

- **Board of Directors**
Engineering and Operations Committee

March 11, 2003 Board Meeting

9-4

Subject

Authorize entering into agreement with the San Diego County Water Authority for enhanced operations through surface storage in San Diego County

Description

In June 2002, the Metropolitan Board of Directors approved the principles of agreement between Metropolitan and the San Diego County Water Authority (Authority) for enhanced operations through surface storage. Coordinating operations among Metropolitan, the Authority, and Authority member agencies regarding use of the reservoir capacity in San Diego County will benefit the Authority, its member agencies, and Metropolitan's member agencies by reducing peak demands on the Robert A. Skinner Filtration Plant and the San Diego Pipelines 1 through 5. Such coordinated reservoir use will benefit the Authority and its participating member agencies by helping to ensure supplies are available to meet peak demands. As approved by the Board in June 2002, the San Diego Surface Storage Operating Agreement ([Attachment 1](#)) will:

1. Deliver water into storage during low demand periods;
2. Enhance operational flexibility for Metropolitan, member agencies served by the Skinner filtration plant, and the Authority's member agencies;
3. Reduce peak demands on Metropolitan and the Authority facilities, including the Skinner filtration plant, Metropolitan pipelines, and the Authority pipelines; and
4. Efficiently utilize local treatment and storage facilities by conserving water during the winter months for use in summer months.

The proposed agreement implements the principles approved by the Board in June 2002.

Policy

Action by Board on June 11, 2002, Board Letter 9-3

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is categorically exempt under the provisions of CEQA. The proposed action involves an Agreement associated with the operations of existing public water conveyance facilities with no expansion of use and no possibility of significantly impacting the physical environment. As such, the proposed action qualifies for a Class 1, Categorical Exemption (Section 15301 of the State CEQA Guidelines).

The CEQA determination is: Determine that pursuant to CEQA, the proposed action qualifies under a Categorical Exemption (Class 1, Section 15301 of the State CEQA Guidelines).

CEQA determination for Option #2:

None required

Board Options/Fiscal Impacts

Option #1

Adopt the CEQA determination and authorize the CEO with the approval of the General Counsel to enter into agreement substantially in the form of **Attachment 1**.

Fiscal Impact: Net revenues from the sale of water under the proposed Agreement are estimated to be \$19.8 million.

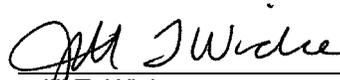
Option #2

Do not authorize the CEO to enter into agreement.

Fiscal Impact: Revenue could be \$5 million less to \$4 million more than revenues with the Agreement depending on San Diego area reservoir operations without the Agreement.

Staff Recommendation

Option #1



J. T. Wicke
Manager, Water System Operations

2/12/2003

Date



Ronald R. Gastelum
Chief Executive Officer

2/16/2003

Date

Attachment 1 – San Diego Surface Storage Operating Agreement

BLA #2142

AGREEMENT NO. ____ REGARDING OPERATIONS ENHANCEMENTS THROUGH SURFACE STORAGE BETWEEN THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AND THE SAN DIEGO COUNTY WATER AUTHORITY

This Agreement is made and entered into as of this _____, by and between the San Diego County Water Authority, a county water authority, organized under the California County Water Authority Act, Stats. 1944, c.545 as amended, codified at Section 45-1 *et seq.* of the Appendix to the California Water Code (herein referred to as the “Authority”) and The Metropolitan Water District of Southern California (herein referred to as “Metropolitan”), a metropolitan water district organized under the Metropolitan Water District Act, Stats. 1969, ch 209, as amended, codified at Section 109.1 *et seq.* of the Appendix to the California Water Code. The Authority and Metropolitan are sometimes referred to as the “Parties.”

I. RECITALS

- A. Metropolitan and the Authority agree that a cooperative effort is needed to address treatment and capacity needs in the Skinner service area in an economic and efficient manner.
- B. For the past two years, Metropolitan, the Authority, Eastern Municipal Water District, and Western Municipal Water District of Riverside County have formally cooperated to manage growing demands in the Skinner service area within existing capacity constraints and will continue to work in this cooperative fashion.
- C. The Authority agrees that Metropolitan is making reasonable efforts to ensure continued reliable treatment and delivery capacity to the Authority and its member agencies.
- D. Metropolitan agrees that the Authority and its member agencies have taken steps necessary and within their control to contribute to the alleviation of peak demand capacity constraints in the Skinner Filtration Plant service area.
- E. Metropolitan and the Authority agree that any further remaining capacity shortfalls, should they occur, could not be avoided, given circumstances as they exist in 2003.

II. DEFINITIONS

- A. Annual Operating Plan – an annual schedule of Metropolitan water to be delivered to and from storage within the Authority’s service area as described in Section IV.C.
- B. Operating Committee – a committee comprised of representatives from Metropolitan, the Authority, and the Participating Authority’s Member Agencies. The Operating Committee will review and approve the Annual Operating Plan, and attempt to resolve any disagreements regarding the Annual Operating Plan if necessary.
- C. Participating Authority Member Agency – any Authority member agency that has elected to participate in the implementation of this Agreement for enhanced operations through surface storage in the Authority service area. This term may also refer to the Authority if it chooses to store Metropolitan water either in its reservoir or a lease space in the reservoir of one of its member agencies.

- D. Metropolitan Storage Account – an account with each Participating Authority Member Agency that represents the volume of Metropolitan water stored at a point in time in its reservoir(s) as described in Section IV.D. Gains in the account will be measured by deliveries of Metropolitan water. Losses to the account will be measured by withdrawals of Metropolitan water, proportionate amounts of evaporation/seepage, and spills.
- E. Schedule Water – Water that is delivered and withdrawn according to a pre-set schedule as outlined in the Annual Operating Plan
- F. Call Water – Water that is delivered as required in place of water from the Skinner plant for peak reduction as estimated in the Annual Operating Plan. Call Water is withdrawn on a 24-hour basis at the request of Metropolitan.
- G. Local Water – For purposes of this agreement, water owned by the Participating Authority Member Agency.
- H. Tier 1 Rate – Metropolitan’s volumetric rate for firm supply that recovers Metropolitan’s supply costs that are not recovered by sales at the Tier 2 rate and a portion of the Long-Term Storage and Interim Agricultural Water Program sales. For the purpose of this Agreement, this rate will also include the System Access Rate, Water Stewardship Rate, and System Power Rate.
- I. Tier 2 Rate – Metropolitan’s volumetric rate for firm supply that recovers the cost of developing supplies. For the purpose of this Agreement, this rate will also include the System Access Rate, Water Stewardship Rate, and System Power Rate.
- J. Direct Delivery – Delivery of Metropolitan Water directly into a Participating Authority Member Agency’s reservoir.
- K. In-Lieu Delivery – Delivery of Metropolitan Water into a Participating Authority Member Agency’s distribution system, leaving an equal volume of water stored in the reservoir.
- L. Annual Reconciliation – the process of reconciling estimated to actual Metropolitan Storage Account deliveries, withdrawals, losses, and spills at the end of the withdrawal period as described in Sections IV.E. through IX.

III. EFFECTIVE DATE AND TERM

- A. **Effective Date.** The term of the agreement will be for a period of 5 years, beginning on November 1, 2003 and upon its execution and delivery by the Parties (the “**Effective Date**”).
- B. **Termination Date.** This agreement shall terminate on October 31 five years after the Effective Date unless renewed as provided in Section III.C.
- C. **Renewal.** At the end of this agreement, the Parties will evaluate the costs and benefits to demonstrate the need for and benefits of the program. Benefits and costs for this program will be the basis for an evaluation of future agreements. Those benefits may include cost effective delivery of water in Metropolitan’s Skinner Filtration Plant service area, and

increased peak demand management capability. The agreement may be renewed by mutual agreement on similar terms if adequate benefits are demonstrated.

- D. **Agreement Establishes No Precedent.** This Agreement shall establish no precedent for any future program that either of the Parties may enter into with each other or with third parties.

IV. Storage

- A. **Volume of Storage.** The volume of storage under this agreement is estimated to be between 50,000 to 70,000 acre-feet per year during the term of this agreement. The actual volume to be stored will be determined each year through the development of the Annual Operating Plan described in Section IV.C.
- B. **Timing of Deliveries.** Metropolitan will typically deliver water to be placed into its storage account between November 1 and May 31 of each year according to the Annual Operating Plan. Metropolitan may at its discretion deliver water to storage accounts between June 1 and October 31 provided capacity is available to do so.
- C. **Annual Operating Plan.**
1. **Annual Operating Plan.** An annual schedule of Metropolitan's monthly needs for water to be delivered to and from storage will be provided to the Authority every year prior to August 15 of the year preceding the year of operation. An Annual Operating Plan will be developed by the Authority every year prior to September 1. The Annual Operating Plan will be an aggregate of Metropolitan's storage needs and the participating Authority member agencies' planned operations for both storage of Metropolitan delivered water and withdrawals of the same water and in the format as set forth in Exhibit A, incorporated herein by this reference.
 2. **Mutual Agreement.** The Annual Operating Plan will be reviewed and approved by an Operating Committee comprised of representatives from Metropolitan, the Authority and the Authority's participating member agencies by October 15 of the year preceding the year of operation.
 3. **Disagreement on Annual Operating Plan.** With respect to any matter on which the Operating Committee cannot reach agreement, the Operating Committee shall submit such matter for resolution in accordance with Section XII.A.
 4. **Changing Conditions.** As conditions change from those anticipated in the Annual Operating Plan, the Authority may meet the total schedule withdrawals through any combination of Metropolitan Storage Accounts as described in subsection D, below, as long as the Participating Authority Member Agencies, whose individual Metropolitan Storage Accounts that are affected, agree. The aggregate Annual Operating Plan may be adjusted by mutual consent of Metropolitan and the Authority based on hydrology, supplies, demands, and other operational considerations that may arise from time to time.
- D. **Metropolitan Storage Accounts.** Metropolitan Storage Accounts will be established that account for the amount of Metropolitan water placed and held in storage, and local water

according to this Agreement. Each Participating Authority Member Agency will have a separate account. This account will be established and maintained by each Participating Authority Member Agency and will be reported through the individual agency certifications as set forth in Exhibit B, incorporated herein by this reference.

- E. **Delivery Method.** Water may be placed into storage by direct or in-lieu means.
- F. **Estimated Evaporation/Seepage Losses.** An estimate using a monthly percentage will be agreed to by the Operating Committee, for each participating agency, for applying evaporation and seepage losses to water stored in the Metropolitan Storage Account for use in the Annual Operating Plan as established by the Authority.
- G. **Certifications.** Water placed into and withdrawn from storage will be accounted for by the Authority and Participating Authority Member Agencies through certifications in the format as set forth in Exhibit B, incorporated here by reference.
- H. **Certification Detail.** The detailed explanation to the certifications is described in Exhibit C, incorporated herein by reference.
- I. **Submission of Certifications.** These certifications shall be submitted according to Metropolitan's Administrative Code.
- J. **Aggregate Certification.** The aggregate of these certifications will be submitted by the Authority and in the format as shown in Exhibit D.
- K. **Use of Certifications.** The aggregate certification will be used by Metropolitan for billing purposes as described in Section VII. The aggregate and individual Participating Authority Member Agency certifications, along with other data as described in Section VIII will be used for reconciliation purposes as described in Section IX.
- L. **Modifications to Certifications.** The parties agree that the Operating Committee is empowered to change the certification forms and process to better meet the objectives of this Agreement as may be necessary at the mutual agreement of the Operating Committee.
- M. **Water Quality.** Metropolitan shall operate this agreement in strict accordance with state and federal water quality laws and regulations. This shall include Metropolitan's goal to deliver raw and treated water with 500 mg/l or less of total dissolved solids.

V. Water Held in Reservoirs

- A. **Actual Evaporation/Seepage.** Metropolitan Storage Accounts will be reduced to account for a proportionate share of actual reservoir evaporation and seepage loss per month. The accounting for such losses is set forth in the certifications in Exhibit B, incorporated herein by this reference.
- B. **Spill.** In the event that water is spilled as set forth below, water held in Metropolitan Storage Accounts will spill first and prior to any Authority or Participating Authority Member Agency water spilling. The accounting for this spill is set forth in the

certifications in Exhibit B which is incorporated herein by this reference. Spill may occur due to runoff from the watershed, which is in excess of available reservoir capacity. Metropolitan, the Authority, and the Participating Authority Member Agencies shall work together to minimize the spill.

VI. **Withdrawals**

- A. **Amount.** Estimated withdrawals will be established in the Annual Operating Plan agreed upon prior to October 15 of each year. In May of each year, estimated withdrawals may be revised as necessary in consideration of the estimated aggregate Metropolitan Storage Account balance as of May 31 of that year.
- B. **Type of Withdrawals.** Water will be withdrawn as:
1. Part of a pre-set schedule as defined in the Annual Operating Plan (**Schedule Water**).
 2. Water that Metropolitan requests to be withdrawn on a 24-hour notice and that the Authority agrees to take (**Call Water**) in addition to Schedule Water instead of Metropolitan deliveries at its delivery points to the Authority.

The Authority or Participating Authority Member Agency may choose to participate in Scheduled Water withdrawals only, Call Water withdrawals only, or a combination of both.

- C. **Timing of Withdrawals.** Schedule Water withdrawals may occur in any month or combination of months from June 1 through October 31 as agreed to in the Annual Operating Plan and revised Annual Operating Plan. Call Water also may be withdrawn June 1 through October 31 upon 24-hour notice from Metropolitan to the Authority and its Participating Authority Member Agencies.
- D. **Coordination of Call Water Withdrawals.**
1. The Authority will coordinate Call Water withdrawals with its Participating Authority Member Agencies.
 2. Metropolitan will work with the Authority and its participating agencies to determine the amount of Call Water to be stored and withdrawn in any year as part of the Annual Operating Plan.
 3. Metropolitan will work with the Authority and the Participating Authority Member Agencies to ensure that Call Water will be available, considering treatment plant constraints, system constraints (e.g. reservoir getaway capacity and pipeline capacity, etc.), scheduled deliveries of local supplies and water quality limitations.

- E. **Rights and Responsibilities.** Metropolitan, the Authority and Participating Authority Member Agencies shall have sole discretion over the operations of their own facilities.
- F. **Balancing October 31 Withdrawals, Losses, and Storage Account Balance.** The following criteria will be used to balance withdrawals, losses, and storage account balances as of October 31 of each year, for the purpose of the Annual Reconciliation, as described in Section IX.
1. Any water reserved in the Annual Operating Plan for Call Water not withdrawn by October 31 of each year will be used to initiate the fill of the Metropolitan Storage Accounts for the following year. That unused water will be used to fill the Metropolitan Storage Accounts for the following year, either Schedule or Call Water, as determined by the Operating Committee.
 2. Actual evaporation, if less than estimated evaporation, combined with actual withdrawals may leave unused water or a positive balance in the Metropolitan Storage Accounts. That unused water will be used to fill the Metropolitan Storage Accounts for the following year, either Schedule or Call Water, as determined by the Operating Committee.
 3. Actual evaporation, if more than estimated evaporation, combined with actual withdrawals may cause a negative balance in the Metropolitan Storage Account. To the extent that there is Call Water available on October 31, it can be used to offset the negative balance. Any remaining negative balance will be offset by Metropolitan delivering water at no charge to the Authority to bring the account up to a zero balance by December 31.

VII. **Billing**

- A. **Timing of Billing.** The Authority will be billed at the time water is withdrawn from the Metropolitan Storage Accounts and billed for the amount withdrawn.
- B. **Format of Bills.** Metropolitan will bill the water delivered from the Metropolitan Storage Accounts in its regular monthly billing along with other water deliveries according to Metropolitan's Administrative Code Division IV and Purchase Order executed between the Authority and Metropolitan (Exhibit E, incorporated herein by reference).
- C. **Authority Accounting Responsibility.** The Authority will be responsible for accounting for reservoir operations among the Participating Authority Member Agencies and billing its participating member agencies and distributing the credits/payments provided by Metropolitan.
- D. **Applicable Rates.** Metropolitan will bill the Authority for each acre-foot of water withdrawn from the Metropolitan Storage Accounts at the applicable Tier 1 or Tier 2 rate in effect at the time of withdrawal depending on the Authority's total firm water purchases, the Purchase Order executed between the Authority and Metropolitan, and Division IV of Metropolitan's Administrative Code.

- E. **Schedule Water Credit.** Metropolitan will issue a credit to the Authority for each acre-foot of Schedule Water when withdrawn from storage. The Authority will directly pass through the credit to the Participating Authority Member Agencies that take Schedule Water. The credit will be \$70 per acre-foot to compensate the Authority and Participating Authority Member Agencies for the cost of operating and maintaining reservoirs.
- F. **Call Water Premium.** A premium credit of ~~\$30~~ \$35 per acre-foot will be made by Metropolitan for Call Water. Thus, the total credit for Call Water withdrawn will equal \$105 per acre-foot.
- G. **Readiness-to-Serve Charge.** In accordance with Division IV of Metropolitan's Administrative Code, water withdrawn from the Metropolitan Storage Accounts will count toward the Authority's ten-year rolling average of firm deliveries used to allocate the Readiness-to-Service Charge.
- H. **Capacity Reservation Charge.** The Authority will pay the Capacity Reservation Charge on 100% of the total design flow capacity, which is currently 1,296 cfs. As a result, the Authority will not be subject to a peaking surcharge.
- I. **Metropolitan's Rate Structure.** The rates specified in Section VII.D. are subject to change as part of the annual rate setting process and shall be the rates established by Metropolitan's Board for the year in which the water is withdrawn. However, should Metropolitan's rate structure, as it exists as of January 1, 2003, be modified, this Agreement may be reopened by mutual agreement of the parties for the purpose of maintaining the same relative economic benefit and relationships as exist under this agreement under the rate structure on the effective date of this Agreement.

VIII. Record Keeping

- A. **Responsibilities.** The Authority and the Participating Authority Member Agencies are responsible for keeping records that provide the data entered into the Annual Operating Plan, the proceedings of the Operating Committee, and records that provide the data entered into the Participating Authority Member Agencies certifications.
- B. **Type of Records.** The Authority and the Participating Authority Member Agencies will keep the data required for the Entry Form to complete the certification process as set forth in Exhibit E, incorporated herein by reference.
- C. **Length of Record Keeping.** Records for the storage/withdrawal do not need to be kept longer than two years following the end of this agreement.
- D. **Access to Records.** The Authority will provide copies of all data by storage account to Metropolitan including: water deliveries, Schedule and Call Water withdrawals, evaporation and losses. The parties agree that they will examine the data and collection methods to maximize the benefits of this program. At its own expense, and with the consent of the Authority and Participating Authority Member Agencies, Metropolitan may install equipment necessary to receive electronic data on surface reservoir inflows and outflows and treatment plant operations.

IX. Reconciliation.

- A. **Annual Reconciliation.** Metropolitan, the Authority, and the Participating Authority Member Agencies will work together to reconcile the total water stored, evaporation, seepage, spill and Schedule Water and Call Water withdrawn on an annual basis. The Authority shall submit records indicated in VIII.B. by December 31 after the withdrawal cycle ends on October 31. Adjustments will be made to Metropolitan's invoices as agreed to in this reconciliation. If an agreement on the annual reconciliation cannot be reached, the issue will be submitted for determination in accordance with Section XII.A.
- B. **Reconciliation Timing.** This reconciliation shall begin after November 1 of the year following the storage and withdrawal cycle and shall be completed by the following May 31.

X. Indemnity.

Each Party hereto shall indemnify, defend and hold harmless the other Party and its directors, elected officials, officers, and employees from and against any and all lawsuits, actions, causes of action, claims and damages and any and all court costs and attorneys' fees related thereto (Claims), in any way arising out of or connected with the performance or nonperformance of the indemnifying Party's duties or the discharge of or failure to discharge that Party's obligations hereunder to the maximum extent permitted by law.

XI. Force Majeure Events.

As used herein a "Force Majeure Event" means any event beyond the reasonable control of a Party, including without limitation, each of the following events, matters, or things: any war, declared or not, hostilities, belligerence, blockade, revolution, insurrection, riot, or public disorder including general labor disturbances not specific to the Authority's or Metropolitan's personnel; expropriation, requisition, confiscation, or nationalization; export or import restrictions by any Governmental Authorities (excluding Metropolitan); closing of harbors, docks, canals, or other assistances to or adjuncts of the shipping or navigation of or within any place; rationing or allocation, whether imposed by law, decree, or regulation, or by compliance of industry at the insistence of any Governmental Authorities (excluding Metropolitan); fire, flood, unusually severe earthquake, volcano, tide, tidal wave, or perils of the sea; unusually severe storms and other weather conditions (other than high temperatures), including typhoons, lightning, and drought; accidents of navigation or breakdown or injury of vessels, accidents to harbors, docks, canals, or other assistances to or adjuncts of the shipping or navigation; epidemic or quarantine; or any other event, matter, or thing, wherever occurring; that, in each case, is not within the reasonable control and is without the fault or negligence of the Party whose performance is affected thereby; provided, however, that the following events, matters or things shall not constitute Force Majeure Event: (a) any labor disturbance or dispute of Metropolitan's or the Authority's personnel, (b) mechanical failures of equipment, or (c) the obligation to pay money (except as expressly set forth herein).

- A. **Effect of Force Majeure.** No failure or omission to carry out or observe any of the terms, provisions, or conditions of this Agreement shall give rise to any claim by any Party against any other Party hereto, or be deemed to be a breach or default of this Agreement if, despite

its taking all commercially reasonable actions, such failure or omission shall be caused primarily by or arise out of a Force Majeure Event.

- B. **Excuse to Performance.** Notwithstanding any other provisions of this Agreement, no obligations of either Party that arose before the occurrence of a Force Majeure Event causing the suspension of performance shall be excused as a result of any such occurrence.
- C. **Notice of Force Majeure.** If either Party's ability to perform its obligations under this Agreement is affected by a Force Majeure Event, such Party shall promptly as reasonably possible, upon learning of such event and ascertaining that it will affect its performance hereunder, give written notice to the other Party (a "Force Majeure Notice") stating the nature of the event, its anticipated duration and effect upon the performance of such Party's obligations, and any action being taken to avoid or minimize its effect. The burden of proof shall be on the Party claiming to be affected pursuant to this Section XI.C.
- D. **Responding to Force Majeure Events.** If the performance of any of the Parties under this Agreement is materially hindered, interrupted, or prevented by a Force Majeure Event, and such Force Majeure Event is capable of being eliminated or alleviated by commercially reasonable, prudent action, the Parties shall use commercially reasonable efforts to cause the cessation, alleviation or elimination of such Force Majeure Event. The suspension of performance due to a Force Majeure Event shall be of no greater scope and no longer duration than is required to overcome the consequences of such event. When the affected Party is able to resume performance of its obligation under this Agreement, such affected Party shall promptly give the other Party written notice to that effect.

XII. Defaults and Remedies.

- A. **Dispute Resolution.** In the event of a dispute regarding interpretation or implementation of this Agreement, or if the Parties are unable to agree upon a matter for which their agreement is required, the Chief Executive Officer of Metropolitan and the General Manager of the Authority will endeavor to resolve the dispute by meeting within 30 days after the request of a Party. Nothing in this section limits remedies otherwise available to the Parties.
- B. **Rights and Remedies / Waiver.** No failure or delay by any party in exercising any right, power or privilege hereunder will operate as a waiver thereof nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided will be cumulative and not exclusive of any rights or remedies provided by law.

XIII. Miscellaneous.

- A. **Entire Agreement.** This Agreement and other documents expressly referenced herein constitute the entire agreement between the Parties pertaining to the matters provided for herein and, except as herein provided, supersedes all prior and/or contemporaneous agreements and understanding, whether written or oral, between the Parties relating to the matters provided for herein.

- B. **Interpretation.** The Parties have participated in the drafting of this Agreement and the Agreement shall not be construed for or against any Party. 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 any of the parties hereto and Section 1654 or the Civil Code has no application to interpretation of this Agreement.
- C. **Further Assurances.** Each Party, upon the written 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.
- D. **Counterparts.** This Agreement, and any document or instrument entered into, given or made pursuant to this Agreement or authorized hereby, and any amendment or supplement thereto may be executed in two or more counterparts, and by each party on a separate counterpart, 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. Any signature page of this Agreement or of such an amendment, supplement, document or instrument may be detached from any counterpart without impairing the legal effect of any signatures thereon, and may be attached to another counterpart identical in form thereto but having attached to it one or more additional signature pages. In proving this Agreement or any such amendment, supplement, document or instrument, it shall not be necessary to produce or account for more than one counterpart thereof signed by the Party against whom enforcement is sought.
- E. **Assignment.** No Party shall transfer this Agreement, in whole or in part, or any of its interests hereunder, to any other person or entity, without the prior written consent of the other Party. Any attempt to transfer or assign this Agreement, or any privilege hereunder, without such written consent shall be void and confer no right on any person or entity that is not a Party to this Agreement.
- F. **Jurisdiction and Venue.** Both Parties hereby agree and consent to the exclusive jurisdiction of the courts of the State of California and that the venue of any action brought thereunder shall be Los Angeles County, California.
- G. **Governing Law and Attorneys Fees and Costs.** The laws of the State of California shall govern the interpretation and enforcement of this Agreement. The non-prevailing party in any claim, suit or other action, including use of the dispute resolution as provided for in Section XII. A., shall pay to the prevailing party the costs of such prevailing party's attorneys fees and expenses and all other costs and expenses incurred by the prevailing party in defense of such action.
- H. **Notice.** Formal written notices, correspondence and communications between the Parties authorized by this Agreement shall be sufficiently given if personally served or dispatched by registered or certified mail, first-class, postage prepaid, return receipt requested, to the Parties as follows:

To the Authority: San Diego County Water Authority
General Manager
4677 Overland Avenue
San Diego, California 92123

To Metropolitan: The Metropolitan Water District of Southern California
Chief Executive Officer
PO Box 54153
Los Angeles, California 90054-0153

Such written notices, correspondence and communications may be sent in the same manner to such other persons and addresses as either Party may, from time to time, reasonably designate by mail as provided in this Section. Notice shall be deemed given when received by mail or when personally served.

- I. **Successors.** This Agreement shall bind and inure to the benefit of the Parties, and their respective successors and assigns.

- J. **Severability.** Should any provisions of this Agreement prove to be invalid or illegal, such invalidity or illegality shall in no way affect, impair or invalidate any other provisions hereof, and such remaining provisions shall remain in full force and effect; provided, however, if the illegality or invalidity of any provision undermines the intent of the Parties, then the Parties shall attempt in good faith to amend the agreement in order to fulfill the intent of the Parties. If the Parties are unable to so amend the Agreement, then the Agreement shall terminate and be of no further force or effect.

- K. **Time is of the Essence.** Time is of the essence with respect to the performance of every provision of this Agreement in which time of performance is a factor.

Amendments. All modifications, additions or amendments to this Agreement shall be in writing and signed by the Parties hereto.

(The rest of this page intentionally left blank.)

IN WITNESS WHEREOF, the parties have hereunto affixed their names as of the day and year hereinabove first written.

SAN DIEGO COUNTY WATER
AUTHORITY

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Maureen Stapleton
General Manager

Ronald R. Gastelum
Chief Executive Officer

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Daniel S. Hentschke
General Counsel

Jeffrey Kightlinger
General Counsel

EXHIBIT C

San Diego Surface Storage Operating Agreement Certification Summaries

The San Diego Surface Storage Operating Agreement certifications have nine separate forms: the Aggregate Certification, the Entry Form, the June through October Call Water Certification Forms, the Direct Delivery Storage Certification Form, and the In-Lieu Delivery Storage Certification Form.

- The first form is the Aggregate Certification, and is Exhibit D. There is no need to enter any data in this form since it is linked to the storage certifications and reflects those numbers.
- The second form is the Entry Form, which is included in Exhibit B. This is where the participating agencies will need to enter the data required to calculate the direct delivery storage and in-lieu delivery storage certification forms and a portion of the June through October Call Water certification forms.
- Forms three through seven are the Call Water Certification Forms, which are included in Exhibit B. A portion of these forms are linked to the Entry Form while a portion require further data entry.
- The eighth and ninth forms are the Direct and In-Lieu Delivery Storage Certification Forms, which are included in Exhibit B. These two forms do not require any data entry but are also linked to the Entry Form and automatically insert the appropriate numbers and calculate the formulas in the form.

The discussion below explains each form and each line of the form. The term reservoir reflects either one reservoir or a multiple number of reservoirs in a system. If an agency has multiple reservoirs, only those reservoirs that are storing water into MWD storage accounts by either in-lieu or direct means need to be accounted for. Where Precedent and Dependent is used in italics, the auditing tool in Excel was used to obtain the reference. Precedent shows the lines that provide data to the specific line being described while Dependent shows the lines that depend on the value in the specific line being described.

I. Aggregate Certification

The Aggregate Certification encapsulates the amount of storage by month including losses and withdrawals into one form. A box to check revisions in a month has been included at the top of the form to help both the certifying agency and reviewing agency keep track of forms.

- Line 1 is “Water Placed Directly into Reservoir” and reflects line N of the Direct Delivery Storage Certification Form, which is the amount of water converted into the MWD storage account for the month because of direct storage operations.
- Line 2 is “Water Placed by In-Lieu Into Reservoir” and reflects line EE of the In-Lieu Delivery Storage Certification Form, which is the amount of water converted into the MWD storage account for the month because of in-lieu operations.

- Line 3 is “Total Converted Into MWD Account” which is the sum of lines 1 and 2. This is the amount of water that is delivered by MWD but not billed during the month of delivery.
- Line 4 is “MWD Evaporation/Seepage and reflects line G in the Direct Delivery Storage Certification Form, or line V on the In-Lieu Delivery Storage Certification Form. Regardless of delivery means, the total evaporation/seepage are reflected in both the direct and in-lieu forms.
- Line 5 is “MWD Spill” and reflects line K of the Direct Delivery Storage Certification Form or line Z on the In-Lieu Delivery Storage Certification Form. Regardless of delivery means, the amount of MWD spill is reflected in both the direct and in-lieu forms.
- Line 6 is “MWD Total Losses” and is the sum of lines 4 and 5.
- Line 7 is “Schedule Water Planned to be Withdrawn” and is from line 18 of the Entry Form.
- Line 8 is “Schedule Water Withdrawn from Account” and is from line 11 of the Entry Form. This is the amount of water that should be billed by MWD at the rates agreed to for Schedule Water withdrawal.
- Line 9 is “Call Water Withdrawn from Account” and reflects the sum of line I from each month’s Call Water certification.
- Line 10 is “Total Water Withdrawn from Account” and is the sum of 8 and 9.
- Line 11 is “Account Balance at End of Month” and reflects the balance in the account considering water placed into the MWD account less losses and water withdrawn from the account.

II. Entry Form

The Entry Form is where the agency places the data that will be used to calculate the amount of water stored in the reservoir by direct and/or in-lieu means and withdrawn for both Schedule and Call Water. The agency should only include information for the reservoir(s) in which it is going to store water by direct or in-lieu means. Other reservoir data, sources of water, and their associated demands should not be included unless water from another reservoir is being transferred into a reservoir where the agency is storing water for MWD. A box to check revisions in a month has been included at the top of the form to help both the certifying agency and reviewing agency keep track of forms.

- Part I shows the basic reservoir data.
 - Line 1 is “Maximum Reservoir Volume” and reflects the maximum amount of water that can be stored in the reservoir without the water spilling. This number helps calculate the amount of water spilled that is attributable to MWD.
 - Line 2 is “Minimum Storage” and reflects an agency’s minimum amount of storage under normal circumstances without the need for Board approval. This number helps establish a baseline for in-lieu delivery storage.
- Part II shows the flow data of the reservoir.
 - Line 3 is “Storage at Beginning of Month” and is simply the number derived using the area capacity curve of the reservoir.
 - Line 4 is “Outflow Capacity”. This number may be changed from normal (normal operations assumes that the reservoir and its associated facilities are able to operate the entire month) because of operational deviations.
 - Line 5 is “Minimum Local Water Required from Reservoir”. This amount may be established if there is an area in the agency’s distribution system that may not be able to

- receive water from San Diego's aqueducts, or it may be because capacity from the aqueducts is limited due to high demands or a shutdown.
- Line 6 is "Runoff into Storage" and is used to develop the theoretical beginning of the month storage and spill in the baseline section of the in-lieu form.
 - Line 7 is "Evaporation/Seepage" and is used to split the proportion of evaporation/seepage between the MWD account and local water. This amount should be only for those reservoirs that will have MWD storage placed into them by either direct or in-lieu means.
 - Line 8 is "Demands" and is used to calculate the theoretical amount of water withdrawn in the baseline section of the in-lieu form. This is entered by an agency from its billing system.
 - Line 9 is "Minimum MWD Required from the Aqueduct". This amount may be established if there is an area in the agency's distribution system that may not be able to receive water from the agency's reservoir, or it may be because capacity from the agency's treatment plant is limited due to high demands or a shutdown. This number helps determine the theoretical amount of water that would have been withdrawn from the reservoir if the Seasonal Storage Service Program or a San Diego Surface Storage Operating Agreement were not in place since the amount of water needed from the aqueduct would be excluded from those withdrawal figures.
 - Line 10 is "Local Water Withdrawn" and is the actual amount of local water withdrawn from the reservoir. It helps determine excess outflow capacity in the in-lieu form.
 - Line 11 is "MWD Schedule Water Withdrawn". This is the actual amount of water withdrawn by month by the member agency. This number should typically be the same as the number agreed upon in the Operating Plan. This number helps determine the spill of MWD water and the beginning of the following month's MWD storage account balance.
 - Line 12 is "MWD Call Water Withdrawn" and is taken from each individual summer month's line I on the Call Water Certification.
 - Line 13 is "MWD In-Lieu Deliveries into System" and is used to determine excess MWD water used to conserve outflow and conserve storage in the reservoir. This number should not include water delivered directly into reservoir. This is measured at appropriate meters.
 - Line 14 is "Total Delivery of MWD Water Directly into Reservoir". This number will be based on the metering into the reservoirs and determines the amount of water to be placed into MWD's storage account for direct deliveries.
 - Line 15 is "Water Delivered from Upstream Reservoir NOT Storing MWD Water". This number is only placed here when the upstream reservoir is not being included as part of the MWD storage account reservoirs.
 - Line 16 is "Spill from Reservoir". This total spill is first counted against MWD's account up to the maximum in the account. Any additional spill is then attributed to local water.
- Part III reflects the water availability area.
 - Line 17 is "Does MWD Have Water Available for Storage?". The participating agency replies "Y" for yes when MWD has water available for storage and "N" for no when MWD does not have water available for storage. Based on this response, the formula in the certification forms will determine whether MWD deliveries should be converted into the MWD storage account.

- Line 18 is “Planned Withdrawals of MWD Schedule Water”. This number will be agreed to by month by the Operating Committee prior to November 1 and will be adjusted in the May Operating Plan as necessary.
- Line 19 is “Planned Withdrawals of Local Water”. This number will be from the May Operating Plan and will be used along with Planned Withdrawals of MWD Schedule Water and Actual Flows to calculate Call Water.
- Part IV reflects checks for data entry.
 - Line 20 is “Demands Equal Supplies Served ~ Zero” and is a formula which should be equal to or near zero. It reflects the difference between retail demands and the supplies used to meet those demands. (*Precedents are 8, 10, 11, 12, and 13*)
 - Line 21 is “Difference with Beginning of Month Reservoir Balances ~ Zero” and is a formula which should be equal to or near zero. It uses the beginning of the month storage in the reservoir(s), adds and subtracts changes in the reservoir, and subtracts the next month’s beginning of the month storage balance. (*Precedents are 3, 6, 7, 10, 11, 12, 14, 15, 16, and the following month’s 3*)
- Part V reflects information about the MWD account. It includes transfers of MWD account water from one agency to another. These transfers allow for more flexibility if an agency is unable to perform or for Call Water provisions. It also includes transfers of account water from one year to the next.
 - Line 22 is “MWD Account Transfers” and is entered. This number is positive if water is transferred to the agency’s MWD account. This number is negative if water is transferred from the MWD account.
 - Line 23 is “November 1 MWD Account Balance” that is determined as a result of the Annual Reconciliation and is entered. This is the amount of unused MWD water transferred from one year to the next and is the amount the agency begins the year with for the certification.

III. Call Water Certifications

There are five separate but similar certifications for Call Water; one for each summer month that water may be called. The basic premise behind the Call Water Certifications is that the agency should increase its flows from the reservoir in comparison to the Operating Plan or its agencies retail demands in order to receive the Call Water premium. Thus, daily average flows are used to determine performance. These are the only forms other than the Entry Form that need data entry in order to complete.

- Column A is “Planned MWD Schedule Water Flows” and is a formula based on converting the planned Schedule Water withdrawn from the Entry Form into cubic feet per second. (*Dependents are G and H*)
- Column B is “Planned Local Water Flows” and is a formula based on converting the planned local water withdrawn from the Entry Form into cubic feet per second. (*Dependents are G and H*)
- Column C is “Actual Water Flows” and is entered in the form. This is the actual total amount of water that is delivered by an agency to its customers during that particular day excluding MWD deliveries from the Authority’s aqueducts. (*Dependents are G and H*)
- Column D is “Monthly Demand Flows” and is a formula based on converting monthly demands from the Entry Form into cubic feet per second. (*Dependent is H*)

- Column E is “Call Made” and is entered in the form. When Metropolitan asks for additional performance, a “Y” is placed in the appropriate block. When Metropolitan does not ask for any additional performance an “N” is placed in the appropriate block. *(Dependent is H)*
- Column F is “Call Requested (cfs)” and is entered into the form. This line limits an agency’s performance for payment only up to the amount that is requested of it. *(Dependent is H)*
- Column G is “Call Water Flows” and is a formula. This number is the difference between actual flows and planned MWD Schedule Water flows and local water flows. It is the **additional** performance, in cfs, that an agency makes in response to Metropolitan’s call. *(Dependent is H)*
- Column H is “Flows That Qualify for Call Water Premium” and is a formula. If a call is made and if average actual flows for the day are greater than or equal to the average daily planned MWD Schedule Flows plus average daily planned local water flows or if the average actual flows are equal to average monthly demand flows than the call water flows qualify for the. *(Dependent is I)*
- Letter I is “Acre-feet That Qualify for Call Water Premium” and is a formula. This is simply converting qualifying flows from cfs to acre-feet. The sum of this portion is linked back to the Entry Form for the applicable month.

IV. Direct Delivery Storage Certification

The basic premise behind the Direct Delivery Storage Certification is that whatever MWD water goes directly into the reservoir is converted to the MWD storage account when MWD has water available for storage. Otherwise the agency pays the appropriate Tier 1 or Tier 2 rate for the water. The rest of the information on the certification form is to:

1. Proportion the evaporation between the MWD storage account and local water in the reservoir,
 2. Allocate the spill between the MWD account and local water, or
 3. Serve as background information for the agency.
- Part I shows the Operating Plan with a Surface Storage Operating Agreement in place. The plan will be replaced with actual data as the year progresses.
 - Line A is the “Beginning of Month Total Reservoir Storage” in the reservoir. The actual number will be from the area capacity curve of the reservoir. This number is used to calculate proportions of evaporation/seepage for local water in the reservoir compared to MWD water and the amount of local water in the reservoir. *(Dependents are B, F and G)*
 - Line B is “Beginning of Month Local Reservoir Storage”. This number is a formula and is the difference between the total amount of water in the reservoir and the amount that is in the MWD account. This number calculates local evaporation/seepage. *(Dependent is F)*
 - Line C is “Beginning of Month Metropolitan Storage”. Except for November, this is a formula based on the previous beginning of the month MWD storage less evaporation/seepage and spill attributable to MWD water plus water delivered directly to the reservoir when available from MWD minus MWD water withdrawn from the reservoir plus water conserved in the reservoir by taking excess MWD water from the in-lieu certification plus/minus transfers of MWD account water from/to another agency. It is also used to calculate the MWD portion of evaporation/seepage and spill for the current month. November’s data is from the Entry Form and is any carryover from the previous year. *(Dependents are B, G, K and the next month’s C)*

- Line D is “Total Delivery of MWD Water Directly into the Reservoir”. This number will be based on the metering of the reservoirs. This number is used to determine the conversion of MWD delivered water to the MWD account. *(Dependent is N)*
- Line E is “Evaporation/Seepage”. This number is entered by the participating agency. This number helps determine the proportion of evaporation/seepage attributable to MWD water in the account and local water in the account. *(Dependents are F and G)*
- Line F is “Local Water Evaporation/Seepage” and is a formula. This number is not used anywhere else in the sheet but simply acts as information for the agency.
- Line G is “MWD Water Evaporation/Seepage” and is a formula. It helps determine MWD’s spill and the beginning of the following month’s MWD storage account balance. *(Dependents are K and the next month’s C)*
- Line H is “MWD Schedule Water Withdrawn from Account”. This number is entered and helps determine the amount of Call Water withdrawn, spill from the reservoir and the following month’s MWD storage account balance. *(Dependents are K and the following month’s C)*
- Line I is “MWD Call Water Withdrawn from Account”. This is the number certified on the Call Water Form, column I, and placed into the Entry Form. *(Dependents are K and the following month’s C)*
- Line J is the “Total Spill” and is entered by the agency. It is used to calculate the amount of MWD and local water spilled. *(Dependents are K and L)*
- Line K is the “MWD Spill” from the reservoir and is a formula. It spills the lesser of the amount in the MWD account adjusted for the month’s evaporation/seepage, water converted to MWD’s account and water withdrawn from MWD’s account or the total amount of water that spills. It also helps determine the amount of local water and total water spilled and how much water is available in the next month’s MWD storage account. *(Dependents are L and the following month’s C)*
- Line L is the “Local Water Spill” and is a formula. It is not used anywhere else in the sheet but acts as information.
- Part II determines the amount of water to be converted to the MWD account.
 - Line M asks “Does MWD Have Water Available for Storage?”. The participating agency would place a Y for yes when MWD has water available for storage and N for no when MWD does not have water available for storage. *(Dependent is N)*
 - Line N is the “Conversion of Water to MWD Account” and is a formula. If MWD has water available for storage as indicated in Line M, then this number is the total amount of water delivered into the reservoir. If MWD does not have water available for storage as indicated in Line M, then this number is zero. *(Dependents are K and the following month’s C)*

V. In-Lieu Delivery Storage Certification

The In-Lieu Delivery Storage Certification Form derives a baseline or theoretical storage numbers. These theoretical numbers assume that there is no San Diego Surface Storage Operating Agreement or Seasonal Storage Service Program in place. The basic premise is that an agency will maximize the storage in its reservoir by withdrawing as much water as possible, while leaving the minimum storage amount before taking Metropolitan water into its system. Thus, theoretical beginning of the month storage, local water withdrawn, and MWD deliveries into the system are derived based upon the actual volume of local water on November 1, actual monthly demands, runoff, evaporation/seepage and

minimum flows required either from the aqueduct or reservoir. These theoretical numbers are then used in comparison to actual numbers to derive the amount of MWD water stored in an account by in-lieu means.

- Part I shows reservoir data.
 - Line A is “Maximum Reservoir Volume”. This is the number used for the theoretical spill formula. Once the water level is above this number, the form spills first the MWD account, next the local water. *(Dependent is L)*
 - Line B is “Minimum Storage” and is the lowest amount of storage an agency is willing to go to in a reservoir under normal circumstances without the need for Board approval. This number helps establish a baseline for in-lieu reservoir storage. *(Dependents are E and CC)*
- Part II shows the baseline or operating plan if the Seasonal Storage Service Program was not in place and if there is not a Surface Storage Operating Agreement. These numbers are updated as the year progresses to actual numbers.
 - Line C is the “Theoretical Storage at Beginning of the Month ” in the reservoir and is a formula except for November’s figure, which is the actual beginning of the month storage. The formula is based on the previous month’s theoretical beginning of the month storage, theoretical local water withdrawn, runoff into storage, and evaporation and seepage. This number is used to determine excess MWD water used to reduce outflow and conserve storage. *(Dependents are E, L, CC and the following month’s C)*
 - Line D is the “Minimum Local Water Required from Reservoir”. This amount may be established if there is an area in the agency’s distribution system that may not be able to receive water from San Diego’s aqueducts, or it may be because capacity from the aqueducts is limited due to high demands or a shutdown. *(Dependent is E)*
 - Line E is the projected “Theoretical Local Water Withdrawn”. This number is a formula and is based on the assumption that the agency would not go below its minimum storage except due to an emergency and/or as directed by its Board. Additionally, it is based on the scenario that neither the Seasonal Storage Service Program nor a San Diego Surface Storage Operating Agreement is in place. The formula translates as follows: if the theoretical storage at the beginning of the month is greater than the minimum storage and the theoretical storage at the beginning of the month minus the minimum storage is greater than the minimum required from the reservoir, then local water withdrawn is the lesser of 1) the difference between the theoretical beginning of the month storage minus the minimum storage, or 2) demands minus the minimum MWD water required from the aqueduct. Otherwise, if the theoretical storage at the beginning of the month is less than the minimum storage and the theoretical storage at the beginning of the month minus the minimum storage is less than the required amount from the reservoir, then the withdrawals equal the minimum required from the reservoir. *(Dependents are I, L, CC, and the following month’s C)*
 - Line F is “Runoff into Storage”. This number is used in the theoretical spill formula and the following month’s theoretical beginning of the month storage. *(Dependents are L and the following month’s C)*
 - Line G is “Water Delivered from Upstream Reservoirs”. This number is entered and is for those reservoirs, which are not being included in the Surface Storage Operating Agreement operations. This number is used in the theoretical spill formula and the following month’s theoretical beginning of the month storage. *(Dependents are L and the following month’s C)*
 - Line H is “Evaporation/Seepage”. This number is used to calculate the theoretical spill formula and the following month’s theoretical beginning of the month storage. *(Dependents are L and the following month’s C)*

- Line I is “Theoretical MWD Deliveries into the System”. This number is a formula and is the difference between demands and theoretical local water withdrawn. This number is the amount of MWD deliveries into the agency’s system assuming that there is neither the Seasonal Storage Service Program nor a Surface Storage Operating Agreement. This number helps determine the excess MWD water used during the month. *(Dependent is CC)*
- Line J is “Demands” and is line 8 on the Entry Form. This number helps determine the theoretical amount of water that would have been withdrawn from the reservoir or theoretical MWD water required to be taken if the Seasonal Storage Service Program or a Surface Storage Operating Agreement were not in place. *(Dependents are E and I)*
- Line K is “Minimum MWD Required from the Aqueduct”. This amount may be established if there is an area in the agency’s distribution system that may not be able to receive water from the agency’s reservoir, or it may be because capacity from the agency’s treatment plant is limited due to high demands or a shutdown. This number helps determine the theoretical amount of water that would have been withdrawn from the reservoir. *(Dependent is E)*
- Line L is the “Theoretical Spill”. This number is a formula based on the theoretical amount of water in the reservoir at the beginning of the month, the theoretical amount of water withdrawn, the amount of water that evaporates and seeps out of the reservoir, and the amount of runoff into the reservoir. This number is used to calculate the Theoretical Storage at the Beginning of the Month. *(Dependent is the following month’s C)*
- Part III shows the Operating Plan with a San Diego Surface Storage Operating Agreement in place. The plan will be updated with actual data as the year progresses.
 - Line M is “Local Storage at Beginning of Month”. This is a formula and is the difference between the total amount of water in the reservoir and the amount that is in the MWD account. It helps determine the amount of local evaporation/seepage. *(Dependent is U)*
 - Line N is “Metropolitan Storage at the Beginning of Month”. Except for November, this is a formula based on the previous beginning of the month MWD storage less MWD storage account water withdrawn, evaporation/seepage and spill attributable to MWD water plus water conserved in the reservoir by taking excess MWD water and the MWD water stored directly in the reservoir plus/minus transfers of MWD water from/to another agency. It helps calculate beginning of the month local storage, MWD evaporation/seepage, MWD spill and the following month’s beginning of the month MWD storage. November’s data is from the Entry Form and is any carryover of MWD water from the previous year. *(Dependents are M, V, Z and the following month’s N)*
 - Line O is the “Total Storage at Beginning of Month ” in the reservoir. The actual number will be input from the area capacity curve of the reservoir. This number is used to calculate proportions of evaporation/seepage and spill and the amount of local water in the reservoir compared to MWD water. *(Dependents are M, U and V)*
 - Line P is the “Outflow Capacity” of the reservoir. This number helps determine excess outflow capacity. *(Dependent is DD)*
 - Line Q is “Local Water Withdrawn” from the reservoir. This number is entered by the agency and helps determine the amount of excess MWD water used to reduce outflow and conserve storage and excess outflow capacity. *(Dependents are CC and DD)*
 - Line R is “MWD Schedule Withdrawn from Account”. This number is entered and helps determine the amount of Call Water withdrawn, spill from the reservoir attributable to MWD and the beginning of the next month’s MWD storage account. *(Dependents are Z and the following month’s N)*

- Line S is “MWD Call Water Withdrawn from Account”. This is the number certified on the Call Water form and placed into the Entry Form. *(Dependents are Z and the following month’s N)*
- Line T is “Evaporation/Seepage”. This number is entered by the participating agency. This number helps determine the proportion of evaporation/seepage attributable to MWD water in the account and local water in the account. *(Dependents are U and V)*
- Line U is “Local Storage Evaporation/Seepage” and is a formula. This number is not used anywhere else in the sheet but simply acts as information for the agency.
- Line V is “MWD Storage Evaporation/Seepage” and is a formula. It helps determine MWD’s spill and the beginning of the following month’s MWD storage account balance. *(Dependents are Z and the following month’s N)*
- Line W is “MWD Deliveries into System” and is entered. This number would likely be obtained from the Authority’s billing. It is used to help determine excess MWD water used to reduce outflow and conserve storage. *(Dependent is CC)*
- Line X is the “Conversion of Local Water to MWD Storage” and is a formula that reflects the outcome of Line EE in the next section. This number helps determine MWD spill and the beginning of the next month’s MWD storage account balance. *(Dependents are Z and the following month’s N)*
- Line Y is “Minimum MWD Required from Aqueduct” and is an entry by the participating agency. It helps determine the excess MWD water used to reduce outflow and conserve storage. *(Dependent is CC)*
- Line Z is “MWD Spill” from the reservoir and is a formula. It spills the lesser of the amount in the MWD account adjusted for MWD evaporation/seepage during the month, MWD storage account water withdrawn during the month and MWD water converted to storage during the month or the total amount of water that spills. It also helps determine the amount of local water spilled and how much water is available in the next month’s MWD storage account. *(Dependents are AA and the following month’s N)*
- Line AA is “Local Water Spill” and is a formula. It is the difference between total spill and MWD spill. This number is not used anywhere else in the sheet but simply acts as information for the agency.
- Line BB is the “Total Water Spill” and is entered by the participating agency. It helps determine the amount of MWD water spilled and local water spilled. *(Dependents are Z and AA)*
- Part IV determines the amount of water to be converted to the MWD account.
 - Line CC is the “Excess MWD Water Used to Reduce Outflow and Conserve Storage” and is a formula. When the theoretical local storage at the beginning of the month is greater than the minimum storage, this number is the lesser of:
 - MWD deliveries into the system less the minimum amount of MWD water required from the aqueduct, or
 - theoretical beginning of the month local storage less the minimum storage, or
 - actual MWD deliveries into the system minus theoretical MWD deliveries into the system, or
 - theoretical local water withdrawn minus actual local water withdrawn.
 When theoretical local storage at the beginning of the month is less than the minimum storage, this number is zero. This number helps determine the amount of water to be converted into the MWD account. *(Dependent is EE)*

- Line DD is “Excess Outflow Capacity” and is a formula. This number is the difference between outflow capacity and local water withdrawn. This number helps determine the amount of water to be converted into the MWD account. (*Dependent is EE*)
- Line EE is “Amount of Water Converted into the MWD Account”, the minimum of lines CC or DD and is a formula as well. (*Dependent is X*)

EXHIBIT D

Aggregate Certification

Check if revisions to month		<input type="checkbox"/>												
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
1	Water Placed Directly Into Reservoir (af)													
2	Water Placed by In-Lieu Into Reservoir (af)													
3	Total Converted into MWD Account (af)													
4	MWD Evaporation/Seepage (af)													
5	MWD Spill (af)													
6	MWD Total Losses (af)													
7	Schedule Water Planned to be Withdrawn (af)													
8	Schedule Water Withdrawn from Account (af)													
9	Call Water Withdrawn from Account (af)													
10	Total Water Withdrawn from Account (af)													
11	Account Balance at End of Month (af)													

MWD Conn	Credit/Debit	MWD Conn	Credit/Debit

Retail Purveyor

Certifying Signature

Date

San Diego County Water Authority

Certifying Signature

Date

EXHIBIT E

PURCHASE ORDER FOR IMPORTED WATER SUPPLY TO BE PROVIDED BY THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

PURCHASER: San Diego County Water Authority	TERM 10 years
INITIAL BASE DEMAND: <u>556,339.2</u> acre-feet	EFFECTIVE DATE: January 1, 2003
INITIAL TIER 1 ANNUAL MAXIMUM: <u>500,705.3</u> acre-feet	
PURCHASE ORDER COMMITMENT: <u>3,338,035.2</u> acre-feet	

Definitions of capitalized terms used in this Purchase Order are provided in Attachment 1. Terms used in this Purchase Order and not defined in Attachment 1 are defined in Metropolitan’s Administrative Code.

COMMITMENT TO PURCHASE.

In consideration of Purchaser’s commitment to purchase System Water pursuant to this Purchase Order, Metropolitan agrees to sell such System Water to Purchaser at the Tier 1 Supply Rate each year in an amount up to the Tier 1 Annual Maximum. System Water sold to Purchaser (excluding deliveries of System Water made under the Interim Agricultural Water Program and Long-term Seasonal Storage Service) in an amount greater than the Tier 1 Annual Maximum shall be sold to the Purchaser at the Tier 2 Supply Rate. In connection with the receipt of System Water, the Purchaser also agrees to pay all other applicable rates and charges, as established by Metropolitan from time to time in accordance with Section 4304 of the Administrative Code. The rates and charges applicable to System Water as of the Effective Date are shown in Attachment 2.

Purchaser agrees to purchase System Water from Metropolitan during the Term in an amount (excluding deliveries of System Water, made under the Interim Agricultural Water Program and Long-term Seasonal Storage Service) not less than the Purchase Order Commitment.

Purchaser recognizes and agrees that Metropolitan has relied and will, during the term of this Purchase Order, rely on this commitment by Purchaser in setting its rates and charges, planning and providing its capital facilities and developing its water supply, management and reliability programs. If Purchaser’s applicable System Water purchases during the Term are less than the Purchase Order Commitment, Purchaser agrees to pay Metropolitan an amount equal to the difference between the Purchase Order Commitment and Purchaser’s applicable System Water purchases during the Term times the average of the Tier 1 Supply Rate in effect during the Term. The Purchaser agrees to pay such amount to Metropolitan within the next regular billing cycle following the reconciliation of all certifications for special programs that the Purchaser may participate in (e.g. Interim Agricultural Water Program, Long-term Seasonal Storage Service). The Purchaser may elect to pay such amount in twelve equal monthly payments over the course of the next twelve months beginning with the first regular billing cycle following the reconciliation of all outstanding certifications for special programs. If the Purchaser elects to pay such amount over the course of the next twelve months following the regular billing cycle any outstanding balance shall bear interest at Metropolitan's then current

investment portfolio average yield. All other amounts payable under this Purchase Order shall be billed and paid in accordance with the Administrative Code.

The Purchaser further recognizes that this Purchase Order is entered into for the direct benefit of the holders and owners of Metropolitan's Bonds issued from time to time under the Act and the Bond Resolutions, and the income and revenues derived from this Purchase Order will be pledged for the purposes set forth in the Bond Resolutions, including the payment of principal of and interest on such Bonds.

RENEWAL:

Prior to but not later than December 31, 2010, the Purchaser may provide a non-binding written notice to Metropolitan of the Purchaser's determination to extend this Purchase Order. Upon the receipt of such notice, the Board of Directors of Metropolitan (the "Board") shall determine whether Metropolitan will continue to provide System Water to member agencies by Purchase Order. If the Board so determines, the Purchaser and Metropolitan shall amend this Purchase Order to include an extended term and/or to include such other terms and conditions as may be mutually agreed by the parties. If the Purchaser elects not to renew this Purchase Order it will terminate upon the expiration of the Term.

WATER SERVICE:

Conditions of water service by Metropolitan to the Purchaser, including but not limited to (i) delivery points, (ii) water delivery schedules, and (iii) water quality, will be determined in accordance with Chapter 5 (Section 4500 through 4514, inclusive, as applicable) of Metropolitan's Administrative Code.

In accordance with its Administrative Code, Metropolitan shall use its reasonable best efforts to supply System Water in the quantities requested by the Purchaser, but is not obligated to dedicate any portion of System capacity for the conveyance, distribution, storage or treatment of System Water for the benefit of the Purchaser or any other member agency. Metropolitan shall use its reasonable best efforts to deliver the Base Demand when needed by the Purchaser during the Term; provided however, there shall be no default under this Purchase Order if Metropolitan fails to deliver water to the Purchaser in accordance with any such schedule of deliveries during the Term.

By execution of this Purchase Order, the Purchaser recognizes and agrees that it acquires no interest in or to any portion of the System or any other Metropolitan facilities, or any right to receive water delivered through the System, excepting the right to purchase up to Purchaser's Tier 1 Annual Maximum at the Tier 1 Supply Rate provided that System Water is available. This Purchase Order governs pricing of the System Water delivered to the Purchaser pursuant to this Purchase Order and does not confer any entitlement to receive System Water.

System Water provided to the Purchaser under the terms of this Purchase Order shall be subject to reduction in accordance with the shortage allocation provisions of the Water Surplus and Drought Management Plan (the "WSDM Plan") or other such policies and principles governing the allocation of System Water as adopted by the Board.

In the event that Metropolitan's Board determines to reduce, interrupt or suspend deliveries of System Water (excluding deliveries of System Water made under the Interim Agricultural Water Program and Long-term Seasonal Storage Service) any outstanding balance of the Purchase Order Commitment at the end of the Term shall be reduced by the reduction in System Water made available to the Purchaser under this Purchase Order.

MISCELLANEOUS:

This Purchase Order will be interpreted, governed and enforced in accordance with the laws of the State of California.

This Purchase Order will apply to and bind the successors and assigns of the Purchaser and Metropolitan.

No assignment or transfer of the rights of the Purchaser under this Purchase Order will be valid and effective against Metropolitan or the Purchaser without the prior written consent of Metropolitan and the Purchaser.

If at any time during the Term, by reason of error in computation or other causes, there is an overpayment or underpayment to Metropolitan by the Purchaser of the charges provided for under this Purchase Order, which overpayment or underpayment is not accounted for and corrected in the annual re-determination or reconciliation of said charges, the amount of such overpayment or underpayment shall be credited or debited, as the case may be, to the Purchaser. Metropolitan will notify the Purchaser in writing regarding the amount of such credit or debit, as the case may be. In no case will credits or debits for charges provided for under this Purchase Order be administered beyond the limit for billing adjustments as specified in Metropolitan's Administrative Code.

IN WITNESS WHEREOF, this Purchase Order is executed by the duly authorized officers of the Metropolitan Water District of Southern California and [Purchaser], to be effective January 1, 2003.

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

SAN DIEGO COUNTY WATER AUTHORITY

By: _____
Ronald R. Gastelum
Chief Executive Officer

By: _____
[Title] _____

APPROVED AS TO FORM AND CONTENT:

General Counsel

General Counsel

By: _____

By: _____

Attachment 1
Purchase Order for Imported Water Supplies
DEFINITIONS

“Act” means the Metropolitan Water District Act, California Statutes 1969, Chapter 209, as amended and supplemented from time to time.

“Base Demand” means the greater of (i) the Initial Base Demand or (ii) the ten-year rolling average of the Purchaser’s Firm Demand, measured on a fiscal year basis.

“Bonds” means water revenue bonds or notes issued under the Bond Resolutions.

“Bond Resolutions” means Resolution No. 8329 or Resolution No. 8322, both as amended and supplemented, or any other resolution authorizing the issuance of bonds, notes or other obligations secured by Metropolitan’s water sales revenues.

“Effective Date” means the effective date of this Purchase Order as specified above.

“Firm Demand” means the Purchaser’s purchases of non-surplus System Water supplies, including full-service and seasonal shift deliveries.

“Initial Base Demand” means the Purchaser’s highest annual Firm Demand on Metropolitan in any fiscal year during the period from fiscal year 1989/90 through fiscal year 2001/02. In accordance with procedures set forth in Metropolitan’s Administrative Code, the Initial Base Demand will be revised to reflect certified and verified deliveries under the Interim Agricultural Water Program and Long-term Seasonal Storage Service Program as such certifications affect the Initial Base Demand.

“Metropolitan” means The Metropolitan Water District of Southern California.

“Purchase Order Commitment” means 60% of the Initial Base Demand times 10. Deliveries of System Water made under the Interim Agricultural Water Program and Long-term Seasonal Storage Service, will not count toward the Purchase Order Commitment.

“Purchase Order” means this Purchase Order.

“Purchaser” means the member public agency specified above, a duly organized [city/water district/county water authority] of the State of California.

“System” means the properties, works and facilities of Metropolitan necessary for the supply, development, storage, conveyance, distribution, treatment or sale of water.

“System Water” means water supplies developed by Metropolitan and delivered to the Purchaser through the System or other means (e.g. conjunctive use storage).

“Term” means the term of this Purchase Order as specified above.

“Tier 1 Annual Maximum” means an amount equal to 90% of the Base Demand.

“Tier 1 Supply Rate” means Metropolitan’s per-acre-foot Tier 1 Supply Rate, as determined from time to time by Metropolitan’s Board of Directors. The initial Tier 1 Rate is \$73/AF.

“Tier 2 Supply Rate” means Metropolitan’s per-acre-foot Tier 2 Supply Rate, as determined from time to time by Metropolitan’s Board of Directors. The initial Tier 2 Rate is \$154/AF.

“Water Surplus and Drought Management Plan (WSDM)” means Metropolitan’s policy and procedures for managing supplies and drought conditions as adopted by the Board from time to time.

**Attachment 2
Purchase Order for Imported Water Supplies
RATES AND CHARGES**

	Effective January 1, 2003
Tier 1 Supply Rate (\$/af)	\$73
Tier 2 Supply Rate (\$/af)	\$154
System Access Rate (\$/af)	\$141
System Power Rate (\$/af)	\$89
Water Stewardship Rate (\$/af)	\$23
Untreated Long-term Storage Water Rate (\$/af)	\$233
Untreated Interim Agricultural Water Program (\$/af)	\$236
Treated Long-term Storage Water Rate (\$/af)	\$290
Treated Interim Agricultural Water Program (\$/af)	\$294
Treatment Surcharge (\$/af full-service)	\$82
Readiness-to-Serve Charge (\$millions)	\$80.0
Capacity Reservation Charge (\$/cfs)	\$6,100
Peaking Surcharge (\$/cfs)	\$18,300

EXHIBIT F

Type of Records for Certification Process

The following types of records are required for reconciliation purposes as referred to in Section VIII and IX of this Agreement.

I. For Direct Delivery Storage & Withdrawal

- Monthly hydrography reports of all reservoirs which calculate gains and losses based on the area capacity curve for the reservoirs
- Monthly measurement of Metropolitan water delivered directly into the reservoir(s) from meter logs
- Monthly measurement of Metropolitan and total water withdrawn from reservoir(s) from meter logs
- Record of evaporation pan data
- System map which includes all reservoirs, water sources, Metropolitan inflow capacity and conveyance to treatment facilities
- Monthly bill from SDCWA
- Amount assigned to agency for storage and withdrawals from Annual Operating Plan

II. In-Lieu Delivery & Withdrawal

- Document showing minimum storage level requirements
- Monthly hydrography reports of all reservoirs which calculate gains and losses including evaporation/seepage loss estimates based on the area capacity curve for the reservoirs
- Monthly log of deliveries from reservoirs not storing MWD water
- Monthly log indicating local and imported storage in reservoir
- Monthly deliveries of water from reservoir into treatment plant
- System map which includes all reservoirs and conveyance to treatment facilities
- Record of evaporation pan data
- Runoff data
- Pipeline capacities
- Reservoir outlet capacities
- Treatment facility capacities
- Monthly record for how reservoir outflow capacity was determined
- Monthly measurement of Metropolitan water delivered directly into the system
- Monthly record of how minimum amount of Metropolitan water was determined
- Monthly bill from SDCWA
- Amount assigned to agency for storage and withdrawals from Annual Operating Plan

III. Call Withdrawal

- Daily reservoir withdrawals from daily meter logs
- Amount assigned to agency for call water withdrawals from Annual Operating Plan
- Demands from agency billing system