



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 07-01

DATE: FEB 8 2007

SUBJECT: Article 21 Water Program

FROM:


DEPUTY DIRECTOR, DEPARTMENT OF WATER RESOURCES

The Department of Water Resources (DWR) will administer a program during 2007 in accordance with Article 21 of the long-term Water Supply Contracts. The 2007 Article 21 Water Program (Program) is available to those State Water Project contractors who have signed the Monterey Amendment, and is subject to the attached criteria. Due to the current water conditions and storage in the San Luis Reservoir, Article 21 water will be available during 2007.

The 2007 Program will be administered similarly to 2006. The Program participants have the responsibility to follow the intent of the Article 21 contract criteria and to not defer previously scheduled Table A deliveries for later in the year. Contractors are encouraged to regularly update their delivery schedules for DWR.

To participate in the 2007 Program and be on the notification list, a contractor must sign and date the attachment to this Notice To State Water Project Contractors and return it to Gwen Knittweis, State Water Project Analysis Office, Department of Water Resources, Post Office Box 942836, Sacramento, California 94236-0001.

If you have any questions about this Program, please contact Gwen Knittweis at (916) 653-9593.

Attachment

Criteria

1. Delivery of Article 21 water shall be made if the delivery would not impact allocation or delivery of approved Table A water to contractors in 2007.
2. Water under this Program shall be State Water Project (SWP) water that is available to SWP contractors as determined by the Department of Water Resources (DWR). This water is limited to amounts not needed for fulfilling contractors approved Table A deliveries, as set forth in their approved water delivery schedules furnished pursuant to Article 12, or for meeting SWP operational requirements, including reservoir storage goals for the current or following years.
3. Delivery to specific contractors may be limited by operational capacity in SWP facilities or as a result of changed operational conditions.
4. The delivery of Article 21 water is not intended in any way to adversely impact any SWP operations. If DWR determines there has been an adverse impact during the period when Article 21 water is being delivered to a contractor, Article 21 water deliveries may be reclassified as approved 2007 Table A water to keep the SWP whole.
5. Article 21 water shall be used within the service area of a requesting contractor, for the same reasonable and beneficial uses as Table A water. Article 21 water may be delivered outside the service area of a participating contractor for storage so long as it is later returned for use in the service area. A separate written agreement will be required for delivery outside of a contractor's service area.
6. Article 21 water shall not be stored by DWR in SWP reservoirs for later delivery to a requesting contractor.
7. This Program is not intended to allow a contractor to shift or defer delivery of allocated scheduled 2007 Table A water and substitute delivery of Article 21 water for scheduled 2007 Table A water in a way that would adversely impact allocation or delivery of Table A water to other contractors in 2007 or in any subsequent year, or adversely affect SWP storage of water.

Scheduling and Charges

8. DWR will notify the contractors by email when Article 21 water is available.
9. Participating contractors shall email a schedule indicating Article 21 water requests to the State Water Project Analysis Office to Mark Risney at mrisney@water.ca.gov and Gwen Knittweis at gwenk@water.ca.gov. The schedule shall include the amount of other SWP supplies requested in addition to Article 21 water.

10. The Program participants have the responsibility to follow the intent of the Article 21 contract criteria and to not defer previously scheduled Table A deliveries for later in the year. As necessary, contractors must update their delivery schedules and submit them to DWR.
11. Daily allocations of Article 21 will be provided to contractors, preferably on a weekly basis. DWR may discontinue availability of Article 21 water upon short notice.
12. If necessary, the supply of Article 21 water will be allocated among requesting contractors in proportion to the 2007 Table A amounts of those contractors.
13. Contractors shall consider their deliveries of Table A water, carryover water, and other water supplies prior to requesting Article 21 water.
14. A contractor taking delivery of Article 21 water may stop or suspend participation in the Program by notifying Mark Risney at (916) 653-8127 or Gwen Knittweis at (916) 653-9593.
15. Conveyance charges for Article 21 water delivered under this Program shall be the same as for Table A water and shall include transportation variable operation, maintenance, power and replacement component charges, Off-Aqueduct over facility charges, and any incremental OMP&R costs, as determined by the DWR.
16. All contractors participating in the Program are responsible for coordinating delivery points and rates through their normal contacts at the various DWR field divisions.
17. The 2007 Article 21 Water Program shall not be a precedent for future programs.

In order to participate in the 2007 Article 21 Water Program, please sign below in the space provided and return all three pages of this attachment to the State Water Project Analysis Office. A contractor's signature indicates acceptance of the criteria, procedures, and charges established for this Program.

ACCEPTED:

Authorized Representative

Signature

Title

Agency

Date

AGENCY CONTACT:

Name

Email

Telephone



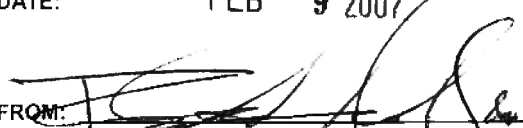
NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 07-02

DATE: FEB 9 2007

SUBJECT: 2007 Turn-Back Water
Pool Program

FROM:


DEPUTY DIRECTOR, DEPARTMENT OF WATER RESOURCES

The Department of Water Resources (DWR) is offering a 2007 Turn-Back Water Pool Program pursuant to Article 56 of the Water Supply Contracts. This program is available to interested State Water Project (SWP) Contractors who have signed the Monterey Amendment, and is subject to the attached terms and conditions (Attachment A).

DWR will administer two Turn-Back Water Pools: Pool A and Pool B. A SWP Contractor may choose to sell or buy Turn-Back Pool Water in one or both of these Pools. This program is separate from any other water sale or purchase program that DWR may administer during 2007.

To participate in the 2007 Turn-Back Water Pool Program and be on the notification list, a Contractor must complete, sign and date the commitment (Attachment A) attached to this notice and return all pages of the attachment to Steve Gold, State Water Project Analysis Office, Department of Water Resources, Post Office Box 942836, Sacramento, California 94236-0001. To meet the commitment due date, Contractor's can email signed notices to: mrismet@water.ca.gov, as long as the original notice is also mailed. A schedule for this program (Attachment B) is included as a reference.

If you have any questions about this Program, please contact Mark Risney at (916) 653-8127 or Steve Gold at (916) 653-4389.

Attachments

Attachment A
2007 Turn-Back Water Pool Program

Terms and Conditions

1. The 2007 Turn-Back Water Pools are subject to Article 56 of the Water Supply Contracts.
2. A SWP Contractor may sell allocated 2007 Table A water that it will not use, provided that: (1) the Contractor has not elected to store project water outside of its service area in 2007, and (2) the Contractor has not elected to carry over Table A water from 2006 pursuant to Article 12(e) or Article 56 of its Water Supply Contract.
3. Sales and purchases of Turn-Back Water Pool shall not affect the 2007 allocation of Table A water to any SWP Contractors.
4. Turn-back pool water purchased by a Contractor will be delivered to the Contractor's service area from the SWP facilities, or as otherwise arranged, consistent with the Contractor's Water Supply Contract.
5. DWR may limit or delay delivery of turn-back pool water due to either (a) limits on the operational capacity of SWP facilities, or (b) changing operational conditions.
6. Delivery priority of turn-back pool water will be the same as for Table A water (Priority 1), as described in Article 12(f) of the long-term Water Supply Contracts so long as the total amount of project water does not exceed the Contractor's 2007 Table A amount. Delivery priority of turn-back pool water in excess of the Contractor's Table A amount will be Priority 6.
7. Contractor's selling turn-back pool water shall submit a revised water delivery schedule to DWR reflecting changes due to the sale of their water. Likewise, a Contractor purchasing turn-back pool water should submit its revised delivery request to DWR as soon as possible after being allocated the turn-back pool water. All water schedules shall be prepared in accordance with Article 12 of the Contractor's Water Supply Contract.
8. Turn-back pool water may be stored outside of the purchasing Contractor's service area for later use inside of the Contractor's service area consistent with Article 56. The location of this storage may be inside or outside of the SWP service area, but it must be consistent with water rights permits for the SWP.
9. The 2007 turn-back water pool program shall not be a precedent for future programs.

Attachment A Terms and Conditions

Page 2

10. A SWP Contractor offering to sell turn-back pool water in either Pool A or in Pool B must submit a completed and signed copy of this agreement for each Pool as appropriate (see last two pages of this Agreement). Sellers shall indicate the amount of water they want to sell in Pool A and/ or Pool B using the chart provided with the signature page. DWR must receive a signed Agreement on or before 12:01 p.m., February 15, 2007 for Pool A water sales and on or before 12:01 p.m., March 15, 2007 for Pool B water sales. It is acceptable to submit a signature page by e-mail to Mark Risney at mrisney@water.ca.gov and Steve Gold at sgold@water.ca.gov in order to meet the deadline; however, an original signature must be submitted as soon as possible afterwards.
11. A SWP Contractor offering to buy turn-back pool water in either Pool A or in Pool B must submit a completed and signed copy of this agreement for each Pool as appropriate (see last two pages of this agreement). Buyers shall indicate the amount of water they want to purchase in Pool A and/ or Pool B using the chart provided with the signature page. DWR must receive a signed Agreement on or before 12:01 p.m., March 1, 2007 for Pool A water purchases and on or before 12:01 p.m., March 30, 2007 for Pool B water purchases. It is acceptable to submit a signature page by e-mail to Mark Risney at mrisney@water.ca.gov and Steve Gold at sgold@water.ca.gov in order to meet the deadline; however, an original signature must be submitted as soon as possible afterwards.
12. The price for Pool A water will be \$12.74 (50 percent of the 2007 Delta Water Rate) for each acre-foot of water purchased or sold. Also, the price for Pool B water will be \$6.37 (25 percent of the 2007 Delta Water Rate) for each acre-foot of water purchased or sold. In addition to the charge per acre-foot, the purchasing Contractor shall pay DWR the 2007 Transportation Variable Operations, Maintenance, Power, and Replacement Component charges and the Off-Aqueduct Power Facilities Charges for turn-back pool water delivered, plus any incremental costs identified by DWR as described in Article 56(d)(7).
13. DWR will notify all participating Contractors by e-mail after the current sales and allocation information at each stage of the Program. These notifications will be sent out within three working days of each of the above milestone dates.
14. DWR will invoice each purchasing Contractor for the purchase price of the water, with payment due 30 days from the date of the invoice. Likewise, DWR will pay each selling Contractor for their water within 30 days after DWR has received payment from all the purchasers.
15. All sales and purchases through Pool A are irrevocable even if DWR reduces Table A allocations on or after February 15, 2007.

Attachment A Terms and Conditions

Page 3

16. DWR will finalize the allocation of sales and purchases of Pool B water on June 1, 2007. The percentage of Table A allocations in effect on this date will determine the final amounts. Only Contractors who were active participants in this Program on March 30, 2007 will be allowed to participate. No reallocation of sales or purchases will be done after June 1, 2007.
17. In the event that any water remains unsold in either Pool, the offering Contractor may cancel its offer to sell its share of unsold water in writing. A cancellation letter or advance copy sent by e-mail must be received no later than 12:01 p.m., March 15, 2007 for Pool A water and by no later than 12:01 p.m., April 13, 2007 for Pool B water.
18. DWR shall decide by April 20, 2007 whether to purchase any portion of Pool A water remaining unsold on that date.

AGREEMENT TO SELL/PURCHASE 2007 TURN-BACK POOL WATER IN POOL A

In order to sell or purchase turn-back pool water under Article 56 of the Contractor's long-term Water Supply Contracts, please fill in the information required below, sign in the space provided, and return all pages of this Attachment A to the State Water Project Analysis Office. A Contractor's signature indicates acceptance of all of the terms and conditions of this program as set forth in this Attachment A.

Purchasers of Turn-back Pool A water may either check the following box to receive the full allocation of water offered or fill in the chart below for specific purchase amounts.

() We agree to purchase all available Turn-back Pool A water.

Table A Allocation As of Feb 15, 2007 (Percent)	Amount to Sell (Acre-Feet)	Amount to Buy (Acre-Feet)
45		
50		
55		
60		
65		
70		
75		
80		
85		
90		
95		
100		

Authorized Representative

STATE OF CALIFORNIA

Signature

DEPARTMENT OF WATER RESOURCES

Acting Chief
State Water Project Analysis Office

Agency

Date

Contact Person

Email

Telephone

AGREEMENT TO SELL/PURCHASE 2007 TURN-BACK POOL WATER IN POOL B

In order to sell or purchase turn-back pool water under Article 56 of the Contractor's long-term Water Supply Contracts, please fill in the information required below, sign in the space provided, and return all pages of this Attachment A to the State Water Project Analysis Office. A Contractor's signature indicates acceptance of all of the terms and conditions of this program as set forth in this Attachment A.

Purchasers of Turn-back Pool B water may either check the following box to receive the full allocation of water offered or fill in the chart below for specific purchase amounts.

() We agree to purchase all available Turn-back Pool B water.

Table A Allocation As of June 1, 2007 (Percent)	Amount to Sell (Acre-Feet)	Amount to Buy (Acre-Feet)
45		
50		
55		
60		
65		
70		
75		
80		
85		
90		
95		
100		

Authorized Representative
Signature

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Acting Chief
State Water Project Analysis Office

Agency

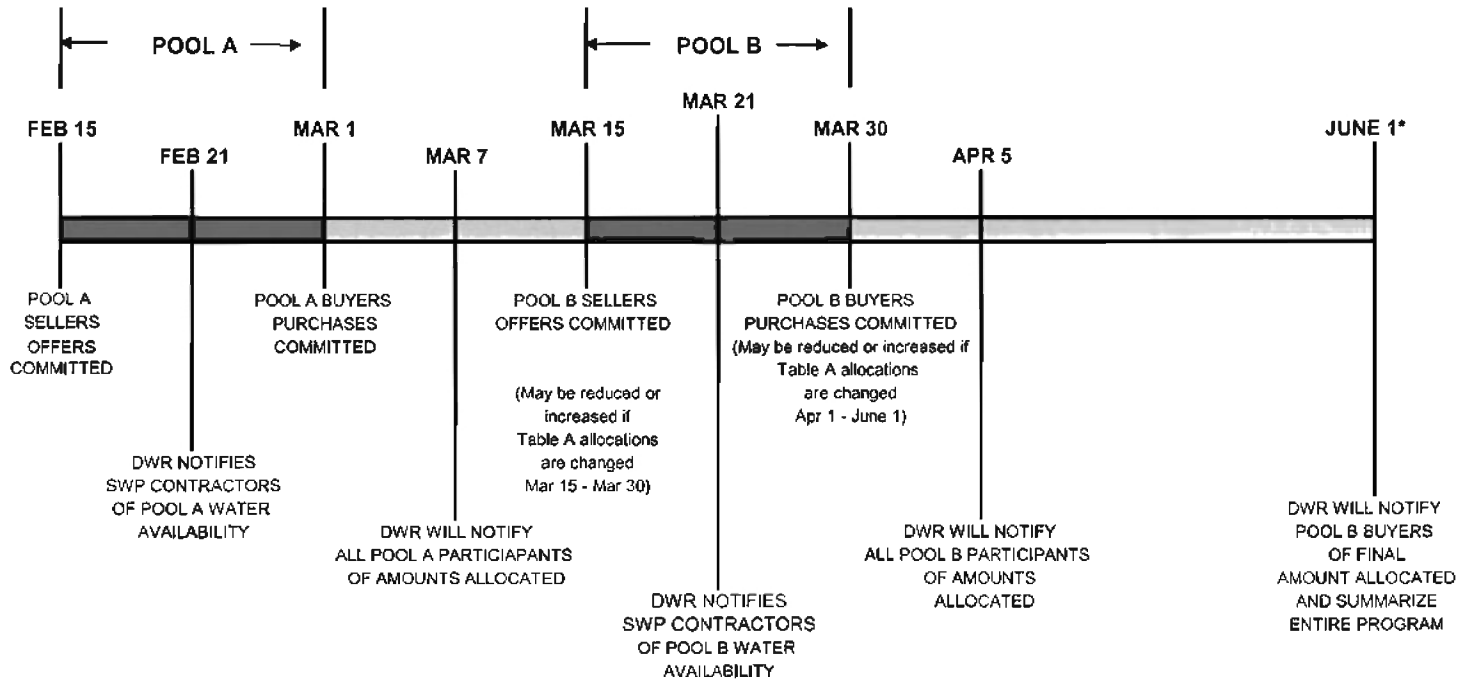
Date

Contact Person

Email Telephone

2007 TURN-BACK POOL SCHEDULE

Attachment B



* The June 1 date only applies if Table A allocations have changed between March 30 and June 1. Only participants who were fully committed as of March 30 will be involved.



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 07-03

DATE: FEB 9 2007

SUBJECT: Criteria for Bulletin 132-07

FROM: 
DEPUTY DIRECTOR, DEPARTMENT OF WATER RESOURCES

Attached for your information are copies of "Criteria for Bulletin 132-2007 Project Operations Studies" and "Interest and Escalation Rates for Preparing Bulletin 132-2007."

These criteria are being used by the Department of Water Resources (DWR) to prepare information for Bulletin 132-2007, "Management of the California State Water Project" and to determine Water Contractors' Statements of Charges for the year 2008.

If you have any questions, please contact Robert Cooke, Acting Chief of DWR's State Water Project Analysis Office, at (916) 653-5945, or you may call Susan Lee of his staff at (916) 653-1894.

Attachment

CRITERIA FOR BULLETIN 132-07 PROJECT OPERATIONS STUDIES

This criteria provides a summary of the basic operations assumptions to be used in developing the 2008 Statement of Charges. Actual Project operations may ultimately be different and contractor billings will be adjusted as appropriate.

1. **Water Deliveries.** Water demands for the water operation studies will be based on the short-range, five-year (2007-2011) requests submitted by the water contractors in October 2006 and the long-range (2012-2035) requests submitted by the contractors in October 2005.

2. **Water Supply.** The water and power studies will reflect compliance with the long-term NMFS Winter Run Biological Opinion as amended on May 17, 1995; the long-term USFWS Delta Smelt Biological Opinion dated March 6, 1995; the March 15, 2001 revision of the December 1999 Water Right Decision 1641; and applicable operational constraints from Endangered Species Act Biological Opinions. The water supply assumed for water and power operation studies will be as follows:
 - (a) 2007 – The initial operations study for 2007 will assume hydrology sufficient to deliver 4.105 MAF (includes 0.021 MAF of “seller’s water” to be stored in San Luis Reservoir and made available for later delivery to buyers and provides for 0.580 MAF of carryover water from 2006). 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 2007 water deliveries and water and power operations studies will be reviewed and finalized in March 2007 when the water supply forecast based on March 1, 2007 snow surveys becomes available.
 - (b) 2008 – State Water Project operations projected for 2008 are the basis for the 2008 Statements of Charges. The study will assume hydrology sufficient to deliver 4.267 MAF (contractors’ projected Table A requests). Lower quartile inflow will be assumed for Pine Flat generating facilities.
 - (c) 2009 – The 2009 studies will assume hydrology sufficient to deliver 4.177 MAF (contractors’ projected Table A requests). Lower quartile inflow will be assumed for Pine Flat generating facilities.
 - (d) 2010 – Assume hydrology sufficient to deliver contractors’ projected Table A requests of 4.170 MAF.
 - (e) 2011 – Assume hydrology sufficient to deliver contractors’ projected Table A requests of 4.175 MAF.
 - (f) 2012 and thereafter – Assume hydrology sufficient to deliver contractors’ projected Table A requests of 4.152 MAF.

3. **Future Project Facilities.** The schedule for initial operation of future project facilities to be used when preparing information for Bulletin 132-07 is shown in the table on page 3.
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 as stated in the U.S. Army Corps of Engineers Public Notices 5820A, October 1981, and 19990715, May 2000.
- (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. Construction of the Permanent Operable Gates and the channel dredging proposed to be implemented now under Stage 1 of the SDIP. Stage 2, which would include increasing diversions, has been deferred until more is known about the Pelagic Organism Decline in the Delta. Facilities in the program include the following:
- ◆ Construction of four flow control structures (gates). Three gates are proposed in South Delta channels to control water levels and circulation in the South Delta. The fourth gate will provide protection for salmon migrating along the San Joaquin River (SDIP Stage 1).
 - ◆ Selected channel dredging in the South Delta and modification of local diversion structures. Several miles of river channels are proposed to be dredged to reduce the need to operate gates for water state. Twenty-four shallow agricultural diversions will be extended to ensure access to water (SDIP Stage 1).
 - ◆ 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 of 8,500 cfs at Banks Pumping Plant. The additional diversion capacity will increase SWP and CVP delivery capability and operational flexibility by enabling more water to be diverted when impacts to Delta fish are less (SDIP Stage 2).
- (c) **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 15,000 acre-feet under the recovery agreement with KCWA. Additionally, under the 1990 Demonstration Program, the SWP retains the right to 40,131 acre-feet currently stored in Semitropic Water Storage District.

(d) Other Project Yield. For purposes of preparing water and power studies for future years, it will be assumed that the Project will deliver full Table A requests. Additional water supply needed to meet future delivery of requested Table A water would be assumed to be available from development of unspecified future conservation facilities.

5. Power Operations. Energy prices in the western states' power market have historically been highest during the on-peak hours and summer months. This pattern is assumed to continue under the anticipated California energy market redesign. To minimize power costs, aqueduct operation will be optimized by minimizing on-peak pumping within operating criteria constraints.

For Bulletin 132-07, forecasted SWP power resources for the study period will be based on existing SWP generation and long-term power purchase and exchange contracts. Additional capacity and energy resources needed to meet power requirements will be from unspecified short-term purchases.

FUTURE PROJECT FACILITIES	Dates for Initial Operation	
	Bulletin 132-06	Bulletin 132-07
CALIFORNIA AQUEDUCT - EAST BRANCH		
East Branch Enlargement - Stage 2 Pearblossom Pumping Plant Units 10 & 11 (375 cfs)	Not Scheduled *	February 2017
Alamo Power Plant - Unit 2 (1,506 cfs)	Not Scheduled *	February 2017
East Branch Extension - Phase II	2010	2012
Tehachapi East Afterbay	February 2007	February 2007
CALIFORNIA AQUEDUCT - WEST BRANCH		
West Branch Enlargement	No Longer Planned	No Longer Planned
Warne Power Plant - Additional units	Not Scheduled**	Not Scheduled**
Gorman Creek Channel Modification	Deferred***	Deferred***
SOUTH BAY AQUEDUCT Improvement and Enlargement	November 2007	June 2008
DELTA FACILITIES South Delta Improvement Program Facilities Permanent Operable Barriers	December 2008	December 2009
OTHER Los Banos Grandes Facilities	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 was not included in Bulletin 132-06 because of uncertainty of scheduling.

** This project cannot be justified.

*** Lack of staff.

TABLE 1

INTEREST RATES TO BE USED IN PREPARING DATA AND
 INFORMATION FOR BULLETIN 132-2007
 WATER CONTRACTORS' STATEMENTS OF CHARGES FOR 2008, AND
 DEPARTMENT FINANCIAL ANALYSIS STUDIES

<u>Item</u>	<u>Interest Rate¹ Per Year</u>	
1. Interest rates on future general obligation "Offset" bonds (If assumed sold) ²	5.0%	(5.5%)
2. Interest Rate for future Water System Revenue Bonds ²	4.5%	(5.5%)
3. Project Interest Rate for determining Statements of Charges for 2007	4.608%	(4.608%)
4. Interest rate on future short-term investment of project funds ³	5.0%	(3.5%)

¹For the purposes of Department studies, these rates are to be used as the effective rates of interest. Figures in parentheses are Bulletin 132-06 assumptions.

²Future bonds are assumed to be repaid by the end of the Project repayment period (2035) or sooner, with maturities commencing in the year following the date of sale and with equal annual bond service for the principal repayment period.

³Based on the expected rate of return for funds invested in the State's Surplus Money Investment Fund.

TABLE 2
BULLETIN 132-2007
COST ESCALATION RATES
FOR SWP FACILITIES
TO BE USED FOR FINANCIAL ANALYSIS STUDIES

<u>Item</u>	<u>Percent Increase</u> <u>Per Year^{1, 2}</u>			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010-2035</u>
<u>Capital Costs</u>				
State Operations				
(Salaries and Benefits)	5 (5)	5 (5)	5 (5)	5
Construction, Direct Pay	3 (3)	3 (3)	3 (3)	3
Relocation, Direct Pay	4 (4)	4 (4)	4 (4)	4
Land and Rights, Direct Pay	4 (4)	4 (4)	4 (4)	4
<u>Operations and Maintenance Cost³</u>				
State Operations				
(Salaries and Benefits)	5 (5)	5 (5)	5 (5)	5

¹ Statements of Charges for the year 2008 and Bulletin 132-07 will be based on unescalated January 1, 2007 capital costs.

² All figures in parentheses were Bulletin 132-06 assumptions.

³ Operation and Maintenance costs in the Statements of Charges for the year 2008 and in Bulletin 132-07 are to be escalated through 2009 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 2010-2035.



STATE OF CALIFORNIA

RESOURCES AGENCY

DEPARTMENT OF WATER RESOURCES

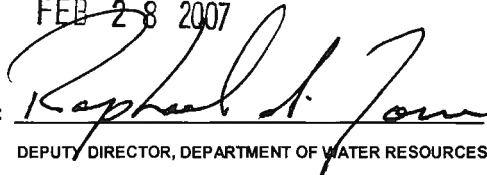
NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 07-04

DATE: FEB 28 2007

SUBJECT: Thirty-Third
Supplemental Resolution

FROM:


DEPUTY DIRECTOR, DEPARTMENT OF WATER RESOURCES

To All State Water Project Contractors:

On December 8, 2006, the California Department of Water Resources (DWR) adopted the Thirty-Third Supplemental Resolution Determining and Designating Certain Moneys as Revenues Under the Central Valley Project Water System Revenue Bonds, General Bond Resolution" (Supplemental Resolution), attached hereto. Public notice of the contents of the Supplemental Resolution is effective as of the date of this Notice.

If you have any questions, please contact Rob Cooke, Acting Chief of DWR's State Water Project Analysis Office at (916) 653-5945 or Perla Netto-Brown, Chief of DWR's Division of Fiscal Services at (916) 653-9836.

Attachments

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

THIRTY-THIRD SUPPLEMENTAL RESOLUTION
DETERMINING AND DESIGNATING CERTAIN
MONEYS AS REVENUES UNDER THE
CENTRAL VALLEY PROJECT WATER SYSTEM
REVENUE BONDS, GENERAL BOND RESOLUTION

(No. DWR-WS-62)

Adopted as of December 8, 2006

**THIRTY-THIRD SUPPLEMENTAL RESOLUTION
DETERMINING AND DESIGNATING CERTAIN
MONEYS AS REVENUES UNDER THE
CENTRAL VALLEY PROJECT WATER SYSTEM
REVENUE BONDS, GENERAL BOND RESOLUTION**

(No. DWR-WS-62)

WHEREAS, the State of California Department of Water Resources (hereinafter the "Department") has issued its Central Valley Project Water System Revenue Bonds (the "Bonds") under the Central Valley Project Water System Revenue Bonds, General Bond Resolution, adopted as of July 1, 1986, as amended (the "Resolution");

WHEREAS, Section 101 of the Resolution defines the term "Revenues" to include not only all moneys received by the Department under the Water Supply Contracts resulting from the construction, acquisition or operation of Projects, but also all moneys received by the Department from any other legally available source which the Department in its discretion determines to be "Revenues" and so designates in a Certificate of the Department filed with the Treasurer (as those terms are defined in the Resolution);

WHEREAS, moneys available under California Water Code Section 12937(b)(4) are available for use by the Department for acquisition and construction of the State Water Resources Development System, including for use as Revenues under the Resolution;

WHEREAS, moneys received by the Department as a result of Article 51(c)(2)(i) of the Water Supply Contracts (or the equivalent article in Water Supply Contracts other than that of the Metropolitan Water District of Southern California) and relating to the Bonds are from facilities financed by the Bonds and are Revenues under the Resolution whether or not such moneys are the result of charges under the amendments commonly known as the Off-Aqueduct Power Facilities Amendment, the East Branch Enlargement Amendment, the Water System Revenue Bond Amendment, the Coastal Branch Extension Amendment and the East Branch Extension Amendment;

WHEREAS, in order to satisfy the requirements of the Resolution, the Department desires to determine and designate certain moneys as Revenues under the Resolution;

NOW, THEREFORE, BE IT RESOLVED and certified by the State of California Department of Water Resources in accordance with the General Bond Resolution as follows:

1. Capitalized terms used and not defined herein have the meanings ascribed to such terms in the Resolution.
2. The Department hereby confirms, and to the extent necessary, determines and designates that moneys available under California Water Code Section 12937(b)(4) are available for use by the Department for acquisition and construction of the State Water Resources Development System and, to the extent necessary to satisfy the requirements of the

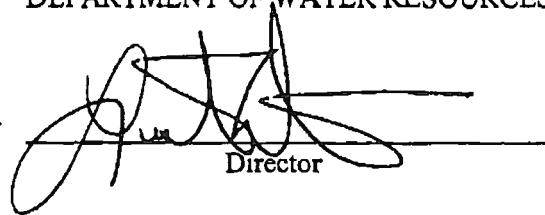
Resolution (taking into account other Revenues), are Revenues under the Resolution, and that all moneys received by the Department that fall under the revenue need category specified in Article 51(c)(2)(i) of the Water Supply Contracts (or the equivalent article in Water Supply Contracts other than that of the Metropolitan Water District of Southern California) and relating to the Bonds are from facilities financed by Bonds and are Revenues under the Resolution whether or not such moneys are the result of charges under the amendments commonly known as the Off-Aqueduct Power Facilities Amendment, the East Branch Enlargement Amendment, the Water System Revenue Bond Amendment, the Coastal Branch Extension Amendment and the East Branch Extension Amendment.

THIS SUPPLEMENTAL RESOLUTION is hereby adopted in the State of California by the State of California Department of Water Resources as of the 8th day of December, 2006.

Approved as to legal form
and sufficiency:

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES


Acting Chief Counsel


Director



STATE OF CALIFORNIA

RESOURCES AGENCY

DEPARTMENT OF WATER RESOURCES

NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 07-05

DATE: APR 26 2007

SUBJECT: Thirty Sixth
Supplemental Resolution

FROM:

A handwritten signature in black ink, appearing to read "Robert B. Cooke", is written over a horizontal line.

DEPUTY DIRECTOR, DEPARTMENT OF WATER RESOURCES

To All State Water Project Contractors:

On April 25, 2007, the California Department of Water Resources (DWR) adopted the "Thirty-Sixth Supplemental Resolution Amending the Thirty-Third Supplemental Resolution Determining and Designating Certain Monies as Revenues Under the Central Valley Project Water System Revenue Bonds, General Bond Resolution" (Supplemental Resolution), attached hereto. Public Notice of the contents of the Supplemental Resolution is effective as the date of this Notice.

If you have any questions, please contact Robert B. Cooke, Acting Chief of DWR's State Water Project Analysis Office at (916) 653-5945 or Perla Netto-Brown, Chief of DWR's Division of Fiscal Services at (916) 653-9836.

Attachments

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

THIRTY-SIXTH SUPPLEMENTAL RESOLUTION
AMENDING THE THIRTY-THIRD SUPPLEMENTAL RESOLUTION
DETERMINING AND DESIGNATING CERTAIN
MONEYS AS REVENUES UNDER THE
CENTRAL VALLEY PROJECT WATER SYSTEM
REVENUE BONDS, GENERAL BOND RESOLUTION

(No. DWR-WS-65)

Adopted as of April 25, 2007

**THIRTY-SIXTH SUPPLEMENTAL RESOLUTION
AMENDING THE THIRTY-THIRD SUPPLEMENTAL RESOLUTION
DETERMINING AND DESIGNATING CERTAIN
MONEYS AS REVENUES UNDER THE
CENTRAL VALLEY PROJECT WATER SYSTEM
REVENUE BONDS, GENERAL BOND RESOLUTION**

(No. DWR-WS-65)

WHEREAS, the State of California Department of Water Resources (hereinafter the "Department") has issued its Central Valley Project Water System Revenue Bonds (the "Bonds") under the Central Valley Project Water System Revenue Bonds, General Bond Resolution, adopted as of July 1, 1986, as amended (the "Resolution");

WHEREAS, Section 101 of the Resolution defines the term "Revenues" to include not only all moneys received by the Department under the Water Supply Contracts resulting from the construction, acquisition or operation of Projects, but also all moneys received by the Department from any other legally available source which the Department in its discretion determines to be "Revenues" and so designates in a Certificate of the Department filed with the Treasurer (as those terms are defined in the Resolution);

WHEREAS, as of December 8, 2006, in order to satisfy the requirements of the Resolution with respect to the Bonds issued prior thereto and any Bonds issued to refund such Bonds, the Department adopted its Thirty-Third Supplemental Resolution Determining And Designating Certain Moneys As Revenues Under The Central Valley Project Water System Revenue Bonds, General Bond Resolution (the "Thirty-Third Supplemental Resolution");

WHEREAS, the Department desires to clarify that the intent of such supplemental resolution was to satisfy the requirements of the Resolution solely with respect to the Bonds issued prior thereto and any Bonds issued to refund such Bonds;

NOW, THEREFORE, BE IT RESOLVED and certified by the State of California Department of Water Resources in accordance with the General Bond Resolution as follows:

1. Capitalized terms used and not defined herein have the meanings ascribed to such terms in the Resolution.

2. Section 2 of the Thirty-Third Supplemental Resolution is hereby amended and restated to read as follows:

"2. Subject to the limitation set forth below, Department hereby confirms, determines and designates that: (a) any moneys available under California Water Code Section 12937(b)(4) for use by the Department for acquisition and construction of the State Water Resources Development System are Revenues under the Resolution, and (b) any moneys received by the Department that fall under the revenue need category specified in Article 51(c)(2)(i) of the Water Supply Contracts (or the equivalent article in Water Supply Contracts other than that of the Metropolitan Water District of Southern California) are from facilities

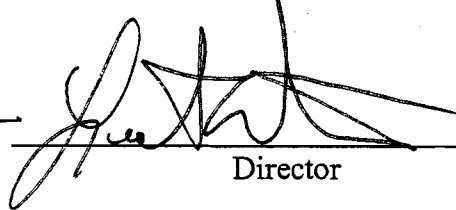
financed by Bonds and are Revenues under the Resolution, whether or not such moneys are the result of charges under the amendments commonly known as the Off-Aqueduct Power Facilities Amendment, the East Branch Enlargement Amendment, the Water System Revenue Bond Amendment, the Coastal Branch Extension Amendment and the East Branch Extension Amendment. The above designation of Revenues shall apply only to the extent and in the amount necessary to satisfy the requirements of the Resolution (taking into account the availability of other Revenues) with respect to Bonds issued prior to December 8, 2006 ("Existing Bonds") and that portion of any Bonds issued after such date that are used solely to refund Existing Bonds. Such designated Revenues shall be subject to the lien of the Resolution as provided in Section 802 thereof for the equal and proportionate benefit, security and protection of all Holders of Bonds in accordance with Section 202 of the Resolution."

THIS THIRTY-SIXTH SUPPLEMENTAL RESOLUTION is hereby adopted in the State of California by the State of California Department of Water Resources as of the 25th day of April, 2007.

Approved as to legal form
and sufficiency:

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES


Chief Counsel


Director



NOTICE TO

STATE WATER PROJECT CONTRACTORS

NUMBER: 07-06

DATE: MAY 23 2007

SUBJECT: Final 2007 Water Allocation

FROM: 
DIRECTOR, DEPARTMENT OF WATER RESOURCES

Due to current water conditions, the Department of Water Resources (DWR) is announcing a final 2007 water allocation to its 29 Long-Term Water Supply Contractors of 60 percent, and Contractors are advised to begin implementation of any additional water conservation measures available to them.

Although 2006 water conditions left a promising 2007 water supply outlook, 2007 water supply conditions to date have been well below average. In 2006, the Northern Sierra Precipitation 8-Station Index was 160 percent of average. This generated a 100 percent water allocation, over 630 TAF of Article 21 water, over 380 TAF of carryover water, and left the State Water Project reservoirs essentially full.

However, so far for 2007, the Northern Sierra Precipitation 8-Station Index is only 77 percent of average and the statewide snow pack is only 27 percent of average. It's now official, for 2007, the Sacramento Region is listed as a "Dry" water year and the San Joaquin Region is listed as a "Critically Dry" water year.

Because of these conditions, please be advised that water allocations for 2008 could be low if a below average water year materializes. Also, Contractors' scheduled Carryover water into 2008 is only 155 TAF. Therefore, Contractors are being asked to begin implementation of any and all additional water conservation measures available to soften the potential water shortages in 2008.

Water conditions for 2008 are uncertain at best. Accordingly we should prepare for dry conditions. DWR staff will be in contact to discuss conservation and Dry Year Program strategies.



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 07-07

DATE: OCT - 3 2007

SUBJECT: Increase in 2007 Variable
Billing Rate

FROM: Raphael D. Jones
DEPUTY DIRECTOR, DEPARTMENT OF WATER RESOURCES

This notice is to inform the State Water Project (SWP) Contractors of an increase in the 2007 variable invoicing rate. Starting with the August variable billings for deliveries made in July, the variable invoicing rate was increased from 32.11 mills/kwh to 34.00 mills/kwh. Furthermore, in late September, the Department of Water Resources (DWR) will invoice for January through June deliveries for the incremental difference of the variable rates.

The increase in the invoicing rate is to address higher SWP unit power costs than were originally anticipated when the invoicing rate was prepared. Some contributing factors to the higher mill-rate are: the impacts of lower hydrology on SWP deliveries and generation required an unexpected additional refill of Castaic Reservoir, and the Delta pumping restrictions.

DWR will continue to monitor and analyze the variable power costs and revenues on a monthly basis to determine if further adjustments (increase or decrease) are needed to the invoicing rate.

For your information, the initial variable rate used in 2007 Statements of Charges was based on 38.46 mills/kwh. In early 2007, the rate was revised to 32.11 mills/kwh based on updated projections.

If you have any questions or need additional information about this Program, please contact Pedro Villalobos, State Water Project Analysis Office, at (916) 653-5117.



NOTICE TO

STATE WATER PROJECT CONTRACTORS

NUMBER: 07-08

DATE:

SUBJECT: 2008 State Water Project
Initial Allocation

FROM:

NOV 21 2007
Raphael D. Jones
DEPUTY DIRECTOR, DEPARTMENT OF WATER RESOURCES

The Department of Water Resources (DWR) is initially approving 1,038,861 acre-feet of Table A water for long-term State Water Project (SWP) Contractors in 2008. SWP supplies are projected to meet 25 percent of SWP contractors requests for Table A water. Attached is the initial 2008 SWP allocation table.

This allocation is made consistent with the long-term water supply contracts and public policy. DWR also considered a conservative projection of hydrology, SWP operational constraints, including additional 2008 Delta export restrictions per the federal district court's remedy order to protect Delta Smelt, and 2008 Contractor demands, including carryover water from 2007.

Hydrologic conditions this year resulted in a "Dry" water year in the Sacramento Region and a "Critically Dry" water year in the San Joaquin Region. Subsequently, project storage conditions going into the 2008 water year are less than average. SWP Contractors' Table A for 2008 totals 4.17 million acre-feet, of which 4.15 million acre-feet were requested. DWR will revise the allocation as the hydrologic and water supply conditions develop.

Based on this initial allocation, DWR will prorate the 30 percent delivery schedules submitted by the Contractors earlier this year in developing new schedules, unless revised schedules are submitted. DWR will send an approved monthly water delivery schedule to each long-term contractor in December.

If you have any questions, please contact Robert B. Cooke, Chief of DWR's State Water Project Analysis Office, at (916) 653-4313.

**2008 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)**

SWP CONTRACTORS	TABLE A (1)	INITIAL REQUEST (2)	APPROVED ALLOCATION (3)	PERCENT INITIAL REQUEST APPROVED (3)/(2) (4)
FEATHER RIVER				
County of Butte	27,500	27,500	6,875	25%
Plumas County FC&WCD	2,020	2,020	690	34%
City of Yuba City	9,600	9,600	2,400	25%
Subtotal	39,120	39,120	9,965	
NORTH BAY				
Napa County FC&WCD	23,200	23,200	5,800	25%
Solano County WA	47,406	47,406	11,852	25%
Subtotal	70,606	70,606	17,652	
SOUTH BAY				
Alameda County FC&WCD, Zone 7	80,619	80,619	20,155	25%
Alameda County WD	42,000	42,000	10,500	25%
Santa Clara Valley WD	100,000	100,000	25,000	25%
Subtotal	222,619	222,619	55,655	
SAN JOAQUIN VALLEY				
Oak Flat WD	5,700	5,700	1,425	25%
County of Kings	9,305	9,305	2,326	25%
Dudley Ridge WD	57,343	57,343	14,336	25%
Empire West Side ID	3,000	3,000	0	0%
Kern County WA	998,730	998,730	249,683	25%
Tulare Lake Basin WSD	95,922	95,922	23,981	25%
Subtotal	1,170,000	1,170,000	291,750	
CENTRAL COASTAL				
San Luis Obispo County FC&WCD	25,000	4,193	4,193	100%
Santa Barbara County FC&WCD	45,486	45,486	11,372	25%
Subtotal	70,486	49,679	15,565	
SOUTHERN CALIFORNIA				
Antelope Valley-East Kern WA	141,400	141,400	35,350	25%
Castaic Lake WA	95,200	95,200	23,800	25%
Coachella Valley WD	121,100	121,100	30,275	25%
Crestline-Lake Arrowhead WA	5,800	5,800	1,450	25%
Desert WA	50,000	50,000	12,500	25%
Littlerock Creek ID	2,300	2,300	575	25%
Mojave WA	75,800	75,800	18,950	25%
Metropolitan WDSC	1,911,500	1,911,500	477,875	25%
Palmdale WD	21,300	21,300	5,325	25%
San Bernardino Valley MWD	102,600	102,600	25,650	25%
San Gabriel Valley MWD	28,800	28,800	7,200	25%
San Geronio Pass WA	17,300	17,300	4,325	25%
Ventura County FCD	20,000	20,000	5,000	25%
Subtotal	2,593,100	2,593,100	648,275	
TOTAL	4,165,931	4,145,124	1,038,861	



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 07-09

DATE: DEC 27 2007

SUBJECT: 2008 Article 21 Water Program

FROM: 
DEPUTY DIRECTOR, DEPARTMENT OF WATER RESOURCES

The Department of Water Resources (DWR) will administer a program during 2008 in accordance with Article 21 of the long-term Water Supply Contracts. The 2008 Article 21 Water Program (Program) is available to those State Water Project contractors who have signed the Monterey Amendment, and is subject to the attached criteria.

Due to the current water conditions and storage in San Luis Reservoir, it is uncertain whether Article 21 water may become available during 2008. However, should Article 21 water become available in 2008, the 2008 Program will be administered similarly to 2007 with minor modifications to facilitate communication of Article 21 availability and any related carryover evacuation accounting. The Program participants have the responsibility to follow the intent of the Article 21 contract criteria and to not defer previously scheduled Table A deliveries for later in the year. Contractors are encouraged to regularly update their delivery schedules for DWR.

To participate in the Program and be on the notification list, a contractor must sign and date the attachment to this *Notice To State Water Project Contractors* and return it to Lincoln King, State Water Project Analysis Office, Department of Water Resources, Post Office Box 942836, Sacramento, California 94236-0001.

If you have any questions or need additional information, please contact Mark Risney at (916) 653-8127.

Attachment

ATTACHMENT

2008 ARTICLE 21 WATER PROGRAM

CRITERIA

1. Delivery of Article 21 water shall not impact allocation or delivery of approved Table A water to State Water Project (SWP) contractors in 2008.
2. Water under this Program shall be SWP water that is available to SWP contractors as determined by the Department of Water Resources (DWR). This water is limited to amounts not needed for fulfilling contractors' approved Table A deliveries, as set forth in their approved water delivery schedules furnished pursuant to Article 12, or for meeting SWP operational requirements, including reservoir storage goals for the current or following years.
3. Delivery to specific contractors may be limited by operational capacity in SWP facilities or as a result of changed operational conditions.
4. The delivery of Article 21 water is not intended in any way to adversely impact any SWP operations. If DWR determines there has been an adverse impact during the period when Article 21 water is being delivered to a contractor, Article 21 water may be reclassified as approved 2008 Table A water to keep the SWP whole.
5. Article 21 water shall be used within the service area of a requesting contractor for the same reasonable and beneficial uses as Table A water. Article 21 water may be delivered outside the service area of a participating contractor for storage so long as it is later returned for use in the service area. A separate written agreement will be required for delivery outside of a contractor's service area.
6. Article 21 water shall not be stored by DWR in SWP reservoirs for later delivery to a requesting contractor.
7. This Program is not intended to allow a contractor to shift or defer delivery of allocated scheduled 2008 Table A water and substitute delivery of Article 21 water for scheduled 2008 Table A water in a way that would adversely impact allocation or delivery of Table A water to other contractors in 2008 or in any subsequent year, or adversely affect SWP storage of water.

SCHEDULING AND CHARGES

8. DWR will notify the contractors by email when Article 21 water is available. DWR will request that contractors periodically provide updated schedules of carryover, Table A and other non-Article 21 water demands and will use such schedules to determine Article 21 water availability.

9. Participating contractors shall email a schedule indicating Article 21 water requests to the State Water Project Analysis Office to Mark Risney at mrisney@water.ca.gov and Lincoln King at lking@water.ca.gov. The schedule shall include the amount of other SWP supplies requested in addition to Article 21 water.
10. The Program participants have the responsibility to follow the intent of the Article 21 contract criteria and to not defer previously scheduled Table A deliveries for later in the year. As necessary, contractors must update their delivery schedules and submit them to DWR.
11. Daily allocations of Article 21 will be provided to contractors, preferably on a weekly basis. DWR may discontinue availability of Article 21 water upon short notice.
12. If necessary, the supply of Article 21 water will be allocated among requesting contractors in proportion to the 2008 Table A amounts of those contractors.
13. Contractors shall consider their deliveries of Table A water, carryover water, and other water supplies prior to requesting Article 21 water.
14. A contractor taking delivery of Article 21 water may stop or suspend participation in the Program by notifying Mark Risney at (916) 653-8127 or Lincoln King at (916) 653-4389.
15. Conveyance charges for Article 21 water delivered under this Program shall be the same as for Table A water and shall include transportation, variable operation, maintenance, power, and replacement (OMP&R) component charges, Off-Aqueduct power facility charges, and any incremental OMP&R costs, as determined by DWR.
16. All contractors participating in the Program are responsible for coordinating delivery points and rates through their normal contacts at the various DWR field divisions.
17. The 2008 Article 21 Water Program shall not be a precedent for future programs.

In order to participate in the 2008 Article 21 Water Program, please sign below in the space provided and return all three pages of this attachment to the State Water Project Analysis Office. A Contractor's signature indicates acceptance of the criteria, procedures, and charges established for this Program.

ACCEPTED:

Authorized Representative

Signature

Title

Agency

Date

AGENCY CONTACT:

Authorized Representative

Name

Email

Telephone