Attachment M

April 25, 2012

Mr. Donald R. Glaser
Regional Director
US Bureau of Reclamation
2800 Cottage Way
Sacramento, CA 95825
Via email and U.S. Postal

Subject: FWA position on allocation of DMC Intertie O&M costs by SLDMWA and Capital costs by USBR

Dear Mr. Glaser,

As you are aware, the Friant Water Authority (FWA) and San Luis Delta-Mendota Water Authority (SLDMWA) have not been able to reach agreement regarding the allocation of operation, maintenance and replacement (OM&R) costs of the Delta-Mendota/California Aqueduct Intertie facility (DMC Intertie). As a result, on November 15, 2011, FWA provided SLDMWA with notice that FWA was seeking informal dispute resolution pursuant to Article VI.A.1. of the Memorandum of Understanding(MOU) between FWA and SLDMWA regarding cost allocation. Under Article VI.A.1. of the MOU, "At any time during this process, either party may request that the Regional Director of the United States Bureau of Reclamation (Reclamation) participate in the process to facilitate the resolution, and the other party shall accept such participation if it is provided."

Consequently, Reclamation has been asked to participate in this non-binding dispute resolution process as a facilitator to the parties' discussions of the issues. While Reclamation does not have authority to issue any decision that would bind the parties or create any precedent, the parties do appreciate Reclamation's willingness to work with the parties in an attempt to facilitate an informal resolution of the dispute. FWA provides this statement of its position to assist Reclamation in its role as facilitator.

FWA's position is that the DMC Intertie OM&R costs should be treated as a separate conveyance pumping facility and should be allocated to the beneficiaries of the facility based on use consistent with priority of water service, Reclamation's ratesetting policies and cost allocation parameters embodied in the SLDMWA OM&R Cost Recovery Plan (Exhibit B of the Memorandum of Understanding Between Friant Water (Users) Authority (assigned to FWA) and San Luis Delta-Mendota Water Authority...as amended and restated). Additionally, as a result of this dispute, FWA has re-examined Reclamation's capital cost allocation of the DMC Intertie to the conveyance capital cost pool and FWA has concluded that these capital costs should be treated as a separate conveyance pumping cost component and allocated to the beneficiaries of that facility.

BACKGROUND

Prior to 1998, each Authority received funding from Reclamation to perform OM&R of their respective facilities with the costs of such OM&R being allocated by Reclamation in accordance with Reclamation's ratesetting policies for the CVP. Under Reclamation's ratesetting policies, certain cost pools are established and allocated to water contractors based upon the water contractor's use of a facility in the cost pool or directly charged if a water contractor is the primary user of a specific facility. The ratesetting policies included the following cost pools: storage cost pool (covering all storage facilities throughout the CVP), conveyance cost pool (covering all conveyance facilities throughout the CVP), Tracy pumping plant cost pool, O'Neill conveyance pumping cost pool, direct conveyance pumping cost pools, and drainage cost pool.

Reclamation's ratesetting policies did not provide for allocation of costs associated with delivery of Exchange Contractor water with the exception of costs assigned to Friant Division Class 1 water contractors for the Tracy Pumping Plant. Reclamation's ratesetting policies were extensively developed and negotiated over several years and were implemented in 1988 in accordance with P.L. 99-546.

Beginning in 1998, both FWA and SLDMWA began self-funding the facilities that each historically OM&R'd under cooperative agreements with Reclamation. With the onset of self-funding of the conveyance and conveyance pumping facilities OM&R'd by the Authorities, it was determined that each Authority would need to develop an allocation methodology and means of recovering costs directly from the water contractors served by those facilities since the funding would no longer flow through Reclamation and there was not a workable mechanism to fund and allocate costs to water service contractors via Reclamation's ratesetting policies. (At the same time, self-funding of conveyance and conveyance pumping facilities by the Tehama-Colusa Canal Authority also occurred, and those costs also were removed from Reclamation's conveyance and conveyance pumping cost pools.)

The SLDMWA OM&R Cost Recovery Plan (Cost Recovery Plan) was negotiated between FWA and SLDMWA over a two-year period from 1996-98. In May 1998, the Cost Recovery Plan was implemented.

THE COST RECOVERY PLAN

The Cost Recovery Plan disaggregates certain historical cost pools that had been implemented under Reclamation's ratesetting policies. Instead, the Cost Recovery Plan allocates specific facility costs to water contractors directly benefiting from (using) those facilities in proportion to their use. The Cost Recovery Plan includes the following cost pools: (1) Upper DMC Cost Pool; (2) Lower (DMC) Cost Pool; (3) DWR Cost Pool (Joint use facilities); (4) Tracy Power Cost Pool; (5) O'Neill Cost Pool, which is further allocated between Direct Pumping and Storage Pumping; and (6) San Luis Drain Cost Pool (not relevant to this dispute and not further discussed here).

Under the Cost Recovery Plan, the Delta-Mendota Canal (DMC) Upper and Lower Cost Pools are allocated to those contractors using or taking water delivery from the DMC; these Cost Pools include an allocation of conveyance costs for delivery of Exchange Contractor water. The Upper DMC Cost Pool includes the OM&R costs of the Tracy (Jones) Pumping Plant, exclusive of power costs.

Before the implementation of the Cost Recovery Plan, DMC conveyance costs were historically included in Reclamation's conveyance cost pool but conveyance costs for delivery of Exchange Contractor water were not allocated or assigned in Reclamation's ratesetting policy; rather such costs were "absorbed" by all water contractors who were allocated conveyance costs. The Jones Pumping Plant costs under Reclamation's ratesetting policy were included in the Jones Pumping Plant pumping conveyance cost pool and were allocated to all water contractors using those facilities with the allocation of Exchange Contractor deliveries being made to Friant Class 1 contractors as previously noted.

The DWR Cost Pool consisting of the Joint Use Facilities is allocated to those contractors, primarily four San Luis Canal contractors, taking direct delivery from the Joint Use Facilities. Those costs historically were included in Reclamation's conveyance cost pool.

Under the Cost Recovery Plan, the Tracy Power Cost Pool is allocated to all water contractors using the Jones Pumping Plant. Under Reclamation's ratesetting policy, all water contractors who used the Jones Pumping Plant were allocated power costs via the Jones Pumping Plant conveyance pumping cost pool with Friant Division Class 1 contractors being allocated such costs for delivery of Exchange Contractor water.

The Cost Recovery Plan acknowledges that the O'Neill Pump-generating Plant (OPGP) is used for direct delivery of water as well as to pump water to be stored in San Luis Reservoir (SLR) for later use, thus the O'Neill Cost Pool is further divided into a Direct Pumping Cost Pool and a Storage Pumping Cost Pool. Under Reclamation's ratesetting policy, the OPGP costs were allocated to the San Luis Contractors and San Felipe contractors exclusively (net of power production costs when water was released from the O'Neill Forebay back into the DMC via the OPGP).

During the negotiations leading to the development of the Cost Recovery Plan, the O'Neill cost pools were the subject of much discussion between FWA and SLDMWA. At issue was whether SLR provided a water supply benefit to the Exchange Contractors or to the DMC contractors, especially in light of the legal priority of water service to the Exchange Contractors, as compared to the DMC contractors and the San Luis Canal and San Felipe Division contractors. After much discussion and deliberation and in consideration of relatively small amount of water released from San Luis Reservoir back into the DMC via the O'Neill pumping plant and negotiations on other aspects of the Cost Recovery Plan, the Cost Recovery Plan included an allocation of O'Neill OM&R costs to contractors who use O'Neill for ultimate direct delivery and an allocation of O'Neill OM&R costs to those contractors on the DMC who utilized water stored in SLR with such water being returned to the DMC through the O'Neill Pump-generating plant. Thus, OM&R costs including pumping energy costs are allocated based upon the ratio of direct deliveries and SLR stored water being returned to the DMC. Credits created due to the generation of energy (revenues/expense reduction) are allocated to the storage pumping cost pool.

Very little of the OPGP is needed to ensure Exchange Contractor water delivery and Exchange Contractor delivery obligations have always been met by Reclamation with existing facilities.

DECISION TO CONSTRUCT THE DMC INTERTIE IN LIEU OF CORRECTING DMC CAPACITY RESTRICTION

Over time, conveyance capacity in the DMC has become restricted due to subsidence and/or other causes resulting in up to 400 cfs less conveyance capacity in the DMC as compared to the pumping capacity at the Jones Pumping Plant when pumping conditions in the Delta would otherwise allow for this additional pumping. That additional pumping capacity would otherwise primarily, perhaps even exclusively, be used to augment CVP South-of Delta water contractors' water supplies. Pumping capacity at Jones is not the problem.

FWA was advised that costs to remedy the DMC conveyance capacity limitations would be approximately equal to the costs to build the DMC Intertie. FWA accepts that under Reclamation's ratesetting policy, capital (or "capitalizable") costs for repair or enhancement of a CVP conveyance facility would have been allocated as a capital cost to the conveyance cost pool and allocated to all water contractors who use CVP conveyance (as provided in the ratesetting policy). However, had the DMC conveyance capacity correction been the chosen alternative, the OM&R costs associated with those improvements would not have materially changed the OM&R of the DMC cost pools as the footprint and features of the canal post construction would not have been much different than OM&R of the existing facility

As the costs of the two alternatives were essentially the same but SLDMWA wanted a facility with potentially greater flexibility and a funding opportunity became available to provide for construction of the DMC Intertie, FWA notified Frances Mizuno by letter on April 17, 2006 (copy attached) that the FWA was supportive of efforts to improve CVP South-of-Delta water deliveries and would support the construction costs being allocated to the conveyance capital pool (as opposed to what the FWA deemed as an inappropriate proposal by Reclamation to allocate the costs of the DMC Intertie to the Jones Pumping Plant cost pool).

THE DISPUTE OVER OM&R COSTS OF THE DMC INTERTIE

The OM&R costs of the DMC Intertie, including energy and possibly expenses associated with use of the California Aqueduct to convey water to O'Neill Forebay, are expected to be much greater than the costs of OM&R would have been after improvements to the DMC. On this basis, FWA objected to SLDMWA including such costs in the Jones Pumping Plant component (Upper DMC cost pool). FWA's objection is spelled out in the attached letter. In summary, FWA continues to take the position that operation of the DMC Intertie provides little benefit to delivery of Exchange Contractor water, delivery of Cross Valley water or delivery of San Joaquin River Restoration Program recirculation water. To the extent that the DMC Intertie provides any such independent demonstrable benefit, FWA proposed that it would participate in a pro rata basis for the use of the DMC Intertie but such allocation should be considered solely on the basis of independent actual use of the facility. Including DMC Intertie costs as part of or allocated comparable to the Upper DMC cost pool allocation is inappropriate as this requires parties who enjoy no demonstrable benefit from this facility, such as FWA, to pay its OM&R costs. SLDMWA preferred the DMC Intertie to the DMC canal capacity correction project because the Intertie offered SLDMWA more flexibility and the possibility of increasing water deliveries to its contractors. It does not offer those same benefits to FWA, but FWA was willing to go along with the proposal to help CVP South of Delta water contractors with their water supply problems, given that the DMC Intertie capital costs were approximately the same as the DMC canal capacity correction costs. However, the OM&R costs for the Intertie are more than they would have been for the DMC canal capacity correction. FWA believes that those additional costs should be borne by the water contractors that benefit from the Intertie.

The DMC Intertie is an independent Conveyance Pumping facility similar to the OPGP although the DMC Intertie will be used to augment water supplies to the extent that existing capacity of CVP South-of-Delta facilities are inadequate to otherwise make those additional water supplies available. In essence, with respect to delivery of Exchange Contractor water, the OPGP already provides the necessary "backstop" for delivery of Exchange contractor water from storage in the SLR.

In an attempt to resolve this issue, a draft compromise was developed wherein the "footprint" base costs (e.g., weed and pest control, general facility and grounds maintenance, etc.) of the DMC Intertie would be allocated to the Upper Cost Pool but variable costs of operating the facility and wheeling costs associated with conveyance using state facilities would be allocated to contractors benefiting from this additional conveyance pumping facility. In essence, if it could be demonstrated that some or all of Exchange Contractor, Cross Valley contractor or SJR Settlement recirculation water could only have been delivered by using the DMC Intertie, DMC Intertie OM&R costs would be allocated to those deliveries in a pro rata manner relative to other additional (CVP South of Delta water contractor) deliveries.

The FWA Board was willing to accept the draft compromise. Unfortunately, we were advised by SLDMWA that the compromise was unacceptable to SLDMWA member agencies, in part because some SLDMWA member agencies reject the cases establishing the Exchange Contractors' legal priority to water service. (See [date] email from Frances Mizuno to [Ron Jacobsma], attached.)

As that issue has been the subject of extensive litigation, resulting in no fewer than seven published decisions, FWA is troubled that, in the context of allocating DMC Intertie costs, SLDMWA and/or its member agencies are suggesting that the Exchange Contractors do not have a legal priority to water that Reclamation pumps from the Delta. Simply put, this position is unsupportable.

In *Westlands Water District v. United States of America*, 337 F.3d 1092 (9th Cir. 2003) ("*Westlands VII*"), the Ninth Circuit expressly rejected Westlands' argument that the "first in time, first in right" principle did not give the Exchange Contractors priority over appellants' water service allocations. The Ninth Circuit affirmed the district court's findings that the Exchange Contractors hold senior water rights that are both pre-1914 riparian and appropriative and, "under section 8 of the Reclamation Act of 1902 (43 U.S.C. § 383), the Bureau is required to comply with state law in acquiring water rights for the diversion and storage of water by the CVP." The "Exchange contractors 'exchanged' their senior rights to water in the San Joaquin River for a CVP water supply from the Delta. [The Bureau] thus guaranteed the exchange contractors a firm water supply . . . Conversely, water service contractors [Westlands Water District and San Benito Water District] did not have water rights to 'exchange.'" The Ninth Circuit also noted that Westlands' application to the State Water Rights Board acknowledged that its appropriation of water was "subject to vested rights." When USBR protested Westlands' application on behalf of its existing contractors within the Friant Division, Westlands stated it did not intend "to cause injury to those having valid vested rights . . . and intends to take only that water which is in excess of the water needed to supply the valid vested rights under reasonable means of diversion and use." Thus, the permits for the west side diversions are conditioned on meeting the Exchange Contractors' senior water rights.

Given all these facts, the Ninth Circuit Court of Appeal concluded "both Westlands and the Bureau understood that [the Exchange Contractors'] prior vested rights had priority over Westlands' water allocations." *Westlands VII*, 337 F.3d at 1102. Furthermore, under the San Luis Act of 1960, Pub. L. No. 86-488, 74 Stat. 156, construction of the San Luis Unit required subordination of the west side water rights to those senior water rights that were existing as of 1960, including the Exchange Contractors' rights. *Westlands VII*, 337 F.3d at 1102; see also *Westlands Water Dist. v. United States*, 153 F. Supp. 2d 1133, 1146-47 (E.D. Cal. 2001) (*Westlands VI*). For all of these reasons, the Ninth Circuit concluded that the Exchange Contractors' substitute supply "is a vested priority obligation the Bureau must satisfy without including it in CVP available supply." *Westlands VII*, 337 F.3d at 1104.

The priority of water service to the Exchange Contractors was considered when the OPGP cost allocation was negotiated; recognition of the Exchange Contractors' priority is what resulted in the split between direct delivery use of the OPGP and the use of the OPGP for storage to accommodate DMC deliveries to the Exchange Contractors when Jones Pumping Plant restrictions do not provide adequate supplies to meet concurrent Exchange Contractor demands. Similarly, the Exchange Contractors' priority to water pumped from the Delta must be recognized and honored in any resolution of this dispute over the allocation of costs for OM&R of the DMC Intertie.

Interestingly, Cross Valley Contractor and SJR Settlement recirculation water deliveries are subordinate to CVP South of Delta water contractors' utilization of CVP conveyance and conveyance pumping facilities.

CONCLUSION

In summary, FWA continues to believe that the DMC Intertie is an independent conveyance pumping facility that should have its operational costs (along with the related state wheeling costs for use of the California Aqueduct) allocated to the water contractors who benefit from the additional water supply generated by the use of that facility. And, as the DMC Intertie is actually a conveyance pumping facility, the capital costs of that facility should be added as a separate capital feature of the CVP and allocated to the beneficiaries in accordance with Reclamation's ratesetting procedures.

Sincerely,

Ronald D. Jacobsma
General Manager

cc: (via email)
FWA member districts
Michael Jackson, USBR
Katherine Thomas, USBR
Michelle Denning, USBR

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WATER AUTHORITY

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Intertie
PRJ-4.00

April 17, 2006

OFFICIAL FILE COPY

102

Frances Mizuno
Assistant Executive Director
15990 Kelso Road
Byron, CA 94514-9614

SUBJECT: Intertie discussion at Los Banos on 2/26/2006

Dear Ms. Mizuno:

On Wednesday, February 22, 2006, you convened a meeting at Los Banos consisting of you and your operations staff and Michael Hagman and myself. At that meeting we discussed allocation of costs associated with the potential construction of the Delta Mendota Canal/State Aqueduct Intertie (Intertie).

Friant supports SLDMWA's pursuit of the construction of the Intertie though we believe the Exchange Contractors (EC), for whose water conveyance we pay, will have very limited benefit from that facility. We noted our perspective on appropriate allocation capital costs by the USBR and O&M costs by the SLDMWA as summarized below.

USBR Capital Allocation:

The intent of the project is to mitigate for subsidence in the Delta Mendota Canal (DMC) which has created reduced conveyance capacity on the DMC. The USBR has stated that they will consider the Intertie a Tracy Pumping Plant (TPP) enhancement even though the capacity of the plant is not at issue. This is problematic for us in that the costs would be narrowly applied to TPP beneficiaries (specifically SLDMWA and Friant Contractors). Whereas, if the cost for construction of the Intertie, which is to recover diminished DMC conveyance capacity, were applied (correctly, in our view) to the conveyance component, the costs would be allocated broadly to all contractors benefiting from USBR/CVP constructed conveyance facilities.

We would like SLDMWA to support Friant in proposing to the USBR that the capital cost of the facility be treated as a conveyance capital cost.

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FAX: 916-441-1581

SLDMWA Operations and Costs:

SLDMWA has been proposing to consider the costs of operating the Intertie the same way the USBR is considering treating the capital costs, i.e., as a TPP cost. We do not believe that such an application is consistent with the objectives of the SLDMWA O&M Cost Recovery Plan wherein conveyance and conveyance pumping project features have been segregated in order to allocate costs to the greatest extent possible to the beneficiaries of those features. Friant requests that a separate O&M cost allocation formula be developed wherein water users are allocated O&M costs commensurate with their respective use of the facility. To that end, we recognize that Friant or Cross Valley water contractors could be allocated costs in the following circumstances:

1. The Intertie were used to provide EC water supplies in the event that existing pumping, conveyance, or storage is unavailable to meet the EC demands in consideration of the EC's water delivery priority (Friant would be responsible for such Intertie O&M costs to the extent the water is actually delivered to an EC consistent with provisions within the existing cost allocation formula);

2. Cross Valley Contractors would be allocated Intertie O&M costs to the extent the facility is used to convey Cross Valley Water supplies for delivery to Cross Valley Contractors;

3. Friant would be allocated Intertie O&M costs in the instance that the Intertie were used to recover, for the benefit of Friant water contractors, San Joaquin River flows resulting from releases from Friant for the benefit of the environment (e.g., River Restoration):

4. Any additional instances in which Friant water contractors, Cross Valley Contractors or EC's benefit from the facilities as reviewed and agreed upon on a case by case basis.

We appreciate your consideration of these issues. If you have any questions regarding this issue please feel free to contact myself or Michael D. Hagman at (559) 562-6305.

Sincerely,

Ronald D. Jacobsma
General Manager

Cc: Kirk C. Rodgers, Regional Director, USBR
Katherine Thompson, Regional Business Manager, USBR
Larry Bauman, Rate Setting & Economic Services Manager, USBR
Michael P. Jackson, Deputy Area Manager, USBR
Harvey A. Bailey, Chairman, FWA
Michael D. Hagman, Financial Affairs Manager, FWA

RDJ/pl

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2006 MAY 11 P 2:18

Ronald D. Jacobsma

From:	Frances Mizuno <frances.mizuno@sldmwa.org>
Sent:	Tuesday, July 26, 2011 12:50 PM
To:	Ronald D. Jacobsma; Kathy Bennett
Cc:	Tona Mederios
Subject:	FW: Updated WY11 O&M Rates including Intertie Suspense, DWR Wheeling and PUE
Attachments:	WY11 Rate Calc Including Intertie Estimated Costs.pdf

Ron and Kathy-

After consulting with Tom Birmingham in regards to the proposed Intertie Allocation that we had previous discussed with you, he advised me that although it has been Reclamation's practice to allocate Project water to water service contractors after making water available to the EC, there is no contract, statute or judicial decision that would give the Exchange Contractors a legal priority to water diverted at Jones. Rather, it is a exercise of Reclamation's discretion about the allocation of water. Based on this understanding, the additional water provided by the Intertie would benefit all south of Delta water users and therefore the Intertie O&M cost should be a cost under the "Upper Cost Pool" similarly to the Jones Pumping Plant and allocated as such.

Attached is an illustration of the WY 11 rates for the Intertie assuming the associated cost is allocated the same as JPP. The cost included in the illustration includes the PUE and DWR wheeling costs based on a assumption the Intertie would pump 35,000 AF of water this FY. This is not likely to occur as Reclamation's 50% Forecast shows SLR filling without the use of the Intertie.

Let's talk after you review this and we can determine if we need to meet on Friday. Thanks.

Frances

From: Tona Mederios
Sent: Monday, July 18, 2011 3:04 PM
To: Frances Mizuno
Subject: Updated WY11 O&M Rates including Intertie Suspense, DWR Wheeling and PUE

Frances,
Attached is the updated worksheet. The increase to all delivery areas is $0.25 per a/f. The pool shows $.34, this is a result of SLDMWA O&M being moved into this pool, from the original Upper Pool.

All Intertie Costs have been accumulated into a separate "UPPER" cost pool. This separate pool uses the same delivery a/f as the original "UPPER " cost pool.

Call to discuss.
Tona

San Luis & Delta-Mendota Water Authority

Revised WY 2011 SELF-FUNDING SLDMWA O&M WATER RATES, Adjusted for Intertie Suspense, DWR Wheeling, & PUE

Illustration Only

July 18, 2011

	SLDMWA ANNUAL O&M and POWER								SLDMWA	SLJU		
OLS	UPPER	JPP PWR	UPPER	VOLTA WELLS		LOWER	O'NEILL P/G		RESERVES	DWR COSTS		POWER
	Upper DMC/ JPP/ O&M		INTERTIE SLDMWA Suspense / SLDMWA O&M / SLJU Conveyance & PUE	*3 year pilot project*		Lower DMC/ Mendota Pool	O'Neill O&M			San Luis Canal O&M	Dos Amigos O&M	Dos Amigos Power
ANTS	All Users	All Users (Actual Pumping Only)	All Users	Refuge Level II (Only)	Refuge Level IV (Only)	LowerDMC & MP Users	All Users "Direct"	"Storage"	All Users	All SLJU Users	Dos Amigos Users	Dos Amigos Users
LOCATED**	$5,994,402	$11,000,000	$855,870	$202,220	$202,220	$2,217,762	$2,870,613	$354,795	$1,325,000	$10,400,000	$3,900,000	$1,800,000
ET	2,551,829	2,540,189	2,551,829	1,000	1,000	1,158,362	1,315,599	1,312,391	% of 10 Yr Historical Use	1,165,672	1,155,672	1,143,672
R AF	**$2.35**	**$4.34**	**$0.34**	**$202.22**	**$202.22**	**$1.92**	**$2.19**	**$0.28**	**$0.54**	**$8.93**	**$3.38**	**$1.58**
	A	B	C	D	E	F	G	H	I	J	K	L

RATE PER ACRE FOOT - BY DELIVERY AREA / CONTRACTOR

	Components	Rate
Upper DMC	**A+B+C+H+I**	**$7.85**
Lower DMC/Pool	**A+B+C+F+H+I**	**$9.77**
San Felipe	**A+B+C+G+I**	**$9.76**
ove Dos Amigos	**A+B+C+G+I+J**	**$18.69**
low Dos Amigos	**A+B+C+G+I+J+K+L**	**$23.65**
ts/Friant (Lower)	**A+B+C+F+H+I**	**$9.77**
Refuge (Lower)	**A+B+C+F+H+I**	**$9.77**
s-Refuge Level II	**D**	**$202.22**
-Refuge Level IV	**E**	**$202.22**
San Luis Drain	**$90,236**	**$0.08**

Direct	Storage
O&M = $.97	O&M = $.12
O&M DWR = $.20	O&M DWR = $.03
Pwr = $1.02	Pwr = $.13
$0.97	$0.12
$0.20	$0.03
$1.02	$0.13
$2.19	$0.28

WATER SUPPLY ASSUMPTIONS

Irrigation	80%		
M&I	100%	SCVWD	80%
Refuge	100%		
Ex/Wtr Rts	100%		

COSTS TO BE ALLOCATED

			O'Neill Total	O'Neill 89% / 11%	
tertie O&M = $216,669)		$9,864,323	$ 1,425,408.00	$ 1,268,613.12	0.96428556
nding		$1,325,000		$ 156,794.88	0.11947269
		$90,236		$ 1,425,408.00	
		$275,761			
S & Grd H2o					
		$360,358			
R					
	$11,000,000				
	$34,000				
	$33,600		O'Neill Total	O'Neill 89% / 11%	
	$1,500,000	$12,567,600	$1,500,000	$ 1,335,000.00	1.01474689
				$ 165,000.00	0.12572473
NT USE				$ 1,500,000.00	
ing		$329,840			
l O&M		$10,400,000			
&M		$3,900,000	O'Neill Total	O'Neill 89% / 11%	
		$300,000	$300,000	$ 267,000.00	0.20294938
				$ 33,000.00	0.02514495
R				$ 300,000.00	
		$1,800,000			
		$41,213,118			

SLDMWA Int Susp.	$	275,761
Intertie O&M	$	216,669
Intertie PUE	$	33,600
Intertie DWR Wheeling	$	329,840
Tot Intertie	$	855,870

Revised Rates Approved by Board Action 6/9/11,

Ag to 80%

exception, these rates include Intertie Suspense Expense
exception, these rates include Intertie DWR Wheeling
exception, these rates include Intertie PUE