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May 16, 2008

Lester Snow, Director
Department of Water Resources
P.O. Box 942836
Sacramento, CA 94236

Dear Mr. Snow,

This office represents the Butte Water District (BWD), Sutter Extension Water District (SEWD), Biggs-West Gridley Water District (BWGWD), Richvale Irrigation District (RID) and Western Canal Water District (WCWD) (collectively "Districts"). On February 13, 2006, the Districts filed with the Federal Energy Regulatory Commission (FERC) a Motion to Intervene in the proceedings of the California Department of Water Resources' (DWR) application for Relicensing of Oroville Facilities, Project 2100 ("Oroville Facilities"). In that Intervention, as well as in other filings with FERC, the Districts opposed the grant of a new FERC license to DWR for failure to address the adverse cold-water impacts on the Districts' agricultural interests they represent. On August 20, 2007, the Districts filed comments with DWR on the Draft Environmental Impact Report (DEIR) for Oroville Facilities requesting that DWR further investigate the impacts of cold-water deliveries on rice production. In addition, the Districts have water diversion agreements with DWR that provide for water deliveries from Oroville Facilities and that preserve the issue of liability for cold-water temperature impacts to agriculture from these deliveries.

As you know, on an almost continuous basis since the fall of 2005, DWR and the Districts have negotiated in good faith regarding potential agricultural impacts related to the temperature of water delivered to the Districts from the Oroville Facilities. On April 23, 2008, the Districts and DWR executed the agreement entitled "Amendment to Agreements on Diversion of Water from the Feather River and Settlement of Issues Related to the Temperature of Water Diversions" (Settlement Agreement). The Settlement Agreement resolves all concerns and protests of the Districts related to the reserved issue of temperature of water delivered to the Districts from the Oroville Facilities. The terms of the Settlement Agreement, combined with the provisions of DWR's comprehensive Settlement Agreement for Licensing of the Oroville Facilities, adequately protect the Districts' interests, including the beneficial use of irrigation

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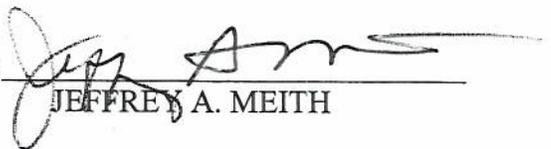
water by the Districts as set forth in the California Central Valley Basin Plan and fully resolves the issue of cold-water effects raised in the above mentioned water diversion agreements. Compensation under the Settlement Agreement commences with the 2008 crop year.

Therefore, in light of the Settlement Agreement, this letter serves to rescind the Districts' Comments on DWR's DEIR for Oroville Facilities. Also, the Districts will file letters with FERC and the California State Water Resources Control Board (SWRCB) withdrawing their opposition to Relicensing of Oroville Facilities P-2100 and requesting issuance of a new license by FERC and a Clean Water Act Section 401 Water Quality Certification by SWRCB. In addition, the Districts will continue to participate in the FERC Relicensing process for Oroville Facilities.

Sincerely,

MINASIAN, SPRUANCE, MEITH,
SOARES & SEXTON, LLP

By:



JEFFREY A. MEITH

JAM/jg

cc: Rick Ramirez, Program Manager
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Joint Water Districts and Western Canal Water District