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To: All CCID Landowners and Consumers

From: Board of Directors

Subject: Critical Year 2009 Water Rates and Allocations

Date: February 20, 2009

Based on the projection that Shasta inflow will stay below 3.3 million acre-feet this year, the Bureau of Reclamation declared a "Critical Year" for CCID and the Exchange Contractors. Under a Critical Year allocation, our 7-month (April through October) supply is reduced by nearly a foot per acre. The District is once again calling on our consumers for their help, especially during this coming summer.

- It is very important that all deep well resources available to our consumers be operable to help deal with reduced allocations.
- Working with canal workers when a "waiting list" is required on a specific delivery system.
- Providing 48-hour notice on all orders and 24-hour notice for shutoffs and cancelations.
- In order to assist in maximizing supplies during July, August, and September this year, the Bureau will allow the District to move any unused water from February and March into the summer. Even though no allocations will apply to February and March water, we strongly encourage our consumers to manage to minimize spring water use to make more water available during the summer months.

Responding to the Critical Year declaration, the Board of Directors has adopted the following Critical Year water rate and allocation schedules.

IN-DISTRICT WATER SALES

1. January, February and March

    a. Water purchased in January, February and March will be sold at $6.00 per a.f. There is no allocation limit for this water.
    b. In order to meet the above objectives we may have to slow down water deliveries at times.

2. April through October (Critical Year Schedule)

   a. A 3-tiered rate schedule will apply to water used during the seven-month summer block reflected in our Exchange Contract, starting April 1 and ending October 31:

Tier 1	0 – 2.0 a.f./ac.	@	$ 6.00/a.f.	
Tier 2	2.0 – 2.5 a.f./ac.	@	30.00/a.f.	
Tier 3	2.5 a.f./ac. and up	@	60.00/a.f.	(If and when available)

   b. The allocations above represent how much water we expect will be available, if needed, but the amounts are not guaranteed. The actual amount of water available is subject to the Bureau's ability to deliver water to us, and limitations in the Exchange Contract.

3. November and December
   We generally have a limited supply of water available in November and December. If there is water available during this period, it will be sold on a first-come, first-served basis, at $6.00 per a.f.

DEVELOPED WATER – CLASS II LANDS – IMPORTANT NOTICE

There will be no water available from the District for Class II lands. We will, however, transport private well water for those who have access to wells that can be pumped into our canals. That water will be subject to a $2.00 per acre-foot transportation/administrative charge, and a small loss factor related to the field's distance from the well source.

PROPOSITION 218 NOTICE

If you are a CCID landowner, you have a right under California law to protest this increase in water rates. Please read the following notice:

NOTICE TO PROPERTY OWNERS AND WATER USERS
OF RIGHT TO PROTEST INCREASED CHARGES FOR WATER USE
APPLICABLE TO PERIOD FROM APRIL 1 THROUGH OCTOBER 31, 2009

NOTICE IS GIVEN that protests to the increased charge rate for water use described in the above notice during the period of April 1 through October 31, 2009, which were adopted by the District in response to Critical Year water supply reductions imposed by the Bureau of Reclamation, may be filed in writing by landowners pursuant to Article XIII D Section 5 on or before Wednesday, April 8, 2009 at the hour of 8:30 a.m. at the District Office, located at 1335 West I Street, Los Banos, California 93635. The District will hold a hearing upon the additional charge and tabulate any protests at that time and place. An engineering report in regard to the basis of the charge and the Critical Year water supply conditions is on file at the District office.

SUSPENSION OF WATER TRANSFERS AND 2009 CASH DISBURSEMENT PROGRAM

Due to the reduction in the water supply, the Exchange Contractors will not be transferring any surface water this year. As you are aware, under this program CCID has annually transferred up to 35,000 a.f. of conserved water to neighboring Federal agricultural districts and wildlife refuges. The income from these transfers has provided the money for our extensive water conservation projects and other special programs. During a critical year, the conserved water will not be transferred and instead will be delivered to our in-District consumers. Because of this large loss of income for the year, the Board has suspended the Cash Disbursement Program for 2009.

RELEASES FROM FRIANT TO MEET EXCHANGE CONTRACT DEMAND

As we have reported previously, the Bureau's ability to deliver all of our water supply through the Delta has been severely limited by recent court decisions and biological opinions. In fact, this will be the first year in which the Bureau of Reclamation will make releases from Friant Dam to meet our contract, adding another layer of complexity and coordination in meeting this summer's irrigation demands. We will continue to keep you informed as conditions change, and we invite you to contact us for the latest information. In the meantime, our consumers need to continue the good job they have been doing, and take every step possible to maximize the beneficial use of our water supply.

If you have any questions, please call the CCID office at (209) 826-1421.