January 3, 2014

Notice to Landowners of Proposed Water Rates, Charges and Land-Based Charges

Westlands Water District proposes to impose water rates and charges in the 2014-2015 fiscal year, effective upon adoption by the Board of Directors, for the purpose of collecting funds to pay costs related to water service. These water rates and charges may be paid by you or by your tenant. The District will collect pass-through costs subject to Federal and State contracts, agreements, and laws for U.S. Bureau of Reclamation water rates, Reclamation Fund rates, San Luis & Delta-Mendota Water Authority water rates, and State Water Resources Control Board fees. These pass-through costs are subject to change by action of the levying agencies, and the District will pass along any rate increases and not conduct another hearing on them.

Westlands Water District also proposes to impose land-based charges in the 2014-2015 fiscal year, also effective upon adoption by the Board of Directors, for the purpose of collecting funds to pay: 1) debt service required as a result of long-term water acquisitions, 2) debt service required as a result of District Water Supply acquisitions related to the Sagouspe settlement agreement, 3) extraordinary repairs and replacements of distribution system pipe, 4) drainage service area costs for representation of landowners in dispute with the United States over drainage, and 5) a portion of the costs of District operations and maintenance activities and programs (O&M).

**Water Rates and Charges**
The District budget will include funding for water costs, which includes a portion of O&M to provide water service to water users. If approved, water delivered by water users will be charged various water rates and/or charges per acre-foot for this water service. The water rates and charges imposed by levying agencies are determined and calculated by such agencies. All other rates and charges are determined by acre-foot based upon each water type’s associated cost divided by the estimated amount of the water type that will be delivered by water users. Rates and charges for Municipal and Industrial water are an aggregate of: 1) levying agency rates, and 2) rates and charges determined by acre-foot based upon each water type’s associated cost divided by the estimated amount of the water type that will be delivered by Municipal and Industrial water users.

**Long-Term Water Supply Debt Service**
The District budget will include funding for debt service related to financing the acquisition of long-term water supplies. If approved, all eligible irrigable lands in Area I and Area II except lands acquired by the District or lands for which the permanent right to the
allocation of the District's water supply has been acquired by the District will be proportionately charged. The charge will be determined by parcel based upon the parcel's irrigable acres in proportion to the total irrigable acres, after exclusions, in Area I and Area II.

**District Water Supply Debt Service**
The District budget will include funding for debt service related to financing the acquisition of District Water Supply in accordance with the Sagouspe settlement agreement. If approved, all irrigable lands in Area I and Area II except lands acquired by the District or lands for which the permanent right to the allocation of the District’s water supply has been acquired by the District will be charged in accordance with the agreement. The charge will be determined by parcel within each area, based upon the parcel’s irrigable acres in proportion to the total irrigable acres, after exclusions, in the respective area.

**Extraordinary Repairs of Distribution System Pipe**
The District budget will include funding for expenses related to the repair and replacement of certain distribution system pipe. If approved, all irrigable lands in Area I and Area II except lands acquired by the District or lands for which the permanent right to the allocation of the District’s water supply has been acquired by the District will be proportionately charged. The charge will be determined by parcel, based upon the parcel’s irrigable acres in proportion to the total irrigable acres, after exclusions, in Area I and Area II.

**Drainage Service Area**
The District budget will include funding for expenses related to costs for representation of landowners in dispute with the United States over drainage. If approved, all lands within the drainage service area, as presented in the draft final settlement agreement of 1998 with the U.S. Bureau of Reclamation, except government-owned lands, lands covered by a drainage easement acquired by the government, lands acquired by the District or lands for which the permanent right to the allocation of the District’s water supply has been acquired by the District, will be proportionately charged. The charge will be determined by parcel, based upon the parcel’s irrigable acres in proportion to the total irrigable acres, after exclusions, in the drainage service area.

**Operations and Maintenance Costs**
The District’s budget will include funding for the costs of O&M. If approved, irrigable lands, except lands acquired by the District, will be charged their share of a portion of these costs based upon certain attributes. Specifically, all lands in the District will bear 10% of the cost; lands with allocation will bear an additional 10% of the cost; lands with distribution system will bear an additional 5% of the cost and lands with both allocation and distribution system will bear an added 25% of the cost. The charge will be determined by parcel, based upon the parcel’s irrigable acres in proportion to the total irrigable acres subject to the charge after exclusions.
Calculation of Charges
Enclosed with this Notice is a listing of proposed water rates and charges that identifies the charge per unit that will be billed to District water users. Also enclosed with this Notice is a listing of proposed land-based charges that identifies for the landowner of record each parcel, the irrigable acres for each parcel, the charge per acre, and the calculated charge per parcel. If the parcel’s irrigable acres are too small to generate a charge, a listing of proposed land-based charges will not be enclosed.

Public Hearing
The District will hold a public hearing on the proposed water rates, charges and land-based charges on Tuesday, February 18, 2014, at 1:30 p.m., or as soon thereafter as the matter may be heard, at the District’s Fresno Office, 3130 N. Fresno St., Fresno, CA 93703.

At this public hearing, the Board shall hear and consider all objections or protests, if any, to the proposed water rates, charges and land-based charges.

Landowners may file written protests against any or all proposed water rate(s), charge(s) and/or land-based charges with the District Secretary at or before the close of the public hearing. Protests must indicate the water rate(s), charge(s) and/or land-based charges being opposed and contain a description of the land owned sufficient to identify the land. If the name on the written protest is not shown on the last equalized assessment roll of the District as the owner of the land, the signer of the protest must also submit written evidence of ownership. Written protests may be mailed to:

District Secretary
Westlands Water District
P.O. Box 6056
Fresno, CA 93703-6056

If written protests against a proposed water rate, charge or land-based charge are filed by a majority of the affected landowners, the rate or charge will not be imposed. If you have any questions about the proposed water rates and charges, please call Customer Accounting at (559) 241-6250. If you have any questions about the proposed land-based charges, please call Deborah Tuggle at (559) 241-6212.
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Unit</th>
<th>Reason for the Charge</th>
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<tbody>
<tr>
<td>United States Bureau of Reclamation</td>
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<tr>
<td>Ag Water - Contract</td>
<td>$ 52.77</td>
<td>AF</td>
<td>Pass-through to levying agency</td>
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<tr>
<td>Ag Water - Full Cost 202(3)</td>
<td>$ 75.00</td>
<td>AF</td>
<td>Pass-through to levying agency</td>
</tr>
<tr>
<td>Ag Water - Full Cost 205(a)(3)</td>
<td>$ 93.68</td>
<td>AF</td>
<td>Pass-through to levying agency</td>
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<tr>
<td>Ag Water - Restoration Fund</td>
<td>$ 9.99</td>
<td>AF</td>
<td>Pass-through to levying agency</td>
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<tr>
<td>San Luis Delta Mendota Water Authority</td>
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<tr>
<td>Authority Operations &amp; Maintenance</td>
<td>$ 47.15</td>
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<td>State Water Resource Control Board</td>
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<tr>
<td>Water Rights Fee</td>
<td>$ 13.18</td>
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<td>Pass-through to levying agency</td>
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<td>Westlands Water District</td>
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<td>District O&amp;M</td>
<td>$ 40.39</td>
<td>AF</td>
<td>Portion of District operations and maintenance activities and programs</td>
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<td>Groundwater Management Program</td>
<td>$ 260.00</td>
<td>AF</td>
<td>Operating cost of Groundwater Management Program</td>
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<td>Groundwater Management Program - ISMP</td>
<td>$ 130.00</td>
<td>AF</td>
<td>Operating cost of ISMP</td>
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<tr>
<td>Overuse of Water Supply</td>
<td>$ 693.00</td>
<td>AF</td>
<td>Acquisition of water supply for water user deliveries exceeding allocation</td>
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<tr>
<td>Prior Years Restoration Fund</td>
<td>$ 1.71</td>
<td>AF</td>
<td>Under-collection due to USBR rate change not implemented by District</td>
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<td>Temporary Facilities Surcharge</td>
<td>$ 200.00</td>
<td>AF</td>
<td>Operating cost of temporary diversion facilities</td>
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<td>Water Allocation Benefit</td>
<td>$ 21.38</td>
<td>AF</td>
<td>20% of annual debt service for 1965 Repayment Contract for distribution and drainage systems</td>
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<td>Water Delivered Benefit</td>
<td>$ 4.71</td>
<td>AF</td>
<td>30% of annual debt service for 1965 Repayment Contract for distribution and drainage systems</td>
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<td>Water Exchange Obligation</td>
<td>$ 4.26</td>
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<td>Cost of water supply to repay historical water exchange</td>
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<td>Municipal and Industrial</td>
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<td>Acquired Supply</td>
<td>$ 1,149.12</td>
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<td>Delivered cost of Municipal &amp; Industrial water</td>
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<td>Acquired Supply - NASL</td>
<td>$ 902.25</td>
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<td>Delivered cost of Municipal &amp; Industrial water</td>
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