



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

8-14

March 27, 1997

To: Board of Directors (Water Planning & Resources Committee--Action)
 (Committee on Legislation--Action)

From: General Manager *Edward D. Meese*
 General Counsel *W. R. [Signature]*

Subject: Senate Bill 1335 (Polanco - Los Angeles)
 Water Conveyance Facilities; Wheeling

RECOMMENDATION(S)

Support Senate Bill 1335.

EXECUTIVE SUMMARY

SB 1335 introduced by Senator Richard Polanco (Los Angeles) addresses the issue of the wheeling of water through conveyance facilities owned by other parties. The bill makes clarifications to existing law on wheeling to reaffirm and emphasize that the use of a third party's facility for wheeling of water shall not reduce service reliability of the other users of the facility. The bill further reiterates that any previously committed capital expenditures are to be used in calculating a wheeling rate. As written, the bill is in accordance with existing law and consistent with Metropolitan's adopted wheeling policy. Its reaffirmation and emphasis of existing law is timely and supportive of Metropolitan's wheeling policies. Therefore, it is recommended that the Board adopt a support position for this bill.

DETAILED REPORT

SB 1335 would amend Water Code § 1810 primarily by adding a section which states that use of a water conveyance facility by a water transferor shall not reduce the service reliability of the other parties that use the facility. The bill would amend Water Code § 1811 primarily by specifically recognizing in the definition of what is "fair compensation" for wheeling water through a conveyance system a prorated share of previously committed

capital expenditures, to be charged on the same basis as customers receiving comparable service.

These changes are consistent both with existing law and with Metropolitan's adopted wheeling policy.

JK:gm
#4329--SB 1335

SENATE BILL**No. 1335****Introduced by Senator Polanco****February 28, 1997**

An act to amend Sections 1810 and 1811 of the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

SB 1335, as introduced, Polanco. Water conveyance facilities: use.

Existing law prohibits the state, or any regional or local public agency from denying a bona fide transferor of water the use of a water conveyance facility that has unused capacity, for the period of time for which that capacity is available, if fair compensation, as defined, is paid for that use, subject to specified conditions. Existing law defines "bona fide transferor" as a person or public agency with a contract for sale of water, which may be conditioned as prescribed.

This bill would require the use of the water conveyance facility by a bona fide transferor to be made without reducing service reliability for other users of the water conveyance facility. The bill would define "bona fide transferor" as any person or public agency. The bill would include in the definition of the term "fair compensation" a prorated share of previously committed capital expenditures incurred by the owner of the water conveyance facility, to be charged on the same basis as customers receiving comparable service.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1810 of the Water Code is
2 amended to read:

3 ~~1810. Notwithstanding any other provision of law,~~
4 ~~neither~~ Neither the state, nor any regional or local public
5 agency may deny a bona fide transferor of water the use
6 of a water conveyance facility ~~which~~ that has unused
7 capacity, for the period of time for which that capacity is
8 available, if fair compensation is paid for that use, subject
9 to the following:

10 (a) Any person or public agency that has a long-term
11 water service contract with or the right to receive water
12 from the owner of the conveyance facility shall have the
13 right to use any unused capacity prior to any bona fide
14 transferor.

15 (b) The commingling of transferred water does not
16 result in a diminution of the beneficial uses or quality of
17 the water in the facility, except that the transferor may,
18 at the transferor's own expense, provide for treatment to
19 prevent the diminution, and the transferred water is of
20 substantially the same quality as the water in the facility.

21 (c) Any person or public agency that has a water
22 service contract with or the right to receive water from
23 the owner of the conveyance facility who has an
24 emergency need may utilize the unused capacity that was
25 made available pursuant to this section for the duration
26 of the emergency.

27 (d) This use of a water conveyance facility is to be
28 made without injuring any legal user of water and
29 without unreasonably affecting fish, wildlife, or other
30 instream beneficial uses and without unreasonably
31 affecting the overall economy or the environment of the
32 county from which the water is being transferred.

33 (e) *The use of the water conveyance facility by a bona*
34 *fide transferor shall be made without reducing service*
35 *reliability for other users of the water conveyance facility.*

36 SEC. 2. Section 1811 of the Water Code is amended to
37 read:

1 1811. As used in this article, the following terms shall
2 have the following meanings:

3 (a) "Bona fide transferor" means a person or public
4 agency as defined in Section 20009 of the Government
5 Code ~~with a contract for sale of water which may be~~
6 ~~conditioned upon the acquisition of conveyance facility~~
7 ~~capacity to convey the water that is the subject of the~~
8 ~~contract.~~

9 (b) "Emergency" means a sudden occurrence such as
10 a storm, flood, fire, or an unexpected equipment outage
11 impairing the ability of a person or public agency to make
12 water deliveries.

13 (c) "Fair compensation" means the reasonable
14 charges incurred by the owner of the conveyance system,
15 including ~~capital~~ all of the following:

16 (1) *Capital*, operation, maintenance, and replacement
17 costs; ~~increased.~~

18 (2) *Increased* costs from any necessitated purchase of
19 supplemental power; ~~and including.~~

20 (3) A reasonable credit for any offsetting benefits for
21 the use of the conveyance system.

22 (4) *A prorated share of previously committed capital*
23 *expenditures, to be charged on the same basis as*
24 *customers receiving comparable service.*

25 (d) "Replacement costs" mean the reasonable portion
26 of costs associated with material acquisition for the
27 correction of unrepairable wear or other deterioration of
28 conveyance facility parts which have an anticipated life
29 which is less than the conveyance facility repayment
30 period and which costs are attributable to the proposed
31 use.

32 (e) "Unused capacity" means space that is available
33 within the operational limits of the conveyance system
34 and which the owner is not using during the period for
35 which the transfer is proposed and which space is
36 sufficient to convey the quantity of water proposed to be
37 transferred.

**PROPOSED AMENDMENTS TO
SB 1335 (Polanco)
as introduced**

Amendment 1

On page 3, line 4, delete "20009" and insert:

20056

On page 3, line 22, delete the word "capital"