



United States Department of the Interior

BUREAU OF RECLAMATION
Mid-Pacific Regional Office
2800 Cottage Way
Sacramento, CA 95825-1898

IN REPLY REFER TO:

MP-3400
WTR-1.10

MAR 3 2015

To: All Central Valley Project Water Contractors

Subject: 2015 Central Valley Project (CVP) Water Rates

Dear Water Contractor:

The Bureau of Reclamation posted the final 2015 CVP water rates to the Reclamation website, www.usbr.gov/mp/cvpwaterrates/ratebooks/index.html, on December 28, 2014. The CVP water rates that were posted are calculated using a five year average of historical deliveries as the basis for estimating the operation and maintenance (O&M) component of the rate. The 2015 water year is expected to be a critically dry year. As of the date of this letter, Reclamation expects that the water deliveries for 2015 will be significantly less than the five year historical average that is used in the water rate calculation. The lower than average water deliveries will result in an underestimated O&M component of the water rate. For the 2015 water year, the water rate posted could potentially be underestimated by as much as \$79 per acre foot for irrigation water and \$14 per acre foot for Municipal and Industrial water.

The purpose of this letter is only to notify water contractors of the underestimated 2015 water rate, and to provide advance notice of the potential for O&M deficits to occur when the 2015 Annual Contractor Accountings are calculated in August 2016. This letter is for informational purposes only.

Additionally, it is strongly encouraged that contractors consider the underestimated O&M when selling and transferring water to other water contractors to ensure that enough revenue is received to pay for the 2015 allocation of CVP O&M costs.

If you have any questions, please contact Ms. Autumn Wolfe, Ratesetting Manager, at awolfe@usbr.gov, or 916-978-5391, or for TTY access call the Federal Relay Service at 800-877-8339.

Sincerely,

Rodney Whitfield
Financial Manager