

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

January 26, 1993

To: Board of Directors (Water Problems Committee--Information)
From: General Manager
Subject: Seasonal Storage Service Benefits

Report

In setting fiscal year (FY 1993-94) rates, a choice must be made concerning the rate differential between basic service and Seasonal Storage Service. The current rate differential is \$101 per acre-foot (AF). From a resources management perspective, it is recommended that the alternative rate schedule presented to your Board at your January meeting that increased the seasonal storage rate differential to \$110 per AF be selected. Justification for this recommendation is presented in this Board letter.

Seasonal Storage Service has been in place since July 1, 1989. In that time, 24 member agencies have taken advantage of the program. As of December 31, 1992, a cumulative total of about 757,000 acre-feet has been purchased (see Table 1).

Seasonal Storage Service is meeting its stated goals of achieving greater conjunctive use of imported and local supplies; encouraging construction of additional local production facilities; and reducing member agencies' dependence on Metropolitan's deliveries during the summer months. By making Seasonal Storage Service available, Metropolitan has been able to achieve greater conjunctive use of groundwater basins by diverting additional Colorado River and State Water Project supplies when supplies became available. Groundwater resource development is particularly important given the current supply uncertainties caused by potential operating restrictions such as Decision 1630, enforcement of the Federal Endangered Species Act and drought conditions.

According to a survey taken last May, Seasonal Storage Service has encouraged the construction of

additional local production facilities. In summary, 49 wells have been rehabilitated, 50 new wells have been drilled, and 12 contaminated wells are being treated. These operational changes have maintained or added 500 cubic-feet per second (cfs) of capacity at a cost of approximately \$86,000,000. By way of comparison, a constant flow at this rate would equal about 990 AF a day.

Asked to assume that the discounted rate would be 58 percent of the noninterruptible rate, member agencies reported that 79 wells will be rehabilitated, more than 91 wells will be drilled, and more than 35 contaminated wells will be treated. These planned projects will maintain or add about 900 cfs of capacity at an approximate cost of \$161,000,000.

Since the inception of Seasonal Storage Service, member public agencies have spent about \$300,000 on the development of additional new facilities such as system interconnections. Over \$22,000,000 is planned to be spent on the development of additional new facilities. If the rate discount were to be decreased, some of these projects will not be completed.

During the first three years that Seasonal Storage Service was available, the rate was about 58 percent of the noninterruptible rate. For FY 1992-93, the discounted rate increased to 62 percent of the noninterruptible rate. If the current differential of \$101 per AF is maintained, the discounted rate becomes about 69 percent of the noninterruptible rate. By increasing the differential to \$110 per AF, the discounted rate represents 66 percent of the noninterruptible rate. The alternative rate schedule was discussed with the Member Agency Managers at the last Water Resources Assessment meeting. The Managers supported the alternative rate since the increased discount provides incentives for local water development. The impact on revenues of future increases in the Seasonal Storage discount revenues will be carefully evaluated as part of the Water Rate Structure Study.

Board Committee Assignments

This letter was referred to:

The Water Problems Committee pursuant to its authority to determine the selling prices of water under Administrative Code Section 2481(c).

Recommendation

For information only.


Carl Boronkay

JMB:bvf

Attachment

TABLE 1

Seasonal Storage Program Participation
(As of December 31, 1992)

<u>Agency</u>	<u>Seasonal Storage Service * (Acre-Feet)</u>	<u>Percentage of Seasonal Water Sales to Total Water Sales</u>
City of Anaheim	30,121.0	32.91
City of Beverly Hills	0.0	0.00
City of Burbank	1,891.7	2.65
Calleguas MWD	10,205.3	2.93
Central Basin MWD	48,071.6	10.11
Chino Basin MWD	20,811.8	7.87
Coastal MWD	2,985.7	1.61
City of Compton	858.3	5.17
Eastern MWD	2,635.9	1.33
Foothill MWD	1,934.9	5.67
City of Fullerton	805.7	1.92
City of Glendale	992.4	1.09
Las Virgenes MWD	4,458.2	5.63
City of Long Beach	14,996.8	9.75
City of Los Angeles	223,291.7	17.74
MWD of Orange County	130,877.0	14.99
City of Pasadena	17,677.0	22.95
San Diego CWA	176,810.8	9.15
City of San Fernando	1,933.9	70.42

* Includes cyclic storage water sold at seasonal storage service rates.

<u>Agency</u>	<u>Seasonal Storage Service (Acre-Feet)</u>	<u>Percentage of Seasonal Water Sales to Total Water Sales</u>
City of San Marino	0.0	0.00
City of Santa Ana	18,494.1	29.99
City of Santa Monica	642.9	2.16
Three Valleys MWD	4,791.9	1.94
City of Torrance	0.0	0.00
Upper San Gabriel Valley	31,266.1	12.36
West Basin MWD	8,989.9	1.53
Western MWD	1,273.1	0.49
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Total	756,817.7	9.75