

STATEMENT OF POLICY RE WATER
TRANSFERS AND EXCHANGES
September 8, 1994

COPY

The purpose of this policy statement is to confirm the intent of the Association to retain waters of the Kaweah River and its tributaries in the Kaweah River hydrologic surface basin ("Basin") for beneficial use therein. The boundaries of the Basin are set forth on Exhibit A, appended hereto and made a part of this statement.

Each of the Member Units shall retain the right and privilege alter, amend, change or modify their respective service areas, without notice to or consent of the Association, provided that the expanded service area of the Member Unit does not extend beyond the boundary of the historical Basin. Should a Member Unit make such an adjustment to its service area, it shall so notify the Watermaster. Documentation shall be provided by the Member Unit, to the Watermaster, adequate to demonstrate that the expanded service area is within the Basin.

Transfer(s) of entitlement waters shall be allowed within the Basin upon proper notification to the Watermaster of such impending transfer(s). The Watermaster shall provide notification to the Board of Directors of any such transfer(s). Approval of the Board of Directors shall not be required for any transfer within the Basin. It is acknowledged that under certain flood release conditions, after irrigation and spreading demands have been fully satisfied and the capability of the Basin to retain flood release water has been fulfilled, flood water flows naturally to the historic Tulare Bed which lies within the Basin.

Member Units may enter into water exchange agreements which call for no net loss to the Basin or to any in-Basin water rights holder, subject to administrative rules and regulations adopted by the Board of Directors.

Transfer(s) of riparian waters or waters resulting from settlement of riparian entitlement negotiations shall not be allowed. Transfers of water received under contracts for water made available through the State Water Project, the Federal Central Valley Project or the Cross Valley Canal Exchange Program shall not be subject to these provisions.

This policy shall be implemented by the following additions to the rules and regulations effective upon adoption of the policy by the Board of Directors:

Transfers of water shall be allowed between entities for use within the Basin. Notice of an impending transfer shall be provided to the Watermaster in writing.

Exchanges of water out of the Basin shall be subject to approval of the Board of Directors. Such exchanges shall only be considered when the recipient of the water can demonstrate, to the satisfaction of the Board of Directors, that a hardship situation exists. The required information associated with the documentation of the hardship situation shall be established by the Board of Directors on a case by case basis.

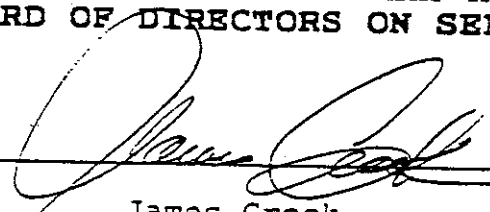
An out-of-Basin water exchange agreement may be entered into by a member unit subject to approval of the Association Board of Directors. Any exchange approved by the Board of Directors shall be conditioned on the full execution of an exchange/return agreement submitted with the petition for approval. Such agreement(s) shall call for no net loss to the Basin or to any in-Basin water rights holder.

To this end, exchanges shall call for channel loss water to be withheld from the total quantity of water available for exchange in the year of the exchange.

The total quantity of water exchanged shall be returned to the Basin for further diversion to a headgate designated by the exchanger subject to coordination with the Watermaster.

To compliment the Terminus and in-Basin storage capabilities available to members of the Association, temporary out-of-Basin storage historically has been permitted on a case-by-case basis and may be permitted in the future. Authority to grant permission to store out-of-Basin shall reside with the Watermaster, subject to appeal to the Board of Directors. Permission shall be predicated on the ability of the requesting entity to demonstrate the eventual delivery within the Basin of waters temporarily stored out-of-Basin. Following removal from storage, documentation shall be provided that the water, less the normal losses, was delivered within the Basin.

**APPROVED BY THE KAWEAH AND ST. JOHNS RIVERS ASSOCIATION
BOARD OF DIRECTORS ON SEPTEMBER 8, 1994.**



James Crook
Manager/Secretary