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United States Department of the Interior

BUREAU OF RECLAMATION
2800 Cottage Way
Sacramento, CA 95825-1898



18 MAY 2021
10 00 AM

IN REPLY REFER TO:

CGB-3400
2.2.4.22

To: All Central Valley Project Water Contractors
Subject: 2021 Central Valley Project (CVP) Water Rates

Dear Water Contractor:

The Bureau of Reclamation posted the final 2021 CVP water rates to the Reclamation website, <https://www.usbr.gov/mp/cvpwaterrates/ratebooks/index.html>. As included on the website Foreword for 2021 Water Rates, Reclamation decided that it was appropriate to use the 7-year average of water deliveries to determine estimated deliveries for 2021 Operation and Maintenance rates.

Reclamation would like to notify the contractors that for 2021, the water year is critically dry for irrigation based on the current CVP water allocations. Reclamation expects that the water deliveries for 2021 will be significantly lower for irrigation than the estimated deliveries used for the O&M water rate calculation. The lower than average water deliveries will result in an underestimated O&M component of the irrigation water rate. For the 2021 water year, the CVP wide irrigation water rate for Water Marketing and Storage is calculated to be roughly \$28 per acre-foot where the rate is expected to be in the \$56 per acre-foot range based on the CVP water allocations.

The purpose of this letter is only to notify water contractors of the underestimated 2021 water rate, and to provide advance notice of the potential for O&M deficits to occur when the 2021 Annual Contractor Accountings are calculated in August 2022. This letter is for informational purposes only.

Additionally, it is encouraged that contractors consider the underestimated O&M rates when selling and transferring water to other water contractors to ensure that enough revenue is received to pay for the 2021 allocation of CVP O&M costs.

If you have any questions, please contact Jesus Reynoso, Ratesetting Branch Manager, at jreynoso@usbr.gov, or (916) 978-5362.

Sincerely,

ANN LUBAS-Digitally signed by ANN LUBAS-WILLIAMS Date: 2021.05.13 15:32:17 -07'00'
WILLIAMS

Ann Lubas-Williams
Regional Financial Manager

INTERIOR REGION 10 • CALIFORNIA-GREAT BASIN

CALIFORNIA*, NEVADA*, OREGON*

* PARTIAL

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**Executive Committee Meeting - Agenda
May 21, 2021**

The meeting begins at 9:00 a.m. and will be conducted via Microsoft Teams.

1. Opening Business

- The Next Scheduled Meetings are as follows:
 - June 18, 2021 (9:00 – 10:00 a.m.) Conference Call
 - July 16, 2021 (9:00 – 10:00 a.m.) *tentatively scheduled* for Room E-1603 at 2800 Cottage Way in Sacramento, CA

2. Regional Staffing

- Reclamation to Provide Status Update on Following:
 - CGB-3000 Positions and Other CBG Region Positions
 - Noteworthy Upcoming Retirements

3. CVPIA

- True-up
- LTO Finance Plan/CVPIA Finance Plan, completion/CPAR report, and BDO office

4. Reclassification of CVP Costs

- Reclamation to Provide Status Update

5. WIIN Act Contract Conversions and 2030 repayment mandate

- General question about progress toward 2030 repayment and nexus with WIIN Act Contract Conversions

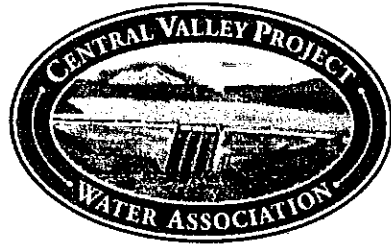
6. Upcoming/Ongoing updates to Rates

- Reclamation to provide update on any other ongoing efforts

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7. **Follow – Up Items**

- Contracting & Charging for Non-Project Use of Excess Capacity in Reclamation Project Facilities – Revenue collection prior to new 2023 rates
- 2021 Notifications on website, drought conditions and O&M burden, CVPWA added to notification list
- P.L. 116-260 Aging Infrastructure Account
- San Luis Joint Use O&M Cost Reallocation Study- Reclamation to Provide Status Update
- Trinity PUD – Converting to a PUE type account
- Brown-Bag Seminars hosted by CVPWA/USBR on BOR-Works



**Financial Affairs Committee (FAC) Contractors Only Meeting Agenda
May 21, 2021**

The meeting begins at 10:00 a.m. and will be conducted via conference call. The call-in number is (279) 666-3100 and the pass code is 288 067 807#.

1. Opening Business

- The Next Scheduled Meetings are as follows:
 - June 18, 2021 (10:00 - 11:30 p.m.) – FAC Contractors Only Conference Call and/or MS Teams
 - July 16, 2021 (10:00-11:30 p.m.) – *tentatively scheduled for* Room C-1001/1002 at 2800 Cottage Way in Sacramento, CA

2. Report on Executive Committee Meeting

1. Opening Business
2. Regional Staffing
3. CVPIA
4. Reclassification of CVP Costs
5. WIIN Act Contract Conversions and 2030 Repayment Mandate
6. Upcoming/Ongoing updates to Rates
7. Follow – Up Items
 - a. Contracting & Charging for Non-Project Use of Excess Capacity in Reclamation Project Facilities – Revenue collection prior to new 2023 rates
 - b. 2021 Notifications on website, drought conditions and O&M burden, CVPWA added to notification list
 - c. P.L. 116-260 Aging Infrastructure Account
 - d. San Luis Joint Use O&M Cost Reallocation Study- Reclamation to Provide Status Update
 - e. Trinity PUD – Converting to a PUE type account
 - f. Brown-Bag Seminars hosted by CVPWA/USBR on BOR-Works

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4. **CVPIA/ CVP Water Users Group**

- Recent Meetings hosted by USBR
- CVPWA Follow-up with BDO on progress of LTO Finance Plan/CVPIA Status

5. **Draft 2021 FAC Issues Matrix**

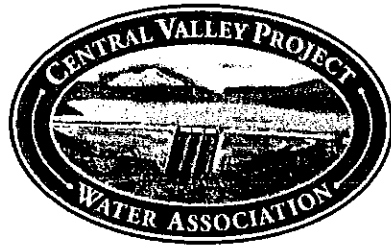
- Review of Issues and Discussion

6. **Other**

SECURE Water Act Webinars <https://www.usbr.gov/climate/secure/>

External Event – ASCE EWRI May 12 – Jeff Payne on 2021 Water Transfers

CVP: Issues and Legislation. May 6, 2021 <https://fas.org/sgp/crs/misc/R45342.pdf>



**Financial Affairs Committee (FAC) Contractors Only Meeting Notes
April 16, 2021**

The meeting began at 10:00 a.m. via MS Teams.

Attendees:

Ana Ulloa - EBMUD
Anthea Hansen – Del Puerto WD
Juan Vega - SEWD
Ansel Lundberg - SMUD
Dana Jacobson - SCVWD
Eric Limas – Lower Tule River ID
Joyce Machado – SLDMA
Kevin Kasberg - CVPWA
Lauren Neves - SLDMA
Martin Liu - EBMUD
Minnie Moreno – Del Puerto WD
Skye Grass – Kern-Tulare WD
Stephen Farmer – Westlands WD
Wilson Orvis - FWA

1. Opening Business

Kevin chaired the meeting and reported the dates of the next scheduled FAC meetings. The meeting notes from the February 19, 2021 FAC Contractors Only call were not discussed. The next meeting on June 18, 2021 can approve both the February and April Contractors Only meeting notes.

The Next Scheduled Meetings are as follows:

- May 21, 2021 (10:00-11:30 p.m.) – FAC
- June 18, 2021 (10:00 - 11:30 p.m.) – FAC Contractors Only

A round of introductions started with introducing a new member to the FAC, Wilson Orvis of Friant Water Authority (FWA). Wilson briefed us on his contributions to the CVPIA True-up effort, which is detailed in the notes in Section XX.

2. Report on Executive Committee Meeting

The April 16, 2021 EC meeting was attended by the following USBR staff: Ann Lubas-Williams, Jesus Reynoso, and Sabir Ahmad. CVPWA members included: Anthea Hansen, Dana Jacobson, and Ansel Lundberg.

1. Opening Business
2. Regional Staffing
 - a. *The first two agenda items were skipped due to a late start from technical difficulties.*
3. Q&A with Jeff Payne
 - a. *Jeff Payne was unable to attend, and a meeting will be set for a later date.*
4. Reclassification of CVP Costs
 - a. *Bill Taylor has submitted his completed calculations and methodology for management's review. Expect an update at the next FAC meeting on the next steps and process of communicating with contractors on the impacts. There was a white paper effort in 2020 that Kevin will check back with Reclamation if this is still in the works.*
5. Notifications to Contractors
 - a. *Per the recommendation of Larry Bauman, Kevin requested that Reclamation notify contractors of estimated rate changes due to reduced deliveries. Included in the update, Anthea requested that any other updated quantities of project water be included in rate revisions. Jesus concurred and will be sending out a notification in May.*
 - b. *Kevin requested that the CVP contractor notification website be used for non-contractor-specific emails so that CVPWA may be appraised. Reclamation agreed to post the necessary notifications to the website.*
 - c. *In addition to paper notifications (both contractor specific and general notifications), Reclamation will investigate how to send emails to contractors for certain notifications. This would be helpful as many contractors have not returned to the office so it would be good to have emails to accompany letters. Anthea thought that contractual information and other contractor specific information still be sent by paper mail but to also send an email notifying the contractor of the paper notification. Ansel commented that CCOA does this approach of both email and paper mail.*
 - d. *Notifications for WIIN Act conversion refunds have been sent to 22 of the 25 irrigation contractors receiving a refund. 3 contractors still have calculations to be completed.*
6. Contracting & Charging for Non-Project Use of Excess Capacity in Reclamation Project Facilities
 - a. *The changed Warren Act rates due to the updated D&S are expected to be implemented for the 2023 rates. Sabir is close to completing the calculations with the new formula for internal review. Ann shared her efforts to collect the revenues starting now so that they are accessible to the region, even though the new rates wont be implemented until 2023.*
7. P.L. 116-260 Aging Infrastructure Account

- a. *Kevin included this agenda item without much context but Ann was able to comment on some of her research on the topic. This is new from the most recent appropriations for an account to help fund aging infrastructure. More to come in following FAC meetings.*

8. Follow – Up Items

- a. Rescheduled Water – MP BPG #8: rescheduled water due to 3-day draw down and contractor has already paid. Clarify if this particular situation would result in a refund – clean up the BPG to be better align with guidelines, timing of payment improved but not any change in the quantity calcs
 - i. *The effort to clarify if contractors would be charged for water spilled or evaporated was not successful. The timing of the bill would be updated from when the water quantity is final and not an estimate to reduce administrative burden of a refund.*
- b. San Luis Joint Use O&M Cost Reallocation Study- Reclamation to Provide Status Update
 - i. *This effort still ongoing with Reclamation*
- c. Trinity PUD – Converting to a PUE type account
 - i. *Reclamation has approved this approach and is interested in having 1-3 contractors volunteer for this approach. Reclamation still needs to issue refunds for the overpayments. Dana commented that the root of the issue is that reclamation cannot pay the bills if there is no water to sell. Anthea concurred but thought this approach would still be an improvement on Reclamation's current lacking ability to correctly collect a fixed amount. This approach would minimize the administrative burden of issuing many refunds.*
- d. Brown-Bag Seminars hosted by CVPWA/USBR on BOR-Works
 - i. *Kevin will work on dates with Sabir and Jesus.*
- e. LTO Finance Plan/CVPIA Finance Plan alignment with Business Services/Financial Management
 - i. *This item was not covered in the EC meeting.*

3. **Notifications from USBR (and region)**

Kevin covered the four notifications included in the meeting agenda, as well as the additional opportunity to attend the BDO Water User's call. Email Kayla Harris kkharris@usbr.gov for a meeting invite.

4. **CVPIA/ CVP Water Users Group Forum**

The CVP Water Users Forum hosted by Dave Mooney and others at the BDO are to brief stakeholders on BDO activities. The calls went on hold in 2020 and were restarted on March 23, 2021 from 12:00 pm to 2:00 pm. The next call is schedule for April 20, 2021 from 12:00 pm to 2:00 pm. See agenda item #3 for invite information.

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The topic at the March CVP Water Users Forum included a discussion on CVPIA and the LTO Finance Plan. The FAC committee discussed the nexus between CVPIA and the LTO Finance Plan and how they've become more related and what the cause and effects may be.

5. Draft 2021 FAC Issues Matrix

The entirety of the FAC Issues matrix was not visited, but the CVPIA True-Up topic was discussed at the beginning of the meeting and identified later in the meeting as a key issue for CVPWA in 2021. Wilson Orvis was asked during the initial introductions on the status of the CVPIA True-up effort as many were involved in 2020 and were curious about the progress since the last small group meetings and what the new administration is doing.

The CVPIA True-Up BPG was set to be released in fall 2020 but an OMB review was triggered and was a significant effort. The OMB review included listening sessions with stakeholder community. Concurrently, a Trump Administration E.O. relating to the CVPIA True-Up topic was rescinded by Biden administration causing further uncertainty in the process timeline. It is unclear where this effort stands with OMB and who is heading the effort with Reclamation. It will require some time to learn if the new administration will revisit topics that had already been blessed by the water and power community. Specifically, changes in the '93 strikeout document may not be revisited, but revisiting decisions that addressed cost allocation, reimbursability, and collection may have big impacts. The proportionality was one sticking point with some stakeholders in 2020.

The FAC group discussed if it would be good to send a letter supporting the decisions that were made under the previous administration to avoid re-opening the whole effort again. Most stakeholders involved felt it was a good outcome, an equitable compromise, and it would be troublesome to have to relive the process again. The certainty of the outcome was valued over any potential benefits from continued negotiations. The FAC group determined it would be good to wait to hear who has taken over at Reclamation and for any update from Reclamation. The ongoing CVP Water User's Forum may also be able to provide information as they have been presenting on the CVPIA and LTO Finance Plan. If a letter is to be written, it should be region-focus as this is not a reclamation-wide issue.

A separate but related topic is the status of CVPIA. A Trump Administration DOI Secretary Memo made proclamations about completeness and maintenance mode, but it is not clear if the memo findings will be agreed by the Biden Administration. This topic relates to the LTO implementation, ESA compliance, and the funding sources for each of these (CalFed, CVPIA, annual appropriations). In addition to knowing where CVPIA stands could be requested through a CVPWA letter requesting an update to the 2009 CPAR report. The letter could impress the importance to finish the projects outlined in CVPIA that they are required to do. The CVP Water Users Forum and their presentations on the LTO Finance Plan and CVPIA annual workplan will also provide more insight to this topic.

6. Other

SECURE Water Act Webinars -
ASCE EWRI May 12 – Jeff Payne on 2021 Water Transfers – Invite to be distributed

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