

MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

FILED by order
of the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held JUL 14 1992
Robert E. Hoff
Executive Secretary

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June 30, 1992

To: Board of Directors (Water Problems Committee--Information)
(Finance and Insurance Committee--Information)
From: General Manager
Subject: Proposed Demonstration Program on Interstate Underground
Storage of Unused Colorado River Water

Report

Over the last year, your Board has been periodically informed through written and oral reports of ongoing discussions among the Colorado River Basin States on ways to improve the water management of the Colorado River system and assist Metropolitan in maintaining its Colorado River Aqueduct at full capacity. One such program on which there has recently been focused discussion among the states of Arizona, Nevada, and California is a demonstration of interstate underground storage of unused Colorado River water. Under this concept, Colorado River water would be placed in groundwater storage in Arizona in years in which net diversions for beneficial consumptive use are forecast to be less than 7.5 million acre-feet in the three states or in years in which a surplus is declared and all requests are met.

If a shortage occurs and a party is harmed by the program, the water would be drawn from the groundwater storage program to reduce or offset the impact. On the other hand, if anticipatory flood releases or flood control releases are made from Lake Mead, then an additional water supply would have been created by the program and such supply would be shared by the parties funding the program with consideration given for the use of Arizona facilities utilized to store the water. A basic premise of the program would be not to increase Arizona's cost or any party's risk of water shortage.

Under the demonstration program being considered, a maximum of 100,000 acre-feet would be stored, with an initial amount of up to 30,000 acre-feet stored in 1992. Storage in subsequent years would be subject to agreement on the quantity of water, up to the 100,000 acre-foot maximum, and the cost. The cost for the program being considered for 1992 is \$68 per acre-foot for indirect storage by exchange, and \$80 per acre-foot for direct storage. The parties that

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would necessarily have to approve of the agreement would include the U.S. Bureau of Reclamation, the Central Arizona Water Conservation District, and the respective participants that desire to store water for their potential benefit; i.e. Metropolitan and possibly entities within the State of Nevada. To the extent the program does provide increased yield, it is anticipated that the recoverable amount of water would be established at 90 percent of the stored water. Once the water is stored and a defined supply created by the reservoirs refilling, such water would be made available in the future by the Central Arizona Water Conservation District reducing its diversions from the Colorado River by an amount equal to the amount recovered from the groundwater basin. By doing so, Colorado River water would be made available for the entity that stored the water in Arizona's groundwater basin.

The estimated cost of the program would be approximately \$2.1 to \$2.4 million in 1992 depending upon whether indirect or direct storage is employed. The maximum cost for storage of 100,000 acre-feet would be upward to \$8 million depending upon future escalation of costs. In the event this program is developed and your Board approves Metropolitan being a participant in the program, a funding source will need to be identified.

This program has been discussed within Arizona and is gaining support. It would be a major step forward in developing cooperative efforts among the three states.

Board Commiteee Assignments

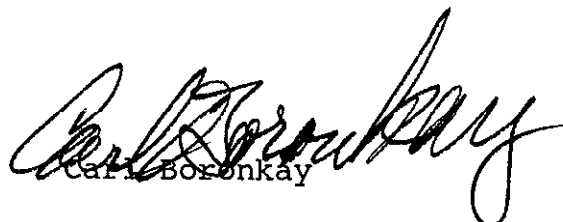
This letter is referred for information to:

The Water Problems Committee because of its authority to study and advise on the sources of importing water required by Metropolitan and the selling prices of water pursuant to Administrative Code Section 2481(a) and (c); and

The Finance and Insurance Committee because of its authority to study, advise, and make recommendations with regard to the disposition of funds and the determination of revenues to be obtained from the sales of water pursuant to Administrative Code Section 2441(c) and (e).

Recommendation

For information only.


Carl Boronkay