



SOUTH FEATHER WATER & POWER AGENCY

TO: Board of Directors

FROM: Michael Glaze, General Manager

DATE: May 19, 2008

**RE: Proposed Water Transfer - 2008
Agenda Item for 5/27/08 Board of Directors Meeting**

As I reported last month, the State Water Project Contractors Authority (SWPCA) accepted the Agency's water-transfer term sheet (copy attached in the event you need a review), deposited \$50,000 to compensate SFWPA for its transfer-development costs, and confirmed that it wanted to purchase the Agency's offered 10,000 AF of water.

Subsequently, applications have been filed with the SWRCB for a temporary change in place of use, and DWR has been provided necessary information to develop a refill agreement. All processing is on track to permit commencement of the transfer on June 1, and the attached agreement has been approved by SWPCA and Jeff Meith and is ready for Board approval.

The following action is requested:

"I move authorization for the General Manager to execute the agreement for a transfer of 10,000 acre-feet of water from South Feather Water and Power Agency, in conformance with the Agency's Term Sheet revised February 2, 2008, effective June 1, 2008, with the following State Water Project Contractors: Antelope Valley East Kern Water Agency, Dudley Ridge Water District, Kern County Water Agency, Metropolitan Water District of Southern California, Napa County Flood Control and Water Conservation District, Palmdale Water District, San Bernardino Valley Municipal Water District, and Tulare Lake Basin Water Storage District."

SOUTH FEATHER WATER & POWER AGENCY

MICHAEL C. GLAZE, GENERAL MANAGER

2310 ORO-QUINCY HIGHWAY
OROVILLE, CALIFORNIA 95966
530-533-4624
530-533-3968 (FAX) GLAZE@SOUTHFEATHER.COM



2008 WATER TRANSFER – TERM SHEET (REVISED 2/02/08)

GENERAL

Seller: South Feather Water and Power Agency ("SFWPA").

Contact: Michael Glaze, General Manager
530-533-4624 (office)
530-370-3312 (mobile)
glaze@southfeather.com

Description: Water transfer as defined by California Water Code Section 1725.

Transfer Period: From May 1 through June 30, 2008.

WATER SUPPLY

Water: The water transferred by SFWPA is available from stored water in Little Grass Valley and Sly Creek Reservoirs (the "Water"). The Water is covered under State Water Resources Control Board Application Nos. 1651 and 2778, and associated Permit Nos. 1267 and 2492.

Quantity: Buyer shall purchase 10,000 acre-feet of Water from SFWPA.

FINANCIAL

Price: \$165 per acre-foot of Water if Buyer calls on the Water on or before April 15, 2008.

Weather & Regulatory Impacts: Delivery of the Water by SFWPA into Lake Oroville constitutes receipt by Buyer of the Water. Subsequent weather, losses, and regulatory limitations impacting Buyer's ability to transfer the Water to its service area shall not relieve Buyer of its obligation to compensate SFWPA for the Water delivered to Lake Oroville.

Regulatory/Permit Costs: Buyer shall pay SFWPA \$5.00/AF for each acre-foot of water made available, within 30 days of acceptance of the terms specified herein in compensation for SFWPA's regulatory and permitting costs associated with acquiring approval of

the water transfer, including State Water Resources Control Board fees and all fees associated with CEQA compliance.

PG&E Generation Impact Fee:

PG&E will require payment of a “generation impact fee” if SFWPA’s Little Grass Valley and Sly Creek reservoirs do not refill in 2009. This impact fee is currently expected to be approximately \$70 per acre-foot not available for generation due to non refill, and may be adjusted higher to reflect then-current energy prices. (In the last 34 years, Little Grass Valley Reservoir did not completely fill 11 times, and Sly Creek Reservoir did not completely fill six times.) In the event Little Grass Valley and Sly Creek reservoirs do not refill in 2009 and a generation impact fee is required, Buyer will pay half of said fee within 30 days of receipt of an invoice for same from SFWPA. (This additional payment is warranted due to the fact that PG&E’s loss of generation result’s in a generation gain to the SWP’s Oroville generating facilities.)

Administrative:

Each party shall retain and pay the costs of its own attorneys, engineers, and consultants, and direct their activities for the transfer of the Water.

DELIVERY & CONVEYANCE

Delivery Methodology:

SFWPA shall deliver the Water at the Ponderosa Dam spillway into Lake Oroville.

The availability of the 10 TAF of Water will result from a reduction in end-of-month (EOM) target storage in Little Grass Valley and/or Sly Creek Reservoirs. On November 16, 2007, PG&E (the present purchaser – through 2010 – of SFWPA’s hydropower) provided a forecast of reservoir operations for the SFPP absent a water transfer, assuming median precipitation. That forecast for 2008 is as follows:

	Little Grass Valley	Sly Creek	Ponderosa Spill
May 2008 EOM	92.2 TAF	65.7 TAF	17.6 TAF
June 2008 EOM	92.2 TAF	62.6 TAF	4.9 TAF
July 2008 EOM	92.1 TAF	40.0 TAF	10.4 TAF

To effect the transfer, the combined storage in Little Grass Valley and Sly Creek will be brought to 144.8 TAF at the end of June, and 10 TAF of water over and above the June “without transfer” spill amount of 4.9 TAF will be released at Ponderosa Dam to Lake Oroville (this would constitute delivery of the water to the buyer). It is possible that the transfer could begin in May 2008, in which case 10 TAF above the combined May-June “without transfer” spill amount of 22.5 TAF will be released at Ponderosa Dam. To ensure that the Water is “new” water, the 2008 end-of-year combined storage in Little Grass Valley and Sly Creek Reservoirs will be drawn down to 50 TAF (10 TAF less than the “without transfer” end-of-year storage volume of 60 TAF)

During the period in which the Water is spilled to Lake Oroville, SFWPA's Kelly Ridge Powerhouse will maintain normal operations, releasing at least 15.5 TAF each month (verified by flow records).

SFWPA will provide assurance to DWR that refilling Little Grass Valley and Sly Creek Reservoirs will not impact the State Water Project (SWP) by refilling the reservoirs in 2009 only during periods when: (1) actual storage in Lake Oroville encroaches into flood control reservation as defined by the Corps of Engineers Flood Control Diagram dated September 1971; (2) total releases to the Feather River below Thermalito Afterbay outlet are greater than or equal to 10,000 cubic feet per second and the Delta is not in Balanced Conditions; or, (3) storage in Lake Oroville exceeds normal maximum storage of 3,500,000 acre-feet..

Conveyance: Buyer shall be responsible for any required storage in Lake Oroville and for the conveyance of the Water from Lake Oroville to its service area.

Regulatory: SFWPA shall submit the transfer application to the State Water Resources Control Board for approval. With all necessary assistance from SFWPA's staff and consultants, and subject to SFWPA's approval, Buyer will coordinate, administer, and negotiate the necessary approvals from all administrative and regulatory agencies, including post-transfer refill criteria for SFWPA's reservoirs.

May 13, 2008

**PURCHASE AGREEMENT FOR WATER TRANSFER
BETWEEN SOUTH FEATHER WATER AND POWER AGENCY
AND ANTELOPE VALLEY EAST KERN WATER AGENCY,
DUDLEY RIDGE WATER DISTRICT, KERN COUNTY WATER AGENCY,
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, NAPA
COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT,
PALMDALE WATER DISTRICT, SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT, AND TULARE LAKE BASIN WATER STORAGE DISTRICT**

This Purchase Agreement for Water Transfer ("Agreement") is effective June 1, 2008, by and between (1) South Feather Water and Power Agency ("SFWPA") and (2) Antelope Valley East Kern Water Agency, Dudley Ridge Water District, Kern County Water Agency, Metropolitan Water District of Southern California, Napa County Flood Control and Water Conservation District, Palmdale Water District, San Bernardino Valley Municipal Water District, and Tulare Lake Basin Water Storage District (Hereafter known as "BUYERS").

RECITALS

- A. SFWPA is a public agency water district formed and operating pursuant to Division 11 of the California Water Code (Cal. Water Code §§ 20500 *et seq.*), and is empowered to sell water to BUYERS as provided for in this Agreement.
- B. BUYERS are public agencies formed and operating under the Water Code and are empowered to purchase water from SFWPA as provided for in this Agreement for delivery to their customers.
- C. This Agreement allows for BUYERS, willing purchasers, to acquire from SFWPA, a willing seller, water supplies that BUYERS have determined are needed for use in BUYERS' service areas. The water supplies to be transferred under this Agreement will be a portion of the

water available to SFWPA under its State Water Resources Control Board Applications Nos. 1651 and 2778, and associated Permit Nos. 1267 and 2492.

D. The water made available for transfer under this Agreement will be water stored by SFWPA under its water rights permits described in Recital C and surplus to the needs of SFWPA's customers and released to BUYERS as set forth in this Agreement.

E. On March 28, 2008, the State Water Project Contractors Authority ("SWPCA"), on behalf of the BUYERS, and SFWPA entered into a letter agreement specifying that BUYERS would pay SFWPA a non-refundable \$5 per acre-foot, times 10,000 acre-feet towards SFWPA's regulatory and development costs and that the payment would be credited against the purchase price of the water. SWPCA made the \$50,000 payment, on behalf of the BUYERS, to SFWPA on April 3, 2008.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants and conditions contained herein, the Parties agree as follows:

1. ***Recitals Incorporated.*** The foregoing Recitals are incorporated herein by reference.
2. ***Definitions.*** The following terms shall have the following meanings as used herein:
 - (a) "Contract Interest Rate" is the rate of interest paid monthly by the Local Agency Investment Fund (LAIF), calculated from the date payment is due pursuant to Section 5(a) or the date payment was made pursuant to Section 5(d).
 - (b) "Parties" are the BUYERS listed above and SFWPA. DWR, while not a Party, does

May 13, 2008

have authority to consent to this Agreement.

3. ***Term.*** This Agreement shall be effective June 1, 2008 and shall be in effect for a term ending December 31, 2008. However, to the extent: (i) BUYERS are required to reimburse SFWPA for payment of the “power generation fee” pursuant to Section 5(b); and (ii) SFWPA has not complied with the reservoir refill criteria in Appendix A, those sections shall remain in full force and effect until the required reimbursement is made and the required reservoir refill requirement is achieved. No right of renewal or right to enter into extensions of this Agreement or to enter into any new water transfer agreement is expressly granted hereunder, nor may such a right be implied from the execution of this Agreement.

4. ***Agreement to Transfer Water.***

(a) The BUYERS have entered into a “State Water Project Contractors Authority 2008 Water Transfer Agreement” (“SWPCA Agreement”), as amended. In the SWPCA Agreement, the BUYERS authorized SWPCA to handle all payments and disbursements described in this Agreement on the BUYERS’ behalf. The SWPCA Agreement requires BUYERS to deposit with SWPCA all funds necessary to make the payments for water and the BUYERS’ share of regulatory costs, and authorizes SWPCA to make all such payments to SFWPA required by this Agreement. Consequently, SFWPA shall send all notices or invoices required by this Agreement to SWPCA with a copy to each BUYER, and SWPCA shall send all notices and payments to SFWPA under this Agreement on behalf of the BUYERS. SWPCA shall make all payments to SFWPA required in accordance with this Agreement on the BUYERS’ behalf. Nothing in this Section 4(a) shall affect or limit the BUYERS’ duties and obligations under this

Agreement and they remain jointly and severally obligated to make the subject payments, notwithstanding performance or non-performance on the part of SWPCA.

(b) Effective as of the date of this Agreement first written above, SFWPA agrees to sell, and BUYERS agree to buy, at a price of \$165 per acre-foot, less the \$5 per acre-foot credit described in Recital E, 10,000 acre-feet of water for delivery in 2008. SFWPA will invoice BUYERS, and BUYERS will make the required payments as provided in Section 5.

5. *Payments for Transferred Water.*

(a) Within 10 days after SFWPA delivers the transfer water into Lake Oroville and the California Department of Water Resources (DWR) confirms the amount of water delivered pursuant to Section 6, SFWPA shall invoice SWPCA, with a copy to each BUYER, and SWPCA shall make the payment required by Section 4(b) of this Agreement on behalf of the BUYERS. Payment by SWPCA will be due within 30 days from the date of the invoice. Payments not made within said 30-day period shall accrue interest at the Contract Interest Rate, compounded monthly.

(b) Under an existing agreement with Pacific Gas and Electric (PG&E), SFWPA will be required to pay a “generation impact fee” for power generation if SFWPA’s Little Grass Valley and Sly Creek reservoirs do not refill in 2009. The generation fee is estimated be approximately \$70 per acre-foot of water not available due to non-refill, but could be higher. In the event payment of the generation fee is required, SWPCA shall make an additional payment to SFWPA on behalf of the BUYERS to reimburse SFWPA for one-half of the fee, up to a maximum of \$35 per acre-foot, within 30 days of receipt of an invoice including documentation supporting the amount of the required payment.

May 13, 2008

(c) It is understood by BUYERS that once SFWPA releases water into Lake Oroville under the terms of this Agreement, that water cannot be feasibly returned to SFWPA, and therefore, in the event of failure to pay the amounts due in accordance with this Agreement, BUYERS shall not claim that damages must be mitigated by SFWPA reacquiring that water or acquiring other water in its place.

(d) In the event SFWPA fails to release water into Lake Oroville which BUYERS have contracted for under this Agreement, SFWPA will promptly refund to BUYERS any payments made in accordance with Section 4(b) and 5(b) for each acre-foot not released. Any refunds shall include interest at the Contract Interest Rate.

6. *Water To Be Transferred; Delivery Conditions; Point of Delivery.*

(a) Upon executing this Agreement, SFWPA agrees to release 10,000 acre-feet, above any required releases, into Lake Oroville consistent with Appendix A.

(b) Other than as appropriate to reflect SFWPA's commitment to release water from Little Grass Valley and Sly Creek Reservoirs consistent with Section 6(a), this Agreement places no requirement or restriction on SFWPA's management and use of its water, beyond the requirement that SFWPA comply with the transfer water delivery and reservoir refill criteria provided in Appendix A.

(c) The point of delivery of water made available by SFWPA to BUYERS under this Agreement shall be at the Ponderosa Dam spillway into Lake Oroville. BUYERS shall be responsible for and shall bear all risks for all conveyance and other losses related to the inability of BUYERS or DWR to convey the water from the point of delivery to BUYERS, and for any carriage water losses assessed against BUYERS by DWR.

(d) Within 60 days of SFWPA complying with the reservoir refill criteria provided in Appendix A, SFWPA shall complete a report that accounts for all water released and made available to BUYERS under this Agreement. SFWPA may use the advance payment described in Recital E to pay its expenses for completing the report.

(e) The water made available by SFWPA's releases pursuant to Section 6(a) of this Agreement shall be for the exclusive use of the BUYERS, and SFWPA shall take no actions that would reduce the water made available. SFWPA will have no claim to any power generation revenues once the transfer water is released to the BUYERS.

7. *Obtaining Approvals, Environmental Compliance and Related Costs.*

(a) SFWPA is required to obtain DWR's consent to the water transfer provided for under this Agreement and State Water Resources Control Board (SWRCB) approval of the water transfer under Water Code Section 1725. BUYERS will cooperate with and assist SFWPA as necessary in obtaining such approvals.

(b) SFWPA shall be responsible for its actual expenses, including its legal, regulatory, and engineering consultants' fees and expenses incurred in carrying out its obligation to obtain SWRCB approval and other regulatory and permitting responsibilities, and shall use the \$5 per acre-foot advance payment described in Recital E for such expenses.

(c) BUYERS and SFWPA are required to obtain DWR's agreement by June 15, 2008, that: (i) the quantity of water made available by SFWPA at the point of delivery under this Agreement, calculated as described in this Agreement, is transferable to BUYERS; and (ii) DWR will divert the quantity of water calculated pursuant to Section 6(a), less carriage water losses assessed by DWR, at the H.O. Banks Pumping Plant and Barker Slough

May 13, 2008

Pumping Plant for delivery to BUYERS, consistent with BUYERS' SWP water supply contract. SFWPA will cooperate with and assist BUYERS as necessary to obtain DWR's agreement, but SFWPA shall not act as a guarantor of such an agreement. If DWR's agreement is not obtained, BUYERS and SFWPA will confer to determine whether they will mutually agree to continue this Agreement, with or without appropriate amendments.

(d) SFWPA and BUYERS shall jointly obtain any and all other necessary approvals required to effectuate the water transfer under this Agreement. Each of the Parties shall be responsible for their expenses, including their legal, engineering and other consultants' fees and expenses incurred in obtaining these approvals or in defending this Agreement and its implementation in any litigation. SFWPA may use the advance payment described in Recital E to pay its expenses.

(e) The rights, obligations and commitments described in Sections 4, 5, and 6 shall not be effective (i) unless the SWRCB approval and any other approvals, agreements and consents required in Sections 7(a), 7(c) and 7(d) of this Agreement have been obtained by June 15, 2008, unless any such approval, agreement or consent is waived in writing by both SFWPA and BUYERS, or (ii) if litigation seeking to enjoin performance under this Agreement is pending in any state or federal court as of June 15, 2008. If the approvals, agreements and consents required in Sections 7(a), 7(c) and 7(d) are not obtained in a manner satisfactory to either Party by June 15, 2008, or if litigation seeking to enjoin performance is pending on June 15, 2008, either Party may terminate this Agreement.

8. *Water Rights Not Affected.* No transfer of water pursuant to this Agreement shall confer any appropriative, public trust or other right to water on any person or entity. Nothing

in this Agreement shall act as a forfeiture, diminution or impairment of any rights of SFWPA to its full deliveries of water after the expiration of the Agreement, and shall in no way prejudice any of SFWPA's rights thereto. Consistent with the provisions of California Water Code sections 109, 475, 1011, 1244, and 11961, the Parties agree that no transfers under this Agreement, nor the Agreement itself, is evidence of the availability of surplus water beyond the term of the Agreement, nor evidence of lack of beneficial use of the water involved in the transfer, and they shall not contend otherwise. The only rights granted to the Parties as a result of this Agreement are those expressly set forth herein.

9. General Indemnity. Each Party agrees to protect, defend, indemnify, and hold harmless the other Party, its directors, officers, agents, servants, employees and consultants from and against any and all losses, claims, liens, demands and causes of action of every kind and character, without limitation by enumeration, occurring or in any way incident to, connected with, or arising directly or indirectly out of the performance or non-performance by the indemnifying Party hereunder.

10. Construction and Interpretation. It is agreed and acknowledged by the Parties that this Agreement has been arrived at through negotiation, and that each Party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting Party shall not apply in construing or interpreting this Agreement.

11. Obligations Prior to Termination. Notwithstanding any other provision hereof, the obligations of the Parties incurred pursuant to this Agreement prior to the termination of this Agreement, including without limitations the obligations to make payment for transfer water

May 13, 2008

and to make refunds as required, shall survive the termination.

12. Severability. The invalidity, illegality or unenforceability of any provision of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

13. Governing Law. This Agreement shall be interpreted and enforced pursuant to the laws of the State of California.

14. Modifications. This Agreement can only be modified by a written instrument executed by both Parties.

15. Entire Agreement. This Agreement contains the entire understanding of the Parties related to their interests, obligations, and rights in connection with the subject matter set forth herein. All prior communications, negotiations, stipulations, and understandings, whether oral or written, are of no force nor effect, and are superseded, except as referenced herein.

16. No Third Party Beneficiary. The Parties to this Agreement do not intend to create any third party beneficiaries to this Agreement, and expressly deny the creation of any third party beneficiary rights hereunder toward any person or entity.

17. Time. Time is of the essence in the performance of each and every term of this Agreement.

18. Waiver. The waiver or failure to declare a breach as a result of the violation of any term of this Agreement shall not constitute a waiver of that term or condition and shall not provide the basis for a claim of estoppel, forgiveness or waiver by any Party to that term or condition.

19. Attorneys' Fees. If it shall be necessary for any Party hereto to commence legal action or arbitration to enforce the terms and provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees, expenses and costs incurred therein. The expenses and

costs incurred shall include, without limitation to other reasonable expenses and costs, the costs of any experts employed in either the preparation or presentation of any evidence in such proceedings.

20. Captions. The section and subsection captions in this Agreement are for convenience only and shall not be used in construing the Agreement.

21. Additional Documents. Each Party agrees to make, execute, and deliver any and all documents and to join in any application or other action reasonably required to implement this Agreement.

22. Notice. Any and all communications and/or notices in connection with this Agreement shall be either hand-delivered or sent by United States first class mail, postage prepaid, and addressed as follows:

To: South Feather Water and Power Agency

Michael C. Glaze
South Feather Water and Power Agency
2310 Oro-Quincy Highway
Oroville, CA 95966

To: State Water Project Contractors Authority

Eric Chapman
1121 L Street, Suite 1050
Sacramento, CA 95814-3944

To: BUYERS

See Appendix B attached hereto for list of names and addresses of BUYERS.

The Parties may change the foregoing addresses by providing written notice in compliance with this section.

May 13, 2008

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of
the day and year first written above.

South Feather Water and Power Agency

By _____ Dated: _____

Title: _____

By: _____ Dated: _____

Title: _____

Antelope Valley East Kern Water Agency

By _____ Dated: _____

Title: _____

By: _____ Dated: _____

Title: _____

Dudley Ridge Water District

By _____ Dated: _____

Title: _____

By: _____ Dated: _____

Title: _____

Kern County Water Agency

By _____ Dated: _____

Title: _____

By: _____ Dated: _____

Title: _____

Metropolitan Water District of Southern California

By _____ Dated: _____

Title: _____

By: _____ Dated: _____

Title: _____

Napa County Flood Control and Water Conservation District

By _____ Dated: _____

Title: _____

By: _____ Dated: _____

Title: _____

Palmdale Water District

By _____ Dated: _____

Title: _____

By: _____ Dated: _____

Title: _____

May 13, 2008

San Bernardino Valley Municipal Water District

By _____ Dated: _____

Title: _____

By: _____ Dated: _____

Title: _____

Tulare Lake Basin Water Storage District

By _____ Dated: _____

Title: _____

By: _____ Dated: _____

Title: _____

APPENDIX A

Transfer Water Delivery and Reservoir Refill Criteria

SFWPA shall deliver the Water at the Ponderosa Dam spillway into Oroville Reservoir on a schedule approved by DWR and shall not adversely impact SWP operations, SWP water acquisitions, SWP water deliveries, environmental permits, water rights or other SWP purposes as determined by DWR.

The availability of the 10 TAF of Water will result from a reduction in end-of-month (EOM) target storage in Little Grass Valley and/or Sly Creek Reservoirs. On March 5, 2008, PG&E (the present purchaser – through 2010 – of SFWPA’s hydropower) provided a forecast of reservoir operations for the SFPP absent a water transfer, assuming median precipitation (Note that on January 1, 2008, new storage rating tables were placed into use based on reservoir bathymetry studies). That forecast for 2008 is as follows:

	Little Grass Valley	Sly Creek	Ponderosa Spill
May 08 EOM	78.8 TAF	62.0 TAF	6.2 TAF
June 08 EOM	71.8 TAF	62.0 TAF	5.9 TAF
July 08 EOM	70.0 TAF	38.0 TAF	14.2 TAF

To effect the transfer, the combined storage in Little Grass Valley and Sly Creek will be brought to 123.8 TAF at the end of June, and 10 TAF of water over and above the June “without transfer” spill amount of 5.9 TAF will be released at Ponderosa Dam to Lake Oroville (this would constitute delivery of the water to the buyer). It is possible that the transfer could begin in May 2008, in which case 10 TAF above the combined May-June ‘without transfer’ spill amount of 12.1 TAF will be released at Ponderosa Dam. To ensure that the Water is “new” water, the 2008 end-of-year combined storage in Little Grass Valley and Sly Creek Reservoirs will be drawn down to 50 TAF (10 TAF less than the “without transfer” end-of-year storage volume of 60 TAF)

During the period in which the Water is spilled to Lake Oroville, SFWPA’s Kelly Ridge Powerhouse will maintain normal operations, releasing at least 15.5 TAF each month (verified by flow records).

SFWPA will provide assurance to DWR that refilling Little Grass Valley and Sly Creek Reservoirs will not impact the State Water Project (SWP) by refilling the reservoirs in 2009 only during periods when: (1) actual storage in Lake Oroville encroaches into flood control reservation as defined by the Corps of Engineers Flood Control Diagram dated September 1971; (2) total releases to the Feather River below Thermalito Afterbay outlet are greater than or equal to 10,000 cubic feet per second and the Delta is not in Balanced Conditions; or, (3) storage in Lake Oroville exceeds normal maximum storage of 3,500,000 acre-feet.

May 13, 2008

APPENDIX B

Buyer's Addresses

To: Antelope Valley-East Kern Water Agency

c/o Russell Fuller
6500 West Avenue B
Palmdale, CA 93551-2855

To: Dudley Ridge Water District

c/o Rick Besecker
Provost & Pritchard Engineering Group, Inc.
286 W. Cromwell Avenue
Fresno, CA 93711-6162

To: Kern County Water Agency

Lara Kimm
P. O. Box 58
Bakersfield, CA 93302-0058

To: Metropolitan Water District of Southern California

Steve Hirsch
1121 L Street, Suite 900
Sacramento, CA 95814

To: Napa County Flood Control and Water Conservation District

Felix Riesenberg
804 First Street
Napa, CA 94559-2623

To: Palmdale Water District

Jon Pernula
2029 East Avenue Q
Palmdale, CA 93550

To: San Bernardino Valley Municipal MWD

Randy Van Gelder
P.O. Box 5906
San Bernardino, CA 92412

To: Tulare Lake Basin Water Storage District

Frank Apgar
1001 Chase Avenue
Corcoran, CA 93212