

BRIEFING MEMORANDUM

Central Colorado Water Conservancy District – Well Augmentation Subdistrict

ISSUE:

Producers covered by the Water Augmentation Subdistrict of the Central Colorado Water Conservancy District (CCWCD) and state officials have appealed to the RMA to reconsider its position and provide prevented planting coverage to producers on acres that could not be planted and insured under an irrigated practice.

BACKGROUND:

- The 2006 crop year prevented planting insurance period for corn for producers insured in the CCWCD for the 2005 crop year began on March 15, 2005.
- In May of 2006, the decision was made to cease pumping water from wells within the Water Augmentation Subdistrict of the CCWCD.
- RMA officials contacted both the CCWCD and the Colorado Division of Water Resources for information regarding the well shut-down in an effort to determine the effect on crop insurance coverage.
- On June 29, 2006, RMA issued an Informational Memorandum stating that producers irrigating from wells covered by the Water Augmentation Subdistrict of the Central Colorado Water Conservancy District (CCWCD) would be covered for crop losses as long as they planted within their 15% irrigation quota expected before the ordered shut-down.
- RMA officials received many phone calls and letters from producers, producer organizations, and Congressional offices requesting RMA to reconsider the Informational Memorandum and provide some relief to the producers in the area.
- RMA officials agreed to review any additional data available from official sources that could support the eligibility of prevented planting for these producers.
- RMA has completed its review of the additional information provided by the CCWCD and the Colorado Division of Water Resources.

CONCLUSION:

RMA appreciates the time and effort of the CCWCD and the Division of Water Resources office in putting together additional information/data regarding the irrigation outlook for producers in the area.

We have completed our review of this data and the subsequent information provided in follow-up to our questions. At this time, we do not have sufficient information that indicates the direction provided in the June 29th Informational Memorandum should be modified.

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Additional information provided supports that snow pack and stream flow were well below average by the end of May. RMA's previous guidance recognizes this fact and provides that those producers who planted with the expectation of receiving a 15% pumping quota would be covered for crop losses due to the failure of irrigation supply. Those producers that had not planted before the plan's disapproval would be eligible for prevented planting up to their previously expected 15% quota.

Information to support that an insurable weather event occurred during the prevented planting insurance period that resulted in the request for only a 15% pumping quota was not provided. Information was provided to substantiate that had average water calls occurred during the insurance period based on long-term historic average conditions, the subdistrict would have adequate irrigation supplies. However, it has not been determined that the increased number of calls on the South Platte River were the result of weather related conditions during the insurance period.

Regarding future impacts of drought conditions, the documentation provided appears to support the conclusion that the affect on a producer's allocation cannot be definitively separated by insurance period. In situations such as this, RMA must apply provision 4.B.(3)(a)3 of the Prevented Planting Handbook, which states:

“The burden is on the producer to prove that average snow-pack/precipitation/inflow would allow production on all the intended acreage for the current crop year. When information indicating how much acreage could be planted if average snow-pack/precipitation/inflow would have occurred within the insurance period is not available, PP payments will be limited based on the number of acres prevented from being planted due to causes occurring prior to the current year's insurance period.”

Using this provision, the following example may apply:

Example of Paragraph 4.B.(3)(a) <u>3</u>									
If wells were shut down before planting in 2006					If wells were shut down after planting in 2006				
Year	Acres Intended	Allocation	Acres PP	Acres Eligible for PP Payment	Year	Acres Intended	Allocation	Acres PP	Acres Eligible for PP Payment
2005	100	40%	60	60	2005	100	40%	60	60
2006	100	15%	85	15	2006	100	15%	85	0
2007	100	0%	100	15	2007	100	0%	100	15