



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

FEB 25 2014

Subject: 2014 Central Valley Project (CVP) Water Rates

Dear Water Contractor:

The Bureau of Reclamation will post the final 2014 CVP water rates to the Reclamation website, www.usbr.gov/mp/cvpwaterrates/ratebooks/index.html, on Friday, February 28, 2014. The CVP water rates that will be 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 use of a five year historical average is in accordance with standard CVP rate-setting practices.

The 2014 water year is expected to be a critically dry year. As of the date of this letter, Reclamation expects that the water deliveries for 2014 will be less than the five year 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 2014 water year, the water rate posted could potentially be underestimated by as much as \$39 per acre foot for irrigation water and \$27 per acre foot for Municipal and Industrial water.

This letter is to notify water contractors of the underestimated 2014 water rate, and to provide advance notice of the potential for O&M deficits to occur when the 2014 Annual Contractor Accountings are completed in August 2015. This letter is for information purposes only. If you have any questions, please contact Ms. Autumn Wolfe, Ratesetting Manager, at 916-978-5391, awolfe@usbr.gov, or for TTY access call the Federal Relay Service at 800-877-8339.

Sincerely,

Brenda Bryant
Regional Financial Manager

CAPITOL BOND

20% COTTON

SUBJECT - CONSUMER