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25 Water Conservation District, and
26 Mokelumne River Water and Power Authority

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28 **BEFORE THE**
CALIFORNIA STATE WATER RESOURCES CONTROL BOARD

HEARING IN THE MATTER OF
CALIFORNIA DEPARTMENT OF WATER
RESOURCES AND UNITED STATES
BUREAU OF RECLAMATION
REQUEST FOR A CHANGE IN POINT OF
DIVERSION FOR CALIFORNIA WATER
FIX

**REPLY OF COUNTY OF SAN JOAQUIN,
SAN JOAQUIN COUNTY FLOOD
CONTROL AND WATER CONSERVATION
DISTRICT, THE MOKELUMNE RIVER
WATER AND POWER AUTHORITY, AND
LOCAL AGENCIES OF THE NORTH
DELTA TO PETITIONERS' AUGUST 11,
2017 RESPONSE RE SCHEDULING PART
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Diablo Vineyards and Brad Lange / Delta Watershed Landowner Coalition
Stillwater Orchards / Delta Watershed Landowner Coalition

1 Pursuant to the Hearing Officers' ruling of August 9, 2017, **COUNTY OF SAN JOAQUIN,**
2 **SAN JOAQUIN COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, THE**
3 **MOKELUMNE RIVER WATER AND POWER AUTHORITY, AND LOCAL AGENCIES OF THE**
4 **NORTH DELTA** ("San Joaquin County, et al.") submit this reply to Petitioners' August 11, 2017
5 response regarding the scheduling of Part 2.

6 San Joaquin County, et al. previously joined the arguments submitted by Save the
7 California Delta Alliance on August 3, 2017 regarding why Part 2 should not be scheduled at this
8 time. We will not repeat those arguments. Rather, this Response serves to inform the hearing
9 officers of the attached "Participation Concept" from the Bureau of Reclamation ("Reclamation"),
10 and its implications for this proceeding, and the legal significance of the lack of a Record of
11 Decision ("ROD") from the federal government for the California WaterFix/Delta Tunnels project.

12 Exhibit A hereto is a copy of the July 25, 2017 "CONCEPTUAL APPROACH
13 FOR PARTICIPATION BY CENTRAL VALLEY PROJECT WATER CONTRACTORS
14 IN THE CALIFORNIA WATER FIX" (Participation Concept) prepared by Reclamation. The
15 Participation Concept paper confirms that Reclamation does not intend to formally participate
16 in CWF or own the facilities. Rather, Reclamation is trying to determine how some of its
17 contractors could participate without adverse impacts to non-participating contractors. There
18 are no firm commitments for any level of participation at this time.

19 The Participation Concept paper sheds light on why the federal government has yet to
20 issue a ROD pursuant to NEPA. A ROD is required to be prepared at the time the decision is
21 made to approve an environmental impact statement, or at an appropriate time thereafter. (40
22 C.F.R., § 1505.2.) The ROD must state what the decision is, identify the alternatives
23 considered, including the environmentally preferred alternative, and discuss any mitigation
24 plans, including any enforcement and monitoring commitments. The ROD must also state
25 whether all practicable mitigation measures have been adopted, and if not, why not. (40
26 C.F.R., § 1505.2(c).) The ROD must identify the mitigation measures and monitoring and
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1 enforcement programs that have been selected and plainly indicate that they are adopted as
2 part of the agency's decision. (40 C.F.R., § 1505.3(a), (b).)

3 The ROD is of particular importance in this case because agencies will be held
4 accountable for preparing RODs that conform to the decisions actually made and for carrying
5 out the actions set forth in the ROD. (40 C.F.R., § 1505.2.) Thus, the terms of a ROD are
6 enforceable by agencies and private parties. A ROD can be used to compel compliance with or
7 execution of the mitigation measures identified therein. (Secondary

8 Source: https://www.fws.gov/r9esnepa/NEPA_Handbook/40_Asked_Questions.pdf.)

9 Without a ROD, the State Water Resources Control Board cannot be assured that
10 Reclamation will abide by the conditions that Petitioners have represented will constrain their
11 operation of the Delta Tunnels, if approved, or any other conditions that this Board may decide
12 are necessary to avoid legal injury to other water users or protect public trust resources. For
13 example, Petitioners' modeling of the various operational scenarios includes reduced South
14 Delta pumping and new diversions from the North Delta. If Bureau and/or selected CVP
15 contractors do not participate, and thus South Delta pumping is not reduced as represented in
16 the modeling, then these representations are meaningless.

17 To date, the Hearing Officers have allowed Petitioners to merge their water rights for
18 purposes of modeling and testifying about impacts and how they could allegedly avoid them,
19 even over protestants' objections to such generalized representations. Without a ROD, these
20 merged analyses become obsolete because it is impossible to determine how the State Water
21 Project could achieve the same result without conveying Reclamation water through the
22 proposed North Delta Diversions.

23 For these reasons, we reiterate that Part 2 of this hearing should not be scheduled until
24 the events described in Mr. Brodsky's letter of August 3, 2017 have occurred. We further
25 respectfully request that the Hearing Officers ask Reclamation to explain to the Board and the
26 interested parties how, if at all, it will participate in this project with respect to the water rights
27 that are the subject of the pending petition so that Part 2 can proceed with an appropriate level
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1 of certainty regarding the content of the Petition. To do otherwise unnecessarily wastes the time
2 of the Board and all parties to this proceeding.

3 Finally, in order to avoid repetition, San Joaquin County, et al. join in the arguments set
4 forth in Save the California Delta Alliance's August 14, 2017 Reply to DWR's August 11
5 Response.

6 Respectfully submitted,

7 August 14, 2017

THE FREEMAN FIRM

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10 THOMAS H. KEELING

11 Attorneys for County of San Joaquin,
12 San Joaquin County Flood Control and
Water Conservation District, and
Mokelumne River Water and Power Authority

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14 August 14, 2017

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20 August 14, 2017

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24 Attorneys for Local Agencies of the North Delta
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EXHIBIT A

**CONCEPTUAL APPROACH
FOR PARTICIPATION BY CENTRAL VALLEY PROJECT WATER CONTRACTORS
IN THE CALIFORNIA WATER FIX**

July 25, 2017 Draft (Version 10)

FOREWORD

This document is a conceptual “Participation Approach” setting forth a framework of principles for recovering costs from, and inuring benefits to, Central Valle Project (CVP) contractors which agree to participate in funding capital costs of the California Water Fix (CWF). The principles in this document apply solely to CVP contractors and do not apply to State Water Project contractors. This document is not intended to be legally binding.

DEFINITIONS

“California WaterFix (CWF)” formerly known as the Bay Delta Conservation Plan, is a plan proposed by Governor Jerry Brown and the Department of Water Resources (DWR) to build two large, four-story tall tunnels to carry fresh water from the Sacramento River under the Sacramento-San Joaquin Delta (Delta) toward the intake stations for the State Water Project (SWP) and the CVP.

“CWF Additional CVP Allocation” means the additional CVP project water annual allocation to Participants, in proportion to their respective levels of participation, made available as a result of the operation of the CWF, and pursuant to their CVP contracts.

“CVP Allocation” means the annual allocation of CVP water to all south-of-Delta (SOD) CVP agricultural and municipal & industrial (M&I) water service or repayment contractors, and Cross Valley Contractors (CVC), pursuant to their CVP contracts, determined by the amount of water available for allocation to such CVP Water Contractors without operation of the CWF facilities.

“CVP Water Contractors” for purposes of this document, means all CVP agricultural and M&I water service and repayment contractors regardless of whether they participate in the CWF.

“CWF Water” means all additional CVP water available as a result of the CWF operations when compared to the amount of water that would have been available without the CWF. Once CWF Water is allocated, it will be incorporated into the CWF Additional CVP Allocation.

“Capital Costs” in its simplest term refers to the costs of designing and constructing facilities of the CWF.

“Coordination Agreement” means the agreement, currently being negotiated, among the Participants, DWR, and Reclamation for the operation of the CWF.

“Non-Participant(s)” means the CVP water service and repayment contractor(s) that do not choose to participate in the CWF.

“Participant(s)” means the CVP water service and repayment contractor(s) that choose to participate in the CWF.

“Participation Approach” means the method for recovering costs for the CWF from CVP Participants.

“Total Allocation” means the total water to be allocated among all SOD and CVC contractors, both Participants and Non-Participants, under a dual conveyance system; it is the combination of the CVP Allocation and the CWF Additional CVP Allocation.

INTRODUCTION

The cost recovery for the CVP Participants’ portion of the CWF follows an “opt-in,” or Participation Approach. This Participation Approach was developed through an informal working group composed of representatives from the Bureau of Reclamation (Reclamation), the California Department of Water Resources (DWR), CVP Water Contractors, and the SWP contractors. Through the analysis of previous proposals, several key cost recovery issues were identified. First, there are likely to be CVP Water Contractors that do not choose to participate, incur any costs, or realize operational impacts under their CVP contracts. Second, Reclamation currently lacks Congressional authority to fund any Capital Costs for the CWF. Third, there are likely to be CVP Water Contractors that may choose to participate (agree to fund capital costs) in the CWF, but only to the extent they receive corresponding benefits of the CWF. This Participation Approach addresses these three issues and only discusses how water supply benefits and costs will be identified within the CVP. The Participation Approach makes no assumption on how costs and benefits will be identified within the SWP.

Throughout these discussions, it has been assumed that Reclamation will not be an owner of, nor hold any legal interest in the CWF diversion facilities, (although CVP Water Contractors individually may participate). This assumption does not preclude Reclamation from deciding in the future to contract for capacity from the CWF. Prior to Reclamation contracting for capacity in the CWF, Reclamation would establish an open, transparent process to receive input from all CVP Water Contractors to ensure the adherence of the fundamental principles in this document.

This Participation Approach is a work in progress, and is expected to continue to develop as more operational details are refined. As such, no party is prohibited from raising any issues with the Participation Approach, at any stage. This Participation Approach was developed with the intention of providing additional information to assist the CVP Water Contractors in making a decision regarding participation in the CWF. This Participation Approach is intended to be a framework of principles for planning and discussion purposes. Further analysis and refinement will need to be completed prior to finalizing operating plans and agreements. This Participation

Approach, and any associated agreements or related actions, will be subject to all applicable policies, laws, and regulations.

ELEMENTS OF THE CVP CWF PARTICIPATION APPROACH

The CVP CWF Participation Approach is intended to further three fundamental principles: 1) Non-Participants will not be negatively impacted due to the CWF (financially, water supply, or regulatory); 2) CVP participation will follow a “beneficiary pays” principle; and 3) water supply benefits realized from operating the CWF will be distributed only amongst Participants relative to their level of participation.

The first principle aims at protecting the CVP water supply and avoiding negative impacts to the CVP Non-Participants. Although many operational details will be developed in the future, the operation of the CWF will not harm the existing water rights, contractual entitlements, and water allocations of CVP Water Contractors. Accordingly, Non-Participants may receive all CVP water that would have been available to them without the CWF, at a cost that would have been imposed without the CWF. This principle will be carried through into any future operations plan that includes Reclamation. Reclamation will work with Participants and non-Participants to identify and develop necessary agreements and contract modifications to protect CVP Water Contractors. All agreements, contracts and revisions are subject to and will comply with applicable policies, laws, and regulations.

In an effort to protect the CVP water supply, the incremental CVP water supply produced by implementation of the CWF will be measured relative to the water supply available in the absence of the CWF, including the absence of any regulatory burdens that are attributable to the construction or operation of the CWF. This increased water supply will not be allocated until it is available as a result of CWF operations. This accounting process is described in detail under the section titled “CWF Water Accounting Process.”

The second fundamental principle of the Participation Approach is that all CWF-related costs will follow the beneficiary pays principle. Because Reclamation can not participate in the CWF, Reclamation will not incur Capital Costs (or any other associated costs) on any CVP water that is unintentionally conveyed through the CWF.

The third fundamental principle of the Participation Approach is that only Participants will receive the measurable water supply benefits of the CWF, which is also consistent with the second principle of beneficiary pays. Upon Reclamation’s determination of CWF Water supply benefits, Participants will have discretion on the disposition of their relative portion of the CWF Water supply benefits, consistent with applicable contracts, policies, laws and regulations. It is anticipated that only Participants may utilize the CWF to move transfer supplies.

Reclamation will work with CVP Water Contractors to identify and develop necessary agreements to protect the CWF benefits. Additionally, Participants may request that Reclamation amend current water supply or repayment contracts to authorize Participants’ use of CVP water through the CWF. All contracts and revisions will be subject to and comply with applicable policies, laws, and regulations.

The Participation Approach begins with the assumption that there are no Participants in the CWF. Prior to the initiation of financing and construction of the CWF, individual CVP Water Contractors may elect to participate in the CWF. Only the Participants will assume a portion of the Capital Costs of the CWF.

PARTICIPATION AGREEMENT DETAILS

For the purposes of this document, it is assumed that DWR will hold title to the CWF facilities, but the interest in CWF capacity will be split between the SWP and CVP Participants. The actual split between the CVP Participants and SWP will be determined in subsequent discussions among DWR, Reclamation, SWP Contractors, and CVP Water Contractors. The Participation Approach does not require a split be identified prior to decisions being made on participation. In fact, it is possible the precise split can be determined, or at least adjusted, after CVP Water Contractors decide whether to participate and at what level. Because the Capital Costs of the CWF will only be apportioned among the Participants, the cumulative level of participation of CVP Water Contractors may affect the size of CVP Participants interest in CWF capacity.

Participants will contract with DWR¹, either independently or as members of a joint powers authority, for an entitlement to a specified portion of the CWF available capacity in exchange for the assumption of the corresponding Capital Costs. For example, if a Participant pays for 10% of the Capital Cost of the CWF facilities, it would have a capitalized interest in 10% of the CWF facilities and receive 10% of the incremental water supply resulting from the implementation of the CWF. In addition, the entitlement to capacity also enables Participants to utilize the CWF to move water that does not result in an increase to the CWF Additional CVP Allocation, such as a north-to-south transfer. This Participation Approach is premised on an assumption that operations of the CWF, including the split between the SWP and CVP Participants and the movement of north-to-south transfer water, will not result in a decreased CVP Allocation. Also, this Participation Approach will not adversely affect Reclamation's ability to meet minimum requirements for human health and safety and critical refuge deliveries.

Participants would be required to pay their proportional share of the Capital Costs each year, regardless of the water supply benefits received from the CWF that year. All CWF Additional CVP Allocation will be subject to all applicable CVP charges and fees, including those under section 3407 of the CVPIA.

Because CWF Additional CVP Allocation water remains CVP Water, it can be conveyed through other Reclamation facilities, such as the Jones Pumping Plant, the DMC-CA Aqueduct Intertie, the Delta-Mendota-Canal, San Luis Reservoir, etc. This conveyance of CWF Water will not impact the use of CVP facilities to meet Reclamation's contractual and statutory obligations. Conveying non-CVP water through the CWF (such as a north-to-south transfer) while also relying on other CVP facilities (such as Jones Pumping Plant) will be subject to the same

¹ The Participants will contract with the owner of the facilities for capacity and use regardless of whether the owner is DWR or another entity.

applicable policies, laws, regulations, and review as moving any other non-CVP water through a CVP facility.

This Participation Approach does not preclude a Participant from assigning, transferring or leasing any or all of its CWF Additional CVP Allocation or interest in CWF capacity to a Non-Participant, another Participant or other SWP or CVP entity, subject to the principles set forth herein. Reassigning or transferring CWF Additional CVP Allocation will be subject to the same requirements used for the reassignment or transfer of its CVP Allocation. Any reassignment or leasing of capacity or benefits will be subject to all applicable policies, laws, and regulations regarding State and Federal actions.

CVP OPERATIONAL ASSUMPTIONS FOR THE CWF

When the CWF begins operating, the SWP and CVP will continue to be operated in a manner that meets applicable State and Federal legal obligations including the protection of listed fish species and delivery of critical refuge water supplies. Even though the CWF facilities will be owned by DWR, or another entity, and thus not a CVP facility, operation of the CWF facilities will be coordinated between the SWP and CVP. Coordinated operations of the CWF facilities will require an agreement among DWR, the Participants, and Reclamation.

The Coordination Agreement will be developed in an open and transparent process. While the signatories to the Coordination Agreement will only be the parties participating in the CWF operation (Reclamation, DWR and the Participants), all CVP contractors and potentially affected parties will have the opportunity to provide input, review drafts and suggest edits. In developing the Coordination Agreement to coordinate operations, Reclamation will adhere to the following assumptions with regards to operating the CVP:

- The CWF is intended to be operated primarily to move CVP water under excess conditions that would not be otherwise stored or moved through the Delta. This scenario is expected to primarily occur over the fall and winter months, but may extend into some spring and summer months as well.
- Because the CWF is being operated primarily to divert and convey water during excess conditions, Reclamation does not expect changes to upstream operations due to the CWF, and, does not intend to use the CWF to export additional stored water. In order to clarify this operation, Reclamation will start negotiations on the Coordination Agreement with the following assumption: *During periods when the Delta is in “balanced conditions”, the total CVP exports (including any water moved through the CWF) shall not exceed the permitted through Delta CVP export capacity, including any regulatory limits.* The CVP portion of the total permitted through-Delta export capacity will need to be determined through the Coordination Agreement..
- Additional outflow requirements that are attributable to construction and operation of the CWF permits and operations will not be met using increased releases of upstream CVP stored water. CWF-specific outflow requirements

above the then-existing regulations will be met through export reductions and/or acquisition of water (by DWR and/or Participants) from willing sellers.

- Any regulations that are attributable to the construction or operation of the CWF will not impact the CVP Allocation to Non-Participants. The Coordination Agreement will determine a method or agreement to ensure that no non-Participant CVP contractor's Allocation will be decreased (as compared to an operation without the CWF).²
- CWF Water may be stored, and rescheduled, in San Luis Reservoir, but will not, at any time, interfere with current year CVP operations.
- Reclamation expects that the existing CVC contractors commitments for the use of Banks Pumping Plant (and associated SWP facilities) will be honored or maintained to ensure that conveyance of CVP water to the CVC contractors will not be impacted.
- Reclamation will continue to meet its obligations under CVPIA and existing relative water rights and contractual priorities will be protected for Non-Participants in any Coordination Agreement that is executed.
- Any and all agreements and operating plans will be developed consistent with all executed CWF settlement agreements.

The Coordination Agreement, in combination with other related agreements and contracts will address the following key areas:

- The framework for the detailed operations plan. This plan will be developed as Reclamation and DWR have more certainty with regards to the regulations that will be in place at the start of CWF operations. While components of the plan may be developed in advance, the operational details will not be finalized until the facility begins to operate.
- Coordination of operating the CWF between DWR and Reclamation.
- Accounting and mitigation of any CWF-specific regulations that have the potential to decrease the CVP Allocation for Non-Participants.
- Defined assumptions for use in the CVP CWF allocation process. These may include the base DWR operational assumptions, sharing of regulatory requirements, accounting for changes to required carriage water and others.
- Priority and handling of stored water in San Luis. Reclamation will continue to implement existing rescheduling guidelines; however the relative priority of CVP

² New restrictions imposed on the overall operations of the CVP and SWP that would be in place without operating the CWF will be imposed on all CVP contractor allocations as the restriction is imposed on integrated operations, rather than solely the operations of the CWF. However, if the environmental planning, designing or permitting of CWF in advance of the construction and operation of CWF results in new restrictions on current operations, those impacts will be borne solely by CWF beneficiaries. A process will be setup through the Coordination Agreement to determine what regulations are attributable to CWF and a method for assigning responsibility for meeting those regulations between the CVP Participants and the SWP.

rescheduled water, CWF rescheduled water and non-CVP water need to be clarified.

- Dispute resolution process for handling disagreements in accounting and allocating of CWF Water and associated financial costs.
- Process for considering new regulatory requirements with CWF operations and identifying CWF-specific regulations versus CVP/SWP long-term operation regulations.

Although this Participation Approach describes the framework for certain CVP contractor CWF participation, there are many details that will need to be developed in future workshops. These details will need to be further developed prior to finalizing and implementing this Participation Approach. Reclamation recognizes that this document outlines commitments and operations that may not occur for over a decade, and may rely on changing assumptions. Any changes to this approach will be addressed through an open and transparent process where all CVP Water Contractors and potentially affected parties will have equal opportunity to provide input.

CWF WATER ACCOUNTING PROCESS

The following accounting process³ was developed to protect the CVP Allocation of Participants and Non-Participants while ensuring that the benefits of the CWF inure to the Participants. The process consists of a forecasting method used in combination with hind-cast accounting, and will ultimately determine the allocations available to Participants and Non-Participants. The process outlined below will identify two distinct allocations, a CVP Allocation and a CWF Additional CVP Allocation, which will make up the Total CVP Allocation, or the allocation available to all CVP Water Contractors. These allocations will reflect real time conditions, including hydrology, then-existing regulatory restrictions, and CVP-SWP coordination. The CWF Additional CVP Allocation is determined by subtracting the amount of water that would have been available without the CWF from the total amount of CVP water pumped SOD. Ultimately, Participants will receive both a CVP Allocation and a CWF Additional CVP Allocation, while the Non-Participants will only receive a CVP Allocation.⁴

Due to the hind-cast accounting outlined in this Participation Approach, the CWF benefits are determined after the additional water supply, which would not have otherwise been moved, has been moved through the CWF facilities. Initial allocations will be made in February, although, due to the potential for spring storm events, the CWF Additional CVP Allocation may increase between February and May as spring events are captured.

³ In order to provide all CVP contractors an opportunity to contribute, additional details and outstanding issues to this Participation Approach and accounting process will be further developed and resolved in future workshops. Implementation of the accounting process will require coordination with Participants and Non-Participants.

⁴ It is likely that the CVP Allocations will be made in percentages of CVP contract totals, whereas the CWF Additional CVP Allocations will be made in acre-feet available.

This approach was developed based on the following assumptions:

1. The majority of the water supply benefit of the CWF will be realized during the period when existing regulations limit through-Delta conveyance.
2. The benefit of the CWF in the February-May time period is based primarily on short-term storm events that cannot be accurately predicted months in advance.
3. When the Delta is in Excess Conditions (as defined in the Coordinated Operations Agreement), the CWF will be operated to divert water to the greatest extent possible, consistent with operational restrictions, that otherwise would not be moved with through Delta conveyance.
4. The CVP Allocation will be made assuming any stored water moved through the CWF facilities during the July through September period would have been moved through the Delta absent the CWF, and therefore will not contribute to the CWF Additional CVP Allocation. If during actual operations, additional CWF Water is realized during this time period, then that quantity would be allocated to the Participants.
5. Total Allocations to Participants will only exceed CVP contract totals or maximum deliveries when consistent with contract terms and conditions.

October, November, December, and January

Key Assumptions/Factors:

- General CVP operating goals: build upstream storage and balance flood risks and use primarily excess flows in the Delta to build storage in San Luis Reservoir for the upcoming year.
- The CWF facilities are operating primarily to move water, that would not otherwise be stored or exported due to reverse flows at Old and Middle River (OMR) and other export restrictions, into San Luis.
- The legal rights to divert CVP water through the CWF, which does not get immediately counted toward a Participant's annual allocation, but is for building storage, will be determined during development of the Coordination Agreement.

Approach for allocations:

- The quantity of supply of water moved through the CWF facilities that would not otherwise have been exported will be determined for this time period and will support the initial CWF Additional CVP Allocation. The CWF facilities will be used to their fullest potential to capture excess flows, while maximizing thru-Delta diversions, in compliance with the associated requirements, to build storage in San Luis.

February

Key Assumptions/Factors:

- General CVP operating goals: same as October through January period
- The water supply benefits of the CWF facilities will result primarily from the diversion of flow that would not otherwise be stored in upstream storage or moved due to OMR and other export restrictions.

Approach for allocations:

- CVO develops its normal forecast assuming only through-delta operations and no use of the CWF facilities from February-September. This allocation calculation starts with the water stored in San Luis as of January 31st. This is the Total Allocation, which includes both the CVP Allocation and the CWF Additional CVP Allocation.
- CVO calculates the amount of water moved through the CWF facilities from October – January that would not have otherwise moved through the delta and subtracts that from the total water to be allocated among all SOD contractors and Cross Valley Contractors, both Participants and Non-Participants. This amount is the CWF Additional CVP Allocation. The total allocation available to all CVP Water Contractors minus the CWF Additional CVP Allocation is the ‘CVP Allocation.’

March, April, and May

Key Assumptions/Factors:

- General CVP operating goals at this time: build upstream storage and begin moving stored water, if necessary, into San Luis
 - Any diversions of flow that would not otherwise be stored in upstream storage or moved through-Delta that can be moved through the CWF facilities in this period will serve to increase the prior month’s CWF Additional CVP Allocation.
- San Luis will likely reach its highest annual levels of storage in this period and deliveries will begin.
- Hydrology will become more certain over this period.

Approach for allocations:

- CVO develops its normal forecast through September assuming no use of the CWF to move water south that would not have otherwise moved through the delta. This allocation calculation starts with the water stored in San Luis as of the end of the previous month. This is the Total Allocation, which equals the CVP Allocation plus the amount of increased CWF Additional CVP Allocation available as a result of additional CWF Water moved in the previous months.
- Each month beginning in March, CVO calculates the amount of water moved through the CWF the previous month that would not have otherwise moved through the delta and subtracts that from the total water to be allocated. The CWF Additional CVP Allocation is then updated to reflect this additional water. The Total Allocation minus the CWF Additional CVP Allocation is the ‘CVP Allocation.’

- If San Luis fills in this period and it is apparent that it would have filled without the additional water moved through the CWF, then the CWF Additional CVP Allocation will be adjusted downward to include only the benefits that would not have been achieved solely through use of the CWF facilities.
 - Note: This process would need more development to define how to hind-cast filling of San Luis without the CWF.
- A Participant's share of CWF Water, including any portion exceeding the Participant's full contract or delivery quantity, will be allocated to the Participant to take direct delivery of, store in both project and non-project facilities, transfer, bank, and/or exchange, consistent with existing and amended contractual provisions.
- The Participant may request that any portion of the Participant's CWF Additional CVP Allocation be stored in San Luis for allocation to the Participant in the following contract year. Storing CWF Water for a future year will not impact the following years CVP Allocation. Any storing of CWF water by a Participant shall follow the existing rescheduling guidelines. If the CVP portion of San Luis fills and would have filled in the absence of previous year's CWF Water, that previous year's CWF Water stored in San Luis will lose its CWF Water designation and will be available for allocation to all CVP purposes. The ability to store CWF Water in San Luis will not impact the use of the CVP portion of San Luis (and related facilities) to meet Reclamation's contractual and statutory obligations.

June, July, August, and September

Key Assumptions/Factors:

- Hydrology is more certain during this period.
- The final CWF Additional CVP Allocation will be issued in May assuming that the CWF provides few to no benefits during the June to September time frame.

Approach for allocations:

- Any additional CWF Water realized during this time period will be allocated to the Participants.
- A Participant's share of CWF Water, including any portion exceeding the Participant's full contract or delivery quantity, will be allocated to the Participant to take direct delivery of, store in both project and non-project facilities, transfer, bank, and/or exchange, consistent with existing, amended, or new agreements.
- The Participant may request that any portion of the Participant's CWF Additional CVP Allocation be stored in San Luis for allocation to the Participant in the following contract year. Storing CWF Water for a future year will not impact the following years CVP Allocation. Any storing of CWF water by a Participant shall follow the existing rescheduling guidelines. If the CVP portion of San Luis fills and would have filled in the absence of previous year's CWF Water, that previous year's CWF Water stored in San

Luis will lose its CWF Water designation and will be available for allocation to all CVP purposes. The ability to store CWF Water in San Luis will not impact the use of the CVP portion of San Luis (and related facilities) to meet Reclamation's contractual and statutory obligations.

DRAFT