





December 13, 2006

Mr. Larry Walkoviak  
Acting Regional Director  
Bureau of Reclamation  
Lower Colorado Region  
P.O. Box 61470  
Boulder City, Nevada 89006-1470

Mr. Charles J. Hosken  
General Manager  
Imperial Irrigation District  
P. O. Box 937  
Imperial, California 92251

Dear Messrs. Walkoviak and Hosken:

Agreement between IID and Reclamation to Implement a Demonstration Program to Create Intentionally Created Surplus

The undersigned Palo Verde Irrigation District (PVID), Coachella Valley Water District (CVWD), and The Metropolitan Water District of Southern California (Metropolitan) provide this consent to Imperial Irrigation District (IID) and U. S. Bureau of Reclamation (Reclamation) with respect to the agreement entered into between IID and Reclamation on July 6, 2006 to create Intentionally Created Surplus (ICS) in 2006 and 2007 as a demonstration program.

PVID, CVWD, and Metropolitan have participated in the process of developing the demonstration program for creation of ICS in 2006 and 2007. Each of these agencies recognizes the benefits of the demonstration program and supports its implementation.

Notwithstanding any provision of the Quantification Settlement Agreement, including Section 4.3 thereof, or any other agreement previously entered into by PVID, CVWD, or Metropolitan, each of these agencies hereby consent and agree as follows:

- (a) IID will conserve Colorado River water by means of extraordinary conservation measures undertaken in accordance with its July 6, 2006 agreement with Reclamation;
- (b) IID will forbear ordering, diverting, or using the conserved Colorado River water in 2006 and 2007 for purposes of creating ICS in accordance with its July 6, 2006 agreement with Reclamation;

(c) the conserved Colorado River water will not be available for use by, and will not be included in the amount of Colorado River water available to, PVID, CVWD, and Metropolitan under California's apportionment of Colorado River water; and

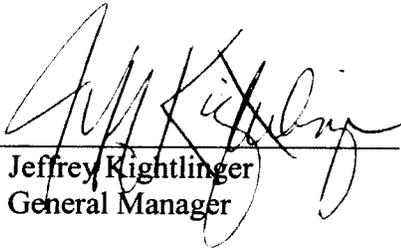
(d) PVID, CVWD, and Metropolitan will not, directly or indirectly, claim, pump, divert, use or demand any Colorado River water that is conserved by extraordinary measures implemented by IID for purposes of creating ICS pursuant to the terms of the July 6, 2006 agreement between IID and Reclamation.

This consent is given based upon the terms of the July 6, 2006 Agreement between IID and Reclamation to Implement a Demonstration Program to Create Intentionally Created Surplus Water.

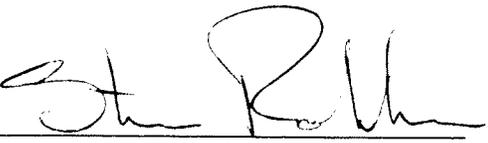
PALO VERDE IRRIGATION DISTRICT

THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

By:   
Edward W. Smith  
General Manager

By:   
Jeffrey Kightlinger  
General Manager

COACHELLA VALLEY WATER DISTRICT

By:   
Steve Robbins  
General Manager-Chief Engineer



December 13, 2006

Mr. Larry Walkoviak  
Acting Regional Director  
Bureau of Reclamation  
Lower Colorado Region  
P.O. Box 61470  
Boulder City, Nevada 89006-1470

Mr. Jeffrey Kightlinger  
The Metropolitan Water District  
of Southern California  
P. O. Box 54153  
Los Angeles, California 90054-0153

Dear Messrs. Walkoviak and Kightlinger:

Agreement between Metropolitan and Reclamation to Implement a Demonstration Program to Create Intentionally Created Surplus

The undersigned Palo Verde Irrigation District (PVID), Imperial Irrigation District (IID), and Coachella Valley Water District (CVWD) provide this consent to the Metropolitan Water District of Southern California (Metropolitan) and U. S. Bureau of Reclamation (Reclamation) with respect to the agreement entered into between Metropolitan and Reclamation on May 26, 2006 to create Intentionally Created Surplus (ICS) in 2006 and 2007 as a demonstration program.

PVID, IID, and CVWD have participated in the process of developing the demonstration program for creation of ICS in 2006 and 2007. Each of these agencies recognizes the benefits of the demonstration program and supports its implementation.

Notwithstanding any provision of the Quantification Settlement Agreement, including Section 4.3 thereof, or any other agreement previously entered into by PVID, IID, or CVWD, each of these agencies hereby consent and agree as follows:

(a) Metropolitan will conserve Colorado River water by means of extraordinary conservation measures undertaken in accordance with its May 26, 2006 agreement with Reclamation;

(b) Metropolitan will forbear ordering, diverting, or using the conserved Colorado River water in 2006 and 2007 for purposes of creating ICS in accordance with its May 26, 2006 agreement with Reclamation;

Messrs. Walkoviak and Kightlinger  
Page 2  
December 13, 2006

(c) the conserved Colorado River water will not be available for use by, and will not be included in the amount of Colorado River water available to, PVID, IID, and CVWD under California's apportionment of Colorado River water; and

(d) PVID, IID, and CVWD will not, directly or indirectly, claim, pump, divert, use or demand any Colorado River water that is conserved by extraordinary measures implemented by Metropolitan for purposes of creating ICS pursuant to the terms of the May 26, 2006 agreement between Metropolitan and Reclamation.

This consent is given based upon the terms of the May 26, 2006 Agreement between Metropolitan and Reclamation to Implement a Demonstration Program to Create Intentionally Created Surplus Water.

PALO VERDE IRRIGATION DISTRICT

By:



Edward W. Smith  
General Manager

IMPERIAL IRRIGATION DISTRICT

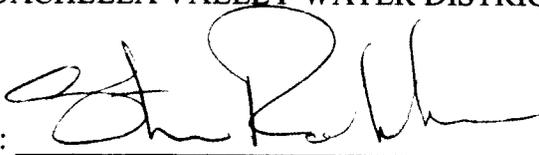
By:



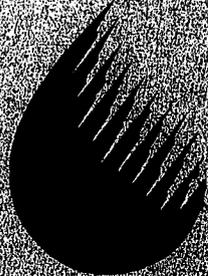
Charles Hosken  
General Manager

COACHELLA VALLEY WATER DISTRICT

By:



Steve Robbins  
General Manager-Chief Engineer



Southern Nevada  
Water Authority

**ADMINISTRATIVE OFFICE**

1801 S. Valley View Blvd  
Las Vegas, NV 89153

Main 702/258-8939  
Fax 702/258-8268

**BOARD OF DIRECTORS**

**Amanda M. Cyriac**, Chair  
Henderson Councilman

**Rory Reid**, Vice Chair  
Clark County Commissioner

**Andrea Anderson**  
Boulder City Councilman

**Shari Buck**  
North Las Vegas Councilman

**Lynette Boggs McDonald**  
Clark County Commissioner

**Myra Williams**  
Clark County Commissioner

**Steve Wolfson**  
Las Vegas Councilman

**Patricia Mulroy**  
General Manager

July 28, 2006

Mr. Robert Johnson  
Regional Director  
Bureau of Reclamation, LCR  
P.O. Box 61470  
Boulder City, Nevada 89006-1470

Dear Mr. Johnson:

**SUBJECT: PILOT PROGRAMS FOR INTENTIONALLY CREATED  
SURPLUS AND SYSTEM CONSERVATION**

The Southern Nevada Water Authority (SNWA) has participated with other stakeholders in developing a proposal to the Secretary of Interior regarding Colorado River Interim Operations. This proposal includes a program for intentionally created surplus (ICS) through extraordinary conservation and system efficiency projects.

The Metropolitan Water District of Southern California (MWD) and Imperial Irrigation District (IID) have signed letters of agreement with the Bureau of Reclamation (Reclamation) to institute two pilot programs during 2006 and 2007. Under the pilot programs, MWD and IID have proposed to do limited amounts of extraordinary conservation to reduce California's demands below 4.4 maf. The MWD and IID would receive recognition for ICS created through both of these pilot programs.

The SNWA recognizes that valuable experience can be garnered through the proposed pilot programs and will support these programs. To add certainty to the process, SNWA will not in the future request the Secretary of Interior make California's unused apportionment arising from the pilot programs in 2006 and 2007 available for use by SNWA.

The MWD and Reclamation have also signed an Agreement to Implement a Demonstration Program for System Conservation of Colorado River Water. The SNWA will not request the Secretary of Interior make California's unused apportionment arising from this program during 2006 and 2007 available for use by SNWA.

Sincerely,

Patricia Mulroy  
General Manager

PM:JJE:pcd

c: Mike King, Manager, Imperial Irrigation District Water Department  
Jeff Kightlinger, General Manager, Metropolitan Water District