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October 5, 2005

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To: CVP Water Association Members and Friends
From: Robert Stackhouse, Executive Director, CVP Water Association
Subject: CVP Water Association Happenings – October 2005

2006 Mid-Pacific Region Water Users Conference – The 2006 Water Users Conference will be held January 18-20 at the Eldorado Hotel and Casino in Reno, Nevada. The Planning Committee is meeting on October 21 to finalize plans for the Conference and would appreciate any suggestions you might have for agenda items, topics of interest, or other recommendations that will help us to put on another exciting Conference. Please provide your thoughts to me at rstack@cvpwater.org.

State Water Resources Control Board (SWRCB) Fees – On September 22, the SWRCB adopted the proposed fees and emergency regulations for the 2005-06 year (covering the period July 1, 2005, through June 30, 2006) that were presented at the September 7 Workshop. The fee schedule and the emergency regulations can be found on the SWRCB's web site at <http://www.waterrights.ca.gov/fees/>.

It is expected that bills for the 2005-06 fees will be mailed by the Board of Equalization during the period October 15-25. We are continuing to work with the SWRCB staff to confirm the amounts and basis for the 2005-06 fees. They have provided us with the expected amounts and we have incorporated those into a comparative matrix which is attached to this report for your information. The actual billed amounts may vary slightly from the amounts shown in the matrix. If you have questions on this matrix, please contact Russ Harrington, CVP Water Association Finance Director, at russ@cvpwater.org.

By letter dated September 22, 2005, the law firm of Somach, Simmons & Dunn provided guidance on paying the fees and petitioning for reconsideration relative to the 2005-06 billings. I have previously provided a copy of this guidance letter to all of the CVP contractors. If you need an additional copy or have questions on the process, please feel free to contact me.

A Continuing Resolution is in Place to Fund Reclamation's Operations – On September 30, Congress approved a continuing resolution which provides funds for

Reclamation to continue operating for the period October 1 through November 18, 2005. Both the House and the Senate have passed versions of the Energy and Water Development Appropriations bill, but the Senate version is \$1.4 billion richer than the House version. Congressional staff-level discussions to resolve the differences in the bills have only recently begun, and it is possible a final reconciled bill may not be finalized for weeks to come. Congressional leaders hope to adjourn for the year on November 18, but many on the Hill expect the Congressional session to last until December.

Request for Input to Reclamation's Fiscal Year 2008 Budget – During October, Reclamation is conducting a series of Budget Workshops with Water and Power Contractors to obtain input into Reclamation's Fiscal Year 2008 Operations and Maintenance Budget. The Workshops are scheduled as follows:

- Mid-Pacific Regional Office; Wednesday, October 5
9-12 in Conference Rooms C-1001 and 1002
2800 Cottage Way; Sacramento, California
- Central California Area Office; Thursday, October 6
9-12 in the Large Conference Room
7794 Folsom Dam Road; Folsom, California
- Northern California Area Office; Wednesday, October 12
9-11:30 in the Keswick Office Conference Room
Near Keswick Power Plant, California
- South-Central California Area Office; Wednesday, October 19
9:30-12 in the Large Conference Room
1243 "N" Street; Fresno, California

Reclamation's 2006 CVP Irrigation and Municipal and Industrial Water Rates are Available for Review and Comment – The initial 2006 water rates are posted at: Irrigation at <http://www.usbr.gov/mp/cvpwaterrates/ratebooks/irrigation/2006/index.html> and M&I at <http://www.usbr.gov/mp/cvpwaterrates/ratebooks/mi/2006/index.html>.

Upcoming Events

- | | | |
|-----|-------|--|
| Oct | 6 | CBDA Working Landscapes Subcommittee Meeting in Sacramento |
| | 11 | CVP Water Association Board of Directors Conference Call |
| | 12 | California Bay-Delta Public Advisory Committee Meeting in Sacramento |
| | 13 | California Bay-Delta Authority Meeting in Sacramento |
| | 21 | MP Region Water Users Conference Planning Committee Meeting in Reno |
| | 24-25 | SWRCB Hearing on Cease and Desist Orders against Reclamation and DWR |
| | 26 | CALFED Joint Operations Meeting in Sacramento |
| | 27 | Little Hoover Commission Hearing on CALFED Governance in Sacramento
Friant Water Authority Board Meeting in Visalia |
| | 28 | Family Farm Alliance Advisory Committee Conference Call |
| | 31 | CVPIA Annual Work Plans Workshop in Sacramento |
| Nov | 8 | CVP Water Association Board of Directors Meeting in Sacramento |

Central Valley Project Water Association

Analysis of SWRCB Fees Assessed to CVP Water Contractors

Reclamation Project	Water Right Number	AF Under Contract	2003-2004			2004-2005			2005-2006			Notes
			SWRCB Fees	Individual Ctr Amts	AF Under Contract	SWRCB Fees	Individual Ctr Amts	AF Under Contract	SWRCB Fees	Individual Ctr Amts		
Non-Central Valley Project												
Black Butte Dam	A002212	3,210	196	196	3,210	5,455	5,455	Added to CVP Allocation in 2005-06				
Orland Unit	A018115	100,000	6,110	6,110	0	0	0	SWRCB spreadsheet didn't identify				
Cachuma Project	Various (5)	25,714	20,976	20,976	25,714	17,979	17,979					
Twitchell Reservoir	A011343	Unknown	4,974	4,974	Unknown	4,245	4,245	Unknown				
New Hogan Reservoir	A018812	Unknown	11,916	11,916	Unknown	10,030	10,030	Unknown				
Santa Margarita River	Various (3)	Unknown	5,550	5,550	Unknown	4,924	4,924	Unknown				
Sly Park Unit	Various (2)	2,300	1,646	1,646	0	0	0	0				
Solano Project	Various (4)	247,000	75,768	75,768	247,000	63,539	63,539	247,000				
Truckee River	Various (3)	Unknown	13,491	13,491	Unknown	11,492	11,492	Unknown				
Total Non-CVP			\$140,627	\$140,627		\$117,664	\$117,664					
Central Valley Project												
Power Uses	Various (17)		896,040			747,549						
Non-Power Uses	Various (40)		1,556,676			1,300,256						
Total SWRCB Fees To be Allocated			\$2,452,716			\$2,047,800	(rounded)					
Allocation of Fees by Contractor:												
4-E WD (Black Butte)			2003-2004			2004-2005			2005-2006			
4-M WD		0	0.000000	0	0	0.000000	0	80	0.000013	32	6	
Eastside Mutual Water Company (formerly A Alexander, T & K		634	0.000097	237	634	0.000104	212	634	0.000104	0	1	
Reclamation Dist # 900 & 1000 (formerly Art Anderson, R & J		13	0.000002	5	13	0.000002	4	13	0.000002	5	9	
Anderson-Cottonwood ID		200	0.000031	75	200	0.000033	67	200	0.000033	81		
Anderson, R & J		88	0.000013	33	88	0.000014	29	88	0.000014	36		
Anderson-Cottonwood ID		10,000	0.001526	3,743	10,000	0.001635	3,348	10,000	0.001642	4,044		
Andreotti, A/etal		1,560	0.000238	584	1,560	0.000255	522	1,560	0.000256	631		
Art Anderson, Et Al -- Contract 14-06-200-3591A												
Arvin-Edison WSD (CL 1)		40,000	0.006105	14,973	40,000	0.006540	13,394	40,000	0.006568	16,178		
Arvin-Edison WSD (CL 2)		311,675	0.047567	116,668	311,675	0.050962	104,361	311,675	0.051181	126,053		
Barber, J/etal		2,630	0.000401	984	2,630	0.000430	881	2,630	0.000432	1,064		
Banta-Carbona ID		25,000	0.003815	9,358	25,000	0.004088	8,371	20,000	0.003284	8,089	7	
Beckley, R & O		135	0.000021	51	135	0.000022	45	135	0.000022	55		
Bella Vista WD		24,000	0.003663	8,984	24,000	0.003924	8,036	24,578	0.004036	9,940		
Broadview WD		26,980	0.004118	10,099	26,980	0.004412	9,034	26,980	0.004430	10,912	8	
Broadview WD		20	0.000003	7	20	0.000003	7	20	0.000003	8	8	

Central Valley Project Water Association

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		AF Under Contract	SWRCB Fees	Individual Ctr Amts	AF Under Contract	SWRCB Fees	Individual Ctr Amts	AF Under Contract	SWRCB Fees	Individual Ctr Amts
Butler, L & M		280	0.000043	105	280	0.000046	94	280	0.000046	113
Butte Creek Farms -- Contract 14-06-200-1976A-R1										
Butte Creek Farms (A)		55	0.000008	21	55	0.000009	18	55	0.000009	22
Butte Creek Farms (Area 1)/Pires (A2)		435	0.000066	163	435	0.000071	146	435	0.000071	176
Butte Creek Farms (Y)		16	0.000002	6	16	0.000003	5	16	0.000003	6
CA F&G		10	0.000002	4	10	0.000002	3	10	0.000002	4
CA F&G (Refuge 01-WC-20-1755)		25,159	0.003840	9,418	0	0.000000	0	0	0.000000	0
CA F&G (Refuge 01-WC-20-1756)		84,920	0.012960	31,788	0	0.000000	0	0	0.000000	0
Cachil Dehe Bank of Wintun Indians -- Contract 14-06-200-7206A										
Cannell, F/et al		210	0.000032	79	210	0.000034	70	210	0.000034	85
Carter, Jane Foster		672	0.000103	252	672	0.000110	225	672	0.000110	272
Centerville CSD		0	0.000000	0	0	0.000000	0	0	0.000000	0
Centinella WD		2,900	0.000443	1,086	2,900	0.000474	971	2,900	0.000476	1,173
Central San Joaquin WCD		2,500	0.000382	936	2,500	0.000409	837	0	0.000000	0
Chesney, R&A, Bypass Trust, Et Al		80,000	0.012209	29,946	80,000	0.013081	26,787	80,000	0.013137	32,355
The Nature Conservancy (formerly Chicago)		390	0.000060	146	390	0.000064	131	390	0.000064	158
Siddiqui, Javed (formerly Chillon, Barbara)		570	0.000087	213	570	0.000093	191	570	0.000094	231
Stidichilla WD - Buchanan		20	0.000003	7	20	0.000003	7	20	0.000003	8
Stidichilla WD - MC (CL 1)		24,000	0.003663	8,984	24,000	0.003924	8,036	24,000	0.003941	9,707
Stidichilla WD - MC (CL 2)		55,000	0.008394	20,588	55,000	0.008993	18,416	55,000	0.009032	22,244
Chowchilla WD - MC (CL 2)		160,000	0.024419	59,892	160,000	0.026162	53,574	160,000	0.026274	64,710
Churkin, M Jr & C		55	0.000008	21	55	0.000009	18	55	0.000009	22
City of Avenal		3,500	0.000534	1,310	3,500	0.000572	1,172	3,500	0.000575	1,416
City of Coalinga		10,000	0.001526	3,743	10,000	0.001635	3,348	10,000	0.001642	4,044
City of Folsom		0	0.000000	0	0	0.000000	0	0	0.000000	0
City of Fresno		60,000	0.009157	22,460	60,000	0.009811	20,090	60,000	0.009853	24,266
City of Huron		3,000	0.000458	1,123	3,000	0.000491	1,005	3,000	0.000493	1,213
City of Lindsay		2,500	0.000382	936	2,500	0.000409	837	2,500	0.000411	1,011
City of Orange Cove		1,400	0.000214	524	1,400	0.000229	469	1,400	0.000230	566
City of Redding		8,855	0.001351	3,315	8,855	0.001448	2,965	9,290	0.001526	3,757
City of Redding		0	0.000000	0	0	0.000000	0	0	0.000000	0
City of Redding		0	0.000000	0	0	0.000000	0	0	0.000000	0
City of Roseville		32,000	0.004884	11,978	32,000	0.005232	10,715	32,000	0.005255	12,942
City of Sacramento		90,000	0.013736	33,689	0	0.000000	0	0	0.000000	0
City of Shasta Lake/Shasta Dam		2,750	0.000420	1,029	2,750	0.000450	921	2,750	0.000452	1,112
City of Tracy		10,000	0.001526	3,743	10,000	0.001635	3,348	17,500	0.002874	7,078
City of West Sacramento		9,680	0.001477	3,623	9,680	0.001583	3,241	9,680	0.001590	3,915
Clear Creek CSD		15,300	0.002335	5,727	15,300	0.002502	5,123	15,300	0.002512	6,188
Coelho Trust		2,080	0.000317	779	2,080	0.000340	696	2,080	0.000342	841
Colusa, County of (Stony) (Black Butte)										
Colusa County		60,000	0.009157	22,460	20,000	0.003270	6,697	20,000	0.000007	16
Colusa County W/D		62,200	0.009493	23,283	62,200	0.010170	20,827	62,200	0.003284	8,089
Colusa Drain M/WC		100,000	0.015262	37,433	100,000	0.016351	33,484	70,000	0.010214	25,156
Colusa Properties		0	0.000000	0	0	0.000000	0	0	0.011495	28,311
Conaway Conserv Grp		672	0.000103	252	0	0.000000	0	0	0.000000	0
Contra Costa W/D		195,000	0.029760	72,994	672	0.000110	225	672	0.000110	272
Corning W/D		23,000	0.003510	8,610	195,000	0.031885	65,294	195,000	0.032021	78,866
					23,000	0.003761	7,701	23,000	0.003777	9,302

Central Valley Project Water Association														
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A	B	C	D	E	F	G	H	I	J	K	L			
		2003-2004			2004-2005			2005-2006						
1	Water Right	AF Under Contract	SWRCB Fees	Individual Ctr Amts	AF Under Contract	SWRCB Fees	Individual Ctr Amts	AF Under Contract	SWRCB Fees	Individual Ctr Amts				
2	Reclamation Project	Number												
3														
4														
5														
100	Cortina WD	0	0.000000	0	0	0.000000	0	0.000000	0	0.000000	0	0.000000	0	
101	County of Fresno	3,000	0.000458	1,123	3,000	0.000491	1,005	3,000	0.000493	1,213	0	0.000000	1	
102	County of Madera	200	0.000031	75	200	0.000033	67	200	0.000033	81	200	0.000033	81	
103	County of Sacramento	230	0.000035	86	230	0.000038	77	230	0.000038	93	230	0.000038	93	
104	County of Tulare	5,308	0.000810	1,987	5,308	0.000868	1,777	5,308	0.000872	2,147	27	0.000004	11	
105	Wisler, John (formerly Cihari, E & E)	27	0.000004	10	27	0.000004	9	27	0.000004	11	120	0.000020	9	
106	Cummings, William C -- Contract 14-06-200-5200X													
107	Daniell, H & B	7	0.000001	3	7	0.000001	2	7	0.000001	3	7	0.000001	3	
108	Davis WD	4,000	0.000610	1,497	4,000	0.000654	1,339	4,000	0.000657	1,618	4,000	0.000657	1,618	
109	Davis, Grover L., Et Ux	14	0.000002	5	14	0.000002	5	14	0.000002	6	14	0.000002	6	
110	Davis, M	340	0.000052	127	340	0.000056	114	340	0.000056	138	340	0.000056	138	
111	Sycamore Family Trust (formerly Davis, Olet)	9,800	0.001496	3,668	9,800	0.001602	3,281	9,800	0.001609	3,963	9,800	0.001609	3,963	
112	Del Puerto WD	140,210	0.021398	52,484	140,210	0.022926	46,948	140,210	0.023024	56,706	140,210	0.023024	56,706	
113	Delano-Earlmarl ID (CL 1)	108,800	0.016605	40,727	108,800	0.017790	36,430	108,800	0.017866	44,003	108,800	0.017866	44,003	
114	Delano-Earlmarl ID (CL 2)	74,500	0.011370	27,887	74,500	0.012182	24,945	74,500	0.012234	30,131	74,500	0.012234	30,131	
115	Dept of Veterans Affairs	450	0.000069	168	450	0.000074	151	450	0.000074	182	450	0.000074	182	
116	Deseret Farms of CA	0	0.000000	0	0	0.000000	0	0	0.000000	0	0	0.000000	0	
117	Diamond Lands Corp	230	0.000035	86	230	0.000038	77	230	0.000038	93	230	0.000038	93	
118	King, Ben (formerly Dommer, E (Ross, Fred)	7	0.000001	3	7	0.000001	2	7	0.000001	3	7	0.000001	3	
119	Drew, Jerry	12	0.000002	4	12	0.000002	4	12	0.000002	5	12	0.000002	5	
120	Driscoll Strawberry Associates	490	0.000075	183	490	0.000080	164	490	0.000080	198	490	0.000080	198	
121	Driver, Gary/etal	22	0.000003	8	22	0.000004	7	22	0.000004	9	22	0.000004	9	
122	Driver, J & C Trustees	90	0.000014	34	90	0.000015	30	90	0.000015	36	90	0.000015	36	
123	Driver, W/etal & G -- Gregory?	120	0.000018	45	120	0.000020	40	120	0.000020	49	120	0.000020	49	
124	Driver, William A (formerly Collier, T.) Contract 14-06-200-949A													
125	Dunnigan WD	19,000	0.002900	7,112	19,000	0.003107	6,362	19,000	0.003120	7,684	19,000	0.003120	7,684	
126	Nature Basin Conservancy (formerly E L H S	255	0.000039	95	255	0.000042	85	255	0.000042	103	255	0.000042	103	
127	E L H Sutter/Lauppe, B & K	197	0.000030	74	197	0.000032	66	197	0.000032	80	197	0.000032	80	
128	Eagle Field WD	4,550	0.000694	1,703	4,550	0.000744	1,524	4,550	0.000747	1,840	4,550	0.000747	1,840	
129	East Bay MUD	150,000	0.022893	56,149	133,000	0.021747	44,534	133,000	0.021840	53,790	133,000	0.021840	53,790	
130	Eggleston, Ronald, Et Ux	12	0.000002	4	12	0.000002	4	12	0.000002	5	12	0.000002	5	
131	Enrke, A & B	160	0.000024	60	160	0.000026	54	160	0.000026	65	160	0.000026	65	
132	EI Dorado ID	7,500	0.001145	2,807	7,500	0.001226	2,511	7,500	0.001232	3,033	7,500	0.001232	3,033	
133	EI Dorado ID - Lake Hills Estates	50	0.000008	19	50	0.000008	17	50	0.000008	20	50	0.000008	20	
134	Elk Creek CSD (Black Butte)													
135	Rubio, Exequiel (formerly Elliott, M/Hradecky	5	0.000001	2	5	0.000001	2	5	0.000001	4	5	0.000001	4	
136	Exeler ID (CL 1)	11,500	0.001755	4,305	11,500	0.001880	3,851	11,500	0.001888	4,651	11,500	0.001888	4,651	
137	Exeler ID (CL 2)	19,000	0.002900	7,112	19,000	0.003107	6,362	19,000	0.003120	7,684	19,000	0.003120	7,684	
138	Feather WD	20,000	0.003052	7,487	20,000	0.003270	6,697	20,000	0.003284	8,089	20,000	0.003284	8,089	
139	Fedora, S/Taylor, W	20	0.000003	7	20	0.000003	7	20	0.000003	8	20	0.000003	8	
140	Folsom State Prison	0	0.000000	0	0	0.000000	0	0	0.000000	0	0	0.000000	0	
141	Forest Service (Salt Creek) (Black Butte)													
142	Forry, Laurie E. & Adams, Lois Jean	0	0.000000	0	0	0.000000	0	0	0.000000	0	0	0.000000	0	
143	Abdul & Tahima Rauf (formerly Forster, J & F	710	0.000108	266	710	0.000116	238	710	0.000117	287	710	0.000117	287	
144	Freeman, F & V	19	0.000003	7	19	0.000003	6	19	0.000003	8	19	0.000003	8	
145	Fresno County WD #18	150	0.000023	56	150	0.000025	50	150	0.000025	61	150	0.000025	61	
146	Fresno ID (CL 2)	75,000	0.011446	28,074	75,000	0.012263	25,113	75,000	0.012316	30,333	75,000	0.012316	30,333	

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1	Water Right	AF Under	Contract	AF Under	Contract	AF Under	Contract	AF Under	Contract	AF Under	Contract	AF Under	Contract	
2	Number	Contract	SWRCB	Individual	Contract	SWRCB	Individual	Contract	SWRCB	Individual	Contract	SWRCB	Individual	
3														
4	Reclamation Project													
5														
147	Fresno Slough WD	4,000	0.000610	1,497	4,000	0.000654	1,339	4,000	0.000657	1,618				
148	Furlan Jnt Vntr (Byrd, Osborne)	850	0.000130	318	850	0.000139	285	850	0.000140	344				
149	Furlan, E & S	350	0.000053	131	350	0.000057	117	350	0.000057	142				
150	Garfield WD	3,500	0.000534	1,310	3,500	0.000572	1,172	3,500	0.000575	1,416				
151	Gillaspay, F	90	0.000014	34	90	0.000015	30	90	0.000015	36				
152	Giovannetti, B & M	50	0.000008	19	50	0.000008	17	50	0.000008	20				
153	Giusti, R & S	760	0.000116	284	760	0.000124	254	760	0.000125	307				
154	Giermann, H	4	0.000001	1	4	0.000001	1	4	0.000001	2				
155	Glenn Valley WD	0	0.000000	0	0	0.000000	0	0	0.000000	0			1	
156	Glenn-Colusa ID	105,000	0.016025	39,304	105,000	0.017169	35,158	105,000	0.017242	42,466				
157	Glide WD	10,500	0.001602	3,930	10,500	0.001717	3,516	10,500	0.001724	4,247				
158	Gomes, Frank & Morrow, Zelna -- Contract 14-06-200-1872A							130	0.000021	53				
159	Grasslands WD (Refuge 01-WC-20-1754)	176,500	0.026937	66,069	0	0.000000	0	0	0.000000	0				
160	Gravelly Ford WD (CL 2)	14,000	0.002137	5,241	14,000	0.002289	4,688	14,000	0.002299	5,662				
161	Griffin, J	1,150	0.000176	430	1,150	0.000188	385	1,150	0.000189	465				
162	Hale, J/Marks, A	30	0.000005	11	30	0.000005	10	30	0.000005	12				
163	Heidrick, E & M	94	0.000014	35	94	0.000015	31	94	0.000015	38				
164	Heidrick, J Family Trust	200	0.000031	75	200	0.000033	67	200	0.000033	81				
165	Henle Family Ltd Prtnrship (J.R. et ux)	0	0.000000	0	0	0.000000	0	0	0.000000	0				
166	Hershey Land Company (formerly Hershey, F)	450	0.000069	168	450	0.000074	151	450	0.000074	182			9	
167	Hiatt, G/etal	750	0.000114	281	750	0.000123	251	750	0.000123	303				
168	High-Low Nursery	135	0.000021	51	135	0.000022	45	135	0.000022	55				
169	Hills Valley ID	3,346	0.000511	1,252	3,346	0.000547	1,120	3,346	0.000549	1,353				
170	Nene Ranch (formerly Hollins, M?)	200	0.000031	75	200	0.000033	67	200	0.000033	81				
171	Holthouse WD	0	0.000000	0	0	0.000000	0	0	0.000000	0			1	
172	Howald Farms Inc	1,410	0.000215	528	1,410	0.000231	472	1,410	0.000232	570				
173	Hughes, M & M/Tranquility PUD	70	0.000011	26	70	0.000011	23	70	0.000011	28				
174	International WD	1,200	0.000183	449	1,200	0.000196	402	1,200	0.000197	485				
175	Ivanhoe ID (CL 1)	7,700	0.001175	2,882	7,700	0.001259	2,578	7,700	0.001264	3,114				
176	Ivanhoe ID (CL 2)	7,900	0.001206	2,957	7,900	0.001292	2,645	7,900	0.001297	3,195				
177	J. B. Unlimited, Inc	290	0.000044	109	290	0.000047	97	290	0.000048	117				
178	Jaeger, W & P	485	0.000074	182	485	0.000079	162	485	0.000080	196				
179	James ID	35,300	0.005387	13,214	35,300	0.005772	11,820	35,300	0.005797	14,277				
180	Kaiser Development Corp.	85	0.000013	32	0	0.000000	0	0	0.000000	0				
181	Kanawha WD	45,000	0.006868	16,845	45,000	0.007358	15,068	45,000	0.007390	18,200				
182	Kary, C	600	0.000092	225	600	0.000098	201	600	0.000099	243				
183	Kern-Tulare WD	40,000	0.006105	14,973	40,000	0.006540	13,394	40,000	0.006568	16,178				
184	King, B	13	0.000002	5	13	0.000002	4	13	0.000002	5				
185	Kirkwood WD	2,100	0.000320	786	2,100	0.000343	703	2,100	0.000345	849				
186	KLSY, Inc. -- Contract 14-06-200-7556A							90	0.000015	36				
187	Knaggs Walnut Ranches Co LP	0	0.000000	0	0	0.000000	0	0	0.000000	0				
188	La Grande WD	5,000	0.000763	1,872	5,000	0.000818	1,674	5,000	0.000821	2,022			1	
189	Laguna WD	800	0.000122	299	800	0.000131	268	800	0.000131	324				
190	Lake CA P O/A	200	0.000031	75	200	0.000033	67	200	0.000033	81				
191	Los Banos Gravel Company	0	0.000000	0	0	0.000000	0	0	0.000000	0				
192	Lauppe, B & K	28	0.000004	10	28	0.000005	9	28	0.000000	0				
193	Lauppe, Burton	230	0.000035	86	230	0.000038	77	230	0.000038	93				

1	A	B	Central Valley Project Water Association												
			Analysis of SWRCB Fees Assessed to CVP Water Contractors												
			2003-2004			2004-2005			2005-2006						
2			Water Right Number	AF Under Contract	SWRCB Fees	Individual Ctr Amts	AF Under Contract	SWRCB Fees	Individual Ctr Amts	AF Under Contract	SWRCB Fees	Individual Ctr Amts			
3															
4	Reclamation Project														
5	Otterson, Mike -- Contract 14-06-200-2896A														
241	Pacheco WD--DMC		1,000	0.000153	374	1,000	0.000164	335	1,000	0.000049	121				
243	Pacheco WD--SLC		9,080	0.001386	3,399	9,080	0.001485	3,040	9,080	0.001491	404				
244	Pajaro Valley WMA		0	0.000000	0	0.000000	0	0	0.000000	0	0				
245	Panoche WD--DMC		29,942	0.004570	11,208	29,942	0.004896	10,026	29,942	0.004917	12,110				
246	Panoche WD--SLC		64,058	0.009776	23,979	64,058	0.010474	21,449	64,058	0.010519	25,908				
247	Patterson WD		16,500	0.002518	6,176	16,500	0.002698	5,525	16,500	0.002710	6,673				
248	Pelger MWC		1,750	0.000267	655	1,750	0.000286	586	1,750	0.000287	708				
249	Penner, H & A		21	0.000003	8	21	0.000003	7	21	0.000003	8				
250	Pires, L & B		0	0.000000	0	0.000000	0	0	0.000000	0	0				
251	Pixley ID		31,102	0.004747	11,642	31,102	0.005086	10,414	31,102	0.005107	12,579				
252	Placer County WA		35,000	0.005342	13,101	35,000	0.005723	11,719	35,000	0.005747	14,155				
253	Byron Bethany ID (formerly Plain View WD)		20,600	0.003144	7,711	20,600	0.003368	6,898	20,600	0.003383	8,331				
254	Pleasant Gr.-Vina MWC		2,500	0.000382	936	2,500	0.000409	837	2,500	0.000411	1,011				
255	Porterville ID (CL1)		16,000	0.002442	5,989	16,000	0.002616	5,357	16,000	0.002627	6,471				
256	Porterville ID (CL2)		30,000	0.004579	11,230	30,000	0.004905	10,045	30,000	0.004926	12,133				
257	Princeton-Codora-Glenn ID		15,000	0.002289	5,615	15,000	0.002453	5,023	15,000	0.002463	6,067				
258	Proberta WD		3,500	0.000534	1,310	3,500	0.000572	1,172	3,500	0.000575	1,416				
259	Provident ID		5,000	0.000763	1,872	5,000	0.000818	1,674	5,000	0.000821	2,022				
260	Quad-H-Ranches Inc		310	0.000047	116	310	0.000051	104	310	0.000051	125				
261	Rag Gulch WD		13,300	0.002030	4,979	13,300	0.002175	4,453	13,300	0.002184	5,379				
262	Recl Dist # 1004		15,000	0.002289	5,615	15,000	0.002453	5,023	15,000	0.002463	6,067				
263	Recl Dist # 108		33,000	0.005036	12,353	33,000	0.005396	11,050	33,000	0.005419	13,346				
264	Recl. Dist #1606		228	0.000035	85	228	0.000037	76	228	0.000037	92				
265	Reische, L		320	0.000049	120	320	0.000052	107	320	0.000053	129				
266	Reynen, J et al		2,000	0.000305	749	2,000	0.000327	670	2,000	0.000328	809				
267	Richter, H Jr/et al		1,030	0.000157	386	1,030	0.000168	345	1,030	0.000169	417				
268	Rithey, E & A		40	0.000006	15	40	0.000007	13	40	0.000007	16				
269	River Garden Farms Co		500	0.000076	187	500	0.000082	167	500	0.000082	202				
270	Riverly Limited		30	0.000005	11	30	0.000005	10	30	0.000005	12				
271	Riverview Golf Club		25	0.000004	9	25	0.000004	8	25	0.000004	10				
272	Roberts Ditch Irr Co		300	0.000046	112	300	0.000049	100	300	0.000049	121				
273	S. California Water Company		0	0.000000	0	0.000000	0	0	0.000000	0	0				
274	Sacramento County WA		22,000	0.003358	8,235	22,000	0.003597	7,366	22,000	0.003613	8,898				
275	San Benito County WD		43,800	0.006685	16,395	43,800	0.007162	14,666	43,800	0.007193	17,714				
276	San Juan WD		13,000	0.001984	4,866	13,000	0.002126	4,353	13,000	0.002135	5,258				
277	San Juan WD		11,200	0.001709	4,192	11,200	0.001831	3,750	11,200	0.001839	4,530				
278	San Luis WD--DMC		30,125	0.004598	11,277	30,125	0.004926	10,087	30,125	0.004947	12,184				
279	San Luis WD--SLC		94,955	0.014492	35,544	94,955	0.015526	31,795	94,955	0.015593	38,403				
280	Santa Clara Valley WD		1,565	0.000239	586	1,565	0.000256	524	1,565	0.000257	633				
281	Santa Clara Valley WD		152,500	0.023274	57,085	152,500	0.024935	51,063	152,500	0.025042	61,677				
282	Saucelito ID (CL1)		21,200	0.003235	7,936	21,200	0.003466	7,099	21,200	0.003481	8,574				
283	Saucelito ID (CL2)		32,800	0.005006	12,278	32,800	0.005363	10,983	32,800	0.005386	13,266				
284	Schreiner, J & C		20	0.000003	7	20	0.000003	7	20	0.000003	8				
285	Seaver, H/et al		260	0.000040	97	260	0.000043	87	260	0.000043	105				
286	Sekhon, A & D		470	0.000072	176	470	0.000077	157	470	0.000077	190				
287	Shafter-Masco ID (CL1)		50,000	0.007631	18,716	50,000	0.008176	16,742	50,000	0.008211	20,222				

Central Valley Project Water Association													
Analysis of SWRCB Fees Assessed to CVP Water Contractors													
	A	B	C	D	E	F	G	H	I	J	K	L	
				2003-2004			2004-2005			2005-2006			
		Water Right Number	AF Under Contract	SWRCB Fees	Individual Ctr Amts	AF Under Contract	SWRCB Fees	Individual Ctr Amts	AF Under Contract	SWRCB Fees	Individual Ctr Amts		
1													
2													
3													
4		Reclamation Project											
5		Shafter-Masco ID (CL2)	39,600	0.006044	14,823	39,600	0.006475	13,260	39,600	0.006503	16,016		
288		Shasta County #25	500	0.000076	187	500	0.000082	167	0	0.000000	0		
289		Shasta CSD	1,000	0.000153	374	1,000	0.000164	335	1,000	0.000164	404		
291		Shasta CWA	5,000	0.000763	1,872	2,100	0.000343	703	1,022	0.000168	413		
292		Siddiqui, J & A	200	0.000031	75	200	0.000033	67	200	0.000033	81		
293		SMUD	60,000	0.009157	22,460	60,000	0.009811	20,090	60,000	0.009853	24,266		
294		So San Joaquin MUD (CL1)	97,000	0.014804	36,310	97,000	0.015861	32,479	97,000	0.015929	39,231		
295		So San Joaquin MUD (CL2)	50,000	0.007631	18,716	50,000	0.008176	16,742	50,000	0.008211	20,222		
296		Spence, R	100	0.000015	37	100	0.000016	33	100	0.000016	40		
297		Stegeman Station Ranch Inc	325	0.000050	122	325	0.000053	109	325	0.000053	131		
298		Steidlmaier, F/etal	700	0.000107	262	700	0.000114	234	700	0.000115	283		
299		Stockton-East W/D	75,000	0.014446	28,074	75,000	0.012263	25,113	75,000	0.012316	30,333		
300		Stone Corral ID	10,000	0.001526	3,743	10,000	0.001635	3,348	10,000	0.001642	4,044		
301		Stony Creek (Black Butte)							2,920	0.000480	1,181		
302		Sutter M/WC	95,000	0.014499	35,561	95,000	0.015534	31,810	95,000	0.015600	38,422		
303		Mehrhof Montgomery, Susan (formerly Swin	40	0.000006	15	40	0.000007	13	40	0.000007	16		
304		Marke, J/etal	1,000	0.000153	374	1,000	0.000164	335	1,000	0.000164	404		
305		Tea Pot Dome W/D	7,500	0.001145	2,807	7,500	0.001226	2,511	7,500	0.001232	3,033		
306		Terra Bella ID	29,000	0.004426	10,855	29,000	0.004742	9,710	29,000	0.004762	11,729		
307		The West Side ID	7,500	0.001145	2,807	7,500	0.001226	2,511	5,000	0.000821	2,022		
308		Thomes Creek W/D	6,400	0.000977	2,396	6,400	0.001046	2,143	6,400	0.001051	2,588		
309		Tisdale Irr & Drain Co	2,000	0.000305	749	2,000	0.000327	670	2,000	0.000328	809		
310		Tranquility ID	13,800	0.002106	5,166	13,800	0.002256	4,621	13,800	0.002266	5,581		
311		Tri-Valley W/D	1,142	0.000174	427	1,142	0.000187	382	1,142	0.000188	462		
312		Tulare ID (CL 1)	30,000	0.004579	11,230	30,000	0.004905	10,045	30,000	0.004926	12,133		
313		Tulare ID (CL2)	141,000	0.021519	52,780	141,000	0.023055	47,212	141,000	0.023154	57,026		
314		Tuttle, Charles W.	270	0.000041	101	270	0.000044	90	270	0.000044	109		
315		US F&WS (Refuge 01-WC-2--1757)	132,000	0.020145	49,411	132,000	0.021583	44,199	132,000	0.021676	53,386		
316		US F&WS (Refuge 01-WC-2--1756)	90,395	0.013796	33,837	90,395	0.014781	30,268	90,395	0.014844	36,559		
317		US Forest Service	10	0.000002	4	10	0.000002	3	10	0.000002	4		
318		Verona Farming Ptnrshp	120	0.000018	45	120	0.000020	40		0.000000	0		
319		Wakida, M & H	275	0.000042	103	275	0.000045	92	275	0.000045	111		
320		Wakida/M & L Farms	135	0.000021	51	135	0.000022	45	135	0.000022	55		
321		Wallace Construction Inc	960	0.000147	359	960	0.000157	321	960	0.000158	388		
322		Wells, J	300	0.000046	112	300	0.000049	100		0.000000	0		
323		West Stanislaus ID	50,000	0.007631	18,716	50,000	0.008176	16,742	50,000	0.008211	20,222		
324		Westfall, R Jr/etal	45	0.000007	17	45	0.000007	15		0.000000	0		
325		Westlands W/D #1	4,695	0.000717	1,757	4,695	0.000768	1,572	4,695	0.000771	1,899		
326		Westlands W/D #2	4,198	0.000641	1,571	4,198	0.000686	1,406	4,198	0.000689	1,698		
327		Westlands W/D--DMP	25,000	0.003815	9,358	25,000	0.004088	8,371	25,000	0.004105	10,111		
328		Westlands W/D--SLC	1,125,000	0.171694	421,117	1,125,000	0.183950	376,693	1,130,490	0.185640	457,214		
329		Westside W/D	65,000	0.009920	24,331	65,000	0.010628	21,765	65,000	0.010674	26,289		
330		Whitney Construction, Inc (Black Butte)							25	0.000004	10		
331		Widren W/D	2,990	0.000456	1,119	2,990	0.000489	1,001		0.000000	0		
332		Wiley, Edwin, Et Ux	20	0.000003	7	20	0.000003	7	20	0.000003	8		
333		Williams, Co, G, W	80	0.000012	30	80	0.000013	27	130	0.000021	53		
334		Wilson Ranch, Partnership	0	0.000000	0	0	0.000000	0	0	0.000000	0		

Environmental Report – October 2005
CVP Water Association
Serge Birk - Environmental Director

Trinity Adaptive Management Working Group (TAMWG)

The Secretary of Interior notified me by letter dated September 9, 2005 of my reappointment to TAMWG for an additional three year term.

On September 13, the TAMWG met in Weaverville to discuss the fiscal year 2006 budget and develop recommendations on the proposed activities under that budget for consideration by the Trinity Management Council at their upcoming meeting. The TAMWG recommended 2006 target allocations were: 50 % for Rehabilitation Implementation, 30% for Trinity Modeling and Analysis, 20% of for Administration.

At the September 13 meeting, the Trinity River Restoration Program (TRRP) staff reported:

- They were able to secure 2005 end-of-the-year additional funding of approximately \$885,000 from other offices. Staff recommended that approximately \$600,000 be used to make up for funding shortfalls identified for the Hocker Flat Rehabilitation Site and \$285,000 be used to reinstate funds needed to initiate the Indian Creek Project. The TAMWG endorsed these recommendations.
- They had acquired an emergency water supply from the Sacramento River Contractors for a possible emergency release from Trinity River this fall to reduce potential negative impacts in the Lower Klamath River. Approximately 20,000 acre feet were purchased for \$619,000. It was determined that this water would not be needed this year as the run forecast appears to be low and a threat to fish was not eminent.

Information on the TRRP can be found at www.trrp.net.

The next meeting of the TAMWG is scheduled for November 4, 2005, when new members and reappointed members will be able to meet for the first time. At the meeting, I will present the federal water users perspectives relative to the Trinity River issues and their history in an attempt to balance presentations being made by Trinity County and Friends of the Trinity River.

Trinity River Management Council (TMC)

The September 14, TMC meeting was held at the Yurok Tribal Fisheries Office in Weitchpec. The majority of the meeting dealt with fiscal year 2006 budget issues. In the

end, the TMC decided to allocate the budget as recommended by staff and the TAMWG except for \$300,000 which they want used as follows:

- A technical team will be established to determine if the gravel project at the Trinity Hatchery location is beneficial. If the technical team determines that the project is warranted, \$300,000 will be obligated for the project.
- If the technical team determines that the gravel project is not warranted, the \$300,000 will be used to fund the Canyon Creek Project (\$250,000) and watershed projects (\$50,000).

The TRRP fiscal year 2006 budget includes a request for \$2,000,000 for CVPIA Restoration Funds. As part of this request, staff cited a Solicitor's memorandum dated May 22, 1993 as authority for the funding request for CVPIA funds.

Trinity River Sediment Workshop

This workshop was held in Weaverville on September 14-16, 2005 and provided the opportunity for the participants to observe and discuss restoration strategy and projects and view geomorphologic changes in the river resulting from the high flow events of 7000 cfs earlier this year. During the workshops, the participants were also updated on new technologies used to map bathymetry of the river and discussed various models being used to assess scour of the river bed, river meander migration and to evaluate fish habitat change.

Water Education Foundation, Northern California Facilities Tour

On September 23, 2005, I joined the tour in Redding to serve as a resource speaker on the bus discussing relevant CVPIA and CALFED restoration activities being implemented in Northern California. At Coleman National Fish Hatchery (CNFH), I joined Mary Marshall (Reclamation), Scott Hamelberg (Service), Jim Smith (Service), and Chip Stalicca (PG&E) to discuss the Battle Creek Restoration Project.

Capture, Handling, Trucking, Release (CHTR) Coordination Meeting

At the September 29, 2005, CHTR meeting in Sacramento, I learned that considerable progress has been made in experimental design tasks associated with testing fish in various conditions as well as identifying useful methods (blood chemistry) to ascertain fish stress resulting from CHTR activities. A need was identified for future funding of aquaculture to produce delta smelt for experiments.

CVPIA Annual Work Plan Meeting

Reclamation and the Service have scheduled the CVPIA Annual Work Plan meeting at the Cafeteria Conference Room at 2800 Cottage Way in Sacramento on October 31 from 9:30 a.m. to 2:30 p.m. The Agencies will send out an official meeting notice in the near

future. The purpose of the meeting is for the CVPIA program managers to present the fiscal year 2006 Annual Work Plans.

The CVP Water Association has requested that in presenting their Annual Work Plans, the CVPIA program managers describe fiscal year 2005 accomplishments achieved, discuss how those accomplishments are linked to goals and objectives, how the accomplishments are being assessed and measured, and describe the planned fiscal year 2006 Annual Work Plan activities and anticipated accomplishments.

We requested that the following topics be included during the AWP meeting on October 31:

- 3406 (b) (1) Anadromous Fish Restorations Program
- 3406 (b) (2) Dedicated CVP Yield
- 3406 (b) (3) Water Acquisitions Program
- 3406 (b) (4) Tracy Pumping Plant
- 3406 (b) (15) Old River Barrier
- 3406 (b) (16) Comprehensive Assessment and Monitoring Program
- 3406 (b) (21) Anadromous Fish Screen Program
- 3406 (d) (1) Refuge Water Supply (Level 2)
- 3406 (d) (2) Refuge Water Program (Level 4)

CALFED Science Workshop

On October 12-13, the CALFED Science Program will present a workshop to review the science underlying the 2004 NOAA Fisheries Biological Opinion on the long-term operation of the Central Valley Project and State Water Project. This workshop will be conducted at the Putah Creek Lodge at the University of California, Davis.

As background and objectives for the Workshop, CALFED provided the following:

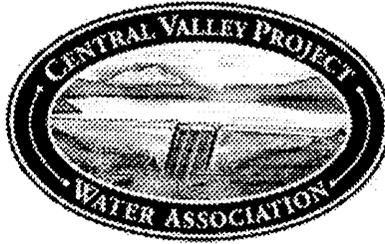
- The Bureau of Reclamation and the California Department of Water Resources, respectively, operate the Central Valley Project and State Water Project through a Coordinated Operations Agreement.
- Acting as lead agency, Reclamation entered into a Section 7 consultation with NOAA Fisheries to assess the impacts of proposed changes in project operations on listed anadromous salmonids.
- In October 2004, NOAA Fisheries issued a biological opinion which concluded, among other things, that project operation as described in the biological assessment would not jeopardize the continued existence of the listed salmonid species.
- On July 29, 2005, NOAA Fisheries requested that the CALFED Science Program review the science underlying its biological opinion.

- On August 24, 2005, the CALFED Science Program agreed to conduct such a review, and has since established an independent panel to conduct the review. This workshop is an integral component of the review process. The Review Panel members have received and are reviewing the assessment and opinion and supporting documents.
- For additional information, including the NOAA Fisheries request, the CALFED Science Program response, and information on review panel members are posted at http://science.calwater.ca.gov/workshop/workshop_ocap.shtml.
- The panel will not be providing a summary of their findings, conclusions or recommendations at this workshop. Their findings will be documented in a report to the CALFED Lead Scientist due December 15, 2005. The panel is expected to present its findings orally at a public meeting expected to be held in the Sacramento Area in January 2005. The final report, and the announcement of the January public meeting, will be posted on the CALFED Science Program website (<http://science.calwater.ca.gov>).

For more information on the workshop and to register for it, contact Randy Brown at brown.randall@comcast.net or at 916.961.5449. A draft agenda and background material has been posted to the Science Program website: http://science.calwater.ca.gov/workshop/workshop_ocap.shtml).

Future Meetings

Oct 4-6	State of San Francisco Estuary Conference in Oakland
11	CVP Water Association Board of Directors Conference Call
12-13	CALFED Science Workshop - 2004 NOAA Fisheries BO in Davis
19	CVP Water Assoc Environmental Affairs Cmte Mtg in Sacramento
20	Red Bluff Diversion Dam Technical Advisory Group in Willows
	CALFED Ecological Restoration Program Meeting in Sacramento
21	CVP Water Assoc Financial Affairs Committee Mtg in Sacramento
25	IEP Salmon Work Team Meeting in Sacramento
27	CHTR Coordination Meeting in Sacramento
31	CVPIA Annual Work Plan Meeting in Sacramento
Nov 8	CVP Water Association Board of Directors Conference Call



*September 23, 2005
Meeting Summary of the
Financial Affairs Committee*

Participants

Larry Bauman – Bureau of Reclamation
Kristy Dickhaut – Westlands Water District
Lee Emrick, Colusa County Water District (by telephone)
Anthea Hansen – Del Puerto Water District
Mike Hagman – Friant Water Authority
Russ Harrington – CVP Water Association
Eric Limas, Lower Tule River Irrigation District (by telephone)
Henry McLaughlin, City of Fresno (by telephone)
Barry Mortimeyer – Bureau of Reclamation
John Pelley – Bureau of Reclamation
Jesus Reynoso – Bureau of Reclamation
Ed Roman – SMUD
Judi Tapia – Bureau of Reclamation (by telephone)
Alan Thompson – East Bay MUD
Kathryn Thompson – Bureau of Reclamation
Connie Wade – Bella Vista WD (by telephone)

1. Opening Business

This September 23th meeting was held at Mid-Pacific Regional Office of the Bureau of Reclamation in Sacramento. Larry Bauman asked that the August 26 FAC notes be clarified in paragraph two of page 3 that the problem with failure to enter transfer deliveries into the WORKS system is resolved and is no longer an issue. Several FAC members asked that the August meeting notes be redistributed again. However, there were no other comments regarding the August FAC meeting notes. Two items were added to the September FAC Agenda: Larry added an item regarding the 2004 Accountings data, and Alan Thompson added an item pertaining to a write-off for the Folsom South Canal. The next FAC meeting is scheduled to begin at 9:30 on October 21 at the Mid-Pacific Regional Office, 2800 Cottage Way, Sacramento.

2. 2005 FAC Issues Matrix

A. **Budget Workshops – Refining Customer Participation.** Russ mentioned that he had submitted relatively extensive comments regarding the Reclamation activity plans for 2008, and that he has e-mailed a copy of these comments to the FAC. Questions sent by several FAC members were consolidated into Russ’s comments that were submitted. Russ also reiterated that the dates of the upcoming meeting dates to review these plans are as follows:

Mid-Pacific Regional Office	October 5 th
Folsom Area Office	October 6 th
Shasta Area Office	October 12 th
Fresno Area Office	October 19 th

Regarding the pre-year budget reviews that Russ has been pursuing, Russ will also be asking about the budget for the upcoming FY06 at the budget meetings in October. The FY07 budget emerges from embargo on the first Tuesday in February with the issuance of the President’s Budget. Russ will continue to pursue the possibility of reviewing this budget prior to the beginning of FY07 next fall. A letter has been drafted by CVPWA staff regarding post-Embargo budget reviews, and will be sent to Reclamation staff upon completion.

Action Items – Russ to finalize and mail letter to appropriate Reclamation staff regarding the implementation of a post-Embargo budget review process for FY07 and future years. Russ will attend each October Budget Review meeting, and will provide the FAC with notes regarding the items discussed. Russ to also follow-up with Craig Muehlberg regarding the ability to hold one or more mid-year reviews for the FY06 budget as it progresses.

B. **BOR-WORKS Water Accounting Program Development.** Larry stated that both of the original Oracle independent contractors that they had retained last year have both been back at work since September 5th. At this time, these programmers are working to automate the Restoration Fund payment recording into the WORKS program. Although Restoration Fund payments were a part of Reclamation’s original specifications, this was not included in the original WORKS program. At the current time, the Restoration Fund revenue accountings are completed manually by Les Ross and his staff. During the month of October, Reclamation hopes to have the both the Tiered Pricing and Transfer Rate components of the WORKS system fully functional.

During this conversation, Alan Thompson asked about the method in which Tiered Pricing charges would be applied to East Bay MUD. Larry said that this matter would need to be reviewed. Russ suggested that a specific methodology needs to be implemented and in place before East Bay MUD starts taking water in 2008.

Action Items – Contractors will need to continue to monitor water delivery reports in general – and transfer deliveries in particular – to ensure that the transfer deliveries are recorded accurately in the WORKS system. Russ will follow-up on the possibility of a Contractor WORKS workshop at some point in the future.

C. Water Transfer Rate Policy Development. Regarding the draft Transfer Price/Crediting policy (“How to”) manual that was drafted by Ara, Russ asked that Contractors provide comments to Russ by the end of September (Friday, Sept. 30th) for consolidation into Ara’s original draft. Consolidated comments will be redistributed by Russ back to the FAC for another round of comments on the revised draft by October 14th, which again are to be submitted to Russ. After Russ has compiled this second round of comments, the resulting draft “How to” manual will be sent to Larry Bauman for review.

Russ has drafted a notification letter regarding the crediting of transfer revenues. This draft will be completed and submitted to Reclamation staff for finalization and distribution to CVP Contractors.

Lee Emrick from Colusa County stated that he has been having difficulties regarding incorrect transfer rates for several Contractors, which are pertaining to a situation where the higher of two rates applies. It was reiterated that the higher of two contract rates only applies in situations where neither the transfer nor the transferee have renewed their contracts. If either of the parties to the transfer has renewed their contract, then the appropriate rate is the transferor’s COS rate plus incremental rates for any additional facilities that are used by the transferee. Lee mentioned that a couple of his problems with a Kanawha WD to Glide WD transfer and a Westside WD to Myers Marsh MWC transfer are that neither of these transfers should include a Direct Pumping component, but they do.

Action Items – Interested Contractor and Reclamation representatives are to provide comments on the Procedures Manual for transfer rates which was drafted by Ara. Initial comments are due to Russ by September 30th. CVPWA staff will complete and send the draft revenue crediting letter to Reclamation staff.

D. Historical Advance Payment Reconciliations. Larry said that the independent contractor who had been working on this activity is still being redirected to work on another project. This subcontractor should resume work on the Historical Advance Payment Reconciliations by mid-October.

E. Security Cost Reimbursability. Reclamation staff indicated that an internal meeting was held regarding reimbursability of Post 9/11 Security Costs, and that as of now there will be no reimbursable charge for these costs in either 2005 or 2006. The total O&M costs are estimated at \$1.3 million for FY06. At a Northern California Power Association meeting earlier this month, Reclamation Regional Director Kirk Rodgers was asked by Preference Users why approximately 75% of the Post 9/11 Security Costs were allocated to Power Users. The Regional Director’s response was that this decision was reached at a level far above the Mid-Pacific Region, and that as such there is little that he could do to change this allocation.

Congressional language regarding the security costs is being submitted to Conference Committee to reconcile differences in the House Language and the Senate Language. It appears that 2005 costs will definitely be non-reimbursable. Regarding 2006 costs, the House language leans more towards reimbursability while the Senate language provides for these costs to be completely non-

reimbursable pending the 2007 completion of another report on this subject. Reclamation staff reiterated the possibility that if directed by Congress during 2006 that these costs are reimbursable, then these costs could be included in the final 2006 accountings even if they are not included in the 2006 Water Rates. At this time, Reclamation is waiting for the outcome of the 2006 Congressional Conference Report for guidance. If the new Post 9/11 Security report required by Senate language is ultimately included in legislation, then the Denver Office will prepare this report with input from the Mid-Pacific Region

Ed Roman from SMUD stated that the real issues are with multi-purpose facilities as opposed to power facilities that may not be primary terrorism targets. He also stated that some of the Power costs would be allocated to the Water Users through the PUE cost share. WAPA is including the Post 9/11 costs in its 2006 billings; WAPA needs to pre-collect costs as a contingency for the possibility that the Post 9/11 costs will be deemed reimbursable, because initial funding is provided by the Power Users as opposed to the initial funding that Reclamation receives through the Energy and Water Appropriations. Ed asked whether there would be an interagency funds transfer from Reclamation to WAPA for the PUE share of the Post 9/11 costs. Reclamation's response was that they would take no action unless – and until – these costs are determined to be reimbursable.

Action Item – Larry will inform Russ of any potential or impending changes in reimbursability status as he is made aware of them.

F. Refund Letters pertaining to 2004 Accountings (Added to Agenda at beginning of meeting). Regarding the accountings that were sent during July, Reclamation has sent notification letters to those Contractors who may have a refund due to overpayment of 2004 expenses. Renewed Contracts contain a refund clause, while the pre-existing contracts do not. However, due to accounting staff shortages within the Mid-Pacific Regional office these refunds will not be processed until mid-November. Contractors who do not respond to this refund notification letter will have their refunds applied toward their capital obligations.

Reclamation staff was asked about a process to correct any incorrect data entries for the 2004 Accountings. The response from Reclamation staff was that any incorrect data from 2004 that hasn't already been corrected will not be reflected until the 2006 accountings are completed.

Action Item – Contractors who are eligible for a refund need to respond to Reclamation's notification letter asking how each Contractor's refund should be handled.

3. Review of PUE Issues.

A. 2207A Status – PG&E's attempt to cancel based on SC requirement. Barry Mortimeyer from the Reclamation CVO said that there are currently two issues of contention involving FERC and PG&E. One issue pertains to the interconnections facilities by the T004 (New Melones to San Luis Unit) and 2207A (San Luis Unit) contracts. Agreements are needed to facilitate operations for these connections, but Barry said that these agreements will not impact water rates. Negotiations with PG&E to resolve this issue are on-going.

The second issue of contention with PG&E pertains to the Scheduling Coordinator costs that PG&E wants to pass-through to water users. The Federal Government's (WAPA's and Reclamation's) position is that these costs aren't new and were already in existence when the T004 and 2207A contracts were signed. Further, the Federal Government position is that these costs were prepaid when the contracts were originally signed. The Federal Government has also argued that this is non-jurisdictional issue to FERC, because Reclamation and WAPA are the agencies that operate these facilities. However, FERC has ruled that these Scheduling Coordinator costs are new costs and as such they can be collected by PG&E for all ISO costs at New Melones and the San Luis Unit. Westlands Water District has intervened in this proceeding.

Barry stated that the 2948A expiration and subsequent costs were used as a precedent in PG&E's justification to apply Scheduling Co-Ordinator charges to other contracts with the CVP that had not yet expired.

Regarding the potential offsetting revenues from Ancilliary Services credits to the Scheduling Co-Ordinator, Barry stated that Reclamation is not currently operating New Melones to maximize these offsetting revenues. He stated that as much as \$5 million in Ancilliary Revenue could be made available to the Scheduling Co-Ordinator if New Melones were operated in a manner that would maximize these revenues, as compared to a \$7 million Power Operations cost.

B. Post-2948A Cost Review. Barry Mortimeyer indicated that the biggest cost changes would be in the canal-side facilities. There is a cost imbalance in the Scheduling Coordinator charges that WAPA and Reclamation will try to resolve (zero-out) by the end of this fiscal year (which ends on Friday, September 30th).

Regarding the variance in 2005 costs as compared to 2004 costs, Barry stated that the variances wouldn't be on the Reclamation costs. The increase will be through the Scheduling Coordinator charges and other charges that are allocated through WAPA. The costs have risen after the termination of 2948A, but not by as much as they would have if these loads would have been subject to PG&E's retail ISO fee rates.

4. CVPIA / AFRP Status Update.

Due to other issues taking precedence during the month of September, this item was tabled until the October FAC meeting.

5. Folsom Dam Costs.

Russ stated that the EIS for the Folsom Bridge has been delayed, and the Corps of Engineers program manager has indicated that November 1st is the earliest date that the EIS may be released. Due to bids from contractors that greatly exceeded the Corps budget and appropriations, all other Folsom Dam Modifications projects are currently under review for design modification. The Corps of Engineers has indicated that it will be six to twelve months before cost estimates may be available for the other Folsom Dam Modifications projects.

Russ stated that the issue regarding the 52% Flood Control / 48% Safety of Dams allocation through the legislative language from Congressman Doolittle is still outstanding. Reclamation staff made the comment that reimbursability through the Corps of Engineers Safety of Dams program has some differences from reimbursability through the Reclamation Safety of Dams program.

Action Items – Draft letter is completed for submission to the Corps of Engineers regarding Folsom Dam Modifications and involvement of CVP Contractors in decision-making process; CVPWA staff to finalize and send letter to Corps of Engineers. Draft White Paper is partially completed in initial draft form and will be reviewed internally prior to distribution.

6. Capital Ratesetting. Reclamation staff have indicated that the notification letter for the capital ratesetting methodology change is at the Regional Director's office for review. This letter should be sent to Contractors early next week, and will provide for a 30 day comment period. If the letter is sent early next week, the comment period may end on October 28th. The draft rates for 2006, which Reclamation staff said will definitely be available by the end of September, will incorporate the new capital ratesetting methodology.

The delivery projections that will form the basis of the capital ratesetting modification, per a handout provided by Reclamation staff, will be as follows:

North of Delta Irrigation: 68%
North of Delta M&I: 87%
South of Delta Irrigation: 59%
South of Delta M&I: 86%
Friant Unit Class 1: 94.5%
Friant Unit M&I: 94.5%
Friant Unit Class 2: 39.3%

The data for the North of Delta and South of Delta projections were derived from the Reclamation Operations and Criteria Plan (OCAP), and is perceived by Reclamation to represent the most current data source. Because OCAP doesn't include any Friant Unit projections, Class 1 deliveries and M&I deliveries for the Friant Unit are based on an average delivery base from 1989 through 2003. Class 2 deliveries are based on average deliveries from 1949 through 2003.

Action Item – Reclamation staff to provide Contractors with notification letter regarding change in capital rate methodology during early October.

7. Folsom South Canal Cost Disposition (Write-off). East Bay MUD, Santa Clara Valley WD, and Contra Costa WD are looking into the possibility of introducing Federal legislation to reduce the costs associated with the Folsom South Canal. These discussions are underway in Washington, DC. Specifically included in these discussions are the possibility of a write-off of the \$2.4 million that is currently on Reclamations books as deferred costs, and additional costs may be requested for potential write-off as well. Of the five reaches originally planned for the Folsom South Canal, only two have been built while the other three were held in Abeyance.

As it currently stands, only East Bay Mud and SMUD have contracts that would deliver water through the Folsom South Canal, and only SMUD is currently taking water through the Folsom South Canal. SMUD is in the process of assigning 20,000 AF to Sacramento County, who might also be allocated a portion of the Folsom South Canal conveyance capital (to make the other water users whole who share in this pooled cost). The conveyance capital for the Folsom South Canal is approximately \$38.7 million, and the O&M expenses are approximately \$400 thousand per year. At this time, Conveyance Capital is pooled among all Contractors (predominantly M&I) while the O&M expense is allocated exclusively to SMUD because they are the only Contractor that uses this canal.

As part of East Bay MUD's new contract, they are required to divert water from the Sacramento River instead of the American River for environmental reasons. Sacramento County may face this same requirement if they are assigned water from SMUD. This is because of an American River agreement that mandates specific flows (and diversion restrictions) for the American River. Alan Thompson said that this is one of the justifications that is being put forth to have a portion of the Folsom South Canal written-off: environmental restrictions are preventing its usage (beyond a very small portion of its capacity) above the point where East Bay MUD's conveyance line off the Sacramento River intersects with the Folsom South Canal.