

Sponsor: Northern California Power Agency; Southwestern Power Resources Association;
Sacramento Municipal Utility District; Mid-West Electric Consumers Association; Trinity Public
Utility District

In Support of Ensuring Proper Cost Allocation for the Central Valley Project Improvement Act

1 A key underpinning of federal reclamation law is the policy requiring the alignment of costs and
2 benefits. Ensuring proper cost allocation is critical to the competitiveness of Central Valley
3 Project (CVP) power and the willingness of CVP power customers to execute new contracts
4 beginning in 2025.

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6 A process known as Croffsets (Credit and Offset) has been developed when payments into the
7 Central Valley Project Improvement Act (CVPIA), either by water or power contractors, exceed
8 their respective repayment obligation. According to the Bureau of Reclamation's (Reclamation)
9 own calculations, CVP power customers are due a \$92 million credit to correct overcharges of
10 costs associated with the CVPIA. While Reclamation applied the first \$10 million credit in 2018
11 as part of the initial process, application of the remaining credits has been stalled while the
12 Solicitor of the Department of Interior reviews a number of policies. Reclamation has
13 committed to completing the review in advance of a 2019 mid-year rate adjustment. However,
14 the application of a credit annually is critical to both CVP power viability and making timely
15 progress toward crediting the total amount owed to CVP power customers.

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17 Ensuring proper cost allocation and the resulting competitiveness of CVP power is critically
18 important not just for CVP power customers, but also for the viability of the entire CVP system.
19 If CVP power is not economic and preference customers elect alternative power supplies, then
20 the system will fail to recover its costs. The resulting consequences would be dire for all the
21 benefits of the CVP, including water supply and irrigation, flood control, and fish and wildlife.

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23 **NOW, THEREFORE, BE IT RESOLVED:** That the American Public Power Association
24 urges the Bureau of Reclamation to take prompt and timely action to ensure full crediting to
25 Central Valley Project power customers for overcharges made by the agency for costs associated
26 with the Central Valley Project Improvement Act.