

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

AMENDATORY CONTRACT BETWEEN THE UNITED STATES
AND
PLACER COUNTY WATER AGENCY
PROVIDING FOR PROJECT WATER SERVICE
FROM THE AMERICAN RIVER DIVISION

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THIS CONTRACT, made this ____ day of _____, 2001, in pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1262), October 27, 1986 (100 Stat. 3050), as amended, and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as Federal Reclamation law, between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, and PLACER COUNTY WATER AGENCY, hereinafter referred to as the Contractor, a public agency of the State of California, duly organized, existing, and acting pursuant to the laws thereof, with its principal place of business in California;

WITNESSETH, That:

EXPLANATORY RECITALS

[1st] WHEREAS, the United States has constructed and is operating the Central Valley Project,

28 California, for diversion, storage, carriage, distribution and beneficial use, for flood control, irrigation,
29 municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration, generation and
30 distribution of electric energy, salinity control, navigation and other beneficial uses, of waters of the
31 Sacramento River, the American River, the Trinity River, and the San Joaquin River and their tributaries; and

32 [2nd] WHEREAS, the United States constructed Folsom Dam and Reservoir, hereinafter
33 collectively referred to as the American River Division facilities, which will be used in part for the furnishing
34 of water to the Contractor pursuant to the terms of this Contract; and

35 [3rd] WHEREAS, the rights to Project Water were acquired by the United States pursuant to
36 California law for operation of the Project; and

37 [3.1] WHEREAS, the Auburn Dam and Reservoir proposed to be constructed by the United
38 States as a Unit of the Central Valley Project has to date, not been constructed; and

39 [4th] WHEREAS, the Contractor and the United States entered into Contract
40 No. 14-06-200-5082A dated September 18, 1970, as amended, hereinafter referred to as the Existing
41 Contract, which established terms for the delivery to the Contractor of Central Valley Project Water from
42 the American River Division from September 18, 1970, through December 31, 2011; and

43 [4.1] WHEREAS, Contract No. 14-06-200-5082A, as amended, provides the Contractor an
44 entitlement of up to 117,000 acre-feet annually of Central Valley delivered at Auburn Reservoir or at some
45 other mutually agreeable location; and

46 [4.2] WHEREAS, Contract No. 14-06-200-5082A, as amended, also recognizes that the
47 Contractor acquired the right to divert, store, and distribute water from the American River pursuant to
48 permits issued by the California State Water Rights Board which is now called the State Water Resources

49 Control Board (SWRCB); and

50 [5th] Omitted; and

51 [6th] Omitted; and

52 [6.1] Omitted; and

53 [7th] WHEREAS, the United States has completed the Programmatic Environmental Impact
54 Statement (PEIS) required under the CVPIA, and all other appropriate environmental review necessary to
55 provide for amendment of the Existing Contract; and

56 [8th] WHEREAS, the Contractor has requested the amendment of the Existing Contract,
57 pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws of the State of
58 California, for water service from the Central Valley Project; and

59 [9th] WHEREAS, the United States has determined that the Contractor has fulfilled all of its
60 obligations under the Existing Contract; and

61 [10th] WHEREAS, the Contracting Officer has determined that the Contractor has the capability
62 to fully utilize for reasonable and beneficial use, or shown projected future reasonable and beneficial use for,
63 the quantity of Project Water to be made available to it pursuant to this Contract; and

64 [11th] WHEREAS, water obtained from the Central Valley Project has been relied upon by urban
65 areas within California for more than fifty (50) years, and is considered by the Contractor as an essential
66 portion of its water supply; and

67 [12th] WHEREAS, the economies of regions within the Central Valley Project, including the
68 Contractor's, depend upon the continued availability of water, including water service from the Central
69 Valley Project; and

70 [13th] WHEREAS, the Secretary intends through coordination, cooperation, and partnerships to
71 pursue measures to improve water supply, water quality, and reliability of the Project for all Project
72 purposes; and

73 [14th] WHEREAS, the mutual goals of the United States and the Contractor include: to provide
74 for reliable Central Valley Project Water supplies; to control costs of those supplies; to achieve repayment
75 of the Central Valley Project as required by law; to guard reasonably against Central Valley Project Water
76 shortages; to achieve a reasonable balance among competing demands for use of Central Valley Project
77 Water; and to comply with all applicable environmental statutes, all consistent with the legal obligations of
78 the United States relative to the Central Valley Project; and

79 [15th] WHEREAS, the parties intend by this Contract to develop a more cooperative relationship
80 in order to achieve their mutual goals; and

81 [15.1] WHEREAS, the Contractor is a signatory to the Water Forum Agreement, which has the
82 co-equal objectives to (1) provide a reliable and safe water supply for the Sacramento region's economic
83 health and planned development through the year 2030, and (2) preserve the fishery, wildlife, recreational,
84 and aesthetic values of the lower American River; and

85 [15.2] WHEREAS, the Contracting Officer is in support of the co-equal objectives of the Water
86 Forum Agreement and intends to work cooperatively with the Contractor to investigate actions that they
87 could take to implement the objectives of the Water Forum Agreement, which, if agreed to, would be the
88 subject of a separate agreement between them; and

89 [16th] WHEREAS, the United States and the Contractor are willing to enter into this Amendatory
90 Contract pursuant to Federal Reclamation law on the terms and conditions set forth below;

91 [17th] WHEREAS, the contract between the United States and the Contractor dated
92 February 20, 1963, relating to the operation of the Contractor's Middle Fork American River Project
93 Reservoirs is still in full force and effect and is not affected by the terms and conditions of this Contract.

94 NOW, THEREFORE, in consideration of the mutual and dependent covenants herein contained, it
95 is hereby mutually agreed by the parties hereto as follows:

96 DEFINITIONS

97 1. When used herein unless otherwise distinctly expressed, or manifestly incompatible with the
98 intent of the parties as expressed in this Contract, the term:

99 (a) "Calendar Year" shall mean the period January 1 through December 31, both dates
100 inclusive;

101 (b) "Charges" shall mean the payments required by Federal Reclamation law in addition
102 to the Rates and Tiered Pricing Components specified in this Contract as determined annually by the
103 Contracting Officer pursuant to this Contract;

104 (c) "Condition of Shortage" shall mean a condition respecting the Project during any
105 Year such that the Contracting Officer is unable to deliver sufficient water to meet the Contract Total;

106 (d) "Contracting Officer" shall mean the Secretary of the Interior's duly authorized
107 representative acting pursuant to this Contract or applicable Reclamation law or regulation;

108 (e) "Contract Total" shall mean the maximum amount of water to which the Contractor
109 is entitled under subdivision (a) of Article 3 of this Contract;

110 (f) "Contractor's Service Area" shall mean the area to which the Contractor is

111 permitted to provide Project Water under this Contract as described in Exhibit “A” attached hereto, which
112 may be modified from time to time in accordance with Article 35 of this Contract without amendment of this
113 Contract;

114 (g) “CVPIA” shall mean the Central Valley Project Improvement Act, Title XXXIV of
115 the Act of October 30, 1992 (106 Stat. 4706);

116 (g.1) “Diversion Water” shall mean American River water to which the Contractor has
117 acquired rights thereto under Permit Nos. 13855, 13856, 13857, and 13858 issued by the California State
118 Water Rights Board, now referred to as the State Water Resources Control Board;

119 (h) “Eligible Lands” shall mean all lands to which Irrigation Water may be delivered in
120 accordance with Section 204 of the Reclamation Reform Act of October 12, 1982 (96 Stat. 1263), as
121 amended, hereinafter referred to as RRA;

122 (i) “Excess Lands” shall mean all lands in excess of the limitations contained in Section
123 204 of the RRA, other than those lands exempt from acreage limitation under Federal Reclamation law;

124 (j) “Full Cost Rate” shall mean that water rate described in Sections 205(a)(3) or
125 202(3) of the RRA, whichever is applicable;

126 (k) “Ineligible Lands” shall mean all lands to which Irrigation Water may not be
127 delivered in accordance with Section 204 of the RRA;

128 (l) “Irrigation Full Cost Water Rate” shall have the same meaning as “full cost” as that
129 term is used in paragraph (3) of Section 202 of the RRA;

130 (m) “Irrigation Water” shall mean water made available from the Project that is used

131 primarily in the production of agricultural crops or livestock, including domestic use incidental thereto, and
132 watering of livestock;

133 (n) "Landholder" shall mean a party that directly or indirectly owns or leases nonexempt
134 land, as provided in 43 CFR 426.2;

135 (o) "Municipal and Industrial (M&I) Water" shall mean Project Water, other than
136 Irrigation Water, made available to the Contractor. M&I Water shall include water used for human use and
137 purposes such as the watering of landscaping or pasture for animals (e.g., horses) which are kept for
138 personal enjoyment or water delivered to land holdings operated in units of less than five (5) acres unless the
139 Contractor establishes to the satisfaction of the Contracting Officer that the use of water delivered to any
140 such landholding is a use described in subdivision (m) of this Article;

141 (p) "M&I Full Cost Water Rate" shall mean the annual rate, which, as determined by
142 the Contracting Officer, shall amortize the expenditures for construction allocable to Project M&I facilities in
143 service, including, O&M deficits funded, less payments, over such periods as may be required under
144 Federal Reclamation law with interest accruing from the dates such costs were first incurred plus the
145 applicable rate for the O&M of such Project facilities. Interest rates used in the calculation of the M&I Full
146 Cost Rate shall comply with the Interest Rate methodology contained in Section 202 (3) (B) and (C) of the
147 RRA, as amended. O&M charges required under Federal Reclamation law shall be collected in addition to
148 the M&I Full Cost Water Rate;

149 (q) "Operation and Maintenance" or "O&M" shall mean normal and reasonable care,
150 control, operation, repair, replacement (other than Capital replacement), and maintenance of Project
151 facilities;

152 (r) Omitted;

153 (s) "Project" shall mean the Central Valley Project owned by the United States and
154 managed by the Department of the Interior, Bureau of Reclamation;

155 (t) "Project Contractors" shall mean all parties who have water service contracts for
156 Project Water from the Project with the United States pursuant to Federal Reclamation law;

157 (u) "Project Water" shall mean all water that is developed, diverted, stored, or
158 delivered by the Secretary in accordance with the statutes authorizing the Project and in accordance with the
159 terms and conditions of water rights acquired pursuant to California law;

160 (v) "Rates" shall mean the payments determined annually by the Contracting Officer in
161 accordance with the then current applicable water ratesetting policies for the Project, as described in
162 subdivision (a) of Article 7 of this Contract;

163 (w) "Recent Historic Average" shall mean the most recent five (5)-year average of the
164 final forecast of Water Made Available to the Contractor pursuant to this Contract or its preceding
165 contract(s);

166 (x) "Secretary" shall mean the Secretary of the Interior, a duly appointed successor, or
167 an authorized representative acting pursuant to any authority of the Secretary and through any agency of the
168 Department of the Interior;

169 (y) "Tiered Pricing Component" shall be the incremental amount to be paid for each
170 acre-foot of Water Delivered as described in subdivision (j) of Article 7 of this Contract;

171 (z) "Water Delivered" or "Delivered Water" shall mean Project Water diverted for use
172 by the Contractor at the point(s) of delivery approved by the Contracting Officer;

173 (aa) "Water Made Available" shall mean the estimated amount of Project Water that can
174 be delivered to the Contractor for the upcoming Year as declared by the Contracting Officer, pursuant to

175 subdivision (a) of Article 4 of this Contract;

176 (bb) "Water Scheduled" shall mean Project Water made available to the Contractor for
177 which times and quantities for delivery have been established by the Contractor and Contracting Officer,
178 pursuant to subdivision (b) of Article 4 of this Contract; and

179 (cc) "Year" shall mean the period from and including March 1 of each Calendar Year
180 through the last day of February of the following Calendar Year.

181 TERM OF CONTRACT

182 2. (a) This Contract shall be effective March 1, 2002, through December 31, 2011. In the
183 event the Contractor wishes to renew the Contract beyond December 31, 2011, the Contractor shall submit
184 a request for renewal in writing to the Contracting Officer no later than two (2) years prior to the date this
185 Contract expires. The renewal of this Contract insofar as it pertains to the furnishing of Irrigation Water to
186 the Contractor shall be governed by subdivision (b) of this Article, and the renewal of this Contract insofar
187 as it pertains to the furnishing of M&I Water to the Contractor shall be governed by subdivision (c) of this
188 Article.

189 (b) (1) Under terms and conditions of a renewal contract that are mutually
190 agreeable to the parties hereto, and upon a determination by the Contracting Officer that at the time of
191 contract renewal the conditions set forth in subdivision (b)(2) of this Article are met, and subject to Federal
192 and State law, this Contract, insofar as it pertains to the furnishing of Irrigation Water to the Contractor, shall
193 be renewed for a period of twenty-five (25) years.

194 (2) The conditions which must be met for this Contract to be renewed are: (i)
195 the Contractor has prepared a water conservation plan that has been determined by the Contracting Officer

196 in accordance with Article 26 of this Contract to meet the conservation and efficiency criteria for evaluating
197 such plans established under Federal law; (ii) the Contractor is implementing an effective water conservation
198 and efficiency program based on the Contractor's water conservation plan as required by Article 26 of this
199 Contract; (iii) the Contractor is operating and maintaining all water measuring devices and implementing all
200 water measurement methods as approved by the Contracting Officer pursuant to Article 6 of this Contract;
201 (iv) the Contractor has reasonably and beneficially used the Project Water supplies made available to it and,
202 based on projected demands, is reasonably anticipated and expects fully to utilize for reasonable and
203 beneficial use the quantity of Project Water to be made available to it pursuant to such renewal; (v) the
204 Contractor is complying with all terms and conditions of this Contract; and (vi) the Contractor has the
205 physical and legal ability to deliver Project Water.

206 (3) The terms and conditions of the renewal contract described in subdivision
207 (b)(1) of this Article and any subsequent renewal contracts shall be developed consistent with the parties'
208 respective legal rights and obligations, and in consideration of all relevant facts and circumstances, as those
209 circumstances exist at the time of renewal, including, without limitation, the Contractor's need for continued
210 delivery of Project Water; environmental conditions affected by implementation of the Contract to be
211 renewed, and specifically changes in those conditions that occurred during the life of the Contract to be
212 renewed; the Secretary's progress toward achieving the purposes of the CVPIA as set out in Section 3402
213 and in implementing the specific provisions of the CVPIA; and current and anticipated economic
214 circumstances of the region served by the Contractor.

215 (c) This Contract, insofar as it pertains to the furnishing of M&I Water to the
216 Contractor, shall be renewed for a period of twenty-five (25) years and thereafter shall be renewed for

217 successive periods of up to forty years (40) each, which periods shall be consistent with the then-existing
218 Reclamation-wide policy, under terms and conditions mutually agreeable to the parties and consistent with
219 Federal and State law. The present Reclamation-wide policy, dated March 20, 2000, provides that the
220 term of such contracts shall be no more than twenty-five (25) years each, subject to a variance to allow a
221 longer term in appropriate circumstances. The Contractor shall be afforded the opportunity to comment to
222 the Contracting Officer on the proposed adoption and application of any revised Reclamation-wide policy
223 applicable to the delivery of Project M&I Water that would limit the term of any subsequent renewal
224 contract with the Contractor for the furnishing of M&I Water to less than twenty-five (25) years.

225 (d) The Contracting Officer anticipates that by December 31, 2024, all authorized
226 Project construction expected to occur will have occurred, and on that basis the Contracting Officer agrees
227 by that date to allocate all costs that are properly assignable to the Contractor, and agrees further that, at
228 any time after such allocation is made, and subject to satisfaction of the conditions set out in this subdivision
229 of this Article, this Contract shall, at the request of the Contractor, be converted to a contract under
230 subsection (c)(1) of Section 9, of the Reclamation Project Act of 1939, subject to applicable Federal law
231 and under stated terms and conditions mutually agreeable to the Contractor and the Contracting Officer. A
232 condition for such conversion to occur shall be a determination by the Contracting Officer that, account
233 being taken of the amount credited to return by the Contractor as provided for under Reclamation law, the
234 remaining amount of construction costs assignable for ultimate return by the Contractor can probably be
235 repaid to the United States within the term of a contract under said subsection 9(c)(1). If the remaining
236 amount of costs that are properly assignable to the Contractor cannot be determined by December 31,
237 2024, the Contracting Officer shall notify the Contractor, and provide the reason(s) why such a

238 determination could not be made. Further, the Contracting Officer shall make such a determination as soon
239 thereafter as possible so as to permit, upon request of the Contractor and satisfaction of the conditions set
240 out above, conversion to a contract under said subsection 9(c)(1). In the event such determination of costs
241 has not been made at a time which allows conversion of this Contract during the term of this Contract or the
242 Contractor has not requested conversion of this Contract within such term, the parties shall incorporate in
243 any subsequent renewal contract as described in subdivision (c) of this Article a provision that carries forth
244 in substantially identical terms the provisions of this subdivision (d). In the event the Contracting Officer is
245 able to make a determination of the remaining amount of costs that are properly assignable to the Contractor
246 before December 31, 2024, the Contracting Officer shall do so at the earliest time the Contracting Officer
247 has such ability.

248 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

249 3. (a) During each Year, consistent with all applicable State water rights, permits, and
250 licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of this Contract, the
251 Contracting Officer shall make available for delivery to the Contractor 35,000 acre-feet of Irrigation Water
252 and/or M&I Water. The quantity of Water Delivered to the Contractor in accordance with this subdivision
253 shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this Contract.

254 (1) The Contracting Officer recognizes that the Contractor has a right to
255 Diversion Water from the American River in the amount of 120,000 acre-feet in any Year said water is
256 available. Said Diversion Water is in addition to the Project Water made available pursuant to this Contract.
257 The quantities of Diversion Water to which the Contractor is entitled and which are not taken or otherwise
258 disposed of by the Contractor during that Year shall become the property of the United States.

259 (2) The quantity of Diversion Water specified in subdivision (a)(1) of this Article
260 is contingent upon the right of the Contractor to continue to take said quantity of water annually pursuant to
261 California law. In the event that under such law the Contractor's right to take Diversion Water is less than
262 the amount specified in subdivision (a)(1) above, the amount of Diversion Water which the Contracting
263 Officer will recognize under this Amendatory Contract shall be reduced accordingly.

264 (b) Because the capacity of the Central Valley Project to deliver Project Water has
265 been constrained in recent years and may be constrained in the future due to many factors including
266 hydrologic conditions and implementation of Federal and State laws, the likelihood of the Contractor
267 actually receiving the amount of Water set out in subdivision (a) of this Article in any given Year is uncertain.
268 The Contracting Officer's most recent modeling referenced in the PEIS projected that the Contract Total set
269 forth in this Contract will not be available to the Contractor in many years. During the most recent five (5)
270 years, the Recent Historic Average of Water Made Available to the Contractor was 31,000 acre-feet.
271 Nothing in subdivision (b) of this Article shall affect the rights and obligations of the parties under any
272 provision of this Contract.

273 (c) The Contractor shall utilize the Project Water in accordance with all applicable legal
274 requirements.

275 (d) The Contractor shall make reasonable and beneficial use of all Project Water or
276 other water furnished pursuant to this Contract. Groundwater recharge programs, groundwater banking
277 programs, surface water storage programs, and other similar programs utilizing Project Water or other water
278 furnished pursuant to this Contract conducted within the Contractor's Service Area which are consistent
279 with applicable State law and result in use consistent with Reclamation law will be allowed; Provided, That

280 any direct recharge program(s) is (are) described in the Contractor's Water Conservation Plan submitted
281 pursuant to Article 26 of this Contract; groundwater, Provided, further, That such Water Conservation Plan
282 demonstrates sufficient lawful uses exist in the Contractor's Service Area so that using a long-term average,
283 the quantity of Delivered Water is demonstrated to be reasonable for such uses and in compliance with
284 Reclamation Law. Groundwater recharge programs, groundwater banking programs, surface water storage
285 programs, and other similar programs utilizing Project Water or other water furnished pursuant to this
286 Contract conducted outside the Contractor's Service Area may be permitted upon written approval of the
287 Contracting Officer, which approval will be based upon environmental documentation, Project Water rights,
288 and Project operational concerns. The Contracting Officer will address such concerns in regulations,
289 policies, or guidelines.

290 (e) The Contractor shall comply with requirements applicable to the Contractor in
291 biological opinion(s) prepared as a result of a consultation regarding the execution of this Contract
292 undertaken pursuant to Section 7 of the Endangered Species Act of 1973, as amended, that are within the
293 Contractor's legal authority to implement. The Contractor shall comply with the limitations or requirements
294 imposed by environmental documentation applicable to the Contractor and within its legal authority to
295 implement. Nothing herein shall be construed to prevent the Contractor from challenging or seeking judicial
296 relief in a court of competent jurisdiction with respect to any biological opinion or other environmental
297 documentation referred to in this Article.

298 (f) Following the declaration of Water Made Available under Article 4 of this Contract,
299 the Contracting Officer will make a determination whether Project Water, or other water available to the
300 Project, can be made available to the Contractor in addition to the Contract Total under Article 3 of this

301 Contract during the Year without adversely impacting other Project Contractors. At the request of the
302 Contractor, the Contracting Officer will consult with the Contractor prior to making such a determination. If
303 the Contracting Officer determines that Project Water, or other water available to the Project, can be made
304 available to the Contractor, the Contracting Officer will announce the availability of such water and shall so
305 notify the Contractor as soon as practical. The Contracting Officer will thereafter meet with the Contractor
306 and other Project Contractors capable of taking such water to determine the most equitable and efficient
307 allocation of such water. If the Contractor requests the delivery of any quantity of such water, the
308 Contracting Officer shall make such water available to the Contractor in accordance with applicable
309 statutes, regulations, guidelines, and policies.

310 (g) The Contractor may request permission to reschedule for use during the subsequent
311 Year some or all of the Water Made Available to the Contractor during the current Year referred to as
312 “carryover.” The Contractor may request permission to use during the current Year a quantity of Project
313 Water which may be made available by the United States to the Contractor during the subsequent Year
314 referred to as “preuse.” The Contracting Officer’s written approval may permit such uses in accordance
315 with applicable statutes, regulations, guidelines, and policies.

316 (h) The Contractor’s right pursuant to Federal Reclamation law and applicable State
317 law to the reasonable and beneficial use of Water Delivered pursuant to this Contract during the term thereof
318 and any subsequent renewal contracts, as described in Article 2 of this Contract, during the terms thereof
319 shall not be disturbed so long as the Contractor shall fulfill all of its obligations under this Contract and any
320 renewals thereof. Nothing in the preceding sentence shall affect the

321 Contracting Officer's ability to impose shortages under Article 11 or subdivision (b) of Article 12 of this
322 Contract or applicable provisions of any subsequent renewal contracts.

323 (i) Project Water furnished to the Contractor pursuant to this Contract may be
324 delivered for purposes other than those described in subdivision (o) of Article 1 of this Contract upon
325 written approval by the Contracting Officer in accordance with the terms and conditions of such approval.

326 (j) Omitted.

327 (k) The Contracting Officer shall make reasonable efforts to protect the water rights
328 necessary for the Project and to provide the water available under this Contract. The Contracting Officer
329 shall not object to participation by the Contractor, in the capacity and to the extent permitted by law, in
330 administrative proceedings related to the Project Water rights; Provided, however, That the Contracting
331 Officer retains the right to object to the substance of the Contractor's position in such a proceeding.

332 TIME FOR DELIVERY OF WATER

333 (4) (a) On or about February 20 of each Calendar Year, the Contracting Officer shall
334 announce the Contracting Officer's expected declaration of the Water Made Available. The declaration will
335 be updated monthly, and more frequently if necessary, based on then-current operational and hydrologic
336 conditions and a new declaration with changes, if any, to the Water Made Available will be made. The
337 Contracting Officer shall provide forecasts of Project operations and the basis of the estimate, with relevant
338 supporting information, upon the written request of the Contractor. Concurrently with the declaration of the
339 Water Made Available, the Contracting Officer

340 shall provide the Contractor with the updated Recent Historic Average. The declaration of Project

341 operations will be expressed in terms of both Water Made Available and the Recent Historic Average.

342 (b) On or before each March 1 and at such other times as necessary, the Contractor
343 shall submit to the Contracting Officer a written schedule, satisfactory to the Contracting Officer, showing
344 the monthly quantities of Project Water to be delivered by the United States to the Contractor pursuant to
345 this Contract for the Year commencing on such March 1. The Contracting Officer shall use all reasonable
346 means to deliver Project Water according to the approved schedule for the Year commencing on such
347 March 1.

348 (c) The Contractor shall not schedule Project Water in excess of the quantity of Project
349 Water the Contractor intends to put to reasonable and beneficial use within the Contractor's Service Area or
350 to sell, transfer, or exchange pursuant to Article 9 of this Contract during any Year.

351 (d) Subject to the conditions set forth in subdivision (a) of Article 3 of this Contract, the
352 United States shall deliver Project Water to the Contractor in accordance with the initial schedule submitted
353 by the Contractor pursuant to subdivision (b) of this Article, or any written revision(s), satisfactory to the
354 Contracting Officer, thereto submitted within a reasonable time prior to the date(s) on which the requested
355 change(s) is/are to be implemented.

356 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

357 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this Contract
358 shall be delivered to the Contractor at Folsom Dam and any additional point or points of delivery either on
359 Project facilities or another location or locations mutually agreed to in writing by the Contracting Officer and
360 the Contractor.

361 (b) The parties hereby acknowledge execution of the Stipulated Agreement dated
362 September 8, 1998, recognizing the agreement by the United States, Bureau of Reclamation, subject to

363 certain conditions, to dismiss protests to the Contractor's petition to expand the place of use under the
364 Contractor's water right permits.

365 (c) The Contractor shall deliver Irrigation Water in accordance with any applicable land
366 classification provisions of Federal Reclamation law and the associated regulations. The Contractor shall not
367 deliver Project Water to land outside the Contractor's Service Area unless approved in advance by the
368 Contracting Officer.

369 (d) All Water Delivered to the Contractor pursuant to this Contract shall be measured
370 and recorded with equipment furnished, installed, operated, and maintained by the United States, or other
371 appropriate entity as designated by the Contracting Officer (hereafter "other appropriate entity") at the point
372 or points of delivery established pursuant to subdivision (a) of this Article. Upon the request of either party
373 to this Contract, the Contracting Officer shall investigate, or cause to be investigated, the accuracy of such
374 measurements and shall take any necessary steps to adjust any errors appearing therein. For any period of
375 time when accurate measurements have not been made, the Contracting Officer shall consult with the
376 Contractor prior to making a final determination of the quantity delivered for that period of time.

377 (e) The Contracting Officer shall not be responsible for the control, carriage, handling,
378 use, disposal, or distribution of Project Water Delivered to the Contractor pursuant to this Contract beyond
379 the delivery points specified in subdivision (a) of this Article. The Contractor shall indemnify the United
380 States, its officers, employees, agents, and assigns on account of damage or claim of damage of any nature
381 whatsoever for which there is legal responsibility, including property damage, personal injury, or death
382 arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such Project
383 Water beyond such delivery points, except for any damage or claim arising out of: (i) acts or omissions of

384 the Contracting Officer or any of its officers, employees, agents, or assigns with the intent of creating the
385 situation resulting in any damage or claim; (ii) willful misconduct of the Contracting Officer or any of its
386 officers, employees, agents, or assigns; (iii) negligence of the Contracting Officer or any of its officers,
387 employees, agents, or assigns; or (iv) damage or claims resulting from a malfunction of facilities owned
388 and/or operated by the United States.

389 MEASUREMENT OF WATER WITHIN THE SERVICE AREA

390 6. (a) By (6 months after execution), the Contractor shall ensure that, unless the
391 Contractor establishes an alternative measurement program satisfactory to the Contracting Officer, all
392 surface water delivered by the Contractor for irrigation purposes within the Contractor's Service Area is
393 measured at each agricultural turnout and such water delivered by the Contractor for municipal and industrial
394 purposes is measured at each municipal and industrial service connection. The water measuring devices or
395 water measuring methods of comparable effectiveness must be acceptable to the Contracting Officer. The
396 Contractor shall be responsible for installing, operating, and maintaining and repairing all such measuring
397 devices and implementing all such water measuring methods at no cost to the United States. The Contractor
398 shall use the information obtained from such water measuring devices or water measuring methods to ensure
399 its proper management of the water, to bill water users for water delivered by the Contractor; and, if
400 applicable, to record water delivered for municipal and industrial purposes by customer class as defined in
401 the Contractor's water conservation plan provided for in Article 26 of this Contract. Nothing herein
402 contained, however, shall preclude the Contractor from establishing and collecting any charges, assessments,
403 or other revenues

404 authorized by California law. The Contractor shall include a summary of all its annual surface water
405 deliveries in the annual report described in subdivision (c) of Article 26.

406 (b) To the extent the information has not otherwise been provided, upon execution of
407 this Contract, the Contractor shall provide to the Contracting Officer a written report describing the
408 measurement devices or water measuring methods being used or to be used to implement subdivision (a) of
409 this Article and identifying the agricultural turnouts and municipal and industrial service connections or
410 alternative measurement programs approved by the Contracting Officer, at which such measurement devices
411 or water measuring methods are being used, and, if applicable, identifying the locations at which such
412 devices and/or methods are not yet being used including a time schedule for implementation at such
413 locations. The Contracting Officer shall advise the Contractor in writing within sixty (60) days as to the
414 adequacy of, and necessary modifications, if any, of the measuring devices or water measuring methods
415 identified in the Contractor's report and if the Contracting Officer does not respond in such time, they shall
416 be deemed adequate. If the Contracting Officer notifies the Contractor that the measuring devices or
417 methods are inadequate, the parties shall within sixty (60) days following the Contracting Officer's response,
418 commence to negotiate in good faith how, and the earliest practicable date by which, the Contractor shall
419 modify said measuring devices and/or measuring methods as required by the Contracting Officer to ensure
420 compliance with subdivision (a) of this Article.

421 (c) All new surface water delivery systems installed for the delivery of Water Made
422 Available under this Contract within the Contractor's Service Area after the effective date of this Contract
423 shall also comply with the measurement provisions described in subdivision (a) of this Article.

424 (d) The Contractor shall inform the Contracting Officer and the State of California in

425 writing by April 30 of each Year of the monthly volume of surface water delivered within the Contractor's
426 Service Area during the previous Year.

427 (e) The Contractor shall inform the Contracting Officer on or before the twentieth (20th)
428 calendar day of each month of the quantity of Irrigation and M&I Water taken during the preceding month.

429 RATES AND METHOD OF PAYMENT FOR WATER

430 7. (a) The Contractor shall pay the United States as provided in this Article for all
431 Delivered Water at Rates, Charges, and the Tiered Pricing Component established in accordance with: (i)
432 the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and the Secretary's then-existing
433 ratesetting policy for M&I Water. Such ratesetting policies shall be amended, modified, or superseded only
434 through a public notice and comment procedure; (ii) applicable Reclamation law and associated rules and
435 regulations, or policies; and (iii) other applicable provisions of this Contract. Payments shall be made by
436 cash transaction, wire, or any other mechanism as may be agreed to in writing by the Contractor and the
437 Contracting Officer. The Rates, Charges, and Tiered Pricing Components applicable to the Contractor
438 upon execution of this Contract are set forth in Exhibit "B," as may be revised annually.

439 (b) The Contracting Officer shall notify the Contractor of the Rates, Charges, and
440 Tiered Pricing Components as follows:

441 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall provide
442 the Contractor an estimate of the Charges for Project Water that will be applied to the period October 1, of
443 the current Calendar Year, through September 30, of the following Calendar Year, and the basis for such
444 estimate. The Contractor shall be allowed not less than two (2) months to review and comment on such
445 estimates. On or before September 15 of each Calendar Year, the Contracting Officer shall notify the

446 Contractor in writing of the Charges to be in effect during the period
447 October 1 of the current Calendar Year, through September 30, of the following Calendar Year, and such
448 notification shall revise Exhibit "B."

449 (2) Prior to October 1 of each Calendar Year, the Contracting Officer shall
450 make available to the Contractor an estimate of the Rates and Tiered Pricing Components for Project Water
451 for the following Year and the computations and cost allocations upon which those Rates are based. The
452 Contractor shall be allowed not less than two (2) months to review and comment on such computations and
453 cost allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the
454 Contractor with the final Rates and Tiered Pricing Components to be in effect for the upcoming Year, and
455 such notification shall revise Exhibit "B."

456 (c) At the time the Contractor submits the initial schedule for the delivery of Project
457 Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the Contractor shall make an
458 advance payment to the United States equal to the total amount payable pursuant to the applicable Rate(s)
459 set under subdivision (a) of this Article, for the Project Water scheduled to be delivered pursuant to this
460 Contract during the first two (2) calendar months of the Year. Before the end of the first month and before
461 the end of each calendar month thereafter, the Contractor shall make an advance payment to the United
462 States, at the Rate(s) set under subdivision (a) of this Article, for the Water Scheduled to be delivered
463 pursuant to this Contract during the second month immediately following. Adjustments between advance
464 payments for Water Scheduled and payments at Rates due for Water Delivered shall be made before the
465 end of the following month; Provided, That any revised schedule submitted by the Contractor pursuant to
466 Article 4 of this Contract which increases the amount of Water Delivered pursuant to this Contract during

467 any month shall be accompanied with appropriate advance payment, at the Rates then in effect, to assure
468 that Project Water is not delivered to the Contractor in advance of such payment. In any month in which the
469 quantity of Water Delivered to the Contractor pursuant to this Contract equals the quantity of Water
470 Scheduled and paid for by the Contractor, no additional Project Water shall be delivered to the Contractor
471 unless and until an advance payment at the Rates then in effect for such additional Project Water is made.
472 Final adjustment between the advance payments for the Water Scheduled and payments for the quantities of
473 Water Delivered during each Year pursuant to this Contract shall be made as soon as practicable but no
474 later than April 30th of the following Year, or sixty (60) days after the delivery of Project Water carried
475 over under subdivision (g) of Article 3 of this Contract if such water is not delivered by the last day of
476 February.

477 (d) The Contractor shall also make a payment in addition to the Rate(s) in subdivision
478 (c) of this Article to the United States for Water Delivered, at the Charges and the appropriate Tiered
479 Pricing Component then in effect, before the end of the month following the month of delivery; Provided,
480 That the Contractor may be granted an exception from the Tiered Pricing Component pursuant to
481 subdivision (j)(2) of this Article. The payments shall be consistent with the quantities of M&I Water
482 Delivered as shown in the water delivery report for the subject month prepared by the Contracting Officer.
483 The water delivery report shall be deemed a bill for the payment of Charges and the applicable Tiered
484 Pricing Component for Water Delivered. Adjustment for overpayment or underpayment of Charges shall be
485 made through the adjustment of payments due
486 to the United States for Charges for the next month. Any amount to be paid for past due payment of

487 Charges and the Tiered Pricing Component shall be computed pursuant to Article 20 of this Contract.

488 (e) The Contractor shall pay for any Water Delivered under subdivision (d), (f), or (g)
489 of Article 3 of this Contract as determined by the Contracting Officer pursuant to applicable statutes,
490 associated regulations, any applicable provisions of guidelines or ratesetting policies; Provided, That the
491 Rate for Water Delivered under subdivision (d) of Article 3 of this Contract shall be no more than the
492 otherwise applicable Rate for M&I Water under subdivision (a) of this Article.

493 (f) Payments to be made by the Contractor to the United States under this Contract
494 may be paid from any revenues available to the Contractor.

495 (g) All revenues received by the United States from the Contractor relating to the
496 delivery of Project Water or the delivery of through Project facilities shall be allocated and applied in
497 accordance with Federal Reclamation law and the associated rules or regulations, and the then current
498 Project ratesetting policy for M&I Water.

499 (h) The Contracting Officer shall keep its accounts pertaining to the administration of the
500 financial terms and conditions of its long-term contracts, in accordance with applicable Federal standards, so
501 as to reflect the application of Project costs and revenues. The Contracting Officer shall, each Year upon
502 request of the Contractor, provide to the Contractor a detailed accounting of all Project and Contractor
503 expense allocations, the disposition of all Project and Contractor revenues, and a summary of all water
504 delivery information. The Contracting Officer and the Contractor shall enter into good faith negotiations to
505 resolve any discrepancies or disputes relating to accountings, reports, or information.

506 (i) The parties acknowledge and agree that the efficient administration of this Contract

507 is their mutual goal. Recognizing that experience has demonstrated that mechanisms, policies, and
508 procedures used for establishing Rates, Charges, and Tiered Pricing Components, and/or for making and
509 allocating payments, other than those set forth in this Article may be in the mutual best interest of the parties,
510 it is expressly agreed that the parties may enter into agreements to modify the mechanisms, policies, and
511 procedures for any of those purposes while this Contract is in effect without amending this Contract.

512 (1) Beginning at such time as deliveries of Project Water in a Year exceed
513 eighty (80%) percent of the Contract Total, then before the end of the month following the month of delivery
514 the Contractor shall make an additional payment to the United States equal to the applicable Tiered Pricing
515 Component. The Tiered Pricing Component for the amount of Water Delivered in excess of eighty (80%)
516 percent of the Contract Total, but less than or equal to ninety (90%) percent of the Contract Total, shall
517 equal one-half of the difference between the Rate established under subdivision (a) of this Article and the
518 M&I Full Cost Water Rate. The Tiered Pricing Component for the amount of Water Delivered which
519 exceeds ninety (90%) percent of the Contract Total shall equal the difference between (i) the Rate
520 established under subdivision (a) of this Article and (ii) the M&I Full Cost Water Rate.

521 (2) Omitted.

522 (3) For purposes of determining the applicability of the Tiered Pricing
523 Components pursuant to this Article, Water Delivered shall include Project Water that the Contractor
524 transfers to others but shall not include Project Water transferred and delivered to the Contractor.

525 (k) For the term of this Contract, Rates under the respective ratesetting policies will be
526 established to recover only reimbursable “operation and maintenance” (including any deficits) and capital

527 costs of the Project, as those terms are used in the then-current Project ratesetting policies, and interest,
528 where appropriate, except in instances where a minimum Rate is applicable in accordance with the relevant
529 Project ratesetting policy. Changes of significance in practices which implement the Contracting Officer's
530 ratesetting policies will not be implemented until the Contracting Officer has provided the Contractor an
531 opportunity to discuss the nature, need, and impact of the proposed change.

532 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA, the
533 Rates for Project Water transferred by the Contractor shall be the Contractor's Rates adjusted upward or
534 downward in accordance with the then-applicable CVP Ratesetting Policy to reflect the changed costs, if
535 any, incurred by the Contracting Officer in the delivery of the transferred Project Water to the transferee's
536 point of delivery.

537 (m) Pursuant to the Act of October 27, 1986 (100 Stat 3050), the Contracting Officer
538 is authorized to adjust determinations of ability to pay every five (5) years.

539 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

540 8. The Contractor and the Contracting Officer concur that, as of the effective date of this
541 Contract, the Contractor has no non-interest bearing operation and maintenance deficits and shall have no
542 further liability therefor.

543 SALES, TRANSFERS, OR EXCHANGES OF WATER

544 9. (a) The right to receive Project Water provided for in this Contract may be sold,
545 transferred, or exchanged to others for reasonable and beneficial uses within the State of California if such
546 sale, transfer, or exchange is authorized by applicable Federal and State laws, and applicable guidelines or
547 regulations then in effect. No sale, transfer, or exchange of Project Water under this Contract may take

548 place without the prior written approval of the Contracting Officer, except as provided for in subdivision (b)
549 of this Article, and no such sales, transfers, or exchanges shall be approved absent compliance with
550 appropriate environmental documentation including but not limited to the National Environmental Policy Act
551 and the Endangered Species Act. Such environmental documentation should include, as appropriate, an
552 analysis of groundwater impacts and economic and social effects, including environmental justice, of the
553 proposed water transfers on both the transferor and transferee.

554 (b) In order to facilitate efficient water management by means of water transfers of the
555 type historically carried out, among Project Contractors located within the same geographical area, by
556 means of water transfers and to allow the Contractor to participate in an accelerated water transfer program
557 during the term of this Contract, the Contracting Officer shall prepare, as appropriate, necessary
558 environmental documentation including, but not limited to, the National Environmental Policy Act and the
559 Endangered Species Act analyzing annual transfers within such geographical areas and the Contracting
560 Officer shall determine whether such transfers comply with applicable law. Following the completion of the
561 environmental documentation, such transfers addressed in such documentation shall be conducted with
562 advance notice to the Contracting Officer, but shall not require prior written approval by the Contracting
563 Officer. Such environmental documentation and the Contracting Officer's compliance determination shall be
564 reviewed every five (5) years and updated, as necessary, prior to the expiration of the then-existing five (5)-
565 year period.

566 All subsequent environmental documentation shall include an alternative to evaluate not less than the quantity
567 of Project Water historically transferred within the same geographical area.

568 (c) For a water transfer to qualify under subdivision (b) of this Article, such water
569 transfer must: (i) be for irrigation purposes for lands irrigated within the previous three (3) years, or to be
570 delivered to established wildlife refuges, groundwater basins or for municipal and industrial use or for fish
571 and wildlife purposes; (ii) occur within a single Year; (iii) occur between a willing seller and a willing buyer;
572 (iv) convey water through existing Project facilities with no new construction or modifications to Project
573 facilities and be between existing Project Contractors and/or the Contractor and the United States,
574 Department of the Interior; and (v) comply with all applicable Federal, State, and local or tribal laws and
575 requirements imposed for protection of the environment and Indian Trust Assets, as defined under Federal
576 law. Such water transfers must not lead to land conversion.

577 (d) Solely for the purpose of determining whether Section 3405(a)(1)(M) of the CVPIA
578 applies to the Contractor as a transferor or transferee of Project Water, the Contracting Officer
579 acknowledges that the Contractor is within a county, watershed, or other area of origin, as those terms are
580 utilized under California law, of water that constitutes the natural flow of the American River and its
581 tributaries above the confluence of the American and Sacramento Rivers.

582 APPLICATION OF PAYMENTS AND ADJUSTMENTS

583 10. (a) The amount of any overpayment by the Contractor of the Contractor's O&M,
584 Capital, and deficit (if any) obligations for the Year shall be applied first to any current liabilities
585 of the Contractor arising out of this Contract then due and payable. Overpayments of more than
586 One Thousand Dollars (\$1,000) shall be refunded at the Contractor's request. In lieu of a refund, any
587 amount of such overpayment at the option of the Contractor, may be credited against amounts to become
588 due to the United States by the Contractor. With respect to overpayment, such refund or adjustment shall

589 constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the use of any
590 of the Project Water supply provided for herein. All credits and refunds of overpayments shall be made
591 within thirty (30) days of the Contracting Officer obtaining direction as to how to credit or refund such
592 overpayment in response to the notice to the Contractor that it has finalized the accounts for the Year in
593 which the overpayment was made.

594 (b) All advances for miscellaneous costs incurred for work requested by the Contractor
595 pursuant to Article 25 of this Contract shall be adjusted to reflect the actual costs when the work has been
596 completed. If the advances exceed the actual costs incurred, the difference will be refunded to the
597 Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be billed for the
598 additional costs pursuant to Article 25 of this Contract.

599 TEMPORARY REDUCTIONS--RETURN FLOWS

600 11. (a) Subject to: (i) the authorized purposes and priorities of the Project and the
601 requirements of Federal law and (ii) the obligations of the United States under existing contracts, or renewals
602 thereof, providing for water deliveries from the Project, the Contracting Officer shall make all reasonable
603 efforts to optimize Project Water deliveries to the Contractor as provided in this Contract.

604 (b) The Contracting Officer may temporarily discontinue or reduce the quantity of
605 Water Delivered to the Contractor as herein provided for the purposes of investigation, inspection,
606 maintenance, repair, or replacement of any of the Project facilities or any part thereof necessary for the
607 delivery of Project Water to the Contractor, but so far as feasible the Contracting Officer will give the
608 Contractor due notice in advance of such temporary discontinuance or reduction, except in case of
609 emergency, in which case no notice need be given; Provided, That the United States shall use its best efforts

610 to avoid any discontinuance or reduction in such service. Upon resumption of service after such reduction
611 or discontinuance, and if requested by the Contractor, the United States will, if possible, deliver the quantity
612 of Project Water which would have been delivered hereunder in the absence of such discontinuance or
613 reduction.

614 (c) The United States reserves the right to all seepage and return flow water derived
615 from Water Delivered to the Contractor hereunder which escapes or is discharged beyond the Contractor's
616 Service Area; Provided, That this shall not be construed as claiming for the United States any right as
617 seepage or return flow being put to reasonable and beneficial use pursuant to this Contract within the
618 Contractor's Service Area by the Contractor or those claiming by, through, or under the Contractor.

619 CONSTRAINTS ON THE AVAILABILITY OF WATER

620 12. (a) In its operation of the Project, the Contracting Officer will use all reasonable means
621 to guard against a Condition of Shortage in the quantity of water to be made available to the Contractor
622 pursuant to this Contract. In the event the Contracting Officer determines that a Condition of Shortage
623 appears probable, the Contracting Officer will notify the Contractor of said determination as soon as
624 practicable.

625 (b) If there is a Condition of Shortage because of errors in physical operations of the
626 Project, drought, other physical causes beyond the control of the Contracting Officer or actions taken by the
627 Contracting Officer to meet legal obligations then, except as provided in subdivision (a) of Article 18 of this
628 Contract, no liability shall accrue against the United States or any of its officers, agents, or employees for
629 any damage, direct or indirect, arising therefrom.

630 (c) Project Water furnished under this Amendatory Contract, and any renewals thereof

631 will be allocated in accordance with the then-existing Project M&I Water Shortage Policy. Such policy
632 shall be amended, modified, or superseded only through a public notice and comment procedure.

633 UNAVOIDABLE GROUNDWATER PERCOLATION

634 13. To the extent applicable, the Contractor shall not be deemed to have delivered Irrigation
635 Water to Excess Lands or Ineligible Lands within the meaning of this Contract if such lands are irrigated with
636 groundwater that reaches the underground strata as an unavoidable result of the delivery of Irrigation Water
637 by the Contractor to Eligible Lands.

638 RULES AND REGULATIONS

639 14. The parties agree that the delivery of Irrigation Water or use of Federal facilities pursuant to
640 this Contract is subject to Federal Reclamation law, including but not limited to, the Reclamation Reform Act
641 of 1982 (43 U.S.C.390aa et seq.), as amended and supplemented, and the rules and regulations
642 promulgated by the Secretary of the Interior under Federal Reclamation law.

643 WATER AND AIR POLLUTION CONTROL

644 15. The Contractor, in carrying out this Contract, shall comply with all applicable water and air
645 pollution laws and regulations of the United States and the State of California, and shall obtain all required
646 permits or licenses from the appropriate Federal, State, or local authorities.

647 QUALITY OF WATER

648 16. (a) Project facilities used to deliver Project Water to the Contractor pursuant to this
649 Contract shall be operated and maintained to enable the United States to deliver Project Water to the
650 Contractor in accordance with the water quality standards specified in subsection 2(b) of the Act of August
651 26, 1937 (50 Stat. 850), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050), or
652 other existing Federal laws. The United States is under no obligation to construct or furnish water treatment
653

654 facilities to maintain or to improve the quality of Water Delivered to the Contractor pursuant to this
655 Contract. The United States does not warrant the quality of Water Delivered to the Contractor pursuant to
656 this Contract.

657 (b) The Operation and Maintenance of Project facilities shall be performed in such
658 manner as is practicable to maintain the quality of raw water made available through such facilities at the
659 highest level reasonably attainable as determined by the Contracting Officer. The Contractor shall be
660 responsible for compliance with all State and Federal water quality standards applicable to surface and
661 subsurface agricultural drainage discharges, if any, generated through the use of Federal or Contractor
662 facilities or Project Water provided by the Contractor within the Contractor's Service Area.

663 WATER ACQUIRED BY THE CONTRACTOR
664 OTHER THAN FROM THE UNITED STATES

665 17. (a) Water or water rights now owned or hereafter acquired by the Contractor other
666 than from the United States and Irrigation Water furnished pursuant to the terms of this Contract may be
667 simultaneously transported through the same distribution facilities of the Contractor subject to the following:
668 (i) if the facilities utilized for commingling Irrigation Water and were constructed without funds made
669 available pursuant to Federal Reclamation law, the provisions of Federal Reclamation law will be applicable
670 only to the Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive Irrigation
671 Water must be established through the certification requirements as specified in the Acreage Limitation Rules
672 and Regulations (43 CFR
673 Part 426); (iii) the water requirements of Eligible Lands within the Contractor's Service Area can be
674 established and the quantity of Irrigation Water to be utilized is less than or equal to the quantity necessary to

675 irrigate such Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and are/were
676 constructed with funds made available pursuant to Federal Reclamation law, the will be subject to the
677 acreage limitation provisions of Federal Reclamation law, unless the Contractor pays to the United States
678 the incremental fee described in 43 CFR 426.15. In determining the incremental fee, the Contracting Officer
679 will calculate annually the cost to the Federal Government, including interest of storing or delivering , which
680 for purposes of this Contract shall be determined as follows: The quotient shall be the unpaid distribution
681 system costs divided by the total irrigable acreage within the Contractor's Service Area. The incremental
682 fee per acre is the mathematical result of such quotient times the interest rate determined using Section 202
683 (3) of the Act of October 12, 1982 (96 Stat. 1263). Such incremental fee will be charged to each acre of
684 excess or full cost land within the Contractor's Service Area that receives through Federally financed or
685 constructed facilities. The incremental fee calculation methodology will continue during the term of this
686 Contract absent the promulgation of a contrary Reclamation-wide rule, regulation, or policy adopted after
687 the Contractor has been afforded the opportunity to review and comment on the proposed rule, regulation,
688 or policy. If such rule, regulation, or policy is adopted it shall supersede this provision.

689 (b) Water or water rights now owned or hereafter acquired by the Contractor, other
690 than from the United States or adverse to the Project or its contractors (i.e.,) may be stored, conveyed,
691 and/or diverted through Project facilities, subject to the completion of appropriate environmental
692 documentation, with the approval of the Contracting Officer and the execution of any contract determined
693 by the Contracting Officer to be necessary, consistent with the following provisions:

694 (1) The Contractor may introduce non-project water into Project facilities and
695 deliver said water to lands within the Contractor's Service Area, including Ineligible Lands, subject to

696 payment to the United States of an appropriate rate as determined by the CVP Ratesetting Policy and the
697 Reclamation Reform Act of 1982, each as amended, modified, or superseded from time to time. In
698 addition, if electrical power is required to pump non-project water through the facilities, the Contractor shall
699 be responsible for obtaining the necessary power and paying the necessary charges therefor.

700 (2) Delivery of such non-project water in and through Project facilities shall only
701 be allowed to the extent such deliveries do not: (i) interfere with other Project purposes as determined by
702 the Contracting Officer; (ii) reduce the quantity or quality of water available to other Project water service
703 contractors; (iii) interfere with the delivery of contractual water entitlements to any other Project water
704 service contractors; or (iv) interfere with the physical maintenance of the Project facilities; Provided, that
705 nothing in this Article is intended to limit the United States' obligation to pass the Contractor's Diversion
706 Water through Project storage facilities to the extent required under the applicable provisions of California
707 law.

708 (3) The United States shall not be responsible for control, care, or distribution
709 of the non-project water before it is introduced into or after it is delivered from the Project facilities. The
710 Contractor hereby releases and agrees to defend and indemnify the United States and their respective
711 officers, agents, and employees, from any claim for damage to persons or property, direct or indirect,
712 resulting from Contractor's diversion or extraction of non-project water from any source.

713 (4) Diversion of such non-project water into Project facilities shall be consistent
714 with all applicable laws, and if involving groundwater, consistent with any groundwater management plan
715 applicable to the Contractor for the area from which it was extracted.

716 (5) After Project purposes are met, as determined by the Contracting Officer,
717 the United States and the Contractor shall share priority to utilize the remaining capacity of the facilities
718 declared to be available by the Contracting Officer for conveyance and transportation of non-project water
719 prior to any such remaining capacity being made available to non-Project contractors.

720 OPINIONS AND DETERMINATIONS

721 18. (a) Where the terms of this Contract provide for actions to be based upon the opinion
722 or determination of either party to this Contract, said terms shall not be construed as permitting such action
723 to be predicated upon arbitrary, capricious, or unreasonable opinions or determinations. Both parties,
724 notwithstanding any other provisions of this Contract, expressly reserve the right to seek relief from and
725 appropriate adjustment for any such arbitrary, capricious, or unreasonable opinion or determination. Each
726 opinion or determination by either party shall be provided in a timely manner. Nothing in subdivision (a) of
727 Article 18 of this Contract is intended to or shall affect or alter the standard of judicial review applicable
728 under Federal law to any opinion or determination implementing a specific provision of Federal law
729 embodied in statute or regulation.

730 (b) The Contracting Officer shall have the right to make determinations necessary to
731 administer this Contract that are consistent with the provisions of this Contract, the laws of the United States
732 and of the State of California, and the rules and regulations promulgated by the

733 Secretary of the Interior. Such determinations shall be made in consultation with the Contractor to the
734 extent reasonably practicable.

735 COORDINATION AND COOPERATION

736 19. (a) In order to further their mutual goals and objectives, the Contracting Officer and the
737 Contractor shall communicate, coordinate, and cooperate with each other, and with other affected Project
738 Contractors, in order to improve the operation and management of the Project. The communication,
739 coordination, and cooperation regarding operations and management shall include, but not be limited to, any
740 action which will or may materially affect the quantity or quality of Project Water supply, the allocation of
741 Project Water supply, and Project financial matters including, but not limited to, budget issues. The
742 communication, coordination, and cooperation provided for hereunder shall extend to all provisions of this
743 Contract. Each party shall retain exclusive decision making authority for all actions, opinion, and
744 determinations to be made by the respective party.

745 (b) Within one hundred twenty (120) days following the effective date of this Contract,
746 the Contractor, other affected Project Contractors, and the Contracting Officer shall arrange to meet with
747 interested Project Contractors to develop a mutually agreeable, written Project-wide process, which may be
748 amended as necessary separate and apart from this Contract. The goal of this process shall be to provide,
749 to the extent practicable, the means of mutual communication and interaction regarding significant decisions
750 concerning Project operation and management on a
751 real-time basis.

752 (c) In light of the factors referred to in subdivision (b) of Article 3 of this Contract, it is
753 the intent of the Secretary to improve water supply reliability. To carry out this intent:

754 (1) The Contracting Officer will, at the request of the Contractor, assist in the
755 development of integrated resource management plans for the Contractor. Further, the Contracting Officer

756 will, as appropriate, seek authorizations for implementation of partnerships to improve water supply, water
757 quality, and reliability.

758 (2) The Secretary will, as appropriate, pursue program and project
759 implementation and authorization in coordination with Project Contractors to improve the water supply,
760 water quality, and reliability of the Project for all Project purposes.

761 (3) The Secretary will coordinate with Project Contractors and the State of
762 California to seek improved water resource management.

763 (4) The Secretary will coordinate actions of agencies within the Department of
764 the Interior that may impact the availability of water for Project purposes.

765 (5) The Contracting Officer shall periodically, but not less than annually, hold
766 division level meetings to discuss Project operations, division level water management activities, and other
767 issues as appropriate.

768 (d) Without limiting the contractual obligations of the Contracting Officer hereunder,
769 nothing in this Contract shall be construed to limit or constrain the Contracting Officer's ability to
770 communicate, coordinate, and cooperate with the Contractor or other interested stakeholders or to make
771 decisions in a timely fashion as needed to protect health, safety, or physical integrity of structures or facilities.
772 Nothing in this Article shall be construed to limit or constrain the Contracting Officer's ability to comply with
773 applicable laws.

774 CHARGES FOR DELINQUENT PAYMENTS

815 of the notice in conspicuous places available to employees and applicants for employment.

816
817 (d) The Contractor will comply with all provisions of Executive Order
818 No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the
819 Secretary of Labor.

820
821 (e) The Contractor will furnish all information and reports required by said amended
822 Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto,
823 and will permit access to its books, records, and accounts by the Contracting Officer and the Secretary of
824 Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

825
826 (f) In the event of the Contractor's noncompliance with the nondiscrimination clauses of
827 this Contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated,
828 or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government
829 contracts in accordance with procedures authorized in said amended Executive Order, and such other
830 sanctions may be imposed and remedies invoked as provided in said Executive Order, or by rule, regulation,
831 or order of the Secretary of Labor, or as otherwise provided by law.

832
833 (g) The Contractor will include the provisions of paragraphs (a) through (g) in every
834 subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of
835 Labor issued pursuant to Section 204 of said amended Executive Order, so that such provisions will be
836 binding upon each subcontractor or vendor. The Contractor will take such action with respect to any
837 subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such
838 provisions, including sanctions for noncompliance: Provided, however, That in the event the Contractor
839 becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such
840 direction, the Contractor may request the United States to enter into such litigation to protect the interests of
841 the United States.

842
843 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

844 22. (a) The obligation of the Contractor to pay the United States as provided in this
845 Contract is a general obligation of the Contractor notwithstanding the manner in which the obligation may be
846 distributed among the Contractor's water users and notwithstanding the default of individual water users in
847 their obligations to the Contractor.

848
849 (b) The payment of charges becoming due hereunder is a condition precedent to
850 receiving benefits under this Contract. The United States shall not make water available to the Contractor
851 through Project facilities during any period in which the Contractor may be in arrears in the advance
852 payment of water rates due the United States. The Contractor shall not furnish water made available
853 pursuant to this Contract for lands or parties which are in arrears in the advance payment of water rates
854 levied or established by the Contractor.

855
856 (c) With respect to subdivision (b) of this Article, the Contractor shall have no
857 obligation to require advance payment for water rates which it levies.

858 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

859 23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (42
860 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the Age
861 Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws, as well as
862 with their respective implementing regulations and guidelines imposed by the U.S. Department of the Interior
863 and/or Bureau of Reclamation.

864 (b) These statutes require that no person in the United States shall, on the grounds of
865 race, color, national origin, handicap, or age, be excluded from participation in, be denied the benefits of, or
866 be otherwise subjected to discrimination under any program or activity receiving financial assistance from the
867 Bureau of Reclamation. By executing this Contract, the Contractor agrees to immediately take any
868 measures necessary to implement this obligation, including permitting officials of the United States to inspect
869 premises, programs, and documents.

870 (c) The Contractor makes this agreement in consideration of and for the purpose of
871 obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal financial
872 assistance extended after the date hereof to the Contractor by the Bureau of Reclamation, including
873 installment payments after such date on account of arrangements for Federal financial assistance which were
874 approved before such date. The Contractor recognizes and agrees that such Federal assistance will be
875 extended in reliance on the representations and agreements made in this Article, and that the United States
876 reserves the right to seek judicial enforcement thereof.

877
878
879 PRIVACY ACT COMPLIANCE

880 24. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a) (the
881 Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et seq.) in
882 maintaining Landholder acreage certification and reporting records, required to be submitted to the
883 Contractor for compliance with Sections 206 and 228 of the Reclamation Reform Act of 1982 (96 Stat.
884 1266), and pursuant to 43 CFR 426.18.

885 (b) With respect to the application and administration of the criminal penalty provisions
886 of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees responsible for maintaining
887 the certification and reporting records referenced in (a) above are considered to be employees of the
888 Department of the Interior. See 5 U.S.C. 552a(m).

889 (c) The Contracting Officer or a designated representative shall provide the Contractor
890 with current copies of the Interior Department Privacy Act regulations and the Bureau of Reclamation
891 Federal Register Privacy Act System of Records Notice (Acreage Limitation--Interior, Reclamation-31)
892 which govern the maintenance, safeguarding, and disclosure of information contained in the Landholder's
893 certification and reporting records.

894 (d) The Contracting Officer shall designate a full-time employee of the Bureau of
895 Reclamation to be the System Manager who shall be responsible for making decisions on denials pursuant to
896 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The Contractor is authorized to
897 grant requests by individuals for access to their own records.

898 (e) The Contractor shall forward promptly to the System Manager each proposed
899 denial of access under 43 CFR 2.64; and each request for amendment of records filed under 43 CFR 2.71;
900 notify the requester accordingly of such referral; and provide the System Manager with information and
901 records necessary to prepare an appropriate response to the requester. These requirements do not apply to
902 individuals seeking access to their own certification and reporting forms filed with the Contractor pursuant to
903 43 CFR 426.18, unless the requester elects to cite the Privacy Act as a basis for the request.
904

905 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

906 25. In addition to all other payments to be made by the Contractor pursuant to this Contract, the
907 Contractor shall pay to the United States, within sixty (60) days after receipt of a bill and detailed statement
908 submitted by the Contracting Officer to the Contractor for such specific items of direct cost incurred by the
909 United States for work requested by the Contractor associated with this Contract plus indirect costs in
910 accordance with applicable Bureau of Reclamation policies and procedures. All such amounts referred to in
911 this Article shall not exceed the amount agreed to in writing in advance by the Contractor. This Article shall
912 not apply to costs for routine contract administration.

913 WATER CONSERVATION

914 26. (a) Prior to the delivery of water provided from or conveyed through Federally
915 constructed or Federally financed facilities pursuant to this Contract, the Contractor shall be implementing an
916 effective water conservation and efficiency program based on the Contractor's water conservation plan that

917 has been determined by the Contracting Officer to meet the conservation and efficiency criteria for
918 evaluating water conservation plans established under Federal law. The water conservation and efficiency
919 program shall contain definite water conservation objectives, appropriate economically feasible water
920 conservation measures, and time schedules for meeting those objectives. Continued Project Water delivery
921 pursuant to this Contract shall be contingent upon the Contractor's continued implementation of such water
922 conservation program. In the event the Contractor's water conservation plan or any revised water
923 conservation plan completed pursuant to subdivision (d) of Article 26 of this Contract have not yet been
924 determined by the Contracting Officer to meet such criteria, due to circumstances which the Contracting
925 Officer determines are beyond the control of the Contractor, water deliveries shall be made under this
926 Contract so long as the Contractor diligently works with the Contracting Officer to obtain such
927 determination at the earliest practicable date, and thereafter the Contractor immediately begins implementing
928 its water conservation and efficiency program in accordance with the time schedules therein.

929 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of Article 3
930 of this Contract equal or exceed two thousand (2,000) acre-feet per Year, the Contractor shall implement
931 the Best Management Practices identified by the time frames issued by the California Urban Water
932 Conservation Council for such M&I Water unless any such practice is determined by the Contracting
933 Officer to be inappropriate for the Contractor.

934 (c) The Contractor shall submit to the Contracting Officer a report on the status of its
935 implementation of the water conservation plan on the reporting dates specified in the then existing
936 conservation and efficiency criteria established under Federal law.

937 (d) At five (5)-year intervals, the Contractor shall revise its water conservation plan to

938 reflect the then current conservation and efficiency criteria for evaluating water conservation plans
939 established under Federal law and submit such revised water management plan to the Contracting Officer
940 for review and evaluation. The Contracting Officer will then determine if the water conservation plan meets
941 Reclamation's then current conservation and efficiency criteria for evaluating water conservation plans
942 established under Federal law.

943 (e) If the Contractor is engaged in direct groundwater recharge, such activity shall be
944 described in the Contractor's water conservation plan. Such Water Conservation Plan shall demonstrate
945 sufficient lawful uses exist in the Contractor's Service Area so that using a long-term average, the quantity of
946 Delivered Water is demonstrated to be reasonable for such uses and in compliance with Reclamation Law.

947 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

948 27. Except as specifically provided in Article 17 of this Contract, the provisions of this Contract
949 shall not be applicable to or affect non-project water or water rights now owned or hereafter acquired by
950 the Contractor or any user of such water within the Contractor's Service Area. Any such water shall not be
951 considered Project Water under this Contract. In addition, this Contract shall not be construed as limiting or
952 curtailing any rights which the Contractor or any water user within the Contractor's Service Area acquires or
953 has available under any other contract pursuant to Federal Reclamation law.

954 OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

955 28. Omitted.

956

957 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

958 29. The expenditure or advance of any money or the performance of any obligation of the

959 United States under this Contract shall be contingent upon appropriation or allotment of funds. Absence of
960 appropriation or allotment of funds shall not relieve the Contractor from any obligations under this Contract.
961 No liability shall accrue to the United States in case funds are not appropriated or allotted.

962 BOOKS, RECORDS, AND REPORTS

963 30. (a) The Contractor shall establish and maintain accounts and other books and records
964 pertaining to administration of the terms and conditions of this Contract, including: the Contractor's financial
965 transactions, water supply data, and Project land and right-of-way agreements; the water users' land-use
966 (crop census), land ownership, land-leasing and water use data; and other matters that the Contracting
967 Officer may require. Reports thereon shall be furnished to the Contracting Officer in such form and on such
968 date or dates as the Contracting Officer may require. Subject to applicable Federal laws and regulations,
969 each party to this Contract shall have the right during office hours to examine and make copies of the other
970 party's books and records relating to matters covered by this Contract.

971
972 (b) Notwithstanding the provisions of subdivision (a) of this Article, no books, records,
973 or other information shall be requested from the Contractor by the Contracting Officer unless such books,
974 records, or information are reasonably related to the administration or performance of this Contract. Any
975 such request shall allow the Contractor a reasonable period of time within which to provide the requested
976 books, records, or information.

977 (c) Omitted.

978 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

979 31. (a) The provisions of this Contract shall apply to and bind the successors and assigns of
980 the parties hereto, but no assignment or transfer of this Contract or any right or interest therein shall be valid
981 until approved in writing by the Contracting Officer.

982
983 (b) The assignment of any right or interest in this Contract by either party shall not
984 interfere with the rights or obligations of the other party to this Contract absent the written concurrence of

985 said other party.

986 (c) The Contracting Officer shall not unreasonably condition or withhold approval of
987 any proposed assignment.

988 SEVERABILITY

989 32. In the event that a person or entity who is neither (i) a party to a Project contract, nor (ii) a
990 person or entity that receives Project Water from a party to a Project contract, nor (iii) an association or
991 other form of organization whose primary function is to represent parties to Project contracts, brings an
992 action in a court of competent jurisdiction challenging the legality or enforceability of a provision included in
993 this Contract and said person, entity, association, or organization obtains a final court decision holding that
994 such provision is legally invalid or unenforceable and the Contractor has not intervened in that lawsuit in
995 support of the plaintiff(s), the parties to this Contract shall use their best efforts to (i) within thirty (30) days
996 of the date of such final court decision identify by mutual agreement the provisions in this Contract which
997 must be revised and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s).
998 The time periods specified above may be extended by mutual agreement of the parties. Pending the
999 completion of the actions designated above, to the extent it can do so without violating any applicable
1000 provisions of law, the United States shall continue to make the quantities of Project Water specified in this
1001 Contract available to the Contractor pursuant to the provisions of this Contract which were not found to be
1002 legally invalid or unenforceable in the final court decision.

1003

1004 RESOLUTION OF DISPUTES

1005 33. Should any dispute arise concerning any provisions of this Contract, or the parties' rights

1006 and obligations thereunder, the parties shall meet and confer in an attempt to resolve the dispute. Prior to
1007 the Contractor commencing any legal action, or the Contracting Officer referring any matter to Department
1008 of Justice, the party shall provide to the other party thirty (30) days' written notice of the intent to take such
1009 action; Provided, That such notice shall not be required where a delay in commencing an action would
1010 prejudice the interests of the party that intends to file suit. During the thirty (30)-day notice period, the
1011 Contractor and the Contracting Officer shall meet and confer in an attempt to resolve the dispute. Except as
1012 specifically provided, nothing herein is intended to waive or abridge any right or remedy that the Contractor
1013 or the United States may have.

1014 OFFICIALS NOT TO BENEFIT

1015 34. No Member of or Delegate to Congress, Resident Commissioner, or official of the
1016 Contractor shall benefit from this Contract other than as a water user or landowner in the same manner as
1017 other water users or landowners.
1018

1019 CHANGES IN CONTRACTOR'S SERVICE AREA

1020 35. (a) While this Contract is in effect, no change may be made in the Contractor's Service
1021 Area or boundaries, by inclusion or exclusion of lands, dissolution, consolidation, merger, or otherwise,
1022 except upon the Contracting Officer's written consent.
1023

1024 (b) Within thirty (30) days of receipt of a request for such a change, the Contracting
1025 Officer will notify the Contractor of any additional information required by the Contracting Officer for
1026 processing said request, and both parties will meet to establish a mutually agreeable schedule for timely
1027 completion of the process. Such process will analyze whether the proposed change is likely to: (i) result in
1028 the use of Project Water contrary to the terms of this Contract; (ii) impair the ability of the Contractor to pay
1029 for Project Water furnished under this Contract or to pay for any Federally-constructed facilities for which
1030 the Contractor is responsible; and (iii) have an impact on any Project Water rights applications, permits, or

1031 licenses. In addition, the Contracting Officer shall comply with the National Environmental Policy Act and
1032 the Endangered Species Act. The Contractor will be responsible for all costs incurred by the Contracting
1033 Officer in this process, and such costs will be paid in accordance with Article 25 of this Contract.

1034 FEDERAL LAWS

1035 36. By entering into this Contract, the Contractor does not waive its rights to contest the validity
1036 or application in connection with the performance of the terms and conditions of this Contract of any Federal
1037 law or regulation; Provided, That the Contractor agrees to comply with the terms and conditions of this
1038 Contract unless and until relief from application of such Federal law or regulation to the implementing
1039 provision of the Contract is granted by a court of competent jurisdiction.

1040 NOTICES

1041 37. Any notice, demand, or request authorized or required by this Contract shall be deemed to
1042 have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area
1043 Manager, Bureau of Reclamation, 7794 Folsom Dam Road, Folsom, California 95630-1799, and on
1044 behalf of the United States, when mailed, postage prepaid, or delivered to the Board of Directors of the
1045 Placer County Water Agency, P.O. Box 6570, Auburn, California 95604. The designation of the
1046 addressee or the address may be changed by notice given in the same manner as provided in this Article for
1047 other notices.

1048
1049 CONFIRMATION OF CONTRACT

1050 38. The Contractor, after the execution of this Contract, shall promptly seek to secure a decree
1051 of a court of competent jurisdiction of the State of California, confirming the execution of this Contract. The
1052 Contractor shall furnish the United States a certified copy of the final decree, the validation proceedings, and
1053 all pertinent supporting records of the court approving and confirming this Contract, and decreeing and
1054 adjudging it to be lawful, valid, and binding on the Contractor.

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IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day
and year first above written.

THE UNITED STATES OF AMERICA

By: _____
Regional Director, Mid-Pacific Region
Bureau of Reclamation

(SEAL)

PLACER COUNTY WATER AGENCY

By: _____
President of the Board of Directors

Attest:

By: _____
Secretary of the Board of Directors

(H:\public\amendatory1022.wpd)

EXHIBIT A

[Map or Description of Service Area]

EXHIBIT B
[Initial Rates and Charges]

PLACER COUNTY WATER AGENCY
CONTRACT NO. 14-06-200-5082A

	<u>2001 Rates Per Acre-Foot</u>
	<u>M&I</u>
<u>O&M AND COST-OF-SERVICE RATES:</u>	
Capital Rate:	\$15.29
O&M Rate:	\$17.57
Water Marketing	\$7.00
Storage	4.47
Conveyance	6.10
Deficit Rate:*	<u>\$22.95</u>
TOTAL COST-OF-SERVICE(COS) RATE:	\$55.80
TIERED PRICING COMPONENT >80% <90% OF CONTRACT TOTAL(M&I Full Cost Rate - COS rate / 2):	\$x.xx
TIERED PRICING COMPONENT > 90% OF CONTRACT TOTAL (M&I Full Cost Rate - COS rate):	\$x.xx
<u>M&I FULL COST RATE:</u>	
Interest rates used in the calculation of the M&I Full Cost Rate shall comply with the Interest Rate methodology contained in Section 202 (3) (B) and (C) of the Reclamation Reform Act of October 12, 1982 (96 Stat. 1263), as amended;	\$x.xx
<u>SURCHARGES UNDER P.L. 102-575 TO RESTORATION FUND**</u>	
Restoration Payments [3407(d)(2)(A)]	\$14.56

** The surcharges are payments in addition to the water rates and are determined pursuant to Title XXXIV of P.L. 102-575. Restoration Fund surcharges under P.L. 102-575 are on a fiscal year basis (10/1-9/30).