

## Exhibit "A"

On October 27, 2008 the Board approved the following policies as part of the West Basin Water Shortage Allocation Plan regarding assessment of enforcement penalties, and use of net penalty revenue collected from customer agencies:

1. Penalty Assessment Policy: Every unit of a customer agency's imported water usage above its individual allocation will be assessed according to the same penalty structure and penalty rates that West Basin is subject to in MWD's Water Supply Allocation Plan; and
2. Net Penalty Revenue Use Policy: Penalty revenue collected from customer agencies in excess of any obligation to the MWD will be applied towards investments in water reliability projects and programs that benefit the West Basin service area as a whole. Additionally, at the Board's discretion, funds may be used to first cover any West Basin water sales revenue shortfall (less that budget forecast) resulting from extraordinary efforts within the service area.