



# The Cotton Chronicle

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## Industry Calendar

Board Meeting  
March 10th  
Via Zoom

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## PUC Releases Report on Expected Utility Costs – It's Not Pretty

This past month the **California Public Utilities Commission** released a report looking at electricity costs over the next ten years, and it's not pretty. According to the report entitled *"Utility Costs and Affordability of the Grid of the Future: An Evaluation of Electric Costs, Rates and Equity Issues Pursuant to P.U. Code Section 913.1"*, customer electricity rates are expected to see an annual average increase of 3.7% for PG&E customers and 3.5% for SCE customers! This is layered on top of the fact that rates have increased since 2013 by 37% in PG&E and 6% in SCE. Much of the projected increase will be a result of having to deal with wildfire mitigation efforts. With California's goal of an "all-electric" future for vehicles, equipment and buildings, the PUC advises in the report that it will be necessary for "careful management of rate and bill impacts to ensure that electric services remain affordable". **Association President/CEO Roger Isom** states "Our electricity rates are already too high, and clearly non-competitive with other areas of the country. We have advised all of our members to get off the grid if at all possible. This report clearly identifies the State's climate goals and policies coupled with the cost of wildfire mitigation are making our electricity rates unaffordable." A

hearing has been set for February 24<sup>th</sup> to discuss the report in more detail.

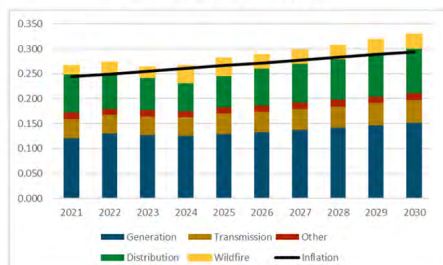
## Mark McKean reelected American Cotton Producers chair

Mark McKean of Riverdale, California, was reelected as chairman of the American Cotton Producers (ACP) of the National Cotton Council (NCC) for 2021 during the NCC's virtual 2021 annual meeting. He was formerly an ACP vice chairman and currently serves as a NCC director. He has served on and continues to serve on various ACP and NCC committees and task forces. Mark is also an advisor and former Chairman of the California Cotton Ginners and Growers Association. Congratulations, Mark.

## FMC to Issue Information Demand on Detention & Demurrage Practices

**Federal Maritime Commissioner Rebecca F. Dye** will issue information demand orders to ocean carriers and marine terminal operators (MTOs) to determine if legal obligations related to detention and demurrage practices are being met. The orders are being issued under the authority Commissioner Dye has as the Fact Finding Officer for Fact Finding 29, "International Ocean Transportation Supply Chain Engagement". Targets of the orders will be ocean carriers operating in an alliance and calling the Port of Los Angeles, the Port of Long Beach, or the Port of New York & New Jersey. Marine terminal operators at those ports will also be subject to information demands. The demand orders will also require carriers and MTOs to provide information on their policies and practices related to container returns and container availability for exporters. Failure of carriers and

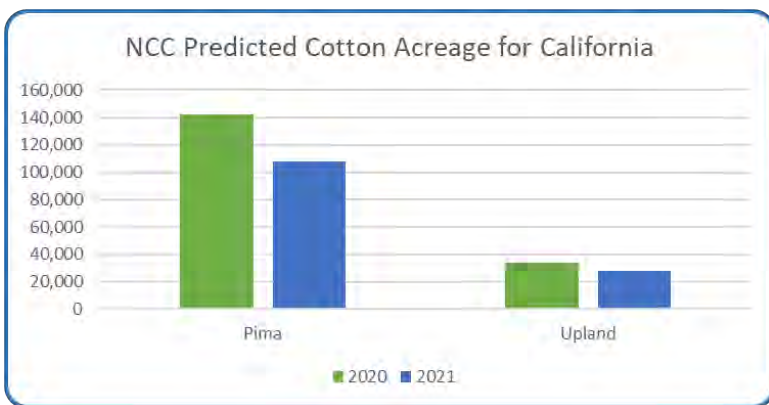
Figure 30: PG&E Forecasted Bundled Residential Rates (\$ nominal/kWh), Wildfire Rate Relative to All-Other (Non-Wildfire) Rate



MTOs to operate in a way consistent with the Interpretive Rule on Detention and Demurrage that became effective on May 18, 2020, might constitute a violation of 46 USC 41102(c) which prohibits unjust and unreasonable practices and regulations related to, or connected with, receiving, handling, storing, or delivering property. Information received from parties receiving demands may be used as a basis for hearings, Commission enforcement action or further rulemaking. It is our hope that this effort will create some movement in the ongoing debacle at the California ports.

### **NCC Predicts 25% drop in CA Cotton Acreage for 2021**

At this month's Annual Meeting of the **National Cotton Council (NCC)**, preliminary forecast for cotton acreage in California reflected an unexpected overall 25% drop in acreage. Pima acreage was forecast at 108,000 acres, down from 147,000 acres in 2020 reflecting about a 26.5% drop in acres. Upland was expected to be at 28,000 acres, down from 34,000 acres in 2020 representing approximately a 17.7% drop in acreage. Total acreage is predicted to be 136,000 acres, down from 181,000 acres in 2020 meaning an overall predicted reduction in acreage of approximately 25%. If this plays out, the overall cotton acreage would be the lowest planted cotton acreage in California since before 1920. The biggest factors for the decline include water availability and pricing. However, prices and demand for cotton are on the increase, and with more storms on the way these numbers could change. The Association has just sent their Annual Predicted cotton acreage survey to all gins and hope to have expected numbers by mid-March.



### **Be on the Lookout: New Form Required for Some NRCS Customers**

If you are a producer or landowner who participates in **USDA's Natural Resources Conservation Service (NRCS)**

conservation programs, the Farm Service Agency (FSA) may be reaching out by mail with information about a form you'll need to fill out. Starting this year, all producers and landowners participating or applying to participate in certain NRCS conservation programs must **complete form CCC-902, Farm Operating Plan**. "In California, this new form will be needed for customers who are selected for funding in both EQIP batch periods ending March 3 and June 9," stated **Carlos Suarez**, state conservationist for the **USDA Natural Resources Conservation Service**. Historically, to participate in these programs, legal entities could file either the CCC-901, Member Information or the CCC-902, while individuals were not specifically required to file the CCC-902 with FSA. Now, to ensure FSA and NRCS are properly determining payment eligibility and maximum payment limitations, all customers must have a CCC-902 on file to establish eligibility. These changes will not affect participants who already have a Form CCC-902 with a "determined" status recorded with FSA. Customers who do not have a CCC-902 on file with FSA will be sent a letter in the mail in the coming weeks with detailed information on what is needed and how to file the form. The letter requests that the form be completed within 30 days of receipt of the letter. For added convenience, USDA is offering options for remote or in-person submission of the CCC-902. Fiscal year 2021 is considered a transition year to ensure all NRCS program participants can meet this updated filing requirement. Beginning in FY 2022, if form CCC-902 is not on file your payments may be impacted.

### **USBR Outlines Central Valley Project Initial 2021 Water Allocation**

The Bureau of Reclamation has announced the initial 2021 water supply allocation for Central Valley Project contractors. Allocation amounts are based on an estimate of water available for delivery to CVP water users and reflects current reservoir storages, precipitation, and snowpack in the Central Valley and Sierra Nevada. This year's low allocation is an indicator of the dry winter California is experiencing after the dry water year of 2020. "Although we had a couple of precipitation-packed storms in January and early February, we are still well below normal for precipitation and snowfall this year," said **Regional Director Ernest Conant**. "We will monitor the hydrology as the water year progresses and continue to look for opportunities for operational flexibility." The California Department of Water Resources reports that as of

Feb. 21, statewide average snow water content in the Sierra Nevada was 54% of the Apr. 1 average. Current Northern Sierra precipitation is 52% of the seasonal average to date. Shasta Reservoir's 4.5 million acre-feet capacity represents the majority of CVP water storage, and is used for many purposes, including contractor supply for north and south of the Sacramento-San Joaquin River Delta, as well as maintaining temperatures downstream of the dam for threatened and endangered fish species to the extent practicable. Currently, reservoir storage is below the historic average for this time of the year and runoff forecasts predict that overall storage might be limited if typical spring precipitation does not materialize. Given the low snowpack and low projected runoff this spring and summer, Reclamation is announcing the following initial allocations:

#### **North-of-Delta Contractors (Including American River and In-Delta Contractors)**

- Agricultural water service contractors north-of-Delta are allocated 5% of their contract supply.
- Pursuant to Reclamation's municipal and industrial water shortage guidelines, M&I water service contractors north-of-Delta (including American River and In-Delta Contractors) are allocated 55% of their historic use or public health and safety needs, whichever is greater. Sacramento River Settlement Contractors are allocated 75% of their contract supply.

#### **Eastside Water Service Contractors**

Eastside water service contractors (Central San Joaquin Water Conservation District and Stockton East Water District) are allocated 100% of their contract total.

#### **South-of-Delta Contractors**

- Agricultural water service contractors south-of-Delta are allocated 5% of their contract supply.
- M&I water service contractors south-of-Delta are allocated the greater of 55% of their historic use or public health and safety needs, whichever is greater. The San Joaquin River Exchange Contractors and San Joaquin Settlement Contractors are allocated 75% of their contract supply.

#### **Wildlife Refuges**

Wildlife refuges (Level 2) north- and south-of-Delta, which also have allocations subject to pre-established Shasta inflow criteria, are allocated 75% of their contract supply.

#### **Friant Division**

- Friant Division contractors' water supply develops in

the Upper San Joaquin River Basin Watershed and is delivered from Millerton Lake through Friant Dam to the Madera Canal and Friant-Kern Canal. The first 800,000 acre-feet of available water supply is considered Class 1; Class 2 is considered the next amount of available water supply up to 1.4 million acre-feet. Given the current hydrologic conditions, Friant Class 1 initial allocation will be 20% and Class 2 will be 0%.

For the San Joaquin River Restoration Program, Reclamation is currently forecasting a "Dry" water year type, providing for 170,732 acre-feet to be used for Restoration Program purposes.

Reclamation has notified the Sacramento River Settlement Contractors, San Joaquin River Exchange Contractors, San Joaquin Settlement Contractors, and Refuge Contractors that the forecasted inflow to Shasta Lake falls below the threshold and the water year is currently identified as a "Critical Year" as that term is defined in their contracts. As the water year progresses, changes in hydrology and opportunities to deliver additional water will influence future allocations.

#### **New Data on 2020 Variety Trails & FOV4 Screening**

The University of California released new research data on the 2020 Pima and Upland /Acala cotton variety trails through research funding provided by California Cotton Growers and Ginners Association. The research was led by UC CE Specialist / AES and Center Director Bob Hutmacher in cooperation with the University of CA staff headed by Mark Keeley, Tarilee Frigulti-Schramm and Jorge Angeles, and UCCE Farm Advisors Dan Munk, Brian Marsh, Jose Dias, Nicholas Clark and staff. Data on the 2020 FOV race 4 Commercial Entry Screening Summary was also released. The summary with Fusarium race 4 screening summary results is from field trials in Tulare County and Merced County in 2020. This research was funded through Ca Cotton Alliance, Cotton Incorporated State Support and Cotton Incorporated Core.

Lastly, also released is the HVI Fiber Quality Trial Summaries for Pima and Upland /Acala cotton. The research was led by UC CE Specialist / AES and Center Director Bob Hutmacher in cooperation with the University of CA staff headed by Mark Keeley, Tarilee Frigulti-Schramm and Jorge Angeles, and UCCE Farm Advisors Dan Munk, Brian Marsh, Jose Dias, Nicholas Clark, Bill Weir, Univ.

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CA ANR - Cooperative Extension Tulare, Kings, Fresno, Kern, Merced Counties and San Joaquin Quality Cotton Growers Assoc.-Shafter Research Station. This research was funded through CA Cotton Growers & Ginners Association, CA Cotton Alliance, UC-ANR/UCCE, UC Davis Plant Sci. Dept. and Cotton Incorporated State Support Committee

You can find direct links to the yield data and HVI fiber quality summaries below.

- [2020 University Of California Pima Cotton Variety Trials- Yields](#)
- [2020 University Of California Upland/Acala Cotton Variety Trials- Yields](#)
- [2020 University Of California Fusarium Race 4 Field Screening Summaries](#)
- [2020 University Of California Pima Cotton Variety Trials - Hvi Data Summary](#)
- [2020 University Of California Upland Acala Cotton Trials - Hvi Data Summary](#)

You can always find research data on our website  
<https://ccgga.org/cotton-research-database/>.

### State Water Board Releases Draft 2021-2022 Fee Proposal

Last month, the State Water Resources Control Board (State Board) released their Fiscal Year 2021-2022 Fee Schedule. The Fee Proposal details the anticipated fees levied on State Board permit holders across all State Board programs, while also detailing expected budgets and incomes for the state agency. Programs directly impacting agriculture include the Irrigated Lands Regulatory Program (ILRP) which oversees per acreage charges for irrigation practices. The State Board is proposing a 7.8% increase in program costs compared to the 2020 fiscal year. Fees levied by the State Board have traditionally averaged higher than most, if not all, other regulatory permit-based fees. The Association is currently working with a broader agricultural stakeholder community to push back on these anticipated increases. Stay tuned for more updates.

