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

CONTRACT BETWEEN THE UNITED STATES
AND
SAN JUAN WATER DISTRICT
PROVIDING FOR PROJECT WATER SERVICE
AND FACILITIES REPAYMENT

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1 THIS CONTRACT, made this this 28TH day of FEBRUARY, 20 20, in
2 pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
3 supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844),
4 as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented,
5 June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), October 27, 1986 (100 Stat. 3050),
6 as amended, November 3, 1990 (104 Stat. 2087), as amended, Title XXXIV of the Act of
7 October 30, 1992 (106 Stat. 4706), and the Water Infrastructure Improvements for the Nation
8 Act (Public Law 114-322, 130 Stat. 1628), Section 4011 (a-d) and (f) ("WIIN Act"), all
9 collectively hereinafter referred to as Federal Reclamation law, between the UNITED STATES
10 OF AMERICA, hereinafter referred to as the United States, represented by the officer executing
11 this Contract, hereinafter referred to as the Contracting Officer, and SAN JUAN WATER
12 DISTRICT, hereinafter referred to as the Contractor, a public agency of the State of California,
13 duly organized, existing, and acting pursuant to the laws thereof,

14 WITNESSETH, That:

15 EXPLANATORY RECITALS

16 [1st] WHEREAS, the United States has constructed and is operating the Central Valley
17 Project (Project), California, for diversion, storage, carriage, distribution and beneficial use, for
18 flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection

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

22 [2nd] WHEREAS, the United States constructed Folsom Dam and Reservoir,
23 hereinafter collectively referred to as the American River Division, which will be used in part for
24 the furnishing of water to the Contractor pursuant to the terms of this Contract; and

25 [3rd] WHEREAS, the rights to Project Water were acquired by the United States
26 pursuant to California law for operation of the Project; and

27 [3.1] WHEREAS, the Contractor succeeded to the rights of the North Fork Ditch
28 Company as set forth in Contract No. DA-04-167-eng-610, dated April 12, 1954, between the
29 United States and the Company, which contract is separate and apart from Contract 14-06-200-
30 152A and remains in full force and effect by its own terms; and

31 [3.2] WHEREAS, Contract No. DA-04-167-eng-610 provides, among other things for the
32 delivery to the Contractor by the United States of not to exceed 33,000 acre-feet of water each
33 Calendar Year, referred to as the Contractor's Water Rights Water; and

34 [4th] WHEREAS, the Contractor and the United States entered into Contract No. 14-
35 06-200-152A, dated June 19, 1962, as amended, which contract established terms for the
36 delivery to the Contractor of Project Water from the American River Division from June 19,
37 1962, through February 28, 1995; and

38 [4.1] WHEREAS, both Contract No. 14-06-200-152A and Contract No. DA-04-167-
39 eng-610 provide that Project Water and the Contractor's Water Rights Water, respectively, be
40 delivered to Hinkle Reservoir; and

41 [5th] WHEREAS, the Contractor and the United States subsequently entered into
42 interim renewal contract(s) identified as Contract No(s). 14-06-200-152A-IR1, 14-06-200-152A-
43 IR2, 14-06-200-152A-IR3, 14-06-200-152A-IR4, 14-06-200-152A-IR5, 14-06-200-152A-IR6,
44 14-06-200-152A-IR7, and 14-06-200-152A-IR8, which provided for the continued water service
45 to the Contractor from through February 28, 2006; and

46 [5.1] Omitted; and

47 [5.2] WHEREAS, the Contractor and the United States entered into Contract No. 6-07-
48 20-W1373, dated April 8, 1999, pursuant to Section 206(b) of Public Law 101-514 (104 Stat.
49 2087), which provides for the delivery to the Contractor of up to 13,000 acre-feet per year of
50 Project Water from Folsom Reservoir, hereinafter referred to as the P. L. 101-514 CVP Contract;
51 and

52 [5.3] WHEREAS, the P. L. 101-514 CVP Contract provides that, at the time of the
53 long-term renewal of Contract No. 14-06-200-152A, the P. L. 101-514 CVP Contract would be
54 amended to conform to the provisions of the long-term renewal (LTR) Contract. As part of the
55 long-term renewal, the United States and the Contractor facilitated contract administration by
56 combining the quantity of Project Water provided for in the P. L. 101-514 Project Contract with
57 the quantity of Project Water in the LTR Contract, thereby making the LTR Contract the sole
58 long-term contract for Project Water service between the United States and the Contractor, and
59 superseding and replacing the P. L. 101-514 Project Contract; and

60 [6th] WHEREAS, on February 28, 2006, the United States and the Contractor entered
61 into LTR Contract No. 6-07-20-W1373-LTR1 (the Existing Contract), which established terms
62 for the delivery of Project Water and Water Rights Water to the Contractor from the American
63 River Division, and was in effect on the date the WIIN Act was enacted; and

[7th] WHEREAS, on December 16, 2016, the 114th Congress of the United States of America enacted the WIIN Act; and

[8th] WHEREAS, WIIN Act, Section 4011(a)(1) provides that “upon request of the contractor, the Secretary of the Interior shall convert any water service contract in effect on the date of enactment of this subtitle and between the United States and a water users’ association [Contractor] to allow for prepayment of the repayment contract pursuant to paragraph (2) under mutually agreeable terms and conditions.”; and

[9th] WHEREAS, WIIN Act, Section 4011(a)(1) further provides that “the manner of conversion under this paragraph shall be as follows: (A) Water service contracts that were entered into under section (e) of the Act of August 4, 1939 (53 Stat. 1196), to be converted under this section shall be converted to repayment contracts under section 9(d) of that Act (53 Stat. 1195); and “(B) Water service contracts that were entered under subsection (c)(2) of section 9 of the Act of August 4, 1939 (53 Stat. 1194), to be converted under this section shall be converted to a contract under subsection (c)(1) of section 9 of that Act (53 Stat. 1195).”; and

[10th] WHEREAS, WIIN Act, Section 4011(a)(4)(C) further provides all contracts entered into pursuant to WIIN Act, Section 4011(a)(1), (2), and (3) shall “not modify other water service, repayment, exchange and transfer contractual rights between the water users’ association [Contractor], and the Bureau of Reclamation, or any rights, obligations, or relationships of the water users’ association [Contractor] and their landowners as provided under State law.”; and

[11th] WHEREAS, WIIN Act, Section 4011(d)(3) and (4) provides that “implementation of the provisions of this subtitle shall not alter... (3) the priority of a water service or repayment contractor to receive water; or (4) except as expressly provided in this section, any obligations under the reclamation law, including the continuation of Restoration Fund charges pursuant to

section 3407(d) (Public Law 102-575), of the water service and repayment contractors making prepayments pursuant to this section.”; and

[12th] WHEREAS, upon the request of the Contractor, the WIIN Act directs the Secretary to convert municipal and industrial (M&I) water service contracts into repayment contracts, amend existing repayment contracts, and allow contractors to prepay their construction cost obligations pursuant to applicable Federal Reclamation law; and

[13th] WHEREAS, the Contractor requested that its Existing Contract be converted under the WIIN Act, and the United States and the Contractor have agreed to convert the Existing Contract into this repayment contract, consistent with the Federal Reclamation law; and

[14th] WHEREAS, consistent with the WIIN Act, in entering into this Contract, the Parties do not intend to change or delete any terms or provisions of the Existing Contract except as expressly set forth in this Contract; and

[15th] WHEREAS, the Contractor has requested the conversion of the Existing Contract, pursuant to the WIIN Act and other Federal Reclamation law; and

[16th] WHEREAS, the United States has determined that the Contractor has fulfilled all of its obligations under the Existing Contract and under the P. L. 101-514 Project Contract; and

[17th] WHEREAS, the Contractor has demonstrated to the satisfaction of the Contracting Officer that the Contractor has utilized the Project Water supplies available to it for reasonable and beneficial use and/or has demonstrated projected future demand for water use such that the Contractor has the capability and expects to utilize fully for reasonable and beneficial use the quantity of Project Water to be made available to it pursuant to this Contract; and

109 [18th] WHEREAS, water obtained from the Project has been relied upon by urban areas
110 within California for more than 50 years, and is considered by the Contractor as an essential
111 portion of its water supply; and

112 [19th] WHEREAS, the economies of regions within the Project, including the
113 Contractor's, depend upon the continued availability of water, including water service from the
114 Project; and

115 [19.1] WHEREAS, in the California Bay-Delta Program (CALFED) Programmatic
116 Record of Decision, dated August 28, 2000, the United States and the State of California adopted
117 a general target of continuously improving Delta water quality for all uses. The CALFED
118 Agencies' target for providing safe, reliable, and affordable drinking water in a cost-effective
119 way, is to achieve either: "(a) average concentrations at Clifton Forebay and other southern and
120 central Delta drinking water intakes of 50 ug/L bromide and 3.0 mg/L total organic carbon, or (b)
121 an equivalent level of public health protection using a cost-effective combination of alternative
122 source waters, source control and treatment technologies;" and

123 [20th] WHEREAS, the Secretary of the Interior (Secretary) intends through
124 coordination, cooperation, and partnerships to pursue measures to improve water supply, water
125 quality, and reliability of the Project for all Project purposes; and the parties intend by this
126 Contract to develop a more cooperative relationship in order to achieve their mutual goals; and

127 [20.1] WHEREAS, the Contractor and the water users in its Service Area have
128 improved and will continue to improve water use efficiency through water conservation, water
129 reclamation, and other Best Management Practices; however, implementing these measures has
130 reduced and will continue to reduce the ability of the Contractor and the water users in its
131 Service Area to withstand a Condition of Shortage; and

132 [21st] WHEREAS, the mutual goals of the United States and the Contractor include: to
133 provide for reliable Project Water supplies; to control costs of those supplies; to achieve
134 repayment of the Project as required by law; to guard reasonably against Project Water
135 shortages; to achieve a reasonable balance among competing demands for use of Project Water;
136 and to comply with all applicable environmental statutes, all consistent with the legal obligations
137 of the United States relative to the Project; and

138 [22nd] WHEREAS, the parties intend by this Contract to develop a more cooperative
139 relationship in order to achieve their mutual goals; and

140 [22.1] WHEREAS, the Contractor is a signatory to the Water Forum Agreement, dated
141 April 14, 2000, which has the co-equal objectives to (1) provide a reliable and safe water supply
142 for the Sacramento region's economic health and planned development through the year 2030,
143 and (2) preserve the fishery, wildlife, recreational and aesthetic values of the lower American
144 River; and

145 [22.2] WHEREAS, the Contracting Officer is in support of the co-equal objectives of the
146 Water Forum Agreement and intends to work cooperatively with the Contractor to investigate
147 actions that they could take to implement the objectives of the Water Forum Agreement, which,
148 if agreed to, would be the subject of a separate agreement between them; and

149 [22.3] WHEREAS, the Contractor now requires that the water provided pursuant to the
150 above said contracts be delivered to a higher elevation at its Sidney N. Peterson Water Treatment
151 Plant (hereinafter referred to as the Contractor's Water Treatment Plant); and

152 [22.4] WHEREAS, in San Juan Suburban Water District v. United States, Civ. 124 No.
153 S-83-1621-LKK (E.D. Cal.), the District Court ruled that the United States was not obligated to

154 deliver Project Water or the Contractor's Water Rights Water to the higher elevation at the
155 Contractor's Water Treatment Plant; and

156 [23rd] WHEREAS, the United States and the Contractor are willing to enter into this
157 Contract pursuant to Federal Reclamation law for the delivery of both Project Water and the
158 Contractor's Water Rights Water to the Contractor's Water Treatment Plant on the terms and
159 conditions set forth below; and

160 [24th] WHEREAS, the United States and the Contractor agree that this Contract
161 complies with WIIN Act, Section 4011.

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

164 DEFINITIONS

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

167 (a) "Calendar Year" shall mean the period January 1 through December 31,
168 both dates inclusive;

169 (b) "Charges" shall mean the payments required by Federal Reclamation law
170 in addition to the Rates and Tiered Pricing Component specified in this Contract as determined
171 annually by the Contracting Officer pursuant to this Contract;

172 (c) "Condition of Shortage" shall mean a condition respecting the Project
173 during any Year such that the Contracting Officer is unable to deliver sufficient water to meet
174 the Contract Total;

175 (d) "Contracting Officer" shall mean the Secretary's duly authorized
176 representative acting pursuant to this Contract or applicable Federal Reclamation law or
177 regulation;

178 (e) "Contract Total" shall mean the maximum amount of water to which the
179 Contractor is entitled under subdivision (a) of Article 3 of this Contract;

180 (f) "Contractor's Service Area" shall mean the area to which the Contractor is
181 permitted to provide Project Water under this Contract as described in Exhibit "A" attached
182 hereto, which may be modified from time to time in accordance with Article 34 of this Contract
183 without amendment of this Contract;

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

186 (h-i) Omitted;

187 (j) "Full Cost Rate" shall mean an annual rate as determined by the
188 Contracting Officer that shall amortize the expenditures for construction properly allocable to the
189 Project Irrigation or municipal and industrial (M&I) functions, as appropriate, of facilities in
190 service including all operation and maintenance (O&M) deficits funded, less payments, over
191 such periods as may be required under Federal Reclamation law, or applicable contract
192 provisions. Interest will accrue on both the construction expenditures and funded O&M deficits
193 from October 12, 1982, on costs outstanding at that date, or from the date incurred in the case of
194 costs arising subsequent to October 12, 1982, and shall be calculated in accordance with
195 subsections 202(3)(B) and (3)(C) of the Reclamation Reform Act of 1982 (RRA). The Full-Cost
196 Rate includes actual operation, maintenance, and replacement costs consistent with Section 426.2
197 of the Rules and Regulations for the RRA;

198 (k-l) Omitted;

199 (m) "Irrigation Water" shall mean the use of Project Water to irrigate land
200 primarily for the production of commercial agricultural crops or livestock, and domestic and
201 other uses that are incidental thereto;

202 (n) Omitted;

203 (o) "Municipal and Industrial Water" ("M&I Water") shall mean the use of
204 Project Water for municipal, industrial, and miscellaneous other purposes not falling under the
205 definition of Irrigation Water or within another category of water use under an applicable Federal
206 authority.

207 Water uses established before March 1, 2020 and known to the Contracting Officer and the
208 Contractor are deemed to be authorized uses of M&I Water;

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

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

214 (r) Omitted;

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

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

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

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

226 (w) "Recent Historic Average" shall mean the most recent five year average
227 of the final forecast of Water Made Available to the Contractor pursuant to this Contract or its
228 preceding contract(s);

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

232 (y) "Tiered Pricing Component" shall be the incremental amount to be paid
233 for each acre-foot of Water Delivered as described in Article 7 of this Contract;

234 (z) "Water Delivered" or "Delivered Water" shall mean Project Water
235 diverted for use by the Contractor at the point(s) of delivery approved by the Contracting
236 Officer;

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

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

243 (cc) "Year" shall mean the period from and including March 1 of each
244 Calendar Year through the last day of February of the following Calendar Year;

(dd) "Additional Capital Obligation" shall mean construction costs or other capitalized costs incurred after March 1, 2020 or not reflected in the Existing Capital Obligation as defined herein and in accordance with WIIN Act, Section 4011, subsection (a)(3)(B);

(ee) "Existing Capital Obligation" shall mean the remaining amount of construction costs or other capitalized costs allocable to the Contractor as described in Section 4011, subsection (a)(3)(A) of the WIIN Act, and as identified in the Central Valley Project Irrigation Water Rates and/or Municipal and Industrial Water Rates, respectively, in the Final 2020 Ratebooks, as adjusted to reflect payments not reflected in such schedule. The Contracting Officer has computed the Existing Capital Obligation and such amount is set forth in Exhibit C, which is incorporated herein by reference; and

(ff) "Repayment Obligation" shall mean the amount due and payable to the United States, pursuant to Section 4011(a)(3)(A) of the WIIN Act.

TERM OF CONTRACT

2. (a) This Contract shall be effective March 1, 2020, (Effective Date") supersedes the Existing Contract, and shall continue so long as the Contractor pays applicable Rates and Charges under this Contract, consistent with Section 9(d) or 9(c)(1) of the Act of August 4, 1939 (53 Stat. 1195) as applicable, and applicable law;

(i) Provided, That the Contracting Officer shall not seek to terminate this Contract for failure to fully or timely pay applicable Rates and Charges by the Contractor, unless the Contracting Officer has first provided at least sixty (60) calendar days written notice to the Contractor of such failure to pay and Contractor has failed to cure such failure to pay, or to diligently commence and maintain full curative payments satisfactory to the Contracting Officer within the sixty (60) calendar days' notice period;

268 (2) Provided further, That the Contracting Officer shall not seek to
269 suspend making water available or declaring Water Made Available pursuant to this Contract for
270 non-compliance by the Contractor with the terms of this Contract or Federal law, unless the
271 Contracting Officer has first provided at least thirty (30) calendar days written notice to the
272 Contractor and the Contractor has failed to cure such non-compliance, or to diligently commence
273 curative actions satisfactory to the Contracting Officer for a non-compliance that cannot be fully
274 cured within the thirty (30) calendar days' notice period. If the Contracting Officer has
275 suspended making water available pursuant to this paragraph, upon cure of such noncompliance
276 satisfactory to the Contracting Officer, the Contracting Officer shall resume making water
277 available and declaring Water Made Available pursuant to this Contract;

278 (3) Provided further, That this Contract may be terminated at any time
279 by mutual consent of the parties hereto.

280 (b) Upon complete payment of the Repayment Obligation by the Contractor,
281 and notwithstanding any Additional Capital Obligation that may later be established, the acreage
282 limitations, reporting, and the Full Cost pricing provisions of the Reclamation Reform Act of
283 1982 shall no longer be applicable to the Contractor pursuant to this Contract.

284 (c) Omitted.

285 (d) Notwithstanding any provision of this Contract, the Contractor reserves
286 and shall have all rights and benefits, under the Act of June 21, 1963 (77 Stat. 68), to the extent
287 allowed by law.

288 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

289 3. (a) During each Year, consistent with all applicable State water rights,
290 permits, and licenses. Federal law, and subject to the provisions set forth in Articles 3(b), 11 and

12 of this Contract, the Contracting Officer shall make available for delivery to the Contractor 24,200 acre-feet of Project Water for M&I purposes. Water Delivered to the Contractor in accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this Contract.

(b) Because the capacity of the Project to deliver Project Water has been constrained in recent years and may be constrained in the future due to many factors including hydrologic conditions and implementation of Federal and State laws, the likelihood of the Contractor actually receiving the amount of Project Water set out in subdivision (a) of this Article in any given Year is uncertain. The Contracting Officer's modeling referenced in the programmatic environmental impact statement required by Section 3409 of the CVPIA projected that the Contract Total set forth in this Contract will not be available to the Contractor in many years. During the most recent five years, the Recent Historic Average of Water Made Available to the Contractor was 10,864 acre feet (based on the non-P. L. 101-514 CVP Contract total of 41,200 acre feet). Nothing in subdivision (b) of this Article shall affect the rights and obligations of the parties under any provision of this Contract.

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

(d) The Contractor shall make reasonable and beneficial use of all water furnished pursuant to this Contract. Groundwater recharge programs (direct, indirect, or in lieu), ground-water banking programs, surface water storage programs, and other similar programs utilizing Project Water, Contractor's Water Rights Water, or other water furnished pursuant to this Contract conducted within the Contractor's Service Area which are consistent with applicable State law and result in use consistent with Federal Reclamation law will be allowed;

314 Provided, That any direct recharge program(s) is (are) described in the Contractor's water
315 conservation plan submitted pursuant to Article 25 of this Contract; Provided further, That such
316 water conservation plan demonstrates sufficient lawful uses exist in the Contractor's Service
317 Area so that using a long-term average, the quantity of Delivered Water is demonstrated to be
318 reasonable for such uses and in compliance with Federal Reclamation law. Ground-water
319 recharge programs, ground-water banking programs, surface water storage programs, and other
320 similar programs utilizing Project Water, Contractor's Water Rights Water, or other water
321 furnished pursuant to this Contract conducted outside the Contractor's Service Area may be
322 permitted upon written approval of the Contracting Officer, which approval will be based upon
323 environmental documentation, Project Water rights, and Project operational concerns. The
324 Contracting Officer will address such concerns in regulations, policies, or guidelines.

325 (e) Omitted.

326 (f) Following the declaration of Water Made Available under Article 4 of this
327 Contract, the Contracting Officer will make a determination whether Project Water, or other
328 water available to the Project, can be made available to the Contractor in addition to the Contract
329 Total under Article 3 of this Contract during the Year without adversely impacting other Project
330 Contractors. At the request of the Contractor, the Contracting Officer will consult with the
331 Contractor prior to making such a determination. If the Contracting Officer determines that
332 Project Water, or other water available to the Project, can be made available to the Contractor,
333 the Contracting Officer will announce the availability of such water and shall so notify the
334 Contractor as soon as practical. The Contracting Officer will thereafter meet with the Contractor
335 and other Project Contractors capable of taking such water to determine the most equitable and
336 efficient allocation of such water. If the Contractor requests the delivery of any quantity of such

water, the Contracting Officer shall make such water available to the Contractor in accordance with applicable statutes, regulations, guidelines, and policies.

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

(h) The Contractor's right pursuant to Federal Reclamation law and applicable State law to the reasonable and beneficial use of Water Delivered pursuant to this Contract shall not be disturbed, and this Contract shall continue so long as the Contractor pays applicable Rates and Charges under this Contract consistent with Section 9(d) or 9(c)(1) of the Act of August 4, 1939 (53 Stat. 1195) as applicable, and applicable law. Nothing in the preceding sentence shall affect the Contracting Officer's ability to impose shortages under Article 11 or subdivision (b) of Article 12 of this Contract.

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

(j) The Contracting Officer shall make reasonable efforts to protect the water rights necessary for the Project and to provide the water available under this Contract. The Contracting Officer shall not object to participation by the Contractor, in the capacity and to the

360 extent permitted by law, in administrative proceedings related to the Project Water rights;
361 Provided, That the Contracting Officer retains the right to object to the substance of the
362 Contractor's position in such a proceeding; Provided further, That in such proceedings the
363 Contracting Officer shall recognize the Contractor has a legal right under the terms of this
364 Contract to use Project Water.

365 TIME FOR DELIVERY OF WATER

366 4. (a) On or about February 20 of each Calendar Year, the Contracting Officer
367 shall announce the Contracting Officer's expected declaration of the Water Made Available.
368 Such declaration will be expressed in terms of both Water Made Available and the Recent
369 Historic Average and will be updated monthly, and more frequently if necessary, based on then-
370 current operational and hydrologic conditions and a new declaration with changes, if any, to the
371 Water Made Available will be made. The Contracting Officer shall provide forecasts of Project
372 operations and the basis of the estimate, with relevant supporting information, upon the written
373 request of the Contractor. Concurrently with the declaration of the Water Made Available, the
374 Contracting Officer shall provide the Contractor with the updated Recent Historic Average.

375 (b) On or before each March 1 and at such other times as necessary, the
376 Contractor shall submit to the Contracting Officer a written schedule, satisfactory to the
377 Contracting Officer, showing the monthly quantities of Project Water and Contractor's Water
378 Rights Water to be delivered by the United States to the Contractor pursuant to this Contract for
379 the Year commencing on such March 1. The Contracting Officer shall use all reasonable means
380 to deliver Project Water and Contractor's Water Rights Water according to the approved
381 schedule for the Year commencing on such March 1.

382 (c) The Contractor shall not schedule Project Water and/or Contractor's
383 Water Rights Water in excess of the quantity of such waters the Contractor intends to put to
384 reasonable and beneficial use within the Contractor's Service Area or to sell, transfer, or
385 exchange pursuant to Article 9 of this Contract during any Year.

386 (d) Subject to the conditions set forth in subdivision (a) of Article 3 of this
387 Contract, the United States shall deliver Project Water and Contractor's Water Rights Water to
388 the Contractor in accordance with the initial schedule submitted by the Contractor pursuant to
389 subdivision (b) of this Article, or any written revision(s), satisfactory to the Contracting Officer,
390 thereto submitted within a reasonable time prior to the date(s) on which the requested change(s)
391 is/are to be implemented.

392 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

393 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this
394 Contract and the Contractor's Water Rights Water shall be delivered to the Contractor at the
395 Contractor's Water Treatment Plant and any additional point or points of delivery either on
396 Project facilities or another location or locations mutually agreed to in writing by the Contracting
397 Officer and the Contractor.

398 (b) Omitted.

399 (c) The Contractor shall not deliver Project Water to land outside the
400 Contractor's Service Area unless approved in advance by the Contracting Officer.

401 (d) All Water Delivered to the Contractor pursuant to this Contract shall be
402 measured and recorded with equipment furnished, installed, operated, and maintained by the
403 United States, or other appropriate entity as designated by the Contracting Officer at the
404 point or points of delivery established pursuant to subdivision (a) of this Article. Upon the

request of either party to this Contract, the Contracting Officer shall investigate, or cause to be investigated, the accuracy of such measurements and shall take any necessary steps to adjust any errors appearing therein. For any period of time when accurate measurements have not been made, the Contracting Officer shall consult with the Contractor prior to making a final determination of the quantity delivered for that period of time.

(e) The Contracting Officer shall not be responsible for the control, carriage, handling, use, disposal, or distribution of Water Delivered and/or Contractor's Water Rights Water Delivered to the Contractor pursuant to this Contract beyond the delivery points specified in subdivision (a) of this Article. The Contractor shall indemnify the United States, its officers, employees, agents, and assigns on account of damage or claim of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury, or death arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such Water Delivered and/or Contractor's Water Rights Water Delivered beyond such delivery points, except for any damage or claim arising out of: (i) acts or omissions of the Contracting Officer or any of its officers, employees, agents, or assigns with the intent of creating the situation resulting in any damage or claim; (ii) willful misconduct of the Contracting Officer or any of its officers, employees, agents, or assigns; (iii) negligence of the Contracting Officer or any of its officers, employees, agents, or assigns; or (iv) damage or claims resulting from a malfunction of facilities owned and/or operated by the United States.

(f) Solely for the purposes of accounting required by this Contract, if the total amount of water delivered to the Contractor in a given day is 149 acre-feet or less, all such water, not to exceed 33,000 acre-feet per Calendar Year, shall be considered to be the Contractor's Water Rights Water and shall not be subject to the Rates and Charges defined in this Contract

except those charges provided for in subdivision (o) of Article 7 of this Contract. All water delivered to the Contractor in a given day in excess of 149 acre-feet shall be considered to be Delivered Water and shall be subject to the Rates and Charges provided for in Article 7 hereof.

MEASUREMENT OF WATER WITHIN THE SERVICE AREA

6. (a) The Contractor has established a measuring program satisfactory to the Contracting Officer, and the Contractor shall ensure that all surface water delivered for M&I purposes is measured at each M&I service connection. The water measuring devices or water measuring methods of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor shall be responsible for installing, operating, and maintaining and repairing all such measuring devices and implementing all such water measuring methods at no cost to the United States. The Contractor shall use the information obtained from such water measuring devices or water measuring methods to ensure its proper management of the water, to bill water users for water delivered by the Contractor; and, if applicable, to record water delivered for M&I purposes by customer class as defined in the Contractor's water conservation plan provided for in Article 25 of this Contract. Nothing herein contained, however, shall preclude the Contractor from establishing and collecting any charges, assessments, or other revenues authorized by California law. The Contractor shall include a summary of all its annual surface water deliveries in the annual report described in subdivision (c) of Article 25.

(b) To the extent the information has not otherwise been provided, upon execution of this Contract, the Contractor shall provide to the Contracting Officer a written report describing the measurement devices or water measuring methods being used or to be used to implement subdivision (a) of this Article and identifying the M&I service connections or alternative measurement programs approved by the Contracting Officer, at which such

451 measurement devices or water measuring methods are being used, and, if applicable, identifying
452 the locations at which such devices and/or methods are not yet being used including a time
453 schedule for implementation at such locations. The Contracting Officer shall advise the
454 Contractor in writing within 60 days as to the adequacy and necessary modifications, if any, of
455 the measuring devices or water measuring methods identified in the Contractor's report and if the
456 Contracting Officer does not respond in such time, they shall be deemed adequate. If the
457 Contracting Officer notifies the Contractor that the measuring devices or methods are
458 inadequate, the parties shall within 60 days following the Contracting Officer's response,
459 commence to negotiate in good faith how, and the earliest practicable date by which, the
460 Contractor shall modify said measuring devices and/or measuring methods as required by the
461 Contracting Officer to ensure compliance with subdivision (a) of this Article.

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

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

468 (e) The Contractor shall inform the Contracting Officer on or before the 20th
469 calendar day of each month of the quantity of M&I Water taken during the preceding month.

470 RATES, METHOD OF PAYMENT FOR WATER
471 AND ACCELERATED REPAYMENT OF FACILITIES

472 7. (a) Notwithstanding the Contractor's full prepayment of the Repayment
473 Obligation pursuant to Section 4011, subsection (a)(3)(A) of the WIIN Act, as set forth in
474 Exhibit C, and any payments required pursuant to Section 4011, subsection (b) of the WIIN Act,

475 to reflect the adjustment for the final cost allocation as described in this Article, subsection (b),
476 the Contractor's Project construction and other cost obligations shall be determined in
477 accordance with: (i) the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and
478 the Secretary's then-existing ratesetting policy for M&I Water, consistent with the WIIN Act,
479 and such ratesetting policies shall be amended, modified, or superseded only through a public
480 notice and comment procedure; (ii) applicable Federal Reclamation law and associated rules and
481 regulations, or policies; and (iii) other applicable provisions of this Contract. Payments shall be
482 made by cash transaction, electronic funds transfer, or any other mechanism as may be agreed to
483 in writing by the Contractor and the Contracting Officer. The Rates, Charges, and Tiered Pricing
484 Component applicable to the Contractor upon execution of this Contract are set forth in Exhibit
485 "B," as may be revised annually.

486 (1) The Contractor shall pay the United States as provided for in this
487 Article of this Contract for all Delivered Water at Rates, Charges, and Tiered Pricing Component
488 in accordance with policies for M&I Water. The Contractor's Rates shall be established to
489 recover its estimated reimbursable costs included in the operation & maintenance component of
490 the Rate and amounts established to recover deficits and other charges, if any, including
491 construction costs as identified in the following subdivisions.

492 (2) In accordance with the WIIN Act, the Contractor's allocable share
493 of Project construction costs will be repaid pursuant to the provisions of this Contract.

494 (A) The amount due and payable to the United States, pursuant
495 to the WIIN Act, shall be the Repayment Obligation. The Repayment Obligation has been
496 computed by the Contracting Officer in a manner consistent with the WIIN Act and is set forth
497 as a lump sum payment as set forth in Exhibit C. The Repayment Obligation is due in lump sum

498 within 60 days of the effective date of this Contract as provided by the WIIN Act.
499 Notwithstanding any Additional Capital Obligation that may later be established, receipt of the
500 Contractor's payment of the Repayment Obligation to the United States shall fully and
501 permanently satisfy the Existing Capital Obligation.

502 (B) Additional Capital Obligations that are not reflected in the
503 schedules referenced in Exhibit C and are properly assignable to the Contractor shall be repaid as
504 prescribed by the WIIN Act without interest except as required by law. Consistent with Federal
505 Reclamation law, interest shall continue to accrue on the M&I portion of the Additional Capital
506 Obligation assigned to the Contractor until such costs are paid. Increases or decreases in the
507 Additional Capital Obligation assigned to the Contractor caused solely by annual adjustment of
508 the Additional Capital Obligation assigned to each Project Contractor by the Secretary shall not
509 be considered in determining the amounts to be paid pursuant to this subdivision (a)(2)(B),
510 however, such increases or decreases will be considered under subdivision (b) of this Article. A
511 separate agreement shall be established by the Contractor and the Contracting Officer to
512 accomplish repayment of the Additional Capital Obligation assigned to the Contractor within the
513 timeframe prescribed by the WIIN Act, subject to the following:

514 (1) If the collective Additional Capital Obligation
515 properly assignable to the contractors exercising conversion under Section 4011 of the WIIN Act
516 is less than five million dollars (\$5,000,000), then the portion of such costs properly assignable
517 to the Contractor shall be repaid not more than five (5) years after the Contracting Officer
518 notifies the Contractor of the Additional Capital Obligation; Provided, That the reference to the
519 amount of five million dollars (\$5,000,000) shall not be a precedent in any other context.

520 (2) If the collective Additional Capital Obligation
521 properly assignable to the contractors exercising conversion under Section 4011 of the WIIN Act
522 is equal to or greater than five million dollars (\$5,000,000), then the portion of such costs
523 properly assignable to the Contractor shall be repaid as provided by applicable Federal
524 Reclamation law and Project ratesetting policy; Provided, That the reference to the amount of
525 five million dollars (\$5,000,000) shall not be a precedent in any other context.

526 (b) In the event that the final cost allocation referenced in Section 4011(b) of
527 the WIIN Act determines that the costs properly assignable to the Contractor are greater than
528 what has been paid by the Contractor, the Contractor shall be obligated to pay the remaining
529 allocated costs. The term of such additional repayment contract shall be not less than one (1)
530 year and not more than ten (10) years, however, mutually agreeable provisions regarding the rate
531 of repayment of such amount may be developed by the Contractor and Contracting Officer. In
532 the event that the final cost allocation indicates that the costs properly assignable to the
533 Contractor are less than what the Contractor has paid, the Contracting Officer shall credit such
534 overpayment as an offset against any outstanding or future obligations of the Contractor, with the
535 exception of Restoration Fund charges pursuant to Section 3407(d) of Public Law 102-575.

536 (c) The Contracting Officer shall notify the Contractor of the Rates, Charges,
537 and Tiered Pricing Component as follows:

538 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall
539 provide the Contractor an estimate of the Charges for Project Water that will be applied to the
540 period October 1, of the current Calendar Year, through September 30, of the following Calendar
541 Year, and the basis for such estimate. The Contractor shall be allowed not less than two months
542 to review and comment on such estimates. On or before September 15 of each Calendar Year,

543 the Contracting Officer shall notify the Contractor in writing of the Charges to be in effect during
544 the period October 1 of the current Calendar Year, through September 30, of the following
545 Calendar Year, and such notification shall revise Exhibit "B".

546 (2) Prior to October 1 of each Calendar Year, the Contracting Officer
547 shall make available to the Contractor an estimate of the Rates and Tiered Pricing Component
548 for Project Water for the following Year and the computations and cost allocations upon which
549 those Rates are based. The Contractor shall be allowed not less than two months to review and
550 comment on such computations and cost allocations. By December 31 of each Calendar Year,
551 the Contracting Officer shall provide the Contractor with the final Rates and Tiered Pricing
552 Component to be in effect for the upcoming Year, and such notification shall revise Exhibit "B".

553 (d) At the time the Contractor submits the initial schedule for the delivery of
554 Project Water and/or Contractor's Water Rights Water for each Year pursuant to subdivision (b)
555 of Article 4 of this Contract, the Contractor shall make an advance payment to the United States
556 equal to the total amount payable pursuant to the applicable Rate(s) set under subdivision (a) of
557 this Article, for the Project Water and/or Contractor's Water Rights Water scheduled to be
558 delivered pursuant to this Contract during the first two calendar months of the Year. Before the
559 end of the first month and before the end of each calendar month thereafter, the Contractor shall
560 make an advance payment to the United States, at the Rate(s) set under subdivision (a) of this
561 Article, for the Water Scheduled to be delivered pursuant to this Contract during the second
562 month immediately following. Adjustments between advance payments for Water Scheduled
563 and payments at Rates due for Water Delivered shall be made before the end of the following
564 month; Provided, That any revised schedule submitted by the Contractor pursuant to Article 4 of
565 this Contract which increases the amount of Water Delivered pursuant to this Contract during

566 any month shall be accompanied with appropriate advance payment, at the Rates then in effect,
567 to assure that Project Water and/or Contractor's Water Rights Water is not delivered to the
568 Contractor in advance of such payment. In any month in which the quantity of Water Delivered
569 to the Contractor pursuant to this Contract equals the quantity of Water Scheduled and paid for
570 by the Contractor, no additional Project Water and/or Contractor's Water Rights Water shall be
571 delivered to the Contractor unless and until an advance payment at the Rates then in effect for
572 such additional Project Water and/or Contractor's Water Rights Water is made. Final adjustment
573 between the advance payments for the Water Scheduled and payments for the quantities of Water
574 Delivered during each Year pursuant to this Contract shall be made as soon as practicable but no
575 later than April 30th of the following Year, or 60 days after the delivery of Project Water carried
576 over under subdivision (f) of Article 3 of this Contract if such water is not delivered by the last
577 day of February.

578 (e) The Contractor shall also make a payment in addition to the Rate(s) in
579 subdivision (c) of this Article to the United States for Water Delivered, at the Charges and the
580 appropriate Tiered Pricing Component then in effect, before the end of the month following the
581 month of delivery. The payments shall be consistent with the quantities of M&I Water Delivered
582 as shown in the water delivery report for the subject month prepared by the Contracting Officer.
583 The water delivery report shall be deemed a bill for the payment of Charges and the applicable
584 Tiered Pricing Component for Water Delivered. Adjustment for overpayment or underpayment
585 of Charges shall be made through the adjustment of payments due to the United States for
586 Charges for the next month. Any amount to be paid for past due payment of Charges and the
587 Tiered Pricing Component shall be computed pursuant to Article 19 of this Contract.

588 (f) The Contractor shall pay for any Water Delivered under subdivision (a),
589 (f), or (g) of Article 3 of this Contract as determined by the Contracting Officer pursuant to
590 applicable statutes, associated regulations, and any applicable provisions of guidelines or
591 ratesetting policies; Provided, That the Rate for Water Delivered under subdivision (f) of Article
592 3 of this Contract shall be no more than the otherwise applicable Rate for M&I Water under
593 subdivision (a) of this Article.

594 (g) Payments to be made by the Contractor to the United States under this
595 Contract may be paid from any revenues available to the Contractor.

596 (h) All revenues received by the United States from the Contractor relating to
597 the delivery of Project Water or the delivery of non-Project water through Project facilities shall
598 be allocated and applied in accordance with Federal Reclamation law and the associated rules or
599 regulations, and the then-current Project ratesetting policy for M&I Water.

600 (i) The Contracting Officer shall keep its accounts pertaining to the
601 administration of the financial terms and conditions of its long-term and perpetual contracts, in
602 accordance with applicable Federal standards, so as to reflect the application of Project costs and
603 revenues. The Contracting Officer shall, each Year upon request of the Contractor, provide to
604 the Contractor a detailed accounting of all Project and Contractor expense allocations, the
605 disposition of all Project and Contractor revenues, and a summary of all water delivery
606 information. The Contracting Officer and the Contractor shall enter into good faith negotiations
607 to resolve any discrepancies or disputes relating to accountings, reports, or information.

608 (j) The parties acknowledge and agree that the efficient administration of this
609 Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms,
610 policies, and procedures used for establishing Rates, Charges, and Tiered Pricing Component,

and/or for making and allocating payments, other than those set forth in this Article may be in the mutual best interest of the parties, it is expressly agreed that the parties may enter into agreements to modify the mechanisms, policies, and procedures for any of those purposes while this Contract is in effect without amending this Contract.

(k) 1. Beginning at such time as deliveries of Project Water in a Year exceed 80 percent of the Contract Total, then before the end of the month following the month of delivery the Contractor shall make an additional payment to the United States equal to the applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of Water Delivered in excess of 80 percent of the Contract Total, but less than or equal to 90 percent of the Contract Total, shall equal one-half of the difference between the Rate established under subdivision (a) of this Article and the M&I Full Cost Water Rate. The Tiered Pricing Component for the amount of Water Delivered which exceeds 90 percent of the Contract Total shall equal the difference between (i) the Rate established under subdivision (a) of this Article and (ii) the M&I Full Cost Water Rate.

(2) Omitted.

(3) For purposes of determining the applicability of the Tiered Pricing Component pursuant to this Article. Water Delivered shall include Project Water that the Contractor transfers to others but shall not include Project Water transferred to the Contractor, nor shall it include the additional water provided to the Contractor under the provisions of subdivision (f) of Article 3 of this Contract.

(l) Rates under the respective ratesetting policies will be established to recover only reimbursable O&M (including any deficits) and capital costs of the Project, as those terms are used in the then-current Project ratesetting policies, and interest, where appropriate,

except in instances where a minimum Rate is applicable in accordance with the relevant Project ratesetting policy. Changes of significance in practices which implement the Contracting Officer's ratesetting policies will not be implemented until the Contracting Officer has provided the Contractor an opportunity to discuss the nature, need, and impact of the proposed change.

(m) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA, the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates adjusted upward or downward to reflect the changed costs, if any, incurred by the Contracting Officer in the delivery of the transferred Project Water to the transferee's point of delivery in accordance with the then-applicable Project ratesetting policy.

(n) Omitted.

(o) The Contractor shall be responsible for the payment for all incremental power required to pump Project Water and the Contractor's Water Rights Water to the Contractor's Water Treatment Plant in lieu of Hinkle Reservoir. Each month, the Contracting Officer will determine the quantity of said incremental power used during the preceding month and provide the number of kilowatt-hours so used to the supplier of the incremental power and the Contractor.

(p) With respect to the Rates for M&I water, the Contractor asserts that it is not legally obligated to pay any Project deficits claimed by the United States to have accrued as of the date of this Contract or deficit-related interest charges thereon. By entering into this Contract, the Contractor does not waive any legal rights or remedies that it may have with respect to such disputed issues. Notwithstanding the execution of this Contract, and payments made hereunder, the Contractor may challenge in the appropriate administrative or judicial forums: (1) the existence, computation, or imposition of any deficit charges accruing during the

657 term of the Existing Contract and any preceding interim renewal contracts, if applicable; (2)
658 interest accruing on any such deficits; (3) the inclusion of any such deficit charges or interest in
659 the Rates; (4) the application by the United States of payments made by the Contractor under its
660 Existing Contract and any preceding interim renewal contract, if applicable; and (5) the
661 application of such payments in the Rates. The Contracting Officer agrees that the Contractor
662 shall be entitled to the benefit of any administrative or judicial ruling in favor of any other
663 Project M&I contractor on any of these issues, and credits for payments heretofore made,
664 Provided, That the basis for such ruling is applicable to the Contractor.

665 (q) The Contractor and the Contracting Officer concur that, as of the effective
666 date of this Contract, there is no O&M deficit under the P. L. 101-514 Project Contract.

667 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

668 8. Omitted.

669 SALES, TRANSFERS, OR EXCHANGES OF WATER

670 9. (a) The right to receive Project Water provided for in this Contract may be
671 sold, transferred, or exchanged to others for reasonable and beneficial uses within the State of
672 California if such sale, transfer, or exchange is authorized by applicable Federal and State laws,
673 and applicable guidelines or regulations then in effect; Provided, That the portion of the Contract
674 Total originally attributable to the P. L. 101-514 Project Contract (13,000 acre-feet) may only be
675 sold, transferred, or exchanged to others for reasonable and beneficial uses within the Counties
676 of Sacramento and El Dorado, State of California.. No sale, transfer, or exchange of Project
677 Water under this Contract may take place without the prior written approval of the Contracting
678 Officer, except as provided for in subdivision (b) of this Article, and no such sales, transfers, or
679 exchanges shall be approved absent all appropriate environmental documentation, including but

680 not limited to, documents prepared pursuant to NEPA and ESA. Such environmental
681 documentation should include, as appropriate, an analysis of ground-water impacts and
682 economic and social effects, including environmental justice, of the proposed water transfers on
683 both the transferor and transferee.

684 (b) In order to facilitate efficient water management, among Project
685 Contractors located within the same geographical area, by means of water transfers and to allow
686 the Contractor to participate in an accelerated water transfer program during the term of this
687 Contract, the Contracting Officer shall prepare, as appropriate, all necessary environmental
688 documentation including, but not limited to, documents prepared pursuant to NEPA and ESA
689 analyzing annual transfers within such geographical areas and the Contracting Officer shall
690 determine whether such transfers comply with applicable law. Following the completion of the
691 environmental documentation, such transfers addressed in such documentation shall be
692 conducted with advance notice to the Contracting Officer, but shall not require prior written
693 approval by the Contracting Officer. Such environmental documentation and the Contracting
694 Officer's compliance determination shall be reviewed every five years and updated, as necessary,
695 prior to the expiration of the then-existing five-year period. All subsequent environmental
696 documentation shall include an alternative to evaluate not less than the quantity of Project Water
697 historically transferred within the same geographical area.

698 (c) For a water transfer to qualify under subdivision (b) of this Article, such
699 water transfer must: (i) be for irrigation purposes for lands irrigated within the previous three
700 years, or to be delivered to established cropland, wildlife refuges, ground-water basins, or M&I
701 use; (ii) occur within a single Year; (iii) occur between a willing seller and a willing buyer; (iv)
702 convey water through existing Project facilities with no new construction or modifications to

703 Project facilities and be between existing Project Contractors and/or the Contractor and the
704 United States, Department of the Interior; and (v) comply with all applicable Federal, State, and
705 local or tribal laws and requirements imposed for protection of the environment and Indian Trust
706 Assets, as defined under Federal law. Such water transfers must not lead to land conversion.

707 (d) Solely for the purpose of determining whether Section 3405(a)(1)(M) of
708 the CVPIA applies to the Contractor as a transferor or transferee of Project Water, the
709 Contracting Officer acknowledges that the Contractor is within a county, watershed or other area
710 of origin, as those terms are utilized under California law, of water that constitutes the natural
711 flow of the American River and its tributaries above the confluence of the American and
712 Sacramento Rivers.

713 APPLICATION OF PAYMENTS AND ADJUSTMENTS

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

(b) All advances for miscellaneous costs incurred for work requested by the Contractor pursuant to Article 24 of this Contract shall be adjusted to reflect the actual costs when the work has been completed. If the advances exceed the actual costs incurred, the difference will be refunded to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be billed for the additional costs pursuant to Article 24.

TEMPORARY REDUCTIONS--RETURN FLOWS

11. (a) Subject to: (i) the authorized purposes and priorities of the Project and the requirements of Federal law and (ii) the obligations of the United States under existing contracts, or renewals thereof, providing for water deliveries from the Project, the Contracting Officer shall make all reasonable efforts to optimize Project Water deliveries to the Contractor as provided in this Contract.

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

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

CONSTRAINTS ON THE AVAILABILITY OF WATER

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

(b) If there is a Condition of Shortage because of inaccurate runoff forecasting or other similar operational errors affecting the Project; drought and other physical or natural causes beyond the control of the Contracting Officer; or actions taken by the Contracting Officer to meet current and future legal obligations then, except as provided in subdivision (a) of Article 17 of this Contract, no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom.

(c) Omitted.

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

UNAVOIDABLE GROUNDWATER PERCOLATION

13. Omitted.

RULES, REGULATIONS AND DETERMINATIONS

14. (a) The parties agree that the delivery of Project Water or the use of Federal facilities pursuant to this Contract is subject to Federal Reclamation law, as amended and supplemented, and the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation law.

(b) The Contracting Officer shall have the right to make determinations necessary to administer this Contract that are consistent with its expressed and implied

provisions, the laws of the United States and the State of California, and the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall be made in consultation with the Contractor.

PROTECTION OF WATER AND AIR QUALITY

15. (a) The United States will care for, operate and maintain reserved works in a manner that preserves the quality of the water at the highest level possible as determined by the Contracting Officer. The United States does not warrant the quality of the water delivered to the Contractor and is under no obligation to furnish or construct water treatment facilities to maintain or improve the quality of water delivered to the Contractor.

(b) The Contractor will comply with all applicable water and air pollution laws and regulations of the United States and the State of California, and will obtain all required permits or licenses from the appropriate Federal, State, or local authorities necessary for the delivery of water by the Contractor; and shall be responsible for compliance with all Federal, State, and local water quality standards applicable to surface and subsurface drainage and/or discharges generated through the use of Federal or Contractor facilities or Project Water provided by the Contractor within its Project Water Service Area.

WATER ACQUIRED BY THE CONTRACTOR
OTHER THAN FROM THE UNITED STATES

16. (a) Omitted.

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

(1) The Contractor may introduce non-Project water into Project facilities and deliver said water to lands within the Contractor's Service Area, subject to payment to the United States of an appropriate rate as determined by the applicable Project ratesetting policy and the Project use power policy, if such Project use power policy is applicable, each as amended, modified, or superseded from time to time. In addition, if electrical power is required

808 to pump non-Project water through the facilities, the Contractor shall be responsible for
809 obtaining the necessary power and paying the necessary charges therefore

810 (2) Delivery of such non-Project water in and through Project facilities
811 shall only be allowed to the extent such deliveries do not: (i) interfere with other Project
812 purposes as determined by the Contracting Officer; (ii) reduce the quantity or quality of water
813 available to other Project Contractors; (iii) interfere with the delivery of contractual water
814 entitlements to any other Project Contractors; or (iv) interfere with the physical maintenance of
815 the Project facilities; Provided, that nothing in this Article is intended to preclude the United
816 States from passing the Contractor's Water Rights Water through Project storage facilities to the
817 extent required to satisfy the Contractor's water rights that are senior to those of the Project
818 under the applicable provisions of California water law. Provided further, that the United States
819 has determined that the delivery of non-Project water in and through Project facilities pursuant to
820 Warren Act Contract No. 6-07-20-W1315 between the United States and the Contractor, as it
821 now exists and may be amended, extended, or renewed in the future, satisfies the requirements of
822 this Article

823 (3) The United States shall not be responsible for control, care, or
824 distribution of the non-Project water before it is introduced into or after it is delivered from the
825 Project facilities. The Contractor hereby releases and agrees to defend and indemnify the United
826 States and their respective officers, agents, and employees, from any claim for damage to
827 persons or property, direct or indirect, resulting from the acts of the Contractor, its officers,
828 employees, agents or assigns, in (i) extracting or diverting non-Project water from any source, or
829 (ii) diverting such non-Project water into Project facilities.

830 (4) Diversion of such non-Project water into Project facilities shall be
831 consistent with all applicable laws, and if involving groundwater, consistent with any applicable
832 ground-water management plan applicable to the Contractor for the area from which it was
833 extracted.

834 (5) After Project purposes are met, as determined by the Contracting
835 Officer, the United States and the Contractor shall share priority to utilize the remaining capacity
836 of the facilities declared to be available by the Contracting Officer for conveyance and
837 transportation of non-Project water prior to any such remaining capacity being made available to
838 non-Project Contractors.

839 OPINIONS AND DETERMINATIONS

840 17. (a) Where the terms of this Contract provide for actions to be based upon the
841 opinion or determination of either party to this Contract, said terms shall not be construed as
842 permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or
843 determinations. Both parties, notwithstanding any other provisions of this Contract, expressly
844 reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious,
845 or unreasonable opinion or determination. Each opinion or determination by either party shall be
846 provided in a timely manner. Nothing in subdivision (a) of Article 17 of this Contract is
847 intended to or shall affect or alter the standard of judicial review applicable under Federal law to
848 any opinion or determination implementing a specific provision of Federal law embodied in
849 statute or regulation.

850 COORDINATION AND COOPERATION

851 18. (a) In order to further their mutual goals and objectives, the Contracting
852 Officer and the Contractor shall communicate, coordinate, and cooperate with each other, and

853 with other affected Project Contractors, in order to improve the O&M of the Project. The
854 communication, coordination, and cooperation regarding operations and management shall
855 include, but not be limited to, any action which will or may materially affect the quantity or
856 quality of Project Water supply, the allocation of Project Water supply, and Project financial
857 matters including, but not limited to, budget issues. The communication, coordination, and
858 cooperation provided for hereunder shall extend to all provisions of this Contract. Each party
859 shall retain exclusive decision making authority for all actions, opinion, and determinations to be
860 made by the respective party.

861 (b) Within 120 days following the effective date of this Contract, the
862 Contractor, other affected Project Contractors, and the Contracting Officer shall arrange to meet
863 with interested Project Contractors to develop a mutually agreeable, written Project-wide
864 process, which may be amended as necessary separate and apart from this Contract. The goal of
865 this process shall be to provide, to the extent practicable, the means of mutual communication
866 and interaction regarding significant decisions concerning Project O&M on a real-time basis.

867 (c) In light of the factors referred to in subdivision (b) of Article 3 of this
868 Contract, it is the intent of the Secretary to improve water supply reliability. To carry out this
869 intent:

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

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

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

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

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

884 (d) Without limiting the contractual obligations of the Contracting Officer
885 under the other Articles of this Contract, nothing in this Article shall be construed to limit or
886 constrain the Contracting Officer's ability to communicate, coordinate, and cooperate with the
887 Contractor or other interested stakeholders or to make decisions in a timely fashion as needed to
888 protect health, safety, or the physical integrity of structures or facilities.

889 CHARGES FOR DELINQUENT PAYMENTS

890 19. (a) The Contractor shall be subject to interest, administrative and penalty
891 charges on delinquent payments. If a payment is not received by the due date, the Contractor
892 shall pay an interest charge on the delinquent payment for each day the payment is delinquent
893 beyond the due date. If a payment becomes 60 days delinquent, the Contractor shall pay, in
894 addition to the interest charge, an administrative charge to cover additional costs of billing and
895 processing the delinquent payment. If a payment is delinquent 90 days or more, the Contractor
896 shall pay, in addition to the interest and administrative charges, a penalty charge for each day the
897 payment is delinquent beyond the due date, based on the remaining balance of the payment due
898 at the rate of 6 percent per year. The Contractor shall also pay any fees incurred for debt
899 collection services associated with a delinquent payment.

900 (b) The interest charge rate shall be the greater of the rate prescribed quarterly
901 in the Federal Register by the Department of the Treasury for application to overdue payments,

902 or the interest rate of 0.5 percent per month. The interest rate charged will be determined as of
903 the due date and remain fixed for the duration of the delinquent period.

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

907 EQUAL EMPLOYMENT OPPORTUNITY

908 20. During the performance of this Contract, the Contractor agrees as follows

909 (a) The Contractor will not discriminate against any employee or applicant for
910 employment because of race, color, religion, sex, sexual orientation, gender identity, or national
911 origin. The Contractor will take affirmative action to ensure that applicants are employed, and
912 that employees are treated during employment, without regard to their race, color, religion, sex,
913 sexual orientation, gender identity, or national origin. Such action shall include, but not be
914 limited to, the following: employment, upgrading, demotion, or transfer; recruitment or
915 recruitment advertising; layoff or termination, rates of pay or other forms of compensation; and
916 selection for training, including apprenticeship. The Contractor agrees to post in conspicuous
917 places, available to employees and applicants for employment, notices to be provided by the
918 Contracting Officer setting forth the provisions of this nondiscrimination clause.

919 (b) The Contractor will, in all solicitations or advertisements for employees
920 placed by or on behalf of the Contractor, state that all qualified applicants will receive
921 consideration for employment without discrimination because of race, color, religion, sex, sexual
922 orientation, gender identity, or national origin.

923 (c) The Contractor will not discharge or in any other manner discriminate
924 against any employee or applicant for employment because such employee or applicant has
925 inquired about, discussed, or disclosed the compensation of the employee or applicant or another
926 employee or applicant. This provision shall not apply to instances in which an employee who
927 has access to the compensation information of other employees or applicant as part of such
928 employee's essential job functions discloses the compensation of such other employees or
929 applicants to individuals who do not otherwise have access to such information unless such
930 disclosure is in response to a formal complaint or charge, in furtherance of an investigation,
931 proceeding, hearing, or action, including an investigation conducted by the employer, or is
932 consistent with the contractor's legal duty to furnish information.

933 (d) The Contractor will send to each labor union or representative of workers
934 with which it has a collective bargaining agreement or other contract or understanding, a notice,
935 to be provided by the Contracting Officer, advising the labor union or workers' representative of
936 the Contractor's commitments under Section 202 of Executive Order 11246 of September 24,
937 1965, and shall post copies of the notice in conspicuous places available to employees and
938 applicants for employment.

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

(f) The Contractor will furnish all information and reports required by amended Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(g) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in amended Executive Order No. 11246 of Sept 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(h) The Contractor will include the provisions of paragraphs (a) through (h) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of amended Executive Order No 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

21. (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.

(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 deliver water under the terms and Conditions of this Contract for lands or parties that are in arrears in the advance payment of water rates as levied or established by the Contractor.

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

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

22. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352; 42 U.S.C. § 2000d), the Rehabilitation Act of 1973 (Pub. L. 93-112, Title V, as amended; 29 U.S.C. § 791, et seq.), the Age Discrimination Act of 1975 (Pub. L. 94-135, Title III; 42 U.S.C. § 6101, et seq.), Title II of the Americans with Disabilities Act of 1990 (Pub. L. 101-336; 42 U.S.C. § 12131, et seq.), and any other applicable civil rights laws, and with the applicable implementing regulations and any guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.

(b) These statutes prohibit any person in the United States from being excluded from participation in, being denied the benefits of, or being otherwise subjected to discrimination under any program or activity receiving financial assistance from the Bureau of Reclamation on the grounds of race, color, national origin, disability, or age. 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.

(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.

(d) Complaints of discrimination against the Contractor shall be investigated by the Contracting Officer's Office of Civil Rights.

PRIVACY ACT COMPLIANCE

23. Omitted.

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

24. In addition to all other payments to be made by the Contractor pursuant to this Contract, the Contractor shall pay to the United States, within 60 days after receipt of a bill and detailed statement submitted by the Contracting Officer to the Contractor for such specific items of direct cost incurred by the United States for work requested by the Contractor associated with this Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies

1011 and procedures. All such amounts referred to in this Article shall not exceed the amount agreed
1012 to in writing in advance by the Contractor. This Article shall not apply to costs for routine
1013 contract administration.

1014 WATER CONSERVATION

1015 25. (a) Prior to the delivery of water provided from or conveyed through federally
1016 constructed or federally financed facilities pursuant to this Contract, the Contractor shall develop
1017 a water conservation plan, as required by subsection 210(b) of the Reclamation Reform Act of
1018 1982 and 43 C.F.R. 427.1 (Water Conservation Rules and Regulations).

1019 Additionally, an effective water conservation and efficiency program shall be based on the
1020 Contractor's water conservation plan that has been determined by the Contracting Officer to meet
1021 the conservation and efficiency criteria for evaluating water conservation plans established under
1022 Federal law. The water conservation and efficiency program shall contain definite water
1023 conservation objectives, appropriate economically feasible water conservation measures, and
1024 time schedules for meeting those objectives. Continued Project Water delivery pursuant to this
1025 Contract shall be contingent upon the Contractor's continued implementation of such water
1026 conservation program. In the event the Contractor's water conservation plan or any revised water
1027 conservation plan completed pursuant to subdivision (d) of Article 25 of this Contract have not
1028 yet been determined by the Contracting Officer to meet such criteria, due to circumstances which
1029 the Contracting Officer determines are beyond the control of the Contractor, water deliveries
1030 shall be made under this Contract so long as the Contractor diligently works with the Contracting
1031 Officer to obtain such determination at the earliest practicable date, and thereafter the Contractor
1032 immediately begins implementing its water conservation and efficiency program in accordance
1033 with the time schedules therein.

1034 (b) Should the amount of M&I Water delivered pursuant to subdivision (a)
1035 of Article 3 of this Contract equal or exceed 2,000 acre-feet per Year, the Contractor shall

1036 implement the Best Management Practices identified by the time frames issued by the Mid-
1037 Pacific Region's then-existing conservation and efficiency criteria for such M&I Water unless
1038 any such practice is determined by the Contracting Officer to be inappropriate for the Contractor.

1039 (c) The Contractor shall submit to the Contracting Officer a report on the
1040 status of its implementation of the water conservation plan on the reporting dates specified in the
1041 then-existing conservation and efficiency criteria established under Federal law.

1042 (d) Prior to the expiration of the currently approved water conservation plan,
1043 and thereafter at five-year intervals, the Contractor shall revise its water conservation plan to
1044 reflect the then-existing conservation and efficiency criteria for evaluating water conservation
1045 plans established under Federal law and submit such revised water conservation plan to the
1046 Contracting Officer for review and evaluation. The Contracting Officer will then determine if

1047 the water conservation plan meets the Bureau of Reclamation's then-existing conservation and
1048 efficiency criteria for evaluating water conservation plans established under Federal law.

1049 (e) If the Contractor is engaged in direct ground-water recharge, such activity
1050 shall be described in the Contractor's water conservation plan.

1051 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

1052 26. Except as specifically provided in Article 16 of this Contract, the provisions of
1053 this Contract shall not be applicable to or affect non-Project water or water rights now owned or
1054 hereafter acquired by the Contractor or any user of such water within the Contractor's Service
1055 Area. Any such water shall not be considered Project Water under this Contract. In addition,
1056 this Contract shall not be construed as limiting or curtailing any rights which the Contractor or
1057 any water user within the Contractor's Service Area acquires or has available under any other
1058 contract pursuant to Federal Reclamation law.

1059 OPERATION AND MAINTENANCE BY THE OPERATING NON FEDERAL ENTITY

1060 27. Omitted.

1061 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

1062 28. The expenditure or advance of any money or the performance of any obligation of
1063 the United States under this Contract shall be contingent upon appropriation or allotment of
1064 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
1065 obligations under this Contract. No liability shall accrue to the United States in case funds are
1066 not appropriated or allotted.

1067 BOOKS, RECORDS, AND REPORTS

1068 29. (a) The Contractor shall establish and maintain accounts and other books and
1069 records pertaining to administration of the terms and conditions of this Contract, including the
1070 Contractor's financial transactions; water supply data; project operation, maintenance, and
1071 replacement logs; project land and rights-of-way use agreements; the water users' land-use (crop
1072 census), land-ownership, land-leasing, and water-use data; and other matters that the Contracting
1073 Officer may require. Reports shall be furnished to the Contracting Officer in such form and on
1074 such date or dates as the Contracting Officer may require. Subject to applicable Federal laws
1075 and regulations, each party to this Contract shall have the right during office hours to examine
1076 and make copies of the other party's books and records relating to matters covered by this
1077 Contract.

1078 (b) Notwithstanding the provisions of subdivision (a) of this Article, no
1079 books, records, or other information shall be requested from the Contractor by the Contracting
1080 Officer unless such books, records, or information are reasonably related to the administration or
1081 performance of this Contract. Any such request shall allow the Contractor a reasonable period of
1082 time within which to provide the requested books, records, or information.

1083 (c) Omitted.

1084 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

1085 30. (a) The provisions of this Contract shall apply to and bind the successors and
1086 assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest
1087 therein by either party shall be valid until approved in writing by the other party.

1088 (b) The assignment of any right or interest in this Contract by either party
1089 shall not interfere with the rights or obligations of the other party to this Contract absent the
1090 written concurrence of said other party.

1091 (c) The Contracting Officer shall not unreasonably condition or withhold
1092 approval of any proposed assignment.

1093 SEVERABILITY

1094 31. In the event that a person or entity who is neither (i) a party to a Project contract,
1095 nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor
1096 (iii) an association or other form of organization whose primary function is to represent parties to
1097 Project contracts, brings an action in a court of competent jurisdiction challenging the legality or
1098 enforceability of a provision included in this Contract and said person, entity, association, or
1099 organization obtains a final court decision holding that such provision is legally invalid or
1100 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s),
1101 the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such
1102 final court decision identify by mutual agreement the provisions in this Contract which must be
1103 revised and (ii) within three months thereafter promptly agree on the appropriate revision(s).
1104 The time periods specified above may be extended by mutual agreement of the parties. Pending
1105 the completion of the actions designated above, to the extent it can do so without violating any
1106 applicable provisions of law, the United States shall continue to make the quantities of Project
1107 Water and/or Contractor's Water Rights Water specified in this Contract available to the
1108 Contractor pursuant to the provisions of this Contract which were not found to be legally invalid
1109 or unenforceable in the final court decision.

1110 RESOLUTION OF DISPUTES

1111 32. Should any dispute arise concerning any provisions of this Contract, or the
1112 parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to
1113 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting
1114 Officer-referring any matter to Department of Justice, the party shall provide to the other party
1115 30 days' written notice of the intent to take such action; Provided, That such notice shall not be
1116 required where a delay in commencing an action would prejudice the interests of the party that
1117 intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer
1118 shall meet and confer in an attempt to resolve the dispute. Except as specifically provided,
1119 nothing herein is intended to waive or abridge any right or remedy that the Contractor or the
1120 United States may have.

1121 OFFICIALS NOT TO BENEFIT

1122 33. No Member of or Delegate to Congress, Resident Commissioner, or official of the
1123 Contractor shall benefit from this Contract other than as a water user or landowner in the same
1124 manner as other water users or landowners.

1125 CHANGES IN CONTRACTOR'S SERVICE AREA OR ORGANIZATION

1126 34. (a) While this Contract is in effect, no change may be made in the
1127 Contractor's Service Area or organization, by inclusion or exclusion of lands or by any other
1128 changes which may affect the respective rights, obligations, privileges, and duties of either the
1129 United States or the Contractor under this Contract, including, but not limited to, dissolution,
1130 consolidation, or merger, except upon the Contracting Officer's written consent.

1131 (b) Within 30 days of receipt of a request for such a change, the Contracting
1132 Officer will notify the Contractor of any additional information required by the Contracting
1133 Officer for processing said request, and both parties will meet to establish a mutually agreeable
1134 schedule for timely completion of the process. Such process will analyze whether the proposed
1135 change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract; (ii)
1136 impair the ability of the Contractor to pay for Project Water furnished under this Contract or to

1137 pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii) have
1138 an impact on any Project Water rights applications, permits, or licenses. In addition, the
1139 Contracting Officer shall comply with NEPA and ESA. The Contractor will be responsible for
1140 all costs incurred by the Contracting Officer in this process, and such costs will be paid in
1141 accordance with Article 24 of this Contract.

1142 FEDERAL LAWS

1143 35. By entering into this Contract, the Contractor does not waive its rights to contest
1144 the validity or application in connection with the performance of the terms and conditions of this
1145 Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with
1146 the terms and conditions of this Contract unless and until relief from application of such Federal
1147 law or regulation to the implementing provision of the Contract is granted by a court of
1148 competent jurisdiction.

1149 NOTICES

1150 36. Any notice, demand, or request authorized or required by this Contract shall be
1151 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
1152 delivered to the Area Manager, Bureau of Reclamation, 7794 Folsom Dam Road, Folsom,
1153 California 95630-1799, and on behalf of the United States, when mailed, postage prepaid, or
1154 delivered to the General Manager of San Juan Water District, 9935 Auburn-Folsom Road,
1155 Granite Bay, California 95746. The designation of the addressee or the address may be changed
1156 by notice given in the same manner as provided in this Article for other notices.

1157 CERTIFICATION OF NONSEGREGATED FACILITIES

1158 37. Omitted

1159 MEDIUM FOR TRANSMITTING PAYMENTS

1160 38. (a) All payments from the Contractor to the United States under this Contract
1161 shall be by the medium requested by the United States on or before the date payment is due. The
1162 required method of payment may include checks, wire transfers, or other types of payment
1163 specified by the United States.

1164 (b) The Contractor shall furnish the Contracting Officer with the Contractor's
1165 taxpayer's identification number (TIN). The purpose for requiring the Contractor's TIN is for
1166 collecting and reporting any delinquent amounts arising out of the Contractor's relationship with
1167 the United States.

1168 CONTRACT DRAFTING CONSIDERATIONS


1169 39. This amended Contract has been negotiated and reviewed by the parties hereto,
1170 each of whom is sophisticated in the matters to which this amended Contract pertains. The
1171 double-spaced Articles of this amended Contract have been drafted, negotiated, and reviewed by
1172 the parties, and no one party shall be considered to have drafted the stated articles. Single-
1173 spaced articles are standard articles pursuant to Reclamation policy.

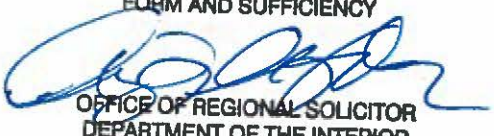
1174 CONFIRMATION OF CONTRACT

1175 40. Promptly after the execution of this contract, the Contractor will provide evidence
1176 to the Contracting Officer that, pursuant to the laws of the State of California, the Contractor is a
1177 legally constituted entity and the contract is lawful, valid, and binding on the Contractor. This
1178 contract will not be binding on the United States until the Contractor provides evidence to the
1179 Contracting Officer's satisfaction. In addition to other forms of evidence to meet the
1180 requirements of this Article, the Contractor may provide or the Contracting Officer may require a
1181 certified copy of a final decree of a court of competent jurisdiction in the State of California,
1182 confirming the proceedings on the part of the Contractor for the authorization of the execution of
1183 this contract.


1184 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of
1185 the day and year first above written.

1186 UNITED STATES OF AMERICA

1187 By: 
1188 Regional Director
1189 Interior Region 10: California-Great Basin
1190 Bureau of Reclamation


APPROVED AS TO LEGAL
FORM AND SUFFICIENCY

OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR

1191 SAN JUAN WATER DISTRICT

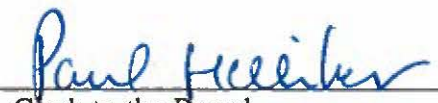
1192 By: 
1193 President, Board of Directors

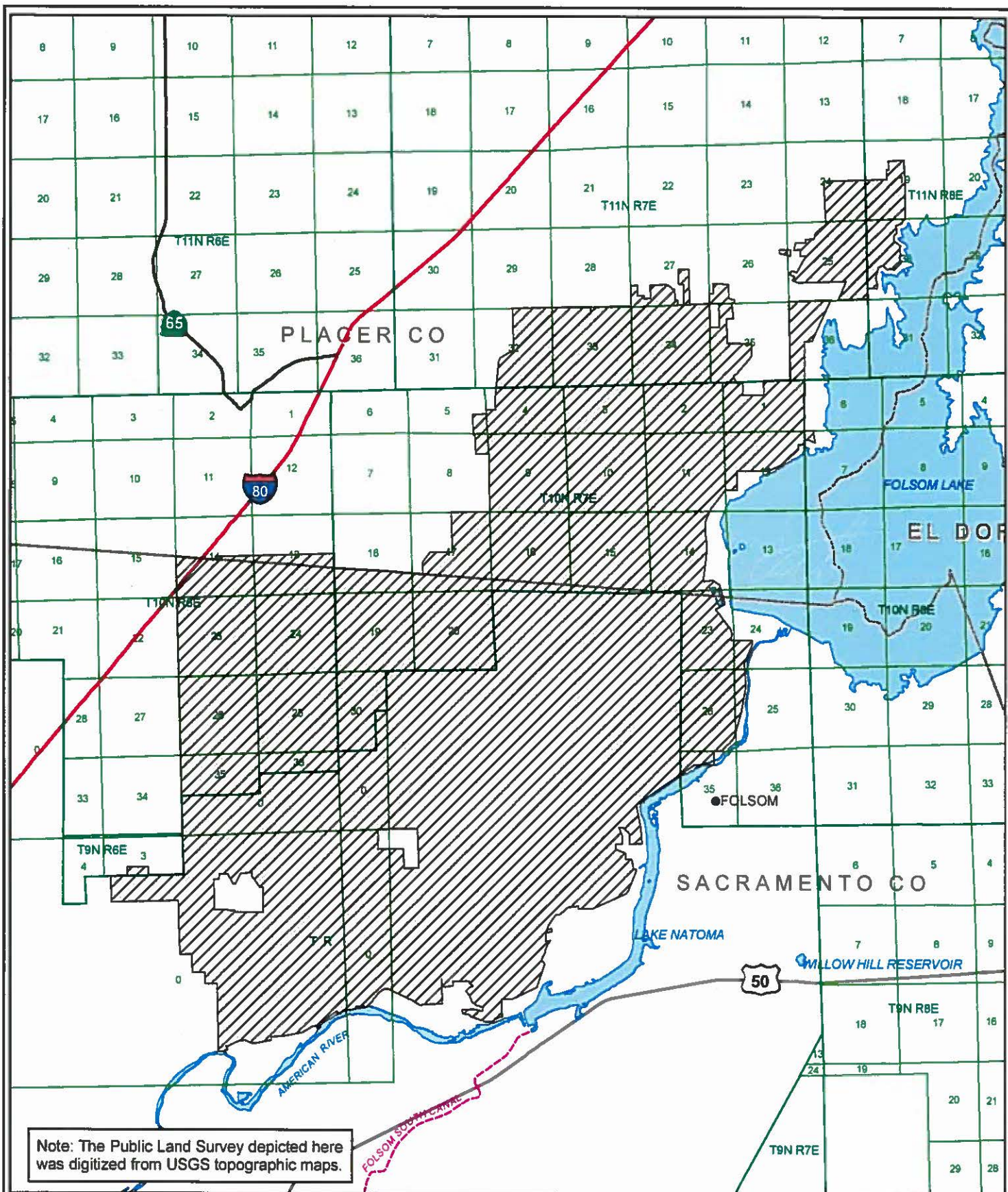
(SEAL)

1194 Approved as to form



1195 By: 
1196 District Counsel

1197 Attest:

1198 By: 
1199 Clerk to the Board



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

-  Contractor's Service Area
-  District Boundary

San Juan Water District

Contract No. 6-07-20-W1373-LTR1-P
Exhibit A

Date: October 13, 2004
File Name: N:\districts\contracts\san_juan\san_juan.mxd

0 1.5 3 Miles



647-208-222

Exhibit C

Repayment Obligation - Current Calculation under the WIIN Act, Section 4011 (a) (2)

Unpaid Construction Cost from the 2020 Water Rate Books*

Contractor: San Juan WD
Facility: Folsom D&R
Contract: 6-07-20-W1373-LTR1-P

| Irrigation Construction Cost (2020 Irrigation Ratebook, Schedule A-2Ba and A-2Bc) | | | |
|---|-------------|-------------|-----|
| | Unpaid Cost | Discount | |
| Construction Cost (Excludes Intertie): | \$ - | | |
| 2019 Repayment (Estimate) ** | \$ - | | |
| Adjusted Construction Cost (Excludes Intertie) | \$ - | \$ - | |
| Intertie Construction Cost: | \$ - | \$ - | |
| Total | \$ - | \$ - | |
| If Paid in Installments (Used 20 yr CMT) | | | |
| Due | | | |
| Payment 1 N/A | | \$ - | |
| Payment 2 N/A | | \$ - | |
| Payment 3 N/A | | \$ - | |
| Payment 4 N/A | | \$ - | |
| Total Installment Payments | | \$ - | |
| 20 yr CMT Rates | | | N/A |
| Discount Rate (1/2 of the Treasury Rate per the WIIN Act, Section 4011(a)(2)(A)) | | | N/A |

| M&I Construction Cost (2020 M&I Ratebook, Sch A-2Ba) | |
|--|---------------------|
| | Unpaid Cost |
| Construction Cost: | \$ (262,340) |
| 2019 Repayment (Estimate) ** | \$ - |
| Adjusted Construction Cost***: | \$ (262,340) |

Calculation Support: Irrigation Lump Sum or First Payment Due Date N/A
 Days Until the End of the Fiscal Year N/A

| Fiscal Yr | Unpaid Allocated Construction Cost | | | Unpaid Intertie Construction Cost | | | Total |
|--------------------------------|------------------------------------|-------------------------|---------------|-----------------------------------|-------------------------|---------------|----------------|
| | Beginning Balance | Straight Line Repayment | Present Value | Beginning Balance | Straight Line Repayment | Present Value | Present Values |
| 2020 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2021 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2022 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2023 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2024 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2025 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2026 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2027 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2028 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2029 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2030 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2031-63 | | | | \$ - | \$ - | \$ - | \$ - |
| Total, Lump Sum Payment | | \$ - | | | | \$ - | \$ - |

Amount of Reduction, Lump Sum \$ - \$ - \$ -

* Costs are assumed to be paid and all charges are assumed to be accurate. If at a later date charges are determined to need update, they are still required. Also, unpaid charges are still a requirement under contract.

** 2019 Repayment is based on a conservative estimate. If not sufficient, the remainder will be billed.

*** Excludes interest to payment date as interest will be computed as an annual expense as usual.

Exhibit B
SAN JUAN WATER DISTRICT
2020 Rates and Charges
(Per Acre-Foot)

| | M&I Water |
|---|----------------|
| COST-OF-SERVICE (COS) RATE | |
| Construction Component | \$0.00 |
| O&M Component | |
| Water Marketing | \$6.12 |
| Storage | \$14.99 |
| Deficit Cost Component | \$0.00 |
| TOTAL COS RATE (Tier 1 Rate) | \$21.11 |
| M&I FULL COST RATE | \$0.00 |
| TIERED PRICING COMPONENTS (In Addition to Total COS Rate Above) | |
| M&I | |
| Tier 2 Rate : >80% <=90% of Contract Total (Amount to be Added to Tier 1 Rate) | \$0.00 |
| Tier 3 Rate : >90% of Contract Total (Amount to Be Added to Tier 1 Rate) | \$0.00 |
| CHARGES AND ASSESSMENTS (Payments in Addition to Rates) | |
| P.L. 102-575 Surcharges (Restoration Fund Payments) ¹ [Section 3407(d)(2)(A)] | \$21.82 |
| P.L. 106-377 Assessment (Trinity Public Utilities District) ² [Appendix B, Section 203] | \$0.12 |

EXPLANATORY NOTES

- 1 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).
- 2 The Trinity Public Utilities District Assessment is applicable to each acre-foot of water delivered from 3/1/2020-2/28/2021 and is adjusted annually.

The Historical Use, as defined in the CVP M&I Water Shortage Policy, is TBD acre-feet.

Additional detail of rate components is available on the Internet at
www.mp.usbr.gov/cvpwaterrates/.