

STATE OF CALIFORNIA
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
STATE WATER RESOURCES CONTROL BOARD

DIVISION OF WATER RIGHTS

ORDER WR 2008-0010-DWR

In the Matter of Pre-1914 Appropriative Rights, Licenses 2614, 2615, 2616, and 2617 and Permits 4743, 4744, 5847, and 5848 (Applications 5109, 5110, 8187, 8188, 8559, 8565, 9735, and 9736)

M&T Chico Ranch and Parrott Investment Company

**ORDER APPROVING IN PART AND DENYING IN PART
CHANGE IN PLACE AND PURPOSE OF USE**

SOURCE: Butte Creek tributary to Sacramento River

COUNTY: Butte County

WHEREAS:

1. M&T Chico Ranch (M&T) and Parrott Investment Company (Parrott) (Petitioners) have filed petitions pursuant to Water Code section 1707 to change the purpose of use and place of use under the water rights listed above for the enhancement of fish and wildlife resources. The State Water Resources Control Board (State Water Board), Division of Water Rights (Division), finds that, with the conditions included in this order, the change will neither increase the amount of water that the Petitioners are entitled to use nor unreasonably affect any legal user of water. The State Water Board further finds that the change is in the public interest and the change will not adversely affect fish, wildlife, instream beneficial uses, or public trust resources. Accordingly, the petitions for change are approved for Licenses 2614, 2615, 2616 and 2617 subject to the conditions imposed herein. The petitions for change are denied for Permits 4743, 4744, 5847 and 5848 for the reasons set forth herein.
2. The water rights held by M&T and Parrott are set forth in the Judgment and Decree, "In the Matter of the Determination of the Rights of the Various Claimants to the Waters of that Portion of Butte Creek and Its Tributaries Situated Above the Western Dam near Nelson, in Butte County, California" (Decree), Butte County Superior Court, Case No. 18917, and the Supplemental Decree dated December 16, 1946. The rights are listed in Table 1.

Butte Creek flow is comprised of two elements; (a) natural flow, and (b) foreign water brought into the Butte Creek stream system primarily for the generation of hydroelectric power. The foreign water is appropriated from the West Branch of the Feather River and transported through the Hendricks Ditch to the reservoir or forebay of the Pacific Gas and Electric Company at DeSabra. For 8 to 10 hours in any 24-hour period, up to 170 cubic feet per second (cfs) is released to flow through the DeSabra and Centerville Powerhouses into Butte Creek.
3. Petitions to change the place and purpose of use of pre-1914 appropriative rights, Licenses 2614, 2615, 2616, 2617 and Permits 4743, 4744, 5847 and 5848, pursuant to Water Code section 1707, were filed with the State Water Board on July 13, 2005. Downstream portions of the Butte Creek watercourse would be added to the authorized places of use, and fish and wildlife enhancement would be added as purposes of use.

The Petitioners intend to forego gravity diversion of up to 40 cfs from Butte Creek, at the Parrott-Phelan Dam (Decree Diversion 50), during April 1 through June 30 and October 1 through March 31 of the succeeding year. Pursuant to the petitions, water that would otherwise have

been diverted from Butte Creek will remain instream and be dedicated to fishery and habitat enhancement in Butte Creek, between the Parrott-Phelan Dam and the confluence of Butte Creek with the Sacramento River. In exchange for the water not being diverted from Butte Creek, Petitioners have entered into a contract with the U.S. Bureau of Reclamation (Reclamation) to divert a like amount of water from the Sacramento River. The Butte Creek water rights will not be used for diversion on the Sacramento River. Inasmuch as the water that is the subject of this petition will be diverted from the Sacramento River by Reclamation pursuant to its water rights in order to implement the water delivery contract with the Petitioners, the water is not available for transfer to other parties (other than Reclamation and its contractors) downstream of Butte Creek.

4. The Petitioners have the following water rights:

TABLE 1 WATER RIGHTS AS IDENTIFIED IN DECREE AND SUPPLEMENTAL DECREE						
Basis of Right	Source and Priority	Decreed Diversion Quantity in cfs	Diversion Season	Purpose of Use	Point of Diversion	Place of Use
M&T						
(Proof of Claim 99) Pre-1914 Appropriative Claim (Proof of Claim 100) Applications 5109 and 8188	Feather River Imports to Butte Creek First Priority	(Decree, Schedule 3) 3.33 cfs	1-1 to 12-31	Irrigation, Stockwatering	Parrott Ditch* and Edgar Slough	(Decree, Schedule 3) 3,620 acres
(Proof of Claim 99) Pre-1914 Appropriative Claim (Proof of Claim 100) Applications 5109 and 8188	Feather River Imports to Butte Creek Second Priority	(Decree, Schedule 3) 50 cfs	1-1 to 12-31	Irrigation, Stockwatering	Parrott Ditch and Edgar Slough	(Decree, Schedule 3) 3,620 acres
(Proof of Claim 99) Applications 8565 and 9735	Butte Creek Natural Flow Surplus	(Decree, para. 85, pp. 41, 42; Supplemental Decree dated Dec. 16, 1946) 25 cfs	4-1 to 10-15	Domestic, Stockwatering, Irrigation	Parrott Ditch and Edgar Slough	(Decree, Schedule 1) 3,620 acres
Parrott						
(Proof of Claim 94) Pre-1914 Appropriative Claim Applications 5110 and 8187	Feather River Imports to Butte Creek First Priority	(Decree, Schedule 3.) 3.33 cfs	1-1 to 12-31	Irrigation, Stockwatering	Parrott Ditch and Edgar Slough	(Decree, Schedule 3) 17,427 acres
(Proof of Claim 94) Pre-1914 Appropriative Claim Applications 5110 and 8187	Feather River Imports to Butte Creek Second Priority	(Decree, Schedule 3) 50 cfs	1-1 to 12-31	Irrigation, Stockwatering	Parrott Ditch and Edgar Slough	(Decree, Schedule 3) 17,427 acres
(Proof of Claim 95) Pre-1914 Appropriative Claim; Applications 8559 and 9736	Butte Creek Natural Flow Surplus	(Decree, para. 85, pp. 41, 42; Supplemental Decree dated Dec. 16, 1946) 25 cfs	4-1 to 10-15	Domestic, Stockwatering, Irrigation		

*Parrott Ditch and Edgar Slough, Decree Diversion 50, California Coordinate System, Zone 2, North 744,200 feet and East 2,070,500 feet, being within the NE ¼ of NE ¼ of section 4, T21N, R2E, MDB&M.

M&T has the following licenses and permits issued by the State Water Board:

A. Feather River Imports to Butte Creek:

- i. License 2614 (Application 5109) for 20 cfs for irrigation from January 1 through March 31 each year;
- ii. License 2617 (Application 8188) for 100 cfs irrigation and stockwatering throughout the year

B. Butte Creek Natural Flow:

- iii. Permit 4744 (Application 8565) for 50 cfs for irrigation from April 1 to May 31, and
- iv. Permit 5847 (Application 9735) for 50 cfs for irrigation from June 1 to October 15

The decree limits total diversions under Licenses 2614 and 2617 to 53.33 cfs (in combination with claimed pre-1914 appropriative rights). The Court did not set aside any water specifically for the claimed pre-1914 appropriative rights. Moreover, the Court limited diversions pursuant to License 2617 to substantially less than the face value of the water right.

Parrott has the following licenses and permits issued by the State Water Board:

C. Feather River Imports to Butte Creek:

- v. License 2615 (Application 5110) for 20 cfs for irrigation from January 1 through March 31 each year;
- vi. License 2616 (Application 8187) for 100 cfs irrigation and stockwatering throughout the year

D. Butte Creek Natural Flow:

- vii. Permit 4743 (Application 8559) for 50 cfs for irrigation from April 1 to May 31, and
- viii. Permit 5848 (Application 9736) for 50 cfs for irrigation from June 1 to October 15.

The decree limits total diversions under Licenses 2615 and 2616 to 53.33 cfs (in combination with claimed pre-1914 appropriative rights). The Court did not identify the quantity of water recognized pursuant to any pre-1914 rights. The combined diversion limit is inclusive of the licensed water rights issued by the State Water Board. Only one assignment of water pursuant to the combined rights is permissible. Absent information on the scope of the pre-1914 right, the petitions should be approved pursuant to the post-1914 rights.

The project shall be approved for the first and second priority rights which attach to the Feather River Imports to Butte Creek. This is Licenses 2614, 2617 of M&T and Licenses 2615 and 2616 of Parrott. The requested 40 cfs instream flow dedication shall be evenly apportioned between the rights of the two parties. The Petitioners shall measure flows to document the quantity of instream flow resulting from the 1707 petition for purposes of documenting diversions under the licenses. A daily record of instream flows pursuant to the petitions shall be submitted within the triennial Reports of Licensee.

Inasmuch as the Petitioners only have rights to surplus flow from Butte Creek Natural Flow pursuant to Permits 4744, 5847 of M&T and Permits 4743 and 5848 of Parrott, the priority of right is too low for purposes of establishing a continuous fishery flow, as requested in the petitions. Under the decree, the rights in the surplus class are inferior and subject to all other rights in the stream system. The decree states that the mean seasonal precipitation as measured at Chico is approximately 24.04 inches, of which 90 percent occurs from October 1 to April 30. The growing season is from about March 26 to November 14.

Thus, there is limited runoff from in-basin sources during the diversion season for Permits 4743, 4744, 5847 and 5848, but the demand from the higher priority irrigation right holders would be at its greatest during the permitted diversion season. Under these circumstances, diversion would not generally occur under the permits. This is substantiated by the decree, which states that the water supply of Butte Creek and its tributaries is inadequate for all agricultural needs throughout each irrigation season.

5. A new state-of-the-art screened pumping plant was constructed on the Sacramento River, just downstream from its confluence with Big Chico Creek, being within the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of projected Section 2, T21N, R1W, MDB&M. The new pumping plant will provide water to the Petitioners' places of use via a 72-inch pipeline to be connected to their existing irrigation system. The pumping plant has been designed to mitigate impacts to Chinook salmon and steelhead. The Department of Fish and Game (DFG) and National Oceanic and Atmospheric Administration (NOAA) fisheries, through the Wildlife Conservation Board, prepared a Negative Declaration for the new Sacramento River pumping plant.
6. The following environmental documents have been prepared for this project:
 - A. Proposed Finding of No Significant Impact/Mitigated Negative Declaration and Draft Environmental Assessment/Initial Study for the M&T/Parrott Pumping Plant and Fish Screen Project, April 1996, SCH#96042024 prepared for Sacramento National Wildlife Refuge, DFG and Ducks Unlimited.
 - B. Finding of No Significant Impact, M&T/Parrott Pumping Station and Fish Screen Project, May 21, 1996.
 - C. Negative Declaration for the Proposed M&T Pumping Relocation and Fish Screen, prepared by DFG, May 21, 1996.
 - D. Notice of Determination, M&T/Parrott Pumping Plant and Fish Screen, May 21, 1996.
 - E. The State Water Board has considered the environmental effects of the 1707 petition as described in the Mitigated Negative Declaration (MND) and the ND prepared for this project. The MND identifies significant environmental effects and proposed mitigation measures required at the Sacramento River pumping plant site, which is not part of the petition project before the State Water Board. There are no identified significant environmental effects for the 1707 petition project in either the MND or the ND. Therefore, no findings by the State Water Board pursuant to California Code of Regulations, Title 14, section 15091 are necessary. The State Water Board, Division of Water Rights has issued a Notice of Determination for this project.
7. DFG has installed real-time monitoring stations on Butte Creek to monitor the flows in the reach affected by the petitions. The flow measuring locations are as follows. All locations are within California Coordinate System, Zone 2:
 - A. D.W.R. Gaging Station - Butte Creek near Chico. North 750,000 feet and East 2,082,200 feet, being within the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of section 36, T22N, R2E, MDB&M (Map Point 2)
 - B. D.W.R. Gaging Station - Parrott Diversion from Butte Creek, North 744,200 feet and East 2,070,500 feet, being within the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of section 4, T21N, R2E, MDB&M (Map Point 3)
 - C. D.W.R. Gaging Station - Butte Creek near Durham, North 732,600 feet and East 2,062,800 feet, being within the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of projected section 17, T21N, R2E, MDB&M (Map Point 4)
 - D. D.W.R. Gaging Station - Willow Slough at Sutter Bypass West Borrow Pit, North 454,750 feet and East 2,106,250 feet, being within the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of section 3, T12N, R3E, MDB&M (Map Point 9)

- E. D.W.R. Gaging Station - Sacramento Slough Near Karnak, North 407,600 feet and East 2,098,850 feet, being within the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of projected section 21, T11N, R3E, MDB&M (Map Point 10)

Should any gaging stations be discontinued or rendered inoperable, the Petitioners shall inform the Division within 30 days of the date the gage is discontinued or becomes inoperable and shall submit a plan for measuring the flows for approval of the Chief, Division of Water Rights. The plan shall be submitted within 60 days of the date a gage is no longer operable and the plan shall be implemented in accordance with a schedule of implementation approved by the Division Chief. The Petitioners may be required to repair or re-install the gages in order to measure the flows required by this order.

8. In order to ascertain when water is being dedicated to instream uses, it will be necessary for the petitioner to measure the instantaneous rate of diversion and the cumulative quantity of water (a) instream and (b) diverted for consumptive use at all points of diversion, including the Sacramento River pumping plant.
9. The State Water Board standard water right terms pertaining to continuing authority, water quality objectives, protection of endangered species, and the need for DFG stream alteration agreement shall be included in the order approving the petition.
10. The State Water Board has determined that changes to the water rights do not constitute initiation of a new right, and do not injure prior rights or the public trust resources of the State.
11. The instream flow dedication is subject to the terms and conditions of the Butte Creek Adjudication; including limits on diversions based on priority of rights. Amended licenses and amended permits shall be issued that reflect the conditions of this order and the Decree (including any supplemental Decrees).

NOW, THEREFORE, IT IS ORDERED:

That the petitions are denied for Permits 4743, 4744, 5847 and 5848 (Applications 8559, 8565, 9735 and 9736).

That the petition to change Petitioner's water rights is approved subject to the following conditions:

1. The water dedicated to the environment pursuant to Water Code section 1707, shall not exceed 40 cfs, at Parrott-Phelan Dam, during April 1 through June 30 and October 1 through March 31 of the succeeding year, from point #11 (on map) North 406,850 feet and East 2,105,250 feet, downstream limit to point #3 North 744,200 feet and East 2,070,500 feet, upstream limit, under all rights combined. The change in purpose of use to add fish and wildlife enhancement is approved.
2. The M&T petition is approved pursuant to License 2614 in the amount of 3.33 cfs of first priority water and is also approved pursuant to License 2614 in the amount of 16.67 cfs of second priority water. Said water is derived from Feather River imports to Butte Creek. The authorized diversion period is January 1 through March 31 each year.
3. The M&T petition is approved pursuant to License 2617 in the amount of 3.33 cfs of first priority water and is also approved pursuant to License 2617 in the amount of 16.67 cfs of second priority water. Said water is derived from Feather River imports to Butte Creek. The authorized diversion period is April 1 through June 30 and October 1 through December 31 each year.
4. The Parrott petition is approved pursuant to License 2615 in the amount of 3.33 cfs of first priority water and is also approved pursuant to License 2615 in the amount of 16.67 cfs of second priority water. Said water is derived from Feather River imports to Butte Creek. The authorized diversion period is January 1 through March 31 each year.
5. The Parrott petition is approved pursuant to License 2616 in the amount of 3.33 cfs of first priority water and is also approved pursuant to License 2616 in the amount of 16.67 cfs of second priority

water. Said water is derived from Feather River imports to Butte Creek. The authorized diversion period is April 1 through June 30 and October 1 through December 31 each year.

6. This Order does not authorize diversion in excess of the quantities recognized in the Butte Creek Adjudication Decree, under all basis of right combined.
7. No water shall be diverted pursuant to this order until the Petitioners submit a plan for daily measurement of the flows remaining instream pursuant to the 1707 petition under Licenses 2614, 2615, 2616 and 2617. The plan shall utilize the gage locations listed below. The plan shall distinguish water diversions under the Petitioners licensed rights from diversions by other Decreed right holders. The plan shall be submitted within 60 days of the date of this order for review, modification and approval of the Chief, Division of Water Rights. The plan shall be subject to review and consultation with the Butte Creek Watermaster prior to submittal to the State Water Board to ensure that it is sufficient for purposes of monitoring compliance with the Decree.
8. The flow measuring locations shall be as follows. All locations are within California Coordinate System, Zone 2:
 - i. D.W.R. Gaging Station - Butte Creek near Chico. North 750,000 feet and East 2,082,200 feet, being within the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of section 36, T22N, R2E, MDB&M (Map Point 2)
 - ii. D.W.R. Gaging Station - Parrott Diversion from Butte Creek, North 744,200 feet and East 2,070,500 feet, being within the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of section 4, T21N, R2E, MDB&M (Map Point 3)
 - iii. D.W.R. Gaging Station - Butte Creek near Durham, North 732,600 feet and East 2,062,800 feet, being within the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of projected section 17, T21N, R2E, MDB&M (Map Point 4)
 - iv. D.W.R. Gaging Station - Willow Slough at Sutter Bypass West Borrow Pit, North 454,750 feet and East 2,106,250 feet, being within the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of section 3, T12N, R3E, MDB&M (Map Point 9)
 - v. D.W.R. Gaging Station - Sacramento Slough Near Karnak, North 407,600 feet and East 2,098,850 feet, being within the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of projected section 21, T11N, R3E, MDB&M (Map Point 10)

Should any gaging stations be discontinued or rendered inoperable, the Petitioners shall inform the Division within 30 days of the date the gage is discontinued or becomes inoperable. The Petitioners shall submit a flow measurement plan within 60 days of the date a gage is no longer operable for modification and approval by the Chief, Division of Water Rights. The plan shall be subject to review and consultation with the Butte Creek Watermaster prior to submittal to the State Water Board to ensure that it is sufficient for purposes of monitoring compliance with the Decree. The plan shall be implemented in accordance with a schedule of implementation approved by the Division Chief. The Permittee may be required to repair or re-install the gages in order to measure the flows required by this order.

(0510900)

9. The Petitioner shall report to the State Water Board on the triennial Report of Licensee (a) daily compliance with the maximum rate of diversion for each license, (b) a daily record of total diversions under each license, and (c) a daily record of the quantity dedicated to the environment, pursuant to the 1707 petition. No credit shall be given for the 1707 petition flows unless the required documentation is timely submitted.

(0510900)

10. The State Water Board may supervise diversion and use of water under this order for the protection of lawful users of water and instream beneficial uses and for compliance with the conditions. The Petitioner shall allow representatives of the State Water Board and other parties, as may be authorized from time to time by the State Water Board, reasonable access to project works to

determine compliance with the terms of this order.

11. Pursuant to California Water Code sections 100 and 275 and the common law public trust doctrine, all rights and privileges under this order, including method of diversion, method of use, and quantity of water diverted, are subject to the continuing authority of the State Water Board in accordance with law and in the interest of the public welfare to protect public trust uses and to prevent waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion of said water.

The continuing authority of the State Water Board may be exercised by imposing specific requirements over and above those contained in this order with a view to eliminating waste of water and to meeting the reasonable water requirements of Petitioner without unreasonable draft on the source. Petitioner may be required to implement a water conservation plan, features of which may include but not necessarily be limited to: (1) reusing or reclaiming the water allocated; (2) using water reclaimed by another entity instead of all or part of the water allocated; (3) restricting diversions so as to eliminate agricultural tailwater or to reduce return flow; (4) suppressing evaporation losses from water surfaces; (5) controlling phreatophytic growth; and (6) installing, maintaining, and operating efficient water measuring devices to assure compliance with the quantity limitations of this order and to determine accurately water use as against reasonable water requirement for the authorized project. No action will be taken pursuant to this paragraph unless the State Water Board determines, after notice to affected parties and opportunity for hearing, that such specific requirements are physically and financially feasible and are appropriate to the particular situation.

The continuing authority of the State Water Board also may be exercised by imposing further limitations on the diversion and use of water by the Petitioner in order to protect public trust uses. No action will be taken pursuant to this paragraph unless the State Water Board determines, after notice to affected parties and opportunity for hearing, that such action is consistent with California Constitution article X, section 2; is consistent with the public interest and is necessary to preserve or restore the uses protected by the public trust.

(0000012)

12. The quantity of water diverted under this water right issued pursuant thereto is subject to modification by the State Water Board if, after notice to the Petitioner and an opportunity for hearing, the State Water Board finds that such modification is necessary to meet water quality objectives in water quality control plans which have been or hereafter may be established or modified pursuant to Division 7 of the Water Code. No action will be taken pursuant to this paragraph unless the State Water Board finds that: (1) adequate waste discharge requirements have been prescribed and are in effect with respect to all waste discharges which have any substantial effect upon water quality in the area involved, and (2) the water quality objectives cannot be achieved solely through the control of waste discharges.

(0000013)

13. This order does not authorize any act that results in the taking of a threatened or endangered species or any act that is now prohibited, or becomes prohibited in the future, under either the California Endangered Species Act (Fish and Game Code sections 2050 to 2097) or the federal Endangered Species Act (16 U.S.C.A. sections 1531 to 1544). If a "take" will result from any act authorized under this water right, the water right holder shall obtain authorization for an incidental take prior to construction or operation of the project. Water right holder shall be responsible for meeting all requirements of the applicable Endangered Species Act for the project authorized under this permit.

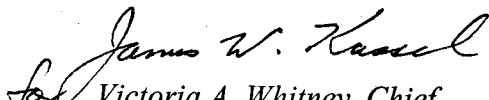
(0000014)

14. The instream flow dedication is subject to the terms and conditions of the Butte Creek Adjudication, "In the Matter of the Determination of the Rights of the Various Claimants to the Waters of that Portion of Butte Creek and Its Tributaries Situated Above the Western Dam near Nelson, in Butte County, California", Butte County Superior Court, Case No. 18917 and the December 16, 1946 Supplemental Decree regarding diversion limits and water right priorities. This order does not authorize diversion of water under any water rights, or portions thereof, which have been forfeited or lost through non-use for five or more years.

The water that is the subject of this petition will be diverted by Reclamation pursuant to its water rights on the Sacramento River in order to implement the water delivery contract with the Petitioners. Therefore, the instream flow dedicated to the environment pursuant to the 1707 petition water is not available for transfer to other parties (other than Reclamation and its contractors) downstream of Butte Creek.

15. The decree limits total diversions under Licenses 2615 and 2616 to 53.33 cfs (in combination with claimed pre-1914 appropriative rights) and also limits total diversions under Licenses 2614 and 2617 to 53.33 cfs (in combination with claimed pre-1914 appropriative rights). When water is being dedicated to instream flow, the total diversion for consumptive use at Parrott-Phelan Dam pursuant to: (a) Licenses 2615 and 2616 and any pre-1914 rights shall be 53.33 cfs minus the instream flow dedication and (b) Licenses 2614 and 2617 and any pre-1914 rights shall be 53.33 cfs minus the instream flow dedication.
16. This order does not authorize diversion and use of Butte Creek natural flow.
17. Amended water right licenses shall be issued to reflect the conditions of this order and the diversion limits specified in the Decree. The amended licenses shall contain all existing license conditions, unless specifically amended by this order.
18. Amended water right permits shall be issued to reflect the diversion limits specified in the Decree and supplemental Decree. The amended permits shall contain order conditions 8, 9, 10 and 11 in addition to all existing permit conditions, unless specifically amended by this order.

STATE WATER RESOURCES CONTROL BOARD


Victoria A. Whitney, Chief
Division of Water Rights

Dated: **JAN 25 2008**