

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

CONTRACT BETWEEN THE UNITED STATES
AND
FRESNO COUNTY WATERWORKS DISTRICT NO. 18
PROVIDING FOR PROJECT WATER SERVICE
FROM FRIANT DIVISION AND
FOR FACILITIES REPAYMENT

Table of Contents

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
	Preamble	1
	Explanatory Recitals	1
1	Definitions.....	6
2	Effective Date Of Contract	12
3	Water To Be Made Available And Delivered To The Contractor.....	12
4	Time For Delivery Of Water.....	19
5	Point Of Diversion And Responsibility For Distribution Of Water	21
6	Measurement Of Water Within The Service Area.....	23
7	Rates, Method Of Payment For Water, And Accelerated Facilities Repayment.....	25
8	Non-Interest Bearing Operation And Maintenance Deficits	32
9	Recovered Water Account	32
10	Sales, Transfers, And Exchanges Of Water.....	33
11	Application Of Payments And Adjustments.....	36
12	Temporary Reductions—Return Flows	37
13	Constraints On The Availability Of Water	38
14	Unavoidable Groundwater Percolation.....	41
15	Acreage Limitation	41
16	Rules, Regulations, And Determinations.....	41
17	Protection Of Water And Air Quality	41
18	Water Acquired By The Contractor Other Than From The United States	42
19	Opinions And Determinations	44
20	Coordination And Cooperation.....	44

21	Charges For Delinquent Payments.....	46
22	Equal Employment Opportunity	46
23	General Obligation--Benefits Conditioned Upon Payment	48
24	Compliance With Civil Rights Laws And Regulations	48
25	Privacy Act Compliance	49
26	Contractor To Pay Certain Miscellaneous Costs	49
27	Water Conservation	49
28	Existing Or Acquired Water Or Water Rights	51
29	Operation And Maintenance By Operating Non-Federal Entity	51
30	Contingent On Appropriation Or Allotment Of Funds.....	53
31	Books, Records, And Reports	53
32	Assignment Limited--Successors And Assigns Obligated	54
33	Severability	54
34	Resolution Of Disputes	55
35	Officials Not To Benefit	55
36	Changes In Contractor's Service Area.....	55
37	Federal Laws	56
38	Emergency Reserve Fund	56
39	Medium For Transmitting Payment.....	56
40	Notices	57
41	Confirmation Of Contract	57
42	Contract Drafting Considerations	57
	Signature Page	58
	Exhibit A Contractor's Map or Description of Service Area	
	Exhibit B Rates and Charges	
	Exhibit C-1 Repayment Schedule - Lump Sum Option	
	Exhibit C-2 Omitted	
	Exhibit D Computation of Friant Surcharge	
	Exhibit E Omitted	

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

5 CONTRACT BETWEEN THE UNITED STATES
6 AND
7 FRESNO COUNTY WATERWORKS DISTRICT NO. 18
8 PROVIDING FOR PROJECT WATER SERVICE FROM
9 FRIANT DIVISION AND
10 FACILITIES REPAYMENT

11 THIS CONTRACT, made this _____ day of _____, 2010, is entered into
12 pursuant to the Act of June 17, 1902, (32 Stat. 388), and acts amendatory or supplementary thereto,
13 including but not limited to: the Acts of August 26, 1937 (50 Stat. 844), as amended and
14 supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, June 21, 1963 (77
15 Stat. 68), October 12, 1982 (96 Stat. 1262), October 27, 1986 (100 Stat. 3050), as amended, Title
16 XXXIV of the Act of October 30, 1992 (106 Stat. 4706), and Title X, Subtitle A, of the Act of March
17 30, 2009 (123 Stat. 1349), also referred to as the San Joaquin River Restoration Settlement Act
18 hereinafter referred to as SJRRSA, all collectively hereinafter referred to as Federal Reclamation law,
19 between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States and
20 FRESNO COUNTY WATERWORKS DISTRICT NO. 18, hereinafter referred to as the Contractor,
21 a public agency of the State of California, duly organized, existing, and acting pursuant to the laws
22 thereof, with its principal place of business in California;

23 WITNESSETH, That

24 EXPLANATORY RECITALS

25 [1st] WHEREAS, the United States has constructed and is operating the Central Valley
26 Project, California, for diversion, storage, carriage, distribution and beneficial use, for flood control,

27 irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration,
28 generation and distribution of electric energy, salinity control, navigation and other beneficial uses, of
29 waters of the Sacramento River, the American River, the Trinity River, and the San Joaquin River
30 and their tributaries; and

31 [2nd] WHEREAS, the United States constructed Friant Dam (thereby creating Millerton
32 Lake) and the Friant-Kern and Madera Canals, hereinafter collectively referred to as the Friant
33 Division Facilities, which will be used in part for the furnishing of water to the Contractor pursuant to
34 the terms of this Contract; and

35 [3rd] WHEREAS, the United States and the Contractor entered into Contract Number 14-
36 06-200-5904, as amended, which established terms for the delivery to the Contractor of Project Water
37 from the Friant Division from August 17, 1956 through February 28, 1997; and

38 [4th] WHEREAS, the Contractor and the United States have, pursuant to subsection
39 3404(c)(1) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into
40 interim renewal contract(s), identified as Contract Number (s) 14-06-200-5904-IR1, IR2, IR3, and
41 IR4, which provided for the continued water service to Contractor from March 1, 1997 through
42 February 28, 2001, and subsequently entered into a long-term renewal contract identified as Contract
43 Number 14-06-200-5904- LTR1, which provided for continued water service to Contractor through
44 February 28, 2026, which was amended January 18, 2007, and is herein referred to as the "Existing
45 Contract"; and

46 [5th] WHEREAS, pursuant to Section 8 of the Act of June 17, 1902 (32 Stat. 388),
47 the United States has acquired water rights and other rights to the flows of the San Joaquin River,
48 including without limitation the permits issued as the result of Decision 935 by the California State

49 Water Resource Control Board and the contracts described in subdivision (n) of Article 3 of this
50 Contract, pursuant to which the Contracting Officer develops, diverts, stores and delivers Project
51 Water stored or flowing through Millerton Lake in accordance with State and Federal law for the
52 benefit of Project Contractors in the Friant Division and for other specified Project purposes; and

53 [6th] WHEREAS, the water supplied to the Contractor pursuant to this Contract is Project
54 Water developed through the exercise of the rights described in the fifth (5th) Explanatory Recital of
55 this Contract; and

56 [7th] WHEREAS, as a result of litigation entitled “Natural Resources Defense Council, et
57 al. v Kirk Rogers, et al.” No. CIV-S-88-1658LLK/GGH, certain contractors from the Friant Division
58 entered into a Stipulation of Settlement dated September 13, 2006, (the “Settlement”), which
59 settlement prescribes a Restoration Goal and a Water Management Goal and which Settlement was
60 subsequently confirmed and implemented through the SJRRSA; and

61 [8th] WHEREAS, the SJRRSA authorizes and directs the Secretary to convert the Existing
62 Contract to a repayment contract under clause (1) in the proviso to the first sentence of subsection (c)
63 (hereinafter referred to as subsection (c)(1)) of Section 9 of the Act of August 4, 1939, no later than
64 December 31, 2010, and further directs that such contract shall require the repayment of the
65 Contractors’ allocated share of construction costs in lump sum payment by January 31, 2014, which
66 funds will in turn be made available for implementation of the Settlement and SJRRSA, and which
67 costs otherwise would have been payable through annual water rates, with full repayment by 2030;
68 and

69 [9th] WHEREAS, such repayment of costs will assist the United States with
70 implementation of actions required under the Settlement and the SJRRSA and provide the Contractor
71 the benefits provided in Section 10010 of the SJRRSA; and

72 [10th] WHEREAS, Section 2 of the Act of June 21, 1963 (1963 Act) provides that if the
73 other party to any long-term contract for municipal, domestic, or industrial water supply so requests,
74 The Secretary shall provide in any contract entered into under subsection (c)(1) of Section 9 of the
75 Act of August 4, 1939 (repayment contract) that such party to the contract “shall, during the term of
76 the contract and any renewal thereof and subject to fulfillment of all obligations thereunder, have a
77 first right for the purposes stated in the contract (to which the holders of any other type of contract for
78 municipal, domestic, or industrial water supply shall be subordinate) to a stated share or quantity of
79 the project’s water supply available for municipal, domestic, or industrial use”; and

80 [11th] Omitted; and

81 [12th] WHEREAS, the Contractor has demonstrated to the satisfaction of the Contracting
82 Officer that the Contractor has utilized the Project Water supplies available to it for reasonable and
83 beneficial use and/or has demonstrated projected future demand for water use such that the
84 Contractor has the capability and expects to utilize fully for reasonable and beneficial use the quantity
85 of Project Water to be made available to it pursuant to this Contract; and

86 [13th] WHEREAS, water obtained from the Central Valley Project has been relied upon by
87 urban and agricultural areas within California for more than fifty (50) years and is considered by the
88 Contractor as an essential portion of its water supply; and

89 [14th] WHEREAS, the economies of regions within the Central Valley Project, including the
90 Contractor's, depend upon the continued availability of water, including water service from the
91 Central Valley Project; and

92 [15th] WHEREAS, the Secretary intends through coordination, cooperation, and partnerships
93 to pursue measures to improve water supply, water quality, and reliability of the Project for all
94 Project purposes; and

95 [16th] WHEREAS, the mutual goals of the United States and the Contractor include: to
96 provide for reliable Project Water supplies; to control costs of those supplies; to achieve repayment of
97 the Central Valley Project as required by law; to guard reasonably against Project Water shortages; to
98 achieve a reasonable balance among competing demands for use of Project Water; and to comply
99 with all applicable environmental statutes, all consistent with the legal obligations of the United
100 States relative to the Central Valley Project; and

101 [17th] WHEREAS, any time during the Year the Contracting Officer determines that a need
102 exists to evacuate water from Millerton Lake in order to prevent or minimize spill or to meet flood
103 control criteria (currently referred to as "uncontrolled season"), taking into consideration, among
104 other things, anticipated upstream reservoir operations and the most probable forecast of snowmelt
105 and runoff projections for the upper San Joaquin River, Friant Division Project Contractors utilize a
106 portion of their undependable Class 2 Water in their service areas to, among other things, assist in the
107 management and alleviation of groundwater overdraft in the Friant Division service area, provide
108 opportunities for restoration of the San Joaquin River below Friant Dam, minimize flooding along the
109 San Joaquin River, encourage optimal water management, and maximize the reasonable and
110 beneficial use of the water; and

111 [18th] WHEREAS, the parties desire and intend that this Contract not provide a disincentive
112 to the Friant Division Project Contractors continuing to carry out the beneficial activities set out in
113 the Explanatory Recital immediately above; and

114 [19th] WHEREAS, the United States has determined that the Contractor has fulfilled all of
115 its obligations under the Existing Contract.

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

118 DEFINITIONS

119 1. When used herein, unless otherwise distinctly expressed or manifestly incompatible
120 with the intent of the parties as expressed in this Contract, the term:

121 (a) "Additional Capital Obligation" shall mean any additional construction costs
122 or other capitalized costs incurred after the effective date of this Contract or not reflected in the
123 Existing Capital Obligation as provided in Section 10010(a)(3)(B) of the SJRRSA and any amounts
124 payable by Contractor as determined through the final adjustment described and required by Section
125 10010(b) of the SJRRSA;

126 (b) "Calendar Year" shall mean the period January 1 through December 31, both
127 dates inclusive;

128 (c) "Charges" shall mean the payments required by Federal Reclamation law in
129 addition to the Rates specified in this Contract as determined annually by the Contracting Officer
130 pursuant to this Contract and consistent with the SJRRSA;

131 (d) "Class 1 Water" shall mean that supply of water stored in or flowing through
132 Millerton Lake which, subject to the contingencies hereinafter described in Articles 3, 12, and 13 of

133 this Contract, will be available for delivery from Millerton Lake and the Friant-Kern and Madera
134 Canals as a dependable water supply during each Year;

135 (e) "Class 2 Water" shall mean that supply of water which can be made available
136 subject to the contingencies hereinafter described in Articles 3, 12, and 13 of this Contract for
137 delivery from Millerton Lake and the Friant-Kern and Madera Canals in addition to the supply of
138 Class 1 Water. Because of its uncertainty as to availability and time of occurrence, such water will
139 be undependable in character and will be furnished only if, as, and when it can be made available as
140 determined by the Contracting Officer;

141 (f) "Condition of Shortage" shall mean a condition respecting the Project during
142 any Year such that the Contracting Officer is unable to deliver sufficient water to meet the Contract
143 Total;

144 (g) "Contracting Officer" shall mean the Secretary of the Interior's duly
145 authorized representative acting pursuant to this Contract or applicable Federal Reclamation law or
146 regulation;

147 (h) "Contract Total" shall mean the maximum amount of Class 1 Water plus the
148 maximum amount of Class 2 Water specified in subdivision (a) of Article 3 of this Contract and is the
149 stated share or quantity of the Project's available water supply to which the Contractor shall have a
150 first right, in accordance with the 1963 Act and the terms of this Contract, upon the Contractor's
151 complete payment of the Repayment Obligation, notwithstanding any Additional Capital Obligation
152 that may later be established;

153 (i) "Contractor's Service Area" shall mean the area to which the Contractor is
154 permitted to provide Project Water under this Contract as described in Exhibit "A" attached hereto,

155 which may be modified from time to time in accordance with Article 36 of this Contract without
156 amendment of this Contract;

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

159 (k) Omitted;

160 (l) Omitted;

161 (m) “Existing Capital Obligation” shall mean the remaining amount of construction
162 costs of the Contractor identified in the Central Valley Project Irrigation Water Rates and/or
163 Municipal and Industrial Water Rates, respectively, dated January 25, 2007, as adjusted to reflect
164 payments not reflected in such schedule, pursuant to Section 10010(a)(3)(A) of the SJRRSA. The
165 Contracting Officer has computed the Existing Capital Obligation in a manner consistent with the
166 SJRRSA and such amount is set forth in Exhibits “C-1”, incorporated herein by reference;

167 (n) “Financing Costs”, for purposes of computing the reduction of certain charges
168 as specified in subdivision (c) of Article 7 of this Contract, shall mean the difference between the net
169 present value of the Existing Capital Obligation discounted using the full Treasury rate and the
170 Existing Capital Obligation discounted using one-half the Treasury Rate, as set forth in Section
171 10010(d)(3) of the SJRRRA;

172 (o) Omitted;

173 (p) Omitted;

174 (q) Omitted;

175 (r) "Irrigation Water" shall mean water made available from the Project that is
176 used primarily in the production of agricultural crops or livestock, including domestic use incidental
177 thereto, and watering of livestock;

178 (s) Omitted;

179 (t) "Long Term Historic Average" shall mean the average of the final forecast of
180 Water Made Available to the Contractor pursuant to this Contract and the contracts referenced in the
181 third (3rd) and fourth (4th) Explanatory Recitals of this Contract;

182 (u) "Municipal and Industrial (M&I) Water" shall mean Water Made Available
183 from the Project other than Irrigation Water made available to the Contractor. M&I Water shall
184 include water used for human use and purposes such as the watering of landscaping or pasture for
185 animals (e.g., horses) which are kept for personal enjoyment or water delivered to land holdings
186 operated in units of less than five (5) acres unless the Contractor establishes to the satisfaction of the
187 Contracting Officer that the use of water delivered to any such landholding is a use described in
188 subdivision (r) of this Article of this Contract;

189 (v) Omitted;

190 (w) "Operation and Maintenance" or "O&M" shall mean normal and reasonable
191 care, control, operation, repair, replacement (other than Capital replacement), and maintenance of
192 Project facilities;

193 (x) "Operating Non-Federal Entity" shall mean a Non-Federal entity, which has
194 the obligation to operate and maintain all or a portion of the Friant Division Facilities pursuant to an
195 agreement with the United States and which may have funding obligations with respect thereto;

196 (y) Omitted;

197 (z) "Project" shall mean the Central Valley Project owned by the United States
198 and managed by the Department of the Interior, Bureau of Reclamation;

199 (aa) "Project Contractors" shall mean all parties who have a long-term water
200 service contract or repayment contract for Project Water from the Project with the United States
201 pursuant to Federal Reclamation law;

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

205 (cc) "Rates" shall mean the payments for O&M costs as determined annually by the
206 Contracting Officer in accordance with the then-existing applicable water ratesetting policies for the
207 Project, as described in subdivision (a) of Article 7 of this Contract and illustrated in Exhibit "B",
208 attached hereto;

209 (dd) "Recovered Water Account" shall mean the program, as defined in the
210 Settlement, to make water available to all of the Friant Division Project Contractors who provide
211 water to meet interim flows or restoration flows for the purpose of reducing or avoiding the impact of
212 the interim flows and restoration flows on such contractors;

213 (ee) "Repayment Obligation", as provided in subdivision (a)(2)(A) of Article 7 of
214 this Contract, shall be the Existing Capital Obligation, as defined herein, discounted by one-half of
215 the Treasury rate and computed consistent with the provisions of Section 10010(3)(A) of the
216 SJRRSA. The Contractor has fully paid the capital obligation as assigned in the January 25, 2007
217 ratebooks with adjustments for payments.

218 (ff) "Secretary" shall mean the Secretary of the Interior, a duly appointed
219 successor, or an authorized representative acting pursuant to any authority of the Secretary and
220 through any agency of the Department of the Interior;

221 (gg) "Settlement" shall mean the Stipulation of Settlement dated September 13,
222 2006, the Order Approving Stipulation of Settlement, and the Judgment and further orders issued by
223 the Court pursuant to the terms and conditions of the Settlement in Natural Resources Defense
224 Council, et al. v. Rodgers, et al., No. CIV-S-88-1658 LLJ/GGH;

225 (hh) Omitted;

226 (ii) "Water Delivered" or "Delivered Water" shall mean Project Water diverted for
227 use by the Contractor at the point(s) of delivery approved by the Contracting Officer;

228 (jj) "Water Made Available" shall mean the estimated amount of Project Water
229 that can be delivered to the Contractor for the upcoming Year as declared by the Contracting Officer,
230 pursuant to subdivision (a) of Article 4 of this Contract;

231 (kk) "Water Management Goal" shall mean the goal of the Settlement to reduce or
232 avoid adverse water supply impacts to all the Friant Division Project Contractors that may result from
233 the interim flows and restoration flows provided for in the Settlement;

234 (ll) "Water Scheduled" shall mean Project Water made available to the Contractor
235 for which times and quantities for delivery have been established by the Contractor and Contracting
236 Officer, pursuant to subdivision (b) of Article 4 of this Contract; and

237 (mm) "Year" shall mean the period from and including March 1 of each Calendar
238 Year through the last day of February of the following Calendar Year.

239 EFFECTIVE DATE OF CONTRACT

240 2. (a) This Contract shall become effective on the date first hereinabove written and
241 shall continue so long as the Contractor is making the annual payments required herein and paying
242 any other amounts owing under this Contract and applicable law, unless it is terminated by the
243 Contracting Officer by reason of a material uncured breach by the Contractor; Provided, That the
244 Contracting Officer shall not seek to terminate this Contract by reason of an asserted material
245 uncured breach by the Contractor unless it has first provided at least sixty (60) days written notice of
246 the asserted breach to the Contractor and the Contractor has failed to cure such breach (or to
247 diligently commence curative actions satisfactory to the Contracting Officer for a breach that cannot
248 be fully cured within sixty (60) days) within the sixty (60)-day notice period; Provided further, That
249 this Contract may be terminated at any time by mutual consent of the parties hereto.

250 (b) The Contractor does not have a Repayment Obligation, and notwithstanding
251 any Additional Capital Obligation that may later be established, the tiered pricing component and full
252 cost pricing provisions of Federal Reclamation law shall no longer be applicable to the Contractor.

253 (c) This Contract supersedes in its entirety and is intended to replace in full the
254 Existing Contract; Provided, That if this Contract is terminated or determined to be invalid or
255 unenforceable for any reason other than a material uncured breach of this Contract by the Contractor,
256 the Existing Contract shall not be superseded and shall be in full force and effect.

257 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

258 3. (a) During each Year, consistent with all applicable State water rights, permits,
259 and licenses, Federal law, the Settlement including the SJRRSA, and subject to the provisions set
260 forth in Articles 12 and 13 of this Contract, the Contracting Officer shall make available for delivery

261 to the Contractor from the Project 150 acre-feet of Class 1 Water for M&I purposes. The quantity of
262 Water Delivered to the Contractor in accordance with this subdivision shall be scheduled and paid for
263 pursuant to the provisions of Articles 4 and 7 of this Contract.

264 (b) The Contractor does not have a Repayment Obligation, and notwithstanding
265 any Additional Capital Obligation that may later be established, the Contractor shall have a first right
266 to a stated share or quantity of the Project's water supply available for M&I uses in accordance with
267 the 1963 Act and the terms of this Contract which right shall not be disturbed so long as the
268 Contractor fulfills all of its obligations hereunder. The quantity of water made available for delivery
269 in any given Year shall remain subject to the terms and conditions of subdivision (a) of this Article of
270 this Contract.

271 (c) The Contractor shall utilize the Project Water in accordance with all applicable
272 legal requirements.

273 (d) The Contractor shall make reasonable and beneficial use of all Project Water
274 or other water furnished pursuant to this Contract. Groundwater recharge programs, groundwater
275 banking programs, surface water storage programs, and other similar programs utilizing Project
276 Water or other water furnished pursuant to this Contract conducted within the Contractor's Service
277 Area which are consistent with applicable State law and result in use consistent with applicable
278 Federal Reclamation law will be allowed; Provided, That any direct recharge program(s) is (are)
279 described in the Contractor's Water Conservation Plan submitted pursuant to Article 27 of this
280 Contract; Provided further, That such Water Conservation Plan demonstrates sufficient lawful uses
281 exist in the Contractor's Service Area so that using a long-term average, the quantity of Delivered
282 Water is demonstrated to be reasonable for such uses and in compliance with Federal Reclamation

283 law. Groundwater recharge programs, groundwater banking programs, surface water storage
284 programs, and other similar programs utilizing Project Water or other water furnished pursuant to this
285 Contract conducted outside the Contractor's Service Area may be permitted upon written approval of
286 the Contracting Officer, which approval will be based upon environmental documentation, Project
287 Water rights, and Project operational concerns. The Contracting Officer will address such concerns
288 in regulations, policies, or guidelines.

289 (e) The Contractor, through this Contract, shall comply with requirements
290 applicable to the Contractor in biological opinion(s) prepared as a result of the consultation regarding
291 the execution of the Existing Contract undertaken pursuant to Section 7 of the Endangered Species
292 Act of 1973, as amended, as well as the requirements of any other biological opinions applicable to
293 Project Water delivery under this Contract, that are within the Contractor's legal authority to
294 implement. The Existing Contract, which evidences in excess of 44 years of diversions for M&I
295 purposes of the quantities of water provided in subdivisions (a) of Article 3 of this Contract, will be
296 considered in developing an appropriate baseline for the biological assessment(s) prepared pursuant
297 to the ESA, and any other needed environmental review. The Contractor shall comply with the
298 limitations or requirements imposed by environmental documentation applicable to the Contractor
299 and within its legal authority to implement regarding specific activities. Nothing herein shall be
300 construed to prevent the Contractor from challenging or seeking judicial relief in a court of competent
301 jurisdiction with respect to any biological opinion or other environmental documentation referred to
302 in this Article of this Contract.

303 (f) Subject to subdivisions (l) and (n) of this Article of this Contract, following the
304 declaration of Water Made Available under Article 4 of this Contract, the Contracting Officer will

305 make a determination whether Project Water, or other water available to the Project, can be made
306 available to the Contractor in addition to the Contract Total in this Article of this Contract during the
307 Year without adversely impacting the Project or other Project Contractors and consistent with the
308 Secretary's legal obligations. At the request of the Contractor, the Contracting Officer will consult
309 with the Contractor prior to making such a determination. Subject to subdivisions (l) and (n) of this
310 Article of this Contract, if the Contracting Officer determines that Project Water, or other water
311 available to the Project, can be made available to the Contractor, the Contracting Officer will
312 announce the availability of such water and shall so notify the Contractor as soon as practical. The
313 Contracting Officer will thereafter meet with the Contractor and other Project Contractors capable of
314 taking such water to determine the most equitable and efficient allocation of such water. If the
315 Contractor requests the delivery of any quantity of such water, the Contracting Officer shall make
316 such water available to the Contractor in accordance with applicable statutes, regulations, guidelines,
317 and policies.

318 (g) The Contractor may request permission to reschedule for use during the
319 subsequent Year some or all of the Water Made Available to the Contractor during the current Year
320 referred to as "carryover." The Contractor may request permission to use during the current Year a
321 quantity of Project Water which may be made available by the United States to the Contractor during
322 the subsequent Year referred to as "pre-use." The Contracting Officer's written approval may permit
323 such uses in accordance with applicable statutes, regulations, guidelines, and policies.

324 (h) The Contractor's right pursuant to Federal Reclamation law and applicable
325 State law to the reasonable and beneficial use of the Water Delivered pursuant to this Contract shall
326 not be disturbed so long as the Contractor shall fulfill all of its obligations under this Contract.

327 Nothing in the preceding sentence shall affect the Contracting Officer's ability to impose shortages
328 under Article 12 or subdivision (b) of Article 13 of this Contract.

329 (i) Project Water furnished to the Contractor pursuant to this Contract may be
330 delivered for purposes other than those described in subdivisions (r) and (u) of Article 1 of this
331 Contract upon written approval by the Contracting Officer in accordance with the terms and
332 conditions of such approval.

333 (j) The Contracting Officer shall make reasonable efforts to protect the water
334 rights and other rights described in the fifth (5th) Explanatory Recital of this Contract and to provide
335 the water available under this Contract. The Contracting Officer shall not object to participation by
336 the Contractor, in the capacity and to the extent permitted by law, in administrative proceedings
337 related to the water rights and other rights described in the fifth (5th) Explanatory Recital of this
338 Contract; Provided however, That the Contracting Officer retains the right to object to the substance
339 of the Contractor's position in such a proceeding. Provided further, that in such proceedings the
340 Contracting Officer shall recognize the Contractor has a legal right under the terms of this Contract to
341 use Project Water.

342 (k) Project Water furnished to the Contractor during any month designated in a
343 schedule or revised schedule submitted by the Contractor and approved by the Contracting Officer
344 shall be deemed to have been accepted by the Contractor as Class 1 Water to the extent that Class 1
345 Water is called for in such schedule for such month and shall be deemed to have been accepted as
346 Class 2 Water to the extent Class 2 Water is called for in such schedule for such month. If in any
347 month the Contractor diverts a quantity of water in addition to the total amount of Class 1 Water and
348 Class 2 Water set forth in the Contractor's approved schedule or revised schedule for such month,

349 such additional diversions shall be charged first against the Contractor's remaining Class 2 Water
350 supply available in the current Year. To the extent the Contractor's remaining Class 2 Water supply
351 available in the current Year is not sufficient to account for such additional diversions, such
352 additional diversions shall be charged against the Contractor's remaining Class 1 Water supply
353 available in the current Year. To the extent the Contractor's remaining Class 1 Water and Class 2
354 Water supplies available in the current Year are not sufficient to account for such additional
355 diversions, such additional diversions shall be charged first against the Contractor's available Class 2
356 Water supply and then against the Contractor's available Class 1 Water supply, both for the following
357 Year. Payment for all additional diversions of water shall be made in accordance with Article 7 of
358 this Contract.

359 (1) If the Contracting Officer determines there is a Project Water supply available
360 at Friant Dam as the result of an unusually large water supply not otherwise storable for Project
361 purposes or infrequent and otherwise unmanaged flood flows of short duration, such water will be
362 made available to the Contractor and others under Section 215 of the Act of October 12, 1982,
363 pursuant to the priorities specified below if the Contractor enters into a temporary contract with the
364 United States not to exceed one (1) year for the delivery of such water or as otherwise provided for in
365 Federal Reclamation law and associated regulations. Such water may be identified by the Contractor
366 either (i) as additional water to supplement the supply of Class 1 Water and/or Class 2 Water made
367 available to it pursuant to this Contract or, (ii) upon written notification to the Contracting Officer, as
368 water to be credited against the Contractor's Class 2 Water supply available pursuant to this Contract.
369 The Contracting Officer shall make water determined to be available pursuant to this subsection
370 according to the following priorities: first, to contractors for Class 1 Water and/or Class 2 Water

371 within the Friant Division; second, to contractors in the Cross Valley Division of the Project. The
372 Contracting Officer will consider requests from other parties for Section 215 Water for use within the
373 area identified as the Friant Division service area in the environmental assessment developed in
374 connection with the execution of the Existing Contract.

375 (m) Nothing in this Contract, nor any action or inaction of the Contractor or
376 Contracting Officer in connection with the implementation of this Contract, is intended to override,
377 modify, supersede or otherwise interfere with any term or condition of the water rights and other
378 rights referred in the fifth (5th) Explanatory Recital of this Contract.

379 (n) The rights of the Contractor under this Contract are subject to the terms of the
380 contract for exchange waters, dated July 27, 1939, between the United States and the San Joaquin and
381 Kings River Canal and Irrigation Company, Incorporated, et al., (hereinafter referred to as the
382 Exchange Contractors), Contract No. I1r-1144, as amended. The United States agrees that it will not
383 deliver to the Exchange Contractors thereunder waters of the San Joaquin River unless and until
384 required by the terms of said contract, and the United States further agrees that it will not voluntarily
385 and knowingly determine itself unable to deliver to the Exchange Contractors entitled thereto from
386 water that is available or that may become available to it from the Sacramento River and its
387 tributaries or the Sacramento-San Joaquin Delta those quantities required to satisfy the obligations of
388 the United States under said Exchange Contract and under Schedule 2 of the Contract for Purchase of
389 Miller and Lux Water Rights (Contract I1r-1145, dated July 27, 1939).

390 (o) Pursuant to and consistent with section 10004 of SJRRSA and Paragraph 16 of
391 the Settlement, the Contracting Officer is required to develop and implement a plan for recirculation,
392 recapture, reuse, exchange or transfer of water released for restoration flows or interim flows, as

393 those terms are defined in the Settlement, to reduce or avoid impacts to water deliveries caused by
394 said restoration flows or interim flows. Water developed through such activities may be made
395 available (i) to the Contractor without the need of an additional contract, and/or (ii) to others on
396 behalf of the Contractor under terms mutually acceptable to the Contractor and the Contracting
397 Officer that are consistent with the Water Management Goal.

398 TIME FOR DELIVERY OF WATER

399 4. (a) On or about February 20 of each Calendar Year, the Contracting Officer shall
400 announce the Contracting Officer's initial declaration of the Water Made Available. The declaration
401 will be updated monthly and more frequently if necessary, based on then-current operational and
402 hydrologic conditions and a new declaration with changes, if any, to the Water Made Available will
403 be made. The Contracting Officer shall provide forecasts of Project operations and the basis of the
404 estimate, with relevant supporting information, upon the written request of the Contractor.
405 Concurrently with the declaration of the Water Made Available, the Contracting Officer shall provide
406 the Contractor with the updated Long Term Historic Average. The declaration of Project operations
407 will be expressed in terms of both Water Made Available and the Long Term Historic Average.

408 (b) On or before each March 1 and at such other times as necessary, the Contractor
409 shall submit to the Contracting Officer a written schedule, satisfactory to the Contracting Officer,
410 showing the monthly quantities of Project Water to be delivered by the United States to the
411 Contractor pursuant to this Contract for the Year commencing on such March 1. The Contracting
412 Officer shall use all reasonable means to deliver Project Water according to the approved schedule
413 for the Year commencing on such March 1.

414 (c) The Contractor shall not schedule Project Water in excess of the quantity of
415 Project Water the Contractor intends to put to reasonable and beneficial use within the Contractor's
416 Service Area, or to sell, transfer or exchange pursuant to Article 10 of this Contract or bank pursuant
417 to subdivision (d) of Article 3 of this Contract during any Year.

418 (d) Subject to the conditions set forth in subdivision (a) of Article 3 of this
419 Contract, the United States shall deliver Project Water to the Contractor in accordance with the initial
420 schedule submitted by the Contractor pursuant to subdivision (b) of this Article, or any written
421 revision(s), satisfactory to the Contracting Officer, thereto submitted within a reasonable time prior to
422 the date(s) on which the requested change(s) is/are to be implemented; Provided, That the total
423 amount of water requested in that schedule or revision does not exceed the quantities announced by
424 the Contracting Officer pursuant to the provisions of subdivision (a) of Article 3 of this Contract, and
425 the Contracting Officer determines that there will be sufficient capacity available in the appropriate
426 Friant Division Facilities to deliver the water in accordance with that schedule; Provided further,
427 That the Contractor shall not schedule the delivery of any water during any period as to which the
428 Contractor is notified by the Contracting Officer or Operating Non-Federal Entity that Project
429 facilities required to make deliveries to the Contractor will not be in operation because of scheduled
430 O&M.

431 (e) The Contractor may, during the period from and including November 1 of each
432 Year through and including the last day of February of that Year, request delivery of any amount of
433 the Class 1 Water estimated by the Contracting Officer to be made available to it during the following
434 Year. The Contractor may, during the period from and including January 1 of each Year (or such
435 earlier date as may be determined by the Contracting Officer) through and including the last day of

436 February of that Year, request delivery of any amount of Class 2 Water estimated by the Contracting
437 Officer to be made available to it during the following Year. Such water shall hereinafter be referred
438 to as pre-use water. Such request must be submitted in writing by the Contractor for a specified
439 quantity of pre-use and shall be subject to the approval of the Contracting Officer. Payment for pre-
440 use water so requested shall be at the appropriate Rate(s) for the following Year in accordance with
441 Article 7 of this Contract and shall be made in advance of delivery of any pre-use water. The
442 Contracting Officer shall deliver such pre-use water in accordance with a schedule or any revision
443 thereof submitted by the Contractor and approved by the Contracting Officer, to the extent such water
444 is available and to the extent such deliveries will not interfere with the delivery of Project Water
445 entitlements to other Friant Division contractors or the physical maintenance of the Project facilities.
446 The quantities of pre-use Water Delivered pursuant to this subdivision shall be deducted from the
447 quantities of water that the Contracting Officer would otherwise be obligated to make available to the
448 Contractor during the following Year; Provided, That the quantity of pre-use water to be deducted
449 from the quantities of either Class 1 Water or Class 2 Water to be made available to the Contractor in
450 the following Year shall be specified by the Contractor at the time the pre-use water is requested or as
451 revised in its first schedule for the following Year submitted in accordance with subdivision (b) of
452 this Article of this Contract, based on the availability of the following Year water supplies as
453 determined by the Contracting Officer.

454 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

455 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this
456 Contract shall be delivered to the Contractor at a point or points of delivery either on Project facilities
457 or another location or locations mutually agreed to in writing by the Contracting Officer and the

458 Contractor.

459 (b) The Contracting Officer, the Operating Non-Federal Entity, or other
460 appropriate entity shall make all reasonable efforts to maintain sufficient flows and levels of water to
461 deliver Project Water to the Contractor at specific turnouts established pursuant to subdivision (a) of
462 this Article of this Contract.

463 (c) The Contractor shall not deliver Project Water to land outside the Contractor's
464 Service Area unless approved in advance by the Contracting Officer. The Contractor shall deliver
465 Project Water in accordance with Federal Reclamation law.

466 (d) All Water Delivered to the Contractor pursuant to this Contract shall be
467 measured and recorded with equipment furnished, installed, operated, and maintained by the United
468 States, the Operating Non-Federal Entity or other appropriate entity as designated by the Contracting
469 Officer (hereafter "other appropriate entity") at the point or points of delivery established pursuant to
470 subdivision (a) of this Article of this Contract. Upon the request of either party to this Contract, the
471 Contracting Officer shall investigate, or cause to be investigated by the responsible Operating Non-
472 Federal Entity, the accuracy of such measurements and shall take any necessary steps to adjust any
473 errors appearing therein. For any period of time when accurate measurements have not been made,
474 the Contracting Officer shall consult with the Contractor and the responsible Operating Non-Federal
475 Entity prior to making a final determination of the quantity delivered for that period of time.

476 (e) Neither the Contracting Officer nor any Operating Non-Federal Entity shall be
477 responsible for the control, carriage, handling, use, disposal, or distribution of Project Water
478 Delivered to the Contractor pursuant to this Contract beyond the delivery points specified in
479 subdivision (a) of this Article of this Contract. The Contractor shall indemnify the United States, its

480 officers, employees, agents, and assigns on account of damage or claim of damage of any nature
481 whatsoever for which there is legal responsibility, including property damage, personal injury, or
482 death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of
483 such Project Water beyond such delivery points, except for any damage or claim arising out of: (i)
484 acts or omissions of the Contracting Officer or any of its officers, employees, agents, or assigns,
485 including any responsible Operating Non-Federal Entity, with the intent of creating the situation
486 resulting in any damage or claim; (ii) willful misconduct of the Contracting Officer or any of its
487 officers, employees, agents, or assigns, including any responsible Operating Non-Federal Entity; (iii)
488 negligence of the Contracting Officer or any of its officers, employees, agents, or assigns including
489 any responsible Operating Non-Federal Entity; or (iv) damage or claims resulting from a malfunction
490 of facilities owned and/or operated by the United States or responsible Operating Non-Federal Entity;
491 Provided, That the Contractor is not the Operating Non-Federal Entity that owned or operated the
492 malfunctioning facility(ies) from which the damage claim arose.

493 MEASUREMENT OF WATER WITHIN THE SERVICE AREA

494 6. (a) The Contractor has established a measurement program satisfactory to the
495 Contracting Officer; all surface water delivered for M&I purposes within the Contractor's Service
496 Area is measured at each M&I service connection. The water measuring devices or water measuring
497 methods of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor
498 shall be responsible for installing, operating, and maintaining and repairing all such measuring
499 devices and implementing all such water measuring methods at no cost to the United States. The
500 Contractor shall use the information obtained from such water measuring devices or water measuring
501 methods to ensure its proper management of the water, to bill water users for water delivered by the

502 Contractor; and, if applicable, to record water delivered for M&I purposes by customer class as
503 defined in the Contractor's water conservation plan provided for in Article 27 of this Contract.
504 Nothing herein contained, however, shall preclude the Contractor from establishing and collecting
505 any charges, assessments, or other revenues authorized by California law.

506 (b) To the extent the information has not otherwise been provided, upon execution
507 of this Contract, the Contractor shall provide to the Contracting Officer a written report describing
508 the measurement devices or water measuring methods being used or to be used to implement
509 subdivision (a) of this Article of this Contract and identifying the M&I service connections or
510 alternative measurement programs approved by the Contracting Officer, at which such measurement
511 devices or water measuring methods are being used, and, if applicable, identifying the locations at
512 which such devices and/or methods are not yet being used including a time schedule for
513 implementation at such locations. The Contracting Officer shall advise the Contractor in writing
514 within sixty (60) days as to the adequacy of, and necessary modifications, if any, of the measuring
515 devices or water measuring methods identified in the Contractor's report and if the Contracting
516 Officer does not respond in such time, they shall be deemed adequate. If the Contracting Officer
517 notifies the Contractor that the measuring devices or methods are inadequate, the parties shall within
518 sixty (60) days following the Contracting Officer's response, negotiate in good faith the earliest
519 practicable date by which the Contractor shall modify said measuring devices and/or measuring
520 methods as required by the Contracting Officer to ensure compliance with subdivision (a) of this
521 Article of this Contract.

522 (c) All new surface water delivery systems installed within the Contractor's
523 Service Area after the effective date of this Contract shall also comply with the measurement
524 provisions described in subdivision (a) of this Article of this Contract.

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

528 (e) The Contractor shall inform the Contracting Officer and any responsible
529 Operating Non-Federal Entity on or before the twentieth (20th) calendar day of each month of the
530 quantity of M&I Water taken during the preceding month.

531 RATES, METHOD OF PAYMENT FOR WATER,
532 AND ACCELERATED REPAYMENT OF FACILITIES

533 7. (a) The Contractor's cost obligations for all Delivered Water shall be determined
534 in accordance with: (i) the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and the
535 Secretary's then-existing ratesetting policy for M&I Water, consistent with the SJRRSA, and such
536 ratesetting policies shall be amended, modified, or superseded only through a public notice and
537 comment procedure; (ii) applicable Federal Reclamation law and associated rules and regulations, or
538 policies; and (iii) other applicable provisions of this Contract.

539 (1) The Contractor shall pay the United States as provided for in this
540 Article of this Contract for the Delivered Water at Rates and Charges determined in accordance with
541 policies for Irrigation Water and M&I Water. The Contractor's Rates shall be established to recover
542 its estimated reimbursable costs included in the O&M Component of the Rate and amounts
543 established to recover other charges and deficits, other than the construction costs. The Rates for

544 O&M costs and Charges shall be adjusted, as appropriate, in accordance with the provisions of the
545 SJRRSA.

546 (2) Omitted.

547 (A) Omitted.

548 (B) Project construction costs or other capitalized costs attributable

549 to capital additions to the Project incurred after the effective date of this Contract or that are not
550 reflected in the schedule referenced in Exhibit "C-1" and properly assignable to the Contractor, shall
551 be repaid as prescribed by the SJRRSA without interest except as required by law. Consistent with
552 Federal Reclamation law, interest shall continue to accrue on the M&I portion of unpaid Project
553 construction costs or other capitalized cost assigned to the Contractor until such costs are paid.

554 Increases or decreases in Project construction costs or other capitalized costs assigned to the
555 Contractor caused solely by annual adjustment of Project construction costs or other capitalized costs
556 assigned to each CVP contractor by the Secretary shall not be considered in determining the amounts
557 to be paid pursuant to this subdivision (a)(2)(B), but will be considered under subdivision (b) of this
558 Article. A separate repayment agreement shall be established by the Contractor and the Contracting
559 Officer to accomplish repayment of all additional Project construction costs or other capitalized costs
560 assigned to the Contractor within the timeframe prescribed by the SJRRSA subject to the following:

561 (1) If the collective annual Project construction costs or
562 other capitalized costs that are incurred after the effective date of this Contract and properly
563 assignable to the contractors are less than \$5,000,000, then the portion of such costs properly
564 assignable to the Contractor shall be repaid in not more than five (5) years after notification of the
565 allocation. This amount is the result of a collective annual allocation of Project construction costs to

566 the contractors exercising contract conversions; Provided, That the reference to the amount of
567 \$5,000,000 shall not be a precedent in any other context.

568 (2) If the collective annual Project construction costs or
569 other capitalized costs that are incurred after the effective date of this Contract and properly
570 assignable to the contractors are \$5,000,000 or greater, then the portion of such costs properly
571 assignable to the Contractor shall be repaid as provided by applicable Federal Reclamation law. This
572 amount is the result of a collective annual allocation of Project construction costs to the contractors
573 exercising contract conversions; Provided, That the reference to the amount of \$5,000,000 shall not
574 be a precedent in any other context.

575 (b) Consistent with Section 10010(b) of the SJRRSA, following a final cost
576 allocation by the Secretary upon completion of the construction of the Central Valley Project, the
577 amounts paid by the Contractor shall be subject to adjustment to reflect the effect of any reallocation
578 of Project construction costs or other capitalized costs assigned to the Contractor that may have
579 occurred between the determination of Contractor's Existing Capital Obligation and the final cost
580 allocation. In the event that the final cost allocation, as determined by the Secretary, indicates that
581 the costs properly assignable to the Contractor, as determined by the Contracting Officer, are greater
582 than the Existing Capital Obligation and other amounts of Project construction costs or other
583 capitalized costs paid by the Contractor, then the Contractor shall be obligated to pay the remaining
584 allocated costs. The term of such additional repayment contract shall be no less than one (1) year and
585 no more than ten (10) years, however, mutually agreeable provisions regarding the rate of repayment
586 of such amount may be developed by the parties. In the event that the final cost allocation, as
587 determined by the Secretary, indicates that the costs properly assignable to the Contractor, as

588 determined by the Contracting Officer, are less than the Existing Capital Obligation and other
589 amounts of Project construction costs or other capitalized costs paid by the Contractor, then the
590 Contracting Officer shall credit such overpayment as an offset against any outstanding or future
591 obligation of the Contractor, consistent with the SJRRSA. This Contract shall be implemented in a
592 manner consistent with Section 10010(f) of the SJRRSA.

593 (c) Prior to July 1 of each Calendar Year, the Contracting Officer shall provide the
594 Contractor an estimate of the Charges for Project Water that will be applied to the period October 1,
595 of the current Calendar Year, through September 30, of the following Calendar Year, and the basis
596 for such estimate. The Contractor shall be allowed not less than two (2) months to review and
597 comment on such estimates. On or before September 15 of each Calendar Year, the Contracting
598 Officer shall notify the Contractor in writing of the Charges to be in effect during the period October
599 1 of the current Calendar Year, through September 30 of the following Calendar Year, and such
600 notification shall revise Exhibit "B". Charges shall be subject to reduction consistent with the
601 SJRRSA based upon the average annual delivery amount agreed to by the Contracting Officer and the
602 Contractor.

603 (1) Notwithstanding any Additional Capital Obligation that may later be
604 established, for the years 2020 through 2039 inclusive, the Contractor has no amount due to satisfy
605 the Repayment Obligation. Therefore, Financing Costs are not incurred nor computed and no
606 reduction in Charges is applicable. The Friant Surcharge shall remain fixed at \$7.00 per acre foot, as
607 prescribed by Section 3407 of the CVPIA.

608 (2) Omitted.

609 (d) Prior to October 1 of each Calendar Year, the Contracting Officer shall make
610 available to the Contractor an estimate of the Rates for Project Water for the following Year and the
611 computations and cost allocations upon which those Rates are based. The Contractor shall be
612 allowed not less than two (2) months to review and comment on such computations and cost
613 allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the
614 Contractor with the final Rates to be in effect for the upcoming Year, and such notification shall
615 revise Exhibit "B". The O&M component of the Rate may be reduced as provided in the SJRRSA.

616 (e) At the time the Contractor submits the initial schedule for the delivery of
617 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the Contractor
618 shall make an advance payment to the United States equal to the total amount payable pursuant to the
619 applicable Rate(s) set under subdivision (a) of this Article of this Contract, for the Project Water
620 scheduled to be delivered pursuant to this Contract during the first two (2) calendar months of the
621 Year. Before the end of the first month and before the end of each calendar month thereafter, the
622 Contractor shall make an advance payment to the United States, at the Rate(s) set under subdivision
623 (a) of this Article of this Contract, for the Water Scheduled to be delivered pursuant to this Contract
624 during the second month immediately following. Adjustments between advance payments for Water
625 Scheduled and payments at Rates due for Water Delivered shall be made before the end of the
626 following month; Provided, That any revised schedule submitted by the Contractor pursuant to
627 Article 4 of this Contract which increases the amount of Water Delivered pursuant to this Contract
628 during any month shall be accompanied with appropriate advance payment, at the Rates then in
629 effect, to assure that Project Water is not delivered to the Contractor in advance of such payment. In
630 any month in which the quantity of Water Delivered to the Contractor pursuant to this Contract

631 equals the quantity of Water Scheduled and paid for by the Contractor, no additional Project Water
632 shall be delivered to the Contractor unless and until an advance payment at the Rates then in effect
633 for such additional Project Water is made. Final adjustment between the advance payments for the
634 Water Scheduled and payments for the quantities of Water Delivered during each Year pursuant to
635 this Contract shall be made as soon as practicable but no later than April 30th of the following Year,
636 or sixty (60) days after the delivery of Project Water carried over under subdivision (g) of Article 3 of
637 this Contract if such water is not delivered by the last day of February.

638 (f) The Contractor shall also make a payment in addition to the Rate(s) in
639 subdivision (e) of this Article of this Contract to the United States for Water Delivered, at the
640 Charges then in effect, before the end of the month following the month of delivery. The payments
641 shall be consistent with the quantities of Irrigation Water and M&I Water Delivered as shown in the
642 water delivery report for the subject month prepared by the Contracting Officer. Such water delivery
643 report shall be the basis for payment of Charges by the Contractor, and shall be provided to the
644 Contractor by the Contracting Officer (as applicable) within five (5) days after the end of the month
645 of delivery. The water delivery report shall be deemed a bill basis for payment of Charges for Water
646 Delivered. Adjustment for overpayment or underpayment of Charges shall be made through the
647 adjustment of payments due to the United States for Charges for the next month. Any amount to be
648 paid for past due payment of Charges shall be computed pursuant to Article 21 of this Contract.

649 (g) The Contractor shall pay for any Water Delivered under subdivision (d), (f), or
650 (g) of Article 3 of this Contract as determined by the Contracting Officer pursuant to applicable
651 statutes, associated regulations, any applicable provisions of guidelines or ratesetting policies;
652 Provided, That the Rate for Water Delivered under subdivision (d) of Article 3 of this Contract shall

653 be no more than the otherwise applicable Rate for Irrigation Water or M&I Water under subdivision
654 (a) of this Article of this Contract.

655 (h) Payments to be made by the Contractor to the United States under this
656 Contract may be paid from any revenues available to the Contractor.

657 (i) All revenues received by the United States from the Contractor relating to the
658 delivery of Project Water or the delivery of non-project water through Project facilities shall be
659 allocated and applied in accordance with Federal Reclamation law and the associated rules or
660 regulations, the then-existing Project Ratesetting policies for M&I water and consistent with the
661 SJRRSA.

662 (j) The Contracting Officer shall keep its accounts, pertaining to the
663 administration of the financial terms and conditions of its long-term contracts, in accordance with
664 applicable Federal standards so as to reflect the application of Project costs and revenues. The
665 Contracting Officer shall, each Year upon request of the Contractor, provide to the Contractor a
666 detailed accounting of all Project and Contractor expense allocations, the disposition of all Project
667 and Contractor revenues, and a summary of all water delivery information. The Contracting Officer
668 and the Contractor shall enter into good faith negotiations to resolve any discrepancies or disputes
669 relating to accountings, reports, or information.

670 (k) The parties acknowledge and agree that the efficient administration of this
671 Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms,
672 policies, and procedures used for establishing Rates, Charges, and/or for making and allocating
673 payments, other than those set forth in this Article of this Contract, may be in the mutual best interest
674 of the parties, it is expressly agreed that the parties may enter into agreements to modify the

675 mechanisms, policies, and procedures for any of those purposes while this Contract is in effect
676 without amending this Contract.

677 (1) (1) Omitted.

678 (2) Omitted.

679 (3) Omitted.

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

687 (n) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA,
688 the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates adjusted
689 upward or downward to reflect the changed costs of delivery (if any) incurred by the Contracting
690 Officer in the delivery of the transferred Project Water to the transferee's point of delivery in
691 accordance with the then-existing Central Valley Project Ratesetting Policy.

692 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

693 8. Omitted.

694 RECOVERED WATER ACCOUNT

695 9. (a) Notwithstanding any other provisions of this Contract, water delivered to the
696 Contractor under its Recovered Water Account as provided at Paragraph 16(b) of the Settlement and

697 affirmed by Section 10004(a)(5) of the SJRRSA shall be at the total cost of \$10.00 per acre foot.
698 Recovered Water Account water provided to the Contractor shall be administered at a priority for
699 delivery lower than Class 2 Water and higher than Section 215 Water.

700 (b) The manner in which the Recovered Water Account will be administered will
701 be developed in accordance with subdivision (k) of Article 7 of this Contract, the SJRRSA, and
702 Paragraph 16 of the Settlement.

703 SALES, TRANSFERS, AND EXCHANGES OF WATER

704 10. (a) The right to receive Project Water provided for in this Contract may be sold,
705 transferred, or exchanged to others for reasonable and beneficial uses within the State of California if
706 such sale, transfer, or exchange is authorized by applicable Federal and State laws, and applicable
707 guidelines or regulations then in effect. No sale, transfer, or exchange of Project Water under this
708 Contract may take place without the prior written approval of the Contracting Officer, except as
709 provided for in subdivisions (b) and (c) of this Article of this Contract. No such Project Water sales,
710 transfers, or exchanges shall be approved, where approval is required, absent compliance with
711 appropriate environmental documentation including but not limited to the National Environmental
712 Policy Act and the Endangered Species Act. Such environmental documentation must include, as
713 appropriate, an analysis of groundwater impacts and economic and social effects, including
714 environmental justice, of the proposed Project Water sales, transfers and exchanges on both the
715 transferor/exchanger and transferee/exchange recipient.

716 (b) In order to facilitate efficient water management by means of Project Water
717 sales, transfers, or exchanges of the type historically carried out among Project Contractors located
718 within the same geographical area and to allow the Contractor to participate in an accelerated water

719 transfer program, the Contracting Officer has prepared, as appropriate, necessary environmental
720 documentation including, but not limited to, the National Environmental Policy Act and the
721 Endangered Species Act analyzing annual Project Water sales, transfers, or exchanges among
722 Contractors within the same geographical area and the Contracting Officer has determined that such
723 Project Water sales, transfers, and exchanges comply with applicable law.

724 (c) Project Water sales, transfers, and exchanges analyzed in the environmental
725 documentation referenced in subdivision (b) of this Article of this Contract, shall be conducted with
726 advance notice to the Contracting Officer and the Contracting Officer's written acknowledgement of
727 the transaction, but shall not require prior written approval by the Contracting Officer.

728 (d) For Project Water sales, transfers, or exchanges to qualify under subdivision
729 (b) of this Article of this Contract such Project Water sale, transfer, or exchange must: (i) be for
730 irrigation purposes for lands irrigated within the previous three (3) years, for M&I use, groundwater
731 recharge, groundwater banking, similar groundwater activities, surface water storage, or fish and
732 wildlife resources; not lead to land conversion; and be delivered to established cropland, wildlife
733 refuges, groundwater basins or M&I use; (ii) occur within a single Year; (iii) occur between a
734 willing seller and a willing buyer or willing exchangers; (iv) convey water through existing facilities
735 with no new construction or modifications to facilities and be between existing Project Contractors
736 and/or the Contractor and the United States, Department of the Interior; and (v) comply with all
737 applicable Federal, State, and local or tribal laws and requirements imposed for protection of the
738 environment and Indian Trust Assets, as defined under Federal law.

739 (e) The environmental documentation and the Contracting Officer's compliance
740 determination for transactions described in subdivision (b) of this Article of this Contract shall be

741 reviewed every five (5) years and updated, as necessary, prior to the expiration of the then-existing
742 five (5) year period. All subsequent environmental documentation shall include an alternative to
743 evaluate not less than the quantity of Project Water historically sold, transferred, or exchanged within
744 the same geographical area.

745 (f) Consistent with Section 10010(e)(1) of the SJRRSA, any agreement providing
746 for sale, transfer, or exchange of Project Water that is not used for interim flows or restoration flows
747 pursuant to Paragraphs 13 and 15 of the Settlement, shall be deemed to satisfy the requirements of
748 CVPIA section 3405(a)(1)(A) and (I); Provided, That such sales, transfers, or exchanges comply with
749 sub-division (f)(1) and (f)(2) below.

750 (1) Project Water sales, transfers, and exchanges conducted under the
751 provisions of subdivision (f) of this Article of this Contract shall not require the Contracting Officer's
752 concurrence as to compliance with CVPIA 3405(a)(1)(A) and (I); Provided, That the Contractor
753 shall, for Project Water sales, transfers, or exchanges, with a term greater than one (1) year, provide
754 ninety (90) days written advance notification to the Contracting Officer and similarly thirty (30) days
755 written advance notification of any Project Water sale, transfer, or exchange with a term of less than
756 one (1) year. The Contracting Officer shall promptly make such notice publicly available.

757 (2) The Contractor's thirty (30) days or ninety (90) days advance written
758 notification pursuant to subdivision (f)(1) of this Article of this Contract shall explain how the
759 proposed Project Water sales, transfers, or exchanges are intended to reduce, avoid, or mitigate
760 impacts to Project Water deliveries caused by interim or restoration flows or is otherwise intended to
761 facilitate the Water Management Goal as described in the SJRRSA. The Contracting Officer shall
762 promptly make such notice publicly available.

763 (3) In addition, the Contracting Officer shall, at least annually, make
764 available publicly a compilation of the number of Project Water sales, transfers, and exchange
765 agreements implemented in accordance with sub-divisions (f)(1) and (f)(2) of this Article of this
766 Contract.

767 (4) Project Water sold, transferred, or exchanged under an agreement that
768 meets the terms of subdivisions (f)(1) and (f)(2) of this Article of this Contract shall not be counted as
769 a replacement or an offset for purposes of determining reductions to Project Water deliveries to any
770 Friant Division Project Contractor except as provided in Paragraph 16(b) of the Settlement.

771 (g) Notwithstanding any Additional Capital Obligation that may later be
772 established, in the case of a sale or transfer of Irrigation Water to another contractor which is
773 otherwise subject to the acreage limitations, reporting, and full cost pricing provisions of the RRA,
774 such sold or transferred Irrigation Water shall not be subject to such RRA provisions, however, in the
775 case of a sale or transfer of Irrigation Water to the Contractor from another contractor which is
776 subject to RRA provisions, such RRA provisions shall apply to delivery of such water.

777 APPLICATION OF PAYMENTS AND ADJUSTMENTS

778 11. (a) The amount of any overpayment by the Contractor of the Contractor's O&M,
779 Capital, and deficit (if any) obligations for the Year shall be applied first to any current liabilities of
780 the Contractor arising out of this Contract then due and payable. Overpayments of more than One
781 Thousand Dollars (\$1,000) shall be refunded at the Contractor's request. In lieu of a refund, any
782 amount of such overpayment, at the option of the Contractor, may be credited against amounts to
783 become due to the United States by the Contractor. With respect to overpayment, such refund or
784 adjustment shall constitute the sole remedy of the Contractor or anyone having or claiming to have

785 the right to the use of any of the Project Water supply provided for herein. All credits and refunds of
786 overpayments shall be made within thirty (30) days of the Contracting Officer obtaining direction as
787 to how to credit or refund such overpayment in response to the notice to the Contractor that it has
788 finalized the accounts for the Year in which the overpayment was made.

789 (b) All advances for miscellaneous costs incurred for work requested by the
790 Contractor pursuant to Article 26 of this Contract shall be adjusted to reflect the actual costs when the
791 work has been completed. If the advances exceed the actual costs incurred, the difference will be
792 refunded to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will
793 be billed for the additional costs pursuant to Article 26 of this Contract.

794 TEMPORARY REDUCTIONS—RETURN FLOWS

795 12. (a) The Contracting Officer shall make all reasonable efforts to optimize delivery
796 of the Contract Total subject to: (i) the authorized purposes and priorities of the Project; (ii) the
797 requirements of Federal law and the Settlement; and (iii) the obligations of the United States under
798 existing contracts, or renewals thereof, providing for water deliveries from the Project.

799 (b) The Contracting Officer or the responsible Operating Non-Federal Entity may
800 temporarily discontinue or reduce the quantity of Water Delivered to the Contractor as herein
801 provided for the purposes of investigation, inspection, maintenance, repair, or replacement of any of
802 the Project facilities or any part thereof necessary for the delivery of Project Water to the Contractor,
803 but so far as feasible the Contracting Officer or the responsible Operating Non-Federal Entity will
804 give the Contractor due notice in advance of such temporary discontinuance or reduction, except in
805 case of emergency, in which case no notice need be given; Provided, That the United States shall use
806 its best efforts to avoid any discontinuance or reduction in such service. Upon resumption of service

807 after such reduction or discontinuance, and if requested by the Contractor, the United States will, if
808 possible, deliver the quantity of Project Water which would have been delivered hereunder in the
809 absence of such discontinuance or reduction.

810 (c) The United States reserves the right to all seepage and return flow water
811 derived from Water Delivered to the Contractor hereunder which escapes or is discharged beyond the
812 Contractor's Service Area; Provided, That this shall not be construed as claiming for the United States
813 any right as seepage or return flow to water being used pursuant to this Contract for surface irrigation
814 or underground storage either being put to reasonable and beneficial use pursuant to this Contract
815 within the Contractor's Service Area by the Contractor or those claiming by, through, or under the
816 Contractor. For purposes of this subdivision, groundwater recharge, groundwater banking and all
817 similar groundwater activities will be deemed to be underground storage.

818 CONSTRAINTS ON THE AVAILABILITY OF WATER

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

824 (b) If there is a Condition of Shortage because of errors in physical operations of
825 the Project, drought, other physical causes beyond the control of the Contracting Officer or actions
826 taken by the Contracting Officer to meet legal obligations, including but not limited to obligations
827 pursuant to the Settlement then, except as provided in subdivision (a) of Article 19 of this Contract,

828 no liability shall accrue against the United States or any of its officers, agents, or employees for any
829 damage, direct or indirect, arising therefrom.

830 (c) The United States shall not execute contracts which together with this
831 Contract, shall in the aggregate provide for furnishing Class 1 Water in excess of 800,000 acre-feet
832 per Year or Class 2 Water in excess of 1,401,475 acre-feet per Year; Provided, That, subject to
833 subdivision (l) of Article 3 of this Contract, the limitation placed on Class 2 Water contracts shall not
834 prohibit the United States from entering into temporary contracts of one year or less in duration for
835 delivery of Project Water to other entities if such water is not necessary to meet the schedules as may
836 be submitted by all Friant Division Project Contractors entitled to receive Class 1 Water and/or Class
837 2 Water under their contracts. Nothing in this subdivision shall limit the Contracting Officer's ability
838 to take actions that result in the availability of new water supplies to be used for Project purposes and
839 allocating such new supplies; Provided, That the Contracting Officer shall not take such actions until
840 after consultation with the Friant Division Project Contractors.

841 (d) The Contracting Officer shall not deliver any Class 2 Water pursuant to this or
842 any other contract heretofore or hereafter entered into any Year unless and until the Contracting
843 Officer determines that the cumulative total quantity of Class 1 Water specified in subdivision (c) of
844 this Article of this Contract will be available for delivery in said Year. If the Contracting Officer
845 determines there is or will be a shortage in any Year in the quantity of Class 1 Water available for
846 delivery, the Contracting Officer shall apportion the available Class 1 Water among all Contractors
847 entitled to receive such water that will be made available at Friant Dam in accordance with the
848 following:

849 (1) A determination shall be made of the total quantity of Class 1 Water at
850 Friant Dam which is available for meeting Class 1 Water contractual commitments, the amount so
851 determined being herein referred to as the available supply.

852 (2) The total available Class 1 supply shall be divided by the Class 1 Water
853 contractual commitments, the quotient thus obtained being herein referred to as the Class 1
854 apportionment coefficient.

855 (3) The total quantity of Class 1 Water under Article 3 of this Contract
856 shall be multiplied by the Class 1 apportionment coefficient and the result shall be the quantity of
857 Class 1 Water required to be delivered by the Contracting Officer to the Contractor for the respective
858 Year, but in no event shall such amount exceed the total quantity of Class 1 Water specified in
859 subdivision (a) of Article 3 of this Contract.

860 (e) If the Contracting Officer determines there is less than the quantity of Class 2
861 Water which the Contractor otherwise would be entitled to receive pursuant to Article 3 of this
862 Contract, the quantity of Class 2 Water which shall be furnished to the Contractor by the Contracting
863 Officer will be determined in the manner set forth in paragraphs (1), (2), and (3), of subdivision (d) of
864 this Article of this Contract substituting the term "Class 2" for the term "Class 1."

865 (f) In the event that in any Year there is made available to the Contractor, by
866 reason of any shortage or apportionment as provided in subdivisions (a), (d), or (e) of this Article of
867 this Contract, or any discontinuance or reduction of service as set forth in subdivision (b) of Article
868 12 of this Contract, less than the quantity of water which the Contractor otherwise would be entitled
869 to receive hereunder, there shall be made an adjustment on account of the amounts already paid to the

870 Contracting Officer by the Contractor for Class 1 Water and Class 2 Water for said Year in
871 accordance with Article 11 of this Contract.

872 UNAVOIDABLE GROUNDWATER PERCOLATION

873 14. Omitted.

874 ACREAGE LIMITATION

875 15. Omitted.

876 RULES, REGULATIONS, AND DETERMINATIONS

877 16. (a) The parties agree that the delivery of water or the use of Federal facilities
878 pursuant to this Contract is subject to Federal Reclamation law, as amended and supplemented, and
879 the rules and regulations promulgated by the Secretary of the Interior under Federal reclamation law.

880 (b) The Contracting Officer shall have the right to make determinations necessary
881 to administer this contract that are consistent with its provisions, the laws of the United States and the
882 State of California, and the rules and regulations promulgated by the Secretary of the Interior. Such
883 determinations shall be made in consultation with the Contractor.

884 (c) The terms of this Contract are subject to the Settlement and the SJRRSA.

885 Nothing in this Contract shall be interpreted to limit or interfere with the full implementation of the
886 Settlement and the SJRRSA.

887 PROTECTION OF WATER AND AIR QUALITY

888 17. (a) Project facilities used to make available and deliver water to the Contractor
889 shall be operated and maintained in the most practical manner to maintain the quality of the water at
890 the highest level possible as determined by the Contracting Officer: *Provided, That* the United States
891 does not warrant the quality of the water delivered to the Contractor and is under no obligation to
892 furnish or construct water treatment facilities to maintain or improve the quality of water delivered to
893 the Contractor.

894 (b) The Contractor shall comply with all applicable water and air pollution laws
895 and regulations of the United States and the State of California; and shall obtain all required permits
896 or licenses from the appropriate Federal, State, or local authorities necessary for the delivery of water
897 by the Contractor; and shall be responsible for compliance with all Federal, State, and local water
898 quality standards applicable to surface and subsurface drainage and/or discharges generated through

899 the use of Federal or Contractor facilities or project water provided by the Contractor within the
900 Contractor's Project Water Service Area.

901 (c) This article shall not affect or alter any legal obligations of the Secretary to
902 provide drainage or other discharge services.

903 WATER ACQUIRED BY THE CONTRACTOR
904 OTHER THAN FROM THE UNITED STATES

905 18. (a) Omitted.

906 (b) Notwithstanding any Additional Capital Obligation that may later be
907 established, water or water rights now owned or hereafter acquired by the Contractor other than from
908 the United States pursuant to this Contract and Irrigation Water furnished pursuant to the terms of
909 this Contract may be simultaneously transported through the same distribution facilities of the
910 Contractor without the payment of fees to the United States and without application of Federal
911 Reclamation law to Water Delivered pursuant to this Contract or to lands which receive Water
912 Delivered to Contractor pursuant to this Contract.

913 (c) Water or water rights now owned or hereafter acquired by the Contractor, other
914 than from the United States or adverse to the Project or its contractors (i.e., non-project water), may
915 be stored, conveyed and/or diverted through Project facilities, other than Friant Division Facilities,
916 subject to the completion of appropriate environmental documentation, with the approval of the
917 Contracting Officer and the execution of any contract determined by the Contracting Officer to be
918 necessary, consistent with the following provisions:

919 (1) The Contractor may introduce non-project water into Project facilities
920 and deliver said water to lands within the Contractor's Service Area subject to payment to the United
921 States and/or to any applicable Operating Non-Federal Entity of an appropriate rate as determined by

922 the Contracting Officer. In addition, if electrical power is required to pump non-project water, the
923 Contractor shall be responsible for obtaining the necessary power and paying the necessary charges
924 therefor.

925 (2) Delivery of such non-project water in and through Project facilities
926 shall only be allowed to the extent such deliveries do not: (i) interfere with other Project purposes as
927 determined by the Contracting Officer; (ii) reduce the quantity or quality of water available to other
928 Project Contractors; (iii) interfere with the delivery of contractual water entitlements to any other
929 Project Contractors; (iv) interfere with the physical maintenance of the Project facilities; or (v) result
930 in the United States incurring any liability or unreimbursed costs or expenses thereby.

931 (3) Neither the United States nor any responsible Operating Non-Federal
932 Entity shall be responsible for control, care or distribution of the non-project water before it is
933 introduced into or after it is delivered from the Project facilities. The Contractor hereby releases and
934 agrees to defend and indemnify the United States and any responsible Operating Non-Federal Entity,
935 and their respective officers, agents, and employees, from any claim for damage to persons or
936 property, direct or indirect, resulting from Contractor's diversion or extraction of non-project water
937 from any source.

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

941 (5) After Project purposes are met, as determined by the Contracting
942 Officer, the United States and the Contractor shall share priority to utilize the remaining capacity of
943 the facilities declared to be available by the Contracting Officer for conveyance and transportation of

944 non-project water prior to any such remaining capacity being made available to non-project
945 contractors.

946 (d) Non-project water may be stored, conveyed and/or diverted through Friant
947 Division Facilities, subject to the prior completion of appropriate environmental documentation and
948 approval of the Contracting Officer without execution of a separate contract, consistent with
949 subdivisions (c)(1) through (c)(5) of this Article and any other condition determined to be appropriate
950 by the Contracting Officer.

951 OPINIONS AND DETERMINATIONS

952 19. Where the terms of this Contract provide for actions to be based upon the opinion or
953 determination of either party to this Contract, said terms shall not be construed as permitting such
954 action to be predicated upon arbitrary, capricious, or unreasonable opinions or determinations. Both
955 parties, notwithstanding any other provisions of this Contract, expressly reserve the right to seek
956 relief from and appropriate adjustment for any such arbitrary, capricious, or unreasonable opinion or
957 determination. Each opinion or determination by either party shall be provided in a timely manner.
958 Nothing in this Article of this Contract is intended to or shall affect or alter the standard of judicial
959 review applicable under Federal law to any opinion or determination implementing a specific
960 provision of Federal law embodied in statute or regulation.

961 COORDINATION AND COOPERATION

962 20. (a) In order to further their mutual goals and objectives, the Contracting Officer
963 and the Contractor shall communicate, coordinate, and cooperate with each other, and with other
964 affected Project Contractors, in order to improve the operation and management of the Project. The
965 communication, coordination, and cooperation regarding operations and management shall include,

966 but not limited to, any action which will or may materially affect the quantity or quality of Project
967 Water supply, the allocation of Project Water supply, and Project financial matters including, but not
968 limited to, budget issues. The communication, coordination, and cooperation provided for hereunder
969 shall extend to all provisions of this Contract. Each party shall retain exclusive decision making
970 authority for all actions, opinions, and determinations to be made by the respective party.

971 (b) It is the intent of the Secretary to improve water supply reliability. To carry
972 out this intent:

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

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

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

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

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

987 (c) Without limiting the contractual obligations of the Contracting Officer
988 hereunder, nothing in this Contract shall be construed to limit or constrain the Contracting Officer's
989 ability to communicate, coordinate, and cooperate with the Contractor or other interested
990 stakeholders or to make decisions in a timely fashion as needed to protect health, safety, physical
991 integrity of structures or facilities, or the Contracting Officer's ability to comply with applicable
992 laws.

993 CHARGES FOR DELINQUENT PAYMENTS

994 21. (a) The Contractor shall be subject to interest, administrative and penalty charges
995 on delinquent installments or payments. When a payment is not received by the due date, the
996 Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date.
997 When a payment becomes sixty (60) days delinquent, the Contractor shall pay an administrative
998 charge to cover additional costs of billing and processing the delinquent payment. When a payment
999 is delinquent ninety (90) days or more, the Contractor shall pay an additional penalty charge of six
1000 (6%) percent per year for each day the payment is delinquent beyond the due date. Further, the
1001 Contractor shall pay any fees incurred for debt collection services associated with a delinquent
1002 payment.

1003 (b) The interest charge rate shall be the greater of the rate prescribed quarterly in
1004 the Federal Register by the Department of the Treasury for application to overdue payments, or the
1005 interest rate of one-half of one (0.5%) percent per month prescribed by Section 6 of the Reclamation
1006 Project Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due
1007 date and remain fixed for the duration of the delinquent period.

1008 (c) When a partial payment on a delinquent account is received, the amount
1009 received shall be applied, first to the penalty, second to the administrative charges, third to the
1010 accrued interest, and finally to the overdue payment.

1011 EQUAL EMPLOYMENT OPPORTUNITY

1012 22. During the performance of this Contract, the Contractor agrees as follows:

1013 (a) The Contractor will not discriminate against any employee or applicant for
1014 employment because of race, color, religion, sex, disability, or national origin. The Contractor will
1015 take affirmative action to ensure that applicants are employed, and that employees are treated during
1016 employment, without regard to their race, color, religion, sex, disability, or national origin. Such
1017 action shall include, but not be limited to the following: employment, upgrading, demotion, or

1018 transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of
1019 compensation; and selection for training, including apprenticeship. The Contractor agrees to post in
1020 conspicuous places, available to employees and applicants for employment, notices to be provided by
1021 the Contracting Officer setting forth the provisions of this nondiscrimination clause.

1022 (b) The Contractor will, in all solicitations or advertisements for employees placed by
1023 or on behalf of the Contractor, state that all qualified applicants will receive consideration for
1024 employment without regard to race, color, religion, sex, disability, or national origin.

1025 (c) The Contractor will send to each labor union or representative of workers with
1026 which it has a collective bargaining agreement or other contract or understanding, a notice, to be
1027 provided by the Contracting Officer, advising the labor union or workers' representative of the
1028 Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and
1029 shall post copies of the notice in conspicuous places available to employees and applicants for
1030 employment.

1031 (d) The Contractor will comply with all provisions of Executive Order No. 11246 of
1032 September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

1033 (e) The Contractor will furnish all information and reports required by Executive
1034 Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of
1035 Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the
1036 Contracting Agency and the Secretary of Labor for purposes of investigation to ascertain compliance
1037 with such rules, regulations, and orders.

1038 (f) In the event of the Contractor's noncompliance with the nondiscrimination clauses
1039 of this contract or with any of such rules, regulations, or orders, this contract may be canceled,
1040 terminated or suspended in whole or in part and the Contractor may be declared ineligible for further
1041 Government contracts in accordance with procedures authorized in Executive Order 11246 of
1042 September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in
1043 Executive Order 11246 of September 24, 1965 or by rule, regulation, or order of the Secretary of
1044 Labor, or as otherwise provided by law.

1045 (g) The Contractor will include the provisions of paragraphs (1) through (7) in every
1046 subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of
1047 Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such
1048 provisions will be binding upon each subcontractor or vendor. The Contractor will take such action
1049 with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a
1050 means of enforcing such provisions, including sanctions for noncompliance: *Provided, however*, that
1051 in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor
1052 or vendor as a result of such direction, the Contractor may request the United States to enter into such
1053 litigation to protect the interests of the United States.

1054

GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

1055

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

1056

1057

1058

1059

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

1060

1061

1062

1063

1064

1065

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

1066

1067

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

1068

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

1069

1070

1071

1072

1073

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

1074

1075

1076

1077

1078

1079

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

1080

1081

1082

1083

1084

1085

1086 PRIVACY ACT COMPLIANCE

1087 25. Omitted.

1088 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

1089 26. In addition to all other payments to be made by the Contractor pursuant to this
1090 Contract, the Contractor shall pay to the United States, within sixty (60) days after receipt of a bill
1091 and detailed statement submitted by the Contracting Officer to the Contractor for such specific items
1092 of direct cost incurred by the United States for work requested by the Contractor associated with this
1093 Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies and
1094 procedures. All such amounts referred to in this Article of this Contract shall not exceed the amount
1095 agreed to in writing in advance by the Contractor. This Article of this Contract shall not apply to
1096 costs for routine contract administration.

1097 WATER CONSERVATION

1098 27. (a) Prior to the delivery of water provided from or conveyed through Federally
1099 constructed or Federally financed facilities pursuant to this Contract, the Contractor shall be
1100 implementing an effective water conservation and efficiency program based on the Contractor's water
1101 conservation plan that has been determined by the Contracting Officer to meet the conservation and
1102 efficiency criteria for evaluating water conservation plans established under Federal law. The water
1103 conservation and efficiency program shall contain definite water conservation objectives, appropriate
1104 economically feasible water conservation measures, and time schedules for meeting those objectives.
1105 Continued Project Water delivery pursuant to this Contract shall be contingent upon the Contractor's
1106 continued implementation of such water conservation program. In the event the Contractor's water
1107 conservation plan or any revised water conservation plan completed pursuant to subdivision (d) of

1108 this Article of this Contract have not yet been determined by the Contracting Officer to meet such
1109 criteria, due to circumstances which the Contracting Officer determines are beyond the control of the
1110 Contractor, water deliveries shall be made under this Contract so long as the Contractor diligently
1111 works with the Contracting Officer to obtain such determination at the earliest practicable date, and
1112 thereafter the Contractor immediately begins implementing its water conservation and efficiency
1113 program in accordance with the time schedules therein.

1114 (b) Should the amount of M&I Water Delivered pursuant to subdivision (a) of
1115 Article 3 of this Contract equal or exceed two thousand (2,000) acre-feet per Year, the Contractor
1116 shall implement the Best Management Practices identified by the time frames issued by the
1117 California Urban Water Conservation Council for such M&I Water unless any such practice is
1118 determined by the Contracting Officer to be inappropriate for the Contractor.

1119 (c) The Contractor shall submit to the Contracting Officer a report on the status of
1120 its implementation of the water conservation plan on the reporting dates specified in the then-existing
1121 conservation and efficiency criteria established under Federal law.

1122 (d) At five (5) -year intervals, the Contractor shall revise its water conservation
1123 plan to reflect the then-existing conservation and efficiency criteria for evaluating water conservation
1124 plans established under Federal law and submit such revised water management plan to the
1125 Contracting Officer for review and evaluation. The Contracting Officer will then determine if the
1126 water conservation plan meets Reclamation's then-existing conservation and efficiency criteria for
1127 evaluating water conservation plans established under Federal law.

1128 (e) If the Contractor is engaged in direct groundwater recharge, such activity shall
1129 be described in the Contractor's water conservation plan.

1130 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

1131 28. Except as specifically provided in Article 18 of this Contract, the provisions of this
1132 Contract shall not be applicable to or affect non-project water or water rights now owned or hereafter
1133 acquired by the Contractor or any user of such water within the Contractor's Service Area. Any such
1134 water shall not be considered Project Water under this Contract. In addition, this Contract shall not
1135 be construed as limiting or curtailing any rights which the Contractor or any water user within the
1136 Contractor's Service Area acquires or has available under any other contract pursuant to Federal
1137 Reclamation law.

1138 OPERATION AND MAINTENANCE BY OPERATING NON-FEDERAL ENTITY

1139 29. (a) If the O&M of a portion of the Project facilities which serve the Contractor,
1140 and responsibility for funding a portion of the costs of such O& M, is transferred to any responsible
1141 Operating Non-Federal Entity by separate agreement between the United States and the Operating
1142 Non-Federal Entity, that separate agreement shall not interfere with or affect the rights or obligations
1143 of the Contractor or the United States hereunder.

1144 (b) If the Contracting Officer notifies the Contractor in writing that the O&M of a
1145 portion of the Project facilities which serve the Contractor has been transferred to any responsible
1146 Operating Non-Federal Entity, the Contractor shall pay directly to the Operating Non-Federal Entity,
1147 or to any successor approved by the Contracting Officer under the terms and conditions of the
1148 separate agreement between the United States and the Operating Non-Federal Entity described in
1149 subdivision (a) of this Article of this Contract, all rates, charges or assessments of any kind, including
1150 any assessment for reserve funds, which the Operating Non-Federal Entity or such successor
1151 determines, sets or establishes for (i) the O&M of the portion of the Project facilities operated and

1152 maintained by the Operating Non-Federal Entity or such successor, or (ii) the Friant Division's share
1153 of the operation, maintenance and replacement costs for physical works and appurtenances associated
1154 with the Tracy Pumping Plant, the Delta-Mendota Canal, the O'Neill Pumping/Generating Plant, the
1155 federal share of the O'Neill Forebay, the Mendota Pool, and the federal share of San Luis Unit joint
1156 use conveyance and conveyance pumping facilities. Such direct payments to the Operating Non-
1157 Federal Entity or such successor shall not relieve the Contractor of its obligation to pay directly to the
1158 United States the Contractor's share of the Project Rates and Charges, except to the extent the
1159 Operating Non-Federal Entity collects payments on behalf of the United States in accordance with
1160 the separate agreement identified in subdivision (a) of this Article of this Contract.

1161 (c) For so long as the O&M of any portion of the Project facilities serving the
1162 Contractor is performed by the Operating Non-Federal Entity, or any successor thereto, the
1163 Contracting Officer shall adjust those components of the Rates for Water Delivered under this
1164 Contract representing the cost associated with the activity being performed by the Operating Non-
1165 Federal Entity or its successor.

1166 (d) In the event the O&M of the Project facilities operated and maintained by the
1167 Operating Non-Federal Entity is re-assumed by the United States during the term of this Contract, the
1168 Contracting Officer shall so notify the Contractor, in writing, and present to the Contractor a revised
1169 Exhibit "B" which shall include the portion of the Rates to be paid by the Contractor for Project
1170 Water under this Contract representing the O &M costs of the portion of such Project facilities which
1171 have been re-assumed. The Contractor shall, thereafter, in the absence of written notification from
1172 the Contracting Officer to the contrary, pay the Rates, Charges, and Tiered Pricing Component(s)

1173 specified in the revised Exhibit “B” directly to the United States in compliance with Article 7 of this
1174 Contract.

1175 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

1176 30. The expenditure or advance of any money or the performance of any obligation of the
1177 United States under this Contract shall be contingent upon appropriation or allotment of funds.
1178 Absence of appropriation or allotment of funds shall not relieve the Contractor from any obligations
1179 under this Contract. No liability shall accrue to the United States in case funds are not appropriated
1180 or allotted.

1181 BOOKS, RECORDS, AND REPORTS

1182 31. (a) The Contractor shall establish and maintain accounts and other books and
1183 records pertaining to administration of the terms and conditions of this Contract, including: the
1184 Contractor's financial transactions, water supply data, and Project land and right-of-way agreements;
1185 the water users' land-use (crop census), land ownership, land-leasing and water use data; and other
1186 matters that the Contracting Officer may require. Reports thereon shall be furnished to the
1187 Contracting Officer in such form and on such date or dates as the Contracting Officer may require.
1188 Subject to applicable Federal laws and regulations, each party to this Contract shall have the right
1189 during office hours to examine and make copies of the other party's books and records relating to
1190 matters covered by this Contract.

1191 (b) Notwithstanding the provisions of subdivision (a) of this Article of this
1192 Contract, no books, records, or other information shall be requested from the Contractor by the
1193 Contracting Officer unless such books, records, or information are reasonably related to the
1194 administration or performance of this Contract. Any such request shall allow the Contractor a
1195 reasonable period of time within which to provide the requested books, records, or information.

1196 (c) At such time as the Contractor provides information to the Contracting Officer
1197 pursuant to subdivision (a) of this Article of this Contract, a copy of such information shall be
1198 provided to any responsible Operating Non-Federal Entity.

1199 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

1200 32. (a) The provisions of this Contract shall apply to and bind the successors and
1201 assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest
1202 therein shall be valid until approved in writing by the Contracting Officer.

1203 (b) The assignment of any right or interest in this Contract by either party shall not
1204 interfere with the rights or obligations of the other party to this Contract absent the written
1205 concurrence of said other party.

1206 (c) The Contracting Officer shall not unreasonably condition or withhold approval
1207 of any proposed assignment.

1208 SEVERABILITY

1209 33. In the event that a person or entity who is neither (i) a party to a Project contract, nor
1210 (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii) an
1211 association or other form of organization whose primary function is to represent parties to Project
1212 contracts, brings an action in a court of competent jurisdiction challenging the legality or
1213 enforceability of a provision included in this Contract and said person, entity, association, or
1214 organization obtains a final court decision holding that such provision is legally invalid or
1215 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s), the
1216 parties to this Contract shall use their best efforts to (i) within thirty (30) days of the date of such final
1217 court decision identify by mutual agreement the provisions in this Contract which must be revised
1218 and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s). The time
1219 periods specified above may be extended by mutual agreement of the parties. Pending the
1220 completion of the actions designated above, to the extent it can do so without violating any applicable
1221 provisions of law, the United States shall continue to make the quantities of Project Water specified

1222 in this Contract available to the Contractor pursuant to the provisions of this Contract which were not
1223 found to be legally invalid or unenforceable in the final court decision.

1224 RESOLUTION OF DISPUTES

1225 34. Should any dispute arise concerning any provisions of this Contract, or the parties'
1226 rights and obligations thereunder, the parties shall meet and confer in an attempt to resolve the
1227 dispute. Prior to the Contractor commencing any legal action, or the Contracting Officer referring
1228 any matter to Department of Justice, the party shall provide to the other party thirty (30) days written
1229 notice of the intent to take such action; Provided, That such notice shall not be required where a delay
1230 in commencing an action would prejudice the interests of the party that intends to file suit. During
1231 the thirty (30) day notice period, the Contractor and the Contracting Officer shall meet and confer in
1232 an attempt to resolve the dispute. Except as specifically provided, nothing herein is intended to
1233 waive or abridge any right or remedy that the Contractor or the United States may have.

1234 OFFICIALS NOT TO BENEFIT

1235 35. No Member of or Delegate to Congress, Resident Commissioner, or official of the
1236 Contractor shall benefit from this Contract other than as a water user or landowner in the same
1237 manner as other water users or landowners.

1238 CHANGES IN CONTRACTOR'S SERVICE AREA

1239 36. (a) While this Contract is in effect, no change may be made in the Contractor's
1240 Service Area or boundaries, by inclusion or exclusion of lands, dissolution, consolidation, merger, or
1241 otherwise, except upon the Contracting Officer's written consent.

1242 (b) Within thirty (30) days of receipt of a request for such a change, the
1243 Contracting Officer will notify the Contractor of any additional information required by the
1244 Contracting Officer for processing said request, and both parties will meet to establish a mutually
1245 agreeable schedule for timely completion of the process. Such process will analyze whether the

1246 proposed change is likely to: (i) result in the use of Project Water contrary to the terms of this
1247 Contract; (ii) impair the ability of the Contractor to pay for Project Water furnished under this
1248 Contract or to pay for any Federally-constructed facilities for which the Contractor is responsible;
1249 and (iii) have an impact on any Project Water rights applications, permits, or licenses. In addition,
1250 the Contracting Officer shall comply with the National Environmental Policy Act and the Endangered
1251 Species Act. The Contractor will be responsible for all costs incurred by the Contracting Officer in
1252 this process, and such costs will be paid in accordance with Article 26 of this Contract.

1253 FEDERAL LAWS

1254 37. By entering into this Contract, the Contractor does not waive its rights to contest the
1255 validity or application in connection with the performance of the terms and conditions of this
1256 Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with the
1257 terms and conditions of this Contract unless and until relief from application of such Federal law or
1258 regulation to the implementing provision of the Contract is granted by a court of competent
1259 jurisdiction.

1260 EMERGENCY RESERVE FUND

1261 38. Omitted.

1262 MEDIUM FOR TRANSMITTING PAYMENT

1263 39. (a) All payments from the Contractor to the United States under this contract
1264 shall be by the medium requested by the United States on or before the date payment is due. The
1265 required method of payment may include checks, wire transfers, or other types of payment specified
1266 by the United States.

1267 (b) Upon execution of the contract, the Contractor shall furnish the Contracting
1268 Officer with the Contractor's taxpayer's identification number (TIN). The purpose for requiring the
1269 Contractor's TIN is for collecting and reporting any delinquent amounts arising out of the
1270 Contractor's relationship with the United States.

1271

NOTICES

1272 40. Any notice, demand, or request authorized or required by this Contract shall be
1273 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered
1274 to the Area Manager, South-Central California Area Office, 1243 “N” Street, Fresno, California
1275 93721, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Board of
1276 Directors, Fresno County Waterworks No. 18, Post Office Box 92, Friant, California 93626. The
1277 designation of the addressee or the address may be changed by notice given in the same manner as
1278 provided in this Article of this Contract for other notices.

1279

CONFIRMATION OF CONTRACT

1280 41. The Contractor, after the execution of this Contract, shall promptly provide to the
1281 Contracting Officer a decree of a court of competent jurisdiction of the State of California,
1282 confirming the execution of this Contract. The Contractor shall furnish the United States a certified
1283 copy of the final decree, the validation proceedings, and all pertinent supporting records of the court
1284 approving and confirming this Contract, and decreeing and adjudging it to be lawful, valid, and
1285 binding on the Contractor.

1286

CONTRACT DRAFTING CONSIDERATIONS

1287 42. Articles 1 through 7, Articles 9 through 13, subdivision (c) of Article 16, Articles 18
1288 through 20, subdivision (c) of Article 23, Articles 26 through 29, subdivisions (b) and (c) of Article
1289 31, subdivisions (b) and (c) of Article 32, Articles 33 through 34, subdivision (b) of Article 36, and
1290 Article 37 of this Contract have been drafted, negotiated, and reviewed by the parties hereto, each of
1291 whom is sophisticated in the matters to which this Contract pertains, and no one party shall be
1292 considered to have drafted the stated Articles.
1293

1294 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day and
1295 year first above written.

THE UNITED STATES OF AMERICA

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

FRESNO COUNTY WATERWORKS NO. 18

By: _____
President, Board of Directors

Attest:

By: _____
Secretary

EXHIBIT A

Map or Description of Service Area

Map or description of service area is pending final form.

EXHIBIT B
FRESNO COUNTY WATERWORKS DISTRICT NO. 18
2010 Rates and Charges
(Per Acre-Foot)

	M&I Water
COST-OF-SERVICE (COS) RATES	
Capital Component ¹	
O&M Component	
Water Marketing	
Storage	
TOTAL COS RATES (<i>Tier 1 Rate</i>) ²	
M&I FULL COST RATE ³	
TIERED PRICING COMPONENTS (<i>In Addition to Total COS Rate Above</i>)	
M&I	
<i>Tier 2 Rate</i> : >80% <=90% of Contract Total [M&I Full Cost Rate - M&I COS Rate]/2	
<i>Tier 3 Rate</i> : >90% of Contract Total [M&I Full Cost Rate - M&I COS Rate] (<i>Amount to Be Added to Tier 1 Rate</i>)	
CHARGES AND ASSESSMENTS (<i>Payments in addition to Rates</i>)	
P.L. 102-575 Surcharges ⁴	
Restoration Fund Payments [Section 3407(d)(2)(A)]	
Friant Surcharge [Section 3406(c)(1)]	
P.L. 106-377 Assessment (Trinity Public Utilities District) ⁵ [Appendix B, Section 203]	

EXPLANATORY NOTES

- Contractor has satisfied their obligation of allocated capital costs as of 9/30/08.
- Cost of service rate is the greatest of the CVP minimum rate of \$15.00 per acre-foot, the rate equal to the O&M rate plus deficit rate or the COS rate.
- Full Cost rate is the greatest of the CVP minimum rate of \$15.00 per acre foot, the rate equal to the O&M rate plus deficit rate, or the full cost rate.
- The surcharges were determined pursuant to Title XXXIV of P.L. 102-575. Restoration Fund surcharges under P.L. 102-575 are determined on a fiscal year basis (10/1-9/30).
- The Trinity Public Utilities District Assessment is applicable to each acre-foot of water delivered from 3/1/2010-2/28/2011 and is adjusted annually.

Additional details of the rate components are available on the Internet at

<http://www.usbr.gov/mp/cvpwaterrates/ratebooks/index.html>

Exhibit C-1

Repayment Obligation - Lump Sum Option

Friant Contractor:

Fresno County WW #18

San Joaquin River Restoration Act

Existing Capital Obligation (Article 1(m))

Irrigation portion of Existing Capital Obligation \$ -

20yr CMT as of : 10/01/10

Discount Rate (1/2 20yr CMT)

Discounted Irrigation Capital \$ -

Non-Discounted M&I Portion of Existing Capital Obligation

--

Repayment Obligation - Lump Sum Option (per Article 7(a)(2)(A)) \$ -

Irrigation Portion of Allocated Capital Cost

Year	Irrigation Portion of Allocated Capital Cost	
	Beginning Balance	Straight Line Repayment
2011	\$ -	\$ -
2012	\$ -	\$ -
2013	\$ -	\$ -
2014	\$ -	\$ -
2015	\$ -	\$ -
2016	\$ -	\$ -
2017	\$ -	\$ -
2018	\$ -	\$ -
2019	\$ -	\$ -
2020	\$ -	\$ -
2021	\$ -	\$ -
2022	\$ -	\$ -
2023	\$ -	\$ -
2024	\$ -	\$ -
2025	\$ -	\$ -
2026	\$ -	\$ -
2027	\$ -	\$ -
2028	\$ -	\$ -
2029	\$ -	\$ -
2030	\$ -	\$ -
		\$ -

Exhibit D

Friant Surcharge Reduction Calculation

**Friant Contractor:
San Joaquin River Restoration Act**

Fresno County Waterworks No. 18

Average Annual Delivery - Forecasted for 2020-2039*

Total Projected deliveries (over 20 yr period)** Article 7(c)	-
--	---

20 yr CMT as of 10/1/2010
1/2 20 yr CMT as of 10/1/2010

Irrigation Portion of Existing Capital Obligation	\$0
NPV at Half CMT (Repayment Obligation)	\$0
NPV at Full CMT	\$0

Financing Cost Offset: [⊗] (Article 7(c)(1))	\$0
---	-----

NPV of FS Reduction

Difference between Financing Cost Offset and NPV of FS Reduction \$0

2020 Other Obligation Credit (FV of difference) (Art. 7(c)(2))***	\$0
---	-----

Year	Irrigation portion of Allocated Capital Cost		CVPIA Friant Surcharges		Reduction in Friant Surcharge			2020 Other Obligation Credit Calculation (Art. 7(c)(2))
	Beginning Balance	Straight Line Repayment	Surcharge per Acre-Foot Before Reduction	Friant	Friant	Projected Total Annual Credit		
				Surcharge Reduction per Article 7(c)(1)	Surcharge due per A/F after Reduction			
2011	\$ -	\$ -	-	-	-	-	\$ -	
2012	\$ -	\$ -	-	-	-	-	\$ -	
2013	\$ -	\$ -	-	-	-	-	\$ -	
2014	\$ -	\$ -	-	-	-	-	\$ -	
2015	\$ -	\$ -	-	-	-	-	\$ -	
2016	\$ -	\$ -	-	-	-	-	\$ -	
2017	\$ -	\$ -	-	-	-	-	\$ -	
2018	\$ -	\$ -	-	-	-	-	\$ -	
2019	\$ -	\$ -	-	-	-	-	\$ -	
2020	\$ -	\$ -	-	-	-	-	\$ -	
2021	\$ -	\$ -	-	-	-	-	\$ -	
2022	\$ -	\$ -	-	-	-	-	\$ -	
2023	\$ -	\$ -	-	-	-	-	\$ -	
2024	\$ -	\$ -	-	-	-	-	\$ -	
2025	\$ -	\$ -	-	-	-	-	\$ -	
2026	\$ -	\$ -	-	-	-	-	\$ -	
2027	\$ -	\$ -	-	-	-	-	\$ -	
2028	\$ -	\$ -	-	-	-	-	\$ -	
2029	\$ -	\$ -	-	-	-	-	\$ -	
2030	\$ -	\$ -	-	-	-	-	\$ -	
2031								
2032								
2033								
2034								
2035								
2036								
2037								
2038								
2039								
		\$ -	-					

Exhibit D

Friant Surcharge Reduction Calculation

Footnotes

* Average annual delivery forecast indicated above is a mutually agreed upon estimate of deliveries during the period 2020-2039 for purposes of calculating the Friant Surcharge reduction and related credits only.

** This figure represents the total cumulative deliveries the reduced surcharge is applicable to, but not beyond 2039. If cumulative actual deliveries exceed this amount prior to 2039, the full Friant Surcharge is applicable to deliveries in excess of this amount.

*** The difference represents the amount of financing costs that are not offset through the reduced Friant Surcharge computed on this schedule. Pursuant to Section 7(c)(2), this amount shall offset the Contractor's other outstanding or future obligations. After 2020, the contractor's other obligations shall be reduced in the following order to fully offset this amount: 1) Payments or prepayments due for O&M expenses and, to the extent applicable, 2) Additional Capital Obligation.

@ Amount of reduction in Friant Surcharge is computed using FPV of Financing Costs adjusted to Yr 2020. Annual Friant Surcharge reduction to fully offset Financing costs is computed and presented on per a/f basis. Friant surcharge may be reduced up to \$3 per a/f.

Friant Surcharge (FS) Reduction Calculations

FV of Total Financing Cost for Offset	\$	-
Annual Credit Target	\$	-
FS Reduction w/o limit		
FS Reduction limit	\$	(3.00)