



CVP Power Initiative

Section (II).1.g. of the Implementation Plan

Non-Permanent Contractor Water Revenue Treatment

Scope

Develop a Central Valley Project (CVP) Standing Operating Procedure (SOP) documenting the methodology for crediting non-permanent contractor water revenue for cost recovery.

SOP

I. Policy and Procedures:

- A. Reclamation has Irrigation and Municipal and Irrigation (M&I) Policies that identify the methods of determining water rates for water services.
- B. Non-permanent contractor water revenue is either tied to irrigation or the M&I function because the cost allocation takes into account the breakdown of all CVP water and CVP commercial power when the beneficial purposes are identified through cost allocation study. As such, the non-project water is to pay back for the cost identifiable to the water purpose, more specifically irrigation and M&I.
- C. The Ratesetting Schedule B-2 for irrigation and M&I includes non-permanent contractor water revenue that will offset Operation and Maintenance cost on an annual basis.
- D. Water Marketing will be the type of cost offset for non-permanent contractor water revenue for the type of water (i.e., if irrigation non-permanent contractor water revenue is received it will offset Water Marketing for irrigation). This service credits contractors project wide.

II. Timing and Disclosure

- A. Reclamation sets temporary water rates that are identified in the special water rate books in January for the following water contract water year. These rates are established for "non-permanent contractor water revenue" which is for contractors that do not have a firm supply and Reclamation is to charge for cost of service water rates to deliver this non-permanent water. As an example of water that may fall under this classification are

irrigation water contractors where the contract allows for M&I supplies which are minimal and not on a regular annual basis. Although the amounts are minimal, Reclamation accounts for the water through the water and charge recordkeeping system.

- B. On a fiscal year basis, Reclamation will prepare the delivery and charge report which will include the deliveries and charges for this water for both types of service, irrigation and M&I.
- C. The amount identified will be recorded as a credit to Water Marketing in the Annual Accounting process for both irrigation and M&I. As such, amounts identified as charges for irrigation water would credit water marketing for irrigation. The same would hold true for M&I.
- D. These amounts would be available on the Ratesetting website on October 1st each year for the previous fiscal year on schedule B-2 for irrigation and M&I.
- E. WAPA, Water Contractors, and the Financial Affairs Committee can provide their comments to the water contractor accountings included on the Ratesetting website to the Ratesetting Manager through a comment document. Comments are requested between October and end of November each year.
- F. Any notable areas that need to be discussed based on comments can be worked through the Financial Affairs Committee, WAPA discussions, or internally through the Financial Manager.
- G. A timetable should be established to work through comments that are significant.

Date of Implementation

April 2, 2021