulatory droughts. The agreement extends through December ~~2029.~~ 2035. Metropolitan's storage account balance under this program as of January 1, ~~2025~~ 2026 is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage" below.

Mojave Storage Program. Metropolitan entered into a groundwater banking and exchange transfer agreement with Mojave in October 2003. The agreement allows for Metropolitan to store water in an exchange account for later return. The agreement allows Metropolitan to annually withdraw Mojave State Water Project contractual amounts, after accounting for local needs. Under a 100 percent allocation, the State Water Contract

provides Mojave 89,800 acre-feet of water. This agreement was amended in 2011 to allow for the cumulative storage of up to 390,000 acre-feet. The agreement extends through December 2035. Metropolitan's storage account balance under this program as of January 1, ~~2025,~~ 2026, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage" below.

Antelope Valley-East Kern Storage and Exchange Program. In 2016, Metropolitan entered into an agreement with the Antelope Valley-East Kern Water Agency ("AVEK"), the third largest State Water Project contractor, to both exchange supplies and store water in the Antelope Valley groundwater basin. Under the exchange, AVEK would provide at least 30,000 acre-feet over ten years of its unused Table A State Water Project water to Metropolitan. For every two acre-feet provided to Metropolitan as part of the exchange, AVEK would receive back one acre-foot in the future. For the one acre-foot that is retained by Metropolitan, Metropolitan would pay AVEK under a set price schedule based on the State Water Project allocation at the time. Under this agreement, AVEK also provides Metropolitan up to 30,000 acre-feet of storage. The agreement will remain in effect until the AVEK High Desert Water Bank Program (described below) is able to return water to Metropolitan. Metropolitan's storage account balance under this program as of January 1, ~~2025,~~ 2026, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage" below.

Antelope Valley-East Kern High Desert Water Bank Program. In 2019, Metropolitan entered into an agreement with AVEK for a groundwater banking program referred to as the "High Desert Water Bank ~~Program.~~ Program." Pursuant to such agreement, AVEK agreed to design, construct, own, operate and maintain certain facilities with the infrastructure necessary to provide Metropolitan with the right to store up to 70,000 acre-feet of its unused State Water Project water or other supplies in the Antelope Valley groundwater basin annually for later return. The agreement was amended and restated by Metropolitan and AVEK (as amended and restated, the "AVEK Water Banking Agreement") in 2025 to provide for the financing of certain costs of construction of the program facilities to be funded by Metropolitan. Under the AVEK Water Banking Agreement, Metropolitan agreed to pay the costs of the High Desert Water Bank Program, including certain annual operations, maintenance, and replacement and management costs, recovery usage fees and recovery energy and treatment costs for the High Desert Water Bank Program and certain installment payments in amounts sufficient to pay the principal of and interest on bonds issued by the Antelope Valley-East Kern Water Agency Financing Authority ("AVEKFA"). See "METROPOLITAN EXPENSES—Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations — Subordinate Parity Obligations — AVEK Water Banking Agreement." The term of the AVEK Water Banking Agreement extends to December 31, 2057, provided that such term may be extended for an additional 20 years *(i.e.*, to December 31, 2077) at the option of Metropolitan.

Construction of the groundwater banking program facilities began in January 2021 and is expected to be completed by the end of 2027. Following completion of a portion of the recharge basins, Metropolitan began storing water in September 2023. In 2024, all recharge facilities were completed and Metropolitan has continued storing water. Metropolitan's storage account balance under this program as of January 1, ~~2025,~~ 2026, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "—Storage Capacity and Water in Storage" below. The estimated cost of construction of the groundwater banking facilities to be funded by Metropolitan is approximately $211 million; however, as described below, the estimated capital costs are expected to increase due to the detection of arsenic and nitrate in water recovered from the High Desert Water Bank Program. In July 2025, AVEKFA issued its 2025 AVEKFA Bonds (as hereinafter defined) primarily to finance (and re-finance) costs of construction of certain facilities for the High Desert Water Bank Program. See "METROPOLITAN EXPENSES—Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations—Subordinate Parity Obligations — AVEK Water Banking Agreement."

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Water quality testing of the deeper recovery wells revealed that arsenic levels in water recovered from the High Desert Water Bank Program were above the federal and State MCL of 10 micrograms per liter ("µg/L"), ranging from 11 to 20 µg/L. Arsenic naturally occurs in the Antelope Valley groundwater basin, with levels detected throughout the basin but such levels are generally higher in the deeper aquifer. Based on the current water quality data, recovered water from the High Desert Water Bank Program requires treatment before delivery to the California Aqueduct. Metropolitan and AVEK have completed groundwater modeling and analysis to understand arsenic's behavior in the basin and have identified other constituents of concern, and are working on alternatives to optimize the design of the remaining recovery wells and treatment system. Sampling from ten completed wells also revealed nitrate present but at levels below the federal and State MCLs; however, recovered water may require treatment for nitrate in the future to comply with DWR and Metropolitan policies regarding introduction of nitrate into the California Aqueduct. The preliminary estimated capital costs for the arsenic treatment required to deliver the recovered water into the California Aqueduct range from approximately $44 million to $55 million (in total) and operations and maintenance costs for such treatment are estimated to be approximately $6 million per year. The preliminary capital costs for nitrate treatment necessary to deliver the recovered water into the California Aqueduct are estimated to be up to approximately $250 million (in total) and operations and maintenance costs for nitrate treatment are estimated to be $4 million per year. As an alternative to delivering water recovered from the High Desert Water Bank Program into the California Aqueduct, Metropolitan and City of Los Angeles are evaluating options to construct new infrastructure to transport water from the High Desert Water Bank Program to the Los Angeles Aqueduct. If water is transported to the Los Angeles Aqueduct without the use of the State Water Project, nitrate or arsenic treatment facilities may not be required. Metropolitan is currently doing a feasibility study to evaluate this option. Estimated costs associated with this alternative have not been determined at this time.

Following the completion of construction of the groundwater banking program facilities, Metropolitan would have the right to store up to 70,000 acre-feet per year of its unused Table A State Water Project water or other supplies in the Antelope Valley groundwater basin for later return. The maximum storage capacity for Metropolitan supplies would be 280,000 acre-feet. At Metropolitan's direction, up to 70,000 acre-feet of stored water annually would be available for return by direct pump back into the East Branch of the California Aqueduct. Upon full completion of construction, this program would provide additional flexibility to store and recover water for emergency or water supply needs through 2057. A-45

As described under "—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — Lower Colorado River Basin System Conservation and Efficiency Program," Metropolitan has entered into an agreement with the Bureau of Reclamation pursuant to which the Bureau of Reclamation has agreed to fund a portion of the costs of design and construction of the High Desert Water Bank Program facilities and Metropolitan has agreed to create and conserve specified quantities of water for the benefit of Lake Mead as system water by reducing its order and delivery of Colorado River water supplies by such amounts over a ten-year period. See also "METROPOLITAN REVENUES—Federal Funding."

San Gabriel Valley Municipal Water District and Other Exchange Programs. In 2013, Metropolitan entered into an agreement with the San Gabriel Valley Municipal Water District ("SGVMWD"). Under this agreement, Metropolitan delivers treated water to a SGVMWD ~~customer agency~~ subagency in exchange for twice as much untreated water in ~~Metropolitan's cyclic account in the Main San Gabriel~~ the groundwater basin. Metropolitan's member agencies can then use the groundwater supplies to meet their needs. Metropolitan can exchange and purchase at least 5,000 acre-feet per ~~year minus the exchanged water from SGVMWD. This program is routinely used by Metropolitan and~~ year. This program has the potential to increase Metropolitan's reliability by providing 115,000 acre-feet through 2035.

Coordinated Operating, Water Storage, Exchange, and Delivery Agreement with Irvine Ranch Water District. In 2011, Metropolitan entered into an agreement with the Municipal Water District of Orange County ("MWDOC") and the Irvine Ranch Water District ("IRWD"). Through the agreement, Metropolitan facilitates exchanges of State Water Project supplies that IRWD obtains through unbalanced exchanges with other State Water Project contractors. IRWD stores exchanged water in its groundwater bank at Strand and Stockdale Ranches. A portion of the water is returned to the partnering State Water Project contractor and the remaining portion remains in IRWD's water bank for future delivery to Metropolitan's service area. MWDOC/IRWD can take delivery of stored water through Metropolitan's distribution system and pays the Metropolitan full-service water rate. Metropolitan can also borrow stored supplies when needed and return an equal amount of water to IRWD's bank in future years. This agreement extends to November 2035 and enhances regional reliability by providing Metropolitan's service area with access to additional supplies.

San Bernardino Valley Municipal Water District Exchange Program. In 2020, Metropolitan signed a coordinated operating and surplus water agreement with SBVMWD. In 2021, in accordance with the terms of such agreement, Metropolitan's Board authorized an agreement with SBVMWD that provides a framework which allows for the exchange of both local and State Water Project supplies. The exchanges are equal if they occur within the same calendar year and up to two-to-one if water is returned in a subsequent calendar year. The agreement, which extends through December 31, 2031, provides for improved coordination to respond to outages and emergencies of either party.

Sites Reservoir Storage Project. The Sites Reservoir is a proposed reservoir project of approximately 1.5 million acre-feet to be located in Colusa County, that is being developed by the Sites Project Authority, a joint exercise of powers authority. The water stored in the proposed project would be diverted from the Sacramento River. As currently proposed, the Sites Reservoir would have dedicated water storage and yield that would be used for fishery enhancement, water quality, and other environmental purposes. The proposed project could also provide an additional water supply that could be used for dry-year benefits. Metropolitan is a member of the Sites Reservoir Committee, a group of 22 agencies that are participating in certain planning activities in connection with the proposed development of the project, including project permitting and proposed reservoir operations. In April 2022, Metropolitan's Board approved $20 million in funding for Metropolitan's continued participation in such planning activities. ~~The Sites Project Authority Board, with a recommendation from the Sites Reservoir Committee, approved the Final EIR and approved the Sites Reservoir project on November 17, 2023. The Sites Project Authority Board has extended the schedule for continuing planning activities through early 2026, including recommendation for award of a construction contractor. No additional funding commitments from participating agencies will be required during this time.~~ Metropolitan's agreement to participate in the funding of the ~~current~~ planning phase of project development does not commit Metropolitan to participate in the Sites Reservoir project in the future.

The project has advanced through several major environmental and regulatory milestones, including completion of the Final Environmental Impact Report in November 2023, issuance of state incidental take permits in October 2024, and federal biological opinions in December 2024 and July 2025. A revised draft water-right permit is anticipated in September 2026 and a final permit in November. It is currently expected that project financing and loan agreements will be executed in early 2027. As of August 2026, the cost of the project is estimated at approximately $8.1 billion in 2026 dollars. A-46

Other Ongoing Activities. In October 2024, the Board authorized the General Manager to execute agreements with Western Canal Water District and Richvale Irrigation District providing for a one-time option payment of $250,000 each for the first right to purchase their available annual Feather River water transfer supplies during 2025 through 2027. In February 2025, the Board authorized the General Manager to execute single-year State Water Project water management transactions during 2025 and 2026 to manage for both drought and surplus conditions. This authorization includes allowing for the sale of surplus water outside of

the service area in order to generate new revenues as assumed in the biennial budget for fiscal years 2024-25 and 2025-26. The sale of surplus water was authorized subject to certain conditions, including that Metropolitan projects that it will be adding to storage accessible by the SWP Dependent Area. Pursuant to this authority, ~~on May 28, 2025,~~ in 2025 the General Manager executed ~~two~~ three agreements for the sale of water: (i) an agreement for Metropolitan to sell water to Semitropic, and (ii) an agreement for Metropolitan to sell water to Belridge Water Storage District, Berrenda Mesa Water District, Lost Hills Water District, Dudley Ridge Water District and Wheeler Ridge-Maricopa Water Storage District (referred to collectively as the "Westside ~~Districts").~~ Districts"), and an agreement to sell water to San Gabriel Valley Municipal Water District. Under the agreement with Semitropic, Metropolitan ~~agrees to make available to Semitropic up to~~ transferred 10,000 acre-feet of Metropolitan's previously stored Table A State Water Project water with Semitropic (see "—Semitropic/Metropolitan Groundwater Storage and Exchange Program"), ~~which water is to be transferred to Semitropic following execution of the transfer agreement by DWR. Semitropic has agreed to pay Metropolitan $500 per acre-foot for the quantity of water transferred under the agreement. The term of the agreement ends on December 31, 2025, or upon satisfaction of the terms and conditions of the agreement, whichever occurs earlier.~~ at a price of $500 per acre-foot. Under the agreement with the Westside Districts, Metropolitan ~~agrees to sell to the Westside Districts 65,000~~ sold 100,000 acre-feet of Metropolitan's Table A State Water Project ~~water, which amount may be increased to a maximum of 100,000 acre-feet upon mutual agreement. The water sold is to be transferred at the specified delivery point on the California Aqueduct and made available by Metropolitan to the Westside Districts during calendar year 2025 based upon a mutually agreeable schedule. The Westside Districts have agreed to pay Metropolitan $400 per acre-foot for the quantity of water transferred under the agreement under a final State Water Project allocation of 50 percent. The agreement with the Westside Districts will terminate upon satisfaction of the terms and conditions of the agreement. On August 18, 2025, Metropolitan executed a water sale~~ water at a price of $400 per acre-foot. Under the agreement with San Gabriel Valley Municipal Water District, ~~for sale of~~ Metropolitan sold 5,000 acre-feet of Metropolitan's 2025 Table A supply at $500 per acre-foot. ~~The water sale agreements create new revenues to help Metropolitan achieve the Board's approved directive in the current adopted budget to generate up to $60 million in new, one-time revenues in each of fiscal years 2024-25 and 2025-26 and manage unrestricted cash reserves in accordance with Board-approved policies.~~ In 2026, Metropolitan executed two agreements (i) another agreement with Semitropic, (ii) and another agreement with the Westside Districts. Under the Semitropic agreement, Metropolitan transferred 20,000 AF of previously stored supplies at $450 per acre-foot. The agreement with Westside Districts is for the sale of up to 100,000 acre-feet of Metropolitan's 2026 Table A supply at $415 per acre-foot.

Colorado River Aqueduct Agreements and Programs

Metropolitan has taken steps to augment its share of Colorado River water through agreements with other agencies that have rights to use such water, including through cooperative programs with other water agencies to conserve and develop supplies and through programs to exchange water with other agencies. These supplies are conveyed through the CRA. Metropolitan determines the delivery schedule of these supplies throughout the year based on changes in the availability of State Water Project and Colorado River water. Under certain of these programs, water may be delivered to Metropolitan's service area in the year made available or in a subsequent year as ICS water from Lake Mead storage. See "–Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines – *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead."*

IID/Metropolitan Conservation Agreement. Under a 1988 water conservation agreement, as amended in 2003 and ~~2007,~~ 2007 (the "1988 Conservation Agreement") between Metropolitan and IID, Metropolitan provided funding for IID to construct and operate a number of conservation projects that have conserved up to 109,460 acre-feet of water per year that has been provided to Metropolitan. As amended, the agreement's initial term has been extended to at least 2041 or 270 days after the termination of the QSA. Under a 2014

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letter agreement, starting in 2016, 105,000 acre-feet of conserved water are made available by IID to Metropolitan each year. Under the QSA and ~~related agreements,~~ a December 2019 agreement, Metropolitan, at the request of ~~CVWD,~~ the Coachella Valley Water District ("CVWD"), forgoes up to ~~20,000~~ 15,000 acre-feet of this water each year for diversion by CVWD from the Coachella ~~Canal. In each of 2018 and 2019, CVWD's requests were for 0 acre-feet, leaving 105,000 acre-feet in 2018 and 2019 for Metropolitan. In December 2019, Metropolitan signed a revised agreement with CVWD in which CVWD will limit its annual request of water from this program to 15,000 acre-feet~~ Canal through 2026. See "–Colorado River Aqueduct – Quantification Settlement Agreement."

Palo Verde Land Management, Crop Rotation and Water Supply Program. In August 2004, Metropolitan and Palo Verde Irrigation District ("PVID") signed the program agreement for a Land Management, Crop Rotation and Water Supply Program. Under this program, participating landowners in the PVID service area are compensated for reducing water use by not irrigating a portion of their land. This program provides up to 133,000 acre-feet of water to be available to Metropolitan in certain years. The term of the program is 35 years. Fallowing began on January 1, 2005. The following table shows annual volumes of water saved and made available to Metropolitan during the 10 calendar years ~~2015 through 2024~~ 2016 through 2025 under the Land Management, Crop Rotation and Water Supply Program with ~~PVID.~~ PVID:

WATER AVAILABLE FROM PVID LAND MANAGEMENT,

CROP ROTATION AND WATER SUPPLY PROGRAM

Calendar Year	Volume (acre-feet)
~~2015~~ 2016	~~94,500~~ 125,400
~~2016~~ 2017	~~125,400~~ 111,800
~~2017~~ 2018	~~111,800~~ 95,800
~~2018~~ 2019	~~95,800~~ 44,500
~~2019~~ 2020	~~44,500~~ 43,900
~~2020~~ 2021	~~43,900~~ 42,305
~~2021~~ 2022	~~42,305~~ 29,736
~~2022~~ 2023	~~29,736~~ 15,749
~~2023~~ 2024	~~15,749~~ 0(1)
~~2024~~ 2025	0(1)

Table from the Word comparison document.

Source: Metropolitan. (1) Approximately 117,021 acre-feet of water was conserved under the program in ~~2024.~~ 2024 and in 2025. However, as described in the paragraph immediately following this table, pursuant to the Lower Colorado River Basin System Conservation and Efficiency Program, any water generated from the program in 2024 and 2025 was required to benefit Lake Mead as system water.

This program is being funded by the federal government for the period from August 1, 2023 to ~~July~~ December 31, 2026 pursuant to the Lower Colorado River Basin System Conservation and Efficiency Program established by the Bureau of Reclamation. Water generated from the program during that time period will benefit Lake Mead as system water rather than accrue to Metropolitan. See "–Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines – Lower Colorado River Basin System Conservation and Efficiency Program."

Bard Water District Seasonal Fallowing Program. In 2019, Metropolitan entered into agreements with Bard Water District ("Bard") and farmers within the Bard Unit, to provide incentives for land fallowing under the Bard Seasonal Fallowing Program. The program reduces water consumption in Bard by incentivizing farmers to fallow land in the Bard Water District for four consecutive months in a calendar year in exchange

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for a fixed payment per irrigable acre (initially, $452), escalated annually. Metropolitan estimates water savings of approximately 1.7 to 2.0 acre-feet per fallowed acre. This reduction in water consumption helps augment Metropolitan's Colorado River supplies. Bard diverts Colorado River water for crop irrigation grown year-round in the warm dry climate. Farmers typically grow high-value crops in the winter (vegetable crops) followed by a lower-value, water-intensive, field crop (such as Bermuda and Sudan grass, small grains, field grains, or cotton) in the spring and summer.

As described under "—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — Lower Colorado River Basin System Conservation and Efficiency Program," Metropolitan has entered into an agreement with the Bureau of Reclamation pursuant to which the Bureau of Reclamation has agreed to fund the Bard Seasonal Fallowing Program in calendar years 2024 to 2026. In February 2025, the parties amended the agreement to include an additional 3,000 acres in the program for calendar years 2025 and 2026. Currently, participating farmers will reduce their water consumption through land fallowing of up to 6,000 acres in aggregate annually between April and July. For term of the agreement, the incentive payment is fixed at $570.00 per irrigable acre fallowed. The program is currently scheduled to end on December 31, ~~2026.~~ 2026; however, the parties may agree to extend the program. Water generated from the program during that time period will benefit Lake Mead as system water rather than accrue to Metropolitan. If Metropolitan were to enter into a Bard Seasonal Fallowing Program for calendar year 2027 and 2028, under an agreement with the Bureau of Reclamation, Metropolitan would have the option to either make a payment to Bard and retain the water as supply, or have the Bureau of Reclamation make the payment and the water would become system water. See "—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — Lower Colorado River Basin System Conservation and Efficiency Program."

Quechan Forbearance Program. In 2005, Metropolitan entered into a settlement agreement in Arizona v. California with the Quechan Indian Tribe (the "Quechan Tribe") and other parties. The Quechan Tribe uses Colorado River water on the Fort Yuma Indian Reservation. In addition to the amount of water decreed for the benefit of the Reservation in the 1964 Arizona v. California decree, under the 2005 settlement agreement, the Quechan Tribe is entitled to (a) 20,000 acre-feet of diversions from the Colorado River or (b) the amount necessary to supply the consumptive use required for irrigation of a specified number of acres, and for the satisfaction of related uses, whichever is less. Of the additional diversions, 13,000 acre-feet became available to the Quechan Tribe in 2006. An additional 7,000 acre-feet will become available to the Quechan Tribe in 2035. Metropolitan agreed to provide annual incentive payments to the Quechan Tribe if the tribe forbore diversion of the additional water, thereby allowing Metropolitan to divert it. The value of these payments was $125 per acre-foot in 2006 and is escalated at 2.5 percent per year. In 2025, the payment is $194.96 per acre-foot. For calendar years 2023 through 2026, this program is being funded by the federal government pursuant to the Lower Colorado River Basin System Conservation and Efficiency Program established by the Bureau of Reclamation. Water generated from the program during that time period will benefit Lake Mead as system water rather than accrue to Metropolitan. Metropolitan has an opt-in provision in an agreement with the Bureau of Reclamation and the Quechan Tribe. Metropolitan can either make the payment and retain the water as supply, or can opt-in to have the Bureau of Reclamation make the payment and the water would become system water. See "—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — Lower Colorado River Basin System Conservation and Efficiency Program."

Quechan Tribe of the Fort Yuma Indian Reservation Seasonal Fallowing Pilot Program. In A-49
December 2021, Metropolitan entered into a two-year agreement with the Quechan Tribe to launch the voluntary Quechan Seasonal Fallowing Pilot Program (the "Pilot Program") for fallowing in 2022 and 2023. In December 2023, Metropolitan and the Quechan Tribe amended the agreement to extend the Pilot Program for an additional three years through 2026. Under the Pilot Program, Metropolitan provides incentives to farmers on Quechan tribal land for land fallowing that reduces water consumption to help augment Metropolitan's Colorado River supplies. Desert agriculture realizes a market advantage in the winter for high-value vegetables

such as lettuce and broccoli. In the hot summer, farmers typically grow lower-value, water-intensive commodities such as grains and grasses. Farmers participating in the Pilot Program agree to decrease their water consumption through land fallowing of up to 1,600 acres annually during April through July. In calendar year ~~2025,~~ 2026, participating farmers fallowed ~~455 acres~~ 444 acres, and Metropolitan made an incentive payment of ~~$547.74~~ $564.80 per irrigable acre fallowed. The payment is escalated annually. Metropolitan estimates water savings between 1.5 and 2.0 acre-feet per irrigable acre fallowed, with actual savings to be determined throughout the Pilot Program.

Lake Mead Storage Program. As described under "—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead,"* Metropolitan has entered into agreements to set forth the guidelines under which ICS water is developed and stored in and delivered from Lake Mead. The amount of water stored in Lake Mead must be created through extraordinary conservation, system efficiency, tributary, imported, or binational conservation methods. Metropolitan has participated in projects to create ICS as described below:

Drop 2 (Warren H. Brock) Reservoir. In 2008, Metropolitan, CAWCD and SNWA provided funding for the Bureau of Reclamation's construction of an 8,000 acre-foot off-stream regulating reservoir near Drop 2 of the All-American Canal in Imperial County (officially named the Warren H. Brock Reservoir). Construction was completed in October 2010. The Warren H. Brock Reservoir conserves about 70,000 acre-feet of water per year by capturing and storing water that would otherwise be lost from the system. In return for its funding, Metropolitan received 100,000 acre-feet of water that was stored in Lake Mead for its future use and has the ability to receive up to 25,000 acre-feet of water in any single year. Besides the additional water supply, the addition of the Warren H. Brock Reservoir adds to the flexibility of Colorado River operations by storing underutilized Colorado River water orders caused by unexpected canal outages, changes in weather conditions, and high tributary runoff into the Colorado River. As of January 1, ~~2025,~~ 2026, Metropolitan had taken delivery of 35,000 acre-feet of this water and had 65,000 acre-feet remaining in storage.

International Water Treaty Minutes 319 and 323. In November 2012, as part of the implementation of Treaty Minute 319, Metropolitan executed agreements in support of a program to augment Metropolitan's Colorado River supply between 2013 through 2017 through an international pilot project in Mexico. Metropolitan's total share of costs was $5 million for 47,500 acre-feet of project supplies. In December 2013, Metropolitan and IID executed an agreement under which IID paid half of Metropolitan's program costs, or $2.5 million, in return for half of the project supplies, or 23,750 acre-feet. As such, 23,750 acre-feet of Intentionally Created Mexican Allocation was converted to Binational ICS and credited to Metropolitan's binational ICS water account in 2017. See "—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead."* In September 2017, as part of the implementation of Treaty Minute 323, Metropolitan agreed to fund additional water conservation projects in Mexico that will yield approximately 27,275 acre-feet of additional supply for Metropolitan by 2026 at a cost of approximately $3.75 million. In 2020, Metropolitan made the first payment related to Treaty Minute 323 of $1.25 million, and 9,092 acre-feet of Intentionally Created Mexican Allocation was converted to Binational ICS and credited to Metropolitan's binational ICS water account. In October 2023, the next payment of $1.25 million was made, however the crediting of 9,092 acre-feet of Binational ICS was delayed until 2026 to preserve ICS accumulation space. The final payment of $1.25 million ~~is expected to be~~ was made in 2026 and an additional 9,091 acre-feet of Intentionally Created Mexican Allocation will be converted to Binational ICS and credited to Metropolitan's binational ICS water ~~account.~~ account by December 31, 2026.

Storage and Interstate Release Agreement with Nevada. In May 2002, SNWA and Metropolitan entered into an Agreement Relating to Implementation of Interim Colorado River Surplus Guidelines, in which

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SNWA and Metropolitan agreed to the allocation of unused apportionment as provided in the Interim Surplus Guidelines and on the priority of SNWA for interstate banking of water in Arizona. SNWA and Metropolitan entered into a storage and interstate release agreement on October 21, 2004. Under this agreement, SNWA can request that Metropolitan store unused Nevada apportionment in California. The amount of water stored through 2014 under this agreement was approximately 205,000 acre-feet. In October 2015, SNWA and Metropolitan executed an additional amendment to the agreement under which Metropolitan paid SNWA approximately $44.4 million and SNWA stored an additional 150,000 acre-feet with Metropolitan during 2015. Of that amount, 125,000 acre-feet have been added to SNWA's storage account with Metropolitan, increasing the total amount of water stored to approximately 330,000 acre-feet. In subsequent years, SNWA may request recovery of the stored water. When SNWA requests the return of any of the stored 125,000 acre-feet, SNWA will reimburse Metropolitan for an equivalent proportion of the $44.4 million plus inflation based on the amount of water returned. SNWA has not yet requested the return of any of the water stored with Metropolitan and it is not expected that SNWA will request a return of any of the stored water before ~~2026.~~ 2027.

California ICS Agreement Intrastate Storage Provisions. As described under "–Colorado River Aqueduct –Colorado River Operations: Surplus and Shortage Guidelines – *Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead,"* in 2007, IID, Metropolitan and other Colorado River contractors in California executed the California ICS Agreement, which divided California's ICS storage space in Lake Mead between Metropolitan and IID. Pursuant to various amendments to the California ICS Agreement, IID is permitted to store up to 100,000 acre-feet per year of conserved water within Metropolitan's system with a cumulative limit of 200,000 acre-feet, for the three-year term. When requested by IID, Metropolitan has agreed to return to IID the lesser of either 50,000 acre-feet per year, or in a year in which Metropolitan's member agencies are under a shortage allocation, 50 percent of the cumulative amount of water IID has stored with Metropolitan under the 2015 amendment. IID currently has ~~151,000~~ 148,000 acre-feet of water stored with Metropolitan pursuant to the terms of the California ICS Agreement and its amendment.

In October 2021, Metropolitan and IID further agreed to store and return in 2026 an additional 54,000 acre-feet for IID. Further, under this agreement, if Metropolitan does not have sufficient ICS to make a DCP contribution in 2026, Metropolitan may use the stored water to do so. The agreement provides that from 2021 through 2026, IID would be permitted to store up to an additional 25,000 acre-feet per year (with an accumulation limit of an additional 50,000 acre-feet) of conserved water in Metropolitan's Lake Mead ICS account. While IID will still not be a party to the DCP, if Metropolitan is required to make a DCP contribution, IID will assist Metropolitan in making DCP contributions by contributing the lesser of either: (a) three percent of California's DCP contribution; or (b) the amount of water IID has stored with Metropolitan. Between 2021 and ~~2023, IID had~~ 2025, IID has stored and accumulated 34,528 acre-feet of conserved water in Metropolitan's Lake Mead ICS account. ~~IID did not elect to store any additional water in Metropolitan's Lake Mead ICS account for 2024 and is not expected to store any additional water in 2025.~~ Under the above-described agreements, IID has stored a total of approximately ~~250,000~~ 241,000 acre-feet with Metropolitan.

State Water Project and Colorado River Aqueduct Arrangements A-51

Metropolitan/CVWD/Desert Water Agency Amended and Restated Agreement for the Exchange and Advance Delivery of Water. Metropolitan has agreements with CVWD and the Desert Water Agency ("DWA") under which Metropolitan exchanges its Colorado River water for the agencies' State Water Project contractual water and other State Water Project water acquisitions on an annual basis. Because CVWD and DWA do not have a physical connection to the State Water Project, Metropolitan takes delivery of CVWD's and DWA's State Water Project supplies and delivers a like amount of Colorado River water to the agencies. In accordance with these agreements, Metropolitan may deliver Colorado River water in advance of receiving State Water Project supplies to these agencies for storage in the Upper Coachella Valley groundwater basin. In

years when it is necessary to augment available supplies to meet local demands, Metropolitan may meet the exchange delivery obligation through drawdowns of the advance delivery account, in lieu of delivering Colorado River water in that year. Metropolitan's ~~storage account balance~~ estimated storage account under the CVWD/DWA program as of January 1, ~~2025~~ 2026 is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "–Storage Capacity and Water in Storage" below. In addition to the storage benefits of the CVWD/DWA program, Metropolitan receives water quality benefits with increased deliveries of lower salinity water from the State Water Project in lieu of delivering higher saline Colorado River water. In December 2019, the exchange agreements were amended to provide more flexibility and operational certainty for the parties involved. Additionally, under the amended agreements, CVWD and DWA pay a portion of Metropolitan's water storage management costs in wet years, up to a combined total of $4 million per year.

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Storage Capacity and Water in Storage A-52

Metropolitan's storage capacity, which includes reservoirs, conjunctive use and other groundwater storage programs within Metropolitan's service area and groundwater and surface storage accounts delivered through the State Water Project or CRA, is approximately ~~6.0~~ 6.4 million acre-feet. In ~~2025,~~ 2026, approximately 750,000 acre-feet of total stored water in Metropolitan's reservoirs and other storage resources was emergency storage. Metropolitan's emergency storage is a regional planning objective established periodically to prevent severe water shortages for the region in the event of supply interruptions from catastrophic earthquakes or similar events (see "METROPOLITAN'S WATER DELIVERY SYSTEM–Seismic Considerations and Emergency Response Measures" in this Appendix A). The current emergency storage objective of 750,000 acre-feet is based on an outage duration of 6 to 12 months, retail water demand reduction of 25 to 35 percent based on achievable conservation actions, and aggregated loss of 10 to 20 percent of local production. Retail demand calculations for purposes of the emergency storage objective were based on a 2015 IRP forecast of demand for the year 2018 under average conditions. Metropolitan replenishes its storage accounts when available imported supplies exceed demands. Metropolitan's ability to replenish water storage, both in the local groundwater basins and in surface storage and banking programs, has been limited by Bay-Delta pumping restrictions under the biological opinions issued for listed species. See "–Endangered Species Act and Other Environmental Considerations Relating to Water Supply –Endangered Species Act Considerations – State Water Project – *Federal ESA-Biological Opinions.*" Effective storage management is dependent on having sufficient years of excess supplies to store water so that it can be used during times of shortage. See "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES" in this Appendix A.

Metropolitan's storage as of January 1, ~~2025 was 4.53~~ 2026 was estimated to be 4.6 million acre-feet. This is the highest beginning-of-year total water storage in Metropolitan's history. Since 2017, the average storage as of January 1, 2026 is 3.8 million acre-feet, with a low of 3.0 million acre-feet in 2022. The record 2026 storage level was driven by a variety of factors. First, a series of atmospheric river storms and cold temperatures significantly increased the State snowpack in 2023, resulting in a 100 percent State Water Project allocation for the first time since 2006. Further gains resulted from adequate snowpacks and above-normal runoff in the Sierra Nevada and near-average runoff in the Colorado River basin 2024 and 2025. Combined with historically low demand due to continued conservation and reduced replenishment needs, and strategic water management actions that captured surplus supplies, these conditions allowed Metropolitan to build storage to its current record level.

The following table shows three years of Metropolitan's water in storage as of January 1, including emergency storage.

~~[R emainder~~ [Remainder of page intentionally left blank.]

(1)

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METROPOLITAN'S WATER STORAGE CAPACITY AND WATER IN STORAGE

(in Acre-Feet)

~~Water Storage Resource~~	~~Storage Capacity~~	Water in Storage ~~January 1, 2025~~		~~Water in Storage January 1, 2024~~	~~Water in Storage January 1, 2023~~
~~*Colorado River Aqueduct*~~ Water Storage Resource	Storage Capacity	January 1, 2026	January 1, 2025	January 1, 2024	
~~Lake Mead ICS [2]~~ *Colorado River Aqueduct*	~~1,622,000~~	~~1,544,000~~	~~1,544,000~~	~~1,128,000~~	
~~**Subtotal**~~ Lake Mead ICS [2]	1,622,000	~~1,544,000~~ 1,614,000	1,544,000	~~1,128,000~~ 1,544,000	
State Water Project					
Arvin-Edison Storage Program [3]	350,000	100,000	100,000	~~119,000~~ 100,000	
Semitropic Storage Program	350,000	~~227,000~~ 237,000	~~190,000~~ 227,000	~~158,000~~ 190,000	
Kern Delta Storage Program	250,000	142,000	142,000	~~129,000~~ 142,000	
Mojave Storage Program	330,000	19,000	19,000	19,000	
AVEK Storage Program	30,000	~~27,000~~ 30,000	27,000	27,000	
AVEK High Desert Water Bank [4]	~~280,000[4]~~ 280,000	45,000	~~11,000~~ 45,000	~~0~~ 11,000	
Castaic Lake and Lake Perris [5]	219,000	219,000	219,000	~~3,000~~ 219,000	
State Water Project Carryover [6]	~~529,000~~ 621,000	~~383,000~~ 473,000	~~325,000~~ 383,000	~~39,000~~ 325,000	
~~**Subtotal**~~ Emergency Storage in DWR Reservoirs [7]	~~2,338,000~~ 381,000	~~1,163,000~~ 381,000	~~1,033,000~~ 381,000	~~494,000~~ 381,000	
Subtotal	**2,811,000**	**1,265,000**	**1,163,000**	**1,034,000**	
Within Metropolitan's Service Area					
Diamond Valley Lake [7] [8]	810,000	~~788,000~~ 760,000	~~753,000~~ 788,000	~~494,000~~ 753,000	
Lake Mathews and Lake Skinner [7] [8]	226,000	~~188,000~~ 204,000	~~207,000~~ 188,000	~~194,000~~ 207,000	
Conjunctive Use Programs [8]	~~210,000~~ 115,000	~~84,000~~ 77,000	~~56,000~~ 84,000	~~10,000~~ 56,000	
Subtotal	~~**1,246,000**~~ **1,151,000**	~~**1,060,000**~~ **1,042,000**	~~**1,016,000**~~ **1,060,000**	~~**698,000**~~ **1,017,000**	
Other Programs					
DWA / CVWD Advance Delivery Account	800,000	~~381,000~~ 303,000	~~205,000~~ 381,000	~~281,000~~ 205,000	
~~Emergency Storage~~	~~381,000~~	~~381,000~~	~~381,000~~	~~381,000~~	
~~**Subtotal**~~	~~**1,181,000**~~	~~**762,000**~~	~~**586,000**~~	~~**662,000**~~	
Total	~~**6,387,000**~~ **6,384,000**	~~**4,529,000[9]**~~ **4,605,000**	~~**4,179,000**~~ **4,529,000**	~~**2,982,000**~~ **4,182,000**	

Table from the Word comparison document.

~~Source: Metropolitan.~~

Source: Metropolitan.

(1) Water storage capacity and water in storage are rounded and measured based on engineering ~~estimates and are subject to~~ estimates; subject to change. (2) Balance does not include water stored for IID in the IID ICS Sub-account. See "—Water Transfer, Storage and Exchange Programs — Colorado River Aqueduct Agreements and Programs — *California ICS Agreement Intrastate Storage ~~Provisions."~~* *Provisions."* See also "—Colorado River Aqueduct — Colorado River Operations: Surplus and Shortage Guidelines — *Lower ~~Basin Shortage~~* *Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead"* and "– ~~*Colorado River Drought*~~ *— Colorado River Drought Contingency Plans"* for additional information regarding the Lake Mead ICS program and use of ICS water. (3) Metropolitan has suspended the return of groundwater from the Arvin-Edison storage program. Stored supplies can still be recovered via surface water exchange. See "—Water Transfer, Storage and Exchange Programs — State Water Project Agreements and Programs — *Arvin-Edison/Metropolitan Water Management Program."* See also "METROPOLITAN'S

WATER DELIVERY SYSTEM—Water Quality and Treatment." (4) This reflects the full storage capacity as the recharge basins have been constructed. Full recharge and recovery operation is

anticipated by 2027. See "—Water Transfer, Storage and Exchange Programs — State Water Project Agreements and ~~Programs~~

Programs — *Antelope Valley-East Kern High Desert Water Bank Program."* (5) Flexible storage allocated to Metropolitan under its State Water Contract. Withdrawals must be returned within five years. (6) The total storage capacity as carryover in San Luis Reservoir varies year-to-year as the contractual annual storage limit

combines with the remaining balance from the previous year. The contractual annual storage limit for calendar year ~~2025~~ 2026

reflects the limit at the current ~~50~~ 45 percent State Water Project Table A allocation. Includes carryover of Metropolitan,

Coachella Valley Water District, and Desert Water Agency. See "—Water Transfer, Storage and Exchange Programs — State

Water Project Agreements and Programs — *Metropolitan Article 56 Carryover."* (7) Estimated volume of storage maintained by DWR in southern reservoirs (Castaic, Perris, Pyramid, Silverwood) that could be

used to provide Metropolitan its State Water Project allocation supplies in case of an emergency in the northern portions of the

SWP system. This estimate was developed by Metropolitan. (8) Storage in Metropolitan reservoirs includes 369,000 acre-feet of emergency ~~storage. (8) Cyclic storage water was removed from this line item and is now categorized as a pre-delivery. As a result of the termination~~

~~of six of Metropolitan's conjunctive use agreements effective June 30, 2025, the total groundwater storage capacity will be~~

~~reduced from 210,000 acre-feet to 115,000 acre-feet. (9) Represents Metropolitan's historical highest level of water in storage.~~ storage, however, there is no minimum

emergency storage volume in any single reservoir.

WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES

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Water Surplus and Drought Management Plan

In addition to the long-term planning guidelines and strategy provided by its IRP, Metropolitan has developed its WSDM Plan for the on-going management of its resources and water supplies in response to hydrologic conditions. The WSDM Plan, which was adopted by Metropolitan's Board in April 1999, evolved from Metropolitan's experiences during the droughts of 1976-77 and 1987-92. The WSDM Plan is a planning document that Metropolitan uses to guide inter-year and intra-year storage operations. The WSDM Plan splits resource actions into two major categories: surplus actions and shortage actions. The surplus actions emphasize storage of surplus water inside the region, followed by storage of surplus water outside the region. The shortage actions emphasize critical storage programs and facilities and conservation programs that make up part of Metropolitan's response to shortages. Implementation of the plan is directed by a WSDM team, made up of Metropolitan staff, that meets regularly throughout the year and more frequently between November and April as hydrologic conditions develop. The WSDM team develops and recommends storage actions to senior management on a regular basis and provides updates to the Board on hydrological conditions, storage levels and planned storage actions through detailed reports.

Conservation

Conservation and water efficiency programs are part of Metropolitan's resource management strategy, and are an integral component of Metropolitan's IRP, WSDM Plan, and Water Supply Allocation Plan (described below). The central objective of Metropolitan's water conservation program is to help ensure

adequate, reliable and affordable water supplies for Southern California by actively promoting efficient water use. The importance of conservation to the region has increased in recent years because of periods of occurring drought conditions in the State Water Project watershed and court-ordered restrictions on Bay-Delta pumping, as described under "METROPOLITAN'S WATER SUPPLY—State Water Project —Bay-Delta Proceedings Affecting State Water Project" and "—Endangered Species Act and Other Environmental Considerations Relating to Water Supply—Endangered Species Act ~~Considerations-State~~ Considerations - State Water Project — *Federal ESA-Biological Opinions"* in this Appendix A. Ongoing drought conditions in the Colorado River have further emphasized the need for additional conservation efforts. See "METROPOLITAN'S WATER SUPPLY—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines" in this Appendix A. Conservation reduces the need to import water to deliver to member agencies through Metropolitan's system.

Metropolitan's conservation program has largely been developed to assist its member agencies in meeting the conservation goals established by the 2015 IRP Update. See "METROPOLITAN'S WATER SUPPLY—Climate Adaptation Master Plan for Water (CAMP4W) — *Background"* in this Appendix A. All users of Metropolitan's system benefit from the reduced infrastructure costs and system capacity made available by investments in demand management programs like the Conservation Credits Program. Under the terms of Metropolitan's Conservation Credits Program, Metropolitan administers regional conservation programs and co-funds member agency conservation programs designed to achieve greater water use efficiency in residential, commercial, industrial, institutional and landscape uses. Spending by Metropolitan and its member agencies on active conservation incentives, including rebates for water-saving plumbing fixtures, appliances and equipment totaled about ~~$22~~ $20 million in fiscal year ~~2024-25.~~ 2025-26. In addition, Metropolitan also spent ~~$1.7~~ $1.2 million on water conservation outreach and education. During fiscal year 2024-25, water savings achieved through new and prior-year conservation investments under Metropolitan's Conservation Credits Program were approximately 211,000 acre-feet.

Metropolitan has worked proactively with its member agencies to conserve water supplies in its service area, and significantly expanded its water conservation and outreach programs and increased funding for conservation incentive programs. See "METROPOLITAN REVENUES—Rate Structure" in this Appendix A.

Metropolitan's member agencies and retail water suppliers in Metropolitan's service area also can implement water conservation and allocation programs, and some of the retail suppliers in Metropolitan's service area have initiated conservation measures. A-55

State legislation has provided an additional catalyst for conservation by member agencies and retail suppliers. Legislation approved in November 2009 set a statewide conservation target for urban per capita potable water use of 20 percent reductions (from a baseline per capita use determined utilizing one of four State-approved methodologies) by 2020 (with credits for existing conservation) at the retail level. Legislation approved in 2018 (Assembly Bill 1668 and Senate Bill 606) directed the SWRCB to adopt water use efficiency standards for all residential water use and outdoor commercial, industrial, and institutional water use and also performance measures for indoor commercial, industrial, and institutional water use. Pursuant to such directive, on July 3, 2024, the SWRCB adopted a new regulation, termed "Making Conservation a California Way of Life," which will require urban retail water suppliers to calculate a water use objective annually, beginning January 1, 2025, based on the characteristics of the supplier's service area, and beginning January 1, 2027, demonstrate compliance with its objectives, implement established performance standards, and submit annual progress reports.

Water Supply Allocation Plan

In times of prolonged or severe water shortages, Metropolitan manages its water supplies through the implementation of its Water Supply Allocation Plan. ~~The Water Supply Allocation Plan allocates~~

~~Metropolitan's water supplies among its member agencies, based on principles contained in the WSDM Plan, to reduce water use and drawdowns from water storage reserves.~~ The Water Supply Allocation Plan was originally approved by Metropolitan's Board in February 2008, and has been implemented three times since its adoption, including most recently in April 2015. The Water Supply Allocation Plan provides a formula for equitable distribution of available water supplies in case of extreme water shortages within Metropolitan's service area ~~and if needed~~ and, if needed, is typically approved in April with implementation beginning in July. In December 2014, the Board approved certain adjustments to the formula for calculating member agency supply allocations during subsequent periods of implementation of the Water Supply Allocation Plan. Although the Act gives each of Metropolitan's member agencies a preferential entitlement to purchase a portion of the water served by Metropolitan (see "METROPOLITAN REVENUES–Preferential Rights" in this Appendix A), historically, these rights have not been used in allocating Metropolitan's water. Metropolitan's member agencies and retail water suppliers in Metropolitan's service area also may implement water conservation and allocation programs within their respective service territories in times of shortage. See also "–Drought Response Actions" below. Based upon current hydrology and Metropolitan's available storage balances, the Water Supply Allocation Plan has not been implemented for fiscal year ~~2025-26.~~ 2026-27.

Variability in Hydrological Conditions in Recent Years

Hydrologic conditions can have a significant impact on Metropolitan's imported water supply sources. In California, hydrological conditions have varied considerably in recent years. The Water Years 2020 through 2022 combined ranked as the three driest years in California's precipitation record. In calendar years 2021 and 2022, DWR's allocations to State Water Project contractors were five percent of contracted amounts, and it was the first time in the history of the State Water Project with two consecutive years at five percent of contracted amounts. Metropolitan has planned and prepared for dry conditions by investing in vital infrastructure to increase its storage capacity and enhance operational flexibility. Beginning in early 2021, Metropolitan implemented certain operational measures and programs to minimize State Water Project deliveries, in response to dry conditions. These actions included delivering Diamond Valley Lake water for the first time to the Henry J. Mills Treatment Plant and expanding the delivery of Colorado River water. These measures were made possible by Metropolitan's continued investment in facility upgrades and improvements. Metropolitan also paid for several member agencies to shift from service connections that utilize State Water Project supplies to service connections that use Colorado River water to conserve State Water Project supplies. In addition to the five percent allocation in 2022, for the first time in history, DWR used a provision of the State water supply contract to allocate water on a basis other than Table A to meet minimum demands of Contractors for human health and safety needs. Metropolitan requested and received from DWR delivery of certain human health and safety supplies to the SWP Dependent Area. In calendar year 2022, in addition to the human health and safety supplies and mandatory water use reductions for the SWP Dependent Area agencies, Metropolitan met the water demands in its service area using a combination of CRA deliveries, storage reserves and supplemental water transfers and purchases.

Following the record dry period in California's statewide precipitation in Water Years 2020 through 2022, an extreme amount of precipitation and snowfall occurred in California during the Winter of 2023. For the first time since 2006, DWR was able to allocate the full contracted amounts of the State Water Project, allowing for a 100 percent allocation to the State Water Project contractors. Similar to conditions in California, water year 2023 was also extraordinarily wet in the Colorado River Basin. With guidance by its WSDM Plan surplus actions, the supplies available from the wet hydrologic conditions in 2023, allowed Metropolitan to begin refilling Diamond Valley Lake, replenishing the Castaic Lake and Lake Perris flexible storage accounts, and adding storage to San Luis Reservoir as Article 56c carryover, groundwater banks in the San Joaquin Valley, and to Lake Mead. Metropolitan added approximately 1.2 million acre-feet into its storage accounts in calendar year 2023 and ended the year with, at the time, a record-high amount of dry-year storage. See "METROPOLITAN'S WATER SUPPLY—Water Transfer, Storage and Exchange Programs — State Water

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Project Agreements and Programs — *Metropolitan Article 56 Carryover.*

In water year ~~2025,~~ 2026, the State Water Project watersheds received ~~above average snowpack and normal precipitation and runoff. However, the presence of threatened and endangered fish species near State Water Project pumping facilities affected the ability to move water from the Delta and~~ normal precipitation; however the below average snowpack resulted in a final State Water Project Table A allocation of ~~50~~ 45 percent. Meanwhile, in water year ~~2025,~~ 2026, the Upper Colorado River Basin received a below average snowpack and the median water year runoff into Lake Powell is forecasted to be ~~49~~ 37 percent of the 30-year average. As a result, Metropolitan's projected amount of surplus supply in calendar year ~~2025 is approximately 70,000~~ 2026 is approximately 270,000 acre-feet based upon its demand estimate of ~~1.78~~ 1.57 million acre-feet, and its supply estimate of ~~1.85~~ 1.84 million acre-feet.

Metropolitan strategically stores water when available to increase regional water supply reliability, manage supplies during dry years, and provide emergency supplies. Storage capacity provides the water system with year-to-year water supply carry-over capability and a mechanism to assist Metropolitan in providing consistent water supply reliability notwithstanding fluctuations in available supply. Metropolitan has committed to providing equitable reliability to the SWP Dependent Area by increasing access to existing supplies and storage, and development of new supplies and storage, and is investing in infrastructure improvements designed to allow water stored in Diamond Valley Lake and Lake Mead to be delivered to more communities. See also "METROPOLITAN'S WATER SUPPLY—Water Transfer, Storage and Exchange Programs — State Water Project Agreements and Programs — *Other Ongoing Activities."*

REGIONAL WATER RESOURCES

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General

The water supply for Metropolitan's service area is provided in part by Metropolitan and in part by non-Metropolitan sources available to members. Non-Metropolitan sources include water imported by the City of Los Angeles (the "City") from the Owens Valley/Mono Basin east of the Sierra Nevada through the City's Los Angeles Aqueduct to serve customers of the City. See "– Los Angeles Aqueduct." The balance of water within the region is produced locally, from sources that include groundwater and surface water production, recycled water and recovery of contaminated or degraded groundwater, and seawater desalination. Programs to develop these local resources include projects funded by Metropolitan's Local Resources Program (the "LRP"), as well as local agency funded programs. See "–Local Water Supplies."

Based on a ten-year average from calendar years ~~2015 through 2024~~ 2016 through 2025 (the most recent full year information ~~available,~~ available), non-Metropolitan sources met about ~~57~~ 58 percent of the region's water needs. These non-Metropolitan sources of supply fluctuate in response to variations in rainfall. During prolonged periods of below-normal rainfall, local water supplies decrease. Conversely, prolonged periods of above-normal rainfall increase local supplies. Sources of groundwater basin replenishment include local precipitation, runoff from the coastal ranges, and artificial recharge with imported water supplies. In addition to runoff, recycled water provides an increasingly important source of replenishment water for the region.

Metropolitan's member agencies are not required to purchase or use any of the water available from Metropolitan. Some agencies depend on Metropolitan to supply nearly all of their water needs, regardless of the weather. Other agencies, with local surface reservoirs or aqueducts that capture rain or snowfall, rely on Metropolitan more in dry years than in wet years. Agencies with ample groundwater supplies purchase Metropolitan water primarily to supplement local supplies and to recharge groundwater basins. Consumer demand and locally supplied water vary from year to year, resulting in variability in the volume of Metropolitan's water transactions.

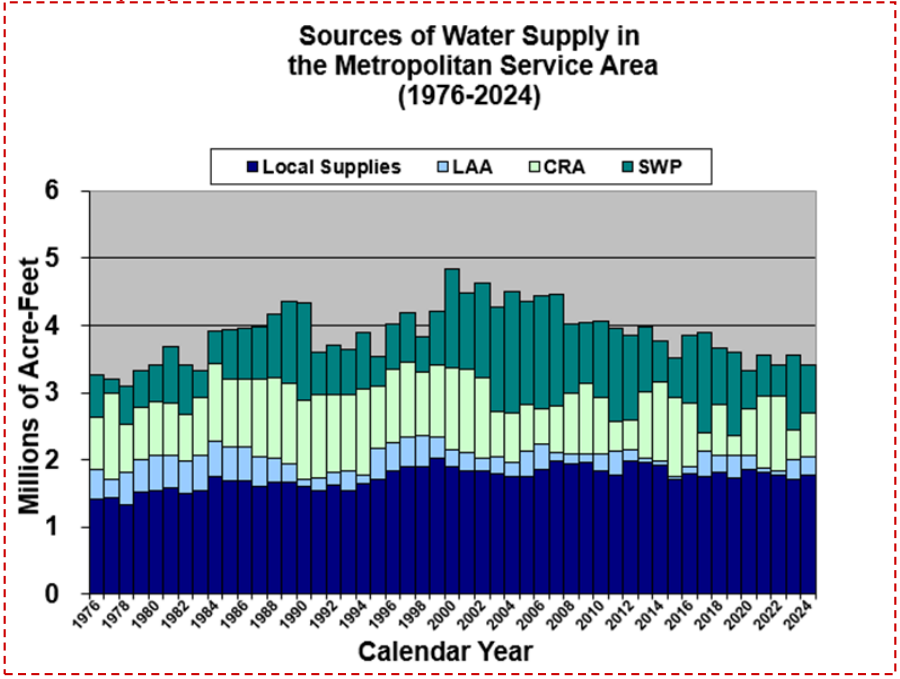
In recent years, supplies and demands have been affected by extreme weather variability (including drought and wet ~~weather and drought),~~ weather), water use restrictions, economic conditions, and environmental laws, regulations and judicial decisions, as described in this Appendix A under "METROPOLITAN'S WATER SUPPLY." The demand for supplemental supplies provided by Metropolitan is dependent on water use at the retail consumer level and the amount of locally supplied and conserved water. See "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES" in this Appendix A and "—Local Water Supplies" below.

Future reliance on Metropolitan supplies will depend on, among other things, current and future local projects that may be developed and the amount of water that may be derived from sources other than Metropolitan. For information on Metropolitan's water revenues, see "METROPOLITAN REVENUES" and "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

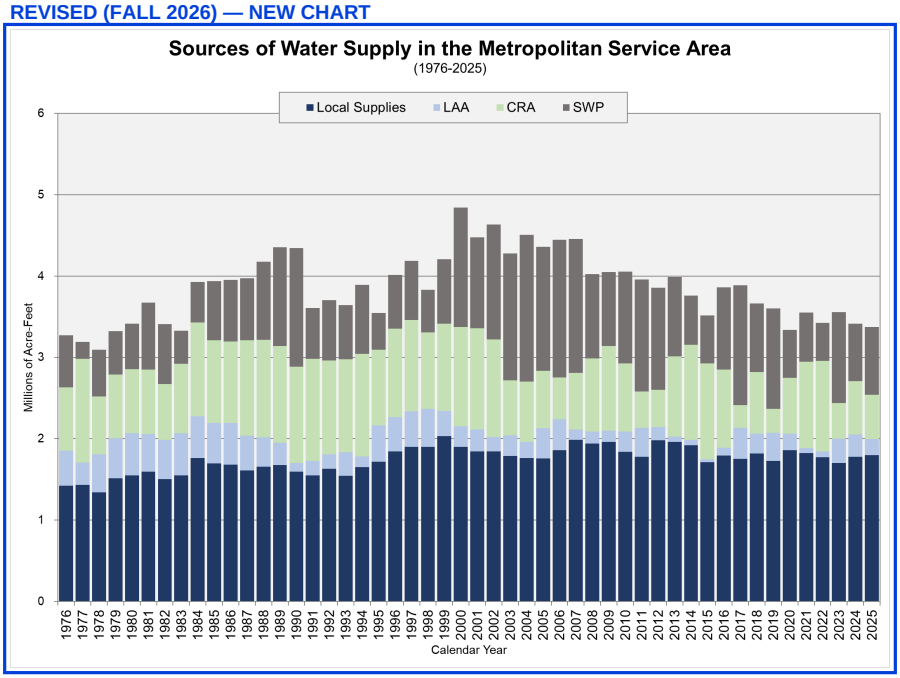
The following graph shows a summary of the regional sources of water supply for calendar years 1976 to ~~2024~~ 2025 (the most recent full year information available). In the graph below, LAA refers to the Los Angeles Aqueduct. See "—Los Angeles Aqueduct." The graph below includes updated local supply numbers that include Santa Ana River baseflow below Prado Dam, which was not included from 1980 through 2009.

Sources of Water Supply in the Metropolitan Service Area

BASELINE (2025) — CHART REPLACED



REVISED (FALL 2026) — NEW CHART



Charts from the Word comparison document (both versions shown).

_____ *Source: Metropolitan.*

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The major sources of water available to some or all of Metropolitan's member agencies in addition to supplies provided by Metropolitan are described below.

Los Angeles Aqueduct

The City of Los Angeles, through its Department of Water and Power ("LADWP"), operates its Los Angeles Aqueduct system to import water from the Owens Valley and the Mono Basin on the eastern slopes of the Sierra Nevada in eastern California. Water imported by the City on the Los Angeles Aqueduct system comes primarily from surface water rights of the City in eastern Sierra Nevada watersheds along various streams, creeks and rivers in the Mono Basin, Long Valley and Owens Valley, and groundwater resources in the Owens Valley from the City's ownership of approximately 330,000 acres of land and associated water rights. This water supply of the City, which serves LADWP's customers, currently meets about ~~six~~ seven percent of the region's water needs based on a ten-year average from calendar years ~~2015 through 2024~~ 2016 through 2025 (the most recent full year information available).

Surface runoff (snowmelt) is subject to substantial annual variability, which influences the amount of water delivered by the Los Angeles Aqueduct. In addition, the City is subject to several environmental commitments in the Mono Basin and Owens Valley which impact the availability of water to the City for import on the Los Angeles Aqueduct. These include: (i) the SWRCB's Mono Lake Basin Water Rights Decision 1631, which limits the City's water exports from the Mono Basin based on Mono Lake's surface elevation; and (ii) the City's legal obligations under a long-term groundwater management plan relating to the City's groundwater resources in the Owens Valley.

Los Angeles Aqueduct water deliveries to the City vary from one year to the next. Since calendar year 2015, Los Angeles Aqueduct water deliveries to the City have averaged approximately 200,000 acre-feet per year, but has varied from as little as 33,000 acre-feet in calendar year 2015 to as much as 380,000 acre-feet of water in calendar year 2017. Consequently, the amount of water purchased by the City from Metropolitan also varies with the fluctuations of Los Angeles Aqueduct supply. Since 2015, the City's water purchases from Metropolitan (billed water transactions) ranged from a low of 103,000 acre-feet in calendar year 2019 to a high of 384,000 acre-feet in calendar year 2015. A-59

Local Water Supplies

Local water supplies are made up of groundwater, groundwater recovery, surface runoff, recycled water, and seawater desalination. Metropolitan supports local resources development through its LRP, which provides financial incentives of up to ~~$340~~ $475 per acre-foot of water production (based on actual project unit costs that exceed Metropolitan's water rates) from local water recycling, groundwater recovery, and seawater desalination projects. LRP agreement terms are for 25 years and terminate automatically if construction does not commence within two full fiscal years of agreement execution or if water deliveries are not realized within four full fiscal years of agreement execution. Metropolitan utilizes conjunctive use of groundwater to encourage storage in groundwater basins. Member agencies and other local agencies have also independently funded and developed additional local supplies, including groundwater clean-up, recycled water and desalination of brackish or high salt content water. See also "METROPOLITAN'S WATER DELIVERY SYSTEM–Water Quality and Treatment" in this Appendix A for information regarding certain water quality regulations and developments that impact or may impact certain local groundwater supplies.

Metropolitan's water transaction projections are based in part on projections of locally-supplied water. Projections of future local supplies are based on estimated yields of projects that are currently producing water or are under construction at the time a water transaction projection is made. Estimated yields of projects currently producing water are calculated based on the projects' previous four-year production average. Estimated yields of projects that are under construction at the time a water transaction projection is made are based on data provided by the member agencies. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES–Water Transactions Projections" and "METROPOLITAN'S WATER SUPPLY–Climate Adaptation Master Plan for Water (CAMP4W)" in this

Appendix A.

Groundwater. Local groundwater basins are the region's largest source of local supply. Since ~~2015, approximately 1.07~~ 2016, approximately 1.06 million acre-feet per year, about one-third of the annual water demands for ~~the~~ approximately 18.8 million residents of Metropolitan's service area, are met through local groundwater production. Local groundwater basins are supported by stormwater and urban runoff, recycled water, and imported water used for replenishing basins and for creating seawater barriers that protect coastal aquifers from seawater intrusion.

Member Agency Storage Programs. Metropolitan has developed a number of local programs to work with its member agencies to increase storage in groundwater basins. Metropolitan has encouraged storage through its cyclic and conjunctive use storage programs. These programs allow Metropolitan to deliver water into a groundwater basin in advance of agency demands. Metropolitan has drawn on dry-year supply from nine contractual conjunctive use storage programs to address shortages from the State Water Project and the CRA.

Cyclic storage agreements allow pre-delivery of imported water for recharge into groundwater basins in excess of an agency's planned and budgeted deliveries making best use of available capacity in conveyance pipelines, use of storm channels for delivery to spreading basins, and use of spreading basins. This water is then purchased at a later time when the agency has a need for groundwater replenishment deliveries. A-60

Conjunctive use agreements provide for storage of imported water that can be called for use by Metropolitan during dry, drought, or emergency conditions. During a dry period, Metropolitan has the option to call water stored in the groundwater basins pursuant to its contractual conjunctive use agreements. At the time of the call, the member agency pays Metropolitan the prevailing rate for that water. Nine conjunctive use projects ~~provided~~ provide about 210,000 acre-feet of groundwater storage and ~~had~~ have a combined extraction capacity of about 70,000 acre-feet per year. See the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "METROPOLITAN'S WATER SUPPLY–Storage Capacity and Water in Storage" in this Appendix A. On April 8, 2025, Metropolitan's Board authorized the General Manager to terminate six of the conjunctive use agreements effective June 30, 2025. The termination of the six agreements resulted in a reduction of the total groundwater storage from 210,000 acre-feet to 115,000 acre-feet and a reduction in extraction capacity from 70,000 acre-feet to 38,000 acre-feet.

Reverse Cyclic Program. In 2022, Metropolitan's Board authorized the General Manager to enter into reverse-cyclic agreements with participating member agencies to preserve the availability of Metropolitan's State Water Project supplies. Metropolitan's General Manager initiated deferrals under the Reverse-Cyclic Program when the General Manager determined that the supply conditions warranted deferring the use of State Water Project supplies due to the risk of shortage of these supplies. Metropolitan executed agreements with Calleguas Municipal Water District, Three Valleys Municipal Water District, and Upper San Gabriel Valley Municipal Water District in 2022. Under these agreements and at Metropolitan's request, participating member agencies agreed to defer Metropolitan deliveries of 25,000 acre-feet of water (in aggregate) purchased in calendar year 2022 to allow Metropolitan to preserve its State Water Project supplies. Metropolitan billed participating member agencies the 2022 full-service rate and applicable treatment charge. In doing so, the participating member agencies avoid paying the projected higher service rate that would be in place when Metropolitan makes the deferred delivery. Metropolitan will deliver water to the participating member agencies no later than December 2027, which is five full calendar years from the date of purchase.

In late 2024, Metropolitan's Board authorized the General Manager to enter into reverse-cyclic agreements with participating member agencies to allow member agencies to pre-purchase an aggregate total of up to 100,000 acre-feet between November 19, 2024 and December 31, 2025. Ten member agencies made reverse-cyclic purchases in December 2024 for 100,000 acre-feet in aggregate at the 2024 full-service treated rate. Metropolitan will complete the deferred deliveries by December 2029, within five full years from the

purchase date. ~~These new revenues helped Metropolitan achieve, for fiscal year 2024-25, the Board's approved directive in the current adopted budget to generate up to $60 million in new, one-time revenues in each of fiscal years 2024-25 and 2025-26 and manage unrestricted cash reserves in accordance with Board-approved policies.~~

Recovered Groundwater. Contamination of groundwater supplies is a growing threat to local groundwater production. Metropolitan has been supporting increased groundwater production and improved regional supply reliability by offering financial incentives to agencies for the production and treatment of degraded groundwater since 1989 through the LRP. Metropolitan has executed LRP agreements with local agencies to provide financial incentives to 28 projects that recover contaminated groundwater with total contract yields of about 123,000 acre-feet per year. Total groundwater recovery use under executed agreements with Metropolitan was estimated to be approximately ~~52,900~~ 63,300 acre-feet in fiscal year ~~2024-25. Additionally, 63,500 acre-feet of recovered groundwater was produced by local agencies through other independently funded and developed sources in fiscal year 2024-25.~~ 2025-26.

Surface Runoff. Local surface water resources consist of runoff captured in storage reservoirs and diversions from streams. Since ~~2015,~~ 2016, member agencies have used an average of ~~92,700~~ 100,000 acre-feet per calendar year of local surface water. Local surface water supplies are heavily influenced by ~~year-to-year~~ year to year local weather conditions, varying from a high of ~~148,000~~ 170,000 acre-feet in calendar year 2024 to a low of 37,500 acre-feet in calendar year 2016. A-61

Stormwater is another local water supply and is surface runoff that is captured and contained on-site or used for groundwater recharge as opposed to captured in storage reservoirs or diverted from streams, treated, and integrated into a distribution system. Since 2000, more than 1.1 million acre-feet of stormwater and urban runoff was captured on average by local agencies and used on-site or recharged into a groundwater basin. In 2020, Metropolitan launched two pilot programs to better understand the costs and benefits of stormwater capture, yield, and use. One program examines opportunities to capture stormwater for direct use and the other explores stormwater capture for groundwater recharge. Together, Metropolitan's Board authorized $12.5 million for these programs. The programs accepted applications through December 31, 2021. After several agencies decided not to pursue projects and one direct-use project agreement was terminated, the current commitment for projects is approximately ~~$4.3~~ $3.3 million. The active projects funded under these programs are in either the design, construction, or monitoring phase. The pilot programs are expected to last at least five years, including the construction and monitoring phases. The data collected during the pilot programs will assist Metropolitan in evaluating the water supply benefits of stormwater capture and provide guidance for future funding strategies.

Recycled Water-Local Agency Projects. Metropolitan has supported recycled water use to offset water demands and improve regional supply reliability by offering financial incentives to agencies for production and sales of recycled water since 1982 through the LRP. Since the inception of the LRP, Metropolitan has executed agreements with local agencies to provide financial incentives to 90 recycled water projects with total expected contract yields of about 369,000 acre-feet per year. During fiscal year ~~2024-25,~~ 2025-26, Metropolitan provided incentives for approximately ~~41,400~~ 20,400 acre-feet of recycled water under these agreements.

Additionally, ~~417,000~~ 451,000 acre-feet of recycled water (including wastewater discharged to the Santa Ana River that percolates into downstream groundwater basins) was produced in fiscal year ~~2024-25~~ 2025-26 by local agencies through other independently funded and developed sources. ~~Total recycled water use under executed agreements with Metropolitan currently in place is estimated to be approximately 54,000 acre-feet in calendar year 2025.~~

Metropolitan also supports recycled water conversions for property owners through the On-Site Retrofit Program. The On-Site Retrofit Program provides a financial incentive of $195 per acre-foot of estimated offset water for ten years to property owners who convert an imported water demand to a recycled water system. As of September 1, ~~2025~~ 2026 the On-Site Retrofit Program has provided ~~$16.5 million to 566~~ $15.6 million to 558 projects that offset approximately ~~15,742~~ 15,351 acre-feet per year of imported water supplies.

Recycled Water-Metropolitan Pure Water Southern California Program. Since 2010, Metropolitan has been evaluating the potential and feasibility of implementing a regional recycled water program, now referred to as Pure Water Southern California ("PWSC"). Chronic drought conditions have resulted in significant reductions in local surface supplies and groundwater production and have increased the need for recharge supplies to groundwater and surface water reservoirs to improve their sustainable yields and operating integrity. Despite wet conditions in water years 2023 and 2024, many groundwater basins remain below sustainable levels. In 2015, Metropolitan executed an agreement with the Los Angeles County Sanitation Districts ("Sanitation Districts") to implement a demonstration project and to establish a framework of terms and conditions of PWSC. In 2024, Metropolitan executed a new agreement with the Sanitation Districts to memorialize the Sanitation Districts' commitment to share in the operation of PWSC by taking responsibility for the development and operation of the membrane bioreactor ("MBR") facility. The objectives of PWSC are to enable the potential reuse of up to 150 million gallons per day ("mgd") or an average of 155,000 acre-feet per year of cleaned wastewater effluent from the Sanitation Districts' A.K. Warren Facility (formerly the Joint Water Pollution Control Plant). Purified water from a new advanced treatment plant could be delivered through pipelines to the region's groundwater basins, industrial facilities for indirect potable reuse, two of Metropolitan's water treatment plants for raw water augmentation ("RWA"), and potentially introduced into one or more of Metropolitan's treated water feeders for treated water ~~augmentation.~~ augmentation ("TWA").

Construction of a 0.5-mgd advanced water treatment demonstration plant was approved in 2017 and was completed in September 2019. Testing and operation of the demonstration plant began in October 2019 to confirm treatment costs and provide the basis for regulatory approval of the proposed treatment process. The tertiary MBR first testing phase was completed in 2021 and has been followed by secondary MBR testing which was completed in 2023. The testing program returned to tertiary MBR testing in 2024. The testing will form the basis for the design, operation, and optimization of the advanced treatment plant, and will help inform Metropolitan's Board decision whether to move forward with the potential full-scale program. ~~If approved, design and construction of PWSC would be expected to take approximately eight years and occur in two phases. Phase 1, which, if completed, would be expected to have a capacity of approximately 115 mgd; and Phase 2, which if completed, would be expected to increase capacity by approximately 35 mgd, for a total of treatment plant capacity of 150 mgd. It is possible that the two main phases for the construction of PWSC may be implemented in stages or subphases as work progresses.~~ A-62

If implemented, PWSC as proposed would have the flexibility to produce purified water suitable for Direct Potable Reuse ("DPR") through RWA at two of Metropolitan's treatment plants (Weymouth and Diemer). The SWRCB Division of Drinking Water ("DDW") ~~has adopted~~ proposed new regulations for DPR in California that would allow recycled water to be used directly in the potable water system without first passing through an environmental buffer, such as groundwater or a lake, prior to using it as potable water. ~~With these~~ The regulations were subsequently approved by California's Office of Administrative Law on August 6, 2024, and became effective on October 1, 2024. PWSC was originally envisioned to be solely an indirect potable reuse (IPR) program to offset imported water needs. With these new regulations in place, a greater percentage of water produced by PWSC would be available for the potable water system. As a result, PWSC has integrated DPR into the planning effort and plans to expand the demonstration plant to accommodate testing of potential RWA and TWA treatment trains for regulatory acceptance.

If approved by the Board, designs of PWSC initial stage projects are anticipated to start in late 2026 or early 2027 using alternative delivery methods to allow development of guaranteed maximum prices (GMPs) for the projects before the Board would commit to the continued design and construction activities. Design and construction would be expected to take approximately ten years for the initial stage projects.

On November 10, 2020, Metropolitan's Board voted to begin environmental planning work on PWSC. The Notice of Preparation was published in September 2022 with scoping meetings held in October 2022. Metropolitan released the draft EIR for PWSC on May 14, ~~2025 and the public review period has closed. An action requesting Board approval of PWSC is anticipated to occur in early 2026. The biennial budget for fiscal years 2024-25 and 2025-26 includes $9 million for planning costs of PWSC as part of the operations and maintenance budget.~~ 2025. On December 12, 2025, the Governor certified PWSC for judicial streamlining under the Senate Bill 149 Infrastructure Streamlining Program. The Board certified the Final EIR and approved PWSC for CEQA purposes on February 10, 2026.

Metropolitan has been active in pursuing partnerships with other agencies in connection with the development of PWSC. In November 2020, Metropolitan and the Sanitation Districts executed an amendment to their then-existing collaboration agreement to contribute up to approximately $4.4 million for the environmental planning phase costs. The agreement was further amended and restated in September 2024 to establish roles and responsibilities for the development of PWSC, including design of treatment facilities, joint operation of the demonstration facility, operator training, and sharing of grant funds. A new agreement with the Sanitation Districts is currently being developed to address the upcoming design and construction phase activities. In December 2020, Metropolitan and SNWA executed a funding agreement under which SNWA will contribute up to $6 million for the environmental planning costs for PWSC. In the event either SNWA or Metropolitan decides not to proceed or participate in PWSC in the future, SNWA's financial contribution to PWSC's environmental planning would be returned by Metropolitan. In 2021, Metropolitan signed an agreement with certain Arizona parties (Central Arizona Project and Arizona Department of Water Resources) for a $6 million financial contribution similar to the SNWA agreement. In April 2024, Metropolitan began a collaborative process with the Metropolitan member agencies that would be interested in purchasing water from ~~PWSC to develop a formal agreement in 2026~~ PWSC. The guiding principles were approved in January 2026 for the development of formal agreements in 2027, following approval of the PWSC program.

Metropolitan received $80 million in grant funding for PWSC from the State of California in the State's fiscal year 2022-23 budget. Work performed under this funding ~~will continue into~~ has continued in 2026. In May 2024, the Bureau of Reclamation announced Metropolitan was awarded grant funding of $99 million to advance PWSC planning and design efforts. In November 2024, the Bureau of Reclamation notified Metropolitan that it had awarded an additional $26 million to Metropolitan in grant funding. Metropolitan and the Bureau of Reclamation entered into an agreement for the full $125.4 million in grants in January 2025. Funding provided from the federal government through these grants can only provide 25 percent of the costs, thus requiring 75 percent in non-federal matching funds. Metropolitan is working to identify various sources of matching funds that will help utilize this grant funding. See also "METROPOLITAN REVENUES–Federal Funding." A-63

~~Based on cost estimates prepared in 2024, the total costs of design and construction of Phase 1 of PWSC, if approved, were estimated to be approximately $6.4 billion (in 2023 dollars).~~ In September 2025, Metropolitan staff presented an updated cost estimate for the potential ~~Phase 1~~ phasing of PWSC to the Metropolitan Board that estimated Metropolitan's total phased program capital costs for the facility, if approved, would be approximately $9.4 billion (in 2025 dollars), including contingencies. See also "CAPITAL INVESTMENT PLAN—Projection of Capital Investment Plan Expenditures." If ultimately undertaken, the amount of the costs of design and construction of PWSC costs that may be incurred by Metropolitan would be dependent on, among other things, the ultimate design and timing of any approved project, the availability and

receipt of potential grant funding sources, and the level of contributions from potential PWSC partners that may participate in any such approved project. The amount of any partner carried costs has not been determined at this time.

~~Metropolitan's Board has not approved PWSC and the costs of design and construction are not included in~~ In April 2026, Metropolitan's Board approved the biennial budget for fiscal years 2026-27 and 2027-28 for Metropolitan's Capital Investment Plan ~~("CIP"). However, for planning purposes, Metropolitan made certain assumptions about the potential capital costs that may be incurred by Metropolitan over the~~ ("CIP"), including $150 million for PWSC's initial design efforts to be funded by its current grant funding and partner contributions, as well as Metropolitan's unrestricted reserves. Pending the conclusion of the ongoing CAMP4W evaluation process, Metropolitan's board has yet to consider the approval of a full PWSC project. The ten-year financial forecast provided in ~~its~~ the biennial budget for fiscal years ~~2024-25 and 2025-26, including with respect to projected future debt financing for a portion of PWSC costs, certain assumptions regarding the potential amounts of and sources of funding for PWSC that may be available from grants and contributions by potential partners.~~ 2026-27 and 2027-28 does not assume any additional capital or operating expenditures in connection with PWSC beyond the costs for the initial design efforts referenced above. Consistent with the current ten-year financial forecast, Metropolitan's financial projections for fiscal years ~~2025-26 through 2029-30 assume that if PWSC is approved and implemented a portion of the capital costs incurred by Metropolitan in connection with any approved project would be financed with proceeds of revenue bonds to be issued by Metropolitan during the five-year projection period. See "CAPITAL INVESTMENT PLAN" for additional information regarding the capital expenditures Metropolitan currently assumes may be incurred with respect to PWSC (if approved) in addition to its projected CIP expenditures for fiscal years 2025-26 through 2029-30. See also~~ 2028-29 through 2030-31 included in this Official Statement do not assume any capital or operating expenditures for PWSC. See "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix ~~A for additional information regarding the future debt financing Metropolitan assumed may be incurred with respect to PWSC (if approved).~~ A.

Seawater Desalination. Metropolitan supports seawater desalination as a part of the region's supply portfolio as well as a mechanism to increase regional supply resiliency under different climate change and population growth scenarios.

In 2007, the Board approved Metropolitan's role as a regional facilitator for seawater desalination. This includes supporting local projects during permitting and providing technical assistance when requested. Metropolitan's regional facilitation includes active participation in organizations advocating for desalination and salinity management, including CalDesal and the Southern California Salinity Coalition within California, and the Multi-State Salinity Coalition nationally. Metropolitan also participates in the National Alliance for Water Innovation ("NAWI"). NAWI is a Department of Energy-led, $100 million research effort focused on accelerating the commercialization of early-stage desalination technologies. New technologies developed by NAWI could reduce cost and environmental barriers to seawater desalination in California.

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In October 2014, seawater desalination projects became eligible for funding under Metropolitan's LRP. There is currently one local seawater desalination project in the design stage that ~~could receive LRP incentives.~~ is also a project under the LRP. South Coast Water District ("South Coast") is designing ~~a~~ the 5-mgd Doheny Ocean Desalination project (the "Doheny Project") in south Orange County. South Coast has obtained key State permits for the Doheny Project and has awarded a Phase 1 progressive design-build-operate-maintain contract. In April 2024, Metropolitan's Board authorized the General Manager to enter into an LRP Agreement with MWDOC and South Coast for the Doheny Project for up to 5,600 acre-feet per year. Metropolitan, MWDOC, and South Coast ~~are currently negotiating the terms of this agreement.~~ executed the LRP agreement in July 2026.

In 2015, Poseidon Resources LLC ("Poseidon") began operating the 56,000 acre-foot per year (50-mgd) Carlsbad Desalination Project and associated pipeline. SDCWA has a purchase agreement with Poseidon for a minimum of 48,000 acre-feet per year with an option to purchase an additional 8,000 acre-feet per year.

In August 2023, the Las Virgenes Municipal Water District ("LVMWD") entered into a memorandum of understanding with Natural Ocean Well Co ("OceanWell"), an offshore desalination company, to collaborate on a pilot and demonstration project of Ocean Well's offshore desalination system. The pilot project, which began in March ~~2025, consists~~ 2025 and was completed in June 2026, consisted of lowering a small test pod to a depth of approximately 100 feet in the Las Virgenes Reservoir to conduct studies related to the operation of submerged water filtration technology. The future demonstration project will consist of anchoring a larger pod to the ocean floor and installing an umbilical to deliver product water to shore at a mutually agreeable delivery point. In ~~October~~ 2024, six of Metropolitan's member agencies (the City of Burbank, ~~Callegaus~~ Calleguas Municipal Water District, LVMWD, City of Los Angeles, Three Valleys Municipal Water District and Upper San ~~Gabrial~~ Gabriel Valley Municipal Water District), the Los Angeles County Waterworks District No. 29, Malibu and the Santa Clarita Valley Water Agency ~~signed a letter of intent with OceanWell, relating to~~ funded a feasibility study to explore the potential for a 60 mgd subsea desalination project off the coast of Malibu referred to as "Water Farm 1." ~~OceanWell currently expects to complete a demonstration test in 2026 with the first phase of the Water Farm 1 project (approximately 5 mgd) to potentially be placed in service in 2028.~~

Local Supply Exchange Framework. In August 2025, Metropolitan's Board approved the Local Supply Exchange Framework (the "LSE ~~Framework)~~ Framework") to facilitate exchanges of locally produced supplies among its member agencies by utilizing Metropolitan's water supply and infrastructure. The LSE Framework was developed in collaboration with Metropolitan's member agencies through the business model review and refinement process undertaken in connection with the implementation of CAMP4W. Under the LSE Framework, one member agency would sell its locally produced water supply to another member agency via exchange with a Metropolitan water delivery. The local water supply sold would not enter Metropolitan's distribution system; instead, the selling member agency would produce and consume the local water supply within its service area, and Metropolitan would deliver an equivalent amount of water to the buying member agency. The selling and buying member agencies would coordinate the price for the local supply water through an agreement between such agencies. Metropolitan would coordinate the billing and accounting of the exchanged water.

METROPOLITAN'S WATER DELIVERY SYSTEM

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Primary Facilities and Method of Delivery

Metropolitan's water delivery system is made up of three basic components: the Colorado River Aqueduct (CRA), the California Aqueduct of the State Water Project, and Metropolitan's water distribution system. Metropolitan's delivery system is integrated and designed to meet the differing needs of its member agencies. Metropolitan seeks redundancy in its delivery system to assure reliability in the event of an outage. Improvements are designed to increase the flexibility of the system. Since local sources of water are generally used to their maximum each year, growth in the demand for water is partially met by Metropolitan. The operation of Metropolitan's water system is being made more reliable through the rehabilitation of key facilities as needed, improved preventive maintenance programs and the upgrading of Metropolitan's operational control systems. See "CAPITAL INVESTMENT PLAN" in this Appendix A.

The graphic that follows depicts Metropolitan's water delivery system, which is further described below.

METROPOLITAN'S WATER DELIVERY SYSTEM

Source: Metropolitan.

Colorado River Aqueduct. Work on the CRA commenced in 1933 and water deliveries started in 1941. A-66
Additional facilities were completed by 1961 to meet additional requirements of Metropolitan's member agencies. The CRA is 242 miles long, starting at the Lake Havasu intake and ending at the Lake Mathews terminal reservoir. Metropolitan owns all the components of the CRA, which include five pumping plants, 64 miles of canal, 92 miles of tunnels, 55 miles of concrete conduits, four reservoirs, and 144 underground siphons totaling 29 miles in length. The pumping plants lift the water approximately 1,617 feet over several mountain ranges to Metropolitan's service area. See "METROPOLITAN'S WATER SUPPLY– Colorado River Aqueduct" in this Appendix A.

State Water Project. The initial portions of the State Water Project serving Metropolitan were completed in 1973. The State Water Project, managed and operated by DWR, is one of the largest water supply projects undertaken in the history of water development. The State Water Project facilities dedicated to water delivery consist of a complex system of dams, reservoirs, power plants, pumping plants, canals and aqueducts to deliver water. Water from rainfall and snowmelt runoff is captured and stored in State Water Project conservation facilities and then delivered through State Water Project transportation facilities to water agencies and districts located throughout the Upper Feather River, Bay Area, Central Valley, Central Coast, and Southern California. Metropolitan receives water from the State Water Project through the main stem of the aqueduct system, the California Aqueduct, which is 444 miles long and includes 381 miles of canals and siphons, 49 miles of pipelines or tunnels and 13 miles of channels and reservoirs.

As described herein, Metropolitan is the largest (in terms of number of people it serves, share of State Water Project water it has contracted to receive, and percentage of total annual payments made to DWR therefor) of 29 agencies and districts that have entered into contracts with DWR to receive water from the State Water Project. Contractors pay all costs of the facilities in exchange for participation rights in the system. Thus, Contractors also have the right to use the portion of the State Water Project conveyance system necessary to deliver water to them at no additional cost as long as capacity exists. See "METROPOLITAN'S WATER SUPPLY–State Water Project" in this Appendix A.

Distribution System. Metropolitan's distribution system is a complex network of facilities which routes water from the CRA and State Water Project to Metropolitan's member agencies. The water distribution system includes components that were built beginning in the 1930s and through the present. Metropolitan owns all of these components, including nine reservoirs, five regional treatment plants, over 800 miles of transmission pipelines, feeders and canals, and 15 hydroelectric plants with an aggregate capacity of 130 megawatts.

In 2022, Metropolitan committed to equivalent water supply reliability for all member agencies. Based on performance during the 2020-2022 drought, improvements to the distribution system are planned or underway to achieve this commitment.

Diamond Valley Lake. Diamond Valley Lake, a man-made reservoir, built, owned and operated by Metropolitan, is located southwest of the city of Hemet, California. Excavation at the project site began in May 1995. Diamond Valley Lake was completed in March 2000, at a total cost of $2 billion, and was in full operation in December 2001. It covers approximately 4,410 acres and has capacity to hold approximately 810,000 acre-feet or 265 billion gallons of water. Imported water is delivered to Diamond Valley Lake during surplus periods. The reservoir provides more reliable delivery of imported water from the State Water Project during summer months, droughts and emergencies. In addition, Diamond Valley Lake can provide more than one-third of Southern California's water needs from storage for approximately six months after a major emergency (assuming that there has been no impairment of Metropolitan's internal distribution network). See

the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “METROPOLITAN’S WATER SUPPLY–Storage Capacity and Water in Storage” in this Appendix A for the amount of water in storage at Diamond Valley Lake.

Inland Feeder. Metropolitan’s Inland Feeder is a 44-mile-long conveyance system that connects the State Water Project to Diamond Valley Lake and the CRA. Construction of the Inland Feeder was completed in September 2009 at a total cost of $1.14 billion. The Inland Feeder provides greater flexibility in managing Metropolitan’s major water supplies and allows an additional 1,000 cfs from the East Branch of the California Aqueduct to be moved into Metropolitan’s service area, primarily into Diamond Valley Lake for storage. A-67

Operations Control Center. Metropolitan’s water conveyance and distribution system operations are coordinated from the Eagle Rock Operations Control Center (the “OCC”) centrally located in Los Angeles County. The OCC plans, balances and schedules daily water and power operations to meet member agencies’ demands, taking into consideration the operational limits of the entire system.

Water Quality and Treatment

General. Metropolitan filters and disinfects water at five water treatment plants: the F.E. Weymouth Treatment Plant in La Verne, the Joseph Jensen Treatment Plant in Granada Hills, the Henry J. Mills Treatment Plant in Riverside, the Robert B. Diemer Treatment Plant in Yorba Linda, and the Robert A. Skinner Treatment Plant in Winchester. In recent years, the plants typically treat between 0.8 billion and 1.0 billion gallons of water per day and have a maximum capacity of approximately ~~2.3~~ 2.4 billion gallons per day. Approximately 50 percent of Metropolitan’s water deliveries are treated water.

Metropolitan is operating in compliance with current State and federal drinking water regulations and permit requirements.

Federal and state regulatory agencies routinely identify potential contaminants and establish new water quality standards. Metropolitan continually monitors new water quality laws and regulations and frequently comments on new legislative proposals and regulatory rules. New water quality standards could affect the availability of water and impose significant compliance costs on Metropolitan. The federal ~~and California~~ Safe Drinking Water ~~Acts (“SDWAs”) establish~~ Act (“SDWA”) establishes drinking water quality standards, monitoring, and public notification and enforcement requirements for public water systems. ~~The~~ To achieve these objectives, the U.S. Environmental Protection Agency (the “USEPA”), as the lead ~~federal~~ regulatory authority, promulgates national drinking water regulations and develops the mechanism for individual states to assume primary enforcement responsibilities. The SWRCB DDW has primary responsibility for the regulation of public water systems in the State. Drinking water delivered to customers must comply with statutory and regulatory water quality standards designed to protect public health and safety. Metropolitan operates its five water treatment plants under a domestic water supply permit issued by DDW, which is amended, as necessary, such as when significant facility modifications occur. Metropolitan operates and maintains water storage, ~~treatment, and conveyance facilities;~~ treatment and conveyance facilities, implements watershed management and protection ~~activities; performs inspections;~~ activities, performs inspections, monitors drinking water ~~quality;~~ quality, and submits monthly and annual compliance reports. In addition, public water system discharges to state and federal waters are regulated under general National Pollutant Discharge Elimination System (“NPDES”) permits. These NPDES permits, which the SWRCB ~~issues~~ issued to Metropolitan, contain numerical effluent limitations, ~~and~~ monitoring, reporting, and notification requirements for water discharges from the facilities and pipelines of Metropolitan’s water supply and distribution system.

Groundwater. As described herein, Metropolitan has established five groundwater storage programs with other water ~~agencies which allow Metropolitan to store available supplies in the Central Valley for return later.~~ agencies. These programs help manage supplies by ~~putting into storage~~ allowing Metropolitan to store surplus water in years when it is available and ~~converting that to dry year~~ convert it into dry-year supplies to be

returned when needed. These programs can also provide emergency supplies. See "METROPOLITAN'S WATER SUPPLY–Water Transfer, Storage and Exchange Programs –State Water Project Agreements and Programs" and "–Storage Capacity and Water in Storage" in this Appendix A. Generally, water returned to Metropolitan under these groundwater storage programs ("return water") may be made available in one of two ways: by direct pump back from a groundwater well to the California Aqueduct or, when available, by an exchange with a supply already in the aqueduct. Water quality issues can arise in water returned by direct pumping as a result of ~~the presence of~~ a water quality contaminant in the groundwater storage basin and due to the imposition of stricter water quality standards by federal or State regulation.

In 2017, the SWRCB adopted a regulation setting an MCL for TCP of five parts per trillion ("ppt") based upon a running annual average. TCP is a manufactured chemical used as a cleaning and degreasing solvent and has been found at industrial and hazardous waste sites. It is also associated with pesticide products used in agricultural practices. TCP has been recognized by the State of California as a likely human carcinogen. In January 2018, the new regulation went into effect. Under the new regulation, drinking water agencies are required to perform quarterly monitoring of TCP. There have been no detections of this chemical in Metropolitan's system. However, TCP has been detected above the MCL in groundwater wells of ~~two of~~ Metropolitan's groundwater storage program ~~partners through monitoring performed by these agencies.~~ partners. Levels detected in groundwater wells of Arvin-Edison are the highest and impact Metropolitan's ability to put water ~~into storage~~ and take return water under that program. ~~See~~ As noted under "METROPOLITAN'S WATER SUPPLY–Water Transfer, Storage and Exchange Programs –State Water Project Agreements and Programs – *Arvin-Edison/Metropolitan Water Management Program"* in this Appendix A. ~~The levels of TCP detected at Metropolitan's other groundwater storage programs are much lower and impact fewer groundwater wells. Metropolitan is evaluating the effects of TCP on the return capability of those programs.~~ A-68

~~Possible remediation measures include, for example, return water with other~~

Return options for banking programs with wells impacted by TCP include returning water with surface water supplies, ~~removal of~~ removing TCP-impacted wells from service, ~~return water by exchange, or treatment. Additional~~ or treatment. Metropolitan may incur additional capital and/or operation and maintenance costs ~~could be incurred by Metropolitan in connection with remediation~~ associated with treatment options, but the magnitude of ~~such~~ these costs is not yet known at this time. To the extent ~~return~~ groundwater quality prevents the return of water under one or more groundwater storage ~~programs could not be utilized due to groundwater quality,~~ programs, the available supply of stored water during extended drought or emergency periods would be reduced.

Perchlorate. Perchlorate is both a naturally occurring and man-made chemical used in the production of rocket fuel, missiles, fireworks, ~~flares,~~ flares and explosives. It is also sometimes present in bleach and in some fertilizers. Groundwater in the Henderson, Nevada ("Henderson") area has been contaminated with perchlorate as a result of two former chemical manufacturing facilities, and there are ongoing remediation programs to mitigate its release into the Las Vegas Wash and the downstream Colorado River. On July 21, 2020, the USEPA withdrew its 2011 determination to regulate perchlorate under the SDWA and issued a new determination that perchlorate does not meet the statutory criteria for regulation. Thus, there is currently no federal drinking water standard for perchlorate, which could potentially affect remediation efforts at two sites in the Henderson area (described below). The Natural Resources Defense Council ~~(the "NRDC")~~ challenged the USEPA's action, and the U.S. Court of Appeals for the District of Columbia ruled in May 2023 that the USEPA must regulate perchlorate. In January 2024, the USEPA agreed to propose a maximum contaminant level goal ("MCLG") and a national primary drinking water regulation ("NPDWR") for perchlorate by November 21, 2025, and to publish a final MCLG and NPDWR for perchlorate by May 21, 2027.

Pursuant to the consent decree, as subsequently amended, USEPA was required to sign a proposed NPDWR and MCLG for perchlorate by January 2, 2026, and is required to sign a final rule by May 21, 2027. On January 2, 2026, USEPA signed, and on January 6, 2026 published, a proposed NPDWR for perchlorate. USEPA proposed a health-based MCLG of 20 micrograms per liter and requested comment on alternative enforceable MCLs of 20 micrograms per liter, 40 micrograms per liter or 80 micrograms per liter. USEPA also proposed monitoring, mitigation, public notification, consumer confidence reporting and regulatory reporting for public water systems. The public comment period closed on March 9, 2026. As of the date of this Official Statement, USEPA has not issued a final rule. If finalized at any of the proposed levels, the federal MCL would be higher than California's existing MCL of 6 micrograms per liter and would not displace California's more stringent standard applicable to public water systems in California.

California is reviewing its MCL for perchlorate in light of a revised Public Health Goal ("PHG") of 1 ~~µ g/L~~ µg/L adopted in February 2015. PHGs are established by the California Office of Environmental Health Hazard Assessment ("OEHHA") and used as the basis for the development of a State regulation setting an MCL. The SWRCB is required to set an MCL for a chemical as close to the PHG as is technologically and economically feasible, placing primary emphasis on the protection of public health. DDW is conducting an in-depth risk management analysis to determine whether to revise the perchlorate MCL of 6 ~~µ g/L.~~ µg/L. The detection limit for purposes of reporting ("DLR") for perchlorate was lowered to 2 ~~µ g/L~~ µg/L in July 2021, and it was further reduced to 1 ~~µ g/L~~ µg/L in January 2024. With a revised DLR, new occurrence data can be collected to support the development of a revised California MCL for perchlorate, if appropriate. If California's MCL for perchlorate is revised to a level less than 6 ~~µ g/L,~~ µg/L, it will be important for the oversight ~~agencies,~~ agencies - the USEPA and the Nevada Division of Environmental ~~Protection,~~ Protection - to ensure that the perchlorate contamination originating at the two former chemical manufacturing facilities in Henderson is remediated to a level that minimizes impacts to the Colorado River and that perchlorate concentrations at Metropolitan's Whitsett Intake at Lake Havasu stay at levels below California's MCL. Metropolitan was successful in 2023 in advocating for the USEPA and the Nevada Division of Environmental Protection to require the Nevada Environmental Response Trust ~~("NERT")~~ ("NERT"), which is responsible for cleaning up the former site of one of the chemical manufacturers in ~~Henderson)~~ Henderson, to use California's current MCL of 6 ~~µ g/L~~ µg/L for perchlorate, California's PHG for perchlorate of 1 ~~µ g/L,~~ µg/L, California's current MCL of 50 ~~µ g/L~~ µg/L for total chromium, and California's ~~then-proposed, and now adopted,~~ then-proposed MCL of 10 ~~µ g/L for hexavalent chromium~~ µg/L for hexavalent chromium, which became effective October 1, 2024, as to-be-considered criteria ("TBCs") for remedial action objectives. The designation of these regulatory levels as TBCs requires the NERT to explicitly consider these values throughout the upcoming feasibility study and to follow all applicable guidance related to doing so. The feasibility study is the mechanism for the development, screening, and detailed evaluation of alternative remedial actions. Metropolitan will continue to monitor the cleanup of the two former chemical manufacturing facilities in Henderson and to monitor and participate in federal and state rulemaking proceedings.

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PFAS. In recent years, state and federal agencies have undertaken a variety of efforts towards the development of laws and regulations regarding per- and polyfluoroalkyl substances ~~("PFAS")~~ ("PFAS"). PFAS are substances widely used in consumer and industrial products such as fabrics, carpets, firefighting foams, food packaging, and nonstick cookware and are known for their nonstick, waterproof, and heat and stain resistant properties. Perfluorooctane sulfonate ("PFOS") and perfluorooctanoic acid ("PFOA") are the two most common PFAS.

State PFAS Regulations. In August 2019, DDW lowered the notification levels ("NLs") for PFOS from 13 ppt to 6.5 ppt and for PFOA from 14 ppt to 5.1 ppt. NLs are non-regulatory, precautionary health-based measures for concentrations of chemicals in drinking water that warrant notification and further monitoring and assessment. If a chemical concentration is greater than its NL in drinking water that is provided to consumers, DDW recommends that the utility inform its customers and consumers about the presence of the

chemical, and about health concerns associated with exposure to it. In February 2020, DDW lowered the response levels ("RLs") for PFOA and PFOS from 70 ppt for individual or combined concentrations to 10 ppt for PFOA and 40 ppt for PFOS. An RL is set higher than an NL and represents a chemical concentration level at which DDW recommends a water system consider taking a water source out of service or providing treatment if that option is available to them. Legislation that took effect on January 1, 2020 (California Assembly Bill 756) requires that water systems that receive a monitoring order from the SWRCB and detect levels of PFAS that exceed their respective RL must either take a drinking water source out of use or provide specified public notification if they continue to supply water above the RL. In March 2021, DDW set an NL of 0.5 parts per billion ("ppb") and an RL of 5 ppb for perfluorobutane sulfonic acid ("PFBS"), another PFAS chemical. In October 2022, DDW issued an NL of 3 ppt and an RL of 20 ppt for perfluorohexane sulfonic acid ("PFHxS"). Also in October 2022, the SWRCB issued a general order requiring select public water systems to monitor for PFAS. In April 2024, OEHHA adopted PHGs for PFOA at 0.007 ppt and PFOS at 1 ppt, a further step in the process of establishing MCLs in drinking water. In September 2024, OEHHA recommended an NL for PFHxA of 1,000 ppt. ~~In May 2025, DDW requested OEHHA also develop~~ DDW requested that OEHHA establish a PHG for ~~PFHxS. On July 3, 2025, DDW proposed lowering~~ PFHxS on May 27, 2025. On October 3, 2025, OEHHA announced that it would be developing the PHG for PFHxS and requested data and information that could assist in conducting the risk assessment and in calculating the PHG. The deadline for submitting data and information was November 3, 2025. On October 29, 2025, DDW lowered the NLs for PFOA and PFOS to 4 ppt, ~~lowering~~ lowered the RL for PFHxS to 10 ppt, and ~~establishing~~ established a new NL and RL for PFHxA at 1,000 ppt and 10,000 ppt, respectively. Metropolitan monitors annually for PFAS and has periodically detected certain PFAS near the method detection limits.

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On December 12, 2025, DDW issued General Order DW 2025-0002-DDW under Health and Safety Code sections 116378 and 116530, requiring community and non-transient community water systems to conduct initial PFAS monitoring consistent with the federal PFAS NPDWR and in preparation for California-specific PFAS regulations. Sampling must be completed by March 31, 2027, and results reported by April 26, 2027. Metropolitan is subject to the Order for specific sources and is conducting the required monitoring.

Federal PFAS Regulations. In 2016, the USEPA established non-enforceable and non-regulatory health advisories for PFOA and PFOS at single or combined concentrations of 70 ppt in treated drinking water. These advisories indicate the level of drinking water contamination below which adverse health effects are not expected to occur. On June 15, 2022, the USEPA established new interim, updated drinking water health advisories for PFOA and PFOS at concentrations of 0.004 ppt and 0.02 ppt, respectively. In its announcement, the USEPA noted that such concentrations are below the ability to detect under current detection methods. On June 15, 2022, the USEPA also established final health advisories for GenX chemicals (as defined below) and for PFBS of 10 ppt and 2,000 ppt, respectively.

On December 27, 2021, the USEPA published the final Fifth Unregulated Contaminant Monitoring Rule ("UCMR 5") for public water systems which includes monitoring for 29 PFAS in drinking water. UCMR 5 required pre-sampling preparations in 2022, and ~~requires~~ required sample collection from 2023 through 2025, with reporting of final results through 2026.

On July 1, 2026, USEPA proposed the Sixth Unregulated Contaminant Monitoring Rule ("UCMR 6"), which would require designated public water systems to monitor for 30 additional unregulated contaminants, including ultrashort organofluorine compounds (such as certain PFAS), pesticides, and industrial solvents, during a 12-month period between January 2028 and December 2030. As of the date of this Official Statement, UCMR 6 remains a proposed rule.

On April 10, 2024, the USEPA announced final regulations establishing the first national drinking water standards for six PFAS which became effective on June 25, 2024. The regulations set: (1) an MCL of 4

ppt for PFOA and PFOS; (2) an MCLG of zero for PFOA and PFOS; and (3) an MCL and MCLG of 10 ppt each for perfluorononanoic acid ("PFNA"), hexafluoropropylene oxide dimer acid ("HFPO-DA," commonly known as "GenX chemicals"), and PFHxS. In addition, the USEPA set a novel hazard index MCL and MCLG of 1 (unitless) for any two or more of the following four PFAS as a mixture: PFNA, PFHxS, GenX chemicals, and PFBS. The regulations require public water systems to monitor for these PFAS. The initial monitoring ~~was to~~ must be completed by ~~June~~ April 2027, followed by ongoing compliance monitoring. Water systems must also provide the public with information on the levels of these PFAS in their drinking water, which was to begin in 2027. Under existing regulations, water systems must comply with the PFAS MCLs by April 2029.

On May ~~14, 2025, the USEPA announced it plans to retain the MCLs of 4 ppt~~ 18, 2026, USEPA announced two proposed rules concerning the 2024 PFAS drinking water regulations. The first proposal would retain the 4 ppt MCLs for PFOA and PFOS and establish a federal exemption process under which eligible water systems in jurisdictions that have not obtained primacy for those MCLs could request up to two additional years, until 2031, to achieve compliance. The second proposal would rescind the regulatory determinations, MCLGs, MCLs, and related requirements for PFHxS, PFNA, Gen X Chemicals, and the hazard-index mixtures containing those PFAS and PFBS. The public comment period for both proposals closed on July 20, 2026. The requirements and deadlines established by the 2024 PFAS regulations remain in effect, unless and until the proposals are finalized, or the existing regulations are modified or vacated through litigation. A-71

On June 7, 2024, the American Water Works Association ("AWWA"), the Association of Metropolitan Water Agencies ("AMWA"), and several chemical industry associations filed petitions for review in federal court of appeals claiming that the USEPA failed to comply with the federal SDWA when establishing the MCLs and MCLGs for the PFOA, PFOS, PFNA, PFHxS and GenX Chemicals. The litigation was stayed for several months while new USEPA leadership determined how to proceed. On September 11, 2025, the USEPA filed a motion to vacate the MCLs, MCLGs, and its determination to regulate PFNA, PFHxS, and the GenX Chemicals individually and to ~~extend for two years until 2031 the deadline for water systems to meet the drinking water~~ regulate mixtures of those three PFAS and PFBS through a hazard index. The USEPA did not request that the MCLs and MCLGs for PFOA and PFOS be vacated. On January 21, 2026, the U.S. Court of Appeals of the District of Columbia Circuit denied USEPA's motion for partial vacatur, concluding the merits of the parties' positions were not sufficiently clear to warrant summary action. On March 6, 2026, USEPA notified the court that it no longer advances portions of its brief defending the procedures used to regulate PFNA, PFHxS, GenX chemicals and the hazard index mixtures, while continuing to defend the standards for PFOA and PFOS. ~~USEPA also announced that it intends to rescind and reconsider the MCLs and MCLGs for PFHxS, PFNA, and GenX Chemicals individually, as well as the hazard index MCL and MCLG for any combination of PFHxS, GenX chemicals, PFNA, and PFBS. The USEPA plans to issue a proposed rule in the Fall of 2025 to formalize the extended compliance timeline for PFOA and PFOS, with a final rule expected in the Spring of~~ The court subsequently denied USEPA's request to sever and hold challenges to the other PFAS standards in abeyance. Oral argument is scheduled for September 18, 2026.

On September 6, 2022, the USEPA issued a proposed rule designating PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"). On April 13, 2023, the USEPA requested public input on whether to designate: (i) seven additional PFAS (PFBS, PFHxS, PFNA, GenX, PFBA, PFHxA, and perfluorodecanoic acid ("PFDA"), (ii) precursors to these seven PFAS and to PFOA and PFOS, and (iii) groups or categories of PFAS, as hazardous substances under CERCLA. Metropolitan provided comments on these proposals and urged the USEPA to further evaluate the potentially significant impacts of the proposed CERCLA designation on water and wastewater utilities. On May 8, 2024, the USEPA published its final rule designating PFOA and PFOS, including their salts and structural isomers, as CERCLA hazardous substances. The rule became effective on July 8, 2024.

On June 10, 2024, the Chamber of Commerce of the United States of America, Associated General Contractors of America, Inc., and National Waste & Recycling Association filed a Petition for Review, asking the D.C. Circuit Court to decide whether the USEPA acted appropriately in designating PFOA and PFOS as CERCLA hazardous substances. The American Chemistry Council and ~~others have also filed petitions for review. The NRDC and other groups have moved to intervene~~ other organizations filed related petitions, and several environmental organizations intervened in defense of ~~the USEPA's final rule. The litigation has been stayed since February 24, 2025, to give the new Administration time to decide how to proceed. The USEPA has told the court that the USEPA could take further action that may obviate the need for judicial resolution of some or all of the disputed issues. On September 17, 2025, USEPA filed a motion to govern future proceedings.~~ USEPA's rule. On September 17, 2025, the USEPA announced that it ~~is retaining~~ would retain the CERCLA hazardous substance designation for PFOA and PFOS and intends to develop a CERCLA Section 102(a) Framework Rule to provide a uniform approach to guide future hazardous substance designations. Following briefing, the D.C. Circuit Court heard oral arguments on January 20, 2026. On August 18, 2026, a unanimous 3-judge panel of the D.C. Circuit upheld EPA's 2024 designation of PFOA and PFOS as hazardous substances. It is uncertain at this time if any of the parties will seek review of the panel's decision.

On February 8, 2024, the USEPA issued two proposed rules: (1) listing 9 PFAS (PFOA, PFOS, PFBS, HFPO–DA or GenX Chemicals, PFNA, PFHxS, PFDA, PFHxA, and PFBA) as hazardous constituents under the Resource Conservation and Recovery Act ("RCRA"); and (2) amending RCRA's definition of "hazardous waste" to clarify the USEPA's authority to address releases of all substances that meet the definition of hazardous waste under RCRA. ~~These two proposed rules may be the first step in the USEPA possibly naming these PFAS as RCRA hazardous waste.~~ The proposal to list nine PFAS as hazardous constituents remains pending and could be a first step toward a later rulemaking to designate one or more PFAS as hazardous wastes under the RCRA. Listing any PFAS as hazardous waste under RCRA would result in the automatic designation of that PFAS as a hazardous substance under CERCLA. On May 8, 2026, USEPA withdrew the proposal to amend the RCRA's definition of "hazardous waste," concluding that proposed amendments were unnecessary because existing statutory and regulatory authorities provide sufficient tools to impose protective permit conditions and address releases when appropriate. Metropolitan will continue to monitor and participate in federal and state rulemaking proceedings. A-72

On April 23, 2026, USEPA issued interim guidance concerning the destruction and disposal of PFAS and PFAS-containing materials, but the interim guidance does not establish legally binding disposal requirements.

Metropolitan annually monitors for PFAS in its water supply and has periodically detected low levels of certain PFAS. Metropolitan has not identified any specific sources of the PFAS that have reached its water supply, and the occasional PFAS detections generally remain below the State's required reporting values and levels requiring notification or response. In December 2025 and March 2026, PFOS was detected at concentrations of 4.8 ppt and 4.6 ppt, respectively, in a dewatering well at the Jensen Water Treatment Plant. Because the well is identified as a source water under a 2025 DDW monitoring order and the detected concentrations exceeded the State NL of 4 ppt, Metropolitan notified its governing body and the agencies directly receiving treated water from the Jensen Water Treatment Plant. Water from the well is treated at the washwater reclamation plant and blended with other sources before treatment at the Jensen Water Treatment Plant. Following treatment and blending, PFOS concentrations in the influent from the Jensen Water Treatment Plant were below the Consumer Confidence Report Detection Level of 2 ppt, and the quality of the water leaving the plant was not affected. Certain of Metropolitan's member agencies have detected ~~PFOA and/or PFOS~~ PFAS in their groundwater ~~wells and such~~ wells. If DDW establishes MCLs for certain PFAS, affected member agencies may be required to implement treatment or inactivate their affected sources to remain in compliance with DDW ~~regulations. Metropolitan may experience increased demands for its~~

~~imported water to help offset the potential loss of any affected local supplies.~~ regulations, which could cause those systems to supplement their water needs with increased purchases of Metropolitan water.

Seismic Considerations and Emergency Response Measures

General. Metropolitan's system overlays a region of high seismicity. The conveyance and distribution systems traverse numerous faults capable of generating large magnitude earthquakes and some of Metropolitan's treatment plants, pressure control facilities, and other structures have the potential of experiencing high levels of earthquake-induced shaking. To mitigate this risk, Metropolitan routinely assesses the seismic hazards and potential risks to its facilities. It makes strategic investments through projects to limit overall system damage, improve post-earthquake recovery time, and reduce the impacts felt by the population and businesses. Metropolitan's strategy utilizes a defense-in-depth approach to prepare for and respond to the event adequately. Metropolitan's defense-in-depth approach includes the following priorities: (1) provide a diversified water supply portfolio, increase system flexibility, and maintain adequate levels of emergency storage to be able to withstand the potential disruption of imported supplies; (2) prevent damage to water delivery infrastructure in probable seismic events and limit damage in extreme events through the systematic review and upgrade of facilities for which deficiencies are identified; and (3) minimize the duration of water delivery interruptions through a dedicated emergency response and recovery organization, including in-house design, construction, and fabrication capability.

As part of its goal to increase the diversification of the local water portfolio, Metropolitan has provided monetary assistance to member agencies to develop new local water supplies. Increased and improved diversification of local supplies also improves the region's reliability in the event of a significant seismic event. In addition, Metropolitan is evaluating the feasibility of implementing ~~the~~ a regional recycled water program referred to as PWSC. See "REGIONAL WATER RESOURCES–Local Water Supplies – *Recycled Water-Metropolitan Pure Water Southern California Program"* in this Appendix A. If completed, it is expected that PWSC would provide up to 150 million gallons per day of advanced treated recycled water for groundwater replenishment. The program, if completed, could provide an additional reliable water source within Metropolitan's service area in the event of an interruption of imported supplies. A-73

In 2000, Metropolitan completed Diamond Valley Lake, an 810,000-acre-foot capacity reservoir located on the coastal side of the San Andreas Fault. With the completion of Diamond Valley Lake, Metropolitan nearly doubled its available in-region surface storage and improved its ability to capture water from Northern California in wet years. Water from Diamond Valley Lake can supply four of Metropolitan's five water treatment plants. Planned system flexibility improvements currently in design and construction will make it possible to transport water from Diamond Valley Lake throughout ~~Metropolitan's distribution system.~~ the entire distribution system, reaching the last treatment plant through pumping. Diamond Valley Lake, along with the other in-region reservoirs, are used to maintain a six-month emergency storage reserve outside of the operational storage in case of disruption of the imported water supplies. See "–Primary Facilities and Method of Delivery – *Diamond Valley Lake."*

Metropolitan has developed a Seismic Upgrade Program to systematically evaluate its above-ground facilities for seismic risk and prioritize its upgrade effort. Structures undergo an initial rapid evaluation and, if a potential deficiency is identified, will then undergo a detailed structural evaluation to assess the required upgrades. Deficient facilities are upgraded to meet current seismic standards based on criticality to the water delivery system. Previous projects include seismic upgrades to the pump plant buildings for the CRA and upgrades to various facilities at Metropolitan's treatment plants, such as wash water tanks, filter basins, and administration buildings. For existing pipelines, seismic resilience will be incorporated as a component of pipeline rehabilitation projects. Metropolitan will evaluate each upgrade individually to balance risk, performance, and cost-effectiveness. Metropolitan is currently implementing a long-term program to replace or reline its prestressed concrete cylinder pipe with a welded steel pipe to extend its service life. Providing a steel

liner insert will also improve the seismic performance of these pipelines. Another example of Metropolitan's continued effort to enhance the seismic resilience of its pipelines is the completion in early 2023 of a project to install earthquake-resistant ductile iron pipe at a location where the CRA crosses the Casa Loma Fault.

Metropolitan has an ongoing surveillance program that monitors the safety and structural performance of its dams and reservoirs permitted by DWR's Division of Safety of Dams. Operating personnel perform regular inspections that include monitoring and analyzing seepage flows and pressures. Engineers responsible for dam safety review the inspection data and monitor each dam's horizontal and vertical ~~movements.~~ displacements. Major on-site inspections are performed at least twice each year. Instruments that transmit seismic acceleration time histories for analysis are installed at critical sites when a dam is subjected to strong motion during an earthquake.

Metropolitan has developed an emergency plan that calls for specific response levels appropriate to an earthquake's magnitude and location. Included in this plan are various communication tools, as well as a structured plan of management that varies with the severity of the event. Pre-designated personnel follow detailed steps for field facility inspection and distribution system patrol. Approximately 200 employees are designated to respond immediately if seismic events exceed a certain magnitude. An Emergency Operations Center ("EOC") is maintained at the OCC. The OCC/EOC, specifically designed to be earthquake resistant, contains communication equipment, including a radio transmitter, microwave capability, and a response line linking Metropolitan with its member ~~agencies~~ agencies, and DWR. The OCC/EOC also has the capability of communicating with other utilities, County EOCs, and the State's Office of Emergency Services. Metropolitan also maintains in-house capability to address two major pipeline breaks simultaneously as part of its emergency response plan to restore operation shortly after a significant seismic event.

In conjunction with DWR and LADWP, Metropolitan has formed the Seismic Resilience Water Supply Task Force to collaborate on studies and mitigation measures aimed at improving the reliability of imported water supplies to Southern California. Specific task force goals include revisiting historical assumptions regarding potential aqueduct outages after a seismic event; establishing a common understanding about individual agency aqueduct vulnerability assessments, projected damage scenarios, and planning assumptions; and discussing ideas for improving the resiliency of Southern California's imported water supplies through multi-agency cooperation. The task force has established multi-year goals and will continue to meet on these issues and develop firm plans for mitigating seismic vulnerabilities. A-74

Metropolitan's resiliency efforts include manufacturing, pipe fabrication, and coating capabilities in its facilities in La Verne, California. Investments to upgrade the La Verne shop facilities in order to enhance and expand Metropolitan's capacity to provide fabrication, manufacturing, and coating services for rehabilitation work, maintenance activities, and capital projects ~~are ongoing. Building improvements to the shop facilities will be completed in late 2025 and refurbishment~~ has reached another milestone, with the completion of the Phase 5 upgrade. Refurbishment or replacement of the remaining aging equipment will ~~follow.~~ continue. Metropolitan can also provide manufacturing, coating, and fabrication services upon request through reimbursable agreements to member agencies and DWR. These agreements have enhanced timely and cost-effective emergency response capabilities. Materials to fabricate pipe and other appurtenant fittings are kept on site. In the event of earthquake damage, Metropolitan has taken measures to provide the capacity to design and fabricate pipe and manufacture fittings. Metropolitan is also staffed to perform emergency repairs.

DWR has in place a seismic assessment program that evaluates the State Water Project's vulnerability to seismic events and makes recommendations for improvements. The assessment is important because the California Aqueduct crosses ~~many~~ multiple major faults. The State Water Project delivers water supplies from Northern California that must traverse the Bay-Delta through hundreds of miles of varying levels of engineered levees that are potentially susceptible to significant damage due to flood and seismic risk. In the event of a failure of the Bay-Delta levees, the quality of the Bay-Delta's water could be severely compromised as

saltwater comes in from the San Francisco Bay. Metropolitan's supply of State Water Project water would be adversely impacted if pumps that move Bay-Delta water southward to the Central Valley and Southern California are shut down to contain the saltwater intrusion. Metropolitan estimates that stored water supplies, CRA supplies and local water resources that would be available in case of a levee breach or other interruption in State Water Project ~~supplies~~ supplies, combined with conservation efforts, would meet demands in Metropolitan's service area for approximately six months. See "METROPOLITAN'S WATER SUPPLY–Storage Capacity and Water in Storage" in this Appendix A.

Metropolitan, in cooperation with the other State Water Project contractors, developed recommendations to DWR for emergency preparedness measures to maintain continuity in export water supplies and water quality during seismic and other emergency ~~events, which~~ events. Some recommendations have been implemented ~~or implementation is~~ and others are in progress. These measures include improvements to emergency construction materials stockpiles in the Bay-Delta, improved emergency contracting capabilities, strategic levee improvements and other structural measures of importance to Bay-Delta water export interests, including development of an emergency freshwater pathway to export facilities in a severe earthquake.

See also "RISK FACTORS—Earthquakes, Floods, Wildfires and Other Disasters" in the front part of this Official Statement. A-75

~~Wildfire~~ Wildfires Risk Management Response

Wildfires ~~are an ever-present reality~~ remain a constant threat in California. In January 2025, ~~a series of fires fueled by windstorms ignited in Southern California. According to reports by the California Department of Forestry and Fire Protection ("CalFire"), the fires burned over~~ wind driven fires in Southern

- California burned more than 57,000 acres and destroyed ~~more than 18,000 homes and structures in the Southern California region (the "January 2025 Wildfires"). The most destructive of such fires, the Palisades Fire and the Eaton Fire, occurred within the County of Los Angeles.~~

~~Throughout the windstorm and fire~~ over 18,000 structures, with the Palisades and Eaton fires causing the most damage in Los Angeles County. During these events, Metropolitan activated its ~~EOC to monitor the situation. Incident command posts were also activated to respond to developments as needed. Metropolitan coordinated with emergency management agencies throughout the January 2025 Wildfires, and made certain adjustments to its~~ EOC, coordinated closely with emergency agencies, adjusted system operations to ~~enhance flexibility and support response efforts for affected member agencies. In addition, Metropolitan~~ support affected member agencies, and provided mutual assistance, particularly ~~in connection with the Eaton Fire, to impacted agencies. While certain staff in the affected areas were relocated during the January 2025 Wildfires, and Metropolitan experienced certain power outages requiring the use of back-up generators, there were no significant impacts or disruption to Metropolitan's operations. Metropolitan did not experience any significant damage to Metropolitan's facilities resulting from the January 2025 Wildfires.~~ for the Eaton Fire. Although some staff were temporarily relocated and power outages required backup generators, Metropolitan sustained no significant damage and experienced no major operational disruptions.

Water conveyance facilities generally consist of pipelines and connections, flow control facilities, tanks, reservoirs, wells, treatment stations and pumping stations, which are not typically vulnerable to damage by wildfires. The above ground facilities within the Water System, such as treatment plants, operations centers, pressure control structures, and telecommunications sites (often on or near mountain peaks where wildfires may occur), are more vulnerable, but are generally designed to be tolerant to damage by wildfires through the use of fire resistant material where possible, such as concrete, steel and masonry blocks. Metropolitan maintains standby power generators at all critical facilities to provide for continued operations in the event of widespread disruptions to the electric grid or other power outages that may occur as a result of a significant fire.

Metropolitan is preparing fire management plans for each of its facilities or campuses that will include pre-suppression, suppression, and post-suppression activities. The plans will be based on a risk assessment that considers location, facility conditions, criticality of the facility to operations, sensitive habitat within and adjacent to the facility, and fire risk. A desktop assessment has been completed and approximately 27 campuses were identified as having a higher risk or criticality; these campuses will be the initial focus. A report for each campus with recommendations will be completed and will help inform future implementation for structure hardening, creation of defensible space, and landscape improvements. To complement the fire management plans, Metropolitan is developing sustainable landscape guidelines. These will be master guidelines for use throughout Metropolitan, and include appropriate design, plant selection, and maintenance to minimize fire risk as landscape can provide an effective barrier or deterrent. Both the fire management plans and sustainable landscape guidelines are being developed to adhere to existing laws and regulations. Staff is working closely with CalFire and monitoring changes to fire hazard zone mapping and updates to State regulations.

Metropolitan also continues to actively prepare for wildfires by collaborating with partner agencies such as CalFire, DWR, and counties to implement preparedness measures to protect watersheds. Examples of these efforts include removing brush from fire prone areas, as well as removing by-products of large fires such as ash, fire retardant, and other debris that could negatively affect water quality. In September 2024, Metropolitan's Board approved a funding contribution towards three forest restoration programs, through a financing mechanism managed by the Blue Forest non-profit corporation, a third-party organization. Metropolitan's contribution is directed toward three forest restoration projects in the northern Sierra: two in the Feather River watershed above Lake Oroville and one in Upper Butte Creek. The programs, to be implemented by Lassen National Forest, Plumas National Forest, Sierra Institute and other organizations, will include pilot investigations aimed toward a better understanding of the effect of improving watershed health on water quality, water supply, habitat protection, wildfire risk reduction, and carbon sequestration. The restoration efforts vary by watershed but include forest thinning, forest restoration after a wildfire and protection of areas not recently burned.

During and after nearby wildfire events, Metropolitan coordinates with local fire departments, as well as participating in joint training and exercises throughout the year. Metropolitan tests its emergency communications processes through regular tests of emergency radio networks, satellite phones, mass-communication alerting systems, and online information sharing systems. A-76

See also "RISK FACTORS—Earthquakes, Floods, Wildfires and Other Disasters" in the front part of this Official Statement.

Security Measures

Metropolitan's water and energy facilities are federally-determined critical infrastructure. Metropolitan deploys multiple layers of physical security and collaborates with federal and state partners to mitigate malevolent threats. It manages a physical security system consisting of electronic access controls, a surveillance and intrusion warning system, and a round-the-clock security watch center. Metropolitan maintains professional, in-house security specialists and retains a 200+ contract security guard force. It directs a capital improvement program to harden physical infrastructure. Metropolitan collaborates with key federal and State security partners, which entails on-site consultations, inter-agency mock exercises, real-time monitoring, and first response coordination. It follows the chain-of-custody protocols of the FERC and the North American Electric Reliability Corporation. Finally, Metropolitan complies with regulations authorized under the Bioterrorism Response Act of 2002, the Aviation and Transportation Security Act of 2001, and the America's Water Infrastructure Act of 2018.

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CAPITAL INVESTMENT PLAN

General Description

Metropolitan's current Capital Investment Plan (the "Capital Investment Plan" or "CIP") describes Metropolitan's infrastructure and system reliability projects, either as new assets, upgrades to existing capital ~~assets,~~ assets or refurbishment and replacements of existing facilities. The CIP is Metropolitan's planning document to ensure asset reliability, enhance operational efficiency and flexibility, and ensure compliance with water quality regulations.

Metropolitan's CIP is regularly reviewed and updated. Metropolitan's biennial budget process includes a review of the projected long-term capital needs and the development of a capital expenditure forecast for the next ten years, as well as the identification of the capital priorities of Metropolitan over the biennial budget term. The award of major contracts and professional services agreements is subject to approval by Metropolitan's Board. Pursuant to the Administrative Code, following the adoption of the biennial budget, a Board action is presented to (1) appropriate the total amount of approved biennial CIP expenditures and (2) authorize the General Manager to initiate or proceed with work on capital projects identified in the CIP for such biennial period. The amount and timing of borrowings to fund capital expenditures will depend upon the status of construction activity and water demands within Metropolitan's service area, among other factors. From time to time, projects that have been undertaken are delayed, redesigned, or deferred by Metropolitan for various reasons, and no assurance can be given that a project in the CIP will be completed in accordance with its original schedule or that any project will be completed as currently planned. In addition, from time to time, when circumstances warrant, Metropolitan's Board may approve capital expenditures other than or in addition to those contemplated by the CIP at the time of the then-current biennial budget.

Projection of Capital Investment Plan Expenditures

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The table below sets forth the projected CIP expenditures by project type for the fiscal years ending June 30, ~~2026 through 2030,~~ 2027 through 2031, as reflected in the biennial budget for fiscal years ~~2024-25 and 2025-26.~~ 2026-27 and 2027-28. This budget includes funds to support core infrastructure refurbishment and replacement (R&R) work, key initiatives like drought mitigation projects, and planning and design of the initial stage of PWSC.

~~In addition to the projected CIP expenditures, a projection of~~ The estimated capital expenditures ~~by Metropolitan for PWSC for the fiscal years ending June 30, 2026 through June 30, 2030 has been provided in the table below in the event PWSC is approved by Metropolitan's Board as a CIP project, as reflected in the ten-year expenditures projection provided in Metropolitan's~~ for PWSC included in the adopted biennial budget for fiscal years ~~2024-25 and 2025-26. The cost estimates for PWSC have been subsequently updated since the adoption of~~ 2026-27 and 2027-28 include the planning and design of a nominal 45-mgd initial stage of PWSC. The ten-year financial forecast provided in the biennial budget for fiscal years ~~2024-25 and 2025-26 as discussed below. The PWSC program is not currently included in Metropolitan's CIP as a capital program. It is currently anticipated that Metropolitan's Board will consider whether to include PWSC in the CIP in 2026. For a description of PWSC,~~ 2026-27 and 2027-28 do not include any planned PWSC expenditures beyond fiscal year 2027-28, see "REGIONAL WATER RESOURCES – Local Water Supplies – *Recycled Water-Metropolitan Pure Water Southern California Program"* in this Appendix A.

~~The estimated capital expenditures for PWSC included in the adopted biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast that are reflected in the table below were based on cost estimates prepared in 2024 that estimated Metropolitan's program capital costs associated with the design and construction of a 115 mgd PWSC water treatment facility to be completed in 2036 would be approximately $6.4 billion (in 2023 dollars). In September 2025, Metropolitan staff presented an updated cost estimate for the potential 115 mgd PWSC water treatment facility to the Metropolitan Board that estimated Metropolitan's~~

~~program capital costs for the facility would be approximately $9.4 billion (in 2025 dollars), including contingencies. Such estimated costs were not escalated for future cost increases and do not reflect any offset for portions of the projected capital expenditures to be funded from other sources, including grants and contributions from potential partners.~~

~~In October 2025, Metropolitan's Board appropriated an additional $30.0 million for certain refurbishment and replacement projects identified in the CIP for fiscal years 2024-25 and 2025-26, which increased budgeted CIP expenditures for fiscal year 2025-26 to approximately $354.48 million. In addition to the increase in CIP expenditures in fiscal year 2025-26, Metropolitan estimates that projected capital costs related to these projects will increase projected CIP expenditures in fiscal years 2026-27 and 2027-28 by between approximately $262.0 million and $302.0 million from the amounts projected for such period in the ten-year expenditures projection provided in Metropolitan's biennial budget for fiscal years 2024-25 and 2025-26. The amounts in table below does not reflect the additional $30.0 million for fiscal year 2025- 26 appropriated by Metropolitan's Board or the estimated increase in projected CIP expenditures in fiscal years 2026-27 and 2027-28.~~

Metropolitan's actual capital expenditures are subject to change as projects progress or are advanced. The biennial budget is updated every two years as a result of the periodic review and adoption of the capital budget by Metropolitan's Board. See "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

CAPITAL INVESTMENT PLAN

(1)

PROJECTION OF EXPENDITURES

(Fiscal Years Ending June 30 - Dollars in Thousands)

	~~2026~~	2027	2028	2029	2030	2031	Total
Infrastructure R&R	~~$254,200~~	~~$276,461~~ $316,948	~~$296,624~~ $301,673	~~$297,679~~ $436,383	~~$285,410~~ $454,803	$497,603	~~$1,410,369~~ $2,007,410
Infrastructure Upgrade	~~5,076~~	~~8,100~~ 1,779	~~1,861~~ 1,006	~~9,163~~ 217	~~40,841~~ 1,268	8,730	~~65,040~~ 13,000
~~Regulatory Compliance~~	~~1,141~~	~~1,135~~	~~1~~	~~7,195~~	~~466~~		~~9,938~~
Stewardship	~~13,108~~	~~16,299~~ 12,815	~~36,917~~ 25,400	~~16,028~~ 13,965	~~13,718~~ 26,837	34,753	~~96,070~~ 113,770
Supply Reliability	~~11,315~~	~~8,118~~ 6,555	~~8~~ 36,903	~~0~~ 34,344	~~0~~ 1,726	1,645	~~19,441~~ 81,173
System Flexibility	~~27,007~~	~~19,271~~ 86,903	~~15,186~~ 85,018	~~32,871~~ 35,091	~~36,296~~ 56,166	19,669	~~130,630~~ 282,847
~~Water Quality~~	~~12,633~~	~~8,075~~	~~361~~	~~2,060~~	~~2,865~~		~~25,995~~
~~CIP Total~~	~~$324,480~~	~~$337,459~~	~~$350,958~~	~~$364,996~~	~~$379,596~~		~~$1,757,489~~
Subtotal CIP		$425,000	$450,000	$520,000	$540,800	$562,400	$2,498,200
~~PWSC[2]~~ PWSC	~~0~~	~~1,052,057~~ $42,400	~~1,333,219~~ $107,600	~~1,805,740~~ $0	~~1,586,229~~ $0	$0	~~5,777,245~~ $150,000
Total CIP ~~and PWSC[2]~~	~~$324,480~~	~~$1,389,516~~ $467,400	~~$1,684,177~~ $557,600	~~$2,170,736~~ $520,000	~~$1,965,825~~ $540,800	$562,400	~~$7,534,734~~ $2,648,200

Table from the Word comparison document.

_____ *Source: Metropolitan.*

(1) Projected CIP expenditures for fiscal years ~~2025-26 through 2029-30~~ 2026-27 through 2030-31 are based on the ten-year financial forecast provided in the

~~biennial budget for fiscal years 2024-25 and 2025-26. Projected CIP expenditures for fiscal year 2025-26 do not include the additional~~

~~$30.0 million appropriated by Metropolitan's Board in October 2025. Projected CIP expenditures for fiscal years 2026-27 and 2027-~~

~~28 do not reflect estimated increases in CIP expenditures of between approximately $262.0 million and $302.0 million in such fiscal~~

~~years relating to certain refurbishment and replacement projects. See the discussion preceding this table. The proposed~~ biennial budget

for fiscal years 2026-27 and ~~2027-28 is expected to be reviewed with the Board through a series of workshops beginning in February~~

~~2026 and will reflect the updated cost estimates discussed above. (2) PWSC is not currently included in Metropolitan's CIP as a capital program. The projected capital expenditures~~ 2027-28. (2) The projected expenditures for PWSC set forth in the above

table are based on cost estimates included in the ten-year expenditures projection

provided in Metropolitan's biennial budget for fiscal years 2026-27 and 2027-28 and are to support planning and design of a 45-mgd initial

~~years 2024-25 and 2025-26 and were included for CIP planning purposes. Approval by Metropolitan's Board is required to include~~

~~PWSC in the CIP. Updated cost estimates for PWSC were~~ phase of PWSC. Additional projected expenditures to implement PWSC beyond this phase will be estimated and presented to the Metropolitan ~~Board in September 2025 that show increased~~

Board in the future. See "REGIONAL WATER RESOURCES – Local Water Supplies – *Recycled Water-Metropolitan Pure Water Southern*

~~program costs for the implementation of PWSC. See the discussion preceding this table. Metropolitan's Board is scheduled to decide~~

~~on the implementation of PWSC in 2026. The projected capital expenditures for PWSC, if approved, as set forth in the table above~~

~~reflect Metropolitan's share of total estimated capital costs included in the ten-year expenditures projection provided in Metropolitan's~~

~~biennial budget for fiscal years 2024-25 and 2025-26 expected to be incurred for the project in the specified years without any offset~~

~~for potential grant funding sources or contributions from potential partners. Metropolitan's projections of future debt financing in the~~

~~event PWSC is approved were prepared in connection with the biennial budget for fiscal years 2024-25 and 2025-26 and assume that~~

~~approximately $325.3 million in fiscal year 2026-27, $482.4 million in fiscal year 2027-28, $653.4 million in fiscal year 2028-29,~~

~~and $574.0 million in fiscal year 2029-30 of the projected capital expenditures for PWSC will be funded from other sources, including~~

~~grants and contributions from potential partners. Such projections of future debt financing in the event PWSC with a 115 mgd capacity~~

~~is approved are expected to increase as a result of the updated cost estimate for PWSC that has been prepared since the adoption of~~

~~the biennial budget for fiscal years 2024-25 and 2025-26 and which is discussed above. The proposed biennial budget for fiscal years~~

~~2026-27 and 2027-28 is expected to be reviewed with the Board through a series of workshops beginning in February 2026 and will~~

~~reflect the updated cost estimates for PWSC discussed above and may include consideration of lower cost project alternatives.~~ *California Program"* in this Appendix A.

In developing the CIP, projects are reviewed, scored, and prioritized towards the objectives of ensuring the sustainable delivery of reliable, high-quality water, while meeting all regulatory requirements and maintaining affordability. Additional capital costs may arise in the future as a result of,

among other things, federal and state water quality regulations, project changes and mitigation measures

necessary to satisfy environmental and regulatory requirements, and additional facilities' needs. See

"METROPOLITAN'S WATER DELIVERY SYSTEM–Water Quality and Treatment" in this Appendix

A.

Construction projects included in the CIP are subject to ordinary construction risks and delays, A-78
including but not limited to: inclement weather or natural hazards affecting work and timeliness of completion; contractor claims, underperformance, or nonperformance; work stoppages or slowdowns; shortages of skilled labor; unanticipated project site conditions encountered during construction; errors or omissions in contract documents requiring change orders; and/or higher than anticipated construction bids or costs (including as a result of steeper than anticipated inflationary increases, tariffs, and other market conditions), any of which could affect the costs and availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors, and result in increased CIP costs. ~~The majority of Metropolitan's construction projects exceeding $5 million~~ Many of Metropolitan's larger, more complex construction projects awarded before October 10, 2027 will be covered by a project labor agreement ("PLA") between labor unions and construction contractors, which will reduce the risk of work stoppages or slowdowns and ensure the use of skilled labor. The term of the PLA expires on such date, although it may be extended. Planned schedules for some projects have been extended to accommodate continuing supply chain issues, particular long fabrication times for electrical components such as transformers, switchgear, and other highly specialized equipment. Although not currently anticipated, additional delays in the future are possible.

Capital Investment Plan Financing

The CIP requires debt financing (see "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A) as well as pay-as-you-go funding. In connection with the ~~biennial budget process~~ adoption of the biennial budget for fiscal years 2026-27 and 2027-28 and the development of the ten-year financial forecast provided therein, ~~an internal funding objective is established for the funding of capital program expenditures from current revenues. An internal funding objective to fund 54 percent of capital program expenditures from current revenues for fiscal year 2025-26 was established in connection with the adoption of the biennial budget for fiscal years 2024-25 and 2025-26. The remainder of capital program~~ Metropolitan established a funding plan for CIP expenditures using a combination of current operating revenues, grants and reimbursements, unrestricted reserves where specifically authorized by the Board, and revenue bond proceeds. For fiscal year 2026-27, approximately 40 percent of projected CIP expenditures are expected to be funded ~~through the issuance from time to time of water revenue bonds, which are payable from Net Operating Revenues. However, as in prior years, pay-as-you-go funding or debt financing may be reduced or increased by the Board at any time.~~

~~For planning purposes, Metropolitan has estimated the potential capital costs of PWSC that may be incurred by Metropolitan over the ten-year financial forecast provided in its biennial budget for fiscal years 2024-25 and 2025-26 as set forth for fiscal years 2026-27 through 2029-30 in the table above. In addition, Metropolitan's financial forecast includes assumptions with respect to future debt financing for a portion of the costs of PWSC, including assumptions regarding the potential amounts of and sources of funding for PWSC that may be available~~ from current operating revenues; approximately nine percent from grants and ~~contributions by potential partners.~~

~~As described above, Metropolitan's Board appropriated an additional $30.0 million for fiscal year 2025-26 for capital expenditures relating to certain refurbishment and replacement projects. The additional $30~~

~~million is~~ reimbursements; and approximately 51 percent from revenue bond proceeds. For fiscal year 2027-28, approximately 36 percent of projected CIP expenditures are expected to be funded from ~~Metropolitan's unrestricted reserves. In connection with these projects, Metropolitan estimates projected CIP expenditures for fiscal years 2026-27 and 2027-28 to increase by between $262.0 million and $302.0 million from the CIP expenditures for such fiscal years included in the current ten-year expenditures projection. Metropolitan expects that the projected increase in CIP expenditures during such fiscal years will be funded by revenue bonds. The cost of these projected bond issues are not reflected in the financial projections under "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.~~ current operating revenues; approximately 10 percent from grants and reimbursements; approximately 10 percent from unrestricted reserves for PWSC planning and final design, subject to the Board-authorized limit of $58 million; and approximately 45 percent from revenue bond proceeds.

Metropolitan's financial projections for fiscal years ~~2025-26 through 2029-30 assume approximately $607~~ 2026-27 through 2030-31 assume approximately $1,293 million of the projected CIP expenditures (excluding any projected capital expenditures associated with PWSC, if ~~approved, or with the refurbishment and rehabilitation projects discussed above)~~ approved) will be funded by revenue bonds over such period, which may include remaining proceeds from prior bond issuances. ~~In fiscal year 2024-25, Metropolitan issued $291 million of revenue bonds to finance a portion of projected capital expenditures in fiscal years 2024-25 and 2025-26. Projections for fiscal years 2025-26 through 2029-30 with PWSC assume $4,370 million in additional water revenue bonds over such period to finance a portion of the CIP, and Metropolitan's estimated share of the projected capital costs of PWSC if it is approved as a capital project, taking into account Metropolitan's assumptions with respect to the amount of funding that may be available from grants and contributions from potential partners.~~ These revenue bonds may be issued either as Senior Revenue Bonds under the Senior Debt Resolutions or as Subordinate Revenue Bonds under the Subordinate Debt Resolutions (each as defined under "METROPOLITAN EXPENSES–Limitations on Additional Revenue Bonds" in this Appendix A). The cost of these projected bond issues is reflected in the financial projections under "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

Major Projects of Metropolitan's Capital Investment Plan

Colorado River Aqueduct Facilities. As previously noted, deliveries through the CRA began in 1941. Through annual inspections and maintenance activities, the performance and reliability of the various components of the CRA are regularly evaluated. Projects under the CRA facilities program are designed to replace or refurbish facilities and components on the CRA system in order to reliably convey water from the Colorado River to Southern California. The current projected cost estimate for all prior and planned refurbishment or replacement projects under the CRA facilities program from fiscal year 1998-99 through fiscal year ~~2033-34 is $1.03~~ 2035-36 is $1.9 billion. Costs through ~~August 31, 2025 were $567.9~~ July 31, 2026 were $608.8 million. Budgeted aggregate capital expenditures for improvements on the CRA for fiscal years ~~2024-25 and 2025-26 are $85.8~~ 2026-27 and 2027-28 are $162.8 million.

Distribution System – Prestressed Concrete Cylinder Pipe. Metropolitan's distribution system (see "METROPOLITAN'S WATER DELIVERY SYSTEM" in this Appendix A.) includes 163 miles of prestressed concrete cylinder pipe ("PCCP"). In response to PCCP failures experienced by other water utilities, Metropolitan initiated the PCCP Assessment Program in December 1996 to categorize the condition of its PCCP lines, test surrounding soils for resistivity and corrosivity, and investigate inspection methods. From the results of this program, Metropolitan began making spot repairs of distressed PCCP segments as they were identified. However, rather than continue with reactive and relatively high-unit cost spot repairs, in 2011 Metropolitan initiated a long-term capital program to prioritize and proactively rehabilitate with welded steel liner approximately 100 miles of PCCP in five pipelines. Significant projects over the next several years include relining of portions of Second Lower Feeder, Sepulveda Feeder, and Allen McColloch Pipeline.

Pipeline rehabilitation is prioritized based on the condition, risk of failure, and the criticality of the pipeline. The estimated cost to reline all 100 miles of PCCP is approximately ~~$4.8 billion. Through August 31, 2025, approximately 23~~ $6.1 billion. Through July 31, 2026, approximately 26.7 miles have been ~~relined,~~ relined or are under construction, and completion of the remainder is expected to take over 30 years. Costs through ~~August 31, 2025,~~ July 31, 2026, for all PCCP rehabilitation work (including the prior repairs) were ~~$513.7 million.~~ $544.1 million and through fiscal year 2035-36 is $1.2 billion. Budgeted aggregate capital expenditures for PCCP rehabilitation for fiscal years ~~2024-25 and 2025-26 are $66.5~~ 2026-27 and 2027-28 are $80.0 million.

Distribution System – Refurbishments and Improvements. In addition to the long-term program to rehabilitate Metropolitan's PCCP lines, several other components of the distribution system, including dams and reservoirs, are being refurbished and/or improved. Significant projects over the next several years include retrofitting of the distribution system to improve resiliency against earthquake; rehabilitation of reservoirs, relining of pipelines; and refurbishment of pump stations, pressure control structures, hydroelectric plants, and service connections. The projected cost estimate for refurbishment or replacement projects, other than the PCCP relining, from fiscal year 2004-05 through fiscal year ~~2033-34 is $1.4~~ 2035-36 is $2.1 billion. Costs through ~~August 31, 2025, totaled approximately $634.0~~ July 31, 2026, totaled approximately $697.8 million. For fiscal years 2024-25 and ~~2025- 26,~~ 2025-26, budgeted aggregate capital expenditures for refurbishing and improvements on the distribution system, other than PCCP rehabilitation, are ~~$174.1~~ $222.0 million. A-79

Drought Response and System Flexibility. In response to the recent historic statewide drought that ended in 2023, several drought response projects that address decreasing water supplies both in specific parts of Metropolitan's service area and across the entire district have been added to the CIP. This is in addition to the ongoing projects to increase the system flexibility of Metropolitan's water supply and delivery infrastructure to meet service demands. Metropolitan continues investigating capital improvements that mitigate drought impacts and more projects are expected to be developed in the coming years. ~~Some of the projects commenced in~~ During the last two ~~years. Significant projects in this category include~~ years, construction of Perris Valley Pipeline Tunnels and Badlands Tunnel Surge Protection Facility have been completed. The next are Inland Feeder-Rialto Pipeline ~~Intertie, Inland Feeder-Foothill Pump Station Intertie,~~ Intertie and Wadsworth Pumping Plant Bypass Pipeline, ~~Badlands Tunnel Surge Protection Facility, Sepulveda Feeder Pump Stations, Sepulveda Feeder West Area Water Supply Reliability Pipeline Improvements, Sepulveda Canyon PCS to Venice PCS Valve Replacements, and Perris Valley Pipeline Tunnels.~~ which are expected to be completed in the current fiscal year. Construction of a new pump station at Venice Pressure Control Facility is ongoing, and construction of a new pump station at Sepulveda Pressure Control Facility and Inland Feeder-Foothill Pump Station Intertie are anticipate to start in the current fiscal year. The current projected cost estimate for the prior and planned drought response and system flexibility projects from fiscal year 2004-05 through fiscal year ~~2033-34 is $491.0 million, with $330.8~~ 2035-36 is $862.6 million, with $362.8 million spent through ~~August 31, 2025~~ July 31, 2026 for improving system flexibility. Budgeted aggregate capital expenditures for drought response and system flexibility projects for fiscal years ~~2024-25 and 2025-26 are $66.3~~ 2026-27 and 2027-28 are $172.4 million.

Water Treatment Plant Improvements. The F. E. Weymouth Water Treatment Plant, which was placed into service in 1941, is Metropolitan's oldest water treatment facility. Four more water treatment plants were constructed throughout Metropolitan's service area with the Henry J. Mills Water Treatment Plant being the newest water treatment facility, which was placed into service in 1978. These plants treat water from the CRA and/or the State Water Project. These plants have been subsequently expanded since their original construction. Metropolitan has completed numerous upgrades and refurbishment/replacement projects to maintain the plants' reliability and improve efficiency. Significant projects over the next several years include refurbishment of settling basins and strengthening of inlet channels at the Weymouth plant, rehabilitation of filtration system at the Robert B. Diemer Water Treatment Plant, ozonation system and site security upgrade at

the Joseph Jensen Water Treatment Plant, rehabilitation of finished water reservoirs at the Mills plant, ~~construction of mechanical solids handling facility at the Joseph Jensen Water Treatment Plant,~~ and chemical system rehabilitation at the Robert A. Skinner Plant. The cost estimate for all prior and projected improvements at all five plants, not including the ozone facilities and water treatment capacity expansions, from fiscal year 2004-05 through fiscal year ~~2033-34 is approximately $1.7~~ 2035-36 is approximately $1.9 billion, with $1.3 billion spent through ~~August 31, 2025.~~ July 31, 2026. Budgeted aggregate capital expenditures for improvements at all five plants for fiscal years ~~2024-25 and 2025-26 are $122.8 million.~~ 2026-27 and 2027-28 are $76.8 million.

[Remainder of page intentionally left blank.] A-80

METROPOLITAN REVENUES A-81

General

Until water deliveries began in 1941, Metropolitan's activities were, by necessity, supported entirely through the collection of *ad valorem* property taxes. Since the mid-1980s, water revenues, which includes revenues from water sales, wheeling and exchanges, have provided approximately 80 percent of total revenues annually. Over that period, *ad valorem* property taxes have accounted for about 11 percent of total revenues, and in fiscal year ~~2024-25,~~ 2025-26, *ad valorem* property taxes accounted for approximately ~~17~~ 19 percent of total revenues. See "–Revenue Allocation Policy and Tax Revenues." The remaining revenues have been derived principally from the sale of hydroelectric power, interest on investments, and additional revenue sources (water standby charges and availability of service charges) beginning in 1992. *Ad valorem* taxes do not constitute a part of Operating Revenues and are not available to make payments with respect to the water revenue bonds issued by Metropolitan.

The basic rate for untreated water service for domestic and municipal uses is ~~$912~~ $984 per acre-foot, which became effective January 1, ~~2025.~~ 2026. The basic rate for untreated water service for domestic and municipal uses will increase to ~~$984~~ $1,030 per acre-foot effective January 1, ~~2026.~~ 2027 and $1,106 per acre-foot effective January 1, 2028. See "—Rate Structure" and "—Water Rates." The ad valorem tax rate for Metropolitan purposes had been gradually reduced from a peak equivalent rate of 0.1250 percent of full assessed valuation in fiscal year 1945-46 to 0.0035 percent of full assessed valuation for fiscal year 2023-24. ~~Metropolitan's biennial budget~~ The Board subsequently increased the *ad valorem* tax rate to 0.0070 percent for fiscal years 2024-25 and 2025-26 ~~assumed the Board would increase the *ad valorem* tax rate beginning in fiscal year 2024-25. As contemplated by the biennial budget for fiscal years 2024-25 and 2025-26, in August 2024, the Board~~ and, in August 2026, established the ad valorem tax rate for fiscal year ~~2024-25 at 0.0070 percent, and in August 2025, the Board established the *ad valorem* tax rate for fiscal year 2025-26 also at 0.0070 percent.~~ 2026-27 at 0.0085 percent. In November 2025, following a public hearing, the Board determined that the statutory tax rate limitation was inapplicable for fiscal years 2026-27 through 2035-36 based on its finding that the collection of *ad valorem* property tax revenues in excess of such limitation is essential to Metropolitan's fiscal integrity. See "-Revenue Allocation Policy and Tax Revenues." The rates charged by Metropolitan represent the cost of Metropolitan's wholesale water service to its member agencies, and not the cost of water to the ultimate consumer. Metropolitan does not exercise control over the rates charged by its member agencies or their customers.

Summary of Revenues by Source

The following table sets forth Metropolitan's sources of revenues for the five fiscal years ended June 30, ~~2025.~~ 2026. Data for the ~~two fiscal years ended on or prior to~~ fiscal year ended June 30, 2022 is presented on a modified accrual basis, consistent with Metropolitan's budgetary reporting for such fiscal years. ~~In fiscal year 2022,~~ Beginning in fiscal year 2022-23, the basis for budgeting was ~~changed, therefore~~ changed; accordingly, data for the fiscal years ended June 30, 2023, ~~2024 and 2025 is~~ through June 30, 2026 are

presented on a cash basis. All information is unaudited. Audited financial statements for the fiscal years ended June 30, 2025, and June 30, 2024, are included in APPENDIX B—"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024 AND BASIC FINANCIAL STATEMENTS FOR THE ~~[THREE~~ THREE MONTHS ENDED SEPTEMBER 30, ~~2025~~ 2026 AND SEPTEMBER 30, ~~2024 (UNAUDITED)].”~~ 2025 (UNAUDITED).”

(1)

SUMMARY OF REVENUES BY SOURCE

Fiscal Years Ended June 30

(Dollars in Millions)

	Modified Accrual	Cash			
	~~2021~~ 2022	~~2022~~ 2023	~~2023~~ 2024	~~2024~~ 2025	~~2025~~ 2026
Water Revenues[2]	~~$1,405~~ $1,515	~~$1,515~~ $1,323	~~$1,323~~ $1,167	~~$1,167~~ $1,479	~~$1,479~~ $1,416
Taxes, Net[3]	~~161~~ 147	~~147~~ 136	~~136~~ 124	~~124~~ 131	~~131~~ 77
Additional Revenue Sources[4]	~~165~~ 172	~~172~~ 184	~~184~~ 197	~~197~~ 213	~~213~~ 229
Interest on ~~Investments~~ Investments[5]	~~10~~ 7	~~7~~ 21	~~21~~ 42	~~42~~ 38	~~38~~ 55
Hydroelectric Power Sales	~~19~~ 8	~~8~~ 6	~~6~~ 13	~~13~~ 7	~~7~~ 2
Other ~~Revenues[5]~~ Revenues[6]	~~14~~ 39	~~39~~ 166	~~166~~ 99	~~99~~ 396	~~396~~ 464
Total Revenues	~~$1,774~~ $1,888	~~$1,888~~ $1,836	~~$1,836~~ $1,642	~~$1,642~~ $2,264	~~$2,264~~ $2,243

Table from the Word comparison document.

Source: Metropolitan. (1) Does not include any proceeds from the sale of bonded indebtedness. The information in this table is unaudited. (2) Water revenues include revenues from water sales, exchanges, and wheeling. (3) *Ad valorem* taxes levied by Metropolitan are applied solely to the payment of outstanding general obligation bonds

~~bonds~~ of Metropolitan and to State Water Contract (sometimes referred to as "SWC") obligations; taxes available

~~to pay~~ to pay

for SWC O&M costs are reflected as Other Revenue. (4) Includes revenues derived from water standby charges, readiness-to-serve, and capacity charges. (5) Includes adjustments for gains and losses, premiums and discounts, but excludes construction account and trust

fund earnings. (6) Includes revenue from excess SWP supply sales, with fiscal year 2025-26 reflecting $55.3 million from these sales,

property taxes applied to SWC O&M Costs of $21.0 million in fiscal year 2021-22, $62.4 million in

~~fiscal year~~ fiscal year

2022-23, $77.6 million in fiscal year 2023-24, ~~and~~ $259.9 million in fiscal year ~~2024-25. Fiscal year~~

2024-25, and $343.9 million in fiscal

year 2025-26. Fiscal year 2022-23 also includes ~~$80.0~~ $80 million in grant funding from the State for PWSC.

Revenue Allocation Policy and Tax Revenues

The Board determines the water revenue requirement for each fiscal year after first projecting the *ad valorem* tax levy for that year. The tax levy for any year is subject to limits imposed by the State Constitution, the Act and Board policy and to the requirement under the State Water Contract that in the event that Metropolitan fails or is unable to raise sufficient funds by other means, Metropolitan must levy upon all property within its boundaries not exempt from taxation a tax or assessment sufficient to provide for all

payments under the State Water Contract. See "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A. The Act limits Metropolitan's tax levy to the amount needed to pay debt service on Metropolitan's general obligation bonds and to satisfy a portion of Metropolitan's State Water Contract obligations. However, Metropolitan has the authority to impose a greater tax levy if, following a public hearing, the Board finds that such revenue is essential to Metropolitan's fiscal integrity. For each fiscal year since 2013-14, the Board has exercised that authority and voted to suspend the tax limit clause in the Act, maintaining the fiscal year 2012-13 *ad valorem* tax rate to pay for a greater portion of Metropolitan's State Water Contract obligations. More recently, in 2022, the Board exercised its authority under the Act to suspend the tax limit clause for each of fiscal years 2022-23 through ~~2025-26.~~ 2025-26, and in November 2025, the Board exercised its authority under the Act to suspend the tax limit clause for each of fiscal years 2026-27 through 2035-36. As noted above, in August ~~2024,~~ 2026, the Board increased the *ad valorem* tax rate for fiscal year ~~2024-25, and in August 2025, the Board maintained such *ad valorem* tax rate for fiscal year 2025-26.~~ 2026-27 to 0.0085 percent. Any deficiency between tax levy receipts and Metropolitan's State Water Contract obligations is expected to be paid from Operating Revenues, as defined in the Senior Debt Resolutions (defined in this Appendix A under "METROPOLITAN EXPENSES— Limitations on Additional Revenue Bonds").

Water Revenues A-83

General; Authority. Water rates are established by the Board and are not subject to regulation or approval by the California Public Utilities Commission or by any other local, State, or federal agency. In accordance with the Act, water rates must be uniform for like classes of service. Metropolitan, a wholesaler, provides one type of service: full-service water service (treated or untreated). See "–Classes of Water Service."

No member agency of Metropolitan is obligated to purchase water from Metropolitan. Consumer demand and locally supplied water vary from year to year, resulting in variability in water revenues to Metropolitan. See "REGIONAL WATER RESOURCES" in this Appendix A. Metropolitan uses its financial reserves and budgetary tools to manage the financial impact of the variability in revenues due to fluctuations in annual water transactions. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

Payment Procedure. Water is delivered to the member agencies on demand and is metered at the point of delivery. Member agencies are billed monthly and a late charge of one percent of the delinquent payment is assessed for a payment that is delinquent for no more than five business days. A late charge of two percent of the amount of the delinquent payment is charged for a payment that is delinquent for more than five business days for each month or portion of a month that the payment remains delinquent. Metropolitan has the authority to suspend service to any member agency delinquent for more than 30 days. Delinquencies have been rare; in such instances late charges have been collected. No service has been suspended because of delinquencies.

Water Revenues. The following table sets forth water transactions (which include water sales, exchanges, and wheeling) in acre-feet and water revenues (which include revenues from water sales, exchanges, and wheeling) for the five fiscal years ended June 30, ~~2025.~~ 2026. As reflected in the table below, water revenues for the fiscal year ended June 30, ~~2025, aggregated $1,479.1 million (on a cash basis), of which $1,328.4~~ 2026, aggregated $1,416.4 million, of which $1,181.2 million was generated from water sales and ~~$150.7~~ $235.2 million was generated from exchanges and wheeling. ~~Water revenues of Metropolitan for the fiscal years ended June 30, 2025, and June 30, 2024, on an accrual basis, are shown in Metropolitan's audited financial statements included in Appendix B.~~

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SUMMARY OF WATER TRANSACTIONS AND REVENUES

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~~(1)~~

Fiscal Years Ended June 30 (1)

Fiscal Year	Water Transactions in ~~Acre-Fee~~ Acre-Feet Member Agencies	Water Transactions in Acre-Feet Other	Water Transactions in Acre-Feet Total[2]	Water Revenues[3] ($ in millions)	Dollars Per Acre-Foot[4]	Average Dollars Per 1,000 Gallons
~~2021~~	~~1,573,965~~	~~75,551~~	~~1,649,516~~	~~$1,404.7~~	~~$892~~	~~$2.74~~
2022	1,645,805	36,027	~~1,681,833~~ 1,681,832	$1,515.1	$921	$2.83
2023	1,410,388	13,076	1,423,464	1,322.7	938	2.88
2024	1,169,263	72,760	1,242,023	1,167.4	998	3.06
~~2025[5]~~ 2025	1,336,707	69,921	1,406,628	1,479.1	1,107	3.40
2026[5]	1,232,684	108,724	1,341,408	1,416.4	1,149	3.53

Table from the Word comparison document.

_____ *Source: Metropolitan.* (1) Information for the fiscal ~~year 2020-21 and fiscal year~~ years 2021-22 is presented on a modified accrual basis; ~~information~~ amount was corrected due to

rounding. Information for fiscal years 2022-23 ~~and thereafter~~ through 2025-26 is presented on a cash basis. (2) Water transactions include water sales, exchanges and wheeling with member agencies and ~~third parties.~~ non-member agencies. (3) Water Revenues include revenues from water sales, exchanges, and wheeling. Water Revenues from wheeling and

exchange transactions were ~~$167.0 million, $165.0 million~~ $165.0 million, $148.8 million, $173.2 ~~million and $150.7 million in~~ million, $150.7 million and $235.2 million in

the fiscal years ended June 30, ~~2021 through 2025,~~ 2022 through 2026, respectively. (4) Dollars per acre-foot is calculated using water transactions with member agencies only. (5) Fiscal Year ~~2025~~ 2025-26 data is unaudited.

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Principal Customers

Total water transactions accrued for the fiscal year ended June 30, ~~2025, were 1.26~~ 2026, were 1.27 million acre-feet, generating ~~$1.42~~ $1.52 billion in water revenues for such ~~period, on an accrual basis.~~ period. Metropolitan's ten largest water customers for the year ended June 30, ~~2025~~ 2026 are shown in the following table, on an accrual basis. ~~The information in the table that follows is unaudited.~~

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TEN LARGEST WATER CUSTOMERS

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(1)

Year Ended June 30, ~~2025~~ 2026

Accrual Basis

—

Agency	Water Revenues [2] (in Millions)	Percent of Total	Water Transactions in Acre Feet[3]	Percent of Total
City of Los Angeles	~~$ 246.5~~ $243.3	~~17.4%~~ 16.1%	~~223,325~~ 211,208	~~17.8%~~ 16.7%
San Diego CWA	~~212.5~~ 218.8	~~15.0~~ 14.4	~~266,285~~ 304,342	~~21.2~~ 24.0
MWD of Orange County	~~150.6~~ 157.2	~~10.7~~ 10.4	~~123,182~~ 119,998	~~9.8~~ 9.5

Agency	Water Revenues [2] (in Millions)	Percent of Total	Water Transactions in Acre Feet[3]	Percent of Total
~~Eastern~~ West Basin MWD	~~130.9~~ 132.3	~~9.3~~ 8.7	~~116,945~~ 90,741	~~9.3~~ 7.2
~~West Basin~~ Eastern MWD	~~126.6~~ 123.7	~~9.0~~ 8.2	~~95,855~~ 108,432	~~7.6~~ 8.6
Calleguas MWD	~~102.6~~ 113.1	~~7.3~~ 7.5	~~77,967~~ 77,559	~~6.2~~ 6.1
Western MWD of Riverside County	~~86.7~~ 79.9	~~6.1~~ 5.3	~~76,229~~ 63,358	~~6.1~~ 5.0
Three Valleys MWD	~~60.3~~ 66.8	~~4.3~~ 4.4	~~56,776~~ 57,478	4.5
Inland Empire Utilities Agency	~~31.8~~ 40.9	~~2.3~~ 2.7	~~35,022~~ 42,970	~~2.8~~ 3.4
Central Basin MWD	~~31.4~~ 34.0	2.2	~~23,882~~ 23,403	~~1.9~~ 1.8
Total	~~$ 1,179~~ $1,210.0	~~83.6%~~ 79.9%	~~1,096,468~~ 1,099,489	~~87.2%~~ 86.8%
Total Water Revenues [2]	~~$ 1,412.9~~ $1,515.80	**Total Acre-Feet [3]**	~~1,258,841~~ 1,267,000	

Table rebuilt from the Word comparison: Fall 2026 values from the Word document; 2025 values from Attachment 1.

~~*Source: Metropolitan.*~~ *Source: Metropolitan.*

(1) All information in this table is presented on an accrual basis. The information in this table is unaudited. (2) Water Revenues include revenues from water sales, exchanges, and ~~wheeling,~~ wheeling for all member and non-member agencies, except the sale of surplus supplies outside of the service area, as described in "METROPOLITAN'S ~~WATER SUPPLY –~~ WATER SUPPLY - Water Transfer, Storage and Exchange Programs ~~–~~ - Other Ongoing Activities" in this Appendix A. (3) ~~Water Transactions~~ Total Acre-Feet include water sales, exchanges, and wheeling with member agencies.

Rate Structure

The following rates and charges are elements of Metropolitan's unbundled rate structure effective as of January 1, ~~2025.~~ 2026. See also "—Water Rates."

Supply Rates. The Supply Rate is a volumetric rate charged on Metropolitan's water sales. The Supply Rate supports a regional integrated approach through the uniform, postage stamp rate. The Supply Rate is calculated as the amount of the total supply revenue requirement divided by the estimated amount of water sales. Per Board direction in December 2021, all demand management costs (regardless of funding source, such as bond financing or current revenues) comprise a portion of the costs of supply and are collected on the supply rate.

System Access Rate. The System Access Rate recovers the cost of the conveyance, distribution, and storage of water on an average annual basis through a uniform, volumetric rate. The System Access Rate is charged for each acre-foot of water transported by Metropolitan, regardless of the ownership of the water being transported. The System Access Rate is charged for each acre-foot of water transported by Metropolitan to its member agencies and delivered as a full-service water transaction.

System Power Rate. The System Power Rate recovers the cost of energy required to pump water to Southern California through the State Water Project and CRA. The cost of power is recovered through a uniform volumetric rate. The System Power Rate is applied to all deliveries of Metropolitan water to member agencies.

Treatment Surcharge. The Treatment Surcharge ~~recovers all of the costs of providing treatment capacity and operations through a uniform, volumetric rate per acre-foot of treated water transactions. The Treatment Surcharge is charged for~~ is the existing uniform, volumetric charge applied to all treated water ~~transactions.~~ deliveries. With implementation of the Treatment Capacity Charges beginning January 1, 2027, a portion of treatment costs that was previously recovered 100 percent through the Treatment Surcharge will shift to fixed recovery. As a result, the Treatment Surcharge will recover the remaining share of the treatment

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costs, approximately 70 percent, after applying the Treatment Capacity Charges.

The amount of each of these rates since January 1, ~~2020,~~ 2022, is shown in the table entitled "SUMMARY OF WATER RATES" under "—Water Rates" below.

Other Charges

The following paragraphs summarize the additional charges for the use of Metropolitan's distribution system:

Treatment Fixed Charges. The Treatment Fixed Charges (collectively, the "Treatment Capacity Charges") consist of three components: (1) Treatment Peaking Capacity, (2) Treatment Used Standby Capacity, and (3) Treatment Remaining Standby Capacity Charges, and are designed to recover a portion of the fixed costs associated with peaking and standby capacity demands of member agencies connected to the treatment system. Collectively, these charges recover up to approximately 30 percent of total treatment costs, but are limited to the actual amount associated with peaking and standby capacity.

The Treatment Capacity Charges will be implemented beginning January 1, 2027 (calendar year 2027) and phased in over multiple years to provide member agencies time to plan for operational and financial impacts. The phased implementation establishes transitional billing determinants in the initial years before full rolling-period calculations are applied, and billing determinants will be reviewed as part of the annual rate-setting process. Based on the adopted rates and charges, the Treatment Fixed Charges are projected to generate $32.5 million in fiscal year 2026-27.

Readiness-to-Serve Charge. The Readiness-to-Serve Charge ("RTS") recovers the cost of the portion of the system that is available to provide emergency service and available capacity during outages and hydrologic variability. The RTS is a fixed charge that is allocated among the member agencies based on a ten-fiscal year rolling average of firm demands. Water transfers and exchanges, except SDCWA Exchange Agreement transactions, are included for purposes of calculating the ten-fiscal year rolling average. The Standby Charge, described below, will continue to be collected at the request of a member agency and applied as a direct offset to the member agency's RTS obligation. The RTS (including RTS charge amounts collected through the Standby Charge) generated $144.4 million in fiscal year 2022-23, ~~and~~ $160.4 million in fiscal year 2023-24, ~~and~~ $172.3 million in fiscal year ~~2024-25.~~ 2024-25, and $183.9 million in fiscal year 2025-26. Based on the adopted rates and charges, the RTS (including RTS charge amounts expected to be collected through the Standby Charge described below) is projected to generate ~~$184.5~~ $205.0 million in fiscal year ~~2025-26.~~ 2026-27.

Water Standby Charges. The Standby Charge is authorized by the State Legislature and has been levied by Metropolitan since fiscal year 1992-93. Metropolitan will continue to levy the Standby Charge only within the service areas of the member agencies that request that the Standby Charge be utilized to help fund a member agency's RTS obligation. See "– Readiness-to-Serve Charge" above. The Standby Charge for each acre or parcel of less than an acre will vary from member agency to member agency, reflecting current rates, which have not exceeded the rates set in fiscal year 1993-94, and range from $5 to $15 for each acre or parcel less than an acre within Metropolitan's service area, subject to specified exempt categories. Standby charges are assessments under the terms of Proposition 218, a State constitutional ballot initiative approved by the voters on November 5, 1996, but Metropolitan's current standby charges are exempt from Proposition 218's procedural requirements. See "–California Ballot Initiatives."

Twenty-two of Metropolitan's member agencies collect their RTS charges through Standby Charges. RTS charges, on a cash basis, collected by means of such Standby Charges were ~~$43.7 million in fiscal year 2022-23,~~ $43.3 million in fiscal year 2023-24, ~~and~~ $43.7 million in fiscal year ~~2024-25.~~ 2024-25, and $43.5 million in fiscal year 2025-26. These amounts are included in the RTS generated revenues and projections

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described above.

Capacity Charge. The Capacity Charge recovers costs incurred to provide peak capacity within Metropolitan's distribution system. The Capacity Charge provides a price signal to encourage agencies to reduce peak demands on the distribution system and to shift demands that occur during the May 1 through September 30 period into the October 1 through April 30 period. This results in more efficient utilization of Metropolitan's existing infrastructure and deferring capacity expansion costs. Each member agency will pay the Capacity Charge per cfs based on a three-year trailing peak (maximum) day demand, measured in cfs. Each member agency's peak day is likely to occur on different days; therefore, this measure approximates peak week demands on Metropolitan. The Capacity Charge was ~~$10,600 per cfs effective as of January 1, 2023,~~ $11,200 per cfs effective as of January 1, 2024, ~~and~~ $13,000 per cfs effective as of January 1, ~~2025. The Capacity Charge will be~~ 2025, and $14,500 per cfs effective as of January 1, 2026. The Capacity Charge ~~generated $37.8 million in fiscal year 2022-23,~~ will be $17,500 per cfs effective as of January 1, 2027. The Capacity Charge generated $36.1 million in fiscal year 2023-24, ~~and~~ $40.3 million in fiscal year ~~2024-25.~~ 2024-25, and $44.7 million in fiscal year 2025-26. Based on the adopted rates and charges, the Capacity Charge is projected to generate ~~$45.9~~ $48.8 million in fiscal year ~~2025-26.~~ 2026-27.

Classes of Water Service

Metropolitan, as a wholesaler, provides one type of service: full-service water service (treated or untreated). Metropolitan has one class of customers: its member agencies. On August 18, 2020, the Board repealed the Administrative Code sections that established the wheeling service it previously made available to its member agencies (short-term wheeling service under one year) and the pre-set wheeling rate for that wheeling service. As a result of the Board's action, short-term wheeling to member agencies is now determined on a case-by-case basis by contract, as has been done for wheeling service for member agencies lasting more than one year and wheeling for third parties. The level of rate unbundling in Metropolitan's rate structure provides transparency to show that rates and charges recover only those functions involved in the applicable service, and that no cross-subsidy of costs exists. Metropolitan's cost of service process and resulting unbundled rate structure ensures that its wholesale customers pay for only those services they elect to receive.

The applicable rate components and fixed charges for each class of water service are shown in the chart below.

Current Services and Rate Components

	Rates & Charges That Apply								
Service	System Access	System Power	Supply Rate	Readiness-to-Serve	Capacity Charge	Treatment Surcharge	Treatment Peaking Capacity Charge	Treatment Used Standby Capacity Charge	Treatment Remaining Standby Capacity Charge
Full Service Untreated	Yes	Yes	Yes	Yes	Yes	No	No	No	No
Full Service Treated	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table from the Word comparison document.

Metropolitan offers five programs that encourage the member agencies to increase groundwater and emergency storage and for which certain Metropolitan charges are inapplicable.

(1) Conjunctive Use Program. The Conjunctive Use Program is operated through individual agreements with member and retail agencies for groundwater storage within Metropolitan's service area. Wet year imported supplies are stored to enhance reliability during dry, drought, and emergency conditions. Metropolitan has the option to call water stored in the groundwater basins for the participating member agency pursuant to its contractual conjunctive use agreement. At the time of the call, the member agency pays the prevailing rate for that water, but the deliveries are excluded from the calculation of the Capacity Charge

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because Conjunctive Use Program deliveries are made at Metropolitan's discretion. Conjunctive use programs may also contain cost-sharing terms related to operational costs. Metropolitan determined to terminate six of its conjunctive use agreements effective June 30, 2025. See "REGIONAL WATER RESOURCES–Local Water Supplies" in this Appendix A.

(2) Cyclic Program. The Cyclic Program refers collectively to the existing Cyclic Program agreements and the Cyclic Cost-Offset Program approved in 2019. This Program is operated through individual agreements with member agencies for groundwater or surface water storage or pre-deliveries within Metropolitan's service area. Wet-year imported supplies are stored to enhance reliability during dry, drought, and emergency conditions. Deliveries to the cyclic accounts are at Metropolitan's discretion while member agencies have discretion on whether they want to accept the water. At the time the water is delivered from the cyclic account, the prevailing full service rate applies, but deliveries are excluded from the calculation of the Capacity Charge because Cyclic Program deliveries are made at Metropolitan's discretion. Cyclic agreements may also contain a credit payable to the member agencies under terms approved by the Board in April 2019 and amended by the Board in August 2023 for the Cyclic Cost-Offset Program. See "REGIONAL WATER RESOURCES–Local Water Supplies" in this Appendix A.

(3) Reverse-Cyclic Program. The Reverse-Cyclic Program is operated through individual agreements with member agencies. These agreements allowed member agencies to purchase water in calendar year 2022 and 2024 for delivery in a future wet year. Metropolitan will deliver the water within five years at its sole discretion. Under the Program, billing occurs before delivery is made at the full-service water rate, plus the treatment surcharge, if applicable, and the purchases are counted towards the member agency's Readiness-to-Serve Charge. However, deliveries are excluded from the calculation of the Capacity Charge because ~~Reverse-Cyclic~~ Reverse-Cycle Program deliveries are made at Metropolitan's discretion.

(4) Emergency Storage Program. The Emergency Storage Program is used for delivering water for emergency storage in surface water reservoirs and storage tanks. Emergency Storage Program purposes include initially filling a newly constructed reservoir or storage tank and replacing water used during an emergency. Because Metropolitan could interrupt delivery of this water, Emergency Storage Program Deliveries are excluded from the calculation of the RTS ~~Charge~~ Charge, and the Capacity Charge.

(5) Operational Shift Cost Offset Program. The OSCOP is operated through individual agreements with member agencies. Through these agreements, cost-offset credits are offered to member agencies to offset the estimated additional costs and risks incurred by an agency as a result of voluntary operational changes requested by Metropolitan for the purpose of maximizing Metropolitan's water resources. All water delivered under the OSCOP is billed at Metropolitan's applicable full-service rate. Credits are reported as supply program costs.

The applicable rate components and fixed charges applicable for each such program are shown in the following chart. A-89

Current Programs and Rate Components

	Rates & Charges That Apply							~~Rates & Charges That Apply~~
Program	Supply	System Access	System Power	Readiness-to-Serve	Capacity Charge	Treatment Peaking Capacity Charge	Treatment Used Standby Capacity Charge	Treatment Remaining Standby Capacity Charge
~~Full Service~~		~~Yes~~		~~Yes~~	~~Yes~~		~~Yes~~	~~Yes~~
Conjunctive Use	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Cyclic	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Reverse-Cyclic	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Emergency Storage	Yes	Yes	No	Yes	No	No	No	No
Operational Shift ~~Cost Offset~~ Cost-Offset	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes ~~Yes~~

Table from the Word comparison document.

Water Rates

The following table sets forth Metropolitan's water rates by category beginning January 1, ~~2020.~~ 2022. See also "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES–Water Revenues" in this Appendix A. In addition to the base rates for untreated water sold in the different classes of service, the columns labeled "Treated" include the surcharge that Metropolitan charges for water treated at its water treatment plants. See "–Rate Structure" and "–Classes of Water Service" for descriptions of current rates.

SUMMARY OF WATER RATES

(Dollars Per Acre-Foot)

	SUPPLY RATE		SYSTEM ACCESS RATE	~~WATER STEWARDSHIP RATE~~[1]	SYSTEM POWER RATE	TREATMENT SURCHARGE	
	Tier ~~1~~[4] 1	Tier ~~2~~[4] 2[3]					
~~January 1, 2020~~	~~$ 208~~	~~$ 295~~	~~$ 346~~		~~$ 65~~	~~$ 136~~	~~$ 323~~
~~January 1, 2021~~	~~$ 243~~	~~$ 285~~	~~$ 373~~		~~N/A~~	~~$ 161~~	~~$ 327~~
January 1, 2022	~~$ 243~~ $243	~~$ 285~~ $285	~~$ 389~~ $389	~~N/A~~	~~$ 167~~ $167	~~$ 344~~ $344	
January 1, 2023	~~$ 321~~ $321	~~$ 530~~ $530	~~$ 368~~ $368	~~N/A~~	~~$ 166~~ $166	~~$ 354~~ $354	
January 1, 2024	~~$ 332~~ $332	~~$ 531~~ $531	~~$ 389~~ $389	~~N/A~~	~~$ 182~~ $182	~~$ 353~~ $353	
January 1, ~~2025*~~ 2025	~~$ 290~~ $290	~~N/A~~	~~N/A~~	~~$ 463~~ $463	~~N/A~~	~~$ 159~~ $159	~~$ 483~~ $483
January 1, ~~2026*~~ 2026	~~$ 313~~ $313	~~N/A~~	~~N/A~~	~~$ 492~~ $492	~~N/A~~	~~$ 179~~ $179	~~$ 544~~ $544
January 1, 2027*	$413		$472		$145	$390	
January 1, 2028*	$440		$525		$141	$408	

Table from the Word comparison document.

	FULL SERVICE ~~TREATED~~[2] TREATED[1]		FULL SERVICE ~~UNTREATED~~[3] UNTREATED[2]		
	Tier ~~1~~[4] 1	Tier ~~2~~[4] 2[3]		Tier ~~1~~[4] 1	Tier ~~2~~[4] 2[3]
~~January 1, 2020~~	~~$ 1,078~~	~~$ 1,165~~		~~$ 755~~	~~$ 842~~
~~January 1, 2021~~	~~$ 1,104~~	~~$ 1,146~~		~~$ 777~~	~~$ 819~~
January 1, 2022	~~$ 1,143~~ $1,143	~~$ 1,185~~ $1,185		~~$ 799~~ $799	~~$ 841~~ $841
January 1, 2023	~~$ 1,209~~ $1,209	~~$ 1,418~~ $1,418		~~$ 855~~ $855	~~$ 1,064~~ $1,064
January 1, 2024	~~$ 1,256~~ $1,256	~~$ 1,455~~ $1,455		~~$ 903~~ $903	~~$ 1,102~~ $1,102
January 1, ~~2025*~~ 2025	~~$ 1,395~~ $1,395	N/A	N/A	$ 912	N/A	N/A
January 1, ~~2026*~~ 2026	~~$ 1,528~~ $1,528	N/A	N/A	$ 984	N/A	N/A
January 1, 2027*	$1,420	N/A	N/A	$ 1,030	N/A	N/A
January 1, 2028*	$1,514	N/A	N/A	$ 1,106	N/A	N/A

Table from the Word comparison document.

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_____ *Source: Metropolitan.*

* Rates effective January 1, ~~2025~~ 2027 and January 1, ~~2026~~ 2028 were adopted by Metropolitan's Board on April ~~9, 2024. (1) Through December 31, 2020, a Water Stewardship Rate was charged on each acre-foot of water delivered by Metropolitan, except on Exchange Agreement deliveries in calendar years 2018, 2019, and 2020, and allocated to Metropolitan's transportation rates. The Water Stewardship Rate was designed to provide a dedicated source of funding for conservation and local resources development through a uniform, volumetric rate. The Water Stewardship Rate has not been collected on water transactions after December 31, 2020. In November 2021, the Board directed staff to allocate all demand management costs to Metropolitan's supply elements. (2)~~ 14, 2026. (1) Full service treated water rates are the sum of the applicable Supply Rate, System Access Rate, System Power Rate, ~~Treatment Surcharge, and Water Stewardship Rate (for 2020). (3)~~

and Treatment Surcharge. (2) Full service untreated water rates are the sum of the applicable Supply Rate, System Access Rate, ~~System Power Rate, and the Water Stewardship Rate (for 2020). (4)~~ and System

Power Rate. (3) Metropolitan's rate structure effective through December 31, 2024 allowed member agencies to choose to purchase

water from Metropolitan by means of a Purchase Order. The Purchase Orders were voluntary agreements that determined the amount of water that a member agency could purchase at the Tier 1 Supply Rate. Under the Purchase Orders, member agencies had the option to purchase a greater amount of water (based on past purchase levels) over the term of the Purchase Order at the Tier 2 Supply Rate. For member agencies that did not have Purchase Orders in effect, the Tier 2 Supply Rates applied for purchase amounts exceeding a calculated base amount (based on past purchase levels). Commencing January 1, 2025, Purchase Order commitments and the Tier 1 and Tier 2 supply rate are not components of the Metropolitan rate structure. All water purchases are at a single Supply Rate. See "—Rate Structure — *Supply Rates."* Metropolitan expects to revisit Purchase Order commitments and structure as needed through the business model review during the CAMP4W planning process. See "METROPOLITAN'S WATER SUPPLY—Climate Adaptation Master Plan for Water (CAMP4W)."

Financial Reserve Policy

Metropolitan's reserve policy provides for a minimum reserve requirement and target amount of unrestricted reserves at June 30 of each year. The minimum reserve requirement ~~at June 30 of each year is equal to a~~ is maintained in the Revenue Remainder Fund and is based on the portion of fixed costs estimated to be recovered by water revenues ~~for~~ during the 18 months beginning with the immediately succeeding ~~July. Funds representing the minimum reserve requirement are held in the Revenue Remainder Fund.~~ July, taking into account the demand exceedance level used in the water rate-setting process. Any funds in excess of the minimum reserve requirement are held in the Water Rate Stabilization Fund. The target amount ~~of unrestricted reserves is equal to a~~ to be held in the Water Rate Stabilization Fund is based on the portion of the fixed costs estimated to be recovered by water revenues during the two years immediately following ~~the 18- month period used to calculate the minimum reserve requirement.~~ such 18-month period.

In July 2025, the Board adopted revisions to the reserve ~~policy. Under the revised reserve policy, beginning in fiscal year 2025-26, the minimum reserve requirement and target amount of unrestricted reserves will be adjusted based on the budgeted water demand exceedance levels~~ policy, which are reflected beginning July 1, 2026. The revised policy links reserve requirements to the demand exceedance level used for rate setting. A demand exceedance level represents the ~~likelihood~~ probability that actual water sales will meet or exceed the projected ~~amount. A~~ amount, with a higher exceedance level ~~reflects~~ representing a more conservative ~~assumption with lower projected sales, while a lower exceedance level assumes higher projected sales and carries a higher risk of shortfall. Accordingly, the reserve percentage will vary by exceedance level as follows: for~~ sales forecast. Under the revised policy, the applicable reserve percentage is 15 percent at an 80 percent ~~exceedance, the reserve percentage will be 15 percent; for~~ exceedance level, 19 percent at a 70 percent ~~exceedance, 19 percent; and for~~ exceedance level, and 25 percent at a 50 percent ~~exceedance, 25 percent.~~ exceedance level. The revised policy also incorporates treatment-related revenue requirements into the reserve calculation and consolidates the previously separate Treatment Surcharge Stabilization Fund into unrestricted reserves.

For rate setting and biennial ~~budgeting, the Board adopted a policy to use a minimum~~ budget development, the Board approved the use of a 70 percent exceedance level for the ~~next~~ current biennium, fiscal year 2026-27 and fiscal year 2027-28, ~~while considering moving towards~~ and an 80 percent exceedance level for subsequent biennia. This ~~creates a direct link between demand forecasting, financial risk, and the level of reserves needed to protect against revenue shortfalls.~~ A-91

~~As part of this change, the Treatment Surcharge Stabilization Fund will be consolidated into the unrestricted reserves. At the same time, certain costs and~~ approach is intended to reduce downside financial risk associated with lower-than-projected water sales and improve the likelihood that budgeted revenues will be ~~excluded from the reserve calculation to more accurately reflect ongoing, predictable revenue streams. Variable costs, such as~~ achieved.

In calculating reserve requirements, the revised policy excludes variable costs not directly tied to water sales, including certain power and water supply costs, ~~will no longer be included in reserve calculations. Similarly, one-time or uncertain~~ and excludes uncertain or non-recurring revenues, such as unawarded ~~grants, temporary program revenues, or proceeds from asset sales, will be excluded from the calculated reserve requirement.~~ grants and other non-recurring funding sources. These adjustments are intended to align reserve requirements more closely with the revenues and costs that are subject to water sales variability.

As an example, using the 70 percent exceedance level, costs are derived from net revenue requirements from water rates after deducting property taxes, non-rate revenues, and fixed charges such as capacity charges, readiness-to-serve charges and SDCWA exchange payments, leaving ~~$1.412~~ $1.338 billion in fiscal year ~~2025-26~~ 2026-27 costs to recover from water rates. Applying the 19 percent reserve factor to one year plus half of the next year's costs yields a minimum reserve of ~~$415~~ $396 million for fiscal year ~~2025-26, up from $229 million under the prior methodology.~~ 2026-27. The target reserve ~~would increase to $1.065 billion from $645~~ is approximately $970 million, reflecting the higher level of protection needed to address current volatility and ensure long-term financial stability.

The Board also adopted revisions to the approved uses of funds in excess of the target reserve amount. Under the revised policy, such funds are to be utilized for capital expenditures in lieu of the issuance of additional debt; redemption, defeasance, or purchase of outstanding bonds or commercial paper; addressing pension or Other Post-Employment Benefit liabilities, including the establishment or contributions to a pension trust fund; and payment of legal or other financial obligations, as determined by the Board. Provided that the fixed charge coverage ratio is at or above 1.2, amounts in the Water Rate Stabilization Fund may be expended for any lawful purpose of Metropolitan, as determined by the Board. See "CAPITAL INVESTMENT PLAN—Capital Investment Plan Financing" in this Appendix A.

At June 30, ~~2025,~~ 2026, unrestricted reserves, which consist of the Water Rate Stabilization Fund and the Revenue Remainder Fund, were estimated to total ~~$576.6~~ $788.2 million on a cash basis. As of June 30, ~~2025,~~ 2026, the minimum reserve requirement ~~was $228.8~~ using the new methodology was $424.3 million, and the target reserve level was ~~$644.6~~ $1,080.7 million.

Metropolitan projects that unrestricted reserves as of June 30, ~~2026~~ 2027, will be approximately ~~$669.7~~ $759.8 million on a cash basis. This projection is based on the assumptions set forth in the table entitled ~~"HISTORICAL~~ "HISTORICALLY AND PROJECTED REVENUES AND EXPENSES" under "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A. See also "Projected Fiscal Year 2026-27 Financial Results and Other Projection Period Information" under "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

California Ballot Initiatives

Proposition 218, a State ballot initiative known as the "Right to Vote on Taxes Act," was approved by the voters on November 5, 1996 adding Articles XIIIC and XIIID to the California Constitution. Article XIIID provides substantive and procedural requirements on the imposition, extension or increase of any "fee" or "charge" levied by a local government upon a parcel of real property or upon a person as an incident of property ownership. As a wholesaler, Metropolitan serves water to its member agencies, not to persons or properties as an incident of property ownership. Thus, water rates charged by Metropolitan to its member agencies are not property related fees and charges and therefore are exempt from the requirements of Article

XIIID. Fees for retail water service by Metropolitan's member agencies or their agencies are subject to the requirements of Article XIIID.

Article XIIID also imposes certain procedures with respect to assessments. Under Article XIIID, A-92
"standby charges" are considered "assessments" and must follow the procedures required for "assessments," unless they were in existence on the effective date of Article XIIID. Metropolitan has imposed its water standby charges since 1992 and therefore its current standby charges are exempt from the Article XIIID procedures. Changes to Metropolitan's current standby charges could require notice to property owners and approval by a majority of such owners returning mail-in ballots approving or rejecting any imposition or increase of such standby charge. Twenty-two of Metropolitan's member agencies have elected to collect all or a portion of their readiness-to-serve charges through standby charges. See "–Other Charges – *Readiness-to-Serve Charge"* and "– *Water Standby Charges"* above. Even if Article XIIID is construed to limit the ability of Metropolitan and its member agencies to impose or collect standby charges, the member agencies will continue to be obligated to pay the Readiness-to-Serve charges.

Article XIIIC makes all taxes either general or special taxes and imposes voting requirements for each kind of tax. It also extends the people's initiative power to reduce or repeal previously authorized local taxes, assessments, fees and charges. This extension of the initiative power is not limited by the terms of Article XIIIC to fees imposed after November 6, 1996 or to property-related fees and charges and, absent other authority could result in retroactive reduction in existing taxes, assessments or fees and charges.

Proposition 26, a State ballot initiative aimed at restricting regulatory fees and charges, was approved by a majority of California voters on November 2, 2010. Proposition 26 broadens the definition of "tax" in Article XIIIC of the California Constitution to include: levies, charges and exactions imposed by local governments, except for charges imposed for benefits or privileges or for services or products granted to the payor (and not provided to those not charged) that do not exceed their reasonable cost; regulatory fees that do not exceed the cost of regulation and are allocated in a fair or reasonable manner; fees for the use of local governmental property; fines and penalties imposed for violations of law; real property development fees; and assessments and property-related fees imposed under Article XIIID of the California Constitution. Special taxes imposed by local governments including special districts are subject to approval by two-thirds of the electorate. Proposition 26 applies to charges imposed or increased by local governments after the date of its approval, if they do not qualify under the listed exceptions. Under Proposition 26, the agency holds the burden of proof in a rate or charge challenge to demonstrate its rates or charges fall under the exceptions. In May 2022, in then-ongoing litigation brought by SDCWA challenging certain Metropolitan rates and charges, the San Francisco Superior Court ruled that Proposition 26 applies to Metropolitan's rates and charges, rejecting the argument that under Metropolitan's voluntary co-operative structure its rates and charges are not "imposed" and therefore not covered by the language of Proposition 26 that restricts exactions "imposed" by an agency. The parties have since settled all aspects of the litigation and the trial court judgment remains applicable to Metropolitan. However, Metropolitan's rates and charges recover the reasonable costs for benefits, services, and use of government property and are allocated in a fair and reasonable manner and are therefore exempt from the election requirements in Proposition 26.

Propositions 218 and 26 were adopted as measures that qualified for the ballot pursuant to the State's initiative process. Other initiative measures have been proposed from time to time, or could be proposed in the future, which if qualified for the ballot, could be adopted, or legislative measures could be approved by the Legislature, which may place limitations on the ability of Metropolitan or its member agencies to increase revenues or to increase appropriations in the future, or, if such measures are retroactive, affect previously adopted revenue increasing actions. Such measures may further affect Metropolitan's ability to collect taxes, assessments or fees and charges, which could have an adverse effect on Metropolitan's revenues.

Preferential Rights A-93

Section 135 of the Act gives each of Metropolitan's member agencies a preferential right to purchase for domestic and municipal uses within the agency a portion of the water served by Metropolitan, based upon a ratio of all payments on tax assessments and otherwise, except purchases of water, made to Metropolitan by the member agency compared to total payments made by all member agencies on tax assessments and otherwise since Metropolitan was formed, except purchases of water. Historically, these rights have not been used in allocating Metropolitan's water. In 2004, the California Court of Appeal upheld Metropolitan's methodology for calculation of the respective member agencies' preferential rights under Section 135 of the Act. In 2017, the California Court of Appeal held that SDCWA's payments under the Exchange Agreement must be included in the preferential rights calculation.

Other Revenue Sources

Hydroelectric Power Revenues. Metropolitan has constructed 15 small hydroelectric plants on its distribution system. The combined generating capacity of these plants is approximately 130 megawatts, and is dependent on available water sources. The plants are located in Los Angeles, Orange, Riverside, and San Diego Counties at existing pressure control structures and other locations.

In addition, the power requirements for the CRA are offset, in part, by Metropolitan's hydroelectric power generation entitlements from Hoover and Parker dams. A net revenue stream results when the CRA power needs are less than Metropolitan's Hoover and Parker power entitlements, and in which the excess energy is imported and sold into the California Independent System Operator ("CAISO") market.

Since 2000, annual energy generation sales revenues have ranged between ~~$6.0~~ $1.5 million and nearly $44.9 million, fluctuating with available water supplies. Energy generation sales revenues, on a cash basis, were ~~$6.7~~ $1.5 million for fiscal year ~~2024-25.~~ 2025-26.

Investment Income. In fiscal years ~~2022-23, 2023-24, and 2024-25,~~ 2023-24, 2024-25, and 2025-26, Metropolitan's earnings on investments, including adjustments for gains and losses and premiums and discounts, ~~including~~ excluding construction account and trust fund earnings, and excluding gains and losses on swap terminations (if any), on a cash basis (unaudited) were ~~$22.5 million, $45.0 million, and $41.3~~ $41.6 million, $38.4 million, and $55.1 million, respectively.

Federal Funding

Metropolitan has received a number of commitments for federal funding in recent years in the form of grants awarded by, and agreements entered into with, the Bureau of Reclamation under programs administered by the Bureau of Reclamation pursuant to ~~funding appropriations made by Congress~~ fiscal year programmatic appropriations as well as additional funding under provisions of the Infrastructure Investment and Jobs Act (P.L. 11758) enacted by Congress in November 2021 (the "IIJA"), and the IRA. In total, these federal commitments aggregate approximately $517.8 million in funding to Metropolitan that is expected to be received over the period from 2024 to 2031.

Federal grants made available to Metropolitan ~~under the~~ through fiscal year programmatic appropriations as well as IIJA funding provisions consist of approximately $144.8 million in aggregate ~~in grants awarded~~ to fund a portion of the costs of various water efficiency, drought response, water recycling, and other eligible projects of Metropolitan; the most significant of which is $125.4 million in grant funding awarded by the Bureau of Reclamation for PWSC (see "REGIONAL WATER RESOURCES—Local Water Supplies — *Recycled Water-Metropolitan Pure Water Southern California Program")* as a large-scale water reuse and recycling project. Funding under these grant programs ~~are~~ is subject to applicable cost-sharing requirements, and funds will be disbursed to Metropolitan as reimbursement for a portion of the costs incurred. Funding for these grant programs was appropriated by Congress and made available to the Bureau of

Reclamation in installments from federal fiscal year 2022 through federal fiscal year 2026. Funding provided to the Bureau of Reclamation for these grant programs is considered as available for obligation until expended (meaning that the agency can legally commit these funds to a specific purpose, and those funds remain usable for that purpose until they are fully spent, or until the period of availability expires). As of ~~November 1, 2025, the anticipated~~ August 31, 2026, the payments expected to be received by Metropolitan as of such date under executed grant agreements have been received. ***~~(to be confirmed)~~***

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The funding provisions of the IRA provided significant mandatory appropriations to the Bureau of Reclamation to be made available from federal fiscal year 2022 through federal fiscal year 2026 (or 2031 for certain programs). The majority of such IRA funding was provided for drought mitigation in states and territories within the Bureau of Reclamation's area of operation, with priority given to the Colorado River Basin and areas experiencing long-term drought. As described under "METROPOLITAN'S WATER SUPPLY—Colorado River Aqueduct—Colorado River Operations: Surplus and Shortage Guidelines — *Lower Colorado River Basin System Conservation and Efficiency Program,"* Metropolitan has entered into a number of System Conservation Agreements with the Bureau of Reclamation under the Lower Colorado River Basin System Conservation and Efficiency Program established by the Bureau with funding made available under the IRA. These agreements represent approximately $373.0 million of the federal funding commitments made to Metropolitan.

These agreements include three agreements (together with related amendments) with the Bureau of Reclamation pursuant to which the Bureau of Reclamation, rather than Metropolitan, agreed to pay for conserved water from Metropolitan's PVID Land Management, Crop Rotation and Water Supply Program and Bard Seasonal Fallowing Program for a specified three-year period, and from Metropolitan's Quechan Forbearance Program, for a specified ~~a~~ four-year period, in exchange for which the conserved water from these programs will be added to Lake Mead as Colorado River system water. These agreements are anticipated to represent approximately $187.1 million in funding in aggregate over the period August 1, ~~2023~~ 2023, through December 31, 2026. Payments under the agreement (and the program extension amendment) related to Metropolitan's Quechan Forbearance Program are made directly by the Bureau of Reclamation to Metropolitan's program partner, the Quechan Tribe. Payments under the other agreements are made to Metropolitan and then Metropolitan administers the programs. See "METROPOLITAN'S WATER SUPPLY —Water Transfer, Storage and Exchange Programs — *Colorado River Aqueduct Agreements and Programs"* for a description of these Metropolitan programs. As of ~~November 1, 2025, the anticipated~~ August 31, 2026, the payments expected to be received by Metropolitan as of such date from the Bureau of Reclamation under these agreements have been received. ***~~(to be confirmed)~~***

Other agreements entered into between Metropolitan and the Bureau of Reclamation consist of long-term conservation agreements pursuant to which the Bureau of Reclamation has agreed to provide up to $186.0 million in funding for conservation programs and projects of Metropolitan and Metropolitan has agreed to provide conserved water to Lake Mead as Colorado River system water over a ten-year period. Funding to be provided by the Bureau of Reclamation under these agreements includes: (i) up to $82.0 million to fund certain costs of design and construction of facilities for the AVEK High Desert Water Bank Program (see "METROPOLITAN'S WATER SUPPLY—Water Transfer, Storage and Exchange Programs —State Water Project Agreements and Programs — *Antelope Valley-East Kern High Desert Water Bank Program");* (ii) up to $95.8 million to fund Metropolitan's existing turf replacement program, which provides financial incentives to residents and businesses to convert grass to more sustainable, water-efficient landscaping; and (iii) up to $8.0 million for the establishment by Metropolitan of a leak detection and repair program in disadvantaged communities. Payments under these agreements are to be made by the Bureau of Reclamation to Metropolitan upon satisfaction by Metropolitan of project milestones. Payment amounts will be based on incurred costs to meet completed project milestones and will be determined on a quarterly basis, and documentation requirements. Prior to receiving funds under these agreements, California's Colorado River water agencies

must execute a forbearance agreement confirming that the conserved water will not be consumptively used. The forbearance agreement was executed in April 2025.

President Trump has issued a number of presidential executive orders since taking office, including executive orders outlining the Administration's policy goals and directives for, among other things, infrastructure development in certain areas. One such executive order initially directed an immediate pause of funding allocated to infrastructure projects under the IIJA and IRA during a 90-day review period. Certain of these executive actions have been the subject of judicial challenges. The outcome of these executive orders and subsequent official and unofficial actions that have been or may be taken at the federal level has not yet been determined and their ultimate impact, if any, on unspent funding appropriated by IIJA and IRA as well as obligated grants that have not yet been fully paid out is not yet known. See also "RISK FACTORS — Federal Policy and Funding Risks" in the front part of this Official Statement. A-95

Investment of Moneys in Funds and Accounts

The Board has delegated to the Treasurer the authority to invest funds. All moneys in any of the funds and accounts established pursuant to Metropolitan's water revenue or general obligation bond resolutions are managed by the Treasurer in accordance with Metropolitan's Statement of Investment Policy. All Metropolitan funds available for investment are currently invested in United States Treasury and agency securities, supranationals, commercial paper, negotiable certificates of deposit, bank deposits (certificate of deposit), corporate notes, municipal bonds, government-sponsored enterprise, money market funds, California Asset Management Program ("CAMP") and the California Local Agency Investment Fund ("LAIF"). CAMP is a program created through a joint powers agency as a pooled short-term portfolio and cash management vehicle for California public agencies. CAMP is a permitted investment for all local agencies under California Government Code Section 53601(p). LAIF is a voluntary program created by statute as an investment alternative for California's local governments and special districts. LAIF permits such local agencies to participate in an investment portfolio, which invests billions of dollars, managed by the State Treasurer's Office.

The Statement of Investment Policy provides that in managing Metropolitan's investments, the primary objective shall be to safeguard the principal of the invested funds. The secondary objective shall be to meet all liquidity requirements and the third objective shall be to achieve a return on the invested funds. Although the Statement of Investment Policy permits investments in some government-sponsored enterprise, the portfolio does not include any of the special investment vehicles related to sub-prime mortgages. Metropolitan's current investments comply with the Statement of Investment Policy.

As of July 31, ~~2025,~~ 2026, the total market value (cash-basis) of all Metropolitan invested funds was ~~$1.3~~ $1.5 billion. The market value of Metropolitan's investment portfolio is subject to market fluctuation and volatility and general economic conditions. Over the three years ended July 31, ~~2025,~~ 2026, the market value of the month-end balance of Metropolitan's investment portfolio (excluding bond reserve funds) averaged approximately ~~$1.2~~ $1.3 billion. The minimum month-end balance of Metropolitan's investment portfolio (excluding bond reserve funds) during such period was approximately $979.9 million on October 31, 2024. See Note 3 to Metropolitan's audited financial statements in Appendix B for additional information on the investment portfolio.

Metropolitan's Administrative Code requires that (1) the Treasurer provide an annual Statement of Investment Policy for approval by Metropolitan's Board, (2) the Treasurer provide a monthly investment report to the Board and the General Manager showing by fund the description, maturity date, yield, par, cost and current market value of each security, and (3) the General Counsel review as to eligibility the securities invested in by the Treasurer for that month and report his or her determinations to the Board. The Board approved the Statement of Investment Policy for fiscal year ~~2025-26 on June 13, 2025.~~ 2026-27 on June 9,

2026.

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Subject to the provisions of Metropolitan's water revenue or general obligation bond resolutions, obligations purchased by the investment of bond proceeds in the various funds and accounts established pursuant to a bond resolution are deemed at all times to be a part of such funds and accounts and any income realized from investment of amounts on deposit in any fund or account therein will be credited to such fund or account. The Treasurer is required to sell or present for redemption any investments whenever it may be necessary to do so in order to provide moneys to meet required payments or transfers from such funds and accounts. For the purpose of determining at any given time the balance in any such funds, any such investments constituting a part of such funds and accounts will be valued at the then estimated or appraised market value of such investments.

All investments, including those authorized by law from time to time for investments by public agencies, contain certain risks. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under Metropolitan's water revenue or general obligation revenue bond resolutions, or other amounts held by Metropolitan, could have a material adverse effect on Metropolitan's finances. These risks may be mitigated, but are not eliminated, by limitations imposed on the portfolio management process by Metropolitan's Statement of Investment Policy.

With limited exceptions, the Statement of Investment Policy requires that investments have a minimum credit rating of "A-1/P-1/F1" for short-term securities and ~~"A"~~ "AA" for longer-term securities, without regard to modifiers, at the time of purchase. Effective July 1, 2025, the longer-term securities credit rating requirement was updated to "AA" or its equivalent or better by at least one NRSRO. Securities purchased before July 1, 2025, meet the prior credit rating requirement of "A" or its equivalent or better by an NRSRO. If a security is downgraded below the minimum rating criteria specified in the Statement of Investment Policy, the Treasurer shall determine a course of action to be taken on a case-by-case basis considering such factors as the reason for the downgrade, prognosis for recovery, or further rating downgrades, and the market price of the security. The Treasurer is required to note in the Treasurer's monthly report any securities which have been downgraded below Policy requirements and the recommended course of action.

The Statement of Investment Policy also limits the amount of securities that can be purchased by category, as well as by issuer, and prohibits investments that can result in zero interest income. Metropolitan's securities are settled on a delivery versus payment basis and are held by an independent third-party custodian. See Metropolitan's financial statements included in APPENDIX B– "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024 AND BASIC FINANCIAL STATEMENTS FOR THE ~~[THREE~~ THREE MONTHS ENDED SEPTEMBER 30, ~~2025~~ 2026 AND SEPTEMBER 30, ~~2024 (UNAUDITED)]"~~ 2025 (UNAUDITED)" for a description of Metropolitan's investments at June 30, 2025, and ~~[September 30, 2025].~~ June 30, 2024.

Metropolitan retains an outside investment firm to manage its core portfolio, a portion of the liquidity portfolio, and the Endowment Portfolio. The Endowment Portfolio includes the Lake Matthews Trust, DVR Multi-Species Reserve Fund, Habitat Maintenance Fund-Lower Colorado, Water Utility Climate Alliance Membership, and the HCP Remedial Measures Fund. This firm managed approximately ~~$1.1~~ $1.04 billion in total investments on behalf of Metropolitan as of July 31, ~~2025.~~ 2026. All outside managers are required to adhere to Metropolitan's Statement of Investment Policy.

Metropolitan's Statement of Investment Policy may be changed at any time by the Board (subject to State law provisions relating to authorized investments). There can be no assurance that State law and/or the Statement of Investment Policy will not be amended in the future to allow for investments that are currently

not permitted under State law or the Statement of Investment Policy, or that the objectives of Metropolitan with respect to investments or its investment holdings at any point in time will not change.

[Remainder of page intentionally left blank.] A-97

METROPOLITAN EXPENSES A-98

General

The following table sets forth a summary of Metropolitan's expenses, by major function, for the five fiscal years ended June 30, ~~2025.~~ 2026. Data for the ~~two fiscal years ended on or prior to~~ fiscal year ended on June 30, 2022 is presented on a modified accrual basis, consistent with Metropolitan's budgetary reporting for such fiscal years. ~~In~~ Beginning in fiscal year 2022-23, ~~the basis for budgeting was changed, therefore~~ Metropolitan changed its basis for budgetary reporting; accordingly, data for the fiscal years ended June 30, ~~2023, 2024, and 2025 is~~ 2023 through June 30, 2026 are presented on a cash basis. All information is unaudited. ~~Expenses of Metropolitan~~ Metropolitan's audited financial statements for the fiscal years ended June 30, ~~2025,~~ 2025 and June 30, 2024, ~~and June 30, 2023,~~ which are prepared on an accrual basis, are ~~shown in Metropolitan's audited financial statements~~ included in Appendix B.

SUMMARY OF EXPENSES

Fiscal Years Ended June 30

(Dollars in Millions)

	Modified Accrual		Cash			
	~~2021~~	2022	2023	2024	2025	2026
Operation and Maintenance Costs[1][2]	~~$ 636~~	~~$ 797~~ $797	~~$ 940~~ $940	~~$ 896~~ $896	~~$ 877~~ $877	$882
Total State Water Project[3]		547	~~547~~ 579	708	577	562
Total Debt Service	~~286~~	283	301	327	344	352
Construction Expenses from Revenues[4]	~~110~~	135	135	35	175	205
Other[5]	~~6~~	55	7	9	12	10
Total Expenses (net of reimbursements)	~~$1,585~~	$1,817	$1,962	$1,975	$1,985	$2,011

Table from the Word comparison document.

Source: Metropolitan. (1) Includes operation and maintenance, ~~debt administration,~~ conservation and local resource programs, CRA power,

and water supply ~~expenses. Fiscal year 2020-21, fiscal year 2021-22, fiscal year 2022-23, fiscal year 2023-2024,~~

~~and fiscal year 2024-25 include $25 million,~~

expenses. Fiscal years 2021-22, 2022-23, 2023-24, 2024-25, and 2025-26 include $25 million, $34.5 million, $64.5 ~~million, and $11.6~~

million, $11.6 million and $25.7 million for Delta

Conveyance expenses, respectively. See "METROPOLITAN'S

WATER SUPPLY—State Water Project — ~~Bay-~~

~~Delta~~ Bay-Delta Proceedings Affecting State Water Project — *Delta*

Conveyance." (2) The higher level of increases in Operation and Maintenance costs in fiscal ~~years 2021-22 and~~ year 2022-23 over prior

~~years primarily~~ years primarily

reflects significant increases in the costs of chemicals and other materials resulting from shortages

or supply chain

issues and higher than average CRA power and supply program costs. (3) Includes operating and capital expense ~~portions and Delta Conveyance.~~ portions. (4) At the discretion of the Board, in any given year, Metropolitan may increase or decrease funding available for

construction disbursements to be paid from revenues. Does not include expenditures of bond proceeds. Fiscal year

2025-26 includes a $28.1 million transfer to the R&R fund. (5) Includes operating ~~equipment.~~ equipment and for fiscal year 2025-26 operating equipment financing. Fiscal year 2021-22

includes $51 million for SDCWA litigation payments.

Revenue Bond Indebtedness and Other Obligations

As of November 1, ~~2025,~~ 2026, Metropolitan had total outstanding indebtedness secured by a lien on Net Operating Revenues of ~~$3.98~~ $3.81 billion. This indebtedness is comprised of ~~(a)(i) $2.82~~ (a) $2.75 billion of Senior Revenue Bonds issued under the Senior Debt Resolutions (each as defined below), which includes ~~$2.64~~ $2.56 billion of fixed rate Senior Revenue Bonds, and $184.2 million of variable rate Senior Revenue Bonds ~~which are being refunded by Metropolitan's Special Variable Rate Water Revenue Refunding Bonds, 2025 Series B ("Metropolitan's 2025B Senior Bonds") as described under "PLAN OF REFUNDING" in the front part of this Official Statement; and (b)(i) $991.0~~ and (b)(i) $889.5 million of Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions (each as defined below), which includes ~~$538.5~~ $437.0 million of fixed rate Subordinate Revenue Bonds, and $452.6 million of variable rate Subordinate Revenue Bonds; and (ii) ~~$170.0 million of Subordinate Parity Obligations (as defined below), which includes $52.4 million of fixed rate Subordinate Parity Obligations, and $117.6 million of term rate~~ $169.1 million of Subordinate Parity Obligations (described under "—Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations — Subordinate Parity Obligations — AVEK Water Banking Agreement" below). In addition, Metropolitan has ~~$197.1~~ $135.9 million of fixed-payor interest rate swaps which provides a fixed interest rate hedge to an equivalent amount of variable rate debt. Metropolitan's revenue bonds and other revenue obligations are more fully described below.

REVENUE BOND INDEBTEDNESS AND OTHER OBLIGATIONS A-99

(as of November 1, ~~2025)~~ 2026)

	Variable Rate	Fixed Rate	Total
Senior Lien Revenue Bonds	~~$ 184,225,000~~ $184,225,000	~~$ 2,636,115,000~~ $2,562,610,000	~~$ 2,820,340,000~~ $2,746,835,000
Senior Lien Short-Term Notes	—	—	—
Subordinate Lien Revenue Bonds	452,550,000	~~538,455,000~~ 436,965,000	~~991,005,000~~ 889,515,000
Subtotal (Direct Obligations of Metropolitan)	**636,775,000**	**2,999,575,000**	**3,636,350,000**
Subordinate Parity Obligations	—	~~170,045,000~~ 169,070,000	~~170,045,000~~ 169,070,000
Total Obligations	**$ 636,775,000**	**~~$ 3,344,615,000~~ 3,168,645,000**	**~~$ 3,981,390,000~~ 3,805,420,000**
Fixed-Payor Interest Rate Swaps	~~(197,100,000)~~ (135,930,000)	~~197,100,000~~ 135,930,000	—
Net Amount (after giving effect to Swaps)	$ ~~439,675,000~~ $500,845,000	$ ~~3,541,725,000~~ $3,304,575,000	$ ~~3,981,390,000~~ $3,805,420,000

Table rebuilt from the Word comparison: Fall 2026 values from the Word document; 2025 values from Attachment 1.

Source: Metropolitan.

As described under "–Outstanding Senior Revenue Bonds and Senior Parity Obligations–Senior Parity Obligations," in March 2024, Metropolitan entered into a Short-Term Revolving Credit Facility pursuant to which Metropolitan may issue senior lien short-term notes from time-to-time, bearing interest at a variable rate, and payable on parity with Metropolitan's Senior Revenue Bonds. As of November 1, ~~2025,~~ 2026, there

were no senior lien short-term notes ~~were~~ outstanding under such Short-Term Revolving Credit Facility.

Limitations on Additional Revenue Bonds

Resolution 8329, adopted by Metropolitan's Board on July 9, 1991, as amended and supplemented (the "Master Senior Resolution," and collectively with all such supplemental resolutions, the "Senior Debt Resolutions"), provides for the issuance of Metropolitan's senior lien water revenue bonds. The Senior Debt Resolutions establish limitations on the issuance of additional obligations payable from Net Operating Revenues. Under the Senior Debt Resolutions, no additional bonds, notes or other evidences of indebtedness payable out of Operating Revenues may be issued having any priority in payment of principal, redemption premium, if any, or interest over any water revenue bonds authorized by the Senior Debt Resolutions ("Senior Revenue Bonds") or other obligations of Metropolitan having a lien and charge upon, or being payable from, the Net Operating Revenues on parity with such Senior Revenue Bonds ("Senior Parity Obligations"). No additional Senior Revenue Bonds or Senior Parity Obligations may be issued or incurred unless the conditions of the Senior Debt Resolutions have been satisfied.

Resolution 9199, adopted by Metropolitan's Board on March 8, 2016, as amended and supplemented (the "Master Subordinate Resolution," and collectively with all such supplemental resolutions, the "Subordinate Debt Resolutions," and together with the Senior Debt Resolutions, the "Revenue Bond Resolutions"), provides for the issuance of Metropolitan's subordinate lien water revenue bonds and other obligations secured by a pledge of Net Operating Revenues that is subordinate to the pledge securing Senior Revenue Bonds and Senior Parity Obligations. The Subordinate Debt Resolutions establish limitations on the issuance of additional obligations payable from Net Operating Revenues. Under the Subordinate Debt Resolutions, with the exception of Senior Revenue Bonds and Senior Parity Obligations, no additional bonds, notes or other evidences of indebtedness payable out of Operating Revenues may be issued having any priority in payment of principal, redemption premium, if any, or interest over any subordinate water revenue bonds authorized by the Subordinate Debt Resolutions ("Subordinate Revenue Bonds" and, together with Senior Revenue Bonds, "Revenue Bonds") or other obligations of Metropolitan having a lien and charge upon, or being payable from, the Net Operating Revenues on parity with the Subordinate Revenue Bonds ("Subordinate Parity Obligations"). No additional Subordinate Revenue Bonds or Subordinate Parity Obligations may be issued or incurred unless the conditions of the Subordinate Debt Resolutions have been satisfied. Subordinate Parity Obligations are referred under the Subordinate Debt Resolutions as "First Tier Parity Obligations."

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The laws governing Metropolitan's ability to issue water revenue bonds currently provide two additional limitations on indebtedness that may be incurred by Metropolitan. The Act provides for a limit on general obligation bonds, water revenue bonds and other evidences of indebtedness of 15 percent of the assessed value of all taxable property within Metropolitan's service area. As of November 1, ~~2025,~~ 2026, outstanding general obligation bonds, water revenue bonds and other evidences of indebtedness in the amount of ~~$3.98~~ $3.82 billion represented approximately 0.09 percent of the fiscal year ~~2025-26~~ 2026-27 taxable assessed valuation of ~~$4,249.8~~ $4,443.2 billion The second limitation under the Act specifies that no revenue bonds may be issued, except for the purpose of refunding, unless the amount of net ~~assets~~ position (formerly referred to as net assets) of Metropolitan as shown on its balance sheet as of the end of the last fiscal year prior to the issuance of such bonds, equals at least 100 percent of the aggregate amount of revenue bonds outstanding following the issuance of such bonds. The net ~~assets~~ position of Metropolitan at June 30, ~~[2024][2025] were $[7.37] billion. *{to be updated from FY 2025 audit when available}*~~ 2026 was $7.72 billion. The aggregate amount of revenue bonds outstanding as of November 1, ~~2025 was $3.80~~ 2026 will be $3.64 billion. The limitation does not apply to other forms of financing available to Metropolitan. Audited financial statements including the net ~~assets~~ position of Metropolitan as of June 30, 2025 and June 30, 2024 are shown in Metropolitan's audited financial statements included in APPENDIX B–"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR

THE FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024 AND BASIC FINANCIAL STATEMENTS FOR THE ~~[THREE~~ THREE MONTHS ENDED SEPTEMBER 30, ~~2025~~ 2026 AND SEPTEMBER 30, ~~2024 (UNAUDITED].”~~

~~)~~ 2025 (UNAUDITED).”

Metropolitan provides no assurance that the Act’s limitations on indebtedness will not be revised or removed by future legislation. Limitations under the Revenue Bond Resolutions respecting the issuance of additional obligations payable from Net Operating Revenues on parity with the Senior Revenue Bonds and Subordinate Revenue Bonds of Metropolitan will remain in effect so long as any Senior Revenue Bonds and Subordinate Revenue Bonds authorized pursuant to the applicable Revenue Bond Resolutions are outstanding, provided however, that the Revenue Bond Resolutions are subject to amendment and supplement in accordance with their terms.

Variable Rate Exposure Policy

As of November 1, ~~2025,~~ 2026, Metropolitan had outstanding $184.2 million of variable rate obligations issued as Senior Revenue Bonds under the Senior Debt Resolutions. In addition, as of November 1, ~~2025,~~ 2026, $452.6 million of variable rate Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions were outstanding (described under “–Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations” below).

As of November 1, ~~2025,~~ 2026, of Metropolitan’s $636.8 million of variable rate obligations, ~~$197.1~~ $135.9 million of such variable rate demand obligations are treated by Metropolitan as fixed rate debt, by virtue of interest rate swap agreements (described under “—Outstanding Senior Revenue Bonds and Senior Parity Obligations —Variable Rate and Swap Obligations — Interest Rate Swap Transactions” below), for the purpose of calculating debt service requirements. The remaining ~~$439.7~~ $500.8 million of variable rate obligations represent approximately ~~11.0~~ 13.2 percent of total outstanding water revenue secured indebtedness (including Senior Revenue Bonds and Senior Parity Obligations and Subordinate Revenue Bonds and Subordinate Parity Obligations), as of November 1, ~~2025.~~ 2026. A-101

Metropolitan’s variable rate exposure policy requires that variable rate debt be managed to limit net interest cost increases within a fiscal year as a result of interest rate changes to no more than $5 million. In addition, the maximum amount of variable interest rate exposure (excluding variable rate bonds associated with interest rate swap agreements) is limited to 40 percent of total outstanding water revenue bond debt. Variable rate debt capacity will be reevaluated as interest rates change and managed within these parameters.

~~[Remainder of page intentionally left blank.]~~

Outstanding Senior Revenue Bonds and Senior Parity Obligations

Senior Revenue Bonds

The water revenue bonds issued under the Senior Debt Resolutions outstanding as of November 1, ~~2025~~ 2026 are set forth below:

Outstanding Senior Revenue Bonds

Name of Issue	Principal Outstanding
Water Revenue Refunding Bonds, 2011 Series C	$ 29,315,000
Water Revenue Bonds, 2015 Authorization, Series A	21,505,000
Water Revenue Refunding Bonds, 2016 Series A	112,415,000
~~Special Variable Rate Water Revenue Refunding Bonds, 2016 Series B-2[(1)(2)]~~	~~25,325,000~~

Name of Issue	Principal Outstanding
~~Water Revenue Bonds, 2017 Authorization, Series A[(1)(2)]~~	~~24,275,000~~
Water Revenue Refunding Bonds, 2018 Series B	~~109,285,000~~ 103,690,000
Water Revenue Refunding Bonds, 2019 Series A	218,090,000
Water Revenue Bonds, 2020 Series A	207,355,000
Water Revenue Refunding Bonds, 2020 Series C	~~240,810,000~~ 237,635,000
Water Revenue Bonds, 2021 Series A	188,890,000
Water Revenue Refunding Bonds, 2021 Series B	~~54,530,000~~ 28,610,000
Water Revenue Refunding Bonds, 2022 Series A	~~247,755,000~~ 236,655,000
Water Revenue Refunding Bonds, 2022 Series B	~~253,365,000~~ 237,140,000
~~Special Variable Rate~~ Water Revenue ~~Refunding~~ Bonds, ~~2022~~ 2023 Series ~~C-2[(1)(2)]~~ A	~~134,625,000~~ 245,280,000
Water Revenue Refunding Bonds, ~~2023~~ 2024 Series A	~~249,025,000~~ 360,510,000
Water Revenue ~~Refunding~~ Bonds, 2024 Series ~~A~~ C	~~363,575,000~~ 203,590,000
~~Water~~ Revenue Refunding Bonds, ~~2024~~ 2025 Series ~~C~~ A	~~208,270,000~~ 131,930,000
Special Variable Rate Water Revenue Refunding Bonds, 2025 Series ~~A~~ B (1)	~~131,930,000~~ 184,225,000
Total	~~**$2,820,340,000**~~ **$ 2,746,835,000**

Table from the Word comparison document.

_____ *Source: Metropolitan.*

(1) Outstanding variable rate obligation. ~~(2) To be refunded by Metropolitan's 2025B Senior Bonds~~

Variable Rate Bonds and Swap Obligations

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As of November 1, ~~2025, of Metropolitan's $2.82~~ 2026, of Metropolitan's $2.75 billion of outstanding Senior Revenue Bonds, $184.2 million are variable rate Senior Revenue Bonds issued under the Senior Debt Resolutions (described under this caption "–Variable Rate Bonds and Swap Obligations") in ~~either a daily mode or~~ a weekly mode and supported by standby bond purchase agreements between Metropolitan and various liquidity providers ("Liquidity Supported Senior Revenue Bonds"). ~~As described under "PLAN OF REFUNDING" in the front part of this Official Statement, all of the $184.23 million of outstanding variable rate Senior Revenue Bonds are expected to be refunded by Metropolitan's 2025B Senior Bonds.~~

Liquidity Supported Senior Revenue Bonds. Metropolitan's outstanding variable rate demand obligations issued under the Senior Debt Resolutions, totaling $184.2 million as of November 1, ~~2025, consisted of $49.6 million principal amount of variable rate Senior Revenue Bonds, the interest rates on which are currently reset on a daily basis, and $134.6~~ 2026, consisted of $184.2 million principal amount of variable rate Senior Revenue Bonds, the interest rates on which are reset on a weekly basis. ~~The variable rate demand obligations bearing interest at a daily rate are subject to optional tender on any business day with same day notice by the owners thereof and mandatory tender upon specified events.~~ The variable rate demand obligations bearing interest at a weekly rate are subject to optional tender on any business day upon seven days' notice by the owners thereof and mandatory tender upon specified events. Such variable rate demand obligations are supported by standby bond purchase agreements between Metropolitan and liquidity providers that provide for purchase of variable rate bonds by the applicable liquidity provider upon tender of such variable rate bonds and a failed remarketing. Metropolitan has secured its obligation to repay principal and interest advanced under the standby bond purchase agreements as Senior Parity Obligations. A decline in the creditworthiness of a liquidity provider will likely result in an increase in the interest rate of the applicable variable rate bonds, as well as an increase in the risk of a failed remarketing of such tendered variable rate bonds. Variable rate bonds purchased by a liquidity provider ("bank bonds") would initially bear interest at a per annum interest rate equal to, depending on the liquidity facility, either: (a) the highest of (i) the Prime Rate, (ii) the Federal Funds Rate plus one-half of a percent, or (iii) seven and one-half percent (with the spread or rate increasing in the case of each of (i), (ii) and (iii) of this clause (a) by one percent after 60 days); or (b) the

highest of (i) the Prime Rate plus one percent, (ii) Federal Funds Rate plus two percent, and (iii) seven percent (with the spread or rate increasing in the case of each of (i), (ii) and (iii) of this clause (b) by one percent after 90 days). To the ~~extent such bank bonds have not been~~

th

extent such bank bonds have not been remarketed or otherwise retired as of the earlier of the 60 day following the date such bonds were purchased by the liquidity provider or the stated expiration date of the related liquidity facility, Metropolitan's obligation to reimburse the liquidity provider may convert the term of the variable rate bonds purchased by the liquidity provider into a term loan payable under the terms of the current liquidity facilities in semi-annual installments over a period ending on the third anniversary of the date on which the variable rate bonds were purchased by the liquidity provider. In addition, upon an event of default under any such liquidity facility, including a failure by Metropolitan to perform or observe its covenants under the applicable standby bond purchase agreement, a default in other specified indebtedness of Metropolitan, or other specified events of default (including a reduction in the credit rating assigned to Senior Revenue Bonds issued under the Senior Debt Resolutions by any of Fitch, S&P or Moody's below "A–" or "A3"), the liquidity provider could require all bank bonds to be subject to immediate mandatory redemption by Metropolitan.

The following table lists the current liquidity ~~providers,~~ provider, the current expiration date of ~~each~~ the facility, and the principal amount of outstanding variable rate demand obligations covered under ~~each~~ the facility as of November 1, ~~2025.~~ 2026.

Liquidity Facilities and Expiration Dates

Liquidity Provider	Bond Issue	Principal Outstanding	Facility Expiration
~~TD Bank, N.A.~~	~~2016 Series B-2~~[(1)]	~~$ 25,325,000~~	~~January 2026~~
PNC Bank, N.A.	~~2017 Authorization~~ 2025 Series ~~A~~[(1)] B Bonds	~~24,275,000~~ $ 184,225,000	~~January 2026~~ December 2028
~~PNC Bank, N.A.~~	~~2022 Series C-2~~[(1)]	~~134,625,000~~	~~January 2026~~
Total		**$ 184,225,000**	

Table from the Word comparison document.

Source: Metropolitan. ~~(1) To be refunded by Metropolitan's 2025B Senior Bonds.~~

Interest Rate Swap Transactions. By resolution adopted on September 11, 2001, Metropolitan's Board authorized the execution of interest rate swap transactions and related agreements in accordance with a master swap policy, which was subsequently amended by resolutions adopted on July 14, 2009 and May 11, 2010. Metropolitan may execute interest rate swaps if the transaction can be expected to reduce exposure to changes in interest rates on a particular financial transaction or in the management of interest rate risk derived from Metropolitan's overall asset/liability balance, result in a lower net cost of borrowing or achieve a higher net rate of return on investments made in connection with or incidental to the issuance, incurring or carrying of Metropolitan's obligations or investments, or manage variable interest rate exposure consistent with prudent debt practices and Board-approved guidelines. The Assistant General Manager, Finance & Administration reports to the Finance, ~~Affordability, Asset Management and Efficiency~~ and Asset Management Committee of Metropolitan's Board each quarter on outstanding swap transactions, including notional amounts outstanding, counterparty exposures and termination values based on then-existing market conditions. A-103

Metropolitan currently has one type of interest rate swap, referred to in the table below as "Fixed Payor Swaps." Under this type of swap, Metropolitan receives payments that are calculated by reference to a floating interest rate and makes payments that are calculated by reference to a fixed interest rate.

Metropolitan's obligations to make regularly scheduled net payments under the terms of the interest rate swap agreements are payable on a parity with the Senior Parity Obligations. Termination payments under ~~the 2002A and 2002B interest rate swap agreements would be payable on a parity with the Senior Parity~~

~~Obligations. Termination payments under all other~~ all interest rate swap agreements would be on parity with the Subordinate Parity Obligations.

The periodic payments due to Metropolitan from counterparties under its outstanding interest rate swap agreements were previously calculated by reference to the London interbank offering rate ("LIBOR"). On June 30, 2023, LIBOR rates for all tenors used to determine the periodic payments due to Metropolitan from swap counterparties ceased to be published. Prior to such date, Metropolitan adopted the terms of the ISDA 2020 IBOR Fallbacks Protocol for its existing swap agreements. Under the terms of the ISDA 2020 IBOR Fallbacks Protocol, the floating rate calculations based on a USD LIBOR rate switched to a term-adjusted Secured Overnight Financing rate ("SOFR") plus an adjustment. For Metropolitan swaps that had used one-month and three-month LIBOR, the new floating rate for one-month LIBOR ~~is SOFR plus 0.11448~~ will be SOFR plus 11.448 basis points ("bps"), and the new floating rate for three-month LIBOR ~~is SOFR plus 0.26161~~ will be SOFR plus 26.161 bps.

The following swap transactions were outstanding as of November 1, ~~2025.~~ 2026: A-104

FIXED PAYOR SWAPS:

Designation	Notional Amount Outstanding	Swap Counterparty	Fixed Payor Rate	Metropolitan Receives	Maturity Date
2003	~~$72,272,500~~ 45,782,500	Wells Fargo Bank	3.257%	61.20% x (SOFR	~~07/1/2030~~ 7/1/2030
				~~plus 11.448 bps)~~	
~~2003~~	~~72,272,500~~	~~JPMorgan Chase Bank~~	~~3.257~~	~~61.20% x (SOFR~~	~~07/1/2030~~
				plus 11.448 bps)	
~~2004 C~~ 2003	~~4,672,250~~ 45,782,500	~~Morgan Stanley Capital Services, Inc.~~ JPMorgan Chase Bank	~~2.980~~ 3.257	~~61.55%~~ 61.20% x (SOFR	~~10/1/2029~~ 7/1/2030
				plus 11.448 bps)	
2004 C	4,672,250	Morgan Stanley Capital Services, Inc.	2.980	61.55% x (SOFR	10/1/2029
				plus 11.448 bps)	
2004 C	3,822,750	Citigroup Financial Products, Inc.	2.980	61.55% x (SOFR	10/1/2029
				plus 11.448 bps)	
2005	~~22,030,000~~ 17,935,000	JPMorgan Chase Bank	3.360	70.00% x (SOFR	~~07/1/2030~~ 7/1/2030
				plus 26.161 bps)	
2005	17,935,000	Citigroup Financial Products, Inc.	3.360	70.00% x (SOFR	7/1/2030
				plus 26.161 bps)	
~~2005~~	~~22,030,000~~	~~Citigroup Financial Products, Inc.~~	~~3.360~~	~~70.00% x (SOFR~~	~~07/1/2030~~
				~~plus 26.161 bps)~~	
Total	~~$197,100,000~~ $ 135,930,000				

Table from the Word comparison document.

Source: Metropolitan.

These interest rate swap agreements entail risk to Metropolitan. One or more counterparties may fail or be unable to perform, interest rates may vary from assumptions, Metropolitan may be required to post collateral in favor of its counterparties and Metropolitan may be required to make significant payments in the event of an early termination of an interest rate swap. Metropolitan seeks to manage counterparty risk by diversifying its swap counterparties, limiting exposure to any one counterparty, requiring collateralization or other credit enhancement to secure swap payment obligations, and by requiring minimum credit rating levels. Initially, swap counterparties must be rated at least "Aa3" or "AA-", or equivalent by any two of the nationally recognized credit rating agencies; or use a "AAA" subsidiary as rated by at least one nationally recognized credit rating agency. Should the credit rating of an existing swap counterparty drop below the required levels, Metropolitan may enter into additional swaps if those swaps are "offsetting" and risk-reducing swaps. Each counterparty is initially required to have minimum capitalization of at least $150 million. See Note ~~5(e)~~ 5(f) in Metropolitan's audited financial statements in Appendix B.

Early termination of an interest rate swap agreement could occur due to a default by either party or the occurrence of a termination event (including defaults under other specified swaps and indebtedness, certain

acts of insolvency, if a party may not legally perform its swap obligations, or, with respect to Metropolitan, if its credit rating is reduced below "BBB–" by ~~Moody's~~ S&P or "Baa3" by ~~S&P~~ Moody's (under most of the interest rate swap agreements) or below "BBB" by ~~Moody's~~ S&P or "Baa2" by ~~S&P~~ Moody's (under one of the interest rate swap agreements)). As of September 30, ~~2025,~~ 2026, Metropolitan would have been required to pay to its counterparties termination payments if its swaps were terminated on that date. Metropolitan's net exposure to its counterparties for all such termination payments on that date was approximately ~~$4.3~~ $[.] million. Metropolitan does not presently anticipate early termination of any of its interest rate swap agreements due to default by either party or the occurrence of a termination event. However, Metropolitan has previously exercised, and may in the future exercise, from time to time, optional early termination provisions to terminate all or a portion of certain interest rate swap agreements.

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Metropolitan is required to post collateral in favor of a counterparty to the extent that Metropolitan's total exposure for termination payments to that counterparty exceeds the threshold specified in the applicable swap agreement. Conversely, the counterparties are required to release collateral to Metropolitan or post collateral for the benefit of Metropolitan as market conditions become favorable to Metropolitan. As of September 30, ~~2025,~~ 2026, Metropolitan had no collateral posted with any counterparty. The highest, month-end, amount of collateral posted was $36.8 million, on June 30, 2012, which was based on an outstanding swap notional amount of $1.4 billion at that time. The amount of required collateral varies from time to time due primarily to interest rate movements and can change significantly over a short period of time. See "METROPOLITAN REVENUES—Financial Reserve Policy" in this Appendix A. In the future, Metropolitan may be required to post additional collateral, or may be entitled to a reduction or return of the required collateral amount. Collateral deposited by Metropolitan is held by the counterparties; a bankruptcy of any counterparty holding collateral posted by Metropolitan could adversely affect the return of the collateral to Metropolitan. Moreover, posting collateral limits Metropolitan's liquidity. If collateral requirements increase significantly, Metropolitan's liquidity may be materially adversely affected. See "METROPOLITAN REVENUES–Financial Reserve Policy" in this Appendix A.

Senior Parity Obligations

I

Short-Term Revolving Credit Facility. ~~In~~ n March 2024, Metropolitan entered into a note purchase and continuing covenant agreement with Bank of America, N.A. ("BANA"), for the purchase by BANA and sale by Metropolitan from time-to-time of short-term flexible rate revolving notes. Pursuant to the agreement, as subsequently amended as of October 1, 2025 (as amended, the "Short-Term Revolving Credit Facility"), Metropolitan may borrow, pay down and re-borrow amounts through the issuance and sale from time to time of short-term notes (with maturity dates not exceeding one year from their delivery date), in an aggregate principal amount not to exceed $300.0 million (including, subject to certain terms and conditions, notes to refund maturing notes) to be purchased by BANA during the term of BANA's commitment to purchase notes thereunder, which commitment currently extends to March 19, 2027. As of November 1, ~~2025,~~ 2026, Metropolitan did not have any tax-exempt short-term notes outstanding under the Short-Term Revolving Credit Facility.

Notes under the Short-Term Revolving Credit Facility bear interest at a fluctuating rate of interest per annum equal to: (A) for taxable borrowings, SOFR as administered by the Federal Reserve Bank of New York (or a successor administrator) as determined for each day in accordance with the Short-Term Revolving Credit Facility ("Daily Simple SOFR" as further defined in the Short-Term Credit Facility) plus 0.80 percent (so long as the current credit ratings on Metropolitan's Senior Revenue Bonds issued under the Senior Debt Resolutions are maintained); and (B) for tax-exempt borrowings, 80 percent of Daily Simple SOFR plus 0.60 percent (so long as the current credit ratings on Metropolitan's Senior Revenue Bonds issued under the Senior Debt Resolutions are maintained), subject, in each case to an applicable maximum interest rate, which shall not, in

any case, exceed 18 percent. Subject to the satisfaction of certain terms and conditions, any unpaid principal borrowed under the Short-Term Revolving Credit Facility remaining outstanding at the March 19, 2027 stated commitment expiration date of the Short-Term Revolving Credit Facility may be refunded by and exchanged for term notes payable by Metropolitan in approximately equal semi-annual principal installments over a period of approximately three years. Any such term notes will bear interest at a fluctuating rate of interest per annum equal to, for each day: (A) for taxable borrowings, (1) the greatest of (i) the Prime Rate plus one percent, (ii) the Federal Funds Rate in effect at such time plus two percent, and (iii) ten percent (such rate as from time to time in effect, the "Taxable Base Rate"), plus (2) two percent; and (B) for tax-exempt borrowings, (1) the greatest of (i) the Prime Rate plus one percent, (ii) the Federal Funds Rate in effect at such time plus two percent, and (iii) seven percent (such rate as from time to time in effect, the "Tax-Exempt Base Rate"), plus (2) two percent.

Under the Short-Term Revolving Credit Facility, upon a failure by Metropolitan to pay principal of ~~or~~ interest on any note thereunder, a failure by Metropolitan to perform or observe its covenants, a default in other specified indebtedness of Metropolitan, certain acts of bankruptcy or insolvency, or other specified events of default (including if any of Fitch, S&P or Moody's shall have assigned a credit rating below "A-" or "A3," or if each of Fitch, S&P and Moody's shall have assigned a credit rating below "BBB–" or "Baa3," to Senior Revenue Bonds issued under the Senior Debt Resolutions), BANA has the right to terminate its commitments and may accelerate (depending on the event, seven days after the occurrence, or for certain events, only after 180 days' notice, or, in connection with certain acts of bankruptcy or insolvency or in the event of an acceleration of Metropolitan debt by another lender, credit enhancer or swap counterparty, immediately) Metropolitan's obligation to repay its borrowings. A-106

Metropolitan has secured its obligation to pay principal and interest on notes evidencing borrowings under the Short-Term Revolving Credit Facility as Senior Parity Obligations.

In connection with the execution of the Short-Term Revolving Credit Facility, Metropolitan designated the principal and interest payable on the notes issued thereunder as Excluded Principal Payments under the Senior Debt Resolutions and thus, for purposes of calculating Maximum Annual Debt Service, included the amount of principal and interest due and payable under the Short-Term Revolving Credit Facility on a schedule of Assumed Debt Service for any outstanding draws.

Metropolitan has previously entered, and may in the ~~future enter,~~ future, enter into one or more other or alternative short-term revolving credit facilities, the repayment obligations of Metropolitan under which may be secured as either Senior Parity Obligations or Subordinate Parity Obligations.

Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations

Subordinate Revenue Bonds

The water revenue bonds issued under the Subordinate Debt Resolutions outstanding as of November 1, ~~2025~~ 2026, are set forth below:

Outstanding Subordinate Revenue Bonds

Name of Issue	Principal Outstanding
Subordinate Water Revenue Refunding Bonds, 2017 Series A	$ ~~95,430,000~~ 48,595,000
Subordinate Water Revenue Bonds, 2018 Series B	57,740,000
Subordinate Water Revenue Refunding Bonds, 2019 Series A	~~106,445,000~~ 75,960,000
Subordinate Water Revenue Refunding Bonds, 2020 Series A	~~102,455,000~~ 78,285,000
Subordinate Water Revenue Refunding Bonds, 2021 Series A[(1)]	222,160,000
Variable Rate Subordinate Water Revenue ~~Refunding~~ Bonds, 2024 Series B-1[(1)]	80,390,000

Name of Issue	Principal Outstanding
Subordinate Water Revenue Refunding Bonds, 2024 Series B-2[(2)]	89,445,000
Subordinate Water Revenue Refunding Bonds, 2024 Series B-3[(3)]	86,940,000
Subordinate Water Revenue Refunding Bonds, 2024 Series D[(1)]	150,000,000
Total	~~$991,005,000~~ $ 889,515,000

Table from the Word comparison document.

_____ *Source: Metropolitan.*

(1) Outstanding variable rate obligations. (2) Initially delivered in a term rate mode at a fixed interest rate to July 1, 2029. (3) Initially delivered in a term rate mode at a fixed interest rate to July 1, 2031.

Variable Rate Bonds

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As of November 1, ~~2025, of the $991.0~~ 2026, of the $889.5 million outstanding Subordinate Revenue Bonds, $452.6 million ~~are~~ were variable rate obligations. The outstanding variable rate obligations include Subordinate Revenue Bonds that are variable rate demand obligations supported by standby bond purchase agreements between Metropolitan and a liquidity provider ("Liquidity Supported Subordinate Revenue Bonds").

Liquidity Supported Subordinate Revenue Bonds. As of November 1, ~~2025,~~ 2026, Metropolitan had $452.6 million of outstanding Liquidity Supported Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions as variable rate Subordinate Revenue Bonds, the interest rates on which are currently reset on a weekly basis. While bearing interest at a weekly rate, such variable rate demand obligations are subject to optional tender on any business day upon seven days' notice by the owners thereof and mandatory tender upon specified events. Such variable rate demand obligations are supported by standby bond purchase agreements each by and between Metropolitan and ~~Bank of America, N.A., as~~ the applicable liquidity provider, that provide for the purchase of the applicable variable rate bonds by the liquidity provider upon tender of such variable rate bonds and a failed remarketing. Metropolitan has secured its obligation to repay principal and interest advanced under each standby bond purchase agreement as ~~a~~ First Tier Parity ~~Obligation under the Subordinate Debt Resolutions~~ Obligations payable on parity with the Subordinate Revenue Bonds. A decline in the creditworthiness of the liquidity provider will likely result in an increase in the interest rate of the applicable variable rate bonds, as well as an increase in the risk of a failed remarketing of such tendered variable rate bonds. Variable rate bonds purchased by the liquidity provider ("bank bonds") would initially bear interest at a per annum interest rate equal to, the highest of (i) the Prime Rate plus one percent, (ii) Federal Funds Rate plus two percent, and (iii) seven percent (with the spread or rate increasing in the case of each of (i), (ii) and (iii) of this clause by one percent after 90 days). To the extent such bank bonds have not been remarketed or otherwise retired as of the earlier of the 90th day following the date such bonds were purchased by the liquidity provider or the stated expiration date of the liquidity facility, Metropolitan's obligation to reimburse the liquidity provider may convert the term of the variable rate bonds purchased by the liquidity provider into a term loan payable under the terms of the liquidity facility in ten equal semi-annual installments over a period ending on the fifth anniversary of the date on which the variable rate bonds were purchased by the liquidity provider. In addition, upon an event of default under the liquidity facility, including a failure by Metropolitan to pay principal or interest due to the liquidity provider, failure by Metropolitan to perform or observe its covenants under the applicable standby bond purchase agreement, a default in other specified indebtedness of Metropolitan, or other specified events of default (including a reduction in the credit rating assigned to Senior Revenue Bonds issued under the Senior Debt Resolutions by any of Fitch, S&P or Moody's below "A–" or "A3," as applicable), the liquidity provider could require all bank bonds to be subject to immediate mandatory redemption by Metropolitan.

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The following table lists the current liquidity provider, the current expiration date of each facility, and the principal amount of outstanding variable rate demand obligations covered under each facility as of

November 1, ~~2025.~~ 2026.

Liquidity Facilities and Expiration Dates

Liquidity Provider	Bond Issue	Principal Outstanding	Facility Expiration
Bank of America, N.A.	2021 Series A	~~$222,160,000~~ $ 222,160,000	June 2027
Bank of America, N.A.	2024 Series B-1	80,390,000	June 2027
Barclays ~~Bank PLC~~	2024 Series D	150,000,000	September 2027
Total		**~~$452,550,000~~ $ 452,550,000**	

Table from the Word comparison document.

_____ Source: Metropolitan.

Term Rate Mode Bonds

As of November 1, ~~2025,~~ 2026, Metropolitan had outstanding approximately $176.4 million of Subordinate Revenue Bonds bearing interest in a term rate mode, comprised of $89.4 million of 2024 Series B-2 Bonds and $86.9 million of 2024 Series B-3 Bonds (collectively, the "Term Rate Mode Bonds"). The Term Rate Mode Bonds initially bear interest at a fixed rate for a specified period from their date of issuance, after which: (i) there shall be determined a new interest mode for the applicable series of bonds ~~will be determined~~ (which may be a flexible index mode, an index mode, a daily mode, a weekly mode or a short-term mode), (ii) the Term Rate Mode Bonds may continue under the term rate mode for another specified period or (iii) the Term Rate Mode Bonds may be converted to bear fixed interest rates through the maturity date thereof. The owners of the Term Rate Mode Bonds of a series must tender for purchase, and Metropolitan must purchase, all of the Term Rate Mode Bonds of such series on the specified scheduled mandatory purchase date of each term rate period for such series. The Term Rate Mode Bonds outstanding as of November 1, ~~2025,~~ 2026, are summarized in the following table:

Term Rate Mode Bonds

Bond Issue	Original Principal Amount Issued	Next Scheduled Mandatory Purchase Date
2024 Series B-2	~~$ 89,445,000~~ $89,445,000	July 1, 2029
2024 Series B-3	86,940,000	July 1, 2031
Total	**~~$ 176,385,000~~ $176,385,000**	

Table from the Word comparison document.

Source: Metropolitan.

Metropolitan will pay the principal of, and interest on, the Term Rate Mode Bonds on parity with its other Subordinate Revenue Bonds and Subordinate Parity Obligations. Metropolitan anticipates that it will pay the purchase price of tendered Term Rate Mode Bonds from the proceeds of remarketing such Term Rate Mode Bonds or from other available funds. Metropolitan's obligation to pay the purchase price of any such tendered Term Rate Mode Bonds is a special limited obligation of Metropolitan payable solely from Net Operating Revenues subordinate to the Senior Revenue Bonds and Senior Parity Obligations and on parity with the other outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations. Metropolitan has not secured any liquidity facility or letter of credit to support the payment of the purchase price of the Term Rate Mode Bonds on any mandatory purchase date. Failure to pay the purchase price of any Term Rate Mode

Bonds on a scheduled mandatory purchase date for such Term Rate Mode Bonds for a period of five business days following written notice by any Owner of such Term Rate Mode Bonds will constitute an event of default under the Subordinate Debt Resolutions, upon the occurrence and continuance of which the owners of 25 percent in aggregate principal amount of the Subordinate Revenue Bonds then outstanding may elect a bondholders' committee to exercise rights and powers of such owners under the Subordinate Debt Resolutions, including the right to declare the entire unpaid principal of the Subordinate Revenue Bonds then outstanding to be immediately due and payable.

Subordinate Parity Obligations A-109

AVEK Water Banking Agreement. As described under "METROPOLITAN'S WATER SUPPLY—Water Transfer, Storage and Exchange Programs—State Water Project Agreements and Programs — Antelope Valley-East Kern High Desert Water Bank Program," in July 2025, Metropolitan and AVEK entered into the AVEK Water Banking Agreement to provide for the financing (and re-financing) of certain costs of construction of the program facilities to be funded by Metropolitan. Under the AVEK Water Banking Agreement, in exchange for its ~~rights~~ right to use the program facilities, Metropolitan agreed to pay the costs of the High Desert Water Bank Program, including certain installment payments in amounts sufficient to pay the principal of and interest on bonds issued by the AVEKFA, a joint exercise of powers authority, to provide for program financing, which installment payments payable by Metropolitan under the AVEK Water Banking Agreement have been assigned by AVEK to AVEKFA under an assignment agreement, dated as of July 1, 2025, by and among AVEKFA, AVEK and Metropolitan, to secure repayment of the AVEKFA bonds. Metropolitan has secured its obligation to pay such installment payments under the AVEK Water Banking Agreement as a First Tier Parity Obligation of Metropolitan under the Subordinate Debt Resolutions, payable on parity with Metropolitan's Subordinate Revenue Bonds.

On July 10, 2025, AVEKFA issued (i) its $52,425,000 Water Bank Revenue Bonds, Series 2025A (High Desert Water Bank Program) as fixed rate bonds (the "2025 AVEKFA Fixed Rate Bonds") and (ii) its $117,620,000 Water Bank Revenue Bonds, Series 2025B (High Desert Water Bank Program) as multi-modal bonds, initially issued in a term rate mode (the "2025 AVEKFA Term Rate Mode Bonds" and collectively with the 2025 AVEKFA Fixed Rate Bonds, "2025 AVEKFA Bonds"). Principal on the 2025 AVEKFA Fixed Rate Bonds is payable on April 1 in each of the years 2026 through 2050, inclusive. Interest on the 2025 AVEKFA Fixed Rate Bonds is payable semi-annually on April 1 and October 1 of each year at a fixed interest rate of 5.00% per annum. The 2025 AVEKFA Term Rate Mode Bonds were initially issued at a fixed per annum "term rate" for an initial "term rate period" ending (unless earlier terminated as described below) on the day preceding a scheduled mandatory purchase date for such bonds. While in the initial term rate period, interest on the 2025 AVEKFA Term Rate Mode Bonds is payable is payable semi-annually on April 1 and October 1 of each year at a fixed interest rate of 5.00% per annum. The 2025 AVEKFA Term Rate Mode Bonds are subject to mandatory tender by the owners thereof for purchase by AVEKFA on the initial scheduled mandatory purchase date of April 1, 2028, unless earlier purchased or redeemed by AVEKFA on any date on or after April 1, 2027. Upon the mandatory purchase of the 2025 AVEKFA Term Rate Mode Bonds on or before their scheduled mandatory purchase date: (i) a new interest mode for the 2025 ~~AVEFKA~~ AVEKFA Term Rate Mode Bonds will be determined (which may be a flexible index mode, an index mode, a daily mode, a weekly mode or a short-term mode), (ii) the 2025 AVEKFA Term Rate Mode Bonds may continue in a term rate mode for another specified term rate period, or (iii) the 2025 AVEKFA Term Rate Mode Bonds may be converted to bear fixed interest rates through the maturity date thereof. See also "OPERATING REVENUES, DEBT SERVICE AND INVESTMENT PORTFOLIO—Debt Service Requirements" in the front part of this Official Statement.

The installment payments Metropolitan is obligated to pay under the AVEK Water Banking Agreement consist of (i) scheduled payments which are in amounts sufficient to pay the principal of and interest on the

2025 AVEKFA Bonds as the same become due ("P&I Installment Payments") and (ii) an installment payment, to the extent that the 2025 AVEKFA Term Rate Mode Bonds are not remarketed in connection with a new term rate period, a change in the interest mode or a conversion to a fixed interest rate for the 2025 AVEKFA Term Rate Mode Bonds, in an amount sufficient for AVEKFA to purchase any 2025 AVEKFA Term Rate Mode Bonds tendered for purchase on a scheduled mandatory purchase date for such 2025 AVEKFA Term Rate Mode Bonds (a "Mandatory Purchase Installment Payment" and together with the P&I Installment Payments, hereinafter, the "Installment Payments"). Pursuant to the AVEK Water Banking Agreement, the obligation of Metropolitan to make the Installment Payments under the AVEK Water Banking Agreement, including the obligation to pay all P&I Installment Payments and the obligation to pay a Mandatory Purchase Installment Payment when required for the purchase of the 2025 AVEKFA Term Rate Mode Bonds on the scheduled mandatory purchase date therefor is absolute and unconditional, and until such time as all P&I Installment Payments required have been paid in full (or provision for the payment thereof has been made as provided for in the AVEK Water Banking Agreement), Metropolitan has agreed that it will not discontinue or suspend any Installment Payments that are required to be made by it under the AVEK Water Banking Agreement when due, whether or not the facilities of the High Desert Water Bank or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments are not subject to reduction whether by offset or otherwise and are not conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

As described above, the obligation of Metropolitan to make the Installment Payments under the AVEK Water Banking Agreement, including the obligation to pay all P&I Installment Payments and the obligation pay a Mandatory Purchase Installment Payment for the purchase by AVEKFA of 2025 AVEKFA Term Rate Mode Bonds on a scheduled mandatory purchase date therefor when required under the AVEK Water Banking Agreement constitute First Tier Parity Obligations under Metropolitan's Subordinate Debt Resolutions payable on parity with Metropolitan's Subordinate Revenue Bonds and other Subordinate Parity Obligations. Under the Subordinate Debt Resolutions, Metropolitan is not required to take into account any Mandatory Purchase Installment Payment for the purchase of 2025 AVEKFA Term Rate Mode Bonds in setting its rates and charges. Metropolitan anticipates that the purchase price of tendered 2025 AVEKFA Term Rate Mode Bonds will be paid from the proceeds of the remarketing by AVEKFA of such AVEKFA Term Rate Mode Bonds or from other available funds of Metropolitan. The failure of Metropolitan to pay any Installment Payments under the AVEK Water Banking Agreement, including all P&I Installment Payments and the obligation pay a Mandatory Purchase Installment Payment for the purchase of 2025 AVEKFA Term Rate Mode Bonds on a scheduled mandatory purchase date therefor when required, for a period of five business days following written notice by AVEKFA will constitute an event of default by Metropolitan under the Subordinate Debt Resolutions. A-110

Junior and Capital Lease Obligations

Commercial Paper Notes. Metropolitan currently is authorized to issue up to $400.0 million of Commercial Paper Notes payable from Net Operating Revenues on a basis subordinate to both the Senior Revenue Bonds and Senior Parity Obligations and to the Subordinate Revenue Bonds and Subordinate Parity Obligations. Although no Commercial Paper Notes are currently outstanding, the authorization remains in full force and effect and Metropolitan may issue Commercial Paper Notes from time to time.

Capital Lease Financing. In May 2025, Metropolitan's Board approved an equipment lease program (the "Equipment Lease Program") authorizing Metropolitan to execute and deliver, from time-to-time, one or more master equipment lease agreements ("Master Equipment Lease Agreements") for the lease of motor vehicles and other equipment by Metropolitan; provided, that the outstanding principal balance under all such Master Equipment Lease Agreements shall not exceed $35.0 million at any time. As authorized by the Board, Metropolitan's payment obligation under any such Master Equipment Lease Agreement entered into by

Metropolitan may be secured by one or a combination of the following: (i) some or all of the vehicle or other equipment leased under such Master Equipment Lease Agreement; and/or (ii) Net Operating Revenues, including as Senior Parity Obligations under the Master Resolution or as First Tier Parity Obligations or Second Tier Parity Obligations (payable from and secured by Net Operating Revenues on a basis junior and subordinate to the Subordinate Revenue Bonds and Subordinate Parity Obligations) under the Subordinate Debt Resolutions.

As part of Metropolitan's Equipment Lease Program, on October 2, 2025, The Metropolitan Water District Asset Financing Corporation, a non-profit public benefit corporation established by Metropolitan ("MAFC"), entered into a Master Equipment Lease Agreement, dated as of October 2, 2025, including Schedules of Property No. 1-3, dated as of October 2, 2025 (collectively the "BAPCC Equipment Lease Agreement") with Banc of America Public Capital Corp ("BAPCC"). Pursuant to the BAPCC Equipment Lease Agreement, Metropolitan, through MAFC, may acquire and lease vehicles and other equipment pursuant to separate leases (each, a "Lease") in exchange for the payment of certain rental payments. A-111

Metropolitan and MAFC entered into a Master Equipment Sublease Agreement, dated as of October 2, 2025 (the "Equipment Sublease Agreement"), by and between MAFC and Metropolitan, pursuant to which MAFC subleases to Metropolitan the vehicles and other equipment leased under the BAPCC Equipment Lease Agreement in exchange for rental payments to be made by Metropolitan that are equal in amount to the rental payments due under the BAPCC Equipment Lease Agreement and any other amounts payable by MAFC to BAPCC under BAPCC Equipment Lease Agreement. MAFC's right, title and interest to and in the Equipment Sublease Agreement (including, without limitation, all vehicles and other equipment leased to Metropolitan by MAFC under the Sublease Agreement that is leased to MAFC under individual Leases executed from time to time) were assigned to BAPCC under a Master Assignment Agreement, dated as of October 2, 2025 (the "Equipment Sublease Assignment Agreement"), by and among MAFC, Metropolitan and BAPCC. The BAPCC Equipment Lease Agreement, the Equipment Sublease Agreement, and the Equipment Sublease Assignment Agreement are collectively referred to herein as the "Equipment Lease Program Documents."

Pursuant to the Equipment Lease Program Documents, the term of each Lease, and the interest rate payable as a component of the ~~Rental Payments,~~ rental payments, for each asset acquired and leased by BAPCC to MAFC under the BAPCC Equipment Lease Agreement and by MAFC to Metropolitan under the Equipment Sublease Agreement is determined at the commencement of the Lease. As of November 1, ~~2025,~~ 2026, the outstanding principal balance for Leases executed under the Equipment Lease Program Documents was $35.0 million, with the interest component payable with respect to such principal amounts at a blended interest rate of a 3.47% per annum, and scheduled Lease terms extending to November 1, 2035.

Metropolitan's obligation to make rental payments and to perform and observe the other covenants and agreements contained in each Lease entered into under the Equipment Lease Program Documents is absolute and unconditional, without abatement, diminution, deduction, set-off or defense, for any reason. Metropolitan's obligation to make rental payments for the lease of vehicles and other equipment under the Equipment Lease Program Documents is not secured by a pledge of or lien upon Net Operating Revenues, but Metropolitan's funds available to make such rental payments may include Net Operating Revenues.

BAPCC's remedies for nonpayment by Metropolitan of a scheduled rental payment or other default by Metropolitan under the Equipment Sublease Agreement, including a failure by Metropolitan to perform or observe its covenants under an applicable Lease, a payment default or acceleration under any other agreement for borrowing money, lease financing or provision of credit by BAPCC or any affiliate of BAPCC, or certain bankruptcy or insolvency events, include, among other available remedies, (i) an acceleration by BAPCC of all rental payments payable by MAFC and Metropolitan under any defaulted Lease and other amounts payable by MAFC and Metropolitan under each such defaulted Lease to the end of the Lease term to be immediately due and payable, and (ii) the return and repossession by BAPCC of the leased vehicles and equipment, and/or the

sale or lease thereof by BAPCC for the account of Metropolitan, continuing to hold Metropolitan liable, but solely from legally available funds, for the difference between the rental payments payable by MAFC or Metropolitan pursuant to each defaulted Lease and other amounts related to each such defaulted Lease that are payable by MAFC or Metropolitan to the end of the Lease term, and the net proceeds of any such sale or lease.

General Obligation Bonds

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As of November 1, ~~2025, approximately $17.2~~ 2026, $16.0 million aggregate principal amount of general obligation bonds payable from *ad valorem* property taxes were outstanding. See "METROPOLITAN REVENUES–General" and "–Revenue Allocation Policy and Tax Revenues" in this Appendix A. Metropolitan's revenue bonds are not payable from the levy of *ad valorem* property taxes. The general obligation bonds outstanding as of November 1, ~~2025,~~ 2026, are summarized in the following table:

General Obligation Bonds	Amount Issued[(1)]	Principal Outstanding
Waterworks General Obligation Refunding Bonds, 2019 Series A	$16,755,000	~~$ 3,490,000~~ $2,380,000
Waterworks General Obligation Refunding Bonds, 2020 Series A	13,665,000	13,665,000
Total	**$30,420,000**	**~~$17,155,000~~ $16,045,000**

Table from the Word comparison document.

_____ *Source: Metropolitan.* (1) Voters authorized Metropolitan to issue $850,000,000 of Waterworks General Obligation Bonds, Election 1966, in

~~in~~ multiple series, in a special election held on June 7, 1966. This authorization has been fully utilized. This table lists

~~lists~~ bonds that refunded such Waterworks General Obligation Bonds, Election 1966.

State Water Contract Obligations

General. As described herein, in 1960, Metropolitan entered into its State Water Contract with DWR to receive water from the State Water Project. All expenditures for capital and operations, maintenance, power and replacement costs associated with the State Water Project facilities used for water delivery are paid for by the 29 Contractors that have executed State water supply contracts with DWR, including Metropolitan. Contractors are obligated to pay allocable portions of the cost of construction of the system and ongoing operating and maintenance costs, regardless of quantities of water available from the project. Other payments are based on deliveries requested and actual deliveries received, costs of power required for actual deliveries of water, and offsets for credits received. In exchange, Contractors have the right to participate in the system, with an entitlement to water service from the State Water Project and the right to use the portion of the State Water Project conveyance system necessary to deliver water to them at no additional cost as long as capacity exists. Metropolitan's State Water Contract accounts for nearly one-half of the total entitlement for State Water Project water contracted for by all Contractors.

DWR and other State Water Project contractors, including Metropolitan, have executed an amendment to extend their State water supply contracts from 2035 to 2085 and to make certain changes related to the financial management of the State Water Project in the future. See "METROPOLITAN'S WATER SUPPLY–State Water Project – State Water Contract" in this Appendix A.

Metropolitan's payment obligation for the State Water Project for the fiscal year ended June 30, ~~2025 was estimated to be $576.7 million, which amount reflects~~ 2026 was approximately $562.2 million, which includes prior year's credits of ~~$68.2~~ $144.4 million. For the fiscal year ended June 30, ~~2025,~~ 2026, Metropolitan's payment obligations under the State Water Contract were approximately ~~29.4~~ 28.0 percent of Metropolitan's total annual expenses. A portion of Metropolitan's annual property tax levy is for payment of State Water Contract obligations, as described above under "METROPOLITAN REVENUES–Revenue Allocation Policy and Tax Revenues" in this Appendix A. Any deficiency between tax levy receipts and Metropolitan's State Water Contract obligations is expected to be paid from Operating Revenues, as defined in

the Senior Debt Resolutions. See Note 11(a) to Metropolitan's audited financial statements in Appendix B for an estimate of Metropolitan's payment obligations under the State Water Contract. See also "–Power Sources and Costs; Related Long-Term Commitments" for a description of current and future costs for electric power required to operate State Water Project pumping systems and a description of litigation involving the federal relicensing of the Hyatt-Thermalito hydroelectric generating facilities at Lake Oroville.

Metropolitan capitalizes its share of the State Water Project capital costs as participation rights in State Water Project facilities as such costs are billed by DWR. Unamortized participation rights essentially represent a prepayment for future water deliveries through the State Water Project system. Metropolitan's share of system operating and maintenance costs are annually expensed. A-113

DWR and various subsets of the State Water Project contractors have entered into amendments to the State water supply contracts related to the financing of certain State Water Project facilities. The amendments establish procedures to provide for the payment of construction costs financed by DWR bonds by establishing separate subcategories of charges to produce the revenues required to pay all of the annual financing costs (including coverage on the allocable bonds) relating to the financed project. If any affected Contractor defaults on payment under certain of such amendments, the shortfall may be collected from the non-defaulting affected Contractors, subject to certain limitations.

These amendments represent additional long-term obligations of Metropolitan, as described below.

Devil Canyon-Castaic Contract. On June 23, 1972, Metropolitan and five other Southern California public agencies entered into a contract (the "Devil Canyon-Castaic Contract") with DWR for the financing and construction of the Devil Canyon and Castaic power recovery facilities, located on the aqueduct system of the State Water Project. Under this contract, DWR agreed to build the Devil Canyon and Castaic facilities, using the proceeds of revenue bonds issued by DWR under the State Central Valley Project Act. DWR also agreed to use and apply the power made available by the construction and operation of such facilities to deliver water to Metropolitan and the other contracting agencies. Metropolitan, in turn, agreed to pay to DWR 88 percent of the debt service on the revenue bonds issued by DWR. The bonds matured and were fully retired on July 1, ~~2022,~~ 2022 and thus there are no further debt service obligations for Metropolitan. Additionally, Metropolitan agreed to pay 78.5 percent of the ongoing operation and maintenance expenses of the Devil Canyon facilities and 96 percent of the operation and maintenance expenses of the Castaic facilities.

Off-Aqueduct Power Facilities. In addition to system "on-aqueduct" power facilities costs, DWR has, either on its own or by joint venture, financed certain off-aqueduct power facilities. The power generated is utilized by the system for water transportation and other State Water Project purposes. Power generated in excess of system needs is marketed to various utilities and the CAISO. Metropolitan is entitled to a proportionate share of the revenues resulting from sales of excess power. By virtue of a 1982 amendment to the State Water Contract and the other water supply contracts, Metropolitan and the other water Contractors are responsible for paying the capital and operating costs of the off-aqueduct power facilities regardless of the amount of power generated.

East Branch Enlargement Amendment. In 1986, Metropolitan's State Water Contract and the water supply contracts of certain other State Water Project contractors were amended for the purpose, among others, of financing the enlargement of the East Branch of the California Aqueduct. Construction of the first phase of facility improvements to increase capacity by approximately 750 cubic feet per second ("cfs") was completed in early 1992. In November 2023, DWR prepared a final report for East Branch Enlargement cost reallocation methods. The report describes the methods used to determine the East Branch Enlargement cost allocation with the distinction between enlargement and improvement categories and the associated cost recovery methodology. Discussions among Metropolitan, the other State Water Project contractors on the East Branch, and DWR on any timetable and plan for future additional East Branch enlargement actions have been deferred.

The amendment establishes a separate subcategory of the Transportation Charge under the State water supply contracts for the East Branch Enlargement and provides for the payment of costs associated with financing and operating the East Branch Enlargement. Under the amendment, the annual financing costs for such facilities financed by bonds issued by DWR are allocated among the participating State Water Project contractors based upon the delivery capacity increase allocable to each participating Contractor. Such costs include, but are not limited to, debt service, including coverage requirements, deposits to reserves, and certain operation and maintenance expenses, less any credits, interest earnings or other moneys received by DWR in connection with this facility. A-114

If any participating Contractor defaults on payment of its allocable charges under the amendment, among other things, the non-defaulting participating Contractors may assume responsibility for such charges and receive delivery capability that would otherwise be available to the defaulting participating Contractor in proportion to the non-defaulting Contractor's participation in the East Branch Enlargement. If participating Contractors fail to cure the default, Metropolitan will, in exchange for the delivery capability that would otherwise be available to the defaulting participating Contractor, assume responsibility for the capital charges of the defaulting participating Contractor.

Water System Revenue Bond Amendment. In 1987, Metropolitan's State Water Contract and other water supply contracts were amended for the purpose of financing State Water Project facilities through revenue bonds. This amendment establishes a separate subcategory of the Delta Water Charge and the Transportation Charge under the State water supply contracts for projects financed with DWR water system revenue bonds. This subcategory of charge provides the revenues required to pay the annual financing costs of the bonds and consists of two elements. The first element is an annual charge for repayment of capital costs of certain revenue bond financed water system facilities under the existing water supply contract procedures. The second element is a water system revenue bond surcharge to pay the difference between the total annual charges under the first element and the annual financing costs, including coverage and reserves, of DWR's water system revenue bonds.

If any Contractor defaults on payment of its allocable charges under this amendment, DWR is required to allocate a portion of the default to each of the non-defaulting Contractors, subject to certain limitations, including a provision that no non-defaulting Contractor may be charged more than 125 percent of the amount of its annual payment in the absence of any such default. Under certain circumstances, the non-defaulting Contractors would be entitled to receive an allocation of the water supply of the defaulting Contractor.

The following table sets forth Metropolitan's projected costs of State Water Project water based upon DWR's Appendix B to Bulletin ~~132-23~~ 132-25 (an annual report (for this purpose, the ~~2023~~ 2025 report) produced by DWR setting forth data and computations used by the State in determining State Water Project contractors' Statements of ~~Charges).~~ Charges) for fiscal years 2026-27 through 2030-31. Metropolitan's share of the forecasted costs associated with the planning of a single tunnel Bay-Delta conveyance project (see "METROPOLITAN'S WATER SUPPLY—State Water Project —Bay-Delta Proceedings Affecting State Water Project — Bay-Delta Planning Activities" and "—Delta Conveyance" in this Appendix A), and power costs forecasted by Metropolitan.

Metropolitan's projected costs of State Water Project water set forth below for fiscal ~~year 2025-26 through 2029-30~~ years 2026-27 through 2030-31 reflect Metropolitan's biennial budget for fiscal years ~~2024-25 and 2025-26,~~ 2026-27 and 2027-28, which includes a ten-year financial ~~forecast, and are~~ forecast for subsequent fiscal years. The table also reflects projected Delta Conveyance planning costs for 2026 and 2027 previously authorized by Metropolitan Board in December 2024. Data in the table below is presented on a cash basis. See also "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A. The projections reflect certain assumptions concerning future events and circumstances which may not occur or materialize. Actual costs may vary from these projections if such events and circumstances do not occur as A-115

expected or materialize, and such variances may be material.

PROJECTED COSTS OF METROPOLITAN

FOR STATE WATER CONTRACT AND DELTA CONVEYANCE

(Dollars in Millions)

Year Ending June 30	Capital Costs[1]	Minimum OMP&R[1]	Power Costs[2]	Refunds & Credits[1]	Delta ~~Conveyance(3)~~[4] Conveyance[3]	~~Total~~[5] Total[4]
~~2026~~	~~$193~~	~~$345~~	~~$242~~	~~$(76)~~	~~$—~~	~~$704~~
2027	~~$200~~ $241	~~$365~~ $334	~~$240~~ $214	~~$(58)~~ $(70)	~~$—~~ $75	~~$747~~ $793
2028	~~$210~~ 277	~~$387~~ 364	~~$239~~ 213	~~$(59)~~ (74)	~~$—~~ 41	~~$777~~ 822
2029	~~$228~~ 295	~~$406~~ 382	~~$237~~ 204	~~$(57)~~ (74)	—	~~$813~~ 806
2030	~~$240~~ 298	~~$426~~ 399	~~$231~~ 195	~~$(52)~~ (74)	—	~~$845~~ 818
2031	323	418	198	(61)	—	878

Table rebuilt from the Word comparison: Fall 2026 values from the Word document; 2025 values from Attachment 1.

_____ *Source: Metropolitan.*

(1) Capital Costs, Minimum Operations, Maintenance, Power and Replacement ("OMP&R") and Refunds and Credits

~~Credits projections~~ projections for fiscal years 2026-27 through 2030-31 are based on DWR's Appendix B to Bulletin ~~132-23.~~ 132-25. (2) Power costs ~~are~~ forecasted by Metropolitan for fiscal years 2026-27 through 2030-31 are based on a State Water Project allocation of 49 percent in calendar year 2026, 48 percent in calendar ~~year 2026,~~ year 2027, 47 percent in calendar year ~~2027,~~ 2028, 46 percent in calendar year ~~2028,~~ 2029, 45 percent in calendar year 2030, and 44 percent in calendar year ~~2029,~~ 2031. ~~and 43 percent in calendar year 2030.~~ Availability of State Water Project supplies ~~vary,~~ varies, and deliveries may include transfers and storage. All deliveries are based upon availability, as determined by hydrology, water quality and wildlife conditions. See "METROPOLITAN'S WATER SUPPLY—State Water Project" and "—Endangered Species Act and Other Environmental Considerations Relating to Water Supply" in this Appendix A. (3) Based on Metropolitan's share of the forecasted planning costs for a single tunnel project. Does not include any capital costs associated with any future Bay-Delta conveyance project. ~~(4) In December 2024, the Board authorized the expenditure of $141.6 million~~ Reflects a portion of the $141.6 million of expenditures for Delta Conveyance planning costs ~~in 2026 and 2027. These additional planning costs were not included in Metropolitan's adopted biennial budget for fiscal years 2024-25 and 2025-26 and the ten-year financial forecast.~~ in calendar years 2026 and 2027 approved by the Metropolitan Board in December 2024. See "METROPOLITAN'S WATER SUPPLY—State Water Project —Bay-Delta Proceedings Affecting State Water Project — *Delta Conveyance"* in this ~~Appendix A. (5)~~ Appendix A. (4) Totals may not add due to rounding.

Power Sources and Costs; Related Long-Term Commitments

Current and future costs for electric power required ~~for operating~~ to operate the pumping systems of the CRA and the State Water Project are a substantial part of Metropolitan's overall expenses. Metropolitan's power costs include various ongoing fixed annual obligations under its contracts with the U.S. Department of Energy Western Area Power Administration and the Bureau of Reclamation for power from the Hoover Power Plant and Parker Power Plant, respectively. Under the terms of the Hoover Power Plant and Parker Power Plant contracts, Metropolitan purchases energy to pump water through the CRA. Expenses for electric power for the ~~CRA~~ CRA, net of power sales, for the fiscal years ~~2023-24 and 2024-25 were approximately $42.8 million and $68.7~~ 2024-25 and 2025-26 were approximately $64.4 million and $46.4 million, respectively. Payments made under the Hoover Power Plant and Parker Power Plant contracts are operation and maintenance expenses. Expenses for electric power and transmission service for the State Water Project for fiscal years ~~2023-24 and 2024-25 were approximately $234.1 million and $116.1~~ 2024-25 and 2025-26 were approximately $116.1 million and $155.6 million, respectively. Electricity markets are subject to volatility and Metropolitan is unable to give any assurance with respect to the magnitude of future power costs.

Colorado River Aqueduct. Approximately 50 percent of the annual power requirements for pumping at full capacity (1.25 million acre-feet of Colorado River water) in Metropolitan's CRA are secured through long-term contracts for energy generated from federal facilities located on the Colorado River (Hoover Power Plant and Parker Power Plant). Payments made under the Hoover Power Plant and Parker Power Plant contracts are operation and maintenance expenses. These contracts provide Metropolitan with reliable and economical power resources to pump Colorado River water to Metropolitan's service area. A-116

As provided for under the Hoover Power Allocation Act of 2011 (H.R. 470), Metropolitan has executed a 50-year agreement with the Western Area Power Administration for the continued purchase of electric energy generated at the Hoover Power Plant through September 2067, succeeding Metropolitan's prior Hoover contract that expired on September 30, 2017.

Depending on pumping conditions, Metropolitan can require additional energy in excess of the base resources available to Metropolitan from the Hoover Power Plant and Parker Power Plant. The remaining up to approximately 50 percent of annual pumping power requirements for full capacity pumping on the CRA is obtained through energy purchases from municipal and investor-owned utilities, third party suppliers, or the CAISO markets. Metropolitan is a member of the Western Systems Power Pool ("WSPP") and utilizes its industry standard form contract to make wholesale power purchases at market cost. The long-term drought conditions have reduced the water level of Lake Mead and led to declining generation output from Hoover Dam, a condition that is expected to remain for the next several years. If the water level in Lake Mead falls below 1,035 feet, it is expected that the Bureau of Reclamation will cease operating 12 of the 17 turbines located at the Hoover Dam due to risks of operating older turbines at such a low level of water, which in turn would significantly impact power generation. Declining generation output from the Hoover Dam, combined with continued high pumping demand on the CRA, will likely lead to increased reliance on supplemental energy purchases from the WSPP or CAISO markets and continued higher than normal energy costs for the CRA.

Gross diversions of water from Lake Havasu for fiscal years ~~2023-24 and 2024-25 were approximately 707,364 acre-feet and 973,401~~ 2024-25 and 2025-26 were approximately 972,034 acre-feet and 767,459 acre-feet, respectively, including Metropolitan's basic apportionment of Colorado River water and supplies from water transfer and storage programs. In fiscal years ~~2023-24 and 2024-25,~~ 2024-25 and 2025-2026, Metropolitan purchased approximately ~~486,201 megawatt-hours, and 938,522~~ 938,522 megawatt-hours and 660,903 megawatt-hours, respectively, of additional energy.

Metropolitan has agreements with the Arizona Electric Power Cooperative ("AEPCO") to provide transmission and energy purchasing services to support CRA power operations. The term of these agreements extends to December 31, 2035. AEPCO's subsidiary, ACES, provides energy scheduling services for Metropolitan's share of Hoover and Parker generation and CRA pumping load.

State Water Project. The State Water Project's power requirements for ~~2025~~ 2026 are met from a diverse mix of resources, with approximately ~~65~~ 59 percent from State-owned hydroelectric generating ~~facilities and short-term contracts entered into by DWR. Approximately 22~~ facilities. Approximately 17 percent of the State Water Project power needs is met by purchases from the CAISO market. The remaining power needs are met with short-term contracts for natural gas, solar, and hydroelectric generated power.

DWR is seeking renewal of the license issued by FERC for the State Water Project's Hyatt-Thermalito hydroelectric generating facilities at Lake Oroville. A Settlement Agreement containing recommended conditions for the new license was submitted to FERC in March 2006. That agreement was signed by over 50 stakeholders, including Metropolitan and other State Water Project contractors. With only a few minor modifications, FERC staff recommended that the Settlement Agreement be adopted as the condition for the new license. DWR issued a final EIR for the relicensing project on July 22, 2008. A-117

Regulatory permits and authorizations are also required before the new license can take effect. In December 2016, NMFS issued a biological opinion setting forth the terms and conditions under which the relicensing project must operate in order to avoid adverse impacts to threatened and endangered species. This was the last major regulatory requirement prior to FERC issuing a new license. Metropolitan anticipates that FERC will issue the new license; however, the timeframe for FERC approval is not currently known. However, FERC has issued one-year renewals of the existing license since its initial expiration date on January 31, 2007 and is expected to issue successive one-year renewals until a new license is obtained.

DWR receives transmission service from the CAISO. The transmission service providers participating in the CAISO may seek increased transmission rates, subject to the approval of FERC. DWR has the right to contest any such proposed increase. DWR may also be subject to increases in the cost of transmission service as new electric grid facilities are constructed.

Numerous legislative bills and Executive Orders have been enacted over the years addressing California's GHG emissions that ultimately affect energy prices. The California Global Warming Solutions Act of 2006 (AB 32, Núñez), required California to reduce its GHG emissions to 1990 levels by 2020. SB 32 (2016, Pavley) extended AB 32 by requiring the State to reduce GHG emissions to 40 percent below 1990 levels by 2030. In 2018, Governor Brown signed SB 100 (de León) and Executive Order B-55-18, establishing the policy of the State that eligible renewable energy resources and zero-carbon resources supply 100 percent clean energy to all California end-use customers and State agencies by December 31, 2045. SB 100 also increased the 2030 Renewables Portfolio Standard ("RPS") requirement for retail electric utilities from 50 percent to 60 percent. Metropolitan and DWR are not subject to the RPS requirements. However, as a State agency, DWR is subject to the Executive Order. DWR has an existing climate action plan in order to achieve carbon neutrality by 2045. SB 1020 (2022, Laird) accelerated the date by which State agencies, including DWR, must procure 100 percent of electricity from eligible renewable energy resources and zero-carbon resources from December 31, 2045 to December 31, 2035, and ~~would mandate~~ requires certain criteria and process requirements that would apply to DWR in connection with its procurement of renewable and zero-carbon resources for the State Water Project.

On October 9, 2019, Governor Newsom signed SB 49 into law. SB 49 requires Natural Resources, in collaboration with the California Energy Commission and DWR, to assess ~~by January 1, 2022~~ the opportunities and constraints for potential operational and structural upgrades to the State Water Project to aid California in achieving its climate and energy goals, and to provide associated recommendations consistent

with California's energy goals. ~~DWR submitted its draft SB 49 report to the Governor's office for review in April 2022.~~

Defined Benefit Pension Plan and Other Post-Employment Benefits

~~***[Updates to section to come]***~~

Metropolitan is a member of the California Public Employees' Retirement System ("PERS"), a multiple-employer pension system that provides a contributory defined-benefit pension for substantially all Metropolitan employees. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. A menu of benefit provisions is established by State statutes within the Public Employees' Retirement Law. Metropolitan selects optional benefit provisions from the benefit menu by contract with PERS.

Metropolitan makes contributions to PERS based on actuarially determined employer contribution rates. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration ("PERS Board"). Employees hired prior to January 1, 2013 are required to contribute 7.00 percent of their earnings (excluding overtime pay) to PERS. Pursuant to the current memoranda of understanding, Metropolitan contributes the requisite 7.00 percent contribution for all employees represented by the Management and Professional Employees Association, the Association of Confidential Employees, Supervisors ~~and Professional Personnel Association~~ Association, and AFSCME Local 1902 ~~and~~ who were hired prior to January 1, 2012. Employees in all four bargaining units who were hired on or after January 1, 2012 but before January 1, 2013, pay the full 7.00 percent contribution to PERS for the first five years of employment. After the employee completes five years of employment, Metropolitan contributes the requisite 7.00 percent contribution. Metropolitan also contributes the entire 7.00 percent on behalf of unrepresented employees. Employees hired on or after A-118

Employees' Pension Reform January 1, 2013 and who are "new" PERS members as defined by the Public ~~Employees' Pension Reform~~ Act of 2013 pay a member contribution of 8.00 percent in fiscal ~~year~~ years 2023-24 through 2025-26. In addition, Metropolitan is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by PERS. The fiscal year contributions were/are based on the following actuarial reports and discount rates:

Fiscal Year	Actuarial Valuation	Discount Rate
2021-22	June 30, 2019	7.00%
2022-23	June 30, 2020	7.00%
2023-24	June 30, 2021	6.80%
2024-25	June 30, 2022	6.80%
2025-26	June 30, 2023	6.80%
2026-27	June 30, 2024	6.80%

Table from the Word comparison document.

The most recent actuarial valuation reports of PERS, as well as other information concerning benefits and other ~~matters concerning the PERS plan,~~ matters, are available on the PERS website at ~~https://www.calpers.ca.gov/page/employers/actuarial-resources/public-agency-actuarial-valuation-reports.~~ https://www.calpers.ca.gov/page/employers/ actuarial-resources/public-agency-actuarial-valuation-reports.

Such information is not incorporated by reference herein. Metropolitan cannot guarantee the accuracy of such information. Actuarial valuations are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial valuations will change with the future experience of the pension plans.

In July 2021, PERS' Funding Risk Mitigation Policy triggered an automatic discount rate reduction from 7.00 percent to 6.80 percent due to ~~the double-digit~~ 21.30% investment return for fiscal year 2021 to offset the cost of reducing the expected volatility of future investment returns.

On November 17, 2021, the PERS Board adopted new actuarial assumptions based on the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rate of salary increases, and inflation assumption for public agencies. The PERS Board also changed the strategic asset allocation, capital market assumptions, and economic assumptions all of which support the new 6.80 percent discount rate. In addition, the PERS Board reduced the inflation assumption from 2.50 percent to 2.30 percent. These changes were incorporated in the June 30, 2021 valuation, which impacted Metropolitan's required contribution for fiscal year ~~2023- 24.~~ 2023-24.

On April 16, 2024, the PERS Board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar. A-119

In September 2025, Pension Outlook was updated with the June 30, 2024 actuarial valuation results, which established public agency employer contribution rates for fiscal year 2026-27 and state and school employer rates for fiscal year 2025-26.

As part of the 2025 Asset Liability Management (ALM) process, the PERS Board voted to maintain the discount rate at 6.8% and adopted a Total Fund Portfolio Management investment strategy. The board also adopted new economic and demographic actuarial assumptions. This updated assumption will affect employer contribution rates beginning in fiscal year 2027-28 for public agencies and fiscal year 2026-27 for state and school employers.

Metropolitan was required to contribute ~~[35.74 percent and 33.98 percent]~~ 37.52 percent and 36.88 percent of annual projected payroll for fiscal years ~~[2022-23 and 2023-24],~~ 2024-25 and 2025-26, respectively. Metropolitan's actual ~~contribution~~ contributions for fiscal years ~~[2022-23 and 2023-24] were [$88.2 million or 35.31~~ 2024-25 and 2025-26 were $100.7 million or 34.45 percent of annual covered payroll and ~~$89.7 million or 32.04~~ $103.3 million or 33.31 percent of annual covered ~~payroll]],~~ payroll, respectively. The fiscal years ~~[2022-23 and 2023-24] actual contribution included [$10.6 million or 4.24 percent and $10.9 million or 3.89 percent]~~ 2024-25 and 2025-26 actual contributions included $10.8 million or 3.69 percent and $10.5 million or 3.37 percent of annual covered payroll, respectively, for Metropolitan's pick-up of the employees' 7.00 percent share. For fiscal ~~years [2024-25 and 2025-26],~~ year 2026-27, Metropolitan is required to contribute ~~[37.52 percent and 36.88]~~ 37.41 percent of annual projected ~~payroll, respectively,~~ payroll in addition to member contributions paid by Metropolitan.

Metropolitan's required contributions to PERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those obligations. The PERS Board has adjusted and may in the future further adjust certain assumptions used in the PERS actuarial valuations, which may increase Metropolitan's required contributions to PERS in future years. Accordingly, Metropolitan cannot provide any assurances that its required contributions to PERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

Amortization payments are determined according to the CalPERS Actuarial Amortization Policy. The PERS Board adopted a new ~~amortization policy effective with~~ policy effective for the June 30, ~~2019~~ 2019, actuarial valuation. The ~~policy shortened the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using~~ new policy applies prospectively only; amortization bases (sources of UAL) established prior to the June 30, 2019, valuation will continue to be amortized according to the prior policy.

Amortization payments are determined as a level dollar amount. ~~In addition, the policy removed the five-year ramp-up and ramp-down on~~ Investment gains or losses are amortized over a fixed 20-year period with a 5-year ramp up at the beginning of the amortization period. Non-investment gains or losses are amortized over a fixed 20-year period with no ramps. All changes in liability due to plan amendments (other than golden handshakes) are amortized over a 20-year period with no ramps. Changes in actuarial assumptions or changes in actuarial methodology are amortized over a 20-year period with no ramps. Changes in unfunded accrued liability ~~bases attributable to assumption changes and non-investment gains/losses. The policy removed the five-year ramp-down on investment gains/losses. These changes applied only to new unfunded accrued liability bases established on or after June 30, 2019.~~ due to a Golden Handshake are amortized over a period of five years.

The following table shows the funding progress of Metropolitan's pension plan. A-120

Valuation Date	Accrued Liability ($ in billions)	Market Value of Assets ($ in billions)	Unfunded Accrued Liability ($ in billions)	Funded Ratio
6/30/24[(1)]	$3.13	$2.24	$(0.89)	71.5%
~~6/30/23[(1)]~~ 6/30/23	~~$2.982~~ $2.98	~~$2.091~~ $2.09	~~$(0.891)~~ $(0.89)	70.1%
6/30/22	~~$2.875~~ $2.88	~~$2.016~~ $2.02	~~$(0.859)~~ $(0.86)	70.1%
6/30/21	~~$2.752~~ $2.75	~~$2.228~~ $2.23	~~$(0.524)~~ $(0.52)	81.0%
6/30/20	~~$2.625~~ $2.63	~~$1.848~~ $1.85	~~$(0.777)~~ $(0.78)	70.4%
~~6/30/19~~	~~$2.534~~	~~$1.810~~	~~$(0.724)~~	~~71.4%~~

Table rebuilt from the Word comparison: Fall 2026 values from the Word document; 2025 values from Attachment 1.

Source: California Public Employees' Retirement System

(1) Most recent actuarial valuation available.

The market value of assets reflected above is based upon the most recent actuarial valuation as of June 30, ~~2023.~~ 2024. The June 30, ~~2023 valuation report will be used to establish~~ 2024 valuation report established the contribution requirements for fiscal year ~~2025-26.~~ 2026-27. Increased volatility has been experienced in the financial markets in recent years. Significant losses in market value or failure to achieve projected investment returns could substantially increase unfunded pension liabilities and future pension costs.

The following tables show the changes in Net Pension Liability and related ratios of Metropolitan's pension plan.

(Dollars in thousands)	~~06/30/24~~ 6/30/2026 [(1)]	~~06/30/23~~ 06/30/25	Increase/ (Decrease)
Total Pension Liability	~~$2,926,787~~ $3,184,065	~~$2,807,458~~ $3,033,528	~~$119,329~~ $150,537
Plan Fiduciary Net Position	~~2,092,884~~ 2,464,031	~~2,016,832~~ 2,240,018	~~76,052~~ 224,043
Plan Net Pension Liability	~~$833,903~~ $720,034	~~$790,626~~ $793,510	~~$43,277~~ $(73,476)
Plan fiduciary net positions as a % of the total pension liability	~~71.51%~~ 77.39%	~~71.84%~~ 73.84%	
Covered payroll	~~$249,812~~ $292,295	~~$241,288~~ $279,846	
Plan net pension liability as a % of covered payroll	~~333.81%~~ 246.34%	~~327.67%~~ 283.55%	

Table rebuilt from the Word comparison: Fall 2026 values from the Word document; 2025 values from Attachment 1.

(Dollars in thousands)	~~06/30/23~~ 06/30/25	~~6/30/22~~ 6/30/24	Increase/ (Decrease)
Total Pension Liability	~~$2,807,458~~ $3,033,528	~~$2,669,675~~ $2,926,787	~~$137,783~~ $106,741
Plan Fiduciary Net Position	~~2,016,832~~ 2,240,018	~~2,229,075~~ 2,092,884	~~(212,243)~~ 147,134
Plan Net Pension Liability	~~$790,626~~ $793,510	~~$440,600~~ $833,903	~~$350,026~~ $(40,393)
Plan fiduciary net positions as a % of the total pension liability	~~71.84%~~ 73.84%	~~83.50%~~ 71.51%	
Covered payroll	~~$241,288~~ $279,846	~~$235,294~~ $249,812	
Plan net pension liability as a % of covered payroll	~~327.67%~~ 283.55%	~~187.26%~~ 333.81%	

Table rebuilt from the Word comparison: Fall 2026 values from the Word document; 2025 values from Attachment 1.

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Source: GASB 68 Accounting Report for the respective measurement date prepared for Metropolitan by the California

~~California~~ Public Employees' Retirement System.

~~[The~~ (1) Fiscal year 2026 data is unaudited.

The Net Pension Liability for Metropolitan's Miscellaneous Plan for the fiscal years ended June 30, ~~2023 and 2024~~ 2025 and 2026 were measured as of June 30, ~~2022~~ 2024 and June 30, ~~2023,~~ 2025, respectively, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of June 30, ~~2021~~ 2023 and June 30, ~~2022, respectively.]~~ 2024, respectively.

For more information on the plan, see APPENDIX B—"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND ~~JUNE 30, 2024 AND BASIC FINANCIAL STATEMENTS FOR THE [THREE MONTHS ENDED SEPTEMBER 30, 2025 AND SEPTEMBER 30, 2024 (UNAUDITED)].~~" 2024."

Metropolitan currently provides post-employment medical insurance to retirees and pays the post-employment medical insurance premiums to PERS. On January 1, 2012, Metropolitan implemented a longer vesting schedule for retiree medical benefits, which applies to all new employees hired on or after January 1, 2012. ~~[Payments~~ Payments for this benefit were ~~$14.9~~ $23.0 million in fiscal year ~~2022-23 and $15.3~~ 2024-25 and $23.7 million in fiscal year ~~2023-24.]~~ 2025-26. Employees are not required to contribute to the plan. Under Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, Metropolitan is required to account for and report the outstanding obligations and commitments related to such benefits, commonly referred to as other post-employment benefits ("OPEB"), on an accrual basis.

The actuarial valuations dated June 30, ~~2021~~ 2023 and June 30, ~~2023,~~ 2025, were released in ~~May of 2022~~ April of 2024 and April of ~~2024, respectively. The 2021~~ 2026, respectively. The 2023 valuation indicated that the Actuarially Determined Contribution ("ADC") in fiscal years ~~2022-23 and 2023-24 were $14.9 million~~

~~and $15.3~~ 2023-24 and 2024-25 were $23.0 million and $23.7 million, respectively, and the ~~2023~~ 2025 valuation indicated that the ADC in fiscal ~~year 2024-25 [will be][was] $23.0 million and [will be][is] $23.7 million in fiscal year 2025-26.~~ years 2025-26 and 2026-27 were $23.7 million and is $33.9 million, respectively. The ADC consists of two parts: (1) the normal cost, which represents the annual cost attributable to service earned in a given year and (2) the layered amortization of Unfunded Actuarial Liability as a level percentage of payroll.

The actuarial assumptions included the following: A-122

	June 30, ~~2023~~ 2025 Valuation	**June 30, ~~2021~~ 2023 Valuation**
Actuarial Cost Method	Entry Age, level percentage of payroll	Entry age, level percentage of payroll
Amortization Method/Period	Level percentage of payroll over ~~23 year~~ 23-year closed period from 6/30/2014 plus 15-year closed layers of future gains/losses/assumption changes/plan changes	Level percentage of payroll over ~~23 year~~ 23-year closed period ~~(15 years remaining on measurement date 6/30/20)~~ from 6/30/2014 plus 15-year closed layers of future gains/losses/assumption changes/plan changes
Asset Valuation Method	Gains/losses on the Actuarial Value of Assets spread over 5-year rolling periods with corridor of 80% and 120% of market value	~~Investment gains/losses~~ Gains/losses on the Actuarial Value of Assets spread over ~~5 year~~ 5-year rolling ~~period~~ periods with corridor of 80% and 120% of ~~fair~~ market value
Investment Rate of Return	6.75%	6.75%
Inflation	~~2.80%~~ 2.50%	~~3.00%~~ 2.80%
Mortality, Disability, Termination, Retirement	CalPERS Assumptions set in ~~2021~~ 2025	CalPERS ~~2000-2019 Experience Study~~ Assumptions set in 2021
Health Care Cost Trends	~~Pre-Medicare -12.72% for 2023,~~ Pre-Medicare: 6.75% in 2025, grading ~~down~~ to ~~4.14% for 2076~~ 3.94% in 2045 Medicare ~~-8.45% for 2023,~~ – 7.85% in 2025, grading ~~down~~ to ~~4.14% for 2076~~ 3.94% in 2045	Pre-Medicare ~~-~~ ~~6.80%~~ -12.72% for 2023, grading down to ~~3.83%~~ 4.14% for 2076 ~~and later~~ Medicare ~~-5.40%~~ –8.45% for ~~2022,~~ 2023, grading down to ~~3.83%~~ 4.14% for 2076 ~~and later~~
Mortality Improvement	~~Mortality projected fully generational with Scale MP-2021~~ 80% of MP 2021	Mortality projected fully generational with Scale ~~MP-2021~~ MP-2021.

Table from the Word comparison document.

As of June 30, ~~2023,~~ 2025, the date of the most recent OPEB actuarial valuation report, the unfunded actuarial liability was estimated to be ~~$122.1~~ $207.0 million and projected to be ~~$125.0~~ $201.6 million at June 30, ~~2024.~~ 2026.

In September 2013, Metropolitan's Board established an irrevocable OPEB trust fund with the California Employers' Retiree Benefit Trust Fund. ~~[The~~ The market value of assets in the trust as of June 30, ~~2024 was $380.2 million.]~~ 2025 was $427.7 million. As part of its biennial budget process, the Board approved the full funding of the ADC for fiscal years ~~2024-25 and 2025-26.~~ 2025-26 and 2026-27.

In recent years, financial markets have experienced increased ~~volatility. Factors such as declines in the market value of the OPEB trust fund, failure to achieve projected investment returns,~~ volatility and the recent increase in the 2025 CalPERS premium rates driven by higher service costs, increased use of high-cost specialty drugs, and the ~~anticipated~~ impact of the ~~IRA could~~ Inflation Reduction Act negatively affect the trust fund's funding status. These challenges ~~may also lead to higher ADCs in the future.~~ caused higher ADCs for fiscal years 2026-27 and 2027-28 based on the latest actuarial report.

The following tables show the changes in Net OPEB Liability and related ratios of Metropolitan's OPEB plan. A-123

(Dollars in thousands)	**~~06/30/24~~ 06/30/26 [(1)]**	**~~6/30/23~~ 6/30/25**	**Increase/ (Decrease)**
Total OPEB Liability	~~$493,593~~ $626,347	~~$443,189~~ $570,654	~~$50,404~~ $55,693
Plan Fiduciary Net Position	~~345,288~~ 427,719	~~328,536~~ 378,663	~~16,752~~ 49,056
Plan Net OPEB Liability	~~$148,305~~ $198,628	~~$114,653~~ $191,991	~~$33,652~~ $6,637
Plan fiduciary net positions as a % of the total OPEB liability	~~69.95%~~ 68.29%	~~74.13%~~ 66.36%	
Covered payroll	~~$249,812~~ $292,295	~~$241,288~~ $279,846	
Plan net OPEB liability as a % of covered payroll	~~59.37%~~ 67.95%	~~47.52%~~ 68.61%	

Fall 2026 values from the Word document; 2025 values from Attachment 1 ($114,653 is overprinted there and taken from its next table; = $148,305 − $33,652).

(Dollars in thousands)	~~06/30/23~~ 6/30/25	~~6/30/22~~ 06/30/24	Increase/ (Decrease)
Total OPEB Liability	~~$443,189~~ $570,654	~~$429,603~~ $493,593	~~$13,586~~ $77,061
Plan Fiduciary Net Position	~~328,536~~ 378,663	~~377,321~~ 345,288	~~(48,785)~~ 33,375
Plan Net OPEB Liability	~~$114,653~~ $191,991	~~$52,282~~ $148,305	~~$62,371~~ $43,686
Plan fiduciary net positions as a % of the total OPEB liability	~~74.13%~~ 66.36%	~~87.83%~~ 69.95 %	
Covered payroll	~~$241,288~~ $279,846	~~$235,294~~ $249,812	
Plan net OPEB liability as a % of covered payroll	~~47.52%~~ 68.61%	~~22.22%~~ 59.37 %	

Table rebuilt from the Word comparison: Fall 2026 values from the Word document; 2025 values from Attachment 1.

Source: GASB Statement No. 74/75 Report for the respective fiscal year prepared for Metropolitan by its actuary for

~~for~~ the Retiree Healthcare Plan.

(1) Fiscal year 2026 data is unaudited.

The Net OPEB Liability for the years ended June 30, ~~2023 and 2024~~ 2025 and 2026 were measured as of June 30, ~~2022~~ 2024 and June 30, ~~2023,~~ 2025, respectively, and the Total OPEB Liability used to calculate the Net OPEB Liability as of such dates were determined by an annual actuarial valuation as of June 30, ~~2021 and 2023,~~ 2023 and 2025, respectively.

For more information on the OPEB plan, see APPENDIX B –"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR ~~THE FISCAL YEARS~~

YEARS

THE FISCAL ENDED JUNE 30, 2025 AND ~~JUNE 30,~~ 2024 AND BASIC FINANCIAL STATEMENTS ~~FOR THE [THREE~~

FOR THE THREE MONTHS ENDED SEPTEMBER 30, ~~2025~~ 2026 AND SEPTEMBER 30, ~~2024 (UNAUDITED).~~ 2025 (UNAUDITED)."

HISTORICAL AND PROJECTED REVENUES AND EXPENSES

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The "Historical and Projected Revenues and Expenses" table below for fiscal years ~~2022-23 through 2029-30,~~ 2023-24 through 2030-31, provides a summary of revenues and expenses of Metropolitan prepared on a cash basis. This is consistent with Metropolitan's current budgetary reporting method. Under cash basis accounting, water sales revenues are recorded when received (two months after billed) and expenses when paid (approximately one month after invoiced). The table does not reflect the accrual basis of accounting, which is used to prepare Metropolitan's annual audited financial statements. Under accrual accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of related cash flows.

The financial ~~projection for fiscal year 2025-26 in the table below is based on actual results through August 2025 and revised projections for the balance of the fiscal year. The financial~~ projections for fiscal years 2026-27 through ~~2029-30~~ 2030-31 in the table below reflect the biennial budget for fiscal years ~~2024-25 and 2025-26~~ 2026-27 and 2027-28 as well as a ten-year financial forecast provided therein, ~~adjusted to reflect the 2025 Exchange Agreement,~~ on a cash basis. See "METROPOLITAN'S WATER SUPPLY—Colorado River Aqueduct—Metropolitan and San Diego County Water Authority Exchange Agreement" in this Appendix A. See also "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES —Water Revenues." The financial projections include Metropolitan's share of the forecasted costs associated with the planning of a single tunnel Bay-Delta conveyance project and certain costs associated with PWSC. See "METROPOLITAN'S WATER SUPPLY—State Water Project—Bay-Delta Proceedings Affecting State Water Project — *Bay-Delta Planning Activities*" and "— *Delta ~~Conveyance~~* *Conveyance,"*

"METROPOLITAN EXPENSES—State Water Contract Obligations" and "REGIONAL WATER RESOURCES—Local Water Supplies — *Recycled Water-Metropolitan Pure Water Southern California Program"* in this Appendix A. See also "CAPITAL INVESTMENT PLAN–Projection of Capital Investment Plan Expenditures."

~~The financial projections for fiscal years 2025-26 through 2029-30 in the table below reflect the 2025 Exchange Agreement and change in pricing for SDCWA exchange water transactions. See "METROPOLITAN'S WATER SUPPLY–Colorado River Aqueduct – Metropolitan and San Diego County Water Authority Exchange Agreement" in this Appendix A. As described under "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES – Water Revenues," Metropolitan does not expect the 2025 Exchange Agreement and change in pricing for SDCWA exchange water transactions provided for therein to result in a material change from Metropolitan's projected revenues from water transactions as set forth in the table below.~~

The projections are based on assumptions concerning future events and circumstances that may impact revenues and expenses and represent management's best estimates of results at this time. See the footnotes to the table below entitled "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" and "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" for relevant assumptions, including projected water transactions and the average annual increase in the effective water rate, and "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" for a discussion of potential impacts. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the projection period will vary from the projections and the variations may be material. The budget and projection information, and all other forward-looking statements in this Appendix A, are based on current expectations and are not intended as representations of facts or guarantees of future results.

The presentation below is consistent with Metropolitan's current budgetary reporting method. Metropolitan will continue to calculate compliance with its rate covenants, limitations on additional bonds and other financial covenants in the Resolutions in accordance with their terms.

The presentation below differs from that previously presented in certain of Metropolitan's prior offering documents and continuing disclosure annual report filings with respect to the actual and expected use of certain funds on hand and the application of Reserve Transfers as offsets to operating and maintenance expenses and as Additional Revenues, respectively. Metropolitan now consistently applies these funds as set forth in the table below, which impacted the bond and fixed-charge coverage calculation in fiscal year ~~2022-23 through fiscal year~~ 2024-25. O&M, CRA Power and Water Transfer Costs were updated to reflect ~~Reserve Transfers of $153 million in fiscal year 2022-23, and~~ a Reserve Transfer of $229 million in ~~2023-24 are~~ 2023-24, as reflected in the table below.

Metropolitan's resource planning projections are developed using a comprehensive analytical process A-125
that incorporates demographic growth projections from recognized regional planning entities, historical and projected data acquired through coordination with local agencies, and the use of generally accepted empirical and analytical methodologies. Due to the unpredictability of future hydrologic conditions, Metropolitan's projected supplemental wholesale water transactions may vary considerably. Metropolitan's Water Resource Management provided projections of the volume of annual water transactions for the biennial budget for fiscal years ~~2024-25 and 2025-26~~ 2026-27 and 2027-28 and ten-year financial forecast. Based on those ~~projections and water sales in recent years,~~ projections, recent water transactions, and updated demographic and water supply assumptions, Metropolitan incorporated more conservative assumptions for water ~~transactions in its biennial budget for fiscal years 2024-25 and 2025-26 and its ten-year financial forecast. The water transactions projections used to determine water rates and charges assume a transition from recent hydrologic conditions to average year hydrology.~~ transaction forecast for financial planning and rate-setting purposes. For the fiscal

years 2026-27 and 2027-28 biennium, Metropolitan applied a 70 percent exceedance level to reduce the risk that actual water transactions will fall below forecast levels. Actual water transactions are likely to vary from ~~projections.~~ projections as a result of hydrologic conditions, local supply availability, water demand and other factors. As shown in the chart entitled "Historical Water Transactions" below, water transactions can vary significantly from ~~average and demonstrates~~ projected levels, demonstrating the degree to which Metropolitan's commitments to meet supplemental demands can impact water transactions. In years when actual transactions exceed projections, the revenues from water transactions during the fiscal year will exceed budget, potentially resulting in an increase in financial reserves. In years when actual transactions are less than projections, Metropolitan uses various tools to manage reductions in revenues, such as reducing expenses below budgeted levels, reducing funding of capital projects from revenues, and drawing on reserves. See "METROPOLITAN REVENUES—Financial Reserve Policy" in this Appendix A. See also "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES —Projected Fiscal Year ~~2025-26 Financial Results."~~ 2026-27 Financial Results and Other Projection Period Information." Metropolitan considers actual transactions, revenues and expenses, and financial reserve balances in setting rates for future fiscal years.

As described above, ~~the financial projection for fiscal year 2025-26 are based on actual results through August 2025. Financial~~ financial projections for fiscal years 2026-27 through ~~2029-30~~ 2030-31 reflect the biennial budget for fiscal years ~~2024-25 and 2025-26~~ 2026-27 and 2027-28 and ten-year financial forecast provided therein, ~~adjusted to reflect the 2025 Exchange agreement,~~ on a cash basis. This includes the issuance of ~~$4,370~~ $1,420 million of bonds for fiscal years ~~2025-26 through 2029-30~~ 2026-27 through 2030-31 to finance a portion of the costs of the ~~CIP including, for planning purposes, certain projected costs of PWSC if a project is approved. The projections also assume the issuance of an additional $19 million of bonds during the same period to finance other capital expenditures of Metropolitan relating to conservation and supply programs, as described herein.~~ CIP. The financial projections for fiscal years 2026-27 and 2027-28 do not assume the issuance of revenue bonds to finance capital expenditures of Metropolitan relating to certain refurbishment and replacement projects. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" and "CAPITAL INVESTMENT PLAN–Capital Investment Plan Financing" in this Appendix A.

Water transactions with member agencies were ~~1.39 million acre-feet for fiscal year 2022-23,~~ 1.17 million acre-feet in fiscal year 2023-24, ~~and~~ 1.34 million acre-feet for ~~2024-25.~~ 2024-25, and 1.24 million acre-feet in fiscal year 2025-26. Water transactions are projected to be ~~1.34 million acre-feet for fiscal year 2025-26, 1.34~~ 1.21 million acre-feet for fiscal year 2026-27, ~~1.35~~ 1.28 million acre-feet for fiscal year 2027-28, ~~1.35~~ 1.28 million acre-feet for fiscal year 2028-29, ~~and 1.36~~ 1.28 million acre-feet for fiscal year ~~2029-30.~~ 2029-30 and 1.29 million acre-feet for fiscal year 2030-31. Water transactions for fiscal year 2024-25 include 100,000 acre-feet pre-purchased by member agencies under Metropolitan's reverse cyclic program. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES—Projected Fiscal Year ~~2024-25 Financial Results."~~ 2026-27 Financial Results and Other Projection Period Information." Rates and charges increased by 8.5 percent for calendar year ~~2025,~~ 2026, and will increase by ~~8.5~~ 6.2 percent for calendar year ~~2026.~~ 2027, and 6.2 percent for calendar year 2028. Rates and charges are projected to increase by ~~11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, 5.0~~ 7.0 percent for calendar year 2029, ~~and 5.0~~ 7.0 percent for calendar year ~~2030.~~ 2030, and 6.5 percent for calendar year 2031. Actual rates and charges to be effective in calendar year ~~2027~~ 2029 and thereafter are subject to adoption by Metropolitan's Board.

~~The biennial budget for fiscal years 2024-25 and 2025-26 assumes additional arrangements enabled by Metropolitan's record high storage reserves anticipated to generate revenues of $60 million per year. See "REGIONAL WATER RESOURCES–Local Water Supplies – *Reverse-Cyclic Program"* and "METROPOLITAN'S WATER SUPPLY–Water Transfer, Storage and Exchange Programs – State Water~~

~~Project Agreements and Programs – *Other Ongoing Activities"* in this Appendix A.~~

Financial projections for fiscal years ~~2025-26 through 2029-30~~ 2027-28 through 2030-31 reflect a greater portion of Metropolitan's State Water Contract obligations being paid from property taxes. ~~As assumed by the biennial budget for fiscal years 2024-25 and 2025-26, the Board increased~~ In August 2026, the Board established the *ad valorem* tax rate ~~to 0.0070~~ for fiscal year 2026-27 at 0.0085 percent of full assessed ~~valuation beginning in fiscal year 2024-25.~~ valuation, consistent with the assumption in the Adopted Budget. The ten-year financial forecast in the Adopted Budget assumes continuation of a 0.0085 percent ad valorem tax rate during the projection period.

The projections were prepared by Metropolitan and have not been reviewed by independent certified public accountants or any entity other than Metropolitan. Dollar amounts are rounded. A-126

[Remainder of page intentionally left blank.]

HISTORICAL AND PROJECTED REVENUES AND EXPENSES (a) A-127

Fiscal Years Ended June 30

(Dollars in Millions)

(Dollars in Millions)	~~2023~~ ~~Actual~~	2024 Actual	2025 Actual	2026 ~~Projected~~ Actual	2027 ~~10-Yr. Forecast~~ Budget	2028 ~~10-Yr. Forecast~~ Budget	2029 10-Yr. Forecast	2030 10-Yr. Forecast	2031 10-Yr. Forecast
Water Revenues[b]	~~$1,323~~	$1,167	1,479	~~$1,511~~ $1,416	~~$1,656~~ $1,483	~~$1,849~~ $1,333	~~$1,995~~ $1,425	~~$2,095~~ $1,546	1,679
Other Charge Revenues[c]	~~182~~	196	213	~~230~~ 229	~~242~~ 286	~~281~~ 392	~~335~~ 404	~~369~~ 412	426
Total Operating Revenues	~~1,505~~	1,364	1,692	~~1,741~~ 1,645	~~1,898~~ 1,769	~~2,130~~ 1,725	~~2,330~~ 1,829	~~2,464~~ 1,958	2,105
O&M, CRA Power and Water Transfer Costs[d]	~~(864)~~	(760)	(822)	~~(920)~~ (827)	~~(1,006)~~ (923)	~~(1,061)~~ (982)	~~(1,110)~~ (1,088)	~~(1,179)~~ (1,170)	(1,248)
Total SWC OMP&R and Power Costs[e]	~~(412)~~	(543)	(200)	~~(372)~~ (169)	~~(407)~~ (330)	~~(428)~~ (337)	~~(455)~~ (305)	~~(473)~~ (303)	(352)
Total Operation and Maintenance	~~(1,275)~~	(1,303)	(1,021)	~~(1,292)~~ (996)	~~(1,413)~~ (1,253)	~~(1,489)~~ (1,319)	~~(1,565)~~ (1,393)	~~(1,652)~~ (1,473)	(1,600)
Net Operating Revenues	~~$229~~	$61	$670	~~$449~~ $649	~~$485~~ $516	~~$640~~ $405	~~$765~~ $435	~~$812~~ $485	504
~~Additional Revenue Sources~~ Miscellaneous Revenue[f]	~~24~~	21	116	~~159~~ 120	~~52~~ 37	~~48~~ 256	~~48~~ 215	~~49~~ 225	236
Reserve Transfers[g]	~~153~~	229	—	—	~~—~~ 10	—	—	—	—
Sales of Hydroelectric Power[h]	~~6~~	13	7	~~18~~ 2	~~15~~ 3	~~13~~ 4	~~12~~ 4	~~12~~ 4	4
Interest on Investments[i]	~~21~~	42	38	~~45~~ 55	~~42~~ 34	~~43~~ 35	~~46~~ 37	~~50~~ 39	41
Total Additional Revenues	~~204~~	305	161	~~222~~ 177	~~109~~ 84	~~104~~ 295	~~106~~ 256	~~111~~ 268	281
Adjusted Net Operating Revenues[j]	~~$434~~	$366	$831	~~$671~~ $826	~~$594~~ $600	~~$744~~ $700	~~$871~~ $691	~~$923~~ $753	$785
Senior Obligations	~~(172)~~	(197)	(208)	~~(198)~~ (185)	~~(234)~~ (207)	~~(280)~~ (217)	~~(418)~~ (317)	~~(427)~~ (273)	(351)
Subordinate Obligations	~~(121)~~	(125)	(131)	~~(151)~~ (160)	~~(134)~~ (145)	~~(138)~~ (151)	~~(56)~~ (66)	~~(104)~~ (115)	(38)
Senior and Subordinate Obligations[k]	~~(293)~~	(322)	(339)	~~(349)~~ (345)	~~(368)~~ (352)	~~(418)~~ (368)	~~(474)~~ (383)	~~(531)~~ (388)	(389)
Funds Available from Operations	~~$141~~	$44	$492	~~$322~~ $481	~~$226~~ $248	~~$326~~ $332	~~$397~~ $308	~~$392~~ $365	$396
Debt Service Coverage (DSC) on all Senior Bonds	~~2.52~~	1.86	3.99	~~3.39~~ 4.48	~~2.54~~ 2.90	~~2.66~~ 3.23	~~2.08~~ 2.18	~~2.16~~ 2.76	2.24
DSC on all Senior and Subordinate Bonds[l]	~~1.48~~	1.14	2.45	~~1.92~~ 2.39	~~1.61~~ 1.70	~~1.78~~ 1.90	~~1.84~~ 1.80	~~1.74~~ 1.94	2.02
Operating Equipment Expense	~~(7)~~	$(9)	$(11)	~~$(10)~~ $(8)	~~$(11)~~ $(17)	~~$(11)~~ $(18)	~~$(12)~~ $(19)	~~$(13)~~ $(21)	(22)
Operating Equipment Financing Principal[m]				(2)	(4)	(4)	(4)	(4)	(4)
Pay-As-You Go Construction	~~(135)~~	(35)	(175)	~~(175)~~ (205)	~~(175)~~ (227)	~~(250)~~ (278)	~~(275)~~ (210)	~~(275)~~ (240)	(250)
Pay-As-You Go Funded from Replacement & Refurbishment Fund Reserves	~~2~~	—	—	~~—~~ 28	—	—	—	—	—
Total SWC Capital Costs Paid from Current Year Operations	~~—~~	—	—	—	—	—	—	—	—
Remaining Funds Available from Operations	~~$—~~	$—	$306	~~$137~~ $294	~~$40~~ $—	~~$65~~ $32	~~$110~~ $75	~~$104~~ $100	$120
Fixed Charge ~~Coverage[m]~~ Coverage[n]	~~1.48~~	1.14	2.45	~~1.92~~ 2.39	~~1.61~~ 1.70	~~1.78~~ 1.90	~~1.84~~ 1.80	~~1.74~~ 1.94	2.02
Property ~~Taxes[n]~~ Taxes[o]	~~$198~~	$202	$391	~~$334~~ $421	~~$342~~ $465	~~$351~~ $487	~~$359~~ $502	~~$374~~ $517	527
General Obligation Bonds Debt Service Paid from Property Taxes	~~(2)~~	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
SWC Capital Costs Paid from Property Taxes	~~(133)~~	(122)	(129)	~~(117)~~ (75)	~~(142)~~ (171)	~~(151)~~ (203)	~~(170)~~ (220)	~~(188)~~ (224)	(262)
SWC O&M Costs Paid from Property Taxes	~~(62)~~	(78)	(260)	~~(215)~~ (344)	~~(198)~~ (292)	~~(197)~~ (282)	~~(187)~~ (280)	~~(184)~~ (292)	(264)

Table rebuilt from the Word comparison: Fall 2026 values from the Word document; 2025 values from Attachment 1.

_____ *Source: Metropolitan.* ~~*(Footnotes to table are on next pages)*~~

(Footnotes to table on prior page) A-128

(a) Unaudited. Totals may not add due to rounding. Prepared on a cash basis. ~~The projection for fiscal year 2025-26 is based on~~

~~actual results through August 2025 and revised projections for the balance of the fiscal year.~~ Projections for fiscal year 2026-27

through fiscal year ~~2029-30~~

2030-31 are based on assumptions and estimates used in the biennial budget for fiscal years ~~2024-25 and~~ 2026-27 and 2027-28 and the ten-year

~~2025-26 and ten-year~~ financial forecast provided ~~therein, adjusted to reflect the 2025 Exchange Agreement, and reflect the~~

~~projected issuance of additional bonds.~~ therein. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED

~~REVENUES AND~~ REVENUES AND

EXPENSES" in this Appendix A. (b) Water Revenues include revenues from water sales, exchanges, and wheeling. During the fiscal years ended June 30, ~~2023,~~ 2024, 2025, and

~~2024, and 2025~~ 2026 annual water transactions with member agencies ~~(in acre-feet) were 1.39 million, 1.17 million and 1.34 million,~~

~~respectively. See~~ were 1.17 million acre-feet (MAF), 1.34 MAF, and 1.24 MAF respectively. See

the table entitled "Summary of Water Transactions and Revenues" under "METROPOLITAN REVENUES—

Water Revenues" in this

MAF

Appendix A. The water transactions projections ~~(in acre-feet) are 1.34 million acre-feet for fiscal year~~

~~2025-26, 1.34 million acre-feet~~ are 1.21 for fiscal year 2026-27, ~~1.35 million acre-feet~~ 1.28 MAF for fiscal year 2027-28, ~~1.35 million acre-feet~~ 1.28 MAF

for fiscal year ~~2028-29 and 1.36 million~~ 2028-29, 1.28 MAF for fiscal year ~~2029-30.~~ 2029-30, and 1.29 MAF for fiscal year 2030-31. Projections reflect adopted overall

rate and charge increase

~~of 8.5~~ of 6.2 percent for each of the calendar years ~~2025 and 2026.~~ 2027 and 2028. Rates and charges are projected to increase ~~11.5 percent for~~ 7.0

~~calendar year 2027, 11.5~~ percent for calendar year ~~2028, 5.0~~ 2029, 7.0 percent for calendar year ~~2029 and 5.0~~ 2030 and 6.5 percent for calendar year

~~2030,~~ 2031, subject to adoption by

Metropolitan's Board. See "MANAGEMENT'S DISCUSSION OF HISTORICAL AND

PROJECTED REVENUES AND

EXPENSES" in this Appendix A. (c) Includes revenues from water standby, readiness-to-serve, ~~and~~ capacity and treatment capacity charges. The term Operating Revenues ~~excludes *ad*~~

excludes *ad valorem* taxes. See "METROPOLITAN REVENUES–Other Charges" in this Appendix A. (d) Water Transfer ~~Costs and PWSC~~ Costs, the interest component of the lease payments under the Equipment Sublease Agreement (described under

"METROPOLITAN EXPENSES—Junior and Capital Lease Obligations — *Capital Lease Financing"* in this Appendix A) and PWSC

planning costs (described under "REGIONAL WATER RESOURCES–Local Water Supplies

– *Recycled Water-Metropolitan Pure*

Water Southern California Program" in this Appendix A) are included in operation and

maintenance expenses for purposes of

calculating the debt service coverage on all Obligations. O&M, CRA Power and Water

Transfer Costs are net of ~~grant~~ reserves, grant or other state appropriated funds to be applied to fund planning costs of PWSC (see "REGIONAL WATER RESOURCES– ~~Local Water~~Local Water Supplies – *Recycled Water-Metropolitan Pure Water Southern California Program")* and California WaterFix refund monies held and applied to offset Delta Conveyance costs ~~($4.5~~ ($30 million in fiscal ~~year 2022-23 and $30 million in fiscal~~ year 2023-24). Also net of conservation and supply programs expenses expected to be paid from bond proceeds. See footnote (k) below. (e) Includes on- and off-aqueduct power and operation, maintenance, power and replacement costs payable under the State Water Contract ~~Contract~~ and Delta Conveyance planning costs. See "METROPOLITAN EXPENSES–State Water Contract Obligations" in this Appendix A.

See also "METROPOLITAN'S WATER SUPPLY–State Water Project –Bay-Delta Proceedings Affecting State Water Project – ~~*Bay-Delta*~~ *Bay-Delta Planning Activities"* and *"– Delta Conveyance"* in this Appendix A. SWC OMP&R costs are net of (offset by) amounts paid from property taxes as detailed in the table above. See footnote ~~(n)~~ (o) below. (f) May include lease and rental net proceeds, net proceeds from sale of surplus property, reimbursements and PWSC ~~contributions. In~~ contributions. In fiscal year 2024-25 includes approximately $47.3 million prior year IRA funding revenues. Includes ~~$60~~ $55 million in revenues for fiscal ~~year 2025-26 anticipated to be~~ year 2025-26 generated from additional arrangements enabled by Metropolitan's record high storage reserves. See ~~""METROPOLITAN'S~~ "METROPOLITAN'S WATER SUPPLY—Water Transfer, Storage and Exchange Programs —State Water Project Agreements and Programs — *Other Ongoing Activities"* in this Appendix A. (g) Reflects transfers from the Water ~~Stewardship Fund, the Water Treatment Surcharge Stabilization Fund, and the Water Rate Stabilization Fund of $153 million in fiscal year 2022-23, and transfers from the Water~~ Rate Stabilization Fund and General Fund of $229 million in fiscal year 2023-24. (h) Includes CRA power ~~sales.~~ sales through fiscal year 2024-25. Starting in fiscal year 2025-26 CRA power sales are included in the CRA power expense (net). (i) Does not include interest applicable to Bond Construction Funds, the Excess Earnings Funds, other trust funds and the Deferred ~~Deferred~~ Compensation Trust Fund. Includes net gain or loss on investments. (j) Adjusted Net Operating Revenues is the sum of all available revenues that the revenue bond resolutions specify may be ~~considered by~~ considered by Metropolitan in setting rates and issuing additional Senior Revenue Bonds and Senior Parity Obligations and ~~Subordinate Revenue~~ Subordinate Revenue Bonds and Subordinate Parity Obligations. (k) Includes debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds,

~~Subordinate Parity~~ Subordinate Parity

Obligations, and additional Revenue Bonds (projected). Assumes bond issuances of approximately ~~$150~~

~~million in fiscal year 2025-26, approximately $900~~ $240 million in fiscal year 2026-27, ~~approximately $950~~

approximately $250 million in fiscal year

~~2027-28, approximately $1,250~~ 2027-28, approximately $310 million in fiscal year ~~2028-29 and approximately $1,120~~ 2028-29, approximately $300 million in

fiscal year 2029-30 and $320 million in fiscal year ~~2029-30. See~~

2030-31. See "CAPITAL INVESTMENT PLAN—Capital Investment Plan

Financing" in this Appendix A. In fiscal year 2024-25,

Metropolitan issued $309.1 million of Senior Revenue Bonds and Subordinate

Revenue Bonds for the capital expenditures

occurring in fiscal years 2024-25 and 2025-26. ~~Also assumes the issuance of approximately $19 million of bonds for other~~

~~capital expenditures relating to conservation in fiscal year 2025-26. Metropolitan has issued $73.7 million of Senior Revenue~~

~~Bonds to finance capital expenditures associated with the conservation program. Metropolitan has issued $99.4 million of~~

~~short-term notes consisting of Senior Parity Obligations to provide interim financing to fund capital expenditures related to~~

~~the AVEK High Desert Water Bank Program. Such notes were refinanced in full through a financing undertaken by AVEKFA~~

~~in July 2025 and the incurrence by Metropolitan of Subordinate Parity Obligations. See also "METROPOLITAN WATER~~

~~SUPPLY–Water Transfer, Storage and Exchange Programs –State Water Project Agreements and Programs – *Antelope Valley-*~~

~~*East Kern High Desert Water Bank Program"* and "METROPLITAN EXPENSES–Outstanding Subordinate Revenue Bonds~~

~~and Subordinate Parity Obligations –Subordinate Parity Obligations – *AVEK Water Banking Agreement"* in this Appendix A.~~

~~*(footnotes continue on following page)*~~

~~*(footnotes continued from prior page)*~~

(l) Adjusted Net Operating Revenues, divided by the sum of debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations,

~~Obligations,~~ Subordinate Revenue Bonds and Subordinate Parity Obligations and additional Revenue Bonds (projected). See "METROPOLITAN

~~"METROPOLITAN EXPENSES–Outstanding~~ EXPENSES--Outstanding Senior Revenue Bonds and Senior Parity Obligations" and ~~"–Outstanding~~

"--Outstanding Subordinate Revenue Bonds and

Subordinate Parity Obligations" in this Appendix A. (m) Reflects the principal component of the lease payments under the Equipment Sublease Agreement (described under

"METROPOLITAN EXPENSES--Junior and Capital Lease Obligations -- *Capital Lease Financing"* in this Appendix A). (n) Adjusted Net Operating Revenues, divided by the sum of the State Water Contract capital costs paid from current year operations and

~~and~~ debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds and

~~Subordinate Parity~~ Subordinate Parity

Obligations, and additional Revenue Bonds (projected). ~~(n)~~ (o) *Ad valorem* tax rate increased to 0.0070 percent of full assessed valuation beginning in fiscal year ~~2024-25.~~ 2024-25 and 0.0085 percent of full

~~[Remainder of page intentionally left blank.]~~ assessed valuation beginning in fiscal year 2026-27. Assumes a 4.25% increase in assessed valuation per annum over the prior year

beginning in Fiscal Year 2026-27.

MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES

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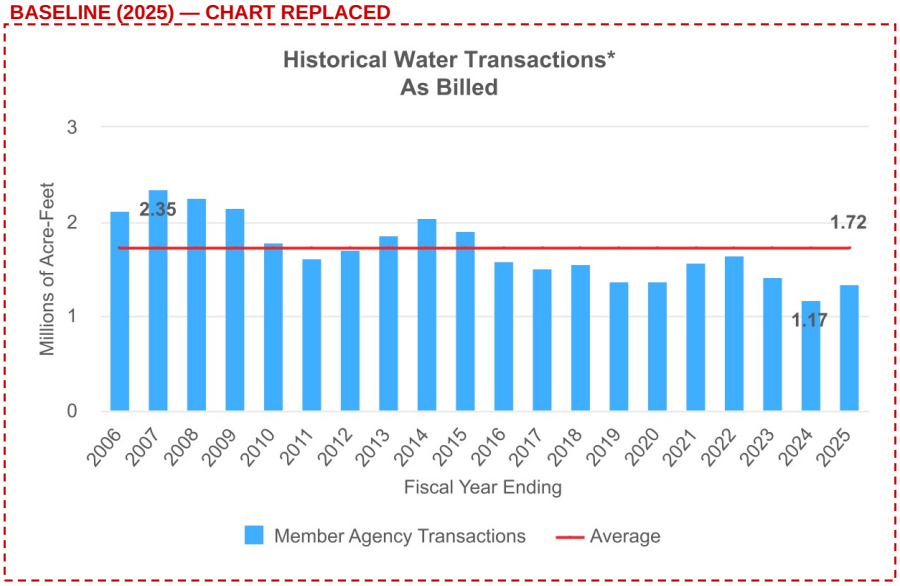
Water Transactions Projections

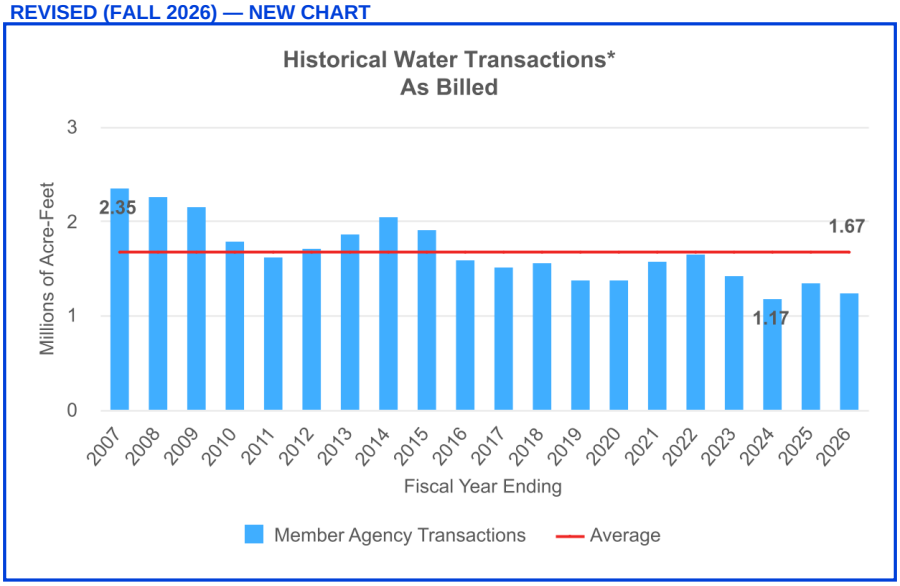
The water transactions with member agencies ~~in the table above for fiscal year 2022-23 were 1.39 million acre-feet,~~ were 1.17 million acre-feet ~~for fiscal year 2023-24 and~~ in fiscal year 2023-24, 1.34 million acre-feet ~~for fiscal year 2024-25. The water transaction forecast is 1.34 million acre-feet for fiscal year 2025-26, 1.34 million acre-feet for~~ in fiscal year 2024-25, and 1.24 million acre-feet in fiscal year 2025-26 (unaudited actual results). Water transactions are projected to be 1.21 million acre-feet in fiscal year 2026-27, ~~1.35 million acre-feet for 2027-28, 1.35 million acre-feet for~~ 1.28 million acre-feet in fiscal year 2027-28, 1.28 million acre-feet in fiscal year 2028-29, ~~and 1.36 for fiscal year 2029-2030,~~ 1.28 million acre-feet in fiscal year 2029-30, and 1.29 million acre-feet in fiscal year 2030-31, consistent with the biennial budget and ten-year financial forecast. For purposes of comparison, Metropolitan's highest level of water transactions during the past 20 fiscal years was approximately 2.35 million acre-feet in fiscal year ~~2006-07~~ 2006-07, and the lowest was 1.17 million acre-feet in fiscal year 2023-24. The chart below shows the volume of water transactions with member agencies over the last 20 fiscal years.

Historical Water Transactions* (As Billed)

BASELINE (2025) — CHART REPLACED



REVISED (FALL 2026) — NEW CHART



Charts from the Word comparison document (both versions shown).

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* Water transactions include sales, exchanges, and wheeling with member agencies. Fiscal Year 2025-26 information is based on unaudited actual results.

Water Revenues

Metropolitan projects revenues from water transactions will be about ~~75~~ 70 percent of its total revenues after implementation of the adopted biennial budget for fiscal years ~~2024-25 and 2025-26.~~ 2026-27 and 2027-28. In adopting the budget and rates and charges for each fiscal year, Metropolitan's Board reviews the anticipated revenue requirements and projected water transactions to determine the rates necessary to produce the required revenues to be derived from water transactions during the fiscal year. Metropolitan sets rates and

charges estimated to provide operating revenues sufficient, with other sources of funds, to provide for payment of its expenses. See "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.

Under the 2025 Exchange Agreement executed by Metropolitan and SDCWA in June 2025, beginning in calendar year 2026, the price to be paid by SDCWA for exchange water will no longer be tied to Metropolitan's rates and charges as assumed in Metropolitan's projected revenues from water transactions, but will instead be a fixed dollar amount per acre-foot. Under the 2025 Exchange Agreement, SDCWA will be obligated to pay to Metropolitan in each calendar year a minimum payment equal to the amount payable for the exchange of 227,000 acre-feet of water at the applicable fixed Unit Price, even if SDCWA exchanges less than that amount in any one year. See "METROPOLITAN'S WATER SUPPLY—Colorado River Aqueduct — Metropolitan and San Diego County Water Authority Exchange Agreement" in this Appendix A. As a result of this change in the contract pricing terms for exchange agreement transactions, a portion of Metropolitan revenues from water transactions are expected to be fixed, rather than volumetric, in future years during the projection period. The fixed Unit Price for water transactions under the 2025 Exchange Agreement is lower than the contract price under the 2003 Exchange ~~Agreement;~~ Agreement. Projected water revenues for fiscal years ~~2025-26~~ 2027-28 through fiscal year ~~2028-29~~ 2030-31 reflect the Fixed Unit Price set forth under the 2025 Exchange Agreement. ~~Metropolitan's biennial budget process for fiscal years 2026- 27 and 2027-28 will include proposed water rate increases for calendar years 2027 and 2028, and a new ten-year financial forecast for fiscal years 2026-27 through 2035-36.~~ A-130

Metropolitan's Board has in recent years regularly adopted annual increases in water rates. See "METROPOLITAN REVENUES–Rate Structure" and "–Classes of Water Service" in this Appendix A. On April ~~9, 2024,~~ 14, 2026, the Board adopted average increases in rates and charges of ~~8.5~~ 6.2 percent for each of calendar years ~~2025 and 2026,~~ 2027 and 2028, to be effective on January 1, ~~2025~~ 2027 and January 1, ~~2026,~~ 2028, respectively. Rates and charges are projected to increase ~~11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, 5.0~~ 7.0 percent for calendar year 2029, ~~and 5.0~~ 7.0 percent for calendar year ~~2030.~~ 2030, and 6.5 percent in calendar year 2031. Actual rates and charges to be effective in calendar year ~~2027~~ 2029 and thereafter are subject to adoption by Metropolitan's Board. Metropolitan's biennial budget process for fiscal years 2028-29 and 2029-30 will include proposed water rate increases for calendar years 2029 and 2030, and a new ten-year financial forecast for fiscal years 2028-29 through 2037-38. See "Projected Fiscal Year 2026-27

– Financial Results and Other Projection Period Information" below.

Projected Fiscal Year ~~2025-26 Financial Results~~ 2026-27 Financial Results and Other Projection Period Information

Projections for fiscal year ~~2025-26, in the table above,~~ 2026-27 are based on ~~actual results through August 2025 and revised projections for the balance of the fiscal year. Water revenues~~ the adopted biennial budget for fiscal years 2026-27 and 2027-28. Water Revenues for fiscal year ~~2025-26 are estimated to be $1,511~~ 2026-27 are budgeted to be $1,483 million.

Operation and maintenance expenses in fiscal year ~~2025-26 are estimated to be $1,292~~ 2026-27 are budgeted to be $1,253 million, which represents approximately ~~58~~ 52 percent of total estimated costs for fiscal year ~~2025-26.~~ 2026-27. These expenditures include the costs of labor, electrical power, materials and supplies of both Metropolitan and its contractual share of the State Water Project. ~~Metropolitan's operation and maintenance expenses are estimated to be approximately on budget in fiscal year 2025-26.~~ Comparatively, operations and maintenance expenditures in fiscal year ~~2024-25 were $1,021~~ 2025-26 were budgeted at $996 million, which represented approximately ~~52~~ 50 percent of total costs. ~~Overall, estimated~~ Total expenditures for the twelve months ending June 30, ~~2026 are estimated to be $2,248~~ 2027 are budgeted to be $2,417 million, which is ~~on budget.~~ $5.1 million under the total expenditures budgeted for fiscal year 2026-27.

Metropolitan maintains cash reserves as a tool to manage the fluctuations in revenues and/or increases in expenses. Water revenues vary based on Metropolitan's water transactions, which are primarily driven by demand for Metropolitan's water supplies. Expenses may vary on a host of factors, including but not limited to construction costs, chemical costs for treatment, power costs, hydroelectric power production, variable rate debt costs, among other potential types of costs Metropolitan incurs. Metropolitan's unrestricted reserves provide the flexibility to increase rates on a scheduled basis as opposed to when additional revenues are needed intermittently. Projections for fiscal year 2026-27 include using million in unrestricted ~~Results for fiscal year 2024-25 do not include using unrestricted~~ $28 reserves related to operating and maintenance.

~~Projections~~ Based on budgeted revenues and expenditures for fiscal year ~~2024-25 do not include using unrestricted reserves related to operating and maintenance. Fiscal year 2025-26~~ 2026-27, senior revenue bond debt service coverage (on a cash basis) is ~~estimated to be 3.39x. Fiscal year 2025-26~~ expected to be 2.90x. For fiscal year 2026-27, aggregate revenue bond debt service coverage (on a cash basis) is ~~estimated to be 1.92x~~ expected to be 1.70x and the fixed charge coverage is estimated to be ~~1.92x. Fiscal year 2025-26~~ 1.70x. Fiscal year 2026-27 capital expenditures, estimated at ~~$366~~ $467 million, are being partially funded by the proceeds of bonds issued in fiscal ~~years 2024-25 and 2025-26~~ year 2026-27 for such purpose, grant funding, and the remainder from pay-as-you-go funding. Metropolitan's unrestricted reserves are ~~projected~~ expected to be approximately ~~$670~~ $760 million on a cash basis at June 30, ~~2026.~~ 2027. See "METROPOLITAN REVENUES–Financial Reserve Policy" in this Appendix A.

Financial projections for fiscal years ~~2026-27 through 2029-30~~ 2027-28 through 2030-31 are reflected in the biennial budget for fiscal years ~~2024-25 and 2025-26~~ 2026-27 and 2027-28 and ten-year financial forecast provided ~~therein, and adjusted to reflect the 2025 Exchange Agreement.~~ therein. The fiscal year ~~2024-25 and 2025-26~~ 2026-27 and 2027-28 biennial budget and rates set the stage for ~~predictable and reasonable~~ rate increases over the ten-year planning period, with adopted overall rate increases of ~~8.5~~ 6.2 percent for calendar year ~~2025 and 8.5~~ 2027 and 6.2 percent for calendar year ~~2026.~~ 2028. The biennial budget for fiscal years ~~2024-25 and 2025-26~~ 2026-27 and 2027-28 and ten-year financial forecast assumes rate increases of ~~11.5~~ 7.0 percent for calendar year ~~2027, 11.5~~ 2029, 7.0 percent for calendar year ~~2028, 5.0~~ 2030, and 6.5 percent for calendar year ~~2029 and 5.0 percent for calendar year 2030.~~ 2031. Actual rates and charges to be effective in calendar year ~~2027~~ 2029 and thereafter are subject to adoption by Metropolitan's Board as part of the biennial budget process, at which point the ten-year forecast will be updated as well. Increases in rates and charges reflect the impact of reduced water transactions projections, increasing operations and maintenance costs, and increasing State Water Project costs, when compared to prior fiscal years. A-131

Metropolitan's financial results during the fiscal years ~~2024-25 through 2029-2030~~ 2026-27 through 2030-31 may be impacted by current and subsequent developments relating to, among other things, the effects of changing hydrological conditions (including drought and extreme wet weather), unanticipated changes in member agencies' demands, new legislation, changes in environmental compliance requirements, unfavorable court decisions, and inflation and other national and regional economic conditions, as well as other unforeseen events.

For purposes of future budget development and rate setting, Metropolitan implemented a revised sales forecast methodology. In July 2025, Metropolitan's Board adopted a policy implementing a more conservative water sales forecast using a 70 percent exceedance level in connection with Metropolitan's biennial budget process for fiscal years 2026-27 and 2027-28, and an 80 percent exceedance level for subsequent biennia. The current ten-year financial forecast, however, maintains a 70 percent exceedance assumption throughout the forecast period. A 70 percent exceedance forecast means that there is a 70 percent probability that actual sales will meet or exceed the budget forecast and an 80 percent exceedance forecast means that there is an 80 percent probability that actual sales will meet or exceed the budget forecast. The change in forecast

methodology is expected to provide a conservative, lower-bound planning assumption for future revenue and rate modeling. The development of the biennial budget for fiscal years 2026-27 and 2027-28 was informed by the updated water shortage and reliability analyses prepared in connection with the 2020 IRP Needs Assessment, as updated in 2025, which incorporate more recent demographic data, conservation achievements, local supply developments and revised assumptions for Metropolitan's imported water supplies. See "METROPOLITAN'S WATER SUPPLY–Climate Adaptation Master Plan for Water (CAMP4W)" in this Appendix A.

See also the "Management's Discussion and Analysis" contained in APPENDIX B– "THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024 AND BASIC FINANCIAL STATEMENTS FOR THE ~~[THREE~~ THREE MONTHS ENDED SEPTEMBER 30, ~~2025~~ 2026 AND SEPTEMBER 30, ~~2024 (UNAUDITED)].~~" 2025 (UNAUDITED)."