

**PROPOSED STANDARD OPERATING PROCEDURE
MP-3400 (Ratesetting Services)**

PROCEDURE NUMBER: FY2002-1

DATE: October 30, 2002

SUBJECT: Accounting and Ratesetting Procedures for Rescheduled Sacramento River Base Supply water in accordance with renewal of their long-term settlement contract.

PURPOSE: Provide technical instructions for accounting for Sacramento River Base Supply water that is not used and subsequently rescheduled (with Reclamation's approval) within the same contract water year.

PAYMENTS: Required payments for rescheduled Sacramento River Base Supply water would be based on the applicable rescheduling rate (consisting of Storage Capital and O&M) as shown in the CVP Special Water Ratebook and the payment would need to be received prior to the delivery of the rescheduled water.

RESCHEDULED WATER IS DELIVERED:

Revenues and Costs – once the rescheduled Sacramento River Base Supply water is delivered it will be recorded in the Water Operations Record Keeping System (WORKS) as rescheduled Base Supply water charges under the long-term settlement contract.

These Rescheduled Base Supply water charges under the long-term settlement contract will be accounted for as temporary contractor revenues and, as such, will be used to reduce Water Marketing expenses in accordance with the current CVP Water ratesetting policies. No capital or O&M costs will be prorated to these contractors based on this rescheduled Base Supply water.