

• December 31, 2005 Quarterly Report

Summary

This is the quarterly report to the Legal & Claims Committee on the exercise of powers delegated to the Chief Executive Officer and General Counsel by Administrative Code Sections 6431, 6433 and 6434. In addition, the General Counsel reports to the Executive Committee on the exercise of power delegated to him by Section 6431.

Attachments

ATTACHMENT A – Workers’ Compensation Matters Resolved During the Period of October 1, 2005 – December 31, 2005

ATTACHMENT B – Claims Against Metropolitan During the Period of October 1, 2005 – December 31, 2005

ATTACHMENT C – Invoices Written Off as Uncollectible During the Period of October 1, 2005 – December 31, 2005

ATTACHMENT D – Costs Collected During the Period of October 1, 2005 – December 31, 2005

Detailed Report

Contracts

Within the past quarter, the General Counsel entered into the following contracts pursuant to his authority under Administrative Code Section 6431:

Atkinson, Andelson, Loya, Ruud & Romo

This consultant was retained to provide legal advice and representation with respect to legal issues dealing with labor law and employee relations matters, including Unfair Practice Charge No. LA-CE-249-M entitled *AFSCME Local 1902 v. Metropolitan Water District*. Service agreements were amended during this quarter.

Christensen, Miller, Fink, Jacobs, Glaser, Weil & Shapiro, LLP

This consultant was retained to provide legal advice and potential representation with respect to public/private development, construction and real property matters.

Economics Research Associates

Metropolitan retained this consultant to provide professional services pertaining to financial feasibility, economics and valuation of proposals for the development, management and operation of DVL recreational facilities.

Geosystems, LP

This consultant was retained to provide technical expertise with respect to drilling and grouting methods and procedures, claim analysis and potential litigation support related to the construction of the Arrowhead Tunnels of Metropolitan’s Inland Feeder Project.

Horvitz & Levy, LLP

Metropolitan retained this consultant to provide legal services with respect to appeal, cross-appeal, review or related proceedings relating to the rulings and judgment in the following matters: *Shank/Balfour Beatty v. Metropolitan Water District of Southern California*, LASC Case No. BC283438; *Bay-Delta Programmatic Environmental Impact Report Coordinated cases*, Third Appellate Court Case Nos. C044267 and C044577; and *Metropolitan Water District of Southern California v. Campus Crusade for Christ*, San Bernardino Superior Court Case No. SVC 35498.

December 31, 2005 Quarterly Report

Hunt Ortmann Blasco Palfy & Rossell, Inc.

This consultant was retained to provide legal services with respect to: the construction of the Arrowhead Tunnels of the Inland Feeder Project including contract claims and potential litigation by Shea-Kenny JV; and appeal, cross-appeal, review or related proceedings relating to the rulings and judgment in the matter of *Shank/Balfour Beatty v. Metropolitan Water District of Southern California*, LASC Case No. BC283438.

John Harris & Associates

Metropolitan retained this consultant to provide legal advice to the then Interim Chief Executive Officer on personnel matters. This service agreement was amended during this quarter.

Keyser Marston Associates, Inc.

This consultant was retained to provide professional services pertaining to financial feasibility, economics and valuation of proposals for the development, management and operation of DVL recreational facilities.

Liebert Cassidy Whitmore

Metropolitan retained this consultant to provide representation in the matter of *AFSCME Local 1902 v. Metropolitan Water District* pertaining to Unfair Practice Charge No. LA-CE-238-M. This service agreement was amended during this quarter to include *AFSCME Local 1902 v. Metropolitan Water District* pertaining to Unfair Practice Charge No. LA-CE-247-M.

Manatt, Phelps & Phillips, LLP

This consultant was retained to provide consultation and representation with respect to environmental matters including possible state and federal regulatory actions related to Metropolitan's water treatment plant operations. Another service agreement with this consultant pertaining to water supply, water quality and power issues was amended during this quarter.

Meserve, Mumper & Hughes, LLP

Metropolitan retained this consultant to provide consultation and representation to management personnel with respect to discrimination litigation - Los Angeles Superior Court Case No. BC296912.

Navigant Consulting, Inc.

This consultant was retained to provide professional services in the areas of claims analysis and potential litigation arising out of the construction of Metropolitan's Highland Pipeline of the Inland Feeder Project.

Ralph Perez

Metropolitan retained this consultant to conduct an administrative investigation of alleged employee misconduct or mismanagement.

Richards, Watson & Gershon

This consultant was retained to provide legal advice and representation in connection with negotiations and agreement drafting for Metropolitan's Diamond Valley Recreation Development Project.

Wasserman & Wasserman

Metropolitan retained this consultant to provide advice and opinions in connection with the litigation of *L.H. Woods & Sons, Inc. v. County of San Bernardino*, contractor claims and potential claims arising out of construction of Metropolitan's Highland Pipeline of the Inland Feeder Project.

The Watkins Firm APC

This consultant was retained to provide legal advice, opinions and representation to Metropolitan in connection with discrimination litigation - Los Angeles Superior Court Case No. BC296912.

December 31, 2005 Quarterly Report

Claims

1. Between October 1, 2005 and December 31, 2005, Metropolitan initiated, compromised, settled, or otherwise disposed of the following claims:

- a. Litigated Claims By and Against Third Parties

During the past quarter, Metropolitan initiated, compromised, settled, or otherwise disposed of the following litigated claims by and against third parties:

California Power Exchange Corporation v. Miller, et al.

In 2003/04 Metropolitan employee Jon Lambeck was named in two suits filed by the Reorganized California Power Exchange Corporation (CalPx) in the U.S. Bankruptcy Court. CalPx asserted claims against its former officers and governors alleging gross negligence in failing to obtain collateral on various energy contracts and for failure to maximize interest. Mr. Lambeck served as a CalPx governor, representing Metropolitan, and was defended by Metropolitan. The lawsuits were dismissed and CalPx appealed the dismissals. A final settlement was reached and the appeals were dropped. Under the settlement, Metropolitan has been reimbursed by AIEGS, Insurer for the CalPx, in full and complete settlement of all claims against all former officers and governors.

Claim of Byron Warfield-Graham against Metropolitan Water District

Claimant was terminated from his management position after independent investigation concluded that he violated Metropolitan policy. Warfield-Graham appealed under the applicable MOU, and a Hearing Officer disagreed with the conclusion of the investigator and ordered the reinstatement of claimant. Claimant also filed a charge with the federal Equal Employment Opportunity Commission (EEOC) alleging discrimination in connection with the termination. The EEOC dismissed the charge but gave claimant a "right to sue letter." Claimant also filed a Government Code § 910, et seq. claim, a mandatory prerequisite to a lawsuit. After complying with the Hearing Officer's order, a settlement agreement was negotiated in which claimant resigned with total payments under the delegated settlement limit.

- b. Workers' Compensation Matters

The workers' compensation claims settled by the Chief Executive Officer and the General Counsel within the past quarter are reported in Attachment A.

- c. Other Claims By and Against Third Parties

Non-litigated third party claims settled by the Chief Executive Officer and the General Counsel within the past quarter are reported in Attachment B.

- d. SB 90 Claims

During the past quarter, Metropolitan did not submit any SB 90 claims for reimbursement for state-mandated costs.

- e. Separation Agreements

Metropolitan did not execute any separation agreements during this period.

2. Claims declared uncollectible by the Chief Executive Officer within the past quarter are reported in Attachment C.

3. Costs collected for claims during the past quarter are reported in Attachment D.

BLA #4267

ATTACHMENT A
Workers' Compensation Matters Resolved During the Period of
October 1, 2005 – December 31, 2005

Classification	Control No.	Date of Injury	Amount of Settlement	Nature of Injury	Basis for Settlement
Storekeeper	2002-0701-0001	1/2/02	\$120,000.00	Psyche, heart, high blood pressure, diabetes, hearing loss, hyperthyroidism, gout and cardiovascular system	Compromise and Release, negotiated settlement.
Engineer	99-0121-0365	12/1/98 CT*	\$115,000.00	Left carpal tunnel syndrome, left upper extremity, entire spine, both lower extremities and all other body parts listed in medical reports.	Compromise and Release, negotiated settlement.
Engineering Technician	2004-0610-0656	6/10/04	\$1,600.00	Left ankle	Stipulated settlement based on treating physician's report.
Administrative Assistant	98-0916-0132 2003-0224-0526 2004-0225-0464	9/16/98 2/24/03 2/22/03 CT*	\$12,566.00	Low back	Stipulated Findings and Award based upon the decision of a Workers' Compensation Judge.
Storekeeper	2003-0523-0697	1/2/02 CT*	\$17,500.00	Heart, circulatory system, hearing	Compromise and Release, negotiated settlement.
Maintenance Worker	2001-0604-0755	5/30/01	\$840.00	Low back	Stipulated settlement based on treating physician's report.
Engineer	97-1027-0175	5/7/97	\$115,000.00	Right carpal tunnel syndrome, right upper extremity, entire spine, both lower extremities and all other body parts listed in medical reports.	Compromise and Release, negotiated settlement.

* CT= Continuing Trauma

ATTACHMENT B
Claims Against Metropolitan During the Period of
October 1, 2005 – December 31, 2005

Claimant	Control No.	Amount of Settlement	Incident Description	Basis for Resolution
Interinsurance Exchange of the Automobile Club -- John Mcallister	2005-0318-0450	\$1,334.21	On 3/16/05, District driver rear-ended third party auto.	The third party's property damage claim was settled based on evaluation of damages and repair estimate.
Ed Heida	2004-1117-0235	\$700.00	On 11/3/04, District driver backed into third party vehicle.	The third party's property damage claim was settled based on evaluation of damages and repair estimate.
William Rosenthal c/o Mercury Insurance	2004-1026-0199	\$4,651.50	On 10/26/04, District driver rear-ended third party auto.	The third party's property damage claim was settled based on evaluation of damages and repair estimate.
Miguel Canales	2005-0118-0322	\$500.00	On 1/14/05, District crane struck and damaged third party auto.	The third party's property damage claim was settled based on evaluation of damages and repair estimate.
Rachel Fullilove	2005-0308-0418	\$1,803.50	On 3/7/05, District driver rear-ended third party auto.	The third party's property damage claim was settled based on evaluation of damages and repair estimate.
Anthony Mancus c/o Hartford Insurance	2005-0525-0570	\$378.91	On 5/25/05, a rock kicked up by a weed whacker in use by a Metropolitan employee struck a third party vehicle.	The third party's property damage claim was settled based on evaluation of damages and repair estimate.

ATTACHMENT C
 Invoices Written Off as Uncollectible During the Period of
October 1, 2005 – December 31, 2005

Third Party or Cause	Control No.	Project No.	Damage Amount	Incident Description	Basis for Write-Off	Date Written Off
Damage During Use	2005-0715-0019	761009	\$1,890.29	On 7/15/05, a District driver struck and damaged a third party vehicle.	The property damage costs were written off because the damage occurred during the course and scope of employment.	11/16/05

ATTACHMENT D
 Costs Collected During the Period of
October 1, 2005 – December 31, 2005

Third Party or Cause	Control No.	Damage Amount	Incident Description	Basis for Costs Collected
Jennifer Dewitt c/o Wawanesa Insurance	2005-0328-0467	\$1,295.00	On 3/25/05, third party driver struck and damaged MWD fence.	The claim for property damage was paid in full by the third party's insurance carrier.
Lillian S. O'Neal c/o Wawanesa Insurance	2004-0525-0634	\$394.65	On 5/25/05, third party driver backed into District auto.	The claim for property damage was paid in full by the third party's insurance carrier.