

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
Black Butte Project, California

MEMORANDUM OF AGREEMENT WITH THE FOREST SERVICE  
FOR REPLACEMENT OF WATER DIVERTED FROM SALT CREEK

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1 UNITED STATES  
2 DEPARTMENT OF THE INTERIOR  
3 BUREAU OF RECLAMATION  
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5 MEMORANDUM OF AGREEMENT WITH THE FOREST SERVICE  
6 FOR REPLACEMENT OF WATER DIVERTED FROM SALT CREEK

7 THIS Memorandum of Agreement (MOA) , made this 9<sup>th</sup> day of  
8 March , 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 Black Butte Dam and Reservoir which  
28 were integrated into the Project and which will be used in part for the furnishing of water to the  
29 Forest Service pursuant to the terms of this MOA; and

30 [2.1] WHEREAS, Reclamation constructed the Orland Project which is being operated  
31 by the Orland Unit Water Users' Association pursuant to Contract No. 14-06-200-3502 dated  
32 August 26, 1954, as amended by the contract dated August 24, 1960; and

33 [3<sup>rd</sup>] WHEREAS, the rights to Project Water were acquired by Reclamation pursuant  
34 to California law for operation of the Project; and

35 [3.1] WHEREAS, the water rights of all lands and the use thereof within the watershed  
36 of Stony Creek and its tributaries were adjudicated by the U.S. District Court for the Northern  
37 District of California, Second Division in the United States of America, v. H.C. Angle, et al.,  
38 Equity No. 30, hereinafter referred to as the Angle Decree and said rights are administered by  
39 said courts; and

40 [3.2] WHEREAS, the Forest Service has a continuing need of a water supply for  
41 municipal, industrial, and domestic use to serve its Job Corps Camp at Alder Springs which is  
42 located on National Forest land in Sections 23, 24, 25, and 26, Township 21 North, Range 8  
43 West, Mt. Diablo Meridian and the California Department of Forestry and Fire Protection's Salt  
44 Creek Conservation Camp which is located on National Forest land in Section 34, Township 23  
45 North, Range 7 Mt. Diablo Meridian; and

46 [3.3] WHEREAS, the Forest Service proposes to continue to divert water from Salt  
47 Creek to provide said water supply; and

48 [4<sup>th</sup>] WHEREAS, the Forest Service and Reclamation entered into MOA  
49 No. 14-06-200-3621A, which established terms for the delivery to the Forest Service of Project  
50 Water from the Black Butte Dam and Reservoir from January 15, 1968, until terminated by

51 mutual agreement of Reclamation and the Forest Service, hereinafter referred to as the “Existing  
52 MOA,” and

53 [5<sup>th</sup>] WHEREAS, Reclamation and the Forest Service have, pursuant to subsection  
54 3404(c)(3) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into a  
55 binding agreement, identified as Binding Agreement No. 14-06-200-3621A-BA, which sets out  
56 the terms pursuant to which the Forest Service agreed to renew the Existing MOA before its  
57 expiration date after completion of a programmatic environmental impact statement and other  
58 appropriate environmental documentation and negotiation of a renewal MOA, and which also  
59 sets out the consequences of a subsequent decision not to renew; and

60 [5.1] WHEREAS, to satisfy existing downstream rights, Reclamation proposes to  
61 continue to furnish a replacement supply in Stony Creek for such water diverted by the Forest  
62 Service pursuant to Contract No. 14-06-200-1020A, dated June 26, 1964, between Reclamation  
63 and the Orland Unit Water Users’ Association; and

64 [6<sup>th</sup>] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of the  
65 Existing MOA following completion of appropriate environmental documentation, including a  
66 programmatic environmental impact statement (PEIS) pursuant to the National Environmental  
67 Policy Act (NEPA), analyzing the direct and indirect impacts and benefits of implementing the  
68 CVPIA and the potential renewal of all existing MOAs for Project Water; and

69 [7<sup>th</sup>] WHEREAS, Reclamation has completed the PEIS and all other appropriate  
70 environmental review necessary to provide for long-term renewal of the Existing MOA; and

71 [8<sup>th</sup>] WHEREAS, the Forest Service has requested the long-term renewal of the  
72 Existing MOA, pursuant to the terms of the Existing MOA, Federal Reclamation law, and the  
73 laws of the State of California, for water service from the Project; and

74 [9<sup>th</sup>] WHEREAS, Reclamation has determined that the Forest Service has fulfilled all  
75 of its obligations under the Existing MOA; and

102 (e) "Contract Total" shall mean the maximum amount of water to which the  
103 Forest Service is entitled under subdivision (a) of Article 3 of this MOA;

104 (f) "Forest Service's Service Area" shall mean the area to which the Forest  
105 Service is permitted to provide Project Water under this MOA as described in Exhibit "A"  
106 attached hereto, which may be modified from time to time in accordance with Article 35 of this  
107 MOA without amendment of this MOA;

108 (g) "CVPIA" shall mean the Central Valley Project Improvement Act, Title  
109 XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

110 (h) Omitted;

111 (i) Omitted;

112 (j) "Full Cost Rate" shall mean an annual rate as determined by the  
113 Contracting Officer that shall amortize the expenditures for construction properly allocable to the  
114 Project irrigation or M&I functions, as appropriate, of facilities in service including all O&M  
115 deficits funded, less payments, over such periods as may be required under Federal Reclamation  
116 law, or applicable contract provisions. Interest will accrue on both the construction expenditures  
117 and funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the  
118 date incurred in the case of costs arising subsequent to October 12, 1982, and shall be calculated  
119 in accordance with subsections 202(3)(B) and (3)(C) of the Reclamation Reform Act of  
120 October 12, 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA. The Full Cost  
121 Rate includes actual operation, maintenance, and replacement costs consistent with Section 426.2  
122 of the Rules and Regulations for the RRA;

123 (k) Omitted;

124 (l) Omitted;

125 (m) Omitted;

126 (n) Omitted;

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

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

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

135 (r) Omitted;

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

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

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

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

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

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

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

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

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

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

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

166 TERM OF AGREEMENT

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

171 (b) Omitted.

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

179 (d) Omitted.

180 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE SERVICE

181 3. (a) During each Year, consistent with all applicable State water rights,  
182 permits, and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of  
183 this MOA, the Contracting Officer shall furnish a replacement supply of up to 45 acre-feet of  
184 Project Water in Stony Creek below the confluence of Salt and Stony Creeks for the water  
185 diverted by the Forest Service for M&I purposes. Water Delivered to the Forest Service in  
186 accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of  
187 Articles 4 and 7 of this MOA.

188 (b) Because the capacity of the Project to deliver Project Water has been  
189 constrained in recent years and may be constrained in the future due to many factors including  
190 hydrologic conditions and implementation of Federal and State laws, the likelihood of the Forest  
191 Service actually receiving the amount of Project Water set out in subdivision (a) of this Article in  
192 any given Year is uncertain. The Contracting Officer's modeling referenced in the PEIS  
193 projected that the Contract Total set forth in this MOA will not be available to the Forest Service  
194 in many years. During the most recent five years, the Recent Historic Average of water made  
195 available to the Forest Service was 41 acre-feet. Nothing in subdivision (b) of this Article shall  
196 affect the rights and obligations of the parties under any provision of this MOA.

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

199 (d) The Forest Service shall make reasonable and beneficial use of all water  
200 furnished pursuant to this MOA. Groundwater recharge programs (direct, indirect, or in lieu),  
201 groundwater banking programs, surface water storage programs, and other similar programs  
202 utilizing Project Water or other water furnished pursuant to this MOA conducted within the  
203 Forest Service's Service Area which are consistent with applicable State law and result in use  
204 consistent with Federal Reclamation law will be allowed; Provided, That any direct recharge

205 program(s) is (are) described in the Forest Service's water conservation plan submitted pursuant  
206 to Article 26 of this MOA; Provided, further, That such water conservation plan demonstrates  
207 sufficient lawful uses exist in the Forest Service's Service Area so that using a long-term  
208 average, the quantity of Delivered Water is demonstrated to be reasonable for such uses and in  
209 compliance with Federal Reclamation law. Groundwater recharge programs, groundwater  
210 banking programs, surface water storage programs, and other similar programs utilizing Project  
211 Water or other water furnished pursuant to this MOA conducted outside the Forest Service's  
212 Service Area may be permitted upon written approval of the Contracting Officer, which approval  
213 will be based upon environmental documentation, Project Water rights, and Project operational  
214 concerns. The Contracting Officer will address such concerns in regulations, policies, or  
215 guidelines.

216 (e) The Forest Service shall comply with requirements applicable to the  
217 Forest Service in biological opinion(s) prepared as a result of a consultation regarding the  
218 execution of this MOA undertaken pursuant to Section 7 of the Endangered Species Act of 1973  
219 (ESA), as amended, that are within the Forest Service's legal authority to implement. The  
220 Existing MOA, which evidences in excess of 35 years of diversions for irrigation and/or M&I  
221 purposes of the quantities of water provided in subdivision (a) of Article 3 of this MOA, will be  
222 considered in developing an appropriate baseline for biological assessment(s) prepared pursuant  
223 to the ESA, and any other needed environmental review. Nothing herein shall be construed to  
224 prevent the Forest Service from challenging or seeking judicial relief in a court of competent  
225 jurisdiction with respect to any biological opinion or other environmental documentation referred  
226 to in this Article.

227 (f) As soon as possible following each declaration of Water Made Available  
228 under Article 4 of this MOA, the Contracting Officer will make a determination whether Project  
229 Water, or other water available to the Project, can be made available to the Forest Service in  
230 addition to the Contract Total under Article 3 of this MOA during the Year without adversely

231 impacting other Project Contractors. At the request of the Forest Service, the Contracting  
232 Officer will consult with the Forest Service prior to making such a determination. If the  
233 Contracting Officer determines that Project Water, or other water available to the Project, can be  
234 made available to the Forest Service, the Contracting Officer will announce the availability of  
235 such water and shall so notify the Forest Service as soon as practical. The Contracting Officer  
236 will thereafter meet with the Forest Service and other Project Contractors capable of taking such  
237 water to determine the most equitable and efficient allocation of such water. If the Forest  
238 Service requests the delivery of any quantity of such water, the Contracting Officer shall make  
239 such water available to the Forest Service in accordance with applicable statutes, regulations,  
240 guidelines, and policies.

241 (g) Omitted.

242 (h) The Forest Service's right pursuant to Federal Reclamation law and  
243 applicable State law to the reasonable and beneficial use of Water Delivered pursuant to this  
244 MOA during the term thereof and any subsequent renewal MOA(s), as described in Article 2 of  
245 this MOA, during the terms thereof shall not be disturbed so long as the Forest Service shall  
246 fulfill all of its obligations under this MOA and any renewals thereof. Nothing in the preceding  
247 sentence shall affect the Contracting Officer's ability to impose shortages under Article 11 or  
248 subdivision (b) of Article 12 of this MOA or applicable provisions of any subsequent renewal  
249 MOA(s).

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

253 (j) The Contracting Officer shall make reasonable efforts to protect the water  
254 rights necessary for the Project and to provide the water available under this MOA. The  
255 Contracting Officer shall not object to participation by the Forest Service, in the capacity and to  
256 the extent permitted by law, in administrative proceedings related to the Project Water rights;

257 Provided, That the Contracting Officer retains the right to object to the substance of the Forest  
258 Service's position in such a proceeding; Provided further, That in such proceedings the  
259 Contracting Officer shall recognize the Forest Service has a legal right under the terms of this  
260 MOA to use Project Water.

261 TIME FOR DELIVERY OF WATER

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

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

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

281 (d) Subject to the conditions set forth in subdivision (a) of Article 3 of this  
282 MOA, Reclamation shall deliver Project Water to the Forest Service in accordance with the

283 initial schedule submitted by the Forest Service pursuant to subdivision (b) of this Article, or any  
284 written revision(s), satisfactory to the Contracting Officer, thereto submitted within a reasonable  
285 time prior to the date(s) on which the requested change(s) is/are to be implemented.

286 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

287 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this  
288 MOA shall be delivered below the confluence of Salt and Stony Creeks to replace water diverted  
289 by the Forest Service at approved points of diversion on Salt Creek and any additional point or  
290 points of delivery mutually agreed to in writing by the Contracting Officer and the Forest  
291 Service.

292 (b) Omitted.

293 (c) Omitted.

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

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

305 6. Omitted.

306 RATES AND METHOD OF PAYMENT FOR WATER

307 7. (a) The Forest Service shall pay Reclamation as provided in this Article for  
308 all Delivered Water at Rates, Charges, and the Tiered Pricing Component established in

309 accordance with (i) the Secretary's then-existing ratesetting policy for M&I Water. Such  
310 ratesetting policy shall be amended, modified, or superseded only through a public notice and  
311 comment procedure; (ii) applicable Federal Reclamation law and associated rules and  
312 regulations, or policies; and (iii) other applicable provisions of this MOA. Payments shall be  
313 made by cash transaction, electronic funds transfer, or any other mechanism as may be agreed to  
314 in writing by the Forest Service and the Contracting Officer. The Rates, Charges, and Tiered  
315 Pricing Component applicable to the Forest Service upon execution of this MOA are set forth in  
316 Exhibit "B," as may be revised annually.

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

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

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

335           (c)     At the time the Forest Service submits the initial schedule for the delivery  
336 of Project Water for each Year pursuant to subdivision (b) of Article 4 of this MOA, the Forest  
337 Service shall make an advance payment to Reclamation equal to the total amount payable  
338 pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water  
339 scheduled to be delivered pursuant to this MOA during the first two calendar months of the Year.  
340 Before the end of the first month and before the end of each calendar month thereafter, the Forest  
341 Service shall make an advance payment to Reclamation, at the Rate(s) set under subdivision (a)  
342 of this Article, for the Water Scheduled to be delivered pursuant to this MOA during the second  
343 month immediately following. Adjustments between advance payments for Water Scheduled  
344 and payments at Rates due for Water Delivered shall be made before the end of the following  
345 month; Provided, That any revised schedule submitted by the Forest Service pursuant to Article  
346 4 of this MOA which increases the amount of Water Delivered pursuant to this MOA during any  
347 month shall be accompanied with appropriate advance payment, at the Rates then in effect, to  
348 assure that Project Water is not delivered to the Forest Service in advance of such payment. In  
349 any month in which the quantity of Water Delivered to the Forest Service pursuant to this MOA  
350 equals the quantity of Water Scheduled and paid for by the Forest Service, no additional Project  
351 Water shall be delivered to the Forest Service unless and until an advance payment at the Rates  
352 then in effect for such additional Project Water is made. Final adjustment between the advance  
353 payments for the Water Scheduled and payments for the quantities of Water Delivered during  
354 each Year pursuant to this MOA shall be made as soon as practicable, but no later than April  
355 30th of the following Year, or 60 days after the delivery of Project Water carried over under  
356 subdivision (g) of Article 3 of this MOA if such water is not delivered by the last day of  
357 February.

358           (d)     The Forest Service shall also make a payment in addition to the Rate(s) in  
359 subdivision (c) of this Article to Reclamation for Water Delivered, at the Charges and the  
360 appropriate Tiered Pricing Component then in effect, before the end of the month following the

361 month of delivery. The payments shall be consistent with the quantities of M&I Water Delivered  
362 as shown in the water delivery report for the subject month prepared by the Contracting Officer.  
363 The water delivery report shall be deemed a bill for the payment of Charges and the applicable  
364 Tiered Pricing Component for Water Delivered. Adjustment for overpayment or underpayment  
365 of Charges shall be made through the adjustment of payments due to Reclamation for Charges  
366 for the next month. Any amount to be paid for past due payment of Charges and the Tiered  
367 Pricing Component shall be computed pursuant to Article 20 of this MOA.

368 (e) The Forest Service shall pay for any Water Delivered under subdivision  
369 (a), (f), or (g) of Article 3 of this MOA as determined by the Contracting Officer pursuant to  
370 applicable statutes, associated regulations, any applicable provisions of guidelines or ratesetting  
371 policies; Provided, That the Rate for Water Delivered under subdivision (f) of Article 3 of this  
372 MOA shall be no more than the otherwise applicable Rate for M&I Water under subdivision (a)  
373 of this Article.

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

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

380 (h) The Contracting Officer shall keep its accounts pertaining to the  
381 administration of the financial terms and conditions of its long-term contracts, in accordance  
382 with applicable Federal standards, so as to reflect the application of Project costs and revenues.  
383 The Contracting Officer shall, each Year upon request of the Forest Service, provide to the  
384 Forest Service a detailed accounting of all Project and Forest Service expense allocations, the  
385 disposition of all Project and Forest Service revenues, and a summary of all water delivery  
386 information. The Contracting Officer and the Forest Service shall enter into good faith

387 negotiations to resolve any discrepancies or disputes relating to accountings, reports, or  
388 information.

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

396 (j) (1) Beginning at such time as deliveries of Project Water in a Year  
397 exceed 80 percent of the Contract Total, then before the end of the month following the month of  
398 delivery the Forest Service shall make an additional payment to Reclamation equal to the  
399 applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of Water  
400 Delivered in excess of 80 percent of the Contract Total, but less than or equal to 90 percent of the  
401 Contract Total, shall equal one-half of the difference between the Rate established under  
402 subdivision (a) of this Article and the M&I Full Cost Water Rate, whichever is applicable. The  
403 Tiered Pricing Component for the amount of Water Delivered which exceeds 90 percent of the  
404 Contract Total shall equal the difference between (i) the Rate established under subdivision (a) of  
405 this Article and (ii) the M&I Full Cost Water Rate.

406 (2) Omitted.

407 (3) Omitted.

408 (k) For the term of this MOA, Rates under the respective ratesetting policies  
409 will be established to recover only reimbursable O&M (including any deficits) and capital costs  
410 of the Project, as those terms are used in the then-current Project ratesetting policies, and interest,  
411 where appropriate, except in instances where a minimum Rate is applicable in accordance with  
412 the relevant Project ratesetting policy. Changes of significance in practices which implement the

413 Contracting Officer's ratesetting policies will not be implemented until the Contracting Officer  
414 has provided the Forest Service an opportunity to discuss the nature, need, and impact of the  
415 proposed change.

416 (l) Omitted.

(m) Omitted.

417 8. Omitted.

418 9. Omitted.

419 APPLICATION OF PAYMENTS AND ADJUSTMENTS

420 10. (a) The amount of any overpayment by the Forest Service of the Forest  
421 Service's O&M, capital, and deficit (if any) obligations for the Year shall be applied first to any  
422 current liabilities of the Forest Service arising out of this MOA then due and payable.

423 Overpayments of more than \$1,000 shall be refunded at the Forest Service's request. In lieu of a  
424 refund, any amount of such overpayment, at the option of the Forest Service, may be credited  
425 against amounts to become due to Reclamation by the Forest Service. With respect to  
426 overpayment, such refund or adjustment shall constitute the sole remedy of the Forest Service or  
427 anyone having or claiming to have the right to the use of any of the Project Water supply  
428 provided for herein. All credits and refunds of overpayments shall be made within 30 days of the  
429 Contracting Officer obtaining direction as to how to credit or refund such overpayment in  
430 response to the notice to the Forest Service that it has finalized the accounts for the Year in  
431 which the overpayment was made.

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

437

438                                    TEMPORARY REDUCTIONS--RETURN FLOWS

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

444                   (b)    The Contracting Officer may temporarily discontinue or reduce the  
445 quantity of Water Delivered to the Forest Service as herein provided for the purposes of  
446 investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or  
447 any part thereof necessary for the delivery of Project Water to the Forest Service, but so far as  
448 feasible the Contracting Officer will give the Forest Service due notice in advance of such  
449 temporary discontinuance or reduction, except in case of emergency, in which case no notice  
450 need be given; Provided, That Reclamation shall use its best efforts to avoid any discontinuance  
451 or reduction in such service. Upon resumption of service after such reduction or discontinuance,  
452 and if requested by the Forest Service, Reclamation will, if possible, deliver the quantity of  
453 Project Water which would have been delivered hereunder in the absence of such discontinuance  
454 or reduction.

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

461                                    CONSTRAINTS ON THE AVAILABILITY OF WATER

462            12.   (a)    In its operation of the Project, the Contracting Officer will use all  
463 reasonable means to guard against a Condition of Shortage in the quantity of water to be made

464 available to the Forest Service pursuant to this MOA. In the event the Contracting Officer  
465 determines that a Condition of Shortage appears probable, the Contracting Officer will notify the  
466 Forest Service of said determination as soon as practicable.

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

472 (c) Omitted.

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

476 13. Omitted.

477 RULES AND REGULATIONS

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

482 WATER AND AIR POLLUTION CONTROL

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

487 QUALITY OF WATER

488 16. (a) Project facilities used to deliver Project Water to the Forest Service  
489 pursuant to this MOA shall be operated and maintained to enable Reclamation to deliver Project  
490 Water to the Forest Service in accordance with the water quality standards specified in  
491 subsection 2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act

492 of October 27, 1986 (100 Stat. 3050) or other existing Federal laws. Reclamation is under no  
493 obligation to construct or furnish water treatment facilities to maintain or to improve the quality  
494 of Water Delivered to the Forest Service pursuant to this MOA. Reclamation does not warrant  
495 the quality of Water Delivered to the Forest Service pursuant to this MOA.

496 (b) The O&M of Project facilities shall be performed in such manner as is  
497 practicable to maintain the quality of raw water made available through such facilities at the  
498 highest level reasonably attainable as determined by the Contracting Officer. The Forest Service  
499 shall be responsible for compliance with all State and Federal water quality standards applicable  
500 to surface and subsurface agricultural drainage discharges generated through the use of Federal  
501 or Forest Service facilities or Project Water provided by the Forest Service within the Forest  
502 Service's Service Area.

503 17. Omitted.

504 OPINIONS AND DETERMINATIONS

505 18. (a) Where the terms of this MOA provide for actions to be based upon the  
506 opinion or determination of either party to this MOA, said terms shall not be construed as  
507 permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or  
508 determinations. Both parties, notwithstanding any other provisions of this MOA, expressly  
509 reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious,  
510 or unreasonable opinion or determination. Each opinion or determination by either party shall be  
511 provided in a timely manner. Nothing in subdivision (a) of Article 18 of this MOA is intended to  
512 or shall affect or alter the standard of judicial review applicable under Federal law to any opinion  
513 or determination implementing a specific provision of Federal law embodied in statute or  
514 regulation.

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

518 the Secretary of the Interior. Such determinations shall be made in consultation with the Forest  
519 Service to the extent reasonably practicable.

520 COORDINATION AND COOPERATION

521 19. (a) In order to further their mutual goals and objectives, the Contracting  
522 Officer and the Forest Service shall communicate, coordinate, and cooperate with each other, and  
523 with other affected Project Contractors, in order to improve the operation and management of the  
524 Project. The communication, coordination, and cooperation regarding operations and  
525 management shall include, but not be limited to, any action which will or may materially affect  
526 the quantity or quality of Project Water supply, the allocation of Project Water supply, and  
527 Project financial matters including, but not limited to, budget issues. The communication,  
528 coordination, and cooperation provided for hereunder shall extend to all provisions of this MOA.  
529 Each party shall retain exclusive decision making authority for all actions, opinions, and  
530 determinations to be made by the respective party.

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

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

541 (1) The Contracting Officer will, at the request of the Forest Service,  
542 assist in the development of integrated resource management plans for the Forest Service.

543 Further, the Contracting Officer will, as appropriate, seek authorizations for implementation of  
544 partnerships to improve water supply, water quality, and reliability.

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

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

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

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

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

560 20. Omitted.

561 21. Omitted.

562 22. Omitted.

563 23. Omitted.

564 24. Omitted.

565 SERVICE TO PAY CERTAIN MISCELLANEOUS COSTS

566 25. In addition to all other payments to be made by the Forest Service pursuant to this  
567 MOA, the Forest Service shall pay to Reclamation, within 60 days after receipt of a bill and  
568 detailed statement submitted by the Contracting Officer to the Forest Service for such specific

569 items of direct cost incurred by Reclamation for work requested by the Forest Service associated  
570 with this MOA plus indirect costs in accordance with applicable Bureau of Reclamation policies  
571 and procedures. All such amounts referred to in this Article shall not exceed the amount agreed  
572 to in writing in advance by the Forest Service. This Article shall not apply to costs for routine  
573 administration of this MOA.

574 WATER CONSERVATION

575 26. (a) Prior to the delivery of water provided from or conveyed through  
576 Federally constructed or Federally financed facilities pursuant to this MOA, the Forest Service  
577 shall be implementing an effective water conservation and efficiency program based on the  
578 Forest Service's water conservation plan that has been determined by the Contracting Officer to  
579 meet the conservation and efficiency criteria for evaluating water conservation plans established  
580 under Federal law. The water conservation and efficiency program shall contain definite water  
581 conservation objectives, appropriate economically feasible water conservation measures, and  
582 time schedules for meeting those objectives. Continued Project Water delivery pursuant to this  
583 MOA shall be contingent upon the Forest Service's continued implementation of such water  
584 conservation program. In the event the Forest Service's water conservation plan or any revised  
585 water conservation plan completed pursuant to subdivision (d) of Article 26 of this MOA have  
586 not yet been determined by the Contracting Officer to meet such criteria, due to circumstances  
587 which the Contracting Officer determines are beyond the control of the Forest Service, water  
588 deliveries shall be made under this MOA so long as the Forest Service diligently works with the  
589 Contracting Officer to obtain such determination at the earliest practicable date, and thereafter  
590 the Forest Service immediately begins implementing its water conservation and efficiency  
591 program in accordance with the time schedules therein.

592 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of  
593 Article 3 of this MOA equal or exceed 2,000 acre-feet per Year, the Forest Service shall  
594 implement the Best Management Practices identified by the time frames issued by the California

595 Urban Water Conservation Council for such M&I Water unless any such practice is determined  
596 by the Contracting Officer to be inappropriate for the Forest Service.

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

600 (d) At five-year intervals, the Forest Service shall revise its water  
601 conservation plan to reflect the then-current conservation and efficiency criteria for evaluating  
602 water conservation plans established under Federal law and submit such revised water  
603 management plan to the Contracting Officer for review and evaluation. The Contracting Officer  
604 will then determine if the water conservation plan meets Reclamation's then-current  
605 conservation and efficiency criteria for evaluating water conservation plans established under  
606 Federal law.

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

609 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

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

617 28. Omitted.

618 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

619 29. The expenditure or advance of any money or the performance of any obligation  
620 under this MOA shall be contingent upon appropriation or allotment of funds. Absence of

621 appropriation or allotment of funds shall not relieve the Forest Service from any obligations  
622 under this MOA. No liability shall accrue to Reclamation in case funds are not appropriated or  
623 allotted.

624 BOOKS, RECORDS, AND REPORTS

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

631 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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

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

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

640 SEVERABILITY

641 32. In the event that a person or entity who is neither (i) a party to a Project contract,  
642 nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii)  
643 an association or other form of organization whose primary function is to represent parties to  
644 Project contracts, brings an action in a court of competent jurisdiction challenging the legality or  
645 enforceability of a provision included in this MOA and said person, entity, association, or  
646 organization obtains a final court decision holding that such provision is legally invalid or  
647 unenforceable and the Forest Service has not intervened in that lawsuit in support of the  
648 plaintiff(s), the parties to this MOA shall use their best efforts to (i) within 30 days of the date of  
649 such final court decision identify by mutual agreement the provisions in this MOA which must

650 be revised, and (ii) within three months thereafter promptly agree on the appropriate revision(s).  
651 The time periods specified above may be extended by mutual agreement of the parties. Pending  
652 the completion of the actions designated above, to the extent it can do so without violating any  
653 applicable provisions of law, Reclamation shall continue to make the quantities of Project Water  
654 specified in this MOA available to the Forest Service pursuant to the provisions of this MOA  
655 which were not found to be legally invalid or unenforceable in the final court decision.

656 RESOLUTION OF DISPUTES

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

667 34. Omitted.

668 CHANGES IN SERVICE'S SERVICE AREA

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

672 (b) Within 30 days of receipt of a request for such a change, the Contracting  
673 Officer will notify the Forest Service of any additional information required by the Contracting  
674 Officer for processing said request, and both parties will meet to establish a mutually agreeable  
675 schedule for timely completion of the process. Such process will analyze whether the proposed

676 change is likely to: (i) result in the use of Project Water contrary to the terms of this MOA; (ii)  
677 impair the ability of the Forest Service to pay for Project Water furnished under this MOA or to  
678 pay for any Federally-constructed facilities for which the Forest Service is responsible; and (iii)  
679 have an impact on any Project Water rights applications, permits, or licenses. In addition, the  
680 Contracting Officer shall comply with the NEPA and the ESA. The Forest Service will be  
681 responsible for all costs incurred by the Contracting Officer in this process, and such costs will  
682 be paid in accordance with Article 25 of this MOA.

683 FEDERAL LAWS

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

690 NOTICES

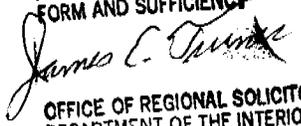
691 37. Any notice, demand, or request authorized or required by this MOA shall be  
692 deemed to have been given, on behalf of the Forest Service, when mailed, postage prepaid, or  
693 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office,  
694 16349 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the Bureau of  
695 Reclamation, when mailed, postage prepaid, or delivered to the Forest Supervisor, United States  
696 Forest Service, 825 North Humboldt Street, Willows, California 95988. The designation of the  
697 addressee or the address may be changed by notice given in the same manner as provided in this  
698 Article for other notices.

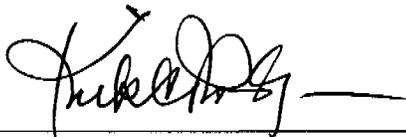
699 38. Omitted.

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

702 UNITED STATES DEPARTMENT OF INTERIOR

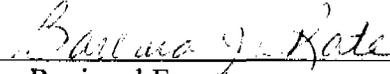
703 APPROVED AS TO LEGAL  
704 FORM AND SUFFICIENCY  
705 OFFICE OF REGIONAL SOLICITOR  
DEPARTMENT OF THE INTERIOR



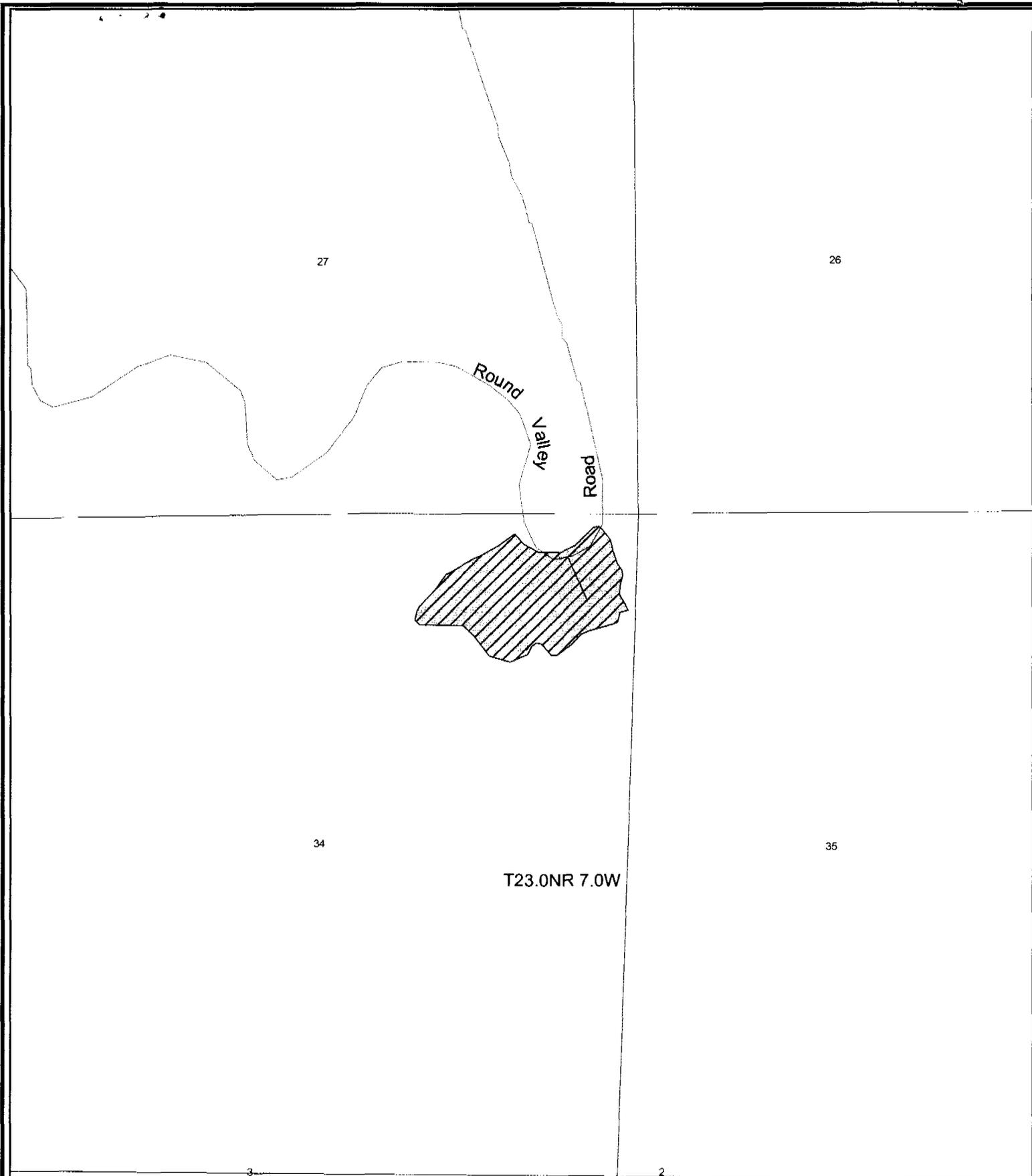
By:   
Regional Director, Mid-Pacific Region  
Bureau of Reclamation

706 (SEAL)

707 UNITED STATES DEPARTMENT OF AGRICULTURE

708 By:   
709 Regional Forester

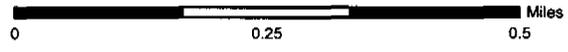
710 (H:\public\Willows Final LTRC's\2005-01-31 Forest Service –  
711 Salt Creek Final LTRC Draft Contract.doc)



# U.S. Forest Service - Salt Creek

Memorandum of Agreement No. 14-06-200-3621A-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	\$4.56
O&M Rates:	
Water Marketing	3.89
Storage	6.67
Deficit Rates:	
Interest Bearing	0.00
CFO/PRF Adj. Rate 2/	<u>0.00</u>
TOTAL	<u>\$15.12</u>
 <u>M&amp;I FULL-COST RATE:</u>	 <u>\$17.69</u>
 <u>TIERED PRICING COMPONENTS:</u>	
Tiered Pricing Component >80% <=90% of Contract Total [Full Cost Rate – COS Rate / 2]	 <u>\$ 1.29</u>
Tiered Pricing Component >90% of Contract Total [Full Cost Rate – COS Rate]	 <u>\$ 2.57</u>
 <u>CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 1/</u>	
Restoration Payments (3407(d)(2)(A))	<u>\$15.87</u>

1/ 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).

2/ 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.

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. Kote*

*for*

JACK A. BLACKWELL  
Regional Forester

cc: James Fenwood, Sharon Heywood

