



SENT VIA EMAIL/FIRST-CLASS MAIL

May 3, 2012

State Water Resources Control Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812-2815
Attn: Mark Gowdy, Caren Trgovcich & Les Grober

Re: Modeling

Dear State Water Board Staff:

One of the key questions that came up during our April 24, 2012 discussion of the modeling was, "What is a realistic or reasonable operation for the Irrigation Districts, given a range of 20 to 60 percent unimpaired flow releases during February through June?"

The Irrigation Districts unanimously answered that they would attempt to maximize surface water deliveries to their landowners each and every year within the restraint of proper reservoir carryover. Thus, Oakdale Irrigation District and South San Joaquin Irrigation District would endeavor to deliver 600,000 afa to their landowners pursuant to their 1988 Stipulation and Agreement. Also, while it is unclear how the State Water Board will model the Tuolumne River, Modesto Irrigation District and Turlock Irrigation District intend to divert and fully deliver to their landowners. As shown in the example described in our letter to you of April 30, 2012, this will draw New Don Pedro Reservoir lower than the State Water Board staff's initial analysis. The same is true at New Exchequer Reservoir.

Utilizing this assumption, the modeling will show two things: First, hydropower impacts will be greater than the State Water Board staff's initial analysis depicts. This is because reservoir storage will be lower, resulting in more energy generation loss. We expect to send you an analysis of energy losses and costs at the three rim reservoirs under a 30 percent unimpaired flow requirement by the end of the week. The impacts are substantial and significant.

Second, the agricultural economic analysis will need to be modified. Our analysis at the 20 percent requirement shows fewer impacts in more years because the Irrigation Districts will be operating to maximize deliveries to farmers. However, in successive dry years since the Districts will initially

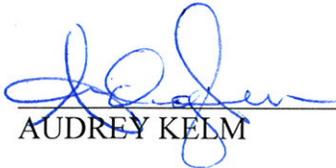
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operate to maximize deliveries to farmers, the cutbacks to deliveries in subsequent years are greater than depicted in the State Water Board staff's analysis. This problem is only amplified as the percentage of the unimpaired flow increases. We will send further comments regarding the agricultural economic analysis under separate cover.

Very truly yours,

O'LAUGHLIN & PARIS LLP



AUDREY KELM

AK/tb

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