

STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

AMENDMENT NO. 24 TO THE WATER SUPPLY CONTRACT
BETWEEN
THE STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES
AND
ANTELOPE VALLEY-EAST KERN WATER AGENCY

THIS AMENDMENT to the Water Supply Contract is made this 21st day of
August, 2013, pursuant to the provisions of the California Water Resources
Development Bond Act, and other applicable laws of the State of California, between the
Department of Water Resources of the State of California (DWR) and Antelope Valley-East
Kern Water Agency (AVEK). DWR and AVEK may be referred to individually by name as
"Party" or collectively as "Parties."

RECITALS

- A. The Parties have entered into and subsequently amended a long-term Water Supply Contract (AVEK Water Supply Contract), providing that DWR will supply certain quantities of water to AVEK, and providing that AVEK shall make certain payments to DWR, and setting forth the terms and conditions of such supply and such payments.
- B. Tulare Lake Basin Water Storage District (TLBWSD) and DWR have entered into and subsequently amended a long-term Water Supply Contract (TLBWSD Water Supply Contract), providing that DWR will supply certain quantities of water to TLBWSD, and providing that TLBWSD shall make certain payments to DWR, and setting forth the terms and conditions of such supply and such payments.
- C. Various landowners within TLBWSD have entered into agreements with Tejon Ranchcorp (Tejon), an AVEK customer, for purchase of a portion of TLBWSD's State Water Project (SWP) supplies. TLBWSD has requested to DWR that 1,451 acre-feet of TLBWSD's Table A SWP supplies from Reach 8D be permanently transferred to AVEK beginning January 1, 2014.
- D. The Parties wish to set forth their agreement as to (i) the 1,451 acre-feet increase in AVEK's annual Table A amounts, (ii) the transfer of related repayment obligations, and (iii) the revision of Proportionate Use of Facilities factors set forth in AVEK's Water Supply Contract.
- E. DWR and TLBWSD are simultaneously, with the execution and delivery of this Amendment, entering into Amendment No. 35 to TLBWSD's Water Supply Contract in order to reflect (i) the transfer of annual Table A amounts described herein, (ii) the transfer of related repayment obligations, (iii) the delivery priority for the permanently transferred Table A amounts, and (iv) the revision of Proportionate Use of Facilities factors.
- F. In compliance with the California Environmental Quality Act (CEQA), AVEK, as lead agency, filed a Negative Declaration with the State Clearinghouse on November 7, 2012 (SCH #2012111020). DWR, as a responsible agency, has reviewed and considered the above documents prior to approving this Amendment.
- G. In accordance with Notice to State Water Project Contractors Number 03-10, a public meeting was held on May 14, 2013 to negotiate the proposed two Water Supply Contract amendments.
- H. This transfer is in furtherance of DWR's policy in favor of water transfers (Water Code Section 475) and will provide AVEK a supplement to its current water supply to meet projected demand in the immediate near term.
- I. DWR is willing to approve the permanent transfer of Table A amounts in accordance with the terms of this Amendment.

NOW, THEREFORE, the Parties agree:

1. Article 12(c) of AVEK's Water Supply Contract is amended to read as follows:
In no event shall DWR be obligated to deliver water to AVEK through all delivery structures at a total combined instantaneous rate of flow exceeding 200 cubic feet per second, except as this rate of flow may be revised by amendment of this article after submission to DWR of AVEK's requests with respect to maximum flow capacities to be provided through all delivery structures, pursuant to Article 10.

2. Article 45(f) of AVEK's Water Supply Contract is added to read:
In accordance with AVEK's Water Supply Contract, AVEK is increasing its annual Table A amounts by 1,451 acre-feet from Reach 8D beginning in the year 2014 and each succeeding year thereafter for the term of AVEK's Water Supply Contract. As a result of this transfer, Table A as designated in Article 6 is amended as follows:

**TABLE A
 ANNUAL ENTITLEMENTS
 ANTELOPE VALLEY – EAST KERN WATER AGENCY**

<u>Year</u>		<u>Acre-Feet</u>
1	(1972)	20,000
2	(1973)	25,000
3	(1974)	30,000
4	(1975)	35,000
5	(1976)	44,000
6	(1977)	50,000
7	(1978)	57,000
8	(1979)	63,000
9	(1980)	69,200
10	(1981)	75,000
11	(1982)	81,300
12	(1983)	87,700
13	(1984)	35,000
14	(1985)	40,000
15	(1986)	42,000
16	(1987)	44,000
17	(1988)	46,000
18	(1989)	125,700
19	(1990)	132,100
20	(1991)	138,400
21	(1992)	138,400
22	(1993)	138,400
23	(1994)	138,400
24	(1995)	138,400
25	(1996)	138,400
26	(1997)	138,400
27	(1998)	138,400
28	(1999)	138,400
29	(2000)	138,400
30	(2001)	138,400
31	(2002-2013)	141,400
32	(2014)	143,393
32	(2014)	144,844

And each succeeding year thereafter,
 until December 31, 2035 for:

144,844

In any year, the amounts designated in this Table A shall not be interpreted to mean that DWR is able to deliver those amounts in all years. Article 58 describes DWR's process for providing current information for project delivery capability.

3. Increases in AVEK's Delta Water Charge, the Transportation Charges, and the Water System Revenue Bond Surcharge resulting from the increase in AVEK's annual Table A amounts for the year 2014 and each year thereafter shall commence January 1, 2014, and be identified by DWR and included in future annual Statements of Charges to AVEK.
4. Any over and under adjustments to payments made by TLBWSD for 2013 and prior years attributable to the 1,451 acre-feet of annual Table A amounts transferred on January 1, 2014 shall be paid by or credited to TLBWSD, including refunds or credits for Off-Aqueduct and Water System Revenue Bond reserves. Any over and under adjustments to payments made by AVEK for 2014 and future years attributable to a total of 1,451 acre-feet of annual Table A amounts transferred on January 1, 2014 shall be paid by or credited to AVEK.
5. Transportation capital cost component charges for capacity attributable to the 1,451 acre-feet of TLBWSD's Table A water to reaches downstream of TLBWSD in Reaches 9 through 19 shall be redetermined and allocated to AVEK retroactively and prospectively according to the proportionate use of facilities method described in Article 24. Transportation capital cost component charges for capacity attributable to the 1,451 acre-feet of TLBWSD's Table A water for Reaches 20A through 22A shall not be redetermined because AVEK has existing East Branch Enlargement capacity available.
6. For cost allocation and repayment purposes, the attached Exhibits A shows Table A amounts and capacity values for each aqueduct reach in which AVEK participates consistent with the limits of Articles 12(b) and 12(c). These redetermined values shall be used to derive the proportionate use of facilities factors as set forth in Table B as designated in Article 24(b). The capacity amounts shown in Exhibit A are estimated values. Actual values will be used by DWR in implementing the terms of this Amendment and in redetermination of Table B of AVEK's Water Supply Contract under Article 28. Further, in the situation where delivery capacity in reaches downstream of Reach 8D is insufficient to meet all requested demands of participating SWP contractors, those SWP contractors who originally participated in Reaches 9-19 when it was constructed shall receive first priority for delivery services through Article 12(f). AVEK, as a post-construction participant in Reaches 9 through 19, shall receive delivery services in these situations after original SWP contractors' demands are met. For Reaches 20A through 22A, AVEK shall receive first priority for delivery services because AVEK has existing East Branch Enlargement capacity available.
7. AVEK acknowledges that this transfer is not conditioned on the Monterey Amendment being in effect. AVEK further acknowledges that the allocation of water is different under pre-Monterey conditions, and that the availability of water associated with the permanent water transfer would, in certain years, be materially different if DWR

allocated available water supply based on pre-Monterey conditions. Recognizing the foregoing, DWR shall treat and allocate the water associated with the transfer of this 1,451 acre-feet of annual Table A amounts in the same manner as AVEK's other annual Table A amounts.

8. This Amendment is contingent upon the effectiveness of the Water Supply Contract Amendment No. 35 between DWR and TLBWSD. If either amendment ceases to be effective for any reason, AVEK agrees that DWR may, at its discretion and consistent with the law then in effect as determined by DWR, and after meeting and conferring with AVEK, identify the date on which this Amendment shall be deemed inoperative for the purpose of assuring timely repayment of contract obligations and orderly administration of TLBWSD's and AVEK's Water Supply Contracts.
9. AVEK agrees to defend and hold DWR, its officers and employees, jointly and severally, harmless from any direct or indirect loss, liability, lawsuit, cause of action, judgment or claim, and shall indemnify DWR, its officers and employees, jointly and severally, for all lawsuits, costs, damages, judgments, attorney fees, and liabilities that DWR, its officers and employees incur as a result of DWR providing services under this Amendment, except to the extent resulting from sole negligence or willful misconduct of DWR.
10. This Amendment shall not be used as a precedent for future agreements or DWR activities.
11. Except as amended herein, all other provisions of AVEK's Water Supply Contract will remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the
date first above written.

Approved as to legal form
and sufficiency:

State of California
Department of Water Resources

Cathy Crothers
V Chief Counsel
Department of Water Resources

Dale K. Huffman ^{for} M. Lovin
Director

Date Aug 9, 2013

Date 8/21/13

ANTELOPE VALLEY-EAST KERN WATER AGENCY

Keith Ayers
Signature
President of Board
Title
Date 7-9-13

EXHIBIT A

ANTELOPE VALLEY - EAST KERN WATER AGENCY
 ANNUAL TABLE A AND CAPACITY VALUES FOR EACH REACH
 FOR COST ALLOCATION AND REPAYMENT PURPOSES (a)
 EFFECTIVE JANUARY 1, 2014 THRU DECEMBER 31, 2035

The values related to this transfer are estimated to be as follows:

Repayment Reach (b)	Before Transfer		East Branch Enlargement Capacity (c) (cfs) (3)	Table A Transferred to AVEK (AF) (4)	Capacity Acquired From TLBWSO (cfs) (5)	Capacity Required to move add'l Table A (d) (cfs) (6)	After Transfer	
	Table A Capacity (AF) (1)	Flow Capacity (cfs) (2)					Total Table A Capacity (AF) (7)	Total Flow Capacity (cfs) (8)
California Aqueduct								
Reach 1	143,393	206		1,451	4		144,844	210
Reach 2A	143,393	206		1,451	4		144,844	210
Reach 2B	143,393	206		1,451	4		144,844	210
Reach 3	143,393	206		1,451	4		144,844	210
Reach 4	143,393	206		1,451	4		144,844	210
Reach 5	143,393	206		1,451	4		144,844	210
Reach 6	143,393	206		1,451	4		144,844	210
Reach 7	143,393	206		1,451	4		144,844	210
Reach 8C	143,393	206		1,451	4		144,844	210
Reach 8D	143,393	206		1,451	4		144,844	210
Reach 9	143,393	198		1,451		2	144,844	200
Reach 10A	143,393	198		1,451		2	144,844	200
Reach 11B	143,393	198		1,451		2	144,844	200
Reach 12D	143,393	198		1,451		2	144,844	200
Reach 12E	143,393	198		1,451		2	144,844	200
Reach 13B	143,393	198		1,451		2	144,844	200
Reach 14A	143,393	198		1,451		2	144,844	200
Reach 14B	143,393	198		1,451		2	144,844	200
Reach 14C	143,393	198		1,451		2	144,844	200
Reach 15A	143,393	198		1,451		2	144,844	200
Reach 16A	143,393	198		1,451		2	144,844	200
Reach 17E	143,393	198		1,451		2	144,844	200
Reach 17F	143,393	198		1,451		2	144,844	200
East Branch Aqueduct								
Reach 18A	143,393	198		1,451		2	144,844	200
Reach 19	143,393	198		1,451		2	144,844	200
Reach 20A	68,800	95	35	1,451			70,251	130
Reach 20B	21,700	30	35	1,451			23,151	65
Reach 21	21,700	30	35	1,451			23,151	65
Reach 22A	10,900	15	35	1,451			12,351	50
Reach 22B (e)	1,700	2.4		--	--	--	7,000	2.4

- a) Does not include capacity for outages and losses.
- b) These numbers apply to the reaches as set forth in Bulletin 132, Figure B-4, "Repayment Reaches and Descriptions, Project Transportation Facilities."
- c) The cumulative East Branch Enlargement capacity that is used for transfers is 8.9 cfs
- d) Transferred flow capacity of 8.33% capacity.
- e) The capacity shown reflects delivery up to 1,700 acre-feet per year at continuous flowrate in accordance with Article 45(b)