



Metropolitan Cases

Colorado River QSA Related Litigation (California Court of Appeals)

On January 31, 2008, the Superior Court denied the plaintiffs' request for a preliminary injunction to enjoin Quantification Settlement Agreement transfers pending trial on the merits. On February 5, 2008, the court dismissed one lawsuit that challenged the State Water Resources Control Board's decision to approve the IID-SDCWA transfer. The court also dismissed all parties except the state agency defendants from a cross-complaint that was brought by IID landowners in IID's validation action. A hearing was scheduled for February 28, 2008, on various motions to augment the administrative records in the coordinated QSA cases. The court also may set a schedule for further proceedings in the case at that time. (See General Counsel's January 2008 Activity Report)

Gregg Whittlesey v. Metropolitan (Los Angeles County Superior Court)

On December 7, 2007, Metropolitan was served with a summons and complaint for damages by Gregg Whittlesey, a former Metropolitan employee. Plaintiff alleges three causes of action: wrongful termination in violation of public policy, defamation, and intentional infliction of emotional distress. Metropolitan filed its answer, containing a general denial and affirmative defenses, on January 4, 2008. Metropolitan has served requests for

production of documents, to which Plaintiff must respond in March 2008, and has noticed Plaintiff's deposition for April 2008.

MWD v. Louis Cardenas, Los Angeles Small Claims Court Case No. LAM07M14749

Metropolitan filed this case to collect the remaining portion of an overpayment of Worker's Compensation benefits from a retired employee because the employee retired before the entire overpayment was satisfied by deductions from the employee's paycheck. Once retired, the former employee refused to pay off the remaining overpayment. This case has been settled with the retired employee signing an agreement to make payments over the course of 12 months that will pay off the \$2,000 debt.

AFSCME Local 1902 v. Metropolitan (Public Employment Relations Board)

On February 26, 2008, AFSCME Local 1902 filed a PERB unfair practice charge alleging Metropolitan violated the Myers-Millias-Brown Act by disciplining an employee for engaging in protected activity. Metropolitan will file a position statement in response denying the charge on the basis that the disciplined imposed is based on misconduct prohibited by the Administrative Code and the Local 1902 memorandum of understanding.

Matters Involving Metropolitan

Longfin Smelt CESA Petition

On February 7, 2008, the Fish & Game Commission made the longfin smelt a candidate species under the California Endangered Species Act (CESA). Candidate listing triggers a prohibition against the take of longfin under CESA. On February 7, 2008, the Fish & Game Commission also adopted an emergency regulation authorizing the incidental take of longfin by the SWP and CVP. The emergency regulation lasts for 180 days and may be renewed for two additional 90-day periods. The Fish & Game Commission has a year to make a final determination whether to list the longfin as a threatened or endangered species under CESA.



Items of Interest

Following the downgrading of certain bond insurer credit ratings, the Legal Department prepared and posted notices to bondholders and the national Securities Information Repositories about current ratings of Metropolitan's insured bonds. Department attorneys filed notices that all of Metropolitan's outstanding Auction Rate Securities will be redeemed on March 25 and are working with the financing team to issue refunding bonds by the redemption date.