Subject: Irrigation Ability-to-Pay Analyses

Purpose: To provide the basic requirements and framework for conducting analyses to determine the ability of one or more contracting entities to pay for their share of Bureau of Reclamation project construction costs allocated to irrigation. The implementation of this Directive and Standard (D&S) will promote consistency and improve the quality of irrigation Ability-to-Pay (ATP) analyses and reports prepared by or for Reclamation.


Approving Official: Director, Policy and Programs

Contact: Reclamation Law Administration Division (84-55000)

1. Introduction. Reclamation conducts ATP analyses to assess irrigation contractors’ ATP and adjust their annual payments accordingly; and to determine financial feasibility in planning studies. Where irrigation assistance is authorized, the project construction costs allocated to irrigation that are beyond the irrigation contractors’ ATP are generally recovered from revenues derived from the sale of preference hydropower or municipal and industrial (M&I) water. Irigation repayment contracts executed pursuant to subsection 9(d) of the Reclamation Project Act of 1939 (1939 Act); irrigation water service

1Reclamation project construction costs allocated to irrigation are eligible for adjustment based on the irrigation contractors’ ATP. The ATP concept does not generally apply to operation, maintenance and replacement (OM&R) costs payable by irrigation contractors. In the cases that ATP does apply to OM&R costs, it is due to project-specific legislation making such costs eligible to receive irrigation assistance.
contracts executed pursuant to subsection 9(e) of the 1939 Act; and safety of dams repayment contracts executed pursuant to subsection 4(c)(2) of the Reclamation Safety of Dams Act (92 Stat. 2471; 43 U.S.C. 506, et seq), can include aid-to-irrigation based on ATP. This D&S establishes the responsibilities, requirements, and procedures for conducting ATP analyses, including the requirements for preparing, coordinating, reviewing, and approving such analyses, and provides clarity for Reclamation irrigation customers by identifying how WIIN actions will be addressed in ATP analyses or eligibility for aid-to-irrigation.

2. **Applicability.** This D&S applies to all Reclamation employees involved in preparing, reviewing, or approving irrigation ATP analyses conducted for Reclamation. See Paragraph 11 for definitions of terms.

3. **Time Period Requirements**

   A. **Period of Analysis.** The period of analysis for estimating ATP for water service contracts is typically 5 years. For estimating ATP for repayment contracts, the period of analysis will be the repayment term of the contract. For determining financial feasibility in planning studies, the period of analysis will be the projected repayment term of the contract.² In all instances, ATP analyses will use data that are available prior to the beginning of the period of analysis.

   B. **Data Period.** The data period will be the same across all data used, but inconsistencies may be justified. For prices and yields, the data period will be 5 years but may be different if justified. However, it should not overlap with period of analysis.

   C. **Base Year.** The base year will be the year immediately preceding the period of analysis or a new, renewed, or amended contract, but lack of data availability can justify using a previous year.

   D. **Indexing.** ATP analysis’ data will not be indexed more than 5 years unless recent data are not available. Any ATP analysis over 5 years old will need to be re-estimated and cannot be indexed in-full.

4. **Periodic Reviews of ATP Analyses.** Reclamation will conduct reviews of ATP analyses as follows:

   A. **Reclamation-initiated Reviews.** Reclamation staff will initiate reviews of ATP analyses at the direction of the regional director (RD):

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²For financial feasibility studies, the first year of the period of analysis is the expected year when irrigation benefits will start to accrue (with the project in place), and repayment commences.
(1) Every 5 years for irrigation contractors who are receiving aid-to-irrigation. In this case, the costs of conducting the analysis will be shared equally by Reclamation and the irrigation contractor.  

(2) When Reclamation, through the Contracting Officer, unilaterally decides that it is in the interest of the United States to conduct an ATP analysis for purposes other than the 5-year review requirement specified above. In this case, Reclamation will bear all costs of conducting the analysis.

B. **Reviews Upon Contractor Request.** Irrigation contractors may request reviews of their ATP analysis at any time. In this case, the contractor will bear all the costs of conducting the analysis.

5. **Validity of Existing ATP Analyses.**

A. **Contract Amendments and Renewals.** If an irrigation contractor with an existing ATP analysis renews or amends its contract, the ATP analysis will be considered valid and up-to-date at the time of the contract action unless Reclamation initiates, or the irrigation contractor requests, a new analysis at that time.

B. **Extended Validity of ATP Analyses.** For the purposes of satisfying the periodic review requirement for repayment contracts, Reclamation may determine that the result from the most recent ATP analysis is still valid and up-to-date and does not require any changes. Reclamation will notify the irrigation contractor and Policy and Programs of this determination.

6. **Adjustments of Aid-to-Irrigation.**

A. **Adjustment of Annual Payments.** If an irrigation contractor is currently receiving aid-to-irrigation (either full or partial) and a new ATP analysis is conducted, Reclamation will consider the results of the analysis and adjust the irrigation contractor’s payment amount in accordance with Reclamation Manual (RM) D&S, *Water Rates and Pricing* (PEC 05-01). The adjusted annual payment will only be applied to the new period of analysis. Reclamation will not use the findings of a periodic review to retroactively adjust an irrigation contractor’s annual payments prior to the period of analysis. Rate adjustments based on the ability of irrigation contractors to pay will affect the construction component charge without affecting the overall share

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3If less than 5 years are remaining in the contract term, no new ATP analysis is required, the aid-to-irrigation will continue until the end of that contract term.

4Contractors that do not have the ability to repay all construction costs allocated to irrigation are eligible to receive partial aid-to-irrigation.
of construction costs allocated to the irrigation purpose or extending the repayment term.

**Delays in ATP Analysis Results.** The results of an ATP analysis are only valid during the period of analysis. Reclamation staff should complete a new ATP analysis before the period of analysis ends. If the new ATP analysis is not completed before the period of analysis ends, the results of the new analysis will still be valid for the entire interval, including any time that has passed since the end of the last interval. For example, if the irrigation contractor’s existing ATP analysis, which grants them aid-to-irrigation, is due to expire in December 2020, but Reclamation does not complete the new analysis until June 2022, the results of the new analysis will apply back to January 2021 and up until December 2025.

7. **Estimating Farm-Level Payment Capacity.** The ATP analysis will assess farm-level payment capacity by estimating on-farm economic and financial conditions expected to occur during the period of analysis with the Federal project in place. Payment capacity will not consider agricultural conditions and income that would exist in the absence of the Federal water project. When estimating contractor revenues, farm-level payment capacity will be aggregated to the contractor. ATP analyses will include sufficient detail, regarding actual farm types, farm sizes, and cropping patterns, to reflect representative commercial farm income in the study area under typical conditions. Income from further processing of agricultural crops (e.g., livestock, olive oil, and wine) will not be considered when estimating farm-level payment capacity unless crop prices do not exist independently. When estimating farm-level payment capacity, only farm operations will be assessed, not ownerships. Estimates of farm-level payment capacity will not include deviations from typical production practices, conditions, or revenue expectations during atypical conditions (e.g., extended drought).

A. **Methodology.** A variety of methodological tools may be employed to calculate farm-level payment capacity if they conform to the standards described in this D&S. The farm budgeting approach is the most common; either whole-farm or enterprise budgets are equally appropriate if the assumptions are comparable. Care must be taken to ensure consistent estimates between whole-farm and enterprise budget approaches.

B. **Farm Types.** Estimates of aggregated farm-level payment capacity will include enough farm types to reflect the kinds of farm operations and enterprises that influence the farm-level payment capacity of the area as a whole. Farm types will represent operationally- and financially-integrated operations. The estimate will represent all crop enterprises of a typical farm operation. If the typical farm operation also irrigates lands with water from non-Reclamation sources, those lands will be included. In cases where typical farm operations integrate non-irrigated crops and pasture, the estimate will include the income and expenses of those enterprises.

(1) **Cropping Patterns.** Farm types are determined using cropping pattern data, which are used to represent the irrigated and non-irrigated crops produced by
operators in the study area with the project in place for the period of analysis. In cases where certain crops are grown only on a small percentage of total contractor acres, the analyst will, where appropriate, include them in the modeled acreage of a similar crop grown more extensively in the area (e.g., similar water use, management complexity, and expected payment capacity, etc.). In cases where representative farm types include crop production prices that are alternatives to traditional farm operations (e.g., organic crop production), care must be taken to model the alternative farm type appropriately.

(2) **Fallow, Idle, or Uncropped land.** Estimates of farm-level payment capacity will not include land reported as fallow, idle, or uncropped unless there is clear supporting evidence that such lands are financially or operationally integrated into the typical farm operation. For example, lands idled to maintain eligibility in various crop production or soil conservation programs will be included in the farm-level payment capacity analysis, along with any associated revenues and ownership costs (e.g., interest and property tax); whereas, shrub acreage along a river bank does not contribute to the farming operation and will not be included. Costs beyond standard ownership costs (e.g., herbicide application or tillage costs for weed and pest control) must be justified when fallow, idle, or uncropped land is included in the analysis.

(3) **Prices Received and Crop Yields.** Prices and yields will reflect the typical farm production practices for modeled farm types in the study area that are expected during the period of analysis. Payment capacity analyses will consider collecting primary data in cases where published data do not reflect typical conditions.

C. **Farm Size.** The size of typical commercial farm operations is subject to the minimum, and maximum size constraints noted below.

(1) **Minimum Farm Size.** The minimum farm size analyzed must be at least large enough to be capable of providing full-time employment for the farm operator. In cases where the farm may not provide full employment for the farm operator for the entire year, such as farms that produce high-value specialty crops, the farm analyzed must be at least large enough to provide full-time employment for the operator through the primary cropping season. In areas where a significant number of smaller farm operations exist, the modeled farms may not reflect actual operations.

(2) **Maximum Farm Size.** Maximum farm size, on an existing project, will be the maximum observed size of the modeled farm types of the study area subject to the minimum size constraint noted in the paragraph above. For new projects, the maximum farm size will be limited to the provisions set forth in the Reclamation Reform Act (RRA). For ongoing projects, if the modeled farm type includes lands subject to full cost water under RRA provisions, adjustments must be made to exclude these lands from the analysis.
D. **Farm-Level Payment Capacity Expenses.** Expenses will be commensurate with the farm production practices of the modeled farm types.

1. **Operating Costs.** Payment capacity analyses will identify and document all appropriate farm expenses to be deducted from gross farm (enterprise) income to derive net farm income. When appropriate, operating costs will be indexed to the base year.

2. **Input Costs.** The farm-level payment capacity analysis will include representative input costs for seed, fertilizer, chemicals, herbicides, power, fuel, and other appropriate inputs. The quantities and costs will be consistent with both the selected yield levels and representative farm production practices.

3. **Insurance.** Typical insurance costs required for the farm operation will be included in the farm-level payment capacity analysis. These costs include general liability and fire insurance for farm equipment, buildings, and other improvements. Vehicle insurance costs for pickups and trucks will be based on the estimated share of farm-related use versus personal use. Workers’ compensation costs will be estimated using rates applicable to the type of farm and crops analyzed. Crop hazard insurance costs are not considered in a farm-level payment capacity analysis. Prices and yields represent typical production, therefore, do not represent conditions where crop hazard insurance costs or revenues would be appropriate to incorporate.

4. **Repair Costs.** Farm-level payment capacity analyses will include appropriate repair costs for farm machinery, equipment, and buildings.

5. **Hired-Labor Expenses.** Any labor in excess of that provided by the farm operator and the farm family is expensed as hired labor in the farm-level payment capacity analysis. Hired labor wage rates will reflect those considered typical for the representative farm or enterprise budget. The types of labor categories to be considered for inclusion in the analysis are field and machine operator or a weighted average of the two.

6. **Custom Expenses.** In cases where certain farm operations (e.g., spraying and harvesting) are typically performed by custom operators, those expenses will be incorporated in the farm-level payment capacity analysis. Such expenses include any consultant or management fees considered typical for the type of operation analyzed.

7. **Irrigation Contract Water Expenses.** Farm-level payment capacity is intended to represent the residual net farm income available for payment of Federal irrigation-related water charges. In cases where irrigators receive non-project water in addition to Federal project water, the cost of non-project water must be incorporated into the farm-level payment capacity analysis.
(8) **Interest on Operating Capital.** Average annual interest costs related to the financing of operating capital expenses will be calculated as the product of an estimated non-real estate interest rate, the current (base year) market value of the operating capital expenses, and the estimated debt portion of an operation’s depreciable assets. If interest rates are expressed as annual rates, interest on operating capital will require an adjustment if operating loans are repaid within less than 1 year. Policy will provide the appropriate interest rates and debt/equity ratios.

(9) **Land.** The investment value of land must reflect its current agricultural use value, which may differ from the market value. The analyst must determine whether irrigation systems, permanent plantings, or other improvement costs are to be included in the land value. If these additional investment costs are included, they must not be double counted as separate investment items. For the purpose of estimating tax expenses, the tax expense value of the land can be obtained from the County Tax Assessor’s office for the project area. In cases where a typical farm operation includes a significant amount of leased land, rental payments for those lands may be included as an expense in the analysis in lieu of ownership costs. Rental agreements can vary widely with respect to the expenses that are included in the rental payment; hence, the analyst must ensure that no double-counting of the expenses occurs.

(10) **Depreciation.** Depreciation is the reduction in an asset’s value due to use (wear and tear), age, and obsolescence. Fixed assets will be depreciated using the straight-line depreciation method over the useful life of the asset. Equipment investment value will be 60 percent of the new purchase price in the base year to account for a mix of new and used equipment. Salvage values will be estimated as a percentage of investment costs, typically 10 percent. The useful life must be adjusted to reflect the combination of new and used equipment. The impact of using the 60 percent adjustment will be observed in the equipment ownership costs rather than annual depreciation cost.

(11) **Interest.** The farm-level payment capacity analysis must include the estimated average annual interest costs that are attributed to the debt portion of capital investments. Capital investments may include land, machinery, equipment, permanent plantings, and buildings. Policy will provide the appropriate interest rates and debt/equity ratios.

(12) **Taxes.** Farm-level payment capacity analyses will reflect those tax expenses that are chargeable to the farm operation. These include, but are not limited to, property taxes, vehicle taxes, and social security taxes for hired labor. Such representative tax expenses will be limited to those specifically related to the business aspect of the farm operation. Taxes associated with the personal assets and income of the farm operator will be excluded; the analysis assumes that these
taxes are accounted for and paid from the operator's returns to management, labor, and equity rather than including them as a farm operating expense. The taxable value of assets used in the farm budget must reflect the assessed value of the asset and be consistent with the tax guidelines applicable to the study area.

(13) **Orchard, Vineyard, and Other Permanent Crop Costs.** The costs associated with establishing permanent crops, such as tree fruits, grapes, nuts, and other crops are assumed to be depreciated and financed over the production period of a permanent crop. Annual production costs will be recognized in the production period.

E. **Returns to Operator's Factors of Production.** Returns to the operator's factors of production are deducted from net farm income to determine farm-level payment capacity.

(1) **Return to Labor.** The return to the labor of the farm operator and farm operator's family is deducted from the net farm income. The farm operator's labor is typically valued at the current wage rate for supervisory farm labor in the project area. Labor performed by the farm operator's family will be valued in the same manner as hired labor.

(2) **Return to Management.** Return to management accounts for the time and effort associated with managing the farming operation. An allowance of 10 percent of net farm income is set to cover management ability over and above the supervisory labor rate. In cases where net farm income is negative, no return to management is computed.

(3) **Return to Equity.** An allowance for the return to the farm operator's equity is subtracted from net farm income. Policy will provide the appropriate interest rates and debt/equity ratios.

F. **Negative Farm-Level Payment Capacity.** For whole farm budgets, if the estimated farm-level payment capacity aggregated to the contractor is negative, the value carried forward for calculating ability-to-pay will be set to zero. Likewise, if the estimated aggregated farm-level payment capacity using an enterprise budget to represent a farm type for a single crop is negative, the value carried forward for calculating ability-to-pay will be set to zero. The aggregated farm-level payment capacity will include an estimated negative payment capacity in cases where multiple enterprise budgets are used to represent a farm type for dependent or rotational crops; however, if the aggregate estimated farm-level payment capacity is negative, the value carried forward for calculating ability-to-pay will be set to zero.

8. **Estimating Payment Capacity of Irrigation Water Uses Other than Commercial Agriculture.** A different budgeting methodology will be used to estimate revenue available
for payment of irrigation water costs generated from irrigation water uses other than commercial agriculture, based on the type of water use.

A. **Household Use.** Revenue available to pay for Reclamation project costs allocated to irrigation from the use of irrigation water for household purposes can be estimated through a household budgeting methodology.\(^5\) The following is an example of the steps that can be followed to apply the household budgeting methodology (Reclamation Technical Memorandum EC-2009-02).

(1) **Step 1:** Gather water cost information for water users in similar service areas (municipalities, water districts, or other entities) outside the area being evaluated. Similarity may be defined in terms of population served, political boundaries, geographic boundaries, or economic conditions.

(2) **Step 2:** Collect median household income, housing cost, tax payment, utility cost, insurance payment, and other necessary expense data for similar service area households outside the study area.

(3) **Step 3:** Calculate discretionary household income as the median household income less necessary household expenditures.

(4) **Step 4:** Calculate the cost paid for water per $1,000 of discretionary income for water users located in various similar service areas outside the study area but in the same region (ability-to-pay factor).

(5) **Step 5:** Apply the calculated service area ability-to-pay factors to the estimated discretionary income of households in the targeted study area as an estimate of household ability to pay. The factors applied could be the highest factor observed from the data, the factor that separates the top 10 percent of factors from the other 90 percent of factors, the median factor, or some other factor that represents maximum ability-to-pay.

B. **Industrial and Commercial Water Use.** A budgeting approach similar to the household approach discussed in the subparagraph above, using gross or net revenues in place of discretionary income, or other appropriate methodology will be employed to measure revenue available to pay for Reclamation project costs allocated to irrigation from the use of irrigation water for industrial and commercial purposes.\(^6\)

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\(^5\)Household purposes include, but are not limited to, watering lawns and ornamental shrubbery used in residential landscapes, household gardens, and pasture for animals raised for other than agricultural purposes.

\(^6\)Industrial and commercial uses of irrigation contract water include, but not are limited to, watering golf courses, lawns, and shrubbery for commercial areas and parks.
9. **Quality Control and Assurance.** The RD will ensure that all data, analyses, methodologies, and results are properly performed and documented as follows:

   A. **Supporting Documentation.** The ATP analysis will include all supporting documentation needed to evaluate in detail the underlying assumptions, data, methodologies, and adherence to this D&S.

   B. **Data Sources.** Documentation will include sufficient detail of all data sources, whether published or primary, used in the analysis.

   C. **Input Values.** Documentation will include sufficient detail to show how input values, such as prices, yields, production costs and investment values, are derived.

10. **Eligibility for WIIN Participants.** WIIN participants remain eligible to apply for aid-to-irrigation, for eligible obligations. Participation by irrigation contractors in WIIN sections 4007 and 4011 cannot be the cause for aid-to-irrigation.

   A. **Funding for WIIN (4011) Participants.** Funding for prepayment of construction costs will be considered as excess reserve in irrigation ATP calculations from the point of prepayment forward. The ATP analysis will assume no construction prepayment and that funds acquired for prepayment will be treated as excess reserves. Any subsequent ATP analyses will be built off these assumptions until the construction repayment obligation is completed.

   B. **ATP Analyses Following Irrigation Contractor Investment in WIIN Storage Projects (4007).** ATP analyses for irrigation contractors that have made an investment in storage projects will consider:

      1. The irrigation contractor’s current status with additional investment in the storage project and the benefits to the irrigation contractor. An irrigation contractor shown to be able to pay their eligible obligations with the WIIN investment will not receive any aid-to-irrigation.

      2. If the irrigation contractor does not have the ability to pay as modeled with the additional WIIN investment, then the analyst will model the operation without the WIIN investment or the benefits from that investment. Any irrigation contractor without ATP following analysis without the WIIN investment would be eligible for aid-to-irrigation, as the investment did not impact their criteria for aid-to-irrigation.

      3. Subsequent requests for ATP analyses will be based on a similar approach.
11. **Excess Reserves.** Excess reserves will be included in irrigation contractor revenues for the purpose of computing ATP, whether reserve funds are in excess of contractual or board policy requirement or result from fund acquisition for the WIIN.

12. **Appeals.** An irrigation contractor can appeal the results of ATP analysis to the regional director (RD) in accordance with Reclamation Manual (RM) Policy, *Voluntary Process for Appealing Decisions Made in the Administration of Water-Related Contracts and in the Crediting of Incidental Revenues* (PEC P15).

13. **ATP Analysis Approval Process.** The RD will manage cost-sharing agreements and budgets for ATP analyses and ensure that ATP analyses and review efforts are scheduled and coordinated for timely completion. The RD will submit the draft ATP analysis, including supporting documentation, to Policy and Programs, ensuring that ATP analyses and supporting documentation are technically adequate, conform to Federal law, and comply with all applicable RM and Departmental Manual requirements. Policy and Programs will review and verify that the assumptions and methodologies used in the analysis comply with Reclamation policy and are technically adequate and appropriate to determine the extent to which the irrigation contractor can pay its assigned share of project construction costs allocated to irrigation. A qualified Reclamation economist must be involved in the review process to verify that the payment capacity and ATP analyses follow generally accepted economic practices. Policy and Programs will document the results of the review and provide them to the originating office to resolve any areas of concern and revise the analysis accordingly. Policy and Programs will approve the ATP analysis and its findings once the originating office addresses all outstanding technical and policy concerns. Upon approval, the originating office will implement the results of the ATP analysis by incorporating the findings of the ATP analysis into the planning study or provide them to the irrigation contractor.

14. **Definitions.**

   A. **Ability-to-Pay or ATP.** ATP represents the contractor’s financial capability to pay for Reclamation project construction costs or other costs that may be eligible pursuant to project-specific authorities. It is the farm-level payment capacity aggregated to the contractor; plus other steady income available to the contractor; minus contractor expenses, OM&R costs, reserve fund requirements, and other contractual obligations such as distribution system repayment requirements, excluding Reclamation project construction costs.

   B. **Aid-to-Irrigation.** Repayment assistance to irrigation from preference hydropower and/or M&I users.

   C. **Base Year.** The last year of data included in the ATP analysis.

   D. **Commercial Agriculture.** Agricultural production that:
(1) is sufficient to support a family and pay water charges; or

(2) is large enough to reasonably provide full employment for the farm operator; or

(3) has had documented sales of agricultural products of over $1,000 in at least 4 of the last 5 years.

E. Contractor Expenses. The irrigation contractor’s recurring and expected expenditures during the period of analysis documented in their financial statements or other comparable documentation. These typically include administrative, pumping and conveyance, vehicles and equipment, insurance, and depreciation.

F. Contractor Revenues. The farm-level payment capacity aggregated to the contractor; plus other steady income available to the contractor during the period of analysis including:

(1) The payment capacity from irrigation water uses other than commercial agriculture authorized by a Reclamation water-related contract aggregated to the contractor. These uses typically include watering golf courses, lawns and ornamental shrubbery used in residential and commercial landscaping, household gardens, parks, and other recreational facilities, pasture for animals raised for personal purposes or other than commercial agricultural purposes, cemeteries and, similar uses except as incidental to commercial agriculture.

(2) Additional revenues documented in the contractor’s financial statements or other comparable documentation. These may include tax levies, interest income, custom or contract work performed by the contractor, and revenues from a contractor-owned powerplant. If the contractor has both irrigation and M&I deliveries, revenues from M&I should not be included as additional revenues.

(3) Reserve funds in excess of contractual or board policy requirements.

G. Data Period. The period of time, ending in the base year, from which historical data are collected and used for estimating results in the ATP analysis.

H. Eligible Obligations. Obligations where aid-to-irrigation is available per Reclamation law and policy. With regard to the Central Valley Project (CVP), this would be CVP construction with repayment not due by 2030 (Safety of Dams, Intertie, and limited other) and Central Valley Project Improvement Act obligations authorized for aid-to-irrigation.

I. Enterprise Budget. Estimates of annual revenues and expenses (both cash and non-cash) for a single crop; excluding Reclamation water costs.
J. **Farm-Level Payment Capacity.** The estimated residual net farm income of irrigators generated from the production and sales of commercial crops that is available to pay for Reclamation project costs allocated to irrigation, after deducting on-farm production and investment expenses, as well as appropriate allowances for management, equity, and labor.

K. **Farm Operations.** The land and on-farm buildings, equipment, and practices which contribute to the production, preparation, and marketing of crops. Farm operations may consist of one or more parcels of owned or rented land that may be contiguous or non-contiguous to each other.

L. **Farm Type.** The representation of a farm according to its operations, enterprises, and size.

M. **Irrigation Contractor.** An entity that has entered into a contract or intends to enter into a contract with Reclamation to receive irrigation water and/or other associated project benefits including project use power and in exchange pays for allocated project costs. Examples of such entities include, but are not limited to irrigation districts, mutual water companies, drainage districts, conservancy districts, tribes, and Federal and non-Federal governmental agencies.

N. **Irrigation Contract Water.** Irrigation water delivered pursuant to the provisions of a Reclamation water-related contract.

O. **Irrigation Repayment Contract.** A contract executed pursuant to subsection 9(d) of the 1939 Act or Section 4 of the WCUA to furnish water for irrigation purposes and establish the irrigation contractor’s obligations to pay annual project OM&R costs and portions of project construction costs allocated to irrigation without interest.

P. **Irrigation Water Service Contract.** A contract executed pursuant to subsection 9(e) of the 1939 Act to furnish water for irrigation purposes and establish the contractor’s associated water rates, annual project OM&R charges, and other charges as applicable.

Q. **Period of Analysis.** The period of time during which the results of the ATP analysis are implemented.

R. **Reserve Fund.** Funds set aside by a contractor to pay for unforeseen expenses such as extraordinary maintenance as required by contract or board policy.

S. **Study Area.** The geographic boundary of the analysis, which reflects the irrigation contractor’s service area.

T. **Whole Farm Budget.** Estimates of the annual expected revenues and expenses (both cash and non-cash), excluding Reclamation water costs, for the modeled farm producing multiple crops.
15. **Review Period.** The originating office will review this release every 4 years.