

## Questions & Answers to Historical Reconciliation Workshop January 10, 2013

### **Q1. When will the historical reconciliations be considered complete?**

- A1. The historical reconciliations are completed in a three step process:
- A. **(Step 1)** - The Bureau of Reclamation, Financial Management Division and area offices complete an internal reconciliation of charges, payments and deliveries for each individual contractor.
  - B. **(Step 2)** – Each contractors reviews the reconciliation package and submits its concurrence form.
  - C. **(step 3)** - Reclamation will review the concurrence forms to determine if there is a water delivery and cost allocation adjustment required for that specific cost pool.

### **Q2. What does CY mean?**

- A2. CY is an acronym for the contractor's "Contract Year".

### **Q3. If another contractor's deliveries change, how will it affect my allocation of costs?**

- A3. An adjustment to an individual contractor's deliveries will impact the cost allocation for all contractors. A summary of all the required adjustments to contractor's deliveries will be identified after reconciliations are complete. Contractors will have an opportunity to comment on Reclamation's recommendation on how adjustments will be handled.

### **Q4. How does the historical reconciliation account for payments sent to Reclamation in the current contract year for charges from a previous contract year?**

- A4.
- a) All payments submitted in the current year for a previous year are applied to the appropriate year and considered in the reconciliation process.
  - b) Contractor payment recaps (or the "daily abstract of remittance" for the older years) are reviewed to ensure that payments are applied to the period for which the contractor is paying.
  - c) When necessary, a contractor is contacted to ensure the accurate application of payments.

### **Q5. Is there an adjustment to surcharges when water deliveries are adjusted in the historical reconciliation process?**

A5. Yes. The Central Valley Project Improvement Act charges will be adjusted when water deliveries are adjusted.

**Q6. How do we settle the reconciliation adjustments for take or pay contracts?**

A6. Reconciliations will be settled under the contract terms.

**Q7. Question: How will you resolve a difference between a contractor's accounting records and Reclamation's records?**

A7. We will use the independent data source that is currently used by the area offices to monitor water deliveries. If this source is not available, the decision will be based upon the most reliable information that can be provided by either party.

**Q8. If there is a shortfall, which service gets credit first?**

A8. The application of the credit will be based upon the application of revenues in the irrigation and Municipal and Industrial ratesetting policies for the adjustment period.

## **COMMENTS:**

The following comments were made by those who were in attendance at the workshop.

1. There were many years during the reconciliation period that contractors did not respond to Reclamation's request for verification of delivery information to be used in the annual contractor accounting process. Therefore, the potential that (during the review of the historical reconciliation information) some contractors may find discrepancies in their records and may request Reclamation to adjust delivery information.
2. In the early years, payments were remitted without specific water delivery information, which is now included on payment recaps. There is concern how payments will be applied to the appropriate charges for the appropriate period.

The following comments are provided by Reclamation:

1. A second workshop for an overview of the historical reconciliation process will be considered if there is sufficient interest from contractors.
2. An extension has been provided for contractors to review of the historical reconciliation information. Initially, contractors were asked to provide concurrence or non-concurrence with the historical reconciliation within 90 days of receiving the information. This timeframe has been extended to June 30, 2013 for all contractors. A formal letter will be sent to all contractors

to provide notification of this extension and to provide further information for how to submit concurrence or non-concurrence.

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