

STATE OF CALIFORNIA
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
STATE WATER RESOURCES CONTROL BOARD

ORDER WR 2022-___

In the matter of the pending application of

San Joaquin County (A029657)

for a permit to appropriate water from the South Fork American River
at the Freeport Regional Water Facility on the Sacramento River
in Sacramento County.

SOURCE: South Fork American River

COUNTY: SACRAMENTO

ORDER CANCELING APPLICATION 29657

BY THE BOARD:

1.0 INTRODUCTION

This matter came to the State Water Resources Control Board (State Water Board or Board) as a proposed order prepared by the Board's Administrative Hearings Office (AHO), pursuant to Water Code section 1114, subdivision (c)(1). Pursuant to Water Code section 1114, subdivision (c)(2)(A), the Board adopts the AHO's proposed order in its entirety.

For the reasons described in this order, we cancel Application 29657 pursuant to Water Code sections 1276 and 1335 because the County did not provide information requested by the Division. In the alternative, we deny Application 29657 pursuant to California Code of Regulations, title 23, section 840 because we conclude that the County does not intend to diligently initiate or complete the necessary construction or use of the water contemplated by the application and the County will not be able to proceed within a reasonable time.

2.0 PROCEDURAL BACKGROUND

2.1 Application 29657

San Joaquin County (County or Applicant) filed water-right Application 29657 with the Board's Division of Water Rights (Division) on February 9, 1990 (Original Application). (AHO-3.)¹ The Original Application sought a permit to appropriate 620 cubic feet per second (cfs) of water by direct diversion and 190,000 acre-feet per year (af/yr) of water by diversion to storage, with an annual diversion limit of 322,000 af/yr. The proposed season of diversion was December 1 of each year through June 30 of the following year. The proposed uses of water were municipal, industrial, and irrigation within a gross service area of 399,700 acres within San Joaquin County, including municipal water supplies for the Cities of Lodi, Stockton, Lathrop, and Manteca.

The Original Application identified two alternative sources of water and sets of proposed points of diversion for the permit. Under Alternative A, the County would divert water from the American River at Nimbus Dam through the Folsom South Canal to storage in

¹ Exhibits from the Division's files that the hearing officer accepted into the evidentiary record are designated by the abbreviation "AHO" and are in the "Division of Water Rights Files (A029657)" folder. Exhibits submitted by the parties are identified by the name or abbreviation for the party that submitted the exhibit and an exhibit number. The parties' exhibits are in subfolders within the administrative record's "Hearing Documents" folder. Citations to documents in the administrative record other than hearing exhibits are identified by the file name in the administrative record. Unless otherwise noted, references to page numbers in documents, including parties' exhibits, refer to the page numbers at the top of the screen reading software used to view the pdf files of these documents.

a proposed Clay Station Reservoir on Laguna Creek. Alternative A included Laguna Creek as an additional source of water. Under Alternative B, the County would divert water from the South Fork American River to storage in a proposed County Line Reservoir on Deer Creek, and in a proposed Clay Station Reservoir on Laguna Creek. Alternative B included Deer Creek and Laguna Creek as additional sources of water (besides the South Fork American River).

Since filing the Original Application, the County has filed four amendments to the application, dated May 16, 2003 (Amended Application) (AHO-32), April 28, 2005 (Second Amended Application) (AHO-38), October 10, 2007 (Third Amended Application) (AHO-44), and June 27, 2014 (Fourth Amended Application) (AHO-171).

The Amended Application reduced the proposed maximum authorized rate of diversion to 350 cfs, reduced the proposed maximum authorized amount of annual diversions to storage to 147,000 af/yr, and reduced the maximum combined annual diversions to 147,000 af/yr. The Amended Application did not include any of the proposed points of diversion identified in the Original Application and substituted a new proposed point of diversion at the Freeport Regional Water Project Intake Facility (Freeport Facility) on the Sacramento River.

The Amended Application also included various proposed points of rediversion, and storage in a proposed Duck Creek Reservoir on Duck Creek, tributary to the Calaveras River. In an attachment to the application, the County confirmed that it would prepare water availability studies to assure that its diversions from the Sacramento River would not exceed the amounts of water available at the proposed point of diversion on the South Fork American River identified under Alternative B of the Original Application.

The Second Amended Application retained the revisions of the Amended Application, included the new and revised proposed points of rediversion, and added underground storage in the groundwater basin underlying the proposed place of use in San Joaquin County as a new method and place of storage.

The Third Amended Application added a more-detailed description of the methodology that the County would use to measure the amounts of water placed into and withdrawn from underground storage, added additional proposed points of rediversion, and updated the description of proposed points of rediversion identified in the Second Amended Application.

The Division issued a public notice of the Third Amended Application on January 25, 2008 (AHO-45), and a public re-notice of the Third Amended Application on March 12, 2008 (AHO-51). The Division received 16 protests to the application.²

On October 19, 2010, the Division issued an order canceling Application 29657 because the County had failed to provide information requested by the Division, including information necessary to comply with the California Environmental Quality Act (CEQA), and because the County failed to diligently pursue the application. (AHO-132.) On November 18, 2010, the County filed a petition for reconsideration of the Division's order canceling Application 29657. (See Order WR 2011-0014-EXEC [AHO-146], p. 1.) On June 10, 2011, the State Water Board's Executive Director issued Order WR 2011-0014-EXEC, which granted the County's petition for reconsideration and reinstated Application 29657. (*Id.*) That order remanded the matter to the Division to act on the County's proposed application-development schedule, and directed the Division to

² The Division received protests from: California Salmon and Steelhead Association (AHO-47), California Sportfishing Protection Alliance (AHO-68), Contra Costa Water District (AHO-82), Defenders of Wildlife (AHO-69), Department of Fish and Wildlife Bay Delta Region (AHO-66), Department of Fish and Wildlife North Central Region (AHO-67), Department of Water Resources (AHO-61), El Dorado Water and Power Authority (AHO-70), Freeport Regional Water Authority (AHO-53), Friends of the River (AHO-62), Glenn-Colusa Irrigation District (AHO-71), Sacramento County Water Agency (AHO-54), Sacramento Municipal Utility District (AHO-73), Save the American River Association (AHO-52), and Bureau of Reclamation (AHO-58). The Division received a joint protest from San Luis & Delta-Mendota Water Authority, the State Water Contractors, Westlands Water District, and Kern County Water Agency. (AHO-72.) The Division counted the joint protest filed by the Department of Fish and Wildlife, North Central Region, and the Department of Fish and Wildlife, Delta Region, as two separate protests. If this joint protest is counted as one protest, the Division received 15 protests to the County's application.

cancel Application 29657 if “it becomes apparent that the County will not meet the timelines in any Division-approved project schedule.” (*Id.* at p. 3.)

On October 3, 2011, the Division approved the County’s proposed application-development schedule. (AHO-148.) The Division’s approval of additional time for the County to pursue Application 29657 was contingent on the County’s timely completion of all elements of the schedule. (*Id.* at p. 3.) The Division informed the County that its failure to meet any of the deadlines in the schedule or its failure to provide requested information could result in cancelation of the application without further notice. (*Ibid.*) The Division modified this approval at the request of the County on December 14, 2011, to extend several deadlines in the schedule. (AHO-151.)

On June 27, 2014, the County submitted the Fourth Amended Application, which removed the proposed Duck Creek Reservoir as a place of storage and removed the proposed points of rediversion for the reservoir. (AHO-171.) The Fourth Amended Application added information about proposed underground storage through recharge basins adjacent to the North San Joaquin Water Conservation District’s and Stockton East Water District’s existing and proposed conveyance infrastructure systems. As described in the Freeport Element of the American River Use Strategy: Phase 1 Final Draft Feasibility Study (Phase 1 Final Draft Feasibility Study), the County proposes to divert American River water through the Freeport Facility from December through June when East Bay Municipal Utility District (EBMUD) is not fully utilizing the facility’s capacity, which typically occurs in normal, above normal, and wet years. (SJ County-3, p. 40; SJ County-6, p. 272.) The Water Resources Manager for San Joaquin County, Matthew Zidar, testified that the maximum amount of diversion and rate of diversion sought in Application 29657 would be further limited by available diversion capacity at the Freeport Facility, although the County has not amended its application to reduce the

diversion limits below 350 cfs and 147,000 af/yr. (2021-09-29 Hearing Afternoon Session Recording, 1:23:09-1:23:24; R.T. 179:21-25; SJ County-16, p. 2, ¶ 9.)³

The County included an amended application-development schedule with the Fourth Amended Application. (AHO-171, p. 20.) The proposed amended schedule did not include all elements of the schedule the Division approved in 2011 and proposed postponing some important deadlines, including the deadline to prepare and finalize an environmental impact report and the deadline to complete protest negotiations.

The Fourth Amended Application and the proposed amended schedule were the last correspondence from the County in the Division's files for Application 29657 until the Division recommended assignment of this matter to the AHO in 2020.

2.2 Administrative Hearings Office Proceeding

On June 24, 2020, Erik Ekdahl, Deputy Director of the Division, sent a memorandum to Eileen Sobeck, the State Water Board's Executive Director, proposing to transfer Application 29657 to the AHO. (2020-06-24 E. Ekdahl memorandum to E. Sobeck.) On June 24, 2020, Ms. Sobeck issued a memorandum assigning the application to the AHO. (2020-06-24 E. Sobeck memorandum to A. Lilly.)

³ The files of the audio+video recording of the 2021-09-29 AHO hearing are in the administrative record in the "Hearing Documents" folder. There is one file for the morning session and one file for the afternoon session. These are the official records of the AHO hearing. This order refers to them as "2021-09-29 Hearing Morning Session Recording" and "2021-09-29 Hearing Afternoon Session Recording."

There are administrative record files of the Zoom-generated transcripts of these hearing sessions. These files are included in the administrative record in case parties want to use them to locate certain testimony or statements in the audio+video Hearing Recording files. The Zoom-generated transcripts are not official records of the AHO hearing.

There is also a file of the transcript of the hearing that the court reporter prepared, referred to in this order as "R.T." The court reporter's transcript is not an official record of the AHO hearing.

The AHO hearing officer held a status conference in this matter on March 16, 2021, and issued a Notice of Public Hearing and Pre-Hearing Conference on June 10, 2021. (2021-06-10 Notice of Public Hearing and Pre-Hearing Conference.) The hearing notice set the hearing dates and specified the following hearing issues:

1. Should the Board cancel Application 29657 under Water Code section 1276?
 - a. Has the Applicant failed to provide information requested by the Board to demonstrate that unappropriated water is available for appropriation?
 - b. Has the Applicant failed to provide information requested by the Board to demonstrate compliance with all applicable requirements of the Fish and Game Code and the federal Endangered Species Act of 1973?
 - c. Has the Applicant failed to provide information requested by the Board to comply with Division 13 (commencing with Section 21000) of the Public Resources Code?
 - d. Has the Applicant failed to provide other information requested by the Board that is reasonably necessary to clarify, amplify, correct, or otherwise supplement information required to be submitted under Article 2 (commencing with section 1260) or Article 3 (commencing with section 1270)?
 - e. Has the Applicant shown good cause for the Board to allow additional time in which to submit the requested information?

2. Should the Board cancel Application 29657 under Water Code section 1335?
 - a. Has the Applicant failed to provide information requested by the Board that the Board determined is reasonably necessary to attempt to resolve a protest?
 - b. Has the Applicant shown good cause for the Board to allow additional time in which to submit the requested information?

3. Should the Board deny Application 29657 under California Code of Regulations, title 23, section 840?
 - a. Does the Applicant intend to initiate construction of the works required for the contemplated use of water within a reasonable time and thereafter diligently prosecute the construction and use of water to completion?
 - b. Will the Applicant be unable to proceed within a reasonable time because of absence of a feasible plan, lack of required financial resources, or other cause?

4. Should the Board establish a time schedule for the Applicant to submit information necessary for the Division to process Application 29657?

The AHO hearing officer held a pre-hearing conference on July 13, 2021. In its status conference statement and during the pre-hearing conference, San Joaquin County requested a nine-month continuance of the proceedings to allow it to update its water availability analysis. (2021-07-08 San Joaquin County Pre-Hearing Conference Statement, p. 2.) The hearing officer denied the County's request. (2021-07-22 Pre-Hearing Conference Order and Amended Notice of Public Hearing, p. 2.) The hearing officer held a second pre-hearing conference on September 20, 2021, and conducted the hearing on September 29, 2021. Representatives of San Joaquin County, Sacramento County Water Agency, Freeport Regional Water Authority, California Department of Fish and Wildlife, and Friends of the River submitted evidence and participated in the hearing. Representatives of Placer County Water Agency, City of Sacramento, and California Sportfishing Protection Alliance participated in the hearing by cross-examination only. Some parties and interested entities submitted policy statements.⁴

On January 27, 2022, the AHO circulated its draft proposed order to the parties for their review and comment. San Joaquin County, California Department of Fish and Wildlife, and San Luis & Delta-Mendota Water Authority submitted comments on the draft

⁴ The AHO received policy statements from the following entities: California Water Service Company (2021-09-28 California Water Service Company Policy Statement to SWRCB), Eastern San Joaquin Groundwater Authority (2021-09-24 SJGWA Policy Statement), North San Joaquin Water Conservation District (2021-09-22 NSJWCD Policy Statement), City of Stockton Municipal Utilities Department (2021-09-22 City of Stockton MUD Policy Statement), Stockton East Water District (2021-09-21 Stockton East Water District Policy Statement on A029657), Bureau of Reclamation (2021-08-26 USBR Policy Statement), City of Folsom (2021-09-28 Policy Statement American River Group), City of Roseville (*ibid.*), Sacramento Suburban Water District (*ibid.*), Woodland-Davis Clean Water Agency (2021-09-28 WDCWA Policy Statement), and Save the American River (2021-09-22 SARA Policy Statement). The AHO also received a joint policy statement from City of Sacramento, Contra Costa Water District, Friends of the River, Glenn-Colusa Irrigation District, Kern County Water Agency, Sacramento County Water Agency, San Juan Water District, San Luis & Delta-Mendota Water Authority, Save the American River Association, State Water Contractors, and Westlands Water District. (2021-09-28 Joint Policy Statement.)

proposed order. The AHO amended the order and added Attachment A to address the parties' comments and then submitted its proposed order to the Clerk of the Board on May 27, 2022. Attachment A is incorporated into this order by reference and is part of this order.

3.0 FACTUAL BACKGROUND

3.1 History of San Joaquin County Water Needs and Supplies

Local agencies in San Joaquin County have long sought to appropriate water from the American River to meet future beneficial uses in the County and address critical overdraft of the underlying groundwater basin. (2021-10-29 San Joaquin County Closing Brief, pp. 4-6.) The County asserts that the State Water Board and its predecessor, the State Water Rights Board (which is also referred to as the Board in this order), repeatedly denied the County access to surface water from the San Joaquin, Stanislaus, and Mokelumne Rivers and that these entities assured the County that water from the American River, supplied through the Folsom South Canal, would be available to meet the County's needs. (*Id.* at p. 5.) The County argues that, although the Board directed the County to rely on American River water supplies for future development, the Bureau of Reclamation then prevented the County from accessing these American River supplies when the Bureau did not ratify proposed contracts with the County or complete the Folsom South Canal. (*Id.* at p. 6.) These events prompted the County to file Application 29657 to secure a supply of water from the American River. (*Ibid*; SJ County-1, p. 6, ¶ 24.) "The County was compelled to submit Application 29657 [] as a direct result of the various decisions made by the United States Bureau of Reclamation, State Water Resources Control Board [] and California Department of Water Resources." (2021-03-09 San Joaquin County and City of Stockton Joint Status Conference Statement, p. 1.)

In Decision 858 (1956),⁵ the Board approved a permit for the temporary diversion of water from the Mokelumne River by North San Joaquin Water Conservation District pursuant to Water Code section 1462. In this decision, the Board found that additional permanent sources of water would likely be available to the District from the American River through the Folsom South Canal. The decision references a feasibility report for the “Folsom South Unit,” which indicated that the main canal for the project would be located where it could serve “practically all” of the North San Joaquin Water Conservation District “at less cost than by developing supplies from the Mokelumne River.” (Decision 858, p. 51.)

Two year later, the State Water Rights Board denied applications by four entities serving San Joaquin County – North San Joaquin Water Conservation District, City of Stockton, East San Joaquin Water Conservation Districts, and California Water Service Company – for permits to appropriate water from the American River from points of diversion at Folsom and Nimbus Dams. (Decision 893 (1958).) In this decision, the Board found that these applicants had not obtained any right of access from the United States for the use of these facilities as points of diversion. The Board concluded that it should deny these applications because the applicants had “no immediate plan or purpose to proceed promptly with construction and/or with the application to beneficial use of the water sought.” (*Id.* at p. 54.) Additionally, the Board observed that “[t]he service areas which those applicants desire to supply may be supplied equally well and with less administrative confusion by contract with the United States. Permits are being issued to the United States to appropriate enough American River water to adequately supply the applicants” (*Ibid.*) The Board conditioned its approval of the United States’ application for the Folsom project by requiring deliveries of water diverted under the permits for beneficial use within Placer, Sacramento, and San Joaquin Counties until the needs of those counties were fully met, if the counties reached agreements

⁵ When citing State Water Board Orders and State Water Board Decisions, or State Water Rights Board Decisions, we will use “Order” and “Decision” without the “State Water Board” prefix.

with the United States in accordance with federal reclamation laws by July 1, 1968 (Condition No. 14). (*Id.* at p. 72.)

In Decision 1356 (1970), the Board approved the application of the United States for appropriation of water for the American River Division of the Central Valley Project at Auburn Dam. The Board imposed a condition similar to the condition in Decision 893 described in the preceding paragraph, which required the counties to reach agreements with the United States for deliveries under the project by December 31, 1975 (Condition No. 19). (Decision 1356, p. 16.) Upon petition for reconsideration by Contra Costa County Water District, the Board deleted Condition No. 19 from the permit because “[t]he counties referred to in the condition are clearly within the area entitled to the benefits of the Watershed Protection Law and, if necessary, can assert their rights independently of any terms in the Bureau’s permits.” (Decision Amending and Affirming, as Amended, Decision 1356 (1970) p. 6.) The County asserts that Decision 1356 reiterated assurances that the County would have access to American River supplies. (SJ County-1, pp. 5-6, ¶ 21.)

Between 1967 through 1971, Stockton East Water District, the Central San Joaquin Water Conservation District, and North San Joaquin Water Conservation District approved contracts with the Bureau of Reclamation for delivery of American River water through the Folsom South Canal. (*Id.* at p. 6, ¶ 22.) The regional office of the Bureau of Reclamation approved each of these contracts, but the United States never finally approved or executed any of them. (*Ibid.*)

3.2 Watershed Protection Act

The County argues that it has priority status to appropriate American River water under the Watershed Protection Act (Wat. Code, §§ 11460-11465). Water Code section 11460 states that in the construction and operation of the Central Valley Project:⁶

⁶ Although, on its face, Water Code section 11460 applies to construction and operation by “the department,” referring to the Department of Water Resources (see Wat. Code, §

[A] watershed or area wherein water originates, or an area immediately adjacent thereto which can conveniently be supplied with water therefrom, shall not be deprived by the department directly or indirectly of the prior right to all of the water reasonably required to adequately supply the beneficial needs of the watershed, area, or any of the inhabitants or property owners therein.

The Watershed Protection Act subordinates the water rights for the Central Valley Project to later appropriations that are reasonably necessary to supply the beneficial needs of areas that are within or immediately adjacent to and can be conveniently supplied from the watershed of origin. The County alleges that it is immediately adjacent to and can be conveniently served from the American River watershed, and therefore should have priority of access to American River water under this Act. (See 2021-10-29 San Joaquin County Closing Brief, p. 3.)

3.3 Proposed Use of the Freeport Facility

The Freeport Facility is a 286-cfs diversion facility on the Sacramento River near the town of Freeport that the Freeport Regional Water Authority (FRWA) and its member agencies, Sacramento County Water Agency (SCWA) and EBMUD constructed. (FRWA-1, p. 3, ¶ 4.) The Freeport Facility began operations in 2011. (SJ County-6, p. 272.)

SCWA and EBMUD have dedicated capacity in the Freeport Facility for their exclusive uses. (FRWA-1, p. 3, ¶ 6.) Neither member of FRWA has the authority to make any of its dedicated capacity available for use by a third party if the use would interfere with any water right or contractual entitlement of the other member. (*Id.* at ¶ 8.) Any person seeking to use a portion of the dedicated capacity must contract directly with SCWA or EBMUD. (*Id.* at ¶ 9.) FRWA has no authority to negotiate the use of dedicated capacity of either member. (*Ibid.*)

22), Water Code section 11128 provides that section 11460 applies to any agency of the state or federal government that undertakes the construction or operation of the Central Valley Project or any unit thereof.

San Joaquin County amended Application 29657 in 2003 to include the Freeport Facility as the sole proposed point of diversion for the County to appropriate water from the American River. (AHO-32.) The Second, Third, and Fourth Amended Applications retained the Freeport Facility as the sole proposed point of diversion. (AHO-38, -44, & -171.) San Joaquin County has been unable to obtain an agreement with SCWA or EBMUD for use of any diversion capacity of the Freeport Facility. (2021-09-29 Hearing Morning Session Recording, 1:09:22-1:09:29; R.T. 57:5-8.).

3.4 San Joaquin County Water Supply Conditions and Planning Efforts

San Joaquin County is currently facing competing demands for water from urban, environmental, and agricultural interests. (2021-10-29 San Joaquin County Closing Brief, p. 1.) In 1980, the Department of Water Resources determined that the Eastern San Joaquin Groundwater Basin was in a state of critical overdraft. (SJ County-1, p. 15, ¶ 55; AHO-172.)⁷ The Eastern San Joaquin Groundwater Subbasin Groundwater Sustainability Plan (Eastern San Joaquin GSP) concludes that an additional 78,000 acre-feet of supply per year is necessary to offset groundwater use or to recharge groundwater supplies to achieve sustainability in the basin. (SJ County-9, p. 27.)

In 2007, the Northeastern San Joaquin County Groundwater Banking Authority (GBA)⁸ adopted an Integrated Regional Water Management Plan (IRWMP) to define and integrate water management strategies to implement the San Joaquin Integrated Conjunctive Use Program (ICU Program). (SJ County-6, p. 30.) The objectives of the

⁷ The Board takes official notice of Bulletin 118-80, issued by the California Department of Water Resources, identified as exhibit AHO-172 in the administrative record. (State of California, The Resources Agency, Dept. of Water Resources, Ground Water Basins in California, A Report to the Legislature on Response to Water Code Section 12924, Bulletin 118-80 (January 1980).) The State Water Board may take official notice of such acts as may be judicially noticed by the courts of this state. (Cal. Code of Regs., tit. 23, § 648.2.) The courts may take official notice of the “[o]fficial acts of the legislative, executive, and judicial departments of the United States and of any state of the United States.” (Evid. Code, § 452, subd. (c).)

⁸ The GBA is an eleven-member joint powers authority formed in 2001. It was later renamed the Eastern San Joaquin County Groundwater Basin Authority.

ICU Program are to meet water demands, secure a reliable and sustainable water supply, replenish San Joaquin County's overdrafted groundwater basin, and provide opportunities for conjunctive use of water resources. (SJ County-7, p. 11.)

In 2009, the GBA issued a Programmatic Environmental Impact Report (PEIR) for the ICU Program. (SJ County-7.) The ICU Program PEIR included proposed diversions of American River water through the Freeport Facility under Application 29657 in two of the alternative project groups considered in the PEIR, including the environmentally preferred alternative project group. (*Id.* at p. 537.)

In 2011, San Joaquin County completed the Phase 1 Final Draft Feasibility Study, which compared seven to ten project configurations for a proposed project to divert water from the American River using excess capacity in the Freeport Facility. (SJ County-3.) The Phase 1 Final Draft Feasibility Study estimated that the County's proposed project could yield an average of 44,000 acre-feet of water per year from the American River. (*Id.* at p. 16.) The estimated unit cost of this supply ranged from \$150 to \$480 per acre-foot. (SJ County-6, p. 37; see also SJ County-3, p. 21.) The study estimated an additional cost of \$0 to \$200 per acre-foot for use of the Freeport Facility. (SJ County-3, p. 167; SJ County-6, pp. 37-38.) Fritz Buchman, Deputy Director of Development Services for the San Joaquin County Department of Public Works and the San Joaquin County Flood Control and Water Conservation District, confirmed that his understanding of the unit cost of diversions of American River water as proposed under Application 29657 was about \$450 to \$750 per acre-foot. (2021-09-29 Hearing Morning Session Recording, 02:20:28-02:20:37; R.T. 113:18-20.) Mr. Zidar testified that "American River water taken through the Freeport Project is more expensive than other alternatives and thus subject to a longer planning horizon as compared to other local sources and projects." (SJ County-1, p. 2, ¶ 5.)

Despite these relatively high unit costs, the Phase 1 Final Draft Feasibility Study identified the proposal to divert American River water through the Freeport Facility as a "primary component of the IRWMP/ICU Program." (SJ County-3, p. 38.) Mr. Zidar testified that Phase II of the Freeport Study, which was expected to include a project-

specific environmental impact report, was delayed due to lack of funding and project costs, ongoing negotiations with EBMUD, and development of the Eastern San Joaquin Groundwater Sustainability Plan as required by the Sustainable Groundwater Management Act. (SJ County-1, p. 10, ¶ 38.)

In 2013, San Joaquin County and EBMUD entered a cost-sharing agreement to develop a groundwater recharge and extraction project. (SJ County-1, p. 13, ¶ 46.) As developed, the project is the in-lieu recharge project described in the Demonstration Recharge, Extraction and Aquifer Management (DREAM) Project Summary Report dated March 15, 2017. (SJ County-5.) The purpose of the DREAM Project is to establish the feasibility of storing available wet year water supplies in the groundwater aquifers underlying San Joaquin County and extracting a portion of these banked supplies for use in dry years. (*Id.* at p. 9.) The project is a short-term demonstration to deliver up to 1,000 acre-feet of EBMUD surface water from the Mokelumne River through the south distribution system of the North San Joaquin Water Conservation District. (*Ibid.*) Participating landowners use the surface water in lieu of pumping groundwater, reducing groundwater overdraft. (*Ibid.*) The first deliveries under the project were made in 2019 and the first extractions were expected to occur during the fall or winter of 2021-22. (SJ County-17, p. 2, ¶ 9.) The DREAM Project Summary Report does not reference Application 29657 or diversions of American River water, although the County asserts that one purpose of the project was to demonstrate that American River water could be diverted and banked in groundwater aquifers for subsequent beneficial use. (SJ County-1, p. 13, ¶ 45.)

In 2014, the GBA completed the 2014 IRWMP, which is an update and expansion of the 2007 IRWMP for the Eastern San Joaquin Region. (SJ County-6.) The 2014 IRWMP evaluates an updated list of ongoing and proposed projects, programs, and studies for water management in the region. This updated list of proposed projects includes the County's proposed project to divert American River water through the Freeport Facility, although Mr. Zidar explained that "[t]he local planning process has prioritized investment in the least cost alternatives that yielded new water with the intent of making best use of other available supplies and in the interest of keeping local costs and rates down." (SJ

County-1, p. 4, ¶ 12; SJ County-6, p. 46.) The 2014 IRWMP observes that “limited progress has been made in negotiating for use of the [Freeport] facilities.” (SJ County-6, p. 38.) The GBA amended the 2014 IRWMP in 2019, but this amendment is not included in the administrative record for this proceeding. (SJ County-1, p. 10, ¶ 40.)

On November 26, 2014, San Joaquin County, EBMUD, North San Joaquin Water Conservation District, Stockton East Water District, Central Delta Water Agency, and South Delta Water Agency executed a protest dismissal agreement (2014 Protest Dismissal Agreement). (SJ County-12.) The agreement addresses protests to the County’s Applications 29657 (American River) and 29835 (Mokelumne River) and protests to other pending change petitions and petitions for extension of time filed by the other parties for their respective water-right permits. (*Ibid.*) The 2014 Protest Dismissal Agreement states that EBMUD, in its role as a member of the FRWA, will “support the dismissal of FRWA’s protest against County Application 29657. EBMUD shall assist County by facilitating meetings between County and the Sacramento County Water Agency aimed at resolving issues between those agencies concerning the use of FRWA facilities.” (*Id.* at p. 14.)

In 2019, the Eastern San Joaquin Groundwater Authority adopted the Eastern San Joaquin GSP. (SJ County-9.) The Eastern San Joaquin GSP identifies “planned projects,” “potential projects,” and “longer-term/conceptual projects” to enhance water supply and achieve groundwater sustainability. (SJ County-9, p. 29.) This list of projects does not include proposed diversions of American River water through the Freeport Facility pursuant to a water-right permit issued on Application 29657. San Joaquin County argues that groundwater recharge using American River supplies is included within GSP Project 20, “Mobilizing Recharge Opportunities,” but the document does not explicitly identify the American River as a source of supply for the project. (SJ County 9, p. 330; SJ County-1, p. 15, ¶ 52; SJ County-2, p. 3, ¶ 8.) Project 20 is identified as a “longer-term/conceptual project” in the “early conceptual planning stages” for which “[t]he initiation and completion dates ... are unknown” and “identification of a water source will occur as [the] project develops.” (SJ County-9, pp. 304 & 330.)

4.0 DISCUSSION

4.1 Should the Board cancel Application 29657 under Water Code section 1276 or 1335?

4.1.1 Legal Standards

Water Code sections 1275 and 1276 authorize the Board to request additional information after the applicant has filed an application for a permit to appropriate water and to cancel an application if the applicant fails to provide the requested information. The Board “may request additional information reasonably necessary to clarify, amplify, correct, or otherwise supplement the information required to be submitted under Article 2 (commencing with Section 1260) or Article 3 (commencing with Section 1270).” (Wat. Code, § 1275.) This additional information may include, but is not limited to: (a) information demonstrating that unappropriated water is available for appropriation; (b) information demonstrating compliance with applicable requirements of the Fish and Game Code or the federal Endangered Species Act of 1973; and (c) information demonstrating compliance with Division 13 (commencing Section 21000) of the Public Resources Code. (*Ibid.*) The Board must provide a reasonable period of time for the applicant to submit this additional information, but if the applicant fails to submit the requested information within the time provided, the Board must cancel the application “unless for good cause shown the board allows additional time in which to submit the requested information.” (Wat. Code, §§ 1275 & 1276.)

Water Code sections 1334 and 1335 authorize the Board to request additional information from an applicant or a protestant that the Board determines is reasonably necessary to attempt to resolve a protest to a water-right application and to cancel an application or protest if the applicant or protestant fails to provide the requested information. The Board must allow a reasonable period of time for the applicant or protestant to submit the information and may allow additional time upon a showing of good cause. (Wat. Code, § 1334.) If the applicant or protestant fails to submit the requested information within the time provided, the Board may cancel the application or protest. (Wat. Code, § 1335.) Water Code section 1335 is substantially similar to

section 1276, except that the Board's decision to cancel an application if the applicant fails to submit the requested information within the time provided is discretionary.

The State Water Board has canceled water-right applications pursuant to Water Code section 1276 when the applicants failed to respond to the Division's requests for additional information within a reasonable time.

In Order WR 2000-04, the Board denied a petition for reconsideration after the Division canceled a water-right application because the applicant failed to respond to the protests to the application or to submit a detailed workplan to complete required actions directed by the Division. The applicant filed two applications to appropriate water on September 25, 1997. The Division issued a public notice of the applications and set a deadline for the applicant to respond to the protests that the Division received. The applicant requested an extension until October 31, 1998, to respond to the protests, and the Division granted this request. By letter dated April 12, 1999, the Division directed the applicant to submit a workplan by October 1, 1999, to complete actions the letter stated would be necessary for the Board to act on the applications. These actions included completion of a water availability analysis and documentation of the applicant's attempts to resolve the protests. The applicant requested an extension of time to submit the workplan, and the Division denied that request. On February 29, 2000, the Division canceled the applications in accordance with Water Code section 1276 because the applicant had failed to submit the information the Division had requested. In Order WR 2000-04, the Board denied the applicant's petition for reconsideration of the Division's decision. The Board found that the applicant failed to explain why it could not have complied with the October 31, 1998 deadline to respond to the protests or the October 1, 1999 deadline to submit a workplan, and had not provided sufficient assurance that it would diligently complete the actions identified in the Division's April 12, 1999 letter.

Although not precedential and therefore not binding on our decision on the County's Application 29657, the following orders are examples of Executive Directors' past

reliance on section 1276 to deny petitions for reconsideration of Division decisions canceling water-right applications.⁹

In Order WR 2006-0019-EXEC, the Executive Director denied a petition for reconsideration after the Division canceled a water-right application because the applicant failed to respond to inquiries by the Division about whether it intended to continue to pursue its application. The applicant initially responded that it was pursuing a different basis of right for the project, and then did not respond to a July 23, 2003 Division letter or a November 5, 2003 Division phone message. (Order WR 2006-0019-EXEC, p. 4.) The Division had informed the applicant in its July 23, 2003 letter that it would cancel the application under Water Code section 1276 if the applicant did not respond by September 23, 2003. (*Ibid.*) On July 14, 2006, the Division canceled the application because of the applicant's failure to submit information requested by the Division pursuant to section 1276. (*Ibid.*)

In Order WR 2007-0004-EXEC, the Executive Director denied a petition for reconsideration after the Division canceled a water-right application because the applicants failed to submit a water availability analysis and a memorandum of understanding for the preparation of required CEQA documents. The Division initially requested the information by letter on September 13, 2002. (Order WR 2007-0004-EXEC, p. 2.) On March 4, 2003, the Division directed the applicants to submit the information by April 3, 2003, and stated that the Division would cancel the application if the applicants did not submit the information by this deadline. In a May 31, 2006 letter, the Division requested evidence of the applicant's diligence by June 30, 2006. (*Id.* at p. 3.) In August 2006, the Division canceled the application after the applicants' agent requested cancelation. The applicants later claimed that the agent submitted the

⁹ The State Water Board has designated all decisions or orders adopted by the Board at a public meeting as precedent decisions except to the extent that a decision or order indicates otherwise, or is superseded by later enacted statutes, judicial opinions, or actions of the Board. (Order WR 96-1, p. 17, fn. 11.) The State Water Board's Executive Director issued the orders discussed in this section with delegated authority. Because the Board did not adopt the orders at public meetings, these orders may not be expressly relied on as precedent. (See Gov. Code, § 11425.60, subd. (a).)

request in error. (*Ibid.*) In Order WR 2007-0004-EXEC, the Executive Director upheld the cancelation of the application pursuant to Water Code section 1276, regardless of whether the applicants intended to cancel it, because the applicants had failed to submit the information the Division requested by the deadlines.

In Order WR 2009-0029-EXEC, the Executive Director denied a petition for reconsideration after the Division canceled a water-right application because the applicant failed to submit engineer drawings of the dam proposed in the application. The Division requested this information from the applicant by letters sent in 2002, 2003, and 2007. (Order WR 2009-0029-EXEC, p. 3.) After receiving no responses, the Division canceled the application in 2008 pursuant to Water Code section 1276. (*Id.* at p. 4.)

4.1.2 Requests for Information to Support Application 29657

The Division's files for Application 29657 show that the Division has been requesting additional information from San Joaquin County necessary to support and clarify Application 29657 for the last 30 years. (AHO-7 [November 5, 1992 letter from SWRCB to San Joaquin County]; AHO-15 [December 28, 1998 letter from SWRCB to San Joaquin County]; AHO-17 [April 22, 1999 letter from SWRCB to San Joaquin County]; AHO-26 [April 4, 2002 letter from SWRCB to San Joaquin County]; AHO-28 [June 14, 2002 letter from SWRCB to San Joaquin County]; AHO-33 [July 16, 2003 letter from SWRCB to San Joaquin County]; AHO-36 [December 30, 2003 letter from SWRCB to San Joaquin County]; AHO-39 [September 8, 2005 letter from SWRCB to San Joaquin County]; AHO-109 [July 23, 2008 letter from SWRCB to San Joaquin County]; AHO-113 [November 5, 2008 letter from SWRCB to San Joaquin County]; see also SCWA-10 [April 13, 2009 letter from SWRCB to San Joaquin County].)

On October 19, 2010, the Division issued an order canceling Application 29657 because San Joaquin County had not submitted sufficient information to demonstrate the availability of unappropriated water, protests to the application remained unresolved, and the applicant had not completed a project-level environmental impact report. (AHO-

132.) Order WR 2011-0014-EXEC, issued on June 10, 2011, reinstated the application, but directed the Division to cancel Application 29657 if it became “apparent that the County will not meet the timelines in any Division-approved project schedule or does not timely provide an acceptable modified project schedule upon request.” (AHO-146, p. 3.)

On October 3, 2011, the Division sent a letter to San Joaquin County requesting 18 categories of information to supplement the information in its application and to attempt to resolve protests to the application, consistent with Water Code sections 1275 and 1334. (AHO-148.) The requested information included information about water availability, anticipated impacts to water quality and temperatures, access to property and facilities for the proposed diversion and conveyance including access to the proposed point of diversion at the Freeport Facility, consultation with National Marine Fisheries Service and United States Fish and Wildlife Service under section 7 of the Endangered Species Act, anticipated impacts to wetlands and plant species, and completion of a draft and final environmental impact report to comply with CEQA. The deadlines the Division set for San Joaquin County to submit the information ranged from 180 days from the date of the letter through December 31, 2014. The Division modified the schedule on December 14, 2011, but the final deadline of December 31, 2014, for San Joaquin County to submit the requested information remained the same. (AHO-151.)

On August 21, 2013, the Division sent a letter to San Joaquin County documenting the status of each category of information requested by the Division. (AHO-165.) This letter indicates that the County submitted a modified water availability analysis on April 2, 2012, but did not respond to most of the other requests for information. The Division also requested additional clarifying information about the water availability analysis in its August 21 letter, to which the County responded by letter dated September 26, 2013. (AHO-167.)

The last correspondence in the State Water Board’s files from the County in response to the Division’s requests for information is the Fourth Amended Application, which the County filed on June 27, 2014. (AHO-171.) There is no evidence that the County

submitted significant categories of information the Division requested in its October 3, 2011 letter, including documentation that the County had: (a) obtained any right of access to the point of diversion at the Freeport Facility, (b) completed consultation with National Marine Fisheries Service and United States Fish and Wildlife Service under section 7 of the federal Endangered Species Act, (c) completed a wetlands delineation for all project elements suitable for submittal to the United States Army Corps of Engineers, (d) circulated a draft project-level environmental impact report, or (e) completed a final project-level environmental impact report. According to the timeline the Division set, the County was required to submit all of this information by December 31, 2014. To date, the County still has not satisfied any of these outstanding requests for information.

The information the Division requested in its October 3, 2011 letter was reasonably necessary to clarify, amplify, correct, or otherwise supplement the information required to be submitted with an application. Water Code section 1275 explicitly provides that the Division may request information needed to demonstrate that unappropriated water is available, to demonstrate compliance with applicable requirements of the Fish and Game Code and the federal Endangered Species Act, and to demonstrate compliance with CEQA. The Division's requests for information about consultation with the National Marine Fisheries Service and United States Fish and Wildlife Service under section 7 of the Endangered Species Act and for draft and final environmental impact reports are within these categories.

The other information the Division requested in its October 3, 2011 letter was also reasonably necessary to clarify, amplify, correct, or otherwise supplement the information required to be submitted with an application. An application must include the location and description of the proposed headworks, ditch canal, and other works, the time within which the applicant proposes to begin construction, and the time required for completion of the construction. (Wat. Code, § 1260, subds. (d), (e), (g), & (h).) The Board also is authorized by regulation to require satisfactory evidence of the applicant's ability to secure the necessary right of access to occupy property or use existing works the applicant does not own. (Cal. Code Regs., tit. 23, § 775.)

Information demonstrating that San Joaquin County has obtained a right of access to the proposed point of diversion and related facilities and that the County has conducted a wetlands delineation for the proposed project works is reasonably necessary to establish that the County may access the diversion facilities required to complete the appropriation and to determine a schedule for the applicant to begin and complete construction of any necessary works.

The information the Division sought in its October 3, 2011 letter also was reasonably necessary to attempt to resolve protests to Application 29657. In addition to raising concerns about potential injury to the exercise of existing rights, the protests raised objections to the application based on the potential for the proposed project to adversely affect fish species, impact instream flows that support public trust resources, and cause other environmental impacts, as well as San Joaquin County's lack of legal access to the diversion facilities at the Freeport Regional Water Project. (See AHO-47, -52-54, -58, -61-62, -66-73, & -82.) The information the Division requested from San Joaquin County would have addressed these issues.

The Division allowed San Joaquin County a reasonable time to submit the information requested in the Division's October 3, 2011 letter. The deadline of December 31, 2014, for the County to submit all of the requested information provided the County more than three years from the date of the Division's request to complete the necessary documentation and submit the information, in addition to the many extensions of time that the County had already received from the Division since the County filed its application in 1990. Yet, as of the date of this order, the County still has not submitted substantial categories of information that the Division requested in its letter, sent more than ten years ago, and that are necessary for the Board to act on the County's application. Although the County points to other water-supply planning processes that it has conducted in the intervening years, the documents produced from these processes do not provide the information the Division requested.

The County's failure to meet the Division's reasonable deadlines is a sufficient and appropriate basis to cancel Application 29657. In past orders, the Board's Executive

Director has upheld the Division's decisions to cancel applications after significantly shorter delays in applicants' responses to the Division's requests for information than that demonstrated by the County over the last 30 years. Here, the County's delays persisted even after the Division had canceled, and the Executive Director then reinstated, the County's application. Since then, the County has continued to defer responding to the Division's requests and to delay the application process. We conclude that the County has not met the reasonable deadlines to submit information and has not made any demonstration of good cause to support a further extension of time to comply with these requests. For these reasons, we cancel Application 29657 pursuant to Water Code sections 1276 and 1335. This cancelation is without prejudice to the County's right to file a new application for this proposed project or a similar project if, in the future, the County is able to submit the information necessary to support its new application.

4.2 Should the Board deny Application 29657 under California Code of Regulations, title 23, section 840?

In addition to failing to address the Division's many requests for information, the County also has displayed a general and ongoing lack of diligence in pursuing its application. At this time, more than 30 years after the County submitted Application 29657, the County still has not satisfied the prerequisites necessary for the Board to issue a permit because the County has not completed an environmental impact report as required by CEQA or obtained a right of access to its proposed point of diversion. Nor has the County committed to any reasonable timeline or plan to satisfy these requirements and move its application towards resolution. The County also has failed to demonstrate that it would exercise diligence in putting the water it seeks to appropriate to beneficial use if the Board were to approve the County's application and issue a water-right permit. Based on the evidence presented during the AHO hearing, we conclude that the County intends to continue to defer any development of this proposed project until the County has explored other lower-cost alternatives for water supplies. The County's attempt to maintain its application without any definite plan of action while exploring other water-

supply projects is prohibited by the Water Code and the general principle of diligence that is embedded in California's system of appropriative water rights.

Since 1869, the importance for potential water users to proceed with diligence when attempting to perfect rights to appropriate water has been part of California water-rights law. "The doctrine is that no man shall act upon the principle of the dog in the manger, by claiming water by certain preliminary acts, and from that moment prevent others from enjoying that which he is himself unable or unwilling to enjoy, and thereby prevent the development of the resources of the country by others." (Hutchins, *The California Law of Water Rights* (1956) pp. 116-117 [quoting *Nevada County & Sacramento Canal Co. v. Kidd* (1869) 37 Cal. 282, 314].)

Diligence is one aspect of the requirement in article X, section 2 of the California Constitution that the state's water resources "be put to beneficial use to the fullest extent of which they are capable." (Cal. Const., art. X, § 2.) A person seeking the right to appropriate water must "proceed with 'due diligence' to construct necessary works and to put water to beneficial use," and may not reserve water for future use so as to prevent others from diligently pursuing their own plans to use the water. (Order WR 84-04, p. 3.)

California law requires potential water-right appropriators to act with diligence even before obtaining a permit to appropriate water. By filing an application for a water-right permit, the applicant secures a priority date, essentially reserving a place in line for future water use. (See Wat. Code, § 1450.) To maintain that priority date, the applicant must "have a definite project in mind and display not only the ability but also the intent to proceed with reasonable diligence with the construction work and application of the water to the proposed uses." (Decision 918 (1958), p. 4 [citing Decisions 884 (1958), 893 (1958), and 907 (1958)].)

Basic to the law of water rights is the principle that an appropriator of water must pursue the development of his project from its inception to completion with due diligence in order to claim priority over subsequent appropriators. Priority of right as of the date an application is filed continues only so long

as the provisions of law and the regulations of the Board are followed by the applicant.

(Decision 1309 (1968), p. 4.)

An applicant for a permit to appropriate water must have a plan to diligently pursue beneficial use of the water. (See Order WR 84-04, p.3.) “One who does not propose to proceed immediately with development of a project cannot make a reservation of water for future needs by the expedient of filing an application.” (Decision 884 (1958), p. 71.) Where there is “no immediate plan or purpose to proceed promptly with construction and/or with the application to beneficial use of the water sought. ... the Board has little choice in the action to be taken since it is a settled principle that an application to appropriate is not a proper instrument to make a reservation of water for [] development at an indefinite and uncertain time in the future.” (Decision 893, p. 54; see also Decision 907, p. 7.) “[A]n attempt to reserve water for future use where there is no intent to proceed promptly cannot be countenanced.” (Decision 893, p. 57.)

California Code of Regulations, title 23, section 840, applies the principle of diligence to water-right applications by providing that the Water Board must deny an application if the Board finds that the applicant is not prepared to begin construction of any necessary works within a reasonable time or is unable to proceed towards perfection of the appropriation within a reasonable time due to lack of planning, finances, or another cause. Section 840, states:

An application will be denied when it appears after hearing or a proceeding in lieu of hearing that (a) the applicant does not intend to initiate construction of the works required for the contemplated use of water within a reasonable time and thereafter diligently prosecute the construction and use of water to completion, or (b) the applicant will not be able to proceed within a reasonable time, either because of absence of a feasible plan, lack of the required financial resources, or other cause.¹⁰

¹⁰ California Administrative Code, title 23, section 776 was renumbered in 1987 as California Code of Regulations, title 23, section 840. Section 840 is identical to superseded section 776, except for the addition of the phrase “or a proceeding in lieu of hearing.”

(Cal. Code Regs., tit. 23, § 840.)

We conclude based on the evidence presented during the AHO hearing that San Joaquin County does not intend to diligently prosecute the construction and use of water necessary to perfect its appropriation, and that the County would not be able to proceed with its appropriation within a reasonable time because it lacks a feasible plan, the project is not cost-effective relative to other water-supply projects, and the County has been unable to obtain a right of access to the proposed diversion works and conveyance facilities.

4.2.1 Does the Applicant intend to initiate construction of the works required for the contemplated use of water within a reasonable time and thereafter diligently prosecute the construction and use of water to completion?

An applicant for a water-right permit must demonstrate the ability to “proceed promptly and diligently to perfect the appropriations proposed in its [application].” (Decision 896 (1958), p. 15). The applicant must be “ready, willing, and able to” begin construction “within a reasonable time after receiving a permit.” (Decision 1083 (1962), p. 6; see also Decision 884, pp. 74, 85, & 95 [“ready and able to proceed with proper diligence”].)

The applicant must “apply himself at once and with diligence” to overcome obstacles to beginning construction and “continue steadfastly to press toward as early a construction start as is reasonably possible, without distraction by other business, including other water projects.” (Decision 1083, p. 6.) “If he is not ready to assume such responsibility, his application is premature and should be denied.” (*Ibid.*; see also Decision 1159 (1963), p. 30 [denying application of water agency with proposed construction date 10 years from date of hearing, stating “there is no definite evidence to conclude that the project will start even this far in the future”].) “If actual construction must be delayed pending completion of preliminary work or the removal of obstacles incident to the enterprise, there must be a present purpose and intent to proceed steadily and resolutely toward the ultimate goal without unnecessary delay.” (Decision 884, p. 71.) Absent such a showing, the Board will deny the application.

In Decision 884, the Water Board denied without prejudice part of Application 12092 and all of Application 15145 by United Water Conservation District for permits to appropriate water from the Santa Clara River, Piru Creek, and Sespe Creek in Ventura County. (Decision 884 , pp. 3, 6, 85 & 95.)¹¹ The applicant provided a construction schedule to the Board, but only “after attention had been called to the necessity therefor.” (*Id.* at p. 72.) The Board observed that the applicant’s “highly indefinite and speculative” plans to construct facilities to appropriate water did not show the applicant was “proceeding promptly and diligently with these developments.” (*Ibid.*) Instead, the applicant proposed to “wait for an extensive period of years until such time as there is need for the water The construction schedule is not based upon the time required to complete engineering investigations and studies and other preliminary work but is based upon estimates of when additional water will be required to meet anticipated economic expansion within the district.” (*Id.* at pp. 72-73.) The Board denied the applications but held that the applicant could file new applications when “ready and able to proceed with diligence to construct the necessary works and complete [the] beneficial use of water.” (*Id.* at pp. 85-86, 95.)

In Decision 1083, the Board denied Placer County Water Agency’s five applications for permits to divert and store water from the Middle Fork American River and other sources. The applications sought permits to appropriate water for the third phase (Unit C) of a series of projects to be completed in phases, or “units.” (Decision 1083, p. 3.) Units A and B were a system of works on the Middle Fork American River and tributaries for development of hydroelectric power and other uses that was planned to provide some of the financing for other projects, including Unit C. (*Id.* at pp. 3-4.) The evidence showed that “Unit C is not planned for construction until after Units A and B have been developed,” that construction of Units A and B depended on many factors,

¹¹ The Water Board issued an “Order Rescinding Portions of Decision D 884” following a Ventura County Superior Court judgment in *United Water Conservation District v. State Water Rights Board of the State of California*, No. 45406 and No. 45407, which set aside parts of this Decision related to priority, approval of some applications, and issuance of permits. This Board order did not affect the parts of Decision 884 regarding denial of applications that are discussed here.

and that construction would take five and a half years from when the contracts were awarded. (*Id.* at p. 4.) These uncertainties in project development prevented the agency from providing an estimate of the date that it would begin construction and the Board could not specify one based on the record. (*Id.* at pp. 4 & 7.) Ultimately, the Board decided that “the applicant is not prepared to proceed with development of the projects described in the applications with reasonable promptness and due diligence,” and denied the applications. (*Id.* at p. 7).

The Board issued Decision 893 after holding 33 days of hearings on the status of 63 applications by various agencies and cities to appropriate water from the American River. The Board denied in whole or in part all but 11 of these applications on the grounds that, among other factors, the applicants were not able to proceed with construction work within a reasonable time. (Decision 893, pp. 53-58.) The Board denied applications by Sacramento Municipal Utility District (SMUD) because the Board concluded that SMUD did not itself intend to construct the two proposed reservoirs described in its applications but intended to wait until a state or federal agency constructed them. (*Id.* at pp. 56-57.) The record contained “no indication” as to when construction of either reservoir by another agency might begin. (*Ibid.*) The Board denied 12 other applications because “the applicant counties and district are evidently unable or indisposed to proceed with development under any of their applications at the present time.” (*Id.* at p. 58.)

4.2.2 Will the Applicant be unable to proceed within a reasonable time because of absence of a feasible plan, lack of required financial resources, or other cause?

Besides demonstrating an intent and ability to complete the construction of necessary works within a reasonable time, an applicant for a water-right permit also must demonstrate that the applicant has a feasible plan and the necessary resources to perfect the proposed appropriation. (See e.g., Decision 1159, pp. 20 & 22 [granting application of water district upon showing that it had spent almost \$500,000 in preliminary studies, and, by contrast, denying application of another district for lack of

diligence because applicant retained engineers but lacked funding to pay them, so there were no “final plans or hydrology studies to determine the power and/or water yield”].)

In Decision 984, the Board denied water-right applications due to the “questionable feasibility” of a plan for power generation for mining and metal production using water that would have been diverted from creeks in Plumas County, and due to the lack of any specific plan to proceed with the project. (Decision 984 (1960), pp. 1, 8, & 13.) The Board noted the record was “devoid of any operation study for the project,” that no corporation or individual had committed to lease the mining properties, finance construction of the proposed refining plants, pay for the processed ore, or pay for the power that would have been consumed in the plants. (*Id.* at pp. 7-8.) “[E]ngineering plans and specifications have either not been prepared, or have been lost or destroyed, and such basic problems as the availability of construction materials for the dams have not been solved.” (*Id.* at p. 11.) There was no evidence of the cost estimates of the projects or how those projects would have been funded, the applicant’s financial capability was uncertain, and the applicant had not obtained access to the project sites. (*Id.* at pp. 9-11.) The Board concluded that the applicant had “no definite construction schedule and only a very general plan for proceeding with the construction of the project,” and, for these reasons, denied the applications. (*Id.* at p. 11.)

In Order WR 84-04, the Water Board canceled a water district’s application for a permit to appropriate water in San Diego County for irrigation and municipal uses.¹² (Order WR 84-04, p. 9.) Water Board staff had advised the district of the need to submit environmental documents and explained that “no work has ever been initiated” on those documents. (*Id.* at p. 5.) The district responded that it planned to prepare environmental documents after completing a water availability study. The Board based its decision to cancel the application in part on its finding that, although Water Board staff had advised the district that it was the CEQA lead agency and the district had

¹² In Order WR 84-04, the Board used the word “cancel” to describe the action it took on the application, although section 840 (section 776 at the time the Board adopted Order WR 84-04) states that an application “will be denied” when the applicant has not pursued the application with due diligence. (Cal. Code Regs., tit. 23, § 840.)

acknowledged the proposed project could have adverse environmental effects, the district had not taken “even the initial steps for assessing the scope and magnitude of potential environmental impacts.” (*Id.* at pp. 7-8).

The Board explained:

Due diligence requires more of an applicant than merely filing an application to appropriate water. Even at the date of the hearing—nearly four years after an amended application was accepted for filing—the District has still not spent funds either for a water availability study or for environmental documentation...the [d]istrict does not know whether any unappropriated water is available for a project and whether any project is feasible.

(*Id.* at p. 7.)

The district’s delay in beginning the necessary studies was “so dilatory as to warrant the inference that the District is unconcerned about a water supply development project and [the application].” (*Id.* at p. 8.) The Board concluded that the applicant failed to act with due diligence and canceled the application.

4.2.3 San Joaquin County’s Lack of Diligence

San Joaquin County’s own evidence leads us to the conclusion that the County does not intend to diligently prosecute the necessary construction or the use of water under any permit that might be issued on Application 29657, and that the County will be unable to proceed with the proposed project within a reasonable time. Among other obstacles, the County has been unable to obtain a right of access to the proposed diversion works, the County does not have a project-specific plan to construct the project or a project-specific environmental impact analysis necessary to obtain permits to construct the project, and the project is not as financially feasible as other water-supply alternatives under consideration by the County.

Although the Freeport Facility is the sole proposed point of diversion in Application 29657, the County does not have an agreement with the owners of the facility to use it to divert water, and the County has no immediate intent to pursue negotiations to obtain

such a right of access. (2021-09-29 Hearing Morning Session Recording, 1:09:22-1:09:29; R.T. 57:5-8.) Absent an agreement to utilize the Freeport Facility, the County will be unable to complete the proposed appropriation.

The County identified the Freeport Facility as the sole proposed point of diversion for its Amended Application in 2003. (AHO-32.) Since that time, the Division has repeatedly directed the County to submit information showing that it has obtained a right to use the Freeport Facility for diversions. (SCWA-04 [December 30, 2003 letter from SWRCB to San Joaquin County], SCWA-08 [November 5, 2008 letter from SWRCB to San Joaquin County]; SCWA-10 [April 13, 2009 letter from SWRCB to San Joaquin County]; SCWA-15 [October 3, 2011 letter from SWRCB to San Joaquin County].) In these letters, the Division informed the County that the County's failure to provide the requested information might result in cancellation or denial of its application. One of the bases on which the Division canceled Application 29657 in 2010 was the County's lack of any right of access to the proposed diversion facilities. (AHO-132, p. 6.) The Executive Director's June 10, 2011 order reinstating the application directed the County to "secure access to its currently proposed point of diversion," and reminded the County that reinstatement of the application did not "excuse the [C]ounty from the requirement for diligent progress towards completion of these goals." (Order WR 2011-0014-EXEC [AHO-146], p. 3.) Nevertheless, in 2013, the County switched its focus from obtaining an access agreement for use of the Freeport Facility to developing a groundwater sustainability plan and pursuing the DREAM Project. (SJ County-16, p. 4, ¶ 15; 2021-09-29 Hearing Afternoon Session Recording, 01:39:28-01:39:42; R.T. 192:8-14.)

According to the testimony of its witnesses, the County is waiting until it has completed the DREAM Project to determine whether diversions of water to underground storage as proposed in the Fourth Amended Application are conceptually feasible and before pursuing further negotiations to access the Freeport Facility. (2021-09-29 Hearing Afternoon Session Recording, 01:46:13-01:46:57; R.T. 197:6-18.) Mr. Buchman, the Deputy Director of Development Services for the San Joaquin County Department of Public Works, testified that the County would be in a position in a couple of years to "assess the feasibility of the concept." (2021-09-29 Hearing Afternoon Session

Recording, 01:47:21-01:47:39 & 02:08:31-02:09:06; R.T. 198:1-5 & 211:20-212:2.) Mr. Buchman further testified that the County would be unlikely to conduct further negotiations for access to the Freeport Facility within the next few years while awaiting the results of the DREAM Project. (2021-09-29 Hearing Afternoon Session Recording, 2:08:23-2:10:00; R.T. 212:3-15.)

Although County representatives met with SCWA representatives several times from 2013 through 2015, Mr. Zidar, the Water Resources Manager for San Joaquin County, confirmed that the County's representatives did not present a proposed operational plan to support the negotiations. (2021-09-29 Hearing Afternoon Session Recording, 1:36:17-1:37:40; R.T. 189:21-190:19.) Mr. Zidar also admitted that the County had not requested EBMUD's assistance pursuant to the 2014 Protest Resolution Agreement to facilitate meetings between the County and SCWA about access to the Freeport Facility. (2021-09-29 Hearing Afternoon Session Recording, 01:42:08-01:42:29; R.T. 194:7-15.) Mr. Zidar stated that the County is "prepared to have a dialog" with SCWA about the use of the Freeport Facility "when agreements and costs need to be finalized and the issue is ripe for resolution." (SJ County-16, p. 4, ¶ 16.) Although the Division has repeatedly directed the County over the last 18 years to enter into an access agreement for the proposed diversion facilities, and has repeatedly advised the County that the County would risk cancelation or denial of its application, the County still argues that the issue is not yet "ripe for resolution." (*Ibid.*)

In addition to its failure to obtain a right of access to the diversion facilities, the County has not completed the project-specific planning and analyses that are necessary to obtain permits for, and to implement, the project proposed in its application within a reasonable time. To date, the County has completed only high-level feasibility planning for Application 29657. The Phase 1 Final Draft Feasibility Study included the project proposed in Application 29657 and detailed the alternatives considered in the study to a conceptual engineering level adequate to perform an estimate of costs, land requirements, and required environmental assessment. (SJ County-3, p. 133.) Phase II of the Freeport Study would include a project-specific environmental impact report, but has been delayed due to lack of funding, the high costs of the project, and a change in

the County's focus to other planning processes. (SJ County-1, p. 10, ¶ 38.) At this time, the County does not intend to prepare a draft or final project-specific environmental document or engage in other project-specific planning until it has completed the DREAM Project and further assessed the feasibility of diversions from the American River. (2021-09-29 Hearing Afternoon Session Recording, 01:47:21-01:47:58; R.T. 198:1-14; see also SJ County-1, p. 4, ¶ 14 ["Additional time is needed for further planning, engineering, and review."].)

One of the reasons the County has not prioritized further planning to pursue Application 29657 is the relatively high estimated unit costs of the proposed project described in this application. Instead, "[t]he local planning process has prioritized investment in the least cost alternatives that yielded new water." (SJ County-1, p. 4, ¶ 12.) "[T]he American River water delivered through Freeport is currently not cost effective as compared to the other proposed projects and local sources." (SJ County-2, p. 2, ¶ 8; see also 2021-09-29 Hearing Morning Session Recording, 0:54:16-054:58 & 01:40:05-01:40:20; R.T. 45:3-11 & 82:13-17.) Diversion of American River water as proposed under the County's application is a "lower priority" because of "some of the factors, including cost." (2021-09-29 Hearing Morning Session Recording, 02:19:11-02:19:23; R.T. 112: 21-24.)

Upon cross-examination, Mr. Zidar could not provide a specific date or range of dates when the County might begin construction of necessary works specific to Application 29657, likely because the County has not advanced beyond the early planning phases and there are potentially insurmountable obstacles to further pursuit of the project described in the application. (2021-09-29 Hearing Morning Session Recording, 01:36:59-01:37:15; R.T. 80:9-12.) Instead, Mr. Zidar responded that "there is a broad horizon with which to move this forward to decision. And [Application 29657 is a] longer range thing" (2021-09-29 Hearing Morning Session Recording, 01:57:41-01:58:01; R.T. 98:8-10.) Mr. Buchman confirmed that delivery of water under Application 29657 is not one of the planned projects identified in the Eastern San Joaquin Subbasin GSP that are to be completed and online by 2040. (2021-09-29 Hearing Morning Session Recording, 2:21:17-2:21:47; R.T. 114:6-12.)

Based on the evidence, we conclude that the County has, with good reason, focused its attention and resources on more cost-effective water-supply projects instead of on the relatively higher-cost proposal to divert American River water. This focus on other projects does not, however, excuse the County from the requirement that it diligently pursue its application. Like the applicants involved in the Board's Decisions 884 and 1083, whose "highly indefinite and speculative" plans were insufficient to show that the applicants were "proceeding promptly and diligently," the County is unable to identify a date on which it will begin construction of the necessary works or perfect the proposed appropriation. (Decision 884, p. 72; see also Decision 1083, pp. 5-7.) The County's proposed diversions of American River water may not be financially feasible, the County may be unable to obtain a right of access to the diversion facilities, and the County lacks project-specific planning that is necessary to proceed with the project.

Finally, the County's lack of a project-specific environmental document to comply with CEQA is alone a sufficient basis to deny the application. After 30 years, the County still has no immediate plan to develop a project-specific environmental impact report to support its application. In Order WR 84-04, the Board concluded that the applicant's failure to initiate preparation of an environmental review document four years after it filed amendments to its application demonstrated a lack of diligence and supported denial of the application. (Order WR 84-04, p. 11.) In this matter, the County has delayed almost twice as long since it filed its most-recent amendments to Application 29657, and the County admits that many additional years will pass before it will take any further action towards developing a project-specific environmental impact report.

As discussed in section 4.2.1, the Board will deny a water-right application when the applicant is "evidently unable or indisposed to proceed with development under [its] application[] at the present time." (Decision 893, p. 58.) An applicant must be "ready, willing, and able" to develop and construct the proposed project within a reasonable time. (Decision 1083, p. 6.) Because the County has not demonstrated that it is willing or able to pursue its proposed project at this time, we deny Application 29657, but do so without prejudice to the County's right to file a new application for this or a similar project in the future.

5.0 CONCLUSION

We cancel Application 29657 pursuant to Water Code sections 1276 and 1335 because the County has not provided the information the Division requested that is necessary to support the County's application. The County has failed to provide this information after repeated requests by the Division and after being informed that failure to provide the information by the deadlines could result in cancelation of Application 29657.

In the alternative, we deny Application 29657 pursuant to California Code of Regulations, title 23, section 840. We conclude that the County does not intend to initiate construction within a reasonable time or diligently prosecute the construction and use of water. We also conclude that the County will not be able to proceed with its appropriation within a reasonable time because it lacks a feasible plan for development, financing, or construction of the project and the County has been unable to obtain a right of access to the proposed diversion works and conveyance facilities.

Throughout this proceeding, San Joaquin County has argued that it was directed by state and federal agencies to pursue the American River as a source of water to supply the County and that the County has priority status to appropriate American River water under the Watershed Protection Act. The County "presumed" that American River water would be available to it "to meet future beneficial uses and address critical overdraft." (2021-10-29 San Joaquin County Closing Brief, p. 4.) Our cancelation of Application 29657 does not prevent the County from filing a new application for a permit to appropriate water and continuing to seek priority status to appropriate American River water if and when the County determines that such a project is feasible and the County is in a position to diligently pursue its application.

ORDER

IT IS HEREBY ORDERED THAT:

1. San Joaquin County's Application 29657 is canceled.
2. In the alternative, San Joaquin County's Application 29657 is denied.

CERTIFICATION

The undersigned, Clerk to the Board, does hereby certify that the foregoing is a full, true, and correct copy of an order duly and regularly adopted at a meeting of the State Water Resources Control Board held on _____, 2022.

AYE:

NAY:

ABSENT:

ABSTAIN:

Jeanine Townsend

Clerk to the Board

Attachment A

RESPONSES TO PARTIES' COMMENTS ON DRAFT PROPOSED ORDER

As discussed in section 2.2 of this order, the AHO circulated a draft proposed order to the parties. This attachment summarizes and responds to comments submitted by San Joaquin County, California Department of Fish and Wildlife (CDFW), and San Luis & Delta-Mendota Water Authority on the draft proposed order.

San Joaquin County's Comments

1. San Joaquin County's Comment: The County has shown good cause exists under Water Code section 1276 to allow additional time to submit the requested information. (2022-02-28 County Comments on Draft Proposed Order (County Comments), pp. 3-6.)
 - a. The County has been actively engaged in developing and implementing the ICU Program and IRWMP process as well as complying with the Sustainable Groundwater Management Act (SGMA). These efforts directly support Application 29657. (County Comments, pp. 3-4.)

Response: As discussed in section 4.1.2, the County's actions in developing and implementing the ICU Program and IRWMP Process, and the County's participation in the development of a groundwater sustainability plan under SGMA, do not demonstrate good cause under Water Code section 1276 for the Board to allow additional time to submit the requested information. Application 29657 has been pending for more than 30 years because of the applicant's failure to submit information that is necessary for the Board to act on the application. After the Division canceled and the Executive Director reinstated the County's application in 2011, the Division set a final deadline of December 31, 2014, for the County to submit requested information necessary for the Board to act. (AHO-132, -146, -148, & -151.) Almost 8 years after the deadline, the County still has not submitted the information.

Although the County points to the ICU Program, the IRWMP process, SGMA planning efforts, and other actions to demonstrate good cause to extend the deadline to submit the requested information, the County has not demonstrated its intent or ability to submit the specific information the Division requested within a reasonable time. The County's evidence and testimony lead us to conclude that the County is likely to continue to defer any substantial investments in pursuing Application 29657. The County admits that it is not yet in a position to "assess the feasibility" of the project described in that application and that "American River water delivered through Freeport is not cost effective as compared to [] other proposed projects and local sources." (2021-09-29 Hearing Afternoon Session Recording, 01:47:21-01:47:39 & 02:08:31-02:09:06; R.T. 198:1-5 & 211:20-212:2; SJ County-2, p. 2, ¶ 8.)

"One who does not propose to proceed immediately with development of a project cannot make a reservation of water for future needs by the expedient of filing an application." (Decision 884, p. 71.) The County's planning efforts may be prudent but do not justify further delay by the Board in acting on this application because the County has not demonstrated the intent or ability to proceed immediately with the project proposed in the application. The County may submit a new application for a permit to appropriate water after its planning efforts are complete, if the County identifies a proposed project that it is prepared to diligently pursue to completion.

- b. The County has been precluded from receiving American River water for over 50 years while also being denied other sources of water. (County Comments, pp. 4-5.)

Response: As addressed in section 3.1, the County has described its past reliance on plans of the Bureau of Reclamation to develop an American River water supply that might be available for the County's use. The availability of

American River water as an alternate supply appears to be one of the reasons that the County was denied access to local supplies from the San Joaquin, Stanislaus, and Mokelumne Rivers. (SJ County-1, pp. 4-5, ¶¶ 15-23.) The County filed Application 29657 to protect its access to American River water to supply the County when the projects the Bureau proposed failed to materialize. (SJ County-1, p. 6, ¶ 24; 2021-10-29 San Joaquin County Closing Brief, p. 6.) But this history does not excuse the County from diligently pursuing its own project. The County has had decades to invest in, plan for, and pursue an application for a permit to appropriate water from the American River. This order does not preclude the County from submitting a new application to appropriate American River water in the future if the County is in a position to provide the information to the Division that is necessary for the Board to act on the new application.

- c. The County has expanded the scope of Application 29657 which increased the cost and complexity of pursuing the application. (County Comments, pp. 5-6.)

Response: Since filing the original application, the County has changed the proposed project described in the application significantly and has amended Application 29657 four times to eliminate the original points of diversion and places of storage and to add new ones. (AHO-3, -32, -38, -44, & -171.) The Fourth Amended Application the County submitted in 2014 proposes to divert water at the Freeport Facility on the Sacramento River either for direct use or for storage in the groundwater basin and subsequent beneficial use. (AHO-171.) We do not disagree that the County's proposed use of the groundwater basin for storage and reliance on infrastructure owned and controlled by third parties may have increased the complexity and the cost of this project. Although we recognize that large and complex projects require a commensurate time-schedule for preparation of environmental documentation, water availability analyses, protest negotiations, and other actions that are necessary for the Board to act on the application, even a complex and potentially expensive project may not be held by an applicant in reserve for an unreasonable period of time.

2. San Joaquin County's Comment: Denial of the Application 29657 is not warranted under California Code of Regulations, title 23, section 840, because the County has acted with reasonable promptness.
 - a. The Board decisions cited in the draft proposed order are not binding and do not apply. (County Comments, pp. 6-7.)

Response: The Board orders cited in section 4.1.1 of this order, except Order WR 2000-04, are non-precedential orders that are not binding on the Board. We include summaries of these non-precedential orders as examples of the Board's reliance on Water Code section 1276 to cancel water-right applications.

Although non-precedential orders are not binding on the Board, the Board is not precluded from considering and discussing them in its precedential orders.

"[T]he agency should be permitted, as all courts are, to review its nonprecedential decisions to gain a greater understanding of how the law has been viewed and issues resolved in the past." (*Malaga County Water Dist. v. State Water Resources Control Bd.* (2020) 58 Cal.App.5th 447, 475.)

The AHO modified section 4.1.1 of the order to include discussion of Order WR 2000-04, a precedential Board order in which the Board denied a petition for reconsideration of an order canceling an application under Water Code section 1276 because the applicant failed to satisfy the Division's requests for information.

Although the County disagrees with the order's reliance on Decisions 884 and 1083 and refers to these decisions as "non-binding," these decisions are precedential decisions that the Board adopted at public meetings. (See Order WR 96-1, p. 17, fn. 11.) In both decisions, the Board determined that the applicants had failed to demonstrate a "present purpose and intent to proceed steadily and resolutely toward the ultimate goal without unnecessary delay." (Decision 884, p. 71.)

In its comments, the County argues that the facts addressed in Decision 884 differ from the facts presented here, and therefore limit the applicability of the decision, because there were competing applications to appropriate water from the same source. In Decision 884, the Board considered and discussed the comparative benefits of the competing proposed projects described in the applications and the constitutional directive that “the water resources of the State be put to beneficial use to the fullest extent of which they are capable.” (*Id.* at pp. 78-79 [quoting Cal. Const., Art. XIV, § 3; now Cal. Const, Art. X, § 2].) The Board’s discussion of diligence, and determination that portions of the applications should be denied for lack of diligence, stands on its own, however. (*Id.* at pp. 71-74.) The Board did not identify the competing demands for the same water as a factor in its decision to deny portions of the applications for lack of diligence. Instead, the Board described the applicant’s “indefinite” plans and lack of intent to proceed “promptly and diligently” with the development of the project as the basis for its determination that the applications should be denied, in part and without prejudice, for lack of diligence by the applicant. (*Id.* at p. 72.)

The County argues that the circumstances addressed by the Board in Decision 1083 differ from the facts presented here, and therefore limit the applicability of the decision, because the Board denied the application based on the applicant’s inability to predict when construction could take place and diversions of water could begin. We disagree with the County’s argument and find that there are significant parallels between Decision 1083 and the facts presented here. In Decision 1083, the proposed project depended on successful development of preceding phases of an overall plan, and the decision described the many contingencies that could affect when and if the applicant could complete these preceding phases as a basis for the Board’s denial of the application. (Decision 1083, p. 4.) Likewise, whether the County will pursue the project proposed in Application 29657 and the timeline for development of the proposed project depends on several factors such as the outcome of the County’s assessment of the feasibility of the project, the availability of financial partners to develop the

project, and the County's ability to obtain access to the proposed point of diversion. (2021-09-29 Hearing Morning Session Recording, 45:50-46:12, 51:19-52:05, 1:55:40-1:55:54, 1:56:37-1:57:04, & 1:57:35-1:58:07; R.T. 38:5-13, 42:10-25, 196:17-22, 197: 11-18, & 198: 4-14.) Like Placer County in Decision 1083, San Joaquin County is unable to provide definite deadlines that are supported by evidence by which it will resolve these contingencies and proceed with the development of the project. (2021-09-29 Hearing Morning Session Recording, 1:55:40-1:55:54, 1:56:05-1:56:21, & 1:57:35-1:58:07; R.T. 196:23- 197:4, 197:11-18, & 198:4-14.)

There are many other precedential State Water Board orders and decisions that embody the fundamental principle that "an applicant must be ready, willing, and able to commence construction of the necessary works within a reasonable time ... if [an applicant] is not ready to assume such responsibility, [the] application is premature and should be denied." (Decision 1083, p. 6; see also, Decisions 1309 (1968), 1159 (1963), 984 (1960), 958 (1960), 907 (1958), 896 (1958), 893 (1958), and 869 (1957); Orders 84-04 and 92-01.) Regardless of whether the facts discussed in any of these decisions and orders were precisely the same as those presented here, the general principle enunciated in those decisions and orders support our denial of Application 29657.

- b. Application 29657 is protected under the Watershed Protection Act (Water Code § 11460). (County Comments, pp. 7-8.)

Response:

This order discusses relevant portions of the Watershed Protection Act in section 3.2. The Watershed Protection Act preserves priorities over diversions for the Central Valley Project for appropriations that are reasonably necessary to supply the beneficial needs of areas that are within or immediately adjacent to, and that can be conveniently supplied from, the watershed of origin. Although the County argues otherwise, nothing in the Watershed Protection Act excuses an applicant

for an appropriative water right permit from the requirement that an applicant diligently pursue its application, and nothing excuses an applicant from any other diligence requirement for obtaining a permit to appropriate water.

- c. Application 29657 is needed by the County to address critical overdraft conditions in the groundwater basin. (County Comments, pp. 8-9.) Application 29657 plays a vital role in the DREAM Project. (County Comments, pp. 9-10.)

Response:

As the applicant, the County is responsible for diligently pursuing its application. The State Water Board will not hold pending water-right applications in reserve for an indefinite period, regardless of the proposed purpose of the project described in the application. Where there is “no immediate plan or purpose to proceed promptly with construction and/or with the application to beneficial use of the water sought... the Board has little choice in the action to be taken since it is a settled principle that an application to appropriate is not a proper instrument to make a reservation of water for [] development at an indefinite and uncertain time in the future.” (Decision 893, p. 54.)

According to the testimony of the County’s witnesses, the results of the DREAM Project are needed to assess the feasibility of groundwater banking in the Eastern San Joaquin Groundwater Basin. (2021-09-29 Hearing Afternoon Session Recording, 01:45:17-01:45:48; R.T. 197:6-18.) This order does not prevent the County from filing a new application to appropriate water from the American River, or from any other source, if and when the County determines that it has a feasible project that the County is prepared to diligently pursue.

The County has not presented any evidence that its future water supply is likely to be materially affected by cancelation of this application. There is no evidence in the record that the difference in water availability under a water-right permit with a 1990 priority date (the date of Application 29657) and under a permit issued on a subsequently filed application would impact the amount of water

available for diversion and use under the permit. If the Board ultimately agrees with the County's claim of priority under the Watershed Protection Act, then there would be even less likelihood that the difference in priority date between a permit issued on the County's 1990 application and a permit issued on a future-filed application would affect the amount of water available under the permit. Priority under the Watershed Protection Act probably would apply to a permit issued on the future-filed application to the same extent as it would apply to a permit issued on the 1990 application.

Finally, if the County decides to pursue a project to divert water through the Freeport Facility and obtains an access agreement to use the facilities, the County may find that a new application will result in a permit that will allow the County to maximize the water supply available to it at this point of diversion. A permit issued on Application 29657 would be limited to amounts of water in the South Fork American River at the original proposed point of diversion. In contrast, a permit on a newly filed application could authorize diversion from the Sacramento River and all of its tributaries without this limitation. The County could divert high flows that originate from anywhere within the Sacramento River Basin, not just those from the South Fork American River watershed.

California Department of Fish and Wildlife (CDFW) Comments

CDFW Comment: CDFW supports the draft proposed order canceling Application 29657 because the County has not provided sufficient evidence that the proposed diversions would comply with the requirements of the Fish and Game Code. (2022-02-22 CDFW Comments on Draft Proposed Order, p. 1.)

Response: The Board acknowledges CDFW's support of this order canceling Application 29657. The October 3, 2011 letter from the Division to the County requested information to address potential impacts of the proposed diversion on instream flows, water quality, and fish and wildlife. (AHO-148.) The County's failure to provide this and other requested information by the deadlines set by the Division is the

basis of our decision to cancel Application 29657 under Water Code sections 1276 and 1335.

San Luis & Delta-Mendota Water Authority Comment

San Luis & Delta-Mendota Water Authority Comment: Footnote 2 of the draft proposed order mistakenly omitted Westlands Water District, Kern County Water Agency, and the State Water Contractors as joint protestants with San Luis & Delta-Mendota Water Authority to Application 29657. (2022-02-22 San Luis & Delta-Mendota Comments on Draft Proposed Order, p. 1.)

Response: The AHO revised footnote 2 of the order to identify Westlands Water District, Kern County Water Agency, and the State Water Contractors as joint protestants with San Luis & Delta-Mendota Water Authority to Application 29657.