

Exhibit C

Payment Formulas

Fixed Project Costs

Reclamation's Fixed Project Costs, shall be determined in accordance with the following formula:

$$FPC = [BFC \times BCI] + [DFC \times DCS]$$

Where:

FPC = Reclamation's Fixed Project Costs

BFC = Fixed Project Costs allocable to Base Facilities

BCI = Reclamation's Base Facilities Capacity Interest

DFC = Fixed Project Costs allocable to Downstream Facilities

DCS = Reclamation's Downstream Facilities Capacity Interest,

Fixed O&M Costs

Reclamation's Fixed O&M Costs shall be determined in accordance with the following formula:

$$FOMC = [BFOMC \times BCI] + [DFOMC \times DCS]$$

Where:

FOMC = Fixed O&M Costs

BFOMC = Fixed O&M Costs allocable to Base Facilities

BCI = Reclamation's Base Facilities Capacity Interest

DFOMC = Fixed O&M Costs allocable to Downstream Facilities

DCS = Reclamation's Downstream Facilities Capacity Interest

Variable O&M Costs

Reclamation's Variable O&M Costs shall be determined in accordance with the following formula:

$$VOMC = [(PWP / TWP) \times BPVOMC] + [(PWR / TWR) \times BRVOMC] + [(PWRD / TWRD) \times DVOMC]$$

Where:

VOMC = Variable O&M Costs

PWP = Sites Water conveyed into Sites Project Facilities attributable to Reclamation

TWP = Total Sites Water conveyed into Base Facilities

BPVOMC = Variable O&M Costs allocable to Sites Water conveyed into Base Facilities

PWR = Sites Water released from Base Facilities attributable to Reclamation

TWR = Total Sites Water released from Base Facilities

BRVOMC = Variable O&M Costs allocable to Sites Water released from Base Facilities

PWRD = Sites Water released from Base Facilities that flows into Downstream Facilities attributable to Reclamation

TWRD = Total Sites Water released from Base Facilities that flows into Downstream Facilities

DVOMC = Variable O&M Costs allocable to Downstream Facilities