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July 30, 2014

Ms. Autumn Wolfe  
Acting Regional Financial Manager  
Bureau of Reclamation, MP-3000  
2800 Cottage Way  
Sacramento, CA 95825

Subject: Comments on Reclamation's Central Valley Project (CVP) Municipal and Industrial (M&I) Water Ratesetting Proposed Policy Revisions and Finalization Timeline

Dear Ms. Wolfe:

CVPWA appreciates and values the opportunity to again comment and get involved early on in this process and believes that continuous input throughout will save time and effort, and eventually provide greater validity and agreement among Reclamation and interested stakeholders. And we thank Reclamation for their consideration of several points previously submitted and recently discussed at the June 23, 2014 workshop.

CVPWA offers the following comments on the proposed M&I Water Ratesetting Policy revisions and finalization timeline that was distributed at Reclamation's June 23, 2014 meeting.

#### **Background**

CVPWA believes that Reclamation should add a "Background" section noting and explaining the transition from the existing long-term "Interim" policy to the proposed "Final" one. Certain key things should be noted such as the following: (1) Reclamation has had an approved interim CVP M&I water ratesetting policy in place since 1995; (2) on March 3, 2005 Reclamation and M&I contractors reached settlement on a lawsuit regarding certain provisions of that interim policy; and (3) Reclamation is proposing very few changes in their draft final policy (suggest listing those changes here).

#### **Definitions Update**

1. **Historical Water Deliveries.** CVPWA would like to know if Section 215 water, when taken, is included in a contractors' record for water deliveries (for ratesetting purposes) in that year under their long-term contract.
2. **Long-term Contractor.** CVPWA has concerns about removal of "on a regular basis" from the definition. This leads right into CVPWA's concern(s) regarding the potential for and, real possibility, of a number of M&I contractors not taking any of their project supply between now and the

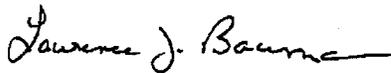
end of the repayment period. As you know, should this happen, the construction costs originally assigned to them will gradually shift to the remaining contractors (without advanced notification) over time.

**Other**

1. CVPWA recommends that any changes to the Interim Policy be applied prospectively only.

CVPWA looks forward to its continued participation with Reclamation throughout this important process. If you have any questions regarding these comments, please contact me at 916-448-1638 or [lbauman@cvpwater.org](mailto:lbauman@cvpwater.org).

Sincerely,



Lawrence J. Bauman, Executive Director  
Central Valley Project Water Association

cc: (via e-mail)

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