



— BUREAU OF —  
RECLAMATION

# CVPIA True-Up Workshop

Disposition of Stakeholder Comments

August 25, 2020

# Agenda

- Public Comments
- Cost Allocation Methodology
- Amortization
- Pool Approach and Credits
- Ability-to-Pay
- Reimbursability
- Updated DRAFT Numbers
- Next Steps

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# Comment “Buckets”

- Cost Allocation Methodology
- Amortization
- Pool Approach
- Ability-to-Pay
- Reimbursability
- Use of Other Appropriations
- General & Programmatic



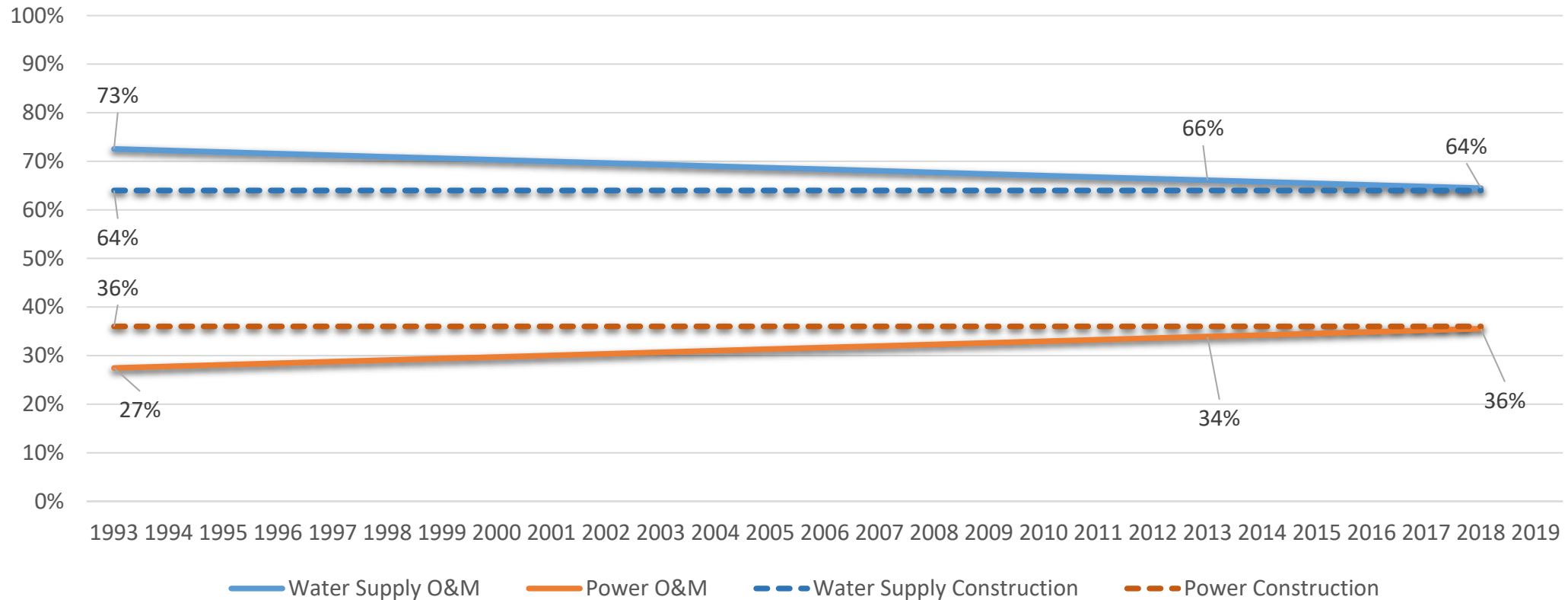


# Cost Allocation

- **Allocation of Construction Costs [No Change]:** Based on construction repayment obligations from the Final Cost Allocation Study (two-period merge);
- **Allocation of O&M Costs [Change]:** Use annual repayment obligations from historic construction allocations to allocate O&M expenditures based upon the assumptions from the Final Cost Allocation Study
- **Investment as a Proxy for Benefits [Change]:** As the Final Cost Allocation Study is complete, from Oct 2013 forward, only costs associated with new construction that result in new benefits will be used to update the annual allocation percentages between water and power



# \*DRAFT Allocation Percentages



\*Application of CAS assumptions on historical costs is ongoing, and as a result, the allocation percentages may change

\*\*Starting in FY-14, WAPA and Reclamation are currently analyzing costs to identify new construction (resulting in new benefits) versus replacements - allocation percentages from FY 2014 – FY 2018 are placeholders

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# Amortization

- **[No Change]** No amortization for either water or power (at this time) as both are in a credit situation.
- The Business Practice Guidelines do identify that Reclamation may have the flexibility to provide for extended repayment if offsetting revenues are insufficient to cover cost share obligations and a rate to collect must be established.



# Pool Approach and Credits

Pool Approach is consistent with Reclamation Law, Practice (CVPCAS), and language from the Act

- [No Change] Water Credits will remain within the Water Pool to offset future reimbursable cost-share obligations incurred under the Act.
- [Change] Power Credits will remain in Power Pool to offset future reimbursable cost-share obligations incurred under the Act. No more interim offsets due to implementation of proportionality.



# Ability-to-Pay

**[Change]** Ability-to-Pay relief is granted to covered irrigators for full or partial relief of the \$6 M&R irrigation charge (October 1992 Price Levels) , resulting in reduced water revenues into the Restoration Fund. No other entities, including Commercial Power, are responsible for covering the relieved payments.

## Rationale:

- Plain language reading of the Act
- Irrigation contractors with ATP relief under the Act, continue to have ATP relief under the Act, regardless of the type of resulting expenditures under the Act attributable to water.
- Similar to other provisos and limitations within 3407(d)(2)(A), the ATP relief provision is a limitation on assessing the M&R surcharge from certain irrigators





# Reimbursability

Fish Screens (b)(21)	<ul style="list-style-type: none"><li>• Non-Reimbursable</li><li>• “Assist the State of California” &amp; “Secretary’s Share of Costs”</li></ul>
CALFED	<ul style="list-style-type: none"><li>• Reimbursability driven by statute</li><li>• 2007 House Report language is not binding, nor mandatory</li></ul>
Research, Modeling, and Investigations	<ul style="list-style-type: none"><li>• (b)(1) – analysis needed to identify more appropriate authority such as (b)(16), (g), or PL 92-149</li><li>• 3406(c)(1) and (c)(2) are silent – look to PL 92-149</li></ul>
Beneficiary Pays	<ul style="list-style-type: none"><li>• Non-Reimbursable: Non-CVP Facilities &amp; Non-CVP Streams and Rivers</li><li>• Reimbursable: CVP Streams &amp; Rivers &amp; Delta</li></ul>
Refuge Level 2	<ul style="list-style-type: none"><li>• Reimbursable to all Project Purposes</li></ul>



# Updated DRAFT Numbers

	Water <b>Credit/Obligation</b>	Power <b>Credit/Obligation*</b>
<b>Shared with Customers (1993 - 2017)</b>	<b>(\$32M)</b>	<b>(\$24M)</b>
<i>Fish Screens: 3406(b)(21)</i>	(\$77M)	(\$43M)
<i>Refuge L2: 3406(d)(1)</i>	(\$21M)	(\$11M)
<i>San Joaquin &amp; Stanislaus: 3406(c)</i>	(\$12M)	(\$7M)
<i>3406(b)(1)</i>	TBD	TBD
<i>Aid-to-Irrigation</i>	\$11M	(\$11M)
<i>Annual O&amp;M allocation factors</i>	\$42M	(\$17M)
<b>New Totals (2017)</b>	<b>(\$87M - \$105M)</b>	<b>(\$100M - \$117M)</b>
<b>New Totals (2018)</b>	<b>(\$97M - \$113M)</b>	<b>(\$97M - \$113M)</b>
<b>New Totals (2019)</b>	<b>(\$107M - \$122M)</b>	<b>(\$112M - \$128M)</b>

\*Includes FY2018 \$10M Interim Credit for Power

\*\*Draft numbers may contain rounding errors

\*\*\*Allocation factors must be adjusted once final analysis of plant accounts are completed

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# Use of Appropriations

- [No Change] Reclamation has the Authority to use Appropriations
- [No Change] Reclamation has the requirement to collect reimbursable obligations from water and power contractors if Restoration Fund receipts are insufficient to offset water and power cost share obligations
  - Section 3410 – Authorizes Additional Appropriations
  - Section 3407(b) – Requires Offset, but does not limit water and power's cost-share obligations to upfront Restoration Fund receipts
  - Throughout the Act – various sections set forth specific reimbursability requirements for water and power contractors based upon the activities authorized



# Next Steps



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