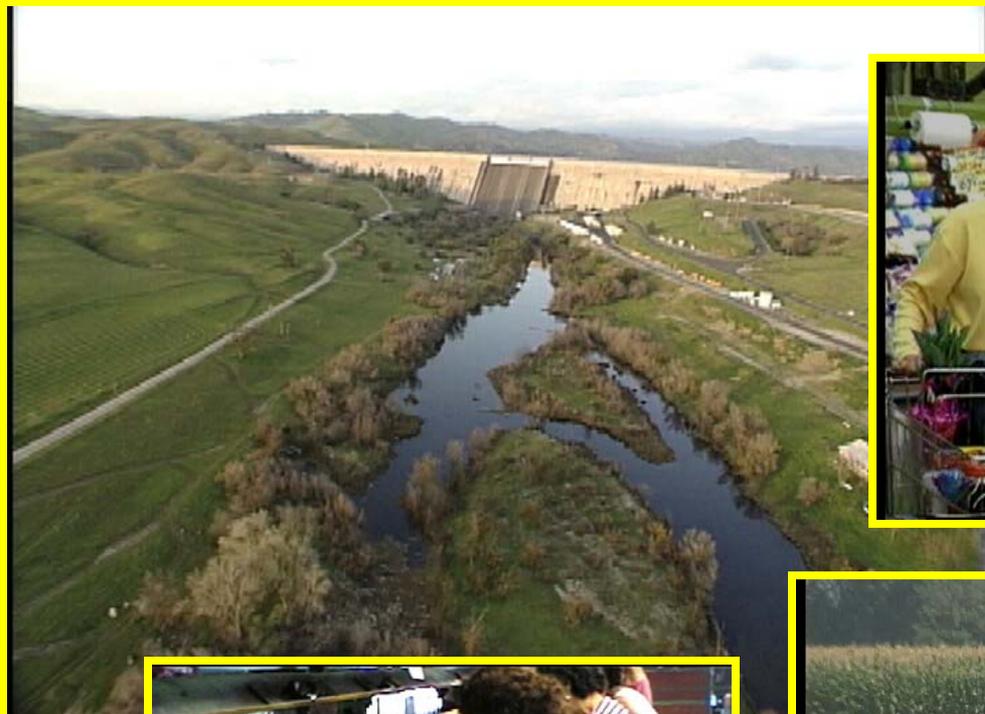


CVP FRIANT DIVISION

San Joaquin River Settlement



Development of San Joaquin River Water Supplies

- 1900-1920 Ag. development in Friant service exhausts local groundwater, threatening 200,000 acres of farmland with reversion to desert

Development of State/Federal CVP

- **In 1933, Voters approve Calif. Water Plan which includes the development of Friant Division for irrigation.**
- **In 1935, FDR approves Feasibility Report calling for federal construction of the CVP.**
- **By 1939, Reclamation obtains assignments and Purchase and Exchange Contracts to appropriate San Joaquin water at Friant.**
- **Actual Federal Construction Begins.**

- **Late 1940's-Early 1950's — Bureau of Reclamation executes long-term water service contracts for Friant Division water under the Reclamation Act. Contracts have 40-year term and begin to expire in the late 1980's.**

Issuance of Friant Water Rights

- 1958-1959, State Water Rights Board conducts hearings on Reclamation's application for water rights permits for Friant
 - CDFG protests Reclamation's application, raising Section 5937 in four different claims
 - SWRB issues Water Right Decision 935, dismissing the Section 5937 claim because restoration flows would interfere with the purpose of the project, i.e., irrigation

- **Decision results in the issuance of water right permits to Reclamation for Friant Division.**
- **Reclamation operates Friant to the benefit of the Friant Contractors in accordance with the permits.**

- **October, 1992, Central Valley Project Improvement Act (CVPIA)**

- Regarding the San Joaquin, the CVPIA provides that the Secretary shall develop a "Comprehensive Plan" that is "reasonable, prudent and feasible" to address fishery concerns
- Precludes Secretary of Interior from making water releases for restoration without Comprehensive Plan approved by Congress.
- Instead, Friant contractors are required to pay an escalating surcharge (\$7) on each acre-foot of water provided to them; this surcharge is added to the CVPIA's Restoration Fund.

Major Settlement Issues

- Settlement Goals
- Who Pays?
- Third Party Impacts
- Why Settle?
- Where Do We Go From Here?

Settlement Goals

- **Restoration Goal**
 - **Water deliveries for fishery releases average year decrease 15% for Long Term Contractors**
 - **Overall water supply reduction of 19% (145kaf – 240kaf)**
- **Water Management Goal**
 - **Water Recovery Account Plan-\$10/a.f. in wet conditions**
 - **Plan to get back water (recirculation, recapture and reuse)**
 - **Utilize Transfers/Exchanges/groundwater programs**

Who Pays?

- **Friant water users (No Additional Charges)**
 - through existing CVPIA Surcharge (\$8MM/year average)
 - Portion of CVPIA Restoration Fund Charge (up to \$2MM/year)
 - Capital component of water rates redirected (\$10MM/year average)
- **Federal authorization and future appropriations**
(\$250MM additional funding authorized)
- **State participation**
 - Infrastructure Bond and Caves Initiative (Prop. 84), future bonds and appropriations
(Prop 84-\$100MM for SJR; Potential for substantial funding for levee work from Props 1E and 84)

Third Party Issues

- No water or operational impacts to 3rd parties
- ESA Take protections
- Landowner and facility protections
- Financial protections
- Agreement on legislation

Why Settle ?

- **Litigation Status/Uncertainties:**
 - Federal Court rulings in favor of plaintiffs, including fishery ruling in 2004; remedy scheduled for 2006
 - Limited Judicial tools to implement court ordered restoration (could be limited to water releases)
 - Lack of funding to improve SJR could greatly increase water requirements for fish
- **Settlement Provides:**
 - Resolution of all legal claims
 - Water Supply Certainty for 20 years or more
 - Opportunity to recover water and/or develop water supplies
 - No additional financial exposure
 - Cooperation from federal, state and local governments and plaintiffs provides greatest chance of success for future

SAN JOAQUIN RIVER WATER SUPPLY CERTAINTY

Many questions have arisen with regard to why the Parties in the litigation *NRDC, et al. v. Rodgers, et al.* settled. While each of the various parties has their own reasons, the Friant Water Users Authority's reasons were simple: we wanted water supply and financial certainty coupled with the opportunity to reduce or avoid the water supply impacts. The alternative was probably going to be an adverse judgment that would have meant significant impacts of unmanageable proportions.

The following chart summarizes economic impacts 20 years into the future, as a new groundwater equilibrium is established, associated with an anticipated adverse court ruling and economic impacts associated with fishery flows suggested by plaintiffs. Both reports were developed by Authority experts in preparation for trial. **The economic and water supply expert reports did not take into account Settlement parameters which include potential additional buffer flows (up to 10% of hydrographs) and a very important and equal water management goal which is anticipated to reduce or avoid water supply impacts of the Settlement Restoration goals' fishery flows.**

<u><i>Friant LT Irrigation water contractor impacts</i></u>	<u><i>SETTLEMENT</i></u> (without buffer flows and no recovery of water supplies)	<u><i>ANTICIPATED JUDGMENT</i></u>
Reduction in Water Deliveries	145,000 acre-feet	360,000 acre-feet
Current Riparian Releases	117,000 acre-feet	117,000 acre-feet
Additional Releases for Fisheries	320,000 acre-feet	632,000 acre-feet
Remaining Flood Releases	140,000 acre-feet	74,000 acre-feet
Farm land out of production	51,300 acres	116,000 acres
Lost Crop Production	\$159.3 million direct \$264.9 million total	\$372.5 million direct \$621.0 million total
Income Impact	\$36.6 million direct \$80.7 million total	\$93.1 million direct \$200.9 million total
Employment Impact (jobs lost)	1,360 direct 3,070 total	3,490 direct 7,660 total
Certainty of Supply	Yes	None; likely to be subject to "adaptive" management for the benefit of fish

Where We Go From Here?

- Get legislation passed
- Secure funding at the State and Federal Level
- Support River Improvements for Fishery
- Work on Water Recovery Plan
- Separately, Friant will continue to pursue development of water supply development including surface storage and conveyance opportunities

Water Management Goal

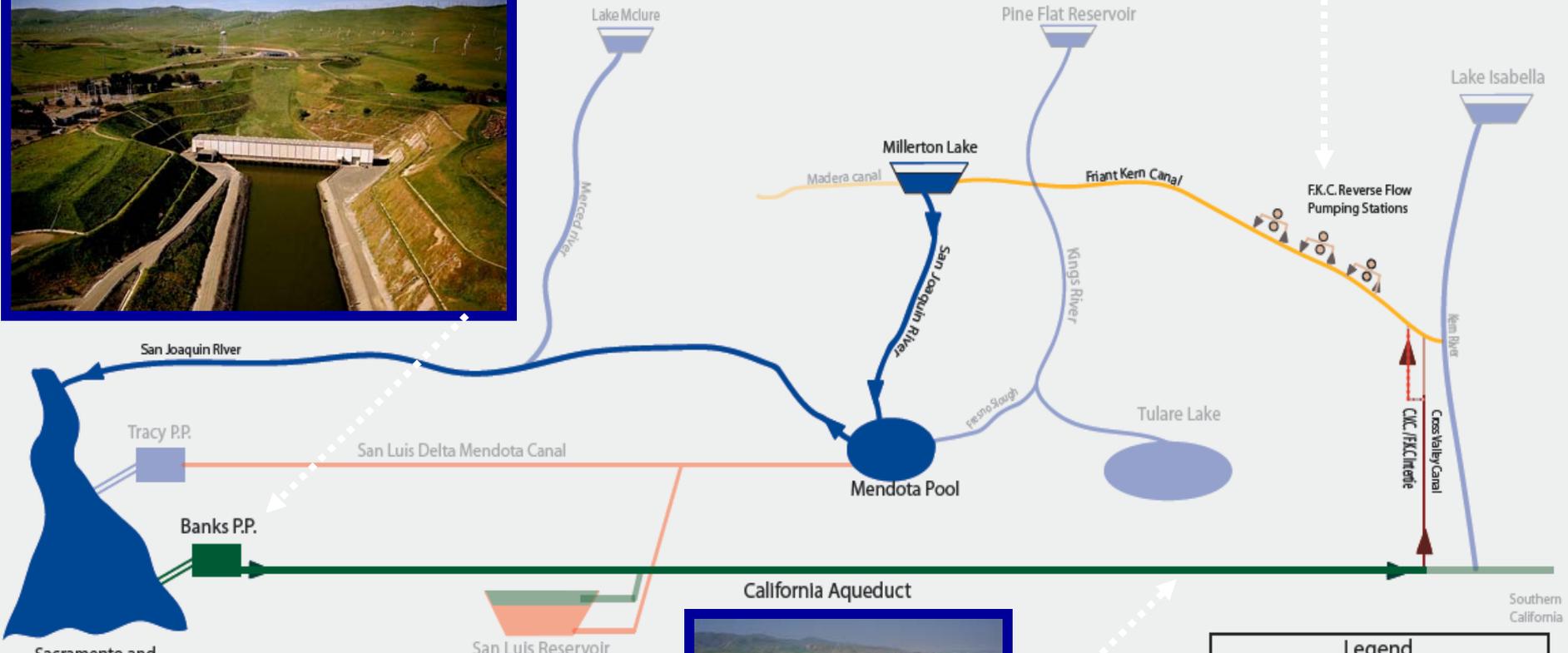
Equal Goal of the Settlement

The Secretary is required to:

- Develop and implement a plan for recirculation, recapture, reuse, exchange or transfer of Restoration Flows to mitigate impacts to Friant Districts; and
- Implement a Recovered Water Account that will make wet year water available at reduced prices

Friant Division

Delta Recirculation concept Via Cross Valley Canal Intertie



Sacramento and San Joaquin River Delta

Main Features	
500 C.F.S.	Pipeline Intertie
500 C.F.S.	Reverse Flow Pump Station
250 C.F.S.	Reverse Flow Pump Station
125 C.F.S.	Reverse Flow Pump Station
Project Cost	\$12,000,000



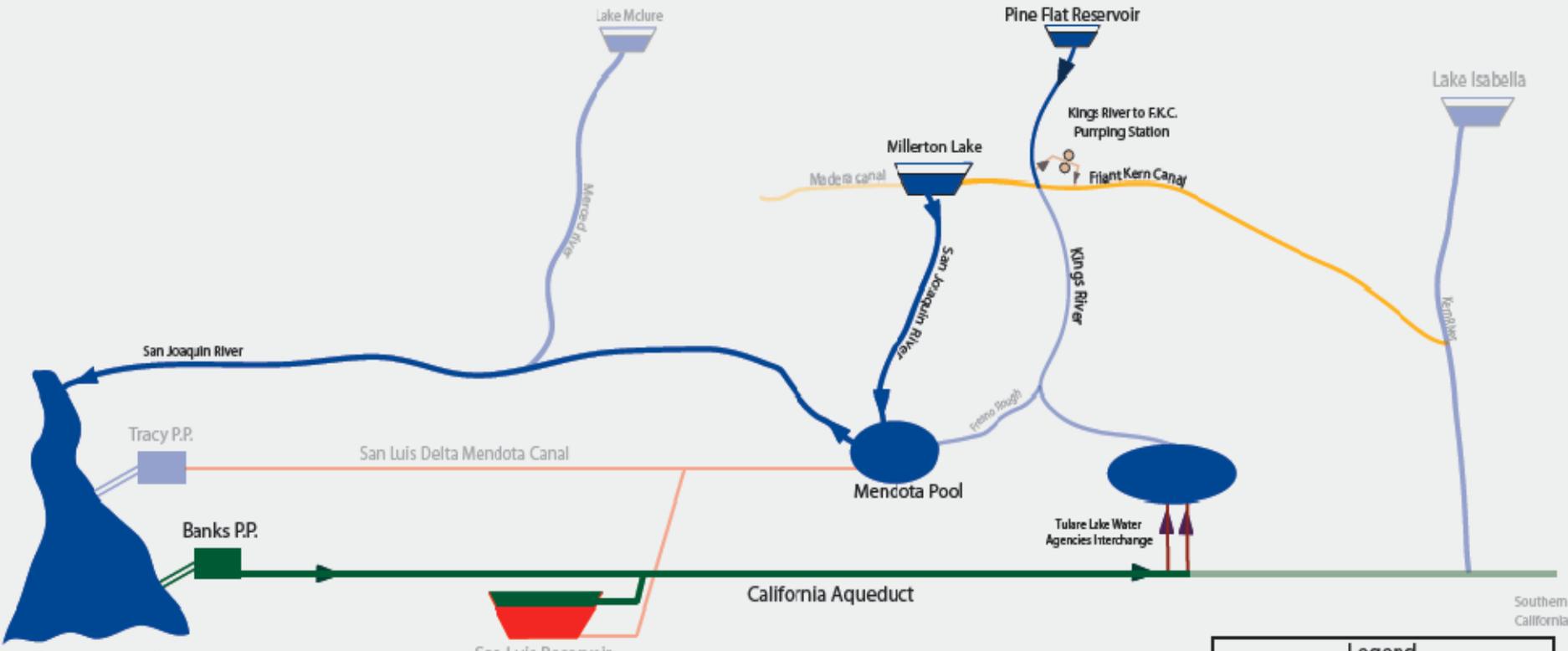
Legend	
	Proposed Conveyance Structures
	Proposed Pump Stations
Concept:	A - 1
Date:	1-20-07
Drawing Not To Scale	

Southern California

Friant Division

Delta Recirculation Concept

Via S.W.P. / Kings River Exchange



Sacramento and San Joaquin River Delta

Main Features	
300 CFS.	Kings river Pump Station
Project Cost	\$1,500,000

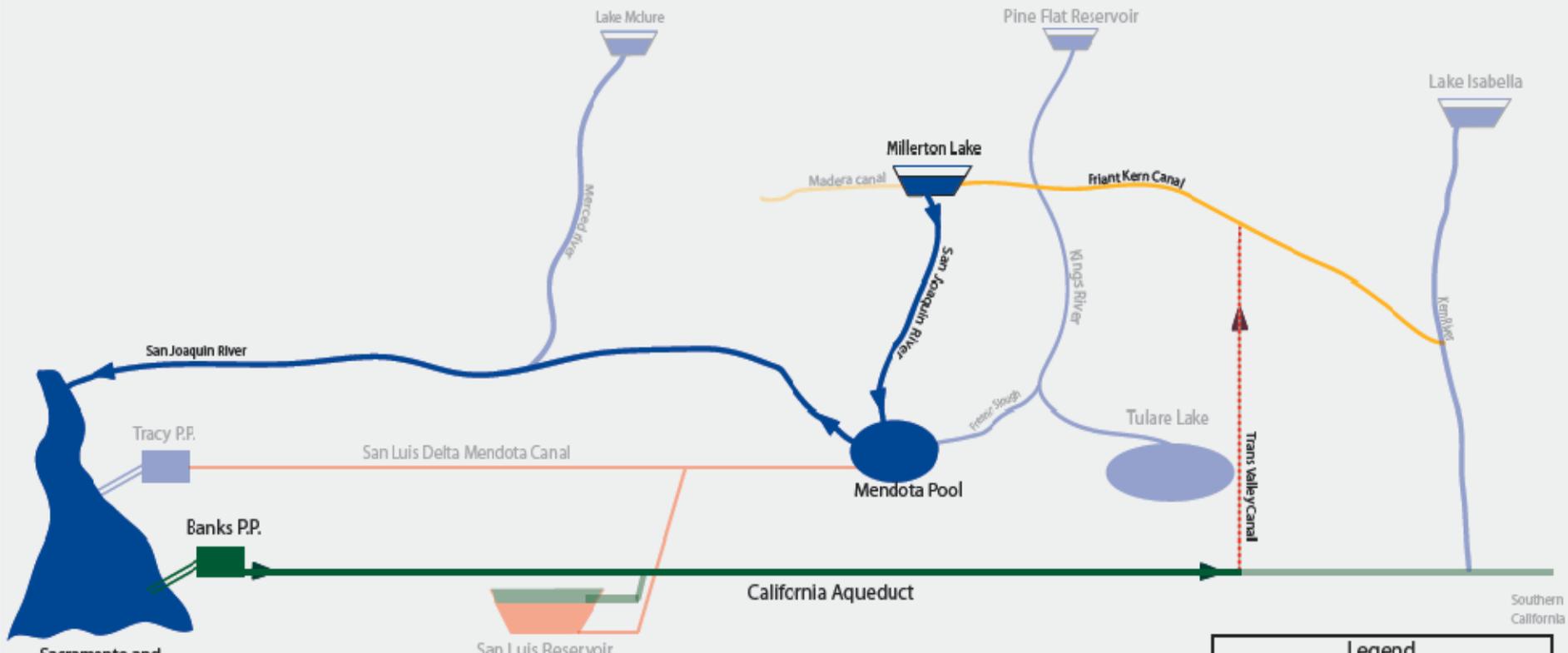
Legend	
	Proposed Conveyance Structures
	Proposed Pump Stations
Concept:	A - 2
Date:	1-20-07
	
Drawing Not To Scale	

Southern California

Friant Division

Delta Recirculation Concept

Via Trans Valley Canal

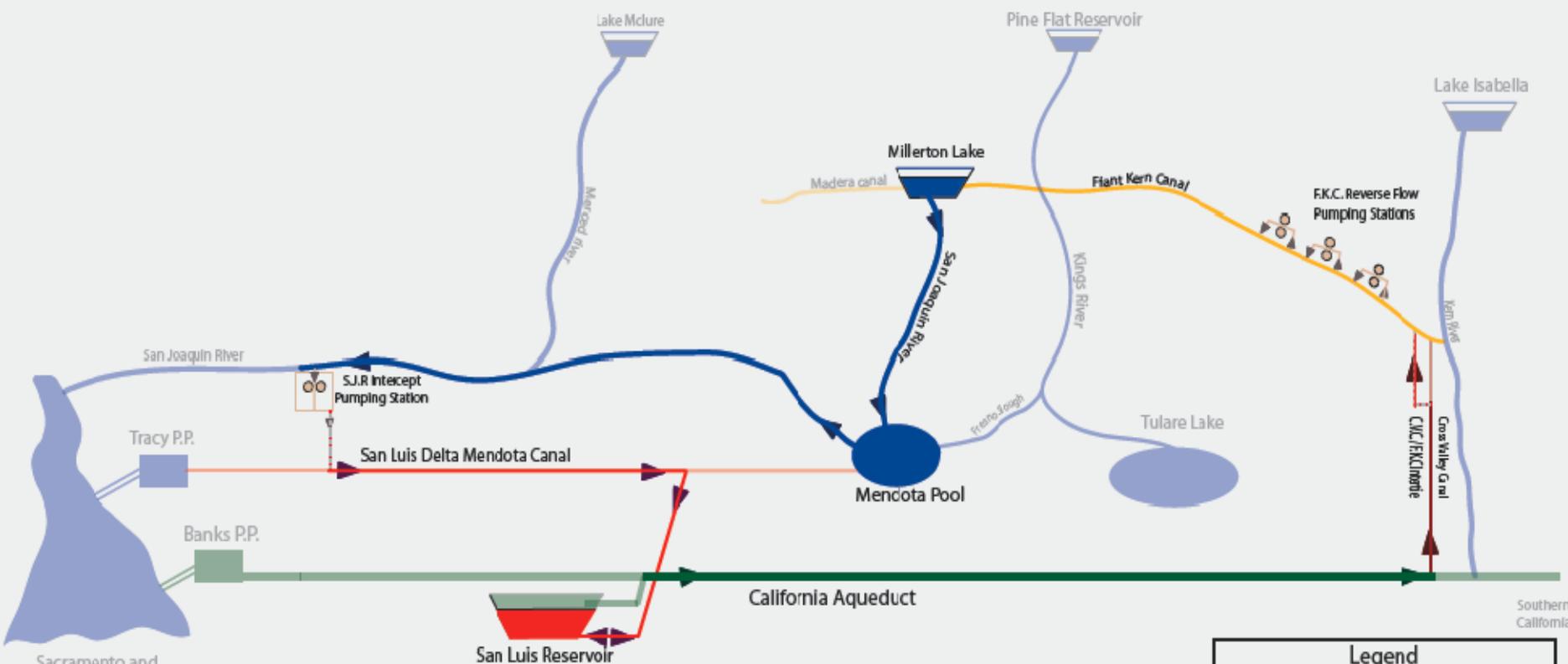


Main Features	
1000 C.F.S.	Trans Valley Canal
Project Cost	\$359,000,000

Legend	
	Proposed Conveyance Structures
	Proposed Pump Stations
Concept: A - 3	Date: 1-20-07
Drawing Not To Scale	

Friant Division

San Joaquin River Recirculation Concept
Via S.J.R. Intercept Pumping Station To D.M.C. And Cross Valley Canal Intertie



Main Features

500 C.F.S.	S.J.R. Intercept Pumping Station
500 C.F.S.	Pipeline
500 C.F.S.	C.V.C. Intertie
500 C.F.S.	Reverse Flow Pump Station
250 C.F.S.	Reverse Flow Pump Station
125 C.F.S.	Reverse Flow Pump Station
Project Cost	\$116,000,000

Legend

- Proposed Conveyance Structures
- Proposed Pump Stations

Concept B - 1 Date: 1-20-07

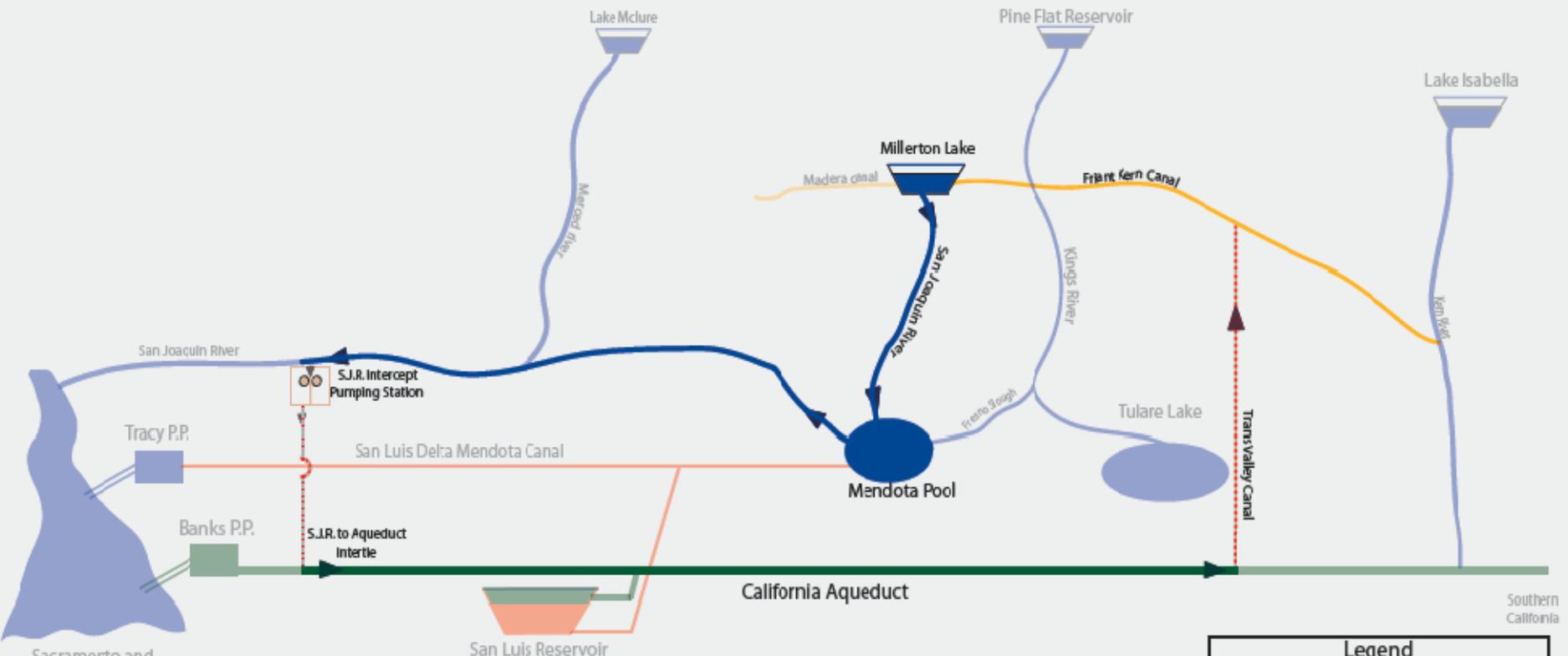
FRIANT
WATER USERS AUTHORITY

Drawing Not To Scale

Southern
California

Friant Division

San Joaquin River Recirculation Concept Via S.J.R. Intercept Pumping Station To Trans Valley Canal

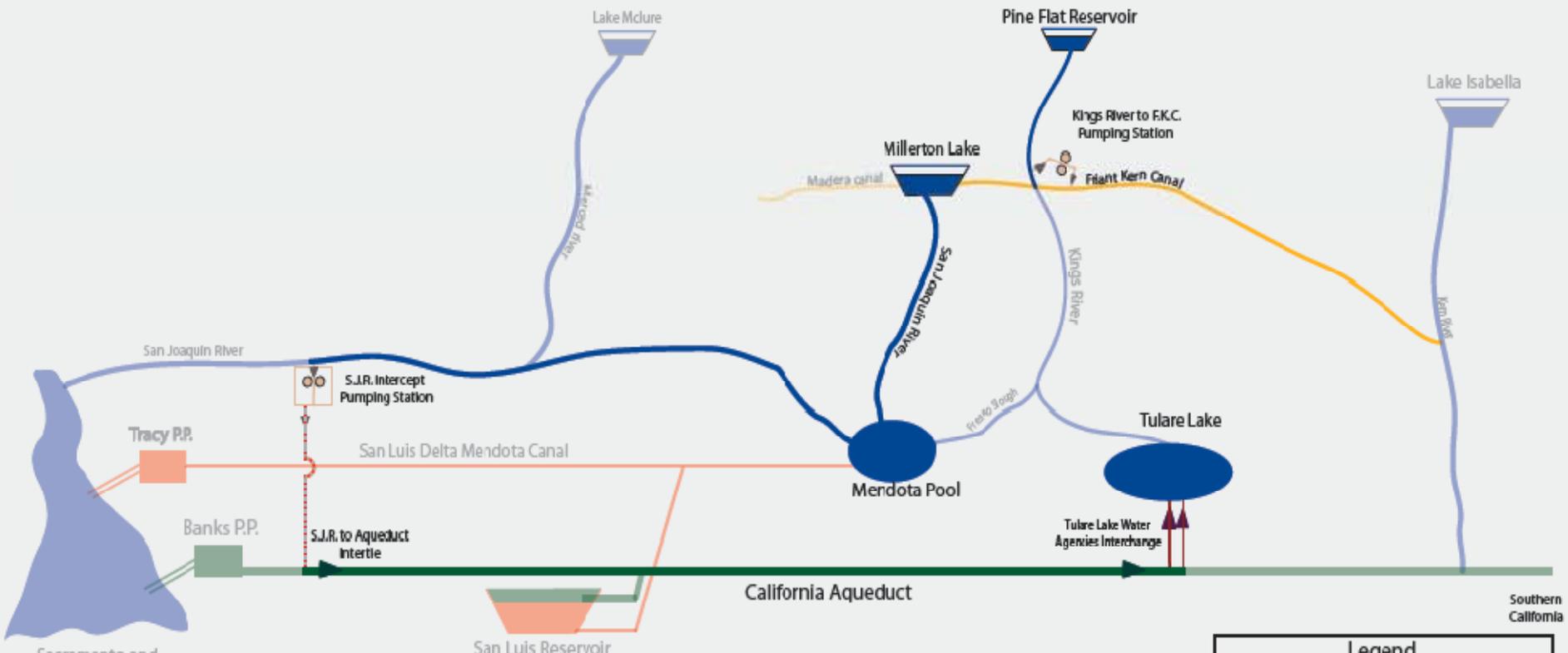


Main Features	
1000 C.F.S.	S.J.R. Intercept Pumping Station
1000 C.F.S.	Pipeline
1000 C.F.S.	Trans Valley Canal
Project Cost	\$600,000,000

Legend	
	Proposed Conveyance Structures
	Proposed Pump Stations
Concept: B-2	Date: 1-20-07
Drawing Not To Scale	

Friant Division

San Joaquin River Recirculation Concept Via S.J.R. Intercept And Kings River Exchange



Main Features	
1000 C.F.S.	Kings river Pump Station
1000 C.F.S.	S.J.R. Intercept Pumping Station
1000 C.F.S.	Pipeline
Project Cost	\$241,000,000

Legend	
	Proposed Conveyance Structures
	Proposed Pump Stations
Concept: B - 3	Date: 1-20-07
	
Drawing Not To Scale	

Millerton Lake



Legend	
F.K.C. Capacity Correction	
	Friant Kern Canal
	Proposed Capacity Corrections
Concept: C - 1	Project Cost \$23,000,000
Date: 1-20-07	

• Bakersfield

Legend

F.K.C. Capacity Correction

	Friant Kern Canal
	Proposed Capacity Corrections

Concept: C - 1	Project Cost \$23,000,000
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Date: 1-20-07

Friant-Kern Canal



Legend		
F.K.C. Capacity Enlargement Concept		
	Existing Capacity Range	5000 C.F.S. To 5300 C.F.S.
	Proposed Capacity Range Enlargement	7000 C.F.S. To 7300 C.F.S.
	Existing Capacity	4500 C.F.S.
	Proposed Capacity Enlargement To	6000 C.F.S.
	Existing Capacity Range	2500 C.F.S. To 4000 C.F.S.
	Proposed Capacity Range Enlargement	3500 C.F.S. To 5000 C.F.S.

Concept: C - 2	Project Cost	\$440,000,000
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Contact Information:

Ronald D. Jacobsma,

Consulting General Manager

Friant Water Users Authority

854 N. Harvard

Lindsay, CA 93247

559-562-3496

website: www.fwua.org