

DEPARTMENT OF WATER RESOURCES

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February 27, 2014

Nationally Recognized Municipal Securities Information Repositories (NRMSIRs)

Enclosed per S.E.C. Rule 15c2-12 is the State of California Department of Water Resources' Annual Report for the fiscal year ended June 30, 2013.

The annual report is consistent with the requirements of the Continuing Disclosure Certificates with respect to State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series V, Dated December 1, 1998, Series W, Dated May 1, 2001, Series X, Dated May 1, 2002, Series AC, Dated January 6, 2005, Series AD, Dated July 7, 2005, Series AE, Dated May 1, 2008, Series AF, Dated March 19, 2009, Series AG, Dated December 2, 2009, Series AH, Dated November 9, 2010, Series AI, Dated September 7, 2011, Series AJ, Dated October 13, 2011, Series AK, Dated March 13, 2012, Series AL, Dated September 5, 2012, Series AN, Dated September 27, 2012, Series AO, Dated September 27, 2012, Series AM, Dated March 5, 2013, Series AP, Dated March 26, 2013, and Series AQ, Dated June 18, 2013. The annual report is also consistent with the requirements of (1) the Continuing Disclosure Certificate applicable to the Department of Water Resources with respect to the Kings River Conservation District Pine Flat Power Refunding Bonds, Series G, Dated January 20, 2010 and (2) the Continuing Disclosure Agreement applicable to the Department of Water Resources with respect to the Northern California Power Agency Lodi Energy Center Revenue Bonds, Issue Two (California Department of Water Resources), 2010 Series A and 2010 Series B, both series dated June 24, 2010.

The report contains the audited financial statements of the Department of Water Resources and updates of certain information contained in the Official Statements for the above mentioned series.

If you require additional information, please contact me at (916) 653-9836 or Antonio Perez at (916) 653-7925.

Sincerely,

A handwritten signature in cursive script that reads "Perla Netto-Brown".

Perla Netto-Brown, Chief
Division of Fiscal Services

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES
S.E.C. RULE 15c2-12
ANNUAL REPORT

The State of California Department of Water Resources (the "Issuer") hereby provides its annual report for the fiscal year ended June 30, 2013 in connection with (1) the below described bonds issued by the Department of Water Resources, (2) the below described Pine Flat Power Revenue Refunding Bonds issued by the Kings River Conservation District, and (3) the below described Lodi Energy Center Revenue Bonds, Issue Two, issued by the Northern California Power Agency:

Bond Issues:

A. Bonds Issued by the Department of Water Resources that are covered by the Continuing Disclosure Certificate, dated December 1, 1995 and its supplements.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series V, dated December 1, 1998 (the "Series V Bonds")

CUSIPs: 13066KUN7.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series W, dated May 1, 2001 (the "Series W Bonds")

CUSIPs: 13066EME0.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series X, dated May 1, 2002 (the "Series X Bonds")

CUSIPs: 13066KXE4, 13066KXG9, 13066KXJ3, 13066KXL8.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AC, dated January 6, 2005 (the "Series AC Bonds")

CUSIPs: 13066EQY2, 13066EQZ9.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AD, dated July 7, 2005 (the "Series AD Bonds")

CUSIPs: 13066ESV6.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AE, dated May 1, 2008 (the "Series AE Bonds")

CUSIPs: 13066EJW4, 13066EJX2, 13066EJY0, 13066EJZ7, 13066EKA0, 13066EKB8, 13066EKC6, 13066EKD4, 13066EKE2, 13066EKF9, 13066EKG7, 13066EKH5, 13066EKJ1, 13066EKK8, 13066EKL6, 13066EKM4, 13066EKN2, 13066EKP7, 13066EKQ5, 13066EKR3, 13066EKS1, 13066EKT9, 13066EKU6, 13066EKV4, 13066EKW2, 13066EKX0.

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State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AF, dated March 19, 2009 (the "Series AF Bonds")

CUSIPs: 13066KYJ2, 13066KYK9, 13066KYL7, 13066KYM5, 13066KYN3, 13066KYP8, 13066KYQ6, 13066KYR4, 13066KYS2, 13066KYT0, 13066KYU7, 13066KYV5, 13066KYW3, 13066KYX1, 13066KYY9, 13066KYZ6, 13066KZA0, 13066KZB8, 13066KZC6, 13066KZD4, 13066KZE2, 13066KZG7, 13066KZH5, 13066KZF9, 13066KZJ1.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AG, dated December 2, 2009 (the "Series AG Bonds")

CUSIPs: 13066KZQ5, 13066KZR3, 13066KZS1, 13066KZT9, 13066KZU6, 13066KZV4, 13066KZW2, 13066KZX0, 13066KZY8, 13066KB32, 13066KZZ5, 13066KB40, 13066KA25, 13066KB57, 13066KA33, 13066KB65, 13066KA41, 13066KA58, 13066KB81, 13066KA66, 13066KB99, 13066KA74, 13066KA82, 13066KA90, 13066KB24.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AH, dated November 9, 2010 (the "Series AH Bonds")

CUSIPs: 13066KD63, 13066KD71, 13066KD89, 13066KD97, 13066KE21, 13066KE39, 13066KE47, 13066KE54, 13066KE62, 13066KE70, 13066KE88, 13066KE96, 13066KF20, 13066KF38, 13066KF46, 13066KF53, 13066KF61, 13066KF79, 13066KF87, 13066KF95, 13066KG29, 13066KG37.

B. Bonds Issued by the Department of Water Resources that are covered by the Continuing Disclosure Certificate, dated September 7, 2011 and its supplements.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AI, dated September 7, 2011 (the "Series AI Bonds")

CUSIPs: 13066KC23, 13066KC31, 13066KC49, 13066KC56, 13066KC64, 13066KC72, 13066KC80, 13066KC98.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AJ, dated October 13, 2011 (the "Series AJ Bonds")

CUSIPs: 13066KL23, 13066KP45, 13066KL31, 13066KL49, 13066KL56, 13066KL64, 13066KL72, 13066KL80, 13066KL98, 13066KM22, 13066KM30, 13066KM48, 13066KM55, 13066KM63, 13066KM71, 13066KM89, 13066KM97, 13066KN21, 13066KN39, 13066KN47, 13066KN54, 13066KN62, 13066KN70, 13066KN88, 13066KN96, 13066KP29, 13066KP37.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AK, dated March 13, 2012 (the "Series AK Bonds")

CUSIPs: 13066KP86, 13066KP94, 13066KQ28, 13066KQ36, 13066KQ44, 13066KQ51, 13066KQ69, 13066KQ77, 13066KQ85, 13066KQ93, 13066KR27, 13066KR35, 13066KR43, 13066KR50, 13066KR68, 13066KS59, 13066KR76, 13066KS42, 13066KR84, 13066KR92, 13066KS67, 13066KS34, 13066KS26.

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State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AL, dated September 5, 2012 (the "Series AL Bonds")

CUSIPs: 13066KS83, 13066KS91, 13066KT25, 13066KT33, 13066KT41, 13066KT58, 13066KT66, 13066KT74, 13066KT82, 13066KT90, 13066KU23.

C. Bonds Issued by the Department of Water Resources that are covered by the Continuing Disclosure Certificate, dated September 27, 2012 and its supplements.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AN, dated September 27, 2012 (the "Series AN Bonds")

CUSIPs: 13066KY29, 13066KY37, 13066KY45, 13066KY52, 13066KY60, 13066KY78, 13066KY86, 13066KY94, 13066KZ28, 13066KZ36, 13066KZ44, 13066KZ51, 13066KZ69, 13066KZ77, 13066KZ85, 13066KZ93, 13066K2A6, 13066K2B4, 13066K2C2, 13066K2D0.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AO, dated September 27, 2012 (the "Series AO Bonds")

CUSIPs: 13066KX87, 13066KW21, 13066KW39, 13066KW47, 13066KW54, 13066KW62, 13066KW70, 13066KW88, 13066KW96, 13066KX20, 13066KX38, 13066KX46, 13066KX53, 13066KX61, 13066KX79.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AM, dated March 5, 2013 (the "Series AM Bonds")

CUSIPs: 13066KU49, 13066KU56, 13066KU64, 13066KU72, 13066KU80, 13066KU98, 13066KV22, 13066KV30, 13066KV48, 13066KV55, 13066KV63, 13066KV71.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AP, dated March 26, 2013 (the "Series AP Bonds")

CUSIPs: 13066K2E8, 13066K2F5, 13066K2G3, 13066K2H1, 13066K2J7, 13066K2K4, 13066K2L2, 13066K2M0, 13066K2N8, 13066K2P3, 13066K2Q1, 13066K2R9, 13066K2S7, 13066K2T5, 13066K2U2, 13066K2V0, 13066K2W8, 13066K2X6, 13066K2Y4, 13066K2Z1, 13066K3A5, 13066K3B3.

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AQ, dated June 18, 2013 (the "Series AQ Bonds")

CUSIPs: 13066K3C1, 13066K3D9, 13066K3E7, 13066K3F4, 13066K3G2, 13066K3H0, 13066K3J6, 13066K3K3, 13066K3L1, 13066K3M9, 13066K3N7, 13066K3P2, 13066K3Q0, 13066K3R8, 13066K3S6, 13066K3T4, 13066K3U1.

D. Pine Flat Power Bonds Issued by the Kings River Conservation District

Kings River Conservation District Pine Flat Power Refunding Bonds, Series G, dated January 20, 2010 (the "Pine Flat Power Bonds Series G")

CUSIPs: 496156EG1, 496156EH9, 496156EJ5, 496156EK2, 496156EL0, 496156EM8.

E. Lodi Energy Center Bonds Issued by the Northern California Power Agency

Northern California Power Agency Lodi Energy Center Revenue Bonds, Issue Two (California Department of Water Resources), 2010 Series A dated June 24, 2010 (the "Lodi Energy Center Bonds Issue Two Series A")

CUSIPs: 664845DJ0, 664845DK7, 664845DL5, 664845DM3, 664845DN1, 664845DP6.

Northern California Power Agency Lodi Energy Center Revenue Bonds, Issue Two (California Department of Water Resources), 2010 Series B dated June 24, 2010 (the "Lodi Energy Center Bonds Issue Two Series B"; together with the Lodi Energy Center Bonds Issue Two Series A, collectively the "Lodi Energy Center Bonds")

CUSIPs: 664845DF8, 664845DG6.

Note: The CUSIP numbers specified above are as of June 30, 2013. The CUSIP numbers are provided for the convenience of Bondholders. The Issuer is not responsible for the accuracy or completeness of such numbers.

Annual Report

Attached hereto is the Issuer's "annual report" for the fiscal year ended June 30, 2013 as required by (1) the Continuing Disclosure Certificate, dated December 1, 1995, and all subsequent Supplemental Continuing Disclosure Certificates and the Amended and Restated Continuing Disclosure Certificate dated December 2, 2009 thereto (2) the Continuing Disclosure Certificate, dated September 7, 2011 and all subsequent Supplemental Continuing Disclosure Certificates thereto and (3) the Continuing Disclosure Certificate, dated September 27, 2012 and all subsequent Supplemental Continuing Disclosure Certificates thereto (collectively the "Department Bonds Disclosure Certificates") for the above listed Department Bonds. The attached annual report also satisfies the Department of Water Resources requirements under the Continuing Disclosure Certificate, dated January 20, 2010, for the above listed Pine Flat Power Bonds Series G (the "Pine Flat Power Bond Disclosure Certificate"), and the Continuing Disclosure Agreement, dated June 24, 2010, for the above listed Lodi Energy Center Bonds (the "Lodi Energy Center Disclosure Certificate").

[Note: This page is a part of this Report.]

Annual Report - As of June 30, 2013

Other Matters

This annual report is provided solely for purposes of the Department Bonds Disclosure Certificates, the Pine Flat Power Bond Disclosure Certificate, and the Lodi Energy Center Disclosure Certificate. The filing of this report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the Issuer, the Series V, W, X, AC, AD, AE, AF, AG, AH, AI, AJ, AK, AL, AN, AO, AM, AP or AQ Bonds, the Pine Flat Power Bonds, or the Lodi Energy Center Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this report relates (other than as referred to in this report), or that no other information exists, which may have a bearing on the Issuer's financial condition, the security for the Series V, W, X, AC, AD, AE, AF, AG, AH, AI, AJ, AK, AL, AN, AO, AM, AP or AQ Bonds, the Pine Flat Power Bonds, or the Lodi Energy Center Bonds, or an investor's decision to buy, sell, or hold the Series V, W, X, AC, AD, AE, AF, AG, AH, AI, AJ, AK, AL, AN, AO, AM, AP or AQ Bonds, the Pine Flat Power Bonds, or the Lodi Energy Center Bonds. The information contained in this report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this annual report should be construed as a prediction or representation about future financial performance of the Issuer. The information provided herein may relate to bonds or other obligations of the Issuer in addition to the ones listed above.

Dated: February 27, 2014

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

By 
Chief, Division of Fiscal Services

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*Unless otherwise indicated, the information provided for each Continuing Disclosure Certificate item is responsive to each of the three categories of Continuing Disclosure Certificates referred to in this report (the Department Bonds Disclosure Certificates, the Pine Flat Power Bonds Disclosure Certificate, and the Lodi Energy Center Disclosure Certificate).

Annual Report - As of June 30, 2013

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES
S.E.C. RULE 15c2-12
ANNUAL REPORT

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013
(Continuing Disclosure Certificate, Item 1)

The State Water Resources Development System audited financial statements for the years ended June 30, 2013 and 2012 are attached hereto in Appendix A and are incorporated herein by this reference.

Annual Report - As of June 30, 2013

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES
S.E.C. RULE 15c2-12
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013

DEBT SERVICE RESERVE ACCOUNT (Continuing Disclosure Certificate, item 2a –Department Bonds Disclosure Certificates only)

As of December 31, 2013, the amount on deposit in the Debt Service Reserve Account was \$145,281,465, which is at least equal to the Reserve Account Requirement for the outstanding bonds. Of this amount, \$76,524,151 is invested in the State Treasurer's Pooled Money Investment Account (PMIA), and \$68,757,314 is invested in U.S. Government securities.

INVESTMENTS (Continuing Disclosure Certificate, item 2b)

The Department uses the State's Centralized Treasury System. Moneys on deposit in the State's Centralized Treasury System are invested by the Treasurer in the Pooled Money Investment Account (the "PMIA"). As of December 31, 2013, the PMIA held approximately \$38.1 billion of State moneys, and \$19.9 billion of moneys invested for about 2,594 local governmental entities through the Local Agency Investment Fund ("LAIF"). The assets of the PMIA as of December 31, 2013, are shown in the following table:

| Type of Security | Amount (In millions) | Percent of Total |
|-------------------------------|-------------------------|---------------------|
| U.S. Treasury Bills and Notes | \$ 31,297 | 54.27% |
| Commercial Paper (corporate) | 3,149 | 5.46% |
| Certificates of Deposit | 8,925 | 15.48% |
| Federal Agency Securities | 1,592 | 2.76% |
| Loans Per Government Code | 6,593 | 11.43% |
| Time Deposits | 4,472 | 7.75% |
| IBRD Deb FR | 1,639 | 2.84% |
| Total | \$ 57,667 | 100.00% |

WATER SUPPLY (Continuing Disclosure Certificate, items 2c and 2d)

In the year ending December 31, 2012, the Department approved deliveries for 65 percent of Contractor water requests. In the year ending December 31, 2013, the Department approved deliveries for 35 percent of Contractor water requests.

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STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES
S.E.C. RULE 15c2-12
ANNUAL REPORT

SOURCE OF POWER FOR OPERATING THE STATE WATER PROJECT
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continuing Disclosure Certificate, item 2e)

(In Gigawatt Hours)

SOURCES:

| | |
|--|--------------|
| State Water Project Hydroelectric Plants | |
| Gianelli (San Luis) | 86 |
| Castaic | 571 |
| Devil Canyon | 577 |
| William E. Warne (Pyramid) | 346 |
| Hyatt-Thermalito (Oroville) | 1,488 |
| Alamo | 25 |
| Thermalito Diversion Dam | 12 |
| Mojave Siphon | 34 |
| | <hr/> |
| Total | 3,139 |
| | |
| State Water Project Thermal Plant (Reid Gardner) | 491 |
| | |
| Power Purchases | 2,825 |
| | |
| Energy via Exchanges | 0 |
| | <hr/> |
| | |
| TOTAL SOURCES | 6,455 |
| | |
| POWER SALES | 967 |
| | |
| NET TRANSACTIONS THROUGH CAISO | 229 |
| | |
| SWP LOAD | 5,717 |

Annual Report - As of June 30, 2013

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES
S.E.C. RULE 15c2-12
ANNUAL REPORT
CONTRACTOR WATER DELIVERIES FROM AND PAYMENTS TO STATE WATER PROJECT
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continuing Disclosure Certificate, items 2f and 2g)

| | Deliveries (in acre- feet) | Payments (in thousands) |
|--|----------------------------------|-------------------------------|
| Alameda County Flood Control and Water Conservation District, Zone 7 | 44,954 | \$33,678 |
| Alameda County Water District | 23,640 | 7,476 |
| Antelope Valley-East Kern Water Agency | 51,003 | 34,158 |
| Castaic Lake Water Agency | 44,754 | 21,678 |
| City of Yuba City | 4,850 | 518 |
| Coachella Valley Water District | 66,539 | 55,089 |
| County of Butte | 908 | 1,484 |
| County of Kings | 4,645 | 834 |
| Crestline-Lake Arrowhead Water Agency | 1,368 | 1,975 |
| Desert Water Agency | 20,791 | 19,632 |
| Dudley Ridge Water District | 32,770 | 4,462 |
| Empire West Side Irrigation District | 1,567 | 241 |
| Kern County Water Agency | 744,317 | 111,440 |
| Littlerock Creek Irrigation District | 0 | 591 |
| The Metropolitan Water District of Southern California | 892,550 | 564,019 |
| Mojave Water Agency | 7,498 | 23,597 |
| Napa County Flood Control and Water Conservation District | 12,478 | 8,157 |
| Oak Flat Water District | 2,820 | 536 |
| Palmdale Water District | 10,567 | 4,777 |
| Plumas County Flood Control and Water Conservation District | 366 | 151 |
| San Bernardino Valley Municipal Water District | 32,085 | 42,481 |
| San Gabriel Valley Municipal Water District | 9,252 | 8,450 |
| San Geronio Pass Water Agency | 9,445 | 15,349 |
| San Luis Obispo County Flood Control and Water Conservation District | 3,681 | 6,936 |
| Santa Barbara County Flood Control and Water Conservation District | 18,018 | 43,503 |
| Santa Clara Valley Water District | 84,623 | 20,154 |
| Solano County Water Agency | 35,929 | 14,052 |
| Tulare Lake Basin Water Storage District | 48,361 | 8,113 |
| Ventura County Flood Control District | 2,890 | 4,478 |
| Total | <u>2,212,669</u> | <u>\$1,058,009</u> |

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES
S.E.C. RULE 15c2-12
ANNUAL REPORT

SELECTED FINANCIAL DATA FOR CERTAIN CONTRACTORS
FOR THE YEAR ENDED JUNE 30, 2013
(Continuing Disclosure Certificate, Item 2h – Department Bonds Disclosure Certificates and Pine
Flat Power Bond Disclosure Certificate only)

The audited financial statements of the Metropolitan Water District of Southern California, Santa Barbara County Flood Control, Water Conservation District/Central Coast Water Authority for the year ended June 30, 2013, and Kern County Water Agency for the year ended June 30, 2012 are attached in **Appendix B**. These financial statements are incorporated herein by this reference.

DWR did not prepare or assist in the preparation of such financial statements. No express or implied representation is made hereby as to the relative importance of the financial condition of any such water contractor to the creditworthiness of any of DWR's Central Valley Project Water System Revenue Bonds. Please refer to the most recent official statement relating to such bonds for a description of such relative importance.

Annual Report - As of June 30, 2013

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES
S.E.C. RULE 15c2-12
ANNUAL REPORT

SELECTED FINANCIAL DATA FOR CERTAIN CONTRACTORS
FOR THE YEAR ENDED JUNE 30, 2013
(Continuing Disclosure Certificate, Item 2i – Lodi Energy Center Disclosure Certificate only)

The audited financial statements of the Metropolitan Water District of Southern California for the year ended June 30, 2013 and Kern County Water Agency for the year ended June 30, 2012 are attached in **Appendix B**. The audited financial statements of the Coachella Valley Water District, for the year ended June 30, 2013 are attached in **Appendix C**. These financial statements are incorporated herein by this reference.

DWR did not prepare or assist in the preparation of such financial statements. No express or implied representation is made hereby as to the relative importance of the financial condition of any such water contractor to the creditworthiness of any of the Lodi Energy Center Bonds. Please refer to the most recent official statement relating to such bonds for a description of such relative importance.