

IMPORTED WATER POLICY

I. Policy Purpose and Goals

- A. The purpose of this Imported Water Policy (Policy) is to establish guidelines on the management of water supply made available to Mojave Water Agency (MWA) from the SWP on an annual basis as well as Pre-stored Water as defined in the Pre-stored Water Policy. The overarching goals are:
 - 1. Ensure customer demands are met on a first priority basis.
 - 2. Maximize the use of water transfers to help pay for increasing DWR costs and potentially mitigate or minimize the need for future tax increases.
 - 3. Minimize the loss of MWA SWP supplies as Article 21 of the Water Supply Contract to other SWP contractors.
- B. The MWA Board of Directors retains discretion on transfers and purchases of imported water depending on local conditions in any single year.

II. Definitions

- A. **Table A:** Table A of the Water Supply Contract between MWA and DWR that identifies the maximum annual contracted amount of SWP water supply that DWR may make available to the MWA. MWA currently owns a contracted Table A amount of 89,900 acre-feet from the SWP; between 0 and 100 percent of this amount is made available to MWA on an annual basis as determined by DWR.
- B. **Table A allocation:** The actual amount of water DWR makes available to MWA from the SWP in a given calendar year.
- C. **Article 21:** Water supply made available by DWR typically in wet years that is in excess of Table A allocations. Article 21 is available only under certain circumstances as determined by DWR. Typically, this water is made available with short notification and limited time to move the water.
- D. **Article 56 Carryover Water:** Table A water carried over into storage from prior years that is available for delivery to the MWA or marketing as defined under Article 56 of the Water Supply Contract.
- E. **San Luis Reservoir:** MWA Article 56 Carryover Water is stored within San Luis Reservoir.
- F. **Reliability Storage:** Water imported and stored inside or outside the MWA service area boundary in groundwater or surface water storage (e.g., San Luis Reservoir) for later delivery to meet customer demands with the goal of 100% reliability 100% of the time.
- G. **Flexible Storage:** The amount of water stored in groundwater or surface water storage (e.g., San Luis Reservoir) above the amount necessary to meet customer demands. This water may also be available for potential transfers in dry years.

III. Imported water availability

- A. Imported water shall include the annual Table A allocation made available to the Agency and any Article 21 made available to the Agency.

- B. DWR establishes annual Table A allocations for the calendar year. The first allocation is typically established in December for the following calendar year. DWR updates the allocation as frequently as once a month through May. MWA may schedule water for delivery through the year based on the current allocation.
- C. DWR may determine at any time that Article 21 supplies may become available, for which the Agency can indicate request of such water at such time. The amount of water made available to the Agency in this way would be determined by DWR pursuant to Article 21 of the Water Supply Contract. Due to the limited time constraints associated with Article 21, the General Manager in consultation with the President of the MWA Board of Directors will maintain authority on decisions to purchase and deliver this water, and this action will be reported to the full Board of Directors at the soonest meeting of the Board.

IV. Imported water management prioritization:

- A. For allocations of 76% and above: In year types like this, certain constraints will dictate how we manage water in these years due to the abundance of water made available. Constraints are typically capacity, either in the SWP system especially in the East Branch, as well as our local infrastructure, and recharge capacity constraints both inside and outside our service area. The major constraint on how much MWA purchases and delivers depends on the Agency's financial condition at the time.
 - 1. First, MWA will transfer imported water to satisfy all partner agreement obligations in accordance with the terms of those agreements. These obligations may include, but are not limited to:
 - 1. Multi-year transfers
 - 2. Storage agreement returns in lieu of pump-back (MWD Storage Agreement)
 - 2. Next, MWA will import water to satisfy the Reliability Storage amounts in each MWA storage location as set forth in the Pre-stored Water Policy to meet MWA imported water obligations.
 - 3. Next, MWA will store water in Flexible Storage, including addition to carryover water storage within San Luis Reservoir subject to the limitations in Article 56 of the Water Supply Contract and external groundwater banks. The extent to which water is imported to Flexible Storage instead of transferred shall be based on an assessment that includes, but is not limited to, the following considerations:
 - a. Current Flexible Storage amounts;
 - b. MWA operational flexibility goals; and
 - c. Financial limitations.
 - 4. Next, MWA will pursue spot market transfers of imported water.
 - 5. Finally, MWA will lose any remaining Table A water as Article 21 of the Water Supply Contract. Although the goal of this Policy is to mitigate loss of Table A, in some extraordinarily wet years this may be unavoidable.

- B. For allocations between 56% and 75%: Under these year types, there are limited transfer market buyers for water, price for water in the transfer market is lower, and capacity constraints may exist to a lesser degree. Again, the major constraint on how much MWA purchases and delivers depends on the Agency's financial condition at the time.
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 2. Storage agreement returns in lieu of pump-back (MWD Storage Agreement)
 2. Next, MWA will import water to satisfy the Reliability Storage amounts in each MWA storage location as set forth in the Pre-stored Water Policy to meet MWA imported water obligations.
 3. Next, MWA will store water in Flexible Storage, including addition to carryover water storage within San Luis Reservoir subject to the limitations in Article 56 of the Water Supply Contract, limited to areas where this water can be marketed. The extent to which water is imported to Flexible Storage instead of transferred shall be based on an assessment that includes, but is not limited to, the following considerations:
 - a. Current Flexible Storage amounts;
 - b. MWA operational flexibility goals; and
 - c. Financial limitations.
 4. Next, MWA will pursue spot market transfers of imported water.
 5. Next, MWA will store water in Flexible Storage accounts within our local groundwater basins.
- C. For allocations between 31% and 55%: Transfer market demand for water increases, but there is still a limited buyer pool. Price for water is higher than in the above allocation year. In this scenario, MWA is focused on meeting reliability storage prior to pursuing spot market transfers.
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 2. Next, MWA will import water to satisfy the Reliability Storage amounts in each MWA storage location as set forth in the Pre-stored Water Policy to meet MWA imported water obligations.
 3. Next, MWA will pursue spot market transfers of imported water.
 4. Next, MWA will store water in Flexible Storage, including addition to carryover water storage within San Luis Reservoir subject to the limitations in Article 56 of the Water Supply Contract, limited to areas where this water can be marketed. The extent to which water is imported to Flexible Storage instead of transferred

shall be based on an assessment that includes, but is not limited to, the following considerations:

- a. Current Flexible Storage amounts;
- b. MWA operational flexibility goals; and
- c. Financial limitations.

5. Next, MWA will store water in Flexible Storage accounts within our local groundwater basins.

D. For allocations 30% and below: Transfer market demand is very high and the price is at its maximum. Under these year types MWA is focused on bringing in as much revenue as possible.

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