

NOTICE TO STATE WATER PROJECT CONTRACTORS

Date: January 6, 2024
Number: 24-01
Subject: Criteria for Bulletin 132-24

From: Original Signed by
Ted Craddock
Deputy Director, State Water Project
Department of Water Resources

Attached for your information are copies of criteria for State Water Project (SWP) operations studies and rates for use in preparing:

1. SWP Contractors' Statements of Charges for the calendar year 2025
2. Bulletin 132-2024, "Management of the California State Water Project"
3. Financial analysis studies

If you have any questions, please contact Hong Lin, Financial Manager of the State Water Project at Hong.Lin@water.ca.gov, or Erik Goodman of her team at Erik.Goodman@water.ca.gov.

Attachments:

Attachment 1 – SWP Operations Studies
Attachment 2 – Table 1 Interest Rates

**CRITERIA FOR BULLETIN 132-2024
STATE WATER PROJECT OPERATIONS STUDIES**

These criteria provide summaries of the basic operations assumptions to be used in developing the 2025 Statements of Charges (SOC). Actual State Water Project (SWP) operations may ultimately be different and contractor billings will be adjusted as appropriate.

1. **Water Deliveries:** Water demands for the water operations studies will be based on the short-range, five-year (2024-2028) requests submitted by the SWP Contractors (Contractors) in October 2023 and the long-range (2028-2035) requests submitted by Contractors in October 2023.
2. **Water Supply:** The water and power operations studies will reflect compliance with the March 15, 2000 revision of the State Water Resources Control Board December 1999 Water Right Decision 1641; the biological opinion issued October 25, 2019 by the US Fish and Wildlife Service for the reinitiation of consultation on the coordinated operations of the Central Valley Project and the State Water Project concerning delta smelt; the biological opinion issued October 19, 2019 by the NOAA Fisheries for the reinitiation of consultation on the long-term operation of the Central Valley Project and State Water Project concerning salmonids, green sturgeon, and killer whales; the SWP Incidental Take Permit issued March 31, 2020; and implementation of the Lake Oroville 2023/2024 Flood Control Operations Plan. Additionally, Feather River Service Area Settlement Contractors' water demand is included in all studies and is based on historical water delivery patterns. The water supply assumed for water and power operation studies will be as follows:
 - (a) **2024:** The SWP operations study for 2024 will utilize hydrology based on the current Table A allocation at the time of preparation of the SOC. Projections of power generation at the Oroville Hyatt-Thermalito Complex will be based on the Lake Oroville Reservoir inflow from the same hydrology.
 - (b) **2025:** SWP operations projected for 2025 are the basis for the 2025 Statements of Charges. The study will assume hydrology sufficient to deliver 2.491 MAF (60 percent of Contractors' projected Table A requests).

- (c) 2026: Assume hydrology sufficient to deliver 60 percent of Contractors' projected Table A requests of 2.482 MAF.
- (d) 2027: Assume hydrology sufficient to deliver 60 percent of Contractors' projected Table A requests of 2.492 MAF.
- (e) 2028: Assume hydrology sufficient to deliver 60 percent of Contractors' projected Table A requests of 2.482 MAF.
- (f) 2029-2035: Assume hydrology sufficient to deliver 60 percent of Contractors' projected Table A requests of an average 2.482 MAF.

3. **Water Supply Augmentation:**

- a) Delta Pumps: The total capacity of Banks Pumping Plant is 10,300 cubic feet per second; however, the actual daily allotment for Clifton Court Forebay will be limited as stated in the U.S. Army Corps of Engineers Public Notices 5820A, October 1981, and Permit SPK-1999-00715, August 2013.
- b) South Delta Improvements Program (SDIP): This program was originally scheduled for implementation as one of the components of Stage 1 of the CALFED Bay-Delta Program to address local and SWP water supply problems in the South Delta. Construction of the permanent operable gates and the channel dredging were proposed to be implemented under Stage 1 of the SDIP. Stage 2 of the SDIP, would have included increasing diversions. The viability of SDIP and its separable elements is currently being re-evaluated in light of regulatory changes since 2008. In 2020, DWR completed an analysis of SDIP that included review of the likely reasons the program did not succeed as well as how the development of related activities, environmental changes, and the regulatory environment may affect a future action. The results of this analysis indicate that the original goals of SDIP are still relevant; however, reinitiating all the original elements of SDIP as one project likely would not lead to a successful outcome. Further planning and evaluation of the permanent operable gates portion of the original SDIP project components is warranted. Specifically, the separable element to replace the South Delta Temporary Agricultural Barriers with permanent operable gates is viable and would benefit SWP operations. In 2023, DWR continued planning and project viability evaluation efforts. DWR will begin permanent operable gates implementation action planning in 2024, which may include public outreach, design engineering,

environmental documentation preparation including analyses of alternatives, and technical studies as needed.

- c) **Ground Water Programs:** On August 9, 1996, ownership of the Kern Fan Element Property and the La Hacienda Facilities was transferred to Kern County Water Agency (KCWA) and Dudley Ridge Water District through the Kern Water Bank Authority (KWBA) as part of the Monterey Amendment. Fifty percent of any SWP water remaining in storage from the Berrenda Mesa Demonstration Program and the La Hacienda Water Purchase Program was also transferred to KWBA. The DWR retains the right to recover 15,000 acre-feet under the recovery agreement with KCWA. Under the 1990 Demonstration Program, the DWR fully recovered the remaining balance of this water in 2020, thereby closing out the 1990 Demonstration Program.
- d) **Other Project Yield:** For purposes of preparing water and power studies for future years, it will be assumed that the SWP will deliver 60 percent of full Table A requests based on the latest SWP delivery capability report prepared by the Modeling Support Office.

- 4. **Power Operations:** With the changing of price patterns in the energy markets, energy prices are forecasted to be highest during non-solar hours and summer months. To minimize power costs, aqueduct operation will be optimized by minimizing pumping during expensive hours within operating criteria constraints.

For Bulletin 132-2024, forecasted SWP power resources for the study period will be based on existing SWP generation and power purchases including long-term contracts for approximately 100 additional megawatts of solar generation with an anticipated Commercial Operation Date of 2025.

Project Order 36, State Power Contract for the Use of Oroville Power, will continue to be applied to the criteria for SWP operations studies until rescinded. Project Order 36 was issued in 1994 to address the continuation of DWR's charges to the contractors for Oroville power.

- 5. **Contract Extension Amendment Billing Transition Date:** For calculating the 2025 SOC, the billing transition date for the Contract Extension Amendment is January 1, 2024. The Contract Extension Amendment became effective January 1, 2023.
- 6. **SWP Joint Use Facilities:** The San Luis Joint Use Facilities cost share percentages for operations and maintenance between the State and Federal government are re-calculated every five years. For the five-year billing period from 2021-2025, the United States Bureau of Reclamation's (USBR) cost share is 37.67 percent. The SWP portion shall be 62.33 percent and shared among the

multi-purpose beneficiaries of the SWP. For capital expenditures, the San Luis Joint Use Facilities cost share percentages remain fixed at 45 percent for the USBR and 55 percent for the SWP, unless otherwise negotiated. As an example, the Contributed Funds Agreement for the Sisk Safety of Dams Modification Project is effectively reducing the SWP share of the project to as low as 8.25% of the total cost.

Future SWP Facilities: These criteria provide summaries of the basic operations assumptions to be used in developing the 2025 Statements of Charges. Actual SWP operations may ultimately be different and contractor billings will be adjusted as appropriate. The schedule for initial operation of future SWP facilities to be used when preparing information for Bulletin 132-2024 is shown in the following table:

FUTURE SWP CAPITAL PROJECTS	Dates for Completion	
	Bulletin 132-2023	Bulletin 132-2024
OROVILLE FACILITIES Oroville Dam Spillways Response, Recovery, and Restoration Phase 3 - Site Rehabilitation	2030	2031
DELTA FACILITIES Yolo Bypass Salmonid Habitat Restoration and Fish Passage Project	2026	2030
CALIFORNIA AQUEDUCT California Aqueduct Subsidence Study and Remediation	2030	2033
CALIFORNIA AQUEDUCT - EAST BRANCH Perris Dam Remediation Tower Outlet Retrofit Emergency Release Facility	2027 2027	2028 2028
OTHER PROJECTS SWP Protective Relay Replacement	2033	2033

**TABLE 1
INTEREST RATES
RECOMMENDED IN PREPARING DATA
FOR 2024 STATEMENTS OF CHARGES, BULLETIN 132-2024
AND DWR FINANCIAL ANALYSIS STUDIES**

<u>Item</u>	<u>Interest Rate Per Year¹</u>
Interest Rates on future general obligation "Offset" bonds (If assumed sold) ²	2.48% (3.13%)
Interest Rate for future Water System Revenue Bonds ²	2.33% (2.96%)
Project Interest Rate for determining Statements of Charges for 2024	4.58% (4.58%)
Interest Rate on future short- term investment of SWP funds ³	3.93% (1.22%)

¹ Figures in parentheses are Bulletin 132-2023 assumptions.

² These estimated interest rates are based on market conditions as of January 31, 2024, and are not used in DWR's Statement of Charges calculations. Future bonds are assumed to be repaid by the end of the current water supply contract repayment period (2035) or contract extension amendment repayment period (2085), with maturities commencing in the year following the date of sale and with equal annual bond service for the principal repayment period.

³ Based on the expected rate of return for funds invested in the State's Surplus Money Investment Fund as of January 31, 2024.