

CALIFORNIA  
AGREEMENT FOR THE CREATION AND DELIVERY OF  
EXTRAORDINARY CONSERVATION INTENTIONALLY CREATED SURPLUS

This AGREEMENT FOR THE CREATION AND DELIVERY OF EXTRAORDINARY CONSERVATION INTENTIONALLY CREATED SURPLUS (Agreement) is entered into as of this 13 day of December, 2007, by and among the PALO VERDE IRRIGATION DISTRICT (PVID), the IMPERIAL IRRIGATION DISTRICT (IID), the COACHELLA VALLEY WATER DISTRICT (CVWD), THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (MWD), and the CITY OF NEEDLES (NEEDLES).

RECITALS

A. On December 13, 2007, the Secretary of the Interior executed a Record of Decision that included Interim Guidelines for Lower Basin Shortages and Coordinated Operations of Lake Powell and Lake Mead (Guidelines). These Guidelines include implementation of intentionally created surplus (ICS), developed through, among other methods, extraordinary conservation. The opportunity to create and receive delivery of ICS is provided to an entity (Contractor) holding an entitlement to mainstream water under: the Consolidated Decree entered by the United States Supreme Court in *Arizona v. California*, 547 U.S. 150 (2006), a water delivery contract with the United States through the Secretary, or a reservation of water by the Secretary. The Guidelines anticipate that the Secretary will enter into delivery agreements setting forth the terms and conditions for a Contractor's participation in the ICS program (ICS Delivery Agreement).

B. Each of the parties to this Agreement has executed the Lower Colorado River Basin Intentionally Created Surplus Forbearance Agreement (Interstate Forbearance Agreement) providing forbearance of ICS that is created, accumulated, and delivered for use in Arizona and Nevada.

C. The Guidelines limit the total amount of ICS that may be created by California Contractors through extraordinary conservation to 400,000 acre-feet during any calendar year. The maximum amount of ICS that may be accumulated through extraordinary conservation by all California Contractors at any time is 1,500,000 acre-feet. In a calendar year when Extraordinary Conservation ICS is available for delivery, the maximum amount that may be delivered to California Contractors is 400,000 acre-feet.

D. The parties to this Agreement are as follows:

1. PVID is an irrigation district created under the Palo Verde Irrigation District Act, codified at Section 33-1 *et seq.*, of the Appendix to the California Water Code and delivers Colorado River water in Riverside and Imperial Counties, California,

pursuant to its contract issued under Section 5 of the Boulder Canyon Project Act of 1928.

2. IID is an irrigation district created under the California Irrigation District Law, codified at Section 20500 *et seq.*, of the California Water Code and delivers Colorado River water in Imperial County, California, pursuant to its contract issued under Section 5 of the Boulder Canyon Project Act of 1928.
3. CVWD is a county water district created under the California County Water District Law, codified at Section 30000 *et seq.* of the California Water Code, and delivers Colorado River water to portions of its service area in Imperial, Riverside, and San Diego Counties, California, pursuant to its contracts issued under Section 5 of the Boulder Canyon Project Act of 1928 and the California Quantification Settlement Agreement.
4. MWD is a metropolitan water district created under the California Metropolitan Water District Act, codified at Section 109-1 *et seq.*, of the Appendix to the California Water Code, and delivers Colorado River water to portions of its service area in Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura Counties, California, pursuant to its contract issued under Section 5 of the Boulder Canyon Project Act of 1928.
5. NEEDLES is a charter city duly authorized and existing under and by virtue of the laws of the State of California and delivers Colorado River water, either directly or by exchange, to portions of Imperial, Riverside, and San Bernardino Counties, California, pursuant to its contract issued under Section 5 of the Boulder Canyon Project Act of 1928.

E. PVID, IID, CVWD, MWD, and NEEDLES qualify as Contractors for purposes of creating, accumulating, and receiving delivery of ICS in accordance with the Guidelines.

F. Each of the parties to this Agreement acknowledge that the ICS provisions of the Guidelines provide a benefit to California and the Colorado River Basin States by promoting efficient management and conservation of Colorado River water supplies, increasing the surface elevations of Lake Mead and Lake Powell higher than would otherwise occur, and helping to avoid shortage conditions in the Lower Colorado River Basin.

G. Article I, Section 8 of the 1931 California Seven Party Agreement entered into among PVID, IID, CVWD, MWD, the City of Los Angeles, the City of San Diego, and the County of San Diego, provides as follows: "So far as the rights of the allottees named above are concerned, the Metropolitan Water District of Southern California

and/or the City of Los Angeles shall have the exclusive right to withdraw and divert into its aqueduct any water in Boulder Canyon Reservoir accumulated to the individual credit of said district and/or said city (not exceeding at any one time 4,750,000 acre-feet in the aggregate) by reason of reduced diversions by said district and/or said city; provided, that accumulations shall be subject to such conditions as to accumulation, retention, release, and withdrawal as the Secretary of the Interior may from time to time prescribe in his discretion, and his determination thereof shall be final; provided further, that the United States of America reserves the right to make similar arrangements with users in other States without distinction in priority, and to determine the correlative relations between said district and/or said city and such users resulting therefrom.”

H. Notwithstanding the rights of MWD under Article I, Section 8 of the 1931 California Seven Party Agreement as incorporated in the parties’ Boulder Canyon Project Act Section 5 contracts, MWD and the other parties desire to establish among themselves the terms and conditions for the creation, accumulation, and delivery of Extraordinary Conservation ICS by California Contractors pursuant to the Guidelines and on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties hereby agree as follows:

#### AGREEMENT

1. Allocation of California’s Annual Extraordinary Conservation ICS Creation Limit. In each calendar year that the Guidelines are in effect, MWD may create up to 400,000 acre-feet of Extraordinary Conservation ICS in Lake Mead, less the amount of ICS created by IID in that year. IID may create up to 25,000 acre-feet of Extraordinary Conservation ICS in Lake Mead in any year. Of the total Extraordinary Conservation ICS created annually by IID, including any Extraordinary Conservation ICS created and delivered to the MWD system pursuant to Section 2 (Excess Annual Extraordinary Conservation ICS by IID), not more than 12,000 acre-feet shall be created by seepage recovery projects. In years in which IID intends to create ICS in Lake Mead, IID shall notify MWD in writing of the amount of ICS it plans to create not less than thirty (30) days prior to the date required for submittal of such plan to the United States Bureau of Reclamation to ensure that MWD may submit a plan that maximizes utilization of California’s annual Extraordinary Conservation ICS authorization.

2. Excess Annual Extraordinary Conservation ICS by IID. In addition to the amount of Extraordinary Conservation ICS authorized to be created in Lake Mead in each calendar year by IID pursuant to Section 1 (Allocation of California’s Annual Extraordinary Conservation ICS Creation Limit), IID may, with the written consent of MWD, which shall not be unreasonably withheld, cause to be created and delivered to the MWD system, up to 25,000 acre-feet of Extraordinary Conservation ICS (Excess Extraordinary Conservation ICS) in any one calendar year, provided that MWD is able to modify its operations to take delivery of the Excess Extraordinary Conservation ICS in the calendar year that it is created. IID and MWD shall maintain a separate accounting record on an annual basis of the creation, accumulation, return, and balance of the

Extraordinary Conservation ICS created by IID that is delivered to the MWD system pursuant to this Section.

3. Allocation of California's Total Extraordinary Conservation ICS Accumulation Limit. MWD may accumulate Extraordinary Conservation ICS in Lake Mead up to 1,450,000 acre-feet and IID may accumulate Extraordinary Conservation ICS in Lake Mead up to 50,000 acre-feet. Notwithstanding these limits, IID may, with the written consent of MWD, which shall not be unreasonably withheld, accumulate an additional 50,000 acre-feet of Excess Extraordinary Conservation ICS that is created and delivered to the MWD system in accordance with Section 2 (Excess Annual Extraordinary Conservation ICS by IID).

4. Allocation of California's Annual Extraordinary Conservation ICS Delivery Limit. In each calendar year that Extraordinary Conservation ICS is available for delivery to California Contractors, MWD may call for the delivery of up to 350,000 acre-feet of Extraordinary Conservation ICS, and IID may call for the delivery of up to 50,000 acre-feet of Extraordinary Conservation ICS. In the event that the total of MWD's and IID's calls for delivery of Extraordinary Conservation ICS does not equal or exceed the California Contractors' total annual limit of 400,000 acre-feet, the remaining balance may be called by the other party. Notwithstanding the foregoing, in any calendar year that MWD imposes a shortage allocation on deliveries to its member agencies for municipal and industrial use, or if the inability to take delivery of Extraordinary Conservation ICS would result in such a shortage allocation, then MWD shall have priority to call for the delivery of up to 400,000 acre-feet during that calendar year. In the event that either MWD or IID desire to recover more than the ICS recovery limits assigned to each agency as shown above, the party planning to increase its recovery limit shall inform the other party to determine if any additional recovery capacity is available for delivery of ICS not less than thirty (30) days prior to the date required for submittal of such plans to the United States Bureau of Reclamation to ensure that IID and MWD may submit plans that maximize utilization of California's annual Extraordinary Conservation ICS delivery authorization.

5. Temporary Use of IID Accumulated Extraordinary Conservation ICS by MWD. In each calendar year that Extraordinary Conservation ICS is available for delivery to California Contractors, upon MWD's request, IID shall cause to be delivered to MWD, Extraordinary Conservation ICS created and accumulated in Lake Mead by IID pursuant to Section 1 (Allocation of California's Annual Extraordinary Conservation ICS Creation Limit).

MWD may not request the delivery of Extraordinary Conservation ICS accumulated by IID pursuant to this Section unless it has exhausted its own Extraordinary Conservation ICS account, or to the extent that IID schedules its accumulated Extraordinary Conservation ICS credits to meet mandatory payback obligations pursuant to the Inadvertent Overrun and Payback Policy adopted by the Secretary of the Interior. IID agrees that it will submit the required documentation and follow the required procedures to ensure delivery of Extraordinary Conservation ICS from its account upon MWD's request pursuant to this Section.

6. Return of Excess Extraordinary Conservation ICS Created by IID and Delivered to the MWD System. MWD shall return the amount of Excess Extraordinary Conservation ICS created by IID and delivered to the MWD system pursuant to Section 2 (Excess Annual Extraordinary Conservation ICS by IID) less ten percent (10%), upon written request by IID delivered to MWD sixty (60) days prior to the earliest of the dates on which (a) annual water diversion or consumptive use estimates, (b) annual ICS delivery plans or requests, or (c) annual plans for or volumes of payback of inadvertent overruns, are due to be received by the United States Bureau of Reclamation for the year in which return is requested. MWD agrees that it will submit the required documentation and follow the required procedures to ensure delivery to IID of the amount of Colorado River water required for return of the Excess Extraordinary Conservation ICS requested by IID pursuant to this Section. Notwithstanding the foregoing, MWD shall not be required to return the amount requested by IID in any calendar year in which MWD imposes a shortage allocation on deliveries to its member agencies for municipal and industrial use, or if the return would result in such a shortage allocation in the following year, provided that MWD will meet and confer with IID in good faith to make appropriate arrangements for the return of the Excess Extraordinary Conservation ICS requested by IID.

7. Return of Extraordinary Conservation ICS Created and Accumulated by IID in Lake Mead and Temporarily Used by MWD. MWD may, in any year, return Extraordinary Conservation ICS created and accumulated in Lake Mead by IID and temporarily used by MWD pursuant to Section 5 (Temporary Use of IID Accumulated Extraordinary Conservation ICS by MWD). In the event that IID elects not to schedule delivery of the return of such Extraordinary Conservation ICS, MWD may restore the credits to IID's Extraordinary Conservation ICS account maintained by the Secretary of the Interior. MWD agrees that it will submit the required documentation and follow the required procedures to ensure delivery to IID or credit to IID's account of the amount of Colorado River water required for return of the Extraordinary Conservation ICS. MWD's return obligation shall be the amount temporarily used less three percent (3%) of the remaining balance (calculated on a first in, first out basis) for each calendar year following the delivery to MWD through and including the year prior to return to IID, except that the three percent (3%) annual reduction shall not apply for any year in which MWD imposes a shortage allocation on deliveries to its member agencies for municipal and industrial use. MWD shall be responsible to create sufficient Extraordinary Conservation ICS to provide for any system assessment that may be charged pursuant to the Guidelines upon returning credits to IID's account.

MWD must return such Extraordinary Conservation ICS to IID upon written request delivered to MWD sixty (60) days prior to the earliest of the dates on which (a) annual water diversion or consumptive use estimates, (b) annual ICS delivery plans or requests, or (c) annual plans for or volumes of payback of inadvertent overruns, are due to be received by the United States Bureau of Reclamation for the year in which return is requested. MWD agrees that it will submit the required documentation and follow the required procedures to ensure delivery to IID of the amount of Colorado River water required for return of the Extraordinary Conservation ICS requested by IID pursuant to this Section. MWD's return obligation shall be the amount temporarily used less three percent (3%) of the remaining balance (calculated on a first in, first out basis)

for each calendar year following the delivery to MWD through and including the year prior to return to IID. Notwithstanding the foregoing, MWD shall not be required to return the amount requested by IID in any calendar year in which MWD imposes a shortage allocation on deliveries to its member agencies for municipal and industrial use, or if the return would result in such a shortage allocation in the following year, provided that MWD will meet and confer with IID in good faith to make appropriate arrangements for the return of the Extraordinary Conservation ICS requested by IID. For each year that MWD imposes a shortage allocation on deliveries to its member agencies for municipal and industrial use, or in any year in which MWD is not required to return the amount requested by IID because the return would result in such a shortage allocation in the following year, the three percent (3%) annual reduction shall not apply.

8. Forbearance.

a. PVID, CVWD, and NEEDLES hereby forbear:

- i. Any right to delivery of any ICS delivered to MWD or IID that is (a) delivered in accordance with this Agreement, (b) delivered in accordance with the Interstate Forbearance Agreement, and (c) delivered in accordance with any applicable ICS Delivery Agreement; and
- ii. Any right to delivery of any ICS that is created by IID or MWD, provided that such ICS is being created (a) in accordance with this Agreement, (b) in accordance with the projects identified in exhibits to the Interstate Forbearance Agreement, and (c) from water to which MWD or IID would otherwise be entitled to order for delivery in the year of creation under existing contracts for delivery of Colorado River water.

b. MWD hereby forbears:

- i. Any right to delivery of any ICS delivered to IID that is (a) delivered in accordance with this Agreement, (b) delivered in accordance with the Interstate Forbearance Agreement, and (c) delivered in accordance with any applicable ICS Delivery Agreement; and
- ii. Any right to delivery of any ICS that is created by IID, provided that such ICS is being created (a) in accordance with this Agreement, (b) in accordance with the projects identified in exhibits to the Interstate Forbearance Agreement, and (c) from water to which IID would otherwise be entitled to order for delivery in the year of creation under existing contracts for delivery of Colorado River water.

- c. IID hereby forbears:
  - i. Any right to delivery of any ICS delivered to MWD that is (a) delivered in accordance with this Agreement, (b) delivered in accordance with the Interstate Forbearance Agreement, and (c) delivered in accordance with any applicable ICS Delivery Agreement; and
  - ii. Any right to delivery of any ICS that is created by MWD, provided that such ICS is being created (a) in accordance with this Agreement, (b) in accordance with the projects identified in exhibits to the Interstate Forbearance Agreement, and (c) from water to which MWD would otherwise be entitled to order for delivery in the year of creation under existing contracts for delivery of Colorado River water.

9. MWD Rights to Lake Mead Storage. Except to the extent expressly provided for herein, nothing in this Agreement shall be deemed to terminate, amend, or waive any rights of MWD under Article I, Section 8 of the 1931 California Seven Party Agreement as incorporated in the parties' Boulder Canyon Project Act Section 5 contracts and such rights shall remain in full force and effect upon the termination of this Agreement. The parties to this Agreement acknowledge that there exists a difference of opinion among the parties as to the legal significance of the rights of MWD under the 1931 California Seven Party Agreement as related to the ICS provisions contained in Article II.G, Section 3 of the Guidelines. In consideration of the mutual agreements set forth in this Agreement, the parties have agreed to jointly participate in the ICS program established by the Guidelines on the terms and conditions set forth in this Agreement and neither the execution by any party of this Agreement nor the participation of any party to this Agreement in the ICS program shall constitute a waiver, amendment, or admission of the rights of any party under the 1931 California Seven Party Agreement as incorporated in the parties' Boulder Canyon Project Act Section 5 contracts.

10. Approval of CVWD Payback Programs. CVWD currently implements a scientific irrigation scheduling and scientific salinity management program to conserve water to satisfy its payback obligation under the Colorado River Water Delivery Agreement dated October 10, 2003. The parties agree that CVWD may, subject to the approval of the Secretary of the Interior, continue to use this program to satisfy its payback obligation under the Colorado River Water Delivery Agreement and to satisfy future obligations to payback overruns under the Inadvertent Overrun and Payback Policy adopted by the Secretary of the Interior.

11. Approval of IID Payback Programs. IID currently implements programs to conserve water to satisfy its payback obligation under the Colorado River Water Delivery Agreement dated October 10, 2003. The parties agree that IID may, subject to the approval of the Secretary of the Interior, continue to use these programs to satisfy its payback obligations under the Colorado River Water Delivery Agreement and to satisfy

future obligations to payback overruns under the Inadvertent Overrun and Payback Policy adopted by the Secretary of the Interior.

12. Approval of MWD Payback Programs. MWD implemented programs to conserve water that have fully satisfied its payback obligation under the Colorado River Water Delivery Agreement dated October 10, 2003. The parties agree that MWD may, subject to the approval of the Secretary of the Interior, use these programs to satisfy future obligations to payback overruns under the Inadvertent Overrun and Payback Policy adopted by the Secretary of the Interior.

13. No Effect on QSA Agreements. Nothing in this Agreement, or in any policy, regulations, procedures, or guidelines concerning the Extraordinary Conservation ICS program shall have any effect on the definition of “conserved water” in the Quantification Settlement Agreement dated October 10, 2003, and related agreements, or how conserved water may be created for purposes of the Inadvertent Overrun and Payback Policy adopted by the Secretary of the Interior or any payback obligations owed pursuant to Exhibit C of the Colorado River Water Delivery Agreement dated October 10, 2003.

14. ICS Declaration Not Applicable to Allocation Agreement. The creation, release, or delivery of ICS or the declaration of an ICS Surplus Condition in a calendar year shall not constitute a determination by the Secretary of the Interior of the existence of surplus Colorado River water in that calendar year for the purposes of Section 9.2.2 of the Allocation Agreement Among the United States of America, The Metropolitan Water District of Southern California, Coachella Valley Water District, Imperial Irrigation District, San Diego County Water Authority, the La Jolla, Pala, Pauma, Rincon and San Pasqual Bands of Mission Indians, the San Luis Rey River Indian Water Authority, the City of Escondido and Vista Irrigation District, dated October 10, 2003.

15. Lower Colorado Water Supply Project. During the term of this Agreement, and any extension thereof, IID and CVWD agree not to object to the delivery of Exchange Water into the All-American Canal pursuant to United States Bureau of Reclamation Contracts No. 5-07-30-W0323, dated October 13, 1995, and No. 2-07-30-W0277, dated May 22, 1992, as amended, due to the quality of the Exchange Water, unless the Exchange Water is unhealthy or unsafe.

16. Termination and Effect of Termination. Unless earlier terminated as provided herein, this Agreement shall remain in effect as long as the Guidelines remain in effect for the creation, delivery, and accounting of Extraordinary Conservation ICS, or after termination of the Guidelines, only until the earlier of December 31, 2036 or the date upon which any remaining Extraordinary Conservation ICS created and accumulated pursuant to the Guidelines has been delivered, including any Extraordinary Conservation ICS returned by MWD following delivery pursuant to Section 2 (Excess Annual Extraordinary Conservation ICS by IID) or Section 5 (Temporary Use of IID Accumulated Extraordinary Conservation ICS by MWD).

The parties shall review the experience obtained in operations under this Agreement and consult among themselves commencing at the discretion of any party, but

not earlier than 2013, to determine if amendments to this Agreement are warranted. In the event that the parties fail to agree to continue operating under the Agreement terms, or to agree on amendments to this Agreement, then the Agreement may be terminated by either MWD or IID upon five (5) years prior written notice to all parties.

After the termination of this Agreement becomes effective, neither the terms of this Agreement nor the conduct of the parties in performance of this Agreement shall be construed to enhance or diminish the rights of any of the parties as such rights existed as of the date of this Agreement, including any enhancement or diminishment by reason of an alleged application of common law principles of reliance, estoppel, intervening public use, domestic or municipal priority, shortage or emergency, or equitable apportionment.

17. Costs. Each party shall bear its own costs to create and call for the delivery of Extraordinary Conservation ICS and nothing in this Agreement shall be deemed to transfer those costs to the other parties. To the extent that IID and MWD agree to the creation and delivery of Excess Extraordinary Conservation ICS pursuant to Section 2 (Excess Annual Extraordinary Conservation ICS by IID) or MWD exercises its right to call for the delivery of ICS created and accumulated in Lake Mead by IID pursuant to Section 5 (Temporary Use of IID Accumulated Extraordinary Conservation ICS by MWD), MWD shall bear the cost of diverting the delivered Extraordinary Conservation ICS and the cost of returning the Extraordinary Conservation ICS.

18. Inadvertent Overruns. Each party shall remain responsible for its own inadvertent overruns in accordance with Reclamation's Inadvertent Overrun and Payback Policy. Use by MWD of Excess Extraordinary Conservation ICS created by IID and delivered to MWD pursuant to Section 2 (Excess Annual Extraordinary Conservation ICS by IID) or created and accumulated in Lake Mead by IID and temporarily used by MWD pursuant to Section 5 (Temporary Use of IID Accumulated Extraordinary Conservation ICS by MWD) shall not cause MWD to be responsible for any inadvertent overrun or failure to satisfy payback obligations by IID. Nor shall IID be responsible for any inadvertent overrun or failure to satisfy payback obligations by MWD due to the unavailability of Extraordinary Conservation ICS due to IID's use of its own Extraordinary Conservation ICS credits in accordance with the terms of this Agreement.

19. Entire Agreement. This Agreement, including the other agreements referenced in this Agreement, constitutes the final, complete, and exclusive statement of the terms of the Agreement among the parties pertaining to the participation of California agencies and persons in the ICS program, and supersedes all prior and contemporaneous understandings or agreements of the parties.

20. Amendment in Writing. The parties acknowledge that additional and/or alternative projects may be proposed for the creation of ICS, subject to the approval of the Secretary of the Interior, the parties to the Interstate Forbearance Agreement, and the parties to this Agreement. The parties further acknowledge that additional California agencies or persons, including parties to this Agreement other than MWD and IID, may propose participation in the ICS program, including Excess Extraordinary Conservation ICS as described in Section 2 (Excess Annual Extraordinary Conservation ICS by IID),

subject to the approval of the Secretary of the Interior, the parties to the Interstate Forbearance Agreement, and the parties to this Agreement. Any changes required by the addition or substitution of projects, addition or deletion of ICS participants in California, or other changes to the terms and conditions of this Agreement, may be made only by the written agreement of the parties to this Agreement, which shall not be binding unless it has been executed by all parties to this Agreement.

21. Remedies. Each party recognizes that the rights and obligations of the parties under this Agreement are unique and of such a nature as to be inherently difficult or impossible to value monetarily. If one party does not perform in accordance with this Agreement, the other parties will likely suffer harm curable only by the imposition of an injunction requiring specific performance. Thus, each party agrees that any breach of this Agreement by any party shall entitle the non-breaching parties, or any one of them, to injunctive relief, including but not limited to a decree of specific performance, in addition to any other remedies at law or in equity that may be available in the circumstances. The parties do not intend that any right or remedy given to a party on the breach of any provision of this Agreement be exclusive; each such right or remedy is cumulative and in addition to any other remedy otherwise available at law or in equity. The failure to exercise or delay in exercising any such right or remedy shall not constitute a waiver of that right or remedy.

22. Notices. All notices or other communications required or authorized under this Agreement must be in writing, and delivered to the address of the party as set forth below:

To PVID:                    General Manager  
Palo Verde Irrigation District  
180 West 14<sup>th</sup> Avenue  
Blythe, CA 92225

To IID:                     General Manager  
Imperial Irrigation District  
333 E. Barioni Boulevard  
Imperial, CA 92251

To CVWD:                 General Manager/Chief Engineer  
Post Office Box 1058  
Coachella, CA 92236

To MWD:                  General Manager  
The Metropolitan Water District of Southern California  
700 North Alameda Street  
Los Angeles, CA 90012

To NEEDLES:            City Manager  
817 Third Street  
Needles, CA 92363-2933

To Colorado River Board: Executive Director  
Colorado River Board of California  
770 Fairmont Avenue, Suite 100  
Glendale, CA 91203-1068

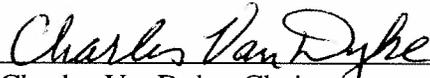
Notice shall be deemed complete upon personal delivery, upon the date of signature on a return receipt for certified mail, upon confirmation of delivery by an overnight delivery service, upon the date of transmission by facsimile provided that a written confirmation is produced by the facsimile machine and a copy is mailed by first class mail on the facsimile transmission date, or upon five days after mailing by first class mail. A party may change its address by written notice delivered to each of the other parties.

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

Attest:

PALO VERDE IRRIGATION DISTRICT

By:   
Edward W. Smith, General Manager

By:   
Charles VanDyke, Chair

Attest and Approved:

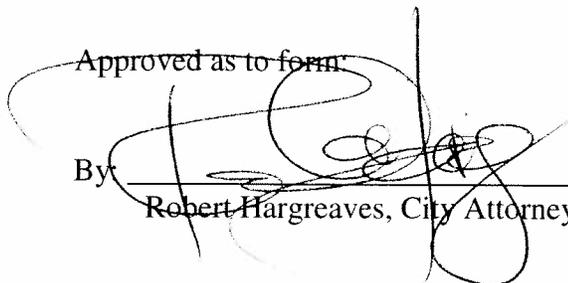
IMPERIAL IRRIGATION DISTRICT

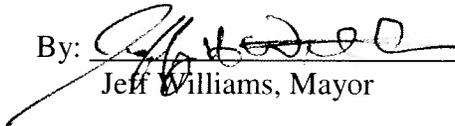
By:   
John Penn Carter, Legal Counsel

By:   
Stella Altamirano-Mendoza,  
President

Approved as to form:

CITY OF NEEDLES

By:   
Robert Hargreaves, City Attorney

By:   
Jeff Williams, Mayor

Approved as to form:

COACHELLA VALLEY WATER DISTRICT

By:   
Steven B. Abbott, Legal Counsel

By:   
Steven B. Robbins,  
General Manager/Chief Engineer

Approved as to form:

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By:   
Karen L. Tachiki, General Counsel

By:   
Jeffrey Knightlinger, General Manager