

**Bureau of Reclamation, Mid-Pacific Region Business Practice Guidelines**  
**for**  
**Accounting for Central Valley Project (CVP)**  
**Water Transfers**

## **1.0 Purpose**

The purpose of these guidelines is to define a step-by-step process for accounting for CVP Project water transfers between CVP water contractors.

## **2.0 Scope**

These guidelines apply to CVP contractors under water service, water right settlement contracts or exchange contracts. These guidelines are effective as of May 15, 2008. These guidelines were implemented and used in draft form during the period March 1, 2007 through May 14, 2008.

## **3.0 Authorities and References**

- a. Central Valley Project Improvement Act (CVPIA)
- b. Irrigation Water Ratesetting Policy, 1988
- c. Municipal & Industrial (M&I) (Interim) Water Ratesetting Policy, 1993
- d. Policy on Water Rates for Water Transfers from One CVP Contractor to Another CVP Contractor, April 28, 2005
- e. Interim Water Transfers Procedure Guide
- f. Revenue Application Policy for Water Transfers (in progress by MP 3400)
- g. Reclamation Reform Act (Full Cost Water Rates)
- h. Reclamation Wide Transfer Policy (Reclamation Manual/Policy WTR P02)

## **4.0 Expiration**

These guidelines supplement but do not replace related U.S. Department of the Interior and Reclamation-wide policies, directives, and standards. The guidelines supersede all previous regional administrative guidance on this subject and will remain in effect until formally revised or rescinded.

## **5.0 Contacts**

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Ratesetting Services Manager, 916-978-5367, [ywesson@mp.usbr.gov](mailto:ywesson@mp.usbr.gov)  
Resources Manager, 916-978-5201, [rwoodley@mp.usbr.gov](mailto:rwoodley@mp.usbr.gov)  
All located at 2800 Cottage Way, Sacramento CA 95825

## 6.0 Definitions

- a. **Ability-to-Pay:** Provision of Reclamation Law (authorized by the Act of June 17, 1902, as that statute has been amended and supplemented by among other statues, the Reclamation Project Act of August 4, 1939, as it relates to the repayment of the project construction costs allocated to irrigation and section 3407 (d)(2)(A) of the Central Valley Project Improvement Act (CVPIA), Title XXXIV of the Projects and Authorization Adjustment Act of October 30, 1992, as it relates to the payment of Restoration Fund (RF) charges) that permits irrigation contractors to apply for relief from their capital repayment obligations and restoration fund charges based upon an economic analysis of their ability to meet that obligation. The analysis determines the portion of the net farm income attributable to the off farm water supply (supplies) after allowances have been made for returns to farm investment, farm family labor, and management.
- b. **Conveyance Pumping Component:** The conveyance pumping capital cost components include the costs of the main Project pumping facilities used to move irrigation and M&I water through the Project: Corning Pumping Plant, Dos Amigos Pumping Plant, O'Neill Pumping-Generating Plant, and the Tracy Pumping Plant. Separate allocable capital costs per acre-foot are computed for each of the pumping plants and those costs per acre-foot are assigned to contractors whose water is pumped through these pumping plants. As of 2006, there were no allocable costs per acre-foot for O&M (including project use energy) as these costs are recovered by separate agreements with water authorities.
- c. **Cost of Service Water Rates:** The term "cost of service water rates" means the annual rate for irrigation and M&I water established pursuant to the then applicable water ratesetting policies which will recover all costs assigned to the irrigation and M&I water supply functions, respectively, within the established repayment period. This includes recovery from each contractor, within the authorized repayment period, of applicable: (1) annual O&M costs; (2) interest costs; (3) capital investment costs; and (4) O&M deficit balances.
- d. **Direct Pumping Component:** In most instances, the direct pumping O&M and capital cost components are based on the costs associated with re-lift pumping plants (the exception being Gianelli PGP). These plants pump water exclusively for specific contractors. These facilities were constructed by Reclamation and are now operated and maintained by the local water districts whose water they pump. Project use energy is a component of both direct pumping allocable O&M and capital costs per acre-foot.
- e. **Exchange Contractors:** After completion of the Friant Dam, the United States has been and is storing and diverting said reserved waters of the San Joaquin River for use within and without the watershed of said river by others than Central California Irrigation District, Columbia Canal Company, San Luis Canal Company, Firebaugh Canal Company (Exchange Contractors), and has been and is supplying the Exchange Contractors in lieu of such waters with substitute water from the Sacramento River, the Sacramento-San Joaquin

Delta , and other sources through the Delta-Mendota Canal of said Project and by other means.

- f. **Full Cost Lands:** Eligible nonexempt land directly or indirectly owned or leased that exceeds the non full-cost entitlement and may receive Reclamation irrigation water only at the full cost rate. Nonexempt land means either irrigation land or irrigable land that is subject to the acreage limitation provisions of the Reclamation Reform Act.
- g. **Recapture of O&M:** In certain instances where a settlement contractor has been granted ability-to-pay relief, transferring project water in excess of that used can result in a change in the contractor's ability-to-pay (transferor's rate). This has been identified as recapture of O&M in the applicable contractor's "Results of the Ability-to-pay Analysis" letter. Any increase in ability to pay will be collected at the time of the transfer. Consult the Agricultural Economist in the Ratesetting Branch or read the contractor's letters to determine which contractors would be impacted. The transferor's rate will be calculated by the Agricultural Economist in the Ratesetting Branch when appropriate.
- h. **Renewed Contracts:** Water service or Sacramento River Settlement contracts which have been renewed after passage of the CVPIA or which have been replaced by an Interim Renewal Contract which provides that the rate for transferred water shall be the transferor's cost of service rate plus incremental costs are referred to as "renewed contracts". Renewed contracts, for purposes of these guidelines, also include the four San Joaquin River settlement contracts and the Mendota Pool settlement contracts<sup>1</sup>.

## 7.0 Roles and Responsibilities

- a. **Resources Management. The Resources Management Office is responsible for:**
  - 1. Providing overall CVP policy on rates for water transfers.
  - 2. Promptly informing area and field offices, the Ratesetting Office, and Accounting Office of long-term transfer agreements.
- b. **Area and Field Offices. These offices are responsible for:**
  - 1. Calculating the appropriate water transfer rates and charges using these guidelines.
  - 2. Developing and retaining appropriate documentation supporting each transfer.
  - 3. Recording water transfers in the Bureau of Reclamation's Water Operations and Recordkeeping System (BOR-WORKS) in the month after the transfer occurred.

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<sup>1</sup> Under the Interim Water Acquisition Program agreement between the United States (U.S.) and the Exchange Contractors, dated June 3, 2006, the transferor pays on behalf of the Exchange Contractors. Since the Exchange Contractors do not have a payment responsibility for their substitute water, the Exchange Contractor 5-year transfer activity agreement participants and Madera Irrigation District shall pay directly to Reclamation the applicable water rate(s) for any additional facility services required to effectuate the transfer.

4. Using the regional CVP transfer form, Exhibit D, to identify rates and charges associated with the transfer. Copies must be provided to regional Resource Manager, Accounting Officer, and Ratesetting Manager within 5 business days of transfer approval.
  5. Ensuring that Resources Manager and Financial Management Division are informed of short-term transfer agreements.
- c. **Ratesetting Services is responsible for:**
1. Developing allocable rates per acre-foot and ability-to-pay relief rates.
  2. Accounting for and applying water transfer revenues.
  3. Performing quality assurance reviews of water transfer rates to ensure they are accurate.
  4. Ensuring guidance for accounting for water transfers is complete and up-to-date.
- d. **Accounting Services is responsible for:**
1. Accounting for payments for the water transfers.
- e. **Contractors are responsible for:**
1. Requesting approval for and transferring water according to contract terms and conditions, and with terms and conditions delineated in the approval letter.

## **8.0 Principles**

These guidelines are intended to provide the area offices, field offices, and the Financial Management Division with the guidance necessary to consistently and accurately account for water transfers between CVP contractors water under water service, repayment, Settlement, and Exchange contracts. Concerns not addressed in these guidelines should be brought to the attention of the Financial Manager.

## **9.0 Process for Determining Rates and Charges and Responsibility for their Payment**

Water rates and charges are determined through these guidelines. These instructions supplement the *Final Policy on Water Rates for Water Transfers from One CVP Contractor to Another CVP Contractor*, dated April 28, 2005.

Responsibility for Payments of all Reclamation rates and charges, except for full-cost interest as previously noted, associated with transferred water are the responsibility of the transferor. Payment of all conveyance O&M (including project use power) rates and charges are the responsibility of the transferor or transferee consistent with the policies and procedures of the responsible non-federal operating entity(ies).

## 9.1 Determining Water Rates and Charges for Renewal Contractors

Generally, the water transfer rate is the transferor's cost of service rate adjusted to reflect the additional services provided and reduced for direct pumping O&M services not used.

- a. **Determining additional services:** Additional services are costs incurred for use of Reclamation facilities and services that would not otherwise occur absent the transfer.

They may include, but are not limited to, additional operations and maintenance costs for:

- Storage
- Direct pumping
- Conveyance (Folsom-South Canal only), and
- Conveyance pumping (South of Delta transfers related to Dos Amigos pumping for Cross Valley Canal contractors and potentially Tracy pumping if the water is moved via Article 55)

certain additional capital costs for:

- Storage
- Conveyance
- Conveyance pumping, and
- Direct pumping.

Capital costs do not include San Luis Drain capital.<sup>2</sup> Reclamation reserves the right to assess appropriate fees (based on CVP reimbursable costs not included in the rate calculations) when there are special services that are not captured in standard transfer allocable costs per acre-foot components.

- b. **Identifying reduced services.** Reduced services are direct pumping operations and maintenance costs<sup>3</sup>. A reduction in the use of a capital facility will not constitute a reduction in service for the purposes of determining a water transfer rate as they are fixed costs to be recovered regardless of the transfer action.
- c. **Other factors.** Other factors that must be considered include whether or not:
- (1) the contractor has an ability-to-pay limitation;
  - (2) tiered pricing applies;
  - (3) the water to be transferred is being applied to lands subject to payment at the full cost rate;
  - (4) a Friant surcharge is applicable; and
  - (5) a Restoration Fund payment is applicable.

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<sup>2</sup> This is a revision from the April 28, 2005 policy on water rates for water transfers.

<sup>3</sup> Water authorities incur conveyance pumping O&M costs.

## **9.2 Determining Transfer Rate**

Two decision trees have been created for use in determining the appropriate transfer rate. Exhibit A is the decision tree applicable to transferors who have entered into a renewal contract. Exhibit B is the decision tree applicable to transferors who have not executed a renewal contract.

Each exhibit is followed by a series of tables within which are the technical instructions for determining the appropriate transfer rate. Listed below is a summary of the tables.

Exhibit A – Transferor is a renewal contractor

| <u>Table</u> | <u>Transferor</u> | <u>Transferee</u> |
|--------------|-------------------|-------------------|
| A-1          | Irrigation        | Irrigation        |
| A-2          | Irrigation        | M&I               |
| A-3          | M&I               | M&I               |
| A-4          | M&I               | Irrigation        |

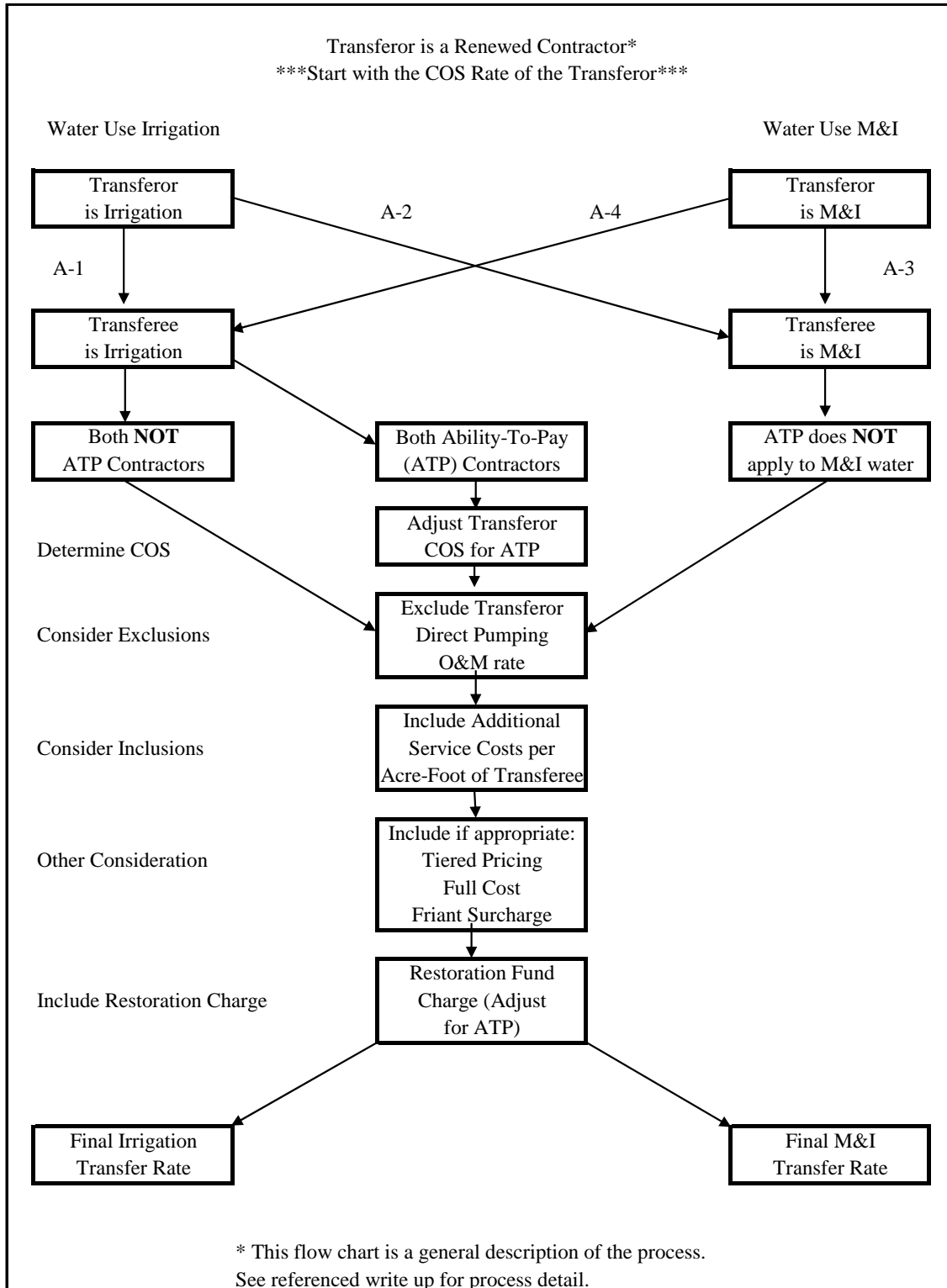
Exhibit B – Transferor is not a renewal contractor

| <u>Table</u> | <u>Transferor</u> | <u>Transferee</u> |
|--------------|-------------------|-------------------|
| B-1          | Irrigation or M&I | Irrigation        |
| B-2          | Irrigation or M&I | M&I               |

Exhibit C provides examples for calculating water transfer rates.

Exhibit D is the water transfer form.

**Exhibit A**



Transferor: Irrigation, Renewed Contract

Transfer Purpose: Irrigation

Are Both  
Contractors  
ATP?

**WORKSHEET DEVELOPMENT:** Develop a worksheet for the proposed transfer and identify the transferor's cost of service rate.

Do both the transferor and transferee have ability to pay relief?

**Note: Ability to Pay relief does not apply to Full Cost lands.**

1. Yes. Do steps a through g below (See Exhibit C, Examples 1 and 2) and consider Recapture of O&M (see definition). If No, go to number 2.
  - a. Develop a worksheet and identify the transferors cost of service rate.
    - i. Determine capital relief of the transferor's rate as follows:
      - (a) If both the transferor and transferee have full capital and restoration fund relief, the transferor's allocable capital cost per acre-foot and the restoration fund charge is relieved in full;
      - (b) If one or both have partial relief, the greater of the sum of the capital cost per acre-foot and restoration fund charge paid by either contractor will be applied to the transfer water to the extent of the allocable capital cost per acre-foot of the transferor plus restoration fund charge. If there is any remaining to be relieved, the amount relieved is to the restoration fund charge then, if any remains, to the allocable capital cost per acre-foot of the transferor.
  - b. Does the transfer require additional CVP services?
    - i. No. Do not include allocable costs per acre-foot components for additional services.
    - ii. Yes. Identify allocable costs per acre-foot components for additional services used, and include an additional allocable cost per acre-foot component for each identified additional facility used through Irrigation water ratebook schedule A-2Bb (Capital) and A-2A (Operation and Maintenance). Additional allocable costs per acre-foot components should reflect costs per acre-foot components of the transferee.
      - (a) Do not include allocable costs per acre-foot components for the San Luis Drain capital cost and Kesterson clean-up costs as additional services.

Additional  
Services?



- (b) Include direct pumping capital as an additional component (This component could also be reflected in the transferor's cost of service rate as it is a fixed cost to be recovered regardless of the transfer action).

Fewer O&M  
Services?

- c. Does the transfer require fewer CVP O&M services?
  - i. No.
    - (a) Do not deduct any components from the transferor's rate.
    - (b) Do not deduct San Luis Drain Kesterson cleanup costs.
  - ii. Yes. Deduct appropriate O&M services. Supporting documentation is needed to document actual financial savings realized by the United States as a result of the transfer.
    - (a) Deduct direct pumping O&M allocable costs per acre-foot component of the transferor as identified on schedule A-2A of the Irrigation water ratebook.

Fewer Capital  
Services?

- d. Does the transfer require fewer CVP capital services?
  - i. No. No adjustments are made as these are fixed costs.
  - ii. Yes. No adjustments are made as these are fixed costs.

Tiered Water  
Rates?

- e. Do tiered water rates apply to transferor's water? (tiered water rates are not applicable for Sacramento River Settlement Contractors).
  - i. No. Do not add tiered water rates.
  - ii. Yes. Add the appropriate tiered irrigation water rates, dependent upon the applicable tier (Consult the long-term contract, Exhibit B, for the applicable rate. This exhibit is updated annually. If uncertain whether tiered charges apply, the tiered rate will be included in approval letter and accounted for when water is transferred).

Water on Full  
Cost Lands?

- f. Is the transferred water being delivered to full cost lands?
  - i. No. Full cost interest rates do not apply.
  - ii. Yes. In addition to the costs determined above, the transferee is required to pay interest on all capital. That interest amount shall equal the transferee's full cost rate less the payment requirements determined in steps a through e, above. These costs apply and are to be paid by the transferee the month after delivery.

Restoration?

- g. Apply current Irrigation Restoration Fund Charge to the extent of partial or full ATP for the transferee. Refer to Section 1.a.(i)(a) and (b) for determination of the Restoration Fund charge.

Friant  
Surcharge?

- h. Is the water being diverted from the Friant-Kern Canal, Madera Canal or Millerton Reservoir?
  - i. No. Friant surcharge does not apply.
  - ii. Yes. Friant surcharge applies. (There is no relief from the Friant surcharge based on legislative authority.).

Trinity PUD  
Assessment

- i. Apply the Trinity Public Utility District Assessment on delivered water as identified in the letter to CVP water users dated March 12, 2007.

Do both the transferor and transferee have ability to pay relief?

Are Both  
Contractors  
ATP?

- 2. No. Do steps a through h below (See Exhibit C, Examples 3 through 5) and consider Recapture of O&M (see definition).
  - a. Develop a worksheet for the proposed transfer and identify the transferor's cost of service rate.

Additional  
Services?

- b. Does the transfer require additional CVP services?
  - i. No. Do not include allocable costs per acre-foot components for additional services.
  - ii. Yes. Identify allocable costs per acre-foot components for additional services used, and include an additional allocable cost per acre-foot component for each identified additional facility used through Irrigation water ratebook schedule A-2Bb (Capital) and A-2A (Operation and Maintenance). Additional allocable costs per acre-foot components should reflect costs per acre-foot components of the transferee.
    - (a) Do not include allocable costs per acre-foot components for the San Luis Drain capital cost and Kesterson clean-up costs as additional services.
    - (b) Include direct pumping capital as an additional component (This component could also be reflected in the transferor's cost of service rate as it is a fixed cost to be recovered regardless of the transfer action.)

Fewer O&M  
Services?

- c. Does the transfer require fewer CVP O&M services?
  - i. No.
    - (a) Do not deduct any components from the transferor's rate.
    - (b) Do not deduct San Luis Drain Kesterson cleanup costs.
  - ii. Yes. Deduct appropriate O&M services. Supporting documentation is needed to document actual financial savings realized by the United States as a result of the transfer.

- (a) Deduct direct pumping O&M allocable costs per acre-foot component of the transferor as identified on schedule A-2A of the Irrigation water ratebook.

Fewer Capital Services?

- d. Does the transfer require fewer CVP capital services?
  - i. No. No adjustments are made as these are fixed costs.
  - ii. Yes. No adjustments are made as these are fixed costs.

Tiered Water Rates?

- e. Do tiered water rates apply to transferor's water? (tiered water rates are not applicable for Sacramento River Settlement Contractors)
  - i. No. Do not add tiered water rates.
  - ii. Yes. Add the appropriate tiered irrigation water rates, dependent upon the applicable tier (Consult the long-term contract, Exhibit B, for the applicable rate. This exhibit is updated annually. If uncertain whether tiered charges apply, the tiered rate will be included in approval letter and accounted for when water is transferred).

Water on Full Cost Lands?

- f. Is the transferred water being delivered to full cost lands?
  - i. No. Full cost interest rates do not apply.
  - ii. Yes. In addition to the costs determined above, the transferee is required to pay interest on all capital. That interest amount shall equal the transferee's full cost rate less the payment requirements determined in steps a through e, above. These costs apply and are to be paid by the transferee the month after delivery.

Restoration?

- g. Apply current irrigation Restoration Fund charge.

Friant Surcharge?

- h. Is the water being diverted from the Friant-Kern Canal, Madera Canal, or Millerton Reservoir?
  - i. No. Friant surcharge does not apply.
  - ii. Yes. Friant surcharge applies.

Trinity PUD Assessment

- i. Apply the Trinity Public Utility District Assessment on delivered water as identified in the letter to CVP water users dated March 12, 2007.

**Transferor: Irrigation, Renewed Contract**  
**Transfer Purpose: M&I**

Does the transferor have an M&I cost of service water rate?

M&I Cost  
of Service  
Water Rate

1. Yes. Start with the Transferor's M&I Cost of Service Water Rate from M&I Sch A-1 and do steps a through g below (See Exhibit C, Example 6). If No, go to number 2.

- a. Develop a worksheet for the proposed transfer and identify the transferor's M&I cost of service rate.

Additional  
Services?

- b. Does the transfer require additional CVP services?
  - i. No. Do not include rate components for additional services.
  - ii. Yes. Identify allocable costs per acre-foot components for additional services used, and include an additional allocable cost per acre-foot component for each identified additional facility used through the Special water ratebook, Schedule TR-1 (Capital) and M&I water ratebook, Schedule A-2A (Operation and Maintenance). Additional allocable costs per acre-foot components should reflect cost per acre-foot components of the transferee.
    - (a) Do not include allocable costs per acre-foot components for the San Luis Drain capital cost or Kesterson clean-up costs as additional services.
    - (b) Include direct pumping capital as an additional component (This component will also be reflected in the transferor's rate as it is a fixed cost to be recovered regardless of the transfer action).

Fewer O&M  
Services?

- c. Does the transfer require fewer CVP O&M services?
  - i. No.
    - (a) Do not deduct any components from the transferor's rate.
    - (b) Do not deduct San Luis Drain Kesterson cleanup costs.
  - ii. Yes. Deduct appropriate O&M services. Supporting documentation is needed to document actual financial savings realized by the United States as a result of the transfer.
    - (a) Deduct direct pumping O&M component of the transferor as identified on Schedule A-2A of the Irrigation water ratebook.

Fewer Capital  
Services?

- d. Does the transfer require fewer CVP capital services?
  - i. No. No adjustments are made as these are fixed costs.
  - ii. Yes. No adjustments are made as these are fixed costs.

Tiered Water Rates?

- e. Do tiered water rates apply to transferor's water? (Tiered Water Rates are not applicable for Sacramento River Settlement Contractors)
  - i. No. Do not add tiered water rates.
  - ii. Yes. Add the appropriate M&I tiered water rate, dependent upon the applicable tier. (Consult the long-term contract, Exhibit B, for the applicable rate. This exhibit is updated annually.). If uncertain whether tiered charges apply, the tiered rate will be included in approval letter and accounted for when water is transferred.

Restoration?

- f. Apply current M&I Restoration Fund Charge.

Friant Surcharge?

- g. Is the water being diverted from the Friant-Kern Canal, Madera Canal, or Millerton Reservoir?
  - i. No. Friant surcharge does not apply.
  - ii. Yes. The Friant surcharge applies.

Trinity PUD Assessment

- h. Apply the Trinity Public Utility District Assessment on delivered water as identified in the letter to CVP water users dated March 12, 2007.

Does the transferor have an M&I cost of service water rate?

Temporary  
Water Rate

2. No. Determine a temporary M&I water rate using the Special Water Ratebook that includes the same components as the transferor's irrigation water. Do steps a through g below (See Exhibit C, Example 7).

a. Develop a worksheet for the proposed transfer and identify the transferor's M&I cost of service rate.

b. Does the transfer require additional CVP services?

i. No. Do not include allocable costs per acre-foot components for additional services.

ii. Yes. Identify the allocable costs per acre-foot components for additional services used, and include allocable costs per acre-foot components for each identified additional facility used through the Special water ratebook, Schedule TR-1 (Capital) and M&I water ratebook, Schedule A-2A (Operation and Maintenance). Additional allocable costs per acre-foot components should reflect allocable costs per acre-foot components of the transferee.

(a) Do not include allocable costs per acre-foot components for the San Luis Drain capital cost and Kesterson clean-up costs as additional services.

(b) Include direct pumping capital as an additional component (Direct pumping capital will also be reflected in the transferor's rate, as they are fixed costs to be recovered regardless of the transfer action).

c. Does the transfer require fewer CVP O&M services?

i. No.

(a) Do not deduct any components from the transferor's rate.

(b) Do not deduct San Luis Drain Kesterson cleanup costs

ii. Yes. Deduct appropriate O&M services. Supporting documentation is needed to document actual financial savings realized by the United States as a result of the transfer.

(a) Deduct direct pumping O&M allocable costs per acre-foot component of the transferor as identified on Schedule A-2A of the Irrigation water ratebook.

d. Does the transfer require fewer CVP capital services?

i. No. No adjustments are made as these are fixed costs.

ii. Yes. No adjustments are made as these are fixed costs.

e. Do tiered water rates apply to transferor's water? (Tiered water rates are not applicable for Sacramento River Settlement Contractors)

i. No. Do not add tiered water rates.

Additional  
Services?

Fewer O&M  
Services?

Fewer Capital  
Services?

Tiered Water  
Rates?

- ii. Yes. Add the appropriate tiered M&I water rate, dependent upon the applicable tier. (Refer to the Special water rates, Schedule TR-2 for the applicable rate. This Schedule is updated annually.) If uncertain whether tiered charges apply, the tiered rate will be included in approval letter and accounted for when water is transferred.

Restoration?

- f. Apply current M&I Restoration Fund Charge.

Friant  
Surcharge?

- g. Is the water being diverted from the Friant-Kern Canal, Madera Canal, or Millerton Reservoir?
  - i. No. Friant surcharge does not apply.
  - ii. Yes. Friant surcharge applies.

Trinity PUD  
Assessment

- h. Apply the Trinity Public Utility District Assessment on delivered water as identified in the letter to CVP water users dated March 12, 2007.

**Transferor: M&I, Renewed Contract**  
**Transfer Purpose: M&I**

Start with the transferor's M&I cost of service water rate.

M&I Cost  
of Service  
Water Rate

Additional  
Services?

- a. Develop a worksheet for the proposed transfer and identify the transferor's M&I cost of service rate (See Exhibit C, Example 8).
- b. Does the transfer require additional CVP services?
  - i. No. Do not include allocable costs per acre-foot components for additional services.
  - ii. Yes. Identify the allocable costs per acre-foot components for additional services used, and include allocable costs per acre-foot components for each identified additional facility used through the Special water ratebook, Schedule TR-1 (Capital) and M&I water ratebook Schedule A-2A (Operation and Maintenance). Additional costs per acre-foot components should reflect allocable costs per acre-foot components of the transferee.
    - (a) Do not include allocable costs per acre-foot components for the San Luis Drain capital cost or Kesterson clean-up costs as incremental charges.
    - (b) Include Direct Pumping capital as an additional component (Direct pumping capital will also be reflected in the transferor's rate as they are fixed costs to be recovered regardless of the transfer action.).

Fewer O&M  
Services?

- c. Does the transferor require fewer CVP O&M services?
  - i. No. Do not deduct any components from the transferor's rate.
  - ii. Yes. Deduct appropriate O&M services. Supporting documentation is needed to document actual financial savings realized by the United States as a result of the transfer.
    - (a) Deduct direct pumping O&M allocable costs per acre-foot component of the transferor as identified on Schedule A-2A of the M&I water ratebook.

Fewer Capital  
Services?

- d. Does the transfer require fewer CVP capital services?
  - i. No. No adjustments are made as these are fixed costs.
  - ii. Yes. No adjustments are made as these are fixed costs.

Tiered Water  
Rates?

- e. Do tiered water rates apply to transferor's water?
  - i. No. Do not add tiered water rates.
  - ii. Yes. Add the appropriate tiered M&I water rate, dependent upon the applicable tier (Consult the long term contract, Exhibit B, for the applicable rate. This exhibit is updated annually.). If uncertain whether



tiered charges apply, the tiered rate will be included in approval letter and accounted for when water is transferred.

Restoration?

f. Apply current M&I Restoration Fund Charge.

Friant  
Surcharge?

g. Is the water being diverted from the Friant-Kern Canal, Madera Canal, or Millerton Reservoir?

i. No. Friant surcharge does not apply.

ii. Yes. Friant surcharge applies.

Trinity PUD  
Assessment

h. Apply the Trinity Public Utility District Assessment on delivered water as identified in the letter to CVP water users dated March 12, 2007.

**Transferor:** M&I, Renewed Contract  
**Transfer Purpose:** Irrigation Contractor

Start with the transferor's M&I cost of service water rate.

M&I Cost of  
Service Water Rate

a. Develop a worksheet for the proposed transfer and identify the transferor's M&I cost of service rate (See Exhibit C, Example 9).

Additional  
Services?

- b. Does the transfer require additional CVP services?
- i. No. Do not include allocable costs per acre-foot components for additional services.
  - ii. Yes. Identify allocable costs per acre-foot components for additional services used, and include an additional allocable costs per acre-foot component for each identified additional facility used through Irrigation water ratebook schedule A-2Bb (Capital) and A-2A (Operation and Maintenance). Additional allocable costs per acre-foot components should reflect allocable costs per acre-foot components of the transferee.
    - (a) Do not include allocable costs per acre-foot components for the San Luis Drain capital cost or Kesterson clean-up costs as additional services.
    - (b) Include Direct Pumping capital as an additional component (This components will also be reflected in the transferor's rate, as they are fixed costs to be recovered regardless of the transfer action).

Fewer O&M  
Services?

- c. Does the transfer require fewer CVP O&M services?
- i. No. Do not deduct any components from the transferor's rate.
    - (a) Do not deduct San Luis Drain Kesterson cleanup costs.
  - ii. Yes. Deduct appropriate O&M services. Supporting documentation is needed to document actual financial savings realized by the United States as a result of the transfer.
    - (a) Deduct direct pumping O&M allocable cost per acre-foot component of the transferor as identified on Schedule A-2A of the M&I water ratebook.

Fewer Capital  
Services?

- d. Does the transfer require fewer CVP capital services?
- i. No. No adjustments are made as these are fixed costs.
  - ii. Yes. No adjustments are made as these are fixed costs.

Tiered Water Rates?

- e. Do tiered water rates apply to transferor's water?
  - i. No. Do not add tiered water rates.
  - ii. Yes. Add the appropriate tiered M&I rate, dependent upon the applicable tier (Consult the long term contract, Exhibit B, for the applicable M&I rate. This exhibit is updated annually.). If uncertain whether tiered charges apply, the tiered rate will be included in approval letter and accounted for when water is transferred.

Water on Full Cost Lands?

- f. Is the transferred water being delivered to Full Cost lands?
  - i. No. Full Cost interest rates do not apply.
  - ii. Yes. In addition to the costs determined above, the transferee is required to pay interest on all capital. That interest amount shall equal the transferee's full cost rate less the payment requirements determined in steps a through e, above. These costs apply to and are to be paid by the transferee the month after delivery.

Restoration?

- g. Apply current Irrigation Restoration Fund Charge.

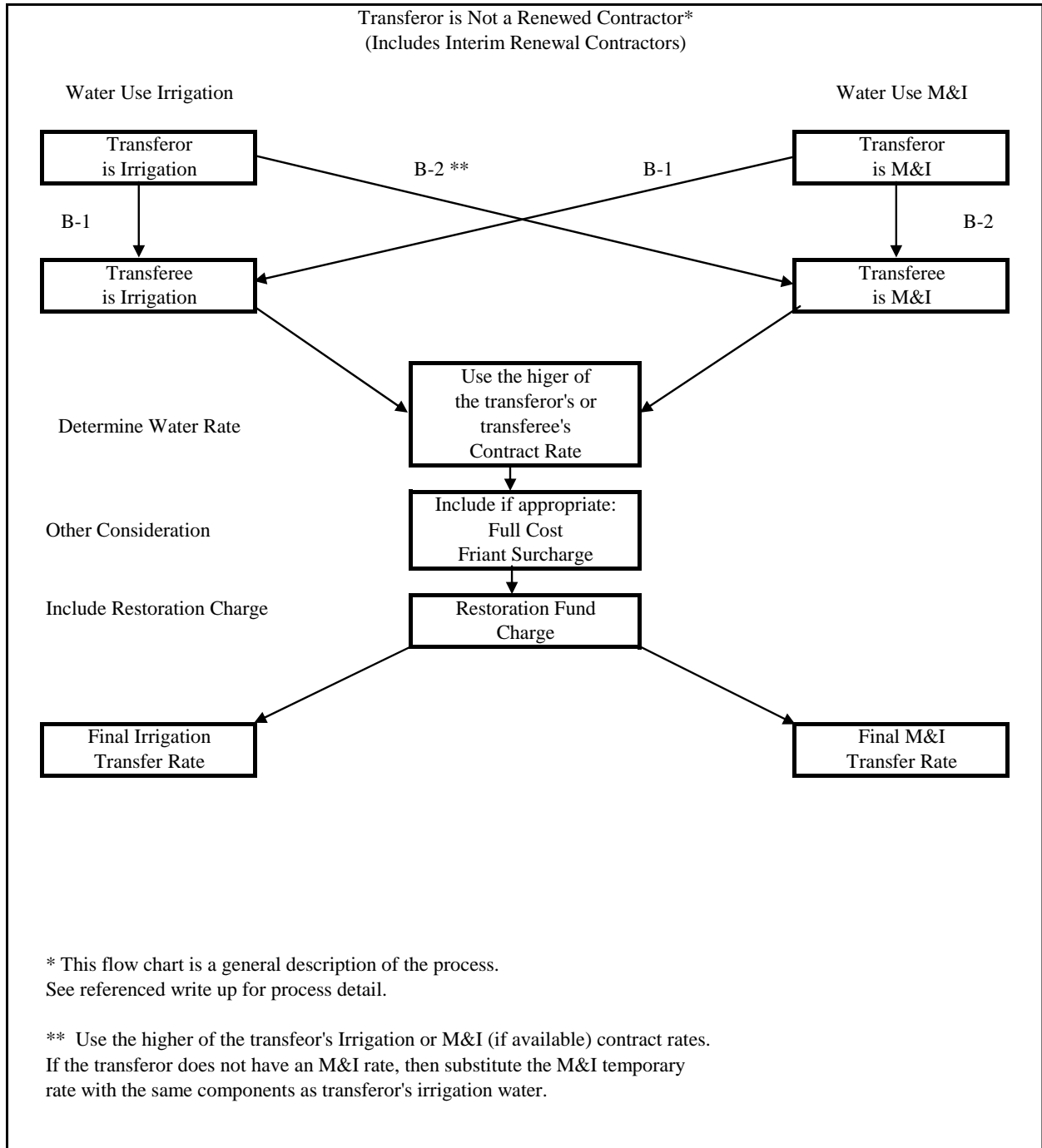
Friant Surcharge?

- h. Is the water being diverted from the Friant-Kern Canal, Madera Canal, or Millerton Reservoir?
  - i. No. Friant surcharge does not apply.
  - ii. Yes. Friant surcharge applies.

Trinity PUD Assessment

- i. Apply the Trinity Public Utility District Assessment on delivered water as identified in the letter to CVP water users dated March 12, 2007.

**Exhibit B**



**Transferor:** Irrigation or M&I - Not a Long Term Contractor  
(For Exchange Contractors, Use Exhibit A)

**Transfer Purpose:** Irrigation

Is the Transferor an irrigation or M&I Contractor? If irrigation, proceed to the following steps below (See Exhibit C, Example 10). If M&I, go to number 2.

1. Transferor is an Irrigation contractor.
  - a. Use the higher of the two irrigation contract rates.
  - b. Is the transferee putting the water on Full Cost Lands?
    - i. No. Full cost interest rates do not apply.
    - ii. Yes. Transferee is subject to transferee's full cost rate. (Irrigation Schedule A-3A). The transferee must pay the increment between transferee's full cost rate and the rate identified in step 1.a. above. If the Full Cost Water rate is less than the water rate in step 1.a., there is no incremental charge. These costs apply to and are to be paid by the transferee the month after delivery.
  - c. Apply current Irrigation Restoration Fund Charge.
  - d. Is the water being diverted from the Friant-Kern Canal, Madera Canal, or Millerton Reservoir?
    - i. No. Friant surcharge does not apply.
    - ii. Yes. Friant surcharge applies.
  - e. Apply the Trinity Public Utility District Assessment on delivered water as identified in the letter to CVP water users dated March 12, 2007.

Water on  
Full Cost Lands?

Restoration?

Friant  
Surcharge?

Trinity PUD  
Assessment

Water on  
Full Cost Lands?

Restoration?

c. Apply current Irrigation Restoration Fund Charge.

Friant  
Surcharge?

d. Is the water being diverted from the Friant-Kern Canal, Madera Canal, or Millerton Reservoir?

- i. No. Friant surcharge does not apply.
- ii. Yes. Friant surcharge applies.

Trinity PUD  
Assessment

h. Apply the Trinity Public Utility District Assessment on delivered water as identified in the letter to CVP water users dated March 12, 2007.

**Transferor:** Irrigation or M&I - Not a Long Term Contractor  
(For Exchange Contractors, Use Exhibit A)  
**Transfer Purpose:** M&I

Is the Transferor an irrigation or M&I Contractor? If irrigation, proceed to the following steps below (See Exhibit C, Example 12). If M&I, go to number 2.

1. Transferor is an irrigation contractor.
  - a. Does the transferor have an M&I Rate?
    - i. Yes. Choose the higher of the transferor's irrigation or M&I contract rates. Compare this rate to the transferee's M&I contract rate and use the higher rate.
    - ii. No. Choose the higher of the transferor's irrigation contract rate or temporary M&I rate (*Temporary water ratebook, schedule T-1*). Compare this rate to the transferee's M&I contract rate and use the higher rate.
  - b. Apply current M&I Restoration Fund charge.
  - c. Is the water being diverted from the Friant-Kern Canal, Madera Canal, or Millerton Reservoir?
    - i. No. Friant surcharge does not apply.
    - ii. Yes. Friant surcharge applies.
  - d. Apply the Trinity Public Utility District Assessment on delivered water as identified in the letter to CVP water users dated March 12, 2007.
2. Transferor is an M&I contractor (See Exhibit C, Example 13).
  - a. Does the transferee have a calculated M&I Rate?
    - i. Yes. Use the higher of the transferor's and transferee's M&I rates.
    - ii. No. Choose the higher of the transferor's M&I or temporary M&I contract rates, if the contractor does not have a calculated M&I rate. Compare this rate to the transferee's M&I or temporary M&I contract rate and use the higher rate. (*Temporary water ratebook, schedule T-1*).
  - b. Apply current M&I Restoration Fund Charge.

Restoration?

Friant  
Surcharge?

Trinity PUD  
Assessment

Restoration?

Friant  
Surcharge?

- c. Is the water being diverted from the Friant-Kern Canal, Madera Canal, or Millerton Reservoir?
  - i. No. Friant surcharge does not apply.
  - ii. Yes. Friant surcharge applies

Trinity PUD  
Assessment

- d. Apply the Trinity Public Utility District Assessment on delivered water as identified in the letter to CVP water users dated March 12, 2007.



**EXHIBIT C \***

**EXAMPLES 1 THROUGH 9**

**TRANSFEROR HAS A RENEWED CONTRACT**

- Example 1: Transferor is an Irrigation CVP Contractor with a Renewed Contract, transferring water to an Irrigation CVP Contractor. Both the Transferor and Transferee have Ability-to-Pay Relief Status.
- Example 2: Transferor is an Irrigation CVP Settlement Contractor with a Renewed Contract, transferring water to an Irrigation CVP Settlement Contractor. Both the Transferor and Transferee are in Ability-to-Pay Relief Status.
- Examples 3: Transferor is an Irrigation CVP Contractor with a Renewed Contract, transferring water to an Irrigation CVP Contractor. One or Both the Transferor and Transferee do not have Ability-to-Pay Relief Status.
- Examples 4: Same CVP water users as in example 3; however, the transferee is the transferor in this example.
- Examples 5: Transferor is an Irrigation CVP Settlement Contractor with a Renewed Contract, transferring water to an Irrigation CVP Contractor. One or Both the Transferor and Transferee do not have Ability-to-Pay Relief Status.
- Example 6: Transferor is an Irrigation CVP Contractor with a Renewed Contract, transferring water to an M&I CVP Contractor. Transferor has an M&I Water Rate.
- Example 7: Transferor is an Irrigation CVP Contractor with a Renewed Contract, transferring water to an M&I CVP Contractor. Transferor does not have an M&I Water Rate.
- Example 8: Transferor is an M&I CVP Contractor with a Renewed Contract, transferring water to an M&I CVP Contractor.
- Example 9: Transferor is an M&I CVP Contractor with a Renewed Contract, transferring water to an Irrigation CVP Contractor.

**EXAMPLES 10 THROUGH 13**

**TRANSFEROR DOES NOT HAVE A RENEWED CONTRACT**

- Example 10: Transferor is an Irrigation CVP Contractor without a Renewed Contract, transferring water to an Irrigation CVP Contractor.
- Example 11: Transferor is an M&I CVP Contractor without a Renewed Contract, transferring water to an Irrigation CVP Contractor.
- Example 12: Transferor is an Irrigation CVP Contractor without a Renewed Contract, transferring water to an M&I CVP Contractor.
- Example 13: Transferor is an M&I CVP Contractor without a Renewed Contract, transferring water to an M&I CVP Contractor.

\* Examples are based on the 2006 CVP water rates.

**Susan Hoffman**  
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**MP-BPG-05**  
**May 15, 2008**

**Example 1: Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibit A, Section 1**

Transferor: Irrigation, Renewed Contract      Water Contractor: Colusa County WD - TCC  
 Transfer Purpose: Irrigation      Water Contractor: 4-M WD - TCC

Rates

Identify the Transferor's Cost of Service Rate **40.89**

Do both the transferor and transferee have ability to pay (ATPR) relief?

Yes. Do steps a through h of A-1(1).

Steps a through d

Reduce Rate for Transferor's Direct Pumping O&M? **-4.12**

Add Additional Services to Transferee that Apply:

Storage Capital

San Felipe Unit?

All Others?

Conveyance Pumping Capital?

Corning PP

Dos Amigos PP

O'Neill PGP

Tracy PP

FK/Madera Exchange

All Other Contractors

Conveyance Capital?

Direct Ppg Capital?

Ability to Pay Capital Relief (Cost to Power) **(22.23)**

Storage O&M

Direct Pumping O&M?

**Effective Transfer Rate** **14.54**

Steps e through h

e. Identify Transferor's Tiered Water Rates (Begin with the Transferor's Full Cost 202(3) Rate)  
 Full Cost==> **55.81** \*

Tier 2: Applicable to > 81 <= 90% of transferor's entitlement 18.58

Tier 3: Applicable to > 90% of transferor's entitlement 37.15

f. Identify Applicable Full Cost (FC) Interest Water Rate for Transferee.

|                          | Full Cost<br>Water Rate | Total FC Rate==> | Full Cost <==Total FC Rate | Additional Interest from |             |        |
|--------------------------|-------------------------|------------------|----------------------------|--------------------------|-------------|--------|
|                          |                         |                  |                            | Eff. Rate                | Tier 2      | Tier 3 |
| 202(3) Interest Rate?    |                         | <b>35.06</b>     | <==Total FC Rate           | <b>20.52</b>             | <b>1.95</b> | -      |
| 205(a)(3) Interest Rate? |                         | <b>42.25</b>     | <==Total FC Rate           | <b>27.71</b>             | <b>9.13</b> | -      |

g. Irrigation Restoration Fund Charge **8.24**  
 Ability to Pay Restoration Fund Charge Relief (Cost to Power) **(8.24)** **Determination in Progress**  
 Applicable Restoration Fund Charge for Transfer Water **-**

h. Is the Water being diverted from the Friant-Kern Canal or Millerton Reservoir?

If Yes, Friant Surcharge Applies.

i. Identify Trinity PUD Assessment **0.11**

**Check Box after Verification of Above Rates in Ratebook**

\* Excludes Distribution System Interest Identified on Irrigation water ratebook, Schedule A-3A

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**MP-BPG-05**  
**May 15, 2008**

**Example 2: Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibit A, Section 1**

Transferor: Irrigation, Renewed Contract      Water Contractor: Richter, H Jr/et al  
 Transfer Purpose: Irrigation                      Water Contractor: MCM Properties

Rates

Identify the Transferor's Cost of Service Rate **18.83**

Do both the transferor and transferee have ability to pay (ATPR) relief?

Yes. Do steps a through h of A-1(1).

Steps a through d

Reduce Rate for Transferor's Direct Pumping O&M?

Add Additional Services to Transferee that Apply:

Storage Capital

San Felipe Unit?

All Others?

Conveyance Pumping Capital?

Corning PP

Dos Amigos PP

O'Neill PGP

Tracy PP

FK/Madera Exchange

All Other Contractors

Conveyance Capital?

Direct Ppg Capital?

Ability to Pay (ATP) Capital Relief (Cost to Power) 1/

Storage O&M

Direct Pumping O&M?

-

**Effective Transfer Rate**

**18.83**

Steps e through h

e. Identify Transferor's Tiered Water Rates (Begin with the Transferor's Full Cost 202(3) Rate)

Full Cost==> N/A <==Full Cost

Tier 2: Applicable to > 81 <= 90% of transferor's entitlement

N/A

Tier 3: Applicable to > 90% of transferor's entitlement

N/A

f. Identify Applicable Full Cost (FC) Interest Water Rate for Transferee.

|  | Full Cost<br>Water Rate       | Additional Interest from |        |        |
|--|-------------------------------|--------------------------|--------|--------|
|  |                               | Eff. Rate                | Tier 2 | Tier 3 |
| 202(3) Interest Rate?      Total FC Rate==>    | <b>29.17</b> <==Total FC Rate | <b>10.34</b>             | N/A    | N/A    |
| 205(a)(3) Interest Rate?      Total FC Rate==> | <b>31.72</b> <==Total FC Rate | <b>12.89</b>             | N/A    | N/A    |

g. Irrigation Restoration Fund Charge **8.24**  
 Ability to Pay Restoration Fund Charge Relief (Cost to Power) 1/ **(3.24)**  
 Applicable Restoration Fund Charge for Transfer Water **5.00**

h. Is the Water being diverted from the Friant-Kern Canal or Millerton Reservoir?

If Yes, Friant Surcharge Applies.

i. Identify Trinity PUD Assessment **0.11**

1/ ATP Relief Determination (For this example, used the 2007 Water Rates, Schedule A-1, Footnotes 7 and 8 to represent ATP):

|                           | Richter, H Jr/et al | MCM Properties |
|---------------------------|---------------------|----------------|
| ATP Capital per Acre-foot | 4.63                | 4.34           |
| ATP Restoration Charge    | 5.00                | -              |
|                           | <u>9.63</u>         | <u>4.34</u>    |

ATP Capital Relief per acre-foot is \$0.00 (\$9.63 is sufficient to cover the allocable capital cost per acre-foot)  
 ATP Restoration Charge Relief is \$3.24 ((\$9.63 (ATP) -\$4.63 (Capital ATP) - \$8.24 (Restoration Charge))

Check Box after Verification of Above Rates in Ratebook

**Susan Hoffman**  
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**MP-BPG-05**  
**May 15, 2008**

**Example 3: Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibit A, Section 1**

Transferor: Irrigation, Renewed Contract      Water Contractor: Del Puerto WD - DMC  
 Transfer Purpose: Irrigation                      Water Contractor: Westlands WD - SLC

Rates

Identify the Transferor's Cost of Service Rate **24.64**

Do both the transferor and transferee have ability to pay (ATPR) relief?

No. Do steps a through h of A-1(2).

Steps a through d

Reduce Rate for Transferor's Direct Pumping O&M?

Add Additional Services to Transferee that Apply:

|                             |             |
|-----------------------------|-------------|
| Storage Capital             |             |
| San Felipe Unit?            |             |
| All Others?                 |             |
| Conveyance Pumping Capital? |             |
| Corning PP                  |             |
| Dos Amigos PP               | <b>0.65</b> |
| O'Neill PGP                 | <b>0.40</b> |
| Tracy PP                    |             |
| FK/Madera Exchange          |             |
| All Other Contractors       |             |
| Conveyance Capital?         |             |
| Direct Ppg Capital?         | <b>1.43</b> |
| Storage O&M                 |             |
| Direct Pumping O&M?         | <b>2.54</b> |

**Effective Transfer Rate**

**29.65**

Steps e through h

|    |  |                           |
|----|--|---------------------------|
| e. | Identify Transferor's Tiered Water Rates (Begin with the Transferor's Full Cost 202(3) Rate) |                           |
|    | Full Cost==>   | <b>34.94</b> <==Full Cost |
|    | Tier 2: Applicable to > 81 <= 90% of transferor's entitlement                                | 5.15                      |
|    | Tier 3: Applicable to > 90% of transferor's entitlement                                      | 10.30                     |

f. Identify Applicable Full Cost (FC) Interest Water Rate for Transferee.

|                          | Full Cost<br>Water Rate | Total FC Rate==> | <==Total FC Rate | Additional Interest from |              |              |
|--------------------------|-------------------------|------------------|------------------|--------------------------|--------------|--------------|
|                          |                         |                  |                  | Eff. Rate                | Tier 2       | Tier 3       |
| 202(3) Interest Rate?    |                         | <b>56.24</b>     | <==Total FC Rate | <b>26.59</b>             | <b>21.44</b> | <b>16.29</b> |
| 205(a)(3) Interest Rate? |                         | <b>71.24</b>     | <==Total FC Rate | <b>41.59</b>             | <b>36.43</b> | <b>31.28</b> |

g. Irrigation Restoration Fund Charge **8.24**

h. Is the Water being diverted from the Friant-Kern Canal or Millerton Reservoir?

If Yes, Friant Surcharge Applies.

i. Identify Trinity PUD Assessment **0.11**

Check Box after Verification of Above Rates in Ratebook

**Susan Hoffman**  
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**MP-BPG-05**  
**May 15, 2008**

**Example 4: Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibit A, Section 1**

Transferor: Irrigation, Renewed Contract      Water Contractor: Colusa County WD - TCC  
 Transfer Purpose: Irrigation                      Water Contractor: Del Puerto WD - DMC

Rates

Identify the Transferor's Cost of Service Rate **40.89**

Do both the transferor and transferee have ability to pay (ATPR) relief?

No. Do steps a through h of A-1(2).

Steps a through d

Reduce Rate for Transferor's Direct Pumping O&M? (4.12)

Add Additional Services to Transferee that Apply:

Storage Capital  
     San Felipe Unit?  
     All Others?  
 Conveyance Pumping Capital?  
     Corning PP  
     Dos Amigos PP  
     O'Neill PGP  
     Tracy PP  
     FK/Madera Exchange  
     All Other Contractors 0.84  
 Conveyance Capital?  
 Direct Ppg Capital?  
 Storage O&M  
 Direct Pumping O&M?

**Effective Transfer Rate**

**37.61**

Steps e through h

e. Identify Transferor's Tiered Water Rates (Begin with the Transferor's Full Cost 202(3) Rate)  
     Full Cost==> **55.81** <==Full Cost

Tier 2: Applicable to > 81 <= 90% of transferor's entitlement 7.46

Tier 3: Applicable to > 90% of transferor's entitlement 14.92

f. Identify Applicable Full Cost (FC) Interest Water Rate for Transferee.

|                          | Full Cost<br>Water Rate | Total FC Rate==> | Total FC Rate    | Additional Interest from |        |        |
|--------------------------|-------------------------|------------------|------------------|--------------------------|--------|--------|
|                          |                         |                  |                  | Eff. Rate                | Tier 2 | Tier 3 |
| 202(3) Interest Rate?    |                         | <b>34.94</b>     | <==Total FC Rate | -                        | -      | -      |
| 205(a)(3) Interest Rate? |                         | <b>42.00</b>     | <==Total FC Rate | <b>4.39</b>              | -      | -      |

g. Irrigation Restoration Fund Charge **8.24**

h. Is the Water being diverted from the Friant-Kern Canal or Millerton Reservoir?

If Yes, Friant Surcharge Applies.

i. Identify Trinity PUD Assessment **0.11**

Check Box after Verification of Above Rates in Ratebook

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**MP-BPG-05**  
**May 15, 2008**

**Example 5: Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibit A, Section 1**

Transferor: Irrigation, Renewed Contract      Water Contractor: Glenn Colusa ID - Sac River  
 Transfer Purpose: Irrigation      Water Contractor: Colusa County WD - TCC

Rates

Identify the Transferor's Cost of Service Rate **18.80**

Do both the transferor and transferee have ability to pay (ATPR) relief?

No. Do steps a through h of A-1(2).

Steps a through d

Reduce Rate for Transferor's Direct Pumping O&M?

Add Additional Services to Transferee that Apply:

Storage Capital

San Felipe Unit?

All Others?

Conveyance Pumping Capital?

Corning PP

Dos Amigos PP

O'Neill PGP

Tracy PP

FK/Madera Exchange

All Other Contractors

Conveyance Capital? **2.95**

Direct Ppg Capital? **6.27**

Storage O&M

Direct Pumping O&M? **4.12**

**Effective Transfer Rate**

**32.14**

Steps e through h

e. Identify Transferor's Tiered Water Rates (Begin with the Transferor's Full Cost 202(3) Rate)

Full Cost==> **N/A** <==Full Cost

Tier 2: Applicable to > 81 <= 90% of transferor's entitlement **N/A**

Tier 3: Applicable to > 90% of transferor's entitlement **N/A**

f. Identify Applicable Full Cost (FC) Interest Water Rate for Transferee.

Full Cost  
Water Rate

Additional Interest from  
Eff. Rate Tier 2 Tier 3

202(3) Interest Rate? Total FC Rate==> **76.84** <==Total FC Rate **44.70** N/A N/A

205(a)(3) Interest Rate? Total FC Rate==> **102.13** <==Total FC Rate **69.99** N/A N/A

g. Irrigation Restoration Fund Charge **8.24**

h. Is the Water being diverted from the Friant-Kern Canal or Millerton Reservoir?

If Yes, Friant Surcharge Applies.

i. Identify Trinity PUD Assessment **0.11**

Check Box after Verification of Above Rates in Ratebook

**Example 6: Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibit A, Section 2**

Transferor: Irrigation, Renewed Contract  
 Transfer Purpose: M&I

Water Contractor: Del Puerto WD  
 Water Contractor: Westlands WD

Rates

Transferor has an M&I Cost of Service Rate so start with this rate 19.11

Do Steps a through g of A-2(1).

Steps a through d

What additional Services does the transfer require?

|   |              |
|---|--------------|
| O'Neill PGP Capital (from Schedule TR-1)    | 0.84         |
| Dos Amigos PP Capital (from Schedule TR-1)  | 1.38         |
| Direct Pumping Capital (from Schedule TR-1) | 5.76         |
| Direct Pumping O&M (M&I Schedule A-2a)      | 2.31         |
| Effective Transfer Rate                     | <b>29.40</b> |

Steps e through g

|    |  |           |              |
|----|--|-----------|--------------|
| e. | Tiered Pricing Interest (M&I Schedule FC-1)                                    | Full Cost | 24.11        |
|    | Tier 2: Applicable to > 81 <= 90% of transferor's entitlement                  |           | <b>2.50</b>  |
|    | Tier 3: Applicable to > 90% of transferor's entitlement                        |           | <b>5.00</b>  |
| f. | M&I Restoration Fund Charge  |           | <b>16.49</b> |
| g. | Is the Water being diverted from the Friant-Kern Canal or Millerton Reservoir? |           |              |
|    | If Yes, Friant Surcharge Applies.  |           |              |
| h. | Identify Trinity PUD Assessment  |           | <b>0.11</b>  |

**Check Box after Verification of Above Rates in Ratebook**



**Example 7: Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibit A, Section 2**

Transferor: Irrigation, Renewed Contract  
 Transfer Purpose: M&I

Water Contractor: Patterson WD  
 Water Contractor: Westlands WD

Rates

Transferor does not have an M&I Cost of Service Rate, Use a Temporary Water Rate 25.44

Do Steps a through g of A-2(2).

Steps a through d

What additional Services does the transfer require?

|   |              |
|---|--------------|
| O'Neill PGP Capital (from Schedule TR-1)    | 0.84         |
| Dos Amigos PP Capital (from Schedule TR-1)  | 1.38         |
| Direct Pumping Capital (from Schedule TR-1) | 5.76         |
| Direct Pumping O&M (M&I Schedule A-2a)      | 2.31         |
| Effective Transfer Rate                     | <b>35.73</b> |

Steps e through g

|    |  |           |              |
|----|--|-----------|--------------|
| e. | Tiered Pricing Interest *  | Full Cost | 35.03        |
|    | Tier 2: Applicable to > 81 <= 90% of transferor's entitlement                  |           | <b>4.80</b>  |
|    | Tier 3: Applicable to > 90% of transferor's entitlement                        |           | <b>9.59</b>  |
| f. | M&I Restoration Fund Charge  |           | <b>16.49</b> |
| g. | Is the Water being diverted from the Friant-Kern Canal or Millerton Reservoir? |           |              |
|    | If Yes, Friant Surcharge Applies.  |           |              |
| h. | Identify Trinity PUD Assessment  |           | <b>0.11</b>  |

**Check Box after Verification of Above Rates in Ratebook**

\* Used Irrigation Full Cost Rate as the M&I Full Cost Rates were not available for this example.

**Example 8: Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibit A, Section 3**

Transferor: M&I, Renewed Contract  
 Transfer Purpose: M&I

Water Contractor: Del Puerto WD  
 Water Contractor: Westlands WD

|   | Rates |
|---|-------|
| Use the Transferor's M&I Cost of Service Water Rate | 19.11 |

Do Steps a through g of A-3.

Steps a through d

What additional Services does the transfer require?

|   |                     |
|---|---------------------|
| O'Neill PGP Capital (from Schedule TR-1)    | 0.84                |
| Dos Amigos PP Capital (from Schedule TR-1)  | 1.38                |
| Direct Pumping Capital (from Schedule TR-1) | 5.76                |
| Direct Pumping O&M (M&I Schedule A-2a)      | 2.31                |
| Effective Transfer Rate                     | <u><u>29.40</u></u> |

Steps e through g

|    |  |           |              |
|----|--|-----------|--------------|
| e. | Tiered Pricing Interest (M&I, Schedule FC-1)                                   | Full Cost | 24.11        |
|    | Tier 2: Applicable to > 81 <= 90% of transferor's entitlement                  |           | <b>2.50</b>  |
|    | Tier 3: Applicable to > 90% of transferor's entitlement                        |           | <b>5.00</b>  |
| f. | M&I Restoration Fund Charge  |           | <b>16.49</b> |
| g. | Is the Water being diverted from the Friant-Kern Canal or Millerton Reservoir? |           |              |
|    | If Yes, Friant Surcharge Applies.  |           |              |
| h. | Identify Trinity PUD Assessment  |           | <b>0.11</b>  |

**Check Box after Verification of Above Rates in Ratebook**

**Susan Hoffman**  
**Acting Financial Manager**

**MP-BPG-05**  
**May 15, 2008**

**Example 9: Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibit A, Section 4**

Transferor: M&I, Renewed Contract                      Water Contractor:                      Del Puerto WD  
 Transfer Purpose: Irrigation                              Water Contractor:                      Westlands WD - SLC

Rates

Use the Transferor's M&I Cost of Service Water Rate                      19.11

Do Steps a through h of A-4.

Steps a through d

What additional Services does the transfer require?

|   |                     |
|---|---------------------|
| O'Neill PGP Capital (from Schedule TR-1)    | 0.40                |
| Dos Amigos PP Capital (from Schedule TR-1)  | 0.65                |
| Direct Pumping Capital (from Schedule TR-1) | 1.43                |
|   |                     |
| Direct Pumping O&M (M&I Schedule A-2a)      | 2.54                |
|   |                     |
| Effective Transfer Rate                     | <u><u>24.13</u></u> |

Steps e through h

|    |   |           |       |              |
|----|---|-----------|-------|--------------|
| e. | Tiered Pricing Interest (M&I, Schedule FC-1)                  | Full Cost | 34.94 |              |
|    | Tier 2: Applicable to > 81 <= 90% of transferor's entitlement |           |       | <b>7.92</b>  |
|    | Tier 3: Applicable to > 90% of transferor's entitlement       |           |       | <b>15.83</b> |

f. Identify Applicable Full Cost (FC) Interest Water Rate for Transferee.

|  | Full Cost<br>Water Rate       | Additional Interest from |              |              |
|--|-------------------------------|--------------------------|--------------|--------------|
|  |                               | Eff. Rate                | Tier 2       | Tier 3       |
| 202(3) Interest Rate?      Total FC Rate==>    | <b>56.24</b> <==Total FC Rate | <b>32.11</b>             | <b>24.19</b> | <b>16.28</b> |
| 205(a)(3) Interest Rate?      Total FC Rate==> | <b>71.24</b> <==Total FC Rate | <b>47.11</b>             | <b>39.19</b> | <b>31.28</b> |

g. Irrigation Restoration Fund Charge                      **8.24**

h. Is the Water being diverted from the Friant-Kern Canal or Millerton Reservoir?

If Yes, Friant Surcharge Applies.

i. Identify Trinity PUD Assessment                      **0.11**

Check Box after Verification of Above Rates in Ratebook

**Susan Hoffman**  
**Acting Financial Manager**

**MP-BPG-05**  
**May 15, 2008**

**Example 10: Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibit B, Section 1**

|  |                   |                  |              |
|--|-------------------|------------------|--------------|
| Transferor: Irrigation, Not a Renewed Contract | Water Contractor: | San Luis WD- SLC |              |
| Transfer Purpose: Irrigation                   | Water Contractor: | 4-M WD - TCC     |              |
|  |                   |                  | Rates        |
| Contract Rates:                                | San Luis WD - SLC | 8.00             |              |
|  | 4-M WD - TCC      | 29.49            |              |
| Use the higher of the Contract Rates           |                   |                  | <b>29.49</b> |

If the Water is put on Full Cost Lands, Transferee is subject to transferee's full cost incremental rate

|                            |                                      |             |
|----------------------------|--------------------------------------|-------------|
|                            | Transferee's Full Cost<br>Water Rate |             |
|                            | 35.06                                |             |
| Incremental Full Cost Rate |                                      | <b>5.57</b> |
| Restoration Fund Charge    |                                      | <b>8.24</b> |
| Friant Surcharge           |                                      | <b>N/A</b>  |
| Trinity PUD Assessment     |                                      | <b>0.11</b> |

**Check Box after Verification of Above Rates in Ratebook**

**Susan Hoffman**  
**Acting Financial Manager**

**MP-BPG-05**  
**May 15, 2008**

**Example 11: Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibit B, Section 1**

|   |                   |                   |              |
|---|-------------------|-------------------|--------------|
| Transferor: M&I, Not a Renewed Contract | Water Contractor: | San Luis WD - SLC |              |
| Transferee: Irrigation                  | Water Contractor: | Wells, J          |              |
|   |                   |                   | Rates        |
| Contract Rates:                         | San Luis WD - SLC | 23.47             |              |
|   | Wells, J          | 21.56             |              |
| Use the higher of the Contract Rates    |                   |                   | <b>23.47</b> |

If the Water is put on Full Cost Lands, Transferee is subject to transferee's full cost incremental rate

|                            |                                      |             |
|----------------------------|--------------------------------------|-------------|
|                            | Transferee's Full Cost<br>Water Rate |             |
|                            | 28.64                                |             |
| Incremental Full Cost Rate |                                      | <b>5.17</b> |
| Restoration Fund Charge    |                                      | <b>8.24</b> |
| Friant Surcharge           |                                      | <b>N/A</b>  |
| Trinity PUD Assessment     |                                      | <b>0.11</b> |

**Check Box after Verification of Above Rates in Ratebook**

**Susan Hoffman**  
**Acting Financial Manager**

**MP-BPG-05**  
**May 15, 2008**

**Example 12: Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibit B, Section 2**

|  |                   |                   |       |            |      |              |
|--|-------------------|-------------------|-------|------------|------|--------------|
| Transferor: Irrigation, Not a Renewed Contract | Water Contractor: | San Luis WD - SLC |       |            |      |              |
| Transfer Purpose: M&I                          | Water Contractor: | Shasta CSD        |       |            |      |              |
| Contract Rates                                 | San Luis WD - SLC | M&I               | 23.47 | Irrigation | 8.00 | Rates        |
|  | Shasta CSD        |                   | 16.73 |            |      |              |
| Use the higher of the Contract Rates           |                   |                   |       |            |      | <b>23.47</b> |
| Restoration Fund Charge                        |                   |                   |       |            |      | <b>16.49</b> |
| Friant Surcharge                               |                   |                   |       |            |      | <b>N/A</b>   |
| Trinity PUD Assessment                         |                   |                   |       |            |      | <b>0.11</b>  |

**Check Box after Verification of Above Rates in Ratebook**

**Susan Hoffman**  
**Acting Financial Manager**

**MP-BPG-05**  
**May 15, 2008**

**Example 13: Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibit B, Section 2**

|   |                   |                   |              |
|---|-------------------|-------------------|--------------|
| Transferor: M&I, Not a Renewed Contract | Water Contractor: | San Luis WD - SLC |              |
| Transfer Purpose: M&I                   | Water Contractor: | Shasta CSD        |              |
|   |                   |                   | Rates        |
| Contract Rates:                         | San Luis WD - SLC | 23.47             |              |
|   | Shasta CSD        | 16.73             |              |
| Use the higher of the Contract Rates    |                   |                   | <b>23.47</b> |
| Restoration Fund Charge                 |                   |                   | <b>16.49</b> |
| Friant Surcharge                        |                   |                   | N/A          |
| Trinity PUD Assessment                  |                   |                   | <b>0.11</b>  |

**Check Box after Verification of Above Rates in Ratebook**

Central Valley Project  
 Transfer Form

Transferor, Renewed Contract

Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibits A and C.

Transferor: \_\_\_\_\_ Water Contractor: \_\_\_\_\_  
 Transfer Purpose: \_\_\_\_\_ Water Contractor: \_\_\_\_\_

|  | Rates |
|--|-------|
| Identify the Transferor's Cost of Service Rate   | _____ |
| Reduce Rate for Transferor's Direct Pumping O&M  | _____ |
| Add Additional Services to Transferee that Apply |       |
| Storage Capital                                  |       |
| San Felipe Unit                                  | _____ |
| All Others                                       | _____ |
| Conveyance Pumping Capital                       |       |
| Corning PP                                       | _____ |
| Dos Amigos PP                                    | _____ |
| O'Neill PGP                                      | _____ |
| Tracy PP   | _____ |
| FK/Madera Exchange                               | _____ |
| All Other Contractors                            | _____ |
| Conveyance Capital                               | _____ |
| Direct Ppg Capital                               | _____ |
| Ability to Pay Capital Relief (Cost to Power)    | _____ |
| Storage O&M                                      | _____ |
| Direct Pumping O&M                               | _____ |

**Effective Transfer Rate**

|  |                      |
|--|----------------------|
| Identify Transferor's Tiered Water Rates (Begin with the Transferor's Full Cost 202(3) Rate) | Full Cost==> _____ * |
| Tier 2: Applicable to > 81 <= 90% of transferor's entitlement                                | =====                |
| Tier 3: Applicable to > 90% of transferor's entitlement                                      | =====                |

Identify Applicable Full Cost (FC) Interest Water Rate for Transferee.

|                          | Full Cost<br>Water Rate                 | Additional Interest from |        |        |
|--------------------------|---|--------------------------|--------|--------|
|                          |   | Eff. Rate                | Tier 2 | Tier 3 |
| 202(3) Interest Rate?    | Total FC Rate==> _____ <==Total FC Rate | =====                    |        |        |
| 205(a)(3) Interest Rate? | Total FC Rate==> _____ <==Total FC Rate | =====                    |        |        |

|   |       |
|---|-------|
| Irrigation Restoration Fund Charge                            |       |
| Restoration Fund Charge                                       | _____ |
| Ability to Pay Restoration Fund Charge Relief (Cost to Power) | _____ |
| Applicable Restoration Fund Charge for Transfer Water         | _____ |

Friant Surcharge: Water being diverted from the Friant-Kern Canal or Millerton Reservoir \_\_\_\_\_

Trinity PUD Assessment \_\_\_\_\_

**Check Box after Verification of Above Rates in Ratebook**

\* If Applicable, Distribution System interest identified on Irrigation water ratebook, Schedule A-3A is excluded.



Central Valley Project  
 Transfer Form

Transferor, Not a Renewed Contract

Use the Business Practice Guidelines for Accounting for CVP Water Transfers, Exhibits B and C.

|  |                         |                                      |  |
|--|-------------------------|--------------------------------------|--|
| Transferor: _____  | Water Contractor: _____ |                                      |  |
| Transfer Purpose: _____  | Water Contractor: _____ |                                      |  |
|  |                         | Irrigation                           | M&I  |
| Contract Rates:  | Transferor              | _____                                | _____  |
|  | Transferee              | _____                                | _____  |
| Use the higher of the Contract Rates   |                         |                                      | =====  |
| If the Water is put on Full Cost Lands, Transferee is subject to transferee's full cost incremental rate |                         |                                      |  |
|  |                         | Transferee's Full Cost<br>Water Rate |  |
|  |                         | _____                                |  |
| Incremental Full Cost Rate   |                         |                                      | =====  |
| Restoration Fund Charge  |                         |                                      | =====  |
| Friant Surcharge   |                         |                                      | =====  |
| Trinity PUD Assessment   |                         |                                      | =====  |
| <b>Check Box after Verification of Above Rates in Ratebook</b>   |                         |                                      | <input style="border: 1px solid black; width: 50px; height: 20px;" type="checkbox"/> |