

EXHIBIT
USBR SLU-IR-2007-01

BUREAU OF RECLAMATION
Central Valley Project, California
INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
PROVIDING FOR PROJECT WATER SERVICE
SAN LUIS UNIT AND DELTA DIVISION

Table of Contents

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
Preamble	1	
Irrigation and M&I.....		1
Table of Contents.....		1
15	EXPLANATORY RECITALS	1
16	WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR	15
17	POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER	20
18	RATES AND METHOD OF PAYMENT FOR WATER	24
19	SALES, TRANSFERS, OR EXCHANGES OF WATER	31
20	APPLICATION OF PAYMENTS AND ADJUSTMENTS	33
21	CONSTRAINTS ON THE AVAILABILITY OF WATER	35
22	WATER AND AIR POLLUTION CONTROL.....	38
23	WATER ACQUIRED BY THE CONTRACTOR.....	39
24	COORDINATION AND COOPERATION	43
25	CHARGES FOR DELINQUENT PAYMENTS	45
26	EQUAL OPPORTUNITY	45
27	GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT	46
28	COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS	47
29	PRIVACY ACT COMPLIANCE	47
30	WATER CONSERVATION	48
31	EXISTING OR ACQUIRED WATER OR WATER RIGHTS	50
32	CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS	58
33	BOOKS, RECORDS, AND REPORTS	58
34	ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED	59
35	SEVERABILITY	59
36	RESOLUTION OF DISPUTES.....	60
37	OFFICIALS NOT TO BENEFIT	60
38	FEDERAL LAWS	61
39	NOTICES	61

40 UNITED STATES
41 DEPARTMENT OF THE INTERIOR
42 BUREAU OF RECLAMATION
43 Central Valley Project, California
44 INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
45
46 PROVIDING FOR PROJECT WATER SERVICE FROM
47 SAN LUIS UNIT AND DELTA DIVISION

48 THIS CONTRACT, made this _____ day of _____, 200__, in pursuance
49 generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto,
50 including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as amended and
51 supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70 Stat.
52 483), June 3, 1960 (74 Stat. 156), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263),
53 October 27, 1986 (100 Stat. 3050), as amended, and Title XXXIV of the Act of October 30, 1992
54 (106 Stat. 4706), all collectively hereinafter referred to as Federal Reclamation law, between THE
55 UNITED STATES OF AMERICA, hereinafter referred to as the United States, and _____,
56 hereinafter referred to as the Contractor, a public agency of the State of California, duly organized,
57 existing, and acting pursuant to the laws thereof;

58 WITNESSETH, That:

59 EXPLANATORY RECITALS

60 [1st] WHEREAS, the United States has constructed and is operating the Central Valley
61 Project, (Project) California, for diversion, storage, carriage, distribution and beneficial use, for flood
62 control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and

63 restoration, generation and distribution of electric energy, salinity control, navigation and other
64 beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and the
65 San Joaquin River and their tributaries; and

66 [2nd] WHEREAS, the United States constructed the Delta Division Facilities, including the
67 San Luis Unit facilities (which include the San Luis Canal, Coalinga Canal, Pleasant Valley Pumping
68 Plant, and Dos Amigos Pumping Plant), which will be used in part for the furnishing of water to the
69 Contractor pursuant to the terms of this **Interim Renewal Contract**; and

70 [3rd] WHEREAS, the rights to Project Water were acquired by the United States pursuant
71 to California law for operation of the Project; and

72 [4th] WHEREAS, the terms and conditions pursuant to which Project Water is to be
73 delivered to the Contractor through December 31, 2007, are addressed in the Contract Between the
74 United States and Westlands Water District Providing for Water Service, dated June 5, 1963, and the
75 Stipulated Judgment in the lawsuit entitled Barcellos and Wolfsen, Inc., v. Westlands Water District,
76 Civ. No. F-79-106-EDP (E.D. Cal.), as consolidated with Westlands Water District v. United States
77 of America, Civ. No. F-81-245-EDP (E.D. Cal.), entered on December 30, 1986, hereinafter referred
78 to as the Existing Contract; and **(CONTRACTOR SPECIFIC WWD)**

79 [4th] **WHEREAS, the United States and the Contractor entered into Contract No. _____**
80 **as amended, which provided the Contractor, Project Water from Project facilities from _____ to**
81 **December 31, 200__;** and **CONTRACTOR SPECIFIC**

82 [5th] WHEREAS, the United States and the Contractor have pursuant to Subsection
83 3404(c)(3) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into
84 _____ which set out the terms pursuant to which the Contractor agreed to renew the Existing

85 Contract before the expiration date after completion of the Programmatic Environmental Impact
86 Statement (PEIS) and other appropriate environmental documentation and negotiation of a renewal
87 contract; and which also set out the consequences of subsequent decisions not to renew; and

88 **CONTRACTOR SPECIFIC Binding Agreements**

89 [6th] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of the
90 Existing Contract following completion of appropriate environmental documentation, including the
91 PEIS, **required by Section 3409 of the CVPIA**, pursuant to the National Environmental Policy Act
92 (NEPA) analyzing the direct and indirect impacts and benefits of implementing the CVPIA and the
93 potential renewal of all existing contracts for Project Water; and

94 [6.1] **CONTRACTOR SPECIFIC WWD**

95 [7th] WHEREAS, rights of renewal of Contract No. _____ and to convert said
96 contract to a contract as provided by subsection (d), Section 9 of the Act of August 4, 1939 (53 Stat.
97 1187), are set forth in said contract; and

98 [8.th] WHEREAS, the United States has completed the PEIS, **but since all the environmental**
99 **documentation necessary to execute a long-term renewal contract has not been completed, the**
100 **Contractor has requested an interim renewal contract pursuant to Section 3404(c)(1) of the CVPIA;**
101 **and**

102 [9th] WHEREAS, the United States has determined that the Contractor has fulfilled all of
103 its obligations under the **Existing** Contract; and

104 [10th] WHEREAS, the Contractor has demonstrated to the satisfaction of the Contracting
105 Officer that the Contractor has utilized the Project Water supplies available to it for reasonable and
106 beneficial use and expects to utilize fully for reasonable and beneficial use the quantity of Project

107 Water to be made available to it pursuant to this **Interim Renewal** Contract; and

108 [11th] WHEREAS, water obtained from the Project has been relied upon by urban and
109 agricultural areas within California for more than 50 years, and is considered by the Contractor as an
110 essential portion of its water supply; and

111 [12th] WHEREAS, the economies of regions within the Project, including the Contractor's,
112 depend upon the continued availability of water, including water service from the Project; and

113 [12.1] WHEREAS, the United States Court of Appeals for the Ninth Circuit has held that
114 Section 1(a) of the San Luis Act, Public Law 86-488, 74 Stat. 156, imposes on the Secretary a duty to
115 provide drainage service to the San Luis Unit; and **Omit from M&I Interims**

116 [12.2] WHEREAS, the Contractor and the Contracting Officer recognize that adequate
117 drainage service is required to maintain agricultural production within certain areas served with
118 Project Water made available under this **Interim Renewal Contract**, and all renewals thereof; and **Omit**
119 **from M&I Interims**

120 [12.3] WHEREAS, the Contracting Officer intends, to the extent appropriated funds are
121 available, to develop and implement effective solutions to drainage problems in the San Luis Unit; and
122 **Omit from M&I Interims**

123 [12.4] WHEREAS, the Contracting Officer and the Contractor acknowledge that such
124 drainage solutions may involve actions not originally contemplated and/or the construction or use of
125 facilities, other than the San Luis Drain; that the Contractor is investing in drainage solutions for
126 lands within its boundaries that should be considered by the Contracting Officer in determining
127 drainage solutions; and that the existing ratesetting policy as it relates to the allocation and collection
128 of drainage costs may require amendment to recognize those investments by the Contractor and other

129 relevant circumstances; and **Omit from M&I Interims**

130 [12.5] WHEREAS, the Department of the Interior, Bureau of Reclamation published in May 2005
131 the San Luis Drainage Feature Re-evaluation Draft Environmental Impact Statement, which considers
132 alternatives to provide agricultural drainage service to the San Luis Unit; and **Omit from M&I Interims**

133 [12.6] **WHEREAS, on March 9, 2007, the Record of Decision was signed for the San Luis**
134 **Drainage Feature Re-evaluation Draft Environmental Impact Statement identifying the retirement of**
135 **up to ~~298,000~~194,000 acres of land from irrigated agricultural productions as the selected**
136 **alternative; and **CONTRACTOR SPECIFIC WWD****

137 [13th] WHEREAS, the Secretary intends through coordination, cooperation, and partnerships
138 to pursue measures to improve water supply, water quality, and reliability of the Project for all
139 Project purposes; and

140 [14th] WHEREAS, the mutual goals of the United States and the Contractor include: to
141 provide for reliable Project Water supplies; to control costs of those supplies; to achieve repayment
142 of the Project as required by law; to guard reasonably against Project Water shortages; to achieve a
143 reasonable balance among competing demands for use of Project Water; and to comply with all
144 applicable environmental statutes, all consistent with the legal obligations of the United States
145 relative to the Project; and

146 [14.1] WHEREAS, the parties intend by this **Interim Renewal Contract** to develop a more
147 cooperative relationship in order to achieve their mutual goals; and

148 [14.2th] WHEREAS, in the CALFED Programmatic Record of Decision, dated August 28,
149 2000, the United States and the State of California adopted a general target of continuously
150 improving Delta water quality for all uses. The CALFED Agencies' target for providing safe,

151 reliable, and affordable drinking water in a cost-effective way, is to achieve either: (a) average
152 concentrations at Clinton Forebay and other southern and central Delta drinking water intakes of 50
153 ug/L bromide and 3.0 mg/L total organic carbon, or (b) an equivalent level of public health protection
154 using a cost-effective combination of alternative source waters, source control and treatment
155 technologies; and **Applicable on to the M&I INTERIM CONTRACTS**

156 [15th] WHEREAS, the Contractor has utilized or may utilize transfers, contract assignments,
157 rescheduling and conveyance of Project Water and non-Project water under this **Interim Renewal**
158 **Contract** as tools to minimize the impacts of Conditions of Shortage and to maximize the beneficial
159 use of water; and

160 [15.1] WHEREAS, the parties desire and intend that this **Interim Renewal Contract** not
161 provide a disincentive to the Contractor in continuing to carry out the beneficial activities set out in
162 the Explanatory Recital immediately above; and

163 [16th] WHEREAS, the United States and the Contractor are willing to enter into this **Interim**
164 **Renewal Contract** pursuant to Federal Reclamation law on the terms and conditions set forth below;

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

167 DEFINITIONS

168 1. When used herein unless otherwise distinctly expressed, or manifestly incompatible
169 with the intent of the parties as expressed in this **Interim Renewal Contract**, the term:

170 (a) “Calendar Year” shall mean the period January 1 through December 31, both
171 dates inclusive;

172 (b) “Charges” shall mean the payments required by Federal Reclamation law in

173 addition to the Rates and Tiered Pricing Component specified in this Contract as determined annually
174 by the Contracting Officer pursuant to this **Interim Renewal Contract**;

175 (c) “Condition of Shortage” shall mean a condition respecting the Project during
176 any Year such that the Contracting Officer is unable to deliver sufficient water to meet the **Interim**
177 **Renewal Contract Total**;

178 (d) “Contracting Officer” shall mean the Secretary of the Interior’s duly
179 authorized representative acting pursuant to this **Interim Renewal Contract** or applicable Federal
180 Reclamation law or regulation;

181 (e) “Contract Total” shall mean the maximum amount of water to which the
182 Contractor is entitled under subdivision (a) of Article 3 of this **Interim Renewal Contract**;

183 (f) “Contractor's Service Area” shall mean the area to which the Contractor is
184 permitted to provide Project Water under this **Interim Renewal Contract** as described in Exhibit “A”
185 attached hereto, which may be modified from time to time in accordance with Article 35 of this
186 **Interim Renewal Contract** without amendment of this **Interim Renewal Contract**;

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

189 (g.1) “Delta Division Facilities” shall mean those existing and future Project
190 facilities in and south of the Sacramento-San Joaquin Rivers Delta, including, but not limited to, the
191 Tracy Pumping Plant, the O’Neill Forebay, the O’Neill Pumping/Generating Plant, and the San Luis
192 Reservoir, used to divert, store, and convey water to those Project Contractors entitled to receive
193 water conveyed through the Delta-Mendota Canal;

194 (h) “Eligible Lands” shall mean all lands to which Irrigation Water may be

195 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12, 1982 (96
196 Stat. 1263), as amended, hereinafter referred to as RRA; **OMIT FROM M&I INTERIM**

197 **CONTRACTS**

198 (i) “Excess Lands” shall mean all lands in excess of the limitations contained in
199 Section 204 of the RRA, other than those lands exempt from acreage limitation under Federal
200 Reclamation law; **OMIT FROM M&I INTERIM CONTRACTS**

201 (j) “Full Cost Rate” shall mean an annual rate, as determined by the Contracting
202 Officer that shall amortize the expenditures for construction properly allocable to the Project
203 irrigation or M&I functions, as appropriate, of facilities in service including all Operation and
204 Maintenance (O&M) deficits funded, less payments, over such periods as may be required under
205 Federal Reclamation law, or applicable contract provisions. Interest will accrue on both the
206 construction expenditures and funded O&M deficits from October 12, 1982, on costs outstanding at
207 that date, or from the date incurred in the case of costs arising subsequent to October 12, 1982, and
208 shall be calculated in accordance with subsections 202(3)(B) and (3)(C) of the RRA. The Full Cost
209 Rate includes actual operation, maintenance, and replacement costs consistent with Section 426.2 of
210 the Rules and Regulations for the RRA;

211 (k) “Ineligible Lands” shall mean all lands to which Irrigation Water may not be
212 delivered in accordance with Section 204 of the RRA; **OMIT FROM M&I INTERIM CONTRACTS**

213 (l) “Irrigation Full Cost Water Rate” shall mean the Full Cost Rate applicable to
214 the delivery of Irrigation Water; **OMIT FROM M&I INTERIM CONTRACTS**

215 (m) “Irrigation Water” shall mean water made available from the Project that is
216 used primarily in the production of agricultural crops or livestock, including domestic use incidental

217 thereto, and watering of livestock;

218 (n) “Landholder” shall mean a party that directly or indirectly owns or leases
219 nonexempt land, as provided in 43 CFR 426.2; **OMIT FROM M&I INTERIM CONTRACTS**

220 (o) “Municipal and Industrial (M&I) Water” shall mean Project Water, other than
221 Irrigation Water, made available to the Contractor. M&I Water shall include water used for human
222 use and purposes such as the watering of landscaping or pasture for animals (e.g., horses) which are
223 kept for personal enjoyment or water delivered to landholdings operated in units of less than five
224 acres unless the Contractor establishes to the satisfaction of the Contracting Officer that the use of
225 water delivered to any such landholding is a use described in subdivision (m) of this Article;

226 (p) “M&I Full Cost Water Rate” shall mean the Full Cost Rate applicable to the
227 delivery of M&I Water;

228 (q) “Operation and Maintenance” or “O&M” shall mean normal and reasonable
229 care, control, operation, repair, replacement (other than capital replacement), and maintenance of
230 Project facilities;

231 (r) “Operating Non-Federal Entity” shall mean the entity(ies), its (their)
232 successors or assigns, which has (have) the obligation to operate and maintain all or a portion of the
233 Delta Division Facilities pursuant to written agreement(s) with the United States. When this **Interim**
234 **Renewal Contract** was entered into, the Operating Non-Federal Entities were the San Luis & Delta-
235 Mendota Water Authority and, with respect to San Luis Unit facilities, the California Department of
236 Water Resources; **CONTRACTOR SPECIFIC**

237 (s) “Project” shall mean the Central Valley Project owned by the United States
238 and managed by the Department of the Interior, Bureau of Reclamation;

239 (t) “Project Contractors” shall mean all parties who have water service contracts
240 for Project Water from the Project with the United States pursuant to Federal Reclamation law;

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

244 (v) “Rates” shall mean the payments determined annually by the Contracting
245 Officer in accordance with the then current applicable water ratesetting policies for the Project, as
246 described in subdivision (a) of Article 7 of this **Interim Renewal Contract**;

247 ~~(w) “Recent Historic Average” shall mean the most recent five-year average of the~~
248 ~~final forecast of Water Made Available to the Contractor pursuant to this Contract or its preceding~~
249 ~~contract(s);~~ **Removed because not in original negotiated long form interims**

250 (x) “Secretary” shall mean the Secretary of the Interior, a duly appointed
251 successor, or an authorized representative acting pursuant to any authority of the Secretary and
252 through any agency of the Department of the Interior;

253 ~~(y) “Tiered Pricing Component” shall be the incremental amount to be paid for~~
254 ~~each acre-foot of Water Delivered as described in subdivision (j) of Article 7 of this Contract;~~

255 (z) “Water Delivered” or “Delivered Water” shall mean Project Water diverted for
256 use by the Contractor at the point(s) of delivery approved by the Contracting Officer;

257 (aa) “Water Made Available” shall mean the estimated amount of Project Water
258 that can be delivered to the Contractor for the upcoming Year as declared by the Contracting Officer,
259 pursuant to subdivision (a) of Article 4 of this **Interim Renewal Contract**;

260 (bb) “Water Scheduled” shall mean Project Water made available to the Contractor

261 for which times and quantities for delivery have been established by the Contractor and Contracting
262 Officer, pursuant to subdivision (b) of Article 4 of this **Interim Renewal Contract**; and

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

265 TERM OF **INTERIM RENEWAL CONTRACT** - RIGHT TO USE OF WATER

266 2. (a) This **Interim Renewal Contract** shall be effective from **January 1, 200_** and
267 shall remain in effect through **February 28, 200_**, and thereafter will be renewed as described in this
268 article. Except as provided in subdivision (b) of this Article, until completion of all appropriate
269 environmental review, and provided that the Contractor has complied with all the terms and
270 conditions of the interim renewal contract in effect for the period immediately preceding the
271 requested successive interim renewal contract, this **Interim Renewal Contract** will be renewed, upon
272 request of the Contractor, for successive interim periods each of which shall be no more than two (2)
273 Years in length. Also, except as provided in subdivision (b) of this Article, in order to promote
274 orderly and cost effective contract administration, the terms and conditions in subsequent interim
275 renewal contracts shall be identical to the terms and conditions in the interim renewal contract
276 immediately preceding the subsequent interim renewal contract: Provided, however, That each party
277 preserves the right to propose modification(s) in any interim renewal contract other than those
278 described in subdivision (b) of this Article, in which case the parties shall negotiate in good faith
279 appropriate modification(s) to be included in any successive interim renewal contracts. Said
280 modification(s) of each successive interim renewal contract shall be agreed upon within a reasonable
281 time prior to the expiration of the then existing interim renewal contract. Nothing in this Article shall
282 in any way alter the obligation ~~that, upon final completion~~ of the PEIS and any necessary

283 supplemental environmental documentation, the Secretary shall, pursuant to Federal Reclamation
284 law, upon request of the Contractor, enter into a long-term renewal contract for a period of twenty-
285 five (25) Years and may thereafter renew such long-term renewal contracts for successive periods not
286 to exceed twenty-five (25) Years each. **M&I Interims forty (40)**~~The Contractor asserts that Contract~~
287 ~~No. 14-06-200_____ and existing law go beyond the preceding sentence to give it enforceable~~
288 ~~rights to successive long-term renewal contracts. The Contracting Officer disagrees with that~~
289 ~~assertion. The parties agree that this Interim Renewal Contract preserves the rights and positions of~~
290 ~~the parties and that the omission of language in this interim renewal contract setting out the rights~~
291 ~~asserted by the Contractor to successive renewals is not intended to be, nor shall it be interpreted as, a~~
292 ~~waiver of any such rights to the extent any such rights are later determined to exist by a court of~~
293 ~~competent jurisdiction or by mutual agreement of the parties. If a court of competent jurisdiction or~~
294 ~~the parties by mutual agreement determine that incorporation of such language in this interim~~
295 ~~renewal contract is necessary to preserve such rights, this interim renewal contract shall be construed~~
296 ~~as incorporating such language as though fully set forth herein as of the effective date hereof.~~

297 (b) The parties anticipate that they will **engaged** in good faith negotiations
298 intended to permit the execution of a twenty-five (25) Year long-term renewal contract contemplated
299 by Section 3404 (c) of the CVPIA, hereinafter referred to as a “long-term renewal contract”, by the
300 end of the term hereof. The parties recognize the possibility that this schedule may not be met.

301 Accordingly: **M& I Interims forty (40)**

302 (1) In the event (i) ~~the Contractor and Contracting Officer have reached~~
303 ~~agreement on the terms of the Contractor's long-term renewal contract or (ii) the Contractor and~~
304 ~~Contracting Officer have not completed the negotiations on the Contractor's long-term renewal~~

305 ~~contract, believe that further negotiations on that contract would be beneficial, and mutually commit~~
306 ~~to continue to negotiate to seek to reach agreement, but~~ (iii) all environmental documentation
307 required to allow execution of the Contractor's long-term renewal contract by both parties has not
308 been completed in time to allow execution of the Contractor's long-term renewal contract by
309 200, ~~then~~ (iv), the parties will expeditiously complete the environmental
310 documentation required of each of them in order to execute the Contractor's long-term renewal
311 contract at the earliest practicable date. In addition, the Contractor's then current interim renewal
312 contract will be renewed without change upon the request of either party through the agreed-upon
313 effective date of the Contractor's long-term renewal contract or, in the absence of agreement on the
314 terms of the Contractor's long-term renewal contract, through the succeeding February 28.

315 (2) ~~Provided that this interim renewal contract is not subject to renewal~~
316 ~~under the terms described in subdivision (1) of this Article, if a party determines that the parties have~~
317 ~~reached an impasse which they have been unable to resolve and which precludes agreement on the~~
318 ~~long term renewal contract, that party may notify the other that it has concluded that there is no~~
319 ~~reasonable likelihood of reaching agreement on the terms of a long term renewal contract prior to~~
320 ~~200~~. In the event of such notice, the parties will immediately agree to a schedule and
321 ~~process for negotiating the terms (other than any terms that would impair continuity of water supply~~
322 ~~or continuity of contract) of and executing an interim renewal contract; provided that neither party~~
323 ~~will propose for inclusion in the interim renewal contract any provision not previously included in an~~
324 ~~existing interim renewal contract which it had previously proposed for inclusion in the long term~~
325 ~~renewal contract and which was the subject of an impasse in the long term renewal contract~~
326 ~~negotiations. The schedule will provide for completion of the negotiations of the terms of that~~

327 contract by _____ 200_, and for execution of the contract on or about _____ 200_. The parties each
328 acknowledge the right of either party to seek judicial relief in connection with any impasse reached in
329 connection with negotiation of the long term renewal contract and/or an interim renewal contract that
330 would become effective on or after _____ 200_.

331 (e) — The parties acknowledge that the Contractor asserts that it is entitled as a
332 matter of law to an Interim Renewal Contract of longer duration than twelve (12) months, and that
333 the Contracting Officer asserts that it is under no obligation to provide the Contractor with an interim
334 renewal contract of any particular duration. Accordingly, the parties further acknowledge that (i) the
335 foregoing process represents a mutual accommodation to facilitate their joint desire to proceed with
336 the development of executing a long term renewal contract in an expeditious and orderly manner, (ii)
337 they each preserve their respective rights and positions relative to the entitlement of the Contractor to
338 subsequent interim renewal contracts should they become necessary, and the terms thereof, and (iii)
339 their agreement to the process and interim renewal contract terms described above is in no way
340 intended to be, nor will it be interpreted as, a waiver of any such rights or positions, all of which are
341 and will be expressly preserved.

342 (c) The omission of language in this **Interim Renewal Contract** providing for
343 conversion of this interim renewal contract or any subsequent renewals thereof to a repayment
344 contract, pursuant to the Act of July 2, 1956 (70 Stat. 483), shall not prejudice the Contractor's right
345 to assert a right to have such language included in subsequent renewals of this **Interim Renewal**
346 **Contract** or to exercise such conversion, all as provided by law, or to negotiate the language
347 regarding such conversion to be included in subsequent renewal contracts.

348 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

349 3. (a) During each Year, consistent with all applicable State water rights permits, and
350 licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of this **Interim**
351 **Renewal Contract**, the Contracting Officer shall make available for **delivery to the Contractor _____**
352 **acre-feet of Project Water for irrigation and M&I purposes. Provided, however, during the two (2)**
353 **month period of January and February of Year, 200_ , the Contracting Officer shall make available**
354 **for delivery to the Contractor that allocation of Project Water for irrigation and M&I purposes during**
355 **those two (2) months for use by the Contractor.** Water Delivered to the Contractor in accordance with
356 this subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this
357 **Interim Renewal Contract. M&I Interims reference M&I uses only**

358 3. (a.1) **OMITTED – CONTRACTOR SPECIFIC WWD**

359 (b) Because the capacity of the Project to deliver Project Water has been
360 constrained in recent years and may be constrained in the future due to many factors including
361 hydrologic conditions and implementation of Federal and State laws, the likelihood of the Contractor
362 actually receiving the amount of Project Water set out in subdivision (a) of this Article in any given
363 Year is uncertain. The Contracting Officer’s modeling referenced in the PEIS projected that the
364 Contract Total set forth in this **Interim Renewal Contract** will not be available to the Contractor in
365 many years. ~~During the most recent five years, the Recent Historic Average of Water Made~~
366 ~~Available to the Contractor was _____ acre-feet.~~ Nothing in this subdivision (b) of this Article shall
367 affect the rights and obligations of the parties under any provision of this **Interim Renewal Contract.**

368
369 (c) The Contractor shall utilize the Project Water in accordance with all applicable

370 legal requirements.

371 (c.1) ~~In the event any Project Contractor (other than a Cross Valley Contractor) that~~
372 ~~receives Project Water through the Delta Division Facilities obtains a contractual agreement that the~~
373 ~~Contracting Officer shall make Project Water available at a point or points of delivery in or north of~~
374 ~~the Delta, at the request of the Contractor and upon completion of any required environmental~~
375 ~~documentation, this Contract shall be amended to provide for deliveries in or north of the Delta on~~
376 ~~mutually agreeable terms. Such amendments to the Contract shall be limited solely to those changes~~
377 ~~made necessary by the addition of such alternate points of delivery in or north of the Delta; Provided,~~
378 ~~That the Contracting Officer's use of the Harvey O. Banks Pumping Plant to deliver Project Water~~
379 ~~does not trigger this right of amendment.~~

380 (d) The Contractor shall make reasonable and beneficial use of all water furnished
381 pursuant to this **Interim Renewal Contract**. Groundwater recharge programs (direct, indirect, or in
382 lieu), groundwater banking programs, surface water storage programs, and other similar programs
383 utilizing Project Water or other water furnished pursuant to this **Interim Renewal Contract** conducted
384 within the Contractor's Service Area which are consistent with applicable State law and result in use
385 consistent with Federal Reclamation law will be allowed; Provided, That any direct recharge
386 program(s) is (are) described in the Contractor's water conservation plan submitted pursuant to
387 Article 26 of this **Interim Renewal Contract**; Provided, further, That such water conservation plan
388 demonstrates sufficient lawful uses exist in the Contractor's Service Area so that using a long-term
389 average, the quantity of Delivered Water is demonstrated to be reasonable for such uses and in
390 compliance with Federal Reclamation law. Groundwater recharge programs, groundwater banking
391 programs, surface water storage programs, and other similar programs utilizing Project Water or

392 other water furnished pursuant to this **Interim Renewal Contract** conducted outside the Contractor's
393 Service Area may be permitted upon written approval of the Contracting Officer, which approval will
394 be based upon environmental documentation, Project Water rights, and Project operational concerns.
395 The Contracting Officer will address such concerns in regulations, policies, or guidelines.

396 (e) The Contractor shall comply with requirements applicable to the Contractor in
397 biological opinion(s) prepared as a result of a consultation regarding the execution of this **Interim**
398 **Renewal Contract** undertaken pursuant to Section 7 of the Endangered Species Act of 1973 (ESA), as
399 amended, that are within the Contractor's legal authority to implement. The **Existing Contract**, which
400 evidences in excess of ___ years of diversions for irrigation and/or M&I purposes of the quantities of
401 Project Water provided in subdivision (a) of Article 3 of this **Interim Renewal Contract**, will be
402 considered in developing an appropriate baseline for the biological assessment(s) prepared pursuant
403 to the ESA, and any other needed environmental review. Nothing herein shall be construed to
404 prevent the Contractor from challenging or seeking judicial relief in a court of competent jurisdiction
405 with respect to any biological opinion or other environmental documentation referred to in this
406 Article.

407 (f) Following the declaration of Water Made Available under Article 4 of this
408 **Interim Renewal Contract**, the Contracting Officer will make a determination whether Project Water,
409 or other water available to the Project, can be made available to the Contractor in addition to the
410 Contract Total under this Article during the Year without adversely impacting other Project
411 Contractors. At the request of the Contractor, the Contracting Officer will consult with the
412 Contractor prior to making such a determination. If the Contracting Officer determines that Project
413 Water, or other water available to the Project, can be made available to the Contractor, the

414 Contracting Officer will announce the availability of such water and shall so notify the Contractor as
415 soon as practical. The Contracting Officer will thereafter meet with the Contractor and other Project
416 Contractors capable of taking such water to determine the most equitable and efficient allocation of
417 such water. If the Contractor requests the delivery of any quantity of such water, the Contracting
418 Officer shall make such water available to the Contractor in accordance with applicable statutes,
419 regulations, guidelines, and policies. Subject to existing long-term contractual commitments, water
420 rights and operational constraints, long-term Project Contractors shall have a first right to acquire
421 such water, including Project Water made available pursuant to Section 215 of the RRA.

422 (g) The Contractor may request permission to reschedule for use during the
423 subsequent Year some or all of the Water Made Available to the Contractor during the current Year,
424 referred to as “rescheduled water.” The Contractor may request permission to use during the current
425 Year a quantity of Project Water which may be made available by the United States to the Contractor
426 during the subsequent Year referred to as “preuse.” The Contracting Officer’s written approval may
427 permit such uses in accordance with applicable statutes, regulations, guidelines, and policies.

428 (h) The Contractor’s right pursuant to Federal Reclamation law and applicable
429 State law to the reasonable and beneficial use of Water Delivered pursuant to this **Interim Renewal**
430 **Contract** during the term thereof and any subsequent renewal **interim** contracts, as described in
431 Article 2 of this **Interim Renewal Contract**, during the terms thereof shall not be disturbed so long as
432 the Contractor shall fulfill all of its obligations under this **Interim Renewal Contract** and any renewals
433 thereof. Nothing in the preceding sentence shall affect the Contracting Officer’s ability to impose
434 shortages under Article 11 or subdivision (b) of Article 12 of this **Interim Renewal Contract** or
435 applicable provisions of any subsequent **interim** renewal contracts.

436 (i) Project Water furnished to the Contractor pursuant to this **Interim Renewal**
437 **Contract** may be delivered for purposes other than those described in subdivisions (m) and (o) of
438 Article 1 of this **Interim Renewal Contract** upon written approval by the Contracting Officer in
439 accordance with the terms and conditions of such approval.

440 (j) The Contracting Officer shall make reasonable efforts to protect the water
441 rights necessary for the Project and to provide the water available under this **Interim Renewal**
442 **Contract**. The Contracting Officer shall not object to participation by the Contractor, in the capacity
443 and to the extent permitted by law, in administrative proceedings related to the Project Water rights;
444 Provided, that the Contracting Officer retains the right to object to the substance of the Contractor's
445 position in such a proceeding; Provided, further, That in such proceedings the Contracting Officer
446 shall recognize the Contractor has a legal right under the terms of this **Interim Renewal Contract** to
447 use Project Water.

448 TIME FOR DELIVERY OF WATER

449 4. (a) On or about February 20 each Calendar Year, the Contracting Officer shall
450 announce the Contracting Officer's expected declaration of the Water Made Available. Such
451 declaration will be expressed in terms of ~~both Water Made Available and the Recent Historic~~
452 ~~Average~~ and will be updated monthly, and more frequently if necessary, based on then-current
453 operational and hydrologic conditions and a new declaration with changes, if any, to the Water Made
454 Available will be made. The Contracting Officer shall provide forecasts of Project operations and the
455 basis of the estimate, with relevant supporting information, upon the written request of the
456 Contractor. ~~Concurrently with the declaration of the Water Made Available, the Contracting Officer~~
457 ~~shall provide the Contractor with the updated Recent Historic Average.~~

458 (b) (b) On or before each March 1 and at such other times as necessary, the
459 Contractor shall submit to the Contracting Officer a written schedule, satisfactory to the Contracting
460 Officer, showing the monthly quantities of Project Water to be delivered by the United States to the
461 Contractor pursuant to this **Interim Renewal Contract** for the Year commencing on such March 1.
462 The Contracting Officer shall use all reasonable means to deliver Project Water according to the
463 approved schedule for the Year commencing on such March 1.

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

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

473 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

474 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this **Interim**
475 **Renewal Contract** shall be delivered to the Contractor at Project facilities and any additional point or
476 points of delivery either on Project facilities or another location or locations mutually agreed to in
477 writing by the Contracting Officer and the Contractor.

478 (b) The Contracting Officer, either directly or indirectly through its written
479 agreements(s) with the Operating Non-Federal Entity(ies), shall make all reasonable efforts to

480 maintain sufficient flows and levels of water in the Project facilities to deliver Project Water to the
481 Contractor at the point or points of delivery established pursuant to subdivision (a) of this Article.

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

486 (d) All Water Delivered to the Contractor pursuant to this **Interim Renewal**
487 **Contract** shall be measured and recorded with equipment furnished, installed, operated, and
488 maintained by the Contracting Officer either directly or indirectly through its written agreements(s)
489 with the Operating Non-Federal Entity(ies), unless undertaken by the Contractor with the consent of
490 the Contracting Officer at the point or points of delivery established pursuant to subdivision (a) of
491 this Article. Upon the request of either party to this **Interim Renewal Contract**, the Contracting
492 Officer shall investigate, or cause to be investigated by the appropriate Operating Non-Federal
493 Entity(ies) the accuracy of such measurements and shall take any necessary steps to adjust any errors
494 appearing therein. For any period of time when accurate measurements have not been made, the
495 Contracting Officer shall consult with the Contractor and the appropriate Operating Non-Federal
496 Entity(ies), if any, prior to making a final determination of the quantity delivered for that period of
497 time.

498 (e) Absent a separate contrary written agreement with the Contractor, neither the
499 Contracting Officer nor any Operating Non-Federal Entity(ies) shall be responsible for the control,
500 carriage, handling, use, disposal, or distribution of Water Delivered to the Contractor pursuant to this
501 **Interim Renewal Contract** beyond the point or points of delivery established pursuant to subdivision

502 (a) of this Article. The Contractor shall indemnify the United States, its officers, employees, agents,
503 and assigns on account of damage or claim of damage of any nature whatsoever for which there is
504 legal responsibility, including property damage, personal injury, or death arising out of or connected
505 with the control, carriage, handling, use, disposal, or distribution of such Water Delivered beyond
506 such point or points of delivery except for any damage or claim arising out of: (i) acts or omissions
507 of the Contracting Officer or any of its officers, employees, agents, and assigns, including the
508 Operating Non-Federal Entity(ies) with the intent of creating the situation resulting in any damage or
509 claim; (ii) willful misconduct of the Contracting Officer or any of its officers, employees, agents, and
510 assigns, including the Operating Non-Federal Entity(ies); (iii) negligence of the Contracting Officer
511 or any of its officers, employees, agents, and assigns including the Operating Non-Federal
512 Entity(ies); (iv) a malfunction of facilities owned and/or operated by the United States or the
513 Operating Non-Federal Entity(ies); or (v) failure of the United States, its officers, employees, agents,
514 and assigns, including the Operating Non-Federal Entity(ies), to provide drainage service. **OMIT (v)**
515 **FROM M&I Interims**

516 MEASUREMENT OF WATER WITHIN THE CONTRACTOR'S SERVICE AREA

517 6. (a) The Contractor has established a measuring program satisfactory to the
518 Contracting Officer. The Contractor shall ensure that all surface water delivered for irrigation
519 purposes within the Contractor's Service Area is measured at each agricultural turnout and such
520 water delivered for M&I purposes is measured at each M&I service connection. The water
521 measuring devices or water measuring methods of comparable effectiveness must be acceptable to
522 the Contracting Officer. The Contractor shall be responsible for installing, operating, maintaining,
523 and repairing all such measuring devices and implementing all such water measuring methods at no

524 cost to the United States. The Contractor shall use the information obtained from such water
525 measuring devices or water measuring methods to ensure its proper management of the water; to bill
526 water users for water delivered by the Contractor; and, if applicable, to record water delivered for
527 M&I purposes by customer class as defined in the Contractor's water conservation plan provided for
528 in Article 26 of this **Interim Renewal Contract**. Nothing herein contained, however, shall preclude
529 the Contractor from establishing and collecting any charges, assessments, or other revenues
530 authorized by California law. The Contractor shall include a summary of all its annual surface water
531 deliveries in the annual report described in subdivision (c) of Article 26 of this **Interim Renewal**
532 **Contract. M&I Interims reference M&I connections only**

533 (b) To the extent the information has not otherwise been provided, upon execution
534 of this **Interim Renewal Contract**, the Contractor shall provide to the Contracting Officer a written
535 report describing the measurement devices or water measuring methods being used or to be used to
536 implement subdivision (a) of this Article and identifying the agricultural turnouts and the M&I
537 service connections or alternative measurement programs approved by the Contracting Officer, at
538 which such measurement devices or water measuring methods are being used, and, if applicable,
539 identifying the locations at which such devices and/or methods are not yet being used including a
540 time schedule for implementation at such locations. The Contracting Officer shall advise the
541 Contractor in writing within 60 days as to the adequacy and necessary modifications, if any, of the
542 measuring devices or water measuring methods identified in the Contractor's report and if the
543 Contracting Officer does not respond in such time, they shall be deemed adequate. If the Contracting
544 Officer notifies the Contractor that the measuring devices or methods are inadequate, the parties shall
545 within 60 days following the Contracting Officer's response, negotiate in good faith the earliest

546 practicable date by which the Contractor shall modify said measuring devices and/or measuring
547 methods as required by the Contracting Officer to ensure compliance with subdivision (a) of this
548 Article. ~~M&I Interims reference M&I connections only~~

549 (c) All new surface water delivery systems installed within the Contractor's
550 Service Area after the effective date of this ~~Interim Renewal Contract~~ shall also comply with the
551 measurement provisions described in subdivision (a) of this Article.

552 (d) The Contractor shall inform the Contracting Officer and the State of California
553 in writing by April 30 of each Year of the monthly volume of surface water delivered within the
554 Contractor's Service Area during the previous Year.

555 (e) The Contractor shall inform the Contracting Officer and the Operating
556 Non-Federal Entity(ies) on or before the 20th calendar day of each month of the quantity of Irrigation
557 Water and M&I Water taken during the preceding month.

558 RATES AND METHOD OF PAYMENT FOR WATER

559 7. (a) The Contractor shall pay the United States as provided in this Article for all
560 Delivered Water at Rates, Charges, and the ~~Tiered Pricing Component~~ established in accordance
561 with: (i) the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and the Secretary's
562 then-existing ratesetting policy for M&I Water. Such ratesetting policies shall be amended,
563 modified, or superseded only through a public notice and comment procedure; (ii) applicable Federal
564 Reclamation law and associated rules and regulations, or policies; and (iii) other applicable
565 provisions of this ~~Interim Renewal Contract~~. Payments shall be made by cash transaction, electronic
566 funds transfer, or any other mechanism as may be agreed to in writing by the Contractor and the
567 Contracting Officer. The Rates and Charges, ~~and Tiered Pricing Component~~ applicable to the

568 Contractor upon execution of this **Interim Renewal Contract** are set forth in Exhibit “B,” as may be
569 revised annually. **M&I Interims reference only the then-existing ratesetting policy for M&I Water**

570 (b) The Contracting Officer shall notify the Contractor of the Rates and Charges;
571 **and Tiered Pricing Component** as follows:

572 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall
573 provide the Contractor an estimate of the Charges for Project Water that will be applied to the period
574 October 1, of the current Calendar Year, through September 30, of the following Calendar Year, and
575 the basis for such estimate. The Contractor shall be allowed not less than two months to review and
576 comment on such estimates. On or before September 15 of each Calendar Year, the Contracting
577 Officer shall notify the Contractor in writing of the Charges to be in effect during the period
578 October 1 of the current Calendar Year, through September 30, of the following Calendar Year, and
579 such notification shall revise Exhibit “B.”

580 (2) Prior to October 1 of each Calendar Year, the Contracting Officer shall
581 make available to the Contractor an estimate of the Rates **and Tiered Pricing Component** for Project
582 Water for the following Year and the computations and cost allocations upon which those Rates are
583 based. The Contractor shall be allowed not less than two months to review and comment on such
584 computations and cost allocations. By December 31 of each Calendar Year, the Contracting Officer
585 shall provide the Contractor with the final Rates **and Tiered Pricing Component** to be in effect for the
586 upcoming Year, and such notification shall revise Exhibit “B.”

587 (c) At the time the Contractor submits the initial schedule for the delivery of
588 Project Water for each Year pursuant to subdivision (b) of Article 4 of this **Interim Renewal Contract**,
589 the Contractor shall make an advance payment to the United States equal to the total amount payable

590 pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water
591 scheduled to be delivered pursuant to this **Interim Renewal Contract** during the first two calendar
592 months of the Year. Before the end of the first month and before the end of each calendar month
593 thereafter, the Contractor shall make an advance payment to the United States, at the Rate(s) set
594 under subdivision (a) of this Article, for the Water Scheduled to be delivered pursuant to this **Interim**
595 **Renewal Contract** during the second month immediately following. Adjustments between advance
596 payments for Water Scheduled and payments at Rates due for Water Delivered shall be made before
597 the end of the following month; Provided, That any revised schedule submitted by the Contractor
598 pursuant to Article 4 of this **Interim Renewal Contract** which increases the amount of Water
599 Delivered pursuant to this **Interim Renewal Contract** during any month shall be accompanied with
600 appropriate advance payment, at the Rates then in effect, to assure that Project Water is not delivered
601 to the Contractor in advance of such payment. In any month in which the quantity of Water
602 Delivered to the Contractor pursuant to this **Interim Renewal Contract** equals the quantity of Water
603 Scheduled and paid for by the Contractor, no additional Project Water shall be delivered to the
604 Contractor unless and until an advance payment at the Rates then in effect for such additional Project
605 Water is made. Final adjustment between the advance payments for the Water Scheduled and
606 payments for the quantities of Water Delivered during each Year pursuant to this **Interim Renewal**
607 **Contract** shall be made as soon as practicable but no later than April 30th of the following Year, or
608 60 days after the delivery of Project Water rescheduled under subdivision (g) of Article 3 of this
609 **Interim Renewal Contract** if such water is not delivered by the last day of February.

610 (d) The Contractor shall also make a payment in addition to the Rate(s) in
611 subdivision (c) of this Article to the United States for Water Delivered, at the Charges ~~and the~~

612 ~~appropriate Tiered Pricing Component~~ then in effect, before the end of the month following the
613 month of delivery; ~~Provided, That the Contractor may be granted an exception from the Tiered~~
614 ~~Pricing Component pursuant to subdivision (j) (2) of this Article.~~ The payments shall be consistent
615 with the quantities of Irrigation Water and M&I Water Delivered as shown in the water delivery
616 report for the subject month prepared by the Operating Non-Federal Entity(ies) or, if there is no
617 Operating Non-Federal Entity, by the Contracting Officer. The water delivery report shall be deemed
618 a bill for the payment of Charges ~~and the applicable Tiered Pricing Component~~ for Water Delivered.
619 Adjustment for overpayment or underpayment of Charges shall be made through the adjustment of
620 payments due to the United States for Charges for the next month. Any amount to be paid for past
621 due payment of Charges ~~and the Tiered Pricing Component~~ shall be computed pursuant to Article 20
622 of this ~~Interim Renewal Contract.~~ ~~M&I Interims reference only M&I Water~~

623 (e) The Contractor shall pay for any Water Delivered under subdivision (a), (f), or
624 (g) of Article 3 of this ~~Interim Renewal Contract~~ as determined by the Contracting Officer pursuant
625 to applicable statutes, associated regulations, any applicable provisions of guidelines or ratesetting
626 policies; ~~Provided, That the Rate for Water Delivered under subdivision (d) of Article 3 of this~~
627 ~~Interim Renewal Contract~~ shall be no more than the otherwise applicable Rate for Irrigation Water or
628 M&I Water under subdivision (a) of this Article. ~~M&I Interims reference only M&I Water~~

629 (f) Payments to be made by the Contractor to the United States under this ~~Interim~~
630 ~~Renewal Contract~~ may be paid from any revenues available to the Contractor.

631 (g) All revenues received by the United States from the Contractor relating to the
632 delivery of Project Water or the delivery of non-Project water through Project facilities shall be
633 allocated and applied in accordance with Federal Reclamation law and the associated rules or

634 regulations, and the then-current Project ratesetting policies for M&I Water or Irrigation Water. **M&I**
635 **Interims reference only M&I Water**

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

644 (i) The parties acknowledge and agree that the efficient administration of this
645 **Interim Renewal Contract** is their mutual goal. Recognizing that experience has demonstrated that
646 mechanisms, policies, and procedures used for establishing Rates and Charges, ~~and the Tiered~~
647 ~~Pricing Component~~, and/or for making and allocating payments, other than those set forth in this
648 Article may be in the mutual best interest of the parties, it is expressly agreed that the parties may
649 enter into agreements to modify the mechanisms, policies, and procedures for any of those purposes
650 while this **Interim Renewal Contract** is in effect without amending this **Interim Renewal Contract**.

651 ~~(j) (1) Beginning at such time as deliveries of Project Water in a Year exceed~~
652 ~~80 percent of the Contract Total, then before the end of the month following the month of delivery~~
653 ~~the Contractor shall make an additional payment to the United States equal to the applicable Tiered~~
654 ~~Pricing Component. The Tiered Pricing Component for the amount of Water Delivered in excess of~~
655 ~~80 percent of the Contract Total, but less than or equal to 90 percent of the Contract Total, shall equal~~

656 ~~one half of the difference between the Rate established under subdivision (a) of this Article and the~~
657 ~~Irrigation Full Cost Water Rate or M&I Full Cost Water Rate, whichever is applicable. The Tiered~~
658 ~~Pricing Component for the amount of Water Delivered which exceeds 90 percent of the Contract~~
659 ~~Total shall equal the difference between (i) the Rate established under subdivision (a) of this Article~~
660 ~~and (ii) the Irrigation Full Cost Water Rate or M&I Full Cost Water Rate, whichever is applicable.~~
661 ~~For all Water Delivered pursuant to subdivision (a) of Article 3 of this Interim Renewal Contract~~
662 ~~which is in excess of 80 percent of the Contract Total, this increment shall be deemed to be divided~~
663 ~~between Irrigation Water and M&I Water in the same proportion as actual deliveries of each bear to~~
664 ~~the cumulative total Water Delivered. Solely for the purpose of calculating the Tiered Pricing~~
665 ~~Component, the Full Cost Rate shall not include the interest component of the Contractor's water~~
666 ~~distribution system constructed by the United States and covered by Repayment Contract No. _____~~
667 ~~entered into pursuant to 43 USC 485h(d).~~

668 _____ (2) ~~Subject to the Contracting Officer's written approval, the Contractor~~
669 ~~may request and receive an exemption from such Tiered Pricing Component for Project Water~~
670 ~~delivered to produce a crop which the Contracting Officer determines will provide significant and~~
671 ~~quantifiable habitat values for waterfowl in fields where the water is used and the crops are produced;~~
672 Provided, ~~That the exemption from the Tiered Pricing Component for Irrigation Water shall apply~~
673 ~~only if such habitat values can be assured consistent with the purposes of the CVPIA through binding~~
674 ~~agreements executed with or approved by the Contracting Officer prior to use of such water.~~

675 (3) ~~For purposes of determining the applicability of the Tiered Pricing~~
676 ~~Component pursuant to this Article, Water Delivered shall include Project Water that the Contractor~~
677 ~~transfers to others but shall not include Project Water transferred to the Contractor, nor shall it~~

678 ~~include the additional water provided to the Contractor under the provisions of subdivision (f) of~~
679 ~~Article 3 of this Contract.~~

680 (k) For the term of this **Interim Renewal Contract**, Rates applied under the
681 respective ratesetting policies will be established to recover only reimbursable O&M (including any
682 deficits) and capital costs of the Project, as those terms are used in the then-current Project ratesetting
683 policies, and interest, where appropriate, except in instances where a minimum Rate is applicable in
684 accordance with the relevant Project ratesetting policy. Changes of significance in practices which
685 implement the Contracting Officer's ratesetting policies will not be implemented until the
686 Contracting Officer has provided the Contractor an opportunity to discuss the nature, need, and
687 impact of the proposed change.

688 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA,
689 the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates, in
690 accordance with the applicable Project ratesetting policy, adjusted upward or downward to reflect the
691 changed costs, if any, incurred by the Contracting Officer in the delivery of the transferred Project
692 Water to the transferee's point of delivery. If the Contractor is receiving lower Rates and Charges
693 because of inability to pay and is transferring Project Water to another entity whose Rates and
694 Charges are not adjusted due to inability to pay, the Rates and Charges for transferred Project Water
695 shall not be adjusted to reflect the Contractor's inability to pay. **(l) Applicable only for Irrigation and**
696 **M&I Interims**

697 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA,
698 the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates adjusted
699 upward or downward to reflect the changed costs of delivery (if any) of the transferred Project Water

700 to the transferee's point of delivery in accordance with the then applicable CVP Ratesetting Policy.

701 (l) **Applicable only to M&I Interims**

702 (m) Pursuant to the Act of October 27, 1986 (100 Stat. 050), the Contracting
703 Officer is authorized to adjust determinations of ability to pay every five years. (m) **Applicable only**
704 **for Irrigation and M&I Interims**

705 (n) **Applicable only to M&I - Will Omit from M&I Interims**

706 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

707 8. The Contractor and the Contracting Officer concur that, as of the effective date of this
708 **Interim Renewal Contract**, the Contractor has no non-interest bearing O&M deficits and shall have
709 no further liability therefore. **Omitted from M&I Interims**

710 SALES, TRANSFERS, OR EXCHANGES OF WATER

711 9. (a) The right to receive Project Water provided for in this **Interim Renewal**
712 **Contract** may be sold, transferred, or exchanged to others for reasonable and beneficial uses within
713 the State of California if such sale, transfer, or exchange is authorized by applicable Federal and State
714 laws, and applicable guidelines or regulations then in effect. No sale, transfer, or exchange of Project
715 Water under this **Interim Renewal Contract** may take place without the prior written approval of the
716 Contracting Officer, except as provided for in subdivision (b) of this Article, and no such sales,
717 transfers, or exchanges shall be approved absent all appropriate environmental documentation,
718 including, but not limited to, documents prepared pursuant to the NEPA and ESA. Such
719 environmental documentation should include, as appropriate, an analysis of groundwater impacts and
720 economic and social effects, including environmental justice, of the proposed water transfers on both
721 the transferor and transferee.

722 (b) In order to facilitate efficient water management by means of water transfers of
723 the type historically carried out among Project Contractors located within the same geographical area
724 and to allow the Contractor to participate in an accelerated water transfer program during the term of
725 this **Interim Renewal Contract**, the Contracting Officer shall prepare, as appropriate, all necessary
726 environmental documentation, including, but not limited to, documents prepared pursuant to the
727 NEPA and ESA, analyzing annual transfers within such geographical areas and the Contracting
728 Officer shall determine whether such transfers comply with applicable law. Following the
729 completion of the environmental documentation, such transfers addressed in such documentation
730 shall be conducted with advance notice to the Contracting Officer, but shall not require prior written
731 approval by the Contracting Officer. Such environmental documentation and the Contracting
732 Officer's compliance determination shall be reviewed every five years and updated, as necessary,
733 prior to the expiration of the then existing five-year period. All subsequent environmental
734 documentation shall include an alternative to evaluate not less than the quantity of Project Water
735 historically transferred within the same geographical area.

736 (c) For a water transfer to qualify under subdivision (b) of this Article, such water
737 transfer must: (i) be for irrigation purposes for lands irrigated within the previous three years, for
738 M&I use, groundwater recharge, groundwater banking, or similar groundwater activities, surface
739 water storage, or fish and wildlife resources; not lead to land conversion; and be delivered to
740 established cropland, wildlife refuges, groundwater basins, or M&I use; (ii) occur within a single
741 Year; (iii) occur between a willing seller and a willing buyer; (iv) convey water through existing
742 facilities with no new construction or modifications to facilities and be between existing Project
743 Contractors and/or the Contractor and the United States, Department of the Interior; and (v) comply

744 with all applicable Federal, State, and local or tribal laws and requirements imposed for protection of
745 the environment and Indian Trust Assets, as defined under Federal law.

746 APPLICATION OF PAYMENTS AND ADJUSTMENTS

747 10. (a) The amount of any overpayment by the Contractor of the Contractor's O&M,
748 capital, and deficit (if any) obligations for the Year shall be applied first to any current liabilities of
749 the Contractor arising out of this **Interim Renewal Contract** then due and payable. Overpayments of
750 more than \$1,000 shall be refunded at the Contractor's request. In lieu of a refund, any amount of
751 such overpayment, at the option of the Contractor, may be credited against amounts to become due to
752 the United States by the Contractor. With respect to overpayment, such refund or adjustment shall
753 constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the use
754 of any of the Project Water supply provided for herein. All credits and refunds of overpayments shall
755 be made within 30 days of the Contracting Officer obtaining direction as to how to credit or refund
756 such overpayment in response to the notice to the Contractor that it has finalized the accounts for the
757 Year in which the overpayment was made.

758 (b) All advances for miscellaneous costs incurred for work requested by the
759 Contractor pursuant to Article 25 of this **Interim Renewal Contract** shall be adjusted to reflect the
760 actual costs when the work has been completed. If the advances exceed the actual costs incurred, the
761 difference will be refunded to the Contractor. If the actual costs exceed the Contractor's advances,
762 the Contractor will be billed for the additional costs pursuant to Article 25 of this **Interim Renewal**
763 **Contract**.

764 TEMPORARY REDUCTIONS--RETURN FLOWS

765 11. (a) Subject to: (i) the authorized purposes and priorities of the Project and the

766 requirements of Federal law, and (ii) the obligations of the United States under existing contracts, or
767 renewals thereof, providing for water deliveries from the Project, the Contracting Officer shall make
768 all reasonable efforts to optimize Project Water deliveries to the Contractor as provided in this
769 **Interim Renewal Contract**.

770 (b) The Contracting Officer or Operating Non-Federal Entity(ies) may temporarily
771 discontinue or reduce the quantity of Water Delivered to the Contractor as herein provided for the
772 purposes of investigation, inspection, maintenance, repair, or replacement of any of the Project
773 facilities or any part thereof necessary for the delivery of Project Water to the Contractor, but so far
774 as feasible the Contracting Officer or Operating Non-Federal Entity(ies) will give the Contractor due
775 notice in advance of such temporary discontinuance or reduction, except in case of emergency, in
776 which case no notice need be given; Provided, That the United States shall use its best efforts to
777 avoid any discontinuance or reduction in such service. Upon resumption of service after such
778 reduction or discontinuance, and if requested by the Contractor, the United States will, if possible,
779 deliver the quantity of Project Water which would have been delivered hereunder in the absence of
780 such discontinuance or reduction.

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

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CONSTRAINTS ON THE AVAILABILITY OF WATER

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

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

(c) In any Year in which there may occur a Condition of Shortage for any of the reasons specified in subdivision (b) of this Article, and subject to subdivision (d) of this Article, the Contracting Officer will first allocate the available Project Water consistent with the Central Valley Project M&I Water Shortage Policy in its form on the effective date of this **Interim Renewal Contract** for determining the amount of Project Water available for delivery to the Project Contractors. Subject to the foregoing allocation, in any year in which there may occur a Condition of Shortage, the Contracting Officer shall then apportion Project Water among the Contractor and others entitled to Project Water from Delta Division Facilities under long-term water service or repayment contracts (or renewals thereof or binding commitments therefore) in force on February 28, 2005, as follows:
Subarticle (c) of this Article Omitted from M&I Interims

(1) The Contracting Officer shall make an initial and subsequent

809 determination as necessary of the total quantity of Project Water estimated to be scheduled or actually
810 scheduled under subdivision (b) of Article 4 of this **Interim Renewal Contract** and under all other
811 long-term water service or repayment contracts then in force for the delivery of Project Water by the
812 United States from Delta Division Facilities during the relevant Year, the quantity so determined
813 being hereinafter referred to as the scheduled total;

814 (2) A determination shall be made of the total quantity of Project Water
815 that is available for meeting the scheduled total, the quantity so determined being hereinafter referred
816 to as the available supply;

817 (3) The total quantity of Project Water estimated to be scheduled or
818 actually scheduled by the Contractor during the relevant Year, under subdivision (b) of Article 4
819 hereof, shall be divided by the scheduled total, the quotient thus obtained being hereinafter referred to
820 as the Contractor's proportionate share; and

821 (4) The available supply shall be multiplied by the Contractor's
822 proportionate share and the result shall be the quantity of Project Water made available by the United
823 States to the Contractor for the relevant Year in accordance with the schedule developed by the
824 Contracting Officer under subdivision (c)(1) of this Article 12, but in no event shall such amount
825 exceed the Contract Total. In the event the Contracting Officer subsequently determines that the
826 Contracting Officer can increase or needs to decrease the available supply for delivery from Delta
827 Division Facilities to long-term water service and repayment Contractors during the relevant Year,
828 such additions or reductions to the available supply shall be apportioned consistent with
829 subparagraphs (1) through (4), inclusive.

830 (d) By entering into this **Interim Renewal Contract**, the Contractor does not waive

831 any legal rights or remedies it may have to file or participate in any administrative or judicial
832 proceeding contesting (i) the sufficiency of the Central Valley Project M&I Water Shortage Policy;
833 (ii) the substance of such a policy; (iii) the applicability of such a policy; or (iv) the manner in which
834 such policy is implemented in order to allocate Project Water between municipal and industrial and
835 irrigation purposes; Provided, That the Contractor has commenced any such judicial challenge or any
836 administrative procedures necessary to institute any judicial challenge within six months of the policy
837 becoming final. By agreeing to the foregoing, the Contracting Officer does not waive any legal
838 defenses or remedies that it may have to assert in such a proceeding. Nothing contained herein shall
839 be interpreted to validate or invalidate the Central Valley Project M&I Water Shortage Policy.

840 **Applicable (Irrigation & M&I Interims)**

841 (d) Project Water furnished under this Contract will be allocated in accordance
842 with the then-existing Central Valley Project M&I Water Shortage Policy. Such policy shall be
843 amended, modified, or superseded only through a public notice and comment procedure. **Applicable**
844 **to M&I Interims**

845 (e) By entering into this Contract, the Contractor does not waive any legal rights
846 or remedies it may have to file or participate in any administrative or judicial proceeding contesting;
847 (i) the sufficiency of the Central Valley Project M&I Water Shortage Policy; (ii) the substance of
848 such a policy; (iii) the applicability of such a policy; or (iv) the manner in which such policy is
849 implemented in order to allocate Project Water between municipal and industrial and irrigation
850 purposes; Provided, That the Contractor has commenced any such judicial challenge or any
851 administrative procedures necessary to institute any judicial challenge within 6 months of the policy
852 becoming final. By agreeing to the foregoing, the Contracting Officer does not waive any legal

853 defenses or remedies that it may have to assert in such a proceeding. Nothing contained herein shall
854 be interpreted to validate or invalidate the Central Valley Project M&I Water Shortage Policy.

855 **Subarticle (e) of this Article applicable to M&I Interims only**

856 UNAVOIDABLE GROUNDWATER PERCOLATION

857 13. To the extent applicable, the Contractor shall not be deemed to have delivered
858 Irrigation Water to Excess Lands or Ineligible Lands within the meaning of this **Interim Renewal**
859 **Contract** if such lands are irrigated with groundwater that reaches the underground strata as an
860 unavoidable result of the delivery of Irrigation Water by the Contractor to Eligible Lands. **Omitted**
861 **from M&I Interims**

862 RULES AND REGULATIONS

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

868 WATER AND AIR POLLUTION CONTROL

869 15. The Contractor, in carrying out this **Interim Renewal Contract**, shall comply with all
870 applicable water and air pollution laws and regulations of the United States and the State of
871 California, and shall obtain all required permits or licenses from the appropriate Federal, State, or
872 local authorities.

873 QUALITY OF WATER

874 16. (a) Project facilities used to deliver Project Water to the Contractor pursuant to
875 this **Interim Renewal Contract** shall be operated and maintained to enable the United States to deliver
876 Project Water to the Contractor in accordance with the water quality standards specified in subsection
877 2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October 27,
878 1986 (100 Stat. 3050) or other existing Federal laws. The United States is under no obligation to

879 construct or furnish water treatment facilities to maintain or to improve the quality of Water
880 Delivered to the Contractor pursuant to this **Interim Renewal Contract**. The United States does not
881 warrant the quality of Water Delivered to the Contractor pursuant to this **Interim Renewal Contract**.

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

888 (c) The Contracting Officer shall notify the Contractor in writing when drainage
889 service becomes available. Thereafter, the Contracting Officer shall provide drainage service to the
890 Contractor at rates established pursuant to the then-existing ratesetting policy for Irrigation Water;
891 Provided, That such ratesetting policy shall be amended, modified, or superseded only through the
892 process described in subdivision (a) of Article 7 of this **Interim Renewal Contract**. **Omit Subarticle**
893 **(c) of the Article from M&I Interims**

894 WATER ACQUIRED BY THE CONTRACTOR
895 OTHER THAN FROM THE UNITED STATES

896 17. (a) Water or water rights now owned or hereafter acquired by the Contractor other
897 than from the United States and Irrigation Water furnished pursuant to the terms of this **Interim**
898 **Renewal Contract** may be simultaneously transported through the same distribution facilities of the
899 Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water and
900 non-Project water were constructed without funds made available pursuant to Federal Reclamation
901 law, the provisions of Federal Reclamation law will be applicable only to the Landholders of lands

902 which receive Irrigation Water; (ii) the eligibility of land to receive Irrigation Water must be
903 established through the certification requirements as specified in the Acreage Limitation Rules and
904 Regulations (43 CFR Part 426); (iii) the water requirements of Eligible Lands within the Contractor's
905 Service Area can be established and the quantity of Irrigation Water to be utilized is less than or
906 equal to the quantity necessary to irrigate such Eligible Lands; and (iv) if the facilities utilized for
907 commingling Irrigation Water and non-Project water are/were constructed with funds made available
908 pursuant to Federal Reclamation law, the non-Project water will be subject to the acreage limitation
909 provisions of Federal Reclamation law, unless the Contractor pays to the United States the
910 incremental fee described in 43 CFR 426.15. In determining the incremental fee, the Contracting
911 Officer will calculate annually the cost to the Federal Government, including interest, of storing or
912 delivering non-Project water, which for purposes of this **Interim Renewal Contract** shall be
913 determined as follows: The quotient shall be the unpaid distribution system costs divided by the total
914 irrigable acreage within the Contractor's Service Area. The incremental fee per acre is the
915 mathematical result of such quotient times the interest rate determined using Section 202 (3) of the
916 Act of October 12, 1982 (96 Stat. 1263). Such incremental fee will be charged to each acre of excess
917 or full cost land within the Contractor's Service Area that receives non-Project water through
918 Federally financed or constructed facilities. The incremental fee calculation methodology will
919 continue during the term of this **Interim Renewal Contract** absent the promulgation of a contrary
920 Reclamation-wide rule, regulation, or policy adopted after the Contractor has been afforded the
921 opportunity to review and comment on the proposed rule, regulation, or policy. If such rule,
922 regulation, or policy is adopted it shall supersede this provision. **Subarticle (a) of this Article Omitted**
923 **from M&I Interims**

924 (b) Water or water rights now owned or hereafter acquired by the Contractor,
925 other than from the United States may be stored, conveyed and/or diverted through Project facilities,
926 subject to the completion of appropriate environmental documentation, with the approval of the
927 Contracting Officer and the execution of any contract determined by the Contracting Officer to be
928 necessary, consistent with the following provisions:

929 (1) The Contractor may introduce non-Project water into Project facilities
930 and deliver said water to lands within the Contractor's Service Area, including Ineligible Lands,
931 subject to payment to the United States and/or to any applicable Operating Non-Federal Entity of an
932 appropriate rate as determined by the applicable Project ratesetting policy, the RRA, and the Project
933 use power policy, if such Project use power policy is applicable, each as amended, modified, or
934 superseded from time to time.

935 (2) Delivery of such non-Project water in and through Project facilities
936 shall only be allowed to the extent such deliveries do not: (i) interfere with other Project purposes as
937 determined by the Contracting Officer; (ii) reduce the quantity or quality of water available to other
938 Project Contractors; (iii) interfere with the delivery of contractual water entitlements to any other
939 Project Contractors; or (iv) interfere with the physical maintenance of the Project facilities.

940 (3) Neither the United States nor the Operating Non-Federal Entity(ies)
941 shall be responsible for control, care or distribution of the non-Project water before it is introduced
942 into or after it is delivered from the Project facilities. The Contractor hereby releases and agrees to
943 defend and indemnify the United States and the Operating Non-Federal Entity(ies), and their
944 respective officers, agents, and employees, from any claim for damage to persons or property, direct
945 or indirect, resulting from the act(s) of the Contractor, its officers, employees, agents, or assigns, in

946 (i) extracting or diverting non-Project water from any source, or (ii) diverting such non-Project water
947 into Project facilities.

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

951 (5) After Project purposes are met, as determined by the Contracting
952 Officer, the United States and Project Contractors entitled to Project Water from Delta Division
953 Facilities shall share priority to utilize the remaining capacity of the facilities declared to be available
954 by the Contracting Officer for conveyance and transportation of non-Project water prior to any such
955 remaining capacity being made available to non-Project contractors. Other Project Contractors shall
956 have a second priority to any remaining capacity of facilities declared to be available by the
957 Contracting Officer for conveyance and transportation of non-Project water prior to any such
958 remaining capacity being made available to non-Project contractors.

959 OPINIONS AND DETERMINATIONS

960 18. (a) Where the terms of this **Interim Renewal Contract** provide for actions to be
961 based upon the opinion or determination of either party to this **Interim Renewal Contract**, said terms
962 shall not be construed as permitting such action to be predicated upon arbitrary, capricious, or
963 unreasonable opinions or determinations. Both parties, notwithstanding any other provisions of this
964 **Interim Renewal Contract**, expressly reserve the right to seek relief from and appropriate adjustment
965 for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion or
966 determination by either party shall be provided in a timely manner. Nothing in this subdivision (a) of
967 this Article is intended to or shall affect or alter the standard of judicial review applicable under

968 Federal law to any opinion or determination implementing a specific provision of Federal law
969 embodied in statute or regulation.

970 (b) The Contracting Officer shall have the right to make determinations necessary
971 to administer this **Interim Renewal Contract** that are consistent with the provisions of this **Interim**
972 **Renewal Contract**, the laws of the United States and of the State of California, and the rules and
973 regulations promulgated by the Secretary of the Interior. Such determinations shall be made in
974 consultation with the Contractor to the extent reasonably practicable.

975

976 COORDINATION AND COOPERATION

977 19. (a) In order to further their mutual goals and objectives, the Contracting Officer
978 and the Contractor shall communicate, coordinate, and cooperate with each other, and with other
979 affected Project Contractors, in order to improve the operation and management of the Project. The
980 communication, coordination, and cooperation regarding operations and management shall include,
981 but not be limited to, any action which will or may materially affect the quantity or quality of Project
982 Water supply, the allocation of Project Water supply, and Project financial matters including, but not
983 limited to, budget issues. The communication, coordination, and cooperation provided for hereunder
984 shall extend to all provisions of this **Interim Renewal Contract**. Each party shall retain exclusive
985 decision making authority for all actions, opinions, and determinations to be made by the respective
986 party.

987 (b) Within 120 days following the effective date of this **Interim Renewal Contract**,
988 the Contractor, other affected Project Contractors, and the Contracting Officer shall arrange to meet
989 with interested Project Contractors to develop a mutually agreeable, written Project-wide process,

990 which may be amended as necessary separate and apart from this **Interim Renewal Contract**. The
991 goal of this process shall be to provide, to the extent practicable, the means of mutual communication
992 and interaction regarding significant decisions concerning Project operation and management on a
993 real-time basis.

994 (c) In light of the factors referred to in subdivision (b) of Article 3 of this **Interim**
995 **Renewal Contract**, it is the intent of the Secretary to improve water supply reliability. To carry out
996 this intent:

997 (1) The Contracting Officer will, at the request of the Contractor, assist in
998 the development of integrated resource management plans for the Contractor. Further, the
999 Contracting Officer will, as appropriate, seek authorizations for implementation of partnerships to
1000 improve water supply, water quality, and reliability.

1001 (2) The Secretary will, as appropriate, pursue program and project
1002 implementation and authorization in coordination with Project Contractors to improve the water
1003 supply, water quality, and reliability of the Project for all Project purposes.

1004 (3) The Secretary will coordinate with Project Contractors and the State of
1005 California to seek improved water resource management.

1006 (4) The Secretary will coordinate actions of agencies within the
1007 Department of the Interior that may impact the availability of water for Project purposes.

1008 (5) The Contracting Officer shall periodically, but not less than annually,
1009 hold division level meetings to discuss Project operations, division level water management
1010 activities, and other issues as appropriate.

1011 (d) Without limiting the contractual obligations of the Contracting Officer under

1012 the other Articles of this **Interim Renewal Contract**, nothing in this Article shall be construed to limit
1013 or constrain the Contracting Officer's ability to communicate, coordinate, and cooperate with the
1014 Contractor or other interested stakeholders or to make decisions in a timely fashion as needed to
1015 protect health, safety, or the physical integrity of structures or facilities.

1016 CHARGES FOR DELINQUENT PAYMENTS

1017 20. (a) The Contractor shall be subject to interest, administrative and penalty charges
1018 on delinquent installments or payments. When a payment is not received by the due date, the
1019 Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date.
1020 When a payment becomes 60 days delinquent, the Contractor shall pay an administrative charge to
1021 cover additional costs of billing and processing the delinquent payment. When a payment is
1022 delinquent 90 days or more, the Contractor shall pay an additional penalty charge of six percent per
1023 year for each day the payment is delinquent beyond the due date. Further, the Contractor shall pay
1024 any fees incurred for debt collection services associated with a delinquent payment.

1025 (b) The interest charge rate shall be the greater of the rate prescribed quarterly in
1026 the Federal Register by the Department of the Treasury for application to overdue payments, or the
1027 interest rate of one-half of one percent per month prescribed by Section 6 of the Reclamation Project
1028 Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and
1029 remain fixed for the duration of the delinquent period.

1030 (c) When a partial payment on a delinquent account is received, the amount
1031 received shall be applied, first to the penalty, second to the administrative charges, third to the
1032 accrued interest, and finally to the overdue payment.

1033 EQUAL OPPORTUNITY

1034 21. During the performance of this **Interim Renewal Contract**, the Contractor agrees as
1035 follows:

1036 (a) The Contractor will not discriminate against any employee or applicant for
1037 employment because of race, color, religion, sex, or national origin. The Contractor will take
1038 affirmative action to ensure that applicants are employed, and that employees are treated during
1039 employment, without regard to their race, color, religion, sex, or national origin. Such action shall
1040 include, but not be limited to, the following: Employment, upgrading, demotion, or transfer;
1041 recruitment or recruitment advertising; layoff or termination, rates of payment or other forms of
1042 compensation; and selection for training, including apprenticeship. The Contractor agrees to post in
1043 conspicuous places, available to employees and applicants for employment, notices to be provided by
1044 the Contracting Officer setting forth the provisions of this nondiscrimination clause.

1045 (b) The Contractor will, in all solicitations or advertisements for employees placed
1046 by or on behalf of the Contractor, state that all qualified applicants will receive consideration for
1047 employment without discrimination because of race, color, religion, sex, or national origin.

1048 (c) The Contractor will send to each labor union or representative of workers with
1049 which it has a collective bargaining agreement or other contract or understanding, a notice, to be
1050 provided by the Contracting Officer, advising the said labor union or workers' representative of the
1051 Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and
1052 shall post copies of the notice in conspicuous places available to employees and applicants for
1053 employment.

1054 (d) The Contractor will comply with all provisions of Executive Order
1055 No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of
1056 the Secretary of Labor.

1057 (e) The Contractor will furnish all information and reports required by said
1058 amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or
1059 pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Officer
1060 and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules,
1061 regulations, and orders.

1062 (f) In the event of the Contractor's noncompliance with the nondiscrimination
1063 clauses of this **Interim Renewal Contract** or with any of the said rules, regulations, or orders, this
1064 **Interim Renewal Contract** may be canceled, terminated, or suspended, in whole or in part, and the
1065 Contractor may be declared ineligible for further Government contracts in accordance with
1066 procedures authorized in said amended Executive Order, and such other sanctions may be imposed
1067 and remedies invoked as provided in said Executive Order, or by rule, regulation, or order of the
1068 Secretary of Labor, or as otherwise provided by law.

1069 (g) The Contractor will include the provisions of paragraphs (a) through (g) in
1070 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the
1071 Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such
1072 provisions will be binding upon each subcontractor or vendor. The Contractor will take such action
1073 with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a
1074 means of enforcing such provisions, including sanctions for noncompliance: Provided, however,
1075 That in the event the Contractor becomes involved in, or is threatened with, litigation with a
1076 subcontractor or vendor as a result of such direction, the Contractor may request the United States to
1077 enter into such litigation to protect the interests of the United States.

1078 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

1079 22. (a) The obligation of the Contractor to pay the United States as provided in this
1080 **Interim Renewal Contract** is a general obligation of the Contractor notwithstanding the manner in
1081 which the obligation may be distributed among the Contractor's water users and notwithstanding the
1082 default of individual water users in their obligations to the Contractor.

1083 (b) The payment of charges becoming due hereunder is a condition precedent to
1084 receiving benefits under this **Interim Renewal Contract**. The United States shall not make water
1085 available to the Contractor through Project facilities during any period in which the Contractor may
1086 be in arrears in the advance payment of water rates due the United States. The Contractor shall not
1087 furnish water made available pursuant to this **Interim Renewal Contract** for lands or parties which are
1088 in arrears in the advance payment of water rates levied or established by the Contractor.

1089 (c) With respect to subdivision (b) of this Article, the Contractor shall have no
1090 obligation to require advance payment for water rates which it levies.

1091 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

1092 23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (42
1093 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the Age
1094 Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws, as
1095 well as with their respective implementing regulations and guidelines imposed by the U.S.
1096 Department of the Interior and/or Bureau of Reclamation.

1097 (b) These statutes require that no person in the United States shall, on the grounds
1098 of race, color, national origin, handicap, or age, be excluded from participation in, be denied the
1099 benefits of, or be otherwise subjected to discrimination under any program or activity receiving
1100 financial assistance from the Bureau of Reclamation. By executing this **Interim Renewal Contract**,
1101 the Contractor agrees to immediately take any measures necessary to implement this obligation,
1102 including permitting officials of the United States to inspect premises, programs, and documents.

1103 (c) The Contractor makes this agreement in consideration of and for the purpose
1104 of obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal financial
1105 assistance extended after the date hereof to the Contractor by the Bureau of Reclamation, including
1106 installment payments after such date on account of arrangements for Federal financial assistance
1107 which were approved before such date. The Contractor recognizes and agrees that such Federal
1108 assistance will be extended in reliance on the representations and agreements made in this Article,
1109 and that the United States reserves the right to seek judicial enforcement thereof.

1110 PRIVACY ACT COMPLIANCE

1111 24. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a) (the
1112 Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et seq.) in
1113 maintaining Landholder acreage certification and reporting records, required to be submitted to the
1114 Contractor for compliance with Sections 206 and 228 of the Reclamation Reform Act of 1982 (96
1115 Stat. 1266), and pursuant to 43 CFR 426.18.

1116 (b) With respect to the application and administration of the criminal penalty
1117 provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees responsible

1118 for maintaining the certification and reporting records referenced in (a) above are considered to be
1119 employees of the Department of the Interior. See 5 U.S.C. 552a(m).

1120 (c) The Contracting Officer or a designated representative shall provide the
1121 Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau of
1122 Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation--Interior,
1123 Reclamation-31) which govern the maintenance, safeguarding, and disclosure of information
1124 contained in the Landholder's certification and reporting records.

1125 (d) The Contracting Officer shall designate a full-time employee of the Bureau of
1126 Reclamation to be the System Manager who shall be responsible for making decisions on denials
1127 pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The Contractor is
1128 authorized to grant requests by individuals for access to their own records.

1129 (e) The Contractor shall forward promptly to the System Manager each proposed
1130 denial of access under 43 CFR 2.64; and each request for amendment of records filed under 43 CFR
1131 2.71; notify the requester accordingly of such referral; and provide the System Manager with
1132 information and records necessary to prepare an appropriate response to the requester. These
1133 requirements do not apply to individuals seeking access to their own certification and reporting forms
1134 filed with the Contractor pursuant to 43 CFR 426.18, unless the requester elects to cite the Privacy
1135 Act as a basis for the request. **Omitted M&I Interims**
1136

1137 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

1138 25. In addition to all other payments to be made by the Contractor pursuant to this **Interim**
1139 **Renewal Contract**, the Contractor shall pay to the United States, within 60 days after receipt of a bill
1140 and detailed statement submitted by the Contracting Officer to the Contractor for such specific items
1141 of direct cost incurred by the United States for work requested by the Contractor associated with this
1142 **Interim Renewal Contract** plus indirect costs in accordance with applicable Bureau of Reclamation
1143 policies and procedures. All such amounts referred to in this Article shall not exceed the amount
1144 agreed to in writing in advance by the Contractor. This Article shall not apply to costs for routine
1145 contract administration.

1146 WATER CONSERVATION

1147 26. (a) Prior to the delivery of water provided from or conveyed through Federally

1148 constructed or Federally financed facilities pursuant to this **Interim Renewal Contract**, the Contractor
1149 shall be implementing an effective water conservation and efficiency program based on the
1150 Contractor's water conservation plan that has been determined by the Contracting Officer to meet the
1151 conservation and efficiency criteria for evaluating water conservation plans established under Federal
1152 law. The water conservation and efficiency program shall contain definite water conservation
1153 objectives, appropriate economically feasible water conservation measures, and time schedules for
1154 meeting those objectives. Continued Project Water delivery pursuant to this **Interim Renewal**
1155 **Contract** shall be contingent upon the Contractor's continued implementation of such water
1156 conservation program. In the event the Contractor's water conservation plan or any revised water
1157 conservation plan completed pursuant to subdivision (d) of this Article 26 have not yet been
1158 determined by the Contracting Officer to meet such criteria, due to circumstances which the
1159 Contracting Officer determines are beyond the control of the Contractor, water deliveries shall be
1160 made under this **Interim Renewal Contract** so long as the Contractor diligently works with the
1161 Contracting Officer to obtain such determination at the earliest practicable date, and thereafter the
1162 Contractor immediately begins implementing its water conservation and efficiency program in
1163 accordance with the time schedules therein.

1164 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of
1165 Article 3 of this **Interim Renewal Contract** equal or exceed 2,000 acre-feet per Year, the Contractor
1166 shall implement the Best Management Practices identified by the time frames issued by the
1167 California Urban Water Conservation Council for such M&I Water unless any such practice is
1168 determined by the Contracting Officer to be inappropriate for the Contractor.

1169 (c) The Contractor shall submit to the Contracting Officer a report on the status of

1170 its implementation of the water conservation plan on the reporting dates specified in the then-existing
1171 conservation and efficiency criteria established under Federal law.

1172 (d) At five-year intervals, the Contractor shall revise its water conservation plan to
1173 reflect the then-current conservation and efficiency criteria for evaluating water conservation plans
1174 established under Federal law and submit such revised water management plan to the Contracting
1175 Officer for review and evaluation. The Contracting Officer will then determine if the water
1176 conservation plan meets Reclamation's then-current conservation and efficiency criteria for
1177 evaluating water conservation plans established under Federal law.

1178 (e) If the Contractor is engaged in direct groundwater recharge, such activity shall
1179 be described in the Contractor's water conservation plan.

1180 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

1181 27. Except as specifically provided in Article 17 of this **Interim Renewal Contract**, the
1182 provisions of this **Interim Renewal Contract** shall not be applicable to or affect non-Project water or
1183 water rights now owned or hereafter acquired by the Contractor or any user of such water within the
1184 Contractor's Service Area. Any such water shall not be considered Project Water under this **Interim**
1185 **Renewal Contract**. In addition, this **Interim Renewal Contract** shall not be construed as limiting or
1186 curtailing any rights which the Contractor or any water user within the Contractor's Service Area
1187 acquires or has available under any other contract pursuant to Federal Reclamation law.

1188 OPERATION AND MAINTENANCE BY 1189 SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

1190 28. (a) The O&M of a portion of the Project facilities which serve the Contractor, and
1191 responsibility for funding a portion of the costs of such O&M, have been transferred to the San Luis
1192 & Delta-Mendota Water Authority, an Operating Non-Federal Entity by separate agreement (8-07-

1193 20-X0354) between the United States and Operating Non-Federal Entity San Luis & Delta-Mendota
1194 Water Authority. That separate agreement shall not interfere with or affect the rights or obligations
1195 of the Contractor or the United States hereunder.

1196 (b) The Contracting Officer has previously notified the Contractor in writing that
1197 the O&M of a portion of the Project facilities which serve the Contractor has been transferred to
1198 Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority, and therefore, the
1199 Contractor shall pay directly to Operating Non-Federal Entity San Luis & Delta-Mendota Water
1200 Authority, or to any successor approved by the Contracting Officer under the terms and conditions of
1201 the separate agreement between the United States and Operating Non-Federal Entity San Luis &
1202 Delta-Mendota Water Authority, described in subdivision (a) of this Article, all rates, charges, or
1203 assessments of any kind, including any assessment for reserve funds, which Operating Non-Federal
1204 Entity San Luis & Delta-Mendota Water Authority, or such successor determines, sets, or establishes
1205 for the O&M of the portion of the Project facilities operated and maintained by Operating Non-
1206 Federal Entity San Luis & Delta-Mendota Water Authority, or such successor. Such direct payments
1207 to Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority, or such successor shall
1208 not relieve the Contractor of its obligation to pay directly to the United States the Contractor's share
1209 of the Project Rates and Charges, ~~and Tiered Pricing Components~~ except to the extent the Operating
1210 Non-Federal Entity collects payments on behalf of the United States in accordance with subdivision
1211 (a) of this Article.

1212 (c) For so long as the O&M of any portion of the Project facilities serving the
1213 Contractor is performed by Operating Non-Federal Entity San Luis & Delta-Mendota Water
1214 Authority, or any successor thereto, the Contracting Officer shall adjust those components of the

1215 Rates for Water Delivered under this **Interim Renewal Contract** representing the cost associated with
1216 the activity being performed by Operating Non-Federal Entity San Luis & Delta-Mendota Water
1217 Authority, or its successor.

1218 (d) In the event the O&M of the Project facilities operated and maintained by
1219 Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority is re-assumed by the
1220 United States during the term of this **Interim Renewal Contract**, the Contracting Officer shall so
1221 notify the Contractor, in writing, and present to the Contractor a revised Exhibit “B” which shall
1222 include the portion of the Rates to be paid by the Contractor for Project Water under this **Interim**
1223 **Renewal Contract** representing the O&M costs of the portion of such Project facilities which have
1224 been re-assumed. The Contractor shall, thereafter, in the absence of written notification from the
1225 Contracting Officer to the contrary, pay the Rates and Charges, ~~and the Tiered Pricing Component~~
1226 specified in the revised Exhibit “B” directly to the United States in compliance with Article 7 of this
1227 **Interim Renewal Contract**.

1228 OPERATION AND MAINTENANCE BY
1229 CALIFORNIA DEPARTMENT OF WATER RESOURCES

1230 28.1 (a) The O&M of a portion of the Project facilities which serve the Contractor, and
1231 responsibility for funding a portion of the costs of such O&M, have been transferred to the California
1232 Department of Water Resources, an Operating Non-Federal Entity by a separate agreement (14-06-
1233 200-9755) between the United States and Operating Non-Federal Entity California Department of
1234 Water Resources. This separate agreement shall not interfere with or affect the rights or obligations
1235 of the Contractor or the United States hereunder.

1236 (b) The Contracting Officer has previously notified the Contractor in writing that
1237 the O&M of a portion of the Project facilities which serve the Contractor has been transferred to

1238 Operating Non-Federal Entity California Department of Water Resources, and the Contractor shall
1239 pay directly to Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority, or to any
1240 successor approved by the Contracting Officer under the terms and conditions of the separate
1241 agreement between the United States and Operating Non-Federal Entity San Luis & Delta-Mendota
1242 Water Authority, described in subdivision (a) of Article 28 of this **Interim Renewal Contract**, all
1243 rates, charges, or assessments of any kind, including any assessment for reserve funds, which
1244 Operating Non-Federal Entity California Department of Water Resources, or such successor
1245 determines, sets, or establishes for the O&M of the portion of the Project facilities operated and
1246 maintained by Operating Non-Federal Entity California Department of Water Resources, or such
1247 successor. Such direct payments to Operating Non-Federal Entity San Luis & Delta-Mendota Water
1248 Authority, or such successor shall not relieve the Contractor of its obligation to pay directly to the
1249 United States the Contractor's share of the Project Rates and Charges, ~~and Tiered Pricing~~
1250 **Components** except to the extent the Operating Non-Federal Entity collects payments on behalf of
1251 the United States in accordance with the separate agreement identified in subdivision (a) of Article
1252 28 of this **Interim Renewal Contract**.

1253 (c) For so long as the O&M of any portion of the Project facilities serving the
1254 Contractor is performed by Operating Non-Federal Entity California Department of Water Resources,
1255 or any successor thereto, the Contracting Officer shall adjust those components of the Rates for
1256 Water Delivered under this **Interim Renewal Contract** representing the cost associated with the
1257 activity being performed by Operating Non-Federal Entity California Department of Water
1258 Resources, or its successor.

1259 (d) In the event the O&M of the Project facilities operated and maintained by

1260 Operating Non-Federal Entity California Department of Water Resources is re-assumed by the
1261 United States during the term of this **Interim Renewal Contract**, the Contracting Officer shall so
1262 notify the Contractor, in writing, and present to the Contractor a revised Exhibit “B” which shall
1263 include the portion of the Rates and Charges, ~~and the Tiered Pricing Component~~ to be paid by the
1264 Contractor for Project Water under this **Interim Renewal Contract** representing the O&M costs of the
1265 portion of such Project facilities which have been re-assumed. The Contractor shall, thereafter, in the
1266 absence of written notification from the Contracting Officer to the contrary, pay the Rates and
1267 Charges, ~~and Tiered Pricing Component(s)~~ specified in the revised Exhibit “B” directly to the United
1268 States in compliance with Article 7 of this **Interim Renewal Contract**.

1269 OPERATION AND MAINTENANCE BY THE CONTRACTOR

1270 28.2 (a) **CONTRACTOR SPECIFIC WWD, Huron, Coalinga**

1271 PUMPING PLANTS, POWER FOR PUMPING PLANTS, AND TRANSFER
1272 OF OPERATION AND MAINTENANCE TO THE CONTRACTOR

1273 28.3. (a) The United States shall furnish and install pumping plants and furnish the
1274 amount of Project power the Contracting Officer determines is necessary to deliver Project Water to
1275 the Contractor from the Delta-Mendota, San Luis, and Coalinga Canals, including the Pleasant
1276 Valley Pumping Plant, at the point(s) of delivery identified pursuant to subdivision (a) of Article 5 of
1277 this **Interim Renewal Contract** at heads and elevations sufficient to irrigate by gravity the areas within
1278 the Contractor’s Service Area below 700 feet mean sea level elevation.

1279 (b) With advance approval of the Contracting Officer, the Contractor may, at its
1280 own expense, furnish and install pumping facilities, and related electrical equipment, to enable it to
1281 divert and deliver Project Water from the Delta-Mendota, San Luis, and Coalinga Canals and the
1282 Pleasant Valley Pumping Plant before the United States furnishes and installs all the pumping plants

1283 referred to in subdivision (a) of this Article. The United States shall furnish the amount of Project
1284 power needed to operate such pumping facilities; Provided, That the Contractor maintains an
1285 agreement with an entity to convey such power to such facilities, and the Contractor agrees to pay
1286 any and all charges assessed by that entity for such service.

1287 (c) The furnishing of power by the United States shall be in conformance with
1288 operating criteria, rules, and regulations, including the project use power policy, established by the
1289 Contracting Officer; Provided, That any such operating criteria, rules, and regulations, including the
1290 project use power policy, established by the Contracting Officer shall not excuse the United States
1291 from its obligation under subdivision (a) of this Article. Such operating criteria, rules, and
1292 regulations shall be developed in cooperation with the Contractor and shall be based on acceptable
1293 irrigation management practices and the power generation capacity available to the United States for
1294 the furnishing of Project water to the Contractor.

1295 (d) The Contractor hereby agrees to operate and maintain, at its own expense, all
1296 of the pumping facilities described in subdivisions (a) and (b) of this Article in such a manner that
1297 they remain in good and efficient condition; Provided, That the United States shall finance the costs
1298 of all major replacements that the Contracting Officer determines are needed.

1299 (e) The Contracting Officer or his representative shall at all times have access to
1300 and may inspect and investigate the pumping facilities for the purpose of ascertaining if they are
1301 being kept in safe and proper operating condition.

(f) No change in any of the pumping facilities, which in the opinion of the
Contracting Officer is substantial, shall be made by the Contractor without first obtaining the written
consent of the Contracting Officer. The Contractor shall promptly make any and all repairs and

replacements to the pumping facilities which in the opinion of the Contracting Officer are necessary.

In the event the Contractor neglects or fails to make such repairs and replacements or in the event of operation by the United States of the pumping facilities pursuant to subdivision (g) of this Article, the United States may cause the repairs and replacements to be made and the cost thereof, as determined by the Contracting Officer, shall be paid by the Contractor to the United States upon notice of the payment due but not later than April 1 of the year following that during which such work was completed.

1302 (g) In the event the Contracting Officer determines that the Contractor has not
1303 properly cared for, operated, and maintained said pumping facilities or has failed to comply with any
1304 of the provisions of this Article, then at the election of the Contracting Officer the United States may
1305 take over from the Contractor the care and O&M of the pumping facilities by giving written notice to
1306 the Contractor of such election and the effective date thereof. Thereafter, during the period of
1307 operation by the United States, the Contractor shall pay to the United States in advance of the use of
1308 such pumping facilities the Contractor's share of the cost of O&M thereof and replacements
1309 therefore, as fixed in notices from the Contracting Officer. In the event such advances are inadequate
1310 to properly care for, operate, and maintain the pumping facilities to the end of any year, the
1311 Contracting Officer may give written notice of a supplemental O&M charge and the Contractor shall
1312 pay such amount on or before the date specified in said notice. Any amount of such advances
1313 remaining unexpended or unobligated, at the option of the Contractor, either shall be refunded or
1314 credited upon amounts to become due to the United States from the Contractor under the provisions
1315 of this **Interim Renewal Contract** in subsequent years. The pumping facilities so taken back by the
1316 United States may be returned to the Contractor upon the furnishing to the Contractor of a written 90-

1317 day notice of intention to retransfer.

1318 (h) The Contractor shall hold the United States, its officers, and employees
1319 harmless from every and all claim for damages to persons or property arising out of or connected
1320 with the Contractor's O&M of the pumping facilities referred to in this Article; Provided, That
1321 nothing contained herein shall be construed as an assumption of liability by the Contractor to parties
1322 other than the United States with respect to such matters.

1323 (i) During the time the pumping facilities are operated and maintained by the
1324 Contractor, in addition to all other payments to be made by the Contractor under this **Interim**
1325 **Renewal Contract**, the Contractor shall pay to the United States pursuant to Article 25 hereof, costs
1326 incurred by the United States for work associated with the pumping facilities under this **Interim**
1327 **Renewal Contract** normally charged by the United States to water users and properly and equitably
1328 chargeable to the Contractor.

1329 (j) The Contracting Officer may make review of any part or all of the pumping
1330 facilities being operated by the Contractor pursuant to this Article to assist the Contractor in
1331 assessing the condition of facilities and the adequacy of the maintenance program(s). The
1332 Contracting Officer shall prepare reports based on the examinations, inspections or audits, and
1333 furnish copies of such reports and any recommendations to the Contractor. The Contractor shall
1334 reimburse the actual cost
1335 incurred by the United States in making O&M examinations, inspections, and audits, and preparing
1336 associated reports and recommendations.

1337 (k) If deemed necessary by the Contracting Officer or requested by the Contractor,
1338 special inspections of the pumping facilities being operated by the Contractor and of the Contractor's

1339 books and records may be made to ascertain the extent of any O&M deficiencies, to determine the
1340 remedial measures required for their correction, and to assist the Contractor in solving specific
1341 problems. Any special inspection or audit shall, except in a case of emergency, be made after written
1342 notice to the Contractor and the actual cost thereof shall be paid by the Contractor to the United
1343 States. **Article 28.3 in its entirety is omitted from M&I Interims**

1344 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

1345 29. The expenditure or advance of any money or the performance of any obligation of the
1346 United States under this **Interim Renewal Contract** shall be contingent upon appropriation or
1347 allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Contractor
1348 from any obligations under this **Interim Renewal Contract**. No liability shall accrue to the United
1349 States in case funds are not appropriated or allotted.

1350 BOOKS, RECORDS, AND REPORTS

1351 30. (a) The Contractor shall establish and maintain accounts and other books and
1352 records pertaining to administration of the terms and conditions of this **Interim Renewal Contract**,
1353 including: the Contractor's financial transactions, water supply data, and Project land and right-of-
1354 way agreements; the water users' land-use (crop census), land ownership, land-leasing and water use
1355 data; and other matters that the Contracting Officer may require. Reports thereon shall be furnished
1356 to the Contracting Officer in such form and on such date or dates as the Contracting Officer may
1357 require. Subject to applicable Federal laws and regulations, each party to this **Interim Renewal**
1358 **Contract** shall have the right during office hours to examine and make copies of the other party's
1359 books and records relating to matters covered by this **Interim Renewal Contract**.

1360 (b) Notwithstanding the provisions of subdivision (a) of this Article, no books,
1361 records, or other information shall be requested from the Contractor by the Contracting Officer unless
1362 such books, records, or information are reasonably related to the administration or performance of
1363 this **Interim Renewal Contract**. Any such request shall allow the Contractor a reasonable period of
1364 time within which to provide the requested books, records, or information.

1365 (c) At such time as the Contractor provides information to the Contracting Officer
1366 pursuant to subdivision (a) of this Article, a copy of such information shall be provided to the

1367 Operating Non-Federal Entity.

1368 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

1369 31. (a) The provisions of this **Interim Renewal Contract** shall apply to and bind the
1370 successors and assigns of the parties hereto, but no assignment or transfer of this **Interim Renewal**
1371 **Contract** or any right or interest therein shall be valid until approved in writing by the Contracting
1372 Officer.

1373 (b) The assignment of any right or interest in this **Interim Renewal Contract** by
1374 either party shall not interfere with the rights or obligations of the other party to this **Interim Renewal**
1375 **Contract** absent the written concurrence of said other party.

1376 (c) The Contracting Officer shall not unreasonably condition or withhold approval
1377 of any proposed assignment.

1378 SEVERABILITY

1379 32. In the event that a person or entity who is neither (i) a party to a Project contract, nor
1380 (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii) an
1381 association or other form of organization whose primary function is to represent parties to Project
1382 contracts, brings an action in a court of competent jurisdiction challenging the legality or
1383 enforceability of a provision included in this **Interim Renewal Contract** and said person, entity,
1384 association, or organization obtains a final court decision holding that such provision is legally
1385 invalid or unenforceable and the Contractor has not intervened in that lawsuit in support of the
1386 plaintiff(s), the parties to this **Interim Renewal Contract** shall use their best efforts to (i) within 30
1387 days of the date of such final court decision identify by mutual agreement the provisions in this
1388 **Interim Renewal Contract** which must be revised and (ii) within three months thereafter promptly
1389 agree on the appropriate revision(s). The time periods specified above may be extended by mutual
1390 agreement of the parties. Pending the completion of the actions designated above, to the extent it can

1391 do so without violating any applicable provisions of law, the United States shall continue to make the
1392 quantities of Project Water specified in this **Interim Renewal Contract** available to the Contractor
1393 pursuant to the provisions of this **Interim Renewal Contract** which were not found to be legally
1394 invalid or unenforceable in the final court decision.

1395 RESOLUTION OF DISPUTES

1396 33. Should any dispute arise concerning any provisions of this **Interim Renewal Contract**,
1397 or the parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to
1398 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting Officer
1399 referring any matter to the Department of Justice, the party shall provide to the other party 30 days'
1400 written notice of the intent to take such action; Provided, That such notice shall not be required where
1401 a delay in commencing an action would prejudice the interests of the party that intends to file suit.
1402 During the 30-day notice period, the Contractor and the Contracting Officer shall meet and confer in
1403 an attempt to resolve the dispute. Except as specifically provided, nothing herein is intended to
1404 waive or abridge any right or remedy that the Contractor or the United States may have.

1405 OFFICIALS NOT TO BENEFIT

1406 34. No Member of or Delegate to Congress, Resident Commissioner, or official of the
1407 Contractor shall benefit from this **Interim Renewal Contract** other than as a water user or landowner
1408 in the same manner as other water users or landowners.

1409 CHANGES IN CONTRACTOR'S SERVICE AREA

1410 35. (a) While this **Interim Renewal Contract** is in effect, no change may be made in
1411 the Contractor's Service Area, by inclusion or exclusion of lands, dissolution, consolidation, merger,
1412 or otherwise, except upon the Contracting Officer's written consent.

1413 (b) Within 30 days of receipt of a request for such a change, the Contracting
1414 Officer will notify the Contractor of any additional information required by the Contracting Officer

1415 for processing said request, and both parties will meet to establish a mutually agreeable schedule for
1416 timely completion of the process. Such process will analyze whether the proposed change is likely
1417 to: (i) result in the use of Project Water contrary to the terms of this **Interim Renewal Contract**; (ii)
1418 impair the ability of the Contractor to pay for Project Water furnished under this **Interim Renewal**
1419 **Contract** or to pay for any Federally-constructed facilities for which the Contractor is responsible;
1420 and (iii) have an impact on any Project Water rights applications, permits, or licenses. In addition,
1421 the Contracting Officer shall comply with the NEPA and the ESA. The Contractor will be
1422 responsible for all costs incurred by the Contracting Officer in this process, and such costs will be
1423 paid in accordance with Article 25 of this **Interim Renewal Contract**.

1424 FEDERAL LAWS

1425 36. By entering into this **Interim Renewal Contract**, the Contractor does not waive its
1426 rights to contest the validity or application in connection with the performance of the terms and
1427 conditions of this **Interim Renewal Contract** of any Federal law or regulation; Provided, That the
1428 Contractor agrees to comply with the terms and conditions of this **Interim Renewal Contract** unless
1429 and until relief from application of such Federal law or regulation to the implementing provision of
1430 the Contract is granted by a court of competent jurisdiction.

1431 NOTICES

1432
1433 37. Any notice, demand, or request authorized or required by this **Interim Renewal**
1434 **Contract** shall be deemed to have been given, on behalf of the Contractor, when mailed, postage
1435 prepaid, or delivered to the Area Manager, South-Central California Area Office, 1243 N Street,
1436 Fresno, California 93721, and on behalf of the United States, when mailed, postage prepaid, or
1437 delivered to the Board of Directors of the _____. The designation of the addressee or
1438 the address may be changed by notice given in the same manner as provided in this Article for other
1439 notices.

1440 **CONFIRMATION OF CONTRACT**

1441 38. ~~The Contractor, after the execution of this Contract, shall promptly seek to secure a~~
1442 ~~decree of a court of competent jurisdiction of the State of California, confirming the execution of this~~
1443 ~~Contract. The Contractor shall furnish the United States a certified copy of the final decree, the~~
1444 ~~validation proceedings, and all pertinent supporting records of the court approving and confirming~~
1445 ~~this Contract, and decreeing and adjudging it to be lawful, valid, and binding on the Contractor.~~

1446 IN WITNESS WHEREOF, the parties hereto have executed this INTERIM RENEWAL
1447 CONTRACT as of the day and year first above written.

1448
1449

THE UNITED STATES OF AMERICA

1450
1451
1452

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

1453 (SEAL)

1454

DISTRICT _____

1455
1456

By: _____
President of the Board of Directors

1457 Attest:

1458
1459

By: _____
Secretary of the Board of Directors

EXHIBIT A

[Map or Description of Service Area]

DRAFT

EXHIBIT B
200 Water Rates and Charges

DRAFT