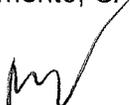

State Water Resources Control Board

TO: Robert Cooke, Chief
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FROM: Barbara Evoy, Deputy Director
Division of Water Rights
State Water Resources Control Board

DATE: MAY 22 2015

SUBJECT: REQUEST FOR ADDITIONAL EXCHANGES OF WATER PURSUANT TO DIVISION OF WATER RIGHTS APRIL 27, 2015 ORDER APPROVING CONSOLIDATED PLACE OF USE UNDER SPECIFIED PERMITS OF THE STATE WATER PROJECT AND CENTRAL VALLEY PROJECT (2015 CPOU ORDER)

On April 27, 2015, the State Water Resources Control Board (State Water Board), Division of Water Rights (Division), issued an order approving a petition¹ from the Department of Water Resources (DWR) and the U.S. Bureau of Reclamation (Reclamation) requesting temporary changes in the place of use of water rights of the State Water Project (SWP) and Central Valley Project (CVP). The 2015 CPOU Order temporarily approved a consolidated place of use for DWR's SWP with Reclamation's CVP allowing for transfer/exchange of up to 335,560 acre-feet (af) of water for projects that were detailed in the original petition. Condition 5 of the 2015 CPOU Order provides a process for DWR and Reclamation to request the approval of transfers/exchanges not specifically identified in the petition if the proposed transfer/exchange meets certain criteria as detailed in the 2015 CPOU Order as follows:

¹ The petition was filed for Permit 16482 (Application 17512) of the Department of Water Resources' State Water Project and License 1986 and Permits 11885, 11886, 12721, 11967, 11887, 12722, 12723, 12727, 11315, 11316, 11968, 11969, 11970, 12860, 11971, 11972, 11973 and 12364 (Applications 23, 234, 1465, 5626, 5628, 5638, 9363, 9364, 9368, 13370, 13371, 15374, 15375, 15376, 15764, 16767, 16768, 17374 and 17376, respectively) of the United States Bureau of Reclamation's Central Valley Project. The petition filed for temporary changes in the place of use under Reclamation License 1986 was denied.

- a) The total quantity of water delivered to any SWP or CVP contractor under this order shall not exceed historic average deliveries to the contractor as stated in the attachments provided with the petition for change.
- b) Transfers or exchanges under this order shall not result in the net decrease of San Joaquin River or Sacramento River flow over the period of the transfer. The transfer or exchange will not result in an increase in saline drainage to the San Joaquin River.
- c) Transfers or exchanges shall not result in any increase in the amount of water diverted from the Delta. The water to be exchanged is part of any available Project allocations, water currently stored in San Luis Reservoir, or previously placed in groundwater storage south of the Delta. Further, the water to be exchanged or transferred would have been consumptively used or stored in the absence of the transfer.

On May 11, 2015, DWR submitted a request to the Division pursuant to Condition 5 of the 2015 CPOU Order. DWR's request is based on additional exchanges requested by the San Joaquin River Exchange Contractors (Exchange Contractors), which include Central California Irrigation District, Firebaugh Canal Water District, San Luis Canal Company and Columbia Canal Company. The total quantity of transfers and exchanges implemented under the 2015 CPOU Order shall not exceed 335,560 af, as authorized in the Order. DWR described the various exchanges as follows:

Proposed Additional Exchanges

The San Joaquin River Exchange Contractors (Exchange Contractors), which include Central California Irrigation District, Firebaugh Canal Water District, San Luis Canal Company and Columbia Canal Company, executed an exchange agreement with Reclamation whereby Reclamation, following the construction of Friant Dam, provides water to the Exchange Contractors from the Sacramento-San Joaquin Delta (Delta) in exchange for water historically diverted from the San Joaquin (Exchange Agreement).

Due to the current hydrologic and regulatory conditions, Reclamation informed the Exchange Contractors that only up to 75 percent (650,000 acre-feet in 2015 during a critical year) of the Exchange Contractor's water supply can be delivered in 2015 pursuant to the 1967 Second Amended Exchange Contract. However, only a portion of this can be met from the CVP's Delta supplies. As a result, there is a need to provide San Joaquin River water from Millerton Lake pursuant to contract obligations.

Deliveries to the Exchange Contractors from Millerton Lake to the Mendota Pool result in San Joaquin River channel conveyance losses of potentially up to 28 percent depending on flow rates and schedules. To make the most efficient use of the severely limited contract supplies, and generate additional supply for the Friant Division Class 1 contractors, the Kern-Tulare Water District (Kern-Tulare) and Delano-Earlimart Irrigation District (Delano-Earlimart) have proposed to exchange some of their previously banked CVP water supplies for a portion of the San Joaquin River water that would otherwise be subject to release by Reclamation from Millerton Lake into the San Joaquin River channel for delivery to the Exchange Contractors at Mendota Pool. The exchange will be accomplished through a combination of exchanges of the above noted previously stored CVP water, along with Kern County Water Agency (KCWA) SWP allocations carried over in San Luis Reservoir from 2014 and KCWA 2015 SWP allocations. In

addition, Dudley Ridge Water District (DWRD) and Arvin-Edison Water Storage District (Arvin Edison) have proposed to exchange SWP water available to them that is currently located in San Luis Reservoir for a portion of the San Joaquin River supply that is otherwise subject to release by Reclamation from Millerton Lake into the San Joaquin River channel for delivery to the Exchange Contractors at Mendota Pool. These exchanges allow Reclamation to avoid the 28 percent conveyance losses involved in delivering water to the Exchange Contractors from Millerton Reservoir via releases to the San Joaquin River. Fifty percent of the 28 percent in avoided losses would go to the exchange proponent and the other fifty percent would be distributed amongst Friant Division Class 1 contractors. (Note that the SWP water will be made available to the Exchange Contractors via a combination of exchanges – the actual amount of SWP water delivered to the Exchange Contractors will be limited by the actual amount of water that would have been delivered from Millerton to them after channel losses are deducted. This amount is currently forecast to be about 45,000 af plus up to 12,600 af for the avoided losses that would have otherwise occurred.)

Kern-Tulare Proposed Exchange

Kern-Tulare proposes to exchange up to 11,000 af of previously banked CVP water including 9,000 AF of CVP water previously banked in the Rosedale-Rio Bravo Water Storage District (Rosedale-Rio Bravo) and 2,000 AF of CVP water previously banked within West Kern Water Storage District (West Kern) for a like amount of San Joaquin River water made available to the Exchange Contractors, plus an additional amount equal to the avoided losses that would have otherwise occurred as a result of conveying the water directly to the Exchange Contractors (potentially up to 28 percent depending on flow rates and schedules). Under the exchange, the San Joaquin River water will be released from Millerton Lake into the Friant-Kern Canal for delivery to Kern-Tulare through their existing turnouts. To make the banked water available to the Exchange Contractors, Kern-Tulare's previously banked CVP water would be exchanged with Rosedale-Rio Bravo and West Kern for a like amount of SWP water available in San Luis Reservoir consistent with their banking and exchange agreements. The exchanged water would be released from San Luis Reservoir and delivered to the Exchange Contractors at the Mendota Pool via the Delta-Mendota Canal. Fifty percent of the additional 28 percent would be distributed amongst Friant Division Class 1 contractors and the remainder delivered to Kern-Tulare. Friant Division Class 1 contractors would receive their portion of the avoided losses through their existing turnouts on the Friant-Kern Canal.

Delano-Earlimart Proposed Exchange

Delano-Earlimart proposes to exchange up to 10,000 af of CVP water previously banked within Rosedale-Rio Bravo for a like amount of San Joaquin River water made available to the Exchange Contractors, plus an additional amount equal to the avoided losses that would have occurred as a result of conveying the water directly to the Exchange Contractors (potentially up to 28 percent depending on flow rates and schedules). The San Joaquin River water would be released from Millerton Lake into the Friant-Kern Canal for delivery to Delano-Earlimart through their existing turnouts. To make the banked water available to the Exchange Contractors, Delano-Earlimart's previously banked CVP water would be exchanged with Rosedale-Rio Bravo for a like amount of SWP water available in San Luis Reservoir consistent with their banking and exchange agreement. The exchanged water would then be released from San Luis Reservoir and delivered to the Exchange Contractors at the Mendota Pool via the Delta-Mendota Canal. Fifty percent of the additional 28 percent would be distributed amongst

Friant Division Class 1 contractors and the remainder delivered to Delano-Earlimart. Friant Division Class 1 contractors would receive their portion of the avoided losses through their existing turnouts on the Friant-Kern Canal.

Arvin-Edison Proposed Exchange

Arvin-Edison proposes to exchange up to 14,500 af of its acquired SWP water supplies located within San Luis Reservoir for a like amount of San Joaquin River water, plus an additional 28 percent that would have been lost due to conveyance in the San Joaquin River channel.

Under this exchange, SWP water would be released from San Luis Reservoir and delivered to the Exchange Contractors at the Mendota Pool via the Delta-Mendota Canal. A like amount, plus the additional 28 percent, of San Joaquin River water would be released from Millerton Lake into the Friant-Kern Canal where it would be directly delivered to Arvin-Edison from its existing turnouts. Fifty percent of the additional 28 percent would be distributed amongst Friant Division Class 1 contractors and the remainder delivered to Arvin-Edison. Friant Division Class 1 contractors would receive their portion of the San Joaquin River water through their existing turnouts on the Friant-Kern Canal.

DRWD Proposed Exchange

DRWD is a SWP contractor that has landowners that also farm in other districts within the San Joaquin Valley. DRWD, on behalf of two landowners, is requesting to transfer up to 6,900 af of its 2015 SWP Table A supply to the same landowners' lands in Arvin-Edison, Shafter-Wasco Irrigation District (SWID), and Southern San Joaquin Municipal Utility District (SSJMUD). The most efficient manner for DRWD to transfer the water this year is via sequential balanced exchanges as described below (using the full 6,900 acre-feet transferred). 6,900 acre-feet of DRWD's SWP water in San Luis Reservoir would be delivered to the Exchange Contractors at the Mendota Pool via the Delta-Mendota Canal. A like amount, plus the additional 28 percent, of San Joaquin River water would be released from Millerton Lake into the Friant-Kern Canal where 6,000 acre-feet would be directly delivered to Arvin-Edison, 700 acre-feet to SWID, and 200 acre-feet to SSJMUD. Fifty percent of the additional 28 percent would be provided to Friant Division Class 1 contractors and the remainder split between Arvin-Edison, SWID, and SSJMUD. This transfer allows the landowners to use their limited surface water in the most beneficial manner for their farming operations in this period of severe drought. Without this transfer, the water would be used on the landowners' lands within DRWD or other districts within the SWP.

Allowing the return of water to the Exchange Contractors through a combination of exchanges with Rosedale-Rio Bravo, West Kern, Arvin-Edison, and DWRD will allow Reclamation to deliver up to 45,000 af of SWP water plus up to 12,600 af for the avoided losses that would have otherwise occurred to the Exchange Contractors without incurring the substantial losses associated with releasing the water from Millerton to the San Joaquin River. With CVP supplies already critically short, the reduction in conveyance losses will allow Reclamation to deliver a cooperative generated water supply above the CVP zero percent allocation to Kern-Tulare, Delano-Earlimart, Arvin-Edison, SWID, SSJMUD, and Friant Division Class 1 contractors to meet critical water supply needs without affecting the amount of water in the San Joaquin River downstream of the Mendota Pool. These exchanges are similar to the Arvin

Edison/Metropolitan Water District exchange approved under the 2014 Consolidated Place of Use petition.

DWR has indicated that the proposed exchanges meet all criteria identified under Condition 5 of the 2015 CPOU Order as described below:

- a) SWP and CVP water supplies are critically short in 2015. There will be no increase in allocation to the Exchange Contractors as a result of these exchanges. The revised combination of these exchanges will allow Reclamation to deliver up to 57,600 af of SWP water to the Exchange Contractors without incurring the additional losses in the San Joaquin River. Therefore, the total quantity of water delivered to SWP or CVP contractors as a result of the change will not exceed historic average deliveries.
- b) Since the execution of the Exchange Contract, Reclamation has delivered CVP water to the Exchange Contractors from San Luis Reservoir through the Delta Mendota Canal. Due to the critically dry hydrologic conditions, Reclamation may not have the ability to meet the delivery demands through releases from San Luis Reservoir requiring deliveries from Millerton Lake. The water released from Friant Dam would flow to the Mendota Pool for delivery to the Exchange Contractors. The releases would not contribute to flow in the San Joaquin River below Mendota Pool. Therefore, the exchange will not result in a net loss of San Joaquin River or Sacramento River flows.

No more water will be delivered to the Exchange Contractors than would have been delivered in the absence of the exchanges. The exchanges will only allow Reclamation to avoid the conveyance losses from Friant Dam to the Mendota Pool. Deliveries to Kern-Tulare, Delano-Earlimart, Arvin-Edison, SWID, SSJMUD and Friant Class 1 contractors will be made through the Friant-Kern and Cross Valley Canals rather than the California Aqueduct. The exchanges will not result in an increase in saline drainage to the San Joaquin River.

- c) The quantity of the exchanges with Reclamation at San Luis Reservoir will not exceed the amount of SWP water currently scheduled for delivery to Rosedale-Rio Bravo, West Kern, Arvin-Edison, and DRWD. No new water will be diverted from the Delta to complete the exchanges, and no change in SWP or CVP allocations will be made.

The purpose of these exchanges is to allow Reclamation to deliver water to the Exchange Contractors as required by the Exchange Contract while simultaneously providing a cooperative generated water supply to Friant Division Class 1 contractors. The exchanges allow Reclamation to conserve and more broadly distribute limited CVP supplies in this critically dry year. The water to be exchanged would have been consumptively used in the absence of the transfer.

Approval of Condition 5 Request

Pursuant to Condition 5 of the 2015 CPOU, the various exchanges totaling up to 45,000 af plus up to 12,600 af for the avoided losses that would have otherwise occurred as described above are approved.

The authorized amount of transfers and exchanges per the 2015 CPOU Order is 335,560 af which is equal to the sum of the proposed transfers and exchanges per the original petition.

Therefore, in order to proceed with additional transfers and exchanges requested per Condition 5 of the 2015 CPOU Order, the actual amount of transferred water for the proposed transfers and exchanges per the original petition must be less than authorized. DWR staff have confirmed that the total amount authorized of 335,560 af will not be exceeded with the additional exchanges.

The Division remains concerned that approval of these additional exchanges appears to pose the risk of exceeding the total amount authorized. Thus, we request that DWR and Reclamation submit an interim report via email on a monthly basis during the transfer period to document transfers and exchanges that have occurred to date, any transfers and exchanges that proceeded for less than the full amount requested, and how much remains of the authorized amount of 335,560 af.

If you require further assistance, please contact Patricia Fernandez at (916) 319-9141 or by email at patricia.fernandez@waterboards.ca.gov. Written correspondence or inquiries should be addressed as follows: State Water Resources Control Board, Division of Water Rights, Attn: Patricia Fernandez, P.O. Box 2000, Sacramento, CA, 95812-2000.

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