NOTICE TO
STATE WATER PROJECT CONTRACTORS

NUMBER: 07-02

SUBJECT: 2007 Turn-Back Water Pool Program

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: mrisney@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.
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 scgold@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 scgold@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.
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>
<thead>
<tr>
<th>Table A Allocation As of Feb 15, 2007 (Percent)</th>
<th>Amount to Sell (Acre-Feet)</th>
<th>Amount to Buy (Acre-Feet)</th>
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Authorized Representative
Signature

STATE OF CALIFORNIA
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>
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<tr>
<th>Table A Allocation As of June 1, 2007 (Percent)</th>
<th>Amount to Sell (Acre-Feet)</th>
<th>Amount to Buy (Acre-Feet)</th>
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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

- POOL A
  - FEB 15
  - Pool A Sellers Offers Committed
  - DWR Notifies SWP Contractors of Pool A Water Availability
  - DWR Will Notify All Pool A Participants of Amounts Allocated

- POOL B
  - FEB 21
  - Pool A Buyers Purchases Committed
  - Pool B Sellers Offers Committed
  - (May be reduced or increased if Table A allocations are changed Mar 15 - Mar 30)
  - DWR Notifies SWP Contractors of Pool B Water Availability
  - DWR Will Notify All Pool B Participants of Amounts Allocated
  - POOL B Buyers Purchases Committed
    - (May be reduced or increased if Table A allocations are changed Apr 1 - June 1)
  - APR 5

- JUNE 1*
  - DWR Will Notify Pool B Buyers of Final Amount Allocated and Summarize Entire Program

* 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.

SWPAO
1/18/2007