ATTACHMENT D

PRINCIPLES REGARDING PUBLIC PARTICIPATION PROCESS IN SWP CONTRACT NEGOTIATIONS

Note: These principles are prepared in connection with the settlement agreement between PCL and DWR and are only effective pursuant to the terms therein.

1. **Policy:** Given the importance of the State Water Project to the State of California, and the key role that the long-term water supply contracts play in the administration of the State Water Project, DWR agrees that public review of significant changes to these contracts is beneficial and in the public interest.

2. **Types of activities to be covered:** Project-wide contract amendments (i.e., contracts with substantially similar terms intended to be offered to all long-term SWP Contractors) and contract amendments to transfer entitlements between existing SWP Contractors will not be offered to the contractors for execution unless DWR has first complied with the public participation process as described in paragraphs (3), (4), (5) and (6).

3. **The Public Participation Process.**

   1) Negotiations will be conducted in public;

   2) The public will be provided with advance notice of the time and place of the negotiations; and

   3) The public will be provided the opportunity to observe negotiations and comment in each negotiating session

4. **Timing of Public Participation:** Public participation ordinarily will precede the formulation of the project description in the CEQA process in order to assure that the public participation is meaningful. When DWR is a responsible agency, (e.g., when existing SWP Contractors agree to transfer entitlement between themselves), the public participation will be scheduled to facilitate coordination with the lead agency's CEQA process.

5. **Activities that will not be subject to public participation:** Informal discussions prior to exchange of formal drafts and discussion of topics that are authorized to be kept confidential by law will not be subject to the public participation process.

6. **Contract amendments resulting from litigation:** If litigation has been formally initiated, and settlement negotiations result in a proposal to adopt project-wide amendments to settle the litigation, all proposed contract amendments shall be subject to the public participation process before they are approved by DWR.