United States Department of the Interior

BUREAU OF RECLAMATION
2800 Cottage Way
Sacramento, California 95825-1898

IN REPLY REFER TO:

CGB-440
2.2.4.23

Board of Directors
Tranquility Public Utility District
P.O. Box 622
Tranquility, CA 93668

Subject: Water Infrastructure Improvements for the Nation Act Contract No. 14-06-200-3357A-LTR1-P Between the United States and the Tranquility Public Utility District Providing for Project Water Service – Central Valley Project, California

Dear Board of Directors:

Enclosed is an executed original of the subject contract for your records. The Bureau of Reclamation appreciates the effort expended by the Tranquility Public Utility District and its representatives relative to this contract.

The exhibit titled, "Repayment Obligation – Current Calculation Under the WIIN Act, Section 4011 (a) (2)", for the Contract Amendment will be finalized on the Effective Date of the Contract Amendment, in accordance with the Water Infrastructure Improvements for the Nation Act of 2016 (Public Law 114-322).

If there are any questions, please contact Mr. Stanley Data, Repayment Specialist, at 916-978-5246, or sdata@usbr.gov.

Sincerely,

Sheri A. Looper

Sheri A. Looper
Deputy Regional Resources Manager

Enclosure

Irrigation and M&I
Contract No.14-06-200-3537A-LTR1-P

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

CONTRACT BETWEEN THE UNITED STATES AND TRANQUILLITY PUBLIC UTILITY DISTRICT PROVIDING FOR PROJECT WATER SERVICE FROM DELTA DIVISION AND FACILITIES REPAYMENT

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

CONTRACT BETWEEN THE UNITED STATES
AND
TRANQUILLITY PUBLIC UTILITY DISTRICT
PROVIDING FOR PROJECT WATER SERVICE
FROM DELTA DIVISION AND FACILITIES REPAYMENT

THIS CONTRACT, made this 26th day of October, 2020, in pursuance generally of the Act of June 17, 1902, (32 Stat. 388), and acts amendatory thereof or supplementary thereto, including but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), October 27, 1986 (100 Stat. 3050), as amended, Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), as amended, and the Water Infrastructure Improvements for the Nation Act (Public Law (Pub. L.) 114-322, 130 Stat. 1628), Section 4011 (a-d) and (f) ("WIIN Act"), all collectively hereinafter referred to as Federal Reclamation law, between the UNITED STATES OF AMERICA, hereinafter referred to as the United States, represented by the officer executing this Contract, hereinafter referred to as the Contracting Officer, and TRANQUILLITY PUBLIC UTILITY DISTRICT, hereinafter referred to as the Contractor, a public agency of the State of California, duly organized, existing, and acting pursuant to the laws thereof;

WITNESSETH, That:

15 EXPLANATORY RECITALS

16 [1st] WHEREAS, the United States has constructed and is operating the
17 California Central Valley Project (Project), for diversion, storage, carriage, distribution, and
18 beneficial use, for flood control, irrigation, municipal, domestic, industrial, fish and wildlife
19 mitigation, protection and restoration, generation and distribution of electric energy, salinity
20 control, navigation, and other beneficial uses, of waters of the Sacramento River, the American
21 River, the Trinity River, and the San Joaquin River and their tributaries; and

22 [2nd] WHEREAS, the United States constructed the Delta-Mendota Canal and
23 related facilities, which will be used in part for the furnishing of water to the Contractor pursuant
24 to the terms of this Contract; and

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

27 [4th] WHEREAS, Melvin D. Hughes and Mardella Hughes and the United
28 States entered into Contract No. 14-06-200-3537A, dated October 11, 1967, which established
29 terms for the delivery of 70 acre feet of supplemental water, hereinafter referred to as Project
30 Water, from October 11, 1967, through December 23, 2003, and 93 acre-feet of Schedule 2 water
31 as a permanent adjustment and settlement of Melvin and Mardella Hugh's asserted claims of
32 rights to water in Fresno Slough, tributary to the San Joaquin River in fulfillment of such rights;
33 and

34 [5th] WHEREAS, Melvin D. Hughes and Mardella Hughes are now deceased
35 and the property under Contract No. 14-06-200-3537A now belongs to Tranquillity Public

36 Utility District, as described in recorded deeds dated August 6, 1980, and November 12, 1987;
37 and

38 [6th] WHEREAS, pursuant to "Assumption of Contract and Consent Thereof"
39 dated October 10, 2003, the Contractor assumed all right, title, and interest in and to the 93 acre-
40 feet of Schedule 2 water and 70 acre-feet of Project Water available under Contract No.
41 14-06-200-3537A; and

42 [7th] WHEREAS, Schedule 2 water is not the subject of this Contract and will
43 continue to be delivered and administered under the terms and conditions of Contract No.
44 14-06-200-3537A; and

45 [8th] WHEREAS, Contract No. 14-06-200-3537A also established the terms for
46 the delivery of 70 acre-feet of supplemental water, hereinafter referred to as Project Water, to the
47 Contractor from Delta Division facilities from October 11, 1967 through December 23, 2003;
48 and

49 [9th] WHEREAS, the United States and the Contractor have pursuant to
50 Subsection 3404(c)(1) of the Central Valley Project Improvement Act (CVPIA), subsequently
51 entered into interim renewal contract(s) identified as Contract No(s). 14-06-200-3537A-IR1 and
52 14-06-200-3537A-IR2, which provided for the delivery of Project Water to the Contractor from
53 March 1, 2004, through February 28, 2006; and

54 [10th] WHEREAS, the United States and the Contractor entered into a long-term
55 contract identified as Contract No. 14-06-200-3537A-LTR1, hereinafter referred to as the
56 Existing Contract, which provided for the continued water service to the Contractor following

57 expiration of Contract No. 14-06-200-3537A-IR2, and which was in effect the date the WIIN Act
58 was enacted; and
59 [11th] WHEREAS, on December 16, 2016, the 114th Congress of the United
60 States of America enacted the WIIN Act; and
61 [12th] WHEREAS, Section 4011(a)(1) provides that "upon request of the
62 contractor, the Secretary of the Interior shall convert any water service contract in effect on the
63 date of enactment of this subtitle and between the United States and a water users' association
64 [Contractor] to allow for prepayment of the repayment contract pursuant to paragraph (2) under
65 mutually agreeable terms and conditions."; and
66 [13th] WHEREAS, Section 4011(a)(1) further provides that "the manner of
67 conversion under this paragraph shall be as follows: (A) Water service contracts that were
68 entered into under section (e) of the Act of August 4, 1939 (53 Stat. 1196), to be converted under
69 this section shall be converted to repayment contracts under section 9(d) of that Act (53 Stat.
70 1195)"; and "(B) Water service contracts that were entered under subsection (c)(2) of section 9
71 of the Act of August 4, 1939 (53 Stat. 1194), to be converted under this section shall be
72 converted to a contract under subsection (c)(1) of section 9 of that Act (53 Stat. 1195)."; and
73 [14th] WHEREAS, Section 4011(a)(4)(C) further provides all contracts entered
74 into pursuant to Section 4011(a)(1), (2), and (3) shall "not modify other water service,
75 repayment, exchange and transfer contractual rights between the water users' association
76 [Contractor], and the Bureau of Reclamation, or any rights, obligations, or relationships of the
77 water users' association [Contractor] and their landowners as provided under State law."; and

[15th] WHEREAS, Section 4011(d)(3) and (4) of the WIIN Act 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 Federal Reclamation law, including the continuation of Restoration Fund charges pursuant to section 3407(d) (Pub. L. 102-575), of the water service and repayment contractors making prepayments pursuant to this section."; and

[16th] WHEREAS, upon the request of the Contractor, the WIIN Act directs the Secretary to convert irrigation water service contracts and 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

[17th] WHEREAS, the United States has determined that the Contractor has fulfilled all of its obligations under the Existing Contract; and

[18th] 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 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

[19th] WHEREAS, water obtained from the Project has been relied upon by urban and agricultural areas within California for more than 50 years, and is considered by the Contractor as an essential portion of its water supply; and

[20th] WHEREAS, the economies of regions within the Project, including the Contractor's, depend upon the continued availability of water, including water service from the Project; and

[21st] WHEREAS, the Secretary intends through coordination, cooperation, and partnerships to pursue measures to improve water supply, water quality, and reliability of the Project for all Project purposes; and

[22nd] WHEREAS, the mutual goals of the United States and the Contractor include: to provide for reliable Project Water supplies; to control costs of those supplies; to achieve repayment of the Project as required by law; to guard reasonably against Project Water shortages; to achieve a reasonable balance among competing demands for use of Project Water; and to comply with all applicable environmental statutes, all consistent with the legal obligations of the United States relative to the Project; and

[23rd] WHEREAS, the parties intend by this Contract to maintain a cooperative relationship in order to achieve their mutual goals; and

[24th] WHEREAS, the Contractor has utilized or may utilize transfers, contract assignments, rescheduling, and conveyance of Project Water and non-Project water under this Contract as tools to minimize the impacts of a Condition of Shortage and to maximize the beneficial use of water; and

[25th] WHEREAS, the parties desire and intend that this Contract not provide a disincentive to the Contractor in continuing to carry out the beneficial activities set out in the Explanatory Recital immediately above; and

[26th] WHEREAS, the Contracting Officer and the Contractor agree that this Contract complies with Section 4011 of the WIIN Act; and

[27th] WHEREAS, the Contracting Officer and the Contractor agree to amend and convert the Existing Contract pursuant to Section 4011 of the WIIN Act and other Federal Reclamation law on the terms and conditions set forth below.

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

DEFINITIONS

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

(a) "Additional Capital Obligation" shall mean construction costs or other capitalized costs incurred after the Effective Date or not reflected in the Existing Capital Obligation as defined herein and in accordance with Section 4011, subsection (a)(2)(B) and (a)(3)(B) of the Water Infrastructure Improvements for the Nation Act (Pub. L. 114-322, 130 Stat. 1628) ("WIIN Act");

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

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

140 (d) "Condition of Shortage" shall mean a condition respecting the Project
141 during any Year such that the Contracting Officer is unable to deliver sufficient water to meet the
142 Contract Total;
143 (e) "Contracting Officer" shall mean the Secretary of the Interior's duly
144 authorized representative acting pursuant to this Contract or applicable Federal Reclamation law
145 or regulation;
146 (f) "Contract Total" shall mean the maximum amount of water to which the
147 Contractor is entitled under subdivision (a) of Article 3 of this Contract;
148 (g) "Contractor's Service Area" shall mean the area to which the Contractor is
149 permitted to provide Project Water under this Contract as described in Exhibit "A" attached
150 hereto, which may be modified from time to time in accordance with Article 34 of this Contract
151 without amendment of this Contract;
152 (h) "CVPIA" shall mean the Central Valley Project Improvement Act, Title
153 XXXIV of the Act of October 30, 1992 (106 Stat. 4706);
154 (i) "Delta Division Facilities" shall mean those existing and future Project
155 facilities in and south of the Sacramento-San Joaquin Rivers Delta, including, but not limited to,
156 the C.W. "Bill" Jones Pumping Plant, the O'Neill Forebay, the O'Neill Pumping/Generating
157 Plant, and the San Luis Reservoir, used to divert, store, and convey water to those Project
158 Contractors entitled to receive water conveyed through the Delta-Mendota Canal;
159 (j) "Eligible Lands" shall mean all lands to which Irrigation Water may be
160 delivered in accordance with Section 204 of the Reclamation Reform Act of 1982 (96 Stat.
161 1263), as amended;

(k) "Excess Lands" shall mean all lands in excess of the limitations contained in Section 204 of the Reclamation Reform Act of 1982, other than those lands exempt from acreage limitation under Federal Reclamation law;

(l) "Existing Capital Obligation" shall mean the remaining amount of construction costs or other capitalized costs allocable to the Contractor as described in Section 4011, subsections (a)(2)(A) and (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;

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

(n) "Ineligible Lands" shall mean all lands to which Irrigation Water may not be delivered in accordance with Section 204 of the Reclamation Reform Act of 1982;

184 (o) "Irrigation Full Cost Water Rate" shall mean the Full Cost Rate applicable
185 to the delivery of Irrigation Water;

186 (p) "Irrigation Water" shall mean the use of Project Water to irrigate lands
187 primarily for the production of commercial agricultural crops or livestock, and domestic and
188 other uses that are incidental thereto;

189 (q) "Landholder" shall mean a party that directly or indirectly owns or leases
190 nonexempt land, as provided in 43 CFR 426.2;

191 (r) "Municipal and Industrial (M&I) Water" shall mean the use of Project
192 Water for municipal, industrial, and miscellaneous other purposes not falling under the definition
193 of "Irrigation Water" or within another category of water use under an applicable Federal
194 authority;

195 (s) "M&I Full Cost Water Rate" shall mean the Full Cost Rate applicable to
196 the delivery of M&I Water;

197 (t) "Operation and Maintenance" or "O&M" shall mean normal and
198 reasonable care, control, operation, repair, replacement (other than capital replacement), and
199 maintenance of Project facilities;

200 (u) "Operating Non-Federal Entity" shall mean the entity(ies), its (their)
201 successors or assigns, which has (have) the obligation to operate and maintain all or a portion of
202 the Delta Division Facilities pursuant to written agreement(s) with the United States. When this
203 Contract was entered into, the Operating Non-Federal Entity was the San Luis & Delta-Mendota
204 Water Authority;

205 (v) "Project" shall mean the Central Valley Project owned by the United
206 States and managed by the Department of the Interior, Bureau of Reclamation;

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

(x) "Project Water" shall mean all water that is developed, diverted, stored, or delivered by the Secretary in accordance with the statutes authorizing the Project and in accordance with the terms and conditions of water rights acquired pursuant to California law; however, Schedule 2 Water shall not be considered Project Water for purposes of this Contract;

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

(z) "Recent Historic Average" shall mean the most recent five (5)-year average of the final forecast of Water Made Available to the Contractor pursuant to this Contract or its preceding contract(s);

(aa) "Repayment Obligation" for Water Delivered as Irrigation Water shall mean the Existing Capital Obligation discounted by ½ of the Treasury rate, which shall be the amount due and payable to the United States, pursuant to Section 4011(a)(2)(A) of the WIIN Act; and for Water Delivered as M&I Water shall mean the amount due and payable to the United States, pursuant to Section 4011(a)(3)(A) of the WIIN Act;

(bb) "Schedule 2 Water" shall mean that water as so defined under Contract No. 14-06-200-3537A with the United States, which will continue to be delivered and administered under said contract;

228 (cc) "Secretary" shall mean the Secretary of the Interior, a duly appointed
229 successor, or an authorized representative acting pursuant to any authority of the Secretary and
230 through any agency of the Department of the Interior;
231 (dd) "Tiered Pricing Component" shall be the incremental amount to be paid
232 for each acre-foot of Water Delivered as described in Article 7 of this Contract and as provided
233 for in Exhibit "B";
234 (ee) "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 (ff) "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 (gg) "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; and
243 (hh) "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.
245 TERM OF CONTRACT – RIGHT TOUUSE OF WATER
246 2. (a) This Contract shall be effective November 1, 2020, hereinafter known as
247 the "Effective Date", and shall continue so long as the Contractor pays applicable Rates and

248 Charges under this Contract, consistent with Section 9(d) or 9(c)(1) of the Act of August 4, 1939
249 (53 Stat. 1195) as applicable, and applicable law;

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

256 (2) *Provided, further, That* the Contracting Officer shall not seek to
257 suspend making water available or declaring Water Made Available pursuant to this Contract for
258 non-compliance by the Contractor with the terms of this Contract or Federal law, unless the
259 Contracting Officer has first provided at least thirty (30) calendar days written notice to the
260 Contractor and the Contractor has failed to cure such non-compliance, or to diligently commence
261 curative actions satisfactory to the Contracting Officer for a non-compliance that cannot be fully
262 cured within the thirty (30) calendar days' notice period. If the Contracting Officer has
263 suspended making water available pursuant to this paragraph, upon cure of such non-compliance
264 satisfactory to the to the Contracting Officer, the Contracting Officer shall resume making water
265 available and declaring Water Made Available pursuant to this Contract;

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

268 (b) Upon complete payment of the Repayment Obligation by the Contractor,
269 and notwithstanding any Additional Capital Obligation that may later be established, the acreage

270 limitations, reporting, and full cost pricing provisions of the Reclamation Reform Act of 1982,
271 and subdivisions (j) Eligible Lands, (k) Excess Lands, and (n) Ineligible Lands, of Article 1 of
272 this Contract shall no longer be applicable.

273 (c) Notwithstanding any provision of this Contract, the Contractor reserves
274 and shall have all rights and benefits under the Act of July 2, 1956 (70 Stat. 483), to the extent
275 allowed by law.

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

279 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

280 3. (a) During each Year, consistent with all applicable State water rights permits,
281 and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of this
282 Contract, the Contracting Officer shall make available for delivery to the Contractor 70 acre-feet
283 of Project Water for irrigation and M&I purposes. Water Delivered to the Contractor in
284 accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of
285 Articles 4 and 7 of this Contract. Schedule 2 Water shall continue to be delivered to the
286 Contractor at no cost pursuant to Contract No. 14-06-200-3537A, dated October 11, 1967, and
287 shall not be subject to the provisions of this Contract, and said Contract No. 14-06-200-3537A
288 shall be in full force and effect insofar as it pertains to the furnishing of Schedule 2 Water.

289 (b) Because the capacity of the Project to deliver Project Water has been
290 constrained in recent years and may be constrained in the future due to many factors including
291 hydrologic conditions and implementation of Federal and State laws, the likelihood of the

292 Contractor actually receiving the amount of Project Water set out in subdivision (a) of this
293 Article in any given Year is uncertain. The Contracting Officer's modeling referenced in the
294 programmatic environmental impact statement prepared pursuant to Section 3404(c) of the
295 CVPIA projected that the Contract Total set forth in this Contract will not be available to the
296 Contractor in many years. During the most recent five years prior to execution of the Existing
297 Contract, the Recent Historic Average Water Made Available to the Contractor was 47 acre-feet.
298 Nothing in this subdivision (b) of this Article shall affect the rights and obligations of the parties
299 under any provision of this Contract.

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

302 (1) In the event any Project Contractor (other than a Cross Valley
303 Contractor) that receives Project Water through the Delta Division Facilities obtains a
304 contractual agreement that the Contracting Officer shall make Project Water available at a point
305 or points of delivery in or north of the Delta, at the request of the Contractor and upon
306 completion of any required environmental documentation, this Contract shall be amended to
307 provide for deliveries in or north of the Delta on mutually agreeable terms. Such amendments to
308 this Contract shall be limited solely to those changes made necessary by the addition of such
309 alternate points of delivery in or north of the Delta; *Provided, That* the Contracting Officer's use
310 of the Harvey O. Banks Pumping Plant to deliver Project Water does not trigger this right of
311 amendment.

312 (d) The Contractor shall make reasonable and beneficial use of all water
313 furnished pursuant to this Contract. Groundwater recharge programs (direct, indirect, or in lieu),

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

329 (e) The Contractor shall comply with requirements applicable to the
330 Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution
331 of any water service contract between the Contracting Officer and the Contractor in effect
332 immediately prior to the Effective Date undertaken pursuant to Section 7 of the Endangered
333 Species Act of 1973 (ESA), as amended, that are within the Contractor's legal authority to
334 implement. The Existing Contract, which evidences in excess of 37 years of diversions for
335 irrigation and/or M&I purposes of the quantities of Project Water provided in subdivision (a) of

Article 3 of this Contract, will be considered in developing an appropriate baseline for any required biological assessment(s) prepared pursuant to the ESA, and any other needed environmental review. Nothing herein shall be construed to prevent the Contractor from challenging or seeking judicial relief in a court of competent jurisdiction with respect to any biological opinion or other environmental documentation referred to in this Article.

(f) Following the declaration of Water Made Available under Article 4 of this Contract, the Contracting Officer will make a determination whether Project Water, or other water available to the Project, can be made available to the Contractor in addition to the Contract Total under this Article during the Year without adversely impacting other Project Contractors. At the request of the Contractor, the Contracting Officer will consult with the Contractor prior to making such a determination. If the Contracting Officer determines that Project Water, or other water available to the Project, can be made available to the Contractor, the Contracting Officer will announce the availability of such water and shall so notify the Contractor as soon as practical. The Contracting Officer will thereafter meet with the Contractor and other Project Contractors capable of taking such water to determine the most equitable and 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. Subject to existing long-term contractual commitments, water rights, and operational constraints, long-term Project Contractors shall have a first right to acquire such water, including Project Water made available pursuant to Section 215 of the Reclamation Reform Act of 1982.

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

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

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

375 (j) The Contracting Officer shall make reasonable efforts to protect the water
376 rights necessary for the Project and to provide the water available under this Contract. The
377 Contracting Officer shall not object to participation by the Contractor, in the capacity and to the
378 extent permitted by law, in administrative proceedings related to the Project Water rights;

379 *Provided, That* the Contracting Officer retains the right to object to the substance of the
380 Contractor's position in such a proceeding; *Provided, further, That* in such proceedings the
381 Contracting Officer shall recognize the Contractor has a legal right under the terms of this
382 Contract to use Project Water.

383 TIME FOR DELIVERY OF WATER

384 4. (a) On or about February 20 each Calendar Year, the Contracting Officer shall
385 announce the Contracting Officer's expected declaration of the Water Made Available. Such
386 declaration will be expressed in terms of Water Made Available and the Recent Historic Average
387 and will be updated monthly, and more frequently if necessary, based on the then-current
388 operational and hydrologic conditions and a new declaration with changes, if any, to the Water
389 Made Available will be made. The Contracting Officer shall provide forecasts of Project
390 operations and the basis of the estimate, with relevant supporting information, upon the written
391 request of the Contractor. Concurrently with the declaration of the Water Made Available, the
392 Contracting Officer shall provide the Contractor with the updated Recent Historic Average.

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

399 (c) The Contractor shall not schedule Project Water in excess of the quantity
400 of Project Water the Contractor intends to put to reasonable and beneficial use within the

401 Contractor's Service Area or to sell, transfer, or exchange pursuant to Article 9 of this Contract
402 during any Year.

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

408 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

409 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this
410 Contract shall be delivered to the Contractor at a point or points on the Delta-Mendota Canal and
411 any additional point or points of delivery either on Project facilities or another location or
412 locations mutually agreed to in writing by the Contracting Officer and the Contractor.

413 (b) The Contracting Officer, either directly or indirectly through its written
414 agreements(s) with the Operating Non-Federal Entity(ies), shall make all reasonable efforts to
415 maintain sufficient flows and levels of water in the Project facilities to deliver Project Water to
416 the Contractor at the point or points of delivery established pursuant to subdivision (a) of this
417 Article.

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

422 (d) All Water Delivered to the Contractor pursuant to this Contract shall be
423 measured and recorded with equipment furnished, installed, operated, and maintained by the
424 Contracting Officer either directly or indirectly through its written agreements(s) with the
425 Operating Non-Federal Entity(ies), unless undertaken by the Contractor with the consent of the
426 Contracting Officer at the point or points of delivery established pursuant to subdivision (a) of
427 this Article. Upon the request of either party to this Contract, the Contracting Officer shall
428 investigate, or cause to be investigated by the appropriate Operating Non-Federal Entity(ies), the
429 accuracy of such measurements and shall take any necessary steps to adjust any errors appearing
430 therein. For any period of time when accurate measurements have not been made, the
431 Contracting Officer shall consult with the Contractor and the appropriate Operating Non-Federal
432 Entity(ies), if any, prior to making a final determination of the quantity delivered for that period
433 of time.

434 (e) Absent a separate contrary written agreement with the Contractor, neither
435 the Contracting Officer nor any Operating Non-Federal Entity(ies) shall be responsible for the
436 control, carriage, handling, use, disposal, or distribution of Water Delivered to the Contractor
437 pursuant to this Contract beyond the point or points of delivery established pursuant to
438 subdivision (a) of this Article. The Contractor shall indemnify the United States, its officers,
439 employees, agents, and assigns on account of damage or claim of damage of any nature
440 whatsoever for which there is legal responsibility, including property damage, personal injury, or
441 death arising out of or connected with the control, carriage, handling, use, disposal, or
442 distribution of such Water Delivered beyond such point or points of delivery except for any
443 damage or claim arising out of: (i) acts or omissions of the Contracting Officer or any of its

444 officers, employees, agents, and assigns, including the Operating Non-Federal Entity(ies) with
445 the intent of creating the situation resulting in any damage or claim; (ii) willful misconduct of the
446 Contracting Officer or any of its officers, employees, agents, and assigns, including the
447 Operating Non-Federal Entity(ies); (iii) negligence of the Contracting Officer or any of its
448 officers, employees, agents, and assigns, including the Operating Non-Federal Entity(ies); or (iv)
449 a malfunction of facilities owned and/or operated by the United States or the Operating Non-
450 Federal Entity(ies).

451 MEASUREMENT OF WATER WITHIN THE CONTRACTOR'S SERVICE AREA

452 6. (a) The Contractor has established a measuring program satisfactory to the
453 Contracting Officer. The Contractor shall ensure that all surface water delivered for irrigation
454 purposes within the Contractor's Service Area is measured at each agricultural turnout and such
455 water delivered for M&I purposes is measured at each M&I service connection. The water
456 measuring devices or water measuring methods of comparable effectiveness must be acceptable
457 to the Contracting Officer. The Contractor shall be responsible for installing, operating,
458 maintaining, and repairing all such measuring devices and implementing all such water
459 measuring methods at no cost to the United States. The Contractor shall use the information
460 obtained from such water measuring devices or water measuring methods to ensure its proper
461 management of the water; to bill water users for water delivered by the Contractor; and, if
462 applicable, to record water delivered for M&I purposes by customer class as defined in the
463 Contractor's water conservation plan provided for in Article 25 of this Contract. Nothing herein
464 contained, however, shall preclude the Contractor from establishing and collecting any charges,
465 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 of this Contract.

(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 agricultural turnouts and the M&I service connections or alternative measurement programs approved by the Contracting Officer, at which such measurement devices or water measuring methods are being used, and, if applicable, identifying the locations at which such devices and/or methods are not yet being used including a time schedule for implementation at such locations. The Contracting Officer shall advise the Contractor in writing within 60 days as to the adequacy and necessary modifications, if any, of the measuring devices or water measuring methods identified in the Contractor's report and if the Contracting Officer does not respond in such time, they shall be deemed adequate. If the Contracting Officer notifies the Contractor that the measuring devices or methods are inadequate, the parties shall within 60 days following the Contracting Officer's response, negotiate in good faith the earliest practicable date by which the Contractor shall modify said measuring devices and/or measuring methods as required by the Contracting Officer to ensure compliance with subdivision (a) of this Article.

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

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

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

493 RATES, METHOD OF PAYMENT FOR WATER AND ACCELERATED
494 REPAYMENT OF FACILITIES

495 7. (a) Notwithstanding the Contractor's full prepayment of the Repayment
496 Obligation pursuant to Section 4011, subsection (a)(2)(A) and subsection (a)(3)(A) of the WIIN
497 Act, as set forth in Exhibit "C", and any payments required pursuant to Section 4011, subsection
498 (b) of the WIIN Act, to reflect the adjustment for the final cost allocation as described in this
499 Article, subsection (b), the Contractor's Project construction and other obligations shall be
500 determined in accordance with: (i) the Secretary's ratesetting policy for Irrigation Water adopted
501 in 1988 and the Secretary's then-existing ratesetting policy for M&I Water, consistent with the
502 WIIN Act; and such ratesetting policies shall be amended, modified, or superseded only through
503 a public notice and comment procedure; (ii) applicable Federal Reclamation law and associated
504 rules and regulations, or policies, and (iii) other applicable provisions of this Contract. Payments
505 shall be made by cash transaction, electronic funds transfers, or any other mechanism as may be
506 agreed to in writing by the Contractor and the Contracting Officer. The Rates, Charges, and
507 Tiered Pricing Component applicable to the Contractor upon execution of this Contract are set
508 forth in Exhibit "B", as may be revised annually.

509 (1) The Contractor shall pay the United States as provided for in this
510 Article of this Contract for all Delivered Water at Rates, Charges, and Tiered Pricing Component
511 in accordance with policies for Irrigation Water and M&I Water. The Contractor's Rates shall
512 be established to recover its estimated reimbursable costs included in the operation and
513 maintenance component of the Rate and amounts established to recover deficits and other
514 charges, if any, including construction costs as identified in the following subdivisions.
515 (2) In accordance with the WIIN Act, the Contractor's allocable share
516 of Project construction costs will be repaid pursuant to the provisions of this Contract.
517 (A) The amount due and payable to the United States, pursuant
518 to the WIIN Act, shall be the Repayment Obligation. The Repayment Obligation has been
519 computed by the Contracting Officer in a manner consistent with the WIIN Act and is set forth
520 as a lump sum payment (M&I and Irrigation) and as four (4) approximately equal annual
521 installments (Irrigation Only) to be repaid no later than three (3) years after the Effective Date as
522 set forth in Exhibit "C". The Repayment Obligation is due in lump sum by December 30, 2020
523 as provided by the WIIN Act. The Contractor must provide appropriate notice to the Contracting
524 Officer in writing no later than thirty (30) days prior to the Effective Date, if electing to repay the
525 amount due using the lump sum alternative. If such notice is not provided by such date, the
526 Contractor shall be deemed to have elected the installment payment alternative, in which case,
527 the first such payment shall be made no later than December 30, 2020. The second payment
528 shall be made no later than the first anniversary of the first payment date. The third payment
529 shall be made no later than the second anniversary of the first payment date. The final payment
530 shall be made no later than November 1, 2023. If the installment payment option is elected by

531 the Contractor, the Contractor may pre-pay the remaining portion of the Repayment Obligation
532 by giving the Contracting Officer sixty (60) days written notice, in which case, the Contracting
533 Officer shall re-compute the remaining amount due to reflect the pre-payment using the same
534 methodology as was used to compute the initial annual installment payment amount, which is
535 illustrated in Exhibit "C". Notwithstanding any Additional Capital Obligation that may later be
536 established, receipt of the Contractor's payment of the Repayment Obligation to the United
537 States shall fully and permanently satisfy the Existing Capital Obligation.

538 (B) Additional Capital Obligations that are not reflected in, the
539 schedules referenced in Exhibit "C" and properly assignable to the Contractor, shall be repaid as
540 prescribed by the WIIN Act without interest except as required by law. Consistent with Federal
541 Reclamation law, interest shall continue to accrue on the M&I portion of the Additional Capital
542 Obligation assigned to the Contractor until such costs are paid. Increases or decreases in the
543 Additional Capital Obligation assigned to the Contractor caused solely by annual adjustment of
544 the Additional Capital Obligation assigned to each Project contractor by the Secretary shall not
545 be considered in determining the amounts to be paid pursuant to this subdivision (a)(2)(B),
546 however, will be considered under subdivision (b) of this Article. A separate agreement shall be
547 established by the Contractor and the Contracting Officer to accomplish repayment of the
548 Additional Capital Obligation assigned to the Contractor within the timeframe prescribed by the
549 WIIN Act, subject to the following:

550 (1) If the collective Additional Capital Obligation
551 properly assignable to the contractors exercising conversion under Section 4011 of the WIIN Act
552 is less than five million dollars ($5,000,000), then the portion of such costs properly assignable

553 to the Contractor shall be repaid not more than five (5)-years after the Contracting Officer
554 notifies the Contractor of the Additional Capital Obligation; *Provided, That* the reference to the
555 amount of five million dollars ($5,000,000) shall not be a precedent in any other context.
556 (2) If the collective Additional Capital Obligation
557 properly assignable to the contractors exercising conversion under Section 4011 of the WIIN Act
558 is equal to or greater than five million dollars ($5,000,000), then the portion of such costs
559 properly assignable to the Contractor shall be repaid as provided by applicable Federal
560 Reclamation law and Project ratesetting policy; *Provided, That* the reference to the amount of
561 five million dollars ($5,000,000) shall not be a precedent in any other context.
562 (b) In the event that the final cost allocation referenced in Section 4011(b) of
563 the WIIN Act determines that the costs properly assignable to the Contractor are greater than
564 what has been paid by the Contractor, the Contractor shall be obligated to pay the remaining
565 allocated costs. The term of such additional repayment contract shall be not less than one (1)
566 year and not more than ten (10) years, however, mutually agreeable provisions regarding the rate
567 of repayment of such amount may be developed by the Contractor and Contracting Officer. In
568 the event that the final cost allocation indicates that the costs properly assignable to the
569 Contractor are less than what the Contractor has paid, the Contracting Officer shall credit such
570 overpayment as an offset against any outstanding or future obligations of the Contractor, with the
571 exception of Restoration Fund charges pursuant to Section 3407(d) of Pub. L. 102-575.
572 (c) The Contracting Officer shall notify the Contractor of the Rates, Charges,
573 and Tiered Pricing Component as follows:
574 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall

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

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

589 (d) At the time the Contractor submits the initial schedule for the delivery of
590 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the
591 Contractor shall make an advance payment to the United States equal to the total amount payable
592 pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water
593 scheduled to be delivered pursuant to this Contract during the first two calendar months of the
594 Year. Before the end of the first month and before the end of each calendar month thereafter, the
595 Contractor shall make an advance payment to the United States, at the Rate(s) set under
596 subdivision (a) of this Article, for the Water Scheduled to be delivered pursuant to this Contract

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

612 (e) The Contractor shall also make a payment in addition to the Rate(s) in
613 subdivision (d) of this Article to the United States for Water Delivered, at the Charges and the
614 appropriate Tiered Pricing Component then in effect, before the end of the month following the
615 month of delivery; *Provided, That* the Contractor may be granted an exception from the Tiered
616 Pricing Component pursuant to subdivision (k)(2) of this Article. The payments shall be
617 consistent with the quantities of Irrigation Water and M&I Water Delivered as shown in the
618 water delivery report for the subject month prepared by the Operating Non-Federal Entity or, if

619 there is no Operating Non-Federal Entity, by the Contracting Officer. The water delivery report
620 shall be deemed a bill for the payment of Charges and the applicable Tiered Pricing Component
621 for Water Delivered. Adjustment for overpayment or underpayment of Charges shall be made
622 through the adjustment of payments due to the United States for Charges for the next month.
623 Any amount to be paid for past due payment of Charges and the Tiered Pricing Component shall
624 be computed pursuant to Article 19 of this Contract.

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

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

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

637 (i) The Contracting Officer shall keep its accounts pertaining to the
638 administration of the financial terms and conditions of its long-term contracts, in accordance
639 with applicable Federal standards, so as to reflect the application of Project costs and revenues.
640 The Contracting Officer shall, each Year upon request of the Contractor, provide to the

641 Contractor a detailed accounting of all Project and Contractor expense allocations, the
642 disposition of all Project and Contractor revenues, and a summary of all water delivery
643 information. The Contracting Officer and the Contractor shall enter into good faith negotiations
644 to resolve any discrepancies or disputes relating to accountings, reports, or information.

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

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

subdivision (a) of Article 3 of this Contract which is in excess of 80 percent of the Contract Total, this increment shall be deemed to be divided between Irrigation Water and M&I Water in the same proportion as actual deliveries of each bear to the cumulative total Water Delivered.

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

(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) For the term of this Contract, Rates applied 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

685 until the Contracting Officer has provided the Contractor an opportunity to discuss the nature,
686 need, and impact of the proposed change.

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

695 (n) Pursuant to the Act of October 27, 1986 (100 Stat. 3050), the Contracting
696 Officer is authorized to adjust determinations of ability to pay every five years.

697 (o) Omitted

698 NON-INTEREST BEARING O&M DEFICITS

699 8. The Contractor and the Contracting Officer concur that, as of the Effective Date
700 the Contractor has no non-interest bearing O&M deficits and shall have no further liability
701 therefore.

702 SALES, TRANSFERS, OR EXCHANGES OF WATER

703 9. (a) The right to receive Project Water provided for in this Contract may be
704 sold, transferred, or exchanged to others for reasonable and beneficial uses within the State of
705 California if such sale, transfer, or exchange is authorized by applicable Federal and State laws,
706 and applicable guidelines or regulations then in effect. No sale, transfer, or exchange of Project

707 Water under this Contract may take place without the prior written approval of the Contracting
708 Officer, except as provided for in subdivision (b) of this Article, and no such sales, transfers, or
709 exchanges shall be approved absent all appropriate environmental documentation, including, but
710 not limited to, documents prepared pursuant to the NEPA and ESA. Such environmental
711 documentation should include, as appropriate, an analysis of groundwater impacts and economic
712 and social effects, including environmental justice, of the proposed water transfers on both the
713 transferor and transferee.

714 (b) In order to facilitate efficient water management by means of water
715 transfers of the type historically carried out among Project Contractors located within the same
716 geographical area and to allow the Contractor to participate in an accelerated water transfer
717 program during the term of this Contract, the Contracting Officer shall prepare, as appropriate,
718 all necessary environmental documentation, including, but not limited to, documents prepared
719 pursuant to the NEPA and ESA, analyzing annual transfers within such geographical areas and
720 the Contracting Officer shall determine whether such transfers comply with applicable law.
721 Following the completion of the environmental documentation, such transfers addressed in such
722 documentation shall be conducted with advance notice to the Contracting Officer, but shall not
723 require prior written approval by the Contracting Officer. Such environmental documentation
724 and the Contracting Officer's compliance determination shall be reviewed every five years and
725 updated, as necessary, prior to the expiration of the then existing five (5)-year period. All
726 subsequent environmental documentation shall include an alternative to evaluate not less than the
727 quantity of Project Water historically transferred within the same geographical area.

728 (c) For a water transfer to qualify under subdivision (b) of this Article, such

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

739 APPLICATION OF PAYMENTS AND ADJUSTMENTS

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

751 made.

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

758 TEMPORARY REDUCTIONS – RETURN FLOWS

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

764 (b) The Contracting Officer or Operating Non-Federal Entity(ies) may
765 temporarily discontinue or reduce the quantity of Water Delivered to the Contractor as herein
766 provided for the purposes of investigation, inspection, maintenance, repair, or replacement of any
767 of the Project facilities or any part thereof necessary for the delivery of Project Water to the
768 Contractor, but so far as feasible the Contracting Officer or Operating Non-Federal Entity(ies)
769 will give the Contractor due notice in advance of such temporary discontinuance or reduction,
770 except in case of emergency, in which case no notice need be given; *Provided, That* the United
771 States shall use its best efforts to avoid any discontinuance or reduction in such service. Upon
772 resumption of service after such discontinuance or reduction, and if requested by the Contractor,

773 the United States will, if possible, deliver the quantity of Project Water which would have been
774 delivered hereunder in the absence of such discontinuance or reduction.

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

781 CONSTRAINTS ON THE AVAILABILITY OF WATER

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

787 (b) If there is a Condition of Shortage because of inaccurate runoff forecasting
788 or other similar operational errors affecting the Project; drought and other physical or natural
789 causes beyond the control of the Contracting Officer; or actions taken by the Contracting Officer
790 to meet current and future legal obligations, then, except as provided in subdivision (a) of Article
791 17 of this Contract, no liability shall accrue against the United States or any of its officers,
792 agents, or employees for any damage, direct or indirect, arising therefrom.

793 (c) In any Year in which there may occur a Condition of Shortage for any of
794 the reasons specified in subdivision (b) of this Article, and subject to subdivision (d) of this
795 Article, the Contracting Officer will first allocate the available Project Water consistent with the
796 Project M&I Water Shortage Policy as finally adopted after environmental review for
797 determining the amount of Project Water Available for delivery to the Project Contractors.
798 Subject to the foregoing allocation, in any year in which there may occur a Condition of

799 Shortage, the Contracting Officer shall then apportion Project Water among the Contractor and
800 others entitled to Project Water from Delta Division Facilities under long-term water service or
801 repayment contracts (or renewals thereof or binding commitments therefore) in force on
802 February 28, 2005, as follows:

803 (1) The Contracting Officer shall make an initial and subsequent
804 determination as necessary of the total quantity of Project Water estimated to be scheduled or
805 actually scheduled under subdivision (b) of Article 4 of this Contract and under all other interim
806 renewal, long-term water service or repayment contracts then in force for the delivery of Project
807 Water by the United States from Delta Division Facilities during the relevant Year, the quantity
808 so determined being hereinafter referred to as the scheduled total;

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

812 (3) The total quantity of Project Water estimated to be scheduled or
813 actually scheduled by the Contractor during the relevant Year, under subdivision (b) of Article 4
814 of this Contract, shall be divided by the scheduled total, the quotient thus obtained being
815 hereinafter referred to as the Contractor's proportionate share; and

816 (4) The available supply shall be multiplied by the Contractor's
817 proportionate share and the result shall be the quantity of Project Water made available by the
818 United States to the Contractor for the relevant Year in accordance with the schedule developed
819 by the Contracting Officer under subdivision (c)(1) of this Article 12, but in no event shall such
820 amount exceed the Contract Total. In the event the Contracting Officer subsequently determines

821 that the Contracting Officer can increase or needs to decrease the available supply for delivery
822 from Delta Division Facilities to long-term water service and repayment contractors during the
823 relevant Year, such additions or reductions to the available supply shall be apportioned
824 consistent with subparagraphs (1) through (4), inclusive.

825 (d) By entering into this Contract, the Contractor does not waive any legal
826 rights or remedies it may have to file or participate in any administrative or judicial proceeding
827 contesting: (i) the sufficiency of the Project M&I Water Shortage Policy; (ii) the substance of
828 such a policy; (iii) the applicability of such a policy; or (iv) the manner in which such policy is
829 implemented in order to allocate Project Water between M&I and irrigation purposes; *Provided,*
830 *That* the Contractor has commenced any such judicial challenge or any administrative procedures
831 necessary to institute any judicial challenge within six months of the policy becoming final. By
832 agreeing to the foregoing, the Contracting Officer does not waive any legal defenses or remedies
833 that it may have to assert in such a proceeding. Nothing contained herein shall be interpreted to
834 validate or invalidate the Project M&I Water Shortage Policy.

835 UNAVOIDABLE GROUNDWATER PERCOLATION

836 13. (a) To the extent applicable, the Contractor shall not be deemed to have
837 delivered Irrigation Water to Excess Lands or Ineligible Lands within the meaning of this
838 Contract if such lands are irrigated with groundwater that reaches the underground strata as an
839 unavoidable result of the delivery of Irrigation Water by the Contractor to Eligible Lands.

840 (b) Upon complete payment of the Repayment Obligation by the Contractor,
841 this Article 13 shall no longer be applicable.

842 COMPLIANCE WITH FEDERAL RECLAMATION LAWS

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

848 PROTECTION OF WATER AND AIR QUALITY

849 15. (a) Omitted

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

855 None of the foregoing affects or modifies the obligations of the United States under Contract No.
856 14-06-200-3537A, dated October 11, 1967, with respect to Schedule 2 Water, including but not
857 limited to, Article 10 of said contract.

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

865 (d) This Article shall not affect or alter any legal obligations of the Secretary
866 to provide drainage or other discharge services.

867 (e) Omitted

868 WATER ACQUIRED BY THE CONTRACTOR OTHER THAN FROM THE UNITED
869 STATES

870 16. (a) Water or water rights now owned or hereafter acquired by the Contractor
871 other than from the United States and Irrigation Water furnished pursuant to the terms of this

872 Contract may be simultaneously transported through the same distribution facilities of the
873 Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water
874 and non-Project water were constructed without funds made available pursuant to Federal
875 Reclamation law, the provisions of Federal Reclamation law will be applicable only to the
876 Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive
877 Irrigation Water must be established through the certification requirements as specified in the
878 Acreage Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of
879 Eligible Lands within the Contractor's Service Area can be established and the quantity of
880 Irrigation Water to be utilized is less than or equal to the quantity necessary to irrigate such
881 Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and non-
882 Project water are (were) constructed with funds made available pursuant to Federal Reclamation
883 law, the non-Project water will be subject to the acreage limitation provisions of Federal
884 Reclamation law, unless the Contractor pays to the United States the incremental fee described in
885 43 CFR 426.15. In determining the incremental fee, the Contracting Officer will calculate
886 annually the cost to the Federal Government, including interest, of storing or delivering non-
887 Project water, which for purposes of this Contract shall be determined as follows: The quotient
888 shall be the unpaid distribution system costs divided by the total irrigable acreage within the
889 Contractor's Service Area. The incremental fee per acre is the mathematical result of such
890 quotient times the interest rate determined using Section 202 (3) of the Act of October 12, 1982
891 (96 Stat. 1263). Such incremental fee will be charged to each acre of excess or full-cost land
892 within the Contractor's Service Area that receives non-Project water through Federally financed
893 or constructed facilities. The incremental fee calculation methodology will continue during the

term of this Contract absent the promulgation of a contrary Bureau of Reclamation-wide rule, regulation, or policy adopted after the Contractor has been afforded the opportunity to review and comment on the proposed rule, regulation, or policy. If such rule, regulation, or policy is adopted, it shall supersede this provision.

(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, including Ineligible Lands, subject to payment to the United States and/or to any applicable Operating Non-Federal Entity of an appropriate rate as determined by the applicable Project ratesetting policy, the Reclamation Reform Act of 1982, and the Project use power policy, if such Project use power policy is applicable, each as amended, modified, or superseded from time to time.

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

(3) Neither the United States nor the Operating Non-Federal

916 Entity(ies) shall be responsible for control, care, or distribution of the non-Project water before it
917 is introduced into or after it is delivered from the Project facilities. The Contractor hereby
918 releases and agrees to defend and indemnify the United States and the Operating Non-Federal
919 Entity(ies), and their respective officers, agents, and employees, from any claim for damage to
920 persons or property, direct or indirect, resulting from the act(s) of the Contractor, its officers,
921 employees, agents, or assigns, in (i) extracting or diverting non-Project water from any source, or
922 (ii) diverting such non-Project water into Project facilities.

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

926 (5) After Project purposes are met, as determined by the Contracting
927 Officer, the United States and Project Contractors entitled to Project Water from Delta Division
928 Facilities shall share priority to utilize the remaining capacity of the facilities declared to be
929 available by the Contracting Officer for conveyance and transportation of non-Project water prior
930 to any such remaining capacity being made available to non-Project contractors. Other Project
931 Contractors shall have a second priority to any remaining capacity of facilities declared to be
932 available by the Contracting Officer for conveyance and transportation of non-Project water prior
933 to any such remaining capacity being made available to non-Project contractors.

934 (c) Upon complete payment of the Repayment Obligation by the Contractor,
935 subdivision (a) of this Article 16 shall no longer be applicable.

936 OPINIONS AND DETERMINATIONS

937 17. (a) Where the terms of this Contract provide for actions to be based upon the

938 opinion or determination of either party to this Contract, said terms shall not be construed as
939 permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or
940 determinations. Both parties, notwithstanding any other provisions of this Contract, expressly
941 reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious,
942 or unreasonable opinion or determination. Each opinion or determination by either party shall be
943 provided in a timely manner. Nothing in this subdivision (a) of this Article is intended to or shall
944 affect or alter the standard of judicial review applicable under Federal law to any opinion or
945 determination implementing a specific provision of Federal law embodied in statute or
946 regulation.

947 (b) The Contracting Officer shall have the right to make determinations
948 necessary to administer this Contract that are consistent with the provisions of this Contract, the
949 laws of the United States and of the State of California, and the rules and regulations
950 promulgated by the Secretary. Such determinations shall be made in consultation with the
951 Contractor to the extent reasonably practicable.

952 COORDINATION AND COOPERATION

953 18. (a) In order to further their mutual goals and objectives, the Contracting
954 Officer and the Contractor shall communicate, coordinate, and cooperate with each other, and
955 with other affected Project Contractors, in order to improve the O&M of the Project. The
956 communication, coordination, and cooperation regarding O&M shall include, but not be limited
957 to, any action which will or may materially affect the quantity or quality of Project Water supply,
958 the allocation of Project Water supply, and Project financial matters including, but not limited to,
959 budget issues. The communication, coordination, and cooperation provided for hereunder shall

extend to all provisions of this Contract. Each party shall retain exclusive decision making authority for all actions, opinions, and determinations to be made by the respective party.

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

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

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

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

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

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

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

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

990 CHARGES FOR DELINQUENT PAYMENTS

991 19. (a) The Contractor shall be subject to interest, administrative, and penalty
992 charges on delinquent payments. If a payment is not received by the due date, the Contractor
993 shall pay an interest charge on the delinquent payment for each day the payment is delinquent
994 beyond the due date. If a payment becomes 60 days delinquent, the Contractor shall pay, in
995 addition to the interest charge, an administrative charge to cover additional costs of billing and
996 processing the delinquent payment. If a payment is delinquent 90 days or more, the Contractor
997 shall pay, in addition to the interest and administrative charges, a penalty charge for each day the
998 payment is delinquent beyond the due date, based on the remaining balance of the payment due
999 at the rate of 6 percent per year. The Contractor shall also pay any fees incurred for debt
1000 collection services associated with a delinquent payment.

1001 (b) The interest rate charged shall be the greater of either the rate prescribed
1002 quarterly in the Federal Register by the Department of the Treasury for application to overdue
1003 payments, or the interest rate of 0.5 percent per month. The interest rate charged will be
1004 determined as of the due date and remain fixed for the duration of the delinquent period.

1005 (c) When a partial payment on a delinquent account is received, the amount
1006 received shall be applied first to the penalty charges, second to the administrative charges, third
1007 to the accrued interest, and finally to the overdue payment.

1008 EQUAL EMPLOYMENT OPPORTUNITY

1009 20. During the performance of this Contract, the Contractor agrees as follows:

1010 (a) The Contractor will not discriminate against any employee or applicant for
1011 employment because of race, color, religion, sex, sexual orientation, gender identity, or national

1012 origin. The Contractor will take affirmative action to ensure that applicants are employed, and
1013 that employees are treated during employment, without regard to their race, color, religion, sex,
1014 sexual orientation, gender identity, or national origin. Such action shall include, but not be
1015 limited to, the following: employment, upgrading, demotion, or transfer; recruitment or
1016 recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and
1017 selection for training, including apprenticeship. The Contractor agrees to post in conspicuous
1018 places, available to employees and applicants for employment, notices to be provided by the
1019 Contracting Officer setting forth the provisions of this nondiscrimination clause.

1020 (b) The Contractor will, in all solicitations or advertisements for employees
1021 placed by or on behalf of the Contractor, state that all qualified applicants will receive
1022 consideration for employment without regard to race, color, religion, sex, sexual orientation,
1023 gender identity, or national origin.

1024 (c) The Contractor will not discharge or in any other manner discriminate
1025 against any employee or applicant for employment because such employee or applicant has
1026 inquired about, discussed, or disclosed the compensation of the employee or applicant or another
1027 employee or applicant. This provision shall not apply to instances in which an employee who
1028 has access to the compensation information of other employees or applicants as part of such
1029 employee's essential job functions discloses the compensation of such other employees or
1030 applicants to individuals who do not otherwise have access to such information, unless such
1031 disclosure is in response to a formal complaint or charge, in furtherance of an investigation,
1032 proceeding, hearing, or action, including an investigation conducted by the employer, or is
1033 consistent with the Contractor's legal duty to furnish information.

1034 (d) The Contractor will send to each labor union or representative of workers
1035 with which it has a collective bargaining agreement or other contract or understanding, a notice,
1036 to be provided by the Contracting Officer, advising the labor union or workers' representative of
1037 the Contractor's commitments under Section 202 of Executive Order No. 11246 of September
1038 24, 1965 and shall post copies of the notice in conspicuous places available to employees and
1039 applicants for employment.

1040 (e) The Contractor will comply with all provisions of Executive Order No.
1041 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of
1042 Labor.

1043 (f) The Contractor will furnish all information and reports required by
1044 Executive Order No. 11246 of Sept. 24, 1965, and by the rules, regulations, and orders of the
1045 Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts
1046 by the Contracting Agency and the Secretary of Labor for purposes of investigation to ascertain
1047 compliance with such rules, regulations, and orders.

1048 (g) In the event of the Contractor's noncompliance with the nondiscrimination
1049 clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be

1050 canceled, terminated, or suspended in whole or in part and the Contractor may be declared
1051 ineligible for further Government contracts in accordance with procedures authorized in
1052 Executive Order No. 11246 of Sept. 24, 1965, and such other sanctions may be imposed and
1053 remedies invoked as provided in Executive Order No. 11246 of Sept. 24, 1965, or by rule,
1054 regulation, or order of the Secretary of Labor, or as otherwise provided by law.

1055 (h) The Contractor will include the provisions of paragraphs (a) through (g) in
1056 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the
1057 Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of Sept. 24,
1058 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor
1059 will take such action with respect to any subcontract or purchase order as may be directed by the
1060 Secretary of Labor as a means of enforcing such provisions, including sanctions for
1061 noncompliance: *Provided, however, That* in the event the Contractor becomes involved in, or is
1062 threatened with, litigation with a subcontractor or vendor as a result of such direction, the
1063 Contractor may request the United States to enter into such litigation to protect the interests of
1064 the United States.

1065 GENERAL OBLIGATION – BENEFITS CONDITIONED UPON PAYMENT

1066 21. (a) The obligation of the Contractor to pay the United States as provided in
1067 this Contract is a general obligation of the Contractor notwithstanding the manner in which the
1068 obligation may be distributed among the Contractor's water users and notwithstanding the default
1069 of individual water users in their obligation to the Contractor.

1070 (b) The payment of charges becoming due pursuant to this Contract is a
1071 condition precedent to receiving benefits under this Contract. The United States shall not make
1072 water available to the Contractor through Project facilities during any period in which the
1073 Contractor is in arrears in the advance payment of water rates due the United States. The
1074 Contractor shall not deliver water under the terms and conditions of this Contract for lands or
1075 parties that are in arrears in the advance payment of water rates as levied or established by the
1076 Contractor.

1077 (c) With respect to subdivision (b) of this Article, the Contractor shall have no

1078 obligation to require advance payment for water rates which it levies.

1079 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

1080 22. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
1081 (Pub. L. 88-352; 42 U.S.C. § 2000d), the Rehabilitation Act of 1973 (Pub. L. 93-112, Title V, as
1082 amended; 29 U.S.C. § 791, et seq.), the Age Discrimination Act of 1975 (Pub. L. 94-135, Title
1083 III; 42 U.S.C. 6101, et seq.), Title II of the Americans with Disabilities Act of 1990 (Pub. L.
1084 101-336; 42 U.S.C. § 12131, et seq.), and any other applicable civil rights laws, and with the

1085 applicable implementing regulations and any guidelines imposed by the U.S. Department of the
1086 Interior and/or Bureau of Reclamation.

1087 (b) These statutes prohibit any person in the United States from being
1088 excluded from participation in, being denied the benefits of, or being otherwise subjected to
1089 discrimination under any program or activity receiving financial assistance from the Bureau of
1090 Reclamation on the grounds of race, color, national origin, disability, or age. By executing this
1091 Contract, the Contractor agrees to immediately take any measures necessary to implement this
1092 obligation, including permitting officials of the United States to inspect premises, programs, and
1093 documents.

1094 (c) The Contractor makes this Contract in consideration of and for the
1095 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other
1096 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of
1097 Reclamation, including installment payments after such date on account of arrangements for
1098 Federal financial assistance which were approved before such date. The Contractor recognizes
1099 and agrees that such Federal assistance will be extended in reliance on the representations and
1100 agreements made in this Article and that the United States reserves the right to seek judicial
1101 enforcement thereof.

1102 (d) Complaints of discrimination against the Contractor shall be investigated
1103 by the Contracting Officer's Office of Civil Rights.

1104 PRIVACY ACT COMPLIANCE

1105 23. (a) The Contractor shall comply with the Privacy Act of 1974 (Privacy Act)
1106 (5 U.S.C. § 552a) and the Department of the Interior rules and regulations under the Privacy Act
1107 (43 C.F.R. § 2.45, et seq.) in maintaining Landholder certification and reporting records required
1108 to be submitted to the Contractor for compliance with Sections 206, 224(c), and 228 of the
1109 Reclamation Reform Act of 1982 (43 U.S.C. §§ 390ff, 390ww, and 390zz), and pursuant to 43
1110 C.F.R. § 426.18.

1111 (b) With respect to the application and administration of the criminal penalty
1112 provisions of the Privacy Act (5 U.S.C. § 552a(i)), the Contractor and the Contractor's
1113 employees who are responsible for maintaining the certification and reporting records referenced
1114 in paragraph (a) above are considered to be employees of the Department of the Interior. See 5
1115 U.S.C. § 552a(m).

1116 (c) The Contracting Officer or a designated representative shall provide the
1117 Contractor with current copies of the Department of the Interior Privacy Act regulations and the
1118 Bureau of Reclamation Federal Register Privacy Act System of Records Notice (Interior/WBR-
1119 31, Acreage Limitation) which govern the maintenance, safeguarding, and disclosure of
1120 information contained in the Landholders' certification and reporting records.

1121 (d) The Contracting Officer shall designate a full-time employee of the
1122 Bureau of Reclamation to be the System Manager responsible for making decisions on denials
1123 pursuant to 43 C.F.R. §§ 2.61 and 2.64 and amendment requests pursuant to 43 C.F.R. § 2.72.
1124 The Contractor is authorized to grant requests by individuals for access to their own records.

1125 (e) The Contractor shall forward promptly to the System Manager each
1126 proposed denial of access under 43 C.F.R. § 2.64 and each request for amendment of records
1127 filed under 43 C.F.R. § 2.71; notify the requester accordingly of such referral; and provide the
1128 System Manager with information and records necessary to prepare an appropriate response to
1129 the requester. These requirements do not apply to individuals seeking access to their own
1130 certification and reporting forms filed with the Contractor pursuant to 43 C.F.R. § 426.18 unless
1131 the requester elects to cite the Privacy Act as an authority for the request.

1132 (f) Upon complete payment of the Repayment Obligation by the Contractor,
1133 this Article 23 will no longer be applicable.

1134 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

1135 24. In addition to all other payments to be made by the Contractor pursuant to this
1136 Contract, the Contractor shall pay to the United States, within 60 days after receipt of a bill and
1137 detailed statement submitted by the Contracting Officer to the Contractor for such specific items
1138 of direct cost incurred by the United States for work requested by the Contractor associated with
1139 this Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies
1140 and procedures. All such amounts referred to in this Article shall not exceed the amount agreed
1141 to in writing in advance by the Contractor. This Article shall not apply to costs for routine
1142 contract administration.

1143 WATER CONSERVATION

1144 25. (a) Prior to the delivery of water provided from or conveyed through
1145 Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor
1146 shall develop a water conservation plan, as required by subsection 210(b) of the Reclamation
1147 Reform Act of 1982 and 43 C.F.R. 427.1 (Water Conservation Rules and Regulations).

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

(b) Should the amount of M&I Water delivered pursuant to subdivision (a) of Article 3 of this Contract equal or exceed two thousand (2,000) acre-feet per Year, the Contractor shall implement the Best Management Practices identified by the time frames issued by the Mid-Pacific Region's then-existing conservation and efficiency criteria for such M&I Water unless any such practice is determined by the Contracting Officer to be inappropriate for the Contractor.

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

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

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

EXISTING OR ACQUIRED WATER OR WATER RIGHTS

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

1189 OPERATION AND MAINTENANCE BY THE OPERATING NON-FEDERAL ENTITY

1190 27. (a) The O&M of a portion of the Project facilities which serve the Contractor,
1191 and responsibility for funding a portion of the costs of such O&M, have been transferred to the
1192 San Luis & Delta-Mendota Water Authority, an Operating Non-Federal Entity by separate
1193 agreement (8-07-20-X0354-X) between the United States and Operating Non-Federal Entity San
1194 Luis & Delta-Mendota Water Authority. That separate agreement shall not interfere with or
1195 affect the rights or obligations of the Contractor or the United States hereunder.

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

1211 Federal Entity San Luis & Delta-Mendota Water Authority collects payments on behalf of the
1212 United States in accordance with the separate agreement identified in subdivision (a) of this
1213 Article.

1214 (c) For so long as the O&M of any portion of the Project facilities serving the
1215 Contractor is performed by Operating Non-Federal Entity San Luis & Delta-Mendota Water
1216 Authority, or any successor thereto, the Contracting Officer shall adjust those components of the
1217 Rates for Water Delivered under this Contract representing the cost associated with the activity
1218 being performed by Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority
1219 or its successor.

1220 (d) In the event the O&M of the Project facilities operated and maintained by
1221 the Operating Non-Federal Entity San Luis & Delta-Mendota Water Authority is re-assumed by
1222 the United States during the term of this Contract, the Contracting Officer shall so notify the
1223 Contractor, in writing, and present to the Contractor a revised Exhibit "B" which shall include
1224 the portion of the Rates to be paid by the Contractor for Project Water under this Contract
1225 representing the O&M costs of the portion of such Project facilities which have been re-assumed.
1226 The Contractor shall, thereafter, in the absence of written notification from the Contracting
1227 Officer to the contrary, pay the Rates, Charges, and Tiered Pricing Component specified in the
1228 revised Exhibit "B" directly to the United States in compliance with Article 7 of this Contract.

1229 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

1230 28. The expenditure or advance of any money or the performance of any obligation of
1231 the United States under this Contract shall be contingent upon appropriation or allotment of
1232 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
1233 obligations under this Contract. No liability shall accrue to the United States in case funds are
1234 not appropriated or allotted.

1235 BOOKS, RECORDS, AND REPORTS

1236 29. (a) The Contractor shall establish and maintain accounts and other books and
1237 records pertaining to administration of the terms and conditions of this Contract, including the
1238 Contractor's financial transactions; water supply data; project operations, maintenance, and
1239 replacement logs; project land and rights-of-way use agreements; the water users' land-use (crop
1240 census), land-ownership, land-leasing, and water-use data; and other matters that the Contracting
1241 Officer may require. Reports shall be furnished to the Contracting Officer in such form and on
1242 such date or dates as the Contracting Officer may require. Subject to applicable Federal laws
1243 and regulations, each party to this Contract shall have the right during office hours to examine
1244 and make copies of the other party's books and records relating to matters covered by this
1245 Contract.

1246 (b) Notwithstanding the provisions of subdivision (a) of this Article, no
1247 books, records, or other information shall be requested from the Contractor by the Contracting
1248 Officer unless such books, records, or information are reasonably related to the administration or
1249 performance of this Contract. Any such request shall allow the Contractor a reasonable period of
1250 time within which to provide the requested books, records, or information.

1251 (c) At such time as the Contractor provides information to the Contracting
1252 Officer pursuant to subdivision (a) of this Article, a copy of such information shall be provided
1253 to the Operating Non-Federal Entity(ies).

1254 ASSIGNMENT LIMITED – SUCCESSORS AND ASSIGNS OBLIGATED

1255 30. (a) The provisions of this Contract shall apply to and bind the successors and
1256 assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest
1257 therein by either party shall be valid until approved in writing by the other party.

1258 (b) The assignment of any right or interest in this Contract by either party
1259 shall not interfere with the rights or obligations of the other party to this Contract absent the
1260 written concurrence of said other party.

1261 (c) The Contracting Officer shall not unreasonably condition or withhold
1262 approval of any proposed assignment.

1263 SEVERABILITY

1264 31. In the event that a person or entity who is neither (i) a party to a Project contract,
1265 nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii)
1266 an association or other form of organization whose primary function is to represent parties to
1267 Project contracts, brings an action in a court of competent jurisdiction challenging the legality or
1268 enforceability of a provision included in this Contract and said person, entity, association, or
1269 organization obtains a final court decision holding that such provision is legally invalid or
1270 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s),
1271 the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such
1272 final court decision identify by mutual agreement the provisions in this Contract which must be
1273 revised and (ii) within three months thereafter promptly agree on the appropriate revision(s).
1274 The time periods specified above may be extended by mutual agreement of the parties. Pending
1275 the completion of the actions designated above, to the extent it can do so without violating any
1276 applicable provisions of law, the United States shall continue to make the quantities of Project
1277 Water specified in this Contract available to the Contractor pursuant to the provisions of this
1278 Contract which were not found to be legally invalid or unenforceable in the final court decision.

1279 RESOLUTION OF DISPUTES

1280 32. Should any dispute arise concerning any provisions of this Contract, or the
1281 parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to
1282 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting
1283 Officer referring any matter to the Department of Justice, the party shall provide to the other
1284 party 30 days' written notice of the intent to take such action; *Provided, That* such notice shall

not be required where a delay in commencing an action would prejudice the interests of the party that intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer shall meet and confer in an attempt to resolve the dispute. Except as specifically provided, nothing herein is intended to waive or abridge any right or remedy that the Contractor or the United States may have.

OFFICIALS NOT TO BENEFIT

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

CHANGES IN CONTRACTOR'S ORGANIZATION AND/OR SERVICE AREA

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

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

1309 responsible for all costs incurred by the Contracting Officer in this process, and such costs will
1310 be paid in accordance with Article 24 of this Contract.

1311 FEDERAL LAWS

1312 35. By entering into this Contract, the Contractor does not waive its rights to contest
1313 the validity or application in connection with the performance of the terms and conditions of this
1314 Contract of any Federal law or regulation; *Provided, That* the Contractor agrees to comply with
1315 the terms and conditions of this Contract unless and until relief from application of such Federal
1316 law or regulation to the implementing provision of the Contract is granted by a court of
1317 competent jurisdiction.

1318 RECLAMATION REFORM ACT OF 1982

1319 36. (a) Upon a Contractor's compliance with and discharge of the Repayment
1320 Obligation pursuant to this Contract, subsections (a) and (b) of Section 213 of the Reclamation
1321 Reform Act of 1982 (96 Stat. 1269) shall apply to affected lands.

1322 (b) The obligation of a Contractor to pay the Additional Capital Obligation
1323 shall not affect the Contractor's status as having repaid all of the construction costs assignable to
1324 the Contractor or the applicability of subsections (a) and (b) of Section 213 of the Reclamation
1325 Reform Act of 1982 (96 Stat. 1269) once the Repayment Obligation is paid.

1326 CERTIFICATION OF NONSEGREGATED FACILITIES

1327 37. The Contractor hereby certifies that it does not maintain or provide for its
1328 employees any segregated facilities at any of its establishments and that it does not permit its
1329 employees to perform their services at any location under its control where segregated facilities
1330 are maintained. It certifies further that it will not maintain or provide for its employees any
1331 segregated facilities at any of its establishments and that it will not permit its employees to
1332 perform their services at any location under its control where segregated facilities are
1333 maintained. The Contractor agrees that a breach of this certification is a violation of the Equal

Employment Opportunity clause in this Contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom, disability, or otherwise. The Contractor further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Employment Opportunity clause; that it will retain such certifications in its files; and that it will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific time periods):

NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES

A Certification of Nonsegregated Facilities must be submitted prior to the award of a subcontract exceeding $10,000 which is not exempt from the provisions of the Equal Employment Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually). Note: The penalty for making false statements in offers is prescribed in 18 U.S.C. § 1001.

NOTICES

38. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area Manager, South-Central California Area Office, 1243 N Street, Fresno, California 93721, Bureau of Reclamation, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Board of Directors of the Tranquillity Public Utility District, P.O. Box 622, Tranquillity, California 93668. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.

MEDIUM FOR TRANSMITTING PAYMENT

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

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

1371 CONTRACT DRAFTING CONSIDERATIONS

1372 40. This amended Contract has been negotiated and reviewed by the parties hereto,
1373 each of whom is sophisticated in the matters to which this amended Contract pertains. The
1374 double-spaced Articles of this amended Contract have been drafted, negotiated, and reviewed by
1375 the parties, and no one party shall be considered to have drafted the stated Articles. Single-
1376 spaced Articles are standard Articles pursuant to Bureau of Reclamation policy.

1377 CONFIRMATION OF CONTRACT

1378 41. Promptly after the execution of this amended Contract, the Contractor will
1379 provide to the Contracting Officer a certified copy of a final decree of a court of competent
1380 jurisdiction in the State of California, confirming the proceedings on the part of the Contractor
1381 for the authorization of the execution of this amended Contract. This amended Contract shall not
1382 be binding on the United States until the Contractor secures a final decree.

1383

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

UNITED STATES OF AMERICA

By: _____
Regional Director
Interior Region 10: California-Great Basin
Bureau of Reclamation

TRANQUILLITY PUBLIC UTILITY DISTRICT

(SEAL)

By: _____
President of the Board of Directors

Attest:

By: _____
Secretary of the Board of Directors

1384 IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the
1385 day and year first above written.

1386 UNITED STATES OF AMERICA

APPROVED AS TO LEGAL FORM AND
SUFFICIENCY - REVIEWED BY:
Digitally signed by
BRIAN HUGHES
Date: 2020.10.19
10:04:03 -07'00'
OFFICE OF THE REGIONAL SOLICITOR
1387 DEPARTMENT OF THE INTERIOR
1388 TIME STAMP: 1:37 pm, May 11 2020

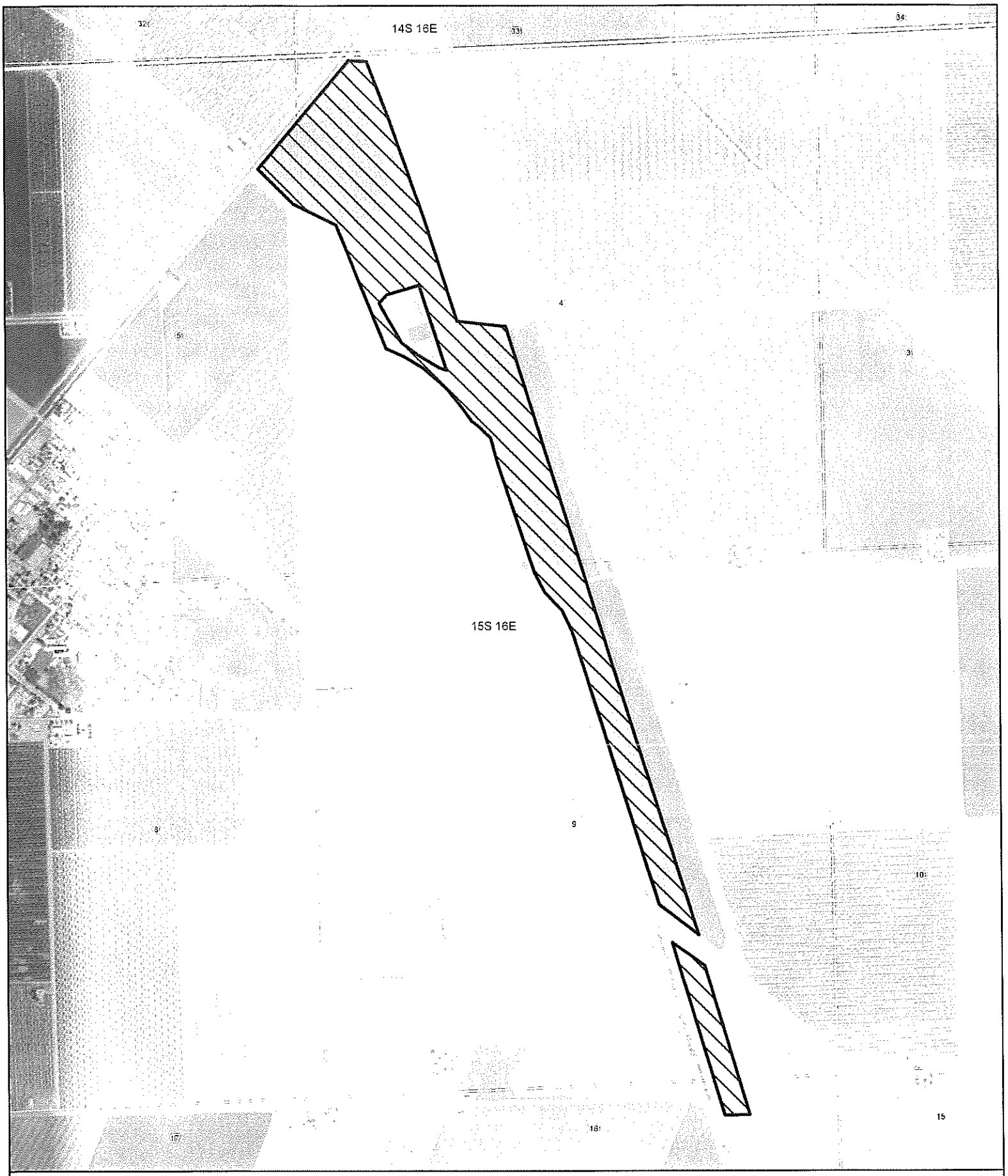
1389 By: _____
1390 Regional Director
Interior Region 10: California-Great Basin
Bureau of Reclamation

1391 TRANQUILLITY PUBLIC UTILITY DISTRICT
1392 (SEAL)

1393 By: _____
1394 President of the Board of Directors

1395 Attest:

1396 By: _____
1397 Secretary of the Board of Directors



District Boundary
Contractor's Service Area

Tranquillity Public Utility District

Contract No. 14-06-200-3537A-LTR1-P
Exhibit A

BUREAU OF RECLAMATION

Miles
0 0.25 0.5

N

214-202-892

Date: 4/1/2020
File Name: N:\Districts\Contracts\tranquillity_pud\tranquillity_pud_20200401.mxd

EXHIBIT B
TRANQUILLITY PUBLIC UTILITY DISTRICT
2020 Rates and Charges
(Per Acre-Foot)

	Irrigation Water	M&I Water[1]
COST-OF-SERVICE (COS) RATE		
Construction Costs	$111.97	
DMC Aqueduct Intertie	$1.25	
O&M Components		
Water Marketing	$8.97	
Storage	$18.01	
Deficit Cost (ARRA Cost included)	$0.00	
TOTAL COS RATE *(Tier 1 Rate)*	$140.20	
IRRIGATION FULL-COST RATE		
Section 202(3) Rate is applicable to a Qualified Recipient or to a Limited Recipient receiving irrigation water on or before October 1, 1981.	TBD	
Section 205(a)(3) Rate is applicable to a Limited Recipient that did not receive irrigation water on or before October 1, 1981.	TBD	
TIERED PRICING COMPONENTS *(In Addition to Total COS Rate Above)*		
IRRIGATION		
Tier 2 Rate: >80% <=90% of Contract Total [Section 202(3) Irrigation Full Cost Rate - Irrigation COS Rate]/2 *(Amount to be added to Tier 1 Rate)*	TBD	
Tier 3 Rate: >90% of Contract Total [Section 202(3) Irrigation Full Cost Rate - Irrigation COS Rate] *(Amount to be added to Tier 1 Rate)*	TBD	
CHARGES AND ASSESSMENTS *(Payments in addition to Rates)*		
P.L. 102-575 Surcharge (Restoration Fund Payment) [Section 3407(d)(2)(A)]	$10.91	
P.L. 106-377 Assessment (Trinity Public Utilities District) [Appendix B, Section 203]	$0.12	

EXPLANATORY NOTES

The Contractor has not projected any delivery of M&I Water for the 2020 contract year. A temporary M&I Rate will be applied upon any M&I water delivery.

Additional detail of rate components is available on the Internet at:
http://www.usbr.gov/mp/cvpwaterrates/ratebooks/index.html

Exhibit C@

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

Unpaid Construction Cost from the 2020 Water Rate Books*

Contractor: Tranquillity Public Utilities District
Facility: Delta-Mendota Pool
Contract: 14-06-200-3537A-LTR1-P

Irrigation Construction Cost (2020 Irrigation Ratebook, Schedule A-2Ba				
			Unpaid Cost	Discount
Construction Cost		~	$ 12,317	
2019 Repayment (Estimate) **				
Adjusted Construction Cost			$ 12,317	$ 11,955
Intertie Construction Cost (N/A):			$ 550	$ 493
Total			$ 12,867	$ 12,448
If Paid in Installments (Used 20 yr CMT)				
	Due****			
Payment 1	9/1/2020			$ 3,151
Payment 2	9/1/2021			$ 3,151
Payment 3	9/1/2022			$ 3,151
Payment 4 ~~	9/1/2023			$ 3,151
Total Installment Payments				$ 12,603
20 yr CMT Rates - 04/28/2020 (to be adjusted to effective date of contract)@				1.000%
Discount Rate (1/2 of the Treasury Rate per the WIIN Act, Section 4011(a)(2)(A))				0.500%

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

Calculation Support: Irrigation Lump Sum or First Payment**** 9/1/2020
Days Until the End of the Fiscal Year 29

	Unpaid Allocated Construction Cost			Unpaid Intertie Construction Cost			Total
Fiscal Yr	Beginning Balance	Straight Line Repayment	Present Value	Beginning Balance	Straight Line Repayment	Present Value	Present Values
2020	$ 12,317	$ 1,120	$ 1,114	$ 550	$ 13	$ 12	$ 1,126
2021	$ 11,197	$ 1,120	$ 1,109	$ 538	$ 13	$ 12	$ 1,121
2022	$ 10,078	$ 1,120	$ 1,103	$ 525	$ 13	$ 12	$ 1,115
2023	$ 8,958	$ 1,120	$ 1,098	$ 513	$ 13	$ 12	$ 1,110
2024	$ 7,838	$ 1,120	$ 1,092	$ 500	$ 13	$ 12	$ 1,104
2025	$ 6,718	$ 1,120	$ 1,087	$ 488	$ 13	$ 12	$ 1,099
2026	$ 5,599	$ 1,120	$ 1,081	$ 475	$ 13	$ 12	$ 1,093
2027	$ 4,479	$ 1,120	$ 1,076	$ 463	$ 13	$ 12	$ 1,088
2028	$ 3,359	$ 1,120	$ 1,071	$ 450	$ 13	$ 12	$ 1,083
2029	$ 2,239	$ 1,120	$ 1,065	$ 438	$ 13	$ 12	$ 1,077
2030	$ 1,120	$ 1,120	$ 1,060	$ 425	$ 13	$ 12	$ 1,072
2031-63				$ 413	$ 413	$ 359	$ 359
Total, Lump Sum Payment			$ 11,955			$ 493	$ 12,448
Amount of Reduction, Lump Sum			$ 362			$ 57	$ 419

* 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.
****Contractor has 60 days from the effective date of the contract or installment dates to make payment.
~ M&I Credit from Schedule A-2Ba has been applied to Irrigation Unpaid Amount.
@To be updated. The WIIN Act requires us to have a Constant Maturity Treasury rate based on the effective date of the contract.
~~Final Payment made in installments must be repaid by this date.