

October 27, 2009

**NOTICE OF 2010 REVISED REVENUE REQUIREMENT DETERMINATION
(California Code of Regulations Title 23 Section 510 *et seq.*)**

The California Department of Water Resources ("the Department" or "DWR") hereby provides notice of its revised determination of revenue requirements for the period January 1, 2010 through and including December 31, 2010. The Department has made this revised determination of revenue requirements in accordance with California Water Code, Division 27 (the "Act") and California Code of Regulations, Division 23, Chapter 4, Sections 510–517 (the "Regulations").

As part of the revised determination, DWR has reduced its Revenue Requirement for the period January 1, 2010 through and including December 31, 2010 by \$162 million relative to the August 6, 2009 Determination.

In reaching its revised revenue requirements determination, the Department followed procedures consistent with those contained in the Act and the Regulations. The Department issued a proposed revised determination on October 15, 2009. The deadline for submitting comments on the proposed revised determination was October 22, 2009. The Department's did not receive any comments on the proposed revisions to the 2010 Revenue Requirement.

After assessing the administrative record, the Act, the Regulations, bond requirements and the Rate Agreement between the California Public Utilities Commission and DWR, the Department finds the revision to its revenue requirement for the period of January 1, 2010 through December 31, 2010, to be just and reasonable.

This notice is being provided via electronic mail to those persons who received the original notice by electronic mail and by U.S. Mail to every person who has submitted a request for notice by U.S. Mail. This notice is also posted on the Department's web-site.