EXHIBIT 1

EAST TURLOCK SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY RULES AND REGULATIONS

Version 4

August 27, 2026

Table of Contents

Article I. Definitions 1

Article II. General 7

2.01 Purpose 7

2.02 Authority 7

2.03 Groundwater Sustainability Plan 7

2.04 Effective Date and Changes 7

2.05 Implementation Guidelines 7

2.06 Actions Against ETSGSA 7

2.07 Severability of Provisions 8

2.08 CEQA 8

Article III. Water Use Monitoring 9

3.01 Well Registration 9

3.02 Consumed Groundwater Measurement 9

Article IV. Groundwater Accounting 13

4.01 Online Groundwater Accounting Platform 13

4.02 Categories of Water 13

4.03 Priority of Use 13

4.04 Consumed Groundwater Reporting 14

4.05 Consumed Surface Water Credit 20

4.06 Recharge Credit 22

4.07 Total Consumed Groundwater Appeal Process 24

Article V. Allocation of Water 25

5.01 Groundwater Use Fee Categories 26

5.02 Extractions Not Subject to Groundwater Use Fee 27

5.03 Priority Action Areas 27

5.04 Management Zones 28

5.05 Reclassification of Parcels and Allocations 29

Article VI. Carryover, Transfer Authority, and Pooling 30
6.01 Carryover 30
6.02 Transfer Authority 32
6.03 Pooling 32
Article VII. Fees & Penalties 33
7.01 SGMA Penalties 33
7.02 Civil Remedies 33
7.03 Assessments and Groundwater Use Fees 33
Article VIII. General Appeals 34
8.01 General Appeal Policy 34

Article I. Definitions

"**Allocation**" refers to Groundwater Use Fee Categories 0, 1, and 2, and the corresponding volume of Consumed Groundwater Use, as defined below. These categories are established by ETSGSA pursuant to Water Code Section 10726.4(a)(2) and Section 4.1 of the East Turlock Subbasin Groundwater Demand Reduction Plan to meet the Sustainable Management Criteria ("SMCs") established in the Turlock Subbasin Groundwater Sustainability Plan ("GSP"). Because the sustainable yield and native yield of the Subbasin can only be estimated at this time, the Allocation represents an incrementally imposed regulatory threshold to achieve sustainable yield over time.

"**Board of Directors**" or "**Board**" means the Board of Directors of the East Turlock Subbasin Groundwater Sustainability Agency ("ETSGSA"), the governing body of ETSGSA.

"Carryover" means the amount of an Allocation that was not used during a Reporting Period and is eligible, subject to these Rules and Regulations, to be extracted during a subsequent Reporting Period.

"Category 0" means the Groundwater Use Fee category for Consumed Groundwater Use measured by Evapotranspiration up to 0.5 acre-feet per acre per Reporting Period (November 1 through October 31).

"Category 1" means the Groundwater Use Fee category for Consumed Groundwater Use measured by ET up to 1.1 acre-feet per acre per Reporting Period (November 1 through October 31).

"Category 2" means the Groundwater Use Fee category for Consumed Groundwater Use measured by ET up to 1.6 acre-feet per acre per Reporting Period through October 31, 2027, and up to 1.4 acre-feet per acre per Reporting Period from November 1, 2027 through October 31, 2032.

"Category 3" means the Groundwater Use Fee category for Consumed Groundwater Use measured by ET exceeding the upper threshold of Category 2 (defined as 1.6 acre-feet per acre per Reporting Period through October 31, 2027, and 1.4 acre-feet per acre per Reporting Period from November 1, 2027 through October 31, 2032).

"**Consumed Groundwater Use**" means the net of Consumptive Use (ET) adjusted by subtracting Effective Precipitation and any Consumed Surface Water Credit and/or Recharge Credit.

"**Consumed Surface Water**" means the consumed portion of surface water applied to a parcel through direct irrigation using surface water, calculated by multiplying the surface water applied for irrigation by the designated irrigation efficiency for the irrigation method utilized.

"**Consumed Surface Water Credit**" means a credit applied to a Water Account in recognition of the fact that the consumed portion of surface water applied to a parcel through direct irrigation using surface water reduces the amount of Consumed Groundwater Use, calculated using the methodology described in Section 4.06 of these Rules and Regulations.

"**Consumptive Use**" means water leaving the land due to evaporation and transpiration (collectively "Evapotranspiration" or "ET") measured by ETSGSA's consultant using satellite and meteorological data.

"Cover Crop(s)" or **"Cover Cropping"** means growing and managing vegetation between rows of perennial crops or seasons of annual crop production, with the purpose of protecting the soil surface and promoting infiltration and soil moisture retention. **"Dairy Facility**" means the production facility of a commercial dairy operation that includes animal housing, feed areas, waste management areas, and any associated infrastructure as permitted by the relevant local permitting agencies, including but not limited to, the County, local Air District, and the State Water Board. The Dairy Facility footprint shall include all non-irrigated areas necessary for the operation of the dairy, as designated by the Facility's permits and approvals, and shall not include supporting fields or pasture.

"De Minimis Extractor" or **"De Minimis Use"** means a person who extracts, for domestic purposes, two (2) acre-feet or less per year, or the extraction of groundwater consistent with Water Code Section 10721(e).

"**Effective Precipitation**" means the fraction of precipitation that is not lost to runoff or deep percolation, and available for use by vegetation or crops.

"ETSGSA" means the East Turlock Subbasin Groundwater Sustainability Agency, a joint powers agency formed to be the groundwater sustainability agency managing a portion of the Turlock Subbasin and with responsibility for sustainably managing groundwater within its portion in the Turlock Subbasin, pursuant to the requirements of the Sustainable Groundwater Management Act.

"**Excluded Area**" means an area of a Parcel that is not part of a Field, Facility Area, or Project Area, and is excluded from the accounting of Consumed Groundwater Use under these Rules and Regulations. Examples of Excluded Areas include, but are not limited to,

roads, staging areas, residences, residential yards and gardens, buildings, ponds, rangeland, habitat areas, Project Areas, reported Fallowed Fields, and riparian areas.

"Facility Area" means the area of a parcel that is occupied by a Dairy Facility, Poultry Facility or Food Processing Facility, as defined herein. Facility Areas are subject to the accounting of Consumed Groundwater under these Rules and Regulations based on reported groundwater use, and receive an Allocation.

"**Fallow Field**" or **"Fallowed Field"** means a Field that is not being cultivated with irrigated crops during an entire Reporting Period (November 1 to October 31).

"Fallowing" means the transition of a Field from an Irrigated Field to a Fallow Field by ceasing irrigation with Groundwater or Surface Water and removing formerly irrigated crops.

"**Field**" means an area of a Parcel that is managed for agricultural cultivation or pasture. Fields are designated by ETSGSA's qualified consultant on an annual basis based on analysis of aerial imagery, and are assigned to individual parcels in the Groundwater Accounting Platform.

"**Flow Meter**" means a water flow measuring device that measures the instantaneous flow and totalizes the volume of water flowing through a pipe, such as Groundwater extracted by a Groundwater well, water diverted from a canal, or water pumped from a pond or basin.

"Food Processing Facility" means a facility used for the manufacturing of food products from processed or unprocessed raw materials, and any associated infrastructure as permitted by the relevant local permitting agencies, including but not limited to, the County, local Air District, and the State Water Board. The Food Processing Facility Footprint shall include all non-irrigated areas necessary for the operation of the Facility, as designated by the Facility's permits and approvals.

"**Groundwater**" carries the same definition contained in Water Code Section 10721(g).

"Groundwater Accounting Platform" means the online software platform created for landowners in ETSGSA's jurisdiction to track and manage Consumptive Groundwater Use on Parcels within ETSGSA.

"Groundwater Use Fee" means the fee program described in the "East Turlock Subbasin Groundwater Sustainability Agency Cost of Service Study," dated December 2024.

"Irrigated Field" means a field to which irrigation water is applied for agricultural production, forage or pasture during a Reporting Period (November 1 to October 31).

"Irrigated Parcel" means a Parcel which is identified as irrigated agricultural land through (a) County land use codes listed in a relevant ETSGSA Engineer's Report or Fee Study, (b) crop map datasets or evidence of the existence of irrigated crops, (c) designation as irrigated land by ETSGSA through reclassification based on available data, (d) a response to an appeal by the land owner, or (e) as otherwise described in a relevant ETSGSA Engineer's Report or Fee Study. In ETSGSA, the entirety of a Parcel designated as an "Irrigated Parcel" is charged according to the irrigated land assessment amount across its total parcel acreage under ETSGSA's SGMA Operational Assessment. For purposes of these Rules and Regulations, these include Parcels with lands used for growing crops such as deciduous trees (almonds, walnuts, peaches, citrus), corn, grains, vines, and truck crops, as well as lands used for poultry farms, dairies, and food processing plants.

"Management Zone(s)" *means [to be determined].*

"Non-Irrigated Parcel" means a Parcel which is identified as a Non-Irrigated Parcel through (a) County land use codes, (b) designation as non-irrigated land by ETSGSA through an appeal process, or (c) as otherwise described in a relevant ETSGSA Engineer's Report or Fee Study. These include non-irrigated pastures (grazing land), undeveloped or rangeland properties, and Parcels with dry farming fields, as well as residential, commercial, and government or institutional lands, or lands used solely by De Minimis Extractors.

"**Operator**" means a person or entity responsible to manage an agricultural operation or other facility that uses Groundwater, and can be an authorized representative of an "Owner" or a lessee.

"**Owner**" means a fee title owner of land within ETSGSA boundaries.

"Parcel" means tracts or areas of land established by plat, subdivision, or as otherwise permitted by law, and as identified by the applicable County Assessor's Office.

"**Pooling**" means an Owner or Operator's ability to consolidate parcels in a Water Account or pool the allocated groundwater supply for each parcel under their control into a single account, for cumulative allocations and use calculations, in accordance with and subject to the limitations of ETSGSA policies.

"Poultry Facility" means the production facility of a commercial poultry operation that includes animal housing, feed areas, waste management areas, and any associated infrastructure as permitted by the relevant local permitting agencies, including but not limited to, the County, local Air District, and the State Water Board. The Poultry Facility

Footprint shall include any un-irrigated areas necessary for the poultry operation, as designated by the facility's permits and approvals.

"**Priority Action Areas**" means areas designated for priority action based on monitoring data in accordance with the Groundwater Demand Reduction Plan adopted by ETSGSA on July 11, 2024.

"**Project Area**" means a Parcel, a portion thereof, or a Field identified in an agreement between a Project Proponent and ETSGSA for implementation of a project approved by ETSGSA to assist in implementation of the Turlock GSP. This includes projects implemented under ETSGSA's Multi-benefit Land Repurposing Program (MLRP), Incentivized Fallowing Program (IFP), or other projects approved by ETSGSA. Project Areas are excluded from the accounting of Consumed Groundwater Use under these Rules and Regulations, but projects may result in the generation of Consumed Surface Water Credits or Recharge Credits as defined herein. Project Areas do not receive an Allocation.

"**Project Proponent**" means an Owner or Operator that enters into an agreement with ETSGSA to construct and operate a project to assist in implementation of the Turlock GSP, or an Owner or Operator that has previously implemented a project for this purpose and whose project is approved by ETSGSA to receive Consumed Surface Water Credits or Recharge Credits.

"**Recharge**" means the infiltration of surface water through the land surface with the intent of increasing Groundwater storage in a Principal Aquifer designated in the Turlock Subbasin Groundwater Sustainability Plan.

"**Recharge Credit**" means a credit applied to a Water Account in recognition of the fact that Recharge of surface water increases the groundwater supply available for use in the future, and calculated using the methodology described in Section 4.06 of these Rules and Regulations.

"**Recharge Facility**" means a facility that is used for the purpose of applying surface water to achieve Recharge, including, but not limited to, basins, stormwater retention ponds, or recharge spreading areas, and is registered with the GSA pursuant to these Rules and Regulations.

"**Replenishment Water**" means surface water provided by the Turlock Irrigation District pursuant to the conditions of the Groundwater Accounting Structure Agreement between ETSGSA, West Turlock Subbasin GSA and Turlock Irrigation District.

"**Reporting Period**" means the 12-month period starting on November 1 for any given year, through October 31 of the following year, during which Allocations and water use are tracked and calculated for purposes of levying the Groundwater Use Fee.

"SGMA Operational Assessment" means the special benefit assessment described in the "East Turlock Subbasin Groundwater Sustainability Agency SGMA Operational Assessment Engineer's Report," dated April 2024.

"**Stock Well(s)**" means a Groundwater well used to extract two (2) acre-feet or less per year for the purpose of providing water to livestock and is not used to irrigate crops.

"**Subbasin**" means the Turlock Groundwater Subbasin (DWR Basin No. 5-22.03), a high-priority basin pursuant to SGMA.

"**Sustainable Groundwater Management Act**" means Senate Bills 1168 and 1319 and Assembly Bill 1739, signed into law by Governor Brown in 2014 and went into effect on January 1, 2015, as codified in California Water Code sections 10720, *et seq.*, requiring "sustainable groundwater management."

"Transfer" *means [to be determined].*

"Turlock Subbasin GSP" or "GSP" means the Revised Turlock Subbasin Groundwater Sustainability Plan adopted by ETSGSA and West Turlock Subbasin GSA in 2024, as amended, in compliance with the Sustainable Groundwater Management Act.

"**Undesirable Results**" has the same meaning used in SGMA and defined in Water Code Section 10721(w).

"**Water Account**" means a collection of parcels in the Groundwater Accounting Platform which has a pooled groundwater supply.

"Water Account Holder" means a user of the Groundwater Accounting Platform with permissions to manage allocation and pooling for a Water Account, and can be an "Owner" or a person or entity to whom the "Owner" has delegated or granted this authority.

Article II. General

2.01 Purpose

The Board of Directors of ETSGSA adopts these Rules and Regulations to provide for the sustainable management of Groundwater within ETSGSA pursuant to the Turlock Subbasin GSP.

2.02 Authority

Water Code Section 10725.2 expressly authorizes ETSGSA to adopt Rules and Regulations, as follows: "a groundwater sustainability agency may adopt rules, regulations, ordinances, and resolutions for the purpose of this part, in compliance with any procedural requirements applicable to the adoption of a rule, regulation, ordinance, or resolution by the groundwater sustainability agency."

2.03 Groundwater Sustainability Plan

Pursuant to Water Code Section 10725, a GSA may exercise the powers described in SGMA, provided the GSA adopts and submits a GSP to the Department of Water Resources. These Rules and Regulations are designed to implement the provisions of the Turlock Subbasin GSP and may be amended at any time if necessary to achieve consistency with the GSP and to achieve Groundwater sustainability in the Subbasin.

2.04 Effective Date and Changes

These Rules and Regulations shall become effective upon adoption and may be added to, amended and/or repealed at any time by resolution of the Board of Directors of ETSGSA and such additions, amendments, and/or repeals shall become effective upon their adoption or as otherwise specified by the Board of Directors.

2.05 Implementation Guidelines

ETSGSA Staff, in consultation with the ETSGSA Technical Advisory Committee, shall have the authority to develop implementation guidelines and procedures for these Rules and Regulations to promote their efficient, effective and consistent implementation, and to provide for appropriate documentation.

2.06 Actions Against ETSGSA

Nothing contained in these Rules and Regulations shall constitute a waiver by ETSGSA from asserting any defenses or immunities from liability as provided by law, including, but not limited to, those provided in Division 3.6 of Title 1 of the Government Code.

2.07 Severability of Provisions

If any provision of these Rules and Regulations, or the application thereof to any person or circumstance, is held invalid by a court of law, the remainder of these Rules and Regulations, and the application of its provisions to other persons or circumstances, shall not be affected.

2.08 CEQA

Pursuant to Water Code Section 10728.6 and CEQA Guidelines Sections 10561(b)(3), 15307 and 15308, the adoption of these Rules and Regulations is exempt from the California Environmental Quality Act ("CEQA").

Article III. Water Use Monitoring

3.01 Well Registration

ETSGSA will require registration of certain wells, as described in these Rules and Regulations. ETSGSA does not require registration of all wells within its jurisdiction at this time, but reserves the right to develop relevant policies, rules, and regulations and implement additional well registration requirements at a later time.

At this time, the following wells are required to be registered:

- Wells associated with dairy, poultry and food processing operations (see Section 3.02, Subsection titled "Dairy, Poultry, and Food Processing Facility Self-Reporting");
- Other non-De Minimis wells, including wells associated with small transient and non-transient community and non-community water systems (see Section 3.02, Subsection titled "Other Non-De Minimis Wells"); and
- Wells associated with Water Accounts for which an appeal has been submitted to use well meter data *in lieu* of ET data to measure groundwater use (see Section 4.07).

Well registration will occur in accordance with a Well Registration Policy adopted by the Board, which will specify the types of wells to be registered, the registration requirements, the registration process and the data management procedures. The Policy may be updated over time as the well registration program is developed and expanded.

3.02 Consumed Groundwater Measurement

Designation of Irrigated Parcels

ETSGSA will designate Irrigated Parcels as defined herein and (1) will levy Irrigated assessments on Irrigated Parcels for purposes of the SGMA Operational Assessment, (2) will grant each Irrigated Parcel an Allocation as defined herein, (3) will measure Consumptive Use and calculate Consumed Groundwater Use within Fields pursuant to these Rules and Regulations, and (4) will charge Groundwater Use Fees for Consumed Groundwater Use on Irrigated Parcels that exceeds the upper threshold of Category 0. Excluded Areas and Project Areas shall not be considered when calculating the Consumptive Use of a Parcel, and Excluded Areas, Project Areas, and verified Fallow Fields shall not be considered when calculating the Consumed Groundwater Use of a Parcel.

A Parcel's designation applies to the entirety of the Parcel; meaning, if a Parcel is determined to be an Irrigated Parcel, the entire Parcel's acreage is assessed or charged at the Irrigated amount for the SGMA Operational Assessment. There will not be partial designations of a Parcel as both an Irrigated and Non-Irrigated Parcel under the SGMA Operational Assessment. For Parcels that extend across the ETSGSA boundary, only the portion of the Parcel that lies within ETSGSA will be managed in the Groundwater Accounting Platform, considered for purposes of calculating the Parcel's Allocation, or subject to the SGMA Operational Assessment or Groundwater Use Fee.

Acreage enrolled in ETSGSA's Incentivized Fallowing Program (IFP) or Multi-benefit Land Repurposing Program (MLRP) or used for other incentivized projects (collectively Project Areas) shall not be eligible to receive an Allocation while actively subject to an incentive agreement with ETSGSA.

Consumed Groundwater from Fields

ETSGSA will measure Consumed Groundwater Use within Irrigated Fields in Irrigated Parcels using ET data provided by ETSGSA's Consultant.

Consumption-based volumetric groundwater fees, referred to as Groundwater Use Fees, will be charged based on calculated Consumed Groundwater that occurs within the Irrigated Field(s) of each Irrigated Parcel, as described more, below.

Other Land Uses Designated as Irrigated

As defined herein, Parcels are also designated as Irrigated if they bear County land use codes indicating use as Dairy Facilities, Poultry Facilities or Food Processing Facilities. Since Groundwater use associated with these kinds of Facilities does not involve Irrigation, measurement of Groundwater use using ET in Facility Areas is not possible. The following means of measuring and reporting groundwater use will therefore be implemented for Parcels with these County land use codes.

Dairy, Poultry, and Food Processing Facility Self-Reporting

Self-Reporting Requirement

Each Owner of a Dairy, Poultry, or Food Processing Facility shall be required to self-report the consumptive Groundwater use of their Facilities to ETSGSA within sixty (60) days following the close of each Reporting Period. The quantity shall be based on records maintained by the Dairy, Poultry, or Food Processing Facility or from any other regulatory reporting requirements already in effect, such as those required by local or state regulatory agencies. The report shall include any documentation that supports actual consumptive

use of Groundwater, such as water use records, Groundwater extraction records, or reports submitted to other regulatory agencies.

Wells associated with the facility shall be registered as specified in Section 3.01 of these Rules and Regulations.

Examples of Acceptable Self-Reporting Sources

Dairy, Poultry, or Food Processing Facilities may use any of the following methods or data sources to report their Consumptive Groundwater Use to ETSGSA:

- **Meter Data**, when available, that records Groundwater extraction. Well meters must be installed in compliance with manufacturer and AWWA specifications, calibrated within the last five years, subject to approval by ETSGSA prior to use.
- **Electrical Consumption**, derived from records of energy used to operate pumps for Groundwater wells coupled with a pump performance test conducted in the last three (3) years by a qualified pump and well contractor to calculate groundwater extraction.
- **Run-Time Data** combined from an installed run-time meter coupled with production rates from a pump test conducted in the last five years by a qualified pump and well contractor to calculate Groundwater extraction.
- **Water Balance Calculations**, either:
    - Developed internally by the Facility, or
    - Developed for another regulatory program applicable to the Facility.
- Other suitable means reviewed and approved by ETSGSA staff.

Other Non-De Minimis Wells

Wells that are not used for irrigation purposes or to supply Dairy, Poultry or Food Processing Facilities and are not using Groundwater for De Minimis uses as defined herein, will be subject to the Groundwater Use Fees. These may include, but are not limited to, domestic wells pumping Groundwater in excess of two (2) acre-feet per year, wells used to supply transient and non-transient community and non-community water systems, and other industrial wells that may exist within ETSGSA. These wells may or may not be located on, and may or may not serve, Parcels that are designated as Irrigated, as defined herein. Groundwater use measurement for these wells will be reported annually for each Reporting Period (November 1 to October 31) not later than sixty (60) days after the end of the Reporting Period, based on one of the following:

- **Meter Data**, when available, that records Groundwater extraction. Well meters must be installed in compliance with manufacturer and AWWA specifications, calibrated within the last five years, subject to approval by ETSGSA prior to use.
- **Electrical Consumption**, derived from records of energy used to operate pumps for Groundwater wells coupled with a pump performance test conducted in the last three (3) years by a qualified pump and well contractor to calculate Groundwater extraction.
- **Run-Time Data** combined from an installed run-time meter coupled with production rates from a pump test conducted in the last five years by a qualified pump and well contractor to calculate Groundwater extraction.
- **Water Balance Calculations**, either:
    - Developed internally by the Facility, or
    - Developed for another regulatory program applicable to the Facility.
- Other suitable means reviewed and approved by ETSGSA staff.

Groundwater Wells subject to this Section shall be registered as specified in Section 3.01 of these Rules and Regulations.

Article IV. Groundwater Accounting

4.01 Online Groundwater Accounting Platform

Consistent with GSP Management Action 9, ETSGSA established and will maintain an online software platform, referred to as the Groundwater Accounting Platform, for Owners or Operators to track Consumed Groundwater on owned, leased, or managed Irrigated Parcels within ETSGSA. Subject to these Rules and Regulations, Owners may grant access to Operators to access their Water Account(s) and control water management of owned Parcels therein. For Operators to be granted access to a Water Account, the Owner must provide written authorization to ETSGSA.

Subject to these Rules and Regulations, Owners and Operators may group multiple Parcels held in common ownership or under common management into Water Account(s) for purposes of water management (this practice is referred to herein as "Pooling.")

4.02 Categories of Water

The Groundwater Accounting Platform shall account for water through the following categories:

a) Effective Precipitation (Credit)

b) Consumed Groundwater According to Groundwater User Fee Categories as defined in Section 5.01 (Debit)

c) Consumed Surface Water Credit calculated as described in Section 4.05, and including the following water sources:
   i. Turlock Irrigation District (TID) Replenishment Water
   ii. Merced Irrigation District Transfer Water
   iii. Merced Irrigation District Water
   iv. Riparian Water
   v. Other Surface Water Diversions
   vi. Other

d) Groundwater Recharge Credit as described in Section 4.06

e) Carryover Credit as defined in Section 6.01

f) Transfers (Credit) - *To be Determined*

4.03 Priority of Use

The default order of accounting priority by category for debit or credit will be in the order of section a) through f) in Section 4.02 above. Recharge Credits will be applied to the

Reporting Period (November 1 to October 31) following the Reporting Period in which they are generated. Carryover Credits will be applied as discussed in Section 6.01.

ETSGSA may develop future policies to allow landowners to change the preferred accounting priority of use of additional water sources or credits.

4.04 Consumed Groundwater Reporting

Consumed Groundwater Use is calculated by subtracting the following from Consumptive Use: Effective Precipitation, any Consumed Surface Water Credit and any Recharge Credit as described in the following sections.

The amount of Consumed Groundwater from irrigation will be calculated based on Consumptive Use, which will be estimated using ET data. ET is estimated by ETSGSA's consultant using a combination of remote sensing data and ground-based equipment. Total Consumptive Use (measured in ET) will be reported monthly in the Groundwater Accounting Platform, within approximately sixty (60) days after the end of the month being reported. Monthly updates in the Groundwater Accounting Platform will include the following information at the Field, Irrigated Parcel, and Water Account level:

- Monthly and cumulative Consumptive Use (reported as "Total ET");
- Monthly and cumulative "Effective Precipitation;" and
- Monthly and cumulative net consumptive use (reported as "ET minus Effective Precipitation").

Total Consumptive Groundwater Use will be calculated only for Irrigated Fields within an Irrigated Parcel after the end of the Reporting Period. Field boundaries are mapped annually and applied to each Reporting Period by ETSGSA's qualified consultant. The ET from areas falling outside the identified Field boundaries shall not be evaluated for Consumptive Use or counted toward the Consumed Groundwater Use for Irrigated Fields and subject to Groundwater Use Fees. Areas excluded from the consideration of ET to calculate Consumptive Use or Consumed Groundwater Use include the following:

- **Facility Areas**. As discussed in Section 3.02, Consumptive Use by Dairy, Poultry and Food Processing Facilities cannot be calculated using ET; therefore, ET measurements in Facility Areas will not be evaluated. Consumed Groundwater Use will be calculated for Facility Areas using other data.
- **Project Areas**. Parcels, Fields or portions thereof where crops have been removed and irrigation has ceased as a part of projects approved by ETSGSA related to its MLRP, IFP, and other programs will not be subject to the measurement and

reporting Consumptive Use (ET) and Effective Precipitation, or the calculation of Consumed Groundwater Use. The boundaries of Project Areas are determined based on information contained in Project agreements between the Project Proponents and ETSGSA, based on data provided by the Project Proponents, and may be subject to verification by ETSGSA.

- **Excluded Areas**. Non-irrigated areas located outside the boundaries of Fields, Facility Areas and Project Areas do not have known non-De Minimis Groundwater Use; therefore, these Excluded Areas will not be evaluated for Consumptive Use (ET), and Consumed Groundwater Use will not be calculated or Groundwater Use Fees charged. Examples of Excluded Areas include, but are not limited to, roads, staging areas, residences, residential yards and gardens, buildings, open water, rangeland, habitat areas, Project Areas, reported Fallowed Fields and riparian areas.

- **Fallowed Fields**. Fallowed Fields are Fields an Owner or Operator is not irrigating during a Reporting Period (November 1 to October 31), and from which previously irrigated crops have been removed. The following rules apply to Fallowed Fields:

    - Fallow Fields may have a vegetative cover, be cultivated with dryland crops, be used for non-irrigated forage or pasture, or be used for other non-irrigated purposes that do not include permanent plantings. Newly planted fields, irrespective of their minimal groundwater consumption, are not considered Fallowed Fields.

    - To be excluded from the calculation of Consumed Groundwater Use for a Fallowed Field, (1) crops shall be removed[1] by June 30,[2] and (2) no irrigation shall occur within the Fallowed Field at any time during the Reporting Period.

    - The Fallowed Field shall be self-reported by the Owner or Operator between April 1 and June 30 of the Reporting Period during which the Fallowing is planned to occur using the self-reporting module in the Groundwater Accounting Platform.[3,4] If only a portion of an existing field is Fallowed, the

[1] For permanent plantings such as orchards and vineyards, crops will be considered to be "removed" if they are pushed over by the deadline date, and hauled off of the property or recycled in accordance with applicable laws, rules and regulations.
[2] For the 2025 Reporting Period, crops shall be removed by October 31, 2025.
[3] For the 2025 Reporting Period, Fallowing shall be self-reported by November 30, 2025.
[4] Reporting in the Groundwater Accounting Platform shall include designation of the field that will be fallowed, and providing an attestation that the rules and regulations regarding Fallowed Fields will be followed.

Owner or Operator may delineate that area as a new field using the self-reporting module in the Groundwater Accounting Platform.

- During the Reporting Period, a Fallowed Field reported using the Groundwater Accounting Platform will provisionally be considered Fallowed and Total ET minus Effective Precipitation will be reported monthly in the Groundwater Accounting Platform for monitoring purposes.
- After the close of the Reporting Period, provisional Fallowed Fields will be screened to verify they were Fallow during the Reporting Period. Consumed Groundwater Use within verified Fallowed Fields will not be counted against the Allocation for the Parcel during the Reporting Period. The following screening criteria will be applied:

    1. If the total cumulative ET minus Effective Precipitation for the Field at the end of the Reporting Period is less than or equal to 0.5 acre-feet/acre, the Field will be considered verified Fallowed.
    2. If the criterion is not met, the total ET in July (at the height of the irrigation season) will be assessed to determine if it is less than or equal to 0.1 acre-feet/acre. If so, the field will be considered verified Fallowed.
    3. If the above criteria are not met, a final verification step will consist of evaluating satellite data to determine if the vegetation signature is consistent with fallowing, and/or evaluating aerial imagery to visually assess if the Field appears to be Fallowed or Irrigated. If the Field can be confirmed not to be Irrigated using satellite and/or aerial imagery data, it will be considered verified as Fallowed.

- **Reporting Fallowed Areas within an Existing Field**. If an Owner or Operator plans to Fallow portions of an existing designated Field, the following procedures shall be used to exclude the Fallowed area from the calculation of Consumed Groundwater Use: the area of the field(s) within which Fallowing is planned shall be entered into the self-reporting module of the Groundwater Accounting Platform between April 1 and June 30 of the year in which fallowing is implemented and a self-attestation regarding the Fallowing shall be registered.[5] Once entered into the Groundwater Accounting Platform, the reported Fallowed area will provisionally be considered as

[5] For the 2025 Reporting Period, Fallowing shall be self-reported by November 30, 2025.

a Fallowed Field, subject to the same rules, regulations, verification and accounting as reported Fallowed Fields discussed in the section above.

Effective Precipitation

Total precipitation is reported for each Field for all Irrigated Parcels monthly by ETSGSA's consultant. The amount of Effective Precipitation will be calculated monthly for each Field, within approximately sixty (60) days after the end of the month being reported. Effective Precipitation is defined as the fraction of precipitation that is not lost to runoff or deep percolation, and that is available to vegetation or crops for Consumptive Use.

Effective Precipitation is calculated by applying a scaling factor to total precipitation based on water year type (wet or non-wet). ETSGSA will determine the water year type for a Reporting Period based on total cumulative precipitation from November to March of each Reporting Period. A water year in which the total cumulative precipitation on March 30 at the Denair II CIMIS Station exceeds 14.4 inches shall be considered a wet year. An evaluation of Effective Precipitation in ETSGSA has determined a scaling factor of 0.55 for wet years and a scaling factor of 0.71 for normal and dry years to calculate Effective Precipitation from total precipitation (Formation, 2024).

Cover Crop Adjustment

If an Owner or Operator self-reports the presence of Cover Crops on an Irrigated Field, an additional adjustment factor will be applied, as described below.

In order to qualify, Cover Cropping shall occur for at least five (5) consecutive months between November 1 and April 30. For orchards and vineyards, Cover Crops shall be maintained on the Field on at least 70% of the orchard floor or 60% of the vineyard floor, as specified in the California Department of Food and Agriculture (CDFA) Healthy Soils Program (CDFA, 2023). Cover Crops can be any mixture of annual or perennial species, including resident and planted vegetation or dryland crops.

The Effective Precipitation for fields with Cover Crops shall be adjusted using a multiplier of 1.2 -- to 0.66 for wet years and 0.85 for normal and dry years. To obtain this adjustment factor, an Owner or Operator must report Cover-Cropped acreage between April 1 and June 30 of the Reporting Period during which the Cover Cropping occurred.[6]

[6] For the 2025 Reporting Period, Cover Cropping shall be self-reported by November 30, 2025.

Reporting will occur through a self-reporting module in the Groundwater Accounting Platform and will be subject to potential verification by ETSGSA using ET data or field observation. Owners and Operators are responsible for maintaining any evidence used to support their claims, such as photographic evidence.

Effective Precipitation Cap

Based on the above-referenced evaluation (Formation, 2024), Effective Precipitation shall be capped at (may not exceed) a maximum of 12 inches in a given Reporting Period.

A summary of Effective Precipitation is presented in the table below.

Water Year Type	Effective Precipitation Scaling Factor	Adjusted Effective Precipitation Scaling Factor	Cap
Wet	0.55	0.66	12”
Normal or Dry	0.71	0.85	12”

Consumed Groundwater

Basic Calculation

For all Parcels, the Consumed Groundwater is initially determined for each Irrigated Field within the parcel using the following formula:

Consumed Groundwater = Consumptive Use (ET) – Effective Precipitation

Upon receipt of ET Consumptive Use data from ETSGSA’s consultant, the amount of ET Consumptive Use minus Effective Precipitation will be calculated monthly for each Irrigated Field, and summed for each Irrigated Parcel. After the calculation is completed, the net of ET Consumptive Use minus Effective Precipitation will be debited monthly from the applicable Water Account as Consumed Groundwater.

Adjustments for Surface Water Irrigation, Recharge and Fallowing

For Parcels with surface water supply(ies), the net Consumed Groundwater is determined using the following formula:

Consumed Groundwater Use = Consumptive Use (ET)
– Effective Precipitation
– Consumed Surface Water Credit

As described in Section 4.05, Consumed Surface Water is the fraction of surface water applied for irrigation purposes that is consumed on an Irrigated Field, which depends on the efficiency of the irrigation method used. A portion of this water is applied as a credit against total Consumptive Use to calculate Consumed Groundwater.

For Parcels where surface water supply(ies) are percolated into the subsurface through Recharge Facilities, the calculated Consumed Groundwater Use may be reduced by applying a Recharge Credit. A portion of the surface water delivered to a Recharge Facility is applied as a Recharge Credit against the calculated Consumed Groundwater Use, as described in Section 4.06.

With all Parcels, upon receipt of ET Consumptive Use data from ETSGSA's consultant, the net of ET Consumptive Use minus Effective Precipitation will be calculated monthly and debited from the applicable Water Account on the Groundwater Accounting Platform. Based on documentation provided by the Owner or Operator required by these Rules and Regulations, any adjustments to the Effective Precipitation and Fallowed Fields will be made and any Consumed Surface Water Credits will then be applied to the applicable Water Account(s) to calculate the Consumed Groundwater Use after the end of the Reporting Period. This calculation and adjustment will be made after the close of the self-reporting window (approximately 60 days following the end of the Reporting Period), ahead of true-up invoices being sent to Owners and/or Operators for any Groundwater Use Fees due for the Reporting Period.

ETSGSA reserves the right to audit documentation and verify the Consumed Surface Water Credit, Recharge Credit, Cover Cropping and/or Fallowing reported by an Owner or Operator, and to retroactively update that data in the Groundwater Account Platform and Groundwater Use Fee invoicing to address discrepancies or inaccuracies, if needed.

Calculation of Consumptive Groundwater Use from Well Extraction Data

Since ET data are not available for the Groundwater uses associated with other non-De Minimis wells and Owner's or Operators may be permitted to use meter data in lieu of the Consumed Groundwater calculations discussed in this Section, self-reported groundwater extraction data submitted for wells under Section 3.02 of these Rules and Regulations, or submitted for alternative groundwater measurement pursuant to an appeal under Section 4.07 of these Rules and Regulations, will be adjusted using the following procedure to

calculate Consumed Groundwater. The reported groundwater extraction volume shall be multiplied by a conversion factor of 0.81 to calculate Consumed Groundwater.[7]

4.05 Consumed Surface Water Credit

Any Owner or Operator within ETSGSA that applies surface water for irrigation to parcels within the ETSGSA and desires to receive a Consumed Surface Water Credit applied to their Consumed Groundwater Use calculation shall report the following information to ETSGSA within sixty (60) days of the close of the Reporting Period using the self-reporting module in the Groundwater Accounting Platform:

- County and Assessor's Parcel Number ("APN") of Parcels receiving surface water;
- Total delivery volume;
- Irrigation method;
- Surface water source:
    - TID Replenishment Water
    - Merced Irrigation District Transfer Water
    - Merced Irrigation District Water
    - Riparian Water
    - Other Surface Water Diversions
    - Other
- If applicable, copies of the most recent and relevant statement(s) of diversion and use or annual license reporting filed with the California State Water Resources Control Board ("SWRCB") during the Reporting Period; and
- If applicable, billing Invoice(s) or manifests from the surface water supplier showing total volume delivered to any relevant parcel during the Reporting Period, or other evidence of total volume delivered to each parcel.

Upon receipt of acceptable data, ETSGSA will calculate the Consumed Surface Water by multiplying the reported surface water delivery volume by an irrigation efficiency factor consistent with the irrigation method used. Efficiency factors for common irrigation methods are listed in the table below.

[7] This conversion factor is derived by dividing the total consumed groundwater in ETSGSA during the baseline hydrologic period reported in Appendix K of the GSP (171,170 acre-feet) by the simulated groundwater extraction reported in Chapter 5 of the GSP (212,200 acre-feet).

Irrigation Method/System Type	Potential Application Efficiency Range (%)	ETSGSA Assigned Irrigation Efficiency (%)
Sprinkler		
LEPA	80-90	88
Linear Move	75-85	83
Center Pivot	75-90	87
Traveling Gun	65-75	73
Side-Roll	65-85	80
Hand-Move	65-85	80
Solid-Set	70-85	82
Surface		
Furrow (Conventional)	45-65	60
Furrow (Surge)	55-75	70
Furrow (with Tailwater Reuse)	60-80	75
Basin	60-75	72
Precision Level Basin	65-80	77
Micro Irrigation		
Bubbler (Low Head)	80-90	88
Microspray	85-90	90
Micropoint Source	85-90	90
Microline Source	85-90	90
Surface Drip	85-95	93
Subsurface Drip	90-95	95

Source: Zaccaria, Danielle, 2018. *ANR Publication 8570, Field Irrigation Water Management in a Nutshell*. September.

The available Consumed Surface Water Credit is 100% of the Consumed Surface Water calculated by multiplying the delivered surface water volume by the appropriate irrigation efficiency factor.

As ETSGSA continues to develop its Projects and Management Actions to implement the Turlock GSP, it intends to develop future Rules and Regulations which may add additional credit split scenarios depending on the source of funding for surface water applied and the source of funding to construct the related surface water conveyance infrastructure/ facilities. ETSGSA reserves its rights to change the credit amounts above through future Rules and Regulations or Credit Split Policies adopted by the ETSGSA Board.

4.06 Recharge Credit

An Owner or Operator within ETSGSA may be eligible to receive a Recharge Credit if they deliver surface water to a Recharge Facility. Recharge credits shall be applied as water supply during the Reporting Period after the recharge occurs. Recharge Facilities may include, but are not necessarily limited to, basins, stormwater retention ponds and areas where water is spread for the purpose of recharge.

To be eligible for a Recharge Credit, the following conditions must be met:

- The Recharge Facility shall be registered with and approved by the GSA, including the following minimum information:
    - The County and Assessor's Parcel Number (APN) on which the Recharge Facility is located;
    - The outline of the recharge facility;
    - The type of Recharge Facility (e.g., basin, pond or spreading area);
    - The source(s) of the water to be recharged;
    - The estimated amount of surface water to be applied through the facility and means of measurement, including but not limited to meter readings or rate calculations.
- Information shall be provided on a completed registration form in accordance with Implementation Guidelines developed by ETSGSA staff in consultation with the ETSGSA Technical Advisory Committee in compliance with Section 2.05 of these Rules and Regulations.
- ETSGSA may require the Owner or Operator of a Recharge Facility to provide additional information to evaluate the use and function of the Recharge Facility and any resulting Recharge Credits.
- ETSGSA reserves the right to decline Recharge Facility approval, to require modifications, or require operation conditions as needed to ensure that operation of the facility will be consistent with the sustainability goals of the Turlock GSP, ETSGSA's Groundwater Demand Reduction Plan, and/or with management of Priority Action Areas.

The Owner or Operator of a Recharge Facility shall submit to the GSA within sixty (60) days of the close of the Reporting Period the following information to be eligible for Recharge Credit:

- County and Assessor's Parcel Number ("APN") of Parcels on which the Recharge Facility is located;

- Surface water source
    - TID Replenishment Water
    - Merced Irrigation District Transfer Water
    - Merced Irrigation District Water
    - Riparian Water
    - Other Surface Water Diversions
    - Other
- Total delivery volume to the Recharge Facility or days of inundation, as applicable;
- Total outflow volume from the Recharge Facility (if any);
- Any monitoring and/or percolation rate testing data collected during the Reporting Period;
- If applicable, copies of the most recent and relevant statement(s) of diversion and use or annual license reporting filed with the California State Water Resources Control Board ("SWRCB") during the Reporting Period;
- If applicable, billing Invoice(s) from the surface water supplier showing total volume delivered to any relevant parcel during the Reporting Period, or other evidence of total volume delivered to each parcel; and
- Attestation by the Owner/Operator that to their best knowledge, the Recharge Facility is being operated in compliance with applicable State and Federal laws and regulations.

Upon receipt of acceptable data, ETSGSA will calculate the amount of Recharge from the Recharge Facility. Total Recharge will be calculated by considering Recharge Facility inflow minus any outflow, multiplied by a correction factor of 95% to account for evaporation and other losses. Alternatively, recharge may be calculated by other suitable means based on known or assumed recharge rates associated with a facility. ETSGSA reserves the right to request additional information from the Owner or Operator to determine the amount of Recharge.

The maximum available Recharge Credit will be 87.5% of the calculated Recharge after a 12.5% "leave behind" required for the benefit of the Turlock Subbasin. This Recharge Credit applies to Recharge from all Recharge Facilities that are existing or planned to be implemented in the 2025 Reporting Period, and will remain in effect until updated by ETSGSA.

As ETSGSA continues to develop its Projects and Management Actions to implement the Turlock GSP, it intends to develop future Rules and Regulations which may add additional credit split scenarios, including depending on the source of funding for surface water applied to the Recharge Facility and the source of funding to construct the Recharge Facility. ETSGSA reserves its rights to change the credit amounts above through future Rules and Regulations or Credit Split Policies adopted by the ETSGSA Board.

4.07 Total Consumed Groundwater Appeal Process

Within forty-five (45) days of notification by ETSGSA of an Owner or Operator's net Consumed Groundwater at the close of the Reporting Period, any Owner or Operator may submit an appeal regarding the final net consumed groundwater amount for that Reporting Period. Such appeal shall be submitted to ETSGSA's General Manager and shall include any relevant data, calculations, documents or other information to support the appeal. An appeal shall include all relevant facts, evidence, and arguments upon which the appellant relies, and any issues not included in the appeal shall not be considered by staff or the Board.

If based on Groundwater extraction measurement data, the written appeal must be submitted to ETSGSA's General Manager with meter or other measurement and irrigation system efficiency data for each well used by the affected parcels contained in the Water Account. Appeals relying on the use of electrical consumption data shall comply with Implementation Guidelines developed by ETSGSA staff in consultation with the ETSGSA Technical Advisory Committee under Section 2.05 of these Rules and Regulations. If the appeal is related to demonstrating that there is no groundwater consumption on a fallowed field, all crops shall be removed from the fallowed field by the deadlines required in Section 4.04 of these Rules and Regulations in order for the appeal to be approved. The General Manager shall investigate matters related to the appeal, may request additional information and/or documentation from the Owner or Operator, may consult with ETSGSA Technical staff, and will present any relevant information, along with any recommendation, to the Board within sixty (60) days of receipt of the appeal. The Board shall act on the written appeal and supporting documentation within sixty (60) days of receipt of all relevant information.

After approval of an appeal, wells associated with the Groundwater Accounting Platform Water Account for which an appeal is being sought will be required to register all wells located on the parcel(s) in accordance with the requirements of Section 3.01.

Article V. Allocation of Water

GSP Management Action 7 commits ETSGSA to establish groundwater use allocations for all Irrigated Parcels based on the estimated sustainable yield derived from GSP modeling and analysis of historical baseline consumptive groundwater use established from ET measurements for a baseline period from 2012 through 2021.[8] Baseline calculations were performed based on land use data available at the time ETSGSA adopted its SGMA Operational Assessment. As new data become available, the groundwater use baseline calculations may be updated, as appropriate. As stated in the GSP, groundwater use reduction targets will be escalated (i.e., allowable pumping limits will be decreased) every five years until the long-term Sustainable Yield of the Subbasin is confirmed based on future analysis and met as determined by monitoring data.

Water Code Section 10726.4 authorizes a GSA to regulate groundwater extractions by regulating, limiting or suspending extractions. However, nothing in SGMA (and therefore these Rules and Regulations) should be used to determine or alter water rights. At this time, ETSGSA is not limiting the quantity of Groundwater an Owner or Operator of Irrigated Parcel(s) can pump or use. However, ETSGSA is establishing a framework of escalating groundwater use reduction targets and disincentivizing pumping in quantities that exceed the estimated sustainable yield and ETSGSA reduction targets through Groundwater Use Fees. The program is structured to reduce and eventually eliminate pumping that could exacerbate or cause Undesirable Results and fund the costs of implementing projects and management actions to achieve sustainability. ETSGSA's fee structure will reflect the projected groundwater use reduction targets contained in the GSP, including a decrease in the Category 2 ceiling from 10% reduction to 20% reduction in the 2028 Reporting Period (starting November 1, 2027), as explained in more detail in the Groundwater Use Fee Study.

As additional data becomes available and as projects, monitoring, and management actions are implemented, the groundwater model used to estimate the Sustainable Yield of the Subbasin will be updated, the groundwater management framework will be updated as appropriate, and allocations limiting pumping may be proposed or adopted to reflect the new data.

[8] As the sustainable yield of the subbasin can only be estimated at this time, the allocation represents an incrementally imposed regulatory threshold to achieve the sustainable yield over time. For further information, the reader is referred to discussion in Section 4.1 of the Groundwater Demand Reduction Plan adopted July 11, 2024.

Fields that are enrolled in the MLRP or IFP programs and receive incentive payments will not be eligible to receive allocations. A summary of possible adjustments for Fallowed Fields or enrolled fields is presented in the table below.

Land Use Practice	Accounting for ET	Allocation
Owner or Operator initiated Fallowing	If the Owner or Operator complies with Section 4.04 herein, ET from Fallowed Fields will not be counted toward the parcel's Consumed Groundwater Use and will be "zeroed out" if verified	Allocation will be retained
Enrollment in the MLRP or IFP Program or other project agreement	ET will not be counted toward the parcel's Consumed Groundwater Use	Allocation will be rescinded for the period specified in the Project Agreement
Cover Cropping	No ET adjustment, but an Effective Precipitation credit will be applied	Allocation will be retained

5.01 Groundwater Use Fee Categories

ETSGSA has adopted a Groundwater Use Fee charged to Irrigated Parcels and non-De Minimis wells used for purposes other than irrigation ("other non-De Minimis wells"), to cover the costs of projects and management actions contained in the GSP to mitigate and achieve demand reduction. Groundwater Use Fees will be charged to Owners and Operators of Irrigated Parcels based on Consumed Groundwater,[9] measured by ET, as reported on the Groundwater Accounting Platform. Groundwater Use Fees will be charged to Owners or Operators of other non-De Minimis Wells, as described below. The following fee categories will be implemented on an annual basis by the ETSGSA:

> **"Category 0"** means the Groundwater Use Fee category for Consumed Groundwater Use measured by ET up to 0.5 acre-feet per acre. This category includes groundwater use up to the estimated minimum native sustainable yield.
>
> **"Category 1"** means the Groundwater Use Fee category for Consumed Groundwater Use measured by ET up to 1.1 acre-feet per acre. This category

[9] Owners may request that invoices be sent directly to Operators or may forward invoices to them for payment; however, Owners will ultimately bear responsibility for payment of any fees due.

includes Consumed Groundwater Use above Category 0 up to the estimated sustainable yield.

"Category 2" means the Groundwater Use Fee category for Consumed Groundwater Use measured by ET up to 1.6 acre-feet per acre through 2027, and up to 1.4 acre-feet per acre from 2028 through 2032. This category includes Consumed Groundwater Use above Category 1 and up to the Groundwater use reduction target in effect at the time. The upper threshold of Category 2 is used to calculate the Allocation for Irrigated Parcels and other Non-De Minimis Wells, as described below.

"Category 3" means the Groundwater Use Fee category for Consumed Groundwater Use measured by ET exceeding the upper threshold of Category 2. This category includes Consumed Groundwater Use above the Groundwater use reduction target in effect at the time and in excess of the Irrigated Parcel Allocation.

As discussed in Section 4.04 of these Rules and Regulations, for well Groundwater extraction data reported for Poultry, Dairy and Food Processing Facilities, and/or other non-De Minimis wells, reported Groundwater extraction shall be multiplied by 0.81 to calculate the equivalent Consumed Groundwater Use and Groundwater Use Fees due. If the reported extractions are associated with a non-De Minimis well used to supply Groundwater to a small community or non-community, transient or non-transient water system, the Allocation shall be calculated by determining the equivalent Consumed Groundwater Use in relation to the acreage of the service area of that system. Any Groundwater Use Fees related to the use of such wells shall be charged to the parcel on which that well is located.

5.02 Extractions Not Subject to Groundwater Use Fee

De Minimis Extractors will not be charged a Groundwater Use Fee. Stock Wells will not be charged a Groundwater Use Fee. However, if a Stock Well is also used to irrigate crops, or used in excess of two (2) acre-feet per year, the exemption does not apply and such use will be subject to Groundwater Use Fees pursuant to these Rules and Regulations.

5.03 Priority Action Areas

The Groundwater Demand Reduction Plan appended to the July 11, 2024 GSP includes a framework to systematically identify Priority Action Areas ("PAAs") based on assessment of monitoring data and program implementation progress where focused demand reduction efforts will be implemented to avoid potential Undesirable Results. PAAs will be defined and managed under Action Plans adopted by the GSA Board and may include

additional Rules and Regulations, including, but not necessarily limited to, further escalations of groundwater use reduction targets, prioritization of projects and management actions, decreased allocations, limitations on Pooling, Credits and Transfers, and/or focused actions to expedite projects or demand reduction management actions. Criteria for de-escalation of actions and closure of PAAs will also be provided.

As summarized in the Groundwater Demand Reduction Plan, boundaries for PAAs will be defined based on a two (2)-mile buffer around the monitoring trigger leading to their establishment. For purposes of these Rules and Regulations, if a parcel or a contiguous group of parcels under related ownership is divided by the buffer zone, it shall be considered part of the PAA if the majority of that parcel's (or group of contiguous parcels') acreage is located within the PAA; otherwise, it shall be considered to lie outside the PAA. In addition, the GSA may adjust PAA boundaries to be consistent with management of existing on-farm irrigation or water management systems. The boundaries of a PAA may be adjusted in response to monitoring data gathered over time.

The latest information regarding PAAs boundaries, monitoring results, and implementation of the Action Plans for PAAs may be found in the most recent Annual GSP Implementation report for the Turlock Subbasin and is posted on https://turlockgroundwater.org/etsgsa.

5.04 Management Zones

ETSGSA intends to establish Management Zones based on spatial variances of aquifer properties, Groundwater conditions and groundwater demand in ETSGSA's jurisdiction. ETSGSA intends for all lands within ETSGSA's jurisdiction to fall within an established Management Zone. Depending on Groundwater conditions, ETSGSA may develop policies, Rules and Regulations that apply to the use of Groundwater in one or all Management Zones. ETSGSA may reevaluate Management Zone boundaries and applicable Rules and Regulations as data and circumstances warrant.

For purposes of future Rules and Regulations, if a parcel, or a group of contiguous parcels under related ownership, overlies more than one Management Zone, ETSGSA intends for the parcel or group of contiguous parcels to be governed by the Management Zone in which the majority of that parcel's acreage is located. In addition, the GSA may adjust Management Zone boundaries to be consistent with management of existing on-farm irrigation or water management systems.

5.05 Reclassification of Parcels and Allocations

A landowner may appeal to change the classification of their Parcel(s) subject to the SGMA Operational Assessment Appeal Process Policy and these Rules and Regulations. Upon review of available data and other relevant evidence, if ETSGSA becomes aware of the use of Groundwater on a Parcel designated as Non-Irrigated in a manner that is inconsistent with the definition of a Non-Irrigated Parcel, ETSGSA may reclassify the Parcel(s) and provide revised invoices accordingly.

Article VI. Carryover, Transfer Authority, and Pooling

6.01 Carryover

Water Code Section 10726.4 expressly authorizes a GSA to establish accounting rules to allow unused Groundwater extraction allocations to be carried over. Consistent with this authority, if an Owner or Operator uses less than their Category 0, Category 1 and/or Category 2 Groundwater Allocation in a given Reporting Period, the remaining Allocations are available to be carried over to future Reporting Periods if their Water Account(s) is (are) in good standing and all payments for fees and assessments due to ETSGSA are up to date.

For the 2025 Reporting Period the following requirements and procedures shall apply to Carryover:

- Carryover may occur only within the Groundwater Account in which the Allocations were originally issued.
- Unused Category 0 groundwater Allocations will automatically be carried over to the next Reporting Period as a Category 0 credit for extraction free of charge.
- Unused Category 1 Groundwater Allocations will automatically be carried over to the next Reporting Period as a Category 1 Credit if the Deposit Invoice issued in accordance with the Groundwater Use Fee Resolution adopted by the ETSGSA Board for that fiscal year has been paid. If the Deposit Invoice has not been paid and there is unused Category 1 Allocation in the Water Account, no Carryover will occur.
- Alternatively, if an Owner or Operator does not wish to carry over their remaining Category 1 Allocation, they may request a refund for the unused portion of the Category 1 Allocation and ETSGSA shall refund any payment received for the unused Allocation.
- Unused Category 2 Groundwater Allocations will automatically be carried over to the next Reporting Period as a Category 2 Credit.
- Fees for carried-over Category 2 Allocations will be included in the True-Up Invoice issued after the end of the Reporting Period in which the Allocation Credit is used.
- Unused Category 0, Category 1, and Category 2 Allocations that continue to remain unused for three Reporting Periods after they are generated will expire. Any payment received for unused Category 1 Carryover that is not used in the third year will be refunded.

Starting in the 2026 Reporting Period the following requirements and procedures shall apply to Carryover:

- Carryover may occur only within the Groundwater Account in which the Allocations were originally issued.
- Unused Category 0 Groundwater Allocations will automatically be carried over to the next Reporting Period as a Category 0 credit for extraction free of charge.
- Unused Category 1 Groundwater Allocations will automatically be carried over to the next Reporting Period as a Category 1 Credit.
- Unused Category 2 Groundwater Allocations will automatically be carried over to the next Reporting Period as a Category 2 Credit.
- Fees for carried-over Category 1 and 2 Groundwater Allocations will be included in the True-Up Invoice issued after the end of the Reporting Period in which the Allocation Credit is used.
- Unused Category 0, Category 1 and Category 2 Groundwater Allocations that remain unused at the conclusion of the third Reporting Period after which they are generated will expire and be removed from a Water Account.

The following order of use will apply to Groundwater Accounts with Carryover:

1. Carryover of Category 0 Groundwater; then
2. Current year Allocations of Category 0 Groundwater; then
3. Carryover of pre-paid Category 1 Groundwater from Reporting Period 2025, if applicable; then
4. Current year Allocations of Category 1 Groundwater; then
5. Carryover of Category 2 Groundwater; then
6. Current year Allocations of Category 2 Groundwater; then
7. Category 3 Groundwater.

The GSA will review Carryover policies on an annual basis at the time the fee resolution for a given Reporting Period is adopted by the ETSGSA Board. Any changes to the Carryover policies would apply only to future Reporting Periods and would not be applied retroactively.

6.02 Transfer Authority

Water Code Section 10726.4 expressly authorizes a GSA to establish accounting rules to allow unused Groundwater extraction allocations to be transferred. *ETSGSA will consider development of Rules and Regulations to allow certain Transfers within ETSGSA's jurisdiction in the future*.

6.03 Pooling

Owners or Operators of Irrigated Parcels may group multiple parcels held in common ownership or under common management into Water Account(s) for purposes of water management, subject to these Rules and Regulations. This practice is referred to herein as "pooling." The Water Account Holder of a parcel proposed for pooling with other parcels in a different water account must verify that they give permission for the pooling to occur, agree to indemnify ETSGSA, and receive approval from the ETSGSA.

If an Operator who does not own a parcel wants to pool that non-owned parcel with other parcels in another Water Account, documentation demonstrating proof of a farm lease or management agreement for the leased or managed premises must be provided to GSA staff. GSA staff shall review all non-owned parcel pooling requests prior to approval.

Further Rules and Regulations regarding pooling are presented below. ETSGSA reserves the right to adopt additional policies, Rules and Regulations to address, avoid, or mitigate undesirable results.

Pooling Management Zones

ETSGSA intends to establish Management Zones to manage pooling in areas of disparate groundwater conditions as discussed in Section 5.04 of these Rules and Regulations.

Priority Action Areas

An Owner or Operator of Irrigated Parcel(s) may pool multiple parcels within the same Priority Action Area into Water Account(s) for purposes of water management. Pooling parcels inside a Priority Action Area with parcels outside the area will be prohibited.

Article VII. Fees & Penalties

7.01 SGMA Penalties

Any Owner, Operator, or other person who violates the provisions of SGMA or these Rules and Regulations may be subject to the criminal and civil sanctions set forth in SGMA. ETSGSA reserves all rights to pursue such penalties in compliance with California law.

7.02 Civil Remedies

Upon the failure of any person to comply with any provision of these Rules and Regulations, including any limitations on extraction of Groundwater established by ETSGSA under these Rules and Regulations, ETSGSA may petition the Superior Court for a temporary restraining order, preliminary or permanent injunction, or such other equitable relief as may be appropriate. The right to petition for injunctive relief is an additional right to those, which may be provided elsewhere in these Rules and Regulations or otherwise allowed by law. ETSGSA may also petition the Superior Court to recover any sums due to ETSGSA.

7.03 Assessments and Groundwater Use Fees

The Board intends to propose and maintain assessments and fees, including groundwater extraction fees, consistent with Water Code Sections 10730 through 10730.6, and the California Constitution. Owner or Operator shall be responsible for payment of all assessments and fees.

ETSGSA reserves the right to review, investigate and audit payments, parcel and field irrigation status, reported groundwater use quantities, reported surface water delivery quantities, well metering, and other data as may be necessary to verify that the reported values are correct.

Article VIII. General Appeals

8.01 General Appeal Policy

An Owner or Operator may submit a written appeal regarding an issue related to the application of these Rules and Regulations to their owned, leased, or managed parcels or Water Account. The written appeal must be submitted to ETSGSA's General Manager and provide:

- The Owner or Operator's contact information;
- List of relevant owned, leased or managed parcels and corresponding Assessor's Parcel Numbers;
- A description of the issue;
- Any supporting data or documentation related to the issue; and
- A description of the desired outcome.

An appeal shall include all relevant facts, evidence, and arguments upon which the appellant relies, and any issues not included in the appeal shall not be considered by staff or the Board.

The General Manager shall investigate matters related to the appeal, may request additional information and/or documentation from the Owner or Operator, may consult with ETSGSA Technical staff, and will present any relevant information, along with any recommendation, to the Board within sixty (60) days of receipt of the complete written appeal. The Board will consider supporting documentation and may take action on the written appeal.

Appeals related to Consumed Groundwater must be submitted in accordance with Section 4.07 of these Rules and Regulations. Appeals to change the classification of a parcel's status as irrigated or non-irrigated must be submitted pursuant to the SGMA Operational Assessment Appeal Process Policy, as described in Section 5.05 of these Rules and Regulations.