



United States Department of the Interior

BUREAU OF RECLAMATION
Mid-Pacific Regional Office
2800 Cottage Way
Sacramento, California 95825-1898

IN REPLY
REFER TO
MP-3000
FIN-6.00

March 12, 2007

To: Central Valley Project (CVP) Water Contractors

Subject: New Process for Trinity Public Utilities District (Trinity PUD) Assessment

Dear Water Contractor:

The purpose of this letter is to inform you of a new process for paying the Trinity PUD assessment. This new process is effective April 1, 2007.

What is the Trinity PUD assessment?

Beginning in fiscal year 2001 and thereafter, Public Law 106-377, Appendix B, Section 203 (enclosure 1) requires the Bureau of Reclamation to assess and collect \$162,000 (30 percent of \$540,000) annually, indexed for inflation, from CVP water contractors for remittance to Trinity PUD. The current indexed assessment being collected from water contractors is about \$195,000 or 11 cents per acre-foot.

Why is there a new payment process for this assessment?

Reclamation ratesetting and related accounting systems, policies, and procedures do not allow for assessment, collection, and remission of the TPUD payment without appropriation, as directed by Congress. The TPUD payment was initially paid from appropriations for the sake of urgency.

In order to effect payment in compliance with the law, Reclamation decided to issue an interim one-time bill in 2006 for two years of the TPUD payment to allow time for a permanent solution. Before the bill was issued, a Federal Register notice was published on August 10, 2006, to explain the situation and to request input.

The new payment process described in this letter begins with the payment for water delivered in March 2007. This new process was developed in consultation with the CVP Water Association (CVPWA) Financial Affairs Committee (FAC).

How and when do I pay my Trinity PUD assessment?

The Trinity PUD assessment will be made in the same manner as the CVP Improvement Act (CVPIA) restoration fund charge. Enclosure 2 is an example of a modified payment recap form which includes the Trinity PUD assessment as a separate item. Please note that the Trinity PUD assessment and the CVPIA restoration fund charge must be separately identified. This assessment should be paid on the April recap form that includes March 2007 water deliveries.

Do I need to pay the Trinity PUD assessment if I have been granted payment relief?

Yes. Ability-to-Pay relief granted for restoration fund charges or capital repayment does not apply to the assessment.

How was the assessment determined?

As stated previously, the law requires Reclamation to annually collect 30 percent of \$540,000, indexed for inflation, from CVP water contractors (The remaining 70 percent is collected from CVP power contractors). The indexed assessment is divided by the historical average of project deliveries to determine the assessment per acre foot. For the current collection period, this amount is 11 cents per acre-foot.

The assessment will be adjusted annually to account for changes in water deliveries, balances under or over collected, and the inflation index. It will be collected for water deliveries made from March 1, 2007 through February 28, 2008, in order to pay Trinity PUD in 2008. The amount to be assessed per acre-foot will be updated annually and included as a footnote to Schedule A-1 of the CVP irrigation and municipal and industrial water rate books. The legislation does not provide a termination date for the assessment.

Why is the assessment included as a monthly payment on my recap form instead of direct billing?

The law requires Reclamation to assess and collect the amount according to ratesetting practices. Consequently, we have developed a separate rate for this assessment.

Wouldn't it be simpler to include the assessment in my water service rate?

Yes, but this method would result in the deposit of the assessment into the Reclamation fund, and the funds would not be available to Reclamation to pay Trinity PUD.

What happens if I don't pay my Trinity PUD assessment?

The assessment will be billed and subject to interest and penalties if not paid on time.

Why didn't I hear about this assessment sooner?

Reclamation has been keeping water contractors informed of changes in the method for collecting this assessment in our rate books, beginning with the 2005 CVP water rate books. In the forward section of these rate books, we indicated we were no longer including the assessment as part of the water rates. As mentioned, we also published a notice in the Federal Register in August 2006 discussing the need to direct bill as an interim solution.

Reclamation alerted the CVPWA FAC to the Trinity PUD direct billing issue in November 2005 and it has been on the their agenda each month since that time. It is our understanding that CVPWA had discussed this issue with its members and represented their interests in numerous meetings with Reclamation including a separate meeting on this issue in the spring of 2006.

If you have further questions regarding how this assessment was determined, please contact Mr. Jesus Reynoso, Ratesetting Services, at 916-978-5362, or email at jreynoso@mp.usbr.gov. For all payment questions, please contact Ms. Claudine Sydnor, Accounting Services, at 916-978-5389, or email at csydnor@mp.usbr.gov. Also, you can send your questions by fax at 916-978-5392. I may be reached on 916-978-5011.

Sincerely,

/s/ Katherine Thompson

Katherine Thompson
Assistant Regional Director
For Support Services

Enclosures - 2

cc: Kirk C Rodgers
Regional Director
2800 Cottage Way
Sacramento CA 95825
(w/encl)

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1521 – I Street
Sacramento, CA 95814
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POLICY AND ADMINISTRATION

For necessary expenses of policy, administration, and related functions in the office of the Commissioner, the Denver office, and offices in the five regions of the Bureau of Reclamation, to remain available until expended, \$50,224,000, to be derived from the Reclamation Fund and be nonreimbursable as provided in 43 U.S.C. 377: *Provided*, That no part of any other appropriation in this Act shall be available for activities or functions budgeted as policy and administration expenses.

ADMINISTRATIVE PROVISION

Appropriations for the Bureau of Reclamation shall be available for purchase of not to exceed four passenger motor vehicles for replacement only.

GENERAL PROVISIONS

DEPARTMENT OF THE INTERIOR

SEC. 201. None of the funds appropriated or otherwise made available by this or any other Act may be used to pay the salaries and expenses of personnel to purchase or lease water in the Middle Rio Grande or the Carlsbad Projects in New Mexico unless said purchase or lease is in compliance with the purchase requirements of section 202 of Public Law 106-60.

SEC. 202. Funds under this title for Drought Emergency Assistance shall be made available primarily for leasing of water for specified drought related purposes from willing lessors, in compliance with existing State laws and administered under State water priority allocation. Such leases may be entered into with an option to purchase: *Provided*, That such purchase is approved by the State in which the purchase takes place and the purchase does not cause economic harm within the State in which the purchase is made.

SEC. 203. Beginning in fiscal year 2001 and thereafter, the Secretary of the Interior shall assess and collect annually from Central Valley Project (CVP) water and power contractors the sum of \$540,000 (June 2000 price levels) and remit, without further appropriation, the amount collected annually to the Trinity Public Utilities District (TPUD). This assessment shall be payable 70 percent by CVP Preference Power Customers and 30 percent by CVP Water Contractors. The CVP Water Contractor share of this assessment shall be collected by the Secretary through established Bureau of Reclamation (Reclamation) Operation and Maintenance ratesetting practices. The CVP Power Contractor share of this assessment shall be assessed by Reclamation to the Western Area Power Administration, Sierra Nevada Region (Western), and collected by Western through established power ratesetting practices.

SEC. 204. (a) IN GENERAL.—For fiscal year 2001 and each fiscal year thereafter, the Secretary of the Interior shall continue funding, from power revenues, the activities of the Glen Canyon Dam Adaptive Management Program as authorized by section 1807 of the Grand Canyon Protection Act of 1992 (106 Stat. 4672), at not more than \$7,850,000 (October 2000 price level), adjusted in subsequent years to reflect changes in the Consumer Price Index

Bureau of Reclamation Payment Recap					
DAR No.: 12-2006-15			Contract #:		
Date Received: 12/02/2006			Payment Amount: 2,639.60		
Check #: 005756					
Check Date: 11/30/2006			Contractor Name: Porterville Irrigation Dist.		
	MO/YR	A.F.	\$/A.F.	Other	Total
Contract Payments-Class 1					
Irrigation					
Monthly Assessment Trinity PUD:					
Irrigation Payment	Jan-07	60	0.11		6.60
M & I Payment	Jan-07	70	0.11		7.70
SAMPLE					
Restoration Fund Payment					
Restoration Payments-Irrigation	Jan-07	60	8.58		514.80
Restoration Payments- M&I	Jan-07	70	17.15		1,200.50
					-
Friant Surcharge-Irrigation	Jan-07	60	7.00		420.00
Friant Surcharge- M & I	Jan-07	70	7.00		490.00
					-
					-
					-
Total Remitted					2,639.60