

DRAFT 3-19-13

CAWCD Staff Proposed Wheeling-Related Revisions to the Operating Agreement Between Reclamation and CAWCD

NEW DEFINITIONS (numbering will need to be adjusted when the definitions are incorporated into the amended Operating Agreement):

1.1 "Annual Operating Plan" shall mean the final water delivery and transportation schedule prepared annually by the District, showing the volumes of Project Water and non-Project water to be delivered and transported during the following Year.

1.2 "CAP System Delivery Capacity" shall mean the maximum reasonable volume of water that can be delivered using CAP Facilities after taking into consideration physical and operational constraints, the likely projected location and timing of deliveries, and appropriate maintenance factors.

1.3 "Certified Additional Annual System Delivery Capacity" shall mean the technical estimate of the increase in CAP System Delivery Capacity that is attributable to a proposed material physical change to the Transferred Works.

1.4 "System Improvement Fee" shall mean a charge collected and expended by CAWCD exclusively for physical material changes to the Transferred Works that will increase CAP System Delivery Capacity.

1.5 "Wheeling Agreement" shall mean an agreement for the delivery of non-Project water, the form of which has been jointly developed by Reclamation and CAWCD and is attached as Exhibit M.

AMENDMENT TO SECTION 12 REGARDING *SYSTEM IMPROVEMENT QUANTIFICATION*
(adding new Section 12.2):

12.2 Reclamation and the District shall jointly develop a standard technical procedure for quantification of additional annual system delivery capacity attributable to any proposed physical material change to the Transferred Works that will increase CAP System Delivery Capacity. If a material physical change to the Transferred Works proposed by the District will increase the CAP System Delivery Capacity, Reclamation and the District shall calculate (quantify) the additional annual system delivery capacity attributable to such proposed material change pursuant to the standard technical procedure referred to in this Section 12.2. The additional annual system delivery capacity quantified pursuant to such standard technical procedure shall become non-revocable Certified Additional Annual System Delivery Capacity upon project completion. CAWCD shall be entitled to use Project Facilities to make Non-project water deliveries, up to the volume of Certified Additional Annual System Delivery Capacity, and pursuant to Wheeling Agreements executed by CAWCD, and approved by Reclamation, which will

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not be displaced by Project Water deliveries or by claims by the United States' pursuant to Article 8.17 of the 1988 Contract.

AMENDMENT TO SECTION 7 REGARDING *SCHEDULING ARTICLE 8.17 NON-PROJECT WATER* (adding new Section 7.3.4):

7.3.4 By October 10 each year, Reclamation shall provide the District with annual water delivery schedules for any proposed wheeling of non-Project Water pursuant to Article 8.17 of the Master Repayment Contract. The schedules shall include the proposed sources of non-Project Water, points of receipt, points of delivery, and volumes by month. By December 15 each year, the District shall determine and provide written notice to Reclamation of the extent to which the Article 8.17 transportation schedules can be met. The District's determination shall be made only after completion of a final Annual Delivery Plan for Project Water, and non-Project Water relying on completed Certified Additional Annual System Delivery Capacity, and shall follow established technical procedures that include projected available supply, scheduled maintenance activities, and a reasonable reservation of delivery capacity, not to exceed 50,000 acre-feet, for operational efficiency.

NEW SECTION 13 REGARDING APPROVED STANDARD FORM OF WHEELING AGREEMENT:

13. Standard Form of Wheeling Agreement

13.1 Reclamation and the District have jointly developed a standard form of wheeling agreement pursuant to Article 8.18 of the 1988 Contract. A copy of the Wheeling Agreement is attached hereto as Exhibit M [*Attachment 1*], and is incorporated into this Agreement.

13.2 Notwithstanding Article 8.18 of the 1988 Contract, CAWCD shall be entitled to retain any revenues from the System Improvement Fee collected pursuant to Section __ of the Wheeling Agreement. Such revenues shall be used exclusively for projects that will increase the CAP System Delivery Capacity.