

AMENDMENT NO. 1 TO THE  
CALIFORNIA AGREEMENT FOR THE CREATION AND DELIVERY OF  
EXTRAORDINARY CONSERVATION INTENTIONALLY CREATED SURPLUS

This AMENDMENT TO THE CALIFORNIA AGREEMENT FOR THE CREATION AND DELIVERY OF EXTRAORDINARY CONSERVATION INTENTIONALLY CREATED SURPLUS (Amendment) is entered into as of this 20<sup>th</sup> day of October, 2015 by and among the PALO VERDE IRRIGATION DISTRICT (PVID), the IMPERIAL IRRIGATION DISTRICT (IID), THE COACHELLA VALLEY WATER DISTRICT (CVWD), THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (MWD), and the CITY OF NEEDLES (NEEDLES), (collectively, the Parties).

RECITALS

A. On December 13, 2007, the Parties entered into the CALIFORNIA AGREEMENT FOR THE CREATION AND DELIVERY OF EXTRAORDINARY CONSERVATION INTENTIONALLY CREATED SURPLUS (Agreement). The Agreement established the terms and conditions for the creation, accumulation, and delivery of Extraordinary Conservation Intentionally Created Surplus (EC ICS) by California contractors pursuant to the 2007 Interim Guidelines for Lower Basin Shortages and Coordinated Operations of Lake Powell and Lake Mead.

B. The Agreement includes terms under which IID can store conserved water in Lake Mead and in MWD's system. IID desires to increase conservation to create additional conserved water that can be stored in MWD's system. The Parties intend this Amendment to govern IID's storage of water in MWD's system only after IID has stored the existing yearly or cumulative maximum amounts of water under the terms of the Agreement. Thus, water stored in MWD's system up to the existing yearly or cumulative maximums will be governed under the terms of the Agreement and additional water stored in MWD's system will be governed under this Amendment. To the extent this Amendment does not change provisions in the Agreement, the Agreement continues to govern water stored in MWD's system.

C. This Amendment will provide MWD temporary assistance during the ongoing California drought, which has reduced MWD's water supplies from the State Water Project, whereby MWD may have temporary access to the water stored by IID in MWD's system prior to the return of the water to IID. This Amendment provides for the storage of water and does not provide for the transfer of water or water rights. Nor does it create a new project for the utilization of water for a purpose beyond those included within the Agreement. Nor does it provide for any use or consumption of water outside the amounts of ordinary annual fluctuation in IID's water use already authorized by existing law.

NOW, THEREFORE, the Parties hereby agree as follows:

## AMENDMENT

1. During each of the years 2015, 2016, and 2017 in which IID reaches the yearly or cumulative maximum storage amounts under Sections 1, 2, and 3 of the Agreement, IID may create and deliver up to an additional 75,000 acre-feet of Excess EC ICS (Additional Excess EC ICS) to MWD's system in accordance with Section 2 of the Agreement. The limit on the amount of Excess EC ICS that IID may accumulate in MWD's system in Section 3 of the Agreement is raised to 200,000 acre-feet.

2. IID may, with the written consent of MWD, which shall not be unreasonably withheld, use on-farm and system conservation measures to create Additional Excess EC ICS, provided the water conserved meets the definition of "conserved water" under Section 1.1(17) of the Quantification Settlement Agreement, and provided that IID consults with MWD regarding the conservation savings methodology prior to any storage request. After such consultation, MWD may reasonably withhold consent to the request for storage in MWD's system of Additional Excess EC ICS created by on-farm and system conservation measures if MWD and IID cannot reach agreement on the quantity of water conserved. Notwithstanding the foregoing, MWD generally recognizes the conservation savings methodology of the IID on-farm efficiency conservation program as of the date of this Amendment, provided that IID consults with MWD and agreement is reached on the quantity of water conserved.

3. For the return to IID of any Additional Excess EC ICS created by IID and delivered to MWD's system under this Amendment, the following terms apply to the Additional Excess EC ICS in lieu of the terms contained in Section 6 of the Agreement:

- (a) Subject to Subsections (b), (c), and (d) below, MWD will return Additional Excess EC ICS upon written request delivered to MWD by IID sixty (60) days prior to the earliest of the following dates: (i) the date on which annual water diversion or consumptive use estimates are due, (ii) the date that annual ICS delivery plans or requests are due, or (iii) the date annual plans for or volumes of payback of inadvertent overruns are due, to be delivered to the United States Bureau of Reclamation for the year in which return is requested.
- (b) MWD will submit the required documentation and follow the required procedures to ensure delivery to IID of the amount of Colorado River water required for return of the Additional Excess EC ICS requested by IID pursuant to this Amendment. If IID intends to use water returned by MWD to offset a potential IID inadvertent overrun or conservation shortfall, IID must provide written notice to MWD, whereupon IID and MWD will consult on how to return the water within the terms of this Amendment.
- (c) MWD's return requirement shall not exceed the lesser of 50,000 acre-feet in any one year; or, if the return is made in a calendar year in which MWD's member agencies are under a shortage allocation, fifty percent (50%) of the cumulative amount of Additional Excess EC ICS created by IID and delivered to MWD's system.

(d) When IID makes a written request for delivery of Additional Excess EC ICS, the amount returned will be reduced by five percent (5%), except that during any calendar year from 2017 to 2019, MWD shall waive the five percent (5%) reduction for the quantity of water requested for delivery and not returned to IID. Commencing in 2020, the cumulative balance of IID's Additional Excess EC ICS shall be reduced by three percent (3%) for each calendar year including the year prior to the return of the water to IID, except that the three percent (3%) annual reduction does not apply for any year in which MWD's member agencies are under a shortage allocation.

4. IID will defend and indemnify MWD from any claim or liability arising from this Amendment, except for any procedural challenge brought under the Brown Act or the Metropolitan Water District Act relating to MWD's approval or execution of this Amendment.

5. Within 60 days of the date of this Amendment either IID or MWD may terminate this Amendment upon written notice to all Parties. Such termination shall be effective solely to this Amendment. No such termination shall apply to the Agreement, which shall remain in full force and effect.

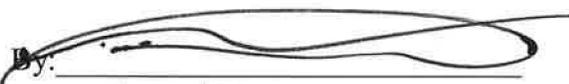
6. PVID, CVWD, and Needles hereby forbear any right to delivery of any Additional Excess EC ICS that is delivered to or created by MWD or IID in accordance with this Amendment.

7. By written agreement, the Parties may extend the years in which this Amendment applies.

8. All provisions of the Agreement not modified by this Amendment remain in effect.

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

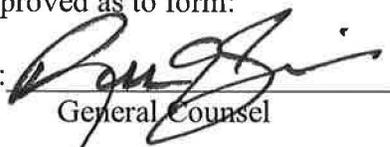
Attest:

By:   
General Manager

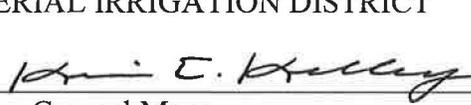
PALO VERDE IRRIGATION DISTRICT

By:   
Chair

Approved as to form:

By:   
General Counsel

IMPERIAL IRRIGATION DISTRICT

By:   
General Manager

Approved as to form:

By: \_\_\_\_\_  
City Attorney

CITY OF NEEDLES

By: \_\_\_\_\_  
Mayor

Approved as to form:

By: Sam B. Auster  
Legal Counsel

COACHELLA VALLEY WATER DISTRICT

By: [Signature]  
General Manager

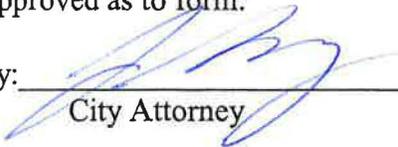
Approved as to form:

By: Michael W. Hughes for  
General Counsel

THE METROPOLITAN WATER DISTRICT OF  
SOUTHER CALIFORNIA

By: [Signature]  
General Manager

Approved as to form:

By:   
City Attorney

CITY OF NEEDLES

By:   
Mayor

Approved as to form:

By: \_\_\_\_\_  
Legal Counsel

COACHELLA VALLEY WATER DISTRICT

By: \_\_\_\_\_  
General Manager

Approved as to form:

By: \_\_\_\_\_  
General Counsel

THE METROPOLITAN WATER DISTRICT OF  
SOUTHER CALIFORNIA

By: \_\_\_\_\_  
General Manager