STATE OF CALIFORNIA
THE RESOURCES AGENCY OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

WATER SUPPLY CONTRACT
BETWEEN

THE STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

AND

COUNTY OF KINGS

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(Incorporates through Amendment No. 17, executed May 28, 2005, AND the 2009 Letter Agreement)
(No other amendments through 2015)

EXPLANATORY NOTES

< >	This symbol encloses material not contained in the original or amended contract, but added to assist the reader.
Exhibits	Materials that explain or provide detailed information regarding a contract provision.
Attachments	Materials that implement provisions of the basic contract when certain conditions are met.
Amendments	Amendments have been incorporated into this consolidated contract and are indicated by footnote.
Agency Name	This Water Supply Contract used the term “Agency” in the original contract for this contractor. Some amendments did not keep the same nomenclature, and instead may have used the term “County”. This consolidated contract keeps the term “Agency” to be consistent with the original contract. It does not change the content meaning.
Department Name	This Water Supply Contract used the term “State” in the original contract for this contractor. Some amendments did not keep the same nomenclature, and instead used the term “DWR”. This consolidated contract keeps the term “State” throughout to be consistent with the original contract. It does not change the content meaning.

CONTENTS

EXPLANATORY NOTES i
A. INTRODUCTORY PROVISIONS 2
1. DEFINITIONS 2
(a) Bond Act 2
(b) System 2
(c) Delta 2
(d) Contractor 2
(e) Project Facilities 2
(f) Project Conservation Facilities 2
(g) Initial Project Conservation Facilities 2
(h) Additional Project Conservation Facilities 3
(i) Project Transportation Facilities 5
(j) Project Water 5
(k) Minimum Project Yield 5
(l) Annual Table A Amount 6
(m) Maximum Annual Table A Amount 6
(n) Supplemental Conservation Facilities 6
(o) Supplemental Water 6
(p) Year 6
(q) Year of Initial Water Delivery 7
(r) Project Interest Rate 7
(s) Capital Costs 8
(t) Project Repayment Period 8
(u) Municipal Use 8
(v) Manufacturing Use 8
(w) Agricultural Use 8
(x) Subject to Approval by the State 8
(y) Area of Origin Statues 8
<(z) No such subarticle exists.> 8

<(aa) No such subarticle exists.> 8
<(bb) No such subarticle exists.> 8
(cc) Water System Revenue Bonds 9
<(dd) No such subarticle exists.> 9
<(ee) No such subarticle exists.> 9
<(ff) No such subarticle exists.> 9
(gg) East Branch Enlargement Facilities 9
(hh) Water System Facilities 10
(ii) Carry-over Entitlement Water 10
(jj) Interruptible Water 10
(kk) Nonproject Water 11
(ll) Monterey Amendments 11
2. TERM OF CONTRACT 11
3. VALIDATION 11
4. OPTION FOR CONTINUED SERVICE 11
5. PLEDGE OF REVUES 12
B. WATER SERVICE PROVISIONS 12
6. ANNUAL ENTITLEMENTS 12
(a) Year of Initial Water Delivery 12
(b) Agency's Annual Table A Amounts 12
(c) Obligation of State to Complete Facilities 12
7. CHANGES IN ANNUAL ENTITLEMENTS; MAXIMUM ANNUAL ENTITLEMENT 13
(a) Changes in Annual Entitlements 13
(b) Maximum Annual Entitlement of Agency 13
<8. OPTION TO INCREASE MAXIMUM ANNUAL ENTITLEMENT - DELETED> 13
9. DELIVERY POINTS 13
10. DELIVERY STRUCTURES 13
(a) Determination of Size and Location of Delivery Structures 13
(b) Agency Requests as to Initial Delivery Structures 13
(c) Requests by Agency for Additional Delivery Structures 14
(d) Agency to Advance Funds for Delivery Structures 14

11. MEASUREMENT OF WATER DELIVERED 14
(a) Measurement by State 14
(b) Agency to Advance Funds for Measuring Devices 14
12. PRIORITIES, AMOUNTS, TIMES AND RATES OF DELIVERies 14
(a) Procedure for Determining Water Delivery Schedule 14
(b) Limit on Peak Deliveries of Water 15
(c) Limit on Rate of Delivery to Agency 16
<(d) Delivery of Water Not Delivered in Accordance With Schedule –Deleted> 16
(e) Delivery of Carry-Over Entitlement Water 16
(f) Priorities 17
13. RESPONSIBILITIES FOR DELIVERY AND DISTRIBUTION OF WATER 17
(a) State Not Liable for Operation Beyond Delivery Structures 17
(b) Agency Not Liable for Operation Upstream From Delivery Structures 17
14. CURTAILMENT OF DELIVERY 18
(a) State May Curtail Deliveries 18
(b) Agency May Receive Later Delivery of Water Not Delivered 18
15. AREA SERVED BY AGENCY 18
(a) State Approval of Sale of Water by Agency Outside Boundaries 18
(b) State Approval of Change in Boundaries or Organization of Agency 18
(c) Map of the Agency 18
16. CONTINUITY AND DEPENDABILITY OF WATER SUPPLY 18
(a) Limit on Total of all Maximum Annual Table A Amounts 18
(b) State to Perfect Water Rights 19
(c) State to Report on Ability to Meet Future Water Demands 19
(d) Construction of Additional and Supplemental Conservation Facilities 19
(e) Furnishing of Supplemental Water 19
17. CONSTRUCTION OF PROJECT FACILITIES 19
(a) Determination of Aqueduct Capacities 19
(b) Criteria for Determining Capacity of Transportation Facilities 19
(c) Inspection of Project Plans and Specifications 20
(d) Restriction on Bond Sales 20
(e) Failure to Complete Facilities 20

(f) Adjustments Due to Supplemental Financing Costs 21
18. SHORTAGE IN WATER SUPPLY 22
(a) Shortages; Delivery Priorities 22
<(b) Permanent Shortage; Reduction of Entitlements - Deleted> 22
(c) Permanent Shortage; Contracts for Areas-of-Origin 22
(d) Reinstatement of Entitlements 23
(e) Advance Notice of Delivery Reductions 23
(f) No Liability for Shortages 23
19. WATER QUALITY 23
(a) Table of Water Quality Objectives 23
(b) Records of Water Quality 24
(c) No Liability for Failure to Meet Quality Objectives 24
20. SUSPENSION OF SERVICE UPON DEFAULT 24
21. INTERRUPTIBLE WATER SERVICES 25
(a) Allocation of Interruptible Water 25
(b) Rates 25
(c) Contracts 25
C. PAYMENT PROVISIONS 26
22. DELTA WATER CHARGE 26
(a) Payment of Reimbursable Costs of Project Conservation Facilities 26
(b) Delta Water Rate until 1970; Components of Rate Thereafter 26
(c) Computation of the Components of the Delta Water Rate 26
(d) Application of Component Rates 28
(e) Allocations to Project Purposes 28
(f) Yearly Recomputation of Rates After 1970 29
(g) Supplemental Conservation Facilities 29
(h) <Local Project as Additional Conservation Facility> 30
(i) <Project Water Purchased by State> 30
(j) <Recovery of Water System Revenue Bond Financing Costs> 30
23. TRANSPORTATION CHARGE 31

24. TRANSPORTATION CHARGE - CAPITAL COST COMPONENT 31
(a) Method of Computation 31
(b) Allocation of Capital Costs Among Contractors 32
(c) Annual Payments of Allocated Capital Costs 33
(d) Payment in Advance for Excess Peaking Capacity 34
(e) Costs Incurred Prior to Date of Contract 34
(f) <Off-Aqueduct Power Facilities> 34
(g) <Recovery of Water System Revenue Bond Financing Costs> 34
25. TRANSPORTATION CHARGE - MINIMUM OPERATION, MAINTENANCE, POWER, AND REPLACEMENT COMPONENT 35
(a) Method of Computation 35
(b) Allocation of Costs 35
(c) Payment Table 35
(d) <Off-Aqueduct Power Facilities> 36
(e) <No Subtitle> 37
26. TRANSPORTATION CHARGE - VARIABLE OPERATION, MAINTENANCE, POWER, AND REPLACEMENT COMPONENT 37
(a) Method of Computation 37
(b) Revenue from Aqueduct Power Recovery Plants 38
(c) Payment Table 38
27. TRANSPORTATION CHARGE - PAYMENT SCHEDULE 38
28. TRANSPORTATION CHARGE - REDETERMINATION 38
(a) Determinative Factors Subject to Retroactive Charge 38
(b) Adjustment: Transportation Charge - Capital Cost Component 39
(c) Adjustment: Transportation Charge - Minimum and Variable Components 40
(d) Exercise of Option 40
(e) <No Subtitle> 40
(f) Adjustment: Water System Revenue Bond Financing Costs 40
29. TIME AND METHOD OF PAYMENT 41
(a) Initial Payment - Delta Water Charge 41
(b) Initial Payment - Transportation Charge: Capital Component 41
(c) Initial Payment - Transportation Charge: Minimum Component 41

(d) Initial Payment - Transportation Charge: Variable Component 41
(e) Statement of Charges 41
(f) Times of Payment - Capital Components 42
(g) Times of Payment - Minimum Components 42
(h) Times of Payment - Variable Components 42
(i) Contest of Accuracy of Charges 42
<30. SURCHARGE FOR PROJECT WATER USED ON EXCESS LAND -Deleted> 42
31. ADJUSTMENT FOR OVERPAYMENT OR UNDERPAYMENT 42
32. DELINQUENCY IN PAYMENT 43
(a) Agency to Provide for Punctual Payment 43
(b) Interest on Overdue Payments 43
33. OBLIGATION OF AGENCY TO MAKE PAYMENTS 43
(a) Refusal of Water Does Not Affect Obligation 43
(b) Character of Obligation 43
34. OBLIGATION OF AGENCY TO LEVY TAXES AND ASSESSMENTS 43
(a) When Obligated 43
(b) Enforcement by Officers of Agency 43
(c) Deposit in Separate Fund 44
(d) Enforcement of Levy 44
D. GENERAL PROVISIONS 44
35. REMEDIES NOT EXCLUSIVE 44
36. AMENDMENTS 44
37. AGENCY NOT ESTOPPED TO CHALLENGE STATE LAWS 44
38. OPINIONS AND DETERMINATIONS 45
39. CONTRACTING OFFICER OF THE STATE 45
40. SUCCESSORS AND ASSIGNS OBLIGATED 45
41. ASSIGNMENT 45
42. WAIVER OF RIGHTS 45
43. NOTICES 45
44. MAINTENANCE AND INSPECTION OF BOOKS, RECORDS, AND REPORTS 45
E. SPECIAL PROVISIONS AND TABLES 46

45. SPECIAL PROVISIONS 46
(a) Surplus Water 46
<(b) Surcharge Credit - Deleted> 48
(c) Exchange Agreement Between the Agency and Tulare Lake Basin Water Storage District 48
(d) Recreation Use 49
(e) Capacity in Transportation Facilities 49
(f) Adjustment of Annual Entitlements 49
(g) Amendment of Article 1(k) 51
(k) Minimum Project Yield 51
(h) Amendment of Article 16(a) 51
<(i) No such subarticle exists.> 51
(j) Provision for Years of Above-Normal Local Water Supply 51
<(k) No such subarticle exists.> 51
(l) <Table A Increase (5,000AF)> 51
(l) <Table A Increase (305AF)> 52
<46. No such article exists.> 52
<47. No such article exists.> 52
<48. No such article exists.> 52
<49. No such article exists.> 52
50. WATER SYSTEM REVENUE BOND FINANCING COSTS 53
(a) <Cost Provisions> 53
(b) <Annual Charges> 53
(c) <Agency Invoice> 53
(d) Timing of Payments 54
(e) Reduction in Charges 54
(f) <Default Protection> 54
(g) <Bond Issuing Process> 54
(h) Defaults. 54
(i) Power of Termination. 55
(j) <Payments Unaffected by Article 51> 56

51. FINANCIAL ADJUSTMENTS 56
(a) General Operating Account 56
(b) State Water Facilities Capital Account 57
(c) Calculation of Financial Needs 57
(d) Apportionment of Reductions between Agricultural and Urban Contractors 59
(e) Review of Financial Requirements 60
(f) Apportionment of Reductions among Urban Contractors 61
(g) Apportionment of Reductions Among Agricultural Contractors 63
(h) Agricultural Rate Management Trust Fund 64
(i) Definitions. 66
(j) <No Subtitle> 66
52. KERN WATER BANK 66
(a) <No Subtitle> 66
(b) <No Subtitle> 66
53. PERMANENT TRANSFERS AND REDUCTIONS OF ENTITLEMENT 67
(a) <No Subtitle> 67
(b) <No Subtitle> 67
(c) <No Subtitle> 67
(d) <No Subtitle> 67
(e) <No Subtitle> 69
(f) <No Subtitle> 69
(g) <No Subtitle> 69
(h) <No Subtitle> 70
(i) <No Subtitle> 70
54. Usage of Lakes Castaic and Perris 71
(a) <No Subtitle> 71
(b) <No Subtitle> 71
(c) <No Subtitle> 72
(d) <No Subtitle> 74
(e) <No Subtitle> 74
(f) <No Subtitle> 74
(g) <No Subtitle> 74

55. TRANSPORTATION of Nonproject Water 74
(a) <No Subtitle> 74
(b) <No Subtitle> 75
(c) <No Subtitle> 75
56. Use, Storage, and Sale of Project Water Outside of Service Area and Storage of Water in Project Surface Conservation Facilities 75
(a) State Consent to Use of Project Water Outside of Service Area 75
(b) Groundwater Storage Programs 75
(c) Storage of Project Water Outside of Service Area 75
(d) Sale of Project Water For Use Outside Service Area 78
(e) Continuance of Article 12(e) Carry-over Provisions 79
(f) Bona Fide Exchanges Permitted 79
(g) Other Transfers 80
57. <Intentionally Left Blank for Future Use> 80
58. Determination of Dependable Annual Supply of Project Water to be made Available by Existing Project Facilities 80
TABLE A 82
EXHIBIT A 83
TABLE B 84
TABLE C 84
TABLE D 84
TABLE E 84
TABLE F 84
TABLE G 84
TABLE H 85
TABLE I 85
ATTACHMENT 1 86
REFERENCE 1 87

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

CONTRACT
BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES AND COUNTY OF KINGS FOR A WATER SUPPLY

THIS CONTRACT, made this 31 day of August, 1967, and as amended and corrected through July 23, 2009, pursuant to the provisions of the California Water Resources Development Bond Act, the State Central Valley Project Act, and other applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources, herein referred to as the "State", and County of Kings, a public agency in the State of California, duly organized, existing, and acting pursuant to the laws thereof with its principal place of business in Hanford, California, herein referred to as the "Agency."

WITNESSETH, That:

WHEREAS, the State is authorized to construct and operate facilities for the storage and conveyance of water, certain of which facilities will make water available to the Agency; and

WHEREAS, funds will be provided under the California Water Resources Development Bond Act for the construction of said facilities; and

WHEREAS, the Agency is desirous of obtaining a supply of water from the State;

NOW, therefore, it is mutually agreed as follows:

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

A. INTRODUCTORY PROVISIONS

1. DEFINITIONS

When used in this contract, the following terms shall have the meanings hereinafter set forth:

(a) Bond Act

"Bond Act" shall mean the California Water Resources Development Bond Act, comprising Chapter 8 (commencing at Section 12930) of Part 6 of Division 6 of the Water Code.

(b) System

"System" shall mean the State Water Resources Development System as defined in Section 12931 of the Water Code.

(c) Delta

"Delta" shall mean the Sacramento-San Joaquin Delta as defined in Section 12220 of the Water Code on November 8, 1960.

(d)[1] Contractor

"Contractor" shall mean any entity that has executed, or is an assignee of, a contract of the type published in Department of Water Resources Bulletin No. 141 dated November 1965, with the State for a dependable supply of water made available by the System, except such water as is made available by the facilities specified in Section 12934(d)(6) of the Water Code.

(e)[2] Project Facilities

"Project Facilities" shall mean those facilities of the System which will, in whole or in part, serve the purposes of this contract by conserving water and making it available for use in and above the Delta and for export from the Delta and from such additional facilities as are defined in Article 1(h)(2) herein, and by conveying water to the County. Said project facilities shall consist specifically of "project conservation facilities" and "project transportation facilities", as hereinafter defined.

(f) Project Conservation Facilities

"Project Conservation Facilities" shall mean such project facilities as are presently included, or as may be added in the future, under (g) and (h) below.

(g) Initial Project Conservation Facilities

Initial Project Conservation Facilities" shall mean the following project facilities specified in Section 12934(d) of the Water Code:

---

1 Amended: Amendment 14
2 Amended: Amendment 10

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(1) All those facilities specified in subparagraph (1) thereof.

(2) Those facilities specified in subparagraph (3) thereof to the extent that they serve the purposes of water conservation in the Delta, water supply in the Delta, and transfer of water across the Delta.

(3) A reservoir near Los Banos in Merced County as specified in subparagraph (2) thereof.

(4) The reach of the San Joaquin Valley-Southern California Aqueduct extending from the Delta to a reservoir near Los Banos in Merced County, to the extent required for water conservation through conveyance of water diverted from the Delta to offstream storage in said reservoir as determined by the State.

(5) Those facilities specified in subparagraph (5) thereof which are incidental to the facilities included under (1), (2), (3), and (4) above.

(6) Those facilities specified in subparagraph (7) thereof which are necessary and appurtenant to the facilities included under (1), (2), (3), (4), and (5) above.

(h)[3] Additional Project Conservation Facilities

"Additional Project Conservation Facilities" shall mean the following facilities and programs which will serve the purpose of preventing reduction in the minimum project yield as hereinafter defined:

(1) Those project facilities specified for in Section 12938 of the Water Code;

(2) Those facilities and programs described in (A), (B), (C), (D), and (E) below which, in the State's determination, are engineeringly feasible and capable of producing project water which is economically competitive with alternative new water supply sources, provided that, in the State's determination, the construction and operation of such facilities and programs will not interfere with the requested deliveries of annual entitlement to any contractor other than the sponsoring contractor, and will not result in any greater annual charges to any contractor other than the sponsoring contractor than would have occurred with the construction at the same time of alternative new water supply sources which are either reservoirs located north of the Delta or off-Aqueduct storage reservoirs located south or west of the Delta designed to supply water to the California Aqueduct. The following facilities and programs shall hereinafter be referred to as "Local Projects":

(A) On-stream and off-stream surface storage reservoirs not provided for in Section 12938 of the Water Code, that will produce project water for the System for a period of time agreed to by the sponsoring contractor;

(B) Ground water storage facilities that will produce project water for the System for a period of time agreed to by the sponsoring contractor;

3 Amended: Amendment 10

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(C) Waste water reclamation facilities that will produce project water for the System for a period of time agreed to by the sponsoring contractor;

(D) Water and facilities for delivering water purchased by the State for the System for a period of time agreed to by the sponsoring contractor; provided that the economic test specified herein shall be applied to the cost of these facilities together with the cost of the purchased water; and

(E) Future water conservation programs and facilities that will reduce demands by the sponsoring contractor for project water from the System for a period of time agreed to by the sponsoring contractor and will thereby have the effect of increasing project water available in the Delta for distribution.

(3) Whether a Local Project described in (2) above shall be considered economically competitive shall be determined by the State by comparing, in an engineering and economic analysis, such Local Project with alternative new water supply sources which are either reservoirs located north of the Delta or off-Aqueduct storage reservoirs located south or west of the Delta designed to supply water to the California Aqueduct. The analysis for such alternative new water supply sources shall use the average cost per acre-foot of yield in the latest studies made for such sources by the State and shall compare those facilities with the proposed Local Project using commonly accepted engineering economics. In the case of a Local Project to be funded in part by the State as part of the System and in part from other sources, the economic analysis specified herein shall be applied only to the portion to be funded by the State as part of the System.

(4) The Local Projects in (2) above shall not be constructed or implemented unless or until:

(A) The sponsoring contractor signs a written agreement with the State which:

(i) Contains the sponsoring contractor's approval of such facility or program.

(ii) Specifies the yield and the period of time during which the water from the Local Project shall constitute project water; and

(iii) Specifies the disposition of such Local Project or of the yield from such Local Project upon the expiration of such period of time; and

(B) All contractors within whose boundaries any portion of such Local Project is located, and who are not sponsoring contractors for such Local Project give their written approval of such Local Project.

(5) "Sponsoring contractor" as used in this Article 1(h) shall mean the contractor or contractors who either will receive the yield from facilities described in 2(A), (B), (C), or (D) above, or agree to reduce demands for project water from the System pursuant to 2(E) above.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(6) In the event of a shortage in water supply within the meaning of Article 18(a), the determination of whether to count, in whole or in part, the yield from facilities described in 2(A), (B), (C), or (D) above, or the reduced demand from future conservation programs described in 2(E) above in the allocation of deficiencies among contractors will be based on a project-by-project evaluation taking into consideration such factors as any limitation on the use of the water from such facilities and whether the sponsoring contractor has access to project water from the Delta as an alternate to such facilities.

(i) Project Transportation Facilities

"Project Transportation Facilities" shall mean those project facilities:

(1) Specified in Water Code Section 12934(d)(2) which are described in Table H of this contract;

(2)[4] Facilities for the generation and transmission of electrical energy of the following types:

(A) Hydroelectric generating and transmission facilities, whose operation is dependent on the transportation of project water, or on releases to channels downstream of project facilities defined under (1) above. Such facilities shall be called "project aqueduct power recovery plants."

(B) All other generating and associated transmission facilities, except those dependent on water from project conservation facilities, for the generation of power. These facilities shall be called "off-aqueduct power facilities" and shall consist of the State's interest in the Reid-Gardner and any other generating and associated transmission facilities, constructed or financed in whole or in part by the State, which are economically competitive with alternative power supply sources as determined by the State.

(3) Specified in Water Code Section 12934(d)(7) which are necessary and appurtenant to the facilities included under (1) and (2) above.

(j) Project Water

"Project Water" shall mean water made available for delivery to the contractors by project conservation facilities and the transportation facilities included in the System.

(k)[5] Minimum Project Yield

"Minimum project yield" shall mean the dependable annual supply of project water to be made available assuming completion of the initial project conservation facilities and additional project conservation facilities. The project's capability of providing the minimum project yield shall be determined by the State on the basis of coordinated operations studies of initial project conservation facilities and additional project conservation facilities, which studies shall be based upon factors including but not limited to: (1) the estimated relative proportion of deliveries for agricultural use to deliveries for municipal use assuming Maximum Annual Table A Amounts

4 Amended: Amendment 10
5 Amended: Amendment 14, 15

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

for all contractors and the characteristic distributions of demands for these two uses throughout the year; and (2) agreements now in effect or as hereafter amended or supplemented between the State and the United States and others regarding the division of utilization of water of Delta or streams tributary thereto.

(l)[6] Annual Table A Amount

"Annual Table A Amount" shall mean the amount of project water set forth in Table A of this contract that the State, pursuant to the obligations of this contract and applicable law, makes available for delivery to the Agency at the delivery structures provided for the Agency. The term Annual Table A Amount shall not be interpreted to mean that in each year the State will be able to make that quantity of project water available to the Agency. The Annual Table A Amounts and the terms of this contract reflect an expectation that under certain conditions the Agency will receive its full Annual Table A Amount; but that under other conditions only a lesser amount, allocated in accordance with this contract, may be made available to the Agency. This recognition that full Annual Table A Amount will not be deliverable under all conditions does not change the obligations of the State under this contract, including but not limited to, the obligations to make all reasonable efforts to complete the project facilities, to perfect and protect water rights, and to allocate among contractors the supply available in any year, as set forth in Articles 6(b), 6(c), 16(b) and 18, in the manner and subject to the terms and conditions of those articles and this contract. Where the term "annual entitlement" appears elsewhere in this contract, it shall mean "Annual Table A Amount." The State agrees that in future amendments to this and other contractors' contracts, in lieu of the term "annual entitlement", the term "Annual Table A Amount" will be used and will have the same meaning as "annual entitlement" wherever that term is used.

(m)[7] Maximum Annual Table A Amount

"Maximum Annual Entitlement" shall mean the maximum annual amount set forth in Table A of this contract, and where the term "maximum annual entitlement" appears elsewhere in this contract it shall mean "Maximum Annual Table A Amounts."

(n) Supplemental Conservation Facilities

"Supplemental conservation facilities" shall mean those facilities provided for in Section 12938 of the Water Code which will serve the purpose of supplying water in addition to the minimum project yield, and for meeting local needs.

(o) Supplemental Water

"Supplemental Water" shall mean water made available by supplemental conservation facilities, in excess of the minimum project yield.

(p) Year

"Year" shall mean the 12-month period from January 1 through December 31, both dates inclusive.

---

6 Amended: Amendment 15
7 Amended: Amendment 15

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(q) Year of Initial Water Delivery

"Year of initial water delivery" shall mean the year when project water will first be available for delivery to a contractor pursuant to its contract with the State.

(r)[8] Project Interest Rate

"Project interest rate" shall mean the weighted average interest rate on bonds, advances, or loans listed in this section to the extent the proceeds of any such bonds, advances, or loans are for construction of the State Water Facilities defined in Section 12934(d) of the Water Code, the additional project conservation facilities, and the supplemental conservation facilities (except off-aqueduct power facilities; water system facilities; advances for delivery structures, measuring devices and excess capacity; and East Branch Enlargement Facilities). The project interest rate shall be calculated as a decimal fraction to five places by dividing (i) the total interest cost required to be paid or credited by the State during the life of the indebtedness or advance by (ii) the total of the products of the various principal amounts and the respective terms in years of all such amounts. The bonds, advances, or loans used in calculating the project interest rate shall be:

(1) General obligation bonds issued by the State under the Bond Act, except that any premium received on the sale of these bonds shall not be included in the calculation of the project interest rate,

(2) Revenue bonds issued by the State under the Central Valley Project Act after May 1, 1969,

(3) Bonds issued by the State under any other authority granted by the Legislature or the voters,

(4) Bonds issued by any agency, district, political subdivision, public corporation, or nonprofit corporation of this State,

(5) Funds advanced by any contractor without the actual incurring of bonded debt therefor, for which the net interest cost and terms shall be those which would have resulted if the contractor had sold bonds for the purpose of funding the advance, as determined by the State,

(6) Funds borrowed from the General Fund or other funds in the Treasury of the State of California, for which the total interest cost shall be computed at the interest rate earned over the period of such borrowing by moneys in the Surplus Money Investment Fund of such Treasury invested in securities, and

(7) Any other financing capability available in the Treasury of the State of California at whatever interest rate and other financing costs are provided in the law authorizing such borrowing. However, the use of other financing from the State Treasury is intended to involve only short term borrowing at interest rates and other financing costs no greater than those charged to other State agencies during the same period until such time as the Department can sell bonds and reimburse the source of the short term borrowing from the proceeds of the bond sale.

---

8 Amended: Amendment 2, Amendment 10, Amendment 11

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(s) Capital Costs

"Capital Costs" shall mean all costs incurred subsequent to authorization of a facility for construction by the Legislature or by administrative action pursuant to Section 11290 of the Water Code and to the Bond Act, including those so incurred prior to the beginning of the project repayment period as herein defined and any accrued unpaid interest charges thereon at the rates specified herein, which are properly chargeable to the construction of and the furnishing of equipment for the facilities of the System, including the costs of surveys, engineering studies, exploratory work, designs, preparation of construction plans and specifications, acquisition of lands, easements and rights-of-way, and relocation work, all as shown upon the official records of the Department of Water Resources.

(t) Project Repayment Period

"Project Repayment Period" shall mean that period of years commencing on January 1, 1961, and extending until December 31, 2035; provided, that whenever construction of any project facilities is financed by a bond issue with maturity dates later than December 31, 2035, whether the bonds are issued pursuant to the Bond Act or other authority, repayment of the costs of such facilities shall be extended to end on the date of the latest maturities of the bonds with which construction of such facilities is financed.

(u) Municipal Use

"Municipal use" shall mean all those uses of water common to the municipal water supply of a city, town, or other similar population group, including uses for domestic purposes, uses for the purposes of commerce, trade or industry, and any other use incidental thereto for any beneficial purpose. <Pursuant to Article 45(d), municipal use includes uses for recreational purposes.>

(v) Manufacturing Use

"Manufacturing use" shall mean any use of water primarily in the production of finished goods for market.

(w) Agricultural Use

"Agricultural use" shall mean any use of water primarily in the production of plant crops or livestock for market, including any use incidental thereto for domestic or stock-watering purposes.

(x) Subject to Approval by the State

"Subject to approval by the State" shall mean subject to the determination and judgment of the State as to acceptability.

(y) Area of Origin Statues

"Area of origin statutes" shall mean Sections 10505 and 11460 through 11463 of the Water Code as now existing or hereafter amended.

<(z) No such subarticle exists.>

<(aa) No such subarticle exists.>

<(bb) No such subarticle exists.>

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(cc)[9] Water System Revenue Bonds

"Water system revenue bonds" shall mean revenue bonds or revenue bond anticipation notes issued by the State under the Central Valley Project Act after January 1, 1987 for water system facilities identified in Article 1(hh).

<(dd) No such subarticle exists.>

<(ee) No such subarticle exists.>

<(ff) No such subarticle exists.>

(gg)[10] East Branch Enlargement Facilities

"East Branch Enlargement Facilities" shall mean all of the following:

(1) The facilities remaining to be constructed as part of the East Branch Enlargement construction;

(2) The work done pursuant to the letter agreement between the State and the Metropolitan Water District of Southern California dated November 29, 1966, which consisted of constructing the California Aqueduct between Cottonwood (now known as Alamo) Powerplant and Cedar Springs (now known as Silverwood) Reservoir so that, by future additions to the canal lining, siphons, and additional pumping units at Pearblossom Pumping Plant, the capacity could be increased by a then-estimated approximately 700 cubic feet per second;

(3) That portion of the enlargement of the Pearblossom Pumping Plant Forebay and Cofferdam construction which would not have been constructed but for the proposed East Branch Enlargement and which was done pursuant to the letter agreement between the State and The Metropolitan Water District of Southern California, dated January 19, 1984;

(4) That portion of the canal lining work between Alamo Powerplant and Pearblossom Pumping Plant done pursuant to the letter agreements between the State and The Metropolitan Water District of Southern California, dated July 2, 1984, and May 15, 1985, which increased the East Branch Aqueduct capacity beyond that set forth in Table B-2 as shown in State Bulletin 132-70;

(5) That portion of Reach 24 (Silverwood Lake) to be determined by reallocation of Reach 24 to reflect the additional use to be made of that reach as a result of the East Branch Enlargement operation; and

(6) That portion of Reach 25 (San Bernardino Tunnel) to be determined by an allocation of total delivery capacity of Reach 25 between the basic East Branch facilities and the East Branch Enlargement as a result of East Branch Enlargement operation.

---

9 Added: Amendment 11
10Added: Amendment 11

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(hh)[11] Water System Facilities

"Water System Facilities" shall mean the following facilities to the extent that they are financed with water system revenue bonds or to the extent that other financing of such facilities is reimbursed with proceeds from water system revenue bonds:

(1) The North Bay Aqueduct,

(2) The Coastal Branch Aqueduct,

(3) Delta Facilities, including Suisun Marsh facilities, to serve the purposes of water conservation in the Delta, water supply in the Delta, transfer of water across the Delta, and mitigation of the environmental effects of project facilities, and to the extent presently authorized as project purposes, recreation and fish and wildlife enhancement,

(4) Local projects as defined in Article 1(h)(2) designed to develop no more than 25,000 acre-feet of project yield from each project,

(5) Land acquisition prior to December 31, 1995, for the Kern Fan Element of the Kern Water Bank,

(6) Additional pumps at the Banks Delta Pumping Plant,

(7) The transmission line from Midway to Wheeler Ridge Pumping Plant, and

(8) Repairs, additions, and betterments to conservation or transportation facilities existing as of January 1, 1987, and to all other facilities described in this subarticle (hh) except for item (5),

(9) A project facilities corporation yard, and

(10) A project facilities operation center.

(ii)[12] Carry-over Entitlement Water

"Carry-over Entitlement Water" shall mean water from a contractor's annual entitlement for a respective year which is made available for delivery by the state in the next year pursuant to Article 12(e).

(jj)[13] Interruptible Water

"Interruptible Water" shall mean project water available as determined by the State that is not needed for fulfilling contractors' annual entitlement deliveries as set forth in their water delivery schedules furnished pursuant to Article 12 or for meeting project operational requirements, including storage goals for the current or following years.

---

11 Added: Amendment 11, Amendment 14
12 Added: Amendment 12
13 Amended: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(kk)[14] Nonproject Water

"Nonproject Water" shall mean water made available for delivery to contractors that is not project water as defined in Article 1(j).

(ll)[15] Monterey Amendments

"Monterey Amendments" shall mean this amendment and substantially similar amendments to other contractors' water supply contracts that include, among other provisions, the addition of Articles 51 through 56.

2. TERM OF CONTRACT[16]

This contract shall become effective on the date first above written and shall remain in effect for the longest of the following:

1. The project repayment period
2. 75 years
3. The period ending with the latest maturity date of any bond issue used to finance the construction costs of project facilities.

3. VALIDATION

Within one (1) year after the effective date of this contract, the Agency shall submit this contract to a court of competent jurisdiction for determination of its validity by a proceeding in mandamus or other appropriate proceeding or action, which proceeding or action shall be diligently prosecuted to final decree or judgment. In the event that this contract is determined to be invalid by such final decree or judgment, the State shall make all reasonable efforts to obtain validating legislation at the next session of the Legislature empowered to consider such legislation, and within six (6) months after the close of such session, if such legislation shall have been enacted, the Agency shall submit this contract to a court of competent jurisdiction for redetermination of its validity by appropriate proceeding or action, which proceeding or action shall be diligently prosecuted to final decree or judgment.

4.[17] OPTION FOR CONTINUED SERVICE

By written notice to the State at least six (6) months prior to the expiration of the term of this contract, the Agency may elect to receive continued service after expiration of said term under the following conditions unless otherwise agreed to:

(1) Service of water in annual amounts up to and including the Agency's maximum annual entitlement hereunder.

(2) Service of water at no greater cost to the Agency than would have been the case had this contract continued in effect.

---

14 Added: Amendment 14
15 Added: Amendment 14
16 Amended: Amendment 9
17 Amended: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(3) Service of water under the same physical conditions of service, including time, place, amount and rate of delivery, as are provided for hereunder.

(4) Retention of the same chemical quality objective provision as is set forth herein.

(5) Retention of the same options to utilize the project transportation facilities as are provided for in Articles 18(c) and 55, to the extent such options are then applicable. Other terms and conditions of the continued service shall be reasonable and equitable and shall be mutually agreed upon. In the event that said terms and conditions provide for continued service for a limited number of years only, the Agency shall have the same option to receive continued service here provided for upon the expiration of that and each succeeding period of continued service.

Other terms and conditions of the continued service shall be reasonable and equitable and shall be mutually agreed upon. In the event that said terms and conditions provide for continued service for a limited number of years only, the Agency shall have the same option to receive continued service here provided for upon the expiration of that and each succeeding period of continued service.

5. PLEDGE OF REVUES

This contract is entered into for the direct benefit of the holders and owners of all general obligation bonds issued under the Bond Act, and the income and revenues derived from this contract are pledged to the purposes and in the priority set forth in that act.

B. WATER SERVICE PROVISIONS

6. ANNUAL ENTITLEMENTS

(a) Year of Initial Water Delivery

The year of initial water delivery to the Agency is presently estimated to be 1968. To the extent practicable, the State shall notify the Agency of any change in this estimate.

(b)[18] Agency's Annual Table A Amounts

Commencing with the year of initial water delivery to the Agency, the State each year shall make available for delivery to the Agency the amounts of project water designated in Table A of this contract, which amounts shall be subject to change as provided for in Article 7(a) and are referred to in this contract as the Agency's Annual Table A Amounts.

(c) Obligation of State to Complete Facilities

Subject to the availability of funds, the State shall make all reasonable efforts consistent with sound fiscal policies, reasonable construction schedules, and proper operating procedures to complete the project facilities necessary for delivery of project water to the Agency in such

18 Amendment: Amendment 15

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

manner and at such times that said delivery can commence in or before the year specified in subdivision (a) of this article, and continue in the amounts designated in Table A of this contract.

7. CHANGES IN ANNUAL ENTITLEMENTS; MAXIMUM ANNUAL ENTITLEMENT

(a)[19] Changes in Annual Entitlements

The Agency may, at any time or times during the term of this contract, by timely written notice furnished to the State, request that project water be made available to it thereafter in annual amounts greater or less than the annual entitlements designated in Table A of this contract. Subject to approval by the State of any such request, the State's construction schedule shall be adjusted to the extent necessary to satisfy the request, and the requested increases or decreases in said annual entitlements shall be incorporated in said Table A by amendment thereof. Requests for changes in annual entitlements for more than one year shall be approved by the State: *Provided*, That no such change shall be approved if in the judgment of the State it would impair the financial feasibility of the project facilities.

(b) Maximum Annual Entitlement of Agency

The maximum amount of project water to be made available to be made available to the Agency in any one year under this contract shall be that specified in Table A of this contract and in said table designated as the Agency's "Maximum Annual Entitlement." In no event shall such maximum amount of project water to be made available to the Agency be increased over this amount except as is otherwise provided in this contract.

<8.[20] OPTION TO INCREASE MAXIMUM ANNUAL ENTITLEMENT - DELETED>

9. DELIVERY POINTS

Project water made available to the Agency pursuant to Article 6 shall be delivered to the Agency by the State at the delivery structures established in accordance with Article 10.

10. DELIVERY STRUCTURES

(a) Determination of Size and Location of Delivery Structures

Project water made available to the Agency pursuant to this contract shall be delivered to the Agency at such locations and times and through delivery structures of such capacities as are requested by the Agency and approved by the State.

(b) Agency Requests as to Initial Delivery Structures

Pursuant to subdivision (a) of this article, the Agency shall furnish to the State on or before October 1, 1967, its written request as to"

(1) The location of delivery structures for delivery of project water to it.

(2) The time at which project water is first to be delivered through each such delivery structure.

---

19 Amended: Amendment 14
20 Deleted in Special Provisions per Article 45(i), 1967

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(3) The maximum instantaneous flow capacity in cubic feet per second to be provided in each such delivery structure.

(4) The maximum amount of water in acre-feet to be delivered in any one month through each such delivery structure.

(5) The total combined maximum instantaneous flow capacity in cubic feet per second to be provided by all such delivery structures.

(6) The total maximum amount of water in acre-feet to be delivered in any one month through all such delivery structures.

(c) Requests by Agency for Additional Delivery Structures

From time to time the Agency may request delivery structures in addition to those requested pursuant to subdivision (b) of this article.

(d) Agency to Advance Funds for Delivery Structures

The Agency shall pay all of the costs of delivery structures for the delivery structures for the delivery of project water to it, and shall deposit with the State, prior to the commencement of construction of any such delivery structure, an amount of money estimated by the State to be sufficient to cover the cost thereof.

11. MEASUREMENT OF WATER DELIVERED

(a) Measurement by State

The State shall measure all project water delivered to the Agency and shall keep and maintain accurate and complete records thereof. For this purpose, the State shall install, operate, and maintain at all delivery structures for delivery of project water to the Agency such measuring devices and equipment as are satisfactory and acceptable to both parties. Said devices and equipment shall be examined, tested, and serviced regularly to insure their accuracy. At any time or times, the Agency or any other contractor may inspect such measuring devices and equipment, and the measurements and records taken there from.

(b) Agency to Advance Funds for Measuring Devices

The Agency shall pay all of the costs of acquiring and installing the measuring devices and equipment provided for in subdivision (a) of this article, and shall deposit with the State, prior to such acquisition and installation, an amount of money estimated by the State to be sufficient to cover such costs.

12. [21]PRIORITIES, AMOUNTS, TIMES AND RATES OF DELIVERIES

(a) Procedure for Determining Water Delivery Schedule

The amounts, times, and rates of delivery of project water to the Agency during any year shall be in accordance with a water delivery schedule for that year, such schedule to be determined in the following manner:

21 Title only: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(1) On or before October 1 of each year, the Agency shall submit in writing to the State a preliminary water delivery schedule, subject to the provisions of this article and Articles 6(b), 7(b), 10 and 17, indicating the amounts of water desired by the Agency during each month of the succeeding five (5) years.

(2)[22] Upon receipt of a preliminary schedule the State shall review it and, after consultation with the Agency, shall make such modification in it as are necessary to insure the delivery of the annual quality allocated to the Agency in accordance with Article 18 and to insure that the amounts, times, and rates of delivery to the Agency will be consistent with the State's overall delivery ability, considering the then current delivery schedules of all contractors. On or before December 1 of each year, the State shall determine and furnish to the Agency the water delivery schedule for the next succeeding year which shall show the amounts of water to be delivered to the Agency during each month of that year.

(3) A water delivery schedule may be amended by the State upon the Agency's written request. Proposed amendments shall be submitted by the Agency within a reasonable time before the desired change is to become effective, and shall be subject to review and modification by the State in like manner as the schedule itself.

(b) Limit on Peak Deliveries of Water

In no event shall the State contract to deliver to any contractor from the project transportation facilities downstream from Pumping Plant VI (Tehachapi Pumping Plant) in any one month of any year a total amount of project water greater than eleven percent (11%) of such contractor's annual entitlement for that year; or to deliver to any contractor from the project transportation facilities upstream from said Pumping Plant VI in any one month of any year a total amount of project water greater than the sum of eighteen percent (18%) of that portion of such contractor's annual entitlement for that year to be put to agricultural use, as determined by the State, and eleven percent (11%) of that portion of such contractor's annual entitlement for that year to be put to municipal use, as determined by the State: *Provided*, That if the State delivers project water to any contractor through delivery structures both downstream and upstream from said Pumping Plant VI, the foregoing limitations shall be based on as appropriate apportionment of such contractor's annual entitlement for the respective year to the respective portions of such contractor's service area to which delivery is made from the project transportation facilities downstream from said Pumping Plant VI and from the project transportation facilities upstream therefrom: *Provided further*, That the percentages set forth hereinabove may be revised for a particular contractor by amendment of this subdivision after submission to the State of that contractor's requests with respect to maximum monthly deliveries, such revision being subject to approval by the State and subject to advancement to the State by the contractor of funds sufficient to cover any additional costs of the project transportation facilities occasioned thereby, the amount of such funds to be determined pursuant to Article 24(d).

22 Amended: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(c)[23] Limit on Rate of Delivery to Agency

In no event shall the State be obligated to deliver water to the Agency through all delivery structures at a total combined instantaneous rate of flow exceeding twenty-three (23) cubic feet per second, except as this rate of flow may be revised by amendment of this article after submission to the State of the Agency's requests with respect to maximum flow capacities to be provided in said delivery structures, pursuant to Article 10.

<(d)[24] Delivery of Water Not Delivered in Accordance With Schedule –Deleted>

(e)[25] Delivery of Carry-Over Entitlement Water

Upon request of the Agency, the State shall make Carry-over Entitlement Water available for delivery to the Agency during the first three months of the next year, to the extent that such deliveries do not adversely affect current or future project operations, as determined by the State. The State's determination shall include, but not be limited to the operational constraints of project facilities, filling of project conservation storage, flood control releases and water quality restrictions.

Carry-over of entitlement water shall be limited to entitlement water that was included in the Agency's approved delivery schedule for October, November and December, but was not delivered due to:

(1) scheduled or unscheduled outages of facilities within the Agency's service area; or

(2) a delay in the planned application of a contractor's annual entitlement water for pre-irrigation; or

(3) a delay in the planned spreading of the Agency's annual entitlement water for ground water storage.

After determining that the carry-over of entitlement water would not adversely affect project operations, the State shall notify the Agency of the amount of entitlement water to be carried over to the following January through March period. The notification shall include the proposed terms and conditions consistent with this Article 12(e) that would govern the delivery of the Carry-over Entitlement Water.

The Agency agrees to pay all significant identifiable costs associated with its Carry-over Entitlement water, as determined by the State.

All scheduling and delivery of Carry-over Entitlement Water shall be carried out pursuant to the provisions of this contract.

The Agency agrees to forego the delivery of any Carry-over Entitlement Water that is lost because of project operations or is not delivered by March 31 of the next year.

Any Carry-over Entitlement Water foregone by the Agency will become a part of the current year's total project supply.

---

23 Amended: Amendment 16, Amendment 17
24 Deleted: Amendment 14
25 Added: Amendment 12

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(f)[26] Priorities

Each year water deliveries to the contractors shall be in accordance with the following priorities to the extent there are conflicts:

First, project water to meet scheduled deliveries of contractors' annual entitlements for that year.

Second, interruptible water to the extent contractors' annual entitlements for that year are not met by the first priority.

Third, project water to fulfill delivery requirements pursuant to Article14(b).

Fourth, project water previously stored pursuant to Articles 12(e) and 56.

Fifth, nonproject water to fulfill contractors' annual entitlements for that year not met by the first two priorities.

Sixth, additional interruptible water delivered to contractors in excess of their annual entitlements for that year.

Seventh, additional nonproject water delivered to contractors in excess of their annual entitlements for that year.

13. RESPONSIBILITIES FOR DELIVERY AND DISTRIBUTION OF WATER

(a) State Not Liable for Operation Beyond Delivery Structures

Neither the State nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of project water supplied to the Agency after such water has passed the delivery structures established in accordance with Article 10; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such water beyond said delivery structures; and the Agency shall indemnify and hold harmless the State and its officers, agents, and employees from any such damages or claims of damages.

(b) Agency Not Liable for Operation Upstream From Delivery Structures

Neither the Agency nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of project water before such water has passed the delivery structures established in accordance with Article 10; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water before it has passed said delivery structures.

26 Added: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

14.[27] CURTAILMENT OF DELIVERY

(a) State May Curtail Deliveries

The State may temporarily discontinue or reduce the delivery of project water to the Agency hereunder for the purposes of necessary investigation, inspection, maintenance, repair, or replacement of any of the project facilities necessary for the delivery of project water to the Agency, as well as due to outages in, or reductions in capability of, such facilities beyond the State's control or unusability of project water due to an emergency affecting project facilities. The State shall notify the Agency as far in advance as possible of any such discontinuance or reduction, except in cases of emergency, in which case notice need not be given.

(b) Agency May Receive Later Delivery of Water Not Delivered

In the event of any discontinuance or reduction of delivery of project water pursuant to subdivision (a) of this article, the Agency may elect to receive the amount of annual entitlement which otherwise would have been delivered to it during such period under the water delivery schedule for that year at other times during the year or the succeeding year to the extent that such water is then available and such election is consistent with the State's overall delivery ability, considering the then current delivery schedules of annual entitlement to all contractors.

15. AREA SERVED BY AGENCY

(a) State Approval of Sale of Water by Agency Outside Boundaries

Project water delivered to the Agency pursuant to this contract shall not be sold or otherwise disposed of by the Agency for use outside the Agency without the prior written consent of the State.

(b) State Approval of Change in Boundaries or Organization of Agency

While this contract is in effect no change shall be made in the Agency either by inclusion or exclusion of lands, by partial or total consolidation or merger with another district, by proceedings to dissolve, or otherwise, except with the prior written consent of the State or except by act of the Legislature.

(c) Map of the Agency

The Agency shall provide the State with a map satisfactory to the State indicating the major existing distribution facilities and the boundaries of the Agency at the time the contract is signed and supplementary maps whenever a boundary change is made.

16. CONTINUITY AND DEPENDABILITY OF WATER SUPPLY

(a)[28] Limit on Total of all Maximum Annual Table A Amounts

The Agency's maximum Annual Table A Amount hereunder, together with the maximum Table A amounts of all other contractors, shall aggregate no more than 4,185,000 acre-feet of project water.

---

27 Amended: Amendment 14
28 Amended: Amendment 14, 15

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(b) State to Perfect Water Rights

The State shall make all reasonable efforts to perfect and protect water rights necessary for the System and for the satisfaction of water supply commitments under this contract.

(c) State to Report on Ability to Meet Future Water Demands

Commencing within two (2) years from the year of initial project water delivery to the Agency, the State shall submit to the agency at not more than five-year intervals a report on the State's ability to meet future demands for project water and for supplemental water, and on the State's plans for constructing additional project conservation facilities and supplemental conservation facilities. Such reports shall include all estimates, projections, and other data which the State deems relevant thereto.

(d) Construction of Additional and Supplemental Conservation Facilities

Bond funds required to be expended for the construction of additional facilities of the System under the provisions of Section 12938 of the Water Code shall be expended only for construction of additional project conservation facilities as defined herein, and related, appurtenant facilities necessary and desirable to meet local needs: Provided, That if at any time after 1985 the State finds that a part or all of such bond funds are not then required within the next succeeding then (10) years, such bond funds may be used, to the extent permitted in the Bond Act, to construct supplemental conservation facilities as defined herein.

(e) Furnishing of Supplemental Water

In planning designing supplemental conservation facilities the State shall give consideration to the requirements and demands for supplemental water of the Agency and others who have contracted for project water. Entitlements to supplemental water shall be obtained, and repayment therefore shall be arranged, in contracts separate from contracts for project water.

17. CONSTRUCTION OF PROJECT FACILITIES

(a) Determination of Aqueduct Capacities

Subject to the rights of the Agency under subdivision (b) of this article and the other provisions of this contract, the State shall provide in each aqueduct reach of the project transportation facilities such maximum monthly delivery capability for the transport and delivery of project water to the Agency as, in the judgment of the State, will best serve the interests of the Agency and all other contractors entitled to delivery of project water from or through said facilities: Provided, That within three (3) months after the effective date of this contract the Agency shall furnish to the State a written request specifying such maximum monthly delivery capabilities, and the State shall give full consideration to such request in planning and designing said facilities.

(b) Criteria for Determining Capacity of Transportation Facilities

Subject to Article 45, the State shall design and construct the project transportation facilities so as to provide in each reach thereof, including reservoirs, the capacity necessary to enable delivery of project water in each year to the Agency and to other contractors in the maximum monthly amounts and at the locations, times, and maximum rates specified or provided for in their respective contracts for such year, and shall include in each such reach such

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

capacity as is economically justified in the judgment of the State to compensate for scheduled outages for purposes of necessary investigation, inspection, maintenance, repair or replacement of project facilities, and for losses of water due to evaporation, leakage, seepage, or other causes: Provided, That regulatory storage reservoirs included in the project transportation facilities may be utilized in conjunction with conveyance capacity provided in said facilities for delivery to the Agency of the foregoing monthly amounts. <See Article 45(e) for percentage.>

(c) Inspection of Project Plans and Specifications

The Agency shall have a reasonable opportunity to inspect and study the State's plans and specifications for all project facilities and may make comments and recommendations thereon to the State. Such privilege shall also extend to any plans and specifications in connection with the use by the State, in conjunction with the project facilities, of facilities owned by an entity other than the State. The State shall not enter into any such agreement which would impair the State's ability to perform fully its obligations under this contract.

(d) Restriction on Bond Sales

No bonds shall be sold nor funds expended under the authority of the Bond Act for the construction of any aqueduct or appurtenance thereto included in the System unless and until contracts are executed which will insure the recovery by the State of at least seventy-five percent (75%) of those capital costs of the particular aqueduct and any appurtenances thereto which shall be reimbursable by the contractors as determined by the State; nor shall any bonds be sold or funds expended under the authority of the Bond Act for the construction of any project conservation facility or supplemental conservation facility, unless and until contracts are executed which, together with estimated revenues from the sale or other disposal of electrical energy generated in connection with operation of project conservation facilities and supplemental conservation facilities, will insure the recovery by the State of at least seventy-five percent (75%) of those capital costs of the particular facility which shall be reimbursable by the contractors as determined by the State: Provided, That the foregoing limitation shall not apply with respect to: (1) surveys, engineering studies, exploratory work, designs, preparation of construction plans and specifications, acquisition of lands, easements and rights of way, relocation work, and essential administrative work in connection therewith; (2) construction for which appropriations had been made prior to approval of the Bond Act by the voters of the State of California; and (3) construction of facilities pursuant to an agreement between the State and the United States.

(e) Failure to Complete Facilities

In the event that the State fails or is unable to complete construction of any portion or portions of the project transportation facilities necessary to deliver water to the Agency as provided in this contract, and gives the Agency written notice thereof, or by reason of such failure or inability construction of said facilities has ceased for a period of two and one-half (2 ½) years, the Agency, if it be not then in default and without exclusion of such other rights as it may have under the contract, may exercise the following options:

(1) The Agency may provide funds to the State in such amounts and at such times as may be necessary to enable the State to complete construction of such uncompleted portion or portions or the project transportation facilities to the extent

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

necessary for the transport and delivery of water to the Agency as provided for in this contract: Provided, That the State shall be and remain the owner of such project transportation facilities or portions thereof constructed in whole or in part with funds provided by the Agency, and shall be and remain obligated to operate, maintain, repair and replace such facilities to the full extent contemplated in this contract: Provided further, That the amount of any funds so provided by the Agency shall be credited by the State against the Agency's payment obligation under the capital cost component of the Transportation Charge, but the Agency shall be and remain obligated to pay its share of any capital costs of the above-described facilities not paid for with such funds, together with its proportionate share of the operation, maintenance, power and replacement costs of such facilities.

(2) The Agency may at its own expense and on a joint venture basis if such an arrangement is made with other contractors having similar options, connect to the project transportation facilities constructed by the State for the purpose of receiving project water to which it is entitled under this contract. In such event and notwithstanding any other provisions of this contract, the structures for delivery of project water to the Agency pursuant hereto shall thereafter be deemed to be located at such point of connection. Specific arrangements for acquiring, constructing, operating, maintaining and replacing the Agency's facilities at the point of connection thereof with the State's facilities shall be in accordance with terms and conditions mutually agreed upon by the parties: Provided, That the State shall be and remain the owner of all facilities constructed by it to said point of connection, and the Agency shall be and remain obligated to pay its proportionate share of the costs thereof.

(f)[29] Adjustments Due to Supplemental Financing Costs

(1) If a contractor, with approval of the State, advances funds to the State to assist the State in financing construction of project facilities (not including delivery structures, measuring devices and excess capacity), such advance shall be amortized by means of annual credits to the contractor having made such advance of funds to the State, with such credits being equal to the actual bond service obligations payable by such contractor by reason of such advance or, if no bonded debt was incurred, then such credits shall be sufficient to cover the repayment of principal and interest costs which would have resulted if the contractor had sold bonds for the purpose of funding the advance as determined by the State.

(2) If, after May 1, 1969, any source of funds other than those provided by the Bond Act is employed to finance construction of specific project facilities, any additional costs incurred because of such financing will not be charged to the contractors, except for adjustments to the "project interest rate".

29 Added: Amendment 2

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

18.[30] SHORTAGE IN WATER SUPPLY

(a) Shortages; Delivery Priorities

In any year in which there may occur a shortage due to drought or any other cause whatsoever, in the supply of project water available for delivery to the contractors, with the result that such supply is less than the total of the annual entitlements of all contractors for that year, the State shall allocate the available supply in proportion to each contractor's annual entitlement as set forth in its Table A for that year and shall reduce the allocation of project water to each contractor using such water for agricultural purposes and to each contractor using such water for other purposes by the same percentage of their respective annual entitlements for that year: *Provided*, that the State may allocate on some other basis if such is required to meet minimum demands of contractors for domestic supply, fire protection, or sanitation during the year. If a contractor is allocated more water than it requested, the excess water shall be reallocated among the other contractors in proportion to their annual entitlements as provided for above. The foregoing provisions of this subdivision shall be inoperative to the extent necessary to comply with subdivision (c) of this article and to the extent that a contractor's annual entitlement for the respective year reflects established rights under the area of origin statuses precluding a reduction in deliveries to such contractor.

<(b)[31] Permanent Shortage; Reduction of Entitlements - Deleted>

(c) Permanent Shortage; Contracts for Areas-of-Origin

In the event that the State, because of the establishment by a party of a prior right to water under the provisions of Sections 11460 through 11463 of the Water Code, enters into a contract with such party for a dependable supply of project water, which contract will cause a permanent shortage in the supply of project water to be made available to the Agency hereunder;

(1) The State shall: (i) equitably redistribute the costs of all transportation facilities included in the System among all contractors for project water, taking into account the diminution of the supply to the Agency and other prior contractors in accordance with the terms of their contracts, and (ii) revise the Agency's annual entitlements and maximum annual entitlement, by amendment of Table A of this contract to correspond to the reduced supply of project water to be made available to the Agency: *Provided*, That such redistribution of costs of transportation facilities shall not be made until there has been reasonable opportunity for the Agency to exercise the option provided for in (2) below, and for other prior contractors to exercise similar options.

(2) The Agency, at its option, shall have the right to use any of the project transportation facilities which by reason of such permanent shortage in the supply of project water to be made available to the Agency are not required for delivery of project water to the Agency, to transport water procured by it from any other source: *Provided*, That such use shall be within the limits of the capacities provided in the project transportation facilities for service to the Agency under this contracted: *Provided further*, That, except to the extent such limitation in Section 12931 of the Water Code be

30 Amended: Amendment 14
31 Deleted: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

changed, the Agency shall not use the project transportation facilities under this option to transport water the right to which was secured by the Agency through eminent domain unless such use be approved by the Legislature by concurrent resolution with a majority of the members elected to each house voting in favor thereof. This option shall terminate upon a redistribution of costs of transportation facilities by the State pursuant to (1) above. In the event that this option is exercised, the State shall take such fact into account in making such redistribution of costs, and shall offset such use as is made of the project transportation facilities pursuant thereto against any reduction in the Agency's payment obligation hereunder resulting from such redistribution of costs.

(d) Reinstatement of Entitlements

If after any revision of annual entitlements and maximum annual entitlements pursuant to subdivision (c) of this article, circumstances arise which, in the judgment of the State, justify a revision upward of the same, the State shall, with the consent of the affected contractor, reinstate proportionately the previously reduced entitlements of such contractor to the extent deemed justified, and shall equitably redistribute the costs of the project transportation facilities if inequities would otherwise occur as a result of such reinstatement of entitlements.

(e) Advance Notice of Delivery Reductions

The State shall give the Agency written notice as far in advance as possible of any reduction in deliveries to it which is to be made under subdivision (a) of this article and, to the extent possible, shall give the Agency written notice five (5) years in advance of any reduction in its annual entitlements and maximum annual entitlement under subdivision (c) of this article. Reports submitted to the Agency pursuant to Article 16(c) may constitute such notices.

(f) No Liability for Shortages

Neither the State nor any of its officers, agents, or employees shall be liable for any damage, direct or indirect, arising from shortages in the amount of water to be made available for delivery to the Agency under this contract caused by drought, operation of area of origin statues, or any other cause beyond its control.

19. WATER QUALITY

(a) Table of Water Quality Objectives

It shall be the objective of the State and the State shall take all reasonable measures to make available, at all delivery structures for delivery of project water to the Agency, project water of such quality that the following constituents do not exceed the concentrations stated as follows:

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

Constituent	*Unit*	*Monthly Average*	*Average for any 10-year Period*	*Maximum*
Total Dissolved Solids	ppm.	440	220	
Total Hardness	ppm.	180	110	
Chlorides	ppm.	110	55	
Sulfates	ppm.	110	20	
Boron	ppm.	0.6		
Sodium Percentage	%	50	40	
Fluoride	ppm.			1.5
Lead	ppm.			0.1
Selenium	ppm			0.05
Hexavalent Chromium	ppm.			0.05
Arsenic	ppm.			0.05
Iron and Manganese together	ppm.			0.3
Magnesium	ppm.			125
Copper	ppm.			3.0
Zinc	ppm.			15
Phenol	ppm.			0.001

(b) Records of Water Quality

The State shall regularly take samples of water at each delivery structure for delivery of project water to the Agency, and shall make chemical and physical analyses and tests of such samples. The State shall keep accurate and complete records of all such analyses and tests, which records shall be available for inspection by the Agency at any time or times.

(c) No Liability for Failure to Meet Quality Objectives

If through no negligence of the State or its officers, agents, or employees, the State is unable to attain the quality objectives set forth in subdivision (a) of this article, neither the State nor any of its officers, agents, or employees shall be liable in any manner whatsoever for such deviation from said quality objectives.

20. SUSPENSION OF SERVICE UPON DEFAULT

In the event of any default by the Agency in the payment of any money required to be paid to the State hereunder, the State may, upon not less than six months' notice to the Agency, suspend deliveries of water under this contract for so long as such default continues: *Provided*, That during such period the Agency shall remain obligated to make all payments required under this contract. Action taken pursuant to this article shall not deprive the State of or limit any remedy provided by this contract or by law for the recovery of money due or which may become due under this contract.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

21.[32] INTERRUPTIBLE WATER SERVICES

(a) Allocation of Interruptible Water

Each year from water sources available to the project, the State shall make available and allocate interruptible water to contractors in accordance with the procedure in Article 18(a). Allocations of interruptible water in any one year may not be carried over for delivery in a subsequent year, nor shall the delivery of interruptible water in any year impact a contractor's approved deliveries of annual entitlement or the contractor's allocation of water for the next year. Deliveries of interruptible water in excess of a contractor's annual entitlement may be made if the deliveries do not adversely affect the State's delivery of annual entitlement to other contractors or adversely affect project operations. Any amounts of water owed to the Agency as of the date of this amendment pursuant to former Article 12(d), any contract provisions or letter agreements relating to wet weather water, and any Article 14(b) balances accumulated prior to 1995, are canceled. The State shall hereafter use its best efforts, in a manner that causes no adverse impacts upon other contractors or the project, to avoid adverse economic impacts due to a contractor's inability to take water during wet weather.

(b) Rates

For any interruptible water delivered pursuant to this article, contractors shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as if such interruptible water were entitlement water, as well as all incremental operation, maintenance, and replacement costs and any other incremental costs, as determined by the State. The State shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if interruptible water were not scheduled for or delivered to the contractor. Only those contractors not participating in the repayment of the capital costs of a reach shall be required to pay any use of facilities charge for the delivery of interruptible water through that reach.

(c) Contracts

To obtain a supply of interruptible water, a contractor shall execute a further contract with the State which shall be in conformity with this article and shall include at least provisions concerning the scheduling of deliveries of interruptible water and times and methods of payment.

32 Amended: Amendment 8, Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

C. PAYMENT PROVISIONS

22. DELTA WATER CHARGE

(a) Payment of Reimbursable Costs of Project Conservation Facilities

The payments to be made by each contractor for project water shall include an annual charge designated as the Delta Water Charge. This charge, together with the total revenues derived during the project repayment period from the sale or other disposal of electrical energy generated in connection with operation of project conservation facilities, shall return to the State during the project repayment period all costs of the project conservation facilities including capital, operation, maintenance, power, and replacement costs, which are allocated to the purpose of water conservation in, above, and below the Delta pursuant to subdivision (e) of this article during the project repayment period. Wherever reference is made, in connection with the computation or determination of the Delta Water Charge, to the costs of any facility or facilities included in the System, such reference shall be only to those costs of such facility or facilities which are reimbursable by the contractors as determined by the State.

(b)[33] Delta Water Rate until 1970; Components of Rate Thereafter

For each contractor receiving project water in any year through December 31, 1969, the Delta Water Charge shall be the product of $3.50 and the contractor's annual entitlement to project water for the respective year. For each contractor receiving project water in the year 1970, the Delta Water Charge shall be the product of $6.65 and the contractor's annual entitlement to project water for that year. The $6.65 rate for the year 1970 shall consist of a capital cost component of $5.04 and a minimum operation, maintenance, power and replacement component of $1.61. For each contractor receiving project water in the year 1971, the Delta Water Charge shall be the product of $7.24 and the contractor's annual entitlement to project water for that year. The $7.24 rate for the year 1971 shall consist of a capital cost component of $5.44 and a minimum operation, maintenance, power and replacement component of $1.80. After December 31, 1971, the Delta Water Charge shall consist and be the sum of the following components as these are computed in accordance with subdivisions (c) and (d) of this article: a capital cost component; a minimum operation, maintenance, power and replacement component; and a variable operation, maintenance, power and replacement component.

(c) Computation of the Components of the Delta Water Rate

The capital cost, the minimum operation, maintenance, power, and replacement, and the variable operation, maintenance, power, and replacement components of the Delta Water Charge, together with that portion of the revenues derived during the project repayment period from the sale or other disposal of electrical energy generated in connection with operation of project conservation facilities which is allocated by the State to repayment of the respective category of costs, shall return to the State during the project repayment period, respectively, the following categories of the costs allocated to the purpose of water conservation in, above, and

33 Amended: Amendment 2, Amendment 3

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

below the Delta pursuant to subdivision (e) of this article: (1) capital costs; (2) operation, maintenance, power, and replacement costs incurred irrespective of the amount of project water delivered to the contractors; and (3) operation, maintenance, power, and replacement costs incurred in an amount which is dependent upon and varies with the amount of project water delivered to the contractors: Provided, That each of the above categories of costs shall be inclusive of the appropriate costs properly chargeable to the generation and transmission of electrical energy in connection with operation of project conservation facilities. Each component of the Delta Water Charge shall be computed on the basis of a rate which, when charged during the project repayment period for each acre-foot of the sum of the yearly totals of annual entitlements of, all contractors, will be sufficient, together with that portion of the revenues derived during the project repayment period from the sale or other disposal of electrical energy generated in connection with operation of project conservation facilities which is allocated by the State to repayment of the respective category of costs covered by that component. Each such rate shall be computed in accordance with the following formula:

$$\frac{(c_1 - r_1)(1+i)^{-1} + (c_2 - r_2)(1+i)^{-2} + \ldots + (c_n - r_n)(1+i)^{-n}}{e_1(1+i)^{-1} + e_2(1+i)^{-2} + \ldots + e_n(1+i)^{-n}}$$

Where:

i = The project interest rate.

c = The total costs included in the respective category of costs for the respective year of the project repayment period.

r = That portion of the revenues derived from the sale or other disposal of electrical energy allocated by the State to repayment of the costs included in the respective category for the respective year of the project repayment period.

1, 2, and n appearing below c and r = The respective year of the project repayment period for which costs are included in the respective category, n being the last year of the project repayment period.

e = With respect to the capital cost and minimum operation, maintenance, power, and replacement components, the total of annual entitlements to project water of all contractors for the respective year of the project repayment period.

e = With respect to the variable operation, maintenance, power, and replacement component, the total of the amounts of project water delivered to all contractors for the respective year of the expired portion of the project repayment period, together with the total of annual entitlements to project water of all contractors for the respective year of the unexpired portion of the project repayment period.

1, 2, and n appearing below e = The respective year of the project repayment period in which the annual entitlements or project water deliveries occur, n being the last year of the

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

project repayment period.

n used as an exponent = The number of years in the project repayment period.

(d) Application of Component Rates

The capital cost and minimum operation, maintenance, power, and replacement components of the Delta Water Charge shall be the product of the appropriate rate computed under subdivision (c) of this article, and the contractor's annual entitlement to project water for the respective year. The variable operation, maintenance, power, and replacement component of the charge shall be the product of the appropriate rate computed under subdivision (c) of this article and the number of acre-feet of project water delivered to the contractor during the respective year: Provided, That when project water has been requested by a contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the contractor to accept delivery thereof, said variable component during such period shall be the product of said rate per acre-foot and the sum of the number of acre-feet of project water delivered to the contractor and the number of acre-feet wasted.

(e) [34]Allocations to Project Purposes

Prior to the time that additional project conservation facilities or supplemental conservation facilities are constructed, the Delta Water Charge shall be determined on the basis of an allocation to project purposes, by the separable cost-remaining benefits method, of all actual and projected costs of all those initial project conservation facilities located in and above the Delta, and upon an allocation to the purposes of water conservation and water transportation, by the proportionate use of facilities method, of all actual and projected costs of the following project facilities located below the Delta: The aqueduct intake facilities at the Delta, Pumping Plant I (Delta Pumping Plant), the aqueduct from the Delta to San Luis Forebay (O'Neill Forebay), San Luis Forebay (O'Neill Forebay), and San Luis Reservoir: *Provided*, That all of the actual and projected costs properly chargeable to the generation and transmission of electrical energy in connection with operation of project conservation facilities shall be allocated to the purpose of water conservation in, above, and below the Delta: *Provided further*, That allocations to purposes the cost of which are to be paid by the United States shall be as determined by the United States.

Commencing in the year in which the State first awards a major construction contract for construction of a major feature of additional project conservation facilities, or first commences payments under a contract with a federal agency in the event a major feature of additional project conservation facilities is constructed by such federal agency under an agreement requiring the State to pay all or part of the costs of such construction, the Delta Water Charge shall be determined on the basis of the foregoing allocations and upon an allocation to project purposes, by the separable costs-remaining benefits method and subject to the foregoing provisos, of all

---

34 Amended: Amendment 4

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

projected costs of such feature of the additional project conservation facilities: *Provided*, That if the agreement with such federal agency allows repayment of costs of a portion of a facility to be deferred, the associated costs of such portion shall be excluded from the Delta Water Charge computations until repayment of such deferred costs or interest thereon is commenced by the State: *Provided further*, That all costs of additional project conservation facilities incurred prior to the award of a major construction contract, shall be included in the Delta Water Charge computations in the year in which they are incurred.

(f) Yearly Recomputation of Rates After 1970

The rates to be used in determining the components of the Delta Water Charge pursuant to subdivision (d) of this article and to become effective on January 1, 1970, shall be computed by the State in accordance with subdivision (c) of this article prior to that date. Such computation shall include an adjustment which shall account for the difference, if any, between revenues received by the State under the Delta Water Charge prior to January 1, 1970, and revenues which would have been received under the charge prior to that date had it been computed and charged in accordance with subdivisions (c) and (d) of this article. Upon such computation, a document establishing such rates shall be prepared by the State and attached to this contract as an amendment of this article. The State shall recompute such rates each year thereafter, and each such recomputation shall take account of and reflect increases or decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State incurred to construct the project conservation facilities described in subdivision (e) of this article, annual entitlements, deliveries of project water, project interest rate, revenues from the sale or other disposal of electrical energy, and all other factors which are determinative of such rates. In addition, each such recomputation shall include an adjustment of the rates for succeeding years which shall account for the differences, if any, between projections of costs used by the State in determining said rates for all preceding years, and actual costs incurred by the State during such years. Upon each such recomputation, an appropriately revised copy of the document establishing such rates shall be prepared by the State and attached to this contract as an amendment of this article.

(g)[35] Supplemental Conservation Facilities

Upon the construction of the supplemental conservation facilities, the Delta Water Charge shall be paid by all contractors for supplemental water, as well as by contractors for project water, and, together with revenues derived from the sale or other disposal of electrical energy generated in connection with operation of project conservation facilities and supplemental conservation facilities, shall return to the State, in addition to those costs of the project conservation facilities allocated to the purpose of water conservation, in, above, and below the Delta pursuant to subdivision (e) of this article, all costs of such supplemental conservation facilities, including capital, operation, maintenance, power, and replacement costs which are allocated to the purpose of water conservation, in, above, and below the Delta pursuant hereto. Commencing in the year in which the State first awards a major construction contract for construction of a major feature of any supplemental conservation facilities, or first commences payments under a contract with a federal agency in the event a major feature of supplemental conservation facilities is constructed by such federal agency under an agreement requiring the State to pay all or part of the costs of such construction, the Delta Water Charge shall be

35 Amended: Amendment 4

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

determined on the basis of the allocations made pursuant to subdivision (e) of this article, and upon an allocation to project purposes, by the separable costs-remaining benefits method and subject to provisos corresponding to those contained in said subdivision (e), of all projected costs of such feature of the supplemental conservation facilities. Commencing in the same year, the computation of the rates to be used in determining the components of the Delta Water Charge shall include the annual entitlements to water under all contracts for supplemental water. If the repayment period of any bonds sold to construct supplemental conservation facilities or the repayment period under any agreement with a federal agency for repayment of the costs of supplemental conservation facilities constructed by such federal agency extends beyond the repayment period of the contract, the Delta Water Charge shall be determined and redetermined on the basis of such extended repayment period as the State determines to be appropriate: *Provided*, That if the agreement with such federal agency allows repayment of costs of a portion of a facility to be deferred, the associated costs of such portion shall be excluded from the Delta Water Charge computations until repayment of such deferred costs or interest thereon is commenced by the State.

(h)[36] <Local Project as Additional Conservation Facility>

The determination of the rate for water under the Delta Water Charge shall be made by including the appropriate costs and quantities of water, calculated in accordance with subdivisions (c), (d) and (e) above, for all additional project conservation facilities as defined in Article 1(h) hereinabove. In the event a Local Project as defined in Article 1(h)(2) will, pursuant to written agreement between the State and the sponsoring contractor, be considered and treated as an additional project conservation facility for less than the estimated life of the facility, the rate under the Delta Water Charge will be determined on the basis of that portion of the appropriate cost and water supply associated with such facility as the period of time during which such facility shall be considered as an additional project conservation facility bears to the estimated life of such facility. No costs for the construction or implementation of any Local Project are to be included in the Delta Water Charge unless and until the written agreement required by article 1(h) has been entered into.

(i)[37] <Project Water Purchased by State>

In calculating the rate for project water to be paid by each contractor for the Delta Water Charge under subdivisions (c), (d) and (e) above, the component for operation, maintenance, power and replacement costs shall include, but not be limited to, all costs to the State incurred in purchasing water, which is competitive with alternative sources as determined by the State, for delivery as project water.

(j)[38] <Recovery of Water System Revenue Bond Financing Costs>

Notwithstanding provisions of Article 22(a) through (i), the capital cost component and the minimum OMP&R component of the Delta Water Charge shall include an annual charge to recover the Agency's share of the conservation portion of the water system revenue bond financing costs. Charges to the Agency for these costs shall be calculated in accordance with

36 Amended: Amendment 10
37 Added: Amendment 10
38 Added: Amendment 11; Amended: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

provisions in Article 50 of this contract. Charges for the conservation portion of the water system revenue bond financing costs shall not be affected by any reductions in payments pursuant to Article 51.

23. TRANSPORTATION CHARGE

The payments to be made by each contractor entitled to delivery of project water from the project transportation facilities shall include an annual charge under the designation Transportation Charge. This charge shall return to the State during the project repayment period those costs of all project transportation facilities necessary to deliver project water to the contractor including capital, operation, maintenance, power, and replacement costs, which are allocated to the contractor during the project repayment period in accordance with the cost allocation principles and procedures herein after set forth. Wherever reference is made, in connection with the computation, determination, or payment of the Transportation Charge, to the costs of any facility or facilities included in the System, such reference shall be only to those costs of such facility or facilities which are reimbursable by the contractors as determined by the State. The Transportation Charge shall consist of a capital cost component; a minimum operation, maintenance, power, and replacement component; and a variable operation, maintenance, power, and replacement component, as these components are defined in and determined under Articles 24, 25, and 26, respectively. For the purpose of allocations of costs pursuant to said articles, the project transportation facilities shall be segregated into such aqueduct reaches as are determined by the State to be necessary for such allocations of costs. Subject to such modifications as are determined by the State to be required by reason of any request furnished by the Agency to the State pursuant to Article 17(a) of this contract, or by reason of contracts entered into by the State with other contractors, the aqueduct reaches of the project transportation facilities are established as set forth in Table I of this contract: Provided, That those costs of the aqueduct reaches from the Delta through the outlet of San Luis Reservoir which are allocated to the purpose of water conservation in, above, and below the Delta for the purpose of determining the Delta Water Charge, as hereinbefore set forth, shall not be included in the Transportation Charge.

24. TRANSPORTATION CHARGE - CAPITAL COST COMPONENT

(a) Method of Computation

The capital cost component of the Transportation Charge shall be sufficient to return to the State those capital costs of the project transportation facilities necessary to deliver water to the contractor which are allocated to the contractor pursuant to subdivision (b) of this article. The amount of this component shall be determined in two steps as follows: (1) an allocation of capital costs to the contractor, and (2) a computation of annual payment of such allocated capital costs and interest thereon, computed at the project interest rate and compounded annually, to be made by the contractor.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(b)[39] Allocation of Capital Costs Among Contractors

In the first step, the total amount of capital costs of each aqueduct reach to be returned to the State shall be allocated among all contractors entitled to delivery of project water from or through the reach by the proportionate use of facilities method of cost allocation and in accordance with (1) and (2) below. The measure of the proportionate use of each contractor of each reach shall be the average of the following two ratios: (i) the ratio of the contractor's maximum annual entitlement to be delivered from or through the reach to the total of the maximum annual entitlements of all contractors to be delivered from or through the reach from the year in which charges are to be paid through the end of the project repayment period and (ii) the ratio of the capacity provided in the reach for the transport and delivery of project water to the contractor to the total capacity provided in the reach for the transport and delivery of project water to all contractors served from or through the reach from the year in which charges are to be paid through the end of the project repayment period. Allocations of capital costs to the Agency pursuant hereto shall be on the basis of relevant values which will be set forth in Table B of this contract by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach of the project transportation facilities for the transport and delivery of project water to the Agency, pursuant to Article 17(a): *Provided*, That these values shall be subject to redetermination by the State in accordance with Article 28: *Provided further*, That the principles and procedures set forth in this subdivision shall be controlling as to allocations of capital costs to the Agency. Proportionate use of facilities factors for prior years shall not be adjusted by the State in response to changes or transfers of entitlement among contractors unless otherwise agreed by the State and the parties to the transfer and unless there is no impact on past charges or credits of other contractors.

(1) The total amount of capital costs allocated to a contractor shall be the sum of the products obtained when there is multiplied, for each aqueduct reach necessary to deliver water to the contractor, the total amount of the capital costs of the reach to be returned to the State under the Transportation Charge by the average of the two foregoing ratios for such reach as said average is set forth in the appropriate table included in its contract.

(2) In the event that excess capacity is provided in any aqueduct reach for the purpose of making project water available in the future to an agency or agencies with which the State has not executed contracts at the time of any allocation of costs pursuant to this subdivision, the prospective maximum annual entitlement or entitlements to be supplied by such excess capacity, as determined by the State, shall be deemed to be contracted for by said agency or agencies for the purpose of such allocation of costs, to the end that the capital costs of providing such excess capacity are not charged to any contractor entitled by virtue of an executed contract to the delivery of project water from or through that aqueduct reach at the time of such allocation. Where additional capacity is provided in any aqueduct reach to compensate for loss of water due to evaporation, leakage, seepage, or other causes, or to compensate for scheduled outages for purposes of necessary investigation, inspection, maintenance, repair or replacement of the facilities of

39 Amended: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

the project facilities, then, for the purpose of any allocation of costs pursuant to this subdivision: (i) the maximum annual entitlement to be delivered from or through the reach of each contractor entitled to delivery of project water from or through the reach shall be increased by an amount which bears the same proportion to the maximum annual delivery capability provided by such additional capacity that the contractor's maximum annual entitlement to be delivered from or through the reach bears to the total of the maximum annual entitlements to be delivered from or through the reach under all contracts; and (ii) the capacity provided in the reach for each contractor entitled to delivery of project water from or through the reach shall be increased in the same proportion that the contractor's maximum annual entitlement to be delivered from or through the reach is increased pursuant to (i) above.

(3) The projected amounts of capital costs to be allocated annually to the Agency under the capital cost component of the Transportation Charge shall be determined by the State in accordance with the cost allocation principles and procedures set forth in this subdivision, which principles and procedures shall be controlling as to allocations of capital costs to the Agency. Such amounts will be set forth in Table C by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of project water to the Agency, pursuant to Article 17(a): *Provided*, That these amounts shall be subject to redetermination by the State in accordance with Article 28.

(c) Annual Payments of Allocated Capital Costs

In the second step, the Agency's annual payment of its allocated capital costs and interest thereon, computed at the project interest rate and compounded annually, shall be determined in accordance with a payment schedule established by the State and determined in accordance with the principles set forth in (1), (2), and (3) below, which principles shall be controlling as to the Agency's payment of its allocated capital costs. The Agency's payment schedule will be set forth in Table D of this contract by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of project water to the Agency, pursuant to Article 17(a): Provided, That the amounts set forth in Table D shall be subject to redetermination by the State, pursuant to Article 28.

(1) The Agency's annual payment shall be the sum of the amounts due from the Agency on the Agency's allocated capital costs for the then current year and for each previous year where each such amount will pay, in not more than fifty (50) equal annual installments of principal and interest, the Agency's allocated capital costs for the respective year and interest thereon, computed at the project interest rate and compounded annually.

(2) The Agency may make payments at a more rapid rate if approved by the State.

(3) Such annual payments shall cease when all allocated capital costs and interest thereon, computed at the project interest rate and compounded annually, are repaid.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(d) Payment in Advance for Excess Peaking Capacity

In the event that any contractor, pursuant to Article 12(b), requests delivery capacity in any aqueduct reach which will permit maximum monthly deliveries to such contractor in excess of the percentage amounts specified in said Article 12(b) for the uses designated therein, such contractor shall furnish to the State, in advance of the construction of such aqueduct reach, funds sufficient to cover the costs of providing such excess capacity, which funds shall be in an amount which bears the same proportion to the total capital costs of such reach, including the costs of providing such excess capacity, as such excess capacity bears to the total capacity of such reach, including such excess capacity. For the purpose of any allocation of costs pursuant to subdivision (b) of this article, the total capital costs of such aqueduct reach shall be allocated among all contractors entitled to delivery of project water from or through the reach in the following manner:

(1) The costs which would have been incurred for such reach had no such excess capacity been provided shall be estimated by the State and allocated among all such contractors in the manner provided in said subdivision (b); and

(2) The amount of the difference between said estimated costs and the projected actual costs of such reach shall be allocated to the contractor or contractors for which such excess capacity is provided.

Where such excess capacity is provided for more than one contractor, the costs allocated to them under (2) above shall be further allocated between or among them in amounts which bear the same proportion to the total of said allocated costs as the amount of such excess capacity provided for the respective contractor bears to the total of such excess capacity provided in such reach. In the event that the funds advanced by a contractor pursuant to this subdivision are more or less than the costs so allocated to such contractor under (2) above, the account of such contractor shall be credited or debited accordingly.

(e) Costs Incurred Prior to Date of Contract

The Agency's allocated capital costs for the year preceding the year of initial payment of the capital component of the Transportation Charge, pursuant to subdivision (c) of this article, shall consist of the sum of the Agency's allocated capital costs for each year through such year preceding the year of initial payment, and interest thereon, computed at the project interest rate and compounded annually.

(f)[40] <Off-Aqueduct Power Facilities>

The capital costs of project aqueduct power recovery plants shall be charged and allocated in accordance with this Article 24. The capital costs of off-aqueduct power facilities shall be charged and allocated in accordance with Article 25(d).

(g)[41] <Recovery of Water System Revenue Bond Financing Costs>

Notwithstanding provisions of Article 24(a) through (d), the capital cost component of the Transportation Charge shall include an annual charge to recover the Agency's share of the

40 Added: Amendment 10
41 Added: Amendment 11; Amended: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

transportation portion of the water system revenue bond financing costs. Charges to the Agency for these costs shall be calculated in accordance with the provisions of Article 50 of this contract. Charges for the transportation portion of the water system revenue bond financing costs shall not be affected by any reductions in payments pursuant to Article 51.

25. TRANSPORTATION CHARGE - MINIMUM OPERATION, MAINTENANCE, POWER, AND REPLACEMENT COMPONENT

(a) Method of Computation

The minimum operation, maintenance, power, and replacement component of the Transportation Charge shall return to the State those costs of the project transportation facilities necessary to deliver water to the contractor which constitute operation, maintenance, power, and replacement costs incurred irrespective of the amount of project water delivered to the contractor and which are allocated to the contractor pursuant to (b) below: *Provided*, .That to the extent permitted by law, the State may establish reserve funds to meet anticipated minimum replacement costs; and deposits in such reserve funds by the State: (1) shall be made in such amounts that such reserve funds will be adequate to meet such anticipated costs as they are incurred, and (2) shall be deemed to be a part of the minimum replacement costs for the year in which such deposits are made.

(b) Allocation of Costs

The total projected minimum operation, maintenance, power, and replacement costs of each aqueduct reach of the project transportation facilities for the respective year shall be allocated among all contractors entitled to delivery of project water from said facilities by the proportionate use of facilities method of cost allocation, in the same manner and upon the same bases as are set forth for the allocation of capital costs in Article 24: *Provided*, That such minimum operation, maintenance, power, and replacement costs as are incurred generally for the project transportation facilities first shall be allocated to each aqueduct reach in an amount which bears the same proportion to the total amount of such general costs that the amount of the costs incurred directly for the reach bears to the total of all direct costs, for all aqueduct reaches.

(c) Payment Table

The amount to be paid each year by the Agency under the minimum operation, maintenance, power, and replacement component of the Transportation Charge shall be determined in accordance with subdivision (b) of this article on the basis of the relevant values to be set forth for the respective aqueduct reaches in Table B of this contract: Provided, That these values shall be subject to redetermination by the State in accordance with Article 28. Such amounts and any interest thereon shall be set forth by the State in Table E of this contract as soon as designs and cost estimates have been prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of project water to the Agency, pursuant to Article 17(a): *Provided*, That the amounts set forth in Table E shall be subject to redetermination by the State in accordance with Article 28.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(d)[42] <Off-Aqueduct Power Facilities>

Notwithstanding the provisions of subdivisions (a) and (b) of this article, or of Article 1(s), the costs of off-aqueduct power facilities shall be determined and allocated as follows:

(1) The off-aqueduct power costs shall include all annual costs the State incurs for any off-aqueduct power facility, which shall include, but not be limited to, power purchases, any annual principal and interest payments on funds borrowed by or advanced to the State, annual principal and interest on bonds issued by the State or other agency, or under revenue bond financing contracts, any requirements for coverage, deposits to reserves, and associated operation and maintenance costs of such facility, less any credits, interest earnings, or other monies received by the State in connection with such facility. In the event the State finances all or any part of an off-aqueduct power facility directly from funds other than bonds or borrowed funds, in lieu of such annual principal and interest payments, the repayment of capital costs as to that part financed by such other funds shall be determined on the basis of the schedule that would have been required under Article 24.

(2) The annual costs of off-aqueduct power facilities as computed in (1) above shall initially be allocated among contractors in amounts which bear the same proportions to the total amount of such power costs that the total estimated electrical energy (kilowatt hours) required to pump through project transportation facilities the desired delivery amounts of annual entitlements for that year, as submitted pursuant to Article 12 (a)(1) and as may be modified by the State pursuant to Article 12 (a)(2), bears to the total estimated electrical energy (kilowatt hours) required to pump all such amounts for all contractors through project transportation facilities for that year, all as determined by the State.

(3)[43] An interim adjustment in the allocation of the power costs calculated in accordance with (2) above, may be made in May of each year based on April revisions in approved schedules of deliveries of project and nonproject water for contractors for such year. A further adjustment shall be made in the following year based on actual deliveries of project and nonproject water for contractors provided, however, in the event no deliveries are made through a pumping plant, the adjustments shall not be made for that year at that plant.

(4) To the extent the monies received or to be received by the State from all contractors for off-aqueduct power costs in any year are determined by the State to be less than the amount required to pay the off-aqueduct power costs in such year, the State may allocate and charge that amount of off-aqueduct power costs to the County and other contractors in the same manner as costs under the capital cost component of the Transportation Charge are allocated and charged. After that amount has been so allocated, charged and collected, the State shall provide a reallocation of the amounts allocated pursuant to this paragraph (4), such reallocation to be based on the allocations made pursuant to (2) and (3) above for that year, or in the event no such allocation was

42 Added: Amendment 10
43 Amended: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

made for that year, on the last previous allocation made pursuant to (2) and (3) above. Any such reallocation shall include appropriate interest at the project interest rate.

(e)[44] <No Subtitle>

The total minimum operation, maintenance, power and replacement component due that year from each contractor shall be the sum of the allocations made under the proportionate use of facilities method provided in subdivision (b) of this article and the allocations made pursuant to subdivision (d) of this article for each contractor.

26. TRANSPORTATION CHARGE - VARIABLE OPERATION, MAINTENANCE, POWER, AND REPLACEMENT COMPONENT

(a) Method of Computation

The variable operation, maintenance, power, and replacement component of the Transportation Charge shall return to the State those costs of the project transportation facilities necessary to deliver water to the contractor which constitute operation, maintenance, power, and replacement costs incurred in an amount which is dependent upon and varies with the amount of project water delivered to the contractor and which are allocated to the contractor pursuant to (1) and (2) below: Provided, That to the extent permitted by law, the State may establish reserve funds to meet anticipated variable replacement costs; and deposits in such reserve funds by the State: (1) shall be made in such amounts that such reserve funds will be adequate to meet such anticipated costs as they are incurred, and (2) shall be deemed to be a part of the variable replacement costs for the year in which such deposits are made. The amount of this component shall be determined as follows:

(1) There shall be computed for each aqueduct reach of the project transportation facilities a charge per acre-foot of water which will return to the State the total projected variable operation, maintenance, power, and replacement costs of the reach for the respective year. This computation shall be made by dividing said total by the number of acre-feet of project water estimated to be delivered from or through the reach to all contractors during the year.

(2) The amount of the variable component shall be the sum of the products obtained when the charges per acre-foot of water, determined under (1) above, for each aqueduct reach necessary to deliver water to the contractor are multiplied by the number of acre-feet of project water delivered to the contractor from or through that reach during the year: Provided, That when project water has been requested by a contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the contractor to accept delivery thereof, the amount of said variable component to be paid by such contractor during such period shall be the product of the above sum and the sum of the number of acre- feet of project water delivered to the contractor and the number of acre-feet wasted.

---

44 Added: Amendment 10

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(b) Revenue from Aqueduct Power Recovery Plants

There shall be credited against the amount of the variable component to be paid by each contractor, as determined pursuant to subdivision (a) of this article, a portion of the projected net value of any power recovered during the respective year at project aqueduct power recovery plants located upstream on the particular aqueduct from the delivery structures for delivery of project water to the contractor. Such portion shall be in an amount which bears the same proportion to said projected net value that the number of acre-feet of project water delivered to the contractor through said plants during the year bears to the number of acre-feet of project water delivered to all contractors through said plants during the year.

(c) Payment Table

The amount to be paid each year by the Agency under the variable operation, maintenance, power, and replacement component of the Transportation Charge shall be determined in accordance with subdivision (a) of this article for the respective aqueduct reaches in Table B of this contract. Such amounts and any interest thereon shall be set forth by the State in Table F of this contract as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of project water to the Agency, pursuant to Article 17(a): Provided, That the amounts set forth in Table F shall be subject to redetermination by the State in accordance with Article 28.

27. TRANSPORTATION CHARGE - PAYMENT SCHEDULE

The amounts to be paid by the Agency for each year of the project repayment period under the capital cost and minimum operation, maintenance, power, and replacement components of the Transportation Charge, and under the variable operation, maintenance, power, and replacement component of said charge on the basis of then estimated deliveries, shall be set forth by the State in Table G of this contract as soon as designs and cost estimates have been prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of project water to the Agency, pursuant to Article 17(a). Table G of this contract shall constitute a summation of Tables D, E, and F of this contract: Provided, That each of the amounts set forth in Table G shall be subject to redetermination by the State in accordance with Article 28: Provided further, That the principles and procedures set forth in Articles 24, 25, and 26 shall be controlling as to such amounts. Such amounts shall be paid by the Agency in accordance with the provisions of Article 29.

28.[45] TRANSPORTATION CHARGE - REDETERMINATION

(a) Determinative Factors Subject to Retroactive Charge

The State shall redetermine the values and amounts set forth in Tables B, C, D, E, F, and G of this contract in the year following the year in which the State commences construction of the project transportation facilities and each year thereafter in order that the Transportation Charge to the Agency and the components thereof may accurately reflect the increases or

45 Amended (a)-(d): Amendment 7

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State incurred to construct the project transportation facilities described in Table I of this contract, annual entitlements, estimated deliveries, project interest rate, and all other factors which are determinative of such charges. In addition, each such redetermination shall include an adjustment of the components of the Transportation Charge to be paid by the Agency for succeeding years which shall account for the differences, if any, between those factors used by the State in determining the amounts of such components for all preceding years and the factors as then currently known by the State. Such adjustment shall be computed by the State and paid by the Agency or credited to the Agency's account in the manner described in (b) and (c) below.

(b) Adjustment: Transportation Charge - Capital Cost Component

Adjustments for prior underpayments or overpayments of the capital cost component of the Transportation Charge to the Agency, together with accrued interest charges or credits thereon computed at the then current project interest rate on the amount of the underpayment or overpayment and compounded annually for the number of years from the year the underpayment or overpayment occurred to and including the year following the redetermination, shall be paid in the year following the redetermination: *Provided*, That the Agency may elect to exercise the option whereby when the redetermined Transportation Charge for the following year, with adjustments, including adjustments of the operation, maintenance, power, and replacement components provided for in subdivision (c) of this article, is more or less than the last estimate of the Charge provided pursuant to Article 27 for the corresponding year, without adjustments, an amount equal to the total of such difference shall be deducted from or added to the adjusted capital cost component for that year and paid or credited in accordance with the following schedule:

Percent that Transportation Charge differs from last estimate (+ or -)	**Period, in years, for amortizing the difference in indicated charge**
for 10% or less	no amortization
more than 10%, but not more than 20%	2
more than 20%, but not more than 30%	3
more than 30%, but not more than 40%	4
more than 40%.	5

Such payments or credits shall be in equal semi-annual amounts of principal and interest on or before the 1st day of January and the 1st day of July, with interest computed at the project interest rate and compounded annually, during varying amortization periods as set forth in the preceding schedule: *Provided*, That for the purpose of determining the above differences in the Transportation Charge, the variable operation, maintenance, power, and replacement component shall be computed on the basis of the same estimated project water deliveries as was assumed in computing pursuant to Article 26(c).

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(c) Adjustment: Transportation Charge - Minimum and Variable Components

One-twelfth of the adjustments for prior underpayments or overpayments of the Agency's minimum and variable operation, power, and replacement components for each year shall be added or credited to the corresponding components to be paid in the corresponding month of the year following the redetermination, together with accrued interest charges or credits thereon computed at the then current project interest rate on the amount of the underpayment or overpayment and compounded annually for the number of years from the year the underpayment or overpayment occurred to and including the year following the redetermination.

(d) Exercise of Option

The option provided for in subdivision (b) above shall be exercised in writing on or before the January 1 due date of the first payment of the capital cost component of the Transportation Charge for the year in which the option is to become effective.

Such option, once having been exercised, shall be applicable for all of the remaining years of the project repayment period.

(e)[46] <No Subtitle>

Notwithstanding the provisions of Article 28(b), adjustments for prior overpayments and underpayments shall be repaid beginning in the year following the redetermination by application of a unit rate per acre-foot which, when paid for the projected portion of the Agency's annual entitlement will return to the State, during the project repayment period, together with interest thereon computed at the project interest rate and compounded annually, the full amount of the adjustments resulting from financing after January 1, 1987, from all bonds, advances, or loans listed in Article 1(r) except for Article 1(r)(3) and except for bonds issued by the State under the Central Valley Project Act after January 1, 1987 for facilities not listed among the water system facilities in Article 1(hh). Notwithstanding the immediately preceding exception, such amortization shall also apply to any adjustments in this component charge resulting from a change in the project interest rate due to any refunding after January 1, 1986 of bonds issued under the Central Valley Project Act. However, amortization of adjustments resulting from items 1(r)(4) through (7) shall be limited to a period which would allow the Department to repay the debt service on a current basis until such time as bonds are issued to reimburse the source of such funding. In no event shall this amortization period be greater than the project repayment period.

(f)[47] Adjustment: Water System Revenue Bond Financing Costs

The use of water system revenue bonds for financing facilities listed in Article 1(hh) would result in adjustments for prior underpayments or overpayments of the capital cost component of the Transportation Charge to the Agency under the provisions of this article; however, in place of making such adjustments, charges to the Agency will be governed by Article 50.

---

46 Added: Amendment 11
47 Added: Amendment 11

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

29. TIME AND METHOD OF PAYMENT

(a) Initial Payment - Delta Water Charge

Payments by the Agency under the Delta Water Charge shall commence in the year of initial water delivery to the Agency.

(b) Initial Payment - Transportation Charge: Capital Component

Payments by the Agency under the capital cost component of the Transportation Charge shall commence in the year following the year in which the State commences construction of the project transportation facilities. If such construction has already commenced when this contract is executed, such payments shall begin in the year following the year of execution.

(c) Initial Payment - Transportation Charge: Minimum Component

Payments by the Agency under the minimum operation, maintenance, power, and replacement component of the Transportation Charge shall commence for each aqueduct reach in the year following the year in which construction of that reach is completed.

(d) Initial Payment - Transportation Charge: Variable Component

Payments by the Agency under the variable operation, maintenance, power, and replacement component of the Transportation Charge shall commence in the year of initial water delivery to the Agency.

(e) Statement of Charges

The State shall, on or before July 1 of each year, commencing with the year preceding the year in which payment of the respective charge is to commence pursuant to this article, furnish the Agency with a written statement of: (1) the charges to the Agency for the next succeeding year under the capital cost and minimum operation, maintenance, power, and replacement components of the Delta Water Charge and Transportation Charge; (2) the unit charges to the Agency for the next succeeding year under the variable operation, maintenance, power, and replacement components of said Delta Water Charge and Transportation Charge; and (3) the total charges to the Agency for the preceding year under the variable operation, maintenance, power, and replacement components of said Delta Water Charge and Transportation Charge: *Provided*, That through December 31, 1969, the Delta Water Charge shall be based upon a unit rate of $3.50 per acre-foot and shall be paid by the contractors on the basis of their respective annual entitlements to project water, as provided in Article 22(b): *Provided further*, That the first such statement shall be provided by the State as soon after the execution of this contract as is feasible. All such statements shall be accompanied by the latest revised copies of the document amendatory to Article 22 and of Tables B, C, D, E, F and G of this contract, together with such other data and computations used by the State in determining the amounts of the above charges as the State deems appropriate. The State shall, on or before the fifteenth day of each month of each year, commencing with the year of initial water delivery to the Agency, furnish the Agency with a statement of the charges to the Agency for the preceding month under the variable operation, maintenance, power, and replacement components of the Delta Water Charge and Transportation Charge. Such charges shall be determined by the State in accordance with the relevant provisions of Articles 22 and 26 of this contract, upon the basis of metered deliveries of project water to the Agency, except as otherwise provided in those articles.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(f) Times of Payment - Capital Components

The Agency shall pay to the State, on or before January 1 of each year, commencing with the year in which payment of the respective charge is to commence pursuant to this article, one-half (½) of the charge to the Agency for the year under the capital cost component of the Delta Water Charge and one-half (½) of the charge to the Agency for the year under the capital cost component of the Transportation Charge, as such charges are stated pursuant to subdivision (e) of this article; and shall pay the remaining one-half (½) of each of said charges on or before July 1 of that year.

(g) Times of Payment - Minimum Components

The Agency shall pay to the State, on or before the first day of each month of each year, commencing with the year of initial water delivery to the Agency, one-twelfth (1/12) of the sum of the charges to the Agency for the year under the minimum operation, maintenance, power, and replacement components of the Delta Water Charge and Transportation Charge, respectively, as such charges are stated pursuant to subdivision (e) of this article.

(h) Times of Payment - Variable Components

The Agency shall pay to the State on or before the fifteenth day of each month of each year, commencing with the year of initial water delivery to the Agency, the charges to the Agency under the variable operation, maintenance, power, and replacement components of the Delta Water Charge and Transportation Charge, respectively, for which a statement was received by the Agency during the preceding month pursuant to subdivision (e) of this article, as such charges are stated in such statement.

(i) Contest of Accuracy of Charges

In the event that the Agency contests the accuracy of any statement submitted to it pursuant to subdivision (e) of this article, it shall give the State notice thereof at least ten (10) days prior to the day upon which payment of the stated amounts is due. To the extent that the State finds the Agency's contentions regarding the statement to be correct, it shall revise the statement accordingly, and the Agency shall make payment of the revised amounts on or before the due date. To the extent that the State does not find the Agency's contentions to be correct, or where time is not available for a review of such contentions prior to the due date, the Agency shall make payment of the stated amounts on or before the due date, but may make the contested part of such payment under protest and seek to recover the amount thereof from the State.

<30.[48] SURCHARGE FOR PROJECT WATER USED ON EXCESS LAND -DELETED>

31. ADJUSTMENT FOR OVERPAYMENT OR UNDERPAYMENT

If in any year, by reason of errors in computation or other causes, there is an overpayment or underpayment to the State by the Agency of the charges provided for herein, which overpayment or underpayment is not accounted for and corrected in the annual redetermination of said charges, the amount of such overpayment or underpayment shall be credited or debited,

48 Deleted: Amendment 6

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

as the case may be, to the Agency's account for the next succeeding year and the State shall notify the Agency thereof in writing.

32. DELINQUENCY IN PAYMENT

(a) Agency to Provide for Punctual Payment

The governing body of the Agency shall provide for the punctual payment to the State of payments which become due under this contract.

(b)[49] Interest on Overdue Payments

Upon every amount of money required to be paid by the County to the State pursuant to this contract which remains unpaid after it becomes due and payable, interest shall accrue at an annual rate equal to that earned by the Pooled Money Investment Fund, as provided in Government Code Sections 16480 et seq. calculated monthly on the amount of such delinquent payment from and after the due date until it is paid, and the County hereby agrees to pay such interest: *Provided*, that no interest shall be charged to or be paid by the County unless such delinquency continues for more than thirty (30) days.

33. OBLIGATION OF AGENCY TO MAKE PAYMENTS

(a) Refusal of Water Does Not Affect Obligation

The Agency's failure or refusal to accept delivery of project water to which it is entitled under Article 6(b) shall in no way relieve the Agency of its obligation to make payments to the State as provided for in this contract. The State, however, shall make reasonable efforts to dispose of any water made available to but not required by the Agency and any net revenues from such disposal shall be credited pursuant to Article 21.

(b) Character of Obligation

The Agency as a whole is obligated to pay to the State the payments becoming due under this contract, notwithstanding any individual default by its constituents or others in the payment to the Agency of assessments, tolls, or other charges levied by the Agency.

34. OBLIGATION OF AGENCY TO LEVY TAXES AND ASSESSMENTS

(a) When Obligated

If in any year the Agency fails or is unable to raise sufficient funds by other means, the governing body of the Agency shall levy upon all property in the Agency not exempt from taxation, a tax or assessment sufficient to provide for all payments under this contract then due or to become due within that year.

(b) Enforcement by Officers of Agency

Taxes or assessments levied by the governing body of the Agency pursuant to subdivision (a) of this article shall be enforced and collected by all officers of the Agency charged with the duty of enforcing and collecting taxes or assessments levied by the Agency.

---

49 Amended: Amendment 10

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(c) Deposit in Separate Fund

All money collected for taxes or assessments under this article shall be kept in a separate fund by the treasurer or other officer of the Agency charged with the safekeeping and disbursement of funds of the Agency, and, upon the written demand of the State, the treasurer or other officer shall pay over to the State all such money in his possession or control then due the State under this contract, which money shall be applied by the State to the satisfaction of the amount due under this contract.

(d) Enforcement of Levy

In the event of failure, neglect, or refusal of any officer of the Agency to levy any tax or assessment necessary to provide payment by the Agency under this contract, to enforce or to collect the tax or assessment, or to pay over to the State any money then due the State collected on the tax or assessment, the State may take such action in a court of competent jurisdiction as it deems necessary to compel the performance in their proper sequence of all such duties. Action taken pursuant hereto shall not deprive the State of or limit any remedy provided by this contract or by law for the recovery of money due or which may become due under this contract.

D. GENERAL PROVISIONS

35. REMEDIES NOT EXCLUSIVE

The use by either party of any remedy specified herein for the enforcement of this contract is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

36. AMENDMENTS

This contract may be amended at any time in mutual agreement of the parties, except insofar as any proposed amendments are in any way contrary to applicable law, The State shall promptly furnish the Agency with copies of all contracts now or hereafter executed by the State for a dependable supply of project water, and of any amendments thereof.

37. AGENCY NOT ESTOPPED TO CHALLENGE STATE LAWS

Nothing herein contained shall be construed as estopping or otherwise preventing the Agency or any person, firm, association, corporation, or public body or agency claiming by, through, or under the Agency from contesting by litigation or other lawful means the validity, constitutionality, construction or application of any law of this State, including laws referred to in the Bond Act, or as preventing or prejudicing the amendment or repeal of any such law, and each contract executed by the State for a dependable supply of project water shall contain a similar reservation with respect to State laws.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

38. OPINIONS AND DETERMINATIONS

Where the terms of this contract provide for action to be based upon the opinion, judgment, approval, review, or determination of either party hereto, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious, or unreasonable.

39. CONTRACTING OFFICER OF THE STATE

The contracting officer of the State shall be the Director of Water Resources of the State of California and his successors, or their duly authorized representatives. The contracting officer shall be responsible for all discretionary acts, opinions, judgments, approvals, reviews, and determinations required of the State under the terms of this contract.

40. SUCCESSORS AND ASSIGNS OBLIGATED

This contract and all of its provisions shall apply to and bind the successors and assigns of the parties hereto.

41. ASSIGNMENT

No assignment or transfer of this contract or any part hereof, rights hereunder, or interest herein by the Agency shall be valid unless and until it is approved by the State and made subject to such reasonable terms and conditions as the State may impose.

42. WAIVER OF RIGHTS

Any waiver at any time by either party hereto of its rights with respect to a default or any other matter arising in connection with this contract, shall not be deemed to be a waiver with respect to any other default or matter.

43. NOTICES

All notices that are required either expressly or by implication to be given by one party to the other under this contract shall be signed for the State by its contracting officer, and for the Agency by such officer as it may, from time to time, authorize in writing to so act AU such notices shall be deemed to have been given if delivered personally or if enclosed in a properly addressed envelope and deposited in a United States Post Office for delivery by registered or certified mail. Unless and until formally notified otherwise, all notices shall be addressed to the parties at their addresses as shown on the signature page of this contract.

44. MAINTENANCE AND INSPECTION OF BOOKS, RECORDS, AND REPORTS

During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and make copies of any books, records, or reports of the other party pertaining to this contract or matters related hereto. Each of the parties hereto shall maintain and make available for such inspection accurate records of all of its costs, disbursements and receipts with respect to its activities under this contract and the Bond Act.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

E. SPECIAL PROVISIONS AND TABLES

45. SPECIAL PROVISIONS

(a)[50] Surplus Water

Notwithstanding other provisions of this contract, surplus water for agricultural and ground water replenishment use shall be offered to contractors on the following basis. Before surplus water is sold for other than agricultural and ground water replenishment use, each contractor shall have the right, subject to the ability of the State to deliver such water and to the provisions of the next succeeding paragraph, to contract for agricultural and ground water replenishment use for a portion of the total amount of surplus water available in any year, in an amount which bears the same ratio to the total amount of surplus water available in that year as the sum of the annual entitlements, set forth in Table A of this contract, delivered to the contractor for agricultural and ground water replenishment use during the preceding three years bears to the total amount of such annual entitlements delivered for agricultural and ground water replenishment use during the preceding three years of all contractors requesting surplus water: Provided, That if its proportion of such surplus water is not required by or cannot be delivered to any contractor, such amount of additional surplus water shall be offered to other contractors for agricultural and ground water replenishment use. During the first three years in which project water is delivered to a contractor, the State shall determine the amount of surplus water which the contractor may obtain based on the contractor's maximum annual entitlement and the estimated percentage of its annual entitlement to be delivered for agricultural and ground water replenishment use; but quantities so determined shall not exceed the contractor's annual entitlement for that year. For the purpose of computing the portion of the surplus water for agricultural and ground water replenishment use to which each contractor is entitled, the State shall determine the amounts of water used for agricultural and ground water replenishment use by each contractor in each year: Provided, That each contractor shall furnish certified copies of such records and data concerning the use of water within its boundaries as the State may request.

The provisions of this paragraph shall be applicable only to contractors in the San Joaquin Valley Service Area, contractors in the Southern California Service Area, and contractors in the Central Coastal Service Area. Before surplus water is sold for other than agricultural and ground water replenishment use, each such contractor shall have the right, subject to the ability of the State to deliver such water, to contract for agricultural and ground water replenishment use in accordance with the following formula: contractors in the San Joaquin Valley Service Area shall have a right to contract for sixty-nine percent (69%) of the surplus water available at the Dos Amigos Pumping Plant; contractors in the Southern California Service Area shall have a right to contract for twenty-nine percent (29%) of such water; and contractors in the Central Coastal Service Area shall have a right to contract for two percent (2%) of such water: Provided, That within each of these service areas, each contractor shall have the right to contract for agricultural and ground water replenishment use for a portion of the total

---

50 Amended: Amendment 6 (*This provision was deleted in most 1974 contract amendments. While it was not deleted here, this provision allows application of Article 21 provisions. See bold text below.)*

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

amount of surplus water available to that service area in any year, in an amount which bears the same ratio to the total amount of surplus water available to the service area in that year as the sum of the annual entitlements, set forth in Table A of this contract, delivered to the contractor for agricultural and ground water replenishment use during the preceding three years bears to the total amount of such annual entitlements delivered for agricultural and ground water replenishment use during the preceding three years of all contractors in that service area requesting surplus water: Provided further, That if its proportion of such surplus water is not required by or cannot be delivered to any contractor, such amount of additional surplus water shall be offered to other contractors for agricultural and ground water replenishment use. During the first three years in which project water is delivered to a contractor, the State shall determine the amount of surplus water which the contractor may obtain based on the contractor's maximum annual entitlement and the estimated percentage of its annual entitlement to be delivered for agricultural and ground water replenishment use; but quantities so determined shall not exceed the contractor's annual entitlement for that year. As used in this paragraph, "contractors in the San Joaquin Valley Service Area" shall mean: Devil's Den Water District, Dudley Ridge Water District, Empire West Side Irrigation District, Hacienda Water District, Kern County Water Agency, Tulare Lake Basin Water Storage District, and County of Kings; "contractors in the Southern California Service Area" shall mean: Antelope Valley-East Kern Water Agency, Coachella Valley County Water District, Crestline-Lake Arrowhead Water Agency, Desert Water Agency, Littlerock Creek Irrigation District, Mojave Water Agency, Palmdale Irrigation District, San Bernardino Valley Municipal water District, San Gabriel Valley Municipal Water District, San Gorgonio Pass Water Agency, The Metropolitan Water District of Southern California, Upper Santa Clara Valley Water Agency, and Ventura County Flood Control District; "contractors in the Central Coastal Service Area" shall mean: San Luis Obispo County Flood Control and Water Conservation District and Santa Barbara County Flood Control and Water Conservation District.

The provision of this paragraph shall be applicable only to a contractor to which the delivery of project water for municipal use as of 1990 is estimated by the State to be in excess of fifty percent (50%) of such contractor’s maximum annual entitlement. For the purpose of fixing such contractor’s right to delivery of surplus water, water from a watershed not tributary to the contractor's area which is delivered within the contractor's boundaries for agricultural or ground water replenishment use shall be deemed to be part of the contractor’s annual entitlement delivered for such use in computing the quantity of surplus water to which the contractor is entitled under this subdivision: Provided, That the contractor shall not be deemed to have used more than its annual entitlement, as set forth in Table A, for such use. Surplus water shall be deemed to be used by the contractor for agricultural or ground water replenishment use if an equal quantity of water imported from a watershed not tributary to the contractor’s area is delivered within the contractor’s boundaries for such use. In providing for the delivery of surplus water to contractors pursuant to this subdivision, the State shall refuse to deliver such surplus water to any contractor to the extent that the State determines that such delivery would tend to encourage the development of an economy within the area served by such contractor which would be dependent upon the sustained delivery of water in excess of the contractor’s maximum annual entitlement. In no event shall the quantity of surplus water made available in any year prior to 1986 to any contractor under this subdivision exceed the difference between its annual entitlement for that year and its maximum annual entitlement, except that, subject to provisions

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

of the immediately preceding sentence, with respect to any contractor which under Table A of its contract is scheduled to receive its maximum annual entitlement prior to 1978, the quantity of surplus water made available in any year prior to 1986 under this subdivision may exceed such difference by not more than 3,000 acre-feet.

Surplus water for agricultural and ground water replenishment use shall be furnished at prices which will return to the State the variable operation, maintenance, power, and replacement components of the Delta Water Charge and Transportation Charge incurred in such service of surplus water as determined by the State. Surplus water delivered under this subdivision shall be limited to the quantity of water which can be delivered without adversely affecting the reliability, or increasing the cost, of service to meet annual entitlements. Contracts made pursuant to this subdivision may exceed one year in duration.

Except as herein modified, the provisions of Article 21 of this contract are hereby confirmed, and all surplus water not specifically allocated pursuant to this subdivision shall be sold under the provisions of Article 21. Nothing in this subdivision shall limit the right of the Agency to increase its annual entitlements as otherwise provided in this contract.

As used in this subdivision "ground water replenishment use" shall mean the use of project water exclusively by direct application to spreading basins, streambeds, or through other means of direct artificial recharge for the purpose of replenishing overdrawn ground water basins.

<(b)[51] Surcharge Credit - Deleted>

(c) Exchange Agreement Between the Agency and Tulare Lake Basin Water Storage District

The Agreement between the Agency and the Tulare Lake Basin Water Storage District for the exchange of water, dated April 26, 1967, referred to hereinafter as the ‘‘Exchange Agreement”, provides the delivery of the water contracted for by the Agency under the terms of this contract to Tulare Lake Basin Water Storage District in exchange for Kings River water delivered to the Agency.

If the provisions of the Exchange Agreement are found to be in conflict with any of the provisions of this contract, the provisions of this contract shall control as between the Agency of the State.

No amendments to the Exchange Agreement shall become effective until written approval is obtained from the State.

Notwithstanding the provisions of Article 2 of this contract, the term of this contract shall commence and the contract shall have no force or effect until the Exchange Agreement has become binding upon the parties thereto by satisfaction of the conditions of Paragraph Eighteen of the Agreement dated September 10, 1963, by and among the members of the Kings River Water Association. The Agency agrees to pursue diligently all methods and means, including legal action in the courts, of validating the Exchange Agreement and making it binding.

---

51 Deleted: Amendment 6

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

The effective date of this contract shall be the date the Exchange Agreement becomes valid and binding on the parties thereto: *Provided*, That if the Exchange Agreement and this contract have not become effective on or before January 1, 1968, the State may, at its option, terminate this contract at any time after that date by giving sixty days written notice to the Agency.

(d) Recreation Use

"Municipal Use" as defined in Article 1(u) of this contract shall include uses for recreational purposes.

(e) Capacity in Transportation Facilities

The State shall provide sufficient capacity in the transportation facilities, subject to the provisions of Article 17(b), to deliver eleven percent (11%) of the Agency's annual entitlement in any month.

(f) Adjustment of Annual Entitlements

(1) Subject to approval by the State and similar rights of other contractors, the Agency may increase its annual entitlement for any year in which local water supplies available to the Agency are deficient due to climatic conditions up to the amount of its maximum annual entitlement: Provided, That such increase in delivery of water shall not interfere with the delivery of their respective annual entitlements to other contractors.

(2) In a year in which the Agency is unable to accept an amount of project water equal to its annual entitlement for that year because of above-average local water supply available to the Agency due to climatic conditions which occur subsequent to a year in which the Agency has increased its annual entitlement pursuant to paragraph (1) of this subdivision, the Agency may make a reduction in its annual entitlement which shall not exceed the sum of all prior increases in annual entitlement made under paragraph (1) of this subdivision less the sum of all prior decreases in annual entitlement made under this subdivision.

(3) In the event that, due to conditions of above-average local water supply available to the Agency because of favorable climatic conditions, the Agency in any year is unable to accept an amount of project water equal to its annual entitlement for said year as set forth in Table A of this contract the Agency shall remain obligated to make all payments required under this contract, including the capital cost component and the minimum operation, maintenance, power and replacement component of the Delta Water Charge: Provided, That the Agency's annual entitlement for said year is not reduced under the provision of paragraph (2) of this subdivision.

(4) In a year in which local water supplies available to the Agency are deficient because of climatic conditions which occur subsequent to a year in which deliveries to the Agency have been decreased under paragraph (3) of this subdivision the Agency may request and the State shall, consistent with similar rights of other contractors, deliver project water in an amount greater than the annual entitlement set forth for that year in Table A of this contract but not to exceed the sum of all prior amounts of project water not delivered to the Agency, but for which the Agency has paid

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

the capital cost component and the minimum operation, maintenance, power and replacement component of the Delta Water Charge under paragraph (3) of this subdivision, less the sum of all prior deliveries of project water to the Agency under the provisions of this subdivision: *Provided*, That the sum of the annual entitlement of the Agency for that year and the amount of water delivered to the Agency in excess of its annual entitlement under this subdivision shall not exceed the maximum annual entitlement of the Agency: Provided further, That such increase in delivery of water shall not interfere with the delivery to other contractors of their respective annual entitlements.

(5) Notwithstanding provisions of Article 22, payments by the Agency pursuant to paragraphs (2) and (4) of this subdivision shall be such that the total payments to the State for the capital cost and minimum operation, maintenance, power and replacement components of the Delta Water Charge during the project repayment period shall be the same as if no change in annual entitlement had been made under paragraph (I) of this subdivision and no decrease in water delivery had been made under paragraph (3) of this subdivision.

(i) In the event of a decreased annual entitlement to the Agency under paragraph (2) of this subdivision, the Agency shall, in addition to the Delta Water Charge computed pursuant to Article 22(d), pay an amount which shall be the product of the amount of the decrease in the annual entitlement and the difference in the capital cost and minimum operation, maintenance, power and replacement components of the Delta Water Charge for that year and the same components of the Delta Water Charge for the appropriate year in which the annual entitlement was increased under paragraph (1) of this subdivision. The appropriate year for which the annual entitlement was so increased shall be the earliest year not offset by a decrease of annual entitlement pursuant to paragraph (2) of this subdivision.

(ii) In a year in which an increased quantity of water is furnished under paragraph (4) of this subdivision, the Delta Water Charge shall be computed pursuant to Article 22(d), and in addition the Agency shall pay an amount which shall be the product of such increase in quantity and the difference in the capital costs and minimum operation, maintenance, power and replacement components of the Delta Water Charge for that year and the same components of the Delta Water Charge for the appropriate previous year in which the delivery was less than the annual entitlement as provided under paragraph (3) of this subdivision. The appropriate previous year shall be the earliest year in which such water was not delivered under paragraph (3) of this subdivision which has not been offset by increased delivery under paragraph (4) of this subdivision.

(iii) For the purposes of this subdivision, the capital cost and minimum operation, maintenance, power and replacement components of the Delta Water Charge prior to December 31, 1969, shall be deemed to be three dollars and fifty cents ($3.50) per acre-foot of water less the variable operation, maintenance, power and replacement component rate computed under Article 22(c).

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(g) Amendment of Article 1(k)

(k)[52] Minimum Project Yield

"Minimum project yield" shall mean the dependable annual supply of project water to be made available assuming completion of the initial project conservation facilities and additional project conservation facilities. The project's capability of providing the minimum project yield shall be determined by the State on the basis of coordinated operations studies of initial project conservation facilities and additional project conservation facilities, which studies shall be based upon factors including but not limited to: (1) the estimated relative proportion of deliveries for agricultural use to deliveries for municipal use assuming Maximum Annual Table A Amounts for all contractors and the characteristic distributions of demands for these two uses throughout the year; and (2) agreements now in effect or as hereafter amended or supplemented between the State and the United States and others regarding the division of utilization of water of Delta or streams tributary thereto.

(h) Amendment of Article 16(a)

(a)[53] Limit on Total of all Maximum Annual Table A Amounts

The Agency's maximum Annual Table A Amount hereunder, together with the maximum Table A amounts of all other contractors, shall aggregate no more than 4,185,000 acre-feet of project water.

<(i) No such subarticle exists.>

(j) Provision for Years of Above-Normal Local Water Supply

Within the framework of the contract, particularly by the provisions of Article 15(a) and possible deferment of the delivery of annual entitlements, the State will work with the Agency to avoid loss to the Agency on account of its inability to accept project water in years when runoff is above normal in watersheds tributary to Tulare Lake Basin, and the State will cooperate with the Agency in the preparation of any necessary contract amendments and their presentation to other contractors.

<(k) No such subarticle exists.>

(l)[54] <Table A Increase (5,000AF)>

In accordance with Article 41 and the terms and conditions of this Amendment, the Agency is increasing its annual Table A amounts by 5,000 acre-feet beginning in year 2004 and each succeeding year thereafter for the term of the Water Supply Contract by purchasing from Tulare Lake Basin Water Storage District 5,000 acre-feet of its Table A amounts. As a result of this purchase, Table A as designated in Article 6 is amended as follows:*<See current Table A end of this contract.>*

Increases to the Agency's Delta Water Charge, Transportation Charge and Water System Revenue Bond Surcharge, resulting from the increase in the Agency's annual Table A amounts

52 Amended: Amendment 15
53 Amended: Amendment 15
54 Amended: Amendment 16

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

and maximum Table A, shall commence on January 1, 2004, and be identified by the State and included in future annual Statements of Charges to the Agency.

Any over and under adjustments to payments made by Tulare Lake Basin Water Storage District for 2003 and prior years attributable to the 5,000 acre-feet of Table A amounts (or applicable portion thereof) and the related delivery capacity in Reaches 1 through 8D of the California Aqueduct shall be paid by or credited to Tulare Lake Basin Water Storage District, including refunds or credits of Off-Aqueduct and Water System Revenue Bond reserves. Any over and under adjustments to payments made by the Agency for 2004 and future years attributable to the 5,000 acre-feet of Table A amounts shall be paid by or credited to the Agency.

(l)[55] <Table A Increase (305AF)>

In accordance with Article 41 and the terms and conditions of this Amendment, the Agency is increasing its annual Table A amounts by 305 acre-feet beginning in year 2006 and each succeeding year thereafter for the term of the Water Supply Contract by purchasing from Tulare Lake Basin Water Storage District 305 acre-feet of its Table A amounts. As a result of this purchase, Table A as designated in Article 6 is amended as follows: :*<See current Table A end of this contract.>*

Increases to the Agency's Delta Water Charge, Transportation Charge and Water System Revenue Bond Surcharge, resulting from the increase in the Agency's annual Table A amounts and maximum Table A, shall commence on January 1, 2006, and be identified by the State and included in future annual Statements of Charges to the Agency.

Any over and under adjustments to payments made by Tulare Lake Basin Water Storage District for 2005 and prior years attributable to the 305 acre-feet of Table A amounts (or applicable portion thereof) and the related delivery capacity in Reaches 1 through 8D of the California Aqueduct shall be paid by or credited to Tulare Lake Basin Water Storage District, including refunds or credits of Off-Aqueduct and Water System Revenue Bond reserves. Any over and under adjustments to payments made by the Agency for 2006 and future years attributable to the 305 acre-feet of Table A amounts shall be paid by or credited to the Agency.

Transportation capital cost component charges attributable to the 305 acre-feet from Reach 1 through Reach 8D shall be redetermined and allocated to the Agency prospectively according to the proportionate use of facilities method described in Article 24. Transportation capital cost component charges attributable to the 305 acre-feet downstream of Reach 8D shall be redetermined and allocated to the Agency retroactively and prospectively according to the proportionate use of facilities method described in Article 24.

<46. No such article exists.>

<47. No such article exists.>

<48. No such article exists.>

<49. No such article exists.>

---

55 Amended: Amendment 16

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

50.[56] WATER SYSTEM REVENUE BOND FINANCING COSTS

(a) <Cost Provisions>

Charges to the Agency for water system revenue bond financing costs shall be governed by provisions of this article. Charges to all contractors for water system revenue bond financing costs shall return to the State an amount equal to the annual financing costs the State incurs in that year for water system revenue bonds (including water system revenue bond anticipation notes). Annual financing costs shall include, but not be limited to, any annual principal and interest on water system revenue bonds plus any additional requirements for bond debt service coverage, deposits to reserves, and annual premiums for insurance or other security obtained pursuant to subdivision (f) of this article. The State shall provide credits to the contractors for excess reserve funds, excess debt service coverage, interest, and other earnings of the State in connection with repayment of such revenue bond financing costs, when and as permitted by the bond resolution. When such credits are determined by the State to be available, such credits shall be promptly provided to the contractors and shall be in proportion to the payments under this article from each contractor. Reserves, bond debt service coverage, interest, and other earnings may be used in the last year to retire the bonds.

(b) <Annual Charges>

Annual charges to recover water system revenue bond financing costs shall consist of two elements.

(1) The first element shall be an annual charge to the Agency for repayment of capital costs of water system facilities as determined under Articles 22 and 24 of this contract with interest at the project interest rate. For conservation facilities, the charge shall be a part of the capital cost component of the Delta Water Charge in accordance with Article 22. For transportation facilities, the charge shall be a part of the capital cost component of the Transportation Charge in accordance with Article 24.

(2) The second element shall be the Agency's share of a Water System Revenue Bond Surcharge to be paid in lieu of a project interest rate adjustment. The total annual amount to be paid by all contractors under this element shall be the difference between the total annual charges under the first element and the annual financing costs of the water system revenue bonds. The amount to be paid by each contractor shall be calculated annually as if the project interest rate were increased to the extent necessary to produce revenues from all contractors sufficient to pay such difference for that year. In making that calculation, adjustments in the Agency's Transportation capital cost component charges for prior overpayments and underpayments shall be determined as if amortized over the remaining years of the project repayment period.

(c) <Agency Invoice>

The Water System Revenue Bond Surcharge will be identified by component and charge in the Agency's invoice.

---

56 Added: Amendment 11

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(d) Timing of Payments

Payments shall be made in accordance with Article 29(f) of this contract.

(e) Reduction in Charges

The Water System Revenue Bond Surcharge under Article 50 (b)(2) shall cease for each series of water system revenue bonds when that series is fully repaid. However, the annual charge determined pursuant to Article 50(b)(1) shall continue to be collected for the time periods otherwise required under Articles 22 and 24.

After the Department has repaid the California Water Fund in full and after each series of Water System Revenue Bonds is repaid, the Department will reduce the charges to all contractors in an equitable manner in a total amount that equals the amount of the charges under Article 50(b)(1) that the Department determines is not needed for future financing of facilities of the System which, in whole or in part, will serve the purposes of the water supply contract with the Agency.

(f) <Default Protection>

To the extent economically feasible and justifiable, as determined by the State after consultation with contractors, the State shall maintain insurance or other forms of security protecting bondholders and non-defaulting contractors against costs resulting from the failure of any contractor to make the payments required by this article.

(g) <Bond Issuing Process>

Before issuing each series of water system revenue bonds, the State shall consult with the contractors, prepare a plan for the State's future financing of water system facilities, and give the Agency an opportunity to comment on the plan. The plan shall include but not be limited to the size of any water system revenue bond issuances and the form of any necessary resolutions or supplements.

(h) Defaults.

(1) If a contractor defaults partially or entirely on its payment obligations calculated under this article and sufficient insurance or other security protecting the non-defaulting contractors is not provided under Article 50(f), the State shall allocate a portion of the default to each non-defaulting contractor. The Agency's share of the default shall be equal to an amount determined by multiplying the total default amount to be charged to all non-defaulting contractors by the ratio that the Agency's maximum Table A entitlement bears to the maximum Table A entitlements of all non-defaulting contractors. However, such amount shall not exceed in any year 25 percent of the Water System Revenue Bond financing costs that are otherwise payable by the Agency in that year. The amount of default to be charged to non-defaulting contractors shall be reduced by any receipts from insurance protecting non-defaulting contractors and bond debt service coverage from a prior year and available for such purpose.

(2) If a contractor defaults partially or entirely on its payment obligations under this article, the State shall also pursuant to Article 20, upon six months' notice to the defaulting contractor, suspend water deliveries under Article 20 to the defaulting contractor so long as the default continues. The suspension of water deliveries shall be

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

proportional to the ratio of the default to the total water system revenue bond payments due from the defaulting contractor. However, the State may reduce, eliminate, or not commence suspension of deliveries pursuant to this subparagraph if it determines suspension in the amounts otherwise required is likely to impair the defaulting contractor's ability to avoid further defaults or that there would be insufficient water for human consumption, sanitation, and fire protection. The State may distribute the suspended water to the non-defaulting contractors on terms it determines to be equitable.

(3) During the period of default, credits otherwise due the defaulting contractor shall be applied to payments due from the defaulting contractor.

(4) Except as otherwise provided in Article 50(h)(3), the defaulting contractor shall repay the entire amount of the default to the State with interest compounded annually at the Surplus Money Investment Fund rate before water deliveries that had been suspended shall be fully resumed to that contractor. If the defaulting contractor makes a partial repayment of its default, the Department may provide a proportional restoration of suspended deliveries. The amount of the default to be repaid shall include any amounts previously received by the State from insurance proceeds, bond debt service coverage, or other reserves, and payments from other contractors pursuant to this subparagraph (h). The defaulting contractor shall not be entitled to any make-up water deliveries as compensation for any water deliveries suspended during the period when the contractor was in default.

(5) At such time as the default amount is repaid by the defaulting contractor, the non-defaulting contractors shall receive credits in proportion to their contributions towards the amount of the default with interest collected by the State on the defaulted amount.

(6) In the event there is an increase in the amount a non-defaulting contractor contributes to reserves and/or bond debt service coverage, such increase shall be handled in the same manner as provided in Article 50(a).

(7) Action taken pursuant to this subarticle shall not deprive the State of or limit any remedy provided by this contract or by law for the recovery of money due or which may become due under this contract.

(i) Power of Termination.

(1) The Department and the Agency agree to negotiate in good faith the development of a means to provide adequate protection for the Department's cash flow into priorities one and two for revenues under Water Code Section 12937(b) with the goal of obtaining agreement by April 1, 1987. The Department and the Agency agree to continue negotiations beyond April 1, 1987 if necessary to meet their common goal of arriving at agreement.

(2) If such an agreement has not been reached by April 1, 1987, and if the Director of Water Resources determines that adequate progress has not been made toward such an agreement, the Director may give notice to the Agency and other contractors that he intends to exercise the power to terminate provided in this subarticle 50(i). The Director's authority to give such a notice shall terminate on July 1, 1988.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(3) After six months from the date of issuing the notice of intent to terminate, but in no event later than January 1, 1989, the Director may terminate the authority of the Department to issue additional series of water system revenue bonds using the repayment provisions of Article 50. The Department shall promptly notify the Agency and other contractors that the Director has exercised the power of termination.

(4) No additional series of water system revenue bonds shall be issued under the provisions of this Article 50 after the Director has exercised the power to terminate, but Article 50 shall remain in effect as to any series of water system revenue bonds issued prior to the time the Director exercises the power to terminate.

(5) An exercise of the power to terminate provided in this subarticle 50(i) shall also rescind any changes made by this amendment in the schedule of payment of overpayment or underpayment of capital costs resulting from a change in the project interest rate and shall also rescind the addition of item (7) to Article 1(r). However, if the Department has borrowed any funds under Article 1(r)(7), Article 1(r)(7) shall remain in effect as to that and only that borrowing. Upon the exercising of the power to terminate, subarticles 28(e) and (f) shall be rescinded and Article 1(r) shall read as it previously read as shown on Attachment Number 1 to this amendment.

(6) At any time before January 1, 1989, so long as the Director has not already exercised the power of termination, the Director may irrevocably waive his right to exercise the power of termination or may rescind any previously issued notice of intention to terminate.

(7) If the Director does not exercise the power of termination before January 1, 1989, this Subarticle 50(i) shall expire, and the remainder of this Article 50 shall remain in effect. Changes made by this amendment to other articles shall also remain in effect.

(j)[57] <Payments Unaffected by Article 51>

Amounts payable under this article shall not be affected by any reductions in payments pursuant to Article 51.

51.[58] FINANCIAL ADJUSTMENTS

(a) General Operating Account

(1) The State shall maintain a General Operating Account to provide the moneys needed to pay obligations incurred by the State of the types described in Water Code sections 12937(b)(1) and (2) in the event of emergency or cash flow shortages.

(2) An initial deposit of $15 million shall be made available from revenue bond reserves that are no longer required by revenue bond covenants and that would otherwise be credited to the contractors including the Agency. In 1998 or when the funds become available an additional $7.7 million will be deposited in the General Operating Account from revenue bond reserves that are no longer required by revenue bond

57 Amended: Amendment 14
58 Added: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

covenants and that would otherwise be credited to the contractors including the Agency, bringing the deposits to that account under this article to $22.7 million.

(3) The balance in the General Operating Account will increase pursuant to subdivision (e)(3)(v) of this article to an amount determined by the State but not in excess of $32 million. However, after the year 2001, the maximum amount of the fund may increase or decrease annually by not more than the same percentage as the increase or decrease in the charges, other than power charges for pumping water, to all the contractors for the previous year from the charges for the year before that for obligations under subdivisions (c)(2)(ii) and (iii) of this article.

(b) State Water Facilities Capital Account

(1) The State shall establish a State Water Facilities Capital Account to be funded from revenues available under Water Code section 12937(b)(4). Through procedures described in this article and as limited by this article, the State may consider as a revenue need under subdivision (c)(2)(v) of this article and may deposit in the State Water Facilities Capital Account the amounts necessary to pay capital costs of the State Water Facilities for which neither general obligation bond nor revenue bond proceeds are available, including but not limited to planning, reconnaissance and feasibility studies, the San Joaquin Valley Drainage Program and, through the year 2000, the CALFED Bay-Delta Program.

(2) The Director of the Department of Water Resources shall fully consult with the contractors and consider any advice given prior to depositing funds into this account for any purposes. Deposits into this account shall not exceed the amounts specified in subdivision (c)(2)(v) of this article plus any amounts determined pursuant to subdivision (e)(1)(iii) of this article.

(3) The State shall use revenue bonds or other sources of moneys rather than this account to finance the costs of construction of any major capital projects.

(c) Calculation of Financial Needs

(1) Each year the State shall calculate in accordance with the timing provisions of Articles 29 and 31 the amounts that would have been charged (but for this article) to each contractor as provided in other provisions of this contract.

(2) Each year the State shall also establish its revenue needs for the following year for the following purposes, subject to the following limitations:

(i) The amount required to be collected under the provisions of this contract, other than this article, with respect to all revenue bonds issued by the State for Project Facilities.

(ii) The amount required for payment of the reasonable costs of the annual maintenance and operation of the State Water Resources Development System and the replacement of any parts thereof as described in Water Code section 12937(b)(1). These costs shall not include operation and maintenance costs of any Federal Central Valley Project facilities constructed by the United States and acquired by the State of California after 1994, other than the State's

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

share of the joint use facilities which include San Luis Reservoir, the San Luis Canal and related facilities.

(iii) The amount required for payment of the principal of and interest on the bonds issued pursuant to the Burns-Porter Act as described in Water Code section 12937(b)(2).

(iv) Any amount required for transfer to the California Water Fund in reimbursement as described in Water Code section 12937(b)(3) for funds utilized from said fund for construction of the State Water Resources Development System.

(v) For the years 1998 and thereafter, the amount needed for deposits into the State Water Facilities Capital Account as provided in subdivision (b) of this article, but (A) not more than $6 million per year for the years 1998, 1999 and 2000, and (B) not more than $4.5 million per year for the years 2001 and thereafter.

(3) Subject to the provisions of subdivision (e) of this article, the State shall reduce the annual charges in the aggregate for all contractors by the amounts by which the hypothetical charges calculated pursuant to subdivision (c)(1) above exceed the revenue needs determined pursuant to subdivision (c)(2) above. The reductions under this article shall be apportioned among the contractors as provided in subdivisions (d), (e), (f) and (g) of this article. Reductions to contractors shall be used to reduce the payments due from the contractors on each January 1 and July 1; *Provided*, however, that to the extent required pursuant to subdivision (h) of this article, each Agricultural Contractor shall pay to the Agricultural Rate Management Trust Fund an amount equal to the reduction allocated to such Agricultural Contractor. Any default in payment to the trust fund shall be subject to the same remedies as any default in payment to the State under this contract.

(4) The State may submit a supplemental billing to the Agency for the year in an amount not to exceed the amount of the prior reductions for such year under this article if necessary to meet unanticipated costs for purposes identified in Water Code section 12937(b)(1) and (2) for which the State can issue billings under other provisions of this contract. Any supplemental billing made to the Agency for these purposes shall be in the same proportion to the total supplemental billings to all contractors for these purposes as the prior reduction in charges to the Agency in that year bears to the total reductions in charges to all contractors in that year and shall be treated as reducing the amount of the reduction made available for that year to the Agency by the amount of the supplemental bill to the Agency.

(5) The State may also submit a supplemental billing to the Agency for the year if necessary to meet unanticipated costs for revenue bond debt service and coverage for which the State can issue a statement of charges under provisions of this contract other than this article. The relative amounts of any supplemental billing made to the Agency and to other contractors for revenue bond purposes shall be governed by such other applicable provisions of this contract.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(6) Payment of any supplemental billing shall be due thirty days after the date of the invoice. Delinquency and interest on delinquent amounts due shall be governed by Article 32.

(d) Apportionment of Reductions between Agricultural and Urban Contractors

(1) Reductions available under this article are projected to begin to occur in 1997. The numbers and percentages in this subdivision reflect certain estimates of dollars and sharing of reductions. The actual reductions may vary slightly from the amounts described below. The State shall determine the availability of reductions for each year in accordance with this article.

(2) Reductions shall be phased in as follows:

(i) In 1997 reductions in the amount of $14 million are projected to be available and shall be applied as follows: the first $10 million of reductions shall be apportioned among the Agricultural Contractors, and the remaining reductions shall be apportioned among the Urban Contractors.

(ii) In 1998 reductions in the amount of $17 million are projected to be available and shall be applied as follows: the first $10 million of reductions shall be apportioned among the Agricultural Contractors, and the remaining reductions shall be apportioned among the Urban Contractors.

(iii) In 1999 reductions in the amount of $32 million are projected to be available and shall be applied as follows: the first $10 million of reductions shall be apportioned among the Agricultural Contractors, and the remaining reductions shall be apportioned among the Urban Contractors.

(iv) In 2000 reductions in the amount of $33 million are projected to be available and shall be applied as follows: the first $10 million of reductions shall be apportioned among the Agricultural Contractors, and the remaining reductions shall be apportioned among the Urban Contractors.

(3)

(i) In the event that the aggregate amount of reductions in any of the years 1997 through 2000 is less than the respective amount projected for such year in subdivision (d)(2) above, the shortfall shall be taken first from reductions that would have been provided to Urban Contractors. Only after all reductions to Urban Contractors have been eliminated in a given year shall the remaining shortfall be taken from reductions scheduled for Agricultural Contractors. Any projected reductions not made available due to such shortfalls in the years 1997 through 2000 shall be deferred with interest at the project interest rate to the earliest subsequent years when reductions in excess of those projected for those years are available. Such deferred reductions with interest at the project interest rate shall be applied to the charges of the contractors whose reductions have been deferred.

(ii) In the event that the aggregate amount of reductions available in any of the years 1997 through 2000 is greater than the sum of (A) the respective

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

amount projected for such year in subdivision (d)(2) above, plus (B) the amount of any shortfall with accrued interest at the project interest rate, remaining from any prior year to be applied, the excess shall be applied for the purposes and in the amounts per year described in subdivisions (e)(3)(iii), (iv), (v) and (vi) of this article, in that order.

(4) In 2001 and in each succeeding year reductions equal to or in excess of $40.5 million are projected to be available and shall be applied as follows:

(i) If reductions are available in an amount that equals or exceeds $40.5 million, $10 million of reductions shall be apportioned among the Agricultural Contractors, and $30.5 million of reductions shall be apportioned among the Urban Contractors. If reductions are available in an amount greater than $40.5 million, the excess shall be applied as provided in subdivision (e)(3) of this article, subject however to subdivision (e)(1).

(ii) If reductions are available in an amount less than $40.5 million in any of these years, the reductions shall be divided on a 24.7% - 75.3% basis between the Agricultural Contractors and the Urban Contractors respectively. Any such reductions not made due to shortages shall be applied without interest in the next year in which reductions in an amount in excess of $40.5 million are available pursuant to subdivision (e)(3) of this article with any remainder that is not available carried over without interest to be applied in the earliest subsequent years when reductions in excess of $40.5 million are available.

(5) Annual charges to a contractor shall only be reduced prospectively from and after the date it executes the Monterey Amendment to this contract. Apportionments of reductions shall be calculated on the assumption that all contractors have executed such amendment.

(e) Review of Financial Requirements

(1) In 2001 and every fifth year thereafter the Director of the Department of Water Resources, in full consultation with the contractors, will review the financial requirements of the State Water Resources Development System and determine the following:

(i) The amount of revenues that are needed for State Water Resources Development System purposes in addition to those needed for the purposes specified in subdivisions (c)(2)(i), (ii), (iii), and (iv) of this article;

(ii) If the aggregate amount that would have been charged to all contractors in any year but for this article exceeds the sum of (A) the amount of revenues needed for the purposes specified in subdivisions (c)(2)(i), (ii), (iii) and (iv), plus (B) $40.5 million, plus (C) the amount determined pursuant to subdivision (c)(2)(v) of this article, the amount of such excess.

(iii) The amount of the excess determined in subdivision (e)(1)(ii) above that should be collected by the State for additional State Water Resources

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

Development System purposes and the amount of such excess that should be used for further annual charge reductions.

(2) After making the determinations required above, the State may collect the revenues for additional State Water Resources Development System purposes in the amount determined pursuant to subdivision (e)(1)(iii) above.

(3) If and to the extent that as a result of such determinations, the aggregate amount to be charged to contractors is to be reduced by more than $40.5 million per year, the following priorities and limitations shall apply with respect to the application of such additional reductions:

(i) First, reductions shall be allocated to make up shortfalls in reductions from those projected for the years 1997 through 2000 with interest at the project interest rate pursuant to subdivision (d)(3)(i).

(ii) Second, reductions shall be allocated to make up shortfalls in reductions from those projected for the years beginning with 2001 without interest pursuant to subdivision (d)(4)(ii).

(iii) Third, additional reductions in the amount of $2 million per year shall be apportioned among the Urban Contractors until a total of $19.3 million in such additional reductions have been so applied.

(iv) Fourth, reductions up to an additional $2 million per year shall be allocated to make up any shortfalls in the annual reductions provided for in subdivision (e)(3)(iii).

(v) Fifth, $2 million per year shall be charged and collected by the State and deposited in the General Operating Account to bring the account ultimately up to an amount determined by the State but not in excess of $32 million with adjustments as provided in subdivision (a) of this article. Any amount in the account in excess of this requirement shall be returned to general project revenues.

(vi) Sixth, remaining amounts if any shall be used for reductions divided on a 24.7% - 75.3% basis between the Agricultural Contractors and the Urban Contractors respectively.

(f) Apportionment of Reductions among Urban Contractors

Reductions in annual charges apportioned to Urban Contractors under subdivisions (d) and (e) of this article shall be further allocated among Urban Contractors pursuant to this subdivision. The amount of reduction of annual charges for each Urban Contractor shall be based on each Urban Contractor's proportionate share of total allocated capital costs as calculated below, for both project conservation and project transportation facilities, repaid by all Urban Contractors over the project repayment period.

(1) The conservation capital cost component of the reduction allocation shall be apportioned on the basis of maximum annual entitlement. Each Urban Contractor's proportionate share shall be the same as the percentage of that contractor's maximum annual entitlement to the total of all Urban Contractors' maximum annual entitlements.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(2) The transportation capital cost component of the reduction allocation shall be apportioned on the basis of transportation capital cost component repayment obligations, including interest over the project repayment period. Each Urban Contractor's proportionate share shall be the same as the percentage that the contractor's total transportation capital cost component repayment obligation is of the total of all Urban Contractors' transportation capital cost component repayment obligations.

(i) Recalculations shall be made annually through the year 1999. Beginning in the year 2000 recalculations shall be made every five years unless an Urban Contractor requests a recalculation for an interim year and does so by a request in writing delivered to the Department by January 1 of the year in which the recalculation is to take place.

(ii) The transportation capital cost component repayment obligations, for purposes of this Article 51(f), shall be based in the year of recalculation on the then most recent Department of Water Resources Bulletin 132, Table B-15, "Capital Cost Component of Transportation Charge for Each Contractor," or its equivalent, excluding any costs or entitlement associated with transfers of entitlement from Agricultural Contractors pursuant to Article 53.

(3) To reflect the relative proportion of the conservation capital cost component and the transportation capital cost component to the total of all capital cost repayment obligations, the two cost components shall be weighted as follows:

(i) The conservation capital cost component shall be weighted with a thirty percent (30%) factor. The weighting shall be accomplished by multiplying each Urban Contractor's percentage of maximum annual entitlements as calculated in subdivision (f)(1) of this article by thirty percent (30%).

(ii) The transportation capital cost component shall be weighted with a seventy percent (70%) factor. The weighting shall be accomplished by multiplying each Urban Contractor's percentage of transportation capital cost component repayment obligations as calculated in subdivision (f)(2) of this article by seventy percent (70%).

(iii) A total, weighted capital cost percentage shall be calculated for each Urban Contractor by adding the weighted conservation capital cost component percentage to their weighted transportation capital cost component percentage.

(4) The total amount of the annual charges to be reduced to Urban Contractors in each year shall be allocated among them by multiplying the total amount of annual charges to be reduced to the Urban Contractors by the total, weighted capital cost percentages for each such contractor. If the amount of the reduction to an Urban Contractor is in excess of that contractor's payment obligation to the Department for that year, such excess shall be reallocated among the other Urban Contractors.

(5) In the case of a permanent transfer of urban entitlement, the proportionate share of annual charge reductions associated with that entitlement shall be transferred with the entitlement to the buying contractor. In the case of an entitlement transfer by

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

either Santa Barbara County Flood Control and Water Conservation District or San Luis Obispo County Flood Control and Water Conservation District, the reductions in annual charges to that agency shall be allocated (a) on the basis of that entitlement being retained by that agency which bears Coastal Branch Phase II transportation costs, (b) on the basis of that entitlement being retained by that agency which does not bear Coastal Branch Phase II transportation costs, and (c) on the basis of the balance of that agency's entitlement which also does not bear Coastal Branch Phase II transportation costs.

(g) Apportionment of Reductions Among Agricultural Contractors

(1) Reductions in annual charges apportioned to Agricultural Contractors under subdivisions (d) and (e) of this article shall be allocated among the Agricultural Contractors pursuant to this subdivision. The amount of reduction of annual charges for each Agricultural Contractor for the years 1997 through 2001 shall be based on each Agricultural Contractor's estimated proportionate share of the total project costs, excluding the variable operation, maintenance, power and replacement components of the Delta Water Charge and the Transportation Charge and also excluding off-aqueduct power charges, to be paid by all Agricultural Contractors for the years 1997 through 2035, calculated without taking into account this article. For purposes of these calculations, Kern County Water Agency's and Dudley Ridge Water District's estimated project costs shall not include any costs associated with the 45,000 acre-feet of annual entitlement being relinquished by those contractors pursuant to subdivision (i) of Article 53. Also, for purposes of these calculations, an Agricultural Contractor's estimated project costs shall not be reduced by the transfer of any of the 130,000 acre-feet of annual entitlements provided for in subdivisions (a) through (i) of Article 53. The proportionate shares for 1997 through 2001 shall be calculated as follows:

(i) Each Agricultural Contractor's statement of charges received July 1, 1994, shall be the initial basis for calculating the proportionate shares for the five years 1997 through 2001.

(ii) Each Agricultural Contractor's estimated capital and minimum components of the Delta Water Charge and the Transportation Charge (excluding off-aqueduct power charges) and Water Revenue Bond Surcharge shall be totaled for the years 1997 through 2035.

(iii) Kern County Water Agency and Dudley Ridge Water District totaled costs shall be reduced for the 45,000 acre-feet of annual entitlement being relinquished by them.

(iv) Any reductions in an Agricultural Contractor's totaled costs resulting from the transfer of any of the 130,000 acre-feet of annual entitlement shall be re-added to that contractor's costs.

(v) Each Agricultural Contractor's proportionate share shall be computed by dividing that contractor's total costs by the total costs for all Agricultural Contractors determined pursuant to subparagraphs (ii), (iii) and (iv) above.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(2) The reductions in annual charges, for 1997 through 2001, shall be calculated using the method described in subdivision (g)(1) of this article.

(3) The allocation shall be recalculated using the same method described in subdivision (g)(1) of this article every five years beginning in 2002, if any Agricultural Contractor requests such a recalculation. Any recalculation shall be based on project cost data beginning with the year that the recalculation is to become effective through 2035.

(h) Agricultural Rate Management Trust Fund

(1) **Establishment.** Through a trust agreement executed contemporaneously with this amendment, the State and the Agricultural Contractors that sign the Monterey Amendments shall establish the Agricultural Rate Management Trust Fund with a mutually agreed independent trustee.

(2) **Separate Accounts.** The trustee shall maintain within the trust fund a separate account for each Agricultural Contractor that signs the trust agreement to hold deposits made pursuant to this article.

(3) **Deposits.** Each Agricultural Contractor that signs the trust agreement shall deposit into such contractor's account within the trust fund, at the same time as payments would otherwise be required by this contract to be made to the State, an amount equal to the amount by which such contractor's charges under this contract have been reduced by reason of this article, until the balance in such contractor's account within the trust fund is the same percentage of $150,000,000 as such contractor's percentage share of reductions made available to all Agricultural Contractors as specified in subdivision (g) of this article. In 2002 and every fifth year thereafter, the Agricultural Contractors will review the maximum accumulation in the trust fund (the "Cap") and determine whether the cap should be adjusted. However, the Cap shall not be reduced below an aggregate of $150,000,000 for all Agricultural Contractor accounts.

(4) Trust Fund Disbursements.

(i) In any year in which the State's allocation of water to an Agricultural Contractor by April 15th of that year is less than one-hundred percent (100%) of the contractor's requested annual entitlement for that year, the trustee shall, to the extent there are funds in that contractor's account, distribute to the State from such account for the benefit of that contractor an amount equal to the percentage of the total of that contractor's statement of charges for that year, as redetermined by the State on or about May 15th of that year, for (a) the Delta Water Charge; (b) the capital cost and minimum operation, maintenance, power and replacement components of the Transportation Charge (including off-aqueduct power charges); and (c) the water system revenue bond surcharge, that is equal to the percentage of that contractor's annual entitlement for that year that was not allocated to it by the State by April 15th of that year.

(ii) In addition to the provisions of subdivision (h)(4)(i) of this article, if on April 15 of any year any of the irrigable land within the Tulare Lake Basin Water Storage District (Tulare) is flooded, and Tulare in writing requests the trustee to do so, the trustee shall, to the extent there are funds in Tulare's account,

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

distribute to the State from such account for the benefit of Tulare an amount equal to the percentage of the total of Tulare's statement of charges for that year, as redetermined by the State on or about May 15th of that year, for (a) the Delta Water Charge; (b) the capital cost and minimum components of the Transportation Charge (including off-aqueduct power charges); and (c) the water system revenue bond surcharge, that is equal to the percentage of the irrigable land within Tulare that is flooded on April 15.

(iii) Each Agricultural Contractor shall remain obligated to make payments to the State as required by other articles in this contract. Any amount to be disbursed pursuant to subdivisions (h)(4)(i) and (h)(4)(ii) shall be paid by the trustee to the State on July 1 of the year involved and shall be credited by the State toward any amounts owed by such respective Agricultural Contractor to the State as of that date. However, an Agricultural Contractor may direct the trustee to make the disbursement to that Agricultural Contractor which shall in turn make the payment to the State as required by other provisions of this contract. If the amount to be disbursed exceeds the amount owed to the State by such contractor as of July 1, the excess shall be disbursed by the Trustee to the State at the time of and in payment of future obligations owed to the State by such contractor. Alternatively, upon the request of such contractor, all or part of the excess shall be paid by the trustee to that contractor in reimbursement of prior payments by the contractor to the State for that year.

(5) **Payment of Supplemental Bills.** In any year in which a supplemental bill has been submitted to an Agricultural Contractor pursuant to subdivision (c)(4) of this article, such supplemental bill shall be treated as reducing by an equal amount the obligation of such contractor for that year to make payments into the Agricultural Rate Management Trust Fund. To the extent that such contractor has already made payments to the trust fund in an amount in excess of such contractor's reduced trust fund payment obligation, such contractor may request the trustee to use the excess from the trust fund to pay the supplemental bill.

(6) **Discharge of Payment Obligation.** Each payment to the State by the trust fund shall discharge and satisfy the Agricultural Contractor's obligation to pay the amount of such payment to the State. No reimbursement of the trust fund by the Agricultural Contractor for such payments shall be required. However, each Agricultural Contractor shall continue to make deposits to the trust fund matching the amount of each year's reductions as provided in subdivision (d) of this article so long as the amount in that contractor's account is less than its share of the Cap.

(7) **Distribution of Funds in Excess of the Cap**. Whenever accumulated funds (including interest) in an Agricultural Contractor's account in the trust fund exceed that contractor's share of the Cap, or the estimated remaining payments the contractor is required to make to the State prior to the end of the project repayment period, that contractor may direct the trustee to pay such excess to the contractor.

(8) **Termination of Trust Fund.** At the end of the project repayment period, the Agricultural Rate Management Trust Fund shall be terminated and any balances

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

remaining in the accounts for each of the Agricultural Contractors shall be disbursed to the respective Agricultural Contractors.

(i) Definitions.

For the purposes of this article, the following definitions will apply:

(1) "Agricultural Contractor" shall mean the following agencies as they now exist or in any reorganized form:

(i) County of Kings,
(ii) Dudley Ridge Water District,
(iii) Empire West Side Irrigation District,
(iv) Kern County Water Agency for 993,300 acre-feet of its entitlement,
(v) Oak Flat Water District,
(vi) Tulare Lake Basin Water Storage District.

(2) "Urban Contractor" shall mean every other agency having a long term water supply contract with the State as they exist as of the date of this amendment or in any reorganized form as well as Kern County Water Agency for 119,600 acre-feet of its entitlement.

(j) <No Subtitle>

Except as provided in subdivisions (c)(4) and (c)(5), this article shall not be interpreted to result in any greater State authority to charge the contractors than exists under provisions of this contract other than this article.

52.[59] KERN WATER BANK

(a) <No Subtitle>

The State shall convey to the Kern County Water Agency (KCWA) in accordance with the terms set forth in the agreement between the State of California Department of Water Resources and Kern County Water Agency entitled "Agreement for the Exchange for the Kern Fan Element of the Kern Water Bank" (the Kern Water Bank Contract), the real and personal property described therein.

(b) <No Subtitle>

Subject to the approval of KCWA, other contractors may be provided access to and use of the property conveyed to KCWA by the Kern Water Bank contract for water storage and recovery. Fifty percent (50%) of any project water remaining in storage on December 31, 1995, from the 1990 Berrenda Mesa Demonstration Program and the La Hacienda Water Purchase Program shall be transferred to KCWA pursuant to the Kern Water Bank Contract. The remaining fifty percent (50%) of any such water (approximately 42,828.5 acre-feet) shall remain as project water and the State's recovery of such project water shall be pursuant to the provisions of a separate recovery contract. Any other Kern Water Bank demonstration program water shall remain as project water and the State's recovery of such water shall be pursuant to the provisions of the respective contracts for implementation of such demonstration programs.

---

59 Added: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

53.[60] PERMANENT TRANSFERS AND REDUCTIONS OF ENTITLEMENT

(a) <No Subtitle>

Article 41 provides that no assignment or transfer of a contract or any part thereof, rights thereunder or interest therein by a contractor shall be valid unless and until it is approved by the State and made subject to such reasonable terms and conditions as the State may impose. In accordance with State policy to assist water transfers, the State and the County of Kings, Dudley Ridge Water District (DRWD), Empire West Side Irrigation District, Kern County Water Agency (KCWA), Oak Flat Water District and Tulare Lake Basin Water Storage District (for the purposes of this article the "Agricultural Contractors") shall, subject to the conditions set forth in this article, expeditiously execute any necessary documents and approve all contracts between willing buyers and willing sellers until permanent transfers totaling 130,000 acre-feet of annual entitlements of the Agricultural Contractors and, to the extent provided in such contracts, rights in project transportation facilities related to such annual entitlement have been made to other contractors (the "Urban Contractors") or noncontractors in accordance with the provisions of this article. Such approval requirement shall apply to all contracts executed prior to January 1, 2011. KCWA shall be responsible for approval of such transfers for any portion of the 130,000 acre-feet not previously made available under this article by the other Agricultural Contractors. A contract between a willing buyer and a willing seller shall mean a contract between (1) a buyer which is an Urban Contractor or, to the extent provided in subdivision (e) of this article, a noncontractor and (2) a seller which is an Agricultural Contractor or a public entity which obtains project water from an Agricultural Contractor.

(b) <No Subtitle>

The State shall not be obligated to approve any transfer of annual entitlements if in its judgment the transfer would impair the security of the State's bondholders and the State may impose conditions on any transfer as necessary to make the delivery of the water operationally feasible and to assure that the transportation costs associated with the transferred entitlement are fully repaid. Transfers not approved by the State shall not be considered as part of the 130,000 acre-feet of annual entitlements provided for in this article.

(c) <No Subtitle>

KCWA member units shall have 90 days to exercise a right of first refusal to purchase any annual entitlements being offered for sale to Urban Contractors by another KCWA member unit pursuant to this article, other than those annual entitlements made available to Urban Contractors by subdivision (d) of this article, by agreeing to pay the same price offered by the buyer. Any such sales to KCWA member units exercising such right of the first refusal shall not be considered a part of the 130,000 acre-feet of annual entitlements provided for in this article.

(d) **<No Subtitle>**

Any permanent transfers of annual entitlements by Agricultural Contractors to noncontractors, including transfers to KCWA urban member units or to KCWA's Improvement District Number 4, other than transfers pursuant to subdivision (c) of this article, will be considered a part of the 130,000 acre-feet of annual entitlements provided for in this article if the

---

60 Added: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

Urban Contractors have been given a right of first refusal to purchase such annual entitlements as well as transportation rights in accordance with the following terms and procedure:

(1) The Agricultural Contractor shall provide the State a copy of a bona fide contract or Proposed Contract (the "Proposed Contract") and the State shall, within five working days of receipt, provide copies of such Proposed Contract to all Urban Contractors together with a Notice of Proposed Contract stating the date on or before which a Notice of Intent to Exercise a Right of First Refusal (NOI) must be delivered to both the State and the seller, which date shall be 90 days from the date the State mails the Notice of Proposed Contract.

(2) The Proposed Contract shall provide for the transfer of rights in project transportation facilities sufficient to deliver to the seller's service area in any one month eleven percent (11%) of the annual entitlement being transferred or such greater amount as the seller determines to sell; Provided, however, that sellers shall not be obligated to sell any transportation rights in the Coastal Aqueduct.

(3) To exercise the right of first refusal, an Urban Contractor shall deliver to the State and the seller its NOI within the time period stated in the Notice of Proposed Contract and shall proceed in good faith to try to complete the transfer to the Urban Contractor. If two or more Urban Contractors deliver NOIs to the State, the amount of annual entitlement and transportation rights being sold shall be allocated among those Urban Contractors that are prepared to perform the purchase by the Performance Date provided for herein in proportion to their maximum annual entitlements, or in another manner acceptable to the Urban Contractors delivering the NOIs. An offer by an Urban Contractor in its NOI to purchase less than the entire annual entitlement and transportation right being transferred shall not be deemed to be an effective exercise of the right of first refusal unless other Urban Contractors submit NOIs to purchase the remainder of the annual entitlement and transportation right or the noncontractor buyer agree to purchase the remainder at the same unit price and on the same terms and conditions provided for in the Proposed Contract. The Performance Date shall be the date upon which the Urban Contractor is prepared to perform the purchase, which date shall be the later of: (1) 180 days after the delivery of the NOI or (2) the date set forth in the Proposed Contract for the noncontractor buyer to perform the purchase.

The Performance Date shall be extended at the request of the Urban Contractor if a temporary restraining order or preliminary injunction is in effect as a result of a lawsuit challenging the execution of the contract on the basis of noncompliance with the California Environmental Quality Act. Such extensions shall continue until five days after the temporary restraining order or injunction expires or until the Urban Contractor requests it be discontinued, whichever occurs first. The Urban Contractor shall be liable for any damages suffered by the seller as a result of such extensions of the Performance Date.

(4) If the seller and the noncontractor buyer under the Proposed Contract make any substantive changes in the Proposed Contract, such changes shall constitute a new Proposed Contract that cannot be performed without compliance with all of the procedures set forth in this article.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(5) If an Urban Contractor issuing a NOI fails to complete its exercise of the Right of First Refusal by the Performance Date, the seller shall be free to sell its entitlement in substantial conformance with the terms and conditions set forth in the Proposed Contract. An Urban Contractor issuing a NOI may assign its rights to exercise a right of first refusal to another Urban Contractor and the assignee shall have the same rights as the assignor to complete the purchase by the Performance Date.

(6) In exercising the Right of First Refusal, an Urban Contractor, at its option, may either agree to perform the Proposed Contract in its entirety, including all of its terms and conditions, or agree to pay the price offered under the Proposed Contract for the annual entitlement and transportation rights without condition and without being entitled to enforce or being subject to any other provisions of the Proposed Contract.

(e) <No Subtitle>

As used in this article, "price" shall mean the dollar amount of consideration provided for in the Proposed Contract.

(f) <No Subtitle>

Upon the effective date of any such transfer, the seller shall be relieved of and the buyer shall become liable to the State for all prospective Delta Water Charges, the related Transportation Charges and any other charges for the annual entitlements and associated transportation rights transferred unless the seller and buyer provide otherwise in the contract for the transfer and the State approves such other provisions. However, the contractor making the sale shall remain obligated to the State to make the payments if the buyer defaults on its payments to the State related to the water transferred and is not a party to a long term water supply contract of the type contained in Department of Water Resources Bulletin Number 141. If the contractor making the sale is required to make any payments to the State as a result of the buyer's default, the entitlement transferred to the defaulting buyer shall, if provided for in the Proposed Contract, revert back to the contractor making the sale. The buyer may also be liable for any charges imposed pursuant to subdivision (g) of this article.

(g) <No Subtitle>

A contractor which is a buyer of annual entitlement pursuant to this article may receive deliveries using any portion of the capacity previously provided by the State in each reach of the project transportation facilities for such contractor that is necessary for transporting the entitlement purchased by it on the same basis as any other entitlement provided for in its Table A in effect prior to the date of the Monterey Amendment. Such contractor may also use any transportation rights transferred to it by a seller in the same manner as the seller was entitled to use them and any unused capacity in any of the reaches specified in this paragraph so long as project operations and/or priority of service of water to other contractors participating in repayment of capital costs in such reaches is not adversely affected. The State shall not be responsible for any resulting adverse impacts upon its ability to provide such contractor peaking capacity. The capital cost and minimum operation, maintenance, power and replacement components of the Transportation Charge allocated to a buying contractor needing transportation capacity in excess of the capacity factors on which its charges are based in any reach shall be determined prospectively based upon the increase in the buying contractor's annual entitlement

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

resulting from the purchase, and service of water to fulfill annual entitlement to other contractors shall not be impaired. The capital cost and minimum operation, maintenance, power and replacement component of the Transportation Charges shall then be reallocated among the other entities participating in repayment of costs of that reach. For the purposes of this determination, all payments received by the State from the seller relating to the annual entitlement sold shall be deemed to have been received from the buying contractor. Any increased Transportation minimum operation, maintenance, power and replacement component charges allocated to the buying contractor pursuant to this subdivision (g) shall begin January 1 of the year following the effective date of the transfer.

(h) <No Subtitle>

Individual contractors may transfer entitlements among themselves in amounts in addition to those otherwise provided for in this article. The State shall expeditiously execute any necessary documents and approve all contracts involving permanent sales of entitlements among contractors, including permanent sales among Urban Contractors. Such sales shall be subject to the provisions of subdivisions (b), (f) and (g) of this article; *Provided*, however, that for a buying contractor needing transportation capacity in excess of the capacity factors on which its charges are based in any reach, reallocation of the Transportation capital cost component charges for transfers other than (i) the 130,000 acre-feet provided for in this article and (ii) the approximate 33,000 acre-feet of transfers proposed from contractors located in Santa Barbara or San Luis Obispo counties, shall be determined both prospectively and retroactively.

(i) <No Subtitle>

On January 1 following the year in which such Monterey Amendments take effect and continuing every year thereafter until the end of the project repayment period: (i) Kern County Water Agency's (KCWA) annual entitlement for agricultural use as currently designated in Table A-1 of its contract shall be decreased by 40,670 acre-feet; (ii) Dudley Ridge Water District's (DRWD) annual entitlement as currently designated in Table A of its contract shall be decreased by 4,330 acre-feet; and (iii) the State's prospective charges (including any adjustments for past costs) for the 45,000 acre-feet of annual entitlements to be relinquished by KCWA and DRWD thereafter shall be deemed to be costs of project conservation facilities and included in the Delta Water Charge for all contractors in accordance with the provisions of Article 22. If by November 20, 1995 and each October 1 thereafter until the Monterey Amendments of both KCWA and DRWD take effect, KCWA and DRWD at their option notify the State in writing that they will relinquish up to their shares of 45,000 acre-feet of annual entitlements for the following calendar year beginning before the Monterey Amendments take effect, the State, when and if the Monterey Amendments take effect, shall adjust the charges retroactively for the acre-feet relinquished by KCWA and DRWD to January 1 of each year for which water was relinquished. The delivery points for the 45,000 acre-feet of annual entitlement to be relinquished shall be identified for the State by KCWA and DRWD to enable the State to calculate the transportation costs for the 45,000 acre-feet to be included in the Delta Water Charge.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

54.[61] USAGE OF LAKES CASTAIC AND PERRIS

(a) <No Subtitle>

The State shall permit the contractors participating in repayment of the capital costs of Castaic Lake (Reach 30) and Lake Perris (Reach 28J) to withdraw water from their respective service connections in amounts in excess of deliveries approved pursuant to other provisions of the state water contracts. Each such contractor shall be permitted to withdraw up to a Maximum Allocation from the reach in which it is participating. The contractors participating in repayment of Castaic Lake may withdraw a collective Maximum Allocation up to 160,000 acre-feet pursuant to this article, which shall be apportioned among them pursuant to the respective proportionate use factors from the Department of Water Resources' Bulletin 132-94, Table B-1 upon which capital cost repayment obligations are based, as follows:

Castaic Lake

Participating Contractor	Proportionate Use Factor	Maximum Allocation (Acre Feet)
The Metropolitan Water District of Southern California	0.96212388	153,940
Ventura County Flood Control and Water Conservation District	0.00860328	1,376
Castaic Lake Water Agency	0.02927284	4,684
Total	1.00000000	160,000

The Metropolitan Water District of Southern California, as the only contractor participating in repayment of Lake Perris, shall be allocated a Maximum Allocation at Lake Perris of 65,000 acre-feet based upon a proportionate use factor of 1.00000000.

The Maximum Allocation totals of 160,000 acre-feet and 65,000 acre-feet shall not be subject to adjustment. The individual contractor's Maximum Allocations shall be adjusted only as agreed to among the contractors desiring to adjust their Maximum Allocations. Adjustments between the contractors shall be subject to approval of the State which approval shall be given unless there are adverse impacts upon another contractor participating in the reach which are unacceptable to such contractor. The participating contractors will, in consultation with the State, cooperate with each other in an effort to promote efficient utilization of Castaic Lake, and to minimize any adverse impacts to each other, through coordination of deliveries pursuant to other provisions of the State Water Contract as well as withdrawals of allocations pursuant to this article.

(b) <No Subtitle>

The State shall operate Castaic and Perris Reservoirs as transportation facilities in a manner consistent with this article. A contractor desiring to withdraw a portion or all of its Maximum Allocation shall furnish the State with a proposed delivery schedule. The proposed

61 Added: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

schedule may be submitted as part of the preliminary water delivery schedule submitted pursuant to Article 12(a)(1). Upon receipt of a schedule the State shall promptly review it to ensure that the amounts, times and rates of delivery will be consistent with the State's ability to operate the reach. The contractor may modify its proposed delivery schedule at any time, and the modified schedule shall be subject to review in the same manner. If necessary, the State may modify the schedule after consultation with the contractor and other contractors participating in repayment of that reach but may not change the total quantity of water to be withdrawn. As part of the consultation, the State shall advise a contractor if it determines a withdrawal will adversely impact the rate of delivery provided for the contractor in this contract. The State shall not be responsible for any such impacts.

(c) <No Subtitle>

A contractor may withdraw all or a portion of its Maximum Allocation. It shall restore any withdrawn portion of such allocation by furnishing an equivalent amount of replacement water to the reservoir from which the water was withdrawn within five years from the year in which the withdrawal takes place. The unused portion of the allocation, in addition to any replacement water furnished to the reservoir, shall remain available for subsequent withdrawal. The State shall keep an accounting of the contractor's storage withdrawals and replacements. In any year, the State shall permit a contractor to withdraw an amount equivalent to the contractor's Maximum Allocation minus remaining replacement water requirements due to previous withdrawals. If the contractor fails to schedule and replace the withdrawn water within the five-year return period, the State shall provide the replacement water from water scheduled for delivery to the contractor in the sixth year or as soon as possible thereafter. The total amount of scheduled annual entitlement which a contractor can use in any one year for restoring its Maximum Allocation and storing water in surface storage facilities outside of its service area pursuant to Article 56 shall be the sum of the maximum amount the contractor can add to storage that year pursuant to Article 56 and the amount of acre-feet shown in column 2 of the following table, depending on the State's final water supply allocation percentage as shown in column 1.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

1. Final Water Supply Allocation Percentage	2. Maximum Acre-Feet of Scheduled Entitlement for Restoring Maximum Allocation*
50% or less	100,000
51%	98,000
52%	96,000
53%	94,000
54%	92,000
55%	90,000
56%	88,000
57%	86,000
58%	84,000
59%	82,000
60%	80,000
61%	78,000
62%	76,000
63%	74,000
64%	72,000
65%	70,000
66%	68,000
67%	66,000
68%	64,000
69%	62,000
70%	60,000
71%	58,000
72%	56,000
73%	54,000
74%	52,000
75 to 99%	50,000
100%	no limit

*Excludes the maximum amount that can be added to storage in a year pursuant to Article 56, which may be used in addition to the amounts in this table to restore Maximum Allocation.

A contractor may use any of this total amount for replacement water but cannot use any more than that provided for in Article 56 to add to storage in project surface conservation facilities and in nonproject surface storage facilities. There shall be no limit under this article on the amount of scheduled annual entitlement a contractor can use to restore its Maximum Allocation in a year when its percentage of annual water supply allocation in one-hundred percent (100%), nor shall there be any limit under this article on the amount of interruptible water, nonproject water or water obtained through an exchange which a contractor can use to restore its Maximum Allocation.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(d) <No Subtitle>

For any replacement water furnished to reservoir storage pursuant to this article, the responsible contractor shall pay the State charges for the conservation, if any, and transportation of such replacement water as are associated with the type of replacement water that is furnished, as if such water were delivered to the turnout at the reservoir to which the replacement water is furnished. Adjustments from estimated to actual costs shall be subject to provisions applicable to the type of replacement water. The State shall not charge contractors for water withdrawn pursuant to this article.

(e) <No Subtitle>

The State shall operate capacity in Castaic and Perris Reservoirs, not required for purposes of Maximum Allocation deliveries, in compliance with the requirement of Article 17(b) of The Metropolitan Water District of Southern California's water supply contract with the State to maintain an amount of water reasonably sufficient to meet emergency requirements of the contractors participating in repayment of that reach. A contractor receiving water pursuant to this article accepts that the State shall not be liable for any damage, direct or indirect, arising from shortages in the amount of water to be made available from that reservoir to meet the contractor's actual emergency requirements as a result of prior storage withdrawals by that contractor pursuant to this article. Nothing in this article shall permit or require the State to adjust allocations or deliveries under Article 18.

(f) <No Subtitle>

To the extent a contractor, during a calendar year, uses all or a portion of its Maximum Allocation, the State may, to the extent necessary to service project purposes, reduce that contractors' requested peaking service. Such reduction in peaking service shall only occur to the extent such usage of Maximum Allocation causes the State to be unable to provide all peaking service requested. This paragraph shall not apply to the extent the contractor requested usage of Maximum Allocation as part of the preliminary water delivery schedule submitted pursuant to Article 12(a)(1).

(g) <No Subtitle>

The State may reduce water stored in Castaic Lake and Lake Perris to the extent necessary for maintenance and to respond to emergencies resulting from failure of project transportation facilities or of other supply importation facilities serving the State project service area. The State shall promptly replace water within the Maximum Allocation as soon as the need for the reduction terminates.

55.[62] TRANSPORTATION OF NONPROJECT WATER

(a) <No Subtitle>

Subject to the delivery priorities in Article 12(f), contractors shall have the right to receive services from any of the project transportation facilities to transport water procured by them from nonproject sources for delivery to their service areas and to interim storage outside

62 Added: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

their service areas for later transport and delivery to their service areas: *Provided*, that except to the extent such limitation in Section 12931 of the Water Code be changed, a contractor shall not use the project transportation facilities under this option to transport water the right to which was secured by the contractor through eminent domain unless such use be approved by the Legislature by concurrent resolution with the majority of the members elected to each house voting in favor thereof.

(b) <No Subtitle>

For any nonproject water delivered pursuant to this article, contractors shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the conservation and transportation of such water as if such nonproject water were entitlement water, as well as all incremental operation, maintenance, and replacement costs, and any other incremental costs, which may include an administrative or contract preparation charge, all as determined by the State. Incremental costs shall mean those nonpower costs which would not be incurred if nonproject water were not scheduled for or delivered to contractors. Only those contractors not participating in the repayment of a reach shall be required to pay a use of facilities charge for the delivery of nonproject water from or through that reach. Costs for transporting water placed into interim storage shall be paid in the same manner as provided for in subdivision (c)(6) of Article 56.

(c) **<No Subtitle>**

The amount, times and rates of delivery of nonproject water shall be provided for pursuant to a water delivery schedule to be issued in the same manner as provided for in Article 12. The cost specified in this article shall be paid for at the same time the corresponding project water costs are paid.

56.[63] USE, STORAGE, AND SALE OF PROJECT WATER OUTSIDE OF SERVICE AREA AND STORAGE OF WATER IN PROJECT SURFACE CONSERVATION FACILITIES

(a) State Consent to Use of Project Water Outside of Service Area

Notwithstanding the provisions of Article 15(a), the State hereby consents to the Agency storing project water outside its service area for later use within its service area in accordance with the provisions of subdivision (c) of this article and to the Agency selling project water for use outside its service area in accordance with the provisions of subdivision (d) of this article.

(b) Groundwater Storage Programs

The Agency shall cooperate with other contractors in the development and establishment of groundwater storage programs.

(c) Storage of Project Water Outside of Service Area

(1) A contractor may elect to store project water outside its service area for later use within its service area, up to the limits and in accordance with the provisions provided for in this subdivision (c) and any applicable water right laws, by setting forth

63 Added: Amendment 14

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

on the preliminary water delivery schedule submitted to the State on or before October 1 of each year pursuant to Article 12 (a) the quantity of project water it wishes to store in the next succeeding year. There shall be no limit on the amount of project water a contractor can store outside its service area during any year in a then existing and operational groundwater storage program. The amount of project water a contractor can add to storage in project surface conservation facilities and in nonproject surface storage facilities located outside the contractor's service area each year shall be limited to the lesser of the percent of the contractor's Table A annual entitlement shown in column 2 or the acre-feet shown in column 3 of the following table, depending on the State's final water supply allocation percentage as shown in column 1. However, there shall be no limit to storage in nonproject facilities in a year in which the State's final water supply allocation percentage is one hundred percent. These limits shall not apply to water stored pursuant to Article 12(e).

1. Final Water Supply Allocation Percentage	2. Maximum Percent of Agency's Annual Entitlement That Can be Stored	3. Maximum Acre-Feet That Can be Stored
50% or less	25%	100,000
51%	26%	104,000
52%	27%	108,000
53%	28%	112,000
54%	29%	116,000
55%	30%	120,000
56%	31%	124,000
57%	32%	128,000
58%	33%	132,000
59%	34%	136,000
60%	35%	140,000
61%	36%	144,000
62%	37%	148,000
63%	38%	152,000
64%	39%	156,000
65%	40%	160,000
66%	41%	164,000
67%	42%	168,000
68%	43%	172,000
69%	44%	176,000
70%	45%	180,000
71%	46%	184,000
72%	47%	188,000
73%	48%	192,000
74%	49%	196,000
75% or more	50%	200,000

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

(2) Storage capacity in project surface conservation facilities at any time in excess of that needed for project operations shall be made available to requesting contractors for storage of project and nonproject water. If such storage requests exceed the available storage capacity, the available capacity shall be allocated among contractors requesting storage in proportion to their annual entitlements designated in their Table As for that year. A contractor may store water in excess of its allocated share of capacity as long as capacity is available for such storage.

(3) If the State determines that a reallocation of excess storage capacity is needed as a result of project operations or because of the exercise of a contractor's storage right, the available capacity shall be reallocated among contractors requesting storage in proportion to their annual entitlements designated in their Table As for that year. If such reallocation results in the need to displace water from the storage balance for any contractor or noncontractor, the water to be displaced shall be displaced in the following order of priority:

First, water, if any, stored for noncontractors.

Second, water stored for a contractor that previously was in excess of that contractor's allocation of storage capacity.

Third, water stored for a contractor that previously was within that contractor's allocated storage capacity.

The State shall give as much notice as feasible of a potential displacement.

(4) Any contractor electing to store project water outside its service area pursuant to this subdivision may not sell project water under the provisions of subdivision (d) of this article during the year in which it elected to store project water. This limitation shall not apply to replacement water furnished to Castaic and Perris Reservoirs pursuant to Article 54, nor to the storage of water introduced into a groundwater basin outside a contractor's service area if recovery is intended to occur within that contractor's service area.

(5) The restrictions on storage of project water outside a contractor's service area provided for in this subdivision (c), shall not apply to storage in any project offstream storage facilities constructed south of the Delta after the date of this amendment.

(6) For any project water stored outside its service area pursuant to this subdivision (c), a contractor shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as the contractor pays for the transportation of annual entitlement to the reach of the project transportation facility from which the water is delivered to storage. If annual entitlement is stored, the Delta Water Charge shall be charged only in the year of delivery to interim storage. For any stored water returned to a project transportation facility for final delivery to its service area, the contractor shall pay the State the same for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water calculated from the point of return to the aqueduct to the turn-out in the contractor's service area. In addition, the

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

contractor shall pay all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State, which shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if such water were scheduled for or delivered to the contractor's service area instead of to interim storage outside the service area. Only those contractors not participating in the repayment of a reach shall be required to pay a use of facilities charge for use of a reach for the delivery of water to, or return of water from, interim storage.

(7) A contractor electing to store project water in a nonproject facility within the service area of another contractor shall execute a contract with that other contractor prior to storing such water which shall be in conformity with this article and will include at least provisions concerning the point of delivery and the time and method for transporting such water.

(d) Sale of Project Water For Use Outside Service Area

(1) If in any year a contractor has been allocated annual entitlement that it will not use within its service area, the contractor has not elected to store project water in accordance with the provisions of subdivision (c) of this article during that year, and the contractor has not elected to carry over entitlement water from the prior year pursuant to the provisions of Article 12(e), the contractor may sell such annual entitlement for use outside its service area in accordance with the following provisions.

(2) Each year the State shall establish an annual entitlement water pool (the Pool) for contractors wishing to sell or buy project water pursuant to the provisions of this subdivision. The Pool shall constitute the exclusive means of selling portions of annual entitlements not desired by contractors that year. Contractors willing to sell to or buy water from the Pool shall notify the State in writing of their desire to do so indicating the quantity to be sold or purchased. Contractors shall have the first priority to purchase all water placed in the Pool. The State may purchase any water remaining in the Pool not purchased by contractors at the same price available to contractors and use such water for the purpose of providing additional carryover storage for contractors: *Provided*, that the State shall consult with the contractors prior to making any such purchase.

(3) Each year, the price per acre-foot to be paid by the State to contractors selling water placed in the Pool on or before February 15 that is purchased by a contractor requesting such purchase by March 1 or by the State on March 1 shall be equal to fifty percent (50%) of the Delta water rate as of that date. The price per acre-foot to be paid to the State for the purchase of water from the Pool by a contractor placing a request for such purchase on or before March 1 shall be equal to fifty percent (50%) of the Delta water rate as of that date. Any water placed in the Pool on or before February 15 that is not purchased by contractors for the State by March 1 may be withdrawn from the Pool by the selling contractor.

(4) Each year the price per acre-foot to be paid by the State to contractors selling water remaining in the Pool or placed in the Pool after February 15, but on or before March 15 that is purchased by a contractor requesting such purchase by April 1 or by the State on April 1 shall be equal to twenty-five percent (25%) of the Delta water rate

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

as of that date. The price per acre-foot to be paid to the State for the purchase of water from the Pool by a contractor placing a request for such purchase between March 2 and April 1 shall be equal to twenty-five percent 25%) of the Delta water rate as of the later date. Any water placed in the Pool on or before March 15 that is not purchased by a contractor or the State by April 1 may be withdrawn from the Pool by the selling contractor.

(5) If there are more requests from contractors to purchase water from the Pool than the amount in the Pool, the water in the Pool shall be allocated among those contractors requesting such water in proportion to their annual entitlements for that year up to the amount of their requests. If requests to purchase water from the Pool total less than the amount of water in the Pool, the sale of Pool water shall be allocated among the contractors selling such water in proportion to their respective amounts of water in the Pool.

(6) Any water remaining in the Pool after April 1 that is not withdrawn by the selling contractor shall be offered by the State to contractors and noncontractors and sold to the highest bidder: *Provided*, that if the highest bidder is a noncontractor, all contractors shall be allowed fifteen days to exercise a right of first refusal to purchase such water at the price offered by the noncontractor. The price to be paid to the selling contractor shall be the amount paid by the buyer exclusive of the amount to be paid by the buyer to the State pursuant to subdivision (d)(7) of this article.

(7) For any water delivered from the Pool to contractors, the buyer shall pay the State the same for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as if such water were entitlement water, as well as all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State, which shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if such water were not scheduled for or delivered to the buyer. Only those buyers not participating in the repayment of a reach shall be required to pay any use of facilities charge for the delivery of such water from or through the reach. Adjustments from estimated to actual costs shall be computed by the State pursuant to these provisions and shall be paid by the buyer or credited to the buyer at the times and interest rates described in Article 28(c).

(e) Continuance of Article 12(e) Carry-over Provisions

The provisions of this article are in addition to the provisions of Article 12(e), and nothing in this article shall be construed to modify or amend the provisions of Article 12(e). Any contractor electing to sell project water during any year in accordance with the provisions of subdivision (d) of this article, shall not be precluded from using the provisions of Article 12(e) for carrying over water from the last three months of that year into the first three months of the succeeding year.

(f) Bona Fide Exchanges Permitted

Nothing in this article shall be deemed to prevent the Agency from entering into bona fide exchanges of project water for use outside the Agency's service area with other parties for

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

project water or nonproject water if the State consents to the use of the project water outside the Agency's service area. Also, nothing in this article shall be deemed to prevent the Agency from continuing those exchange or sale arrangements entered into prior to September 1, 1995, which had previously received any required State approvals. A "bona fide exchange" shall mean an exchange of water involving a contractor and another party where the primary consideration for one party furnishing water to another is the return of a substantially similar amount of water, after giving due consideration to the timing or other nonfinancial conditions of the return. Reasonable payment for costs incurred in effectuating the exchange and reasonable deductions from water delivered, based on expected storage or transportation losses may be made. A "bona fide exchange" shall not include a transfer of water from one contractor to another party involving a significant payment unrelated to costs incurred in effectuating the exchange. The State, in consultation with the contractors, shall have authority to determine whether transfers of water constitute "bona fide exchanges" within the meaning of this paragraph and not disguised sales.

(g) Other Transfers

Nothing in this article shall be deemed to modify or amend the provisions of Article 15(a), or Article 41, except as expressly provided for in subdivisions (c) and (d) of this article.

57.[64] <INTENTIONALLY LEFT BLANK FOR FUTURE USE>

58.[65] DETERMINATION OF DEPENDABLE ANNUAL SUPPLY OF PROJECT WATER TO BE MADE AVAILABLE BY EXISTING PROJECT FACILITIES

In order to provide current information regarding the delivery capability of existing project conservation facilities, commencing in 2003 and every two years thereafter the State shall prepare and mail a report to all contractors, and all California city, county, and regional planning departments and agencies within the contractor's project service areas. This report will set forth, under a range of hydrologic conditions, estimates of overall delivery capability of the existing project facilities and of supply availability to each contractor in accordance with other provisions of the contractors' contracts. The range of hydrologic conditions shall include the delivery capability in the driest year of record, the average over the historic extended dry cycle and the average over the long-term. The biennial report will also include, for each of the ten years immediately preceding the report, the total amount of project water delivered to all contractors and the amount of project water delivered to each contractor.

64 Added: Amendment 15
65 Added: Amendment 15

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

IN WITNESS WHEREOF, the parties hereto have executed this contract on the date first above written.

Approved as to legal form and sufficiency:

Acting Chief Counsel
Department of Water Resources
P. O. Box 388
Sacramento, California 95802

STATE OF CALIFORNIA
THE RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

By _____
Director

Attest:

County Clerk, County of Kings
Kings County Court House
Hanford, California 93230

COUNTY OF KINGS

By _____
Evon G. Cody, Chairman
Board of Supervisors
County of Kings

Approved as to form and execution:

John G. O'Rourke
District Attorney

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

TABLE A[66]

ANNUAL AMOUNTS[67]

COUNTY OF KINGS

Year		**(Acre-Feet)**
1	(1968)	900
2	(1969)	1,200
3	(1970)	1,300
4	(1971)	1,300
5	(1972)	1,400
6	(1973)	1,500
7	(1974)	1,500
8	(1975)	1,600
9	(1976)	1,600
10	(1977)	1,700
11	(1978)	1,900
12	(1979)	2,000
13	(1980)	2,200
14	(1981)	2,300
15	(1982)	2,500
16	(1983)	2,800
17	(1984)	3,100
18	(1985)	3,400
19	(1986)	3,700
20	(1987)	4,000
21-36	(1988-2003)	4,000
37	(2004)	9,000
38	(2005)	9,000
39	(2006)	9,305

And each succeeding year thereafter, for the term of
This contract as an annual entitlement: **9,305**

[68] In any year, the amounts designated in this Table A shall not be interpreted to mean that the State is able to deliver those amounts in all years. Article 58 describes the State's process for providing current information for project delivery capability.

66 Latest Amended: Amendment 17
67 Also see Article 45(f), "Adjustments of Annual Entitlements"
68 Added: Amendment 15

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

EXHIBIT A[69]

(for informational purposes only)

REVISION 1

COUNTY OF KINGS
ANNUAL TABLE A AND CAPACITY VALUES FOR COST ALLOCATION AND REPAYMENT PURPOSES[1]

The values related to this transfer are estimated to be as follows:

	Before Transfer		Table A	Flow Capacity	After Transfer	
Repayment Reach [2]	Table A Capacity (AF)	Flow Capacity (cfs)	Transferred from TLBWSD (AF)	Transferred from TLBWSD [3] (cfs)	Total Table A Capacity (AF)	Total Flow Capacity (cfs)
California Aqueduct						
Reach 1	9,000	22	305	1	9,305	23
Reach 2A	9,000	22	305	1	9,305	23
Reach 2B	9,000	22	305	1	9,305	23
Reach 3	9,000	22	305	1	9,305	23
Reach 4	9,000	22	305	1	9,305	23
Reach 5	9,000	22	305	1	9,305	23
Reach 6	9,000	22	305	1	9,305	23
Reach 7	9,000	22	305	1	9,305	23
Reach 8C	9,000	22	305	1	9,305	23
Reach 8D	5,000	15	305	1	5,305	16
Reach 31A	0	0	305	0	305	1 (4)

1. Does not include capacity for outages and losses.
2. These numbers apply to the reaches as set forth in Bulletin 132, Figure B-4, "Repayment Reaches and Descriptions."
3. From the Delta to County of Kings service area.
4. Capacity in Reach 31A of the Coastal Branch of the California Aqueduct is required for delivery of this water.

69 Letter Agreement dated July 23, 2009 between State to County of Kings noting revisions to Reaches 8D and 31A numbers

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

TABLE B

ALLOCATED PROPORTION OF COSTS OF PROJECT TRANSPORTATION FACILITIES
<Placeholder: Table B listed in Standard Provisions but values not shown in Original Contract.>
<Table B is published as Table B-1 & B-2 in Bulletin 132.>

TABLE C

PROJECTED ALLOCATION OF CAPITAL COST OF PROJECT TRANSPORTATION FACILITIES
<Placeholder: Table C listed in Standard Provisions but values not shown in Original Contract.>
<Table C is published as Table B-14 in Bulletin 132.>

TABLE D

TRANSPORTATION CHARGE - CAPITAL COST COMPONENT
<Placeholder: Table D listed in Standard Provisions but values not shown in Original Contract.>
<Table D is published as Table B-15 in Bulletin 132.>

TABLE E

TRANSPORTATION CHARGE - MINIMUM OPERATION, MAINTENANCE, POWER, AND REPLACEMENT COMPONENT
<Placeholder: Table E listed in Standard Provisions but values not shown in Original Contract.>
<Table E is published as Table B-16A in Bulletin 132.>

TABLE F

TRANSPORTATION CHARGE—VARIABLE OPERATION, MAINTENANCE, POWER, AND REPLACEMENT COMPONENT
<Placeholder: Table F listed in Standard Provisions but values not shown in Original Contract.>
<Table F is published in summary form as Table B-18 in Bulletin 132.>

TABLE G

PAYMENT SCHEDULE
<Placeholder: Table G listed in Standard Provisions but values not shown in Original Contract.>
<Table G is published in summary form as Table B-19 in Bulletin 132.>

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

TABLE H

PROJECT TRANSPORTATION FACILITIES
COUNTY OF KINGS

The California Aqueduct extending to State Route 41, to the extent such aqueduct is determined by the State to be required for water transportation.

TABLE I

AQUEDUCT REACHES
COUNTY OF KINGS

Aqueduct Reach	Major Features of Reach
Delta to Bethany reservoir	Intake Channel Fish Protective Facilities Delta Pumping Plant (Pumping Plant I) Bethany Dams and reservoir
Bethany reservoir to Orestimba Creek	Aqueduct
Orestimba Creek to O'Neill Forebay	Aqueduct
O'Neill Forebay to Dos Amigos Pumping Plant	O'Neill Forebay, O'Neill Dam, Aqueduct and Dos Amigos Pumping Plant
Dos Amigos Pumping Plant to Panoche Creek	Aqueduct
Panoche Creek to Five Points	Aqueduct
Five Points to Arroyo Pasajero	Aqueduct
Arroyo Pasajero to Kettleman City	Aqueduct
Kettleman City to State Route 41	Aqueduct

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

ATTACHMENT 1

<Amendment No 11>

<Only would apply if condition in Article 50(i)(5) met.>

Article 1(r) is amended to read:

(r) Project Interest Rate

"Project interest rate" shall mean the weighted average interest rate of (1) through (6) below computed by dividing (i) the total interest cost required to be paid or credited by the State during the life of the indebtedness or advance by (ii) the total of the products of the various principal amounts and the respective terms in years of all such amounts:

(1) general obligation bonds issued by the State under the Bond Act,

(2) revenue bonds issued by the State under the Central Valley Project Act after May 1, 1969,

(3) bonds issued by the State under any other authority granted by the Legislature or the voters,

(4) bonds issued by any agency, district, political subdivision, public corporation, or nonprofit corporation of this State,

(5) funds advanced by any contractor without the actual incurring of bonded debt therefor, for which the net interest cost and terms shall be those which would have resulted if the contractor had sold bonds for the purpose of funding the advance, as determined by the State, and

(6) funds borrowed from the General Fund or other funds in the Treasury of the State of California, for which the total interest cost shall be computed at the interest rate earned over the period of such borrowing by moneys in the Pooled Money Investment Account of such Treasury invested in securities, to the extent the proceeds of any such bonds, advances or loans are for construction of the State Water Facilities defined in Section 12934(d) of the Water Code, the additional project conservation facilities, and the supplemental conservation facilities, (except off-aqueduct power facilities and advances for delivery structures, measuring devices and excess capacity) and without regard to any premiums received on the sale of bonds under item (1) above. The "project interest rate" shall be computed as a decimal fraction to five places.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

REFERENCE 1

Exchange Agreement Between the Agency and Tulare Lake Basin Water Storage District

A G R E E M E N T (POINT OF DELIVERY)

THIS AGREEMENT made, executed and delivered this 26 day of April, 1967, by and between the COUNTY OF KINGS OF THE STATE OF CALIFORNIA, herein called COUNTY, and TULARE LAKE BASIN WATER STORAGE DISTRICT, a district organized and existing under the California Water Storage District Act, herein called DISTRICT.

W I T N E S S E T H:

WHEREAS, County desires to provide supplemental water for recreation purposes at one or more locations along or near Kings River, and at other locations within the boundaries of County; and

WHEREAS, County has or will contract with the State of California, Department of Water Resources, for the purchase of 4,000 acre-feet of water annually for delivery to County by and through the California Aqueduct; and

WHEREAS, physical delivery of such purchased water to County would require conduits, pumps and other facilities at great expense to County; and

WHEREAS, Tulare Lake District has contracted for a supply of water for its purposes from said Department of Water Resources for delivery through said California Aqueduct; and

WHEREAS, District also has an entitlement to the waters flowing from time to time in Kings River, which are normally delivered through the channels of Kings River to Empire Weir No. 2; and

WHEREAS, it is physically feasible to deliver portions of the Kings River water supplies of District to County for County's proposed expansion of its recreation program; and

WHEREAS, in furtherance of such program County desires to secure 4,000 acre-feet of water annually from the water supply of District, whatever its source, which comes into District by way of

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

the Kings River channel in exchange for the water which County will have available to it by and through such California Aqueduct; and

WHEREAS, such expanded recreation program of the County will be of general benefit to the County, of which the majority of the lands of District constitute a part; and

WHEREAS, the District is a member of the Kings River Water Association, herein termed Association, and is a signatory and subject to the obligations of the various agreements executed by and between the members of the Association; and

WHEREAS, one of the agreements entered into between members of the Association is the "Agreement Supplementing and Amending Water Right Indenture dated May 3, 1927, and Administrative Agreement dated May 3, 1927, each as Amended and Supplemented June 1, 1949, Relating to Kings River Water Association", said Agreement being dated September 10, 1963, and herein termed "Association Agreement"; and

WHEREAS, County and District have heretofore entered into an Agreement dated November 10, 1966, and it is the desire of the parties to rescind said Agreement and enter into this Agreement; and

WHEREAS, County is willing to assume all of the obligations of said Association Agreement insofar as the same are applicable to the exchange of water herein proposed; and

WHEREAS, District is of the opinion that all of its obligations to the other signatories of said Association Agreement with respect to the transfer of any of its entitlement to Kings River water are spelled out, defined and made certain in said Association Agreement, particularly Paragraphs 17 and 18 thereof and no other obligations can be or may ever be imposed upon District with respect to any transfer of water or water rights other than those obligations stipulated in said Paragraphs 17 and 18 of said Association Agreement; and

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

WHEREAS, District and County are not willing to make the transfer contemplated under the terms hereof in the event District is legally obligated in connection therewith to meet any other obligations other than those specified in Paragraphs 17 and 18 of said Association Agreement.

NOW, THEREFORE, in consideration of the premises and the similar desires and purposes of the parties hereto and of the benefits flowing between the parties hereto; it is hereby agreed by and between said parties as follows:

1. The Agreement between District and County dated November 10, 1966, is hereby rescinded and shall be of no further force or effect.

2. Said Association Agreement is marked Exhibit "A", attached hereto and made a part hereof as though the same were set forth at length herein.

3. County hereby undertakes and assumes all of the obligations imposed on District by said Association Agreement insofar as the same are applicable to the exchange of water herein proposed; and particularly but not by way of limitation agrees not to rent, lease, lend, hypothecate, convey, transfer or assign in any way, any interest in Kings River water acquired under the terms hereof for use or possible use outside of the Kings River Service Area, and agrees to make arrangements for and provide all water required to fully compensate for river channel losses all in compliance with Section 18 of said Association Agreement resulting from use of Kings River Water as contemplated herein, and as between District and County, District shall have no responsibility therefor whatever. District shall notify or cause to be notified all of the other parties to said Association Agreement, in writing, of the transfer proposed herein and shall allow such parties fifteen (15) days thereafter in which to investigate such contemplated transfer, and in which to determine whether the same would result in any

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

increase of river channel losses adversely affecting such other parties. Provided, however, that nothing herein contained shall now or ever be so construed as to relieve District of its primary obligations and responsibilities or any thereof to the other party signatories to said Association Agreement under the terms thereof.

4. County agrees to the exchange 4,000 acre-feet of Kings River water owned by District upon the terms and conditions herein specified.

5. The point of delivery of the water of County to District from the California Aqueduct shall be the turnout to Lateral A and the quantities and the times and places of delivery in each year shall be specified from time to time by District to the State of California, subject to the terms of the contract between County and the State of California, Department of Water Resources. Said deliveries shall be made at the County's sole cost and expense.

6. The specific plans of County with respect to the locations of use or diversion of water from Kings River have not been definitely determined at this time, and it is recognized that such locations of use or diversion of water may change from time to time as determined by County. Notwithstanding such right to change from time to time the quantities and times and places of delivery in each year shall be specified from time to time to the District and the District in turn will give the necessary directions to the Association for proper action thereon by the Water Master of the Association, but in no event shall County ever divert water from locations above Peoples Ditch Weir and above the points of diversion of Alta Irrigation District, Consolidated Irrigation District, Fresno Irrigation District and Kings River Water District or any of them. All diversions of Kings River water by County under the terms hereof shall always be from locations on said Kings River below said points of diversion of Alta Irrigation District, Consolidated Irrigation District, Fresno Irrigation District and Kings

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

River Water District.

7. (a) The quantities of water delivered by County to District each year shall be as measured by the State Department of Water Resources at District's turnouts from the California Aqueduct.

(b) All Kings River water delivered to County under the terms hereof shall be measured and determined by the Kings River Water Master at the location at or near the former United States Geological Survey Station used for the measurement and determination of Kings River water entitlements belonging to the members of the Kings River Water Association and County shall take title thereto at said place of measurement and determination. The Water Master shall be instructed by District to deduct from the Kings River water transferred to County under the terms hereof all water required to fully compensate for channel losses, all as provided in Paragraph 18 of said Association Agreement.

8. County shall pay District a reasonable sum each year for the cost of delivering Kings River water to County under the terms hereof. Said cost shall be determined by the Kings River Water Association and District agrees to remit said sum to said Association.

9. It is the intent of this Agreement that County and District shall exchange water on an equal quantity basis; that is, for each acre-foot of County water delivered to District, District shall be obligated to deliver one acre-foot to County, and vice versa, excepting, however, as hereinbefore provided with respect to County providing all water for channel losses. It is recognized, however, that the times of need for water by the respective parties may not coincide. Accordingly, the parties shall establish a water "bank account", and each party shall be credited for the quantities of water delivered by it to the other party and shall be debited for the quantities of water received by it from the other party.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

10. The parties also recognize that their respective supplies of and demands for water under the terms hereof may vary from year to year due to conditions beyond the control of the parties such as the following:

(a) Possible shortage in water supply of the State's Water Project, as specified in the Contract between County and the State Department of Water Resources.

(b) Possible shortage in Kings River water supply of District.

(c) Possible excess of Kings River and other water supply available to District during infrequent flood years.

(d) Possible short-term increase or decrease in the water requirements of County for recreation purposes.

(e) Other conditions not now foreseen.

11. Because of the conditions described in Paragraphs 9 and 10 above, it will not be practicable to keep the water bank accounts of the parties exactly in balance. It is the intent of the parties, however, to keep such bank accounts as nearly in balance as practicable to the end of each year, provided, however, County shall not be required to take delivery of any amount owing County by District in amounts in excess of the amount that County can put to beneficial use.

12. In the event of termination of this Agreement at a time when the respective water bank accounts are not in balance, the debtor shall pay the creditor an amount equal to the product of the number of acre-feet of unbalance in the accounts times the average rate paid by County to the State Department of Water Resources under County's Water Supply Contract.

13. Neither party shall be liable in damages to the other party for any shortage in delivery of water hereunder, unless such shortage is the result of the deliberate wrongdoing of the party chargeable therewith.

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

14. All of the deliveries of Kings River water under the terms hereof shall be diverted by County from locations on the Kings River and as provided in Paragraph 6 hereof, such diversions to be made (a) without interference to the members of the Kings River Water Association; (b) at the sole cost and expense of the County; and (c) under the supervision and direction of the Water Master of the Kings River Water Association.

15. (a) In the event a remaining party or parties to said Association Agreement has determined that the transfer of water or water rights contemplated hereunder would result in any increase of river channel losses adversely affecting such remaining party or parties, and such remaining party or parties has notified the Kings River Water Master that the District and such remaining party or parties have failed to reach agreement regarding the character or extent of such increased river channel losses and the amount of water required to fully compensate for the same, and such notification has not been withdrawn or an agreement has not been reached as aforesaid, then and in that event District agrees to file and prosecute to a final decree in a court of competent jurisdiction an original action asking for inter alia, a declaration of the rights and responsibilities of the signatories of said Association Agreement with respect to the transfers of water or water rights under the terms of said Association Agreement; the amount of water required to fully compensate for the increase, if any, of river channel losses resulting from the transfer of water or water rights contemplated hereunder; and a declaration that as long as all water required to fully compensate for the increase, if any, of river channel losses resulting from the transfer of water or water rights contemplated hereunder is arranged for and provided, the Kings River Water Master must administer the Kings River in accordance with the terms of this Agreement. It is understood and agreed any appellate proceedings in connection

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

herewith are permissive and will be taken only if such proceedings are deemed necessary.

(b) This Agreement shall not become binding upon the parties unless any notification to the Kings River Water Master in accordance with Paragraph 18(c) of said Association Agreement has been withdrawn or an agreement has been reached with respect to the amount of water, if any, required to fully compensate for increased river channel losses resulting from the transfer of water or water rights contemplated hereunder, or a court of competent jurisdiction has declared the rights and responsibilities of signatories to said Association Agreement with respect to transfers of water or water rights the amount of water required to fully compensate for the increase, if any, of river channel losses, and declared that as long as all water required to fully compensate for the increase, if any, of river channel losses resulting from the transfer of water and water rights proposed hereunder is arranged for and provided the Kings River Water Master shall administer the waters of Kings River in accordance with the terms of this Agreement.

(c) It is understood and agreed that the County will be required to validate its agreement with the State of California Department of Water Resources and additionally this Agreement will likewise not be binding upon the parties until said agreement of the County with the State Department of Water Resources has been validated.

16. The terms of this Agreement shall be co-terminous with the term of the Contract between the County and the State of California Department of Water Resources.

17. Neither County nor District shall assign this Agreement in whole or in part.

18. It is understood and agreed that time is of the essence of this Agreement and of each and every covenant herein contained.

19. It is understood and agreed that failure by County and

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

District to insist on the performance of any condition of this Agreement in the event of a breach thereof, does not constitute waiver of such condition and such condition shall remainlin full force and effect.

20. The cost of any legal action initiated by District under the terms hereof, including attorney fees, shall be borne by and divided equally between District and County.

21. It is understood and agreed that if either of the parties hereto are required to bring any suit or action or proceeding against the other party hereto to enforce the terms of this Agreement or any of said terms, then and in that event the losing party shall pay the successful party a reasonable fee for the attorney or attorneys for the successful party to be taxed as a part of the judgment in such suit or action.

IN WITNESS WHEREOF, County and District have caused this Agreement to be executed and their seals affixed hereto by their duly authorized officers all on the day and year first above written.

COUNTY OF KINGS

By Ross G. Cody
Chairman of the Board of Supervisors of the County of Kings, State of California.

ATTEST:

Clerk of the said Board

TULARE LAKE BASIN WATER STORAGE DISTRICT

By Louis H. Robinson, President

By James T. McCue
ASSISTANT SECRETARY

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

AMENDMENT

This Amendment is made and entered as of November 6, 2001, by and between the County of Kings ("County"), the Tulare Lake Basin Water Storage District ("TLBWSD").

RECITALS

WHEREAS, the County entered into a contract (Kings County Agreement No. 67-38) on August 31, 1967 with the State of California, Department of Water Resources, for an entitlement of 4,000 acre-feet of State Water Project ("SWP") water for municipal, industrial and recreational uses; and

WHEREAS, the County entered into an exchange agreement (Kings County Agreement No. 67-18) on April 26, 1967 with the TLBWSD ("Exchange Agreement") whereby the County exchanged its SWP entitlement with the TLBWSD for an equivalent entitlement of Kings River water from TLBWSD; and

WHEREAS, the County entered into an agreement dated December 23, 1980, as amended, (hereinafter "Kings River Agreement") with the TLBWSD, the Kings County Water District ("KCWD"), the Tulare Lake Reclamation District #761 ("TLR 761"), the Tulare Lake Canal Company ("TLCC"), and the Southeast Lake Water Company ("SEL"), (collectively "Water Entities") under which the Water Entities agreed to bear the County's SWP financial obligations in consideration for an interest in the Exchange Agreement; and

WHEREAS, GWF Energy, LLC ("GWF") is planning to construct an electrical power plant known as Henrietta Peaker Project ("HPP") located near the Lemoore Naval Air Station which needs 200 acre-feet of additional water to serve the proposed project; and

WHEREAS, GWF owns the rights to (Kings) SWP entitlement within the boundaries of TLBWSD which cannot be delivered directly to the proposed HPP plant unless an exchange arrangement is entered into with the County and TLBWSD; and

WHEREAS, TLBWSD and the County are willing to enter into an exchange arrangement with GWF to accommodate GWF's desire to use 200 acre-feet of County's SWP entitlement at the HPP site; and

KINGS COUNTY AGREEMENT NO. 01-167

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.

WHEREAS, by separate exchange agreements:

A. GWF has assigned 200 acre-feet of its SWP entitlement to TLBWSD in consideration of TLBWSD releasing a like amount of SWP entitlement back to the County under the Exchange Agreement; and

B. the Kings River Agreement has been correspondingly amended between the County and the Water Entities to reflect the reduced Kings River supplies received by the County under the Exchange Agreement, as amended; and

C. the County has assigned 200 acre-feet of its SWP entitlement right to GWF for use at the HPP plant; and

NOW, THEREFORE, the County and TLBWSD, hereby amend the Exchange Agreement, as follows:

1. The amount of SWP water and Kings River water exchanged under the Exchange Agreement is hereby reduced from 4,000 acre-feet to 3,800 acre-feet.

2. In the event the agreement between the County and GWF granting GWF the right to utilize 200 acre-feet of the County's SWP entitlement is terminated, said entitlement shall again be subject to and included under the Exchange Agreement. In the event of such occurrence, County and TLBWSD agree to execute such agreements as are necessary to affect such transfer back to TLBWSD.

3. This amendment to the Exchange Agreement is contingent upon the other separate agreements mentioned above in fact being executed and taking force.

4. In all other respects, the Exchange Agreement shall remain in full force and effect.

County of Kings Tony Oliveira

By:_____

Dated: NOV 0 6 2001

Tulare Lake Basin Water Storage District

By:_____

Dated: 11 November 01

h/water/gwf-swp2D
10-25-2001

Disclaimer: This document integrates County of Kings' State Water Project water supply contract with the many amendments to the contract entered into since August 31, 1967. It is intended only to provide a convenient reference source, and the Department of Water Resources is unable to provide assurances that this integrated version accurately represents the original documents. For legal purposes, or when precise accuracy is required, users should direct their attention to original source documents rather than this integrated version.