

[DISCUSSION DRAFT]

112<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R.** \_\_\_\_\_

To direct the Secretary of the Interior to allow for prepayment of repayment contracts between the United States and water users, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

M. \_\_\_\_\_ introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To direct the Secretary of the Interior to allow for prepayment of repayment contracts between the United States and water users, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Accelerated Revenue  
5 and Repayment Act”.

1 **SEC. 2. PREPAYMENT OF CERTAIN REPAYMENT CON-**  
2 **TRACTS BETWEEN THE UNITED STATES AND**  
3 **CONTRACTORS OF FEDERALLY DEVELOPED**  
4 **WATER SUPPLIES.**

5 (a) CONVERSION AND PREPAYMENT OF CON-  
6 TRACTS.—

7 (1) CONVERSION.—Upon request of the con-  
8 tractor, the Secretary of the Interior is directed to  
9 convert any water service contracts that meet the  
10 following criteria with the purpose to allow for pre-  
11 payment of the repayment contract pursuant to  
12 paragraph (2) under mutually agreeable terms and  
13 conditions:

14 (A) Are in effect on the date of the enact-  
15 ment of this Act.

16 (B) Are between the United States and a  
17 water users' association.

18 (C) Were entered under section 9(e) of the  
19 Act of August 4, 1939 (53 Stat. 1196) to re-  
20 payment contracts under section 9(d) of that  
21 Act (53 Stat.1195).

22 (D) Were entered under subsection (c)(2)  
23 of section 9 of the Act of August 4, 1939 (53  
24 Stat. 1194) to a contract under subsection  
25 (c)(1) of section 9 of that Act.

1           (2) PREPAYMENT.—All such contracts entered  
2           into pursuant to paragraph (1)(C) shall—

3                   (A) upon request of the contractor, the  
4           Secretary of the Interior is directed to allow for  
5           repayment, either in lump sum or by acceler-  
6           ated prepayment, of the remaining net present  
7           value of the construction costs identified in  
8           water project specific irrigation rate repayment  
9           schedules, as adjusted to reflect payment not  
10          reflected in such schedule, and properly assign-  
11          able for ultimate return by the contractor, or if  
12          made in approximately equal installments, no  
13          later than 3 years after the effective date of the  
14          repayment contract; such amount to be dis-  
15          counted by  $\frac{1}{2}$  the Treasury rate. An estimate  
16          of the remaining net present value of construc-  
17          tion costs, as adjusted, be provided by the Sec-  
18          retary of the contractor no later than 30 days  
19          following receipt of request of contractor;

20                   (B) require that construction costs or  
21          other capitalized costs incurred after the effec-  
22          tive date of the contract or not reflected in the  
23          rate schedule referenced in subparagraph (A),  
24          and properly assignable to such contractor shall  
25          be repaid in not more than 5 years after notifi-

1 cation of the allocation if such amount is a re-  
2 sult of a collective annual allocation of capital  
3 costs to the contractors exercising contract con-  
4 versation under this subsection of less than  
5 \$5,000,000. If such amount is \$5,000,000 or  
6 greater, such cost shall be repaid as provided by  
7 applicable Reclamation law;

8 (C) provide that power revenues will not be  
9 available to aid in repayment of construction  
10 costs allocated to irrigation under the contract;

11 (D) continue so long as the contractor  
12 pays applicable charges, consistent with sub-  
13 section (c)(1) and applicable law.

14 (3) CONTRACT REQUIREMENTS.—The following  
15 shall apply with regard to all such contracts entered  
16 into pursuant to paragraph (1)(D):

17 (A) Upon request of the contractor, the  
18 Secretary of the Interior shall allow for repay-  
19 ment in lump sum or the remaining net present  
20 value of construction costs identified in water  
21 project specific municipal and industrial rate re-  
22 payment schedules, as adjusted to reflect pay-  
23 ments not reflected in such schedule, and prop-  
24 erly assignable for ultimate return by the con-  
25 tractor. An estimate of the remaining net

1 present value of construction costs, as adjusted,  
2 be provided by the Secretary to the contractor  
3 no later than 30 days after receipt of request  
4 of contractor.

5 (B) The contract shall require that con-  
6 struction costs or other capitalized costs in-  
7 curred after the effective date of the contract or  
8 not reflected in the rate schedule referenced in  
9 subparagraph (A), and properly assignable to  
10 such contractor, shall be repaid in not more  
11 than 5 years after notification of the allocation  
12 if such amount is a result of a collective annual  
13 allocation of capital costs to the contractors ex-  
14 ercising contract conversation under this sub-  
15 section of less than \$5,000,000. If such amount  
16 is \$5,000,000 or greater, such cost shall be re-  
17 paid as provided by applicable Reclamation law;  
18 and

19 (C) continue so long as the contractor pays  
20 applicable charges, consistent with subsection  
21 (c)(1) and applicable law.

22 (4) CONDITIONS.—All contracts entered into  
23 pursuant to paragraphs (1), (2), and (3) shall—

1 (A) not be adjusted on the basis of the  
2 type of prepayment financing used by the water  
3 users' association;

4 (B) conform to any other agreements, such  
5 as applicable settlement agreements and new  
6 constructed appurtenant facilities;

7 (C) continue so long as the contractor pays  
8 applicable charges, consistent with subsection  
9 (d) and applicable law; and

10 (D) not modify other water service, repay-  
11 ment, exchange and transfer contractual rights  
12 between the water users' association, and the  
13 Bureau of Reclamation, or any rights, obliga-  
14 tions, or relationships of the water users' asso-  
15 ciation and their landowners as provided under  
16 State law.

17 (b) FINAL ADJUSTMENT.—The amounts paid pursu-  
18 ant to subsection (a) shall be subject to adjustment fol-  
19 lowing a final cost allocation by the Secretary of the Inte-  
20 rior. In the event that the final cost allocation indicates  
21 that the costs properly assignable to the contractor are  
22 greater than what has been paid by the contractor, the  
23 contractor shall be obligated to pay the remaining allo-  
24 cated costs. The term of such additional repayment con-  
25 tract shall be not less than 1 year and not more than 10

1 years, however, mutually agreeable provisions regarding  
2 the rate of repayment of such amount may be developed  
3 by the parties. In the event that the final cost allocation  
4 indicates that the costs properly assignable to the con-  
5 tractor are less than what the contractor has paid, the  
6 Secretary shall credit such overpayment as an offset  
7 against any outstanding or future obligation of the con-  
8 tractor.

9 (c) APPLICABILITY OF CERTAIN PROVISIONS.—Upon  
10 a contractor's compliance with and discharge of the obliga-  
11 tion of repayment of the construction costs as provided  
12 in subsections (a)(1)(C) and (a)(2)(A), section 213(a) and  
13 (b) of the Reclamation Reform Act of 1982 (96 Stat.  
14 1269) shall apply to affected lands.

15 (d) CERTAIN REPAYMENT OBLIGATIONS NOT AL-  
16 TERED.—Implementation of the provisions of this Act  
17 shall not alter the repayment obligation of any water serv-  
18 ice or repayment contractor receiving water from the same  
19 water project, or shift any costs that would otherwise have  
20 been properly assignable to the water users' association  
21 identified in subsections (a)(1), (a)(2), and (a)(3) absent  
22 this section, including operation and maintenance costs,  
23 construction costs, or other capitalized costs incurred after  
24 the date of the enactment of this Act, or to other contrac-  
25 tors.

1 (e) DEFINITIONS.—

2 (1) WATER USERS' ASSOCIATION.—An entity  
3 organized and recognized under State laws that is  
4 eligible to enter into contracts with Reclamation to  
5 receive contract water for delivery to and users of  
6 the water and to pay applicable charges. Refers to  
7 a variety of entities with different names and dif-  
8 fering functions, i.e. “associations”, “conservatory  
9 district”, “irrigation district”, “municipality”,  
10 “water project contract unit”, etc.

11 (2) TREASURY RATE.—The 20-year Constant  
12 Maturity Treasury (CMT) rate published by the  
13 United States Department of the Treasury existing  
14 on the effective date of the contract.