

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

April 26, 1996

To: Board of Directors

From: General Manager

Subject: Revised Draft Agreement to Facilitate Implementation of
the San Luis Rey Indian Water Rights Settlement

Attached for your information is a copy of the revised draft Agreement to Facilitate Implementation of the San Luis Rey Indian Water Rights Settlement which has been provided to Clyde Romney, the Congressional facilitator for settlement implementation. Developments with respect to settlement implementation as well as recent changes made to the draft Agreement are described in a separate April 25, 1996 letter to your Board.


John R. Wodraska

JPM:jpa

Attachment

cc w/attachment:

Member Agency Managers

41868

AGREEMENT TO FACILITATE IMPLEMENTATION
OF THE SAN LUIS REY INDIAN WATER RIGHTS SETTLEMENT ACT

Draft
4/25/96

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**AGREEMENT TO FACILITATE IMPLEMENTATION
OF THE SAN LUIS REY INDIAN WATER RIGHTS SETTLEMENT ACT**

This Agreement (Agreement) is entered into this ___ day of _____ 1996 among: The Metropolitan Water District of Southern California (Metropolitan), a metropolitan water district organized and incorporated under the Metropolitan Water District Act of the State of California (Stats. 1969, Chapter 209, as amended); the United States of America (United States) acting by and through its Secretary of the Interior (Secretary), on its own behalf and as trustee for the San Luis Rey River Indian Water Authority (Indian Water Authority), a permanent intertribal entity established pursuant to duly adopted ordinances recognized and approved by Public Law 100-675, and as trustee for the La Jolla, Pala, Pauma, Rincon, and San Pasqual Bands of Mission Indians (Indian Bands); the Indian Water Authority and each of the Indian Bands, acting through the governing bodies of each of their respective reservations as duly recognized by the Secretary; the City of Escondido (Escondido), a city organized under the provisions of general laws; and the Vista Irrigation District (Vista), an irrigation district organized and incorporated under the irrigation district law of the State of California (California Water Code, Division 11); each of which is

at times referred to individually as "Party" and which are at times collectively referred to as "Parties".

Explanatory Recitals

A. WHEREAS, the water in the San Luis Rey River, located in San Diego County, California, is insufficient to supply the needs of the Indian Bands, Escondido and Vista;

B. WHEREAS, litigation is pending in the United States District Court for the Southern District of California to determine the rights of the Indian Bands and Escondido and Vista to the water in the San Luis Rey River, and, on November 17, 1988, the Congress of the United States passed the San Luis Rey Indian Water Rights Settlement Act, Title I of Public Law 100-675, ("Settlement Act"), to settle this litigation;

C. WHEREAS, pursuant to the Settlement Act, the Secretary is authorized and directed to arrange for the development of 16,000 acre-feet per year of water: (1) from public lands within the State of California outside the service area of the Central Valley Project, (2) conserved through a project to line the All

American Canal, authorized in Title II of Public Law 100-675, or
(3) obtained through a contract with Metropolitan;

D. WHEREAS, Metropolitan's system does not now have the capability of delivering water directly to the United States for use by the Indian Bands, but at such time as the Indian Water Authority elects to receive water deliveries, additional connections would be made directly to Metropolitan's system by, and at the expense of the Indian Water Authority pursuant to a separate agreement, in order to permit such direct delivery without use of the facilities of the San Diego County Water Authority;

E. WHEREAS, the Secretary has authority under existing law, including, but not limited to, the Boulder Canyon Project Act and Public Law 100-675, to bank the categories of water described in Section 3 of this Agreement¹;

F. WHEREAS, Article 6, Sections 8 and 9 of Metropolitan's September 28, 1931 contract and Article 12 of Metropolitan's October 4, 1946 contract with the Secretary confer the exclusive right on Metropolitan to withdraw and divert into its Colorado

¹ Unless otherwise expressly noted, all references hereafter to "Section" are to this Agreement.

River Aqueduct any water in Lake Mead accumulated to its individual credit by reason of reduced diversions, subject to such conditions as the Secretary may prescribe from time to time;

G. WHEREAS, the Secretary is willing to prescribe the conditions for the exercise of Metropolitan's banking rights as part of this Agreement;

H. WHEREAS, although Metropolitan is not a party to the pending litigation and the related proceeding before the Federal Energy Regulatory Commission, it is willing to facilitate implementation of the settlement of the dispute under the terms of this Agreement, by which Metropolitan agrees to sell water and make an annual monetary payment to the Indian Water Authority and the United States agrees to provide banking to Metropolitan;

I. WHEREAS, the Parties support the banking in Lake Mead of water conserved by extraordinary conservation measures and fallowing of land (i.e., actions to make water available for use that otherwise would have been reasonably and beneficially used by the entity taking the actions) by other entities with Colorado River water delivery contracts

under the same terms and conditions specified for Metropolitan in this Agreement; and

J. WHEREAS, the Parties differ in their interpretation of Public Law 100-675, desire to settle among themselves their respective rights under Section 106 of Title I of Public Law 100-675, and are entering into this Agreement for that purpose. The United States, the Indian Water Authority, the Indian Bands, Escondido, and Vista agree that performance of this Agreement fully satisfies the requirements of Section 106 of Public Law 100-675. By so doing, the Parties waive their rights either individually or collectively to assert any rights arising out of Section 106 of Title I of Public Law 100-675, except as provided in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the Parties agree as follows:

SECTION 1. SALES OF WATER: TERMS AND CONDITIONS.

A. Maximum Sale Amount.

Commencing in 2002, Metropolitan shall sell to the United States up to a maximum of 16,000 acre-feet of water per calendar year for five consecutive calendar years. Thereafter,

Metropolitan shall sell to the United States up to the lesser of 20,000 acre-feet or the quantity necessary to bring the total quantity of water sold during the then current calendar year plus the quantity sold during the four immediately preceding calendar years to 80,000 acre-feet. However, Metropolitan shall not be required to sell more than 16,000 acre-feet of water in any calendar year if to do so would have an adverse effect on deliveries of water to Metropolitan's Member Public Agencies or on Metropolitan's ability to meet its seasonal, carryover, or emergency surface reservoir and groundwater basin storage requirements as determined solely by Metropolitan.

B. Conditions Precedent to Sale.

Sales to the United States shall be subject to the construction of the necessary facilities to permit direct delivery of water from Metropolitan's distribution system to the United States for the Indian Water Authority at the request of the United States, or the Indian Water Authority with the Secretary's approval, for use on the reservations of the Indian Bands. Construction of the service connection(s) to Metropolitan's distribution system for such purpose shall be the subject of a separate agreement or agreements and subject to applicable environmental compliance.

C. Water Transfers, Leases, and/or Sales by the United States, Indian Water Authority, and/or Indian Bands.

(1) The water sold by Metropolitan shall be used only on the reservations of the Indian Bands as such reservations may be constituted at the time of sale, whether located within or outside Metropolitan's service area.

(2) If the United States, the Indian Water Authority, any of the Indian Bands, or any combination of these entities enters into any contract, agreement, or other arrangement to transfer, lease, and/or sell any San Luis Rey River water to individuals and/or entities other than Escondido and/or Vista, and/or groundwater to any individuals or entities, for use off the reservations of the Indian Bands that would reduce Metropolitan's water sales to any of its Member Public Agencies, Metropolitan's obligation to sell water to the United States shall be reduced by one acre-foot for each acre-foot of San Luis Rey River water and/or groundwater transferred, leased, and/or sold for the duration of the use off the reservations of the Indian Bands, and its payment obligations under Section 2 shall be proportionately reduced.

(3) The San Diego County Water Authority and the Yuima Municipal Water District shall have the right to enforce this Section of the Agreement.

(4) Nothing in this Agreement, and in particular this Section 1.C, shall be construed as an endorsement of or consent by Metropolitan to off-reservation use of water by the Indian Water Authority or any or all of the Indian Bands.

D. Water Rates and Quality.

(1) The rate shall be equal to the Connection Maintenance Charge (CMC) in effect at the time (e.g., \$50 per cubic foot per second per month up to a maximum of \$5,000 per month per connection effective July 1, 1995) plus Metropolitan's water rate in effect at the time of the delivery for:

a. untreated water-- the noninterruptible untreated water rate (e.g., \$344 per acre-foot effective July 1, 1995),

b. treated water-- the noninterruptible treated water rate (e.g., \$426 per acre-foot effective July 1, 1995), and

c. other applicable charges (e.g., readiness-to-serve charge, new demand charge, treated water peaking charge, or their equivalent), excluding ad valorem taxes and annexation charges, computed on a unit charge basis by dividing the

budgeted revenues derived from those charges by the budgeted water sales for the fiscal year in which the water is sold. It shall be the responsibility of Metropolitan to keep the United States informed of the amounts of such other applicable charges, but Metropolitan's failure to do so shall not relieve the United States of its obligation to pay such charges.

(2) For either treated or untreated water, Metropolitan shall provide water of the same quality as provided to its Member Public Agencies at the point of delivery on Metropolitan's distribution system for that type of water, but shall not otherwise be obligated to provide water of a certain quality.

(3) By mutual consent, for their mutual benefit, and pursuant to the authorities set forth in Title I of Public Law 100-675, the Parties may agree on: (i) developing water from public lands within the State of California outside the service area of the Central Valley Project; and/or (ii) securing a power supply for the delivery of water from the Colorado River Aqueduct or the State Water Project.

E. Water Requests, Suspension of Deliveries and Metering.

(1) All requests for water deliveries under this Agreement shall be made directly to Metropolitan and in accordance with Metropolitan's procedures in effect at the time of the request for its Member Public Agencies. Water deliveries shall be metered at the point or points of delivery to the United States for the Indian Water Authority from Metropolitan's distribution system. Metropolitan shall not be responsible for any loss of water after such water leaves Metropolitan's distribution system.

(2) Metropolitan may suspend deliveries, limit changes in rates of flow, and require metering of water in accordance with the provisions of §§ 4503, 4504 and 4506 of Metropolitan's Administrative Code, as amended from time to time. The current provisions of these sections are attached hereto as Exhibit A. It shall be the responsibility of Metropolitan to keep the United States informed of all amendments to these sections, but Metropolitan's failure to do so shall not relieve the United States of its obligations in accordance therewith.

(3) Deliveries of available supplies will be made as reliably as deliveries to Metropolitan's Member Public Agencies which receive deliveries from the same pipeline(s).

F. Billings and Payments.

Metropolitan shall invoice the United States and the United States shall make payments to Metropolitan for the water sold in accordance with the provisions in Metropolitan's Administrative Code, §§ 4507 (a), (b), (m) and 4508, as amended from time to time. The current provisions of these sections are attached hereto as Exhibit B. It shall be the responsibility of Metropolitan to keep the United States informed of amendments to these sections, but Metropolitan's failure to do so shall not relieve the United States of its obligation to make payments in accordance therewith.

SECTION 2. PAYMENTS.

On April 10 following the first December 31 after the effective date of this Agreement, and each April 10 thereafter, Metropolitan shall pay the Indian Water Authority a quantity of funds, determined in accordance with Exhibit C hereto, for use in facilitating implementation of the San Luis Rey Indian Water Rights Settlement, provided that all of the banking rights set forth in Section 3 continue in effect, and a court has not enjoined Metropolitan from using them or declared them invalid. Metropolitan shall not bear any obligation or liability regarding

the investment, management, or use of such funds paid to the Indian Water Authority.

SECTION 3. BANKING.

A. Secretary's Authority and Commitment to Bank.

Pursuant to the authority granted to the Secretary under applicable law, including the Boulder Canyon Project Act and Public Law 100-675, and the right granted to Metropolitan under Article 6, Sections 8 and 9 of its water delivery contract dated September 28, 1931 and Section 12 of its October 4, 1946 contract, under which Metropolitan is entitled to accumulate water in storage at Lake Mead resulting from "reduced diversions", the United States shall bank for Metropolitan, and, pursuant to the authority granted to the Secretary under applicable law, including the Boulder Canyon Project Act and Public Law 100-675, the United States shall bank for other entities with rights to Colorado River water (Colorado River Contractors) the following categories of water:

- (1) For Metropolitan, all water saved and currently stored in Lake Mead pursuant to the Metropolitan-Palo Verde Irrigation District (Palo Verde) May 29, 1992 "Agreement for Implementation of a Test Land Following

Program and Use of Saved Water" (Test Land Fallowing Program);

(2) For Metropolitan, all water conserved by the Metropolitan-Imperial Irrigation District (Imperial) Water Conservation and Augmentation Programs (C&A Programs) pursuant to the December 22, 1988 "Agreement for the Implementation of a Water Conservation Program and Use of Conserved Water" between Metropolitan and Imperial (Conservation Agreement), as contemplated by and consistent with Section 3.4 of the Conservation Agreement, and Article VI of the December 19, 1989 "Approval Agreement" among Metropolitan, Imperial, Palo Verde, and Coachella Valley Water District (Approval Agreement), including that water conserved since inception of the C&A Programs in 1990, inasmuch as those C&A Programs have resulted in an increase in water in storage in Lake Mead;

(3) For Metropolitan, all of that portion of Metropolitan's annual entitlement of Colorado River water not diverted into its Colorado River Aqueduct in order to manage the quality of water in Metropolitan's distribution system. The banking of this portion of Metropolitan's annual entitlement shall be limited to that quantity of water Metropolitan actually substitutes from water available to

Metropolitan through the California Aqueduct and which Metropolitan certifies by an annual affidavit that it would have taken from the Colorado River and is electing to bank pursuant to this provision; and

(4) Subject to the Secretary's approval, such additional water made available by any Colorado River Contractors by implementing extraordinary conservation measures, including land fallowing.

B. Banking Terms and Conditions.

(1) The banking rights recognized and authorized in this Section 3 shall be permanent and shall be exercised upon the following terms and conditions:

a. Prior to Metropolitan diverting into its Colorado River Aqueduct the water made available in any calendar year to Metropolitan from the C&A Programs referred to in Section 3.A and/or the quantity of water previously banked under Section 3.A, Metropolitan shall first be entitled to use all other quantities of Colorado River water otherwise available to it.

b. Banked water made available for diversion shall be subject to an acre-foot for acre-foot reduction due to the increase in: (i) Lake Mead's evaporation losses from such storage; and (ii) flood control

releases in accordance with the then current U.S. Army Corps of Engineers Manual, above those that would have occurred absent such storage. With respect to such losses and releases, the reduction in the amount of water banked for Metropolitan shall begin in the calendar year following the calendar year in which particular quantities of water were banked. The increase in Lake Mead's evaporation loss resulting from such banked water shall be calculated monthly and shall be based on the increase in Lake Mead's water surface area attributable to the banked water. The calculation will use the evaporation rate for the month as determined by the U.S. Geological Survey mass transfer method used to calculate historical evaporation loss for the U.S. Bureau of Reclamation's (Reclamation) 24-Month Operation Plan for Colorado River System Reservoirs. The evaporation loss and flood control releases for each month shall be deducted from the amount of banked water in storage at the end of the preceeding month.

c. Metropolitan shall provide notification to Reclamation by March 31 of each year of the amount of water conserved by the C&A Programs, and the substitution of non-Colorado River System water that is

to be banked by Reclamation for the previous calendar year (credits), as well as the amount of banked water that it elected to divert into its Colorado River Aqueduct for that previous calendar year (debits). In order to provide certainty to the accounting under the decree in Arizona v. California, the debits and credits to Metropolitan's bank account under this Section 3.B.(1)c shall be deemed to occur on December 31 of that previous calendar year, except as provided in Section 3.B.(1)d.

d. Reclamation shall provide notification to Metropolitan of the amount of banked water retained in Lake Mead after deducting incremental evaporation loss and incremental flood control releases by the tenth day of each month. In determining such amount, Reclamation shall deem the last acre-foot of water banked to be the first acre-foot of water released if required to comply with the then current U.S. Army Corps of Engineers Manual. If flood control releases are being made, banked water may be scheduled for diversion by Metropolitan upon one hour's notice to Reclamation.

e. Other than the normal fees charged for gross diversions into its Colorado River Aqueduct under its

September 28, 1931, and September 9, 1987 water delivery contracts, Metropolitan shall not be charged a fee to accumulate, retain, or withdraw the banked water from reservoir storage.

f. If the Secretary develops criteria or enters into contracts with other entities for banking different than the terms and conditions outlined in this Section 3.B., Metropolitan at its sole discretion shall have the option to select some or all of those different terms and conditions for application hereunder and this Agreement shall be deemed amended accordingly.

(2) Nothing in this Agreement is intended or shall be construed to limit the authority of the Secretary to permit Metropolitan or any other Colorado River contractor to bank other categories of water pursuant to existing water delivery contracts or any future contracts.

SECTION 4. CONSEQUENCES OF WATER BANKING TERMINATION.

A. Payments by Indian Water Authority.

In the event a court enjoins Metropolitan from using the banking rights set forth under this Agreement or declares those banking rights invalid, Metropolitan shall be entitled to the payment of monies from the Indian Water Authority as set

forth below. Such payment shall be in an amount equal to a fraction multiplied by the sum of the payments made under Section 2 plus interest compounded monthly on each payment from April 1 of the year in which the payment was made until the last day of the month during which Metropolitan receives the money at the average rate of return which Metropolitan received on its invested funds over said time period. The numerator of the fraction shall be equal to one-half of the amount of banked water lost as a result of such judicial action. The denominator of the fraction shall be equal to the total cumulative amount of water (without deduction for withdrawals or losses) which Metropolitan has banked pursuant to this Agreement.

B. Adjustments of Future Discounts and Payments.

In the event a court enjoins Metropolitan from banking any categories of water described in Section 3.A or declares those banking rights to be invalid, Metropolitan shall immediately reduce the future payments that would otherwise be made to the Indian Water Authority pursuant to Section 2 by the following percentages:

Payment Reductions

<u>Category of Water</u>	<u>Percentage Reduction</u>
Metropolitan - Imperial Conservation Agreement (Section 3.A.(2))	75%
Metropolitan - Palo Verde Test Land Following Program (Section 3.A.(1)) and/or Metropolitan Salinity Management Water (Section 3.A.(3))	25%
Sections 3.A.(2) and 3.A.(3); or 3.A.(2) and 3.A.(1); or 3.A.(2), 3.A.(1), and 3.A.(3)	100%

If a court ruling results in Metropolitan's right to bank any of the above categories of water being reduced but not eliminated, then the reduction in future payments hereunder shall be proportionate to the reduction in Metropolitan's right, applied to the above percentages.

C. Escrow Account.

In order to assure adequate funding in the event Section 4.A is invoked:

(1) the Indian Water Authority shall leave on deposit with Metropolitan sufficient funds from the payments to which it is entitled under Section 2 (taking into account interest and rights to additional payments which are projected by Metropolitan to accrue and water which is

expected by Metropolitan to be taken from or added to banked storage over the following calendar year) to pay any amounts due Metropolitan under Section 4.A if Metropolitan were to lose all of its banking rights as of the date on which any payment under Section 2 will be payable in the following year. Such funds left on deposit shall accrue interest monthly at the average rate earned by Metropolitan on its funds.

(2) In the event the Indian Water Authority is unable to pay Metropolitan the full amount owed pursuant to Section 4.A, Escondido and Vista shall each pay Metropolitan one-half of all remaining monies that the Indian Water Authority fails to pay to Metropolitan within 30 days of a demand by Metropolitan for such payments.

SECTION 5. ADJUSTMENTS FOR TIME PERIOD CHANGES IN RATES AND BUDGET.

If Metropolitan revises its rates on other than a July 1 effective date and/or changes its budgeting year to other than July 1 to June 30, the calculations, charges, and payments under this Agreement shall be prospectively adjusted by Metropolitan to reflect such changes from such point in time forward following

the same methodology that was used for the calculations, charges, and payments prior to such point in time.

SECTION 6. LIABILITY.

Neither Metropolitan nor any of its directors, officers, agents, or employees shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by the United States, Escondido, Vista, the Indian Water Authority, or the Indian Bands in connection with any work, obligation, authority, or any criteria arising out of this Agreement. Neither Metropolitan nor any of its directors, officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water subject to this Agreement after such water has passed any Metropolitan service connection, nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water beyond any of Metropolitan's service connections, and Escondido, Vista, the Indian Water Authority, or the Indian Bands individually and collectively, and the United States, shall indemnify and hold harmless Metropolitan and its directors, officers, agents, and employees from any such damages or claims

of damages. To the extent that more than one of the Parties other than Metropolitan is determined to have been negligent, each of them shall bear its own portion of liability based on principles of comparative fault and shall indemnify and hold harmless each of the others from that share.

SECTION 7. WAIVER OF SOVEREIGN IMMUNITY.

Pursuant to the powers conferred on it by its enabling charter, the Indian Water Authority and each Indian Band hereby expressly waives its (their) immunity from suit which it may be entitled to assert with regard to any matter arising out of this Agreement.

SECTION 8. DISPUTE RESOLUTION.

A. In General.

The Parties shall attempt to resolve any dispute relating to this Agreement in the following manner before resorting to litigation. A Party requesting resolution of a dispute shall send written notice to all other Parties which shall set forth in detail the position of the Party requesting resolution. Within 30 days of the notice being sent, the Secretary, the General Manager of the Indian Water Authority, Chairperson of each of the Indian Bands, the General Manager of

Metropolitan, the Utilities Director of Escondido, and the General Manager of Vista or their respective authorized representatives shall meet and attempt to resolve the dispute by a unanimous decision. In the event that all Parties' representatives are not present, a letter with the proposed action, signed by all the attending Parties' representatives, shall be sent to each absent Party's representative by certified mail, postage prepaid, return receipt requested. If no written protest from an absent Party's representative is sent to the other Parties within 30 days of the date of receipt of the letter with the proposed action, the decision shall be deemed unanimous and become final. Any written protest shall be mailed to each other Party's representative, and to each of the Parties by certified mail, postage prepaid, return receipt requested. Each Party shall bear its own expense for the dispute resolution proceedings. Any resolution shall be in writing and be binding on the Parties to this Agreement. To the extent the dispute is not resolved by the Parties' representatives within 40 days of the conclusion of the dispute resolution meeting, the Parties shall try in good faith to settle the dispute by mediation under the Commercial Mediation Rules of the American Arbitration Association, before resorting to litigation.

B. Binding Arbitration of Disputes re Calculation of Payment Amount Under Sections 2 and 4.

(1) In the event that any dispute involving the calculation of the amount of the payment provided for by Sections 2 and 4 of this Agreement is not resolved using the procedure set forth in all but the last sentence of Section 8.A, said dispute shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules except as otherwise provided herein and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

(2) Within thirty days after the commencement of arbitration, the Indian Water Authority and Metropolitan shall each select one person to act as arbitrator, and the two selected shall select a third arbitrator within thirty days of their appointment. If the arbitrators selected by the parties are unable to or fail to agree upon a third arbitrator, the third arbitrator shall be selected by the American Arbitration Association. The third arbitrator shall act as chairperson of the arbitration panel and shall be independent from all parties, having no past, present or pending relationship with any of the parties, unless unanimously consented thereto by the parties to the dispute.

(3) The arbitration shall be limited to the consideration and resolution of the issue(s) submitted. The panel of arbitrators shall not rewrite, change, or amend this Agreement. Any payment adjustments shall accrue interest monthly at the average rate earned by Metropolitan on its Funds from the date the adjusted payment should have been paid until paid in full.

(4) The award of the arbitrators shall be in writing, shall be accompanied by a reasoned opinion, shall be signed by a majority of the arbitrators, and shall be rendered within 120 days after the date of the selection of the third arbitrators. Each party shall bear the expense of its own counsel, experts, witnesses, and preparation and presentation of evidence. The administrative fees of arbitration and arbitrators' fees shall be borne 50 percent by Metropolitan and 50 percent by the Indian Water Authority, Vista, and Escondido, jointly.

SECTION 9. TERM.

Metropolitan's obligation to make payments pursuant to Sections 2 and 4 of this Agreement shall terminate 115 years following the date on which the initial payment is made. In all other respects, this Agreement shall be for permanent service of water by Metropolitan to the United States in perpetuity.

Inasmuch as this Agreement provides for the sale of water to the United States at the full member agency price as it exists at the time of the sale, excluding ad valorem taxes and annexation fees, no provision of this Agreement shall be subject to adjustment pursuant to Section 131 of the Metropolitan Water District Act.

SECTION 10. AGREEMENT NOT A PRECEDENT.

This Agreement is not intended to be a precedent for future delivery and sales agreements and in no way should be interpreted as a wheeling agreement or a precedent therefore.

SECTION 11. WAIVER.

None of the provisions of this Agreement shall be considered waived by any Party except when such waiver is given in writing. The failure of any Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or their relinquishment of any such rights for the future, but such provisions and rights shall continue and remain in full force and effect.

SECTION 12. THIRD-PARTY RIGHTS.

Except as provided in Sections 1.C.(3), and 3, the Parties do not intend to create rights in or to grant remedies to any third party as a beneficiary of this Agreement or of any duty, covenant, obligation or undertaking established hereunder.

SECTION 13. UNCONTROLLABLE FORCE.

No Party shall be considered to be in default in the performance of any of its obligations under this Agreement when a failure of performance is due to an uncontrollable force. The term "uncontrollable force" shall mean anything caused by the act of the others or any agent of the others; action of the elements, excluding severe and/or prolonged low-flow conditions on the Colorado River; the act or threat of any public enemy; acts of God; court order; war and war defense conditions; strikes or other labor disputes; or other causes beyond its control. Each Party shall use reasonable diligence to avoid any such delay or default and to resume performance under this Agreement as promptly as possible after any such delay or default. However, nothing contained herein shall be construed to require a Party to settle any strike or labor dispute in which it may be involved. Any Party rendered unable to fulfill any of its obligations under this Agreement by reason of an uncontrollable force shall give

prompt written notice of such fact to the other Parties and shall exercise due diligence to remove such inability with all reasonable dispatch.

SECTION 14. GOVERNING LAW.

This Agreement shall be governed by the laws of the State of California and any applicable federal law.

SECTION 15. BINDING EFFECT; ASSIGNMENT.

This Agreement shall be binding upon and inure to the benefit of the Parties and their successors and assigns. No Party may assign or transfer its rights or obligations under this Agreement without the prior written consent of the other Parties, which consent shall not unreasonably be withheld.

SECTION 16. NOTICES.

Any notice given under this Agreement shall be effective when deposited postage prepaid with the United States Postal Service, addressed to the respective Parties as follows:

General Manager
The Metropolitan Water District
of Southern California
Post Office Box 54153
Los Angeles, California 90054-0153

Secretary of the Interior
U.S. Department of the Interior
18th and C Streets, Northwest
Washington, D.C. 20240

City Manager
City of Escondido
Civic Center Plaza
201 North Broadway
Escondido, California 92025

General Manager
Vista Irrigation District
202 West Connecticut Avenue
Vista, California 92083

General Manager
San Luis Rey River Indian Water Authority
P.O. Box 428
Pauma Valley, California 92061

Chairperson
La Jolla Band of Mission Indians
Star Route 158
Valley Center, California 92082

Chairperson
Pala Band of Mission Indians
Post Office Box 43
Pala, California 92059-0043

Chairperson
Pauma Band of Mission Indians
Post Office Box 86
Pauma Valley, California 92061

Chairperson
Rincon Band of Mission Indians
Post Office Box 68
Valley Center, California 92082

Chairperson
San Pasqual Band of Mission Indians
_____, California _____

SECTION 17. CHANGE OF ADDRESSEE OR ADDRESS.

Any Party may change the addressee or address to which notices are to be sent by giving notice of such change of addressee or address in conformity with the provisions of Section 16.

SECTION 18. EFFECTIVE DATE AND APPROVAL.

The effective date of this Agreement shall be the last date on which all of the following events shall have occurred:

A. Approval by the governing bodies of Metropolitan, Escondido, Vista, Indian Water Authority, and each of the Indian Bands and due execution of this Agreement by all of such parties.

B. Approval and execution of this Agreement by the Secretary.

C. An agreement among the United States, Escondido, Vista, and the Indian Bands providing for the complete resolution of all claims, controversies, and issues involved in all of the pending proceedings in the United States District Court for the Southern District of California and before the Federal Energy Regulatory Commission; and stipulated judgments or other appropriate final dispositions in those proceedings are in effect. All of such documents shall be consistent with the terms

of this Agreement and Metropolitan shall have the right to review and approve them for such consistency.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed the day and year first above written.

Approved as to form:

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

By: _____
N. Gregory Taylor
General Counsel

By: _____
John R. Wodraska
General Manager

UNITED STATES OF AMERICA

By: _____

By: _____
Secretary of the Interior

CITY OF ESCONDIDO

By: _____

By: _____

VISTA IRRIGATION DISTRICT

By: _____

By: _____

SAN LUIS REY RIVER INDIAN
WATER AUTHORITY

By: _____

By: _____

LA JOLLA BAND OF MISSION
INDIANS

By: _____

By: _____

PALA BAND OF MISSION INDIANS

By: _____

By: _____

PAUMA BAND OF MISSION INDIANS

By: _____

By: _____

RINCON BAND OF MISSION INDIANS

By: _____

By: _____

SAN PASQUAL BAND OF MISSION
INDIANS

By: _____

By: _____

Exhibit ASections 4503, 4504, and 4506
of Metropolitan's Administrative Code**§ 4503. Suspension of Deliveries.**

Whenever maintenance of the District's system, in the opinion of the General Manager of the District, shall require suspension of delivery of water at any point or points, such delivery may be suspended without liability on the part of the District; provided, that except in cases of emergency, as determined by the General Manager, notice of such suspension of service shall be given to the affected member public agency in advance of such suspension.

§ 4504. Rates of Flow.

(a) Within any 24-hour period, changes in rate of flow through any service connection serving a member public agency will be limited to ten (10) percent above and below the previous 24-hour average rate of flow except when a specific request for a change in rate that would exceed such limitations has been made to the District; such requests (1) shall be made at least 12 hours in advance of the time such change is to be made; (2) shall be approved by the General Manager only if in his judgment the change would not adversely affect the District's ability to apportion available water equitably, and (3) shall be limited in number to effect no more than one such change in any 24-hour period. The General Manager is hereby authorized to reduce the maximum obtainable rate of flow at any service connection where this regulation is being violated and in the event the capacity of the distribution system is insufficient to accommodate the above mentioned daily fluctuations in delivery rate, the General Manager shall regulate the rates of flow at any or all service connections so as to assure equitable service to all agencies. However, the District will endeavor to meet all reasonable demands for service so long as comparable service can be provided to all member public agencies being served from a related section of the District's distribution system.

(b) When flow through a service connection serving a member public agency is reduced below ten (10) percent of the requested or actual maximum design capacity of the meter, whichever is

less, at that connection during a period when the service connection turnout valve is in the open position, the member public agency will be charged as though a flow equaling ten (10) percent of the capacity of such meter were being delivered, as determined by the General Manager, unless the District has been advised by the member public agency that no deliveries are required at that connection for a specified period. This Section 4504(b) shall not apply to those service connections which are not connected to pressure pipelines of the District or to those service connections being operated intermittently in a manner determined by the General Manager to be of benefit to the District under conditions such that when flow does occur at these service connections it exceeds ten (10) percent of the meter capacity. The General Manager shall have the power to waive the requirements of this Section 4504(b), with respect to any meter where the agency served by the meter is doing everything within its capability, as determined by the General Manager, to adjust its facilities and operations so as to be able to take delivery at rates of flow not less than ten (10) percent of the requested or actual maximum design capacity of the meter, whichever is less, at that connection during a period when the service connection turnout valve is in the open position.

(c) The General Manager shall have the power to waive the provisions of Sections 4504(a) and 4504(b) for a specified period with respect to any service connection if in his judgment such a waiver will serve to accomplish the current objectives of the District and will not adversely affect the operation of the District's distribution system or impair its ability to provide service to all member public agencies.

§ 4506. Metering of Water.

All water delivered by the District shall be metered. Meter readings shall be made on or about the last day of each calendar month for billing purposes. Meters and control valves on water lines of the District shall be owned and operated by the District. Any member public agency may have any meter through which water is served from the District's facilities to any area within such member public agency tested by the District at any time. Any member public agency affected shall have the right to be represented by a qualified observer at and during any such tests. In the event that any such test shall disclose an error exceeding 2 percent, an adjustment shall be made in charges made to the affected member public agency, covering the known or estimated period of duration of such error, but in no event

exceeding six months, and the expenses of such test shall be borne by the District; otherwise, such expense shall be borne by the member public agency requesting such test.

Exhibit BSections 4507 (a), (b) and (m) and 4508 of Metropolitan's
Administrative Code**§ 4507. Billing and Payment for Water Deliveries.**

(a) Except as noted hereinbelow, invoices shall be mailed not later than the tenth day of the month following delivery to a member public agency. Each such invoice shall indicate the date of mailing and the date on which the payment thereunder becomes delinquent and shall show the total amount of water delivered for each class of service, the charges for water sold and delivered for each class, the readiness-to-serve, new demand, connection maintenance charges, as applicable, and the total amount due and owing, all as determined by the General Manager. Payment of the amount shown on any such invoice shall be due on the last business day of that month and shall be delinquent if not received by the Treasurer of the District before the close of crediting activity on the last business day of the first month following such date of mailing. When making any such payment the member public agency shall specify the invoice or invoices to which the payment shall be credited by the District.

(1) For purposes of Section 4507(a), "business day" shall mean any day other than a Saturday, a Sunday, or a Holiday (as defined in Section 1106).

(2) For purposes of Section 4507(a), "received by the Treasurer of the District" shall mean receipt either (1) in the office of the Treasurer or (2) by crediting pursuant to advance agreement with the Treasurer to the District's general demand account at the District's principal depository bank, in such form that the funds are immediately available for investment or other use or disposal by the District.

(3) For purposes of Section 4507(a), "crediting activity" shall mean either (1) 2:00 p.m. if payment is delivered to the office of the Treasurer, or (2) the cutoff time for crediting by the District's principal depository bank of that day's transactions if payment is initiated by wire transfer, automated clearinghouse transfer, interbranch transfer, direct deposit, or by other means pursuant to advance agreement with the Treasurer.

If, under advance agreement with the Treasurer, a member agency has authorized payment of any invoice by automated clearinghouse transfer initiated by the Treasurer, the Treasurer shall initiate such transfer for processing two business days prior to the business day on which such payment shall be delinquent. Failure of such transfer shall not relieve such member agency from liability for such payment or charges in the event such payment should become delinquent, except as specifically provided under advance agreement with the Treasurer.

(b) In the event a mistake is discovered in a District water sales record, the General Manager shall initiate appropriate corrective action, except that no mistake made more than five years prior to its discovery shall be corrected. If an incorrect invoice has been issued to a member public agency, the General Manager shall notify the affected agency of any adjustment and the manner of making any required credit or charge, neither of which shall bear interest.

(m) In the event that deliveries of water are made by the District to member public agencies over a billing period during which the District's water rates change, the General Manager may cause the meters recording deliveries of water during such period to be read at the end of the period and the statement of charges for such deliveries of water may be based on a proration between the previous and new water rates for the periods of time during which each were in effect as determined by the General Manager.

§ 4508. Additional Payment and Reporting in the Event of Delinquency in Payment for Water.

In the event any member public agency shall be delinquent in the payment for water delivered and other charges as invoiced by the District, an additional charge equal to two (2) percent of such delinquent payment for each month or portion thereof that such payment remains delinquent shall be assessed, and the member public agency shall pay such charge to the District in addition to the amount of such delinquent payment. Notwithstanding the above, if the total period of delinquency does not exceed five (5) business days, the additional charge shall be equal to one (1) percent of such delinquent payment. Invoices for delinquencies including additional charges shall be mailed not later than the tenth day of each month. In the event any member public agency shall be delinquent for more than thirty (30) days in the payment for water, such delinquency shall be reported by the General Manager to the Board of Directors of the District at

its next meeting. The Board, in its discretion and upon such other conditions as it may prescribe after giving the member public agency a reasonable opportunity to be heard, may order the termination of service to such member public agency until all delinquent payments, including additional charges, are made to the District or may authorize such other actions as may be legally available to effectuate collection.

Quantity of Funds

Quantity of Funds (QF) for a Respective Calendar Year¹

$$(1) \quad QF = \{ (1+INT) \times (16,000 - OSLRRWTLS - OGWTLS) / 16,000 \} \times$$

the lesser of

\$4,900,000 (the initial cap)

or

$$\{ [0.5 \times (UW + TW)] - [WSD + O\&M + EC + (0.5 \times TC)] \} \times$$

(16,000) (the latter calculation)

until and including the year in which the latter calculation equals or exceeds the initial cap, whichever occurs first.

(2) In the year (Y) following the year in which such latter calculation equals or exceeds the initial cap, the initial cap shall be adjusted if

the adjustment factor (A_y)

$$\{ [(UW + TW + RTS + NDC + CMC + TWPC + OC) \text{ in year } Y] - [(UW + TW + RTS + NDC + CMC + TWPC + OC) \text{ in year } Y-1] \} \div [(UW + TW + RTS + NDC + CMC + TWPC + OC) \text{ in year } Y-1]$$

is greater than 0.02;

in such an event, the adjusted cap shall be equal to:

$$[1 + (0.5 \times A_y)] \times (\$4,900,000).$$

Beginning in the year in which the adjusted cap is in effect (i.e., year Y)

$$QF = \{ (1+INT) \times (16,000 - OSLRRWTLS - OGWTLS) / 16,000 \} \times$$

the lesser of

¹ Providing this Agreement becomes effective during calendar year 1996, the first payment would be made on April 10, 1997 for the respective calendar year 1996.

the adjusted cap in effect

or

$\{ [0.5 \times (UW + TW)] - [WSD + O\&M + EC + (0.5 \times TC)] \} \times$
(16,000) (the latter calculation)

(3) In the year (Z) following the year in which the latter calculation equals or exceeds the adjusted cap, the adjusted cap shall again be adjusted if

the adjustment factor (A_z):

$\{ [(UW + TW + RTS + NDC + CMC + TWPC + OC) \text{ in year } Z] - [(UW + TW + RTS + NDC + CMC + TWPC + OC) \text{ in year } Z-1] \} \div [(UW + TW + RTS + NDC + CMC + TWPC + OC) \text{ in year } Z-1]$

is greater than 0.02;

in such an event, the newly adjusted cap shall be equal to:

$[1 + (0.5 \times A_z)] \times$ (the adjusted cap in effect in year Z-1).

Beginning in the year in which a newly adjusted cap is in effect (i.e., year Z)

$QF = \{ (1 + INT) \times (16,000 - OSLRRWTLs - OGWTLS) / 16,000 \} \times$

the lesser of

the newly adjusted cap in effect

or

$\{ [0.5 \times (UW + TW)] - [WSD + O\&M + EC + (0.5 \times TC)] \} \times$
(16,000) (the latter calculation)

(4) In the year following the year in which the latter calculation equals or exceeds the newly adjusted cap, the newly adjusted cap shall again be adjusted in accordance with the procedure specified above for determining the newly adjusted cap in year Z.

where:

- INT = Deferred payment interest adjustment equal to one half the Simple Monthly Average² rate-of-return which Metropolitan received on its invested funds for the respective calendar year (to the nearest tenth, 0.1, of a percent) divided by 100.
- UW = Simple Monthly Average-Noninterruptible Untreated Water Rate (in dollars per acre-foot) for the respective calendar year.
- TW = Simple Monthly Average Noninterruptible Treated Water Rate (in dollars per acre-foot) for the respective calendar year.
- RTS = Simple Monthly Average revenues to be derived by Metropolitan from Readiness to Serve Charges to be collected from the Member Public Agencies for the respective calendar year (including Readiness to Serve Charges collected through Standby Charges from property owners within Metropolitan's service area) divided by Simple Monthly Average Budgeted Water Sales to the Member Public Agencies for the then respective calendar year (in dollars per acre-foot).
- NDC = Simple Monthly Average Budgeted revenues to be derived by Metropolitan from the New Demand Charges to be collected from the Member Public Agencies for the respective calendar year divided by Simple Monthly Average Budgeted Water Sales to the Member Public Agencies for the respective calendar year (in dollars per acre-foot).
- CMC = Simple Monthly Average Budgeted revenues to be derived by Metropolitan from the Connection Maintenance Charges to be collected from the Member Public Agencies for the respective calendar year divided by Simple Monthly Average Budgeted Water Sales to the Member Public Agencies for the respective calendar year (in dollars per acre-foot).
- TWPC = Simple Monthly Average Budgeted revenues to be derived by Metropolitan from the Treated Water Peaking Charges to be collected from the Member Public Agencies for the respective calendar year divided by Simple Monthly Average Budgeted Water Sales to the Member Public Agencies for the respective calendar year (in dollars per acre-foot).

² Defined in Attachment 2 to Exhibit C.

OC = Simple Monthly Average Other Budgeted revenues to be derived by Metropolitan from other charges to be collected from the Member Public Agencies (excluding ad valorem taxes and annexation charges) for the respective calendar year divided by Simple Monthly Average Budgeted Water Sales to the Member Public Agencies for the respective calendar year (in dollars per acre-foot).

WSD = Simple Monthly Average Water Supply Development Unit Cost deemed to be \$133 per acre-foot.

O&M = Simple Monthly Average Operations and Maintenance Unit Cost (in dollars per acre-foot) for the respective calendar year, as determined in accordance with Attachment 1 to this Exhibit C.

EC = Simple Monthly Average Energy Unit Cost (in dollars per acre-foot) for the respective calendar year, as determined in accordance with Attachment 1 to this Exhibit C.

TC = Simple Monthly Average Treatment Unit Cost (in dollars per acre-foot) for the respective calendar year, as determined in accordance with Attachment 1 to this Exhibit C.

QSLRRWTLS = Quantity of any San Luis Rey River water (in acre-feet for the respective calendar year) transferred, leased, and/or sold by the United States, the Indian Water Authority, the La Jolla, Rincon, Pala, Pauma, or San Pasqual Bands of Mission Indians or any combination of these entities to individuals and/or entities other than the City of Escondido and/or Vista Irrigation District through any contract, agreement, or other arrangement in a manner which would reduce Metropolitan's water sales to any of its Member Public Agencies.

QGWTLIS = Quantity of any groundwater (in acre-feet for the respective calendar year) transferred, leased, and/or sold by the United States, the Indian Water Authority, the La Jolla, Rincon, Pala, Pauma, or San Pasqual Bands of Mission Indians or any combination of these entities to any individuals and/or entities through any contract, agreement, or other arrangement in a manner which would reduce Metropolitan's water sales to any of its Member Public Agencies.

An illustration of the data base on which the payment in 1997 would be made is shown in Attachment 2 to this Exhibit C.

An example calculation of the formula, $\{[0.5 \times (UW + TW)] - [WSD + O\&M + EC + (0.5 \times TC)]\} \times (16,000)$, using only Metropolitan's budgeted values for the 1995-96 Fiscal Year is shown in Attachment 3 to this Exhibit C.

Attachment 1 to Exhibit C

Operations and Maintenance Unit Cost,
Energy Unit Cost, and Water Treatment Unit Cost

a. The Operations and Maintenance Unit Cost shall be equal to the sum of:

(i) 75 percent of Metropolitan's Water Operations Planning & Management respective fiscal year operations and maintenance budget,

(ii) 100 percent of Metropolitan's Colorado River Aqueduct Operations respective fiscal year operations and maintenance budget,

(iii) 100 percent of Metropolitan's Water Distribution System Maintenance respective fiscal year operations and maintenance budget,

(iv) 33 percent of Metropolitan's Control Systems respective fiscal year operations and maintenance budget,

(v) 33 percent of Metropolitan's Maintenance Shop Services respective fiscal year operations and maintenance budget, and

(vi) 60 percent of Metropolitan's Operations Administration respective fiscal year operations and maintenance budget; all such amounts divided by the respective fiscal year budgeted water sales.

Enclosure 1 to this Attachment 1 to Exhibit C lists the categories of Metropolitan costs included in the fiscal year operations and maintenance budget, percentages of which are applied to determine components of the Operation and Maintenance Unit Cost.

b. The Energy Unit Cost shall be equal to Metropolitan's actual average marginal power cost for pumping water through the Colorado River Aqueduct in the previous respective fiscal year.

c. The Water Treatment Unit Cost shall be one hundred percent of Metropolitan's Water Treatment respective fiscal year operations and maintenance budget divided by the respective fiscal year budgeted treated water sales.

d. Should Metropolitan revise its program budgeting categories or revenue structure, Enclosure 1 to this Attachment 1 to Exhibit C will be revised by Metropolitan to reflect the revised categories, will be provided to the Parties, and shall be the basis for calculating the Operations and Maintenance Unit Cost (a. above), and the Water Treatment Unit Cost (c. above).

Enclosure 1 to Attachment 1 to Exhibit C

Description of Operation and Maintenance
and Treatment Components of Cost
(Based on Budgeted Values)

Water Operations Planning & Management provides planning, coordination, review and implementation of programs to direct water operations. Forecasts water demand for Metropolitan's service area and estimates consequences of proposed operating plans.

Colorado River Aqueduct Operations provides for the operation and maintenance of the Colorado River Aqueduct and associated facilities including pump plants, reservoirs, high-voltage transmission lines, tunnels, siphons, and canals.

Water Distribution System Maintenance provides for the routine operations and maintenance of control facilities, service connections, canals, siphons, conduits, tunnels, pipelines, feeders, reservoirs, chlorination facilities, and miscellaneous appurtenances to Metropolitan's entire water conveyance and distribution system.

Control Systems provides for the design, programming, installation, and maintenance of Metropolitan's computer based control systems. Tests and evaluates instruments and related equipment used in Metropolitan's distribution, filtration, and power generating systems. Repairs computer based control systems as needed.

Maintenance Shop Services provides for the operations of shops, tool cribs, and special services of a supportive nature necessary for the operations, maintenance, and construction of Metropolitan facilities, including fabrication, maintenance, and repair of standard and special equipment, parts, and fittings; underwater diving services; air conditioning maintenance and repair.

Operations Administration provides for administering, planning, evaluating, and directing the operation and maintenance of Metropolitan's Colorado River Aqueduct, distribution, and water treatment systems.

Water Treatment maintains high standards of water quality through efficient and reliable operation and maintenance of five filtration plants.

Attachment 2 to Exhibit C

Illustration of Data Base on which First Payment would be Made on April 10, 1997 for the Respective Calendar Year 1996¹

1996	INT	UW	TW	RTS	NDC	CMC	TWPC	OC	WSD	O&M	TC	EC												
Jan.	96 C.Y. Actual	95/96 Rates	95/96 Rates	95/96 Budget	\$133	95/96 Budget	95/96 Budget	94/95 Actual																
Feb.																								
Mar.																								
Apr.																								
May																								
Jun.																								
Jul.													96/97 Rates	96/97 Rates	96/97 Budget	\$133	96/97 Budget	96/97 Budget	95/96 Actual					
Aug.																								
Sep.																								
Oct.																								
Nov.																								
Dec.																								
TOTAL																								

Simple Monthly Average for each is "Total" divided by 12.

¹ Assumes Agreement becomes effective on or before December 31, 1996.

Attachment 3 to Exhibit C

Example Calculation of the Formula

$$\{ [0.5 \times (UW + TW)] - [WSD + O\&M + EC + (0.5 \times TC)] \} \times (16,000)$$

(Based only on Metropolitan's Budgeted Values for 1995-96)

<u>O&M Components</u>	<u>Fiscal Year Budget (dollars)</u>	<u>Percent of Budget Applied</u>	<u>Fiscal Year Cost Applied (dollars)</u>
Operations Division			
Water Operations			
Planning & Management	\$2,683,000	75	\$2,012,250
Colorado River			
Aqueduct Operations	6,312,100	100	6,312,100
Water Distribution			
System Maintenance	11,826,400	100	11,826,400
Control Systems	2,164,300	33	714,219
Maintenance Shop			
Services	4,113,600	33	1,357,488
Operations			
Administration	<u>8,605,300</u>	60	<u>5,163,180</u>
Total	\$35,704,700		\$27,385,637
			<u>(acre-feet)</u>
Budgeted Water Sales			1,700,000
			<u>(\$/acre-foot)</u>
O&M			16

<u>TC Component</u>	<u>Fiscal Year Budget (dollars)</u>	<u>Percent of Budget Applied</u>	<u>Fiscal Year Cost Applied (dollars)</u>
	\$24,914,600	100	\$24,914,600
			<u>(acre-feet)</u>
Budgeted Treated Water Sales			1,158,383
			<u>(\$/acre-foot)</u>
TC			22
<u>EC Component</u>			<u>(\$/kwhr)</u>
Unit Cost			0.021
			<u>(kwhr/acre-foot)</u>
Energy Requirement			2,000
			<u>(\$/acre-foot)</u>
EC			42
WSD			133
UW			344
TW			426

Formula Calculation:

$$\begin{aligned} & \{ [0.5 \times (UW + TW)] - [WSD + O\&M + EC + (0.5 \times TC)] \} \times (16,000) \\ &= \{ [0.5 \times (344 + 426)] - [133 + 16 + 42 + (0.5 \times 22)] \} \times (16,000) \\ &= \underline{\$2,928,000} \end{aligned}$$