



Westlands Water District

3130 N. Fresno Street, P.O. Box 6056, Fresno, California 93703-6056, (559) 224-1523, FAX (559) 241-6277

December 30, 2013

Michelle Denning
Regional Planning Officer
Bureau of Reclamation, MP-3000
2800 Cottage Way
Sacramento, CA 95825

Subject: Westlands WD Objection to Delta-Mendota Canal/California Aqueduct Intertie Cost Allocation Information Report.

Dear Ms. Denning:

Westlands Water District (District) has received and reviewed the DMC/CA Intertie Cost Allocation Information Report dated December 2013. The District was also in attendance at the DMC/CA Intertie Cost Allocation briefing on December 12, 2013 at the USBR office in Sacramento. The District objects to the adoption of the decisions in the report based on the original project purpose, the methodology used in the report, and Article 19(a) of the Interim water supply contract between the United States and the District.

The original project purpose as listed in the Section 1.3 of the Record of Decision states:

The purpose of the Proposed Action is to improve the DMC conveyance conditions that restrict the Jones Pumping Plant to less than the original design pumping capacity of 4,600 CFS and to improve flexibility for operations and maintenance and emergency activities."

That very clearly states that the purpose of the Intertie project is first and foremost, to improve conveyance in the DMC. With that, it is the District's assertion that the allocation of costs of the Intertie must be to the Conveyance Cost Pool.

The methodology used to allocate costs in the Cost Allocation Information Report is not consistent with any other cost allocation of CVP facilities. Allocation of costs based upon quantifiable benefits is not consistent with the other CVP projects and is not in alignment with the direction that the CVP be a fully integrated project both operationally and financially. By including the DMC/CA Intertie in the Conveyance Cost Pool, Reclamation would realign itself with prior methodologies and direction from authorizing legislation. Please consider this objection as pertaining to the Draft 2014-15 Rates which we are responding to in the 60 day window from their release on October 31, 2013.

December 26, 2013

Page 2

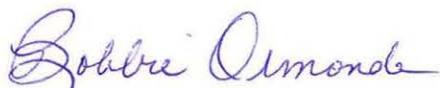
Lastly, Article 19(a) of the interim water supply contract between the United States and the District states,

“In order to further their mutual goals and objectives, the Contracting Officer and the Contractor shall communicate, coordinate, and cooperate with each other, and with other affected Project Contractors, in order to improve the operation and management of the Project. The communication, coordination, and cooperation regarding operations and management shall include, but not be limited to, any action which will or may materially affect the quantity or quality of Project Water supply, the allocation of Project Water supply, and Project financial matters including, but not limited to, budget issues. The communication, coordination, and cooperation provided for hereunder shall extend to all provisions of this Contract. Each party shall retain exclusive decision making authority for all actions, opinions, and determinations to be made by the respective party.”

The allocation of Intertie's costs is certainly an “action which will or may materially affect . . . Project financial matters including, . . .” and is subject to the provisions of Article 19(a); however, despite prior requests to the preceding Contracting Officer, there has been no communication between Reclamation and Westlands on this issue. I am informed that the issue has been the topic of discussions between Reclamation and the Central Valley Project Water Association, but communications with the CVPWA is not communications with Westlands. Article 19(a) is a provision of a contract between the United States and Westlands, and Westlands expects that the United States will abide by the terms of the contract.

Please contact Mr. Stephen Farmer at 559-241-6240 or sfarmer@westlandswater.org if you have any questions or require any additional information.

Sincerely,



Bobbie Ormonde
Director of Finance and Administration

Cc: Ms. Katherine Thompson
Asst. Regional Director for Business Services

Brenda Bryant
Regional Financial Manager

David Murillo
Regional Director