

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

MEMORANDUM OF AGREEMENT WITH THE FOREST SERVICE  
FOR DIVERSION OF WATER FROM SHASTA RESERVOIR

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Exhibit A - Map of Forest Service's Service Area

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1 UNITED STATES  
2 DEPARTMENT OF THE INTERIOR  
3 BUREAU OF RECLAMATION  
4 Central Valley Project, California

5 MEMORANDUM OF AGREEMENT WITH THE FOREST SERVICE  
6 FOR DIVERSION OF WATER FROM THE TOYON PIPELINE

7 THIS Memorandum of Agreement (MOA), made this 27<sup>th</sup> day of  
8 May, 2005, in pursuance generally of the Act of June 17, 1902 (32 Stat.  
9 388), and acts amendatory or supplementary thereto, including, but not limited to, the Acts of  
10 August 26, 1937 (50 Stat. 844), as amended and supplemented, August 4, 1939 (53 Stat. 1187),  
11 as amended and supplemented, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68),  
12 October 12, 1982 (96 Stat. 1263), October 27, 1986 (100 Stat. 3050), as amended, and Title  
13 XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to  
14 as Federal Reclamation law, between THE UNITED STATES OF AMERICA, acting through  
15 the Bureau of Reclamation, Department of the Interior, hereinafter referred to as Reclamation,  
16 and the UNITED STATES OF AMERICA, acting through the Forest Service, Department of  
17 Agriculture, hereinafter referred to as the Forest Service, represented by the Regional Forester,  
18 California Region;

19 WITNESSETH, THAT:

20 EXPLANATORY RECITALS

21 [1<sup>st</sup>] WHEREAS, Reclamation has constructed and is operating the Central Valley  
22 Project (Project), California, for diversion, storage, carriage, distribution and beneficial use, for  
23 flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection  
24 and restoration, generation and distribution of electric energy, salinity control, navigation and

25 other beneficial uses, of waters of the Sacramento River, the American River, the Trinity River,  
26 and the San Joaquin River and their tributaries; and

27 [2<sup>nd</sup>] WHEREAS, Reclamation constructed the Shasta Dam pumping facilities and the  
28 Toyon Pipeline, hereinafter collectively referred to as the Shasta Division facilities, which will  
29 be used in part for the furnishing of water to the Forest Service pursuant to the terms of this  
30 MOA; and

31 [3<sup>rd</sup>] WHEREAS, the rights to Project Water were acquired by Reclamation pursuant  
32 to California law for operation of the Project; and

33 [3.1] WHEREAS, the Forest Service has a continuing need of a water supply from the  
34 Shasta Division facilities for municipal, industrial, and domestic use to its Centimudi Marina  
35 Project which is located on Shasta Lake in Section 14, Township 33 North, Range 5 West,  
36 Mt. Diablo Meridian; and

37 [4<sup>th</sup>] WHEREAS, the Forest Service and Reclamation entered into MOA  
38 No. 14-06-200-3464A, which established terms for the delivery to the Forest Service of Project  
39 Water from the Shasta Division facilities from November 8, 1967, until terminated by mutual  
40 agreement of Reclamation and the Forest Service, hereinafter referred to as the "Existing MOA,"  
41 and

42 [5<sup>th</sup>] WHEREAS, Reclamation and the Forest Service have, pursuant to subsection  
43 3404(c)(3) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into a  
44 binding agreement, identified as Binding Agreement No. 14-06-200-3464A-BA, which sets out  
45 the terms pursuant to which the Forest Service agreed to renew the Existing MOA before its  
46 expiration date after completion of a programmatic environmental impact statement and other  
47 appropriate environmental documentation and negotiation of a renewal MOA, and which also  
48 sets out the consequences of a subsequent decision not to renew; and

49 [6<sup>th</sup>] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of the  
50 Existing MOA following completion of appropriate environmental documentation, including a

51 programmatic environmental impact statement (PEIS) pursuant to the National Environmental  
52 Policy Act (NEPA), analyzing the direct and indirect impacts and benefits of implementing the  
53 CVPIA and the potential renewal of all existing MOAs for Project Water; and

54 [7<sup>th</sup>] WHEREAS, Reclamation has completed the PEIS and all other appropriate  
55 environmental review necessary to provide for long-term renewal of the Existing MOA; and

56 [8<sup>th</sup>] WHEREAS, the Forest Service has requested the long-term renewal of the  
57 Existing MOA, pursuant to the terms of the Existing MOA, Federal Reclamation law, and the  
58 laws of the State of California, for water service from the Project; and

59 [9<sup>th</sup>] WHEREAS, Reclamation has determined that the Forest Service has fulfilled all  
60 of its obligations under the Existing MOA; and

61 [10<sup>th</sup>] WHEREAS, the Forest Service has demonstrated to the satisfaction of the  
62 Contracting Officer that the Forest Service has utilized the Project Water supplies available to it  
63 for reasonable and beneficial use and, based upon a needs analysis cooperatively prepared by the  
64 Contracting Officer and the Forest Service, has demonstrated projected future demand for water  
65 use that exceeds the Contract Total to be made available to it pursuant to this MOA; and

66 [11<sup>th</sup>] WHEREAS, water obtained from the Project has been relied upon by urban and  
67 agricultural areas within California for more than 50 years, and is considered by the Forest  
68 Service as an essential portion of its water supply; and

69 [12<sup>th</sup>] WHEREAS, Reclamation and the Forest Service are willing to enter into this  
70 MOA pursuant to Federal Reclamation law on the terms and conditions set forth below.

71 NOW, THEREFORE, in consideration of the mutual covenants herein contained,  
72 it is agree as follows:

73 DEFINITIONS

74 1. When used herein unless otherwise distinctly expressed, or manifestly  
75 incompatible with the intent of the parties as expressed in this MOA, the term:

- 76                   (a)     “Calendar Year” shall mean the period January 1 through December 31,  
77 both dates inclusive;
- 78                   (b)     “Charges” shall mean the payments required by Federal Reclamation law  
79 in addition to the Rates and Tiered Pricing Component specified in this MOA as determined  
80 annually by the Contracting Officer pursuant to this MOA;
- 81                   (c)     “Condition of Shortage” shall mean a condition respecting the Project  
82 during any Year such that the Contracting Officer is unable to deliver sufficient water to meet the  
83 Contract Total;
- 84                   (d)     “Contracting Officer” shall mean the Secretary of the Interior’s duly  
85 authorized representative acting pursuant to this MOA or applicable Federal Reclamation law or  
86 regulation;
- 87                   (e)     “Contract Total” shall mean the maximum amount of water to which the  
88 Forest Service is entitled under subdivision (a) of Article 3 of this MOA;
- 89                   (f)     “Forest Service's Service Area” shall mean the area to which the Forest  
90 Service is permitted to provide Project Water under this MOA as described in Exhibit “A”  
91 attached hereto, which may be modified from time to time in accordance with Article 35 of this  
92 MOA without amendment of this MOA;
- 93                   (g)     “CVPIA” shall mean the Central Valley Project Improvement Act, Title  
94 XXXIV of the Act of October 30, 1992 (106 Stat. 4706);
- 95                   (h)     Omitted;
- 96                   (i)     Omitted;
- 97                   (j)     “Full Cost Rate” shall mean an annual rate, as determined by the  
98 Contracting Officer that shall amortize the expenditures for construction properly allocable to the  
99 Project irrigation or M&I functions, as appropriate, of facilities in service including all O&M  
100 deficits funded, less payments, over such periods as may be required under Federal Reclamation  
101 law, or applicable contract provisions. Interest will accrue on both the construction expenditures

102 and funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the  
103 date incurred in the case of costs arising subsequent to October 12, 1982, and shall be calculated  
104 in accordance with subsections 202(3)(B) and (3)(C) of the Reclamation Reform Act of  
105 October 12, 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA. The Full Cost  
106 Rate includes actual operation, maintenance, and replacement costs consistent with Section 426.2  
107 of the Rules and Regulations for the RRA;

108 (k) Omitted;

109 (l) Omitted;

110 (m) Omitted;

111 (n) Omitted;

112 (o) "Municipal and Industrial (M&I) Water" shall mean Project Water made  
113 available to the Forest Service for purposes other than the commercial production of agricultural  
114 crops or livestock;

115 (p) "M&I Full Cost Water Rate" shall mean the Full Cost Rate applicable to  
116 the delivery of M&I Water;

117 (q) "Operation and Maintenance" or "O&M" shall mean normal and  
118 reasonable care, control, operation, repair, replacement (other than capital replacement), and  
119 maintenance of Project facilities;

120 (r) Omitted;

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

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

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

129 (v) "Rates" shall mean the payments determined annually by the Contracting  
130 Officer in accordance with the then-current applicable water ratesetting policies for the Project,  
131 as described in subdivision (a) of Article 7 of this MOA;

132 (w) "Recent Historic Average" shall mean the most recent five-year average of  
133 the final forecast of Water Made Available to the Forest Service pursuant to this MOA or its  
134 preceding MOA(s);

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

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

140 (z) "Water Delivered" or "Delivered Water" shall mean Project Water  
141 diverted for use by the Forest Service at the point(s) of delivery approved by the Contracting  
142 Officer;

143 (aa) "Water Made Available" shall mean the estimated amount of Project  
144 Water that can be delivered to the Forest Service for the upcoming Year as declared by the  
145 Contracting Officer, pursuant to subdivision (a) of Article 4 of this MOA;

146 (bb) "Water Scheduled" shall mean Project Water made available to the Forest  
147 Service for which times and quantities for delivery have been established by the Forest Service  
148 and Contracting Officer, pursuant to subdivision (b) of Article 4 of this MOA; and

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



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TERM OF AGREEMENT

2. (a) This MOA shall be effective March 1, 2005, through February 28, 2045, and supersedes the Existing MOA. In the event the Forest Service wishes to renew this MOA beyond February 28, 2045, the Forest Service shall submit a request for renewal in writing to the Contracting Officer no later than two years prior to the date this MOA expires.

(b) Omitted.

(c) This MOA shall be renewed for successive periods of up to 40 years each, which periods shall be consistent with then-existing Reclamation-wide policy, under terms and conditions mutually agreeable to the parties and consistent with Federal and State law. The Forest Service shall be afforded the opportunity to comment to the Contracting Officer on the proposed adoption and application of any revised policy applicable to the delivery of M&I Water that would limit the term of any subsequent renewal MOA with the Forest Service for the furnishing of M&I Water to less than 40 years.

(d) Omitted.

WATER TO BE MADE AVAILABLE AND DELIVERED TO THE SERVICE

3. (a) During each Year, consistent with all applicable State water rights, permits, and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of this MOA, the Contracting Officer shall make available for delivery to the Forest Service ten acre-feet of Project Water for M&I purposes. Water Delivered to the Forest Service in accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this MOA.

(b) Because the capacity of the Project to deliver Project Water has been constrained in recent years and may be constrained in the future due to many factors including hydrologic conditions and implementation of Federal and State laws, the likelihood of the Forest Service actually receiving the amount of Project Water set out in subdivision (a) of this Article in any given Year is uncertain. The Contracting Officer's modeling referenced in the PEIS

177 projected that the Contract Total set forth in this MOA will not be available to the Forest Service  
178 in many years. During the most recent five years, the Recent Historic Average of water made  
179 available to the Forest Service was nine acre-feet. Nothing in subdivision (b) of this Article shall  
180 affect the rights and obligations of the parties under any provision of this MOA.

181 (c) The Forest Service shall utilize the Project Water in accordance with all  
182 applicable legal requirements.

183 (d) The Forest Service shall make reasonable and beneficial use of all water  
184 furnished pursuant to this MOA. Groundwater recharge programs (direct, indirect, or in lieu),  
185 groundwater banking programs, surface water storage programs, and other similar programs  
186 utilizing Project Water or other water furnished pursuant to this MOA conducted within the  
187 Forest Service's Service Area which are consistent with applicable State law and result in use  
188 consistent with Federal Reclamation law will be allowed; Provided, That any direct recharge  
189 program(s) is (are) described in the Forest Service's water conservation plan submitted pursuant  
190 to Article 26 of this MOA; Provided, further, That such water conservation plan demonstrates  
191 sufficient lawful uses exist in the Forest Service's Service Area so that using a long-term  
192 average, the quantity of Delivered Water is demonstrated to be reasonable for such uses and in  
193 compliance with Federal Reclamation law. Groundwater recharge programs, groundwater  
194 banking programs, surface water storage programs, and other similar programs utilizing Project  
195 Water or other water furnished pursuant to this MOA conducted outside the Forest Service's  
196 Service Area may be permitted upon written approval of the Contracting Officer, which approval  
197 will be based upon environmental documentation, Project Water rights, and Project operational  
198 concerns. The Contracting Officer will address such concerns in regulations, policies, or  
199 guidelines.

200 (e) The Forest Service shall comply with requirements applicable to the  
201 Forest Service in biological opinion(s) prepared as a result of a consultation regarding the  
202 execution of this MOA undertaken pursuant to Section 7 of the Endangered Species Act of 1973

203 (ESA), as amended, that are within the Forest Service's legal authority to implement. The  
204 Existing MOA, which evidences in excess of 36 years of diversions for irrigation and/or M&I  
205 purposes of the quantities of water provided in subdivision (a) of Article 3 of this MOA, will be  
206 considered in developing an appropriate baseline for biological assessment (s) prepared pursuant  
207 to the ESA, and any other needed environmental review. Nothing herein shall be construed to  
208 prevent the Forest Service from challenging or seeking judicial relief in a court of competent  
209 jurisdiction with respect to any biological opinion or other environmental documentation referred  
210 to in this Article.

211 (f) As soon as possible following each declaration of Water Made Available  
212 under Article 4 of this MOA, the Contracting Officer will make a determination whether Project  
213 Water, or other water available to the Project, can be made available to the Forest Service in  
214 addition to the Contract Total under Article 3 of this MOA during the Year without adversely  
215 impacting other Project Contractors. At the request of the Forest Service, the Contracting  
216 Officer will consult with the Forest Service prior to making such a determination. If the  
217 Contracting Officer determines that Project Water, or other water available to the Project, can be  
218 made available to the Forest Service, the Contracting Officer will announce the availability of  
219 such water and shall so notify the Forest Service as soon as practical. The Contracting Officer  
220 will thereafter meet with the Forest Service and other Project Contractors capable of taking such  
221 water to determine the most equitable and efficient allocation of such water. If the Forest  
222 Service requests the delivery of any quantity of such water, the Contracting Officer shall make  
223 such water available to the Forest Service in accordance with applicable statutes, regulations,  
224 guidelines, and policies.

225 (g) Omitted.

226 (h) The Forest Service's right pursuant to Federal Reclamation law and  
227 applicable State law to the reasonable and beneficial use of Water Delivered pursuant to this  
228 MOA during the term thereof and any subsequent renewal MOA(s), as described in Article 2 of

229 this MOA, during the terms thereof shall not be disturbed so long as the Forest Service shall  
230 fulfill all of its obligations under this MOA and any renewals thereof. Nothing in the preceding  
231 sentence shall affect the Contracting Officer's ability to impose shortages under Article 11 or  
232 subdivision (b) of Article 12 of this MOA or applicable provisions of any subsequent renewal  
233 MOA(s).

234 (i) Project Water furnished to the Forest Service pursuant to this MOA may  
235 be delivered for other than M&I purposes upon written approval by the Contracting Officer in  
236 accordance with the terms and conditions of such approval.

237 (j) The Contracting Officer shall make reasonable efforts to protect the water  
238 rights necessary for the Project and to provide the water available under this MOA. The  
239 Contracting Officer shall not object to participation by the Forest Service, in the capacity and to  
240 the extent permitted by law, in administrative proceedings related to the Project Water rights;  
241 Provided, That the Contracting Officer retains the right to object to the substance of the Forest  
242 Service's position in such a proceeding; Provided further, That in such proceedings the  
243 Contracting Officer shall recognize the Forest Service has a legal right under the terms of this  
244 MOA to use Project Water.

245 TIME FOR DELIVERY OF WATER

246 4. (a) On or about February 20 of each Calendar Year, the Contracting Officer  
247 shall announce the Contracting Officer's expected declaration of the Water Made Available.  
248 Such declaration will be expressed in terms of both Water Made Available and the Recent  
249 Historic Average and will be updated monthly, and more frequently if necessary, based on then-  
250 current operational and hydrologic conditions and a new declaration with changes, if any, to the  
251 Water Made Available will be made. The Contracting Officer shall provide forecasts of Project  
252 operations and the basis of the estimate, with relevant supporting information, upon the written  
253 request of the Forest Service. Concurrently with the declaration of the Water Made Available,

254 the Contracting Officer shall provide the Forest Service with the updated Recent Historic  
255 Average.

256 (b) On or before each March 1 and at such other times as necessary, the Forest  
257 Service shall submit to the Contracting Officer a written schedule, satisfactory to the Contracting  
258 Officer, showing the monthly quantities of Project Water to be delivered by Reclamation to the  
259 Forest Service pursuant to this MOA for the Year commencing on such March 1. The  
260 Contracting Officer shall use all reasonable means to deliver Project Water according to the  
261 approved schedule for the Year commencing on such March 1.

262 (c) The Forest Service shall not schedule Project Water in excess of the  
263 quantity of Project Water the Forest Service intends to put to reasonable and beneficial use  
264 within the Forest Service's Service Area.

265 (d) Subject to the conditions set forth in subdivision (a) of Article 3 of this  
266 MOA, Reclamation shall deliver Project Water to the Forest Service in accordance with the  
267 initial schedule submitted by the Forest Service pursuant to subdivision (b) of this Article, or any  
268 written revision(s), satisfactory to the Contracting Officer, thereto submitted within a reasonable  
269 time prior to the date(s) on which the requested change(s) is/are to be implemented.

270 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

271 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this  
272 MOA shall be delivered to the Forest Service at Station 24+87 of the Toyon Pipeline and any  
273 additional point or points of delivery either on Project facilities or another location or locations  
274 mutually agreed to in writing by the Contracting Officer and the Forest Service.

275 (b) The Contracting Officer shall make all reasonable efforts to maintain  
276 sufficient flows and levels of water in Shasta Reservoir to deliver Project Water to the Forest  
277 Service at specific turnouts established pursuant to subdivision (a) of this Article.

278 (c) Omitted.

279 (d) All Water Delivered to the Forest Service pursuant to this MOA shall be  
280 measured and recorded with equipment furnished, installed, operated, and maintained by the  
281 Forest Service at the point or points of delivery established pursuant to subdivision (a) of this  
282 Article. Upon the request of either party to this MOA, the Contracting Officer shall investigate  
283 the accuracy of such measurements and shall take any necessary steps to adjust any errors  
284 appearing therein. For any period of time when accurate measurements have not been made, the  
285 Contracting Officer shall consult with the Forest Service prior to making a final determination of  
286 the quantity delivered for that period of time.

287 (e) The Contracting Officer shall not be responsible for the control, carriage,  
288 handling, use, disposal, or distribution of Water Delivered to the Forest Service pursuant to this  
289 MOA beyond the delivery points specified in subdivision (a) of this Article.

290 6. Omitted.

291 RATES AND METHOD OF PAYMENT FOR WATER

292 7. (a) The Forest Service shall pay Reclamation as provided in this Article for all  
293 Delivered Water at Rates, Charges, and the Tiered Pricing Component established in accordance  
294 with (i) the Secretary's then-existing ratesetting policy for M&I Water. Such ratesetting policy  
295 shall be amended, modified, or superseded only through a public notice and comment procedure;  
296 (ii) applicable Federal Reclamation law and associated rules and regulations, or policies; and (iii)  
297 other applicable provisions of this MOA. Payments shall be made by cash transaction, electronic  
298 funds transfer, or any other mechanism as may be agreed to in writing by the Forest Service and  
299 the Contracting Officer. The Rates, Charges, and Tiered Pricing Component applicable to the  
300 Forest Service upon execution of this MOA are set forth in Exhibit "B," as may be revised  
301 annually.

302 (b) The Contracting Officer shall notify the Forest Service of the Rates,  
303 Charges, and Tiered Pricing Component as follows:

304 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall  
305 provide the Forest Service an estimate of the Charges for Project Water that will be applied to  
306 the period October 1, of the current Calendar Year, through September 30, of the following  
307 Calendar Year, and the basis for such estimate. The Forest Service shall be allowed not less than  
308 two months to review and comment on such estimates. On or before September 15 of each  
309 Calendar Year, the Contracting Officer shall notify the Forest Service in writing of the Charges  
310 to be in effect during the period October 1 of the current Calendar Year, through September 30,  
311 of the following Calendar Year, and such notification shall revise Exhibit "B."

312 (2) Prior to October 1 of each Calendar Year, the Contracting Officer  
313 shall make available to the Forest Service an estimate of the Rates and Tiered Pricing  
314 Component for Project Water for the following Year and the computations and cost allocations  
315 upon which those Rates are based. The Forest Service shall be allowed not less than two months  
316 to review and comment on such computations and cost allocations. By December 31 of each  
317 Calendar Year, the Contracting Officer shall provide the Forest Service with the final Rates and  
318 Tiered Pricing Component to be in effect for the upcoming Year, and such notification shall  
319 revise Exhibit "B."

320 (c) At the time the Forest Service submits the initial schedule for the delivery  
321 of Project Water for each Year pursuant to subdivision (b) of Article 4 of this MOA, the Forest  
322 Service shall make an advance payment to Reclamation equal to the total amount payable  
323 pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water  
324 scheduled to be delivered pursuant to this MOA during the first two calendar months of the Year.  
325 Before the end of the first month and before the end of each calendar month thereafter, the Forest  
326 Service shall make an advance payment to Reclamation, at the Rate(s) set under subdivision (a)  
327 of this Article, for the Water Scheduled to be delivered pursuant to this MOA during the second  
328 month immediately following. Adjustments between advance payments for Water Scheduled  
329 and payments at Rates due for Water Delivered shall be made before the end of the following

330 month; Provided, That any revised schedule submitted by the Forest Service pursuant to Article  
331 4 of this MOA which increases the amount of Water Delivered pursuant to this MOA during any  
332 month shall be accompanied with appropriate advance payment, at the Rates then in effect, to  
333 assure that Project Water is not delivered to the Forest Service in advance of such payment. In  
334 any month in which the quantity of Water Delivered to the Forest Service pursuant to this MOA  
335 equals the quantity of Water Scheduled and paid for by the Forest Service, no additional Project  
336 Water shall be delivered to the Forest Service unless and until an advance payment at the Rates  
337 then in effect for such additional Project Water is made. Final adjustment between the advance  
338 payments for the Water Scheduled and payments for the quantities of Water Delivered during  
339 each Year pursuant to this MOA shall be made as soon as practicable, but no later than April  
340 30th of the following Year, or 60 days after the delivery of Project Water carried over under  
341 subdivision (g) of Article 3 of this MOA if such water is not delivered by the last day of  
342 February.

343 (d) The Forest Service shall also make a payment in addition to the Rate(s) in  
344 subdivision (c) of this Article to Reclamation for Water Delivered, at the Charges and the  
345 appropriate Tiered Pricing Component then in effect, before the end of the month following the  
346 month of delivery. The payments shall be consistent with the quantities of M&I Water Delivered  
347 as shown in the water delivery report for the subject month prepared by the Contracting Officer.  
348 The water delivery report shall be deemed a bill for the payment of Charges and the applicable  
349 Tiered Pricing Component for Water Delivered. Adjustment for overpayment or underpayment  
350 of Charges shall be made through the adjustment of payments due to Reclamation for Charges  
351 for the next month. Any amount to be paid for past due payment of Charges and the Tiered  
352 Pricing Component shall be computed pursuant to Article 20 of this MOA.

353 (e) The Forest Service shall pay for any Water Delivered under subdivision  
354 (a), (f), or (g) of Article 3 of this MOA as determined by the Contracting Officer pursuant to  
355 applicable statutes, associated regulations, any applicable provisions of guidelines or ratesetting



356 policies; Provided, That the Rate for Water Delivered under subdivision (f) of Article 3 of this  
357 MOA shall be no more than the otherwise applicable Rate for M&I Water under subdivision (a)  
358 of this Article.

359 (f) Payments to be made by the Forest Service to Reclamation under this  
360 MOA may be paid from any revenues available to the Forest Service.

361 (g) All revenues received by Reclamation from the Forest Service relating to  
362 the delivery of Project Water or the delivery of non-Project water through Project facilities shall  
363 be allocated and applied in accordance with Federal Reclamation law and the associated rules or  
364 regulations, and the then-current Project ratesetting policies for M&I Water or Irrigation Water.

365 (h) The Contracting Officer shall keep its accounts pertaining to the  
366 administration of the financial terms and conditions of its long-term contracts, in accordance  
367 with applicable Federal standards, so as to reflect the application of Project costs and revenues.  
368 The Contracting Officer shall, each Year upon request of the Forest Service, provide to the  
369 Forest Service a detailed accounting of all Project and Forest Service expense allocations, the  
370 disposition of all Project and Forest Service revenues, and a summary of all water delivery  
371 information. The Contracting Officer and the Forest Service shall enter into good faith  
372 negotiations to resolve any discrepancies or disputes relating to accountings, reports, or  
373 information.

374 (i) The parties acknowledge and agree that the efficient administration of this  
375 MOA is their mutual goal. Recognizing that experience has demonstrated that mechanisms,  
376 policies, and procedures used for establishing Rates, Charges, and the Tiered Pricing  
377 Component, and/or for making and allocating payments, other than those set forth in this Article  
378 may be in the mutual best interest of the parties, it is expressly agreed that the parties may enter  
379 into agreements to modify the mechanisms, policies, and procedures for any of those purposes  
380 while this MOA is in effect without amending this MOA.

381                   (j)    (1)    Beginning at such time as deliveries of Project Water in a Year  
382 exceed 80 percent of the Contract Total, then before the end of the month following the month of  
383 delivery the Forest Service shall make an additional payment to Reclamation equal to the  
384 applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of Water  
385 Delivered in excess of 80 percent of the Contract Total, but less than or equal to 90 percent of the  
386 Contract Total, shall equal one-half of the difference between the Rate established under  
387 subdivision (a) of this Article and the M&I Full Cost Water Rate. The Tiered Pricing  
388 Component for the amount of Water Delivered which exceeds 90 percent of the Contract Total  
389 shall equal the difference between (i) the Rate established under subdivision (a) of this Article  
390 and (ii) the M&I Full Cost Water Rate.

391                                   (2)    Omitted.

392                                   (3)    Omitted.

393                   (k)    For the term of this MOA, Rates under the respective ratesetting policies  
394 will be established to recover only reimbursable O&M (including any deficits) and capital costs  
395 of the Project, as those terms are used in the then-current Project ratesetting policies, and interest,  
396 where appropriate, except in instances where a minimum Rate is applicable in accordance with  
397 the relevant Project ratesetting policy. Changes of significance in practices which implement the  
398 Contracting Officer's ratesetting policies will not be implemented until the Contracting Officer  
399 has provided the Forest Service an opportunity to discuss the nature, need, and impact of the  
400 proposed change.

401                                   (l)    Omitted.

402                                   (m)    Omitted.

403                   8.    Omitted.

404                   9.    Omitted.

405                                    APPLICATION OF PAYMENTS AND ADJUSTMENTS

406                    10.   (a)    The amount of any overpayment by the Forest Service of the Forest  
407   Service's O&M, capital, and deficit (if any) obligations for the Year shall be applied first to any  
408   current liabilities of the Forest Service arising out of this MOA then due and payable.  
409   Overpayments of more than \$1,000 shall be refunded at the Forest Service's request. In lieu of a  
410   refund, any amount of such overpayment, at the option of the Forest Service, may be credited  
411   against amounts to become due to Reclamation by the Forest Service. With respect to  
412   overpayment, such refund or adjustment shall constitute the sole remedy of the Forest Service or  
413   anyone having or claiming to have the right to the use of any of the Project Water supply  
414   provided for herein. All credits and refunds of overpayments shall be made within 30 days of the  
415   Contracting Officer obtaining direction as to how to credit or refund such overpayment in  
416   response to the notice to the Forest Service that it has finalized the accounts for the Year in  
417   which the overpayment was made.

418                   (b)    All advances for miscellaneous costs incurred for work requested by the  
419   Forest Service pursuant to Article 25 of this MOA shall be adjusted to reflect the actual costs  
420   when the work has been completed. If the advances exceed the actual costs incurred, the  
421   difference will be refunded to the Forest Service. If the actual costs exceed the Forest Service's  
422   advances, the Forest Service will be billed for the additional costs pursuant to Article 25.

423                                    TEMPORARY REDUCTIONS--RETURN FLOWS

424                   11.   (a)    Subject to: (i) the authorized purposes and priorities of the Project and the  
425   requirements of Federal law; and (ii) the obligations of Reclamation under existing contracts, or  
426   renewals thereof, providing for water deliveries from the Project, the Contracting Officer shall  
427   make all reasonable efforts to optimize Project Water deliveries to the Forest Service as provided  
428   in this MOA.

429                   (b)    The Contracting Officer may temporarily discontinue or reduce the  
430   quantity of Water Delivered to the Forest Service as herein provided for the purposes of

431 investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or  
 432 any part thereof necessary for the delivery of Project Water to the Forest Service, but so far as  
 433 feasible the Contracting Officer will give the Forest Service due notice in advance of such  
 434 temporary discontinuance or reduction, except in case of emergency, in which case no notice  
 435 need be given; Provided, That Reclamation shall use its best efforts to avoid any discontinuance  
 436 or reduction in such service. Upon resumption of service after such reduction or discontinuance,  
 437 and if requested by the Forest Service, Reclamation will, if possible, deliver the quantity of  
 438 Project Water which would have been delivered hereunder in the absence of such discontinuance  
 439 or reduction.

440 (c) Reclamation reserves the right to all seepage and return flow water  
 441 derived from Water Delivered to the Forest Service hereunder which escapes or is discharged  
 442 beyond the Forest Service's Service Area; Provided, That this shall not be construed as claiming  
 443 for Reclamation any right to seepage or return flow being put to reasonable and beneficial use  
 444 pursuant to this MOA within the Forest Service's Service Area by the Forest Service or those  
 445 claiming by, through, or under the Forest Service.

446 CONSTRAINTS ON THE AVAILABILITY OF WATER

447 12. (a) In its operation of the Project, the Contracting Officer will use all  
 448 reasonable means to guard against a Condition of Shortage in the quantity of water to be made  
 449 available to the Forest Service pursuant to this MOA. In the event the Contracting Officer  
 450 determines that a Condition of Shortage appears probable, the Contracting Officer will notify the  
 451 Forest Service of said determination as soon as practicable.

452 (b) If there is a Condition of Shortage because of errors in physical operations  
 453 of the Project, drought, other physical causes beyond the control of the Contracting Officer or  
 454 actions taken by the Contracting Officer to meet legal obligations then, except as provided in  
 455 subdivision (a) of Article 18 of this MOA, no liability shall accrue against Reclamation or any of  
 456 its officers, agents, or employees for any damage, direct or indirect, arising therefrom.

457 (c) Omitted.

458 (d) Project Water furnished under this MOA will be allocated in accordance  
459 with the then-existing Project M&I Water Shortage Policy. Such policy shall be amended,  
460 modified, or superseded only through a public notice and comment procedure.

461 13. Omitted.

462 RULES AND REGULATIONS

463 14. The parties agree that the delivery of Project Water or use of Federal facilities  
464 pursuant to this MOA is subject to Federal Reclamation law, as amended and supplemented, and  
465 the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation  
466 law.

467 WATER AND AIR POLLUTION CONTROL

468 15. The Forest Service, in carrying out this MOA, shall comply with all applicable  
469 water and air pollution laws and regulations of the United States and the State of California, and  
470 shall obtain all required permits or licenses from the appropriate Federal, State, or local  
471 authorities.

472 QUALITY OF WATER

473 16. (a) Project facilities used to deliver Project Water to the Forest Service  
474 pursuant to this MOA shall be operated and maintained to enable Reclamation to deliver Project  
475 Water to the Forest Service in accordance with the water quality standards specified in  
476 subsection 2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act  
477 of October 27, 1986 (100 Stat. 3050) or other existing Federal laws. Reclamation is under no  
478 obligation to construct or furnish water treatment facilities to maintain or to improve the quality  
479 of Water Delivered to the Forest Service pursuant to this MOA. Reclamation does not warrant  
480 the quality of Water Delivered to the Forest Service pursuant to this MOA.

481 (b) The O&M of Project facilities shall be performed in such manner as is  
482 practicable to maintain the quality of raw water made available through such facilities at the  
483 highest level reasonably attainable as determined by the Contracting Officer. The Forest Service  
484 shall be responsible for compliance with all State and Federal water quality standards applicable

485 to surface and subsurface agricultural drainage discharges generated through the use of Federal  
486 or Forest Service facilities or Project Water provided by the Forest Service within the Forest  
487 Service's Service Area.

488 17. Omitted.

489 OPINIONS AND DETERMINATIONS

490 18. (a) Where the terms of this MOA provide for actions to be based upon the  
491 opinion or determination of either party to this MOA, said terms shall not be construed as  
492 permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or  
493 determinations. Both parties, notwithstanding any other provisions of this MOA, expressly  
494 reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious,  
495 or unreasonable opinion or determination. Each opinion or determination by either party shall be  
496 provided in a timely manner. Nothing in subdivision (a) of Article 18 of this MOA is intended to  
497 or shall affect or alter the standard of judicial review applicable under Federal law to any opinion  
498 or determination implementing a specific provision of Federal law embodied in statute or  
499 regulation.

500 (b) The Contracting Officer shall have the right to make determinations  
501 necessary to administer this MOA that are consistent with the provisions of this MOA, the laws  
502 of the United States and of the State of California, and the rules and regulations promulgated by  
503 the Secretary of the Interior. Such determinations shall be made in consultation with the Forest  
504 Service to the extent reasonably practicable.

505 COORDINATION AND COOPERATION

506 19. (a) In order to further their mutual goals and objectives, the Contracting  
507 Officer and the Forest Service shall communicate, coordinate, and cooperate with each other, and  
508 with other affected Project Contractors, in order to improve the operation and management of the  
509 Project. The communication, coordination, and cooperation regarding operations and  
510 management shall include, but not be limited to, any action which will or may materially affect

511 the quantity or quality of Project Water supply, the allocation of Project Water supply, and  
512 Project financial matters including, but not limited to, budget issues. The communication,  
513 coordination, and cooperation provided for hereunder shall extend to all provisions of this MOA.  
514 Each party shall retain exclusive decision making authority for all actions, opinions, and  
515 determinations to be made by the respective party.

516 (b) Within 120 days following the effective date of this MOA, the Forest  
517 Service, other affected Project Contractors, and the Contracting Officer shall arrange to meet  
518 with interested Project Contractors to develop a mutually agreeable, written Project-wide  
519 process, which may be amended as necessary separate and apart from this MOA. The goal of  
520 this process shall be to provide, to the extent practicable, the means of mutual communication  
521 and interaction regarding significant decisions concerning Project operation and management on  
522 a real-time basis.

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

526 (1) The Contracting Officer will, at the request of the Forest Service,  
527 assist in the development of integrated resource management plans for the Forest Service.  
528 Further, the Contracting Officer will, as appropriate, seek authorizations for implementation of  
529 partnerships to improve water supply, water quality, and reliability.

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

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

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

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

540 (d) Without limiting the contractual obligations of the Contracting Officer  
541 under the other Articles of this MOA nothing in this Article shall be construed to limit or  
542 constrain the Contracting Officer's ability to communicate, coordinate, and cooperate with the  
543 Forest Service or other interested stakeholders or to make decisions in a timely fashion as needed  
544 to protect health, safety, or the physical integrity of structures or facilities.

545 20. Omitted.

546 21. Omitted.

547 22. Omitted.

548 23. Omitted.

549 24. Omitted.

550 SERVICE TO PAY CERTAIN MISCELLANEOUS COSTS

551 25. In addition to all other payments to be made by the Forest Service pursuant to this  
552 MOA, the Forest Service shall pay to Reclamation, within 60 days after receipt of a bill and  
553 detailed statement submitted by the Contracting Officer to the Forest Service for such specific  
554 items of direct cost incurred by Reclamation for work requested by the Forest Service associated  
555 with this MOA plus indirect costs in accordance with applicable Bureau of Reclamation policies  
556 and procedures. All such amounts referred to in this Article shall not exceed the amount agreed  
557 to in writing in advance by the Forest Service. This Article shall not apply to costs for routine  
558 administration of this MOA.

559 WATER CONSERVATION

560 26. (a) Prior to the delivery of water provided from or conveyed through  
561 Federally constructed or Federally financed facilities pursuant to this MOA, the Forest Service  
562 shall be implementing an effective water conservation and efficiency program based on the



563 Forest Service's water conservation plan that has been determined by the Contracting Officer to  
564 meet the conservation and efficiency criteria for evaluating water conservation plans established  
565 under Federal law. The water conservation and efficiency program shall contain definite water  
566 conservation objectives, appropriate economically feasible water conservation measures, and  
567 time schedules for meeting those objectives. Continued Project Water delivery pursuant to this  
568 MOA shall be contingent upon the Forest Service's continued implementation of such water  
569 conservation program. In the event the Forest Service's water conservation plan or any revised  
570 water conservation plan completed pursuant to subdivision (d) of Article 26 of this MOA have  
571 not yet been determined by the Contracting Officer to meet such criteria, due to circumstances  
572 which the Contracting Officer determines are beyond the control of the Forest Service, water  
573 deliveries shall be made under this MOA so long as the Forest Service diligently works with the  
574 Contracting Officer to obtain such determination at the earliest practicable date, and thereafter  
575 the Forest Service immediately begins implementing its water conservation and efficiency  
576 program in accordance with the time schedules therein.

577 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of  
578 Article 3 of this MOA equal or exceed 2,000 acre-feet per Year, the Forest Service shall  
579 implement the Best Management Practices identified by the time frames issued by the California  
580 Urban Water Conservation Council for such M&I Water unless any such practice is determined  
581 by the Contracting Officer to be inappropriate for the Forest Service.

582 (c) The Forest Service shall submit to the Contracting Officer a report on the  
583 status of its implementation of the water conservation plan on the reporting dates specified in the  
584 then existing conservation and efficiency criteria established under Federal law.

585 (d) At five-year intervals, the Forest Service shall revise its water  
586 conservation plan to reflect the then-current conservation and efficiency criteria for evaluating  
587 water conservation plans established under Federal law and submit such revised water  
588 management plan to the Contracting Officer for review and evaluation. The Contracting Officer

589 will then determine if the water conservation plan meets Reclamation's then-current  
590 conservation and efficiency criteria for evaluating water conservation plans established under  
591 Federal law.

592 (e) If the Forest Service is engaged in direct groundwater recharge, such  
593 activity shall be described in the Forest Service's water conservation plan.

594 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

595 27. Except as specifically provided in Article 17 of this MOA, the provisions of this  
596 MOA shall not be applicable to or affect non-Project water or water rights now owned or  
597 hereafter acquired by the Forest Service or any user of such water within the Forest Service's  
598 Service Area. Any such water shall not be considered Project Water under this MOA. In  
599 addition, this MOA shall not be construed as limiting or curtailing any rights which the Forest  
600 Service or any water user within the Forest Service's Service Area acquires or has available  
601 under any other contract pursuant to Federal Reclamation law.

602 28. Omitted.

603 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

604 29. The expenditure or advance of any money or the performance of any obligation  
605 under this MOA shall be contingent upon appropriation or allotment of funds. Absence of  
606 appropriation or allotment of funds shall not relieve the Forest Service from any obligations  
607 under this MOA. No liability shall accrue to Reclamation in case funds are not appropriated or  
608 allotted.

609 BOOKS, RECORDS, AND REPORTS

610 30. The Forest Service shall establish and maintain accounts and other books and  
611 records pertaining to administration of the terms and conditions of this MOA. Reports thereon  
612 shall be furnished to the Contracting Officer in such form and on such date or dates as the  
613 Contracting Officer may require. Subject to applicable Federal laws and regulations, each party  
614 to this MOA shall have the right during office hours to examine and make copies of the other  
615 party's books and records relating to matters covered by this MOA.

616                    ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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

620                    (b)    The assignment of any right or interest in this MOA by either party shall  
621                    not interfere with the rights or obligations of the other party to this MOA absent the written  
622                    concurrence of said other party.

623                    (c)    The Contracting Officer shall not unreasonably condition or withhold his  
624                    approval of any proposed assignment.

625                    SEVERABILITY

626                    32.    In the event that a person or entity who is neither (i) a party to a Project contract,  
627                    nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii)  
628                    an association or other form of organization whose primary function is to represent parties to  
629                    Project contracts, brings an action in a court of competent jurisdiction challenging the legality or  
630                    enforceability of a provision included in this MOA and said person, entity, association, or  
631                    organization obtains a final court decision holding that such provision is legally invalid or  
632                    unenforceable and the Forest Service has not intervened in that lawsuit in support of the  
633                    plaintiff(s), the parties to this MOA shall use their best efforts to (i) within 30 days of the date of  
634                    such final court decision identify by mutual agreement the provisions in this MOA which must  
635                    be revised, and (ii) within three months thereafter promptly agree on the appropriate revision(s).  
636                    The time periods specified above may be extended by mutual agreement of the parties. Pending  
637                    the completion of the actions designated above, to the extent it can do so without violating any  
638                    applicable provisions of law, Reclamation shall continue to make the quantities of Project Water  
639                    specified in this MOA available to the Forest Service pursuant to the provisions of this MOA  
640                    which were not found to be legally invalid or unenforceable in the final court decision.

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RESOLUTION OF DISPUTES

33. Should any dispute arise concerning any provisions of this MOA, or the parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to resolve the dispute. Prior to the Forest Service commencing any legal action, or the Contracting Officer referring any matter to Department of Justice, the party shall provide to the other party 30 days' written notice of the intent to take such action; Provided, That such notice shall not be required where a delay in commencing an action would prejudice the interests of the party that intends to file suit. During the 30-day notice period, the Forest Service and the Contracting Officer shall meet and confer in an attempt to resolve the dispute. Except as specifically provided, nothing herein is intended to waive or abridge any right or remedy that the Forest Service or Reclamation may have.

34. Omitted.

CHANGES IN SERVICE'S SERVICE AREA

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

(b) Within 30 days of receipt of a request for such a change, the Contracting Officer will notify the Forest Service of any additional information required by the Contracting Officer for processing said request, and both parties will meet to establish a mutually agreeable schedule for timely completion of the process. Such process will analyze whether the proposed change is likely to: (i) result in the use of Project Water contrary to the terms of this MOA; (ii) impair the ability of the Forest Service to pay for Project Water furnished under this MOA or to pay for any Federally-constructed facilities for which the Forest Service is responsible; and (iii) have an impact on any Project Water rights applications, permits, or licenses. In addition, the Contracting Officer shall comply with the NEPA and the ESA. The Forest Service will be responsible for all costs incurred by the Contracting Officer in this process, and such costs will be paid in accordance with Article 25 of this MOA.

668

FEDERAL LAWS

669           36. By entering into this MOA, the Forest Service does not waive its rights to contest  
670 the validity or application in connection with the performance of the terms and conditions of this  
671 MOA of any Federal law or regulation; Provided, That the Forest Service agrees to comply with  
672 the terms and conditions of this MOA unless and until relief from application of such Federal  
673 law or regulation to the implementing provision of the MOA is granted by a court of competent  
674 jurisdiction.

675

NOTICES

676           37. Any notice, demand, or request authorized or required by this MOA shall be  
677 deemed to have been given, on behalf of the Forest Service, when mailed, postage prepaid, or  
678 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office,  
679 16349 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the  
680 Bureau of Reclamation, when mailed, postage prepaid, or delivered to the Forest Supervisor,  
681 U. S. Forest Service, 3644 Avtech Parkway, Redding, California 96002-9241. The designation  
682 of the addressee or the address may be changed by notice given in the same manner as provided  
683 in this Article for other notices.

684

38. Omitted.

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

687 UNITED STATES DEPARTMENT OF INTERIOR

APPROVED AS TO LEGAL  
FORM AND SUFFICIENCY  
*James E. Turner*  
OFFICE OF REGIONAL SOLICITOR  
DEPARTMENT OF THE INTERIOR

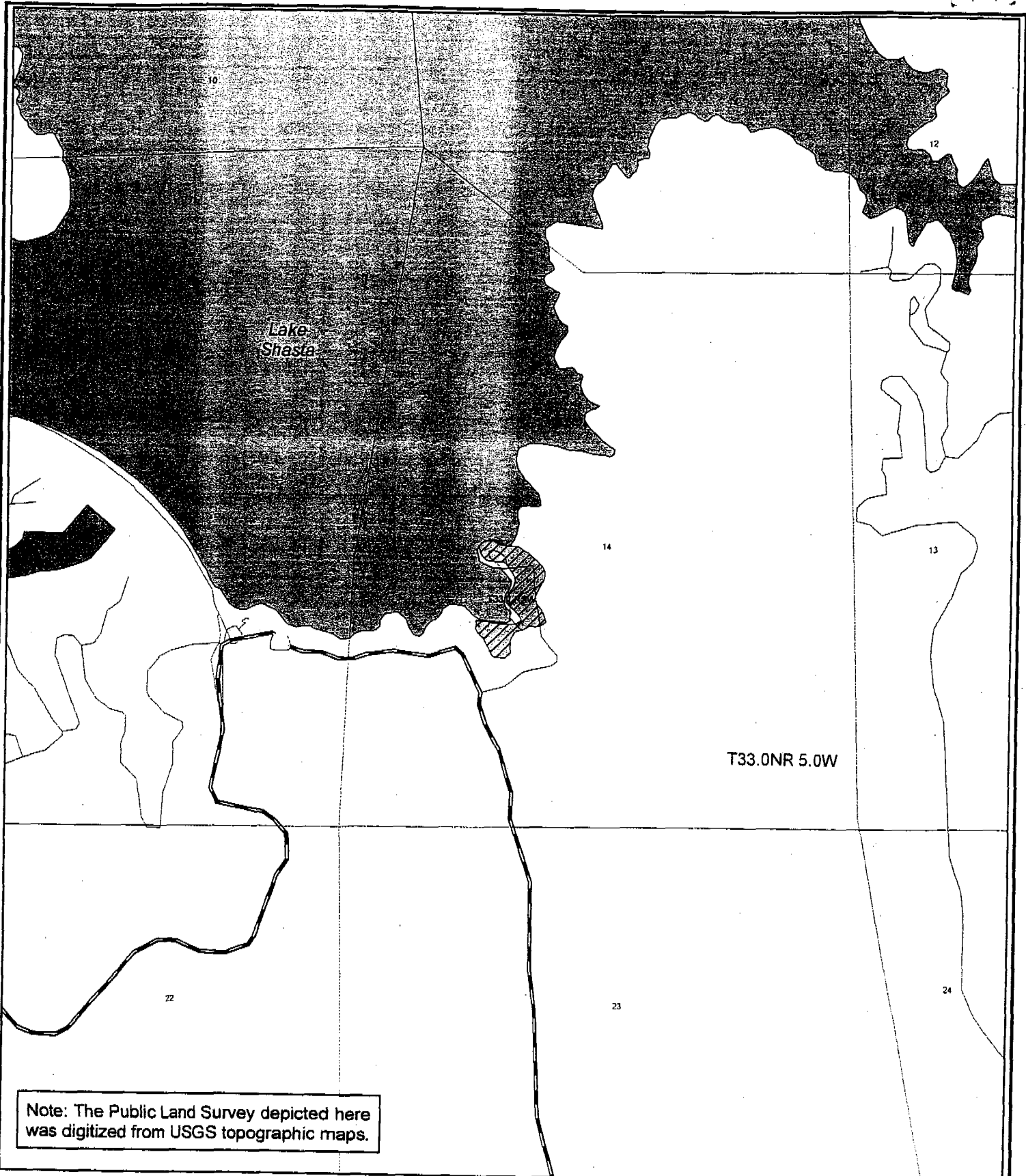
By: *Mark A. [Signature]*  
Regional Director, Mid-Pacific Region  
Bureau of Reclamation

691 (SEAL)

692 UNITED STATES DEPARTMENT OF AGRICULTURE

By: *Bernie Wingardt*  
Regional Forester

695 (H:\public\Willows Final LTRC's\2005-01-31 Forest Service - Centimudi Final LTRC Draft  
696 Contract.doc)





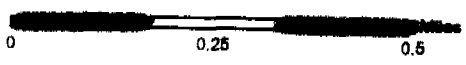
Note: The Public Land Survey depicted here was digitized from USGS topographic maps.

# U.S. Forest Service - Centimudi Marina

Memorandum of Agreement No. 14-06-200-3464A-LTR1

Exhibit A

-  Contractor's Service Area
-  District Boundary



## EXHIBIT B

UNITED STATES FOREST SERVICE  
2005 Water Rates and Charges per Acre-Foot

<u>COST OF SERVICE RATES:</u>	<u>M&amp;I</u>
Capital Rates	(\$ 9.36)
Minimum Rate Adjustment	11.51
O&M Rates:	
Water Marketing	3.89
Storage	6.67
Deficit Rates:	
Interest Bearing	0.00
CFO/PRF Adj. Rate 1/	<u>2.29</u>
TOTAL	<u>\$15.00</u>
<u>FULL-COST RATE:</u>	<u>\$15.00</u>
<u>TIERED PRICING COMPONENTS:</u>	
Tiered Pricing Component >80% <=90% of Contract Total [Full Cost Rate – COS Rate / 2]	<u>\$ 0.00</u>
Tiered Pricing Component >90% of Contract Total [Full Cost Rate – COS Rate]	<u>\$ 0.00</u>
<u>CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 2/</u>	
Restoration Payments (3407(d)(2)(A))	<u>\$15.87</u>

1/ Chief Financial Officer (CFO) adjustment and Provision for Replacement (PFR) expense is being distributed over a 5-year period beginning in FY 2003 for those contractors that requested those costs be deferred.

2/ Restoration fund charges are payments in addition to the water rates and were determined pursuant to Title XXXIV of Public Law 102-575. Restoration fund charges are on a fiscal year basis (10/1 - 9/30).

Recent Historic Use, as defined in the CVP M&I Water Shortage Policy, is \_\_\_\_\_  
acre-feet.





United States  
Department of  
Agriculture

Forest  
Service

Pacific  
Southwest  
Region

Regional Office, R5  
1323 Club Drive  
Vallejo, CA 94592  
(707) 562-8737 Voice  
(707) 562-9130 Text (TDD)

File Code: 1620-3-1/2530-4/2540

Date: MAR 1 2005

Kirk C. Rodgers  
Regional Director Mid-Pacific Region  
Bureau Of Reclamation  
2800 Cottage Way  
Sacramento, CA 95825-1898

Dear Mr. Rodgers:

This letter approves the following contracts, 14-06-200-3621A-LTR1 Memorandum of Agreement with the Forest Service for Replacement of Water Diverted from Salt Creek, and 14-06-200-3464A-LTR1 Memorandum of Agreement with Forest Service for Diversion of Water from Shasta Reservoir as to the form of the agreements. The designated USDA Forest Service officials, the Mendocino and Shasta-Trinity NF Forest Supervisors, are authorized to execute the said Memorandums of Agreement.

Sincerely,

*Barbara J. Tate*

for  
JACK A. BLACKWELL  
Regional Forester

cc: James Fenwood, Sharon Heywood