

MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

July 2, 1993

To: Board of Directors (Executive Committee--Action)
(Water Problems Committee--Action)

From: General Manager

Subject: Transfer of Water to Metropolitan Service Area

Report

Metropolitan recently received a request from Western Municipal Water District of Riverside County (Western MWD) to transfer State Water Project (SWP) entitlement water from the Wheeler Ridge-Maricopa Water Storage District (WRM) in Kern County to a buyer located in Metropolitan's service area. WRM is a member unit of the Kern County Water Agency (KCWA).

This water transfer has been proposed by a farmer who owns and leases lands in both WRM and Western MWD. Under the proposal, the farmer would transfer unused SWP entitlement water from WRM's entitlement to irrigate land in Western MWD. This proposed transfer has been approved by WRM and KCWA.

To facilitate the transfer of this water, Metropolitan would arrange for "wheeling" (transporting) water through SWP facilities and wheel untreated water through Metropolitan's facilities to Western MWD. It would be the buyer's responsibility to arrange for wheeling through Western MWD facilities.

The transfer of water from existing uses to other existing or new uses in California is critical to reliably meet demands in the future. In response to the need to increase the reliable supply of water available in Southern California, in 1992 your Board approved a water transfer policy for Metropolitan. Although your Board's policy did not specifically address wheeling of transfer water nor transfer of water directly to member agencies, such wheeling and transfers could improve water supply reliability and protect the Southern California economy. It is therefore recommended that subject to its review and consideration of environmental documentation, the transfer be tentatively approved by your Board with reasonable protections for Metropolitan's and its member agencies' water supplies, operations, and water management programs. It is further recommended that the General Manager be authorized, by Administrative Code Amendment, to approve other transfer proposals subject to similar protections. These protections would be consistent with existing policies adopted

by your Board in its support of provisions in existing and proposed transfer legislation.

The Central Valley Project Improvement Act (CVPIA) (Title XXXIV of Public Law 102-575) and proposed State transfer legislation, AB 97, both contain provisions for the reasonable protections discussed above. In negotiating water transfer agreements, Metropolitan staff invariably agree to provisions designed to assure these protections. For example, the individual agreements for land fallowing in the Palo Verde Irrigation District (PVID) require that the landowner/lessee pay PVID the full water rate for the water received by Metropolitan to protect the local district financially. Similar concepts are included in negotiations with Central Valley transferors.

The above legislative provisions were included primarily to protect agricultural water districts. However, similar protections are essential for water districts in urban areas receiving transferred water. Relevant provisions in the CVPIA and AB 97 state that transfers should be approved if such transfers do not adversely impact the water supplies, operations, or financial conditions of the transferors' district or other water users. Such protections for Metropolitan would include contractual provisions between Metropolitan and the buyer to assure that the first priority in water supply and facility use allocation is given to meeting the demands of Metropolitan and its member agencies, that the costs of Metropolitan and its member agencies are not any greater than they would have been without the transfer, and that Metropolitan is not otherwise adversely affected financially by the transfer. To implement these provisions, a wheeling rate would be established for this transfer equal to Metropolitan's water rate for untreated water less energy, SWP or other credits, and other avoided costs. This rate does not include the cost of power for SWP pumping. It is assumed that the buyer will arrange for such power, but should the buyer be unable to do so, Metropolitan, if requested, will assist the buyer in securing power. Using the water rate (less avoided costs) approach will result in Metropolitan recovering charges incurred in permitting usage of its conveyance system and thus would be consistent with the purpose of the 1986 wheeling legislation sponsored by Assemblyman Richard Katz enacted as Water Code Sections 1810 through 1814. Water Code Section 1813 requires Metropolitan to support this and other determinations relating to the transfer by written findings.

Board Committee Assignments

This letter is referred for action to:

The Executive Committee because of its authority to study, advise, and make recommendations with regard to policies and procedures to be considered by the Board in accordance with Administrative Code Section 2417(e).

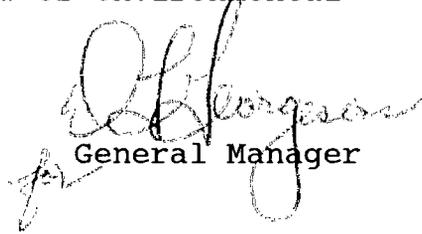
The Water Problems Committee because of its authority to study, advise, and make recommendations with regard to policies regarding the sale and delivery of water for various uses to be considered by the Board under Administrative Code Section 2481(d).

Recommendation

EXECUTIVE COMMITTEE AND WATER PROBLEMS COMMITTEE FOR ACTION.

1. That the Board approve changes to the Administrative Code to add Section 4211--Transfer and Wheeling of Water to Metropolitan's Service Area--as included in Exhibit A attached.

2. That the General Manager be authorized to make any further required determinations and findings and to execute an agreement in form approved by the General Counsel for the wheeling and transfer of water from Wheeler Ridge-Maricopa Water Storage District to Western Municipal Water District of Riverside County substantially as discussed in this letter, subject to any necessary Board review of environmental documentation.


General Manager

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Attachment

**§4211 TRANSFER AND TRANSPORT OF WATER
TO THE DISTRICT'S SERVICE AREA**

The General Manager may approve, on behalf of the District, transfers of water by member public agencies, subagencies, corporations, and individuals and may enter into agreements to transport such water through facilities to District service connections within the boundaries of the District. Such approvals and agreements shall be subject to: (1) approvals required from other entities and (2) reasonable provisions that protect the District's water supplies, operations, and financial conditions. "Protection of financial conditions" means compensation to recover costs attributable to the use of the District's distribution system and other facilities to deliver transferred water which is determined to be equal to the untreated water rate; less avoided costs, including but not limited to energy; plus resulting increased costs and, if appropriate, the treated water surcharge.