



January 14, 2008

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Delores Brown, Chief  
Office of Environmental Compliance  
California Department of Water Resources  
901 P Street  
Sacramento, CA 95814

Dear Ms. Brown:

The Kern County Water Agency (Agency) is a public agency that contracts with the State of California, through the California Department of Water Resources (DWR), for water supplies from the State Water Project (SWP).

DWR has prepared the Draft Environmental Impact Report on the Monterey Amendment to the State Water Project Contracts (Including Kern Water Bank Transfer) and Associated Actions as Part of a Settlement Agreement (Monterey Plus DEIR). The Monterey Plus DEIR re-evaluates the environmental effects of the Monterey Amendments, which have been in operation for over a decade.

The Monterey Amendment amended the 1960s-era SWP contracts between DWR and each of the 29 public agencies that contract with it for SWP supplies. The Monterey Amendment, implemented in 1996, updated a number of contract provisions to reflect the change in real-world conditions that had occurred by that time, and incorporated opportunities for modern, more progressive water management. The Monterey Amendment accomplished a number of significant milestones that:

- **Settled disputes over allocations** – The amended water allocation provisions eliminate the agriculture-first shortage requirement for contract water supplies (i.e., Table A water) as well as the agricultural priority to surplus water, and instead require that all water be allocated in proportion to the SWP contractors' (Contractors) contract amounts. In exchange, the agricultural contractors agreed to permanently retire a portion of their contract amounts and permanently transfer an additional portion to urban contractors. In addition, all Contractors were given equal priority, based upon their Table A contract amounts, to surplus water when available.

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- **Gave contractors more flexibility in managing limited SWP supplies** – The amended water management provisions promote banking of water in underground water storage during wet periods for later use by Contractors during dry times; thus, improving contractor opportunities to get more beneficial use out of existing SWP facilities.
- **Increased rate stability and funding for local investment in water management programs** – The amended financial provisions use Contractor money originally committed for additional SWP facilities to instead help Contractors stabilize their water rates and increase their funding for local development of water conservation, water recycling, conjunctive use, and other water management programs.

The added flexibility provided by the Monterey Amendment has allowed the Contractors to weather the most recent drought without enduring the substantial hardships of the drought of the early 1990s, despite increased water demands that have occurred since that time and increasing pressures on SWP operations.

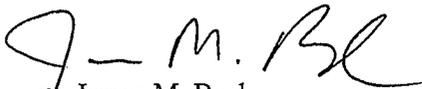
The Monterey Plus DEIR includes an exhaustive analysis of the environmental effects of the Monterey Amendment and Settlement Agreement. The Agency believes that the Monterey Plus DEIR, which was drafted with the advisory collaboration of DWR, the Contractors, Planning and Conservation League, Citizens Planning Association of Santa Barbara, and Plumas County Flood Control and Water Conservation District, adequately describes the environmental effects of the Amendment. The analysis in the DEIR shows:

- There have been no significant environmental impacts resulting from the Monterey Amendment from 1996 through today.
- That environmental impacts from the Monterey Amendment in almost all resource categories are at less-than-significant levels. Those few areas where potentially significant impacts were identified are for a provision analyzed under a worst-case scenario that is unlikely to ever occur, or for certain future projects that would be subject to additional, project-level California Environmental Quality Act review.

The Agency supported implementation of the Monterey Amendment in 1996, and supports its continued implementation into the future. The Agency commends DWR for having prepared this thorough and significant document.

If you have any questions regarding this matter, please feel free to contact me at (661) 634-1400 or Curtis Creel of my staff at (661) 634-1414.

Sincerely,



James M. Beck  
General Manager