



NOTICE TO

STATE WATER PROJECT CONTRACTORS

NUMBER: 98-01

DATE: January 6, 1998

SUBJECT: Carryover Water Program
1997 to 1998FROM: Donald R. Long
Director, Department of Water Resources

The Department of Water Resources anticipates that the State's portion of San Luis Reservoir will be full sometime during the week of January 5, 1998 through January 11, 1998. A large portion of the stored water in San Luis is (1) long-term carryover water previously requested by some contractors under Article 56(c) of the Water Supply Contracts, and (2) undelivered 1997 entitlement water which may qualify for carryover under Article 12(e) of the contracts.

This is to notify contractors with stored carryover water that the reservoir space occupied by that water will soon be needed for 1998 State Water Project operations. Those contractors with stored carryover water should take delivery of that water to meet demands within their service areas or for programs outside their service areas which have been approved by the Department, or they will risk loss of their stored water. Upon the filling of the State's portion of San Luis Reservoir, carryover water will begin to be converted to SWP water at a daily rate equivalent to the Department's ability to theoretically store additional water.

In order to administer and document SWP operations, the Department requires that any contractor wishing to carryover 12(e) water into 1998 and that has not requested such carryover, provide a request to Donald R. Long, Chief of DWR's State Water Project Analysis Office by FAX (916) 653-9628 on or before January 9, 1998. When considering the carryover of 12(e) water, be reminded that a contractor cannot store undelivered 1997 entitlement water and also sell water to the 1998 Turnback Program.

The Department announced establishment of the 1998 Interruptible Water Program on December 30, 1997. Water is anticipated to be available under this Program, although in limited quantities, for the next few weeks.

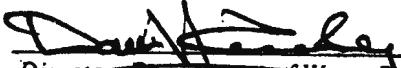
If you have any questions about this Notice, please contact Donald Long at (916) 653-4313 or Tom Hanson at (916) 653-0190, FAX (916) 653-9628.



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 98-02

DATE: January 26, 1998

SUBJECT: 1998 Entitlement
Allocation IncreaseFROM: 
Director, Department of Water Resources

The Department of Water Resources is increasing the 1998 allocation of entitlement water for long-term State Water Project contractors from 1.62 acre-feet to 2.41 acre-feet. Based on recent precipitation and resultant runoff, SWP supplies are now projected to meet 60 percent of most SWP contractors' Table A entitlements up to their requested amount. A table reflecting the increased 1998 SWP allocation of entitlement water is enclosed.

In making this mid-month adjustment, the Department is allocating water to users as soon as feasible to help contractors plan their operations for 1998. The Department's new approval considered several factors, including the existing storage in SWP conservation reservoirs, a conservative projection of hydrology and water supply expected to develop during the remainder of the 1998-99 water year, SWP operational constraints, and 1998 contractor demands. SWP contractors' Table A for 1998 totals 4.09 MAF, of which 3.34 MAF was requested. As the year's hydrologic and water supply conditions continue to develop, revised allocations may be made.

If you have any questions, please contact Donald R. Long, Chief of DWR's State Water Project Analysis Office at (916) 653-4313, or you may call Tom Hanson of SWPAO at (916) 653-5942.

Enclosure

**1998 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)**

S.W.P. CONTRACTORS	1998 ENTITLEMENT			
	TABLE-A (1)	INITIAL REQUEST ENT. (2)	APPROVED 1998 ALLOCATION (3)	PERCENT APPROVED ALLOCATION (3)/(2) (4)
FEATHER RIVER:				
County of Butte	1,200	800	720	90%
Plumas County	1,400	1,400	1,140 a	81%
Yuba City	9,600	2,400	2,400	100%
Subtotal	12,200	4,600	4,260	
NORTH BAY:				
Napa County	11,710	11,710	7,026	60%
Solano County	38,710	38,710	23,226	60%
Subtotal	50,420	50,420	30,252	
SOUTH BAY:				
Alameda County FC&WCD-Zone 7	46,000	43,117	27,600	64%
Alameda County WD	42,000	42,000	25,200	60%
Santa Clara Valley WD	100,000	100,000	60,000	60%
Subtotal	188,000	185,117	112,800	
SAN JOAQUIN VALLEY:				
Oak Flat WD	5,700	5,700	3,420	60%
County of Kings	4,000	4,000	2,400	60%
Castaic Lake WA	12,700	12,700	7,620	60%
Dudley Ridge WD	53,370	53,370	32,022	60%
Empire West Side ID	3,000	3,000	942 a,b	31%
Kern County WA	1,087,730	1,087,730	652,638	60%
Tulare Lake B. WSD	118,500	118,500	71,100	60%
Subtotal	1,285,000	1,285,000	770,142	
CENTRAL COASTAL:				
San Luis Obispo County	6,215	3,894	3,729	96%
Santa Barbara County	38,986	38,986	23,392	60%
Subtotal	45,201	42,880	27,121	
SOUTHERN CALIFORNIA:				
AVEK	138,400	138,400	83,040	60%
Castaic Lake WA	41,500	41,500	24,900	60%
Coachella Valley WD	23,100	23,100	13,860	60%
Crestline-Lake Arrowhead WA	5,800	1,950	1,950	100%
Desert WA	38,100	38,100	22,860	60%
Little Rock Creek ID	2,300	2,300	1,380	60%
Mojave WA	75,800	15,000	15,000	100%
MWDSC	2,011,500	1,348,350	1,206,900	90%
Palmdale WD	17,300	17,300	10,380	60%
San Bernardino Valley MWD	102,600	102,600	61,560	60%
San Gabriel Valley	28,800	28,800	17,280	60%
San Gorgonio Pass	0	0	0	0%
Ventura County	20,000	10,000	10,000 a	100%
Subtotal	2,505,200	1,767,400	1,469,110	
TOTAL	4,086,021	3,335,417	2,413,684	

a) Monterey amendment not yet signed

b) 50% AG deficiency applied



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 98-03

DATE: January 29, 1998

SUBJECT: 1998 Turn-Back Water
Pool ProgramFROM: 
Director, Department of Water Resources

The Department of Water Resources is offering to interested contractors who have signed the Monterey Amendment, the opportunity to sell allocated 1998 entitlement water through two turn-back water pools. There will be a Pool A and Pool B. The procedures for administering the program are described in Article 56 of the long-term Water Supply Contracts. A participating State Water Project contractor may sell allocated 1998 entitlement water that it will not use within its service area, provided that (1) the contractor has not elected to store project water outside its service area in 1998, and (2) the contractor has not elected to carry over entitlement water from 1997.

To participate in the program either as a seller or buyer, a SWP contractor must agree to the terms and conditions in this notice and attachment, sign and date the attachment, and mail the attachment to Donald R. Long, Chief, State Water Project Analysis Office, Department of Water Resources, Post Office Box 942836, Sacramento, California 94236-0001. Signed and dated attachments must be received by February 15, 1998. Last-minute submittals should be faxed to (916) 653-9628.

A graphical timeline of the program is included for your reference. If you have any questions about this program, please contact Don Long at (916) 653-4313 or Tom Hanson at (916) 653-5942.

Attachment

1998 Turn-Back Water Pool Program

Criteria

1. The program is available to contractors that have signed the Monterey Amendment. The 1998 turn-back pools are subject to the criteria and provisions included in Article 56 of the long-term Water Supply Contracts.
2. Sales and purchases of turn-back water by participating contractors shall not affect the allocation of entitlement water to contractors in 1998.
3. The Department may limit or delay delivery of turn-back water due to limits on operational capacity in State Water Project facilities or due to changed operational conditions.
4. Delivery priority of turn-back water will be the same as entitlement water (Priority 1) as described in Article 12(f) of the long-term Water Supply Contract, so long as the total amount of project water does not exceed the contractor's 1998 Table A entitlement. Delivery priority of turn-back water when the total amount of project water exceeds the contractor's Table A entitlement, will be the same as interruptible water above a contractor's Table A entitlement (Priority 6).
5. Turn-back water may be stored outside of the purchasing contractor's service area. The location of this storage may be inside or outside of the State Water Project service area, but must be consistent with water rights permits for the State Water Project.

Scheduling and Charges

6. A contractor offering to sell turn-back water in Pool A must notify the Department in writing on or before Sunday, February 15. Since February 15 falls on a Sunday, offers for selling turn-back water can be faxed to the State Water Project Analysis Office at (916) 653-9628. The Department will notify all participating contractors of the availability of water through Pool A on or before February 19.
7. A participating contractor willing to buy turn-back water through Pool A must submit its written request to the Department on or before Sunday, March 1. Since March 1 falls on a Sunday, requests for purchasing turn-back water can be faxed to SWPAO at (916) 653-9628. The price for such water will be \$11.40 for each acre-foot of water purchased (50 percent of the Delta Water Rate).
8. The Department will notify all participating contractors of Pool A sales on or before March 4. For any water that remains unsold in Pool A, the offering contractor may cancel its offer to sell its share of unsold water in writing no later than March 15.
9. A contractor offering to sell turn-back water in Pool B must notify the Department in writing on or before Sunday, March 15. Since March 15 falls on a Sunday, offers for selling turn-back water can be faxed to SWPAO at (916) 653-9628. Pool B water will consist of turn-back water offered after February 15 and on or before March 15, and any unsold water from Pool A which was not canceled by March 15. The Department will notify all participating contractors of the availability of water through Pool B on or before March 19.

10. A participating contractor willing to buy turn-back water through Pool B must submit its written request to the Department on or before Wednesday, April 1. The price for such water will be \$5.70 for each acre-foot of water purchased (25 percent of the Delta Water Rate).
11. The Department will notify all participating contractors of Pool B sales on or before April 3. For any water that remains unsold in Pool B, the offering contractor may cancel its offer to sell its share of unsold water in writing no later than April 14.
12. The Department shall decide on April 15 whether to purchase any portion of unsold Pool B water remaining on that date.
13. A contractor selling or purchasing turn-back pool water will be required to enter into written agreements with the Department.
14. A contractor purchasing turn-back water should submit its revised delivery request to the Department as early as possible after being allocated the turn-back water.
15. The purchasing contractor shall pay the Department the 1998 Transportation Variable Operations, Maintenance, Power, and Replacement Component charges and the Off-Aqueduct Power Facilities Charges for turn-back pool water delivered, as described in Article 56(d)(7).
16. The 1998 turn-back water pool program shall not be a precedent for future programs.

In order to sell or purchase turn-back water under Article 56 of the contractor's long-term Water Supply Contract, please sign below in the space provided and return this attachment to the State Water Project Analysis Office. A contractor's signature indicates acceptance of the criteria, procedures, and charges for this program.

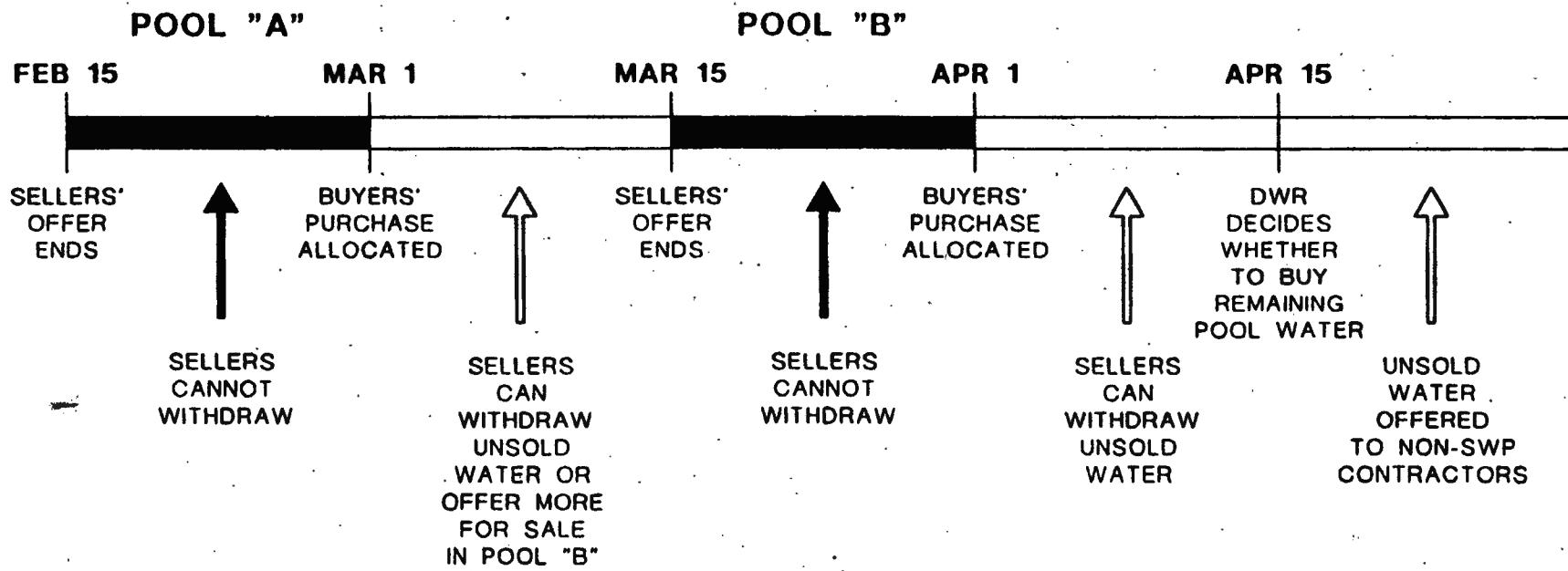
ACCEPTED:

AGENCY:

DATE:

AUTHORIZED REPRESENTATIVE:

1998 TURN BACK POOL SCHEDULE





NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 98-04

DATE: February 11, 1998

SUBJECT: 1998 Entitlement
Allocation IncreaseFROM: Stephen J. Kashiyada
for

Director, Department of Water Resources

The Department of Water Resources is increasing the 1998 allocation of entitlement water for long-term State Water Project contractors from 2.41 million acre-feet to 2.95 million acre-feet. Based on the February 1, 1998 SWP reservoir storage amounts and snow survey data, SWP supplies are projected to meet 80 percent of most SWP contractors' Table A entitlements up to their requested amount. SWP contractors' Table A entitlements for 1998 total 4.09 MAF, of which 3.34 MAF was requested. A table reflecting the new 1998 SWP allocation of entitlement water is enclosed.

The Department is allocating water to users as soon as feasible to help contractors plan their operations for 1998. The Department's new approval considered several factors, including existing storage in SWP conservation reservoirs, a conservative projection of hydrology and water supply for the remainder of the 1998 calendar year, SWP operational constraints, and 1998 contractor demands. As the year's hydrologic and water supply conditions continue to develop, revised allocations may be made.

If you have any questions, please contact Donald R. Long, Chief of DWR's State Water Project Analysis Office at (916) 653-4313, or you may call Tom Hanson of his staff at (916) 653-0190.

Enclosure

**1998 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)**

S.W.P. CONTRACTORS	1998 ENTITLEMENT			
	TABLE-A (1)	INITIAL REQUEST ENT. (2)	APPROVED 1998 ALLOCATION (3)	PERCENT APPROVED ALLOCATION (3)/(2) (4)
FEATHER RIVER:				
County of Butte	1,200	800	800	100%
Plumas County	1,400	1,400	1,400	100%
Yuba City	9,600	2,400	2,400	100%
Subtotal	12,200	4,600	4,600	
NORTH BAY:				
Napa County	11,710	11,710	9,368	80%
Solano County	38,710	38,710	30,968	80%
Subtotal	50,420	50,420	40,336	
SOUTH BAY:				
Alameda County FC&WCD-Zone 7	46,000	43,117	36,800	85%
Alameda County WD	42,000	42,000	33,600	80%
Santa Clara Valley WD	100,000	100,000	80,000	80%
Subtotal	188,000	185,117	150,400	
SAN JOAQUIN VALLEY:				
Oak Flat WD	5,700	5,700	4,560	80%
County of Kings	4,000	4,000	3,200	80%
Castaic Lake WA	12,700	12,700	10,160	80%
Dudley Ridge WD	53,370	53,370	42,696	80%
Empire West Side ID	3,000	3,000	1,887	a,b 63%
Kern County WA	1,087,730	1,087,730	870,184	80%
Tulare Lake B. WSD	118,500	118,500	94,800	80%
Subtotal	1,285,000	1,285,000	1,027,487	
CENTRAL COASTAL:				
San Luis Obispo County	6,215	3,894	3,894	100%
Santa Barbara County	38,986	38,986	31,189	80%
Subtotal	45,201	42,880	35,083	
SOUTHERN CALIFORNIA:				
AVEK	138,400	138,400	110,720	80%
Castaic Lake WA	41,500	41,500	33,200	80%
Coachella Valley WD	23,100	23,100	18,480	80%
Crestline-Lake Arrowhead WA	5,800	1,950	1,950	100%
Desert WA	38,100	38,100	30,480	80%
Little Rock Creek ID	2,300	2,300	1,840	80%
Mojave WA	75,800	15,000	15,000	100%
MWDSC	2,011,500	1,348,350	1,348,350	100%
Palmdale WD	17,300	17,300	13,840	80%
San Bernardino Valley MWD	102,600	102,600	82,080	80%
San Gabriel Valley	28,800	28,800	23,040	80%
San Gorgonio Pass	0	0	0	0%
Ventura County	20,000	10,000	10,000	a 100%
Subtotal	2,505,200	1,767,400	1,688,980	
TOTAL	4,086,021	3,335,417	2,946,886	

a) Monterey amendment not yet signed

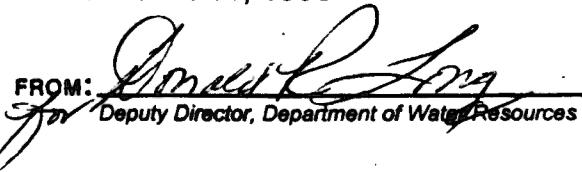
b) 50% AG deficiency applied



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 98-05

DATE: March 11, 1998

SUBJECT: 1998 Entitlement
Allocation IncreaseFROM: 
for Deputy Director, Department of Water Resources

The Department of Water Resources is increasing the 1998 Entitlement Allocation to 3.19 million acre-feet for long-term State Water Project contractors. SWP supplies are now projected to meet 100 percent of all SWP contractors' Table A entitlement requests. A table showing this increased 1998 SWP allocation of entitlement water is enclosed.

The Department is allocating water to users as soon as feasible to help contractors plan their operations for 1998. The Department's new approval considered numerous factors: existing storage in SWP conservation reservoirs; a conservative projection of hydrology and water supply for the remainder of the 1998 calendar year based on the March 1, 1998 snow survey; SWP operational constraints, including an assumed completion date of May 15, 1998 for ongoing emergency repairs of the California Aqueduct; an assumed approval from the State Water Resources Control Board for pumping SWP water at Tracy Pumping Plant during the emergency outage; and 1998 contractor demands and maximum contractual delivery rates. SWP contractors' Table A for 1998 totals 4.09 MAF, of which 3.19 MAF was requested as of March 10, 1998.

If you have any questions, please contact Donald R. Long, Chief of DWR's State Water Project Analysis Office at (916) 653-4313, or you may call Tom Hanson of his staff at (916) 653-0190.

Enclosure

**1998 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)**

S.W.P. CONTRACTORS	1998 ENTITLEMENT	
	TABLE-A (1)	APPROVED 1998 ALLOCATION (2)
FEATHER RIVER:		
County of Butte	1,200	1,200
Plumas County FC&WCD	1,400	1,400 a
City of Yuba City	9,600	2,400
Subtotal	12,200	5,000
NORTH BAY:		
Napa County FC&WCD	11,710	11,710
Solano County WA	38,710	38,710
Subtotal	50,420	50,420
SOUTH BAY:		
Alameda County FC&WCD, Zone 7	46,000	43,117
Alameda County WD	42,000	42,000
Santa Clara Valley WD	100,000	100,000
Subtotal	188,000	185,117
SAN JOAQUIN VALLEY:		
Oak Flat WD	5,700	5,700
County of Kings	4,000	4,000
Castaic Lake WA	12,700	12,700
Dudley Ridge WD	53,370	53,370
Empire West Side ID	3,000	3,000 a
Kern County WA	1,087,730	1,087,730
Tulare Lake Basin WSD	118,500	118,500
Subtotal	1,285,000	1,285,000
CENTRAL COASTAL:		
San Luis Obispo County FC&WCD	6,215	3,894
Santa Barbara County FC&WCD	38,986	38,986
Subtotal	45,201	42,880
SOUTHERN CALIFORNIA:		
Antelope Valley-East Kern WA	138,400	138,400
Castaic Lake WA	41,500	41,500
Coachella Valley WD	23,100	23,100
Crestline-Lake Arrowhead WA	5,800	1,950
Desert WA	38,100	38,100
Littlerock Creek ID	2,300	2,300
Mojave WA	75,800	15,000
Metropolitan WDSC	2,011,500	1,203,578 b
Palmdale WD	17,300	17,300
San Bernardino Valley MWD	102,600	102,600
San Gabriel Valley MWD	28,800	28,800
San Gorgonio Pass WA	0	0
Ventura County FCD	20,000	10,000 a
Subtotal	2,505,200	1,622,628
TOTAL	4,086,021	3,191,045

a) Monterey amendment not yet signed

b) Schedule revised from initial request



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER:

98-06

DATE: APRIL 02, 1998

SUBJECT:

Criteria for Bulletin
132-98

FROM:


Stephen J. Karchiawada
Deputy Director, Department of Water Resources

Attached for your information are copies of "Criteria for Bulletin 132-98 Project Operation Studies" and "Interest and Escalation Rates for Preparing Bulletin 132-98."

These criteria are being used by the Department of Water Resources to prepare information for Bulletin 132-98, "Management of the California State Water Project" and to determine Water Contractors' Statements of Charges for 1999.

If you have any questions, please contact Donald Long, Chief of DWR's State Water Project Analysis Office, at (916) 653-4313 or Dave Knock, Chief of Financial Analysis and Future Facilities Section, at (916) 653-1894.

Attachments

CRITERIA FOR BULLETIN 132-98
PROJECT OPERATIONS STUDIES

1. **Water Deliveries.** Water demands for the water operation studies will be based on the short-range, five-year (1998-2002) requests submitted by the contractors in October 1997, and the long-range (2003-2035) requests submitted by the water contractors in October 1997.
2. **Water Supply.** The water and power studies will reflect compliance with 1995 modification of SWRCB Decision 1485 (June 8, 1995, order 95-6), long-term NMFS Winter Run Biological Opinion as amended on May 17, 1995, and the long-term USFWS Delta Smelt Biological Opinion dated March 6, 1995. The water supply assumed for water and power operation studies will be as follows:
 - (a) **1998**—The initial operations study for 1998 will assume hydrology sufficient to deliver 3.3 MAF (includes 0.19 MAF of "sellers water" to be stored in San Luis Reservoir and made available for later delivery to buyers and provides for 0.24 MAF of 1998-99 extended carryover water). Projections of power generation at Oroville will be based on the Oroville Reservoir inflow from the same hydrology. For generation at Pine Flat Reservoir, lower quartile inflow will be assumed. The 1998 water deliveries and water and power operations studies will be reviewed and finalized in March 1998 when the water supply forecast based on March 1, 1998 snow surveys becomes available.
 - (b) **1999**—State Water Project operations projected for 1999 are the basis for the 1999 Statements of Charges. The study will assume hydrology sufficient to deliver 3.5 MAF (contractor's projected entitlement requests). Lower quartile inflow will be assumed for Pine Flat generating facilities.
 - (c) **2000**—The 2000 studies will assume hydrology sufficient to deliver 3.6 MAF (contractor's projected entitlement requests). Lower quartile inflow will be assumed for Pine Flat generating facilities.
 - (d) **2001**—Assume hydrology sufficient to deliver contractor's projected entitlement requests of 3.6 MAF.
 - (e) **2002**—Assume hydrology sufficient to deliver contractor's projected entitlement requests of 3.4 MAF.
 - (f) **2003**—and thereafter—Assume hydrology sufficient to deliver contractor's projected entitlement requests of 4.2 MAF.

- include a review of all options for fixing the Delta. In the meantime, the Department is suspending independent planning for North Delta facilities, which included channel dredging, levee improvements, testing of fish protective measures, wildlife and fisheries habitat enhancement, and enlargement of the Delta Cross Channel.
- (d) Ground Water Programs. On August 9, 1996, ownership of the Kern Fan Element Property and the La Hacienda Facilities was transferred to the Kern County Water Agency and Dudley Ridge Water District through the Kern Water Bank Authority as part of the Monterey Amendment. Fifty percent of any project water remaining in storage from the Berrenda Mesa Demonstration Program and the La Hacienda Water Purchase Program was also transferred to KWBA. The remaining 50 percent (approximately 42,828 acre-feet) remains SWP water and is subject to provisions of a recovery agreement with KCWA. The 1997 groundwater recovery program extracted 27,755 acre-feet.
- (e) Other Project Yield. For purposes of preparing water and power studies for future years, it will be assumed that the Project will deliver full entitlement requests. Additional water supply needed to meet future delivery of requested entitlement water will be assumed to be available from development of unspecified future conservation facilities.
5. Power Operations. Annual energy prices in the western states' power markets have historically been highest during the on-peak hours and summer months. This pattern is currently anticipated to continue into the pending deregulated energy market. The aqueduct operation will be optimized to reduce power costs by minimizing on-peak and summer pumping within the constraints of operating criteria.

For Bulletin 132-98, forecasted SWP power operation through the study period will be based on existing power sources. Additional capacity and energy resources needed to meet power requirements will be from unspecified purchases.

In 1998 and after, projected energy deficits will be met with spot market energy purchases. The price for spot market energy for the next three years is projected to be between 21 and 30 mills per kilowatt-hour. By March 1998, the Department will conduct an energy study that will forecast annual on-peak and off-peak mills rates for 1998 and after. These mill rates will be used to determine power costs or revenues for energy purchased or sold on the open market.

TABLE 1
INTEREST RATES TO BE USED IN PREPARING DATA AND
INFORMATION FOR BULLETIN 132-98,
WATER CONTRACTORS' STATEMENTS OF CHARGES FOR 1999, AND
DEPARTMENT FINANCIAL ANALYSIS STUDIES

<u>Item</u>	<u>Interest Rate⁽¹</u> <u>Per Year</u>
1. Interest rates on future general obligation "Offset" bonds (If assumed sold) ⁽²	5.5% (5.5%)
2. Interest Rate for Water System Revenue Bond sale ⁽³	6.0% (6.0%)
3. Project Interest Rate for determining Statements of Charges for 1999	4.615% (4.620%)
4. Interest Rate on future short-term investment of project funds ⁽⁴	6.5% (6.5%)

-
- 1) For the purposes of Department studies, these rates are to be used as the effective rates of interest. Figures in parentheses are Bulletin 132-97 assumptions.
- 2) "Offset bonds are assumed to be repaid within 35 years of sale or shorter with maturities commencing in the year following the date of sale and with equal annual bond service for the principal repayment period.
- 3) All future revenue bonds are assumed to be repaid within 35 years of sale date or by the end of the Project repayment period (2035), whichever is shorter, with maturities commencing in the first year after the date of bond sale and with equal annual bond service for the principal repayment period.
- 4) Based on the expected rate of return for funds invested in the State's Surplus Money Investment Fund.



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 98-07

DATE: April 3, 1998

SUBJECT: 1998 Turn-back Water
Pool Program ClosesFROM: Z. J. Hanlon for S. KASHIHARA
Deputy Director, Department of Water Resources

The 1998 Turn-back Water Pool Program closed on April 1, 1998. Four State Water Project contractors purchased 90,300 acre-feet of the 189,120 acre-feet of water offered for sale through Pool B.

The Department of Water Resources consulted with the SWP contractors in accordance with Article 56(d)(2) of the long-term Water Supply Contracts. The Department will purchase any Pool B water not withdrawn by the selling contractors. This water will provide additional carryover storage for contractors to support 1999 water allocations. The attached copy of a letter from the State Water Contractors' General Manager documents the consultation. The cost for purchasing Pool B water was \$5.70 per acre-foot (25 percent of the Delta Water Rate).

The attached table summarizes the results of Pool A and Pool B sales and purchases. If you have any questions regarding the 1998 Turn-back Water Pool Program, please contact Donald R. Long, Chief of DWR's State Water Project Analysis Office, at (916) 653-4313 or Tom Hanson of his staff at (916) 653-0190.

Attachments

State Water Contractors

455 Capitol Mall, Suite 220 • Sacramento, CA 95814-4502
Steve Macauley, General Manager (916) 447-7357 • FAX 447-2734

March 25, 1998

Mr. David N. Kennedy, Director
Department of Water Resources
P. O. Box 942836
Sacramento, CA 94236-0001

Dear Dave:

The purpose of this letter is to request that the Department of Water Resources purchase any water remaining in Turnback Pool B on April 1, 1998, after the purchase requests of individual contractors are met, for State Water Project carryover to the 1998-99 water year. DWR staff reviewed current water supply conditions at the March 19, 1998 SWC Board of Directors meeting. Based on current DWR projections, the amount of carryover storage at San Luis Reservoir in December 1998 is expected to be relatively low for drier hydrologic conditions. For these drier conditions, turnback pool purchases would increase December 1998 carryover storage and allow an increase in the initial 1999 State Water Project allocations of about 3-4 percent.

Although there is still a relatively high probability that any purchased turnback water would be "spilled" from San Luis storage during 1999, the turnback water purchases can be considered relatively cheap insurance. As indicated by DWR staff at the March SWC Board meeting, purchase of 100,000 acre-feet likely to be available after individual contractor purchases of Turnback Pool B would add about \$0.01 per acre-foot to the Delta Water rate.

Based on the foregoing considerations, the SWC Board recommends that DWR purchase any available Turnback Pool water on April 1, 1998. The SWC Board also requested that DWR work with SWC staff to document the basis for the turnback pool purchases. If you have any questions, please call me at (916) 447-7357.

Sincerely,



Steve Macauley
General Manager

Directors

Robert C. Sogaham, President
Castaic Lake Water Agency
Thomas R. Hartwick, Vice President
Tulare Lake Basin Water Storage District
Walter L. Wetmore, Secretary-Treasurer
Senoia Creek Valley Water District
Thomas H. Clark
Kern County Water Agency
Duane L. Georgeson
Metropolitan Water District
of Southern California
Thomas E. Levy
Coachella Valley Water District
Dan A. Macauley
Central Coast Water Authority
David B. Orlitz
Solano County Water Agency
Wallace G. Spinerfield
Antelope Valley-East Kern Water Agency

COPY

Cc: Member Agencies

1998 TURN-BACK WATER POOL PROGRAM
RESULTS

S.W.P. CONTRACTORS	POOL A				POOL B			
	SELLERS' OFFER	AMOUNT SOLD TO BUYERS	AMOUNT PURCHASED BY BUYERS	REMAIN. WATER	SELLERS' OFFER	AMOUNT SOLD TO BUYERS	AMOUNT PURCHASED BY BUYERS	REMAIN. WATER PURCHASED BY DWR
FEATHER RIVER: County of Butte Plumas County Yuba City	400	30		370	370	177		193
NORTH BAY: Napa County Solano County								
SOUTH BAY: Alameda County-Zone 7 Alameda County WD Santa Clara Valley WD								
SAN JOAQUIN VALLEY: Oak Flat WD County of Kings Castaic Lake WA Dudley Ridge WD Empire West Side ID Kern County WA Tulare Lake B. WSD			7,300				3,000	
			2,300				12,300	
CENTRAL COASTAL: San Luis Obispo County Santa Barbara County	1,842 6,463	132 463		1,710 6,000	2,174 10,773	1,038 5,144		1,136 5,629
SOUTHERN CALIFORNIA: AVEK WA Castaic Lake WA Coachella Valley WD Crestline WA Desert WA Littlerock Creek ID Mojave WA MWDSC Palmdale WD San Bernardino VMWD San Gabriel Valley MWD San Gorgonio Pass Ventura County FCD	44,554 16,000	3,195 1,147		41,359 14,853	70,685 18,853	33,750 9,002		36,935 9,851
							55,000	
							20,000	
TOTAL	133,879	9,600	9,600	124,279	189,120	90,300	90,300	98,820

Notice to SWP Contractors

98-08

Not published

Notice to SWP Contractors

98-09

Not published



NOTICE TO

STATE WATER PROJECT CONTRACTORS

NUMBER: 98-10

DATE: November 5, 1998

SUBJECT: Carryover Water Program
1998 to 1999FROM: Z.F. Harder for S. Kashinada
Deputy Director, Department of Water Resources

The Department of Water Resources anticipates that the State's portion of San Luis Reservoir will be full sometime during the week of November 8, 1998. Approximately 35 percent of the stored water in San Luis is (1) long-term carryover water previously requested by some contractors under Article 56(c) of the Water Supply Contracts, and (2) undelivered 1998 entitlement water which may qualify for carryover under Article 12(e) of the contracts.

This is to notify contractors with stored long-term carryover water and projected Article 12(e) carryover water that the reservoir space available for such programs will soon be needed for storing 1999 State Water Project water. These contractors should take delivery of their 1998 water for use within their service areas or for programs outside their service areas which have been approved by the Department, or they risk losing their stored water. Upon the filling of the State's portion of San Luis Reservoir, available space for carryover water will be reduced at a daily rate equivalent to the Department's theoretical ability to store additional water.

In order to administer and document SWP operations, the Department requests that in the event that reservoir space is available, any contractor wishing to carry over 12(e) water from 1998 into 1999 provide a request to Donald R. Long, Chief of the Department's State Water Project Analysis Office, by FAX at (916) 653-9628 on or before November 10, 1998. When considering the carryover of 12(e) water, be reminded that a contractor cannot store undelivered 1998 entitlement water and also sell water to the 1999 Turn-back Pool Program.

The Interruptible Water Program is in place and will remain in place as long as water is available in the Sacramento-San Joaquin Delta that is not needed for SWP entitlement deliveries or SWP operational requirements, including reservoir storage goals. This situation is anticipated to be in effect from the present until several weeks into 1999.

If you have any questions about this Notice, please contact Donald Long at (916) 653-4313 or Tom Hanson at (916) 653-0190.

Notice to SWP Contractors

98-11

Not published



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 98-12

DATE: November 3, 1998

SUBJECT: Water Supply Contracts

FROM: 
Donald R. Long
Director, Department of Water Resources

Representatives of the Department of Water Resources and State Water Contractors are considering possible contract amendments and administrative actions intended to clarify and modify provisions of the existing long-term Water Supply Contract that were added by the Monterey Amendment. The subjects under consideration include the following:

- guidelines for SWP contractor sponsored water storage and exchange programs;
- priorities for the delivery of SWP and non-SWP water, particularly for water offered for sale pursuant to the Monterey Amendment;
- charges for a SWP contractor's use of SWP transportation facilities in repayment reaches not previously paid for by that contractor;
- procedures for the annual SWP entitlement water pool program (Turn-back Pool); and
- mechanisms for funding requests for Water Supply Contract Table A entitlement reductions.

These proposed contract amendments and administrative changes will be implemented only if SWP contractors with at least 90 percent of Table A entitlements approve the package, and contract amendments will be implemented only for those SWP contractors that approve such changes. Draft amendments will be sent to those contractors who signed the Monterey Amendment.

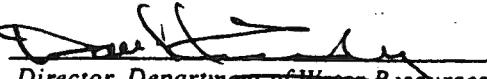
If you have any questions, please contact Donald R. Long, Chief of DWR's State Water Project Analysis Office at (916) 653-4313.



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 98-13

DATE: NOV 24 1998

SUBJECT: Initial Entitlement
Allocation for 1999FROM: 
Director, Department of Water Resources

The Department of Water Resources is initially approving 2.24 million acre-feet of entitlement water for long-term State Water Project contractors in 1999. SWP supplies are projected to meet at least 55 percent of most SWP contractors' Table A entitlement up to their requested amount. For SWP contractors who have signed the Monterey Amendment, this allocation is based on post-Monterey conditions. For the three SWP contractors who have not signed the Monterey Amendment, this allocation is based on pre-Monterey conditions. A table showing the initial 1999 SWP allocations of entitlement water is enclosed.

In making this allocation the Department considered existing storage in SWP conservation reservoirs, a conservative projection of hydrology and water supply expected to develop during the remainder of the 1998-99 water year, SWP operational constraints, and 1999 contractor demands. SWP contractors' Table A for 1999 totals 4.12 MAF, of which 3.42 MAF was requested. As the year's hydrologic and water supply conditions develop, a revised allocation may be made.

In December, the Department will send an approved monthly water delivery schedule, based on this initial allocation, to each long-term contractor. The monthly distribution reflected in these schedules will be in proportion to the "50 percent" delivery schedule request submitted to the Department by each contractor earlier this year.

If you have any questions, please contact Donald R. Long, Chief of DWR's State Water Project Analysis Office, at (916) 653-4313 or Teresa Geimer of his staff at (916) 653-4635.

Enclosure

**INITIAL 1999 STATE WATER PROJECT ALLOCATION
(ACRE-FEET)**

S.W.P. CONTRACTORS	1999 ENTITLEMENT			
	TABLE-A (1)	INITIAL REQUEST ENT. (2)	APPROVED 1999 ALLOCATION (3)	PERCENT APPROVED ALLOCATION (3)/(2) (4)
FEATHER RIVER:				
County of Butte	1,200	1,200	660	55%
Plumas County FC&WCD	1,450	363	363 ^a	100%
City of Yuba City	9,600	9,600	5,280	55%
Subtotal	12,250	11,163	6,303	
NORTH BAY:				
Napa County FC&WCD	15,850	15,850	8,718	55%
Solano County WA	39,170	39,170	21,544	55%
Subtotal	55,020	55,020	30,261	
SOUTH BAY:				
Alameda County FC&WCD, Zone 7	46,000	46,000	25,300	55%
Alameda County WD	42,000	42,000	23,100	55%
Santa Clara Valley WD	100,000	100,000	55,000	55%
Subtotal	188,000	188,000	103,400	
SAN JOAQUIN VALLEY:				
Oak Flat WD	5,700	5,700	3,135	55%
County of Kings	4,000	4,000	2,200	55%
Castaic Lake WA	12,700	12,700	6,985	55%
Dudley Ridge WD	53,370 ^b	53,370	29,354	55%
Empire West Side ID	3,000	3,000	593 ^a	20%
Kern County WA	1,087,730 ^b	1,087,730	598,252	55%
Tulare Lake Basin WSD	118,500	118,500	65,175	55%
Subtotal	1,285,000	1,285,000	705,693	
CENTRAL COASTAL:				
San Luis Obispo County FC&WCD	25,000	25,000	13,750	55%
Santa Barbara County FC&WCD	45,486	45,486	25,017	55%
Subtotal	70,486	70,486	38,767	
SOUTHERN CALIFORNIA:				
Antelope Valley-East Kern WA	138,400	138,400	76,120	55%
Castaic Lake WA	41,500	41,500	22,825	55%
Coachella Valley WD	23,100	23,100	12,705	55%
Crestline-Lake Arrowhead WA	5,800	5,800	3,190	55%
Desert WA	38,100	38,100	20,955	55%
Little Rock Creek ID	2,300	2,300	1,265	55%
Mojave WA	75,800	20,000	20,000	100%
Metropolitan WDSC	2,011,500	1,380,000	1,106,325	80%
Palmdale WD	17,300	17,300	9,515	55%
San Bernardino Valley MWD	102,600	102,600	56,430	55%
San Gabriel Valley MWD	28,800	28,800	15,840	55%
San Gorgonio Pass WA	3,000	0	0	N/A
Ventura County FCD	20,000	10,000	10,000 ^a	100%
Subtotal	2,508,200	1,807,900	1,355,170	
TOTAL	4,118,956	3,417,569	2,239,595	

a) Monterey amendment not yet signed

b) Reflects total of 70,000 AF reduction in Table-A (Kern County WA and Dudley Ridge WD)



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 98-14

DATE: December 18, 1998

SUBJECT: Notices of Contest regarding the
Accuracy of Statements of ChargesFROM: Stephen J. Kashimada
Deputy Director, Department of Water Resources

The water supply contracts require the contractors to give Notices of Contest regarding the accuracy of Statements of Charges to the State no later than 10 days prior to the date payments are due.

While the Department of Water Resources recognizes that there are several areas that must be left open for discussion, it is the Department's intention to work with the contractors over the next year to resolve the protested items listed below. Accordingly, the contractors shall have until December 21, 1999, to file Notices of Contest and to pursue other available remedies on Statements of Charges submitted prior to that date for those contested items listed below which remain unresolved:

1. All costs incurred after January 1, 1998.
2. All charges affected by procedures for determining repayment of off-aqueduct power facilities.

In addition, the following previously protested items outlined in the State Water Contractors' letter of June 14, 1994 are open and additional Notices of Contest of these items are not necessary.

1. Source of funding for some statewide planning tasks presently charged to the water contractors.
2. Source of funding for certain programs including:
 - Delta facilities planning and evaluation
 - Delta facilities operations and maintenance
 - Bay/Delta Environmental Protection Study.
3. Those costs of the Suisun Marsh facilities which are not resolved by the Suisun Marsh Agreement.

4. Source of funding and cost of routine sediment removal activities in the San Luis Canal.
5. Project energy costs and related activities as follows:
 - All costs insofar as such costs are affected by project purpose allocations.
 - Costs associated with Reid Gardner Powerplant to the extent reimbursable expenditures remain to be audited and reviewed by the contractors.
6. Reimbursement by Los Angeles Department of Water and Power for costs of the Upper Castaic Canyon recreation Development Plan.
7. Contra Costa Canal intake relocation costs charged to the contractors.
8. Statewide benefits accruing as a result of State Water Project expenditures for certain groundwater basins other than the Kern Water Bank.
9. The beneficiaries and funding of the State Water Project future water supply program.
10. The beneficiaries and funding of the recreation planning and implementation program.
11. Those costs associated with Los Banos Grandes and Arroyo Pasajero which may be outside the scope of the water supply contract.

In addition, the long-term water supply contracts provide that any overpayment or underpayment to the State in any year by reason of error in computation or other causes shall be adjusted in the next succeeding year. Under this provision, the Department makes adjustments to the Statements of Charges without regard to time limitations. This provision applies to, but is not limited to, the findings in audit reports of Ernst & Young LLP (Independent Audit Association) and Richardson & Company (Metropolitan Water District of Southern California) for costs charged to the State Water facilities as of December 31, 1997 and the annual Statement of Charges rendered by the Department dated June 30, 1998.



NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 98-15

DATE: December 29, 1998

SUBJECT: Interruptible Water Program
for 1999FROM: Stephen J. Hashimoto
Deputy Director, Department of Water Resources

The Department of Water Resources is continuing the Interruptible Water Program into 1999. The 1999 Program is available to all State Water Project contractors who have signed the Monterey Amendment and is subject to the attached Criteria, Scheduling and Charges.

To participate in the 1999 Program and to be on the notification list, a contractor must sign and date the attachment to this notice and return the attachment to Donald R. Long, Chief, State Water Project Analysis Office, Department of Water Resources, Post Office Box 942836, Sacramento, California 94236-0001.

If you have any questions about this Program, please contact Donald Long at (916) 653-4313 or Tom Hanson at (916) 653-0190, FAX (916) 653-9628.

Attachment

Interruptible Water Program for 1999

CRITERIA

1. Contractors can take delivery of Interruptible Water in addition to presently approved amounts of 1999 entitlement water. Deliveries under this Program may result in a contractor receiving water in 1999 above Table A amounts.
2. Interruptible Water will be delivered for use within the service area of a requesting contractor for the same reasonable and beneficial uses as entitlement water.
3. Delivery of Interruptible Water shall not impact allocation or delivery of entitlement water to contractors in 1999.
4. Water available under this Program shall be State Water Project water available as determined by the Department that is not needed for fulfilling contractors' annual entitlement deliveries, as set forth in their approved water delivery schedules furnished pursuant to Article 12, or for meeting Project operational requirements, including reservoir storage goals for the current or following years.
5. Delivery may be limited by operational capacity in Project facilities or as a result of changed operational conditions.
6. Interruptible Water shall not be delivered in any way that would adversely impact any SWP operations. If the Department determines there has been an adverse impact during the period when Interruptible Water is being delivered to a contractor, Interruptible Water may be reclassified as 1999 scheduled entitlement to keep the Project whole.
7. Interruptible Water shall not be stored by the Department in Project reservoirs for later delivery to a requesting contractor.
8. This Program is not intended to allow a contractor to shift or defer delivery of allocated scheduled 1999 entitlement and substitute delivery of Interruptible Water for 1999 entitlement water in a way that would adversely impact delivery of entitlement water to other contractors in 1999 or in any subsequent year, or adversely affect Project storage of water.

SCHEDULING AND CHARGES

9. Participating contractors shall request 1999 Interruptible Water by submitting a weekly schedule to the State Water Project Analysis Office by FAX at (916) 653-9628, attention: Teresa Geimer. Schedules shall be submitted by 10 a.m. Wednesday for the following Monday through Sunday. The weekly schedule shall include a statement identifying the intended use of the Interruptible Water.
10. If necessary, the supply of Interruptible Water will be allocated among requesting contractors in proportion to the 1999 Table A entitlements of those contractors.
11. The Department may determine the availability of Interruptible Water on a daily basis and may discontinue delivery upon short notice.
12. A contractor taking delivery of Interruptible Water may stop or suspend participation in the Program by notifying Teresa Geimer at (916) 653-4635 or by FAX at (916) 653-9628.
13. Each day Interruptible Water is delivered, a participating contractor must also take daily delivery of its approved 1999 entitlement water at the following rate per month:

For Agricultural Interruptible Water use:

January 1% February - August 2% September - December 0%

For M&I Interruptible Water use:

January 2% February - August 4% September - December 0%

The Department will exempt Interruptible Water delivered to groundwater recharge and/or local storage programs from the requirement to take a minimum daily percentage of 1999 entitlement water if (1) the contractor assures the Department that entitlement deliveries are not being shifted into later delivery months as a result of receiving the Interruptible Water; and (2) the contractor submits monthly reports showing entitlement deliveries and showing the rates, times and quantities of exempt Interruptible Water being delivered to specific groundwater storage programs. The minimum percentage rates shall remain in effect for all other Interruptible Water being delivered. The Department will organize all data received from participating contractors to allow peer review of the 1999 Interruptible Program by all SWP contractors.

14. Conveyance charges for Interruptible Water delivered under this Program shall be the same as for entitlement water and shall include Transportation variable operation, maintenance, power and replacement component charges, Off-Aqueduct Power Facility charges, and any incremental OMP&R costs, as determined by the Department.

15. All contractors participating in the Program are responsible for coordinating delivery points and rates through their normal contacts at the various Department field divisions.
16. Participating contractors shall identify a contact person for the Department to notify concerning all matters under this Program.
17. The 1999 Interruptible Water Program shall not be a precedent for future programs.

In order to obtain a supply of Interruptible Water in 1999, please sign below in the space provided and return a copy to the State Water Project Analysis Office. A contractor's signature indicates acceptance of the criteria, procedures, and charges established for this Program.

ACCEPTED:

Agency: _____

Date: _____

Authorized Representative

In order to be exempt from the requirement to take a minimum daily percentage of 1999 entitlement water, please sign and state below the groundwater recharge and/or local storage programs.

In signing, the contractor assures that entitlement deliveries will not be shifted into later delivery months as a result of receiving the Interruptible Water under this Program and agrees to submit monthly reports showing entitlement deliveries, and showing the rates, times and quantities of exempt Interruptible Water being delivered to specific groundwater recharge and/or local storage programs.

Program: _____

Authorized Representative