

The Metropolitan Water District of Southern California

Agenda

The mission of the Metropolitan Water District of Southern California 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.

FAAME Committee

C. Miller, Chair
D. Alvarez, VC Budget
J. Armstrong
G. Bryant
B. Dennstedt
L. Fong-Sakai
J. McMillan
M. Petersen
B. Pressman
T. Quinn
K. Seckel

Finance, Affordability, Asset Management, and Efficiency Committee - Final - Revised 1

Meeting with Board of Directors *

May 13, 2025

8:00 a.m.

Written public comments received by 5:00 p.m. the business day before the meeting is scheduled will be posted under the Submitted Items and Responses tab available here: <https://mwdh2o.legistar.com/Legislation.aspx>.

The listen-only phone line is available at 1-877-853-5257; enter meeting ID: 862 4397 5848.

Members of the public may present their comments to the Board on matters within their jurisdiction as listed on the agenda via teleconference and in-person. To provide public comment by teleconference dial 1-833-548-0276 and enter meeting ID: 815 2066 4276 or to join by computer [click here](#).

Tuesday, May 13, 2025 Meeting Schedule

08:00 a.m. FAAME
10:30 a.m. CWC
11:30 a.m. Break
12:00 p.m. BOD

MWD Headquarters Building • 700 N. Alameda Street • Los Angeles, CA 90012

Teleconference Locations:

Portola Hotel • Two Portola Plaza, Executive Boardroom • Monterey, CA 93940

8705 Gracie Allen Drive • Los Angeles, CA 90048

3008 W. 82nd Place • Inglewood, CA 90305

400 Cannery Row • Monterey, CA 93940

2 Mineral King • Irvine, CA 92602

* The Metropolitan Water District's meeting of this Committee is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to this Committee may participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to this Committee will not vote on matters before this Committee.

- 1. Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (As required by Gov. Code Section 54954.3(a))**

**** CONSENT CALENDAR ITEMS -- ACTION ****

2. CONSENT CALENDAR OTHER ITEMS - ACTION

- A. Approval of the Minutes of the Finance, Affordability, Asset Management, and Efficiency Committee Meeting for April 8, 2025 [21-4512](#)

Attachments: [05132025 FAAME 2A \(04082025\) Minutes](#)

3. CONSENT CALENDAR ITEMS - ACTION

- 7-5 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 [21-4494](#)

Attachments: [05132025 FAAME 7-5 B-L](#)
[05132025 FAAME 7-5 Presentation](#)

**** END OF CONSENT CALENDAR ITEMS ****

4. OTHER BOARD ITEMS - ACTION

- 8-2 Adopt CEQA determination that the proposed action was previously addressed in the adopted 2017 Mitigated Negative Declaration, Addenda Nos. 1, 2 and 3 and related CEQA actions; and adopt resolution that (1) authorizes the execution and delivery of an amended and restated agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, (2) approves the project financing, and (3) authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute, and deliver various related agreements and documents. [REVISED SUBJECT on 5/2/2025] [21-4495](#)

Attachments: [05132025 FAAME 8-2 B-L](#)
[05132025 FAAME 8-2 Presentation](#)

- 8-3 Adopt a resolution authorizing a master equipment lease-purchase program of up to \$35 million outstanding balance from time to time and providing for related documents and actions; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA [21-4496](#)

Attachments: [05132025 FAAME 8-3 B-L](#)
[05132025 FAAME 8-3 Presentation](#)

- 8-4** Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA **[21-4497](#)**

Attachments: [05132025 FAAME 8-4 B-L](#)
[05132025 FAAME 8-4 Presentation](#)

5. BOARD INFORMATION ITEMS

- 9-4** Renewal Status of Metropolitan's Property and Casualty Insurance Program **[21-4536](#)**

Attachments: [05132025 FAAME 9-4 B-L](#)
[05132025 FAAME 9-4 Presentation](#)

6. COMMITTEE ITEMS

- a.** Quarterly Investment Activities Report **[21-4515](#)**

Attachments: [05132025 FAAME 6a Presentation](#)

- b.** Bond Financing Overview (SB 450) **[21-4516](#)**

Attachments: [05132025 FAAME 6b Presentation](#)

- c.** Quarterly Financial Report **[21-4517](#)**

Attachments: [05132025 FAAME 6c Presentation](#)

- d.** Overview of potential drivers of the next biennium budget **[21-4514](#)**

Attachments: [05132025 FAAME 6d Presentation](#)

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a.** Finance, Affordability, Asset Management, and Efficiency activities **[21-4518](#)**

Attachments: [05132025 FAAME 7a Finance, Affordability, Asset Management, and Efficiency Activities](#)

8. SUBCOMMITTEE REPORTS AND DISCUSSION

- a.** Report from Subcommittee on Long-Term Regional Planning Processes and Business Modeling **[21-4519](#)**

- b.** Discuss and provide direction to Subcommittee on Long-Term Regional Planning Processes and Business Modeling **[21-4520](#)**

9. FOLLOW-UP ITEMS

NONE

10. FUTURE AGENDA ITEMS

11. ADJOURNMENT

NOTE: This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Committee agendas may be obtained on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>. This committee will not take any final action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a regular meeting are available for public inspection at Metropolitan's Headquarters Building and on Metropolitan's Web site <https://mwdh2o.legistar.com/Calendar.aspx>.

Requests for a disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Executive Secretary in advance of the meeting to ensure availability of the requested service or accommodation.

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

FINANCE, AFFORDABILITY, ASSET MANAGEMENT, AND EFFICIENCY COMMITTEE

April 8, 2025

Chair Miller called the meeting to order at 8:30 a.m.

Members present: Directors Alvarez, Armstrong, Bryant, Dennstedt, Fong-Sakai (teleconference posted location), McMillan, Miller, Petersen (entered after rollcall), and Seckel.

Members absent: Directors Pressman and Quinn.

Other Members present: Ackerman, Camacho, Dick, Erdman, Faessel (teleconference posted location), Gold, Goldberg, Gray (teleconference posted location), Katz, Kurtz, Lefevre (teleconference posted location), Luna, Ortega, and Shepherd Romey.

Committee Staff present: Benson, Crosson, Kasaine, Quilizapa, Rubin, Upadhyay, and Williams.

1. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

Maura Monagan, LA Water Keeper commented on item 7-6.

Director Petersen entered the meeting.

CONSENT CALENDAR ITEMS - ACTION

2. CONSENT CALENDAR OTHER ITEMS-ACTION

- A. Subject: Approval of the Minutes of the Finance, Affordability, Asset Management, and Efficiency Committee Meeting for March 11, 2025

3. CONSENT CALENDAR -ACTION

7-6 Subject: Approve Climate Adaptation Master Plan for Water Five-Year Implementation Strategy; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

 Motion: Approve Climate Adaptation Master Plan for Water Five-Year Implementation Strategy.

 Presented By: Liz Crosson, Chief Sustainability, Resiliency & Innovation Officer

Ms. Crosson introduced the item and provided a summary of the Climate Adaptation Master Plan for Water Implementation Strategy, which is designed to guide decision-making and support the adaptive management process. Her presentation covered the implementation strategy, climate decision-making framework, adaptive management approach, and alignment with the business model. She concluded with an overview of the next steps.

The following Directors provided comments or asked questions:

1. Petersen
2. Ortega
3. Goldberg
4. Fong-Sakai
5. Seckel
6. Gold
7. Armstrong
8. Alvarez
9. Dennstedt
10. McMillian
11. Bryant
12. Miller

Staff responded to the Directors' comments and questions.

Director Petersen left the meeting.

7-7 Subject: Adopt resolutions fixing and adopting a Readiness-to-Serve Charge and a Capacity Charge for calendar year 2026; the General Manager has determined the proposed action is exempt or otherwise not subject to CEQA

 Motion: Adopt resolutions fixing and adopting a Readiness-to-Serve Charge and a Capacity Charge for calendar year (CY) 2026.

 Presented By: Khanh Phan, Unit Manager - Rates, Charges, & Financial Planning

Ms. Kasaine introduced the item, and Ms. Phan provided a presentation summarizing the Resolutions Fixing and Adopting the Readiness-to-Serve Charge and Capacity Charge for 2026. Her presentation included background information on the subject and an overview of the fixed charge determinations. She concluded by stating the action requested.

After completion of the presentations, Director Seckel made a motion, seconded by Director Dennstedt, to approve the consent calendar consisting of items 2A, 7-6 and 7-7 option 1.

The vote was:

Ayes: Directors Alvarez, Armstrong, Bryant, Dennstedt, Fong-Sakai, McMillan, Miller, and Seckel.

Noes: None

Abstentions: None

Absent: Directors Petersen, Pressman, and Quinn.

The motion for items 2A, 7-6 and 7-7 passed by a vote of 8 ayes, 0 noes, 0 abstain, and 3 absent.

END OF CONSENT CALENDAR ITEMS

4. OTHER CONSENT ITEMS – ACTION

None

5. BOARD INFORMATION ITEMS

9-3 Subject: Real Property Quarterly Report (Q3 January 1, 2025 through March 31, 2025)

Report is available online.

6. COMMITTEE ITEMS

None

7. MANAGEMENT ANNOUNCEMENTS AND HIGHLIGHTS

- a. Subject: Financial, Affordability, Asset Management, and Efficiency activities

Mr. Benson stated the report was posted on Metropolitan's website and provided a brief overview of the Finance Activities Report.

The following Directors provided comments or asked questions:

1. Alvarez
2. Miller
3. Ortega
4. Seckel
5. Armstrong

Staff responded to the Directors' comments and questions.

8. SUBCOMMITTEE REPORTS AND DISCUSSION

- a. Subject: Report from Subcommittee on Long-Term Regional Planning Processes and Business Modeling

Director Seckel updated the committee on items discussed at the March 26, 2025, Joint Task Force meeting.

- b. Subject: Discuss and provide direction to Subcommittee on Long Term Regional Planning Processes and Business Modeling

No direction was given.

9. FOLLOW-UP ITEMS

None

10. FUTURE AGENDA ITEMS

None

11. ADJOURNMENT

The meeting adjourned at 10:00 a.m.

C. Martin (Marty) Miller
Chair



- **Board of Directors**

Finance, Affordability, Asset Management, and Efficiency Committee

5/13/2025 Board Meeting

7-5

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 for distribution to potential investors as part of an offering statement. The first of three or more potential financings for calendar year 2025 is expected to price on or about June 4, 2025; however, distribution of the preliminary offering statement to investors is expected to occur on May 27, 2025. This window of time, between the distribution of the preliminary offering statement and the pricing date, enables Metropolitan and its underwriting team to market the bonds for broad investor participation to achieve the best pricing execution that produces the lowest debt service costs.

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

Staff Recommendation: Option #1

Option #1

- Approve the draft of Appendix A (**Attachment 1**) attached to this board letter.
- 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.
- 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 will enable Metropolitan to undertake bond issuances and remarketings to meet the District's commitments for existing debt obligations, including mandatory tenders, in the most cost-effective manner in the current market.

Business Analysis: It is Metropolitan's practice to actively manage its debt portfolio in an efficient and cost-effective manner. This approval will enable staff to accomplish this objective and to transition certain short-term obligations to long-term bonds, thereby relieving cashflow pressures.

Option #2

Do not approve Option #1

Fiscal Impact: Metropolitan would not have a current securities disclosure document in order to participate in bond financings and, therefore, would not be able to meet the District's commitments for existing debt obligations in the most cost-effective manner in the current market. Instead, Metropolitan would be required to use reserves on hand to meet its existing debt obligations, lowering reserve balances below the required minimums.

Business Analysis: Metropolitan would forgo the opportunity to access the capital markets to actively manage its debt portfolio 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)

Not applicable

Summary of Outreach Completed

Not applicable

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. Metropolitan's procedures provide for the Board's biannual approval of Appendix A, unless there are no financial transactions requiring an update. The Board's approval of the disclosures in Appendix A will support offering statements for financings through the next biannual update. Appendix A may also be updated to describe events that occur after the distribution of this letter. For example, Appendix A will be updated to include the latest quarterly financial results update for fiscal year 2024-25 (Q3 FY25 Update) that will be presented to the Board concurrently with this agenda item (item 6b). 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.

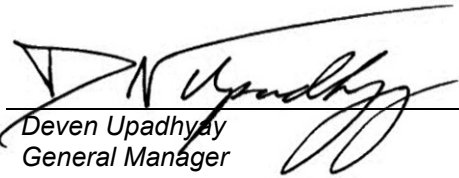
Attachment 2 reflects changes to Appendix A that have been made to the disclosure since the Board's prior approval of Appendix A on August 9, 2024. With respect to financial information contained in Metropolitan's biennial budget, Appendix A reflects staff's 2nd Quarter projections for fiscal year 2024/25 and, for other years, the adopted budget for fiscal years 2024-25 and 2025-26. As mentioned above, however, staff expects to update applicable financial information with Q3 FY25 Update information in the final version of Appendix A. 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 Metropolitan's wildfire risk management response and an overview of Metropolitan's risk exposure to grants.

After Appendix A is approved, staff will continue to work with a 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 other designee of the Ad Hoc Committee authorized in 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 to provide material information concerning the issuance of bonds and the financial and operating condition of Metropolitan to assist with investment decisions concerning 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 \(mwdh2o.com\)](https://www.mwdh2o.com)), on our investor relations portal ([Bonds, Documents, Resources | Metropolitan | BondLink \(buymetwaterbonds.com\)](https://www.bondsdocumentsresources.com)) and on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ([Municipal Securities Rulemaking Board::EMMA \(msrb.org\)](https://www.msrb.org)).



Katano Kasaine
Assistant General Manager/
Chief Financial Officer
5/2/2025
Date



Deven Upadhyay
General Manager
5/2/2025
Date

Attachment 1 – Appendix A

Attachment 2 – Appendix A (redline marked against prior approved Appendix A of August 9, 2024)

Ref# cfo12701243

Board Distribution Draft, 04/28/25

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 involve 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, 2024. 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 ⁽¹⁾
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	

⁽¹⁾ The San Diego County Water Authority, Metropolitan's largest customer based on water transactions for fiscal year 2023-24, is a plaintiff in litigation challenging certain rates adopted by the Board and asserting other claims against Metropolitan. See "METROPOLITAN REVENUES–Litigation Challenging Rate Structure" in this Appendix A.

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 18.6 million people lived in Metropolitan's service area (as of July 2024), based on official estimates from the California Department of Finance and on population distribution estimates from the Southern California Association of Governments ("SCAG") and the San Diego Association of Governments ("SANDAG"). The economy of Metropolitan's service area is exceptionally diverse. In 2023, 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.

Deven Upadhyay, 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 is planned for the end of calendar year 2025. Metropolitan's Board is expected to initiate the recruitment process in the coming months for a new General Manager to succeed Mr. Upadhyay following his retirement. It is anticipated that Mr. Upadhyay will continue as General Manager until a successor has been appointed and has assumed such position.

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, financial records and reports, 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, 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 a certified public accountant (CPA) license and 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. 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, 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.

Employee Relations

The total number of regular full-time Metropolitan employees included in the fiscal year 2024-25 budget is 1,965. As of March 10, 2025, 1,790 positions were filled. Of the filled positions, 1,202 were represented by AFSCME Local 1902, 84 by the Supervisors Association, 331 by the Management and Professional Employees Association and 133 by the Association of Confidential Employees. The remaining 40 employees are unrepresented. The four bargaining units represent 98 percent of Metropolitan's current employees. The Memorandum of Understanding ("MOU") with each of AFSCME Local 1902, the Management and Professional Employees Association, the Association of Confidential Employees, and the Supervisors Association extends through 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 2015 through 2024, Metropolitan's State Water Project allocation ranged from five percent to 100 percent of contracted amounts, averaging approximately 45 percent, which is equal to roughly 860,000 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, 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 availability has been limited since 2003). Metropolitan has additional available Colorado River supplies, totaling up to approximately 526,000 acre-feet per year, under water supply programs, transfer, exchanges, and certain conservation and storage agreements. Over the ten-year period 2015 through 2024, Metropolitan's net diversions of Colorado River water have averaged approximately 892,000 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. 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 preliminarily estimated to be 4.53 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, Metropolitan's water transactions (including water sales, exchanges and wheeling) with member agencies have averaged approximately 1.54 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. 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 has not been implemented for fiscal year 2024-25 and is not expected to be implemented for fiscal year 2025-26. 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. A Water Year begins on October 1 and ends on the following September 30. Water Year 2025, which began on October 1, 2024, 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, however the impact to the Central and Southern Sierra was quite muted. Conditions in the Northern Sierra continued to stay above average especially after storms that brought 25 inches of precipitation in February and March combined. Precipitation in February also helped bring Central and Southern Sierra closer to average conditions.

The State Water Project allocation for calendar year 2025 started at five percent of contracted amounts on December 2, 2024, but was subsequently increased (through three increases) to 40 percent as of March 25, 2025, or 764,600 acre-feet for Metropolitan. This allocation takes into account State Water Project contractors' 2025 carryover supplies, existing storage in State Water Project facilities, estimate of future runoff, and operational and regulatory requirements. Changes to the 2025 allocation may occur and are dependent on the developing hydrologic conditions.

As of April 8, 2025, northern Sierra precipitation was 118 percent of the 30-year average for the time of year, while the snowpack measured at 117 percent of the 30-year April 1st peak average. As of April 1, 2025, the median water year unimpaired runoff forecast for the Sacramento River was 21.4 million acre-feet or 121 percent of the 30-year average. As of April 7, 2025, Lake Oroville, a key State Water Project facility, was at 3.08 million acre-feet or 120 percent of the historical average for this date, while the State Water Project share of San Luis Reservoir was at 1.01 million acre-feet for the State Water Project or 95 percent of its capacity in the shared San Luis Reservoir.

As of April 8, 2025, the Upper Colorado River Basin precipitation was 92 percent of the 30-year median for the time of year, while the snowpack measured at 83 percent of the 30-year April 1st peak median. As of April 3, 2025, the median water year runoff forecast into Lake Powell was 71 percent of the 30-year average. Despite near-normal precipitation at such point in time, the Colorado River Basin is still experiencing an extended drought. On April 13, 2025, the total system storage in the Colorado River Basin was 40 percent of capacity or 23.65 million acre-feet. See “–Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines.” As of April 8, 2025, Metropolitan estimates approximately 807,000 acre-feet of Colorado River water to be available to Metropolitan in calendar year 2025, which includes 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 946,000 acre-feet.

Metropolitan's storage as of January 1, 2025, is preliminarily estimated to be 4.53 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 April 10, 2025, Metropolitan's projected amount of surplus supply to manage in calendar year 2025 was approximately 27,000 acre-feet based upon its demand estimate of 1.55 million acre-feet, and its supply estimate of 1.57 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 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 will be 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 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's business model is currently under review in a parallel process. To undertake the business model review, 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) the recovery of treated water costs; (ii) 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) the basis for the establishment of water sales assumptions for future budgeting purposes. Future areas of focus of the business model review process are expected to include consideration of (a) water resources programs for the management of water supply and revenues, and (b) Metropolitan's level of service policy and available options to enhance system reliability and flexibility. Any final decisions from the business model review will be integrated into CAMP4W assumptions and analyses at the appropriate time as the CAMP4W planning process continues.

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 – *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 ("SRI 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, that 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 \$954 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 114 gallons per person per day in 2023. Extraordinarily cool and wet hydrologic conditions along with drought conservation measures that carried over from 2022 contributed to a sharp decline in gallons per capita consumption in 2023. 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 \$548 million in recycled water projects and \$207 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. The completion of construction of the project to add battery storage at the three treatment plants is expected to be completed in 2026.

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 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.

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 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 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, DWR announced an initial calendar year 2025 allocation of five percent of contracted amounts, based on DWR’s assessment of reservoir storage and an assumption of future precipitation. Since then, DWR has increased the allocation four times to the current 40 percent of State Water Project contractors’ requested Table A amounts. Further changes to the 2025 allocation may occur and are dependent on the developing hydrologic conditions. In addition, Metropolitan began 2025 with approximately 303,000 acre-feet of State Water Project carryover supplies from calendar year 2024. 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 2024). 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 2024. 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 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. 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 SWRCB has also encouraged all stakeholders to work together to reach one or more Voluntary Agreements for consideration by the SWRCB that could implement the proposed amendments to the WQCP through a variety of tools, including non-flow habitat restoration for sensitive salmon and smelt species, while seeking to protect water supply reliability. Metropolitan is participating in the Phase 2 proceedings and 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 agricultural and municipal water users. 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 15 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.

In September 2023, the staff for the SWRCB released a Draft 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 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 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 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 association. In October 2024, the SWRCB released draft revisions to the WQCP Phase 2 updates for public review. The SWRCB staff is expected to consider public comments and finalize the Staff Report in calendar year 2025. The eventual consideration by the SWRCB of adoption of Phase 2 updates to the WQCP is expected to occur in calendar year 2025 or later.

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 (“EIR/EIS”) 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 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 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” 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.

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. 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.

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 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, 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, 2025, DWR filed its opening brief on appeal of the preliminary injunction halting preconstruction geotechnical work. On February 25, 2025, DWR filed a motion in the trial court for stay of enforcement of injunction to allow resumption of preconstruction geotechnical work in light of the certification and appeal process at the Delta Stewardship Council. A hearing occurred on March 21, 2025. On April 9, 2025, the trial court issued a ruling denying the motion.

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 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. Certification of the Final EIS by the Army Corps is anticipated in mid-2025, although timing is uncertain given the change in presidential administrations.

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 (the "Financing JPA"), 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.

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 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 million for its share of the estimated \$300.0 million of planning and pre-construction costs of the Delta Conveyance Project anticipated for 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.

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 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 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. The joint opening brief of DWR and the supporting public agencies was filed on October 4, 2024. Respondents and cross-appellants filed briefs on December 31, 2024 and January 2, 2025. DWR and the supporting agencies filed their combined reply and cross-respondents' brief on April 1, 2025. No date for oral argument has been scheduled.

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 program. 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 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. A hearing on the first demurrer is noticed for June 12, 2025; a hearing on the second demurrer is noticed for October 8, 2025.

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

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 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 2015 through 2024 were approximately 892,000 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, Metropolitan's total available Colorado River supply was just over 1.0 million acre-feet. A portion of the available supply was left in Lake Mead. Although this water could have been stored in Metropolitan's Lake Mead ICS supplies, Metropolitan elected to have it 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 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 and water allocated to SDCWA that has been conserved as a result of the lining of the All-American and Coachella Canals. See “–Quantification Settlement Agreement.” Accordingly, in 2003, Metropolitan and SDCWA entered into an exchange agreement (the “Exchange Agreement”), pursuant to which SDCWA makes available to Metropolitan at its intake at Lake Havasu on the Colorado River the conserved Colorado River water SDCWA receives under the QSA related agreements. Metropolitan delivers an equal volume of water from its own sources of supply through its delivery system to SDCWA. 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. In consideration for the exchange of the conserved water made available to Metropolitan by SDCWA with the exchange water delivered by Metropolitan, SDCWA pays the agreement price. The price payable by SDCWA is calculated using 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. See “METROPOLITAN REVENUES–Litigation Challenging Rate Structure” in this Appendix A for a description of Metropolitan’s charges for the conveyance of water through Metropolitan’s facilities and litigation in which SDCWA is challenging such charges. The term of the Exchange Agreement, as it relates to conserved water transferred by IID to SDCWA, extends through 2047, 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, extends 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 SDCWA through alternative facilities (which do not presently exist). In 2023, the water delivered to Metropolitan by SDCWA for exchange 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 agreement in 2023 was less than the stabilized volume of 200,000 acre-feet described 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 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. 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. 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 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 an estimated 1,544,000 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 39,000 acre-feet was left in Lake Mead in 2024. 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 and the exact volume will be finalized on May 15, 2025. See also “– Colorado River Water Apportionment and Seven-Party Agreement” above.

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 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 is required by California in 2025.

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 Lower Basin DCP increases the total volume of water that California may 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 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. DCP 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 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.*"

Lower Colorado River Basin System Conservation and Efficiency Program. The United States Congress appropriated \$4 billion for drought mitigation in 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 31, 2026, from the Quechan Forbearance Program for calendar years 2023 through 2026, and from the Bard Seasonal Flowing 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. 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 100,00 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 SCDWA 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.

Metropolitan has also 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 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. See also "METROPOLITAN REVENUES – Federal Funding."

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 management and operation of the Colorado River.

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 used to set operating conditions in 2026.

Under the Lower Basin Plan, California is 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 2.3 million acre-feet of the conservation will be 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 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.*”

On October 11, 2023, the Bureau of Reclamation also submitted a request for initiation of formal consultation to USFWS for short-term additional reduction in Colorado River flows and activities provided under the Lower Colorado River Multi-Species Conservation Program beginning in water accounting year 2023 and ending with the issuance of a new biological opinion to cover new or revised post-2026 Colorado River operating guidelines. This new biological opinion would provide the additional ESA coverage for flow reductions anticipated in the Lower Basin Plan. This process is ongoing. See also “*Endangered Species Act and Other Environmental Considerations Relating to Water Supply – Endangered Species Act Considerations - Colorado River.*”

On June 16, 2023, 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 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.

On November 20, 2024, the Department of the Interior released five proposed alternatives that they intend to analyze as part of the post-2026 operating guidelines. The range of alternatives includes a "Basin Hybrid Alternative" that is intended to reflect components from Upper Division States Alternative, the Lower Basin Alternative, and proposals and concepts submitted by the affected Tribal Nations. On January 17, 2025, the Bureau of Reclamation published an Alternatives Report documenting the alternatives released in November 2024, which are anticipated to be carried over for analysis in the draft Environmental Impact Statement ("DEIS") that is under development by the Bureau of Reclamation. The Alternatives Report provides a detailed description of the operational elements for each alternative, and compares the operational elements across each alternative. The expected impacts to California and Metropolitan of the current alternatives proposed for consideration by the Bureau of Reclamation in the development of the post-2026 operating guidelines are still unknown and subject to analysis by the Bureau of Reclamation, the selection of a Preferred Alternative, and continued negotiations. However, Metropolitan anticipates it will have access to its ICS storage account in Lake Mead through 2036. The DEIS is expected to be published in December of 2025.

As of January 1, 2025, Metropolitan's storage in Lake Mead was preliminarily estimated to be approximately 1.54 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. 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 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. 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.

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,” 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.

Federal ESA–Litigation. On December 2, 2019, a group of non-governmental organizations, including commercial fishing groups and the Natural Resources Defense Council (the “NGOs”), 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 (collectively, the “State Petitioners”) sued the federal agencies, making similar allegations. The State Water Contractors association intervened in both cases to defend the 2019 biological opinions. After a series of State motions for injunctive relief in 2020 and 2021, the State and federal governments agreed on an interim operations plan (“IOP”) in 2022 and 2023 to address drought conditions and to better align Central Valley Project operations with the State Water Project, as it is operated under its California ESA incidental take permit. After extensive briefing, the court ultimately approved the IOP as a consent decree in 2022 and 2023, and a decision is pending in regard to the 2024 IOP. As part of the IOP orders, the court stayed the litigation in anticipation of the new 2024 biological opinions. Metropolitan is unable to predict the outcome of this litigation or any potential effect on Metropolitan’s State Water Project water supplies. The stay previously in effect expired in December 2024 and the parties are discussing whether to proceed with the litigation.

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 does not result in additional water supply or fiscal impacts, and the 2024 State Water Project long-term operations plan is consistent with the federal 2024 Long-Term Coordinated Operations Plan.

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 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.

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.

Metropolitan is unable to assess at this time the likely outcome of litigation relating to the California ESA 2020 incidental take permit or the 2024 CESA 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).

On December 7, 2023, the USFWS issued a biological opinion 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, beginning October 1, 2023 and ending with the issuance of a future biological opinion to cover new or revised post-2026 Colorado River operating guidelines. The consultation for this biological opinion was initiated due to the anticipated reduction in flow between Hoover Dam and the Imperial Dam due to the proposed 500+ Plan conservation activities described under "–Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines – Lake Mead 500+ Plan." This biological opinion is currently being utilized by the Bureau of Reclamation as part of the MSCP.

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 (*e.g.*, Diamond Valley Lake), 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 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 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. 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 (larval stage of quagga mussels) have been consistently detected in water leaving Castaic Lake through Metropolitan's Foothill Feeder. Although the number of adult mussels and veligers detected so far is relatively low, a reproducing population of quagga mussels is now established in the West Branch of the State Water Project, and the eventual extent of infestation and magnitude of impacts cannot be easily predicted at this time. 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 CVP, and extending as far south as the Coastal Aqueduct branch about 100 miles south of San Luis Reservoir. CDFW is coordinating surveys and sampling throughout the Delta to determine the speed and extent of the mussels' spread and a state taskforce is assessing potential control measures. Golden mussels have not yet been detected in Metropolitan's local supplies but given their ability for rapid spread, further colonization is expected. Metropolitan is working with CDFW, DWR, and other affected agencies to assess impacts and develop potential control measures. There are currently no restrictions on Metropolitan's operations due to the presence of golden mussels in the State Water Project.

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 preliminarily estimated storage balance as of January 1, 2025, 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 between 100,000 and 200,000 acre-feet per year, depending on the final "Table A" allocation. Metropolitan's preliminarily estimated storage balance as of January 1, 2025, 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 has scheduled a public hearing for July and August 2025 on YCWA's pending water rights petition for the long-term transfer.

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 preliminarily estimated storage account balance under the Arvin-Edison program as of January 1, 2025 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 2024, Metropolitan did not recover any water stored with Arvin-Edison under the program, but Metropolitan and Arvin-Edison did exchange 10,777 acre-feet under the WQSA provision. As of January 1, 2025, Metropolitan has returned 9,942 acre-feet of the 10,777 acre-feet back to Arvin-Edison. Metropolitan does not currently anticipate recovering supplies from the Arvin-Edison program in 2025 but may explore opportunities for additional WQSA exchanges upon Arvin-Edison's request. Additionally, in September 2025, the SWRCB will consider putting the Kern County Subbasin on probationary status under the State's Sustainable Groundwater Management Act which could potentially impact operation of this program.

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. The litigation is ongoing with a jury trial set for September 8, 2025. If Arvin-Edison prevails in its litigation, a monetary recovery, if any, would be available to offset costs associated with treatment facilities to remediate the groundwater contamination.

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 preliminarily estimated storage account balance under the Semitropic program, as of January 1, 2025, 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. In September 2025, the SWRCB will consider putting the Kern County Subbasin on probationary status under the State’s Sustainable Groundwater Management Act which could potentially impact operation of this program.

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 jury trial set for July 27, 2026. 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. Metropolitan’s preliminarily estimated storage account balance under this program as of January 1, 2025 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 preliminarily estimated storage account balance under this program as of January 1, 2025, 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 preliminarily estimated storage account balance under this program as of January 1, 2025, 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. The original estimated cost of construction of the facilities to be funded by Metropolitan to implement the program was \$131 million, but the estimated cost subsequently increased to \$211 million due to inflation, finalization of the off-site power distribution design, and revisions to the design. In September 2023, Metropolitan's Board authorized \$80 million for the additional costs. In 2024, all recharge facilities were completed and Metropolitan began storing water in September 2023. Metropolitan's preliminarily estimated storage account balance under this program as of January 1, 2025, is shown in the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "–Storage Capacity and Water in Storage" below. Water quality testing of the deeper recovery wells installed in 2021 revealed that arsenic levels in all four wells were above the federal and State MCL of 10 micrograms per liter ("µg/L"), ranging from 11 to 19 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 is working with AVEK to complete additional groundwater modeling and analysis to understand arsenic's behavior in the basin, identify other constituents of concern, and optimize the design of the remaining recovery wells and treatment system. In May 2025, Staff will present for Board consideration the execution of an amendment and restatement of the agreement between Metropolitan and AVEK, to among other things, provide for the financing (and re-financing) of certain costs of construction of the facilities funded by Metropolitan in connection with the program. See "METROPOLITAN EXPENSES–Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations –Subordinate Parity Obligations – *Anticipated Incurrence of Financial Obligation.*" Staff will return to the Board in Fall 2025 to request authorization for additional costs related to the recommended treatment system. Following completion of construction, which is expected by the end of 2027, 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 (expected by the end of 2027), 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 Metropolitan’s cyclic account in the Main San Gabriel 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 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. No additional

funding commitments from participating agencies will be required during this time. Metropolitan's agreement to participate in the funding of the current phase of project development does not commit Metropolitan to participate in the Sites Reservoir project in the future.

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 included allowing for the sale of surplus water outside of the service area in order to generate new revenues 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.

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 related agreements, Metropolitan, at the request of CVWD, forgoes up to 20,000 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 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. Following 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 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)
2015	94,500
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 (est)

Source: Metropolitan.

This program is being funded by the federal government for the period from August 1, 2023 to July 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 and that helps augment Metropolitan’s Colorado River supplies. It incentivizes farmers to fallow their land for four months in exchange for a fixed payment per irrigable acre (initially, \$452), escalated annually. Metropolitan estimates water savings of approximately 2.0 acre-feet per fallowed acre. 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. Participating farmers will reduce their water consumption through land fallowing of up to 3,000 acres in aggregate annually between April and July. For calendar years 2024 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. In calendar year 2025, the incentive payment is \$570.00 per irrigable acre fallowed. The program is currently scheduled to end on December 31, 2026. 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.*”

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. 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 2023, 148 acres were fallowed and in calendar year 2024, 159 acres were fallowed. Metropolitan provided \$503.29 and \$530.61 per irrigable acre fallowed, respectively. The payment is escalated annually. In calendar year 2025, the incentive payment is \$547.74 per irrigable acre fallowed. 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, 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 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.

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 2026.

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 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 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. Under the above-described agreements, IID has stored a total of approximately 250,000 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 preliminarily estimated storage account balance under the CVWD/DWA program as of January 1, 2025 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.

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 6.0 million acre-feet. In 2024, 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 preliminarily estimated to be 4.53 million acre-feet. This is the highest beginning-of-year total water storage in Metropolitan's history. The following table shows three years of Metropolitan's water in storage as of January 1, including emergency storage.

METROPOLITAN'S WATER STORAGE CAPACITY AND WATER IN STORAGE⁽¹⁾
(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
<u>Colorado River Aqueduct</u>				
Lake Mead ICS ⁽²⁾	<u>1,622,000</u>	<u>1,544,000</u>	<u>1,544,000</u>	<u>1,128,000</u>
Subtotal	1,622,000	1,544,000	1,544,000	1,128,000
<u>State Water Project</u>				
Arvin-Edison Storage Program ⁽³⁾	350,000	100,000	100,000	119,000
Semitropic Storage Program	350,000	227,000	190,000	158,000
Kern Delta Storage Program	250,000	142,000	140,000	126,000
Mojave Storage Program	330,000	19,000	19,000	19,000
AVEK Storage Program	30,000	27,000	27,000	27,000
AVEK High Desert Water Bank	280,000 ⁽⁴⁾	45,000	11,000	0
Castaic Lake and Lake Perris ⁽⁵⁾	219,000	219,000	219,000	3,000
State Water Project Carryover ⁽⁶⁾	<u>529,000</u>	<u>383,000</u>	<u>325,000</u>	<u>39,000</u>
Subtotal	2,338,000	1,163,000	1,031,000	491,000
<u>Within Metropolitan's Service Area</u>				
Diamond Valley Lake ⁽⁷⁾	810,000	788,000	753,000	494,000
Lake Mathews and Lake Skinner ⁽⁷⁾	226,000	188,000	207,000	194,000
Conjunctive Use Programs ⁽⁸⁾	<u>210,000</u>	<u>84,000</u>	<u>56,000</u>	<u>10,000</u>
Subtotal	1,246,000	1,060,000	1,016,000	698,000
<u>Other Programs</u>				
DWA / CVWD Advance Delivery Account	800,000	381,000	205,000	281,000
Emergency Storage	<u>381,000</u>	<u>381,000</u>	<u>381,000</u>	<u>381,000</u>
Total	<u>6,387,000</u>	<u>4,529,000</u>⁽⁹⁾	<u>4,177,000</u>	<u>2,979,000</u>

Source: Metropolitan.

- (1) Water storage capacity and water in storage are rounded and measured based on engineering estimates and are subject to change. Information as of January 1, 2025 is based on preliminary estimates.
- (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 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 2025 reflects the limit at the current 35% SWP 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) 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.

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 \$56 million in fiscal year 2023-24. In addition, Metropolitan also spent \$3 million in water conservation outreach and education. During fiscal year 2023-24, water savings achieved through new and prior-year conservation investments under Metropolitan's Conservation Credits Program were approximately 210,000 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 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 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. Based upon current hydrology and Metropolitan’s available storage balances, the Water Supply Allocation Plan has not been implemented for fiscal year 2024-25.

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 SWP 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 calendar year 2024, the State Water Project watersheds received above average snowpack and near-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 resulted in a final SWP Table A allocation of 40 percent. Meanwhile, the Upper Colorado River Basin received an above average snowpack and near-average precipitation, with runoff at 82 percent of normal in calendar year 2024. The above normal water year enabled Metropolitan to put additional water into Metropolitan's storage accounts in calendar year 2024, including puts into San Luis Reservoir and groundwater banks in the San Joaquin Valley. As a result, Metropolitan ended calendar year 2024 with a new record high amount of dry-year storage.

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 2014 through 2023 (the most recent full year information available), non-Metropolitan sources met about 55 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.

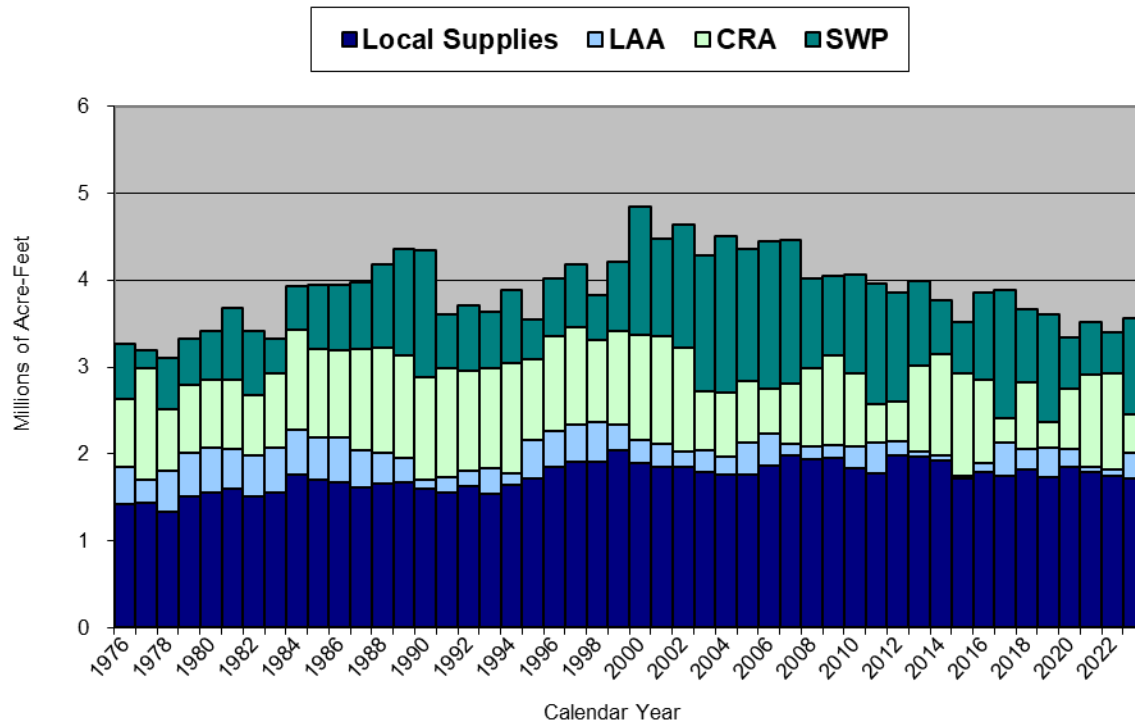
Metropolitan's member agencies are not required to purchase or use any of the water available from Metropolitan. Some agencies depend on Metropolitan to supply nearly all of their water needs, regardless of the weather. Other agencies, with local surface reservoirs or aqueducts that capture rain or snowfall, 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), 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 2023 (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 (1976-2023)



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 five percent of the region's water needs based on a ten-year average from calendar years 2014 through 2023 (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 2014, Los Angeles Aqueduct water deliveries to the City have 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. Average water deliveries to the City from the Los Angeles Aqueduct were approximately 196,000 acre-feet per calendar year between calendar years 2019 and 2023 (meeting approximately 41 percent of the City's annual water needs). However, during calendar year 2023, water deliveries to the City from the Los Angeles Aqueduct were approximately 299,000 acre-feet (meeting approximately 67 percent of the City's water need for calendar year 2022). Consequently, the amount of water purchased by the City from Metropolitan also varies with the fluctuations of Los Angeles Aqueduct supply. During the past five calendar years 2019 through 2023, 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 367,000 acre-feet in calendar year 2021.

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 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 2014, approximately 1.10 million acre-feet per year, about one-third of the annual water demands for the approximately 18.6 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 will result in a reduction of the total groundwater storage from 210,000 acre-feet to 115,000 acre-feet. Extraction capacity will be reduced 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 (“RCP”) 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 help 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 125,000 acre-feet per year. Total groundwater recovery use under executed agreements with Metropolitan was estimated to be approximately 51,216 acre-feet in calendar year 2023. Additionally, 77,644 acre-feet of recovered groundwater was produced by local agencies through other independently funded and developed sources in 2023.

Surface Runoff. Local surface water resources consist of runoff captured in storage reservoirs and diversions from streams. Since 2014, member agencies have used an average of 82,000 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 during such period of 148,000 acre-feet in calendar year 2023 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. The programs accepted applications through December 31, 2021. Together, Metropolitan committed up to \$12.5 million under these programs. The 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 88 recycled water projects with total expected contract yields of about 350,200 acre-feet per year. During fiscal year 2023-24, Metropolitan provided incentives for approximately 45,400 acre-feet of recycled water under these agreements.

Additionally, 433,000 acre-feet of recycled water (including wastewater discharged to the Santa Ana River that percolates into downstream groundwater basins) was produced in fiscal year 2023-24 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 January 1, 2025 the On-Site Retrofit Program has provided \$15.8 million to 550 projects that offset approximately 15,360 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 (“LACSD”) to implement a demonstration project and to establish a framework of terms and conditions of PWSC. In 2024, Metropolitan executed a new agreement with LACSD to memorialize LACSD’s 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 LACSD’s 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 (“IPR”), 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 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.

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 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 regulations in place, a greater percentage of water produced by PWSC would be available for the potable water system.

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. The draft EIR is scheduled for completion in the second quarter of 2025, with an action requesting Board approval anticipated to occur at the beginning of 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.

Metropolitan has been active in pursuing partnerships with other agencies in connection with the development of PWSC. In November 2020, Metropolitan and LACSD 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. 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 DWR) 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 by early 2026.

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 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."

If approved, the total costs of design and construction of Phase 1 of PWSC are currently estimated to be approximately \$6.4 billion (in 2023 dollars). 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 Metropolitan's Capital Investment Plan ("CIP"). However, for planning purposes, Metropolitan has made certain assumptions about the potential capital costs 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, 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. Metropolitan's financial projections for fiscal years 2024-25 through 2028-29 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 2024-25 through 2028-29. See also "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A for additional information regarding the future debt financing Metropolitan has assumed may be incurred with respect to PWSC (if approved).

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 could receive LRP incentives. South Coast Water District ("South Coast") is designing a 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 the Municipal Water District of Orange County and South Coast for the Doheny Project for up to 5,600 acre-feet per year.

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.

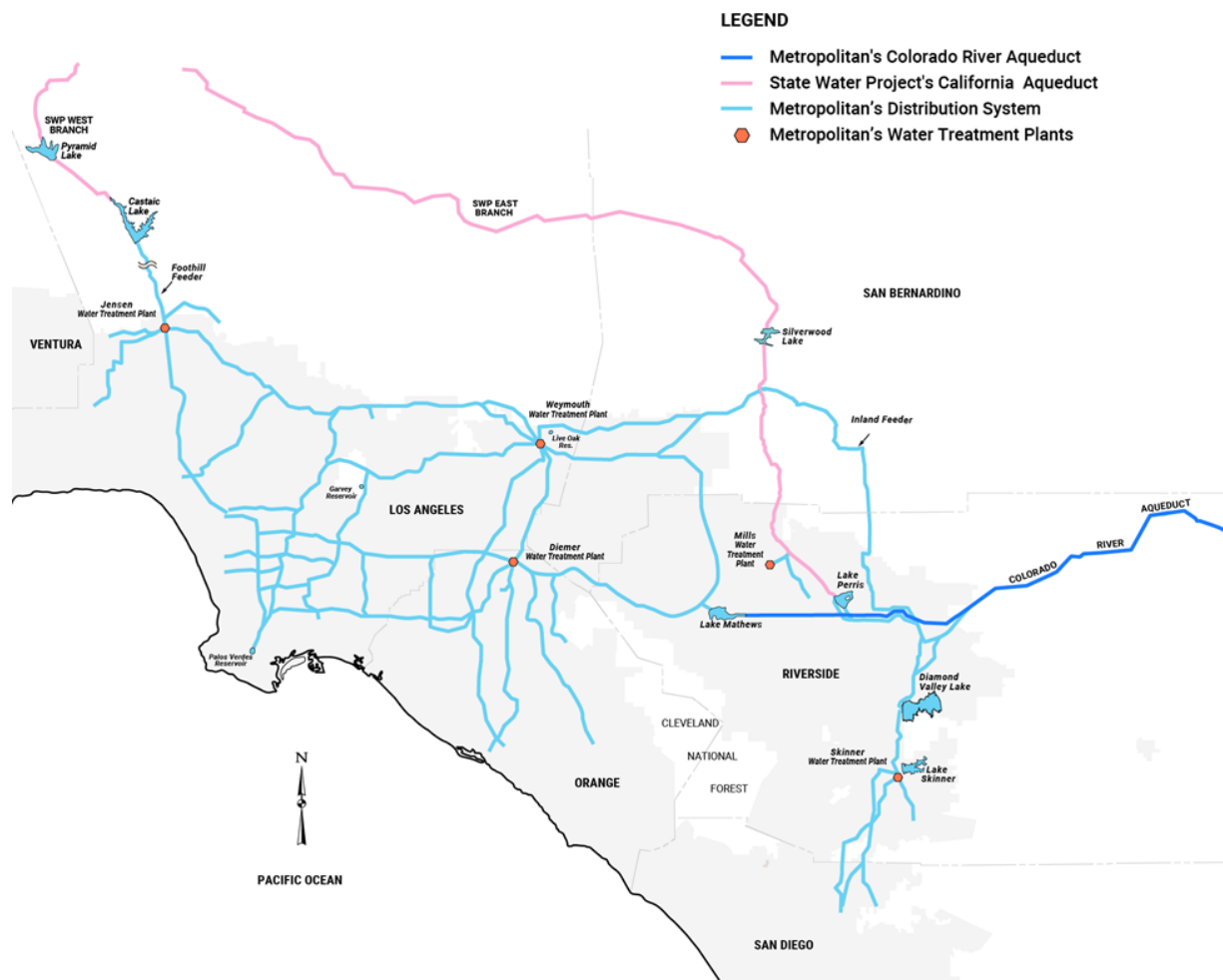
METROPOLITAN'S WATER DELIVERY SYSTEM

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 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 that allow Metropolitan to store available supplies in the Central Valley for return later. These programs help manage supplies by putting into storage surplus water in years when it is available and converting that to 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 regulation went into effect. Under the 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 three of Metropolitan’s groundwater storage program partners through monitoring performed by these agencies. 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. 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, Metropolitan has suspended the return of groundwater by direct pump back into the State Water Project from this program until the water quality concerns can be further evaluated and managed. When surface water storage is available to Arvin-Edison, it may provide that water to Metropolitan in lieu of groundwater and deduct an equivalent amount from Metropolitan’s groundwater storage account. In 2023, Metropolitan took return of approximately 19,000 acre-feet via surface water exchanges under this arrangement. Metropolitan did not take any return of supplies in 2024. In 2025, Metropolitan is exploring opportunities to access stored water via surface water exchanges. However, the potential exchange amount to be available through surface water exchanges is significantly less than Metropolitan’s contractual capacity. 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.

Possible remediation measures include, for example, return water with other surface water supplies, removal of wells from service, return water by exchange, or treatment. Additional capital and/or operation and maintenance costs could be incurred by Metropolitan in connection with remediation options, but the magnitude of such costs is not known at this time. To the extent return water under one or more groundwater storage programs could not be utilized due to groundwater quality, 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 (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.

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, and now adopted, MCL of 10 µg/L for hexavalent chromium 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 legislation, laws and regulations regarding per- and poly-fluoroalkyl 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 synthetic organic chemicals in the group of compounds referred to as PFAS. 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 issued 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, the SWRCB 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 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 to replace the health advisories established in 2016. The non-enforceable and non-regulatory interim, updated lifetime health advisories for PFOA and PFOS in drinking water are established 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.

In February 2021, the USEPA announced proposed revisions to the Fifth Unregulated Contaminant Monitoring Rule (“UCMR 5”) for public water systems. On December 27, 2021, the USEPA published the final 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 sample collection from 2023 through 2025, with reporting of final results through 2026.

On March 3, 2021, the USEPA published its final regulatory determination to regulate PFOA and PFOS in drinking water. On April 10, 2024, the USEPA announced final regulations establishing the first national drinking water standards for six PFAS. The regulations became effective on June 25, 2024. The regulations set numeric limits for five individual PFAS: PFOA, PFOS, perfluorononanoic acid (“PFNA”), hexafluoropropylene oxide dimer acid (commonly known as “GenX chemicals”), and PFHxS. In addition, the regulations set a hazard index MCL for any two or more of four PFAS as a mixture: PFNA, PFHxS, GenX chemicals, and PFBS. Under the regulations, the USEPA has set: (1) legally enforceable MCLs of 4 ppt for PFOA and PFOS; (2) non-enforceable health-based MCLGs for PFOA and PFOS at 0; (3) an MCL and MCLG of 10 ppt for PFNA, PFHxS and GenX chemicals; and (4) a hazard index of 1.0 as the MCL and MCLG for any mixture containing two or more of the four PFAS: PFNA, PFHxS, GenX chemicals, and PFBS. The hazard index is a tool used to evaluate health risks from exposure to multiple chemicals. To determine the hazard index for these four PFAS, water systems will be required to compare the amount of each of the four PFAS in drinking water to its associated Health Based Water Concentration (“HBWC”), which is the level below which no health effects are expected for that PFAS. Water systems would add the comparison value for each PFAS (expressed as a fraction) contained within the mixture. If the sum value is greater than 1.0, it would be an exceedance of the hazard index MCL for PFNA, PFHxS, GenX chemicals, and PFBS. The adopted rule requires public water systems to monitor for the regulated PFAS, notify the public if monitoring detects such PFAS at levels that exceed the regulatory standards, and reduce the levels of such PFAS in drinking water if they exceed the standards. Regulated public water systems will have three years to complete their initial monitoring for these PFAS and must include information about the results of their monitoring in their annual water quality reports to customers. Public water systems that detect PFAS above the new standards will have five years to implement solutions to reduce the PFAS to meet the standards. On June 7, 2024, American Water Works Association and the Association of Metropolitan Water Agencies filed a Petition for Review asking the D.C. Circuit Court to decide whether the USEPA acted appropriately in setting MCLs and MCLGs for six PFAS. Subsequently, the National Association of Manufacturers, American Chemistry Council, and The Chemours Company FC, LLC filed petitions for review, and the NRDC and several community groups filed motions to intervene in support of USEPA’s final rule. On February 7, 2025, the D.C. Circuit Court granted the USEPA’s motion to stay the legal challenges for 60 days to give the new Administration time to review the USEPA’s April 2024 PFAS rule. On April 8, 2025, the USEPA asked for an additional 30 days to allow new agency leadership to review the rule. The D.C. Circuit Court granted the USEPA’s request and directed the USEPA to file a motion to govern future proceedings in the case by May 12, 2025.

On January 19, 2021, the USEPA announced that it was considering whether to designate PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (“CERCLA”) and/or hazardous waste under the Resource Conservation and Recovery Act (“RCRA”). On September 6, 2022, the USEPA issued a proposed rule designating PFOA and PFOS as hazardous substances under 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. 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 in defense of the USEPA’s final rule. On February 24, 2025, the D.C. Circuit Court granted the USEPA’s motion to stay the legal challenges for 60 days to give the new Administration time to review the USEPA’s May 2024 CERCLA rule. The court ordered the USEPA to file motions to govern future proceedings in the cases on April 25, 2025.

On February 8, 2024, the USEPA issued two proposed rules: (1) listing 9 PFAS (PFOA, PFOS, PFBS, HFPO-DA or GenX, PFNA, PFHxS, PFDA, PFHxA, and PFBA) as hazardous constituents under the 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. Listing any PFAS as hazardous waste under RCRA would result in the automatic designation of that PFAS as a hazardous substance under CERCLA. Metropolitan will continue to monitor and participate in federal and state rulemaking proceedings.

PFOA and PFBS have not been detected in Metropolitan’s imported or treated water supplies. In each year from 2019 through 2023, Metropolitan detected in its supplies low levels of PFHxA, which is not acutely toxic or carcinogenic and is not currently regulated in California or at the federal level. In 2021, Metropolitan detected for the first time in its supplies low levels of perfluorobutanoic acid (“PFBA”), perfluoropentanoic acid (“PFPeA”), and PFOS. Low levels of PFBA and PFPeA were again detected in Metropolitan’s supplies in 2022, and low levels of PFBA were also detected in Metropolitan’s supplies in 2023. In 2024, the only PFAS detected was PFDA, which was found at a very low level in source water. Metropolitan has not identified any specific sources of these PFAS that have reached its water supplies, and the occasional PFAS detections remain well below the State’s required reporting values and levels requiring notification or response.

Although Metropolitan has not identified any specific sources of these PFAS in its supplies, PFHxA is a common PFAS believed to be an impurity that is inadvertently produced during the manufacture of other PFAS. It is also a breakdown product from lubricants, coatings on food packaging, and household products. PFOS is widely used in surface treatments of carpets, textiles, leather, paper, and cardboard, as a surfactant in extinguishing foams, as a mist suppressant in chrome plating, and as a surfactant in the mining and oil industries. PFBA is a breakdown product of other PFAS that are used in stain-resistant fabrics, paper food packaging, and carpets; it is also used for manufacturing photographic film. It has been used as a substitute for longer chain perfluoroalkyl carboxylic acids in consumer products. PFPeA is a breakdown product of stain- and grease-proof coatings on food packaging, couches, and carpets. PFOA and PFOS have also been detected in groundwater wells in the region, including those of certain member agencies.

Metropolitan may experience increased demands for its imported water to help offset the potential loss of any affected local supplies.

More than 10,000 cases regarding PFAS in aqueous film-forming foams (“AFFF”) have been filed in the AFFF Multi-District Litigation (“MDL”) Master Docket No. 2:18-mn-2873-RMG (the “AFFF MDL”) since 2018. On June 2, 2023, E.I. Du Pont de Nemours and Company (n/k/a EIDP, Inc.), DuPont de Nemours Inc., The Chemours Company, The Chemours Company FC, LLC, and Corteva, Inc. (collectively, “DuPont”) announced a proposed settlement with all eligible public water systems (“PWSs”) in which DuPont agreed to pay \$1.185 billion (the “DuPont Settlement”). On June 22, 2023, the 3M Company (“3M”) announced a proposed settlement with eligible PWSs in which, starting in July 2024, 3M would pay PWSs between \$10.5 billion and \$12.5 billion (“3M Settlement”), which would be the largest contaminated drinking water settlement in U.S. history. On April 12, 2024, Tyco Fire Products LP (“Tyco”) announced a proposed class action settlement with all eligible PWSs where it agreed to pay \$750 million (“Tyco Settlement”). The class of PWSs in the Tyco Settlement includes any PWS that has detected PFAS in its drinking water sources as of May 15, 2024. On May 21, 2024, BASF Corporation agreed to pay \$316.5 million to all eligible PWSs as part of a proposed class action settlement (“BASF Settlement”). The class of PWSs in the BASF Settlement is the same as the class of PWSs in the Tyco Settlement. The terms of the Tyco and BASF Settlements are substantially similar to those in the 3M and DuPont Settlements. All eligible PWSs will be automatically included in the settlements and bound by the settlements’ very broad release provisions unless they “opt out” by the deadlines applicable to the respective settlements. The funds in each settlement proposal would then be allocated among all eligible PWSs that do not “opt out” and who submit claims to the funds. The settlement classes in each of these settlements could include thousands of PWSs.

In order to preserve its rights to pursue independent legal action for potential future claims, on November 14, 2023, Metropolitan’s Board voted to opt out of both the DuPont and 3M Settlements. Metropolitan submitted its opt-out requests by the deadlines, and confirmed its requests to opt out of the DuPont and 3M Settlements have been accepted. However, Metropolitan continues to evaluate the potential impact of one of the parties’ guidance documents regarding the settlements which the judge approved and which indicates that even if a wholesaler opts out of the settlements, if its retail customer is a settlement class member, the broad releases would extend to the wholesaler as to the water it provided to the settlement class member except to the extent the wholesaler shows it had the obligation for and bore unreimbursed PFAS-treatment costs for that water independent of the retail customer. The judge granted final approval of the DuPont Settlement on February 8, 2024. Final approval of the 3M Settlement was granted on March 29, 2024. On June 11, 2024, the judge granted preliminary approval of the Tyco Settlement, and on July 3, 2024, granted preliminary approval of the BASF Settlement. The last day to opt out of the Tyco Settlement was September 23, 2024, and the last day to opt out of the BASF Settlement was October 15, 2024. Metropolitan opted out of both settlements. The final fairness hearing on the Tyco Settlement and the BASF Settlement took place on November 1, 2024. On November 22, 2024, the judge gave final approval of both the Tyco and BASF Settlements.

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 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 Metropolitan's distribution system. 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. 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 are ongoing. Building improvements to the shop facilities will be completed in early 2025, and refurbishment or replacement of the remaining aging equipment will follow. 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 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 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 recommendations have been implemented or implementation is 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 are an ever-present reality 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 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 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 system operations to enhance flexibility and support response efforts for affected member agencies. In addition, Metropolitan 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.

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, 2025 through 2029, as reflected in the biennial budget for fiscal years 2024-25 and 2025-26.

In addition to the projected CIP expenditures, a projection of estimated capital expenditures by Metropolitan for PWSC for the fiscal years ending June 30, 2025 through June 30, 2029 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 biennial budget for fiscal years 2024-25 and 2025-26. 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, 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)

	2025	2026	2027	2028	2029	Total
Infrastructure R&R	\$ 223,275	\$ 254,200	\$ 276,461	\$ 296,624	\$ 297,679	\$1,348,239
Infrastructure Upgrade	6,799	5,076	8,100	1,861	9,163	30,999
Regulatory Compliance	1,047	1,141	1,135	1	7,195	10,519
Stewardship	19,633	13,108	16,299	36,917	16,028	101,985
Supply Reliability	3,275	11,315	8,118	8	0	22,716
System Flexibility	55,084	27,007	19,271	15,186	32,871	149,419
Water Quality	2,887	12,633	8,075	361	2,060	26,016
CIP Total	\$ 312,000	\$ 324,480	\$ 337,459	\$ 350,958	\$ 364,996	\$1,689,893
PWSC ⁽²⁾	0	0	1,052,057	1,333,219	1,805,740	4,191,016
Total CIP and PWSC⁽²⁾	\$ 312,000	\$ 324,480	\$1,389,516	\$1,684,177	\$2,170,736	\$5,880,909

Source: Metropolitan.

(1) Projected CIP expenditures for fiscal years 2024-25 through 2028-29 are based on the ten-year financial forecast provided in the biennial budget for fiscal years 2024-25 and 2025-26.

(2) PWSC is not a capital program in Metropolitan's CIP, but the projected capital expenditures based on the most recent cost estimates have been included for planning purposes. Approval by Metropolitan's Board is required to include PWSC in the CIP, which has not occurred. The projected capital expenditures for PWSC, if approved, as set forth in the table above reflect Metropolitan's share of total estimated capital costs 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 assumes that a portion of the projected capital expenditures for PWSC (approximately \$325.3 million in fiscal year 2026-27, \$482.4 million in fiscal year 2027-28, and \$653.4 million in fiscal year 2028-29) will be funded from other sources, including grants and contributions from potential partners.

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; 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 inflationary increases or tariffs), 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 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. 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 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 56 percent and 54 percent of capital program expenditures from current revenues for fiscal years 2024-25 and 2025-26, respectively, was established in connection with the adoption of the biennial budget for fiscal years 2024-25 and 2025-26. The remainder of capital program 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 2028-29 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 grants and contributions by potential partners.

Metropolitan's financial projections for fiscal years 2024-25 through 2028-29 assume approximately \$640 million of the projected CIP expenditures (excluding any projected capital expenditures associated with PWSC) 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 \$280 million of revenue bonds to finance a portion of projected capital expenditures in fiscal years 2024-25 and 2025-26. Projections for fiscal years 2024-25 through 2028-29 with PWSC assume \$3,380 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 billion. Costs through February 28, 2025 were \$544.8 million. Budgeted aggregate capital expenditures for improvements on the CRA for fiscal years 2024-25 and 2025-26 are \$85.8 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 evaluate the condition of its PCCP lines and investigate inspection and refurbishment methods. As part 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 2013 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 \$5.2 billion. Through February 28, 2025, approximately 21.8 miles have been relined and completion of the remainder is expected to take over 30 years. Costs through February 28, 2025, for all PCCP rehabilitation work (including the prior repairs) were \$484.6 million. Budgeted aggregate capital expenditures for PCCP rehabilitation for fiscal years 2024-25 and 2025-26 are \$66.5 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 billion. Costs through February 28, 2025, totaled approximately \$606.2 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 \$174.1 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. Some of the projects commenced in the last two years. Significant projects in this category include Inland Feeder-

Rialto Pipeline Intertie, Inland Feeder-Foothill Pump Station Intertie, 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. 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 \$488.4 million, with \$311.4 million spent through February 28, 2025 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 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, second stage of electrical upgrades at the Mills plant, ozonation system upgrade 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 billion, with \$1.2 billion spent through February 28, 2025. Budgeted aggregate capital expenditures for improvements at all five plants for fiscal years 2024-25 and 2025-26 are \$122.8 million.

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 2023-24, *ad valorem* property taxes accounted for approximately 12 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 per acre-foot, which became effective January 1, 2025. The basic rate for untreated water service for domestic and municipal uses will increase to \$984 per acre-foot effective January 1, 2026. 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 for fiscal years 2024-25 and 2025-26 assumes the Board will increase the *ad valorem* tax rate beginning in fiscal year 2024-25. In August 2024, as contemplated by the biennial budget for fiscal years 2024-25 and 2025-26, the Board established the *ad valorem* tax rate for fiscal year 2024-25 to 0.0070 percent. 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 subagencies to 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, 2024. Data for the three fiscal years ended on or prior to June 30, 2022 is presented on a modified accrual basis, consistent with Metropolitan's budgetary reporting for such fiscal years. In fiscal year 2022-23, the basis for budgeting was changed, therefore data for the fiscal years ended June 30, 2023 and 2024 is presented on a cash basis. All information is unaudited. Audited financial statements for the fiscal years ended June 30, 2024, and June 30, 2023, are included in APPENDIX B—"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)."

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

	Modified Accrual			Cash	
	2020	2021	2022	2023	2024
Water Revenues ⁽²⁾	\$ 1,188	\$ 1,405	\$ 1,515	\$ 1,323	\$ 1,167
Taxes, Net ⁽³⁾	147	161	147	136	124
Additional Revenue Sources ⁽⁴⁾	165	165	172	184	197
Interest on Investments	20	10	7	21	42
Hydroelectric Power Sales	16	19	8	6	13
Other Revenues ⁽⁵⁾	14	14	39	166	99
Total Revenues	<u>\$ 1,550</u>	<u>\$ 1,774</u>	<u>\$ 1,888</u>	<u>\$ 1,836</u>	<u>\$ 1,642</u>

Source: Metropolitan.

- (1) Does not include any proceeds from the sale of bonded indebtedness.
- (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 miscellaneous revenues and Build America Bonds (BABs) subsidy payments of \$2.9 million in fiscal year 2019-20, and \$0 in fiscal year 2020-21 and thereafter. All of Metropolitan's then-outstanding BABs were redeemed on July 1, 2020. Includes 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, and \$77.6 million in fiscal year 2023-24. 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. As noted above, in August 2024, the Board increased the *ad valorem* tax rate for fiscal year 2024-25. 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, 2024. As reflected in the table below, water revenues for the fiscal year ended June 30, 2024, aggregated \$1,167.4 million (on a cash basis), of which \$994.1 million was generated from water sales and \$173.2 million was generated from exchanges and wheeling. Water revenues of Metropolitan for the fiscal years ended June 30, 2024, and June 30, 2023, on an accrual basis, are shown in Metropolitan's audited financial statements included in Appendix B.

SUMMARY OF WATER TRANSACTIONS AND REVENUES
Fiscal Years Ended June 30⁽¹⁾

Fiscal Year	Water Transactions in Acre-Fee 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
2020	1,367,819	51,337	1,419,156	1,188.0	837	2.57
2021	1,573,965	75,551	1,649,516	1,404.7	892	2.61
2022	1,645,805	36,027	1,681,833	1,515.1	921	2.76
2023 ⁽⁵⁾	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

Source: Metropolitan.

- (1) Information for the fiscal years 2019-20 through 2021-22 is presented on a modified accrual basis; information for fiscal years 2022-23 and 2023-24 is presented on a cash basis.
- (2) Water transactions include water sales, exchanges and wheeling with member agencies and third parties.
- (3) Water Revenues include revenues from water sales, exchanges, and wheeling. Water Revenues from wheeling and exchange transactions were \$140.1 million, \$167.0 million, \$165.0 million \$148.8 million and \$173.2 million in the fiscal years ended June 30, 2020 through 2024, respectively.
- (4) Dollars per acre-foot is calculated using water transactions with member agencies only.
- (5) Fiscal Year 2023 has been updated to include 24,612 acre-feet of reverse cyclic program transactions.

Principal Customers

Total water transactions accrued for the fiscal year ended June 30, 2024, were 1.19 million acre-feet, generating \$1.22 billion in water revenues for such period, on an accrual basis. Metropolitan's ten largest water customers for the year ended June 30, 2024 are shown in the following table, on an accrual basis. SDCWA has filed litigation challenging Metropolitan's rates. See "–Litigation Challenging Rate Structure."

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TEN LARGEST WATER CUSTOMERS
Year Ended June 30, 2024⁽¹⁾
Accrual Basis

Agency	Water Revenues⁽²⁾ (in Millions)	Percent of Total	Water Transactions in Acre Feet⁽³⁾	Percent of Total
San Diego CWA	\$ 206.8	17.0%	310,993	26.1%
City of Los Angeles	155.6	12.8	139,834	11.8
West Basin MWD	115.5	9.5	99,738	8.4
MWD of Orange County	113.0	9.3	93,840	7.9
Eastern MWD	102.0	8.4	100,71	8.5
Calleguas MWD	85.0	7.0	69,328	5.8
Western MWD of Riverside County	67.0	5.5	63,268	5.3
Upper San Gabriel Valley MWD	58.1	4.8	45,460	3.8
Three Valleys MWD	48.5	4.0	67,398	5.7
Inland Empire Utilities Agency	33.5	2.8	38,416	3.2
Total	\$ 985.0	81.1%	1,028,929	86.5%
Total Water Revenues⁽²⁾	\$ 1,216.1	Total Acre-Feet⁽³⁾	1,190,069	

Source: Metropolitan.

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

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

⁽³⁾ Water Transactions 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. 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 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 all treated water transactions.

The amount of each of these rates since January 1, 2020, 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:

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 \$135.0 million in fiscal year 2021-22, \$144.4 million in fiscal year 2022-23, and \$160.4 million in fiscal year 2023-24. 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 \$174.0 million in fiscal year 2024-25, and \$184.5 million in fiscal year 2025-26.

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 \$42.0 million in fiscal year 2021-22, \$43.7 million in fiscal year 2022-23, and \$43.3 million in fiscal year 2023-24. 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 \$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 \$14,500 per cfs effective as of January 1, 2026. The Capacity Charge generated \$37.0 million in fiscal year 2021-22, and \$37.8 million in fiscal year 2022-23, and \$36.1

million in fiscal year 2023-24. Based on the adopted rates and charges, the Capacity Charge is projected to generate \$39.8 million in fiscal year 2024-25, and \$45.9 million in fiscal year 2025-26.

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

Service	Rates & Charges That Apply					
	System Access	System Power	Supply	Readiness-to-Serve	Capacity Charge	Treatment Surcharge
Full Service Untreated	Yes	Yes	Yes	Yes	Yes	No
Full Service Treated	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 has 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 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

Program	Supply	Rates & Charges That Apply			
		System Access	System Power	Readiness-to-Serve	Capacity Charge
Full Service	Yes	Yes	Yes	Yes	Yes
Conjunctive Use	Yes	Yes	Yes	Yes	No
Cyclic	Yes	Yes	Yes	Yes	No
Reverse-Cyclic	Yes	Yes	Yes	Yes	No
Emergency Storage	Yes	Yes	No	Yes	No
Operational Shift Cost Offset	Yes	Yes	Yes	Yes	Yes

Water Rates

The following table sets forth Metropolitan’s water rates by category beginning January 1, 2020. 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. See also “–Litigation Challenging Rate Structure” for a description of litigation challenging Metropolitan’s water 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⁾	Tier 2⁽⁴⁾				
January 1, 2020	\$ 208	\$295	\$346	\$ 65	\$ 136	\$ 323
January 1, 2021	\$ 243	\$285	\$373	N/A	\$ 161	\$ 327
January 1, 2022	\$ 243	\$285	\$389	N/A	\$ 167	\$ 344
January 1, 2023	\$ 321	\$530	\$368	N/A	\$ 166	\$ 354
January 1, 2024	\$ 332	\$531	\$389	N/A	\$ 182	\$ 353
January 1, 2025*	\$ 290	N/A	\$463	N/A	\$ 159	\$ 483
January 1, 2026*	\$ 313	N/A	\$492	N/A	\$ 179	\$ 544

	FULL SERVICE TREATED⁽²⁾		FULL SERVICE UNTREATED⁽³⁾	
	Tier 1⁽⁴⁾	Tier 2⁽⁴⁾	Tier 1⁽⁴⁾	Tier 2⁽⁴⁾
January 1, 2020	\$ 1,078	\$ 1,165	\$ 755	\$ 842
January 1, 2021	\$ 1,104	\$ 1,146	\$ 777	\$ 819
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	\$ 912	N/A
January 1, 2026*	\$ 1,528	N/A	\$ 984	N/A

Source: Metropolitan.

* Rates effective January 1, 2025 and January 1, 2026 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 SDCWA 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. See also – "Litigation Challenging Rate Structure" below.
- (2) 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) 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) 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 the portion of fixed costs estimated to be recovered by water revenues for the 18 months beginning with the immediately succeeding July. Funds representing the minimum reserve requirement are held in the Revenue Remainder Fund. 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 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. Funds in excess of the target amount are to be utilized for capital expenditures in lieu of the issuance of additional debt, or for the redemption, defeasance or purchase of outstanding bonds or commercial paper 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, 2024, unrestricted reserves, which consist of the Water Rate Stabilization Fund and the Revenue Remainder Fund, were estimated to total \$323.0 million on a cash basis. As of June 30, 2024, the minimum reserve requirement was \$266.6 million, and the target reserve level was \$665.9 million.

Metropolitan projects that unrestricted reserves as of June 30, 2025 will be approximately \$492.8 million on cash basis. This projection is based on the assumptions set forth in the table entitled "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" under "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A and includes \$125.6 million in revenues from the reverse cyclic program. See "REGIONAL WATER RESOURCES–Local Water Supplies – *Reverse-Cyclic Program*" 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 XIIC and XIID to the California Constitution. Article XIID 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 XIID. Fees for retail water service by Metropolitan's member agencies or their agencies are subject to the requirements of Article XIID.

Article XIID also imposes certain procedures with respect to assessments. Under Article XIID, "standby charges" are considered "assessments" and must follow the procedures required for "assessments," unless they were in existence on the effective date of Article XIID. Metropolitan has imposed its water standby charges since 1992 and therefore its current standby charges are exempt from the Article XIID 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 XIID 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 XIIC 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 XIII C 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 XIII C 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 XIII D 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. Metropolitan believes its water rates and charges are not taxes under Proposition 26. SDCWA’s lawsuit challenging the rates adopted by Metropolitan in April 2012 (part of which became effective January 1, 2013 and part of which became effective January 1, 2014) alleged that such rates violate Proposition 26. On June 21, 2017, the California Court of Appeal ruled that whether or not Proposition 26 applies to Metropolitan’s rates, the System Access Rate and System Power Rate challenged by SDCWA in such lawsuit comply with Proposition 26. SDCWA’s lawsuits challenging the rates adopted by Metropolitan in April 2014, April 2016, and April 2018 also alleged that such rates violate Proposition 26. On May 11, 2022, the San Francisco Superior Court ruled that Proposition 26 applies to Metropolitan’s rates and charges. See “–Litigation Challenging Rate Structure.” The trial court decision is subject to appeal. Under Proposition 26, the agency holds the burden of proof in a rate or charge challenge. Otherwise, due to the uncertainties of evolving case law and potential future judicial interpretations of Proposition 26, Metropolitan is unable to predict at this time the extent to which Proposition 26, if ultimately determined to apply to Metropolitan’s rates and charges, would impose stricter standards on Metropolitan’s setting of rates and charges.

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. SDCWA’s litigation challenging Metropolitan’s rate structure also challenged Metropolitan’s exclusion of payments for Exchange Agreement deliveries from the calculation of SDCWA’s preferential right. On June 21, 2017, the California Court of Appeal held that SDCWA’s payments under the Exchange Agreement must be included in the preferential rights calculation. See “–Litigation Challenging Rate Structure.”

Litigation Challenging Rate Structure

Through several lawsuits filed by SDCWA since 2010, SDCWA has challenged the rates adopted by Metropolitan's Board in 2010, 2012, 2014, 2016 and 2018. Each of these lawsuits and the status thereof are briefly described below.

The 2010 and 2012 Cases. SDCWA filed *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.* on June 11, 2010 challenging the rates adopted by the Board on April 13, 2010, which became effective January 1, 2011 and January 1, 2012 (the "2010 Case"). The complaint requested a court order invalidating the rates adopted April 13, 2010, and that Metropolitan be mandated to allocate certain costs associated with the State Water Contract and the Water Stewardship Rate to water supply rates and not to transportation rates.

As described under "METROPOLITAN'S WATER SUPPLY-Colorado River Aqueduct – Metropolitan and San Diego County Water Authority Exchange Agreement" in this Appendix A, the contract price payable by SDCWA under the Exchange Agreement between Metropolitan and SDCWA is Metropolitan's transportation rates. Therefore, SDCWA also alleged that Metropolitan breached the Exchange Agreement by allocating certain costs related to the State Water Contract and the Water Stewardship Rate to its transportation rates because it resulted in an overcharge to SDCWA for water delivered pursuant to the Exchange Agreement.

On June 8, 2012, SDCWA filed a new lawsuit challenging the rates adopted by Metropolitan on April 10, 2012 and effective on January 1, 2013 and January 1, 2014 (the "2012 Case") based on similar claims, and further alleging that Metropolitan's rates adopted in 2012 violated Proposition 26.

Following a trial of both lawsuits in two phases and subsequent trial court ruling, the parties appealed. On June 21, 2017, the California Court of Appeal ruled that Metropolitan may lawfully include its State Water Project transportation costs in the System Access Rate and System Power Rate that are part of the Exchange Agreement's price term, and that Metropolitan may also lawfully include the System Access Rate in its wheeling rate, reversing the trial court decision on this issue. The court held Metropolitan's allocation of the State Water Project transportation costs as its own transportation costs is proper and does not violate the Wheeling Statutes (Water Code, §1810, *et seq.*), Proposition 26 (Cal. Const., Article XIII C, §1, subd. (e)), whether or not that Proposition applies to Metropolitan's rates, California Government Code Section 54999.7, the common law, or the terms of the parties' Exchange Agreement.

The Court of Appeal also ruled that the record did not support Metropolitan's inclusion of its Water Stewardship Rate as a transportation cost in the Exchange Agreement price or the wheeling rate, under the common law and the Wheeling Statutes. The court noted that its holding does not preclude Metropolitan from including the Water Stewardship Rate in Metropolitan's full-service rate. See also "–Rate Structure – Water Stewardship Rate" above.

The Court of Appeal held that because the Water Stewardship Rate was included in the Exchange Agreement price, there was a breach by Metropolitan of the Exchange Agreement in 2011 through 2014 and remanded the case to the trial court for a redetermination of damages in light of its ruling concerning the Water Stewardship Rate. The Court of Appeal also found that the Exchange Agreement may entitle the prevailing party to attorneys' fees for both phases of the case, and directed the trial court on remand to make a new determination of the prevailing party, if any.

On September 27, 2017, the California Supreme Court denied SDCWA's petition for review, declining to consider the Court of Appeal's decision. The Court of Appeal's decision is therefore final.

After tendering payment in 2019 which SDCWA rejected, in February 2021, Metropolitan paid to SDCWA the same amount previously tendered of \$44.4 million for contract damages for SDCWA's Water

Stewardship Rate payments from 2011 to 2014 and pre-judgment and post-judgment interest. In September 2021, following a 2021 Court of Appeal opinion clarifying that its Water Stewardship Rate ruling applies to later years, Metropolitan paid to SDCWA the amount of \$35.9 million for SDCWA's Water Stewardship Rate payments from 2015 to 2017 and pre-judgment interest. These payments included all amounts sought related to breach of the Exchange Agreement resulting from the inclusion of the Water Stewardship Rate in the contract price for Exchange Agreement transactions occurring from 2010 until the Water Stewardship Rate was no longer charged in the contract price for Exchange Agreement transactions, beginning in 2018 (See "–Rate Structure" above). The payments included \$58.1 million withdrawn from the Exchange Agreement Set-Aside Fund (See "–Financial Reserve Policy" above) and \$22.1 million withdrawn from reserves (the remainder of the statutory interest).

Following the issuance of an order of the Superior Court and Metropolitan's appeal, on March 17, 2022, the Court of Appeal held that SDCWA was the prevailing party in the 2010 and 2012 cases and was therefore entitled to attorney's fees under the parties' Exchange Agreement and litigation costs. On March 21, 2022, Metropolitan paid to SDCWA \$14,296,864.99 (\$13,397,575.66 fees award, plus statutory interest) and \$352,247.79 for costs (\$326,918.34 costs award, plus statutory interest).

On July 27, 2022, Metropolitan paid SDCWA \$411,888.36 for attorneys' fees on appeals of post-remand orders.

The 2014, 2016 and 2018 Cases. SDCWA has also filed lawsuits challenging the rates adopted in 2014, 2016 and 2018 and asserting breach of the Exchange Agreement. Metropolitan filed cross-complaints in the three cases, asserting claims relating to rates and the Exchange Agreement, including reformation.

The operative Petitions for Writ of Mandate and Complaints allege the same Water Stewardship Rate claim and breach of the Exchange Agreement as in the 2010 and 2012 cases, but because Metropolitan paid the amounts sought to SDCWA, and the writ in the 2010 and 2012 cases encompasses these claims, Metropolitan contended that these claims and cross-claims are moot. The cases also alleged that in 2020 and 2021, Metropolitan misallocated its California WaterFix costs as transportation costs and breached the Exchange Agreement by including those costs in the transportation rates charged. In April 2022, the parties requested the court's dismissal with prejudice of the claims and cross-claims relating to California WaterFix. The cases also claim Metropolitan's wheeling rate fails to provide wheelers a reasonable credit for "offsetting benefits" pursuant to Water Code Section 1810, *et seq.*, and that Metropolitan breached the Exchange Agreement by failing to reduce the price for an "offsetting benefits" credit. The cases additionally requested a judicial declaration that Proposition 26 applies to Metropolitan's rates and charges, and a judicial declaration that SDCWA is not required to pay any portion of a judgment in the litigation. Metropolitan filed cross-complaints in each of these cases, asserting claims relating to rates and the Exchange Agreement.

The cases were stayed pending resolution of the 2010 and 2012 cases, but the stays were subsequently lifted and the cases were consolidated in the San Francisco Superior Court.

Metropolitan and SDCWA each filed motions for summary adjudication of certain issues in the 2014, 2016 and 2018 cases with the court. Summary adjudication is a procedure by which a court may determine the merits of a particular claim or affirmative defense, a claim for damages, and/or an issue of duty before trial.

On May 4, 2022, the San Francisco Superior Court issued an order granting Metropolitan's motion for summary adjudication on its cross-claim for declaratory relief that the conveyance facility owner, Metropolitan, determines fair compensation, including any offsetting benefits; and denying its motion on certain other cross-claims and an affirmative defense.

On May 11, 2022, the San Francisco Superior Court issued an order granting SDCWA's motion for summary adjudication on: Metropolitan's cross-claim in the 2018 case for a declaration with respect to the lawfulness of the Water Stewardship Rate's inclusion in the wheeling rate and transportation rates in 2019 and 2020; certain Metropolitan cross-claims and affirmative defenses on the ground that Metropolitan has a duty to charge no more than fair compensation, which includes reasonable credit for any offsetting benefits pursuant to Water Code section 1811(c), with the court also stating that whether that duty arose and whether Metropolitan breached that duty were issues to be resolved at trial; Metropolitan's affirmative defenses that SDCWA's claims were untimely and SDCWA had not satisfied claims presentation requirements; Metropolitan's affirmative defense in the 2018 case that SDCWA had not satisfied dispute resolution requirements under the Exchange Agreement; SDCWA's claim, Metropolitan's cross-claims, and Metropolitan's affirmative defenses regarding the applicability of Proposition 26, finding that Proposition 26 applies to Metropolitan's rates and charges, with the court also stating that whether Metropolitan violated Proposition 26 is a separate issue; and Metropolitan's cross-claims and affirmative defenses regarding the applicability of Government Code section 54999.7, finding that section 54999.7 applies to Metropolitan's rates. The court denied SDCWA's motion on certain other Metropolitan cross-claims and affirmative defenses.

Damages sought by SDCWA in connection with its claims for offsetting benefits credit under the Exchange Agreement exceed \$334 million for the six years (2015 through 2020) at issue in these cases. In the event that SDCWA were to prevail in a final adjudication of this issue, a determination of offsetting benefits credit due to SDCWA, if any, could impact the Exchange Agreement price in future years.

Trial of the 2014, 2016 and 2018 cases occurred May 16 to July 1, 2022 and the parties filed post-trial briefs on August 19, 2022.

On December 27, 2022, the court entered the parties' stipulation memorializing the earlier resolution of the Water Stewardship Rate claims in SDCWA's favor based on the 2021 Court of Appeal decision in the 2010 and 2012 cases.

On March 14, 2023, the court issued an order on SDCWA's motion for partial judgment to address Metropolitan's request for a declaration on its cost causation obligations when setting rates. The court ruled that this is not a proper subject for declaratory relief.

On April 25, 2023, the court issued its final statement of decision concerning the trial in the 2014, 2016, and 2018 cases. For each claim litigated at trial, the court ruled in favor of Metropolitan or found the claim to be moot based on the rulings in Metropolitan's favor. In particular, the court concluded: (1) the duty to include a reasonable credit for any offsetting benefits pursuant to the Wheeling Statutes did not arise and Metropolitan did not breach the Exchange Agreement by failing to calculate a reasonable credit for any offsetting benefits; (2) because Metropolitan did not breach the Exchange Agreement, the court need not address damages; (3) Metropolitan's conditional claims to reform the Exchange Agreement, if SDCWA prevailed, are moot; (4) Metropolitan's conditional claim for a declaration of its rights and duties under the Wheeling Statutes, if SDCWA prevailed on its claim that the Wheeling Statutes apply to the Exchange Agreement is moot (the court stated that while it finds offsetting benefits under the Wheeling Statutes do not apply to the Exchange Agreement's price term, the court "has made no express finding whether the Wheeling Statutes apply"); (5) SDCWA's rate challenges are rejected; and (6) SDCWA's request for a declaration that it could not be required to contribute to a damages, fees, or costs award in the cases is moot.

On April 3, 2024, the court issued a final judgment memorializing the pre-trial and post-trial decisions and stipulations described above. The judgment included entry of judgment in favor of SDCWA on breach of contract in the 2014 and 2016 cases, due to the inclusion of Water Stewardship Rate claims and the parties' stipulation; and entry of judgment in favor of Metropolitan on breach of contract in the 2018 case, which concerned only the offsetting benefits claim. On April 3, 2024, the court also issued a writ of mandate commanding Metropolitan to exclude demand management costs (previously collected

through the Water Stewardship Rate) from its pre-set wheeling rate and transportation rates, a practice Metropolitan earlier ceased.

Also on April 3, 2024, SDCWA filed its notice of appeal from the final judgment. On April 17, 2024, Metropolitan filed a notice of cross-appeal, and on May 3, 2024, the seven member agencies that have joined the litigation as interested parties in support of Metropolitan filed a notice of appeal.

Both Metropolitan and SDCWA contended that it was the prevailing party in these cases and is therefore entitled to an award of fees and costs under the Exchange Agreement. Following a hearing on July 18, 2024, the Superior Court held that Metropolitan was the prevailing party in the 2014, 2016 and 2018 cases and is therefore entitled attorney's fees under the parties' Exchange Agreement and litigation costs. The prevailing party decision is subject to appeal.

The parties have engaged in settlement discussions. The Court of Appeal agreed to the parties' request to postpone appellate briefing at this time. Metropolitan is unable to assess at this time the likelihood of success of the pending appeal, or any other possible appeals, settlements or any future claims.

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 million and nearly \$44.9 million, fluctuating with available water supplies. Energy generation sales revenues, on a cash basis, were \$13.1 million for fiscal year 2023-24.

Investment Income. In fiscal years 2021-22, 2022-23, and 2023-24, Metropolitan's earnings on investments, including adjustments for gains and losses and premiums and discounts, including construction account and trust fund earnings, excluding gains and losses on swap terminations (if any), on a cash basis (unaudited) were \$11.3 million, \$22.5 million, and \$45.0 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 under provisions of the Infrastructure Investment and Jobs Act (P.L. 11758) enacted by Congress in November 2021 (the "IIJA"), and the Inflation Reduction Act (P.L. 117169) enacted by Congress in August 2022 (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 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 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 April 15, 2025, the anticipated 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 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 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 April 15, 2025, the anticipated 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 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 is anticipated to be executed in the summer of 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 IJIA 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 IJIA 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 March 31, 2025, the total market value (cash-basis) of all Metropolitan invested funds was \$1.4 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 March 31, 2025, the market value of the month-end balance of Metropolitan's investment portfolio (excluding bond reserve funds) averaged approximately \$1.2 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 2024-25 on June 11, 2024.

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.

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" for longer-term securities, without regard to modifiers, at the time of purchase. 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, 2024 AND JUNE 30, 2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)" for a description of Metropolitan's investments at June 30, 2024, and March 31, 2025.

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 \$895.3 million in total investments on behalf of Metropolitan as of March 31, 2025. 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.

METROPOLITAN EXPENSES

General

The following table sets forth a summary of Metropolitan's expenses, by major function, for the five years ended June 30, 2024. Data for the three fiscal years ended on or prior to June 30, 2022 is presented on a modified accrual basis, consistent with Metropolitan's budgetary reporting for such fiscal years. In fiscal year 2022-23, the basis for budgeting was changed, therefore data for the fiscal years ended June 30, 2023 and 2024 is presented on a cash basis. All information is unaudited. Expenses of Metropolitan for the fiscal years ended June 30, 2024 and June 30, 2023, 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	
	2020	2021	2022	2023	2024
Operation and Maintenance Costs ⁽¹⁾⁽²⁾	\$ 641	\$ 636	\$ 797	\$ 940	\$ 896
Total State Water Project ⁽³⁾	519	547	547	579	708
Total Debt Service	185	286	283	301	327
Construction Expenses from Revenues ⁽⁴⁾	39	110	135	135	35
Other ⁽⁵⁾	6	6	55	7	9
Total Expenses (net of reimbursements)	<u>\$ 1,390</u>	<u>\$ 1,585</u>	<u>\$ 1,817</u>	<u>\$ 1,962</u>	<u>\$ 1,975</u>

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, and fiscal year 2023-2024 include \$25 million, \$25 million, \$34.5 million, and \$64.5 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 years 2021-22 and 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 and Delta Conveyance.
- (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.
- (5) Includes operating equipment. Fiscal year 2021-22 includes \$51 million for SDCWA litigation payments.

Revenue Bond Indebtedness and Other Obligations

As of June 2, 2025, Metropolitan will have total outstanding indebtedness secured by a lien on Net Operating Revenues of \$4.08 billion. This indebtedness is comprised of (a)(i) \$2.87 billion of Senior Revenue Bonds issued under the Senior Debt Resolutions (each as defined below), which includes \$2.54 billion of fixed rate Senior Revenue Bonds, and \$331.9 million of variable rate Senior Revenue Bonds (of which \$147.7 million are being refunded by Metropolitan's Water Revenue Refunding Bonds, 2025 Series A (the "2025A Bonds") as described under "PLAN OF REFUNDING" in the front part of this Official Statement); and (ii) \$99.4 million of senior lien short-term notes issued pursuant to Metropolitan's Short-Term Revolving Credit Facility (described below), which bear interest at a variable rate, and which are Senior Parity Obligations (which includes all obligations payable from Net Operating Revenues on parity with the Senior Revenue Bonds) (see "Outstanding Senior Revenue Bonds and Senior Parity Obligations – Senior Parity Obligations"); and (b) \$1.10 billion of Subordinate Revenue Bonds issued under

the Subordinate Debt Resolutions (each as defined below), which includes \$650.7 million of fixed rate Subordinate Revenue Bonds, and \$452.6 million of variable rate Subordinate Revenue Bonds. In addition, Metropolitan has \$272.9 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 June 2, 2025)

	Variable Rate	Fixed Rate	Total
Senior Lien Revenue Bonds	\$ 331,875,000	\$ 2,541,060,000	\$ 2,872,935,000
Senior Lien Short-Term Notes	99,400,000	—	99,400,000
Subordinate Lien Revenue Bonds	452,550,000	650,695,000	1,103,245,000
Total	\$ 883,825,000	\$ 3,191,755,000	\$ 4,075,580,000
Fixed-Payor Interest Rate Swaps	(272,870,000)	272,870,000	—
Net Amount (after giving effect to Swaps)	\$ 610,955,000	\$ 3,464,625,000	\$ 4,075,580,000

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 June 2, 2025, \$99,400,000 of senior lien short-term notes will be 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.

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 June 2, 2025, outstanding general obligation bonds, water revenue bonds and other evidences of indebtedness in the amount of \$4.09 billion represented approximately 0.10 percent of the fiscal year 2024-25 taxable assessed valuation of \$4,063.1 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 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 of Metropolitan at June 30, 2024 were \$7.37 billion. The aggregate amount of revenue bonds outstanding as of June 2, 2025 will be \$3.98 billion. The limitation does not apply to other forms of financing available to Metropolitan. Audited financial statements including the net assets of Metropolitan as of June 30, 2024 and June 30, 2023 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, 2024 AND JUNE 30, 2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025 AND 2024 (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 June 2, 2025, Metropolitan had outstanding \$431.3 million of variable rate obligations issued as Senior Revenue Bonds under the Senior Debt Resolutions and variable rate short-term notes incurred as Senior Parity Obligations under Metropolitan’s Short-Term Revolving Credit Facility (described under “–Outstanding Senior Revenue Bonds and Senior Parity Obligations” below). In addition, as of June 2, 2025, \$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 June 2, 2025, of Metropolitan’s \$883.8 million of variable rate obligations, \$272.9 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 \$611.0 million of variable rate obligations represent approximately 15.0 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 June 2, 2025.

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 to be outstanding as of June 2, 2025 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	35,120,000
Water Revenue Refunding Bonds, 2016 Series A	112,415,000
Special Variable Rate Water Revenue Refunding Bonds, 2016 Series B-2 ⁽¹⁾	25,325,000
Water Revenue Bonds, 2017 Authorization, Series A ⁽¹⁾	24,275,000
Water Revenue Refunding Bonds, 2018 Series B	109,285,000
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	245,970,000
Water Revenue Bonds, 2021 Series A	188,890,000
Water Revenue Refunding Bonds, 2021 Series B	62,105,000
Water Revenue Refunding Bonds, 2022 Series A	258,280,000
Water Revenue Refunding Bonds, 2022 Series B	253,365,000
Special Variable Rate Water Revenue Refunding Bonds, 2022 Series C-1 ⁽²⁾ and C-2 ⁽¹⁾	282,275,000
Water Revenue Bonds, 2023 Series A	249,025,000
Water Revenue Refunding Bonds, 2024 Series A	363,575,000
Water Revenue Bonds, 2024 Series C	208,270,000
Total	\$2,872,935,000

Source: Metropolitan.

⁽¹⁾ Outstanding variable rate obligation.

⁽²⁾ To be refunded by Metropolitan's 2025A Bonds.

Variable Rate Bonds and Swap Obligations

As of June 2, 2025, of Metropolitan's \$2.87 billion of outstanding Senior Revenue Bonds, \$331.9 million were 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").

Liquidity Supported Senior Revenue Bonds. Metropolitan’s outstanding variable rate demand obligations issued under the Senior Debt Resolutions, totaling \$331.9 million as of June 2, 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 \$282.3 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 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 providers, the current expiration date of each facility, and the principal amount of outstanding variable rate demand obligations covered under each facility as of June 2, 2025.

Liquidity Facilities and Expiration Dates

Liquidity Provider	Bond Issue	Principal Outstanding	Facility Expiration
TD Bank, N.A.	2016 Series B-2	\$ 25,325,000	January 2026
TD Bank, N.A.	2022 Series C-1 ⁽¹⁾	147,650,000	January 2026
PNC Bank, N.A.	2017 Authorization Series A	24,275,000	January 2026
PNC Bank, N.A.	2022 Series C-2	134,625,000	January 2026
Total		\$ 331,875,000	

Source: Metropolitan.

⁽¹⁾ To be refunded by Metropolitan’s 2025A 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 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 the 2002A and 2002B interest rate swap agreements would be payable on a parity with the Senior Parity Obligations. Termination payments under all other 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 0.11448 basis points ("bps"), and the new floating rate for three-month LIBOR will be SOFR plus 0.26161 bps.

The following swap transactions were outstanding as of June 2, 2025:

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FIXED PAYOR SWAPS:

Designation	Notional Amount Outstanding	Swap Counterparty	Fixed Payor Rate	Metropolitan Receives	Maturity Date
2002 A	\$ 12,270,000	Morgan Stanley Capital Services, Inc.	3.300%	57.74% x (SOFR plus 11.448 bps)	07/1/2025
2002 B	4,590,000	JPMorgan Chase Bank	3.300	57.74% x (SOFR plus 11.448 bps)	07/1/2025
2003	97,777,500	Wells Fargo Bank	3.257	61.20% x (SOFR plus 11.448 bps)	07/1/2030
2003	97,777,500	JPMorgan Chase Bank	3.257	61.20% x (SOFR plus 11.448 bps)	07/1/2030
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	25,980,000	JPMorgan Chase Bank	3.360	70.00% x (SOFR plus 26.161 bps)	07/1/2030
2005	<u>25,980,000</u>	Citigroup Financial Products, Inc.	3.360	70.00% x (SOFR plus 26.161 bps)	07/1/2030
Total	\$ 272,870,000				

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(e) 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 or “Baa3” by S&P (under most of the interest rate swap agreements) or below “BBB” by Moody’s or “Baa2” by S&P (under one of the interest rate swap agreements)). As of March 31, 2025, 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 \$4.5 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 March 31, 2025, 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 (the "Short-Term Revolving Credit Facility"). Pursuant to 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 \$400 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 June 2, 2025, Metropolitan had \$99.4 million principal amount of 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.

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 June 2, 2025, are set forth below:

Outstanding Subordinate Revenue Bonds

Name of Issue	Principal Outstanding
Subordinate Water Revenue Refunding Bonds, 2017 Series A	\$ 140,660,000
Subordinate Water Revenue Bonds, 2018 Series B	57,740,000
Subordinate Water Revenue Refunding Bonds, 2019 Series A	150,340,000
Subordinate Water Revenue Refunding Bonds, 2020 Series A	125,570,000
Subordinate Water Revenue Refunding Bonds, 2021 Series A ⁽¹⁾	222,160,000
Subordinate Water Revenue Refunding 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	\$1,103,245,000

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 June 2, 2025, of the \$1.10 billion 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 June 2, 2025, Metropolitan will have \$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 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 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 June 2, 2025.

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 2025 ⁽¹⁾
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	

Source: Metropolitan.

⁽¹⁾ Metropolitan intends to extend or replace this Liquidity Facility prior to its expiration date.

Term Rate Mode Bonds

As of June 2, 2025, Metropolitan will have 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 June 2, 2025, 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

Anticipated Incurrence of Financial Obligation. As described under “INTRODUCTION – Subordinate Obligations Anticipated to be Incurred by Metropolitan” in the front part of this Official Statement, in May 2025, Staff will present for Board consideration the execution of an amendment and restatement of the agreement between Metropolitan and AVEK for the High Desert Water Bank Program to provide for the financing (and re-financing) of certain costs of construction of the program facilities to be funded by Metropolitan. To effect such financing, it is anticipated that bonds will be issued by the Antelope Valley East Kern Water Agency Financing Authority (“AVEKFA”). A portion of the proceeds of such AVEKFA bonds are expected to be applied to refund and retire Metropolitan’s \$99.4 million outstanding principal amount of senior lien short-term notes issued pursuant to Metropolitan’s Short-Term Revolving

Credit Facility. The AVEKFA bonds[, if approved by AVEKFA,] are anticipated to be issued by AVEKFA in the summer of 2025. Under the amended and restated agreement, if approved by the Board, Metropolitan will be obligated to make installment payments to AVEK for its right to use the program facilities in amounts sufficient to provide for the repayment of the principal of and interest on the bonds to be issued by AVEKFA. The obligation of Metropolitan to pay such installment payments are expected to constitute First Tier Parity Obligations of Metropolitan, payable on parity with Metropolitan's Subordinate Revenue Bonds.

Other Junior and Anticipated Obligations

Commercial Paper Notes. Metropolitan currently is authorized to issue up to \$400,000,000 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 is expected to consider for approval authority for the execution and delivery by Metropolitan of a master equipment lease/purchase agreement (the "Lease/Purchase Agreement") with Banc of America Public Capital Corp in an aggregate principal amount of not to exceed \$35,000,000. Pursuant to the Lease/Purchase Agreement, if approved, Metropolitan may acquire and lease vehicles and other equipment in exchange for the payment of certain rental payments. If authorized by the Board, Metropolitan's payment obligation under the Lease/Purchase Agreement may be secured by one or a combination of the following: (i) some or all of the vehicle or other equipment leased under the Lease/Purchase Agreement; and/or (ii) Net Operating Revenues, including as Senior Parity Obligations under the Master Resolution or as Subordinate Parity Obligations (either as First Tier Parity Obligations or Second Tier Parity Obligations) under the Master Subordinate Resolution. The term and interest rate payable with respect to each asset acquired and leased under the Lease/Purchase Agreement will be determined at the commencement of the lease for such asset.

General Obligation Bonds

As of June 2, 2025, \$17,155,000 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.

General Obligation Bonds	Amount Issued ⁽¹⁾	Principal Outstanding
Waterworks General Obligation Refunding Bonds, 2019 Series A	\$16,755,000	\$ 3,490,000
Waterworks General Obligation Refunding Bonds, 2020 Series A	13,665,000	13,665,000
Total	\$30,420,000	\$17,155,000

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, 2024 was estimated to be \$707.7 million, which amount reflects prior year's credits of \$63.5 million. For the fiscal year ended June 30, 2024, Metropolitan's payment obligations under the State Water Contract were approximately 35.8 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. Under the amendment, enlargement of the East Branch can be initiated either at Metropolitan’s request or by DWR finding that enlargement is needed to meet demands. 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 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 132-23 (an annual report (for this purpose, the 2023 report) produced by DWR setting forth data and computations used by the State in determining State Water Project contractors' Statements of Charges), 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.

The projections for fiscal years 2024-25 through 2028-29 reflect Metropolitan's biennial budget for fiscal years 2024-25 and 2025-26, which includes a ten-year financial forecast, and are 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⁾⁽⁴⁾	Total⁽⁵⁾
2025	\$ 197	\$ 331	\$ 119	\$ (67)	\$ 12	\$ 592
2026	\$ 193	\$ 345	\$ 242	\$ (76)	\$ —	\$ 704
2027	\$ 200	\$ 365	\$ 240	\$ (58)	\$ —	\$ 747
2028	\$ 210	\$ 387	\$ 239	\$ (59)	\$ —	\$ 777
2029	\$ 228	\$ 406	\$ 237	\$ (57)	\$ —	\$ 813

Source: Metropolitan.

- (1) Capital Costs, Minimum Operations, Maintenance, Power and Replacement ("OMP&R") and Refunds and Credits projections are based on DWR's Appendix B to Bulletin 132-23.
- (2) Power costs are forecasted by Metropolitan based on a State Water Project allocation of 50 percent in calendar year 2025, 48 percent in calendar year 2026, 47 percent in calendar year 2027, 46 percent in calendar year 2028, and 44 percent in calendar year 2029. Availability of State Water Project supplies vary, 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 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. See "METROPOLITAN'S WATER SUPPLY—State Water Project—Bay-Delta Proceedings Affecting State Water Project—*Delta Conveyance*" in this Appendix A.
- (5) 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 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 for the fiscal years 2022-23 and 2023-24 were approximately \$161.9 million and \$42.8 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 2022-23 and 2023-24 were approximately \$96.2 million and \$234.1 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. This, 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 2022-23 and 2023-24 were approximately 956,382 acre-feet and 707,364 acre-feet, respectively, including Metropolitan's basic apportionment of Colorado River water and supplies from water transfer and storage programs. In fiscal years 2022-23 and 2023-24, Metropolitan purchased approximately 962,595 megawatt-hours and 486,201 megawatt-hours, respectively, of additional energy.

Metropolitan has agreements with the Arizona Electric Power Cooperative ("AEP") to provide transmission and energy purchasing services to support CRA power operations. The term of these agreements extends to December 31, 2035. AEP'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 are met from a diverse mix of resources, including State-owned hydroelectric generating facilities and short-term contracts entered into by DWR. These resources represent approximately 46 percent of the State Water Project's estimated power requirements for 2024. The remainder of the State Water Project power needs is met by purchases from the CAISO.

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 would mandate 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

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 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 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 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%

The most recent actuarial valuation reports of PERS, as well as other information concerning benefits and other matters concerning the PERS plan, 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 the double-digit 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.

Metropolitan was required to contribute 35.74 percent and 33.98 percent of annual projected payroll for fiscal years 2022-23 and 2023-24, respectively. Metropolitan's actual contribution for fiscal years 2022-23 and 2023-24 were \$88.2 million or 35.31 percent of annual covered payroll and \$89.7 million or 32.04 percent of annual covered 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 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, Metropolitan is required to contribute 37.52 percent and 36.88 percent of annual projected payroll, respectively, 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.

The PERS Board adopted a new amortization policy effective with the June 30, 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 a level dollar amount. In addition, the policy removed the five-year ramp-up and ramp-down on 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.

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
6/30/23 ⁽¹⁾	\$2.982	\$2.091	\$(0.891)	70.1%
6/30/22	\$2.875	\$2.015	\$(0.859)	70.1%
6/30/21	\$2.752	\$2.228	\$(0.524)	81.0%
6/30/20	\$2.625	\$1.848	\$(0.777)	70.4%
6/30/19	\$2.534	\$1.810	\$(0.724)	71.4%

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, 2023. The June 30, 2023 valuation report will be used to establish the contribution requirements for fiscal year 2025-26. 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.

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

(Dollars in thousands)	06/30/24	06/30/23	Increase/ (Decrease)
Total Pension Liability	\$ 2,926,787	\$ 2,807,458	\$ 119,329
Plan Fiduciary Net Position	2,092,884	2,016,832	76,052
Plan Net Pension Liability	\$ 833,903	\$ 790,626	\$ 43,277
Plan fiduciary net positions as a % of the total pension liability	71.51%	71.84%	
Covered payroll	\$ 249,812	\$ 241,288	
Plan net pension liability as a % of covered payroll	333.81%	327.67%	

(Dollars in thousands)	06/30/23	6/30/22	Increase/ (Decrease)
Total Pension Liability	\$ 2,807,458	\$ 2,669,675	\$ 137,783
Plan Fiduciary Net Position	2,016,832	2,229,075	(212,243)
Plan Net Pension Liability	\$ 790,626	\$ 440,600	\$ 350,026
Plan fiduciary net positions as a % of the total pension liability	71.84%	83.50%	
Covered payroll	\$ 241,288	\$ 235,294	
Plan net pension liability as a % of covered payroll	327.67%	187.26%	

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

The Net Pension Liability for Metropolitan's Miscellaneous Plan for the fiscal years ended June 30, 2023 and 2024 were measured as of June 30, 2022 and June 30, 2023, 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 and June 30, 2022, 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, 2024 AND JUNE 30, 2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)."

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 \$14.9 million in fiscal year 2022-23 and \$15.3 million in fiscal year 2023-24. 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 and June 30, 2023, were released in May of 2022 and April of 2024, respectively. The 2021 valuation indicated that the Actuarially Determined Contribution (“ADC”) in fiscal years 2022-23 and 2023-24 were \$14.9 million and \$15.3 million, respectively, and the 2023 valuation indicated that the ADC will be \$23.0 million and \$23.7 million in fiscal years 2024-25 and 2025-26, 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, 2023 Valuation	June 30, 2021 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 (15 years remaining on measurement date 6/30/20)
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 spread over 5 year rolling period with corridor of 80% and 120% of fair value
Investment Rate of Return	6.75%	6.75%
Inflation	2.80%	3.00%
Mortality, Disability, Termination, Retirement	CalPERS Assumptions set in 2021	CalPERS 2000-2019 Experience Study
Health Care Cost Trends	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	Pre-Medicare - 6.80% for 2023, grading down to 3.83% for 2076 and later Medicare –5.40% for 2022, grading down to 3.83% for 2076 and later
Mortality Improvement	Base 2017 rates are projected generationally for future years using 80% of the Society of Actuaries’ Scale MP-2020	Mortality projected fully generational with Scale MP-2021

As of June 30, 2023, the date of the most recent OPEB actuarial valuation report, the unfunded actuarial liability was estimated to be \$122.1 million and projected to be \$125.0 million at June 30, 2024.

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, 2024 was \$380.2 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.

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, 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 negatively affect the trust fund's funding status. These challenges may also lead to higher ADCs in the future.

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

(Dollars in thousands)	06/30/24	6/30/23	Increase/ (Decrease)
Total OPEB Liability	\$ 493,593	\$ 443,189	\$ 50,404
Plan Fiduciary Net Position	345,288	328,536	16,752
Plan Net OPEB Liability	\$ 148,305	\$	\$ 33,652
Plan fiduciary net positions as a % of the total OPEB liability	69.95%	74.13%	
Covered payroll	\$ 249,812	\$ 241,288	
Plan net OPEB liability as a % of covered payroll	59.37%	47.52%	

(Dollars in thousands)	06/30/23	6/30/22	Increase/ (Decrease)
Total OPEB Liability	\$ 443,189	\$ 429,603	\$ 13,586
Plan Fiduciary Net Position	328,536	377,321	(48,785)
Plan Net OPEB Liability	\$ 114,653	\$ 52,282	\$ 62,371
Plan fiduciary net positions as a % of the total OPEB liability	74.13%	87.83%	
Covered payroll	\$ 241,288	\$ 235,294	
Plan net OPEB liability as a % of covered payroll	47.52%	22.22%	

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

The Net OPEB Liability for the years ended June 30, 2023 and 2024 were measured as of June 30, 2022 and June 30, 2023, 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, 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, 2024 AND JUNE 30, 2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)."

HISTORICAL AND PROJECTED REVENUES AND EXPENSES

The “Historical and Projected Revenues and Expenses” table below for fiscal years 2021-22 through 2028-29, 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 2024-25 in the table below is based on actual results through December 2024 and revised projections for the balance of the fiscal year. The financial projections for fiscal years 2025-26 through 2028-29 in the table below reflect the biennial budget for fiscal years 2024-25 and 2025-26 as well as a ten-year financial forecast provided therein on a cash basis. 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*” and “REGIONAL WATER RESOURCES–Local Water Supplies – Recycled Water-Metropolitan Pure Water Southern California Program” in this Appendix A.

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 2021-22 through fiscal year 2024-25. O&M, CRA Power and Water Transfer Costs were updated to reflect the set-aside of \$12.8 million in fiscal year 2020-21, and the use of \$26.5 million in fiscal year 2021-22 from the Exchange Agreement Set-Aside Fund to offset the \$50.5 million payment to SDCWA in connection with the litigation challenging Metropolitan’s rates. See “METROPOLITAN REVENUES–Litigation Challenging Rate Structure” in this Appendix A. Lastly, Reserve Transfers of \$153 million in fiscal year 2022-23, and \$229 million in 2023-24 are 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 2024-25 and 2025-26 and ten-year financial forecast. Based on those projections and water sales in recent years, 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. Actual water transactions are likely to vary from projections. As shown in the chart entitled "Historical Water Transactions" below, water transactions can vary significantly from average and demonstrates 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 2024-25 Financial Results." 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 2024-25 includes actual results through December 2024. Financial projections for fiscal years 2025-26 through 2028-29 reflect the biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast provided therein on a cash basis. This includes the issuance of \$3,380 million of bonds for fiscal years 2024-25 through 2028-29 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 bonds during the same period to finance other capital expenditures of Metropolitan relating to conservation and supply programs, as described herein. 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 1.65 million acre-feet in fiscal year 2021-22, 1.39 million acre-feet for fiscal year 2022-23, and 1.17 million acre-feet in fiscal year 2023-24. Water transactions are projected to 1.35 million acre-feet for fiscal year 2024-25, 1.34 million acre-feet for fiscal year 2025-26, 1.34 million acre-feet for fiscal year 2026-27, 1.35 million acre-feet for fiscal year 2027-28 and 1.35 million acre-feet for fiscal year 2028-29. 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." Rates and charges increased by 8.5 percent for calendar year 2025, and will increase by 8.5 percent for calendar year 2026. Rates and charges are projected to increase by 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, and 5.0 percent for calendar year 2029. Actual rates and charges to be effective in calendar year 2027 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.

Financial projections for fiscal years 2024-25 through 2028-29 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 the *ad valorem* tax rate to 0.0070 percent of full assessed valuation beginning in fiscal year 2024-25.

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.

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

	Actual			Projected				
	2022 ^(o)	2023	2024	2025	2026	2027	2028	2029
	Actual	Actual	Actual	Projected	Adopted Budget	10-Yr. Forecast	10-Yr. Forecast	10-Yr. Forecast
Water Revenues ^(b)	\$ 1,523	\$ 1,323	\$1,167	\$ 1,486	\$ 1,511	\$ 1,659	\$ 1,862	\$ 2,018
Other Charge Revenues ^(c)	171	182	196	214	230	242	281	335
Total Operating Revenues	1,693	1,505	1,364	1,700	1,741	1,901	2,143	2,353
O&M, CRA Power and Water Transfer Costs ^(d)	(770)	(864)	(760)	(860)	(920)	(1,006)	(1,061)	(1,110)
Total SWC OMP&R and Power Costs ^(e)	(374)	(412)	(543)	(263)	(372)	(407)	(428)	(455)
Total Operation and Maintenance	(1,144)	(1,275)	(1,303)	(1,123)	(1,292)	(1,413)	(1,489)	(1,565)
Net Operating Revenues	\$ 549	\$ 229	\$ 61	\$ 577	\$ 449	\$ 487	\$ 653	\$ 788
Additional Revenue Sources								
Miscellaneous Revenue ^(f)	23	24	21	108	159	52	48	48
Reserve Transfers ^(g)	—	153	229	—	—	—	—	—
Sales of Hydroelectric Power ^(h)	9	6	13	12	18	15	13	12
Interest on Investments ⁽ⁱ⁾	10	21	42	28	45	42	43	46
Total Additional Revenues	42	204	305	148	222	109	104	107
Adjusted Net Operating Revenues ^(j)	\$591	\$434	\$366	\$725	\$671	\$596	\$757	\$895
Senior Obligations	(178)	(172)	(197)	(208)	(198)	(234)	(280)	(418)
Subordinate Obligations	(97)	(121)	(125)	(131)	(151)	(134)	(138)	(56)
Senior and Subordinate Obligations ^(k)	(275)	(293)	(322)	(339)	(349)	(368)	(418)	(474)
Funds Available from Operations	\$ 316	\$ 141	\$ 44	\$ 386	\$ 322	\$ 228	\$ 340	\$ 421
Debt Service Coverage (DSC) on all Senior Bonds	3.32	2.52	1.86	3.48	3.40	2.55	2.71	2.14
DSC on all Senior and Subordinate Bonds ^(l)	2.15	1.48	1.14	2.14	1.92	1.62	1.81	1.89
Operating Equipment Expense	(4)	(7)	\$ (9)	\$ (10)	\$ (10)	\$ (11)	\$ (11)	\$ (12)
Pay-As-You Go Construction	(135)	(135)	(35)	(175)	(175)	(175)	(250)	(275)
Pay-As-You Go Funded from Replacement & Refurbishment Fund Reserves	1	2	—	—	—	—	—	—
Total SWC Capital Costs Paid from Current Year Operations	—	—	—	—	—	—	—	—
Remaining Funds Available from Operations	\$ 177	\$ —	\$ —	\$ 201	\$ 137	\$ 42	\$ 78	\$ 133
Fixed Charge Coverage ^(m)	2.15	1.48	1.14	2.14	1.92	1.62	1.81	1.89
Property Taxes ⁽ⁿ⁾	\$ 160	\$ 198	\$ 202	\$ 331	\$ 334	\$ 342	\$ 351	\$ 359
General Obligation Bonds Debt Service Paid from Property Taxes	(8)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
SWC Capital Costs Paid from Property Taxes	(140)	(133)	(122)	(130)	(117)	(142)	(151)	(170)
SWC O&M Costs Paid from Property Taxes	(12)	(62)	(78)	(199)	(215)	(198)	(197)	(187)

Source: Metropolitan.

(Footnotes to table are on next pages)

(Footnotes to table on prior page)

- (a) Unaudited. Totals may not add due to rounding. Prepared on a cash basis. The projection for fiscal year 2024-25 is based on actual results through December 2024 and revised projections for the balance of the fiscal year. Projections for fiscal year 2025-26 through fiscal year 2028-29 are based on assumptions and estimates used in the biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast provided therein and reflect the projected issuance of additional bonds. 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, 2022, 2023, and 2024, annual water transactions with member agencies (in acre-feet) were 1.65 million, 1.39 million, and 1.17 million, respectively. See the table entitled “Summary of Water Transactions and Revenues” under “METROPOLITAN REVENUES–Water Revenues” in this Appendix A. The water transactions projections (in acre-feet) are 1.35 million acre-feet for 2024-25, 1.34 million acre-feet for fiscal year 2025-26, 1.34 million acre-feet for fiscal years 2026-27, 1.35 million acre-feet for 2027-28, and 1.35 million acre-feet for fiscal years 2028-29. Projections reflect adopted overall rate and charge increase of 8.5 percent for each of the calendar years 2025 and 2026. Rates and charges are projected to increase 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, and 5.0 percent for calendar year 2029, 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 charges. The term Operating Revenues excludes *ad valorem* taxes. See “METROPOLITAN REVENUES–Other Charges” in this Appendix A.
- (d) Water Transfer Costs 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. Operation and maintenance expenses also include \$24.0 million in fiscal year 2021-22 in connection with the SDCWA litigation challenging Metropolitan’s rates (\$50.5 million is the total paid in fiscal year 2021-2022, with the balance paid from the Exchange Agreement Set-Aside Fund). See METROPOLITAN REVENUES–Litigation Challenging Rate Structure” in this Appendix A. O&M, CRA Power and Water Transfer Costs are net of grant 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 (\$4.5 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 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 (n) 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 \$60 million in revenues for fiscal year 2025-26 anticipated to be generated from additional arrangements enabled by Metropolitan’s record high storage reserves.
- (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.
- (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.

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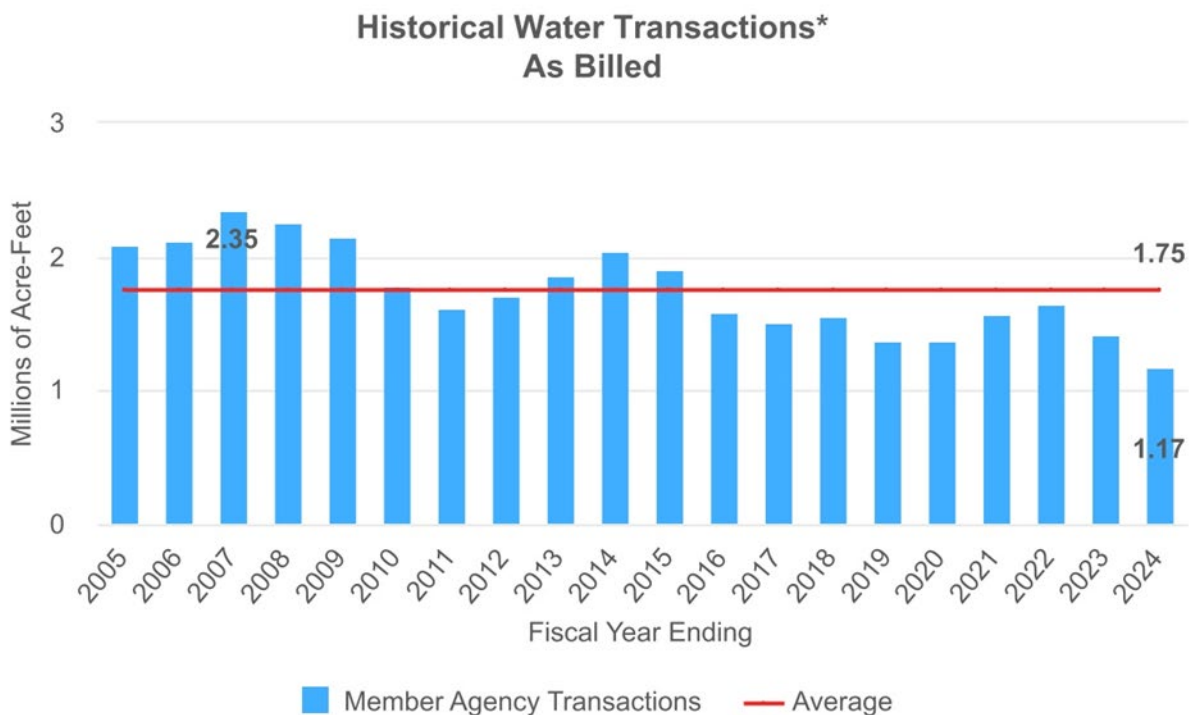
- (k) Includes debt service on outstanding Senior Revenue Bonds, Senior Parity Obligations, Subordinate Revenue Bonds, Subordinate Parity Obligations, and additional Revenue Bonds (projected). Assumes bond issuances of approximately \$130 million in fiscal year 2024-25, approximately \$150 million in fiscal year 2025-26, approximately \$900 million in fiscal year 2026-27, approximately \$950 million in fiscal year 2027-28, and approximately \$1,250 million in fiscal year 2028-29. 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 \$215 million of bonds for other capital expenditures relating to conservation and supply programs in calendar year 2024, and \$29 million and \$19 million of bonds for other capital expenditures relating to conservation in fiscal years 2024-25 and 2025-26, respectively. Metropolitan has issued \$48.2 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 are expected to be refinanced through a financing to be undertaken by AVEKFA 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 – *Anticipated Incurrence of Financial Obligation*” in this Appendix A.
- (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) Adjusted Net Operating Revenues, divided by the sum of 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).
- (n) *Ad valorem* tax rate increased to 0.0070 percent of full assessed valuation beginning in fiscal year 2024-25.
- (o) Information for fiscal year 2021-22 is presented on a cash basis in this table, consistent with Metropolitan’s current accounting method for budgetary purposes. Metropolitan’s accounting method changed from modified accrual basis to cash basis beginning with fiscal year 2022-23. Historical information through fiscal year 2021-22 in the table entitled “Summary of Revenues by Source” under the caption “METROPOLITAN REVENUES – Summary of Revenues by Source” and in the table entitled “Summary of Expenses” under the caption “METROPOLITAN EXPENSES – General” in this Appendix A reflect the modified accrual basis of accounting previously used by Metropolitan for budgetary purposes.

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MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES

Water Transactions Projections

The water transactions with member agencies in the table above for fiscal year 2021-22 were 1.65 million acre-feet, 1.41 million acre-feet for fiscal year 2022-23, and 1.17 million acre-feet for fiscal year 2023-24. The water transaction forecast is 1.35 million acre-feet for fiscal year 2024-25, 1.34 million acre-feet for fiscal year 2025-26, 1.34 million acre-feet for fiscal year 2026-27, 1.35 million acre-feet for 2027-28, and 1.35 million acre-feet for fiscal year 2028-29, 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.

Water Revenues

Metropolitan projects revenues from water transactions will be about 75 percent of its total revenues after implementation of the adopted biennial budget for fiscal years 2024-25 and 2025-26. 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.

Metropolitan's Board regularly adopts annual increases in water rates. See "METROPOLITAN REVENUES—Rate Structure" and "—Classes of Water Service" in this Appendix A. On April 9, 2024, the Board adopted average increases in rates and charges of 8.5 percent, which will become effective on each of January 1, 2025 and January 1, 2026. Rates and charges are projected to increase 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, and 5.0 percent for calendar year 2029. Actual rates and charges to be effective in calendar year 2027 and thereafter are subject to adoption by Metropolitan's Board.

Projected Fiscal Year 2024-25 Financial Results

Projections for fiscal year 2024-25, in the table above, are based on actual results through December 2024 and revised projections for the balance of the fiscal year. Water revenues for fiscal year 2024-25 are estimated to be \$1,486 million, approximately \$68 million more than budget projections. This increase in projected water revenues is primarily due to 100,000 acre-feet of reverse cyclic transactions with member agencies generating \$125.6 million. See also "REGIONAL WATER RESOURCES—Local Water Supplies – *Reverse Cyclic Program*" in this Appendix A.

Operation and maintenance expenses in fiscal year 2024-25 are estimated to be \$1,123 million, which represents approximately 55 percent of total estimated costs for fiscal year 2024-25. 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 \$146 million lower than budget in fiscal year 2024-25, which is primarily due to lower than expected costs associated with the State Water Contract and the AVEK High Desert Water Bank Program for such fiscal year. Comparatively, operations and maintenance expenditures in fiscal year 2023-24 were \$1,303 million, which represented approximately 66 percent of total costs. Overall, estimated expenditures for the twelve months ending June 30, 2025 are estimated to be \$2,062 million, which is under budget by \$187 million.

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. Metropolitan determined that it was appropriate to use a portion of its unrestricted reserves and other available funds in fiscal year 2023-24 to pay for permitted expenditures as a result of the rapid change in hydrology that were projected to reduce demand for Metropolitan supplies, and hence projected water revenues. Results for fiscal year 2023-24 reflected the use of approximately \$229 million of unrestricted reserves related to operating and maintenance. Projections for fiscal year 2024-25 do not anticipate using unrestricted reserves related to operating and maintenance.

Fiscal year 2024-25 senior revenue bond debt service coverage (on a cash basis) is estimated to be 3.48x. Fiscal year 2024-25 aggregate revenue bond debt service coverage (on a cash basis) is estimated to be 2.14x and the fixed charge coverage is estimated to be 2.14x. Fiscal year 2024-25 capital expenditures, estimated at \$382 million, are being partially funded by the proceeds of bonds issued in fiscal year 2023-24 for such purpose, grant funding, and the remainder from pay-as-you-go funding. Metropolitan's unrestricted reserves are projected to be approximately \$493 million on a cash basis at June 30, 2025. See "METROPOLITAN REVENUES—Financial Reserve Policy" in this Appendix A.

Financial projections for fiscal years 2025-26 through 2028-29 are reflected in the biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast provided therein. The fiscal year

2024-25 and 2025-26 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 percent for calendar year 2025 and 8.5 percent for calendar year 2026. The biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast assumes rate increases of 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028 and 5.0 percent for calendar year 2029. Actual rates and charges to be effective in calendar year 2027 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 2024-25 through 2028-29 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.

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, 2024 AND JUNE 30, 2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025 AND 2024 (UNAUDITED)."

Board Distribution Draft, ~~08/09/24~~[04/28/25](#)

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 involve 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, 2024. 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," "~~Member Agency Purchase Orders~~" 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 ⁽¹⁾
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	

⁽¹⁾ The San Diego County Water Authority, Metropolitan's largest customer based on water transactions for fiscal year 2023-24, is a plaintiff in litigation challenging certain rates adopted by the Board and asserting other claims against Metropolitan. See "METROPOLITAN REVENUES–Litigation Challenging Rate Structure" in this Appendix A.

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 18.6 million people lived in Metropolitan's service area (as of July ~~2023~~2024), based on official estimates from the California Department of Finance and on population distribution estimates from the Southern California Association of Governments ("SCAG") and the San Diego Association of Governments ("SANDAG"). The economy of Metropolitan's service area is exceptionally diverse. In 2023, 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," "~~Water Conditions in Recent Years~~," "~~Current Water Conditions~~," and "~~Climate Action Planning and Other Environmental, Social and Governance Initiatives~~," and "WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER SHORTAGE MEASURES ~~Drought Response Actions~~ 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.

~~Adel Hagekhalil, General Manager—Mr. Hagekhalil was appointed as General Manager in June 2021. Before joining Metropolitan, Mr. Hagekhalil was appointed in 2018 by Los Angeles Mayor Eric Garcetti to serve as the executive director and general manager of the City of Los Angeles' Bureau of Street Services. His responsibilities included oversight of the management, maintenance and improvement of the city's network of streets, sidewalks, trees and bikeways. Mr. Hagekhalil also focused on climate change adaptation and multi-benefit integrated active transportation corridors. Previously, he served nearly 10 years as assistant general manager of the Los Angeles' Bureau of Sanitation, overseeing the city's wastewater collection system, stormwater and watershed protection program, water quality compliance, advance planning and facilities. He also helped develop the city's 2040 One Water LA Plan, a regional watershed approach to integrate water supply, reuse, conservation, stormwater management~~

~~and wastewater facilities planning. Mr. Hagekhalil is a member of the American Public Works Association as well as the Water Environment Federation (“WEF”), which recognized him in 2019 as a WEF Fellow for his contribution to enhancing and forwarding the water industry. He also served for more than a decade as a board member of the National Association of Clean Water Agencies, including a term as president. Mr. Hagekhalil is a registered civil engineer and national board certified environmental engineer. He earned his bachelor’s and master’s degrees in civil engineering from the University of Houston, Texas.~~

~~On June 13, 2024, at a special meeting of the Board, the Board placed Mr. Hagekhalil on administrative leave from the position of General Manager, for up to 90 days, to investigate various allegations. Mr. Deven Upadhyay, Metropolitan’s Executive Officer and Assistant General Manager of Water Resources and Engineering, was appointed by the Board to serve as Interim General Manager while such investigation is being undertaken.~~

~~Deven Upadhyay, *Interim General Manager/Executive Officer and Assistant General Manager, Water Resources and Engineering*~~ – Mr. Upadhyay was appointed as General Manager on January 29, 2025, having served as Interim General Manager ~~on~~since June 13, 2024. Prior to such appointment, Mr. Upadhyay ~~was serving~~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 is planned for the end of calendar year 2025. Metropolitan’s Board is expected to initiate the recruitment process in the coming months for a new General Manager to succeed Mr. Upadhyay following his retirement. It is anticipated that Mr. Upadhyay will continue as General Manager until a successor has been appointed and has assumed such position.

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 ~~will~~ independently ~~review~~reviews internal controls, financial records and reports, ~~develop~~develops a flexible annual audit plan, ~~ensure~~ensures that assets and resources are properly accounted for and safeguarded against waste, loss or misuse, and

~~administer~~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 holds a certified public accountant (CPA) license and 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 ~~—On~~since June 25, 2024, ~~Mr. Upadhyay named Mr. Bednarski to serve as the Interim Assistant General Manager of Water Resources and Technical Services during Mr. Upadhyay's tenure as Interim General Manager.~~ 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. 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 ~~and~~. More recently, he has managed the development of the Pure Water Southern California Program. Prior to his current ~~interim~~ 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 ~~masters'~~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, 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.

Employee Relations

The total number of regular full-time Metropolitan employees included in the fiscal year 2024-25 budget is 1,965. As of ~~July 1, 2024, 1,819~~March 10, 2025, 1,790 positions were filled. Of the filled positions, ~~1,236~~1,202 were represented by AFSCME Local 1902, ~~93~~84 by the Supervisors Association, ~~317~~331 by the Management and Professional Employees Association and ~~132~~133 by the Association of Confidential Employees. The remaining ~~414~~40 employees are unrepresented. The four bargaining units represent 98 percent of Metropolitan's current employees. The Memorandum of Understanding ("MOU") with each of AFSCME Local 1902, the Management and Professional Employees Association, the Association of Confidential Employees, and the Supervisors Association extends through 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 [District 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 ~~2014~~[2015](#) through ~~2023~~[2024](#), Metropolitan’s State

Water Project allocation ranged from five percent to 100 percent of contracted amounts, averaging approximately ~~41~~45 percent, which is equal to roughly ~~784,000~~860,000 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 ~~2014~~2015 through ~~2023~~2024, 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 ~~457,000~~468,000 acre-feet in calendar year 2022 to a high of ~~1,374,000~~1,473,000 acre-feet in 2017. See also "~~Water Conditions in Recent Years~~" and "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 availability has been limited since 2003). Metropolitan has additional available Colorado River supplies, totaling up to approximately 526,000 acre-feet per year, under water supply programs, transfer, exchanges, and certain conservation and storage agreements. Over the ten-year period ~~2014~~2015 through ~~2023~~2024, Metropolitan's net diversions of Colorado River water have averaged approximately ~~917,020~~892,000 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. 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, ~~2024 was~~2025 is preliminarily estimated to be ~~4.18~~4.53 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 ~~2014~~2015 through ~~2023~~2024, Metropolitan's water transactions (including water sales, exchanges and wheeling) with member agencies have averaged approximately ~~1.56~~1.54 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. Metropolitan's resources and strategies for meeting these long-term challenges are set forth in its Integrated Water Resources Plan, ~~as updated from time to time. See "Integrated Water Resources Plan and~~ (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. ~~Implementation of the~~The Water Supply Allocation Plan has not been implemented for fiscal year 2024-25 and is not expected to be implemented for fiscal year 2025-26. 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 groundwater~~water~~ supplies; ~~and (including as may be attributable to~~ rising sea levels ~~resulting in increased risk of damage from storms~~, high-tide events, and ~~the 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 “~~Integrated Water Resources Plan and~~ Climate Adaptation Master Plan for Water (CAMP4W)” and “–Climate Action Planning and Other Environmental, Social and Governance Initiatives.”

~~Water~~ Conditions in Recent Years

~~A Water Year begins on October 1 and ends on the following September 30. Water Years 2020 through 2022 represented a record dry period in California’s statewide precipitation. In calendar years 2021 and 2022, DWR’s allocation to State Water Project contractors was five percent of contracted amounts, or 95,575 acre feet for Metropolitan per year, and it was the first time in the history of the State Water Project with two consecutive years at five percent of contracted amounts. In addition to its allocation of State Water Project contracted amounts, in 2022, due to the historically dry conditions, Metropolitan received delivery from DWR of an additional approximately 134,000 acre feet of human health and safety supplies under a provision of the State water supply contract. This additional supply was returned to DWR by Metropolitan in calendar year 2023. See “CONSERVATION AND WATER SHORTAGE MEASURES–Drought Response Actions.”~~

~~Water Year 2023 (October 1, 2022 through September 30, 2023) also started as a dry year but a series of atmospheric rivers occurred in California during the winter of 2023, bringing extreme precipitation and a massive amount of snowfall. On April 20, 2023, DWR established the final State Water Project allocation for calendar year 2023 at 100 percent of contracted amounts, or 1,911,500 acre feet for Metropolitan. This made calendar year 2023 the first time since 2006 that DWR was able to~~

~~allocate the full contracted amounts of the State Water Project. Such extreme hydrology following a severe multi-year drought may become more common in the future in California due to the effects of climate change.~~

~~The amount of water delivered to Metropolitan's service area from its available State Water Project supplies can be constrained by local conditions, preventive maintenance or emergency outages of physical facilities, operational considerations due to water quality, and the State Water Project allocation. In calendar year 2023, Metropolitan took delivery into its service area of 1.06 million acre feet of supplies via the State Water Project infrastructure, excluding supplies taken on behalf of Desert Water Agency ("DWA") and Coachella Valley Water District ("CVWD") pursuant to a set of agreements between and/or among Metropolitan, DWA and CVWD (see "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"). After the sequence of atmospheric rivers that occurred during the winter of 2023, in March 2023, DWR made available interruptible supplies in addition to the then applicable allocation of 75 percent of contracted amounts. Metropolitan took delivery of approximately 134,000 acre feet of those interruptible supplies and used them to start refilling Diamond Valley Lake (approximately 32,000 acre feet included in the deliveries to Metropolitan's service area) and start replenishment of the Castaic Lake and Lake Perris flexible storage accounts. With the increased State Water Project allocation to 100 percent, Metropolitan was also able to repay the 134,000 acre feet of human health and safety water provided by DWR in 2022 (described above), further replenish the Castaic Lake and Lake Perris flexible accounts and add maximum contractual storage in San Luis Reservoir as Article 56 carryover. See "Water Transfer, Storage and Exchange Programs—State Water Project Agreements and Programs—Metropolitan Article 56 Carryover." Metropolitan further stored approximately 55,000 acre feet in the groundwater banks in the San Joaquin valley. The volume able to be stored in the groundwater banks was somewhat limited by the historic flooding in the San Joaquin valley that hindered the groundwater banks' operations. In addition, of Metropolitan's available State Water Project supplies, approximately 8,000 acre feet could not be delivered to one of Metropolitan's member agencies for groundwater replenishment due to local conditions and approximately 19,000 acre feet could not be delivered in the East Branch of the California Aqueduct due to DWR outages in late 2023. These 27,000 acre feet of undelivered volumes were approved by DWR for delivery in 2024 and are included in Metropolitan's State Water Project carryover storage. See the table entitled "Metropolitan's Water Storage Capacity and Water in Storage" under "Storage Capacity and Water in Storage."~~

Current Water Conditions

California's annual precipitation can vary greatly from year to year and region to region. A Water Year begins on October 1 and ends on the following September 30. Water Year 2025, which began on October 1, 2024, 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, however the impact to the Central and Southern Sierra was quite muted. Conditions in the Northern Sierra continued to stay above average especially after storms that brought 25 inches of precipitation in February and March combined. Precipitation in February also helped bring Central and Southern Sierra closer to average conditions.

~~After a slow start to Water Year 2024 with below average hydrologic conditions, a series of atmospheric rivers in January and early February brought much needed precipitation to the northern Sierra.~~ The State Water Project allocation for calendar year ~~2024~~2025 started at ~~ten~~five percent of contracted amounts on December ~~12~~1, ~~2023~~2024, but was subsequently increased (through three increases) to 40 percent as of ~~April 23~~March 25, ~~2024~~2025, or 764,600 acre-feet for Metropolitan. This allocation takes into account ~~snow survey measurements and data through June 1, 2024.~~State Water Project contractors' 2025 carryover supplies, existing storage in State Water Project facilities, estimate of

future runoff, and operational and regulatory requirements. Changes to the 2025 allocation may occur and are dependent on the developing hydrologic conditions.

As of ~~August~~April 8, ~~2024~~2025, northern Sierra precipitation was ~~90~~118 percent of the 30-year average for the time of year, while the snowpack ~~peaked on April 1, 2024 at 123~~measured at 117 percent of the 30-year April 1st peak average. As of ~~June 11~~April 1, ~~2024~~2025, the median water year unimpaired runoff forecast for the Sacramento River was ~~17.4~~21.4 million acre-feet or ~~99~~121 percent of the 30-year average. As of ~~August~~April 7, ~~2024~~2025, Lake Oroville, a key State Water Project facility, was at ~~2.65~~3.08 million acre-feet or 120 percent of the historical average for this date, while the State Water Project share of San Luis Reservoir was at ~~413,734~~1.01 million acre-feet for the State Water Project or ~~399~~5 percent of its capacity in the shared San Luis Reservoir. ~~Environmental and regulatory constraints are limiting DWR's ability to export water from the Delta. See "State Water Project Bay Delta Proceedings Affecting State Water Project" and "Endangered Species Act and Other Environmental Considerations Relating to Water Supply."~~

As of ~~August~~April 8, ~~2024~~2025, the Upper Colorado River Basin precipitation was ~~98~~92 percent of the 30-year median for the time of year, while the snowpack ~~peaked on April 3, 2024 at 115~~measured at 83 percent of the 30-year April 1st peak median. As of ~~August 1~~April 3, ~~2024~~2025, the median water year runoff forecast into Lake Powell was ~~83~~71 percent of the 30-year average. Despite ~~normal~~near-normal precipitation at such point in time, the Colorado River Basin is still experiencing an extended drought. On ~~August 4~~April 13, ~~2024~~2025, the total system storage in the Colorado River Basin was ~~44~~40 percent of capacity or ~~25.85~~23.65 million acre-feet. See "Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines." As of ~~August 6~~April 8, ~~2024~~2025, Metropolitan estimates approximately ~~910,100~~807,000 acre-feet of Colorado River water to be available to Metropolitan in calendar year ~~2024~~2025, which includes approximately 277,700 acre-feet pursuant to the Exchange Agreement (defined below) between Metropolitan and San Diego County Water Authority ("SDCWA"), ~~to be available to Metropolitan~~. 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 ~~930,000~~946,000 acre-feet.

Metropolitan's storage as of January 1, ~~2024, was~~2025, is preliminarily estimated to be ~~4.18~~4.53 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 ~~August 7~~April 10, ~~2024~~2025, Metropolitan's projected amount of surplus supply to manage in calendar year ~~2024~~2025 was approximately ~~315,000~~27,000 acre-feet based upon its demand estimate of ~~1.36~~1.55 million acre-feet, and its supply estimate of ~~1.68~~1.57 million acre-feet.

~~Integrated Water Resources Plan and~~ Climate Adaptation Master Plan for Water (CAMP4W)

~~Overview and Background. The Integrated Water Resources Plan (the "IRP") is~~Historically, since 1996, Metropolitan's principal water resources planning document. Metropolitan, its member agencies, sub-agencies and groundwater basin managers developed Metropolitan's first IRP as a long-term planning guideline for resources and capital investments over a 25-year planning cycle. 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. ~~The Originally developed by Metropolitan, its member agencies, sub-agencies and groundwater basin managers, the first IRP was adopted by the Board in January 1996 to cover a as a long-term planning guideline for resources and capital investments over a 25-year planning cycle through 2020. An~~Utilizing an adaptive management

approach, an IRP update ~~has been~~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 ~~the development of the 2020 IRP~~its long-term resource planning, which will initially guide a 25-year planning cycle through 2045. The ~~development of the 2020 IRP utilizing this new process is ongoing, and was intended to include two phases: (i) a Regional Needs Assessment (which was completed in April 2022), and (ii) a Phase 2 One Water Implementation Phase. This intended second phase subsequently became the development process for the Climate Adaption Master Plan for Water (“CAMP4W”) process, which is currently in progress. The Regional Needs Assessment and CAMP4W are described below. See “2020 IRP Regional Needs Assessment” and “Climate Adaption Master Plan for Water.”~~two phases consist of: (i) a needs assessment phase, and (ii) an implementation phase.~~2020 IRP Regional Needs Assessment.~~ Metropolitan’s new planning process ~~for the 2020 IRP~~ 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.

~~The initial development of the 2020 IRP utilizing this approach was completed in April 2022, with the adoption by the Board of the 2020 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 analyzed (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 IRP scenarios characterized by divergent outcomes of imported supply stability and water demands on Metropolitan.~~

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 Regional Needs Assessment outcomes can be summarized through a set of findings grounded in the scenario reliability analysis. The findings fall within five key focus areas:~~

~~• SWP Dependent Areas—addressing identified vulnerabilities in~~ the portion of Metropolitan’s service area ~~dependent upon that can only receive Metropolitan’s supplies through the State Water Project deliveries (the “SWP Dependent Areas”);~~ 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 will be 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 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's business model is currently under review in a parallel process. To undertake the business model review, 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) the recovery of treated water costs; (ii) 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) the basis for the establishment of water sales assumptions for future budgeting purposes. Future areas of focus of the business model review process are expected to include consideration of (a) water resources programs for the management of water supply and revenues, and (b) Metropolitan's level of service policy and available options to enhance system reliability and flexibility. Any final decisions from the business model review will be integrated into CAMP4W assumptions and analyses at the appropriate time as the CAMP4W planning process continues.

~~• Storage—storage capacity, put/take capabilities, and accessibility as critical considerations in reliability and reducing the need for new core supply development;~~

~~• Retail Demand/Demand Management—managing variability in demand through appropriate regional measures and efficient water use;~~

- ~~Metropolitan Imported Supplies~~—maintaining existing imported supply reliability and addressing risks to existing imported supplies from various drivers of uncertainty; and

- ~~Local Supply~~—maintaining existing and developing new local supplies as a critical element of managing demands on Metropolitan.

~~The Regional Needs Assessment presents key technical findings and examines the effectiveness of generalized portfolio categories. The Regional Needs Assessment also frames and guides the establishment of more specific targets to maintain reliability over the planning period and informs Metropolitan's Board on resource investment decisions as well as the establishment of a plan to fund them. In light of the future uncertainties inherent in long term resource planning, including uncertainties about climate change and regulatory requirements, as well as Southern California's population and economy, this scenario planning approach better prepares the region for a wider range of potential outcomes by identifying solutions and policies across a variety of possible future conditions. This strategy is designed to enable Metropolitan and its member agencies to manage future challenges and changes in California's water conditions and to balance investments with water reliability benefits.~~

~~The Board's adoption of the 2020 IRP Regional Needs Assessment allows the analysis and findings to serve as a foundation for the CAMP4W process, which is described below.~~

~~**Climate Adaptation Master Plan for Water.** The current phase of water resource planning expands the intended 2020 IRP implementation into a more comprehensive CAMP4W. CAMP4W will integrate water resource, climate resilience and financial planning into a cohesive strategy and approach. Metropolitan incorporates the results and findings of the Regional Needs Assessment into a collaborative process to identify integrated regional solutions. The intent of CAMP4W is to translate the high level portfolio analysis from the 2020 IRP Regional Needs Assessment into guidance for specific policies, programs, and projects to address the findings and mitigate the potential shortages. Comprehensive, adaptive management strategy and evaluation criteria will be developed to guide these specific actions. Criteria are being developed through a climate lens with the goal of ensuring that climate resilience and water supply reliability are the primary focus areas. The adaptive management strategy will also establish a process for monitoring key reliability indicators to support decision making.~~

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/integrated-resource-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 ~~the 2020 IRP and~~ 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~~. [Dating](#) back to its founding in 1928, ~~when~~ 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 – *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 (“SRI 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, that 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. ~~In years when snowpack is low, these~~ 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 \$~~940~~954 million in conservation programs since 1990, which have helped decrease potable per capita water consumption over time in Metropolitan’s service area ~~from 209 gallons per person per day in 1990 to 126 gallons per person per day in 2022—a 40 percent reduction.~~ Metropolitan plans to continue to expand these efforts into the future. See “Per capita water consumption in Metropolitan’s service area has declined from 209 gallons per person per day in 1990 to 114 gallons per person per day in 2023. Extraordinarily cool and wet hydrologic conditions along with drought conservation measures that carried over from 2022 contributed to a sharp decline in gallons per capita consumption in 2023. See “WATER SUPPLY MANAGEMENT, CONSERVATION AND WATER STORAGE/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 \$~~542~~548 million in recycled water projects and \$~~199~~207 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. The completion of construction of the project to add battery storage at the three treatment plants is expected to ~~occur by the end of~~ be completed in 2026.

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 is the result of a collaborative discussion among the 38-member ~~board~~ 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.

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 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.

~~From calendar year 2014 through 2023, 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 457,000 acre feet in calendar year 2022 to a high of 1,374,000 acre feet in 2017.~~

As more fully described under "— 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 12, 2023~~2024~~, DWR announced an initial calendar year ~~2024~~2025 allocation of ~~ten~~five percent of contracted amounts, based on DWR's assessment of reservoir storage and an assumption of ~~dry conditions~~. ~~On February 21, 2024, DWR increased the State Water Project annual allocation to 15 percent of State Water Project contractors' requested Table A amounts. DWR subsequently~~future precipitation. Since then, DWR has increased the allocation ~~on March 22, 2024 to 30 percent of State Water Project contractors' requested Table A amounts, and again increased the State Water Project annual allocation on April 23, 2024 to~~four times to the current 40 percent of State Water Project contractors' requested Table A amounts. Further changes to the ~~2024~~2025 allocation may occur and are dependent on the developing hydrologic conditions. In addition, Metropolitan began ~~2024~~2025 with approximately ~~227,000~~303,000 acre-feet of State Water Project carryover supplies from calendar year ~~2023~~2024. See "—Water Transfer, Storage and Exchange Programs" and "—Storage Capacity and Water in Storage." See also "~~Water Conditions in Recent Years~~" and "~~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 2024). 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 2024.

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 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. 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.

~~***Amendment of Contract Term.*** In 2014, DWR and the State Water Project contractors reached an Agreement in Principle (the “Agreement in Principle”) on an amendment to extend their State water supply contracts to December 31, 2085 and to make certain other changes related to financial management of the State Water Project. The Agreement in Principle served as the “proposed project” for purposes of the environmental review required under CEQA, which such review was completed in December 2018. Following DWR’s approval of the proposed project, three separate lawsuits were filed: one by DWR seeking to validate the contract extension amendment, and two by environmental groups and other entities challenging DWR’s approval of the amendment and the adequacy of the underlying environmental review. These cases were deemed related by the court and assigned to a single judge. After a three-day trial in January 2022, the court issued a final statement of decision on March 9, 2022, in which it ruled that the amendments were valid and rejected all other challenges and claims. On January 5, 2024, the Third District Court of Appeal affirmed the decision. Appellants have filed petitions for review by the California Supreme Court. Any potential adverse impact of the appeals on Metropolitan’s State Water Project supplies cannot be determined at this time. As of May 1, 2023, 27 of the 29 State Water Project contractors, including Metropolitan, had executed the amendment, exceeding the DWR established thresholds needed for the amendment to become effective. These Contractors also executed waivers allowing the amendment to be implemented notwithstanding the pending litigation. As a result, the contract extension amendment became effective on January 1, 2023 and the term of the water supply contracts of the State Water Project contractors executing the amendment was extended to December 31, 2085. While an adverse outcome in the pending appeal could potentially affect the ongoing validity and future implementation of the amendment, Metropolitan considers the risk to be low given the favorable outcome at trial and the Court of Appeal.~~

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 ~~will shift~~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.”

~~In executing the COA Addendum, DWR found the agreement to be exempt from environmental review under CEQA as an ongoing project and that the adjustments in operations are within the original scope of the project. On January 16, 2019, commercial fishing groups and an American Indian tribe (“petitioners”) filed a lawsuit against DWR alleging that entering the COA Addendum violated CEQA, the Delta Reform Act, and the public trust doctrine. Westlands Water District (“Westlands”) and North Delta Water Agency have been granted approval to intervene in the lawsuit. The petitioners are still in the process of preparing the administrative record. The effect of this lawsuit on the COA Addendum and State Water Project operations cannot be determined at this time.~~

~~2017 Oroville Dam Spillway Incident~~

~~Oroville Dam, the earthfill embankment dam on the Feather River which impounds Lake Oroville, is operated by DWR as a facility of the State Water Project. On February 7, 2017, the main flood control spillway at Oroville Dam, a gated and concrete lined facility, experienced significant damage as DWR released water to manage higher inflows driven by continued precipitation in the Feather River basin. The damaged main spillway impaired DWR’s ability to manage lake levels causing water to flow over the emergency spillway structure, an ungated, 1,730-foot-long concrete barrier located adjacent to the main flood control spillway structure. Use of the emergency spillway structure resulted in erosion that threatened the stability of the emergency spillway structure. This concern prompted the Butte County Sheriff to issue an evacuation order for approximately 200,000 people living in Oroville and the surrounding communities.~~

~~On November 1, 2018, DWR completed reconstruction of the main spillway to its original design capacity of approximately 270,000 cubic feet per second (“cfs”), a capacity almost twice its highest historical outflow. Work on the emergency spillway was substantially completed in April 2019. Mitigation measures such as slope revegetation were completed in 2021. DWR has estimated the total costs of the recovery and restoration project prior to any federal or other reimbursement to be approximately \$1.2 billion. As of January 2024, DWR had received or expected to receive reimbursement of a total of approximately \$617 million of these costs under the Public Assistance Program of the Federal Emergency Management Agency (“FEMA”). Remaining costs of about \$567 million were charged to the State Water Project contractors under the State water supply contracts, of which Metropolitan’s share totaled about \$259 million. DWR financed these remaining costs with DWR bonds.~~

~~Various lawsuits were filed against DWR asserting claims for property damage, economic losses, environmental impacts and civil penalties related to this incident. Neither Metropolitan nor any other State Water Project contractor was named as a defendant in any of these lawsuits. These cases, which~~

~~were coordinated in Sacramento Superior Court (Case No. JCCP 4974), have now been resolved, either through decisions in favor of DWR or settlements with terms favorable to DWR. Cumulative payments for all claims related to the Oroville Dam spillway incident totaled less than \$40 million.~~

~~The State water supply contracts provide that Metropolitan and the other State Water Project contractors are not liable for any claim of damage of any nature arising out of or connected to the control, carriage, handling, use, disposal or distribution of State Water Project water prior to the point where it reaches their turnouts. However, DWR has asserted that regardless of legal liability all costs of the State Water Project system must be borne by State Water Project contractors. Thus, DWR indicated its intent to bill the State Water Project contractors for any expenditures related to litigation (cost of litigation, settlements, damages awards/verdicts) arising from the Oroville Dam spillway incident and costs incurred by DWR to date have been reflected in DWR charges. Metropolitan has established that all charges related to this litigation are being paid under protest, and it has an existing tolling agreement with DWR to preserve its legal right to seek recovery of these charges and/or dispute any future charges that DWR may seek to assess related to such litigation.~~

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 ~~subject to appeal~~[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 has also encouraged all stakeholders to work together to reach one or more Voluntary Agreements for consideration by the SWRCB that could implement the proposed amendments to the WQCP through a variety of tools, including non-flow habitat restoration for sensitive salmon and smelt species, while seeking to protect water supply reliability. Metropolitan is participating in the Phase 2 proceedings and 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 agricultural and municipal water users. 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 15 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.

In September 2023, the staff for the SWRCB released a Draft 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 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 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 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 association. [In October 2024, the SWRCB released draft revisions to the WQCP Phase 2 updates for public review.](#) The SWRCB staff ~~will~~[is expected to](#) consider public comments and finalize the Staff Report in ~~the first quarter of~~ calendar year 2025. The eventual consideration by the SWRCB of adoption of Phase 2 updates to the WQCP is expected to occur in ~~the second quarter of~~ calendar year 2025 or later.

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 (“EIR/EIS”) 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 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, ~~termed~~. The alternative strategy 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" and "California EcoRestore," respectively. Planned water conveyance improvements, California WaterFix (a proposed project that was subsequently withdrawn and reconfigured as an alternative Delta conveyance project as described under "Delta Conveyance" below), would have been implemented by DWR and the Bureau of Reclamation as a stand-alone project with the required habitat restoration limited to that directly related to construction mitigation. Ecosystem and ecosystem improvements and habitat restoration more generally, California EcoRestore, would be which are being undertaken under a more phased approach.

~~**California EcoRestore.** As part of California EcoRestore, which was initiated in 2015, the State is pursuing more than 30,000 acres of Delta habitat restoration. As of the end of the first five-year period of 2015 through December 2020, California EcoRestore was on track to restore 3,500 acres of non-tidal wetland and projected to restore 14,000 acres of tidal and subtidal habitat, 18,580 acres of floodplain, and 1,650 acres of riparian and upland habitat, exceeding initial estimates. Over such period, California EcoRestore represented an investment of approximately \$500 million for implementation and planning costs. This includes certain amounts being paid by the State Water Project contractors, including Metropolitan, for the costs of habitat restoration required to mitigate State and federal water project impacts pursuant to the biological opinions. Work on several California EcoRestore projects is ongoing. The overall estimated cost to complete the current list of 32 California EcoRestore projects is \$750 to \$950 million, with approximately half expected to be paid from the State Water Project by State Water Project contractors and half from other funding sources. See also "Endangered Species Act and Other Environmental Considerations Relating to Water Supply—Endangered Species Act Considerations—State Water Project."~~

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. ~~On July 27, 2022, DWR released the Delta Conveyance Project Draft EIR for public and agency comment under CEQA.~~ DWR certified its Final EIR ~~on December 8, 2023~~ 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. ~~Additional permitting processes, including federal and State~~ 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") ~~permits. 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. 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.

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 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 ~~has~~ filed a motion to modify the injunction to allow some geotechnical work to continue or, the alternative, to temporarily stay the injunction pending a decision on the merits in DWR's appeal. ~~A hearing on the matter has been scheduled for August 23, 2024, 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, 2025, DWR filed its opening brief on appeal of the preliminary injunction halting preconstruction geotechnical work. On February 25, 2025, DWR filed a motion in the trial court for stay of enforcement of injunction to allow resumption of preconstruction geotechnical work in light of the certification and appeal process at the Delta Stewardship Council. A hearing occurred on March 21, 2025. On April 9, 2025, the trial court issued a ruling denying the motion.

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 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. Certification of the Final EIS by the Army Corps is ~~not expected before the end of 2024~~ anticipated in mid-2025, although timing is uncertain given the change in presidential administrations.

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 (the "Financing JPA"), 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.

~~Approximately \$340.7 million of investment was estimated to be needed over four years (2021 through 2024) to fund planning and pre-construction costs for the proposed Delta Conveyance Project.~~ 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 ~~such~~ 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's 47.2 percent share represents an estimated funding commitment of~~ Metropolitan contributed \$160.8 million over the four years 2021 through 2024. ~~Eighteen~~ Seventeen other State Water Project contractors also ~~have~~ approved and contributed funding ~~a share of~~ for the planning and pre-construction costs. ~~Like prior agreements for BDCP and California WaterFix, the~~ Those contributions will fund planning and further design and engineering through 2025. The funding agreement provides that funds ~~would~~ 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 million for its share of the estimated \$300.0 million of planning and pre-construction costs of the Delta Conveyance Project anticipated for 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.

Metropolitan's December ~~8~~10, ~~2020~~2024 action to approve an amendment to the 2020 funding of agreement to fund planning and ~~pre-construction~~preconstruction costs for 2026-2027 does not commit Metropolitan to participate in the Delta Conveyance Project. ~~Any additional funding for planning and pre-construction costs would require Board approval, a vote on which is expected to be considered in 2024 or later.~~ Any final decision to commit to the Delta Conveyance Project and incur final design and construction costs would require further Board approval, ~~a vote on which is not expected to occur until currently anticipated in 2027,~~ after key permits are obtained, ~~likely in 2025 or later~~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 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 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. ~~The parties filed a merits briefing schedule.~~joint opening brief of DWR and the supporting public agencies was filed on October 4, 2024. Respondents and cross-appellants filed briefs on December 31, 2024 and January 2, 2025. DWR and the supporting agencies filed their combined reply and cross-respondents' brief on April 1, 2025. No date for oral argument has been scheduled.

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 program. 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 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. A hearing on the first demurrer is noticed for June 12, 2025; a hearing on the second demurrer is noticed for October 8, 2025.](#)

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

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 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 ~~537,607~~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 ~~2014~~2015 through ~~2023~~2024 were ~~917,020~~approximately 892,000 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 ~~2023~~2024, Metropolitan’s total available Colorado River supply was just over ~~1.1~~1.0 million acre-feet. A portion of the available supply was left in Lake Mead. Although this water could have been stored in Metropolitan’s Lake Mead ICS supplies, Metropolitan elected to have it 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.

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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 and water allocated to SDCWA that has been conserved as a result of the lining of the All-American and Coachella Canals. See “–Quantification Settlement Agreement.” Accordingly, in 2003, Metropolitan and SDCWA entered into an exchange agreement (the “Exchange Agreement”), pursuant to which SDCWA makes available to Metropolitan at its intake at Lake Havasu on the Colorado River the conserved Colorado River water SDCWA receives under the QSA related agreements. Metropolitan delivers an equal volume of water from its own sources of supply through its delivery system to SDCWA. 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. In consideration for the exchange of the conserved water made available to Metropolitan by SDCWA with the exchange water delivered by Metropolitan, SDCWA pays the agreement price. The price payable by SDCWA is calculated using 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. See “METROPOLITAN REVENUES–Litigation Challenging Rate Structure” in this Appendix A for a description of Metropolitan’s charges for the conveyance of water through Metropolitan’s facilities and litigation in which SDCWA is challenging such charges. The term of the Exchange Agreement, as it relates to conserved water transferred by IID to SDCWA, extends through 2047, 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, extends 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 SDCWA through alternative facilities (which do not presently exist). In 2023, the ~~preliminary estimate of~~ water delivered to Metropolitan by SDCWA for exchange 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 agreement in 2023 was less than the stabilized volume of 200,000 acre-feet described above because 50,000 acre-feet were left in Lake Mead as a part of ~~2023 system conservation agreements~~ 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 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. 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. 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 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 shortage guidelines~~ [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, ~~2024~~[2025](#), Metropolitan had an estimated 1,544,000

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 39,000 acre-feet was left in Lake Mead in 2024. 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 and the exact volume will be finalized on May 15, 2025. See also “– Colorado River Water Apportionment and Seven-Party Agreement” above.

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 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 is required by California in ~~2024~~2025.

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 Lower Basin DCP increases the total volume of water that California may 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 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 ~~would likely~~ could have become inaccessible below a Lake Mead elevation of 1,075 feet. DCP 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 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 ~~continue~~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.*”

Lower Colorado River Basin System Conservation and Efficiency Program. The United States Congress appropriated \$4 billion for drought mitigation in 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 ~~in~~continuing the process of ~~selecting~~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.

~~In the short term,~~ Metropolitan has executed ~~contracts~~agreements with the Bureau of Reclamation pursuant to which the Bureau of Reclamation, rather than Metropolitan, ~~will~~agreed to pay for conserved water from Metropolitan’s PVID Land Management, Crop Rotation and Water Supply Program from August 1, 2023 to July 31, 2026, ~~and~~ from the Quechan Forbearance Program for calendar years 2023 through ~~2025~~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. ~~Later in 2024, Metropolitan also anticipates executing an additional contract with the Bureau of Reclamation where the Bureau of Reclamation will pay for conserved water from Metropolitan’s Bard Seasonal Fallowing Program for calendar years 2024 through 2026 and water generated from that program during that time period will benefit Lake Mead as~~

~~system water rather than accrue to Metropolitan.~~ See also [“METROPOLITAN REVENUES – Federal Funding.”](#)

~~In the long term, Metropolitan has submitted a proposal for the creation of system water through adoption of new conservation and local supply programs, or enhancements of existing programs. Negotiations on long term system conservation are still on going.~~

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 100,00 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 SCDWA 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.

Metropolitan has also 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 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. See also “METROPOLITAN REVENUES – Federal Funding.”

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 management and operation of the Colorado River.

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~~[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~~[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~~ Interim Guidelines, Lower Basin DCP, and Treaty Minute 323. ~~On~~

Also on May 22, 2023, the Department of the Interior ~~announced that it was temporarily withdrawing~~ withdrew the draft SEIS so that it could fully analyze the effects of the proposal submitted by the Lower Basin States. ~~In October 2023, the Bureau of Reclamation released~~ Subsequently, and following the release of a revised draft SEIS, ~~which was published in the Federal Register on~~ in October 27, 2023. ~~The revised draft SEIS analyzed two alternatives in detail: a “No Action Alternative” and the Lower Basin Plan proposal as the “Proposed Action” alternative. The revised draft SEIS also reflected the improved hydrology in the Colorado River Basin since the original draft SEIS analysis. In light of these improved conditions, the probability of Lake Powell and Lake Mead falling below critical elevation levels during the 2024 through 2026 timeframe that any adopted modifications of the 2007 interim guidelines would be operable has been reduced. On,~~ 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~~ Interim Guidelines consistent with the Lower Basin Plan in May 2024. The modified guidelines will also be used to set operating conditions in 2026.

Under the Lower Basin Plan, California is 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 2.3 million acre-feet of the conservation will be made through projects ~~submitted to, and if awarded,~~ 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 “~~–Lake Mead 500+ Plan~~ 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 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.~~”

On October 11, 2023, the Bureau of Reclamation also submitted a request for initiation of formal consultation to ~~the U.S. Fish and Wildlife Service (“USFWS”)~~ for short-term additional reduction in Colorado River flows and activities provided under the Lower Colorado River Multi-Species Conservation Program beginning in water accounting year 2023 and ending with the issuance of a new biological opinion to cover new or revised post-2026 Colorado River operating guidelines. This new biological opinion would provide the additional ESA coverage for flow reductions anticipated in the ~~SEIS Proposed Action alternative~~ Lower Basin Plan. This process is ongoing. See also “–Endangered Species Act and Other Environmental Considerations Relating to Water Supply – Endangered Species Act Considerations - Colorado River.”

On June 16, 2023, the Department of the Interior formally initiated the process for the development of new post-2026 operating guidelines to replace the 2007 ~~interim-shortage guidelines~~ 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. ~~The Bureau of Reclamation is currently developing alternatives for evaluation in the EIS.~~ On March 6, 2024, the Upper Basin states of Wyoming, Colorado, New Mexico and Utah submitted a proposal for evaluation by 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 shortage guidelines~~[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~~[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~~ [On November 20, 2024, the Department of the Interior released five proposed alternatives that they intend to analyze as part of the post-2026 operating guidelines. The range of alternatives includes a “Basin Hybrid Alternative” that is intended to reflect components from Upper Division States Alternative, the Lower Basin Alternative, and proposals and concepts submitted by the affected Tribal Nations. On January 17, 2025, the Bureau of Reclamation published an Alternatives Report documenting the alternatives released in November 2024, which are anticipated to be carried over for analysis in the draft Environmental Impact Statement \(“DEIS”\) that is under development by the Bureau of Reclamation. The Alternatives Report provides a detailed description of the operational elements for each alternative, and compares the operational elements across each alternative. The expected impacts to California and Metropolitan of the current alternatives proposed for consideration by the Bureau of Reclamation in the development of the post-2026 operating guidelines are still unknown and subject to analysis by the Bureau of Reclamation, the selection of a Preferred Alternative, and continued negotiations. ~~The draft Environmental Impact Statement \(“However, Metropolitan anticipates it will have access to its ICS storage account in Lake Mead through 2036. The DEIS”\)~~ is expected to be published in December ~~2024-~~\[of 2025\]\(#\).](#)

As of January 1, ~~2024~~[2025](#), Metropolitan’s storage in Lake Mead was [preliminarily](#) estimated to be approximately 1.54 million acre-feet. ~~This storage~~[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-~~[2026](#) operating guidelines. See “–Storage Capacity and Water in Storage.”

~~**Related Litigation – Navajo Nation Suit.** In 2003, the Navajo Nation filed litigation against the Department of the Interior, specifically the Bureau of Reclamation and the Bureau of Indian Affairs, alleging that the Bureau of Reclamation has failed to determine the extent and quantity of the water rights of the Navajo Nation in the Colorado River and that the Bureau of Indian Affairs has failed to otherwise protect the interests of the Navajo Nation. The complaint challenged the adequacy of the environmental review for the Interim Surplus Guidelines (described under “–Colorado River Operations: Surplus and Shortage Guidelines – Interim Surplus Guidelines”) and sought to prohibit the Department of the Interior from allocating any “surplus” water until such time as a determination of the rights of the Navajo Nation is completed. Metropolitan and other California water agencies filed motions to intervene in this action. In October 2004, the court granted the motions to intervene and stayed the litigation to allow negotiations~~

~~among the Navajo Nation, federal defendants, Central Arizona Water Conservation District, State of Arizona and Arizona Department of Water Resources. After years of negotiations, a tentative settlement was proposed in 2012 that would have provided the Navajo Nation with specified rights to water from the Little Colorado River and groundwater basins under the reservation, along with federal funding for the development of water supply systems on the tribe's reservation. The proposed agreement was rejected by tribal councils for both the Navajo and the Hopi, who were seeking to intervene. In June 2013, the Navajo Nation amended its complaint and added a legal challenge to the Lower Basin Shortage Guidelines adopted by the Secretary of the Interior in 2007 that allow Metropolitan and other Colorado River water users to store water in Lake Mead (described under "~~Colorado River Operations: Surplus and Shortage Guidelines—Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead~~"). Metropolitan has used these new guidelines to store over 1,000,000 acre-feet of water in Lake Mead, a portion of which has been delivered, and the remainder of which may be delivered at Metropolitan's request in future years.~~

~~Following years of procedural challenges and appeals, on June 22, 2023, the U.S. Supreme Court issued its ruling in the *Department of Interior v. Navajo Nation* and *State of Arizona v. Navajo Nation* consolidated cases. The Court held that the 1868 treaty establishing the Navajo Reservation reserved necessary water to accomplish the purpose of the Navajo Reservation, but did not require the United States to take affirmative steps to secure the water for the Navajo Nation. As a result the Lower Basin Shortage Guidelines remain in effect and unchanged.~~

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 ~~National Marine Fisheries Service ("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 ~~provide~~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.

~~The 2019 Long-Term Operations Plan incorporates and updates many of the requirements contained in the previous 2008 and 2009 biological opinions. It also includes over \$1 billion over a ten-year period in costs for conservation, monitoring and new science, some of which is in the form of commitments carried forward from the previous biological opinions. Those costs are shared by the State Water Project and the federal Central Valley Project. The prior 2008 and 2009 biological opinions resulted in an estimated reduction in State Water Project deliveries of 0.3 million acre feet during critically dry years to 1.3 million acre feet in above normal Water Years as compared to the previous baseline. The 2019 Long-Term Operations Plan and 2019 biological opinions were originally expected to increase State Water Project deliveries by an annual average of 200,000 acre feet as compared to the previous biological opinions, although this possible increase in supply was never realized due to State permit requirements.~~

~~On January 20,~~In 2021, ~~President Biden issued an Executive Order on Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis (the "President's Executive Order on Public Health and the Environment") directing all executive departments and agencies to immediately review, and, as appropriate and consistent with applicable law, take action to address the promulgation of federal regulations and other actions during the prior four years for consistency with the new administration's policies. Among numerous actions identified for review~~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.~~On, 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 ~~February 28, 2022, the Notice of Intent was published in the Federal Register officially starting the federal ESA and NEPA process. On July 26~~November 15, 2024, the Bureau of Reclamation released a ~~public Draft~~the final EIS for the long-term operation of the Central Valley Project and the State Water Project.

The Draft final EIS considers four alternatives and ~~two sub-alternatives, as well as~~ 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 ~~required by the President's Executive Order on Public Health and the Environment. The Bureau of Reclamation is taking public comment on the Draft EIS through September 9, 2024.~~ 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. 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.

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,” 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.

Federal ESA–Litigation. On December 2, 2019, a group of non-governmental organizations, including commercial fishing groups and the Natural Resources Defense Council (the “NGOs”), 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 (collectively, the “State Petitioners”) sued the federal agencies, making similar allegations. The State Water Contractors association intervened in both cases to defend the 2019 biological opinions. After a series of State motions for injunctive relief in 2020 and 2021, the State and federal governments agreed on an interim operations plan (“IOP”) in 2022 and 2023 to address drought conditions and to better align Central Valley Project operations with the State Water Project, as it is operated under its California ESA incidental take permit. After extensive briefing, the court ultimately approved the IOP as a consent decree in 2022 and 2023, and a decision is pending in regard to the 2024 IOP. As part of the IOP orders, the court ~~has~~ stayed the litigation in anticipation of ~~the new 2024 biological opinions by the end of 2024~~. Metropolitan is unable to predict the outcome of ~~any this~~ litigation or any potential effect on Metropolitan’s State Water Project water supplies. The stay previously in effect expired in December 2024 and the parties are discussing whether to proceed with the litigation.

California ~~ESA–DWR~~ESA– DWR Incidental Take Permit–Litigation. As described above, operations of the State Water Project require both federal ESA and California ESA authorizations. ~~DWR described and analyzed its proposed State Water Project long-term operations plan for purposes of obtaining a new California ESA permit in its November 2019 Draft EIR under CEQA. Its 2019 Draft EIR proposed essentially the same operations plan as for the federal 2019 biological opinions, with the addition of operations for the State only listed species, Longfin smelt. In December 2019, DWR submitted its application for an incidental take permit under the California ESA to CDFW, with a modified State operation plan that added new outflow and environmental commitments.~~ On March 27, 2020, DWR released ~~its~~ a final EIR and Notice of Determination, ~~describing and adopting a State operation~~ 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 does not result in additional water supply or fiscal impacts, and the 2024 State Water Project long-term operations plan is consistent with the federal 2024 Long-Term Coordinated Operations Plan.

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 ~~new~~ 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 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.

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.

Metropolitan is unable to assess at this time the likely outcome of litigation relating to the California ESA 2020 incidental take permit or the 2024 CESA 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).

On December 7, 2023, the USFWS issued a biological opinion 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, beginning October 1, 2023 and ending with the issuance of a future biological opinion to cover new or revised post-2026 Colorado River operating guidelines. The consultation for this biological opinion was initiated due to the anticipated reduction in flow between Hoover Dam and the Imperial Dam due to the proposed 500+ Plan conservation activities described under "–Colorado River Aqueduct – Colorado River Operations: Surplus and Shortage Guidelines – Lake Mead 500+ Plan." This biological opinion is currently being utilized by the Bureau of Reclamation as part of the MSCP.

Invasive Species - Mussel Control Programs

~~Zebra~~[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](#)), 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 ~~have been~~, [including chlorination, raw water discharge control, and monitoring are](#) approximately \$~~5~~[7-10](#) 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 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. The potential impact of zebra mussels in a region of the Colorado River that does not currently have quagga mussels is not currently known.

~~An established~~Adult quagga mussel population is located within ten miles of the State Water Project. A few adult mussels were ~~also~~ detected in the West Branch of the State Water Project in 2016 and 2021. ~~Since, and since~~ 2023, veligers (larval stage of quagga mussels) have been ~~repeatedly~~consistently detected in water leaving Castaic Lake ~~and more adult mussels were found in Pyramid Lake and Castaic Lake~~through Metropolitan's Foothill Feeder. Although the number of adult mussels and veligers detected so far is relatively low, ~~the number of veligers has been slowly increasing. These recent monitoring results indicate that~~ a reproducing population of quagga mussels is now established in the West Branch of the State Water Project, ~~but~~and the eventual extent of infestation and magnitude of impacts cannot be easily predicted at this ~~early stage. However,~~time. 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 July 2024, Colorado Parks and Wildlife announced that zebra mussel larvae were detected in the Colorado River upstream of Lake Powell. The potential impact of this first appearance of zebra mussels in a region of the Colorado River that does not currently have quagga mussels is not currently known.~~

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 CVP, and extending as far south as the Coastal Aqueduct branch about 100 miles south of San Luis Reservoir. CDFW is coordinating surveys and sampling throughout the Delta to determine the speed and extent of the mussels' spread and a state taskforce is assessing potential control measures. Golden mussels have not yet been detected in Metropolitan's local supplies but given their ability for rapid spread, further colonization is expected. Metropolitan is working with CDFW, DWR, and other affected agencies to assess impacts and develop potential control measures. There are currently no restrictions on Metropolitan's operations due to the presence of golden mussels in the State Water Project.

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 [preliminarily estimated](#) storage balance as of January 1, ~~2024~~[2025](#), 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 between 100,000 and 200,000 acre-feet per year, depending on the final “Table A” allocation. Metropolitan’s [preliminarily estimated](#) storage balance as of January 1, ~~2024~~[2025](#), 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 has scheduled a public hearing for July and August 2025 on YCWA’s pending water rights petition for the long-term transfer.](#)

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 ~~have been~~were constructed. The agreement ~~also~~ 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 ~~will terminate~~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 preliminarily estimated storage account balance under the ~~Arvin-Edison/Metropolitan Water Management Program~~ program as of January 1, ~~2024~~2025 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 ~~has~~ 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 ~~2021 and 2022~~2024, Metropolitan ~~recovered in aggregate 23,130 acre feet from Arvin Edison by exchanges with surface water. In 2023, Metropolitan recovered 19,000 acre feet from surface water supplies. Staff are exploring opportunities for exchanges in 2024 but the estimated recovery of surface water supplies has yet to be determined.~~did not recover any water stored with Arvin-Edison under the program, but Metropolitan and Arvin-Edison did exchange 10,777 acre-feet under the WQSA provision. As of January 1, 2025, Metropolitan has returned 9,942 acre-feet of the 10,777 acre-feet back to Arvin-Edison. Metropolitan does not currently anticipate recovering supplies from the Arvin-Edison program in 2025 but may explore opportunities for additional WQSA exchanges upon Arvin-Edison’s request. Additionally, in September 2025, the SWRCB will consider putting the Kern County Subbasin on probationary status under the State’s Sustainable Groundwater Management Act which could potentially impact operation of this program.

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. The litigation is ongoing with a jury trial set for September 8, 2025. If Arvin-Edison prevails in its litigation, a monetary recovery, if any, would be available to offset costs associated with treatment facilities to remediate the groundwater contamination.

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. ~~Metropolitan's~~

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 preliminarily estimated storage account balance under the Semitropic program, as of January 1, ~~2024~~2025, 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. In September 2025, the SWRCB will consider putting the Kern County Subbasin on probationary status under the State's Sustainable Groundwater Management Act which could potentially impact operation of this program.

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 jury trial set for July 27, 2026. 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 ~~2028~~December 2029. Metropolitan's preliminarily estimated storage account balance under this program as of January 1, ~~2024~~2025 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 ~~term of this~~ agreement extends through December 2035. Metropolitan's preliminarily estimated storage account balance under this program as of January 1, ~~2024~~2025, 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 preliminarily estimated storage account balance under this program as of January 1, ~~2024~~2025, 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. The original estimated cost of construction of the facilities to be funded by Metropolitan to implement the program was \$131 million, but the estimated cost subsequently increased to \$211 million due to inflation, finalization of the off-site power distribution design, and revisions to the design. In September 2023, Metropolitan’s Board authorized \$80 million for the additional costs. In 2024, all recharge facilities were completed and Metropolitan began storing water in September 2023. Metropolitan’s preliminarily estimated storage account balance under this program as of January 1, 2025, is shown in the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “–Storage Capacity and Water in Storage” below. Water quality testing of the deeper recovery wells installed in 2021 revealed that arsenic levels in all four wells were above the federal and State MCL of 10 micrograms per liter (“µg/L”), ranging from 11 to 19 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 is working with AVEK to complete additional groundwater modeling and analysis to understand arsenic’s behavior in the basin, identify other constituents of concern, and optimize the design of the remaining recovery wells and treatment system. In May 2025, Staff will present for Board consideration the execution of an amendment and restatement of the agreement between Metropolitan and AVEK, to among other things, provide for the financing (and re-financing) of certain costs of construction of the facilities funded by Metropolitan in connection with the program. See “METROPOLITAN EXPENSES–Outstanding Subordinate Revenue Bonds and Subordinate Parity Obligations –Subordinate Parity Obligations – Anticipated Incurrence of Financial Obligation.” Staff will return to the Board in Fall ~~2024~~2025 to request authorization for additional costs related to the recommended treatment system. Following completion of construction, which is expected by the end of 2027, 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. ~~In 2023, a portion of the recharge facilities was completed and Metropolitan began storing water in September. Metropolitan’s estimated storage account balance under this program as of January 1, 2024, is shown in the table entitled “Metropolitan’s Water Storage Capacity and Water in Storage” under “–Storage Capacity and Water in Storage” below.~~ Upon full completion of construction (expected by the end of 2027), 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 Metropolitan’s cyclic account in the Main San Gabriel 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 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–Strand Ranch–Banking Program. In 2011, Metropolitan entered into an agreement with the Municipal Water District of Orange County (“MWDOC”) and the Irvine Ranch Water District (“IRWD”) ~~to authorize the delivery~~. Through the agreement, Metropolitan facilitates exchanges of State Water Project supplies from IRWD’s Strand and Stockdale Ranches into Metropolitan’s service area. IRWD facilitates Metropolitan entering into 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 with and the remaining ~~balance delivered~~ portion remains in IRWD’s water bank for future delivery to Metropolitan’s service area. MWDOC/IRWD ~~takes~~ can take delivery of ~~the stored~~ water through Metropolitan’s distribution system and pays the Metropolitan full-service water rate. Metropolitan can ~~call on~~ also borrow stored supplies; ~~in return, Metropolitan is obliged to~~ when needed and return an equal amount of water to ~~MWDOC/IRWD’s bank~~ in future years for IRWD’s benefit. This agreement extends to November 2035 and enhances regional reliability by providing ~~Metropolitan~~ 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.

~~***San Diego County Water Authority Semitropic Agreement.*** 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. See “Semitropic/Metropolitan Groundwater Storage and Exchange Program.” 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.~~

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. ~~In April 2022, Metropolitan's Board approved \$20 million in funding for Metropolitan's continued participation in such~~ The Sites Project Authority Board has extended the schedule for continuing planning activities through the end of 2024 early 2026. No additional funding commitments from participating agencies will be required during this time. Metropolitan's agreement to participate in the funding of ~~this~~ the current phase of project development does not commit Metropolitan to participate in the Sites Reservoir project in the future.

~~***Other Ongoing Activities.*** Metropolitan has been negotiating, and will continue to pursue, water purchase, storage and exchange programs with other agencies in the Sacramento and San Joaquin Valleys. These programs involve the storage of both State Water Project supplies and water purchased from other sources to enhance Metropolitan's dry year supplies and the exchange of normal year supplies to enhance Metropolitan's water reliability and water quality, in view of dry conditions and potential impacts from the ESA considerations discussed above under the heading "Endangered Species Act and Other Environmental Considerations Relating to Water Supply Endangered Species Act Considerations—State Water Project." In January 2023, the Board authorized the General Manager to secure additional one year transfer supplies from various water districts and private water purveyors throughout the State at a maximum cost of up to \$100 million. Under this authority, Metropolitan executed an agreement with SDCWA to purchase water and lease delivery capacity from SDCWA's Semitropic Storage Program, as described above under "San Diego County Water Authority Semitropic Agreement." In February 2024, the Board authorized the General Manager to secure additional one year transfer supplies from various water districts and private water purveyors throughout the State at a maximum cost of up to \$50 million.~~

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 included allowing for the sale of surplus water outside of the service area in order to generate new revenues 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.

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 related agreements, Metropolitan, at the request of CVWD, forgoes up to 20,000 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 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. Following began on January 1, 2005. The following table shows annual volumes of water saved and made available to Metropolitan during the 10 calendar years ~~2014~~2015 through ~~2023~~2024 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)
2014	43,000
2015	94,500
2016	125,400
2017	111,800
2018	95,800
2019	44,500
2020	43,900
2021	42,305
2022	29,736
<u>2023</u>	<u>15,749</u>
2023 <u>2024</u>	20,000 <u>0</u> (est)

Source: Metropolitan.

This program is being funded by the federal government for the period from August 1, 2023 to July 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 and that helps augment Metropolitan’s Colorado River supplies. It incentivizes farmers to fallow their land for four months in exchange for a fixed payment per irrigable acre (initially, \$452), escalated annually. Metropolitan estimates water savings of approximately 2.0 acre-feet per fallowed acre. 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. Participating farmers will reduce their water consumption through land fallowing of up to 3,000 acres in aggregate annually between April and July. ~~In calendar year 2024, the incentive payment is \$530.61 per irrigable acre fallowed. The program is currently scheduled to end on December 31, 2026.~~ For calendar years 2024 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. In calendar year 2025, the incentive payment is \$570.00 per irrigable acre fallowed. The program is currently scheduled to end on December 31, 2026. 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.*”

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 ~~2024~~2025, the payment is ~~\$190.20~~194.96 per acre-foot. For calendar years 2023 through ~~2025~~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. 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 ~~2022, 118.3 acres were fallowed and in calendar year~~ 2023, 148 acres were fallowed ~~and in calendar year~~ 2024, 159 acres were fallowed. Metropolitan provided ~~\$472.40~~503.29 and ~~\$503.29~~530.61 per irrigable acre fallowed, respectively. The payment is escalated annually. In calendar year 2025, the incentive payment is \$547.74 per irrigable acre fallowed. 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, ~~2024~~2025, 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 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.

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 2026.

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. ~~It also allowed IID to store up to 50,000 acre-feet of conserved water in Metropolitan's system. In 2015, Pursuant to various amendments to the California ICS Agreement was amended to allow IID to store additional amounts of water in Metropolitan's system during 2015 through 2017. Under the 2015 amendment, IID was, 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 ~~154,000~~151,000 acre-feet of water stored with Metropolitan pursuant to the terms of the California ICS Agreement and its amendment.

~~In 2018, IID had reached the limit on the amount of water it was able to store in Metropolitan's system under the California ICS Agreement and entered into discussions with Metropolitan to further amend the agreement, but no such agreement was reached. On December 4, 2020, IID filed a complaint against Metropolitan alleging that Metropolitan breached the California ICS Agreement, breached the implied covenant of good faith and fair dealing, and that Metropolitan converted IID's intentionally created surplus for its own use. IID's complaint sought the imposition of a constructive trust over 87,594 acre-feet of water in Lake Mead that was received by Metropolitan in 2018.~~

In October 2021, Metropolitan and IID ~~agreed to settle the dispute, and on December 6, 2021, the lawsuit was dismissed with prejudice. Under the terms of the settlement agreement, Metropolitan will, after applying storage losses, retain approximately 40 percent of the disputed 87,594 acre-feet that Metropolitan received in 2018 and will have stored the remaining approximately 60 percent for IID to be returned to IID in 2026. If~~ 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 ~~remaining~~ stored water to do so. ~~From~~The agreement provides that from 2021 through 2026, IID ~~may~~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 ~~2022~~2023, IID had 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 ~~2023~~2024. Under the above-described agreements, IID has stored a total of approximately 250,000 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 preliminarily estimated storage account balance under the CVWD/DWA program as of January 1, ~~2024~~2025 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.

~~**Operational Shift Cost Offset Program.** In 2021, Metropolitan's Board approved the Operational Shift Cost Offset Program ("OSCOP") to help Metropolitan maximize resources available~~

~~from Colorado River and State Water Project storage in calendar years 2021 and 2022. In October 2022, Metropolitan's Board extended the OSCOP through the end of calendar year 2023. Metropolitan worked with member agencies that have service connections to both State Water Project supplies and Colorado River water to shift their points of delivery to meet demands wherever possible to preserve State Water Project storage during the recent drought. Although member agencies can make some shifts in delivery locations, these shifts may result in additional operational costs. Under the OSCOP, Metropolitan offset costs member agencies accrued due to shifting deliveries at Metropolitan's request. In calendar year 2023, Metropolitan offset incurred costs of up to \$359 per acre-foot for shifts made at Metropolitan's request. This allowed Metropolitan to fully utilize its diverse portfolio and increased reliability for the entire region by improving the availability of State Water Project storage reserves to supplement supplies during dry years.~~

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 6.0 million acre-feet. In ~~2023~~2024, 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~~–Water Supply Allocation Plan~~MEASURES" in this Appendix A. Metropolitan's storage as of January 1, ~~2024~~2025 was preliminarily estimated to be ~~4.18~~4.53 million acre-feet. This is the highest beginning-of-year total water storage in Metropolitan's history. 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, 2024	Water in Storage January 1, 2025	Water in Storage January 1, 2023	Water in Storage January 1, 2024
Colorado River Aqueduct					
DWA/CVWD Advance Delivery Account	800,000	205,000	281,000	293,000	
Lake Mead ICS ⁽²⁾	1,657,000	1,622,000	1,544,000 ^(4a)	1,140,000 ^(4a)	1,544,000
Subtotal	2,457,000	1,622,000	1,749,000	1,421,000	1,544,000
State Water Project					
Arvin-Edison Storage Program ⁽³⁾	350,000	100,000	119,000	100,000	136,000
Semitropic Storage Program	350,000	190,000	227,000	158,000	190,000
Kern Delta Storage Program	250,000	141,000	142,000	137,000	140,000
Mojave Storage Program	330,000 ⁽⁶⁾	19,000 ⁽⁶⁾	19,000 ⁽⁶⁾	19,000 ⁽⁶⁾	19,000 ⁽⁶⁾
AVEK Storage Program	30,000	27,000	27,000	27,000	27,000
AVEK High Desert Water Bank	112,000	280,000 ⁽⁴⁾	11,000	N/A	11,000
Castaic Lake and Lake Perris ⁽⁴⁵⁾	219,000	219,000	3,000	219,000	49,000
State Water Project Carryover ⁽⁵⁶⁾	350,000 ⁽⁷⁾	529,000	325,000	383,000	31,000
Emergency Storage	381,000	381,000	381,000	381,000	381,000
Subtotal	2,372,000	2,338,000	1,413,000	1,163,000	875,000
Within Metropolitan's Service Area					
Diamond Valley Lake ⁽⁷⁾	810,000	753,000	788,000	494,000	753,000
Lake Mathews and Lake Skinner ⁽⁷⁾	182,000	226,000	168,000	188,000	155,000
Lake Skinner	44,000	39,000	39,000	39,000	39,000
Subtotal Conjunctive Use Programs ⁽⁸⁾	1,036,000	210,000	960,000	84,000	688,000
Member Agency Storage Programs					
Conjunctive Use Subtotal	210,000	1,246,000	56,000	1,060,000	10,000
Other Programs					
DWA / CVWD Advance Delivery Account	800,000	381,000	205,000	281,000	
Emergency Storage	381,000	381,000	381,000	381,000	
Total	6,075,000	6,387,000	4,178,000	4,529,000	2,994,000

Source: Metropolitan.

⁽¹⁾ Water storage capacity and water in storage are rounded and measured based on engineering estimates and are subject to change. Information as of January 1, 2025 is based on preliminary estimates.

⁽²⁾ See 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," in this Appendix A.

⁽⁴⁾ This reflects the full storage capacity as the recharge basins have been constructed. Full recharge and recovery operation 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."

- (4)(5) Flexible storage allocated to Metropolitan under its State Water Contract. Withdrawals must be returned within five years.
- (5) ~~Includes Article 56 Carryover of~~ ⁽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 reflects the limit at the current 35% SWP Table A Allocation. Includes carryover of Metropolitan, Coachella Valley Water District, and Desert Water Agency, prior year carryover, non-project carryover, and carryover of curtailed deliveries pursuant to Article 14(b) and Article 12(e) of Metropolitan's State Water Contract. See "Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – Metropolitan Article 56 Carryover."
- (6) ~~The Mojave storage agreement was amended in 2011 to allow for cumulative storage of up to 390,000 acre-feet. Since January 1, 2011, Metropolitan has stored 60,000 acre feet, resulting in a remaining balance of storage capacity of 330,000 acre feet. 41,000 acre feet of the 60,000 acre feet stored have been returned, leaving a remaining balance in storage of 19,000 acre feet. See "Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – Mojave Storage Program."~~
- (7) ~~A capacity of 350,000 acre feet is estimated to be the practical operational limit for carryover storage considering Metropolitan's capacity to take delivery of carryover supplies before San Luis Reservoir fills.~~
- (8) ~~Includes~~ ⁽⁷⁾ Storage in Metropolitan reservoirs includes 369,000 acre-feet of emergency storage in Metropolitan's reservoirs in 2022, 2023, and 2024.
- (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)(9) Represents Metropolitan's historical highest level of water in storage.
- (10) ~~This amount does not include water Metropolitan stores for IID in Lake Mead.~~
- (11) ~~Currently constructed storage capacity. The storage capacity at completion of construction is anticipated to be 280,000 acre feet. See "Water Transfer, Storage and Exchange Programs – State Water Project Agreements and Programs – Antelope Valley East Kern High Desert Water Bank Program."~~

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.

General Conservation

~~The~~ 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. ~~Water conservation is an integral component of Metropolitan's IRP, WSDM Plan, and Water Supply Allocation Plan.~~

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-Integrated Water Resources Plan and Climate~~ 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 \$~~57~~56 million in fiscal year ~~2022-23~~2023-24. In addition, Metropolitan also spent \$3 million in water conservation outreach and education. During fiscal year

~~2022-2023~~2023-24, water savings achieved through new and prior-year conservation investments under Metropolitan's Conservation Credits Program were approximately ~~207,000~~210,000 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. ~~Historically, revenues collected by Metropolitan's Water Stewardship Rate and available grant funds funded conservation incentives, local resource development incentives, and other water demand management programs. Until December 31, 2020, the Water Stewardship Rate was charged on every acre foot of water conveyed by Metropolitan, except on water delivered to SDCWA pursuant to the Exchange Agreement (see "METROPOLITAN REVENUES Water Rates" and "Litigation Challenging Rate Structure" in this Appendix A) in calendar years 2018, 2019, and 2020. Beginning with calendar year 2021, the Water Stewardship Rate has no longer been incorporated into Metropolitan's rates and charges. See "METROPOLITAN REVENUES Rate Structure Water Stewardship Rate" in this Appendix A. See "METROPOLITAN REVENUES Rate Structure" in this Appendix A.~~

~~In addition to ongoing conservation, Metropolitan has developed a WSDM Plan, which splits resource actions into two major categories: Surplus Actions and Shortage Actions. See "Water Surplus and Drought Management Plan." Conservation and water efficiency programs are part of Metropolitan's resource management strategy which makes up these surplus and shortage actions.~~

~~The Water Supply Allocation Plan allocates Metropolitan's water supplies among its member agencies, based on the principles contained in the WSDM Plan, to reduce water use and drawdowns from water storage reserves. See "Water Supply Allocation Plan." 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.

~~Metropolitan's water transactions projections incorporate an estimate of conservation savings that will reduce retail demands. Current projections include an estimate of additional water use efficiency savings resulting from Metropolitan's 2015 IRP Update goals that included the reduction of overall regional per capita water use by 20 percent by 2020 from a baseline of average per capita water use from 1996-2005 in Metropolitan's service area. As of calendar year 2020, per capita water use in Metropolitan's service area had reached the 20 percent reduction by 2020 target.~~

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, and 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.~~

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 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 ~~2024-25~~2024-25.

Variability in Hydrological Conditions in Recent Years

~~Drought Response Actions~~

~~The most recent drought in California lasted from 2020 through 2022. The Water Years 2020 through 2022 combined ranked as the three driest years in California's statewide precipitation record. Beginning in April 2021, Governor Newsom issued a series of drought emergency proclamations affecting various counties throughout the State, culminating in an October 19, 2021, proclamation declaring a drought state of emergency to be in effect statewide and directing local water suppliers to implement water shortage contingency plans at a level appropriate to local conditions. On March 28, 2022, Governor Newsom issued an executive order directing the SWRCB to consider adopting regulations by May 25, 2022, to require urban water suppliers with water shortage contingency plans to implement, at a minimum, shortage response actions for a shortage level of up to 20 percent (a "Level 2" shortage). On May 24, 2022, in response to the executive order, the SWRCB adopted an emergency water conservation regulation. The adopted regulation temporarily banned irrigating turf with potable water at commercial, industrial, and institutional properties, such as grass in front of or next to large industrial or commercial buildings. The ban did not include watering turf used for recreation or other community purposes, water used at residences or water to maintain trees. The regulation also required all~~

~~urban water suppliers to implement conservation actions under Level 2 of their water shortage contingency plans.~~

~~From early 2021, in response to dry conditions~~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, ~~such as 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 Following the Governor's October 2021 proclamation of a statewide drought emergency, on November 9, 2021, Metropolitan's Board of Directors declared a drought emergency and called on its member agencies in the portion of Metropolitan's service area that can only receive Metropolitan's supplies through the State Water Project system (referred to herein as the SWP Dependent Area) to use increased conservation measures or other means to reduce their use of those supplies. To assist in these conservation efforts, Metropolitan's Board also approved a series of measures to expand various rebate and water efficiency programs. On April 26, 2022, Metropolitan's Board approved the framework of an Emergency Water Conservation Program for the SWP Dependent Area to further reduce demand on State Water Project supplies. In 2022, due to historically dry conditions, DWR exercised a provision of the State water supply contracts that allowed DWR to provide State Water Project water to certain State Water Project contractors, that was in addition to the contracted amounts, to the five percent allocation in 2022, for the first time in history, DWR used a provision of the SWP Contract to allocate water on a basis other than Table A to meet minimum demands for domestic supply, fire protection or sanitation. Theof Contractors for human health and safety supplies received were required to be returned within five calendar years of the calendar year of delivery, with certain mandatory returns to be made in years when State Water Project allocations were 40 percent of contracted amounts or greater. Under this provision,needs.~~ Metropolitan requested and received from DWR delivery of ~~an additional 133,842 acre-feet 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 ~~in calendar year 2022~~ using a combination of CRA deliveries, storage reserves and supplemental water transfers and purchases. ~~In 2022, approximately 28,000 acre feet of water transfers were secured.~~

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 calendar year 2024, the State Water Project watersheds received above average snowpack and near-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 resulted in a final SWP Table A allocation of 40 percent. Meanwhile, the Upper Colorado River Basin received an above average snowpack and near-average precipitation, with runoff at 82 percent of normal in calendar year 2024. The above normal water year enabled Metropolitan to put additional water into Metropolitan’s storage accounts in calendar year 2024, including puts into San Luis Reservoir and groundwater banks in the San Joaquin Valley. As a result, Metropolitan ended calendar year 2024 with a new record high amount of dry-year storage.

Metropolitan ~~has planned and prepared for dry conditions by investing in vital infrastructure to increase its storage capacity and enhance operational flexibility. The Emergency Water Conservation Program was intended as a short-term policy in response to the severe drought conditions that existed and infrastructure constraints that severely limited the delivery of State Water Project supplies~~ 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. ~~Metropolitan was awarded \$50 million in reimbursement grant funding from the State of California in the State’s fiscal year 2022-23 budget for a set of drought emergency mitigation projects to move locally stored water into the SWP Dependent Area,~~ 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*.”

~~Due to improved hydrologic conditions and an increased State Water Project allocation for 2023, the Board voted to rescind the Emergency Water Conservation Program on March 14, 2023. On March 24, 2023, the Governor announced that several of the Statewide water conservation measures previously imposed would be eased. All of the 133,842 acre-feet of health and safety supplies received by Metropolitan in 2022 were returned by the end of June 2023. Metropolitan continues to encourage responsible and efficient water use.~~

~~Actions taken in response to the 2020-2022 drought by the State, Metropolitan's Board and Metropolitan's member agencies, as well as the subsequent extreme precipitation in 2023 and a wet winter in 2024, have contributed to reduced water demands in Metropolitan's service area. Such significant variances in hydrology may become more common in the future due to the effects of climate change. Metropolitan's financial reserve policy provides funds to manage through periods of reduced sales. See "METROPOLITAN REVENUES Financial Reserve Policy" in this Appendix A. In years when actual sales are less than projections, Metropolitan uses various tools to manage reductions in revenues, such as reducing expenditures below budgeted levels, reducing funding of capital projects from revenues, and drawing on reserves. See also "MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A.~~

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 ~~2013~~2014 through ~~2022~~2023 (the most recent full year information available), non-Metropolitan sources met about ~~54~~55 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 ~~with heavy rainfall, while others, Agencies~~ with ample groundwater supplies, ~~purchase Metropolitan water~~ only 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.

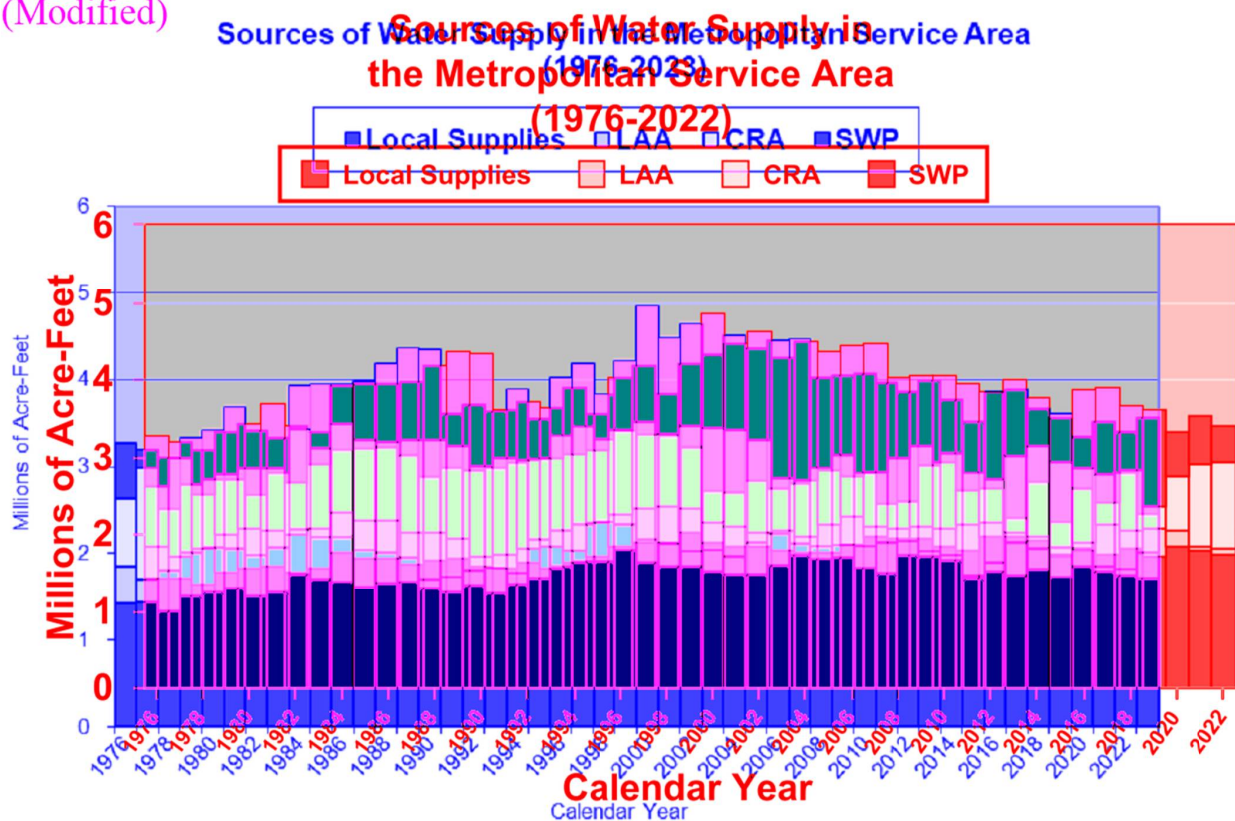
In recent years, supplies and demands have been affected by extreme weather variability (including drought and wet weather and drought), water use restrictions, economic conditions, ~~weather conditions~~ and environmental laws, regulations and judicial decisions, as described in this Appendix A under "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 ~~2022~~2023 (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.

(Modified)



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 five percent of the region's water needs based on a ten-year average from calendar years ~~2013~~2014 through ~~2022~~2023 (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 ~~2013~~2014, Los Angeles Aqueduct water deliveries to the City have 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. Average water deliveries to the City from the Los Angeles Aqueduct were approximately ~~186,000~~196,000 acre-feet per calendar year between calendar years ~~2018~~2019 and ~~2022~~2023 (meeting approximately ~~3741~~ percent of the City's annual water needs). However, during calendar year ~~2022~~2023, water deliveries to the City from the Los Angeles Aqueduct were approximately ~~71,000~~299,000 acre-feet (meeting approximately ~~1567~~ percent of the City's water need for calendar year 2022). Consequently, the amount of water purchased by the City from Metropolitan also varies with the fluctuations of Los Angeles Aqueduct supply. During the past five calendar years ~~2018~~2019 through ~~2022~~2023, 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 ~~368,000~~367,000 acre-feet in calendar year 2021.

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 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–Integrated Water Resources Plan and Climate~~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 ~~2013~~2014, approximately ~~1.14~~1.10 million acre-feet per year, about one-third of the annual water demands for the approximately ~~19~~18.6 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 will result in a reduction of the total groundwater storage from 210,000 acre-feet to 115,000 acre-feet. Extraction capacity will be reduced 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 ("RCP") 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. ~~This program was not reauthorized for 2023 nor 2024.~~

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 help 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 125,000 acre-feet per year. Total groundwater recovery use under executed agreements with Metropolitan was estimated to be approximately ~~53,700~~51,216 acre-feet in calendar year ~~2022~~2023. Additionally, ~~81,000~~77,644 acre-feet of recovered groundwater was produced by local agencies through other independently funded and developed sources in ~~2022~~2023.

Surface Runoff. Local surface water resources consist of runoff captured in storage reservoirs and diversions from streams. Since ~~2013~~2014, member agencies have used an average of ~~76,000~~82,000 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 during such period of ~~124,000~~148,000 acre-feet in calendar year ~~2020~~2023 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. The programs accepted applications through December 31, 2021. Together, Metropolitan committed up to \$12.5 million under these programs. The 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 88 recycled water projects with total expected contract yields of about ~~357,000~~350,200 acre-feet per year. During fiscal year ~~2022-23~~2023-24, Metropolitan provided incentives for approximately ~~56,500~~45,400 acre-feet of recycled water under these agreements.

Additionally, ~~422,000~~433,000 acre-feet of recycled water (including wastewater discharged to the Santa Ana River that percolates into downstream groundwater basins) was produced in fiscal year ~~2022-23~~2023-24 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 ~~2024~~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 ~~March~~January 1, ~~2024~~2025 the On-Site Retrofit Program has provided ~~\$13.17~~15.8 million to ~~499~~550 projects that offset approximately ~~14,010~~15,360 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 (“LACSD”) to implement a demonstration project and to establish a framework of terms and conditions of PWSC. In 2024, Metropolitan executed a new agreement with LACSD to memorialize LACSD’s 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 LACSD’s 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, ~~and~~ for indirect potable reuse (“IPR”), 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 ~~membrane bioreactor (“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.

If implemented, PWSC as proposed would have the flexibility to produce purified water suitable for Direct Potable Reuse (“DPR”) through ~~raw water augmentation~~RWA at two of Metropolitan’s treatment plants (Weymouth and Diemer). The SWRCB Division of Drinking Water (“DDW”) has ~~proposed~~adopted 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. ~~On December 19, 2023, the SWRCB approved a resolution to adopt the final DPR regulations. The regulations were subsequently approved by California’s Office of Administrative Law on August 6, 2024, and will be effective on October 1, 2024. With these new~~With these regulations in place, a greater percentage of water produced by PWSC would be available for the potable water system.

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. The draft EIR is scheduled for completion in the ~~first~~second quarter of 2025, with an action requesting Board approval anticipated to occur at the ~~end of 2025 or the~~ beginning of 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.

Metropolitan has ~~also~~ been active in pursuing partnerships with other agencies in connection with the development of PWSC. In November 2020, Metropolitan and LACSD executed an amendment to ~~the 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. 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 ~~the certain~~ Arizona ~~Parties parties~~ (Central Arizona Project and Arizona DWR) for a \$6 million financial contribution similar to the SNWA agreement. ~~Overall~~ In April 2024, Metropolitan has received ten letters of interest in the project from 15 different agencies. began a collaborative process with the Metropolitan member agencies that would be interested in purchasing water from PWSC to develop a formal agreement by early 2026.

~~In addition,~~ Metropolitan received \$80 million in grant funding for PWSC from the State of California in the State's fiscal year ~~2022-23~~ 2022-23 budget. Work performed under this funding will continue into 2026. In May 2024, the Bureau of Reclamation announced ~~they intend to grant~~ Metropolitan was awarded grant funding of \$99 million to advance the 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 ~~this grant~~ 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."

If approved, the total costs of design and construction of Phase 1 of PWSC are currently estimated to be approximately \$6.4 billion (in 2023 dollars). 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 Metropolitan's Capital Investment Plan ("CIP"). However, for planning purposes, Metropolitan has made certain assumptions about the potential capital costs that may be incurred by Metropolitan over the ten-year financial forecast provided in its biennial budget for fiscal years ~~2024-25~~ 2024-25 and ~~2025-26~~ 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. Metropolitan's financial projections for fiscal years ~~2024-25~~ 2024-25 through 2028-29 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 ~~has assumed~~ currently assumes may be incurred with respect to PWSC (if approved) in addition to its projected CIP expenditures for fiscal years ~~2024-25~~ 2024-25 through 2028-29. See also "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this

Appendix A for additional information regarding the future debt financing Metropolitan has assumed may be incurred with respect to PWSC (if approved).

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 permitting design stage that could receive LRP incentives. South Coast Water District ("South Coast") is proposing designing a 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 ~~is expected to award a contract to a progressive design build consultant in 2024. The 50 mgd Huntington Beach Seawater Desalination is no longer under development after failing to obtain a coastal development permit. LRP applications for potential projects would be considered by~~ has awarded a Phase 1 progressive design-build-operate-maintain contract. In April 2024, Metropolitan's Board ~~after they are permitted, free of litigation, and authorized to proceed by their developing agencies.~~ authorized the General Manager to enter into an LRP Agreement with the Municipal Water District of Orange County and South Coast for the Doheny Project for up to 5,600 acre-feet per year.

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.

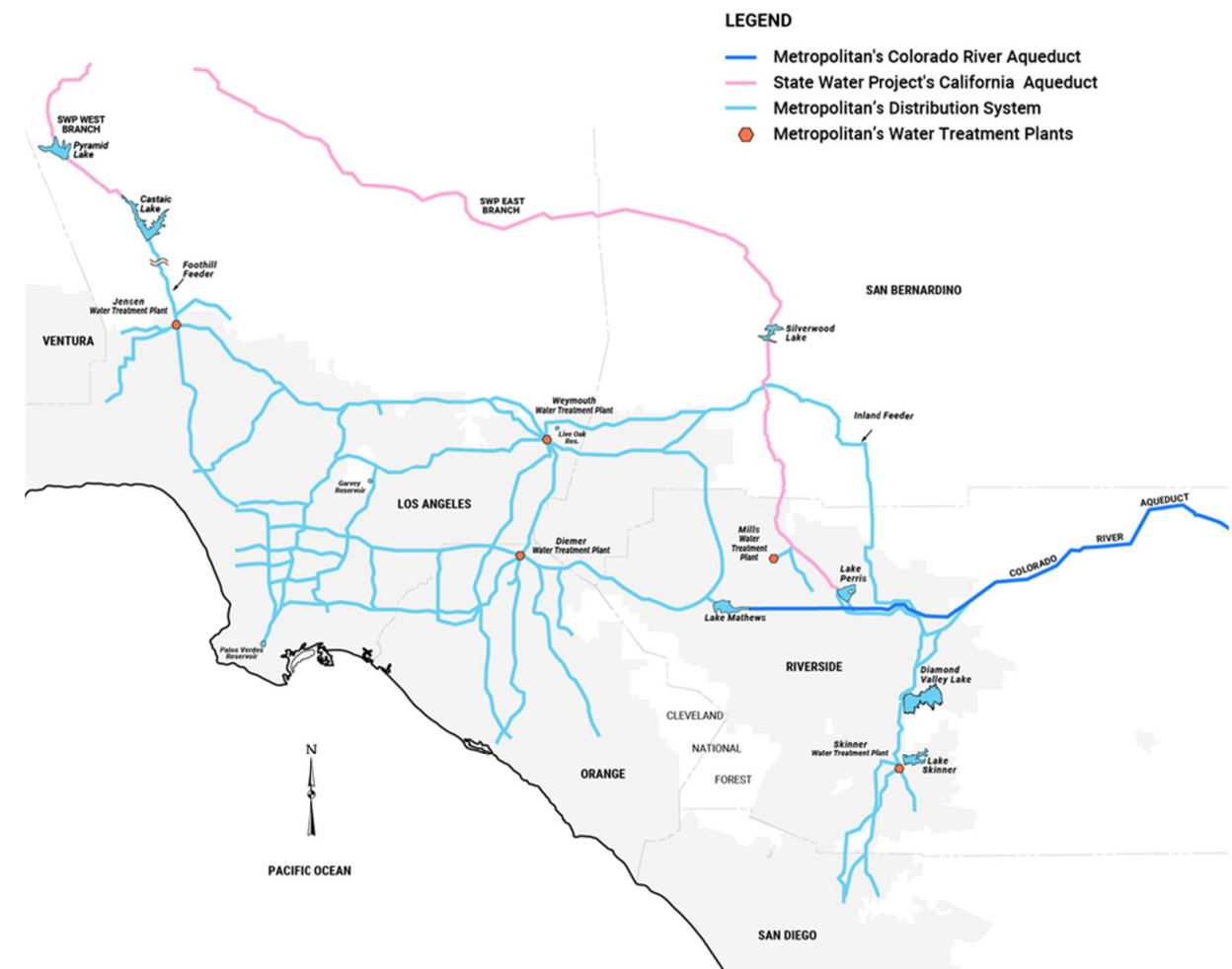
METROPOLITAN'S WATER DELIVERY SYSTEM

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 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~~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 that allow Metropolitan to store available supplies in the Central Valley for return later. These programs help manage supplies by putting into storage surplus water in

years when it is available and converting that to 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 three of Metropolitan’s groundwater storage program partners through monitoring performed by these agencies. 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. 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, Metropolitan has suspended the return of groundwater by direct pump back into the State Water Project from this program until the water quality concerns can be further evaluated and managed. When surface water storage is available to Arvin-Edison, it may provide that water to Metropolitan in lieu of groundwater and deduct an equivalent amount from Metropolitan’s groundwater storage account. In 2023, Metropolitan took return of approximately ~~18,900~~19,000 acre-feet via surface water exchanges under this arrangement. ~~In~~Metropolitan did not take any return of supplies in 2024. In 2025, Metropolitan is exploring opportunities to access stored water via surface water exchanges. However, the potential exchange amount to be available through surface water exchanges is significantly less than Metropolitan’s contractual capacity. 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.

Possible remediation measures include, for example, return water with other surface water supplies, removal of wells from service, return water by exchange, or treatment. Additional capital and/or operation and maintenance costs could be incurred by Metropolitan in connection with remediation options, but the magnitude of such costs is not known at this time. To the extent return water under one or more groundwater storage programs could not be utilized due to groundwater quality, 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 (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.

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 ~~convincing~~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 ~~proposed~~then-proposed, and now adopted, MCL of 10 µg/L for hexavalent chromium 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. ~~Per- and poly-fluoroalkyl~~ In recent years, state and federal agencies have undertaken a variety of efforts towards the development of legislation, laws and regulations regarding per- and poly-fluoroalkyl 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 synthetic organic chemicals in the group of compounds referred to as PFAS. 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 issued 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, the SWRCB 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, OEHHHA 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.

~~The~~In 2016, the USEPA established non-enforceable and non-regulatory health advisories ~~in 2016~~ 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 ~~January 19, 2021~~June 15, 2022, the USEPA ~~announced that it is considering whether to designate PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (“CERCLA”) and/or hazardous waste under the Resource Conservation and Recovery Act (“RCRA”).~~ On established new interim, updated drinking water health advisories for PFOA and PFOS to replace the health advisories established in 2016. The non-enforceable and non-regulatory interim, updated lifetime health advisories for PFOA and PFOS in drinking water are established 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.

In February 22, 2021, the USEPA announced its proposed revisions to the Fifth Unregulated Contaminant Monitoring Rule (“UCMR 5”) for public water systems. On December 27, 2021, the USEPA published the final 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 sample collection from 2023 through 2025, with reporting of final results through 2026.

On March 3, 2021, the USEPA published its final regulatory determination to regulate PFOA and PFOS in drinking water. On April 10, 2024, the USEPA announced final regulations establishing the first national drinking water standards for six PFAS. The regulations ~~will be effective 60 days after they are published in the Federal Register and set~~ became effective on June 25, 2024. The regulations set numeric limits for five individual PFAS: PFOA, PFOS, perfluorononanoic acid (“PFNA”), hexafluoropropylene oxide dimer acid (commonly known as “GenX chemicals”), and PFHxS. In addition, the regulations set a hazard index MCL for any two or more of four PFAS as a mixture: PFNA, PFHxS, GenX chemicals, and PFBS. Under the regulations, the USEPA has set: (1) legally enforceable MCLs of 4 ppt for PFOA and PFOS; (2) non-enforceable health-based MCLGs for PFOA and PFOS at 0; (3) ~~aan~~ MCL and MCLG of 10 ppt for PFNA, PFHxS and GenX chemicals; and (4) a hazard index of 1.0 as ~~MCLs~~the MCL and ~~MCLGs~~MCLG for any mixture containing two or more of the four PFAS: PFNA, PFHxS, GenX chemicals, and PFBS. The hazard index is a tool used to evaluate health risks from exposure to multiple chemicals. To determine the hazard index for these four PFAS, water systems ~~would~~will be required to compare the amount of each of the four PFAS in drinking water to its associated Health Based Water Concentration (“HBWC”), which is the level below which no health effects are expected for that PFAS. Water systems would add the comparison value for each PFAS (expressed as a fraction) contained within the mixture. If the sum value is greater than 1.0, it would be an exceedance of the hazard index MCL for PFNA, PFHxS, GenX chemicals, and PFBS. The adopted rule ~~would require~~requires public water systems to monitor for the regulated PFAS, notify the public if monitoring detects such PFAS at levels that exceed the regulatory standards, and reduce the levels of such PFAS in drinking water if they exceed the standards. Regulated public water systems will have three years to complete their initial monitoring for these PFAS and must include information about the results of their monitoring in their annual water quality reports to customers. Public water systems that detect PFAS above the new standards will have five years to implement solutions to reduce the PFAS to meet the standards. On June 7, 2024, American Water Works Association and the Association of Metropolitan Water Agencies filed a Petition for Review asking the D.C. Circuit Court to decide whether the USEPA acted appropriately in setting MCLs and MCLGs for six PFAS. Subsequently, the National Association of Manufacturers, American

Chemistry Council, and The Chemours Company FC, LLC filed petitions for review, and the NRDC and several community groups filed motions to intervene in support of USEPA's final rule. On February 7, 2025, the D.C. Circuit Court granted the USEPA's motion to stay the legal challenges for 60 days to give the new Administration time to review the USEPA's April 2024 PFAS rule. On April 8, 2025, the USEPA asked for an additional 30 days to allow new agency leadership to review the rule. The D.C. Circuit Court granted the USEPA's request and directed the USEPA to file a motion to govern future proceedings in the case by May 12, 2025.

On ~~October 18~~January 19, 2021, the USEPA published a ~~“PFAS Strategic Roadmap: EPA’s Commitments to Action, 2021–2024”~~ (PFAS Roadmap). The document outlines four main drinking water actions that the USEPA intends to complete from 2021 to 2024: (1) ~~conduct nationwide monitoring for PFAS in drinking water as part of the UCMR 5 process;~~ (2) ~~establish national primary drinking water regulations for PFOA and PFOS by Fall 2023;~~ (3) ~~publish health advisories for GenX chemicals and PFBS by Spring 2022;~~ and (4) ~~publish updates to PFAS analytical methods to monitor drinking water by Fall 2024.~~ On December 27, 2021, the USEPA published the final UCMR 5 for public water systems which includes monitoring for 29 PFAS in drinking water. UCMR 5 requires ~~pre-sampling preparations in 2022, sample collection from 2023–2025, and reporting of final results through 2026.~~ On June 15, 2022, the USEPA established new interim, updated drinking water health advisories for PFOA and PFOS to replace the health advisories established in 2016. The non-enforceable and non-regulatory interim, updated lifetime health advisories for PFOA and PFOS in drinking water are established 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 and PFBS of 10 ppt and 2,000 ppt, respectively. announced that it was considering whether to designate PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (“CERCLA”) and/or hazardous waste under the Resource Conservation and Recovery Act (“RCRA”). On September 6, 2022, the USEPA issued a proposed rule designating PFOA and PFOS as hazardous substances under CERCLA. On April 13, 2023, ~~EPA~~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. 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 in defense of the USEPA’s final rule. On February 24, 2025, the D.C. Circuit Court granted the USEPA’s motion to stay the legal challenges for 60 days to give the new Administration time to review the USEPA’s May 2024 CERCLA rule. The court ordered the USEPA to file motions to govern future proceedings in the cases on April 25, 2025.

On February 8, 2024, the USEPA issued two proposed rules: (1) listing 9 PFAS (PFOA, PFOS, PFBS, HFPO-DA or GenX, PFNA, PFHxS, PFDA, PFHxA, and PFBA) as hazardous constituents under the 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. Listing any PFAS as hazardous waste under RCRA would result in the automatic designation of that PFAS as a hazardous substance under CERCLA. Metropolitan will continue to monitor and participate in federal and state rulemaking proceedings.

PFOA and PFBS have not been detected in Metropolitan’s imported or treated water supplies. In each year from 2019, 2020, 2021, and 2022 through 2023, Metropolitan detected in its supplies low levels of PFHxA, which is not acutely toxic or carcinogenic and is not currently regulated in California or at the federal level. In 2021, Metropolitan detected for the first time in its supplies low levels of perfluorobutanoic acid (“PFBA”), perfluoropentanoic acid (“PFPeA”), and PFOS. Low levels of PFBA

and PFPeA were again detected in Metropolitan's supplies in 2022, and low levels of PFBA were also detected in Metropolitan's supplies in 2023. In 2024, the only PFAS detected was PFDA, which was found at a very low level in source water. Metropolitan has not identified any specific sources of these PFAS that have reached its water supplies, and the ~~concentrations detected to date are~~ occasional PFAS detections remain well below the State's required reporting values and levels requiring notification or response.

Although Metropolitan has not identified any specific sources of these PFAS in its supplies, PFHxA is a common PFAS believed to be an impurity that is inadvertently produced during the manufacture of other PFAS. It is also a breakdown product from lubricants, coatings on food packaging, and household products. PFOS is widely used in surface treatments of carpets, textiles, leather, paper, and cardboard, as a surfactant in extinguishing foams, as a mist suppressant in chrome plating, and as a surfactant in the mining and oil industries. PFBA is a breakdown product of other PFAS that are used in stain-resistant fabrics, paper food packaging, and carpets; it is also used for manufacturing photographic film. It has been used as a substitute for longer chain perfluoroalkyl carboxylic acids in consumer products. PFPeA is a breakdown product of stain- and grease-proof coatings on food packaging, couches, and carpets. PFOA and PFOS have also been detected in groundwater wells in the region, including those of certain member agencies. Metropolitan may experience increased demands for its imported water to help offset the potential loss of any affected local supplies.

More than ~~7,000~~ 10,000 cases regarding PFAS in aqueous film-forming foams ("AFFF") have been filed in the AFFF Multi-District Litigation ("MDL") Master Docket No. 2:18-mn-2873-RMG (the "AFFF MDL") since 2018. On June 2, 2023, E.I. Du Pont de Nemours and Company (n/k/a EIDP, Inc.), DuPont de Nemours Inc., The Chemours Company, The Chemours Company FC, LLC, and Corteva, Inc. (collectively, "DuPont") announced a proposed settlement with all eligible public water systems ("PWSs") in which DuPont agreed to pay \$1.185 billion (the "DuPont Settlement"). On June 22, 2023, the 3M Company ("3M") announced a proposed settlement with eligible PWSs in which, starting in July 2024, 3M would pay PWSs between \$10.5 billion and \$12.5 billion ("3M Settlement"), which would be the largest contaminated drinking water settlement in U.S. history. On April 12, 2024, Tyco Fire Products LP ("Tyco") announced a proposed class action settlement with all eligible PWSs where it agreed to pay \$750 million ("Tyco Settlement"). The class of PWSs in the Tyco Settlement includes any PWS that has detected PFAS in its drinking water sources as of May 15, 2024. On May 21, 2024, BASF Corporation agreed to pay \$316.5 million to all eligible PWSs as part of a proposed class action settlement ("BASF Settlement"). The class of PWSs in the BASF Settlement is the same as the class of PWSs in the Tyco Settlement. The terms of the Tyco and BASF Settlements are substantially similar to those in the 3M and DuPont Settlements. All eligible PWSs will be automatically included in the settlements and bound by the settlements' very broad release provisions unless they "opt out" by the deadlines applicable to the respective settlements. The funds in each settlement proposal would then be allocated among all eligible PWSs that do not "opt out" and who submit claims to the funds. The settlement classes in each of these settlements could include thousands of PWSs.

In order to preserve its rights to pursue independent legal action for potential future claims, on November 14, 2023, Metropolitan's Board voted to opt out of both the DuPont and 3M Settlements. Metropolitan submitted its opt-out requests by the deadlines, and confirmed its requests to opt out of the DuPont and 3M Settlements have been accepted. However, Metropolitan continues to evaluate the potential impact of one of the parties' guidance documents regarding the settlements which the judge approved and which indicates that even if a wholesaler opts out of the settlements, if its retail customer is a settlement class member, the broad releases would extend to the wholesaler as to the water it provided to the settlement class member except to the extent the wholesaler shows it had the obligation for and bore unreimbursed PFAS-treatment costs for that water independent of the retail customer. The judge granted final approval of the DuPont Settlement on February 8, 2024. Final approval of the 3M Settlement was granted on March 29, 2024. On June 11, 2024, the judge granted preliminary approval of

the Tyco Settlement, and on July 3, 2024, granted preliminary approval of the BASF Settlement. The last day to opt out of the Tyco Settlement ~~is was~~ September 23, 2024, and the last day to opt out of the BASF Settlement ~~is was~~ October 15, 2024. Metropolitan opted out of both settlements. The final fairness hearing on the Tyco Settlement and the BASF Settlement ~~is scheduled for~~ took place on November 1, 2024. On November 22, 2024, the judge gave final approval of both the Tyco and BASF Settlements.

Seismic Considerations and Emergency Response Measures

General. ~~Metropolitan's~~ 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 ~~at the~~ 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 Metropolitan's distribution system. 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. 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 are ongoing, ~~with currently approved projects anticipated to~~. Building improvements to the shop facilities will be completed in early 2025, and refurbishment or replacement of the remaining aging equipment will follow. 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 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 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 recommendations have been implemented or implementation is 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 are an ever-present reality 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 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 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 system operations to enhance flexibility and support response efforts for affected member agencies. In addition, Metropolitan 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.](#)

[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.

~~Wildfires are an ever present reality in Southern California.~~ Metropolitan also continues to actively prepare for wildfires by collaborating with partner agencies such as ~~the California Department of Forestry and Fire Protection (Cal Fire)~~ 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. ~~Metropolitan also collaborates frequently with its member agencies and first responders from other public agencies. This collaboration includes coordination with local fire departments during~~ 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. ~~Additionally, Metropolitan has a five-year exercise plan that provides member agencies the opportunity to run exercises together before a disaster happens.~~ Metropolitan tests its emergency communications processes through regular tests of emergency radio networks, satellite phones, mass-communication alerting systems, and online information sharing systems.

~~Metropolitan has also implemented measures to protect employees from the impacts of wildfires such as upgrading HVAC systems in control centers to improve the filtration of smoke and other pollutants and sending emergency notifications to employees to warn them of unhealthy air quality due to nearby fires.~~

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, 2025 through 2029, as reflected in the biennial budget for fiscal years ~~2024-25~~2024-25 and ~~2025-26~~2025-26.

In addition to the projected CIP expenditures, a projection of estimated capital expenditures by Metropolitan for PWSC for the fiscal years ending June 30, 2025 through June 30, 2029 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 biennial budget for fiscal years 2024-25 and 2025-26. 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 ~~fall or winter of 2025~~2026. For a description of PWSC, see “REGIONAL WATER RESOURCES—~~Local~~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)**

	2025	2026	2027	2028	2029	Total
Infrastructure R&R	\$ 223,275	\$ 254,200	\$ 276,461	\$ 296,624	\$ 297,679	\$1,348,239
Infrastructure Upgrade	6,799	5,076	8,100	1,861	9,163	30,999
Regulatory Compliance	1,047	1,141	1,135	1	7,195	10,519
Stewardship	19,633	13,108	16,299	36,917	16,028	101,985
Supply Reliability	3,275	11,315	8,118	8	0	22,716
						149,419 149,419
System Flexibility	55,084	27,007	19,271	15,186	32,871	19
Water Quality	2,887	12,633	8,075	361	2,060	26,016
CIP Total	\$ 312,000	\$ 324,480	\$ 337,459	\$ 350,958	\$ 364,996	\$1,689,893
PWSC ⁽²⁾	0	0	1,052,057	1,333,219	1,805,740	4,191,016
Total CIP and PWSC⁽²⁾	\$ 312,000	\$ 324,480	\$1,389,516	\$1,684,177	\$2,170,736	\$5,880,909

Source: Metropolitan.

- (1) ~~Metropolitan’s CIP expenditures for fiscal years 2022-23 and 2023-24 totaled approximately \$624.7 million.~~ Projected CIP expenditures for fiscal years 2024-25 through 2028-29 are based on the ten-year financial forecast provided in the biennial budget for fiscal years 2024-25 and 2025-26.
- (2) PWSC is not a capital program in Metropolitan’s CIP, but the projected capital expenditures based on the most recent cost estimates have been included for planning purposes. Approval by Metropolitan’s Board is required to include PWSC in the CIP, which has not occurred. The projected capital expenditures for PWSC, if approved, as set forth in the table above reflect ~~the Metropolitan’s share of~~ total estimated capital costs 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 ~~(as described under “Capital Investment Plan Financing” below)~~ ~~assume~~assumes that a portion of the projected capital expenditures for PWSC (approximately \$325.3 million in fiscal year 2026-27, \$482.4 million in fiscal year 2027-28, and \$653.4 million in fiscal year 2028-29) will be funded from other sources, including grants and contributions from potential partners.

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; 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 inflationary increases or tariffs), 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 ~~over the next five years~~ 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. ~~While the construction schedules for certain Metropolitan projects were initially delayed because of impacts due to COVID-19, normal construction activities and schedules have resumed. However, some projects continue to be impacted by~~ 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 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 56 percent and 54 percent of capital program expenditures from current revenues for fiscal years ~~2024-25~~ 2024-25 and 2025-26, respectively, was established in connection with the adoption of the biennial budget for fiscal years ~~2024-25~~ 2024-25 and 2025-26. The remainder of capital program 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 2028-29 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 ~~the~~ PWSC that may be available from grants and contributions by potential partners.

~~Projections~~ Metropolitan's financial projections for fiscal years ~~2024-25~~ 2024-25 through 2028-29 assume approximately \$640 million of the projected CIP expenditures (excluding any projected capital expenditures associated with PWSC) will be funded by revenue bonds over such period, which may include remaining proceeds from prior bond issuances. ~~Projections for the same period~~ In fiscal year 2024-25, Metropolitan issued \$280 million of revenue bonds to finance a portion of projected capital expenditures in fiscal years 2024-25 and 2025-26. Projections for fiscal years 2024-25 through 2028-29 with PWSC assume \$3,380 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 ~~\$1.04~~1.03 billion. Costs through ~~June 30, 2024~~February 28, 2025 were ~~\$514.1~~544.8 million. Budgeted aggregate capital expenditures for improvements on the CRA for fiscal years ~~2024-25~~2024-25 and ~~2025-26~~2025-26 are \$85.8 million.

Distribution System – Prestressed Concrete Cylinder Pipe. Metropolitan's distribution system ~~is comprised of approximately 830 miles of pipelines ranging in diameter from 30 inches to over 200 inches. (See (see~~ "METROPOLITAN'S WATER DELIVERY SYSTEM" in this Appendix A.) ~~There are~~includes 163 miles ~~of the distribution system that are made up~~ of prestressed concrete cylinder pipe ("PCCP"). In response to PCCP failures experienced by ~~several~~other water ~~agencies~~utilities, Metropolitan initiated the PCCP Assessment Program in December 1996 to evaluate the condition of ~~Metropolitan's~~sits PCCP lines and investigate inspection and refurbishment methods. As part of this program, Metropolitan ~~made improvements to several sections of PCCP. Rather than continue to make spot repairs to the pipe segments,~~ 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 2013 Metropolitan initiated a long-term capital program to prioritize and proactively rehabilitate with welded steel liner approximately 100 miles of PCCP in five pipelines ~~by relining with a welded steel liner~~. Significant projects over the next several years include relining of portions of Second Lower Feeder, Sepulveda ~~Feeders~~Feeder, and Allen McColloch Pipeline. Pipeline rehabilitation is prioritized based on the condition ~~of the pipe segment~~, risk of failure, and the criticality of the pipeline. The estimated cost to reline all 100 miles of PCCP is approximately ~~\$5.1~~5.2 billion. Through ~~June 30~~February 28, 20242025, approximately ~~18.8~~21.8 miles have been ~~re-lined and it~~relined and completion of the remainder is expected to take over 30 years ~~to complete the remainder of the pipelines~~. Costs through ~~June 30, 2024~~February 28, 2025, for all PCCP rehabilitation work (including the prior repairs) were ~~\$423.4~~484.6 million. Budgeted aggregate capital expenditures for PCCP rehabilitation for fiscal years ~~2024-25~~2024-25 and ~~2025-26~~2025-26 are \$66.5 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 billion. Costs through ~~June 30, 2024~~February 28, 2025, totaled approximately ~~\$584.3~~606.2 million. For fiscal years ~~2024-25~~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 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. Some of the projects commenced in the last two years. Significant projects in this category include Inland Feeder-Rialto Pipeline Intertie, Inland Feeder-Foothill Pump Station Intertie, 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. 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 \$~~496.8~~488.4 million, with \$~~273.7~~311.4 million spent through ~~June 30, 2024~~February 28, 2025 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 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, second stage of electrical upgrades at the Mills plant, ozonation system upgrade 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 billion, with \$1.2 billion spent through ~~June 30~~February 28, 20242025. Budgeted aggregate capital expenditures for improvements at all five plants for fiscal years 2024-25 and 2025-26 are \$122.8 million.

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 2023-24, *ad valorem* property taxes accounted for approximately 12 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 \$~~903~~912 per acre-foot ~~at the Tier 1 level~~, which became effective January 1, ~~2024~~2025. The basic rate for untreated water service for domestic and municipal uses will increase to \$~~912~~984 per acre-foot effective January 1, ~~2025~~2026. See "–Rate Structure" and "–Water Rates." The *ad valorem* tax rate for Metropolitan purposes ~~has had been~~ gradually ~~been~~ 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 Metropolitan's biennial budget for fiscal years 2024-25 and 2025-26 assumes the Board will increase the ad valorem tax rate to 0.0070 percent of full assessed valuation beginning in fiscal year 2024-25. [if new tax rate established in August add the following:] As assumed~~2024-25. In August

2024, as contemplated by the biennial budget for fiscal years 2024-25 and 2025-26, ~~in August 2024,~~ the Board established the *ad valorem* tax rate for fiscal year ~~2024-25~~2024-25 to 0.0070 percent.~~†~~ 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 subagencies to 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, 2024. Data for the three fiscal years ended on or prior to June 30, 2022 is presented on a modified accrual basis, consistent with Metropolitan's budgetary reporting for such fiscal years. In fiscal year 2022-23, the basis for budgeting was changed, therefore data for the fiscal years ended June 30, 2023 and 2024 is presented on a cash basis. All information is unaudited. Audited financial statements for the fiscal years ended June 30, ~~2023~~2024, and June 30, ~~2022~~2023, are included in APPENDIX B—"THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, ~~2023~~2024 AND JUNE 30, ~~2022~~2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, ~~2024~~2025 AND ~~2023~~2024 (UNAUDITED)."

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

	<u>Modified Accrual</u>			<u>Cash</u>
				<u>2023</u>
Water Revenues ⁽²⁾	\$	\$	\$	\$ 1,323
	1	1	1	
	4	€	4	
Taxes, Net ⁽³⁾	7	1	7	136
	1	1	1	
	€	€	7	
Additional Revenue Sources ⁽⁴⁾	5	5	2	184
	2	1		
Interest on Investments	0	0	7	21
	1	1		
Hydroelectric Power Sales	€	5	8	6
	1	1	3	
Other Revenues ⁽⁵⁾	4	4	5	166
Total Revenues	\$	\$	\$	\$ 1,836

Source: Metropolitan.

- (1) Does not include any proceeds from the sale of bonded indebtedness.
- (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 miscellaneous revenues and Build America Bonds (BABs) subsidy payments of \$2.9 million in fiscal year 2019-20, and \$0 in fiscal year 2020-21 and thereafter. All of Metropolitan's then-outstanding BABs were ~~retired as of~~ redeemed on July 1, 2020. Includes 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, and \$77.6 million in fiscal year 2023-24. Fiscal year 2022-23 also includes \$80 million in grant funding from the State for PWSC.

~~(6) Fiscal year 2023-24 information is based on preliminary results.~~

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. ~~The biennial budget for fiscal years 2024-25 and 2025-26 assumes the Board will increase the *ad valorem* tax rate beginning in fiscal year 2024-25. [if new tax rate established in August add the following:] As assumed by the biennial budget for fiscal years 2024-25 and 2025-26~~ As noted above, in August 2024, the Board increased the *ad valorem* tax rate for fiscal year ~~2024-25~~ 2024-25. 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. ~~However, 21 of Metropolitan's 26 member agencies have entered into 10 year voluntary water supply purchase orders ("Purchase Orders") effective through December 31, 2024. See "Member Agency Purchase Orders."~~ 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, 2024. As reflected in the table below, ~~estimated~~ water revenues for the fiscal year ended June 30, 2024, aggregated \$1,167.4 million (on a cash basis), of which \$~~990.3~~994.1 million was generated from water sales and \$~~267.1~~173.2 million was generated from exchanges and wheeling. Water revenues of Metropolitan for the fiscal years ended June 30, ~~2023~~2024, and June 30, ~~2022~~2023, on an accrual basis, are shown in Metropolitan’s audited financial statements included in Appendix B.

~~[Remainder of page intentionally left blank.]~~

SUMMARY OF WATER TRANSACTIONS AND REVENUES
Fiscal Years Ended June 30⁽¹⁾

Fiscal Fiscal Year	Water Transactions in Acre-Fee Member Agencies	Water Transactions in Acre-Feet Other	Water Transactions in Acre-Feet Total⁽²⁾	Water Revenues⁽³⁾ (\$ in millions)	Dollars Per- Acre-Foot Dollars Per Acre-Foot ⁽⁴⁾	Average Dollars Per 1,000 Gallons
2020	1,367,819	51,337	1,419,156	1,188.0	837	2.57
2021	1,573,965	75,551	1,649,516	1,404.7	892	2.61
2022	1,645,805	36,027	1,681,833	1,515.1	921	2.76
	1,385,776 <u>1,410,3</u>		1,398,852 <u>1,42</u>			
2023 ⁽⁵⁾	<u>88</u>	13,076	<u>3,464</u>	1,322.7	954 <u>938</u>	2.93 <u>2.88</u>
2024	1,169,263	72,760	1,242,023	1,167.4	998	3.06

Source: Metropolitan.

(1) Information for the fiscal years 2019-20 through 2021-22 is presented on a modified accrual basis; information for fiscal years ~~2022-23~~ 2022-23 and ~~2023-24~~ 2023-24 is presented on a cash basis. ~~Fiscal year 2023-24 information is based on preliminary results.~~

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

(3) Water Revenues include revenues from water sales, exchanges, and wheeling. Water Revenues from wheeling and exchange transactions were \$140.1 million, \$167.0 million, \$165.0 million, \$148.8 million and ~~\$267.1~~ \$173.2 million in the fiscal years ended June 30, 2020 through 2024, respectively.

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

(5) Fiscal Year 2023 has been updated to include 24,612 acre-feet of reverse cyclic program transactions.

Principal Customers

Total water transactions accrued for the fiscal year ended June 30, 2024, were 1.19 million acre-feet, generating \$1.22 billion in water revenues for such period ~~(based on preliminary results for fiscal year 2023-24), on an accrual basis.~~ Metropolitan's ten largest water customers for the year ended June 30, 2024 are shown in the following table, on an accrual basis. SDCWA has filed litigation challenging Metropolitan's rates. See "–Litigation Challenging Rate Structure."

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TEN LARGEST WATER CUSTOMERS
Year Ended June 30, 2024⁽¹⁾
Accrual Basis⁽⁺⁾

Agency	Water Revenues ⁽²⁾ (in Millions)	Percent of Total	Water Transactions in Acre Feet⁽³⁾	Percent of Total
San Diego CWA	\$ 206.8	17.0 %	310,993	26.1%
City of Los Angeles	155.6	12.8	139,834	11.8

West Basin MWD	115.5	9.5	99,738	8.4
MWD of Orange County	113.0	9.3	93,840	7.9
Eastern MWD	102.0	8.4		8.5
Calleguas MWD	85.0	7.0	69,328	5.8
Western MWD of Riverside County	67.0	5.5	63,268	5.3
Upper San Gabriel Valley MWD	58.1	4.8	45,460	3.8
Three Valleys MWD	48.5	4.0	67,398	5.7
Inland Empire Utility <u>Utilities</u> Agency	33.5	2.8	38,416	3.2
Total	\$ 985.0	81.1 %	1,028,929	86.5%
Total Water Revenues ⁽²⁾	\$ 1,216.1	Total Acre-Feet ⁽³⁾	1,190,069	

Source: Metropolitan.

- (1) All information in this table is presented on an accrual basis. ~~Fiscal year 2023-24 information is based on preliminary results.~~
- (2) Water Revenues include revenues from water sales, exchanges, and wheeling.
- (3) Water Transactions 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. See also "–Water Rates."

~~**Tier 1 and Tier 2 Water Supply Rates.** The rate structure effective through calendar year 2024 recovers supply costs through a two-tiered price structure. The Tier 1 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 Tier 1 Supply Rate is calculated as the amount of the total supply revenue requirement that is not covered by the Tier 2 Supply Rate divided by the estimated amount of Tier 1 water sales. The Tier 2 Supply Rate is a volumetric rate that reflects Metropolitan's costs of Tier 1 and Metropolitan's cost of purchasing water transfers north of the Delta. The higher costs reflected in the Tier 2 Supply Rate encourage the member agencies and their customers to maintain existing local supplies and develop cost-effective local supply resources and conservation. Pursuant to Per Board direction in November 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 Tier 1 and Tier 2 Supply Rates. Member agencies are charged the Tier 1 or Tier 2 Supply Rate for water purchases, as described under "Member Agency Purchase Orders" below. The Tier 2 Supply Rate is not included in the biennial budget for fiscal years 2024-25 and 2025-26 and calendar year 2025 and 2026 adopted rates.~~ 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 all treated water transactions.

~~**Water Stewardship Rate.** Through December 31, 2020, a Water Stewardship Rate was charged on each acre-foot of water delivered by Metropolitan, except on SDCWA Exchange Agreement deliveries as explained below, 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. All users (including member agencies and third party wheelers) benefited from avoided system infrastructure costs through conservation and local resources development, and from the system capacity made available by investments in demand management programs like Metropolitan's Conservation Credits Program and LRP. Therefore, all users paid the Water Stewardship Rate, except on water delivered to SDCWA pursuant to the Exchange Agreement (see "Water Rates" and "Litigation Challenging Rate Structure" below) in calendar years 2018, 2019, and 2020. Beginning with calendar year 2021, the Water Stewardship Rate has no longer been incorporated into Metropolitan's rates and charges and therefore has not been collected on any water transactions after December 31, 2020. In November 2021, the Board directed staff to allocate all demand management costs as an element of Metropolitan's supply costs. See also "CONSERVATION AND WATER SHORTAGE MEASURES - General" in this Appendix A.~~

~~In 2017, in *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.* (see "Litigation Challenging Rate Structure" below), the Court of Appeal held that the administrative record before it for the rates in calendar years 2011 through 2014 did not support Metropolitan's Water Stewardship Rate full allocation to transportation rates, but the court did not address the allocation in subsequent years based on a different record. On April 10, 2018, the Board suspended the billing and collection of the Water Stewardship Rate on Exchange Agreement deliveries to SDCWA in calendar years 2018, 2019, and 2020, pending Metropolitan's completion of a cost allocation study of its demand management costs recovered through the Water Stewardship Rate. For calendar year 2018, the suspension was retroactive to January 1, 2018.~~

~~Having completed a demand management cost allocation process, on December 10, 2019, Metropolitan's Board directed staff to incorporate the use of the 2019-20 fiscal year end balance of the Water Stewardship Fund to fund demand management costs in the proposed biennial budget for fiscal years 2020-21 and 2021-22 and to not incorporate the Water Stewardship Rate (or any other rates or charges to recover demand management costs), with the proposed rates and charges for calendar years 2021 and 2022, to allow the Board to consider demand management funding in relation to the 2020 IRP and to undergo a rate structure refinement process.~~

~~In 2021, in *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.*, the Court of Appeal clarified that its Water Stewardship Rate ruling applied to years after 2014 as well. In November 2021, the Board voted to allocate demand management costs to supply rate elements in calendar year 2023 forward. The 2021-22 fiscal year end balance of the Water Stewardship Fund was applied to partially offset demand management expenditures in fiscal year 2022-23.~~

The amount of each of these rates since January 1, 2020, is shown in the table entitled "SUMMARY OF WATER RATES" under "Water Rates" below.

Member Agency Purchase Orders

~~The rate structure effective through calendar year 2024 allows member agencies to choose to purchase water from Metropolitan by means of a Purchase Order. Purchase Orders are voluntary~~

~~agreements that determine the amount of water that a member agency can purchase at the Tier 1 Supply Rate. Under the Purchase Orders, member agencies have the option to purchase a greater amount of water (based on past purchase levels) over the term of the Purchase Order. Such agreements allow member agencies to manage costs and provide Metropolitan with a measure of secure revenue.~~

~~In November 2014, Metropolitan's Board approved Purchase Orders effective January 1, 2015 through December 31, 2024 (the "Purchase Order Term"). Twenty-one of Metropolitan's 26 member agencies have Purchase Orders, which commit the member agencies to purchase a minimum amount of supply from Metropolitan (the "Purchase Order Commitment").~~

~~The key terms of the Purchase Orders include:~~

- ~~• A ten-year term, effective January 1, 2015 through December 31, 2024;~~
- ~~• A higher Tier 1 limit based on the Base Period Demand, determined by the member agency's choice between (1) the Revised Base Firm Demand, which is the highest fiscal year purchases during the 13-year period of fiscal year 1989-90 through fiscal year 2001-02, or (2) the highest year purchases in the most recent 12-year period of fiscal year 2002-03 through 2013-14. The demand base is unique for each member agency, reflecting the use of Metropolitan's system water over time;~~
- ~~• An overall Purchase Order Commitment by the member agency based on the demand base period chosen, times ten to reflect the ten-year Purchase Order Term. Those agencies choosing the more recent 12-year period may have a higher Tier 1 Maximum and commitment. The commitment is also unique for each member agency;~~
- ~~• The opportunity to reset the Base Period Demand using a five-year rolling average;~~
- ~~• Any obligation to pay the Tier 2 Supply Rate will be calculated over the ten-year period, consistent with the calculation of any Purchase Order Commitment obligation; and~~
- ~~• An appeal process for agencies with unmet purchase commitments that will allow each acre-foot of unmet commitment to be reduced by the amount of production from a local resource project that commenced operation on or after January 1, 2014.~~

~~Member agencies that do not have Purchase Orders in effect are subject to Tier 2 Supply Rates for amounts exceeding 60 percent of their base amount (equal to the member agency's highest fiscal year demand between 1989-90 and 2001-02) annually.~~

~~On November 14, 2023, staff presented to the Board the status of the current Purchase Order commitments, which will end on December 31, 2024. Staff proposed to not renew the Purchase Order commitments. As a result, the Tier 2 Supply Rate is not included in the biennial budget for fiscal year 2024-25 and fiscal year 2025-26 and calendar years 2025 and 2026 adopted rates. Metropolitan will revisit Purchase Order commitments and structure as needed through the business model review during the CAMP4W planning process. See "METROPOLITAN'S WATER SUPPLY Integrated Water Resources Plan and Climate Adaptation Master Plan for Water—Climate Adaptation Master Plan for Water."~~

Other Charges

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

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 \$135.0 million in fiscal year 2021-22, ~~and~~ \$144.4 million in fiscal year ~~2022-23~~2022-23, and ~~are estimated to have generated~~ \$160.4 million in fiscal year ~~2023-24~~2023-24. 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 \$174.0 million in fiscal year ~~2024-25~~2024-25, and \$184.5 million in fiscal year ~~2025-26~~2025-26.

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 \$42.0 million in fiscal year 2021-22, \$43.7 million in fiscal year ~~2022-23~~2022-23, and ~~are estimated to be~~ \$43.3 million in fiscal year ~~2023-24~~2023-24. 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 ~~\$12,200 per cfs effective as of January 1, 2022,~~ \$10,600 per cfs effective as of January 1, 2023 ~~and~~, \$11,200 per cfs effective as of January 1, 2024. ~~The Capacity Charge will be, and~~ \$13,000 per cfs effective as of January 1, 2025. The Capacity Charge will be \$14,500 per cfs effective as of January 1, 2026. The Capacity Charge generated \$37.0 million in fiscal year 2021-22, and \$37.8 million in fiscal year ~~2022-23~~2022-23, and ~~are estimated to have generated~~ \$36.1 million in fiscal year ~~2023-24~~2023-24. Based on the adopted rates and charges, the Capacity Charge is projected to generate \$39.8 million in fiscal year ~~2024-25~~2024-25, and \$45.9 million in fiscal year ~~2025-26~~2025-26.

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

Service	System Access	Rates & Charges That Apply				Capacity Charge	Treatment Surcharge
		Water Stewardship ⁽⁺⁾	System Power	Tier 1/ Tier-2 ⁽²⁾	Readiness-to-Serve Supply	Readiness-to-Serve	
Full Service Untreated	Yes	No	Yes	Yes	Yes	Yes	No
Full Service Treated	Yes	No	Yes	Yes	Yes	Yes	Yes

⁽⁺⁾ ~~As described under "Rate Structure Water Stewardship 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 as an element of Metropolitan's supply costs.~~

⁽²⁾ ~~As described under "Member Agency Purchase Orders," the Tier 2 Supply Rate is not included in the biennial budget for fiscal years 2024-25 and 2025-26 and calendar years 2025 and 2026 adopted rates. Metropolitan will revisit Purchase Order commitments and structure as needed through the business model review during the CAMP4W planning process.~~

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 has 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~~Reverse-Cyclic 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, ~~and the Tier 1 maximum.~~

(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

Program	Supply	System Access	System Power	Rates & Charges That Apply		Tier 1- Maximum
				Readiness-to-Serve <u>Readiness-to-Serve</u>	Capacity Charge	
Full Service	Yes	Yes	Yes	Yes	Yes	Yes
Conjunctive Use	Yes	Yes	Yes	Yes	No	Yes
Cyclic	Yes	Yes	Yes	Yes	No	Yes
Reverse-Cyclic	Yes	Yes	Yes	Yes	No	Yes
Emergency Storage	Yes	Yes	No	Yes	No	No⁽⁺⁾

Operational Shift Cost Offset	Yes	Yes	Yes	Yes	Yes	Yes
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~~(+) Emergency Storage Program pays the Tier 1 Supply Rate; purchases under Emergency Storage program do not count towards a member agency's Tier 1 Maximum.~~

Water Rates

The following table sets forth Metropolitan's water rates by category beginning January 1, 2020. 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. See also "—Litigation Challenging Rate Structure" for a description of litigation challenging Metropolitan's water 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⁾	Tier 2⁽⁴⁾						
January 1, 2020	\$ 208		\$295	\$346		\$		\$	\$ 323
January 1, 2021	\$ 243		\$285	\$373		\$		\$	\$ 327
January 1, 2022	\$ 243		\$285	\$389		\$		\$	\$ 344
January 1, 2023	\$ 321		\$530	\$368		\$		\$	\$ 354
January 1, 2024	\$ 332		\$531	\$389		\$		\$	\$ 353
January 1, 2025*	<u>\$ 290</u>	<u>N/A</u>	<u>N/A</u>	\$463		\$		\$	\$ 483
January 1, 2026*	<u>\$ 313</u>	<u>N/A</u>	<u>N/A</u>	\$492		\$		\$	\$ 544

**FULL SERVICE
TREATED⁽²⁾**

**FULL SERVICE
UNTREATED⁽³⁾**

		Tier 1⁽⁴⁾	Tier 2⁽⁴⁾		Tier 1⁽⁴⁾	Tier 2⁽⁴⁾		
January 1, 2020	\$	1,078	\$	1,165	\$	755	\$	842

January 1, 2021		\$ 1,104	\$ 1,146		\$ 777	\$ 819
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
		\$ 1,395	\$ —		\$ 912	\$ —
January 1, 2025*	\$ 1,395	N/A	N/A	\$ 912	N/A	N/A
	\$ 1,528	\$ —	\$ —	\$ 984	\$ —	\$ —
January 1, 2026*	\$ 1,528	N/A	N/A	\$ 984	N/A	N/A

Source: Metropolitan.

* Rates effective January 1, 2025 and January 1, 2026 were adopted by Metropolitan's Board on April 9, 2024.

- (1) As described under "Rate Structure Through December 31, 2020, a Water Stewardship Rate," the was charged on each acre-foot of water delivered by Metropolitan, except on SDCWA 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. See also – "Litigation Challenging Rate Structure" below.
- (2) Full service treated water rates are the sum of the applicable Supply Rate, System Access Rate, Water Stewardship Rate, System Power Rate and, Treatment Surcharge, and Water Stewardship Rate (for 2020).
- (3) Full service untreated water rates are the sum of the applicable Supply Rate, System Access Rate, Water Stewardship Rate and System Power Rate, and the Water Stewardship Rate (for 2020).
- (4) As described under "Member Agency Purchase Orders," the Tier 2 rate is not included in the biennial budget for fiscal years 2024-25 and 2025-26 and calendar years 2025 and 2026 rates. Metropolitan will 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 the portion of fixed costs estimated to be recovered by water revenues for the 18 months beginning with the immediately succeeding July. Funds representing the minimum reserve requirement are held in the Revenue Remainder Fund. 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 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. Funds in excess of the target amount are to be utilized for capital expenditures in lieu of the issuance of additional debt, or for the redemption, defeasance or purchase of outstanding bonds or commercial paper 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, 2024, unrestricted reserves, which consist of the Water Rate Stabilization Fund and the Revenue Remainder Fund, ~~are~~were estimated to total ~~\$323~~\$323.0 million on a cash basis. As of June 30, 2024, the minimum reserve requirement was \$266.6 million, and the target reserve level was \$665.9 million.

Metropolitan projects that ~~its~~ unrestricted reserves as of June 30, 2025 will be approximately ~~\$340~~\$492.8 million on a ~~cash~~ basis. This projection is based on the assumptions set forth in the table entitled "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" under "HISTORICAL AND PROJECTED REVENUES AND EXPENSES" in this Appendix A- and includes \$125.6 million in revenues from the reverse cyclic program. See "REGIONAL WATER RESOURCES–Local Water Supplies –Reverse-Cyclic Program" in this Appendix A.

~~Due to SDCWA's litigation challenging Metropolitan's rates and pursuant to the Exchange Agreement between Metropolitan and SDCWA, Metropolitan was required to set aside funds based on the quantities of exchange water provided by Metropolitan to SDCWA and the amount of charges disputed by SDCWA. In April 2016, Metropolitan transferred these funds from unrestricted financial reserves to a new designated fund, the Exchange Agreement Set Aside Fund. In 2021, Metropolitan paid to SDCWA the final judgment contract damages amount in the 2010 and 2012 SDCWA v. Metropolitan cases for Water Stewardship Rate payments under the Exchange Agreement in 2011 through 2014, plus interest. Following the 2021 Court of Appeal opinion clarifying that its Water Stewardship Rate ruling applies to later years, Metropolitan paid to SDCWA Water Stewardship Rate payments from 2015 to 2017, plus pre judgment interest. These payments included all amounts sought related to breach of the Exchange Agreement resulting from the inclusion of the Water Stewardship Rate in the contract price for Exchange Agreement transactions occurring from 2010 until the Water Stewardship Rate was no longer charged in the contract price for Exchange Agreement transactions, beginning in 2018. Accordingly, there are no amounts held in the Exchange Agreement Set Aside Fund. See "Litigation Challenging Rate Structure."~~

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 XIIC and XIID to the California Constitution. Article XIID 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 XIID. Fees for retail water service by Metropolitan's member agencies or their agencies are subject to the requirements of Article XIID.

Article XIID also imposes certain procedures with respect to assessments. Under Article XIID, "standby charges" are considered "assessments" and must follow the procedures required for "assessments," unless they were in existence on the effective date of Article XIID. Metropolitan has imposed its water standby charges since 1992 and therefore its current standby charges are exempt from the Article XIID 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 XIID 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 XIIC 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 XIIC 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 XIIC 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 XIID 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. Metropolitan believes its water rates and charges are not taxes under Proposition 26. SDCWA's lawsuit challenging the rates adopted by Metropolitan in April 2012 (part of which became effective January 1, 2013 and part of which became effective January 1, 2014) alleged that such rates violate Proposition 26. On June 21, 2017, the California Court of Appeal ruled that whether or not Proposition 26 applies to Metropolitan's rates, the System Access Rate and System Power Rate challenged by SDCWA in such lawsuit comply with Proposition 26. SDCWA's lawsuits challenging the rates adopted by Metropolitan in April 2014, April 2016, and April 2018 also alleged that such rates violate Proposition 26. On May 11, 2022, the San Francisco Superior Court ruled that Proposition 26 applies to Metropolitan's rates and charges. See "*Litigation Challenging Rate Structure*." The trial court decision is subject to appeal. Under Proposition 26, the agency holds the burden of proof in a rate or charge challenge. Otherwise, due to the uncertainties of evolving case law and potential future judicial interpretations of Proposition 26, Metropolitan is unable to predict at this time the extent to which Proposition 26, if ultimately determined to apply to Metropolitan's rates and charges, would impose stricter standards on Metropolitan's setting of rates and charges.

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. SDCWA's litigation challenging Metropolitan's rate structure also challenged Metropolitan's exclusion of payments for Exchange Agreement deliveries from the calculation of SDCWA's preferential right. On June 21, 2017, the California Court of Appeal held that SDCWA's payments under the Exchange Agreement must be included in the preferential rights calculation. See "–Litigation Challenging Rate Structure."

Litigation Challenging Rate Structure

Through several lawsuits filed by SDCWA since 2010, SDCWA has challenged the rates adopted by Metropolitan's Board in 2010, 2012, 2014, 2016 and 2018. Each of these lawsuits and the status thereof are briefly described below.

The 2010 and 2012 Cases. SDCWA filed *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.* on June 11, 2010 challenging the rates adopted by the Board on April 13, 2010, which became effective January 1, 2011, and January 1, 2012 (the "2010 Case"). The complaint requested a court order invalidating the rates adopted April 13, 2010, and that Metropolitan be mandated to allocate certain costs associated with the State Water Contract and the Water Stewardship Rate to water supply rates and not to transportation rates.

As described under "METROPOLITAN'S WATER SUPPLY–Colorado River Aqueduct – Metropolitan and San Diego County Water Authority Exchange Agreement" in this Appendix A, the contract price payable by SDCWA under the Exchange Agreement between Metropolitan and SDCWA is Metropolitan's transportation rates. Therefore, SDCWA also alleged that Metropolitan breached the Exchange Agreement by allocating certain costs related to the State Water Contract and the Water Stewardship Rate to its transportation rates because it resulted in an overcharge to SDCWA for water delivered pursuant to the Exchange Agreement.

On June 8, 2012, SDCWA filed a new lawsuit challenging the rates adopted by Metropolitan on April 10, 2012, and effective on January 1, 2013, and January 1, 2014 (the "2012 Case") based on similar claims, and further alleging that Metropolitan's rates adopted in 2012 violated Proposition 26.

Following a trial of both lawsuits in two phases and subsequent trial court ruling, the parties appealed. On June 21, 2017, the California Court of Appeal ruled that Metropolitan may lawfully include its State Water Project transportation costs in the System Access Rate and System Power Rate that are part of the Exchange Agreement's price term, and that Metropolitan may also lawfully include the System Access Rate in its wheeling rate, reversing the trial court decision on this issue. The court held Metropolitan's allocation of the State Water Project transportation costs as its own transportation costs is proper and does not violate the Wheeling Statutes (Water Code, §1810, *et seq.*), Proposition 26 (Cal. Const., Article XIII C, §1, subd. (e)), whether or not that Proposition applies to Metropolitan's rates,

California Government Code Section 54999.7, the common law, or the terms of the parties' Exchange Agreement.

The Court of Appeal also ruled that the record did not support Metropolitan's inclusion of its Water Stewardship Rate as a transportation cost in the Exchange Agreement price or the wheeling rate, under the common law and the Wheeling Statutes. The court noted that its holding does not preclude Metropolitan from including the Water Stewardship Rate in Metropolitan's full-service rate. See also "*Rate Structure – Water Stewardship Rate*" above.

The Court of Appeal held that because the Water Stewardship Rate was included in the Exchange Agreement price, there was a breach by Metropolitan of the Exchange Agreement in 2011 through 2014 and remanded the case to the trial court for a redetermination of damages in light of its ruling concerning the Water Stewardship Rate. The Court of Appeal also found that the Exchange Agreement may entitle the prevailing party to attorneys' fees for both phases of the case, and directed the trial court on remand to make a new determination of the prevailing party, if any.

On September 27, 2017, the California Supreme Court denied SDCWA's petition for review, declining to consider the Court of Appeal's decision. The Court of Appeal's decision is therefore final.

After tendering payment in 2019, which SDCWA rejected, in February 2021, Metropolitan paid to SDCWA the same amount previously tendered of \$44.4 million for contract damages for SDCWA's Water Stewardship Rate payments from 2011 to 2014 and pre-judgment and post-judgment interest. In September 2021, following a 2021 Court of Appeal opinion clarifying that its Water Stewardship Rate ruling applies to later years, Metropolitan paid to SDCWA the amount of \$35.9 million for SDCWA's Water Stewardship Rate payments from 2015 to 2017 and pre-judgment interest. These payments included all amounts sought related to breach of the Exchange Agreement resulting from the inclusion of the Water Stewardship Rate in the contract price for Exchange Agreement transactions occurring from 2010 until the Water Stewardship Rate was no longer charged in the contract price for Exchange Agreement transactions, beginning in 2018 (See "*Rate Structure*" above). The payments included \$58.1 million withdrawn from the Exchange Agreement Set-Aside Fund (See "*Financial Reserve Policy*" above) and \$22.1 million withdrawn from reserves (the remainder of the statutory interest).

Following the issuance of an order of the Superior Court and Metropolitan's appeal, on March 17, 2022, the Court of Appeal held that SDCWA was the prevailing party in the 2010 and 2012 cases and was therefore entitled to attorney's fees under the parties' Exchange Agreement and litigation costs. On March 21, 2022, Metropolitan paid to SDCWA \$14,296,864.99 (\$13,397,575.66 fees award, plus statutory interest) and \$352,247.79 for costs (\$326,918.34 costs award, plus statutory interest).

On July 27, 2022, Metropolitan paid SDCWA \$411,888.36 for attorneys' fees on appeals of post-remand orders.

The 2014, 2016 and 2018 Cases. SDCWA has also filed lawsuits challenging the rates adopted in 2014, 2016 and 2018 and asserting breach of the Exchange Agreement. Metropolitan filed cross-complaints in the three cases, asserting claims relating to rates and the Exchange Agreement, including reformation.

The operative Petitions for Writ of Mandate and Complaints allege the same Water Stewardship Rate claim and breach of the Exchange Agreement as in the 2010 and 2012 cases, but because Metropolitan paid the amounts sought to SDCWA, and the writ in the 2010 and 2012 cases encompasses these claims, Metropolitan contended that these claims and cross-claims are moot. The cases also alleged that in 2020 and 2021, Metropolitan misallocated its California WaterFix costs as transportation costs and breached the Exchange Agreement by including those costs in the transportation rates charged. In April 2022, the parties requested the court's dismissal with prejudice of the claims and cross-claims

relating to California WaterFix. The cases also claim Metropolitan's wheeling rate fails to provide wheelers a reasonable credit for "offsetting benefits" pursuant to Water Code Section 1810, *et seq.*, and that Metropolitan breached the Exchange Agreement by failing to reduce the price for an "offsetting benefits" credit. The cases additionally requested a judicial declaration that Proposition 26 applies to Metropolitan's rates and charges, and a judicial declaration that SDCWA is not required to pay any portion of a judgment in the litigation. Metropolitan filed cross-complaints in each of these cases, asserting claims relating to rates and the Exchange Agreement.

The cases were stayed pending resolution of the 2010 and 2012 cases, but the stays were subsequently lifted and the cases were consolidated in the San Francisco Superior Court.

Metropolitan and SDCWA each filed motions for summary adjudication of certain issues in the 2014, 2016 and 2018 cases with the court. Summary adjudication is a procedure by which a court may determine the merits of a particular claim or affirmative defense, a claim for damages, and/or an issue of duty before trial.

On May 4, 2022, the San Francisco Superior Court issued an order granting Metropolitan's motion for summary adjudication on its cross-claim for declaratory relief that the conveyance facility owner, Metropolitan, determines fair compensation, including any offsetting benefits; and denying its motion on certain other cross-claims and an affirmative defense.

On May 11, 2022, the San Francisco Superior Court issued an order granting SDCWA's motion for summary adjudication on: Metropolitan's cross-claim in the 2018 case for a declaration with respect to the lawfulness of the Water Stewardship Rate's inclusion in the wheeling rate and transportation rates in 2019 and 2020; certain Metropolitan cross-claims and affirmative defenses on the ground that Metropolitan has a duty to charge no more than fair compensation, which includes reasonable credit for any offsetting benefits pursuant to Water Code section 1811(c), with the court also stating that whether that duty arose and whether Metropolitan breached that duty were issues to be resolved at trial; Metropolitan's affirmative defenses that SDCWA's claims were untimely and SDCWA had not satisfied claims presentation requirements; Metropolitan's affirmative defense in the 2018 case that SDCWA had not satisfied dispute resolution requirements under the Exchange Agreement; SDCWA's claim, Metropolitan's cross-claims, and Metropolitan's affirmative defenses regarding the applicability of Proposition 26, finding that Proposition 26 applies to Metropolitan's rates and charges, with the court also stating that whether Metropolitan violated Proposition 26 is a separate issue; and Metropolitan's cross-claims and affirmative defenses regarding the applicability of Government Code section 54999.7, finding that section 54999.7 applies to Metropolitan's rates. The court denied SDCWA's motion on certain other Metropolitan cross-claims and affirmative defenses.

Damages sought by SDCWA in connection with its claims for offsetting benefits credit under the Exchange Agreement exceed \$334 million for the six years (2015 through 2020) at issue in these cases. In the event that SDCWA were to prevail in a final adjudication of this issue, a determination of offsetting benefits credit due to SDCWA, if any, could impact the Exchange Agreement price in future years.

Trial of the 2014, 2016 and 2018 cases occurred May 16 to July 1, 2022 and the parties filed post-trial briefs on August 19, 2022.

On December 27, 2022, the court entered the parties' stipulation memorializing the earlier resolution of the Water Stewardship Rate claims in SDCWA's favor based on the 2021 Court of Appeal decision in the 2010 and 2012 cases.

On March 14, 2023, the court issued an order on SDCWA's motion for partial judgment to address Metropolitan's request for a declaration on its ~~cost causation~~cost causation obligations when setting rates. The court ruled that this is not a proper subject for declaratory relief.

On April 25, 2023, the court issued its final statement of decision concerning the trial in the 2014, 2016, and 2018 cases. For each claim litigated at trial, the court ruled in favor of Metropolitan or found the claim to be moot based on the rulings in Metropolitan's favor. In particular, the court concluded: (1) the duty to include a reasonable credit for any offsetting benefits pursuant to the Wheeling Statutes did not arise and Metropolitan did not breach the Exchange Agreement by failing to calculate a reasonable credit for any offsetting benefits; (2) because Metropolitan did not breach the Exchange Agreement, the court need not address damages; (3) Metropolitan's conditional claims to reform the Exchange Agreement, if SDCWA prevailed, are moot; (4) Metropolitan's conditional claim for a declaration of its rights and duties under the Wheeling Statutes, if SDCWA prevailed on its claim that the Wheeling Statutes apply to the Exchange Agreement is moot (the court stated that while it finds offsetting benefits under the Wheeling Statutes do not apply to the Exchange Agreement's price term, the court "has made no express finding whether the Wheeling Statutes apply"); (5) SDCWA's rate challenges are rejected; and (6) SDCWA's request for a declaration that it could not be required to contribute to a damages, fees, or costs award in the cases is moot.

On April 3, 2024, the court issued a final judgment memorializing the pre-trial and post-trial decisions and stipulations described above. The judgment included entry of judgment in favor of SDCWA on breach of contract in the 2014 and 2016 cases, due to the inclusion of Water Stewardship Rate claims and the parties' stipulation; and entry of judgment in favor of Metropolitan on breach of contract in the 2018 case, which concerned only the offsetting benefits claim. On April 3, 2024, the court also issued a writ of mandate commanding Metropolitan to exclude demand management costs (previously collected through the Water Stewardship Rate) from its pre-set wheeling rate and transportation rates, a practice Metropolitan earlier ceased.

Also on April 3, 2024, SDCWA filed its notice of appeal from the final judgment. On April 17, 2024, Metropolitan filed a notice of cross-appeal, and on May 3, 2024, the seven member agencies that have joined the litigation as interested parties in support of Metropolitan filed a notice of appeal.

Both Metropolitan and SDCWA ~~contend~~contended that it ~~is~~was the prevailing party in these cases and is therefore entitled to an award of fees and costs under the Exchange Agreement. Following ~~briefing, on July 17, 2024, the court issued a tentative ruling that there is no prevailing party due to the mixed results. After a hearing on July 18, 2024, the court took the matter under submission, stating it expects to issue its ruling in mid-August 2024.~~ Superior Court held that Metropolitan was the prevailing party in the 2014, 2016 and 2018 cases and is therefore entitled attorney's fees under the parties' Exchange Agreement and litigation costs. The prevailing party decision is subject to appeal.

The parties have engaged in settlement discussions. The Court of Appeal agreed to the parties' request to postpone appellate briefing at this time. Metropolitan is unable to assess at this time the likelihood of success of the pending appeal, or any other possible appeals, settlements or any future claims.

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 million and nearly \$44.9 million, fluctuating with available water supplies. ~~Hydroelectric power~~ Energy generation sales revenues ~~are estimated to be approximately \$9.4, on a cash basis, were \$13.1~~ million for fiscal year 2023-24.

Investment Income. In fiscal years 2021-22, ~~2022-23~~ 2022-23, and ~~2023-24~~ 2023-24, Metropolitan's earnings on investments, including adjustments for gains and losses and premiums and discounts, ~~excluding~~ including construction account and trust fund earnings, excluding gains and losses on swap terminations (if any), on a cash basis (unaudited) were ~~\$10.2~~ \$11.3 million, ~~\$21.3~~ \$22.5 million, and ~~\$42.2~~ \$45.0 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 under provisions of the Infrastructure Investment and Jobs Act (P.L. 11758) enacted by Congress in November 2021 (the "IIJA"), and the Inflation Reduction Act (P.L. 117169) enacted by Congress in August 2022 (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 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 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 April 15, 2025, the anticipated 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 April 15, 2025, the anticipated 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 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 is anticipated to be executed in the summer of 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 ~~June 30~~March 31, 2024~~2025~~, the total market value (cash-basis) of all Metropolitan invested funds was \$1.4 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 ~~June 30~~March 31, 2024~~2025~~, the market value of the month-end balance of Metropolitan's investment portfolio (excluding bond reserve funds) averaged approximately \$1.2 billion. The minimum month-end balance of Metropolitan's investment portfolio (excluding bond reserve funds) during such period was approximately ~~\$1.0 billion~~\$79.9 million on October 31, ~~2023~~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 ~~2024-25~~2024-25 on June 11, 2024.

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.

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" for longer-term securities, without regard to modifiers, at the time of purchase. 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, ~~2023~~2024 AND JUNE 30, ~~2022~~2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, ~~2024~~2025 AND ~~2023~~2024 (UNAUDITED)" for a description of Metropolitan's investments at June 30, ~~2023~~2024, and March 31, ~~2024~~2025.

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 ~~\$862.8895.3~~ million in total investments on behalf of Metropolitan as of ~~June 30~~March 31, 20242025. 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 years ended June 30, 2024. Data for the three fiscal years ended on or prior to June 30, 2022 is presented on a modified accrual basis, consistent with Metropolitan's budgetary reporting for such fiscal years. In fiscal year 2022-23, the basis for budgeting was changed, therefore data for the fiscal years ended June 30, 2023 and 2024 is presented on a cash basis. All information is unaudited. Expenses of Metropolitan for the fiscal years ended June 30, ~~2023~~2024 and June 30, ~~2022~~2023, 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
	\$	\$	\$	
	(((
	\$	\$	\$	
	(1	\$	2023
Operation and Maintenance Costs ⁽¹⁾⁽²⁾	\$	\$	\$	940
Total State Water Project ⁽³⁾				579
Total Debt Service				301
Construction Expenses from Revenues ⁽⁴⁾				135
Other ⁽⁵⁾				7
Total Expenses (net of reimbursements)	\$	\$	\$	1,962

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, and fiscal year 2023-2024 include \$25 million, \$25 million, \$34.5 million, and \$64.5 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 years 2021-22 and 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 and Delta Conveyance.
- (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.
- (5) Includes operating equipment. Fiscal year 2021-22 includes \$51 million for SDCWA litigation payments.

~~(6) Fiscal year 2023-24 information is based on preliminary results.~~

Revenue Bond Indebtedness and Other Obligations

As of ~~September 1~~June 2, 20242025, Metropolitan will have total outstanding indebtedness secured by a lien on Net Operating Revenues of ~~\$4.044~~\$4.08 billion. This indebtedness ~~was~~is comprised of (a)(i) ~~\$2.70~~\$2.87 billion of Senior Revenue Bonds issued under the Senior Debt Resolutions (each as defined below), which includes ~~\$2.37~~\$2.54 billion of fixed rate Senior Revenue Bonds, and \$331.9 million

of variable rate Senior Revenue Bonds; ~~and (ii) \$384.4 million (of which \$147.7 million are being refunded by Metropolitan's Water Revenue Refunding Bonds, 2025 Series A (the "2025A Bonds") as described under "PLAN OF REFUNDING" in the front part of this Official Statement);~~ and (ii) \$99.4 million of senior lien short-term notes issued pursuant to Metropolitan's Short-Term Revolving Credit Facility (described below), which bear interest at a variable rate, and which are Senior Parity Obligations (which includes all obligations payable from Net Operating Revenues on parity with the Senior Revenue Bonds) (see "Outstanding Senior Revenue Bonds and Senior Parity Obligations—Senior Parity Obligations"); and (b) ~~\$953.2 million~~ 1.10 billion of Subordinate Revenue Bonds issued under the Subordinate Debt Resolutions (each as defined below), which includes \$650.7 million of fixed rate Subordinate Revenue Bonds, and ~~\$302.6 million~~ 452.6 million of variable rate Subordinate Revenue Bonds. In addition, Metropolitan has \$272.9 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 ~~September 1, 2024~~ June 2, 2025)

	Variable Rate	Fixed Rate	Total
		\$	\$
Senior Lien Revenue Bonds	\$ 331,875,000	2,367,560,000 <u>2,541,060,000</u>	2,699,435,000 <u>2,882,935,000</u>
Senior Lien Short-Term Notes	384,400,000 <u>99,400,000</u>	—	384,400,000 <u>99,400,000</u>
Subordinate Lien Revenue Bonds	302,550,000 <u>452,550,000</u>	650,695,000	953,245,000 <u>1,103,245,000</u>
Total	\$1,018,825,000 <u>\$883,825,000</u>	\$3,018,255,000 <u>\$3,191,755,000</u>	\$4,037,080,000 <u>\$4,075,580,000</u>
Fixed-Payor Interest Rate Swaps	(272,870,000)	272,870,000	—
	\$	\$	\$
Net Amount (after giving effect to Swaps)	745,955,000 <u>610,955,000</u>	3,291,125,000 <u>3,464,625,000</u>	4,037,080,000 <u>4,075,580,000</u>

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 ~~September 1, 2024~~ June 2, 2025, ~~\$384,400,000~~ \$99,400,000 of senior lien short-term notes ~~are~~ will be outstanding under such Short-Term Revolving Credit Facility. ~~Approximately \$316.0 million of such outstanding short-term notes are expected to be refunded with proceeds of Metropolitan's Water System Revenue and Refunding Bonds, 2024 Series C (the "2024C Bonds") and Variable Rate Subordinate Water Revenue Refunding Bonds, 2024 Series D (the "2024D Subordinate Bonds"). See "PLAN OF FINANCE" in the front part of this Official Statement.~~

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.

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 ~~September 1, 2024~~June 2, 2025, outstanding general obligation bonds, water revenue bonds and other evidences of indebtedness in the amount of ~~\$4.06~~4.09 billion represented approximately 0.10 percent of the fiscal year ~~2023-24~~2024-25 taxable assessed valuation of ~~\$3,861.44~~4,063.1 billion. ~~to be updated for fy 2024-25 assessed valuation when available~~ 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 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 of Metropolitan at June 30, ~~2023~~2024 were ~~\$7.45~~7.37 billion. The aggregate amount of revenue bonds outstanding as of ~~September, 2024~~was June 2, 2025 will be \$3.653.98 billion. The limitation does not apply to other forms of financing available to Metropolitan. Audited financial statements including the net assets of Metropolitan as of June 30, ~~2023~~2024 and June 30, ~~2022~~2023 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, ~~2023~~2024 AND JUNE 30, ~~2022~~2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, ~~2024~~2025 AND ~~2023~~2024 (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 ~~September 1, 2024~~June 2, 2025, Metropolitan ~~will have had~~ outstanding \$~~716.3~~431.3 million of variable rate obligations issued as Senior Revenue Bonds under the Senior Debt Resolutions and variable rate short-term notes incurred as Senior Parity Obligations under Metropolitan's Short-Term Revolving Credit Facility (described under "–Outstanding Senior Revenue Bonds and Senior Parity Obligations" below). In addition, as of ~~September 1, 2024~~June 2, 2025, \$~~302.6~~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 ~~September 1, 2024~~June 2, 2025, of Metropolitan's \$~~1.02 billion~~883.8 million of variable rate obligations, \$272.9 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 \$~~746.0~~611.0 million of variable rate obligations represent approximately ~~19.1~~15.0 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 ~~September 1, 2024~~June 2, 2025.

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 to be outstanding as of ~~September 1, 2024~~June 2, 2025 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	35,120,000
Water Revenue Refunding Bonds, 2016 Series A	112,415,000
Special Variable Rate Water Revenue Refunding Bonds, 2016 Series B-2 ⁽¹⁾	25,325,000
Water Revenue Bonds, 2017 Authorization, Series A ⁽¹⁾	24,275,000

	114,615,000 <u>109,285,000</u>
Water Revenue Refunding Bonds, 2018 Series B	<u>5,000</u>
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	245,970,000
Water Revenue Bonds, 2021 Series A	188,890,000
	74,465,000 <u>62,105,000</u>
Water Revenue Refunding Bonds, 2021 Series B	<u>000</u>
	268,360,000 <u>258,280,000</u>
Water Revenue Refunding Bonds, 2022 Series A	<u>0,000</u>
Water Revenue Refunding Bonds, 2022 Series B	253,365,000
Special Variable Rate Water Revenue Refunding Bonds, 2022 Series C-1 ⁽²⁾ and C-2 ⁽¹⁾	282,275,000
	252,595,000 <u>249,025,000</u>
Water Revenue Bonds, 2023 Series A	<u>5,000</u>
	367,005,000 <u>363,575,000</u>
Water Revenue Refunding Bonds, 2024 Series A	<u>5,000</u>
<u>Water Revenue Bonds, 2024 Series C</u>	<u>208,270,000</u>
	\$
Total	2,699,435,000 <u>2,872,935,000</u>

Source: Metropolitan.

⁽¹⁾ Outstanding variable rate obligation.

⁽²⁾ To be refunded by Metropolitan's 2025A Bonds.

Variable Rate Bonds and Swap Obligations

As of ~~September 1, 2024~~June 2, 2025, of Metropolitan's ~~\$2.70~~2.87 billion of outstanding Senior Revenue Bonds, \$331.9 million ~~are~~were 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").

Liquidity Supported Senior Revenue Bonds. Metropolitan’s outstanding variable rate demand obligations issued under the Senior Debt Resolutions, totaling \$331.9 million as of ~~September 1~~June 2, 2024~~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 \$282.3 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 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 providers, the current expiration date of each facility, and the principal amount of outstanding variable rate demand obligations covered under each facility as of ~~September 1~~June 2, 2024~~2025~~.

Liquidity Facilities and Expiration Dates

Liquidity Provider	Bond Issue	Principal Outstanding	Facility Expiration
TD Bank, N.A.	2016 Series B-2	\$ 25,325,000	January 2026
TD Bank, N.A.	2022 Series C-1 ⁽¹⁾	147,650,000	January 2026
PNC Bank, N.A.	2017 Authorization Series A	24,275,000	January 2026
PNC Bank, N.A.	2022 Series C-2	134,625,000	January 2026
Total		\$ 331,875,000	

Source: Metropolitan.

(1) To be refunded by Metropolitan's 2025A 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 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 the 2002A and 2002B interest rate swap agreements would be payable on a parity with the Senior Parity Obligations. Termination payments under all other 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 0.11448 basis points ("bps"), and the new floating rate for three-month LIBOR will be SOFR plus 0.26161 bps.

The following swap transactions ~~are~~were outstanding as of ~~September 1~~June 2, 2024~~2025~~:

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FIXED PAYOR SWAPS:

Designation	Notional Amount Outstanding	Swap Counterparty	Fixed Payor Rate	Metropolitan Receives	Maturity Date
2002 A	\$ 12,270,000	Morgan Stanley Capital Services, Inc.	3.300%	57.74% x (SOFR plus 11.448 bps)	7/1/2025 <u>7/1/2025</u>
2002 B	4,590,000	JPMorgan Chase Bank	3.300	57.74% x (SOFR plus 11.448 bps)	7/1/2025 <u>7/1/2025</u>
2003	97,777,500	Wells Fargo Bank	3.257	61.20% x (SOFR plus 11.448 bps)	7/1/2030 <u>7/1/2030</u>
2003	97,777,500	JPMorgan Chase Bank	3.257	61.20% x (SOFR plus 11.448 bps)	7/1/2030 <u>7/1/2030</u>
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	25,980,000	JPMorgan Chase Bank	3.360	70.00% x (SOFR plus 26.161 bps)	7/1/2030 <u>7/1/2030</u>
2005	25,980,000	Citigroup Financial Products, Inc.	3.360	70.00% x (SOFR plus 26.161 bps)	7/1/2030 <u>7/1/2030</u>
Total	\$ 272,870,000				

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(e) 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 or “Baa3” by S&P (under most of the interest rate swap agreements) or below “BBB” by Moody’s or “Baa2” by S&P (under one of the interest rate swap agreements)). As of ~~June 30~~March 31, 20242025, 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 ~~\$3.6~~4.5 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 ~~June 30~~March 31, 2024~~2025~~, 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 (the "Short-Term Revolving Credit Facility"). Pursuant to 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 \$400 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 ~~September 1~~June 2, 2024~~2025~~, Metropolitan had ~~\$384.4~~499.4 million principal amount of tax-exempt short-term notes outstanding under the Short-Term Revolving Credit Facility, ~~consisting of \$348.4 million of tax-exempt notes and \$36.0 million of taxable notes. Approximately \$316.0 million of such outstanding short-term notes (consisting of \$280.0 million of the outstanding tax-exempt notes and all of the outstanding taxable notes) are expected to be refunded with proceeds of Metropolitan's 2024C Bonds and 2024D Subordinate Bonds. See "PLAN OF FINANCE" in the front part of this Official Statement.~~

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.

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 ~~September 1~~June 2, 2024~~2025~~, are set forth below:

Outstanding Subordinate Revenue Bonds

Name of Issue	Principal Outstanding
Subordinate Water Revenue Refunding Bonds, 2017 Series A	\$ 140,660,000
Subordinate Water Revenue Bonds, 2018 Series B	57,740,000
Subordinate Water Revenue Refunding Bonds, 2019 Series A	150,340,000
Subordinate Water Revenue Refunding Bonds, 2020 Series A	125,570,000
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
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**953,245,000**
1,103,245,000*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 ~~September 1~~June 2, 2024~~2025~~, of the ~~\$953.2 million~~1.10 billion outstanding Subordinate Revenue Bonds, ~~\$302.6~~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 ~~September 1~~June 2, 2024~~2025~~, Metropolitan will have ~~\$302.6~~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 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 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 ~~September 1~~June 2, 2024~~2025~~.

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 2025 ⁽¹⁾
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
		\$	
		302,550,000	452,5
Total		50,000	

Source: Metropolitan.

⁽¹⁾ [Metropolitan intends to extend or replace this Liquidity Facility prior to its expiration date.](#)

Term Rate Mode Bonds

As of ~~September 1~~[June 2, 2024](#)~~2025~~, Metropolitan will have 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 ~~September 1~~[June 2, 2024](#)~~2025~~, 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

Anticipated Incurrence of Financial Obligation. As described under "INTRODUCTION – Subordinate Obligations Anticipated to be Incurred by Metropolitan" in the front part of this Official Statement, in May 2025, Staff will present for Board consideration the execution of an amendment and restatement of the agreement between Metropolitan and AVEK for the High Desert Water Bank Program to provide for the financing (and re-financing) of certain costs of construction of the program facilities to be funded by Metropolitan. To effect such financing, it is anticipated that bonds will be issued by the Antelope Valley East Kern Water Agency Financing Authority ("AVEKFA"). A portion of the proceeds of such AVEKFA bonds are expected to be applied to refund and retire Metropolitan's \$99.4 million outstanding principal amount of senior lien short-term notes issued pursuant to Metropolitan's Short-Term Revolving Credit Facility. The AVEKFA bonds[, if approved by AVEKFA,] are anticipated to be issued by AVEKFA in the summer of 2025. Under the amended and restated agreement, if approved by the Board, Metropolitan will be obligated to make installment payments to AVEK for its right to use the program facilities in amounts sufficient to provide for the repayment of the principal of and interest on the bonds to be issued by AVEKFA. The obligation of Metropolitan to pay such installment payments are expected to constitute First Tier Parity Obligations of Metropolitan, payable on parity with Metropolitan's Subordinate Revenue Bonds.

Other Junior and Anticipated Obligations

Commercial Paper Notes. Metropolitan currently is authorized to issue up to \$400,000,000 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 is expected to consider for approval authority for the execution and delivery by Metropolitan of a master equipment lease/purchase agreement (the "Lease/Purchase Agreement") with Banc of America Public Capital Corp in an aggregate principal amount of not to exceed \$35,000,000. Pursuant to the Lease/Purchase Agreement, if approved, Metropolitan may acquire and lease vehicles and other equipment in exchange for the payment of certain rental payments. If authorized by the Board, Metropolitan's payment obligation under the Lease/Purchase Agreement may be secured by one or a combination of the following: (i) some or all of the vehicle or other equipment leased under the Lease/Purchase Agreement; and/or (ii) Net Operating Revenues, including as Senior Parity Obligations under the Master Resolution or as Subordinate Parity Obligations (either as First Tier Parity Obligations or Second Tier Parity Obligations) under the Master Subordinate Resolution. The term and interest rate payable with respect to each asset acquired and leased under the Lease/Purchase Agreement will be determined at the commencement of the lease for such asset.

General Obligation Bonds

As of ~~September 1, 2024~~ June 2, 2025, \$~~18,210,000~~ 17,155,000 aggregate principal amount of general obligation bonds payable from *ad valorem* property taxes ~~are~~ 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.

General Obligation Bonds	Amount Issued⁽¹⁾	Principal Outstanding
		\$
Waterworks General Obligation Refunding Bonds, 2019 Series A	\$16,755,000	4,545,000 <u>3,490,00</u>
Waterworks General Obligation Refunding Bonds, 2020 Series A	13,665,000	<u>0</u>
		13,665,000
Total	\$30,420,000	\$18,210,000 <u>17,155,000</u>

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, 2024 was estimated to be \$707.7 million, which amount reflects prior year's credits of \$63.5 million. For the fiscal year ended June 30, 2024, Metropolitan's ~~estimated~~ payment obligations under the State Water Contract were approximately 35.8 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. Under the amendment, enlargement of the East Branch can be initiated either at Metropolitan's request or by DWR finding that enlargement is needed to meet demands. In ~~March 2022~~ November 2023, DWR prepared a ~~draft~~ 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 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~~ 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 ~~132-22~~132-23 (an annual report (for this purpose, the ~~2022~~2023 report) produced by DWR setting forth data and computations used by the State in determining State Water Project contractors' Statements of Charges), 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.

The projections for fiscal years ~~2024-25~~2024-25 through 2028-29 reflect Metropolitan's biennial budget for fiscal years ~~2024-25~~2024-25 and ~~2025-26~~2025-26, which includes a ten-year financial forecast, and are 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⁾⁽⁴⁾	Total⁽⁴⁵⁾
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	\$		\$	\$	\$	\$	\$
2025	188 <u>197</u>	\$	331	245 <u>119</u>	(75 <u>67</u>)	\$	12 701 <u>592</u>
2026	\$ 193	\$	345	\$ 242	\$ (76)	\$	— \$ 704
2027	\$ 200	\$	365	\$ 240	\$ (58)	\$	— \$ 747
2028	\$ 210	\$	387	\$ 239	\$ (59)	\$	— \$ 777
2029	\$ 228	\$	406	\$ 237	\$ (57)	\$	— \$ 813

Source: Metropolitan.

- (1) Capital Costs, Minimum Operations, Maintenance, Power and Replacement (“OMP&R”) and Refunds and Credits projections are based on DWR’s Appendix B to Bulletin 132-23.
- (2) Power costs are forecasted by Metropolitan based on a State Water Project allocation of ~~49~~50 percent in calendar year 2025, 48 percent in calendar year 2026, 47 percent in calendar year 2027, 46 percent in calendar year 2028, and 44 percent in calendar year 2029. Availability of State Water Project supplies vary, 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 ~~proposed~~ Bay-Delta conveyance project.
- (4) In December 2024, the Board authorized the expenditure of \$141.6 million 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. See “METROPOLITAN’S WATER SUPPLY–State Water Project –Bay-Delta Proceedings Affecting State Water Project – Delta Conveyance” in this Appendix A.
- (5) ~~(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 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 for the fiscal years ~~2022-23~~2022-23 and ~~2023-24~~2023-24 were approximately \$161.9 million and \$42.8 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 ~~2022-23~~2022-23 and ~~2023-24~~2023-24 were approximately \$96.2 million and \$234.1 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 ~~current~~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. This, 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 2022-23 and 2023-24 were approximately 956,382 acre-feet and 707,364 acre-feet, respectively, including Metropolitan's basic apportionment of Colorado River water and supplies from water transfer and storage programs. In fiscal years 2022-23 and 2023-24, Metropolitan purchased approximately 962,595 megawatt-hours and 486,201 megawatt-hours, respectively, of additional energy.

Metropolitan has agreements with the Arizona Electric Power Cooperative ("AEP") to provide transmission and energy purchasing services to support CRA power operations. The term of these agreements extends to December 31, 2035. AEP'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 are met from a diverse mix of resources, including State-owned hydroelectric generating facilities and short-term contracts entered into by DWR. These resources represent approximately 46 percent of the State Water Project's estimated power requirements for 2024. The remainder of the State Water Project power needs is met by purchases from the CAISO.

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.

~~Butte County and Plumas County filed separate lawsuits against DWR challenging the adequacy of the final EIR. This lawsuit also named all of the signatories to the Settlement Agreement, including Metropolitan, as "real parties in interest," since they could be adversely affected by this litigation. On April 7, 2023, the Court of Appeal ruled that the EIR complied with CEQA. On June 28, 2023, the California Supreme Court denied petitioner's request to review. The Court of Appeal's decision is therefore final and the litigation is complete.~~

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. ~~Following the 2017 Oroville Dam spillway incident, Butte County, the City of Oroville, and others requested that FERC not issue a new license until an Independent Forensic Team ("IFT") delivered their final report to FERC and FERC has had adequate time to review the report. The Final IFT report was delivered on January 5, 2018. DWR submitted a plan to address the findings of the report to FERC on March 12, 2018. See "METROPOLITAN'S WATER SUPPLY State Water Project 2017 Oroville Dam Spillway Incident" in this Appendix A~~ 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 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

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 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 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 2023-242023-24 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
<u>2020-21</u>	<u>June 30, 2018</u>	<u>7.00%</u>
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%
<u>2025-26</u>	<u>June 30, 2023</u>	<u>6.80%</u>

The most recent actuarial valuation reports of PERS, as well as other information concerning benefits and other matters concerning the PERS plan, 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 the double-digit investment return for fiscal year 2021 to offset the cost of reducing the expected volatility of future investment returns. ~~In~~

On November 17, 2021, the PERS Board ~~voted to retain the~~ 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, ~~which increased~~. 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 levels beginning for fiscal year 2023-24~~2023-24~~.

Metropolitan was required to contribute ~~34.39~~35.74 percent and ~~35.74~~33.98 percent of annual projected payroll for fiscal years ~~2021-22~~2022-23 and ~~2022-23~~2023-24, respectively. Metropolitan’s actual contribution for fiscal years ~~2021-22 and 2022-23 were \$81.5 million or 33.79 percent of annual covered payroll and \$2022-23 and 2023-24 were \$88.2 million or 35.31 percent of annual covered payroll and \$89.7 million or 32.04 percent of annual covered payroll~~, respectively. The fiscal years ~~2021-22~~2022-23 and ~~2022-23~~2023-24 actual contribution included ~~\$11.0 million or 4.56 percent and \$10.6 million or 4.24 percent and \$10.9 million or 3.89 percent of annual covered payroll, respectively~~, for Metropolitan’s pick-up of the employees’ 7.00 percent share. For fiscal years ~~2023-24 and 2024-25 and 2025-26~~, Metropolitan is required to contribute ~~33.98~~37.52 percent and ~~37.52~~36.88 percent of annual projected payroll, respectively, 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.

The PERS Board adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The ~~new~~ policy ~~shortens~~shortened the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the ~~new~~ policy ~~removes~~removed the five-year ramp-up and ramp-down on unfunded accrued

liability bases attributable to assumption changes and non-investment gains/losses. The ~~new~~ policy ~~removes~~~~removed~~ the five-year ramp-down on investment gains/losses. These changes ~~apply~~~~applied~~ only to new unfunded accrued liability bases established on or after June 30, 2019.

~~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 and will impact Metropolitan's required contribution for fiscal year 2023-24.~~

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
<u>6/30/23</u> ⁽¹⁾	<u>\$2.982</u>	<u>\$2.091</u>	<u>\$(0.891)</u>	<u>70.1%</u>
6/30/22 ⁽¹⁾	\$2.875	\$2.015	\$(0.859)	70.1%
6/30/21	\$2.752	\$2.228	\$(0.524)	81.0%
6/30/20	\$2.625	\$1.848	\$(0.777)	70.4%
6/30/19	\$2.534	\$1.810	\$(0.724)	71.4%
6/30/18	\$2.433	\$1.744	\$(0.689)	71.7%

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, ~~2022~~. ~~The actuarial valuation as of June 30, 2023 has not yet been released.~~ The June 30, ~~2022~~2023 valuation report will be used to establish the contribution requirements for fiscal year ~~2024-25~~2025-26. 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.

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

(Dollars in thousands)	<u>06/30/24</u>	06/30/23	6/30/22	Increase/ (Decrease)
Total Pension Liability	<u>\$ 2,926,78</u>	\$ 2,807,458	\$ 2,669,675	\$ 137,783 <u>119,329</u>
Plan Fiduciary Net Position	<u>2,092,88</u>	2,016,832	2,229,075	(212,243) <u>76,052</u>
Plan Net Pension Liability	<u>\$ 833,903</u>	\$ 790,626	\$ 440,600	\$ 350,026 <u>43,277</u>
Plan fiduciary net positions as a % of the total pension liability	<u>71.51%</u>	71.84%	83.50%	
Covered payroll	<u>\$ 249,812</u>	\$ 241,288	\$ 235,294	
Plan net pension liability as a % of covered payroll	<u>333.81%</u>	327.67%	187.26%	

(Dollars in thousands)	<u>06/30/23</u>	06/30/22 <u>6/30/22</u>	6/30/21	Increase/ (Decrease)
Total Pension Liability	<u>\$ 2,807,458</u>	\$ 2,669,675	\$ 2,578,818	\$ 90,857 <u>137,783</u>
Plan Fiduciary Net Position	<u>2,016,832</u>	2,229,075	1,854,231	374,844 <u>(212,243)</u>
Plan Net Pension Liability	<u>\$ 790,626</u>	\$ 440,600	\$ 724,587	\$ (283,987) <u>350,026</u>
Plan fiduciary net positions as a % of the total pension liability	<u>71.84%</u>	83.50%	71.90%	
Covered payroll	<u>\$ 241,288</u>	\$ 235,294	\$ 225,707	
Plan net pension liability as a % of covered payroll	<u>327.67%</u>	187.26%	321.03%	

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

The Net Pension Liability for Metropolitan's Miscellaneous Plan for the fiscal years ended June 30, ~~2022~~ and 2023 and 2024 were measured as of June 30, ~~2021~~2022 and June 30, ~~2022~~2023, respectively, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of June 30, ~~2020~~2021 and June 30, ~~2021~~2022, 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, ~~2023~~2024 AND JUNE 30, ~~2022~~2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, ~~2024~~2025 AND ~~2023~~2024 (UNAUDITED)."

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 ~~\$23.9 million in fiscal year 2021-22~~, \$14.9 million in fiscal year ~~2022-23~~2022-23 and \$15.3 million in fiscal year ~~2023-24~~2023-24. 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 and June 30, 2023, were released in ~~June~~May of ~~2020~~2022 and April of 2024, respectively. The 2021 valuation indicated that the Actuarially Determined Contribution ("ADC") in fiscal years ~~2022-23~~2022-23 and ~~2023-24~~2023-24 were \$14.9 million and \$15.3 million, respectively, and the 2023 valuation indicated that the ADC will be \$23.0 million and \$23.7 million in fiscal years ~~2024-25~~2024-25 and 2025-26, 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, 2023 Valuation	June 30, 2021 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 (13 years remaining on measurement date 6/30/23) <u>from 6/30/2014 plus 15-year closed layers of future gains/losses/assumption changes/plan changes</u>	Level percentage of payroll over 23 year closed period (15 years remaining on measurement date 6/30/20)
Asset Valuation Method	Investment gains <u>Gains/losses on the Actuarial Value of Assets</u> spread over 5-year rolling period <u>periods</u> with corridor of 80% and 120% of market value	Investment gains/losses spread over 5 year rolling period with corridor of 80% and 120% of fair value
Investment Rate of Return	6.75%	6.75%
Inflation	2.80%	3.00%

Mortality, Disability, Termination, Retirement	CalPERS 2000-2019 Experience Study <u>Assumptions set in 2021</u>	CalPERS 2000-2019 Experience Study
Health Care Cost Trends	Pre-Medicare —12.72-12.72% for 2023, grading down to 4.14% for 2076 and later . Medicare —8.45% for 2022 <u>2023</u> , grading down to 4.14% for 2076 and later	Pre-Medicare - 6.86.80% for 2023, grading down to 3.83% for 2076 and later. Medicare —5.45.40% for 2022, grading down to 3.83% for 2076 and later
Mortality Improvement	Mortality <u>Base 2017 rates are projected fully generational with generational for future years using 80% of the Society of Actuaries' Scale MP-2021-2020</u>	Mortality projected fully generational with Scale MP-2021

As of June 30, 2023, the date of the most recent OPEB actuarial valuation report, the unfunded actuarial liability was estimated to be \$122.1 million and projected to be \$125.0 million at June 30, 2024.

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, ~~2023~~ 2024 was ~~\$345.8~~ \$380.2 million. As part of its biennial budget process, the Board approved the full funding of the ADC for fiscal years ~~2022-23~~ 2024-25 and ~~2023-24~~ 2025-26.

~~Increased volatility in the financial markets has been experienced in recent years. Declines in the market value of the OPEB trust fund or failure to achieve projected investment returns could negatively affect the funding status of the trust fund and increase ADCs in the future.~~

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, 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 negatively affect the trust fund's funding status. These challenges may also lead to higher ADCs in the future.

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

(Dollars in thousands)	<u>06/30/24</u>	06/30/23 <u>6/30/23</u>	6/30/22	Increase/ (Decrease)
Total OPEB Liability	<u>\$ 493,593</u>	\$ 443,189	\$ 429,603	\$ 13,586 <u>50,404</u>
Plan Fiduciary Net Position	<u>345,288</u>	328,536	377,321	(48,785) <u>16,752</u>
Plan Net OPEB Liability	<u>\$ 148,305</u>	\$ 114,653	\$ 52,282	\$ 62,371 <u>33,652</u>

Plan fiduciary net positions as a % of the total OPEB liability	<u>69.95%</u>	74.13%	87.83%
	<u>\$</u>	\$	235,294
Covered payroll	<u>249,812</u>	241,288	
Plan net OPEB liability as a % of covered payroll	<u>59.37%</u>	47.52%	22.22%

(Dollars in thousands)	<u>06/30/23</u>	06/30/22 <u>6/30/22</u>	6/30/21	Increase/ (Decrease)
			\$	
Total OPEB Liability	<u>\$ 443,189</u>	\$ 429,603	452,293	\$ (22,690) <u>13,586</u>
			287,562	
Plan Fiduciary Net Position	<u>328,536</u>	377,321		89,759 <u>(48,785)</u>
			\$	
Plan Net OPEB Liability	<u>\$ 114,653</u>	\$ 52,282	164,731	\$ (112,449) <u>62,371</u>
Plan fiduciary net positions as a % of the total OPEB liability	<u>74.13%</u>	87.83%	63.58%	
			\$	
Covered payroll	<u>\$ 241,288</u>	\$ 235,294	225,707	
Plan net OPEB liability as a % of covered payroll	<u>47.52%</u>	22.22%	72.98%	

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

The Net OPEB Liability for the years ended June 30, ~~2022 and~~ 2023 and 2024 were measured as of June 30, ~~2021~~2022 and June 30, ~~2022~~2023, 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, 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, ~~2023~~2024 AND JUNE 30, ~~2022~~2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, ~~2024~~2025 AND ~~2023~~2024 (UNAUDITED)."

HISTORICAL AND PROJECTED REVENUES AND EXPENSES

The “Historical and Projected Revenues and Expenses” table below for fiscal years 2021-22 through 2028-29, 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 ~~information~~financial projection for fiscal year ~~2023~~2024-2425 in the table below is based ~~upon preliminary~~on actual results through December 2024 and revised projections for the balance of the fiscal year. The financial projections for fiscal years 2025-26 through 2028-29 in the table below reflect the biennial budget for fiscal years ~~2024-25~~2024-25 and 2025-26 as well as a ten-year financial forecast provided therein on a cash basis. 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*” and “REGIONAL WATER RESOURCES–Local Water Supplies – Recycled Water-Metropolitan Pure Water Southern California Program” in this Appendix A.

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 2021-22 through fiscal year 2024-25. O&M, CRA Power and Water Transfer Costs were updated to reflect the set-aside of \$12.8 million in fiscal year 2020-21, and the use of \$26.5 million in fiscal year 2021-22 from the Exchange Agreement Set-Aside Fund to offset the \$50.5 million payment to SDCWA in connection with the litigation challenging Metropolitan’s rates. See “METROPOLITAN REVENUES–Litigation Challenging Rate Structure” in this Appendix A. Lastly, ~~a~~ Reserve ~~Transfer~~Transfers of \$153 million in fiscal year 2022-23, and ~~an expected Reserve Transfer of~~ \$229 million in 2023-24 are 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 ~~2024-25~~2024-25 and 2025-26 and ~~its~~ ten-year financial forecast. Based on those projections and water sales in recent years, Metropolitan incorporated more conservative assumptions for water transactions in its biennial budget for fiscal years ~~2024-25~~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. Actual water transactions are likely to vary from projections. As shown in the chart entitled "Historical Water Transactions" below, water transactions can vary significantly from average and demonstrates 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 "~~Preliminary~~MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES–Projected Fiscal Year ~~2023-24~~2024-25 Financial Results." Metropolitan considers actual transactions, revenues and expenses, and financial reserve balances in setting rates for future fiscal years.

As described above, the ~~information~~financial projection for fiscal year ~~2023-24 in the table below is based upon preliminary~~2024-25 includes actual results through December 2024. Financial projections for fiscal years 2025-26 through 2028-29 reflect the biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast provided therein on a cash basis. This includes the issuance of \$3,380 million of bonds for fiscal years 2024-25 through 2028-29 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 ~~\$48 million of~~ bonds during the same period to finance other capital expenditures of Metropolitan relating to conservation and supply programs, as described herein. 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 1.65 million acre-feet in fiscal year 2021-22, ~~and~~ 1.39 million acre-feet for fiscal year 2022-23, and ~~are estimated to be~~ 1.17 million acre-feet in fiscal year 2023-24. Water transactions are projected to ~~1.34~~1.35 million acre-feet for fiscal year 2024-25, 1.34 million acre-feet for fiscal year 2025-26, 1.34 million acre-feet for fiscal year 2026-27, 1.35 million acre-feet for fiscal year 2027-28 and 1.35 million acre-feet for fiscal year 2028-29. 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." Rates and charges ~~will increase~~increased by 8.5 percent for calendar year 2025, and will increase by 8.5 percent for calendar year 2026. Rates and charges are projected to increase by 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, and 5.0 percent for calendar year 2029. Actual rates and charges to be effective in calendar year 2027 and thereafter are subject to adoption by Metropolitan's Board.

The biennial budget for fiscal years 2024-25 and 2025-26 ~~also~~ assumes additional arrangements enabled by Metropolitan's record high storage reserves anticipated to generate revenues of \$60 million per year.

Financial projections for fiscal years 2024-25 through 2028-29 reflect a greater portion of Metropolitan's State Water Contract obligations being paid from property taxes. ~~{if new tax rate established in August add the following:}~~ As assumed by the biennial budget for fiscal years 2024-25 and

2025-26, the Board increased the *ad valorem* tax rate to 0.0070 percent of full assessed valuation beginning in fiscal year 2024-25.

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.

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

	Actual			Projected				
	2022 ^(o)	2023	2024	2025	2026	2027	2028	2029
	Actual	Actual	Preliminary Actual	Adopted Budget Projected	Adopted Budget	10-Yr. Forecast	10-Yr. Forecast	10-Yr. Forecast
Water Revenues ^(b)	\$1,523	\$ 1,323	\$1,167	\$ 1,486	\$1,511	\$ 1,659	\$ 1,862	\$2,018
Other Charge Revenues ^(c)	171	182	196	214	230	242	281	335
Total Operating Revenues	1,693	1,505	1,364	1,700	1,741	1,901	2,143	2,353
O&M, CRA Power and Water Transfer Costs ^(d)	(770)	(864)	(760)	(860)	(920)	(1,006)	(1,061)	(1,110)
Total SWC OMP&R and Power Costs ^(e)	(374)	(412)	(543)	(623)	(372)	(407)	(428)	(455)
Total Operation and Maintenance	(1,144)	(1,275)	(1,303)	(1,269)	(1,292)	(1,413)	(1,489)	(1,565)
Net Operating Revenues	\$ 549	\$ 229	\$ 61	\$ 577	\$ 449	\$ 487	\$ 653	\$ 788
Additional Revenue Sources								
Miscellaneous Revenue ^(f)	23	24	21	108	159	52	48	48
Reserve Transfers ^(g)	—	153	229	—	—	—	—	—
Sales of Hydroelectric Power ^(h)	9	6	13	212	18	15	13	12
Interest on Investments ⁽ⁱ⁾	10	21	42	5028	45	42	43	46
Total Additional Revenues	42	204	305	229	222	109	104	107
Adjusted Net Operating Revenues ^(j)	\$591	\$434	\$366	\$725	\$671	\$596	\$757	\$895
Senior Obligations	(178)	(172)	(197)	(208)	(198)	(234)	(280)	(418)
Subordinate Obligations	(97)	(121)	(125)	(131)	(151)	(134)	(138)	(56)
Senior and Subordinate Obligations ^(k)	(275)	(293)	(322)	(339)	(349)	(368)	(418)	(474)
Funds Available from Operations	\$ 316	\$ 141	\$ 44	\$ 386	\$ 322	\$ 228	\$ 340	\$ 421
Debt Service Coverage (DSC) on all Senior Bonds	3.32	2.52	1.86	2.87	3.40	2.55	2.71	2.14
DSC on all Senior and Subordinate Bonds ^(l)	2.15	1.48	1.14	1.71	1.92	1.62	1.81	1.89
Operating Equipment Expense	(4)	(7)	\$ (9)	\$ (10)	\$ (10)	\$ (11)	\$ (11)	\$ (12)
Pay-As-You Go Construction	(135)	(135)	(35)	(175)	(175)	(175)	(250)	(275)
Pay-As-You Go Funded from Replacement & Refurbishment Fund Reserves	1	2	—	—	—	—	—	—
Total SWC Capital Costs Paid from Current Year Operations	=	=	=	=	=	=	=	=
Remaining Funds Available from Operations	\$ 177	\$—	\$ —	\$ 201	\$ 137	\$ 42	\$ 78	\$ 133
Fixed Charge Coverage ^(m)	2.15	1.48	1.14	1.71	1.92	1.62	1.81	1.89
Property Taxes ⁽ⁿ⁾	\$ 160	\$ 198	\$ 202	\$ 331	\$ 334	\$ 342	\$ 351	\$ 359

General Obligation Bonds Debt								
Service Paid from Property Taxes	(8)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
SWC Capital Costs Paid from Property								
Taxes	(140)	(133)	(122)	(113) <u>130</u>	(117)	(142)	(151)	(170)
SWC O&M Costs Paid from Property								
Taxes	<u>(12)</u>	<u>(62)</u>	<u>(78)</u>	(202) <u>199</u>	<u>(215)</u>	<u>(198)</u>	<u>(197)</u>	<u>(187)</u>

Source: Metropolitan.

(Footnotes to table are on next pages)

(Footnotes to table on prior page)

- (a) Unaudited. Totals may not add due to rounding. Prepared on a cash basis. ~~Information~~The projection for fiscal year ~~2023-24~~2024-25 is based on ~~preliminary~~actual results through December 2024 and revised projections for the balance of the fiscal year. Projections for fiscal year ~~2024-25-2526~~ through fiscal year 2028-29 are based on assumptions and estimates used in the biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast provided therein and reflect the projected issuance of additional bonds. 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, 2022-~~and~~, 2023, and 2024, annual water transactions with member agencies (in acre-feet) were 1.65 million ~~and~~, 1.39 million, ~~respectively, and, for fiscal year ended June 30, 2024, are estimated to be~~and 1.17 million, respectively. See the table entitled “Summary of Water Transactions and Revenues” under “METROPOLITAN REVENUES–Water Revenues” in this Appendix A. The water transactions projections (in acre-feet) are ~~1.34~~1.35 million acre-feet for 2024-25, 1.34 million acre-feet for fiscal year 2025-26, 1.34 million acre-feet for fiscal years 2026-27, 1.35 million acre-feet for 2027-28, and 1.35 million acre-feet for fiscal years 2028-29. Projections reflect adopted overall rate and charge increase of 8.5 percent for each of the calendar years 2025 and 2026. Rates and charges are projected to increase 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, and 5.0 percent for calendar year 2029, 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 charges. The term Operating Revenues excludes *ad valorem* taxes. See “METROPOLITAN REVENUES–Other Charges” in this Appendix A.
- (d) Water Transfer Costs 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. Operation and maintenance expenses also include \$24.0 million in fiscal year 2021-22 in connection with the SDCWA litigation challenging Metropolitan’s rates (\$50.5 million is the total paid in fiscal year 2021-2022, with the balance paid from the Exchange Agreement Set-Aside Fund). See METROPOLITAN REVENUES–Litigation Challenging Rate Structure” in this Appendix A. O&M, CRA Power and Water Transfer Costs are net of grant 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 (\$4.5 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 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 (n) 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 \$60 million in revenues ~~per year~~ for fiscal ~~years 2024-25 and~~year 2025-26 anticipated to be generated from additional arrangements enabled by Metropolitan’s record high storage reserves.
- (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 ~~estimated~~ transfers from the Water Rate Stabilization Fund and General Fund of \$229 million in fiscal year 2023-24.
- (h) Includes CRA power sales.
- (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.

(Footnotes continue on next page)

(Footnotes continued from prior page)

- (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 \$130 million in fiscal year 2024-25, approximately \$150 million in fiscal year 2025-26, approximately \$900 million in fiscal year 2026-27, approximately \$950 million in fiscal year 2027-28, and approximately \$1,250 million in fiscal year 2028-29. 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 \$215 million of bonds for other capital expenditures relating to conservation and supply programs in calendar year 2024, and \$29 million and \$19 million of bonds for other capital expenditures relating to conservation in fiscal years 2024-25 and 2025-26, respectively. See “CAPITAL INVESTMENT PLAN–Capital Investment Plan Financing” in this Appendix A. Metropolitan has issued \$48.2 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 are expected to be refinanced through a financing to be undertaken by AVEKFA 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 – Anticipated Incurrence of Financial Obligation” in this Appendix A.
- (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) Adjusted Net Operating Revenues, divided by the sum of 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).
- (n) ~~Assumes the ad valorem tax rate will be increased by the Board to 0.0070 percent of full assessed valuation beginning in fiscal year 2024-25.~~
- (o) Information for fiscal year 2021-22 is presented on a cash basis in this table, consistent with Metropolitan’s current accounting method for budgetary purposes. Metropolitan’s accounting method changed from modified accrual basis to cash basis beginning with fiscal year 2022-23. Historical information through fiscal year 2021-22 in the table entitled “Summary of Revenues by Source” under the caption “METROPOLITAN REVENUES – Summary of Revenues by Source” and in the table entitled “Summary of Expenses” under the caption “METROPOLITAN EXPENSES – General” in this Appendix A reflect the modified accrual basis of accounting previously used by Metropolitan for budgetary purposes.

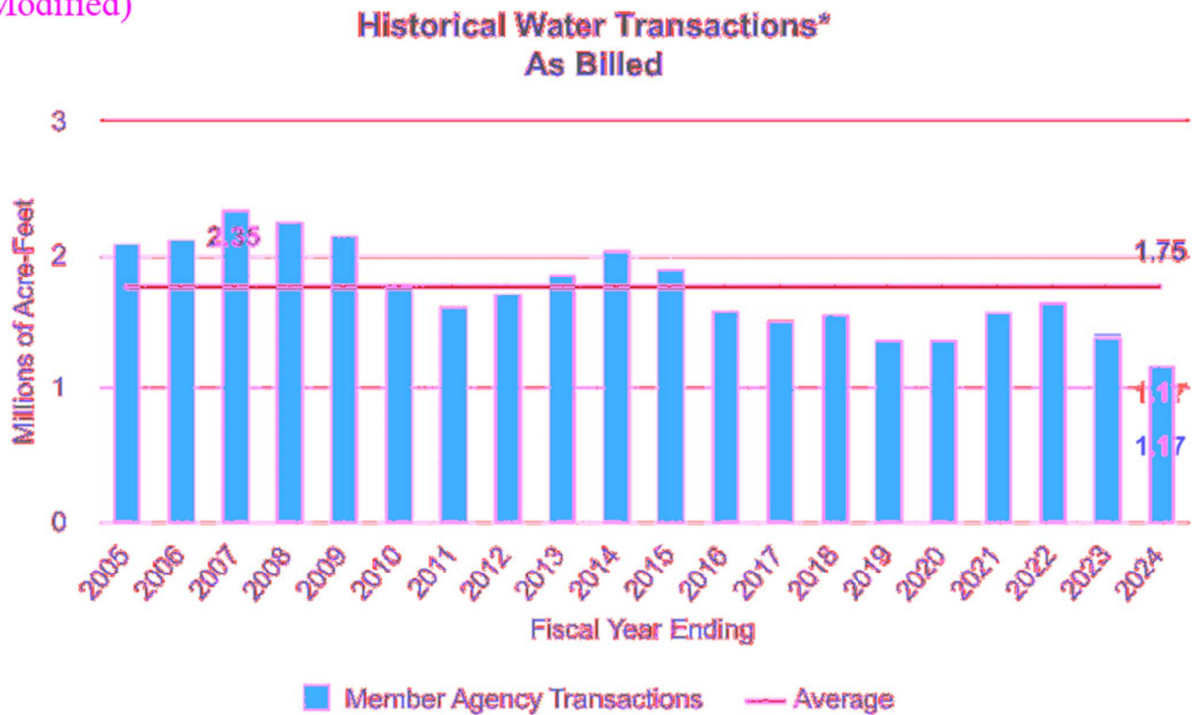
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MANAGEMENT'S DISCUSSION OF HISTORICAL AND PROJECTED REVENUES AND EXPENSES

Water Transactions Projections

The water transactions with member agencies in the table above for fiscal year 2021-22 were 1.65 million acre-feet, ~~1.39~~1.41 million acre-feet for fiscal year 2022-23, and ~~are estimated to be~~ 1.17 million acre-feet for fiscal year 2023-24. The water transaction forecast is ~~1.34~~1.35 million acre-feet for fiscal year 2024-25, 1.34 million acre-feet for fiscal year 2025-26, 1.34 million acre-feet for fiscal year 2026-27, 1.35 million acre-feet for 2027-28, and 1.35 million acre-feet for fiscal year 2028-29, 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.

(Modified)



* Water transactions include sales, exchanges, and wheeling with member agencies. ~~Fiscal Year 2023-24 information based on preliminary results.~~

Water Revenues

Metropolitan projects revenues from water transactions will be about 75 percent of its total revenues after implementation of the adopted biennial budget for fiscal years ~~2024-25~~2024-25 and 2025-26. 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.

Metropolitan’s Board regularly adopts annual increases in water rates. See “METROPOLITAN REVENUES–Rate Structure” and “–Classes of Water Service” in this Appendix A. On April 9, 2024, the Board adopted average increases in rates and charges of 8.5 percent, which will become effective on each of January 1, 2025 and January 1, 2026. Rates and charges are projected to increase 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028, and 5.0 percent for calendar year 2029. Actual rates and charges to be effective in calendar year 2027 and thereafter are subject to adoption by Metropolitan’s Board.

PreliminaryProjected Fiscal Year ~~2023-24~~2024-25 Financial Results

~~Based on preliminary results~~Projections for fiscal year ~~2023-24, estimated Water Revenues~~2024-25, in the table above, are based on actual results through December 2024 and revised projections for the balance of the fiscal year. Water revenues for fiscal year ~~2023-24 were~~2024-25 are estimated to be \$1,167.1,486 million, approximately ~~\$371.68~~ million ~~lower~~more than budget projections. This ~~reduction~~increase in projected water revenues is primarily due to ~~the impact of recent wet weather on demand for supplies by~~100,000 acre-feet of reverse cyclic transactions with member agencies ~~generating \$125.6 million.~~ See also “REGIONAL WATER RESOURCES–Local Water Supplies – *Reverse Cyclic Program*” in this Appendix A.

Operation and maintenance expenses in fiscal year ~~2023~~2024-2425 are estimated to be ~~\$1,303.1,123~~ million, which represents approximately ~~66.55~~ percent of total estimated costs for fiscal year ~~2023~~2024-2425. 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 ~~\$84.146~~ million lower than budget in fiscal year ~~2023-24~~2024-25, which is primarily due to lower than expected costs associated with the State Water Contract and the AVEK High Desert Water Bank Program for such fiscal year. Comparatively, operations and maintenance expenditures in fiscal year ~~2022~~2023-2324 were ~~\$1,275.1,303~~ million, which ~~represents~~represented approximately ~~66.966~~ percent of total costs. Overall, estimated expenditures for the twelve months ending June 30, ~~2024~~2025 are estimated to be ~~\$1,975.2,062~~ million, which is under budget by ~~\$114.187~~ million.

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. Metropolitan determined that it was appropriate to use a portion of its unrestricted reserves and other available funds in fiscal year 2023-24 to pay for permitted expenditures as a result of the rapid change in hydrology that were projected to reduce demand for Metropolitan supplies, and hence projected water revenues. Results for fiscal year 2023-24 ~~reflect~~reflected the use of approximately ~~\$231.229~~ million of unrestricted reserves related to operating and maintenance. Projections for fiscal year 2024-25 do not anticipate using unrestricted reserves related to operating and maintenance.

Fiscal year ~~2023~~2024-2425 senior revenue bond debt service coverage (on a cash basis) is estimated to be ~~1.86x~~3.48x. Fiscal year ~~2023-24~~2024-25 aggregate revenue bond debt service coverage (on a cash basis) is estimated to be ~~1.14x~~2.14x and the fixed charge coverage is estimated to be ~~1.14x~~2.14x. Fiscal year ~~2023~~2024-2425 capital expenditures, estimated at ~~\$380.382~~ million, are being

partially funded by the proceeds of bonds issued ~~for~~in fiscal year ~~2022~~2023-2324 for such purpose, ~~a portion of Metropolitan's short term senior lien notes issued under its Short Term Revolving Credit Facility~~grant funding, and the remainder from pay-as-you-go funding. Metropolitan's unrestricted reserves are ~~estimated~~projected to be approximately \$~~323~~493 million on a cash basis at June 30, ~~2024~~2025. See "METROPOLITAN REVENUES–Financial Reserve Policy" in this Appendix A.

Financial projections for fiscal years ~~2024~~2025-2526 through 2028-29 are reflected in the biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast provided therein. The fiscal year 2024-25 and 2025-26 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 percent for calendar year 2025 and 8.5 percent for calendar year 2026. The biennial budget for fiscal years 2024-25 and 2025-26 and ten-year financial forecast ~~includes~~assumes rate increases of 11.5 percent for calendar year 2027, 11.5 percent for calendar year 2028 and 5.0 percent for calendar year 2029. Actual rates and charges to be effective in calendar year 2027 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 ~~2023~~2024-2425 through 2028-29 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.

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, ~~2023~~2024 AND JUNE 30, ~~2022~~2023 AND BASIC FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, ~~2024~~2025 AND ~~2023~~2024 (UNAUDITED)."



Finance, Affordability, Asset Management,
and Efficiency Committee Meeting

Approve and Authorize the Distribution
of Appendix A for Use in the Issuance
and Remarketing of Metropolitan Bonds

Item 7-5

May 13, 2025

Item 7-5

Summary

Subject

Approve and authorize the distribution of Appendix A for use in the issuance and remarketing of Metropolitan bonds

Purpose

Update and approve Metropolitan's financial disclosure for use in connection with upcoming bond issuances.

Recommendation and Fiscal Impact

Staff recommends approval in order to proceed with implementation of various plans of finance that require an offering document.

Approval will enable Metropolitan to undertake bond issuances and remarketing to meet the District's commitments for existing debt obligations, including mandatory tenders, in the most cost-effective manner in the current market.

Appendix A is a Key Component of Metropolitan's Bond Disclosure

Finance staff anticipates approximately \$310 million in long-term debt issuance in the Early Summer of 2025

- Provides Investors of Metropolitan's Bonds with Material Information
- Enables, as part of a deemed final POS, the Active Pre-Marketing Period to obtain broad investor interest
- Two bond issues expected to close in July 2025
 - 2025 Series A - a fixed-rate refunding bond
 - AVEK JPA 2025 Series A - a combination of fixed-rate and multi-modal refunding and new money bonds
 - Preliminary OS distributions: (1) in late May 2025, for pricing of the 2025 Series A in early June 2025; and (2) in mid June 2025 for pricing of the AVEK JPA 2025 Series A in late June 2025

In this update, staff added language on Metropolitan's wildfire risk management response and an overview of Metropolitan's risk exposure to grants

Appendix A describes a 360-degree view of Metropolitan

- Service Area
- Governance and Management
- Sources of Water Supply and Current Conditions
- Capital Projects and Expenditures
- Revenues, Expenses and Long-term Obligations
- Litigation and Legislation

Our process follows regulatory guidance and industry best practice; and MWD engages both in-house and external expertise to meet our disclosure obligations

Appendix A Update Process Involves a Broad Constituency

- Disclosure Working Group
 - Treasury Debt Manager, as lead for Finance
 - Legal
 - Disclosure Counsel
- Broader Metropolitan Staff Review
- Executive Management Review
- Board Review and Approval

Board Review and Approval Process

The Board is routinely provided updates (or reports) on various topics addressed in Appendix A

- Receive Periodic Management Reports
- Receive Board Training
- Review Draft Appendix A
- Material Fact
 - information that a reasonable investor would consider important when determining whether to buy or sell securities.
- Proper Disclosure - May NOT
 - Contain an untrue statement of a material fact
 - Omit material facts

The entire
Appendix A was
reviewed and
updated

Appendix A Update Highlights

- Redline of Changes since last Board Approval Provided as an Attachment to the Board Letter
- Significant Updates Since November 2024 include:
 - Water Supply Conditions
 - Conservation and Water Shortage Measures
 - Litigation
 - Metropolitan's Water Delivery System
 - Metropolitan's Finances (FY 2024/25 Q2)

Future Updates to Appendix A

- Biannual Updates
 - Unless there are no financial transactions
- Interim Updates
 - Material changes will be provided to the Board for review and comment

Appendix A is not a static document, and requires constant review to ensure we meet our disclosure obligations

Appendix A is
required to execute
the bond financings
anticipated in
CY 2025

Board Options for Consideration

- Option #1
 - Approve the draft of Appendix A (Attachment I) attached to the board letter;
 - 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; and
 - Authorize distribution of Appendix A, finalized by the General Manager or other designee of the Ad Hoc Committee, in connection with the sale or remarketing of bonds.

Board Options for Consideration

Metropolitan will not be able to issue bonds to fund board approved projects or refund outstanding bonds if Appendix A is not approved

- Option #2
 - Do not approve the draft Appendix A document

Staff Recommendation

- Option #1





- **Board of Directors**

Finance, Affordability, Asset Management, and Efficiency Committee

5/13/2025 Board Meeting

8-2

Subject

Adopt CEQA determination that the proposed action was previously addressed in the adopted 2017 Mitigated Negative Declaration, Addenda Nos. 1, 2 and 3 and related CEQA actions; and adopt resolution that (1) authorizes the execution and delivery of an amended and restated agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, (2) approves the project financing, and (3) authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute, and deliver various related agreements and documents

Executive Summary

This board letter outlines staff's recommended plan of finance for the High Desert Water Bank ("HDWB" or "Water Bank") Program with Antelope Valley-East Kern Water Agency ("AVEK"). As part of a multi-step process with the AVEK staff and board, Metropolitan staff is seeking board approval of changes in the Amended and Restated HDWB Agreement to facilitate the long-term bond financing of the HDWB capital costs.

In the adopted Biennial Budgets for Fiscal Years 2022/23-2023/24 and 2024/25-2025/26, the Board approved debt financing the HDWB to reduce cash expenditures. The debt will be issued by a Joint Powers Authority, the Antelope Valley-East Kern Water Agency Financing Authority, comprised of AVEK and the California Municipal Finance Authority (the "AVEK Finance Authority JPA" or "the JPA"). The JPA will issue the long-term debt to fund the construction costs of the HDWB capital assets that are wholly owned by AVEK. Metropolitan will make installment payments sufficient to pay the debt service costs of the JPA bond issue. The JPA structure allows the principal component of the borrowing to be paid as a subordinate lien debt obligation on Metropolitan's revenue bond lien, while the interest expense component will be funded as an Operation and Maintenance expense ("O&M expense"). This structure will help Metropolitan preserve its debt capacity and benefit Metropolitan's debt service coverage ratio calculations.

The duration of the proposed debt service payments and the term of the Agreement must align in order to accommodate the maturity of the bonds to be issued. The Amended and Restated HDWB Agreement will enable the capital costs of the HDWB project to be financed over a 30-year term, consistent with the assumed HDWB project's useful life. The current HDWB Agreement term is being extended by an additional twenty years to December 31, 2057.

The proposed resolution (**Attachment 1**) authorizes the execution and delivery of an amended and restated agreement between AVEK and Metropolitan for the HDWB Program, extending the term of the Agreement, approving the project financing, and authorizing the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute and deliver various related agreements and documents.

Fiscal Impact

The HDWB Program has two main financial components: (1) capital costs, and (2) O&M costs. The \$177.9 million of financed capital costs will be amortized over a term of up to 30 years, while the O&M costs will span through 2057, which aligns with the new term of the HDWB Agreement. Staff anticipates that the long-term

bond financing for board-approved capital costs to date will have an annual debt service payment of approximately \$10.4 million, depending upon debt structure and market conditions at the time of sale.

However, as detailed in the February 10, 2025, board letter to the One Water and Stewardship (“OWS”) Committee, alternative strategies identified by staff for the treatment of arsenic and nitrate, and potential requirements to mitigate impacts to neighboring wells, will have additional capital and O&M costs. It is expected that such treatment options or mitigation requirements, if approved by the Board, could increase the cost of the HDWB project and may require subsequent series of bonds to be issued by the JPA. Staff expects to have these additional cost estimates for arsenic and nitrate treatment and any mitigation measures for neighboring wells in the fourth quarter of 2025 and will bring related approvals to the Board accordingly.

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

Staff Recommendation: Option #1

Option #1

Adopt CEQA determination that the proposed action was previously addressed in the adopted 2017 Mitigated Negative Declaration, Addenda Nos. 1, 2 and 3 and related CEQA actions; and adopt a resolution that:

(1) authorizes the execution and delivery of an amended and restated agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, (2) approves the project financing, and (3) authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute, and deliver various related agreements and documents.

Fiscal Impact: The Adopted Budget for Fiscal Years 2024/25 and 2025/26 assumes average annual debt service costs for the HDWB Program of \$10.9 million. The current estimated annual JPA debt service costs for the HDWB Program are approximately \$10.4 million. However, these estimates do not include the cost of additional arsenic and nitrate treatment, or any costs associated with potential impacts to neighboring wells. The treatment cost estimates are expected in the fourth quarter of 2025 and are subject to board approval.

Business Analysis: Approval of Option #1 will enable Metropolitan to proceed with this important program as directed by the Board while treatment costs and final capital costs are determined. Financing the HDWB Program as recommended in Option #1 would not impact Metropolitan’s business except for the fiscal impacts previously noted above.

Option #2

Do not adopt the resolution that authorizes the execution and delivery of an amended and restated agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, approves the project financing, and authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute and deliver various related agreements and documents.

Fiscal Impact: Future capital costs of the HDWB Program would have to be funded from other debt financing structures or from Metropolitan’s operating revenues. The former alternative would most likely result in the issuance of debt under Metropolitan’s revenue bond program. While staff believes the difference in cost of funds between debt issuance through the AVEK JPA and Metropolitan is negligible, the fiscal impact would be realized through the reduction in Metropolitan’s revenue bond debt capacity by \$178 million and incrementally improve Metropolitan’s debt service coverage ratio. The latter alternative of using revenues in lieu of debt to fund the HDWB capital costs would have a negative effect on Metropolitan’s operating budget and may require commensurate rate increases in the next biennium budget cycle.

Business Analysis: If Option #2 is approved, staff will develop an alternative plan of finance; however, the financing mechanism used to support this funding decision would not impact Metropolitan’s business except for the fiscal impacts previously noted above.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Administrative Code Section 4203: Water Transfer Policy

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

By Minute Item 50302, dated November 10, 2015, the Board authorized entering into an agreement for Storage and Exchange Programs with AVEK.

By Minute Item 51564, dated April 9, 2019, the Board authorized entering into an agreement for the High Desert Water Bank Program with AVEK.

By Minute Item 55360, dated September 12, 2023, the Board authorized up to \$80 million for additional costs associated with changes to the High Desert Water Bank Program with AVEK.

By Minute Item 53882, dated December 10, 2024, the Board authorized the General Manager to enter into agreements with the U.S. Bureau of Reclamation to implement phase two of the LC Conservation Program, which includes approximately \$82 million in funding for costs associated with the Water Bank.

In Board Information Item 9-3, dated February 11, 2025, Staff provided updates regarding certain water quality issues and possible treatment approaches, groundwater modeling, potential impacts to neighboring wells, and other contingencies related to the High Desert Water Bank Program with AVEK, as well as planned amendments to the High Desert Water Bank Program agreement and plan of finance referenced in this letter. Staff plans to return to the Finance, Affordability, Asset Management, and Efficiency Committee in the next several months when final treatment and other project cost estimates are available for the Board's consideration and approval.

Summary of Outreach Completed

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

On April 4, 2019, the Board acted as a Responsible Agency and certified that it reviewed and considered the information in the Antelope Valley-East Kern Water Agency's December 2017 Mitigated Negative Declaration and adopted the Lead Agency's mitigation measures prior to approval of the formal terms and conditions for the proposed agreement. On September 12, 2023, the Board reviewed and considered Addenda Nos. 1, 2, and 3 to the Mitigated Negative Declaration prior to changes to the design, construction, and operation of Water Bank facilities and approval of additional costs associated with those changes. The present board action relates solely to the financing of project costs and does not involve or authorize changes to the actual project itself. Therefore, the environmental documentation previously prepared and adopted in connection with the project fully complies with CEQA, and no further environmental analysis or documentation is required. Any future management actions or agreements will be evaluated to determine whether the effects of such actions are consistent with the 2017 MND and Addenda or whether any additional analysis and documentation is needed.

CEQA determination for Option #2:

None required

Details and Background

Background

In April 2019, the Board authorized the General Manager to enter into an agreement with AVEK (the HDWB Agreement). At that time, the Board approved capital payments for the HDWB Program of up to \$131 million.

In September 2023, the Board authorized additional funding for the HDWB Program of up to \$80 million for various unforeseen issues that have impacted the HDWB Program and increased estimated costs since it was approved in 2019. These include (1) higher-than-anticipated rates of inflation due to supply chain constraints and other factors; (2) revisions to the design, construction, and operation of the Water Bank's recharge and recovery facilities, which are necessary to achieve the original performance targets; and (3) the need for additional electrical infrastructure to support the operation of the Water Bank's facilities. Combined with the original approval for \$131 million, the additional \$80 million resulted in a total of \$211 million in authorized expenditures

for the HDWB Program. This estimated project cost does not include additional costs described in a February 10, 2025, board information letter cited above, in which staff informed the Board of additional water quality treatment capital costs for arsenic and nitrate, potential mitigation costs associated with impacts to neighboring wells, and groundwater modeling impacts that indicate a limited ability to continuously recharge the Water Bank as originally planned. This estimated project cost also does not reflect that, in December 2024, Metropolitan entered into a System Conservation Implementation Agreement with the United States Bureau of Reclamation (“USBR”), under which USBR agreed to provide \$82 million in funding for the Water Bank in exchange for Metropolitan leaving 168,000 AF of conserved Colorado River water in Lake Mead. The funding will defray Metropolitan’s overall costs on the project by paying for the construction of new infrastructure such as wells, recovery facilities, water treatment facilities, and on-site electrical.

As of April 1, 2025, Metropolitan has paid approximately \$106.0 million for AVEK capital costs, paid approximately \$1.0 million for AVEK O&M expenses, and issued \$99.4 million of short-term certificates under Metropolitan’s Revolver Note Facility.

HDWB Program Plan of Finance

In the adopted Biennium Budgets for Fiscal Years 2022/23-2023/24 and 2024/25-2025/26, the Board approved debt financing for the HDWB to reduce upfront cash expenditures and reduce near-term rate impacts. Staff and the bond financing team considered options to debt finance the HDWB Program using Metropolitan’s revenue bond program or an alternative project financing approach utilizing a third-party JPA. Staff recommends the JPA approach, considering benefits to the preservation of Metropolitan’s debt capacity and debt service coverage. The long-term financing through the AVEK JPA approved in the proposed resolution will pay off all of Metropolitan’s outstanding short-term note obligations incurred for the HDWB Program.

Metropolitan’s \$99.4 million of currently outstanding Revolver Notes were issued in multiple series since June 2023 to finance the HDWB Program per board approval. The use of Metropolitan’s short-term Revolver Note Facility was part of an interim financing plan for HDWB until issues enabling the long-term bond financing of the program were resolved. Metropolitan paid \$1.64 million in interest cost in fiscal year 2023/24 and \$2.23 million to date for fiscal year 2024/25 for the HDWB Program-related notes.


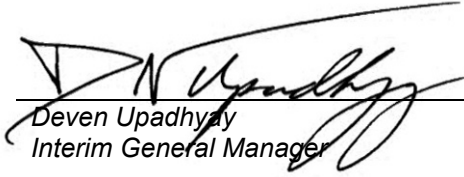
Given the inversion of the yield curve since July 2023, short-term rates have been higher than long-term rates. Despite this circumstance, staff was able to keep the financing costs under budget by only borrowing funds through the Revolver as needed. In fact, staff lowered the all-in carry cost of the issued Revolver Notes by \$7.5 million and \$5.9 million compared to budget assumptions in fiscal year 2022/23 and fiscal year 2023/24, respectively.

Proposed HDWB Agreement Amendments

To debt finance the capital costs of the HDWB Program, the HDWB Agreement will be amended and restated to include required provisions to enable financing through the AVEK JPA. These amendments include the addition of a schedule of installment payments that will match the debt service payments of the bonds and secure Metropolitan’s obligation to pay installment payments as a first-tier parity obligation under its Master Subordinate Resolution.

Proposed Resolution

The proposed resolution would authorize the financing of the design, acquisition, construction, and installation of the High Desert Water Bank through the issuance of bonds by the JPA, and execution of an Amended and Restated HDWB Agreement to facilitate the long-term bond financing and the related financing documents, including but not limited to a Continuing Disclosure Undertaking and an Assignment Agreement.

	5/5/2025
Katano Kasaine	Date
Assistant General Manager/ Chief Financial Officer	
	5/5/2025
Deven Upadhyay	Date
Interim General Manager	

Attachment 1 – AVEK Financing Resolution**Attachment 2 – Amended And Restated Agreement Between Antelope Valley-East Kern Water Agency And Metropolitan For The High Desert Water Bank Program**

Ref# cfo12701792

**THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA**

RESOLUTION _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
AUTHORIZING THE DISTRICT'S AMENDED AND RESTATED AGREEMENT
BETWEEN ANTELOPE VALLEY-EAST KERN WATER AGENCY AND
METROPOLITAN FOR THE HIGH DESERT WATER BANK PROGRAM AND
AUTHORIZING THE GENERAL MANAGER OR ASSISTANT GENERAL
MANAGER/CHIEF FINANCIAL OFFICER AND TREASURER TO NEGOTIATE,
EXECUTE AND DELIVER VARIOUS AGREEMENTS AND DOCUMENTS RELATED
THERE TO**

The Board of Directors of The Metropolitan Water District of Southern California (the "Board") hereby finds that:

1. In April 2019, the Board authorized the General Manager to enter into the Agreement Between Antelope Valley-East Kern Water Agency and the District for the High Desert Water Bank Program (the "Original Water Bank Agreement"), by and between the Antelope Valley-East Kern Water Agency ("AVEK") and The Metropolitan Water District of Southern California (the "District"), to provide up to \$131 million, which was increased to \$211 million in September 2023, for the construction of monitoring and production wells, turnouts, pipelines, recharge basins and water storage and booster pump facilities (collectively, the "High Desert Water Bank"); and
2. Pursuant to the Original Water Bank Agreement, the District will pay the capital costs related to, and AVEK will construct and own, the High Desert Water Bank and the District will have the right to store and recover up to 70,000 acre-feet of water per year with a total storage capacity of 280,000 acre-feet; and
3. The Original Water Bank Agreement set forth the arrangements for the construction and operation of the High Desert Water Bank; and
4. The District finds it advisable for the Antelope Valley-East Kern Water Agency Financing Authority (the "Authority"), to issue its Water Bank Revenue Bonds, Series 2025A (High Desert Water Bank Program) (the "2025A Bonds"), in one or more subseries, in order to finance the design, acquisition, construction and installation of improvements creating the High Desert Water Bank, as further described in one or more Preliminary Official Statements (the "Preliminary Official Statement") and one or more final Official Statements (the "Official Statement") relating to the 2025A Bonds; and

5. The District and AVEK desire to amend and restate the Original Water Bank Agreement to provide for the financing of the construction of the High Desert Water Bank through the issuance of the 2025A Bonds, among other matters; and

6. The Board desires to authorize the General Manager or the Assistant General Manager/Chief Financial Officer and Treasurer of the District to negotiate, execute, and deliver the Amended and Restated Agreement Between AVEK and the District for the High Desert Water Bank Program (the “Amended and Restated Water Bank Agreement”), a form of which has been presented to this meeting, pursuant to which the District will make installment payments to AVEK in exchange for its right to use the High Desert Water Bank (the “Installment Payments”), which Installment Payments will be applied to the payment of debt service on the 2025A Bonds, among other matters; and

7. In connection with the issuance of the 2025A Bonds, AVEK will assign, without recourse, all of its rights to receive the Installment Payments scheduled to be paid by the District and certain other rights to the Authority under and pursuant to the Amended and Restated Water Bank Agreement pursuant to an Assignment Agreement (the “Assignment Agreement”), by and among the Authority, AVEK and the District, a form of which has been presented to this meeting; and

8. The Board desires to authorize the General Manager or the Assistant General Manager/Chief Financial Officer and Treasurer of the District to execute and deliver one or more continuing disclosure undertakings with respect to the 2025A Bonds (the “Continuing Disclosure Undertaking,” and together with the Amended and Restated Water Bank Agreement, and the Assignment Agreement, the “Financing Documents,” and the Financing Documents together with the transactions contemplated by the Amended and Restated Water Bank Agreement, and in furtherance of financing the design, acquisition, construction, installation of improvements and water treatment, creating the High Desert Water Bank, the “Project Financing”), forms of which have been presented to this meeting, for the benefit of the owners of the 2025A Bonds and in order to assist the underwriters of the 2025A Bonds in complying with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934; and

NOW, THEREFORE, THE BOARD DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

1. **Approval of the Project Financing.** Each of the above recitals is true and correct and is adopted by the Board. Subject to Section 3 below, the Board hereby authorizes and approves the Project Financing.

2. **Authorization of General Manager and Assistant General Manager/Chief Financial Officer.** Subject to Section 3 below, the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer of the District, and each of them or any of their respective designees (individually, an “Authorized Officer,” and collectively, the “Authorized Officers”) are each hereby authorized, and any one of the Authorized Officers is hereby directed for and in the name of and on behalf of the District, to do any and all things necessary or convenient in the best interests of the District to negotiate, execute and deliver the Financing Documents, which shall be substantially in the forms presented to this meeting, with such additions and changes

therein as such Authorized Officers shall determine are necessary or desirable or otherwise approve as being in the best interests of the District, such determination and approval to be conclusively evidenced by such Authorized Officer's execution and delivery of the respective Financing Documents.

3. **General Authorizations.** The Authorized Officers are each hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the District, to take all actions and execute any and all documents necessary or advisable in furtherance of the Project Financing, or the negotiation and execution of the Financing Documents, and to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution and the consummation of the transactions contemplated hereby, including without limitation: (i) one or more certificates deeming the Preliminary Official Statements relating to the 2025A Bonds final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "15c2-12 Certificates"); (ii) one or more Official Statements describing the 2025A Bonds; (iii) one or more Bond Purchase Contracts, each by and between the District and Wells Fargo Securities LLC, or another underwriter as selected by AVEK or an Authorized Officer, as representative of the underwriters named therein, with respect to the 2025A Bonds (the "Bond Purchase Contracts"); and (iv) any future amendments, substitutions, extensions or replacements of the Financing Documents or the other documents described herein. All actions heretofore taken or caused to be taken by any Authorized Officer or other officer of the District with respect to the Project Financing, or in connection with the transactions contemplated by this Resolution, are hereby approved, confirmed, and ratified.

4. **Limitation of Authorization.** The District shall not take any District action under Section 1, 2 or 3 of this Resolution if, after giving effect to such District action, (i) the original aggregate principal amount of the 2025A Bonds exceeds \$180 million; (ii) the interest rate on the 2025A Bonds exceeds the maximum legal rate; (iii) the final maturity of the 2025A Bonds exceeds 40 years from their date of issuance; or (iv) the District's obligations under the Amended and Restated Water Bank Agreement do not satisfy the conditions precedent to the issuance of First Tier Parity Obligations as set forth in Section 6.08 of Resolution 9199 adopted by the District on March 8, 2016, as amended or supplemented, (the "Master Subordinate Resolution"); provided, however, that the Authorized Officers shall calculate the total amount of estimated costs of the Project Financing and the District's responsibility to pay for costs of the High Desert Water Bank based on such reasonable assumptions and methods as provided in the Amended and Restated Water Bank Agreement and as the Authorized Officers shall determine in his or her reasonable discretion and judgment.

5. **Severability.** If any provision of this Resolution is held invalid, that invalidity shall not affect other provisions of this Resolution which can be given effect without the invalid portion or application, and to that end the provisions of this Resolution are severable.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a Resolution adopted by the affirmative votes of members representing more than 50 percent of the total number of votes of all members of the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on May 13, 2025.

Secretary of the Board of Directors
of The Metropolitan Water District
of Southern California

**Amended and Restated Agreement
between
Antelope Valley-East Kern Water Agency
and
The Metropolitan Water District of Southern California
for the
High Desert Water Bank Program**

Antelope Valley-East Kern Water Agency (“AVEK”) and The Metropolitan Water District of Southern California (“Metropolitan”) have heretofore entered into an Agreement for the High Desert Water Bank Program, dated as of December 9, 2019 (the “Original Water Banking Agreement”) and have now determined the necessity to enter into this Amended and Restated Agreement for the High Desert Water Bank Program to amend to and restate the Original Water Banking Agreement, dated as of _____. 2025 (hereafter, as so amended, the “Agreement”). AVEK and Metropolitan are individually referred to as a “Party” and collectively as “Parties.”

RECITALS

A. AVEK is a water agency formed in 1959 by an act of the State Legislature. AVEK’s power, duties, authorities, and other matters are set forth in its enabling act, which is codified at California Water Code, Uncodified Acts, Act 9095. AVEK’s jurisdictional boundaries cover approximately 2,400 square miles including portions of Los Angeles, Ventura, and Kern counties. AVEK has contracted with the California Department of Water Resources to provide water from the California State Water Project.

B. Metropolitan is a metropolitan water district organized under the Metropolitan Water District Act, codified at Section 109-1, *et seq.* of West’s Appendix to the California Water Code, and engaged in developing, storing, and distributing water in the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura. Metropolitan also has contracted with the California Department of Water Resources to provide water from the California State Water Project.

C. This Agreement provides for Metropolitan to pay the costs related to, and for AVEK to construct and own, the High Desert Water Bank. This Agreement also provides for operation of the High Desert Water Bank, under which Metropolitan will have the right to store and recover up to 70,000 acre-feet per year with a total storage capacity of 280,000 acre-feet.

D. AVEK and Metropolitan entered into the Original Water Banking Agreement, pursuant to which AVEK and Metropolitan set forth the arrangements for the construction and operation of the High Desert Water Bank.

E. AVEK and Metropolitan desire to amend and restate the Original Water Banking Agreement (the “Amendment”) to provide for the financing of the construction of the High Desert Water Bank through the issuance of the Bonds (as defined below), among other matters.

F. In consideration of the mutual covenants of the Parties and for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

AGREEMENT

1. Definitions

The following capitalized terms in this Agreement shall have the meanings ascribed to them below; provided, however, that certain capitalized terms used in Exhibit A to this Agreement shall have the meanings set forth in said Exhibit A.

1.1 *Authority.* the Antelope Valley-East Kern Water Agency Financing Authority, a joint exercise of powers authority duly organized and existing under the State of California.

1.2 *AVEK Basin.* The Antelope Valley groundwater basin underlying lands within the boundaries of AVEK, which is the same basin referred to as AVEK Basin Area, as described in the Antelope Valley Groundwater Adjudication (Antelope Valley Groundwater Cases, Judicial Council Coordination Proceeding No. 4408, Santa Clara Case No. 1-05-CV-049053).

1.3 *Bonds.* The Antelope Valley-East Kern Water Agency Financing Authority Water Bank Revenue Bonds, Series 2025A (High Desert Water Bank Program) issued by the Authority pursuant to an Indenture of Trust, by and between the Authority and Computershare Trust Company, National Association, as trustee, dated as of the date hereof.

1.4 *CPI.* Consumer Price Index for All Urban Consumers for Los Angeles-Long Beach-Anaheim All Items (CPI-U) calculated as the November CPI-U increase rounded to the nearest dollar. For example, if the November 2019 CPI-U was 269.005 and the November 2018 CPI-U was 259.064, then the percent change for January 1, 2020 would be +3.84% $((269.005 - 259.064) / 259.064)$.

1.5 *Capital Costs.* Actual expenses incurred on the purchase of land, engineering services, legal services related to land acquisition, buildings, construction, and equipment of the Facilities.

1.6 *DWR.* The Department of Water Resources of the State of California.

1.7 *Delivery Points.* California Aqueduct turnouts to/from the Facilities or other mutually agreed locations.

1.8 *Facilities.* All structures of the High Desert Water Bank, including (without limitation) recharge basins, turnouts, recovery wells, transmission pipelines, electrical, water storage and booster pump facilities, instrumentation and controls, agreed upon treatment facilities, and other structures or facilities necessary for operation of a groundwater storage and recovery program pursuant to this Agreement.

1.9 *Installment Payments.* The installment payments set forth and described in Exhibit A on the terms and conditions set forth therein.

1.10 OM&R and Management Costs. Any recurring or ongoing activity and costs associated with the day-to-day operation and management of the Facilities; any activity and costs relating to scheduled or unscheduled maintenance of the Facilities; and any activity and costs relating to replacement of Facilities.

1.11 Payments. The obligation of Metropolitan to make the payments to AVEK required by this Agreement pursuant to Sections 5, 6, 8, 9, 10 and 11 (including, without limitation, the Installment Payments on the terms and conditions set forth in Exhibit A).

1.12 State Project Water. All water which the Parties have rights to receive under their State Water Contracts including Transfers, Exchanges, and Non-Project Turn-In water the Parties may acquire from other sources that is conveyed through the State Water Project.

1.13 State Water Contract. The long-term water contracts entered into by Metropolitan with DWR and by AVEK with DWR, respectively.

1.14 State Water Project (SWP). Part of the State Water Resources Development System, authorized and constructed under Section 12930, *et seq.* of the Water Code, to deliver water to various public agencies throughout the State, including the Parties.

1.15 Year. A calendar year commencing January 1 and ending December 31.

2. Annual Put and Return Capacities of the Facilities

The Parties intend the Facilities, when complete, to provide annual physical put and return capacities of 70,000 acre-feet, but recognize that the actual annual physical put and return capacities of the Facilities may vary over time.

3. Construction of the Facilities

AVEK will design, construct, own, operate, and maintain the Facilities. The Parties will agree in writing to a final design, construction schedule, and estimated budget, which may include oversized power and transmission facilities. If Metropolitan does not agree in writing to the construction of Facilities that exceed \$211 million, and if AVEK proceeds with such construction without funds provided by Metropolitan, then Metropolitan will receive rights to utilize all of the constructed Facilities in an amount that is equal to Metropolitan's pro-rata investment. AVEK shall not allow any use of the Facilities by a third party if such use would affect the exclusion from gross income for federal income tax purposes of the interest with respect to the Bonds and any other Tax-Exempt Additional Bonds (as defined in the Indenture).

(a) Example: Assume that the total cost of the Facilities is \$300 million, of which Metropolitan paid \$211 million. In this example, Metropolitan would receive the right to use 70% of the Facilities $((\$211 \text{ million}/\$300 \text{ million}) \times 100\% = 70\%)$.

4. Metropolitan Rights to Facilities in exchange for Payments

In exchange for the Payments, Metropolitan will have the contractual right to use the Facilities as provided in, and subject to the provisions of, Sections 13, 14, 15, 16, and 17 of this Agreement.

5. Payment for Construction of the Facilities

5.1 *Net Proceeds of Bonds.* AVEK and Metropolitan hereby acknowledge that the proceeds of the Bonds deposited in the Project Fund of the Indenture will be applied to the Capital Costs of the Facilities.

5.2 *Installment Payments.* Metropolitan will make the Installment Payments in the manner and on the terms and condition set forth in Schedule I to Exhibit A hereto.

5.3 *Additional Capital Costs.* Metropolitan agrees to pay all Capital Costs of the construction of the Facilities to the extent that the net proceeds of the Bonds are not sufficient to pay all Capital Costs of the Facilities. To the extent that the net proceeds of the Bonds are not sufficient to pay all Capital Costs of the Facilities, AVEK hereby agrees to use its reasonable efforts to assist Metropolitan to provide for the issuance of additional bonds on terms and conditions comparable to those of the Bonds to provide for the financing of such additional Capital Costs of the Facilities, if so requested by Metropolitan.

5.4 *Refund Upon Termination.* If this Agreement is terminated pursuant to Section 22 (Approval by DWR) or 19 (Agreement with Antelope Valley Watermaster), AVEK will fully refund to Metropolitan all funds Metropolitan has theretofore provided to AVEK, plus any interest earned thereon within 60 days following the date of written notification to terminate.

5.5 *Construction Completion.* Upon completion of construction, AVEK will provide Metropolitan an accounting of all related Capital Costs (including, without limitation, Capital Costs paid from the net proceeds of the Bonds) subject to audit, review, reconciliation, and approval by Metropolitan upon reasonable notification to AVEK. Other than net proceeds of the Bonds, which are addressed in the Indenture, AVEK will return to Metropolitan any unused funds once the Facilities are constructed and timely provide Metropolitan with such additional accountings of disbursements and credits as Metropolitan requests.

6. Reimbursement for Construction of Oversized Power and Transmission Facilities

If AVEK constructs oversized power and transmission facilities as mutually agreed to by the Parties in writing pursuant to Section 3 (Construction of the Facilities), AVEK will reimburse Metropolitan for the construction costs of such oversized facilities plus interest accrued at a rate of 3.5% per year beginning on the date Metropolitan paid AVEK for the oversized facilities and due within 10 years from that date. The reimbursable principal shall be limited to the additional construction costs incurred as a result of oversizing the facilities.

7. Option to Expand the Facilities

Metropolitan may request AVEK develop water banking facilities beyond that which are contemplated by this Agreement. Such request will be subject to AVEK's approval, as well as applicable laws including CEQA. The Parties may agree in writing to develop such additional facilities, which would be subject to all of the same terms in this Agreement. To the extent that such additional facilities will use the oversized power and transmission facilities, the reimbursement payable to Metropolitan under Section 6 of this Agreement shall be reduced proportionately. For example, if such additional water banking facilities utilize 10% of the capacity of the oversized power and transmission facilities, the reimbursement payable under Section 6 hereof shall be reduced by 10%.

8. Annual Operations, Maintenance, and Replacement and Management Costs

8.1 *Payment by Metropolitan.* On or before every [] of each Year, Metropolitan will pay to AVEK an amount equal to the estimated actual OM&R and Management costs for the Facilities for the following 12 months. The estimated actual OM&R and Management costs of the Facilities will be subject to mutual agreement by AVEK and Metropolitan. AVEK will provide Metropolitan documentation that establishes the amount of OM&R and Management Costs incurred by AVEK for the Facilities during the preceding 12 months.

8.2 *Metropolitan's Cost Reduction Due to Use by AVEK or a Third Party.* If AVEK or a third party uses any portion of the unused capacity of the Facilities pursuant to Section 17 (Priorities of Rights to Use Facilities), Metropolitan's annual share of OM&R and Management Costs will be reduced proportionately to said third-party's use. For example, if OM&R and Management Costs for a year were \$1,000,000 and Metropolitan utilized 75 percent of the Facilities' banking capacity and AVEK or a third party utilized the remaining 25 percent, then Metropolitan's share of the OM&R and Management Costs for that year would be \$750,000 (0.75 x \$1,000,000).

If AVEK or a third party uses any portion of the unused capacity of the Facilities pursuant to Section 17 (Priorities of Rights to Use Facilities) after Metropolitan has paid for the installation of a treatment system, AVEK will reimburse Metropolitan for a proportionate share of the costs to design, construct, operate, and maintain the treatment system. The amount AVEK will reimburse Metropolitan for the Capital Costs will be based on those costs amortized over the remaining term of this Agreement and the amount AVEK will reimburse Metropolitan for the operation and maintenance of the treatment system will be based on those costs calculated for the year the treatment system is used. For example, if the annual amortized Capital Costs were calculated at \$1,000,000 and the annual costs to operate and maintain the treatment system were calculated at \$500,000, then the total treatment cost would be \$1,500,000 for that year. If the treatment system's capacity is 70,000 acre-feet per year, AVEK would reimburse Metropolitan \$21.43 (\$1,500,000/70,000 acre-feet) for each acre-foot of water recovered by AVEK or a third party.

9. Recovery Usage Fee

9.1 *Per Acre-Foot Recovery Usage Fee.* Metropolitan will pay AVEK \$100 for each acre-foot of water AVEK returns to Metropolitan. This fee will be escalated annually based on the

change in CPI beginning in 2020. As of the date of this Amendment, the fee is set at \$_____ for each acre-foot of water AVEK returns to Metropolitan. AVEK will invoice Metropolitan no more than once per month. Metropolitan will pay AVEK this fee within 45 days following receipt of each invoice from AVEK.

9.2 Minimum Recovery Usage Fee. Metropolitan will ensure that AVEK receives a minimum of \$2,000,000, escalated annually based on the change in CPI beginning in 2020, each Year, which shall be applied towards the Per Acre-Foot Recovery Usage Fee, beginning in the earlier Year of: (1) completion of construction of the Facilities; or (2) the first return of water to Metropolitan. As of the date of this Amendment, the Recovery Usage Fee is set at \$_____ per year. Any minimum payments made by Metropolitan in excess of amounts used to recover water during a Year will be credited toward future Per Acre-Foot Recovery Usage Fees. For example, if Metropolitan incurs Per Acre-Foot Recovery Usage Fees in the amounts of \$1,000,000, \$3,000,000, and \$2,000,000 in each of the first three Years, then Metropolitan would pay AVEK \$2,000,000, \$2,000,000, and \$2,000,000 in recovery usage fees in each respective Year assuming there is no CPI adjustment during the period. The amount Metropolitan owes for a Year will be due by April 30 of the following Year. During the final five Years of the Agreement, Metropolitan may use any available credits calculated under this Section toward OM&R and Management Costs, Recovery Energy Costs, and Recovery Treatment Costs.

10. Recovery Energy Costs

Within 45 days following receipt of each invoice from AVEK for actual energy costs to return water to Metropolitan, Metropolitan will reimburse AVEK for such costs. AVEK will provide Metropolitan documentation that establishes AVEK's energy costs.

11. Recovery Treatment Costs

If Metropolitan determines that treatment is needed before returning water to Metropolitan and no other methods are reasonably available to return water to Metropolitan pursuant to Section 16 (Return of Water to Metropolitan), the Parties will discuss potential treatment options. If Metropolitan determines that treatment is necessary, and if AVEK is not responsible under Section 15 (Water Quality) for any impairment to the quality of the water to be returned to Metropolitan, Metropolitan will notify AVEK in writing of the treatment to be implemented. The design, construction, operation, and maintenance of any such treatment will be subject to Metropolitan's review and approval. As long as AVEK is not responsible under Section 15 (Water Quality) and a third party is not responsible under Section 17.2(c) (Priorities of Rights to Use Facilities) for any impairment to the quality of the water to be returned to Metropolitan, Metropolitan will reimburse AVEK for the actual treatment costs incurred by AVEK within 45 days following receipt of an invoice from AVEK. Treatment costs include the costs to design, construct, operate, and maintain any treatment that Metropolitan determines is necessary to treat water before it is returned to Metropolitan. AVEK will provide Metropolitan documentation that details the treatment costs incurred. All documentation will be subject to audit, review, reconciliation, and approval by Metropolitan upon reasonable notification to AVEK.

12. Billing

AVEK will submit invoices to Metropolitan's Accounts Payable Section, whose mailing address is P.O. Box 54153, Los Angeles, California 90054-0153. Copies of the invoices will be submitted in writing to the Agreement Administrator designated by Metropolitan at the above address. Invoices shall be itemized with a description of the items being billed.

13. Delivery of Water to AVEK

Metropolitan may deliver, at its sole expense, its State Project Water, or water from any other available sources approved by DWR to the Delivery Points. The amount of water Metropolitan may deliver to AVEK during a year may not exceed 70,000 acre-feet unless otherwise agreed to in writing by the Parties. Such deliveries will be scheduled and delivered at times and rates acceptable to the Parties. AVEK will take control and possession of water at the Delivery Points. Metropolitan will provide AVEK notice of intent to deliver water by May 1st of the year in which Metropolitan intends to deliver water under this Agreement. Metropolitan and AVEK staff will work cooperatively to develop a schedule by which water will be delivered, and which can be updated from time to time as conditions change.

14. Storage of Water

AVEK will create and maintain for Metropolitan a Storage Account. The amount of water Metropolitan may store with AVEK at any one time may not exceed 280,000 acre-feet unless otherwise agreed to in writing by the Parties. AVEK will accurately maintain the Storage Account and prepare and maintain adequate supporting records. All records will be subject to audit, review, reconciliation, and approval by Metropolitan upon reasonable notification to AVEK. Upon taking control and possession of water at the Delivery Points, AVEK will credit Metropolitan's Storage Account balance with an amount equal to the water delivered minus a one-time loss of 10%.

15. Water Quality

AVEK will take no action that will cause the quality of the water that is to be returned to Metropolitan to fail to meet water quality requirements (a) established by DWR or (b) generally known in the industry to be pending before DWR due to a noticed public presentation by or a publication of DWR, for acceptance of non-project water into the California Aqueduct. If AVEK causes the quality of the water that is to be returned to Metropolitan to fail to meet water quality requirements (a) established by DWR or (b) generally known in the industry to be pending before DWR due to a noticed public presentation by or a publication of DWR, for acceptance of non-project water into the California Aqueduct, AVEK will be responsible for taking all necessary steps, at its sole expense, to ensure that the return water meets those requirements before being returned to Metropolitan.

16. Return of Water to Metropolitan

Upon request by Metropolitan, AVEK will return water from the Storage Account to Metropolitan. The amount of water AVEK is required to return to Metropolitan during a year may not exceed 70,000 acre-feet unless otherwise agreed by the Parties. Water returned to Metropolitan

will be debited from the Storage Account. AVEK will use its best efforts to deliver the water to Metropolitan according to a mutually-agreed schedule. AVEK may return water to Metropolitan by exchanging Metropolitan's stored water for an equal amount of AVEK's State Project Water, by pumping water from the AVEK Basin back to the California Aqueduct for delivery to Metropolitan, or by other means mutually acceptable to the Parties. AVEK will not return groundwater to Metropolitan that does not meet DWR's then-current water quality requirements for Non-Project Turn-Ins. If water is returned to Metropolitan by exchange, AVEK will be solely responsible for the costs to deliver water to the Delivery Points. Metropolitan will be solely responsible for the costs of delivering water, whether by exchange or by direct pump-back, from the Delivery Points to Metropolitan's service area. Metropolitan will provide notice to AVEK of its request for AVEK to return water under this Agreement by May 1st of the Year in which the water will be returned. Metropolitan and AVEK staff will work cooperatively to develop a schedule by which water will be returned, and which can be updated from time to time as conditions change.

17. Priorities of Rights to Use Facilities

17.1 *First Priority.* Metropolitan will have an exclusive first priority right to use the full capacity or any portion of the Facilities with the exception of any oversized portion of the Facilities for which AVEK has reimbursed Metropolitan pursuant to Section 6.

17.2 *Second Priority.*

(a) To the extent Metropolitan does not use the entire capacity of the Facilities, AVEK may, subject to Section 17.3. (Metropolitan Service Area), use the Facilities itself or agree to allow a third party to use the Facilities. Before using the Facilities or allowing a third party to do so, AVEK will confirm in writing with Metropolitan the unused available capacity of the Facilities. AVEK shall not allow any use of the Facilities by a third party if such use would affect the exclusion from gross income for federal income tax purposes of the interest with respect to the Bonds and any other Tax-Exempt Additional Bonds (as defined in the Indenture).

(b) If AVEK allows a third party to use any available capacity of the Facilities, AVEK will share 50% of the benefits AVEK receives from that third party with Metropolitan. Such benefits include but are not limited to unbalanced exchange water in excess of 10% of the amount stored and payments from the third party to AVEK that remain after deducting the costs incurred by AVEK for meeting its commitments to the third party. Any money owed to Metropolitan will be deducted from any fees Metropolitan owes AVEK under this Agreement; provided, however, that no money owed to Metropolitan shall reduce any Installment Payments. Any water owed to Metropolitan will be credited to Metropolitan's Storage Account without additional losses.

(i) Example (a): Assume that AVEK allows a third party to store 10,000 acre-feet, that the third party pays AVEK a fee of \$200 per acre-foot and \$100 per acre-foot for energy costs and OM&R and Management Costs, and that there is a loss of 10% of the amount of water delivered deducted, so that the third party can recover 9,000 acre-feet. In this example, AVEK would share 50% of the \$200 per acre-foot fee collected

with Metropolitan and thus, Metropolitan would receive \$900,000 (9,000 acre-feet x \$200 per acre-foot x 50%).

(ii) Example (b): Assume that AVEK enters into a 2-for-1 unbalanced exchange with a third party, that the third party provides 10,000 acre-feet and pays AVEK \$100 per acre-foot for energy and OM&R and Management on the water recovery, and that there is a 10% loss factor applied, leaving 9,000 acre-feet, so that the third party can recover 4,500 acre-feet by unbalanced exchange. In this example, AVEK and Metropolitan would share equally, and each would receive 2,250 acre-feet.

(c) Any third party using the Facilities will take no action that will cause the quality of the water that is to be returned to Metropolitan to fail to meet water quality requirements (i) established by DWR or (ii) generally known in the industry to be pending before DWR due to a noticed public presentation by or a publication of DWR, for acceptance of non-project water into the California Aqueduct. If a third party using the Facilities causes the quality of water that is to be returned to Metropolitan to fail to meet water quality requirements (i) established by DWR or (ii) generally known in the industry to be pending before DWR due to a noticed public presentation by or a publication of DWR, for acceptance of non-project water into the California Aqueduct, the third party will be responsible for taking all necessary steps, at its sole expense, to ensure that the return water meets those requirements before being returned to Metropolitan. AVEK will ensure that any third party using the Facilities is aware of the requirements in this Section 17.2(c) and agrees in writing to be bound by them.

17.3 *Metropolitan Service Area.* AVEK will not use the Facilities in any manner that directly or knowingly indirectly results in the delivery of water to Metropolitan's service area by AVEK or third parties contracting with AVEK without Metropolitan's prior written approval. Nothing in this Agreement adversely affects any existing rights Metropolitan holds to require its consent before water is delivered to any part of Metropolitan's service area.

18. Non-Metropolitan Funded Facilities

Nothing in this Agreement prevents AVEK from developing for its use and/or use by third parties new additional water banking facilities that are entirely separate from the Facilities funded by Metropolitan. Metropolitan will have no rights to use such facilities, unless otherwise agreed to by the Parties.

19. Agreement with Antelope Valley Watermaster

AVEK will enter into any necessary water storage agreement with the Antelope Valley Watermaster as required by the Judgment of the Superior Court of the State of California in Santa Clara Case No. 1-05-CV-049053. If AVEK is unable to obtain such agreement, either Party may terminate this Agreement by providing 60-days written notice to the other Party.

20. Agreement Term

This Agreement will terminate on December 31, 2057, provided that Metropolitan has the option to extend this Agreement for an additional 20 years, i.e., to December 31, 2077.

Notwithstanding the termination date, if Metropolitan has requested the return of all of the water in its Storage Account before the termination date of this Agreement, but all of the water has not been returned to Metropolitan due to conditions beyond Metropolitan's control, the term of the Agreement will be extended long enough for Metropolitan to receive all of its requested water. Any water remaining in Metropolitan's Storage Account at the end of the term of this Agreement and not requested by Metropolitan for return will become AVEK's water. Notwithstanding any other provision of this Agreement, the obligation of Metropolitan to pay Installment Payments will be governed by the provisions of Exhibit A, and no termination of this Agreement will have any effect on such obligation and such obligation shall survive any termination of this Agreement and continue in force and effect as provided in Exhibit A.

21. Late-Arising Claims

If a claim arising under or with respect to one or more provisions of this Agreement has not been resolved when this Agreement reaches its termination date, or if such a claim is brought after this Agreement has terminated, but within the period of time for bringing such a claim under California law ("Late Arising Claim"), the provisions of this Agreement shall continue in full force and effect for such additional period of time as is necessary to resolve such claims and to satisfy the rights and obligations of the Parties hereto with respect thereto.

22. Approval By DWR

The Parties will work collaboratively to obtain DWR's approval for the Parties' use of the California Aqueduct consistent with this Agreement. If the Parties are unable to obtain such approval, either Party may terminate this Agreement by providing 60-days written notice to the other Party.

23. Division of Risk of Responsibilities

AVEK and Metropolitan agree to cooperate in reducing, to the greatest extent practicable, the risk from claims arising against any of the Parties from the implementation of this Agreement. In the event of claims by third parties relating to this Agreement, the responsibilities of AVEK and Metropolitan shall be divided as provided in this Section 23 (Division of Risk of Responsibilities).

23.1 *AVEK Responsibilities.* AVEK shall defend, indemnify and hold harmless Metropolitan and its directors, officers, agents, employees and volunteers against any and all losses, claims, demands and causes of action (herein collectively referred to as "claims") and will assume responsibility for payment of any settlements, judgments, costs and attorneys' fees arising from claims concerning the following:

(a) Control, carriage, transportation, handling, use, disposal, or distribution of water once it is provided to AVEK at the Delivery Points and before it is returned to Metropolitan at the Delivery Points;

(b) Any contest or dispute by any water purveyor; landowner; water user or groundwater rights holder within the AVEK service area or within or overlying the AVEK Basin concerning any disposition of the water provided by Metropolitan to AVEK;

(c) Actions of AVEK's directors, officers, employees, agents, or volunteers;
and

(d) Any other activities under the exclusive control of AVEK.

If Metropolitan is named in any such action, it may submit its defense to AVEK, which shall bear the full cost of defense, except to the extent that Metropolitan utilizes its own counsel for such defense. Metropolitan shall not be entitled to any indemnification from AVEK except as set forth in this Section 23.1. (AVEK Responsibilities).

23.2 *Metropolitan Responsibilities.* Metropolitan shall defend, indemnify and hold harmless AVEK and its directors, officers, agents, employees and volunteers, against any and all claims and shall assume responsibility for payment of any settlements, judgments, costs or attorneys' fees arising from claims concerning the following:

(a) Control, carriage, transportation, handling, use, disposal or distribution of water before it is provided to AVEK at the Delivery Points and after it is returned to Metropolitan at the Delivery Points;

(b) Any claim or dispute by a landowner, resident, public agency or other entity within the service area of, or otherwise served by, Metropolitan challenging the storage of water in the AVEK Basin, or this Agreement directly or indirectly;

(c) Actions of Metropolitan's directors, officers, employees, agents, or volunteers; and

(d) Any other activities under the exclusive control of Metropolitan.

If AVEK is named in any such action, it may submit its defense to Metropolitan, which shall bear the full cost of defense, except to the extent AVEK utilizes its own counsel for such defense. AVEK shall not be entitled to any indemnification from Metropolitan except as set forth in this Section 23.2. (Metropolitan Responsibilities).

23.3 *Multiple Claims.* In the event that payments are made in settlement of a claim, in satisfaction of a judgment or for defense costs where the claim arises from issues applying to both AVEK and Metropolitan, payments shall be divided in proportion to the relative liability of each arising from the common claim.

24. Informal Mediation

In the event of a dispute between the Parties regarding this Agreement, the Parties may attempt to resolve the dispute by using the services of a mutually acceptable mediator. The Parties will equally share the mediator's fees and expenses.

25. Remedies in the Event of AVEK's Failure to Perform

If AVEK has not substantially performed according to the terms of this Agreement, notice has been provided to AVEK pursuant to Section 29 (Waiver/Cure of Defaults), and AVEK has

failed to cure the alleged breach within the time provided in Section 29 (Waiver/Cure of Defaults), Metropolitan may at its election, at any time thereafter while the default is continuing, suspend further performance and thereafter seek any relief provided by law, including termination of this Agreement. Notwithstanding the foregoing, the obligation of Metropolitan to pay Installment Payments will be governed by the provisions of Exhibit A, and no failure of AVEK to perform will have any effect on such obligation.

26. Remedies in the Event of Metropolitan's Failure to Perform

If Metropolitan has not substantially performed according to the terms of this Agreement, notice has been provided to Metropolitan pursuant to Section 29 (Waiver/Cure of Defaults), and Metropolitan has failed to cure the alleged breach within the time provided in Section 29 (Waiver/Cure of Defaults), AVEK may, at its election, at any time thereafter while the default is continuing, suspend further performance and thereafter seek any relief provided by law, including termination of this Agreement.

27. Successors and Assigns

This Agreement shall bind and inure to the benefit of the successors and assigns of the Parties; provided, however, neither Party shall assign any of their rights or obligations under this Agreement without the prior written consent of the other. Nothing in this Agreement is intended to confer any right or remedy under this Agreement on any person other than the Parties to this Agreement and their respective successors and permitted assigns, or to relieve or discharge any obligation or liability of any person to either Party to this Agreement, or to give any person any right of subrogation or action over or against either Party to this Agreement; *provided, however*, that: (a) Metropolitan, AVEK, and the Antelope Valley-East Kern Water Agency Financing Authority (the "Authority") shall enter into an Assignment Agreement, dated the date hereof, pursuant to which AVEK assigns all of its right, title and interest in the Installment Payments to the Authority for the benefit of the Bondholders and (b) Computershare Trust Company, National Association (the "Trustee") and the Authority shall enter into an Indenture of Trust, dated the date hereof, pursuant to which the Authority irrevocably assigns and transfer to the Trustee all of its rights, title and interest in the Installment Payments payable by the Metropolitan to AVEK.

28. No Modification of Existing Contracts

This Agreement shall not be interpreted to modify the terms or conditions of the water supply contracts between DWR and Metropolitan and between DWR and AVEK.

29. Waiver/Cure of Defaults

The failure of any Party to enforce against the other any provision of this Agreement shall not constitute a waiver of that Party's right to enforce such a provision at a later time. No Party shall be deemed to be in default of any provision of this Agreement unless the other Party has given written notice specifically stating the alleged default and the Party in default fails to cure the default within sixty (60) days of receipt of such written notice.

30. Construction of Agreement

The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against either of the Parties hereto, and Section 1654 of the Civil Code has no application to interpretation of this Agreement. The recitals and all Exhibit A and Schedule I to this Agreement are part of this Agreement and are incorporated herein by this reference. When required by the context: whenever the singular number is used in this Agreement, the same shall include the plural, and the plural shall include the singular; and the masculine gender shall include the feminine and neuter genders and vice versa. Unless otherwise required by the context (or otherwise provided herein): the words “herein,” “hereof” and “hereunder” and similar words shall refer to the Agreement generally and not merely to the provision in which such term is used; the word “person” shall include individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority and other entity of whatever nature; each of the words “Metropolitan” and “AVEK” shall include the respective representatives, successors and permitted assigns, if any, of such person; the words “including,” “include” or “includes” shall be interpreted in a non-exclusive manner as though the words “but [is] not limited to” or “but without limiting the generality of the foregoing” immediately followed the same; the word “month” shall mean calendar month; and the term “business day” shall mean any day other than a Saturday, Sunday or legal holiday. If the day on which performance of any act or the occurrence of any event hereunder is due is not a business day, the time when such performance or occurrence shall be due shall be the first business day occurring after the day on which performance or occurrence would otherwise be due hereunder. All times provided in this Agreement for the performance of any act will be strictly construed, time being of the essence of this Agreement.

31. Entire Agreement

This Agreement constitutes the final, complete and exclusive statement of the terms of the agreement among the Parties pertaining to the matters provided herein during the term and supersedes all prior and contemporaneous understandings or agreements of the Parties related thereto. Neither Party has been induced to enter into this Agreement by, nor is either Party relying on, any representation or warranty outside those expressly set forth in this Agreement.

32. Severability

In the event that a court of competent jurisdiction determines that a provision included in this Agreement is legally invalid or unenforceable and such decision becomes final, the Parties to this Agreement shall use their best efforts to (i) within thirty (30) days of the date of such final decision, identify by mutual agreement the provisions of this Agreement which must be revised, and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s). The time periods specified above may be extended by mutual agreement of the Parties. Pending the completion of the actions designated above, to the extent it is reasonably practical and can be done without violating any applicable provisions of law, the provisions of this Agreement, which were not found to be legally invalid or unenforceable in the final decision, shall continue in effect. If the Parties cannot agree on appropriate revisions, this Agreement shall be terminated, and the Parties will return any water owed to each other. Notwithstanding any provision in this Agreement to the contrary, no termination or extinguishment of this Agreement shall have any effect on the

force and effect of Metropolitan's obligations under Exhibit A except as specifically set forth in Exhibit A.

33. Force Majeure

All obligations of the Parties other than monetary or payment obligations shall be suspended for so long as and to the extent the performance thereof is prevented, directly or indirectly, by earthquakes, fires, tornadoes, facility failures, floods, strikes, other casualties, acts of God, orders of court or governmental agencies having competent jurisdiction, or other events or causes beyond the control of the Parties. In no event shall any liability accrue against a Party, to its officers, agents or employees, for any damage arising out of or connected with a suspension of performance pursuant to this Section 33 (Force Majeure). All time limits to perform and the term of this Agreement shall be extended by a period of time equivalent to the length of suspension.

34. Notices

All notices, requests and demands hereunder ("Notices") shall be in writing, including electronic communications, and shall be deemed to have been duly given when delivered (or, if mailed, postage prepaid, on the third business day after mailing, if that date is earlier than actual delivery). Notices shall be sent to a Party at the address of that Party set forth below or, if such Party has furnished notice of a change of that address as herein provided, to the address of that Party most recently so furnished. Notices for AVEK shall be sent to the General Manager of AVEK at 6500 West Avenue N, Palmdale, California 93551. Notices for Metropolitan shall be sent to the General Manager of Metropolitan at Post Office Box 54153, Los Angeles, California 90054-0153.

35. Further Assurances

Each Party hereto, upon the request of the other, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this instrument.

36. Governing Law

The validity, construction, and enforceability of this Agreement shall be governed in all respects by the laws of the State of California.

37. Counterparts

This Agreement may be executed in two or more counterparts, each of which, when executed and delivered, shall be an original and all of which together shall constitute one instrument, with the same force and effect as though all signatures appeared on a single document.

Original signatures, electronic signatures, facsimile signatures or signatures scanned into a portable document format (.pdf file) (or signatures in another electronic format designated by Metropolitan) and sent by e-mail shall be deemed original signatures, unless stated otherwise in the agreement.

38. Amendments

Except as provided in Exhibit A as it pertains to amendments to Exhibit A, which shall be governed entirely by the provisions of Exhibit A, any of the provisions of this Agreement may be amended by AVEK and Metropolitan solely upon a written amendment of the terms hereof executed by authorized representatives of AVEK and Metropolitan.

39. Original Agreement Superseded.

This Agreement shall amend and restate and supersede in all respects the Original Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives on _____, 2025.

**THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA**

By: _____

Date

APPROVED AS TO FORM:

By: _____

**ANTELOPE VALLEY-EAST KERN WATER
AGENCY**

By: _____

Date

APPROVED AS TO FORM:

By: _____

**EXHIBIT A
INSTALLMENT PAYMENTS**

**ARTICLE I
DEFINITIONS**

Section 1.1. Definitions. In addition to the definitions of capitalized terms in Section 1 of this Agreement, the following terms used in this Exhibit are defined as follows:

- (a) “Indenture” shall mean [_____].
- (b) “Installment Payment Date” shall mean [_____].
- (c) “Master Subordinate Resolution” shall mean Resolution 9199 adopted by Metropolitan on March 8, 2016, as heretofore amended or supplemented and as it may be further amended or supplemented in accordance with its terms.

Section 1.2. Defined Terms. Capitalized terms in this Exhibit that are used but not defined in this Exhibit or elsewhere in this Agreement have the meanings given such terms in the Master Subordinate Resolution and, if not defined therein, as defined in the Indenture.

**ARTICLE II
PAYMENT OF INSTALLMENT PAYMENTS**

Section 2.1. Installment Payments.

(a) Metropolitan shall pay all Installment Payments in accordance with the terms of this Article II, subject to prepayment as provided in Article IV hereof.

(1) The principal amount of the Installment Payments to be made by Metropolitan hereunder is set forth in Schedule I hereto.

(2) The interest to accrue on the unpaid balance of such principal amount is as specified in Schedule I hereto, and shall be paid by Metropolitan as and constitute interest paid with respect to the principal amount of the Installment Payments hereunder.

Section 2.2. Payment of Installment Payments.

(a) Metropolitan shall, subject to any rights of prepayment provided in Article IV of this Exhibit, pay AVEK the Installment Payments in the amounts and on the Installment Payment Dates as set forth in Schedule I hereto.

(b) Each Installment Payment shall be paid to AVEK in lawful money of the United States of America. In the event that Metropolitan fails to make any of the Installment Payments required to be made by it under this Section, such payment shall continue as an obligation of Metropolitan until the amount thereof shall have been fully paid; and Metropolitan agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the

remaining unpaid principal balance of the Installment Payments if paid in accordance with their terms.

(c) Subject to Article V of this Exhibit A, the obligation of Metropolitan to make the Installment Payments is absolute and unconditional, and until such time as all Installment Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to said Article V), Metropolitan will not discontinue or suspend any Installment Payments that are required to be made by it under this Exhibit A when due, whether or not the Facilities 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 shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever. Notwithstanding any provision in this Agreement to the contrary, no credit to any payments by Metropolitan under this Agreement may operate to reduce the amount of any Installment Payments under this Exhibit A.

(d) Metropolitan shall punctually pay the Installment Payments in strict conformity with the terms hereof, and shall faithfully observe and perform all of the agreements, conditions, covenants and terms contained in this Exhibit A and the Master Subordinate Resolution required to be observed and performed by it with respect to the Installment Payments. Except as provided in Article V of this Exhibit A, Metropolitan hereby agrees and acknowledges that its obligation to pay Installment Payments and comply with this Exhibit A will survive any termination of the Agreement notwithstanding any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of AVEK to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of AVEK or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

ARTICLE III FIRST TIER PARITY OBLIGATIONS

Section 3.1. Pledge of Net Operating Revenues. The Installment Payments are special limited obligations of Metropolitan and shall constitute First Tier Parity Obligations under the Master Subordinate Resolution. As First Tier Parity Obligations, pursuant to the terms of the Master Subordinate Resolution, Metropolitan hereby secures the payment of Installment Payments and grants a pledge of and lien on the Net Operating Revenues for the payment thereof and the Installment Payments shall be a charge upon and shall be payable, as to the principal and interest components thereof, solely from and secured by a lien upon the Net Operating Revenues, on parity with Subordinate Water Revenue Bonds but subordinate only to the lien on and pledge of the Net Operating Revenues securing the Senior Debt.

ARTICLE IV PREPAYMENT

Section 4.1. Prepayment.

(a) Metropolitan may prepay the Installment Payments becoming due on or after the Installment Payment Date preceding ___, 20___, as a whole or in part, as otherwise selected by Metropolitan as set forth in Section 4.2 below, on ___, 20___ or any date thereafter, from any available funds. The Installment Payments are payable at a prepayment price equal to the principal amount of the Installment Payments to be prepaid plus accrued interest thereon to the date of prepayment, without premium.

(b) Notwithstanding any such prepayment, Metropolitan shall not be relieved of its obligations under this Exhibit A, until the Installment Payments shall have been fully paid (or provision for payment thereof shall have been provided as set forth in Article V of this Exhibit A).

Section 4.2. Method of Prepayment. Before making any prepayment pursuant to Section 4.1, Metropolitan shall notify AVEK, the Authority, and the Trustee of such prepayment, the date of such prepayment, and which Installment Payments will be prepaid no less than 10 days before notice of the related redemption of the Bonds is required to be made under the Indenture with respect to such prepayment. In the event that less than all of the Installment Payments becoming due and payable hereunder are prepaid in accordance with Section 4.1, Metropolitan and AVEK shall amend the Installment Payment schedule set forth in Schedule I hereto, pursuant to Section 6.4(b)(5) hereof, to reflect such prepayments.

ARTICLE V DISCHARGE OF OBLIGATIONS

Section 5.1. Discharge of Obligations. When:

(a) all or any portion of the Installment Payments shall have become due and payable in accordance herewith or a written notice of Metropolitan to prepay all or any portion of the Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the Installment Payment Dates or date (or dates) specified for prepayment and irrevocably appropriated and set aside to the payment of all or any portion of the Installment Payments, sufficient moneys and non-callable Permitted Investments, issued by the United States of America and described in clause (i) of the definition thereof in the Indenture, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Installment Payments to their respective Installment Payment Dates or prepayment date or dates as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee; and

(d) the principal amount of the Bonds equal to the principal component of the Installment Payments to be discharged hereunder has been deemed no longer Outstanding under

the Indenture because of the application of funds or Permitted Investments received under clauses (a) and (b) above;

then and in that event, the right, title and interest of AVEK, the Authority, and the Trustee and the obligations of Metropolitan under this Exhibit A shall, with respect to all or such portion of the Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except as to such Permitted Investments being applied to the payment of such Installment Payments). In such event, upon request of Metropolitan, AVEK shall execute and deliver to Metropolitan all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction.

ARTICLE VI MISCELLANEOUS

Section 6.1. Liability of District Limited to Net Operating Revenues. The obligation of Metropolitan to make the Installment Payments is a special limited obligation of Metropolitan that is payable solely from the Net Operating Revenues, and does not constitute a debt of Metropolitan or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Notwithstanding anything contained herein, Metropolitan shall not be required to advance any moneys derived from any source of income other than the Net Operating Revenues for the payment of amounts due hereunder or for the performance of any agreements or covenants required to be performed by it contained herein. Metropolitan may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by Metropolitan for such purpose.

Section 6.2. Benefits of Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than Metropolitan or AVEK any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of Metropolitan or AVEK shall be for the sole and exclusive benefit of the other Party; *provided, however*, that: (a) Metropolitan, AVEK, the Authority shall enter into an Assignment Agreement, dated the date hereof, pursuant to which AVEK assigns all of its right, title and interest in the Installment Payments and all rights hereunder as may be necessary to enforce compliance with such provisions regarding the punctual payment of Installment Payments (including enforcement of payment obligations and rate covenants, if any), to the Authority for the benefit of the Owners and (b) the Trustee and the Authority shall enter into the Indenture, dated the date hereof, pursuant to which the Authority irrevocably assigns and transfer to the Trustee all of its rights, title and interest in the Installment Payments payable by Metropolitan to AVEK.

Section 6.3. Waiver of Personal Liability. No director, officer or employee of Metropolitan shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any director, officer or employee of Metropolitan from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 6.4. Amendments Permitted.

(a) This Exhibit A of this Agreement and the rights and obligations of AVEK and Metropolitan hereunder may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture, shall have been filed with the Trustee. No such modification or amendment shall reduce the amount of any Installment Payment or change the date on which any Installment Payment is due, without the consent of the Owner of each Bond so affected.

(b) This Exhibit A of this Agreement and the rights and obligations of AVEK and Metropolitan may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any Bonds or any other person, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of Metropolitan contained in this Exhibit A thereafter to be observed or to surrender any right or power herein reserved to or conferred upon Metropolitan, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Exhibit A, or in regard to matters or questions arising under this Exhibit A, as Metropolitan may deem necessary or desirable;

(3) to make such other amendments or modifications as may be in the best interests of the Owners of the Bonds, as evidenced by an opinion of Bond Counsel.

(4) to amend the Installment Payment schedule as set forth in Schedule I hereto in connection with issuance of Additional Bonds.

(5) to amend the Installment Payment schedule as set forth in Schedule I hereto in connection with the partial prepayment of the Bonds.

(6) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion of interest with respect to the Bonds from gross income for federal income tax purposes under the Code or the exemption of such interest from State personal income taxes; or

(7) to make any amendment or supplement that does not materially and adversely affect the rights of the Owners of the Bonds.

Notwithstanding the foregoing, no such modification or amendment shall reduce the amount of any Installment Payment or change the date on which any Installment Payment is due, without the consent of the Owner of each Bond so affected.

Notwithstanding this Section 6.4 of this Exhibit A, the provisions of this Section 6.4 shall solely govern amendments to Exhibit A and shall not affect the rights of Metropolitan and AVEK to amend any other provision of this Agreement which shall be governed by Section 38 of this Agreement.

SCHEDULE I

PRINCIPAL AND INTEREST COMPONENTS OF INSTALLMENT PAYMENTS



Finance, Affordability, Asset Management, and Efficiency Committee

Antelope Valley East Kern (AVEK) High Desert Water Banking Program Plan of Finance Authorization

Item 8-2
May 13, 2025

Item 8-2

Summary

Subject

Adopt CEQA determination that the proposed action was previously addressed in the adopted 2017 Mitigated Negative Declaration, Addenda Nos. 1, 2 and 3 and related CEQA actions; and adopt resolution that (1) authorizes the execution and delivery of an amended and restated agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, (2) approves the project financing, and (3) authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute, and deliver various related agreements and documents

Purpose

Provide the Board with staff's recommended plan of finance and recommend adoption of the authorizing resolution

Next Steps

Issue JPA bonds in July 2025

In the fourth quarter of 2025, staff will have additional cost estimates for arsenic and nitrate treatment, for Board review and approval

Item 8-2

Key Actions by the Board to Date for the HDWB Program

Background

- In April 2019, the Board authorized the General Manager to execute the HDWB Agreement with AVEK for capital costs up to \$131 million
- In September 2023, the Board authorized additional funding of up to \$80 million for various costs, bringing the total project cost to \$211 million
- This estimated project cost **does not** include additional costs for water quality treatment for arsenic and nitrate. These costs, and potentially others, will be brought back to the Board once alternatives are finalized
- This estimated project cost also does not reflect a System Conservation Implementation Agreement with the United States Bureau of Reclamation (“USBR”) to provide \$82 million in funding for the Water Bank in exchange for Metropolitan leaving 168,000 AF of conserved Colorado River water in Lake Mead

Key Components of the Proposed Authorizing Resolution

Item 8-2

The Proposed Resolution

- The proposed resolution authorizes the design, acquisition, construction and installation of the HDWB through the issuance of bonds by the AVEK Finance Authority
 - Bonds financed through the AVEK Finance Authority are supported by Metropolitan's underlying credit and expected to result in comparable interest rates to Metropolitan's subordinate lien revenue bonds
- The Amended and Restated HDWB Agreement includes required payment provisions and a schedule of installment payments to the JPA that will match the debt service on the JPA bonds
- The expiration date of the HDWB Agreement will be extended to September 20, 2057, to match the maturity of the bonds to be issued

Project Financing Approach

**An Alternative
Plan of Finance**
Finance staff and the
financing team
elected to use a third-
party Joint Powers
Authority to issue
bonds for the AVEK
HDWB Program

- The Board authorized debt financing of the HDWB Program in the past two Adopted Budgets to reduce upfront cash expenditures
- The JPA approach will preserve Metropolitan's debt capacity and incrementally improve debt coverage when compared to revenue bonds directly issued by Metropolitan
 - As obligor to the JPA issue, Metropolitan will pay the JPA installment payments representing debt service on the JPA bonds
 - The interest component of the installment payments will be treated as an operating expense, and the principal component will be paid on parity with our subordinate lien debt
- Metropolitan expects to borrow approximately \$131 million through the issuance of JPA bonds. Annual debt service is estimated to be approximately \$10.4 million. Additional JPA debt may be issued if current HDWB construction cost estimates are increased
- Proceeds will, in part, redeem \$99.4 million of short-term notes issued to fund HDWB capital costs

An Alternative Plan of Finance

Finance staff and the bond financing team elected to use a third-party Joint Powers Authority (JPA) to issue the long-term debt for the AVEK HDWB Program

The HDWB Interim Financing Plan

- As of April 1, 2025, Metropolitan has paid approximately \$106.0 million for AVEK capital costs and approximately \$1.0 million for AVEK O&M expenses
- Metropolitan has issued \$99.4 million of outstanding Revolver Notes in multiple series since June 2023 to finance the HDWB Program per board approval
- The use of Metropolitan's short-term Revolver Note Facility was part of an interim financing plan for HDWB until issues enabling the long-term bond financing of the program were resolved
- Metropolitan paid \$1.64 million in interest cost in fiscal year 2023/24 and \$2.23 million to date for fiscal year 2024/25 for the HDWB program-related notes
- Despite an inverted yield curve, staff was able to keep the financing costs under budget by only borrowing funds through the Revolver as needed. Staff lowered the all-in carry cost of the issued Revolver Notes by \$7.5 million and \$5.9 million compared to budget assumptions in fiscal year 2022/23 and fiscal year 2023/24, respectively

Board Options

- Option #1

Adopt CEQA determination that the proposed action was previously addressed in the adopted 2017 Mitigated Negative Declaration, Addenda Nos. 1, 2 and 3 and related CEQA actions; and adopt a resolution that: (1) authorizes the execution and delivery of an Amended and Restated Agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, (2) approves the project financing, and (3) authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute, and deliver various related agreements and documents.

- Option #2

Do not adopt the resolution that authorizes the execution and delivery of an Amended and Restated Agreement between Antelope Valley-East Kern Water Agency and Metropolitan for the High Desert Water Bank Program, approves the project financing, and authorizes the General Manager and the Assistant General Manager/Chief Financial Officer and Treasurer to negotiate, execute and deliver various related agreements and documents.

Staffs Recommendation

- Option #1





- **Board of Directors**

- Finance, Affordability, Asset Management, and Efficiency Committee***

5/13/2025 Board Meeting

8-3

Subject

Adopt a resolution authorizing a Master Equipment Lease-Purchase Program of up to \$35 million outstanding balance from time to time and providing for related documents and actions; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

The master lease equipment resolution in **Attachment 1** would authorize a lease-purchase program of certain equipment in an amount up to \$35 million. The equipment that can be financed through this program will be limited to assets that are approved by this Board, including, for example, vehicles pursuant to the Zero-Emission Vehicle Transition (ZEV) Program. The resolution authorizes the execution and delivery of Master Equipment Lease-Purchase Agreements and any related documents on such terms and conditions and in such form and substance as determined and approved by the Ad Hoc Committee, which is comprised of the Chair of the Board; the Chair of the Finance, Affordability, Asset Management, and Efficiency Committee; and the General Manager (the “Ad Hoc Committee”). The Ad Hoc Committee has been delegated similar authority in connection with the issuance of short-term certificates and refunding bonds.

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

Staff Recommendation: Option #1

Option #1

Adopt a resolution authorizing a Master Equipment Lease-Purchase Program of up to \$35 million outstanding balance from time to time and providing for related documents and actions.

Fiscal Impact: There is no fiscal impact on the current biennial budget, as the \$2 million required for fiscal year 2025/26 debt service is already available in the vehicle operating budget. However, future biennial budgets will need to include appropriations for ongoing debt service if the \$35 million is financed through the Master Lease-Purchase Program. This cost will reach a maximum aggregate annual cost of approximately \$4 million, depending on market rates and the term of debt financing.

Business Analysis: Utilizing the Master Equipment Lease-Purchase Program provides financial flexibility and reliability as Metropolitan transitions its fleet to ZEVs.

Option #2

Do not approve a resolution authorizing a Master Equipment Lease-Purchase Program and provide for related documents and actions.

Fiscal Impact: Metropolitan would have to identify other means of funding the replacement of its existing vehicle fleet. In our solicitation of ideas from the capital markets, other financing alternatives did not provide the same level of flexibility as the proposed Master Equipment Lease-Purchase Program.

Business Analysis: This option will delay staff’s ability to purchase replacement vehicles to meet current regulatory requirements related to Metropolitan’s transition to ZEVs.

Alternatives Considered

Staff reviewed implementation costs and requirements for the vehicle fleet replacement program. Alternatives such as issuing revenue bond debt were examined; however, Banc of America Public Capital Corporation's ("BAPCC") Master Lease-Purchase Program was deemed the preferred structure for the vehicle lease replacement program given an array of factors, including but not limited to the cost of financing, flexibility of program administration, ease of program implementation, and qualifications of the financial institution. Under a Master Equipment Lease-Purchase Program, Metropolitan's net revenues are not expected to be pledged for the lease payments, and the lease payments are expected to be subordinate to Metropolitan's revenue bonds. Also, each lease interest rate will be based on the characteristics of the particular assets being financed, as opposed to a revenue bond with a fixed maturity and interest cost established at the time of issuance.

Applicable Policy

Metropolitan Water District Administrative Code Section 2441(u): Duties and Functions

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

Metropolitan Water District Administrative Code Section 5110: Asset Lease Versus Purchase

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

By Minute Item 53880, dated December 10, 2024, the Board approved additional funding, in an amount not to exceed \$35 million to support the Zero-Emission Vehicle Transition Program.

By Minute Item 53596, dated April 9, 2024, the Board appropriated \$3,453.2 million for Metropolitan Operations and Maintenance and operating equipment, approved appropriations, and funding of capital expenditures, and approved a Ten-Year Financial Forecast for Fiscal Years 2024/25 and 2025/26.

By Minute Item 53316, dated July 11, 2023, the Board adopted Ordinance No. 152, determining that the interests of the District require the use of revenue bonds in the aggregate principal amount of \$500 million to finance a portion of capital expenditures.

By Minute Item 52823, dated May 10, 2022, the Board adopted the Climate Action Plan.

By Minute Item 52579, dated November 9, 2021, the Board adopted legislative policy principles on climate change and the environment to help California reach its climate goals while adapting to a rapidly changing environmental landscape. The Board also expressed its support for policies and funding that encourage sustainable practices and environmental compliance, reduce greenhouse gas emissions, and improve energy sustainability.

By Minute Item 50409, dated March 8, 2016, the Board adopted Resolution 9201 authorizing the sale and issuance from time to time of up to \$400 million of short-term certificates.

Summary of Outreach Completed

The selection of the BAPCC Master Lease-Purchase structure was chosen as part of a competitive Request for Proposal (RFP) procurement process managed by Finance's Treasury and Debt Management Section with a variety of commercial and investment banking financial institutions. The options proposed by the RFP respondents ranged from direct purchase funding, fixed-lease Certificates of Participation financing, use of our existing Revolver Facility Note program, and the recommended option to establish a new master equipment lease-purchase financing credit facility.

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 manages an extensive and modern fleet, critical to the effective operation and maintenance of the distribution system, with an estimated asset replacement value of \$180 million. Metropolitan's existing fleet consists of 1,039 vehicles and motorized equipment, which include 379 light-duty vehicles, 356 medium-duty vehicles, 195 heavy-duty vehicles, and 109 off-road vehicles. These vehicles are strategically domiciled in 18 locations across Metropolitan's service area for daily operational activities and emergency response.

To help manage Metropolitan's budgets and rates in prior years, Metropolitan has prioritized the replacement of only the highest criticality vehicles and deferred others, which has resulted in a backlog of aged and worn vehicles. Currently, these conditions pose an elevated risk to Metropolitan's operations. To mitigate this risk, Metropolitan has increased maintenance and repairs of aging vehicles to ensure their availability for daily activities and emergency response. However, in staff's assessment, these efforts are not sustainable, and Metropolitan must replace these critical vehicles to ensure operational safety and reliability.

While addressing the challenge of an aging fleet, Metropolitan has also been transitioning from a fossil-fueled fleet to a zero-emission fleet in accordance with California's new fleet regulations. The California Air Resources Board ("CARB") adopted the Advanced Clean Fleets ("ACF") Rule which has set milestones for replacing medium- and heavy-duty vehicles with ZEVs. Fines and penalties may be imposed for non-compliance with CARB regulations.

In December 2024, the Board approved additional funding, in an amount not to exceed \$35 million over the next two years (Fiscal Years 2024/2025 and 2025/2026), to support the ZEV transition program at Metropolitan and partially mitigate the high operational risk associated with a fleet of aging vehicles and equipment. Finance will work with staff from the Operations Groups to coordinate the availability of funds through this program to meet the fleet acquisition schedule.

Financing Approach

In accordance with board authorization, Finance staff recommends a Master Equipment Lease-Purchase Program as the most efficient and cost-effective means of replacing aging vehicles and to transition the vehicle fleet to ZEVs to comply with state requirements, as referenced above.

After a competitive RFP process at the end of 2024, Metropolitan has selected Banc of America Public Capital Corp to provide a Master Lease-Purchase financing facility. BAPCC is an industry leader in municipal lease financing and offered the lowest cost option among the 26 financial firms that submitted an RFP response to Metropolitan. The options proposed and considered ranged from direct purchase funding, fixed-lease Certificates of Participation financing, use of our existing Revolver Facility Note program, and the recommended option to establish a new Master Lease-Purchase financing credit facility.

The Master Equipment Lease-Purchase Program's structure provides the flexibility, in timing and structure, to accommodate multiple vehicle replacement purchases and a transition to a ZEV fleet in an efficient and cost-effective manner. This action letter authorizes the establishment of the Master Equipment Lease-Purchase Program by resolution of the Board. Subsequent to this action, the Ad Hoc Committee will authorize the execution of the documentation required to implement the financing program with BAPCC. The Ad Hoc Committee has been delegated similar authority by the Board in connection with the issuance of short-term certificates and refunding bonds.

Future Steps

By June 30, 2025, staff expects to have finalized the documentation of a new credit facility to operate under the proposed Master Equipment Lease-Purchase Program. The BAPCC credit line was preliminarily approved by the credit committee of Bank of America, NA (the commercial banking parent company of BAPCC) in mid-March and is set, initially, at \$35 million, subject to approval of the attached resolution by the Board and related

documents by the Ad Hoc Committee. This new credit facility will have a term of one year, but can be renewed upon request. The proposed \$35 million credit limit can be increased upon request as needed in future years. The Master Equipment Lease-Purchase Agreement contains key terms and provisions for all the various purchasing requirements of the Vehicle Replacement Program, which can also include other essential equipment purchases, including charging stations for ZEVs, if necessary. The interest rate of the lease(s) will be based on the useful life of the vehicle/asset being financed; the requested lease term; the index rate at the time of the financing; and the tax status of the financing. As of April 10, 2025, indicative tax-exempt rates were: 3.5902 percent for a 7-year term; 3.7548 percent for a 10-year term; and 3.9079 percent for a 12-year term.

Unlike Metropolitan's Revenue Bond Program, Metropolitan's Net Revenues are not expected to be pledged to repay the draws on the BAPCC credit line. Instead, payments will be made as equipment lease payments from the Vehicle Operating and Equipment budget appropriation as part of Metropolitan's Operating and Maintenance fund. Moreover, these lease payments will be subordinate to existing revenue bonds with respect to debt lien position. Staff has engaged bond counsel for this Master Lease-Purchase Program to assist in determining the appropriate terms for the mix of assets being financed and to ensure compliance with applicable Internal Revenue Code and IRS regulations. Finance staff is requesting the Board's adoption of the attached resolution, which establishes and authorizes a lease-purchase program and delegates the authority to the Ad Hoc Committee to authorize the execution and delivery of the BAPCC Master Equipment Lease-Purchase Agreement and required separate schedules and documents.

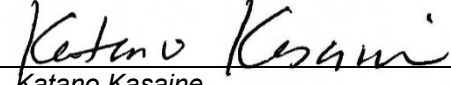
Operations staff has initiated the Board-approved Vehicle Replacement Program through the preparation of bidding specs and anticipates orders to come in late FY 2024/25. Payments under the Master Equipment Lease-Purchase Agreement are anticipated to begin in FY 2025/26 and continue in subsequent biennial budget periods. Finance staff expect the annual cost for the program in FY 2025/26 will not exceed the \$2 million already available in the Vehicle Operating and Equipment budget. Future biennial budgets will need to include appropriations for ongoing debt service for assets financed through the Master Lease-Purchase Program.

Staff estimates the implementation of the program will have a minimal budget impact, with an estimated one-time rate impact of about 0.5 percent for calendar year 2027. This figure represents the amount that current rates would need to increase to cover the projected debt service of the \$35 million borrowed.

During the process of informing the Board of the need to address Metropolitan's backlog of deferred maintenance as well as compliance with state regulations, various directors have asked questions or made comments on many issues related to this topic. Staff has tracked these questions and provided responses to each in **Attachment 2** to this board letter.

Project Milestone

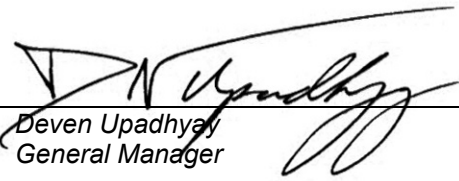
Staff will return to the Board when developing the next biennial budget for Fiscal Years 2026/27 and 2027/28 and will propose a vehicle operating equipment budget that supports Metropolitan's Vehicle Replacement Program and continued transition to a ZEV fleet.



Katano Kasaine
Assistant General Manager/
Chief Financial Officer

5/2/2025

Date



Deven Upadhyay
General Manager

5/2/2025

Date

Attachment 1 – Resolution of The Board Of Directors of The Metropolitan Water District of Southern California Authorizing a Master Equipment Lease-Purchase Program of up to \$35 Million Outstanding Balance From Time to Time and Providing for Related Documents and Actions

Attachment 2 – Log of Board Director Questions and Comments

Ref# cfo12707730

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

RESOLUTION ____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
AUTHORIZING A MASTER EQUIPMENT LEASE-PURCHASE PROGRAM OF UP TO
\$35 MILLION OUTSTANDING BALANCE FROM TIME TO TIME
AND PROVIDING FOR RELATED DOCUMENTS AND ACTIONS
(MASTER EQUIPMENT LEASE-PURCHASE PROGRAM RESOLUTION)**

**THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA**

RESOLUTION _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
AUTHORIZING A MASTER EQUIPMENT LEASE-PURCHASE PROGRAM OF UP
TO
\$35 MILLION IN OUTSTANDING PRINCIPAL BALANCE FROM TIME TO TIME
AND PROVIDING FOR RELATED DOCUMENTS AND ACTIONS
(MASTER EQUIPMENT LEASE-PROGRAM RESOLUTION)**

WHEREAS, pursuant to Section 140 of the Act (as defined herein) and related provisions of the Act, the Board of Directors (the “Board”) of The Metropolitan Water District of Southern California (the “District”) is authorized to provide for the grant, purchase, bequest, devise or lease, and may hold, enjoy, lease, sell or otherwise dispose of, any and all real and personal property of any kind within or without the District and within and without the State of California necessary or convenient to the full exercise of its powers; and

WHEREAS, the Board hereby determines that it is necessary for the District to be able to lease a variety of Equipment (as defined below) to perform its essential functions, on terms favorable to the District; and

WHEREAS, the Board therefore desires to authorize a program whereby the District would execute and deliver one or more Master Equipment Lease Agreements and Leases (each as defined below) from time to time to lease Equipment to be used by or on behalf of the District in the operation of the business and affairs of the District;

NOW, THEREFORE, the Board, DOES HEREBY RESOLVE, DETERMINE AND ORDER, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and the plural forms of any of the terms herein defined.

“Act” means the Metropolitan Water District Act.

“Ad Hoc Committee” has the meaning ascribed to such term in Section 4.01 hereof.

“Board” means the Board of Directors of the District.

“Equipment” means tangible assets, equipment, fixtures and other goods and property, together with all replacements, repairs, restorations, modifications and improvements thereof or thereto and all accessories, equipment, parts and appurtenances appertaining or attached thereto, including but not limited to vehicles, machinery, tools, instruments, and other physical items that are utilized for business or operational purposes, excluding real estate or land.

“First Tier Parity Obligations” has the meaning given such term in the Master Subordinate Resolution.

“First Supplemental Subordinate Resolution” means Resolution 9200 adopted by the Board on March 8, 2016, as amended and supplemented from time to time.

“Fourth Supplemental Resolution” means Resolution 8387 adopted by the Board on January 12, 1993, as amended and supplemented from time to time.

“Lease” means each Related Schedule into which the terms and provisions of the Master Equipment Lease Agreement are incorporated by reference into such Related Schedule.

“Master Equipment Lease Agreement” means an agreement (including a master equipment lease/purchase agreement) under which the District leases Equipment from one or more commercial banks, financial institutions or any other counterparty and for which the District makes Rental Payments, together with any Related Schedules.

“Master Senior Resolution” means Resolution 8329 adopted by the District on July 9, 1991, as amended and supplemented from time to time.

“Master Subordinate Resolution” means Resolution 9199 adopted by the District on March 8, 2016, as amended and supplemented from time to time.

“Net Operating Revenues” has the meaning given such term in the Master Senior Resolution, if such term refers to Senior Parity Obligations, or in the Master Subordinate Resolution, if such term refers to First Tier Parity Obligations or Second Tier Parity Obligations.

“Nineteenth Supplemental Resolution” means Resolution 9104 adopted by the Board on December 8, 2009, as amended and supplemented from time to time.

“Outstanding Balance” means the principal component of the remaining Rental Payments under a Master Equipment Lease Agreement.

“Related Schedules” means the schedules or exhibits to any Master Equipment Lease Agreement or Lease that describe the Equipment being leased thereunder and provide payment schedules and terms.

“Rental Payments” means the total amount of rental or lease payments due from the District under a Master Equipment Lease Agreement or a Lease for the lease of the Equipment leased thereunder, including (without limitation) the principal component and interest component thereof.

This “Resolution” means this resolution of the District.

“Second Tier Parity Obligations” has the meaning given such term in the Master Subordinate Resolution.

“Senior Bonds” means “Bonds” as that term is defined in the Master Senior Resolution.

“Senior Parity Obligations” means “Parity Obligations,” as such term is defined in the Master Senior Resolution.

“Subordinate Bonds” means “Bonds” as that term is defined in the Master Subordinate Resolution.

“Zero-Emission Vehicle Transition Program” means the program of acquisition of vehicles approved by the Board on December 10, 2024, as such program is amended, modified and supplemented from time to time by the District as authorized by the Board.

ARTICLE II

THE CERTIFICATES AND CREDIT FACILITIES

SECTION 2.01. Approval of Master Equipment Lease Agreements. The District is hereby authorized to execute and deliver one or more Master Equipment Lease Agreements and any Related Schedules for one or any combination of the following purposes: (a) to lease motor vehicles pursuant to the Zero-Emission Vehicle Transition Program; and (b)(i) to lease Equipment to be used at any facility or site operated by or on behalf of the District; and (ii) to lease Equipment that can be moved to or installed at any facility or site operated by or on behalf of the District, provided that, any lease of Equipment pursuant to (b) of this Section 2.01 relates to Equipment the acquisition of which the Board has authorized by its approval of a budget or program where the acquisition of such Equipment is included as a part of such budget or program or by its specific approval of the acquisition of such Equipment. The District is hereby authorized to execute and deliver Master Equipment Lease Agreements and any Related Schedules, and any amendments, supplements and modifications thereto, on such terms and conditions and in such form and substance as shall be determined and approved by the Ad Hoc Committee pursuant to Article IV. The District is hereby authorized to execute and deliver one or more Master Equipment Lease Agreements from time to time on the terms and conditions set forth in this Resolution; provided, however, that the Outstanding Balance under all Master Equipment Lease Agreements and the Leases contained therein in effect shall not exceed \$35 million at any time.

SECTION 2.02. Additional Documents and Services. Any Master Equipment Lease Agreement and Lease executed in accordance with this Resolution may provide for the execution of related documents, including, without limitation, escrow agreements, paying agent agreements, memoranda of understanding and assignment agreements, as may be determined and approved by the Ad Hoc Committee.

ARTICLE III SECURITY AND PAYMENT OF CERTIFICATES

SECTION 3.01. Security and Source of Payment of Rental Payments.

The obligations of the District under each Master Equipment Lease Agreement and each Lease shall be secured by one or a combination of the following, as determined and authorized by the Ad Hoc Committee: Some or all of the Equipment leased under such Master Equipment Lease Agreement and the Leases contained therein; and/or

(b) Net Operating Revenues on the terms and conditions, and with the priority, set forth in such Master Equipment Lease Agreement and/or Lease (including securing such obligations as Parity Obligations under the Master Senior Resolution or First Tier Parity Obligations or Second Tier Parity Obligations under the Master Subordinate Resolution).

SECTION 3.02. Establishment and Application of Funds and Accounts.

The District shall establish, and the Treasurer of the District shall maintain, such funds and/or accounts with respect to the Master Equipment Lease Agreements as may be required pursuant to the terms of any such Master Equipment Lease Agreement.

ARTICLE IV

AD HOC COMMITTEE

SECTION 4.01. Ad Hoc Committee. The Chairman of the Board, or in the event of a vacancy, the Acting Chairman of the Board, the Chairman of the Finance, Affordability, Asset Management, and Efficiency Committee of the Board (or if the Finance, Affordability, Asset Management, and Efficiency Committee is renamed, dissolved, or reorganized, such other committee of the Board which shall have substantially all of the duties of the Finance, Affordability, Asset Management, and Efficiency Committee before such renaming, dissolution, or reorganization), or in the event of a vacancy, the Vice Chairman or Acting Chairman of the Finance, Affordability, Asset Management, and Efficiency Committee of the Board (or if the Finance, Affordability, Asset Management, and Efficiency Committee is renamed, dissolved, or reorganized, such other committee of the Board which shall have substantially all of the duties of the Finance, Affordability, Asset Management, and Efficiency Committee before such renaming, dissolution, or reorganization), and the General Manager or his or her designee, or in the event of a vacancy, the Acting General Manager or his or her designee, acting jointly, are hereby constituted an ad hoc committee (the “Ad Hoc Committee”).

SECTION 4.02. Approval of each Master Equipment Lease Agreement and Lease. Subject to the limitations contained in Section 2.01 herein, the Ad Hoc Committee or its designee is authorized and directed to determine, establish and approve on behalf of the District the terms and conditions of, and the execution and delivery of, each Master Equipment Lease Agreement and Lease, including, without limitation, each of the following: The counterparty to such Master Equipment Lease Agreement and each Lease;

(b) The terms, conditions, form and substance of all provisions of such Master Equipment Lease Agreement and each Lease, and any Related Schedules and additional related documents, if any;

(c) The interest rates and/or the method of calculating the interest component of Rental Payments under such Master Equipment Lease Agreement and the Leases contained therein;

(d) The security and source of payment of the District's obligations under such Master Equipment Lease Agreement and/or Lease, as provided in Section 3.01; and

(e) The dates of and amounts in which Rental Payments become due and payable.

SECTION 4.03. Approval of Related Documents and Actions. The Ad Hoc Committee or its designee is authorized and directed to authorize and approve the execution and delivery of such other agreements, documents, certificates, and instruments, and the taking of any action and the payment of any fees and expenses, as the Ad Hoc Committee or its designee determines is reasonably necessary or advisable in carrying out the purposes of this Resolution.

SECTION 4.04. Approval of Ad Hoc Committee. The determination, establishment or approval by a majority of the members of the Ad Hoc Committee shall constitute the determination, establishment and approval of the Ad Hoc Committee pursuant to this Article IV.

SECTION 4.05. Further Action. The Board hereby determines that the Chairman of the Board, the General Manager, and Director of Finance of the District be and each of them is hereby authorized, empowered and directed to execute such other documents in addition to those enumerated herein and take such other actions as they deem necessary or advisable in order to carry out and perform the purposes of this Resolution.

ARTICLE V

MISCELLANEOUS

SECTION 5.01. Severability of Invalid Provisions. If any one or more of the provisions contained in this Resolution shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Resolution and such invalidity, illegality or unenforceability shall not affect any other provision of this Resolution, and this Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have adopted this Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable.

SECTION 5.02. Article and Section Headings and References; Interpretation. The headings or titles of the several Articles and Sections hereof shall be solely

for convenience of reference and shall not affect the meaning, construction or effect of this Resolution.

All references herein to “Article,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Resolution as a whole and not to any particular Article, section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

SECTION 5.03. Refunding of Rental Payments. The Board hereby determines that the refunding, refinancing, payment and/or satisfaction of the Rental Payments are authorized purposes (a) for the issuance of Senior Bonds under the Fourth Supplemental Resolution and the Nineteenth Supplemental Resolution and (b) for the issuance of Subordinate Bonds under the First Supplemental Subordinate Resolution. The Board hereby authorizes the District to issue Senior Bonds for such purposes under the terms and conditions of the Fourth Supplemental Resolution and Nineteenth Supplemental Resolution, as applicable, and to issue Subordinate Bonds for such purposes under the terms and conditions of the First Supplemental Subordinate Resolution.

SECTION 5.04. Governing Law. This Resolution shall be construed and governed in accordance with the laws of the State of California.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a Resolution adopted by the affirmative votes of members representing more than 50 percent of the total number of votes of all members of the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on May 13, 2025.

Secretary of the Board of Directors
of The Metropolitan Water District
of Southern California

Director Requests

	Board Questions	Staff Response
1	Which 3 utilities were granted exemptions by CARB?	CARB does not disclose details about which agencies have received exemptions. As of December 2024, out of the 47 applications for exemptions, CARB has approved the following 7 applications: <ol style="list-style-type: none"> 1. Intermittent Snow Removal Vehicle Exemption: 1 2. Non-repairable Vehicle Exemption: 2 3. ZEV Purchase Exemption: 4
2	Does Metropolitan qualify for any of the available CARB exemptions?	Yes, the Advanced Clean Fleets regulations (ACF) for State and Local Governments include seven exemptions that permit the purchase of an Internal Combustion Engine (ICE) vehicle, provided all criteria are met. Aside from the Intermittent Snow Removal Vehicles Exemption, Metropolitan is eligible to apply for the following six ACF exemptions. <ol style="list-style-type: none"> 1. ZEV Purchase Exemption 2. Infrastructure Delay Exemption 3. Daily Usage Exemption 4. Backup Vehicle Exemption 5. Non-repairable Vehicle Exemption 6. Mutual Aid Assistance Exemption
3	Can staff organize a meeting between EOT committee and CARB, to discuss the transition for heavy duty vehicles?	Since January 2025, several significant events have prompted CARB to reassess their regulations. Notably, devastating wildfires in CA have impacted numerous communities and significant infrastructure. Additionally, the new federal administration has challenged CARB's authority to enforce stringent vehicle standards, including zero emissions mandates. There is also mounting pressure for California to temporarily suspend environmental regulations to facilitate quicker rebuilding efforts in areas affected by the wildfires. Despite these uncertainties, staff remains in close contact with CARB staff and will facilitate a discussion with the EOT committee once there is more clarity on next steps.
4	Can vehicles be leased to contain cost?	Yes. Fleet continues to evaluate the benefits of leasing and currently leases equipment for short-term solutions and special circumstances, such as for the Bay Delta Initiatives program. The district also contracts for the rental or lease of vehicles and equipment used for construction throughout our service territory.

	Board Questions	Staff Response
5	Does Metropolitan get any special pricing from dealers?	Yes. Fleet staff has taken advantage of dealer incentives, including government pricing, and one-time incentives for purchasing new Ford Lightnings.
6	Can Metropolitan partner with Cal-Fire to identify how they were exempt from Advanced Clean Fleets regulations/exemptions that they received?	California Vehicle Code Section 165 highlights a list of all agencies that are exempt from ACF regulations. Unlike Cal-Fire, Metropolitan and other water utilities are not on that list and, therefore, not exempt from the ACF regulations.
7	Can staff provide the cost of charging infrastructure and timeline for implementation?	The infrastructure cost is currently estimated at \$87.8 million. The current schedule duration indicates the completion of major construction in 2031.
8	What would be the percentage rate increase resulting in adoption of this regulation?	To date, Metropolitan staff has only estimated the rate impact of the financing component of this board action. At present, staff estimates the implementation of the Master Equipment Lease-Purchase Program will have a one-time rate impact of about 0.5% for calendar year 2027. Further staff analysis and review as it relates to the changing regulatory landscape and cost impacts will be provided at future board and committee meetings, as appropriate.
9	Does Metropolitan qualify for any grant funding from CARB?	The Centralized Grants Management Office actively tracks grant programs, including through CARB, and will pursue new opportunities as they arise. To date, Metropolitan has not received any funding from CARB. A summary of all programs is available on this site: https://ww2.arb.ca.gov/our-work/programs/truckstop-resources/incentives-funding-truckstop
10	Can staff work with CARB and legislature and push for exemptions for vehicles used in emergencies?	Staff wrote a letter to CARB requesting a delay in implementation of the ACF regulation and an exemption for emergency vehicles, and continues to work with the agency on establishing a feasible compliance timeline. Working with other water utilities and associations, staff also tracks ACF-focused legislation.
11	What are the terms of debt finance?	This financing approach is summarized in the current Board report and will be incorporated in the relevant documents to be approved subsequently by the designated Ad Hoc Committee.
12	Will the debt finance term be lower/higher than vehicle's useful life?	Tax-exempt vehicle financing through a master lease program, will require that the tax-exempt borrowing is subject to the requirement in IRS Code Section 147(b) that the weighted average maturity of the

	Board Questions	Staff Response
		issue cannot exceed 120% of the weighted average useful life of the bond-financed assets. A "clean" bond opinion from nationally recognized bond counsel will certify that we meet this requirement.
13	What is the impact of this program on budget?	There is no increase in fleet vehicle program's budgetary costs in the current biennium. Interest expense for financed vehicles will be paid from the approved budgeted vehicle OE budget. Future financing payments will be required for repayment beyond the current biennium.
14	Is the cost of a fire suppression system for chargers included in the projected infrastructure cost?	The fire suppression system cost is not included in the projected infrastructure cost. Cost of the fire suppression system will be evaluated during design of infrastructure buildout at Weymouth and Union Station. This cost is expected to be minimal compared to the overall program cost.
15	What kind of 5 light-duty vehicles are planned for purchase? Internal combustion engine (ICE) or Zero emission vehicles (ZEV)?	The 5 light-duty vehicles planned for purchase are one SUV and four pickup trucks. All 5 are Zero Emission Vehicles (ZEV)
16	Why are we buying 5 Zero Emission vehicles (ZEV) instead of 10 gas vehicles for the same price?	Staff must consider all alternatives to meet the current CARB regulations and Metropolitan's Climate Action Plan (CAP). In some situations, we are required to purchase ZEV vehicles to offset our ICE purchases and/or comply with CAP. The price of ZEVs will fluctuate with supply and demand, but has continued to come down in price in recent months. In addition, cost comparisons should include the total cost of ownership, not just the purchase price. ZEVs have lower maintenance and fueling costs, on average, than ICE vehicles.
17	What are other means of financing if payment term is greater than useful life?	Taxable debt financing could be used as an alternate financing tool if the payment term is structured beyond the constraints of tax-exempt financing. This, however, would increase the cost of borrowing significantly.
18	Can vehicles with limited annual use such as patrol vehicles or emergency vehicles, be rented/leased to contain cost?	Limited-use equipment, such as pool vehicles, is one area where the fleet has considered a lease program. However, based on our business requirements, the return on our initial investment has not proven to contain costs. We have determined that purchasing emergency equipment, such as a mobile command

	Board Questions	Staff Response
		unit, provides the best value for our operational requirements.
19	Will Metropolitan take advantage of federal tax credits before change in administration?	Staff is working with a Consultant to prepare our preliminary tax filing for eligible purchases for the energy credit incentives identified under the Inflation Reduction Act. A final tax filing will be submitted after the assets are in operation.
20	Has staff reached out to CARB and talked about exemptions and delays?	Staff has submitted clarification questions and comments to CARB's hotline, along with requests for exemptions and delays in our previous comment letters, the most recent being related to AB 1594. For individual inquiries regarding existing exemptions and extensions, CARB staff have responded via email to Metropolitan's request seeking clarification. For questions concerning a comprehensive exemption for public utilities from the ACF, CARB has addressed utilities collectively during their meetings and workshops.
21	What is Metropolitan's cost to finance this initiative in the bond market? 2% - 3%?	The financing cost is delineated in the board report as of April 10, 2025. Indicative pricing is subject to market conditions when funds are actually drawn down from the master equipment lease-purchase credit facility. Unlike Metropolitan's revenue bonds or current Revolver Credit Facility, this proposed financing mechanism does not have a commitment fee (a carry cost for any credit allocation not used).
22	Will Metropolitan apply for EPA Greenhouse Gas Reduction Fund (GGRF) money for vehicles and infrastructure?	In 2022, Congress passed the Inflation Reduction Act which allocated \$27B to the Greenhouse Gas Reduction Fund (GGRF). This fund is administered by the Environmental Protection Agency (EPA). Under this program, EPA is not providing financial assistance directly to projects; rather EPA is providing grants to each program's eligible recipients, and those recipients (and/or their subrecipients) are providing financial assistance to projects. In California, GGRF funds are tracked and managed by California Climate Investments. On a yearly basis, the Legislature distributes the money from the GGRF to programs administered by different State agencies. Any program that is paid for using money from the GGRF is a California Climate Investments program.
23	Will Metropolitan investigate solar and battery storage for emergency charging?	Yes, Metropolitan is currently installing battery energy storage with existing solar at three facilities and continues to look for additional opportunities to use renewables for electricity and charging.
24	What is the residual value of truck shown in the presentation, and what	As of this February, unit 4902 has an estimated value of \$40,000. Typically, we recover approximately

	Board Questions	Staff Response
	is a typical salvage cost for different vehicle classes?	20% of the original purchase price for salvaged on-road equipment.
25	At what Condition Index (CI) is the vehicle replaced? The higher the CI, the worse the condition?	Condition index (CI) for replacing a vehicle will fluctuate with each budget cycle in conjunction with the approved budget for operating equipment. A higher CI number indicates a worse condition.
26	What is the residual value of dump truck if we were to buy a new unit?	The residual value for heavy equipment is dependent on the market conditions and CARB regulations. We can recover approximately 15-20% of the original purchase price for salvaged heavy equipment.
27	Does Metropolitan dispose off or trade-in vehicles?	Staff evaluates the cost-benefit for trade-in versus salvaging equipment. For example, we used trade-in value to reduce our purchase price for our aircraft.
28	Does Metropolitan keep vehicles if residual value is minimal?	The decision to salvage equipment is based on a number of factors. On limited occasions, we have pulled equipment from salvage to meet an immediate operational need where safety and equipment reliability are not jeopardized.
29	We are managing a technological transformation in this situation driven by a legislative mandate. Can staff develop ideas/presentations at the full Board level, beyond ZEV, for other initiatives (including ZEV) on steps/measures that Metropolitan is willing to take to indebt the ratepayers with the technological movement?	Staff will organize a Board workshop that will assist the Board with navigating future technological transformation which may/may not be regulatory driven.



Finance, Affordability, Asset Management, and Efficiency Committee

Master Equipment Lease-Purchase Financing Authorization for Metropolitan's Fleet Vehicle Replacement Program

Item 8-3

May 13, 2025

Item 8-3

Summary

Subject

Adopt a resolution authorizing a master equipment lease-purchase program of up to \$35 million outstanding balance from time to time and providing for related documents and actions.

Purpose

Provide the Board with an overview of Metropolitan's proposed vehicle and equipment replacement financing program and the proposed Master Lease program structure.

Next Steps

With Board approval of the proposed resolution, finalize and execute a Master Equipment Lease-Purchase Agreement with Banc of America Public Capital Corp (BAPCC), for an initial amount of \$35 million.

Background

- Metropolitan maintains a large and diverse fleet with an estimated replacement value of \$180 million, consisting of over 1,000 vehicles and motorized equipment
- Budget constraints and water rate pressures led to a deferral of the timely replacement of fleet assets, resulting in a backlog of aged and worn vehicles and equipment
- In December 2024, the Board approved the financing of \$35 million of high-criticality fleet replacement needs over the current biennium
 - Zero Emission Vehicles
 - Internal Combustion Engine Vehicles
- Financing for these purchases can be accomplished in an efficient manner utilizing a Master Lease-Purchase financing program

Metropolitan's fleet replacement needs are impacted by current state regulations and deferred maintenance on its existing fleet

After a competitive procurement process, Metropolitan selected Banc of America Public Capital Corp to help establish the initial financing under a new credit structure

Master Lease-Purchase Program

- This is a capital lease financing, not an operating lease (e.g., Enterprise, Hertz leased vehicles)
- While Metropolitan staff will continue to explore operating lease opportunities, this approach allows for the purchase of vehicles that are difficult to customize for our operational needs
- Banc of America Public Capital Corp (BAPCC) was selected as part of Metropolitan's 2025 Plan of Finance RFP for underwriting and banking needs issued by Metropolitan's CFO in September 2024
- BAPCC is the #1 market share leader among US leasing companies, offers the lowest pricing among RFP responses received, and provides the required flexibility to accommodate various vehicle purchases and timing of such purchases

BAPCC's master
lease-purchase
structure is flexible
to accommodate
Metropolitan's
needs

Master Lease-Purchase Structure

- Credit Lines set annually based on needs; initially set at \$35 million but capacity to increase it as needed in future years
- Master lease document will contain key terms and provisions of all subsequent “financings” under the program
- Can be used for all essential equipment purchases along with necessary charging stations (if applicable)
- Fixed rate financing set at the time of each borrowing under the Master Lease
- Repayment term based on the useful life of the vehicle/asset

The interest rate will be set at the time of each financing under the program

Indicative Interest Rates

- The interest rate for each financing under the program will be based on several factors:
 - Useful life of the vehicle/asset
 - Requested lease term
 - Index rate at the time of financing
 - Tax-status
- Tax-exempt indicative rates as of April 10, 2025
 - 7-years: 3.5902%
 - 10-years: 3.7548%
 - 12-years: 3.9079%

Item 8-3

Key Components of the Proposed Authorizing Resolution

The Proposed Resolution

- The proposed resolution is structured to establish a new credit and program for equipment financing by Metropolitan
 - Equipment will be limited to assets that are approved by this Board
 - Provides a flexible credit structure to accommodate a Net Revenue pledge, if in the future, such a pledge is necessary
- Authorizes the Master Equipment Lease Agreements and any related documents, as determined by the Ad Hoc Committee, comprised of the Chairman of the Board, the Chairman of the FAAME Committee, and the General Manager (the “Ad Hoc Committee”)
 - The Ad Hoc Committee has been delegated similar authority in connection with the issuance of short-term certificates and refunding bonds

Board Options

- Option #1

Adopt a resolution authorizing a master equipment lease-purchase program of up to \$35 million outstanding balance from time to time and providing for related documents and actions.

- Option #2

Do not approve a resolution authorizing a master equipment lease-purchase program and provide for related documents and actions.

Staffs Recommendation

- Option #1





- **Board of Directors**

Finance, Affordability, Asset Management, and Efficiency

5/13/2025 Board Meeting

8-4

Subject

Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2025/26; the General Manager has determined that the proposed action is exempt or otherwise not subject to CEQA

Executive Summary

This action continues the Standby Charge at a rate ranging from \$0.10 to \$14.20 per year for each acre or parcel (if less than an acre) of nonexempt real property within the service area of member agencies that have elected since fiscal year (FY) 1993/94 to pay all or a portion of their Readiness-to-Serve (RTS) Charge obligation through the Standby Charge. The Standby Charge has been collected for those agencies at rates that do not exceed the rates set in FY 1993/94. Continuance of the Standby Charge generates funds that are applied against the participating member agencies' RTS Charge obligation.

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

Staff Recommendation: Option #1

Option #1

Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2025/26.

Fiscal Impact: None for Metropolitan, because the Standby Charge revenue of \$43.9 million (approximately) would be applied towards the RTS Charge obligation of the participating member agencies. Any RTS Charge obligation not met by the Standby Charge will be due to Metropolitan pursuant to the agencies' RTS Charge obligation.

Business Analysis: This option involves the collection of charges that result in fixed revenues of \$43.9 million (approximately) to pay all or a portion of the RTS Charge of participating member agencies, which is done at the prior option of the participating member agencies.

Option #2

Do not adopt the resolution to continue the Standby Charge for fiscal year 2025/26, which would require the participating member agencies to pay the full RTS Charge directly to Metropolitan, rather than having a portion collected through the Standby Charge.

Fiscal Impact: None for Metropolitan, because member agencies would pay the full RTS Charge directly to Metropolitan, including the \$43.9 million (approximately) that would have been collected in FY 2025/26 through the continuation of the Standby Charge.

Business Analysis: This option would require the collection of \$43.9 million (approximately) not approved to be collected through the Standby Charge to be collected through the full RTS Charge.

Alternatives Considered

Not applicable

Applicable Policy

Metropolitan Water District Act Section 61: Ordinances, Resolutions and Orders

Metropolitan Water District Act Section 133: Fixing of Water Rates

Metropolitan Water District Act Section 134: Adequacy of Water Rates; Uniformity of Rates

Metropolitan Water District Act Section 134.5: Water Standby or Availability of Service Charge

Metropolitan Water District Administrative Code Section 4301(a): Cost of Service and Revenue Requirement

Metropolitan Water District Administrative Code Section 4304: Apportionment of Revenues and Setting of Water Rates

Metropolitan Water District Administrative Code Section 4305: Setting of Charges to Raise Fixed Revenue

Metropolitan Water District Administrative Code Section 4507: Billing and Payment for Water Deliveries

Metropolitan Water District Administrative Code Section 11104: Delegation of Responsibilities

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

By Minute Item 53596, dated April 9, 2024, the Board adopted the resolution fixing and adopting a Readiness-to-Serve Charge for CY 2025.

By Minute Item 53437, dated April 8, 2025, the Board adopted the resolution fixing and adopting a Readiness-to-Serve Charge for CY 2026.

Summary of Outreach Completed

Not applicable

California Environmental Quality Act (CEQA)

CEQA determination(s) 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(s) for Option #2:

None required

Details and Background


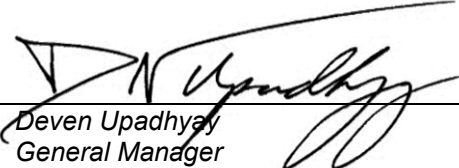
Background

On April 9, 2024, Metropolitan's Board of Directors adopted Resolution 9354, fixing and adopting the RTS Charge for the calendar year (CY) 2025. On April 8, 2025, the Board adopted Resolution 9372, fixing and adopting the RTS Charge for CY 2026. The proposed resolution (**Attachment 1**) provides participating member agencies the ability to continue having a portion of their RTS Charge collected by the Standby Charge within their respective service areas for FY 2025/26, which covers a portion of each of the CYs 2025 and 2026. **Attachment 1** is a form of resolution that, if adopted by the Board, will continue the Standby Charge for FY 2025/26.

The amount of the Standby Charge, per acre or per parcel (if less than an acre), within each of the participating member agencies, has not exceeded the rates set in FY 1993/94 and has been collected within the service areas of 22 of Metropolitan's 26 member agencies that had elected to pay all or a portion of their respective RTS Charge through the Standby Charge since then. Metropolitan proposes to continue the Standby Charge for the coming fiscal year at rates not exceeding the rates set in FY 1993/94, and therefore, no additional statutory procedures are required for approval.

The resolution also authorizes the General Manager to act upon applications for exemption of certain lands from the collection of the Standby Charge in accordance with the terms and conditions for exemption specified in the resolution. In addition, the resolution provides for an appeal process to review and make recommendations to the Board on appeals by property owners who have been denied the exemption, with final determinations to be made by the Board. The exemption criteria are the same as those adopted for prior years and will be subject to specific guidelines set by the General Manager.

Funds collected from the proposed continuation of the Standby Charge will be segregated to ensure that they are used only for the purposes for which the Standby Charge was collected. **Attachment 2** is the Notice to Member Agencies of Proposed Adoption of Readiness-to-Serve Charge and Capacity Charge for Calendar Year 2026 and Continuation of Standby Charge for Fiscal Year 2025/26, sent to member agencies via email on March 17, 2025.

	5/5/2025
Katano Kasaine	Date
Assistant General Manager/ Chief Financial Officer	
	5/5/2025
Deven Upadhyay	Date
General Manager	

Attachment 1 – Resolution of The Board of Directors of The Metropolitan Water District of Southern California Continuing the Water Standby Charge for Fiscal Year 2025/26

Attachment 2 – Notice to Member Agencies of Proposed Adoption of Readiness-to-Serve Charge and Capacity Charge for Calendar Year 2026 and Continuation of Standby Charge for Fiscal Year 2025/26

Ref# cfo12702686

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

RESOLUTION ____

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA CONTINUING THE
WATER STANDBY CHARGE FOR
FISCAL YEAR 2025/26**

The Board of Directors of the Metropolitan Water District of Southern California (the “Board”), hereby finds that:

1. At its meeting on April 9, 2024, the Board adopted Resolution 9354 “Resolution of the Board of Directors of The Metropolitan Water District of Southern California Fixing and Adopting a Readiness-to-Serve Charge Effective January 1, 2025;”
2. At its meeting on April 8, 2025, the Board adopted Resolution 9372 “Resolution of the Board of Directors of The Metropolitan Water District of Southern California Fixing and Adopting a Readiness- to-Serve-Charge Effective January 1, 2026;”
3. Certain member public agencies (“member agencies”) of Metropolitan have previously elected to pay all or a portion of their Readiness-to-Serve (“RTS”) Charge obligation through the continuance of the Metropolitan water standby charge (“Standby Charge”) collected from parcels within those member agencies;
4. Metropolitan is willing to comply with the requests of those member agencies opting to have Metropolitan continue to collect the Standby Charge within their respective territories, on the terms and subject to the conditions contained herein;
5. Section 134.5 of the Metropolitan Water District Act authorizes the Board to collect a service charge from member agencies or, as an alternative, to collect a service charge as a standby charge against individual parcels within the district;
6. Metropolitan first established the Standby Charge in 1992, pursuant to the procedures authorized by Section 134.5 of the Metropolitan Water District Act and the Uniform Standby Charge Procedures Act (“USCPA”), Sections 54984-54984.9, inclusive, of the Government Code;
7. The Standby Charge has not exceeded the rates set in fiscal year 1993/94, and in fiscal year 1995/96 was reduced to \$0.00 for the member agencies electing not to have any portion of their RTS Charge obligation collected through the Standby Charge;
8. The Standby Charge is not subject to the procedures set forth in Article XIII D, Section 4 of the California Constitution effective July 1, 1997 (Proposition 218), as the Standby Charge has not exceeded the rates set in fiscal year 1993/94, has not exceeded the amount of the Standby Charge existing in fiscal year 1996/97 when Proposition 218 became effective, and the proceeds of the Standby Charge are used for purposes specified in Section 5 of Article XIII D; and
9. The particular charge, per acre or per parcel, applicable to land within each member agency, the method of its calculation, and the specific data used in its determination are as specified in the Engineer’s Report dated April 2025, supporting the RTS Charge and Standby Charge option (the “Engineer’s Report”), which is attached hereto and on file with the Board Executive Secretary of Metropolitan; and
10. Written notice of the intention of Metropolitan’s Board to consider and take action at its regular meeting of May 13, 2025, to continue the Standby Charge for fiscal year 2025/26 was given to each of Metropolitan’s member agencies.

NOW THEREFORE, the Board of Directors of The Metropolitan Water District of Southern California does hereby resolve, determine and order as follows:

Section 1. That the Board of Directors of Metropolitan, pursuant to the Engineer's Report, finds that lands within Metropolitan are benefited as described in such report and on that basis, hereby continues its Standby Charge for fiscal year 2025/26 on lands within requesting member agencies of Metropolitan to which the water system is made available for any purpose, whether water is actually used or not, as specified in the Engineer's Report.

Section 2. That the rates of such Standby Charge, per acre of land, or per parcel of land less than an acre, as shown in the Engineer's Report, may vary by member agency, and shall not exceed the amount of the fiscal year 1996/97 Standby Charge for the member agency. The Standby Charge applicable to each electing member agency, the method of its calculation, and the specific data used in its determination are as specified in the Engineer's Report which was prepared by a registered professional engineer certified by the state of California, water resources professional, and financial professional, which methodology is in accordance with Section 134.5 of the Metropolitan Water District Act and reflects the range of costs provided in Metropolitan's Fiscal Years 2024/25 and 2025/26 Cost of Service Report for Proposed Rates and Charges.

Section 3. That the Standby Charge, per acre of land, or per parcel of land less than an acre, applicable to land within each electing member agency as allocated in the Engineer's Report shall be as follows for fiscal year 2025/26:

2025/26 Water Standby Charge

<u>Member Agency</u>	<u>Amount</u>
Anaheim	\$8.55
Beverly Hills	---
Burbank	14.20
Calleguas MWD	9.58
Central Basin MWD	10.44
Inland Empire Utilities Agency	7.59
Coastal MWD*	11.60
Compton	0.10
Eastern MWD***	6.94
Foothill MWD	10.28
Fullerton	10.71
Glendale	12.23
Las Virgenes MWD	8.03
Long Beach	12.16
Los Angeles	---
MWD of Orange Co.**	10.09
Pasadena	11.73
San Diego CWA***	11.51
San Fernando	0.00
San Marino	8.24
Santa Ana	7.88
Santa Monica	---
Three Valleys MWD	12.21
Torrance	12.23
Upper San Gabriel Valley MWD	9.27
West Basin MWD	--
Western MWD of Riverside Co.	9.23

-
- * Applicable to parcels included within territory of former Coastal MWD.
** Exclusive of parcels included within territory of former Coastal MWD.
*** Includes reorganization of Rainbow Municipal Water District parcels out from San Diego County Water Authority to Eastern MWD.

Section 4. That the Standby Charge shall continue to be collected on the tax rolls, together with the *ad valorem* property taxes that are levied by Metropolitan for the payment of pre-1978 voter approved indebtedness. The amounts of the Standby Charge are continued at amounts that are not estimated to exceed a member agency's RTS Charge obligation. However, any amounts collected shall be applied as a credit against the applicable member agency's RTS Charge obligation. After such member agency's RTS Charge allocation is fully satisfied, any additional collections shall be credited to other outstanding obligations of such member agency to Metropolitan that funds the capital costs or maintenance and operation expenses for Metropolitan's water system, or future RTS Charge obligations of such agency. Any member agency requesting to have all or a portion of its RTS Charge obligation collected through the Standby Charge levies within its territory as provided herein shall pay any portion not collected through net Standby Charge collections to Metropolitan within fifty (50) days after Metropolitan issues an invoice for the remaining RTS Charge obligations for such member agency, as provided in Administrative Code Section 4507.

Section 5. That the following exemption procedures apply:

(a) It is the intent of the Board that the following lands shall be exempt from the Standby Charge:

(1) lands owned by the Government of the United States, the state of California, or by any political subdivision thereof or any entity of local government; (2) lands permanently committed to open space and maintained in their natural state that are not now and will not in the future be supplied water; (3) lands not included in (1) or (2) above, which the General Manager, in his discretion, finds do not now and cannot reasonably be expected to derive a benefit from the projects to which the proceeds of the Standby Charge will be applied; and (4) lands within any member public agency, subagency, or city if the governing body of such public entity elects and commits to pay out of funds available for that purpose, in installments at the time and in the amounts established by Metropolitan, the entire amount of the Standby Charge which would otherwise be collected from lands within those public entities. However, no exemption from the Standby Charge shall reduce the applicable member agency's RTS Charge obligation. The General Manager may develop and implement additional criteria and guidelines for exemptions in order to effectuate the intent expressed herein.

(b) The General Manager shall establish and make available to interested applicants procedures for filing and consideration of applications for exemption from the Standby Charge pursuant to subsections (2) and (3) of Section 5(a) above. All applications for such exemption and documents supporting such claims must be received by Metropolitan in writing on or before December 31, 2025. The General Manager is further directed to review any such applications for exemption submitted in a timely manner to determine whether the lands to which they pertain are eligible for such exemption and to allow or disallow such applications based upon those guidelines. The General Manager shall also establish reasonable procedures for the filing and timing of the appeals from his determination. The procedures will be on file and available for review by interested parties at Metropolitan's headquarters.

(c) The Finance, Affordability, Asset Management, and Efficiency Committee of Metropolitan's Board of Directors shall hear appeals from determinations by the General Manager to deny or qualify an application for exemption from the Standby Charge. The Finance, Affordability, Asset Management, and Efficiency Committee shall consider such appeals and make recommendations to the Board to affirm or reverse the General Manager's determinations. The Board shall act upon such recommendations and its decision as to such appeals shall be final.

Section 6. That no exemption from the Standby Charge shall reduce the applicable member agency's RTS Charge obligation, nor shall any failure to collect, or any delay in collecting, any Standby Charge excuse or delay payment of any portion of the RTS Charge when due.

Section 7. That the RTS Charge is collected by Metropolitan as a rate, fee or charge from its member agencies, and is not a fee or charge imposed upon real property or upon persons as incidents of property ownership, and the Standby Charge is collected within the respective territories of electing member agencies as a mechanism for collection of the RTS Charge. In the event that the Standby Charge, any portion thereof, or the collection of the Standby Charge, is determined to be an unauthorized or invalid fee, charge or assessment by a final judgment in any proceeding at law or in equity, which judgment is not subject to appeal, or if the collection of the Standby Charge shall be permanently enjoined and appeals of such injunction have been declined or exhausted, or if Metropolitan shall determine to rescind or revoke the Standby Charge, then no further Standby Charge shall be collected within any member agency and each member agency which has requested the continuation of the Metropolitan Standby Charge as a means of collecting its RTS Charge obligation shall pay such RTS Charge obligation in full, as if such Standby Charge had never been sought.

Section 8. That the General Manager is hereby authorized and directed to take all necessary action to secure the collection of the Standby Charge by the appropriate county officials, including payment of the reasonable cost of collection.

Section 9. That the General Manager and the General Counsel are hereby authorized to do all things necessary and desirable to accomplish the purposes of this Resolution, including, without limitation, the commencement or defense of litigation.

Section 10. That if any provision of this Resolution or the application to any member agency, property or person whatsoever is held invalid, that invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid portion or application, and to that end the provisions of this Resolution are severable.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California, at its meeting held on May 13, 2025.

Secretary of the Board of Directors
of The Metropolitan Water District
of Southern California

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
ENGINEER'S REPORT**

**PROGRAM TO SET A READINESS-TO-SERVE CHARGE EFFECTIVE JANUARY 1, 2026,
INCLUDING LOCAL OPTION TO CONTINUE COLLECTING A STANDBY CHARGE,
DURING FISCAL YEAR 2025/26**

April 2025

BACKGROUND

The Metropolitan Water District of Southern California is a public agency with a primary purpose to provide wholesale water service for domestic and municipal uses to its 26 member public agencies. Approximately 19 million people reside within Metropolitan's service area, which covers approximately 5,200 square miles and includes portions of the six counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura. Metropolitan historically provided between 40 and 60 percent of the water used within its service area. To supply Southern California with reliable and safe water, Metropolitan imports water from the Colorado River and Northern California to supplement its member agencies' local supplies, and helps its member agencies develop increased water conservation, recycling, storage and other local resource programs.

REPORT PURPOSES

As part of its role as a regional imported water supplier, Metropolitan builds, maintains, and operates capital facilities and implements water management programs that ensure the delivery of reliable high-quality water supplies throughout its service area. The purpose of this report is to: (1) identify and describe those facilities and programs that will be financed in part by Metropolitan's Readiness-to-Serve (RTS) Charge, and (2) describe the method and basis for levying Metropolitan's Standby Charge for those agencies electing to continue to collect a portion of their RTS obligation through Metropolitan's Standby Charge in fiscal year 2025/26. **Because the Standby Charge is levied and collected on a fiscal year basis the calculations in this report also are for the fiscal year, even though the RTS Charge is levied on a calendar year basis.** The RTS Charge for calendar year 2025 was adopted by Metropolitan's Board on April 9, 2024 and the RTS Charge for 2026 will be considered by the Board on April 8, 2025. The Board will consider the continuation of the Standby Charge for fiscal year 2025/26 on May 13, 2025.

Metropolitan collects the RTS Charge from its member agencies to recover a portion of the capital costs including debt service on bonds issued to finance capital facilities needed to meet demands on Metropolitan's system for emergency storage and available capacity to meet outages and hydrologic variability. The Standby Charge is collected from parcels of land within Metropolitan's member agencies that have elected to collect all or a portion of their RTS obligation through the Standby Charge, as a method of recovering the costs of special benefits conferred on parcels within their service area. The RTS Charge will partially pay for the facilities and programs described in this report, namely, the amount attributable to the portions providing emergency storage and available capacity to meet outages and hydrologic variability. The Standby Charge, when collected, will be utilized solely for capital payments and debt service on the capital facilities funded by the RTS Charge, as identified in this report.

The budgeted total RTS revenue for fiscal year 2025/26 is \$184.5 million, of which \$43.9 million is estimated to be collected via the Standby Charge based on fiscal year 2024/25 collections of the Charge as set forth in Table 5. The Standby Charge is collected on property tax bill.

METROPOLITAN'S RESPONSE TO FLUCTUATING WATER DEMANDS AND AVAILABILITY OF WATER SOURCES

Metropolitan's member agencies have widely differing imported water supply needs and the availability of imported water supply from various sources also varies widely. Some agencies have no local water resources and rely on Metropolitan for 100 percent of their annual water needs. Other agencies have adequate local surface supplies and storage and/or groundwater basins that provide them with the majority of their water supplies during wet and average years. However, during dry periods and/or based on a variety of other factors, these agencies rely on Metropolitan to make up any shortfalls in local water supplies. Similar coordination challenges arise in managing water available from Metropolitan's various water supply sources.

To respond to fluctuating demands for water, Metropolitan and its member agencies collectively examined the available local and imported resource options in order to develop a cost-effective plan that meets the reliability and quality needs of the region. The product of this intensive effort was an Integrated Resources Plan (IRP) for achieving a reliable and affordable water supply for Southern California. The major objective of the IRP was to develop a comprehensive water resources plan that ensures (1) reliability, (2) affordability, (3) water quality, (4) diversity of supply, and (5) adaptability for the region, while recognizing the environmental, institutional, and political constraints to resource development. As these constraints change over time, the IRP is periodically revisited and updated by Metropolitan and the member agencies to reflect current conditions. The most recent update was adopted in 2016. In 2022, Metropolitan's Board adopted the 2020 IRP Regional Needs Assessment that incorporated scenario planning to address wide-ranging uncertainties rather than focusing on a single set of assumptions as in the past. To meet the water supply needs of the region, Metropolitan continues to identify and develop additional water supplies to maintain the reliability of the imported water supply and delivery system to its member agencies.

CAPITAL FACILITIES — CONVEYANCE AND DISTRIBUTION

Metropolitan's water system has been built over time to meet the widely differing needs of its member agencies and the various sources of water available to Metropolitan. To meet those needs, Metropolitan's water delivery system is comprised of three basic conveyance and delivery components that form one integrated water system:

- State Water Project (SWP);
- Colorado River Aqueduct (CRA); and
- Distribution System

The system draws on diverse supply sources, transports water across a large part of the State and distributes water in six counties, where member agencies or their retail sub-agencies serve an estimated 19 million people. The CRA and the California Aqueduct of the SWP convey imported water into the Metropolitan service area. This water is then delivered to Metropolitan's member agencies via a regional network of canals, pipelines, and appurtenant facilities, which constitute the Distribution System. Supply, treatment, and storage facilities augment the Distribution System. The system is an interconnected regional conveyance and distribution system with the ability to deliver supplies from each of the SWP, the CRA, and its storage portfolio to most areas of its vast and diverse service area to almost every member agency. This flexibility derives from the capital facilities and provides local and system-wide benefits to all member agencies, as the facilities directly contribute to the reliable delivery of water supplies throughout Metropolitan's service area. The 2020 IRP Needs Assessment, however, identified reliability risks faced by member agencies that depend predominantly on SWP supplies served by Metropolitan.

As the 2007 Integrated Area Study (IAS) emphasized, regional system flexibility is a key component of overall reliability.¹ Today, system flexibility continues to be essential to the availability of Metropolitan's services.² Metropolitan must maintain operational flexibility—the ability to respond to short-term changes in regional water supply, water quality, treatment requirements, and member agency demands. Metropolitan must maintain delivery flexibility—the ability to maintain partial to full water supply deliveries during planned and unplanned facility outages. Metropolitan is also required by state statute to serve as large an area as is determined to be reasonable and practical with SWP water; and where a blend of water sources is served, to have the objective to the extent determined to be reasonable and practical. (MWD Act, Sec. 136.)

Metropolitan's intent in the 2007 Integrated Area Study was to provide equitable reliability across its service area through a balanced combination of infrastructure, storage, demand management, and water supply programs. In the context of climate change, historical hydrology proved an inadequate guide to supplies available from the State Water Project and the Colorado River. From 2020 through 2022, imported supply losses outstripped the ability of Metropolitan's portfolio to compensate. Further, Metropolitan could not provide equitable service to all member agencies. As such, Metropolitan's board in August 2022 adopted a resolution that committed to three new policy statements:

1. All member agencies must receive equivalent water supply reliability through an interconnected and robust system of supplies, storage, and programs.
2. Metropolitan will reconfigure and expand its existing portfolio and infrastructure to provide sufficient access to the integrated system of water sources, conveyance and distribution, storage, and programs to achieve equivalent levels of reliability to all member agencies.
3. Metropolitan will eliminate disparate water supply reliability through a One Water integrated planning and implementation approach to manage finite water resources for long-term resilience and reliability, meeting both community and ecosystem needs

In 2023, a series of winter storms brought much needed precipitation in both the northern Sierra and the Upper Colorado River Basins, improving available supplies for Metropolitan. Water supply conditions greatly improved, but also presented challenges to store and distribute all available supplies.

Operational flexibility is being increased by creating an interconnected regional delivery network integrating the SWP and the CRA conveyance systems with the Distribution System. This integrated network will fully allow Metropolitan to incorporate supply from the SWP and the CRA with a diverse portfolio of geographically dispersed storage programs, including the Central Valley groundwater storage programs, carryover storage in San Luis Reservoir, flexible storage capacity in Castaic Lake and Lake Perris, Lake Mead storage, the Desert Water Agency/Coachella Valley Water District Advanced Delivery account, in-basin surface storage in Diamond Valley Lake and Lake Mathews, and in-basin groundwater Conjunctive Use Programs. This integrated, regional network also allows Metropolitan to move supplies throughout the system in response to service demands, supply availability and operational needs.

Metropolitan's integrated conveyance, distribution and storage assets contributes to regional system reliability, with a structural limitation that became starkly evident in the 2020-2022 drought. It is fair and reasonable for member agencies and all property owners within the service area to share the cost of developing and maintaining these assets and newly identified system flexibility projects because they all benefit from regional system flexibility and reliability.

¹ 2007 Integrated Area Study, Report No. 1317, pg. 2-10.

² 2024 Annual Operating Plan, pg. 8-14

State Water Project Description and Benefits

One of Metropolitan's two major sources of water is the SWP.³ The SWP 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 SWP consists of a complex system of dams, reservoirs, power plants, pumping plants, canals and aqueducts to deliver water. See Figure 1. SWP water consists of water from rainfall and snowmelt runoff that is captured and stored in SWP conservation facilities and then delivered through SWP transportation facilities to water agencies and districts located throughout the Upper Feather River, Bay Area, Central Valley, Central Coast, and Southern California. In addition to the delivery of SWP water, the SWP is also used to convey transfers of SWP water and non-SWP water. Metropolitan receives water from the SWP through the California Aqueduct, which is 444 miles long, and at four delivery points near the northern and eastern boundaries of Metropolitan's service area.

Figure 1. Facilities of the State Water Project



³ For historical and current information regarding the SWP, refer to Bulletin 132, published periodically by DWR since 1963. The most recently published Bulletin is Bulletin 132-21 dated July 2024 and titled "Management of the California State Water Project". Appendices to the Bulletin are also updated separately. Both are available at: <https://water.ca.gov/Programs/State-Water-Project/Management/Bulletin-132>.

The SWP is managed and operated by the Department of Water Resources (DWR). All water supply-related capital expenditures and operations, maintenance, power and replacement (OMP&R) costs associated with the SWP conservation and transportation facilities are paid for by 29 agencies and districts, known collectively as the State Water Contractors (Contractors). The Contractors are participants in the SWP through long-term contracts for the delivery of SWP water and use of the SWP transportation facilities.

In 1960, Metropolitan signed the first water supply contract (as amended, the State Water Contract) with DWR. The original term of the water supply contract was 75 years. In 2022, a contract extension was authorized which extended the original term by another 50 years to 2085. In addition to SWP water, Metropolitan also obtains water from water transfers, groundwater banking and exchange programs delivered through the California Aqueduct.

Since 1960, the SWP system has been extended, improved, and refurbished. All such costs are payable by the Contractors. California WaterFix was a comprehensive science-based solution proposed by the state to modernize critical water delivery infrastructure of the SWP. On October 10, 2017, Metropolitan's Board voted to support financing for the California WaterFix project. However, the state terminated the project in April 2019. Consistent with the Governor's Executive Order N-10-19, the state then announced a new single tunnel Delta conveyance project, which was notably included as part of the Governor's 2020 Water Resilience Portfolio. In 2019, DWR initiated planning and environmental review for a single tunnel Delta Conveyance Project (DCP) to protect the future reliability of access to SWP supplies. In December 2020, the Metropolitan Board authorized the General Manager to execute agreements for (a) funding a share of up to 60.2 percent for planning and pre-construction costs for the DCP, and (b) an amendment to the Joint Powers Agreement for the Delta Conveyance Design and Construction Joint Powers Authority. A Delta conveyance project will contribute to the improvement of capital facilities needed to meet demands on Metropolitan's system for emergency storage and available capacity to meet outages and hydrologic variability. Metropolitan's biennial budget for fiscal years 2024/25 and 2025/26 includes Metropolitan's planned contribution of \$11.6 million for DWR's planning costs of a new Delta conveyance project.

In December 2024, Metropolitan's Board authorized the General Manager to enter into an amended funding agreement for an amount not to exceed \$141.6 million for preconstruction work on the Delta conveyance project planned during 2026-2027. The projection includes approximately \$25.7 million in FY 2025/26 that were not included in the second year of the adopted 2024/25 and 2025/26 Budget, or the adopted calendar year 2026 rates. Metropolitan recently secured a commitment from DWR for a refund of \$75 million in past SWP payments that will cover the \$25.7 million anticipated to be spent in FY 2025/26.

All Metropolitan member agencies benefit from the SWP system and its supplies, which—when available—can be distributed to all member agencies. As described above, the 2020-2022 drought led Metropolitan's board to recommit itself to equitable water supply reliability and to direct staff to identify and pursue solutions to prevent a reoccurrence. Metropolitan's member agencies distribute that water to parcels as retail water providers or as wholesale water providers to retail agencies. In this way, the SWP water that Metropolitan delivers to its member agencies contributes to water available to existing and future end users throughout Metropolitan's service area. The cost of the net capital payments for the SWP less the portion covered by property taxes in fiscal year 2025/26 is \$0 million, as shown in Table 1. Real property throughout Metropolitan's service area benefits from the availability of the SWP facilities and its integration into Metropolitan's system and therefore all such costs may be attributed to such parcels. However, Metropolitan's Standby Charge collects only \$43.9 million of the total \$319.0 million system costs, representing 14% of the total system costs.

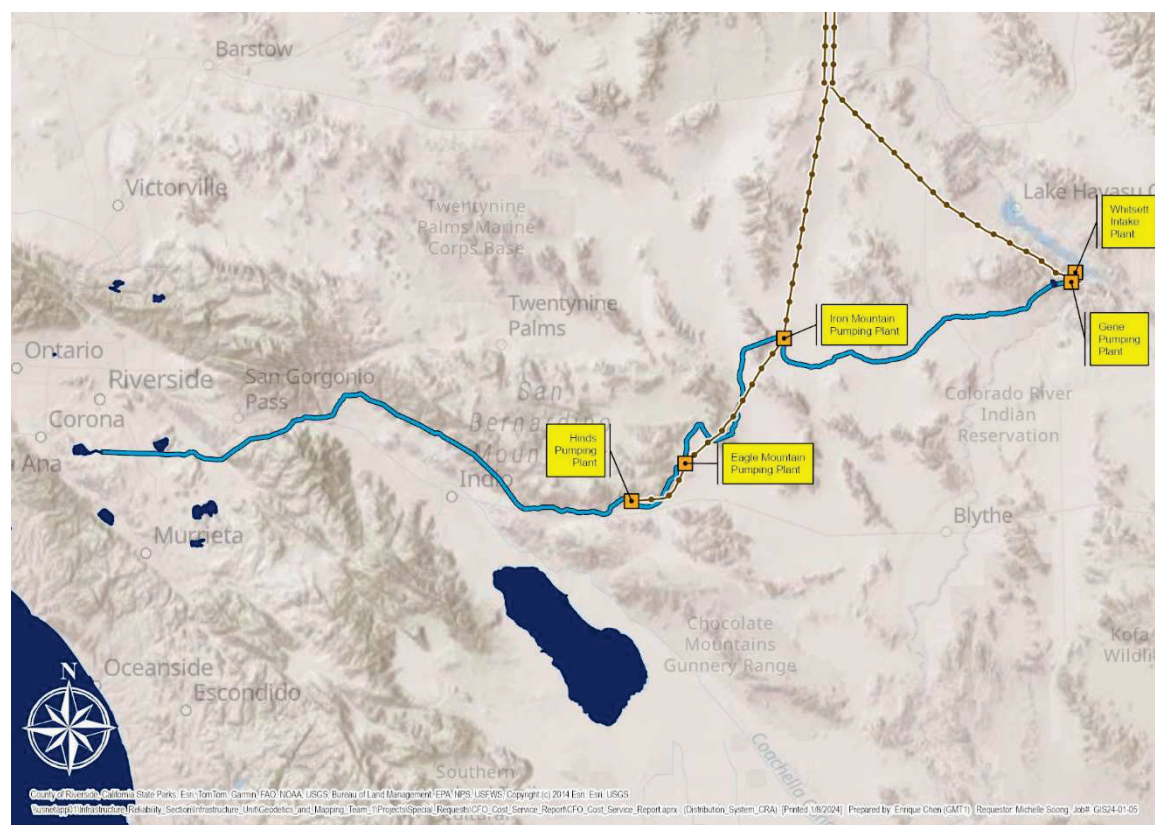
Colorado River Aqueduct Description and Benefits

Metropolitan's other major source of water is the CRA. Metropolitan was established to obtain an allotment of Colorado River water, and its first mission was to construct and operate the CRA. The CRA consists of five pumping plants, 450 miles of high voltage power lines, one electric substation, four regulating reservoirs, and 242

miles of aqueducts, siphons, canals, conduits and pipelines terminating at Lake Mathews in Riverside County. See Figure 2. Metropolitan owns, operates, and manages the Colorado River Aqueduct. Metropolitan is responsible for operating, maintaining, rehabilitating, and repairing the CRA, and is responsible for obtaining and scheduling energy resources adequate to power pumps at the CRA's five pumping stations.

Metropolitan incurs capital and operations and maintenance expenditures to support the CRA activities. The direct costs of the CRA activities include labor, materials and supplies, as well as outside services to provide repair and maintenance, and professional services. The CRA activities benefit from Water System Operations support services and management supervision, as well as Administrative and General activities of Metropolitan. Metropolitan finances past, current, and future capital improvements on the CRA, and capitalizes those improvements as assets. The costs of Metropolitan's capital financing activities are apportioned to cost functions, such as the CRA Conveyance and Aqueduct function. The capital cost of the Colorado River Aqueduct and Inland Feeder in fiscal year 2025/26 is \$90.9 million, and is included in the Non-SWP Conveyance System line item in Table 1. Real property throughout Metropolitan's service area benefits from the availability of the CRA facilities and its integration into Metropolitan's system and therefore all such costs may be attributed to such parcels. However, Metropolitan's Standby Charge collects only \$43.9 million of the total \$319.0 million system costs, representing 14% of the total system costs.

Figure 2. Colorado River Aqueduct



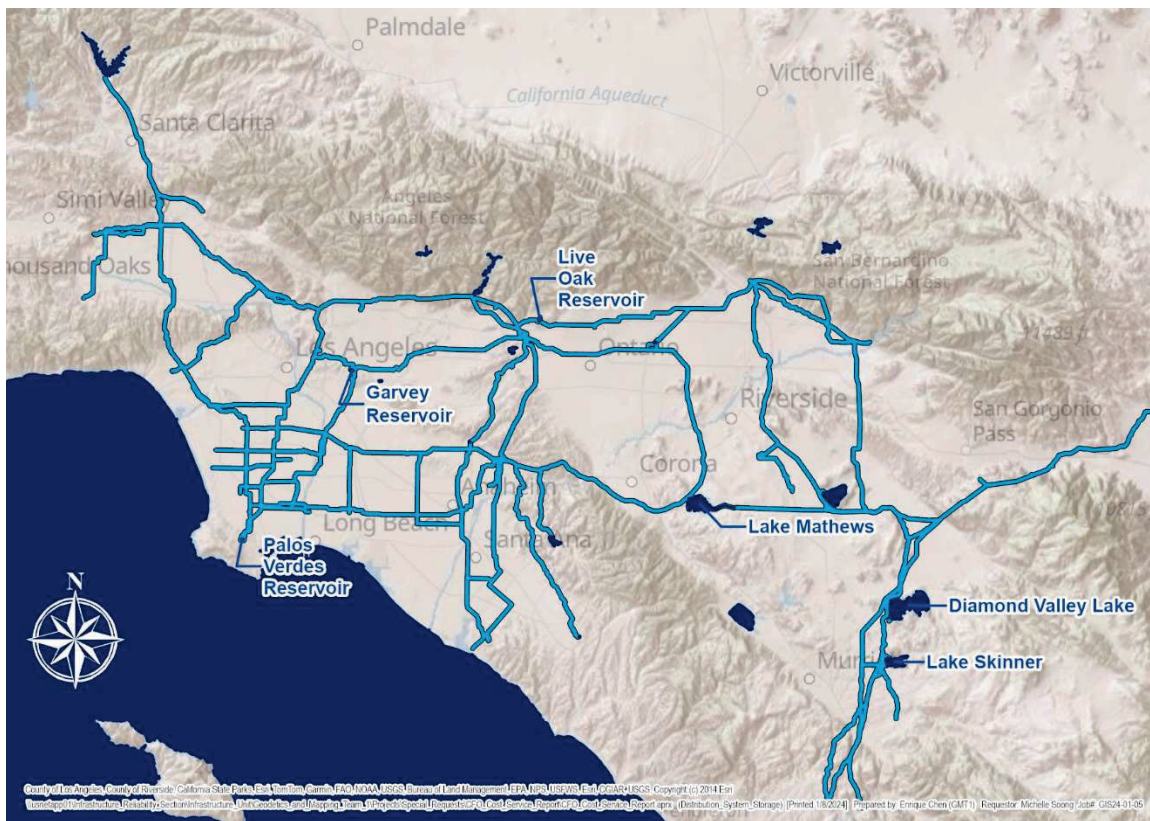
Metropolitan's Conveyance and Distribution System Benefits

For purposes of this report, components of the conveyance system are considered to include only those major trunk facilities that transport water from primary supply sources to either regional storage facilities or feeder lines linked to the primary conveyance facilities. See Figure 3. For a list of Metropolitan's conveyance facilities within its service area, see Table 3. All other water transport facilities, including pipelines, feeders, laterals, canals and

aqueducts, are considered to be distribution facilities. Distribution facilities can be further identified in that they generally have at least one connection to a member agency's local distribution system. For a list of Metropolitan's distribution facilities, see Table 3.

All water transport facilities not specifically identified as part of the regional conveyance system are considered to be distribution facilities (Distribution System). While conveyance and aqueduct system components are regional in nature and generally do not link directly to local agency distribution systems, Distribution System facilities do ultimately connect to local agency systems. As a result, these facilities rely on conveyance and aqueduct facilities to import water from regional supply sources. The Distribution System is a complex network of facilities which routes water from the CRA and SWP to the member agencies. Beginning at the terminal delivery points of the CRA and SWP, Metropolitan's Distribution System includes approximately 775 miles of pipelines, feeders, and canals. Distribution System operations are coordinated from the Operations Control Center in Eagle Rock. The control center plans, schedules, and balances daily water operations in response to member agency demands and the operational limits of the system as a whole. Metropolitan's storage and treatment facilities augment the Distribution System. Metropolitan operates and maintains separate untreated and treated distribution facilities.

Figure 3. Metropolitan's Distribution and Storage Facilities



Metropolitan has an ongoing commitment, through physical system improvements and the maintenance and rehabilitation of existing facilities, to maintain the reliable delivery of water throughout the entire service area. System flexibility improvement projects include additional conveyance and distribution facilities to maintain the dependable delivery of water supplies, provide alternative system delivery capacity, and enhance system operations. Conveyance and distribution system improvement benefits also include projects to upgrade obsolete facilities or equipment, or to rehabilitate or replace facilities or equipment. These projects are needed to enhance system operations, comply with new regulations, and maintain a reliable distribution system. A list of

conveyance and distribution system facilities is provided in Table 3 along with the fiscal year 2025/26 estimated conveyance and distribution system benefits. The capital cost of the Distribution System in fiscal year 2025/26 is \$102.0 million, and is included in the Distribution System line item in Table 1. Real property throughout Metropolitan's service area benefits from the availability of the Distribution System and its integration into Metropolitan's system and therefore all such costs may be attributed to such parcels. However, Metropolitan's Standby Charge collects only \$43.9 million of the total \$319.0 million system costs, representing 14% of the total system costs.

CAPITAL FACILITIES – WATER STORAGE

System Storage Benefits

The Metropolitan system, for purposes of meeting demands during times of shortage, regulating system flows, and ensuring system reliability in the event of a system outage, provides over 1,000,000 acre-feet of system storage capacity. Diamond Valley Lake provides 810,000 acre-feet of that storage capacity, effectively doubling Southern California's previous surface water storage capacity. Other existing imported water storage available to the region consists of Metropolitan's raw water reservoirs, a share of the SWP's raw water reservoirs in and near the service area, and the portion of the groundwater basins used for conjunctive-use storage.

Water stored in system storage during above average supply conditions (surplus) provides a reserve against shortages when supply sources are limited or disrupted. Water storage also preserves Metropolitan's capability to deliver water during scheduled maintenance periods, when conveyance facilities must be removed from service for rehabilitation, repair, or maintenance. The benefits of these capital facilities are both local and system-wide, as the facilities directly contribute to the reliable delivery of water supplies throughout Metropolitan's service area. The capital costs of water storage in fiscal year 2025/26 is \$126.1 and, as shown in Table 1. Real property throughout Metropolitan's service area benefits from the availability of the storage capacity throughout the service area and its integration into Metropolitan's system and therefore all such costs may be attributed to such parcels. However, Metropolitan's Standby Charge collects only \$43.9 million of the total \$319.0 million system costs, representing 14% of the total system costs.

METROPOLITAN'S REVENUE

Metropolitan's major capital facilities are financed largely from the proceeds of revenue bond issues, which are repaid over future years. The principal source of revenue for repayment of these bonds is water sales to its member agencies, which is currently Metropolitan's largest source of revenue. In addition, *ad valorem* property taxes provide an additional limited revenue source, which is used to pay pre-1978 voter-approved indebtedness. However, the use of water rates as a primary source of revenue has placed an increasing burden on member agencies and their ratepayers, which would more equitably continue to be paid in part by assessments on land that in part derives its value from the availability of water through an integrated and reliable water system.

Readiness-To-Serve

In December 1993, Metropolitan's Board approved a revenue structure that included additional charges to establish a commitment to Metropolitan's capital improvement program and provide revenue stability. This revenue structure included the RTS Charge, which in 1995 certain member agencies opted to pay in part pursuant to the collection of a standby charge. In October 2001, the Board adopted the current unbundled rate structure, and maintained the RTS Charge.

As noted above, Metropolitan levies the RTS Charge on its member agencies to recover capital costs, including a portion of the debt service on bonds issued to finance capital facilities needed to meet existing demands on Metropolitan's system for emergency storage and available capacity.

The estimated fiscal year 2025/26 RTS Charge for each member agency is shown in Table 4.

Standby Charge Option

Metropolitan's Standby Charge is authorized by the State Legislature and has been levied by Metropolitan since fiscal year 1992/93. The Standby Charge recognizes that there are economic benefits to lands that have access to a water supply, whether or not such lands are using it, which excludes lands permanently committed to open space and maintained in their natural state that are not now and will not in the future be supplied water and lands that the General Manager, in his discretion, finds do not now and cannot reasonably be expected to derive a benefit from the projects to which the proceeds of the Standby Charge will be applied. Utilization of the Standby Charge transfers some of the burden of maintaining Metropolitan's capital infrastructure from water rates and *ad valorem* taxes to all the benefiting properties within the service area. A fraction of the value of this benefit and of the cost of providing it can be effectively recovered, in part, through the levying of a standby charge. The projects to be supported in part by the Standby Charge are capital projects that provide both local and Metropolitan-wide benefit to current landowners as well as existing water users.

Although a standby charge could have been set to recover all Conveyance, Distribution, and Storage costs as detailed in Table 1, Metropolitan's continued Standby Charge only collects about 14% of those costs. For fiscal year 2025/26, the amount to be recovered by the RTS Charge is estimated to be \$184.5 million and of that only \$43.9 million is estimated to be recovered by the Standby Charge.

The Standby Charge for each acre or parcel of less than an acre varies from member agency to member agency, as permitted under the legislation establishing Metropolitan's Standby Charge. The water Standby Charge for each member agency is continued at amounts not to exceed the rates in place since fiscal year 1996/97 and is shown in Table 5, which consists of composite rates by member agencies, not to exceed \$15.00. Originally, the composite rates consisted in part of a uniform component of \$5 applicable throughout Metropolitan, and in part of a variable component, not exceeding \$10 in any member public agency, reflecting the allocation of historical water deliveries by the member agencies as of fiscal year 1993/94 when the composite rates were initially established. Metropolitan will continue Standby Charges only within the service areas of the member agencies that have requested that the Standby Charge be utilized for purposes of meeting their outstanding RTS obligation. Although rates may not exceed the amounts in place in fiscal year 1996/97, some rates may be lower.

The Standby Charge is proposed to be collected from: (1) parcels on which water standby charges have been levied in fiscal year 1993/94 and annually thereafter and (2) parcels annexed to Metropolitan and to an electing member agency after January 1997. Table 6 lists parcels annexed, or to be annexed, to Metropolitan and to electing member agencies during fiscal year 2024/25, such parcels being subject to the Standby Charge upon annexation, which is used to estimate the Standby Charge collections for the following fiscal year. Fiscal Year 2025/26 Table 6 also shows parcels known by Metropolitan as annexed, or to be annexed, by the time collections are made for fiscal year 2025/26.

The estimated costs of Metropolitan's wholesale water system, which could be paid by a Standby Charge, are approximately \$319.0 million for fiscal year 2025/26, as shown in Table 1. An average total Standby Charge of about \$73.28 per acre of land or per parcel of land less than one acre would be necessary to pay for the total potential program benefits. Benefits in this amount will accrue to each acre of property and parcel within Metropolitan's service area, as Metropolitan delivers water to member agencies that contributes to water available to these properties, via that member agency or a retail sub-agency. Because Metropolitan's water deliveries to member agencies contributes to water available only to properties located within Metropolitan's service area boundaries (except for certain contractual deliveries as permitted under Section 131 of the Metropolitan Water District Act), any benefit received by the public at large or by properties outside of the area is merely incidental.

Table 5 shows that the distribution of Standby Charge revenues from the various member agency service areas would provide net revenue flow of approximately \$43.9 million for fiscal year 2025/26. Metropolitan will use other revenue sources, such as water sales revenues, RTS Charge revenues (except to the extent collected through standby charges, as described above), interest income, and revenue from sales of hydroelectric power, to pay for the remaining program costs. Additionally, the actual Standby Charge proposed to be continued ranges from \$0.10 to \$14.20 per acre of land or per parcel of land less than one acre. Thus, the benefits of Metropolitan's investments in water conveyance, storage, and distribution far exceed the recommended Standby Charge.

Equity

The RTS Charge is a firm revenue source. The revenues to be collected through this charge will not vary with sales in the current year. This charge is levied on Metropolitan's member agencies and is not a fee or charge upon real property or upon persons as an incident of property ownership. It ensures that agencies that only occasionally purchase water from Metropolitan but receive the reliability benefits of Metropolitan's system pay an equitable share of the costs to provide that reliability. Within member agencies that elect to pay the RTS Charge through Metropolitan's standby charges, the Standby Charge results in a lower RTS Charge than would otherwise be necessary due to the amount of revenue collected from lands which benefit from the availability of Metropolitan's water system. With the Standby Charge, these properties are now contributing a more appropriate share of the cost of importing water to Southern California.

Metropolitan's water system increases the availability and reliable delivery of water throughout Metropolitan's service area. A reliable system benefits existing end users and land uses through retail water service provided by Metropolitan member agencies or by water retailers that purchase water from a Metropolitan member agency, and through the replenishment of groundwater basins and reservoir storage as reserves against shortages due to droughts, natural emergencies, or scheduled facility shutdowns for maintenance. The benefits of reliable water resources from the SWP, CRA, Storage, and system improvements accrue to more than 250 cities and communities within Metropolitan's six-county service area. Metropolitan's regional water system is interconnected, so water supplies from the SWP and CRA can be used throughout most of the service area and therefore benefit water users and properties system-wide.

A major advantage of a firm revenue source, such as an RTS charge, is that it contributes to revenue stability during times of drought or low water sales. It affords Metropolitan additional security, when borrowing funds, that a portion of the revenue stream will be unaffected by drought or by rainfall. This security will help maintain Metropolitan's historically high credit rating, which results in lower interest expense to Metropolitan, and therefore, lower overall cost to its member agencies.

SUMMARY

The foregoing and the attached tables describe the current costs of Metropolitan's system and benefits provided by the projects listed as mainstays to the water system for Metropolitan's service area. Benefits are provided to member agencies, their retail sub-agencies, water users and property owners. The projects represented by this report provide both local benefits as well as benefits throughout the entire service area. It is recommended, for calendar year 2026, that the Metropolitan Board of Directors adopt the RTS Charge as set forth in Table 4 with an option for local agencies to request that a Standby Charge be collected for fiscal year 2025/26 from lands within Metropolitan's service area as a credit against such member agency's RTS Charge, up to the Standby Charge amounts collected by Metropolitan within the applicable member agency for fiscal year 1996/97. The maximum Standby Charge would not exceed \$15 per acre of land or per parcel of less than one acre. The costs of the system described in this Engineer's Report exceeds the recommended Standby Charge by at least \$275 million. A preliminary listing of all parcels subject to the proposed 2025/26 Standby Charge and the amounts proposed to be continued for each is available in the office of the Chief Financial Officer. A final listing is available upon receipt of final information from each county.

Prepared Under the Supervision of:



Brad Coffey, RCE C52169
Group Manager
Water Resource Management

Prepared Under the Supervision of:



Katano Kasaine
Assistant General Manager/
Chief Financial Officer



TABLE 1
ESTIMATED COSTS OF
WATER SYSTEM INFRASTRUCTURE
BENEFITING REAL PROPERTY WITHIN METROPOLITAN'S SERVICE AREA

	Estimated Program Costs for FY2025/26	Dollars Per Parcel of 1 Acre or Less
Capital Payments for Water System Infrastructure		
Net Capital Payments to State Water Project (SWP) (less portion paid by property taxes)	\$ -	\$0.00
Non Tax Supported Capital Costs for Non-SWP Conveyance System ¹	\$ 90,887,289	\$20.88
Non Tax Supported Capital Costs for Distribution System ²	\$ 101,998,076	\$23.43
Non Tax Supported Capital Costs for Water Storage ³	\$ 126,115,329	\$28.97
Total Capital Payments	\$ 319,000,695	\$73.28
 Estimated Standby Charge Revenues	 \$ 43,887,274	 \$10.08
Percent Collected by Standby Charge	14%	
 Total Remaining Costs Not Paid by Standby Charge	 \$ 275,113,421	 \$63.20
Notes:		
[1] Non-SWP Conveyance include the Colorado River Aqueduct and Inland Feeder.		
[2] Distribution facilities include the pipelines, laterals, feeders and canals that distribute water throughout the service area.		
[3] System storage includes Diamond Valley Lake, Lake Mathews, Lake Skinner and several other smaller surface reservoirs which provide storage for operational purposes.		
Totals may not foot due to rounding		

TABLE 2	
WATER RECYCLING, GROUNDWATER RECOVERY AND CONSERVATION PROJECTS	
Project Name	FISCAL YEAR 2025/26 Payment
Water Recycling Projects	\$20,470,801
Anaheim Water Recycling Demonstration Project	
Burbank Recycled Water System Expansion Phase II Project	
Capistrano Valley Non Domestic Water System Expansion	
CBMWD Recycled Water System Expansion Phase I	
Direct Reuse Project Phase IIA	
Eastern Recycled Water Pipeline Reach 16 Project	
El Toro Phase II Recycled Water Distribution System Expansion Project	
El Toro Recycled Water System Expansion	
Elsinore Valley Recycled Water Program	
Escondido Membrane Filtration Reverse Osmosis Facility	
Escondido Regional Reclaimed Water Project	
French Valley Recycled Water Distribution Project	
Groundwater Reliability Improvement Program Recycled Water Project	
Hansen Area Water Recycling Phase I Project	
Hansen Dam Golf Course Water Recycling Project	
Jurupa Community Services District Regional Recycled Water Project	
La Puente Recycled Water Project	
Lake Mission Viejo Advanced Purification WTF	
Las Flores Recycled Water System Expansion Project	
Leo J. Vander Lans Water Treatment Facility Expansion Project	
Los Angeles Taylor Yard Park Water Recycling Project	
Michelson/Los Alisos Water Reclamation Plant Upgrades and Distribution System Expansion Project	
North Atwater Area Water Recycling Project	
North Hollywood Area Water Recycling Project	
Oceanside Pure Water and Recycled Water Phase I Project	
Oxnard Advanced Water Purification Facility Project	
Rowland Water District Portion of the City of Industry Regional Recycled Water Project	
San Clemente Recycled Water System Expansion Project	
San Diego Pure Water North City Project Phase I	
San Elijo Water Reclamation System	
Sepulveda Basin Sports Complex Water Recycling Project	
Sepulveda Basin Water Recycling Project - Phase 4	
Terminal Island Recycled Water Expansion Project	
USGVMWD Portion of the City of Industry Regional Recycled Water Project	
Van Nuys Area Water Recycling Project	
Walnut Valley Water District Portion of the City of Industry Regional Recycled Water Project	
West Basin Water Recycling Program Phase V Project	
Westside Area Water Recycling Project	
Groundwater Recovery Projects	\$9,164,100
Beverly Hills Desalter Project	
Cal Poly Pomona Water Treatment Plant	
Chino Basin Desalination Program / IEUA	

TABLE 2 (Continued) WATER RECYCLING, GROUNDWATER RECOVERY AND CONSERVATION PROJECTS	
Project Name	FISCAL YEAR 2025/26 Payment
Groundwater Recovery Projects (continued)	\$9,164,100
Chino Basin Desalination Program / Western	
Fallbrook Groundwater Desalter Project	
Irvine Desalter Project	
IRWD Wells 21 & 22 Desalter Project	
North Pleasant Valley Regional Desalter	
Perris II Brackish Groundwater Desalter	
Pomona Well #37-Harrison Well Groundwater Treatment Project	
Round Mountain Water Treatment Plant	
Santa Monica Sustainable Water Supply Project	
On-site Retrofit Program	\$3,000,000
Future Supply Actions	\$3,468,000
Conservation Projects	\$44,150,000
Regionwide Residential	
Regionwide Commercial	
Regionwide Residential and Commercial Turf Replacement Program	
Member Agency Administered/MWD Funded	
Water Savings Incentive Program	
Landscape Training Classes	
Landscape Irrigation Surveys	
Innovative Conservation Program/Pilot Programs/Studies	
Inspections	
Member Agency Technical Assistance	
Conservation Advertising	
Municipal Leak Detection and Repair	
Multifamily Property Toilet Replacement Program	
Residential Direct Install partnership with Southern California Gas Company	
Total Demand Management Programs	\$80,252,901

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Storage Facilities**

102677 - JENSEN, REPAIR COVER OVER RESERVOIR 1
 102836 DIAMOND VALLEY LAKE, CONSULTANT COSTS
 103166 GARVEY RESERVOIR SODIUM HYPOCHLORITE FEED SYSTEM REHABILITATION
 103172 DVL UNGERGROUND TANK CLOSURE
 104800 GARVEY RESERVOIR DRAINAGE AND EROSION IMPROVEMENTS
 105024 GARVEY RESERVOIR SODIUM HYPOCHLORITE TANK REPLACEMENT
 105091 DIAMOND VALLEY LAKE FLOATING WAVE ATTENUATOR
 105100 GARVER RESERVOIR BROKEN DRAIN PIPE AT ABTMNT
 105125 LAKE SKINNER BUILDING ROOF REPLACEMENT
 105176 LIVE OAK RESERVOIR ASPHALT PAVEMENT REHABILITATION
 105202 GARVEY RESERVOIR DRAINAGE & EROSION IMPROVEMENTS - AREAS 6-10, 11
 105207 DVL MARINA BOAT LAUNCH DOCKS REFURBISHMENT
 ALAMEDA CORRIDOR, PIPELINE RELOCATION, PROTECTION
 CAJALCO CREEK AND LAKE MATHEWS ADAS REPLACEMENT PROJECT
 CAPITAL PROGRAM FOR PROJECTS COSTING LESS THAN \$250,000-LIVE OAK
 CAPITAL PROGRAM FOR PROJECTS COSTING LESS THAN \$250,000-MORRIS DAM
 CHINO BASIN GROUNDWATER SERVICE CONNECTION CB-15T
 CHLORINATION AND PH CONTROL FACILITIES- ORANGE COUNTY & GARVEY (50/50)
 CHLORINE CONTAINER SCALES & HOISTING EQUIPMENT-SAN JOAQUIN
 CLEARING OF LAKE MATHEWS RESERVOIR AREA
 CONVERSION OF DEFORMATION SURVEY MONITORING AT COPPER BASIN
 COPPER BASIN AND GENE WASH DAM, INSTALL SEEPAGE ALARM (50/50)
 COPPER BASIN RESERVOIR SUPERVISORY CONTROL
 COPPER BASIN SEWER SYSTEM
 CORONA DEL MAR RESERVOIR- REPLENISHMENT
 CORONA DEL MAR RESERVOIR-: CHLORINATION STATION
 CRANE - LAKE MATHEWS OUTLET TOWER (ORG CONST)
 CUF DECHLORINATION SYSTEM FINAL DESIGN AND CONSTRUCTION
 DAM MONITORING SYSTEM UPGRADES - Lake Mathews
 DAM MONITORING SYSTEM UPGRADES - LAKE SKINNER
 DAM MONITORING SYSTEM UPGRADES LAKE MATHEWS
 DAM MONITORING SYSTEM UPGRADES LAKE SKINNER
 DAM SAFETY AND REHABILITATION PROGRAM, DAM MONITORING AUTOMATION
 DAM SEISMIC ASSESSMENT - PHASE 3
 DAM SEISMIC UPGRADE - PHASE 3
 DAM SEISMIC UPGRADES - PHASE 3
 DIAMOND VALLEY LAKE CRANE REHABILITATION - NEW
 DIAMOND VALLEY LAKE DAM MONITORING SYSTEM UPGRADE
 DIAMOND VALLEY LAKE DAM MONITORING SYSTEM UPGRADE - STAGES 1 & 2
 DIAMOND VALLEY LAKE DAM MONITORING SYSTEM UPGRADES - STAGE 3
 DIAMOND VALLEY LAKE DAM MONITORING SYSTEM UPGRADES - STAGES 1 & 2
 DIAMOND VALLEY LAKE DOMESTIC WATER SYSTEM IMPROVEMENTS
 DIAMOND VALLEY LAKE FOREBAY CONCRETE JOINT SEAL REPLACEMENT
 DIAMOND VALLEY LAKE FUEL TANK MONITORING AND INVENTORY SYSTEM
 DIAMOND VALLEY LAKE INLET/OUTLET TOWER FISH SCREEN REPLACEMENT - CONSTRUCTION
 DIAMOND VALLEY LAKE MARINA BOAT LAUNCH DOCKS REFURBISHMENT
 DIAMOND VALLEY LAKE MONITORING SYSTEM UPGRADES
 DIAMOND VALLEY LAKE OXYGENATION SYSTEM
 DIAMOND VALLEY LAKE, CAL PLAZA CHARGES
 DIAMOND VALLEY LAKE, CONSULTANT COSTS
 DIAMOND VALLEY LAKE, DAM DEFORMATION MONITORING
 DIAMOND VALLEY LAKE, EAST DAM SUMP PUMP ELECTRICAL STUDY
 DIAMOND VALLEY LAKE, GENERAL CONSTRUCTION MGMT, 2000-2001
 DIAMOND VALLEY LAKE, INUNDATION MAPS
 DIAMOND VALLEY LAKE, UNDERGROUND TANK CLOSURE
 DIAMOND VALLEY RECREATION, EAST MARINA
 DIAMOND VALLEY RECREATION, FISHERY
 DIAMOND VALLEY RECREATION, MUSEUM FOUNDATION REHABILITATION
 DIAMOND VALLEY RECREATION, SEARL PARKWAY IMPROVEMENTS, PHASE I
 DIAMOND VALLEY TRAILS PROGRAM, TRAILS
 DIEMER CHLORINE EJECTOR WATER SUPPLY LINE IMPROVEMENTS
 DIEMER FWR SLOPE PROTECTION IMPROVEMENTS
 DIEMER PLANT, RESERVE STRUCTURE MODIFICATION
 DISTRICT DESIGN AND INSPECTION - MORRIS DAM
 DISTRICT RESERV. AQUEOUS AMMONIA FEED SYSTEM
 DISTRICT RESERVOIR - LONGTERM CHEMICAL FAC CONTAINMENT
 DOMESTIC WATER SUPPLY - LAKE MATHEWS (ORG CONST)
 DOMESTIC WATER SYSTEM - LAKE MATHEWS (ORG CONST)
 DOMESTIC WATER SYSTEM-PALOS VERDES RESERVOIR (INTERIM CONST)
 DVL - SEARL PARKWAY EXTENSION - PHASE 2
 DVL - SEARL PARKWAY LANDSCAPING
 DVL AND SKINNER AREA FLOW METER REPLACEMENT
 DVL CONTROL & PROTECTION UPGRADE
 DVL EAST DAM ELECTRICAL UPGRADES
 DVL EAST DAM POWER LINE REALIGNMENT
 DVL EAST MARINA WATER TANK REPLACEMENT
 DVL INLET/OUTLET FISH SCREEN REHABILITATION
 DVL INLET/OUTLET TOWER FISH SCREEN REPLACEMENT - CONSTRUCTION
 DVL RECREATION - ALTERNATE ACCESS ROAD
 DVL RECREATION ENTITLEMENT/MASTER PLANNING
 DVL RECREATION LAKEVIEW TRAIL
 DVL RECREATION, COMMUNITY PARK AND REGIONAL AQUATIC FACILITY
 DVL RECREATION, PROGRAM MANAGEMENT
 DVL RECREATION, SURPLUS LAND DISPOSITION PLANNING
 DVL SECURITY ENHANCEMENT
 DVL, CONSTRUCTION
 DVL, CONSTRUCTION CLAIMS SUPPORT
 DVL, CONSTRUCTION MANAGEMENT SERVICE
 DVL, CONSTRUCTION SUPERVISION
 DVL, CONSTRUCTION, WEST DAM FOUNDATION
 DVL, DEDICATION CEREMONY
 DVL, DISTURBED
 DVL, DOMENIGONI PARK

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Storage Facilities**

DVL, EAST DAM
DVL, EAST DAM EMBANKMENT
DVL, EAST DAM FENCING
DVL, EAST DAM INLET OUTLET TOWER CONSTRUCTION
DVL, EAST DAM LANDSCAPE SCREENING
DVL, EAST DAM NORTH RIM REMEDIATION
DVL, EAST DAM P-1 FACILITIES
DVL, EAST DAM SITE COMPLETION
DVL, EAST DAM STATE STREET IMPROVEMENTS
DVL, EAST DAM VERTICAL SLEEVE VALVE
DVL, EAST MARINA, PHASE 2
DVL, EXCAVATION
DVL, FIXED CONE, SPHERE
DVL, GENERAL
DVL, GRADING OF CONT
DVL, INSTALL NEW WATERLINE
DVL, MISC SMALL CONS
DVL, NORTH HIGH WATER ROAD
DVL, P-1 PUMPING FACILITY
DVL, PROCUREMENT
DVL, SCOTT ROAD EXTENSION
DVL, SOUTH HIGH WATER ROAD & QUARRY
DVL, SPILLWAY
DVL, START UP
DVL, VALLEY-WIDE SITE ROUGH GRADING
DVL, WORK PACKAGE
DVL, WORK PACKAGE 1
DVL, WORK PACKAGE 10, INLET OUTLET WORK
DVL, WORK PACKAGE 11, FOREBAY
DVL, WORK PACKAGE 12, TUNNEL
DVL, WORK PACKAGE 13, P-1 PUMP OPERATIONS FACILITY
DVL, WORK PACKAGE 14, PC-1
DVL, WORK PACKAGE 15, SITE CLEARING
DVL, WORK PACKAGE 16, GROUNDWATER MONITORING
DVL, WORK PACKAGE 17, FIELD OFFICE
DVL, WORK PACKAGE 18, TEMPORARY VISITOR CENTER
DVL, WORK PACKAGE 19, PERMANENT VISITOR CENTER
DVL, WORK PACKAGE 2, EASTSIDE PIPELINE
DVL, WORK PACKAGE 20, EAST DAM EXCAVATION, FOUNDATION
DVL, WORK PACKAGE 21, WEST DAM EXCAVATION, FOUNDATION
DVL, WORK PACKAGE 23, WEST RECREATION AREA
DVL, WORK PACKAGE 24, EAST RECREATION AREA
DVL, WORK PACKAGE 25, EXCAVATION
DVL, WORK PACKAGE 26, ELECTRICAL TRANSMISSION LINES
DVL, WORK PACKAGE 27, MAJOR EQUIPMENT P-1
DVL, WORK PACKAGE 28, MAJOR EQUIPMENT, GATES
DVL, WORK PACKAGE 29, MAJOR EQUIPMENT, PC-1
DVL, WORK PACKAGE 30, INSTRUMENTATION AND CONTROL SYSTEMS
DVL, WORK PACKAGE 31, GEOGRAPHICAL INFO
DVL, WORK PACKAGE 32, PERMIT
DVL, WORK PACKAGE 33, MAJOR EQUIPMENT, VALVES
DVL, WORK PACKAGE 34, EMERGENCY RELEASE
DVL, WORK PACKAGE 35
DVL, WORK PACKAGE 36, TRANSMISSION LINE TO PC-1
DVL, WORK PACKAGE 38, RUNOFF EROSION
DVL, WORK PACKAGE 39, SADDLE DAM FOUNDATION
DVL, WORK PACKAGE 4, NEWPORT ROAD RELOCATION
DVL, WORK PACKAGE 40
DVL, WORK PACKAGE 42, GEOTECHNICAL
DVL, WORK PACKAGE 43, MOBILIZATION
DVL, WORK PACKAGE 44, SITE DEVELOPMENT
DVL, WORK PACKAGE 47, HAZARDOUS MATERIAL
DVL, WORK PACKAGE 48, GENERAL ADMIN
DVL, WORK PACKAGE 49
DVL, WORK PACKAGE 5, SALT CREEK FLOOD CONTROL
DVL, WORK PACKAGE 52, HISTORY ARCHEOLOGY INVENTORY
DVL, WORK PACKAGE 53, PREHISTORIC ARCHEOLOGY
DVL, WORK PACKAGE 54, PLANTS, WILDLIFE
DVL, WORK PACKAGE 55, AIR QUALITY, NOISE
DVL, WORK PACKAGE 6, SURFACE WATER MITIGATION
DVL, WORK PACKAGE 7, DESIGN WEST DAM ACCESS
DVL, WORK PACKAGE 8, DESIGN EAST DAM ACCESS
DVL, WORK PACKAGE 9, SADDLE DAM
DVL, WORKING INVENTORY, 80,000 ACRE FEET (10% OF CAPACITY)
EAST DAM TUNNELS
EAST MARINA BOAT RAMP EXTENSION
EAST MARINA BOAT RAMP EXTENSION II
ELECTRICAL SERVICE - LAKE MATHEWS (ORG CONST)
ELECTRICAL SYSTEM - LAKE MATHEWS (ORG CONST)
ETIWANDA RESERVOIR REHABILITATION
FIRST SAN DIEGO AQUEDUCT - REPLACE PIPELINE SECTION BOTH BARRELS
FLOATING BOAT HOUSE - LAKE MATHEW
FLOOD RELEASE VALVE, MORRIS DAM & WATER SUPPLY SYSTEM,PV RESER.
FOOTBRIDGE - LAKE MATHEWS (ORG CONST)
FOOTHILL FEEDER- LIVE OAK RESERVOIR- CLAIMS
FOOTHILL FEEDER- LIVE OAK RESERVOIR- RESIDENCE
GARVER RESERVOIR BROKEN DRAIN PIPE AT ABTMT
GARVEY RESERVIOR OPERATION & MAINTENANCE CENTER
GARVEY RESERVIOR OPERATION & MAINTENANCE CENTER (RETIREMENT)
GARVEY RESERVOIR - JUNCTION STRUCTURE,REPLACE VALVE # 1
GARVEY RESERVOIR AUTOMATED DATA ACQUISITION SYSTEM (ADAS) REPLACEMENT
GARVEY RESERVOIR COVER AND LINER REPLACEMENT
GARVEY RESERVOIR COVER AND LINER REPLACEMENT PROJECT

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Storage Facilities**

GARVEY RESERVOIR DRAINAGE & EROSION CONTROL IMPROVEMENTS
 GARVEY RESERVOIR DRAINAGE & EROSION IMPROVEMENTS - AREAS 6, 7, 8, 10 & 11 CONSTRUCTION
 GARVEY RESERVOIR DRAINAGE & EROSION IMPROVEMENTS - AREAS 6-10 & 11 CONSTRUCTION
 GARVEY RESERVOIR DRAINAGE AND EROSION IMPROVEMENTS
 GARVEY RESERVOIR- EMERGENCY GENERATOR
 GARVEY RESERVOIR FENCING AND PEST BARRIER
 GARVEY RESERVOIR- FLOATING COVER
 GARVEY RESERVOIR HYPOCHLORITE FEED SYSTEM
 GARVEY RESERVOIR- JUNCTION STRUCTURE, REPLACE VALVE #1
 GARVEY RESERVOIR- JUNCTION STRUCTURE, REPLACE VALVE #1 - INTEREST
 GARVEY RESERVOIR- JUNCTION STRUCTURE, REPLACE VALVES # 4 & 5
 GARVEY RESERVOIR- MODIFY DESILTING BASINS
 GARVEY RESERVOIR REPAIR
 GARVEY RESERVOIR SITE EROSION CONTROL
 GARVEY RESERVOIR SODIUM HYPOCHLORITE TANK REPLACEMENT
 GARVEY RESERVOIR, LOWER ACCESS ROAD, PAVING & DRAINS
 GARVEY RESERVOIR, REPLACE VALVE # 4 & 5
 GARVEY RESERVOIR, TWO VALVES AT JUNCTION STRUCTURE
 GARVEY RESERVOIR: CONT. 565, SPEC.412
 GARVEY RESERVOIR: TWO COTTAGES WITH GARAGES
 GARVEY RESERVOIR-HYPOCHLORINATION
 GARVEY RESERVOIR-HYPOCHLORINE STATION
 GARVEY RESERVOIR-INLET AND OUTLET CONDUIT SYSTEM MODIFICATION
 GARVEY RESEVOIR-JUNCTION STRUCTURE REPLACE TWO VALVES
 GARVEY RSVR REPLACE VENTURI THROAT SECTION
 GARVEY RSVR-REPLACE CENETRUI THROAT SECTION
 GENE WASH RESERVOIR DISCHARGE VALVE REHABILITATION
 HAYFIELD GROUNDWATER STORAGE AND EXTRACTION
 HEADWORKS OF DISTRIBUTION SYSTEM LAKE MATHEWS
 HEADWORKS: ADDITIONAL VALVES
 HEADWORKS: MOTOR OPERATED SLIDE GATES
 HOUSE AND GARAGE AT CORONA DEL MAR RESERVOIR
 HOUSE AND GARAGE AT ORANGE COUNTY RESERVOIR
 HOUSE AT PALOS VERDES RESERVOIR
 HOWELL-BUNGER VALVE OPERATOR, LAKE MATHEWS, 5 VALVES 1939
 HOWELL-BUNGER VALVE OPERATOR, LAKE MATHEWS, 5 VALVES 1955
 INSTRUMENTATION AT RESERVOIRS
 IOC - DIAMOND VALLEY LAKE
 IOC - DIEMER PLANT, RESERVE STRUCTURE MODIFICATION
 IOC - GARVEY RESERVOIR REPAIR
 IOC - GARVEY RESERVOIR, HYPOCHLORINATION SYSTEM
 IOC - GARVEY RESERVOIR, JUNCTION STRUCTURE, REPLACE VALVE 1
 IOC - JENSEN RESVR 1 REPAIR AND TEMP SERVICE TO LA-25
 IOC - LAKE MATHEWS OUTLET FACILITIES
 IOC - LAKE MATHEWS RESERVOIR, RELOCATE SOUTHERLY SECURITY FENCE
 IOC - LAKE MATHEWS WATERSHED
 IOC - LAKE MATHEWS, LUMBER STORAGE BUILDING
 IOC - LAKE MATHEWS, PREFABRICATED AIRCRAFT HANGAR
 IOC - LAKE MATHEWS, PROPANE STORAGE TANK
 IOC - LAKE MATHEWS, SEEPAGE ALARMS
 IOC - LAKE PERRIS POLLUTION PREVENTION/DISSOLVED OXYGEN
 IOC - LAKE SKINNER BYPASS PIPELINE #2 AND #3
 IOC - LAKE SKINNER CHLORINATION SYSTEM OUTLET TOWER BYPASS PPLN
 IOC - LAKE SKINNER, EQUIPMENT YARD SECURITY
 IOC - LAKE SKINNER, PROPANE STORAGE TANK
 IOC - MORRIS RESERVOIR
 IOC - ORANGE COUNTY RSVR, REPLACE CHLORINATION SYSTEM
 IOC - PALOS VERDES RSVR, REPLACE CHLORINATION SYSTEM
 IOC - PAMO RESERVOIR, WATER STORAGE FEASIBILITY STUDY
 IOC - SAN JOAQUIN RESERVOIR, DRAINAGE CHANNEL IMPROVEMENTS
 IOC - SOTO ST MAINTENANCE CENTER, PROPANE STORAGE TANK
 IRVINE PCS/SAN JOAQUIN RESERVOIR-BY PASS/CONTROL SYS REBUILD (50/50)
 IRVINE REGULATING STRUCTURE SUMP DRAIN LINE
 JENSEN FINISHED WATER RESERVOIR NO. 1 COVER REHABILITATION
 JENSEN FINISHED WATER RESERVOIR NO. 1 COVER REHABILITATION
 JENSEN FINISHED WATER RESERVOIR NO. 2 FLOATING COVER IMPROVEMENT
 JENSEN FINISHED WATER RESERVOIRS REHABILITATION AND MIXING IMPROVEMENTS
 JENSEN FLUORIDE TANK REPLACEMENT
 JENSEN FWR # 2 FLOATING COVER REPLACEMENT
 JENSEN FWR NO. 2 FLOATING COVER REPLACEMENT
 JENSEN PLANT, PERMANENT GROUNDWATER DEWATERRING OF RESERVOIR
 JENSEN PLANT, RESERVOIR 1 RETROFIT
 JENSEN PLANT, RESERVOIR 2 FLOATING COVER
 JENSEN RESERVOIR 1 AND 2 MIXING IMPROVEMENTS
 JENSEN RESERVOIR BYPASS GATE REFURBISHMENT
 JENSEN, REPAIR COVER OVER RESERVOIR 1
 LAKE MATHEWS - REPLACE STANDBY GENERATOR
 LAKE MATHEWS - ELECTRICAL SYSTEM IMPROVEMENT
 LAKE MATHEWS ABOVEGROUND STORAGE TANK REPLACEMENT
 LAKE MATHEWS AND LAKE SKINNER COPPER SULFATE STORAGE
 LAKE MATHEWS AREA PAVING
 LAKE MATHEWS BUILDING
 LAKE MATHEWS BUILDINGS 8 & 15, RENOVATION OF ASSEMBLY AREA AND ADMIN. BLDG.
 LAKE MATHEWS- CARPENTER AND VEHICLE MAINTENANCE BUILDING
 LAKE MATHEWS- CHLORINATION FACILITIES
 LAKE MATHEWS CHLORINATION FACILITY- REPLACE CHLORINATION EQPMT.
 LAKE MATHEWS CNTRL TOWER-REPL. 45 30-INCH GATE/BUTTERFLY VALVES
 LAKE MATHEWS CONTROL TOWER - REPLACE 45 10-INCH GATE VALVE
 LAKE MATHEWS DAM SAFETY INSTRUMENTATION UPGRADES
 LAKE MATHEWS DAM SPILLWAY ASSESSMENT
 LAKE MATHEWS DIKE
 LAKE MATHEWS DISASTER RECOVERY FACILITY UPGRADE
 LAKE MATHEWS DISCHARGE FACILITY UPGRADES

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Storage Facilities**

LAKE MATHEWS DIVERSION TUNNEL
 LAKE MATHEWS DIVERSION TUNNEL WALKWAY REPAIR
 LAKE MATHEWS- DOCK AND BOAT SHELTER
 LAKE MATHEWS DOMESTIC FACILITIES
 LAKE MATHEWS- DOMESTIC WATER SYSTEM
 LAKE MATHEWS ELECTRICAL RELIABILITY
 LAKE MATHEWS- ELECTRICAL SYSTEM IMPROVEMENT
 LAKE MATHEWS ELECTRICAL UPGRADES
 LAKE MATHEWS- EMERGENCY GENERATOR
 LAKE MATHEWS EMERGENCY GENERATOR UPGRADE
 LAKE MATHEWS ENLARGEMENT (SPEC NO. 505)
 LAKE MATHEWS FOREBAY - DISCHARGE FACILITY UPGRADES
 LAKE MATHEWS FOREBAY LINING AND TOWER REPAIRS
 LAKE MATHEWS FOREBAY OUTLET STRCTR-REPL. CONCRETE BLOCK BLDG
 LAKE MATHEWS FOREBAY OUTLET, CONCRETE BLDG
 LAKE MATHEWS FOREBAY PRESSURE CONTROL STRUCTURE AND BYPASS
 LAKE MATHEWS FOREBAY- REPLACE FOOTBRIDGE
 LAKE MATHEWS FOREBAY WALKWAY REPAIRS
 LAKE MATHEWS FOREBAY, HEADWORK FACILITY AND EQUIPMENT UPGRADE
 LAKE MATHEWS HEADWORKS FOREBAY LINER & OUTLET TOWER REPAIR
 LAKE MATHEWS HEADWORKS-INSTALL AIR MTRS,3 HOWELL BNGR VALVE OP.
 LAKE MATHEWS- HOUSE AND GARAGE
 LAKE MATHEWS HYDRAULIC POWER UNIT REHABILITATION
 LAKE MATHEWS HYDROELECTRIC PLANT REPAIRS
 LAKE MATHEWS I/O TOWER EMERGENCY GENERATOR
 LAKE MATHEWS- IMPROVE MAIN SUBSTATION
 LAKE MATHEWS- IMPROVEMENT OF DOMESTIC WATER & FIRE PROT. SYSTEM
 LAKE MATHEWS LIGHTING AND SECURITY IMPROVEMENT
 LAKE MATHEWS -LUMBER STORAGE BUILDING
 LAKE MATHEWS -LUMBER STORAGE BUILDING - INTEREST
 LAKE MATHEWS LUMBER STORAGE ROOF COVER
 LAKE MATHEWS MAIN DAM AND SPILLWAY
 LAKE MATHEWS MAIN DAM SUB DRAIN SYSTEM
 LAKE MATHEWS MAINTENANCE BUILDING
 LAKE MATHEWS MAINTN.FACILITIES-REPLACE 75 KVA TRANSFORMER.SERV.
 LAKE MATHEWS- MODIFY CHLORINATION
 LAKE MATHEWS- MODIFY CHLORINE STORAGE TANK FOUNDATIONS
 LAKE MATHEWS- MODIFY ELECTRICAL SERVICE
 LAKE MATHEWS MULTIPLE SPECIES RESERVE, MANAGER'S OFFICE AND RESIDENCE
 LAKE MATHEWS OFFICE BLDG MODIFICATIONS-AMERICANS W/ DISABILITY
 LAKE MATHEWS OFFICE TRAILER MODIFICATIONS-AMERICANS W/ DISABILITY
 LAKE MATHEWS -OPERATOR RESIDENCE
 LAKE MATHEWS OULET TOWER
 LAKE MATHEWS OUTLET FACILITIES
 LAKE MATHEWS OUTLET TOWER CHLORINATION SYSTEM
 LAKE MATHEWS OUTLET TOWER NO. 2 VALVE REHAB
 LAKE MATHEWS OUTLET TOWER NO. 2 VALVE REHABILITATION
 LAKE MATHEWS OUTLET TOWER- REPLACE CRANES
 LAKE MATHEWS OUTLET TOWER-REPLACE GATE VALVES
 LAKE MATHEWS OUTLET TOWER-REPLACE GATE VALVES (RETIREMENT)
 LAKE MATHEWS OUTLET TUNNEL
 LAKE MATHEWS PERIMETER FENCING UPGRADE - NEW
 LAKE MATHEWS- PREFABRICATED AIRCRAFT HANGER
 LAKE MATHEWS- PREFABRICATED AIRCRAFT HANGER - INTEREST
 LAKE MATHEWS- PROPANE STORAGE TANK
 LAKE MATHEWS- PROPANE STORAGE TANK - INTEREST
 LAKE MATHEWS- REPLACE HOWELL-BUNGER VALVE OPERATORS
 LAKE MATHEWS- REPLACE VALVES
 LAKE MATHEWS RESERVOIR - RELOCATE SOUTHERLY SECURITY FENCE
 LAKE MATHEWS RESERVOIR DREDGING AND EMERGENCY DEWATERING FACILITIES
 LAKE MATHEWS RESERVOIR-RELOCATE SOUTHERLY SECURITY FENCE
 LAKE MATHEWS RESERVOIR-RELOCATE SOUTHERLY SECURITY FENCE - INTEREST
 LAKE MATHEWS- SEEPAGE ALARMS
 LAKE MATHEWS- SEEPAGE ALARMS - INTEREST
 LAKE MATHEWS SODIUM HYPOCHLORITE TANK REPLACEMENT
 LAKE MATHEWS SODIUM HYPOCLORITE INJECTION SYSTEM
 LAKE MATHEWS- SPRAY PAINT BOOTH
 LAKE MATHEWS VEHICLE MAINTENANCE EXHAUST SYSTEM INSTALLATION
 LAKE MATHEWS WASTEWATER SYSTEM REPLACEMENT
 LAKE MATHEWS WATERSHED, DRAINAGE
 LAKE MATHEWS WATERSHED, DRAINAGE WATER QUALITY MGMT PLAN (CAJALCO CREEK DAM)
 LAKE MATHEWS WATERSHED, WATER QUALITY IMPROVEMENTS STUDY
 LAKE MATHEWS, HAZEL ROAD
 LAKE MATHEWS, REPLACE CHLORINATION EQUIPMENT
 LAKE MATHEWS,DIKE #1- INSTALL PIEZOMETERS, STAS.55+00 & 85+50
 LAKE MATHEWS: VALVES AND FITTINGS IN HEADWORKS
 LAKE MATHEWS-CONST. CONCR.TRAFFIC BARR. WALL TO PROTECT HQ FACIL.
 LAKE MATTHEWS FIRE WATER LINE
 LAKE MATTHEWS INTERIM CHLORINATION SYSTEM
 LAKE PERRIS POLLUTION PREVENTION AND SOURCE WATER PROTECTION (CAPITAL PORTION)
 LAKE SKINNER - AERATION SYSTEM
 LAKE SKINNER - CHLORINATION SYSTEM OUTLET TOWER BYPASS PPLN
 LAKE SKINNER - CHLORINATION SYSTEM OUTLET TOWER BYPASS PPLN - INTEREST
 LAKE SKINNER - INSTALL OUTLET CONDUIT FLOWMETER
 LAKE SKINNER (AULD VALLEY RESERVOIR)- CLAIMS
 LAKE SKINNER AERATOR AIR COMPRESSORS REPLACEMENT
 LAKE SKINNER BYPASS 2, CATHODIC PROTECTION SYSTEM
 LAKE SKINNER- EQUIPMENT YARD SECURITY
 LAKE SKINNER- EQUIPMENT YARD SECURITY - INTEREST
 LAKE SKINNER FACILITIES
 LAKE SKINNER FACILITIES - EMPLOYEE HOUSING
 LAKE SKINNER FACILITIES - FENCING
 LAKE SKINNER FACILITIES - LANDSCAPING

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Storage Facilities**

LAKE SKINNER FACILITIES - RELOCATE BENTON ROAD
 LAKE SKINNER OUTLET CONDUIT REPAIR
 LAKE SKINNER OUTLET TOWER CHLORINE SYSTEM MODIFICATIONS
 LAKE SKINNER OUTLET TOWER SEISMIC ASSESSMENT
 LAKE SKINNER OUTLET TOWER SEISMIC UPGRADE
 LAKE SKINNER PIPELINE CATHODIC PROTECTION
 LAKE SKINNER- PROPANE STORAGE TANK
 LAKE SKINNER- PROPANE STORAGE TANK - INTEREST
 LIVE OAK RESERVOIR & RESERVOIR BYPASS SCHEDULE 264A
 LIVE OAK RESERVOIR ASPHALT PAVEMENT REHABILITATION
 LIVE OAK RESERVOIR EMERGENCY DEWATERING IMPROVEMENTS
 LIVE OAK RESERVOIR PAVEMENT REHABILITATION
 LIVE OAK RESERVOIR REHABILITATION
 LIVE OAK RESERVOIR SURFACE REPAIR
 MAINTENANCE FACILITIES, 75KVA TRANSFORMER SERVICE-LAKE MATHEWS (ORG CONST)
 MILLS FINISHED WATER RESERVOIR REHABILITATION
 MILLS FINISHED WATER RESERVOIRS REHABILITATION AND MIXING IMPROVEMENTS
 MILLS OZONE CONTACTOR 1 & 2 EXPANSION JOINT SEAL
 MILLS RESERVOIR AND CFE SAMPLE LINE/INSTRUMENT IMPROVEMENT
 MINOR CAPITAL PROJECTS FOR FY 1989/90 - LAKE MATHEWS
 MINOR CAPITAL PROJECTS FOR FY 1989/90 - PALOS VERDES RESERVOIR
 MINOR CAPITAL PROJECTS FY 2010-2011
 MINOR CAPITAL PROJECTS-IRVINE PCS/ S. JOAQUIN RES. REBUILD CONTROL SYS
 MINOR CAPITAL PROJECTS-LAKE SKINNER, INLET CANAL ELECTRIC FISH BARRIER
 MINOR CAPITAL PROJECTS-LIVE OAK RESERVOIR, DESILT BASIN IMPROVEMENTS
 MODIFICATION OF THE LAKE MATHEWS SERVICE WATER SYSTEM
 MORRIS DAM COTTAGE
 MORRIS DAM- ENLARGMT. OF SPILLWAY FACLT.& UPPER FDR.VALVE MODF
 MORRIS DAM ROAD IMPROVEMENT
 MORRIS DAM, SEISMIC STABILITY REANALYSIS
 MORRIS DAM-REPLACE EMERGENGY POWER SYSTEM
 MORRIS RESERVOIR- CAPITAL OBLIGATION PAID
 MORRIS RESERVOIR- INTEREST OBLIGATION PAID
 MWD CYBER SECURITY UPGRADE
 O. C. RESERVOIR - IMPROVE DOMESTIC SYSTEM
 ORANGE COUNTY RESERVOIR -- JUNCTION STRUCTURE, REPLACE VALVE # 1
 ORANGE COUNTY RESERVOIR (SPEC NO. 341)
 ORANGE COUNTY RESERVOIR CHLORINATION STATION
 ORANGE COUNTY RESERVOIR- EMBANKMENT AND SPILLWAY
 ORANGE COUNTY RESERVOIR- EMERGENCY GENERATOR
 ORANGE COUNTY RESERVOIR- FLOATING COVER
 ORANGE COUNTY RESERVOIR- HOUSE
 ORANGE COUNTY RESERVOIR- MODIFY DOMESTIC WATER SYSTEM
 ORANGE COUNTY RESERVOIR- REPLACE RESIDENCE NO. 95D
 ORANGE COUNTY RESERVOIR-MODIFY ELEC. CONTROL CENTER
 ORANGE COUNTY RESERVOIR-REPLACE CHLORINATION EQUIPMENT
 ORANGE COUNTY RESERVOIR-REPLACE CHLORINATION SYSTEM
 P V RESERVOIR-REPLACE CHLORINATION SYSTEM
 P100735 DVL, WORK PACKAGE 40
 P103081 DVL RECREATION ENTITLEMENT/MASTER PLANNING
 P103083 DIAMOND VALLEY RECREATION, SEARL PARKWAY IMPROVEMENTS, PHASE I
 P103088 DVL RECREATION, PROGRAM MANAGEMENT
 P103810 WADSWORTH PUMP PLANT CONDUIT PROTECTION
 P103998 LAKE MATTHEWS INTERIM CHLORINATION SYSTEM
 P104076 LAKE MATHEWS WATERSHED, WATER QUALITY IMPROVEMENTS STUDY
 P104101 LAKE SKINNER OUTLET CONDUIT REPAIR
 P104131 SKINNER, RETURN WASH WATER BYPASS
 P104326 LAKE MATTHEWS FIRE WATER LINE
 P104735 GARVEY RESERVOIR FENCING AND PEST BARRIER
 P104893 LAKE MATHEWS WASTEWATER SYSTEM REPLACEMENT
 P104894 CB-20 AND PM-26 FLOWMETER REPLACEMENT
 P105010 LAKE MATHEWS SODIUM HYPOCHLORITE TANK REPLACEMENT
 P105024 GARVEY RESERVOIR SODIUM HYPOCHLORITE TANK REPLACEMENT
 P105080 IRVINE REGULATING STRUCTURE SUMP DRAIN LINE
 P105100 GARVER RESERVOIR BROKEN DRAIN PIPE AT ABTMT
 P105138 LAKE MATHEWS LIGHTING AND SECURITY IMPROVEMENT
 P105176 LIVE OAK RESERVOIR ASPHALT PAVEMENT REHABILITATION
 P105202 GARVEY RESERVOIR DRAINAGE & EROSION IMPROVEMENTS - AREAS 6-10, 11 CONSTR
 P105207 DIAMOND VALLEY LAKE MARINA BOAT LAUNCH DOCKS REFURBISHMENT
 PALOS VERDES CHLORINATION STATION AND COTTAGE
 PALOS VERDES RESERVOIR
 PALOS VERDES RESERVOIR - INLET/OUTLET TOWER
 PALOS VERDES RESERVOIR- BY PASS PIPELINES
 PALOS VERDES RESERVOIR COVER AND LINER REPLACEMENT
 PALOS VERDES RESERVOIR COVER REPLACEMENT
 PALOS VERDES RESERVOIR- FENCING AROUND
 PALOS VERDES RESERVOIR GROUNDWATER MANAGEMENT
 PALOS VERDES RESERVOIR HYPOCHLORITE FEED SYSTEM UPGRADE
 PALOS VERDES RESERVOIR- REPLACE DOMESTIC WATER SYSTEM PIPING
 PALOS VERDES RESERVOIR SODIUM HYPOCHLORITE AND SECURITY UPGRADES
 PALOS VERDES RESERVOIR SODIUM HYPOCHLORITE FEED SYSTEM UPGRADE
 PALOS VERDES RESERVOIR, SPILLWAY ENERGY DISSIPATOR STRUCTURE MODIFICATIONS
 PALOS VERDES RESERVOIR,BYPASS PIPELINE RELIEF STRUCTURE MODIFN.
 PALOS VERDES RESERVOIR,COVERING
 PALOS VERDES RESERVOIR,REPLACE ACCESS AND PERIMETER ROADS
 PALOS VERDES RESERVOIR- INCREASING ELEVATION OF SPILLWAY CREST
 PALOS VERDES RESERVOIR-INSTALL VALVE & CHLORINATION NOZZLE,INL. TWR
 PALOS VERDES RESERVOIR-REPLACE CHLORINATION SYSTEM
 PAMO RESERVOIR- WATER STORAGE FEASIBILITY STUDY
 PAMO RESERVOIR- WATER STORAGE FEASIBILITY STUDY- INTEREST
 PV RESERVOIR GROUNDWATER MANAGEMENT
 PVR FACILITY SEWER CONNECTION
 RECORD DRAWING RESTORATION PROGRAM, CRA

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Storage Facilities**

REPAIRS TO AZUSA CONDUIT
 REPLACE 32
 REPLACEMENT OF A 30 INCH GATE VALVE P.V.R.
 RESIDENCE # 95-D, ORANGE COUNTY RESERVOIR
 RESIDENCE 45-D - CORONA DEL MAR RESERVOIR
 RESIDENCE 80-D - ORANGE COUNTY RESERVOIR
 RESIDENCE 90-D - LAKE MATHEW
 RESIDENCE 91-D - SAN JACINTO RESERVOIR
 RESIDENCE 93-D - SAN JACINTO RESERVOIR
 ROADS AT LAKE MATHEWS ABOVE FLOODLINE
 SAN DIEGO ACQUEDUCT: COTTAGE AT SAN JACINTO RESERVOIR
 SAN JACINTO RESERVOIR - SAN DIEGO AQUEDUCT
 SAN JOAQUIN RESERVOIR- CHLORINE EVAPORATOR
 SAN JOAQUIN RESERVOIR- CONSTRUCTION OF HOUSE AND SERVICE BUILDING
 SAN JOAQUIN RESERVOIR- DRAINAGE CHANNEL IMPROVEMENT
 SAN JOAQUIN RESERVOIR FLOATING COVER
 SAN JOAQUIN RESERVOIR IMPROVEMENT PROJECT-NEW DESIGN
 SAN JOAQUIN RESERVOIR IMPROVEMENT STUDY
 SAN JOAQUIN RESERVOIR IMPROVEMENT STUDY-EIR
 SAN JOAQUIN RSVR, SLOPE REPAIR
 SECOND OUTLET, PALOS VERDES RESERVOIR (SPEC NO. 597)
 SEEPAGE CONTROL AT LAKE MATHEWS
 SKINNER DAM SAFETY INSTRUMENTATION UPGRADES
 SKINNER DAM SPILLWAY ASSESSMENT
 SKINNER FILT PLT, CHLORINE MASS FLOW METERS
 SKINNER FINISHED WATER RESERVOIR SLIDE GATE REHABILITATION
 SKINNER FINISHED WATER RESERVOIR SLIDE GATES REHABILITATION
 SKINNER LADDER SAFETY ACCESS GATES
 SKINNER WATER TREATMENT PLANT REHABILITATION
 SKINNER, RETURN WASH WATER BYPASS
 SKINNNER FILT PLT- ELECTRIC FISH BARRIER
 SPILLWAY UPGRADES LAKE MATHEWS
 SPILLWAY UPGRADES LAKE SKINNER
 TEMPORARY EMPLOYEE LABOR SETTLEMENT
 VALVE - GENE RESERVOIR (REPLACED 201)
 VALVE STRUCTURE MODIFICATIONS-UPPER FDR, SAN GABRIEL CROSSING (INTERIM CONST)
 VALVE, TWO 36
 WADSWORTH PUMP PLANT CONDUIT PROTECTION
 WADSWORTH PUMP PLANT, PUMP MOTOR CONVERSION
 WADSWORTH PUMPING PLANT FIRE PROTECTION SYSTEM UPGRADE - NEW
 WADSWORTH PUMPING PLANT FIRE PROTECTION SYSTEM UPGRADES
 WADSWORTH/DVL CONTROL & PROTECTION SYSTEM UPGRADE - CONSTRUCTION & STARTUP
 WATER QUALITY PROJECT UPSTREAM
 WATER SUPPLY SYSTEM, OPERATING TOWER, LAKE MATHEWS
 WEYMOUTH FINISHED WATER RESERVOIR GATE REPLACEMENT
 WEYMOUTH FINISHED WATER RESERVOIR REHABILITATION
 WEYMOUTH PLANT RESERVOIR, REMOVE SOIL BLANKET

Sub-total Storage facilities costs***126,115,329***

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

103237 COLORADO RIVER ACQUEDUCT-SIPHONS AND RESERVOIR OUTLETS REFURBISHMENT
 103738 CRA COPPER BASIN OUTLET GATES RELIABILITY
 104093 CRA SAND TRAP EQUIPMENT UPGRADES
 104222 CRA SEISMIC RETROFIT OF 6.9KV SWITCH HOUSES
 104525 GENE WASH RESERVOIR DISCHARGE VALVE REHABILITATION
 104542 CRA PUMPING PLANT WASTEWATER SYSTEM REPLACEMENT - HINDS & EAGLE MOUNTAIN
 104645 CRA 6 9KV POWER CABLES REPLACEMENT
 104769 CRA DISCHARGE LINE ISOLATION BULKHEAD AND COUPLING
 104922 GENE POOL REFURBISHMENT
 105000 SWITCH HOUSE DOORS AT EAGLE MOUNTAIN & IRON MOUNTAIN
 105008 PHYSICAL SECURITY CONTROLS FOR THE IRON MOUNTAIN
 105208 CRA PUMPING PLANTS SCADA NETWORK MAIN SWITCH REPLACEMENT
 105209 CRA PUMPING PLANT STATION BATTERY REPLACEMENT
 105274 CRA LAKEVIEW SIPHON LEAK REPAIR
 105354 CRA MM 33 CANAL SIDEWALL IMPROVEMENTS
 105374 HINDS VILLAGE PAVING REPLACEMENT PROJECT
 2.4 KV STANDBY DIESEL ENGINE GENERATOR REPLACEMENT - GENE
 2.4 KV STANDBY DIESEL ENGINE GENERATOR REPLACEMENT - INTAKE
 2.4 KV STANDBY DIESEL ENGINE GENERATOR REPLACEMENT - IRON
 230KV SWITCH RACK AT CAMINO
 230KV TRANSMISSION LINE PATROL ROAD
 69 KV TAP LINE FROM COLORADO TO GENE
 69 KV TRANSMISSION LINE BETWEEN PARKER PWR PLT & GENE TO INTAKE
 69KV TRANSMISSION LINE TO PARKER DAM
 69KV TRANSMISSION LINE TO WHITSETT PUMPING PLANT FROM GENE
 ACCESS STRUCTURE, TRANSITION STRUCTURE AND MANHOLE COVER REPLACEMENT
 ADDITION TO CABAZON SUBSTATION
 ADDITION TO LAKEVIEW SUBSTATION
 ADDITIONAL SHOP FACILITIES AT GENE PLANT
 ADJUSTMENT TO COST, PARKER POWER
 ALL PLANTS- REPLACE TRANSFORMER BANK 1 PANEL
 ALL PUM P PLANTS - BRIDGE CRANES AND SEISMIC RESTRAINTS
 ALL PUMP PLANTS - REPLACE DOMESTIC WATER TREATMENT SYSTEMS
 ALL PUMP PLANTS - REPLACE STA POWER SUPPLY SYSTEMS
 ALL PUMP PLANTS - SEISMIC RESTRAINTS - BRIDGE CRANES
 ALL PUMP PLTS, MODIFY STATIONARY POWER SUPPLY SYSTEM
 ALL PUMP PLTS, REPL MOTOR TEMPERATURE INSTRUMENTS
 ALL PUMP T PLT- LONGTERM CHEMICAL FAC CONTAINMENT
 ALL PUMPING PLANTS - 230 KV & 69 KV DISCONNECTS REPLACEMENT
 ALL PUMPING PLANTS - BRIDGE CRANES
 ALL PUMPING PLANTS - TRANSFORMER BANK BRIDGE
 ALL PUMPING PLANTS-HYPOCHLORINATION SYSTEM
 ALL PUMPING PLTS-REPLACE 36 IMPELLERS
 ALL PUMPING PLTS-REPL DOMESTIC WTR TREATMENT SYSTEM
 ALL PUPUMPING PLTS - REPLACE MOTOR TEMPERATURE INSTRUMENTS
 ALLEN MCCOLLOCH PIPELINE - CORROSION INTERFERENCE MITIGATION
 ALLEN MCCOLLOCH PIPELINE - RIGHT OF WAY
 ALLEN MCCOLLOCH PIPELINE - UPDATE / MODIFY ALL BOYLE ENGINEERING DRAWINGS
 AMP VALVE & SERVICE CONNECTION VAULT REPAIR
 AQUEDUCT & PUMPING PLANT ISOLATION / ACCESS FIXTURES - STUDY
 AQUEDUCT & PUMPING PLANT ISOLATION GATES
 AQUEDUCT FENCING (SPEC 251)
 AQUEDUCT MAINTENANCE (1937-40)
 AQUEDUCT MAINTENANCE (REPAIRS & PREPARATION FOR OPERATION)
 AQUEDUCT MAINTENANCE-1941
 AQUEDUCT SURVEYS
 ARROWHEAD EAST TUNNEL CONSTRUCTION
 ARROWHEAD TDS REDUCTION
 ARROWHEAD TUNNELS CLAIMS COST
 ARROWHEAD TUNNELS CONNECTOR ROAD
 ARROWHEAD TUNNELS CONSTRUCTION
 ARROWHEAD TUNNELS ENGINEERING
 ARROWHEAD TUNNELS RE-DESIGN
 ARROWHEAD WEST TUNNEL CONSTRUCTION
 AULD VALLEY CONTROL STRUCTURE AREA FACILITIES UPGRADE STUDY
 AULD VALLEY PIPELINE BUBBLER - SKINNER TREATED WATER
 AUXILIARY POWER SYSTEM REHABILITATION / UPGRADES STUDY
 AUXILIARY POWER SYSTEM REHABILITATION/UPGRADES
 BACHELOR MOUNTAIN COMMUNICATION SITE ACQUISITION
 BACHELOR MOUNTAIN TELECOM SITE IMPROVEMENTS
 BANK TRANSFORMERS REPLACEMENT STUDY
 BANNING HEADQUARTERS
 BANNING HINDS TELEPHONE LINE
 BANNING VALVERDE TELEPHONE LINE
 BERNASCONI TUNNEL
 BERNASCONI TUNNEL NO.2, SCH. 311
 BLACK METAL MOUNTAIN - COMMUNICATIONS FACILITY UPGRADE
 BLACK METAL MOUNTAIN 2.4kv ELECTRICAL POWER UPGRADE
 BLACK METAL MOUNTAIN, ELECTRICAL TRANSFORMER UPGRADE
 BLOWOFF AT WIDE CANYON SIPHON- CRA (INTERIM CONST)
 BOX SPRINGS FEEDER REHAB PHASE III
 BUDGET ADJUSTMENT
 BUILDINGS - CAMINO SWITCHING STATION
 C.R.A.- EAGLE AND HINDS PLANTS, STANDBY GENERATORS (1/2 EACH)
 C.R.A.- GENE AND IRON MOUNTAIN ,HOUSES
 C.R.A.- GENE AUTO MAINTENANCE ADDITION
 C.R.A.- GENE PLANT, EMERGENCY GENERATOR
 C.R.A.- GENE VILLAGE SEWAGE DISPOSAL SYSTEM
 C.R.A. HINDS AND EAGLE - REMODEL RECREATION HALLS (1/2 EACH)
 C.R.A.- INTAKE AND GENE -REPLACE CIRCUIT BREAKERS (1/2 EACH)
 C.R.A.- IRON MOUNTAIN AND CAMINO GARAGES
 C.R.A.- MODIFY TV ANTENNA AT GENE
 C.R.A.- RELOCATE MOBILE HOME FROM CASTAIC LAKE TO IRON MOUNTAIN

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

C.R.A.- SANDBLAST FACILITIES AT IRON MOUNTAIN AND GENE (1/2 EACH)
 C.R.A.-REPL. TRANSFORMER COOLING SYSTEMS AT IRON,EAGLE MTN.& HINDS
 CABAZON BIG MORONGO POWER LINES
 CABAZON- HINDS POWER LINES
 CABAZON RADIAL GATE FACILITIES IMPROVEMENT
 CABAZON RADIAL GATE FACILITY IMPROVEMENTS
 CABAZON SUBSTATION
 CABLE TUNNEL VENTILATION SYSTEM,EAGLE MTN PUMP PLT - CRA
 CABLE TUNNEL VENTILATION SYSTEM,IRON MTN PUMP PLT - CRA
 CAJALCO CREEK MITIGATION FLOWS
 CAL TECH TEST LAB OPERATION
 CAMINO CAMP FACILITIES
 CAMINO CAMP FACILITIES SERVICE STATION TRANSFORMERS
 CAMINO SWITCHING STATION- WATER SYSTEM
 CAMP FACILITIES
 CANAL CURB ALONG COLORADO RIVER AQUEDUCT
 CASA LOMA PIPELINE-CONSTRUCT OVERFLOW BASIN & DRAIN LINE
 CASA LOMA SIPHON BARREL NO. 1 - SEISMIC UPGRADES
 CASA LOMA SIPHON- CENTER PORTION SCHEDULE 20C
 CASA LOMA SIPHON- EAST PORTION SCHEDULE 20A; 20B
 CASA LOMA SIPHON LEAK REPAIRS
 CASA LOMA SIPHON- REPLACE FIRST BARREL
 CASA LOMA SIPHON- WEST PORTION SCHEDULE 20
 CASA LOMA WASTEWAY
 CASH DISCOUNTS
 CAST-IRON BLOW OFF REPLACEMENT - PHASE 4
 CATHODIC PROTECTION STUDY - DESIGN AND CONSTRUCTION
 CCRP - BLOW-OFF VALVES PHASE 4 PROJECT
 CCRP - CONTINGENCY
 CCRP - EMERGENCY REPAIR
 CCRP - HEADGATE OPERATORS & CIRCUIT BREAKERS REHAB.
 CCRP - PART 1 & 2
 CCRP - SAND TRAP CLEANING EQUIPMENT & TRAVELING CRANE STUDY
 CCRP - TRANSITION & MAN-WAY ACCESS COVER REPLACEMENT - STUDY & DESIGN
 CCRP - TUNNELS STUDY
 CEPSRP - 230 KV SYSTEM SYNCHRONIZERS
 CEPSRP - ALL PUMPING PLANTS - CONTINGENCY & OTHER CREDITS
 CEPSRP - ALL PUMPING PLANTS - REPLACE 6.9 KV TRANSFORMER BUSHINGS
 CEPSRP - ALL PUMPING PLANTS - REPLACE 230KV , 69 KV & 6.9 KV LIGHTENING ARRESTERS
 CEPSRP - ALL PUMPING PLANTS - REPLACE 230KV TRANSFORMER PROTECTION
 CEPSRP - SWITCHYARDS & HEAD GATES REHABILITATION
 CEPSRP- ALL PUMPING PLANTS - IRON MOUNTAIN - 230KV BREAKER SWITCH. INST.
 CIRCUIT BREAKERS - INTAKE & IRON MOUNTAIN PLANTS - CRA (1/2 EACH)
 CIRCUIT BREAKERS, 29 MAIN POWER UNITS 1,2,3,4 &5 - ALL PLANTS (1/5 EACH)
 CIRCUIT BREAKERS, IRON & EAGLE AND HINDS PUMP PLTS (1/3 EACH)
 CIRCULAR SIPHONS SCHEDULE 21
 CLEARING HINDS RESERVOIR SITE
 COACHELLA TUNNELS
 COACHELLA VALLEY ROADS
 COLORADO RIVER ACQUEDUCT, CONDUIT SCHEDULE 1
 COLORADO RIVER ACQUEDUCT & COVER CONDUIT SCHEDULE 9A
 COLORADO RIVER ACQUEDUCT & COVER CONDUIT, SCHEDULE 7
 COLORADO RIVER ACQUEDUCT , CONCRETE LINED CANAL, SCHEDULE 9
 COLORADO RIVER ACQUEDUCT CANAL SCHEDULE 11
 COLORADO RIVER ACQUEDUCT CANAL SCHEDULE 13
 COLORADO RIVER ACQUEDUCT CUT & COVER CONDUIT SK.11A
 COLORADO RIVER ACQUEDUCT CUT & COVER CONDUIT SK.12
 COLORADO RIVER ACQUEDUCT CUT & COVER CONDUIT SK.13A
 COLORADO RIVER ACQUEDUCT CUT & COVER CONDUIT SK.14
 COLORADO RIVER ACQUEDUCT CUT & COVER CONDUIT SK.15
 COLORADO RIVER ACQUEDUCT, 10 BOX SIPHONS, SCHEDULE 10A
 COLORADO RIVER ACQUEDUCT, 10 HALF-CAP SIPHONS, SCHEDULE 4A
 COLORADO RIVER ACQUEDUCT, 12 HALF-CAP SIPHONS, SCHEDULE 3A
 COLORADO RIVER ACQUEDUCT, 12 HALF-CAP SIPHONS, SCHEDULE 5A
 COLORADO RIVER ACQUEDUCT, 2 16 FT.,CIRCULAR SIPHONS, SK.15B
 COLORADO RIVER ACQUEDUCT, 2 CIRCULAR SIPHONS, SCHEDULE 12A
 COLORADO RIVER ACQUEDUCT, 2 CIRCULAR SIPHONS, SK. 15A
 COLORADO RIVER ACQUEDUCT, 2 HALF-CAP SIPHONS, SCHEDULE 1B
 COLORADO RIVER ACQUEDUCT, 3 SIPHONS, SCHEDULE 1A
 COLORADO RIVER ACQUEDUCT, 6 BOX SIPHONS, SCHEDULE 13B
 COLORADO RIVER ACQUEDUCT, 7 HALF-CAP SIPHONS, SCHEDULE 2B
 COLORADO RIVER ACQUEDUCT, 8 BOX SIPHONS, SCHEDULE 9B
 COLORADO RIVER ACQUEDUCT, 8 HALF-CAP SIPHONS, SCHEDULE 3B
 COLORADO RIVER ACQUEDUCT, 9 BOX SIPHONS, SCHEDULE 11B
 COLORADO RIVER ACQUEDUCT, CIRC. SIPHON, SCHEDULE 10B
 COLORADO RIVER ACQUEDUCT, CIRC. SIPHON, SCHEDULE 11C
 COLORADO RIVER ACQUEDUCT, CIRCULAR SIPHON, SK. 14A
 COLORADO RIVER ACQUEDUCT, CONCRETE LINED CANAL, SCHEDULE 10
 COLORADO RIVER ACQUEDUCT, CONCRETE LINED CANAL, SCHEDULE 7A
 COLORADO RIVER ACQUEDUCT, CONDUIT SCHEDULE 2
 COLORADO RIVER ACQUEDUCT, CONDUIT, SCHEDULE 3
 COLORADO RIVER ACQUEDUCT, COPPER BASIN SIPHON
 COLORADO RIVER ACQUEDUCT, FRIDAY HALF-CAP SIPHON, SCHEDULE 6
 COLORADO RIVER ACQUEDUCT, GENE INLET SIPHON
 COLORADO RIVER ACQUEDUCT, HALF-CAP SIPHONS, SCHEDULE 8A
 COLORADO RIVER ACQUEDUCT, HALF-CAP SIPHONS, SCHEDULE 8B
 COLORADO RIVER ACQUEDUCT, LINED CANAL SCHEDULE 4A
 COLORADO RIVER ACQUEDUCT, LINED CANAL SCHEDULE 5
 COLORADO RIVER ACQUEDUCT, LINED CANAL SCHEDULE 8
 COLORADO RIVER AQDCT.WATER STRG IN DESERT GRD.WTR.BASIN-STUDY
 COLORADO RIVER AQUEDUCT - PUMPING
 COLORADO RIVER AQUEDUCT - SIPHONS AND RESERVOIR OUTLETS REFURBISHMENT
 COLORADO RIVER AQUEDUCT (CRA), WHITEWATER SIPHON PROTECTION STUDY

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

COLORADO RIVER AQUEDUCT CONVEYANCE RELIABILITY, PHASE II REPAIRS
 COLORADO RIVER AQUEDUCT CONVEYANCE RELIABILITY, PHASE II REPAIRS AND INSTRUMENTATION
 COLORADO RIVER AQUEDUCT, 1 BOX SIPHON, SCHEDULE HAYFIELD
 COLORADO RIVER AQUEDUCT, 10 HALF-CAP SIPHONS SCHEDULE 17B
 COLORADO RIVER AQUEDUCT, 2 HALF-CAP SIPHONS, SCHEDULE 16A
 COLORADO RIVER AQUEDUCT, 4 SIPHONS, SCHEDULE 16B
 COLORADO RIVER AQUEDUCT, INVESTIGATION OF SIPHONS AND RESERVOIR OUTLETS REFURBIS
 COLORADO RIVER ROAD
 COLORADO RIVER TUNNEL
 COLTON CABAZON POWER LINES
 CONDUIT SCHEDULE 18
 CONDUIT SCHEDULE 19
 CONDUIT SCHEDULE 23
 CONSTRUCTION OF HOUSING FACILITIES-14 HOUSES ON MAIN ACQUEDUCT
 CONTROL ROOM LIGHTING - EAGLE & HINDS PUMPING PLANTS (1/2 EACH)
 CONTROL ROOM LIGHTING - INTAKE & IRON MOUNTAIN PUMP PLANTS - (1/2 EACH)
 CONTROL ROOM LIGHTING, GENE PLANT - CRA
 CONTROL SYSTEM DRAWING UPGRADE STUDY (PHASE 1) - STUDY
 CONVERSION OF DEFORMATION SURVEY MONITORING AT GENE WASH
 COOLERS, PUMP 4 & 5
 COOLERS, PUMP 4 & 6
 COOLERS, PUMP 4 & 7
 COPPER BASIN AND GENE DAM OUTLET WORKS REHABILITATION (STUDY & DESIGN)
 COPPER BASIN AND GENE WASH RESERVOIRS DISCHARGE STRUCTURE REHABILITATION - STAGE 2
 COPPER BASIN AND GENE WASH RESERVOIRS DISCHARGE VALVE REHABILITATION
 COPPER BASIN DAM AND APPURTENANT WORKS
 COPPER BASIN INTERIM CHLORINATION SYSTEM
 COPPER BASIN OUTLET GATES RELIABILITY
 COPPER BASIN OUTLET REHABILITATION
 COPPER BASIN OUTLET, AND COPPER BASIN & GENE WASH DAM SLUICWAYS REHABILITATION
 COPPER BASIN POWER & PHONE LINES REPLACEMENT
 COPPER BASIN RESERVOIR OUTLET STRUCTURE REHABILITATION
 COPPER BASIN RESERVOIR OUTLET STRUCTURE REHABILITATION PROJECT
 COPPER BASIN RESERVOIR ROAD
 COPPER BASIN RESERVOIR: ONE HOUSE WITH GARAGE
 COPPER BASIN RESERVOIRS DISCHARGE VALVE REHABILITATION & METER REPLACEMENT
 COPPER BASIN SERVICE ROAD
 COPPER BASIN SURGE TANK
 COPPER BASIN TUNNELS NO. 1 & 2
 COPPER BASIN, POWER AND COMMUNICATIONS POLE AND TRANSMISSION LINE
 COPPER BASIN, POWER AND COMMUNICATIONS POLE AND TRANSMISSION LINE
 COPPER SULFATE STORAGE AT LAKE SKINNER AND LAKE MATHEWS
 CORRISON CONTROL OZONE MATERIAL TEST FACILITY
 CORROSION CONTROL OZONE MATERIAL TEST FACILITY
 COST OF LAND AND RIGHT OF WAY
 COTTAGE & WATER WELL - CAMINO SWITCHING STATION
 COTTONWOOD TUNNEL
 COXCUMB TUNNEL
 COXCUMB WASTEWAY
 CRA - ACCESS STRUCTURE, TRANSITION STRUCTURE AND MANHOLE COVER REPLACEMENT
 CRA - AQUEDUCT AND PUMPING PLANT ISOLATION GATES
 CRA - AQUEDUCT RESERVOIR AND DISCHARGE LINE ISOLATION GATES
 CRA - AUXILIARY POWER SYSTEM REHAB
 CRA - BANK TRANSFORMERS REPLACEMENT STUDY
 CRA - BLOW-OFF VALVES PHASE 4
 CRA - CIRCULATING WATER SYSTEM STRAINER REPLACEMENT
 CRA - CONTROL SYSTEM IMPLEMENTATION PHASE CLOSE OUT
 CRA - CONVEYANCE RELIABILITY PROGRAM PART 1 & PART 2
 CRA - COPPER BASIN OUTLET, AND COPPER BASIN & GENE WASH SLUICWAYS REHABILITATION
 CRA - COPPER BASIN POWER & PHONE LINES REPLACEMENT
 CRA - CUT & COVER FORNAT WASH EXPOSURE STUDY
 CRA - DANBYTOWER FOOTER REPLACEMENT
 CRA - DELIVERY LINE NO. 1 SUPPORTS REHAB - FIVE PUMPING PLANTS
 CRA - DELIVERY LINES 2&3 SUPPORTS REHAB - GENE & INTAKE
 CRA - DELIVERY LINES 2&3 SUPPORTS REHAB - IRON, EAGLE, & HINDS
 CRA - DESERT PUMP PLANT OIL CONTAINMENT
 CRA - DESERT SEWER SYSTEM REHABILITATION PROJECT
 CRA - DESERT WATER TANK ACCESS & SAFETY IMPROVEMENTS
 CRA - DISCHARGE CONTAINMENT PROGRAM - INVESTIGATION
 CRA - DISCHARGE LINE ISOLATION GATES
 CRA - DWCV-4 VALVE REPLACEMENT
 CRA - EAGLE MOUNTAIN SAND TRAPS INFLOW STUDY
 CRA - ELECTRICAL/ POWER SYST REL. PROG. - IRON MTN - 230KV BREAKER SWITC. INST.
 CRA - GENE PUMPING PLANT MAIN TRANSFORMER AREA
 CRA - HINDS PUMP UNIT NO. 8 REFURBISHMENT
 CRA - INTAKE PUMPING PLANT - COOLING AND REJECT WATER DISCHARGE TO LAKE HAVASU
 CRA - INTAKE PUMPING PLANT AUTOMATION PROGRAMMING
 CRA - INVESTIGATION OF SIPHONS AND RESERVOIR OUTLETS
 CRA - IRON MOUNTAIN RESERVOIR AND CANAL LINER REPAIRS
 CRA - IRON MTN. TUNNEL REHABILITATION
 CRA - IRON MTN., REPLACE RECREATION & CRAFT BLDGS
 CRA - LAKEVIEW SIPHON FIRST BARREL - REPAIR DETERIORATED JOINTS
 CRA - MAIN PUMP MOTOR EXCITERS
 CRA - MAIN PUMP STUDY
 CRA - MOUNTAIN SIPHONS SEISMIC VULNERABILITY STUDY
 CRA - PUMPING PLANT RELIABILITY PROGRAM CONTINGENCY
 CRA - PUMPING PLANTS VULNERABILITY ASSESSMENT
 CRA - PUMPING WELL CONVERSION
 CRA - QUAGGA MUSSEL BARRIERS
 CRA - REAL PROPERTY - BOUNDARY SURVEYS
 CRA - RELIABILITY PROGRAM 230 KV & 69 KV DISCONNECTS REPLACEMENT STUDY (5 PLANTS)
 CRA - RELIABILITY PROGRAM INVESTIGATION
 CRA - RELIABILITY PROGRAM PHASE 6 (AQUEDUCT PHASE 6 REHAB.) - SPEC 1568

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

CRA - RELIABILITY PHASE II CONTINGENCY
 CRA - SAND TRAP CLEANING EQUIPMENT AND TRAVELING CRANE
 CRA - SERVICE CONNECTION DWCV-2T VALVES REPLACEMENT AND STRUCTURE CONSTRUCTION
 CRA - SERVICE CONNECTION DWCV-4 A, B, C, & D PLUG VALVES REPLACEMENT
 CRA - SIPHONS, TRANSITIONS, CANALS, AND TUNNELS REHABILITATION AND IMPROVEMENTS
 CRA - SUCTION & DISCHARGE LINES EXPANSION JOINT REHAB
 CRA - SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) SYSTEM
 CRA - SWITCHYARDS AND HEAD GATES REHAB
 CRA - SWITCHYARDS AND HEAD GATES REHABILITATION
 CRA - TRANSFORMER OIL & CHEMICAL UNLOADING PAD CONTAINMENT
 CRA - TUNNELS VULNERABILITY STUDY - REPAIRS TO TUNNELS
 CRA - WEST PORTAL UPGRADE - REHAB OF STILLING WELL, SLIDE GATE OPERATORS AND RADIAL GATES
 CRA - WHITEWATER TUNNEL NO 2 SEISMIC UPGRADE
 CRA 2.4 KV STANDBY DIESEL ENGINE GENERATORS REPLACEMENT
 CRA 230 KV & 69 KV DISCONNECTS SWITCH REPLACEMENT
 CRA 230 KV SYSTEM INTER-AGENCY OPERABILITY UPGRADES
 CRA 230 KV TRANSMISSION LINE - INFRASTRUCTURE RELIABILITY IMPROVEMENTS (REF: PENDING NEW PN104717)
 CRA 230 KV TRANSMISSION SYSTEM REGULATORY AND OPERATIONAL FLEXIBILITY UPGRADES
 CRA 230 KV TRANSMISSION SYSTEM REGULATORY COMPLIANCE AND OPERATIONAL FLEXIBILITY UPGRADES - STUDY
 CRA 230KV & 69KV PROTECTION PANEL UPGRADE
 CRA 230KV TRANSMISSION SYSTEM REGULATORY COMPLIANCE AND OPERATIONAL FLEXIBILITY UPGRADES
 CRA 2400 V VILLAGE ELECTRICAL POWER DISTRIBUTION UPGRADES
 CRA 6.9KV POWER CABLES REPLACEMENT
 CRA 6.9 KV LEAD JACKETED CABLES
 CRA 6.9 KV POWER CABLES REPLACEMENT
 CRA 6.9 KV POWER CABLES REPLACEMENT UNITS 6 TO 9
 CRA 69KV AND 240 KV TRANSFORMERS REPLACEMENT
 CRA 69KV PANEL UPGRADE
 CRA ACCESS STRUCTURE, TRANSITION STRUCTURE AND MANHOLE COVERS REPLACEMENT
 CRA- ALL PUMP PLT3, REPL. THERMOMETERS/TEMP. RECORDERS IN CONT. RM.
 CRA ALL PUMPING PLANTS - FLOW METER UPGRADES
 CRA ALL PUMPING PLANTS, FLOW METER REPLACEMENT
 CRA ANCILLARY EROSION AND DRAINAGE CONTROL
 CRA AND IRON MOUNTAIN RESERVOIR PANEL REPAIRS
 CRA AND IRON MOUNTAIN RESERVOIR PANEL REPLACEMENT
 CRA AQUEDUCT BLOCKER GATE REPLACEMENT
 CRA AQUEDUCT ISOLATION GATES REPLACEMENT
 CRA ASPHALT REPLACEMENT
 CRA AUXILIARY POWER SYSTEM REHABILITATION/UPGRADES FOR FOUR PUMPING PLANTS
 CRA AUXILIARY POWER SYSTEMS
 CRA BLACK METAL COMMUNICATION SITE II UPGRADE
 CRA BLOW-OFF VALVE FLANGE OUTLET
 CRA CANAL CRACK REHAB AND EVALUATION
 CRA CANAL CRACK REHABILITATION
 CRA CANAL IMPROVEMENTS
 CRA CARPORT INSTALLATIONS AT GENE PUMP PLANT
 CRA CARPORT INSTALLATIONS AT IRON MOUNTAIN PUMP PLANT
 CRA CARPORTS FOR HINDS PUMPING PLANT
 CRA CHLORINE INJECTION IMPROVEMENTS
 CRA CHOLLA WASH CONDUIT RELINING
 CRA CIRCULATING WATER SYSTEM STRAINER REPLACEMENT
 CRA CONDUIT EROSION CONTROL IMPROVEMENTS
 CRA CONDUIT FORMAT WASH EROSION REPAIRS
 CRA CONDUIT STRUCTURAL PROTECTION
 CRA CONDUIT STRUCTURAL PROTECTION
 CRA CONVEYANCE RELIABILITY PROGRAM (CCRP) - BLOW-OFF REPAIR
 CRA CONVEYANCE RELIABILITY PROGRAM PART 1 & PART 2
 CRA CONVEYANCE SYSTEM HIGH FLOW RELIABILITY UPGRADES
 CRA COPPER BASIN AND GENE WASH DAM SLUICWAYS
 CRA COPPER BASIN OUTLET GATES RELIABILITY
 CRA COPPER BASIN OUTLET GATES RELIABILITY STUDY
 CRA DELIVERY LINE 1 SUPPORTS REHAB, FIVE PUMPING PLANTS
 CRA DELIVERY LINE REHABILITATION
 CRA DELIVERY LINES 2&3 SUPPORTS REHAB, GENE & INTAKE
 CRA DESERT AIRFIELDS IMPROVEMENT
 CRA DESERT PUMP PLANT OIL CONTAINMENT
 CRA DESERT REGION SECURITY IMPROVEMENTS
 CRA DISCHARGE CONT/GENE CAMP & IRON MTN EQUIPMENT WASH DRAINS
 CRA DISCHARGE CONTAINMENT
 CRA DISCHARGE CONTAINMENT PROGRAM - CONTINGENCY
 CRA DISCHARGE CONTAINMENT PROGRAM - GENE & IRON DRAIN SYSTEMS
 CRA DISCHARGE CONTAINMENT PROGRAM - INVESTIGATION
 CRA DISCHARGE CONTAINMENT PROGRAM - OIL & CHEMICAL UNLOADING PAD CONTAINMENT
 CRA DISCHARGE LINE ISOLATION BULKHEAD AND COUPLING
 CRA DOMESTIC WATER TREATMENT SYSTEM REPLACEMENT
 CRA ELECTRICAL / POWER SYSTEM RELIABILITY PROGRAM (CEPSRP)
 CRA ELECTRICAL GENE PUMP PLT REPLACE 6.9 KV TRANSFORMER BUSHINGS
 CRA ELECTRICAL POWER SYSTEM RELIABILITY PROGRAM PUMP
 CRA ELECTRICAL PUMP PLTS REPLACE 230 KV 69 KV & 6.9 KV LIGHTENING ARRESTERS
 CRA ELECTRICAL/POWER SYSTEM RELIABILITY PROGRAM, IRON MTN
 CRA EMERGENCY REPAIR AQUEDUCT REPUTURE IN DESERT HOT SPRINGS
 CRA ENERGY EFFICIENCY IMPROVEMENTS
 CRA FREDA SIPHON BARREL NUMBER 1
 CRA FREDA SIPHON BARREL NUMBER 1 INTERNAL SEAL INSTALLATION
 CRA- GENE PLANT, VENTILATE CABLE TUNNEL
 CRA- GENE PUMPING PLANT- CONSTRUCTION ADDITION TO TESTING LAB. BLDG.
 CRA GENE PUMPING PLANT HEAVY EQUIPMENT SERVICE PIT
 CRA GENE PUMPING PLANT HEAVY EQUIPMENT SERVICE PIT
 CRA GENE STORAGE WAREHOUSE REPLACEMENT
 CRA HINDS PUMPING PLANT - WASH AREA UPGRADE
 CRA HOUSING IMPROVEMENTS - ADDITION OF TEN NEW HOUSES
 CRA- IMPROVE ROAD TO HEAD GATE- WHITSETT
 CRA INTAKE AND GENE OVER-CURRENT RELAY REPLACEMENT

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

CRA INTAKE PPLANT - POWER & COMMUNICATION LINE REPLACEMENT
 CRA INTAKE PUMP PLANT SHORE PROTECTION
 CRA- INTAKE PUMPING PLANTS- REPL.STA. SERV. RACK CIRCUIT BREAKERS
 CRA IRON GARAGE HEAVY EQUIPMENT SERVICE PIT REPLACEMENT
 CRA IRON HOUSING REPLACEMENT
 CRA- IRON MOUNTAIN AND GENE- HOUSING (1/2 EACH)
 CRA IRON MOUNTAIN PUMP PLANT 2400 V SWITTC RACK REHABILITATION
 CRA IRON MOUNTAIN PUMP PLANT AND EAGLE MOUNTAIN PUMP PLANT RESERVOIR BOTTOM RELINING
 CRA IRON MOUNTAIN SUCTION JOINT REFURBISHMENT PILOT
 CRA IRON MOUNTAIN VILLAGE-REPLACE REC-MESS HALL FACILITIES
 CRA LAKEVIEW SIPHON
 CRA MAIN PUMP & MOTOR REFURISHMENT
 CRA MAIN PUMP AND MOTOR REFURISHMENT
 CRA MAIN PUMP CIRCULATING WATER SYSTEM REHABILITATION
 CRA MAIN PUMP CONTROLS & INSTRUMENTATION
 CRA MAIN PUMP CONTROLS AND INSTRUMENTATION
 CRA MAIN PUMP DISCHARGE VALVE REFURBISHMENT
 CRA MAIN PUMP MOTOR EXCITERS ASSESSMENT
 CRA MAIN PUMP MOTOR EXCITERS REHABILITATION
 CRA MAIN PUMP MOTOR REHABILITATION (INCLUDES UPCOMING CIP - CRA MAIN PUMP REHABILITATION)
 CRA MAIN PUMP REHABILITATION
 CRA MAIN PUMP REHABILITATION (STAGE 1) - DESIGN PHASE FOR DEMONSTRATION PROJECT
 CRA MAIN PUMP REHABILITATION (STAGE 1) - PRELIMINARY INVESTIGATIONS
 CRA MAIN PUMP STUDY
 CRA MAIN PUMP SUCTION AND DISCHARGE LINES, EXPANSION JOINT REPAIRS
 CRA MAIN PUMPING PLANT DISCHARGE LINE ISOLATION BULKHEAD COUPLING CONSTRUCTION
 CRA MAIN PUMPING PLANT UNIT COOLERS & HEAT ESCHANGERS
 CRA MAIN PUMPING PLANT UNIT COOLERS AND HEAT EXCHANGERS
 CRA MAIN PUMPING PLANTS DISCHARGE LINE ISOLATION BULKHEAD COUPLINGS
 CRA MAIN PUMPING PLANTS DISCHARGE LINE ISOLATION BULKHEAD COUPLINGS
 CRA MAIN PUMPING PLANTS LUBRICATION SYSTEM
 CRA MAIN PUMPING PLANTS SAND REMOVAL SYSTEM
 CRA MAIN PUMPING PLANTS SERVICE WATER & SAND REMOVAL SYSTEM
 CRA MAIN TRANSFORMER REFURBISHMENT
 CRA MAIN TRANSFORMER REPLACEMENT /REHABILITATION
 CRA MAIN TRANSFORMER REPLACEMENT/REHAB.
 CRA- MICROWAVE SYSTEM ENLARGEMENT
 CRA MILE 12 POWER LINE & FLOW MONITORING EQUIP. STUDY
 CRA MM 33 CANAL SIDEWALL IMPROVEMENTS
 CRA- MODIFY INTAKE TRANSFORMER COOLING
 CRA- MODIFY PUMP IMPELLERS AT FIVE PUMPING PLANTS
 CRA OVER-CURRENT RELAY REPLACEMENT
 CRA OVER-CURRENT REPLAY REPLACEMENT
 CRA- PROTECT TRANSFORMERS AT PUMPING PLANTS
 CRA PROTECTIVE SLAB AT EAGLE MOUNTAIN, STATION 5817+00
 CRA PROTECTIVE SLAB AT STATION 9704+77-15-011
 CRA PROTECTIVE SLABS
 CRA PUMP PLANT FLOW METER REPLACEMENT
 CRA PUMP PLANT FLOW METER UPGRADE
 CRA PUMP PLANT LOWER GUIDE ACCESS IMPROVEMENTS
 CRA PUMP PLANT ROLLUP DOOR AND WINDOW REPLACEMENTS
 CRA PUMP PLANT SUMP PIPING REPLACEMENT STUDY
 CRA PUMP PLANT SUMP SYSTEM REHABILITATION
 CRA PUMP PLANT UNINTERRUPTABLE POWER STUDY (UPS) UPGRADE
 CRA PUMP PLANTS 2.3KV & 480V SWITCHRACKS REHAB
 CRA PUMP PLANTS 2.3KV AND 480V SWITCH RACK REHABILITATION
 CRA PUMP PLANTS 2300KV & 480 V SWITCHRACK REHAB
 CRA PUMP PLANTS CIRCULATION WATER SYSTEMS
 CRA PUMP PLANTS ON-LINE INSTR FOR MICROFILT UNIT
 CRA PUMP REHAB PROJECT - AS-BUILT DRAWINGS
 CRA PUMP WELLS CONVERSION AND BLOW-OFF REPAIR
 CRA PUMPING PLANT DELIVERY LINE REHABILITATION
 CRA PUMPING PLANT REHABILITATION STUDY
 CRA PUMPING PLANT REHABILITATION STUDY AND INVESTIGATION
 CRA PUMPING PLANT RELIABILITY PROGRAM
 CRA PUMPING PLANT RELIABILITY PROGRAM - HIGH PRESSURE COMPRESSOR REPLACEMENT
 CRA PUMPING PLANT RELIABILITY PROGRAM - SUCTION & DISCHARGE LINES EXPANSION JOINT STUDY
 CRA PUMPING PLANT RELIABILITY PROGRAM - SUCTION AND DISCHARGE LINES-EXPANSION JOINT REPAIRS
 CRA PUMPING PLANT STATION BATTERY REPLACEMENT
 CRA PUMPING PLANT STORAGE BUILDINGS
 CRA PUMPING PLANT STORAGE BUILDINGS AT HINDS, EAGLE MOUNTAIN AND IRON MOUNTAIN
 CRA PUMPING PLANT SUMP SYSTEM REHABILITATION
 CRA PUMPING PLANT VULNERABILITY ASSESSMENT
 CRA PUMPING PLANT WASTEWATER SYSTEM - GENE & IRON MTN.
 CRA PUMPING PLANT WASTEWATER SYSTEM - INTAKE
 CRA PUMPING PLANT WASTEWATER SYSTEM REHABILITATION - ALL FIVE PUMPING PLANT PRELIMINARY DESIGN
 CRA PUMPING PLANT WASTEWATER SYSTEM REPLACEMENT
 CRA PUMPING PLANT WASTEWATER SYSTEM REPLACEMENT - GENE/IRON MTN FINAL DESIGN
 CRA PUMPING PLANT WASTEWATER SYSTEM REPLACEMENT - HINDS & EAGLE MOUNTAIN
 CRA PUMPING PLANT WASTEWATER SYSTEM REPLACEMENT - HINDS & EAGLE MTN.
 CRA PUMPING PLANTS - AUXILIARY POWER SYSTEM REHABILITATE/UPGRADES
 CRA PUMPING PLANTS 230KV & 69K DISCONNECT SWITCH REPLACEMENT
 CRA PUMPING PLANTS 230KV DISCONNECT SWITHC REPLACEMENT
 CRA PUMPING PLANTS ASPHALT REPLACEMENT
 CRA PUMPING PLANTS CRANE IMPROVEMENTS
 CRA PUMPING PLANTS SCADA NETWORK MAIN SWITCH REPLACEMENT
 CRA PUMPING PLANTS SWITCH HOUSE FAULT CURRENT PROTECTION
 CRA PUMPING PLANTS VULNERABILITY ASSESSMENT
 CRA PUMPING PLANTS WATER TREATMENT SYSTEMS REPLACEMENT
 CRA PUMPING PLT RELIABILITY PROGRAM, DISCHARGE LINE COUPLING INSTALLATION
 CRA PUMPING WELL CONVERSION
 CRA PUMPLING PLANTS DISCHARGE LINE ISOLATION GATES
 CRA QUAGGA MUSSEL BARRIERS

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

CRA RADIAL GATES AND SLIDE GATE REHABILITATION
 CRA RADIAL GATES REPLACEMENT
 CRA REALIABILITY PHASE II, PUMPING PLANT SWITCH HOUSE FAULT CURRENT PROTECTION
 CRA- RECONSTRUCT CAMINO SWITCHING STATION
 CRA- REHAB 11 MAIN TRANSFORMERS
 CRA RELIABILITY - PHASE II PROGRAM
 CRA RELIABILITY PHASE II - PUMPING PLANTS 230KV & 69KV DISCONNECT SWITCH REPLACEMENT
 CRA RELIABILITY PROGRAM - DISCHARGE VALVE LUBRICATORS
 CRA RELIABILITY PROGRAM - MOTOR BREAKER FAULTY CURRENT STUDY (5 PLANTS)
 CRA RELIABILITY PROGRAM PHASE 6 (AQUEDUCT PHASE 6 REHAB.) - SPEC 1568
 CRA RELIABILITY PROGRAM PHASE 6 (SAN JACINTO DIVERSION STRUCTURE)
 CRA RELIABILITY PROGRAM PHS 6 (SAN JACINTO DIV STRUCTURE & SVS CV-4)
 CRA RELIABILITY-PHASE II PROGRAM
 CRA RELIABILITY PHASE II - PUMPING PLANT SWITCH HOUSE FAULT CURRENT PROTECTION
 CRA- RELOCATE MOTOR COLLECTOR RINGS AT IRON MOUNTAIN PLANT
 CRA- REMODEL GENE GUEST LODGE
 CRA- REPL. 2300V STA. SERV. STANDBY POWER LINE AT GENE
 CRA- REPLACE CONTROL ROOM LIGHTING AT INTAKE AND IRON MOUNTAIN
 CRA- REPLACE WATER FLOWMETER INSTRUMENTS- 5 PUMPING PLANTS
 CRA SAND TRAP EQUIPMENT UPGRADES
 CRA SEISMIC EVALUATION - SWITCH HOUSE AND PUMP ANCHORAGE
 CRA SEISMIC RETROFIT OF 6.9KV SWITCH HOUSES
 CRA SEISMIC UPGRADE OF 6.9KV SWITCH HOUSES
 CRA SERVICE CONNECTION DWCV-2T VALVES REPLACEMENT AND STRUCTURE CONSTRUCTION
 CRA SERVICE CONNECTION DWCV-4 VALVES REPLACEMENT
 CRA SIPHON REHAB
 CRA SIPHONS, TRANSITIONS, CANALS AND TUNNELS REHABILITATION & IMPROVMENTS
 CRA SIPHONS, TRANSITIONS, CANALS, AND TUNNELS REHABILITATION AND IMPROVEMENTS
 CRA SUCTION AND DISCHARGE LINES - EXPANSION JOINT REPAIRS
 CRA SUPPORT FACILITIES SEISMIC EVALUATIONS
 CRA SURGE CHAMBER DISCHARGE LINE BY-PASS COVERS
 CRA SWITCHRACKS & ANCILLARY STRUCTURES EROSION CONTROL
 CRA TRANSFORMER OIL AND SODIUM HYPOCHLORITE CONTAINMENT
 CRA TRANSITION STRUCTURE AND MANHOLE COVERS REPLACEMENT
 CRA TRANSITION STURCTURE AND MANHOLE STRUCTURES COVERS REPLACEMENT
 CRA TUNNELS - SEISMIC RESILIENICE UPGRADES
 CRA UPS REPLACEMENT
 CRA- VIBRATION DETECTION EQUIPMENT
 CRA VILLAGES DOMESTIC WATER MAIN DISTRIBUTION REPLACEMENT STUDY
 CRA WATER DISTRIBUTION SYSTEM & VILLAGE ASPHALT REPLACEMENT - GENE & IRON MOUNTAIN
 CRA WATER DISTRIBUTION SYSTEM & WASTEWATER SYSTEM REPLACEMENT - GENE & IRON MTN CONSTRUCTION
 CRA WATER DISTRIBUTION SYSTEM REPLACEMENT AND CRA ROADWAY ASPHALT REPLACEMENT - ALL PP
 CRA WHIPPLE MOUNTAIN TUNNEL
 CRA WHIPPLE MOUNTAIN TUNNEL FLOW METERING EQUIPMENT UPGRADES
 CRA, CABAZON AND POTRERO SHAFT COVERS
 CRA, INSTALL WATER LEVEL ALARM SYSTEM AT CACTUS CITY (MILE 147)
 CRA, INSTALL WATER LEVEL ALARM SYSTEM AT FAN HILL (MILE 168)
 CRA, MILE 12 SIPHONS, INSTALL ACCOUSTIC FLOWMETERS
 CRA-ALL PUMP PLANTS -INSTALL ACOUSTIC METER
 CRA-ALL PUMP PLANTS- REPLACE C02 CYLINDERS
 CRA-ALL PUMP PLANTS-MODIFY OVERHEAD BRIDGE CRANES
 CRA-ALL PUMP PLANTS-REHAB PERF TEST
 CRA-ALL PUMP PLANTS-REPLACE IMPELLERS
 CRA-ALL PUMP PLANTS-VIBRATION MONITOR EQUIPMENT
 CRA-ALL PUMPING PLANTS - REPLACE MOTOR TEMP INSTRUMENTS
 CRA-ALL PUMPING PLANTS REHAB MAIN PUMP UNIT STUDY
 CRA-EAGLE AND HINDS PLANT-WORTH SHFT CONN. (1/2 EACH)
 CRA-EAGLE MNTN. OR HINDS PUMPING PLANTS -MODIF.PUMP IMPELLER ATTO
 CRA-EAGLE MTN. AND HINDS PUMPING PLANTS-MODIF. 2 IMPELLER ATTACHMT. (1/2/ EACH)
 CRA-GARAGES- PUMPING PLANT VILLAGES
 CRA-GENE-M.UNIT GARAGE BLDG,IRON & EAGLE MTN.-RPL.CBL TNL VENT SYS.
 CRA-HEAT EXCHANGER GENE PLANT TRANSFORMER 8K NO.2
 CRA-IRON MTN PUMP PLANT-MODIFY ACOUSTIC FLOWMETER
 CRA-ORIG CONST-LIQ DAMAGES
 CRA-ORIG CONSTRUCTION-CASH DISCOUNTS BOND FUND
 CRA-ORIG CONSTRUCTION-DISPOSAL OF PERMANENT WORKS
 CRA-ORIG CONSTRUCTION-SALES TAX ADJUSTMENT
 CRA-ORIG CONST-SALVAGE SALES
 CRA-ORIG CONST-UNAPPLIED INSURANCE RESERVE
 CUF DECHLORINATION SYSTEM
 CUT-AND-COVER CONDUIT SCHEDULE 17;17A
 CUT-AND-COVER CONDUIT, SCHEDULE 16
 DAM SLUICWAYS AND OUTLETS REHABILITATION
 DANBY DRY LAKE- BRINE WELL
 DANBY TOWER FOOTER REPLACEMENT
 DANBY TOWERS FOUNDATION REHABILITATION
 DESALINATION RESEARCH AND PARTNERSHIP
 DESERT AIRFIELDS IMPROVEMENT
 DESERT BRANCH - REPLACE STOLEN COPPER GROUND WIRE FOOTINGS/GROUNDING & COPPER PI
 DESERT BRANCH, PURCHASE AND INSTALL FIVE PORT VIDEO CONFERENCING BRIDGE
 DESERT CENTER EARP ROAD
 DESERT FACILITIES - FIRE PROTECTION UPGRADE
 DESERT FACILITIES FIRE PROTECTION SYSTEMS UPGRADE
 DESERT FACILITIES, FIRE PROTECTION UPGRADE
 DESERT LAND ACQUISITIONS
 DESERT PUMP PLANT OIL CONTAINMENT
 DESERT ROADWAY IMPROVEMENT
 DESERT SEPTIC SYSTEM
 DESERT SEWER SYSTEM REHABILITATION
 DESERT WATER TANK ACCESS - FIRE WATER, CIRCULATING WATER, DOMESTIC WATER- STUDY
 DESERT WATER TANK ACCESS AND SAFETY IMPROVEMENT
 DESILT WASH ROAD NEAR GENE PUMPING PLANT
 DIEMER INFRA-RED INSPECTION WINDOWS

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

DISCHARGE LINE COUPLING INSTALLATION
DISCHARGE LINE ISOLATION BULKHEAD COUPLINGS
DISTRIBUTION SYSTEM FACILITIES - REHABILITATION PROGRAM
DISTRIBUTION SYSTEM FACILITIES REHABILITATION PROGRAM - MAINTENANCE & STORAGE SHOP (PC-1)
DISTRIBUTION SYSTEM RELIABILITY PROGRAM - PHASE 2
DOMESTIC IMPROVEMENTS AT EAGLE MOUNTAIN AND CAMINO CAMP
DVL INLET / OUTLET TOWER FISH SCREENS REPLACEMENT
DVL TO SKINNER TRANSMISSION LINE STUDY
DVL, EASTSIDE PIPELINE, SECONDARY INLET
E. THORNTON IBBETSON GUEST DORMITORY AT GENE CAMP
E. THORNTON IBBETSON GUEST QUARTERS
EAGLE AND HINDS EQUIPMENT WASH AREA UPGRADE
EAGLE AND HINDS PLANT-MODIFY TWO MAIN IMPELLER ATTACHMENTS (1/2 EACH)
EAGLE AND HINDS PUMPING PLANTS-REPL. VIBRATOR MONITORING SYSTEM
EAGLE KITCHEN UPGRADE
EAGLE LIFT & EAGLE WEST SIPHONS SEISMIC IMPROVEMENTS
EAGLE MOUNTAIN 230 KV LOCAL BREAKER FAILURE BACKUP
EAGLE MOUNTAIN 230 KV PHYSICAL AND CYBER SECURITY UPGRADES
EAGLE MOUNTAIN 230KV LOCAL BREAKER FAILURE BACKUP
EAGLE MOUNTAIN 230KV PHYSICAL AND CYBER SECURITY UPGRADE
EAGLE MOUNTAIN CAMP FACILITIES-ADDITIONS
EAGLE MOUNTAIN CAMP FACILITIES-PERMANENT QTRS
EAGLE MOUNTAIN CRA EMPLOYEE HOUSING, MANUFACTURED HOMES
EAGLE MOUNTAIN CRA HOUSING, FENCING IMPROVEMENTS
EAGLE MOUNTAIN INTAKE CANAL
EAGLE MOUNTAIN INTAKE SIPHON SPILLWAY
EAGLE MOUNTAIN INTAKE SIPHONS
EAGLE MOUNTAIN PUMPING PLANT BUILDING & CONTROL HOUSE
EAGLE MOUNTAIN PUMPING PLANT DELIVERY PIPES
EAGLE MOUNTAIN PUMPING PLANT- ENCLOSURE FENCE
EAGLE MOUNTAIN PUMPING PLANT MISCELLANEOUS FEATURES
EAGLE MOUNTAIN PUMPING PLANT SCADA SYSTEM
EAGLE MOUNTAIN PUMPING PLANT STANDBY DIESEL ENGINE GENERATOR
EAGLE MOUNTAIN PUMPING PLANT VILLAGE-POTABLE WATER LINE REPLACEMENT PROJECT
EAGLE MOUNTAIN PUMPING PLANT: COTTAGE WITH DOUBLE GARAGE
EAGLE MOUNTAIN RESERVOIR
EAGLE MOUNTAIN RESERVOIR SLIDEGATE 2 REFURBISHMENT
EAGLE MOUNTAIN ROAD
EAGLE MOUNTAIN ROADWAYS
EAGLE MOUNTAIN SAND TRAPS STUDY
EAGLE MOUNTAIN SANDTRAP
EAGLE MOUNTAIN SIPHONS SEISMIC VULNERABILITY STUDY
EAGLE MOUNTAIN VILLAGE- RMODEL DORMITORY
EAGLE MOUNTAIN VILLAGE-ENLARGE SEWER DISPOSAL SYSTEM
EAGLE MTN AND HINDS PUMPING PLANTS- REPLACE CONTROL ROOM LIGHTING
EAGLE MTN SAND TRAPS STUDY
EAGLE MTN. REC/ MESS HALL MODIFICATIONS - AMERICANS W/ DISABILITIES
EAGLE MTN. & IRON MTN. - SHOPS AND HOUSES (1/2 EACH)
EAGLE MTN & HINDS PUMPING PLANTS-SERV. PLATFORMS & ACCESS LADDER
EAGLE MTN/HINDS PUMP PLT - REPLACE VIBRATING MONITORING SYSTEM
EAGLE MTN-REPLACE ASPHALT PAVEMENT
EAGLE PP UTILITIES AND PAVING
EAGLE ROCK ASPHALT REPAIR PROJECT
EAGLE ROCK MAIN ROOF REPLACEMENT
EAGLE/HINDS PUMPING PLANTS- REHAB. 2 MAIN TRANSFORMERS
EAST BRANCH AQUEDUCT STUDIES
EAST COXCOMB MOUNTAIN WATER LINES
EAST EAGLE MOUNTAIN TUNNEL
ELECTRICAL SYSTEM - CAMINO SWITCHING STATION
ELEVEN HOUSES & GARAGES: 6 - IRON MOUNTAIN ,2-HAYFIELD, 1- WIDE CYN.
ELEVEN HOUSES & GARAGES: 6-IRON MOUNTAIN ,2- EAGLE,2-HAYFIELD, 1- WIDE CYN.
ENHANCED VAPOR RECOVERY UPGRADES FOR GASOLINE DISPENSERS
ENVIRONMENTAL MITIGATION
ETIWANDA PIPELINE LINER REPAIR
ETIWANDA RESERVOIR LINER REPAIR
EVALUATION OF PRECIPITATIVE FOULING OF COLORADO RIVER WATER
EXPLORATORY WORK, GENE AND COPPER BASIN DAMS
FACILITIES - IRON MOUNTAIN
FAN HILL EXPERIMENTAL
FAN HILL EXPERIMENTAL SIPHON & TRANSITIONS
FEMA PROJECT 701209
FEMA PROJECT 701237
FEMA PROJECT 701249
FEMA PROJECT 701315
FEMA PROJECT 701339
FEMA PROJECT 701352
FENCING & EAGLE MOUNTAIN ROAD RELOCATION
FLOWMETER INDICATOR, WATER
FOOTHILL FEEDER ARROYO SECO WATER TREATMENT PLANT
FUTURE SYSTEM RELIABILITY PROJECTS
GARAGES - GENE & HINDS PUMP PLANTS - CRA
GARAGES- PARKER DAM, COPPER BASIN AND EAGLE MOUNTAIN
GARVEY RESERVOIR - AUTOMATED DATA ACQUISITION SYSTEM
GARVEY RESEVOIR AUTOMATED DATA ACQUISITION SYSTEM REPLACEMENT
GATES, FOUR SAN JACINTO TUNNEL - CRA (ORG CONST)
GENE MESS HALL MODIFICATIONS - AMERICANS W/ DISABILITIES
GENE & INTAKE P.P. - FREQUENCY PROTECTION RELAY REPLACEMENT
GENE & INTAKE PUMPING PLANT OUTLET STRUCTURE GATE RE-COATING (10003)
GENE & INTAKE PUMPING PLANT SURGE CHAMBER OUTLET GATES RE-COATING
GENE & INTAKE PUMPING PLANTS - REPLACE UNDER FREQUENCY PROTECTION RELAY
GENE & IRON
GENE & IRON UTILITIES AND PAVING
GENE AIR CONDITION

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

GENE AIR CONDITIONING SYSTEM, REPLACE
 GENE CAMP- DISMANTLE TWO APARTMENTS AND BUILD TWO HOUSES
 GENE CAMP FACILITIES - THREE COTTAGES AND GARAGES (CONT 579, SPEC 431)
 GENE CAMP FACILITIES-ADDITIONS
 GENE CAMP FACILITIES-BOOSTER REFRIGERATION FOR COTTAGES
 GENE CAMP FACILITIES-PERMANENT
 GENE CAMP LUNCH ROOM AND ADDITION TO GUEST HOUSE
 GENE CAMP MESS HALL, REPLACE A/C UNIT
 GENE CAMP MESS HALL, REPLACE AIR CONDITIONING UNIT
 GENE CAMP- REPLACE, REMODEL AND ENLARGE TEN HOUSES
 GENE CAMP STATION SERVICE TRANSFORMER REPLACEMENT
 GENE CAMP WALK-IN FREEZER REPLACEMENT
 GENE CAMP, DEMOLISHED MEDICAL BLDG UNITS 85G & 86G
 GENE COMMUNICATION SYSTEM UPGRADE
 GENE GUEST LODGE MODIFICATIONS - AMERICANS W/ DISABILITIES
 GENE HEADQUARTERS: FIVE HOUSES WITH GARAGES
 GENE HEADQUARTERS: FOUR COTTAGES WITH GARAGES
 GENE INLET SURGE CHAMBER ACCESS IMPROVEMENTS
 GENE PLANT- CLOSED CIRCUIT TV SYSTEM
 GENE PLANT- REPLACE STATION SERVICE RACK
 GENE PLANT- REPLACE TEMPERATURE INSTRUMENTS
 GENE POOL REFURBISHMENT
 GENE PUMPING PLAN- SPECIAL MECHANICAL MAINTENANCE SHOP ADDITION
 GENE PUMPING PLANT - AIR STRIP EXTENSION PROJECT
 GENE PUMPING PLANT - HEAVY EQUIPMENT SERVICE PIT
 GENE PUMPING PLANT - PEDDLER SUBSTATION REPLACEMENT
 GENE PUMPING PLANT - SCADA SYSTEM
 GENE PUMPING PLANT- CONSTRUCT HEADGATE STAIRWAY
 GENE PUMPING PLANT- CONSTRUCT ROAD TO HEAD GATE HOUSE
 GENE PUMPING PLANT DELIVERY PIPES & INLET
 GENE PUMPING PLANT EXPANSION JOINT
 GENE PUMPING PLANT EXPANSION JOINT REHABILITATION
 GENE PUMPING PLANT MAIN TRANSFORMER AREA
 GENE PUMPING PLANT MISCELLANEOUS FEATURES
 GENE PUMPING PLANT- PREFABRICATED AIRCRAFT HANGER
 GENE PUMPING PLANT PUMP BUILDING & CONTROL HOUSE
 GENE PUMPING PLANT PUMPING EQUIPMENT
 GENE PUMPING PLANT- REHAB. BANK NO.1 PHASE C,MAIN TRANSFORMER
 GENE PUMPING PLANT- REPLACE CONTROL ROOM LIGHTING
 GENE PUMPING PLANT REPLACE POWER CABLE AT HEAD GATE
 GENE PUMPING PLANT- REPLACE POWER CABLE AT HEAD GATE
 GENE PUMPING PLANT STANDBY GENERATOR REPLACEMENT
 GENE PUMPING PLANT, CONSTRUCT SPARE PARTS WAREHOUSE
 GENE PUMPING PLANT, REPL CIRCUIT BREAKER FOR TRANSFORMER BANK #1
 GENE PUMPING PLANT-HEADQUARTERS OFFICE BUILDING, MODIFY & EXPAN.
 GENE PUMPING PLANT-REPL 230 KV CIRCUIT BRKR. FOR TRSFMR BANK #1
 GENE REC HALL MODIFICATIONS - AMERICANS W/ DISABILITIES
 GENE RESERVOIR DAM-REPAIR 42
 GENE STORAGE BUILDING REPLACEMENT
 GENE STORAGE WAREHOUSE REPLACEMENT
 GENE TRANSFORMER PROTECTION
 GENE TRASH RACK
 GENE UNDERFREQUENCY RELAY UPGRADE
 GENE VILLAGE- REMODEL HOUSE # 46 G
 GENE VILLAGE -REMODEL WESTERN PORTION OF DORMITORY
 GENE VILLAGE- WATER PIPELINE FOR FIRE PREVENTION
 GENE VILLAGE: ADDITION TO GUEST LODGE
 GENE VILLAGE: ADDITIONAL COTTAGES- MOVING AND REMODELING
 GENE VILLAGE: RECREATIONAL HALL
 GENE VILLAGE: SERVICE FACILITIES
 GENE VILLAGE: SWIMMING AND WADING POOLS
 GENE VILLAGE: TWO CARPORTS
 GENE VILLAGE: WAREHOUSE
 GENE WASH DAM AND APPURTENENT WORKS
 GENE WASH RESERVOIRS DISCHARGE VALVE REHABILITATION
 GENE WASH ROAD
 GENE- WHITSETT WATER LINES
 GENE, IRON & EAGLE MTN. VILLAGES- MOBILE HOMES (1/3 EACH)
 GENERATOR, STANDBY ENGINE - GENE PUMP PLT CRA
 GENERATOR,STANDBY- INTAKE PUMP PLANT-CRA
 GENERATORS, STANDBY ENGINE - EAGLE & HINDS PUMP PLT (1/2 EACH)
 GROUTING CALIFORNIA ABUTMENT
 GUEST LODGE - GENE - CRA
 HALF CAP CIRC. SIPHONS SCHEDULE 18A
 HALF CAP CIRC. SIPHONS SCHEDULE 18J
 HALF CAP CIRC. SIPHONS SCHEDULE 19A
 HAYFIELD PUMPING PLANT: SWIMMING POOL
 HAYFIELD ROAD
 HAYFIELD TUNNEL NO. 1
 HAYFIELD TUNNEL NO. 2
 HAYFIELD VILLAGE: REBUILDING GARAGE, WORKSHOP & OIL HOUSE
 HEADGATE OPERATORS & CIRCUIT BREAKERS REHAB.
 HEADQUARTERS ELECTRICAL VEHICLE CHARGING STATION EXPANSION
 HIGHLAND PIPELINE CLAIM
 HIGHLAND PIPELINE CONSTRUCTION
 HINDS CAMP FACILITIES-ADDITIONS
 HINDS CAMP FACILITIES-PERMANENT QTRS
 HINDS EAGLE & IRON MOUNTAINS STORAGE BUILDINGS
 HINDS INTAKE CANAL
 HINDS INTAKE SIPHON
 HINDS PARKER DAM TELEPHONE LINE
 HINDS PP UTILITIES AND PAVING
 HINDS PUMP UNIT NO. 8 REFURBISHMENT

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

HINDS PUMPING PLANT BUILDING & CONTROL HOUSE
HINDS PUMPING PLANT DELIVERY PIPE EXPANSION JOINT PHASE 2
HINDS PUMPING PLANT DELIVERY PIPES
HINDS PUMPING PLANT DISCHARGE VALVE PIT PLATFORM REPLACEMENT
HINDS PUMPING PLANT DISCHARGE VALVE PLATFORM REPLACEMENT
HINDS PUMPING PLANT EQUIPMENT WASH AREA UPGRADES
HINDS PUMPING PLANT MISCELLANEOUS FEATURES
HINDS PUMPING PLANT PUMPING EQUIPMENT
HINDS PUMPING PLANT- REHAB. BANK #1, PHASE B, MAIN TRANSFORMER
HINDS PUMPING PLANT- REPLACE 230KV CIRCUIT BREAKER
HINDS PUMPING PLANT SCADA SYSTEM
HINDS PUMPING PLANT STANDBY GENERATOR REPLACEMENT
HINDS PUMPING PLANT SUMP REPAIRS
HINDS PUMPING PLANT, EQUIPMENT WASH AREA UPGRADE
HINDS PUMPING PLANT-REPLACE 2300 VOLT PARKWAY POWER CABLE
HINDS PUMPING PLT - REPLACE CIRCUIT BREAKER BANK # 2, MAIN TRANSFER
HINDS ROADWAYS
HINDS SAND TRAP
HINDS TRANSFORMER BANK PROTECTION RELAY REPLACEMENT
HINDS TRANSFORMER POWER CABLE REPLACEMENT
HINDS VILLAGE PAVING REPLACEMENT PROJECT
HINDS VILLAGE- REMODEL HOUSE #130H
HINDS VILLAGE- REMODEL HOUSE #149H
HINDS VILLAGE- SATELLITE TV ANTENNA SYSTEM
HINDS VILLAGE-PAVEMENT REPLACEMENT
HINDS WASTEWAY
HOLLYWOOD TUNNEL: REMODLG.CONTROL VALVE STRUCTURE AT N.PORTAL
HOOVER DAM PUMP PLANT TELEPHONE LINE
HOUSE AND GARAGE AT SAN JACINTO RESERVOIR
HOUSING - GENE VILLAGE
HYDROGRAPHIC EQUIPMENT
IM,EM,HP- REPLACE 2300 V STA.SERV.POWER CIRCUIT BREAKERS
INLAND FDR, ARROWHEAD TUNNELS REDESIGN
INLAND FDR, ARROWHEAD WEST TUNNEL CONSTRUCTION
INLAND FDR, CONTRACT 9, CONSTRUCTION OF RIVERSIDE PPLN SOUTH
INLAND FDR, OWNER CONTROLLED INSURANCE PROGRAM
INLAND FDR, REACH 4, RUSD PPLN
INLAND FDR-CNTR #1/DEVIL CYN-WATERMAN RD
INLAND FDR-CNTR #4-SOFT GRND TNL/SANTA ANA
INLAND FDR-CONT #8-PIPEL PARALLEL TO DAVIS RD
INLAND FDR-ENVIRON. MITIG.
INLAND FEEDER - RIGHT OF WAY AND EASEMENT PROCUREMENT
INLAND FEEDER AND LAKEVIEW PIPELINE INTERTIE
INLAND FEEDER AULD VALLEY PRESSURE CONTROL STRUCTURE
INLAND FEEDER CONTINGENCY
INLAND FEEDER CONTRACT 1, DEVIL CANYON / WATERMAN RD
INLAND FEEDER COST OF LAND AND RIGHT OF WAY
INLAND FEEDER ENVIRONMENTAL MITIGATION
INLAND FEEDER GROUNDWATER MONITORING
INLAND FEEDER HIGHLAND PIPELINE CLAIMS COST
INLAND FEEDER HIGHLAND PIPELINE CONSTRUCTION
INLAND FEEDER HIGHLAND PIPELINE DESIGN
INLAND FEEDER MENTONE PIPELINE CONSTRUCTION
INLAND FEEDER MENTONE PIPELINE DESIGN
INLAND FEEDER MENTONE PIPELINE RUSD CONSTRUCTION
INLAND FEEDER OWNER CONTROLLED INSURANCE PROGRAM
INLAND FEEDER PRESSURE CONTROL STRUCTURE
INLAND FEEDER PROGRAM REMAINING BUDGET/CONTINGENCY
INLAND FEEDER PROJECT MANAGEMENT SUPPORT
INLAND FEEDER PURCHASE OF LAND AND RIGHT OF WAY
INLAND FEEDER RAISE BURIED STRUCTURES AND REALIGN DAVIS RD.
INLAND FEEDER REVERSE OSMOSIS PLANT
INLAND FEEDER RIVERSIDE BADLANDS TUNNEL CONSTRUCTION
INLAND FEEDER RIVERSIDE NORTH PIPELINE DESIGN
INLAND FEEDER RUSD CLAIMS DEFENSE
INLAND FEEDER STUDIES
INLAND FEEDER STUDY
INLAND FEEDER UNDERGROUND STORAGE TANK REMOVAL & ABOVEGROUND STORAGE TANK INSTALLATION
INLAND FEEDER, ARROWHEAD EAST TUNNEL
INLAND FEEDER, ARROWHEAD TUNNELS CONSTRUCTION
INLAND FEEDER, ARROWHEAD TUNNELS REDESIGN
INLAND FEEDER, ARROWHEAD WEST TUNNEL
INLAND FEEDER, CONTRACT #5, OPAL AVENUE PORTAL / BADLANDS TUNNEL
INLAND FEEDER, CONTRACT #7, RIVERSIDE NORTH PIPELINE CONSTRUCTION
INLAND FEEDER, CONTRACT 2, EAST SAN BERNARDINO TUNNEL / PORTALS
INLAND FEEDER, CONTRACT 4, SOFT GROUND TUNNEL / SANTA ANA
INLAND FEEDER, CONTRACT 5, OPAL AVENUE PORTAL / BADLANDS TUNNEL
INLAND FEEDER, CONTRACT 6, GILMAN SPRINGS PORTAL / BADLAND TUNNEL
INLAND FEEDER, CONTRACT 7, RIVERSIDE NORTH PIPELINE CONSTRUCTION
INLAND FEEDER, CONTRACT 8, PIPELINE PARALLEL TO DAVIS ROAD
INLAND FEEDER, CONTRACT 9, CONSTRUCTION OF RIVERSIDE PIPELINE SOUTH
INLAND FEEDER, COST OF LAND AND RIGHT OF WAY
INLAND FEEDER, ENVIRONMENTAL MITIGATION
INLAND FEEDER, HIGHLAND PIPELINE DESIGN
INLAND FEEDER, MENTONE PIPELINE
INLAND FEEDER, OWNER CONTROLLED INSURANCE PROGRAM
INLAND FEEDER, PROGRAM MANAGEMENT
INLAND FEEDER, REACH 4, RUSD PIPELINE
INLAND FEEDER, RIGHT OF WAY AND EASEMENT PROCUREMENT
INLAND FEEDER, RIVERSIDE NORTH AND SOUTH PIPELINES, CATHODIC PROTECTION
INLAND FEEDER, THORNE WELL FIELD REVERSE OSMOSIS INSTALLATION
INLAND FEEDER/SBMWD HIGHLAND INTERTIE BYPASS LINE REHAB
INSTRUMENTS & PANELS - INTAKE, IRON, EAGLE & HINDS - (1/4 EACH)

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

INTAKE & GENE PUMPING PLANTS-REPLC. MOTOR AIR COOLER WATER BOXES
 INTAKE AND GENE PUMPING PLANTS 480 V AND 2400 V STANDBY DIESEL ENGINE GENERATOR REPLACEMENT
 INTAKE POWER AND COMMUNICATION LINE RELOCATION
 INTAKE POWER AND COMMUNICATIONS LINE RELOCATION
 INTAKE PPLANT - POWER & COMMUNICATION LINE REPLACEMENT
 INTAKE PUMP PLANT ROAD IMPROVEMENTS
 INTAKE PUMP PLANT, 69KV SWITCHYARD
 INTAKE PUMPING PLANT - COOLING AND REJECT WATER DISCHARGE TO LAKE HAVASU
 INTAKE PUMPING PLANT 2.4KV PWER LINE RELOCATION
 INTAKE PUMPING PLANT AUTOMATION PROGRAMMING
 INTAKE PUMPING PLANT INSTRUMENTATION REPLACEMENT
 INTAKE PUMPING PLANT INSTRUMENTATION REPLACEMENT & AUTOMATION
 INTAKE PUMPING PLANT INSTRUMENTATION REPLACEMENT & AUTOMATION (4 PLANTS)
 INTAKE PUMPING PLANT INSTRUMENTATION REPLACEMENT AND AUTOMATION
 INTAKE PUMPING PLANT POWER & COMMUNICATION LINE REPLACEMENT
 INTAKE PUMPING PLANT REPLACE STA SERV RACK CIRCUIT BREAKERS
 INTAKE PUMPING PLANT SCADA SYSTEM
 INTAKE PUMPING PLANT STANDBY GENERATOR REPLACEMENT
 INTAKE PUMPING PLANT TRANSFORMER SECURITY SCREEN
 INTAKE PUMPING PLANT: TWO HOUSES WITH GARAGES
 INTAKE PUMPING PLANT-REPLACE STANDBY GENERATOR
 INTAKE UTILITIES AND PAVING
 INTAKE,GENE,& IRON MTN. - REPL VIBRATING MONITORING SYSTEM
 IOC - ALL PUM P PLANTS, BRIDGE CRANE AND SEISMIC RESTRAINTS
 IOC - ALL PUMP PLTS, MODIFY STATIONARY POWER SUPPLY SYSTEM
 IOC - ALL PUMPING PLANTS, HYPOCHLORINATION SYSTEM
 IOC - ALL PUMPING PLANTS, REPLACE DOMESTIC WATER TREATMENT SYSTEMS
 IOC - CRA , ALL PUMP PLTS, REPL.THERMOMETERS/RECORDERS IN CONTROL ROOM
 IOC - CRA PUMP PLANTS, ONLINE INSTR FOR MICROFILT UNIT
 IOC - CRA WATER DESALINATION
 IOC - CRA, ALL PUMP PLANTS, REHAB PERF TEST
 IOC - CRA, INSTALL WATER LEVEL ALARM SYSTEM AT CACTUS CITY (MILE 147)
 IOC - CRA, INSTALL WATER LEVEL ALARM SYSTEM AT FAN HILL (MILE 168)
 IOC - CRA, MILE 12 SIPHONS, INSTALL ACCOUSTIC FLOWMETERS
 IOC - CRA, REPLACE FLOWMETER INSTRUMENTS, 5 PUMPING PLANTS
 IOC - CRA, WATER STORAGE IN DESERT GROUNDWATER BASIN, STUDY
 IOC - DESERT FACILITIES, FIRE PROTECTION UPGRADE
 IOC - EAGLE AND HINDS PUMPING PLANTS, REPL VIBRATON MONITORING SYSTEM
 IOC - EAGLE MTN & HINDS PUMPING PLTS, SERVICE PLATFORMS & ACCESS LADDER
 IOC - EAGLE MTN VILLAGE ASPHALT REMOVAL, REGRADE, AND REPLACE
 IOC - EAGLE/HINDS PUMPING PLANTS, REHAB 2 MAIN TRANSFORMERS
 IOC - GENE PUMPING PLANT, CONSTRUCT HEADGATE STAIRWAY
 IOC - GENE PUMPING PLANT, CONSTRUCT ROAD TO HEAD GATE HOUSE
 IOC - GENE PUMPING PLANT, CONSTRUCT SPARE PARTS WAREHOUSE
 IOC - GENE PUMPING PLANT, MODIFY AND EXPAND OFICE BUILDING
 IOC - GENE PUMPING PLANT, PREFABRICATED AIRCRAFT HANGAR
 IOC - GENE PUMPING PLANT, REPL 230 KV CIRCUIT BREAKER ON TRANSFORMER BANK 1
 IOC - GENE PUMPING PLANT, REPLACE POWER CABLE AT HEAD GATE
 IOC - GENE PUMPING PLANT, SPECIAL MECHANICAL MAINTENANCE SHOP ADDITION
 IOC - GENE VILLAGE, REMODEL HOUSE 46G
 IOC - GENE, IRON & EAGLE PUMP PLTS, INSTALL FLOW METERS
 IOC - HINDS PUMPING PLANT, REHAB BANK 1, PHASE B, MAIN TRANSFORMER
 IOC - HINDS PUMPING PLANT, REPLACE 230KV CIRCUIT BREAKER
 IOC - HINDS VILLAGE ASPHALT REMOVAL, REGRADE, AND REPLACE
 IOC - HINDS VILLAGE, REMODEL HOUSE 130H
 IOC - HINDS VILLAGE, REMODEL HOUSE 149H
 IOC - HINDS VILLAGE, SATELLITE TV ANTENNA SYSTEM
 IOC - INLAND FEEDER
 IOC - INTAKE PUMP PLANT, 69KV SWITCHYARD
 IOC - IRON MOUNTAIN VILLAGE, REMODEL DORMITORY
 IOC - IRON MOUNTAIN VILLAGE, SATELLITE TV ANTENNA SYSTEM
 IOC - IRON MTN, EAGLE MTN, HINDS, REPLACE 2300V STA SERV POWER CIRCUIT BREAKERS
 IOC - IRON MTN, WAREHOUSE BLDG, MEZZ CONSTRUCTION
 IOC - IRON, EAGLE, GENE, HINDS, HEAT EXCHANGER ON TRANSFORMERS
 IOC - LAKE PERRIS AREA STUDY
 IOC - LAKE PERRIS PUMPBACK FACILITY, EXPANSION 2
 IOC - SAN JACINTO TUNNEL, WEST PORTAL SEISMIC MODS
 IOC - SEISMIC MODS, ALL PUMP PLTS
 IRON AND EAGLE PUMP PLANT RESERVOIR SPILLWAY AUTO REJECTION
 IRON MOUNTAIN & EAGLE MOUNTAIN 230KV TRANSMISSION LINE PILOT RELAY
 IRON MOUNTAIN 2400 V STANDBY DIESEL ENGINE GENERATOR REPLACEMENT
 IRON MOUNTAIN AUXILIARY POWER SYSTEM REHABILITATION
 IRON MOUNTAIN CAMP FACILITIES- TWO COTTAGES (CONT 579, SPEC 431)
 IRON MOUNTAIN CAMP FACILITIES-ADDITIONS
 IRON MOUNTAIN CAMP FACILITIES-OIL STORAGE HOUSE
 IRON MOUNTAIN CAMP FACILITIES-PERMANENT QTRS
 IRON MOUNTAIN COLORADO RIVER WATER LINE
 IRON MOUNTAIN GENERATOR REPLACEMENT
 IRON MOUNTAIN HAZARDOUS WASTE CONTAINMENT
 IRON MOUNTAIN INTAKE CANAL
 IRON MOUNTAIN INTAKE SIPHONS
 IRON MOUNTAIN O&M EQUIPMENT PARKING CANOPY
 IRON MOUNTAIN PLANT- REPLACEMENT OF STAND-BY GENERATOR
 IRON MOUNTAIN PUMPING PLANT
 IRON MOUNTAIN PUMPING PLANT BUILDING & CONTROL HOUSE
 IRON MOUNTAIN PUMPING PLANT DELIVERY LINE NO. 1 RELINING
 IRON MOUNTAIN PUMPING PLANT DELIVERY PIPES
 IRON MOUNTAIN PUMPING PLANT HOUSING REPLACEMENT
 IRON MOUNTAIN PUMPING PLANT MISCELLANEOUS FEATURES
 IRON MOUNTAIN PUMPING PLANT PUMPING EQUIPMENT
 IRON MOUNTAIN PUMPING PLANT- RELOCATE T.V. ANTENNA
 IRON MOUNTAIN PUMPING PLANT- RETUBE MOTOR AIR COOLERS- UNITA 4 & 5
 IRON MOUNTAIN PUMPING PLANT- RPLC.TUBES IN MOTOR AIR COOLERS 1,2 & 3

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

IRON MOUNTAIN PUMPING PLANT SCADA SYSTEM
 IRON MOUNTAIN PUMPING PLANT, DELIVERY PIPE EXPANSION JOINT REPAIRS
 IRON MOUNTAIN PUMPING PLANT: FAMILY RESIDENCE & GUEST QUARTERS
 IRON MOUNTAIN- REPLACE DAMAGED FACILITIES
 IRON MOUNTAIN RESERVOIR
 IRON MOUNTAIN ROAD
 IRON MOUNTAIN SAND TRAP
 IRON MOUNTAIN SERVICE PIT REHABILITATION
 IRON MOUNTAIN SERVICE PLT REHABILITATION
 IRON MOUNTAIN TRANSFORMER BANK PROTECTION RELAY REPLACEMENT
 IRON MOUNTAIN TUNNEL, EAST PORTION
 IRON MOUNTAIN TUNNEL, WEST PORTION
 IRON MOUNTAIN VILLAGE -REMODEL DORMITORY
 IRON MOUNTAIN VILLAGE- REPLACE SEWAGE DISPOSAL
 IRON MOUNTAIN VILLAGE- SATELLITE TV ANTENNA SYSTEM
 IRON MOUNTAIN WASTEWAY
 IRON MOUNTAIN, TRANSFORMER OIL TANK RELOCATION
 IRON MOUNTAIN & EAGLE MOUNTAIN 230KV TRANSMISSION LINE PILOT RELAY
 IRON MT. AUXILIARY POWER SYSTEM REHABILITATION AND UPGRADE
 IRON MTN - WAREHOUSE BLDG, MEZZ CONSTRUCTION
 IRON MTN. VILLAGE - REMODEL DORMITORY
 IRON/EAGLE/GENE/HINDS- HEAT EXCHANGER ON TRANSFORMERS
 IRON/EAGLE/GENE/HINDS- HEAT EXCHANGER ON TRANSFORMERS (1/4 EACH)
 IRON/EAGLE/HINDS DELIVERY LINE SUPPORT REPAIRS
 IRON/HINDS - REPLACE PHONE SYSTEM
 IRON-EAGLE MTN. 230 KV TRANSMISSION LINE PILOT RELAY
 JULIAN HIND PUMP PLT - DEMOLISH HOUSE 36H & 37H
 JULIAN HINDS PUMPING PLANT DELIVERY PIPE EXPANSION JOINT PHASE 2 REPAIRS
 JULIAN HINDS PUMPING PLANT DELIVERY PIPE EXPANSION JOINT PHASE I REPAIR
 JULIAN HINDS PUMPING PLANT DELIVERY PIPE EXPANSION JOINT PHASE REPAIR
 LAKE MATHEWS FOREBAY & HEADWORK FACILITY & EQUIPMENT
 LAKE MATHEWS ICS
 LAKE MATHEWS INLET CHANNEL (SCH 23A; SPEC 82)
 LAKE MATHEWS INTERIM CHLORINATION SYSTEM
 LAKE MATHEWS LA VERNE TELEPHONE LINE
 LAKE PERRIS AREA STUDY
 LAKE PERRIS BYPASS PIPELINE EXPLORATORY EXCAVATION
 LAKE SKINNER - OUTLET CONDUIT FLOWMETER INSTALLATION
 LAKE SKINNER BYPASS PIPELINE NO. 2 CATHODIC PROTECTION
 LAKE SKINNER OUTLET CONDUIT
 LAKEVIEW BEAUMONT TELEPHONE LINE
 LAKEVIEW PIPELINE LEAK REPAIR AT STA. 2510+49
 LAKEVIEW PIPELINE REPAIRS PHASE 1 - BERNASCONI TUNNEL LINING
 LAVERNE FACILITIES - EMERGENCY GENERATOR
 LAVERNE FACILITIES - MATERIAL TESTING
 LAWRENCE ADIT POWER LINE
 LIGHTING, CONTROL ROOM - EAGLE MOUNTAIN & HINDS PUMP PLT
 LITTLE MORONGO CIRCULAR SIPHON
 LOWER FEEDER EROSION PROTECTION
 MAGAZINE CANYON - VALVE REPLACEMENT FOR SAN FERNANDO TUNNEL (STATION 778+80)
 MAGAZINE CANYON OIL & WATER SEPARATOR
 MAGAZINE CANYON OIL/WATER SEPARATOR
 MAINTENANCE SHOP, GENE CMP - CRA
 MATHEWS/DESERT-DOMESTIC WATER SYSTEM STUDY
 MECCA PASS COLORADO RIVER PASS
 MECCA PASS IRON MOUNTAIN WATER LINE
 MECCA PASS TUNNELS
 MENTONE PIPELINE, RUSD, DEFENSE OF CLAIM
 MENTONE PPLN, RUSD, DEFENSE OF CLAIM
 MESS HALL BUILDING - IRON MOUNTAIN
 MILE 12 FLOW AND CHLORINE MONITORING STATION UPGRADES
 MILE 12 POWER LINE & FLOW MONITORING EQUIPMENT STUDY
 MILIGAN SALT HAUL ROAD
 MILLS PLANT SUPPLY PUMP STATION STUDY
 MINOR CAP FY 2011/12
 MINOR CAPITAL PROJECTS FOR FY 1989/90 - EAGLE MTN PUMPING PLANT
 MINOR CAPITAL PROJECTS FOR FY 1989/90 - GENE PUMPING PLANT
 MINOR CAPITAL PROJECTS-EAGLE MTN VILLAGE, ASPHALT, REMOVE, REGRADE, REPL
 MINOR CAPITAL PROJECTS-GENE INDUST AREA, INSTALL 2300V SVC
 MINOR CAPITAL PROJECTS-GENE, IRON & EAGLE PUMP PLTS, INSTALL FLOW METERS
 MINOR CAPITAL PROJECTS-HINDS VILLAGE, ASPHALT, REMOVE, REGRADE, REPL
 MISCELLANEOUS
 MISCELLANEOUS WATER SYSTEM ADDITIONS
 MODIFY STRUCTURE EAST WIDE CANYON SIPHON
 MORONGO MECCA PASS WATER LINE
 MOTOR AIR COOLERS - IRON MTN PUMP PLT - CRA
 MOTOR BREAKER FAULTY (5 PLANTS)
 NEW HOUSE AT HINDS PUMP PLANT VILLAGE
 NEWHALL TUNNEL - REPAIR STEEL LINER
 NEWHALL TUNNEL - UPGRADE LINER SYSTEM
 NITROGEN STORAGE STUDY AT DVL, INLAND FEEDER PC-1, AND LAKE MATHEWS
 OC 44 SERVICE CONNECTIONS & EOC#2 METER ACCESS ROAD REPAIR
 OC 88 PUMP PLANT FIRE PROTECTION STUDY
 OC-71 SERVICE CONNECTION REPAIRS
 OFFICE BUILDING - IRON MOUNTAIN
 OLINDA PCS FACILITY REHABILITATION AND UPGRADE
 OLINDA PRESSURE CONTROL STRUCTURE FACILITY REHABILITATION AND UPGRADE
 OPERATION OF DORMITORY BY USBR
 ORANGE COUNTY 44 SERVICE CONNECTIONS & EOC#2 METER ACCESS ROAD REPAIR
 ORANGE COUNTY 88 PUMP PLANT FIRE PROTECTION STUDY
 OVERALL ASSESSMENT OF DELIVERY LINES
 OVERHAUL PUMPS 1,2, &3 EAGLE MOUNTAIN
 OVERHAUL PUMPS 1,2, &3 GENE

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

OVERHAUL PUMPS 1,2, &3 HINDS
OVERHAUL PUMPS 1,2, &3 IRON MOUNTAIN
OVERHAUL PUMPS 1,2, &3 WHITSETT
OWNER CONTROLLED INSURANCE PROGRAM
P103253 CRA PUMP WELLS CONVERSION AND BLOW-OFF REPAIR
P103260 CRA ELECTRICAL GENE PUMP PLT REPLACE 6.9 KV TRANSFORMER BUSHINGS
P103741 CRA PUMPING PLANT VULNERABILITY ASSESSMENT
P103942 BLACK METAL MOUNTAIN, ELECTRICAL TRANSFORMER UPGRADE
P104244 IRON MOUNTAIN PUMPING PLANT, DELIVERY PIPE EXPANSION JOINT REPAIRS
P104506 IRON/EAGLE/HINDS DELIVERY LINE SUPPORT REPAIRS
P104755 CRA HOUSING IMPROVEMENTS - ADDITION OF TEN NEW HOUSES
P104875 SECOND LOWER FEEDER PCCP REHABILITATION
P104887 SECURITY SYSTEM UPGRADE PROJECT
P105000 SWITCH HOUSE DOORS AT EAGLE, MOUNTAIN & IRON MOUNTAIN
P105008 PHYSICAL SECURITY CONTROLS FOR THE IRON MOUNTAIN
P105015 IRON MOUNTAIN O&M EQUIPMENT PARKING CANOPY
P105033 GENE INLET SURGE CHAMBER ACCESS IMPROVEMENTS
P105082 IRON-EAGLE MTN. 230 KV TRANSMISSION LINE PILOT RELAY
P105159 EAGLE MOUNTAIN 230KV LOCAL BREAKER FAILURE BACKUP
P105180 CRA WHIPPLE MOUNTAIN TUNNEL
P105185 EAGLE MOUNTAIN CRA EMPLOYEE HOUSING, MANUFACTURED HOMES
P105208 CRA PUMPING PLANTS SCADA NETWORK MAIN SWITCH REPLACEMENT
P105209 CRA PUMPING PLANT STATION BATTERY REPLACEMENT
P105214 EAGLE MOUNTAIN CRA HOUSING, FENCING IMPROVEMENTS
PALO VERDE VALLEY LAND PURCHASE - 16,000 ACRES
PALOS VERDES FEEDER REHABILITATION OF DOMINGUEZ CHANNEL
PALOS VERDES RESERVOIR SPILLWAY MODIFICATION
PARKER POWER FLOATING BULKHEAD GATE
PARKER POWER PLANT- AUTOMATION
PARKER POWER PRELIMINARY STUDIES AND DESIGN
PARKER POWER TESTING AND BORING
PARKER POWER, DIVERSION, OUTLET WORKS & POWER HOUSE SUBSTRUCTURE
PARKER POWERHOUSE STUDIES
PARKER POWERHOUSE SUPERSTRUCTURE
PARKWAY CABLE 2300 VOLT - HINDS PUMP PLT
PERMANENT BUILDING AT CAMINO STATION
PERRIS VALLEY SIPHON SCHEDULE 22
PHYSICAL SECURITY CONTROLS FOR IRON MOUNTAIN
POWER SYSTEM OPERATION
POWER SYSTEMS SURVEYS
PRELIMINARY OPERATION (1939-1940)
PRELIMINARY OPERATION (1941)
PRELIMINARY OPERATION - TESTING & CONDITIONING (1941)
PRELIMINARY OPERATIONS
PRELIMINARY PARKER POWER SURVEYS
PROJECT MANAGEMENT SUPPORT
PROTECTION- ACQUEDUCT AND DISTRIBUTION SYSTEM
PUDDINGSTONE RADIAL GATE REHABILITATION
PUMP UNIT NO.6 EAGLE MOUNTAIN
PUMP UNIT NO.6 GENE (SPEC 503)
PUMP UNIT NO.6 HINDS
PUMP UNIT NO.6 IRON MOUNTAIN
PUMP UNIT NO.6 VARIOUS CREDITS
PUMP UNIT NO.8 WHITSETT (SPEC 503)
PUMPING EQUIPMENT
PUMPING EQUIPMENT - VARIOUS PLANTS (RETIRED IN 60/63/67)
PUMPING PLANT BLDG. ENLARGEMENT FOR UNITS 6-9: INTAKE PUMPING PLNT.-EAGLE
PUMPING PLANT BLDG. ENLARGEMENT FOR UNITS 6-9: INTAKE PUMPING PLNT.-GENE
PUMPING PLANT BLDG. ENLARGEMENT FOR UNITS 6-9: INTAKE PUMPING PLNT.-HAYFIELD
PUMPING PLANT BLDG. ENLARGEMENT FOR UNITS 6-9: INTAKE PUMPING PLNT.-INTAKE
PUMPING PLANT BLDG. ENLARGEMENT FOR UNITS 6-9: INTAKE PUMPING PLNT.-IRON
PUMPING PLANT DELIVERY LINE NO.3-EAGLE (ALLOC)
PUMPING PLANT DELIVERY LINE NO.3-GENE (ALLOC)
PUMPING PLANT DELIVERY LINE NO.3-HINDS (ALLOC)
PUMPING PLANT DELIVERY LINE NO.3-INTAKE (ALLOC)
PUMPING PLANT DELIVERY LINE NO.3-IRON (ALLOC)
PUMPING PLANT EXPANSION UNITS 7,8 & 9 WHITSETT
PUMPING PLANT EXPANSION UNITS 7,8 & 9 EAGLE
PUMPING PLANT EXPANSION UNITS 7,8 & 9 GENE
PUMPING PLANT EXPANSION UNITS 7,8 & 9 GENERAL
PUMPING PLANT EXPANSION UNITS 7,8 & 9 GENERAL (SPEC 547)
PUMPING PLANT EXPANSION UNITS 7,8 & 9 HINDS
PUMPING PLANT EXPANSION UNITS 7,8 & 9 IRON
PUMPING PLANT EXPANSION UNITS 7,8 & 9 VARIOUS
PUMPING PLANT EXPANSION UNITS 7,8 & 9 WHITSETT
PUMPING PLANTS EXPANSION UNITS NO. 4 &5 INCL. DELIVERY LINE # 2-EAGLE (ALLOC)
PUMPING PLANTS EXPANSION UNITS NO. 4 &5 INCL. DELIVERY LINE # 2-GENE (ALLOC)
PUMPING PLANTS EXPANSION UNITS NO. 4 &5 INCL. DELIVERY LINE # 2-HINDS (ALLOC)
PUMPING PLANTS EXPANSION UNITS NO. 4 &5 INCL. DELIVERY LINE # 2-INTAKE (ALLOC)
PUMPING PLANTS EXPANSION UNITS NO. 4 &5 INCL. DELIVERY LINE # 2-IRON (ALLOC)
PURCHASE OF LAND AND RIGHT OF WAY
QUAGGA MUSSEL STUDY
R&R FOR CRA
RADIO COMMUNICATION EQUIPMENT.CHUCKAWALLA PEAK-CRA
RADIO COMMUNICATION EQUIPMENT.SANTIAGO PEAK-CRA
RECREATION HALL - CAMINO SWITCHING STATION
RECREATION HALL, HINDS & EAGLE MTN - CRA (1/2 EACH)
RECREATIONAL FACIL.AT EAGLE, IRON, HAYFIELD PUMPING PLNTS & CAMINO
RECREATIONAL FACILITIES AT IRON, EAGLE AND HAYFIELD PUMPING PLANTS
RED MOUNTAIN POWER PLANT REHABILITATION
RED MOUNTAIN, OCTOBER 2007 FIRE DAMAGE, COMMUNICATION POWER TOWERS
RELAY PANELS, ALL PLANTS - CRA
REMODEL & ENLARGE TEN DISTRICT HOUSES - CRA

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

REMODEL DORMITORY-EAGLE MTN VILLAGE
 REMODEL WESERN PORTION OF DORMITORY, GENE VILLAGE
 REPAIR DETERIORATED JOINTS IN CRA LAKEVIEW SIPHON
 REPAIR GATEHOUSE ANCHOR BLOCK- HINDS PLT
 REPAIR PUMP UNITS GENERAL
 REPAIR UPPER FEEDER LEAKING EXPANDSION JOINT
 REPAIRS TO TUNNELS
 REPLACE 240KV/69KV OIL CIRCUIT BREAKERS AT ALL PUMPING PLTS
 REPLACE AIR CIRCUIT BREAKERS,UNIT 1 THRU 6 AT ALL FIVE PLANTS (1/5 EACH)
 REPLACE DOMESTIC WATER SUPPLY - VARIOUS LOCATION
 REPLACE DOMESTIC WATER SYSTEM
 REPLACE HOUSES AND SHOPS AT PUMP PLANTS
 REPLACE INSTR. PANEL-INTAKE IRON, EAGLE, AND HINDS (1/4 EACH)
 REPLACE WATER FLOWMETER INDICATORS
 REPLACING STORAGE BATTERIES
 REROUTING TELEPHONE LINE AT PALM SPRING
 RESIDENCE 131-W - EAST SIDE CANYON
 RESIDENCE 141-V - VIDAL
 RESIDENCE 145-C - COXCOMB
 RESIDENCES - 2 AT GENE VILLAGE
 RESIDENCES - 4 AT GENE & 1 AT IRON MOUNTAIN - CRA
 RETIRED BANNING-VALVERDE TELEPHONE LINE
 RETIRED LAKE MATHEWS-LA VERNE TELEPHONE LINE
 RETIRED LAKEVIEW-BEAUMONT TELEPHONE LINE
 RETIRED SALT LOADING DOCK REPLACED BY E & A 271
 RETIRED TELEPHONE LINE AT PALM SPRINGS
 RETIRED VALVERDE-LAKE MATHEWS TELEPHONE LINE
 RETUBE 24 AIR COOLERS FOR MOTORS,INTAKE P.P & GENE P.P
 RETUBE COOLERS UNITS 4 & 5, CREDITS-GENE (SPEC 567)
 RETUBE COOLERS UNITS 4 & 5, GENE (SPEC 567)
 RETUBE COOLERS UNITS 4 & 5, WHITSETT (SPEC 567)
 RETUBE MOTOR AIR COOLERS - HINDS AND EAGLE (1/2 EACH)
 RIALTO FEEDER REPAIR @ STA. 3662+23
 RIALTO FEEDER REPAIR OF ANOMALOUS PIPE SECTION
 RIALTO PIPELINE CB-12 ND CB-16 VALVE REPLACEMENT
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM - COLORADO RIVER AQUEDUCT
 RIVERSIDE BADLANDS TUNNEL CONSTRUCTION
 RIVERSIDE BRANCH - ALESSANDRO BLVD. LEFT LAND TURN LANE
 RIVERSIDE BRANCH - CONSTRUCTION OF CONTROL PANEL DISPLAY WALL
 RIVERSIDE NORTH PIPELINE DESIGN & CONSTRUCTION
 RIVERSIDE SOUTH PIPELINE CONSTRUCTION
 ROAD MAINTENANCE
 ROAD SURVEYS
 ROADS FOR TRANSMISSION LINE SURVEYS
 RPLCMT.OF TUBES IN 38 MTR.AIR COOLERS ON UNITS 1,2&3-EAGLE & HAYFIELD
 SALT LOADING DOCK AT MILIGAN- NEAR DANBY DRY LAKE (REPLACE)
 SALT PRODUCTION PLANT
 SAN DIEGO PIPELINE REPAIR AT STATION 1268+57
 SAN FERNANDO TUNNEL STATION 778+80 VALVE REPLACEMENT
 SAN GABRIEL TOWER SEISMIC ASSESSMENT
 SAN JACINTO RESERVOIR SERVICE INTERTIE
 SAN JACINTO RESERVOIR-FISH SCREENS AND CHLORINE EQUIPMENT
 SAN JACINTO TUNNEL
 SAN JACINTO TUNNEL EAST ADIT REHABILITATION
 SAN JACINTO TUNNEL SUBSTATIONS
 SAN JACINTO TUNNEL, WEST PORTAL
 SAN JACINTO TUNNEL,WEST PORTAL SEISMIC MODIFICATION
 SAN JACINTO TUNNEL: ADDITIONAL GROUTING
 SAN JACINTO TUNNEL: EXPANSION OF SIPHONS (EAST OF TUNNEL)
 SAN JACINTO TUNNEL:SECOND BARREL OF CASA LOMA SIPHONS
 SAN JOAQUIN RESERVOIR - NEW DESIGN
 SAN JOAQUIN RESERVOIR IMPROVEMENT- FLOATING COVER
 SAN JOAQUIN RESERVOIR IMPROVEMENTS
 SAN JOAQUIN RESERVOIR IMPROVEMENTS STUDY
 SAN TIMOTEO CANYON POWER LINES
 SAND TRAP CLEANING EQUIPMENT AND TRAVELING CRANE STUDY
 SAND TRAP STUDY
 SANTA ANA RIVER BRIGDE SEISMIC RETROFIT
 SANTIAGO TOWER ACCESS ROAD UPGRADE
 SANTIAGO TOWER PATROL ROAD REPAIR
 SD5 REPAIR
 SECOND 230KV TRANSMISSION LINE (SPEC 570)
 SECOND LOWER FEEDER STRAY CURRENT MITIGATION SYSTEMS REFURBISHMENT
 SECURITY FENCING AT OC-88 PUMPING PLANT
 SECURITY SYSTEM UPGRADE PROJECT
 SEISMIC EVALUATION OF CRA STRUCTURES
 SEISMIC MODS-ALL 5 PUMP PLT BLDG
 SEISMIC MODS-DISCHRG PIPLN-ALL PUMPING PLTS
 SEISMIC PROGRAM
 SEISMIC UPGRADE OF 11 FACILITIES OF THE CONVEYANCE & DISTRIBUTION SYSTEM
 SEPULVEDA FEEDER CORROSION INTERFERENCE MITIGATION
 SEPULVEDA FEEDER REPAIR AT STATION 1099
 SEPULVEDA FEEDER STRAY CURRENT MITIGATION SYSTEM REFURBISHMENT
 SERVICE CONNECTION & EOCF #2 METER ACCESS ROAD UPGRADE & BETTERMENT
 SERVICE CONNECTION DWCV-2T VALVES REPLACEMENT AND STUCTURE CONSTRUCTION
 SHAVERS SUMMIT ROAD ADVANCE
 SKINNER BR - IMPROVE CABAZON RADIAL GATE FACILITY
 SKINNER BRANCH, CASA LOMA CANAL ACOUSTIC METER
 SKINNER BRANCH, CASA LOMA SIPHON, BARREL ONE BULKHEAD
 SKINNER ELECTRICAL EQUIPMENT BUILDING 1 & 2
 STANDBY GENERATOR - IRON MOUNTAIN
 STANDBY POWER LINE GENE PUMP PLANT - CRA
 STATION SERVICE RACKS, GENE PUMP PLT- CRA

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Conveyance and Aqueduct Facilities**

SUBSTATION OPERATORS QUARTERS
 SUCTION & DISCHARGE LINES EXPANSION JOINT STUDY
 SURVEYS
 SVC CONNECT 2ND LOWER FEEDER STA1554+00-1568+50
 SVC CONNECT CRA EAGLE MTN LANDFILL STA 5585+00-5850+00
 SVC CONNECT OC FEEDER OC-28A
 SWITCH HOUSE DOORS AT EAGLE MOUNTAIN & IRON MOUNTAIN
 SWITCHYARDS AND HEAD GATES REHAB
 TELEPHONE EQUIPMENT AT BANNING
 TELEPHONE EQUIPMENT AT CAMPS
 TELEPHONE LINE OPERATION (1941)
 TELEPHONE LINE SURVEYS
 TELEPHONE SYSTEM- GENE,IRON, EAGLE AND HINDS
 TELEPHONE SYSTEM OPERATION (1933-34)
 TELEPHONE SYSTEM OPERATION (1935-40)
 TEMESCAL HYDRO-ELECTRIC PLANT ACCESS ROAD UPGRADE
 TEMESCAL POWER PLANT ACCESS ROAD PAVING
 TEMPORARY EMPLOYEE LABOR SETTLEMENT (CARGILL)
 TEN HOUSES - PUMP PLTS
 TRANSFORMER OIL & CHEMICAL UNLOADING PAD CONTAINMENT
 TRANSFORMER OIL AND SODIUM HYPOCHLORITE CONTAINMENT PROJECT
 TRANSMISSION LINE PATROL ROADS
 TRANSMISSION LINE SURVEYS
 TRANSMISSION LINE GROUNDING SYSTEM
 TRANSMISSION LINE PRELIMINARY OPERATION (1941)
 TRANSMISSION LINE PRELIMINARY OPERATION (1938-1940)
 TUNNEL WATER INVESTIGATIONS
 TV FACILITIES- EAGLE MOUNTAIN PUMPING PLANT
 TV FACILITIES- GENE PUMPING PLANT
 TV FACILITIES- HINDS PUMPING PLANT
 TV FACILITIES- IRON MOUNTAIN PUMPING PLANT
 TV FACILITIES- VARIOUS PUMPING PLANTS
 U.S. BUREAU OF LAND MANAGEMENT LAND ACQUISITION
 UPPER FEEDER CATHODIC PROTECTION SYSTEM
 UPPER FEEDER GATES REHABILITATION PROJECTS
 UPPER FEEDER LEAKING EXPANSION JOINT REPAIR
 VAL VERDE TUNNEL
 VALLEY BRANCH - PIPELINE CORROSION TEST STATION
 VALVERDE TO LAKE MATHEWS TELEPHONE LINE
 VARIOUS POWER LINE EXTENSIONS
 VARIOUS SPUR TELEPHONE LINES
 VENTILATION SYSTEM,CABLE TUNNEL - GENE PUMP PLANT - CRA
 VIDAL WELLS PATROLMAN'S CAMP
 VOLTAGE REGULATING & SWITCHING EQUIPMENT
 W. PORTAL SAN JACINTO TUNNEL: ONE HOUSE WITH GARAGE
 WASTEWATER SYSTEM REHABILITATION
 WASTEWATER SYSTEM REHABILITATION - GENE/IRON MTN
 WASTEWATER SYSTEM REHABILITATION - HINDS/EAGLE MTN
 WATER FLOWMETER, INDICATORS & LIMIT TOTALIZERS - ALL PUMP PLT-CRA (1/5 EACH)
 WATER METERS AND MOVING MAINS
 WATER SYSTEM - CAMINO SWITCHING STATION
 WATER SYSTEM OPERATION
 WATER SYSTEM SURVEYS
 WATER TANKS PUMPS
 WATER TANKS PUMPS ETC
 WATER TREATMENT FACILITIES
 WEST EAGLE MOUNTAIN TUNNEL, EAST PORTION
 WEST EAGLE MOUNTAIN TUNNEL, WEST PORTION
 WEST VALLEY FEEDER #2 CATHODIC PROTECTION SYSTEM REHABILITATION
 WHIPPLE MOUNTAIN TUNNEL
 WHIPPLE SPILLWAY
 WHITE WATER SIPHON PROTECTION
 WHITEWATER EROSION PROTECTION STRUCTURE REHABILITATION
 WHITEWATER SIPHON EROSION PROTECTION
 WHITEWATER SIPHON PROTECTION STRUCTURE
 WHITEWATER TUNNELS
 WHITSETT PUMPING PLANT BUILDING & CONTROL
 WHITSETT PUMPING PLANT DELIVERY PIPES
 WHITSETT PUMPING PLANT FENCING
 WHITSETT PUMPING PLANT MISCELLANEOUS FEATURES
 WHITSETT PUMPING PLANT PUMPING EQUIPMENT

Sub-total Conveyance and Aqueduct facilities costs**\$ 90,887,289**

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

102723 ALL FACILITIES, INSPECTION AND REPLACEMENT OF CRITICAL VACUUM VALVES
 102896 - SAN DIEGO PIPELINE 3 BYPASS
 103021 SKINNER FILT PLT, SLUDGE HANDLING FACILITY MODIFICATIONS
 103141 MILLS FILT PLT, IMPVMNTS PRGRM, ELEVATED COAGULATION AND SLUDGE STUDY
 103164 BASIN DROP GATES REPLACEMENT
 103179 CRA PUMPING PLANT RELIABILITY PROGRAM - CIRCULATING WATER SYSTEM REHAB
 103181 WEST VALLEY FEEDER 1, STAGE 2, VALVE STRUCTURE MODIFICATIONS
 103183 SUCTION AND DISCHARGE LINES - EXPANSION JOINT REPAIRS
 103222 JENSEN TREATMENT PLANT - SOLIDS DEWATERING FACILITY AND LAGOONS
 103254 MILLS FILT PLT, IMPROVEMENTS PROGRAM, MODULE 2 REHABILITATION
 103270 WEYMOUTH IMPROVEMENT PROGRAM, REPLACE SURFACE WASH HEADER PIPELINE
 103334 CRA-SWITCHYARDS AND HEAD GATES REHABILITATION
 103343 DISTRIBUTION SYSTEM EQUIPMENT AND INSTRUMENTATION UPGRADES
 103345 MILLS MODULES 3 AND 4 TURBIDITY METERS AND GAS DETECTORS REPLACE
 103372 SAN DIEGO CANAL LINER REPAIR
 103373 LAKE SKINNER EASE BYPASS SCREENING STRUCTURE REHABILITATION
 103374 SAN DIEGO CANAL-SODIUM BISULFITE FEED SYSTEM UPGRADE
 103391 PALOS VERDES RESERVOIR COVER AND LINER REPLACEMENT
 103401 REPLACE FLOCULATORS AND TUBE SETTLERS AT WWRP NO.2
 103484 RIALTO FEEDER, REPAIRS AT SELECT LOCATIONS
 103526 MILLS FILTRATION PLANT, UPC 480V SYSTEM UPGRADE, STUDY
 103531 ORANGE COUNTY FEEDER LINING REPAIR - REACH 2
 103569 JENSEN MODULE NO. 1 FILTER VALVE REPLACEMENT
 103608 DESERT AIRFIELDS IMPROVEMENT
 103622 DIEMER TREATMENT PLANT, VEHICLE MAINTENANCE CENTER, CONSTRUCTION
 103739 COPPER BASIN RESERVOIR OUTLET STRUCTURE REHABILITATION
 103749 CRA TRANSITION STRUCTURE AND MANHOLE COVERS
 103754 CAST-IRON BLOW OFF REPLACEMENT, PHASE 4
 103760 DANBY TOWERS FOUNDATION REHABILITATION
 103777 SKINNER WATER TREATMENT PLANT-WIDE REPLACEMENT OF TURBIDIME
 103781 SKINNER ELECTRICAL BUILDING AND GROUND FAULT PROTECTION UPGRADE
 103791 MILLS INDUSTRIAL WASTEWATER IMPROVEMENTS
 103803 GARVEY RESERVOIR AUTOMATED DATA ACQUISITION SYSTEM (ADAS) REPLACEMENT
 103805 YORBA LINDA POWER PLANT MODIFICATIONS
 103880 WEYMOUTH FILTER REHABILITATION DEMONSTRATION
 103887 SKINNER FINISHED WATER RESERVOIR COVER REPLACEMENT
 103888 IT SYSTEM, COMMUNICATION INFRASTRUCTURE RELIABILITY UPGRADE
 103893 JENSEN MODULE 1 FILTERS SURFACE WASH SYSTEM UPGRADES
 103924 HYDROELECTRIC POWER DEVELOPMENT, FEASIBILITY STUDY
 103940 WEYMOUTH PERIMETER IMPROVEMENTS, PHASE II CONSTRUCTION
 104002 OLINDA PRESSURE CONTROL FACILITY PAVEMENT REHAB
 104026 RED MTN-OCT 07 FIRE DAMAGE COMM PWR TOWERS & METER STRUCT REPLACE
 104058 SKINNER COMPLETION PROJECT IMPROVEMENT
 104090 INTAKE PUMPING PLANT 2.4KV POWER LINE RELOCATION
 104115 SKINNER THICKENER PUMPS REPLACEMENT
 104128 SANTA ANA RIVER BRIDGE SEISMIC RETROFIT
 104172 EAGLE MOUNTAIN PUMPING PLANT STANDBY DIESEL ENGINE GENERATOR REPLACE
 104198 ETIWANDA PIPELINE - LINING REPLACEMENT
 104210 COLLIS VALVE REPLACEMENT
 104226 ORANGE COUNTY FEEDER RELOCATION IN FULLERTON
 104235 ETIWANDA CAVITATION FACILITY INFRASTRUCTURE REHABILITATION
 104267 DVL CONTROL & PROTECTION UPGRADE
 104269 MILLS SODIUM HYDROXIDE TANK REPLACEMENT
 104273 HINDS PUMPING PLANT STANDBY GENERATOR REPLACEMENT
 104280 IRON MOUNTAIN PUMPING PLANT HOUSING REPLACEMENT
 104284 DIEMER ELECTRICAL IMPROVEMENTS - STAGE 2
 104296 IRON MOUNTAIN SERVICE PIT REHABILITATION
 104320 ENHANCED AUTOMATIC FLOW TRANSFER SOFTWARE REDEVELOPMENT
 104323 PALOS VERDES RESERVOIR HYPOCHLORITE FEED SYSTEM UPGRADE
 104324 SAN JACINTO EAST ADIT REHABILITATION
 104335 GLENDALE - 01 SERVICE CONNECTION REHABILITATION
 104340 OPERATIONS CONTROL CENTER UPS REPLACE
 104370 TEMESCAL AND CORONA POWER PLANT STANDBY GENERATOR REPLACEMENT
 104384 DIEMER SUPERMATANT PUMP STATION IMPROVEMENTS
 104387 DVL INLET/OUTLET TOWER FISH SCREEN REPLACEMENT - CONSTRUCTION
 104408 JULIAN HINDS PUMPING PLANT DELIVERY PIPE EXPANSION JOINT PHASE REPAIR
 104414 OC FEEDER CATHODIC PROTECTION SYSTEM REHABILITATION
 104421 SKINNER SOLIDS HANDLING PUMPS AT WWRK#3
 104422 DIEMER TUNNEL CHLORINE DETECTION SYSTEM INFRASTRUCTURE
 104433 LAKEVIEW PIPELINE LEAK REPAIR AT STA. 2510+49
 104434 WADSWORTH PUMPING PLANT CONTROL AND PROTECTION, PRELIMINARY DESIGN
 104437 SKINNER SOLIDS HANDLING IMPROVEMENTS
 104448 CRA CANAL IMPROVEMENTS
 104466 OAK STREET PRESSURE CONTROL STRUCTURE VALVE ACTUATOR
 104475 ROW INFRASTRUCTURE PROTECTION PROGRAM WESTERN SAN BERNARDINO STAGE 1
 104477 ROWIPP PROGRAMMATIC ENVIRONMENTAL DOCUMENT
 104480 OAK STREET PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT
 104486 WEYMOUTH WATER TREATMENT PLANT DOMESTIC AND FIRE WATER SYSTEM IMPROVEMENT
 104487 WEYMOUTH DOMESTIC WATER PIPELINE REPLACEMENT
 104490 PERRIS PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT
 104493 COYOTE PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT
 104500 SKINNER MODULE 7 SODIUM HYPOCHLORITE PIPING RETROFIT
 104509 ORANGE COUNTY C&D REGION SERVICE CENTER
 104515 CRA IRON MOUNTAIN SUCTION JOING REFURBISHMENT PILOT
 104517 SCADA COMMUNICATION MPLS UPGRADE-AT&T REGION

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

104521 CAJALCO CREEK DAM MANHOLE COVER RETROFIT
104523 SKINNER OZONE CONTRACTOR SAMPLE PIPING AND TRACER PIPING
104539 CARBON CREEK PRESSURE CONTROL STRUCTURE SEISMIC ASSESSMENT
104561 WEST VALLEY FEEDER NO. 1 - STAGE 2 VALVE STRUCTURE MODIFICATIONS
104566 GARVEY RESERVOIR SITE DRAINAGE REPAIRS AND MODIFICATIONS
104567 SITES 1 & 2 SECOND LOWER FEEDER URGENT REPAIRS
104568 SITE 3 SECOND LOWER FEEDER URGENT REPAIRS
104574 EAST ROLLUP PARKING DOOR AT HEADQUARTERS
104578 NEW HOUSE AT HINDS PUMP PLANT VILLAGE
104579 CONTROL SYSTEM SERVER REPLACEMENT
104590 GENE PUMPING PLANT EXPANSION JOINT REHABILITATION
104592 WEYMOUTH CAKE PUMP DRIVE SYSTEM FOR BELT PRESSES NOS 1-3
104593 DIEMER CHLORINE MASS FLOW METER REPLACEMENT
104594 DIEMER MAGNETIC FLOW METER UPGRADE
104595 - DIEMER PLANT FLORESCENT LIGHTING IMPROVEMENTS
104599 CAJALCO CREEK AND LAKE MATHEWS ADAS REPLACEMENT PROJECT
104603 GARVEY RESERVOIR WATER QUALITY LABORATORY REHABILITATION
104610 TEMESCAL HYDRO ELECTRIC PLANT ROOF REPLACEMENT
104611 CORONA HYDRO ELECTRIC PLANT ROOF REPLACEMENT
104612 - TEMESCAL HEP COOLING/SEAL WATER LINE REPLACEMENT
104613 - CORONA HEP COOLING/SEAL WATER LINE REPLACEMENT
104619 ACCESS RD FOR W VALLEY FEEDER NO. 1 & @UPPER PORTION OF E PORTAL RD. IMP
104622 LAKE MATHEWS HYDROELECTRIC PLANT REPAIRS
104625 BERNASCONI TUNNEL LINING
104634 GREGG AVENUE PRESSURE CONTROL STRUCTURE-PUMP MODIFICATIONS
104643 CRA OVER-CURRENT RELAY REPLACEMENT
104646 WADSWORTH PUMPING PLANT CONTROL AND PROTECTION UPGRADES
104648 CARBON CREEK PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT
104654 SKINNER SPARGER PUMP REPLACEMENT
104655 ESTRN REG DIST SYS CATHODIC PROTECTION REMOTE MONITORING REFURB
104658 WSTRN REG DIST SYS CATHODIC PROTECTION REMOTE MONITORING REFURB
104661 SAN DIEGO PIPELINE NO. 3 PIPING MODIFICATIONS
104679 SKINNER RESERVOIR INFLUENT CONDUIT LOW FLOW CHEMICAL MIXING SYSTEM
104682 IT NETWORK RELIABILITY UPGRADES
104685 WILLITS ST. PCS VALVE ACTUATOR REPLACEMENT
104686 MIDDLE FEEDER S BLOWOFF VALVE REPLACE AT STA. 782+54 (3RD LOW BIDDER)
104689 SEISMIC UPGRADES AT 10 SERVICE CONNECTION STRUCTURES ALONG AMP
104693 WEYMOUTH EAST WASHWATER TANK PUMP REPLACEMENT
104703 PCCP REHABILITATION - PROGRAM MANAGEMENT
104704 PCCP REHABILITATION - PROGRAM CEQA
104712 CASA LOMA SIPHON NO. 1, CASA LOMA CANAL & SAN DIEGO CANAL FLOW METER REPL
104713 AMR SERVER AND SYSTEM UPGRADE (MINOR CAP)
104718 AMR CELLULAR MODEM UPGRADE
104731 - WR-24D FLOWMETER REPLACEMENT
104732 EAGLE MTN PUMPING PLANT VILLAGE - POTABLE WATER LINE REPLACEMENT PRJ
104735 GARVEY RESERVOIR FENCING AND PEST BARRIER
104742 CRA DELIVERY LINE REHABILITATION
104748 - ETIWANDA SF6 CIRCUIT BREAKER REFURBISHMENT
104753 SKINNER CONTRACTOR CONCRETE MAINTENANCE
104754 SKINNER REC PLANT 3 - REPLACE SHAFT SLEEVES AND BEARINGS
104759 GARVEY RESERVOIR CONTROL VALVES REPLACEMENT
104760 SEPULVEDA FEEDER PCCP 2016 URGENT REPAIRS
104763 LAKE MATHEWS HEADWORKS FOREBAY LINER & OUTLET TOWER REPAIR
104766 MIDDLE FEEDER RELOCATION FOR SCE MESA SUBSTATION
104771 ETIWANDA AUTOMATIC VOLTAGE REGULATOR REPLACEMENT
104772 SKINNER PLANT 1 MODULE 3 ELECTRICAL RACEWAY REPLACEMENT
104774 DIEMER ELECTRICAL UPGRADES AT LAGOON 4
104775 DIEMER UPS REPLACEMENT
104777 JENSEN PLANT THICKENER 3&4 REFURBISHMENT
104783 LAKE MATHEWS HEAVY AND LIGHT VEHICLE SHOP PROPANE TANKS
104794 SECOND LOWER FEEDER PCCP 2016 URGENT REPAIRS
104796 RIALTO PIPELINE CB-12 ND CB-16 VALVE REPLACEMENT
104797 JENSEN CHLORINE EJECTOR MODIFICATIONS
104798 ORANGE COUNTY C&D UPS REPLACEMENT
104808 ALLEN MCCOLLOCH PIPELINE OC-76 TURNOUT RELOCATION
104818 SANTIAGO LATERAL STA. 364+04 PIPE EXPOSURE
104821 ELECTRICAL UPGRADES AT 15 STRUCTURES , OC REGION
104823 WADSWORTH PUMPING PLANT YARD PIPING LINING REPAIRS
104826 SKINNER BELT FILTER PRESS REHABILITATION
104827 SKINNER PLANT 1 LOSS OF HEAD ULTRASONIC METER REPLACEMENT
104828 HEADQUARTERS LOADING DOCK OVERHEAD GATE REPLACEMENT
104835 DIAMOND VALLEY AREA ACOUSTIC FLOWMETER REPLACEMENT
104837 HQ DATACENTER SAN UPGRADE PHASE 1
104839 JENSEN OZONE SYSTEM PLC CONTROL & COMMUNICATION
104841 WEYMOUTH FLOCCULATOR REHABILITATION
104843 CASA LOMA SIPHON BARREL NO. 1 - SEISMIC UPGRADES
104846 CRA CIRCULATING WATER SYSTEM SODIUM HYPOCHLORITE TANK REPLACEMENT
104850 SCADA RTU CPU & OS UPGRADE
104852 LAKE SKINNER C&D BUILDING REHABILITATION
104856 SANTA ANA RIVER BRIDGE EXPANSION JOINT REPLACEMENT
104857 WADSWORTH PUMPING PLANT CONTROL AND PROTECTION UPGRADES
104866 REFURBISH OC-88 P-3000 & P-4000
104867 JENSEN FLUORIDE TANK REPLACEMENT
104868 JENSEN FILTER BACKWASH BIOLOGICAL CONTROL SYSTEM

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

104870 EAST OC FEEDER NO. 2 SERVICE CONNECTION A-06
 104872 SITES 1 & 2 SECOND LOWER FEEDER URGENT REPAIRS
 104873 SITES 3 SECOND LOWER FEEDER URGENT REPAIRS
 104875 SECOND LOWER FEEDER PCCP REHABILITATION
 104876 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 2
 104877 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 3
 104881 SECOND LOWER FEEDER PCCP REHABILITATION
 104883 SECOND LOWER FEEDER PCCP REHABILITATION - REAL PROPERTY ACQUISITION
 104888 REFURBISH TEMESCAL HYDROELECTRIC GENERATOR COOLERS
 104889 REFURBISH CORONA HYDROELECTRIC GENERATOR COOLERS
 104890 COPPER BASIN SODIUM HYPOCHLORITE TANK REPLACEMENT
 104894 CB-20 AND PM-26 FLOWMETER REPLACEMENT
 104900 CRA AND IRON MOUNTAIN RESERVOIR PANEL REPAIRS
 104901 DVL VIEWPOINT ROAD SECURITY UPGRADES
 104902 CRA HOUSING IMPROVEMENTS - RENOVATION OF HOUSES
 104905 SERVICE CONNECTION LA-35 SLIDE GATE OPERATOR
 104910 DVL VISITOR CENTER EXTERIOR LIGHTING REPLACEMENT
 104914 FAIRPLEX AND WALNUT PCS VALVES REPLACEMENT
 104917 HINDS POOL REFURBISHMENT
 104921 EAGLE MOUNTAIN POOL REFURBISHMENT
 104924 WEST VALLEY FEEDER NO. 1 - DE SOTO VALVE STRUCTURES IMPROVEMENTS
 104927 CASA LOMA CANAL PANEL REPAIR
 104939 VALLEY VIEW HYDROELECTRIC GENERATOR REFURBISHMENT
 104942 EAGLE ROCK OPERATION CONTROL CENTER & INCIDENT COMMAND CENTER ROOF REPL.
 104958 SKINNER ORP SWITCHGEAR BATTERY REPLACEMENT
 104961 LAKE MATHEWS FENCING SECURITY UPGRADE
 104965 SERVICE CONNECTION CENB-29 EQUIPMENT RELOCATION
 104971 SKINNER SPILLWAY REHABILITATION
 104976 WATER ORDERING & EVENT SCHEDULING SYSTEM
 105001 SERVICE CONNECTION WB-2A & WB-2B EQUIPMENT RELOCATION
 105002 SEPULVEDA WEST VALLEY, AND EAST VALLEY FEEDERS INTERCONNECTION
 105003 LEARNING MANAGEMENT (LMS) UPGRADE
 105006 SEPULVEDA FEEDER PCCP DEL AMO BLVD. URGENT REPAIR
 105009 CRA INTAKE BUOY LINE REPLACEMENT
 105023 SCADA NETWORK FIBER OPTIC SWITCH REPLACEMENT
 105026 SKINNER ELECTRICAL EQUIPMENT BUILDING 1 & 2
 105029 SKINNER ACCUSONIC FLOWMETER REPLACEMENT
 105039 FOOTHILL FEEDER - CASTAIC VALLEY BLOW-OFF VALVES REPLACEMENT
 105060 CRA-WHITEWATER EROSION PROTECTION STRUCTURE
 105061 LOWER FEEDER STANDPIPE #22 REHABILITATION
 105064 OC 88 FIRE SYSTEM PROTECTION UPGRADES
 105070 SERVICE CONNECTION FLOWMETER REPLACEMENT
 105098 LOWER FEEDER BLOW-OFF DRAIN LINE REPLACEMENTS
 105101 JENSEN FILTER EFFLUENT TURBIDIMETER RELIABILITY
 105107 LA VERNE BUILDING 40 COMPRESSED AIR UPGRADES
 105108 INTAKE BANK PHASE 2 PHASE C TRANSFORMER REHABILITATION
 105110 MILLS EMERGENCY GENERATOR PLC UPGRADE
 105114 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 8
 105118 PERRIS BYPASS PIPELINE SUMP PUMP REPLACEMENT
 105123 CENTRAL BASIN 48 BUBBLER AREA ACCESS IMPROVEMENTS
 105137 RIALTO FEEDER STA 3820+00 MANHOLE REPLACEMENT
 105164 SAN DIEGO PIPELINE 1 RAINBOW TUNNEL LINER REHABILITATION
 105167 SAN GABRIEL PCS ELECTRICAL REPLACEMENTS
 105172 ALLEN MCCOLLOCH PIPELINE PCCP 2021 URGENT RELINING
 105195 RIALTO FEEDER VALVE REPLACEMENT
 105201 OC-89 AND OC-90 FLOW METER REPLACEMENT
 105203 ETIWANDA PIPELINE LINING REPLACEMENT - STAGE 3
 105235 SEPULVEDA HEP TAILRACE COATINGS
 105240 WEST VALLEY FEEDER NO. 1 STRUCTURES - PIPING IMPROVEMENTS
 105292 WEST ORANGE COUNTY FEEDER BLOWOFF DRAIN LINE REHAB ENGINEERING CHANGE
 105300 WB-06B METER REPLACEMENT PROJECT
 105353 FOOTHILL FEEDER EXPOSURE
 105369 UPPER FEEDER EMERGENCY EXPANSION JOINT REPLACEMENT
 105393 SEPULVEDA CANYON PCS TO VENICE PCS VALVE REPLACEMENTS
 105409 SAN DIEGO CANAL CONCRETE LINER REPAIR SITE 622
 105443 SEPULVEDA FEEDER CFRP URGENT RELINING
 108TH STREET PRESSURE CONTROL STRUCTURE REHABILITATION
 108TH STREET PRESSURE CONTROL STRUCTURE VALVE REPLACEMENT
 109907 DVL VISITOR'S CENTER IMPROVEMENTS
 15112 JENSEN PLT. SEC SYS
 15114 GARVEY RESERVOIR O&M CENTER
 15120 MILLS FILT PLT, EXPANSION 2
 15121 SAN DIEGO PIPELINE 6
 15122 INLAND FEEDER PROGRAM
 15123 DIAMOND VALLEY LAKE PROGRAM
 15125 ETIWANDA POWER PLANT
 15143 PRELIMINARY STUDY FOR PERRIS AREA
 15144 PRELIMINARY STUDY FOR LK MATHEWS & WEYMOUTH
 15162 WEST VALLEY AREA STUDY
 15173 JENSEN & MILLS FILT PLTS, ORP
 15221 FEASIBILITY STUDY OF FOOTHILL AREA STUDY
 15222 WATER QUALITY, DEMONSTRATION, SCALE TESTING
 15247 UNION STATION LONG-TERM HEADQUARTERS FACILITY
 15275 WATER QUALITY, CRYPTOSPORIDIUM ACTION PLAN

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

15305 MILLS FILT PLT, FINAL DESIGN AND CONSTRUCTION OF WAREHOUSE
 15318 SAN DIEGO PPLN 3 BYPASS
 15334 DIAMOND VALLEY LAKE RESERVOIR RECREATION PLAN
 15346 CHLORINE CONTAINMENT & HANDLING FACILITY
 15363 DIEMER TP, SOLIDS HANDLING & WATER RECLAMATION
 15369 WEYMOUTH TREATMENT PLANT, CAPITAL IMPROVEMENT PROGRAM, PHASE I
 15379 YORBA LINDA FEEDERBYPASS
 15388 SKINNER FILT PLT, ORP
 15389 DIEMER FILT PLT, ORP
 15391 POWER RELIABILITY AND ENERGY CONSERVATION
 15410 SKINNER FILT PLT, EXPANSION 4
 15414 ALL FILTRATION PLANTS, FLOURIDATION SYSTEM
 15427 RIALTO PIPELINE IMPROVEMENTS
 15447 QUAGGA MUSSEL CONTROL PROGRAM
 15450 AGREEMENT WITH ALAMEDA CORRIDOR EAST CONSTRUCTION AUTHORITY
 1ST BBL 1ST SAN DIEGO AQUEDUCT CAPITAL OBLIGATION
 2ND BBL 1ST SAN DIEGO AQUEDUCT CAPITAL OBLIGATION
 2ND LWR FDR, W. ORANGE CNTY. FDR. INTERCONN. STRUCT. INSTALL REM. CTRL.
 2ND S D AQUEDUCT: 6 13" PIPE SIPHONS-STA. BET. 244+04-979+32 (SCH SDXP)
 42" CONICAL PLUG VALVE REPLACEMENT
 A-02
 A-05
 A-06
 ACCESS ROAD FOR WEST VALLEY FEEDERS 1 & 2 UPPER PORTION OF EAST POTAL RD. IMPROV
 ACCUSONIC FLOW METER UPGRADE
 ACCUSTIC FIBER OPTIC MONITORING OF PCCP LINES
 ACOUSTIC FIBER MONITORING OF PCCP LINES
 ADVANCED WATER TREATMENT DEMONSTRATION FACILITY
 ALAMEDA CORRIDER-EAST (ACE) CONSTRUCTION AUTHORITY RELOCATION/ORANGE CTY FEEDER
 ALAMEDA CORRIDOR PIPELINE
 ALL AMERICAN COACHELLA LINING
 ALL FACILITIES - WATER DISCHARGE ELIMINATION
 ALL FACILITIES, INSPECTION AND REPLACEMENT OF CRITICAL VACUUM
 ALL FACILITIES, INSPECTION AND REPLACEMENT OF CRITICAL VACUUM VALVES
 ALL FEEDERS - MANHOLE LOCKING DEVICE RETROFIT
 ALL PUMP PLTS, REPL CO2 CYLINDERS, REHAB CONTROLS
 ALL PUMPING PLANTS - INSTALL HYPOCHLORINATION STATIONS
 ALLEN MCCOLLOCH PIPELINE 2010 REFURBISHMENT
 ALLEN MCCOLLOCH PIPELINE CATHODIC PROTECTION
 ALLEN MCCOLLOCH PIPELINE INTERCONNECTIONS
 ALLEN MCCOLLOCH PIPELINE LOCAL CONTROL MODIFICATIONS
 ALLEN MCCOLLOCH PIPELINE PCCP 2021 URGENT RELINING
 ALLEN MCCOLLOCH PIPELINE PCCP REHABILITATION- 2021 URGENT RELINING
 ALLEN MCCOLLOCH PIPELINE REPAIR
 ALLEN MCCOLLOCH PIPELINE REPAIR - CARBON FIBER LINING REPAIR
 ALLEN MCCOLLOCH PIPELINE REPAIR - SERVICE CONNECTIONS UPGRADES
 ALLEN MCCOLLOCH PIPELINE REPAIR - STATION 276+63
 ALLEN MCCOLLOCH PIPELINE REPAIR - SURGE SUPPRESSION SYSTEM AT OC88A
 ALLEN MCCOLLOCH PIPELINE REPAIR - VALVE ACTUATOR REPLACEMENTS
 ALLEN MCCOLLOCH PIPELINE REPAIR SERVICE CONNECTIONS SIMPLIFICATION
 ALLEN MCCOLLOCH PIPELINE REPAIRS, STAGE 2
 ALLEN MCCOLLOCH PIPELINE STRUCTURE - ROOF SLAB REPAIRS
 ALLEN MCCOLLOCH PIPELINE VALVE VAULT REPAIRS
 ALLEN MCCOLLOCH PIPELINE, 2010 URGENT REPAIRS
 ALLEN MCCOLLOCH PIPELINE, STA 208+00 TO 226+00
 ALLEN MCCOLLOCH PIPELINE, VALVE VAULT REPAIRS
 ALLEN MCCOLLOCH PPLN (AMP), FLOW CONTROL MODIFICATION
 ALLEN MCCOLLOCH PPLN STRUCTURE, ROOF SLAB REPAIRS
 ALLEN_MCCOLLOCH PIPELINE (AMP) FLOWMETERS UPGRADE
 ALLEN-MCCOLLOCH CORROSION/INTERFERENCE MITIGATION, STATION 719+34 TO 1178+02
 ALLEN-MCCOLLOCH PIPELINE
 ALLEN-MCCOLLOCH PIPELINE OC-76 TURNOUT RELOCATION
 ALLEN-MCCOLLOCH PIPELINE PCCP CARBON FIBER JOINT REPAIRS
 ALLEN-MCCOLLOCH PIPELINE PCCP CARBON FIBER JOINT REPAIRS
 ALLEN-MCCOLLOCH PIPELINE PCCP REHAB. - PRELIMINARY DESIGN
 ALLEN-MCCOLLOCH PIPELINE PCCP REHABILITATION
 ALLEN-MCCOLLOCH PIPELINE REFURBISHMENT - STAGE 2
 ALLEN-MCCOLLOCH PIPELINE REPAIR
 ALLEN-MCCOLLOCH PIPELINE REPAIR, VALVE ACTUATOR (103289)
 ALLEN-MCCOLLOCH PIPELINE REPAIRS
 ALLEN-MCCOLLOCH PIPELINE VALVE AND SERVICE CONNECTION VAULT REPAIRS
 ALLEN-MCCOLLOCH PIPELINE
 ALLEN-MCCOLLOCH PIPELINE-DOWN PAYMENT
 A-MISC
 AMP - CURRENT YEAR
 AMP -SERVICE CONNECTIONS UPGRADES
 AMP -VALVE ACTUATOR REPLACEMENTS
 AMP CARBON FIBER LINING
 AMP COMPLETION RESOLUTION RIGHT OF WAY ISSUES
 AMP SERVICE CONNECTION UPGRADES
 AMP, BAKER INTERCONNECTIONS
 AMR - RTU UPGRADE - PHASE 2
 ANODE WELL REPLACEMENT FOR ORANGE COUNTY AND RIALTO FEEDERS
 APPIAN WAY VALVE REPLACEMENT

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

ARROW HIGHWAY PROPERTY DEVELOPMENT
 ARROYO SECO SPILLWAY REVISION
 ASPHALT REHABILITATION AT WEYMOUTH FINISHED WATER RESERVOIR
 ASPHALT REPAIRS TO PERIMETER OF SEPULVEDA PCS
 ASSESS THE CONDITION OF METROPOLITAN'S PRESTRESSED CONCRETE CYLINDER PIPE
 ASSESS THE CONDITIONS OF MET'S
 ASSESSMENT OF PRESTRESSED CONCRETE CYLINDER PIPELINES - PHASE 3
 AULD VALLEY CONTROL STRUCTURE AREA FACILITIES
 AULD VALLEY PIPELINE
 AULD VALLEY PIPELINE, STA 74+98.55
 AUTOMATED RESERVOIR WATER QUALITY MONITORING
 AUTOMATIC METER READING SYSTEM - RTU UPGRADE PHASE 2
 AUTOMATIC METER READING SYSTEM UPGRADE
 AUTOMATIC METER READING UPGRADE
 AUTOMATION COMMUNICATION UPGRADE
 AUTOMATION DOCUMENTATION SURVEY F/A
 AUXILIARY SPILLWAY AT SANTA ANA RIVER
 B-02
 B-03
 B-05
 BAR 97- ENHANCED AREA VEHICLE TESTING
 BAR 97, ENHANCED AREA VEHICLE TESTING
 BATTERY MONITORING SYSTEM FOR AUTOMATIC METER READING SYSTEM
 BH-01
 BH-02
 BIXBY VALVE REPLACEMENT
 BLACK METAL MOUNTAIN ELECTRICAL TRANSFORMER
 BOX SPRING FEEDER REPAIR, PHASE 2
 BOX SPRINGS FDR AND CONTROL STRUCTURE-PRESSURE CONTL STRUC
 BOX SPRINGS FEEDER - PHASE I
 BOX SPRINGS FEEDER AND CONTROL STRUCTURE-SCH 317
 BOX SPRINGS FEEDER AND CONTROL STRUCTURE-SCH 318
 BOX SPRINGS FEEDER BROKEN BACK REPAIR
 BOX SPRINGS FEEDER BROKEN BACK REPAIR PHASE I
 BOX SPRINGS FEEDER PHASE 3 AND 4 ENVIRONMENTAL MITIGATION
 BOX SPRINGS FEEDER PHASE 3 AND 4 ENVIRONMENTAL MONITORING
 BOX SPRINGS FEEDER REPAIR
 BOX SPRINGS FEEDER REPAIR - PHASE II
 BOX SPRINGS FEEDER REPAIRS PHASE 3 AND PHASE 4
 BOX SPRINGS FEEDER SECTION REPLACEMENT, PHASE 3 AND PHASE 4
 BOX SPRINGS FEEDER, STA 453+00 TO 466+00
 BOX SPRINGS FEEDER-PROT STA 18+70 TO 19+30 & 21+05 TO 21+65
 BOX SPRINGS FEEDER-PROT STA 18+70 TO 19+30 & 21+05 TO 21+66
 BREA LATERAL
 BURBANK LATERAL SCHEDULE 38SC
 BURBANK LATERAL EXTENSION
 C&D CRANE INSTALLATION AT OC-88 PUMPING PLANT
 C-02
 C-03
 CA-01
 CA-02
 CAJALCO CREEK DAM MANHOLE COVER RETROFIT
 CAJALCO CREEK DETENTION DAM
 CAJALCO CREEK DETENTION DAM SPILLWAY ACCESS ROAD
 CAL-01
 CALABASAS FEEDER CARBON FIBER /BROKEN BACK REPAIR
 CALABASAS FEEDER ENHANCEMENT
 CALABASAS FEEDER INTERFERENCE MITIGATION
 CALABASAS FEEDER PCCP REHABILITATION - PRELIMINARY DESIGN
 CALABASAS FEEDER PCCP REHABILITATION
 CALABASAS FEEDER REPAIR, STUDY
 CALABASAS FEEDER STAGE 1 AND 2 REPAIRS
 CALABASAS FEEDER STRAY CURRENT DRAIN STATION, CONST. PHASE
 CANAL OUTLET AND SCREENING STRUCTURE (SCH 5)
 CAPACITY FEE FROM CASTAIC LAKE WATER AGENCY FOR USE OF FOOTHILL FDR
 CAPITAL PROGRAM FOR PROJECTS COSTING LESS THAN \$250,000
 CAPITAL PROGRAM FOR PROJECTS COSTING LESS THAN \$250,000 FOR FY 2010/11
 CAPITAL PROJECTS COSTING LESS THAN \$250,000 FOR FY2008-09
 CARBON CREEK MAINTENANCE CENTER
 CARBON CREEK PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT
 CARBON CREEK PRESSURE CONTROL STRUCTURE SEISMIC ASSESSMENT
 CARBON CREEK PRESSURE CONTROL STRUCTURE SEISMIC RETROFIT
 CASA LOMA AND SAN DIEGO CANAL LINING STUDY - PART 2
 CASA LOMA CANAL PANEL REPAIR
 CASA LOMA CANAL, SCHEDULE 11C (SPEC NO. 554)
 CASA LOMA SIPHON #1 & SAN JANCINTO PIPELINE PROTECTION
 CASA LOMA SIPHON BARREL 1 & 2 DVL AND SD CANAL FLOW METER REPLACEMENT
 CASA LOMA SIPHON BARREL NO. 1 - PERMANENT REPAIRS
 CASA LOMA SIPHON BARREL NO. 1 JOINT REPAIR
 CASA LOMA SIPHON NO 1, CASA LOMA CANAL & SAN DIEGO CANAL FLOW METER REPLACEMENT
 CASA LOMA SIPHON NO. 1, CASA LOMA CANAL & SAN DIEGO CANAL FLOW METER REPLACEMENT
 CASTAIC SIPHONS & PIPELINES(FOOTHILL FDR.) SCH. 201,203,204,206,207 & 209
 CASTAIC, SAUGUS, PLACERITA TUNNELS
 CAST-IRON BLOW OFF REPLACEMENT, PHASE 4

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

CATHODIC PROTECTION SYS & STRAY CURRENT RIALTO PPLNS
 CATHODIC PROTECTION FOR THE FOOTHILL FEEDER
 CATHODIC PROTECTION RECTIFIERS
 CATHODIC PROTECTION SYS. UPGRADES FOR THE MIDDLE CROSS FEEDER
 CATHODIC PROTECTION SYSTEM EAST ORANGE COUNTY FDR NO. 2
 CATHODIC PROTECTION SYSTEM UPGRADES
 CB-01
 CB-03
 CB-05
 CB-07
 CB-09
 CB-10
 CB-12
 CB-16
 CB-20 AND PM-26 FLOWMETER REPLACEMENT
 CB-MISC
 CCP-PHASE 2 CONSTRUCTION
 CDAA REIMBURSABLE DECEMBER 2011 STORM DAMAGE
 CDAF FLUORIDATION TREATMENT PLT
 CDSRP - DISCHARGE ELIMINATION
 CDSRP - ENTRAINMENT AIR IN UPPER FEEDER PIPELINE STUDY
 CDSRP - SEPULVEDA FEEDER REPAIRS
 CDSRP - SEPULVEDA TANKS RECOATING
 CENB-01
 CENB-02
 CENB-04
 CENB-05
 CENB-06
 CENB-07
 CENB-08
 CENB-09
 CENB-10
 CENB-11
 CENB-12
 CENB-13
 CENB-14
 CENB-15
 CENB-16
 CENB-17
 CENB-18
 CENB-20
 CENB-21
 CENB-22
 CENB-23
 CENB-24
 CENB-25
 CENB-26
 CENB-27
 CENB-28
 CENB-29
 CENB-30
 CENB-31A
 CENB-33
 CENB-34
 CENB-35
 CENB-37
 CENB-38
 CENB-39
 CENB-40
 CENB-42
 CENB-43
 CENB-44
 CENB-45
 CENB-46
 CENB-47
 CENB-48
 CENB-49
 CENB-50
 CENB-51
 CENB-52
 CENB-53
 CENB-MISC
 CENTRAL BASIN, 48 BUBBLER AREA ACCESS IMPROVEMENT
 CENTRAL CONTROL SYSTEM - ORANGE COUNTY
 CENTRAL POOL AUGMENTATION - TUNNEL AND PIPELINE & RIGHT-OF-WAY ACQUISITION
 CENTRAL POOL AUGMENTATION (CPA) PROGRAM - PIPELINE AND TUNNEL ALIGNMENT
 CENTRAL POOL AUGMENTATION AND WATER QUALITY PROJECT (CPAWQP)
 CENTRALIZED CONTROL SYSTEM- EAGLE ROCK
 CENTRALIZED CONTROL SYSTEM- GENERAL DESIGN
 CHEMICAL INVENTORY AND USAGE REWRITE AND ELECTRICAL. SYSTEM LOG
 CHEMICAL UNLOADING FACILITY RETROFIT
 CHEVALIER FALCON MILLING MACHINE
 CHINO BASIN MWD FACILITIES
 CHLORAMINE BOOSTER STATION AT THREE LOCATIONS WITHIN THE TREATED WATER DISTRIBUTION SYSTEMS

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

CHUCKWALLA MONITORING WELLS
 CLWA-01T
 CM-02
 CM-04
 CM-05
 CM-06
 CM-07
 CM-08
 CM-09
 CM-11
 CM-12
 CM-13
 C-MISC
 COACHELLA CANAL LINING, ENVIRONMENTAL MITIGATION
 COASTAL JUNCTION BYPASS
 COASTAL JUNCTION REVERSE FLOW BYPASS
 COASTAL PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT
 COLLIS AVENUE VALVE REPLACEMENT
 COLLIS VALVE REPLACEMENT
 COLORADO RIVER AQUEDUCT CASA LOMA SIPHON BARREL NO. 1 PROJECT NO. 2 - PERMANENT REPAIRS
 COLORADO RIVER AQUEDUCT CASA LOMA SIPHON BARREL NO. 1 REPLACEMENT
 COLORADO RIVER AQUEDUCT CASA SIPHON
 COLORADO RIVER AQUEDUCT CONVEYANCE REALIABILITY, PHASE II RPRS AND INSTR
 COLORADO RIVER AQUEDUCT MILE 12 FLOW MONITORING STATION UPGRADES PROJECT
 COLORADO RIVER AQUEDUCT, HEAD GATES REHABILITATION
 COMMUNICATIONS EQUIPMENT MONITORING SYSTEM
 COMMUNICATIONS STRUCTURE ALARM MONITORING
 COMPREHENSIVE INFORMATION SECURITY ASSESSMENT PHASE III
 COMPTON LATERAL EXTENSION
 COMPTON LATERAL EXTENSION SCHEDULE 39A
 COMPTON LATERAL SCHEDULE 28SC
 CONE CAMP INTERTIE BYPASS PIPELINE REPAIR
 CONSTRUCTION OF HOUSING FACILITIES- 4 HOUSES ON DISTRIBUTION SYSTEM
 CONSTRUCTION PHASE 2
 CONTRACT & LITIGATION TASKS -CONTRACT # 1396
 CONTROL SYSTEM DATA STORAGE AND REPORTING
 CONTROL SYSTEM DRAWING & DOCUMENTATION UPDATE
 CONTROL SYSTEM ENHANCEMENT PROGRAM (CSEP) - DIGITAL SUBNET STANDARDIZATION
 CONTROL SYSTEM ENHANCEMENT PROGRAM IMPLEMENTATION
 CONTROL SYSTEMS AUTOMATION COMMUNICATION UPGRADE
 CONTROLS COMMUNICATIONS FRAME RELAY CONVERSION - APPROPRIATED
 CONVERSION OF DEFORMATION SURVEY MONITORING AT GENE WASH, COPPER BASIN, AND DIEMER BASIN 8
 CONVEYANCE & DISTRIBUTION SYSTEM REHAB, PHASE II
 CONVEYANCE AND DISTRIBUTION SYSTEM - REHABILITATION PROGRAM
 CONVEYANCE AND DISTRIBUTION SYSTEM ELECTRICAL STRUCTURES REHABILITATION
 CONVEYANCE AND DISTRIBUTION SYSTEM HYDAULIC PILOT VALVE STANDARIZATION
 CONVEYANCE AND DISTRIBUTION SYSTEM REHABILITATION PROGRAM (CDSRP) - CURRENT DRAIN STATIONS
 COOPER BASIN SECURITY NETWORK CONNECTIVITY
 COPPER BASIN ICS
 COPPER BASIN INTERIM CHLORINATION SYSTEM
 COPPER BASIN SODIUM HYPOCHLORITE TANK REPLACEMENT
 CORONA POWER PLANT REPLACE EMERGENCY GENERATOR
 CORROSION MATERIALS TESTING FACILITY SCADA UPGRADE
 COTTAGE AT COYOTE CREEK
 COTTAGE AT SANTA ANA CANYON HOUSE #110-D
 COVINA PCS UPGRADES
 COVINA PRESSURE CONTROL FACILITY
 COVINA PRESSURECONTROL FACILITY
 COYOTE CREEK HEP/PCS EMERGENCY STANDBY GENERATOR
 COYOTE CREEK NORTHERN PERIMETER LANDSCAPING
 COYOTE CREEK PRESSURE CONTROL STRUCTURE
 COYOTE PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT
 CPA PIPELINE & TUNNEL ALIGNMENT
 CPA PIPELINE & TUNNEL ALIGNMENT - NON FUNDED PORTION
 CPA PIPELINE & TUNNEL ALIGNMENT - STUDY
 CPA WATER TREATMENT PLANT - NON FUNDED PORTION
 CPA WATER TREATMENT PLANT - RIGHT OF WAY - PHASE 2
 CPAWQP - PHASE 2
 CPAWQP - STUDY AND LAND ACQUISITION - CONTINGENCY
 CPAWQP - STUDY AND LAND ACQUISITION - PIPELINE & TUNNEL ALIGNMENT - STUDY
 CPAWQP - STUDY AND LAND ACQUISITION - RIGHT-OF-WAY-ACQUISITION
 CPAWQP - STUDY AND LAND ACQUISITION - WATER TREATMENT PLANT - RIGHT OF WAY - PHASE 2
 CPAWQP - STUDY AND LAND ACQUISITION - WATER TREATMENT PLANT - STUDY
 CRA - PC-1 EFFLUENT OPEN CHANNEL TRASH RACK
 CRA ACQUEDUCT ISOLATION GATES REPLACEMENT
 CRA CABAZON & POTRERO SHAFT COVERS
 CRA CHOLLA WASH CUT AND COVER CONDUIT LINING
 CRA CONTROL INTEGRATION
 CRA HOUSING IMPROVEMENTS - RENOVATION OF HOUSES
 CRA PROTECTIVE SLAB AT STATION 805+00 (MM14.3)
 CRA PROTECTIVE SLAB AT STATION 9704+77
 CRA WHITEWATER TUNNEL 2, STA 9710+00 TO 9780+00
 CRA, STA 9480+00 TO 9530+00
 CRA-WHIEWATER EROSION PROTECTION STRUCTURE

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

CRITICAL LOCK IDENTIFICATION AND CHANGE-OUT
 CROSS CONNECTION PREVENTION PROGRAM - PHASE II CONSTRUCTION
 CROSS CONNECTION PREVENTION PROGRAM, PHASE II CONSTRUCTION
 CROSS CONNECTION PREVENTION PROJECT, COMPLETE PRELIM DESIGN
 CROSS CONNECTION PREVENTION PROJECT, COMPLETE PRELIMINARY DESIGN AND CEQA DOCUMENTATION
 CRW FOR REPLENISHMENT AT USG3
 CSEP - ELECTRONIC SYSTEM LOG (ESL)
 CSEP - ENERGY MANAGEMENT SYSTEM PHASE II
 CSEP - ENHANCED DISTRIBUTION SYSTEM CONTROL PROJECT
 CSEP - IMPLEMENTATION
 CSEP - OPERATIONS & BUSINESS DATA INTEGRATION PILOT
 CSEP - PLANT INFLUENT REDUNDANT FLOW METERING AND SPLITTING
 CSEP - PLC PHASE 2 - LIFE-CYCLE REPLACEMENT
 CSEP - PLC STANDARDIZATION
 CSEP - PLC STANDARDIZATION PHASE II
 CSEP - POWER MANAGEMENT SYSTEM
 CSEP - WATER PLANNING APPLICATION
 CSEP IMPLEMENTATION
 CSEP- SMART OPS (FORMERLY REAL TIME OPERATIONS SIMULATION)
 CULVER CITY FEEDER: STA.0+12.07 TO 261+00, SCH. 62, 63,64 (SPEC NO. 512)
 CURRENT DRAIN STATIONS
 CWE, \$4.67M CAPITAL COSTS TO BE PAID BY MWD
 DAM REHABILITATION & SAFETY IMPROVEMENTS ST. JOHN'S CANYON CHANNEL EROSION MITIGATION
 DANBY TOWER FOUNDATION INVESTIGATION AND SHORT TERM MITIGATION
 DARBY TOWERS FOUNDATION REHABILITATION
 DECEMBER STORM DAMAGE 2010 FEMA DR 1952
 DELTA PROPERTIES INFRASTRUCTURE IMPROVEMENTS
 DEODERA PCS PAVEMENT UPGRADE & BETTERMENT
 DESERT BRANCH - REPLACE STOLEN COPPER GROUND WIRE FOOTINGS/GROUNDING, AND COPPER PIPING
 DESERT BRANCH PUMP PLANT AUXILIARY (STATION SERVICE)
 DESERT BRANCH, PURCHASE & INSTALL 5 PORT VIDEO CONFERENCING
 DESERT FACILITIES DOMESTIC WATER GAC SYSTEM INSTALLATION
 DESERT HIGH VOLTAGE TRANSMISSION TOWERS - REPLACE COPPER GROUND WIRES ON
 DESERT PUMP PLANTS, REPLACE AUXILIARY TRANSFORMERS (103102)
 DETAIL SEISMIC EVALUATION OF WATER STORAGE TANK
 DETAILED RELIABILITY IMPROVEMENTS OF THE LOS ANGELES COUNTY OPERATING REGION
 DETAILED RELIABILITY IMPROVEMENTS OF THE ORANGE COUNTY OPERATING REGION - STAGE 1
 DFP - ELIMINATE BACKUP GENERATOR TIE-BUS & INSTALL MANUAL TRANSFER SWITCH FOR CHLORINE SCRUBBER
 DIAMOND VALLEY LAKE VISITORS CENTER BUILDING IMPROVEMENTS
 DIEMER CHLORINE MASS FLOW METER REPLACEMENT
 DIEMER FACILITY & VEHICLE PLANT DESIGN
 DIEMER FEMA FIRE DAMAGE
 DIEMER FILTR. PLANT- REPLACE TURBINE DEEP WELL PUMP
 DIEMER FILTRATION PLANT - SLOPE REPAIR
 DIEMER MAIN ROAD REBURBISHMENT
 DIEMER MAIN ROAD REFURBISHMENT
 DIEMER OZONE COOLING WATER ALTERNATIVE SOURCE
 DIEMER PLANT INFLUENT FLOWMETER
 DIEMER PLANT NORTH STORM DRAIN REPLACEMENT (103132)
 DIEMER PLANT, ENTRANCE RELOCATION
 DIEMER PLANT, HABITAT CONSERVATION
 DIEMER PLANT, NORTHWEST HILL
 DIEMER PLANT, WEST AREA SITE GRADING
 DIEMER PLT-POWER DIST.CTR.FOR 2ND LOWER FDR. & E.ORANGE CTY.FEEDER
 DIEMER USED WASHWATER PUMP STATION PHASE II
 DIEMER, REPLACE WILLOWGLEN RTU
 DIRECTIONAL SIGNS FOR DIAMOND VALLEY LAKE FACILITY
 DISCHARGE ELIMINATION
 DISCOUNTS & LIQUIDATING DAMAGES ON E & A WB-1 (SPEC NO. 524)
 DIST SYS-AIR RELEASE & VAC VALVE MODS
 DISTN SYSTEM REPLACE AREA CONTROL SYSTEMS
 DISTN SYSTEM SPILL CONTAINMENT & REMEDIATION
 DISTN SYSTEM TYPE
 DISTN SYSTEM, STATIONARY CORROSION REFERENCE ELECTRODES
 DISTRIBUTION PIPELINES
 DISTRIBUTION SYS - TYPE "M" METER REPLACEMENT
 DISTRIBUTION SYS - TYPE "M" METER REPLACEMENT (RETIREMENT)
 DISTRIBUTION SYSTEM - CCPP CONSTRUCTION PACKAGES 9,11,12
 DISTRIBUTION SYSTEM - METRO GREENLINE ELECTROLYSIS MONITORING
 DISTRIBUTION SYSTEM - STANDPIPE STRENGTHENING PROGRAM
 DISTRIBUTION SYSTEM - STATIONARY CORROSION REFERENCE
 DISTRIBUTION SYSTEM - TREATED WATER CROSS CONNECTION PREVENTION PROJECT - FINAL DESIGN & CONSTRUCTION
 DISTRIBUTION SYSTEM AIR RELEASE AND VAC VALVE MODS
 DISTRIBUTION SYSTEM ASSESSMENTS/UPGRADES OF LOS ANGELES COUNTY
 DISTRIBUTION SYSTEM ASSESSMENTS/UPGRADES OF RIVERSIDE AND SAN DIEGO COUNTY
 DISTRIBUTION SYSTEM ASSESSMENTS/UPGRADES OF SAN BERNARDINO COUNTY
 DISTRIBUTION SYSTEM CONTROL & EQUIP UPGRADE - ENHANCED DISTRIB. SYSTEM AUTOMATION PHASE I
 DISTRIBUTION SYSTEM EQUIPMENT & INSTRUMENTATION UPGRADES
 DISTRIBUTION SYSTEM EQUIPMENT AND INSTRUMENTATION UPGRADES
 DISTRIBUTION SYSTEM INFRASTRUCTURE PROTECTION IMPROVEMENTS FOR ORANGE COUNTY
 DISTRIBUTION SYSTEM ONLINE ANALYZERS REPLACEMENT
 DISTRIBUTION SYSTEM REHABILITATION PROGRAM - ASSESS THE STATE OF MWD'S DISTRIBUTION SYSTEM
 DISTRIBUTION SYSTEM RELIABILITY
 DISTRIBUTION SYSTEM REPLACEMENT OF AREA CONTROL SYSTEMS - WILLOWGLEN RTUS ADMINISTRATION

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

DISTRIBUTION SYSTEM REPLACEMENT OF AREA CONTROL SYSTEMS (DSRACS)
 DISTRIBUTION SYSTEM, CCPP CONSTRUCTION PACKAGES 9, 11, 12
 DISTRIBUTION SYSTEM, TREATED WATER CROSS CONNECTION PREVENTION PROGRAM
 DISTRIBUTION SYSTEM, TREATED WATER CROSS CONNECTION PREVENTION PROJECT_FINAL DESI
 DISTRIBUTION SYSTEM-REPLACE FLOWMETERS
 DISTRIBUTION SYSTEM-REPLACE FLOWMETERS (RETIREMENT)
 DISTRIBUTION SYSTEM-REPLACE MECHICAL METERS
 DISTRIBUTION SYSTEM-REPLACE MECHICAL METERS - PHASE 2 (RETIREMENT)
 DISTRICT WIDE - ENHANCED VAPOR RECOVERY PHASE 2 GASOLINE DISPENSING
 DOMINGUEZ CHANNEL PRESSURE RELIEF STRUCTURE IMPROVEMENTS
 DROUGHT RESPONSE WESTSIDE PUMP STATION
 DSRACS - OPERATIONS CONTROL CENTER - CONTRACT #1396
 DSRACS - SKINNER AREA
 DSRACS - SOFTWARE DEVELOPMENT COST
 DSRACS - WEYMOUTH
 DVL & CONTROL SYSTEM REPLACEMENT INVESTIGATION & PREPARATION FOR PRELIMINARY DESIGN
 DVL QUAGGA MUSSEL CONTROL FACILITY
 DVL VIEWPOINT ROAD SECURITY UPGRADES
 DVL VISITOR CENTER EXTERIOR LIGHTING REPLACEMENT
 DVL, WORK PACKAGE 3, SAN DIEGO CANAL RELOCATION
 DVL, WORK PACKAGE 46, SAN DIEGO PIPELINE
 DWCV-01
 DWCV-5
 DWR-LAKE PERRIS DISSOLVED OXYGEN ENHANCEMENT PROJ
 EAGLE EQUIPMENT WASH AREA UPGRADE
 EAGLE MOUNTAIN POOL REFURBISHMENT
 EAGLE ROCK - ASPHALT REHABILITATION
 EAGLE ROCK - FIRE PROTECTION AT THE WESTERN AREA OF THE EAGLE ROCK CONTROL CENTER PERIMETER GROUNDS
 EAGLE ROCK CANYON CROSSING SCHEDULE 12C
 EAGLE ROCK CHLORINE STATION
 EAGLE ROCK CONNECTION AND LATERAL SCHEDULE 12P (SPEC NO. 395)
 EAGLE ROCK CONTROL BUILDING
 EAGLE ROCK CONTROL BUILDING SECOND STORY STRUCTURE
 EAGLE ROCK CONTROL CENTER FIREHYDRANT
 EAGLE ROCK CONTROL TOWER CATHOTIC PROTECTION REHABILITATION
 EAGLE ROCK LATERAL INTERCONNECTION REPAIR
 EAGLE ROCK MAIN BUILDING ROOF REPLACEMENT
 EAGLE ROCK MAIN BUILDING ROOF REPLACEMENT - STUDY
 EAGLE ROCK OCC - REHAB CONTROL ROOM
 EAGLE ROCK OPERATION CONTROL CENTER & INCIDENT COMMAND CENTER ROOF REPLACEMENT
 EAGLE ROCK OPERATIONS CONTROL CENTER
 EAGLE ROCK RESIDENCE CONVERSION
 EAGLE ROCK TOWER AND PUDDINGSTONE SPILLWAY GATES REHABILITATION
 EAGLE ROCK TOWER DISTRIBUTION SYSTEM UPGRADES
 EAGLE ROCK TOWER SLIDEGATE REHABILITATION
 EAGLE ROCK TOWER, SLIDE GATES REHABILITATION
 EAGLE ROCK-PALOS VERDES FEEDER SCHEDULE 21SC
 EAGLE ROCK-PALOS VERDES FEEDER SCHEDULE 22SC
 EAGLE ROCK-PALOS VERDES FEEDER SCHEDULE 23SC
 EAGLE ROCK-PALOS VERDES FEEDER SCHEDULE 24SC
 EAGLE ROCK-PALOS VERDES FEEDER SCHEDULE 25SC
 EAST INFLUENT CHANNEL REPAIR PROJECT
 EAST LAKE SKINNER BYPASS AND BYPASS NO.2 SCREENING STRUCTURE UPGRADE (SUSPENSE)
 EAST OC FEEDER NO. 2 SERVICE CONNECTION A-06
 EAST ORANGE COUNTY FDR NO.2, PRELIMINARY ENGINEERING
 EAST ORANGE COUNTY FDR. DISSIPATOR STRUCTURE
 EAST ORANGE COUNTY FEEDER #2 REPAIR
 EAST ORANGE COUNTY FEEDER #2 SEISMIC RETROFIT
 EAST ORANGE COUNTY FEEDER NO. 2 SERVICE CONNECTION A-6 REHABILITATION
 EAST ORANGE COUNTY FEEDER NO.2- MWD'S PORTION
 EAST ORANGE COUNTY FEEDER, SCHEDULE 81P
 EAST ORANGE COUNTY FEEDER, STA 990+00 TO 1100+00
 EAST VALLEY FEEDER (FORMERLY CALLEGUAS CONDUIT)
 EAST VALLEY FEEDER -RELOCATION AT HOLLYWOOD WAY
 EAST VALLEY FEEDER- STRUCTURE MODIFICATIONS
 EAST VALLEY FEEDER VALVE STRUCTURE ELECTRICAL UPGRADE
 EAST VALLEY FEEDER, STA 649+00 TO 664+00
 EASTERN AND DESERT REGIONS PLUMBING RETROFIT
 EASTERN METROPOLITAN WATER DISTRICT FACILITIES
 EASTERN REGION DISTR SYS CATHODIC PROTECTION REMOTE MONITORING REFURBISHMENT
 EASTERN REGION PCCP JOINT MODIFICATION 2012
 EASTERN REGION PCCP JOINT MODIFICATIONS
 E-DISCOVERY STORAGE MANAGEMENT SYSTEM UPGRADE
 EGIS INFRASTRUCTURE UPGRADE
 ELECTRIC CURRENT DRAIN STATION INSTALLATIONS
 ELECTRICAL SERVICE- LOWER FEEDER CONTROL TOWER
 ELECTRICAL UPGRADES AT 15 STRUCTURES IN THE ORANGE COUNTY REGION (STAGE 1)
 ELECTRICAL UPGRADES AT 15 STRUCTURES, OC REGION
 ELECTROMAGNETIC INSPECTION OF PCCP LINES
 ELECTROMAGNETIC INSPECTIONS OF PCCP LINES
 ELECTRONIC SYSTEM LOG (ESL)
 EM-01
 EM-04A
 EM-05

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

EM-08
EM-10
EM-11
EM-12A
EM-12B
EM-13
EM-14
EM-17
EM-18
EM-19
ENCASEMENT OF P.V. FEEDER- SAN BERNARDINO FREEWAY
ENERGY MANAGEMENT SYSTEM - PHASE 2
ENHANCED DISTRIBUTION SYSTEM AUTOMATIC FLOW TRANSFERS SOFTWARE REDEVELOPMENT
ENHANCED DISTRIBUTION SYSTEM AUTOMATION PHASE I
ENHANCED DISTRIBUTION SYSTEM AUTOMATION PHASE II
ENHANCED DISTRIBUTION SYSTEM CONTROL
ENLARGE FOOTHILL FEEDER CONTROL STRUCTURE
ENTRY CONTROL POINT STANDARDIZATION AND PERIMETER DEFENSE STUDY
ENVIRONMENTAL REGULATORY AGREEMENTS AND OTHER REGULATORY AGENCY
EOCF2 OC-44B VALVE REPLACEMENT STA. 1239+29
EQUIPMENT - 1ST SAN DIEGO AQUEDUCT
EQUIPMENT UPGRADE AT THE NORTH PORTAL OF THE HOLLYWOOD TUNNEL
ETIWAND PPLN-REPLACE TURNOUT STRUCTURE
ETIWANDA / RIALTO PIPELINE INTER-TIE CATHODIC PROTECTION
ETIWANDA AUTOMATIC VOLTAGE REGULATOR REPLACEMENT
ETIWANDA CAVITATION FACILITY INFRASTRUCTURE REHABILITATION
ETIWANDA CAVITATION TEST FACILITY COMMUNICATION AND CONTROL SYSTEM REPLACEMENT
ETIWANDA HEP NEEDLE VALVE OPERATORS
ETIWANDA PIPELINE - LINING REPLACEMENT
ETIWANDA PIPELINE - RIALTO PIPELINE TO UPPER FEEDER
ETIWANDA PIPELINE AND CONTROL FACILITY - RIGHT OF WAY
ETIWANDA PIPELINE AND CONTROL FACILITY - AS BUILTS
ETIWANDA PIPELINE AND CONTROL FACILITY - CATHODIC PROTECTION
ETIWANDA PIPELINE AND CONTROL FACILITY - EMERGENCY DISCHARGE CONDUITS
ETIWANDA PIPELINE AND CONTROL FACILITY - LANDSCAPING AND IRRIGATION
ETIWANDA PIPELINE AND CONTROL FACILITY - RESIDENCES
ETIWANDA PIPELINE AND CONTROL FACILITY - RIALTO FEEDER TO UPPER PIPELINE
ETIWANDA PIPELINE CATHODIC PROTECTION
ETIWANDA PIPELINE LINING REPAIRS
ETIWANDA PIPELINE LINING REPLACEMENT
ETIWANDA PIPELINE LINING REPLACEMENT - STAGE 3
ETIWANDA PIPELINE RELINING - PHASE 3
ETIWANDA PIPELINE SOUTH - STA. 332+00 TO 349+00 & UPPER FEEDER - STA. 1078+00 TO 1083+00 PROTECTION
ETIWANDA PUMP STATION
ETIWANDA RESERVOIR - EXTEND OUTLET STRUCTURE
ETIWANDA TEST FACILITY
EXPIRED AND/OR MISC. LAND COSTS TRANSFERRED FROM LAND (12105)
F-01 CHECK VALVE REPLACEMENT
F-02
F-03
F-04
F-05
F-06
F-08
F-09
FACILITY AND PROCESS RELIABILITY ASSESSMENT
FAIRPLEX AND WALNUT PCS VALVES REPLACEMENT
FEMA 2005 STORM DAMAGE, EASTERN REGION
FEMA 2005 STORM DAMAGE, WESTERN REGION
FEMA CORROSION CONTROL EQUIPMENT
FEMA FLOW CONTROL STRUCTURE
FEMA OLINDA PRESSURE CONTROL FACILITY
FEMA PROJECT 700049
FEMA PROJECT 701208
FEMA PROJECT 701211
FEMA PROJECT 701222
FEMA PROJECT 701223
FEMA PROJECT 701269
FEMA PROJECT 701271
FEMA PROJECT 701273
FEMA PROJECT 701274
FEMA PROJECT 701277
FEMA PROJECT 701278
FEMA PROJECT 701279
FEMA PROJECT 701281
FEMA PROJECT 701285
FEMA PROJECT 701287
FEMA PROJECT 701288
FEMA PROJECT 701289
FEMA PROJECT 701303
FEMA PROJECT 701323
FEMA PROJECT 701381
FEMA PROJECT 701485
FEMA PROJECT 701487

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

FEMA PROJECT 701510
 FEMA PROJECT 701538
 FEMA PROJECT 701623
 FEMA PROJECT 701628
 FEMA PROJECT 701631
 FEMA PROJECT WORKSHEET PW 1019
 FEMA RED MT. HYDRO PLANT
 FEMA SANTA ANA RIVER BRIDGE CROSSING
 FIELD FACILITY-PURCHASE SIGNS FO AMERICANS W/DISABILITIES
 FILTER ISOLATION GATE AND BACKWASH CONTROL WEIR COVERS MODULES 1- 6
 FIRST SAN DIEGO ACQUEDUCT- REPLACE SLIDE GATES
 FIVE DELIVERY CONNECTION WEST BASIN
 FLEET MANAGEMENT SYSTEM
 FLOW METER MODIFICATION
 FLOW METER REPLACEMENT
 FLOW METER REPLACEMENT PROJECT
 FLOWMETER MODIFICATION - LAKE SKINNER INLET, ETIWANDA EFFLUENT & WADSWORTH CROSS CHANNEL
 FM-01
 FOOTHILL & SEPULVEDA FEEDER PCCP CARBON FIBER JOINT REPAIRS
 FOOTHILL AND SEPULVEDA FEEDER PCCP CARBON FIBER JOINT REPAIRS
 FOOTHILL AREA STUDY
 FOOTHILL FDR., RIALTO PIPELINE-CONSTN. OF CHLORINE DIFFUSION STRUCTURE
 FOOTHILL FDR.-SCH.269 & 270, PIPELINE ,HERMOSA AVE. TO CITRUS AVE.
 FOOTHILL FDR.-SCH.271 & 272, PIPELINE CITRUS AVE. TO DWR. DEVIL CANYON
 FOOTHILL FEEDER - CASTAIC VALLEY BLOW-OFF VALVES REPLACEMENT
 FOOTHILL FEEDER - MAGAZINE CANYON SITE IMPROVEMENT
 FOOTHILL FEEDER ACOUSTIC FIBER OPTIC PCCP MONITORING SYSTEM
 FOOTHILL FEEDER ADEN AVE REHABILITATION
 FOOTHILL FEEDER ADEN AVE. REHABILITATION
 FOOTHILL FEEDER CARBON FIBER REPAIR
 FOOTHILL FEEDER CATHODIC PROTECTION
 FOOTHILL FEEDER CONTROL STRUCTURE
 FOOTHILL FEEDER HYDROELECTRIC PLANT RUNNER REPLACEMENT
 FOOTHILL FEEDER MAGAZINE CANYON SHAFT
 FOOTHILL FEEDER PCS VALVE REPLACEMENT
 FOOTHILL FEEDER PIPELINE REPLACEMENT PROJECT
 FOOTHILL FEEDER POWER PLANT EXPANSION
 FOOTHILL FEEDER REPAIR @ SANTA CLARITA RIVER
 FOOTHILL FEEDER RIALTO PIPELINE- SCH 268 (CAMPUS AV. TO HERMOSA AV.)
 FOOTHILL FEEDER RIALTO PIPELINE- SCH. 264 & 265(SAN DIMAS TO THMP.CRK)
 FOOTHILL FEEDER RIALTO PIPELINE- SCH. 266 & 267
 FOOTHILL FEEDER- SAN FERNANDO TUNNEL
 FOOTHILL FEEDER, CARBON FIBER REPAIRS
 FOOTHILL FEEDER, DALTON ADIT
 FOOTHILL FEEDER, SAN DIMAS WASH
 FOOTHILL FEEDERSYSTEM- SAN DIMAS FACILITIES, 2ND STAGE
 FOOTHILL FOR SAN FERNANDO TNL-GATE STRCTR LIGHTING & ALARM SYSTEM
 FOOTHILL HYDROELECTRIC RUNNER REPLACEMENT
 FOOTHILL PCS - UNINTERRUPTIBLE POWER SOURCE SYSTEMS INSTALLATION
 FOOTHILL PCS FLOOD PUMP INSTALLATION DESIGN DOCUMENTATION
 FOOTHILL PCS INTERNAL VALVE LINERS UPGRADE
 FOOTHILL FEEDER EXPOSURE
 FUEL MANAGEMENT SYSTEM
 FUTURE SYSTEM RELIABILITY PROGRAM
 G-02
 G-03
 GARVEY RESERVOIR - HYPOCHLORITE FEED SYSTEM
 GARVEY RESERVOIR - INSTALL HYPOCHLORINATION STATIONS
 GARVEY RESERVOIR - LOWER ACCESS PAVING ROAD & DRAINS
 GARVEY RESERVOIR CONTROL VALVES REPLACEMENT
 GARVEY RESERVOIR HYPOCHLORITE FEED SYSTEM
 GARVEY RESERVOIR SITE DRAINAGE REPAIRS AND MODIFICATIONS
 GARVEY RESERVOIR SODIUM HYPOCHLORITE FEED SYSTEM REHABILITATION
 GARVEY-ASCOT CROSS CONN: STA. 134+00 TO 147+00 (SPEC NO. 401 & 410)
 GARVEY-ASCOT CROSS FEEDER- REPLACE VALVE
 GATE NO 3 - 1ST SAN DIEGO AQUEDUCT
 GENE & IRON POOLS
 GENE AIR CONDITIONING SYSTEM REPLACEMENT
 GENE AIR CONDITIONING SYSTEM REPLACEMENT (103562)
 GENE MESS HALL AIR CONDITIONING UNIT
 GENE SPARE PARTS WAREHOUSE IMPROVEMENTS
 GLENDALE 01 SERVICE CONNECTION REHAB
 GLENDALE-01 SERVICE CONNECION REHABILITATION AND UPGRADE
 GLENDALE-01 SERVICE CONNECTION REHABILITATION
 GLENDORA TUNNEL
 GLENDORA TUNNEL- CORROSION CNTRL SYS
 GREG AVE PCS FACILITY REHABILITATION
 GREG AVE. PCS-SURGE TANK, REPLACE INTERIOR LINING
 GREG AVENUE CONTROL STRUCTURE VALVE REPLACEMENT
 GREG AVENUE CONTROL STRUCTURE VALVE REPLACEMENT (103265)
 GREG AVENUE PCS - PUMP MODIFICATIONS AND NEW CONTROL BUILDING
 GREG AVENUE PCS CONTROL BUILDING INTERIOR REHABILITATION
 GREG AVENUE PCS- SURGE TANK, REPLACE INTERIOR LINING
 HINDS GARAGE ASBESTOS SHEETING REPLACEMENT

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

HOLLYWOOD TUNNEL (SPEC NO. 329)
HOLLYWOOD TUNNEL NORTH PORTAL EQUIPMENT UPGRADES
HOUSE AT EAGLE ROCK
HOUSE AT NORTH PORTAL OF HOLLYWOOD TUNNEL
HR IMPROVEMENT PLANT PROJECT - PHASE II
HVAC MODIFICATIONS FOR ELECTRICAL SAFETY AND RELIABILITY
HYDRAULIC MODELING PROJECT
HYDROELECTRIC PLANT CARBON DIOXIDE (CO2) FIRE SUPPRESSION SYSTEM MODIFICATIONS
HYDROELECTRIC POWER PLANT (HEP) DISCHARGE ELIMINATION
IAS PROJECTS - CPA
IAS PROJECTS - DVL-SKINNER
IAS PROJECTS - MILLS SUPPLY RELIABILITY
IMPROVEMENTS TO PUDDINGSTONE SPILLWAY ON UPPER FEEDER
INLAND FEEDER AND LAKEVIEW PIPELINE INTERTIE
INLAND FEEDER RIALTO FEEDER INTERTIE
INLAND FEEDER TO CITRUS RESERVOIR AND PUMP STATION INTERCONNECTIONS
INLAND FOR SYSTEM- BOX SPRINGS FEEDER
INLAND PCSUST REMOVAL & AST INSTALLATION
INSPECTION OF THE ALLEN-MCCOLLOCH PIPELINE
INSTALL FLOWMETER INST. AT DEVIL CANYON/ RIALTO
INSTALL MOTION SENSORS IN NEW EXPANSION
INSTALL TEST LEADS AT FOUR LOCATIONS
INSTALL TEST STATIONS ON 32 BURIED INSULATION JOINTS
INSULATION JOINT TEST STATIONS
INTAKE PUMPING PLANT - UNDER FREQUENCY PROTECTION RELAY UPGRADE
INTAKE ROAD- WIDEN BRIDGE
INTERCONNECT & PRESURE CONTROL STRUCTURE AT LOWER & OC FDR.
INTERCONNECT EAST ORANGE COUNTY FDR. NO.2 & ORG COUNTY FDR. (SPEC #681)
IOC - 2ND BBL 1ST SAN DIEGO AQUEDUCT
IOC - 2ND LOWER & W ORANGE CO FEEDERS, INTERCONNECT STRUCTURE REMOTE CONTROL
IOC - ACCUSONIC FLOW METER UPGRADE
IOC - ALLEN MCCOLLOCH PIPELINE REPAIR
IOC - ALLEN-MCCOLLOCH PIPELINE
IOC - AULD VALLEY PIPELINE
IOC - BOX SPRINGS FEEDER FABRICATION & INSTALLATION OF STEEL PIPE
IOC - CATHODIC PROTECTION, EAST ORANGE COUNTY FDR 2
IOC - CENTRALIZED CONTROL SYSTEM
IOC - DIEMER HABITAT CONSERVATION PLAN
IOC - DISTN SYSTEM REPLACE AREA CONTROL SYSTEMS
IOC - DISTN SYSTEM SPILL CONTAINMENT & REMEDIATION
IOC - DISTRIBUTION SYS TYPE "M" METER REPLACEMENT
IOC - DISTRIBUTION SYSTEM, MULTIPLE ADDRESS SPECTRUM SYSTEM
IOC - EAGLE ROCK OPERATIONS CONTROL CENTER
IOC - EAST VALLEY FEEDER, RELOCATION AT HOLLYWOOD WAY
IOC - EAST VALLEY FEEDER, STRUCTURE MODIFICATIONS
IOC - ENLARGE FOOTHILL FEEDER CONTROL STRUCTURE
IOC - ETIWANDA PIPELINE CATHODIC PROTECTION
IOC - FOOTHILL FDR, ELEC PWR BLOWOFF/CHLOR STRUCTURE
IOC - FOOTHILL FEEDER, SAN FERNANDO TUNNEL, GATE STRUCTURE LIGHTING & ALARM SYST
IOC - GREG AVENUE PCS, SURGE TANKS, REPLACE INTERIOR LINING
IOC - INSPECTION OF THE ALLEN-MCCOLLOCH PIPELINE
IOC - INTAKE ROAD, WIDEN BRIDGE
IOC - JENSEN FILT PLANT, NEW INFLUENT CONDUIT
IOC - LA VERNE FACILITIES, MATERIAL TESTING LABORATORY MODIFICATION
IOC - LA VERNE FACILITY, CORROSION MATERIAL TEST PLANT
IOC - LA VERNE MATERIAL TEST LAB, REPLACE COOLING SYSTEM
IOC - LAKE PERRIS BYPASS PIPELINE
IOC - LAKE PERRIS PUMPBACK FACILITY
IOC - LAKE PERRIS PUMPBACK FACILITY EXPANSION
IOC - LOW LEVEL TEHACHAPI TUNNEL, FEASIBILITY STUDY
IOC - LOWER FEEDER PROTECTION, IMPERIAL HWY AT ATSF RR TRACKS, SANTA FE SPRNGS
IOC - LOWER FEEDER, RELOCATE AT IMPERIAL HIGHWAY, STA 2163+50
IOC - MILLS FILT PLT, ADMIN BLDG EXPANSION
IOC - MILLS PLANT, SERVICE CONNECTION WR-24A TURNOUT STRUCTURE
IOC - MINOR CAPITAL PROJECTS FY 1988/89 - INGLEWOOD LATERAL
IOC - MINOR CAPITAL PROJECTS, BOX SPRINGS FDR, INSTALL CHLORINE DIFUSER
IOC - MINOR CAPITAL PROJECTS, YORBA LINDA FEEDER
IOC - MWD SHARE OF DESIGN AND CONSTRUCTION OF SC LA-35
IOC - NEWHALL TUNNEL STEEL LINER
IOC - NEWHALL TUNNEL, INSTALL LINER
IOC - NEWHALL TUNNEL, LINER REPAIR
IOC - OLINDA PCS VIBRATION STUDY
IOC - OLINDA PCS, SECURITY FENCING AND PAVING
IOC - ORANGE CO FDR, DESIGN & CONSTRUCT FLOW CTRL FAC
IOC - ORANGE COUNTY FEEDER SERVICE CONN A-1, RELOC METER CABINET & ELEC SERV
IOC - ORANGE COUNTY FEEDER, RELOCATION BETWEEN STA 473+21-52 & 473+5-82
IOC - PALOS VERDE FEEDER, WASHINGTON PCS, PLATFORMS/LADDERS
IOC - PALOS VERDES FDR WASHINGTON ST PCS
IOC - PALOS VERDES FEEDER CATHODIC PROTECTION SYSTEM
IOC - PALOS VERDES FEEDER, 108TH ST PCS, INSTALL ELECTRIC VALVE OPERATORS
IOC - PALOS VERDES FEEDER, RELOCATE HARBOR AND ARTESIA FREEWAYS
IOC - PIPELINES AND FEEDERS, CONSTRUCTION STANDPIPE BRACING
IOC - PV MIDDLE CROSS, MIDDLE FEEDERS, ELECTROLYSIS TEST STATION
IOC - REFURBISH SERVICE CONNECTION, LOWER MIDDLE FEEDER

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

IOC - REPLACEMENT OF 75 UNDERGROUND FUEL STORAGE TANKS, ALL FACILITIES
 IOC - RIALTO PIPELINE AT DEVIL'S CANYON
 IOC - RIALTO PIPELINE, DELIVERY FACILITIES FOR CYCLIC STORAGE
 IOC - RIALTO PPLN, INSTALL 2 CATHODIC PROTECTION SYSTEM
 IOC - SAN DIEGO CANAL ENLARGEMENT PHASE 2
 IOC - SAN DIEGO CANAL MODIFICATION, 5 ADDITIONAL SIPHONS
 IOC - SAN DIEGO PPLN 3 BYPASS
 IOC - SAN DIEGO PPLNS 4 & 5 CORROSION CTRL SYS
 IOC - SAN DIEGO PIPELINE 5, SCH SD-17, TEMECULA TO DELIVERY POINT
 IOC - SAN DIEGO PIPELINE.5, SCH SD-17, TEMECULA TO DELIVERY POINT
 IOC - SAN DIEGO PPLN 5, SCH SD-16, SKINNER TO TEMECULA (SPEC NO. 1065)
 IOC - SANTA ANA CROSS FEEDER, RELOCATE FLOWER STREET STORM DRAINAGE
 IOC - SANTA MONICA FEEDER, SUNSET RELIEF STRUCTURE, MODIFY STA 433022
 IOC - SEPULVEDA FDR, SCH 123 CORROSION MITIGATION
 IOC - SERVICE CONN DW-CV-4, WHITE WATER SIPHON (2ND BARREL), STA 9698+00
 IOC - SERVICE CONNECTION DW-CV-4, VALVE STRUCTURE & SIPHON, STA 9698+00
 IOC - SKINNER BYPASS PIPELINE CHLORINATION SYSTEM
 IOC - STRUCTURE MODIFICATIONS TO SAN DIEGO PIPELINE"S # 1 AND 2
 IOC - TESTING PROGRAM AT YORBA LINDA TEST FACILITY
 IOC - UPPER FEEDER CATHODIC PROTECTION SCH 25
 IOC - UPPER FEEDER SANTA ANA RIVER BRIDGE SEISMIC MODIFICATION
 IOC - UPPER FEEDER, MANHOLE MODIFICATION, STATION 1464+50
 IOC - UPPER FEEDER, MANHOLE MODIFICATION, STATION 1495+54
 IOC - UPPER FEEDER, MANHOLE MODIFICATION, STATION 1757+86
 IOC - UPPER FEEDER, MODIFY PUDDINGSTONE SPILLWAY, STA 1950+62.71
 IOC - UPPER FEEDER, ROAD ACCESS TO SANTA ANA BRIDGE
 IOC - WEST ORANGE COUNTY FEEDER PCS, INSTALL 480V 3 PHASE ELEC SERVICE
 IOC - WEST ORANGE COUNTY FEEDER RELOCATION AT STA 456+00
 IOC - WEST ORANGE COUNTY FEEDER, RELOCATE STATIONS 132+16 TO 132+74
 IOC - WEST VALLEY FACILITIES STUDY
 IOC - YORBA LINDA FEEDER BYPASS
 IRON MOUNTAIN - TRANSFORMER OIL TANK RELOCATION
 JENSEN & MILLS OXIDATION RETROFIT
 JENSEN AND WESTERN REGION ELECTRICAL CONTROLS REHABILITATION
 JENSEN DISTRIBUTION SYSTEM - REPLACEMENT OF AREA CONTROL SYSTEMS - CONTRACT # 1396
 JENSEN EGEN UST UPGRADE - LINE LEAK DETECTOR INSTALLATION
 JENSEN FILTER BACKWASH BIOLOGICAL CONTROL SYSTEM
 JENSEN FILTER EFFLUENT TURBIDIMETER RELIABILITY
 JENSEN FILTR. PLANT- NEW INFLUENT CONDUIT
 JENSEN FILTR. PLANT- TURBIDIMETERS
 JENSEN FILTRATION PLANT - REPLACE ADMINISTRATION BUILDING AIR CONDITIONING
 JENSEN FILTRATION PLANT - ROAD RECONSTRUCTION
 JENSEN IRRIGATION LINE REPLACEMENT
 JENSEN OUTLET CHLORINE DIFFUSER AND SAMPLE PUMP MODIFICATIONS
 JENSEN OZONE SYSTEM PLC CONTROL & COMMUNICATION EQUIPMENT UPGRADE
 JENSEN PLANT- SERVICE CONNECTION - LA 25
 JENSEN PLANT-BY PASS PIPELINE
 JENSEN SOLAR FACILITY
 JENSEN/CANYON FEMA FIRE DAMAGE
 KIMBERLY STORM CHANNEL-ORANGE COUNTY FEEDER (ORG CONST)
 LA VERNE BUILDING 40 COMPRESSED AIR UPGRADES
 LA VERNE FACILITIES - BRIDGEPORT E-2-PATH
 LA VERNE FACILITIES - ENERGY CONSERVATION ECM1 - 10
 LA VERNE FACILITIES - EXPANSION OF THE SANITARY SEWER
 LA VERNE FACILITIES - HAZARDOUS WASTE STORAGE
 LA VERNE FACILITIES - MAIN TRANSFORMERS REPLACEMENT
 LA VERNE FACILITIES - MATERIAL TESTING LABORATORY MODIFICATION
 LA VERNE FACILITIES - MATERIALS TESTING LABORATORY
 LA VERNE FACILITIES - REPLACEMENT OF FLOCCULATOR STUB SHAFT - BASINS 1 & 2
 LA VERNE FACILITIES, UPPER FDR PUDDINGSTONE SPILLWAY, CROSS CONNECTION
 LA VERNE FACILITY-CORROSION MATERIAL TEST PLT
 LA VERNE MACHINE SHOP - AIR CONDITIONING UNIT REPLACEMENT
 LA VERNE MACHINE SHOP - REPAIR HORIZONTAL BORING MILL
 LA VERNE MACHINE SHOP SWAMP COOLER REPLACEMENT (103929)
 LA VERNE PIPELINE
 LA-02
 LA-03
 LA-04
 LA-06
 LA-07
 LA-08
 LA-09
 LA-10
 LA-11
 LA-12
 LA-13
 LA-15
 LA-16
 LA-21A
 LA-22
 LA-23
 LA-24
 LA-25
 LA-30

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

LA-31
 LA-33
 LA-35
 LA-35 DISCHARGE STRUCTURE REPAIRS
 LA-35 DISCHARGE STRUCTURE REPAIRS
 LADWP CONNECTION IN MAGAZINE CANYON
 LAKE MATHEWS - CONSTRUCTION OF BACKUP COMPUTER FACILITIES
 LAKE MATHEWS - DIVERSION TUNNEL WALKWAY REPAIR
 LAKE MATHEWS - FACILITY WIDE EMERGENCY WARNING AND PAGING SYSTEM
 LAKE MATHEWS - FOREBAY MCC ROOF IMPROVEMENT
 LAKE MATHEWS - MAIN DAM TOE SEEPAGE COLLECTION
 LAKE MATHEWS - MULTIPLE SPECIES MANAGER'S OFFICE & RESIDENCE
 LAKE MATHEWS - RENOVATION OF BLDGS. 8 & 15, GENERAL ASSEMBLY & ADMIN. BLDG. OFFICE AREAS
 LAKE MATHEWS - RETROFIT LOWER ENTRANCE GATE SWING ARM
 LAKE MATHEWS FACILITIES WIDE EMERGENCY WARNING/PAGING SYSTEM
 LAKE MATHEWS FENCING SECURITY UPGRADE
 LAKE MATHEWS FOREBAY MCC ROOF IMPROVEMENT
 LAKE MATHEWS HEADWORKS- REPLACE TWO VALVES (WO #3543)
 LAKE MATHEWS HEAVY AND LIGHT VEHICLE SHOP PROPANE TANKS
 LAKE MATHEWS MAIN DAM TOE SEEPAGE COLLECTION
 LAKE MATHEWS RETROFIT LOWER ENTRANCE GATE SWING ARM
 LAKE PERRIS BY PASS PIPELINE
 LAKE PERRIS BY PASS PIPELINE- CLAIMS
 LAKE PERRIS BYPASS PIPELINE EXPLORATION
 LAKE PERRIS BYPASS PIPELINE RELINING
 LAKE PERRIS DISSOLVED OXYGEN ENHANCEMENT (CAPITAL PORTION)
 LAKE PERRIS EMERGENCY STANDBY GENERATOR AND TRANSFER SWITCH REPLACEMENT
 LAKE PERRIS EMERGENCY STANDBY GENERATOR SYSTEM REPLACEMENT
 LAKE PERRIS EMERGENCY STANDBY GENERATOR SYSTEM REPLACEMENT (103909)
 LAKE PERRIS PIPELINE RELINING
 LAKE PERRIS PUMPBACK FACILITY
 LAKE PERRIS PUMPBACK FACILITY EXPANSION
 LAKE PERRIS PUMPBACK FACILITY-EXPANSION NO.2
 LAKE SKINNER - AERATOR AIR COMPRESSOR REPLACEMENT
 LAKE SKINNER - OUTLET TOWER VALVE REHABILITATION
 LAKE SKINNER - REPLACEMENT AERATOR RING
 LAKE SKINNER AERATOR AIR COMPRESSOR REPLACEMENT
 LAKE SKINNER AREA DISTRIBUTION SYSTEM VALVE REPLACEMENT
 LAKE SKINNER BYPASS PIPELINE #2 AND #3
 LAKE SKINNER C&D BUILDING REHABILITATION
 LAKE SKINNER CATHODIC PROTECTION
 LAKE SKINNER DAM ROAD REHAB
 LAKE SKINNER EAST BYPASS SCREENING STRUCTURES
 LAKE SKINNER EAST BYPASS STRUCTURE REHABILITATION
 LAKE SKINNER OUTLET TOWER CHLORINE SYSTEM MODIFICATION
 LAKE SKINNER OUTLET TOWER VALVE
 LAKE SKINNER WEST BYPASS SCREENING STRUCTURE
 LAKE SKINNER WEST BYPASS SCREENING STRUCTURE REHABILITATION
 LAKE VIEW PIPE LINE REPAIRS
 LAKE VIEW PIPELINE- SCH. 310,312 AND 313
 LAKE VIEW PIPELINE/INLAND FEEDER PCS ABOVE GROUND STORAGE TANK FOR DIESEL FUEL
 LAKE VIEW PIPELINE-INSTALL CATHODIC PROTECTION-STATION 2210+00
 LAKEVIEW PIPELINE - REPLACE VACUUM/AIR RELEASE
 LAKEVIEW PIPELINE CATHODIC PROTECTION SYSTEM
 LAKEVIEW PIPELINE CATHODIC PROTECTION SYSTEM REHABILITATION
 LAKEVIEW PIPELINE IMPROVEMENTS
 LAKEVIEW PIPELINE LEAK REPAIR AT ST 2510+49
 LAKEVIEW PIPELINE RELINING
 LAKEVIEW PIPELINE RELINING - STAGE 2
 LAKEVIEW PIPELINE RELINING - STAGE 3
 LAKEVIEW PIPELINE REPAIR
 LAKEVIEW PIPELINE UPGRADE
 LAKEVIEW PIPELINE, REPLACE VACUUM/AIR RELEASE
 LA-MISC
 LAVERNE - REPLACE COOLING SYS - MAT'L TEST LAB
 LAVERNE - RREPLACE COOLING SYSTEM - MATERIAL TEST LAB (PROJECT 100866)
 LAVERNE FACILITY - MATERIALS TESTING LAB RENOVATION
 LB-02
 LB-03
 LB-04
 LB-07
 LB-08
 LB-MISC
 LIVE OAK RESERVOIR BYPASS PIPELINE CATHODIC PROTECTION
 LIVE OAK RESERVOIR PIPELINE CATHODIC PROTECTION
 LIVE OAK RESERVOIR PIPELINES CATHODIC PROTECTION
 LONG BEACH LATERAL : SECTIONALIZING VALVE STRUCTURE
 LONG BEACH LATERAL EXTENSION SCHEDULE 41P (SPEC NO. 342)
 LONG BEACH LATERAL SCHEDULE 26SC (SPEC NO. 293)
 LOS ANGELES COUNTY NORTH C AND D REGION ELECTRICAL STRUCTURES REHAB
 LOS ANGELES COUNTY SOUTH C AND D REGION ELECTRICAL STRUCTURES REHAB
 LOW LEVEL TEHACHAPI TUNNEL- FEASIBILITY STUDY
 LOWER FDR, SCHEDULE 80SC, MISCELLANEOUS CREDITS
 LOWER FDR, SCHEDULE 80SC, MISCELLANEOUS CREDITS

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

LOWER FDR: CAJALCO TUNNEL TO CORONA PIPELINE, SCH 71P
 LOWER FDR: CAJALCO TUNNEL: STA. 1+00 TO 80+00 (SPEC NO. 413)
 LOWER FDR: STA. 988+54.00 TO 1031+52.75 (SCH. 75P)
 LOWER FDR: STA. 77+45 TO 282+50 (CAJALCO TNL. TO E. BND. OF CORONA) SCH 70P
 LOWER FDR-RELOCATE IN IMPERIAL HIGHWAY, STA 2163+50
 LOWER FEEDER - CATHODIC PROTECTION
 LOWER FEEDER BLOW-OFF DRAIN LINE REPLACEMENTS
 LOWER FEEDER CATHODIC PROTECTION SYSTEM REHABILITATION
 LOWER FEEDER- CONSTRUCTION OF BLOWOFF STRUCTURE AT STA. 80+40
 LOWER FEEDER PROTECTION, IMPERIAL HWY AT ATSF RR TRACKS, SANTA FE SPRNGS
 LOWER FEEDER STANDPIPE #22 REHABILITATION
 LOWER FEEDER WR 33 - AREA REPAIR AND REMEDIATION
 LOWER FEEDER, ALLEN MCCOLLCOCH
 LOWER FEEDER, SCHEDULE 79C
 LOWER FEEDER, SCHEDULE 80SC
 LOWER FEEDER, STA 359+10
 LOWER FEEDER, STA 421+15 TO 457+85
 LOWER FEEDER: STA. 663+00 TO 793+80, SCH. 73SC (SPEC 455)
 LOWER FEEDER: STA. 793+80 TO 919+54 SCH. 72, 73, 74
 LOWER FEEDER: COTTAGE & DOUBLE GARAGE NEAR CNTRL. TOWER (SA CYN.)
 LOWER FEEDER: STA. 524+05 TO 663+00 (W. BND. OF CORONA TO SA RIVER CYN.)
 LV-02
 LV-03
 MAGAZINE CANYON CANOPY
 MAGAZINE CANYON, ISOLATION GATE JACKING FRAME
 MAGAZINE CANYON, VALVE REPLACEMENT FOR SAN FERNANDO TUNNEL
 MAGAZINE CANYON-ISOLATION GATE JACKING FRAME
 MECHANICAL / VENTURI TYPE METERS- DISTR SYSTEM (INTERIM CONST)
 METER & CHLORINATION EQUIPMENT - ORANGE COUNTY FEEDER
 METER- SERVICE CONNECTION PM - 17 UPPER FEEDER (INTERIM CONST)
 METERING CIRCUITS MODIFICATIONS AT ETIWAND AND VALLEY VIEW POWER
 MICROWAVE COMMUNICATION SITES BUILDING UPGRADE
 MIDDLE CROSS FDR: STA 0+09.98 TO 285+40-GARFIELD-WADSWORTH AVE
 MIDDLE CROSS FDR: STA. 285+40 TO 360+62.29 (WADSWORTH-FIGUEROA ST) (SCH 54SC)
 MIDDLE CROSS FDR: STA. 285+40 TO 360+62.29 (WADSWORTH-FIGUEROA ST) (SCH 55SC)
 MIDDLE CROSS FEEDER CATHODIC PROTECTION
 MIDDLE FDR: STA. 7+53.65 TO 301+00 (GRAND AVE-BALDWIN PK.) SCH 57SC
 MIDDLE FDR: STA. 7+53.65 TO 301+00 (LA VERNE-GRAND AVE.) SCH 56SC
 MIDDLE FDR: STA. 759+00 TO 944+00 (BALDWIN PK-SO SAN GABE) SCH 59SC
 MIDDLE FDR: STA. 944+00 TO 1105+50 (SO SAN GABE-GARVEY RSVR) SCH 59A
 MIDDLE FEEDER - CATHODIC PROTECTION SYSTEMS
 MIDDLE FEEDER - NORTH CATHODIC PROTECTION SYSTEM
 MIDDLE FEEDER BLOW-OFF VALVE REPLACEMENT AT STA 782+53.16
 MIDDLE FEEDER CHLORINATION STRUCTURE REHABILITATION AT WEYMOUTH WTP
 MIDDLE FEEDER NORTH CATHODIC PROTECTION
 MIDDLE FEEDER NORTH CATHODIC PROTECTION SYSTEM
 MIDDLE FEEDER NORTH DRAINAGE AND PROTECTION RESTORATION
 MIDDLE FEEDER PROTECTION AT RUSH ST. AND WALNUT GROVE AVE.
 MIDDLE FEEDER- RELOCATE DURFEE AVE. STA. 758+00 TO 771+00
 MIDDLE FEEDER RELOCATION FOR SCE MESA SUBSTATION
 MIDDLE FEEDER SCHEDULE 76SC (SPEC NO. 524)
 MIDDLE FEEDER SCHEDULE 77SC (SPEC NO. 524)
 MIDDLE FEEDER SCHEDULE 78SC (SPEC NO. 524)
 MIDDLE FEEDER SOUTH BLOWOFF VALVE REPLACEMENT AT STA. 782+54
 MIDDLE FEEDER: STA. 244+75 TO 247+45 (SPEC NO. 416)
 MIDDLE FEEDER: COTTAGE AND GARAGE AT RIO HONDO STRUCTURE
 MILLS EGEN USST UPGRADE - LLD INSTALLATION
 MILLS EMERGENCY GENERATOR PLC UPGRADE
 MILLS FILT PLT, ADMIN BLDG EXPANSION
 MILLS FILTR. PLANT- SERVICE CONNECTION WR-24A TURNOUT STRUCTURE
 MILLS FILTRATION PLANT - INVESTIGATION TO RELOCATE ACCESS ROAD
 MILLS PLANT (103469)
 MILLS TURBIDITY EVENT, DR 1952, DECEMBER 2010 STATEWIDE STORMS
 MILLS WEIR GATE AND FILTER VALVE REHABILITATION
 MILLS, REPLACE WILLOWGLEN RTU
 MINOR CAP 08/09 PLACEHOLDER
 MINOR CAP FY 2009/10
 MINOR CAP FY 2012/13
 MINOR CAP FY 2014/16
 MINOR CAPITAL PROJ - BOX SPRINGS FDR, INSTALL CHLOR DIFUSER
 MINOR CAPITAL PROJ - FOOTHILL FDR, ELEC PWR BLOWOFF/CHLOR STRUC
 MINOR CAPITAL PROJ - SD PIPEL #4 & 5-CORR CNTRL SYS
 MINOR CAPITAL PROJ - SEPULVEDA FDR, SCH 123/ CORR MITIGATION
 MINOR CAPITAL PROJECTS FOR FY 1989/90 - LONG BEACH LATERAL
 MINOR CAPITAL PROJECTS FOR FY 1989/90 - SANTIAGO LATERAL CONTROL
 MINOR CAPITAL PROJECTS FY 1988/89 - 2ND LOWER FEEDER
 MINOR CAPITAL PROJECTS FY 1988/89 - INGLEWOOD LATERAL
 MINOR CAPITAL PROJECTS FY 1988/89 - SANTA ANA CROSS FEEDER
 MINOR CAPITAL PROJECTS FY 1988/89 - SEPULVEDA FEEDER
 MINOR CAPITAL PROJECTS FY 1988/89 - WEST VALLEY FEEDER (50/50)
 MINOR CAPITAL PROJECTS FY 2011-2012
 MINOR CAPITAL PROJECTS- FY 74-75
 MINOR CAPITAL PROJECTS- LAKEVIEW PIPELINE
 MINOR CAPITAL PROJECTS PROGRAM 07/08 - REMAINING FUNDS

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

MINOR CAPITAL PROJECTS-DIST SYS, MULTIPLE ADDRESS SPECTRUM SYSTEM
 MINOR CAPITAL PROJECTS-YORBA LINDA FEEDER
 MISC
 MODIFICATIONS OF EM-14 SERVICE CONNECTION
 MONROVIA CANYON CROSSING SCHEDULE 9C
 MONROVIA TUNNEL NO. 4
 MONROVIA TUNNELS NO.1 & NO.2
 MONROVIA TUNNELS NO.3
 MONUMENT SIGNS FOR THE DIAMOND VALLEY LAKE FACILITY EAST AND WEST ENTRANCES
 MORRIS RESERVOIR CONNECTION (SPEC NO. 338)
 MOUNT OLYMPUS TUNNEL COST RIGHT-OF-WAY (ROW)
 MP-01
 MWD ROAD GUARDRAIL
 MWD SHARE FOR DESIGN AND CONSTRUCTION OF SC. LA-35
 MWD UNION STATION HEADQUARTERS VISITOR SECURITY SCREENING
 NEW EMERGENCY SERVICE CONNECTION ON THE SEPULVEDA FDR FOR LADWP
 NEWHALL AND BALBOA INLET TUNNELS
 NEWHALL TUNNEL- LINER REPAIR
 NEWHALL TUNNEL STEEL LINER REPAIR
 NEWHALL TUNNEL-INSTALL LINER
 NITROGEN STORAGE COMPLIANCE AT DVL, INLAND FEEDER PCS, AND LAKE MATHEWS
 NITROGEN STORAGE STUDY
 NO. PORTAL NEWHALL TUNNEL (CANCELLED)
 NON PCCP LINES CONDITION INSPECTION AND ASSESSMENT
 NORTH PORTAL OF HOLLYWOOD TUNNEL
 NORTH REACH CONSTRUCTION / INSPECTION / CM
 NORTH REACH CONSTRUCTION/ASBUILT
 NORTH REACH ENVIRONMENTAL - CONSTRUCTION
 NORTH REACH FINAL DESIGN & ADV/NTP
 NORTH REACH POST DESIGN / ASBUILT
 NORTH REACH PROGRAM MANAGEMENT - CONSTRUCTION
 NORTHERN PIPELINE ENVIRONMENTAL FINAL DESIGN
 NORTHERN PIPELINE RIGHT OF WAY FINAL DESIGN
 OAK ST PCS REHABILITATION
 OAK ST. PCS ROOF REPLACEMENT
 OAK STREET PCS - VALVE REPLACEMENT
 OAK STREET PCS- VALVE REPLACEMENT
 OAK STREET PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT
 OAK STREET PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT - CONSTRUCTION
 OAK STREET PRESSURE CONTROL STRUCTURE VALVE ACTUATOR REPLACEMENT
 OC - 70
 OC - 70
 OC - 71 SERVICE CONNECTION REPAIRS
 OC 44 SERVICE CONNECTIONS & EOC#2 METER ACCESS ROAD REHAB
 OC 88 FIRE SYSTEM PROTECTION UPGRADES
 OC 88 PUMPING PLANT REHABILITATION
 OC CATHODIC PROTECTION STA 1467+15 TO STA 2053+97
 OC FEEDER CATHODIC PROTECTION SYSTEM REHABILITATION
 OC FEEDER STA 1920+78 BLOWOFF STRUCTURE & RIP-RAP REPAIRS
 OC RESERVOIR SODIUM HYPOCHLORITE PUMP AND PIPING REPLACEMENT
 OC-01
 OC-03
 OC-03T
 OC-04
 OC-06
 OC-07
 OC-14
 OC-18
 OC-20
 OC-21
 OC-22
 OC-23
 OC-24
 OC-25
 OC-26
 OC-27
 OC-29
 OC-30
 OC-31
 OC-32A
 OC-33
 OC-34
 OC-35
 OC-36
 OC-37
 OC-38 SERVICE CONNECTION MODIFICATION
 OC-45
 OC-46
 OC-49
 OC-50
 OC-51
 OC-52
 OC-53
 OC-54

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

OC-55
 OC-56
 OC-57
 OC-59
 OC-60
 OC-61
 OC-62
 OC-63
 OC-71 FLOW CONTROL FACILITY
 OC-73
 OC-88 - SECURITY FENCING AT PUMP PLANT
 OC-88 EMERGENCY STANDBY GENERATOR UPGRADE STUDY
 OC-88 FIRE PROTECTION UPGRADE
 OC-88 PUMP PLANT AIR COMPRESSOR UPGRADE
 OC-88 PUMP STATION CHILLERS REPLACEMENT
 OC-88 PUMP STATION FLOW METER UPGRADE
 OC-88 PUMP STATION PLC UPGRADE
 OC-88 PUMP STATION UPGRADES
 OC-88 PUMPING PLANT SURGE TANK UPGRADES
 OC-88 PUMPING PLANT SURGE TANKS UPGRADES
 OC-88 PUMPING PLANT UPGRADES
 OC-88 PUMPING STATION, ENERGY SAVINGS
 OC-89 AND OC-90 FLOW METER REPLACEMENT
 OC-9
 OC-MISC
 OFFSITE WATER SERVICE - EASTERN MUNICIPAL WATER DISTRICT
 OLINDA PCS AND SANTIAGO TOWER EMERGENCY GENERATORS
 OLINDA PCS- SECURITY FENCING AND PAVING
 OLINDA PCS VALVE REPLACEMENT
 OLINDA PCS VIBRATION STUDY
 OLINDA PRESSURE CONTROL FACILITY PAVEMENT REPAIR
 OLINDA PRESSURE CONTROL STRUCTURE
 OLINDA PRESSURE CONTROL STRUCTURE AND SANTIAGO TOWER EMERGENCY GENERATORS
 OLINDA PRESSURE CONTROL STRUCTURE- LOWER FEEDER
 OLINDA PRESSURE CONTROL STRUCTURE, VIBRATION MITIGATION, ROW ACQUISITION
 ON-CALL RESOURCES MANAGEMENT APPLICATION
 OPERATIONS CONTROL CENTER AT EAGLE ROCK
 OPERATIONS CONTROL CENTER UPS REPLACEMENT
 OPERATIONS SCOPING STUDY
 ORANGE CO FDR, BLOW-OFF STRUCTURE AND ACCESS ROAD REPAIR
 ORANGE CO FDR, FLOW CONTROL FACILITY
 ORANGE COUNTY - 88 PUMP PLANT AIR COMPRESSOR UPGRADE
 ORANGE COUNTY - 88 SECURITY FENCING AT PUMP PLANT
 ORANGE COUNTY - CENTRAL CONTROL SYSTEM
 ORANGE COUNTY AND RIVERSIDE/SAN DIEGO COUNTY OPERATING REGIONS VALVE REPLACEMENT
 ORANGE COUNTY AREA DISTRIBUTION SYSTEM VALVE REPLACEMENT
 ORANGE COUNTY C & D ELECTRICAL IMPROVEMENTS - STUDY
 ORANGE COUNTY C&D ELECT STRUCT REHAB - STAGE 2
 ORANGE COUNTY C&D INSTRUMENTATION PANEL IMPROVEMENTS
 ORANGE COUNTY C&D REGION SERVICE CENTER
 ORANGE COUNTY C&D TEAM SUPPORT FACILITY
 ORANGE COUNTY CONVEYANCE AND DISTRIBUTION SERVICE CENTER
 ORANGE COUNTY FDR - SVC CONN SA-3, REPLACE MECHICAL METER
 ORANGE COUNTY FDR.-RELOCATE PRESSURE RELIEF STRUC., STA 1772+72
 ORANGE COUNTY FDR.SERV.CONN.A-1,RELOC.METER CABINET & ELEC.SERV.
 ORANGE COUNTY FEEDER
 ORANGE COUNTY FEEDER CATHODIC PROTECTION
 ORANGE COUNTY FEEDER- CATHODIC PROTECTION
 ORANGE COUNTY FEEDER CATHODIC PROTECTION SYSTEM REHABILITATION
 ORANGE COUNTY FEEDER DEWATERING IMPROVEMENTS
 ORANGE COUNTY FEEDER EXTENSION LINING REPAIR
 ORANGE COUNTY FEEDER- EXTENSION PROJECT FOR FREEWAY
 ORANGE COUNTY FEEDER EXTENSION SCHEDULE 42S
 ORANGE COUNTY FEEDER EXTENSION- VALVE STRUCTURE
 ORANGE COUNTY FEEDER EXTN.TERMINUS REVISION:STA.2053+43 TO 2134+81
 ORANGE COUNTY FEEDER EXTN: ADDTL" VALVES AT WILLITS ST. STRUCTURE
 ORANGE COUNTY FEEDER INSPECTION
 ORANGE COUNTY FEEDER INTERNAL INSPECTION STUDY
 ORANGE COUNTY FEEDER LINING REPAIR - REACH 2
 ORANGE COUNTY FEEDER LINING REPAIRS
 ORANGE COUNTY FEEDER PRESSURE CONTROL STRUCTURES
 ORANGE COUNTY FEEDER RELINING
 ORANGE COUNTY FEEDER RELINING - REACH 3
 ORANGE COUNTY FEEDER RELINING - REACHES 1 & 2
 ORANGE COUNTY FEEDER RELOCATION (SPEC NO. 618)
 ORANGE COUNTY FEEDER RELOCATION AT BALL ROAD
 ORANGE COUNTY FEEDER RELOCATION IN FULLERTON
 ORANGE COUNTY FEEDER- RELOCATION STA. 1278+00 TO 1292+00
 ORANGE COUNTY FEEDER- REPLC. 20
 ORANGE COUNTY FEEDER SCHEDULE 34P
 ORANGE COUNTY FEEDER SCHEDULE 35P
 ORANGE COUNTY FEEDER SCHEDULE 36P
 ORANGE COUNTY FEEDER SCHEDULE 37SC
 ORANGE COUNTY FEEDER SCHEDULE 37SC CATHODIC PROTECTION

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description
Distribution Facilities

ORANGE COUNTY FEEDER STA 1920+78 BLOWOFF STRUCTURE & RIP-RAP REPAIRS
 ORANGE COUNTY FEEDER:INCASEMENT AT SANTA ANA FREEWAY CROSSING
 ORANGE COUNTY FEEDER:MOTOR OPERATED FLOW REGULATING VALVE
 ORANGE COUNTY FEEDER-CONSTRUCT BLOWOFF STRUCTURE AT STA. 251+00
 ORANGE COUNTY FEEDER-MODIFY SANTA ANA RELIEF STRUCTURE
 ORANGE COUNTY FEEDER-RELOCATE PIPE, STA. 473+21-52 TO STA. 473+5-82
 ORANGE COUNTY FEEDER-RELOCATION AT KIMBERLY STORM CHANNEL
 ORANGE COUNTY PIPELINES RIGHT-OF-WAY INFRASTRUCTURE
 ORANGE COUNTY REGION C AND D ELECTRICAL STRUCTURES REHABILITATION
 ORANGE COUNTY REGION ENVIRONMENTAL MITIGATION MONITORING
 ORANGE COUNTY REGION RTU AIR CONDITIONER UNIT 1
 ORANGE COUNTY RELIABILITY IMPROVEMENTS
 ORANGE COUNTY RESERVOIR - INSTALL HYPOCHLORINATION STATIONS
 ORANGE COUNTY RESERVOIR - PIEZOMETERS & SEEPAGE MONITORING AUTOMATION
 ORANGE COUNTY RESERVOIR PIEZOMETERS AND SEEPAGE MONITORING AUTOMATION
 ORMOND BEACH PROPERTY ACQUISITION
 OXIDATION DEMONSTRATION PLANT CONTROL SYSTEM REPLACEMENT
 P-02
 P-03
 P-04
 P-05
 P103016 OC-88 PUMPING STATION, ENERGY SAVINGS
 P103329 SAN DIEGO PPLN 6, NORTH REACH FINAL DESIGN/ADV/NTP
 P103331 NORTHERN PIPELINE RIGHT OF WAY FINAL DESIGN
 P103485 SAN DIEGO PIPELINE 6, NORTH REACH
 P103558 SAN DIEGO PIPELINE 6 NORTH REACH
 P103560 SD6 - NORTH REACH POST DESIGN
 P103567 PERRIS VALLEY PIPELINE, GENERAL
 P103725 ENTRY CONTROL POINT STANDARDIZATION AND PERIMETER DEFENSE STUDY
 P103726 CRITICAL LOCK IDENTIFICATION AND CHANGE-OUT
 P103764 PERRIS VALLEY PIPELINE
 P103765 PERRIS VALLEY PIPELINE TIE-IN (EMWD)
 P103766 PERRIS VALLEY PIPELINE VALVE
 P103801 SECURITY FENDING AT OC-88 PUMP PLANT
 P103808 SAN DIEGO PIPELINE #4 VALVE REPLACEMENT
 P103858 PERRIS VALLEY PIPELINE, NORTH REACH
 P103946 SAN DIEGO PIPELINE REPAIR AT STATION 1268+57
 P103994 BOX SPRING FEEDER REPAIR, PHASE 2
 P103997 COPPER BASIN INTERIM CHLORINATION SYSTEM
 P104027 MAGAZINE CANYON, VALVE REPLACEMENT FOR SAN FERNANDO TUNNEL
 P104051 LAKE PERRIS BYPASS PIPELINE EXPLORATORY EXCAVATION
 P104078 CROSS CONNECTION PREVENTION PROGRAM, PHASE II CONSTRUCTION
 P104196 CALABASAS FEEDER STAGE 1 AND 2 REPAIRS
 P104264 RELOCATION OF SC CENB-11 METER CABINET AND AIR VENT STRACK
 P104614 INLAND FEEDER AND LAKEVIEW PIPELING INTERTIE
 P104663 WEYMOUTH SOLAR POWER FACILITIES
 P104685 WILLITS ST. PCS VALVE ACTUATOR REPLACEMENT
 P104706 JENSEN OUTLET CHLORINE DIFFUSER AND SAMPLE PUMP MODIFICATIONS
 P104731 WR-24D FLOWMETER REPLACEMENT
 P104741 EAGLE ROCK CONTROL TOWER CATHOTIC PROTECTION REHABILITATION
 P104760 SEPULVEDA FEEDER PCCP 2016 URGENT REPAIRS
 P104790 MONUMENT SIGNS FOR DVLAKE FACILITY EAST AND WEST ENTRANCES
 P104841 WEYMOUTH FLOCCULATOR REHABILITATION
 P104871 CRA EAGLE MOUNTAIN PUMPING PLANT - DOMESTIC WATER LINE INSULATION
 P104874 SECOND LOWER FEEDER PCCP REHABILITATION
 P104876 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 2
 P104877 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 3
 P104881 SECOND LOWER FEEDER PCCP REHABILITATION
 P104883 SECOND LOWER FEEDER PCCP REHABILITATION - REAL PROPERTY ACQUISITION
 P104916 DVL ANGLER AVENUE ACCESS PROJECT
 P104937 WHEELER GATE STORMWATER IMPROVEMENT
 P104958 SKINNER ORP SWITCHGEAR BATTERY REPLACEMENT
 P104959 SCADA NETWORK INTRUSION DETECTION SYSTEM
 P104961 LAKE MATHEWS FENCING SECURITY UPGRADE
 P104971 SKINNER SPILLWAY REHABILITATION
 P104976 WATER ORDERING & EVENT SCHEDULING SYSTEM
 P104991 JENSEN EGEN UST UPGRADE - LINE LEAK DETECTOR INSTALLATION
 P104992 MILLS EGEN USST UPGRADE - LLD INSTALLATION
 P104993 SKINNER EGEN UST UPGRADE - LLD INSTALLATION
 P104994 UNION STATION EGEN UST UPGRADE, LINE LEAK DETECTOR INSTALLATION
 P104996 EGIS INFRASTRUCTURE UPGRADE
 P105002 SEPULVEDA WEST VALLEY AND EAST VALLEY FEEDERS INTERCONNECTION
 P105023 SCADA NETWORK FIBER OPTIC SWITCH REPLACEMENT
 P105026 SKINNER ELECTRICAL EQUIPMENT BUILDING 1 & 2
 P105029 SKINNER ACCUSONIC FLOWMETER REPLACEMENT
 P105032 WEYMOUTH ELECTRIC VEHICLE CHARGING STATION INSTALLATION
 P105034 COLORADO RIVER AQUEDUCT CASA SIPHON
 P105039 FOOTHILL FEEDER - CASTAIC VALLEY BLOW-OFF VALVES REPLACEMENT
 P105045 DIEMER OZONE COOLING WATER ALTERNATIVE SOURCE
 P105061 LOWER FEEDER STANDPIPE #22 REHABILITATION
 P105062 SAN DIEGO PIPELINE NO. 2 ACCESS ROAD RELOCATION
 P105064 OC 88 FIRE SYSTEM PROTECTION UPGRADES
 P105070 SERVICE CONNECTION FLOWMETER REPLACEMENT
 P105073 SANTA MONICA FEEDER CAST IRON PIPE REHABILITATION

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

P105094 DIEMER PLANT INFLUENT FLOWMETER
 P105098 LOWER FEEDER BLOW-OFF DRAIN LINE REPLACEMENTS
 P105101 JENSEN FILTER EFFLUENT TURBIDIMETER RELIABILITY
 P105106 SANTA MONICA FEEDER INTERNAL SEAL INSTALLATION
 P105107 LA VERNE BUILDING 40 COMPRESSED AIR UPGRADES
 P105110 MILLS EMERGENCY GENERATOR PLC UPGRADE
 P105114 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 8
 P105118 PERRIS BYPASS PIPELINE SUMP PUMP REPLACEMENT
 P105119 ORANGE COUNTY REGION RTU AIR CONDITIONER UNIT 1
 P105123 CENTRAL BASIN, 48 BUBBLER AREA ACCESS IMPROVEMENT
 P105124 LAKE PERRIS PIPELINE RELINING
 P105127 OC-88 PUMP STATION PLC UPGRADE
 P105137 RIALTO FEEDER STA 3820+00 MANHOLE REPLACEMENT
 P105139 WCF/PVF INTERCONNECTION VALVE AUTOMATION
 P105164 SAN DIEGO PIPELINE 1 RAINBOW TUNNEL LINER REHABILITATION
 P105167 SAN GABRIEL PCS ELECTRICAL REPLACEMENTS
 P105171 MIDDLE FEEDER CHLORINATION STRUCTURE REHABILITATION AT WEYMOUTH WTP
 P105172 ALLEN MCCOLLOCH PIPELINE PCCP 2021 URGENT RELINING
 P105187 F-01 CHECK VALVE REPLACEMENT
 P105195 RIALTO FEEDER VALVE REPLACEMENT
 P105201 OC-89 AND OC-90 FLOW METER REPLACEMENT
 P105235 SEPULVEDA HEP TAILRACE COATINGS
 P105240 WEST VALLEY FEEDER NO. 1 STRUCTURES - PIPING IMPROVEMENTS
 PALOS ALTOS FEEDER - 108TH ST.
 PALOS VERDES FDR - MODIFICATION OF CITY OF L A SERVICE CONNECTIONS
 PALOS VERDES FDR - WASHINGTON ST. PCS REHABILITATION
 PALOS VERDES FDR- LA CITY MODIFICATION OF SERVICE CONNECTION
 PALOS VERDES FDR- WASHINGTON ST. PCS
 PALOS VERDES FDR, 108TH ST PCS, VALVE REPLACEMENT
 PALOS VERDES FEEDER - LONG BEACH LATERAL TURNOUT STRUCTURES STA. 1442+15 VALVE REPLACEMENT (NEED UD)
 PALOS VERDES FEEDER - LONG BEACH LATERAL TURNOUT STRUCTURES STA. 1442+15 VALVE REPLACEMENTS
 PALOS VERDES FEEDER PCS - VALVE REPLACEMENT
 PALOS VERDES FEEDER- RELOCATE HARBOR AND ARTESIA FREEWAYS
 PALOS VERDES FEEDER: ADDITIONAL
 PALOS VERDES FEEDER-108TH ST. PCS, INSTALL ELECT. VALVE OPERATORS
 PALOS VERDES FEEDER-CATHODIC PROTECTION SYSTEM
 PALOS VERDES FEEDER-REHAB DOMINGUEZ CHAN (PROJECT 100851)
 PALOS VERDES FEEDER-VALVE REHAB, DOMINGUEZ CHNL
 PALOS VERDES RESERVOIR - INSTALL HYPOCHLORINATION STATIONS
 PALOS VERDES RESERVOIR, SPILLWAY ENERGY DISSIPATOR STRUCTURE MODIFICATION
 PALOS VERDES RESERVOIR-REPLACE MONITORING DISPLAY & ALARM PANEL
 PASADENA TUNNEL EXTENSION
 PASADENA TUNNELS
 PC-1 EFFLUENT OPEN CHANNEL TRASH RACK
 PC-1 EFFLUENT OPEN CHANNEL TRASH RACK PROJECT
 PCCP HYDRAULIC ANALYSES
 PCCP HYDRAULIC MODELING
 PCCP REHABILITATION - PROGRAM CEQA
 PCCP REHABILITATION - PROGRAM MANAGEMENT
 PCCP REHABILITATION, PROGRAM MANAGEMENT
 PCCP RELIABILITY PROGRAM PIPELINE PROCUREMENT
 PCCP STRUCTURAL PERFORMANCE RISK ANALYSIS
 PERIMETER FENCING AT PLACERITA CREEK
 PERMANENT LEAK DETECTION/PIPELINE MONITORING SYSTEM
 PERRIS PCS - UNINTERRUPTIBLE POWER SOURCE SYSTEMS INSTALLATION
 PERRIS BYPASS PIPELINE SUMP PUMP REPLACEMENT
 PERRIS CONTROL FACIL. & CON. TO STATE DWR FAC.
 PERRIS CONTROL FACILITY BYPASS & PCS UPGRADE
 PERRIS CONTROL FACILITY PUMPBACK UPGRADES
 PERRIS PCS ROOF REHAB
 PERRIS PRESSURE CONTROL STRUCTURE ROOF REPLACEMENT
 PERRIS PUMPBACK COVER
 PERRIS VALLEY PIPELINE
 PERRIS VALLEY PIPELINE - DESIGN-BUILD (EMWD)
 PERRIS VALLEY PIPELINE - GENERAL
 PERRIS VALLEY PIPELINE - NORTH REACH
 PERRIS VALLEY PIPELINE - RESERVED FOR STAGE II DESIGN / BUILD
 PERRIS VALLEY PIPELINE - SOUTH REACH
 PERRIS VALLEY PIPELINE - STUDY
 PERRIS VALLEY PIPELINE - TIE-IN (WMWD)
 PERRIS VALLEY PIPELINE - TUNNELS
 PERRIS VALLEY PIPELINE - VALVES
 PERRIS VALLEY PIPELINE DESIGN-BUILD (EMWD)
 PERRIS VALLEY PIPELINE NORTH REACH
 PERRIS VALLEY PIPELINE SOUTH REACH
 PERRIS VALLEY PIPELINE TIE-IN (EMWD)
 PERRIS VALLEY PIPELINE TIE-IN (WMWD)
 PERRIS VALLEY PIPELINE VALVE
 PERRIS VALLEY PIPELINE VALVES
 PERRIS VALLEY PIPELINE, GENERAL
 PERRIS VALLEY PIPELINE, NORTH REACH
 PERRIS VALLEY SIPHON CONNECTION FOR EASTERN M.W.D.
 PIPELINES AND FEEDERS, CONSTRUCTION STANDPIPE BRACING
 PLACENTIA RAILROAD LOWERING PROJECT

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

PLACERITA CREEK PERIMETER FENCING
 PLANT INFLUENT REDUNDANT FLOW METERING AND SPLITTING
 PLATFORM REPLACEMENT AT VARIOUS C&D WRU STRUCTURES
 PLC REPLACEMENT PHASE II
 PM-01
 PM-02
 PM-03
 PM-04
 PM-05
 PM-06
 PM-07
 PM-08
 PM-09
 PM-10
 PM-11
 PM-12
 PM-14
 PM-15A
 PM-16
 PM-17
 PM-18
 PM-19
 PM-21
 PM-22
 PM-23
 PM-24
 PM-26
 PM-26A NEW SERVICE CONNECTION, BIG DALTON CANYON
 P-MISC
 PM-MISC
 POMONA VALLEY M.W.D. FACILITIES
 PORTION OF CASA LOMA SIPHON
 POWER MANAGEMENT SYSTEMS
 POWER PLANT DISCHARGE ELIMINATION
 PRELIMINARY OPERATION - TESTING & CONDITIONING (1938-1940)
 PRESTRESSED CONCRETE CYLINDER PIPE - PHASE 2
 PRESTRESSED CONCRETE CYLINDER PIPE (PCCP) STRUCTURAL PERFORMANCE RISK ANALYSIS
 PRESTRESSED CONCRETE CYLINDER PIPE (PCCP), PHASE 2
 PRESTRESSED CONCRETE CYLINDER PIPE -PHASE 3
 PREVENTION OF CRA WATER MIGRATION TO SPW AT WEYMOUTH JUNCTION STRUCTURE
 PROGRAMATTIC ENVIRONMENTAL DOCUMENTATION OF ORANGE COUNTY
 PROGRAMATTIC ENVIRONMENTAL DOCUMENTATION OF SAN BERNARDINO COUNTY
 PROGRAMMABLE LOGIC CONTROLLER (PLC) STANDARDIZATION
 PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR THE LOS ANGELES CO. OPERATING REGION
 PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR THE ORANGE COUNTY OPERATING REGION
 PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR THE RIVERSIDE/SAN DIEGO CO. OPERATING REGION
 PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR THE WESTERN SAN BERNARDINO COUNTY OPERATING REGION
 PUDDINGSTONE SPILLWAY CROSS CONNECTION
 PV MIDDLE CROSS, MIDDLE FEEDERS, ELECTROLYSIS TEST STATION
 PV RESERVOIR HYPOCHLORITE PUMP AND PIPING REPLACEMENT
 R&R FOR DISTRIBUTION
 RAMONA PRESSURE CONTROL STRUCTURE
 REAL PROPERTY ACQUISITION
 REAL PROPERTY ACQUISITION FOR ALL 4 REGIONS
 RECONSTRUCT ORANGE COUNTY FEEDER SERVICE CONNECTION PM-1
 RED MOUNTAIN - OCT. 2007 FIRE DAMAGE - COMMUNICATION POWER TOWERS & METER STRUCTURES REPAIR/REPLACE (INCIDENT NO. 2007-1023-0271)
 RED MOUNTAIN HEP FLOOD DAMAGE
 RED MTN COMM. TOWER & METER STRUCTURE
 REFURBISH CORONA HYDROELECTRIC GENERATOR COOLERS
 REFURBISH OC-88 P-3000 & P-4000
 REFURBISH SERVICE CONNECTION - LOWER MIDDLE FDR
 REHABILITATION OF GREG AVENUE PCS CONTROL BUILDING INTERIOR
 REHABILITATION OF METALLIC AND CONCRETE PIPELINES PHASE 1 - SELECT HIGH PRIORITY FEEDERS
 REHABILITATION OF THE GREG AVE PCS CONTROL BUILDING INTERIOR
 REIMBURSE PIPELINE PROTECTION COSTS
 RELOCATION OF DATA CENTER TO SAN DIMAS FACILITY
 RELOCATION OF ORANGE COUNTY FEEDER
 RELOCATION OF PORTION OF ORANGE COUNTY FEEDER (MWD'S SHARE)
 RELOCATION OF PORTION OF ORANGE COUNTY FEEDER (MWD'S SHARE)
 RELOCATION OF SC CENB-11 METER CABINET AND AIR VENT STRACK
 REMAINING PORTIONS
 REMOVAL OF VALVE G-205 FROM MIDDLE FDR CEN. B-37
 REPAIR 28 MANHOLE ON SANTA MONICA FEEDER
 REPAIRS TO THE LA-35 DISCHARGE STRUCTURE
 REPLACE EQUIPMENT ON UPPER FEEDER IN EAGLE ROCK (REPLACE 115)
 REPLACE 2 FIRE & DOMESTIC WATER SYSTEM
 REPLACE COMMUNICATION LINE TO THE SAN GABRIEL CONTROL TOWER
 REPLACE COPPER GROUNDWIRES ON DESERT HIGH VOLTAGE TRANSMISSION TOWERS
 REPLACE COPPER WIRE, PIPING, FOOTINGS/GROUNDING (103921)
 REPLACE EXISTING EQP. ON UPPER FDR FROM LK.MATHEWS TO EAGLE ROCK
 REPLACE FLOWMETER ON ORANGE COUNTY FEEDER- STA. 800+00
 REPLACE FLOWMETERS IN SERVICE CONNECTIONS
 REPLACE OUTDATE INSTRUMENTATION AND INVESTIGATE UPGRADS (103347)
 REPLACE TWO FIRE AND DOMESTIC WATER SYSTEM PUMPS (103124)

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

REPLACE UNDERGROUND FUEL STORAGE TANKS AT ALL FACILITIES
 REPLACE VALVE POSITION INDICATORS
 REPLACE VALVE POSITION INDICATORS, SELECTED PRESSURE CONTROL STRUCTURES
 REPLACEMENT OF 75 UNDERGROUND FUEL STORAGE TANKS - ALL FACILITIES
 REPLACEMENT OF ACCUSONIC FLOWMETERS & SCADA REMOTE
 REPLACEMENT OF COMMUNICATION LINE AT SAN GABRIEL TOWER
 REPLACEMENT OF COMMUNICATION LINE AT SAN GABRIEL TOWER
 REPLACEMENT OF RETIRED EQUIPMENT ON FIRST SAN DIEGO AQUEDUCT
 REPLACEMENT/ RELINE AT-RISK PCCP LINES - STAGE 1
 REPLACEMENT/RELINE AT-RISK PCCP LINES STAGE 1
 REPLACING VALVES ON PALOS VERDES FEEDER (SPEC 483)
 RIALTO FEEDER AND MILLS PLANT PUMP STATION
 RIALTO FEEDER BROKEN BACK REPAIR
 RIALTO FEEDER PCCP REHABILITATION - REACH 1
 RIALTO FEEDER PCCP REHABILITATION - REACHES 2-3
 RIALTO FEEDER REHABILITATION
 RIALTO FEEDER REPAIR, STATION 3662+23
 RIALTO FEEDER STA 3820+00 MANHOLE REPLACEMENT
 RIALTO FEEDER VALVE REPLACEMENT
 RIALTO FEEDER VALVE STRUCTURE
 RIALTO FEEDER, ENHANCEMENTS AT SELECT LOCATIONS
 RIALTO FEEDER, REPAIRS AT SELECT LOCATIONS, STUDY
 RIALTO PIPELINE - CONSTRUCTION PHASE 1
 RIALTO PIPELINE - CONSTRUCTION - PHASE 1
 RIALTO PIPELINE - CONSTRUCTION PHASE 2
 RIALTO PIPELINE - PHASE 2 CONSTRUCTION
 RIALTO PIPELINE - PHASE 3 DESIGN
 RIALTO PIPELINE AT DEVIL'S CANYON
 RIALTO PIPELINE CATHODIC PROTECTION SYSTEM REHABILITATION
 RIALTO PIPELINE- DELIVERY FACILITIES FOR CYCLIC STORAGE
 RIALTO PIPELINE IMPROVEMENTS
 RIALTO PIPELINE IMPROVEMENTS - CONSTRUCTION
 RIALTO PIPELINE IMPROVEMENTS - CONSTRUCTION PHASE III
 RIALTO PIPELINE IMPROVEMENTS - DESIGN PHASE 2
 RIALTO PIPELINE IMPROVEMENTS - DESIGN PHASE 3
 RIALTO PIPELINE IMPROVEMENTS - FINAL DESIGN
 RIALTO PIPELINE IMPROVEMENTS - PHASE 2
 RIALTO PIPELINE IMPROVEMENTS - VALVE PROCUREMENT
 RIALTO PIPELINE IMPROVEMENTS PHASE 1
 RIALTO PIPELINE IMPROVEMENTS PHASE 1 FINAL DESIGN
 RIALTO PIPELINE PCCP REHABILITATION
 RIALTO PIPELINE REPAIR @ STA 3196+44
 RIALTO PIPELINE REPAIR AT THOMPSON CREEK
 RIALTO PIPELINE REPAIRS AT STATION 3198+44
 RIALTO PIPELINE VALVE PROCUREMENT
 RIALTO PIPELINE, STA 2921+00 TO 2933+25
 RIALTO PIPELINE, STA 3050+00 TO 3098+00
 RIALTO PPLN- INSTALL 2 CATHDIC PROTECTION SYSTEM
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM - LOS ANGELES COUNTY REGION
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM - O. C. REGION
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM - RIVERSIDE AND SAN DIEGO COUNTY REGION
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM - WESTERN SAN BERNARDINO COUNTY REGION
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM RIVERSIDE SAN DIEGO
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM RIVERSIDE SAN DIEGO COUNTY REGION - STAGE 1
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM WESTERN SAN BERNARDINO COUNTY REGION - STAGE 1
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM WESTERN SAN BERNARDINO REGION - STAGE 2
 RIGHT OF WAY INFRASTRUCTURE PROTECTION PROGRAM WESTERN SAN BERNARDINO REGION - STAGE 3
 RIGHT OF WAY SURVEY AND MAPPING
 RIGHT-OF-WAY INFRASTRUCTURE PROTECTION PROGRAM WESTERN SAN BERNARDINO STAGE 1
 RIO HONDO PRESSURE CONTROL STRUCTURE VALVE REPLACEMENTS
 RIVERSIDE BRANCH LOWER FDER STATION 527+90
 RIVERSIDE BRANCH, PLEASANT PEAK, COMMUNICATION BLDG ROOF REPLACEMENT
 RIVERSIDE BRANCH, UPPER FDR, SANTA ANA RIVER BRIDGE, REPAIR LEAKING COUPLING
 RIVERSIDE SAN BERNARDINO AND SAN DIEGO REGIONS C AND D ELECTRICAL STRUCTURES REHAB
 ROBERT B. DIEMER FILTRATION PLANT - LAND ACQUISITION
 ROOF REPLACEMENT AT SOTO ST. FACILITY
 ROWIPP PROGRAMMATIC ENVIRONMENTAL DOCUMENT
 ROWIPP PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR LOS ANGELES CO.
 ROWIPP PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR THE ORANGE CO. OPERATING REGION
 ROWIPP PROGRAMMATIC ENVIRONMENTAL DOCUMENTATION FOR THE RIVERSIDE/SAN DIEGO CO. OPERATING REGION
 SA-02
 SA-03
 SA-04
 SA-05
 SA-6
 SALE OF PARCEL 1408-12-4, I.C. 38274
 SAN DIEGO #3 BLOWOFF TO PUMPWELL CONVERSION
 SAN DIEGO 6, PROJECT MGMT
 SAN DIEGO AND AULD VALLEY CANALS CONCRETE LINER REPAIR
 SAN DIEGO AQUEDUCT: COTTAGE AND GARAGE AT RAINBOW
 SAN DIEGO CANAL - EAST & WEST BYPASS SCREENING STRUCTURES STUDY
 SAN DIEGO CANAL - ELECTRICAL VAULT & CONDUCTOR REPLACEMENT
 SAN DIEGO CANAL - FENCING
 SAN DIEGO CANAL - INSTALL ACOUSTIC FLOW METER

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

SAN DIEGO CANAL - PIEZOMETER
 SAN DIEGO CANAL - REPLACE SODIUM BISULFATE TANK
 SAN DIEGO CANAL - SEEPAGE STUDY
 SAN DIEGO CANAL BISULFITE TANK REPLACEMENT
 SAN DIEGO CANAL CONCRETE LINER
 SAN DIEGO CANAL CONCRETE LINER REPLACEMENT ? SITE NO. 1055
 SAN DIEGO CANAL DEWATERING SUMP
 SAN DIEGO CANAL ENLARGEMENT PHASE 2
 SAN DIEGO CANAL LINER REPAIR
 SAN DIEGO CANAL LINER REPAIRS
 SAN DIEGO CANAL MODIFICATION- 5 ADDITIONAL SIPHONS
 SAN DIEGO CANAL PIEZOMETER
 SAN DIEGO CANAL RADIAL GATE (V0-6) REHABILITATION
 SAN DIEGO CANAL RADIAL GATE (VO-8) REHABILITATION
 SAN DIEGO CANAL RADIAL GATE (VO-8) REHABILITATION..
 SAN DIEGO CANAL RADIAL GATE REHAB
 SAN DIEGO CANAL SEEPAGE
 SAN DIEGO CANAL SEEPAGE STUDY
 SAN DIEGO CANAL WEST BYPASS TRASH RACK
 SAN DIEGO CANAL, REPLACE WEST SIDE FENCE
 SAN DIEGO CANAL, SODIUM BISULFATE FEED SYSTEM
 SAN DIEGO CANAL-FENCING REPLACEMENT
 SAN DIEGO PIPELINE # 6 AREA STUDY
 SAN DIEGO PIPELINE # 6 CONTRACT # 1
 SAN DIEGO PIPELINE #4 VALVE REPLACEMENT
 SAN DIEGO PIPELINE #6 ENVIRON MITIG
 SAN DIEGO PIPELINE 1 & 2 REHABILITATION
 SAN DIEGO PIPELINE 1 AND 2 STATION 1214 EXPOSURE REPAIR
 SAN DIEGO PIPELINE 1 BLOW-OFF VALVE REPLACEMENT
 SAN DIEGO PIPELINE 1 RAINBOW TUNNEL LINER REHABILITATION
 SAN DIEGO PIPELINE 3 & 5 REMOTE CONTROL OF BYPASS
 SAN DIEGO PIPELINE 3 PIPING MODIFICATIONS
 SAN DIEGO PIPELINE 4 AND AULD VALLEY PIPELINE CARBON FIBER
 SAN DIEGO PIPELINE 4 AND AULD VALLEY PIPELINE CARBON FIBER REPAIRS
 SAN DIEGO PIPELINE 4 VALVE REPLACEMENT (103808)
 SAN DIEGO PIPELINE 5 & LAKE SKINNER OUTLET REPAIR
 SAN DIEGO PIPELINE 5 AND LAKE SKINNER OUTLET CONDUIT
 SAN DIEGO PIPELINE 6 - PRESSURE CONTROL STRUCTURE/HYDROELECTRIC PLANT - FEASIBILITY STUDY
 SAN DIEGO PIPELINE 6 NORTH REACH ENVIRONMENTAL MONITORING DURING CONSTRUCTION
 SAN DIEGO PIPELINE 6 NORTH REACH, ENVIRONMENTAL MONITORING DURING CONSTRUCTION
 SAN DIEGO PIPELINE 6 NORTH REACH, PROGRAM MANAGEMENT FOR CONSTRUCTION
 SAN DIEGO PIPELINE 6 PROGRAM MGT
 SAN DIEGO PIPELINE 6, NORTH REACH
 SAN DIEGO PIPELINE CONTRACT # 2 MT OL
 SAN DIEGO PIPELINE NO. 1 JOINT REPAIR
 SAN DIEGO PIPELINE NO. 2 ACCESS ROAD RELOCATION
 SAN DIEGO PIPELINE NO. 2 AND 3 -MODIFY INTERCONNECTION
 SAN DIEGO PIPELINE NO. 3 BYPASS
 SAN DIEGO PIPELINE NO. 3 PIPING MODIFICATIONS
 SAN DIEGO PIPELINE NO. 5 - OCT. 2007 FIRE DAMAGE - REPLACE ABOVE GROUND CORROSION CONTROL SYSTEM EQUIPMENT, AND STRUCTURAL APPURTENANCES
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE BRANCH - ETIWANDA FACILITY/DROP INLET STRUCTURE
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE BRANCH - PLEASANT PEAK, COMMUNICATIONS
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL CONSTRUCTION - AS BUILT
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL COST OF RIGHT OF WAY (OPTIONAL PORTAL SITE)
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL ENVIRONMENTAL CONSTRUCTION
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL ENVIRONMENTAL PRELIMINARY DESIGN
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL PRELIMINARY DESIGN
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL PROGRAM MANAGEMENT
 SAN DIEGO PIPELINE NO. 6 - RIVERSIDE TUNNEL RIGHT OF WAY PRELIMINARY DESIGN
 SAN DIEGO PIPELINE NO. 6 - CONTRACT NO.1 SAN DIEGO CANAL TO MOUNT OLYMPUS
 SAN DIEGO PIPELINE NO. 6 - CONTRACT NO.2 MOUNT OLYMPUS TUNNEL & PORTALS
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH CONSTRUCTION - AS BUILT
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH ENVIRONMENTAL - CONSTRUCTION
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH ENVIRONMENTAL PRELIMINARY DESIGN
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH FINAL DESIGN & ADV/NTP
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH POST DESIGN
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH PRELIMINARY DESIGN
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH PROGRAM MANAGEMENT - CONSTRUCTION
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH PROGRAM MANAGEMENT - DESIGN
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH RIGHT OF WAY FINAL DESIGN
 SAN DIEGO PIPELINE NO. 6 - NORTH REACH RIGHT OF WAY PRELIMINARY DESIGN
 SAN DIEGO PIPELINE NO. 6 - NORTHERN PIPELINE COST OF RIGHT OF WAY
 SAN DIEGO PIPELINE NO. 6 - NORTHERN REACH ENVIRONMENTAL FINAL DESIGN
 SAN DIEGO PIPELINE NO. 6 - OPERATIONS SCOPING STUDY
 SAN DIEGO PIPELINE NO. 6 - PIPELINE/TUNNEL STUDY - DESIGN
 SAN DIEGO PIPELINE NO. 6 - PIPELINE/TUNNEL STUDY - ENVIRONMENTAL
 SAN DIEGO PIPELINE NO. 6 - PIPELINE/TUNNEL STUDY - PROJECT MANAGEMENT
 SAN DIEGO PIPELINE NO. 6 - PIPELINE/TUNNEL STUDY - RIGHT OF WAY
 SAN DIEGO PIPELINE NO. 6 - PROJECT MANAGEMENT
 SAN DIEGO PIPELINE NO. 6 - RIGHT OF WAY
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH - PROGRAM MANAGEMENT
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH / TUNNEL STUDY
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH CONSTRUCTION / AS BUILT
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH COST OF RIGHT OF WAY

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

SAN DIEGO PIPELINE NO. 6 - SOUTH REACH ENVIRONMENTAL - CONSTRUCTION
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH ENVIRONMENTAL FINAL DESIGN
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH ENVIRONMENTAL PRELIMINARY DESIGN
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH FINAL DESIGN/ADV
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH PRELIMINARY DESIGN
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH RIGHT OF WAY FINAL DESIGN
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH RIGHT OF WAY PRELIMINARY DESIGN
 SAN DIEGO PIPELINE NO. 6 - SOUTH REACH TUNNEL ALIGNMENT ANALYSIS
 SAN DIEGO PIPELINE NO. 6 AREA STUDY
 SAN DIEGO PIPELINE NO. 6 ENVIRONMENTAL MITIGATION
 SAN DIEGO PIPELINE NO.4 & AULD VALLEY PIPELINE CARBON FIBER REPAIR STUDY
 SAN DIEGO PIPELINE NOS. 1AND 3 - VALVE REPLACEMENT
 SAN DIEGO PIPELINE REPAIR AT STATION 1268+57
 SAN DIEGO PIPELINES 1 & 2, STA 1120+00 TO 1149+00
 SAN DIEGO PIPELINES 1 & 2, STA 113+00 TO 1159+00
 SAN DIEGO PIPELINES 1 & 2, STA 1151+00 TO 1169+00
 SAN DIEGO PIPELINES 1 & 2, STA 1358+00 TO 1366+50
 SAN DIEGO PIPELINES 1 & 2, STA 1358+00 TO 1369+00
 SAN DIEGO PIPELINES 1 & 2, STA 1367+00 TO 1380+00
 SAN DIEGO PIPELINES 1 AND 3, VALVE REPLACEMENT STUDY
 SAN DIEGO PIPELINES 3 & 5 VACUUM VALVE REPLACEMENT PROJECT
 SAN DIEGO PPLN 6 CIP
 SAN DIEGO PPLN 6, ENVIRONMENTAL MITIGATION PLANNING, INITIATION PHASE
 SAN DIEGO PPLN 6, ENVIRONMENTAL NORTHERN PPLN, PRELIMINARY DESIGN
 SAN DIEGO PPLN 6, NORTH REACH FINAL DESIGN/ADV/NTP
 SAN DIEGO PPLN 6, NORTHERN PPLN, PRELIMINARY DESIGN
 SAN DIEGO PPLN 6, PPLN AND TUNNEL ENGR STUDIES, INITIATION PHASE
 SAN DIEGO PPLN 6, PROJECT MGMT, INITIATION PHASE
 SAN DIEGO PIPE NO.5-SCH SD-16, SKINNER TO TEMECULA (SPEC NO. 1065)
 SAN DIEGO PIPE NO.5-SCH SD-17, TEMECULA TO DELIVERY POINT
 SAN DIMAS AND RED MOUNTAIN POWER PLANTS STANDBY DIESEL ENGINE GENERATOR REPLACEMENTS
 SAN DIMAS AND RED MOUNTAIN POWER PLANTS STANDBY DIESEL ENGINE GENERATOR REPLACEMENTS
 SAN DIMAS CONTROL STRUCTURE 500 GALLONS DIESEL TANK REPLACEMENT
 SAN DIMAS HEP BATTERY BANK AND GENERATOR BREAKER
 SAN DIMAS PCS - UNINTERRUPTIBLE POWER SOURCE SYSTEMS INSTALLATION
 SAN DIMAS POWER PLANT
 SAN FRANCISQUITO PIPELINE BLOW OFF STRUCTURE, STA 287+70, ACCESS ROAD CONSTRUCTION
 SAN FRANCISQUITO PIPELINE BLOWOFF STRUCTURE
 SAN GABRIEL CANYON CROSSING SCHEDULE 8C
 SAN GABRIEL PCS ELECTRICAL REPLACEMENTS
 SAN GABRIEL PRESSURE CONTROL STRUCTURE (SPEC NO. 566)
 SAN GABRIEL RIVER SPILLWAY (WEIR 1037.5)
 SAN GABRIEL TOWER AND SPILLWAY IMPROVEMENTS
 SAN GABRIEL TOWER SEISMIC UPGRADE
 SAN GABRIEL TOWER SLIDE GATE
 SAN GABRIEL TOWER SLIDE GATE REHABILITATION
 SAN JACINTO #1 AND #2 CASA LOMA FAULT CROSSING STRUCTURE UPGRADE
 SAN JACINTO DIVERSION STRUCTURE SLIDE GATE (V-03) REPAIRS
 SAN JACINTO DIVERSION STRUCTURE SLIDE GATE V-03 REPLACEMENT
 SAN JACINTO DIVERSION STRUCTURE SLIDE GATES V-01 V-02 REPAIR
 SAN JACINTO PIPELINE, STA 82+50 TO 88+00
 SAN JOAQUIN PRESSURE RELIEF STRUCTURE FOR THE EAST ORANGE COUNTY FEEDER 2
 SAN JOAQUIN RELIEF STRUCTURE FOR EASTERN ORANGE COUNTY FEEDER #2
 SAN JOAQUIN RELIEF STRUCTURE FOR EASTR OC FDR #2
 SAN JOAQUIN RESERVOIR, INSTALL BULKHEAD
 SAN JUAN TUNNEL (SPEC NO. 437)
 SAN MARINO LATERAL: STA. 0+00 TO 54+10, SCH. 45SC
 SAN RAFAEL TUNNELS NO. 1 & NO. 2
 SANTA ANA CROSS FDR(FORMERLY EL TORO PIPELINE) CONNECTS OC AND EOC#2 FDRS
 SANTA ANA CROSS FDR-RELOCATE FLOWER STREET STORM DRAINAGE
 SANTA ANA RIVER BRIDGE EXPANSION JOINT REPLACEMENT
 SANTA ANA RIVER BRIDGE SCHEDULE 2B
 SANTA ANA RIVER BRIDGE SEISMIC RETROFIT
 SANTA ANA RIVER BRIDGE SEISMIC UPGRADE
 SANTA ANA RIVER DISCHARGE PAD - UPPER FEEDER
 SANTA MONICA AND CALABASAS FEEDER BYPASS FOR SECTIONALIZING VALVES
 SANTA MONICA FD.-MODIFY MANHOLE & BLOWOFF STRUCTURE,STA. 4504-86
 SANTA MONICA FDR - HOLLYWOOD TNL. REPLACE 16
 SANTA MONICA FDR SUNSET RELIEF STRUCTURE
 SANTA MONICA FDR.-HOLLYWOOD TUNNEL REPL.16
 SANTA MONICA FEEDER - REPAIR MANHOLE RISERS
 SANTA MONICA FEEDER - REPLACE CAST IRON FLANGES ON LOWER
 SANTA MONICA FEEDER- BETTERMENT OF SERVICE CONNECTION BH-1
 SANTA MONICA FEEDER CAST IRON PIPE REHABILITATION
 SANTA MONICA FEEDER CATHODIC PROTECTION..
 SANTA MONICA FEEDER- HOLLYWOOD TNNL CONTROL STRUCT. REPL.VALVE
 SANTA MONICA FEEDER INTERNAL SEAL INSTALLATION
 SANTA MONICA FEEDER RELOCATION
 SANTA MONICA FEEDER SCHEDULE 29SC (SPEC NO. 328)
 SANTA MONICA FEEDER SCHEDULE 30SC
 SANTA MONICA FEEDER SCHEDULE 31P
 SANTA MONICA FEEDER SCHEDULE 32C1 (SPEC NO. 333)
 SANTA MONICA FEEDER SCHEDULE 33C1
 SANTA MONICA FEEDER STATION 495+10 REHABILITATION

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

SANTA MONICA FEEDER STATION REHABILITATION
 SANTA MONICA FEEDER-GLENDALE SERVICE CONNECTION G-2 RECON T/2
 SANTA MONICA FEEDER-REPLACE CAST IRON FLANGES (PROJECT 102725)
 SANTA MONICA FEEDER-SUNSET RELIEF STRUCTURE-MODIFY STA. 433022
 SANTIAGO CONTROL TOWER CATHODIC PROTECTION
 SANTIAGO CONTROL TOWER SEISMIC IMPROVEMENTS
 SANTIAGO LATERAL ACCESS ROAD REPAIR
 SANTIAGO LATERAL- MOTOR FOR VALVE AT STA 216+40
 SANTIAGO LATERAL REPLACE MOTOR - OPERATED VALVE
 SANTIAGO LATERAL SECTIONALIZATION VALVE REPLACEMENT
 SANTIAGO LATERAL STA 216+40 BUTTERFLY VALVE REPLACEMENT
 SANTIAGO LATERAL, REPLACE MOTOR OPERATED VALVE
 SANTIAGO LATERAL, REPLACE MOTOR OPERATED VALVE (103233)
 SANTIAGO LATERAL: STA. 112+90 TO 451+40,, SCH. 91P (SPEC NO. 477)
 SANTIAGO LATERAL: STA. 0+00 TO 112+90 & SPILLWAY DISCHG. LN, SCH 90SC
 SANTIAGO PRESSURE CONTROL STRUCTURE
 SANTIAGO TOWER ACCESS ROAD IMPROVEMENT
 SC-1
 SC-2A & B
 SC-3
 SC-4
 SC-5A & B
 SCADA COMMUNICATIONS BACKBONE RELIABILITY UPGRADE
 SCADA COMMUNICATIONS MPLS UPGRADE - AT&T REGION (MINOR CAP)
 SCADA COMMUNICATIONS MPLS UPGRADE - VERIZON REGION (MINOR CAP)
 SCADA NETWORK INTRUSION DETECTION SYSTEM
 SCADA SYSTEM HARDWARE UPGRADE
 SCADA SYSTEM NT SOFTWARE UPGRADE
 SCADA SYSTEM SUPPORT PROGRAMS
 SCADA, REPLACE AREA CONTROLS
 SD 03 & 04
 SD AND CASA LOMA CANALS LINING
 SD CANAL EAST & WEST BYPASS SCREENING STRUCTURES STUDY
 SD CANAL REPLACE SODIUM BISULFITE TANK
 SD PIPELINE 3 CULVERT ROAD REHAB
 SD PIPELINE 3,4, AND 5 PROTECTIVE COVER
 SD PIPELINE 4 EXPLORATORY EXCAVATION
 SD PIPELINE 5 EXPLORATORY EXCAVATION
 SD PIPELINES 3 AND 5 REMOTE CONTROL BYPASS STRUCTURE GATES AND ISOLATION VALVES
 SD-02
 SD-04
 SD-05
 SD-08
 SD-09
 SD-10
 SD-11
 SD6 - NORTH REACH POST DESIGN
 SD-MISC
 SECOND LOWER & SEPULVEDA FEEDERS SCI DRAIN STATIONS
 SECOND LOWER CROSS FEEDER - VALVE PROCUREMENT
 SECOND LOWER CROSS FEEDER CONSTRUCTION
 SECOND LOWER CROSS FEEDER FINAL DESIGN
 SECOND LOWER FDR, REPAIRS AT SELECT LOCATIONS
 SECOND LOWER FEEDER - INSTALL LINER
 SECOND LOWER FEEDER - STEEL LINER IN PORTION
 SECOND LOWER FEEDER CATHODIC PROTECTION SYSTEM
 SECOND LOWER FEEDER CURRENT MITIGATION REFURBISHMENT
 SECOND LOWER FEEDER PCCP - REACHES 7, AND 10
 SECOND LOWER FEEDER PCCP 2016 URGENT REPAIRS
 SECOND LOWER FEEDER PCCP REHAB, R/W ACQUISITION
 SECOND LOWER FEEDER PCCP REHAB. - REACH 9
 SECOND LOWER FEEDER PCCP REHABILITATION
 SECOND LOWER FEEDER PCCP REHABILITATION - PRELIMINARY DESIGN
 SECOND LOWER FEEDER PCCP REHABILITATION - PIPE PROCUREMENT DOCUMENTS
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 1
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 11
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 2
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 3
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 5
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 6
 SECOND LOWER FEEDER PCCP REHABILITATION - REACH 8
 SECOND LOWER FEEDER PCCP REHABILITATION - REAL PROPERTY ACQUISITION
 SECOND LOWER FEEDER PCCP REHABILITATION - VALVE PROCUREMENT
 SECOND LOWER FEEDER PCCP REPAIRS
 SECOND LOWER FEEDER REHABILITATION REACH 3 ACOUSTIC FIBER OPTIC PCCP MONITORING SYSTEM
 SECOND LOWER FEEDER RELIABILITY AT 3 LOCATIONS - SEISMIC STUDY
 SECOND LOWER FEEDER- SCH. 107-DIEMER PLNT. TO C.CRK.CONTROL STRUCT.
 SECOND LOWER FEEDER- SCH. 108
 SECOND LOWER FEEDER- SCH. 110 & 111- STA. 830+00 TO 1050+00
 SECOND LOWER FEEDER- SCH. 114 & 115
 SECOND LOWER FEEDER, BIXBY VALVE REPLACEMENT
 SECOND LOWER FEEDER-CARBON CREEK PRESSURE CONTROL STRUCTURE
 SECOND LOWER FEEDER-SCH.112 -WOODRUFF TO W. OF LONG BEACH BLVD.
 SECOND LOWER FEEDER-SCH.113 -W. OF LONG BEACH BLVD.TO ALAMEDA ST.

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

SECOND SAN DIEGO ACQUEDUCT, MISCELLANEOUS CREDITS (SPEC NO. 554)
 SECOND SAN DIEGO ACQUEDUCT, SCHEDULE SD1C (SPEC NO. 554)
 SECOND SAN DIEGO ACQUEDUCT, SCHEDULE SD2C (SPEC NO. 554)
 SECOND SAN DIEGO ACQUEDUCT, SCHEDULE SD3C (SPEC NO. 554)
 SECOND SAN DIEGO ACQUEDUCT, SCHEDULE SD4C (SPEC NO. 554)
 SECOND SAN DIEGO AQUEDUCT, SCHEDULE SD10P (SPEC. NO. 537)
 SECOND SAN DIEGO AQUEDUCT, SCHEDULE SD8P (SPEC. NO. 537)
 SECOND SAN DIEGO AQUEDUCT, SCHEDULE SD9P (SPEC. NO. 537)
 SECOND SAN DIEGO AQUEDUCT3, SCHEDULE SD11SC (SPEC. NO. 537)
 SECURITY FENDING AT OC-88 PUMP PLANT
 SEISMIC UPGRADE OF 11 FACILITIES ON THE ALLEN MCCOLLOCH PIPELINE
 SEISMIC UPGRADES AT 10 SERVICE CONNECTION STRUCTURES ALONG AMP
 SELECTED PRESSURE CONTROL STRUCTURES-REPLACE VALVE POSITION INDICATORS
 SELECTED PRESSURE REPLACE VALVE POSITION INDICATORS
 SEPULVEDA CANYON CONTROL FACILITY BYPASS PROJECT
 SEPULVEDA CANYON CONTROL FACILITY RELIABILITY IMPROVEMENTS
 SEPULVEDA CANYON CONTROL FACILITY WATER STORAGE TANKS SEISMIC UPGRADE
 SEPULVEDA CANYON PCS TO VENICE PCS VALVE REPLACEMENTS
 SEPULVEDA CANYON POWER PLANT TAIL RACE COATINGS
 SEPULVEDA CANYON TANKS EXTERIOR AND INTERIOR RECOATING
 SEPULVEDA FDR & 2ND FDR, CORROSION CTRL
 SEPULVEDA FDR, WEST VALLEY FDR. NO.1- MODIF.OF STRUCTURES PHASE II
 SEPULVEDA FEEDER - CARBON FIBER LINER REPAIRS
 SEPULVEDA FEEDER CATHODIC PROTECTION SYSTEM
 SEPULVEDA FEEDER CFRP URGENT RELINING
 SEPULVEDA FEEDER CORROSION/INTERFERENCE MITIGATION, STATION 950+00 TO 1170+00
 SEPULVEDA FEEDER- CULVER CITY FDR. TO WEST COAST FDR.
 SEPULVEDA FEEDER- EL SEGUNDO BLVD. TO 220TH ST.,SCH. 133 AND 134
 SEPULVEDA FEEDER HEP AUTO PILOT
 SEPULVEDA FEEDER- INTERCONNECT BALBOA TUNNEL TO 1ST LA AQ (DWP)
 SEPULVEDA FEEDER PCCP 2016 URGENT REPAIRS
 SEPULVEDA FEEDER PCCP CARBON FIBER JOINT REPAIRS
 SEPULVEDA FEEDER PCCP DEL AMO BLVD URGENT RELINING
 SEPULVEDA FEEDER PCCP REHABILITATION - REACH 1
 SEPULVEDA FEEDER PCCP REHABILITATION - REACH 2
 SEPULVEDA FEEDER PCCP REHABILITATION - REACH 3
 SEPULVEDA FEEDER PCCP REHABILITATION - REACH 4
 SEPULVEDA FEEDER PCCP REHABILITATION - REACH 5
 SEPULVEDA FEEDER PCCP REHABILITATION - SOUTH REACH PDR AND NORTH REACH PDR THROUGH CONSTRUCTION
 SEPULVEDA FEEDER PIPELINE REPAIR
 SEPULVEDA FEEDER REPAIRS AT 3 SITES
 SEPULVEDA FEEDER- SCH. 123, 124 AND 125
 SEPULVEDA FEEDER- SEPULVEDA CANYON CONTROL FACILITY
 SEPULVEDA FEEDER- SEPULVEDA TUNNEL TO SLAUSON AVE.
 SEPULVEDA FEEDER- SEPULVEDA TUNNEL, SCH.126
 SEPULVEDA FEEDER SOUTH CATHODIC PROTECTION SYSTEM
 SEPULVEDA FEEDER STATION 2002+02 TO 2273+28 STRAY CURRENT INTERFERENCE MITIGATION
 SEPULVEDA FEEDER STRAY CURRENT MITIGATION
 SEPULVEDA FEEDER STRAY CURRENT MITIGATION REFURBISHMENT
 SEPULVEDA FEEDER SYSTEM- CALABASAS FEEDER
 SEPULVEDA FEEDER- VENICE PRESSURE CONTROL STRUCTURE
 SEPULVEDA FEEDER, RELOCATION OF AIR VENT
 SEPULVEDA FEEDER/EAST VALLEY FEEDER INTERCONNECTION ELECTRICAL UPGRADES
 SEPULVEDA FEEDER-SCH.119,120,121& 122-BALBOA TRT.PLT. TO CHTSWRTH.ST
 SEPULVEDA HEP AUTO PILOT VALVES
 SEPULVEDA HEP TAILRACE COATINGS
 SEPULVEDA PCS - PERIMETER ASPHALT REPAIRS
 SEPULVEDA PIPELINE PCCP REHABILITATION
 SEPULVEDA TANKS CATHODIC PROTECTION SYSTEM
 SEPULVEDA WEST VALLEY AND EAST VALLEY FEEDERS INTERCONNECTION
 SEPULVEDAFEEDER/EASTVALLEYFEEDERINTERCONNECTIONELECTRICALUPGRADES
 SEPULVEDA-WEST BASIN INTERCONNECTION VALVE REPLACEMENT
 SEPULVEDA-WEST BASIN INTERCONNECTION VALVE REPLACEMENTS
 SEPULVEDA FDR-STRAY CURRENT INTERFERENCE
 SERVICE AREA INTERCONNECTION ENHANCEMENT PROGRAM
 SERVICE CONN. DW-CV-4, VALVE STRUCTURE,WATER SIPHON, STA. 9698+00
 SERVICE CONN. DW-CV-4,WHITE WATER SIPHON (2ND BARREL)STA. 9698+00
 SERVICE CONNECTION A-02 REHABILITATION
 SERVICE CONNECTION B-06 CITY OF BURBANK
 SERVICE CONNECTION C8-19 SAN GABRIEL VALLEY WATER
 SERVICE CONNECTION CB-11B - CHINO BASIN
 SERVICE CONNECTION CB-14 Y CB20 IE UTIL
 SERVICE CONNECTION CENB-29 EQUIPMENT RELOCATION
 SERVICE CONNECTION CENB-54-STA-168 CENTRAL BASIN MWD
 SERVICE CONNECTION CENB-55 CENTRAL BASIN MWD
 SERVICE CONNECTION CLWA-01 - MODIFICATIONS
 SERVICE CONNECTION CM-5 CITY OF NEW PORT
 SERVICE CONNECTION EM-01A
 SERVICE CONNECTION EM-20
 SERVICE CONNECTION EM-20 - EASTERN
 SERVICE CONNECTION EM20 SURGE ANALYSIS
 SERVICE CONNECTION EM-22
 SERVICE CONNECTION EM-23
 SERVICE CONNECTION F-08 MODIFICATIONS - FULLERTON

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

SERVICE CONNECTION FLOWMETER REPLACEMENT
 SERVICE CONNECTION G-03 CITY OF GLENDALE
 SERVICE CONNECTION IRVINE RANCH WATER DIST, OC33 MOD
 SERVICE CONNECTION LA 25, BYPASS PIPELINE
 SERVICE CONNECTION LA-100 - LOS ANGELES
 SERVICE CONNECTION LA-17 FLOWMETER REPLACEMENTS
 SERVICE CONNECTION LA-17 REHABILITATION
 SERVICE CONNECTION LA-29 MODIFICATIONS - LOS ANGELES
 SERVICE CONNECTION LA-37A - LOS ANGELES
 SERVICE CONNECTION LB-01 - LONG BEACH
 SERVICE CONNECTION LB-01D - LONG BEACH
 SERVICE CONNECTION LOS ANGELES 5
 SERVICE CONNECTION LOS ANGELES 7
 SERVICE CONNECTION LV-01 UPGRADES
 SERVICE CONNECTION LV-03 LAS VIRGENES MWD
 SERVICE CONNECTION OC-26 - RELOCATION OF METER CABINET, INSTRUMENT HOUSING & AIR VENT STACK
 SERVICE CONNECTION OC-26, RELOCATION OF METER CABINET, INSTRUMENT
 SERVICE CONNECTION OC-38 - ORANGE CITY
 SERVICE CONNECTION OC-51 MODIFICATION
 SERVICE CONNECTION OC-70 - ORANGE CITY
 SERVICE CONNECTION OC-79 MODIFICATIONS - MWDOC
 SERVICE CONNECTION P1
 SERVICE CONNECTION P-1-UPPER FEEDER (ORG CONST)
 SERVICE CONNECTION PM-24 MODIFICATIONS - THREE VALLEY MWD
 SERVICE CONNECTION PM-26 MODIFICATIONS - THREE VALLEY MWD
 SERVICE CONNECTION PM-28 - THREE VALLE
 SERVICE CONNECTION RIALTO
 SERVICE CONNECTION RIALTO- THREE VALLEY
 SERVICE CONNECTION SA-3 CITY OF SANA ANA
 SERVICE CONNECTION SA-3 ORANGE COUNTY FEEDER- BRISTOL
 SERVICE CONNECTION SA-4 - SANTA ANA
 SERVICE CONNECTION SCADA UPGRADE PRJT, CNEB-3,5,6,12,23,35,51
 SERVICE CONNECTION SD-02 SAN DIEGO WATER AUTHORITY
 SERVICE CONNECTION SD-7 STUDY - SDCWA
 SERVICE CONNECTION SGV-01 - SAN GABRIEL
 SERVICE CONNECTION SMR-01
 SERVICE CONNECTION WB13 - WEST BASIN FEEDER
 SERVICE CONNECTION WB-26 - RIVERSIDE
 SERVICE CONNECTION WB-2A & WB-2B EQUIPMENT RELOCATION
 SERVICE CONNECTIONS CB-12 & CB-16 TURNOUT VALVE REPLACEMENT & ELECTRICAL UPGRADE
 SERVICE CONNECTIONS WB-2A AND WB-2B EQUIPMENT RELOCATION
 SF-01
 SIERRA MADRE TUNNEL
 SIMULATION AND MODELING APPLICATION FOR REAL TIME OPERATIONS SMART OPS
 SITE 3 SECOND LOWER FEEDER URGENT REPAIRS
 SITE 3 SECOND LOWER FEEDER URGENT REPAIRS - FINAL DESIGN
 SITES 1 & 2 SECOND LOWER FEEDER URGENT REPAIRS
 SITES 1 & 2 SECOND LOWER FEEDER URGENT REPAIRS - FINAL DESIGN & PIPE FABRICATION
 SKINNER BRANCH- CONSTRUCT 50FT X 150FT METAL STORAGE BLDG
 SKINNER ACCUSONIC FLOWMETER REPLACEMENT
 SKINNER BRANCH - AIR INJECTION MODIFICATIONS TO RED MOUNTAIN POWER PLANT
 SKINNER BRANCH - CASA LOMA CANAL
 SKINNER BRANCH - CASA LOMA SIPHON BARREL ONE
 SKINNER BRANCH - CATWALK FOR TRAVELING MAINTENANCE BRIDGE FOR
 SKINNER BRANCH - FABRICATE & REPLACE THE STEMS, NUTS & KEYS
 SKINNER BRANCH - REPAIR MODULE 1 AND 2 FLOCCULATORS BRIDGES
 SKINNER BRANCH, SAN DIEGO CANAL ACOUSTIC FLOW METER
 SKINNER BRANCH, UPGRADE EXISTING PUBLIC ADDRESS & ALARM SYS
 SKINNER BYPASS PIPELINE CHLORINATION SYSTEM
 SKINNER DAM REMEDIATION
 SKINNER DISTRIBUTION SYSTEM - CONTRACT # 1396
 SKINNER EGEN UST UPGRADE - LLD INSTALLATION
 SKINNER ELECTRICAL BUILDING HVAC UPGRADE
 SKINNER FACILITY AREA PAVING
 SKINNER FILTR. PLANT- CATHODIC PROTECTION
 SKINNER FILTRATION PLANT - ELEVATED SLAB IN SERVICE BLDG 1
 SKINNER HELIPAD REHAB
 SKINNER INDUSTRIAL WATER PUMP CONTROL UPGRADE
 SKINNER ORP SWITCHGEAR BATTERY REPLACEMENT
 SKINNER PLANT 1 LOSS OF HEAD ULTRASONIC METER REPLACEMENT
 SKINNER PLANT IMPROVEMENT PROGRAM, EFFLUENT TANK BYPASS
 SKINNER REPLACEMENT FOR WETCELL BATTERY AND INVERTER
 SKINNER SCADA SERVERS RELOCATION
 SKINNER SPARGER PUMP REPLACEMENT
 SKINNER SPILLWAY REHABILITATION
 SKINNER, REPLACE WILLOWGLEN RTU
 SMART-OPS (FORMERLY RTOS)
 SMN-02
 SOLAR FROM CWE
 SOMMS - MATERIALS INTERFACE & MOBILE TECHNOLOGY
 SOTO ST FAC-REPL HEAT & A/C SYSTEM
 SOTO ST. FACILITY - SECURITY & HVAC REPLACEMENT
 SOTO STREET FACILITY - BUILDING SEISMIC UPGRADE
 SOTO STREET FACILITY - REPLACE HEATING

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

SOTO STREET FACILITY - ROOF REPLACEMENT
 SOUTH COAST FEEDER, SCH 68 PS AND 69PS (SPEC NO. 667)
 SOUTH COUNTY PIPELINE PROTECTION AT SAN JUAN CREEK
 SOUTH COUNTY PIPELINE PROTECTION AT SAN JUAN CREEK CROSSING
 SOUTH REACH / TUNNEL STUDY
 SOUTH REACH CONSTRUCTION/ASBUILT - FUTURE UNAPPROPRIATED
 SOUTH REACH DESIGN - FUTURE/UNAPPROPRIATED
 SOUTH REACH ENVIRONMENTAL - FUTURE/UNAPPROPRIATED
 SOUTH REACH FEASIBILITY STUDY
 SOUTH REACH PROJECT MANAGEMENT - FUTURE/UNAPPROPRIATED
 SOUTH REACH RIGHT OF WAY - FUTURE/UNAPPROPRIATED
 SPECIAL SERVICE BRANCH - REPLACE PLATE BENDING
 SPECIAL SERVICES BRANCH, INSTALL EMERGENCY GENERATOR FOR SHOPS
 ST. JOHN'S CANYON CHANNEL EROSION MITIGATION
 ST. JOHN'S CANYON CHANNEL REPAIR AND MODIFICATIONS
 STATION 1094+93 TO 1331+00 (SCH SD12PS)
 STATION 1278+00 TO 1291+00 - ORANGE COUNTY FEEDER (ORG CONST)
 STATION 1331+00 TO 1593+14 (SDH SD13PS)
 STATION 1553+50 TO 1820+50 (SCH SD14SG)
 STATION 1820+50 TO SAN DIEGO COUNTY LINE (SCH SD15SG)
 STRUCTURE MODIFICATIONS TO SAN DIEGO PIPELINE'S # 1 AND 2
 STRUCTURES, PHASE 2 -WEST VALLEY FEEDER NO. 1 (INTERIM CONST)
 SUNSET MAINTENANCE CENTER HOIST REPLACEMENT
 SURGE SUPPRESSION SYSTEM AT OC-8
 SVC CONNECT 2ND LOWER FEEDER STA 1866+00-1875+00
 SVC CONNECT ALLEN MCCOLLOCH STA 289+00+292+00
 SVC CONNECT ALLEN MCCOLLOCH STA 30+90-46+10
 SVC CONNECT AULD VALLEY PIPELINE
 SVC CONNECT BOX SPRINGS FEEDER STA 216+80-265+50
 SVC CONNECT BOX SPRINGS FEEDER STA 51+50-54+75
 SVC CONNECT CALH-03
 SVC CONNECT CULVER CITY FEEDER STA 498+00-489+00
 SVC CONNECT CULVER CITY FEEDER STA 533+00-543+00
 SVC CONNECT DVL, SKINNER, SD CANAL
 SVC CONNECT EAST OC FEEDER STA 1043+00-1059+00
 SVC CONNECT EAST OC FEEDER STA 1149+45
 SVC CONNECT EAST OC FEEDER STA 1219+00-1241+00
 SVC CONNECT EM-24, PERRIS VALLEY
 SVC CONNECT FOOTHILL FEEDER CLWA-1
 SVC CONNECT FOOTHILL FEEDER STA 209+85-279+80
 SVC CONNECT FOOTHILL FEEDER STA 381+00-384+00
 SVC CONNECT LA-29A
 SVC CONNECT LAS POSAS WELLFIELD
 SVC CONNECT LOWER FEEDER STA 286+90-307+50
 SVC CONNECT LOWER FEEDER STA 307+00-326+00
 SVC CONNECT LOWER FEEDER STA 475+60-484+60
 SVC CONNECT LOWER FEEDER STA 484+80
 SVC CONNECT OC FEEDER STA 1299+50 ETC.
 SVC CONNECT OC FEEDER STA 1437+50-1442+50
 SVC CONNECT OC FEEDER STA 1656+50-1736+60
 SVC CONNECT OC FEEDER STA 1969+50-1974+50
 SVC CONNECT OC FEEDER STA 937+00-948+00
 SVC CONNECT RIALTO PIPELINE STA 4046+00-4059+00
 SVC CONNECT RIALTO PIPELINE STA 4056+00-4070+00
 SVC CONNECT RIALTO PIPELINES STA 3305+36 TO 3316+00
 SVC CONNECT RIALTO PIPELINES STA 4046+00-4070+00
 SVC CONNECT RIALTO STA 3390+00-3440+00
 SVC CONNECT SA-03 MODIFICATIONS AND WILLITS PRESSURE CONTROL STRUCT
 SVC CONNECT SAN FRANCISQUITO STA 269+50-293+00
 SVC CONNECT SAN JOAQUIN RESERVOIR
 SVC CONNECT SANTIAGO LATERAL & SPILLWAY DISCHARGE
 SVC CONNECT SD PIPELINES STA 1326+00-1327+00
 SVC CONNECT SD PIPELINES STA 1376+00-1470+00
 SVC CONNECT SD PIPELINES STA 1391+50-1394+50
 SVC CONNECT SD PIPELINES STA 1574+00-1584+60
 SVC CONNECT SD STA 1191+00-193+00, 1176+00-1303+00
 SVC CONNECT SD STA 1971+00-1981+00
 SVC CONNECT SD STA 268+26, 268+39
 SVC CONNECT SEPULVEDA FEEDER STA 1037+55
 SVC CONNECT UPPER FEEDER STA 1044+00-1049+50
 SVC CONNECT UPPER FEEDER STA 1064+50-1065+50
 SVC CONNECT UPPER FEEDER STA 2006+00-2013+00
 SVC CONNECT UPPER FEEDER STA 421+61
 SVC CONNECT UPPER FEEDER STA 907+50-920+50
 SVC CONNECT VICTORIA STREET LATERAL
 SVC CONNECT WEST VALLEY FEEDER STA 1218+55
 SVC CONNECT WEST VALLEY FEEDER STA 226+00-269+00
 SYSTEM RELIABILITY PROGRAM
 SYSTEM STATUS DISPLAY, OPERATIONS CONTROL CENTER
 SYSTEM-WIDE ASPHALT REPLACEMENT
 T-05
 T-06
 T-07
 T-08

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

TELECOMM INFRASTRUCTURE UPGRADE PROGRAM, REPLACE DATA CENTER SWITCHES
 TELECOMM INFRASTRUCTURE UPGRADE PROGRAM, REPLACE HUBS AT FIELD SITES
 TELECOMM INFRASTRUCTURE UPGRADE PROGRAM, REPLACE ROUTERS AT FIELD SITES
 TELECOMM INFRASTRUCTURE UPGRADE PROGRAM, TWO-WAY RADIO SYSTEM UPGRADE
 TEMESCAL POWER PLANT REPLACE EMERGENCY GENERATOR
 TESTING PROGRAM AT YORBA LINDA TEST FACILITY
 TORRANCE LATERAL EXTENSION
 TORRANCE LATERAL EXTENSION SCHEDULE 40A
 TORRANCE LATERAL SCHEDULE 27SC
 TOTAL ORGANIC CARBON (TOD) ANALYZER REPLACEMENT
 TREATED WATER CROSS CONNECTION PREVENTION - FINAL DESIGN & CONSTRUCTION
 TREATED WATER CROSS CONNECTION PREVENTION - UNFUNDED WORK
 TURNOUT STRUCTURE, SERVICE CONNECTION G-2-SANTA MONICA FDR (ORG CONST)
 TWO STRAY CURRENT INTERFERENCE BONDS W ORANGE COUNTY FDR
 TWO-WAY RADIO ENHANCEMENT - EMERGENCY SERVICES, FIRE CONTROL, EVACUATION & BLDG. MAINT.
 TWO-WAY RADIO ENHANCEMENT FOR EMERGENCY SERVICES, FIRE CONTROL, EVACUATION AND BLDG. MAINTENANCE
 UF RAW VACUUM VALVES AND BLOWOFF IMPROVEMENTS
 UNDER GROUND STORAGE TANK DISPENSER SPILL CONTAINMENT & REMEDIATION
 UNION STATION EGEN UST UPGRADE, LINE LEAK DETECTOR INSTALLATION
 UNION STATION TWO-WAY RADIO ENHANCEMENT FOR EMERGENCY SERVICES, FIRE CONTROL, EVACUATION AND BUILDING MAINTENANCE
 UPGRADE CATHODIC PROTECTION RECTIFIERS
 UPGRADE HOLLYWOOD TUNNEL PORTAL SLEEVE VALVE EQUIPMENT
 UPGRADE SUNSET GARAGE
 UPPER FEEDER - CATHODIC PROTECTION (SCH 25)
 UPPER FDR-MODIFY PUDDINGSTONE SPILLWAY, STA.1950+62.71
 UPPER FEEDER - SANTA ANA RIVER BRIDGE LINING REPAIRS
 UPPER FEEDER - SANTA ANA RIVER BRIDGE REPAIRS
 UPPER FEEDER - STRUCTURAL PROTECTION
 UPPER FEEDER AIR ENTRAINMENT
 UPPER FEEDER BLOW OFF STRUCTURE REPLACEMENT
 UPPER FEEDER EMERGENCY EXPANSION JOINT REPLACEMENT
 UPPER FEEDER GATE REHABILITATION
 UPPER FEEDER JUNCTION STRUCTURE SEISMIC UPGRADE
 UPPER FEEDER- ROAD ACCESS TO SANTA ANA BRIDGE
 UPPER FEEDER SANTA ANA RIVER BRIDGE SEISMIC MODIFICATION
 UPPER FEEDER SANTA ANA RIVER DISCHARGE PAD
 UPPER FEEDER SCHEDULE 10P
 UPPER FEEDER SCHEDULE 11P
 UPPER FEEDER SCHEDULE 1P
 UPPER FEEDER SCHEDULE 2S
 UPPER FEEDER SCHEDULE 3P
 UPPER FEEDER SCHEDULE 4P
 UPPER FEEDER SCHEDULE 5P
 UPPER FEEDER SCHEDULE 6P
 UPPER FEEDER SCHEDULE 7P
 UPPER FEEDER SCHEDULE 8P
 UPPER FEEDER SCHEDULE 9P
 UPPER FEEDER- SERVICE CONNECTION P-1
 UPPER FEEDER SERVICE CONNECTION, P-1, FM-1, AND SMR-1 REHABILITATION
 UPPER FEEDER SERVICE CONNECTIONS UPGRADES
 UPPER FEEDER TO ACCOMMODATE SANTA FE RAILWAY EXPANSION
 UPPER FEEDER URGENT REPAIRS AT STA 3239+00
 UPPER FEEDER, MANHOLE MODIFICATION, STATION 1464+50
 UPPER FEEDER, MANHOLE MODIFICATION, STATION 1495+54
 UPPER FEEDER, MANHOLE MODIFICATION, STATION 1757+86
 UPPER FEEDER, STA 1048+70 TO 1051+77
 UPPER FEEDER, STA 1146+46 TO 116+50
 UPPER FEEDER, STRUCTURAL PROTECTION, FINAL DESIGN
 UPPER FEEDER: SERVICE CONN. FOR FOOTHILL M.W.D. IN PASADENA
 UPPER FEEDER:COTTAGE AND GARAGE AT EAGLE ROCK CONTROL TOWER
 UPPER FEEDER-REPLACE MAGNETIC FLOWMETER
 UPPER NEWPORT BACKBAY BLOW?OFF STRUCTURE REHABILITATION
 UPPER NEWPORT BAY BLOW-OFF STRUCTURE REHABILITATION
 UPS SYSTEMS INSTALLATION AT FOOTHILL PCS
 UPS SYSTEMS INSTALLATION AT PERRIS CONTROL STRUCTURE
 US-2
 USG-01
 USG-02
 USG-03
 USG-04
 USG-05
 USG-06
 USG-07
 USG-08
 USG-09
 UTILITY BUSINESS ARCHITECTURE (OBJECT MAPPING/MODELING)
 VACUUM AIR RELEASE VALVE RELOCATION PILOT PROGRAM
 VALLEY & LOS ANGELES DISTRIBUTION VALVE POSITION DISPLAY UPGRADE
 VALLEY BRANCH, PPLN CORROSION TEST STATION
 VALLEY VIEW HYDROELECTRIC GENERATOR REFURBISHMENT
 VALLEY VIEW METERING CIRCUIT MODIFICATIONS
 VALVE PALOS VERDE FEEDER
 VALVE PROCUREMENT
 VALVE, 20

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

VALVE,24
 VALVE-ASCOT-GARVEY CROSS FEEDER
 VALVE-HOLLYWOOD TUNNEL CNTRL STRUCTURE - SANTA MONICA FDR (INTERIM CONST)
 VALVES - PALOS VERDES FEEDER
 VENICE PCS VALVE REFURBISHMENT
 VICTORIA ST. LATERAL EXTN. & VICTORIA ST.-223RD ST. CROSS FEEDER
 VICTORIA STREET LATERAL: STA. 0+00 TO 147+62 (SCH. 46P)
 VIDEO CONFERENCE REPLACEMENT
 VIDEO CONFERENCE SYSTEM UPGRADE
 VIDEOCONFERENCING UPGRADE
 WADSWORTH PUMP DISCHARGE TO EASTSIDE PIPELINE INTERCONNECTION
 WADSWORTH PUMP PLANT STOP LOGS
 WADSWORTH PUMPING PLANT - MODIFICATION/REPAIRS OF FIFTY-NINE 6.9KV BREAKERS/CABINETS
 WADSWORTH PUMPING PLANT CONDUIT REPAIR AND PROTECTION
 WADSWORTH PUMPING PLANT CONTROL & PROTECTION UPGRADE
 WADSWORTH PUMPING PLANT CONTROL & PROTECTION UPGRADE, PRELIMINARY DESIGN
 WADSWORTH PUMPING PLANT CONTROL & PROTECTION UPGRADES
 WADSWORTH PUMPING PLANT FOREBAY GANTRY CRANE UPGRADE
 WADSWORTH PUMPING PLANT RECOATING 144" YARD PIPING
 WADSWORTH PUMPING PLANT SLEEVE VALVE REFURBISHMENT
 WADSWORTH PUMPING PLANT STOP LOGS ADDITION - STUDY
 WADSWORTH PUMPING PLANT YARD PIPING LINING REPLACEMENT
 WADSWORTH YARD PIPING LINING REPAIRS
 WADSWORTH/DVL CONTROL & PROTECTION SYSTEM UPGRADE - UPS REPLACEMENT
 WASHINGTON D.C. OFFICE LEASE AT 500 NEW JERSEY AVENUE N.W.
 WASHINGTON PCS ON PV FDR- PLATFORMS/LADDERS
 WASHINGTON STREET PRESSURE CONTROL STRUCTURE VALVE REPLACEMENT
 WATER DELIVERY SYSTEM AUTOMATION
 WATER ORDERING & EVENT SCHEDULING SYSTEM
 WATER PLANNING APPLICATION
 WATER QUALITY - REMOTE MONITORING
 WATER QUALITY LABORATORY BUILDING EXPANSION
 WATER QUALITY MONITORING AND EVENT DETECTION SYSTEM
 WB-01
 WB-02A
 WB-02B
 WB-03
 WB-06A
 WB-06B
 WB-06B METER REPLACEMENT PROJECT
 WB-07
 WB-08
 WB-09
 WB-10
 WB-11
 WB-12
 WB-13
 WB-18
 WB-19
 WB-21
 WB-22
 WB-23
 WB-24
 WB-25
 WB-26A
 WB-27
 WB-28
 WB-28 SERVICE CONNECTION MODIFICATIONS
 WB-29
 WB-30
 WB-31
 WB-32
 WB-33
 WB-34
 WB-36
 WB-37
 WB-39
 WB-40
 WB-MISC
 WCF/PVF INTERCONNECTION VALVE AUTOMATION
 WD-28
 WEST BASIN LATERAL EXTENSION
 WEST BASIN LATERAL: STA.4+95 TO 355+19 (SCH.43P)
 WEST BASIN LATERAL: STA.4+95 TO 355+19, SCH.43P (SPEC NO. 378)
 WEST COAST FEEDER - CATHODIC PROTECTION SYSTEMS
 WEST COAST FEEDER, DISCOUNTS & MISCELLANEOUS CREDITS
 WEST COAST FEEDER, SCHEDULE 65SC (SPEC. NO. 560)
 WEST COAST FEEDER, SCHEDULE 66SC (SPEC NO. 560)
 WEST COAST FEEDER, SCHEDULE 67SC (SPEC NO. 560)
 WEST OC FEEDER VALVE REPLACEMENT
 WEST ORANGE COUNTY FDR, RELOCATE STATIONS 132+16 TO 132+74
 WEST ORANGE COUNTY FDR. PCS-INSTALL 480V 3 PHASE ELEC. SERVICE
 WEST ORANGE COUNTY FEEDER (WOCF) VALVE REPLACEMENT
 WEST ORANGE COUNTY FEEDER BLOWOFF DRAIN LINE REHABILITATION ENGINEERING CHANGE

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

WEST ORANGE COUNTY FEEDER OC-09 REHABILITATION
 WEST ORANGE COUNTY FEEDER -RELOCATION AT STATION 456+00+
 WEST ORANGE COUNTY FEEDER SERVICE CONNECTION OC-09 REHABILITATION
 WEST ORANGE COUNTY FEEDER- STA.0/03 TO 458/90, SCH. 60SC (SPEC #427)
 WEST ORANGE COUNTY FEEDER VALVE REPLACEMENT
 WEST ORANGE COUNTY FEEDERCATHODIC PROTECTION
 WEST VALLEY #1 FEEDER (FORMERLY CALLEGUAS CONDUIT)
 WEST VALLEY AREA STUDY
 WEST VALLEY FACILITIES STUDY
 WEST VALLEY FEEDER # 1 STAGE 2 VALVE STRUCTURE MODIFICATIONS - CONSTRUCTION
 WEST VALLEY FEEDER NO 1 - STAGE 2 VALVE STRUCTURE MODIFICATIONS
 WEST VALLEY FEEDER NO. 1 - DE SOTO VALVE STRUCTURE IMPROVEMENTS
 WEST VALLEY FEEDER NO. 1 - DE SOTO VALVE STRUCTURES IMPROVEMENT
 WEST VALLEY FEEDER NO. 1 - STAGE 3 IMPROVEMENTS
 WEST VALLEY FEEDER NO. 1 ACCESS ROADS AND STRUCTURE IMPROVEMENTS (STAGE 2)
 WEST VALLEY FEEDER NO. 1 ACCESS ROADS AND STRUCTURE IMPROVEMENTS (STAGE 3)
 WEST VALLEY FEEDER NO. 1 ACCESS ROADS AND STRUCTURES IMPROVEMENTS
 WEST VALLEY FEEDER NO. 1 STAGE 2 VALVE STRUCTURE MODIFICATIONS
 WEST VALLEY FEEDER NO. 1 STRUCTURES - PIPING IMPROVEMENTS
 WEST VALLEY FEEDER NO. 1 VALVE STRUCTURE MODIFICATIONS
 WEST VALLEY FEEDER NO. 2- ALISO CREEK TO FULLBRIGHT PLACE
 WEST VALLEY FEEDER NO. 2- FULLBRIGHT TO SANTA SUSANA TUNNEL
 WEST VALLEY FEEDER NO. 2- HAVENHURST ST. TO CHATSWORTH ST.
 WESTERN MWD CONNECTIONS (Z-39)
 WESTERN REGION DISTR SYS CATHODIC PROTECTION REMOTE MONITORING REFURBISHMENT
 WESTERN REGION PLUMBING RETROFIT
 WESTERN SAN BERNARDINO COUNTY REGION ENVIRONMENTAL MITIGATION MONITORING
 WESTORANGE COUNTY FDR EXT - STA. 459+01 TO 685+00, SCH. 61SC
 WEYM. PLT/LA VERNE FAC-BACKFLO PREV ASSY
 WEYMOUTH - 140" EFFLUENT CONDUIT ROOF REPAIR
 WEYMOUTH - BUILDING NO. 4 - HAND RAIL AND STAIRS ADDITION
 WEYMOUTH - FLAG POLE AREA LANDSCAPE UPGRADE
 WEYMOUTH ASPHALT REHABILITATION
 WEYMOUTH COMPRESSED AIR SYSTEM
 WEYMOUTH DISTRIBUTION SYSTEM - REPLACEMENT OF AREA CONTROL SYSTEMS - CONTRACT #1396
 WEYMOUTH DOMESTIC WATER PIPELINE REPLACEMENT
 WEYMOUTH ELECTRIC VEHICLE CHARGING STATION INSTALLATION
 WEYMOUTH FILT PLT, REPLACE AND REFURBISH SOLIDS HANDLING (103206)
 WEYMOUTH FILTER BUILDING VENTURI REHABILITATION
 WEYMOUTH FILTER OUTLET CONDUIT REPAIRS
 WEYMOUTH FILTR. PANT- SOUTHER SALT STORAGE BASIN
 WEYMOUTH FLOCCULATOR REHABILITATION
 WEYMOUTH IMPROVEMENT PROGRAM, BASINS 3 & 4 REHABILITATION
 WEYMOUTH SOLAR POWER FACILITIES
 WEYMOUTH WATER TREATMENT PLANT DOMESTIC AND FIRE WATER SYSTEM IMPROVEMENT
 WEYMOUTH WTP, FILTER BUILDING 1 BACKWASH HEADER VALVE REPLACEMENT
 WEYMOUTH, REPLACE WILLOWGLEN RTU
 WEYMOUTH SOLAR POWER PLANT
 WFP - ASPHALT REHABILITATION
 WFP - COMPRESSED AIR SYSTEM IMPROVEMENT
 WFP - PURCHASE OF REAL PROPERTY
 WFP - REPAIR TO BLDG # 1
 WHEELER AVENUE LANDSCAPE SCREENING
 WHEELER GATE STORMWATER IMPROVEMENT
 WHITEWATER SIPHONS EROSION PROTECTION
 WILLITS ST. PCS VALVE ACTUATOR REPLACEMENT
 WILLITS STREET PRESSURE CONTROL STRUCTURE REHABILITATION
 WILLOWGLEN RTU REPLACEMENT
 WR-01
 WR-02
 WR-09
 WR-10
 WR-12
 WR-13
 WR-14
 WR-15
 WR-17
 WR-18A
 WR-19
 WR-20
 WR-21
 WR-23
 WR-24A
 WR-24C
 WR-24D
 WR-24D FLOWMETER REPLACEMENT
 WR-25
 WR-26
 WR-27
 WR-28
 WR-29
 WR-33
 WRITE OFF DEMOLISHED MASTER METER AT SANTA ANA CROSS FDR
 YORBA LINDA FEEDER - STA 924+11 PORTAL ACCESS

TABLE 3
CONVEYANCE, DISTRIBUTION, AND STORAGE SYSTEM COSTS

Description**Distribution Facilities**

YORBA LINDA FEEDER BYPASS
YORBA LINDA FEEDER DISCHARGE RETURN SYSTEM: QUAGGA MUSSEL CONTROL
YORBA LINDA FEEDER- SCH. 150 & 151
YORBA LINDA FEEDER- SCHEDULE 153,155 AND 156
YORBA LINDA FEEDER- TONNER TUNNELS NO.1 & 2
YORBA LINDA PCS REHABILITATION
YORBA LINDA PORTAL STRUCTURE
YORBA LINDA PORTAL STRUCTURE ACCESS/TELEGRAPH CREEK BRIDGE
YORBA LINDA TEST FACILITY- FLOWMETER TESTS

Sub-total Distribution facilities costs**\$ 101,998,076**

TABLE 4

**FISCAL YEAR 2025/26
ESTIMATED READINESS-TO-SERVE CHARGE REVENUE**

Member Agency	Rolling Ten-Year Average Firm Deliveries (Acre-Feet) FY2013/14 - FY2022/23	RTS Share	6 months @ \$181 million per year (7/25-12/25)	Rolling Ten-Year Average Firm Deliveries (Acre-Feet) FY2014/15 - FY2023/24	RTS Share	6 months @ \$188 million per year (1/26-6/26)	Total RTS Charge FY 2025/26
Anaheim	23,001.9	1.69%	1,526,826	23,328.3	1.84%	1,728,612	3,255,438
Beverly Hills	9,858.1	0.72%	654,364	9,458.6	0.75%	700,876	1,355,240
Burbank	11,540.0	0.85%	766,005	10,532.3	0.83%	780,436	1,546,442
Calleguas MWD	90,313.9	6.62%	5,994,880	85,497.7	6.74%	6,335,323	12,330,203
Central Basin MWD	31,768.2	2.33%	2,108,718	30,647.0	2.42%	2,270,922	4,379,640
Compton	12.0	0.00%	797	8.3	0.00%	615	1,412
Eastern MWD	96,726.8	7.09%	6,420,557	96,954.0	7.64%	7,184,227	13,604,784
Foothill MWD	8,399.5	0.62%	557,544	8,062.2	0.64%	597,404	1,154,948
Fullerton	6,528.4	0.48%	433,344	6,128.6	0.48%	454,125	887,469
Glendale	15,436.0	1.13%	1,024,615	14,676.3	1.16%	1,087,504	2,112,119
Inland Empire Utilities Agency	57,672.1	4.23%	3,828,174	54,727.4	4.31%	4,055,264	7,883,438
Las Virgenes MWD	19,302.4	1.42%	1,281,260	18,431.7	1.45%	1,365,777	2,647,037
Long Beach	27,777.5	2.04%	1,843,822	26,463.1	2.09%	1,960,898	3,804,720
Los Angeles	272,316.9	19.97%	18,075,923	242,114.6	19.09%	17,940,531	36,016,454
Municipal Water District of Orange County	187,038.3	13.72%	12,415,278	172,537.1	13.60%	12,784,884	25,200,162
Pasadena	19,104.9	1.40%	1,268,150	18,267.3	1.44%	1,353,595	2,621,745
San Diego County Water Authority	175,570.9	12.88%	11,654,092	145,667.0	11.48%	10,793,828	22,447,919
San Fernando	312.4	0.02%	20,737	470.7	0.04%	34,879	55,615
San Marino	0.0	0.08%	68,708	990.4	0.08%	73,388	142,096
Santa Ana	8,648.2	0.63%	574,053	7,865.5	0.62%	582,828	1,156,881
Santa Monica	4,783.2	0.35%	317,501	5,039.7	0.40%	373,438	690,939
Three Valleys MWD	62,674.4	4.60%	4,160,218	60,225.0	4.75%	4,462,632	8,622,850
Torrance	15,088.8	1.11%	1,001,568	14,683.8	1.16%	1,088,060	2,089,628
Upper San Gabriel Valley MWD	38,526.1	2.83%	2,557,296	40,189.6	3.17%	2,978,023	5,535,318
West Basin MWD	111,549.0	8.18%	7,404,429	108,841.6	8.58%	8,065,090	15,469,519
Western MWD	68,413.1	5.02%	4,541,143	66,759.6	5.26%	4,946,842	9,487,985
MWD Total	1,363,398.1	100.00%	\$ 90,500,000	1,268,567.4	100.00%	\$ 94,000,000	\$ 184,500,000
Totals may not foot due to rounding							

TABLE 5
FISCAL YEAR 2025/26
ESTIMATED STANDBY CHARGE REVENUE

Member Agencies	Total Parcel Charge	Number of Parcels Or Acres	Gross Revenues (Dollars) ¹
Anaheim	\$ 8.55	69,946	598,036
Beverly Hills	-	-	-
Burbank	14.20	29,053	412,549
Calleguas MWD	9.58	260,221	2,492,922
Central Basin MWD	10.44	341,856	3,568,972
Compton	0.10	18,052	1,805
Eastern MWD ⁽¹⁾	6.94	483,466	3,355,251
Foothill MWD	10.28	30,318	311,668
Fullerton	10.71	35,296	378,024
Glendale	12.23	44,945	549,677
Inland Empire Utilities Agency	7.59	266,441	2,022,284
Las Virgenes MWD	8.03	52,023	417,741
Long Beach	12.16	92,443	1,124,111
Los Angeles	-	-	-
Municipal Water District of Orange County ⁽²⁾	10.09	668,318	7,599,954
Pasadena	11.73	39,876	467,747
San Diego County Water Authority ⁽¹⁾	11.51	1,046,653	12,046,979
San Fernando	-	5,102	-
San Marino	8.24	4,970	40,955
Santa Ana	7.88	65,121	513,151
Santa Monica	-	-	-
Three Valleys MWD	12.21	152,334	1,860,003
Torrance	12.23	40,677	497,484
Upper San Gabriel Valley MWD	9.27	215,922	2,001,594
West Basin MWD	-	-	-
Western MWD	9.23	389,857	3,598,384
MWD Total		4,352,890	\$ 43,887,274

(1) Estimates per FY 2024/25 applied amounts
and Adjusted due to reorganization of Rainbow

(2) Adjusted for inclusion of Coastal MWD

Note: Totals may not foot due to rounding.

TABLE 6
PARCELS SUBJECT TO ANNEXATION STANDBY CHARGES
AS OF JULY 1, 2024

Annexation	Parcel Number	Acres		Proposed Standby Charge (FY 2025/26)
Eastern MWD				
112th Fringe Area Annexation	900-030-036	31.67		\$ 219.79
114th Fringe Area Annexation	900-370-003	3.19		\$ 22.14
	900-370-004	2.58		\$ 17.91
	900-370-005	2.68		\$ 18.60
	900-370-006	3.07		\$ 21.31
	900-370-007	4.09		\$ 28.38
	900-370-008	3.36		\$ 23.32
	900-370-009	2.98		\$ 20.68
	900-370-010	3.40		\$ 23.60
	900-370-011	3.31		\$ 22.97
	900-370-012	3.96		\$ 27.48
	900-370-013	3.05		\$ 21.17
	900-380-001	2.55		\$ 17.70
	900-380-002	2.50		\$ 17.35
	900-380-003	2.50		\$ 17.35
	900-380-005	3.03		\$ 21.03
	900-380-006	3.39		\$ 23.53
	900-380-008	2.50		\$ 17.35
	900-380-009	2.54		\$ 17.63
	900-380-010	3.46		\$ 24.01
	900-380-011	2.57		\$ 17.84
	900-380-012	2.72		\$ 18.88
	900-380-013	2.71		\$ 18.81
	900-370-015	3.18		\$ 22.07
	900-370-016	3.00		\$ 20.82
	900-370-017	3.13		\$ 21.72
	900-370-021	2.94		\$ 20.40
	900-370-022	2.67		\$ 18.53
	900-380-014	2.79		\$ 19.36
	900-380-015	2.54		\$ 17.63
	900-380-016	2.53		\$ 17.56
	900-380-017	2.63		\$ 18.25
	900-380-018	2.56		\$ 17.77
	908-010-001	2.04		\$ 14.16
	900-050-025	2.73		\$ 18.95
	900-050-007	3.91		\$ 27.14
	900-050-008	5.77		\$ 40.04
San Diego County Water Authority				
Yerba Valley Annexation	329-131-08	4.30		\$ 49.49
	329-131-09	4.60		\$ 52.95
	329-131-11	6.60		\$ 75.97
	329-131-33	4.50		\$ 51.80
	329-132-02	4.00		\$ 46.04
	329-132-03	4.00		\$ 46.04
	329-132-04	4.00		\$ 46.04
	329-132-05	4.40		\$ 50.64
	329-132-09	5.00		\$ 57.55
	329-132-10	5.00		\$ 57.55
	329-132-13	4.00		\$ 46.04

TABLE 6
PARCELS SUBJECT TO ANNEXATION STANDBY CHARGES
AS OF JULY 1, 2024

Annexation	Parcel Number	Acres		Proposed Standby Charge (FY 2025/26)
Yerba Valley Annexation	329-132-14	8.00		\$ 92.08
	329-132-15	3.60		\$ 41.44
	329-132-18	4.00		\$ 46.04
	329-132-42	1.00		\$ 11.51
	329-132-43	8.80		\$ 101.29
	329-132-48	4.60		\$ 52.95
Murrieta Payment Area				
Eastern MWD	910-020-010	6.87		\$ 47.68
	910-070-004	1.61		\$ 11.17
	910-150-003	1.00		\$ 6.94
	910-150-004	2.00		\$ 13.88
	910-150-007	1.00		\$ 6.94
	910-150-008	2.00		\$ 13.88
	910-150-010	1.00		\$ 6.94
	910-070-008	1.95		\$ 13.53
	910-070-009	1.93		\$ 13.39
	910-150-002	1.00		\$ 6.94
	910-160-001	1.00		\$ 6.94
	910-170-001	2.00		\$ 13.88
	910-170-011	1.00		\$ 6.94
	910-180-006	1.00		\$ 6.94
	910-180-011	1.00		\$ 6.94
	910-180-012	1.00		\$ 6.94
	910-180-018	1.66		\$ 11.52
	910-020-014	10.55		\$ 73.22
	910-170-010	1.00		\$ 6.94
	910-180-007	1.00		\$ 6.94
	910-180-009	1.00		\$ 6.94
	910-180-014	1.00		\$ 6.94
	910-210-009	2.22		\$ 15.41
	910-210-013	1.11		\$ 7.70
	910-210-018	2.39		\$ 16.59
	910-210-014	2.22		\$ 15.41
	910-210-019	2.95		\$ 20.47
	910-150-006	1.00		\$ 6.94
	910-150-014	2.50		\$ 17.35
	910-150-017	2.50		\$ 17.35
	910-160-007	1.00		\$ 6.94
	910-160-014	1.17		\$ 8.12
	910-170-005	0.50		\$ 3.47
	910-170-013	1.50		\$ 10.41
	910-170-016	1.00		\$ 6.94
	910-180-008	1.00		\$ 6.94
	910-180-013	1.00		\$ 6.94
	910-210-003	1.28		\$ 8.88
	910-210-006	1.53		\$ 10.62
	910-020-070	1.00		\$ 6.94
	910-020-071	1.00		\$ 6.94
	910-020-009	2.42		\$ 16.79
	910-020-068	0.50		\$ 3.47
	910-070-006	0.98		\$ 6.80

TABLE 6
PARCELS SUBJECT TO ANNEXATION STANDBY CHARGES
AS OF JULY 1, 2024

Annexation	Parcel Number	Acres		Proposed Standby Charge (FY 2025/26)
Eastern MWD	910-070-005	1.24		\$ 8.61
	910-150-009	1.00		\$ 6.94
	910-150-015	2.50		\$ 17.35
	910-160-005	1.00		\$ 6.94
	910-170-003	1.00		\$ 6.94
	910-170-004	0.50		\$ 3.47
	910-020-069	1.00		\$ 6.94
	910-150-001	1.00		\$ 6.94
	910-150-005	5.00		\$ 34.70
	910-160-002	1.00		\$ 6.94
	910-160-003	1.00		\$ 6.94
	910-160-015	9.44		\$ 65.51
	910-170-015	1.00		\$ 6.94
	910-180-015	1.00		\$ 6.94
	910-210-008	1.22		\$ 8.47
	910-210-017	2.39		\$ 16.59
	910-160-004	1.00		\$ 6.94
	910-170-009	1.50		\$ 10.41
	910-100-014	5.15		\$ 35.74
	910-170-008	3.00		\$ 20.82
	910-170-017	1.00		\$ 6.94
	910-170-018	1.33		\$ 9.23
	910-180-017	1.81		\$ 12.56
	910-180-023	1.81		\$ 12.56
	910-210-001	2.61		\$ 18.11
	910-210-002	2.62		\$ 18.18
	910-210-010	2.39		\$ 16.59
	910-210-015	2.39		\$ 16.59
	910-180-003	0.25		\$ 1.74
	910-180-010	2.00		\$ 13.88
	910-210-004	1.28		\$ 8.88
	910-210-005	1.28		\$ 8.88
	910-210-011	2.39		\$ 16.59
	910-210-012	1.33		\$ 9.23
	910-150-011	1.00		\$ 6.94
	910-150-012	2.00		\$ 13.88
	910-160-011	0.94		\$ 6.52
	910-160-012	0.94		\$ 6.52
	910-160-013	0.94		\$ 6.52
	910-180-004	0.25		\$ 1.74
	910-180-005	0.50		\$ 3.47
	910-150-013	1.00		\$ 6.94
	910-170-002	1.00		\$ 6.94
	910-170-012	0.50		\$ 3.47
	910-170-014	2.00		\$ 13.88
	910-180-024	1.95		\$ 13.53
	910-220-008	1.49		\$ 10.34
	910-220-016	25.07		\$ 173.99
	910-220-004	3.74		\$ 25.96
	910-220-009	1.49		\$ 10.34
	910-220-014	4.83		\$ 33.52
	910-210-007	1.00		\$ 6.94

TABLE 6 PARCELS SUBJECT TO ANNEXATION STANDBY CHARGES AS OF JULY 1, 2024				
Annexation	Parcel Number	Acres		Proposed Standby Charge (FY 2025/26)
Eastern MWD	910-220-007	4.36		\$ 30.26
	910-210-016	2.39		\$ 16.59
	910-210-020	2.34		\$ 16.24
	910-220-005	5.59		\$ 38.79
	910-220-010	1.48		\$ 10.27
Western MWD	910-410-011	18.03		\$ 166.42
REORGANIZATIONS BETWEEN MEMBER AGENCIES				
Annexation	Parcel Number	Acres	Original Standby Charge	Proposed Standby Charge (FY 2025/26)
Reorg Fallbrook Public Utility District from San Diego County Water Authority to Eastern Municipal Water District	No APN Presented		\$ 11.51	\$ 6.94
PARCELS SUBJECT TO ANNEXATION STANDBY CHARGES ANTICIPATED AS OF JULY 1, 2025				
Annexation	Parcel Number	Acres		Proposed Standby Charge (FY 2025/26)
None	No APN Presented			
REORGANIZATIONS BETWEEN MEMBER AGENCIES				
Annexation	Parcel Number	Acres	Original Standby Charge	Proposed Standby Charge (FY 2025/26)
Reorg Rainbow Municipal Water District from San Diego County Water Authority to Eastern Municipal Water District	No APN Presented		\$ 11.51	\$ 6.94

NOTICE TO MEMBER AGENCIES OF PROPOSED ADOPTION OF READINESS-TO-SERVE CHARGE AND CAPACITY CHARGE FOR CALENDAR YEAR 2026 AND CONTINUATION OF STANDBY CHARGE FOR FISCAL YEAR 2025/26

The Board of the Metropolitan Water District of Southern California (Metropolitan) adopted a biennial budget for fiscal years 2024/25 and 2025/26 on April 9, 2024. On the same date, the Board also adopted rates for calendar years 2025 and 2026 and charges for calendar year 2025 to meet revenue requirements for fiscal years 2024/25 and 2025/26. The Board's determinations were based on the assumption of Readiness-To-Serve charge collections for calendar year 2026 of \$188 million and a Capacity Charge set at \$14,500 per cubic-foot-second. Accordingly, notice is hereby given to each member public agency of Metropolitan that at its regular meeting to be held April 15, 2025 (or such other date as the Board shall hold its regular meeting in such month), Metropolitan's Board of Directors will consider the adoption of the Readiness-To-Serve Charge and Capacity Charge for calendar year 2026.

The Board's determinations on April 9, 2024 were also based on the continuation of Metropolitan's water standby charge for fiscal year 2025/26. Accordingly, at its regular meeting to be held May 13, 2025, (or such other date as the Board shall hold its regular meeting in such month), the Board will consider the General Manager's recommendation to continue Metropolitan's water standby charge for fiscal year 2025/26 under authority of Section 134.5 of the Act on land within Metropolitan at rates not to exceed, per acre of land, or per parcel of land less than an acre, as presently in effect. Any such water standby charge will be continued for the purpose of applying the collected revenues to the corresponding agencies' Readiness-To-Serve charge obligation.

Board letters with information about the proposed charges will be provided to the Board prior to the board meetings.

Dated: March 13, 2025

Katano Kasaine
Assistant General Manager/
Chief Financial Officer



Finance, Affordability, Asset Management and
Efficiency Committee

Water Standby Charge for Fiscal Year 2025/26

Item 8-4

May 13, 2025

Item 8-4

Water Standby Charge for Fiscal Year 2025/26

Subject

Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2025/26

Purpose

Adopt resolution to continue Metropolitan's Water Standby Charge for fiscal year 2025/26

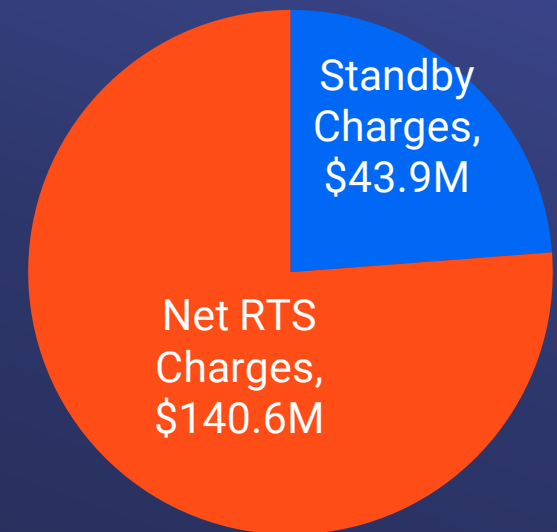
Next Steps

None

Standby Charge Background

- Section 134.5 of the Metropolitan Water District Act authorizes the Board to collect a service charge from member agencies or, as an alternative, to collect a service charge as a standby charge against individual parcels within the district
- Since FY 1993/94, 22 member agencies of Metropolitan have previously elected to pay all or a portion of their Readiness-to-Serve (“RTS”) Charge obligation through the continuance of the Metropolitan water standby charge (“Standby Charge”) collected from parcels within those member agencies;
 - Option to start participating is no longer available

RTS Charges for
FY 2025/26
(\$184.5 million)



Standby Charge Rates

- Standby Charge, per acre of land, or per parcel of land less than an acre, may vary by member agency, and shall not exceed the amount of the fiscal year 1993/94 Standby Charge for the member agency
 - Engineer's Report specified the method of Standby Charge calculation, and the specific data used in its determination
- Charge per acre or parcel, if less than an acre, for FY 2025/26 ranges from \$0.10 to \$14.20
- Produces annual net revenue of about \$43.9 million for those 22 electing agencies' RTS Charge obligation in FY 2025/26
- Standby Charges ~ 2% of \$2.30 billion total revenues or 24% of \$184.5 million RTS revenues for FY 2025/26

Board Actions on RTS and Standby Charges

- April 2025: Board adopted the Readiness-to-Serve Charge for CY 2026 at \$188 million
- May 2025: Board to consider Resolution to continue Water Standby Charge for FY 2025/26

Board Options

Option #1 – Adopt the resolution to continue the Standby Charge for fiscal year 2025/26

Option #2 – Do not adopt the resolution to continue the Standby Charge for fiscal year 2025/26, which would require the participating member agencies to pay the full RTS Charge directly to Metropolitan, rather than having a portion collected through the Standby Charge

Staff Recommendation

Option #1 – Adopt the resolution to continue the Standby Charge for fiscal year 2025/26





- **Board of Directors**

- Finance, Affordability, Asset Management, and Efficiency Committee***

5/13/2025 Board Meeting

9-4

Subject

Renewal Status of Metropolitan's Property and Casualty Insurance Program

Executive Summary

Pursuant to Metropolitan's Administrative Code, this letter reviews the current status of Metropolitan's insurance coverages and anticipated charges for fiscal year (FY) 2025/26. As of this writing, the premium estimates that are discussed below are expected costs, but not actual quotes. These expected costs are derived from Metropolitan's broker's experience with our current insurance carriers, other insurers that may be willing to quote our program, and the condition of the current marketplace overall. Currently, staff has reasonable confidence that the estimates or "indications" provided by the insurance carriers will not exceed the aggregate total estimated. Our broker will provide actual binding quotes once the insurance carriers have completed their review of Metropolitan's underwriting and risk profile information. In June, staff will present a board letter to request authority to purchase insurance based on those actual quoted premiums for the various lines of coverage.

Fiscal Impact

The total premium costs are anticipated to increase from \$2.180 million for FY 2024/25 to approximately \$2.493 million for FY 2025/26.

Applicable Policy

Metropolitan Water District Administrative Code Section 6413: Insurance Program

Metropolitan Water District Administrative Code Section 9101: Risk Retention and Procurements of Insurance Comparison in Dollars

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

This letter is in preparation for a June board letter presented to the Committee to approve purchase of the insurance renewal for FY 2025/26.

Details and Background

Background

The following list includes the Casualty and Property Insurance Program lines of insurance, with coverage amounts, which expire June 30, 2025.

- \$25 million aircraft liability coverage; \$10 million liability for Unmanned Aerial Vehicles, and aircraft hull coverage up to the planes' assessed values.
- \$5 million Crime coverage for exposures such as fraud, theft, faithful performance and employee dishonesty in excess of a \$150,000 deductible.

- \$75 million General Liability coverage in excess of a \$25 million self-insured retention.
- \$60 million Fiduciary and Employee Benefits Liability coverage in excess of a \$25 million self-insured retention.
- \$65 million Public Officials, Directors and Officers Liability (D&O) coverage in excess of a \$25 million self-insured retention.
- Statutory Workers' Compensation, and \$1 million Employers' Liability coverage, in excess of a \$5 million self-insured retention; statutory coverage for Washington, D.C. employees.
- Stated property value up to \$25 million Property Damage coverage limit.
- \$5 million Cyber Liability coverage.
- \$250,000 Travel Accident coverage.
- Executive Risk with \$5 million in limits.

Metropolitan's property and casualty excess and specialty insurance renewal cost is expected to increase by about 14.4 percent over FY 2024/25. The cost increase is due to a continuation of significant global trends and factors affecting the insurance market. These include lingering economic fallout from the global pandemic, increased frequency of climate change-induced mega-catastrophic weather events such as extreme storms and historic wildfires, and a continuation of significant social and political unrest. A continuation of stubborn inflation resulting from various national and global factors is putting additional upward price pressure on the insurance market. These events and conditions, in addition to pre-existing pricing pressure trends, are causing both higher insurance market pricing, and more restrictive policy terms and conditions. Metropolitan is somewhat well positioned by being significantly self-insured; consequently, the effect of price increases and policy restrictions are expected to be somewhat muted, but nonetheless will continue to be more noticeable than during the pre-pandemic era. The rate of cost increases for the coming year is expected to be similar to that experienced for FY 2024/25.

Attachment 1 compares the current coverages and premiums to those projected for FY 2025/26. These projections are pegged to the upper end of the expected price range. Premiums for the two layers of excess General Liability make up the largest portion of Metropolitan's casualty insurance budget. We expect up to a 15 percent premium increase from an aggregate amount of \$1,423,290 for FY 2024/25 to a projected \$1,637,000 for the coming year due to the factors discussed above and an anticipated wildfire surcharge for risks in California. The excess fiduciary policy premiums are also anticipated to rise by about 15 percent, from \$96,989, to an anticipated \$111,500. The excess D&O policies are projected to cost about \$367,600, which is also up 15 percent from \$319,677 in FY 2024/25. Premiums for excess workers' compensation, and the first dollar coverage policy for Washington, D.C. employees, are expected to rise more mildly by up to 10 percent, from a combined \$134,899 in the current fiscal year to an estimated \$148,400 for FY 2025/26. To add context for this price trend, from FYs 2002/03 to 2005/06, the self-insured retention for workers' compensation coverage was incrementally raised from \$1 million to \$5 million in response to terror-risk-related premium spikes in that line of coverage. The rationale to increase the self-insured retention was that the premiums saved over a ten-year period would offset the financial risk of a "once in a decade" claim that would exceed the self-insurance coverage in that particular year. That analysis was based on calculations derived from the annual actuarial study. Metropolitan's risk exposure has remained stable since that review.

Because premiums for this line of coverage stabilized and then later decreased, Metropolitan maintained the self-insured retention of \$5 million, but raised the coverage limit from \$25 million to \$50 million in FY 2010/11. In FY 2015/16, Metropolitan was able to obtain excess workers' compensation coverage with statutory limits over the \$5 million retention without a price increase. As premiums are expected to be mildly to moderately higher than last year, at this time staff anticipates maintaining the same self-insured retention and coverage limit. Over the last five years, excess workers' compensation premiums have remained fairly stable, with increases due mostly to increasing medical industry costs and inflation. Beginning in FY 2010/11, Metropolitan purchased a separate "first dollar" policy for the Washington, D.C. employees. That first-dollar policy cost \$1,198 last year and is included in Metropolitan's total premium figure for workers' compensation coverage.

For all coverages, staff continues to explore the cost-benefit of various options to maximize coverage without significantly increasing premium costs, and other options to reduce premium costs without increasing Metropolitan's risk exposure. Staff also reviews and analyzes the suitability of the retention levels and coverage limits along with input from actuaries and comparisons to other organizations. As long as premium costs and Metropolitan's risk exposures remain stable, the actuarial recommendations for retention and excess coverage levels remain in place. Staff continues to review and evaluate the viability of obtaining other lines of coverage such as fire, flood, earthquake and cyber liability coverages as risks and needs change. In past years, Metropolitan has not purchased these coverages because it has not been financially favorable, compared with the risk exposure, and because Metropolitan can raise funds if repairs are required. Staff did a deeper dive into cyber liability coverage and obtained that coverage last year to supplement our robust cyber liability defense.

Premium costs for other excess and specialty policies will vary by line of coverage but are expected to have varying cost increases due to inflationary pressures described earlier, and also due to increased claims payment trends globally in some lines of coverage. The Cyber liability policy premium cost is expected to rise by up to 10%, from \$102,498 paid in FY 2024/25 to \$112,700. The Aircraft Liability and Hull policy premium is expected to increase from \$86,126 paid in FY 2024/25 to an estimated \$95,000 for the coming year. Metropolitan's Crime policy premium is anticipated to rise by approximately five percent from \$8,245 to about \$8,700.

Metropolitan also maintains a property damage policy due to fire damage that occurred near the Diemer Facility in the fall of 2009. This policy was originally purchased in order to obtain reimbursement of over \$500,000 from the Federal Emergency Management Agency for damage repair. Last year, the premium renewal cost of \$8,027 was already up markedly due to increasing wildfire exposure. Due to amplified wildfire-related losses in the western United States and, most recently, Southern California weighing on the insurance market, premiums are expected to rise by up to 15 percent to an estimated \$9,200 for FY 2025/26.

Metropolitan also carries Travel Accident and Special Contingency three-year duration policies, last purchased in FY 2022/23. When last purchased in 2022, the renewal premiums cost \$21,633 and \$4,442 respectively, and are expected to rise by about ten percent to \$23,800 and \$4,900 for the two coverages.


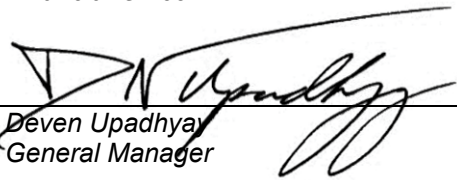
To complete the insurance renewal for FY 2025/26, with similar limits and retentions, staff anticipates renewal premium costs of about \$2.493 million compared with approximately \$2.180 million for FY 2024/25.

Timing and Urgency

This letter provides an update on the activities and estimated costs for the July 1st, 2025, insurance renewal.

Project Milestone

This is an ongoing annual process to renew or replace existing coverages, or add or modify coverages to the portfolio as Metropolitan's needs and market conditions dictate.

 Katano Kasaine Assistant General Manager/ Chief Financial Officer	4/28/2025 Date
 Deven Upadhyay General Manager	4/28/2025 Date

Attachment 1 – Metropolitan's Casualty and Property Insurance Program Insurance Premium

Ref# cfo12703425

**Metropolitan's Casualty and Property Insurance Program
Insurance Premium Comparison
In Dollars**

Insurance Policy Type	Self-Insured Retention (SIR)	Coverage Limits	2024/25 Insurance Premiums	2025/26 Estimated Premium Cost	2025/26 Estimated Premium Cost Change	2025/26 Estimated Premium % Change
Excess General Liability ¹	\$25 million	\$75 million	1,423,290	1,637,000	213,710	15%
Fiduciary and Employee Benefits Liability ¹	\$25 million	\$60 million	96,989	111,500	14,511	15%
Public Officials Directors and Officers Liability ¹	\$25 million	\$65 million	319,677	367,600	47,923	15%
Crime	\$150,000	\$5 million	8,245	8,700	455	6%
Aircraft Liability and Hull	\$7,500	\$25 million	86,126	95,000	8,874	10%
Excess Workers' Compensation, CA	\$5 million	Statutory	133,701	147,100	13,399	10%
Excess Workers' Compensation, D.C.	\$0	Statutory	1,198	1,300	102	10%
Property ²	\$0	Asset value	8,027	9,200	1,173	15%
Cyber Liability ^{2 & 4}	\$500,000	\$5 million	102,498	112,700	10,202	10%
Special Contingency ³	\$0	\$5 million	4,442	4,900	458	10%
Travel Accident ³	\$0	\$250,000	21,633	23,800	2,167	10%
Total Insurance Premiums –			2,179,753	2,492,727	312,974	14.4%

¹ Premium costs for two layers of General Liability, Fiduciary and Employee Benefits Liability, and Public Officials Directors and Officers Liability.

² Premium for 2024/25 is a not-to-exceed estimate based upon market indications.

³ Three-year duration policies last purchased July 2022, and are up for renewal FY 2025/26.



Finance, Affordability, Asset Management
and Efficiency Committee

Renewal Status of Metropolitan's Property and Casualty Insurance Program

Item 9-4

May 13, 2025

Item 9-4

Status of MWD's Property & Casualty Insurance Program

Subject

Renewal Status of Metropolitan's Property and Casualty Insurance Program

Purpose

Review the Current Property and Casualty Insurance Program and provide a preview of the upcoming insurance renewal

Next Steps

Present Options and request Board approval to renew and replace coverages at the June Committee meeting

Self-Insured Retention

Metropolitan's Property and Casualty Insurance Program

General Liability	\$25 million
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Workers' Compensation	\$ 5 million
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Property Damage *	Self-Insured
-------------------	--------------

* Excluding Stand Alone Property Insurance Coverage

Excess Insurance

Metropolitan's Property and Casualty Insurance Program

General Liability	\$75 million
Public Official, Directors & Officers Liability	\$65 million
Fiduciary & Employee Benefit Liability	\$60 million
Workers' Compensation	Statutory

Specialty Insurance

Metropolitan's Property and Casualty Insurance Program

Aircraft Liability	\$25 million
Aircraft Hull	Assessed Value
Property Damage	Assessed Value
Crime	\$5 million
Cyber Liability	\$5 million
Special Risk *	\$5 million
Travel Accident *	\$250,000

* 3-year coverages last purchased FY 2022/2023

Metropolitan's Property and Casualty Insurance Program

2025/26 Outlook

14.4% Overall Cost Increase

Factors Driving Expected Cost Increase

- Persistent inflation and economic uncertainty
- Catastrophic climate change fueled storm and wildfire losses
- International instability and military conflicts
- Political and social unrest
- Surging government entity liability claim costs

Total Policy Renewal is estimated to increase from

\$2.180 million

to

\$2.493 million

Metropolitan's Property and Casualty Insurance Program

Excess Insurance Premiums (in dollars)

2024/25 Actual	2025/26 Estimated	2025/26 Estimated % Change
2,179,753	2,492,727	14.4%





Finance, Affordability, Asset Management and
Efficiency Committee

Quarterly Investment Activities for Q3 FY25

Item 6a
May 13, 2025

Item 6a

Quarterly Investment Activities Report

Subject

Quarterly Investment Activities Report

Purpose

Provide the Board with a summary of investment activities that impact portfolio performance over the most recent quarter-end period.

Next Steps

Manage compliance with Metropolitan's Investment Policy and report out further activities in 3 months.

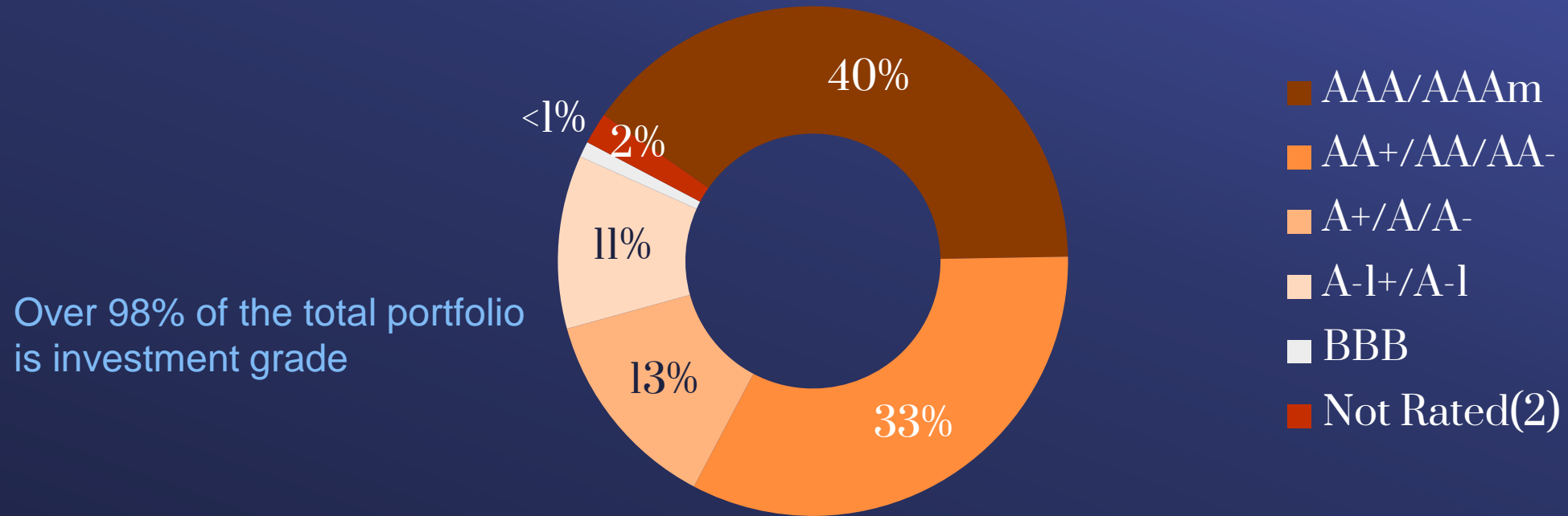
Portfolio Overview

Statistics as of March 31, 2025

Total Market Value	\$	1.417 billion
Duration		12.72 months
Yield to Maturity		4.31%

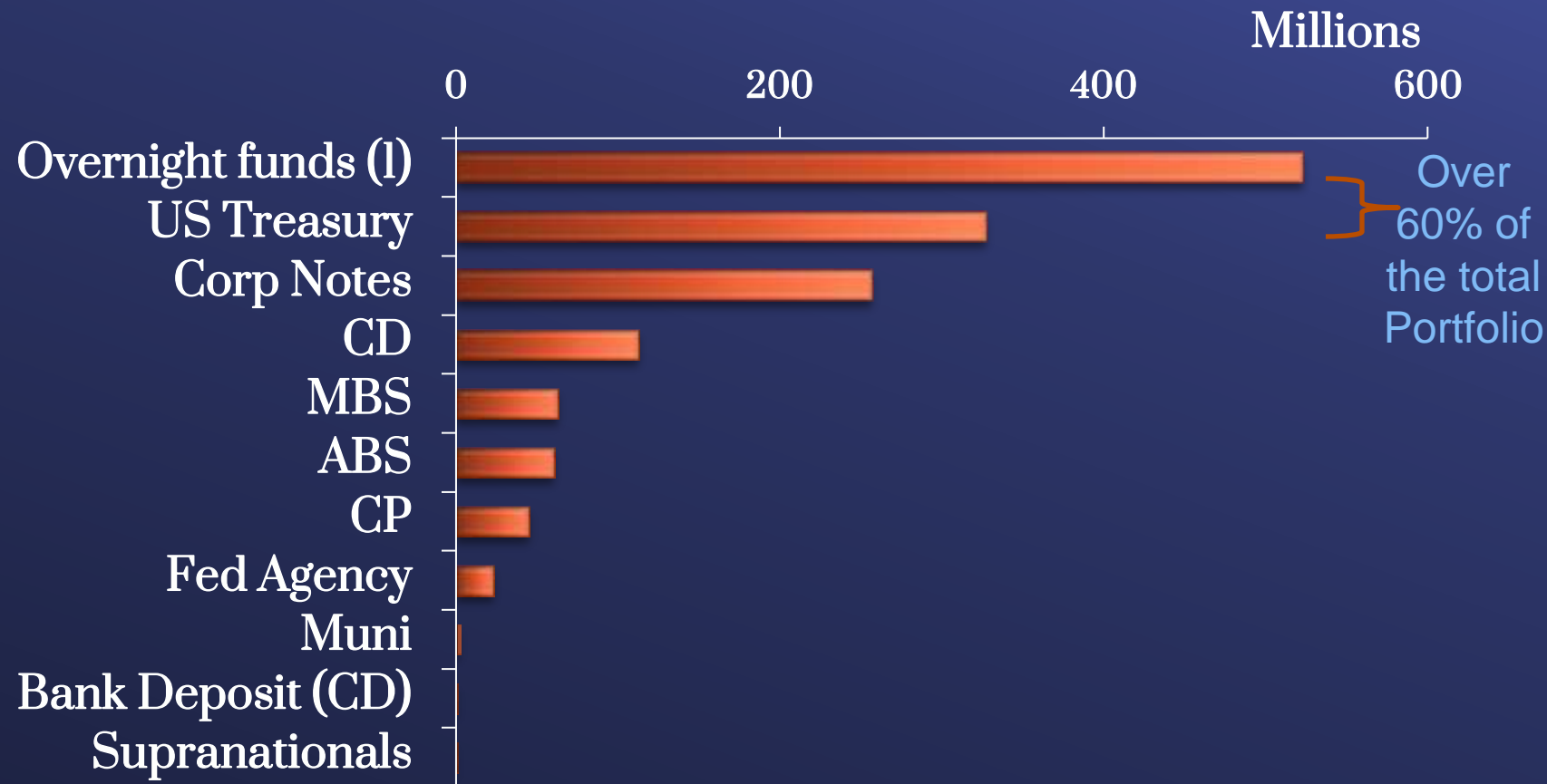
Portfolio Overview

Credit Quality ⁽¹⁾



Portfolio Overview

Sector Allocation

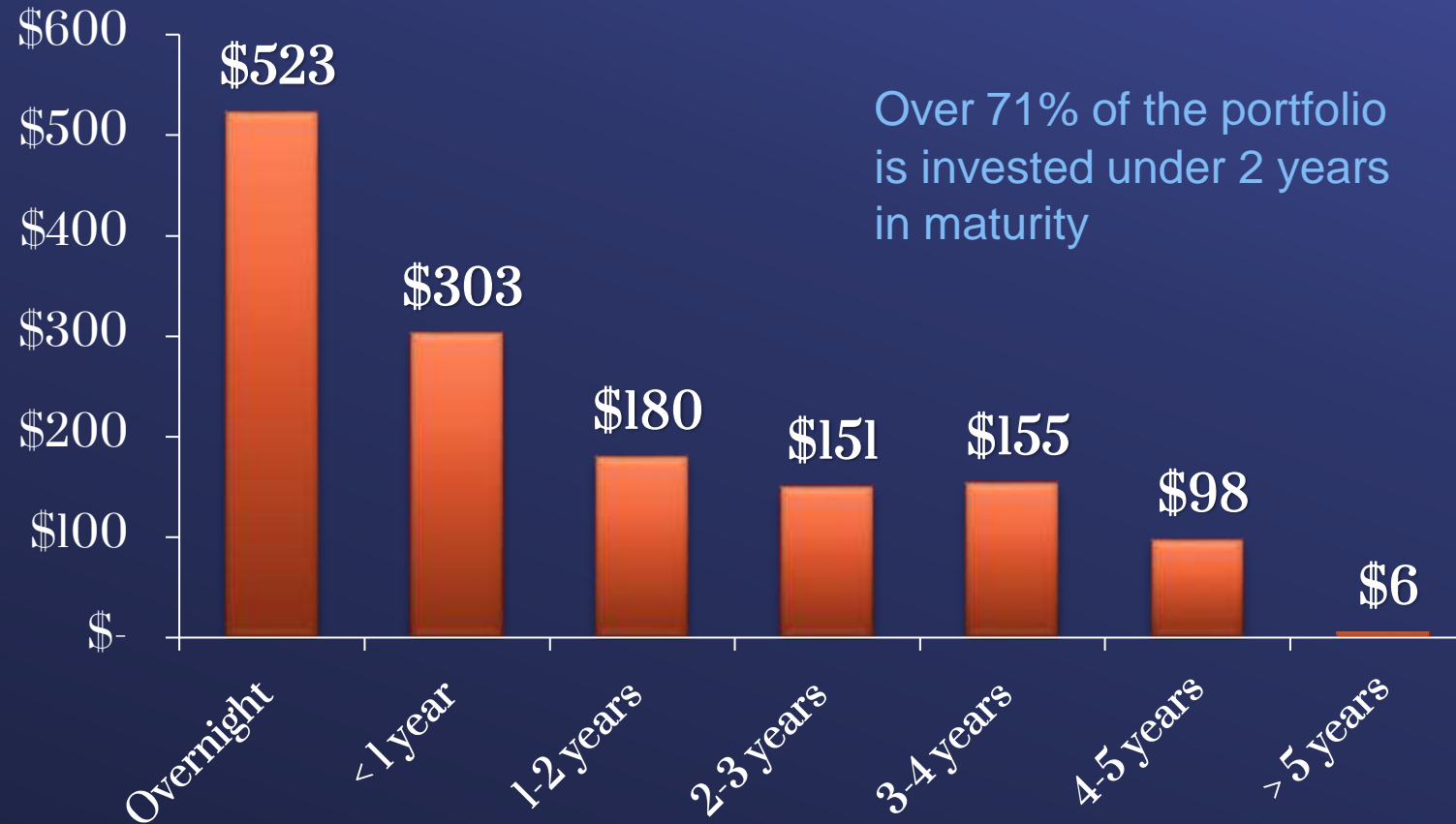


(1) California Treasurer's Local Agency Investment Fund (LAIF), California Asset Management Program (CAMP), and Money Market Funds

Portfolio Overview

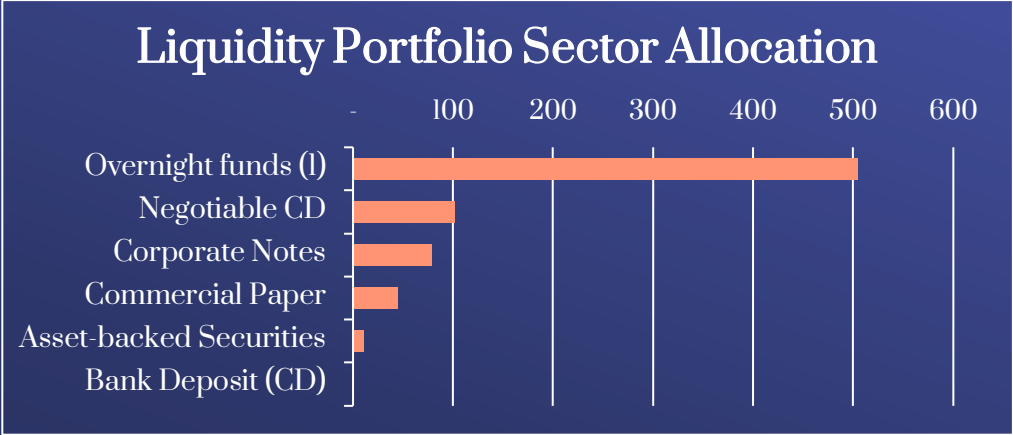
Maturity

(\$ in millions)

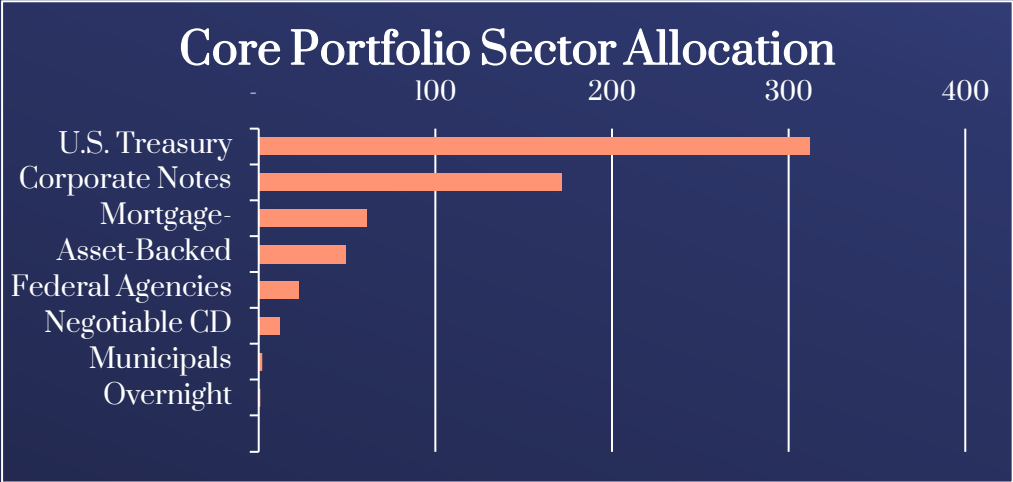


Portfolio Statistics: Liquidity and Core Segments

Liquidity Portfolio Statistics	
Market Value	\$741,786,559
Duration	0.18 years
Yield to Maturity	4.52%



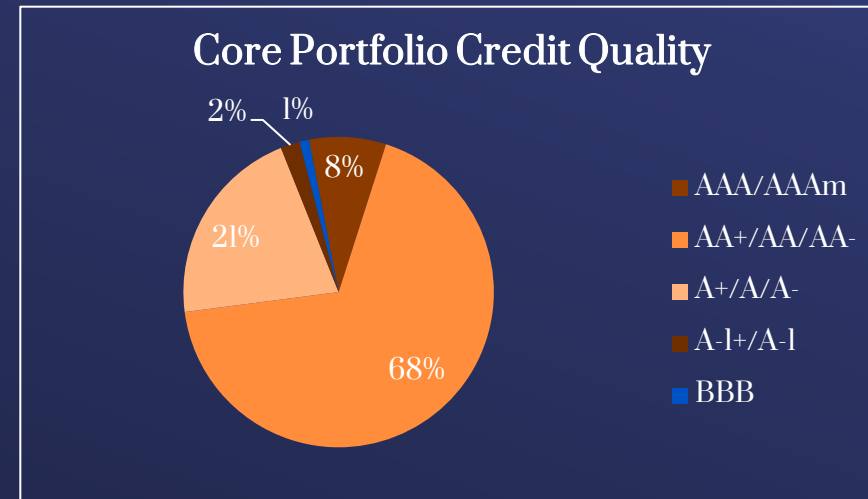
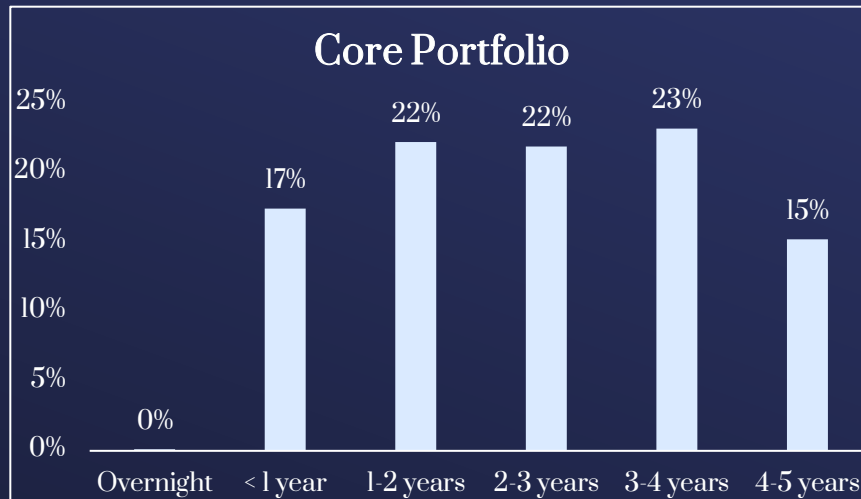
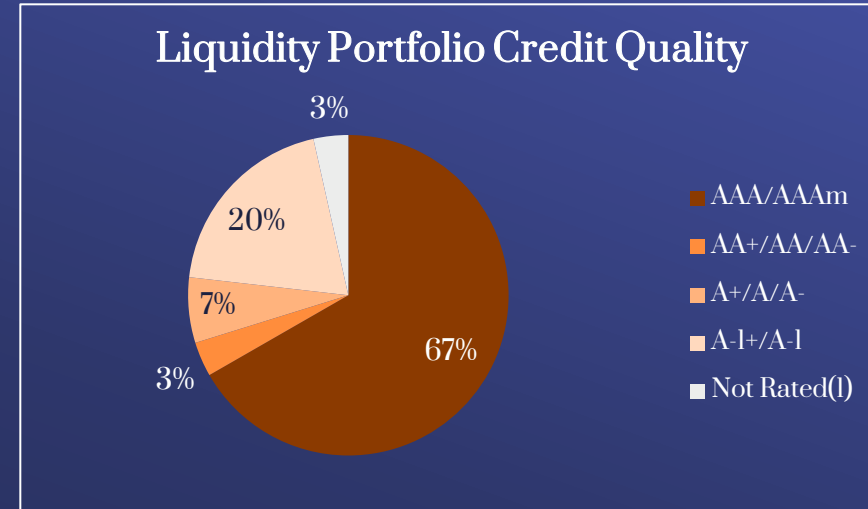
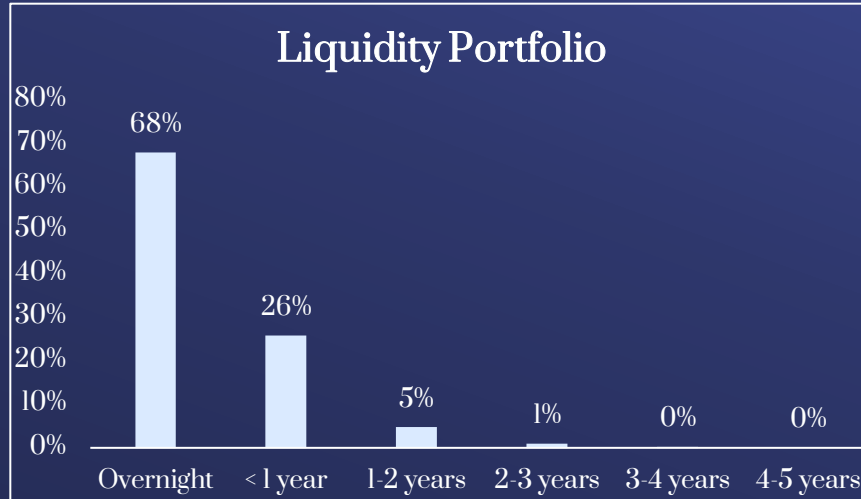
Core Portfolio Statistics	
Market Value	\$631,243,038
Duration	2.03 years
Yield to Maturity	4.07%



Market values as of 3/31/25, exclude accrued interest.

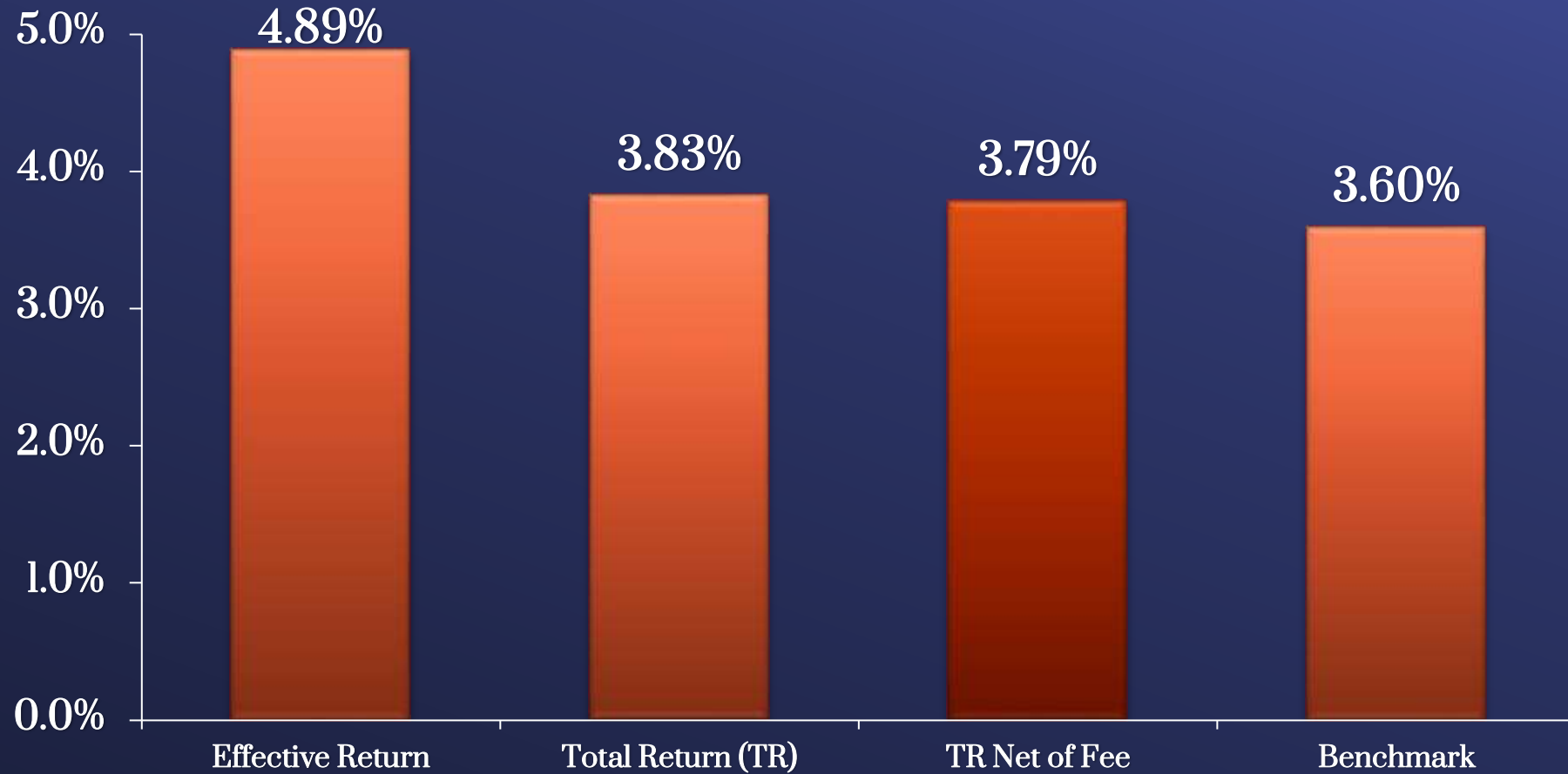
(1) California Treasurer's Local Agency Investment Fund (LAIF), California Asset Management Program (CAMP), and Money Market Funds

Maturity and Credit Quality Breakdown

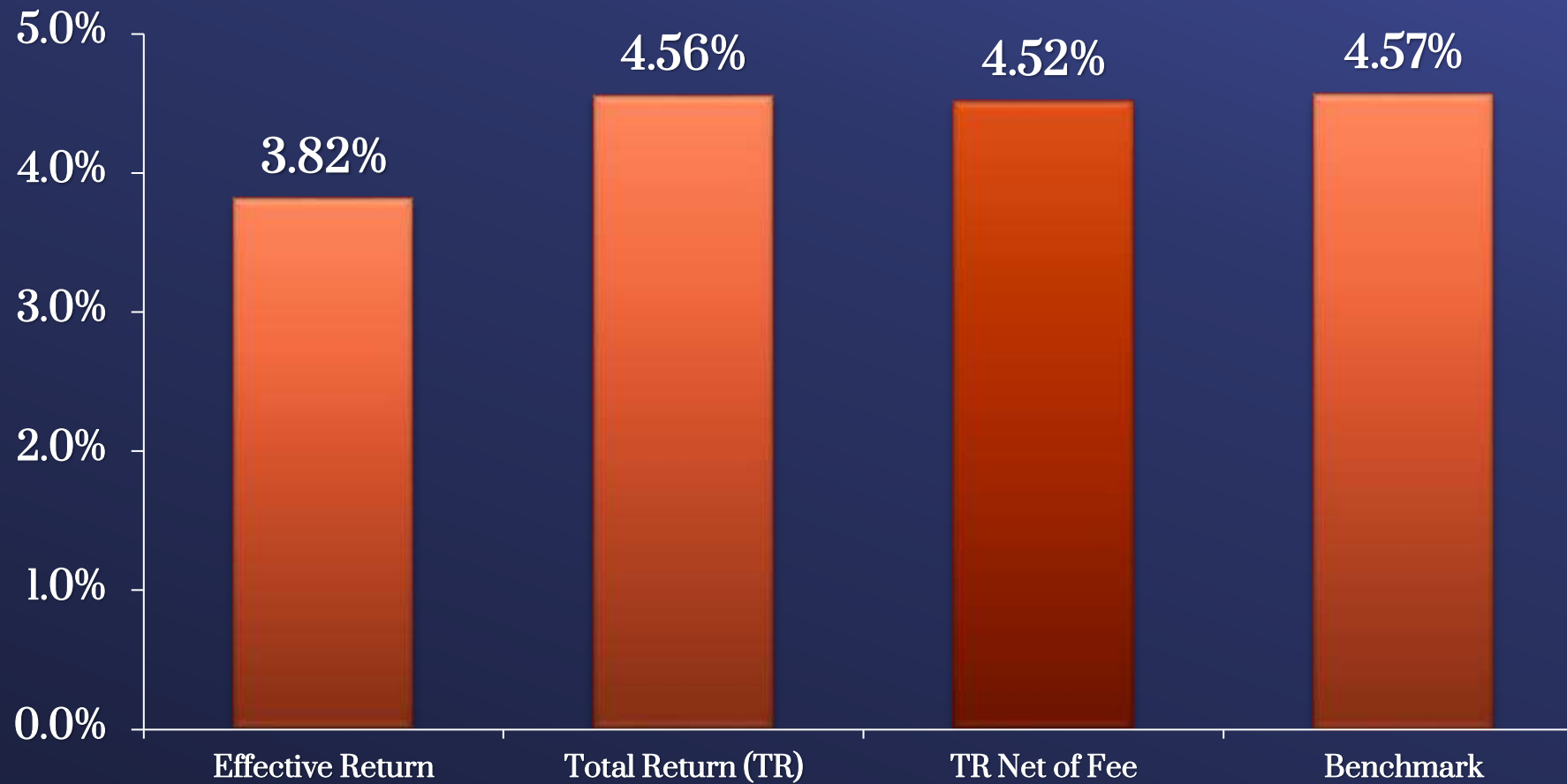


(1) California Treasurer's Local Agency Investment Fund (LAIF)

Liquidity Portfolio – Fiscal YTD Earnings and Return



Core Portfolio – Fiscal YTD Earnings and Return

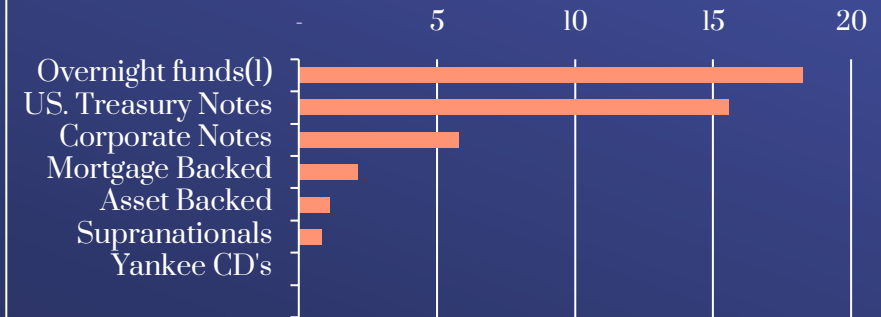


Endowment Portfolio Update

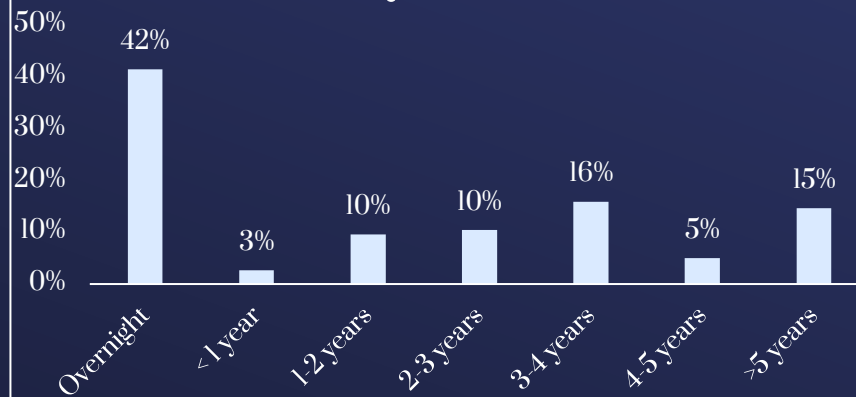
Portfolio Statistics

Market Value	\$43,952,542
Duration	1.94 years
Yield to Maturity	4.36%

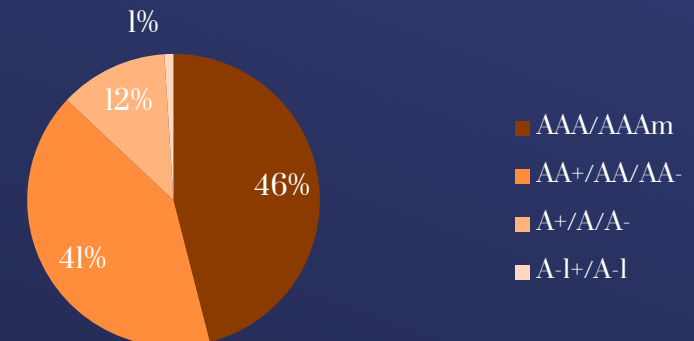
Sector Allocation



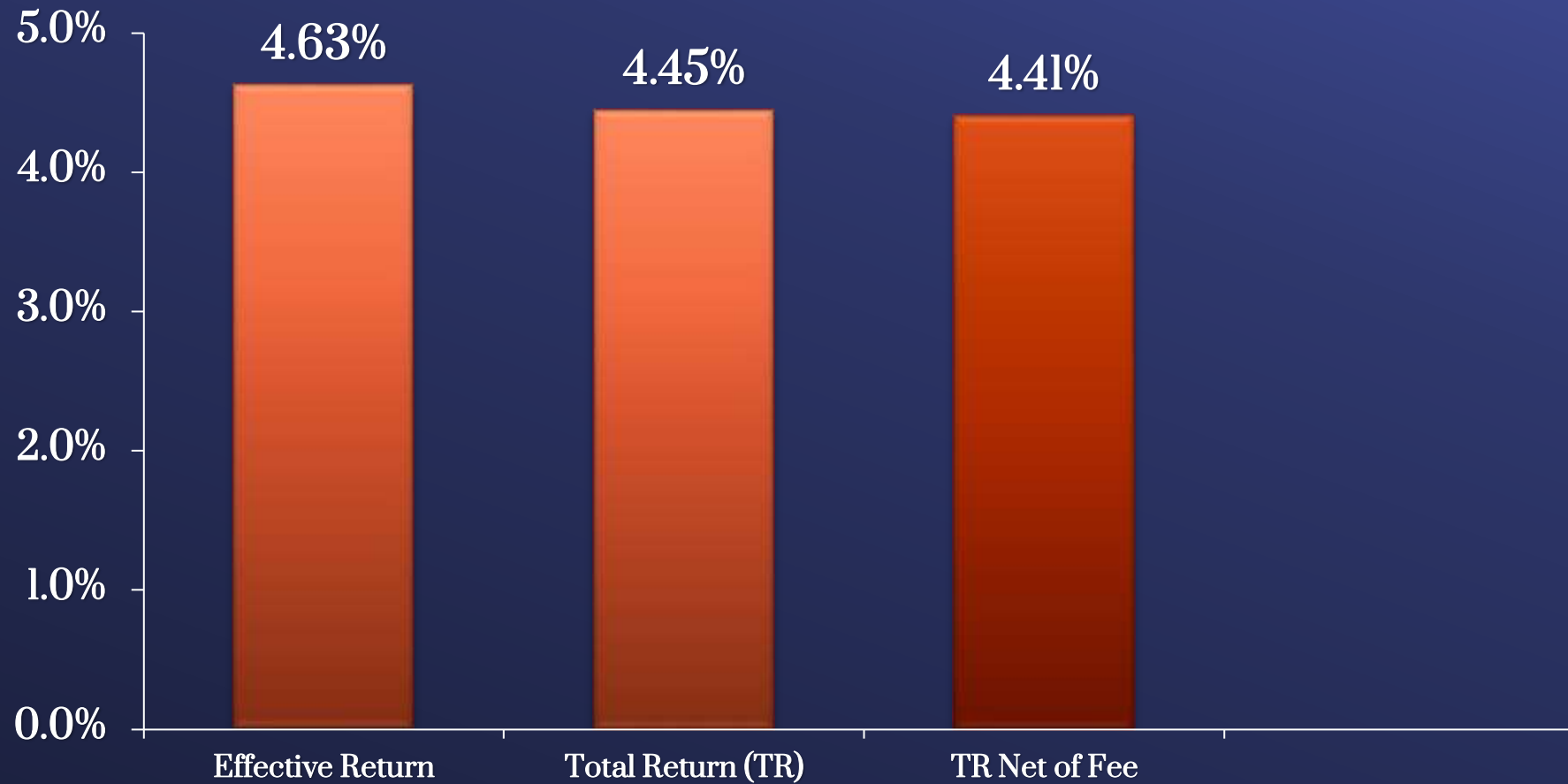
Maturity Distribution



Credit Quality



Endowment Portfolio – Fiscal YTD Earnings and Return







Finance, Affordability, Asset Management and
Efficiency Committee

Finance Overview for Bond Issuance (SB 450)

Item 6b
May 13, 2025

Item 6b
Overview of
Bond Issuance
(SB 450)

Subject

Bond Financing Overview (SB 450)

Purpose

Comply with the requirements of California Senate Bill 450 related to upcoming bond financings

Overview of Bond Issuance (SB 450)

SB 450 Requirements

- In October 2017, an approved state act (SB 450) added Section 5852.1 to the California Government Code
- Requires that an authorized governing body obtain a good faith estimate of and disclose at a public meeting (prior to issuance of bonds greater than 13 months in term), the following:
 - The TIC (true interest cost) of the bonds
 - The finance charge of the bonds (cost of issuance)
 - Net proceeds (par + premium – discount – COI)
 - Total bond payments to maturity (total debt service) + COI (not paid from bond proceeds)

\$133.1 million
Water Revenue
Refunding
Bonds, 2025
Series A

2025 Series A Proposed Bond Issuance

- On July 1, 2025, Metropolitan will issue approximately \$133.1 million of fixed rate Water Revenue and Refunding bonds, 2025 Series A.
- 2025 Series A bond proceeds will refund \$147.7 million of outstanding variable rate debt associated with the 2022 Series C-1 bonds issued in July 2022.
- These tax-exempt, fixed-rate refunding bonds could have been issued as tax-exempt variable rate debt, but staff determined that fixed-rate debt at this time would provide for optimal debt portfolio management.

Estimated SB 450 Requirements for the 2025 Series A Proposed Bond Issuance

\$133.1 million
Water Revenue
Refunding
Bonds, 2025
Series A

SB 450 Financial Metric	Estimated Value
TIC (true interest cost) of the bonds	3.75%
The finance charge of the bonds (cost of issuance)	\$752,627
Net proceeds (par + premium – discount – COI)	\$149.5 million
Total bond payments to maturity (total debt service) + COI (not paid from bond proceeds)	\$207.4 million

The final maturity of the bonds is April 1, 2038.

**\$173.2 million
The Antelope
Valley-East Kern
Water Agency
Finance Authority
Revenue and
Refunding Bonds,
2025 Series A**

Proposed Bond Issuance

- On July 7, 2025, the Antelope Valley-East Kern Water Agency Finance Authority will issue approximately \$173.2 million of bonds.
 - The Antelope Valley-East Kern Water Agency Finance Authority is a Joint Powers Authority (“the JPA”) comprised of the Antelope Valley-East Kern Water Agency (“AVEK”) and the California Municipal Finance Authority
- Metropolitan will make installment payments to the JPA equal to the debt service on the bonds.
- Bond proceeds will fund a portion of Metropolitan’s currently approved capital costs for the High Desert Water Bank Program (“the HDWB”).
- The HDWB financing is discussed in detail in the May 2025 Board letter.

Estimated SB 450 Requirements for the AVEK 2025 Series A Proposed Bond Issuance

\$173.2 million
The Antelope
Valley-East Kern
Water Agency
Finance Authority
Revenue and
Refunding Bonds,
2025 Series A

SB 450 Financial Metric	Estimated Value
TIC (true interest cost) of the bonds	4.50%
The finance charge of the bonds (cost of issuance)	\$946,400
Net proceeds (par + premium – discount – COI)	\$177.9 million
Total bond payments to maturity (total debt service) + COI (not paid from bond proceeds)	\$269.9 million

The final maturity of the bonds is April 1, 2055.





Finance, Affordability Asset Management and Efficiency
Committee

Quarterly Financial Report

Item 6c

May 13, 2025

Item 6c

Quarterly Financial Update

Subject

- Fiscal Year 2024/25 3rd Quarter Financial Review and Forecast

Purpose

- Review Metropolitan's 3rd Quarter financial projections for Fiscal Year 2024/25

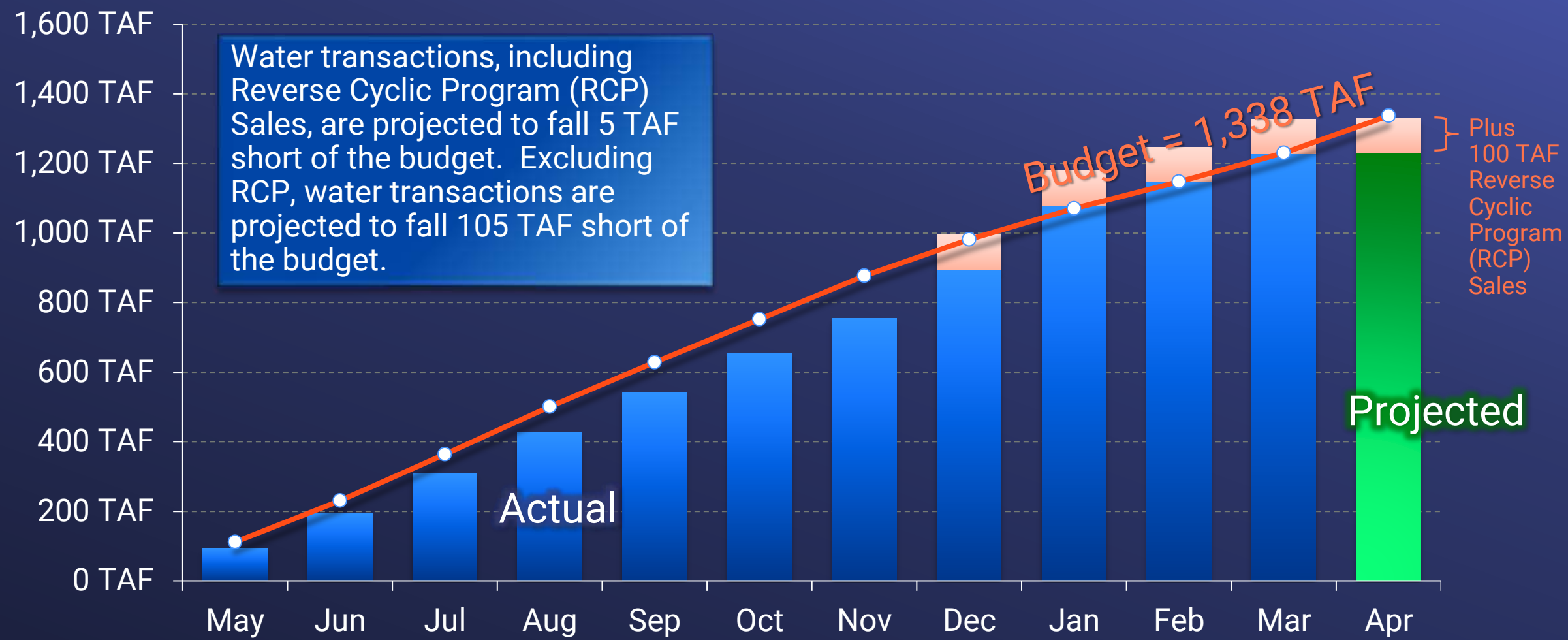
Agenda

- 3rd Quarter Financial Results and Forecast
- Update on FY 2024/25 Revenue Generation
- Unaudited Basic Financial Statements

3rd Quarter Financial Results and Forecast

Cumulative Water Transactions ⁽¹⁾

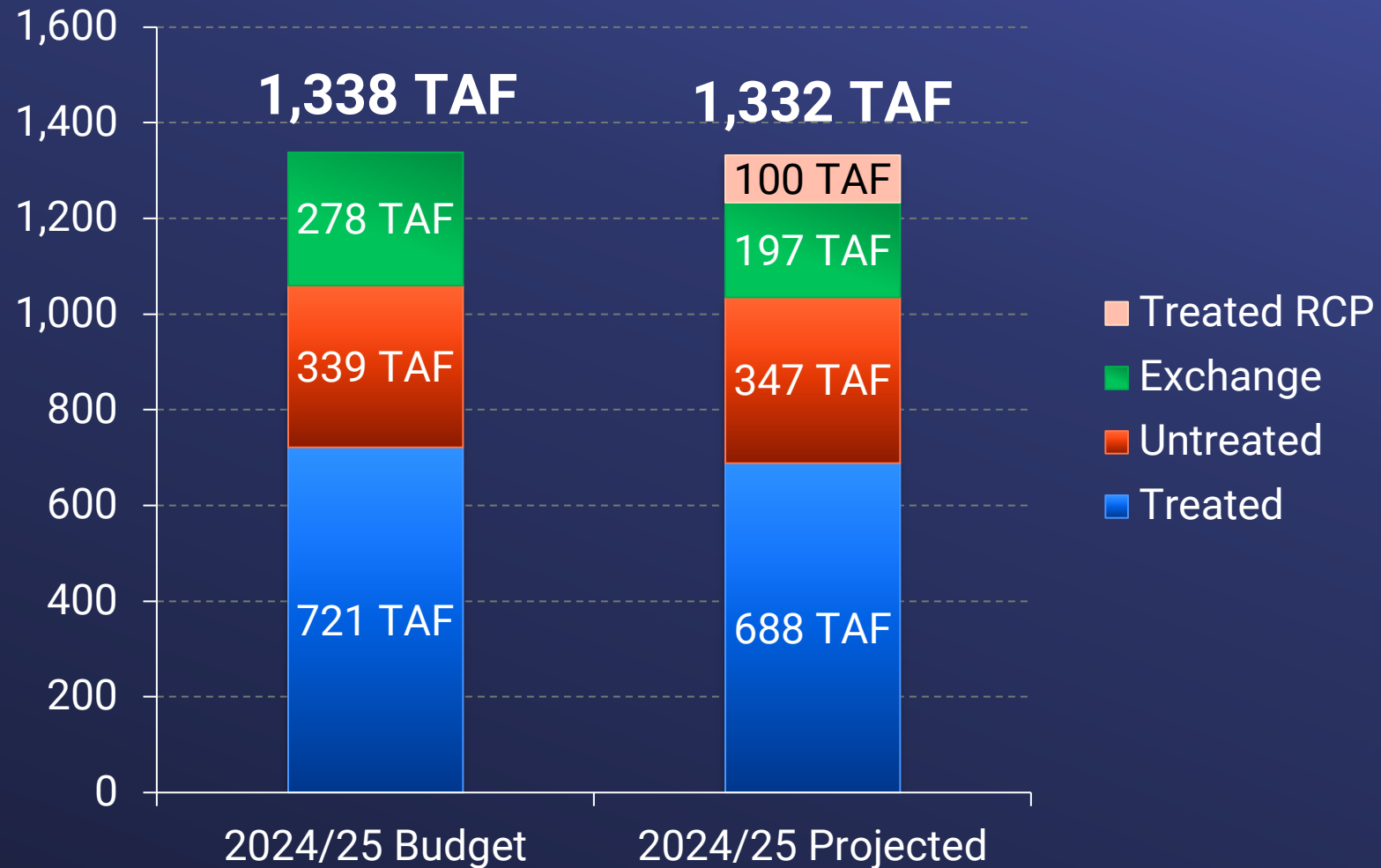
Cash Year 2024/25



⁽¹⁾ Includes Water Sales, Exchanges, and Wheeling from member agencies. Non-member agency transactions are excluded.

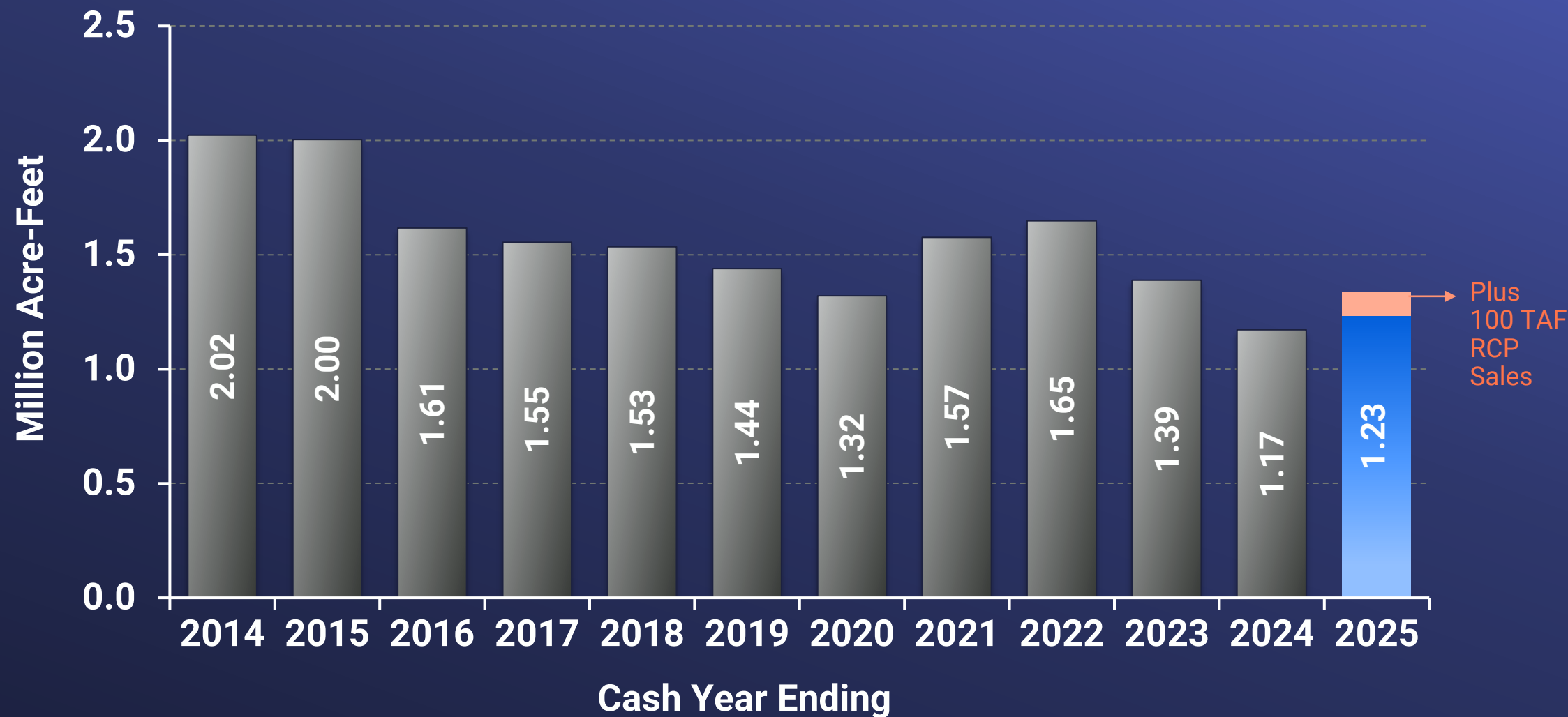
Water Transactions ⁽¹⁾

Cash Year 2024/25



⁽¹⁾ Includes Water Sales and Exchange from member agencies. Non-member agency transactions are excluded.

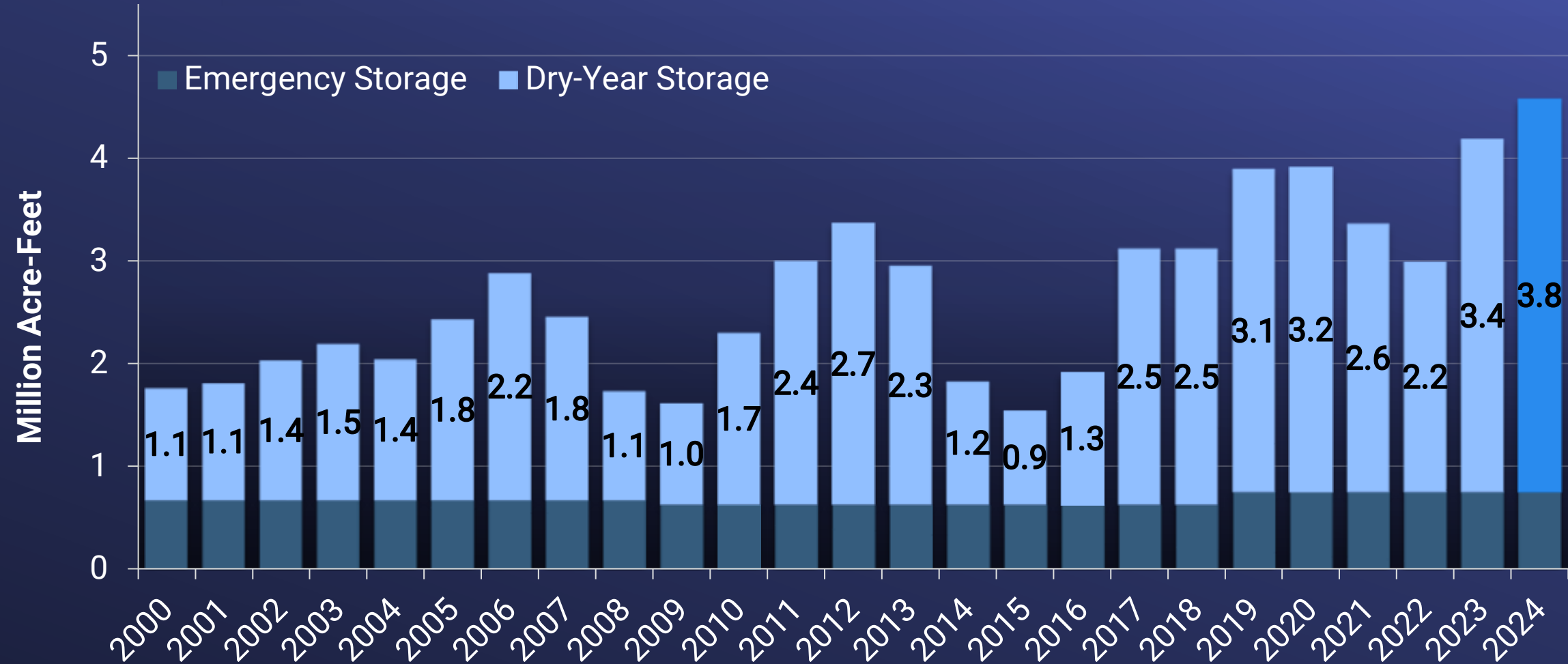
Historic Water Transactions ⁽¹⁾



⁽¹⁾ Includes Water Sales, Exchanges, and Wheeling from member agencies. Non-member agency transactions are excluded.

Record-High Storage Projection for Metropolitan

End-of-Year Balances



Note:
2024 end-of-year balance is preliminary as it is subject to USBR final accounting.

FY 2024/25 Q3 Financial Projection

in millions	Budget	Actuals/ Projected	Change
Water Transactions	1,418.5	1,347.9	(70.7)
Reverse Cyclic Sales Revenues	-	125.6	125.6
RTS Charge & Capacity Charge	213.8	213.8	-
Taxes	316.5	349.4	32.9
Interest Income	50.3	30.3	(20.0)
IRA Bucket 1 Funding	47.3	92.9	45.6
Other	112.7	41.4	(71.3)
Total Revenues	2,159.2	2,201.3	42.1
State Water Contract	689.0	578.8	(110.2)
Delta Conveyance	11.6	11.6	-
Departmental O&M & Operating Eq ⁽¹⁾	652.7 ⁽²⁾	658.4	5.7
CRA Power	84.5	69.0	(15.5)
Supply Programs	179.5	107.0	(72.5)
Demand Management	87.6	72.5	(15.1)
Debt Service	340.4	342.3	1.9
PAYGO	175.0	175.0	-
Total Expenditures	2,220.3	2,014.6	(205.7)
Increase in Required Reserves	27.4	27.7	(0.3)
Transfers to Treatment SSF	-	-	-
AVEK & Conservation Debt Funded	(114.6)	(50.0)	64.6
USBR Grants to Fund 7102	-	18.1	18.1
Total Fund Deposits (Withdraws)	(87.2)	(4.1)	83.1
Change in Unrestricted Reserves⁽³⁾	26.0	190.8	164.8

- 100TAF Treated RCP Sales
→ \$126M Revenues
- \$191M deposit to
unrestricted reserves
 - \$65M without counting
Reverse Cyclic Sales

A

B

C

= A-B-C

Footnotes:

- (1) Net of PWSC expenses funded from SWRCB \$80M State Fund
 - (2) Includes full \$18M expenditure reduction
 - (3) Revenue Remainder and Water Rate Stabilization Funds
- Revenues and expenditures are net of reimbursements.

Unrestricted Reserves*

End-of-Year Balances



* Revenue Remainder and Water Rate Stabilization Funds

June 30, 2025, Unrestricted Reserves are Projected at \$513M (\$388M + \$126M from RCP Sales)

- \$285M above min reserve
- \$131M below target reserve

Fiscal Year Ending 2025

- Cost-saving measures & new revenues initiatives have improved MWD's unrestricted reserves
- Risks remain for upcoming fiscal year:
 1. Increasing costs to maintain critical & aging infrastructure essential for operational integrity
 2. Financial pressure related to organization-wide resource and staffing needs
 3. Property Tax impacts from wildfires
 4. Uncertainty surrounding grant funds
 5. Funding gap and additional financial challenges for the next fiscal year

FY 2024/25 Revenue Generation

Revenue Generation

Items included in the Q3 projection

Other items under evaluation

The FY 2024/25 and FY 2025/26 Biennial Budget was adopted with an unidentified \$60 million per year in new revenues (\$120M over the biennium)

Type	Item Descriptions	Est. for FY 2024/25	Est. for FY 2025/26	Status / Details
New Revenue	Agreement with IID, SDCWA, and MWD for SDCWA to purchase Full-Service water from MWD, rather than exchange IID conserved water with MWD	\$17M	\$13M	Board Approved in Aug 2024 50TAF included in Q2 2025 Actual
New Revenue	Water sales agreements with Colorado River water contractors	\$0M	\$60M	Present to Board in May 2025
New Revenue	Water sales agreements with Central Valley parties	\$5M	\$25M	Agreements being finalized
Cash Mgmt	Reverse Cyclic Program	\$126M	N/A	100 TAF in Dec 2024 with signed agreements
Total		\$148M+	\$98M+	

Unaudited Basic Financial Statements

Quarterly Financial Statements

The latest Quarterly Financial Statements are located on our website at:

<https://www.mwdh2o.com/budget-finance/financial-reports-documents/>



- The unaudited Quarterly Financial Statements for the Third Quarter ending March 31, 2025, will be available and posted to the MWD website at the end of May 2025
 - The Third Quarter Basic Financial Statement will reflect write-off of \$58.7 million related to Delta Habitat Conservation and Conveyance based on review and assessment of collection viability in accordance with Generally Accepted Accounting Principles





Finance, Affordability, Asset Management and Efficiency Committee

Overview of Potential Drivers of the Next Biennium Budget

Item 6d
May 13, 2025

Item 6d

Overview of Potential Drivers of the Next Biennium Budget

Subject

- Overview of Potential Drivers of the Next Biennium Budget

Purpose

- Inform the Board on the Potential Drivers of the Next Biennium Budget

Known Financial Challenges and Potential Cost Drivers

Next Biennium FY 2026/27 & 2027/28 and 10-year Financial Forecast

- Additional CIP Expenditures
 - Higher CIP to maintain current system (Refurbishment & Replacement (R&R))
 - Drought Mitigation projects
- Possible new Major Capital Projects
 - Pure Water Southern California (PWSC)
 - Delta Conveyance Project (DCP)
 - Regional Conveyance Improvement (East-West Conveyance)
 - Surface Storage
 - Sites
- Funding Zero Emission Vehicles (ZEV)
- Staffing Challenges
- Other Potential Budget Drivers

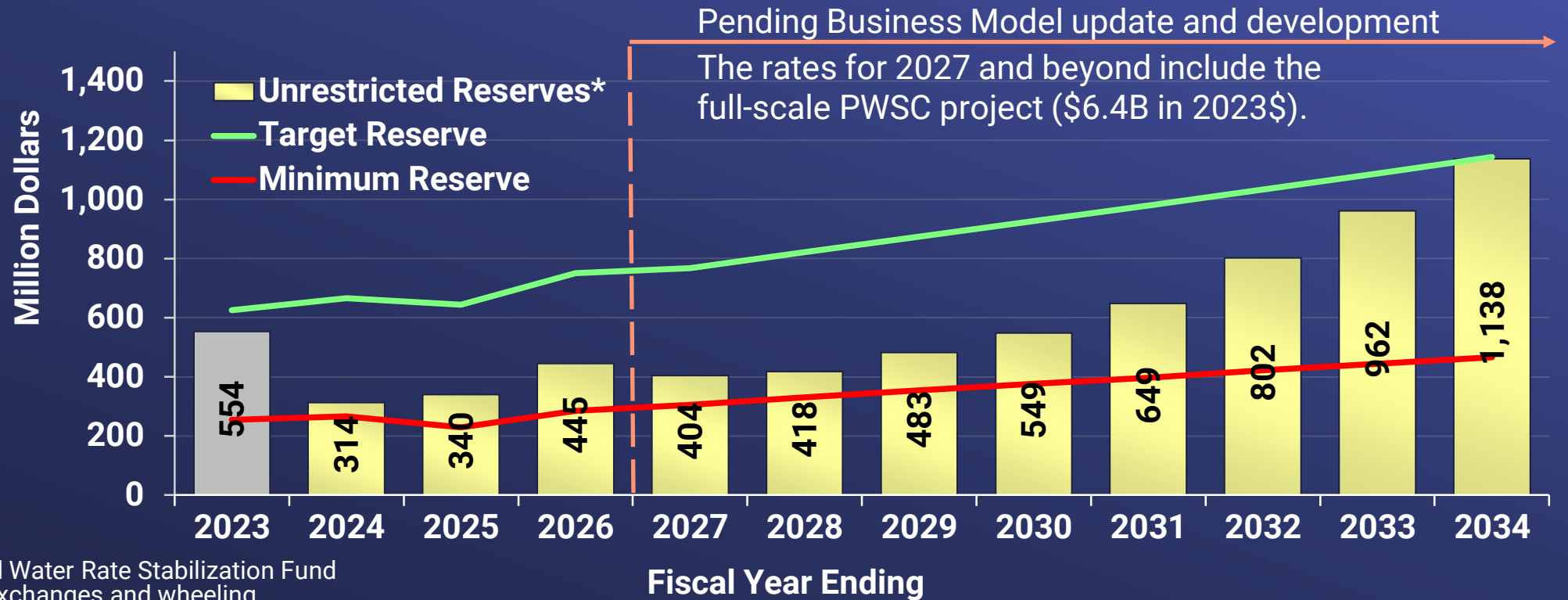
Notes

- Information included in this presentation is *preliminary* and will change when more information is available
- Each item will be presented to the Board according to the project timeline and some are anticipated as part of the upcoming biennial budget process

Current Budget and 10-yr Financial Forecast

Ten-year Financial Projection

Adopted FY 2024/25 and FY 2025/26 Budget

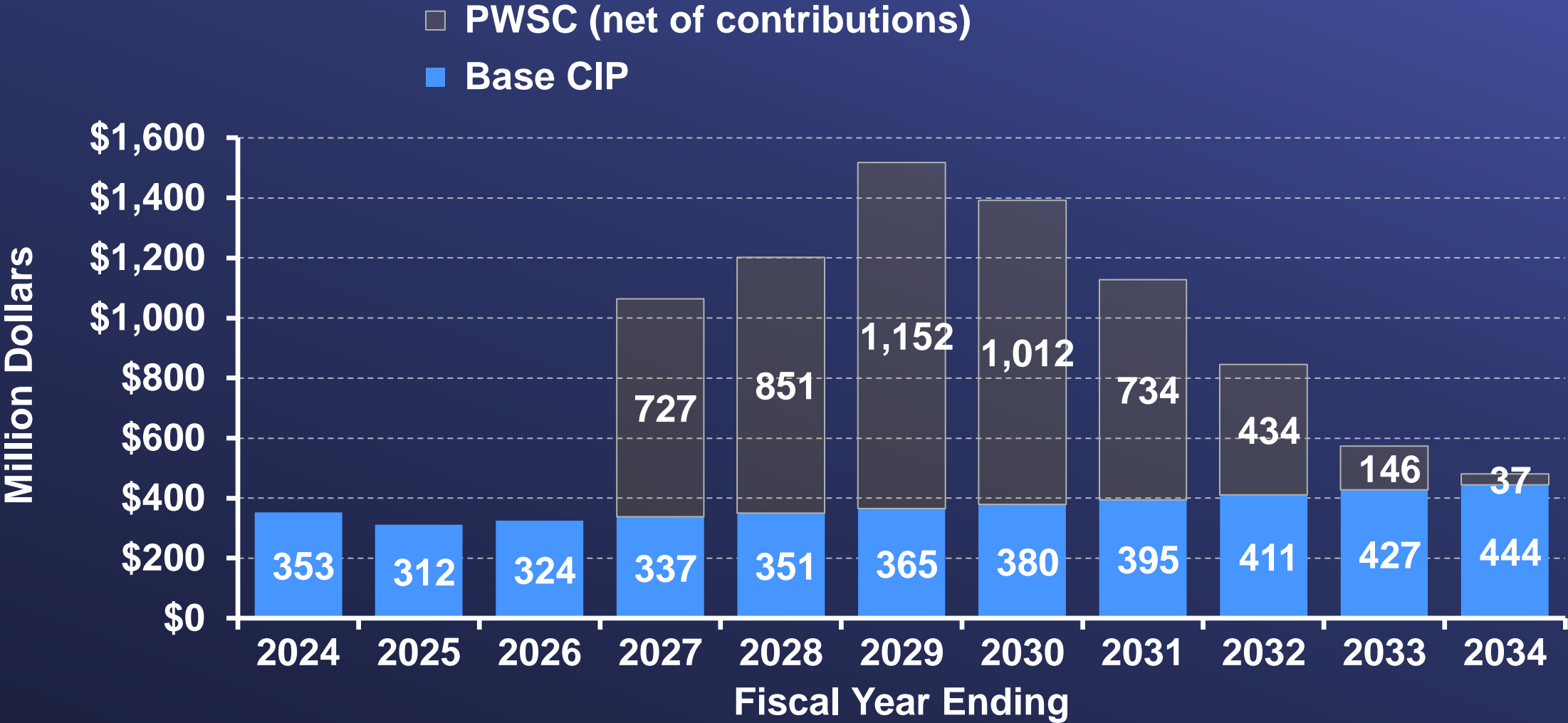


* Revenue Remainder and Water Rate Stabilization Fund

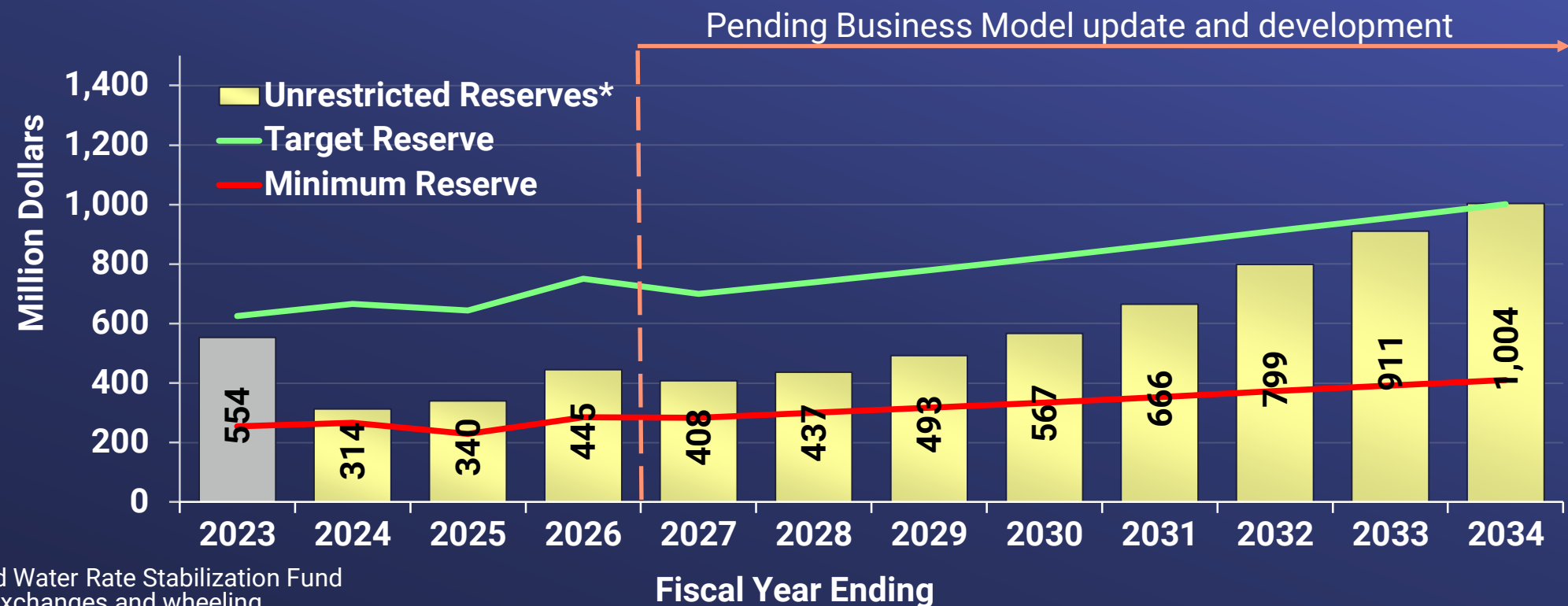
** Includes water sales, exchanges and wheeling

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Overall Rate Inc.	5%	5%	8.5%	8.5%	11.5%	11.5%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%
Ptax Rate	.0035%	.0035%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%
Water Transactions (MAF)**	1.42	1.17	1.34	1.34	1.34	1.35	1.35	1.36	1.37	1.39	1.41	1.43
Rev. Bond Cvg	1.5	1.1	1.7	1.9	1.6	1.8	1.9	1.8	1.8	1.7	1.7	1.7
CIP, \$M	247	353	312	324	1,390	1,684	2,171	1,966	1,544	1,091	655	502
PAYGO, \$M	135	35	175	175	175	250	275	275	250	225	230	240

10-Year Forecast without PWSC Project



Ten-year Financial Projection without PWSC Project



* Revenue Remainder and Water Rate Stabilization Fund

** Includes water sales, exchanges and wheeling

Overall Rate Inc.	5%	5%	8.5%	8.5%	7.5%	5.5%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%
Ptax Rate	.0035%	.0035%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%	.0070%
Water Transactions (MAF)**	1.42	1.17	1.34	1.34	1.34	1.35	1.35	1.36	1.37	1.39	1.41	1.43
Rev. Bond Cvg	1.5	1.1	1.7	1.9	1.6	1.7	1.8	1.8	2.0	2.0	2.1	2.0
CIP, \$M	247	353	312	324	337	351	365	380	395	411	427	444
PAYGO, \$M	135	35	175	175	175	180	190	200	210	220	230	240

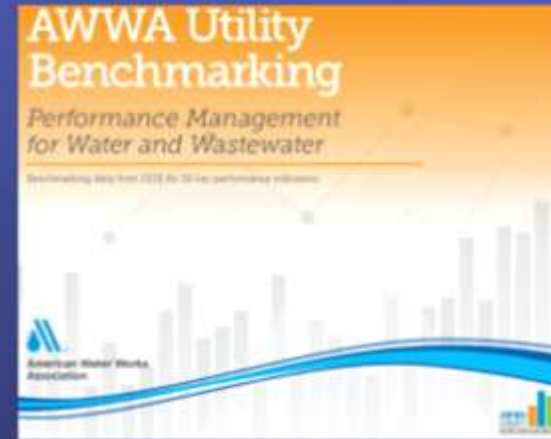
Additional CIP Expenditures

- ❑ Increased Refurbishment and Replacement (R&R) to Maintain Current System
- ❑ Drought Mitigation Projects

Presented to the Engineering, Operations & Technology Committee on Mar 10, 2025

Industry Benchmarks System R&R Rates

- 2020 survey for water transm. & distr. pipe networks serving > 0.5M people
- Values are for R&R only
- ERC = Estimated replacement cost



About 75% of the adopted CIP budget is for R&R projects or about \$239M/yr

Percentile of Respondents	25 th	Median	75 th
R&R Spend as % of ERC	0.70%	1.1%	2.0%
Equivalent Metropolitan Spend Based on \$46B ERC	\$322M	\$506M	\$920M

Estimated Impact of Increased R&R CIP Funding from \$239M to \$500M/yr

in million \$	100% PAYGO	100% Debt Financing*
1-time Rate Increase to Fund additional PAYGO	15.4%	
Annual Rate Increase to Fund Additional Debt Service		1.5% / year

* 4%, 30yrs

- Pay-as-you-go (“PAYGO”) financing results in a lower cost of capital compared to debt. However, it requires a significant 1-time rate increase to generate current year revenues (~15.4%). The optimal mix of PAYGO and debt to fund an increase in the R&R CIP will depend upon the financial conditions, financial metrics (e.g., coverage ratios), and other budget assumptions
- Implementation of increasing CIP funding will require additional staff
- Staff is currently in the process of determining the appropriate R&R needs for our current system
 - Anticipated as part of the upcoming biennial budget process

Drought Mitigation Projects

Presented on Feb 12, 2024 to Engineering, Operations and Technology Committee

Drought Mitigation Actions Portfolio

Cost-Effective Projects Providing Timely Relief (for Implementation)

Projects Under Implementation

Project Title	Completion
DVL to Rialto Delivery (4 projects)	2026/2027
Sepulveda Feeder Pumping Stage 1	2026

Projects Prepared for Implementation

Project Title	Completion
Burbank B-5 to B-5A Shift	2026
TVMWD Miramar Pumpback Upgrades	2027/2028
Sepulveda Feeder Pumping Stage 2	2032

Map of Southern California showing water infrastructure projects. Key projects marked include Venice/Sepulveda Pumping, B-5A Shift, TVMWD Pumpback, and DVL to Rialto Delivery. Source supply lines are color-coded: blue for State Water Project, orange for Colorado River, green for Diamond Valley Lake, and grey for Blend. Icons represent conveyance (ditch) and pumping (pump).

February 12, 2024

Engineering, Operations, and Technology Committee

Item #9-2 Slide 7

Drought Mitigation Projects for Further Consideration

Presented on Feb 12, 2024 to Engineering, Operations and Technology Committee

Drought Mitigation Actions Portfolio Projects for Further Consideration

Projects for Targeted Improvements	
Project Title	Category
AVEK to West Branch	Conveyance
East Valley Feeder Parallel Pipeline	Conveyance
Western SWPDA Reservoir	Surface Storage
In-Region Groundwater Storage	Groundwater Storage

February 12, 2024

Drought Mitigation Actions Portfolio Projects for Further Consideration

Projects with Regional Benefits	
Project Title	Category
E-W Regional Raw-Water Conveyance Line	Conveyance
SWP Storage - East San Joaquin Valley	Surface Storage
Flexible Storage (State & Federal Programs)	Surface Storage
AVEK Water Bank Expansion	Groundwater Storage
Recycled Water, Desalination	Local Supply

February 12, 2024

More discussion in June/July time frame through Engineering Committee Workshop

Pure Water Southern California (PWSC)

Presented at Subcommittee on Pure Water Southern California and Regional Conveyance on Jan 22, 2025

Overview of Updated Program Costs

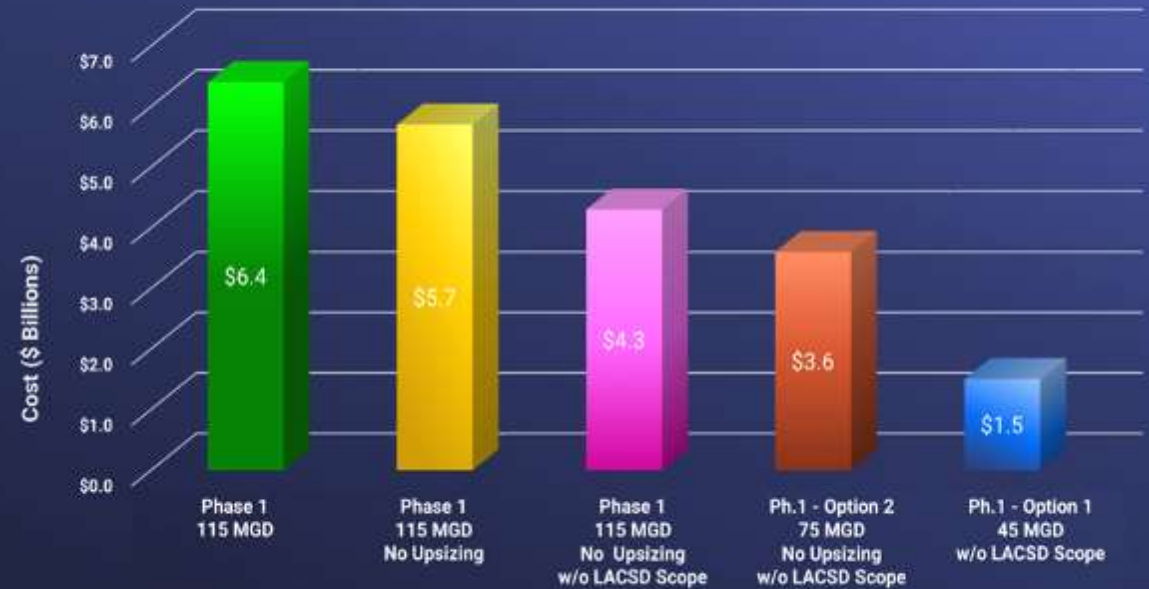
- Based on program costs presented in November 2023
 - Phase 1 – 115 MGD
 - Upsized pipeline for LADWP PWLA Program
 - All treatment facilities – MBR, RO, UV-AOP, etc.
- Modifications since 2023
 - Agreement with LACSD assigns construction costs of pre-treatment facilities (MBR etc.) to LACSD

January 22, 2025

Subcommittee on Pure Water Southern California and Regional Conveyance

Item 3c, Slide 15

Metropolitan Staging Cost Comparisons



January 22, 2025

Subcommittee on Pure Water Southern California and Regional Conveyance

Item 3c, Slide 15

Estimated PWSC Financial Impact and Unit Cost

in 2023 dollars Phase 1 with no upsizing, w/o LACSD Scope, and w/o out-of-area contributions.

PWSC Project	115 MGD	75 MGD	45 MGD
Capital Construction Cost	\$4.3B	\$3.6B	\$1.5B
Annual Capital Financing Costs*	\$249M	\$206M	\$88M
Annual O&M Cost	\$139M	\$104M	\$60M
Annual R&R Cost	\$68M	\$38M	\$20M
Production Yield	118,500 AF	77,300 AF	46,400 AF
Construction Period	10 years	10 years	9 years
Point-in-Time Unit Cost	\$3,300/AF	\$4,000/AF	\$3,200/AF
Lifecycle Unit Cost	\$2,000/AF	\$2,200/AF	\$2,000/AF
Overall Melded Cost Increase***	25%	20%	10%
Avg Annual Cost Increase Over Construction Period**	2.5% / yr	2.0% / yr	1.1% / yr

* Assuming 100% debt financed for this analysis at 4% rate / 30-year term

** Note this calculation assuming the project is 100% debt financed. If the project is partially funded by PAYGO it will increase the short-term rate impact

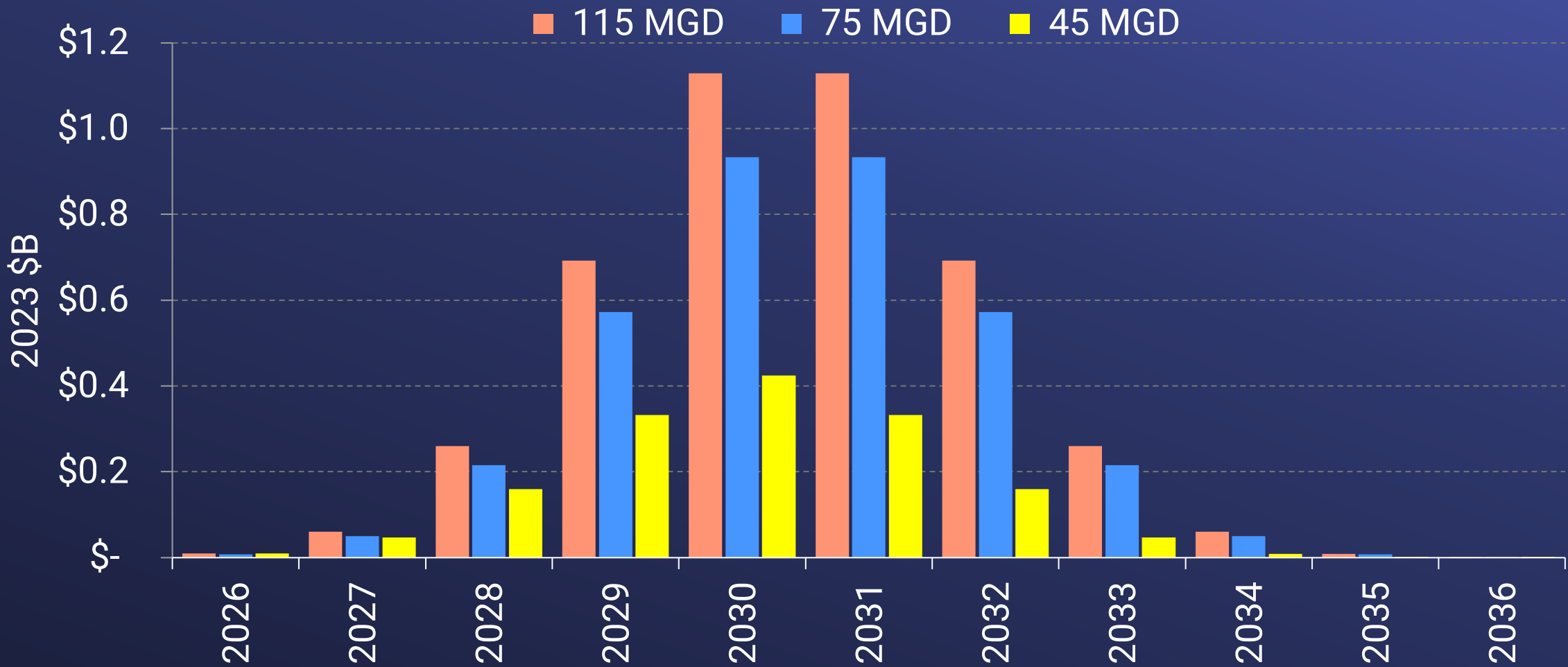
*** Based on Metropolitan's 2024/25 Revenue Requirement of \$1,550 M

Point-in-Time Unit Cost assumes all debt is issued at once in year one and the project is in full operation in year one.

Lifecycle Unit Cost estimates the average unit cost over the 100-year project life and includes needed replacements and refurbishments (R&R).

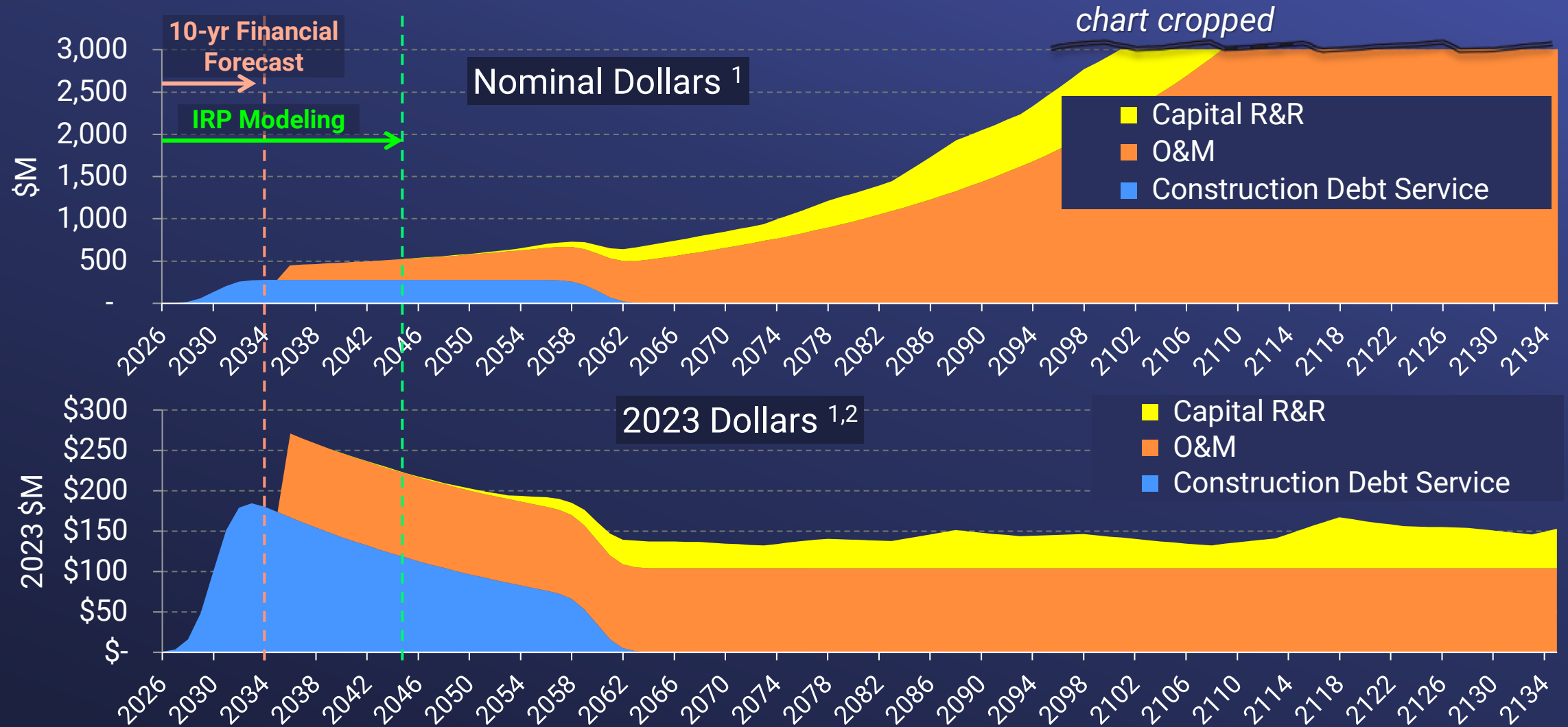
PWSC Design/Construction Costs

in 2023 dollars



PWSC Cash Flows

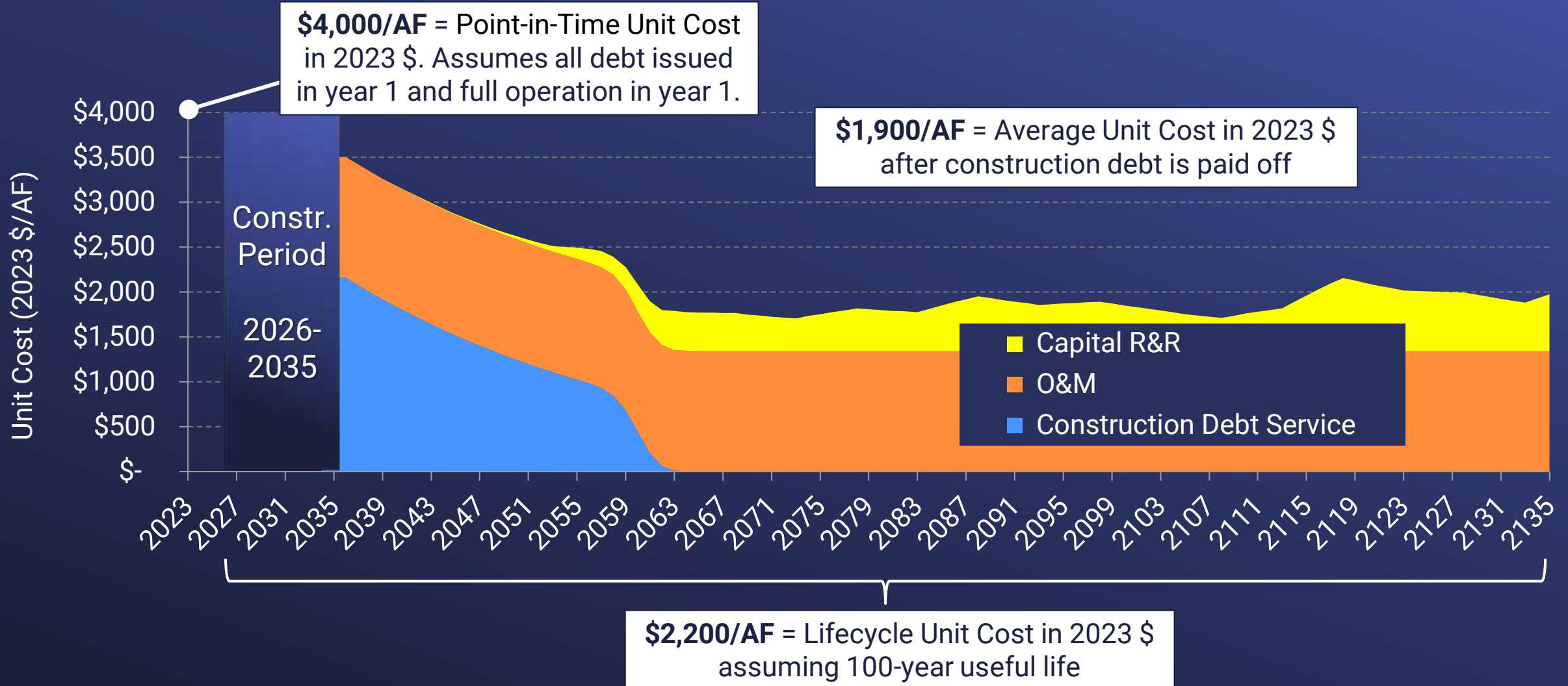
Phase I Option 2 - 75 MGD, No Upsizing, w/o LACSD Scope, in 2023 dollars



- 1) Escalation rate 4%
- 2) Discount rate 4%

PWSC Lifecycle Cost Analysis

Phase 1 Option 2 - 75 MGD, No Upsizing, w/o LACSD Scope, in 2023 dollars



Future Updates

- Engineering staff is currently working to revise the program costs in 2025 dollars to be presented to the Board in Fall 2025
- Adoption of Final PEIR and potential Board action for project approval in January 2026

Delta Conveyance Project

Metropolitan's Share of DCP Planning Costs*

Approved by the Board on December 9, 2024

Metropolitan's Share of DCP Planning Costs

in millions of dollars

	FY 2025/26	FY 2026/27	FY 2027/28	Total	CY 2027 Rate Impact ¹
Planning Costs – no refund offset	\$25.7	\$74.7	\$41.3	\$141.6	6%
Planning Costs net of \$75M refund	\$0.0	\$25.3	\$41.3	\$66.6	3%

(1) Overall calendar year 2027 rate increase needed to generate additional revenues for DCP planning and preconstruction costs on a cash basis by June 30, 2028

December 9, 2024

One Water and Stewardship Committee

Item 8-4 Slide 7

* \$75M refund will be applied to ongoing SWC costs. The refund is being shown for purposes of providing the entire scope of upcoming costs only

Estimated DCP Financial Impact and Unit Cost

in 2023 dollars → Updated Project Costs Expected in 2026-2027

Delta Conveyance Project

Capital Cost	\$20.1B	Debt issued by DWR @ 4% rate, 40-year term
Annual O&M Cost	\$29.1M	At full operation, excl. Capital Equipment Refurbishment & Replacement (R&R)
Annual Capital Equipment R&R Cost	\$23.6M	After full operation, for major Capital Equipment R&R, est. by DCA
Average additional deliveries	403,000 AF	2070 median w/1.8' sea level rise w/o adaptation measures
Construction Period	20 years	Assumed operational in 2045

Metropolitan's assumed 47.13% Share

MWD Capital Cost	\$9.5B
MWD Annual O&M Cost	\$13.7M
MWD Annual Capital Equipment R&R Cost	\$10.3M
MWD Average additional deliveries	189,915 AF

Point-in-Time Unit Cost*	\$2,900/AF
Lifecycle Unit Cost*	\$1,000/AF

Overall Melded Cost Increase**	37%
Avg annual cost increase over construction period	1.8% / yr

* Based on average additional deliveries

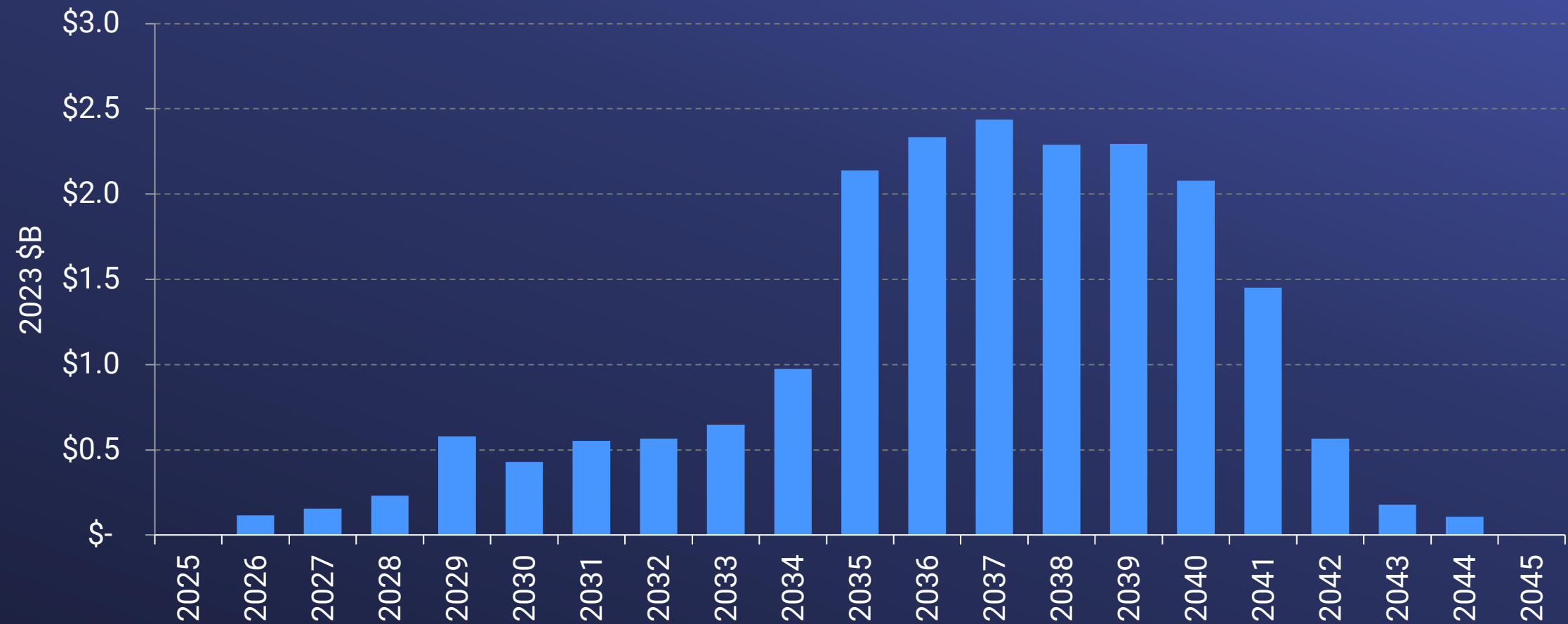
** Based on Metropolitan's 2024/25 Revenue Requirement of \$1,550 M

Point-in-Time Unit Cost assumes all debt is issued at once in year one and the project is in full operation in year one.

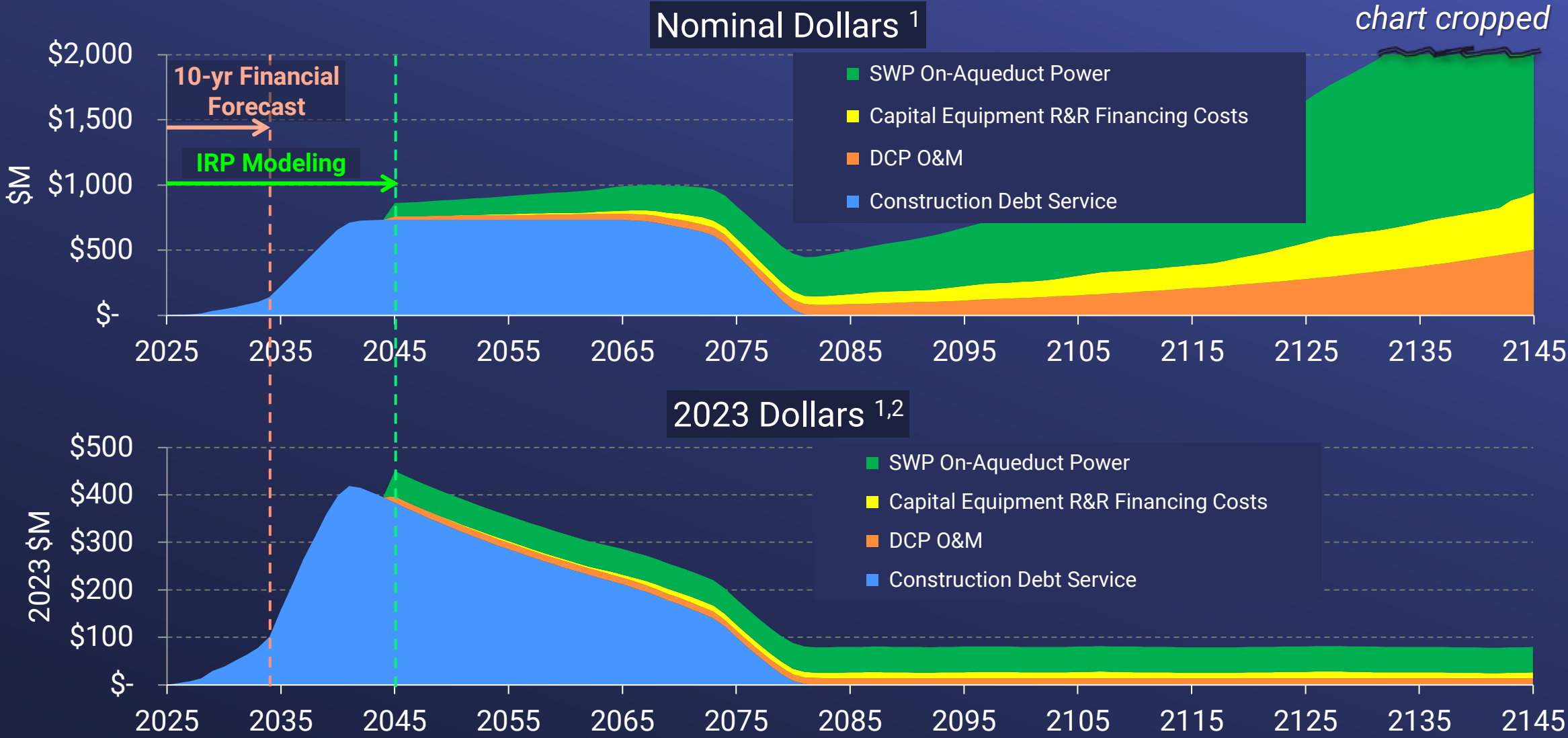
Lifecycle Unit Cost estimates the average unit cost over the 100-year project life and includes needed replacements and refurbishments.

DCP Design/Construction Costs

Total \$20.1 billion in 2023 dollars



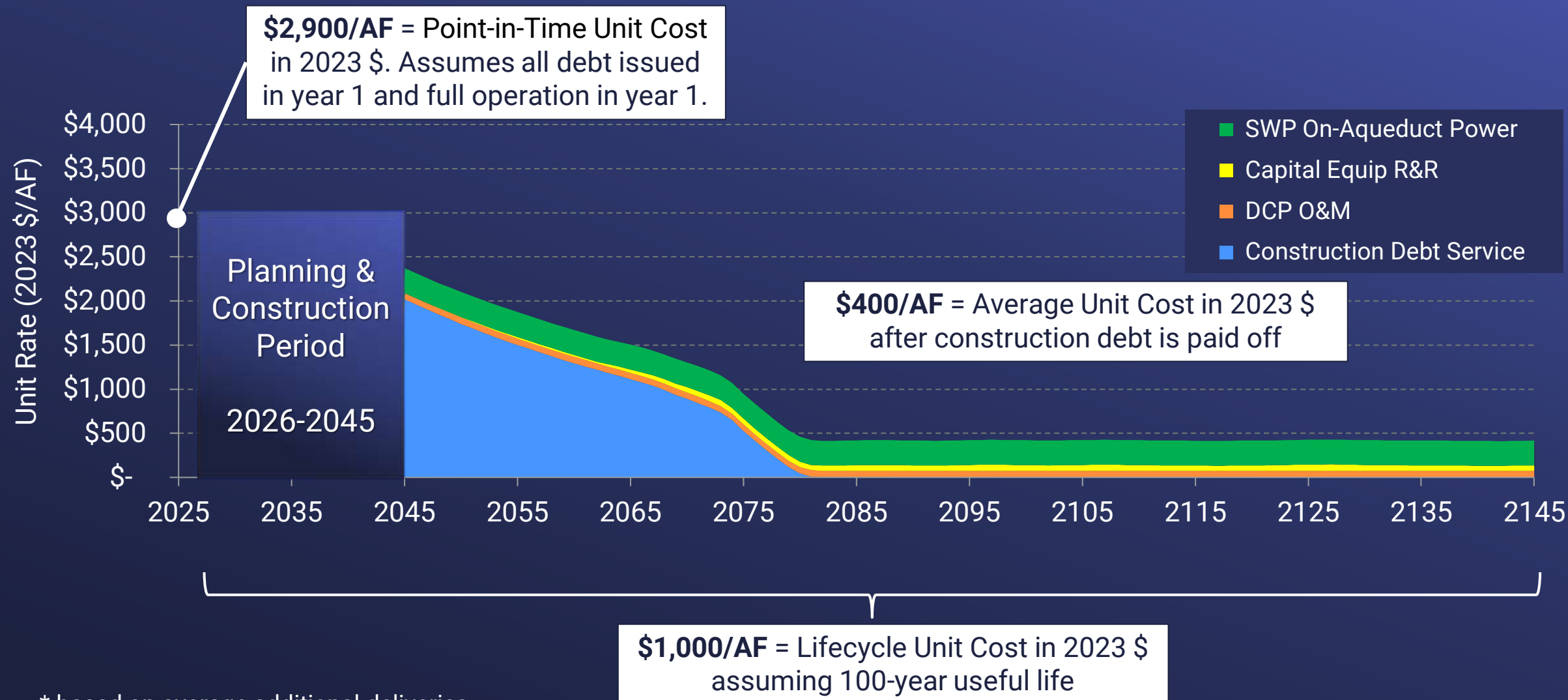
DCP Cash Flows – Metropolitan Share



1) Escalation rate 3%
2) Discount rate 3%

DCP Lifecycle Cost Analysis for MWD

Unit costs* in 2023 dollars



* based on average additional deliveries

Regional Conveyance Improvement & New Surface Storage

Regional East/West Conveyance Improvements

- Bi-directional pipeline
 - Drought operation
 - Surplus operation
- Potential Supply sources
 - SWP
 - CRA
 - DVL storage
 - Purified water
- 300 CFS capacity
- Conceptual-level estimated construction cost: \$ 4.5 B (for planning purposes only)



Estimated Costs & Impacts for East West Conveyance

in 2024 Dollars

East West Conveyance	
Capital Construction Cost	\$4.5B
Annual Capital Financing Costs*	\$398M
Construction Period	15 yrs
Overall Melded Cost Increase**	26%
Avg Annual Cost Increase Over Construction Period**	1.7% / yr

* Assuming 100% debt financed for this analysis at 4% rate / 30-year term

** Based on Metropolitan's 2024/25 Revenue Requirement of \$1,550 M. Note this calculation assuming the project is 100% debt financed. If the project is partially funded by PAYGO it will increase the short-term rate impact.

Surface Water Storage Study - Phase 2

Presented on May 12, 2025, to Engineering, Operations and Technology Committee

Phase 2B Evaluation Process

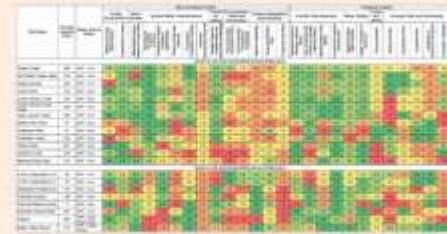


Category	Key Criteria/Metrics
Facility Characteristics	<ul style="list-style-type: none"> Storage efficiency and potential for sediment inflow Facility relocations
Water Quality	<ul style="list-style-type: none"> Inflow water quality Risks of stored water impairment
System-Wide Considerations	<ul style="list-style-type: none"> Contribution to storage objective Operational flexibility
Constructability	<ul style="list-style-type: none"> Capital cost per acre-capacity Construction risk/cost
Geologic Risk	<ul style="list-style-type: none"> Seismicity, liquefaction risk
Environmental Risk	<ul style="list-style-type: none"> Environmental compliance complexity
Climate Adaptability & Reliability	<ul style="list-style-type: none"> Pumped storage potential Seismic resilience, fire
Critical Risks	<ul style="list-style-type: none"> Extreme dam height Excessive relocations

Phase 2B Evaluation Results

Site Scoring & Ranking

- Detailed site evaluation of using consistent methodology and criteria
- Each criterion scored from 1 (least favorable) to 5 (most favorable)
- Site rankings developed from scores :
 - Technical and non-technical criteria
 - North and South of East Branch/West Branch Bifurcation



Sites Retained

Site Name	Storage Capacity (AF)
Ingram Creek	300
Del Puerto Creek Large	330
Crow Creek	139
Lower Garzas Creek	334
Lower Garzas Creek Large	646
Upper Quinto Creek	500
Kettleman Plain	97
Sunflower Valley	339
Freeman Canyon	108
Eagle Valley Round	210

Estimated Costs & Impacts for Surface Storage

in 2024 Dollars

	Lower Bound	Upper Bound
Capital Construction Cost*	\$0.96B	\$3.88B
Annual Capital Financing Costs**	\$85M	\$343M
Storage Capacity (TAF)	334 TAF	646 TAF
Capital Cost / Storage Capacity (\$/AF)	\$2,900/AF	\$6,100/AF
Overall Melded Cost Increase***	5%	22%

* Concept-level total capital cost estimate for relative comparison only

** Assuming 100% debt financed for this analysis at 4% rate / 30-year term.

*** Based on Metropolitan's 2024/25 Revenue Requirement of \$1,550M. Note this calculation assuming the project is 100% debt financed. If the project is partially funded by PAYGO it will increase the short-term rate impact.

Sites Reservoir Project

Presented to One Water and Stewardship Committee on Feb 10, 2025



- Recent information:
 - The Sites Project is a multi-benefit project being developed according to the beneficiary pays principle
 - Based on Amendment 3, MWD will have a 22% share of total storage, resulting in an estimated average annual yield of 40-50 TAF
 - Updated cost estimate expected in Jul-Aug 2025

Sites Cost Analysis Update

- Project provides both water supply and water storage benefits
 - Increases in storage lead to increases in expected average annual yield
 - Ongoing analysis to refine unit-cost methodology for project
- 2023 Plan of Finance
 - Did not include a schedule of future R&R costs, which is essential for lifecycle cost comparability
 - Considers multiple financing strategies, each with different short- and long-term impacts on rates:
 - PAYGO
 - Financing annual capital costs
 - Capitalizing Interest during construction

Sites Estimated Cost & Overall Rate Impact

in 2023 dollars*

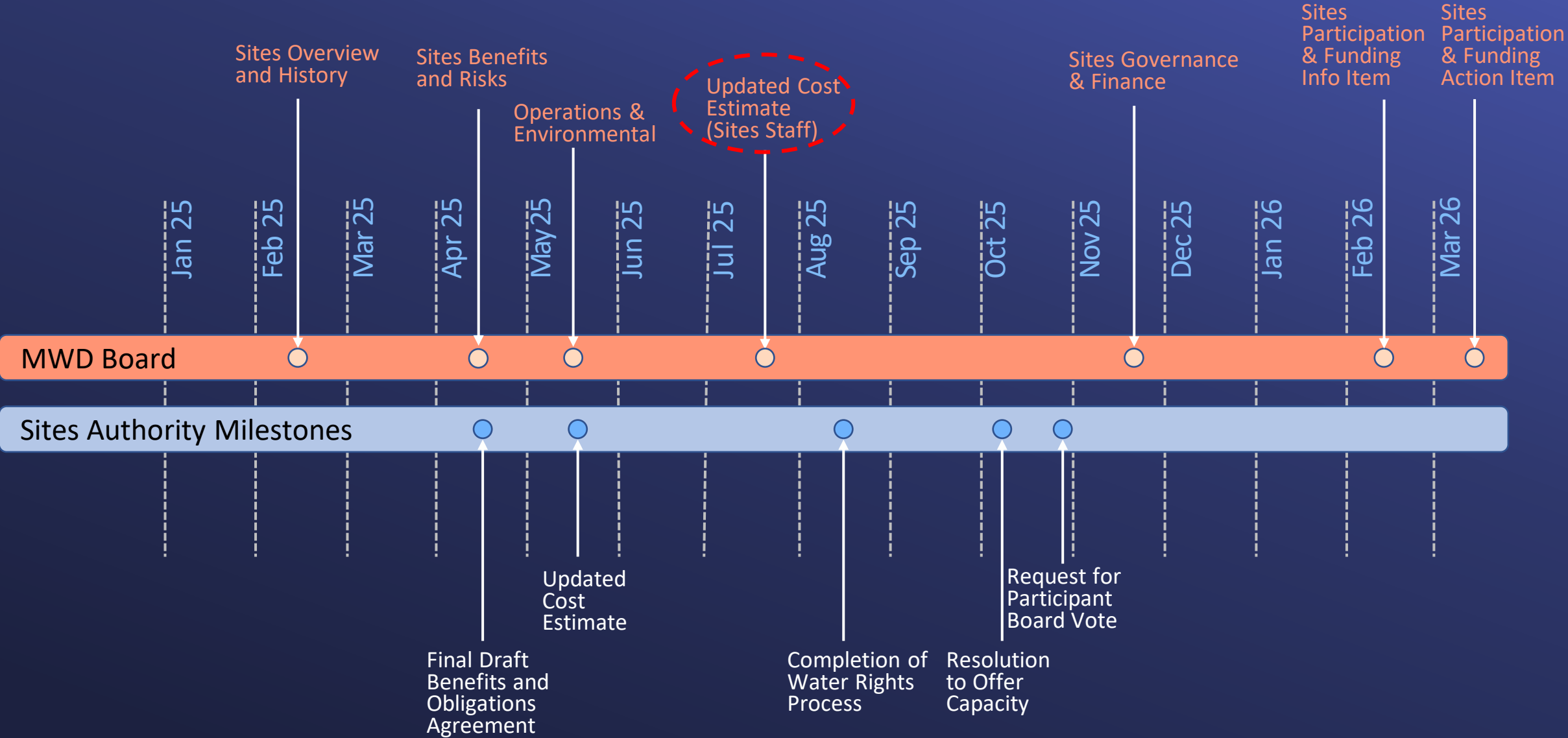
Total Project Capital Costs	\$4.20B
State and Federal Contributions	\$1.12B
Net Participant Capital Costs	\$3.08B
MWD Share of Capital Costs	30.4%
Construction Period	6 Years
Net MWD Capital Costs	\$936M
Annual Capital Financing Costs**	\$54M
Annual O&M Costs	\$6M
Overall Melded Cost Increase***	4.0%
Average Annual Cost Increase Over Construction Period***	0.6%

* Figures are approximate, and totals may not foot due to rounding.

** Assuming 100% debt financed for this analysis at 4% rate / 30-year term. Interest is not capitalized during construction.

*** Based on Metropolitan's 2024/25 Revenue Requirement of \$1,550M. Note this calculation assuming the project is 100% debt financed. If the project is partially funded by PAYGO it will increase the short-term rate impact.

Sites Draft Timeline – Subject to Change & Modification



Funding Zero Emission Vehicle (ZEV)

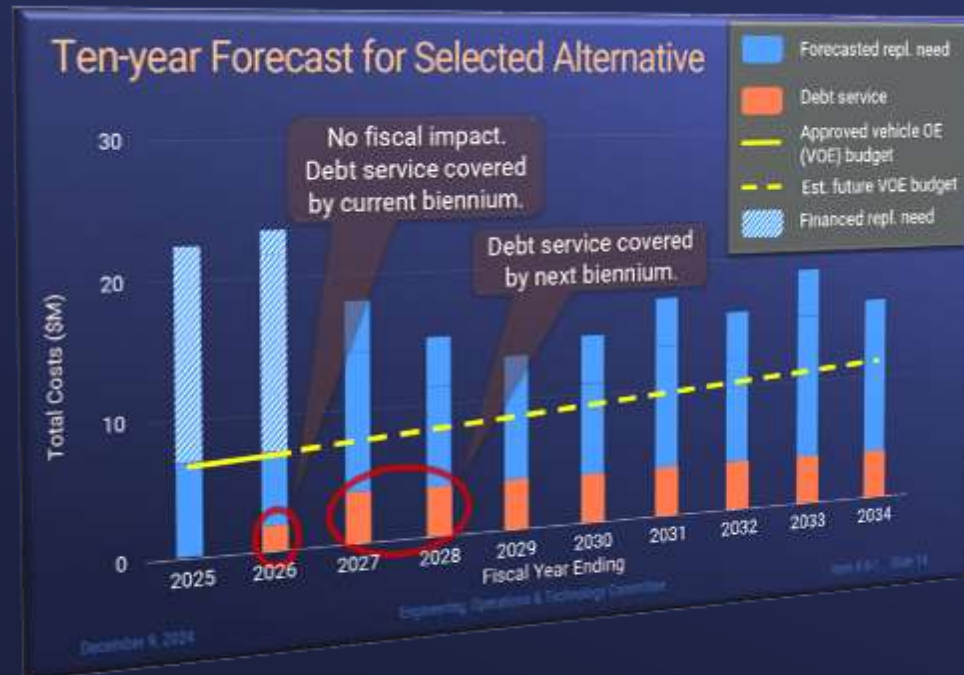
Fleet Operating Equipment Budget

- Fleet Operating Equipment with ZEV is part of the Operating Equipment in the Adopted Budget
- Items include:
 - Portion of Construction / Shop / Maintenance Equipment
 - Heavy Equipment
 - Automobiles, Trucks & Utility Vans

Approved Budget	FY 2024/25	FY 2025/26
Fleet Operating Equipment	\$7.9M	\$8.5M
Other Operating Equipment	\$1.7M	\$1.6M
Total Operating Equipment	\$9.6M	\$10.1M

Fleet Operating Equipment Budget with Zero Emission Vehicles (ZEV)

- Zero Emission Transition Program: \$35M
 - December 10, 2024, Board approved additional program funding of \$35M
 - Replace aging high-critical vehicles
 - Reduce operational risk
 - Ensure compliance with CARB and CAP



Allocation of Funds

Approved Operating Equipment Budget	
Vehicle Purchases FYs 24/25 & 25/26 ¹	\$(13,800,000)
Additional Financing (Current Board Action)	44,000,000
Vehicle Replacement Needs	1,900,000
Debt Service for FY 25/26 ²	2,900,000
Remaining/Contingency Budget	
Total	\$35,000,000

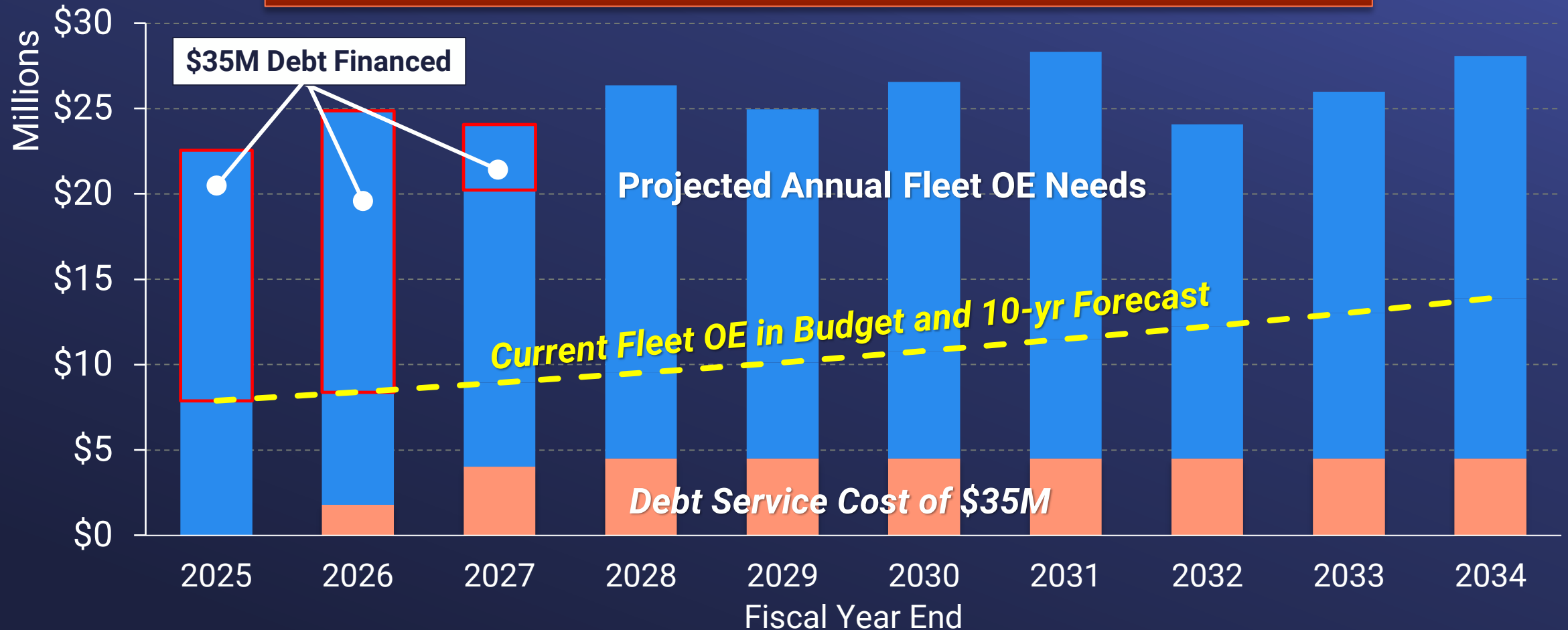
1. Portion of Approved Operating Budget for Vehicle Purchases only.
2. Assumes that additional funding is debt financed.

December 9, 2024

Fleet Operating Equipment (OE) with ZEV

Board Approved the \$35M Debt Financed of the Initial Increases in Fleet OE

To fund on-going annual fleet OE needs, the OE needs to increase about \$12M/yr resulting in a one-time overall rate increase of ~0.8%



Staffing Challenges

Staffing Needs Analysis: Steps Taken

- MWD is currently conducting a detailed staffing analysis by Group to determine:
 - Current/future staffing needs and operational risks/challenges
 - Financial strategies for funding new position requests in upcoming budgets
- Metropolitan staff will bring a multi-year/budget cycle staffing plan to the Board for discussion in the Fall 2025. Staff will incorporate the Board's feedback into the next biennium budget (released in January 2026)
- Consistent with prior budget requests (see table below) as well as feedback received from MWD's employee engagement survey, we anticipate significant position requests from various groups

Position Build	FY20 Budget	FY21 Budget	FY22 Budget	FY23 Budget	FY24 Budget	FY25 Budget	FY26 Budget
Beginning Positions (FY20 Budget)	1907						
New Positions Added		0	0	22	22	19	19
Pure Water Positions Added		0	0	0	17	0	0
Total Positions	1,907	1,907	1,907	1,929	1,946	1,965	1,965
Unfunded Position Requests		35	35	81	81	104	104

Other Drivers

Other Potential Budget Drivers

- Continuing lower water sales trends
- Additional treatment costs for AVEK High Desert Water Bank Program (e.g., nitrate, arsenic)
- Macro-economic drivers (e.g., tariffs, inflation, interest rates)
- Labor costs (e.g., wages, pension, active & retiree medical)
- O&M cost increases (e.g., chemicals)

Next Steps

- Various updated cost estimates are anticipated in the coming months as the budget is developed
- The financial analysis will also be part of CAMP4W evaluative criteria for major projects to facilitate Board deliberations





THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Report

Finance and Administration Group

- **Finance and Administration Group Activities Report**

Summary

This report provides a summary of the Finance and Administration group activities for March 2025 and April 2025

Purpose

Informational

Attachments

Attachment 1–Finance and Administration group activities for March 2025 and April 2025.

Finance Group Activities Report for March 2025 and April 2025

Maintain Strong Financial Position

Provide timely and discerning financial analyses, planning, and management to ensure that forecasted revenues are sufficient to meet planned expenses and provide a prudent level of reserves consistent with board policy.

Manage risk to protect Metropolitan's assets against exposure to loss.

The Risk Management Unit completed 52 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 45 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events, and film permits.

Business Continuity

Facilitate district-wide planning and training to prepare employees and managers to effectively carry out critical roles and recover mission essential functions, thus ensuring continuity of operations and resiliency in the event of a disaster.

Manage the Business Continuity Management Program in accordance with Operating Policy A-06.

- Worked with various areas across the District to facilitate Business Continuity plan updates.
- Participated in planning meetings to ensure a smooth transition to a new emergency notification system (Everbridge).
- Conducted the quarterly Business Continuity Steering Committee meeting. There was good discussion and a special focus on the Business Impact Analyses (BIA) and next steps to update this. The BIA provides the foundation for continuity planning by prioritizing critical functions based on impacts to disruptions.
- Participated in the 4/23 Desert network outage response, monitoring for any business impacts.

Financial Management

Manage Metropolitan's finances in an ethical and transparent manner and provide consistent, clear, and timely financial reporting. Update Metropolitan's capital financing plans and work with rating agencies and investors to communicate Metropolitan's financial needs, strategies, and capabilities, thus ensuring that Metropolitan has cost-effective access to capital markets and the ability to finance ongoing future needs. In addition, actively manage Metropolitan's short-term investment portfolio to meet ongoing liquidity needs and changing economic environments.

Record and report the financial activities of Metropolitan in a timely, accurate, and transparent manner to the Board, executive management, member agencies, and the financial community.

FY24-25 Cash Water Transactions and Revenues Budget vs Actual (Preliminary, subject to change)

Month		Acre-Feet (AF) ²		Variance		Revenue (\$)¹		Variance	
Delivered/ Billed In	To be Collected in	Budget	Actual	AF	%	Budget	Actual	\$	%
May	July	111,381	93,988	(17,393)	-16%	115,411,844	111,844,425	(3,567,419)	-3%
June	August	119,830	101,259	(18,571)	-15%	142,766,424	100,440,378	(42,326,046)	-30%
July	September	133,150	113,715	(19,435)	-15%	141,775,001	121,901,017	(19,873,984)	-14%
August	October	136,454	116,650	(19,804)	-15%	145,410,622	129,047,328	(16,363,294)	-11%
September	November	127,137	114,291	(12,846)	-10%	133,836,426	124,663,850	(9,172,576)	-7%
October	December	123,989	115,743	(8,246)	-7%	128,665,932	122,055,973	(6,609,959)	-5%
November	January	124,881	99,081	(25,800)	-21%	125,782,252	110,437,861	(15,344,391)	-12%
December	February ³	104,337	240,153	135,816	130%	103,324,010	265,305,379	161,981,369	157%
January	March	88,988	85,355	(3,633)	-4%	95,074,177	97,849,866	2,775,689	3%
February	April	77,291	67,202	(10,089)	-13%	81,911,825	75,548,551	(6,363,274)	-8%
March	May	82,757	80,579	(2,178)	-3%	88,153,603	89,256,411	1,102,808	1%
YTD Total		1,230,195	1,228,016	(2,179)	0%	1,302,112,116	1,348,351,039	46,238,923	4%
April	June	107,565	-	-	0%	116,431,176	-	-	0%
FY Total		1,337,760	1,228,016	N/A	N/A	1,418,543,292	1,348,351,039	N/A	N/A

¹ Includes Water Sales, Exchanges, and Wheeling for member agency and non-member agency.

² AF reflected does not include non-member agency transactions.

³ Actual amounts include 100 TAF and \$125.6 million of Reversed Cyclic sales to be delivered within five years.

Update capital financing plans and work with rating agencies and investors to communicate financial needs and capabilities, ensure cost-effective access to capital markets, and maintain long-term bond ratings of AA or better.

Over the past several months, staff has been working on the development of a new financing program that would enable the implementation of the Board's approval of financing for the purchase of replacement Fleet vehicles to support the ZEV Transition Program. Staff will be presenting a board action in May for the authorizing resolution.

Treasury and Debt Management staff have been working on the implementation of a new debt management software (DebtBook) to enable a more robust platform to administer and report on Metropolitan's debt program. In the next two months, the accounting interface and new variable rate features should be complete. By the end of 2025, the ability to include our Revolver Line of Credit and SWAP Obligations should be complete. Staff also began the process to onboard the Cash Management module as an add-on product from DebtBook.

In April 2025, staff and the respective financing teams are preparing documentation for two bond issues to be issued in July 2025. The first is the \$133.1 million, Water Revenue Refunding Bonds, 2025 Series A, which will refund a series of outstanding variable rate water revenue refunding bonds. The second issuance will be the \$173.2 million, 2025 Series A Bonds, to be issued in one or more series by the Antelope Valley-East Kern Water Agency Financing Authority, a Joint Powers Authority comprised of the Antelope Valley-East Kern Water Agency ("AVEK") and the California Municipal Finance Authority ("the JPS"). While the Bonds will be issued by the JPA, Metropolitan has agreed to pay the debt service through monthly installment payments to AVEK. Bond proceeds will fund Metropolitan's incurred and future capital costs for the Desert High Water Bank Program. A description of the two financings will be presented to the Board in May 2025.

Prudently manage the investment of Metropolitan's funds in accordance with policy guidelines and liquidity considerations.

As of March 31, 2025, Metropolitan's investment portfolio balance was \$1.4 billion; the total March earnings were \$4.83 million, and the effective rate of return was 4.23%.

In March 2025, Metropolitan's portfolio manager executed twenty-five buy and no-sell trades.

Treasury staff managed daily cash flow to cover Metropolitan's operational expenditures and invest excess funds.

Date of Report: 5/13/2025

Treasury staff completed the following transactions:

- 40 Dreyfus Cash Management Fund transactions
- 21 CAMP Investment Pool transactions
- \$5.34 million in Metropolitan's bond and SWAP payments
- \$99.40 million receipt of BANA Revolver 2025 Series A1
- \$68.40 million prepayment of BANA Revolver 2024 Series A1 and A7
- 1,024 disbursements by check, 24 by Automated Clearing House (ACH), and 171 by wire transfer
- 80 receipts by check, 27 by ACH, and 46 by incoming wires and bank transfers
- One exception confirmation and no unauthorized ACH

The Treasury staff also processed for DCA the following transactions:

- Received and deposited 11 checks totaling \$2.72 million
- Issued 6 checks and 11 wires totaling approximately \$2.66 million

In addition, Treasury staff processed fourteen professional services invoice payment requests totaling approximately \$0.94 million.

Furthermore, 9,645 P-One Card transactions, totaling \$1.31 million, recorded in the February bank statement were monitored by the P-One Card Administrator.

Administrative Services

Accomplishments

The Document Services Unit, which includes the EForms Management Team and the Records Management and Imaging Services Team, participated in Earth Week events. Each team shared with the attendees ways to be greener and save money. The EForms Team provided statistics on the high volume of EForms transacted. EForms reduce the need to have a form printed, signed, and sent by snail mail, saving time, money, and resources. The Records Management Team shared their efforts to eliminate MWD's ROT—Redundant, Outdated, and Trivial—documents by identifying records that should be preserved or destroyed and efficiently managing records thereby reducing our carbon footprint. Imaging Services shared their sustainability contributions through optimally sizing print jobs, promoting scanning services to help reduce paper while providing easier document access, and using eco-friendly toner and ink. They also manage the walk-up copiers with scanners to scan documents.

The Inventory Management team has launched the Pony and Desert Transportation Service Request EForm. This digital solution addresses the challenge of tracking internal shipments through our Pony delivery service, enhancing operational efficiency and providing real-time updates throughout the process.

The EForm enables users to track shipments from start to finish, with automatic notifications sent at key stages. Once a shipment is requested, all relevant parties will be notified when the package is ready for pick-up, when it's in transit, and when it's successfully delivered. This ensures everyone involved is informed at every step.

Developed in collaboration with the EForms Team, the solution improves communication, transparency, and accountability within the shipment process. With this EForm, the internal shipment experience will become more efficient, user-friendly, and streamlined, ultimately optimizing overall business operations.