

## **Foreword**

**Background:** This foreword provides a summary of significant changes from prior years in amounts and/or procedures, including new legislative requirements and impacts; as well as, input received from water contractors, associated water authorities, and the Central Valley Project Water Association (CVPWA) on the 2008 Central Valley Project (CVP) water rates and the fiscal year 2006 water contractor accountings.

The fiscal year 2006 contractor accountings are provided in final form. Please note that Reclamation has a site on the Internet where the 2008 CVP water rate schedules are posted for reference. This site can be accessed at [www.usbr.gov/mp/cvpwaterrates](http://www.usbr.gov/mp/cvpwaterrates). If there are any problems accessing the site or viewing the schedules, please contact Ms. Julie Morrow at 916-978-5361.

### **East Bay Municipal Utility District (EMUD) Projected Deliveries**

Reclamation, with considerations of the dry year provisions of the amendatory contract, interprets the contract maximum entitlement for EBMUD to be the 3-year average of 165,000 a/f, or 55,000 a/f per year. Please note that this is an interim solution that has been carried over to the 2008 water rates. Reclamation will be collaborating in the near future with EBMUD and other CVP contractors in developing a long-term solution. The EBMUD 2008 projected deliveries will be 27,500 a/f (50% of the calculated contract entitlement).

### **Tracy Pumping Plant Name Change**

The Tracy Pumping Plant has been renamed the Bob Jones Pumping Plant. All applicable schedules have been updated with the new name.

### **Rate Setting Schedule Terminology Changes**

We have updated Rate Setting terminology on the schedules. The schedules now reflect O&M costs per acre-foot and Capital costs per acre-foot.

### **Site Security Costs**

Security/guards and patrol costs are included in the 2008 water rates. The estimated costs for FY 2008 are \$2,836,705 for Irrigation and \$446,934 for M&I.

### **San Felipe Unit (Out-of-Basin) Contractor Deliveries**

The San Felipe Unit (Out-of-Basin) contractor deliveries have been removed from the water rates, due to amendments to the contracts. Capital costs associated with Out-of-Basin facilities will now be repaid through a separate repayment contract.

### **Mercy Springs WD Assignment to Westlands WD DD #2**

The Mercy Springs WD partial project water assignment to Westlands WD DD #2 is now shown separately from Westlands WD in the rate books. It is considered a separate legal entity and as such will have its own accounting and rates. Associated capital repayment amounts have been separated from Westlands WD and credited to Westlands WD DD #2.

### **Broadview WD Assignment to Westlands WD**

Broadview WD has assigned all of its project water to Westlands WD effective 3/01/2007. As a result, Broadview WD has been combined with Westlands WD in the rate schedules.

### **Trinity Public Utilities (PUD) Assessment**

Public Law 106-377, Section 203 directs the Bureau to collect from water contractors the assessed amount of \$162,000 (indexed) annually and remit the amount to the Trinity Public Utility District. For 2008, the assessment will again be handled outside of the water rate setting calculations. Rate setting has calculated an assessment rate of \$0.07 per acre foot. This assessment along with the restoration charges and Friant surcharges per acre-foot will be shown in Schedule A-1 of the Irrigation and M&I water rate book under "Assessments and Charges".

## **Projected Water Deliveries**

There has been no change in the methodology for computing projected deliveries since FY 06.

## **Water Marketing**

As a result of an analysis performed by Reclamation, it was determined that the Irrigation and M&I estimated general expense would be based on 18.5 percent of the budgeted costs. For 2008, the Irrigation and M&I estimated general expense is \$677,000 (18.5% times \$3,657,000).

## **Rescheduled Water and Incremental Transfer Revenue**

Rescheduled water revenues (Irrigation or M&I) have been applied to storage capital beginning in fiscal year 2004 (refer to schedule A-4) in accordance with a prior Reclamation management decision. For 2008, incremental transfer revenue has also been applied as a credit to applicable capital and O&M cost components.

## **Project Use Energy (PUE) Costs for FY 2006 Accountings**

The actual FY 2006 PUE costs by component/facility will be based on the Schedule of Estimated PUE Costs (Schedule A-11) from the 2006 Rate book. It will include an FY 2005 PUE True-up adjustment, an FY 2006 estimated PUE adjustment for Bella Vista (McConnell Foundation water), and an FY 2005 PUE True-up Adjustment (McConnell Foundation water). These totals will then be reconciled back to the total PUE expenses reported on Schedule No. 16. Here is a breakdown of the actual FY 2006 PUE expenses:

• Estimated PUE Costs from 2006 Schedule A-11	\$17,775,000
• FY 2005 PUE True-up adjustment	1,923,948
• FY 2006 Estimated Bella Vista PUE (McConnell Adj)	-24,205
• FY 2005 Bella Vista PUE True-up (McConnell Adj)	2,841
○ Total Irrigation and M&I PUE Expenses in FY 2006	<b>\$19,677,584</b>

If you have any questions on the 2008 CVP water rates, please contact the applicable Ratesetting Service staff:

Irrigation: Ms. Maureen Reynoso at 916-978-5374, [mreynoso@mp.usbr.gov](mailto:mreynoso@mp.usbr.gov); or Ms. Ingrid Goettl-Goswell at 916-978-5370, [igoettleboswell@mp.usbr.gov](mailto:igoettleboswell@mp.usbr.gov).

M&I: Ms. Masako Altman at 916-978-5365, [maltman@mp.usbr.gov](mailto:maltman@mp.usbr.gov); or Ms. Autumn Wolfe at 916-978-5391, [awolfe@mp.usbr.gov](mailto:awolfe@mp.usbr.gov); or any of the above by fax at 916-978-5392.