The undersigned American River water agencies respond to the Department of Water Resources' ("DWR") opposition to the Natural Resources Defense Council's ("NRDC") motion to stay Part 2 of this hearing by urging the State Water Resources Control Board ("SWRCB") to stay Part 2 long enough to consider sufficient information to determine whether the staged project that DWR apparently now proposes is actually within the scope of the water-right change petition DWR and its co-petitioner, the U.S. Bureau of Reclamation ("Reclamation"), filed on August 25, 2015 (the "Petition"). Based on the information currently available to all parties, and given the many changes to DWR's and Reclamation's modeling that already have occurred in this hearing, the most appropriate action would be for the SWRCB to stay the entire hearing until DWR certifies the supplemental environmental impact report ("SEIR") that it is now preparing. Failing that, the Hearing Officers should compel DWR to attempt to show how it is possible to proceed with this
hearing prior to the SEIR's certification based on the new "first stage" modeling results that DWR apparently possesses. The Hearing Officers could stay the hearing for 45 days; (2) require DWR to produce those results in a manner that all parties can review within seven days; (3) set a procedural hearing 30 days out to allow DWR to present arguments, based on the "first stage" modeling results; and (4) set a briefing schedule for the parties' written arguments to be submitted before that hearing.

ARGUMENT

DWR makes essentially one argument to support continuing Part 2 of this hearing, namely that the two-intake, one-tunnel "first stage" of California WaterFix would be within the Petition's scope because that phase is just smaller than the project for which that Petition was filed. This argument is wrong for two simple reasons:

1. The Petition was jointly filed by DWR and Reclamation under their own respective water-right permits for joint use of the California WaterFix and it is at best extremely unclear whether Reclamation would participate in the "first stage" that DWR now proposes; and

2. The Petition seeks the SWRCB's approval of a specific California WaterFix EIR alternative – Alternative 4A – and DWR's July 2017 findings of fact that support its certification of the EIR under CEQA explicitly exclude a two-intake, one-tunnel alternative – Alternative 3 – from the approved project and find that such a smaller project is infeasible.

These two facts demonstrate that the "first stage" now proposed by DWR is not within the Petition's scope and therefore is not within the scope of this hearing, as it is currently organized.

1. The Fact That Only DWR, And Not Reclamation, Is Proposing A "First Phase" Shows That Such A Phase Would Be Outside The Scope Of The Petition, Which Proposed Integrated Changes To DWR's And Reclamation's Permits

The Petition is a joint change petition filed by DWR and Reclamation on August 25, 2015 and was transmitted to the SWRCB via a letter signed by both the then-Director of DWR Mark Cowin and Reclamation's Mid-Pacific Regional Director David Murillo. (See Exhibit SWRCB-1.) In contrast, only DWR responded to the Hearing Officers' direction to address NRDC's stay motion, even though the Hearing Officers' February 8, 2018 e-mail order states the following:
During the hearing on February 8, 2018, the hearing officers directed the California Department of Water Resources (DWR) and the U.S. Bureau of Reclamation (Reclamation) (collectively petitioners) to respond to the Natural Resources Defense Council, et al.'s February 7, 2018 Renewed Motion for Stay of Part 2 of the hearing. Petitioners have until **5:00 PM on Friday, February 9, 2018** to respond.

(First two emphases added, third in original.)

Reclamation – the co-petitioner – did not respond to this order, did not comment on DWR's staged proposal during the SWRCB's February 8, 2018 proceeding and has made no commitments concerning its participation or non-participation in the "first stage" proposed by DWR. This silence is critical to water users like the undersigned American River water agencies who are dependent on Reclamation's operation of CVP facilities like Folsom Reservoir. Without any information about whether, or how, Reclamation would participate in the "first stage," it is impossible for such water users to determine how that "first stage" might affect our water supplies.

The petitioners' silence on such a crucial point contrasts starkly with the statements that the Petition itself makes about its joint nature. Because this point is so important, it is worth quoting from the Petition's Supplemental Information for Petition for Change in Point of Diversion at some length. That Supplemental Information document states:

The California Department of Water Resources (DWR) and the United States Department of the Interior, Bureau of Reclamation (Reclamation) (jointly Petitioners) hereby petition the State Water Resources Control Board (State Water Board) to modify DWR permits 16478, 16479, 16481, 16482 for the State Water Project (SWP) and Reclamation permits 11315, 11316, 12721, 12722, 12723, 11967, 11968, 11969, 11971, 11973, and 12364 for the Central Valley Project (CVP) (jointly Projects), as described in this supplemental and the required forms . . .

The intent of this Petition is to add points of diversion and rediersion contained in water rights permits held by DWR and Reclamation to allow SWP and CVP water to move through the intakes identified by Alternative 4A (California WaterFix) of the Bay Delta Conservation Plan/California WaterFix Partially Recirculated Draft Environmental Impact Report/Supplemental Draft Environmental Impact Statement (Draft EIR/EIS), if ultimately approved and constructed . . .

A final decision on this Petition is not requested until Petitioners provide final environmental documents . . .

New conveyance is one of the fundamental actions proposed for restoring the Delta because it would minimize environmental impacts commonly associated with the
SWP-CVP, primarily salvage and entrainment resulting from through-Delta water conveyance that can result in negative Old and Middle River flows . . .

Under Alternative 4A, SWP and CVP in-Delta operations would allow some SWP/CVP water to be conveyed from the north Delta to the south Delta through tunnels and directly diverted in the south Delta at the existing SWP and CVP facilities . . . Alternative 4A would include dual conveyance providing for the continued use of the existing SWP/CVP south Delta export facilities as well as the new diversions . . .

II. PETITION REQUEST

DWR and Reclamation petition the State Water Board to modify DWR permits 16478, 16479, 16481, 16482 for the SWP and Reclamation permits 11315, 11316, 12721, 12722, 12723, 11967, 11968, 11969, 11971, 11973, and 12364 for the CVP, as described in this Petition and attachments.

(Exhibit SWRCB-1, Supplemental Information, pp. 1-2, 4, 8-9, 12 (emphasis in original).)

Certain CVP and SWP operations are integrated under the Coordinated Operations Agreement ("COA"), the execution of which was authorized and mandated by federal law. (See, e.g., Exhibit DOI-7, pp. 2-3; Exhibit DWR-61, p. 2:1-6; Public Law 99-546, § 103, 100 Stat. 3051.)

Existing regulatory permits for what might now be called the "unstaged" California WaterFix project assume that COA will govern CVP/SWP operations under those permits. For example, the incidental take permit issued by the California Department of Fish and Wildlife states:

9.9.1 Coordinated Operating Agreement. The operational criteria specified in Conditions of Approval 9.9.4 and 9.9.5 [which are detailed conditions concerning streamflows, including Delta outflows] shall be implemented consistent with the Coordinated Operating Agreement (COA), as follows:

Under the COA, Reclamation and DWR agree to operate the CVP/SWP under balanced conditions in a manner that meets Sacramento Valley and Delta needs while maintaining their respective annual water supplies as identified in the COA. Balanced conditions are defined as periods when the two projects agree that releases from upstream reservoirs, plus unregulated flow, approximately equal water supply needed to meet Sacramento Valley in-basin uses and CVP and SWP exports. Coordination between the CVP and the SWP is facilitated by implementing an accounting procedure based on the sharing principles outlined in the COA. During balanced conditions in the Delta when water must be withdrawn from storage to meet Sacramento Valley and Delta requirements, 75 percent of the responsibility to withdraw from storage is borne by the CVP and 25 percent by the SWP. The Project
operational criteria specified under the Project Description and throughout Condition of Approval 9.9 shall be implemented consistent with the COA.

(Exhibit SWRCB-107, pp. 176-177.)

There is no basis for this supposition about how the new facility would be treated under the COA because the parties have not yet agreed to amend the COA to address this new facility.

Given that Reclamation apparently is not participating in the "first stage" of WaterFix as proposed by DWR, and that the COA by its terms will not cover this new facility unless the parties agree to amend that agreement, DWR's proposed staging of California WaterFix takes DWR's proposal outside the Petition's scope. For example, it is difficult to imagine that Reclamation would be willing to accept 75% of the responsibility for any aspect of the incidental take permit's streamflow requirements while DWR and DWR alone is operating California WaterFix and the incidental take permit addresses a species that is not listed under the federal Endangered Species Act. None of the evidence presented in this hearing has concerned the operation of a DWR-only "first stage" that would be operated under theoretical COA conditions proposed by state agencies (but not accepted by Reclamation). In fact, in that scenario, Reclamation actually might be injured as a legal user of water if DWR were to attempt to operate its proposed "first stage" of California WaterFix. (See Water Code, § 1702.)

2. **DWR Rejected As Infeasible A Two-Intake Project Alternative In Certifying The EIR, Which Shows That DWR's Proposed "First Stage" Is Outside The Petition's Scope**

As the portions of the Petition quoted above demonstrate, the Petition seeks the SWRCB's approval of a particular project alternative defined in the EIR, namely Alternative 4A. In the CEQA Findings of Fact and Statement of Overriding Considerations that DWR adopted to support its certification of the California WaterFix EIR, DWR explicitly found that a two-intake project alternative with 6,000 cfs of diversion capacity – Alternative 3 – was infeasible and instead approved Alternative 4A as the project:
Through its Acting Director, DWR finds Alternative 3, with only two north Delta intakes, and Alternatives 5 and 5A, with one north Delta intake, to be infeasible based on all of the reasons discussed below . . .

Because of their reduced north Delta diversion capacity compared with the Project (Alternative 4A), which has three north Delta intakes, reverse flows in the south Delta would persist under Alternatives 3, 5, and 5A, and fish losses in the south Delta would continue, though to a lesser degree than at present . . . [B]ecause they include fewer intakes, Alternatives 3, 5 and 5A would not meet the project objective of "develop[ing] projects that restore and protect water supply and ecosystem health and reduce other stressors on the ecological functions of the Delta in a manner that creates a stable regulatory framework under the ESA and either the CESA or NCCPA . . ."

Alternative 3 and 5, for example, would result in an increase in reverse flows in April-May, and Alternative 3 would also increase reverse flows in October compared to Existing Conditions . . .

Alternatives 3, 5 and 5A would also provide less operational flexibility compared to the Project. [B]ecause they have fewer intakes, Alternatives 3, 5 and 5A would have lower capacity than three-intake dual conveyance alternatives like the Project, and would be more susceptible to system failure, which would translate into greater reliance on the existing south Delta facilities than the Project would afford, which would in turn result in a greater persistence in the ecological problems current [sic] experienced with the current system.

(Exhibit SWRCB-110, pp. 70-72.)

Having specifically identified Alternative 4A as the project in the Petition, and having specifically rejected a two-intake 6,000-cfs capacity alternative in approving Alternative 4A as the California WaterFix, DWR cannot now claim that such a smaller project would simply be a "first stage" of the project covered by the Petition.

3. DWR's Decision To Prepare An SEIR Confirms That Its Proposed "First Stage" Is A Substantial Change To The Project In The Petition

In its Opposition, DWR claims that it could have just prepared an addendum to the California WaterFix EIR and seeks to dismiss the importance of its decision to prepare an SEIR as a choice made out of an abundance of caution and an attempt at transparency. The law governing

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1DWR's Findings of Fact and Statement of Overriding Considerations describe Alternative 3 as follows: "Alternative 3 – Dual Conveyance with Pipeline/Tunnel and Intakes 1 and 2 (6,000 cfs: Operational Scenario A)."

(Exhibit SWRCB-110, p. 53.)
SEIRs, however, shows that DWR's decision reflects the fact that the change to the project described above is significant. Public Resources Code section 21166 governs SEIRs' preparation:

When an environmental impact report has been prepared for a project pursuant to this division [CEQA], no subsequent or supplemental environmental impact report shall be required by the lead agency or by any responsible agency, unless one or more of the following events occurs:

(a) Substantial changes are proposed in the project which will require major revisions to the environmental impact report.

(b) Substantial changes occur with respect to the circumstances under which the project is being undertaken which will require major revisions in the environmental impact report.

(c) New information, which was not known and could not have been known at the time the environmental impact report was certified as complete, becomes available.

(Emphasis added.)

The courts have interpreted this statute to prohibit SEIRs unless its requirements are met:

This provision represents a shift in the applicable policy considerations. The low threshold for requiring the preparation of an EIR in the first instance is no longer applicable; instead, agencies are prohibited from requiring further environmental review unless the stated conditions are met.

(Friends of Davis v. City of Davis (2000) 83 Cal.App.4th 1004, 1017-1018.)

However DWR packages it, its decision to prepare an SEIR therefore reflects DWR's determination that its pursuit of a "first stage" that apparently does not include its co-petitioner Reclamation and that would implement – for some unknown period of time – a project alternative that DWR only months ago declared to be infeasible is a substantial change to the project covered by the Petition. The SWRCB should recognize that reality in this hearing, too.

4. The Most Appropriate Approach Would Be To Stay The Hearing Until DWR Finally Defines Its Project In A Certified SEIR, But the SWRCB At Least Must Compel DWR To Produce Information About The Modified Project That All Parties Can Review And Determine, Based On That Information, Whether The Hearing Can Proceed

The SWRCB knows, in exquisite detail, how the modeled operations of the CVP and the SWP with California WaterFix have changed during the course of this hearing, from the four
alternative runs DWR presented in its Part 1 case-in-chief, to the biological assessment runs that
Reclamation presented in its Part 1 rebuttal, to the CWF H3+ runs that DWR has presented in its
Part 2 case-in-chief. Exhibit DWR-1008, slide 7, depicts these changes – largely since this hearing
started – as follows:

Fewer than 24 hours before Part 2 was to start, however, DWR released yet more new
modeling, about which DWR says the following:

To be sure, preliminary analysis and modelling has been conducted on the option of
staged construction and it indicates no additional (or even a reduction in)
environmental impacts from California WaterFix H3+. Again, to further
transparency and public discussion, DWR has shared that information with the
parties and the State Water Board and is preparing a supplement to the EIR, even
though an addendum to the present EIR would suffice . . .

The additional information developed for the California Environmental Quality Act
("CEQA") will also be used to supplement the Endangered Species Act, Section 7
and California Endangered Species Act, Section 2081 record. DWR does not expect
substantial change to the Biological Opinions or Section 2081 Incidental Take Permit
issued in 2017. [¶] Preliminary modeling indicates that there are no new
environmental issues related to staging the implementation . . . Preliminary modeling
results are available on the California WaterFix website, as announced in an email to
all parties on February 8, 2018.
(Opposition, pp. 3:12-17, 4:3-7 (emphases added).)

With a "staged project" representing a substantial change to the project in the Petition, as described above, the best and most legally defensible approach in this hearing at this point would be to simply stay it until DWR finally defines its project by certifying the SEIR. The inclusion of a two-intake, one-tunnel "stage" as part of the Project effectively would create a brand new project alternative because DWR explicitly declared such a project to be infeasible in approving Alternative 4A, which the Petition explicitly stated is the project to be considered in this hearing. The SWRCB and the other parties cannot be expected to continue to expend massive resources on this hearing while DWR redefines its project – again. The fact that even DWR characterizes its new modeling as "preliminary" only emphasizes this point.

The Hearing Officers have requested the parties' comments on whether the proposed "staged" project would be an amendment to the Petition and whether "any additional supporting information under Water Code sections 1701.1, 1701.2, and 1701.3 [is] necessary." (February 8, 2018 order, Question 3.) If the Hearing Officers were to consider the possibility of moving forward with the hearing before an SEIR is certified, the answer to Question 3 is "yes." In that case, the Hearing Officers must compel DWR to produce technical information that any party can read to support DWR's assertion that the hearing can continue now. On February 8, 2018, DWR posted numerous new technical modeling files to the Internet on a page that asserts that they can be opened with freely-available software. Counsel attempted to download the applicable large reader-software files and then to review DWR's modeling files and received the following Adobe Acrobat error notice: "Acrobat could not open "AR_HEC5Q_PA_Q5_ELTL112117.7z" because it is either not a supported file type or because the file has been damaged (for example, it was sent as an email attachment and wasn't correctly decoded)."

Notwithstanding counsel's possible lack of state-of-the-art technical skills, it should not be necessary for the parties to delve into complex technical files to determine how DWR's proposed "staged" project would differ in its effects from the project covered by the Petition and by DWR's
prior sworn testimony in this hearing. Instead, if the Hearing Officers consider continuing with the
hearing before DWR certifies the SEIR, then the Hearing Officers should stay the hearing
temporarily, order DWR to produce relevant results from its new "preliminary" modeling in PDF
format, order DWR to present arguments based on those results why the hearing can proceed and
allow all other parties to respond based on that easily-accessible information. Water Code section
1701.3 clearly authorizes such a procedure:

(a) After a petition is filed, the board may request additional information reasonably
necessary to clarify, amplify, correct, or otherwise supplement the information
required to be submitted under this chapter. The board shall provide a reasonable
period for submitted the information.

(b) The additional information may include, but need not be limited to, any of the
following:

(1) Information needed to demonstrate that the change will not injure any other legal
user of water.

DWR's Opposition indicates that DWR has the results of its new "preliminary" modeling by
stating that, "Preliminary modeling indicates that there are no new environmental issues related to
staging the implementation." (Opposition, p. 4:8-9; see also Opposition, p. 5:18-19.) It therefore
should be a simple matter for DWR to produce – in very short order – PDF files stating the results
of its "preliminary" modeling for the Hearing Officers' and the other parties' review. The Hearing
Officers could adopt the following procedures for determining whether it is at all possible to
continue this hearing before DWR certifies the SEIR:

- Stay the hearing for 45 days;
- Order DWR to produce results of its "preliminary" modeling in PDF format, along with the
  applicable CalSim assumptions, within seven days;²

²Modeling results that the undersigned American River water agencies propose that DWR be ordered to
produce in PDF format are listed in Exhibit A. The Hearing Officers and other parties may desire additional results.
The CalSim assumptions to be disclosed would include at least: (1) any division of capacity in the "first stage" between
DWR and Reclamation; and (2) the manner in which responsibility for any streamflow requirements would be divided
between DWR and Reclamation, whether or not consistent with COA.
• Order DWR (and Reclamation, if it chooses to do so) to present arguments why the hearing can continue before DWR certifies its SEIR at a procedural hearing 30 days after the Hearing Officers' order;
• Require DWR (and Reclamation, if it chooses to do so) to file any written arguments 150 days before the hearing; and
• Set a deadline for other parties to respond to DWR's arguments, and any arguments presented by Reclamation, at least five days before the hearing.

RESPONSE TO HEARING OFFICERS' QUESTIONS

The undersigned American River water agencies' response to the Hearing Officers' February 8 questions essentially is contained in the above arguments. Our specific responses to those questions are as follows:

Question 3: For the reasons discussed above, DWR's proposal to "stage" the project is an amendment to the Petition because the "first stage" apparently would not involve Reclamation and would incorporate, into EIR Alternative 4A, an alternative project that DWR explicitly rejected in certifying the EIR.

Question 4: Yes, there are significant potential impacts to all interests that would warrant revisiting Part 1 and Part 2 issues if DWR were to attempt to "stage" the project. Among other things, there is no indication whatsoever how DWR and Reclamation would attempt to integrate CVP and SWP operations during an apparently indefinite project "stage" where the SWP was diverting through California WaterFix, while the CVP was not. This silence makes it impossible for the undersigned agencies to determine how a "first stage" might affect their water supplies, which are largely dependent on Reclamation's operation of Folsom Reservoir.

DWR's assurances that it intends to build and operate the full California WaterFix must be viewed in the context of the many water projects that were planned, but never constructed or operated. For example, in approving the SWP's water-right permits in 1967's Decision 1275, the State Water Rights Board stated:
The planned Peripheral Canal, scheduled for completion in 1973, will convey water from the Sacramento River near Hood along the eastern boundary of the Delta to Italian Slough, releasing water into Delta channels en route.

(Decision 1275, p. 3.)

If DWR were to build and operate its proposed "first stage," it is quite likely that the rest of California WaterFix will never be built or operated. There is no evidence in the record of this hearing to account for that possibility and the resulting impacts on legal users of water and the environment. At the least, DWR's decision to "stage" the project indicates that there likely would be a substantial delay between the construction and operation of the two stages. There is no evidence in this hearing's record to indicate how legal users of water and the environment would be impacted during the interim.

**Question 5:** The most efficient way to incorporate an SEIR into this hearing would be to stay the hearing until DWR has certified the SEIR and restart the hearing on what would be a substantially revised project at that time.

**Question 6:** It is impossible to answer this question fully at this time because it is so uncertain what DWR's "first stage" would be and how it would operate with the CVP. If, as represented by DWR's Opposition, the hydrologic effects of the "first stage" would be largely the same as the effects of California WaterFix as it has been presented in this hearing so far, then the undersigned American River water agencies probably would assert that their proposed Lower American River Modified Flow Management Standard should be applied as conditions on any SWRCB approval of the Petition, as amended.

**CONCLUSION**

For the reasons stated above, the undersigned American River water agencies respectfully request that the Hearing Officers stay the hearing until DWR certifies its proposed SEIR. If the Hearing Officers seek to consider how the hearing potentially could proceed before DWR certifies an SEIR, then the undersigned agencies propose that the Hearing Officers stay the hearing for 45 days and hold an interim procedural hearing as discussed above.
Dated: February 13, 2018

Respectfully submitted,

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EXHIBIT A

"Preliminary" Model Results To Be Produced In PDF
(In All Cases, Results For the No Action Alternative, CWF H3+, Stage 1 and Stage 2, individually and in comparison to each other)

CalSim Results – for all parameters: (1) end-of-month or monthly average, as applicable; (2) long-term average; (3) exceedance curves for all results; (4) tabular results by 10% exceedances; and (5) tabular results by water year type

- Trinity Reservoir Storage in 1,000 acre-feet
- Shasta Lake Storage in 1,000 acre-feet
- Oroville Reservoir Storage in 1,000 acre-feet
- Folsom Lake Storage in 1,000 acre-feet
- CVP San Luis Reservoir Storage in 1,000 acre-feet
- SWP San Luis Reservoir Storage in 1,000 acre-feet
- Keswick Releases in cfs
- Nimbus Releases in cfs
- Feather River Flow at Thermalito in cfs
- Sacramento River Flow upstream of North of Delta Diversion in cfs
- Sacramento River Flow downstream of North Delta Diversion in cfs
- Delta Outflow in cfs
- Delta Outflow in 1,000 acre-feet
- North Delta Diversions in 1,000 acre-feet
- South Delta Diversions in 1,000 acre-feet
- Total Delta Exports in 1,000 acre-feet
- CVP North of Delta Settlement Contractor Deliveries in 1,000 acre-feet
- CVP North of Delta Ag Water Service Contractor Deliveries in 1,000 acre-feet
- CVP North of Delta M&I Water Service Contractor Deliveries in 1,000 acre-feet
- CVP North of Delta Refuge Deliveries in 1,000 acre-feet
- CVP South of Delta Exchange Contractor Deliveries in 1,000 acre-feet
- CVP South of Delta Ag Water Service Contractor Deliveries in 1,000 acre-feet
- CVP South of Delta M&I Deliveries in 1,000 acre-feet
- CVP South of Delta Refuge Deliveries in 1,000 acre-feet
- SWP Table A Deliveries in 1,000 acre-feet
- SWP Article 21 Deliveries in 1,000 acre-feet
- SWP Article 56 Deliveries in 1,000 acre-feet
- SWP Feather River Service Area Deliveries in 1,000 acre-feet
- Other North of Delta SWP Deliveries in 1,000 acre-feet

Upstream temperature results for all parameters: (1) daily maximum; (2) exceedance curves by month in water year types; and (2) exceedance curves by month in 10% exceedances

- American River at Hazel Avenue in °F
- American River at Watt Avenue in °F
- Shasta Lake end-of-month cold-water pool volume of ≤49°F and ≤52°F, in 1,000 acre-feet
- Sacramento River below Keswick Dam in °F
- Sacramento River at Balls Ferry in °F
- Sacramento River at Red Bluff in °F

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