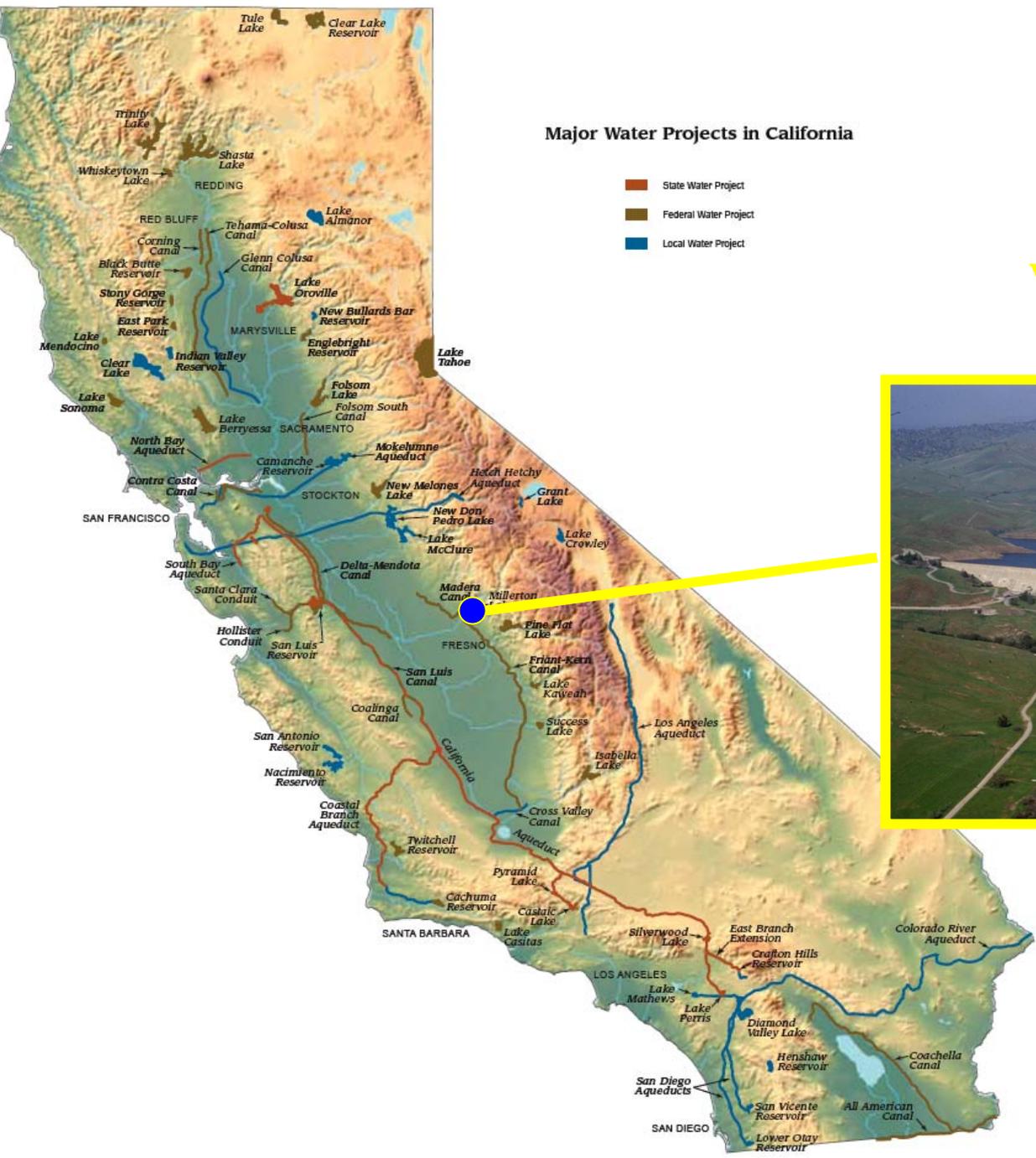


San Joaquin River Settlement Water Supply Impacts And Water Management Goal



By
Ronald D. Jacobsma
General Manager
Friant Water Authority

Friant Division Service Area and Contractors

Service Area

Merced County
Madera County
Fresno County
Tulare County
Kern County

1,000,000 Acres

15,000 Farmers

\$4B+ Ag Economy

Ag Water Contractors

Alpaugh I.D.

Arvin-Edison W.S.D.

Atwell Island W.D.

Chowchilla W.D.

Delano-Earlimart I.D.

Exeter I.D.

Fresno I.D.

Garfield W.D.

Hills Valley I.D.

International W.D.

Porterville I.D.

Rag Gulch W.D.

Saucelito I.D.

Shafter-Wasco I.D.

Southern San
Joaquin M.U.D.

Stone Corral I.D.

Tea Pot Dome W.D.

Terra Bella I.D.

Tulare I.D.

Ivanhoe I.D.

Kern-Tulare W.D.

Lewis Creek W.D.

Lindmore I.D.

Lindsay-Strathmore I.D.

Lower Tule River I.D.

Madera I.D.

Orange Cove I.D.

Pixley I.D.

M&I Contractors

City of Fresno

City of Orange
Cove

City of Lindsay

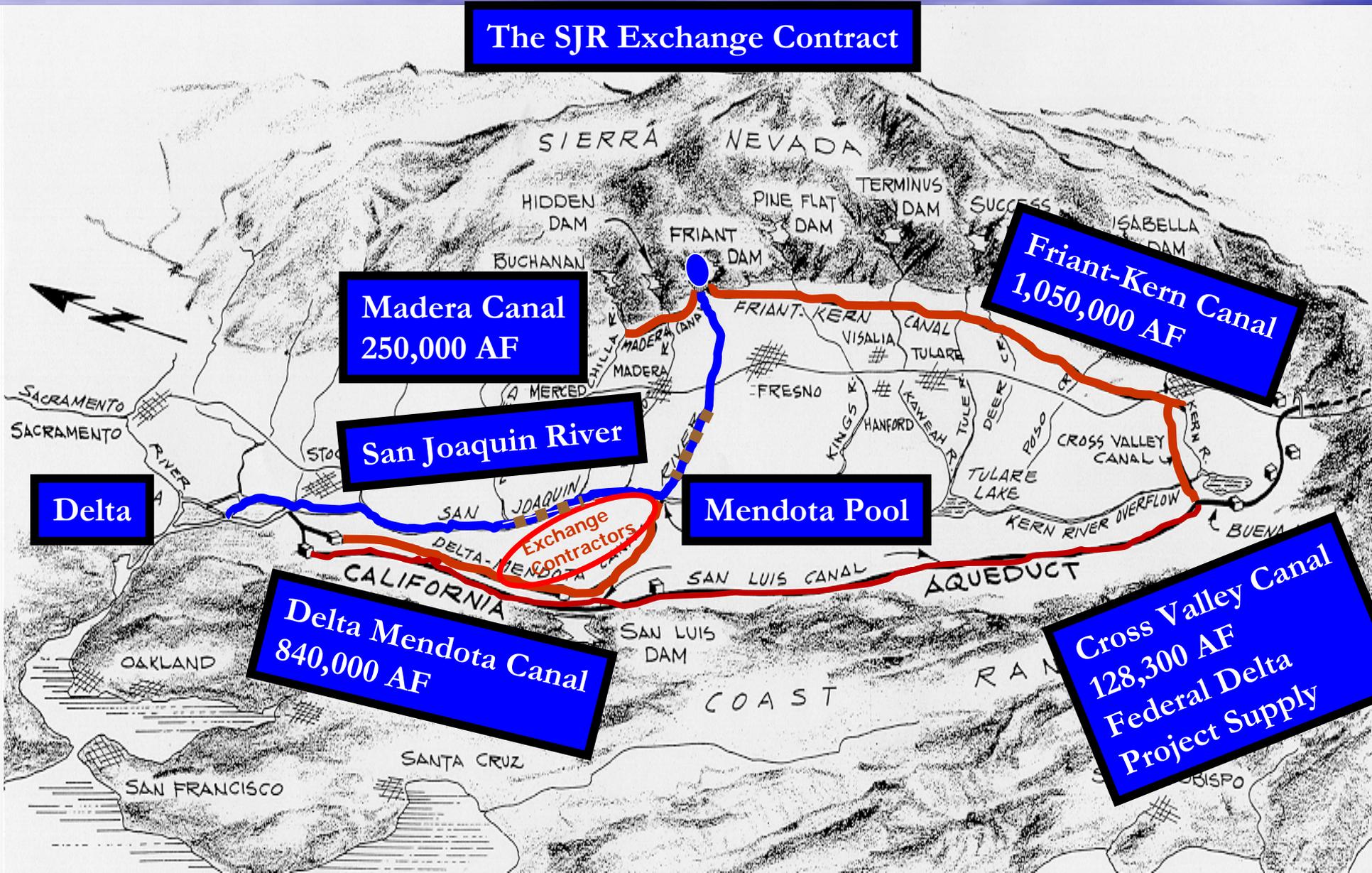
Fresno Co. WWD #18

Madera County



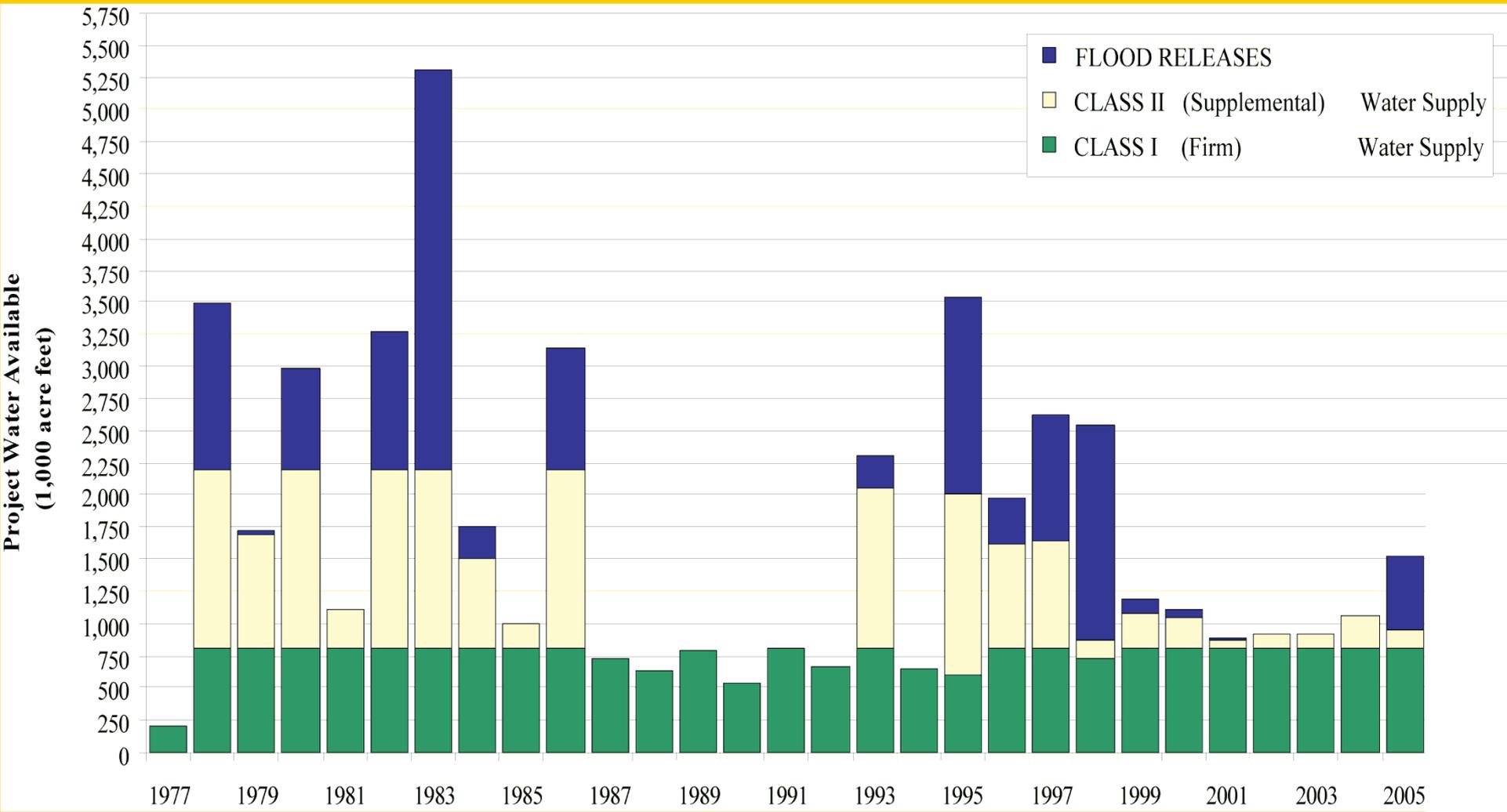
How The Friant Division Works

The SJR Exchange Contract



Friant Division

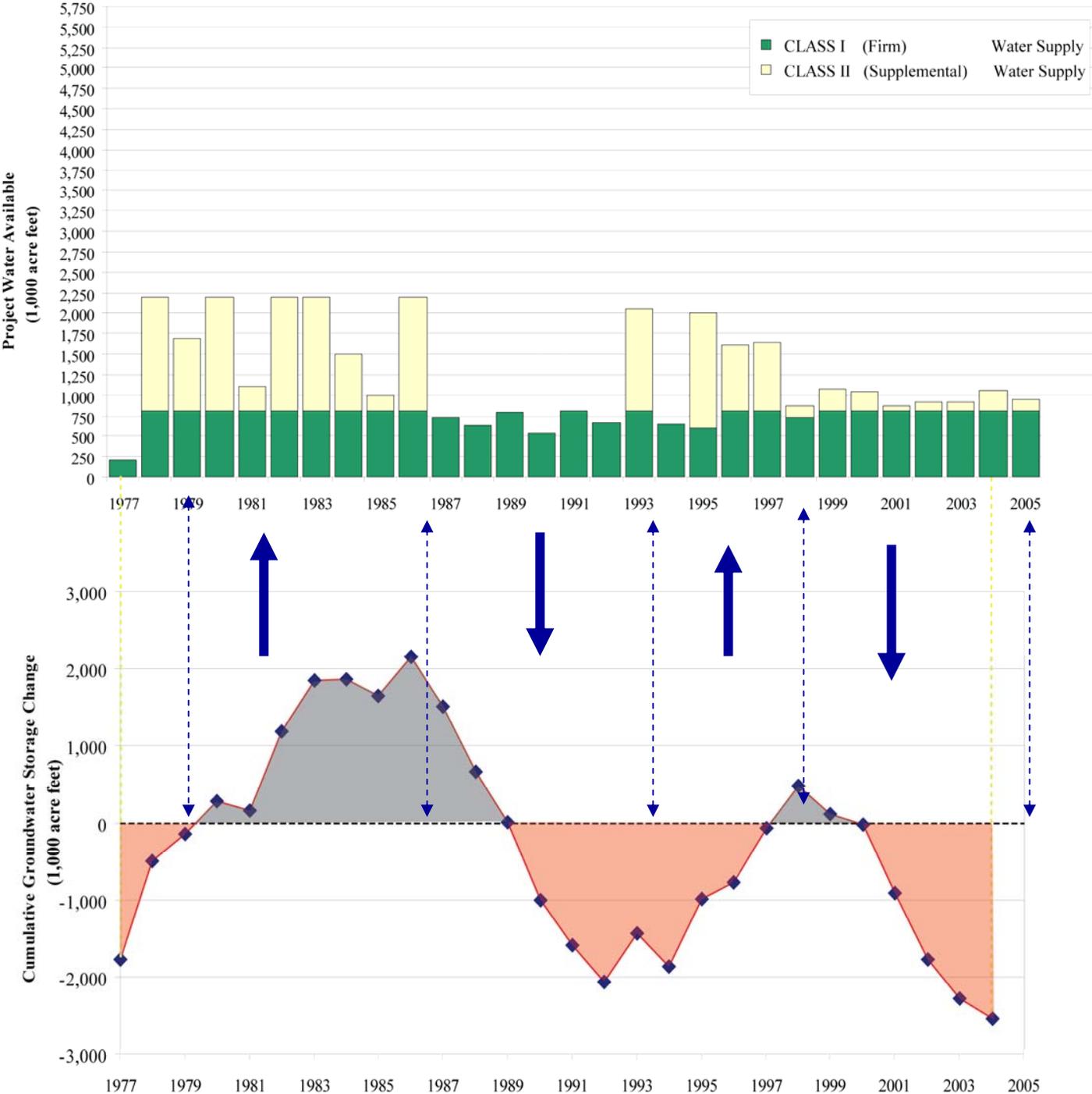
Flood Releases



Friant Division

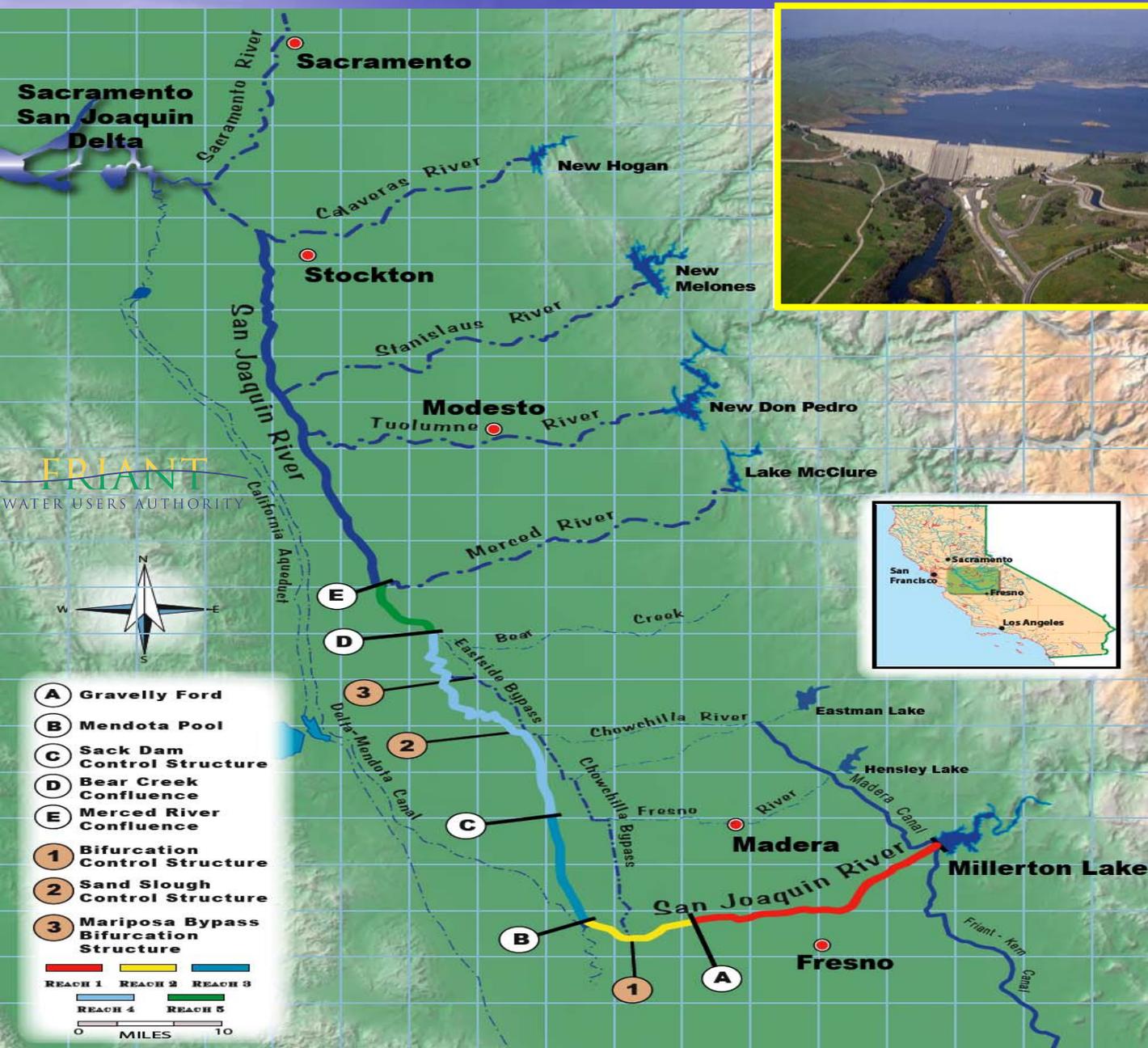
Class 2

Water Supply and Groundwater Storage Relationship



**Cumulative
Groundwater
Storage Change**

SJR Restoration Sections



Why settle?

From Friant Contractors' perspective:

1. Judge Karlton had ruled Friant operations violated State F&G Code 5937 for the "historic" salmon fishery downstream. The "remedy" phase of the trial was forthcoming.
2. Significant uncertainty as to what the water supply impacts would be, particularly if a Court imposed "Master" had broad authority to implement "adaptive management", as advocated by the Plaintiffs in the litigation.
3. Significant uncertainty as to the costs of litigation, and the potential significant increase in water and possibly restoration funding costs to Friant Contractors and to all CVP contractors (as the CVP is financially integrated).

Why Settle? - continued

4. Settlement is a global settlement –

- It resolves all claims (ESA, NEPA, Rec Law, F&G 5937, etc.)
- It affirms that the long term renewal contracts entered into by the Friant Contractors in 2001 are valid and full force and effect and provides for minor amendments to refer to the Settlement Agreement.

Why Settle? - continued

5. Settlement and enabling legislation provide water recovery opportunities

- Recirculation downstream of confluence with the Merced River (and upstream if due to channel restrictions)
- Reduced price “wet year” (RWA) water
- Canal conveyance capacity improvements
- Reverse pumping on FKC for recirculation
- Authorization for federal funding assistance for Groundwater programs
- Relief from certain CVPIA water transfer provisions

Why Settle? - continued

6. Opportunity to convert Water Service Contracts to perpetual Repayment Contracts

- Greater contract certainty – no further renewals
- Accelerated repayment using a discount factor and future price relief for irrigation contracts – intent that no cost for conversion and up front funding for Settlement
- Relief from certain RRA land use and pricing provisions

Restoration Flows

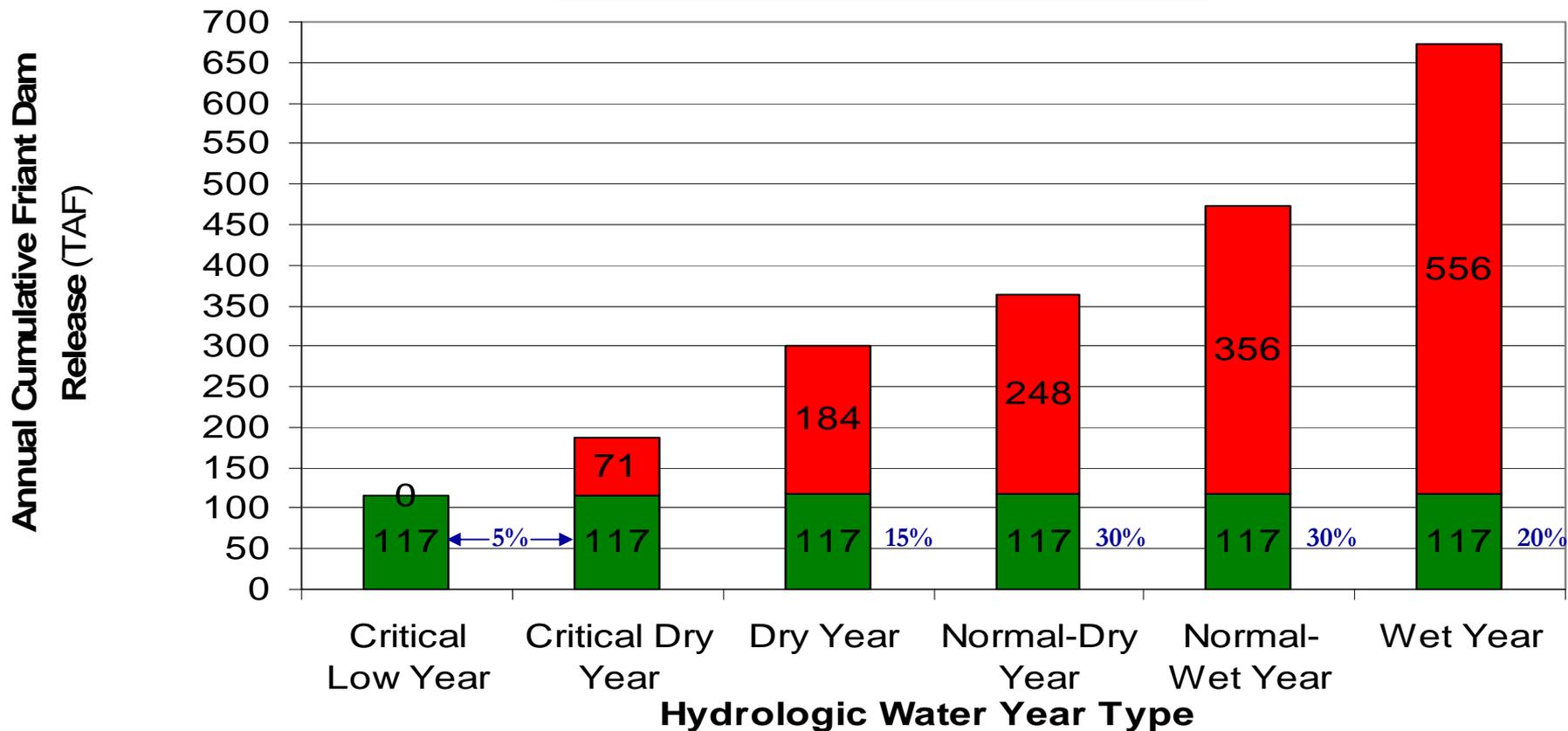
Friant Dam Restoration Base Flows*

Riparian Flows (Current Release) and Full Restoration Flows

Interim Flows Begin 2009

Full Restoration Flows Required by January 1, 2014

■ Riparian Flow ■ Full Restoration Release



* "Buffer Flows" of up to 10% of Base flows may be added in any year

(Frequency)

SJR Implementation

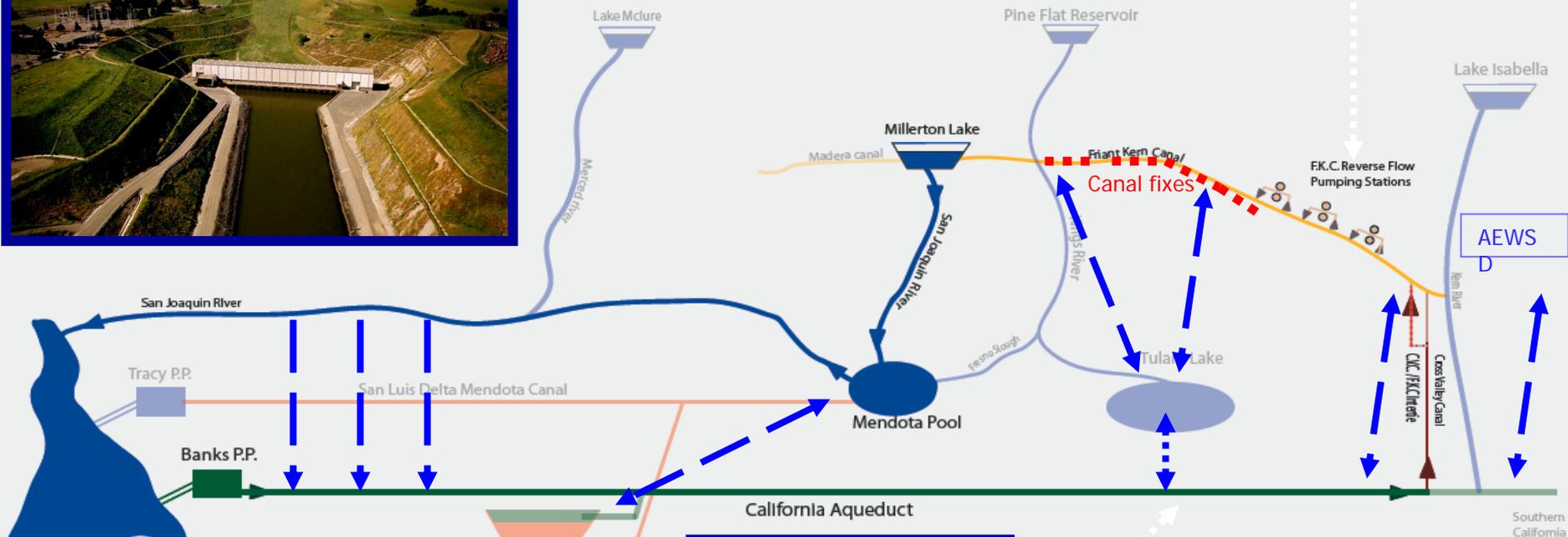
October 1, 2009-September 30, 2010

Interim Flow releases: (less than full normal-wet year flows due to channel restrictions)	260,000 a.f.
Recirculated Water: (all via Mendota Pool)	42,000 a.f.
RWA water (\$10/a.f.-aids in GW recharge):	82,000 a.f.

Water Management Goal

Friant Division

Recirculation: Lower SJR, Delta, Exchanges, Cross Valley Canal, AEWS D

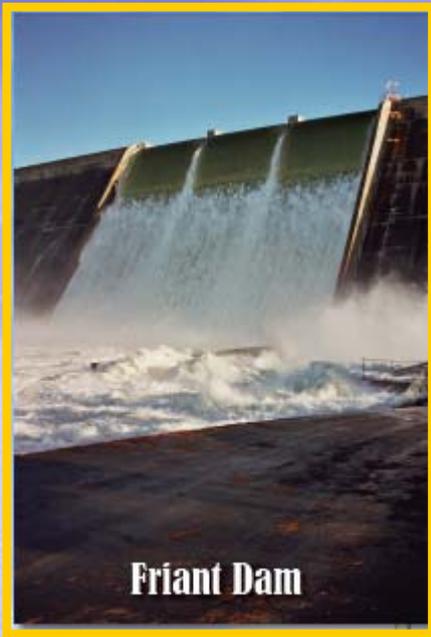


Sacramento and San Joaquin River Delta

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	



Friant Dam Inflow
1,800 TAF/yr

Millerton
Lake
520 TAF

450,000
AF Average
Annual Flood
Releases To
SJR *

1,250,000 AF
delivered FKC
and MC

* Based on the past 30 years
approximately 14 million AF of water
supplies have been lost as flood flows

Status of Water Management Goal

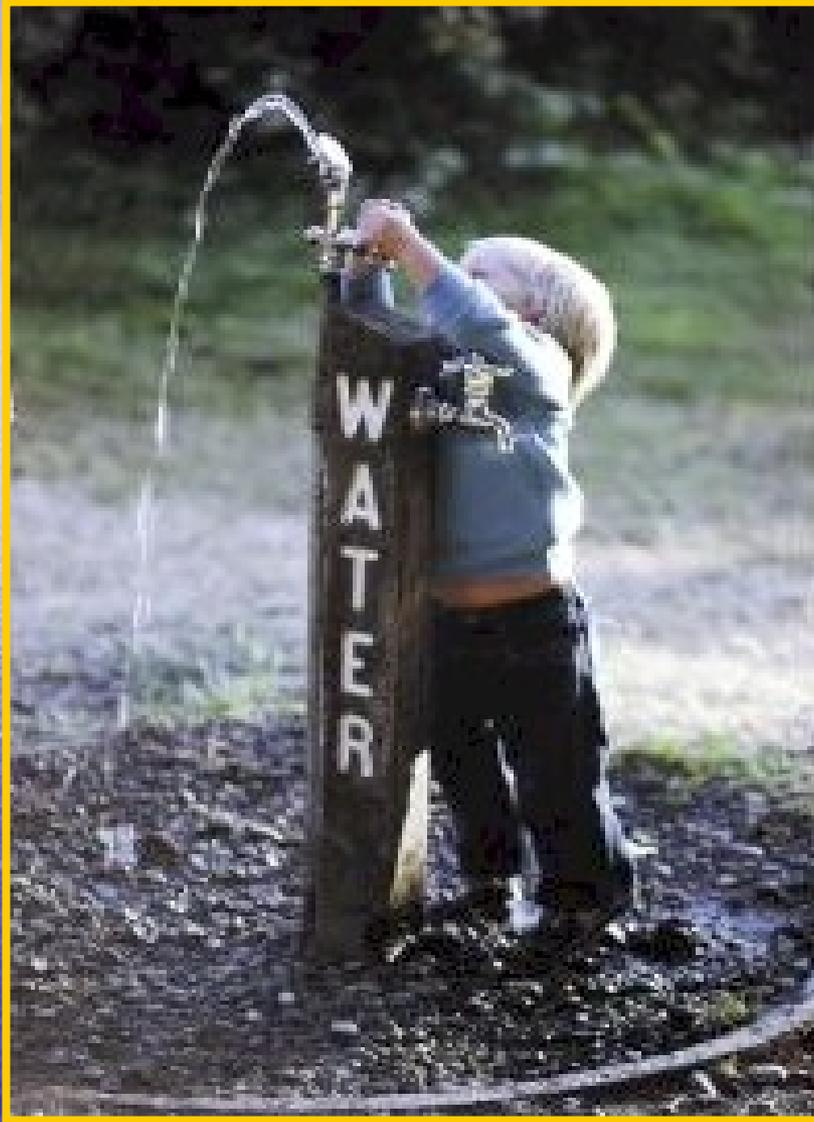
- Initial Recirculation Plan to be developed
 - Interim recirculation due to channel restrictions are via Mendota Pool and Friant Contractor exchange/conveyance proposals
 - Delta Operations
 - Lower San Joaquin River evaluation
 - Conveyance Agreements (e.g., DWR)
 - Exchange/Transfer Agreements
- Recovered Water Account (RWA)
 - Accounting methodology
 - Availability determinations

WMSG Status, cont.

- Friant-Kern Canal (FKC) and Madera Canal rehabilitation
 - Feasibility, environmental study, funding
 - Construction
- FKC reverse Pump-back
 - Operational evaluation
 - Feasibility/sizing
 - Funding
- Groundwater Programs
 - Settlement Act Part III Guidelines
 - Funding

Potential Consequences of Failure to Meet Water Management Goal

<p><u>Estimated Friant LT Irrigation water contractor impacts (no third parties)</u></p>	<p style="text-align: center;"><u>SETTLEMENT</u> Without buffer flows and NO recovery of water supplies. THIS IS BEST CASE IMPACT TO BE MITIGATED BY WATER MANAGEMENT GOAL.</p>
<p>Reduction in Water Deliveries</p>	<p style="text-align: center;">145,000 acre-feet</p>
<p>Current Riparian Releases</p>	<p style="text-align: center;">117,000 acre-feet</p>
<p>Additional Releases for Fisheries</p>	<p style="text-align: center;">320,000 acre-feet</p>
<p>Remaining Flood Releases</p>	<p style="text-align: center;">140,000 acre-feet</p>
<p>Farm land out of production</p>	<p style="text-align: center;">51,300 acres</p>
<p>Lost Crop Production</p>	<p style="text-align: center;">\$159.3 million direct \$264.9 million total</p>
<p>Income Impact</p>	<p style="text-align: center;">\$36.6 million direct \$80.7 million total</p>
<p>Employment Impact (jobs lost)</p>	<p style="text-align: center;">1,360 direct 3,070 total</p>



Questions?