


NOTICE TO STATE WATER PROJECT CONTRACTORS**Date:** JAN 22 2018**Number:** 18 – 01**Subject:** 2018 Turn-Back Water Pool Program**From:**



Joel Ledesma
Deputy Director, State Water Project
Department of Water Resources

The Department of Water Resources (DWR) is offering a 2018 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. 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 2018.

To participate in the 2018 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 Mark Risney, State Water Project Analysis Office, Department of Water Resources, Post Office Box 942836, Sacramento, California 94236-0001. To meet the commitment due date, contractors can email signed notices to Mark Risney at Mark.Risney@water.ca.gov, however, an original signature must be submitted as soon as possible. A schedule for this Program (Attachment B) is included as a reference.

If you have any questions or need additional information about this Program, please contact Mark Risney at (916) 653-3711 or Mahmoud Mabrouk at (916) 653-4635.

Attachments

Attachment A
2018 Turn-Back Water Pool Program

Terms and Conditions

1. The 2018 Turn-Back Water Pools are subject to Article 56 of the Water Supply Contracts.
2. A SWP contractor may sell allocated 2018 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 2018, and (2) the contractor has not elected to carry over Table A water from 2017 pursuant to Article 12(e) or Article 56 of its Water Supply Contract.
3. Sales and purchases of Turn-Back Water Pool water shall not affect the 2018 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 2018 Table A amount. Delivery priority of Turn-Back Pool water in excess of the contractor's Table A amount will be Priority 6.
7. Contractors 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 2018 Turn-Back Water Pool Program shall not be a precedent for future programs.

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, 2018 for Pool A water sales and on or before 12:01 p.m., March 15, 2018 for Pool B water sales. It is acceptable to submit a signature page by e-mail to Mark Risney at Mark.Risney@water.ca.gov and Mahmoud Mabrouk at Mahmoud.Mabrouk@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, 2018 for Pool A water purchases and on or before 12:01 p.m., April 3, 2018 for Pool B water purchases. It is acceptable to submit a signature page by e-mail to Mark Risney at Mark.Risney@water.ca.gov and Mahmoud Mabrouk at Mahmoud.Mabrouk@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 \$34.74 (50 percent of the 2018 Delta Water Rate) for each acre-foot of water purchased or sold. Also, the price for Pool B water will be \$17.37 (25 percent of the 2018 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 2018 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 or increases Table A allocations on or after February 15, 2018.

16. DWR will finalize the allocation of sales and purchases of Pool B water on June 1, 2018. 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 April 2, 2018 will be allowed to participate. No reallocation of sales or purchases will be done after June 1, 2018.
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, 2018 for Pool A water and by no later than 12:01 p.m., April 15, 2018 for Pool B water.
18. DWR shall decide by April 21, 2018 whether to purchase any portion of Pool A water remaining unsold on that date.

AGREEMENT TO SELL/PURCHASE 2018 TURN-BACK POOL WATER IN POOL A

In order to sell or purchase Turn-Back Pool water under Article 56 of the contractors' 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 February 15, 2018 (Percent)	Amount to Sell (Acre-Feet)	Amount to Buy (Acre-Feet)
5		
10		
15		
20		
25		
30		
35		
40		
45		
50		
55		
60		
65		
70		
75		
80		
85		
90		
95		
100		

Authorized Representative
Signature

Agency

Date

Contact Person

Email

Telephone

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Chief, State Water Project Analysis Office

AGREEMENT TO SELL/PURCHASE 2018 TURN-BACK POOL WATER IN POOL B

In order to sell or purchase Turn-Back Pool water under Article 56 of the contractors' 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, 2018 (Percent)	Amount to Sell (Acre-Feet)	Amount to Buy (Acre-Feet)
5		
10		
15		
20		
25		
30		
35		
40		
45		
50		
55		
60		
65		
70		
75		
80		
85		
90		
95		
100		

Authorized Representative
Signature

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Chief, State Water Project Analysis Office

Agency

Date

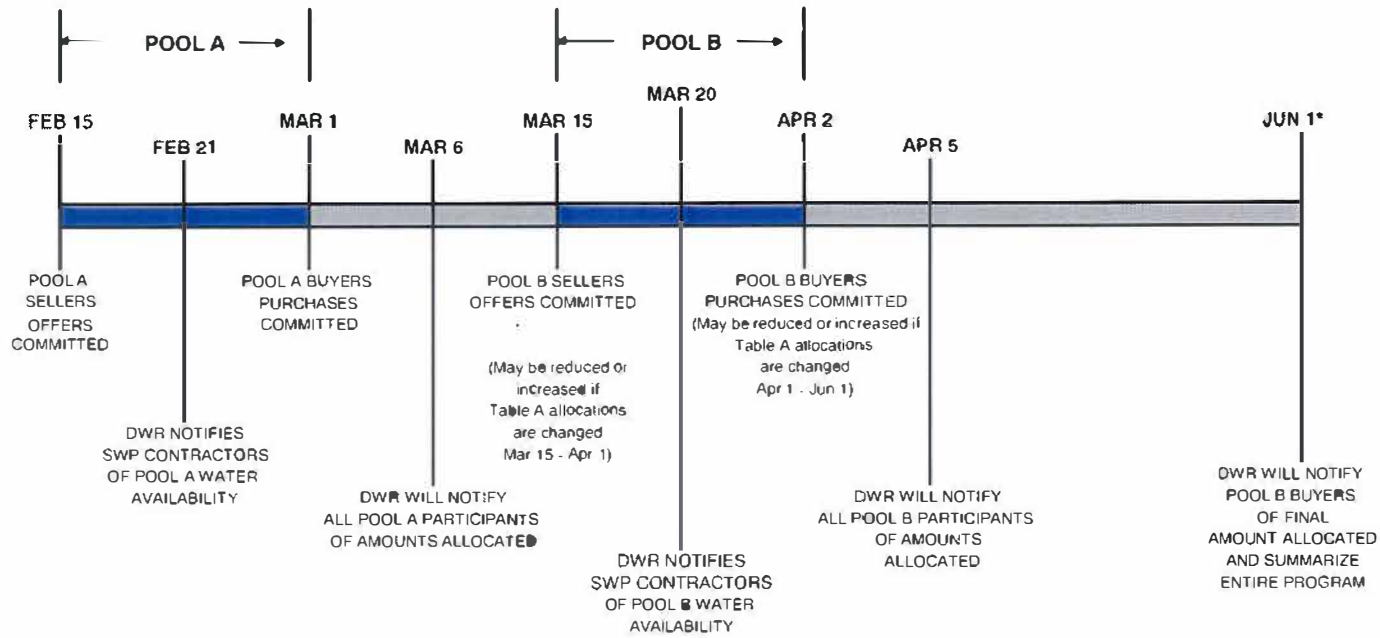
Contact Person

Email

Telephone

2018 TURN-BACK POOL SCHEDULE

Attachment B



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

SWPAO
1/16/2018

NOTICE TO STATE WATER PROJECT CONTRACTORS**Date:** JAN 29 2018**Number:** 18-02**Subject:** 2018 State Water Project Allocation Increase – 20 Percent**From:**

Handwritten signature of Joel Ledesma in blue ink.

Joel Ledesma
Deputy Director, State Water Project
Department of Water Resources

The Department of Water Resources (DWR) is increasing the allocation of 2018 State Water Project (SWP) water for long-term contractors from 631,115 acre-feet to 852,333 acre-feet. Based on the recent precipitation, runoff, and current water supply condition, SWP supplies are projected to be 20 percent of most SWP contractors' 2018 requested Table A amounts, which totals 4,172,786 acre-feet. Attached is the revised 2018 SWP 20 percent allocation table.

This allocation increase is made consistent with the long-term water supply contracts and public policy. DWR's approval considered several factors including existing storage in SWP conservation reservoirs, SWP operational regulatory constraints, and the 2018 contractor demands. DWR may revise the allocation and subsequent allocations if warranted by the year's developing hydrologic and water supply conditions.


To develop the new 20 percent schedule, DWR will scale up the current long-term SWP contractors' 15 percent schedules that they submitted in October 2017 (as part of their initial request), unless the contractors submit the updated schedules. DWR will send the approved monthly water delivery schedules to the long-term SWP contractors.

If you have any questions or need additional information, please contact Pedro Villalobos, Chief, State Water Project Analysis Office, at (916) 653-4313.

Attachment

**2018 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)**

SWP CONTRACTORS	TABLE A (1)	INITIAL REQUEST (2)	APPROVED ALLOCATION (3)	PERCENT INITIAL REQUEST APPROVED (3)/(2) (4)
<u>FEATHER RIVER</u>				
County of Butte	27,500	27,500	6,000	22%
Plumas County FC&WCD	2,700	2,700	540	20%
City of Yuba City	9,600	9,600	3,840	40%
Subtotal	39,800	39,800	10,380	
<u>NORTH BAY</u>				
Napa County FC&WCD	29,025	29,025	11,610	40%
Solano County WA	47,756	47,756	19,102	40%
Subtotal	76,781	76,781	30,712	
<u>SOUTH BAY</u>				
Alameda County FC&WCD, Zone 7	80,619	80,619	16,124	20%
Alameda County WD	42,000	42,000	8,400	20%
Santa Clara Valley WD	100,000	100,000	20,000	20%
Subtotal	222,619	222,619	44,524	
<u>SAN JOAQUIN VALLEY</u>				
Oak Flat WD	5,700	5,700	1,140	20%
County of Kings	9,305	9,305	1,861	20%
Dudley Ridge WD	45,350	45,350	9,070	20%
Empire West Side ID	3,000	3,000	600	20%
Kern County WA	982,730	982,730	196,546	20%
Tulare Lake Basin WSD	87,471	87,471	17,494	20%
Subtotal	1,133,556	1,133,556	226,711	
<u>CENTRAL COASTAL</u>				
San Luis Obispo County FC&WCD	25,000	25,000	5,000	20%
Santa Barbara County FC&WCD	45,486	45,486	9,097	20%
Subtotal	70,486	70,486	14,097	
<u>SOUTHERN CALIFORNIA</u>				
Antelope Valley-East Kern WA	144,844	144,844	28,969	20%
Castaic Lake WA	95,200	95,200	19,040	20%
Coachella Valley WD	138,350	138,350	27,670	20%
Crestline-Lake Arrowhead WA	5,800	5,800	1,160	20%
Desert WA	55,750	55,750	11,150	20%
Littlerock Creek ID	2,300	2,300	460	20%
Metropolitan WDSC	1,911,500	1,911,500	382,300	20%
Mojave WA	85,800	85,800	17,160	20%
Palmdale WD	21,300	21,300	4,260	20%
San Bernardino Valley MWD	102,600	102,600	20,520	20%
San Gabriel Valley MWD	28,800	28,800	5,760	20%
San Geronio Pass WA	17,300	17,300	3,460	20%
Ventura County WPD	20,000	20,000	4,000	20%
Subtotal	2,629,544	2,629,544	525,909	
TOTAL	4,172,786	4,172,786	852,333	

NOTICE TO STATE WATER PROJECT CONTRACTORS**Date:** APR 24 2018**Number:** 18-03**Subject:** 2018 State Water Project Allocation Increase – 30 Percent**From:** 

Joel Ledesma
Deputy Director, State Water Project
Department of Water Resources

The Department of Water Resources (DWR) is increasing the allocation of 2018 State Water Project (SWP) water for long-term contractors from 852,333 acre-feet to 1,268,724 acre-feet. Based on the recent precipitation, runoff, and current water supply condition, SWP supplies are projected to be 30 percent of most SWP contractors' 2018 requested Table A amounts, which totals 4,172,786 acre-feet. Attached is the revised 2018 SWP 30 percent allocation table.

This allocation increase is made consistent with the long-term water supply contracts and public policy. DWR's approval considered several factors including existing storage in SWP conservation reservoirs, SWP operational regulatory constraints, and the 2018 contractor demands. DWR may revise the allocation and subsequent allocations if warranted by the year's developing hydrologic and water supply conditions.

DWR will use the current long-term SWP contractors' 30 percent schedules that were submitted in October 2017 (as part of their initial request), unless a contractor submits an updated schedule. DWR will send the approved monthly water delivery schedules to the long-term SWP contractors.

If you have any questions or need additional information, please contact Pedro Villalobos, Chief, State Water Project Analysis Office, at (916) 653-4313.

Attachment

2018 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)

SWP CONTRACTORS	TABLE A (1)	INITIAL REQUEST (2)	APPROVED ALLOCATION (3)	PERCENT INITIAL REQUEST APPROVED (3)/(2) (4)
<u>FEATHER RIVER</u>				
County of Butte	27,500	27,500	16,500	60%
Plumas County FC&WCD	2,700	2,700	810	30%
City of Yuba City	9,600	9,600	3,840	40%
Subtotal	39,800	39,800	21,150	
<u>NORTH BAY</u>				
Napa County FC&WCD	29,025	29,025	11,610	40%
Solano County WA	47,756	47,756	19,102	40%
Subtotal	76,781	76,781	30,712	
<u>SOUTH BAY</u>				
Alameda County FC&WCD, Zone 7	80,619	80,619	24,186	30%
Alameda County WD	42,000	42,000	12,600	30%
Santa Clara Valley WD	100,000	100,000	30,000	30%
Subtotal	222,619	222,619	66,786	
<u>SAN JOAQUIN VALLEY</u>				
Oak Flat WD	5,700	5,700	1,710	30%
County of Kings	9,305	9,305	2,792	30%
Dudley Ridge WD	45,350	45,350	13,605	30%
Empire West Side ID	3,000	3,000	900	30%
Kern County WA	982,730	982,730	294,819	30%
Tulare Lake Basin WSD	87,471	87,471	26,241	30%
Subtotal	1,133,556	1,133,556	340,067	
<u>CENTRAL COASTAL</u>				
San Luis Obispo County FC&WCD	25,000	25,000	7,500	30%
Santa Barbara County FC&WCD	45,486	45,486	13,646	30%
Subtotal	70,486	70,486	21,146	
<u>SOUTHERN CALIFORNIA</u>				
Antelope Valley-East Kern WA	144,844	144,844	43,453	30%
Castaic Lake WA	95,200	95,200	28,560	30%
Coachella Valley WD	138,350	138,350	41,505	30%
Crestline-Lake Arrowhead WA	5,800	5,800	1,740	30%
Desert WA	55,750	55,750	16,725	30%
Little Rock Creek ID	2,300	2,300	690	30%
Metropolitan WDSC	1,911,500	1,911,500	573,450	30%
Mojave WA	85,800	85,800	25,740	30%
Palmdale WD	21,300	21,300	6,390	30%
San Bernardino Valley MWD	102,600	102,600	30,780	30%
San Gabriel Valley MWD	28,800	28,800	8,640	30%
San Geronio Pass WA	17,300	17,300	5,190	30%
Ventura County WPD	20,000	20,000	6,000	30%
Subtotal	2,629,544	2,629,544	788,863	
TOTAL	4,172,786	4,172,786	1,268,724	

NOTICE TO STATE WATER PROJECT CONTRACTORS




Date: MAY 10 2018

Number: 18-04

Subject: Criteria for Bulletin 132-2018

From:



Joel Ledesma
Deputy Director, State Water Project
Department of Water Resources

Attached for your information are copies of "Criteria for Bulletin 132-2018 Project Operations Studies" and "Interest and Escalation Rates for Preparing Bulletin 132-2018."

These criteria are being used by the Department of Water Resources (DWR) to prepare information for Bulletin 132-2018, "Management of the California State Water Project" and to determine Water Contractors' Statement of Charges for the year 2019.

If you have any questions, please contact Pedro Villalobos, Chief of DWR's State Water Project Analysis Office, at (916) 653-4313, or you may call Susan Lee of his staff at (916) 653-1894.

Attachment

CRITERIA FOR BULLETIN 132-2018 STATE WATER PROJECT OPERATIONS STUDIES

These criteria provide summaries of the basic operations assumptions to be used in developing the 2019 Statements of Charges. Actual SWP operations may ultimately be different and contractor billings will be adjusted as appropriate.

1. **Water Deliveries:** Water demands for the water operations studies will be based on the short-range, five-year (2018-2022) requests submitted by the SWP Contractors (Contractors) in October 2017 and the long-range (2023-2035) requests submitted by the Contractors in October 2017.

2. **Water Supply:** The water and power operations studies will reflect compliance with the long-term NMFS Salmonids, Green Sturgeon and Killer Whales Biological and Conference Opinion issued June 4, 2009; the long-term USFWS Delta Smelt Biological Opinion issued December 15, 2008; the Incidental Take Permit for Longfin Smelt issued February 23, 2009; and the March 15, 2000 revision of the December 1999 Water Right Decision 1641. Additionally, Feather River Service Area Settlement Contractors' water demand is included in all studies and is based on historical water delivery patterns. Due to the February 2017 Lake Oroville spillway incident, a Winter Operations Plan has been implemented for Lake Oroville. The plan incorporates limited flow on the partially restored Flood Control Outlet gated spillway between November 2017 and April 2018. The water supply assumed for water and power operation studies will be as follows:
 - (a) **2018:** The initial operations study for 2018 will assume hydrology sufficient to deliver 2.490 MAF (60 percent of Contractors' projected Table A requests). 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 2018 water deliveries and water and power operations studies will be reviewed and finalized in May 2018 when the final water supply forecast based on May 1, 2018 snow surveys becomes available.
 - (b) **2019:** SWP operations projected for 2019 are the basis for the 2019 Statements of Charges. The study will assume hydrology sufficient to deliver 2.484 MAF (60 percent of Contractors' projected Table A requests). Lower quartile inflow will be assumed for Pine Flat generating facilities.
 - (c) **2020:** The 2020 studies will assume hydrology sufficient to deliver 2.483 MAF (60 percent of Contractors' projected Table A requests). Lower quartile inflow will be assumed for Pine Flat generating facilities.
 - (d) **2021:** Assume hydrology sufficient to deliver 60 percent of Contractors' projected Table A requests of 2.483 MAF.
 - (e) **2022:** Assume hydrology sufficient to deliver 60 percent of Contractors' projected Table A requests of 2.483 MAF.

- (f) 2023-2035: Assume hydrology sufficient to deliver 60 percent of Contractors' projected Table A requests of an average 2.483 MAF.

3. **Water Supply Augmentation:**

- (a) Delta Pumps. The total capacity of Banks Pumping Plant is 10,300 cfs; however, the actual daily allotment for Clifton Court Forebay 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 (SDIP). This program was originally 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 were proposed to be implemented under Stage 1 of the SDIP. Stage 2 of the SDIP, which would have included increasing diversions, was deferred indefinitely in view of the pelagic organism decline in the Delta. Due to DWR requirements included in the 2009 NMFS Long-Term Operations of the Central Valley Project and State Water Project Biological Opinion (BiOp) all SDIP related work was delayed until completion of the Temporary Barriers salmonid effects study. This study is nearing completion, and Bay-Delta Office staff intend to begin SDIP planning and evaluation work as early as calendar year 2018 to determine if SDIP could be re-conceptualized to address the issues identified in the BiOp. Facilities in the SDIP concept may include the following:
- ◆ Construction of three flow control structures (gates). These gates are proposed in South Delta channels to control water levels and circulation in the South Delta. A fourth gate that would provide protection for salmon migrating along the San Joaquin River, is being planned separately under California WaterFix.
 - ◆ Selected channel dredging in the South Delta and modification of local diversion structures. Several miles of river channels would be evaluated for proposed dredging to reduce the need to operate gates for water stage. Twenty-four shallow agricultural diversions would be evaluated for extension to ensure access to water.
- (c) Ground Water Programs. On August 9, 1996, ownership of the Kern Fan Element Property and the La Hacienda Facilities was transferred to Kern County Water Agency (KCWA) and Dudley Ridge Water District through the Kern Water Bank Authority (KWBA) as part of the Monterey Amendment. Fifty percent of any SWP water remaining in storage from the Berrenda 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 20,065 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 SWP will deliver 60 percent of full Table A requests based on the latest reliability study prepared by the Bay-Delta Office.

4. **Power Operations:** With the changing of price patterns in the energy markets, energy prices are forecasted to be highest during non-solar hours and summer months. To minimize power costs, aqueduct operation will be optimized by minimizing pumping during expensive hours within operating criteria constraints.

For Bulletin 132-2018, forecasted SWP power resources for the study period will be based on existing SWP generation and power purchases including the contract to purchase 3MW of output from the Boulder Canyon Project (aka Hoover) from October 1, 2017 through September 30, 2067.

Project Order 36, State Power Contract for the Use of Oroville Power, will continue to be applied for the purposes of the “Criteria for Bulletin 132-2018 State Water Project Operations Studies” memo. Project Order 36 was issued in 1994 to address the continuation of DWR’s charges to the contractors for Oroville power.

5. **Future Project Facilities:** The schedule for initial operation of future project facilities to be used when preparing information for Bulletin 132-2018 is shown in the following table.

FUTURE PROJECT FACILITIES	Dates for Initial Operation	
	Bulletin 132-2017	Bulletin 132-2018
CALIFORNIA AQUEDUCT – EAST BRANCH		
East Branch Enlargement – Stage 2		
Alamo Power Plant – Unit 2 (1,506 cfs)	December 2023	Postponed
East Branch Extension – Phase II	December 2017	December 2017
Perris Dam Remediation	December 2017	December 2018
DELTA FACILITIES		
Sherman and Twitchell Island Fish screens	December 2019	December 2019
NORTH BAY AQUEDUCT		
Alternate Intake – Phase I	TBD pending EIR outcome	June 2018

TABLE 1

**INTEREST RATES TO BE USED IN PREPARING DATA AND
INFORMATION FOR BULLETIN 132-2018
WATER CONTRACTORS' STATEMENTS OF CHARGES FOR 2019
AND DWR 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	2.950 (3.250)
2. Interest Rate for future Water System Revenue Bonds ²	2.800 (3.150)
3. Project Interest Rate for determining Statements of Charges for 2018	4.610 (4.610)
4. Interest Rate on future short-term investment of project funds ³	1.170 (0.611)

¹For the purposes of DWR studies, these rates are to be used as the effective rates of interest. Figures in parentheses are Bulletin 132-2017 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 132-2018
COST ESCALATION RATES
FOR SWP FACILITIES
TO BE USED FOR FINANCIAL ANALYSIS STUDIES

<u>Item</u>	<u>Percent Increase</u> <u>Per Year¹</u>			
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021-2035</u>
<u>Capital Costs</u>				
State Operations (Salaries and Benefits) ²	4(4.5)	4(4.5)	4(4.5)	4(4.5)
Construction, Direct Pay	5(5.0)	5(5.0)	5(5.0)	5(5.0)
Relocation, Direct Pay	4(4.0)	4(4.0)	4(4.0)	4(4.0)
Land and Rights, Direct Pay	4(4.0)	4(4.0)	4(4.0)	4(4.0)
<u>Operations and Maintenance Cost³</u>				
State Operations (Salaries and Benefits) ²	4(4.5)	4(4.5)	4(4.5)	4(4.5)

¹ Figures in parentheses are Bulletin 132-2017 assumptions.

² Reflects agreed salary and benefit adjustments. Escalation rate should be considered preliminary. Continuing labor negotiations may change rate.

³ Operation and Maintenance costs in the Statements of Charges for 2019 and in Bulletin 132-2018 are to be escalated through 2020 and then escalated one percent for the remainder of the Project repayment period. For specific Project studies requiring escalated costs, continue the percent rate for 2021-2035.

NOTICE TO STATE WATER PROJECT CONTRACTORS**Date:** MAY 21 2018**Number:** 18-05**Subject:** 2018 State Water Project Allocation Increase – 35 Percent**From:**  for Joel Ledesma

Joel Ledesma
Deputy Director, State Water Project
Department of Water Resources

The Department of Water Resources (DWR) is increasing the allocation of 2018 State Water Project (SWP) water for long-term contractors from 1,268,724 acre-feet to 1,481,685 acre-feet. Based on the recent precipitation, runoff, and current water supply condition, SWP supplies are projected to be 35 percent of most SWP contractors' 2018 requested Table A amounts, which totals 4,172,786 acre-feet. Attached is the revised 2018 SWP 35 percent allocation table.

This allocation increase is made consistent with the long-term water supply contracts and public policy. DWR's approval considered several factors including existing storage in SWP conservation reservoirs, SWP operational regulatory constraints, and the 2018 contractor demands. DWR may revise the allocation and subsequent allocations if warranted by the year's developing hydrologic and water supply conditions.

To develop the new 35 percent schedule, DWR will scale up the current long-term SWP contractors' 30 percent schedules that were submitted in October 2017 (as part of their initial request), unless a contractor submits an updated schedule. DWR will send the approved monthly water delivery schedules to the long-term SWP contractors.

If you have any questions or need additional information, please contact Pedro Villalobos, Chief, State Water Project Analysis Office, at (916) 653-4313.

Attachment

2018 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)

SWP CONTRACTORS	TABLE A	INITIAL REQUEST	APPROVED ALLOCATION	PERCENT INITIAL REQUEST APPROVED (3)/(2)
	(1)	(2)	(3)	(4)
<u>FEATHER RIVER</u>				
County of Butte	27,500	27,500	17,875	65%
Plumas County FC&WCD	2,700	2,700	945	35%
City of Yuba City	9,600	9,600	4,800	50%
Subtotal	39,800	39,800	23,620	
<u>NORTH BAY</u>				
Napa County FC&WCD	29,025	29,025	14,513	50%
Solano County WA	47,756	47,756	23,878	50%
Subtotal	76,781	76,781	38,391	
<u>SOUTH BAY</u>				
Alameda County FC&WCD, Zone 7	80,619	80,619	28,217	35%
Alameda County WD	42,000	42,000	14,700	35%
Santa Clara Valley WD	100,000	100,000	35,000	35%
Subtotal	222,619	222,619	77,917	
<u>SAN JOAQUIN VALLEY</u>				
Oak Flat WD	5,700	5,700	1,995	35%
County of Kings	9,305	9,305	3,257	35%
Dudley Ridge WD	45,350	45,350	15,873	35%
Empire West Side ID	3,000	3,000	1,050	35%
Kern County WA	982,730	982,730	343,956	35%
Tulare Lake Basin WSD	87,471	87,471	30,615	35%
Subtotal	1,133,556	1,133,556	396,746	
<u>CENTRAL COASTAL</u>				
San Luis Obispo County FC&WCD	25,000	25,000	8,750	35%
Santa Barbara County FC&WCD	45,486	45,486	15,920	35%
Subtotal	70,486	70,486	24,670	
<u>SOUTHERN CALIFORNIA</u>				
Antelope Valley-East Kern WA	144,844	144,844	50,695	35%
Castaic Lake WA	95,200	95,200	33,320	35%
Coachella Valley WD	138,350	138,350	48,423	35%
Crestline-Lake Arrowhead WA	5,800	5,800	2,030	35%
Desert WA	55,750	55,750	19,513	35%
Littlerock Creek ID	2,300	2,300	805	35%
Metropolitan WDSC	1,911,500	1,911,500	669,025	35%
Mojave WA	85,800	85,800	30,030	35%
Palmdale WD	21,300	21,300	7,455	35%
San Bernardino Valley MWD	102,600	102,600	35,910	35%
San Gabriel Valley MWD	28,800	28,800	10,080	35%
San Geronio Pass WA	17,300	17,300	6,055	35%
Ventura County WPD	20,000	20,000	7,000	35%
Subtotal	2,629,544	2,629,544	920,341	
TOTAL	4,172,786	4,172,786	1,481,685	

NOTICE TO STATE WATER PROJECT CONTRACTORS**Date:** NOV 30 2018**Number:** 18-06**Subject:** 2019 State Water Project Initial Allocation – 10 Percent**From:**

A handwritten signature in blue ink, appearing to read "Joel Ledesma", followed by the word "for" in a smaller, less legible script.

Joel Ledesma
Deputy Director, State Water Project
Department of Water Resources

The Department of Water Resources (DWR) is initially approving 427,167 acre-feet (AF) of Table A water for the long-term State Water Project (SWP) contractors in 2019. SWP supplies are projected to meet 10 percent of most SWP contractors' requests for Table A water, which totals 4,172,786 AF. Attached is the initial 2019 SWP allocation table.

This initial allocation is made consistent with the long-term water supply contracts and public policy. DWR's approval considered several factors including existing storage in SWP conservation reservoirs, SWP operational constraints such as the conditions of the Biological Opinions for Delta Smelt and Salmonids, and the Longfin Smelt incidental take permit, and the 2019 contractor demands. DWR may revise the initial and subsequent allocations if warranted by the year's developing hydrologic and water supply conditions.

DWR will use the current long-term SWP contractors' 10 percent schedules that they submitted in October 2018 as part of their initial request, unless contractors submit updated schedules. DWR will send the approved monthly water delivery schedules to the long-term SWP contractors.

If you have any questions or need additional information, please contact Pedro Villalobos, Chief, State Water Project Analysis Office, at (916) 653-4313.

Attachment

2019 STATE WATER PROJECT INITIAL ALLOCATION
(ACRE-FEET)

SWP CONTRACTORS	TABLE A (1)	INITIAL REQUEST (2)	APPROVED ALLOCATION (3)	PERCENT INITIAL REQUEST APPROVED (3)/(2) (4)
<u>FEATHER RIVER</u>				
County of Butte	27,500	27,500	4,000	15%
Plumas County FC&WCD	2,700	2,700	270	10%
City of Yuba City	9,600	9,600	1,920	20%
Subtotal	39,800	39,800	6,190	
<u>NORTH BAY</u>				
Napa County FC&WCD	29,025	29,025	5,805	20%
Solano County WA	47,756	47,756	9,551	20%
Subtotal	76,781	76,781	15,356	
<u>SOUTH BAY</u>				
Alameda County FC&WCD, Zone 7	80,619	80,619	8,062	10%
Alameda County WD	42,000	42,000	4,200	10%
Santa Clara Valley WD	100,000	100,000	10,000	10%
Subtotal	222,619	222,619	22,262	
<u>SAN JOAQUIN VALLEY</u>				
Oak Flat WD	5,700	5,700	570	10%
County of Kings	9,305	9,305	931	10%
Dudley Ridge WD	45,350	45,350	4,535	10%
Empire West Side ID	3,000	3,000	300	10%
Kern County WA	982,730	982,730	98,273	10%
Tulare Lake Basin WSD	87,471	87,471	8,747	10%
Subtotal	1,133,556	1,133,556	113,356	
<u>CENTRAL COASTAL</u>				
San Luis Obispo County FC&WCD	25,000	25,000	2,500	10%
Santa Barbara County FC&WCD	45,486	45,486	4,549	10%
Subtotal	70,486	70,486	7,049	
<u>SOUTHERN CALIFORNIA</u>				
Antelope Valley-East Kern WA	144,844	144,844	14,484	10%
Santa Clarita Valley WA	95,200	95,200	9,520	10%
Coachella Valley WD	138,350	138,350	13,835	10%
Crestline-Lake Arrowhead WA	5,800	5,800	580	10%
Desert WA	55,750	55,750	5,575	10%
Littlerock Creek ID	2,300	2,300	230	10%
Metropolitan WDSC	1,911,500	1,911,500	191,150	10%
Mojave WA	85,800	85,800	8,580	10%
Palmdale WD	21,300	21,300	2,130	10%
San Bernardino Valley MWD	102,600	102,600	10,260	10%
San Gabriel Valley MWD	28,800	28,800	2,880	10%
San Geronio Pass WA	17,300	17,300	1,730	10%
Ventura County WPD	20,000	20,000	2,000	10%
Subtotal	2,629,544	2,629,544	262,954	
TOTAL	4,172,786	4,172,786	427,167	

NOTICE TO STATE WATER PROJECT CONTRACTORS



Date: NOV 13 2018

Number: 18-07

Subject: Central Valley Project Water System Revenue Bonds, Series AZ
Par Amount: \$215,295,000
Closing Date: October 18, 2018

From: 
 Karla A. Nemeth, Director
 Department of Water Resources

Summary of Cash Flow Financing Results

On October 18, 2018, the Department of Water Resources (DWR) issued tax-exempt fixed-rate Bonds, Series AZ, with a par amount of \$215.3 million and \$34.2 million premium. This was achieved through a negotiated sale to take out \$129.7 million of DWR's current outstanding commercial paper notes. DWR also took advantage of low interest rates to refund portions of Series AF and AY, for a total net present value savings of \$2.47 million. Bond proceeds were also used to pay the costs of issuance and fund both capitalized interest and the reserve account. A summary of the financing results is provided below in Table 1.

Table 1: Summary of Financing Results, Series AZ

Delivery Date	10/18/2018
Par Amount Refunded Series	\$109,080,000
Net Present Value Savings	\$2,465,877
Percentage Savings of Refunded Bonds	2.26%
Average Coupon of Refunded Bonds	2.89%
True Interest Cost (TIC)	2.47%

NOTICE TO STATE WATER PROJECT CONTRACTORS**Summary of Cash Flow Savings**

The significant savings DWR achieved through the issuance of Bond Series AZ on the financing will provide cash flow relief over the next 12 years. Below, in Table 2, is a summary of yearly savings to the Department as a result of refunding the Bond Series AF and AY.

Table 2: Summary of Savings Results, Series AZ

	<u>Year</u>	<u>Annual Savings</u>
	12/1/2018	\$ 511,511.30
	12/1/2019	311,954.82
	12/1/2020	245,616.60
	12/1/2021	186,276.85
	12/1/2022	227,426.45
	12/1/2023	259,083.35
	12/1/2024	229,768.85
	12/1/2025	206,164.85
	12/1/2026	234,743.30
	12/1/2027	152,304.65
	12/1/2028	207,889.95
	12/1/2029	274,497.45
		<hr/>
Total Savings		<u>\$ 3,047,238.42</u>
Net Present Value Savings		\$ 2,465,876.89
Percentage Savings of Refunded Bonds		2.26%

If you have any questions, please contact Vinay Behl, Chief Financial Officer, Division of Fiscal Services, at (916) 653-9836.