

**NOTICE TO STATE WATER PROJECT CONTRACTORS****Date:** JAN 18 2019**Number:** 19-01**Subject:** 2019 Turn-Back Water Pool Program**From:**

A handwritten signature in blue ink that reads "Joel Ledesma".

**Joel Ledesma**  
**Deputy Director, State Water Project**  
Department of Water Resources

The Department of Water Resources (DWR) is offering the 2019 Turn-Back Water Pool Program (Program), pursuant to Article 56 of the Water Supply Contracts. This Program is available to interested State Water Project (SWP) contractors who have signed the Monterey Amendment, and is subject to the attached terms and conditions (Attachment A).

DWR will continue to offer this program until the "SWP Water Supply Contract Amendment for Water Management and California Waterfix" is executed.

DWR will administer two Turn-Back Water Pools: Pool A and Pool B. An SWP contractor may choose to sell or buy Turn-Back Pool Water in one or both of these Pools. This Program is separate from any other water sale or purchase program that DWR may administer during 2019.

To participate in the 2019 Turn-Back Water Pool Program and be on the notification list, a contractor must complete, sign, and date the commitment (Attachment A) attached to this notice, and return all pages of the attachment to Mark Risney, State Water Project Analysis Office, Department of Water Resources, Post Office Box 942836, Sacramento, California 94236-0001. To meet the commitment due date, contractors can email signed notices to Mark Risney at [Mark.Risney@water.ca.gov](mailto:Mark.Risney@water.ca.gov), as long as the original notice is also mailed. A schedule for this Program (Attachment B) is included as a reference.

If you have any questions or need additional information about this Program, please contact Mahmoud Mabrouk at (916) 653-4635 or Tasmin Eusuff at (916) 653-6250.

Attachments

**Attachment A**  
**2019 Turn-Back Water Pool Program**

**Terms and Conditions**

1. The 2019 Turn-Back Water Pools are subject to Article 56 of the Water Supply Contracts.
2. State Water Project (SWP) contractor/s may sell allocated 2019 Table A water that it will not use, provided that: (1) the contractor has not elected to store project water outside of its service area in 2019, and (2) the contractor has not elected to carry over Table A water from 2018 pursuant to Article 12(e) or Article 56(c) of its Water Supply Contract.
3. Sales and purchases of Turn-Back Pool water shall not affect the 2019 allocation of Table A water to any contractors.
4. Turn-Back Pool water purchased by a contractor will be delivered to the contractor's service area from the SWP facilities, or as otherwise arranged, consistent with the contractor's Water Supply Contract.
5. DWR may limit or delay delivery of Turn-Back Pool water due to either (a) limits on the operational capacity of SWP facilities, or (b) changing operational conditions.
6. Delivery priority of Turn-Back Pool water will be the same as for Table A water (Priority 1), as described in Article 12(f) of the long-term Water Supply Contracts so long as the total amount of project water does not exceed the Contractor's 2019 Table A amount. Delivery priority of Turn-Back Pool water in excess of the contractor's Table A amount will be Priority 6.
7. Contractors selling Turn-Back Pool water shall submit a revised water delivery schedule to DWR reflecting changes due to the sale of their water. Likewise, a contractor purchasing Turn-Back Pool water should submit its revised delivery request to DWR as soon as possible after being allocated the Turn-Back Pool water. All water schedules shall be prepared in accordance with Article 12 of the contractor's Water Supply Contract.
8. Turn-Back Pool water may be stored outside of the purchasing contractor's service area for later use inside of the contractor's service area consistent with Article 56. The location of this storage may be inside or outside of the SWP service area, but it must be consistent with water rights permits for the SWP.
9. The 2019 Turn-Back Water Pool Program shall not be a precedent for future programs.

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10. An SWP contractor offering to sell Turn-Back Pool water in either Pool A or in Pool B must submit a completed and signed copy of this Agreement for each Pool as appropriate (see last two pages of this Agreement). Sellers shall indicate the amount of water they want to sell in Pool A and/or Pool B using the chart provided with the signature page. DWR must receive a signed Agreement on or before 12:01 p.m., February 15, 2019 for Pool A water sales and on or before 12:01 p.m., March 15, 2019 for Pool B water sales. It is acceptable to submit a signature page by e-mail to Mark Risney at [Mark.Risney@water.ca.gov](mailto:Mark.Risney@water.ca.gov) and Mahmoud Mabrouk at [Mahmoud.Mabrouk@water.ca.gov](mailto:Mahmoud.Mabrouk@water.ca.gov) in order to meet the deadline; however, an original signature must be submitted as soon as possible afterwards.
11. An SWP contractor offering to buy Turn-Back Pool water in either Pool A or in Pool B must submit a completed and signed copy of this Agreement for each Pool as appropriate (see last two pages of this Agreement). Buyers shall indicate the amount of water they want to purchase in Pool A and/or Pool B using the chart provided with the signature page. DWR must receive a signed Agreement on or before 12:01 p.m., March 1, 2019 for Pool A water purchases and on or before 12:01 p.m., April 1, 2019 for Pool B water purchases. It is acceptable to submit a signature page by e-mail to Mark Risney at [Mark.Risney@water.ca.gov](mailto:Mark.Risney@water.ca.gov) and Mahmoud Mabrouk at [Mahmoud.Mabrouk@water.ca.gov](mailto:Mahmoud.Mabrouk@water.ca.gov) in order to meet the deadline; however, an original signature must be submitted as soon as possible afterwards.
12. The price for Pool A water will be \$35.04 (50 percent of the 2019 Delta Water Rate) for each acre-foot of water purchased or sold. Also, the price for Pool B water will be \$17.52 (25 percent of the 2019 Delta Water Rate) for each acre-foot of water purchased or sold. In addition to the charge per acre-foot, the purchasing contractor shall pay DWR the 2019 Transportation Variable Operations, Maintenance, Power, and Replacement Component charges and the Off-Aqueduct Power Facilities Charges for Turn-Back Pool water delivered, plus any incremental costs identified by DWR as described in Article 56(d)(7).
13. DWR will notify all participating contractors by e-mail after the current sales and allocation information at each stage of the Program. These notifications will be sent out within three working days of each of the above milestone dates.
14. DWR will invoice each purchasing contractor for the purchase price of the water, with payment due 30 days from the date of the invoice. Likewise, DWR will pay each selling contractor for their water within 30 days after DWR has received payment from all the purchasers.
15. All sales and purchases through Pool A are irrevocable even if DWR reduces or increases Table A allocations on or after February 15, 2019.

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16. DWR will finalize the allocation of sales and purchases of Pool B water on June 1, 2019. The percentage of Table A allocations in effect on this date will determine the final amounts. Only contractors who were active participants in this Program on April 1, 2019 will be allowed to participate. No re-allocation of sales or purchases will be done after June 1, 2019.
17. In the event that any water remains unsold in either Pool, the offering Contractor may cancel its offer to sell its share of unsold water in writing. A cancellation letter or advance copy sent by e-mail must be received no later than 12:01 p.m., March 15, 2019 for Pool A water and by no later than 12:01 p.m., April 15, 2019 for Pool B water.
18. DWR shall decide by April 21, 2019 whether to purchase any portion of Pool A water remaining unsold on that date.

**AGREEMENT TO SELL/PURCHASE 2019 TURN-BACK POOL WATER IN POOL A**

In order to sell or purchase Turn-Back Pool water under Article 56 of the contractors' long-term Water Supply Contracts, please fill in the information required below, sign in the space provided, and return all pages of this Attachment A to the State Water Project Analysis Office. A contractor's signature indicates acceptance of all of the terms and conditions of this Program as set forth in this Attachment A.

Purchasers of Turn-Back Pool A water may either check the following box to receive the full allocation of water offered or fill in the chart below for specific purchase amounts.

( ) We agree to purchase all available Turn-Back Pool A water.

| Table A Allocation<br>As of February 15, 2019<br>(Percent) | Amount to Sell<br>(Acre-Feet) | Amount to Buy<br>(Acre-Feet) |
|--|-------------------------------|------------------------------|
| 5  |                               |                              |
| 10   |                               |                              |
| 15   |                               |                              |
| 20   |                               |                              |
| 25   |                               |                              |
| 30   |                               |                              |
| 35   |                               |                              |
| 40   |                               |                              |
| 45   |                               |                              |
| 50   |                               |                              |
| 55   |                               |                              |
| 60   |                               |                              |
| 65   |                               |                              |
| 70   |                               |                              |
| 75   |                               |                              |
| 80   |                               |                              |
| 85   |                               |                              |
| 90   |                               |                              |
| 95   |                               |                              |
| 100  |                               |                              |

Authorized Representative  
Signature

\_\_\_\_\_

Agency

\_\_\_\_\_

Date

\_\_\_\_\_

Contact Person

\_\_\_\_\_

Email

\_\_\_\_\_

Telephone

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

\_\_\_\_\_  
Chief, State Water Project Analysis Office

**AGREEMENT TO SELL/PURCHASE 2019 TURN-BACK POOL WATER IN POOL B**

In order to sell or purchase Turn-Back Pool water under Article 56 of the contractors' long-term Water Supply Contracts, please fill in the information required below, sign in the space provided, and return all pages of this Attachment A to the State Water Project Analysis Office. A contractor's signature indicates acceptance of all of the terms and conditions of this Program as set forth in this Attachment A.

Purchasers of Turn-Back Pool B water may either check the following box to receive the full allocation of water offered or fill in the chart below for specific purchase amounts.

( ) We agree to purchase all available Turn-Back Pool B water.

| Table A Allocation<br>As of June 1, 2019<br>(Percent) | Amount to Sell<br>(Acre-Feet) | Amount to Buy<br>(Acre-Feet) |
|---|-------------------------------|------------------------------|
| 5   |                               |                              |
| 10  |                               |                              |
| 15  |                               |                              |
| 20  |                               |                              |
| 25  |                               |                              |
| 30  |                               |                              |
| 35  |                               |                              |
| 40  |                               |                              |
| 45  |                               |                              |
| 50  |                               |                              |
| 55  |                               |                              |
| 60  |                               |                              |
| 65  |                               |                              |
| 70  |                               |                              |
| 75  |                               |                              |
| 80  |                               |                              |
| 85  |                               |                              |
| 90  |                               |                              |
| 95  |                               |                              |
| 100   |                               |                              |

Authorized Representative  
Signature

\_\_\_\_\_

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

\_\_\_\_\_  
Chief, State Water Project Analysis Office

Agency

\_\_\_\_\_

Date

\_\_\_\_\_

Contact Person

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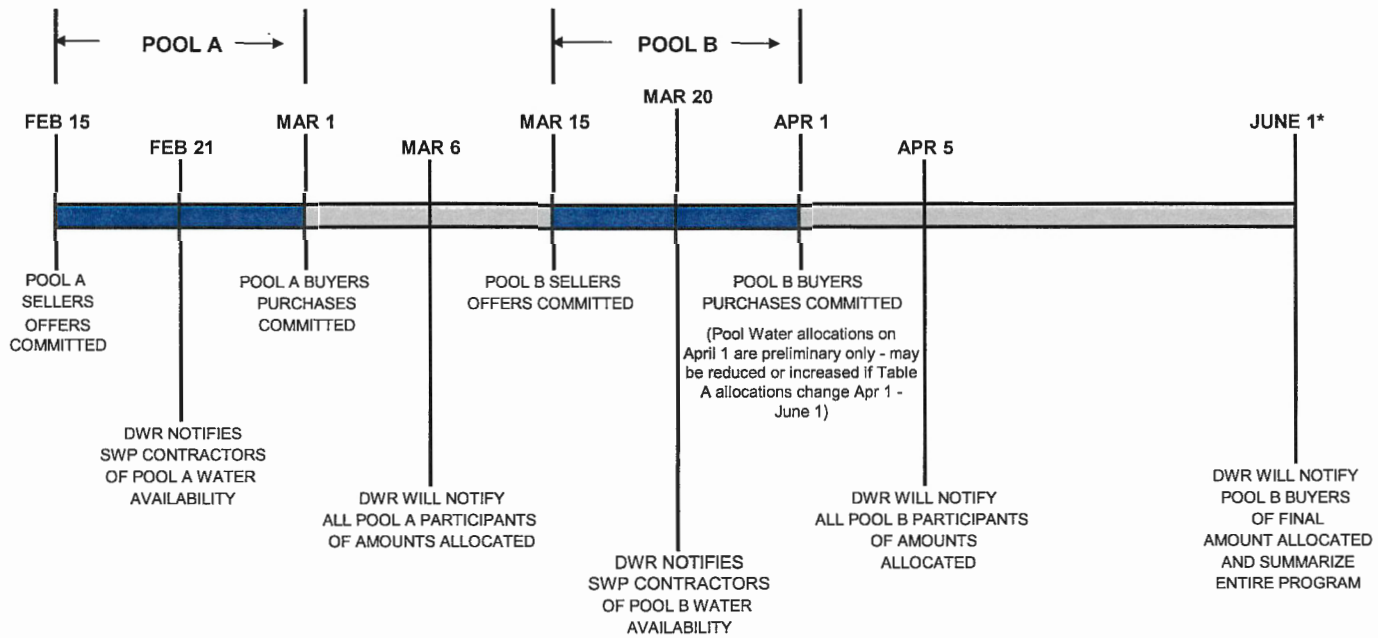
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Telephone

# 2019 TURN-BACK POOL SCHEDULE

## Attachment B



\* The June 1 date only applies if Table A allocations change between April 1 and June 1. Participants who were fully committed as of April 1 will be involved.

## NOTICE TO STATE WATER PROJECT CONTRACTORS



Date: JAN 24 2019

Number: 19-02

Subject: Summary of the 2019 Statements of Charges Preparation

From:

  
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**Joel Ledesma**  
Deputy Director, State Water Project  
Department of Water Resources

Attached for your information is the "Summary of the 2019 Statements of Charges Preparation".

This summary document of the preparation of the 2019 Statements of Charges contains year-over-year comparison of 2018 projected costs and actual charges to the 2018 process changes, Contractor requested projects, and a detailed component-by-component analysis. Also included is a summary of the revised 2019 Statements of Charges.

If you have any questions, please contact Pedro Villalobos at (916) 653-4313 or you may call Dave Paulson at (916) 653-7402.

Attachment



## Summary of 2019 Statements of Charges

The State Water Project Analysis Office (SWPAO) completed the determination of the State Water Project (SWP) Contractors' 2019 Statements of Charges (SOC) in June 2018. The 2019 total charges are \$1.168 billion which includes SWP Capital, Minimum, estimated Variable, and other charges billable to each of the 29 SWP Contractors. This represents a \$55 million (approximately five percent) increase from the 2018 SOC of \$1.113 billion. A revised 2019 bill (Rebill) was sent to the contractors in November 2018 to reflect a number of program and project changes that occurred in late 2018. The 2019 Rebill included a total net increase of \$7.9 million included in the transportation minimum component as a result of adjustments for California WaterFix (CWF) Gap Funding Agreements, Municipal Water Quality Investigations (MWQI) program cost updates, and a reflection of actual expenditures for the SWP flow augmentation program. A detailed summary of the revisions is included at the end of this document.

This summary document contains an analysis of the various billing component changes and assumptions used in preparing the 2019 SOC. Bulletin B132-18, Appendix B, is published in August 2018 and provides information regarding billing component calculations and methodologies that is supplemental to this document. The revised 2019 SOC information is not reflected in the B132-18 Appendix B.

Table 1 is a comparison of the 2019 SOC to the 2018 SOC and a summary view of SWP planned expenditures with associated annual charges by major cost component. The "Projected Costs" columns represent the water supply costs billable to the SWP water contracting agencies (SWP contractors). These programs were reviewed with the SWP Contractors in early 2018. The charges the SWP Contractors pay are based on the allocated projected costs and any prior year adjustments.

Table 1. Comparison of 2019 SOC to the 2018 SOC

(\$ shown in thousands)

| Components               | 2019 SOC        |                        |                  | 2018 SOC        |                        |                  | Year-over-Year Change |
|--------------------------|-----------------|------------------------|------------------|-----------------|------------------------|------------------|-----------------------|
|                          | Projected Costs | Prior Year Adjustments | Charge           | Projected Costs | Prior Year Adjustments | Charge           |                       |
| <b>Capital</b>           |                 |                        |                  |                 |                        |                  |                       |
| Transportation Component | 110,665         | -                      | 147,196          | 75,579          | -                      | 149,867          | (2,670)               |
| Debt Service Projects    | 1,349           | -                      | 61,223           | 3,317           | -                      | 62,083           | (860)                 |
| East Branch Enlargement  | -               | -                      | 35,817           | -               | -                      | 37,667           | (1,850)               |
| Conservation Component*  | 165,443         | -                      | 101,448          | 168,332         | -                      | 94,719           | 6,729                 |
| WSRB Surcharge           | -               | -                      | 107,903          | -               | -                      | 80,571           | 27,332                |
| Capital Subtotal         |                 |                        | 453,587          |                 |                        | 424,907          | 28,680                |
| <b>Minimum</b>           |                 |                        |                  |                 |                        |                  |                       |
| Transportation Component | 286,665         | (67,758)               | 217,963          | 306,703         | (67,882)               | 239,671          | (21,708)              |
| Conservation Component*  | 191,947         | -                      | 191,067          | 196,876         | -                      | 195,179          | (4,112)               |
| EBE Minimum Component    | 10,341          | 811                    | 11,152           | 8,901           | (1,312)                | 7,588            | 3,564                 |
| Conservation RAS         | -               | -                      | -                | -               | -                      | -                | -                     |
| Minimum Subtotal         |                 | (66,947)               | 420,182          |                 | (69,194)               | 442,438          | (22,257)              |
| <b>Other (Various)</b>   |                 |                        |                  |                 |                        |                  |                       |
| Off-Aqueduct Power       | -               | -                      | 6,700            | -               | -                      | 3,720            | 2,980                 |
| Variable Component       | 262,780         | 23,516                 | 286,296          | 256,694         | (12,131)               | 244,563          | 41,733                |
| Transportation RAS       | 9,165           | (7,567)                | 1,598            | 5,190           | (7,882)                | (2,692)          | 4,290                 |
| Other Subtotal           |                 | 15,949                 | 294,594          |                 | (20,013)               | 245,591          | 49,003                |
| <b>Grand Total</b>       |                 | <b>(50,999)</b>        | <b>1,168,363</b> |                 | <b>(89,207)</b>        | <b>1,112,936</b> | <b>55,427</b>         |

\* Conservation costs shown are for the respective bill year only.

SWP Contractors and their representatives independently review and analyze the annual SOC in detail. This memorandum documents the major differences between the Bulletin 132-18 (B132-18) used to calculate the 2019 SOC and the 2018 charges projected in last year's Bulletin 132-17. The data to support the SOC is published in the Bulletin 132-18 Appendix B, which was mailed to the SWP Contractors for their use in analyzing the 2019 SOC.

## **Key Takeaways**

The total charges for 2019 are \$1.168 billion, approximately five percent (\$55 million) higher than 2018. This net increase is primarily due to:

1. Increased WSRB Surcharge
  - a. The issuance of Water Systems Revenue Bond Series AY.
  - b. The pre-funding of Water Systems Revenue Bond Series AW debt service was assigned to projects in the 2019 SOC.
2. Increased Delta Water Rate – Conservation Capital
  - a. Inclusion of Oroville Emergency Response Costs (\$43.2 million).
  - b. Increasing Delta and Oroville facilities cost projections in 2019 and 2020.
3. Increased Transportation Variable
  - a. Primarily due to the historical true-up of prior year costs resulting in an under-collection of \$23.5 million included in the 2019 charges.

The 2019 SOC included the following SWP Contractor requested projects:

1. SWP Flow Augmentation Program (2018 - \$12.5 million)

Note: The Rebill of 2019 SOC included revised projections of the SWP Flow Augmentation Program and additional SWP Contractor requested costs described later in the document.

## **Billing Process and Assumptions**

Several procedural changes were incorporated into the 2019 SOC process. These changes included: minimum program cost projection targets; the Division of Operations and Maintenance's (O&M) baseline projected cost approach; the inclusion of Oroville Spillway Emergency Response costs; the exclusion of conservation capital cost projections beyond calendar year 2021; and 2018 SWP flow purchases. These changes are discussed in detail below.

### **Minimum Program Cost Projection Targets**

Prior to the B132-18 planning process, in consultation with executive management, the Department determined that planning targets were necessary to reduce the over-projections that were being tracked during calendar year 2017. Reduced cost projection targets for 2018 forward were set for all SWP minimum programs with the goal of producing a more realistic, resource load-based projection. Additionally, the targets were intended to reduce the volatility in prior-year adjustments that are included annually in the transportation minimum billing component.

Although the minimum cost projections decreased in aggregate relative to 2018, significant year-over-year variances between SWP contractors were observed. These variances were primarily driven by cost projection changes at the field division level. Efforts to better align project specific cost projections within each of the program level target goals is described below.

### **Division of Operations and Maintenance Baseline Cost Projection**

SWP cost projections are significantly driven by the Division of Operations and Maintenance's (O&M) field division planning activities. Between the 2018 and 2019 SOC processes, SWPAO coordinated with O&M to determine more suitable future field division expenditure allocations based on historical expenditure patterns and trends. After this realignment of the cost projection field division planning, significant variances in the resulting contractor charges were observed. This shift in where planning cost projections were anticipated to be incurred, along with a true-up of where the actual expenditures landed in 2017 caused these contractor variances. Shifts in O&M planning resulted in dramatic cost swings, especially in the field divisions with aqueduct branches (i.e. on the South Bay, North Bay, Coastal, East and West Branches). The revised field division planning realignments are expected to more accurately allocate costs moving forward.

### **Oroville Spillway Emergency: Response and Recovery Costs**

The Oroville Spillway incident occurred in February of 2017. There are two separate aspects of the Oroville Spillway incident, the Oroville Emergency Response effort and Oroville Recovery project. Only the non-FEMA reimbursable, water supply portion of the Oroville Emergency Response costs were included in the 2019 SOC. A projected total of \$43.2 million in emergency response costs for 2017 and 2018 calendar years was included in the 2019 Delta Water Rate calculation.

### **Conservation Capital Cost Projections**

For the 2019 SOC, the Department received conservation capital cost projections for projects with expenditures projected to be incurred through calendar year 2026. These conservation capital projections are used in the determination of the annual Delta Water Rate. Prior to the 2019 May Estimates, the Department determined it necessary to remove the 2022-2025 conservation capital cost projections to reflect the implementation of the future pay-go billing process that will occur after the execution of the extended Water Supply Contracts. The Department anticipates the Water Supply Contracts extension amendment to be executed prior to 2022. This process change is intended to provide a conservative approach for the collection of the conservation capital billing component, reflecting the freeze-go billing transition after execution of the water contract amendments.

### **SWP Flow Augmentation Program**

The Department included the contractor requested 2018 SWP flow augmentation program costs in the 2019 SOC, totaling \$12.5 million in 2018 costs. In the 2019 SOC, the 2018 flow augmentation costs have been included as a line item adjustment to the Transportation Minimum Attachment 4B, similar to previous years' cost recovery method. The cost recovery for the program was requested by the SWP Contractors to be collected on a pay-as-you-go basis. Since these costs will be incurred in 2018 and recovered in 2019, the collection of the programs' costs include one year of interest at the project interest rate. Even though this program is a conservation related expenditure, there is no impact to the Delta Water Rate for 2019 because the calculation did not include costs for the flow augmentation purchases following the agreed upon cost recovery method, with the exception of the County of Butte and Yuba City water contractors.

## **Details of Statement Components**

### **Conservation Components – Delta Water Rate**

Costs associated with conservation facilities are collected under the Delta Water Rate charge. These costs, both capital and minimum are amortized over the repayment period of the water supply contracts ending in 2035. To reflect the assumed execution of the Water Supply Contract Extension amendment, conservation capital cost projections for 2022 and beyond were not included in the calculation. Capital costs beyond 2021 are assumed to be collected on a direct debt service methodology.

The total Delta Water Rate (DWR) used in computing the charges for 2019 is \$70.07 per acre-foot for the signers of the Monterey Amendment (signers). The DWR is \$0.60 per acre-foot higher than the 2018 DWR of \$69.47 per acre-foot for the signers. The DWR for non-signers of the Monterey Amendment (non-signers) increased \$0.58 per acre-foot to \$68.91 for 2019 from the 2018 SOC DWR of \$68.33 per acre-foot.

In 2019, the DWR capital component increased \$1.61 per acre-foot to \$24.31 per acre-foot for the Monterey Amendment signers. This increase is primarily due the inclusion of the Oroville Spillway Emergency Response costs and increasing capital expenditures for new projects in the Oroville Field Division through calendar year 2021.

The major projects contributing to the DWR capital rate increase are the following: Lookout Slough Tidal Restoration Project (2018: \$15.4 million, 2019: \$17.2 million, 2020: \$32.5 million, 2021: \$30.6 million), Prospect Island Tidal Habitat Restoration (2018: \$12.7 million, 2019: \$12.4 million, 2020: \$9.6 million, 2021: \$ 5.4 million), Fish Restoration Passage Additional Properties (2018: \$9.3 million, 2019: \$24 million, 2020: \$24 million).

The DWR minimum component decreased by \$1.01 per acre-foot from \$46.77 per acre-foot in 2018 to \$45.76 per acre-foot in 2019 for signers. Total conservation minimum cost projections for 2019 and 2020 stayed relatively flat compared to the prior year projections. Actual costs in calendar 2017 came in approximately \$29.5 million lower than projected in the 2018 SOC due to interagency agreement invoicing delays and Department resources being reallocated to emergency projects during the year.

The major programs and projects contributing to the DWR minimum rate are the following: Delta Compliance Program Yolo Bypass Restoration (2018: \$15.5 million, 2019: \$13 million, 2020: \$10.4 million), Delta Temporary Barriers (2018: \$8.1 million, 2019: \$7.8 million, 2020: \$7.95 million), Oroville Project 2100 Environmental (2018: \$8.5 million, 2019: \$8.8 million, 2020: \$11.6 million), Suisun Marsh Compliance Program (2018: \$8.1 million, 2019: \$8.1 million, 2020: \$8.1 million).

The third component of the Delta Water Charge is the conservation replacement accounting system (RAS) charge. There were no planned conservation replacements projects included in the 2019 SOC. There also were no historical cost adjustments. The result is no charge to the contractors for the 2019 SOC. The conservation RAS billing component includes a reserve amount of \$4 million.

### **Transportation Capital Component**

The project interest rate remained unchanged at 4.610%. Total charges under the transportation capital billing component for 2019 totaled \$208.4 million, a decrease of \$4.1 million from last year's charges. The decrease in charge is primarily due to year-over-year reductions for the following projects: Perris Dam Remediation Program - Dam Remediation from \$5.2 million to \$3.5 million, PDRP - Perris Dam Tower Improvements from \$7.5 million to \$3.5 million.

The calculated component decreased by \$4.8 million and amortized deliveries increased by \$1.5 million resulting in a decrease of \$3.3 million in total charges. A charge of \$1.66 million for 2019 and a 2018 credit of \$1.482 million for SBA Off Peak Power resulted in a net credit of \$0.18 million. Decreases in charges for Coastal Branch Extension and South Bay Aqueduct Enlargement are due to lower debt service and bond cover from bond series refunding; while net increases in charges for Tehachapi East Afterbay and East Branch Extension projects are due to higher debt service and bond cover schedules for 2019 from the allocation of the pre-funding bond series AW.

The B132-18 cost projections for calendar year 2019 included the following new projects: SWP Spillway Program Phase 2 – Cedar Springs (\$4.0 million), Castaic Intake Tower and Outlet Works Design and Construction from (\$2.2 million), and SWP Spillway Program Phase 2 - Castaic Lake (\$5.4 million).

Calendar year 2020 and 2021 major projects are described below for future planning purposes only and are not included in the 2019 transportation capital charges calculation. This information is provided as supplemental information behind the published B132-18 Appendix B, Table B-10. In the previous bill year, cost projections were received from projects going out to calendar year 2020.

Cost projections for calendar year 2020 included the following projects: San Luis Field Division Fire Safety Modernization (\$19.0 million), Perris Dam Remediation Project - Tower Improvements (\$12.4 million), Milepost 62 Embankment and Liner Repair (\$6.6 million), Santa Ana Pipeline Repairs (\$4.6 million), San Joaquin Field Division Canal Repairs Milepost 230.88 (\$4.2 million), Communications System Modernization Phase 4 – Delta Field Division (\$3.2 million), South Bay Aqueduct Milepost 35 Out of Round Repair (\$2.9 million), and Santa Clara Pipeline Seismic Evaluation (\$2.2 million).

The 2021 cost projections include the following projects: Castaic Left Abutment Rehabilitation (\$26 million), Castaic Intake Tower and Outlet Works Design and Construction (\$24 million), SWP Fire Systems Modernization - Design & Construction San Joaquin Field Division (\$17.6 million), Perris Dam Remediation Project - Tower Improvements (\$7.3 million), South Bay Aqueduct Milepost 35 Out of Round Repair (\$7.1 million), Castaic Tower Bridge Retrofit (\$7 million), Santa Clara Pipeline Seismic Evaluation (\$6.4 million), Castaic Toe Drain Refurbishment (\$6.2 million), Edmonston Pumping Plant Unit 14 Pump Refurbishment (\$5.1 million), Edmonston Pumping Plant Unit 5 Pump Refurbishment (\$3.2 million).

All adjustments for over-payments or under-collections of past transportation capital component charges are amortized to 2035 as required under provisions of the 1987 WSRB amendments to the

water supply contracts. Currently, the prior year adjustments reflect an under-collection of \$55.9 million for all SWP Contractors combined.

### **Transportation Minimum OMP&R Component**

The OMP&R component charge for the 2019 SOC totaled \$218 million, a decrease of approximately \$22 million from the 2018 SOC. While the total charges decreased year-over-year, the resulting impact by individual contractor varied significantly. This large variance was driven by a true-up of actual field division cost expenditures for calendar year 2017 and a realignment of field division cost projections for 2018 and 2019.

The 2019 Division of Operations and Maintenance (O&M) baseline budget totaled \$293.7 million, which is \$7.7 million lower than the 2018 SOC baseline cost projection. The largest programs within the 2019 O&M budget are the following: SWP Operations (\$29.6 million), San Luis Field Division (\$28.5 million), North San Joaquin Field Division (\$26.6 million), and South San Joaquin Field Division (21.7 million). The 2019 O&M extraordinary cost projections totaled \$35.7 million, which is \$0.72 million higher than the 2018 SOC extraordinary cost projection. The 2019 O&M extraordinary projection is driven by the following projects: SWP Operations Control Center (\$5 million), Edmonston Pumping Plant Transformer (\$1.94 million), O&M Asset Management Program (\$1.9 million), and Dos Amigos Unit 3 Recoating/Repair (\$1.4 million).

The 2019 SOC includes a cumulative prior year adjustment resulting in an over-collection of \$67.8 million. The 2019 SOC historical over-collection is partially due to 2017 actual cost true-ups resulting in a credit of \$34.5 million. The 2018 cost projection decreased by an additional \$21.7 million, driven by the cost projection targets being set for the B132-18 planning process. As mentioned in the billing process and assumptions section above, the Department's goal is to reduce the annual over-collection and more accurately match transportation minimum revenues with annual expenditures.

While transportation minimum cost projections and total charges stayed relatively flat and declined year-over-year, the distribution of the resulting charges amongst contractors varies significantly in the 2019 SOC. This variance is attributed to the O&M field division cost projections and minor over-planning. After the 2018 SOC process, a coordinated effort between SWPAO and O&M to further refine cost projections with historical expenditure patterns by each field division was implemented.

Additionally, the following SWP Contractor requested projects are included as line items in Attachment 4B of the 2019 SOC: SWP Flow Augmentation Program costs for 2018 of \$12.5 million. This amount was reduced in the 2019 Rebill to adjust for actual program expenditures, explained further in the 2019 Rebill summary section below.

### **Transportation Variable OMP&R Component**

The transportation variable OMP&R charge for 2019 is \$287.9 million, which is an increase of \$46 million compared to 2018. These charges are based on 60% of maximum Table A water deliveries for 2019, with total turnout deliveries of 2.59 million acre-feet (MAF) and 2.4 MAF flowing through Dos Amigos

Pumping Plant. The total energy requirement for pumping deliveries increased by approximately 4% from the 2018 SOC to the 2019 SOC, slightly increasing total power costs.

The 2019 SOC includes a prior years' under-collection adjustment of \$23.5 million. The 2019 SOC under-collection is primarily due to 2017 actual cost true-ups and the 2018 projected costs decreasing by approximately \$33.9 million from the 2018 SOC to the 2019 SOC. Included in the prior years' adjustments are greenhouse gas emissions cost true-ups for calendar years 2013 and 2015. The 2018 cost projection reduction is driven by a decrease from the 60% Table A delivery projection included in the 2018 SOC compared to a 35% Table A delivery projection incorporated into the 2019 SOC. Cost recovery of the variable component is determined in the initial invoicing rate calculation prepared in late January each bill year. This process was implemented due to significant variances occurring in water and power operations from initial projections.

The transportation replacement accounting system (RAS) charge is also included in transportation variable OMP&R charge in SOC attachment 5. The 2019 SOC RAS billing component is a charge of \$1.6 million, which is \$4.3 million higher than the 2018 SOC. The net increase is driven by additional planned projects for 2019 and the credit given back in the 2018 SOC. The calculated component increased \$3.98 million from \$5.2 million in the 2018 SOC to \$9.2 million for the 2019 SOC. The main projects contributing to the increase are the following: Dos Amigos Unit 3 Impeller Hub Refurbishment (\$4.35 million) and Edmonston Unit 11 Stator and Pole Rewind (\$3.5 million).

#### **East Branch Enlargement Transportation Charge**

The East Branch Enlargement (EBE) capital charge decreased \$1.85 million to \$35.8 million for the 2019 SOC, which included a \$123 thousand decrease in charges for EBE Phase 1 and a \$1.73 million decrease for EBE Phase 2. The decreased charges are due to adjustments and corrections to several bond series containing the EBE Phase 1 and 2 projects.

The Minimum OMP&R EBE Phase 1 charge increased \$3.56 million in the 2019 SOC. The increase is due to higher cost projections for the 2019 calculated component and also a \$2.4 million decrease in prior years' over/under collection adjustments primarily associated with 2017 projected to actual cost update.

#### **Water System Revenue Bond Surcharge**

The Water System Revenue Bond (WSRB) Surcharge for the 2019 SOC increased year-over-year \$27.3 million to \$107.9 million, primarily driven by the additional debt service and bond cover from pre-funded projects in Bond Series AW totaling \$248 million in principal. Utilizing budgets for all SWP divisions, future capital power-related cost projections were isolated, and a projected debt service repayment schedule was created to determine the WSRB surcharge for years beyond 2019. The capital power projects included in this years' 2019 surcharge are the following:

1. Thermalito Power Plant Cleanup and Restoration
2. FERC Relicensing for P2100 (Oroville)



3. FERC Relicensing for P2426 (Southern California)
4. Hyatt Power Plant Turbine Refurbishment (2, 4, 6)
5. 2014 Hyatt-Thermalito Capital Cost Movement

These power projects account for an increase of \$16.3 million in debt service to meet bond resolution revenue requirements and are ultimately collected under the transportation variable component. This is an increase of \$7.0 million from the 2018 SOC amount of \$9.3 million. In addition to debt service, the power projects have bond cover requirements, which cannot be recovered under transportation variable. In order to meet the requirements, the cover is included in the WSRB surcharge and then will be returned to the SWP Contractors in the 2019 SOC.

### **Water System Revenue Bond Issuance**

Water System Revenue Bonds Series AX and AY refunded a total of \$491.5 million in principal that was incorporated in the calculation of the 2019 SOC. Also, Bond Series AW totaling \$248.4 million of pre-funding for future projects was incorporated in the 2019 SOC. The total debt service and cover for water system projects, cover for power facilities, and debt service for power facilities needed to meet bond resolution associated with WSRB Series A-AY is \$199 million while the 2018 SOC including WSRB Series A-AW was \$168 million. The total power-related only debt service required to meet bond resolution is \$23.2 million, and will be refunded the year after billing because these debt services are ultimately recovered under the transportation variable billing component.

Major capitalized projects included in WSRB bond series AW consist of the following:

1. \$94.1 million for Facility Reconstruction and Improvements
2. \$77.2 million for Thermalito Power Plant Clean-up and Reconstruction
3. \$30.8 million for Delta Facilities Program
4. \$28.7 million for Perris Dam Remediation
5. \$23.7 million for East Branch Extension Phase II

Major refunded capitalized projects included in WSRB bond series AX consist of the following:

1. \$131.5 million for Coastal Branch Phase II
2. \$92.9 million for East Branch Extension Phase II
3. \$30.7 million for Thermalito Powerplant Clean-up and Reconstruction
4. \$26.9 million for East Branch Enlargement Phase I

Major refunded capitalized projects included in WSRB bond series AY consist of the following:

1. \$39.9 million for Coastal Branch Phase II
2. \$20.2 million for East Branch Extension Phase II
3. \$17.9 million for East Branch Enlargement Phase I
4. \$9.9 million for South Bay Aqueduct Enlargement

### **Repayment of Off-Aqueduct Power Facilities**

Off-aqueduct power facilities (OAP) costs are charged under terms of the contract amendment signed by SWP Contractors in early 1983. The Department exited from the Reid Gardner Unit No. 4 (RG4) contract in July 2013. Additional costs associated with the remediation and separation of the RG4 contract are included in the OAP billing component.

The OAP charge for 2019 is \$6.7 million, which is \$2.98 million higher than the 2018 OAP charge. The remaining costs to be recovered through the OAP billing component include the annual O&M costs of remaining OAP facilities and RG4 remediation costs. The RG4 remediation costs included in the 2019 SOC total \$6.5 million. The Department will review OAP facility costs in 2019 to adjust SWP Contractor charges and will also reallocate 2019 OAP costs in May of 2019 using updated water delivery data.

### **Summary of Revised 2019 SOC (2019 Rebill)**

After the 2019 SOC billing process, several SWP Contractors entered into California WaterFix (CWF) Gap Funding Agreements with the Department. The Department issued a revised bill to adjust those participating SWP Contractors' charges. The CWF Gap Funding was agreed to be collected on a pay-as-you-go method with participating Contractors receiving modified Transportation Minimum charges. The Department also addressed two additional billing modifications in the revised bill that impacted several other SWP Contractors.

A total increase in the 2019 revised SOC of \$7.9 million was included for those contractors participating in the CWF Gap Funding Agreements, MWQI Program, and SWP Flow Augmentation Program. Adjustments for all SWP Contractors were included in the transportation minimum billing component, except for the County Butte and Yuba City receiving an adjustment in their Delta Water Charge minimum component for the collection of the SWP Flow Augmentation Program costs.

All revisions are listed below and shown in the Table 1 (Revised) on the following page:

1. California WaterFix Gap Funding Agreements - \$11.9 million increase
2. Unallocated MWQI Program costs - \$2.5 million increase
  - a. 2017 MWQI: All participating contractors
  - b. 2015-2019: South Bay Contractors
3. SWP Flow Augmentation Program - \$6.6 million decrease (reflects actual expenditures)

Table 1 (Revised). Comparison of 2019 Rebill to the 2019 SOC

(\$ shown in Thousands)

| Components               | 2019 Rebill     |                        |                  | 2019 SOC        |                        |                  | Year-over-Year Change |
|--------------------------|-----------------|------------------------|------------------|-----------------|------------------------|------------------|-----------------------|
|                          | Projected Costs | Prior Year Adjustments | Charge           | Projected Costs | Prior Year Adjustments | Charge           |                       |
| <b>Capital</b>           |                 |                        |                  |                 |                        |                  |                       |
| Transportation Component | 110,665         | -                      | 147,196          | 110,665         | -                      | 147,196          | -                     |
| Debt Service Projects    | 1,349           | -                      | 61,223           | 1,349           | -                      | 61,223           | -                     |
| East Branch Enlargement  | -               | -                      | 35,817           | -               | -                      | 35,817           | -                     |
| Conservation Component*  | 165,443         | -                      | 101,448          | 165,443         | -                      | 101,448          | -                     |
| WSRB Surcharge           | -               | -                      | 107,903          | -               | -                      | 107,903          | -                     |
| <b>Capital Subtotal</b>  |                 |                        | <b>453,587</b>   |                 |                        | <b>453,587</b>   | -                     |
| <b>Minimum</b>           |                 |                        |                  |                 |                        |                  |                       |
| Transportation Component | 280,392         | (65,438)               | 225,931          | 286,665         | (67,758)               | 217,963          | <b>7,969</b>          |
| Conservation Component*  | 191,947         | -                      | 191,009          | 191,947         | -                      | 191,067          | <b>(58)</b>           |
| EBE Minimum Component    | 10,341          | 811                    | 11,152           | 10,341          | 811                    | 11,152           | -                     |
| Conservation RAS         | -               | -                      | -                | -               | -                      | -                | -                     |
| <b>Minimum Subtotal</b>  |                 | <b>(64,627)</b>        | <b>428,092</b>   |                 | <b>(66,947)</b>        | <b>420,182</b>   | <b>7,910</b>          |
| <b>Other (Various)</b>   |                 |                        |                  |                 |                        |                  |                       |
| Off-Aqueduct Power       | -               | -                      | 6,700            | -               | -                      | 6,700            | -                     |
| Variable Component       | 262,780         | 23,516                 | 286,296          | 262,780         | 23,516                 | 286,296          | -                     |
| Transportation RAS       | 9,165           | (7,567)                | 1,598            | 9,165           | (7,567)                | 1,598            | -                     |
| <b>Other Subtotal</b>    | <b>271,946</b>  | <b>15,949</b>          | <b>294,594</b>   | <b>271,946</b>  | <b>15,949</b>          | <b>294,594</b>   | -                     |
|                          |                 | <b>(48,679)</b>        | <b>1,176,273</b> |                 | <b>(50,999)</b>        | <b>1,168,363</b> | <b>7,910</b>          |

\* Conservation costs shown are for the respective bill year only.

**NOTICE TO STATE WATER PROJECT CONTRACTORS****Date:** JAN 25 2019**Number:** 19-03**Subject:** 2019 State Water Project Allocation Increase – 15 Percent**From:**

A handwritten signature in blue ink that reads "Joel Ledesma".

---

**Joel Ledesma**  
**Deputy Director, State Water Project**  
Department of Water Resources

The Department of Water Resources (DWR) is increasing the allocation of 2019 State Water Project (SWP) water for long-term contractors from 427,167 acre-feet to 631,115 acre-feet. Based on the recent precipitation, runoff, and current water supply condition, SWP supplies are projected to be 15 percent of most SWP contractors' 2019 requested Table A amounts, which totals 4,172,786 acre-feet. Attached is the revised 2019 SWP 15 percent allocation table.

This allocation increase is made consistent with the long-term water supply contracts and public policy. DWR's approval considered several factors including existing storage in SWP conservation reservoirs, SWP operational constraints such as the conditions of the Biological Opinions for Delta Smelt and Salmonids, and the Longfin Smelt incidental take permit, and the 2019 contractor demands. DWR may revise this and any subsequent allocations if warranted by the year's developing hydrologic and water supply conditions.

To develop the new 15 percent schedule, DWR will scale up the current long-term SWP contractors' 10 percent schedules that were submitted in October 2018 (as part of their initial request), unless a contractor submits an updated schedule. DWR will send the approved monthly water delivery schedules to the long-term SWP contractors.

If you have any questions or need additional information, please contact Pedro Villalobos, Chief, State Water Project Analysis Office, at (916) 653-4313.

Attachment

2019 STATE WATER PROJECT ALLOCATION  
(ACRE-FEET)

| SWP CONTRACTORS                   | TABLE A<br>(1)   | INITIAL<br>REQUEST<br>(2) | APPROVED<br>ALLOCATION<br>(3) | PERCENT<br>INITIAL<br>REQUEST<br>APPROVED<br>(3)/(2)<br>(4) |
|-----------------------------------|------------------|---------------------------|-------------------------------|---|
| <b><u>FEATHER RIVER</u></b>       |                  |                           |                               |   |
| County of Butte                   | 27,500           | 27,500                    | 5,000                         | 18%   |
| Plumas County FC&WCD              | 2,700            | 2,700                     | 405                           | 15%   |
| City of Yuba City                 | 9,600            | 9,600                     | 1,920                         | 20%   |
| <b>Subtotal</b>                   | <b>39,800</b>    | <b>39,800</b>             | <b>7,325</b>                  |   |
| <b><u>NORTH BAY</u></b>           |                  |                           |                               |   |
| Napa County FC&WCD                | 29,025           | 29,025                    | 5,805                         | 20%   |
| Solano County WA                  | 47,756           | 47,756                    | 9,551                         | 20%   |
| <b>Subtotal</b>                   | <b>76,781</b>    | <b>76,781</b>             | <b>15,356</b>                 |   |
| <b><u>SOUTH BAY</u></b>           |                  |                           |                               |   |
| Alameda County FC&WCD, Zone 7     | 80,619           | 80,619                    | 12,093                        | 15%   |
| Alameda County WD                 | 42,000           | 42,000                    | 6,300                         | 15%   |
| Santa Clara Valley WD             | 100,000          | 100,000                   | 15,000                        | 15%   |
| <b>Subtotal</b>                   | <b>222,619</b>   | <b>222,619</b>            | <b>33,393</b>                 |   |
| <b><u>SAN JOAQUIN VALLEY</u></b>  |                  |                           |                               |   |
| Oak Flat WD                       | 5,700            | 5,700                     | 855                           | 15%   |
| County of Kings                   | 9,305            | 9,305                     | 1,396                         | 15%   |
| Dudley Ridge WD                   | 45,350           | 45,350                    | 6,803                         | 15%   |
| Empire West Side ID               | 3,000            | 3,000                     | 450                           | 15%   |
| Kern County WA                    | 982,730          | 982,730                   | 147,410                       | 15%   |
| Tulare Lake Basin WSD             | 87,471           | 87,471                    | 13,121                        | 15%   |
| <b>Subtotal</b>                   | <b>1,133,556</b> | <b>1,133,556</b>          | <b>170,035</b>                |   |
| <b><u>CENTRAL COASTAL</u></b>     |                  |                           |                               |   |
| San Luis Obispo County FC&WCD     | 25,000           | 25,000                    | 3,750                         | 15%   |
| Santa Barbara County FC&WCD       | 45,486           | 45,486                    | 6,823                         | 15%   |
| <b>Subtotal</b>                   | <b>70,486</b>    | <b>70,486</b>             | <b>10,573</b>                 |   |
| <b><u>SOUTHERN CALIFORNIA</u></b> |                  |                           |                               |   |
| Antelope Valley-East Kern WA      | 144,844          | 144,844                   | 21,727                        | 15%   |
| Santa Clarita Valley WA           | 95,200           | 95,200                    | 14,280                        | 15%   |
| Coachella Valley WD               | 138,350          | 138,350                   | 20,753                        | 15%   |
| Crestline-Lake Arrowhead WA       | 5,800            | 5,800                     | 870                           | 15%   |
| Desert WA                         | 55,750           | 55,750                    | 8,363                         | 15%   |
| Littlerock Creek ID               | 2,300            | 2,300                     | 345                           | 15%   |
| Metropolitan WDSC                 | 1,911,500        | 1,911,500                 | 286,725                       | 15%   |
| Mojave WA                         | 85,800           | 85,800                    | 12,870                        | 15%   |
| Palmdale WD                       | 21,300           | 21,300                    | 3,195                         | 15%   |
| San Bernardino Valley MWD         | 102,600          | 102,600                   | 15,390                        | 15%   |
| San Gabriel Valley MWD            | 28,800           | 28,800                    | 4,320                         | 15%   |
| San Geronio Pass WA               | 17,300           | 17,300                    | 2,595                         | 15%   |
| Ventura County WPD                | 20,000           | 20,000                    | 3,000                         | 15%   |
| <b>Subtotal</b>                   | <b>2,629,544</b> | <b>2,629,544</b>          | <b>394,433</b>                |   |
| <b>TOTAL</b>                      | <b>4,172,786</b> | <b>4,172,786</b>          | <b>631,115</b>                |   |

## NOTICE TO STATE WATER PROJECT CONTRACTORS

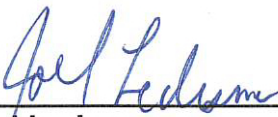


Date: FEB 04 2019

Number: 19-04

Subject: Criteria for Bulletin 132-2019

From:

  
\_\_\_\_\_  
Joel Ledesma  
Deputy Director, State Water Project  
Department of Water Resources

Attached for your information are copies of "Criteria for Bulletin 132-2019 Project Operations Studies" and "Interest and Escalation Rates for Preparing Bulletin 132-2019."

These criteria are being used by the Department of Water Resources (DWR) to prepare information for Bulletin 132-2019, "Management of the California State Water Project" and to determine State Water Project (SWP) Contractors' Statements of Charges for the year 2020.

If you have any questions, please contact Pedro Villalobos, Chief of DWR's State Water Project Analysis Office, at (916) 653-4313, or you may call Susan Lee of his staff at (916) 653-1894.

Attachment

## CRITERIA FOR BULLETIN 132-2019 STATE WATER PROJECT OPERATIONS STUDIES

These criteria provide summaries of the basic operations assumptions to be used in developing the 2020 Statements of Charges. Actual 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 (2019-2023) requests submitted by the SWP Contractors (Contractors) in October 2018 and the long-range (2024-2035) requests submitted by Contractors in October 2018.
  
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 December 15, 2008 by the US Fish and Wildlife Service on the long-term Central Valley Project and the State Water Project Operations Criteria and Plan (OCAP) concerning the delta smelt; the SWP Longfin Smelt Incidental Take Permit issued February 23, 2009; the National Marine Fisheries Services (NMFS) biological and conference opinions on the OCAP issued June 4, 2009, concerning salmonids, green sturgeon and killer whales; and implementation of the Lake Oroville 2018/2019 Flood Control Season 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) **2019:** The initial operations study for 2019 will assume hydrology sufficient to deliver 2.478 MAF (60 percent of Contractors' projected Table A requests). Projections of power generation at the Oroville Thermalito Complex will be based on the Lake Oroville inflow from the same hydrology. For generation at Pine Flat Lake, lower quartile inflow will be assumed. The 2019 water deliveries and water and power operations studies will be reviewed and finalized in May 2019 when the final water supply forecast based on May 1, 2019 snow survey becomes available.
  - (b) **2020:** SWP operations projected for 2020 are the basis for the 2020 Statements of Charges. The study will assume hydrology sufficient to deliver 2.479 MAF (60 percent of Contractors' projected Table A requests). Lower quartile inflow will be assumed for Pine Flat generating facilities.
  - (c) **2021:** The 2021 studies will assume hydrology sufficient to deliver 2.479 MAF (60 percent of Contractors' projected Table A requests). Lower quartile inflow will be assumed for Pine Flat generating facilities.
  - (d) **2022:** Assume hydrology sufficient to deliver 60 percent of Contractors' projected Table A requests of 2.479 MAF.



- (e) 2023: Assume hydrology sufficient to deliver 60 percent of Contractors' projected Table A requests of 2.479 MAF.
- (f) 2024-2035: Assume hydrology sufficient to deliver 60 percent of Contractors' projected Table A requests of an average 2.479 MAF.

3. **Water Supply Augmentation:**

- (a) Delta Pumps. The total capacity of Banks Pumping Plant is 10,300 cfs; 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 19990715, May 2000.
- (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, which would have included increasing diversions, was deferred indefinitely in view of the pelagic organism decline in the Delta. Due to DWR requirements included in the NMFS biological and conference opinions on the OCAP issued June 4, 2009, all SDIP related work was delayed until completion of the Temporary Barriers salmonid effects study. This study will be completed by Bay-Delta Office staff by the end of calendar year 2018. Reconnaissance level SDIP planning and evaluation work will be initiated early in calendar year 2019 to determine if SDIP could be re-conceptualized to address the issues identified in the NMFS biological and conference opinions and could be complementary to California WaterFix. The following facilities will be considered for inclusion in the SDIP concept:
  - ◆ Construction of three flow control structures (gates). These gates are proposed in South Delta channels to control water levels and circulation in the South Delta. A fourth gate that would provide protection for salmon migrating along the San Joaquin River is being planned separately under California WaterFix.
  - ◆ Selected channel dredging in the South Delta and modification of local diversion structures. Several miles of river channels would be evaluated for proposed dredging to reduce the need to operate gates for water stage. Twenty-four shallow agricultural diversions would be evaluated for extension to ensure access to water.
- (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 SWP retains the right to recover 15,000 acre-feet under the recovery agreement with KCWA. Additionally, under the 1990 Demonstration Program, the SWP retains the right to 20,065 acre-feet currently stored in Semitropic Water Storage District.

(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 reliability study prepared by the Bay-Delta 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 132-2019, forecasted SWP power resources for the study period will be based on existing SWP generation and power purchases including the contract to purchase 3MW of output from the Boulder Canyon Project (aka Hoover) from October 1, 2018 through September 30, 2067.

Project Order 36, State Power Contract for the Use of Oroville Power, will continue to be applied for the purposes of the "Criteria for Bulletin 132-2019 State Water Project Operations Studies" memo. Project Order 36 was issued in 1994 to address the continuation of DWR's charges to the contractors for Oroville power.

5. **Future SWP Facilities:** The schedule for initial operation of future SWP facilities to be used when preparing information for Bulletin 132-2019 is shown in the following table.

| FUTURE SWP FACILITIES                     | Dates for Initial Operation |                   |
|---|-----------------------------|-------------------|
|   | Bulletin 132-2018           | Bulletin 132-2019 |
| CALIFORNIA AQUEDUCT – EAST BRANCH         |                             |                   |
| East Branch Enlargement – Stage 2         |                             |                   |
| Alamo Power Plant – Unit 2 (1,506 cfs)    | Postponed                   | Postponed         |
| DELTA FACILITIES                          |                             |                   |
| Sherman and Twitchell Island Fish screens | December 2019               | December 2020     |

**TABLE 1**  
**INTEREST RATES**  
**RECOMMENDED IN PREPARING DATA FOR**  
**2020 STATEMENTS OF CHARGES, BULLETIN 132-2019**  
**AND DWR FINANCIAL ANALYSIS STUDIES**

| <u>Item</u>  | <u>Interest Rate<sup>1</sup></u><br><u>Per Year</u> |
|--|---|
| 1. Interest Rates on future general obligation "Offset" bonds (If assumed sold) <sup>2</sup> | 3.350 (2.950)                                       |
| 2. Interest Rate for future Water System Revenue Bonds <sup>2</sup>                          | 3.150 (2.800)                                       |
| 3. Project Interest Rate for determining Statements of Charges for 2020                      | 4.610 (4.610)                                       |
| 4. Interest Rate on future short-term investment of project funds <sup>3</sup>               | 1.731 (1.170)                                       |

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<sup>1</sup>For the purposes of DWR studies, these rates are to be used as the effective rates of interest. Figures in parentheses are Bulletin 132-2018 assumptions.

<sup>2</sup>Future bonds are assumed to be repaid by the end of the current contract repayment period (2035) or sooner, with maturities commencing in the year following the date of sale and with equal annual bond service for the principal repayment period.

<sup>3</sup>Based on the expected rate of return for funds invested in the State's Surplus Money Investment Fund.

**TABLE 2**

**COST ESCALATION RATES**  
**RECOMMENDED IN PREPARING SWP FACILITIES DATA FOR**  
**2020 STATEMENTS OF CHARGES, BULLETIN 132-2019**  
**AND DWR FINANCIAL ANALYSIS STUDIES**


| <u>Item</u>  | <u>Percent Increase</u><br><u>Per Year<sup>1</sup></u> |             |             |                  |
|--|--|-------------|-------------|------------------|
|  | <u>2019</u>  | <u>2020</u> | <u>2021</u> | <u>2022-2035</u> |
| <u>Capital Costs</u>                               |  |             |             |                  |
| State Operations                                   |  |             |             |                  |
| (Salaries and Benefits) <sup>2</sup>               | 0 (4.0)  | 4.0 (4.0)   | 4.0 (4.0)   | 4.0 (4.0)        |
| Construction, Direct Pay                           | 0 (5.0)  | 4.2 (5.0)   | 4.2 (5.0)   | 4.2 (5.0)        |
| Relocation, Direct Pay                             | 0 (4.0)  | 4.0 (4.0)   | 4.0 (4.0)   | 4.0 (4.0)        |
| Land and Rights of Way,<br>Direct Pay              | 0 (4.0)  | 4.0 (4.0)   | 4.0 (4.0)   | 4.0 (4.0)        |
| <u>Operations and Maintenance Cost<sup>3</sup></u> |  |             |             |                  |
| State Operations                                   |  |             |             |                  |
| (Salaries and Benefits) <sup>2</sup>               | 0 (4.0)  | 4.0 (4.0)   | 4.0 (4.0)   | 4.0 (4.0)        |

<sup>1</sup> Figures in parentheses were recommended rates for the Bulletin 132-2018 assumptions; however, no escalation rates were used in the 2019 Statements of Charges to reduce cost projections.

<sup>2</sup> Reflects salary and benefit adjustments. Escalation rates should be considered preliminary. Continuing labor negotiations may change rates.

<sup>3</sup> Operation and Maintenance costs in the Statements of Charges for 2020 and in Bulletin 132-2019 are to be escalated through 2021 and escalated one percent for the remainder of the contract repayment period for certain costs.

**NOTICE TO STATE WATER PROJECT CONTRACTORS****Date:** FEB 12 2019**Number:** 19-05**Subject:** 2019 Article 21 Water Program**From:**

  
\_\_\_\_\_  
**Joel Ledesma**  
**Deputy Director, State Water Project**  
Department of Water Resources

The Department of Water Resources (DWR) will administer a program during 2019 in accordance with Article 21 of the long-term Water Supply Contracts. The 2019 Article 21 Water Program (Program) is available to those State Water Project contractors who have signed the Monterey Amendment, and are subject to the attached criteria.

Due to the current water conditions and storage in San Luis Reservoir, it is likely that Article 21 water may become available south of the Sacramento-San Joaquin Delta during 2019. Should Article 21 water become available in 2019, the 2019 Program will be administered similarly to 2017 with minor modifications to facilitate communication of Article 21 availability and any related carryover spill accounting.

The Program participants have the responsibility to follow the intent of the Article 21 contract criteria and to not defer previously scheduled Table A deliveries for later use in the year. Contractors are encouraged to regularly update and submit their delivery schedules to DWR.

To participate in the Program and be on the notification list, a contractor must sign and date the attachment to this Notice to State Water Project Contractors and return it to Mahmoud Mabrouk, State Water Project Analysis Office, Department of Water Resources, Post Office Box 942836, Sacramento, California 94236-0001.

If you have any questions or need additional information, please contact Pedro Villalobos, Chief, State Water Project Analysis Office, at (916) 653-4313.

Attachment

## **2019 ARTICLE 21 WATER PROGRAM**

### **CRITERIA**

1. Delivery of Article 21 water shall not impact allocation or delivery of approved Table A water to State Water Project (SWP) contractors in 2019.
2. Water under this Program shall be SWP water that is available to SWP contractors as determined by the Department of Water Resources (DWR). This water is limited to amounts not needed for fulfilling contractors' approved Table A deliveries, as set forth in their approved water delivery schedules furnished pursuant to Article 12, or for meeting SWP operational requirements, including reservoir storage goals for the current or following years.
3. Delivery to specific contractors may be limited by operational capacity in SWP facilities or as a result of changed operational conditions.
4. The delivery of Article 21 water is not intended in any way to adversely impact any SWP operations. If DWR determines there has been an adverse impact during the period when Article 21 water is being delivered to a contractor, Article 21 water may be reclassified as approved 2019 Table A water to keep the SWP whole.
5. Article 21 water shall be used within the service area of a requesting contractor, for the same reasonable and beneficial uses as Table A water. Article 21 water may be delivered outside the service area of a participating contractor for storage as long as it is later returned for use in the requesting contractor's service area. A separate written agreement will be required for delivery outside of a contractor's service area.
6. Article 21 water shall not be stored by DWR in SWP reservoirs for later delivery to a requesting contractor.
7. This Program is not intended to allow a contractor to shift or defer delivery of allocated scheduled 2019 Table A water and substitute delivery of Article 21 water for scheduled 2019 Table A water in a way that would adversely impact allocation or delivery of Table A water to other contractors in 2019 or in any subsequent year, or adversely affect SWP storage of water.

### **SCHEDULING AND CHARGES**

8. DWR will notify the contractors by email when Article 21 water is available. DWR will request that contractors periodically provide updated schedules of carryover, Table A and other non-Article 21 water demands and will use such schedules to determine Article 21 water availability.

9. Participating contractors shall email a schedule indicating Article 21 water requests to Mahmoud Mabrouk at [Mahmoud.Mabrouk@water.ca.gov](mailto:Mahmoud.Mabrouk@water.ca.gov) of the State Water Project Analysis Office. The schedule shall include the amount of other SWP supplies requested in addition to Article 21 water.
10. Daily allocations of Article 21 will be provided to contractors based upon weekly assessment. DWR may discontinue availability of Article 21 water upon short notice.
11. If necessary, the supply of Article 21 water will be allocated among requesting contractors in proportion to the 2019 Table A amounts of those contractors.
12. A contractor taking delivery of Article 21 water may stop or suspend participation in the Program by notifying Mahmoud Mabrouk at (916) 653-4635.
13. Conveyance charges for Article 21 water delivered under this Program shall be the same as for Table A water and shall include transportation, variable operation, maintenance, power, and replacement (OMP&R) component charges, Off Aqueduct power facility charges, and any incremental OMP&R costs, as determined by DWR.
14. All contractors participating in the Program are responsible for coordinating delivery points and rates through their normal contacts at the various DWR field divisions.
15. The 2019 Article 21 Water Program shall not be a precedent for future programs.

In order to participate in the 2019 Article 21 Water Program, please sign below in the space provided and return all three pages of this attachment to the State Water Project Analysis Office. A contractor's signature indicates acceptance of the criteria, procedures, and charges established for this Program.

ACCEPTED:

Authorized Representative

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Signature

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Title

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Agency

---

Date

AGENCY CONTACT:

Authorized Representative

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Name

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Email

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Telephone



**NOTICE TO STATE WATER PROJECT CONTRACTORS****Date:** FEB 20 2019**Number:** 19-06**Subject:** 2019 State Water Project Allocation Increase to 35 Percent**From:**   

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**Joel Ledesma**  
**Deputy Director, State Water Project**  
Department of Water Resources

The Department of Water Resources (DWR) is increasing the allocation of 2019 State Water Project (SWP) water for long-term contractors from 631,115 acre-feet to 1,473,046 acre-feet. Based on the recent precipitation, runoff, and current water supply conditions, SWP supplies are projected to be 35 percent of most SWP contractors' 2019 requested Table A amounts, which totals 4,172,786 acre-feet. Attached is the revised 2019 SWP 35 percent allocation table.

This allocation increase is made consistent with the long-term water supply contracts and public policy. DWR's approval considered several factors including existing storage in SWP conservation reservoirs, SWP operational constraints such as the conditions of the Biological Opinions for Delta Smelt and Salmonids, and the Longfin Smelt incidental take permit, and the 2019 contractor demands. DWR may revise this and any subsequent allocations if warranted by the year's developing hydrologic and water supply conditions.

To develop the new 35 percent schedule, DWR will scale up the current long-term SWP contractors' 30 percent schedules that were submitted in October 2018 (as part of their initial request), unless a contractor submits an updated schedule. DWR will send the approved monthly water delivery schedules to the long-term SWP contractors.

If you have any questions or need additional information, please contact Pedro Villalobos, Chief, State Water Project Analysis Office, at (916) 653-4313.

Attachment

2019 STATE WATER PROJECT ALLOCATION  
(ACRE-FEET)

| SWP CONTRACTORS                   | TABLE A<br>(1)   | INITIAL<br>REQUEST<br>(2) | APPROVED<br>ALLOCATION<br>(3) | PERCENT<br>INITIAL<br>REQUEST<br>APPROVED<br>(3)/(2)<br>(4) |
|-----------------------------------|------------------|---------------------------|-------------------------------|---|
| <b><u>FEATHER RIVER</u></b>       |                  |                           |                               |   |
| County of Butte                   | 27,500           | 27,500                    | 17,875                        | 65%   |
| Plumas County FC&WCD              | 2,700            | 2,700                     | 945                           | 35%   |
| City of Yuba City                 | 9,600            | 9,600                     | 3,840                         | 40%   |
| <b>Subtotal</b>                   | <b>39,800</b>    | <b>39,800</b>             | <b>22,660</b>                 |   |
| <b><u>NORTH BAY</u></b>           |                  |                           |                               |   |
| Napa County FC&WCD                | 29,025           | 29,025                    | 11,610                        | 40%   |
| Solano County WA                  | 47,756           | 47,756                    | 19,102                        | 40%   |
| <b>Subtotal</b>                   | <b>76,781</b>    | <b>76,781</b>             | <b>30,712</b>                 |   |
| <b><u>SOUTH BAY</u></b>           |                  |                           |                               |   |
| Alameda County FC&WCD, Zone 7     | 80,619           | 80,619                    | 28,217                        | 35%   |
| Alameda County WD                 | 42,000           | 42,000                    | 14,700                        | 35%   |
| Santa Clara Valley WD             | 100,000          | 100,000                   | 35,000                        | 35%   |
| <b>Subtotal</b>                   | <b>222,619</b>   | <b>222,619</b>            | <b>77,917</b>                 |   |
| <b><u>SAN JOAQUIN VALLEY</u></b>  |                  |                           |                               |   |
| Oak Flat WD                       | 5,700            | 5,700                     | 1,995                         | 35%   |
| County of Kings                   | 9,305            | 9,305                     | 3,257                         | 35%   |
| Dudley Ridge WD                   | 45,350           | 45,350                    | 15,873                        | 35%   |
| Empire West Side ID               | 3,000            | 3,000                     | 1,050                         | 35%   |
| Kern County WA                    | 982,730          | 982,730                   | 343,956                       | 35%   |
| Tulare Lake Basin WSD             | 87,471           | 87,471                    | 30,615                        | 35%   |
| <b>Subtotal</b>                   | <b>1,133,556</b> | <b>1,133,556</b>          | <b>396,746</b>                |   |
| <b><u>CENTRAL COASTAL</u></b>     |                  |                           |                               |   |
| San Luis Obispo County FC&WCD     | 25,000           | 25,000                    | 8,750                         | 35%   |
| Santa Barbara County FC&WCD       | 45,486           | 45,486                    | 15,920                        | 35%   |
| <b>Subtotal</b>                   | <b>70,486</b>    | <b>70,486</b>             | <b>24,670</b>                 |   |
| <b><u>SOUTHERN CALIFORNIA</u></b> |                  |                           |                               |   |
| Antelope Valley-East Kern WA      | 144,844          | 144,844                   | 50,695                        | 35%   |
| Santa Clarita Valley WA           | 95,200           | 95,200                    | 33,320                        | 35%   |
| Coachella Valley WD               | 138,350          | 138,350                   | 48,423                        | 35%   |
| Crestline-Lake Arrowhead WA       | 5,800            | 5,800                     | 2,030                         | 35%   |
| Desert WA                         | 55,750           | 55,750                    | 19,513                        | 35%   |
| Little Rock Creek ID              | 2,300            | 2,300                     | 805                           | 35%   |
| Metropolitan WDSC                 | 1,911,500        | 1,911,500                 | 669,025                       | 35%   |
| Mojave WA                         | 85,800           | 85,800                    | 30,030                        | 35%   |
| Palmdale WD                       | 21,300           | 21,300                    | 7,455                         | 35%   |
| San Bernardino Valley MWD         | 102,600          | 102,600                   | 35,910                        | 35%   |
| San Gabriel Valley MWD            | 28,800           | 28,800                    | 10,080                        | 35%   |
| San Geronio Pass WA               | 17,300           | 17,300                    | 6,055                         | 35%   |
| Ventura County WPD                | 20,000           | 20,000                    | 7,000                         | 35%   |
| <b>Subtotal</b>                   | <b>2,629,544</b> | <b>2,629,544</b>          | <b>920,341</b>                |   |
| <b>TOTAL</b>                      | <b>4,172,786</b> | <b>4,172,786</b>          | <b>1,473,046</b>              |   |

**NOTICE TO STATE WATER PROJECT CONTRACTORS****Date:** MAR 20 2019**Number:** 19-07**Subject:** 2019 State Water Project Allocation Increase to 70 Percent**From:**

A handwritten signature in blue ink that reads "Joel Ledesma".

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Joel Ledesma  
Deputy Director, State Water Project  
Department of Water Resources

The Department of Water Resources (DWR) is increasing the allocation of 2019 State Water Project (SWP) water for long-term contractors from 1,473,046 acre-feet to 2,942,158 acre-feet. Based on the recent precipitation, runoff, and current water supply conditions, SWP supplies are projected to be 70 percent of most SWP contractors' 2019 requested Table A amounts, which totals 4,172,786 acre-feet. Attached is the revised 2019 SWP 70 percent allocation table.

This allocation increase is made consistent with the long-term water supply contracts and public policy. DWR's approval considered several factors including existing storage in SWP conservation reservoirs, SWP operational constraints such as the conditions of the Biological Opinions for Delta Smelt and Salmonids, and the Longfin Smelt incidental take permit, and the 2019 contractor demands. DWR may revise this and any subsequent allocations if warranted by the year's developing hydrologic and water supply conditions.

To develop the new 70 percent schedule, DWR will scale up the current long-term SWP contractors' 60 percent schedules that were submitted in October 2018 (as part of their initial request), unless a contractor submits an updated schedule. DWR will send the approved monthly water delivery schedules to the long-term SWP contractors.

If you have any questions or need additional information, please contact Pedro Villalobos, Chief, State Water Project Analysis Office, at (916) 653-4313.

Attachment

2019 STATE WATER PROJECT ALLOCATION  
(ACRE-FEET)

| SWP CONTRACTORS                   | TABLE A<br><br>(1) | INITIAL<br>REQUEST<br><br>(2) | APPROVED<br>ALLOCATION<br><br>(3) | PERCENT<br>INITIAL<br>REQUEST<br>APPROVED<br>(3)/(2)<br><br>(4) |
|-----------------------------------|--------------------|-------------------------------|-----------------------------------|---|
| <b><u>FEATHER RIVER</u></b>       |                    |                               |                                   |   |
| County of Butte                   | 27,500             | 27,500                        | 27,500                            | 100%  |
| Plumas County FC&WCD              | 2,700              | 2,700                         | 1,890                             | 70%   |
| City of Yuba City                 | 9,600              | 9,600                         | 8,160                             | 85%   |
| <b>Subtotal</b>                   | <b>39,800</b>      | <b>39,800</b>                 | <b>37,550</b>                     |   |
| <b><u>NORTH BAY</u></b>           |                    |                               |                                   |   |
| Napa County FC&WCD                | 29,025             | 29,025                        | 24,671                            | 85%   |
| Solano County WA                  | 47,756             | 47,756                        | 40,593                            | 85%   |
| <b>Subtotal</b>                   | <b>76,781</b>      | <b>76,781</b>                 | <b>65,264</b>                     |   |
| <b><u>SOUTH BAY</u></b>           |                    |                               |                                   |   |
| Alameda County FC&WCD, Zone 7     | 80,619             | 80,619                        | 56,433                            | 70%   |
| Alameda County WD                 | 42,000             | 42,000                        | 29,400                            | 70%   |
| Santa Clara Valley WD             | 100,000            | 100,000                       | 70,000                            | 70%   |
| <b>Subtotal</b>                   | <b>222,619</b>     | <b>222,619</b>                | <b>155,833</b>                    |   |
| <b><u>SAN JOAQUIN VALLEY</u></b>  |                    |                               |                                   |   |
| Oak Flat WD                       | 5,700              | 5,700                         | 3,990                             | 70%   |
| County of Kings                   | 9,305              | 9,305                         | 6,514                             | 70%   |
| Dudley Ridge WD                   | 45,350             | 45,350                        | 31,745                            | 70%   |
| Empire West Side ID               | 3,000              | 3,000                         | 2,100                             | 70%   |
| Kern County WA                    | 982,730            | 982,730                       | 687,911                           | 70%   |
| Tulare Lake Basin WSD             | 87,471             | 87,471                        | 61,230                            | 70%   |
| <b>Subtotal</b>                   | <b>1,133,556</b>   | <b>1,133,556</b>              | <b>793,490</b>                    |   |
| <b><u>CENTRAL COASTAL</u></b>     |                    |                               |                                   |   |
| San Luis Obispo County FC&WCD     | 25,000             | 25,000                        | 17,500                            | 70%   |
| Santa Barbara County FC&WCD       | 45,486             | 45,486                        | 31,840                            | 70%   |
| <b>Subtotal</b>                   | <b>70,486</b>      | <b>70,486</b>                 | <b>49,340</b>                     |   |
| <b><u>SOUTHERN CALIFORNIA</u></b> |                    |                               |                                   |   |
| Antelope Valley-East Kern WA      | 144,844            | 144,844                       | 101,391                           | 70%   |
| Santa Clarita Valley WA           | 95,200             | 95,200                        | 66,640                            | 70%   |
| Coachella Valley WD               | 138,350            | 138,350                       | 96,845                            | 70%   |
| Crestline-Lake Arrowhead WA       | 5,800              | 5,800                         | 4,060                             | 70%   |
| Desert WA                         | 55,750             | 55,750                        | 39,025                            | 70%   |
| Littlerock Creek ID               | 2,300              | 2,300                         | 1,610                             | 70%   |
| Metropolitan WDSC                 | 1,911,500          | 1,911,500                     | 1,338,050                         | 70%   |
| Mojave WA                         | 85,800             | 85,800                        | 60,060                            | 70%   |
| Palmdale WD                       | 21,300             | 21,300                        | 14,910                            | 70%   |
| San Bernardino Valley MWD         | 102,600            | 102,600                       | 71,820                            | 70%   |
| San Gabriel Valley MWD            | 28,800             | 28,800                        | 20,160                            | 70%   |
| San Geronio Pass WA               | 17,300             | 17,300                        | 12,110                            | 70%   |
| Ventura County WPD                | 20,000             | 20,000                        | 14,000                            | 70%   |
| <b>Subtotal</b>                   | <b>2,629,544</b>   | <b>2,629,544</b>              | <b>1,840,681</b>                  |   |
| <b>TOTAL</b>                      | <b>4,172,786</b>   | <b>4,172,786</b>              | <b>2,942,158</b>                  |   |

**NOTICE TO STATE WATER PROJECT CONTRACTORS****Date:** APR 11 2019**Number:** 19-08**Subject:** Bulletin 132-17, Management of the California State Water Project**From:**

A handwritten signature in blue ink that reads "Karla A. Nemeth".

**Karla A. Nemeth**  
**Director**  
Department of Water Resources

Bulletin 132-17, the fifty-fifth edition of Bulletin 132, Management of the California State Water Project, has been published and is now available for distribution. Bulletin 132-17 is prepared for use by the California Water Commission, State Water Project water and power users, bond underwriters, dealers and investors, and the public.

Bulletin 132-17 will be delivered within six weeks to a subset of recipients who receive this notice. All other recipients may request printed copies of the bulletin as indicated below:


California Department of Water Resources  
Imaging and Records Management  
Publications Office  
Post Office Box 942836  
Sacramento, California 94236-0001  
(916) 653-1097  
Email: [DWRPublications@water.ca.gov](mailto:DWRPublications@water.ca.gov)

CD-ROM production of Bulletin 132 was discontinued. Bulletin 132-17 is available for direct download in PDF format at:

<https://water.ca.gov/Programs/State-Water-Project/Management/Bulletin-132>

**NOTICE TO STATE WATER PROJECT CONTRACTORS****Date:** MAY 31 2019**Number:** 19-09

**Subject:** Central Valley Project Water System Revenue Bonds, Series BA  
**Par Amount:** \$299,590,000  
**Closing Date:** April 24, 2019

**From:**   
**Karla A. Nemeth, Director**  
 Department of Water Resources

**Summary of Cash Flow Financing Results**

On April 24, 2019, the Department of Water Resources (DWR) issued tax-exempt fixed-rate Bonds, Series BA, with a par amount of \$299.6 million and \$70.3 million premium. This was achieved through a competitive sale to take out \$346.0 million of DWR's current outstanding commercial paper notes. Bond proceeds were also used to pay the costs of issuance and fund both capitalized interest and the reserve account. A summary of the financing results is provided below in Table 1.

**Table 1: Summary of Financing Results, Series BA**

|                           |                |
|---------------------------|----------------|
| Delivery date             | 4/24/2019      |
| Commercial Paper Refunded | \$ 346,045,677 |
| Arbitrage Yield           | 1.86%          |
| True Interest Cost        | 2.36%          |
| All-In True Interest Cost | 2.71%          |
| Average Coupon            | 5.00%          |

If you have any questions, please contact Vinay Behl, Chief Financial Officer, Division of Fiscal Services, at (916) 653-9836.

**NOTICE TO STATE WATER PROJECT CONTRACTORS**

**Date:** JUN 19 2019

**Number:** 19-10

**Subject:** 2019 State Water Project Allocation Increase from 70 to 75 Percent

**From:**

A handwritten signature in black ink, appearing to read "Joel Ledesma", is written over a horizontal line.

**Joel Ledesma**  
**Deputy Director, State Water Project**  
Department of Water Resources

The Department of Water Resources (DWR) is increasing the allocation of 2019 State Water Project (SWP) water for long-term contractors from 2,942,158 acre-feet to 3,145,105 acre-feet. Based on the recent precipitation, runoff, and current water supply conditions, SWP supplies are projected to be 75 percent of most SWP contractors' 2019 requested Table A amounts, which totals 4,172,786 acre-feet. Attached is the revised 2019 SWP 75 percent allocation table.

This allocation increase is made consistent with the long-term water supply contracts and public policy. DWR's approval considered several factors including existing storage in SWP conservation reservoirs, SWP operational constraints such as the conditions of the Biological Opinions for Delta Smelt and Salmonids, and the Longfin Smelt incidental take permit, and the 2019 contractor demands. DWR may revise this and any subsequent allocations if warranted by the year's developing hydrologic and water supply conditions.

To develop the new 75 percent schedule, DWR will scale up the current long-term SWP contractors' 60 percent schedules that were submitted in October 2018 (as part of their initial request), unless a contractor submits an updated schedule. DWR will send the approved monthly water delivery schedules to the long-term SWP contractors.

If you have any questions or need additional information, please contact Pedro Villalobos, Chief, State Water Project Analysis Office, at (916) 653-4313.

Attachment

2019 STATE WATER PROJECT ALLOCATION  
(ACRE-FEET)

| SWP CONTRACTORS                   | TABLE A<br>(1)   | INITIAL<br>REQUEST<br>(2) | APPROVED<br>ALLOCATION<br>(3) | PERCENT<br>INITIAL<br>REQUEST<br>APPROVED<br>(3)/(2)<br>(4) |
|-----------------------------------|------------------|---------------------------|-------------------------------|---|
| <b><u>FEATHER RIVER</u></b>       |                  |                           |                               |   |
| County of Butte                   | 27,500           | 27,500                    | 27,500                        | 100%  |
| Plumas County FC&WCD              | 2,700            | 2,700                     | 2,025                         | 75%   |
| City of Yuba City                 | 9,600            | 9,600                     | 8,160                         | 85%   |
| <b>Subtotal</b>                   | <b>39,800</b>    | <b>39,800</b>             | <b>37,685</b>                 |   |
| <b><u>NORTH BAY</u></b>           |                  |                           |                               |   |
| Napa County FC&WCD                | 29,025           | 29,025                    | 24,671                        | 85%   |
| Solano County WA                  | 47,756           | 47,756                    | 40,593                        | 85%   |
| <b>Subtotal</b>                   | <b>76,781</b>    | <b>76,781</b>             | <b>65,264</b>                 |   |
| <b><u>SOUTH BAY</u></b>           |                  |                           |                               |   |
| Alameda County FC&WCD, Zone 7     | 80,619           | 80,619                    | 60,464                        | 75%   |
| Alameda County WD                 | 42,000           | 42,000                    | 31,500                        | 75%   |
| Santa Clara Valley WD             | 100,000          | 100,000                   | 75,000                        | 75%   |
| <b>Subtotal</b>                   | <b>222,619</b>   | <b>222,619</b>            | <b>166,964</b>                |   |
| <b><u>SAN JOAQUIN VALLEY</u></b>  |                  |                           |                               |   |
| Oak Flat WD                       | 5,700            | 5,700                     | 4,275                         | 75%   |
| County of Kings                   | 9,305            | 9,305                     | 6,979                         | 75%   |
| Dudley Ridge WD                   | 45,350           | 45,350                    | 34,013                        | 75%   |
| Empire West Side ID               | 3,000            | 3,000                     | 2,250                         | 75%   |
| Kern County WA                    | 982,730          | 982,730                   | 737,048                       | 75%   |
| Tulare Lake Basin WSD             | 87,471           | 87,471                    | 65,603                        | 75%   |
| <b>Subtotal</b>                   | <b>1,133,556</b> | <b>1,133,556</b>          | <b>850,168</b>                |   |
| <b><u>CENTRAL COASTAL</u></b>     |                  |                           |                               |   |
| San Luis Obispo County FC&WCD     | 25,000           | 25,000                    | 18,750                        | 75%   |
| Santa Barbara County FC&WCD       | 45,486           | 45,486                    | 34,115                        | 75%   |
| <b>Subtotal</b>                   | <b>70,486</b>    | <b>70,486</b>             | <b>52,865</b>                 |   |
| <b><u>SOUTHERN CALIFORNIA</u></b> |                  |                           |                               |   |
| Antelope Valley-East Kern WA      | 144,844          | 144,844                   | 108,633                       | 75%   |
| Santa Clarita Valley WA           | 95,200           | 95,200                    | 71,400                        | 75%   |
| Coachella Valley WD               | 138,350          | 138,350                   | 103,763                       | 75%   |
| Crestline-Lake Arrowhead WA       | 5,800            | 5,800                     | 4,350                         | 75%   |
| Desert WA                         | 55,750           | 55,750                    | 41,813                        | 75%   |
| Little Rock Creek ID              | 2,300            | 2,300                     | 1,725                         | 75%   |
| Metropolitan WDSC                 | 1,911,500        | 1,911,500                 | 1,433,625                     | 75%   |
| Mojave WA                         | 85,800           | 85,800                    | 64,350                        | 75%   |
| Palmdale WD                       | 21,300           | 21,300                    | 15,975                        | 75%   |
| San Bernardino Valley MWD         | 102,600          | 102,600                   | 76,950                        | 75%   |
| San Gabriel Valley MWD            | 28,800           | 28,800                    | 21,600                        | 75%   |
| San Geronio Pass WA               | 17,300           | 17,300                    | 12,975                        | 75%   |
| Ventura County WPD                | 20,000           | 20,000                    | 15,000                        | 75%   |
| <b>Subtotal</b>                   | <b>2,629,544</b> | <b>2,629,544</b>          | <b>1,972,159</b>              |   |
| <b>TOTAL</b>                      | <b>4,172,786</b> | <b>4,172,786</b>          | <b>3,145,105</b>              |   |



**NOTICE TO STATE WATER PROJECT CONTRACTORS****Date:** OCT 29 2019**Number:** 19-11**Subject:** Confirmation of the Department's Continued Interpretation of Article 56(c)(6) Use of Facilities Charges**From:**

Handwritten signature of Ted Craddock in blue ink.

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**Ted Craddock**  
**Acting Deputy Director, State Water Project**  
Department of Water Resources

In 1995, the Department of Water Resources (Department) entered into an amendment to the Water Supply Contracts known as the Monterey Amendment. As part of this amendment, a list of outstanding items for future resolution was developed and is referred to as Phase 1. Phase 1 of the Water Supply Contract amendment process has not been completed at this time. Furthermore, a number of contract amendments are presently pending that do not resolve the list of items in Phase 1.

The Department is providing this Notice to Contractors to confirm the Water Supply Contract will continue to be interpreted in a manner consistent with the current practice, pending completion of future contract amendments sufficient to cover the list of items known as Phase 1.

The Monterey Amendment added Article 56(c)(6), which reads:

For any project water stored outside its service area pursuant to this subdivision (c)... the 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.

In 2003, the State Water Contractors (SWC) sent a letter to the Department in which it requested, on behalf of its members, that “a use of facilities charge for a contractor’s use of project facilities for the delivery of water to, or return of water from, interim storage shall be imposed only if neither the contractor for whom the water is stored nor the contractor storing the water has participated in the repayment of such project facilities.” In 2004, the Department circulated for signature a waiver of use-of-facilities charges pursuant to Article 56(c)(6) related to the ambiguity referenced in the 2003 letter. That waiver was not signed by Metropolitan Water District of Southern California (Metropolitan), San Luis Obispo County Flood Control and Water Conservation District, and Ventura County Watershed Protection District. The waiver correspondence contained the following language:

Even though the Phase 1 amendment has been put aside, at least temporarily, the Department agreed on November 10, 2003, to continue its practice of not collecting Use-of-Facility charges until Phase 1 negotiations can be reinstated *provided* that (1) individual agreements continue to contain hold-harmless and indemnification clauses; (2) individual agreements continue to allow retroactive collection of the Use-of-Facilities charges in the event the contractual amendment does not materialize; and (3) all South-of-Delta contractors sign a waiver of Article 56(c)(6) to limit retroactive claims for Use-of-Facilities charges.

Metropolitan filed a protest over this issue in 2005, and that protest is subject to a tolling and waiver agreement. Subsequent to this protest, the Department discontinued the effort to seek a signed waiver from the remaining parties.

Article 56(c)(6) is phrased in the singular when referencing “a contractor” and “the contractor’s” responsibilities. When applied to situations where two or more contractors are required to partner in the storage of project water outside a contractor’s service area, the language in Article 56(c)(6) does not, at first glance, seem to address the situation. Furthermore, conditions 2 and 3 as stated above have not been met at this time, drawing into question DWR’s billing process. Thus, there are outstanding ambiguities on how the Department intends to interpret Article 56(c)(6) that stem from the language of the Monterey Amendment and the waiver.

Article 56(c)(6) is stated in the singular as mentioned above. However, the article also contains language that describes the intent of the provision, which is to only recover costs “which would not be incurred” absent the storage of project water permitted by the article. The article goes on to state that “only those contractors not participating in the repayment of a reach shall be required to pay a use of facilities charge.” The Department interprets the intent of this language as meaning that use-of-facilities charges are to ensure collection of incremental costs that are not already collected by a contractor involved in the storage. Therefore, when combined with Article 56(f) the term “contractor” and “contractor’s” is read to reflect the singular transaction, inclusive of all the parties involved.

Addressing the waiver, conditions 2 and 3 have not been met. Nonetheless, the Department has continued its practice of not collecting use-of-facilities charges where at least one party in a transaction under Article 56(c)(6) has participated in repayment of the utilized project reaches. The Department continues its billing practice without completion of all the conditions set forth in the waiver, because doing so is consistent with the intent of the Water Supply Contracts.

The Department has included language in storage of water outside of service area agreements stating that if one of the contractors involved in these arrangements is participating in the repayment costs of all aqueduct reaches involved, the Department will not charge a use-of-facilities charge for transportation of water subject to these agreements.

The Department will continue its current interpretation of the Water Supply Contracts until completion of future contract amendments sufficient to cover the list of items known as Phase 1.

If you have any questions or need additional information, please reach me at (916) 653-8043.

**NOTICE TO STATE WATER PROJECT CONTRACTORS****Date:** DEC 2 2019**Number:** 19-12**Subject:** 2020 State Water Project Initial Allocation – 10 Percent**From:** Original signed by  
**Ted Craddock**  
**Acting Deputy Director, State Water Project**  
Department of Water Resources

The Department of Water Resources (DWR) is initially approving 427,167 acre-feet (AF) of Table A water for the long-term State Water Project (SWP) contractors in 2020. SWP supplies are projected to meet 10 percent of most SWP contractors' requests for Table A water, which total 4,172,786 AF. Attached is the initial 2020 SWP allocation table.

This initial allocation is made consistent with the long-term water supply contracts and public policy. DWR's approval considered several factors including existing storage in SWP conservation reservoirs, SWP operational constraints such as the conditions of the Biological Opinions for Delta Smelt and Salmonids, and the Longfin Smelt Incidental Take Permit, and the 2020 contractor demands. DWR may revise the initial and subsequent allocations if warranted by the year's developing hydrologic and water supply conditions.

DWR will use the current long-term SWP contractors' 10 percent schedules that they submitted in October 2019 as part of their initial request, unless contractors submit updated schedules. DWR will send the approved monthly water delivery schedules to the long-term SWP contractors.

If you have any questions or need additional information, please contact Pedro Villalobos, Chief, State Water Project Analysis Office, at (916) 653-4313.

Attachment

2020 STATE WATER PROJECT INITIAL ALLOCATION  
(ACRE-FEET)

| SWP CONTRACTORS                   | TABLE A          | INITIAL<br>REQUEST | APPROVED<br>ALLOCATION | PERCENT<br>INITIAL<br>REQUEST<br>APPROVED<br>(3)/(2)<br>(4) |
|-----------------------------------|------------------|--------------------|------------------------|---|
|                                   | (1)              | (2)                | (3)                    | (4)   |
| <b><u>FEATHER RIVER</u></b>       |                  |                    |                        |   |
| County of Butte                   | 27,500           | 27,500             | 4,000                  | 15%   |
| Plumas County FC&WCD              | 2,700            | 2,700              | 270                    | 10%   |
| City of Yuba City                 | 9,600            | 9,600              | 1,920                  | 20%   |
| <b>Subtotal</b>                   | <b>39,800</b>    | <b>39,800</b>      | <b>6,190</b>           |   |
| <b><u>NORTH BAY</u></b>           |                  |                    |                        |   |
| Napa County FC&WCD                | 29,025           | 29,025             | 5,805                  | 20%   |
| Solano County WA                  | 47,756           | 47,756             | 9,551                  | 20%   |
| <b>Subtotal</b>                   | <b>76,781</b>    | <b>76,781</b>      | <b>15,356</b>          |   |
| <b><u>SOUTH BAY</u></b>           |                  |                    |                        |   |
| Alameda County FC&WCD, Zone 7     | 80,619           | 80,619             | 8,062                  | 10%   |
| Alameda County WD                 | 42,000           | 42,000             | 4,200                  | 10%   |
| Santa Clara Valley WD             | 100,000          | 100,000            | 10,000                 | 10%   |
| <b>Subtotal</b>                   | <b>222,619</b>   | <b>222,619</b>     | <b>22,262</b>          |   |
| <b><u>SAN JOAQUIN VALLEY</u></b>  |                  |                    |                        |   |
| Oak Flat WD                       | 5,700            | 5,700              | 570                    | 10%   |
| County of Kings                   | 9,305            | 9,305              | 931                    | 10%   |
| Dudley Ridge WD                   | 41,350           | 41,350             | 4,135                  | 10%   |
| Empire West Side ID               | 3,000            | 3,000              | 300                    | 10%   |
| Kern County WA                    | 982,730          | 982,730            | 98,273                 | 10%   |
| Tulare Lake Basin WSD             | 87,471           | 87,471             | 8,747                  | 10%   |
| <b>Subtotal</b>                   | <b>1,129,556</b> | <b>1,129,556</b>   | <b>112,956</b>         |   |
| <b><u>CENTRAL COASTAL</u></b>     |                  |                    |                        |   |
| San Luis Obispo County FC&WCD     | 25,000           | 25,000             | 2,500                  | 10%   |
| Santa Barbara County FC&WCD       | 45,486           | 45,486             | 4,549                  | 10%   |
| <b>Subtotal</b>                   | <b>70,486</b>    | <b>70,486</b>      | <b>7,049</b>           |   |
| <b><u>SOUTHERN CALIFORNIA</u></b> |                  |                    |                        |   |
| Antelope Valley-East Kern WA      | 144,844          | 144,844            | 14,484                 | 10%   |
| Santa Clarita Valley WA           | 95,200           | 95,200             | 9,520                  | 10%   |
| Coachella Valley WD               | 138,350          | 138,350            | 13,835                 | 10%   |
| Crestline-Lake Arrowhead WA       | 5,800            | 5,800              | 580                    | 10%   |
| Desert WA                         | 55,750           | 55,750             | 5,575                  | 10%   |
| Littlerock Creek ID               | 2,300            | 2,300              | 230                    | 10%   |
| Metropolitan WDSC                 | 1,911,500        | 1,911,500          | 191,150                | 10%   |
| Mojave WA                         | 89,800           | 89,800             | 8,980                  | 10%   |
| Palmdale WD                       | 21,300           | 21,300             | 2,130                  | 10%   |
| San Bernardino Valley MWD         | 102,600          | 102,600            | 10,260                 | 10%   |
| San Gabriel Valley MWD            | 28,800           | 28,800             | 2,880                  | 10%   |
| San Geronio Pass WA               | 17,300           | 17,300             | 1,730                  | 10%   |
| Ventura County WPD                | 20,000           | 20,000             | 2,000                  | 10%   |
| <b>Subtotal</b>                   | <b>2,633,544</b> | <b>2,633,544</b>   | <b>263,354</b>         |   |
| <b>TOTAL</b>                      | <b>4,172,786</b> | <b>4,172,786</b>   | <b>427,167</b>         |   |