



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER:

00-01

DATE: JAN 28 2000

SUBJECT:

2000 Turn-Back Water
Pool Program

FROM: Signed: Stephen Kashiwada
Deputy Director, Department of Water Resources

The Department of Water Resources is offering the opportunity to sell allocated 2000 entitlement water through two turn-back water pools to interested contractors who have signed the Monterey Amendment. There will be a Pool A and Pool B. The procedures for administering the program are described in Article 56 of the long-term Water Supply Contracts. A participating State Water Project contractor may sell allocated 2000 entitlement water that it will not use provided that (1) the contractor has not elected to store project water outside its service area in 2000, and (2) the contractor has not elected to carry over entitlement water from 1999.

To participate in the program either as a seller or buyer, a SWP contractor must agree to the terms and conditions in this notice and attachment, sign and date the attachment, and mail it to Dan Flory, Acting Chief, State Water Project Analysis Office, Department of Water Resources, Post Office Box 942836, Sacramento, California 94236-0001. Signed and dated attachments must be received by February 15, 2000. Last-minute submittals should be faxed to (916) 653-9628.

A graphical timeline of the program is included for your reference. If you have any questions about this program, please contact Dan Flory at (916) 653-4313 or Paul Mendoza of his staff at (916) 654-9925.

Attachments

2000 Turn-Back Water Pool Program

Criteria

1. The program is available to contractors that have signed the Monterey Amendment. The 2000 turn-back pools are subject to Article 56 of the long-term Water Supply Contracts.
2. Sales and purchases of turn-back water by participating contractors shall not affect the allocation of entitlement water to contractors in 2000.
3. The Department may limit or delay delivery of turn-back water due to limits on operational capacity in State Water Project facilities or due to changed operational conditions.
4. Delivery priority of turn-back water will be the same as entitlement water (Priority 1) as described in Article 12(f) of the long-term Water Supply Contract so long as the total amount of project water does not exceed the contractor's 2000 Table A entitlement. Delivery priority of turn-back water in excess of the contractor's Table A entitlement will be Priority 6.
5. Turn-back water may be stored outside the purchasing contractor's service area for later use in the contractor's service area, consistent with Article 56. The location of this storage may be inside or outside of the State Water Project service area but must be consistent with water rights permits for the State Water Project.

Scheduling and Charges

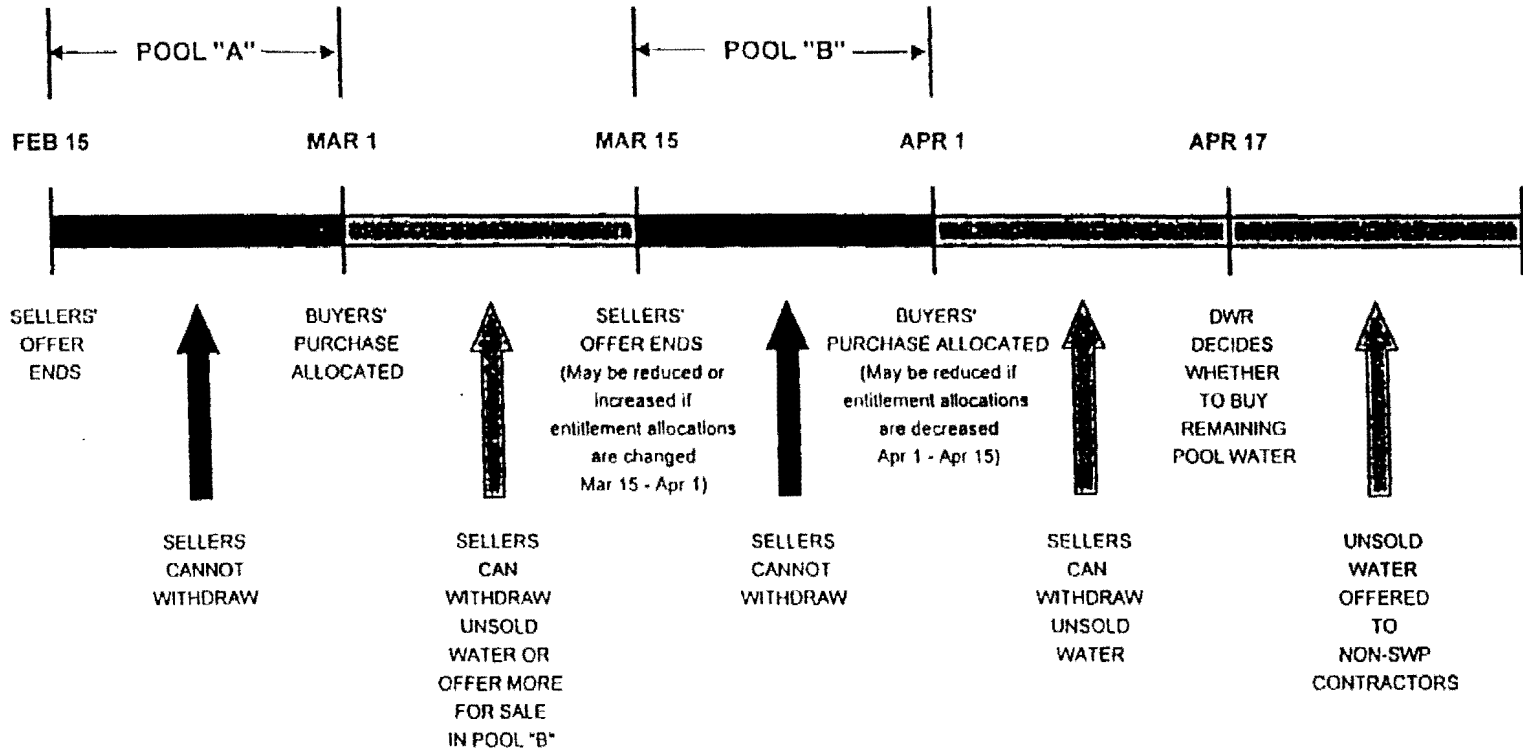
1. A contractor offering to sell turn-back water in Pool A must notify the Department in writing on or before February 15, 2000 (see attached letter for acceptable notification format). Offers for selling turn-back water can be faxed to the State Water Project Analysis Office at (916) 653-9628. The Department will notify all participating contractors of the availability of water through Pool A on or before February 18.
2. A participating contractor willing to buy turn-back water through Pool A must submit its written request to the Department on or before March 1. Requests for purchasing turn-back water may be faxed to SWPAO at (916) 653-9628. The price for such water will be \$11.97 for each acre-foot of water purchased (50 percent of the Delta Water Rate).
3. All sales and purchases through Pool A are irrevocable even if the Department reduces entitlement allocations on or after February 15.
4. The Department will notify all participating contractors of Pool A sales on or before March 6. For any water that remains unsold in Pool A, the offering contractor may cancel its offer to sell its share of unsold water in writing no later than March 15.

5. A contractor offering to sell turn-back water in Pool B must notify the Department in writing on or before March 15 (see attached letter for acceptable notification format). Offers for selling turn-back water can be faxed to SWPAO at (916) 653-9628. Pool B water will consist of turn-back water offered after February 15 and on or before March 15 and any unsold water from Pool A which was not canceled by March 15. The Department will notify all participating contractors of the availability of water through Pool B on or before March 20.
6. A participating contractor willing to buy turn-back water through Pool B must submit its written request to the Department on or before April 1. Since April 1 falls on a Saturday, offers to buy turn-back water can be faxed to SWPAO at (916) 653-9628. The price for such water will be \$5.99 for each acre-foot of water purchased (25 percent of the Delta Water Rate).
7. If the Department reduces or increases entitlement allocations between March 15 and April 1, the amount of water available through Pool B will be reduced or increased by the amount of the seller's change in approved allocations.
8. The Department will notify all participating contractors of Pool B sales on or before April 5. For any water that remains unsold in Pool B, the offering contractor may cancel its offer to sell its share of unsold water in writing no later than April 14.
9. If the Department reduces entitlement allocations between April 1 and April 17, and there is no unsold Pool B water remaining on April 17, the Pool B sales for each seller will be reduced by the same amount the seller's approved allocations are reduced, and the Department will reallocate the sales and purchases of Pool B and notify all participating contractors by April 20.
10. No reallocation of sales or purchases will be done after April 17.
11. The Department shall decide on April 17 whether to purchase any portion of unsold Pool B water remaining on that date.
12. A contractor selling or purchasing turn-back pool water will be required to enter into written agreements with the Department.
13. A contractor purchasing turn-back water should submit its revised delivery request to the Department as early as possible after being allocated the turn-back water.
14. The purchasing contractor shall pay the Department the 2000 Transportation Variable Operations, Maintenance, Power, and Replacement Component charges and the Off-Aqueduct Power Facilities Charges for turn-back pool water delivered and any incremental costs identified by the Department as described in Article 56(d)(7).

15. The 2000 turn-back water pool program shall not be a precedent for future programs.

In order to sell or purchase turn-back water under Article 56 of the contractor's long-term Water Supply Contract, please sign below in the space provided and return this attachment to the State Water Project Analysis Office as instructed in the transmittal letter. A contractor's signature indicates acceptance of the criteria, procedures, and charges for this program.

2000 TURN BACK POOL SCHEDULE



Attachment A
(Written Notice Example)

DATE

Mr. Dan Flory, Acting Chief
State Water Project Analysis Office
Department of Water Resources
Post Office Box 942836
Sacramento, California 94236-0001

Dear Mr. Flory:

Enclosed is the signed 2000 Turn-Back Water Pool Program attachment to the State Water Project Contractor Notice No. 00-01, indicating the Agency's acceptance of the criteria, procedures, and charges for this program.

For Pool A, the Agency is offering to sell _____ acre-feet. For Pool B, the Agency is offering to sell the portion of its 2000 entitlement allocation in excess of _____ acre-feet, minus what the Agency sells in Pool A.

If you have any questions please call _____ at _____.

Sincerely,

Name
Title

Enclosure



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-02

DATE: 1/24/00

SUBJECT: Principles for an Amendment to the Long-Term Water Supply Contracts FROM: *Signed: Thomas Hannigan
Director, Department of Water Resources*

This Notice to State Water Project Contractors transmits the principles for a water supply contract amendment which were developed on December 9, 1999, resulting from negotiations between representatives of the Department of Water Resources and the State Water Project contractors. This also is a follow up to the Department's November 18, 1999 Notice to contractors.

This month we expect to begin drafting contract language for a water contract amendment, using these principles. The amendment will cover SWP financial management issues, including changes in the financing and repayment of the following:

- Operations and Maintenance Charges
- Water Purchases
- Information Systems, and
- Transfers Between Water Contractors

This new contract amendment will be integrated into the Phase 1 amendment that was negotiated last year and processed as a single contract amendment.

The process for implementing the final amendment and conducting environmental evaluation will be addressed during the upcoming weeks. The amendments are anticipated to be in place about mid-2000.

Attachment

December 9, 1999

STATEMENT OF PRINCIPLES

by the

STATE WATER PROJECT CONTRACTORS

and the

STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES

To increase the financial flexibility of the Department of Water Resources (DWR) and provide improved certainty for State Water Project (SWP) contractors, DWR and representative SWP contractors agree to the following principles:

1. **Pay-As-You-Go Conservation Operations and Maintenance Charges.** DWR shall bill contractors for Project Conservation operations and maintenance (O&M) costs (including extraordinary O&M) and Project Conservation replacement costs on a pay-as-you-go basis subject to the provisions of the Department's capitalization policy, as amended after consultation with SWP contractors. Such Conservation O&M costs shall include DWR turnback pool purchases to improve SWP carryover storage, but shall not include water purchases except as described in Opt-out (Principle 4) below. [DWR's proposal to accelerate repayment of past unpaid Conservation O&M costs over a shorter period is set aside for now, to be discussed later by DWR and SWP contractors]
2. **Water Rights Settlement Purchases.** Costs of any water rights settlement water purchases for project supply shall be charged to all contractors under Article 22(i) under DWR's existing authority, and not under pay-as-you-go in Principle 1.
3. **Project Water Purchases.** DWR maintains its existing ability to make water purchases under Article 22 (i). Such costs shall not be repaid on a pay-as-you go basis.
4. **Opt-out Water Purchases.** DWR will purchase water on behalf of the SWP contractors through an opt-out approach. Costs of such purchases shall be charged to the Conservation

O&M charge on a pay-as-you-go basis as described in Principle 1. The opt-out approach will include an option for short-term (two to five year) financing similar to Principle 5.

5. **Short-Term Financing.** DWR may obtain short-term (two to five year) financing for unanticipated and extraordinary Conservation and Transportation O&M costs, subject to consultation with SWP contractors, provided that such financing makes good business sense. Individual SWP contractors may opt-out of any such short-term financing and pay their allocated Conservation and Transportation O&M costs on a current basis. Contractors that choose to take advantage of DWR short-term financing will be responsible for all related financing and administrative costs.
6. **Water System Revenue Bond Financing Expansion.** Phase 2 of DWR's Business 2000 Information System and other information system improvements will be eligible for long-term financing through Water System Revenue Bonds. Actual financing for the information systems improvements shall be subject to consultation between DWR and the SWP contractors.
7. **Transitional Water.** DWR shall implement a transitional water program, developed in coordination with the SWP contractors for contractors purchasing the 130,000 acre-feet of agricultural entitlement made available under the Monterey Amendment. The transitional water program would allow all or a portion of the purchased entitlement to continue being delivered to the selling contractor under a fixed schedule for five years, with the selling contractor paying the Delta Water Charge for this entitlement during the initial five-year period. The buyer and seller may revise and extend this program under a fixed schedule for a second five-year period. A buying contractor in this program will not be eligible for entitlement reduction under Article 7.
8. **Integrated package.** Contractors will participate in all or none of the provisions of these Principles, as well as the DWR-SWP Contractors contract revisions negotiated in November 1998. A contractor who chooses not to participate shall receive none of the benefits provided in these Principles.
9. **No precedent.** If the parties do not enter into the amendments, the parties agree not to utilize this document in any court proceedings relating to matters addressed in this agreement.

This document contains an agreed Statement of Principles that is the foundation for an agreement among the SWP Contractors and DWR. The undersigned negotiators pledge their good faith efforts to work diligently toward a final written agreement. The signatories further pledge to endeavor to expeditiously obtain approval of these principles from their respective Agencies by March 1, 2000.

Nothing in this Statement of Principles is intended to be, nor shall it be interpreted as, a waiver by any party of its rights in law or equity.

Executed this 9th day of December, 1999:

Department of Water Resources

Signed: Stephen Kashiwada

Kern County Water Agency

Signed: Edward Tiedemann

Tulare Lake Basin Water Storage District

Signed: Brent Graham

Solano County Water Agency

Signed: David Okita

Antelope Valley-East Kern Water Agency

Signed: Wallace Spinarski

Castaic Lake Water Agency

Signed: Robert Sagehorn

Metropolitan Water District of Southern California

Signed: Duane Georgeson

Central Coast Water Authority

Signed: David Matsuda



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-03

DATE: February 25, 2000

SUBJECT: 2000 Entitlement
Allocation Increase

FROM: Signed: Dan Flory
DF Deputy Director, Department of Water Resources

The Department of Water Resources is increasing the 2000 allocation of entitlement water for long-term State Water Project contractors from 2.06 million acre-feet to 2.88 million acre-feet. Based on water in storage and an updated snow survey as of February 15, SWP supplies are projected to meet 70 percent of most SWP contractors' 2000 Table A entitlements up to their requested amount. SWP contractors' Table A entitlements total 4.12 MAF, of which 3.62 MAF was requested. A table reflecting the new 2000 SWP allocation of entitlement water is enclosed.

The Department is allocating water to users as soon as feasible to help contractors plan their operations for 2000. The Department's new approval considered several factors, including existing storage in SWP conservation reservoirs, a conservative projection that hydrology and water supply will be very dry for the remainder of the 2000 calendar year, SWP operational constraints, and 2000 contractors demands.

Following the initial December 1, 1999 allocation, the weather pattern was dry well into January. The recent storms which occurred up to February 15 are reflected in this allocation update. Major storms since February 15 have probably improved SWP water supply projections. These storms will be reflected in the Department's next update which is planned for early March. The Department will continue to evaluate the year's hydrologic and water supply conditions and may revise allocations when appropriate.

If you have any questions, please contact Dan Flory, Acting Chief of DWR's State Water Project Analysis Office, at (916) 653-4313, or you may call Paul Mendoza of his staff at (916) 654-9925.

Enclosure



**2000 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)**

S.W.P. CONTRACTORS	2000 ENTITLEMENT			
	TABLE-A (1)	INITIAL REQUEST ENT. (2)	APPROVED 2000 ALLOCATION (3)	PERCENT APPROVED ALLOCATION (3)/(2) - (4)
FEATHER RIVER:				
County of Butte	2,890	2,890	2,016	70%
Plumas County FC&WCD	1,510	1,510	1,391 a)	92%
City of Yuba City	9,600	9,600	6,698	70%
Subtotal	14,000	14,000	10,105	
NORTH BAY:				
Napa County FC&WCD	16,325	16,325	11,389	70%
Solano County WA	39,620	39,620	27,641	70%
Subtotal	55,945	55,945	39,032	
SOUTH BAY:				
Alameda County FC&WCD, Zone 7	68,000	68,000	47,441	70%
Alameda County WD	42,000	42,000	29,302	70%
Santa Clara Valley WD	100,000	100,000	69,766	70%
Subtotal	210,000	210,000	146,509	
SAN JOAQUIN VALLEY:				
Oak Flat WD	5,700	5,700	3,977	70%
County of Kings	4,000	4,000	2,791	70%
Castaic Lake WA	12,700	12,700	8,860	70%
Dudley Ridge WD	53,370	53,370	37,234	70%
Empire West Side ID	3,000	3,000	1,264 a)	42%
Kern County WA	1,020,730	1,020,730	712,121	70%
Tulare Lake Basin WSD	118,500	118,500	82,673	70%
Subtotal	1,218,000	1,218,000	848,919	
CENTRAL COASTAL:				
San Luis Obispo County FC&WCD	25,000	25,000	17,441	70%
Santa Barbara County FC&WCD	45,486	45,486	31,734	70%
Subtotal	70,486	70,486	49,174	
SOUTHERN CALIFORNIA:				
Antelope Valley-East Kern WA	138,400	138,400	96,556	70%
Castaic Lake WA	82,500	82,500	57,557	70%
Coachella Valley WD	23,100	23,100	16,116	70%
Crestline-Lake Arrowhead WA	5,800	5,800	4,046	70%
Desert WA	38,100	38,100	26,581	70%
Littlerock Creek ID	2,300	2,300	1,605	70%
Mojave WA	75,800	75,800	52,883	70%
Metropolitan WDSC	2,011,500	1,507,136	1,403,340	93%
Palmdale WD	21,300	21,300	14,860	70%
San Bernardino Valley MWD	102,600	102,600	71,580	70%
San Gabriel Valley MWD	28,800	28,800	20,093	70%
San Geronio Pass WA	3,000	3,000	2,093	70%
Ventura County FCD	20,000	20,000	13,953	70%
Subtotal	2,553,200	2,048,836	1,781,261	
TOTAL	4,121,631	3,617,267	2,875,000	

a) Monterey amendment not yet signed



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TOTAL	4,121,631	3,617,267	2,875,000	

a) Monterey amendment not yet signed



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-04

DATE: MAR 03 2000

SUBJECT: San Luis Reservoir
Storage Estimate

FROM: Signed: Ray Hart
Deputy Director, Department of Water Resources

The ability of the Department of Water Resources to export water south of the Sacramento-San Joaquin Delta on a schedule that best suits State Water Project needs has been severely restricted over the past few years. As a result, reservoir storage south of the Delta plays a vital role in meeting water delivery requests. In an attempt to allow the Department to more accurately evaluate and project SWP operations including the "low-point" for San Luis Reservoir storage, use of San Luis to make the initial allocations on December 1 of each year, and status of carryover water in San Luis, the Department developed the enclosed water scheduling-water operations procedure. An added benefit of the procedure would be the potential for minimizing SWP power costs by more accurately predicting power requirements and potential sales.

Development of the enclosure was coordinated with and supported by members of the State Water Contractors' Water Budget Subcommittee. It will be implemented in 2000 and will basically consist of periodic Department requests for contractors to submit updated "best estimate" water delivery schedules for the remaining months of the year. To be effective, full contractor participation is encouraged. It is emphasized that contractors' approved annual allocations will not be decreased if the "best estimate" schedules together with prior deliveries for the year total less than the annual allocation.

If you have any questions, please contact Dan Flory, Acting Chief of the Department's State Water Project Analysis Office at (916) 653-4313.

Enclosure

San Luis Reservoir Storage Estimate

PURPOSE

The purpose of this paper is to describe a water scheduling - water operations method that the Department will implement for calendar year 2000. We expect the method will allow the Department to more accurately plan SWP operations, including the projection of the (1) "low point" for San Luis Reservoir storage, (2) initial allocations on December 1, and (3) status of carryover water.

PROCEDURES

The data used by the Department's Operations Control Office to project San Luis Reservoir storage are based on a variety of factors that develop as each year progresses. These factors include annual rainfall and snow pack hydrology, initial and continuing SWP conservation reservoir storage levels, operational and environmental constraints, contractor monthly delivery requests, and deliveries.

Projecting contractor water delivery schedules is one of the most variable factors in the Department's studies. For example, as the year progresses, the approved monthly water delivery schedule amounts (which were provided by contractors prior to October 1 of the previous year) are adjusted to reflect the approved annual amounts. SWPAO's current procedure is to proportionally increase the remaining months schedules so that the actual and scheduled deliveries total the full annual allocation. This method reflects the Department's commitment to deliver full approved allocations. Adjusting the water delivery schedules in this manner to reflect delivery of the contractors' full allocation can result in the monthly San Luis storage estimate being low by a significant amount.

In order to more accurately estimate monthly San Luis storage levels, SWPAO will request that contractors submit by April 15 and September 15 of each year updated "best estimate" schedules for the remaining months (April - December and September-

December) of the year. Additional requests for updated "best estimate" schedules may be requested by SWPAO throughout the year. Voluntary updated schedules from contractors are also encouraged as their water needs change. Until contractors revise their schedules, the best information SWPAO has is the water delivery schedule requests that were submitted by the contractors prior to October 1 of the previous year. **It should be stressed that contractors' annual allocations will not be decreased because of this procedure even if the April 15 and September 15 schedules, and subsequent schedules, together with deliveries in prior months total less than their annual allocation.** Furthermore, in approving subsequent revised delivery requests in accordance with Article 12 of the long-term Water Supply Contracts, the Department will accommodate such requests to the same degree as it otherwise would in the absence of "best estimate" delivery schedules.

To better project SWP operations and San Luis storage, SWPAO will, commencing in 2000, provide water delivery data to OCO for two studies with water delivery schedules based on timely, revised schedules received from contractors. Study No. 1 will be performed in the traditional way while noting acceptable peaking amounts. Under Study No. 2, as water is delivered, the monthly scheduled amounts will be replaced by the actual deliveries and future months will be based on the latest "best estimate" schedule submitted. Any water scheduled but not delivered will not be redistributed by the Department in the remaining months. Alternately, if a monthly actual delivery to a contractor is greater than the scheduled delivery and the contractor's actual plus scheduled deliveries exceed its allocation, the contractor's schedule will be decreased proportionally in October, November, and December. This will preserve the contractor's realistic schedule in the summer months when the San Luis low point occurs. The contractor's water delivery schedule may not total the contractor's allocation, but it should be noted that the contractor's allocation is unchanged. **Again, the contractors are still entitled to take delivery of their full allocations, if needed. A reduction in allocation will only occur through a formal letter to the Department requesting a reduction or through the water allocation process.**

OFF-AQUEDUCT POWER AND SYSTEM ENERGY ALLOCATIONS

The April 15 water delivery schedules will also be used to determine the Off-Aqueduct Power Facilities allocation the Department is required to make in May of each year. After the May OAP allocations, the contractors' deliveries will not be revised for the purpose of determining OAP charges until after the end of the year. Any system energy (variable OMP&R) updates will be based on the April 15 schedule and subsequent schedules.



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-05

DATE: MAR 06 2000

SUBJECT: 2000 Turn-Back Water
Pool A Results

FROM: Signed: Ray Hart
Deputy Director, Department of Water Resources

Pool A of the 2000 Turn-back Water Pool Program closed March 1, 2000. Three State Water Project contractors purchased all of the 80,787 acre-feet of water offered through Pool A (see attached table).

Contractors interested in offering water through Pool B must submit their offers to the Department of Water Resources by March 15, 2000. Contractors will be notified of the availability of water for sale through Pool B on or before March 20. As stated in Notice 00-01, submittals can be faxed to the State Water Project Analysis Office at (916) 653-9628.

If you have any questions, please contact Dan Flory, Acting Chief of DWR's State Water Project Analysis Office, at (916) 653-4313, or you may call Paul Mendoza of his staff at (916) 654-9925.

Enclosure

2000 TURN-BACK WATER POOL A RESULTS

S.W.P. CONTRACTORS	POOL A			
	SELLERS OFFER	BUYERS OFFER	AMOUNT PURCHASED BY BUYERS	REMAIN. WATER
<u>FEATHER RIVER:</u> County of Butte Plumas County FC&WCD City of Yuba City	645 3,300			
<u>NORTH BAY:</u> Napa County FC&WCD Solano County WA				
<u>SOUTH BAY:</u> Alameda County FC&WCD, Zone 7 Alameda County WD Santa Clara Valley WD				
<u>SAN JOAQUIN VALLEY:</u> Oak Flat WD County of Kings Castaic Lake WA Dudley Ridge WD Empire West Side ID Kern County WA Tulare Lake Basin WSD		12,400 81,686 81,686	3,615 69,145 8,027	
<u>CENTRAL COASTAL:</u> San Luis Obispo County FC&WCD Santa Barbara County FC&WCD	8,561			
<u>SOUTHERN CALIFORNIA:</u> Antelope Valley-East Kern WA Castaic Lake WA Coachella Valley WD Crestline-Lake Arrowhead WA Desert WA Littlerock Creek ID Mojave WA Metropolitan WDSC Palmdale WD San Bernardino Valley MWD San Gabriel Valley MWD San Geronio Pass WA Ventura County FCD	430 4,101 750 29,000 25,000 1,500 7,500			
TOTAL	80,787	175,772	80,787	0



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-06

DATE: MAR 10 2000

SUBJECT: 2000 Entitlement
Allocation Increase

FROM: Signed: Steve Macaulay
Director, Department of Water Resources

The Department of Water Resources is pleased to announce that State Water Project supplies are projected to meet 100 percent of all SWP contractors' 2000 Table A entitlement requests. The 2000 allocation of entitlement water for long-term SWP contractors has increased from 2.88 million acre-feet to 3.62 million acre-feet. SWP contractors' Table A entitlements total 4.12 million acre-feet, of which 3.62 million acre-feet was requested. A table reflecting the new 2000 SWP allocation of entitlement water is enclosed. The Department's new approval considered several factors, including existing storage in SWP conservation reservoirs, a conservative projection of hydrology and water supply for the remainder of the 2000 calendar year based on the March 1, 2000 snow survey, SWP operational constraints, and 2000 contractor demands.

If you have any questions, please contact Dan Flory, Chief of DWR's State Water Project Analysis Office, at (916) 653-4313, or you may call Nancy Quan of his staff at (916) 653-9593.

Enclosure

**2000 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)**

SWP CONTRACTORS	2000 ENTITLEMENT			
	TABLE A (1)	INITIAL REQUEST (2)	APPROVED ALLOCATION (3)	PERCENT APPROVED ALLOCATION (3)/(2) (4)
FEATHER RIVER				
County of Butte	2,890	2,890	2,890	100%
Plumas County FC&WCD	1,510	1,510	1,510 a)	100%
City of Yuba City	9,600	9,600	9,600	100%
Subtotal	14,000	14,000	14,000	
NORTH BAY				
Napa County FC&WCD	16,325	16,325	16,325	100%
Solano County WA	39,620	39,620	39,620	100%
Subtotal	55,945	55,945	55,946	
SOUTH BAY				
Alameda County FC&WCD, Zone 7	68,000	68,000	68,000	100%
Alameda County WD	42,000	42,000	42,000	100%
Santa Clara Valley WD	100,000	100,000	100,000	100%
Subtotal	210,000	210,000	210,001	
SAN JOAQUIN VALLEY				
Oak Flat WD	5,700	5,700	5,700	100%
County of Kings	4,000	4,000	4,000	100%
Castaic Lake WA	12,700	12,700	12,700	100%
Dudley Ridge WD	53,370	53,370	53,370	100%
Empire West Side ID	3,000	3,000	3,000 a)	100%
Kern County WA	1,020,730	1,020,730	1,020,730	100%
Tulare Lake Basin WSD	118,500	118,500	118,500	100%
Subtotal	1,218,000	1,218,000	1,218,000	
CENTRAL COASTAL				
San Luis Obispo County FC&WCD	25,000	25,000	25,000	100%
Santa Barbara County FC&WCD	45,486	45,486	45,486	100%
Subtotal	70,486	70,486	70,485	
SOUTHERN CALIFORNIA				
Antelope Valley-East Kern WA	138,400	138,400	138,400	100%
Castaic Lake WA	82,500	82,500	82,500	100%
Coachella Valley WD	23,100	23,100	23,100	100%
Crestline-Lake Arrowhead WA	5,800	5,800	5,800	100%
Desert WA	38,100	38,100	38,100	100%
Littlerock Creek ID	2,300	2,300	2,300	100%
Mojave WA	75,800	75,800	75,800	100%
Metropolitan WDSC	2,011,500	1,507,136	1,507,136	100%
Palmdale WD	21,300	21,300	21,300	100%
San Bernardino Valley MWD	102,600	102,600	102,600	100%
San Gabriel Valley MWD	28,800	28,800	28,800	100%
San Geronio Pass WA	3,000	3,000	3,000	100%
Ventura County FCD	20,000	20,000	20,000	100%
Subtotal	2,553,200	2,048,836	2,048,835	
TOTAL	4,121,631	3,617,267	3,617,267	

a) Monterey amendment not signed



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-07
(Corrected Notice Number)

DATE: APR 5 2000

SUBJECT: 2000 Turn-Back Water
Pool Program Results

FROM: Signed: Stephen Kashiwada
gn Deputy Director, Department of Water Resources

The entire 332,123 acre-feet of water offered through Pool A and Pool B of the 2000 Turn-back Water Pool Program was sold to State Water Project contractors. Three contractors purchased all of the 80,787 acre-feet of water offered through Pool A, and five contractors purchased all of the 251,336 acre-feet of water offered through Pool B. Requests for Pool B closed April 1, 2000. The attached table shows the offers and allocations of pool water.

Seller and buyer contractors are now required to enter into written agreements with the Department of Water Resources. The agreements will be mailed within the month. Contractors selling and purchasing turn-back water should submit their revised delivery requests to the Department as early as possible.

If you have any questions regarding the 2000 Turn-back Water Pool Program, please call Dan Flory, Chief of DWR's State Water Project Analysis Office at (916) 653-4313, or you may call Paul Mendoza of his staff at (916) 654-9925.

Enclosure

**2000 TURN - BACK WATER POOL PROGRAM
RESULTS**

S.W.P. CONTRACTORS	POOL A				POOL B			
	SELLERS' OFFERS	BUYERS' REQUESTS	AMOUNT PURCHASED BY BUYERS	REMAIN. WATER	SELLERS' OFFERS	BUYERS' REQUESTS	AMOUNT PURCHASED BY BUYERS	REMAIN. WATER
FEATHER RIVER:								
County of Butte	645				1,445			
Plumas County FC&WCD								
City of Yuba City	3,300				4,800			
NORTH BAY:								
Napa County FC&WCD								
Solano County WA								
SOUTH BAY:								
Alameda County FC&WCD,Zone 7								
Alameda County WD								
Santa Clara Valley WD								
SAN JOAQUIN VALLEY:								
Oak Flat WD								
County of Kings								
Castaic Lake WA								
Dudley Ridge WD		12,400	3,615			17,800	10,699	
Empire West Side ID								
Kern County WA		81,686	69,145			228,449	204,614	
Tulare Lake Basin WSD		81,686	8,027			80,000	23,754	
CENTRAL COASTAL:								
San Luis Obispo County FC&WCD	8,561				12,500			
Santa Barbara County FC&WCD					11,821			
SOUTHERN CALIFORNIA:								
Antelope Valley-East Kern WA	430				60,470			
Castaic Lake WA	4,101				45,200			
Coachella Valley WD						35,000	4,631	
Crestline-Lake Arrowhead WA	750				2,900			
Desert WA						40,000	7,638	
Littlerock Creek ID								
Mojave WA	29,000				35,800			
Metropolitan WDSC								
Palmdale WD								
San Bernardino Valley MWD	25,000				52,600			
San Gabriel Valley MWD					14,800			
San Geronio Pass WA	1,500				1,500			
Ventura County FCD	7,500				7,500			
TOTAL	80,787	175,772	80,787	0	251,336	401,249	251,336	0



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-08

DATE: APR 14 2000

SUBJECT: 2000 Turn-Back Water Pool B

FROM: Signed: Ray Hart
Deputy Director, Department of Water Resources

Based on current State Water Project water supplies and the dry hydrology since mid-March, SWP supplies may not meet 100 percent of the long-term SWP contractors' entitlement requests. The Department of Water Resources is considering reducing the 2000 allocation of entitlement water for the SWP contractors, and will make a decision next week. Such a reduction could affect the sellers' desires to offer water for sale in Pool B of the turn-back program as described in Notice 00-07, dated April 5, 2000. Contractors who have made offers to buy water in Turn-back Pool B are requested to waive certain provisions of the Turn-back Pool Notice 00-01, dated January 28, 2000 through April 21, 2000, to allow the sellers to reconsider their turn-back pool offerings in the light of the reduced allocation. If water is redrawn, the Department would reallocate the sales and purchases of Pool B.

All SWP contractors who have made purchase offers for Pool B who are willing to provide this accommodation will agree to the following change in the terms and conditions of Notice 00-01, dated January 28, 2000.

Conditions 9, 10 and 11 are replaced by the following:

9. If the Department reduces entitlement allocations between April 1 and April 21, and there is no unsold Pool B water remaining on April 21, the Pool B sales for each seller will be reduced by the same amount the seller's approved allocations are reduced, and the Department will reallocate the sales and purchases of Pool B and notify all participating contractors by April 24.
10. No reallocation of sales or purchases will be done after April 21.
11. The Department shall decide on April 21 whether to purchase any portion of unsold Pool B water remaining on that date.

All other terms and conditions of Notice 00-01 remain in full force and effect.

In order to purchase Pool B water, please sign below in the space provided and return this to Mr. Dan Flory, Chief, State Water Project Analysis Office, Department of Water Resources, Post Office Box 942836, Sacramento, CA 94236-0001. This notice

must be signed and dated by April 17, 2000. Signed notices may be faxed to (916) 653-9628, but must be returned by mail.

If you have any questions about this notice, please contact Mr. Flory at (916) 653-4313 or Ms. Nancy Quan of his staff at (916) 653-9593.



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-09

DATE: 4/20/00

SUBJECT: 2000 Entitlement
Allocation Decrease

FROM: Signed by: Thomas Hannigan
Director, Department of Water Resources

Unusually dry conditions since mid-March have caused the Department of Water Resources to recalculate its projections for meeting State Water Project contractors 2000 Table A entitlement requests. Based on this dry hydrology and current SWP water supplies, the Department will reduce allocations from 100 percent to 90 percent of the long-term SWP contractor's entitlement requests, which equates to a reduction from 3.62 million-acre-feet to 3.41 million-acre-feet.

If you have any questions, please contact Dan Flory, Chief of DWR's State Water Project Analysis Office, at (916) 653-4313, or you may call Nancy Quan of his staff at (916) 653-9593.

Enclosure

**2000 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)**

SWP CONTRACTORS	2000 ENTITLEMENT			
	TABLE A (1)	INITIAL REQUEST (2)	APPROVED ALLOCATION (3)	PERCENT APPROVED ALLOCATION (3)/(2) (4)
<u>FEATHER RIVER</u>				
County of Butte	2,890	2,890	2,601	90%
Plumas County FC&WCD	1,510	1,510	1,510 a)	100%
City of Yuba City	9,600	9,600	8,640	90%
Subtotal	14,000	14,000	12,751	
<u>NORTH BAY</u>				
Napa County FC&WCD	16,325	16,325	14,693	90%
Solano County WA	39,620	39,620	35,658	90%
Subtotal	55,945	55,945	50,352	
<u>SOUTH BAY</u>				
Alameda County FC&WCD, Zone 7	68,000	68,000	61,200	90%
Alameda County WD	42,000	42,000	37,800	90%
Santa Clara Valley WD	100,000	100,000	90,000	90%
Subtotal	210,000	210,000	189,001	
<u>SAN JOAQUIN VALLEY</u>				
Oak Flat WD	5,700	5,700	5,130	90%
County of Kings	4,000	4,000	3,600	90%
Castaic Lake WA	12,700	12,700	11,430	90%
Dudley Ridge WD	53,370	53,370	48,033	90%
Empire West Side ID	3,000	3,000	2,378 a)	79%
Kern County WA	1,020,730	1,020,730	918,657	90%
Tulare Lake Basin WSD	118,500	118,500	106,650	90%
Subtotal	1,218,000	1,218,000	1,095,878	
<u>CENTRAL COASTAL</u>				
San Luis Obispo County FC&WCD	25,000	25,000	22,500	90%
Santa Barbara County FC&WCD	45,486	45,486	40,937	90%
Subtotal	70,486	70,486	63,436	
<u>SOUTHERN CALIFORNIA</u>				
Antelope Valley-East Kern WA	138,400	138,400	124,560	90%
Castaic Lake WA	82,500	82,500	74,250	90%
Coachella Valley WD	23,100	23,100	20,790	90%
Crestline-Lake Arrowhead WA	5,800	5,800	5,220	90%
Desert WA	38,100	38,100	34,290	90%
Littlerock Creek ID	2,300	2,300	2,070	90%
Mojave WA	75,800	75,800	68,220	90%
Metropolitan WDSC	2,011,500	1,507,136	1,507,136	100%
Palmdale WD	21,300	21,300	19,170	90%
San Bernardino Valley MWD	102,600	102,600	92,340	90%
San Gabriel Valley MWD	28,800	28,800	25,920	90%
San Geronio Pass WA	3,000	3,000	2,700	90%
Ventura County FCD	20,000	20,000	18,000	90%
Subtotal	2,553,200	2,048,836	1,994,665	
TOTAL	4,121,631	3,617,267	3,406,083	

a) Monterey amendment not signed



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: Number 00-10

DATE: APR 26 2000

SUBJECT: 2000 Turn-back Water Pool
Program Revised Results

FROM: Signed: Ray Hart
Deputy Director, Department of Water Resources

As a result of reduced 2000 Table A entitlement allocations, the Department of Water Resources has reallocated the sales and purchases of Turn-back Pool B Water in accordance with the terms and conditions of notices 00-01 and 00-08 concerning the 2000 turn-back pool program. The Pool B buyers have agreed to the conditions in Notice 00-08 and the Pool B sellers' offers were reduced from 251,336 acre-feet to 201,518 acre-feet. The buyers' purchase amounts were reallocated and are shown on the attached table.

Pool B agreements will soon be mailed to the contractors selling and purchasing turn-back water. These contractors are also requested to submit revised delivery schedules to the Department by May 8, 2000 to Mr. Dan Flory, Chief, State Water Project Analysis Office, Department of Water Resources, Post Office Box 942836, Sacramento, CA 94236-0001.

If you have any questions about this notice, please contact Mr. Flory at (916) 653-4313 or Ms. Nancy Quan of his staff at (916) 653-9593.

Attachment

**2000 TURN-BACK WATER POOL PROGRAM
REVISED RESULTS**

S.W.P. CONTRACTORS	POOL A				POOL B			
	SELLERS' OFFERS	BUYERS' REQUESTS	AMOUNT PURCHASED BY BUYERS	REMAIN. WATER	SELLERS' OFFERS	BUYERS' REQUESTS	AMOUNT PURCHASED BY BUYERS	REMAIN. WATER
FEATHER RIVER:								
County of Butte	645				1,156			
Plumas County FC&WCD								
City of Yuba City	3,300				3,840			
NORTH BAY:								
Napa County FC&WCD								
Solano County WA								
SOUTH BAY:								
Alameda County FC&WCD,Zone 7								
Alameda County WD								
Santa Clara Valley WD								
SAN JOAQUIN VALLEY:								
Oak Flat WD								
County of Kings								
Castaic Lake WA								
Dudley Ridge WD		12,400	3,615			17,800	8,578	
Empire West Side ID								
Kern County WA		81,686	69,145			228,449	164,057	
Tulare Lake Basin WSD		81,686	8,027			80,000	19,046	
CENTRAL COASTAL:								
San Luis Obispo County FC&WCD	8,561				10,000			
Santa Barbara County FC&WCD					8,392			
SOUTHERN CALIFORNIA:								
Antelope Valley-East Kern WA	430				46,630			
Castaic Lake WA	4,101				40,000			
Coachella Valley WD						35,000	3,713	
Crestline-Lake Arrowhead WA	750				2,320			
Desert WA						40,000	6,124	
Littlerock Creek ID								
Mojave WA	29,000				28,220			
Metropolitan WDSC								
Palmdale WD								
San Bernardino Valley MWD	25,000				42,340			
San Gabriel Valley MWD					11,920			
San Geronio Pass WA	1,500				1,200			
Ventura County FCD	7,500				5,500			
TOTAL	80,787	175,772	80,787	0	201,518	401,249	201,518	0



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-11

DATE: MAY 04 2000

SUBJECT: Cost Allocation and
Repayment Analysis
System - May Estimates

FROM: Signed: Ray Hart
Deputy Director, Department of Water Resources

In accordance with Article 29 of the Water Supply Contract, the Department of Water Resources issues billings to water contractors on July 1 of each year for the following calendar year.

Although not required by the contract, the Department has provided a "May Estimate" of the July 1 billings to assist contractors in their budgeting process. However, for the following reasons the Department will not issue an estimate this year:

- The Department does not anticipate major changes in SWP costs for 2001.
- The Department has converted its business processes to an integrated system and has been addressing first year implementation issues. The Division of Fiscal Services has been focused on ensuring the proper recording of current year transactions and future years' budgets on which the bills are based. With the task essentially complete, it is now focused on issuing the final billings and completing its other fiscal responsibilities.
- The State Water Project Analysis Office, which relies on the information supplied by the Division of Fiscal Services, is now focused on utilizing the new CARA system to develop the final billings for the contractors.
- The estimates are issued prior to the completion of the billing process and do not necessarily reflect the actual amount to be billed.
- Contractor representatives on the CARA Work Group stated that historically the estimates have not provided information soon enough to be used effectively in the contractors' budget process.

For the above reasons, the Department will not be issuing the May estimate for the year 2001 billings.

The Department will meet with contractor representatives after the 2001 billing cycle to discuss the timing of estimates for future years' billings.

If you have any questions about this notice, please contact Dan Flory, Chief of the Department's State Water Project Analysis Office, at (916) 653-4313.



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-12

DATE: JUN 06 2000

SUBJECT: Criteria for Bulletin 132-00

FROM:

[Signature]
Director, Department of Water Resources

Attached for your information are copies of "Criteria for Bulletin 132-2000 Project Operation Studies" and "Interest and Escalation Rates for Preparing Bulletin 132-2000."

These criteria are being used by the Department of Water Resources to prepare information for Bulletin 132-2000, "Management of the California State Water Project" and to determine Water Contractors' Statements of Charges for the year 2001.

If you have any questions, please contact Dan Flory, Chief of the Department's State Water Project Analysis Office, at (916) 653-4313 or Dave Knock, Chief of the Department's Financial Analysis Section, at (916) 653-1894.

Attachment

**CRITERIA FOR BULLETIN 132-2000
PROJECT OPERATIONS STUDIES**

1. **Water Deliveries.** Water demands for the water operation studies will be based on the short-range, five-year (2000-2004) requests submitted by the contractors in October 1999 and the long-range (2005-2035) requests submitted by the water contractors in October 1998.

2. **Water Supply.** The water and power studies will reflect compliance with the 1995 modification of SWRCB Decision 1485 (June 8, 1995, Order 95-6), the long-term NFS Winter Run Biological Opinion as amended on May 17, 1995 and the long-term USFWS Delta Smelt Biological Opinion dated March 6, 1995. The water supply assumed for water and power operation studies will be as follows:
 - (a) **2000** - The initial operations study for 2000 will assume hydrology sufficient to deliver 3.62 MAF (includes 0.34 MAF of "sellers water" to be stored in San Luis Reservoir and made available for later delivery to buyers and provides for 0.26 MAF of 2000-2001 extended carryover water). Projections of power generation at Oroville will be based on the Oroville Reservoir inflow from the same hydrology. For generation at Pine Flat Reservoir, lower quartile inflow will be assumed. The 2000 water deliveries and water and power operations studies will be reviewed and finalized in March 2000 when the water supply forecast based on March 1, 2000 snow surveys becomes available.
 - (b) **2001** - State Water Project operations projected for 2001 are the basis for the 2001 Statements of Charges. The study will assume hydrology sufficient to deliver 3.45 MAF (contractors' projected entitlement requests). Lower quartile inflow will be assumed for Pine Flat generating facilities.
 - (c) **2002** - The 2002 studies will assume hydrology sufficient to deliver 3.47 MAF (contractors' projected entitlement requests). Lower quartile inflow will be assumed for Pine Flat generating facilities.
 - (d) **2003** - Assume hydrology sufficient to deliver contractors' projected entitlement requests of 3.29 MAF.
 - (e) **2004** - Assume hydrology sufficient to deliver contractors' projected entitlement requests of 3.33 MAF.
 - (f) **2005** and thereafter - Assume hydrology sufficient to deliver contractors' projected entitlement requests of 3.79 MAF.

3. **Future Project Facilities.** The schedule for initial operation of future project facilities to be used when preparing information for Bulletin 132-2000 is shown in the table on page 4. Future facilities include Phase I of the proposed East Branch Extension to the San Geronio Pass Water Agency service area.

4. **Water Supply Augmentation**

(a) **Delta Pumps.** The total capacity of Banks Pumping Plant is 10,300 cfs; however, actual daily pumping volumes will be limited to the requirements specified in the U.S. Army Corps of Engineers permit (Public Notice 5820A, amended October 1981).

(b) **South Delta Improvements Program.** This program is scheduled for implementation as one of the components of Stage 1 of the CALFED Bay-Delta Program to address local and SWP water supply problems in the south Delta. Facilities in the program include the following:

- Construction of up to four control structures. Up to three barriers are proposed in south Delta channels to control water levels and circulation in the south Delta. The fourth barrier will provide protection for salmon migrating along the San Joaquin River.
- DWR will acquire a U.S. Army Corps of Engineers permit under Section 10 of the Rivers and Harbors Act to enable increased diversions into Clifton Court Forebay to match the existing maximum pumping capability of 10,300 cfs at Banks Pumping Plant. The additional diversion capacity will increase SWP delivery capability and operational flexibility by enabling more water to be diverted when impacts to Delta fish are less.
- Construction of a new intake at the northeast or northwest corner of Clifton Court. If the northwest location is chosen, the intake structure will include a large siphon under Italian Slough. Selected dredging in Old River from the new intake location to Woodward Canal to enlarge channel capacity in the vicinity of the new intake. In addition, SDIP currently calls for construction of new fish screening facilities at Clifton Court; however, the costs of the fish facilities would not be paid for with Project funds.
- Selected channel dredging in the south Delta and modification of local diversion structures. The magnitude of this activity will depend on whether a three agricultural barrier or two agricultural barrier (no Grantline Canal barrier) configuration is selected as the preferred alternative for SDIP.

- (c) **Interim North Delta Facilities.** The interim North Delta Facilities will not be assumed operational in the near future and are unscheduled at this time. The long-term CALFED Bay-Delta resolution process is expected to include a review of all options for fixing the Delta. In the meantime, the Department is suspending independent planning for Interim North Delta Facilities, which included channel dredging, levee improvements, testing of fish protective measures, wildlife and fisheries habitat enhancement, and enlargement of the Delta Cross Channel.
- (d) **Ground Water Programs.** On August 9, 1996, ownership of the Kern Fan Element Property and the La Hacienda Facilities was transferred to the Kern County Water Agency and Dudley Ridge Water District through the Kern Water Bank Authority as part of the Monterey Amendment. Fifty percent of any project water remaining in storage from the Berranda Mesa Demonstration Program and the La Hacienda Water Purchase Program was also transferred to KWBA. The SWP retains the right to recover 15,073 acre-feet under the recovery agreement with KCWA.
- (e) **Other Project Yield.** For purposes of preparing water and power studies for future years, it will be assumed that the Project will deliver full entitlement requests. Additional water supply needed to meet future delivery of requested entitlement water will be assumed to be available from development of unspecified future conservation facilities.

5. **Power Operations.** Annual energy prices in the western states' power markets have historically been highest during the on-peak hours and summer months. This pattern is currently anticipated to continue into the deregulated energy market. The aqueduct operation will be optimized to reduce power costs by minimizing on-peak and summer pumping within the constraints of operating criteria.

For Bulletin 132-2000, forecasted SWP power operations through the study period will be based on existing power sources. Additional capacity and energy resources needed to meet power requirements will be from unspecified purchases.

In 2000 and after, projected energy deficits will be met with spot market energy purchases based on prices in the California Power Exchange. By March 2000, the Department will conduct an energy study that will forecast annual on-peak and off-peak mill rates for 2000 and after. The mill rate forecasts will be used to determine power cost or revenue projections for energy purchased or sold on the open market.

FUTURE PROJECT FACILITIES	Dates for Initial Operation	
CALIFORNIA AQUEDUCT-EAST BRANCH East Branch Enlargement - Stage 2 Pearblossom Pumping Plant Units 10 & 11 (375 cfs) Alamo Powerplant - Unit 2 (1,506 cfs) East Branch Extension - Phase I	Bulletin 132-99	Bulletin 132-00
	Not Scheduled *	Not Scheduled *
	Not Scheduled *	Not Scheduled *
	March 2001	June 2002
CALIFORNIA AQUEDUCT-WEST BRANCH West Branch Enlargement Peace Valley Pipeline - second barrel Warne Powerplant - additional units Gorman Creek Channel Modification	Not Scheduled	Not Scheduled
	Not Scheduled	Not Scheduled
	October 2000	November 2001
DELTA FACILITIES Interim North Delta Facilities Interim South Delta Facilities Permanent Control Structures Additional Intake - Clifton Court Forebay	Not Scheduled	Not Scheduled
	June 2005	July 2007
	June 2002	December 2006
OTHER Los Banos Grandes Facilities Relocation of Project Operations Control Center Corporate Yard	Not Scheduled	Not Scheduled
	Not Scheduled	Not Scheduled
	Not Scheduled	Not Scheduled

* Final units assumed to be available for water and power operation studies to transport project water as needed to meet water delivery requests. Capital costs and minimum OMP&R costs of final units will not be included in Bulletin 132-2000 because of uncertainty of scheduling.

TABLE 1
INTEREST RATES TO BE USED IN PREPARING DATA AND
INFORMATION FOR BULLETIN 132-00
WATER CONTRACTORS' STATEMENTS OF CHARGES FOR 2001, AND
DEPARTMENT FINANCIAL ANALYSIS STUDIES

<u>Item</u>	<u>Interest Rate¹⁾</u> <u>Per Year</u>
1. Interest rates on future general obligation "Offset" bonds (If assumed sold) ²⁾	5.5% (5.5%)
2. Interest Rate for Water System Revenue Bond sale ³⁾	6.0% (6.0%)
3. Project Interest Rate for determining Statements of Charges for 2001	4.615% (4.615%)
4. Interest rate on future short-term investment of project funds ⁴⁾	6.5% (6.5%)

-
- 1) For the purposes of Department studies, these rates are to be used as the effective rates of interest. Figures in parentheses are Bulletin 142-99 assumptions.
 - 2) Offset bonds are assumed to be repaid within 35 years of sale or shorter with maturities commencing in the year following the date of sale and with equal annual bond service for the principal repayment period.
 - 3) All future revenue bonds are assumed to be repaid within 35 years of sale date or by the end of the Project repayment period (2035), whichever is shorter, with maturities commencing in the first year after the date of bond sale and with equal annual bond service for the principal repayment period.
 - 4) Based on the expected rate of return for funds invested in the State's Surplus Money Investment Fund.

TABLE 2
BULLETIN 132-00
COST ESCALATION RATES
FOR SWP FACILITIES
TO BE USED FOR FINANCIAL ANALYSIS STUDIES

<u>Item</u>	<u>Percent Increase</u> <u>Per Year</u> ^{1), 2)}			
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003-2035</u>
<u>Capital Costs</u>				
<u>State Operations</u>				
(Salaries and Benefits)	5 (5)	5 (5)	5 (5)	5 (5)
Construction, Direct Pay	3 (3)	3 (3)	4 (4)	4 (4)
Relocation, Direct Pay	4 (4)	4 (4)	4 (4)	4 (4)
Land and Rights, Direct Pay	4 (4)	4 (4)	4 (4)	4 (4)
<u>Operations and Maintenance Cost</u> ³⁾				
<u>State Operations</u>				
(Salaries and Benefits)	5 (5)	5 (5)	5 (5)	5 (5)

-
- 1) Statements of Charges for the year 2001 and Bulletin 132-00 will be based on unescalated January 1, 2000 capital costs.
 - 2) All figures in parentheses were Bulletin 132-99 assumptions.
 - 3) Operation and Maintenance costs in the Statements of Charges for the year 2001 and in Bulletin 132-00 are to be escalated through 2002 and held at that level for the remainder of the Project repayment period. For specific Project studies requiring escalated costs, continue the percent rate for 2003-2035.



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-13

DATE: JUN 09 2000

SUBJECT: **Past Billing Adjustments
(Retroactive Cost Adjustments)
Past Cost Adjustments**

FROM: 
Deputy Director, Department of Water Resources

As part of developing a Cost Allocation and Repayment Analysis system that will be compatible with the new business systems based on SAP, all the administrative CARA cost allocation processes were reviewed for opportunities to simplify procedures and still achieve the objectives of the process.

Historic data prior to July 1, 1999, created on the outgoing computer systems, will be retained and carried forward in summarized form but will not be an active part of the SAP business systems.

Past Billing Adjustments (Retroactive Cost Adjustments)

Past Billing Adjustments, sometimes referred to as Retroactive Cost Adjustments, are actual modifications to the cost information in the Controlling Module of SAP through "Con-Bill Add" procedures. These changes are to correct expenditure data from estimates to actual as well as to correct errors and to place cost and credit information in the correct year for billing purposes.

The Department's standard practice will be to accomplish these adjustments within the immediate 5-years after the end of the calendar year of actual history. Adjustments beyond 5-years would be treated on a case-by-case basis.

Past Cost Adjustments

Past Cost Adjustments are changes made to the past payment obligations of the contractors shown in the "B-Tables" of Bulletin 132 and in the "Calculated Components" shown in the Attachment 4 of the annual Statements of Charges.

These changes are cost modifications such as reallocation of costs among contractors, reallocation of costs among Project Purposes, changes in the Project Interest Rate, and Replacement Accounting System PAYGO expenditures.

No time constraints would be placed on these changes.

If you have any questions, you may contact Jess Cason of the Department's State Water Project Analysis Office at (916) 653-4284.



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-14

DATE: JUN 15 2000

SUBJECT: RAS-PAYGO
Pay-As-You-Go Replacement Costs

FROM: 
for Deputy Director, Department of Water Resources

As part of developing a Cost Allocation and Repayment Analysis 2000 system that will be compatible with the new business systems based on SAP, all the administrative CARA cost allocation processes were reviewed for opportunities to simplify procedures and still achieve the objectives of the process.

The following basic replacement accounting criteria will be retained:

- Master Replacement List is made up of rotating equipment having a cost of over \$250,000 and life expectancy over 10 years.
- The type of replacement item will determine the period of past years to be used in allocating costs (Use Period)(i.e., impellers = 30 years and non-impellers = 20 years).
- Both Direct Pay and State Operations costs will be funded through RAS-PAYGO.
- Transportation equipment is to be paid for by those who wore it out (expected to recognize water delivery differences among contractors due to facility construction and fluctuations in annual use such as Coastal Aqueduct contractors).
- Three years of estimates will be included in Statements of Charges (SOC).
- Estimated replacement costs will be replaced with actual costs when known.
- Replacement expenditures are to be "true'd-up" two years later in the billing cycle.
- Replacement Fund (a reserve fund created from prior RAS Reserve Fund) will be continued.

The following new elements will be incorporated into CARA 2000 procedures:

- Estimated costs and actual costs will be allocated to each Contractor based on the Contractors' proportions of the cumulative total of all water delivered through the facility during the Use Period. Costs will no longer be discounted before being assigned to contractors.
- Each water user's share of a replacement cost will be assigned as a current year's cost and entered as a separate line item adjustment to the Variable OMP&R invoice.

If you have any questions, you may contact Perla Netto-Brown, Chief of Fiscal Services at (916) 653-9836.



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-15

DATE: OCT 03 2000

SUBJECT: 2000 Variable Operation
Maintenance Power & Replacement
Charges (OMP&R)

FROM: *A. D. Hunt*
Deputy Director, Department of Water Resources

The Department of Water Resources has completed a variable Operation Maintenance Power & Replacement study to evaluate the status of the 2000 variable charges. The most recent system energy rate, contractor payments through July, and actual and projected water deliveries were used in this study. Results indicate that some water contractors have now paid enough to cover their variable charges for the entire year. For these contractors the Department will lower their 2000 variable unit rates to zero for the remainder of the year. These adjusted rates will be applied starting with August deliveries.

As in past years, the Department will continue to evaluate the status of variable charges on a monthly basis. Pending study results, additional contractors could have their 2000 variable unit rates reduced.

It should be noted that net State Water Project power costs may increase over what is presently projected. If costs increase significantly, the Department will start the variable billing again. The present volatility of the energy market and the unresolved dispute with Southern California Edison may cause SWP power costs to increase.

Notice to SWP Contractors

00-16

Status unknown



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-17

DATE: DEC 01 2000

SUBJECT: Initial SWP Entitlement
Allocation for 2001

FROM: Signed: Thomas M. Hannigan
Director, Department of WaterResources

The Department of Water Resources is initially approving 1.65 million acre-feet of entitlement water for long-term State Water Project contractors in 2001. SWP supplies are projected to meet at least 40 percent of most SWP contractors' Table A entitlement. A table showing the initial 2001 SWP allocations of entitlement water is enclosed.

Consistent with the long-term water supply contracts, the status of current litigation, and public policy, this allocation is made pursuant to the terms of the Monterey Amendment for those contractors which signed the Amendment. The Monterey Amendment continues to be the subject of on-going litigation in *Planning & Conservation League v. DWR & Central Coast Water Agency* (83 Cal. App. 4th 892), and the Court denied requests for interim injunctive relief to stay implementation of the Monterey Amendment.

In making this allocation, the Department considered existing storage in SWP conservation reservoirs, a conservative projection of hydrology, SWP operational constraints and 2001 contractor demands, including carryover entitlement water from 2000-2001. All the SWP contractors requested their entire Table A entitlement for 2001, which totals 4.12 million acre-feet. As the year's hydrologic and water supply conditions develop, a revised allocation may be made.

Based on this initial allocation, the Department will send an approved monthly water delivery schedule to each long-term contractor in December. The monthly distribution reflected in these schedules will be in proportion to the "50 percent" delivery schedule request submitted to the Department by each contractor earlier this year.

If you have any questions, please contact Dan Flory, Chief of DWR's State Water Project Analysis Office, at (916) 653-4313 or Nancy Quan of his staff at (916) 653-0190.

Enclosure

INITIAL
2001 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)

SWP CONTRACTORS	2001 ENTITLEMENT			PERCENT APPROVED ALLOCATION (3)/(2) (4)
	TABLE A (1)	INITIAL REQUEST (2)	APPROVED ALLOCATION (3)	
FEATHER RIVER				
County of Butte	3,500	3,500	1,400	40%
Plumas County FC&WCD	1,570	1,570	854	54%
City of Yuba City	9,600	9,600	3,840	40%
Subtotal	14,670	14,670	6,094	
NORTH BAY				
Napa County FC&WCD	16,700	16,700	6,680	40%
Solano County WA	40,080	40,080	16,032	40%
Subtotal	56,780	56,780	22,713	
SOUTH BAY				
Alameda County FC&WCD, Zone 7	68,000	68,000	27,200	40%
Alameda County WD	42,000	42,000	16,800	40%
Santa Clara Valley WD	100,000	100,000	40,000	40%
Subtotal	210,000	210,000	84,001	
SAN JOAQUIN VALLEY				
Oak Flat WD	5,700	5,700	2,280	40%
County of Kings	4,000	4,000	1,600	40%
Castaic Lake WA	12,700	12,700	5,080	40%
Dudley Ridge WD	53,370	53,370	21,348	40%
Empire West Side ID	3,000	3,000	131	4%
Kern County WA	1,020,730	1,020,730	408,292	40%
Tulare Lake Basin WSD	118,500	118,500	47,400	40%
Subtotal	1,218,000	1,218,000	486,131	
CENTRAL COASTAL				
San Luis Obispo County FC&WCD	25,000	25,000	10,000	40%
Santa Barbara County FC&WCD	45,486	45,486	18,194	40%
Subtotal	70,486	70,486	28,193	
SOUTHERN CALIFORNIA				
Antelope Valley-East Kern WA	138,400	138,400	55,360	40%
Castaic Lake WA	82,500	82,500	33,000	40%
Coachella Valley WD	23,100	23,100	9,240	40%
Crestline-Lake Arrowhead WA	5,800	5,800	2,320	40%
Desert WA	38,100	38,100	15,240	40%
Littlerock Creek ID	2,300	2,300	920	40%
Mojave WA	75,800	75,800	30,320	40%
Metropolitan WDSC	2,011,500	2,011,500	804,600	40%
Palmdale WD	21,300	21,300	8,520	40%
San Bernardino Valley MWD	102,600	102,600	41,040	40%
San Gabriel Valley MWD	28,800	28,800	11,520	40%
San Geronio Pass WA	4,000	4,000	1,600	40%
Ventura County FCD	20,000	20,000	8,000	40%
Subtotal	2,554,200	2,554,200	1,021,679	
TOTAL	4,124,136	4,124,136	1,648,811	

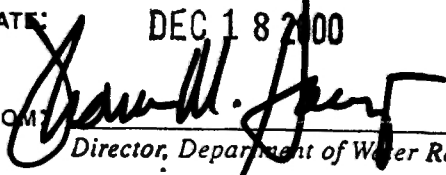


NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 00-18

DATE: DEC 18 2000

SUBJECT: Notices of Contest Regarding the Accuracy of Statements of Charges FROM:


Director, Department of Water Resources

The water supply contracts require the contractors to give Notices of Contest regarding the accuracy of Statements of Charges to the State no later than 10 days prior to the date payments are due. However, the Department of Water Resources recognizes several areas must be left open for potential adjustment.

Accordingly, the contractors shall have until December 21, 2001 to file Notices of Contest and to pursue other available remedies on Statements of Charges previously submitted for those contested items listed below which remain unresolved:

1. All costs incurred after January 1, 2000.
2. All charges affected by procedures for determining repayment of off-aqueduct power facilities.

In addition, the following previously contested items outlined in the State Water Contractors' letter of June 14, 1994 are open, and additional Notices of Contest of these items are not necessary.

1. Source of funding for some statewide planning tasks currently charged to the water contractors.
2. Source of funding for certain programs including:
 - Delta facilities planning and evaluation
 - Delta facilities operations and maintenance
 - Bay/Delta Environmental Protection Study
3. Costs of the Suisun Marsh facilities which remain unresolved by the Suisun Marsh Agreement.

4. Source of funding and cost of routine sediment removal activities in the San Luis Canal.
5. Project energy costs and related activities as follows:
 - Costs affected by project purpose allocations
 - Reimbursable expenditures remaining to be audited and reviewed by the contractors for Reid Gardner Powerplant
6. Reimbursement by the Los Angeles Department of Water and Power for costs of the Upper Castaic Canyon Recreation Development Plan.
7. Contra Costa Canal intake relocation costs charged to the contractors.
8. Statewide benefits accruing as a result of State Water Project expenditures for certain groundwater basins other than the Kern Water Bank.
9. The beneficiaries and funding of the State Water Project future water supply program.
10. The beneficiaries and funding of the recreation planning and implementation program.
11. Costs associated with Los Banos Grandes and Arroyo Pasajero which may be outside the scope of the water supply contract.

In addition, the long-term water supply contracts provide that any overpayment or underpayment to the State in any year by reason of error in computation or other causes shall be adjusted in the succeeding year. Under this provision, the Department makes adjustments to the Statements of Charges without regard to time limitations. This provision applies, but is not limited to, the findings in audit reports of Ernst & Young LLP (Independent Audit Association) and Richardson & Company (Metropolitan Water District of Southern California) for costs charged to the State water facilities as of December 31, 1999 and the annual Statement of Charges rendered by the Department dated June 30, 2000.