



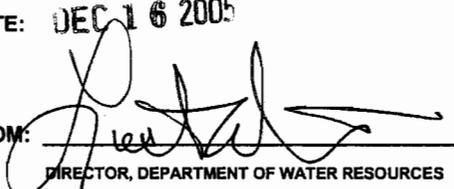
NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 05-13

DATE: DEC 16 2005

SUBJECT: Contest of Accuracy
of Charges

FROM:


DIRECTOR, DEPARTMENT OF WATER RESOURCES

As you are aware, the Department of Water Resources (DWR) is being sued by 14 water contractors relating to allocation of power costs and revenues in the State Water Project Contractors' annual bills. Most of the other contractors have recently intervened in the litigation as defendants. The ultimate scope of this litigation is uncertain.

It has come to our attention in the course of this litigation that previous Notices to State Water Project Contractors regarding Accuracy of Statements of Charges have been misunderstood and misconstrued. Therefore, DWR will no longer be sending out such Notices. Any contractor wishing to contest the accuracy of any charges in its annual Statement of Charges should proceed in accordance with the provisions of Article 29 of the water supply contract.

If you have any questions regarding this matter, please contact me at (916) 653-7007 or Dan Flory, Chief of DWR's State Water Project Analysis Office, at (916) 653-4313. Any questions from attorneys should be directed to Nancy Saracino, Chief Counsel, at (916) 653-7084.