



SUMMARY AND COMPARISON OF METROPOLITAN’S NOVEMBER 15, 2019 OFFER TO COMPROMISE AND SDCWA’S DECEMBER 19, 2019 PROPOSAL

Metropolitan’s statutory Offer to Compromise (998 Offer) provides an economic benefit to SDCWA in excess of \$5 billion, most of which SDCWA cannot obtain through litigation, in exchange for SDCWA’s agreement to terminate the pending litigation and disputes with finality.

SDCWA’s proposal provides:

- SDCWA will receive the full economic benefit of Metropolitan’s 998 Offer;
- SDCWA will not provide Metropolitan with the benefit of its bargain - they will not terminate the pending litigation and disputes with finality;
- SDCWA will obtain additional benefits from Metropolitan not previously requested; and
- Metropolitan will agree to improper and incorrect legal rulings harmful to Metropolitan.

A side-by-side comparison of the terms of Metropolitan’s 998 Offer and SDCWA’s proposal is below.

Metropolitan’s Offer to Compromise	SDCWA’s Proposal
Specific Terms	Specific Terms Differences shown in red
<p>1. Water Stewardship Rate on Exchange Agreement (2011-2017)</p> <p>Payment for WSR on transportation as part of Exchange Agreement price term for 2011-2017, plus SDCWA interest calculation for 2011-2014</p> <p style="text-align: right;">\$72.097 million</p>	<p>1. Water Stewardship Rate on Exchange Agreement (2011-2017) and Other Payment</p> <p>Payment for WSR on transportation as part of Exchange Agreement price term for 2011-2017, plus SDCWA interest calculation for 2011-2014, plus other payment for “all claims in all rate cases”</p> <p style="text-align: right;">\$140 million</p>
<p>2. Exchange Agreement fixed price term (2019-2112)</p> <p>\$450 per acre-foot with annual escalation based on Construction Cost Index</p>	<p>2. Exchange Agreement fixed price term (2019-2112)</p> <p>\$450 per acre-foot with annual escalation based on Construction Cost Index</p> <p>No inclusion of Delta conveyance project costs</p>

Metropolitan’s Offer to Compromise	SDCWA’s Proposal
<p>SDCWA’s portion of costs for a Delta conveyance project, based on a cost of service study, may be added</p> <p>The price does not include demand management costs</p>	<p>Metropolitan agrees not to collect demand management costs for 2018-2019</p> <p>SDCWA “shall be protected” against changes in the recovery of costs, with the price “reduced commensurately”</p>
<p>3. Exchange Agreement delivery flexibility within calendar year</p>	<p>3. Exchange Agreement delivery flexibility within calendar year</p>
<p>4. Stipulated judgment in 2010-2012 cases stating court rulings</p>	<p>4. Stipulated judgment in cases with statements not ruled by court</p>
<p>5. Dismissals with prejudice of all pending cases</p>	<p>5. Dismissals without prejudice of all pending cases; instead:</p> <p>SDCWA covenants not to sue for 2015-2020 rates</p> <p>SDCWA agrees not to sue on 2021-2022 rates “so long as MWD’s rate structure is unchanged” and “there are no material changes to the methodology for allocation”</p> <p>SDCWA and Metropolitan covenant not to sue each other related to prior litigation</p>
<p>6. Release of claims arising to date, whether or not asserted</p>	<p>6. No release of claims</p>
<p>7. Waiver of specified claims:</p> <p>Legality of Exchange Agreement price term</p> <p>Funding for Carlsbad Desalination Plant and other projects allegedly affected by RSI provision</p>	<p>7. Waiver of specified claims:</p> <p>No waiver of specified claims</p>
<p>8. Representations:</p> <p>No awareness of unlawful event not asserted in cases</p> <p>It is not unlawful for Metropolitan to fund demand management</p> <p>SDCWA will not seek financial planning model or assert failure to provide model is unlawful (already litigated in Metropolitan’s favor)</p>	<p>8. Representations:</p> <p>No representations</p> <p>SDCWA and others are entitled to “applicable MWD rate models”</p>
<p>9. Parties to bear own fees and costs</p>	<p>9. Parties to bear own fees and costs</p>