

ORANGE COVE IRRIGATION DISTRICT

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January 17, 2023

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Dear Orange Cove Irrigation District Landowner:

Attached is your 2023/24 Water Contract Year Rules and Regulations approved by the Board of Directors in December 2022 as well as your **Default Water Allocation / Statement**. The Rules and Regulations are attached and are essentially unchanged from last years. Please make sure to read the Rules and Regulations as the signature on your Water Application attests that you have read, understand and agree to comply with these 2023 Rules and Regulations.

Every eligible parcel is automatically (by default) granted an allocation of 1.4 acre feet per acre (1.4 acre feet per acre requires a hydrology yielding a 100% Class 1 declaration by Reclamation). Fortunately.....the drought appears to be over – for this year anyhow and while not declared, I fully expect a 100% Class 1 declaration by Reclamation for Friant Contractors starting March 1. You may opt in for more or opt out for less supply by adjusting your request and payment accordingly. Getting less than 1.4 is of course easier than getting more than 1.4, due to supply constraints created by District grower demand. All landowners are encouraged to use their full allocation.

- Statements and payments according to 50% of the quantity of requested water are due by February 20, 2023 (the balance is due July 17). If the February deadline is missed:
 - A **late charge of \$50 per acre foot** is imposed for payments received after February 20 and **before April 17**, and
 - Payments or requests for water received by the District **after April 17, make the landowner's supply Subject to Availability**. Missing this deadline will likely bring dire consequences, including no allocated supply through February of next year.

Other reminders to note:

- For water Secured and not used by the end of the coming Contract Year, a credit at the Tier 2 price of \$45 per acre foot will apply to water remaining unused in a landowner's account **up to 0.20 acre feet per acre**. No credit is given for water exceeding 0.20 acre feet per acre that remains in an entities account as of March 1, 2024.
- The price of Tier 1 Water stays at \$65 per acre foot and Tier 2 Water at \$45 per acre foot.

In terms of this year's hydrology and outlook for a water supply declaration from Reclamation, we are (like last year) off to a great start...in fact a much better start than last year when the spigot absolutely shut off at the very start of 2022. That outcome was so improbable, it is not expected to repeat (fingers crossed). Millerton Lake is currently in flood operations and may be in that status for several months including after March 1, 2023.

Additional water, over and above the Class 1 contract supply (1.4 acre feet per acre) will likely be available during the Spring next year and is available at this time to eligible landowners: those with no delinquencies.

Established 1937

It would be wise to prepare for abundant supply this year, so make sure your systems are ready to go.

As always, best of luck, keep praying for rain and be good stewards of the land. If you have any questions, please don't hesitate to contact the office at 559.626.4461.

Very Truly Yours,

A handwritten signature in blue ink, reading "Fergus Morrissey". The signature is written in a cursive, flowing style.

Fergus Morrissey
Engineer-Manager

2023/24 ORANGE COVE ID RULES & REGULATIONS

2023/24 FRIANT DIVISION CONTRACT-YEAR ALLOCATED SUPPLY

Adopted by the Board of Directors on December 14, 2022

TIERED WATER RATES

The 2023/24 water rate depends on the amount of water delivered per acre for each entity and shall correspond to:

- **Tier 1 Irrigation Rate ***
\$65 / acre-foot for delivery of less than 1.001 acre-foot per acre (between 0.0 and 1.0 af per acre) on an entity basis.
- **Tier 2 Irrigation Rate ***
\$45 / acre-foot for water delivered more than 1.001 acre-foot per acre on an entity basis.

* Note: The M&I Rate has a \$10 Surcharge on Tier 1 and Tier 2.

Example Water Payment: Entity's Total Acreage – 100 acres

Default Water Allocation – 140 acre feet (1.4 acre feet per acre x 100 acres)

Default Water Charge – \$8,300 [(\$65 per af x 100 acre feet) + (\$45 per af x 40 acre feet)]

ENERGY CHARGE

A **separate** energy charge that is estimated based on last year's District cost by delivery-system to convey water will be added to **pumped** deliveries. In the 2022 Calendar Year the energy charge by delivery-system ranged from approximately \$17 per acre foot (af) to \$69 per af. Last year's average cost was \$38 per af with most of the pumped deliveries in the District near that average. Energy charge payments will be made at the time of water payment based on the expected water delivered for the Contract Year and the estimated power cost associated with the delivery-system utilized to effectuate delivery. End of Calendar Year meter readings and PG&E utility bills will "true-up" that estimated payment resulting in either an additional entity payment or District refund to the entity.

LIMITED DOLLAR CREDIT FOR CONTRACT WATER SECURED AND NOT DELIVERED

Contract Water remaining in an entities account as of March 1, 2024 exceeding 0.20 af per acre (af/a) (2 af per 10 acres) will be **non-refundable and non-creditable**. This consideration allows entities to preserve 0.20 af/a of their available Contract supply for frost water demand and or dry fall/winter irrigation demand without monetary risk. For each entity, residual Contract supply remaining up to **0.20 af/a** will be credited at \$45 per af.

For example, if an entity owns 10 acres and has 20 af of Contract Supply for use on those **10 acres**, then 2 af of residual unused supply as of March 1, 2024 will be creditable (0.2 af/a x 10 acres). In this example, the entity would receive an account statement credit limited to \$90 for unused Contract supply regardless of the amount unused. In this example if an entity had 1 af left, they would receive a credit for \$45. If the entity has between 2 and 20 af left, they will receive a credit of \$90.

TRANSFER FEE RULE

For water purchased at \$45 per af, the District will impose a \$20 per af fee on transfers at the time of transfer, unless the landowner receiving the supply ordered **at least** 1.0 af/a on an entity basis.

Energy charges will apply based on the Delivery System associated with the point of delivered water. Energy charges are separate and apart from water costs and charges are the user's responsibility.

1. Default Allotment and Delivery of Contract Water

All parcels in the District are allocated a *Default* quantity of 1.4 af of Contract Supply per assessed acre of land (\$83 per acre assuming a default allocation of 1.4 af/a which is available when the Bureau of Reclamation's water supply declaration is 100% Class 1 based on the rates established above). The District will provide each landowner with a Statement based on this default water charge under the initial assumption of a 100% Class 1 declaration by Reclamation. Estimated charges for energy costs required for delivery from the Friant-Kern Canal, which vary by location, are in addition to water charges.

First Installment

The first installment (50% of the total *Default* Statement total) is due and must be received by the District no later than 4:00 P.M., Monday February 20, 2023 in order to avoid a late charge.

Late Charge - First installment payments received after February 20, 2023 but prior to April 17, 2023 will include a \$50 per af penalty applied to Tier 1 and Tier 2 supply charges.

Payment not received by April 17 will result in supply being subject to availability.

PLEASE NOTE: Given the demand in the District for water, failure to pay for the desired supply, in all but the wettest of years, will result in no water availability for the remainder of the Contract Year outside of transfers from other landowners within the District or from other sources outside of the District. Please, please do not miss the April 17 payment deadline.

Second Installment

The second installment (up to 50% of the total statement based on a final Bureau of Reclamation Class 1 allocation) is due and must be received by the District no later than 4:00 P.M., Monday July 17, 2023. Second installment payment not received by that date will result in forfeiture of supply not paid for. Any supply not used but acquired by virtue of payment of the first installment will be available to a landowner that does not timely pay the second installment by July 17, 2023.

Payment by mail must be sent to:

**Orange Cove Irrigation District
1130 Park Boulevard
Orange Cove, California 93646**

Water Requests Exceeding 1.4 AF/A – Additional Contract Supply

Growers desiring to acquire Additional Contract Supply, more than the Default allocation of 1.4 af/a, must notify the District at the time of payment of the first installment of their desired af/a Contract Supply. The total amount of Additional Supply is unknowable until on or about April 18, 2023 which is one day after the first installment deadline. On or about April 18 the District will redistribute all unspoken for Contract Supply among those requesting Additional Supply on an equal af/a basis. For example, Additional Supply will be distributed in 0.1 af/a increments regardless of the request, until the Available Supply is depleted.

Water Delivery

Water will not be delivered to any customer until all outstanding customer charges, including but not limited to Standby Assessments and projected energy payment estimates, have been paid District-wide in accordance with the foregoing. Water made available by the District under its Class 1 Contract with the United States may only be used for irrigation purposes on lands within the recognized legal boundary of the District – lands that pay an annual acreage assessment to the District. Any landowner diverting water for use outside the District boundary is in violation of the District's Contract with the United States.

If the District finds, through crop irrigation requirement calculations, surface water delivery records

and or water quality analysis of applied irrigation water that District Contract water from the Friant-Kern Canal is being delivered to land outside the District's official boundary, the quantity of surface diversion will be determined, and penalties of up to \$1,000 per af or 150% of the market value of water (whichever is greater) may be added to that entity's account balance for the first offense.

Upon discovery or suspicion of the delivery of District supply to lands outside of the District the landowner will be asked to appear at a hearing before the Board. This will provide open dialogue and the opportunity for resolution. The hearing before the Board will serve as due process prior to further Board action, should that course be deemed necessary. The Board will discuss with the landowner further penalties which may be imposed, including, additional fines and or cessation of delivery of District water to parcels that are enabling the delivery of water outside the District.

Unpaid or delinquent water charges and unauthorized operation or tampering with water delivery meters will cause the District to lock subject water delivery meters. Unpaid water or Standby charges will become a lien against the landowner's property. Interest charges will accrue on all delinquent accounts at the legal rate permitted by law. A \$200 administrative fee will be assessed to the landowner to UNLOCK any locked delivery. Cutting chains or locks will result in an additional \$200 administrative fee.

Water illegally used shall be billed at \$1,000 per acre-foot, or 150% of the then-current water open-market rate, whichever is greater. If the District is unable to determine how much water was illegally used through the meter, the District will estimate the amount through water orders, previous years' water usage history, or field (i.e., consumptive use) estimates and charge the landowner accordingly.

The legal property owner must countersign Statements filed with the District by others (lessees, renters, etc.). The property owner assumes all responsibility for payments required, including payment of fines. **By signing the Statement, the landowner attests that they have read, understand, and agree to abide by these Rules and Regulations.**

If available, additional water may be purchased during the Contract Year without penalty.

Diverting federal water from the District under its Contract with the United States in violation of these Rules & Regulations or in conflict with state and/or federal law, is expressly forbidden. Any landowner using District water for cultivation of crops in conflict with federal law, including but not limited to the cultivation of marijuana, or for diverting water prior to Securing water from the District may be prosecuted and will be liable for the administrative fees and water payments described above. In addition to administrative fees and penalties, the District may remove its delivery infrastructure (piping, valves, meter) from illegal diverters. Illegal diverters will be assessed a fine of \$10,000 by the District and will be subject to fines and/or penalties, by other entities including the State of California and the United States. In addition to the \$10,000 fine, landowners will be billed for the District's time spent removing District delivery infrastructure.

2. FRIANT DIVISION CONTRACT YEAR

The Contract Year coincides with Reclamation's Contract Year (March 1st to the last day of February of the following year). Water delivery may be made any time during the Contract Year provided; water is "Made Available" by the Bureau, is deliverable (i.e., maintenance activities by the District and or the Friant Water Authority do not preclude its delivery), and compliance with all aspects of the Rules and Regulations. Contract Water rates are established annually by the Board of Directors and will apply on a Contract Year basis unless otherwise modified by the Board of Directors.

3. USE OF WATER

Failure or refusal of any landowner or irrigator to comply with any of these Rules and Regulations shall be sufficient grounds for terminating delivery of District water to the lands of such landowner or

irrigator, and water shall not again be furnished until the landowner or irrigator complies with the Rules and Regulations.

Water delivered by the District must be for legal agricultural beneficial use **within** the District's boundary, pursuant to state and federal law. Caution: Water used for spraying purposes may only be taken from a District delivery or other District facility provided a County-approved connection exists between the District facility and the spray equipment. Similarly, any permanent or temporary installed fertigation facility on a landowner's irrigation system must contain backflow prevention features to prevent the release of fertilizer, pesticide, or any foreign substance from being introduced back into the Districts delivery system.

No trees, vines, shrubs, corrals, fences, or other type of encroachment shall be planted or placed in, on, over, or across any District conduit or any District right of way unless the District has given specific written approval for such encroachment.

Water usage statements will be sent to the water user monthly by email only. **If you wish to receive this monthly statement, you must provide an email address.** When the water user's purchased supply is depleted, water delivery will cease. Water delivery may be resumed if the water user Secures additional water by transfer or purchase (if available). It is the water user's responsibility to track their usage, not to exceed their allotment and to make necessary arrangements with the District for additional water.

Water rates are established based on covering the District's net incremental operating and maintenance costs associate with the delivery of surface water to its growers. **Water delivery costs do not include District fixed annual cost obligations.** Fixed annual costs include, but are not limited to, local conveyance costs (Friant Water Authority operation and maintenance) and non-local conveyance costs (costs associated with the delivery of Exchange Contractor water via the Tracy and O'Neill Pumping Plant facility and the Delta-Mendota Canal, general and special counsel legal costs). Fixed annual costs are incurred by the District, *regardless of water supply allocation to District landowners* and therefore are levied on an acreage basis via the Standby Charge.

Dry Year Amendments

Spot Market Water: If growers acquire and pay for water from outside sources "Spot Market Water" for their exclusive use **within the District** (they may also transfer such water to another District landowner), those supplies shall be used **before** their Contract Supply is either used or transferred. Energy charges shall apply based on the delivery location.

Unused Spot Market Water volumes shall not be carried over by landowners from one Contract Year to the next. Monies paid for Spot Market Water (that is purchased by the District) are non-refundable and non-creditable.

4. ENTITLEMENT TO WATER

When the demand for water is greater than available supply, available water will be distributed equitably among those who have paid for charges in accordance with these Rules and Regulations and as required by California State Water Code Section 22250, which reads in part as follows:

"All water distributed by districts for irrigation purposes shall be apportioned ratable to each landowner upon the basis or ratio which the last assessment against his land for district purposes bears to the whole sum assessed in the district."

Any landowner may assign for use within the District their full allocation pursuant to Section 22250 provided the water is first *Secured* in accordance with these Rules and Regulations and in accordance with the Transfer Fee Rule.

5. WATER TRANSFERS

*Intra-district (within the District) between **same entity**:*

A landowner having properties in two or more of the District's delivery systems (e.g., System 7 and System 11), may transfer water, **without penalty or transfer fee**, from one system to another system. The Energy Charge will apply based on the System where water is delivered.

*Intra-district - between **different entities**:*

A landowner may transfer water to another landowner by filing a signed water transfer form with the District and paying fees if required by the Transfer Fee Rule. The transferor, prior to the transfer, must have purchased the transferred water. The District assumes no responsibility for collecting monies due to the transferor from the transferee. Both the transferor and the transferee must sign a water transfer form. The Energy Charge will apply to the transferee based on the System used to deliver the water.

Inter-District Transfers:

Transfer of District Contract Supply **outside** of the District by landowners is not permitted. Transfers into the District from other sources or other Contract supplies are permitted and shall require payment of a \$15 per acre-foot wheeling fee prior to delivery in addition to energy charges based on the delivery location. Transfer of Spot Market water acquired by a landowner, under certain conditions may be transferred outside of the District pending Board approval.

6. WATER DELIVERY PROCEDURES

Orders for turn-on and turn-off must be scheduled with the District at least 24 hours before delivery. Landowners diverting water without notifying the District of their intent may be subject to an administrative charge of \$50 per acre-foot based on unordered diversions since the previous meter reading. Customers should also notify the District as soon as possible when making unscheduled changes.

The District's policy is to deliver water in quantities and flow rates that are economically feasible and within the operating limits of the delivery systems and flow meters. Extenuating circumstances, where it may not be economical to provide water to a particular delivery point will be considered by the District on a case-by-case basis. No orders will be fulfilled that create the potential to damage or otherwise harm the District's facilities.

The District notifies the Friant Water Authority at 8:30 A.M. of the total orders made for the following day between Monday through Friday. Orders must be received at the District Office before 8:00 A.M. to receive next day delivery. Sunday and Monday orders must be received before noon the preceding Friday. Water orders may be made as follows:

DISTRICT OFFICE – The office is open for water orders between 7:00 A.M. to 4:00 P.M. Monday through Friday. You may also place a water order by calling the District Office at (559) 626-4461. During non-business hours, water orders may be placed ~~with the District's answering service~~. Alternatively, water order requests may be emailed to "waterorders@orangecoveid.org". District receipt of email orders will be confirmed through an email reply from District staff.

HOLIDAY SCHEDULE – The District office will be closed in observance of the following holidays: afternoon of New Year's Eve, New Year's Day, President's Day, afternoon of Good Friday, Memorial Day, Fourth of July, Labor Day, Veteran's Day, Thanksgiving Day and the day after, afternoon of Christmas Eve, and Christmas Day. Water orders for holidays and the day following a holiday shall be made by 8:00 A.M. on the business day prior to the holiday.

The ordering timing requirements shall be relaxed for the delivery of frost water. Frost water must be ordered by 1:00 P.M. to receive water for that night and the following day. For pumped systems, a notice as early as possible is desirable in case the system must be filled. Order your water by System and delivery meter designation and provide the desired flow and duration as you would during the irrigation season. When ordering, provide the District with your name and a telephone

number where you can be reached during the period when you intend to be taking delivery of water. Failure to take delivery of water that is ordered for frost protection can severely damage the District's pumps. Landowners that have placed frost water orders and later decide not to take delivery must make every effort to contact District Operations staff to avoid being liable for damage to District infrastructure.

Landowners will be permitted to operate their delivery provided it is operated in accordance with District procedures. Water must be used at a rate that will accurately register on the delivery meter. Landowners shall immediately inform the District office of any maintenance required on their meter due to normal wear, vandalism, accident, or other cause. Landowners shall be responsible for all water delivered or spilled through their point of delivery.

A change of water from one delivery point to another on the same system will be permitted without a 24-hour notice if you notify the District in advance of the change.

No person, other than a District employee shall operate any of the District's facilities. Tampering with or adjusting any pump or valves, other than the delivery assigned for your use is prohibited. Any interference with facilities under the jurisdiction of the District is a criminal offense and will be prosecuted accordingly.

7. DISTRICT COMMUNICATION WITH LANDOWNER (limitations via regular mail)

From time to time during each Contract Year, the District may communicate with landowners, important dynamic issues - ones commonly subject to change. These matters include but are not limited to; *changes in water supply Declaration by the United States, changes in water supply allocation made available by the District, availability of Spot Market water, water use, residual water supply and account balances*. This type of communication is greatly facilitated by email and the District will communicate regularly using this tool. The time is coming when email will replace all regular mailed correspondence.

Failure to provide the District with an updated email address, may result in your missing out on information. In short – **to ensure that you do not miss out on information – provide the District with an email address and notify the District if it changes.**

8. DISTRICT LIABILITY

The District is not responsible for the quality of water delivered as that ability is outside of the District's jurisdiction and control. The Friant Water Authority is responsible for the operation and maintenance of the Friant-Kern Canal and from time to time they perform treatment (i.e., application of copper sulfate or other chemicals) and or maintenance (i.e., mechanical removal of invasive weeds within the system) that may result in water of variable quality. The District communicates with the Friant Water Authority routinely and there is concerted effort to maximize and stabilize the quality of water delivered. Water delivered by the District is untreated. Use of District water is not consistent with human consumption and is a violation of state law under AB 1194. Water supplied by the District is not intended to be and must not be used for residential uses or human consumption, including but not limited to, drinking, bathing, showering, hand washing, oral hygiene, or cooking, preparing food or dish-washing.

Water shortages may occur during any year, which may affect the amount of water furnished to the District by the United States pursuant to the District's Repayment Contract. In no event shall any liability accrue against the District or any of its officers, directors, agents, or employees for any damages, direct or indirect, arising from a water shortage due to errors in operation, drought, or unavoidable causes.

9. TAILWATER

The District is required to regulate excessive tail-water. The District's Repayment Contract with the United States requires the District, as a provision of its conservation plan and as a condition of continued service, ensure water is put to beneficial use. Hence, the District must regulate excessive tail-water to avoid determinations that it is wastefully or unreasonably using the federal resource (water supply) which is also a violation of the State Water Resource Control Board granted water right underlying the Contract supply. If the District is required to regulate tail-water because the grower does not do so, it needlessly expends District funds without providing specific benefit to the broad group of District landowners.

If the District determines that a landowner has improperly used irrigation water delivered to them, or improperly prepared the ground to receive irrigation water, such that excess tail-water, in the District's opinion, is leaving the landowner's property, the District shall notify the landowner with the appropriate steps to take to ensure that excess tail water is eliminated. If the landowner does not take appropriate steps to remedy the situation, the District will reduce and/or discontinue water delivery until the problem is rectified. Alternatively, the District may, at the landowner's expense, take corrective action to ensure that excess tail-water does not leave the landowner's property. Landowners will be charged the full cost to the District of any services provided to restrict tail-water runoff, and payment of these charges will be required as a condition of continued service.

END OF 2023/24 RULES & REGULATIONS