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October 23, 2003

VIA FEDEX

Mr. Arthur Baggett, Jr., Chair
State Water Resources Control Board
1001 "I" Street, 22nd Floor
Sacramento, CA 95814

Mr. Ed Anton,
Chief, Division of Water Rights
P.O. Box 2000
Sacramento, CA 995812-2000

Gentlemen:

As you know, on October 10, 2003, the QSA and Related Agreements were executed by all the relevant parties and the Effective Date, as defined therein, became October 10, 2003. These agreements included the contracts for the transfer of conserved water by IID¹ to SDCWA and CVWD which are the subject of your Revised SWRCB Order WRO 2002-0013 (December 20, 2002) ("Order") authorizing certain changes to point of diversion, place of use and purpose of use under IID Permit No. 7643.

Paragraphs 5 and 6 (p. 86-87) of the Order set forth certain compliance obligations for a Salton Sea Habitat Conservation Strategy contained in the FEIR for a 15-year period, and requires a plan for such compliance to be submitted and approved by the Chief of the Division of Water Rights ("Division Chief"). Paragraph 7 (p. 87) reserves continuing authority in the SWRCB to add, delete or modify mitigation measures required by Paragraphs 5 and 6.

As part of the process of bringing the QSA and Related Agreements to fruition, the IID and others spent considerable time consulting with representatives of the environmental community, including representatives of the Audubon Society, Planning and Conservation League, and Defenders of Wildlife, who also participated in the SWRCB proceedings that culminated in the issuance of the Order. Similarly, the IID, others, and these environmental community representatives conferred regularly with the representatives of the Governor Davis

¹ All capitalized terms not defined herein are defined as set forth in the previous submissions to the SWRCB by IID.

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Administration and the Legislature. As a result, new legislation was adopted, including SB 317, SB 277 and SB 654 (Stat. Chaps. 612; 611 and 654 respectively) and agreements among these parties were reached on the method and schedule for implementing the Salton Sea Habitat Conservation strategy for up to 15 years.

Simply stated, unless and until a Salton Sea restoration strategy and the completion of environmental review for such strategy warrants reducing or eliminating the mitigation, IID will transfer conserved water to SDCWA created in part by fallowing, and will mitigate impacts on the Salton Sea and surrounding environs by creating additional conserved water by fallowing for use in mitigation on the schedule attached to this letter as Exhibit A. This schedule translates to an agreed-upon replacement for reduced inflows to the Salton Sea for 15 years caused by transfers out of the basin to SDCWA. This schedule was made an express provision of the QSA and Related Agreements and is now reflected in an Amended and Restated Addendum to Environmental Impact Report/Environmental Impact Statement (EIR/EIS) For the Imperial Irrigation District (IID) Water Conservation and Transfer Project (Project) dated September 2003 (hereafter, "Addendum"). The Addendum concluded that "the amount of mitigation water provided to the Salton Sea will be substantially equivalent to the reduction of inflow." A copy of the Addendum is attached to this letter as Exhibit B. IID determined, as part of the CEQA Findings adopted for the Project, that the refinement of the Salton Sea mitigation strategy described above will not result in any new or substantially more severe environmental impacts, compared to those assessed in the FEIR, and does not require subsequent environmental assessment. The U.S. Fish and Wildlife Service and the California Department of Fish and Game concurred with this determination.

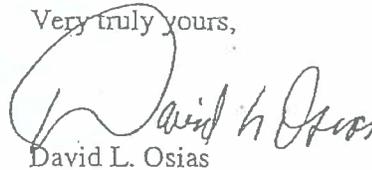
This letter requests the SWRCB, or Division Chief as appropriate, accept as a substitute mitigation plan for that described in the Order by reference to the Salton Sea Habitat Conservation Strategy, the fallowing and mitigation water schedule attached and as set forth in the Addendum, and confirm that the mitigation measures in the refined Salton Sea Habitat Conservation Strategy as set forth in the Addendum is as equally protective of species as the

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mitigation measures anticipated by the Order. Your prompt action on this request will assist in the timely implementation of the QSA and Related Agreements.

Very truly yours,



David L. Osias

DLO:cas
Enclosure

cc: Craig Wilson, Esq.
San Diego County Water Authority
Coachella Valley Water District
The Metropolitan Water District of Southern California
National Audubon Society
Planning and Conservation League
Sierra Club of California
Defenders of Wildlife
National Wildlife Federation
Colorado River Indian Tribes
Pacific Institute
California Regional Water Quality Control Board
County of Imperial
California Farm Bureau Federation
William DuBois
Larry Gilbert
Salton Sea Authority