Truckee River Operating Agreement

September 2008
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TRUCKEE RIVER OPERATING AGREEMENT

This Agreement is made this 6th day of September 2008 by and among United States of America (hereinafter “United States”), State of California (hereinafter “California”), State of Nevada (hereinafter “Nevada”), Truckee Meadows Water Authority (hereinafter “Water Authority”), Pyramid Lake Paiute Tribe of Indians (hereinafter “Pyramid Tribe”), Washoe County Water Conservation District (hereinafter “Conservation District”), City of Reno, Nevada (hereinafter “Reno”), City of Sparks, Nevada (hereinafter “Sparks”), City of Fernley, Nevada (hereinafter “Fernley”), Washoe County, Nevada (hereinafter “Washoe County”), Sierra Valley Water Company, Truckee Donner Public Utility District, North Tahoe Public Utility District, Carson-Truckee Water Conservancy District, and Placer County Water Agency.

RECITALS

1. Entitlement to the waters stored in Lake Tahoe, and from the Truckee River and its tributaries, and the manner in which Truckee River Reservoirs are operated, have for decades been the subjects of extensive litigation involving many of the Signatory Parties to this Agreement and others.

2. In 1990 Congress enacted, and on November 16, 1990, the President signed into law, the Settlement Act.

3. Section 205 of the Settlement Act directs the Secretary to negotiate an operating agreement, for operation of Truckee River Reservoirs, among at least California, Nevada, Power Company, Pyramid Tribe, and United States. Section 205 further provides that Truckee River Reservoirs shall be operated to accomplish certain specified objectives, including implementing the provisions of the Preliminary Settlement Agreement between Power Company and Pyramid Tribe, as modified by the Ratification Agreement of the United States, and may be operated to realize additional benefits and objectives. The Preliminary Settlement Agreement, as modified by the Ratification Agreement, provides for changes in the exercise of Power Company’s existing water rights to benefit threatened and endangered Pyramid Lake Fishes, and to provide an adequate supply of water for Reno and Sparks and surrounding areas during periods of drought.

4. This Agreement is negotiated pursuant to Section 205 of the Settlement Act. Portions of this Agreement must be submitted to the Courts in United States v. Orr Water Ditch Company, et al., in Equity, Docket No. A 3 (D. Nev.) (Sept. 8, 1944), and United States v. Truckee River General Electric Company, now No. S-643 (E.D. Calif.), originally entered in No. 14861 (N.D. Calif.) (1915) for approval of any necessary modifications in the provisions of the Orr Ditch Decree and the Truckee River General Electric Decree.

5. Section 204 of the Settlement Act provides for allocation of the waters of Lake Tahoe, and of the Truckee and Carson Rivers, between California and Nevada. A California-Nevada Interstate Compact providing for the allocation of these waters was approved in 1971 by
California and Nevada, but was never ratified by Congress. Section 204 of the Settlement Act becomes effective only when this Agreement enters into effect. This Agreement establishes certain procedures for implementing Section 204 of the Settlement Act.

6. Pursuant to the Truckee River General Electric Decree, and the Orr Ditch Decree, including the Truckee River Agreement, Releases from Lake Tahoe and Boca Reservoir have been managed to maintain Floriston Rates and Reduced Floriston Rates, as applicable. In addition, water has been Passed-Through Truckee River Reservoirs to contribute to the maintenance of Floriston Rates and Reduced Floriston Rates, and to conserve Floriston Rate Water in Lake Tahoe and Boca Reservoir.

7. There have been material changes to many of the conditions extant at the time the Orr Ditch Decree was entered, including, but not limited to, the following:

(a) Irrigation of farmlands within the Truckee Meadows has been reduced from approximately 28,500 acres in 1944 to approximately 3,900 acres in 2007, and Orr Ditch Decree Water Rights formerly used to irrigate farmlands in the Truckee Meadows have been changed in accordance with the provisions of the Orr Ditch Decree to allow for their diversion for Municipal and Industrial Uses.

(b) The combined population of Reno and Sparks and surrounding areas of Washoe County has increased from approximately 39,600 in 1944 to approximately 409,000 in 2006.

(c) Reliance on hydroelectric facilities dependent on water from Lake Tahoe and the Truckee River has decreased substantially.

(d) Use of water stored in Lake Tahoe and from the Truckee River and its tributaries for Municipal and Industrial Uses within Reno and Sparks and surrounding areas of Washoe County has increased from approximately 20,000 acre-feet in 1944 to approximately 70,100 acre-feet in 2006.

(e) United States has constructed additional conservation and flood control storage facilities on tributaries of the Truckee River, including Martis Creek Reservoir, Prosser Creek Reservoir, and Stampede Reservoir.

(f) United States, by regulations known as Operating Criteria and Procedures (referred to in this Agreement as Truckee Canal Diversion Criteria), has limited diversions from the Truckee River to the Newlands Project.

(g) Congress has enacted the Endangered Species Act, Pyramid Lake Fishes have been listed pursuant to that Act, and the Settlement Act conditionally authorizes the use of Stampede and Prosser Creek Reservoirs for the primary benefit of Pyramid Lake Fishes.
Prosser Creek Reservoir has been operated under the Tahoe-Prosser Exchange Agreement in part to coordinate its storage and release of water to allow for minimum releases of water from Lake Tahoe, when releases from Lake Tahoe would not otherwise be required.

The Preliminary Settlement Agreement, which provides for changes in water rights to benefit threatened and endangered species of fish in Pyramid Lake and for an adequate supply of water in Reno and Sparks and surrounding areas during periods of drought, has been entered into.

Pursuant to the settlement of the case brought by Pyramid Tribe against Reno and Sparks, Nevada, and United States Environmental Protection Agency, the Truckee River Water Quality Settlement Agreement was executed providing for the purchase of substantial quantities of Truckee River water rights to enhance water quality and to help achieve water quality standards in the Truckee River and Pyramid Lake.

The changed conditions enumerated in Recital 7, and the recognition that conditions will continue to change in the future, make it desirable to operate the reservoirs in the Lake Tahoe Basin and Truckee River Basin in the more flexible and coordinated manner contemplated in this Agreement, that will, to the maximum extent practicable and without interfering with Orr Ditch Decree Water Rights, meet the multiple water use objectives contemplated in the Settlement Act, including reliable water supply and drought protection for Municipal and Industrial Uses, instream flows for fish and wildlife including threatened and endangered species, water quality, and recreation. This Agreement has been negotiated and executed by the Signatory Parties with the intent to accomplish the objectives and meet the requirements of Section 205 of the Settlement Act.

This Agreement, negotiated pursuant to Section 205 of the Settlement Act, will become, pursuant to that Section, the exclusive federal regulation governing operation of Truckee River Reservoirs. Furthermore, pursuant to the Settlement Act, the Secretary is obligated to carry out the Secretary’s responsibilities under this Agreement in a manner that is fully consistent with the decision in the case of Pyramid Lake Paiute Tribe of Indians v. Morton, 354 F. Supp. 252 (D.D.C. 1973).
NOW, THEREFORE, the Signatory Parties agree as follows:

DEFINITIONS

For purposes of this Agreement, words which appear in bold face and with the first letter capitalized have specially defined meanings as set forth in this definitions section. Where not used in bold face and capitalized, words shall connote their ordinary meaning. In addition, words which may or may not be capitalized, but which do not appear in bold face in the Agreement shall be construed and interpreted as follows:

(a) Place names which are not specifically defined terms shall be deemed to have their usual and customary meaning and geographic location.

(b) The words “simultaneously” and “concurrently” are used interchangeably. An allowance for water travel time may be included if deemed appropriate by the Administrator.

(c) When a period of time is identified as “[Date 1] through [Date 2]” the second date identified shall be the first occurrence immediately following the first date, whether during the same calendar year or the following calendar year.

(d) References to section numbers, unless specifically designated as part of another agreement, regulation, law or document, shall be construed to refer to this Agreement, and unless otherwise specified, shall be construed to include subsections, if any.

(e) Year means a calendar year, unless specifically designated otherwise.

(f) Day means a calendar day, unless specifically designated otherwise.

(g) The word “and” may be interpreted as “and/or” where appropriate.

For purposes of Article Ten, certain terms are defined in Section 10.A.2 and when in bold face and with the first letter capitalized have special meanings for that Article only. Elsewhere in this Agreement they connote their ordinary meaning.

The terms Accumulation, Discharge, Displacement, Spill, Exchange, Establishment, Release, and Impoundment may be used in context as a noun or verb, in singular or plural form, and in past, present or future tense.

(1) “Accumulation” means an increase in the quantity of a water category stored in a given reservoir by Establishment, Exchange, and re-storage, but does not include Impoundment.

(2) “Administrator” means the individual appointed in accordance with Sections 2.A.2 through 2.A.3.
(3) “Additional Boca Storage Water” means all water diverted to storage pursuant to Section 5.B.9(b) and California Water Right License No. 3723 and changes to that License, in excess of Boca Storage Water, but does not include Credit Water stored pursuant to Section 7.A.2(d).

(4) “Additional California Environmental Credit Water” means water stored pursuant to Section 7.D.3 in excess of California Environmental Credit Water.

(5) “Agreement” means this Truckee River Operating Agreement.

(6) “Base Amount” means the amount of Firm M&I Credit Water or Non-Firm M&I Credit Water determined in accordance with Section 7.B.4.

(7) “Boca Floriston Rate Water” means Boca Storage Water, Additional Boca Storage Water, and water in Water Authority Boca Storage to the extent designated as Floriston Rate Water by Water Authority.

(8) “Boca Project Water” means Boca Storage Water, Additional Boca Storage Water and water in Water Authority Boca Storage.

(9) “Boca Storage Water” means up to 25,000 acre-feet per year of water diverted to storage pursuant to Section 5.B.9(a) and California Water Right License No. 3723 and changes to that License. Boca Storage Water does not include Credit Water stored pursuant to Section 7.A.2(d).

(10) “California Environmental Credit Water” means water stored pursuant to Section 7.D.2, but does not include Additional California Environmental Credit Water.

(11) “California Guidelines” means the most recent guidelines prepared by California as provided in Section 9.F.1 and transmitted pursuant to Section 11.C.2(b).

(12) “California M&I Credit Water” means surface water stored pursuant to Section 7.D.1.

(13) “California Truckee River Basin Supply” means all surface water which, if not diverted in California, would flow in the Truckee River across the state line, including surface water diverted to storage in California and excluding all Releases from Lake Tahoe, Releases of previously and lawfully appropriated water from storage in reservoirs, Imported Water, and water which is diverted to beneficial use pursuant to the Sierra Valley Decree.

(14) “California Truckee River Total Depletion” means the amount of water which, after diversion, is consumed and therefore does not return to surface or groundwater in the Truckee River Basin.

(15) “California Water Use Factor” means the value described in Section 7.B.4(d) that is used to calculate the Base Amount of Water Authority’s Non-Firm M&I Credit Water.
(16) “**Changed Diversion Right**” means a right to water from the Truckee River or its tributaries, excluding **Privately Owned Stored Water**, for which the point of diversion, place of use or manner of use has been or will be changed in accordance with applicable state law, any applicable court decree and this **Agreement**.

(17) “**Corps of Engineers**” means United States Army Corps of Engineers.

(18) “**Credit Water**” means **Additional California Environmental Credit Water**, **California Environmental Credit Water**, **California M&I Credit Water**, **Fernley Municipal Credit Water**, **Fish Credit Water**, **Joint Program Fish Credit Water**, **Newlands Project Credit Water**, **Other Credit Water**, **Water Authority M&I Credit Water**, **Project Water in Another Reservoir**, and **Water Quality Credit Water**.

(19) “**Credit Water Operations**” means any operation involving (a) **Credit Water**, (b) **Project Water Released to Establish Credit Water**, or (c) **Project Water** converted to **Credit Water**. **Credit Water Operations** do not include **Spill** or **Displacement**.

(20) “**Critical Drought Period**” means a hydrologic period during which the water supplies available from the Truckee River are limited to the same or similar extent as the water supplies which would be available from the Truckee River under a repetition of hydrologic conditions which existed from 1928 to 1935.

(21) “**Dead and Inactive Storage**” means a category of water in the bottom of Prosser Creek Reservoir and Stampede Reservoir in the amounts of 1,200 acre-feet and 4,600 acre-feet, respectively, which either cannot or will not be withdrawn.

(22) “**Discharge**” means all water that passes through the outlet facilities of a lake or reservoir, passes over the spillway, is pumped from the reservoir, seeps through the dam or foundation into the stream or, in any other fashion, flows from the lake or reservoir into a stream channel downstream or into some other conveyance facility.

(23) “**Displacement**” means the right of **Project Water** in its own reservoir and water of a higher priority or water otherwise permitted under this **Agreement** to force another category of water to be **Released**, **Spilled** or **Exchanged** from a reservoir to the extent that both categories cannot be stored in that reservoir. Any such displaced water which is not **Exchanged**, **Released**, or re-stored in another reservoir shall **Spill**.

(24) “**Division of Safety of Dams**” means the Division of Safety of Dams within California Department of Water Resources or its successor in this function.

“Drought Situation” means a situation under which it is determined by April 15, based on procedures set forth in Section 3.D, either that there will not be sufficient Floriston Rate Water to maintain Floriston Rates through October 31, or the projected amount of Lake Tahoe Floriston Rate Water in Lake Tahoe, and including Lake Tahoe Floriston Rate Water in other Truckee River Reservoirs as if it were in Lake Tahoe, on or before the following November 15 will be equivalent to an elevation less than 6,223.5 feet Lake Tahoe Datum.

“Dry Season” means a condition identified pursuant to Section 9.B for purposes of determining Minimum Releases and Enhanced Minimum Releases specified by Section 9.C.

“Emergency or Repair Condition” means any circumstance, other than that described in Section 7.B.3(b)(1), when the water demands of Water Authority's wholesale and retail water customers cannot be met from Water Authority Normal Water Supplies, or a scheduled alteration or repair prevents the use of some or all of Water Authority Normal Water Supplies to meet the water demands of Water Authority's wholesale and retail water customers.

“Enhanced Minimum Release” means a specified rate of flow which is usually greater than the Minimum Release, that, if not otherwise provided, must be Released from or Passed-Through a reservoir from specified categories of water in accordance with Section 9.C.

“Establishment” means the initial storage of, reclassification as, or conversion to, a category of Credit Water which may be accomplished by operations including, but not limited to, the following:

(a) storing water under Changed Diversion Rights;
(b) storing Fish Credit Water pursuant to Sections 7.C.1, 7.C.2, 7.C.3 or 7.C.4;
(c) Exchanging, storing or re-storing Privately Owned Stored Water or Project Water to or in another reservoir when it becomes Credit Water;
(d) converting Non-Firm M&I Credit Water and Fernley Municipal Credit Water to Fish Credit Water, and California Environmental Credit Water to Additional California Environmental Credit Water; and
(e) designating Joint Program Fish Credit Water pursuant to Section 7.C.6(a).

“Exchange” means the transfer of water from one category to another by Trade, In-Lieu Release, retaining water in accordance with Section 8.K.2(a), diverting water and replacing the water with a compensating Release pursuant to Section 6.C.1(c), or foregoing the right to divert water from a stream and replacing that water by converting an equal amount of water in a reservoir pursuant to Section 7.A.3(a)(3).
(32) “Exercised,” when referring a specific water right, or “Exercised Water Right,” means a water right which is being used as authorized by law, by an applicable court decree, or by an applicable permit, certificate or license issued by Nevada State Engineer or California State Water Resources Control Board, including for the Establishment of Credit Water.

(33) “Farad Gage” means the USGS gaging station on the Truckee River approximately 3.5 miles upstream of the California-Nevada state line.

(34) “Federal Water Master” means the Water Master appointed by the Orr Ditch Court.

(35) “Fernley Municipal Credit Water” means water stored pursuant to Section 7.F.

(36) “Firm M&I Credit Water” means water stored in Stampede Reservoir pursuant to Section 7.B.4.

(37) “Fish Credit Water” means water Established pursuant to Sections 7.C.1 through 7.C.4.

(38) “Fish Water” means Stampede Project Water and Prosser Fish Water.

(39) “Ferniston Rate Water” means water available pursuant to Section 5.A.1(d) to maintain Floriston Rates or Reduced Floriston Rates.

(40) “Ferniston Rates” means rates of flow of Floriston Rate Water in the Truckee River measured at the Farad Gage, consisting of average flows of 500 cfs each day from March 1 through September 30, and 400 cfs each day from October 1 through the last day of February. When the phrase “Ferniston Rates or Reduced Floriston Rates” is used, it shall mean whichever of these flow rates is then in effect in accordance with this Agreement.

(41) “Imported Water” means water which originates in a watershed other than the Lake Tahoe Basin and the Truckee River Basin.

(42) “Impoundment” means the initial diversion of inflow to storage as Project Water in the reservoir identified for that category of water in the definition of Project Water, and in accordance with Article Five.

(43) “In-Lieu Release” means retention of all or a portion of a scheduled Release or Pass-Through from a reservoir by replacing such scheduled Release or Pass-Through with a concurrent Release or Pass-Through of a like amount of water from another reservoir in accordance with Section 8.K.2(b).

(44) “Integrated Schedule” means the schedule or schedules developed by the Administrator in accordance with Section 11.C.
“Joint Program Fish Credit Water” means that portion of Fish Credit Water designated pursuant to Section 7.C.6.

“Lake Tahoe Basin” means the area which naturally drains into Lake Tahoe, including that Lake and the Truckee River upstream of the intersection between the Truckee River and the western boundary of Section 12, Township 15 North, Range 16 East, Mount Diablo Base and Meridian.

“Lake Tahoe Floriston Rate Water” means that portion of Floriston Rate Water initially stored in Lake Tahoe pursuant to Section 5.B.3 or Discharged from Lake Tahoe, including that Exchanged to other Truckee River Reservoirs, and Tahoe-Prosser Exchange Water.

“Lake Tahoe Reservoir” means the reservoir formed by the dam at Lake Tahoe for storage and Release of water above elevation 6,223.0 feet Lake Tahoe Datum.

“Lower Truckee River” means the Truckee River downstream from Derby Dam.

“Mandatory Signatory Parties” means, collectively, the Sovereign Parties and Water Authority.

“Minimum Release” means a specified rate of flow, which, if not otherwise provided, must be Released from or Passed-Through a reservoir from specified categories of water in accordance with Section 9.C.

“Municipal and Industrial Use” or “M&I Use,” means domestic use; use of water for the supply of a city, town or similar population group, together with uses incidental thereto; use of water for the purposes of commerce, trade or industry; and if the use is in California, such other uses as are recognized by California law or, if the use is in Nevada, such other uses as are recognized by Nevada law; however, such uses in California do not include use of water for commercial, irrigated agriculture specified in Section 204(c)(1)(H) of the Settlement Act.

“Newlands Project” means the federal reclamation project in the vicinity of Fernley and Fallon, Nevada, authorized pursuant to the Reclamation Act of June 17, 1902, (32 Stat. 388) as amended.

“Newlands Project Credit Water” means water stored pursuant to Section 7.H.

“Non-Firm M&I Credit Water” means any Water Authority M&I Credit Water other than Firm M&I Credit Water and Water Authority Emergency Drought Supply stored pursuant to Section 7.B.4.

“Normal Season” means a condition identified pursuant to Section 9.B for purposes of determining Minimum Releases and Enhanced Minimum Releases specified by Section 9.C.
“Orr Ditch Court” means the court having continuing jurisdiction over the Orr Ditch Decree.

“Orr Ditch Decree” means the decree of the United States District Court for the District of Nevada in United States of America v. Orr Water Ditch Company, et al., in Equity, Docket No. A3, dated September 8, 1944, as amended prior to the date of execution of this Agreement.

“Orr Ditch Decree Water Right” means a right to the use of water which is recognized by the Orr Ditch Decree but excluding Pyramid Tribe’s right to the use of water referenced in Section 1.E.

“Other Credit Water” means water Established pursuant to Section 7.G.

“Pass-Through” means any portion of inflow to a reservoir which is not applied to reservoir losses pursuant to Section 5.D and is not stored, whether or not it could have been lawfully stored.

“Person” and “Persons” means United States, Nevada, California, and agencies and political subdivisions thereof, and recognized Indian tribes, individuals, partnerships, associations and/or corporations, both public and private and any other entity recognized by law.

“Power Company” means Sierra Pacific Power Company.

“Privately Owned Stored Water” means water stored pursuant to the water rights of Water Authority in Independence Lake, and the water rights of Water Authority and Truckee-Carson Irrigation District in Donner Lake, or their respective successors in interest.

“Project Water” means (a) Boca Project Water in Boca Reservoir; (b) Floriston Rate Water in Lake Tahoe; (c) Privately Owned Stored Water in Donner Lake or Independence Lake; (d) Prosser Project Water and Tahoe-Prosser Exchange Water in Prosser Creek Reservoir; (e) Stampede Project Water in Stampede Reservoir; and (f) water deemed to remain Project Water as identified in Sections 8.N, 8.O.3 and 8.Q.1. Text in this Agreement stating “Project Water in its own reservoir” shall be construed to mean the subject category of water is in the reservoir identified in this definition.

“Project Water in Another Reservoir” means certain water in storage which was Impounded as Project Water, and subsequently Exchanged to or re-stored in another reservoir and which will continue to be used for purposes of such Project Water as provided in this Agreement, except as otherwise provided in Sections 5.B.6(b)(3), and except water considered to remain Project Water as identified in Sections 8.N, 8.O.3, and 8.Q.1.
“Project Water Operations” means any operation involving only Project Water, but does not include Credit Water Operations, Spill, or Displacement.

“Prosser Fish Water” means that portion of Prosser Project Water which is not Prosser Reserved Water or Tahoe-Prosser Exchange Water.

“Prosser Project Water” means water diverted to storage in Prosser Creek Reservoir pursuant to Section 5.B.6(a)(1) and California License No. 10180 and changes to that License, but does not include Credit Water stored pursuant to Section 7.A.2(d).

“Prosser Reserved Water” means that portion of Prosser Project Water that may be Exchanged to maintain the Minimum Release from Lake Tahoe, or that may be used to maintain the Minimum Release from Prosser Creek Reservoir.

“Pyramid Lake Fish Flows” means water Released to flow to Pyramid Lake for the purpose of enhancing and maintaining Pyramid Lake Fishes and the ecosystem on which they depend in the Truckee River, in Truckee River tributaries downstream from Donner Lake and Prosser Creek Reservoir, and in Pyramid Lake.

“Pyramid Lake Fishes” means cui-ui (Chasmistes cujus) in Pyramid Lake and the Lower Truckee River and Lahontan cutthroat trout (Oncorhynchus clarki henshawi) in the Truckee River Basin and that portion of the Lake Tahoe Basin downstream from Tahoe Dam.

“Reduced Floriston Rates” means rates of flow of Floriston Rate Water in the Truckee River, measured at the Farad Gage, effective and in force from November 1 through March 31, determined as follows:

(a) an average flow of 350 cfs each day whenever the elevation of the water surface of Lake Tahoe is below 6,226.0 feet Lake Tahoe Datum and not below 6,225.25 feet Lake Tahoe Datum; and
(b) an average flow of 300 cfs each day whenever the water surface elevation of Lake Tahoe is below 6,225.25 feet Lake Tahoe Datum.

When the phrase “Floriston Rates or Reduced Floriston Rates” is used, it shall mean whichever of these flow rates is then in effect in accordance with Section 5.A.2.

“Release” means the portion of stored water Discharged from a lake or reservoir in a controlled manner, or any water Discharged from Lake Tahoe that supplies, and only to the extent required to supply, identified demands, including re-diversion to beneficial use, maintenance of Floriston Rates or Reduced Floriston Rates, re-storage, and instream flow.

“Release Thresholds” means benchmarks for Releases as set forth in Table 8-1 in Section 8.K.4 that may be used to calculate the portion of Discharge from a reservoir that is unavailable for the Accumulation of Credit Water.
“Scheduling Party” or “Scheduling Parties” means a Person or Persons identified in Section 11.E who schedules one or more water management operations pursuant to Article Eleven.

“Secretary” means the Secretary of the Department of the Interior.


“Sierra Valley Decree” means the decree of the United States District Court for the Northern District of California in United States of America v. Sierra Valley Water Company, Civil No. 5597, October 24, 1958.

“Signatory Parties” means the Mandatory Signatory Parties, each other Person who executed this Agreement at its inception, each other Person who is a successor to a Person who executed this Agreement by assignment approved pursuant to Section 14.F, and each other Person who is approved as a new party pursuant to Section 14.E.

“Sovereign Parties” means, collectively, United States, California, Nevada and Pyramid Tribe.

“Sparks Gage” means the USGS gaging station known in publications of that agency as the “Truckee River Near Sparks, Nevada” and located in the Truckee River 2.5 miles upstream of its confluence with Steamboat Creek.

“Spill” means water Discharged from a reservoir in an uncontrolled manner, or Discharged in a controlled manner only for compliance with flood control criteria, standard operating procedures relating to maximum reservoir levels, or precautionary release procedures related to anticipated future high reservoir levels and downstream channel capacity.

“Stampede Project Water” means up to 126,000 acre-feet per year of water diverted to storage pursuant to Section 5.B.8(a) and California Water Right Permit No. 11605 changes to that permit, and any license issued on that permit, but does not include Credit Water stored pursuant to Section 7.A.2(d).


“Tahoe-Prosser Exchange Water” means that portion of Prosser Reserved Water or Prosser Creek inflow Exchanged for Floriston Rate Water Released solely to maintain the Minimum Release from Lake Tahoe.
“Trade” means a transaction among two or more Scheduling Parties involving no physical movement of water pursuant to which one party’s ownership of a quantity of water in a category is conveyed to another party and vice versa, but does not include operations pursuant to Section 8.K.2, even if such operations are offsetting, or Establishment using Changed Diversion Rights.

“Truckee Canal Diversion Criteria” means the applicable criteria and procedures which determine the timing and extent of diversions from the Truckee River to the Newlands Project.

“Truckee River Agreement” means the agreement dated July 1, 1935, entered into by the Secretary, Truckee-Carson Irrigation District, Conservation District, Power Company and other users of the waters of the Truckee River.

“Truckee River Basin” means the area which naturally drains into the Truckee River and its tributaries and into Pyramid Lake, including that lake, but excluding the Lake Tahoe Basin.

“Truckee River General Electric Court” means United States District Court in California having continuing jurisdiction over the Truckee River General Electric Decree.

“Truckee River General Electric Decree” means the decree entered June 4, 1915, by the United States District Court for the Northern District of California in United States of America v. Truckee River General Electric Co., No. 14861, which case was transferred to the United States District Court for the Eastern District of California on February 9, 1968, and is now designated No. S-643, as amended prior to the date of execution of this Agreement.

“Truckee River Reservoirs” means Boca Reservoir, Prosser Creek Reservoir, Martis Creek Reservoir, Stampede Reservoir and the storage provided by the dam at the outlet of Lake Tahoe.

“Truckee River Special Hearing Officer” means the individual appointed to hear and decide disputes arising under this Agreement pursuant to the provisions of Article Two.

“Truckee River Water Quality Settlement Agreement” means the agreement dated October 10, 1996, among Reno, Sparks, Washoe County, United States Department of Interior, United States Department of Justice, United States Environmental Protection Agency, Nevada Division of Environmental Protection and Pyramid Tribe.

“TTSA” means the Tahoe-Truckee Sanitation Agency, or its successor.

(98) “Vista Gage” means the USGS gaging station located in the Truckee River 600 feet downstream from its confluence with Steamboat Creek.

(99) “Water Authority Boca Storage” means that portion of Boca Reservoir which provides 800 acre-feet of storage capacity and is operated pursuant to Section 5.A.5(b).

(100) “Water Authority Emergency Drought Supply” means water stored in Stampede Reservoir pursuant to Section 7.B.5 and/or Prosser Creek Reservoir pursuant to Section 5.B.6(c)(5).

(101) “Water Authority Hydroelectric Plants” means Water Authority’s four run-of-the-river hydroelectric power generating plants associated with its diversions under Claim Numbers 5 through 9 of the Orr Ditch Decree at Farad, Fleish, Verdi and Washoe dams and any rights to the Farad Dam in which title still remains in Power Company.


(103) “Water Authority Normal Demand” means the reported demands of Water Authority’s wholesale and retail water customers, less the demands of customers with commitments that meet the requirements of Section 4.F.

(104) “Water Authority Normal Water Supplies” means the water sources and supplies Water Authority ordinarily utilizes, when a Drought Situation does not exist, to meet the Municipal and Industrial Use of its customers; and does not include Water Authority M&I Credit Water and 7,500 acre-feet of water above elevation 6921.0 feet in Independence Lake.

(105) “Water Authority Service Area” means the retail and wholesale boundaries as may be established from time to time as the area in which Water Authority is entitled to sell or to distribute water.

(106) “Water Quality Credit Water” means water stored pursuant to Section 7.E.
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ARTICLE ONE

SATISFACTION OF SETTLEMENT ACT PROVISIONS AND OTHER PROVISIONS OF LAW, STATEMENT OF GENERAL OPERATIONAL PRINCIPLES, PROVISIONS FOR PROTECTION OF WATER RIGHTS, IMPORTED WATER, REMAINING WATER OF THE TRUCKEE RIVER AND EMERGENCIES

SECTION 1.A - SATISFACTION OF SETTLEMENT ACT PROVISIONS AND OTHER PROVISIONS OF LAW

Section 1.A.1 General. This Agreement is intended to satisfy the provisions of Sections 205(a)(2) and 205(a)(3) of the Settlement Act by providing for operation of Truckee River Reservoirs and such other reservoir operations which are subject to this Agreement in a manner which will:

(a) implement California’s allocation of Truckee River Basin water and the Nevada and California allocations of Lake Tahoe Basin water;

(b) enhance fish, wildlife and recreational beneficial uses of water within the Truckee River Basin;

(c) carry out the terms, conditions and contingencies of the Preliminary Settlement Agreement, as modified by the Ratification Agreement (“PSA”);

(d) ensure that water is stored in, Released from and Passed-Through Truckee River Reservoirs to satisfy Exercised Orr Ditch Decree Water Rights in conformance with the Orr Ditch Decree and Truckee River General Electric Decree, except for those rights that are voluntarily relinquished by the parties to the PSA or by any other Persons, or which are transferred pursuant to state law;

(e) provide for the enhancement of spawning flows available in the Lower Truckee River for Pyramid Lake Fishes in a manner consistent with the Secretary’s responsibilities under the Endangered Species Act, as amended;

(f) satisfy all applicable dam safety and flood control requirements; and

(g) minimize the Secretary’s costs associated with operation and maintenance of Stampede Reservoir.

Section 1.A.2 Environmental Impact Avoidance. This Agreement satisfies the provisions of Sections 205(a)(2)(c) and 205(a)(5) of the Settlement Act. With completion of all required environmental and Endangered Species Act reviews and compliance, the Secretary and California have determined that there will be no significant adverse environmental effect resulting from the adoption of this Agreement and, therefore, the Signatory Parties agree that,
apart from the specific provisions of this Agreement, no further agreements for mitigation under Sections 205(a)(2)(c) and 205(a)(5) of the Settlement Act are required or necessary.

Section 1.A.3 California Public Trust. This Agreement is intended to implement California’s responsibilities under the public trust doctrine as set forth in National Audubon Society v. Superior Court of Alpine County, 33 Cal. 3d 419, 189 Cal. Rptr. 346 (1983), by coordinating operation of Truckee River Reservoirs, Donner Lake and Independence Lake, by supporting recreation and instream flows, and by providing for consultation with California, which will aid in balancing among public trust uses while meeting all other requirements of the Settlement Act.

SECTION 1.B - STATEMENT OF GENERAL OPERATIONAL PRINCIPLES

The following are general operational principles which provide a framework for the Administrator in implementing this Agreement. These general principles are intended to be consistent with the specific provisions of this Agreement, but if they conflict with those specific provisions, the specific provisions control. Operations should:

1. be conducted, consistent with this Agreement and applicable legal requirements, so that the available water supply in the Truckee River Basin satisfies, to the maximum extent possible, multiple beneficial purposes, including municipal and industrial, irrigation, fish, wildlife, water quality and recreation purposes;

2. satisfy, to the extent scheduled as Exercised Water Rights and to the extent that water is lawfully available, vested and perfected rights to use the water of the Truckee River and its tributaries, including, but not limited to, those Exercised Water Rights pursuant to the provisions of the Orr Ditch Decree, except as expressly provided in the Settlement Act and this Agreement;

3. maintain the Minimum Releases and, to the extent practicable consistent with existing water rights and this Agreement, maintain Enhanced Minimum Releases, preferred instream flows and reservoir recreation levels as described in Article Nine;

4. comply with applicable flood control requirements for Prosser Creek, Stampede, Boca and Martis Creek Reservoirs;

5. comply with all applicable dam safety requirements;

6. utilize the Integrated Schedules developed by the Administrator through coordination with the Scheduling Parties; and

7. respond to declared federal, state or local water-related emergencies presenting a clear and immediate danger to public health, life, property, or essential public services involving an upset or other unexpected occurrence to facilities and resources addressed in this Agreement.
SECTION 1.C - PROTECTION OF WATER RIGHTS

Section 1.C.1 Vested and Perfected Rights. Pursuant to Section 210(b)(13) of the Settlement Act, nothing in this Agreement shall be construed to (a) affect the power of the Orr Ditch Court to ensure that the owners of vested and perfected Truckee River water rights receive the amount of water to which they are entitled under the Orr Ditch Decree; or (b) alter or conflict with any vested or perfected right of any Person to use the water of the Truckee River or its tributaries, including, but not limited to, the rights of landowners within the Newlands Project for the delivery of Truckee River water to Derby Dam and for the diversion of such water at Derby Dam pursuant to the Orr Ditch Decree or any applicable law. The parties agree that such entitlement and rights are subject to the priority of the interstate allocations in Sections 204(b) and 204(c) of the Settlement Act. The Federal Water Master under the Orr Ditch Decree shall retain full authority to ensure that such rights are fully enforced.

Section 1.C.2 Protection of Water Rights. If the implementation of any provision or provisions of this Agreement would or does result in an owner of an Exercised Orr Ditch Decree Water Right not receiving the amount of water to which that owner is legally entitled, the Administrator shall, as soon as practicable, (a) implement a remedy mutually acceptable to affected parties, or (b) make up the amount of water to which the owner of the Exercised Orr Ditch Decree Water Right is legally entitled, utilizing water of the Scheduling Party or Scheduling Parties who benefited as a result of implementation of the provision or provisions of this Agreement which caused such result. This Section 1.C.2 does not apply to water which is not available to satisfy Orr Ditch Decree Water Rights because of implementation of Section 204(b) and Section 204(c)(1) of the Settlement Act or as the result of water rights voluntarily relinquished under this Agreement. The Administrator shall provide appropriate notice and opportunity to be heard to any Person who may be adversely affected before implementing any actions pursuant to this Section 1.C.2.

Section 1.C.3 Carson River. This Agreement is not intended to affect and does not affect the operation of the Carson River or any of its tributaries or the power of the United States District Court for the District of Nevada or its Federal Water Master under the final decree in the United States of America v. Alpine Land and Reservoir Company, Civ. No. D-183, entered December 18, 1980, and any amendments or supplements thereto.

Section 1.C.4 Agricultural Diversion of Water under Orr Ditch Decree Water Rights. In the event that the Establishment of Credit Water results in a reduction of flows at the Farad Gage and flows at the Farad Gage are less than 400 cfs during April through September when a Drought Situation does not exist, the Administrator shall provide assistance as provided in this Section 1.C.4 in the diversion of water from the Truckee River to Persons using Orr Ditch Decree Water Rights in Nevada for purposes of agriculture to the extent needed and as limited by this Section 1.C.4.

Section 1.C.4(a) Demonstration of Need for Assistance. In order to provide assistance under this Section 1.C.4, the Administrator must determine that the conditions described in Section 1.C.4 above exist, that a holder or holders of Exercised Orr Ditch Decree Water Rights used for purposes of agriculture are unable to divert water flowing
in the Truckee River to which they are entitled, that such holder or holders have performed customary maintenance on their works of diversion and conveyance facilities, and that Establishment of Credit Water is the cause of such inability.

Section 1.C.4(b) Manner of Assistance. Upon a determination by the Administrator that the conditions of Section 1.C.4(a) are satisfied, and that assistance is warranted, the Administrator shall either assist the water right holder or holders in enhancing the diversion facility through channel work, debris removal, embankment placement or other similar measures; or identify and assist with an alternative method of water delivery to the affected properties, such as by pump or other conveyance. The assistance shall be limited to that necessary to provide a flow of water sufficient to satisfy the affected water rights, and shall use techniques comparable to the historic structure, unless a more cost-effective alternative is identified. If the cost of the assistance is within the existing annual budget, the Administrator may authorize the necessary measures and oversee their implementation. However, if the cost is such that additional funding will be necessary, the Administrator shall first consult with California, Nevada and United States before proceeding.

Section 1.C.5 Operation of Donner Lake. The provisions of this Agreement are not intended to alter or change, and shall not be construed as altering or changing, the rights and obligations of and between Water Authority and Truckee-Carson Irrigation District, or their successors-in-interest, with respect to the operation of Donner Lake and Privately Owned Stored Water in Donner Lake. Therefore, the provisions of this Agreement concerning the operation of Donner Lake and Privately Owned Stored Water in Donner Lake shall control if both Water Authority and Truckee-Carson Irrigation District so agree or, in the absence of such agreement, to the extent provided for in an order entered by a court of competent jurisdiction. Provided, however, that nothing in this Section 1.C.5 is intended to prevent, and shall not be construed as preventing, the operation of Donner Lake and Donner Lake Privately Owned Stored Water as provided for herein without such an agreement or court order, if such operation is not otherwise prevented.

SECTION 1.D - IMPORTED WATER

Imported Water may be used without regard to the requirements of the Settlement Act or this Agreement, except that Imported Water may only be stored in a Truckee River Reservoir as Other Credit Water or in accordance with Section 6.C.7.

SECTION 1.E - REMAINING WATER OF THE TRUCKEE RIVER

Section 1.E.1 Nevada Permits Number 48061 and 48494. The remaining water of the Truckee River allocated to Nevada pursuant to Section 204(c)(3) of the Settlement Act which is not subject to vested or perfected rights under the applicable statutory law in existence as of July 1, 1999, has been appropriated by Pyramid Tribe pursuant to the law of Nevada in Permits Number 48061 and 48494 issued by Nevada State Engineer and as confirmed by the amendment to the Orr Ditch Decree described in Section 12.A.4(f). The Signatory Parties agree that water under Permits Number 48061 and 48494 shall flow to Pyramid Lake for the
purposes described therein and that the Truckee River and its tributaries, in Nevada, is fully appropriated and therefore closed to any new appropriations.

**Section 1.E.2 Certain Effluent Not Included in Remaining Water of the Truckee River.** The Truckee River water to which Pyramid Tribe is entitled under Section 1.E.1 does not include effluent from wastewater treatment facilities which effluent is attributable to the use of:

(a) groundwater, except as provided in Section 1.E.3;

(b) **Privately Owned Stored Water**;

(c) **Water Authority M&I Credit Water**;

(d) water diverted utilizing only the consumptive use fraction of **Changed Diversion Rights**; or

(e) Water Authority’s water right under Section 5.A.6 only to the extent of the difference between the maximum amount of groundwater pumped in a year from Pleasant Valley (Basin Number 88), Truckee Canyon (Basin Number 91), Truckee Meadows (Basin Number 87), Spanish Springs (Basin Number 85), Sun Valley (Basin Number 86), and Lemmon Valley (Basin Number 92) pursuant to applicable law and the actual amount of groundwater pumped by Water Authority and Washoe County under their respective rights for M&I purposes during a year.

Except as provided in Section 1.E.3, effluent from such categories of water may be utilized without providing water rights for return flow to the Truckee River. With respect to effluent attributable to categories of water other than those set forth above, nothing herein shall prevent the utilization of such effluent where the State Engineer allows a change of the full duty of a **Changed Diversion Right** to Municipal and Industrial Use, but only to the extent that additional water rights are acquired to make up for the return flows that would have accrued to the Truckee River from wastewater treatment facilities returning water to the Truckee River or to its tributaries.

**Section 1.E.3 No Waiver of Any Rights to Protest Utilization of Nevada Groundwater.** Pyramid Tribe does not by this Section 1.E waive any rights it may have to protest the right to the utilization of Nevada groundwater that is not returned to the Truckee River or a tributary to the Truckee River or to protest applications for new or changes to existing appropriations of groundwater in Nevada.

**Section 1.E.4 6,700 Acre-Feet of Water Rights to be Provided.** Reno, Sparks and Washoe County agree to provide 6,700 acre-feet of water rights for water quality purposes no later than when this Agreement takes effect, pursuant to the agreement dated May 2, 2007, between Reno, Sparks, Washoe County and Pyramid Tribe.
SECTION 1.F - EMERGENCY AND RELATED PROVISIONS

Section 1.F.1 Cooperation in Water-Related Emergencies Not Involving Flood Control Operations. When a federal, state or local emergency involving an upset or other unexpected occurrence to facilities and resources addressed in this Agreement and presenting a clear and immediate danger to public health, life, property or essential public services and affecting surface water in the Truckee River Basin arises, the Administrator shall cooperate with United States, California and Nevada, Pyramid Tribe, affected local governments and owners and operators of the dams associated with Truckee River Reservoirs, the dam at the outlet of Independence Lake and the dam at the outlet of Donner Lake in responding to such an emergency condition. During an emergency, the Administrator is authorized to undertake activities, including scheduling dam or reservoir operations that are inconsistent with the terms of this Agreement, as may be necessary to respond to the emergency. The Administrator shall consult with the dam owners and operators as soon as practicable and shall conduct an accounting for the emergency operations under Article Three and consistent with this Agreement as soon as practicable after the cancellation of the emergency condition. This Section 1.F.1 does not apply to an emergency involving flood control or dam safety operations or the provisions of Section 5.A.3(d) relating to precautionary drawdown of Lake Tahoe.

Section 1.F.2 Maintenance and Modification of Water and Power Facilities.

Section 1.F.2(a) Performance of Certain Acts Not Prevented. Nothing in this Agreement shall prevent the owners or operators of the dams associated with Truckee River Reservoirs, the dam at the outlet of Independence Lake or the dam at the outlet of Donner Lake from performing such acts at such time and in such a manner as the owner or operator considers appropriate in order to:

(1) perform scheduled or unscheduled maintenance on a dam or other water or power facility;

(2) comply with applicable dam safety or flood control requirements;

(3) respond to safety or emergency conditions; or

(4) modify or reconstruct such facilities.

Section 1.F.2(b) Avoidance of Loss of Water. Any Person having authority to perform the acts set forth in Section 1.F.2(a) shall use its best efforts to schedule and perform such acts in a manner that will avoid, to the extent practicable, loss of water stored pursuant to the terms of this Agreement, and dam and reservoir operations inconsistent with the terms of this Agreement. Such Person shall also use its best efforts to notify the Administrator, the Scheduling Parties and Signatory Parties prior to undertaking any such acts. Subject to the availability of appropriations or unless otherwise required by applicable law or by dam safety requirements, any modification, maintenance or reconstruction of such facility shall be designed to allow operations pursuant to this Agreement at least to the same extent such operations could have been accomplished prior to the modification, maintenance or reconstruction. The
modification, maintenance or reconstruction shall be performed in a manner to allow operations under this Agreement to resume as soon as practicable.

Section 1.F.2(c) Accounting for Reservoir Discharges. If Discharges from Truckee River Reservoirs, Independence Lake or Donner Lake are required to enable a Person having authority to modify, maintain or reconstruct such dams to perform one or more of the acts described in Section 1.F.2(a), any water Discharged shall be accounted for under Article Three in a manner that is consistent with this Agreement.
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ARTICLE TWO
ADMINISTRATIVE PROVISIONS

SECTION 2.A - THE ADMINISTRATOR

Section 2.A.1 Office, Powers and Duties. Pursuant to Section 205(a)(3)(A) of the Settlement Act, the office of Administrator is hereby established as an independent entity funded in accordance with Section 2.C, for purposes of administering this Agreement. The office of Administrator and the office of Federal Water Master under the Orr Ditch Decree shall be filled by the same person, provided, however, that this requirement is not intended to require and does not require that the office of Administrator and the office of Federal Water Master under the final decree of the United States District Court for the District of Nevada in United States v. Alpine Land and Reservoir Company, Civ. No. D-183 entered December 18, 1980, and any supplements thereto (the “Alpine Decree”), be filled by the same person. If the office of Administrator and the office of Federal Water Master under the Alpine Decree are filled by the same person, that person shall have no authority under this Agreement with respect to the Carson River and its tributaries. The Administrator shall be responsible for carrying out the terms and conditions of this Agreement, and shall have such powers, duties and responsibilities as are necessary for that purpose except as otherwise limited by this Agreement. In discharging this responsibility, the Administrator shall at all times, consistent with the terms and conditions of this Agreement, consider the preservation and enhancement of the biological resources of the Lake Tahoe Basin and the Truckee River Basin.

Section 2.A.2 Selection of Administrator. The Federal Water Master in office on the date this Agreement enters into effect shall be the first Administrator. Within 60 days from the date on which a vacancy in the office of Administrator occurs, for any reason, a nominating committee composed of one representative duly appointed by each Signatory Party to this Agreement shall recommend to the Orr Ditch Court the names of no more than three individuals for appointment as Administrator. Prior to submitting those names to the Orr Ditch Court, the nominating committee shall consult with interested entities regarding qualifications of individuals being considered for recommendation and to suggest other names for consideration. In order to submit a name for consideration by the Orr Ditch Court, a majority of the nominating committee, which majority must include each of the representatives of the Sovereign Parties, must vote in favor of the person whose name is submitted.

Section 2.A.3 Appointment by the Orr Ditch Court. Within 60 days from receipt of the names of the nominees for Administrator from the nominating committee, the Orr Ditch Court shall appoint one individual from the list of nominees to serve as Administrator. If the Orr Ditch Court determines that none of the nominees is appropriate for appointment, it shall issue a written statement setting forth its reasons for declining to appoint. Thereafter, the nominating committee, under the same process set forth in Section 2.A.2, shall submit a revised list of recommended persons which may include names on the original list with any explanatory comments. This process shall continue for a period not to exceed 240 days from the date on which the vacancy in the office of Administrator occurred. If an Administrator is not
appointed by the end of that period, the Orr Ditch Court shall appoint the Administrator, who may or may not be a nominee of the nominating committee.

Section 2.A.4 Deputy Administrator. The Administrator shall appoint a Deputy Administrator, subject to approval by the Orr Ditch Court. The Deputy Administrator shall assume the duties of the Administrator during his or her absence and serve as interim Administrator in the event of a vacancy in the position of Administrator. The Deputy Administrator shall not assume the duties of the Administrator for continuous periods exceeding 90 days. In the absence of the Administrator, the Orr Ditch Court may extend the authority of the Deputy Administrator for additional 90-day periods or select another Deputy Administrator to serve for such 90-day periods. The Orr Ditch Court may authorize the Deputy Administrator to serve as interim Administrator until the vacancy in the office of Administrator is filled in accordance with Sections 2.A.2 and 2.A.3 above or may select another Deputy Administrator to so serve until such vacancy is filled. The Orr Ditch Court may appoint a Deputy Administrator to serve until the vacancy in the office of Administrator is filled if the offices of Administrator and Deputy Administrator are both vacant.

Section 2.A.5 Removal of Administrator and Deputy Administrator. Upon the filing of a petition for the removal of the Administrator, which petition may also request the removal of the Deputy Administrator, by a majority of the nominating committee, which majority must include each of the Sovereign Parties, the Orr Ditch Court may order removal of the Administrator and also the Deputy Administrator. The removal of the Administrator under this Section 2.A.5 constitutes a vacancy to which the provisions of Sections 2.A.2 and 2.A.3 apply. If both the Administrator and the Deputy Administrator are removed, the Orr Ditch Court may appoint another Deputy Administrator to serve until the vacancy in the office of Administrator is filled.

Section 2.A.6 Removal of Federal Water Master Constitutes Removal of Administrator. The removal of the Federal Water Master by the Orr Ditch Court pursuant to the Orr Ditch Decree shall also constitute removal of the Administrator for the purposes of this Agreement, and shall result in a vacancy to which the provisions of Sections 2.A.2 and 2.A.3 apply.

Section 2.A.7 Truckee River Operations Coordinating Committee. The Truckee River Operations Coordinating Committee is hereby established. The Truckee River Operations Coordinating Committee shall consist of one representative designated by each Signatory Party. The representatives of the Sovereign Parties shall elect the chair by a majority vote, who shall serve until a replacement is designated pursuant to another such vote. The Administrator shall be an ex-officio member of the Committee and shall be responsible for providing notice of meetings and maintaining files and records. Meetings of the Committee shall be open to the public. The Truckee River Operations Coordinating Committee shall act as a non-decisional, non-voting forum. The Committee shall meet periodically to review and discuss implementation of this Agreement, scheduling, forecasting and other issues related to planning for and coordinating the operation of Truckee River Reservoirs, Donner Lake and Independence Lake.
Section 2.A.8 Appointment of Staff and Compensation. The Administrator may appoint such person or persons as staff to assist the Administrator and Deputy Administrator in carrying out the provisions of this Agreement. The compensation and expenses of the Administrator, Deputy Administrator and any other staff employed by the Administrator, shall be borne as provided in Section 2.C.2, and shall be submitted for review and approval as provided in Section 2.C.3.

SECTION 2.B - DISPUTE RESOLUTION

Section 2.B.1 Disputes Arising Under the Orr Ditch Decree. Disputes arising under the Orr Ditch Decree shall remain subject to the jurisdiction of the Orr Ditch Court and the Federal Water Master.

Section 2.B.2 Disputes Arising Under this Agreement. Except as otherwise provided under this Agreement, all disputes arising under this Agreement shall be submitted for resolution to the Truckee River Special Hearing Officer. No person may commence a judicial action involving a dispute arising under this Agreement without first having exhausted procedures for resolution of disputes as set forth in this Agreement. The petition filed with the Truckee River Special Hearing Officer shall be styled in the name of the parties to the dispute. If the dispute stems from a decision made by the Administrator, the Administrator shall be named as respondent, with the parties to the dispute named as petitioner and real party in interest.

Section 2.B.2(a) Appointment of Truckee River Special Hearing Officer. The Truckee River Special Hearing Officer shall be appointed by a four-member appointing committee comprised of one representative appointed by each of the Sovereign Parties. The appointment shall be only by unanimous agreement of all members of the appointing committee, and shall be for a four-year term. An incumbent may be re-appointed to successive four-year terms by unanimous agreement of all members of the appointing committee. If a Truckee River Special Hearing Officer is not appointed within one year from the date this Agreement enters into effect, the Orr Ditch Court may, if necessary, appoint an interim Truckee River Special Hearing Officer to serve until such time as the Truckee River Special Hearing Officer is appointed by the appointing committee as provided in this Section 2.B.2. The Truckee River Special Hearing Officer shall be subject to removal for cause at any time by agreement of any three members of the appointing committee and a successor shall be appointed only as provided in this Section 2.B.2(a).

Section 2.B.2(b) Process of Truckee River Special Hearing Officer. The Truckee River Special Hearing Officer is authorized to resolve disputes arising under this Agreement.

(1) The Truckee River Special Hearing Officer may hold hearings which shall be public and on the record.

(2) The Truckee River Special Hearing Officer shall, within six months of appointment, propose rules and procedures for notice and the conduct of hearings which shall become the rules and procedures of the Truckee
River Special Hearing Officer if approved by the Sovereign Parties. The rules and procedures may be modified at any time upon proposal of the Truckee River Special Hearing Officer or any Sovereign Party, and with the approval of all the Sovereign Parties and the Truckee River Special Hearing Officer.

(3) All Scheduling Parties and Signatory Parties, and all other Persons having standing, may appear at all hearings before the Truckee River Special Hearing Officer.

(4) Decisions of the Truckee River Special Hearing Officer shall be final for purposes of judicial review and, subject to the provisions of any interim or final order of a court reviewing such decisions, shall be implemented by the Administrator or other appropriate party. Parties to the dispute are bound by the decision of the Truckee River Special Hearing Officer unless the decision is stayed or reversed.

(5) Decisions of the Truckee River Special Hearing Officer are reviewable by the Orr Ditch Court upon petition, by any aggrieved party who participated in the hearing before the Truckee River Special Hearing Officer, to the Orr Ditch Court. Any petitions for review of a decision of the Truckee River Special Hearing Officer must be filed within 30 days following the decision. No such petition shall be heard unless notice thereof has been served, personally or by registered or certified mail or overnight delivery within 30 days following the decision in question, on the Truckee River Special Hearing Officer and on any other party affected by the decision and who participated in the proceedings before the Truckee River Special Hearing Officer. Such notice shall contain a statement of the substance of the decision appealed from, and of the manner in which the decision adversely affects or aggrieves the petitioner’s interests. The decision of the Truckee River Special Hearing Officer shall be prima facie correct, and shall be upheld unless the petitioner establishes that the decision is arbitrary and capricious, is unsupported by substantial evidence on the record, or is not in accordance with the provisions of this Agreement or other law.

(6) The parties agree that any remedies ordered by the Administrator, the Truckee River Special Hearing Officer, and the court are limited to declaratory and prospective injunctive relief to carry out and enforce the provisions of this Agreement; and that neither the Administrator, the Truckee River Special Hearing Officer, nor the court is empowered to grant any monetary relief. The parties shall bear their own costs and fees in any dispute, and at all stages of the dispute. The cost of preparing the administrative record shall be borne by the petitioner; provided, however, that if the petitioner substantially prevails, the cost may be apportioned equally among all the parties to the dispute. Expenses associated with the
hearings by the Administrator and the Truckee River Special Hearing Officer shall be determined and assessed as set forth in Section 2.C.

(7) To the extent an issue concerning a state water right law is properly before the Truckee River Special Hearing Officer or the court as part of a dispute arising under this Agreement, and to aid in understanding state law, the Truckee River Special Hearing Officer or the court may request Nevada State Engineer or California State Water Resources Control Board to accept a reference as may be authorized by state law. For purposes of this Section 2.B.2(b)(7), such a reference may be requested pursuant to California Water Code Sections 2075 and 2076. All costs and fees for any such reference shall be determined and assessed as provided in state law.

Section 2.B.3 Expenses. Costs of hearings before the Truckee River Special Hearing Officer shall be apportioned as set forth in Section 2.C.4. Costs, if any, of retaining a Truckee River Special Hearing Officer not associated with hearings shall be included in the Administrator’s budget as provided in Section 2.C.3.

Section 2.B.4 Performance of Certain Acts After Expiration of Term, Resignation or Removal. A Truckee River Special Hearing Officer removed from office for cause as provided in Section 2.B.2(a) shall not execute any powers under this Agreement. The Truckee River Special Hearing Officer about to retire from office by reason of resignation or the expiration of term, shall, before such retirement, decide all disputes on which hearings have been concluded and may for a period of six months or such longer period of time as may be agreed to by the parties to the proceeding following such retirement make determinations and rulings as may be authorized by law and such determinations and rulings shall be treated for all purposes as if done prior to retirement from office.

Section 2.B.5 Sovereign Immunity.

Section 2.B.5(a) United States and Pyramid Tribe. By virtue of United States’ commencement of the action leading to the Orr Ditch Decree and by virtue of Pyramid Tribe’s intervention as plaintiff in that action for all purposes, and both sovereigns being bound by the Orr Ditch Decree and the amendments thereto, the sovereigns each acknowledge, and the Orr Ditch Court found and declared, that they are not immune from and are subject to the jurisdiction of the Orr Ditch Court over petitions filed against them concerning disputes arising under the Orr Ditch Decree, including petitions filed against the sovereigns for declaratory and prospective injunctive relief for disputes arising under this Agreement. Such jurisdiction does not extend to any claim for money damages. Nothing in this Agreement abrogates any claim or cause of action that may be available under the Administrative Procedure Act, 5 U.S.C. § 702 et seq.

Section 2.B.5(b) Nevada. Although Nevada was not a party to the action leading to the Orr Ditch Decree on the date of entry of the Final Decree, its water rights were set forth therein, and by virtue of Nevada’s subsequent intervention in the action for all purposes, and being bound by the Orr Ditch Decree and amendments thereto, Nevada acknowledges, and
the **Orr Ditch Court** found and declared, that it is not immune from and is subject to the jurisdiction of the **Orr Ditch Court** over petitions filed against it or its agencies concerning disputes arising under the **Orr Ditch Decree**. Such jurisdiction shall include petitions filed against Nevada or its agencies for declaratory and prospective injunctive relief for: (i) disputes arising under this **Agreement**, and (ii) claims by any aggrieved party where such claims allege failure to comply with the allocations or any other provisions of Sections 204(b) and 204(c) of the **Settlement Act**. Such jurisdiction does not extend to any claim against Nevada or its agencies for money damages, nor to any claim against Nevada or its agencies arising under state law, except that jurisdiction continues for appeals from decisions by Nevada State Engineer relating to changes in the point of diversion and place, means, manner or purpose of use of the water rights adjudicated under the Orr Ditch Decree. Such jurisdiction shall not attach until this **Agreement** has entered into effect and becomes operative.

**Section 2.B.5(c) California.** By virtue of California’s intervention in the action leading to the **Orr Ditch Decree** for the limited purposes of providing the **Orr Ditch Court** with jurisdiction to hear and decide: (i) petitions seeking judicial review of decisions by the **Truckee River Special Hearing Officer** which resolve disputes arising under this **Agreement**; and (ii) claims that allege failure to comply with the allocations or any other provisions of Sections 204(b) and 204(c) of the **Settlement Act**, and being bound for those limited purposes by the amendment to the **Orr Ditch Decree** entered by the court pursuant to Section 12.A.4(b), California acknowledges, and the **Orr Ditch Court** found and declared, that it is not immune from and is subject to the jurisdiction of the **Orr Ditch Court** over petitions filed against it or its agencies for declaratory and prospective injunctive relief for those two limited purposes. Such jurisdiction does not extend to any claim against California or its agencies for money damages, nor to any claim against California or its agencies arising under state law. Such jurisdiction shall not attach until this **Agreement** has entered into effect and becomes operative.

**Section 2.B.5(d) State Interventions.** Except as expressly provided in this **Agreement**, the interventions by Nevada and California in the action leading to the **Orr Ditch Decree** shall not be construed to: (i) alter the law or procedures applicable to the water allocated in the Settlement Act; (ii) alter the applicability of federal or state law or procedures to the supervision of safety of dams or to flood control; (iii) alter the applicability of any other federal or state law or procedures as provided in the Settlement Act; or (iv) abrogate the jurisdiction of, or any required approvals by, Nevada State Engineer, California State Water Resources Control Board, or the state agencies authorized or directed to implement or carry out such laws and procedures. The law that the **Truckee River Special Hearing Officer** or the **Orr Ditch Court** applies in resolving disputes over which they have jurisdiction shall not be affected by the interventions of the States in the action leading to the **Orr Ditch Decree**.
SECTION 2.C - FINANCIAL RESPONSIBILITIES

Section 2.C.1 Orr Ditch Decree Administration. Expenses of administration of water rights set forth in the Orr Ditch Decree shall remain subject to the jurisdiction of the Orr Ditch Court and shall continue to be apportioned in the manner determined by that Court.

Section 2.C.2 Administration of this Agreement. Expenses of administration of this Agreement, which expenses shall not include those expenses apportioned pursuant to Section 2.C.1, shall be apportioned among United States, California and Nevada as provided in this Section 2.C.2.

Section 2.C.2(a) United States Share. United States’ share of the expenses of administration of this Agreement shall be 40 percent except, in the case of Conservation District operation and maintenance fees for Release of Stampede Project Water pursuant to Section 7.A.2(b)(3), United States’ share shall be 50 percent. United States shall not assess on, or charge such expenses to, any other Signatory Party, nor to holders of Orr Ditch Decree Water Rights.

Section 2.C.2(b) California Share. California’s share of the expenses of administration of this Agreement shall be 20 percent except, in the case of Conservation District operation and maintenance fees for Release of Stampede Project Water pursuant to Section 7.A.2(b)(3), California’s share shall be 10 percent. If California funds a portion of its share of the expenses of administering this Agreement from charges to, or assessments or fees on, holders of water rights or on contracts for storage of water, such charges, assessments, or fees shall not be levied on the holders of water rights or on contracts where the water is stored in California primarily for beneficial use in Nevada; provided, that nothing in this Section 2.C.2(b) shall be construed as preventing California from levying charges, assessments or fees on water right applicants, on petitioners, or on holders of water rights, where such charges, assessments, or fees are made pursuant to state law uniformly applicable on a statewide basis. If California funds a portion of its share of the expenses of administration of this Agreement by charges, assessments or fees on or to Persons doing business within its jurisdiction, such charges, assessments or fees must be made pursuant to state law uniformly applicable on a statewide basis to all entities doing business within its jurisdiction.

Section 2.C.2(c) Nevada Share. Nevada’s share of the expenses of administration of this Agreement shall be 40 percent. Nevada shall not assess on, or charge such expenses to, Pyramid Tribe or Fallon Paiute-Shoshone Tribes.

Section 2.C.2(d) Appropriation of Funds. Any payments due under this Section 2.C.2 are necessarily subject to such legislation as the Congress of the United States or the Legislatures of Nevada and California shall hereafter enact; the payments provided for in this Section 2.C.2 are contingent upon such appropriations as the Congress or the appropriate Legislature may hereafter provide that are available for such purpose and the amount of such payments must necessarily be within the limits finally determined by such appropriations.
Section 2.C.2(e)  Failure to Make Payments.  When any Sovereign Party fails to pay its share of the costs of administration of this Agreement apportioned pursuant to Sections 2.C.2(a) through 2.C.2(c), the Administrator, or any Sovereign Party, may petition the Orr Ditch Court for an order to make payments or for any relief the Court deems appropriate, taking into account the provisions of the Settlement Act.  If payments were not made by a Sovereign Party because funds were not appropriated for that purpose, the Orr Ditch Court may order such other relief as may be available.

Section 2.C.2(f)  Habitat Restoration Fund.

Section 2.C.2(f)(1)  Funds For Habitat Restoration.  The expenses of administering this Agreement shall include a Truckee River Basin habitat restoration fund. This fund shall be initiated in the second year following the entering into effect of this Agreement and shall total $50,000 for that year. In succeeding years the annual amount set aside for this fund shall be increased or decreased to account for changes in the gross national product implicit price deflator but shall not exceed $100,000 nor be less than $50,000. This fund shall be a part of the expenses of administering this Agreement for a period of 30 years, and deposits made to the fund during that period may continue to be used thereafter for the purposes of the fund until expended.

Section 2.C.2(f)(2)  Use of the Habitat Restoration Fund.  The habitat restoration fund shall be used to plan and implement fish habitat restoration or maintenance projects proposed by each of California, Nevada and Pyramid Tribe. This fund shall be allocated to result in one-third of the money being distributed to each of the three proposing parties each decade; provided that moneys made available by this fund during the first two years shall be distributed to California. Thereafter, the moneys shall be distributed as agreed to by the three proposing parties, subject to the one-third per decade limitation. In the event that the proposing parties do not in any year agree upon a distribution, the Administrator shall make the distribution consistent with the one-third per decade limitation. The proposing parties are encouraged to leverage their distributions with any other funds under their control, and with donations and grants.

Section 2.C.3  Preparation of Budget.  The Administrator shall prepare and distribute to the Scheduling Parties and Signatory Parties an annual budget for funding requirements of Section 2.C.2. Such budget shall include any requests for funding for the hiring, compensation, and expenses of staff to assist the Administrator in carrying out the Administrator’s duties under this Agreement. The budget may include a retainer for the Truckee River Special Hearing Officer pursuant to Section 2.B.3, and a reserve fund to adjust timing of payments to timing of expenditures. After distribution of the annual budget and consultation with the Scheduling Parties and Signatory Parties, a majority of Nevada, California and United States shall either approve the annual budget as submitted or modify it, and thereafter, the Administrator shall submit it as approved or modified to the Orr Ditch Court for ratification. The Administrator shall distribute a financial report prepared by an independent auditor that accounts for the expenditures for the previous budget period. Any money not expended in a budget year may be carried over to ensuing years.
Section 2.C.4  Truckee River Special Hearing Officer. All expenses associated with hearings by the Truckee River Special Hearing Officer shall be determined and assessed by the Truckee River Special Hearing Officer in the same manner as expenses of a special master are established by the Court pursuant to Rule 53 of the Federal Rules of Civil Procedure.

Section 2.C.5  Nominating Committee. Expenses of a member of the nominating committee established in Section 2.A.2 shall be borne by the Signatory Party appointing said member.

Section 2.C.6  Appointing Committee. Expenses of a member of the appointing committee established in Section 2.B.2(a) shall be borne by the Sovereign Party appointing said member.

Section 2.C.7  Truckee River Operations Coordinating Committee. Each Signatory Party to this Agreement shall bear the expenses of its representative on the Truckee River Operations Coordinating Committee.
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ARTICLE THREE
ACCOUNTING, REPORTING, FORECASTING AND MONITORING

SECTION 3.A - WATER ACCOUNTING

Section 3.A.1 Development of Water Accounting System. In consultation with the Scheduling Parties and Signatory Parties, the Administrator shall develop for use in administering this Agreement a water accounting system, including procedures for reconciliation of records, which is adequate to account for water in accordance with this Agreement. The water accounting system shall be the official record of operations for this Agreement.

Section 3.A.2 Scheduling Parties To Make Records Available. The Scheduling Parties shall keep and make available to the Administrator, at all reasonable times and places, records and data documenting their operations under this Agreement as may be required to carry out this Agreement or as may be necessary or useful in order for the Administrator to implement the water accounting system referenced in Section 3.A.1.

SECTION 3.B - REPORTS

The Administrator shall prepare daily, monthly, annual and ten-year reports documenting the operation of the Truckee River system carried out under this Agreement. Additional reports may also be prepared and distributed as deemed necessary by the Administrator. Daily reports shall be retained for not less than seven (7) years. Monthly, annual and ten-year reports shall be retained permanently.

Section 3.B.1 Daily Report. The daily report shall be prepared and made available each working day to the Scheduling Parties. It shall be available in written form in the Administrator’s office and shall be available through the transmittable electronic system maintained by the Administrator pursuant to Section 3.C.3. The daily report shall provide the current status of all water accounts provided for in this Agreement and stream flow, reservoir levels and other hydro-meteorological data used for operations.

Section 3.B.2 Monthly Report. The monthly report shall include the daily and monthly accounting information and evaluate and summarize operations.

Section 3.B.3 Annual Report. The annual report shall cover a calendar year and incorporate monthly reports and evaluate and summarize operations, including special conditions occurring during the year which will assist in understanding that year’s operations, and shall include data reflecting water use and information provided by California and Nevada. The annual report for a year shall be available by March 15 of the following year.

Section 3.B.4 Ten-Year Report. A ten-year report shall be prepared pursuant to Section 13.C and shall be available by June 15 of the year following the end of the tenth year.
SECTION 3.C - MONITORING OF OPERATIONS

Section 3.C.1 Data Collection. The Administrator shall be responsible for design, implementation and maintenance of a data collection program sufficient for the purposes of this Agreement, including appropriate policies for the retention of data. The Administrator shall review the existing data collection equipment and sites and assess the need for new equipment and sites in consultation with the Scheduling Parties and Signatory Parties and with the appropriate agencies or Scheduling Parties and Signatory Parties responsible for data collection equipment and facilities. In consultation with Scheduling Parties and Signatory Parties, the Administrator shall determine which monitoring gages, telemeters and data sources are to be the official monitoring points for implementing this Agreement. The Administrator may cooperate or contract with other agencies or entities for monitoring operations provided those operations are consistent with the requirements of this Agreement.

Section 3.C.2 Oversight of Monitoring Activities. The Administrator shall have responsibility for oversight of required monitoring activities to ensure long-term consistency of operations, site-to-site compatibility of data and adjustment of data to correct for anomalies or disturbances in real-time monitor readings. The Administrator shall identify any adjustments made to recorded data.

Section 3.C.3 Database System. The information and data from the monitoring program shall be accessible through a transmittable electronic system.

SECTION 3.D - DETERMINING A DROUGHT SITUATION

No later than April 15 of any year, for the purpose of determining whether a Drought Situation exists, the Administrator shall project operation of the Truckee River system, considering all relevant operations criteria and utilizing the April 1 Natural Resources Conservation Service median forecast in combination with runoff forecasts based upon median climatic conditions for basins and periods not included in the Natural Resources Conservation Service median forecast. If a Drought Situation has been determined to exist, such determination shall remain in effect until April 15 of the following year.

SECTION 3.E - ADJUSTMENTS AND ADDITIONAL INFORMATION

If published forecasts and data do not provide adequate information to implement this Agreement or if forecasts and data are no longer available from persons not party to this Agreement, the Administrator shall secure additional data and make reasonable adjustments to such data and forecasts as may be necessary to satisfy the implementation requirements of this Agreement.
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ARTICLE FOUR
INCORPORATION OF CERTAIN PROVISIONS OF
PRELIMINARY SETTLEMENT AGREEMENT

SECTION 4.A - PRELIMINARY SETTLEMENT AGREEMENT PROVISIONS
SUPERSEDED

This Agreement supersedes all provisions and requirements of the Preliminary Settlement Agreement, as modified by the Ratification Agreement (“PSA”), and this Article Four, together with other provisions of this Agreement, comply with the Settlement Act with respect to the PSA. The provisions of this Article Four are based upon certain provisions of the PSA which are not included or addressed elsewhere in this Agreement. The provisions of this Article Four are binding only upon United States, Pyramid Tribe, and Water Authority, and not on any other Signatory Party.

SECTION 4.B - WATER RIGHT REQUIREMENT FOR WATER AUTHORITY
SERVICE COMMITMENTS UP TO 119,000 ACRE-FEET

Water Authority requires its customers requesting “new water service” to comply with certain rules under its authority, including Water Authority’s Rule 7, which requires that water rights be provided by a customer in order to receive a “new water service commitment” or “will-serve letter.” This Section 4.B relates the portion of Rule 7 concerning water rights for “new water service commitments” to this Agreement, and identifies components of Water Authority commitments which rely on surface water and storage under this Agreement.

Section 4.B.1 Excess Water Rights for Past Power Company Commitments.

Section 4.B.1(a) Excess Water Rights Required from 1982 to 1995. From 1982 through February 21, 1995, Water Authority’s predecessor, Power Company, required new water service commitments which relied on surface water to provide surface water rights at the rate of 1.72 acre-feet for every acre-foot of such commitment, reflecting 0.72 acre-foot of excess water right for drought purposes for each acre-foot of new water service commitment. For purposes of this Agreement, these commitments shall be designated as relying on storage under this Agreement. The total of such excess water rights obtained from 1982 through February 21, 1995, was approximately 7,800 acre-feet.

Section 4.B.1(b) Excess Water Rights Required from 1995 to 1999. From February 22, 1995, through October 20, 1999, Water Authority’s predecessor, Power Company, required new water service commitments which relied on surface water to provide surface water rights at the rate of 1.11 acre-feet for each acre-foot of new water service commitment, reflecting 0.11 acre-foot of excess water right for drought purposes for each acre-foot of new water service commitment. For purposes of this Agreement, these commitments are designated as relying on storage under this Agreement. The total of such excess water rights obtained from February 22, 1995, through October 20, 1999, was approximately 960 acre-feet.
Section 4.B.2 Excess Water Rights Required for Future Water Authority Commitments.

Section 4.B.2(a) Temporary Suspension of 0.11 Acre-Foot Requirement. The requirement for an excess 0.11 acre-foot of surface water rights to be provided for each acre-foot of new water service commitment set forth in Section 4.B.1(b) has been suspended from October 21, 1999, through October 20, 2004.

Section 4.B.2(b) Resumption of 0.11 Acre-Foot Requirement. Unless otherwise agreed by each of Water Authority, Pyramid Tribe and United States, new water service commitments which are designated as relying on surface water and storage under this Agreement shall resume providing 1.11 acre-feet of surface water rights for each acre-foot of new water service commitment on October 21, 2004, and shall continue at least until all Water Authority Normal Demand totals 119,000 acre-feet per year.

Section 4.B.2(c) Total Water Rights to be Obtained through 0.11 Acre-Foot Requirement. The total amount of excess water rights to be obtained under this Section 4.B.2 shall be calculated by adding all new water service commitments issued after October 20, 2004, which rely on surface water and storage under this Agreement, except those which provide groundwater rights or Donner Lake water rights in accordance with Section 4.C.1, and multiplying the net total by 0.11. Water rights provided for new service commitments pursuant to Section 4.F shall not be included in the total calculation.

Section 4.B.2(d) Water Rights to Yield Sufficient Supply. If water rights other than Changed Diversion Rights are utilized for new water service commitments under this Section 4.B.2, the water rights provided must be in sufficient quantity to yield at least the same water supply for diversion to Water Authority Service Area as that provided during a Critical Drought Period by Changed Diversion Rights having an original place of use within the Truckee Meadows. Changed Diversion Rights having an original place of use within the Newlands Project may replace the rights obtained in accordance with Section 4.B, provided they are in sufficient quantity to yield at least the same water supply for diversion to Water Authority Service Area as that provided by Changed Diversion Rights having an original place of use within the Truckee Meadows.

Section 4.B.3 Excess Water Rights Not to Be Used for New Service Commitments. Unless otherwise agreed by each of Water Authority, Pyramid Tribe and United States, the excess water rights identified in Sections 4.B.1 and 4.B.2 shall not be available for water service commitments beyond those identified in Sections 4.B.1 and 4.B.2. The consumptive use portion of such excess water rights shall, to the extent physically and legally feasible, be utilized by Water Authority to Establish Water Authority M&I Credit Water.

Section 4.B.4 Adjustment of Commitments and Replacement of Excess Water Rights. The purpose of this Section 4.B.4 is to carry out the purpose of Section 2 of 1989 Statutes of Nevada Ch 617 pages 1393 to 1396 by preventing the allocation of the water conserved pursuant to that provision to new water service commitments, thereby insuring that such conserved water is stored and used pursuant to this Agreement. Water Authority may
adjust the amount of water service committed to the amount of water actually utilized by a customer for commercial purposes or for wholesale customers. If such wholesale customer is located inside retail boundaries of Water Authority’s predecessor, **Power Company**, existing as of October 1, 2000, such commitment may only be adjusted for commercial usage, and if such wholesale customer is located outside retail boundaries of Water Authority’s predecessor, **Power Company**, existing as of October 1, 2000, such commitment may be adjusted to actual usage. Unless otherwise agreed by each of United States, Pyramid Tribe and Water Authority, Water Authority may only adjust water service commitments to residential customers located inside retail boundaries of Water Authority’s predecessor, **Power Company**, existing as of October 1, 2000, when the residence is removed or the property is reverted to acreage, and if so adjusted, a new water service commitment would be required if new water service is requested. Water Authority may also replace or exchange such conserved water for water associated with other water rights of equal or better yield.

**Section 4.B.5 Water Conserved from Toilet Replacement Programs Not to Be Used for New Water Service Commitments.** All water conserved as the result of the toilet replacement program described in Section 7.B.4(f) shall be, to the extent physically and legally feasible, utilized by Water Authority to **Establish Water Authority M&I Credit Water** pursuant to Section 7.B.1. Such conserved water shall not be available for new water service commitments, and shall be deemed part of the water utilized to serve existing customers.

**SECTION 4.C - DEVELOPMENT OF ADDITIONAL MUNICIPAL AND INDUSTRIAL WATER SUPPLIES TO HELP MEET A DEMAND OF 119,000 ACRE-FEET**

**Section 4.C.1 Development of Additional Municipal and Industrial Water Supplies.** Water Authority shall use its best efforts to implement the following measures, to the extent legally, technically and economically feasible, to help meet the water demands of its customers:

(a) The development of up to 15,950 acre-feet annually of groundwater from the Truckee Meadows groundwater basin, which includes the 12,616 acre-feet identified in the PSA.

(b) The acquisition and utilization of the rights currently owned by Truckee-Carson Irrigation District to store and use water in Donner Lake on a willing-buyer/willing-seller basis, unless such right is acquired by another party.

Water Authority may issue new water service commitments based on groundwater rights referenced in this Section 4.C.1 and which were not previously committed, and Donner Lake rights, without acquiring additional surface water rights otherwise required by Section 4.B.2, provided that normal year water use associated with such commitments shall be included within the 119,000 acre-feet referenced in Section 4.B.2(b).

**Section 4.C.2 Good Faith Efforts.** Water Authority and its predecessor, **Power Company**, have made good faith efforts with respect to the measures identified in Section 4.C.1. Water Authority shall not be in default of its best efforts obligation unless it fails to meet that
obligation and any such failure continues for a period of one year after Water Authority is notified in writing by Pyramid Tribe, except that if any failure cannot be cured within the one-year period, Water Authority will not be in default if, within that one-year period, Water Authority begins to cure any failure and, thereafter, proceeds diligently to cure it.

SECTION 4.D - WAIVER OF RIGHT TO OBJECT

Pyramid Tribe and United States waive any and all rights or claims they may have to protest or object to Water Authority’s implementation and use in Water Authority Service Area of the water supplies described in Sections 4.C and 4.E and to any changes to water rights made consistent with Sections 4.A. and 4.B.

SECTION 4.E - SPARKS MARINA LAKE

During a Drought Situation or Emergency or Repair Condition, Water Authority may, pursuant to applicable law, pump up to 2,000 acre-feet per year directly from Sparks Marina Lake or adjacent wells for Municipal and Industrial Use. Additional quantities of water may be pumped, pursuant to applicable law, if agreed to by Pyramid Tribe.

SECTION 4.F - DEVELOPMENT OF ADDITIONAL MUNICIPAL AND INDUSTRIAL WATER SUPPLIES WHICH DO NOT RELY ON STORAGE UNDER THIS AGREEMENT

Section 4.F.1 Additional Water Authority Water Supplies. Water Authority may obtain water supplies which do not rely on storage under this Agreement to meet the demands of its customers either after Water Authority Normal Demand reaches 119,000 acre-feet per year or prior thereto, through:

(a) the acquisition of Truckee River Basin water rights in addition to those identified in Sections 4.B and 4.C;

(b) the utilization of water from hydrologic basins outside the Truckee River Basin;

(c) the development of Truckee River groundwater basins in Nevada including any pumping of Truckee Meadows groundwater in excess of the 15,950 acre-feet annually as identified in Section 4.C.1(a);

(d) the addition of customers with their associated water supply through the acquisition after May 23, 1989, of a water purveyor or its water supply assets, but only to the extent that such associated water supply was adequate to meet full demands of those customers at the time of acquisition; and

(e) the implementation of other measures.
Section 4.F.2  Water Authority Notification of Additional Water Supplies. Until Water Authority Normal Demand reaches 119,000 acre-feet, Water Authority shall notify each of United States and Pyramid Tribe before relying on any additional water supplies under this Section 4.F. Such notice shall specify the amount of demand to be served by such water supplies which is in addition to the 119,000 acre-feet identified in Sections 4.B. and 4.C.

Section 4.F.3  Additional Water Authority Water Supplies Shall Not Be Adverse to Rights of Pyramid Tribe and United States. Any water supplies developed pursuant to this Section 4.F shall not adversely affect any water rights secured to Pyramid Tribe or United States under the Settlement Act or this Agreement, any rights of Pyramid Tribe or United States under Section 1.E., or any other water rights of United States or Pyramid Tribe. In acquiring such additional water supplies, Water Authority must comply with such state, local and federal permits and approvals as may be required under then-existing laws, rules and regulations.

Section 4.F.4  Integration of All Water Authority Water Supplies. Nothing in this Article Four shall be construed to prevent Water Authority from integrating all water supplies in a manner which efficiently meets the needs of its customers.

SECTION 4.G - USE OF WATER RIGHTS IN AREAS WHICH DO NOT DISCHARGE EFFLUENT TO THE TRUCKEE RIVER

Water Authority may utilize any of its Truckee River water rights for its service areas outside of the Truckee River Basin provided that:

1. Except for the 3,000 acre-feet referenced in Section 4.G.2, when an Orr Ditch Decree Water Right is used to provide water to its service areas outside of the Truckee River Basin, additional water rights shall be utilized to provide water in the Truckee River in an amount and location equivalent to the wastewater treatment facility return flows which would have accrued to the Truckee River if the water rights usage outside the Truckee River Basin had been within an area served by a wastewater treatment facility discharging effluent to the Truckee River. If the additional water rights proposed to be utilized for providing the above-referenced return flows are from Orr Ditch Decree Water Rights that are junior in priority to water rights to be used outside of the Truckee River Basin and either have an original place of use downstream from the Vista Gage or are not directly served by Floriston Rate Water, then each of Pyramid Tribe or United States may protest change applications for such water rights filed with Nevada State Engineer.

2. Water Authority may deliver 3,000 acre-feet of Truckee River water to wholesale and retail customers in the Stead, Silver Lake and Golden Valley areas without obtaining water rights for return flows to the Truckee River. If and to the extent that the water supply for Stead, Silver Lake or Golden Valley is provided from sources outside the Truckee River Basin, Water Authority may use such 3,000 acre-feet of Truckee River water in other areas which do not return effluent to the Truckee River Basin without obtaining water rights for return flows.
3. For any Truckee River water rights other than those set forth in Sections 4.G.1 and 4.G.2, water under such rights may be utilized to supply water outside the Truckee River Basin to the extent of their right to consumptive use.
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ARTICLE FIVE
OPERATIONS OF FLORISTON RATE WATER
AND
PROJECT WATER

SECTION 5.A - OPERATION OF FLORISTON RATE WATER

Nothing in this Section 5.A shall be construed to prohibit the Accumulation of Credit Water through retention in storage of Floriston Rate Water pursuant to this Agreement.

Section 5.A.1 Introduction. The foundation for operations under this Agreement is the maintenance of Floriston Rates or Reduced Floriston Rates. This Agreement also provides for Credit Water Operations, including those which will allow for the retention in storage of water which would have been Released from or Passed-Through a reservoir for Floriston Rates or Reduced Floriston Rates, and as a result, the rate of flow of Floriston Rate Water in the Truckee River at the Farad Gage will be reduced accordingly.

Section 5.A.1(a) Prior Agreements. This Agreement supersedes all requirements of any agreements concerning the operation of Truckee River Reservoirs including those of the Truckee River Agreement and the Tahoe-Prosser Exchange Agreement.

Section 5.A.1(b) Lake Tahoe Elevations. For the purpose of this Agreement, all Lake Tahoe water surface elevations mentioned are referenced to Lake Tahoe Datum which is measured from that certain benchmark identified as the top surface of a hexagonal brass bolt 7/8-inch diameter projecting one inch from the vertical face of the left hand or southerly concrete abutment wall of the present existing Lake Tahoe dam, at approximately 3.2 feet below the top thereof and approximately in line, both horizontally and vertically, with the upstream ends or “cutwaters” of the concrete piers between the sluiceways of dam, which benchmark shall be conclusively presumed to be 6,230.00 feet.

United States, with the approval of Nevada, California, Pyramid Tribe, and Water Authority, shall establish and maintain a secondary benchmark for re-establishing the benchmark associated with the hexagonal brass bolt described in this Section 5.A.1(b) in the event that the same hexagonal brass bolt is not available for measuring the Lake Tahoe Datum.

Section 5.A.1(c) Calculation of Lake Tahoe Elevation. For purposes of Sections 5.A.2 and 5.A.4, the water surface elevation of Lake Tahoe shall be a calculated value which shall include all Lake Tahoe Floriston Rate Water in Truckee River Reservoirs, except Tahoe-Prosser Exchange Water in Prosser Creek Reservoir, and shall not include any other category of water in Lake Tahoe.
Section 5.A.1(d) Water Available for Maintaining Floriston Rates. Water available for maintaining Floriston Rates or Reduced Floriston Rates shall consist of:

(1) Boca Storage Water, Additional Boca Storage Water and Lake Tahoe Floriston Rate Water, including any such waters classified as Project Water in Another Reservoir, in or Discharged from any reservoir; and

(2) all other water in the Truckee River and in tributaries located upstream of the Farad Gage, except:

(i) water diverted in California in accordance with Section 204(c)(1) of the Settlement Act,

(ii) water diverted in California in accordance with Section 204(c)(2) of the Settlement Act and Section 6.B,

(iii) water Impounded in Donner Lake and Independence Lake as Privately Owned Stored Water pursuant to Sections 5.B.4 and 5.B.7,

(iv) water Impounded in Donner Lake for the successor-in-interest to Donner Lake Water Company pursuant to Section 6.C.5(a)(2)(i),

(v) Credit Water other than Project Water In Another Reservoir as provided in Section 5.A.1(d)(1); California M&I Credit Water which is Discharged, not re-diverted, and flows into Nevada; and California Environmental Credit Water and Additional California Environmental Credit Water in accordance with Section 7.D.9(b),

(vi) Fish Water,

(vii) water stored in Water Authority Boca Storage which Water Authority does not Release as Floriston Rate Water; and

(viii) Privately Owned Stored Water except as provided in Section 5.A.2(b).

Section 5.A.1(e) Use of Floriston Rate Water. Floriston Rate Water shall be used to serve Orr Ditch Decree Water Rights, including changes to such rights, and to the extent not needed to serve such rights, may be used to serve Pyramid Tribe’s rights under Nevada State Engineer Ruling No. 4683 and other Truckee River water rights under permits issued by Nevada State Engineer prior to 1983. Such Orr Ditch Decree Water Rights may also be served by water from tributaries and return flows entering the Truckee River downstream from the Farad Gage.
Section 5.A.2 Floriston Rates and Reduced Floriston Rates.

Section 5.A.2(a) Maintenance of Floriston Rates and Reduced Floriston Rates. Except as otherwise provided in this Agreement, Floriston Rates and Reduced Floriston Rates shall be maintained as follows:

1. Floriston Rates shall be maintained whenever Reduced Floriston Rates are not in effect.

2. Reduced Floriston Rates shall be in effect and shall be maintained to the extent possible from November 1 through March 31, whenever the water surface elevation of Lake Tahoe is lower than 6,226.0 feet Lake Tahoe Datum.

3. Discharges of Floriston Rate Water shall not be made at any time at a rate which will result in flows at the Farad Gage in excess of Floriston Rates or Reduced Floriston Rates.

Section 5.A.2(b) Owner Release of Privately Owned Stored Water for Purpose of Maintaining Floriston Rates or Reduced Floriston Rates. Whenever Floriston Rates or Reduced Floriston Rates are being maintained in whole or in part by Release from Lake Tahoe, an owner of Privately Owned Stored Water may schedule a Release of its Privately Owned Stored Water for the purpose of maintaining all or a portion of Floriston Rates or Reduced Floriston Rates. At such times, the Release from Lake Tahoe shall be reduced to the extent possible equivalent to the Release of Privately Owned Stored Water and any such Privately Owned Stored Water equivalent to the change in Release from Lake Tahoe shall be classified as Floriston Rate Water. This Section 5.A.2(b) is not intended to prevent and shall not be construed as preventing a Release of Privately Owned Stored Water for purposes of Establishing Credit Water in Lake Tahoe as provided in Article Seven, nor to prevent the Accumulation of Credit Water in Donner Lake.

Section 5.A.2(c) Elimination of Certain Exceptions to Maintenance of Floriston Rates and Reduced Floriston Rates. From and after the date when this Agreement enters into effect, Water Authority shall not exercise any rights it would have had under Articles III(B)(2), III(B)(4), and III(D) of the Truckee River Agreement.

Section 5.A.3 Adjustments to Floriston Rates and Reduced Floriston Rates.

Section 5.A.3(a) Establishment of Credit Water. To the extent allowed pursuant to the provisions of this Agreement, the rate of flow in the Truckee River for Floriston Rates or Reduced Floriston Rates, shall be reduced in order to allow for the Establishment of Credit Water.

Section 5.A.3(b) Provision for Extension of Floriston Rate Supply During Current Irrigation Season. Water Authority, Conservation District and Nevada may
agree to a reduction in Floriston Rates during an irrigation season for purposes of retaining Floriston Rate Water in storage and the rate of flow in the Truckee River resulting from Floriston Rate Water shall be reduced in accordance with such agreement; provided, however, that from and after the date this Agreement enters into effect, prior to agreeing to such a reduction, Water Authority shall obtain the written consent of each of United States, Pyramid Tribe, and the operator of the Newlands Project, unless the proposed reduction occurs in a Drought Situation and results in a flow of Floriston Rate Water at the Farad Gage of 250 cfs or more. The Establishment of Credit Water to the extent allowed under this Agreement may continue using the remaining Release or Pass-Through of Floriston Rate Water after adjustment under this Section 5.A.3(b).

Section 5.A.3(c) Removing Ice from Water Authority Hydroelectric Plant Facilities. Whenever during December, January and February Water Authority determines that there is a need for additional flow, in addition to that diverted for hydropower generation, to remove ice that is interfering with the operation of one or more of Water Authority Hydroelectric Plants, the following provisions shall apply.

Section 5.A.3(c)(1) Preventing Floating Ice from Entering Hydroelectric Plant Flume. In order to minimize implementation of Sections 5.A.3(c)(2) and 5.A.3(c)(3), Water Authority shall make a good faith attempt to maintain ice booms to the extent reasonably practical to prevent floating ice from entering a flume that delivers water to a Water Authority Hydroelectric Plant.

Section 5.A.3(c)(2) Curtailing Credit Water Establishment. When Water Authority makes the determination that additional water must be diverted pursuant to this Section 5.A.3(c), then Establishment of Credit Water pursuant to Sections 7.A.3(a)(1) and 7.A.3(a)(2) shall be governed by the following provisions:

(i) Curtailment pursuant to this Section 5.A.3(c)(2) shall not apply to the Establishment of Fish Credit Water.

(ii) Establishment of Credit Water shall be terminated or curtailed in the reverse order of the sequence provided in Sections 8.E.2(c) through 8.E.2(h) to the extent necessary to remove ice that is interfering with the operation of one or more Water Authority Hydroelectric Plants.

(iii) If termination of Credit Water Establishment pursuant to Section 5.A.3(c)(2)(ii) is insufficient to remove ice that is interfering with the operation of one or more Water Authority Hydroelectric Plants, then Water Authority may elect to curtail Establishment of Water Authority M&I Credit Water for the purpose of ice removal.
(iv) To the extent that curtailing Establishment of Credit Water other than Fish Credit Water results in additional water flowing to Pyramid Lake, Pyramid Tribe and United States shall not utilize such additional water to Establish Fish Credit Water.

Section 5.A.3(c)(3) Release of Floriston Rate Water. When Water Authority makes the determination that additional water must be diverted pursuant to this Section 5.A.3(c) for ice removal, and no Credit Water is being Established pursuant to Sections 7.A.3(a)(1), 7.A.3(a)(2), and 7.C.1, then Floriston Rate Water from Lake Tahoe or Boca Storage Water Impounded prior to the preceding October 1 shall be Released for the purpose of ice removal. Such Releases shall not be more water than is sufficient to maintain a flow for the generation of power at the Fleish Plant in excess of Floriston Rates or Reduced Floriston Rates and in no event shall the resulting flow of Floriston Rate Water at the Farad Gage exceed 500 cfs.

Section 5.A.3(c)(4) Scheduling Ice Removal Operations. Water Authority shall schedule ice removal operations, including curtailment and the cessation of curtailment, under Sections 5.A.3(c)(2) and 5.A.3(c)(3) pursuant to Section 11.C.

Section 5.A.3(d) Release of Water from Lake Tahoe to Prevent High Water Damage. The dam and controlling works at the outlet of Lake Tahoe shall be operated to prevent, insofar as practicable, the water surface of Lake Tahoe from exceeding elevation 6,229.1 feet Lake Tahoe Datum. The procedure for regulating Lake Tahoe for this purpose is set forth in this Section 5.A.3(d). For purposes of this Section 5.A.3(d), the water surface elevation of Lake Tahoe shall include all water in Lake Tahoe, and shall not include Lake Tahoe Floriston Rate Water in other reservoirs. To the extent Floriston Rate Water is not required to maintain Floriston Rates, the sequence of water categories Discharged from Lake Tahoe pursuant to this Section 5.A.3(d) shall be in accordance with Section 5.C.

Section 5.A.3(d)(1) Projection of Maximum Water Surface Elevation. Projections of the maximum elevation which the water surface of Lake Tahoe would reach at any time shall be made on or about March 1 and April 1 of each year and at such other times as may be determined by the Administrator. Such projection of maximum water surface elevation shall include consideration of the following:

(i) the water content of snow in the Lake Tahoe Basin as determined from data available from sources deemed reliable by the Administrator;

(ii) the normal Lake Tahoe Basin precipitation between the date of any such snow data and the following July 1st;

(iii) the scheduled Release of water from Lake Tahoe after the date of any such snow data and prior to the date of the estimated maximum water surface elevation for the current calendar year; and
(iv) existing physical and climatic conditions affecting the run-off into Lake Tahoe.

Section 5.A.3(d)(2) Discharges When Lake Tahoe Elevation is Forecast to Exceed 6,230.0 Feet. Whenever the water surface elevation of Lake Tahoe is projected to exceed 6,230.0 feet Lake Tahoe Datum, determined as provided in Section 5.A.3(d)(1), based on the assumption that the gates at Lake Tahoe are closed, and notwithstanding the actual elevation of Lake Tahoe at such time, the Administrator shall Discharge water, in addition to scheduled Releases, sufficient to prevent, insofar as practicable, the water surface elevation of Lake Tahoe from exceeding elevation 6,229.1 feet Lake Tahoe Datum.

Section 5.A.3(d)(3) Discharges When Lake Tahoe Elevation Exceeds 6,228.0 Feet. Whenever the water surface elevation of Lake Tahoe exceeds 6,228.0 feet Lake Tahoe Datum, the Administrator shall Discharge, in addition to scheduled Releases, sufficient water from Lake Tahoe so that the maximum projected water surface elevation will not exceed 6,229.1 feet Lake Tahoe Datum.

Section 5.A.3(d)(4) Administrator to Consult with Parties. In making the projections and in determining the rate and duration of Discharges allowed by this Section 5.A.3(d), the Administrator shall, to the extent practicable under the circumstances, consult with the Mandatory Signatory Parties and any Person having water in storage in Lake Tahoe at that time.

Section 5.A.4 Coordination of Releases of Floriston Rate Water from Lake Tahoe and Boca Reservoir. For purposes of maintaining Floriston Rates and Reduced Floriston Rates as provided in Sections 5.A.2 and 5.A.3, Floriston Rate Water shall be Released or Passed-Through to the extent possible or necessary in accordance with this Section 5.A.4, except as otherwise provided in this Agreement.

Section 5.A.4(a) Releases When Lake Tahoe Elevation Exceeds 6225.5 Feet. At all times from April 1 through October 31 that the calculated water surface elevation of Lake Tahoe exceeds 6,225.5 feet Lake Tahoe Datum, Releases of Floriston Rate Water from Lake Tahoe shall be reduced to the maximum extent permissible under this Agreement and Boca Storage Water shall be Released, to the extent possible, to maintain Floriston Rates, except that 4,000 acre-feet of Boca Storage Water subject to Release under the provisions of Section 5.A.5 shall be retained in Boca Reservoir for the purpose provided in Section 5.A.5(b). If such Releases are insufficient to maintain Floriston Rates, then any combination of Lake Tahoe Floriston Rate Water which is stored as Project Water in Another Reservoir in Stampede Reservoir and Lake Tahoe Floriston Rate Water in Lake Tahoe shall be Released to the extent available and necessary to maintain Floriston Rates. Tahoe-Prosser Exchange Water shall be used to maintain Floriston Rates in accordance with Section 5.B.6(a)(3).
Section 5.A.4(b)  Releases When Lake Tahoe Elevation Does Not Exceed 6225.5 feet. At all times from April 1 through October 31 when the calculated water surface elevation of Lake Tahoe does not exceed 6,225.5 feet Lake Tahoe Datum, Floriston Rate Water shall be Released from Lake Tahoe, in an amount that the Administrator determines could have been Released in the absence of Credit Water in Lake Tahoe, to maintain Floriston Rates; provided if the Federal Water Master deems it necessary in order to protect Floriston Rate Water, Floriston Rate Water stored as Project Water in Another Reservoir in Stampede Reservoir may be Released in a blended manner with Lake Tahoe Release. If such Releases are insufficient to maintain Floriston Rates, then any combination of Tahoe-Prosser Exchange Water, Floriston Rate Water which is stored as Project Water in Another Reservoir in Stampede Reservoir, Boca Storage Water and Additional Boca Storage Water subject to the provisions of Sections 5.A.4(d)(1) and 5.A.4(d)(2), shall be Released to the maximum extent possible up to the amount required to make up such deficit in Floriston Rates.

Section 5.A.4(c)  Operation of Boca Storage Water.

Section 5.A.4(c)(1)  Operation of Boca Storage Water Impounded Prior to October 1. From October 31 through March 31, all Boca Storage Water which had been diverted to storage prior to October 1, and which remains in Boca Reservoir or any other Truckee River Reservoir on October 31, shall be Released for the purpose of maintaining Floriston Rates or Reduced Floriston Rates, subject to the provisions of Section 5.A.4(c)(2).

Section 5.A.4(c)(2)  Operation of Boca Storage Water Impounded from October 1 through March 31. Boca Storage Water diverted to storage from October 1 through March 31 shall not be Released during that period, except at the option of Conservation District.

Section 5.A.4(d)  Operation of Additional Boca Storage Water.

Section 5.A.4(d)(1)  Operation from April 1 through September 10. From April 1 through September 10, provided all Boca Storage Water shall have been first Released, Additional Boca Storage Water shall be Released for the same purposes and under the same conditions specified in this Article Five for the Release and use of Boca Storage Water.

Section 5.A.4(d)(2)  Operation from September 11 through January 31. From September 11 through January 31, provided all Boca Storage Water diverted to storage prior to October 1 of this period shall have been first Released, all Additional Boca Storage Water diverted to storage prior to October 1 and remaining in Boca Reservoir or any other Truckee River Reservoir shall be Released for the purpose of maintaining Floriston Rates or Reduced Floriston Rates. The amount of water which would otherwise have been Released from Lake Tahoe shall be reduced during such period by an amount equal, as nearly as practicable, to the amount of Additional Boca Storage Water so Released during such period.
Section 5.A.4(d)(3) Operation from February 1 through March 31. From February 1 through March 31, **Additional Boca Storage Water** which had been diverted to storage prior to October 1 and remaining in Boca Reservoir or any other **Truckee River Reservoir** may be **Released** or retained as **Floriston Rate Water** at the option of Conservation District. If Conservation District **Releases** such water in whole or in part, it shall, insofar as may be reasonably practicable, regulate the rates and periods of flow of such **Releases** to result in the greatest possible retention of **Lake Tahoe Floriston Rate Water**.

Section 5.A.4(d)(4) Operation after March 31. Additional Boca Storage Water retained in Boca Reservoir or any other Truckee River Reservoir after March 31 shall retain its classification as **Additional Boca Storage Water** and only be **Released** under the provisions of this Section 5.A.4(d) applicable to **Release** of Additional Boca Storage Water.

Section 5.A.4(e) Coordination of Floriston Rate Water Release to Maintain Minimum Release from Lake Tahoe and for Floriston Rates or Reduced Floriston Rates. Nothing in this Section 5.A.4 shall preclude the historic practice of **Releasing** Lake Tahoe Floriston Rate Water to provide **Minimum Releases** from Lake Tahoe to the extent that **Release** of Floriston Rate Water would otherwise be made from a reservoir other than Lake Tahoe or there is **Pass-Through** of Floriston Rate Water which could be stored as Floriston Rate Water in Boca Reservoir.

Section 5.A.5 Exceptions to Provisions for Water Sources for Floriston Rates.

Section 5.A.5(a) Exception to Rules for Release of Floriston Rate Water. Prior to implementing the provisions of Section 8.S, the **Administrator** may propose **Releases** of Floriston Rate Water for maintaining Floriston Rates or Reduced Floriston Rates in a manner which is different from the requirements of Sections 5.A.4(a) through 5.A.4(d). Before making such differing **Releases**, the **Administrator** shall give written notice to each of Water Authority, Conservation District, Nevada, United States and California, and shall specify a reasonable period of time for an objection to be lodged. If none of the noticed parties objects in writing to the proposed **Release** within the time specified by the **Administrator**, the **Release** shall take place as proposed. Written objections to such proposed **Release** shall be filed with the **Administrator** and served on each of the other parties who received the notice. The **Administrator** shall promptly discuss any objections with the objecting party or parties and encourage a timely resolution of the objections. If an objection is not voluntarily resolved, such proposed **Release** shall not take place and the objection shall not be subject to review by the **Administrator**, the Truckee River Special Hearing Officer, any administrative agency or any court.

To the extent that the operation proposed under this Section 5.A.5(a) is consistent with the California Guidelines and would provide **Releases** from Lake Tahoe equivalent to those attainable under an Exchange in accordance with Section 8.S, California and United States shall not object to the operation proposed under this Section 5.A.5(a).
Section 5.A.5(b)  Operation of Water Authority Boca Storage. From April 1 through October 31, upon request of Water Authority, an amount up to but not exceeding a total of 4,000 acre-feet of Boca Storage Water during any such period may be used for the purpose of regulating the flow of the Truckee River by the operation of Water Authority Boca Storage as provided in this Section 5.A.5(b); provided, however, that if Floriston Rates cannot be maintained at any time during such period with other water available for that purpose, the 4,000 acre-feet or any part thereof shall be used to maintain Floriston Rates to the extent possible or necessary. Water Authority shall operate, at Water Authority’s expense, Water Authority Boca Storage for the purpose of storing and conserving water in Lake Tahoe or other reservoirs, and water flowing in the Truckee River, by regulating the flow of the river when the flow thereof does not exceed Floriston Rates in accordance with this Section 5.A.5(b), so as to create a uniform rate of flow at the Farad Gage. At all times from April 1 through October 31, when the flow of the Truckee River at the Farad Gage does not exceed Floriston Rates, Water Authority Boca Storage shall be operated to maintain, insofar as practicable, a uniform rate of flow at the Farad Gage. From November 1 through March 31, Water Authority may operate Water Authority Boca Storage to fluctuate the flow of the Truckee River at the Farad Gage, and/or at any other point selected by it, to such extent as it may deem desirable in connection with the operation of Water Authority Hydroelectric Plants. For purposes of this Section 5.A.5(b), the calculation of the rate of flow at the Farad Gage for purposes of determining whether Floriston Rates are being maintained or exceeded shall include flows which would have resulted at the Farad Gage if Accumulation of Credit Water pursuant to this Agreement were not taking place.

Section 5.A.6  Articles V and VII of the Truckee River Agreement. Except as provided in Sections 5.A.7 and 5.A.8, the provisions of Articles V and VII of the Truckee River Agreement and, solely for purposes of their interpretation, all definitions in the Truckee River Agreement which are relevant to the application of those Articles shall remain in effect.

Section 5.A.7  Determination of Diverted Flow. The allocation of “diverted flow” as provided in Article VII of the Truckee River Agreement shall apply only (a) when Truckee Canal Diversion Criteria allows diversions to the Truckee Canal, or (b) when necessary for purposes of implementing the provisions that were contained in Article V(A) of the Truckee River Agreement. For these purposes, any calculation of “diverted flow” shall include the Establishment of Credit Water by reductions in the rate of flow in the Truckee River for Floriston Rates or Reduced Floriston Rates through the storage of water pursuant to water rights which had original points of diversion under the Orr Ditch Decree at points between Farad Gage to and including Derby Dam, but shall not include Fish Water, Privately Owned Stored Water, or Credit Water diverted downstream from Farad Gage or remaining in the Truckee River downstream from Derby Dam.

Section 5.A.8  Highland Ditch Ice Removal during December, January, and February. When exercising rights under Section 5.A.6, Water Authority shall schedule diversions for ice removal under this Section 5.A.8 pursuant to Section 11.C. Such diversion under this Section 5.A.8 shall be in compliance with Section 9.E.1, shall exclude Fish Water Released pursuant to Section 9.E.2, and shall not:
(a) diminish the instream flow of Fish Credit Water and Fish Water Released specifically to compensate for diversions made in accordance with this Section 5.A.8; or

(b) interfere with Establishment of Fish Credit Water.

SECTION 5.B - IMPOUNDING OF WATER IN AND OPERATION OF TRUCKEE RIVER RESERVOIRS, DONNER LAKE AND INDEPENDENCE LAKE

Section 5.B.1 Reservoir Operations. This Section 5.B provides rules and procedures for the operation of Truckee River Reservoirs, Donner Lake and Independence Lake in a manner consistent with the requirements of Section 205(a)(2) of the Settlement Act. The Administrator shall maintain current information describing each facility, its ownership and its operator.

Section 5.B.2 4,000 Acre-feet for Power Use. From and after the date when this Agreement enters into effect, Water Authority shall not exercise any rights to the 4,000 acre-feet of water it would have had under the provisions of Article VI of the Truckee River Agreement.

Section 5.B.3 Lake Tahoe Operations. Except as otherwise expressly provided in this Agreement, water shall be Impounded in Lake Tahoe and Discharged from Lake Tahoe for maintaining Floriston Rates or Reduced Floriston Rates in accordance with Section 5.A. Nothing in this Section 5.B.3 affects the diversion of water pursuant to Section 204(b) of the Settlement Act.

Section 5.B.3(a) Impoundment of Water in Lake Tahoe. Except as otherwise provided in Section 5.A, Impoundment of water in Lake Tahoe shall not be constrained or limited by Impoundment in other Truckee River Reservoirs.

Section 5.B.3(b) Discharge of Water from Lake Tahoe by Means Other Than Gravity. Water, including without limitation Credit Water, that cannot be Discharged from Lake Tahoe by gravity may be withdrawn from Lake Tahoe to the Truckee River by other means only for Municipal and Industrial Use, only in a period that is worse than a Critical Drought Period, and only upon the condition that the Secretary and the Governors of California and Nevada concur that a necessity for withdrawal exists. Removal of water from Lake Tahoe to the Truckee River by pumping or means other than gravity must be in accordance with, and to the extent permissible under, then applicable Federal and California law, including but not limited to the following: (1) Section 404 of the Clean Water Act (33 U.S.C. § 1344), (2) The National Environmental Policy Act (42 U.S.C. § 4321 et seq.), (3) The Porter-Cologne Water Quality Control Act (Calif. Water Code § 13000 et seq.), (4) The California Environmental Quality Act (Calif. Public Resources Code § 21000 et seq.), (5) California law governing the lease or other authorization to use sovereign lands, including California Resources Code Section 6401 et seq., and (6) California law applicable to the use of water and water rights.

Section 5.B.4 Donner Lake Operations. The provisions of this Section 5.B.4 shall only bind owners of Donner Lake Privately Owned Stored Water who are Signatory Parties
or Scheduling Parties and those who agree to be bound under Section 7.A.2(b). Donner Lake shall be operated in accordance with the Donner Lake vested water right and changes thereto consistent with this Agreement, applicable requirements of the Division of Safety of Dams, the Donner Lake Indenture, the agreement dated April 27, 1998, among Water Authority’s predecessor, Power Company, Truckee-Carson Irrigation District and the Donner Lake Water Company for so long as it remains in effect, and this Agreement. To the extent that Privately Owned Stored Water in Donner Lake owned by a Person other than a Signatory Party is Exchanged with water of, or acquired by, a Signatory Party, operation of the resulting category of water in Donner Lake shall be in accordance with the provisions of this Agreement.

Section 5.B.4(a) Impoundment of Water in Donner Lake. Water may be Impounded in Donner Lake as Privately Owned Stored Water and, to the extent provided in Section 6.C.5(a)(2)(i), as water of the successor-in-interest to Donner Lake Water Company, pursuant to a schedule intended to obtain an annual Impoundment of 9,500 acre-feet. Water may be Impounded in Donner Lake adverse to Floriston Rates, Reduced Floriston Rates, junior water rights in California, and Orr Ditch Decree Water Rights, but not adverse to any appropriative water rights established under the law of California prior to October 1, 1877, nor to the 40 acre-feet per year provided in Section 6.C.5(a)(2)(ii). Impoundment of water in Donner Lake shall not be constrained or limited by the operation of Truckee River Reservoirs or Independence Lake. Water temporarily stored as a result of high runoff events and then Discharged, but not Exchanged or used as Privately Owned Stored Water, shall not be counted toward the annual Impoundment in Donner Lake.

Section 5.B.4(b) Water Discharged from Donner Lake. Water which is Released or Passed-Through Donner Lake by the owner of Privately Owned Stored Water for the purpose of contributing to Minimum Release or Enhanced Minimum Release shall be classified as Privately Owned Stored Water to the extent such classification is requested by such owner.

Section 5.B.4(c) Allocation of Privately Owned Stored Water Among Owners. Unless the owners of Privately Owned Stored Water otherwise agree, the total Donner Lake Privately Owned Stored Water Impounded during a year shall be allocated to each owner in accordance with its ownership interest. Unless the owners otherwise agree, each owner’s schedule must bear its proportionate burden associated with complying with the requirements of the Donner Lake Indenture. Except as otherwise provided in this Agreement, an owner may operate its respective share of Donner Lake Privately Owned Stored Water to assist in meeting its respective water supply and operation objectives.

Section 5.B.4(d) Conflicts in Release Schedules. To the extent that scheduled Releases of Privately Owned Stored Waters from Donner Lake conflict, the conflict shall be resolved by allocating available water and release capacity in proportion to the amount of water each owner has in storage in Donner Lake. To the extent all or a portion of Privately Owned Stored Water is Exchanged with water of another entity, the water Exchanged into Donner Lake shall be allocated a portion of release capacity in accordance with Article Eight.
Section 5.B.5  Martis Creek Reservoir Operations. At the time of execution of this Agreement, Martis Creek Reservoir is operated exclusively for flood control. To the extent that flood control operation of Martis Creek Reservoir results in the temporary storage of water which would otherwise flow to Pyramid Lake, such water when Discharged shall flow to Pyramid Lake. Use of Martis Creek Reservoir for any other purpose, including conservation storage and Credit Water Operations pursuant to Articles Seven and Eight, shall require a written agreement with the Corps of Engineers and compliance with applicable law.

Section 5.B.6  Prosser Creek Reservoir Operations. Prosser Creek Reservoir shall be operated in accordance with California Water Right License No. 10180, changes to that license as may result from the process identified in Sections 7.A.4(a)(3), any new appropriation which may result from the application process identified in Section 7.A.4(a)(7), and this Agreement.

Section 5.B.6(a) Impoundment, Classification, and Use of Prosser Project Water, Tahoe-Prosser Exchange Water, Prosser Fish Water, and Prosser Reserved Water.

Section 5.B.6(a)(1) Impoundment of Water in Prosser Creek Reservoir. Water may be Impounded in Prosser Creek Reservoir as Prosser Project Water in priority and not adverse to Orr Ditch Decree Water Rights, Floriston Rates or Reduced Floriston Rates. Water may also be stored as Tahoe-Prosser Exchange Water in accordance with Section 5.B.6(b)(3). Impoundment of water in Prosser Creek Reservoir shall not constrain or limit the operation of other Truckee River Reservoirs, Donner Lake, or Independence Lake, except diversions to storage in excess of 126,000 acre-feet per year in Stampede Reservoir pursuant to Section 5.B.8(a). Water temporarily stored as a result of high runoff events, and then Discharged in accordance with flood control criteria and not Exchanged, shall not be counted toward the annual diversion to storage in Prosser Creek Reservoir.

Section 5.B.6(a)(2) Classification of Prosser Project Water. All or part of Prosser Project Water shall be classified as Prosser Reserved Water in accordance with this Section 5.B.6(a)(2), and any remaining Prosser Project Water shall be classified as Prosser Fish Water.

Section 5.B.6(a)(2)(i) Estimate of Prosser Reserved Water Required. On or about April 10, the Federal Water Master shall initially estimate the amount of Prosser Project Water needed during the following 12 months to offset projected losses of such water, for anticipated classification as Tahoe-Prosser Exchange Water, and for maintenance of Minimum Releases from Prosser Creek Reservoir. The Federal Water Master may revise this estimate at any time.
Section 5.B.6(a)(2)(ii) Classification of Prosser Project Water as Prosser Reserved Water or Prosser Fish Water. The Administrator shall classify the amount of Prosser Project Water estimated by the Federal Water Master in accordance with 5.B.6(a)(2)(i) as Prosser Reserved Water. If there is insufficient Prosser Project Water to classify as Prosser Reserved Water pursuant to this Section 5.B.6(a)(2)(ii), then, to the extent necessary, Prosser Fish Water, Fish Credit Water in Prosser Creek Reservoir, or the next Impoundment of Prosser Project Water shall be classified as Prosser Reserved Water. If the amount of Prosser Reserved Water in storage exceeds the Federal Water Master’s estimate, then the excess shall be classified as Prosser Fish Water.

Section 5.B.6(a)(3) Purpose of Tahoe-Prosser Exchange Water. Tahoe-Prosser Exchange Water shall compensate for Floriston Rate Water Released from Lake Tahoe for the sole purpose of maintaining the Minimum Release from Lake Tahoe in accordance with Section 5.B.6(b)(3). Tahoe-Prosser Exchange Water shall be Released as Floriston Rate Water, which Release shall conform to the following:

(i) Release of Tahoe-Prosser Exchange Water shall not produce a flow of Floriston Rate Water at the Farad Gage in excess of Floriston Rates, unless such Release is necessary to assure that the storage of Tahoe-Prosser Exchange Water on November 1 does not exceed the quantity allowed by Section 5.B.6(a)(3)(ii); and

(ii) maximum storage of Tahoe-Prosser Exchange Water on November 1, in combination with Dead and Inactive Storage, shall not exceed applicable flood control criteria for that date, currently 9,800 acre-feet.

Tahoe-Prosser Exchange Water scheduled for Release as Floriston Rate Water may also be retained for the Accumulation of Credit Water in accordance with this Agreement. Tahoe-Prosser Exchange Water may not be Exchanged to any other reservoir except to Lake Tahoe as a Trade in accordance with Section 8.P.2. The water so Traded to Lake Tahoe shall be classified as Lake Tahoe Floriston Rate Water.

Section 5.B.6(a)(4) Use of Prosser Reserved Water. Prosser Reserved Water shall be used in accordance with Sections 5.B.6(b)(1), 5.B.6(b)(3), and 9.C.5(d). Prosser Reserved Water shall also be Released as Prosser Fish Water to maintain Minimum Releases from Prosser Creek Reservoir in accordance with Section 9.C.5(a).

Section 5.B.6(a)(5) Use of Prosser Fish Water. Prosser Fish Water shall be: (i) stored and Exchanged as provided in this Agreement for the benefit of Pyramid Lake Fishes, (ii) used for operations required to be performed under this Agreement, (iii) Released to provide Pyramid Lake Fish Flows, or (iv) classified as Prosser Reserved Water pursuant to Section 5.B.6(a)(2)(ii). Prosser Fish Water may also be Exchanged or re-stored as otherwise allowed by this Agreement if not detrimental to Pyramid Lake Fishes.
Section 5.B.6(b) Maintaining Minimum Release from Lake Tahoe. To the extent that Discharge from Lake Tahoe is possible by gravity, but scheduled Releases, including any Releases being made in accordance with Section 5.A.4(e), are insufficient to maintain the Minimum Release from Lake Tahoe as specified in Section 9.C.2(a), water shall be Released for the Minimum Release in accordance with this Section 5.B.6(b) and in the order of priority in Sections 5.B.6(b)(1) through 5.B.6(b)(4).

Section 5.B.6(b)(1) Release of Credit Water from Lake Tahoe. Subject to and in accordance with the priority provisions of Section 8.E, any Scheduling Party with Credit Water in Lake Tahoe may Release such Credit Water to maintain all or part of the Minimum Release from Lake Tahoe. If any part of such Released Credit Water is scheduled to flow and flows to Pyramid Lake, then an equal amount of Prosser Reserved Water shall be classified as such Credit Water owned by such Scheduling Party in Prosser Creek Reservoir.

Section 5.B.6(b)(2) Release of Floriston Rate Water Pursuant to Section 8.S. When Release of Credit Water pursuant to Section 5.B.6(b)(1) is not sufficient to maintain the Minimum Release from Lake Tahoe, an Exchange may be implemented in accordance with Section 8.S to maintain the Minimum Release.

Section 5.B.6(b)(3) Release of Floriston Rate Water for Tahoe-Prosser Exchange. When Releases pursuant to Sections 5.B.6(b)(1) and 5.B.6(b)(2) are not sufficient to maintain the Minimum Release from Lake Tahoe, or if the Federal Water Master decides not to implement an Exchange in accordance with Section 8.S, an increment of Floriston Rate Water that would not otherwise have been Released from Lake Tahoe to support Floriston Rates shall be Traded for a concurrent and equal quantity of water to be classified as Tahoe-Prosser Exchange Water from first, Prosser Creek inflow that is concurrently stored in Prosser Creek Reservoir and then, to the extent necessary, from Prosser Reserved Water available for such Exchange. The water for which said Floriston Rate Water is Traded shall be concurrently Released from Lake Tahoe to maintain the Minimum Release.

Section 5.B.6(b)(4) Release of Fish Credit Water from Lake Tahoe When Prosser Reserved Water Is Insufficient for the Tahoe-Prosser Exchange. If operations under Sections 5.B.6(b)(1) through 5.B.6(b)(3) are not sufficient to maintain the Minimum Release from Lake Tahoe, and there is not sufficient Prosser Fish Water or Fish Credit Water in Prosser Creek Reservoir for classification as Prosser Reserved Water, then Fish Credit Water in Lake Tahoe shall be Released from Lake Tahoe, as necessary, to maintain the Minimum Release. United States and Pyramid Tribe shall not be required to reserve Fish Credit Water in Lake Tahoe to accommodate this Section 5.B.6(b)(4).

Section 5.B.6(c) Maintaining a Pool for Recreation and Fish in Prosser Creek Reservoir. This Section 5.B.6(c) establishes criteria for the management of Prosser Creek Reservoir for the purpose of providing for recreation and fish benefits.
Section 5.B.6(c)(1) Desired Reservoir Pool. To the extent practicable and consistent with the requirements of this Section 5.B.6 and Section 7.C.5, United States and Pyramid Tribe shall in good faith attempt to manage Prosser Fish Water and Fish Credit Water in Prosser Creek Reservoir so that the total storage of all water in the reservoir from the beginning of Memorial Day weekend to the end of Labor Day weekend is at least 19,000 acre-feet or such lesser amount as may be set forth in the California Guidelines.

Section 5.B.6(c)(2) Minimum Summer Pool. United States and Pyramid Tribe shall manage Prosser Fish Water and Fish Credit Water to maintain a total storage of all water in Prosser Creek Reservoir of at least 9,800 acre-feet or such lesser amount as may be set forth in the California Guidelines, exclusive of Water Authority Emergency Drought Supply and the water required for Minimum Release, from the beginning of Memorial Day weekend to the end of Labor Day weekend.

Section 5.B.6(c)(3) Total Storage in Prosser Creek Reservoir on November 1. To the extent practicable and consistent with the requirements of Section 5.B.6(a)(5), Release and Exchange of Prosser Fish Water shall be managed so that the total storage of all water in Prosser Creek Reservoir on November 1 is approximately 9,800 acre-feet or such lesser amount as may be required by applicable flood control criteria.

Section 5.B.6(c)(4) Minimum Pool for Fish. United States and Pyramid Tribe shall manage Prosser Fish Water and Fish Credit Water to maintain a total storage of all water in Prosser Creek Reservoir of at least 5,000 acre-feet as a minimum pool for fish at all times, or such lesser amount as may be determined by California Department of Fish and Game to better serve the fishery throughout the Truckee River Basin.

Section 5.B.6(c)(5) Required Trade of Water Authority Emergency Drought Supply to Prosser Creek Reservoir. To the extent total storage of all water in Prosser Creek Reservoir is scheduled to be drawn below the recreational pool identified in Section 5.B.6(c)(1) from Memorial Day Weekend through Labor Day Weekend, California may schedule, and in which case, United States, Pyramid Tribe and Water Authority shall Trade, up to 7,500 acre-feet of Prosser Fish Water and Fish Credit Water in Prosser Creek Reservoir for an equal amount of Water Authority Emergency Drought Supply in Stampede Reservoir, unless Water Authority reasonably concludes the Water Authority Emergency Drought Supply may be used in accordance with Sections 7.B.3(a) and 7.B.5(b) before March of the next year. In no case, however, shall such Trade take place if it would:

(i) cause Water Authority Emergency Drought Supply to Spill from Prosser Creek Reservoir; or

(ii) impair the quantity or availability of Water Authority Emergency Drought Supply for use consistent with Sections 7.B.3(a) and 7.B.5(b).
Section 5.B.6(c)(6) Recovery of any Loss of Water Authority Emergency Drought Supply. If the Administrator determines that Water Authority Emergency Drought Supply is incurring greater daily losses or evaporation pursuant to the provisions of Sections 5.C and 5.D and Article Eight as a result of being stored in Prosser Creek Reservoir instead of Stampede Reservoir pursuant to Section 5.B.6(c)(5), Water Authority may request and Pyramid Tribe and United States shall compensate for the increased loss by classifying an equal amount of Fish Water or Fish Credit Water in Stampede Reservoir as Water Authority Emergency Drought Supply. To the extent that any Water Authority Emergency Drought Supply Spills from Prosser Creek Reservoir, it shall be replaced through an Exchange with Prosser Fish Water, Fish Credit Water or Fish Water in Stampede Reservoir.

Section 5.B.6(c)(7) Conditions for Release of Water Authority Emergency Drought Supply. To the extent Water Authority Releases Water Authority Emergency Drought Supply stored in Prosser Creek Reservoir in accordance with Sections 7.B.3(a) and 7.B.5(b), and such Release would reduce the total storage of all water in Prosser Creek Reservoir below the minimum pool designated in Section 5.B.6(c)(3), Pyramid Tribe and United States shall conduct an In-Lieu Release of sufficient Fish Water or Fish Credit Water from another reservoir in Exchange for Water Authority Emergency Drought Supply scheduled to be Released, in order to maintain the minimum pool in Prosser Creek Reservoir provided:

(i) Water Authority shall not be precluded from making such Releases if the quantity of Fish Water and Fish Credit Water is insufficient to fully implement such Exchange pursuant to this Section 5.B.6(c)(7);

(ii) if California Department of Fish and Game determines that not maintaining the minimum pool in Prosser Creek Reservoir in any one year would better serve the fishery throughout the Truckee River Basin, United States and Pyramid Tribe shall not be required to make such Exchange pursuant to this Section 5.B.6(c)(7); and

(iii) United States and Pyramid Tribe shall not be required to reserve water in any Truckee River Reservoir to accommodate such Exchange pursuant to this Section 5.B.6(c)(7).

Section 5.B.6(c)(8) Exchanging Water Authority Emergency Drought Supply Back to Stampede Reservoir. After the end of Labor Day weekend, United States and Pyramid Tribe may Exchange any portion of the Water Authority Emergency Drought Supply which was stored in Prosser Creek Reservoir pursuant to Section 5.B.6(c)(5), back to Stampede Reservoir utilizing available Fish Water or Fish Credit Water in Stampede Reservoir. If the full amount is not Exchanged by November 1 of any year, Water Authority may request and United States and Pyramid Tribe shall Trade first any remaining Fish Water or Fish Credit Water in Stampede Reservoir, and second, if necessary, the next Fish Water
Impounded or Fish Credit Water Accumulated in Stampede Reservoir for any remaining Water Authority Emergency Drought Supply in Prosser Creek Reservoir. United States and Pyramid Tribe shall not be required to reserve water in Stampede Reservoir to accommodate the Exchange of Water Authority Emergency Drought Supply back to Stampede Reservoir pursuant to this Section 5.B.6(c)(8).

Section 5.B.6(d) Scheduling Requirements and Restrictions. So that United States and Pyramid Tribe may satisfy their obligations under Sections 5.B.6(c)(1) through 5.B.6(c)(4), the following provisions apply to Credit Water stored in Prosser Creek Reservoir.

(1) In accordance with the scheduling provisions of Article Eleven, all Scheduling Parties shall notify United States and Pyramid Tribe by:

(i) Memorial Day, when and how much Credit Water they propose to Accumulate in Prosser Creek Reservoir between Memorial Day and Labor Day, and when and how much of such Credit Water they will Release or Exchange and with whom during this period; and

(ii) Labor Day, when and how much Credit Water they propose to Accumulate in Prosser Creek Reservoir between Labor Day and November 1 and when and how much of such Credit Water they propose to Release or Exchange and with whom during this period.

(2) Any Credit Water retained in Prosser Creek Reservoir after November 1, or Accumulated between November 1 and April 10, other than Water Authority Emergency Drought Supply, shall not be Released from Prosser Creek Reservoir until at least the following April 10, except to the extent that:

(i) the minimum storage identified in Section 5.B.6(c)(4) will be maintained or exceeded and the Credit Water is in priority for Release pursuant to Article Eight;

(ii) it would otherwise be Displaced or Spilled in accordance with Section 5.C and Article Eight;

(iii) it is Released as otherwise agreed to by United States and Pyramid Tribe;

(iv) it is required to be Released for ice control in accordance with Section 9.C.5(d);

(v) it is Released for Minimum Release; or
(vi) it is required to be Released for Enhanced Minimum Release in accordance with Section 9.C.5.

Section 5.B.6(e) Exchange of Fish Water and Fish Credit Water to Prosser Creek Reservoir to Replace Certain Releases. The purpose of this Section 5.B.6(e) is to replenish water in Prosser Creek Reservoir which had been Released from storage from November 1 through April 10.

Section 5.B.6(e)(1) Amount of Fish Water and Fish Credit Water Subject to Exchange. Unless a lesser amount is specified in the California Guidelines, the amount of Fish Water and Fish Credit Water that shall be Exchanged to accomplish such replenishment pursuant to this Section 5.B.6(e) shall be the lesser of:

(i) the maximum storage set by the Corps of Engineers for flood control operation on April 10 less the amount of water stored in Prosser Creek Reservoir on April 10;

(ii) the maximum storage set by the Corps of Engineers for flood control operation on June 1 less the amount of water stored in Prosser Creek Reservoir on June 1;

(iii) the amount of water Released from Prosser Creek Reservoir between the prior November 1 and April 10; or

(iv) the difference between the total storage described in Section 5.B.6(c)(3) and 5,000 acre-feet.

Section 5.B.6(e)(2) Implementation of Exchange. On or about April 10 of each year, United States and Pyramid Tribe shall reserve sufficient water to implement the Exchanges required in this Section 5.B.6(e). These Exchanges shall be in accordance with Article Eight and shall, unless otherwise agreed to by United States, Pyramid Tribe and California, be scheduled to be completed prior to Memorial Day Weekend, or as soon as possible thereafter. United States and Pyramid Tribe shall consult with California Department of Fish and Game on California ramping and instream flow objectives, and use their best efforts to schedule these Exchanges in accordance with those objectives.

Section 5.B.7 Independence Lake Operations. Independence Lake shall be operated in accordance with the Independence Lake vested water right, and changes thereto consistent with this Agreement, California Water Right Licenses 4196 and 2607, and changes to those licenses as may result from the process identified in Section 7.A.4(a)(2), applicable requirements of the Division of Safety of Dams, and this Agreement.
Section 5.B.7(a) Impoundment of Water in Independence Lake. Water Authority may Impound as Privately Owned Stored Water 3,000 acre-feet of water annually in Independence Lake adverse to Floriston Rates, Reduced Floriston Rates, junior California water rights and Orr Ditch Decree Water Rights, but not adverse to any appropriative water rights established under the law of California prior to October 1, 1879, nor to the 50 acre-feet per year provided in Section 6.C.5(b)(2)(i).

In addition, whenever (1) all Exercised Orr Ditch Decree Water Rights can be fully supplied and (2) Boca Project Water storage equals or exceeds its current flood control criteria limit or Boca Reservoir is forecast to fill with Boca Project Water, Water Authority may Impound Privately Owned Stored Water from water in excess of Floriston Rates or Reduced Floriston Rates, pursuant to a schedule intended to obtain a total annual Impoundment of 17,500 acre-feet, including the 3,000 acre-feet provided above.

Except as provided in this Section 5.B.7(a), Impoundment of water in Independence Lake shall not be constrained or limited by the operation of Truckee River Reservoirs or Donner Lake. Water temporarily stored as a result of high runoff events and then Discharged, but not Exchanged or used as Privately Owned Stored Water, shall not be counted toward the annual Impoundment in Independence Lake.

Section 5.B.7(b) No Detriment to Independence Lake Impoundment. Any Signatory Party or Scheduling Party that obtains the right to use a Carson Division water right under Claim Number 3 of the Orr Ditch Decree, and does not divert water under such right into the Truckee Canal, agrees not to exercise such right to the detriment of the Impoundment of Privately Owned Stored Water in Independence Lake.

Section 5.B.7(c) Discharge from Independence Lake. Water which is Released from or Passed-Through Independence Lake by the owner of Independence Lake for the purpose of contributing to Minimum Releases shall be classified as Privately Owned Stored Water to the extent such classification is requested by such owner.

Section 5.B.7(d) Use of Privately Owned Stored Water. Except as otherwise provided in this Agreement, Water Authority may operate its Independence Lake Privately Owned Stored Water to assist in meeting its water supply and operation objectives.

Section 5.B.7(e) Additional Release Limitation and Allocation. When Independence Lake storage is less than 7,500 acre-feet, a Release of Privately Owned Stored Water from Independence Lake shall only be made for:

1. Emergency or Repair Conditions;

2. Water Authority Municipal and Industrial Use scheduled within the current calendar year when water from Donner Lake or Water Authority M&I Credit Water, other than Water Authority Emergency Drought Supply, is insufficient or otherwise unavailable; or
(3) **Minimum Releases** as required by Section 9.C.6.

**Section 5.B.7(f) Criteria for Pumping of Independence Lake Privately Owned Stored Water.** Water Authority may pump water from Independence Lake when the following conditions are met:

1. lake elevation is too low to provide adequate **Release** of **Privately Owned Stored Water** without pumping;

2. permits required for pumping, if any, have been acquired by the Water Authority; and

3. a **Drought Situation** or an **Emergency or Repair Condition** exists.

**Section 5.B.7(g) Annual Impoundment after Pumping.** Whenever pumping from Independence Lake under Section 5.B.7(f) results in more than 17,500 acre-feet of available space for storage in Independence Lake, **Impoundment** of **Privately Owned Stored Water** during the following year and each subsequent year shall be limited to a maximum of 17,500 acre-feet per year.

**Section 5.B.7(h) Providing Spawning Access for Lahontan Cutthroat Trout of Independence Lake.** When requested by California Department of Fish and Game, for purposes of promoting spawning access for Lahontan cutthroat trout upstream of Independence Lake, Water Authority, United States, Pyramid Tribe and California shall participate in **Exchanges** of Water Authority's **Privately Owned Stored Water** scheduled for **Release** from Independence Lake for **Joint Program Fish Credit Water, Fish Credit Water** and **Fish Water** in Stampede and Boca Reservoirs, or shall **Establish Joint Program Fish Credit Water** or **Fish Credit Water** in Independence Lake. Such required operations shall be subject to the provisions of Article Eight and shall:

1. not involve, in the aggregate, amounts of **Privately Owned Stored Water** exceeding amounts scheduled to be **Released** from Independence Lake from May 1 through August 31;

2. be implemented only when storage in Independence Lake is below 10,500 acre-feet or, absent such **Exchange** or **Establishment**, is forecast to be below 10,500 acre-feet on or before September 1;

3. not involve a total combined amount exceeding 3,000 acre-feet, of which any available **Joint Program Fish Credit Water** and **Fish Credit Water** shall first be **Exchanged** in equal amounts to the extent both are available, and any available **Fish Credit Water** or **Fish Water** will next be **Exchanged** up to the total combined amount of 3,000 acre-feet;
(4) provide that Fish Credit Water or Joint Program Fish Credit Water in Independence Lake be Exchanged by November 1 with water owned by Water Authority in a Truckee River Reservoir or be Discharged from Independence Lake;

(5) not cause any participating party to incur any fee for such storage or Exchange;

(6) provide compensating water in storage to Water Authority to the extent that Water Authority incurs or will incur a total amount of loss or evaporation of water greater than it otherwise would have incurred; and

(7) not interfere with storage, re-storage or use of Privately Owned Stored Water by Water Authority or with the operation or maintenance of Independence Lake facilities by Water Authority.

If, after implementing the operations specified in this Section 5.B.7(h), Independence Lake contains or is forecast to contain between 4,500 and 7,500 acre-feet of water from May 15 through August 31, and California Department of Fish and Game determines that additional measures are necessary to provide spawning access for Lahontan cutthroat trout to Independence Creek, California Department of Fish and Game may direct Water Authority to take reasonable measures to develop and maintain, from May 15 through July 15, a channel below the high water line of Independence Lake that is suitable for fish passage through the delta formed by Independence Creek entering Independence Lake. Any such work shall not interfere with storage, re-storage or use of Privately Owned Stored Water by Water Authority or with the operation or maintenance of Independence Lake facilities by Water Authority.

Section 5.B.8 Stampede Reservoir Operations. Stampede Reservoir shall be operated in accordance with California Water Right Permits 11605 and 18320, the licenses which may be issued on those permits, changes to those permits or licenses identified in Section 7.A.4(a)(4), any new appropriation which may result from the application process identified in Section 7.A.4(a)(5), and this Agreement.

Section 5.B.8(a) Impoundment of Water in Stampede Reservoir. During any year up to 126,000 acre-feet of water under California Water Right Permits 11605 and 18320, and, subject to the issuance of an additional permit by California State Water Resources Control Board, up to 226,500 acre-feet per year of water, may be diverted to storage in Stampede Reservoir in accordance with this Section 5.B.8(a), in priority and not adverse to Orr Ditch Decree Water Rights, Floriston Rates nor Reduced Floriston Rates. Diversion to storage of water in Stampede Reservoir shall not constrain or limit the operation of other Truckee River Reservoirs, Donner Lake, or Independence Lake, except that the first 126,000 acre-feet per year diverted to storage in Stampede Reservoir may constrain or limit the Impoundment of Prosser Project Water in Prosser Creek Reservoir. For purposes of this Agreement, the first 126,000 acre-feet of water may be Impounded as Stampede Project Water, and if Impounded shall be classified as Fish Water. Any amount diverted to storage by United States and Pyramid Tribe under any new appropriation which may result from the application process identified in Section
7. A. 4(a)(5) in excess of 126,000 acre-feet in any year shall be Fish Credit Water for all purposes under this Agreement. Water temporarily stored as a result of high runoff events and then Discharged in accordance with flood control criteria and not Exchanged shall not be counted toward the annual diversion to storage in Stampede Reservoir.

Section 5. B. 8(b) Hydroelectric Power Generation by United States Incidental. Management and use of water from Stampede Reservoir for the generation of hydroelectric power by United States shall be incidental to other Stampede Reservoir operations under this Agreement and shall not conflict with the allocation and management of water under this Agreement or with the California Guidelines or the Administrator’s Integrated Schedules developed pursuant to Article Eleven.

Section 5. B. 8(c) Uses of Stampede Project Water. Stampede Project Water shall be: (1) Stored and Exchanged as provided in this Agreement for the benefit of Pyramid Lake Fishes, (2) used for operations required to be performed under this Agreement, or (3) Released to provide Pyramid Lake Fish Flows. Stampede Project Water may also be Exchanged or re-stored as otherwise allowed by this Agreement if not detrimental to Pyramid Lake Fishes.

Section 5. B. 9 Boca Reservoir Operations. Boca Reservoir shall be operated in accordance with California Water Right License 3723, changes to that license as may result from the process identified in Section 7. A. 4(a)(1), and this Agreement.

Section 5. B. 9(a) Impoundment of Boca Storage Water. From October 1 through September 30, a maximum of 25,000 acre-feet of Boca Storage Water may be Impounded in Boca Reservoir and Accumulated in Stampede Reservoir in priority and adverse to Claim Number 3 of the Orr Ditch Decree; provided that such Impoundment is not adverse to the rate of flow at the Farad Gage required for Floriston Rates or Reduced Floriston Rates, exclusive of Releases from Lake Tahoe. For the purpose of this Section 5. B. 9(a), the amount of Boca Storage Water calculated at any time to have been Impounded or Accumulated during such period shall be the total of:

1. the amount of Boca Storage Water Impounded or Accumulated during that period and then remaining in storage as Boca Project Water or Project Water in Another Reservoir;

2. the amount of water referred to in Section 5. B. 9(a)(1) Released after March 31 for the purpose of maintaining Floriston Rates or Reduced Floriston Rates; and

3. any Credit Water Accumulated by retaining water referred to in Section 5. B. 9(a)(1) in Boca Reservoir or Stampede Reservoir that had been scheduled for Release after March 31 to maintain Floriston Rates or Reduced Floriston Rates.
Section 5.B.9(b) Impoundment of Additional Boca Storage Water. Water may be Impounded in Boca Reservoir as Additional Boca Storage Water in addition to the water Impounded under Section 5.B.9(a), up to the 40,800 acre-foot capacity of the reservoir, provided:

1. Such Impoundment shall not reduce the water available for diversion at Derby Dam into the Truckee Canal below its then-existing carrying capacity (limited, however, to the maximum diversion of 1,200 cfs at the intake of that canal) or that quantity of water which is diverted into the Truckee Canal under applicable Truckee Canal Diversion Criteria, whichever is less.

2. Such Impoundment shall not be adverse to Floriston Rates or Reduced Floriston Rates, exclusive of Releases from Lake Tahoe.

Section 5.B.9(c) No Detriment to Impoundment of Additional Boca Storage Water. Any Signatory Party or Scheduling Party that obtains the right to use a Carson Division water right under Claim Number 3 of the Orr Ditch Decree, and does not divert water under such right into the Truckee Canal, agrees not to exercise such right to the detriment of the Impoundment of Additional Boca Storage Water.

Section 5.B.9(d) Other Provisions for Boca Project Water. Impoundment of Boca Project Water shall not be constrained or limited by the operation of Prosser Creek Reservoir, Stampede Reservoir, or storage in excess of 3,000 acre-feet in Independence Lake, and shall not constrain or limit the operation of Lake Tahoe, Donner Lake, or the first 3,000 acre-feet of Impoundment in Independence Lake. Nothing herein shall preclude the historic practice of retaining Boca Project Water in Stampede Reservoir on a temporary basis, and such water shall be classified as Project Water in Another Reservoir while in Stampede Reservoir. Water temporarily stored in Boca Reservoir as a result of high runoff events, and then Discharged in accordance with flood control criteria and not Exchanged, shall not be counted toward the annual Impoundment in Boca Reservoir.

Section 5.B.9(e) Operation of Water Authority Boca Storage. Water Authority Boca Storage shall be operated in accordance with the provisions of Section 5.A.5(b).

Section 5.B.9(f) General. Boca Reservoir shall be operated under this Section 5.B.9 to permit the maximum possible diversion pursuant to Claim Number 3 of the Orr Ditch Decree, subject to applicable Truckee Canal Diversion Criteria, insofar as in the judgment of Conservation District it can be done without detriment to the Impoundment of Boca Project Water in accordance with this Agreement. Boca Reservoir shall be operated at all times so as to Impound the greatest quantity of Boca Project Water possible under the provisions of this Agreement.
SECTION 5.C - SPILL

Section 5.C.1 Accounting for Spill. The Administrator shall account for Spill from a reservoir by debiting the applicable categories of water in the reservoir in accordance with the provisions of this Section 5.C. A category of water must be fully depleted before the next priority category of water is debited.

Section 5.C.1(a) Additional California Environmental Credit Water and Other Credit Water. Additional California Environmental Credit Water and Other Credit Water shall be the first categories of water to Spill from any reservoir pursuant to Section 5.C.2.

Section 5.C.1(b) Newlands Project Credit Water. Newlands Project Credit Water shall be the second category of water to Spill from any reservoir.

Section 5.C.1(c) Project Water in Another Reservoir. Project Water in Another Reservoir which is not Floriston Rate Water, and water treated as Project Water in Another Reservoir pursuant to Section 8.O, shall be the third category of water to Spill from any reservoir, and if there is more than one such category in storage, then in inverse order of their storage right priority.

Section 5.C.1(d) Floriston Rate Water in Another Reservoir. Project Water in Another Reservoir which is Floriston Rate Water shall be the fourth category of water to Spill from any reservoir.

Section 5.C.1(e) Water Quality Credit Water and Fernley Municipal Credit Water. Water Quality Credit Water and Fernley Municipal Credit Water shall be the fifth categories of water to Spill from any reservoir pursuant to Section 5.C.2.

Section 5.C.1(f) California Environmental Credit Water. California Environmental Credit Water shall be the sixth category of water to Spill from any reservoir. California Environmental Credit Water, identified as convertible to Additional California Environmental Credit Water in Section 7.D.6, shall Spill before any California Environmental Credit Water that is not convertible.

Section 5.C.1(g) California M&I Credit Water. California M&I Credit Water shall be the seventh category of water to Spill from any reservoir.

Section 5.C.1(h) Fish Credit Water, Joint Program Fish Credit Water and Non-Firm M&I Credit Water. Fish Credit Water, Joint Program Fish Credit Water, and Non-Firm M&I Credit Water shall be the eighth categories of water to Spill from any reservoir. Except as provided in Sections 8.F.3(c), 8.F.4(a), 8.F.4(b), 8.F.5, 8.F.6, and 8.F.7 such Spill shall be allocated among Fish Credit Water, Joint Program Fish Credit Water, and Water Authority’s Non-Firm M&I Credit Water as provided in Section 5.C.1(h)(1) or Section 5.C.1(h)(2).
Section 5.C.1(h)(1) Drought Situation. During a Drought Situation, Fish Credit Water and Joint Program Fish Credit Water shall Spill pursuant to Section 5.C.2 before Non-Firm M&I Credit Water.

Section 5.C.1(h)(2) Non-Drought Situation. When a Drought Situation does not exist, (A) from Stampede Reservoir, Non-Firm M&I Credit Water shall Spill first, and Fish Credit Water and Joint Program Fish Credit Water shall Spill second pursuant to Section 5.C.2, and (B) from all other reservoirs, Fish Credit Water, Joint Program Fish Credit Water, and Non-Firm M&I Credit Water shall Spill proportionately pursuant to Section 5.C.2, except that additional Non-Firm M&I Credit Water identified in Section 8.F.4(a) shall Spill after Fish Credit Water and Joint Program Fish Credit Water.

Section 5.C.1(i) Floriston Rate Water in Lake Tahoe. Floriston Rate Water in Lake Tahoe shall be the ninth and last category of water to Spill from that reservoir.

Section 5.C.1(j) Privately Owned Stored Water in Donner Lake and Independence Lake. Privately Owned Stored Water in Donner Lake and Privately Owned Stored Water in Independence Lake shall be the ninth and last categories of water to Spill from those reservoirs.

Section 5.C.1(k) Project Water in Martis Creek Reservoir. Subject to compliance with the requirements of Section 5.B.5, Project Water in Martis Creek Reservoir shall be the ninth and last category of water to Spill from that reservoir.

Section 5.C.1(l) Waters in Prosser Creek Reservoir. In Prosser Creek Reservoir, Prosser Fish Water shall be the ninth category, Prosser Reserved Water shall be tenth, Water Authority Emergency Drought Supply shall be eleventh, and Tahoe-Prosser Exchange Water shall be the twelfth and last category of water to Spill from that reservoir.

Section 5.C.1(m) Privately Owned Stored Water and Stampede Project Water in Stampede Reservoir. Except as provided in Section 8.F.3(c) and 8.F.5, Privately Owned Stored Water in Stampede Reservoir in accordance with Section 8.N.3 shall be ninth to Spill, and Stampede Project Water shall be the tenth and last water to Spill from that reservoir. Water Authority Firm M&I Credit Water and Water Authority Emergency Drought Supply shall not Spill from Stampede Reservoir.

Section 5.C.1(n) Waters in Boca Reservoir. Privately Owned Stored Water in Boca Reservoir in accordance with Section 8.N.3, and Stampede Project Water in Boca Reservoir pursuant to Section 8.O.3, if any, shall be ninth to Spill; Boca Storage Water shall be the tenth; and Additional Boca Storage Water shall be the eleventh and last category of water to Spill from that reservoir.

Section 5.C.2 Proportional Contribution. When a Spill priority is comprised of more than one category of water, or there is more than one owner within a category, or both, each category or owner shall contribute to the Spill in proportion to its quantity in storage in the Spilling reservoir, except: (a) if a category of water has more water in storage than is allowed
under this Agreement, the excess shall Spill first; (b) as provided in Section 5.C.1(h); (c) with respect to categories of Other Credit Water, in accordance with Section 7.G.2; or (d) as provided in Section 5.C.1(c).

Section 5.C.3 Utilization of Spill. Water Spilled may be used by its owner in accordance with this Agreement or it may be Exchanged to or re-stored in another reservoir, provided that any such Exchange is offered to other categories of water in accordance with Section 8.E. Where provisions of Section 7.B.3 or Section 7.F.2 constrain the Release of Credit Water, an owner of such water may Release it for instream flows where a reasonably imminent Spill of such water has been forecasted to occur, and where the prior consent of United States and Pyramid Tribe has been obtained. If Newlands Project Credit Water spills, it may be diverted in accordance with Truckee Canal Diversion Criteria.

SECTION 5.D - RESERVOIR LOSS DETERMINATION AND ALLOCATION

Section 5.D.1 General. The water storage accounts referenced in this Agreement shall be adjusted based on net evaporation (lake evaporation after allowing for precipitation) from water surfaces of Truckee River Reservoirs, Donner Lake and Independence Lake. Lake and reservoir net evaporation losses shall be calculated for each day. Evaporative losses of Newlands Project Credit Water shall be allocated to Fish Water or Fish Credit Water as designated by United States and Pyramid Tribe. Sufficient Fish Water or Fish Credit Water shall be reserved to compensate for Newlands Project Credit Water evaporative losses.

Section 5.D.2 Lake Tahoe. The Administrator shall allocate a portion of Lake Tahoe's daily net evaporation loss to Credit Water in Lake Tahoe. The portion allocated to Credit Water shall be calculated by multiplying the total daily net evaporation loss by the increase in average lake surface area for the day attributable to Credit Water, and then dividing by the average total lake surface area for the day. Lake Tahoe daily net evaporation loss allocated to Credit Water shall be allocated to each category in proportion to its respective amount of water in Lake Tahoe.

Section 5.D.3 Donner Lake. Net evaporation loss for Donner Lake shall be allocated first to Donner Lake inflow. A portion of Donner Lake net evaporation loss remaining after allocation to inflow shall be allocated to Credit Water in Donner Lake. That portion shall be equal to the remaining daily net evaporation loss multiplied by the increase in average lake water surface area attributable to Credit Water and divided by the average total lake surface area for the day. Each category of Credit Water shall contribute to the daily net evaporation loss allocated to Credit Water in proportion to its respective amount of water in Donner Lake. Donner Lake net evaporation that is not allocated to inflow or Credit Water shall be allocated to Privately Owned Stored Water in Donner Lake.

Section 5.D.4 Martis Creek Reservoir. Subject to compliance with the requirements of Section 5.B.5, each category of water in Martis Creek Reservoir shall be allocated a share of Martis Creek Reservoir daily net evaporation loss in proportion to its respective amount of water in Martis Creek Reservoir.
Section 5.D.5 Prosser Creek Reservoir. Each category of water in Prosser Creek Reservoir, except Tahoe-Prosser Exchange Water, Water Authority Emergency Drought Supply, and Dead and Inactive Storage, shall be allocated a share of Prosser Creek Reservoir daily net evaporation loss in proportion to its respective amount of water in Prosser Creek Reservoir. If Tahoe-Prosser Exchange Water, Dead and Inactive Storage, and Water Authority Emergency Drought Supply are the only categories of water in storage, then net evaporation loss shall be allocated first to Water Authority Emergency Drought Supply, second to Tahoe-Prosser Exchange Water, and last to Dead and Inactive Storage.

Section 5.D.6 Independence Lake. Net evaporation loss for Independence Lake shall be allocated first to Independence Lake inflow. A portion of Independence Lake net evaporation loss remaining after allocation to inflow shall be allocated to Credit Water in Independence Lake. That portion shall be equal to the remaining daily net evaporation loss multiplied by the increase in average lake water surface area attributable to Credit Water and divided by the average total lake surface area for the day. Each category of Credit Water shall contribute to the daily net evaporation loss allocated to Credit Water in proportion to its respective amount of water in Independence Lake. Independence Lake net evaporation that is not allocated to inflow or to Credit Water shall be allocated to Privately Owned Stored Water in Independence Lake.

Section 5.D.7 Stampede Reservoir. Each category of water in Stampede Reservoir, except Water Authority Emergency Drought Supply, Firm M&I Credit Water, Project Water in Another Reservoir that is Lake Tahoe Floriston Rate Water, and Dead and Inactive Storage, shall be allocated a share of Stampede Reservoir daily net evaporation loss in proportion to its respective amount of water in Stampede Reservoir. If Water Authority Emergency Drought Supply, Firm M&I Credit Water, Project Water in Another Reservoir that is Lake Tahoe Floriston Rate Water, and Dead and Inactive Storage are the only categories of water in storage, then net evaporation loss shall be allocated first to Firm M&I Credit Water, second to Water Authority Emergency Drought Supply, third to Project Water in Another Reservoir that is Lake Tahoe Floriston Rate Water, and last to Dead and Inactive Storage.

Section 5.D.8 Boca Reservoir. Net evaporation loss for Boca Reservoir shall be allocated to each category of water in storage in Boca Reservoir and each category shall share daily net evaporation loss in proportion to its respective amount of water in Boca Reservoir.

SECTION 5.E - STREAM CHANNEL CONVEYANCE LOSSES

Section 5.E.1 Conveyance Loss Determination. Conveyance losses shall be calculated by the Administrator using procedures developed by the Administrator. Conveyance losses for each stream reach identified by the Administrator shall be allocated for each day based on the amount of water that each category supplies in proportion to the total flow entering the upstream end of the reach during that day.

Section 5.E.2 Allocation of Conveyance Loss during Release. When Project Water or Credit Water is Released, a portion of conveyance loss shall be allocated to each
Release using the proportion that each category of water in each stream reach bears to the total flow in each stream, except that Privately Owned Stored Water shall not be allocated any conveyance loss when Released for use in Nevada. Conveyance losses of Newlands Project Credit Water Released for diversion to Lahontan Reservoir shall be allocated to Fish Water or Fish Credit Water as designated by United States and Pyramid Tribe. Sufficient Fish Water or Fish Credit Water shall be simultaneously Released with Newlands Project Credit Water to compensate for conveyance loss of Newlands Project Credit Water Released for diversion to Lahontan Reservoir. Sufficient Fish Water or Fish Credit Water shall be reserved to compensate for Newlands Project Credit Water conveyance loss.
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ARTICLE SIX
TRUCKEE RIVER AND LAKE TAHOE BASIN
ALLOCATION AND ACCOUNTING

SECTIONS 6.A - PURPOSE

Section 6.A.1 Purpose. This Article Six provides procedures to implement the Truckee River Basin and Lake Tahoe Basin allocations, including the priority of California's allocation of the surface water from the Truckee River Basin in California relative to Nevada's allocation of the surface water from the Truckee River Basin in accordance with Section 204(c) of the Settlement Act, and criteria for storage of California's Truckee River Basin surface water allocation.

Section 6.A.2 Surface Water Use Pursuant to All Water Right Doctrines Included. Surface water diverted and used in California pursuant to California’s doctrines of prior appropriation, riparian water rights, or any other legal basis for the diversion and use of surface water recognized by California law, excluding water directly diverted solely for hydroelectric generation and promptly returned to the stream, shall be charged to California’s allocations of water under the Settlement Act. Surface water diverted to storage in California pursuant to water rights existing on the date of the Settlement Act and released from storage for the generation of hydroelectric power and promptly released or returned to the stream shall not be charged to California’s allocation of water under the Settlement Act. As used in this Article Six, any reference to the diversion and use of surface water shall be deemed to include any diversion and use made under California’s prior appropriation, riparian, or other water right doctrine, but not including waters which are classified as groundwater pursuant to California law, except where the context clearly indicates otherwise.

SECTION 6.B - SIERRA VALLEY DIVERSION

Section 6.B.1 Priority. The surface water allocation to California under Section 204(c)(2) of the Settlement Act of the amount of water decreed to Sierra Valley Water Company by the Sierra Valley Decree shall be deemed to have a priority date of 1870 under the Orr Ditch Decree for the purposes of administering Truckee River water rights. The water allocated to California pursuant to Section 204(c)(2) of the Settlement Act shall be in addition to, and not a part of, the water allocated to California pursuant to Section 204(c)(1) of the Settlement Act.

Section 6.B.2 Implementation of Sierra Valley Priority. The Administrator shall administer the Sierra Valley diversion in accordance with this Section 6.B.

Section 6.B.2(a) Calculation of Unregulated Flow at Farad. The unregulated flow at Farad Gage that will be used to determine when diversions under the Sierra Valley Decree will cease shall be calculated as the three-day running average of the daily unregulated flow using the following equation:
\[ Q = Q_F + S_D + S_P + S_I + S_S + S_B + D_{sv} + E_P + E_S + E_B, \]
where:
- \( Q \) is the calculation of unregulated flow at Farad Gage in cfs.
- \( Q_F \) is the measured flow at Farad Gage in cfs.
- \( S_D \) is the change in storage in Donner Lake in cfs.
- \( S_P \) is the change in storage in Prosser Creek Reservoir in cfs.
- \( S_I \) is the change in storage in Independence Lake in cfs.
- \( S_S \) is the change in storage in Stampede Reservoir in cfs.
- \( S_B \) is the change in storage in Boca Reservoir in cfs.
- \( D_{sv} \) is the Sierra Valley diversion in cfs.
- \( E_P \) is the evaporation from Prosser Creek Reservoir in cfs.
- \( E_S \) is the evaporation from Stampede Reservoir in cfs.
- \( E_B \) is the evaporation from Boca Reservoir in cfs.

“Change in storage” in the above equation may be either a positive number for an increase in storage or a negative number for a decrease in storage. The evaporation values used in the above equation shall be calculated using pan evaporation measurements made for National Oceanic and Atmospheric Administration at the Boca climatological station, or an appropriate substitute technique if such measurements are no longer available. Such measured pan evaporation shall be multiplied by the standard pan coefficient of 0.7.

**Section 6.B.2(b) Calculation of Orr Ditch Decree Irrigation Demand.** On or as near as practicable to April 1 of each year the Federal Water Master shall determine the quantity of Orr Ditch Decree Water Rights with a priority date senior to 1870 which will be Exercised Water Rights for irrigation in the upcoming irrigation season. These rights shall be converted to a rate of flow based on the expected length of the irrigation season and the efficiency of each ditch or other means used to deliver water pursuant to the exercise of such water rights. Appendix 6.A provides an example of this procedure, which example is not intended to foreclose consideration of any other Orr Ditch Decree Water Rights used for irrigation with priorities senior to 1870.

**Section 6.B.2(c) Calculation of Municipal and Industrial Use and Credit Water Demand.** When the Federal Water Master determines that it is necessary, the Federal Water Master shall make a projection of total river diversions for Municipal and Industrial Use and for Establishment of Credit Water for the next seven days. The Administrator shall provide the Federal Water Master with a listing of Orr Ditch Decree Water Rights with a priority senior to 1870 being used to Establish Credit Water. The Federal Water Master shall verify this listing. Orr Ditch Decree Water Rights senior to 1870 which have an original point of diversion downstream from Vista Gage and which at that original point of diversion would have been wholly or partially satisfied by return flow will not be included in this calculation to the extent they would have been so satisfied.

**Section 6.B.2(d) Total Orr Ditch Decree Demand.** The total Orr Ditch Decree demand to satisfy water rights with priority senior to 1870 shall be the sum of the irrigation, Municipal and Industrial Use and Credit Water Establishment calculated in accordance with Sections 6.B.2(b) and 6.B.2(c).
Section 6.B.2(e) Determination of Sierra Valley Diversion Cessation. When the unregulated flow at Farad Gage as calculated in Section 6.B.2(a) is less than that required to satisfy the demands of Orr Ditch Decree Water Right holders as set forth in Section 6.B.2(d), the Administrator shall require that diversions under the Sierra Valley Decree cease. Cessation of diversion will not be required until the Federal Water Master verifies calculated diversions and unregulated flows. Diversions under the Sierra Valley Decree shall thereupon cease as soon as reasonably practicable on notice from the Administrator, but in no event later than twelve (12) daytime hours after receipt of such notice.

SECTION 6.C - DIVERSION OF TRUCKEE RIVER BASIN SURFACE WATER ALLOCATED TO CALIFORNIA PURSUANT TO SECTION 204(c) OF THE SETTLEMENT ACT

The provisions of this Section 6.C are intended to implement the allocation of Truckee River Basin surface water to California pursuant to Sections 204(c)(1) and 204(c)(1)(A) of the Settlement Act. Surface water available for diversion under the provisions of this Section 6.C but not diverted for use or to storage for use in California shall be available for use under Nevada’s allocation under Section 204(c)(3) of the Settlement Act. The annual Establishment of Joint Program Fish Credit Water as limited by Section 7.C.6, and any portion of the California surface water allocation diverted to storage, whether to Truckee River Reservoirs, existing or new California storage facilities, or underground, shall be charged to the surface water portion of California’s Truckee River Basin allocation specified in Sections 204(c)(1) and 204(c)(1)(A) of the Settlement Act in the year in which it is diverted to storage. No additional charge to the California allocation shall be made: (i) when water diverted under such allocation is subsequently Released from storage and re-diverted to beneficial use, (ii) when the water is Exchanged or re-stored, (iii) when surface water previously diverted to storage underground is extracted, or (iv) when either surface water or groundwater previously diverted or extracted is reused subject to accounting for depletion pursuant to Section 6.E.2.

Section 6.C.1 Diversion of Surface Water Directly to Use or to Storage. Unless specified otherwise in this Agreement, the provisions of this Section 6.C.1 apply both to direct diversions of water to use and to diversions of water to storage.

Section 6.C.1(a) Priority and Relation of California Allocation to Nevada Allocation. The surface water allocation to California pursuant to Section 204(c)(1) of the Settlement Act, for the purposes of its priority and relation with respect to the allocation to Nevada pursuant to Section 204(c)(3) of the Settlement Act, shall be subject to the rights set forth in Section 204(c)(1)(A) and the restrictions set forth in the Settlement Act. Diversions within the Donner Lake watershed and Independence Lake watershed shall be implemented in accordance with the provisions of Sections 6.C.5(a) and 6.C.5(b).

Section 6.C.1(b) Water Available for Direct Diversion to Use. Subject to implementation in accordance with the provisions of Sections 6.C.5(a) and 6.C.5(b), and for the purposes of Section 6.C, California Truckee River Basin Supply shall be available for direct diversion to beneficial use within the Truckee River Basin in California.
Section 6.C.1(c) Direct Diversion to Use Permitted by a Compensating Release. California or its designee may directly divert to Municipal and Industrial Use in California water Released by another Scheduling Party provided it compensates for such diversion by Exchanging to that Scheduling Party a Release of California M&I Credit Water that provides the same amount of water at the same delivery point and time as originally scheduled, unless otherwise agreed to by that Scheduling Party. Releases of Fish Credit Water, Joint Program Fish Credit Water, California Environmental Credit Water, and Additional California Environmental Credit Water at or below applicable Release Thresholds may not be diverted under this Section 6.C.1(c) unless otherwise agreed to by the respective Scheduling Party. The priority for the operations under this Section 6.C.1(c) shall be the same as Section 8.E.2(c).

Section 6.C.1(d) Beneficial Use. Subject to limitations set forth in the Settlement Act and to applicable criteria contained in this Agreement, surface water may be diverted to any reasonable and beneficial use in accordance with the requirements of California law. In the Truckee River Basin in California, however, the diversion and use of water for the generation of hydropower shall be incidental to other beneficial uses, unless such diversion and use is pursuant to a water right for the generation of hydroelectric power or changes to such water right existing on the date of the Settlement Act.

Section 6.C.1(e) Maximum Monthly Diversions. In each water right permit issued after May 1, 1996, and any license subsequently issued for such a permit, for use of water in the Truckee River Basin, California State Water Resources Control Board shall include a condition which limits the maximum diversion in any one month to no more than 25 percent of the total amount of water allowed to be diverted each year under such permit or license.

Section 6.C.1(f) Enforcement of Rights Set Forth in Section 204(c)(1)(A) of the Settlement Act. The Administrator shall notify California State Water Resources Control Board as early as practicable if at some future time it is anticipated that any or all of the water rights recognized by Orr Ditch Decree Claim Numbers 1 and 2 and Water Authority's 40 cfs diversion right described under Section 5.A.6 cannot be fully satisfied. California State Water Resources Control Board shall, in coordination with the Administrator, timely order cessation of surface water diversions from sources within the Truckee River Basin in California for use or storage for use in California or issue other orders, to the extent and at the time required to satisfy the requirements of Section 204(c)(1)(A) of the Settlement Act.

Section 6.C.1(g) Release or Pass-Through of Floriston Rate Water to Replace Water Diverted to Use Under the California Allocation. When a direct diversion to beneficial use is made under the provisions of this Section 6.C.1, the Administrator shall increase the Release or Pass-Through of Floriston Rate Water but only to the extent necessary to serve Exercised Orr Ditch Decree Water Rights, even though such increase may be simultaneously reduced by Establishment of Credit Water utilizing Exercised Orr Ditch Decree Water Rights.
**Section 6.C.1(h) Incidental Use for Power in California.** Except for management and use under existing water rights or water rights changed in conformity with applicable state law, all management and use of water charged to California’s allocation under Section 6.A.2 for the generation of hydroelectric power shall be incidental to all other uses.

**Section 6.C.2 Storage of California’s Truckee River Surface Allocation in Truckee River Reservoirs, Donner Lake and Independence Lake.** This Section 6.C.2 provides for diversion to storage of a portion of California’s Truckee River surface water allocation pursuant to Section 204(c)(1) of the Settlement Act using Changed Diversion Rights having an original place of use in California, and new California rights to appropriate water pursuant to Section 7.D. Water which may be diverted to storage in accordance with this Section 6.C.2 shall be the California Truckee River Basin Supply.

**Section 6.C.2(a) Limitation on Amount of Storage.** The amount of such surface water allocation which may be in storage shall be limited in accordance with Section 7.D.4.

**Section 6.C.2(b) Priority, Maximum Monthly Diversion, and Cessation of Diversion.** The priority for diversion of such allocated surface water to storage in Truckee River Reservoirs shall be the same as California's priority specified in Section 6.C.1(a).

**Section 6.C.2(b)(1) Conditions on Water Rights.** For water rights set forth in Section 6.C.2(b)(2), and except as otherwise provided therein, California State Water Resources Control Board shall include the following conditions:

(i) limit the maximum diversion in any one month to 25 percent of the total amount of water allowed to be diverted each year under a permit or license; and

(ii) require that when insufficient Floriston Rate Water is available to maintain Floriston Rates or Reduced Floriston Rates, diversions to storage under this Section 6.C.2 shall cease, provided that not less than 30 days notice has been given to California by the Administrator that such insufficiency is anticipated. If the Administrator has failed to provide 30 days prior notice, diversions to storage under this Section 6.C.2 shall cease no later than 30 days after receipt of such notice. California shall file the name and address of the Person to receive such notice with the Administrator.
Section 6.C.2(b)(2) Applicability of Conditions on Water Rights. Both conditions (i) and (ii) under Section 6.C.2(b)(1) shall be included in:

(i) each water permit for storage issued after May 1, 1996, and any license subsequently issued thereon; and

(ii) each Changed Diversion Right for which the original permit was issued after May 1, 1996, and any license subsequently issued thereon.

Condition (i), but not condition (ii), under Section 6.C.2(b)(1) shall be included in each Changed Diversion Right permit or subsequent license where the original water right permit was issued on or before May 1, 1996, and the original permit authorized the diversion of water in more than four months of each year.

Section 6.C.2(c) Establishing California M&I Credit Water and California Environmental Credit Water in Lake Tahoe. California or its designee may Establish California M&I Credit Water and California may Establish California Environmental Credit Water in Lake Tahoe by retaining a portion of Lake Tahoe Floriston Rate Water in Lake Tahoe which had been scheduled for Release in lieu of Exercising by direct diversion either a new California right to appropriate water or a Changed Diversion Right with an original place of use in California.

For the purpose of this Section 6.C.2(c) only, the Release of Lake Tahoe Floriston Rate Water from Lake Tahoe is the Release which would have been required to maintain Floriston Rates or Reduced Floriston Rates, as adjusted pursuant to the provisions of Section 5.A but exclusive of Section 5.A.3(a), had the Exchange of water into Lake Tahoe pursuant to this Section 6.C.2(c) not taken place.

Section 6.C.2(c)(1) Conditions for Establishment in Lake Tahoe. California M&I Credit Water and California Environmental Credit Water may only be Established under this Section 6.C.2(c) when:

(i) the Release of Lake Tahoe Floriston Rate Water from Lake Tahoe exceeds the Release required for maintaining the Minimum Release or Enhanced Minimum Release; and

(ii) the rate at which Lake Tahoe Floriston Rate Water would be required to be Released from Lake Tahoe to supply Exercised Orr Ditch Decree Water Rights is less than the maximum release capacity of Lake Tahoe Dam at that time.
Section 6.C.2(c)(2) Rates of Establishment in Lake Tahoe.

When the provisions of Section 6.C.2(c)(1) have been satisfied and the Release of Lake Tahoe Floriston Rate Water from Lake Tahoe necessary to serve Exercised Orr Ditch Decree Water Rights is:

(i) less than or equal to the Release required to maintain the Minimum Release or Enhanced Minimum Release, the rate at which California or its designee may Establish in Lake Tahoe under this Section 6.C.2(c) shall not exceed the Release of Lake Tahoe Floriston Rate Water from Lake Tahoe less the Release required to maintain the Minimum Release or Enhanced Minimum Release; or

(ii) greater than the Release required to maintain the Minimum Release or Enhanced Minimum Release, the rate at which California or its designee may Establish in Lake Tahoe under this Section 6.C.2(c) shall not exceed the maximum release capacity of Lake Tahoe Dam at that time, less the Release of Lake Tahoe Floriston Rate Water from Lake Tahoe.

Section 6.C.2(d) Establishing Credit Water in Donner Lake, Independence Lake and Truckee River Reservoirs. California or its designee may Establish California M&I Credit Water and California may Establish California Environmental Credit Water and Additional California Environmental Credit Water in Donner Lake, Independence Lake, and Truckee River Reservoirs using Changed Diversion Rights associated with a water right issued on or before May 1, 1996, and with an original place of use in California.

Section 6.C.2(e) Release of Floriston Rate Water to Replace Water Established Under the California Allocation. When California or its designee diverts water to storage in accordance with Sections 6.C.2(c) or 6.C.2(d), the Administrator shall increase the remaining Release or Pass-Through of Floriston Rate Water by an amount equal to the amount of water California or its designee diverts or is diverting to storage, but only to the extent necessary to serve Exercised Orr Ditch Decree Water Rights, notwithstanding that such increase may be simultaneously reduced by Establishment of Credit Water utilizing Exercised Orr Ditch Decree Water Rights.

Section 6.C.2(f) Operations Not Adverse to Project Water Operations. Operations in accordance with this Section 6.C.2 shall not be deemed adverse to or in conflict with Project Water Operations.
Section 6.C.3 Surface Allocation in New Facilities.

Section 6.C.3(a) Authorization for Storage in New Storage Facilities - Priority and Maximum Amount. In addition to storage of any water pursuant to Sections 6.C.6(c)(2) and 6.C.7, California State Water Resources Control Board may permit diversion of California’s surface water allocation under Section 204(c)(1) of the Settlement Act to storage in the Truckee River Basin in new facilities constructed after May 1, 1996, only if consistent with the following provisions and other criteria of this Section 6.C.3:

1. The California Truckee River Basin Supply shall be available for diversion to storage under this Section 6.C.3.

2. Diversions of water from California’s Truckee River Basin surface water allocation to new facilities shall have the priority specified in Section 6.C.1(a).

3. The cumulative total amount of water in storage in any new facility or facilities at any one time shall not exceed 10,500 acre-feet, provided, however, that there shall be excluded from the cumulative total any water stored using only the consumptive use component of water rights in use on or before May 1, 1996.

4. Diversions associated with the following actions shall be deemed to be direct diversions to use under Section 6.C.1 and not diversions to storage subject to the provisions of this Section 6.C.3: (i) filling of storage tanks in a municipal and industrial system, (ii) addition of treated water to distribution system storage, (iii) replacement of water previously diverted but subsequently used for fire suppression purposes, and (iv) diversion of water to storage in new facilities to be held for regulatory purposes for less than 30 days.

Section 6.C.3(b) Limitations on New Storage in California. Any permit or license or changes to existing permits or licenses granted by California State Water Resources Control Board for storage in new facilities constructed after May 1, 1996, shall include terms and conditions which require each of the following:

1. storage shall be permitted or licensed only for Municipal and Industrial Use, and fish and wildlife preservation and enhancement; provided, however, this limitation shall not prevent or preclude incidental recreation or hydroelectric power generation use resulting therefrom;
diversions to storage shall not be made when there is insufficient \textit{Floriston Rate Water} to maintain \textit{Floriston Rates} or \textit{Reduced Floriston Rates}, except for: (i) diversions made from November 1 through May 15 solely for the purpose of snowmaking, or (ii) diversions for replenishment of water previously diverted, but subsequently used for fire suppression purposes;

the maximum diversion to storage in any one month shall be limited to no more than 25 percent of the total amount of water permitted to be diverted each year under such permit, unless the total annual diversion permitted for a facility is 200 acre-feet or less, in which case diversion to storage may be made without regard to the 25 percent limitation;

diversions to storage and re-diversion of stored water to beneficial use shall not adversely affect maintenance of \textit{Minimum Releases} or \textit{Enhanced Minimum Releases} from reservoirs as provided in Article Nine; and

the 10,500 acre-foot cumulative limitation set forth in Section 6.C.3(a) shall be complied with.

\textbf{Section 6.C.3(c) Reduction in Storage in Truckee River Reservoirs.} Up to 2,500 acre-feet of water may be diverted to storage under this Section 6.C.3, without diminishing the amount of water California may store under Section 6.C.2(a). To the extent that the constructed capacity of new facilities in accordance with this Section 6.C.3 is permitted for beneficial use (excluding capacity used only for flood control and dead storage) in excess of 2,500 acre-feet, there shall be an equal reduction in California's allowable storage in Lake Tahoe. For each acre-foot of such constructed capacity permitted for beneficial use (excluding capacity used only for flood control and dead storage) in new reservoirs in excess of 2,500 acre-feet, California’s allowable storage in \textit{Truckee River Reservoirs} other than Lake Tahoe shall be reduced by three-eighths of an acre-foot.

\textbf{Section 6.C.3(d) Release of Floriston Rate Water to Replace Water Diverted to Storage Under the California Allocation.} When water is diverted to storage in accordance with this Section 6.C.3, the \textit{Administrator} shall increase the remaining \textit{Release} or \textit{Pass-Through} of \textit{Floriston Rate Water} by an amount equal to the amount of water diverted to storage, but only to the extent necessary to serve \textit{Exercised Orr Ditch Decree Water Rights}, notwithstanding that such increase may be simultaneously reduced by \textit{Establishment} of \textit{Credit Water} utilizing \textit{Exercised Orr Ditch Decree Water Rights}. 
Section 6.C.4  Storage of California’s Surface Allocation Underground.

Section 6.C.4(a) Underground Storage of Surface Water. Surface water allocated to California for use in the Truckee River Basin may be appropriated by diversion to underground storage pursuant to applicable California law, including, but not limited to, California Water Code Section 1242. The California Truckee River Basin Supply shall be available for diversion under this Section 6.C.4. This water shall be diverted subject to the rights and restrictions specified in Section 6.C.1 and shall be deemed appropriated by diversion to underground storage only if physically diverted and placed in underground storage by means of works intended for that purpose. When water is diverted to storage in accordance with this Section 6.C.4, the Administrator shall increase the remaining Release or Pass-Through of Floriston Rate Water by an amount equal to the amount of water diverted to storage, but only to the extent necessary to serve Exercised Orr Ditch Decree Water Rights, notwithstanding that such increase may be simultaneously reduced by Establishment of Credit Water utilizing Exercised Orr Ditch Decree Water Rights.

Section 6.C.4(b) Permit from State Water Resources Control Board Required. Subject to the requirements of California law, California State Water Resources Control Board shall require any water right permit or license, or changes to existing permits and licenses, that authorizes, after May 1, 1996, the diversion of surface water to underground storage to: (i) identify the maximum amount of water that can be diverted to underground storage each year; (ii) require methods for accounting for, and reporting, any diversion to underground storage and the subsequent extraction of water from underground storage for beneficial use; (iii) limit the maximum diversion to underground storage in any one month to no more than 25 percent of the total amount of water authorized to be diverted each year under the water right; and (iv) require cessation of diversions to underground storage under this Section 6.C.4 within 30 days following notice to California by the Administrator that available Floriston Rate Water is insufficient to maintain Floriston Rates or Reduced Floriston Rates. Conditions (iii) and (iv) above shall not apply to the rediversion or exchange of stored surface water to underground storage. California shall file the name and address of the Person to receive such notice with the Administrator.

Section 6.C.4(c) Charge to California’s Truckee River Basin Allocation. Surface water diverted to underground storage shall be charged to California’s annual surface water allocation under Sections 204(c)(1) and 204(c)(1)(A) of the Settlement Act when the diversion is made. Subject to the accounting and reporting requirements in Section 6.C.4(b), subsequent extraction of this water shall not be charged against California’s diversion allocation.

Augmentation of flows in the Truckee River resulting from inflow of surface water previously diverted for underground storage shall not reduce any applicable charge to California’s surface water diversion allocation. Water extracted from underground storage and conveyed in any natural channel or watercourse within the Truckee River Basin in California in accordance with California law shall not increase any applicable charge to California’s surface water diversion allocation when diverted from the stream. Water extracted from underground storage reaching the Truckee River and not diverted to use in California shall be available for use in Nevada under applicable water rights.
Section 6.C.5 Diversions Within Donner Creek and Independence Creek Watersheds.

Section 6.C.5(a) Diversions Within Donner Creek Watershed.

Section 6.C.5(a)(1) Conditions on Water Right Permits or Licenses. The provisions of this Section 6.C.5(a)(1) shall apply to California State Water Resources Control Board’s issuance after May 1, 1996, of any water rights permits or licenses, or approval of any changes thereto, for rights that have a priority later than October 1, 1877, and involve either a new or existing point of diversion within the Donner Lake watershed to the confluence of Donner Creek with the Truckee River, or a point of diversion within the Truckee River itself, to the extent that exercise of the right would be adverse to the Impoundment of Privately Owned Stored Water in Donner Lake. The provisions of this Section 6.C.5(a)(1) shall also apply to any approval by California State Water Resources Control Board after May 1, 1996, of changes to the point of diversion of any permits or licenses with a priority earlier than October 1, 1877, where the change in the point of diversion would move it into the watershed above Donner Lake. California State Water Resources Control Board shall take either of the following actions:

(i) impose the following condition in the permit or license: if such permitted or licensed rights have a priority date which is later than October 1, 1877, the Exercise of such permitted or licensed rights shall not be adverse to the Impoundment of Privately Owned Stored Water in Donner Lake in accordance with Section 5.B.4(a); or

(ii) require the permittee or licensee to:

(A) acquire storage capacity in one or more Truckee River Reservoirs (excluding Lake Tahoe) or construct new storage facilities, and

(B) assure that such storage can be continuously operated, both as to timing and amount so that the water supply available to the owners of Privately Owned Stored Water in Donner Lake through the Exercise of such water rights will not be diminished.

If the conditions specified in Section 6.C.5(a)(1)(ii) are included in a permit or license or change thereto, it shall also specify that no diversions otherwise adverse to the rights to Privately Owned Stored Water in Donner Lake may occur until the storage capacity has been acquired and is operational, and sufficient water is stored to provide water at the time and in the amount required by Section 6.C.5(a)(1)(ii)(B).


Section 6.C.5(a)(2)(ii)  Reservation of 40 Acre-Feet for New Appropriations. Notwithstanding the provisions of Section 6.C.5(a)(1), California State Water Resources Control Board may issue new water right permits, and accept small domestic use registrations filed pursuant to California Water Code Section 1228 et seq., for appropriation for Municipal and Industrial Uses, not to exceed a total annual diversion of 40 acre-feet per year even though such permits or registrations may be adverse to the Impoundment of Privately Owned Stored Water in Donner Lake.

(A) The provisions of this Section 6.C.5(a)(2)(ii) shall apply to diversions from Donner Creek or its tributaries at any point above its confluence with the Truckee River or from Donner Lake.

(B) The permits or acceptance of small domestic use registrations shall specify whether the appropriation may be adverse to the Impoundment of Privately Owned Stored Water in Donner Lake.

At such time as the water reserved herein for new appropriations has been fully appropriated, California State Water Resources Control Board may approve the transfer and use of up to 20 acre-feet of the annual reservation specified for Independence Creek in Section 6.C.5(b)(2)(i), to the extent that water reserved by the Independence Creek reservation has not been appropriated. Any such transfer shall be deemed an augmentation of the water reserved herein and correspondingly a diminution of the amount of water reserved by the Independence Creek reservation provided in Section 6.C.5(b)(2)(i).

Section 6.C.5(a)(2)(iii)  Small Domestic Use Registrations. At such time as the amount of water reserved pursuant to Section 6.C.5(a)(2)(ii), including any augmentation thereof, has been fully appropriated in accordance with California law, small domestic registrations, having a point of diversion at Donner Creek or its tributaries above its confluence with the Truckee River or at Donner Lake, filed in accordance with California Water Code Section 1228 et seq. shall be subject to the rights to Impound Privately Owned Stored Water in Donner Lake. California State Water Resources Control Board shall give appropriate notice of the subordination of rights herein to any such small domestic user registering the water.
use after a determination that the water use reserved pursuant to this Section 6.C.5(a)(2) has been fully appropriated.

**Section 6.C.5(b)  Diversions within Independence Creek Watershed.**

**Section 6.C.5(b)(1)  Conditions on Water Right Permits or Licenses.**  The provisions of this Section 6.C.5(b)(1) shall apply to California State Water Resources Control Board’s issuance, after May 1, 1996, of any water rights permits or licenses, or approvals of any changes thereto, for rights that have a priority later than October 1, 1879, and involve either a new or existing point of diversion within the Independence Lake watershed to the confluence of Independence Creek with the Little Truckee River, or a point of diversion within the Little Truckee River or Truckee River, to the extent that exercise of the right would be adverse to the **Impoundment** of Privately Owned Stored Water in Independence Lake.  The provisions of this Section 6.C.5(b)(1) shall also apply to any approval by California State Water Resources Control Board after May 1, 1996, of changes to the point of diversion of any permits or licenses with a priority date earlier than February 24, 1938, where the change in the point of diversion would move it into the watershed above Independence Lake.  California State Water Resources Control Board shall take either of the following actions:

(i) impose one of the following conditions, as appropriate, in the permits or licenses:

(A) if the permitted or licensed rights have a priority date which is later than October 1, 1879, but earlier than February 24, 1938, the exercise of such rights shall not be adverse to the **Impoundment** of 3,000 acre-feet of Privately Owned Stored Water in Independence Lake in accordance with Section 5.B.7(a), or

(B) if the permitted or licensed rights have a priority date which is later than February 24, 1938, the exercise of such rights shall not be adverse to the **Impoundment** of all Privately Owned Stored Water in Independence Lake; or

(ii) require the permittee or licensee to:

(A) acquire storage capacity in one or more Truckee River Reservoirs (excluding Lake Tahoe) or construct new storage facilities, and

(B) assure that such storage can be continuously operated, both as to timing and amount, so that the water supply available to Water Authority for Privately Owned Stored Water through the exercise of its existing water rights in Independence Lake will not be diminished.
If the conditions specified in Section 6.C.5(b)(1)(ii) are included in a permit or license or change thereto, it shall also specify that no diversions otherwise adverse to the specified rights of Water Authority may occur until the storage capacity has been acquired and is operational, and sufficient water is stored to provide water at the time and in the amount required by Section 6.C.5(b)(1)(ii)(B).

Section 6.C.5(b)(2) Diversions to Which Section 6.C.5(b)(1) does not Apply.

Section 6.C.5(b)(2)(i) Reservation of 50 Acre-Feet for New Appropriations. Notwithstanding the provisions of Section 6.C.5(b)(1), California State Water Resources Control Board may issue new water right permits, and accept small domestic use registrations filed pursuant to California Water Code Section 1228 et seq., for appropriation for Municipal and Industrial Uses, not to exceed a total annual diversion of 50 acre-feet, even though such permits or registrations may be adverse to the Impoundment of Privately Owned Stored Water in Independence Lake.

(A) The provisions of this Section 6.C.5(b)(2)(i) shall apply to diversions from Independence Creek or its tributaries at a point above its confluence with the Little Truckee River or from the Little Truckee River itself upstream of Stampede Reservoir.

(B) The permits or acceptance of small domestic use registrations shall specify whether the appropriation may be adverse to the Impoundment of Privately Owned Stored Water in Independence Lake.

Section 6.C.5(b)(2)(ii) Small Domestic Use Registrations. At such time as the amount of water reserved pursuant to Section 6.C.5(b)(2)(i), including any diminution thereof, has been fully appropriated in accordance with California law, small domestic registrations having a point of diversion from Independence Creek or its tributaries at a point above its confluence with the Little Truckee River or at Independence Lake, filed in accordance with California Water Code Section 1228 et seq., shall be subject to the rights to Impound Privately Owned Stored Water in Independence Lake. California State Water Resources Control Board shall give appropriate notice of the subordination of rights herein to any such small domestic user registering the water use after a determination that the water use reserved pursuant to this Section 6.C.5(b)(2) has been fully appropriated.

Section 6.C.6 Transfer of Sierra Valley Decree Water Right.

Section 6.C.6(a) Transfer of Sierra Valley Decree Water Right. All or any portion of the water right adjudicated under the Sierra Valley Decree may be transferred in accordance with applicable law.
Section 6.C.6(b) Use of Transferred Sierra Valley Decree Water Right In California. In the event that all or any portion of the water right adjudicated under the Sierra Valley Decree is transferred to a place of use within the Truckee River Basin in California, it may be put to beneficial use in addition to the amount of water allocated to California under Section 204(c)(1) of the Settlement Act.

Section 6.C.6(c) Storage of Sierra Valley Decree Water Right.

Section 6.C.6(c)(1) Storage in Donner Lake, Independence Lake, and Truckee River Reservoirs. California may store Sierra Valley Decree water transferred to a place of use within the Truckee River Basin in California as California M&I Credit Water and California Environmental Credit Water in Donner Lake, Independence Lake, and Truckee River Reservoirs other than Lake Tahoe, subject to the 3,000 acre-foot limitation in Section 6.C.2(a) and Section 7.D.4. Any such water stored by California in excess of 3,000 acre-feet may be stored as Additional California Environmental Credit Water or Other Credit Water.

Section 6.C.6(c)(2) Storage in New Reservoirs. California may store Sierra Valley Decree water transferred to a place of use within the Truckee River Basin in California in new facilities in addition to any water stored pursuant to Section 6.C.3. Storage of such transferred water shall not be subject to the limitations of Section 6.C.3 or limit in any way the water which may be stored pursuant to Section 6.C.3.

Section 6.C.7 Storage of Imported Water. California may store Imported Water in Donner Lake, Independence Lake, and Truckee River Reservoirs as Additional California Environmental Credit Water and as Other Credit Water. California may also store Imported Water in new facilities in addition to any water stored pursuant to Section 6.C.3. Storage of such Imported Water shall not be subject to the limitations of Section 6.C.3 or limit in any way the water which may be stored in new facilities pursuant to Section 6.C.3, nor shall such storage limit the amount of California M&I Credit Water or California Environmental Credit Water which may be stored pursuant to Section 6.C.2(a) and Section 7.D.4.

SECTION 6.D - LAKE TAHOE BASIN ALLOCATION PROCEDURES

Section 6.D.1 Lake Tahoe Basin. Accounting for diversion of water within the Lake Tahoe Basin shall be made exclusively in accordance with Section 204(b) of the Settlement Act and this Section 6.D. All information collected and maintained pursuant to this Section 6.D shall be provided to the Administrator. Section 204(b) of the Settlement Act does not, and this Section 6.D is not intended to, restrict reuse within the Lake Tahoe Basin of water diverted within the Lake Tahoe Basin. Section 6.E.2 is intended solely to limit depletion in the Truckee River Basin in California and is not intended to apply to water diverted and used within the Lake Tahoe Basin nor to aid in interpreting the provisions of Section 204(b) of the Settlement Act.

Section 6.D.2 Measurement Required. Water purveyors, public agencies and snowmaking operators shall measure all water they divert from surface and groundwater.
Section 6.D.3  Unmeasured Residential Uses. Unmeasured water used for residential purposes shall be conclusively presumed to divert four-tenths of one acre-foot per residential unit per year as provided in Section 204(b)(2)(B) of the Settlement Act.

Section 6.D.4  Unmeasured Non-Residential Uses. Unmeasured water used for non-residential purposes shall be conclusively presumed to utilize the expected water use specified in the State permit or license to divert the water. If such a permit or license does not exist or if an expected water use is not specified in the State permit or license, unmeasured water used for non-residential purposes shall be determined from appropriate procedures jointly developed by California and Nevada using water use records and statistics that are most likely to represent the purpose and the location of the non-residential use.

Section 6.D.5  Diversions into a Distribution System. Where water is diverted into a distribution system, as defined in Section 204(b)(2)(C)(iii) of the Settlement Act, the gross diversion shall be measured and charged to the gross diversion of California or Nevada as provided in Sections 204(b)(2)(C)(i) and 204(b)(2)(C)(ii) of the Settlement Act.

Section 6.D.6  Snowmaking - Lake Tahoe Basin. All water diverted from the Lake Tahoe Basin and used for making snow shall be measured and reported to the Administrator. As required by Sections 204(b)(2)(A)(ii) and 204(b)(2)(A)(iii) of the Settlement Act, the following provisions shall be used to determine charges to the gross diversion allocation of California and Nevada for use of water diverted from the Lake Tahoe Basin and used for the purpose of making snow in excess of 600 acre-feet in California each year and 350 acre-feet in Nevada each year as specified in Section 204(b)(2)(A)(i) of the Settlement Act. The following provisions shall also be used to determine incidental runoff into the Carson River Basin and Truckee River Basin.

Water used to make snow shall be charged to the Lake Tahoe Basin allocation of California or Nevada as follows:

(a) Sixteen percent of water which is diverted directly and used to make snow which is deposited into the Lake Tahoe Basin shall be charged to the Lake Tahoe allocation of the state where the snow is deposited.

(b) Sixteen percent of water which is diverted directly and used to make snow which is unintentionally deposited outside the Lake Tahoe Basin as the result of wind action or other natural phenomena shall be charged to the Lake Tahoe allocation of the state where the deposit takes place.

(c) Except to the extent occurring on or before May 1, 1996, or for use on ski runs or within ski areas in existence but not to exceed the capacity of wells and pumping facilities constructed on or before May 1, 1996, water may not be diverted in the Lake Tahoe Basin for the purpose of making snow which is intentionally deposited outside the Lake Tahoe Basin. Sixteen percent of the water which is diverted directly in the Lake Tahoe Basin and used to make snow which is
intentionally deposited outside the Lake Tahoe Basin pursuant to the foregoing exception shall be charged to the Lake Tahoe allocation of the state where the intentional deposit takes place.

(d) The full amount of water diverted to storage for later use in snowmaking shall be initially charged to the Lake Tahoe allocation of the state where the water is diverted to storage. Water which is diverted from storage or from a municipal water system to make snow shall be measured, and (1) the Lake Tahoe allocation of the state where the water was diverted to storage shall receive a credit to its Lake Tahoe allocation equal to the amount of water measured, and (2) the state where the snow was deposited shall be charged pursuant to this Section 6.D.6 in the same manner as if the amount of water measured had been directly diverted for snowmaking.

SECTION 6.E - CALIFORNIA TRUCKEE RIVER BASIN ALLOCATION PROCEDURES

Section 6.E.1 Truckee River Basin in California. This Section 6.E applies only to the Truckee River Basin in California and provides procedures for determination of and accounting for diversions and return flows. Such diversions shall be consistent with the provisions of Section 204(c) of the Settlement Act. All information collected and maintained pursuant to this Section 6.E shall be provided to the Administrator.

Section 6.E.1(a) Measurement Required. Water purveyors, public agencies and snowmaking operators shall measure all water they divert from surface and groundwater. Suppliers of domestic water with 25 or more connections or who divert more than 10 acre-feet per year shall also measure their diversions.

Section 6.E.1(b) Unmeasured Residential Uses. Unmeasured water used for residential purposes shall be conclusively presumed to divert four-tenths of one acre-foot per residential unit per year as provided in Section 204(c)(1)(J) of the Settlement Act.

Section 6.E.1(c) Unmeasured Non-Residential Uses. Unmeasured water used for non-residential purposes shall be conclusively presumed to utilize the expected water use specified in the State permit or license to divert the water. If such a permit or license does not exist or if an expected water use is not specified in the State permit or license, unmeasured water used for non-residential purposes shall be determined from appropriate procedures jointly developed by California and Nevada using water use records and statistics that are most likely to represent the purpose and the location of the non-residential use.

Section 6.E.1(d) Responsibility for Determination. Irrigated acreage and the number and types of unmeasured water uses in the Truckee River Basin within California shall be determined annually by California and reported to the Administrator.
Section 6.E.1(e) Snowmaking - Truckee River Basin. All water diverted from the Truckee River Basin in California and used for snowmaking shall be measured and reported to the Administrator. As required by Sections 204(c)(1)(I)(ii) and 204(c)(1)(I)(iii) of the Settlement Act, the following provisions shall be used to determine charges to the gross diversion allocation of California for use of water diverted from the Truckee River Basin in California and used for the purpose of making snow in excess of 225 acre-feet in California each year as specified in Section 204(c)(1)(I)(i) of the Settlement Act. The following provisions shall also be used for determining incidental runoff into the Lake Tahoe Basin.

Water used to make snow shall be charged to California’s Truckee River Basin allocation as follows:

1. Sixteen percent of water which is diverted directly and used to make snow which is deposited into the Truckee River Basin in California shall be charged to the California Truckee River Basin allocation.

2. Sixteen percent of water which is diverted directly and used to make snow which is unintentionally deposited into any basin other than the Truckee River Basin as the result of wind action or other natural phenomena shall be charged to the California Truckee River Basin allocation.

3. Water may not be diverted in the Truckee River Basin in California for the purpose of making snow which is intentionally deposited into the Lake Tahoe Basin except for 100 acre-feet per year for the Alpine Meadows ski area and 20 acre-feet per year for the Northstar ski area. Sixteen percent of the water which is diverted directly in the Truckee River Basin in California and used to make snow which is intentionally deposited in the Lake Tahoe Basin pursuant to the foregoing exception shall be charged to the California Truckee River Basin allocation.

4. The full amount of water diverted to storage for later use in snowmaking shall be initially charged to the California Truckee River Basin allocation. Water which is diverted from storage or from a municipal water system to make snow shall be measured and California shall receive a credit to its Truckee River Basin allocation equal to the product of the amount of water measured multiplied by the difference between one hundred percent and the percentage which would have been charged pursuant to this Section 6.E.1(e) had the water been directly diverted for snowmaking.

Section 6.E.1(f) Sierra Valley Diversion. Diversion of water from the Little Truckee River to Sierra Valley shall be subject to the provisions of Section 6.B and the Sierra Valley Decree. Diversion under such rights from the Little Truckee River shall be measured at the diversion point. In addition, water diverted under the Sierra Valley Decree shall be measured in accordance with the Sierra Valley Decree.
Section 6.E.1(g) Groundwater Discharged to Truckee River. All extractions of groundwater in the Truckee River Basin in California for Discharge into the Truckee River or its tributaries shall be measured.

Section 6.E.1(h) Information to Implement Priorities. For the purpose of implementing the priority set forth in Section 204(c)(1) of the Settlement Act, California shall identify the location, use, and annual quantity of each California surface water diversion and shall distinguish between those initiated on or before November 16, 1990, and those initiated after November 16, 1990. California shall provide this information to the Administrator as of the date this Agreement enters into effect and each year thereafter.

Section 6.E.2 Depletion Limitation on California's 32,000 Acre-foot Per Year Gross Diversion Allocation in the Truckee River Basin. Pursuant to Section 205(a)(3)(I) of the Settlement Act, to implement the interstate allocations made by Sections 204(c)(1) and 204(c)(3), and the provisions of Sections 210(b)(13) and 210(b)(14) of the Settlement Act, as they relate to the interstate allocations, diversion and use of water by California pursuant to the interstate allocation of water to California made by Section 204(c)(1) of the Settlement Act shall not result in a California Truckee River Total Depletion of more than 17,600 acre-feet per year, subject to the terms and conditions of this Section 6.E.2.

Section 6.E.2(a) Calculation of California Truckee River Total Depletion. The California Truckee River Total Depletion shall be calculated by California pursuant to the depletion equation set forth in Appendix 6.B, definitions of equation parameters provided in Appendix 6.C, and initial depletion equation constants provided in Appendix 6.D, or future adjusted values which may be determined in accordance with Sections 6.E.2(f) and 6.E.2(g). The procedures provided in this Section 6.E.2 shall be the exclusive means of determining compliance with the 17,600 acre-feet per year limitation on California Truckee River Total Depletion.

Section 6.E.2(b) Calculation Procedure for Certain Categories of Water.

Section 6.E.2(b)(1) Procedure for Water Reuse. For the purposes of this calculation, any reuse of water shall be deemed an additional diversion of water and included in the appropriate category of water use. TTSA effluent disposed of or used in a manner defined in the Settlement Act shall not be deemed reuse or subject to depletion. Such effluent not disposed of or used in such a manner shall be deemed subject to depletion and included in the appropriate category of water use.

Section 6.E.2(b)(2) Procedure for Diversions to Storage. For the purposes of this calculation, any water diverted to storage shall be included in the appropriate category of water use in the year it is used rather than in the year it is stored for future intended use.

Section 6.E.2(b)(3) Procedure for Unmeasured Water Use. Where water use is unmeasured, it shall be estimated in accordance with Sections 6.E.1(b) and 6.E.1(c).
Section 6.E.2(c)  Initial Values of Depletion Equation Constants. The initial values for the constants in the depletion equation shall be those amounts set forth in Appendix 6.D. The initial values of the depletion equation constants shall be used for all calculations made during the first ten years of the effectiveness of this Agreement, except for constant “DU” which shall be subject to earlier change as set forth in Sections 6.E.2(f) and 6.E.2(g).

Section 6.E.2(d)  Gathering of Information and Calculation of Total Depletion. California shall gather the best available information and shall calculate the California Truckee River Total Depletion on an annual basis. California shall not be required, or obligated to require others, to initiate new monitoring or data gathering programs or system modifications not otherwise required by law. All information gathered by or provided to California shall be supplied to the Administrator and Signatory Parties.

Section 6.E.2(e)  Reporting of Total Depletion Information. California shall include its calculation of California Truckee River Total Depletion as part of its annual report on water use required under Section 204(d)(1) of the Settlement Act and shall make it available for purposes of Section 3.B.3 of this Agreement.

Section 6.E.2(f)  Time of Adjustment of Depletion Equation Constants. Depletion equation constants shall be subject to adjustment beginning in the year 2010 and every ten years thereafter until the average calculated California Truckee River Total Depletion over the three years just preceding any such time exceeds 15,000 acre-feet per year, at which time the depletion equation constants shall be subject to adjustment every five years thereafter. Notwithstanding the preceding, the value for depletion equation constant “DU” may be adjusted five years following each initiation of a new water use for this category.

Section 6.E.2(g)  Procedure for Adjustment of Depletion Equation Constants. Adjustments in depletion equation constants may be made pursuant to the following criteria, which shall be the sole and exclusive means for their adjustment:

(1)  At any time when depletion equation constants are subject to adjustment pursuant to Section 6.E.2(f), any Mandatory Signatory Party, including California, may request a change in any of the depletion equation constants. The request shall be accompanied by the data upon which the requesting party relies to support the change. Such data shall be directly applicable to the Truckee River Basin in California and relevant to the constant or constants sought to be changed.
(2) Upon receipt of a request for a change in any depletion equation constant, California shall provide a copy of such request to the other Mandatory Signatory Parties. Other Mandatory Signatory Parties shall have the opportunity to join in the request and provide additional data. If none of the Mandatory Signatory Parties requests a hearing on a request within 60 days of receipt of a copy of the request, the change may be adopted by California without a hearing. If any Mandatory Signatory Party requests a hearing, California shall hold the hearing pursuant to this Section 6.E.2(g).

(3) California shall notice and hold any hearing on the matter of the requested change in a depletion equation constant before a Hearing Officer who shall be the Director of California Department of Water Resources, or a Person appointed by the Director for that purpose. Notice of any hearing shall be provided to all Mandatory Signatory Parties and to interested Persons requesting such notice. A copy of the request for a change of a depletion equation constant, and any supporting data and information shall be provided to all Mandatory Signatory Parties and interested Persons with an opportunity for the submission of statements and information on such request. Mandatory Signatory Parties shall be entitled to submit the testimony of witnesses at such hearing, and interested Persons may, upon good cause shown, also present witnesses and testimony. The Hearing Officer shall have discretion in the determination of facts. A record of such hearing shall be made, and written findings based on the weight of evidence presented at the hearing and a decision shall be made by the Hearing Officer. The Hearing Officer’s decision shall be deemed a final administrative action for the purposes of exhaustion of administrative remedies and may not be submitted to the Truckee River Special Hearing Officer pursuant to Section 2.B.2.

(4) Challenges to a change in a depletion equation constant shall be in any court of competent jurisdiction and standing shall be limited to any Mandatory Signatory Party which participated in a hearing held pursuant to Sections 6.E.2(g)(2) and 6.E.2(g)(3). Challenges must be filed within 60 days of the date of the decision. The entire record of the proceedings before the Department of Water Resources shall be filed with the court. The cost of preparing the record shall be borne by the parties to the action in accordance with applicable law and rules of court.

(5) The standard for review of such a challenge shall be whether the Hearing Officer’s findings are supported by substantial evidence in the record. In any such proceeding, the Hearing Officer’s findings and decision shall be presumed to be correct.
Section 6.E.2(h)  Allocation to Nevada Subject to California Depletion. Water allocated to Nevada by Section 204(c)(3) of the Settlement Act is subject to extraction and use of groundwater within the Truckee River Basin in California which, together with diversion and use of surface water within the Truckee River Basin in California, does not exceed an annual depletion of 17,600 acre-feet.

Section 6.E.2(i)  Applicability of Settlement Act. Nothing in this Section 6.E.2 is intended to affect or modify Sections 204(c)(1)(C), 204(c)(1)(D) or 204(c)(1)(E) of the Settlement Act as applied to the extraction of groundwater within the Truckee River Basin in California.
**APPENDIX 6.A**

*Example of Procedure in Section 6.B.2*

<table>
<thead>
<tr>
<th>Ditch</th>
<th>Year of Priority</th>
<th>Volume (ac-ft)</th>
<th>Efficiency</th>
<th>Flow Rate (cfs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>120-day(^1)</td>
</tr>
<tr>
<td>Pioneer</td>
<td>1861</td>
<td>4331</td>
<td>0.85</td>
<td>21.4</td>
</tr>
<tr>
<td>Cochran</td>
<td>1862</td>
<td>1055</td>
<td>0.76</td>
<td>5.8</td>
</tr>
<tr>
<td>Steamboat</td>
<td>1862</td>
<td>161</td>
<td>0.61</td>
<td>1.1</td>
</tr>
<tr>
<td>Lake</td>
<td>1865</td>
<td>3467</td>
<td>0.70</td>
<td>20.8</td>
</tr>
<tr>
<td>North Truckee</td>
<td>1865</td>
<td>445</td>
<td>0.60</td>
<td>3.1</td>
</tr>
<tr>
<td>Steamboat</td>
<td>1867</td>
<td>1690</td>
<td>0.80</td>
<td>8.8</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>61.0</strong></td>
</tr>
</tbody>
</table>

\(^1\) 120-day season: rate in cfs = volume in ac-ft/(1.98347 x 120 x efficiency)

\(^2\) 160-day season: rate in cfs = volume in ac-ft/(1.98347 x 160 x efficiency)
APPENDIX 6.B

California Truckee River Total Depletion Equation (in Section 6.E.2)

The California Truckee River Total Depletion shall be calculated using the following equation:

\[
\text{Total Depletion} = D_{M1A}C_{M1A}T'M_1 + D_{M2A}C_{M2A}T'M_2 + D_{M2B}C_{M2B}T'M_2 + D_{M3A}C_{M3A}T'M_3 + D_{M3B}C_{M3B}T'M_3 + E_1 + E_{2SA}E_{2PE}E_{2PC} + E_{3SA}E_{3PE}E_{3PC} + D_S + D_{I1} + D_{I2} + D_{I3} + D_{B1A}C_{B1A}T'B_1 + D_{B1B}C_{B1B}T'B_1 + D_{B2}C_{B2}T'B_2 + D_UU
\]

where:

* is a symbol for multiplication.

\(C_{\text{subscript}}\) is a number between 0 and 1 representing the proportion of a category of water use which falls into a specific subcategory, such as outdoor versus indoor use. This number is a constant, whose initial value is set in Section 6.E.2(c), time of adjustment is set in Section 6.E.2(f), and procedure for adjustment is set in Section 6.E.2(g).

\(D_{\text{subscript}}\) is a number between 0 and 1 representing the proportion of a category or subcategory of water use which is depleted. This number is a constant, whose initial value is set in Section 6.E.2(c), time of adjustment is set in Section 6.E.2(f), and procedure for adjustment is set in Section 6.E.2(g).

\(M_i, S, I_i, \text{ and } B_i\) represent the sum of water diversions for a category of water use. Each of these and the miscellaneous category of water use, “U”, shall be in the same units, such as acre-feet.

\(E_1, E_{2SA}\) and \(E_{3SA}\) are evaporation-related parameters.

\(E_{iPE}\) and \(E_{iPC}\) are evaporation-related constants. These numbers are constants, whose initial values are set in Section 6.E.2(c), time of adjustment is set in Section 6.E.2(f), and procedure for adjustment is set in Section 6.E.2(g).

\(LL\) is a number between 0 and 1 representing the proportion of water lost in a water distribution system as it is transported between the point of diversion and point of use. This number is a constant, whose initial value is set in Section 6.E.2(c), time of adjustment is set in Section 6.E.2(f), and procedure for adjustment is set in Section 6.E.2(g).

\(T\) is a number between 0 and 1 representing the proportion of water diverted into a water distribution system which arrives at the point of use. \(T\) is numerically equal to \((1-LL)\).
APPENDIX 6.C
Definition of Parameters for California
Truckee River Total Depletion Equation (in Section 6.E.2)

Appendix Section 6.C.1 Domestic/Residential Water Use Components

M₁ is the amount of water diverted for domestic use in the California portion of the Truckee River Basin by residences connected to the TTSA sewage treatment facility.

Cₘ₁A is the average proportion of water applied outdoors at M₁-type residences.

Dₘ₁A is the average proportion of water used outdoors by M₁-type residences which is taken up by plants or runs off as surface water to evaporate before entering the river, streams, lakes, or groundwater.

M₂ is the amount of water diverted for domestic use in the California portion of the Truckee River Basin by residences that have individual waste disposal systems.

Cₘ₂A is the average proportion of water applied outdoors at M₂-type residences.

Dₘ₂A is the average proportion of outdoor water use at M₂-type residences which is taken up by plants or runs off as surface water to evaporate before entering the river, streams, lakes, or groundwater.

Cₘ₂B is the average proportion of water used indoors at M₂-type residences.

Dₘ₂B is the average proportion of indoor water use at M₂-type residences which, after being disposed of outdoors such as into a leach field, is taken up by plants.

M₃ is the amount of water diverted for domestic use in the California portion of the Truckee River Basin by residences that are served by multiple-residence waste disposal systems other than TTSA.

Cₘ₃A is the average proportion of water applied outdoors at M₃-type residences.

Dₘ₃A is the average proportion of outdoor water use at M₃-type residences which is taken up by plants or runs off as surface water to evaporate before entering the river, streams, lakes, or groundwater.

Cₘ₃B is the average proportion of water used indoors at M₃-type residences.

Dₘ₃B is the average proportion of indoor water use at M₃-type residences which, at the multi-residence waste water disposal facility, is disposed of outdoors such as into a leach field to be taken up by plants or to run off as surface water to evaporate before entering the river, streams, lakes, or groundwater.

Appendix Section 6.C.2 Reservoir Evaporation Component

E₁ is the evaporation of water which has been diverted to storage in Truckee River Reservoirs, Donner Lake and Independence Lake, which evaporation is charged to the California Truckee River Basin allocation as specified in Section 5.D.

E₂ is the amount of water which (i) is in storage in reservoirs other than Truckee River Reservoirs, Donner Lake and Independence Lake, and (ii) was charged to
the California **Truckee River Basin** allocation. This does not include small domestic use registrations.

**E2SA** is the average surface area of the reservoirs identified under E2 during the summer months.

**E2PE** is the annual pan evaporation value for the station nearest the reservoirs identified under E2.

**E2PC** is the pan evaporation coefficient for the station nearest the reservoirs identified under E2.

**Appendix Section 6.C.3 Groundwater Recharge Component**

**E3SA** is the average surface area of the water in percolation ponds used for groundwater recharge of surface water diverted and charged to the California **Truckee River Basin** allocation over the time period of calculation. The average surface area shall be calculated by summing the surface area of the water in percolation ponds for each month they are in use and contain diverted water, rather than being dry or containing runoff or rain water, and dividing said sum by the number of months in the time period; otherwise, an area of zero shall be used in the calculation. Injection wells shall have no surface area associated with them.

**E3PE** is the annual pan evaporation value for the station nearest the percolation ponds identified under E3SA.

**E3PC** is the pan evaporation coefficient for the station nearest the percolation ponds identified under E3SA.

**Appendix Section 6.C.4 Snowmaking Water Use Component**

**S** is the amount of water diverted for snowmaking in the California portion of the **Truckee River Basin**.

**D_S** is the average proportion of water which is diverted for snowmaking in the California portion of the **Truckee River Basin** which either sublimates or evaporates before entering the river, streams, lakes, or groundwater.

**Appendix Section 6.C.5 Irrigation Water Use Components**

**I_1** is the amount of water diverted for irrigated agriculture in the California portion of the **Truckee River Basin**.

**D_{I_1}** is the average proportion of water diverted for “I_1” purposes which is taken up by plants or runs off as surface water to evaporate before entering the river, streams, lakes, or groundwater.

**I_2** is the amount of water diverted to irrigate slopes for erosion control in the California portion of the **Truckee River Basin**.

**D_{I_2}** is the average proportion of water diverted for “I_2” purposes which is taken up by plants or runs off as surface water to evaporate before entering the river, streams, lakes, or groundwater.

**I_3** is the amount of water diverted to irrigate non-agricultural land, including golf courses, parks and green-belts, but exclusive of erosion control.
DI3 is the average proportion of water diverted for “I3” purposes which is taken up by plants or runs off as surface water to evaporate before entering the river, streams, lakes, or groundwater.

Appendix Section 6.C.6 Commercial/Industrial Water Use Components

B1 is the amount of water diverted for business, commercial, or industrial facilities in the California portion of the Truckee River Basin including both facilities connected to TTSA and those not connected to TTSA.

CB1A is the average proportion of water applied for landscaping at B1-type facilities.

DB1A is the average proportion of water diverted for “B1” purposes which is used for landscaping at B1-type facilities and is taken up by plants or runs off as surface water to evaporate before entering the river, streams, lakes, or groundwater.

CB1B is the average proportion of water which is used at B1-type facilities and is incorporated into the industrial process or is subject to evaporation other than from landscaping.

DB1B is the average proportion of water used at B1-type facilities that is depleted by the industrial process or is evaporated.

B2 is the amount of water diverted for business, commercial, or industrial facilities in the California portion of the Truckee River Basin which are not connected to TTSA. B2 is part of the water diverted under B1.

CB2 is the average proportion of water used indoors at B2-type facilities.

DB2 is the average proportion of indoor water use at B2-type facilities which, after being disposed of outdoors such as into a leach field, is taken up by plants or runs off as surface water to evaporate before entering the river, streams, lakes, or groundwater.

Appendix Section 6.C.7 Miscellaneous Water Use Components

U is the sum of diversions that do not fit into one of the categories represented above.

DU is the average proportion of water diverted for “U” purposes which is consumed and therefore does not return to surface or groundwater in the Truckee River Basin.
APPENDIX 6.D

Initial Depletion Equation Constants (in Section 6.E.2)

The initial values for the constants in the depletion equation shall be as follows:

\[ \begin{align*}
D_{M1A} & = 0.85 \\
C_{M1A} & = 0.4 \\
LL & = 0.1 \\
T & = (1-LL) = 0.9 \\
D_{M2A} & = 0.85 \\
C_{M2A} & = 0.4 \\
D_{M2B} & = 0.15 \\
C_{M2B} & = 0.6 \\
D_{M3A} & = 0.85 \\
C_{M3A} & = 0.4 \\
D_{M3B} & = 0.15 \\
C_{M3B} & = 0.6 \\
E_{2PE} & = 53 \text{ inches per year} \\
E_{2PC} & = 0.69 \\
E_{3PE} & = 53 \text{ inches per year} \\
E_{3PC} & = 0.69 \\
D_{S} & = 0.16 \\
D_{I1} & = 0.75 \\
D_{I2} & = 0.8 \\
D_{I3} & = 0.8 \\
D_{B1A} & = 0.8 \\
C_{B1A} & = 0.1 \\
D_{B1B} & = 0.1 \\
C_{B1B} & = 0.9 \\
D_{B2} & = 0.15 \\
C_{B2} & = 0.6 \\
D_{U} & = 0.42
\end{align*} \]
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ARTICLE SEVEN
CREDIT WATER ESTABLISHMENT, STORAGE AND CONVERSION

SECTION 7.A - GENERAL PROVISIONS, STORAGE, ESTABLISHMENT, CHANGES TO WATER RIGHTS, RESTRICTIONS AND LIMITATIONS, AND COMPENSATION PROVISIONS

Section 7.A.1 General. The Signatory Parties recognize that the ability of the Scheduling Parties to Establish, Accumulate and Release various categories of Credit Water is a cornerstone of this Agreement. This Article Seven provides general and specific rules, procedures, restrictions, and limitations relating to the Establishment and storage of the various categories of Credit Water, including general provisions for the Establishment of all categories of Credit Water and specific provisions which apply to each category of Credit Water.

Section 7.A.2 Storage of Credit Water. This Section 7.A.2 identifies the participating reservoirs and the general requirements for storage of Credit Water.

Section 7.A.2(a) Participating Reservoirs. Lake Tahoe, Prosser Creek Reservoir, Stampede Reservoir, Boca Reservoir, Independence Lake and Donner Lake shall be available for and may be used for operations involving Credit Water as provided in this Agreement. Martis Creek Reservoir may be used for operations involving Credit Water subject to the provisions of Section 5.B.5.

Section 7.A.2(b) Storage Contracts Required. Except for storage of Fish Credit Water and Joint Program Fish Credit Water in Truckee River Reservoirs pursuant to Section 7.C, to Accumulate Credit Water in a reservoir a Person must be a Signatory Party or be contractually bound to comply with the provisions of this Agreement to the same extent required for a Signatory Party; and either own the subject reservoir or have a storage contract with the owner of the subject reservoir and, in the case of Boca Reservoir, a joint storage contract with United States and Conservation District. If the subject reservoir is formed by a dam at the outlet of a natural lake, the Person controlling the portion of storage to be utilized in that reservoir shall be deemed its owner for purposes of this Section 7.A.2(b).

Section 7.A.2(b)(1) Authority for Storage Contracts in Truckee River Reservoirs. Contracts for storage in Truckee River Reservoirs other than Martis Creek Reservoir shall be entered into pursuant to the authority granted to the Secretary by Sections 205(b)(1), 205(b)(2) and 207(d)(3) of the Settlement Act and this Agreement.

Section 7.A.2(b)(2) Storage Contracts Consistent with this Agreement. The provisions of any such storage contract shall be consistent with the provisions of this Agreement. Storage contracts with United States shall incorporate the following provisions:

(i) The term of the storage contracts for Water Authority, Reno, Sparks, Washoe County, California, and Fernley for Truckee River Reservoirs owned by United States and under the jurisdiction of the Bureau of Reclamation shall commence no
earlier than the effective date of this Agreement, shall be 40 years in duration, and shall be renewable for additional 40-year periods as long as this Agreement is in effect. The storage contracts shall terminate immediately upon the termination of this Agreement. This term provision shall be included as a provision of the initial and all subsequent storage contacts for Water Authority, Reno, Sparks, Washoe County, California and Fernley.

(ii) Renewal of the storage contracts shall be conditional only on the renegotiation of the storage charge. The criteria for renegotiation of the charge shall be developed under the Bureau of Reclamation’s basis of negotiation process and set forth in each initial storage contract for Water Authority, Reno, Sparks, Washoe County, California and Fernley.

Section 7.A.2(b)(3) Conservation District Operation and Maintenance Fees for Boca Dam and Reservoir. In addition to any fees that may be charged by United States, Conservation District may impose fees for its calculated annual cost of operation and maintenance of Boca Dam and Reservoir performed in accordance with this Agreement. Such annual fee shall be considered an expense of administration of this Agreement apportioned among United States, California and Nevada as provided in Section 2.C.2, and shall be calculated using the following equation:

\[
\text{Annual Fee} = \text{APF} \times (\text{FYAAE} + \text{AOE} + \text{FYAMME} + \text{ALTME}),
\]

where:

- **APF** is Average Proportion of Flow, the percentage of the 10-year running average of total Discharge from Boca Reservoir that is the Release of Credit Water and Stampede Project Water, as calculated by the Administrator.

- **FYAAE** is Five-Year Average of Administrative Expenses, the five-year running average of total administrative expenses for Conservation District, as determined by Conservation District based on its annual audit reports.

- **AOE** is Annual Operating Expenses, the most recent fiscal year’s operating expenses for Boca Dam and Reservoir, as determined by Conservation District based on its annual audit reports.

- **FYAMME** is Five-Year Average of Miscellaneous Maintenance Expenses, the five-year running average of maintenance expenses for Boca Dam and Reservoir that are not long-term maintenance expenses, as determined by Conservation District based on its annual audit reports.

- **ALTME** is Amortized Long-Term Maintenance Expenses, the sum of the maintenance expenses for maintenance projects for Boca Dam and Reservoir that have a useful life of greater than five years amortized at a fixed percentage over the life of each such project as determined by Conservation District based on its annual audit reports; the fixed percentage for amortization shall be the then-current rate utilized by Nevada Bureau of Health Protection Services for State Revolving Fund water project loans.
If a dispute arises with respect to the calculation of any of the components of the equation, it shall be considered a dispute under this Agreement and subject to Section 2.B.2.

Section 7.A.2(b)(4) Water Authority Storage Fees. Water Authority may impose fees for storage in Independence Lake and its portion of Donner Lake. Such fees shall be identified in the storage contracts developed consistent with this Agreement.

Section 7.A.2(c) Notice Requirement for Storage of Certain Credit Water. United States shall advise all Signatory Parties and Scheduling Parties at least 30 days prior to entering into, or declining to enter into, an agreement for the storage of California M&I Credit Water or Other Credit Water in Truckee River Reservoirs.

Section 7.A.2(d) Consent to Accumulate Credit Water Under Reservoir Water Rights. Each Signatory Party holding rights under California law to store water in Truckee River Reservoirs, Donner Lake and Independence Lake consents to the Accumulation of Credit Water based upon those rights by Persons exercising Changed Diversion Rights having an original place of use in Nevada. Such Accumulation shall be consistent with all of the terms and provisions of this Agreement and shall not result in reducing the amount of Project Water which could otherwise be Impounded pursuant to Section 5.B.

Section 7.A.3 Establishment of Credit Water Using Changed Diversion Rights. If and to the extent that Sections 7.B through 7.G provide that Credit Water may be Established by storing water under Changed Diversion Rights in lieu of diverting such water, then the procedures of this Section 7.A.3 shall apply, in addition to other procedures and limitations for Establishing Credit Water set forth in this Agreement, including without limitation the provisions of Section 1.C.1.

Section 7.A.3(a) Procedures for Establishing Certain Categories of Credit Water. To the extent that Credit Water is Established pursuant to this Section 7.A.3(a), such Establishment may be adverse to Project Water Operations and shall be subject to the limitations set forth in Sections 7.A.3(a)(2)(i), 7.A.3(a)(2)(ii), 8.K.3 and 8.K.4. Credit Water other than Joint Program Fish Credit Water and Fish Credit Water may be Established with Changed Diversion Rights by any of the following:

1. Through retention in storage of water which would otherwise have been Released from, or through diversion to storage of water which would otherwise have been Passed-Through, any Truckee River Reservoir, Donner Lake, and Independence Lake to maintain Floriston Rates or Reduced Floriston Rates.

2. Through diversion of Little Truckee River or Prosser Creek flows to storage, provided that:

   (i) if such flows were not stored, they would result in flows at the Farad Gage in excess of Floriston Rates or Reduced Floriston Rates, to the extent that such excess flows are needed to satisfy
Exercised Water Rights, excluding therefrom the water right of Pyramid Tribe referenced in Section 1.E.1; or

(ii) a Drought Situation exists and such flows otherwise would have been stored as either Prosser Project Water or Stampede Project Water, or such flows would have been Passed-Through Prosser Creek Reservoir or Stampede Reservoir to flow to Pyramid Lake.

(3) Through Exchange of Fish Water or Fish Credit Water in storage for an equal amount of water associated with the Exercise of Changed Diversion Rights which then is allowed to flow to Pyramid Lake. Such Establishment may only occur when and to the extent that:

(i) a Drought Situation does not exist and water could be Impounded as Project Water or Established as Fish Credit Water in Stampede Reservoir or Prosser Creek Reservoir but is being Passed-Through to flow to Pyramid Lake; or

(ii) Fish Water or Fish Credit Water is being Released to flow to Pyramid Lake.

The combined amount of such Exchanges shall not exceed the combined amount of water that is being Passed-Through and Released pursuant to Sections 7.A.3(a)(3)(i) and 7.A.3(a)(3)(ii) at the time of such Exchanges.

Exchanges under this Section 7.A.3(a)(3) are available only to the following categories:

(A) California Environmental Credit Water Established with Changed Diversion Rights having an original place of use in Nevada;

(B) Additional California Environmental Credit Water;

(C) Fernley Municipal Credit Water;

(D) Water Quality Credit Water; and


United States and Pyramid Tribe may require that Establishment of Credit Water in categories (A) through (D) under this Section 7.A.3(a)(3) only be allowed to the extent that scheduled Credit Water Establishment cannot be accomplished by Sections 7.A.3(a)(1) and 7.A.3(a)(2).
Truckee River flow equal to the amount of Credit Water concurrently being Established pursuant to this Section 7.A.3(a)(3) shall be treated as flow of Fish Credit Water for calculation of impacts on hydroelectric generation conducted in accordance with Section 7.A.6.

Section 7.A.3(b) Credit Water Establishment When Exercise of Truckee River Water Rights is Limited. When the Exercise of Truckee River water rights is being limited based on water right priority or based on Section 6.B, Credit Water may be Established only to the extent that water rights scheduled to Establish such Credit Water are in priority to receive water.

Section 7.A.3(c) Credit Water Establishment Using Tributary Water Rights. In addition to Credit Water Establishment using other sources of Changed Diversion Rights, Credit Water may be Established using Changed Diversion Rights with an original point of diversion from a tributary whose confluence with the Truckee River is downstream from the Farad Gage and upstream of the Vista Gage, utilizing the procedures of Section 7.A.3(a) at such times when water is available under such tributary right to satisfy downstream rights which would otherwise have been satisfied by Release or Pass-Through from Truckee River Reservoirs, Donner Lake and Independence Lake.

Section 7.A.3(d) Credit Water Establishment Not to Use Return Flows. Credit Water may be Established using Changed Diversion Rights with an original point of diversion downstream from the Vista Gage under this Section 7.A.3 only to the extent that water would be available to serve such water rights at their original point of diversion (1) in excess of return flow from diversions in the Truckee Meadows, and (2) in excess of flow from tributaries which discharge to the Truckee River at or downstream from the Sparks Gage.

Section 7.A.3(e) Portion to be Established. Except as provided in Sections 7.C.1 and 7.C.2, Credit Water Establishment by using Changed Diversion Rights that had been Exercised for consumptive purposes shall be limited to the portion of the water which would not otherwise have returned to the Truckee River. That portion shall be as follows:

1. For Changed Diversion Rights having an original place of use in Nevada, such portion shall be determined by Nevada State Engineer pursuant to an application or applications filed to change the point of diversion and the place, means, manner or purpose of use of such rights. The procedures for relating the consumptive use component to an equivalent diversion amount shall be subject to approval of the Orr Ditch Court in the proceeding required by Section 12.A.4(b).

2. For Changed Diversion Rights having an original place of use in California, such portion shall be determined pursuant to California law.

3. For water under water rights which historically has been exported out of the Truckee River Basin, the consumptive use portion shall be 100 percent of the Changed Diversion Rights.
Section 7.A.3(f) Flexible 12-Month Diversion Schedule. The Signatory Parties will not protest or object to inclusion in an application for a change to an existing water right with an original place of use in Nevada of a flexible 12-month diversion schedule for the Establishment of Credit Water utilizing water from Changed Diversion Rights. The Signatory Parties reserve the right to protest or object to the inclusion of such a schedule if the Changed Diversion Right being used for such Establishment is supplemental to another water right.

Section 7.A.4 Changes to Water Rights and Other Changes. The Signatory Parties shall cooperate in the filing and diligent pursuit of the changes provided for in this Section 7.A.4 to the extent they are consistent with the express provisions of this Agreement.

Section 7.A.4(a) Changes to Water Storage Rights for Operations. This Section 7.A.4(a) sets forth changes to water storage rights which the Signatory Parties agree are necessary or useful for operations provided for in this Agreement. Section 12.A.4(d) sets forth certain changes for which approvals are necessary for this Agreement to take effect and are therefore conditions precedent. All other water right changes identified in this Section 7.A.4(a) are deemed to be useful, but not necessary, for this Agreement to take effect. Changes to add points of diversion and re-diversion, places of use and purpose of use identified in this Section 7.A.4(a) are only for the purpose of accommodating implementation of provisions of this Agreement. The Signatory Parties agree not to seek additional changes to California Water Right Licenses or Permits beyond those described in this Section 7.A.4(a) without the written consent of the Mandatory Signatory Parties.

Section 7.A.4(a)(1) Changes to Boca Reservoir License. Changes to Boca Reservoir’s California Water Right License No. 3723 consist of adding:

(i) Stampede Reservoir as an additional point of diversion;
(ii) points of re-diversion between Boca Reservoir and Pyramid Lake;
(iii) places of use consistent with this Agreement; and
(iv) all purposes of use consistent with this Agreement.

Section 7.A.4(a)(2) Changes to Independence Lake Licenses. Changes to Independence Lake’s California Water Right Licenses No. 4196 and 2607 consist of adding:

(i) Stampede Reservoir and Boca Reservoir as additional points of diversion;
(ii) points of re-diversion between Independence Lake and Pyramid Lake;
(iii) places of use consistent with this Agreement; and
(iv) all purposes of use consistent with this Agreement.
Section 7.A.4(a)(3) Changes to Prosser Creek Reservoir License. Changes to Prosser Creek Reservoir’s California Water Right License No. 10180 consist of adding:

(i) points of re-diversion between Prosser Creek Reservoir and Pyramid Lake;

(ii) places of use consistent with this Agreement; and

(iii) all purposes of use consistent with this Agreement.

Section 7.A.4(a)(4) Changes to Stampede Reservoir Permit. Changes to Stampede Reservoir’s California Water Right Permit No. 11605 consist of adding:

(i) Boca Reservoir as an additional point of diversion;

(ii) points of re-diversion between Stampede Reservoir and Pyramid Lake;

(iii) places of use consistent with this Agreement; and

(iv) all purposes of use consistent with this Agreement.

Section 7.A.4(a)(5) Application for New Appropriation at Stampede Reservoir. In addition to changes identified in Section 7.A.4(a)(4), an application may be filed by United States with California State Water Resources Control Board to increase Stampede Reservoir’s California Water Right to a maximum diversion to storage of 226,500 acre-feet annually, consistent with Section 5.B.8 and this Agreement.

Section 7.A.4(a)(6) Changes to Vested Rights of Donner Lake and Independence Lake. Changes to the vested water rights for Donner Lake and Independence Lake consist of changes to allow Water Authority to Establish M&I Credit Water using water under those rights.

Section 7.A.4(a)(7) Application for New Appropriation at Prosser Creek Reservoir. In addition to changes identified in Section 7.A.4(a)(3), an application may be filed by United States with California State Water Resources Control Board to eliminate the 20,162 acre-foot per year limit on Releases from Prosser Creek Reservoir, and to commence the filling season for Prosser Creek Reservoir on October 1.

Section 7.A.4(b) Changes to Changed Diversion Rights for Credit Water Operations. This Section 7.A.4(b) sets forth changes to Changed Diversion Rights which the Signatory Parties agree are necessary or useful for the operations provided for in this Agreement. Section 12.A.4(d) sets forth certain changes for which approvals are necessary for this Agreement to take effect and are therefore conditions precedent. All other water right changes identified in this Section 7.A.4(b) are deemed to be useful, but not necessary, for this Agreement to take effect.
Section 7.A.4(b)(1) Changes by Water Authority for Water Authority M&I Credit Water. Change Water Authority Changed Diversion Rights to allow storage in Truckee River Reservoirs as Water Authority M&I Credit Water pursuant to a flexible 12-month diversion schedule in accordance with Sections 7.A.3 and 7.B.1, and as Fish Credit Water pursuant to Sections 7.B.4(e) and 7.C.4(b).

Section 7.A.4(b)(2) Changes by Pyramid Tribe for Fish Credit Water and Water Quality Credit Water. Change Pyramid Tribe water right under State Engineer Ruling 4683 to allow water under that right to be stored in Truckee River Reservoirs as Fish Credit Water pursuant to Sections 7.C and 7.H.8 and as Water Quality Credit Water pursuant to Sections 7.B.4(f) and 7.E.3.

Section 7.A.4(b)(3) Changes by Water Authority for Fish Credit Water. Change the hydroelectric water rights granted to Water Authority under Claim Numbers 5 through 9 of the Orr Ditch Decree to allow water under those rights to be stored in Truckee River Reservoirs as Fish Credit Water pursuant to Section 7.C.1.

Section 7.A.4(b)(4) Changes by Reno, Sparks, Washoe County, Pyramid Tribe and United States for Water Quality Credit Water. Change the Changed Diversion Rights acquired by Joint Program Parties as identified in Section 3 of the Truckee River Water Quality Settlement Agreement to allow water under such rights to be stored in Truckee River Reservoirs as Water Quality Credit Water pursuant to a flexible 12-month diversion schedule in accordance with Sections 7.A.3 and 7.E.1.

Section 7.A.4(b)(5) Changes by California for California M&I Credit Water. Change, through appropriate State procedures, California’s Changed Diversion Rights to allow water under such rights to be stored in Truckee River Reservoirs as California M&I Credit Water and to be used for Municipal and Industrial Uses in California in accordance with Section 7.D.7.

Section 7.A.4(b)(6) Changes by California for California Environmental Credit Water. Change, through appropriate State procedures, California’s Changed Diversion Rights to allow water under such rights to be stored in Truckee River Reservoirs as California Environmental Credit Water pursuant to a flexible 12-month diversion schedule pursuant to Sections 7.A.3 and 7.D.2, for Changed Diversion Rights having had an original place of use in Nevada and to be used for water quality and instream flow purposes pursuant to Section 7.D.8.

Section 7.A.4(b)(7) Changes by California for Additional California Environmental Credit Water. Change, through appropriate State procedures, California’s Changed Diversion Rights to allow water under such rights to be stored in Truckee River Reservoirs as Additional California Environmental Credit Water pursuant to a flexible 12-month diversion schedule pursuant to Sections 7.A.3 and 7.D.3 for Changed Diversion Rights having had an original place of use in Nevada and to be used for water quality and instream flow purposes pursuant to Section 7.D.8.
Section 7.A.4(b)(8) Changes by Pyramid Tribe for Joint Program Fish Credit Water. Change Pyramid Tribe water right under State Engineer Ruling 4683 to allow water under that right and the provisions of this Agreement stored in Truckee River Reservoirs as Fish Credit Water to be converted to and used as Joint Program Fish Credit Water pursuant to Section 7.C.6.

Section 7.A.4(c) Changes Which Conflict With Water Authority’s Hydroelectric Water Rights. To the extent that the applicable requirement for compensation provided for in Section 7.A.6 has been satisfied, Water Authority waives its right to protest or object to changes to water rights for Credit Water Establishment based upon the grounds that the change will conflict with Water Authority’s hydroelectric water rights adjudicated as Claim Numbers 5 through 9 of the Orr Ditch Decree or adjudicated under the Truckee River General Electric Decree.


Section 7.A.5(a) Limitations on Certain Credit Water Establishment Adverse to Flows at Sparks Gage. Except as otherwise provided in this Section 7.A.5, no Person shall Establish California Environmental Credit Water using Changed Diversion Rights having an original place of use in Nevada, Water Quality Credit Water, Fish Credit Water, Newlands Project Credit Water, Fernley Municipal Credit Water, Additional California Environmental Credit Water or Other Credit Water in Truckee River Reservoirs if Truckee River flows provided by Floriston Rate Water measured at the Sparks Gage are less than 275 cfs from June through October or less than 120 cfs from November through May or if such Establishment would concurrently cause such flows to be less than those amounts during the applicable time periods.

Section 7.A.5(b) Limitations on Water Authority M&I Credit Water Establishment Adverse to Flows at Sparks Gage. Changed Diversion Rights that were originally appurtenant to lands downstream from the Vista Gage shall not be used to Establish Water Authority M&I Credit Water, if Truckee River flows provided by Floriston Rate Water measured at the Sparks Gage are less than 275 cfs from June through October of the current year or if such Establishment would concurrently cause such flows to be less than those amounts during the applicable time periods.

Section 7.A.5(c) Conditions When Credit Water Establishment Limitations Do Not Apply. If the Joint Program Parties as identified in Section 3 of the Truckee River Water Quality Settlement Agreement agree, then restrictions set forth in Sections 7.A.5(a) and 7.A.5(b) shall not apply when all of the following conditions exist:

1. based on the April 1 seasonal Truckee River runoff forecast and assuming median precipitation after April 1, there would not be sufficient Floriston Rate Water to maintain Floriston Rates through August of the same year;

2. Credit Water could be Established without causing the Truckee River flow at the Sparks Gage to be less than 50 cfs;
(3) **Credit Water**, if **Established**, is scheduled to be **Released** in the same year and in a manner to augment flows at the **Sparks Gage** from May through October to benefit water quality and riparian habitat; and

(4) Nevada has not objected to such operation.

Section 7.A.5(d) **Waiver of Limitations on Credit Water Establishment.** The threshold flows in this Section 7.A.5 may be reduced for designated periods by agreement among the Joint Program Parties as identified in Section 3 of the **Truckee River Water Quality Settlement Agreement**.

Section 7.A.5(e) **Establishment Using Imported Water and Water Under Tributary Rights Not Limited.** Nothing in this Section 7.A.5 shall limit Establishment of Water Authority M&I Credit Water, Water Quality Credit Water, Fernley Municipal Credit Water, California Environmental Credit Water, Additional California Environmental Credit Water, or Other Credit Water using Imported Water or Changed Diversion Rights associated with tributaries to the Truckee River between the **Farad Gage** and **Vista Gage**, if such Establishment is otherwise accomplished in accordance with this Agreement.

Section 7.A.5(f) **Actions to Maintain Flows at Sparks Gage.** When a **Drought Situation** does not exist and flows provided by **Floriston Rate Water** are, or upon Establishment of Water Authority M&I Credit Water would be, less than 275 cfs from June through October or less than 120 cfs from November through May at the **Sparks Gage**, then Pyramid Tribe and United States may take one or more of the following actions to maintain 275 or 120 cfs, whichever is applicable, or such lesser flow existing absent any Establishment by Water Authority:

1. allow Water Authority to **Establish its Credit Water** in accordance with its schedule under the provisions of Section 7.A.3(a)(3);

2. allow Water Authority to **Establish its Credit Water** in accordance with its schedule in Stampede Reservoir or Prosser Creek Reservoir notwithstanding the provisions of Section 8.C and adverse to the **Impoundment** of the **Project Water** of those reservoirs; or

3. allow Water Authority to **Establish its Credit Water** in accordance with its schedule through **Trades** pursuant to Section 8.P.4.

If no action is taken or if the actions taken under (1), (2) and (3) above have not maintained the appropriate flow, then Pyramid Tribe and United States shall **Release Fish Credit Water** and **Fish Water** to the extent necessary to offset the quantity of **Water Authority M&I Credit Water** then being **Established**, provided that such **Release** need not exceed the amount which would provide a total flow, when combined with such **Floriston Rate Water**, of 275 or 120 cfs at the **Sparks Gage**.
Section 7.A.5(g) Flows in the Truckee River Downstream from Derby Dam. To the extent practicable and consistent with the exercise of water rights, assurance of water supplies, operational considerations, the requirements of the Settlement Act and all other requirements of this Agreement and the Truckee Canal Diversion Criteria, the Administrator shall encourage and the Scheduling Parties shall attempt to schedule operations involving Credit Water and Fish Water and other water management options to avoid reducing the flows downstream from Derby Dam to a rate of less than 50 cfs from November through May and 135 cfs from June through October. This provision shall not be construed as conflicting with any operations under this Agreement, including, without limitation, those under Sections 8.F, 8.R, and 9.F.2.

Section 7.A.6 Water Authority Use of Water for Hydroelectric Generation and Compensation for Reduced Generation. Except as provided in Sections 9.E and 5.A.8(a), Water Authority may divert any water flowing in the Truckee River, including without limitation Floriston Rate Water, Fish Water and Credit Water, for the generation of electric power at Water Authority Hydroelectric Plants referenced in Section 210(b)(17) of the Settlement Act, provided that water so used shall be returned to the Truckee River immediately after such use. Water Authority shall be compensated for reduced hydroelectric generation, if any, arising from the implementation of this Agreement as provided in this Section 7.A.6.

Section 7.A.6(a) Compensation for Fish Credit Water, Newlands Project Credit Water, and Fish Water. Water Authority shall be compensated by United States for the net reduction, if any, in the amount of hydroelectric generation from operations involving Fish Credit Water, including Truckee River flow to be treated as Fish Credit Water pursuant to Section 7.A.3(a)(3); operations involving Newlands Project Credit Water; operations involving Fish Water bypass pursuant to Section 9.E.2; and operations when no other Credit Water is being Established pursuant to Sections 7.A.3(a)(1) and 7.A.3(a)(2) that involve the Establishment of Fish Credit Water pursuant to Section 7.C.1 during ice removal pursuant to Section 5.A.3(c). Compensation by United States, if any, may be, but is not necessarily limited to, an offset to Water Authority’s storage fees for the use of federal reservoirs under this Agreement and shall be based on the terms and conditions included in the contract for storage of Water Authority M&I Credit Water entered into between Water Authority and United States.

Section 7.A.6(b) Compensation for Water Quality Credit Water, Fernley Municipal Credit Water, California M&I Credit Water. Water Authority waives any claims it may have for compensation for reduced hydroelectric generation arising from the Establishment of Water Quality Credit Water to the extent of water purchased under the $24 million program set forth in the Truckee River Water Quality Settlement Agreement, Fernley Municipal Credit Water and California M&I Credit Water, provided however, that Water Authority may utilize, without compensation to any Person, all such Credit Waters for generation at Water Authority Hydroelectric Plants upon subsequent Release from storage.

Section 7.A.6(c) Compensation for California Environmental Credit Water from California Water Rights. Water Authority waives any claims it may have for compensation for reduced hydroelectric generation arising from the Establishment of California Environmental Credit Water and Additional California Environmental Credit Water to the extent that the water stored originated under a California water right, provided however, that Water Authority may utilize, without compensation to any Person, such Credit
Water for generation at Water Authority Hydroelectric Plants upon subsequent Release from storage. In the event that California desires Water Authority to bypass such Credit Water upon Release from storage, California agrees to compensate Water Authority for its actual loss of revenue, or, if Water Authority is compensated by an offset to its electric bill, for its actual loss of offset, resulting from such bypass.

Section 7.A.6(d) Compensation for California Environmental Credit Water and Additional California Environmental Credit Water from Nevada Water Rights. Any reduction in economic value of hydroelectric generation arising from the Establishment of California Environmental Credit Water or Additional California Environmental Credit Water originating from a water right having had an original place of use in Nevada shall be compensated to Water Authority by California. In the event that California Establishes such Credit Water, California agrees to compensate Water Authority for its actual loss of revenue, or, if Water Authority is compensated by an offset to its electric bill, for its actual loss of offset, resulting from such Establishment.

Section 7.A.6(e) Compensation for Other Credit Water. Water Authority shall be compensated for reduced economic value of hydroelectric generation which may arise from operation of future categories of Other Credit Water which United States may implement under Section 7.G. The manner and amount of such compensation shall be by mutual agreement between Water Authority and United States. United States shall not enter an agreement for storage of Other Credit Water under Section 7.A.2(b) unless the requirements of this Section 7.A.6(e) have been satisfied.

Section 7.A.6(f) Waiver of Right to Protest Conditional. Water Authority’s obligation to waive its right to protest a change in a water right for Establishment of Credit Water, on the basis set forth in Section 7.A.4(c) is conditioned on an agreement for compensation having been reached between Water Authority and the Person whose water is to be stored, or United States in the case of Other Credit Water, as required in this Section 7.A.6.

Section 7.A.7 Credit Water Not Established by River Operation Imprecision. Credit Water Establishment shall not include retention in storage of water that is the incidental result of inherently imprecise operation of the Truckee River for maintaining Floriston Rates or Reduced Floriston Rates.

Section 7.A.8 Transition from Interim Storage Contract. On the date this Agreement enters into effect, water in storage under that certain Contract for the Storage of Non-Project Water among Sierra Pacific Power Company, Washoe County Water Conservation District, Pyramid Lake Paiute Tribe and United States of America dated June 29, 1994 (the “Interim Storage Contract”), shall continue to be used and converted as provided in the Interim Storage Contract until the next following September 1, and thereafter as follows:

(a) non-project water in Stampede Reservoir shall, at the election of Water Authority, become Water Authority Emergency Drought Supply, Firm M&I Credit Water and Non-Firm M&I Credit Water consistent with the provisions of this Agreement;

(b) non-project water in Boca Reservoir shall become Non-Firm M&I Credit Water; and
(c) fish credit water in Stampede Reservoir and Boca Reservoir shall become Fish Credit Water.

SECTION 7.B - WATER AUTHORITY M&I CREDIT WATER

Section 7.B.1 Water Authority M&I Credit Water. To the extent allowed by changes to water rights under applicable state law, and subject to the provisions of this Section 7.B and Article Eight, Water Authority may Establish Water Authority M&I Credit Water in Truckee River Reservoirs with its Privately Owned Stored Water, and in Truckee River Reservoirs, Donner Lake and Independence Lake with its Changed Diversion Rights pursuant to a flexible 12-month diversion schedule in accordance with Section 7.A.3(f). Water Authority shall use water from excess water rights described in Section 4.B, which is not otherwise utilized to supply the demands of its wholesale and retail customers to Establish Water Authority M&I Credit Water pursuant to this Agreement. To the extent that water rights are not being used to Establish Water Authority M&I Credit Water because of limitations imposed under applicable law, physical conditions or by this Agreement, Water Authority may use such water for any other lawful purpose.

The quantities of Water Authority M&I Credit Water stored, held and used pursuant to this Agreement shall not include, and shall be in addition to, the quantities of Water Authority’s Privately Owned Stored Water in Donner Lake, Independence Lake and Truckee River Reservoirs at any given time.

Section 7.B.2 Accumulating Water Authority M&I Credit Water Using Privately Owned Stored Water. To the extent allowed by changes to its water rights under applicable state law, Water Authority may Establish Water Authority M&I Credit Water by Accumulating Privately Owned Stored Water Released from Independence Lake or through an Exchange or re-storage of Privately Owned Stored Water from Donner Lake or Independence Lake pursuant to Article Eight. All of Water Authority’s Privately Owned Stored Water that is not carried over, re-stored, or used to meet the demands of its wholesale and retail customers pursuant to this Agreement, shall be used to the extent legally and physically possible to Establish Water Authority M&I Credit Water pursuant to this Agreement.

Section 7.B.3 Water Authority M&I Credit Water Use.

Section 7.B.3(a) Use of Water Authority M&I Credit Water During Emergency or Repair Situation. When an Emergency or Repair Condition exists, Water Authority M&I Credit Water may be used to supply the demands of Water Authority's wholesale and retail customers and to facilitate a more expedient return to the use of Water Authority Normal Water Supplies.

Section 7.B.3(b) Use of Water Authority M&I Credit Water During a Drought Situation. Firm M&I Credit Water and Non-Firm M&I Credit Water may be used to supply the demands of Water Authority's wholesale and retail customers up to a maximum of 119,000 acre-feet per year when the following conditions exist:
(1) there is a Drought Situation and Water Authority Normal Water Supplies are not sufficient to satisfy Water Authority Normal Demand;

(2) Privately Owned Stored Water in Independence Lake is equal to or less than 7,500 acre-feet when such storage is measured above elevation 6,921.0 feet, or such storage is otherwise unavailable to meet demand; and

(3) Release of Water Authority’s Privately Owned Stored Water from Donner Lake is insufficient to meet Water Authority’s demand because either Water Authority has no Privately Owned Stored Water in Donner Lake, Donner Lake Release is limited by the capacity of the outlet facilities, water must be held in Donner Lake in accordance with the Donner Lake Indenture, or the water is otherwise unavailable to meet demand.

Section 7.B.3(c) Use of Water Authority M&I Credit Water During the Year Established. Notwithstanding the limitations in Sections 7.B.3(a) and 7.B.3(b), Firm M&I Credit Water and Non-Firm M&I Credit Water may also be used during the year in which it was Established to the extent necessary to meet the demands of Water Authority’s wholesale and retail customers in that year. When Water Authority M&I Credit Water is used under this Section 7.B.3(c), the Administrator shall determine the quantity of Water Authority M&I Credit Water attributable to conservation under Section 7.B.4(f).

Section 7.B.3(d) Use of Water Authority M&I Credit Water for Exchanges, Re-storage, and Operations Required to be Performed Under This Agreement. Nothing in this Section 7.B.3 shall prevent Water Authority M&I Credit Water from being used for Exchanges, re-storage and for operations required to be performed under this Agreement.

Section 7.B.4 Categories and Amounts of Water Authority M&I Credit Water. Except for Water Authority Emergency Drought Supply, all Water Authority M&I Credit Water stored in Stampede Reservoir up to the Base Amount of Firm M&I Credit Water shall be deemed Firm M&I Credit Water; and all Water Authority M&I Credit Water stored in Stampede Reservoir above the Base Amount of Firm M&I Credit Water and Water Authority Emergency Drought Supply, and all Water Authority M&I Credit Water in other Truckee River Reservoirs, and Donner and Independence Lakes shall be deemed Non-Firm M&I Credit Water.

Section 7.B.4(a) Calculation of Base Amount of Firm M&I Credit Water. The Base Amount of Firm M&I Credit Water shall increase as shown in Appendix 7.A from a minimum of 2,000 acre-feet to 12,000 acre-feet in relation to Water Authority Normal Demand as adjusted in Section 7.B.4(c), but in no case be less than 2,000 acre-feet.

Section 7.B.4(b) Calculation of Base Amount of Non-Firm M&I Credit Water. The Base Amount of Non-Firm M&I Credit Water shall increase as shown in Appendix 7.B from a minimum of 4,000 acre-feet to 20,000 acre-feet in relation to the amount of Water Authority Normal Demand as adjusted in Section 7.B.4(c) and the California Water Use Factor. The amount of Non-Firm M&I Credit Water in Appendix 7.B which corresponds
to the applicable Water Authority Normal Demand as adjusted in Section 7.B.4(c) shall be multiplied by the Non-Firm M&I Credit Water multiplier in Appendix 7.C which corresponds to the applicable California Water Use Factor. The product so obtained shall be the Base Amount of Non-Firm M&I Credit Water, but in no case shall the Base Amount be less than 4,000 acre-feet.

Section 7.B.4(c) Adjustment of Water Authority Normal Demand. For purposes of determining Base Amount, Water Authority Normal Demand for a particular year shall be adjusted as follows:

(1) Water Authority Normal Demand shall be that reported for the most recent year which was not a Drought Situation.

(2) Water Authority Normal Demand reported under Section 7.B.4(c)(1) shall be multiplied by 1.06.

(3) If the current year is a Drought Situation, the value resulting from Section 7.B.4(c)(2) shall also be multiplied by 1.02 for the current year and also by 1.02 for each preceding Drought Situation year following the most recent year which is not a Drought Situation.

In any year in which the value resulting from this Section 7.B.4(c) is less than the prior year’s value, the prior year’s value shall remain in effect for that year.

Section 7.B.4(d) Calculation of California Water Use Factor. In order to calculate the California Water Use Factor to be applied in Appendix 7.C, the three most recent years of California water diversions in the Truckee River Basin as reported in accordance with Section 204(d)(1) of the Settlement Act, excluding quantities Established as Joint Program Fish Credit Water, shall be added together and divided by three, and the average so obtained shall be multiplied by 0.50 (the product is 50 percent of the three-year average). That product shall then be increased by adding to it an amount equal to six percent of the average obtained above for the California diversions and the amount so obtained shall be the California Water Use Factor to be used in Appendix 7.C.

In any year in which the resulting calculation results in a California Water Use Factor which is less than the prior year’s calculation, the prior year’s California Water Use Factor shall remain in effect for that year.

Section 7.B.4(e) Conversion of Excess Non-Firm M&I Credit Water to Fish Credit Water. No later than April 15 of any year, whenever:

(1) A Drought Situation does not exist, the amount of Non-Firm M&I Credit Water in storage on April 1, in excess of the Base Amount of Non-Firm M&I Credit Water shall be converted to Fish Credit Water. Water Authority shall have the right to determine and identify the location of the excess Non-Firm M&I Credit Water which shall be converted to Fish Credit Water. The timing and quantity of such conversion may be
adjusted by mutual agreement of Water Authority, Pyramid Tribe and
United States.

(2) A Drought Situation exists, Water Authority shall have the right to retain
and to Accumulate Water Authority M&I Credit Water, pursuant to
this Agreement.

Section 7.B.4(f) Conversion of a Portion of Non-Firm M&I Credit
Water Attributed to Toilet Replacement to Water Quality Credit Water. An amount of
Non-Firm M&I Credit Water Established annually shall be designated as “conserved water”
in accordance with this Section 7.B.4(f). Such conserved water shall be used to increase the
supply of Non-Firm M&I Credit Water for use in Drought Situations and to increase the
supply of Water Quality Credit Water.

Section 7.B.4(f)(1) Conditions for Implementation. This Section
7.B.4(f) shall only be effective when and to the extent that a toilet replacement program has been
implemented within retail service area boundaries of Water Authority’s predecessor, Power
Company, existing as of October 1, 2000, to replace toilets which use more than 1.6 gallons per
flush with units that use 1.6 gallons per flush or less, and that records of such toilet replacement
programs are made available for public inspection. Only toilet replacements made after October
1, 2000, shall be considered under this Section 7.B.4(f).

Section 7.B.4(f)(2) Establishment and Management. The toilet
replacement program identified in Section 7.B.4(f)(1) shall be presumed to conserve 35 acre-feet
per year per one-thousand replaced toilets, to a maximum of 4,000 acre-feet per year. The
annual amount of conserved water shall be calculated based upon the cumulative number of
toilets that have been replaced under the toilet replacement programs as of July 1 of the prior
year, as certified by Washoe County. Non-Firm M&I Credit Water shall be Established with
water attributed to the toilet replacement program. The portion of Non-Firm M&I Credit
Water attributed to conserved water shall be accounted for as a subcategory of Non-Firm M&I
Credit Water until it is converted to Fish Credit Water as provided in Section 7.B.4(f)(4), and
such conserved water shall not be used when a Drought Situation does not exist pursuant to
Section 7.B.3(c).

Section 7.B.4(f)(3) Accounting for Conservation from Toilet
Replacement. No later than April 15 of each year, the Administrator shall calculate the
amount of conserved water in storage on April 1. The accounting procedures for conserved
water shall be developed by the Administrator after consulting with the Joint Program Parties as
identified in Section 3 of the Truckee River Water Quality Settlement Agreement and shall
reflect the following characteristics:

(i) conserved water that is not otherwise used, Released as Non-Firm
M&I Credit Water, converted to Fish Credit Water, evaporated,
or Spilled shall remain in storage from year to year as a
subcategory of Non-Firm M&I Credit Water;
(ii) conserved water shall be the first Non-Firm M&I Credit Water that is used in a Drought Situation or Emergency or Repair Condition;

(iii) conserved water shall not be used for Municipal and Industrial purposes when a Drought Situation does not exist;

(iv) conserved water shall be subject to a proportionate share of the evaporation loss that is attributed to Non-Firm M&I Credit Water;

(v) conserved water shall be the first Non-Firm M&I Credit Water to Spill from a reservoir; and

(vi) conserved water shall be the first portion of the Non-Firm M&I Credit Water to convert to Fish Credit Water pursuant to Section 7.B.4(e).

The calculated quantity of conserved water in storage determined by this Section 7.B.4(f)(3) shall be used in determining the amount of Fish Credit Water that may be converted to Water Quality Credit Water pursuant to Section 7.B.4(f)(4).

**Section 7.B.4(f)(4) Procedure for Conversion to Water Quality Credit Water.** Whenever a conversion of Non-Firm M&I Credit Water to Fish Credit Water occurs pursuant to Section 7.B.4(e), the quantity of such conversion that is provided by conserved water shall be instantaneously converted from Fish Credit Water to Water Quality Credit Water managed by Reno, Sparks and Washoe County consistent with the Joint Truckee River Water Quality Program under the Truckee River Water Quality Settlement Agreement. The distribution among reservoirs of such Water Quality Credit Water shall be selected by United States and Pyramid Tribe. The quantity of such conversion from Fish Credit Water to Water Quality Credit Water shall be the lesser of the quantity of:

(i) conserved water in storage on April 1 calculated pursuant to Section 7.B.4(f)(3); or

(ii) Non-Firm M&I Credit Water converted to Fish Credit Water pursuant to Section 7.B.4(e).

Non-Firm M&I Credit Water remaining in storage after April 15 shall continue to be attributable to conserved water under this Section 7.B.4(f) to the extent determined by the accounting procedures established under Section 7.B.4(f)(3).

**Section 7.B.5 Water Authority Emergency Drought Supply.**

**Section 7.B.5(a) Establishment of Water Authority Emergency Drought Supply.** The first 7,500 acre-feet of Water Authority M&I Credit Water in Stampede Reservoir converted to Fish Credit Water as provided in Section 7.B.4(e) shall become Water Authority Emergency Drought Supply. At its option, Water Authority may fill and, after
Release in accordance with Section 7.B.5(b), replace this 7,500 acre-feet directly from Changed Diversion Rights or Water Authority's Privately Owned Stored Water. Once the 7,500 acre-feet is in storage, it shall be used only as specified in Section 7.B.5(b), shall not Spill, shall incur evaporation losses in accordance with Section 5.D.7, and shall not be required to provide Minimum Releases unless it is the only water in Stampede Reservoir. Water Authority Emergency Drought Supply may also be Exchanged to Prosser Creek Reservoir pursuant to Section 5.B.6(c)(5).

Section 7.B.5(b) Use of Water Authority Emergency Drought Supply. Water Authority may use Water Authority Emergency Drought Supply to meet the demand of its wholesale and retail customers in the event of water supply conditions which are worse than those experienced during the Critical Drought Period, after Water Authority exhausts or is otherwise prevented from using the following supplies of water:

(1) Water Authority Normal Water Supplies;

(2) 7,500 acre-feet of Privately Owned Stored Water above elevation 6,921.0 feet in Independence Lake to the extent permissible under then applicable law;

(3) all of Water Authority’s Firm M&I Credit Water and Non-Firm M&I Credit Water in accordance with Section 7.B.3, to the extent available;

(4) supplies identified under Section 4.C.1 to the extent such supplies are available; and

(5) to the extent Water Authority is allowed to pump in accordance with Section 5.B.7(f), Water Authority has pumped up to 5,000 acre-feet of Privately Owned Stored Water from below elevation 6,921.0 feet in Independence Lake.

If such supplies are not made available at the time required to satisfy the demands of Water Authority’s customers, Water Authority may utilize Water Authority Emergency Drought Supply to the extent required. Nothing in this Section 7.B.5(b) shall prevent the use of Water Authority Emergency Drought Supply for Exchanges and operations required to be performed under this Agreement.

SECTION 7.C - FISH CREDIT WATER AND JOINT PROGRAM FISH CREDIT WATER

Section 7.C.1 Establishment of Fish Credit Water By Waiver of Single Purpose Hydroelectric Water. To the extent that all or a portion of the rate of flow in the Truckee River required or allowed by Section 5.A is required solely for hydroelectric power generation pursuant to Claim Numbers 5 through 9 of the Orr Ditch Decree and is not required to supply the Exercise of other Orr Ditch Decree Water Rights, including their Exercise for the purpose of Establishing Credit Water, Water Authority shall take all necessary action including changing or applying to change those water rights to allow retention of Floristston Rate Water to Establish Fish Credit Water in Truckee River Reservoirs, or in the alternative will not protest
based upon those water right claim numbers a change in the water right referenced in Section 7.C.2 intended to allow a portion of such rights to be Established in Truckee River Reservoirs as Fish Credit Water. Any changes in Water Authority’s hydroelectric rights under Claim Numbers 5 through 9 of the Orr Ditch Decree will be limited to water which may be retained in storage as Fish Credit Water.

Section 7.C.2 Establishment of Fish Credit Water In Lieu of Inflows to Pyramid Lake. To the extent allowed by changes under applicable Nevada law to the water right under Nevada State Engineer Ruling No. 4683, the water available to satisfy that right may be retained in Truckee River Reservoirs for Establishment only as Fish Credit Water.

Section 7.C.3 Establishment of Fish Credit Water Using Stampede Reservoir Permit/License. Upon issuance of a permit for additional storage by California State Water Resources Control Board, Fish Credit Water may be Established in Stampede Reservoir by diverting water to storage under Stampede Reservoir’s Permit/License in excess of the 126,000 acre-feet of Stampede Project Water diverted to storage in any one year in accordance with Section 5.B.8(a).

Section 7.C.4 Other Procedures for Establishment of Fish Credit Water. Fish Credit Water may also be Established by:

(a) Exchange, re-classification, or re-storage of Fish Water as provided in Sections 8.N.1 and 8.O.3;

(b) conversion of excess Non-Firm M&I Credit Water as provided in Section 7.B.4(e) and conversion of Non-Firm M&I Credit Water pursuant to Section 8.F.5(e);

(c) conversion of excess Fernley Municipal Credit Water as provided in Section 7.F.3; and

(d) reclassification of Newlands Project Credit Water as provided in Section 7.H.8.

Section 7.C.5 Use of Fish Credit Water. Fish Credit Water Established pursuant to this Agreement shall be: (a) Stored and Exchanged as provided in this Agreement for the benefit of Pyramid Lake Fishes, (b) used for operations required to be performed under this Agreement, (c) Released to provide Pyramid Lake Fish Flows, (d) converted to Water Quality Credit Water pursuant to Section 7.B.4(f)(4), or (e) designated as Joint Program Fish Credit Water pursuant to Section 7.C.6. It may also be Exchanged or re-stored as otherwise allowed by this Agreement if not detrimental to Pyramid Lake Fishes.

Section 7.C.6 Designation, Storage and Management of Joint Program Fish Credit Water.

Section 7.C.6(a) Joint Program Fish Credit Water Characteristics. A portion of Fish Credit Water Accumulated annually in Truckee River Reservoirs under Sections 7.C.1 and 7.C.2 shall be designated as Joint Program Fish Credit Water pursuant to
this Section 7.C.6 by United States and Pyramid Tribe for a joint program with California for instream flows and recreation as specified in this Agreement. Such water shall:

1. be accounted for in the same manner as Fish Credit Water;
2. share proportionately with Fish Credit Water in the priorities for operations specified in Sections 5.C, 8.E, and 8.O, but shall not share in any additional benefits or burdens of Fish Credit Water unless expressly stated otherwise in this Agreement; and
3. flow to Pyramid Lake after being Spilled or Released, unless it is Exchanged or re-stored in another reservoir.

Nothing in this Section 7.C.6(a) shall prevent the use of Joint Program Fish Credit Water for Exchanges and operations required to be performed under this Agreement.

Section 7.C.6(b) Designation of Joint Program Fish Credit Water. Subject to the annual limitations of Section 7.C.6(c), up to 50 percent of any Fish Credit Water Established each day pursuant to Sections 7.C.1 and 7.C.2, or such lesser percentage as California may specify, shall then be designated as Joint Program Fish Credit Water.

Section 7.C.6(c) Limits on Annual Designation and Storage of Joint Program Fish Credit Water. The amount of Fish Credit Water designated as Joint Program Fish Credit Water in a year shall not exceed the difference between (1) amounts of surface water allocated to California annually under Sections 204(c)(1) and 204(c)(1)(A) of the Settlement Act, and (2) the surface water charged to California's annual allocation for Truckee River Basin pursuant to the provisions of this Agreement, not including Joint Program Fish Credit Water. The total amount of Joint Program Fish Credit Water in storage at any time in Truckee River Reservoirs shall not exceed 20,000 acre-feet.

Section 7.C.6(d) No Storage Fee for Joint Program Fish Credit Water. The Secretary shall not charge a fee for the storage and management of Joint Program Fish Credit Water.

SECTION 7.D - CALIFORNIA M&I CREDIT WATER, CALIFORNIA ENVIRONMENTAL CREDIT WATER AND ADDITIONAL CALIFORNIA ENVIRONMENTAL CREDIT WATER

Section 7.D.1 Establishment of California M&I Credit Water. To the extent allowed under a water right or change to a water right recognized under applicable state law, California or its designee may Establish California M&I Credit Water by one or more of the following operations:

(a) storing in Lake Tahoe all or a portion of California’s Truckee River surface water allocation not derived from Changed Diversion Rights as provided in Section 6.C.2(c);
(b) storing in Lake Tahoe water derived from Changed Diversion Rights with an original place of use in California as provided in Section 6.C.2(c);

(c) storing in Donner Lake, Independence Lake and Truckee River Reservoirs other than Lake Tahoe water derived from Changed Diversion Rights with an original place of use in California as provided in Sections 6.C.2(c) and 6.C.2(d); and

(d) storing in Donner Lake, Independence Lake and Truckee River Reservoirs other than Lake Tahoe water derived from water rights adjudicated under the Sierra Valley Decree as provided in Section 6.C.6(c).

Section 7.D.2 Establishment of California Environmental Credit Water. To the extent allowed under a water right or change to a water right recognized under applicable state law, California may Establish California Environmental Credit Water by one or more of the following operations:

(a) storing in Lake Tahoe all or a portion of California’s Truckee River surface water allocation not derived from Changed Diversion Rights as provided in Section 6.C.2(c);

(b) storing in Lake Tahoe water derived from Changed Diversion Rights with an original place of use in California as provided in Section 6.C.2(c);

(c) storing in Donner Lake, Independence Lake and Truckee River Reservoirs other than Lake Tahoe water derived from Changed Diversion Rights with an original place of use in California as provided in Sections 6.C.2(c) and 6.C.2(d);

(d) storing in Donner Lake, Independence Lake and Truckee River Reservoirs water derived from Changed Diversion Rights with an original place of use in Nevada pursuant to a flexible 12-month diversion schedule as provided in Section 7.A.3(f); and

(e) storing in Donner Lake, Independence Lake and Truckee River Reservoirs other than Lake Tahoe water derived from water rights adjudicated under the Sierra Valley Decree as provided in Section 6.C.6(c).

Section 7.D.3 Establishment of Additional California Environmental Credit Water. To the extent allowed under a water right or change to a water right recognized under applicable state law, California may Establish Additional California Environmental Credit Water by one or more of the following operations:

(a) storing in Donner Lake, Independence Lake, and Truckee River Reservoirs water derived from Changed Diversion Rights with an original place of use in California as provided in Section 6.C.2(d);
(b) storing in Donner Lake, Independence Lake and Truckee River Reservoirs water derived from Changed Diversion Rights with an original place of use in Nevada pursuant to a flexible 12-month diversion schedule as provided in Section 7.A.3(f);

(c) storing in Donner Lake, Independence Lake and Truckee River Reservoirs other than Lake Tahoe water derived from water rights adjudicated under the Sierra Valley Decree as provided in Section 6.C.6(c); and

(d) storing Imported Water in Donner Lake, Independence Lake and Truckee River Reservoirs as provided in Section 6.C.7.

Section 7.D.4 Storage Limits. The total combined amount of California M&I Credit Water and California Environmental Credit Water in storage at any time in Truckee River Reservoirs, Independence Lake, or Donner Lake shall not exceed 8,000 acre-feet, of which no more than 3,000 acre-feet may be stored in reservoirs other than Lake Tahoe. This amount shall be reduced to the extent new facilities are constructed in excess of the 2,500 acre-feet of capacity pursuant to Section 6.C.3(c). The total amount of Additional California Environmental Credit Water in storage shall not exceed 10,000 acre-feet at any time.

Section 7.D.5 Displacement of California Environmental Credit Water by Fernley Municipal Credit Water. Accumulation and retention of Fernley Municipal Credit Water may cause Displacement of any California Environmental Credit Water which has been Established using Changed Diversion Rights with an original place of use in Nevada. Displacement shall not be required for California Environmental Credit Water which has been Established using surface water with an original place of use in California or using water rights adjudicated under the Sierra Valley Decree. Displacement shall be required pursuant to this Section 7.D.5 only after the following conditions have been met:

(a) Fernley shall make reasonable efforts to utilize the storage capacity of Truckee River Reservoirs in such a manner as to avoid the necessity to cause Displacement of California Environmental Credit Water; and

(b) Fernley shall provide timely notice to California and the Administrator in advance of any Displacement of California Environmental Credit Water. Such notice shall (1) identify the specific Truckee River Reservoir in which Fernley proposes to store water necessitating Displacement of California Environmental Credit Water, (2) provide a schedule, (3) state why the Displacement is necessary, and (4) describe Fernley’s efforts to Exchange into or re-store water in other reservoirs that would avoid the necessity to cause Displacement of California Environmental Credit Water.

California may schedule Exchanges or re-storage in accordance with Article Eight or implement other operations as are available to avoid any Displacement of California Environmental Credit Water authorized by this Section 7.D.5.
Section 7.D.6 Conversion of California Environmental Credit Water to Additional California Environmental Credit Water. Any California Environmental Credit Water which, at the time it is stored, could also have been stored as Additional California Environmental Credit Water shall be designated by the Administrator as eligible for later conversion to Additional California Environmental Credit Water. Such California Environmental Credit Water shall retain this designation when the water is Exchanged or restored pursuant to this Agreement. If an Accumulation of California M&I Credit Water, taking into account California Environmental Credit Water in storage, would cause the storage limit in Section 6.C.2(a) and Section 7.D.4 to be exceeded, the Administrator shall convert eligible California Environmental Credit Water in reservoirs specified by California to Additional California Environmental Credit Water to the extent necessary and available to avoid exceeding the storage limit in Section 6.C.2(a) and Section 7.D.4, provided such conversion does not result in the total amount of Additional California Environmental Credit Water in storage exceeding 10,000 acre-feet. Additional California Environmental Credit Water may not be reclassified as California Environmental Credit Water.

Section 7.D.7 Use of California M&I Credit Water. California M&I Credit Water may be used only to serve Municipal and Industrial Uses in California.

Section 7.D.8 Management and Use in California of California Environmental Credit Water and Additional California Environmental Credit Water. California Environmental Credit Water and Additional California Environmental Credit Water shall be managed by California in accordance with this Agreement and may only be used for the following environmental purposes: (a) maintaining instream flows; (b) restoring, maintaining or enhancing riparian vegetation areas along the Truckee River or its tributaries; or (c) maintaining or enhancing instream water quality. Storage of such water in reservoirs for recreation and the use of such water for implementation of any mitigation measures to substantially lessen or avoid any significant effects to the environment identified in the Final Environmental Impact Statement/Environmental Impact Report on this Agreement may be incidental to such environmental uses, but the water shall not be Released or otherwise managed primarily for such recreation or mitigation. The intent of establishing these categories of Credit Water is to make water available for future environmental uses that arise out of currently unforeseen circumstances.

Section 7.D.9 Use in Nevada of California Environmental Credit Water and Additional California Environmental Credit Water. California Environmental Credit Water and Additional California Environmental Credit Water which is Discharged and flows into Nevada shall be used as follows:

(a) If Established using water rights having an original place of use within Nevada, such water shall be used for instream water quality purposes in Nevada from the state line to Pyramid Lake.

(b) If Established using water rights having an original place of use within California, such water shall be available for use under Nevada’s allocation under Section 204(c)(3) of the Settlement Act.
Nothing in this Agreement shall be construed to limit or preclude Nevada State Engineer’s discretion to bifurcate any proceeding to consider California’s application for a change to the point of diversion, place of use, or purpose of use of water rights having an original place of use in Nevada, if such an application is challenged concerning use of the water for instream flow or water quality purposes once it flows into Nevada, where such a bifurcation is made to consider the Establishment of such water separately from its use within Nevada.

Section 7.D.10 No Charge for Storage. The Secretary shall not charge a fee for storage of California Environmental Credit Water or Additional California Environmental Credit Water in Truckee River Reservoirs.

SECTION 7.E - WATER QUALITY CREDIT WATER

Section 7.E.1 Establishment of Water Quality Credit Water. To the extent allowed by changes to water rights under applicable state law, Joint Program Parties as identified in Section 3 of the Truckee River Water Quality Settlement Agreement may Establish Water Quality Credit Water by utilizing water from Changed Diversion Rights pursuant to a flexible 12-month diversion schedule in accordance with Section 7.A.3(f). Water Quality Credit Water may also be Established through conversion of Fish Credit Water in accordance with Section 7.B.4(f)(4).

Section 7.E.2 Uses of Water Quality Credit Water. Water Quality Credit Water Established pursuant to this Section 7.E and by conversion pursuant to Section 7.B.4(f) shall be used in accordance with the terms of the Truckee River Water Quality Settlement Agreement. Nothing in this Section 7.E.2 shall prevent the use of Water Quality Credit Water for Exchanges and operations required to be performed under this Agreement.

Section 7.E.3 Storage of Conserved Water. To the extent that water is conserved from reduced transmission and conveyance losses and the elimination of out-of-basin tailwater flow as the result of water rights acquired for water quality purposes and such water would become inflow to Pyramid Lake, United States and Pyramid Tribe agree that such conserved water shall be available for storage as Water Quality Credit Water. If the conserved water is determined by Nevada State Engineer to revert to the source, and the reversion results in an incremental increase in inflow to Pyramid Lake, United States and Pyramid Tribe shall take such actions as are necessary to allow the incremental increase due to this reversion to be stored and used as Water Quality Credit Water.

Section 7.E.4 Storage Contract. Any contract for the storage of Water Quality Credit Water shall be consistent with the terms of the Truckee River Water Quality Settlement Agreement and Section 7.A.2(b).

SECTION 7.F - FERNLEY MUNICIPAL CREDIT WATER

Section 7.F.1 Fernley Municipal Credit Water. To the extent allowed by changes to water rights under applicable state law, Fernley may Establish Fernley Municipal Credit Water by utilizing Truckee River Reservoirs to Accumulate water from any Donner Lake Privately Owned Stored Water made available to Fernley and from Changed Diversion Rights pursuant to a flexible 12-month diversion schedule in accordance with Section 7.A.3(f),
provided that Fernley shall use its best efforts to Establish Fernley Municipal Credit Water from November through June.

Section 7.F.2 Uses of Fernley Municipal Credit Water. Subject to and contingent on compliance with Section 7.F.4, Fernley may use Fernley Municipal Credit Water only for one or more of the following: Municipal and Industrial Use, temporary use for re-vegetation of former agricultural lands, dilution flows or other measures to satisfy the water quality standards for effluent-based wetlands, and for purposes of a project for recharge, storage and recovery of water permitted pursuant to Nevada Revised Statutes Section 534.260, et seq. Fernley Municipal Credit Water may also be used, at the sole discretion of Fernley, for Pyramid Lake Fish Flows. Nothing in this Section 7.F.2 shall prevent the use of Fernley Municipal Credit Water for Exchanges and operations required to be performed under this Agreement.

Section 7.F.3 Accumulation of Water in Storage and Conversion to Fish Credit Water. All Truckee River surface water rights which are the basis of Fernley’s M&I service commitments shall be used to Accumulate Fernley Municipal Credit Water to the extent they are not directly diverted and utilized for the purposes described in Section 7.F.2. No later than April 15 of any year, whenever a Drought Situation does not exist, the amount of Fernley Municipal Credit Water in storage on April 1 in excess of 10,000 acre-feet shall be converted to Fish Credit Water. Fernley shall have the right to determine and identify the location of the excess Fernley Municipal Credit Water stored in the Truckee River Reservoirs which shall be converted to Fish Credit Water; provided, however, that whenever a Drought Situation exists, Fernley shall have the right to retain all of its Fernley Municipal Credit Water, including any amounts in excess of 10,000 acre-feet, and including amounts which may be Established after April 1, until a Drought Situation no longer exists. Nothing in this Section 7.F.3 shall limit Fernley’s ability to Accumulate, store, or otherwise manage its Credit Water beyond the requirement to convert a portion of its April 1 water in storage to Fish Credit Water.

Section 7.F.4 Compliance with Applicable Laws and Obtaining Necessary Approvals. Any use by Fernley of Fernley Municipal Credit Water and any use by Fernley of federal lands or facilities to convey, treat or otherwise use Fernley Municipal Credit Water shall be subject to: (i) compliance with all applicable requirements of the Orr Ditch Decree, the Settlement Act, this Agreement, and a storage contract entered into pursuant to Section 7.A.2(b); (ii) obtaining all necessary state and federal approvals; and (iii) compliance with all applicable laws, rules and regulations.

Section 7.F.5 Reservation of Right to Assert Claims. Each Signatory Party retains and reserves the right to assert any and all claims in any administrative or judicial proceeding, including appellate proceedings, pertaining to compliance by Fernley with Section 7.F.4. The Signatory Parties agree that the assertion of such claims is not barred or extinguished under Section 210(a)(3) of the Settlement Act and is not affected by Section 13.B of this Agreement.
SECTION 7.G - OTHER CREDIT WATER

To the extent allowed by changes to water rights under applicable state law and this Agreement, United States may Establish Other Credit Water in Truckee River Reservoirs using water it acquires for purposes other than the Truckee River Water Quality Settlement Agreement, from Changed Diversion Rights, Privately Owned Stored Water or Imported Water or allow other Persons to Establish Other Credit Water with water from Changed Diversion Rights, Privately Owned Stored Water or Imported Water.

Section 7.G.1 Non-Interference with Other Categories of Credit Water. Operations involving Other Credit Water shall:

(a) have the same priority as Additional California Environmental Credit Water operations, except the Establishment of Additional California Environmental Credit Water which is senior;

(b) be junior to all other operations; and

(c) not interfere with Exchanges required under Article Nine.

Section 7.G.2 Operations Priorities within Other Credit Water. Operations priorities among categories of Other Credit Water shall be set forth in the storage agreements required under Section 7.A.2(b).

Section 7.G.3 Limitations on the Accumulation and Management of Other Credit Water. Other Credit Water shall be Accumulated and managed in a manner consistent with the provisions of Sections 209(b) and 209(j)(1) of the Settlement Act and this Agreement, and shall not adversely affect the timing or decrease the volume of Truckee River inflows to Pyramid Lake without the written consent of Pyramid Tribe, and shall be subject to the negotiation of compensation pursuant to Section 7.A.6(e).

SECTION 7.H - NEWLANDS PROJECT CREDIT WATER

The purpose of this Section 7.H is to make maximum use of Carson River water for the Newlands Project and to minimize diversions of Truckee River water through the Truckee Canal in order to make available as much Truckee River water as possible for use in the lower Truckee River and Pyramid Lake. Newlands Project Credit Water Established pursuant to Section 7.H.1 shall be managed by United States in accordance with Newlands credit water provisions of Truckee Canal Diversion Criteria except as provided in this Section 7.H, and Newlands Project Credit Water Established pursuant to Section 7.H.2 shall be managed pursuant to this Section 7.H and coordinated with scheduling and management of water pursuant Section 11.H. United States, through Bureau of Reclamation, shall consult in accordance with Truckee Canal Diversion Criteria with Federal Water Master, Truckee-Carson Irrigation District, Bureau of Indian Affairs, Fish and Wildlife Service, Pyramid Tribe, Nevada, Water Authority, California, Fallon Paiute-Shoshone Tribes, and other parties as appropriate on the Establishment and Release of Newlands Project Credit Water. In the event that Sections 418.20(e), 418.20(f) and 418.21 of the Truckee Canal Diversion Criteria published in 62 Fed. Reg. 66467, 66475-6 (December 18, 1997) are repealed or modified in a way that impairs achieving the purpose of
this Section 7.H, the provisions of Appendix 7.D of this Agreement shall take effect and replace this Section 7.H.

Section 7.H.1 Establishment of Newlands Project Credit Water Under Truckee Canal Diversion Criteria. Newlands Project Credit Water may be Established in accordance with Truckee Canal Diversion Criteria.

Section 7.H.2 Establishment of Newlands Project Credit Water Under this Agreement. Newlands Project Credit Water also may be Established under this Agreement by:

(a) Exchanging an amount of Truckee River flow at Derby Dam that would have otherwise been diverted to Lahontan Reservoir in accordance with Truckee Canal Diversion Criteria, with an equal amount of Fish Credit Water in Truckee River Reservoirs provided that such Truckee River flow at Derby Dam once Exchanged is then allowed to flow to Pyramid Lake; and

(b) retaining in storage an amount of:

(1) Floriston Rate Water, or

(2) Truckee River flow in excess of Floriston Rates or Reduced Floriston Rates

when either would have otherwise been diverted to Lahontan Reservoir in accordance with Truckee Canal Diversion Criteria. Truckee River flow in excess of Floriston Rates or Reduced Floriston Rates that is subject to being captured and stored in a Truckee River Reservoir may be retained in storage pursuant to Section 7.H.2(b)(2), but may not be Established by Exchange pursuant to Section 7.H.2(a). When Newlands Project Credit Water is Established by retaining Floriston Rate Water in storage in accordance with Section 7.H.2(b)(1) and subject to the compensation provision of Section 7.A.6(a), the rate of flow in the Truckee River for Floriston Rates or Reduced Floriston Rates shall be reduced by the amount of Newlands Project Credit Water Established. Establishment of Newlands Project Credit Water as provided in this Section 7.H.2 may occur only under this Agreement.

Section 7.H.3 Establishment Limited to Water Availability. Newlands Project Credit Water may be Established under Section 7.H.2(b) only when the water rights scheduled to Establish such Credit Water are in priority to receive water and only to the extent that such water rights would not have been satisfied by return flow from water rights having a point of diversion upstream of the Truckee Canal.

Section 7.H.4 Non-Interference with Other Categories of Credit Water. Operations involving Newlands Project Credit Water shall not interfere with Exchanges required under Article Nine and shall be junior to all other operations except they shall be senior to:

(a) Additional California Environmental Credit Water operations other than Establishment; and
(b) **Other Credit Water** operations pursuant to Article Seven and Article Eight.

Section 7.H.5 **Exchange or Re-Storage of Newlands Project Credit Water.** Newlands Project Credit Water Established under Section 7.H.2 may be **Exchanged** to or re-stored in other Truckee River Reservoirs by United States after consultation with Nevada, provided such operations do not diminish the amount of Newlands Project Credit Water available for its intended purpose and there is sufficient **Fish Water** and **Fish Credit Water** in the reservoir to meet the requirements of Sections 5.D.1 and 5.E.2.

Section 7.H.6 **Determination of Amount and Release of Newlands Project Credit Water for Newlands Project.** The amount of Newlands Project Credit Water Established under Section 7.H.2, required for **Release** and diversion to the Newlands Project to meet Lahontan Reservoir storage targets under Truckee Canal Diversion Criteria, shall be determined in accordance with Truckee Canal Diversion Criteria and, taking into consideration delivery system losses, shall be **Released** for diversion to the Truckee Canal in sufficient time to be used for its authorized purposes and, unless otherwise agreed to by United States and Nevada (which may consult with Truckee-Carson Irrigation District), shall be:

(a) **Released** in accordance with Truckee Canal Diversion Criteria to the maximum extent possible prior to August 1; and

(b) coordinated with other **Releases** and diversions to the extent possible to achieve water quality objectives downstream from the Sparks Gage and to limit water losses in the Truckee Canal.

Section 7.H.7 **Accounting for and Reduction of Newlands Project Credit Water.** Newlands Project Credit Water Established under Section 7.H.2 shall be reduced in accordance with the provisions of Truckee Canal Diversion Criteria and shall be taken into account in determining allowable diversions of Truckee River water to Lahontan Reservoir in accordance with the provisions of Truckee Canal Diversion Criteria.

Section 7.H.8 **Reclassification of Newlands Project Credit Water.** To the extent that Newlands Project Credit Water Established under Section 7.H.2 is determined not to be required for diversion to Lahontan Reservoir according to Sections 7.H.6 and 7.H.7, or remains in Truckee River Reservoirs at the end of the Newlands Project irrigation season in which it was accumulated, such water shall be reclassified as follows:

(a) If **Established** in accordance with Section 7.H.2(b)(2) by retention of water which otherwise would have augmented Truckee River flow above Floriston Rates or above Reduced Floriston Rates and would have become Project Water, it shall first be reclassified as Additional Boca Storage Water to the extent provided by Section 5.B.9(b) or Independence Lake Privately Owned Stored Water to the extent provided by Section 5.B.7(a), provided, that at the time of Establishment such water was subject to being captured and stored in Boca Reservoir or Independence Lake. Any such remaining Newlands Project Credit Water determined not to be required for diversion to Lahontan Reservoir
shall be reclassified as Fish Water or Fish Credit Water to the extent provided by Sections 5.B.6(a)(1) and 5.B.8.

(b) If Established in any other manner under Section 7.H.2, any such remaining Newlands Project Credit Water determined not to be required for diversion to Lahontan Reservoir shall be reclassified as Fish Credit Water.

If Newlands Project Credit Water is Established in accordance with Sections 7.H.2(a) and 7.H.2(b), it shall be reclassified sequentially beginning with Section 7.H.8(a), provided that no more water shall be reclassified under each section than was originally used to Establish Newlands Project Credit Water under that section.
APPENDIX 7.A
Base Amount of Firm M&I Credit Water (in Section 7.B.4)

Base Amount of Firm M&I Credit Water may be computed over the range of adjusted Water Authority Normal Demand between 80,000 and 119,000 as follows:

Base Amount of Firm M&I Credit Water = 2,000 + 0.26 (adjusted Water Authority Normal Demand – 80,000)

For adjusted Water Authority Normal Demand less than or equal to 80,000 acre-feet, the Base Amount of Firm M&I Credit Water shall be 2,000 acre-feet; for values greater than or equal to 119,000 acre-feet, it shall be 12,000 acre-feet.
APPENDIX 7.B
Base Amount of Non-Firm M&I Credit Water (in Section 7.B.4)

Base Amount of Non-Firm M&I Credit Water, before adjustment by Appendix 7.C, may be computed over the range of adjusted Water Authority Normal Demand between 80,000 and 119,000 acre-feet as follows:

Base Amount of Non-Firm M&I Credit Water = 4,000 + 0.41 \times (\text{adjusted Water Authority Normal Demand} - 80,000)

For adjusted Water Authority Normal Demand less than or equal to 80,000 acre-feet, the Base Amount of Non-Firm M&I Credit Water, before adjustment by Appendix 7.C, shall be 4,000 acre-feet; for values greater than or equal to 119,000 acre-feet, it shall be 20,000 acre-feet.
The Non-Firm M&I Credit Water multiplier may be computed over the range of California Water Use Factor between 3,000 acre-feet and 16,000 acre-feet as follows:

Non-Firm M&I Credit Water multiplier = 0.50 + 0.0000385 (California Water Use Factor – 3,000)

For California Water Use Factor less than or equal to 3,000 acre-feet, the multiplier shall be 0.50; for values greater than or equal to 16,000 acre-feet, it shall be 1.00.
APPENDIX 7.D

In the event that Sections 418.20(e), 418.20(f) and 418.21 of the Truckee Canal Diversion Criteria published in 62 Fed. Reg. 66467, 66475-6 (December 18, 1997) are repealed or modified in a way that impairs achieving the purpose of Section 7.H. in Article Seven of this Agreement, the provisions of this Appendix 7.D shall take effect.

SECTION 7.H - NEWLANDS PROJECT CREDIT WATER

The purpose of this Section 7.H is to make maximum use of Carson River water for the Newlands Project and to minimize diversions of Truckee River water through the Truckee Canal in order to make available as much Truckee River water as possible for use in the lower Truckee River and Pyramid Lake. Newlands Project Credit Water Established under this Section 7.H shall be managed by United States as provided in this Section 7.H and coordinated with scheduling and management of water pursuant Section 11.H. United States, through Bureau of Reclamation, shall consult with Federal Water Master, Truckee-Carson Irrigation District, Bureau of Indian Affairs, Fish and Wildlife Service, Pyramid Tribe, Nevada, Water Authority, California, Fallon Paiute-Shoshone Tribes, and other parties as appropriate on the Establishment and Release of Newlands Project Credit Water.

Section 7.H.1 Establishment of Newlands Project Credit Water Under Truckee Canal Diversion Criteria. Newlands Project Credit Water Established under Truckee Canal Diversion Criteria is not subject to this Appendix 7.D.

Section 7.H.2 Establishment of Newlands Project Credit Water Under this Agreement. Newlands Project Credit Water may be Established under this Agreement by:

(a) Exchanging an amount of Truckee River flow at Derby Dam that would have otherwise been diverted to Lahontan Reservoir in accordance with Truckee Canal Diversion Criteria, with an equal amount of Fish Credit Water in Truckee River Reservoirs provided that such Truckee River flow at Derby Dam once Exchanged is then allowed to flow to Pyramid Lake; and

(b) retaining in storage an amount of:

(1) Floriston Rate Water, or

(2) Truckee River flow in excess of Floriston Rates or Reduced Floriston Rates

when either would have otherwise been diverted to Lahontan Reservoir in accordance with Truckee Canal Diversion Criteria. Truckee River flow in excess of Floriston Rates or Reduced Floriston Rates that is subject to being captured and stored in a Truckee River Reservoir may be retained in storage pursuant to Section 7.H.2(b)(2), but may not be Established by Exchange pursuant to Section 7.H.2(a). When Newlands Project Credit Water is Established by retaining Floriston Rate Water in storage in accordance with Section 7.H.2(b)(1) and subject to the compensation provision of Section 7.A.6(a), the rate of flow in the Truckee River for Floriston Rates or Reduced Floriston Rates shall be reduced by the amount
Establishment of Newlands Project Credit Water as provided in this Section 7.H.2 may occur only under this Agreement.

Section 7.H.3 Establishment Limited to Water Availability. Newlands Project Credit Water may be Established under Section 7.H.2(b) only when the water rights scheduled to Establish such Credit Water are in priority to receive water and only to the extent that such water rights would not have been satisfied by return flow from water rights having a point of diversion upstream of the Truckee Canal.

Section 7.H.4 Non-Interference with Other Categories of Credit Water. Operations involving Newlands Project Credit Water shall not interfere with Exchanges required under Article Nine and shall be junior to all other operations except they shall be senior to:

(a) Additional California Environmental Credit Water operations other than Establishment; and

(b) Other Credit Water operations pursuant to Article Seven and Article Eight.

Section 7.H.5 Exchange or Re-Storage of Newlands Project Credit Water. Newlands Project Credit Water Established under Section 7.H.2 may be Exchanged to or re-stored in other Truckee River Reservoirs by United States after consultation with Nevada, provided such operations do not diminish the amount of Newlands Project Credit Water available for its intended purpose and there is sufficient Fish Water and Fish Credit Water in the reservoir to meet the requirements of Sections 5.D.1 and 5.E.2.

Section 7.H.6 Release of Newlands Project Credit Water for Newlands Project. Release of Newlands Project Credit Water Established under Section 7.H.2, required for diversion to the Newlands Project to meet Lahontan Reservoir storage targets under Truckee Canal Diversion Criteria, may begin before July 1 and may continue through the end of the Newlands Project irrigation season. Such Releases shall take into consideration delivery system losses and shall be Released for diversion to the Truckee Canal in sufficient time to be used for its authorized purposes and, unless otherwise agreed to by United States and Nevada (which may consult with Truckee-Carson Irrigation District), shall be:

(a) Released to the maximum extent possible prior to August 1; and

(b) coordinated with other Releases and diversions to the extent possible to achieve water quality objectives downstream from the Sparks Gage and to limit water losses in the Truckee Canal.

Newlands Project Credit Water may be Released for diversion to the Newlands Project prior to July 1, but only following consultation with the parties identified in 7.H.

Section 7.H.7. Accounting for Newlands Project Credit Water and Determination of Amount of Newlands Project Credit Water Required for Release and Diversion to Lahontan Reservoir.
(a) The accumulated amount of Newlands Project Credit Water in Truckee River Reservoirs Established under Section 7.H.2 shall be added to the current Lahontan Reservoir storage in determining allowable Truckee River diversions to Lahontan Reservoir.

(b) At the end of June of each year, the Secretary, acting through the Bureau of Reclamation, shall calculate the sum of the storage in Lahontan Reservoir (excluding efficiency incentive credit water) and the total amount of Newlands Project Credit Water Established under Section 7.H.2. To the extent that the sum exceeds the end-of-June storage objective, the total Newlands Project Credit Water will be reduced by that amount. The remaining amount of Newlands Project Credit Water shall be Released for diversion to Lahontan Reservoir in accordance with Section 7.H.6. The amount of Newlands Project Credit Water in excess of the end-of-June storage objective shall be reclassified pursuant to Section 7.H.8 and no longer will be considered Newlands Project Credit Water.

Section 7.H.8 Reclassification of Newlands Project Credit Water. To the extent that Newlands Project Credit Water Established under Section 7.H.2 is determined not to be required for diversion to Lahontan Reservoir according to Section 7.H.7(b) or remains in Truckee River Reservoirs at the end of the Newlands Project irrigation season in which it was accumulated, such water shall be reclassified as follows:

(a) If Established in accordance with Section 7.H.2(b)(2) by retention of water which otherwise would have augmented Truckee River flow above Floristion Rates or above Reduced Floristion Rates and would have become Project Water, it shall first be reclassified as Additional Boca Storage Water to the extent provided by Section 5.B.9(b) or Independence Lake Privately Owned Stored Water to the extent provided by Section 5.B.7(a), provided, that at the time of Establishment such water was subject to being captured and stored in Boca Reservoir or Independence Lake. Any such remaining Newlands Project Credit Water determined not to be required for diversion to Lahontan Reservoir shall be reclassified as Fish Water or Fish Credit Water to the extent provided by Sections 5.B.6(a)(1) and 5.B.8.

(b) If Established in any other manner under Section 7.H.2, any such remaining Newlands Project Credit Water determined not to be required for diversion to Lahontan Reservoir shall be reclassified as Fish Credit Water.

If Newlands Project Credit Water is Established in accordance with Sections 7.H.2(a) and 7.H.2(b), it shall be reclassified sequentially beginning with Section 7.H.8(a), provided that no more water shall be reclassified under each section than was originally used to Establish Newlands Project Credit Water under that section.
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ARTICLE EIGHT
PRIORITIES AND RULES FOR OPERATIONS FOLLOWING
IMPOUNDMENT OR ACCUMULATION OF WATER IN RESERVOIRS

SECTION 8.A - PURPOSE

This Agreement provides for operations involving several reservoirs and numerous categories of water, including Credit Water Operations, Project Water Operations, Spill and Displacement. This Article Eight establishes priorities when operations cannot be concurrently implemented. It also sets limitations on certain operations. More than one operation may be implemented simultaneously, including Impoundment or Establishment of one category of water during the Release or Spill of another category of water from a reservoir, provided that each operation individually meets the applicable requirements of this Article Eight. The provisions of this Article Eight shall be implemented in accordance with the scheduling procedures in Article Eleven.

SECTION 8.B - PRIORITY BETWEEN CREDIT WATER OPERATIONS AND MINIMUM AND ENHANCED MINIMUM RELEASE REQUIREMENTS

Credit Water Operations shall not interfere with a concurrent Discharge required to satisfy the applicable Minimum Release and Enhanced Minimum Release requirements as provided in Article Nine.

SECTION 8.C - PRIORITY BETWEEN CREDIT WATER OPERATIONS AND PROJECT WATER OPERATIONS

Except as otherwise provided in this Agreement, Credit Water Operations shall not adversely affect Project Water Operations or use of Project Water. An Impoundment of Project Water in its own reservoir may cause Credit Water to Spill pursuant to the priorities set forth in Section 5.C. The Administrator shall determine the amount of Floriston Rate Water that could have been Released from Lake Tahoe in the absence of Credit Water storage, and the amount of excess Floriston Rate Water release capacity from Lake Tahoe because of Credit Water storage. The Federal Water Master may use this excess release capacity to Release Floriston Rate Water if the excess capacity is not used for the Release of Credit Water, and the Federal Water Master determines there is no injury to Orr Ditch Decree water rights holders. Such Release of Floriston Rate Water may not reduce the amount of Credit Water stored in Lake Tahoe nor the amount of water that may be classified and allocated as Credit Water in accordance with Section 8.L.

SECTION 8.D - PRIORITY BETWEEN VOLUNTARY AND REQUIRED OPERATIONS

Credit Water Operations that are required to be performed under this Agreement by one or more Scheduling Parties, except those provided in Section 7.A.3(a)(3), shall only be implemented if voluntary operations as scheduled would not achieve the objectives of such operations required to be performed under this Agreement.
SECTION 8.E - PRIORITIES AMONG CREDIT WATER OPERATIONS

Section 8.E.1 Purpose. This Section 8.E sets forth rules regarding the priority of each Credit Water Operation when all scheduled Credit Water Operations cannot be concurrently implemented. This Section 8.E also sets forth rules regarding the relation between Credit Water Operations and certain Fish Water Operations, and for Displacement in accordance with Section 8.E.4.

Section 8.E.2 Priority for Credit Water Operations and Certain Project Water Operations. When it is necessary for any reason to implement Credit Water Operations and certain Project Water Operations based upon priority, including when all submitted schedules for Credit Water Operations cannot be concurrently implemented consistent with this Agreement, and this Agreement does not otherwise prescribe a specific sequence for implementation, the priority for implementation shall be in accordance with this Section 8.E., except that Trades pursuant to Section 8.P.3, and conversions or designations resulting in reclassification of water in storage pursuant to Sections 7.B.4(e), 7.B.4(f), 7.C.6, 7.D.6, 7.F.3 and 7.H.8, need not follow the provisions of this Section 8.E. The order of priority shall be:

(a) first, to Establishment in Lake Tahoe of California M&I Credit Water or California Environmental Credit Water, in accordance with Section 6.C.2(c). Between these categories, priorities shall be in accordance with Section 8.G;

(b) second, to operations involving Water Authority M&I Credit Water, Fish Credit Water, Joint Program Fish Credit Water or certain operations involving Fish Water, including Exchanges or re-storage of Fish Water which becomes Fish Credit Water. Among these categories, priorities shall be in accordance with Sections 8.F and 8.V;

(c) third, to operations, excluding Establishment in Lake Tahoe in accordance with Section 6.C.2(c), involving California M&I Credit Water or California Environmental Credit Water. Between these categories, priorities shall be in accordance with Section 8.G;

(d) fourth, to operations involving Water Quality Credit Water or Fernley Municipal Credit Water. Between these categories, priorities shall be in accordance with Section 8.H;

(e) fifth, to operations involving Project Water in Another Reservoir, including Exchanges, storage or re-storage of Project Water which becomes Project Water in Another Reservoir. Among such categories, priority shall be in accordance with Section 8.I;

(f) sixth, to Establishment of Additional California Environmental Credit Water;

(g) seventh, to operations involving Newlands Project Credit Water; and
(h) eighth and last, to operations involving Other Credit Water and Additional California Environmental Credit Water excluding Establishment of Additional California Environmental Credit Water. Between Additional California Environmental Credit Water and Other Credit Water, priority shall be in accordance with Section 8.J.

Section 8.E.3 Priority Between Credit Water Establishment and Fish Credit Water Accumulation. With respect to Credit Water Establishment:

(a) Establishment of any Credit Water, other than Fish Credit Water, by the Exercise of a Changed Diversion Right shall have priority over simultaneous Establishment of Fish Credit Water pursuant to Sections 7.C.1, 7.C.2, 7.C.3 and 7.C.4(a).

(b) Establishment of California M&I Credit Water, California Environmental Credit Water in Lake Tahoe, Water Authority M&I Credit Water, Water Quality Credit Water and Fernley Municipal Credit Water by the exercise of a Changed Diversion Right shall have priority over simultaneous Accumulation of Fish Credit Water and Joint Program Fish Credit Water.

Section 8.E.4 Accumulation Causing Displacement. Except as prohibited by Section 8.O.5, Accumulation of a category of Credit Water may result in Displacement of a lower priority category of Credit Water in a reservoir. The sequence of categories being Displaced shall be in the same order specified for Spill in Section 5.C, except that: (a) Displacement involving Water Authority M&I Credit Water with Fish Credit Water and Joint Program Fish Credit Water shall only occur in accordance with Sections 8.F and 8.O, and (b) Displacement of California Environmental Credit Water Established using Changed Diversion Rights having an original place of use in Nevada by Fernley Municipal Credit Water shall only occur in accordance with Section 7.D.5.

Water which is Displaced may be classified as a Release or it may Spill and such water may be used by its owner in accordance with this Agreement, or it may be Exchanged to or restored in another reservoir, provided that any such Exchange is offered to other categories of water in accordance with this Section 8.E.

SECTION 8.F - RELATION OF WATER AUTHORITY M&I CREDIT WATER TO FISH WATER, FISH CREDIT WATER AND JOINT PROGRAM FISH CREDIT WATER

This Section 8.F sets forth the rules for operation priorities of Water Authority M&I Credit Water in relation to operations of Fish Water, Fish Credit Water and Joint Program Fish Credit Water. Unless otherwise agreed to among United States, Pyramid Tribe and California, a Credit Water Operation provided for in this Section 8.F which involves both Fish Credit Water and Joint Program Fish Credit Water shall be allocated between such water in storage in proportion to: (i) the amount of those categories of water in storage in all reservoirs for Credit Water Operations required pursuant to Section 8.F.3(d), or (ii) the amount of those...
categories of water in storage in the reservoir where the operation is limited for all other Credit Water Operations under this Section 8.F. The portion of any operation provided for in this Section 8.F which is allocated to but not used by one of these categories of Credit Water may be used by the other. Operations in accordance with this Section 8.F shall not be deemed to be adverse to or in conflict with Project Water Operations.

Section 8.F.1 Displacement Rules Among Non-Firm M&I Credit Water, Fish Credit Water and Joint Program Fish Credit Water. Except as otherwise expressly provided in this Section 8.F and Section 8.O, Non-Firm M&I Credit Water may not be Accumulated if its Accumulation would concurrently result in Displacement of Fish Credit Water or Joint Program Fish Credit Water. In addition, Fish Credit Water and Joint Program Fish Credit Water may not be Accumulated if their Accumulation would concurrently result in Displacement of Non-Firm M&I Credit Water.

Section 8.F.2 Allocation of Release Capacity, Storage Space and Exchanges. Except as otherwise expressly provided in this Section 8.F and Section 8.O, Fish Credit Water, Joint Program Fish Credit Water and Water Authority M&I Credit Water shall share release capacity, storage space and Exchange availability as follows. For purposes of a Release where release capacity is limited, and for purposes of an Accumulation where available space is limited, the release capacity of, and space available in, a Truckee River Reservoir available to Fish Credit Water, Joint Program Fish Credit Water and Water Authority M&I Credit Water shall be allocated first to Water Authority Emergency Drought Supply and Firm M&I Credit Water, then, with respect to any remaining release capacity or available space, one-half to Fish Credit Water and Joint Program Fish Credit Water and one-half to Non-Firm M&I Credit Water. The portion of Exchange available to Fish Credit Water, Joint Program Fish Credit Water and Water Authority M&I Credit Water shall be allocated one-half to Fish Credit Water and Joint Program Fish Credit Water and one-half to Water Authority M&I Credit Water.

Section 8.F.3 Special Rules and Implementation Priorities with Respect to Stampede Reservoir. This Section 8.F.3 sets forth special rules and implementation priorities for Water Authority M&I Credit Water, Fish Credit Water, Joint Program Fish Credit Water and Fish Water with respect to Stampede Reservoir. The 6,000 acre-foot amounts specified in Sections 8.F.3(b)(1) and 8.F.3(c)(1) are distinct and neither is inclusive of the other.

Section 8.F.3(a) Non-Drought Situation. Whenever a Drought Situation does not exist, then from July 1 through December 31, Water Authority shall have the first right to Accumulate Firm M&I Credit Water and Water Authority Emergency Drought Supply in Stampede Reservoir and such Accumulation may result in Displacement of Fish Credit Water, Joint Program Fish Credit Water and Fish Water in Stampede Reservoir to the extent necessary to Accumulate Firm M&I Credit Water and Water Authority Emergency Drought Supply.

Section 8.F.3(b) Drought Situation. Whenever a Drought Situation exists, Water Authority may Accumulate Water Authority M&I Credit Water in a manner which results in Displacement of Fish Water, Fish Credit Water and Joint Program Fish
Credit Water in Stampede Reservoir as follows: (1) from April 15 through June 30, to the extent necessary to allow the Accumulation of 6,000 acre-feet of Water Authority M&I Credit Water using Changed Diversion Rights; and (2) from July 1 through April 1 to the extent necessary to allow the Accumulation of Water Authority Emergency Drought Supply, Base Amounts of Firm M&I Credit Water and Non-Firm M&I Credit Water determined in accordance with Section 7.B.4(b), except that for the purpose of this determination only, the Base Amount of Non-Firm M&I Credit Water shall not be adjusted based upon the California Water Use Factor described in Section 7.B.4(d).

Section 8.F.3(c) Rules for Stampede Reservoir under Certain Conditions. The provisions of Sections 7.A.3(a)(1) and 7.A.3(a)(2) notwithstanding, when, based upon the April 1 runoff forecast, the sum of 50 percent of the April through July runoff forecast for the Little Truckee River at the gaging station upstream of Boca Reservoir and 11 percent of the total amount of Lake Tahoe Horiston Rate Water which is forecasted to be in storage in Truckee River Reservoirs on June 30 is less than 95,000 acre-feet, California with respect to Joint Program Fish Credit Water, Pyramid Tribe and United States shall:

(1) implement such operations as may be necessary from April 15 through June 30 to allow Water Authority, using Changed Diversion Rights, Independence Lake Privately Owned Stored Water, Water Authority M&I Credit Water, or Privately Owned Stored Water in Boca Reservoir, to Accumulate and retain up to 6,000 acre-feet of Non-Firm M&I Credit Water in Stampede Reservoir in addition to Water Authority M&I Credit Water already stored in Stampede Reservoir, or to be Exchanged into Stampede Reservoir under other provisions of this Agreement; and

(2) Exchange or Release Fish Credit Water, Joint Program Fish Credit Water and Fish Water from Stampede Reservoir in sufficient amounts to reduce the sum of the following categories of water in Stampede Reservoir to 200,000 acre-feet by August 31, and to 185,000 acre-feet by October 31: Boca Project Water, Fish Water, Fish Credit Water, Joint Program Fish Credit Water, Firm M&I Credit Water, Water Authority Emergency Drought Supply, Non-Firm M&I Credit Water in Stampede Reservoir due to the implementation of Section 8.F.5, and Dead and Inactive Storage.

The provisions of Sections 5.C.1(h) and 5.C.1(m) notwithstanding, Non-Firm M&I Credit Water stored in Stampede Reservoir within space made available under this Section 8.F.3(c) shall Spill after Fish Credit Water, Joint Program Fish Credit Water and Fish Water until a subsequent April 1 determination is made that the sum of the forecasts under this Section 8.F.3(c) is greater than or equal to 95,000 acre-feet, at which time the categories shall follow the Spill priorities set forth in Section 5.C. During this period when such sum is below 95,000 acre-feet and Drought Situation does not exist, Non-Firm M&I Credit Water Accumulated under this Section 8.F.3(c) in Stampede Reservoir in excess of 19,000 acre-feet shall be subject to Spill provisions in Sections 5.C.1(h) and 5.C.1(m).
Section 8.F.3(d) Additional Operations to Facilitate Accumulation. California, with respect to Joint Program Fish Credit Water, Pyramid Tribe and United States shall enter into Exchanges and shall implement other operations to facilitate Accumulation in Stampede Reservoir of Firm M&I Credit Water up to the Base Amount and of Water Authority Emergency Drought Supply.

Section 8.F.4 Special Rules and Implementation Priorities with Respect to Truckee River Reservoirs Other Than Stampede Reservoir. This Section 8.F.4 sets forth special rules and implementation priorities for Water Authority M&I Credit Water, Fish Credit Water and Joint Program Fish Credit Water with respect to Truckee River Reservoirs other than Stampede Reservoir.

Section 8.F.4(a) Non-Drought Situation. From July 1 through December 31, whenever a Drought Situation does not exist, Water Authority may Accumulate additional Non-Firm M&I Credit Water in Truckee River Reservoirs other than Stampede Reservoir, to the extent that Water Authority’s total Firm M&I Credit Water is less than the Base Amount, in a manner which causes Displacement of Fish Credit Water and Joint Program Fish Credit Water in Truckee River Reservoirs other than Stampede Reservoir. The provisions of Section 5.C.1(h) notwithstanding, such additional Non-Firm M&I Credit Water shall Spill after Fish Credit Water and Joint Program Fish Credit Water in such reservoirs, to the extent that Water Authority has not reached its Base Amount and until such Base Amount is reached.

Section 8.F.4(b) Drought Situation. Whenever a Drought Situation exists, Accumulation of Water Authority M&I Credit Water or Privately Owned Stored Water may cause Displacement of Fish Credit Water and Joint Program Fish Credit Water in Truckee River Reservoirs other than Stampede Reservoir to the extent necessary to allow Water Authority to increase the amount of Water Authority M&I Credit Water to the maximum extent possible, without regard to the Base Amount.

Section 8.F.5 Water Authority M&I Credit Water Exchanges When Lake Tahoe is Low. For purposes of this Section 8.F.5 and Section 8.F.6, the water surface elevation of Lake Tahoe shall be a calculation based on the sum of all water categories in Lake Tahoe, and Stampede Reservoir storage shall be a calculation based only on the sum of Fish Water, Fish Credit Water, Joint Program Fish Credit Water and Water Authority M&I Credit Water in Stampede Reservoir.

Section 8.F.5(a) Spill Protection in Stampede Reservoir. The provisions of Section 5.C notwithstanding, whenever this Section 8.F.5 requires that Non-Firm M&I Credit Water Exchanged from Lake Tahoe to Stampede Reservoir be protected against Spill, the following criteria shall apply:

(1) The portion of Non-Firm M&I Credit Water Exchanged to Stampede Reservoir pursuant to this Section 8.F.5 which is stored when Stampede Reservoir storage is greater than 160,000 acre-feet shall Spill after all other water in Stampede Reservoir. Such protection against Spill shall apply until Lake Tahoe has been above elevation 6,225.5 feet Lake Tahoe.
Datum for thirty (30) consecutive days and a **Drought Situation** does not exist, but in no event sooner than July 1 of the year following the **Exchange**.

(2) The portion of **Non-Firm M&I Credit Water Exchanged** to Stampede Reservoir pursuant to this Section 8.F.5 which is stored when Stampede Reservoir storage is less than or equal to 160,000 acre-feet shall **Spill** after all other water in Stampede Reservoir. Such protection against **Spill** shall apply until July 1 of the year following the **Exchange**.

**Section 8.F.5(b)  Exchanges When Lake Tahoe Elevation Exceeds 6,225.0 Feet and is Forecast to Fall Below 6224.0 Feet or When Lake Tahoe is Below 6225.0 Feet When a Drought Situation Does Not Exist.** Whenever from April 1 through May 31:

(1) the water surface elevation of Lake Tahoe is above 6,225.0 feet Lake Tahoe Datum and it is forecasted to be less than 6,224.0 feet Lake Tahoe Datum on or before the end of the year; or

(2) a **Drought Situation** does not exist and the water surface elevation of Lake Tahoe is less than or equal to 6,225.0 feet Lake Tahoe Datum but greater than 6,223.0 feet Lake Tahoe Datum,

United States and Pyramid Tribe may offer **Exchanges** to allow Water Authority to move **Non-Firm M&I Credit Water** and water reserved under Section 8.F.6 from Lake Tahoe to Stampede Reservoir. Such **Exchanges** shall include provisions to protect such water against **Spill** when it is in Stampede Reservoir. Water Authority may accept or reject such offers.

**Section 8.F.5(c)  Exchange When Lake Tahoe is Between 6,225.0 Feet and 6,223.0 Feet During a Drought Situation.** Whenever a **Drought Situation** exists and the water surface elevation of Lake Tahoe is less than or equal to 6,225.0 feet Lake Tahoe Datum but greater than 6,223.0 feet Lake Tahoe Datum, at the request of Water Authority, Pyramid Tribe and United States shall **Exchange Prosser Fish Water and Fish Credit Water** to allow Water Authority to move from Lake Tahoe to Stampede Reservoir **Non-Firm M&I Credit Water** and water reserved under Section 8.F.6 up to but not exceeding the amount of such waters that could be **Discharged** from Lake Tahoe by gravity. Any such water **Exchanged** to Stampede Reservoir shall be protected against **Spill**, as provided in Section 8.F.5(a).

**Section 8.F.5(c)(1)  California Exchange Precedes Water Authority Exchange.** California shall have the right to implement the provisions of Section 8.U before Water Authority implements an **Exchange** under this Section 8.F.5(c), provided that such subordination of Water Authority’s opportunity under this Section 8.F.5 shall not be deemed evidence that Water Authority failed to implement an **Exchange** as required under Section 8.F.5(d).
Section 8.F.5(c)(2) Water Quality Exchange Precedes Water Authority Exchange. If and to the extent agreed to and scheduled by the Joint Program Parties as identified in Section 3 of the Truckee River Water Quality Settlement Agreement and in accordance with Section 8.T, an Exchange of Water Quality Credit Water may be implemented before Water Authority implements an Exchange under this Section 8.F.5(c), provided that such subordination of Water Authority’s opportunity under this Section 8.F.5 shall not be deemed evidence that Water Authority failed to implement an Exchange as required under Section 8.F.5(d).

Section 8.F.5(c)(3) Prosser Reservoir Exchange Qualified. To the extent that Water Authority does not schedule an Exchange of its Non-Firm M&I Credit Water in Lake Tahoe for Fish Credit Water in Prosser Creek Reservoir or Prosser Fish Water at times when such water cannot be Exchanged to Stampede Reservoir because of the provisions of Section 5.B.6(d), absence of such scheduled exchange shall not be deemed evidence that Water Authority failed to implement an Exchange as required under Section 8.F.5(d).

Section 8.F.5(d) Failure to Exchange Under Section 8.F.5(c). If it is determined that Water Authority has not implemented the provisions of Section 8.F.5(c) so that, to the maximum extent possible, Non-Firm M&I Credit Water and the Credit Water of Pyramid Tribe and United States can be Released for use from Lake Tahoe by gravity; and so that Non-Firm M&I Credit Water and the Credit Water and Project Water of Pyramid Tribe and United States will not Spill from a Truckee River Reservoir, then the quantity of water available to Water Authority for Exchange under Section 8.F.5(e) shall be reduced as described therein.

Section 8.F.5(e) Water Made Available When Lake Tahoe Elevation is at or Below 6,223.0 Feet. In addition to the amounts Released or Exchanged as provided in Sections 8.F.5(b) and 8.F.5(c) above and to the extent consistent with Section 8.F.5(e)(8), in any year when a Drought Situation exists and Lake Tahoe elevation is at or below 6,223.0 feet Lake Tahoe Datum, and Water Authority so requests, Pyramid Tribe and United States shall convert an amount of Fish Credit Water from other reservoirs or Fish Water to Non-Firm M&I Credit Water. An equal amount of Non-Firm M&I Credit Water forecast by the Administrator pursuant to Section 8.F.5(e)(1) shall be converted to Fish Credit Water in Lake Tahoe Reservoir immediately after Lake Tahoe elevation next rises above 6,223.0 feet Lake Tahoe Datum. Pyramid Tribe and United States shall not be required to reserve Fish Water or Fish Credit Water for implementation of this Section 8.F.5(e). The conversion of these waters shall be governed by the following terms and conditions:

(1) At the request of Water Authority in accordance with this Section 8.F.5(e), when Lake Tahoe elevation is at or below 6,223.0 feet Lake Tahoe Datum, the Administrator shall provide, using accounting procedures pursuant to Section 8.L, a forecast of the amount of Non-Firm M&I Credit Water reasonably expected to be allocated when Lake Tahoe surface water elevation next rises above 6,223.0 feet Lake Tahoe Datum. This forecast shall include net evaporation loss for Non-Firm M&I Credit Water as calculated in accordance with Section 5.D.2, up to and including the day
Fish Credit Water in another reservoir or Fish Water is converted to M&I Credit Water in accordance with this Section 8.F.5(e), but shall not include evaporation loss after such date. The amount of Fish Credit Water or Fish Water converted to M&I Credit Water pursuant to Section 8.F.5(e) shall be the lesser of this forecast amount or the amounts specified in Section 8.F.5(e)(2) or 8.F.5(e)(5).

(2) A maximum of 5,000 acre-feet per year of Fish Credit Water in other reservoirs or Prosser Fish Water, shall be converted to Non-Firm M&I Credit Water, up to a maximum total of 15,000 acre-feet during consecutive Drought Situation years, but shall not exceed the amount of Non-Firm M&I Credit Water forecast by the Administrator to be available for conversion in Lake Tahoe Reservoir in accordance with Section 8.F.5(e)(1).

(3) The 15,000 acre-foot maximum identified in Section 8.F.5(e)(2) shall be reduced by the amount determined in accordance with Section 8.F.5(d).

(4) If there is insufficient Fish Credit Water in other reservoirs or Prosser Fish Water to convert the full amount allowable in the first three consecutive Drought Situation years if requested by Water Authority, Pyramid Tribe and United States shall, during the continuation of the same Drought Situation, continue to convert Fish Credit Water in other reservoirs or Prosser Fish Water, as they become available, until the amount specified in Section 8.F.5(e)(3) has been made available, or Water Authority withdraws its request, whichever comes first.

(5) If Water Authority, in its discretion, requests less than 5,000 acre-feet of Fish Credit Water or Prosser Fish Water be converted in any of the first three consecutive Drought Situation years, it may thereafter, during the continuation of the same Drought Situation, request the difference between the amount actually converted and 15,000 acre-feet, or lesser amount as provided under Section 8.F.5(e)(3), and Pyramid Tribe and United States shall convert Fish Credit Water in other reservoirs, and Fish Water, provided, however, after the first three consecutive years of a Drought Situation, Pyramid Tribe and United States shall not be required to convert more than 5,000 acre-feet of water in any one year.

(6) Pyramid Tribe and United States shall choose the categories and locations of the water to be converted under this Section 8.F.5(e), provided if Pyramid Tribe and United States initially convert Prosser Fish Water or Fish Credit Water in Prosser Creek Reservoir to Non-Firm M&I Credit Water in Prosser Creek Reservoir, then at the request of Water Authority, and by the next November 15, Pyramid Tribe and United States shall Trade Fish Water and Fish Credit Water in Stampede Reservoir for the
balance of any such Non-Firm M&I Credit Water remaining in Prosser Creek Reservoir.

(7) If agreed by each of Pyramid Tribe, United States, and Water Authority, the quantities of waters to be converted and timing of such conversion pursuant to this Section 8.F.5(e) may be adjusted.

(8) The process of converting Fish Credit Water or Fish Water to Non-Firm M&I Credit Water in this Section 8.F.5(e) may only be reinitiated when the hydrologic conditions under this Section 8.F.5(e) are satisfied and after an equal amount of Fish Credit Water has been fully repaid in a year that is not a Drought Situation by conversion from Non-Firm M&I Credit Water pursuant to Section 8.F.5(e) and Lake Tahoe Reservoir has had sufficient release capacity to Release such Fish Credit Water.

Section 8.F.5(f) Exchanges May Be Repeated. To the extent that Non-Firm M&I Credit Water and water reserved under Section 8.F.6 is Exchanged out of Lake Tahoe pursuant to the provisions of this Section 8.F.5, and is subsequently Exchanged back to Lake Tahoe pursuant to any provision of this Agreement following the end of consecutive Drought Situation years, the provisions of Section 8.F.5 shall apply to such water as if such prior Exchange had not taken place.

Section 8.F.6 Reservation and Use of Fish Credit Water as Water Authority M&I Credit Water. If, on November 15 of any year, (i) the water surface elevation of Lake Tahoe is at or below 6,227.0 feet, and (ii) Non-Firm M&I Credit Water, Fish Credit Water and Fish Water have Spilled from Stampede Reservoir during the previous 12-month period in an amount not greater than 20,000 acre-feet, United States and Pyramid Tribe shall reserve in Truckee River Reservoirs, Fish Credit Water in an amount equal to the lesser of the shortfall in the Base Amount of Non-Firm M&I Credit Water as of the immediately previous July 15th, or the total amount of Non-Firm M&I Credit Water which had either Spilled and flowed to Pyramid Lake or was converted pursuant to Section 7.B.4(e) during the previous 24-month period. The Fish Credit Water reserved pursuant to this Section 8.F.6 shall:

(a) be used by Water Authority in a Drought Situation as if it were Water Authority Non-Firm M&I Credit Water;

(b) not be reduced by the subsequent Accumulation of Water Authority M&I Credit Water;

(c) unless the reservation is terminated, be included within subsequent determinations of the shortfall identified in this Section 8.F.6, and any Spill of such reserved Fish Credit Water shall be included within the total amount of water Spilled to Pyramid Lake under this Section 8.F.6; and

(d) be managed by Water Authority pursuant to the rules for Non-Firm M&I Credit Water.
The reservation designated under this Section 8.F.6 shall terminate on April 15 of a year which is not a Drought Situation and Water Authority has in storage the Base Amounts of Firm M&I Credit Water and Non-Firm M&I Credit Water.

Section 8.F.7 Displacement of Joint Program Fish Credit Water by Water Authority M&I Credit Water. To the extent Water Authority deems it necessary to Accumulate and maintain Water Authority M&I Credit Water and to re-store Privately Owned Stored Water Released for Minimum Releases from reservoirs as provided in Article Nine, Water Authority may, by Accumulation of Water Authority M&I Credit Water or Privately Owned Stored Water, cause Displacement of Joint Program Fish Credit Water. The quantity of Joint Program Fish Credit Water which shall be Displaced shall not exceed the quantity of Fish Water and Fish Credit Water which has been Released from or Passed-Through Truckee River Reservoirs during the current year, together with the quantity of Fish Water and Fish Credit Water which, at the time the Displacement takes place, is scheduled to be Released from or Passed-Through Truckee River Reservoirs during the remainder of the year. Any such Displacement shall be required by this Section 8.F.7 only after the following conditions have been met:

(a) Water Authority shall make reasonable efforts to utilize the storage capacity of Truckee River Reservoirs in a manner to avoid the necessity to cause Displacement of Joint Program Fish Credit Water; and

(b) Water Authority shall provide notice to California, Pyramid Tribe, United States and the Administrator at least 30 days in advance of any Displacement of Joint Program Fish Credit Water. Such notice shall (1) identify the specific Truckee River Reservoir in which Water Authority proposes to Accumulate water which may result in Displacement of Joint Program Fish Credit Water, (2) provide a schedule, (3) explain why such Displacement is necessary, and (4) describe Water Authority’s efforts to Exchange water into other reservoirs that avoid the necessity to cause Displacement of Joint Program Fish Credit Water.

California may schedule Exchanges in accordance with Article Eight or implement other operations as are available to avoid any Displacement of Joint Program Fish Credit Water authorized by this Section 8.F.7. All Joint Program Fish Credit Water Displaced under this Section 8.F.7 that is not Exchanged to or re-stored in another reservoir shall flow to Pyramid Lake.

SECTION 8.G - RELATION BETWEEN CALIFORNIA M&I CREDIT WATER AND CALIFORNIA ENVIRONMENTAL CREDIT WATER

When there is a conflict between scheduled Credit Water Operations involving California M&I Credit Water and California Environmental Credit Water, California M&I Credit Water shall have the higher priority. The portion of any Credit Water Operation not used by one of these categories shall be available for use by the other.
SECTION 8.H - RELATION BETWEEN WATER QUALITY CREDIT WATER AND FERNLEY MUNICIPAL CREDIT WATER

When there is a conflict between scheduled Credit Water Operations involving Water Quality Credit Water and Fernley Municipal Credit Water, the portion of the Credit Water Operation available shall be allocated 75 percent and 25 percent, respectively. The portion of any Credit Water Operation not used by one of these categories shall be available for use by the other.

SECTION 8.I - RELATION AMONG PROJECT WATERS IN ANOTHER RESERVOIR

When there is a conflict among scheduled Credit Water Operations involving categories of Project Water in Another Reservoir from more than one source, then Project Water in Another Reservoir which is Floriston Rate Water shall have the most senior priority, followed by water from other sources in accordance with the priority of each source’s storage right. The portion of any Credit Water Operation not used by one of these categories shall be available for use by the other.

SECTION 8.J - RELATION BETWEEN ADDITIONAL CALIFORNIA ENVIRONMENTAL CREDIT WATER AND OTHER CREDIT WATER

When there is a conflict between scheduled Credit Water Operations involving Other Credit Water and Additional California Environmental Credit Water, other than Establishment of Additional California Environmental Credit Water, the portion of the operation available to each shall be proportional to the amount of water in each category which is available for the operation. The portion of any Credit Water Operation not used by one of these categories shall be available for use by the other.

SECTION 8.K - LIMITATIONS ON ACCUMULATION OF CREDIT WATER

Section 8.K.1 Credit Water Establishment Using Changed Diversion Rights. Scheduled Releases of Credit Water and Fish Water may be reduced for the purpose of Establishing Credit Water using Changed Diversion Rights only when conducted pursuant to Sections 7.A.3(a)(3) or 8.K.3. In addition, such Credit Water may only be Established within the limits of Section 8.K.4, and may not be Established using Fish Water Released pursuant to Section 9.E.2 or using Fish Credit Water and Fish Water Released to compensate for diversions made in accordance with Section 5.A.8. For purposes of allocating and accounting for Credit Water Establishment in Lake Tahoe using Changed Diversion Rights, the Administrator shall first allocate water from Floriston Rate Water, and then from Fish Credit Water pursuant to Section 8.K.3.

Section 8.K.2 Accumulation by Retention of Water and In-Lieu Release. Discharge from all reservoirs shall be available for the Accumulation of Credit Water. A Scheduling Party may Accumulate Credit Water using the scheduled Release or Pass-Through of another Scheduling Party’s water without the agreement of that Scheduling Party by:
(a) retaining water in storage if the initial Release or Pass-Through was scheduled for re-storage in a downstream reservoir, provided the Scheduling Party proposing such retention provides water in the same reservoir, in the same quantity, and at the same time as designated for the initially scheduled Release or Pass-Through; or

(b) In-Lieu Release if the initial Release or Pass-Through was not scheduled for re-storage in a downstream reservoir, provided the Scheduling Party proposing such In-Lieu Release provides water at the same quantity, flow rate and timing at the Farad Gage as designated for the initially scheduled Release or Pass-Through, except if the water Released is California M&I Credit Water, then at the furthest upstream point of direct diversion for use in California.

An Accumulation by retention of water or by In-Lieu Release shall be in accordance with the priorities of this Article Eight and the limitations of Section 8.K.4, and shall not be deemed adverse to or in conflict with Project Water Operations.

Section 8.K.3 Establishment of Credit Water Through Reductions In Release of Fish Credit Water from Lake Tahoe. Subject to the limitations set forth in Section 8.K.4, all categories of Credit Water, except Fish Credit Water, Newlands Project Credit Water, California M&I Credit Water and Other Credit Water, may be Established through a reduction in the Release of Fish Credit Water from Lake Tahoe, which is then replaced by an equal amount of water under Changed Diversion Rights or Privately Owned Stored Water which is allowed to flow to Pyramid Lake. To the extent practicable, consistent with the exercise of water rights, assurance of water supplies, operational considerations, the requirements of the Settlement Act and all other requirements of this Agreement, to the extent that Section 8.K.4 limits the Establishment through reductions in Release of Fish Credit Water from Lake Tahoe:

(a) all Scheduling Parties, except Water Authority, shall attempt, and the Administrator shall encourage, Credit Water Establishment in a manner which avoids Establishment in Lake Tahoe pursuant to this Section 8.K.3; and

(b) all Scheduling Parties, including Water Authority, shall attempt, and the Administrator shall encourage, Credit Water Establishment in Lake Tahoe pursuant to this Section 8.K.3 in a manner which extends the Establishment over the time available for such party to Establish Credit Water.

Section 8.K.4 Portion of Discharge Not Available for Credit Water Accumulation. This Section 8.K.4 limits the portion of Discharge from a reservoir that may be used to Accumulate Credit Water, except such limitation shall not apply to an Exchange by which Water Authority’s Privately Owned Stored Water previously Released from or Passed-Through Independence Lake for purposes described in Sections 8.N.3(a) and 8.N.3(b) is subsequently Accumulated in Independence Lake. For purposes of this Section 8.K and
Sections 6.C.1(c) and 8.S only, Release Thresholds for specified reservoirs shall be as set forth in the following Table 8-1:

**TABLE 8-1 Release Thresholds**

<table>
<thead>
<tr>
<th>Reservoir</th>
<th>January (cfs)</th>
<th>Feb-Mar (cfs)</th>
<th>April-July (cfs)</th>
<th>Aug-Sep (cfs)</th>
<th>Oct-Dec (cfs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lake Tahoe</td>
<td>250</td>
<td>150</td>
<td>300</td>
<td>150</td>
<td>250</td>
</tr>
<tr>
<td>Donner Lake</td>
<td>50</td>
<td>20</td>
<td>50</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td>Prosser Creek Reservoir</td>
<td>50</td>
<td>35</td>
<td>75</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>Independence Lake</td>
<td>20</td>
<td>10</td>
<td>20</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Stampede Reservoir</td>
<td>125</td>
<td>100</td>
<td>125</td>
<td>100</td>
<td>125</td>
</tr>
<tr>
<td>Boca Reservoir</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Section 8.K.4(a) Accounting for Minimum Releases and Enhanced Minimum Releases.** For purposes of calculating the portion of Discharge from a reservoir contributing to a Minimum Release under Section 8.K.4(b)(1) and the portion of Discharge from a reservoir contributing to Minimum Release and Enhanced Minimum Release under Section 8.K.4(c)(1) that is unavailable for Credit Water Accumulation, Discharge shall be comprised of the categories of water scheduled for Release or Pass-Through in the following order: first, Floriston Rate Water; second, Project Water other than Floriston Rate Water; third, Fish Credit Water; fourth, categories not otherwise listed in this sequence; and last, Joint Program Fish Credit Water, California Environmental Credit Water and Additional California Environmental Credit Water.

**Section 8.K.4(b) Amount of Lake Tahoe Discharge Unavailable for Accumulation.** A portion of the Discharge from Lake Tahoe shall be unavailable for Accumulation of Credit Water. The amount which is unavailable shall be calculated as the sum of the following components in the following order: (1) the Minimum Release specified under Section 9.C.2, plus; (2) one-half of the rate of flow of Fish Credit Water scheduled for Release which contributes to flow between the Minimum Release and the Lake Tahoe Release Threshold; plus (3) the rate of flow of Joint Program Fish Credit Water, California Environmental Credit Water and Additional California Environmental Credit Water scheduled for Release which contributes to flow between the Minimum Release and the Lake Tahoe Release Threshold. The quantity of each category of water under (2) and (3) above shall not include any Release of water which is contributing to the Minimum Release under (1) above, if any. In addition to the amount calculated above, compensating Releases pursuant to Section 8.K.5 shall also be unavailable for Accumulation.

**Section 8.K.4(c) Amount of Donner Lake, Prosser Creek Reservoir, Independence Lake and Stampede Reservoir Discharges Unavailable for Accumulation.** A portion of the Discharge from Donner Lake, Prosser Creek Reservoir, Independence Lake and Stampede Reservoir shall be unavailable for Accumulation of Credit Water. The amount
which is unavailable shall be calculated as the sum of the following components in the following order: (1) the Minimum Release or Enhanced Minimum Release, whichever is greater, specified for those reservoirs under Sections 9.C.3, 9.C.5, 9.C.6 and 9.C.7, respectively; plus (2) the rate of flow of Joint Program Fish Credit Water, California Environmental Credit Water and Additional California Environmental Credit Water scheduled for Release, which contributes to the flow between the Minimum Release or Enhanced Minimum Release and the applicable Release Threshold. The quantity under (2) above shall not include any Release of these categories of water which is contributing to the Minimum Release or Enhanced Minimum Release under (1) above, if any.

Section 8.K.4(d) Limitation on Amount of Additional California Environmental Credit Water Which is Unavailable for Accumulation. The amount of Additional California Environmental Credit Water which is unavailable for Accumulation of Credit Water by reason of this Section 8.K.4 shall not exceed 10,000 acre-feet in any one year for all reservoirs combined, including any Releases accounted for as Fish Credit Water pursuant to Section 8.K.6 and excluding any Additional California Environmental Credit Water Established through changes to water rights adjudicated under the Sierra Valley Decree.

Section 8.K.5 Compensating Releases Unavailable for Accumulation. If Pyramid Tribe and United States elect to Release additional Fish Credit Water from a reservoir, or if California elects to Release more Joint Program Fish Credit Water, California Environmental Credit Water or Additional California Environmental Credit Water from a reservoir to compensate for the reductions in scheduled Releases caused by Accumulation of Credit Water as limited by Section 8.K.4, no additional Credit Water may be Accumulated adverse to such additional Release, to the extent that Releases, including compensating Releases, are less than the applicable Release Threshold. Releases provided in accordance with this Section 8.K.5 shall not be included in the calculation of Discharge portions that are unavailable for Credit Water Accumulation under Section 8.K.4.

Section 8.K.6 Limited Protection of Joint Program Fish Credit Water, California Environmental Credit Water and Additional California Environmental Credit Water. If Joint Program Fish Credit Water, California Environmental Credit Water and Additional California Environmental Credit Water are Traded back to a reservoir from which they were previously Released and were unavailable for Accumulation by reason of the provisions of Section 8.K.4, and that same water is subsequently Released again from that same reservoir, such Release shall be treated as if it were Fish Credit Water for purposes of determining the amount of water that is unavailable for Accumulation pursuant to Sections 8.K.4(b) and 8.K.4(c).

Section 8.K.7 Waiver of Limitations. United States and Pyramid Tribe with respect to Fish Credit Water and Fish Water, and California with respect to Joint Program Fish Credit Water, California Environmental Credit Water and Additional California Environmental Credit Water, may waive any limitation on the amount of Credit Water which is unavailable for Accumulation as set forth in Section 8.K.4.
SECTION 8.L - DETERMINATION OF CREDIT WATER IN LAKE TAHOE AFTER THE ELEVATION OF LAKE TAHOE RISES ABOVE 6,223.0 FEET LAKE TAHOE DATUM.

When **Credit Water** in Lake Tahoe has not been removed before Lake Tahoe elevation recedes to or below 6,223.0 feet Lake Tahoe Datum, and after Lake Tahoe surface water elevation rises above 6,223.0 feet Lake Tahoe Datum, the **Administrator** shall classify as **Credit Water** that portion of the water in **Lake Tahoe Reservoir** attributable to the storage of **Credit Water** in Lake Tahoe before Lake Tahoe receded below 6,223.0 feet Lake Tahoe Datum. The **Administrator** shall develop a method for determining the amount of, and shall account for, **Credit Water** so classified. In making such determination, the **Administrator** shall assure that the allocation of **Credit Water** to be credited in **Lake Tahoe Reservoir** does not affect the amount of **Floriston Rate Water** that would otherwise have been available from **Lake Tahoe Reservoir** for **Floriston Rates** and **Reduced Floriston Rates** if **Credit Water** had not been stored in Lake Tahoe immediately prior to Lake Tahoe elevation receding to or below 6,223.0 feet Lake Tahoe Datum, and shall insure that **Floriston Rate Water** is not adversely affected. When Lake Tahoe surface water elevation rises above 6,223.0 feet Lake Tahoe Datum, the **Administrator** shall classify and allocate to each **Credit Water** account in proportion to the amount of **Credit Water** in that category that was not removed prior to Lake Tahoe elevation receding to or below 6,223.0 feet Lake Tahoe Datum.

Section 8.L.1 Status of Credit Water Determined to be in Lake Tahoe Reservoir after Lake Tahoe Elevation Rises Above 6,223.0 Feet Lake Tahoe Datum. After Lake Tahoe elevation next rises above 6,223.0 feet Lake Tahoe Datum, **Credit Water** determined and accounted for by the **Administrator** pursuant to the provisions of this Section 8.L, shall retain all priorities and characteristics of its individual category pursuant to this Agreement.

SECTION 8.M - CLASSIFICATION OF CREDIT WATER EXCHANGED OR RE-STORED

Except as otherwise specifically provided in this Agreement, **Credit Water** that is **Exchanged** or re-stored under this Agreement shall retain its original classification in its new location for all purposes.

SECTION 8.N - CLASSIFICATION OF PROJECT WATER EXCHANGED OR RE-STORED

**Project Water in Another Reservoir** subsequently **Exchanged** to or re-stored in its own reservoir shall be reclassified as **Project Water**. Operations under this Section 8.N shall not be deemed adverse to or in conflict with **Project Water Operations**.

Section 8.N.1 Exchanged Fish Water Becomes Fish Credit Water-General Rule. Except as provided in Section 8.O.3, to the extent that **Fish Water** is **Exchanged** to or re-stored in another reservoir, such **Exchange** or re-storage shall result in the **Establishment** of **Fish Credit Water** in that reservoir and such **Fish Credit Water**, when **Exchanged** to any reservoir, remains **Fish Credit Water**.
Section 8.N.2 Exchanged Water Authority’s Privately Owned Stored Water Becomes Water Authority M&I Credit Water-General Rule. Except as provided in Sections 8.N.3 and 8.Q, to the extent that Water Authority’s Privately Owned Stored Water is Exchanged to or re-stored in another reservoir, such Exchange or re-storage shall result in the Establishment of Water Authority M&I Credit Water in that reservoir, and such Water Authority M&I Credit Water when Exchanged to any reservoir remains Water Authority M&I Credit Water.

Section 8.N.3 Circumstances When Independence Lake Privately Owned Stored Water Remains Project Water. Water Authority’s Privately Owned Stored Water Released from or Passed-Through Independence Lake to (a) maintain Minimum Releases in Independence Creek, (b) maintain preferred instream flows encouraged by the Administrator pursuant to Section 9.F.2(b), or (c) deliver water to Water Authority Service Area; and which is stored in Stampede Reservoir or Boca Reservoir shall, at the option of Water Authority, retain its classification as Privately Owned Stored Water only until December 31 of that year, after which time it shall be converted to Water Authority M&I Credit Water. Notwithstanding the provisions of Section 5.C, Privately Owned Stored Water in Stampede Reservoir pursuant to this Section 8.N.3 shall Spill after all other categories of water in Stampede Reservoir except Water Authority Emergency Drought Supply, Firm M&I Credit Water and Fish Water, provided however, that during any period in which Project Water is being diverted to storage in Stampede Reservoir pursuant to Section 5.B.8(a), Water Authority shall either convert its Privately Owned Stored Water in Stampede Reservoir to Water Authority M&I Credit Water or Exchange it out of Stampede Reservoir as necessary to avoid impairing the diversion of Project Water to storage pursuant to Section 5.B.8(a).

Privately Owned Stored Water in Boca Reservoir shall Spill proportionately with Stampede Project Water in Boca Reservoir pursuant to Section 8.O.3, if any, and after all other categories of water in Boca Reservoir except Boca Project Water. Privately Owned Stored Water, if Exchanged from Boca Reservoir or Stampede Reservoir back to Independence Lake, shall retain its classification as Privately Owned Stored Water.

SECTION 8.O - CLASSIFICATION OF FISH CREDIT WATER, JOINT PROGRAM FISH CREDIT WATER AND FISH WATER EXCHANGED TO OR RE-STORED IN BOCA RESERVOIR

Operations pursuant to this Section 8.O shall not be deemed adverse to or in conflict with Project Water Operations.

Section 8.O.1 Treatment of Fish Credit Water and Joint Program Fish Credit Water as Project Water in Another Reservoir is Limited. Whenever in this Section 8.O Fish Credit Water or Joint Program Fish Credit Water stored in Boca Reservoir is “treated as” Project Water In Another Reservoir, such treatment shall be limited to the Spill and Displacement provisions associated with Project Water In Another Reservoir. Such water shall retain the priority of Fish Credit Water or Joint Program Fish Credit Water respectively for all operations other than Spill and Displacement. When such water is Exchanged to a reservoir other than Boca Reservoir, such water shall assume the Spill and
Displacement priority of Fish Credit Water and Joint Program Fish Credit Water, respectively.

Section 8.O.2 Fish Credit Water and Joint Program Fish Credit Water Accumulated in Boca Reservoir. Fish Credit Water and Joint Program Fish Credit Water Accumulated in Boca Reservoir shall be treated as follows:

(a) Fish Credit Water and Joint Program Fish Credit Water Exchanged to or re-stored in Boca Reservoir from April 1 through August 31 and remaining in Boca Reservoir on September 1, shall be treated as Project Water In Another Reservoir.

(b) Fish Credit Water and Joint Program Fish Credit Water Exchanged to or re-stored in Boca Reservoir from September 1 through March 31 shall be treated as Project Water In Another Reservoir.

(c) Fish Credit Water and Joint Program Fish Credit Water Established in Boca Reservoir pursuant to Sections 7.C.1, 7.C.2, 7.C.6, and 8.O.3(a) and remaining in Boca Reservoir on the following September 1, shall be treated as Project Water In Another Reservoir.

Section 8.O.3 Stampede Project Water Stored in Boca Reservoir. Stampede Project Water stored in Boca Reservoir shall be classified as follows:

(a) Stampede Project Water Released for the purpose of Minimum Releases from Stampede Reservoir and re-stored in Boca Reservoir shall be Established as Fish Credit Water.

(b) Stampede Project Water Released from Stampede Reservoir from March 1 through August 31 for Pyramid Lake Fish Flows and stored in Boca Reservoir for subsequent Release shall, at the option of Pyramid Tribe and United States, retain its classification as Project Water only until September 1, at which time any such water remaining in Boca Reservoir shall be converted to Project Water In Another Reservoir for all purposes. Stampede Project Water stored in Boca Reservoir pursuant to this Section 8.O.3(b) shall Spill proportionately with Water Authority’s Privately Owned Stored Water in Boca Reservoir pursuant to Section 8.N.3, if any, and after all other categories of water in Boca Reservoir except Boca Project Water.

(c) Stampede Project Water stored in Boca Reservoir from March 1 through August 31 in excess of the amounts required for the purposes set forth in Sections 8.O.3(a) and 8.O.3(b) shall be Established as and remain Fish Credit Water until September 1, and any such water remaining in Boca Reservoir on September 1 shall be classified as Project Water In Another Reservoir for all purposes.
(d) Except as provided in Section 8.O.3(a), Stampede Project Water Released from Stampede Reservoir from September 1 through the end of February, and held in Boca Reservoir shall be classified as Project Water In Another Reservoir for all purposes.

Section 8.O.4 United States, Pyramid Tribe and California to Minimize Their Storage in Boca Reservoir. United States and Pyramid Tribe shall use best efforts to minimize the storage of Fish Water or Fish Credit Water in Boca Reservoir and California shall use best efforts to minimize the storage of Joint Program Fish Credit Water in Boca Reservoir for the purposes set forth in Section 8.O.3.

Section 8.O.5 Accumulation Causing Displacement Prohibited. The Accumulation of Fish Water, Fish Credit Water, and Joint Program Fish Credit Water in Boca Reservoir is prohibited to the extent that such Accumulation would simultaneously result in any other water in Boca Reservoir being Displaced or Spilled except that Fish Credit Water Establishment in Boca Reservoir by retaining Boca Floriston Rate Water pursuant to Sections 7.C.1 and 7.C.2, and any associated designation of Joint Program Fish Credit Water, may result in Displacement of Credit Water in accordance with Section 8.E.4.

SECTION 8.P - EXCHANGE RULES REGARDING TRADES

Trades may be conducted only in accordance with Section 8.S or one of the three approval standards set forth in Sections 8.P.1 through 8.P.3.

Section 8.P.1 Trades Which Do Not Require Approval. To the extent that operations under Sections 5.B.6(c)(5), 5.B.6(c)(8), 7.D.5, 8.F.3(c), 8.F.3(d), 8.F.5, 8.F.7, 8.Q, 8.T, and 8.U may be accomplished in whole or in part by Trade, any such Trade may take place without the approval of the Administrator, provided priorities in accordance with Sections 8.D and 8.E, and scheduling procedures in accordance with Article Eleven, are followed.

Section 8.P.2 Trades Requiring Administrator Approval but No Notice. Trades which are not referenced in Section 8.P.1, which are offered to categories of Credit Water in accordance with the priorities set forth in Section 8.E, which are for equal amounts of water, and which do not involve Project Water must be scheduled in accordance with Article Eleven and be approved by the Administrator before they may be implemented. In considering any such Trade, the Administrator is not required to provide notification to the Scheduling Parties or Signatory Parties outside the normal scheduling process.

Section 8.P.3 Trades Requiring Approval and Notice. Trades not undertaken pursuant to Sections 8.P.1 or 8.P.2 must be scheduled and approved by the Administrator before they may be implemented. Before approving a Trade pursuant to this Section 8.P.3, the Administrator shall timely notify all Scheduling Parties and Signatory Parties of the proposal and shall specify the time by which any objection to the proposal should be filed with the Administrator.
Section 8.P.4  Trades Involving Seasonal Operation Between Scheduling Parties. A Trade pursuant to Section 8.P.3 may include two Scheduling Parties submitting a proposal to the Administrator to coordinate the seasonal operation of their water as part of the scheduling process. If mutually agreed to by such Scheduling Parties, such operation would result in certain water in storage belonging to one Scheduling Party being assigned to the second Scheduling Party. In return, the second Scheduling Party would assign a designated portion of its water in storage or a portion of the season’s water supply provided by its direct diversion water rights as set forth in Section 7.A.3(e) to the first Scheduling Party. The Administrator shall provide notice as required under Section 8.P.3, and shall disapprove such proposed operation if required by Section 8.P.5.

Section 8.P.5  Administrator Disapproval of Trades. The Administrator shall disapprove a Trade requiring Administrator approval under Sections 8.P.2 through 8.P.4 if the Trade will result in insufficient Project Water in a reservoir to satisfy Minimum Release requirements for that season to the same extent as they would have been satisfied had the Trade not been made. Unless all affected parties agree otherwise, the Administrator shall disapprove a Trade under Sections 8.P.2 through 8.P.4 if the Administrator determines it would interfere with or adversely affect previously scheduled operations, satisfaction of Enhanced Minimum Release requirements, or the security of water in storage of Scheduling Parties not involved in the Trade.

SECTION 8.Q - EXCHANGES WITH DONNER LAKE STORAGE

Section 8.Q.1  Required Trade with Water Authority’s Donner Lake Storage. From June through September, if California proposes a Trade of Joint Program Fish Credit Water for Water Authority’s Privately Owned Stored Water in Donner Lake, or if California arranges a Trade of another Scheduling Party’s water for Water Authority’s Privately Owned Stored Water in Donner Lake in accordance with Section 8.E, Water Authority shall make the Trade provided all of the following conditions are satisfied:

(a) The Trade must be for an equal amount of water in a Truckee River Reservoir.

(b) The reservoir to which Water Authority’s Privately Owned Stored Water will be Traded must be within the elevation or storage thresholds set forth in Section 9.D.

(c) The Trade must not interfere with or prevent Water Authority from Accumulating Water Authority M&I Credit Water or utilizing its water in accordance with its scheduled operation of Donner Lake.

(d) The Scheduling Party whose water is Traded into Donner Lake shall comply with the provisions of Section 5.B.4 and all other requirements and regulations which affect the operation of Donner Lake.
(e) The water Traded into Donner Lake must provide any required Minimum Release in proportion to the total water in storage available for Minimum Release.

(f) Any fees charged by Water Authority for a Scheduling Party to store water in Donner Lake in accordance with this Section 8.Q.1 shall not be greater than any reasonable additional operating costs incurred as a result of the Trade, where such costs would not have been incurred absent the Trade.

(g) Any water Traded into Donner Lake pursuant to this Section 8.Q.1 shall be Released from Donner Lake by December 31.

At the time of a Trade under this Section 8.Q.1, Water Authority shall notify the Administrator as to whether its water Traded to a Truckee River Reservoir under this Section 8.Q.1 will retain its classification as Privately Owned Stored Water or be converted to Water Authority M&I Credit Water. Water Traded into another reservoir which remains Privately Owned Stored Water shall retain its classification as Privately Owned Stored Water only until November 15 of that year, after which time it shall be converted to Water Authority M&I Credit Water. A Trade pursuant to this Section 8.Q.1 shall not be deemed adverse to or in conflict with Project Water Operations.

The provisions of Section 5.C notwithstanding, Water Authority’s Privately Owned Stored Water stored in Truckee River Reservoirs, other than Boca Reservoir, pursuant to this Section 8.Q shall Spill after all other categories of water except Project Water, Water Authority Emergency Drought Supply, and Firm M&I Credit Water; provided, however, that during any period in which Project Water is being diverted to storage in Stampede Reservoir in accordance with Section 5.B.8(a), Water Authority shall either convert its Privately Owned Stored Water in Stampede Reservoir to Water Authority M&I Credit Water or Exchange it out of Stampede Reservoir as necessary to avoid impairing the diversion of water to storage under Section 5.B.8(a). Privately Owned Stored Water in Boca Reservoir pursuant to this Section 8.Q shall Spill proportionately with Stampede Project Water in Boca Reservoir pursuant to Section 8.O.3(b), if any, and after all other categories of water in Boca Reservoir except Boca Project Water. Privately Owned Stored Water, if Exchanged back to Donner Lake, shall retain its classification as Privately Owned Stored Water.

Nothing in this Section 8.Q.1 shall prevent Water Authority from conducting its own Exchange of Donner Lake Privately Owned Stored Water to maintain Minimum Releases or Enhanced Minimum Releases pursuant to Sections 9.C.3(a) and 9.C.3(b); or prevent Water Authority from making Exchanges of Privately Owned Stored Water for which California has not scheduled a Trade by June 1.

Section 8.Q.2 Exchange and Storage of Donner Lake Water Owned by a Non-Signatory Party. For the purposes of maintaining Enhanced Minimum Releases in Donner Creek and for recreation on Donner Lake, California may Exchange Donner Lake Privately Owned Stored Water which is owned by a Person who is not a Signatory Party with the agreement of said Person, with one or more of (a) Joint Program Fish Credit Water, (b)
California Environmental Credit Water, and (c) Additional California Environmental Credit Water. Such Exchange may be either a Trade or an In-Lieu Release from Truckee River Reservoirs. The Privately Owned Stored Water so Exchanged to Truckee River Reservoirs shall be Project Water In Another Reservoir and subject to the applicable provisions of this Agreement, and shall be Released therefrom by December 31 of the year Exchanged. California shall have a storage contract with United States to store such Project Water In Another Reservoir, and neither California nor the Person owning the Donner Lake Privately Owned Stored Water shall be charged a fee for the storage of this water. California shall Release such Project Water In Another Reservoir at the request of the owner of the Privately Owned Stored Water, but in no case later than December 31 of the year stored, and such Release shall be deemed a Release of Donner Lake Privately Owned Stored Water.

SECTION 8.R - EXCHANGES AND VOLUNTARY OPERATIONS PROPOSED BY CALIFORNIA

Whenever California, pursuant to this Section 8.R, proposes a voluntary Exchange, Release or any other operations involving categories of Credit Water, Fish Water, or Privately Owned Stored Water owned or controlled by a Signatory Party or Scheduling Party, but not Floriston Rate Water nor categories of Credit Water for which California is a Scheduling Party:

1. such proposals shall be made in writing to the Administrator and shall specify that they are made pursuant to this Section 8.R. No proposal shall be implemented by the Administrator unless and until the Administrator provides a reasonable opportunity and time period for comments or objections by Signatory Parties and Scheduling Parties. Proposals shall not be implemented unless they are consistent with the exercise of water rights, assurance of water supplies, operational considerations, the requirements of the Settlement Act and all other requirements of this Agreement;

2. Signatory Parties and Scheduling Parties shall consider the proposal in good faith with regard to the effect of the proposal on the Signatory Party's or Scheduling Party's exercise of water rights, assurance of water supply or other operational considerations; and

3. any Signatory Party or Scheduling Party claiming an adverse effect of such proposal on exercise of water rights, assurance of water supply or other operational considerations may file a written objection to such proposal with the Administrator, which written objection shall briefly summarize the adverse effect upon which such objection is based.

The Administrator shall promptly discuss the objections with California and such party or parties objecting and encourage a timely resolution of the objections. If an objection is not voluntarily resolved, the objection to the proposal shall be final and the proposal shall not be implemented.
SECTION 8.S - EXCHANGES OF CERTAIN WATERS IN STAMPEDE RESERVOIR FOR FLORISTON RATE WATER IN LAKE TAHOE

Section 8.S.1 Proposals to the Administrator. California, with respect to Joint Program Fish Credit Water, Fish Water, and Fish Credit Water in Stampede Reservoir; and Pyramid Tribe and United States, with respect to Fish Water and Fish Credit Water in Stampede Reservoir, may propose to the Administrator an Exchange of such water categories with Floriston Rate Water stored in Lake Tahoe for the following purposes:

(a) to maintain the Minimum Releases from Lake Tahoe;

(b) to maintain a Release from Lake Tahoe which is greater than the Minimum Release from Lake Tahoe but not greater than the Release Threshold as set forth in Table 8-1 in Section 8.K.4; or

(c) to avoid exceeding the maximum flow in the Little Truckee River downstream from Stampede Reservoir as provided in the California Guidelines whenever Fish Credit Water or Fish Water is scheduled for Release from Stampede Reservoir.

An Exchange proposed under Section 8.S.1(b) shall take precedence over an Exchange pursuant to Section 8.S.1(c), unless California, United States and Pyramid Tribe otherwise agree. Such proposal shall specify the category or categories of Fish Water, Fish Credit Water or Joint Program Fish Credit Water that will make up losses pursuant to Section 8.S.4.

An Exchange proposed under this Section 8.S shall only be allowed to the extent that the availability of Fish Water and Fish Credit Water for the purposes described in Sections 5.B.6(a)(5)(i), 5.B.6(a)(5)(iii), 5.B.6(a)(5)(iv), 5.B.8(c)(1), 5.B.8(c)(3), 7.C.5(a) and 7.C.5(c) is not infringed; and if the Federal Water Master determines that the requirements of Sections 8.S.3, 8.S.4, and 8.S.6 have been or will be satisfied. An Exchange proposed under Section 8.S.1(a) shall only be allowed as provided for in Section 5.B.6(b). An Exchange proposed under Sections 8.S.1(b) and 8.S.1(c) may be allowed only after all Scheduling Parties have scheduled their operations and only if such other scheduled operations are insufficient to achieve the purposes set forth in Sections 8.S.1(b) and 8.S.1(c). Operations pursuant to this Section 8.S shall not interfere with Accumulation of Credit Water in Lake Tahoe. To the extent that an Exchange meets the requirements of this Section 8.S, such an Exchange shall not be deemed adverse to or in conflict with Project Water Operations.

Section 8.S.2 Transmittal of Proposal to Federal Water Master. Upon receipt of a proposal for an Exchange pursuant to the provisions of Section 8.S.1, the Administrator shall transmit the proposal to the Federal Water Master for review and action pursuant to the provisions of Sections 8.S.3 and 8.S.4.

Section 8.S.3 Notice of and Objections to Exchange. Before allowing an Exchange pursuant to this Section 8.S, the Federal Water Master shall give written notice to each of Water Authority, Conservation District, Nevada, United States and Pyramid Tribe and
shall specify a reasonable period of time for an objection to be lodged, taking into account the
time during which the water would be available for an Exchange and the time reasonably
necessary for response to the notice. If none of the notified parties objects in writing to the
proposed Exchange within the time specified by the Federal Water Master and the provisions
of Section 8.S.4 are satisfied, the Exchange shall take place as proposed, unless it is limited by
the Administrator or prohibited as provided in Section 8.S.5. Written objections to the
proposed Exchange shall be filed with the Federal Water Master, served on each of the other
parties who received the notice, and provided to California. The Federal Water Master shall
promptly discuss the objections with the objecting party or parties and encourage a timely
resolution of the objections that allows some or all of the Exchange to take place. The Federal
Water Master may allow an Exchange under this Section 8.S even if all objections are not
resolved. The decision of the Federal Water Master shall be subject to review by the Orr
Ditch Court pursuant to the provisions of the Orr Ditch Decree.

Section 8.S.4 Protection of Lake Tahoe Floriston Rate Water. The Federal
Water Master shall not allow an Exchange under this Section 8.S unless:

(a) the Lake Tahoe Floriston Rate Water which will be in Stampede Reservoir as
Project Water in Another Reservoir as a result thereof shall not incur losses,
calculated as provided in Sections 5.C and 5.D, greater than would have occurred
had the Exchange not taken place; however, if such greater losses are incurred
they shall be compensated by Joint Program Fish Credit Water, Fish Credit
Water or Fish Water;

(b) the Lake Tahoe Floriston Rate Water which will be in Stampede Reservoir as
Project Water in Another Reservoir can either (1) be Released to support
Floriston Rates or Reduced Floriston Rates in accordance with Section 5.A.4,
or (2) be used to Accumulate other categories of Credit Water; and

(c) by November 1 of the year in which such Exchange occurred, the amount of
Floriston Rate Water in Lake Tahoe will be the same as it would have been had
an Exchange pursuant to this Section 8.S not occurred.

Section 8.S.5 Scheduling of Exchange. If the Federal Water Master allows an
Exchange proposed under Section 8.S.1, the Administrator shall schedule the Exchange unless
United States determines that an Exchange of Fish Water or Fish Credit Water proposed by
California would be detrimental to Pyramid Lake Fishes.

Section 8.S.6 Implementation. The Exchange allowed under Section 8.S.1 shall be
deemed a Trade of Floriston Rate Water for an equal amount of Joint Program Fish Credit
Water, Fish Credit Water or Fish Water. The water for which such Floriston Rate Water is
Traded shall be concurrently Released from Lake Tahoe as Fish Credit Water or Joint
Program Fish Credit Water as the case may be.
SECTION 8.T - EXCHANGES FOR WATER QUALITY CREDIT WATER

To the extent that the availability of Fish Water and Fish Credit Water for the purposes described in Sections 5.B.6(a)(5)(i), 5.B.6(a)(5)(iii), 5.B.6(a)(5)(iv), 5.B.8(c)(1), 5.B.8(e)(3), 7.C.5(a) and 7.C.5(c) is not infringed, Pyramid Tribe and United States shall perform water operations in accordance with this Article Eight to allow Water Quality Credit Water to be available at times identified by the Joint Program Parties as identified in Section 3 of the Truckee River Water Quality Settlement Agreement. Operations under this Section 8.T shall not be deemed adverse to or in conflict with Project Water Operations. United States and Pyramid Tribe shall not be required to reserve Fish Water or Fish Credit Water for operations under this Section 8.T.

SECTION 8.U - REQUIRED TRADE OF CALIFORNIA M&I CREDIT WATER FROM LAKE TAHOE TO OTHER TRUCKEE RIVER RESERVOIRS

Section 8.U.1 Conditions for Required Trade. If scheduled by California, United States and Pyramid Tribe shall Trade Fish Credit Water and Fish Water in Truckee River Reservoirs other than Lake Tahoe for California M&I Credit Water in Lake Tahoe when the following conditions are met:

(a) The water surface elevation of Lake Tahoe, consisting of all water in Lake Tahoe, is above 6,223.0 feet Lake Tahoe Datum.

(b) California is unable, despite best efforts, to Accumulate the 3,000 acre-feet of California M&I Credit Water in Donner Lake, Independence Lake and Truckee River Reservoirs other than Lake Tahoe, as provided in Section 6.C.2(a), through one or more of the following operations:

   (1) Exchanges with Joint Program Fish Credit Water in accordance with Section 8.E; and

   (2) voluntary Exchanges with other categories of Credit Water in accordance with Section 8.E.

(c) The maximum amount of water that may be Traded at any one time under this Section 8.U.1 shall not exceed 3,000 acre-feet less the combined amount of California M&I Credit Water and California Environmental Credit Water in Donner Lake, Independence Lake and Truckee River Reservoirs other than Lake Tahoe.

(d) The maximum amount of water that may be Traded in a year under this Section 8.U shall not exceed 3,000 acre-feet.

A Trade under this Section 8.U shall not be deemed adverse to or in conflict with Project Water Operations. United States and Pyramid Tribe shall not be required to reserve Fish Water or Fish Credit Water for Trades under this Section 8.U.
Section 8.U.2 Implementation of Required Trade. To carry out a Trade under this Section 8.U, California shall provide notice to United States, Pyramid Tribe and the Administrator, identifying its efforts to Accumulate water pursuant to Section 8.U.1(b), the amount of California M&I Credit Water to be Traded out of Lake Tahoe pursuant to Section 8.U.1, and the date on which such Trade shall take place. California shall, to the extent practicable, provide reasonable advance notice of the proposed Trade. Within seven days after such notice, United States and Pyramid Tribe shall respond to California’s notice by proposing an amount and location of each category of Fish Credit Water and Fish Water in Truckee River Reservoirs other than Lake Tahoe to be Traded for an equal amount of California M&I Credit Water. If California concurs within seven days, the Administrator shall implement the proposed Trade. If California does not concur, the proposed Trade shall not be implemented.

SECTION 8.V - EXCHANGE INVOLVING FISH CREDIT WATER AND JOINT PROGRAM FISH CREDIT WATER

When scheduled Exchanges of Fish Credit Water and Joint Program Fish Credit Water conflict, and to the extent that the availability of Fish Credit Water for the purposes described in Sections 5.B.6(a)(5)(i), 5.B.6(a)(5)(iii), 7.C.5(a) and 7.C.5(c) is not infringed, they shall share the Exchange opportunity proportionally to the amount of such Credit Waters proposed to be Exchanged, unless otherwise agreed to by California, United States and Pyramid Tribe. If United States and Pyramid Tribe determine that the availability of Fish Credit Water for the purposes of Sections 5.B.6(a)(5)(i), 5.B.6(a)(5)(iii), 7.C.5(a) and 7.C.5(c) will be infringed, then Fish Credit Water shall have priority over Joint Program Fish Credit Water.
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ARTICLE NINE
BENEFICIAL USES OF WATER
FOR INSTREAM FLOWS AND RECREATION IN CALIFORNIA

SECTION 9.A - PURPOSE

This Article Nine establishes criteria for Releases of water from reservoirs to maintain instream flows for fish and other biological resources in California and for Water Authority Hydroelectric Plant bypass flows. Nothing in this Article Nine shall require water to be reserved in reservoir storage for Minimum Releases or Enhanced Minimum Releases. Article Nine specifies the following:

1. methodology for determining whether Minimum Releases or Enhanced Minimum Releases are to be based on a Normal Season or Dry Season regime;

2. Minimum Releases, which are to be maintained with specified categories of water, whether or not the water used to maintain them can be re-stored in or Exchanged to another reservoir;

3. criteria under which additional water shall be Released to maintain Enhanced Minimum Releases, which are only required to the extent that the water so Released can be re-stored in or Exchanged to another reservoir;

4. provisions concerning bypass flows at Water Authority Hydroelectric Plants;

5. the means, including the use of voluntary Exchanges, toward maintaining preferred instream flows, desired reservoir levels for recreation and other objectives as set forth in the California Guidelines; and

6. provisions for the content and utilization of the California Guidelines, which California will submit to the Administrator.

SECTION 9.B - DETERMINATION OF DRY OR NORMAL SEASON

Section 9.B.1 Minimum Releases and Enhanced Minimum Releases to be Based on Normal Season and Dry Season Criteria. Minimum Releases and Enhanced Minimum Releases for reservoirs specified in Section 9.C vary, depending on whether a Normal Season or Dry Season exists, as determined by the Administrator in accordance with this Section 9.B. In general, the determination depends upon the amount of Lake Tahoe Floriston Rate Water in storage in Truckee River Reservoirs and the current forecast of California Truckee River Basin Supply during the months of April through July.
Section 9.B.1(a)  Determination of Normal Season or Dry Season For February through June. The Administrator shall determine whether a Normal Season or Dry Season exists for each day from February 1 through June 30 using Figures 9-1 through 9-10 as applicable, based upon the following:

(1) the amount of Lake Tahoe Floriston Rate Water in storage in Truckee River Reservoirs; and

(2) the current forecast of California Truckee River Basin Supply developed by the Administrator from the current year’s most recently prepared median forecast issued by the Natural Resources Conservation Service for the streamflow period of April 1 through July 31. Each forecast of California Truckee River Basin Supply developed by the Administrator shall be updated monthly and shall cover the entire April 1 through July 31 period. Forecasts prepared after April 1 shall include the actual California Truckee River Basin Supply beginning April 1.

If the information shows that the day falls within a Normal Season or Dry Season as shown on the applicable Figure, that season shall be the determination for that day. If the information shows that the day falls within “No Change” as shown on the applicable Figure, the determination for that day shall be the determination of the previous day. Figures 9-1 through 9-5 shall be used to determine Releases from Lake Tahoe and Figures 9-6 through 9-10 shall be used to determine Releases from reservoirs in the Truckee River Basin.

Section 9.B.1(b)  Determination of Normal Season or Dry Season For July through September and November through January. From July 1 through September 30, the season shall remain the same as was determined by the Administrator for the immediately previous June 30. From November 1 through January 31, the season shall remain the same as was determined by the Administrator for the immediately previous October 31.

Section 9.B.1(c)  Determination of Normal Season or Dry Season For October. From October 1 through October 31, the season shall remain the same as was determined for the immediately previous September 30, except for the following:

(1) The season shall be a Dry Season for Releases from Lake Tahoe on any day in October that the amount of Lake Tahoe Floriston Rate Water in storage in Truckee River Reservoirs is less than 150,000 acre-feet, and it shall remain a Dry Season for the remainder of the month.

(2) The season shall be a Dry Season for Releases from reservoirs in the Truckee River Basin on any day in October that the amount of Lake Tahoe Floriston Rate Water in storage in Truckee River Reservoirs is less than 50,000 acre-feet, and it shall remain a Dry Season for the remainder of the month.
Section 9.B.2 Information to Be Distributed by the Administrator. The determinations of season in accordance with Section 9.B.1 and the resulting Minimum Releases and Enhanced Minimum Releases in accordance with Section 9.C shall be distributed to Scheduling Parties by the Administrator for use in the schedules to be provided pursuant to Article Eleven.

SECTION 9.C - MINIMUM RELEASES, ENHANCED MINIMUM RELEASES AND PROSSER CREEK RESERVOIR RELEASES FOR ICE CONTROL

This Section 9.C defines and provides rules for the maintenance of Minimum Releases from Lake Tahoe, Donner Lake, Prosser Creek Reservoir, Stampede Reservoir, and Independence Lake, and Enhanced Minimum Releases for the same reservoirs except Independence Lake.


Section 9.C.1(a) Supplemental Releases of Water for Minimum Releases or Enhanced Minimum Releases. To the extent that the Minimum Release or Enhanced Minimum Release is not satisfied by any scheduled Release or Pass-Through of water, supplemental Releases of water from categories identified for each reservoir in Sections 9.C.2 through 9.C.8 shall be required for the Minimum Release or Enhanced Minimum Release only in accordance with this Section 9.C.

Section 9.C.1(b) Relation between Minimum Releases and Enhanced Minimum Releases. When the Enhanced Minimum Release is greater than the Minimum Release for a reservoir, it is inclusive of and not in addition to the Minimum Release. When the water categories designated for the Minimum Release are insufficient for that purpose, water categories designated for the Enhanced Minimum Release shall be used for the maintenance of the Minimum Release, subject to the provisions of Section 9.C.1(f).

Section 9.C.1(c) Temporary Suspension or Downward Adjustment of Minimum Releases or Enhanced Minimum Releases. California or any Scheduling Party having water in storage may request that the Administrator temporarily suspend or adjust downward the Minimum Release or Enhanced Minimum Release specified for a particular reservoir, including, without limitation, when water is, or is projected to be, unavailable for such Releases. Such requested temporary suspension or downward adjustment shall only be made if California, Nevada and all Scheduling Parties having water in storage in the particular reservoir consent thereto, including agreeing to observe any conditions of the proposal or consent to the proposal. Nothing in this Section 9.C.1(c) shall be construed as relieving California, or any agency thereof, from compliance with any California law applicable to a decision to temporarily suspend or to adjust downward a Minimum Release or Enhanced Minimum Release. A temporary suspension or downward adjustment of a Minimum Release or Enhanced Minimum Release shall not be construed as a waiver or suspension beyond the period of the request, and shall not prevent operations which provide more Discharge than the modified Minimum Release and Enhanced Minimum Release.
Section 9.C.1(d) Determination of Water that Shall Be Released To Maintain Minimum Releases and Enhanced Minimum Releases. Unless specifically provided otherwise in this Agreement, if more than one category of water is available and designated by this Section 9.C to supplement a scheduled Release or Pass-Through from a reservoir, each designated category of water in storage in that reservoir shall contribute to the Minimum Release or Enhanced Minimum Release in proportion to the amount that each category's water in storage in that reservoir bears to the total of all categories which must contribute to such Minimum Release or Enhanced Minimum Release. If, pursuant to Section 7.H.5 or Truckee Canal Diversion Criteria, Newlands Project Credit Water will not be used in a manner which contributes to Minimum Release or Enhanced Minimum Release, then the Minimum Release or Enhanced Minimum Release shall be shared proportionately by the remaining designated categories of water.

Section 9.C.1(e) Release Requirements Are Limited by Existence of Storage and Discharge Capacity. Nothing in this Section 9.C.1 shall be construed to require a Release of water in excess of the amount of water in storage of the category assigned to provide the Release, or in excess of the release capacity of the facility. When these or any other constraints limit maintaining such Minimum Release or Enhanced Minimum Release, the Release shall be reduced only to the extent of such constraints, except as provided in Section 9.C.1(c).

Section 9.C.1(f) Enhanced Minimum Releases Are Limited By Criteria For Exchange and Re-storage. Releases of additional water for Enhanced Minimum Releases shall be required pursuant to this Section 9.C from storage in Lake Tahoe, Donner Lake, Prosser Creek Reservoir and Stampede Reservoir only to the extent that the category of water designated for such Enhanced Minimum Release can be Exchanged to or re-stored in a Truckee River Reservoir, except no Scheduling Party shall be required to make an Exchange as set forth in Section 9.D.

Section 9.C.1(g) Relation to Project Water Operations. Operations in accordance with this Section 9.C shall not be deemed to be adverse to or conflict with Project Water Operations pursuant to Section 8.C.

Section 9.C.1(h) Maintaining Enhanced Minimum Release from Multiple Reservoirs. When the Administrator cannot maintain an Enhanced Minimum Release pursuant to Section 9.C.1(f) without reducing the flow available to maintain Enhanced Minimum Release from another reservoir or reservoirs, the Administrator shall resolve the matter by reference to the California Guidelines.

Section 9.C.2 Minimum and Enhanced Minimum Releases from Lake Tahoe.

Section 9.C.2(a) Minimum Releases. Minimum Releases from Lake Tahoe shall be 50 cfs from October 1 through March 31, and 70 cfs from April 1 through September 30 each year, to the extent such Releases are in accordance with Section 5.B.6(b).
Section 9.C.2(b)  Enhanced Minimum Releases. During a Normal Season, the Enhanced Minimum Release from Lake Tahoe shall be 75 cfs. During a Dry Season, when the Release provided in accordance with Section 5.B.6(b) is less than the Minimum Release, the Enhanced Minimum Release from Lake Tahoe shall be the greater of 37.5 cfs or the Lake Tahoe Release that is provided by Section 5.B.6(b). Subject to the provisions of Section 9.C.1, sufficient water from all categories, except Floriston Rate Water, shall be Released from Lake Tahoe to provide the additional flow required to maintain the Enhanced Minimum Release.


Section 9.C.3(a)  Minimum Releases. Except to the extent limited by the requirements of the Donner Lake Indenture, consistent with accepted practice, the Minimum Release from Donner Lake shall be 2 cfs, except, if the flow below the confluence of Donner Creek and Cold Creek is less than 5 cfs, the Minimum Release from Donner Lake shall be 3 cfs, which if not provided by other operations shall be provided by Privately Owned Stored Water. Each owner of Privately Owned Stored Water shall be charged in proportion to their ownership interests for Releases of Privately Owned Stored Water made to satisfy the Minimum Release.

Section 9.C.3(b)  Enhanced Minimum Releases. Except to the extent limited by the requirements of the Donner Lake Indenture, the Enhanced Minimum Release from Donner Lake shall be 8 cfs during a Normal Season and 4 cfs during a Dry Season.

Section 9.C.3(c)  Sources of Water for Donner Lake Enhanced Minimum Releases. Release from Donner Lake for the purpose of providing the portion of the Enhanced Minimum Release not supplied under Section 9.C.3(a) and which, but for the requirements of this Agreement, would not otherwise be Released from Donner Lake, shall be provided as follows:

1. first, by owners of Donner Lake Privately Owned Stored Water to the extent that each owner may choose to specify a contribution to such Release in proportion to their ownership interest;

2. second, to the extent that an owner did not choose to specify a contribution to such Release, by Privately Owned Stored Water or Water Authority M&I Credit Water to the extent that another owner may specify all or part of the remaining contribution to such Release;

3. third, by any Credit Water other than Water Authority M&I Credit Water proportionately to the amount of such storage in Donner Lake;

4. fourth, by Water Authority M&I Credit Water; and

5. fifth and last, by owners who are also Signatory Parties to the extent of their percentage share of ownership of Privately Owned Stored Water in Donner Lake.
Section 9.C.4 No Minimum Releases and Enhanced Minimum Releases from Martis Creek Reservoir. This Agreement does not specify Minimum Releases or Enhanced Minimum Releases for Martis Creek Reservoir.

Section 9.C.5 Minimum Releases, Enhanced Minimum Releases and Releases for Ice Control from Prosser Creek Reservoir.

Section 9.C.5(a) Minimum Releases. The Minimum Release from Prosser Creek Reservoir shall be 5 cfs which, if not provided by other operations, shall be provided by Prosser Reserved Water.

Section 9.C.5(b) Enhanced Minimum Releases. Unless Prosser Creek Dam outlet works are modified to allow a Release of 16 cfs, the Enhanced Minimum Release from Prosser Creek Reservoir during a Normal Season shall be 12 cfs from March 1 through August 31 and 25 cfs from September 1 through February. If the outlet works have been modified, the Enhanced Minimum Release shall be 16 cfs during a Normal Season. The Enhanced Minimum Release from Prosser Creek Reservoir shall be 8 cfs during a Dry Season. Unless otherwise specified in the California Guidelines, the Enhanced Minimum Release shall not be required from Prosser Creek Reservoir when total storage of all water is less than 9,800 acre-feet.

Section 9.C.5(c) Sources of Water for Prosser Creek Reservoir Enhanced Minimum Releases. To the extent that operations do not otherwise maintain the Enhanced Minimum Release for Prosser Creek Reservoir:

(1) A maximum of 10 cfs during a Normal Season and a maximum of 8 cfs during a Dry Season shall be Released from Prosser Creek Reservoir, as needed, from the following categories, in the following order:

(i) Prosser Fish Water in accordance with Section 9.C.1(f);

(ii) to the extent the Release of Prosser Fish Water is insufficient, then Fish Credit Water as an In-Lieu Release for an equal amount of water from another reservoir without regard to Section 9.C.1(f); and

(iii) to the extent the Release of Fish Credit Water is insufficient, then Prosser Fish Water as an In-Lieu Release for an equal amount of water from another reservoir without regard to Section 9.C.1(f).

(2) If the Releases in accordance with Section 9.C.5(c)(1) are insufficient to maintain the Enhanced Minimum Release during a Normal Season, then additional water categories, except Floriston Rate Water, Tahoe-Prosser Exchange Water, Prosser Reserved Water and Water Authority Emergency Drought Supply, shall be Released as needed and in accordance with Section 9.C.1(f) to maintain the Enhanced Minimum
Release. No category other than Prosser Fish Water and Fish Credit Water shall be required to beReleased to maintain the Enhanced Minimum Release during a Dry Season.

Section 9.C.5(d) Ice Control. In addition to flows provided in accordance with Section 9.C.5(b), from December 1 through February, the Administrator shall Release up to a total of 300 acre-feet each year from all categories of water in Prosser Creek Reservoir, except Floriston Rate Water, Tahoe-Prosser Exchange Water and Water Authority Emergency Drought Supply, with each category contributing in proportion to the quantity of water stored in that category in Prosser Creek Reservoir, as necessary to prevent the formation of ice, such as anchor ice, in Prosser Creek, notwithstanding the limitations of Section 9.C.1(f). The Administrator shall develop any criteria needed for such Releases and schedule Releases in accordance with the California Guidelines and in consultation with the Scheduling Parties storing water in Prosser Creek Reservoir.

Section 9.C.6 Minimum Releases from Independence Lake.

Section 9.C.6(a) Minimum Releases. The Minimum Release flow regimes for Independence Lake are as follows:

<table>
<thead>
<tr>
<th>Regime</th>
<th>January (cfs)</th>
<th>Feb-March (cfs)</th>
<th>April-July (cfs)</th>
<th>Aug-Sep (cfs)</th>
<th>Oct-Dec (cfs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>3.5</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>3.5</td>
</tr>
<tr>
<td>3</td>
<td>7</td>
<td>4</td>
<td>8</td>
<td>4</td>
<td>7</td>
</tr>
</tbody>
</table>

The Minimum Release flow regimes for Independence Lake shall be determined as follows:

<table>
<thead>
<tr>
<th>Season (as determined in Section 9.B)</th>
<th>When storage is:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than or equal to 7,500 acre-feet</td>
</tr>
<tr>
<td>Dry</td>
<td>Regime 1</td>
</tr>
<tr>
<td>Normal</td>
<td>Regime 1</td>
</tr>
</tbody>
</table>

Where “Regime 2 or 3” is specified, the Minimum Release from Independence Lake shall be the greater of Regime 2, or an amount equal to Regime 3 less one-half the sum of all inflow into Independence Creek between Independence Lake and its confluence with the Little Truckee River.
Section 9.C.6(b) No Enhanced Minimum Releases from Independence Lake. Because of the Minimum Releases required in Section 9.C.6(a), this Agreement does not specify Enhanced Minimum Releases for Independence Lake.

Section 9.C.6(c) Sources of Water for Independence Lake Minimum Release. Privately Owned Stored Water shall provide Minimum Release equal to 2 cfs to the extent Independence Lake Release would otherwise be less than 2 cfs. Additional Release from Independence Lake for the purpose of providing the Minimum Release corresponding to Regimes 2 or 3 and which, but for the requirements of this Agreement, would not otherwise be Released from Independence Lake, shall first be provided by Water Authority Release of Privately Owned Stored Water to the extent specified by Water Authority, second by Credit Water other than Water Authority M&I Credit Water, third by Water Authority M&I Credit Water, and finally by Water Authority Privately Owned Stored Water in Independence Lake.

Section 9.C.6(d) Exchange, Storage, or Re-Storage. Water Released from Independence Lake to satisfy the provisions of this Section 9.C.6 shall be Exchanged, stored, or re-stored in Truckee River Reservoirs in accordance with the provisions of Article Eight, if and to the extent such Exchange, storage or re-storage is requested by the Scheduling Party who owns the category of water Released from Independence Lake.

Section 9.C.7 Minimum and Enhanced Minimum Releases from Stampede Reservoir.

Section 9.C.7(a) Minimum Releases. The Minimum Release from Stampede Reservoir shall be 30 cfs, which, if not provided from other operations, shall be provided by Release of Stampede Project Water. California may, notwithstanding Section 9.C.1(c) and as directed by California Guidelines or additional measures pursuant to Section 9.F.1(c), reduce the Minimum Release and Enhanced Minimum Release from Stampede Reservoir by as much as 5 cfs, provided that an increased Release of an equal amount of a combination of Fish Credit Water and Prosser Fish Water is made from Prosser Creek Reservoir, in accordance with Section 9.C.5(c)(1).

Section 9.C.7(b) Enhanced Minimum Releases. During a Normal Season, the Enhanced Minimum Release from Stampede Reservoir shall be 45 cfs. During a Dry Season, when the Minimum Release cannot be provided in accordance with Section 9.C.7(a), the Enhanced Minimum Release from Stampede Reservoir shall be the greater of 22.5 cfs or the Stampede Reservoir Release that is provided by Section 9.C.7(a).

Section 9.C.7(c) Sources of Water for Enhanced Minimum Release. Subject to the provisions of Section 9.C.1, sufficient water of all categories, except Firm M&I Credit Water, Project Water in Another Reservoir and Water Authority Emergency Drought Supply, shall be Released to provide the additional flow required to maintain the Enhanced Minimum Release.
Section 9.C.8 Minimum Releases and Enhanced Minimum Releases Not Required from Boca Reservoir. No Minimum Release or Enhanced Minimum Release is required from Boca Reservoir; however, recommendations for Releases or operations to maintain instream flows downstream from Boca Reservoir may be made in the California Guidelines pursuant to Section 9.F.1, or in additional proposals for adjustments to river operations pursuant to Section 8.R.

SECTION 9.D - EXCHANGE CRITERIA FOR ENHANCED AND DRY SEASON MINIMUM RELEASES

Section 9.D.1 Purpose and General Provision. This Section 9.D sets forth criteria under which an Exchange otherwise required by Sections 9.C or 8.Q.1 shall not be required, even though the Released water could be Exchanged to or re-stored in a Truckee River Reservoir. For purposes of Sections 9.D.2 through 9.D.7, daily values shall be determined based upon linear interpolation of end-of-month storage or elevation thresholds.

Section 9.D.2 Lake Tahoe Criteria. No Scheduling Party shall be required to Exchange water into Lake Tahoe if (a) the amount of Floriston Rate Water stored in Lake Tahoe is at or below the low elevation thresholds set forth in Table 9-1, or (b) the elevation of Lake Tahoe, after subtracting the total amount of Newlands Project Credit Water, Additional California Environmental Credit Water and Other Credit Water in Lake Tahoe, is at or above the high elevation thresholds set forth in Table 9-1.

Table 9-1 Lake Tahoe End-of-Month Elevation Thresholds
(Elevation above 6,220.0 Feet, Lake Tahoe Datum)

<table>
<thead>
<tr>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>High Elevation Thresholds</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.11 7.11 7.27 7.43 8.01 8.49 8.74 7.49 7.92 7.43 7.11 7.11</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Low Elevation Thresholds</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.41 3.41 3.49 3.58 3.87 4.11 4.24 4.11 3.82 3.58 3.41 3.41</td>
</tr>
</tbody>
</table>

Section 9.D.3 Donner Lake Criteria. No Scheduling Party shall be required to Exchange water out of Donner Lake when the amount of water in Donner Lake is at or below the storage thresholds set forth in Table 9-2. No Scheduling Party shall be required to Exchange water into Donner Lake for the purpose of maintaining Enhanced Minimum Releases.
Table 9-2 Donner Lake End-of-Month Storage Thresholds
(thousand acre-feet)

<table>
<thead>
<tr>
<th></th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.0</td>
<td>4.0</td>
<td>8.0</td>
<td>7.5</td>
<td>7.5</td>
<td>6.5</td>
<td>3.5</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Section 9.D.4 Prosser Creek Reservoir Criteria. No Scheduling Party shall be required to Exchange water into Prosser Creek Reservoir when total storage, after subtracting the total amount of Newlands Project Credit Water, Additional California Environmental Credit Water and Other Credit Water in Prosser Creek Reservoir, is at or above the storage thresholds set forth in Table 9-3.

Table 9-3 Prosser Creek Reservoir End-of-Month Storage Thresholds
(thousand acre-feet)

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.8</td>
<td>7.8</td>
<td>7.8</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>23.8</td>
<td>23.8</td>
<td>9.8</td>
<td>7.8</td>
<td>7.8</td>
</tr>
</tbody>
</table>

* 85% COE means 85 percent of the maximum storage in thousand acre-feet set by the Corps of Engineers for flood control for any date within the specified month.


Section 9.D.6 Stampede Reservoir Criteria. No Scheduling Party shall be required to Exchange into or re-store water in Stampede Reservoir when the total storage in Stampede Reservoir, after subtracting the total amount of Newlands Project Credit Water, Additional California Environmental Credit Water and Other Credit Water in Stampede Reservoir, is at or above the storage thresholds set forth in Table 9-4.

Table 9-4 Stampede Reservoir End-of-Month Storage Thresholds
(thousand acre-feet)

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>195</td>
<td>195</td>
<td>195</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>215</td>
<td>200</td>
<td>195</td>
<td>195</td>
<td>195</td>
</tr>
</tbody>
</table>

* 90% COE means 90 percent of the maximum storage in thousand acre-feet set by the Corps of Engineers for flood control operations for any date within the specified month.

Section 9.D.7 Boca Reservoir Criteria. No Scheduling Party shall be required to Exchange into or re-store water in Boca Reservoir when the total storage in Boca Reservoir, after subtracting the total amount of Newlands Project Credit Water, Additional California Environmental Credit Water and Other Credit Water in Boca Reservoir, is at or above the storage thresholds set forth in Table 9-5.
Table 9-5 Boca Reservoir End-of-Month Storage Thresholds
(Thousand acre-feet)

<table>
<thead>
<tr>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.3</td>
<td>26.3</td>
<td>26.3</td>
<td>85%</td>
<td>85%</td>
<td>85%</td>
<td>32.7</td>
<td>32.7</td>
<td>32.7</td>
<td>26.3</td>
<td>26.3</td>
<td>26.3</td>
</tr>
</tbody>
</table>

* 85% COE means 85 percent of the maximum storage in thousand acre-feet set by the Corps of Engineers for flood control operations for any date within the specified month.

SECTION 9.E - MINIMUM INSTREAM FLOWS AT WATER AUTHORITY HYDROELECTRIC PLANT DIVERSIONS

**Section 9.E.1 Bypass Flow at Water Authority Hydroelectric Facilities.** This Section 9.E.1 only limits diversions for Water Authority hydroelectric facilities operations for the purpose of providing bypass flows and shall not limit diversions for other beneficial uses. All references to bypass flow requirements in this Section 9.E.1 are exclusive of Fish Water Released pursuant to Section 9.E.2, and Fish Credit Water and Fish Water Released to compensate for diversions made in accordance with Section 5.A.8.

**Section 9.E.1(a)** If total Truckee River flow immediately upstream of a Water Authority Hydroelectric Plant diversion dam is greater than or equal to 55 cfs, Water Authority shall operate that Water Authority Hydroelectric Plant diversion works to bypass 50 cfs over or through such diversion dam for instream flow immediately downstream from the diversion dam. If total Truckee River flow immediately upstream of a Water Authority Hydroelectric Plant diversion dam is less than 55 cfs, then Water Authority shall divert no more than 5 cfs into the flume for hydroelectric facility operations.

**Section 9.E.1(b)** If the scheduled combined diversion for Highland Ditch and Washoe Ditch at Washoe Diversion Dam would otherwise cause the respective bypass flow to be less than 50 cfs, Water Authority shall reduce diversion to the Washoe Ditch for hydroelectric facility operations to the extent required under this Section 9.E.1.

**Section 9.E.1(c)** Water Authority shall not be required to bypass water in excess of that specified in this Section 9.E.1 if other water users divert water from the river between a Water Authority Hydroelectric Plant diversion dam and its hydroelectric facilities return point.

**Section 9.E.1(d)** Nothing in this Section 9.E.1 shall preclude Water Authority from bypassing additional water if it so chooses.

**Section 9.E.2 Instream Flow Maintenance at Water Authority Hydroelectric Plants Using Fish Water.** In addition to the bypass flow required by Section 9.E.1, Water Authority shall operate Water Authority Hydroelectric Plant diversion works to bypass additional flow in accordance with Sections 5.A.8(a), 9.E.2(a), and 9.E.2(b). For purposes of this Section 9.E.2 only, Establishment of Fish Credit Water, Other Credit Water, and
Newlands Project Credit Water shall only include such Credit Water Establishment through retention of Floriston Rate Water.

Section 9.E.2(a) Flow at Farad Gage Equal to or Greater than Floriston Rates or Reduced Floriston Rates. Whenever Truckee River flow at Farad Gage, exclusive of (1) Fish Water scheduled and Released pursuant to this Section 9.E.2 for maintenance of instream flows between the Water Authority Hydroelectric Plant diversion works and return points and (2) Fish Water and Fish Credit Water at Washoe/Highland ditch diversion facility Released to compensate for diversions made in accordance with Section 5.A.8, is equal to or greater than flow equivalent to Floriston Rates or Reduced Floriston Rates, Water Authority shall operate Water Authority Hydroelectric Plant diversion works to bypass such Fish Water, and shall also operate Washoe/Highland ditch diversion facility to bypass Fish Water and Fish Credit Water Released pursuant to Section 5.A.8(a).

Section 9.E.2(b) Flow at Farad Gage Less than Floriston Rates or Reduced Floriston Rates. Whenever Truckee River flow at Farad Gage, exclusive of Fish Water scheduled and Released pursuant to this Section 9.E.2 for maintenance of instream flows between the Water Authority Hydroelectric Plant diversion works and return points, and exclusive of Fish Water and Fish Credit Water at Washoe/Highland ditch diversion facility that was Released pursuant to Section 5.A.8(a), is less than flow equivalent to Floriston Rates or Reduced Floriston Rates, and:

(1) when Fish Credit Water, Other Credit Water owned by United States or Pyramid Tribe, and Newlands Project Credit Water are not being concurrently Established, Water Authority shall bypass such Fish Water Released for instream flow as follows:

(i) 50 cfs from October through April, and

(ii) 150 cfs from May through September; or

(2) when Fish Credit Water, Other Credit Water owned by United States or Pyramid Tribe, and Newlands Project Credit Water, in any combination, are being concurrently Established, Water Authority shall operate Water Authority Hydroelectric Plant diversion works to bypass such Fish Water Released for instream flow according to the following schedule:
<table>
<thead>
<tr>
<th>Period</th>
<th>Establishment rate (cfs) of Fish Credit Water, Other Credit Water owned by United States or Pyramid Tribe, and Newlands Project Credit Water</th>
<th>Fish Water Released for instream flow to be bypassed by hydroelectric plant at the following rate (cfs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct-April</td>
<td>greater than 50</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>less than or equal to 50</td>
<td>50 minus Establishment Rate</td>
</tr>
<tr>
<td>May-Sept</td>
<td>greater than 50</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>41-50</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>31-40</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>21-30</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>11-20</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>1-10</td>
<td>120</td>
</tr>
</tbody>
</table>

**SECTION 9.F - CALIFORNIA GUIDELINES CONCERNING PREFERRED RESERVOIR OPERATIONS FOR INSTREAM FLOWS AND RECREATION**

**Section 9.F.1 California Guidelines.** California shall timely submit operating guidelines including any revisions to the Administrator for instream flow, reservoir level and other environmental objectives. California shall transmit the California Guidelines to the Administrator and others in accordance with Section 11.C.2(b).

**Section 9.F.1(a) Content of California Guidelines.** The following are appropriate resource management considerations which may be included in the California Guidelines: (1) preferred instream flows downstream from reservoirs; (2) reservoir storage targets (for recreation, resident fish, or other environmental objectives); (3) other environmental objectives including, but not limited to, restoring, maintaining and enhancing riparian vegetation, fish habitat, and water quality; (4) priorities to be followed by the Administrator, insofar as practicable, in the event that not all preferred instream flow and reservoir storage targets can be attained; and (5) recommendations for voluntary Exchanges, maximum instream flows, ramping rates, scheduling of Releases, and other adjustments to river operations for instream flow and reservoir-based recreation. The California Guidelines shall not specify a preferred instream flow below Donner Lake during a Dry Season.

**Section 9.F.1(b) Resolution of Conflict or Ambiguity in California Guidelines.** In the event that the Administrator finds a conflict or ambiguity in the California Guidelines, the Administrator shall, as appropriate, request that California clarify the California Guidelines, or consult with California and other affected parties to resolve the conflict.
Section 9.F.1(c) Additional Proposals for Adjustments to River Operations. In addition to transmittal of the California Guidelines pursuant to Section 11.C.2(b) California may request adjustments to river operations in accordance with Section 8.R.

Section 9.F.2 Use of California Guidelines for Preferred Instream Flows, for Recreation, to Limit Maximum Flows, and to Provide Ramping of Flows. To the extent practicable and consistent with the exercise of water rights, assurance of water supplies, operational considerations, the requirements of the Settlement Act and all other requirements of this Agreement, the Administrator shall:

(a) encourage Scheduling Parties to schedule in accordance with the California Guidelines;

(b) encourage voluntary Exchanges and re-storage, scheduling of Releases, and other available water management opportunities to increase reservoir Releases to help maintain the preferred instream flows specified in the California Guidelines;

(c) encourage voluntary Exchanges and re-storage, scheduling of Releases, and other available water management opportunities to meet the recreation-based reservoir storage objectives specified in the California Guidelines;

(d) encourage voluntary Exchanges and re-storage, scheduling of Releases, and other available water management opportunities to prevent or minimize Releases which result in any maximum flow criteria in the California Guidelines being exceeded; and

(e) encourage voluntary Exchanges and re-storage, scheduling of Releases, and other available water management opportunities to limit the rates of increase or decrease (ramping) of reservoir Releases consistent with the California Guidelines.
Figure 9-1. Season Type Determination for Minimum and Enhanced Minimum Releases

TAHOE BASIN -- FEBRUARY

<table>
<thead>
<tr>
<th>Lake Tahoe Floriston Rate Water in Truckee River Reservoirs (1,000 ac-ft)</th>
<th>Forecast April-July California Truckee River Basin Supply (1,000 ac-ft)</th>
<th>Season Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 55</td>
<td>All</td>
<td>Dry</td>
</tr>
<tr>
<td>Greater than or equal to 55 and less than or equal to 60</td>
<td>Less than or equal to 180</td>
<td>Dry</td>
</tr>
<tr>
<td>Greater than 60 and less than or equal to 389</td>
<td>Greater than 180</td>
<td>No Change</td>
</tr>
<tr>
<td>Greater than 389 and less than or equal to 425</td>
<td>Less than or equal to 140</td>
<td>Dry</td>
</tr>
<tr>
<td>Greater than 425 and less than or equal to 430</td>
<td>Greater than 140 and less than or equal to 200</td>
<td>No Change</td>
</tr>
<tr>
<td>Greater than 430</td>
<td>Less than or equal to 200</td>
<td>No Change</td>
</tr>
<tr>
<td>Greater than 200</td>
<td></td>
<td>Normal</td>
</tr>
</tbody>
</table>
Figure 9-2. Season Type Determination for Minimum and Enhanced Minimum Releases

TAHOE BASIN – MARCH

<table>
<thead>
<tr>
<th>Lake Tahoe Floriston Rate Water in Truckee River Reservoirs (1,000 ac-ft)</th>
<th>Forecast April-July California Truckee River Basin Supply (1,000 ac-ft)</th>
<th>Season Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 60</td>
<td>All</td>
<td>Dry</td>
</tr>
<tr>
<td>Greater than or equal to 60 and less than or equal to 80</td>
<td>Less than or equal to 180</td>
<td>Dry</td>
</tr>
<tr>
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Figure 9-3. Season Type Determination for Minimum and Enhanced Minimum Releases

TAHOE BASIN -- APRIL

<table>
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<tr>
<th>Lake Tahoe Floriston Rate Water in Truckee River Reservoirs (1,000 ac-ft)</th>
<th>Forecast April-July California Truckee River Basin Supply (1,000 ac-ft)</th>
<th>Season Type</th>
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<td>Less than 80</td>
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Figure 9-4. Season Type Determination for Minimum and Enhanced Minimum Releases

TAHOE BASIN -- MAY

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<th>Forecast April-July California Truckee River Basin Supply (1,000 ac-ft)</th>
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Figure 9-5. Season Type Determination for Minimum and Enhanced Minimum Releases

TAHOE BASIN – JUNE

Lake Tahoe Floriston Rate Water
in Truckee River Reservoirs (1,000 ac-ft)

Forecast April-July California Truckee River Basin Supply (1,000 ac-ft)

<table>
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<th>Lake Tahoe Floriston Rate Water in Truckee River Reservoirs (1,000 ac-ft)</th>
<th>Forecast April-July California Truckee River Basin Supply (1,000 ac-ft)</th>
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Figure 9-6. Season Type Determination for Minimum and Enhanced Minimum Releases

TRUCKEE BASIN -- FEBRUARY

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<th>Lake Tahoe Floriston Rate Water in Truckee River Reservoirs (1,000 ac-ft)</th>
<th>Forecast April-July California Truckee River Basin Supply (1,000 ac-ft)</th>
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Figure 9-7: Season Type Determination for Minimum and Enhanced Minimum Releases

TRUCKEE BASIN - MARCH

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<td>Forecast April-July California Truckee River Basin Supply (1,000 ac-ft)</td>
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### Figure 9-9. Season Type Determination for Minimum and Enhanced Minimum Releases

#### TRUCKEE BASIN -- MAY

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<th>Forecast April-July California Truckee River Basin Supply (1,000 ac-ft)</th>
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Figure 9-10. Season Type Determination for Minimum and Enhanced Minimum Releases

TRUCKEE BASIN -- JUNE

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<th>Lake Tahoe Floriston Rate Water in Truckee River Reservoirs (1,000 ac-ft)</th>
<th>Forecast April-July California Truckee River Basin Supply (1,000 ac-ft)</th>
<th>Season Type</th>
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<td>Greater than 300</td>
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<td>No Challenge to Well Entitled to Conclusive Presumption of Compliance</td>
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<td>Where Notice Indicates that Well is Constructed Outside a Special Zone or Otherwise is Not Entitled to Conclusive Presumption of Compliance</td>
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<td>Construction Not to Commence for 45 Days</td>
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<td>Construction of a Well without Notice or Pursuant to Void Notice</td>
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<td>Corrective Procedures for Well Constructed Without Notice or Pursuant to Void Notice</td>
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<td>Appendix 10.A-G</td>
<td>Maps of Special Zones</td>
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ARTICLE TEN
DESIGN OF WATER WELLS IN THE TRUCKEE RIVER BASIN
IN CALIFORNIA

SECTION 10.A - GENERAL PROVISIONS

Section 10.A.1 Purpose. The purpose of this Article Ten is to provide a means for complying with Section 204(c)(1)(B) of the Settlement Act, which requires that new water wells be designed to minimize any short-term reductions of surface streamflows to the maximum extent feasible. This Article Ten shall apply to waters which are classified as ground water pursuant to California law. It shall not apply to the diversion or extraction of waters which are classified as surface waters pursuant to Division 2 Part 2 of the California Water Code (commencing with section 1200), as amended, or otherwise so classified under California law, and which may be put to beneficial use under California law applicable to surface water rights. The definitions, and the provisions of this Article Ten only apply to water wells and water bodies within the Truckee River Basin in California.

Section 10.A.2 Definitions. For purposes of this Article Ten, the following terms shall have the meanings specified when appearing in this Article Ten in bold face and with the first letter capitalized.

Section 10.A.2(a) Abandon or Abandonment. The terms “Abandon,” in any tense, and “Abandonment” include “destroy” or “destruction” as that term is used in California Water Code Section 13800 et seq., as amended, and California Well Standards (Department of Water Resources Bulletin 74-81 as supplemented by Bulletin 74-90).

Section 10.A.2(b) Domestic Well. “Domestic Well” means a well which is constructed for and serves domestic water to a single-family residence and, regardless of the size of the parcel on which the residence is located, water for the irrigation of not more than one acre.

Section 10.A.2(c) Geographic Features Map. “Geographic Features Map” means a set of maps maintained and updated by the Administrator pursuant to Section 10.A.4 used in the implementation of this Article Ten.

Section 10.A.2(d) Independent Consultant. “Independent Consultant” means a consultant qualified to review the construction of wells to determine whether they meet the criteria of Sections 10.B.1(c), 10.B.1(d), and 10.B.2 of this Agreement and Section 204(c)(1)(B) of the Settlement Act. Such consultant shall not have a financial interest or existing contractual relationship with the Person constructing the well in question or with the well project, and shall not have a financial interest or existing contractual relationship with any Signatory Party or Scheduling Party, or with any project undertaken by such party, provided that nothing in this Section 10.A.2(d) shall be construed as prohibiting subsequent contracts to review the construction of other wells. Such a consultant may have a financial interest or contractual relationship with United States, California, or Nevada, so long as the interest or relationship does not involve any of the geographic areas or matters included in the Settlement Act.
Section 10.A.2(e) Intermittent Stream. “Intermittent Stream” means a stream shown on a map adopted or modified pursuant to Section 10.A.4. For the purpose of updating such maps, an Intermittent Stream: (1) is not perennial, (2) flows in a definite channel or watercourse seasonally in most years and less often during infrequent periods of severe drought, and (3) has as its source rain, snow or a spring.

Section 10.A.2(f) Lake. “Lake” means a lake which: (1) is shown on a map adopted or modified pursuant to Section 10.A.4; (2) is more than 3 acres in surface area at maximum volume; and (3) is located on the Truckee River, Little Truckee River, a Perennial Stream or an Intermittent Stream. For the purpose of updating such maps, a Lake must be more than 3 acres in surface area at maximum volume and located on the Truckee River, Little Truckee River, a Perennial Stream or an Intermittent Stream. For the purposes of Section 10.B only, Martis Creek Reservoir is not a Lake and is governed by rules in Section 10.B.2(k).

Section 10.A.2(g) Local Well Ordinance. “Local Well Ordinance” means a water well ordinance adopted by a city, county, or water agency pursuant to the requirements of Division 7, Chapter 10, Article 4 (commencing with section 13800) of the California Water Code.

Section 10.A.2(h) Notice of Intent to Construct a Well. “Notice of Intent to Construct a Well,” sometimes herein referred to as “Notice,” means a notice to be filed with the Administrator pursuant to Section 10.C when a Person plans to drill a well in the Truckee River Basin in California.

Section 10.A.2(i) Perennial Stream. “Perennial Stream” means a stream shown on a map adopted or modified pursuant to Section 10.A.4. For the purpose of updating such maps, a Perennial Stream: (1) flows in a definite channel or watercourse, (2) flows throughout the year except for infrequent periods of severe drought when the stream may not flow, and (3) has as its source rain, snow or a spring.

Section 10.A.2(j) Pond. “Pond” means a pond which: (1) is shown on a map adopted or modified pursuant to Section 10.A.4; (2) is three acres or less in surface area at maximum volume; and (3) is located on the Truckee River, Little Truckee River, a Perennial Stream or an Intermittent Stream. For the purpose of updating such maps, a Pond must be equal to or less than three acres in surface area at maximum volume and located on the Truckee River, Little Truckee River, a Perennial Stream or an Intermittent Stream.

Section 10.A.2(k) Special Zone. “Special Zone” means an area described in Section 10.B.2 in which wells meeting specified criteria are presumed to comply with Section 204(c)(1)(b) of the Settlement Act.

Section 10.A.2(l) Spring. “Spring” means a spring shown on a map adopted or modified pursuant to Section 10.A.4. For the purpose of updating such maps, a Spring: (1) is tributary to an Intermittent Stream, a Perennial Stream, a Lake, Pond, the Little Truckee River or the Truckee River; (2) has as its source ground water; and (3) flows throughout the year except for infrequent periods of severe drought when the Spring may not flow.
Section 10.A.3 Measurement of Distance. For purposes of determining the distance between a well and the Truckee River, the Little Truckee River, a stream, lake, pond or spring as set forth in Section 10.B, only the horizontal component of the distance shall be used, and the measurement shall be from the centerline of a river or a stream, from the ordinary high water line of a lake or a pond, and from the center of a spring to the closest unsealed portion of the well below ground level into which water may flow.

Section 10.A.4 Location of Rivers, Streams, Lakes and Other Geographic Features. For purposes of determining compliance with the criteria in Section 10.B and the requirements in Section 10.C, the location of the Little Truckee River, Perennial Streams, Intermittent Streams, Springs, Lakes and Ponds are as shown on the Geographic Features Maps as described in Section 10.A.4(a) with all updates pursuant to Section 10.A.4(b) made before the Notice of Intent to Construct a Water Well is submitted pursuant to Section 10.C. The Administrator shall maintain the official set of Geographic Features Maps as public records and allow access to them, including making copies upon request. The Administrator shall update the Geographic Features Maps pursuant to the procedure set forth in Section 10.A.4(b).

Section 10.A.4(a) Initial Set of Geographic Features Maps. The initial set of Geographic Features Maps shall be the following 1:24,000 scale USGS topographic maps:

(1) Boca, Calif-Nev, 1955, Photo-revised 1969, AMS 1962
(2) Dog Valley, Calif-Nev, 1981, DMA 1963
(3) Granite Chief, Calif, 1953, Photo-revised 1979, DMA 1962
(4) Kings Beach, Calif.-Nev., 1992, DMA 1962
(6) Norden, Calif., 1955, Photo-revised 1979, DMA 1962
(7) Hobart Mills, Calif, 1981, DMA 1962
(8) Tahoe City, CA 1992, DMA 1962
(9) Truckee, CA, 1992, DMA 1962; and

for areas not covered by these maps, the latest 1:24,000 scale USGS topographic map which was published prior to the date of execution of this Agreement.
Section 10.A.4(b) Criteria for Updating the Geographic Features Maps. The Geographic Features Maps may be updated only as specified in this Section 10.A.4(b).

Section 10.A.4(b)(1) Request for an Update to the Geographic Features Map. The Administrator or any Signatory Party may at any time request that the current set of Geographic Features Maps be updated, including substitution of a more recent version of a USGS topographic map. The request shall include: (i) the geographic feature or features that should be added, deleted or redrawn; (ii) a published map or a drawing which is signed by a registered engineer, a registered land surveyor, a certified engineering geologist, a certified hydrogeologist or a registered geologist and shows the location of the geographic feature with a precision sufficient to update the Geographic Features Maps; and (iii) the rationale for the requested update. The Administrator shall timely determine if the request is complete and shall notify the party making the request of this determination. If the request for the update is complete, the Administrator shall timely transmit a copy of the request to each Signatory Party who has filed with the Administrator a request that it be furnished such requests and update the official maps with any new geographic features, deleted geographic features, or revisions to existing geographic features, identifying each such update as tentative. All tentative geographic features identified by a request shall be used for the purposes of determining compliance with the criteria in Section 10.B and the requirements of Section 10.C until such tentative features have been withdrawn or other final resolution attained pursuant to Sections 10.A.4(b)(3) through 10.A.4(b)(6). Features shown on a sketch provided pursuant to Section 10.C.1(c)(15) shall not modify the official set of Geographic Features Maps absent compliance with the procedure set forth in this Section 10.A.4(b) to update Geographic Features Maps.

Section 10.A.4(b)(2) California Approvals for Construction of a Lake or Pond. When California State Water Resources Control Board approves an application to appropriate surface water, or California Department of Fish and Game enters into a streambed modification agreement pursuant to California Fish and Game Code Section 1601 or 1603, for a project involving the construction of an impoundment or diversion facilities which creates a Lake or a Pond which is not already shown on a Geographic Features Map, it shall notify the Administrator of such approval, and the notification shall be treated as a request for an update pursuant to Section 10.A.4(b)(1).

Section 10.A.4(b)(3) Objection to a Request for an Update. Any Mandatory Signatory Party may file an objection to a request for an update with the Administrator. The objection shall identify its originator and provide an explanation of why the update should not be made. The Administrator shall timely transmit a copy of each objection to the party filing the request and each Signatory Party who has filed with the Administrator a request that it be furnished requests for an update. Objections are due within 60 days of the request unless an extension of time is granted by the Administrator to the Mandatory Signatory Party based on an inability to conduct an on-site investigation due to time of year, climatic condition or other physical on-site conditions which prevent inspection.
Section 10.A.4(b)(4) Incorporation of an Update without Objection. If no Mandatory Signatory Party files an objection to a request within 60 days of the original request or within an extended period of time granted by the Administrator pursuant to Section 10.A.4(b)(3), the Administrator shall update the Geographic Features Maps as specified in the request.

Section 10.A.4(b)(5) Incorporation of an Update with a Compromise. In response to an objection to a request, the party filing a request and each Mandatory Signatory Party who has filed an objection to that request, which objection was filed within the time limits set forth in Section 10.A.4(b)(3), may jointly submit a compromise update to the Administrator. If: (i) the compromise update was filed within 90 days of the original request or within 30 days after the period of time for incorporation of an update without objection pursuant to Section 10.A.4(b)(4), and (ii) the Administrator determines that the compromise update is within the scope of the original request, the Administrator shall update the Geographic Features Maps as specified in the compromise update. The Administrator shall timely transmit a copy of the compromise update and its determination to the party filing a request, each Mandatory Signatory Party who has filed an objection to that request and each Signatory Party who has filed with the Administrator a request that it be furnished such copies.

Section 10.A.4(b)(6) Dispute Resolution. If a request is not incorporated into the Geographic Features Maps, the Administrator shall, upon request of the party seeking the update and within 30 days from when the party is notified of denial of the request by the Administrator, refer the request, all objections and any proposed compromise to the Truckee River Special Hearing Officer for dispute resolution pursuant to Section 2.B.

Section 10.A.5 Well Construction Standards. All new wells shall be constructed in accordance with the applicable well standards developed and established pursuant to the provisions of Division 7, Chapter 10, Article 4 (commencing with section 13800) of the California Water Code.

SECTION 10.B - CRITERIA AND SPECIAL ZONES

This Section 10.B provides criteria for establishing a conclusive presumption for compliance with Section 204(c)(1)(B) of the Settlement Act. Where a Notice of Intent to Construct a Well provided pursuant to Section 10.C indicates that the well meets applicable criteria in this Section 10.B, the well is entitled to the conclusive presumption of having been designed to minimize any short-term reductions of surface flows to the maximum extent feasible as required by Section 204(c)(1)(B) of the Settlement Act. Where a Notice of Intent to Construct a Well provided pursuant to Section 10.C indicates that the well does not meet the criteria in Sections 10.B.1(c), 10.B.1(d) or 10.B.2 for entitlement to the conclusive presumption of having been designed to minimize any short-term reductions of surface flows to the maximum extent feasible as required by Section 204(c)(1)(B) of the Settlement Act, the additional criteria and procedures specified in Sections 10.D, 10.E and 10.F shall apply. A well shall not be entitled to the conclusive presumption pursuant to Sections 10.B.1(c) and 10.B.2 unless it also meets applicable setback distances from all features shown on the sketch provided with a Notice of Intent to Construct a Well pursuant to Section 10.C.1(c)(15), notwithstanding that such features may not appear in that location on Geographic Features Maps adopted pursuant to Section 10.A.4, provided that the inclusion of features shown on the sketch in one Notice of Intent to Construct a Well shall not be applicable to
any other Notice of Intent to Construct a Well unless such feature is also shown on the Geographic Features Maps.

Section 10.B.1 Criteria for Wells Conclusively Presumed to Comply with the Settlement Act Regardless of Location. The following wells identified in this Section 10.B.1, including routine maintenance of all such wells, shall be conclusively presumed to have been designed and constructed to minimize any short-term reductions of surface stream flows to the maximum extent feasible, as required by Section 204(c)(1)(B) of the Settlement Act:

(a) wells drilled or under construction before May 1, 1996;

(b) **Domestic Wells**;

(c) wells which serve a public transient non-community water system (public campgrounds and trailheads) and are located: (1) more than 500 feet from the centerline of the Truckee River, and (2) more than 500 feet from the centerline of the Little Truckee River, and (3) more than 500 feet from the ordinary high water line of any Lake located on the Truckee River or the Little Truckee River, and (4) more than 250 feet from the ordinary high water line of any Pond located on the Truckee River or the Little Truckee River, and (5) more than 200 feet from the centerline of any Perennial Stream, and (6) more than 100 feet from any Spring, and (7) more than 200 feet from the ordinary high water line of any Lake located on a Perennial Stream, and (8) more than 100 feet from the ordinary high water line of any Pond located on a Perennial Stream, and (9) more than 50 feet from the centerline of any Intermittent Stream, and (10) more than 50 feet from the ordinary high water line of any Lake located on an Intermittent Stream, (11) and more than 25 feet from the ordinary high water line of any Pond on an Intermittent Stream, and (12) outside the existing federal boundary of the Martis Creek Lake National Recreation Area;

(d) wells which serve a public transient non-community water system (public campgrounds and trailheads), where physical constraints make it infeasible to meet the criteria in Section 10.B.1(c) so long as all such wells do not cumulatively withdraw more than 20 acre-feet of water per annum;

(e) wells listed in this Section 10.B.1(e) (constructed after May 1, 1996):

1. Well #2 at Northstar Golf Course in the Northstar/Placer Special Zone with California Well Number 17N/17E-29D01,

2. TDPUD - Prosser Village Production Well in the Truckee Donner/Martis Special Zone with California Well Number 17N/16E-01H01,

3. TDPUD - Prosser Dam Road Well in the Truckee Donner/Martis Special Zone with California Well Number17N/16E-01D01,

4. TDPUD - Tank Site Well in the Truckee Donner/Martis Special Zone with California Well Number 17N/16E-01R01,
(5) TDPUD - Fiberboard Crossing Well in the Truckee Donner/Martis Special Zone with California Well Number 17N/16E-01P01,

(6) TDPUD - Well 20 in the Truckee Donner/Martis Special Zone with California Well Number 17N/17E-09B01,

(7) TDPUD - Martis Well 29100012-003 in the Truckee Donner/Martis Special Zone with California Well Number 17N/17E-13H02,

(8) Lahontan 2 Irrigation Well in the Northstar/Placer Special Zone with California Well Number 17N/16E-24P01,

(9) SVPSD – Well #1R in the Olympic Valley Special Zone with California Well Number 16N/16E-32D004M, and

(10) SVPSD – Well #5R in the Olympic Valley Special Zone with California Well Number 16N/16E-32C04M; and

(f) wells listed in this Section 10.B.1(f) (proposed for construction after May 1, 1996):

(1) Lahontan 1 Irrigation Well #2 in the Northstar/Placer Special Zone with California Well Number 17N/16E-24P (last two digits to be assigned),

(2) Lahontan 1 Irrigation Well #3 in the Northstar/Placer Special Zone with California Well Number 17N/16E-26G (last two digits to be assigned),

(3) Siller Irrigation Well #1 in the Northstar/Placer Special Zone with California Well Number 17N/16E-26Q (last two digits to be assigned),

(4) Siller Irrigation Well #2 in the Northstar/Placer Special Zone with California Well Number 17N/16E-36H (last two digits to be assigned),

(5) Hopkins Irrigation Well #1 in the Northstar/Placer Special Zone with California Well Number 17N/16E-24C (last two digits to be assigned), and

(6) Hopkins Irrigation Well #2 in the Northstar/Placer Special Zone with California Well Number 17N/16E-24H (last two digits to be assigned).

Section 10.B.2 Criteria for Wells Within Special Zones Conclusively Presumed To Comply with the Settlement Act. All wells, including routine maintenance of all such wells, located within any of the following Special Zones identified in the following Sections 10.B.2(a) through 10.B.2(j) and any well located within any new Special Zone which has been established pursuant to Section 10.B.3, as such zones are shown on the set of maps attached as appendices to this Article Ten, or on maps drawn pursuant to Section 10.B.3, which meet each of the zone-specific
criteria specified therein except for criteria specified in the alternative shall be conclusively presumed to have been designed to minimize any short-term reductions of surface stream flows to the maximum extent feasible, as required by Section 204(c)(1)(B) of the Settlement Act. Except for the purpose of determining compliance with the requirements of Sections 10.C, 10.D, 10.E, or 10.F, any well drilled within an area not shown within a Special Zone or any well drilled within a Special Zone but not meeting each of the applicable zone-specific criteria shall be solely subject to the criteria required by Section 204(c)(1)(B) of the Settlement Act and applicable requirements of California law.

Section 10.B.2(a) Alpine Meadows Special Zone. The zone-specific criteria applicable to wells located within the Alpine Meadows Special Zone are the following: (1) more than 500 feet from the centerline of the Truckee River, and (2) more than 500 feet from the ordinary high water line of any Lake located on the Truckee River, and (3) more than 250 feet from the ordinary high water line of any Pond located on the Truckee River, and (4) more than 200 feet from the centerline of any Perennial Stream, and (5) more than 100 feet from any Spring, and (6) more than 200 feet from the ordinary high water line of any Lake located on a Perennial Stream, and (7) more than 100 feet from the ordinary high water line of any Pond located on a Perennial Stream, and (8) more than 50 feet from the centerline of any Intermittent Stream, and (9) more than 50 feet from the ordinary high water line of any Lake located on an Intermittent Stream, and (10) more than 25 feet from the ordinary high water line of any Pond located on an Intermittent Stream.

Section 10.B.2(b) Olympic Valley Special Zone. The conclusive presumption created by Section 10.B.2 shall apply only to wells located within the Olympic Valley Special Zone which provide water to be used exclusively within the Olympic Valley Special Zone or which provide water to be used for snowmaking exclusively within the Olympic Valley watershed. The zone-specific criteria applicable to such wells are the following: (1) more than 500 feet from the centerline of the Truckee River, and (2) more than 500 feet from the ordinary high water line of any Lake located on the Truckee River, and (3) more than 250 feet from the ordinary high water line of any Pond located on the Truckee River, and (4) more than 200 feet from the centerline of Deer Creek, and (5) more than 200 feet from the ordinary high water line of any Lake located on Deer Creek, and (6) more than 100 feet from the ordinary high water line of any Pond located on Deer Creek.

Section 10.B.2(c) Truckee Donner Public Utility District /Martis Valley Special Zone. The zone-specific criteria applicable to wells located within the Truckee Donner Public Utility District /Martis Valley Special Zone are the following: (1) more than 500 feet from the centerline of the Truckee River, and (2) more than 500 feet from the ordinary high water line of any Lake located on the Truckee River, and (3) more than 250 feet from the ordinary high water line of any Pond located on the Truckee River, and (4) more than 500 feet from the ordinary high water line of Prosser Creek Reservoir, and (5) more than 200 feet from the centerline of any Perennial Stream, and (6) more than 100 feet from any Spring, and (7) more than 200 feet from the ordinary high water line of any Lake located on a Perennial Stream, and (8) more than 100 feet from the ordinary high water line of any Pond located on a Perennial Stream, and (9) more than 50 feet from the centerline of any Intermittent Stream, and (10) more than 50 feet from the ordinary high water line of any Lake located on an Intermittent Stream and (11) more than 25 feet from the ordinary high water line of any Pond located on an Intermittent Stream. In addition, to meet the
zone-specific criteria within this **Special Zone**, wells which are located between 500 feet and ¼ mile from the centerline of the Truckee River shall be sealed to the first impervious layer or 100 feet, whichever is less.

**Section 10.B.2(d) Verdi Special Zone.** The zone-specific criteria applicable to wells located within the Verdi **Special Zone** are the following: (1) more than 500 feet from the centerline of the Truckee River, and (2) more than 500 feet from the ordinary high water line of any **Lake** located on the Truckee River, and (3) more than 250 feet from the ordinary high water line of any **Pond** located on the Truckee River, and (4) more than 200 feet from the centerline of any **Perennial Stream**, and (5) more than 100 feet from any **Spring**, and (6) more than 200 feet from the ordinary high water line of any **Lake** located on any **Perennial Stream**, and (7) more than 100 feet from the ordinary high water line of any **Pond** located on any **Perennial Stream**, and (8) more than 50 feet from the centerline of any **Intertemperate Stream**, and (9) more than 50 feet from the ordinary high water line of any **Lake** located on an **Intertemperate Stream** and (10) more than 25 feet from the ordinary high water line of any **Pond** located on an **Intertemperate Stream**.

**Section 10.B.2(e) Donner Lake Special Zone.** The zone-specific criteria applicable to wells located within the Donner Lake **Special Zone** are the following: (1) more than 500 feet from the ordinary high water line of Donner Lake, and (2) more than 200 feet from the centerline of any **Perennial Stream**, and (3) more than 100 feet from any **Spring**, and (4) more than 200 feet from the ordinary high water line of any **Lake** (except Donner Lake) located on any **Perennial Stream**, and (5) more than 100 feet from the ordinary high water line of any **Pond** located on a **Perennial Stream**, and (6) more than 50 feet from the centerline of any **Intertemperate Stream**, and (7) more than 50 feet from the ordinary high water line of any **Lake** (except Donner Lake) located on an **Intertemperate Stream**, and (8) more than 25 feet from the ordinary high water line of any **Pond** located on an **Intertemperate Stream**.

**Section 10.B.2(f) Glenshire Special Zone.** The zone-specific criteria applicable to wells located within the Glenshire **Special Zone** are the following: (1) more than 500 feet from the centerline of the Truckee River, and (2) more than 500 feet from the ordinary high water line of any **Lake** located on the Truckee River, and (3) more than 250 feet from the ordinary high water line of any **Pond** located on the Truckee River, and (4) more than 200 feet from the centerline of any **Perennial Stream**, and (5) more than 100 feet from any **Spring**, and (6) more than 200 feet from the ordinary high water line of any **Lake** located on any **Perennial Stream**, and (7) more than 100 feet from the ordinary high water line of any **Pond** located on any **Perennial Stream**, and (8) more than 50 feet from the centerline of any **Intertemperate Stream**, and more than 50 feet from the ordinary high water line of any **Lake** located on an **Intertemperate Stream**, and (10) more than 25 feet from the ordinary high water line of any **Pond** located on an **Intertemperate Stream**. In addition, to meet the zone-specific criteria within this **Special Zone**, wells which are located between 500 feet and ¼ mile from the centerline of the Truckee River shall be sealed to the first impervious layer or 100 feet, whichever is less.

**Section 10.B.2(g) Northstar/Placer County Special Zone.** The zone-specific criteria applicable to wells located within the Northstar/Placer County **Special Zone** are the following: (1) more than 200 feet from the centerline of any **Perennial Stream**, and (2) more than 100 feet from any **Spring**, and (3) more than 200 feet from the ordinary high water line of any **Lake** located on any **Perennial Stream**, and (4) more than 100 feet from the ordinary high water line of
any Pond located on any Perennial Stream, and (5) more than 50 feet from the centerline of any Intermittent Stream, and (6) more than 50 feet from the ordinary high water line of any Lake located on an Intermittent Stream and (7) more than 25 feet from the ordinary high water line of any Pond located on an Intermittent Stream.

Section 10.B.2(h) Tahoe City Public Utility District Special Zone 1. The zone-specific criteria applicable to wells located within the Tahoe City Public Utility District Special Zone 1 are the following: (1) serves single-family residences only, and (2) does not serve more than a total of 15 such residences and (3) construction and use of which will not result in more than a total of 39 such residences being served from all wells within the zone.

Section 10.B.2(i) Tahoe City Public Utility District Special Zone 2. The zone-specific criteria applicable to wells located within the Tahoe City Public Utility District Special Zone 2 are the following: (1) more than 500 feet from the centerline of the Truckee River, and (2) more than 500 feet from the ordinary high water line of any Lake located on the Truckee River, and (3) more than 250 feet from the ordinary high water line of any Pond located on the Truckee River, and (4) more than 200 feet from the centerline of any Perennial Stream, and (5) more than 100 feet from any Spring, and (6) more than 200 feet from the ordinary high water line of any Lake located on any Perennial Stream, and (7) more than 100 feet from the ordinary high water line of any Pond located on a Perennial Stream, and (8) more than 50 feet from the centerline of any Intermittent Stream, and (9) more than 50 feet from the ordinary high water line of any Lake located on an Intermittent Stream, and (10) more than 25 feet from the ordinary high water line of any Pond located on an Intermittent Stream.

Section 10.B.2(j) Tahoe-Truckee Sanitation Agency (TTSA) Special Zone. The zone-specific criteria applicable to wells located within the Tahoe-Truckee Sanitation Agency (TTSA) Special Zone are the following:

(1) utilized by TTSA for the purpose of managing the disposal of its treated wastewater; provided, that any water extracted from such wells is disposed of within the TTSA Special Zone in accordance with the Settlement Act; and provided further, that on a monthly basis, with respect to any water extracted for the purpose of surface application, the amount so extracted and applied, together with the amount of treated wastewater from the TTSA treatment facility that is initially disposed of by surface spray or sprinkler infiltration, shall be less than or equal to the amount of wastewater that is received at such treatment facility; or

(2) located: (i) more than 500 feet from the centerline of the Truckee River, and (ii) more than 500 feet from the ordinary high water line of any Lake located on the Truckee River, and (iii) more than 250 feet from the ordinary high water line of any Pond located on the Truckee River, and (iv) more than 200 feet from the centerline of any Perennial Stream, and (v) more than 100 feet from any Spring, and (vi) more than 200 feet from the ordinary high water line of any Lake located on any Perennial Stream, and (vii) more than 100 feet from the ordinary high water line of any Pond located on any Perennial Stream, and (viii) more than 50 feet from the centerline of any Intermittent Stream.
Stream, and (ix) more than 50 feet from the ordinary high water line of any Lake located on an Intermittent Stream, and (x) more than 25 feet from the ordinary high water line of any Pond located on an Intermittent Stream, and (xi) sealed to the aquitard that separates the upper aquifer from the underlying aquifer.

Section 10.B.2(k) Martis Creek Lake National Recreation Area Special Zone. Notwithstanding the conclusive presumption applicable to other Special Zones in this Section 10.B.2, no wells located within the Martis Creek Lake National Recreation Area Special Zone are entitled to the conclusive presumption of compliance with Section 204(c)(1)(b) of the Settlement Act based solely on their location within this Special Zone.

Section 10.B.2(l) Other Special Zones. The zone-specific criteria applicable to wells located within any new Special Zone that may be established pursuant to Section 10.B.3 shall be developed in accordance with Section 10.B.3.

Section 10.B.3 Criteria for Establishment of New Special Zones Within Which Wells are Conclusively Presumed to Comply with the Settlement Act. New Special Zones may be established pursuant to this Section 10.B.3.

Section 10.B.3(a) Request for Establishment of a New Special Zone. California may at any time request that a new Special Zone be established. The request shall describe the location and zone-specific criteria in a manner consistent with the description of other Special Zones specified in Section 10.B.2. Additional information shall be included that justifies the request. The Administrator shall timely transmit a copy of each such request to each Signatory Party who has filed with the Administrator a request that it be furnished such copies.

Section 10.B.3(b) Objections to the Establishment of a New Special Zone. Any Sovereign Party to this Agreement may file an objection to the establishment of any new Special Zone with the Administrator. The objection shall identify its originator and provide an explanation of why the new Special Zone should not be established.

Section 10.B.3(c) Establishment or Non-Establishment of a New Special Zone over Objection. If any Sovereign Party files an objection to the establishment of a new Special Zone within 120 days of the date of filing by California of a request that a new Special Zone be established, the Administrator shall timely transmit a copy of the objection to California and all Signatory Parties who have filed with the Administrator a request to be furnished with such copies. Any objection may be withdrawn by the originator thereof, and the Administrator shall thereafter transmit a copy of the withdrawal to California and all Signatory Parties who have filed such request with the Administrator. If no Sovereign Party has filed an objection with the Administrator within 120 days after the request by California, or has filed an objection which has been subsequently withdrawn within 150 days after the request by California, the new Special Zone shall be deemed established and shall have the same force and effect as if fully set forth in this Agreement at the time of original execution of this Agreement. If any such objection is not resolved or withdrawn by the end of the 120-day period, the new Special Zone shall not be so established. The failure to so establish a Special Zone shall be final, and not subject to dispute resolution pursuant to Section 2.B.
Section 10.B.4  Effect of Special Zone Criteria.

Section 10.B.4(a)  Criteria Not Exclusive. The criteria set forth in this Section 10.B are not intended to represent all means by which a well may be designed to comply with the requirement of Section 204(c)(1)(B) of the Settlement Act.

Section 10.B.4(b)  Non-Evidentiary Nature of Criteria. Except for the purpose of determining compliance with the criteria by an Independent Consultant and a court pursuant to Sections 10.D.2, 10.E and 10.F, construction of a well in a manner or location contrary to any of the criteria set forth in this Section 10.B shall not be evidence of noncompliance with Section 204(c)(1)(B) of the Settlement Act and shall not be admissible as evidence or considered by the trier of fact in any claim, grievance or action brought by any Person pursuant to any provision of law, including but not limited to provisions of this Agreement and provisions of the Settlement Act, Section 204(c)(1)(B) or otherwise.

SECTION 10.C - NOTICE OF INTENT TO CONSTRUCT A WELL

Section 10.C.1  Criteria and Procedures for Notice of Intent to Construct a Well. This Section 10.C.1 establishes criteria and procedures for a Notice of Intent to Construct a Well in the Truckee River Basin in California.

Section 10.C.1(a)  Exclusion of Previously Drilled Wells and Domestic Wells. The requirements for Notice under this Section 10.C shall not apply to wells meeting the criteria of Section 10.B.1(a), Section 10.B.1(b), or Section 10.B.1(e). Nothing in this Section 10.C shall affect the jurisdiction of any local agency under its Local Well Ordinance to impose additional requirements or to regulate in any manner consistent with the requirements of this Article Ten.

Section 10.C.1(b)  TROA Notice of Intent to Construct a Well Required. Any Person proposing to drill a well in the Truckee River Basin in California shall provide Notice pursuant to Section 10.C.1(b)(1) or Section 10.C.1(b)(2), whichever is applicable. Any Person who has drilled a well in the Truckee River Basin in California after May 1, 1996, or later if agreed to by the Mandatory Signatory Parties, and which well is not a Domestic Well nor a well listed in Section 10.B.1(e) or Section 10.B.1(f) shall, within 30 days of the date this Agreement enters into effect, provide Notice pursuant to Section 10.C.1(b)(1) or Section 10.C.1(b)(2), whichever is applicable.

Section 10.C.1(b)(1)  Notice of Intent to Construct a Well and Local Well Ordinances. In addition to any notice or application required by a Local Well Ordinance, a Notice of Intent to Construct a Well shall be required for all wells proposed to be drilled in the Truckee River Basin in California, except for those wells identified by Sections 10.B.1(a), 10.B.1(b), 10.B.1(e), and 10.B.1(f). The Administrator may develop a form including the information specified in Section 10.C.1(c) for the convenience of applicants. The public agency administering a Local Well Ordinance shall provide a Person proposing to drill such a well with any Notice forms developed by the Administrator, information on the requirements of Section 10.C.1(c) which must be included in a Notice, or a combined Application/Notice developed under a Memorandum of Understanding with the Administrator pursuant to Section 10.C.2. The public agency shall return a completed Notice to the Administrator on receipt from the applicant.
**Section 10.C.1(b)(2) Notice to Administrator where Local Well Ordinance Does Not Apply.** Where wells are proposed to be drilled by an agency of California, the agency shall submit the Notice of Intent to Construct a Well directly to the Administrator. Where any local public agency’s well construction is regulated directly by an agency of California and is not subject to the jurisdiction of the regulating agency under the applicable Local Well Ordinance, such local public agency shall submit the Notice of Intent to Construct a Well directly to the Administrator. Any such California or local agency shall design and construct a well in compliance with Section 204(c)(1)(B) of the Settlement Act and the criteria in this Article Ten.

**Section 10.C.1(c) Content of Notice.** The Notice of Intent to Construct a Well shall consist of the following information:

1. the name, address and telephone number of the owner of the well;
2. the name, address and telephone number of the agent for the owner of the well, if any;
3. the name, address and telephone number of the Person which will drill the well;
4. the location of the well, including the 1/4 1/4 Section, Township and Range or Global Positioning System coordinates which characterize its location;
5. the estimated capacity of the well;
6. whether the well meets the applicable Special Zone criteria and/or has been designed to minimize any short-term reductions of surface flows to the maximum extent feasible;
7. if the well is located within a Special Zone:
   i. the name of the Special Zone,
   ii. data needed to determine compliance with any unique Special Zone criteria,
   iii. the distance of the well from the Truckee River or the Little Truckee River unless the well is located in a Special Zone not requiring setbacks from either, and
   iv. a list of the distances of the well from, and the names, if any, of all streams, Springs, Lakes and Ponds which are shown on the official set of Geographic Features Maps, are applicable to the Special Zone criteria and are within 500 feet of the proposed well;
(8) if the well has been designed to minimize any short-term reductions of surface flows to the maximum extent feasible, information supporting this;

(9) the proposed depth of the well and, if applicable to the Special Zone criteria, the depth to the first impervious layer or aquitard;

(10) the depth to which the well will be sealed and the type of seal;

(11) the location of the well on the Geographic Features Map described in Section 10.A.4 and a circle drawn around the well to a scale of 500 foot radius to show the location of the well with regard to geographic features identified on the map; and

(12) a sketch drawn on an 8-1/2 x 11 inch sheet of paper showing the location of and the distance from any Perennial Steam, Intermittent Stream, Spring, Lake or Pond within 200 feet of the proposed well which is not shown on the official set of Geographic Features Maps but is apparent to the owner or person signing the Notice through a reasonable visual inspection of the area, notwithstanding that such feature may not appear in that location on Geographic Features Maps defined in Section 10.A.4, provided that such features would be applicable to the Special Zone criteria if they were identified on the Geographic Features Maps, and further provided that no special expertise shall be required of the owner or person signing the Notice in making a visual inspection.

Section 10.C.1(d) Who Shall Sign Notice. The Notice of Intent to Construct a Well shall be signed by: (1) the owner of the property upon which the well is proposed, or the owner of an easement in the case of construction upon an easement; and (2) the holder of the California C-57 Well Contractor’s License or equivalent who will be responsible for the drilling of the well. In the case of a well being drilled by a public agency with its own forces, the Notice shall be signed by the person responsible for supervision of construction of the well. The signatories shall certify that they have reviewed the information contained in the Notice and that such information is true and correct to the best of their knowledge.

Section 10.C.2 Authority of Administrator to Enter into Memoranda of Understanding and Responsibilities of Administrator and Officials of Local Jurisdictions. The Administrator may enter into a memorandum of understanding with each of those officials who are designated by a Local Well Ordinance. Such memorandum of understanding, at a minimum, shall provide for the form of the Notice of Intent to Construct a Well specified in Section 10.C.1(c) and procedures for the review, processing and submission of the Notice to the Administrator. The Administrator shall timely transmit a copy of each such Notice to any Signatory Party who has filed with the Administrator a request that it be furnished such copies. In addition, the Administrator shall maintain a list of Independent Consultants as provided in Section 10.E.2(a). The Administrator and the agency administering the Local Well Ordinance may agree on specific modifications to the form of the Notice to simplify procedures and combine the Administrator’s Notice and local requirements into a single, coordinated process for review of the design and construction of wells.
Section 10.C.3 Where Notice Indicates that a Well is Entitled to Conclusive Presumption of Compliance. Where the Notice of Intent to Construct a Well indicates that the well is entitled to be conclusively presumed to comply with the requirement of Section 204(c)(1)(B) of the Settlement Act pursuant to the provisions of Sections 10.B.1(c), 10.B.1(d) or 10.B.2, construction thereof may be commenced upon compliance with regulations of the appropriate local jurisdiction.

Section 10.C.4 No Challenge to a Well Entitled to Conclusive Presumption of Compliance. No action shall be taken under Section 204(c)(1)(B) or this Article Ten with respect to the existence, design, or manner of construction of any well constructed pursuant to the criteria in Sections 10.B.1(c), 10.B.1(d) or 10.B.2, which well is entitled to a conclusive presumption of compliance with such Section 204(c)(1)(B), unless such well was constructed without Notice or pursuant to a void Notice as defined in Section 10.E. Nothing in this Section 10.C.4 shall be construed to prevent California or local California jurisdictions from enforcing any state or local regulation regarding wells constructed without permit.

SECTION 10.D - WHERE NOTICE INDICATES THAT A WELL IS CONSTRUCTED OUTSIDE A SPECIAL ZONE OR OTHERWISE IS NOT ENTITLED TO CONCLUSIVE PRESUMPTION OF COMPLIANCE

Section 10.D.1 Construction Not to Commence for 45 Days. Where the Notice of Intent to Construct a Well indicates that the well is not entitled to be conclusively presumed to comply with the requirement of Section 204(c)(1)(B) of the Settlement Act pursuant to the provisions of Sections 10.B.1(c), 10.B.1(d) or 10.B.2, construction thereof shall not be commenced for a period of 45 days from the date the Notice was received by the Administrator and, if any Signatory Party files an objection with the Administrator within such initial 45-day period, for an additional period of 45 days. Such an objection shall include the name, address and telephone number of the person representing the Signatory Party so objecting and the basis for their objection.

Section 10.D.2 Enjoining Construction of Proposed Well. At any time during the 90-day total period set forth in Section 10.D.1, any Signatory Party which filed an objection within the initial 45-day period set forth in Section 10.D.1 may petition the appropriate federal district court, pursuant to Section 204(d)(2) of the Settlement Act, for an order enjoining the construction of such well upon the ground that it does not comply with the requirement of Section 204(c)(1)(B) of the Settlement Act. Any well which has not had an objection filed against it within the initial 45-day period or which has had an objection filed, but has not had a petition filed against it within the total 90-day period, shall be conclusively presumed to comply with the requirement of Section 204(c)(1)(B) of the Settlement Act, provided that the well was not constructed without Notice or was not constructed pursuant to a void Notice as described in Section 10.E.1. In the event the court finds the Notice indicates that a proposed well is not entitled to be conclusively presumed to comply with the requirement of Section 204(c)(1)(B) of the Settlement Act the court may enjoin construction of said well pending a determination of whether it complies with Section 204(c)(1)(B) of the Settlement Act. In the event the court finds the Notice indicates that a well already constructed is not entitled to be conclusively presumed to comply with the requirement of Section 204(c)(1)(B) of the Settlement Act the court may order that the well either be brought into compliance with such requirements or be Abandoned.
SECTION 10.E - CONSTRUCTION OF A WELL WITHOUT NOTICE OR PURSUANT TO VOID NOTICE

Section 10.E.1 Void Notice. Any well constructed pursuant to Notice of Intent to Construct a Well which contains a material error or misrepresentation which has a bearing on the criteria of Sections 10.B.1(c), 10.B.1(d) or 10.B.2 shall be deemed constructed pursuant to a void Notice. Any well constructed in variance to information contained in a Notice of Intent to Construct a Well resulting in a material error or misrepresentation which has a bearing on the criteria of Sections 10.B.1(c), 10.B.1(d) or 10.B.2 shall be deemed constructed pursuant to a void Notice.

Section 10.E.2 Corrective Procedures for Well Constructed Without Notice or Pursuant to Void Notice. Any Person who causes a well to be constructed without first providing Notice as required in Sections 10.C.1(b) and 10.C.1(c) or who causes a well to be constructed pursuant to a void Notice shall be subject to the corrective procedures set forth in this Section 10.E.2.

Section 10.E.2(a) Administrator to Maintain a List of Independent Consultants. The Administrator shall prepare and maintain a list of Independent Consultants qualified to verify the location of and setbacks for wells, to inspect such wells, and to review available well construction data to determine compliance with the provisions of Sections 10.B.1(c), 10.B.1(d) and 10.B.2 of this Agreement and Section 204(c)(1)(B) of the Settlement Act and to provide verification of whether a well constructed without Notice or pursuant to a void Notice meets such criteria.

Section 10.E.2(b) Persons Entitled to Initiate Process. Only a Signatory Party is entitled to initiate the corrective procedures described in this Section 10.E.2 as an objecting party.

Section 10.E.2(c) Commencement of Process. The process must be commenced by delivery of a challenge to the Administrator within one year of the discovery of the well constructed without Notice or one year of discovery that the well was constructed pursuant to a void Notice. The challenge shall contain a statement of the facts upon which the challenge is based.

Section 10.E.2(d) Response of Owner of Well. The Administrator shall forward the challenge and the list of Independent Consultants to the owner of the well by personal delivery or certified mail with return receipt requested. Within 90 days of receipt of the challenge, the owner shall retain an Independent Consultant from the list and notify the Administrator and the party making the challenge of the selection. The Independent Consultant shall verify the location of and setbacks for the well relative to the Truckee River, the Little Truckee River, the nearest Perennial Steam, Intermittent Stream, Lake, Pond or Spring, including any such features shown on a sketch submitted pursuant to Section 10.C.1(c)(12), inspect such well, and review available well construction data to determine compliance with the provisions of Sections 10.B.1(c), 10.B.1(d) or 10.B.2 and prepare a report pursuant to Section 10.E.2(f). Payment of the fee of the Independent Consultant shall be the sole responsibility of the owner.
Section 10.E.2(e) Effect of Failure to Retain Independent Consultant. Failure of the owner to retain the Independent Consultant pursuant to Section 10.E.2(d) shall constitute conclusive evidence that the well does not conform to the provisions of Section 204(c)(1)(B) of the Settlement Act and shall authorize the objecting party to apply to the appropriate federal district court, pursuant to Section 204(d)(2) of the Settlement Act, for issuance of an order that the well either be brought into compliance before any further use or be Abandoned provided such an order is sought within 90 days of the owner’s failure to retain the Independent Consultant. The court shall order that the well either be brought into compliance before any further use or be Abandoned if it finds that: (1) the well was constructed either without the Notice required by Section 10.C.1(b) or pursuant to a void Notice and (2) that the owner of the well has not retained an Independent Consultant.

Section 10.E.2(f) Responsibility of Independent Consultant. Within 90 days of being retained, the Independent Consultant shall verify the location of and setbacks for the well relative to the nearest river, stream, Lake, Pond or Spring, inspect such well, and review available well construction data, to make the following determinations as soon as practical:

1. if the well is located within a Special Zone designated in Section 10.B.2, whether the well complies with the criteria for such Special Zone; and

2. whether or not the well conforms to the provisions in Section 10.B.1(c) or 10.B.1(d); and

3. if the well is located outside a Special Zone: (i) the impact of the well, if any, on such river, stream, Lake, Pond or Spring, and (ii) whether there are feasible alternative methods of design which would minimize short-term reductions of surface stream flows to the maximum extent feasible, and, if so, what such methods would be.

The Independent Consultant shall prepare a comprehensive report, copies of which shall be delivered to the objecting party, the owner and the Administrator.

Section 10.E.2(g) Effect of Independent Consultant’s Determination of Compliance.

Section 10.E.2(g)(1) No Action Required by Owner after Consultant’s Determination of Compliance. In the event that the Independent Consultant determines that:

(i) the well is located within a Special Zone designated in Section 10.B.2 and complies with the criteria for such Special Zone; or

(ii) the well conforms to the provisions of Section 10.B.1(c) or Section 10.B.1(d); or
the well is located outside a Special Zone and has no short-term impact on the river, Lake, Pond, stream or Spring, or that there are no feasible alternative methods of design for the well which would minimize short-term reductions of surface stream flows to the maximum extent feasible;

the owner may continue to use the well without further action.

**Section 10.E.2(g)(2) Judicial Action Challenging Consultant’s Determination of Compliance.** If the objecting party is not satisfied with the Independent Consultant’s determination of compliance, the objecting party shall have 60 days to apply to the appropriate federal district court pursuant to Section 204(d)(2) of the Settlement Act, requesting that the Independent Consultant’s determination be reversed and for issuance of an order that the well be Abandoned or an alternative order that it be brought into compliance with the applicable criteria. If the objecting party prevails, the Court may order appropriate relief as follows:

(i) if the well is in a Special Zone, the Court may order that the well be brought into compliance with the provisions of Section 10.B.2 before any further use, or that the well be Abandoned; or

(ii) if the well is intended to serve the uses set forth in Section 10.B.1(c) or Section 10.B.1(d) regardless of its location, the Court may order that the well be brought into compliance with the provisions of Section 10.B.1(c) or Section 10.B.1(d) before any further use, or that the well be Abandoned; or

(iii) if the well is located outside a Special Zone and the Court finds that it does not comply with Section 204(c)(1)(B) of the Settlement Act, the Court may order that the well be re-designed in accordance with feasible alternative methods of design to minimize short-term reductions of surface stream flows to the maximum extent feasible, or that the well be Abandoned.

**Section 10.E.2(h) Effect of Independent Consultant’s Determination of Non-Compliance.**

**Section 10.E.2(h)(1) Owner’s Voluntary Action Based Upon Consultant’s Determination of Non-Compliance.** In the event that the Independent Consultant determines that:

(i) the well is located within a Special Zone designated in Section 10.B.2 and does not comply with the criteria for such Special Zone; or

(ii) the well does not conform to the provisions of Section 10.B.1(c) or Section 10.B.1(d); or
(iii) the well is located outside a **Special Zone** and has a short-term impact on the river, **Lake**, **Pond**, stream or **Spring**, and that there are feasible alternative methods of design for the well which would minimize short-term reductions of surface stream flows to the maximum extent feasible;

the owner shall have 30 continuous days from receipt of the **Independent Consultant**’s determination, not including the time period from October 15 through April 30, to voluntarily **Abandon** the well or bring the well into compliance with applicable criteria and inform the **Administrator** of owner’s action.

**Section 10.E.2(h)(2) Judicial Action Based Upon Owner’s Failure to Take Voluntary Action.** If the well is not voluntarily **Abandoned** or brought into compliance with the zone-specific criteria if the well is in a **Special Zone**, brought into compliance with the provisions of Section 10.B.1(c) or Section 10.B.1(d), or brought into compliance with Section 204(c)(1)(B) of the **Settlement Act** if it is not in a **Special Zone**, within the 30 day time period set forth in Section 10.E.2(h)(1), the objecting party shall have 60 days thereafter to apply to the appropriate federal district court, pursuant to Section 204(d)(2) of the **Settlement Act**, for issuance of an order that the well be **Abandoned** or an alternative order that it be brought into compliance with the applicable criteria. If the objecting party prevails, the Court may order appropriate relief as follows:

(i) if the well is in a **Special Zone**, the Court may order that the well be brought into compliance with the provisions of Section 10.B.2 before any further use, or that the well be **Abandoned**; or

(ii) if the well is intended to serve the uses set forth in Section 10.B.1(c) or Section 10.B.1(d) regardless of its location, the Court may order that the well be brought into compliance with the provisions of Section 10.B.1(c) or Section 10.B.1(d) before any further use, or that the well be **Abandoned**; or

(iii) if the well is located outside a **Special Zone** and the Court finds that it does not comply with Section 204(c)(1)(B) of the **Settlement Act**, the Court may order that the well be re-designed in accordance with feasible alternative methods of design to minimize short-term reductions of surface stream flows to the maximum extent feasible, or that the well be **Abandoned**.

**SECTION 10.F - CONDUCT OF COURT PROCESS**

In any proceeding pursuant to this Article Ten, a court may issue in the interests of justice such interlocutory orders as are available to the court, including, without limitation, an order to compel inspection of designated land pursuant to Rules 34 and 37 of the Federal Rules of Civil Procedure. Nothing in this Article Ten shall be construed as modifying the burden of proof applicable under the **Settlement Act** or any other law. When submitted, the report of the **Independent Consultant** retained pursuant to Section 10.E.2(f) shall not be conclusive but shall be
prima facie evidence of the physical facts therein found, and the court shall hear such evidence as may be offered by any party to the proceeding to rebut the report, and thereafter the court shall determine the facts based upon all of the evidence and without regard to the presumption.

SECTION 10.G - CALIFORNIA MODEL WELL ORDINANCE

Pursuant to Division 7, Chapter 10, Article 4 (commencing with section 13800) of the California Water Code, as amended, and other applicable California law, California Department of Water Resources shall propose appropriate revisions to its Water Well Standards: State of California (Bulletin 74-81, as supplemented by Bulletin 74-90) to incorporate the criteria of Sections 10.B. and 10.C. Any such revisions shall be applicable only to the cities, counties or water agencies in the Truckee River Basin in California which are required to adopt Local Well Ordinances pursuant to the provisions of California Water Code Section 13801 and the Model Well Ordinance adopted pursuant thereto. Such revisions shall assure that the Water Well Standards and the Local Well Ordinances which incorporate them are consistent with the applicable Notice requirements, design criteria and inspection requirements of Sections 10.B and 10.C.

Any water agency not subject to the permitting requirements of Local Well Ordinances adopted pursuant to California Water Code Section 13800 et seq. may adopt its own criteria and procedures consistent with the applicable requirements of this Article Ten for submission of information to the Administrator. Nothing in this Article Ten shall be construed as limiting the ability or jurisdiction of California or any city, county or water agency to establish and enforce any other requirements and criteria for wells in any manner not inconsistent with the requirements of this Article Ten as authorized by California law.

SECTION 10.H - REPORTING REQUIREMENT

California shall provide information to the Administrator on the location and number of new wells related to the implementation of this Article Ten in its annual report required by Section 204(d)(1) of the Settlement Act.
APPENDIX 10.B: Truckee Donner Public Utility District/Martis Valley Special Zone and Tahoe-Truckee Sanitation Agency Special Zone
APPENDIX 10.D: Glenshire Special Zone
APPENDIX 10.E: Northstar/Placer County Special Zone, Martis Creek Lake National Recreation Area Special Zone, and Tahoe City Public Utility District Special Zone Two
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ARTICLE ELEVEN
SCHEDULING

SECTION 11.A - PURPOSE

This Article Eleven provides the framework for development of Integrated Schedules for Truckee River operations, which meet the objectives and requirements of this Agreement.

SECTION 11.B - INFORMATION COLLECTION AND ANALYSIS

The Administrator shall collect, review, analyze and develop information necessary to prepare Integrated Schedules and to conduct operations under this Agreement, including information collected by the Federal Water Master. The Administrator shall collect, verify, organize and analyze data necessary for operations, including but not limited to, climatologic data, hydrologic data, reservoir elevations and operational status of facilities; routinely receive, organize and analyze facility operation reports and Scheduling Parties’ submittals; and receive and analyze information and data associated with unscheduled events that may require changes to the operation of, or desirability of operating, the Truckee River and facilities as scheduled.

SECTION 11.C - SCHEDULES AND SCHEDULING ACTIVITIES

Scheduling Parties shall develop and submit to the Administrator operational plans that contain annual goals, seasonal objectives, and operations schedules for managing their water, and the Administrator shall use these plans to develop scheduling procedures and prepare Integrated Schedules in accordance with this Section 11.C.

Section 11.C.1 Scheduling Procedures. The Administrator shall develop and implement scheduling procedures which include, among other things, the content and duration of Scheduling Parties’ operational plans, when such plans are due, and when and how elements of previously submitted operational plans may be changed. Scheduling procedures shall allow opportunities for changes at least: (a) monthly for annual goals; (b) weekly for seasonal objectives; and (c) daily for operation schedules, provided such changes to operation schedules are consistent with the Scheduling Party’s stated annual goals and seasonal objectives and this Agreement.

If a dispute arises as to whether a Scheduling Party’s operation schedule is consistent with its stated annual goals and seasonal objectives, and the dispute cannot be resolved by the Administrator and the Scheduling Party, or by the Scheduling Party modifying its goals and objectives, then the dispute shall be resolved in accordance with Section 2.B.2.

Section 11.C.2 Contents of Operational Plans. Scheduling Parties’ operational plans shall include a statement of the annual goals and seasonal objectives intended to be achieved by the Scheduling Party with respect to its operations schedule. In addition, Scheduling Parties’ operational plans shall specify the Project Water Operations or Credit Water Operations requested by the Scheduling Party, including any Exchanges or re-storage,
the timing, quantity and location of any requested Accumulation and whether such operation is required pursuant to this Agreement.

Section 11.C.2(a) Scheduling Establishment of Credit Water. A Scheduling Party intending to Establish Credit Water shall identify any water rights to be used for that purpose. Scheduling Parties may identify the total number of acre-feet of water rights assigned to a combination of direct use and to use for Establishing Credit Water. The quantity of water used for Establishing Credit Water may be changed pursuant to subsequent schedules submitted in accordance with this Section 11.C.

Section 11.C.2(b) Transmittal and Review of California Guidelines. As part of the scheduling process, insofar as practicable, California shall annually transmit the California Guidelines to the Administrator and each Scheduling Party in a timely manner such that the Administrator can encourage implementation of the California Guidelines in scheduling activities and integration of schedules pursuant to Section 11.C.3. Upon receipt of the California Guidelines, the Administrator shall timely review and transmit any comments on the California Guidelines to each Scheduling Party. California may revise and resubmit the California Guidelines to the Administrator and each Scheduling Party as necessary based on: (1) comments and recommendations by the Administrator and Scheduling Parties, (2) changes in schedules for reservoir operations or (3) changes in hydrologic conditions.

Section 11.C.2(c) Management of Joint Program Fish Credit Water. As part of the scheduling process, California shall provide instructions to the Administrator with a copy to each of United States and Pyramid Tribe on the management of Joint Program Fish Credit Water. Such instructions shall take into account the California Guidelines.

Section 11.C.3 Administrator’s Schedule Integration Process. Using Scheduling Parties’ operational plans and other adjustments to river operations as provided in this Agreement, the Administrator shall timely prepare, issue, administer, and oversee daily, weekly, monthly and annual Integrated Schedules which coordinate operations of water supply, storage, control and diversion facilities on the Truckee River and its tributaries in accordance with this Agreement.

Section 11.C.3(a) Activities During Schedule Integration Process. During the schedule integration process, the Administrator shall consult with the Scheduling Parties regarding the objectives of each with respect to their submitted schedule. To the extent practicable and consistent with exercise of water rights, assurance of water supplies, operational considerations, the requirements of the Settlement Act and all other requirements of this Agreement, the Administrator shall recommend and encourage changes to submitted schedules, including voluntary Exchanges, to reduce or avoid conflicts in submitted schedules and to improve instream flows and reservoir operations in accordance with the California Guidelines and proposed adjustments to river operations pursuant to Section 9.F, while still meeting the objectives of the Scheduling Parties. Any proposed change to a Scheduling Party’s submittal agreed to by the Scheduling Party shall be resubmitted by such Scheduling Party and included in the integration process by the Administrator. Accompanying each
Integrated Schedule will be a statement by the Administrator describing the extent to which the schedule meets or fails to meet the objectives of each Scheduling Party.

Section 11.C.3(b)  Conflicts among Submitted Schedules. In the event of a conflict between or among schedules submitted by Scheduling Parties, the Administrator shall resolve the conflict by applying the express provisions of this Agreement, including, without limitation, the provisions of Article Eight. If a Scheduling Party disputes the Administrator’s decision, it may be subject to further review pursuant to Section 2.B.

SECTION 11.D - FACILITIES TO BE SCHEDULED

The Administrator shall determine the facilities for which operations shall be scheduled pursuant to this Article Eleven. Subject to and in accordance with Section 1.F each entity operating one or more scheduled facility shall promptly notify the Administrator and the Signatory Parties if any condition impairs the ability of the facility to function as anticipated.

SECTION 11.E - SCHEDULING PARTIES

The following Scheduling Parties shall submit schedules to the Administrator in accordance with this Article Eleven, with respect to the categories of water and types of operations listed below, and any other waters available to them. Each Scheduling Party shall designate a person to be its scheduling representative with the Administrator.

1. The Administrator is a Scheduling Party, to the extent possible, for the flood control operation of Martis Creek Reservoir, Prosser Creek Reservoir, Stampede Reservoir and Boca Reservoir under authority granted and regulations prepared by the Corps of Engineers and for control of high lake levels in Lake Tahoe in accordance with Section 5.A.3(d).

2. Except as otherwise provided herein, the Federal Water Master is a Scheduling Party for operations involving Floriston Rate Water, for diversions under Orr Ditch Decree Water Rights, and for Exchanges pursuant to Sections 5.B.6(b) and 8.S.

3. United States is a Scheduling Party for diversions into the Truckee Canal and for Newlands Project Credit Water. United States is also a Scheduling Party for Other Credit Water to the extent such Other Credit Water is derived from water rights owned by United States.

4. California is a Scheduling Party for Joint Program Fish Credit Water, California Environmental Credit Water, and Additional California Environmental Credit Water. California is also responsible for submitting the California Guidelines pursuant to Section 11.C.2(b).
5. Pyramid Tribe is a Scheduling Party for its Orr Ditch Decree Water Rights and for Other Credit Water to the extent such Other Credit Water is derived from water rights owned by Pyramid Tribe or owned by United States for the benefit of Pyramid Tribe.

6. Subject to the provisions of Section 11.H, United States and Pyramid Tribe are Scheduling Parties for Fish Water, for Fish Credit Water, for any other water held or owned by Pyramid Tribe or United States to provide Pyramid Lake Fish Flows, for their Orr Ditch Decree Water Rights held for water quality purposes, and for their Water Quality Credit Water.


8. Reno, Sparks and Washoe County jointly are a Scheduling Party for their Orr Ditch Decree Water Rights held for water quality and reuse program purposes, and for their Water Quality Credit Water.


10. Any Person designated by California to store California M&I Credit Water pursuant to Section 7.D.1 or Other Credit Water pursuant to Section 7.G is a Scheduling Party for such water.

SECTION 11.F - PARTICIPATION BY DISTRICTS

Conservation District may participate in scheduling Boca Floriston Rate Water. Carson-Truckee Water Conservancy District may consult with the Administrator concerning flood control activities under Section 11.E.1.

SECTION 11.G - PARTICIPATION IN SCHEDULING BY OTHER PERSONS

Nothing in this Agreement shall affect the ability of Persons who are not Scheduling Parties to manage the water to which they are entitled, including participating in the scheduling process.

SECTION 11.H - JOINT OPERATIONS BY UNITED STATES AND PYRAMID TRIBE

Waters scheduled and managed jointly by United States and Pyramid Tribe shall be scheduled and managed by Pyramid Tribe or by United States in accordance with the Memorandum of Agreement dated November 29, 1999 (Appendix 11.A), or successor agreements, or, in the absence of any future agreement, by United States. Whenever in this Agreement the phrase “each of” appears with regard to a decision to be made, inter alia, by
United Stated and Pyramid Tribe, or a decision is to be made by United States without reference to Pyramid Tribe, the decision of United States shall not be governed by the Memorandum of Agreement entered into by United States and Pyramid Tribe and dated November 29, 1999. Whenever United States or Secretary is authorized to make a decision regarding the management of Fish Water, Fish Credit Water, Water Quality Credit Water, or any other category of water that is designed to protect and conserve cui-ui and Lahontan cutthroat trout of Pyramid Lake, any such decision shall comply with Section 209(j)(1) of the Act and be consistent with the Endangered Species Act as applied to threatened and endangered species of Pyramid Lake.
1. **PURPOSE**

The purpose of this Memorandum of Agreement (Agreement) is to delineate the roles and responsibilities of the Fish and Wildlife Service (Service), Pyramid Lake Paiute Tribe (Tribe), Bureau of Reclamation (Reclamation), and Bureau of Indian Affairs (Indian Affairs) [collectively referenced as parties] in the management of Truckee River water designated (Designated Waters) to protect and conserve cui-ui and Lahontan cutthroat trout of Pyramid Lake, which are protected species under the Endangered Species Act of 1973 and subsequent amendments (16USC 1531 et. Seq.) (Act).

It is the intent of the Parties to this Agreement, that the Tribe, in collaboration with the other Parties and in the framework of an Interagency Team, manage the Designated Waters in accordance with an Annual Water Management Plan, which is consistent with the terms of an approved Conservation and Management Plan that provides for the protection and conservation of the protected species under the Act. It is also the intent of this Agreement and Parties, that all laws, regulations, and orders, are complied with to the fullest extent, including but not limited to, consultation procedures under section 7 of the Act.

II. **AUTHORITY**

This Agreement is made and entered into by and between the Service, the Tribe, Reclamation, and Indian Affairs under the authority of the Act, its implementing regulations, Title II of Public Law 101-618, and Secretarial Order 3206.

III. **FEDERAL RESPONSIBILITIES**

A. The Service, Reclamation and Indian Affairs, as bureaus of the Department of the Interior, shall coordinate with tribes in order to fulfill trust responsibilities and encourage meaningful tribal participation in programs administered under the Act, and shall carry out their responsibilities under the Act in a manner that harmonizes the Federal trust responsibility to tribes, tribal sovereignty, and the statutory missions of the Department (Secretarial Order 3206).

B. The primary authority and responsibility for administering the Act has been delegated by the Secretary of the Interior to the Service. In order to protect and conserve protected species under the Act, the Service is currently managing the Designated Waters. The Service, as a federal agency, is directed by Congress to seek to conserve protected species under the Act and to utilize its authorities in furtherance of the purposes of the Act. The Service has the responsibility for conducting section 7 consultation with federal agencies or their applicants on actions that may affect species or critical habitat protected by the Act. The Service has a fiduciary obligation to protect and preserve trust resources for the benefit of the Tribe, including Pyramid Lake fishes,
and an obligation to promote self-determination of the Tribe in exercising its sovereign powers and rights.

C. Reclamation has the authority and responsibility for managing the principal water storage facilities on the Truckee River system, including implementing scheduled releases, implementing dam safety and flood control requirements, administration of water storage contracts, forecasting inflows and releases, and development of operation plans. Reclamation, as a federal agency, is directed by Congress to seek to conserve protected species under the Act and to utilize its authorities in furtherance of the purposes of the Act. Reclamation has a fiduciary obligation to protect and preserve trust resources for the benefit of tribes, and an obligation to promote self-determination of tribes in exercising its sovereign powers and rights.

D. Indian Affairs has a fiduciary obligation to protect and preserve trust resources for the benefit of tribes, and an obligation to promote self-determination of tribes in exercising their sovereign powers and rights. As a federal agency, Indian Affairs is directed by Congress to seek to conserve protected species under the Act and to utilize its authorities in furtherance of the purposes of the Act.

IV. INTERDISCIPLINARY TEAM

A. An Interdisciplinary Team (Team) shall be formed and composed of technical representatives from each party to this Agreement that have sufficient knowledge and expertise to provide assistance and guidance for the management of the waters of the Truckee River and formulation of the annual Water Management Plan. The Water Management Plan will delineate objectives to use available water in accordance with the Conservation and Management Plan, the Pyramid Lake Fishery Conservation Plan and applicable recovery plans. This Team will be established upon signature by all parties to this Agreement. Team Lead will remain with the Service until the Tribe completes a Conservation and Management Plan and section 7 consultation is completed on the plan.

B. The Team will meet monthly to discuss current Natural Resource Conservation Service (NRCS) snowpack forecasts, and Reclamation runoff and reservoir storage projections, as well as forecasts of Truckee River water conditions provided by other agencies. These meetings will be scheduled by the Team Lead. Reclamation will provide for runoff forecasts through the calendar year. Since snowpack levels and forecasts change frequently, these data will be requested, analyzed and reviewed at least monthly by the Team through mid-April. This collaborative analysis will be used to update and refine the runoff and reservoir storage projections and to develop the Water Management Plan for the current water year.

C. The Interdisciplinary Team will have a Team Lead who shall:
1. Work collaboratively with the other Parties to develop an annual Water Management Plan for the Truckee River, incorporating all information that will affect flow regimes and storage opportunities, including current snowpack conditions, runoff projections, reservoir levels and potential for water exchanges.

2. Make a formal request to implement the annual Water Management Plan through Reclamation and the Federal Water Master.

3. Be responsible for daily water management decisions.

4. Work directly with the Federal Water Master to make adjustments to the flow regime to accomplish the objectives in the annual Water Management Plan.

5. Communicate with the Team regularly on implementation of the annual Water Management Plan.

6. Ensure that the Water Management Plan and its implementation does not interfere with the effective operation or integrity of Marble Bluff Fish Facility.

7. Ensure that substantial deviations from the annual Water Management Plan will be developed collaboratively and reviewed by the Team.

8. Ensure that the annual Water Management Plan is drafted to satisfy the goals and objectives of applicable recovery plans, the Conservation and Management Plan, and the Pyramid Lake Fishery Conservation Plan.

9. Coordinates the implementation of the Water Management Plan with the scheduling parties under Article 11 of TROA; fishery resource managers with Nevada Division of Wildlife; and other affected or interested public.

10. Update the Water Management Plan regularly and as often as necessary in coordination with the Team to reflect changes in cui-ui and Lahontan cutthroat trout responses to habitat conditions, runoff forecasts, actual runoff, or other circumstances.

11. Coordinate with the Tahoe/Truckee River Restoration Team to ensure that water management strategies developed by the two teams are consistent and meet restoration goals.

12. Participate in the Truckee River Operations Forum to represent the Interdisciplinary Team and to discuss the runoff and reservoir projections with other interested or affected agencies and entities.
V. PREPARATION OF MANAGEMENT PLANS

Two documents, a Conservation and Management Plan and an Annual Water Management Plan, will form the basis of this Agreement.

A. A Conservation and Management Plan is a strategic document that will be developed to protect and conserve Pyramid Lake fishes. This Plan shall be consistent with the Pyramid Lake Fishery Conservation Plan, applicable recovery plans, and the Biological Opinion issued as a result of consultation on the Plan, and shall address the long-range approach for management of the Designated Waters, including:

1. Meeting the needs of the species protected under the Act, is consistent with the goals identified in the Pyramid Lake Fishery Conservation Plan and outlines methods and procedures that will recover the species to the point that protection under the Act is no longer required.

2. Using appropriate hydrologic modeling to develop flow regimes that will recover and maintain both cui-ui and Lahontan cutthroat trout;

3. The storage, exchange, and release of Designated Waters consistent with applicable reservoir management regulations (e.g., TROA, and flood control criteria);

4. The storage and release of Water Quality Credit Water in accordance with the Truckee River Water Quality Settlement Agreement.

5. The storage and release of the Designated Waters in accordance with the goals identified in the Pyramid Lake Fishery Conservation Plan and in accordance applicable recovery plans.

6. The storage and release of water for recruitment and maintenance of the cottonwood/willow riparian forest during above normal water years.

B. The Annual Water Management Plan will be developed for each water year and updated as necessary, to detail the use of the Designated Waters for the benefit of Pyramid Lake fishes consistent with the Conservation and Management Plan.

VI. PARTY COMMITMENTS

A. The Tribe shall:

1. Develop, in collaboration with the Parties to this Agreement, a Conservation and Management Plan that meets the needs of Pyramid Lake fishes, is consistent with the goals identified in the Pyramid Lake Fishery Conservation Plan and outlines methods and procedures that will recover the species to the point that protection under the Act is no longer required, and addresses the following:
a. Use of appropriate hydrologic modeling to develop flow regimes that will recover and maintain the listed species under the Act.

b. Storage, exchange, and release of Designated Waters for the benefit of the listed species under the Act, in accordance with applicable recovery plans, the Pyramid Lake Fishery Conservation Plan, and pursuant to applicable reservoir management regulations.

2. Modify or amend the Conservation and Management Plan as required to incorporate the best available science, to enhance the implementation of a Tahoe/Truckee River Restoration Recovery Plan, to ensure consistency with the Pyramid Lake Fishery Conservation Plan, and comply with the Biological Opinion issued as a result of consultation on the Plan.


B. The Service shall:

1. Provide technical assistance to the Tribe in the development of Annual Water Management Plans.

2. Collaborate with the Tribe as necessary in development of the Conservation and Management Plan and provide expert and peer review of the Conservation and Management Plan.


4. Retain delegated administrative authority to protect and conserve protected species under the Act.

5. Assist the Tribe in assuming the role of Team Lead.

C. Reclamation shall:

1. Provide technical assistance to the Tribe in the development of annual Water Management Plans.

2. Manage the principal water storage facilities on the Truckee River system, including implementing scheduled releases, implementing dam safety and flood control requirements, administration of water storage contracts, forecasting inflows and releases, and development of operation plans.

3. Assist the Tribe in assuming the role of Team Lead.
D. Indian Affairs shall:

1. Provide technical assistance to the Tribe in the development of annual Water Management Plans.

2. Assist the Tribe in assuming the role of Team Lead.

VII. SECTION 7 CONSULTATION

The Act requires every federal agency to insure that any action it authorizes, funds, or carries out is not likely to jeopardize the continued existence of any listed species or result in the destruction or adverse modification of critical habitat. Formal consultation is required for any federal action which may affect listed species or critical habitat.

The transfer of Team Lead for water management role from the Service to the Tribe is a discretionary federal action which may affect listed species and requires section 7 consultation. The transfer of management responsibilities can occur only upon conclusion of intra-Service consultation and approval of a Conservation and Management Plan that is consistent with the Pyramid Lake Fishery Conservation Plan and provides for conservation and recovery of protected species under the Act.

A. To the extent the following concerns are not addressed in the Conservation and Management Plan, reasonable and prudent measures will be developed within the Intra-Service Biological Opinion to the extent that they minimize the impacts of anticipated incidental take.” These concerns include:

1. Hydrologic modeling that evaluates the opportunities for the use of Designated Waters in the development of flow regimes that will recover and maintain both species.

2. Storage and release of Designated Waters established under TROA only for the benefit of cui-ui and Lahontan cutthroat trout.

3. Storage and release of Water Quality Credit Water in accordance with the Truckee River Water Quality Settlement Agreement.

4. Storage and release of Designated Waters in accordance with the goals identified in the Pyramid Lake Fishery Conservation Plan and in accordance with applicable recovery plans.
5. Storage and release of water for recruitment and maintenance of the cottonwood/willow riparian forest during above normal water years.

6. Coordination of fishery management and flow management activities with State and Federal management agencies and the public.

B. If the Tribe proposes an action that the Service believes is inconsistent with the Biological Opinion, the issue will be raised to the Project Officers (listed below) for discussion and resolution, or informal consultation.

If during informal consultation, the Service determines that an unresolved issue(s) is not likely to adversely affect listed species, the consultation process will be terminated via a letter to the Tribe and no further action will be necessary.

If during informal consultation, the Service determines that any one of the four circumstances listed in VII. C. below occur, reinitiation of formal consultation will be required.

C. Reinitiation of formal consultation is required under the following circumstances:

1. If the amount or extent of “take” authorized in the Biological Opinion is exceeded.

2. If new information reveals effects of the action that may affect listed species in a manner or to an extent not previously considered.

3. If the identified action is subsequently modified in a manner that causes an effect to the listed species that was not considered in the Biological Opinion.

4. If a new species is listed that may be affected by the identified action.

D. If through reinitiation of the consultation process described in paragraph VII. C, the Service determines that the Tribe’s proposed action is likely to jeopardize the continued existence of either species, the Service will identify reasonable and prudent alternatives to avoid jeopardy. If the Tribe fails to accept the new reasonable and prudent alternative of the Biological Opinion, Team Lead will revert to the Service.

If the Tribe takes an action without first coordinating with the Service and that action results in a level of take not authorized in the Biological Opinion or jeopardizes the continued existence of either species, Team Lead will revert back to the Service.
VIII. PROJECT OFFICERS:

A. Service: Nevada Field Supervisor
   1340 Financial Blvd., Suite 234
   Reno, Nevada   89502
   Tel: (775) 861-6300

B. Tribe: Tribal Chairman
          Post Office Box 256
          Nixon, Nevada 89424
          Tel: (775) 574-1000

C. Reclamation: Area Manager
                Post Office Box 640
                Carson City, Nevada 89702
                Tel: (775) 882-3436

D. Indian Affairs: Superintendent
                  Western Nevada Agency
                  1677 Hot Springs Road
                  Carson City, Nevada 89706
                  Tel: (775) 887-3500

IX. MODIFICATIONS

Modifications to this agreement may be proposed by any party and shall be effective when agreed upon in writing by all parties to this agreement.

X. TERMINATION

The Service and the Tribe may mutually agree to terminate this agreement at any time with 30 days written notice to the Parties.

XI. SCOPE AND LIMITATIONS

This Agreement shall not be construed to grant, expand, create or diminish any legally enforceable rights, benefits, or trust responsibilities otherwise found under existing law. This Agreement does not modify existing statutory authority or the authority of the Tribe. Nothing in this Agreement authorizes the “take” of listed species under the Endangered Species Act. This Agreement is subject to the requirements of the Anti-Deficiency Act.

Nothing in this agreement shall be construed as an acknowledgment or admission by the Tribe that it would lack management authority over the waters covered by this Agreement in the absence of this Agreement.
Signed this day, Monday, November 29, 1999

\[\text{\textit{\textbf{[Signature]}}}\]
Elizabeth Stevens  
Deputy Manager, California/Nevada Office  
U.S. Fish and Wildlife Service  
U.S. Department of the Interior

\[\text{\textit{\textbf{[Signature]}}}\]
Norman Harry  
Chairman  
Pyramid Lake Paiute Tribe

\[\text{\textit{\textbf{[Signature]}}}\]
Elizabeth Ann Rieke  
Area Manager, Lahontan Basin Area Office  
U.S. Bureau of Reclamation  
U.S. Department of the Interior

\[\text{\textit{\textbf{[Signature]}}}\]
Robert Hunter  
Superintendent  
Western Nevada Agencies  
U.S. Bureau of Indian Affairs  
U.S. Department of the Interior
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ARTICLE TWELVE
EFFECTIVENESS OF AGREEMENT

SECTION 12.A - GENERAL PROVISIONS

Section 12.A.1  Purpose. The purpose of this Article Twelve is to establish the conditions which have been or must be satisfied for this Agreement to enter into effect, to identify the provisions of the Settlement Act which enter into effect when this Agreement enters into effect, and to establish a time by which this Agreement and the provisions of the Settlement Act contingent on the effectiveness of this Agreement must enter into effect.

Section 12.A.2  Preliminary Settlement Agreement Conditions Deemed Satisfied at Time of Execution of this Agreement. The Signatory Parties agree that each of the following conditions set forth in Sections 12.A.2(a) through 12.A.2(e), which were conditions precedent to the entry into effect of the Preliminary Settlement Agreement as modified by the Ratification Agreement, have been completely and finally satisfied at or prior to the date of execution of this Agreement.

Section 12.A.2(a)  Settlement Legislation. The Congress of the United States has enacted, and the President of the United States has signed, the Settlement Act which terms and provisions are satisfactory to Pyramid Tribe and Water Authority.

Section 12.A.2(b)  Water Meter Legislation. The Legislature of Nevada has enacted, and the Governor of Nevada has signed, legislation which repeals or substantially modifies N.R.S. 704.230 to permit installation of water meters on all old and new residences within Water Authority Service Area, excluding existing unmetered apartments and condominium units or complexes which have all outdoor irrigation use metered, and to permit water rates based on the amount of water delivered to each customer.

Section 12.A.2(c)  Plan to Finance and Install Water Meters. A plan for financing and installing water meters in Water Authority Service Area has received required governmental approvals and there are no foreseeable obstacles to its implementation.

Section 12.A.2(d)  Inverted Block Rate Water Structure. Water Authority has approved an inverted block water rate structure which provides financial incentives for the conservation of water by Water Authority's residential customers.

Section 12.A.2(e)  Water Conservation Plan. All required governmental approvals have been obtained for a mandatory water conservation plan designed to produce water savings each year which is equal to or better than a plan requiring water savings of 10 percent or more during the ensuing year whenever it appears, based on the April 1 seasonal Truckee River runoff forecast, that a Drought Situation exists.
Section 12.A.3  Other Conditions Deemed Satisfied at Time of Execution of this Agreement. Pyramid Tribe shall have conducted a referendum of tribal members prior to the date of execution of this Agreement. In addition, the Signatory Parties agree that each of the following conditions, which are conditions precedent to the entry into effect of this Agreement, have been completely and finally satisfied at or prior to the date of execution of this Agreement.

Section 12.A.3(a) Appropriation of Funds. The funds authorized to be appropriated under Section 208(a)(3) of the Settlement Act have been appropriated, as required by the Settlement Act as a condition precedent to this Agreement taking effect.

Section 12.A.3(b) Compliance with National Environmental Policy Act and Endangered Species Act. The Secretary has satisfied the requirements of the National Environmental Policy Act and regulations issued to implement the provisions thereof. The Secretary has also determined for purposes of the Endangered Species Act that the potential effect of implementing this Agreement, together with cumulative effects, are not likely to jeopardize the continued existence of any endangered or threatened species, or result in the destruction or adverse modification of any designated critical habitat of such species.

Section 12.A.3(c) Compliance with California Environmental Quality Act. California’s lead agency has taken all actions required of it by the California Environmental Quality Act (Calif. Public Resources Code Section 21000 et seq.), and the lead agency has entered into any agreements it finds to be necessary to implement or carry out measures to mitigate or avoid any significant effects to the environment, which measures are found by the lead agency to be feasible.

Section 12.A.3(d) Compliance with California Endangered Species Act. California has complied with the requirements of the California Endangered Species Act (Calif. Fish and Game Code Section 2050 et seq.).

Section 12.A.3(e) Lake Tahoe Indemnification Agreement. United States has acknowledged that the indemnity agreement executed by Power Company, Conservation District and Truckee-Carson Irrigation District dated July 1, 1935, is no longer of any force or effect.

Section 12.A.3(f) Water Authority Contract to Store Water in Federal Reservoirs. A contract has been entered between Water Authority and the Secretary providing storage of Water Authority M&I Credit Water and Privately Owned Stored Water in Truckee River Reservoirs in accordance with this Agreement, and containing the following provisions:

1. the duration of such contract shall be consistent with the provisions of Section 7.A.2(b)(2); and

2. Water Authority payments for storage shall be related to the Base Amounts of Water Authority M&I Credit Water, as calculated in Section 7.B.4, and shall not vary monthly, seasonally, or annually based on actual quantities of water stored, Exchanged, converted to Fish Credit Water or subjected to other operations, and shall be the same regardless of which Truckee River Reservoirs are used.
Section 12.A.3(g)  Previously Resolved Litigation. The following litigation and proceedings have been finally resolved:


(2)  all pending motions filed by Pyramid Tribe in Docket No. E-9530 before the Federal Energy Regulatory Commission; and


Section 12.A.3(h)  Provision of 6700 Acre-Feet of Water Rights. The 6,700 acre-feet of water rights for water quality purposes have been provided pursuant to Section 1.E.4 by Reno, Sparks, and Washoe County.

Section 12.A.4  Entry Into Effect of this Agreement. Unless the entry into effect of this Agreement is delayed pursuant to the provisions of Section 12.A.6, it shall enter into effect and become operative within one (1) year of the date on which the last of the following conditions set forth in Sections 12.A.4(a) through 12.A.4(g) is satisfied.

Section 12.A.4(a)  Promulgation as Exclusive Federal Regulation. The Secretary shall have promulgated this Agreement as the exclusive Federal regulation governing it.

Section 12.A.4(b)  Modifications to Orr Ditch Decree. This Agreement shall have been submitted to the Orr Ditch Court for approval of any necessary modifications in the provisions of the Orr Ditch Decree, including a satisfactory confirmation of the consumptive use portion of Changed Diversion Rights, and the Orr Ditch Court's approval thereof shall have been obtained.

Section 12.A.4(c)  Modifications to Truckee River General Electric Decree. This Agreement shall have been submitted to the Truckee River General Electric Court for approval of any necessary modifications in the Truckee River General Electric Decree, and the Truckee River General Electric Court's approval thereof shall have been obtained.

Section 12.A.4(d)  Water Right Changes Have Been Approved. The following changes to water rights, which the Signatory Parties deem are necessary to accomplish the purposes of this Agreement, either have been approved or are approved conditioned on this Agreement entering into effect:

(1)  changes for Boca Reservoir identified in Sections 7.A.4(a)(1)(ii) through 7.A.4(a)(1)(iv), unless the Mandatory Signatory Parties agree that such contingency has been otherwise satisfied or is not required for this Agreement to take effect, and provided that no Mandatory Signatory Party
has identified any condition of such approval that would make the approval required under this Section 12.A.4(d)(1) inoperative;

(2) changes for Independence Lake identified in Sections 7.A.4(a)(2)(ii) through 7.A.4(a)(2)(iv), unless Water Authority determines that such contingency has been otherwise satisfied or is not required for this Agreement to take effect, and provided that Water Authority has not identified any condition of such approval that would make the approval required under this Section 12.A.4(d)(2) inoperative;

(3) changes for Prosser Creek Reservoir identified in Section 7.A.4(a)(3), unless the Mandatory Signatory Parties agree that such contingency has been otherwise satisfied or is not required for this Agreement to take effect, and provided that no Mandatory Signatory Party has identified any condition of such approval that would make the approval required under this Section 12.A.4(d)(3) inoperative;

(4) changes for Stampede Reservoir identified in Sections 7.A.4(a)(4)(ii) through 7.A.4(a)(4)(iv), unless the Mandatory Signatory Parties agree that such contingency has been otherwise satisfied or is not required for this Agreement to take effect, and provided that no Mandatory Signatory Party has identified any condition of such approval that would make the approval required under this Section 12.A.4(d)(4) inoperative;

(5) a minimum of 12,000 acre-feet of changes to Changed Diversion Rights identified in Section 7.A.4(b)(1), with a consumptive use fraction of not less than 2.5 acre-feet per acre and a flexible 12-month diversion schedule; unless each of Water Authority, Pyramid Tribe and United States agree that such contingency has been otherwise satisfied or is not required for this Agreement to take effect, and provided that each of Water Authority, Pyramid Tribe, and United States have not identified any condition of such approval that would make the approval required under this Section 12.A.4(d)(5) inoperative; and

(6) changes to Pyramid Tribe’s right granted under State Engineer Ruling 4683 identified in Section 7.A.4(b)(2), unless each of Pyramid Tribe, United States, and Water Authority agree that such contingency has been otherwise satisfied or is not required for this Agreement to take effect, and provided that each of Pyramid Tribe, United States, and Water Authority have not identified any condition of such approval that would make the approval required under this Section 12.A.4(d)(6) inoperative.

Section 12.A.4(e) Vested Water Right for Independence Lake. Changes to the vested water right for Independence Lake allowing Water Authority to Establish M&I Credit Water shall not be subject to challenge, or any such challenge shall have been finally resolved.
Section 12.A.4(f)  Unappropriated Water. The Nevada State Engineer shall have issued permits to Pyramid Tribe based upon Ruling No. 4683 and the Orr Ditch Court shall have confirmed the water right evidenced by those permits and shall have amended the Orr Ditch Decree to provide that the Truckee River and its tributaries, in Nevada, is fully appropriated and therefore closed to any new appropriations.

Section 12.A.4(g)  Resolution of Litigation. The following litigation and proceedings shall have been dismissed with prejudice or otherwise finally resolved with respect to the Mandatory Signatory Parties:

(1)  *Pyramid Lake Paiute Tribe v. California*, Civ. S-181-378-RAR-RCB, United States District Court, Eastern District of California; and

(2)  *United States v. Truckee-Carson Irrigation District*, Civ. No. 4-2987-RCB, United States District Court, District of Nevada.

Section 12.A.5  Writing Concerning Status of Conditions. Each year on the anniversary date of their execution of this Agreement, and continuing until this Agreement has taken effect, the Mandatory Signatory Parties shall execute a written document in which each shall state its then position on the status of satisfaction of the conditions set forth in Section 12.A.4. A copy of the written document shall be provided to all Signatory Parties.

Section 12.A.6  Delay of Entry Into Effect of Agreement. If a challenge to any of the actions taken to satisfy the conditions set forth in Sections 12.A.4(a) through 12.A.4(g) is pending before any administrative agency or court within one year after the last to be satisfied of those conditions has been satisfied then, at any time within said one-year period, any Mandatory Signatory Party may delay the time when this Agreement shall enter into effect and become operative by giving written notice of its election to delay the operative effect of this Agreement to the Signatory Parties in accordance with the notice provisions of Article Fourteen. If one or more such notices of delay are given, this Agreement shall not enter into effect or become operative until the actions required to satisfy the conditions set forth in Sections 12.A.4(a) through 12.A.4(g) have become final and are not subject to further appeal before any administrative agency or court, or the Mandatory Signatory Party requesting the delay waives its objection.

Section 12.A.7  Provisions of Settlement Act Which Enter into Effect When this Agreement Enters into Effect. When this Agreement enters into effect, the provisions of Section 204, subsections 206(c), 207(c) and 207(d), paragraph 208(a)(3)(D) and paragraph 210(a)(3) of the Settlement Act shall enter into effect and remain in effect as provided in the Settlement Act.

Section 12.A.8  Waiver of Certain Conditions by Benefited Party. United States and Pyramid Tribe may jointly waive satisfaction of the condition identified in Section 12.A.4(f), in whole or in part. The provisions of Section 12.A.6 notwithstanding, any Mandatory Signatory Party which has given notice of delay pursuant to Section 12.A.6 may waive and withdraw that notice at any time. Such waivers must be in writing and must be given as provided in Section 14.P. Upon such waiver, the condition waived shall no longer be required to be satisfied for the provisions of this Agreement to enter into or remain in effect.
If the conditions set forth in Section 12.A.4 shall not have been satisfied or if this Agreement shall not have entered into effect by December 31, 2014, or such later date as may be agreed to by the Mandatory Signatory Parties, this Agreement shall terminate and, in such case, each of the Signatory Parties shall be restored to its respective rights and positions as the same existed at the date hereof (and, in the case of Pyramid Tribe and Water Authority, as successor to Power Company, as of May 23, 1989) unaffected by the provisions of this Agreement (and, in the case of Pyramid Tribe and Water Authority, unaffected by the provisions of this Agreement and the Preliminary Settlement Agreement).

The foregoing notwithstanding and unless otherwise ordered by a court with jurisdiction, any Storing Party with Credit Water in storage may leave its water in storage until it is used or Spilled consistent with the provisions of this Agreement.
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ARTICLE THIRTEEN
RELATION OF AGREEMENT TO SETTLEMENT ACT, ADJUSTMENTS TO OPERATIONS AND CHANGES TO AGREEMENT

SECTION 13.A - PURPOSE

This Article Thirteen specifies a process for reviewing implementation of this Agreement, for considering adjustments to operations and operational policies, and for considering changes to this Agreement.

SECTION 13.B - AGREEMENT CONSTITUTES THE OPERATIONAL CRITERIA REQUIRED BY SECTION 205(A) OF THE SETTLEMENT ACT

This Agreement shall be the basis for operation of Truckee River Reservoirs to comply with the requirements of Section 205(a)(2) of the Settlement Act and to implement those matters specified in subdivisions (A) through (I) of Section 205(a)(3) of the Settlement Act. The Signatory Parties have executed this Agreement with the awareness of, and an intention to be bound by, the provisions of Section 210(a)(3) of the Settlement Act, and they shall not assert claims barred by that section. The Signatory Parties and Scheduling Parties shall act consistent with this Agreement and shall cooperate in carrying out its provisions and the related provisions of the Settlement Act.

SECTION 13.C - PERIODIC REPORT ON OPERATIONS

Following each ten-year period of operations under this Agreement, the initial period commencing with the year in which this Agreement enters into effect, the Administrator shall prepare and distribute to the Signatory Parties and Scheduling Parties a report summarizing the previous ten years of operations pursuant to this Agreement. The report shall include an evaluation of such operations in achieving the purposes set forth in Section 205(a)(2) of the Settlement Act and, insofar as purposes are specifically identified by this Agreement, in Section 205(a)(3) of the Settlement Act.

SECTION 13.D - ADJUSTMENTS TO OPERATIONS

Section 13.D.1 Recognition that Changes May Affect Implementation of Agreement. The Signatory Parties recognize the following:

(a) Hydrologic, physical, technical, legal and cultural conditions in the Truckee River Basin may change over time, which changed conditions cannot reasonably be foreseen at the time of this Agreement.
(b) Changes in the manner of implementation of this Agreement with regard to operation of the Truckee River Reservoirs may require either adjustments to operations or to operational policies pursuant to this Agreement or changes to the Agreement as contemplated by Section 205(a)(5) of the Settlement Act.

(c) Changes referenced in this Section 13.D.1(a) and (b) may cause a Sovereign Party to request the Administrator to convene a proceeding to review implementation of this Agreement, to comply with the requirements of Section 205(a)(2) of the Settlement Act, or to implement those matters specified in subdivisions (A) through (I) of Section 205(a)(3) of the Settlement Act.

Section 13.D.2 Cooperative Process for Adjustment to Implementation of Agreement. At any time, any one or more of the Sovereign Parties may request the Administrator to convene a proceeding to review implementation of this Agreement including, but not limited to, consideration of adjustments to operations or operational policies. Any such request shall contain a statement specifying the manner in which implementation of this Agreement has failed to achieve the purposes set forth in Section 205(a)(2) of the Settlement Act and, insofar as purposes are specifically identified by this Agreement, in Section 205(a)(3) of the Settlement Act.

Section 13.D.3 Notice of Cooperative Proceeding. Upon receipt of any such request, the Administrator shall convene a proceeding of all the Signatory Parties by providing written notice thereof. The notice shall specify a time and place for an initial meeting of all Signatory Parties, which time shall be within 30 days of receipt by the Administrator of the request and shall include a copy of the request.

Section 13.D.4 Signatory Parties to Meet and Confer. At the time and place specified in the notice, the Signatory Parties shall meet and confer in good faith regarding disposition of the request.

Section 13.D.5 Duration of Proceedings. If the issues raised are not resolved by the cooperative process described in this Section 13.D, the Administrator shall continue the proceeding to mediation and may utilize the services of a disinterested person or persons with expertise and experience in matters related to the issue or issues raised by the request. Any such mediator shall assist the Signatory Parties in reaching agreement. The duration of the mediation proceeding shall be reasonable in light of the scope of the issues under consideration. In the event that at least three of the Sovereign Parties report to the Administrator and to the Signatory Parties that the proceeding is unlikely to result in agreement being reached, the proceeding shall be terminated.

SECTION 13.E - CONSIDERATION OF CHANGES TO THIS AGREEMENT

Section 205(a)(5) of the Settlement Act provides that any changes to this Agreement must be adopted and promulgated in the same manner as this Agreement.
Section 13.E.1 Process for Changes to this Agreement. At any time, any one or more of the Sovereign Parties may petition the Administrator to convene a proceeding for the purpose of negotiating a change or changes to this Agreement. Any such petition shall contain a statement specifying the changes to this Agreement proposed by the petitioner and the reasons therefor.

Section 13.E.2 Notice of Negotiation. Upon receipt of any such petition, the Administrator shall issue a notice of negotiation. The notice shall include a copy of the petition and specify a time and place for an initial negotiation meeting of all Signatory Parties, which time shall, unless otherwise agreed to by the Signatory Parties, be within 30 days of receipt by the Administrator of the petition.

Section 13.E.3 Signatory Parties to Meet and Confer. At the time and place specified in the notice, the Signatory Parties shall meet and confer in good faith regarding the disposition of the petition.

Section 13.E.4 Duration of the Proceedings. The Administrator may continue the negotiation proceeding from time to time, may continue the proceeding to mediation, and may utilize the services of a disinterested person or persons with expertise and experience in matters related to the issue or issues raised by the petition. Any such mediator shall assist the Signatory Parties in reaching agreement. The duration of the negotiation and mediation shall be reasonable in light of the scope of the issues under consideration. In the event that at least three of the Sovereign Parties report to the Administrator and to the Signatory Parties that the proceeding is unlikely to result in agreement being reached, the proceeding shall be terminated.

Section 13.E.5 Adoption of Changes to this Agreement. In the event that agreement is reached on changes to this Agreement, such changes shall be adopted and promulgated pursuant to the provisions of Section 205(a)(5) of the Settlement Act.
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SECTION 14.A - PROVISIONS REQUIRED IN AGREEMENTS WITH UNITED STATES

During the performance of this Agreement, each Signatory Party agrees as follows:

1. It will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. It will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruiting or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. It agrees to post in conspicuous places, available to employee and applicants for employment, notices to be provided by United States setting forth the provisions of this equal opportunity clause. Nothing in this Section 14.A shall affect any tribal or federal authority providing for employment preferences for Tribal members.

2. It will, in all solicitations or advertisements for employees placed by or on its behalf, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

3. It will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice, to be provided by United States, advising the labor union or workers’ representative of its commitments under this equal opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. It will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

5. It will furnish all information and reports required by said Executive Order, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by United States for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
6. In the event of a **Signatory Party**’s noncompliance with the equal opportunity clause of this **Agreement** or with any of the said rules, regulations, or orders, it may be declared ineligible for further government contracts in accordance with procedures authorized in said Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

7. It will include the provisions of Sections 14.A.1 through 14.A.6 in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 112465, so that such provisions will be binding upon each subcontractor or vendor. It will take such actions with respect to any subcontractor or purchase order as United States may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event the **Signatory Party** becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by United States, it may request United States to enter into such litigation to protect the interests of United States.

SECTION 14.B - AUDIT CLAUSE IN AGREEMENTS WITH CALIFORNIA

California requires an audit clause to be included in its agreements. The following audit clause implements that requirement and shall apply to (1) United States to the extent provided by federal laws, rules and regulations, (2) Nevada and other **Signatory Parties** organized under or subject to Nevada law only to the extent applicable and consistent with Nevada law, rules and regulations, and (3) Pyramid Tribe to the extent provided by applicable federal or tribal laws or regulations.

Records of the **Signatory Parties** pertaining to the performance of this **Agreement** shall be subject to examination and audit by California State Auditor or California Bureau of State Audits or any successor thereto. All **Signatory Parties** agree to maintain records concerning performance of this **Agreement** for a period of three years following the calendar year in which the record was created, or such longer period as may be required by this **Agreement** or applicable law, and to make such records available for audit. (Calif. Government Code Section 8546.7)

SECTION 14.C - OFFICIALS NOT TO BENEFIT

No member of, or delegate to, Congress shall be admitted to any share or part of this **Agreement** or to any benefit that may arise here from. This restriction shall not be construed to extend to this **Agreement** if made with a corporation for its general benefit. No official of California or Nevada shall receive any benefit that may arise by reason of this **Agreement** other than that as a citizen of California or Nevada and in the same manner as other citizens of California or Nevada.
SECTION 14.D - AUDITS OF ADMINISTRATOR

Inspector General of the United States Department of the Interior, California State Auditor, California Bureau of State Audits, and/or Nevada State Auditor or any successors thereto shall have the right to review and copy the records of the Administrator pertaining to the performance of this Agreement. The Administrator shall maintain such records for a period of not less than ten years following the calendar year in which such record was created. The Administrator shall allow access to such records during normal business hours and allow interviews of any employees who might reasonably have information relating to such records. The Administrator shall include a similar right to audit records and interview employees in any contracts relating to performance of this Agreement.

SECTION 14.E - NEW PARTIES TO THIS AGREEMENT

With the prior unanimous agreement of the Mandatory Signatory Parties, Persons in addition to the initial Signatory Parties may sign this Agreement and become a Signatory Party hereto.

SECTION 14.F - ASSIGNMENT

Rights and obligations under this Agreement may be assigned by a Signatory Party only with the prior written approval of United States. Such approval shall not be unreasonably withheld. In determining whether to grant such approval, United States shall consult with California and Nevada. The approval of United States to any such assignment is not intended to substitute for or otherwise preempt other approvals of the assignment which may be required under applicable law. Any assignment of rights and obligations under this Agreement made without the prior written approval of United States shall be ineffective, but shall not void this Agreement or the rights and obligations of the Signatory Parties. Once an assignment is approved, the assignee shall have all the rights and obligations of, and shall be considered as, a Signatory Party. If Mandatory Signatory Party status is assigned and approved pursuant to this Section 14.F, such assignment shall not result in more than one Mandatory Signatory Party.

SECTION 14.G - AGREEMENT BINDING ON SUCCESSORS AND NEW PARTIES

Subject to the provisions of Sections 14.E and 14.F, this Agreement and all of its provisions shall apply to and bind all parties to this Agreement and the successors or assigns of the parties hereto.

SECTION 14.H - LIMITATION ON THIRD PARTY BENEFICIARY RIGHTS

The terms and conditions of this Agreement are intended for the benefit of Signatory Parties, their successors or assigns, and for other Persons upon signing this Agreement pursuant to its terms. This Agreement is not intended nor shall it be construed to create any third party beneficiary rights to enforce the terms of this Agreement in any Person that is not a
Signatory Party, a successor or assign to a Signatory Party, or one of the following intended third party beneficiaries:

1. those owners of water rights in Nevada identified under Section 1.C who Exercise such water rights through diversion of water from the Truckee River, but only to the extent provided under Section 1.C; and

2. a Person who owns a well or who is proposing to construct a well in the Truckee River Basin in California, but only to the extent set forth in Sections 10.B.1, 10.B.2, 10.C.4, and 10.D.2 and other provisions of this Agreement applicable thereto.

SECTION 14.I - RELIANCE AND MISTAKE OF FACT

Each Signatory Party warrants, represents, and agrees that there is no reliance upon, and there has been no reliance upon, any representation or statement made by any of them with respect to the facts involved in any matters referred to in this Agreement, or with respect to any rights or asserted rights of any of them. In that connection, each of the Signatory Parties hereby assumes the risk of any mistake of fact in connection with the true facts involved in said matters, or with regard to any of the facts which are now unknown to them relating to any of such matters.

SECTION 14.J - NO JOINT VENTURE

The Signatory Parties specifically acknowledge that no Signatory Party is acting as the agent of any other Signatory Party in any respect, and that each Signatory Party is an independent entity with respect to the terms, covenants and conditions contained in this Agreement. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the Signatory Parties in their businesses, operations, affairs or otherwise; nor shall it cause them to be considered joint venturers or members of any joint enterprise.

SECTION 14.K - CONSTRUCTION

Each of the Signatory Parties acknowledges that it has had an opportunity to review this Agreement with its legal counsel, and that this Agreement has been jointly drafted by all initial Signatory Parties.

SECTION 14.L - AUTHORITY

Each undersigned representative of a Signatory Party certifies that he or she is fully authorized to enter into the terms and conditions of this Agreement, and to execute and legally bind such Signatory Party to this Agreement.
SECTION 14.M - WAIVER OF BREACH

The waiver of a breach of any of the provisions of this Agreement shall not be deemed to be a waiver of any other provisions hereof, or of a subsequent breach of such provisions.

SECTION 14.N - SEVERABILITY

If any portion of this Agreement is held invalid or unenforceable in whole or in part, this entire Agreement shall be likewise invalid and unenforceable, unless the Mandatory Signatory Parties unanimously agree otherwise.

SECTION 14.O - CAPTIONS

Captions, headings and recitals used in this Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms or provisions thereof.

SECTION 14.P - NOTICES

Section 14.P.1 Officials of Signatory Parties. When a document or notice is required for the purposes of administering this Agreement, it shall be sent personally or by registered or certified mail, overnight delivery, facsimile or electronic mail to the following officials, or to alternate officials as may be designated by Signatory Party in writing to the Administrator and all other Signatory Parties:

(a) Notices to United States shall be sent to:
   Secretary
   Department of the Interior
   Office of the Secretary
   1849 “C” Street, NW
   Mail Stop 2279
   Washington, DC 20240

(b) Notices to State of California shall be sent to:
   Director
   Department of Water Resources
   1416 9th St., 11th Floor
   Sacramento, CA 95814
   P.O. Box 942836
   Sacramento, CA 94236-0001

   Executive Director
   State Water Resources Control Board
   1001 I St.
   Sacramento, CA 95814
   P.O. Box 100
   Sacramento, CA 95812-0100

   Secretary
   Resources Agency
   1416 9th St., Suite 1311
   Sacramento, CA 95814
(c) Notices to State of Nevada shall be sent to:
   Director
   Department of Conservation and Natural Resources
   901 South Stewart St., Suite 5001
   Carson City, NV  89701

(d) Notices to Pyramid Lake Paiute Tribe of Indians shall be sent to:
   Tribal Chairman
   Pyramid Lake Paiute Tribe of Indians
   P.O. Box 256
   Nixon, NV  89424

(e) Notices to Truckee Meadows Water Authority shall be sent to:
   General Manager
   Truckee Meadows Water Authority
   1355 Capital Blvd.
   P.O. Box 30013
   Reno, NV 89520-0013

(f) Notices to Washoe County shall be sent to:
   Director of Water Resources
   Washoe County
   1001 E. 9th St.
   Reno, NV 89512
   P.O. Box 11130
   Reno, NV  89520
   District Attorney
   Washoe County
   P.O. Box 11130
   Reno, NV 89520

(g) Notices to City of Reno shall be sent to:
   Sanitary Engineer
   City of Reno
   1 East St.
   Reno, NV 89501
   P.O. Box 1900
   Reno, NV  89505

(h) Notices to City of Sparks shall be sent to:
   Public Works Director
   City of Sparks
   431 Prater Way
   Sparks, NV  89431-0857

(i) Notices to City of Fernley shall be sent to:
   Public Works Director
   City of Fernley
   595 Silver Lace Blvd.
   Fernley, NV  89408
(j) Notices to Washoe County Water Conservation District shall be sent to:
Board President
Washoe County Water Conservation District
295 Holcomb Ave., Suite A
Reno, NV  89502

(k) Notices to Sierra Valley Water Company shall be sent to:
President
Sierra Valley Water Company
53211 Hwy 49
Loyalton, CA  96118
P.O. Box 156
Sierraville, CA  96124

(l) Notices to Truckee Donner Public Utility District shall be sent to:
General Manager
Truckee Donner Public Utility District
11570 Donner Pass Road
Truckee, CA  96160

(m) Notices to North Tahoe Public Utility District shall be sent to:
General Manager
North Tahoe Public Utility District
875 National Ave.
Post Office Box 139
Tahoe Vista, CA  96148

(n) Notices to Carson-Truckee Water Conservancy District shall be sent to:
Board President
Carson-Truckee Water Conservancy District
295 Holcomb Avenue, Suite A
Reno, NV  89502

(o) Notices to Placer County Water Agency shall be sent to:
General Manager
Placer County Water Agency
P.O. Box 6570
Auburn, CA  95604

Any Signatory Party may change its address by giving notice to the other Signatory Parties and the Administrator in accordance with this Section 14.P.1.

Section 14.P.2 Designation of Person or Persons to Receive Notice. Each official identified in Section 14.P.1 may designate one or more persons to receive specific types of notice, and may designate a different person or persons to receive notice of operations, scheduling, financial matters, policy matters, or other distinct matters arising from administration
of this Agreement. Any such designation shall be sent to the Administrator and each of the officials identified in Section 14.P.1. The Administrator shall maintain and distribute a list of such designated persons. Any such designation shall remain in effect until specifically modified or revoked.

Section 14.P.3 Notice Pursuant to Other Provisions of this Agreement. Where specific procedures for notice are set forth in other provisions of this Agreement, those procedures shall be followed, if different from those set forth in this Section 14.P, provided that the Administrator may also specify that notice be given pursuant to this Section 14.P, if the Administrator finds that such notice will assist in the orderly administration of this Agreement.

SECTION 14.Q - TRIBAL IMMUNITY

Nothing in this Agreement waives or diminishes any immunity from state jurisdiction or regulation that Pyramid Tribe otherwise would have.
IN WITNESS WHEREOF, the Signatory Parties have executed this Agreement, the
day and year first above written.

U.S. DEPARTMENT OF THE INTERIOR

DIRK KEMPTHORNE
SECRETARY OF THE INTERIOR

U.S. DEPARTMENT OF JUSTICE

RONALD J. TENPAS
ASSISTANT ATTORNEY GENERAL
ENVIRONMENT AND NATURAL
RESOURCES DIVISION

STATE OF CALIFORNIA

MIKE CHRISMAN
SECRETARY FOR RESOURCES,
in consultation with and on behalf of the
California agencies identified in this Agreement,
and as designee of the Governor for all purposes
required by the Settlement Act

STATE OF NEVADA

ALLEN BIAaggi
DIRECTOR, DEPARTMENT OF
CONSERVATION AND NATURAL
RESOURCES

PYRAMID LAKE PAIUTE TRIBE OF
INDIANS

MERVIN WRIGHT, JR.
TRIBAL CHAIRMAN

TRUCKEE MEADOWS WATER
AUTHORITY

MIKE CARRIGAN
CHAIRMAN, BOARD OF DIRECTORS

WITNESS

HARRY REID
UNITED STATES SENATOR
CITY OF RENO

ROBERT A. CASHELL, SR. MAYOR

ATTEST: CITY CLERK

CITY OF SPARKS

GENO R. MARTINI MAYOR

ATTEST: CITY CLERK

CITY OF WASHOE

ROBERT M. LARKIN CHAIRMAN, BOARD OF COUNTY COMMISSIONERS

ATTEST: COUNTY CLERK

CITY OF FERNLEY

TODD CUTLER MAYOR

ATTEST: CITY CLERK

WASHOE COUNTY WATER CONSERVATION DISTRICT

DON CASAZZA BOARD PRESIDENT

CARSON-TRUCKEE WATER CONSERVANCY DISTRICT

DAVID ROUNDTREE BOARD VICE PRESIDENT
SIERRA VALLEY MUTUAL WATER COMPANY  
dba Sierra Valley Water Company

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

ERIC ROEN  
PRESIDENT

TIM F. TAYLOR  
PRESIDENT OF THE BOARD

NORTH TAHOE PUBLIC UTILITY DISTRICT

PLACER COUNTY WATER AGENCY

Neil A. Eskin
GENERAL COUNSEL

Mike Lee
CHAIRMAN OF THE BOARD

SPECIAL JOINDER OF SIERRA PACIFIC POWER COMPANY
IN
TRUCKEE RIVER OPERATING AGREEMENT

Sierra Pacific Power Company, as the predecessor-in-interest to the Truckee Meadows Water Authority with respect to certain of the water rights, agreements, court decrees, litigation and facilities which are a part of the subject matter of the Truckee River Operating Agreement, hereby joins in the execution of the Truckee River Operating Agreement for the sole and limited purpose of confirming and agreeing that the Purchased Assets, as that term is defined in the Asset Purchase Agreement dated January 15, 2001, between it and the Truckee Meadows Water Authority (the "Asset Purchase Agreement"), include all assets necessary for the Truckee Meadows Water Authority to perform, fulfill and discharge all obligations of Sierra Pacific Power Company under the Preliminary Settlement Agreement as defined in the Asset Purchase Agreement, and that all such assets have been conveyed to the Truckee Meadows Water Authority, or, if not conveyed on or before the entry into effect of the Truckee River Operating Agreement, will nevertheless be operated and used so as to allow the Truckee Meadows Water Authority to perform, fulfill and discharge such obligations.

SIERRA PACIFIC POWER COMPANY

Michael Vackira
CHIEF EXECUTIVE OFFICER