



May 25, 2021

Dear NIA Priority Recipient,

We wanted to provide you with an update of the financial charges for the NIA priority reallocation that is currently in process. In anticipation of finalizing the cost/AF for NIA reallocation in 2022, our finance staff has been reviewing both the 9(d) debt calculation as well as that for back capital charges. As a result of this analysis, CAP has revised the figure previously shared in its estimates.

We are happy to inform you that the cost of the back-capital charges has decreased from earlier estimates. The revised back capital charges will be \$1,296.50/ acre-foot, which is less than the \$1,335/acre-foot that has previously been communicated. The decrease is primarily due to 2 factors, lower actual interest rates than previous estimates and a capital charge calculation error that has been corrected. The 9(d) debt contribution remains at \$665/acre-foot for a total payment of \$1,961.50 per acre-foot.

CAP will be offering the option of paying the full amount upfront or to finance the charges over 5 years at a 2.5% interest rate. If the 5-year payment option is selected, the payments will be spread evenly over the 5 years at \$408.58/year/acre-foot or a total of \$2,042.90/acre-foot for the allocation. Recipients may elect to pay off the debt early upon notice to CAWCD without any prepayment penalties.

The full amount or first payment will be billed with 30-day terms upon full execution of the subcontract and five-year payment agreement (if applicable), which we anticipate will be in late August or early September 2021.

We hope this update does not cause any issues. Please feel free to reach out if you have any questions.

Sincerely,

*Chris Hall*

Chris Hall  
Assistant General Manager for Finance and Administration

