

**DEPARTMENT OF WATER RESOURCES**

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(916) 653-5791



February 25, 2016

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, 2015.

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 X, Dated May 1, 2002, 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, Series AQ, Dated June 18, 2013, Series AR, Dated March 6, 2014, Series AS, Dated October 30, 2014, Series AT, Dated November 6, 2014, and Series AU, Dated September 2, 2015. 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 blue ink 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, 2015 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 X, dated May 1, 2002 (the "Series X Bonds")

CUSIPs: 13066KXJ3 13066KXL8

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: 13066EKC6 13066EKD4 13066EKE2 13066EKF9 13066EKG7  
13066EWC3 13066EWD1 13066EWE9 13066EWF6 13066EWG4 13066EWH2  
13066EWJ8 13066EWK5 13066EWL3 13066EWM1 13066EWN9 13066EWP4  
13066EWQ2 13066EWR0 13066EWS8

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: 13066K6D6 13066K6E4 13066K6F1 13066K6G9 13066K6H7  
13066K6J3 13066K6K0 13066K6L8 13066K6M6 13066K6N4 13066K6P9  
13066K6Q7 13066K6R5 13066K6S3 13066K6T1 13066K6U8 13066K6V6  
13066K6W4 13066KYL7 13066KYM5 13066KYN3 13066KYP8

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: 13066K7H6 13066K7J2 13066K7K9 13066K7L7 13066K7M5  
13066K7N3 13066K7P8 13066K7Q6 13066K7R4 13066K7S2 13066KA82  
13066KA90 13066KB24 13066KB65 13066KB81 13066KB99 13066KZS1  
13066KZT9 13066KZU6 13066KZV4

## Annual Report - As of June 30, 2015

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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:	13066KD97	13066KE21	13066KE39	13066KE47	13066KE54
	13066KF95	13066KG37	13067WAN2	13067WAP7	13067WAQ5
	13067WAS1	13067WAT9	13067WAU6	13067WAV4	13067WAW2
	13067WAY8				13067WAX0

### **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:	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:	13066KL56	13066KL64	13066KL72	13066KL80	13066KL98
	13066KM22	13066KM30	13066KM48	13066KM55	13066KM63
	13066KM71	13066KN70	13066KN88	13066KN96	13066KP29
	13066KP37	13067WBH4	13067WBJ0	13067WBK7	13067WBL5
	13067WBM3	13067WBN1	13067WBP6		

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:	13066KQ28	13066KQ36	13066KQ44	13066KQ51	13066KQ69
	13066KQ77	13066KR35	13066KR50	13066KR68	13066KR76
	13066KR84	13066KR92	13066KS26	13066KS34	13066KS42
	13066KS59	13066KS67	13067WBU5	13067WBV3	13067WBW1
	13067WBX9				

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:	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:	13066K2A6	13066K2B4	13066K2C2	13066K2D0	13066KY45
	13066KY52	13066KY60	13066KY78	13066KY86	13066KY94
	13066KZ28	13066KZ69	13066KZ77	13066KZ85	13066KZ93
	13067WCB6	13067WCD2			13067WCC4

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

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:	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:	13066K2G3	13066K2H1	13066K2J7	13066K2K4	13066K2L2
	13066K2M0	13066K2N8	13066K2P3	13066K2Q1	13066K2S7
	13066K2T5	13066K2U2	13066K2V0	13066K2W8	13066K2X6
	13066K2Z1	13066K3A5	13066K3B3		13066K2Y4

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:	13066K3D9	13066K3E7	13066K3F4	13066K3G2	13066K3H0
	13066K3J6	13066K3K3	13066K3L1	13066K3M9	13066K3N7
	13066K3Q0	13066K3R8	13066K3S6	13066K3T4	13066K3P2

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AR, dated March 6, 2014 (the "Series AR Bonds")

CUSIPs:	13066K3W7	13066K3X5	13066K3Y3	13066K3Z0	13066K4A4
	13066K4B2	13066K4C0	13066K4D8	13066K4E6	13066K4G1
	13066K4H9	13066K4J5	13066K4K2	13066K4L0	13066K4M8
	13066K4P1	13066K4Q9	13066K4R7		13066K4N6

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AS, dated October 30, 2014 (the "Series AS Bonds")

CUSIPs:	13066K4S5	13066K4T3	13066K4U0	13066K4V8	13066K4W6
	13066K4X4	13066K4Y2	13066K4Z9	13066K5A3	13066K5C9
	13066K5D7	13066K5E5	13066K5F2	13066K5G0	13066K5H8
					13066K5J4

State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AT, dated November 6, 2014 (the "Series AT Bonds")

CUSIPs:	13067WCE0
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## **Annual Report - As of June 30, 2015**

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State of California Department of Water Resources Central Valley Project Water System Revenue Bonds, Series AU, dated September 2, 2015 (the "Series AU Bonds")

CUSIPs: 13067WCF7

### **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: 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: 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 December 31, 2015. 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, 2015 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, 2015

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### 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, X, AE, AF, AG, AH, AI, AJ, AK, AL, AN, AO, AM, AP, AQ, AR, AS, AT or AU 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, X, AE, AF, AG, AH, AI, AJ, AK, AL, AN, AO, AM, AP, AQ, AR, AS, AT or AU 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, X, AE, AF, AG, AH, AI, AJ, AK, AL, AN, AO, AM, AP, AQ, AR, AS, AT or AU 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 25, 2016

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

By Lisa Toms for PNB  
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, 2015**

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STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES  
S.E.C. RULE 15c2-12  
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AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

(Continuing Disclosure Certificate, Item 1)

The State Water Resources Development System audited financial statements for the years ended June 30, 2015 and 2014 are attached hereto in **Appendix A** and are incorporated herein by this reference.



**Annual Report - As of June 30, 2015**

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES  
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FOR THE YEAR ENDED DECEMBER 31, 2015

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

As of December 31, 2015, the amount on deposit in the Debt Service Reserve Account was \$154,769,177, which is at least equal to the Reserve Account Requirement for the outstanding bonds. Of this amount, \$85,659,347 is invested in the State Treasurer's Pooled Money Investment Account (PMIA), and \$69,109,830 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, 2015, the PMIA held approximately \$45.3 billion of State moneys, and \$20.3 billion of moneys invested for about 2,479 local governmental entities through the Local Agency Investment Fund ("LAIF"). The assets of the PMIA as of December 31, 2015, are shown in the following table:

Type of Security	Amount (in millions)	Percent of Total
U.S. Treasury Bills and Notes	32,717	49.90%
Federal Agency Debentures	1,655	2.52%
Certificates of Deposit	11,185	17.06%
Bank Notes	400	0.61%
Federal Agency Discount Notes	7,585	11.57%
Time Deposits	5,677	8.66%
Commercial Paper (corporate)	2,385	3.64%
FHLMC/REMICs	74	0.11%
AB 55 Loans	409	0.62%
Loans Per Government Code	3,181	4.85%
Other	300	0.46%
Total	65,568	100.00%

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

In the year ending December 31, 2014, the State Water Project delivered 5 percent of Contractor water requests. As of March 2, 2015 the Department approved deliveries for 20 percent of requested deliveries for the year ending December 31, 2015.

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SOURCE OF POWER FOR OPERATING THE STATE WATER PROJECT  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continuing Disclosure Certificate, item 2e)

(In Gigawatt Hours)

**SOURCES:**

State Water Project Hydroelectric Plants	
Gianelli (San Luis)	110
Castaic	394
Devil Canyon	256
William E. Warne (Pyramid)	247
Hyatt-Thermalito (Oroville)	551
Alamo	22
Thermalito Diversion Dam	18
Mojave Siphon	14
Total	<u>1,612</u>
State Water Project Thermal Plant (Reid Gardner)	0
Power Purchases	2,586
Energy via Exchanges	<u>0</u>
<b>TOTAL SOURCES</b>	<b>4,198</b>
<b>POWER SALES</b>	<b>568</b>
<b>NET TRANSACTIONS THROUGH CAISO</b>	<b>275</b>
<b>SWP LOAD</b>	<b>3,355</b>

**Annual Report - As of June 30, 2015**

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES  
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CONTRACTOR WATER DELIVERIES FROM AND PAYMENTS TO STATE WATER PROJECT  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continuing Disclosure Certificate, items 2f and 2g)

	Deliveries (in acre-feet)	Payments (in thousands)
Alameda County Flood Control and Water Conservation District, Zone 7	32,444	\$40,692
Alameda County Water District	27,259	9,437
Antelope Valley-East Kern Water Agency	14,308	39,627
Castaic Lake Water Agency	29,189	27,881
City of Yuba City	3,004	628
Coachella Valley Water District	37,596	56,783
County of Butte	2,763	1,800
County of Kings	1,374	954
Crestline-Lake Arrowhead Water Agency	1,253	2,259
Desert Water Agency	11,217	20,989
Dudley Ridge Water District	41,733	4,666
Empire West Side Irrigation District	308	276
Kern County Water Agency	520,758	116,916
Littlerock Creek Irrigation District	-	647
The Metropolitan Water District of Southern California	573,526	632,852
Mojave Water Agency	8,830	28,524
Napa County Flood Control and Water Conservation District	11,199	8,055
Oak Flat Water District	1,077	497
Palmdale Water District	5,836	5,274
Plumas County Flood Control and Water Conservation District	730	192
San Bernardino Valley Municipal Water District	24,380	54,952
San Gabriel Valley Municipal Water District	5,760	10,280
San Geronio Pass Water Agency	3,481	25,110
San Luis Obispo County Flood Control and Water Conservation District	3,438	7,825
Santa Barbara County Flood Control and Water Conservation District	11,673	47,193
Santa Clara Valley Water District	82,888	28,836
Solano County Water Agency	23,836	9,073
Tulare Lake Basin Water Storage District	17,507	8,977
Ventura County Flood Control District	370	4,176
<b>Total</b>	<b>1,497,737</b>	<b>\$1,195,371</b>

**Annual Report - As of June 30, 2015**

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SELECTED FINANCIAL DATA FOR CERTAIN CONTRACTORS  
FOR THE YEAR ENDED JUNE 30, 2015  
(Continuing Disclosure Certificate, Item 2h – Department Bonds Disclosure Certificates and Pine  
Flat Power Bond Disclosure Certificate only)

**B-1: Audited Financial Statements of Certain Contractors**

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, 2015, and Kern County Water Agency for the year ended June 30, 2014 are attached in **Appendix B-1**. 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.

**B-2: Estimated Direct and Overlapping Debt of Certain Contractors**

The data presented in **Appendix B-2** summarize certain information regarding taxes and tax-supported debt outstanding within the service territory of each of the three Contractors that are expected to provide the largest amounts of Revenue for payment of the Bonds based on projected payments to the Department through the final maturity of the Bonds. These three Contractors and the expected percentage contribution of each to such Revenues over the term of the Bonds are as follows (these percentages may change over time).

CVP Contractor	Projected Percentage Contribution
The Metropolitan Water District of Southern California	41%
Santa Barbara County Flood Control and Water Conservation District/Central Coast Water Authority	13%
Kern County Water Agency	9%
Twenty-six other Contractors	37%
<b>Total</b>	<b>100%</b>

The Department has made no independent verification of the data contained in the Appendix and makes no representations as to its correctness, completeness, or comparability.

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STATE OF CALIFORNIA  
 DEPARTMENT OF WATER RESOURCES  
 S.E.C. RULE 15c2-12  
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SELECTED FINANCIAL DATA FOR CERTAIN CONTRACTORS  
 FOR THE YEAR ENDED JUNE 30, 2015  
 (Continuing Disclosure Certificate, Item 2i – Lodi Energy Center Disclosure Certificate only)

**C-1: Audited Financial Statements of Certain Contractors**

The audited financial statements of the Metropolitan Water District of Southern California for the year ended June 30, 2015 and Kern County Water Agency for the year ended June 30, 2014 are attached in **Appendix B-1**. The audited financial statements of the Coachella Valley Water District, for the year ended June 30, 2015 are attached in **Appendix C-1**. 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.

**C-2: Estimated Direct and Overlapping Debt of Certain Contractors**

The data presented in **Appendix B-2** relating to the Metropolitan Water District of Southern California and Kern County Water Agency, and **Appendix C-2** relating to Coachella Valley Water District, summarize certain information regarding taxes and tax-supported debt outstanding within the service territory of each of the three Contractors that are expected to provide the largest payments (other than payments allocable to CVP Revenue Bond financed facilities) to the Department under the Water Supply Contracts. These three Contractors and their expected percentage of such payment to the Department under the Water Supply Contracts are as follows:

<b>Lodi Energy Center</b>		
<b>Contractor (no change)</b>	<b>Projected Percentage Contribution</b>	<b>Appendix Reference</b>
The Metropolitan Water District of Southern California	56%	B-2
Kern County Water Agency	11%	B-2
Coachella Valley Water District	5%	C-2
Twenty-six other Contractors	28%	
<b>Total</b>	<b>100%</b>	

The Department has made no independent verification of the data contained in the Appendix and makes no representations as to its correctness, completeness, or comparability.