

- **Board of Directors**
Water Planning, Quality and Resources Committee

March 11, 2003 Board Meeting

10-4

Subject

Water Surplus and Drought Management Plan report on water supply and demand as of February 18, 2003

Description

This letter is the third supply and demand report for 2003 required by the Water Surplus and Drought Management (WSDM) Plan. The plan calls for monthly supply and demand reports from January through April or May. The purpose of the WSDM reports is to keep the Board apprised of the developing water conditions and opportunities to maintain water supply reliability. From January to April, State Water Project (SWP) supplies, Los Angeles Aqueduct supplies, local supplies and demands are uncertain due to developing weather conditions. WSDM actions during this period are minimal, although occasionally the opportunity exists to purchase cost-effective water transfers or implement other WSDM actions. When the rain and snow season ends in April or May, and water conditions are more certain, a final supply and demand report will be given to the Board along with a plan of recommended WSDM actions for the year.

Supply

As of December 31, 2002, California agencies were unable to sign and execute the Quantification Settlement Agreement (QSA). As a result, the U.S. Department of the Interior suspended the Interim Surplus Guidelines effective on January 1, 2003. Based on Interior's 2003 Water Order approvals, Metropolitan has access to 713,500 AF of Colorado River water for 2003. If necessary, Metropolitan can take up to 81,000 AF from the Arizona Demonstration Groundwater Storage Program. This would bring total Colorado River supplies to about 794,000 AF. It was previously reported that up to 55,000 AF from the Palo Verde Irrigation District Program could be available if necessary. Because of contractual issues that have not been resolved at this time, staff is not including this supply in this report. In January 2003, the allocation of SWP supplies was increased to 45 percent of entitlement, or about 0.9 MAF. This allocation was not increased in February. If normal to wet conditions occur from this point, allocation increases should occur. It is also possible that dry conditions may occur. In order to ensure reliability under a dry scenario, Metropolitan exercised 97,000 AF of transfers from the Sacramento Valley on February 14, 2003. The remaining balance of 70,000 AF may be called at a later date if necessary. In addition, Metropolitan has approximately 1.1 MAF of supplies available for use this year from storage, carryover, transfers, exchanges and other agreements. This brings the total available supply for 2003 to about 3.0 MAF.

Demand

Metropolitan sales for calendar year 2002 were 2.44 MAF. If normal hydrologic conditions occur within our service area, demands are expected to decrease to approximately 2.2 MAF. If dry conditions occur, demands could be expected to reach historic record highs of approximately 2.5 MAF. This total high demand estimate would include firm demands of 2.2 MAF, replenishment demands of 0.2 MAF, and agricultural demands of 0.1 MAF. If extreme wet conditions occur, total demands could fall to approximately 1.8 MAF.

Supply and Demand Balance

The following graphics illustrate the range in possible supply and demand conditions for 2003. Figure No. 1, Supply and Demand Under Dry Conditions, illustrates the resources that could be called upon to meet demands if dry conditions occur for the remainder of 2003. In this scenario, WSDM actions would be used to augment

imported supplies. Figure No. 2 shows the surplus in core supplies should wet conditions occur. In this scenario, WSDM actions would guide the management and storage of surplus imported supplies.

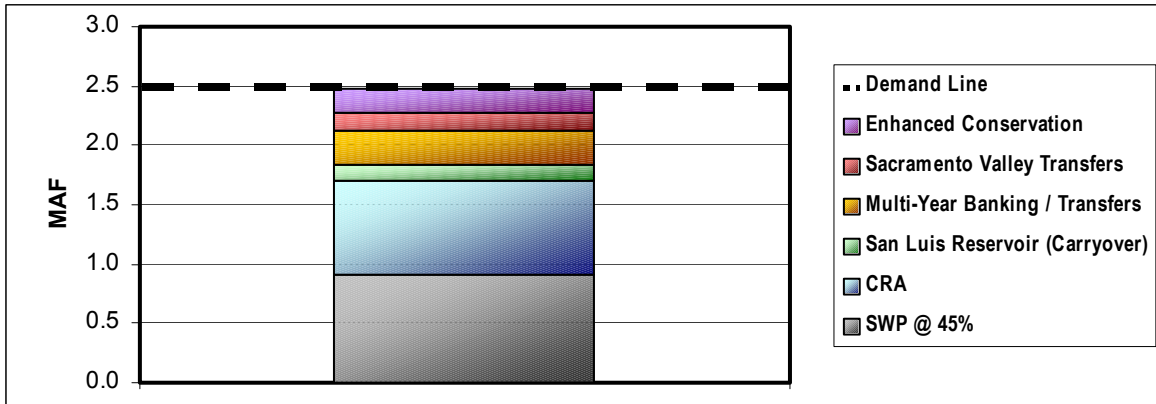


Figure No. 1 - Supply and Demand Under Dry Conditions

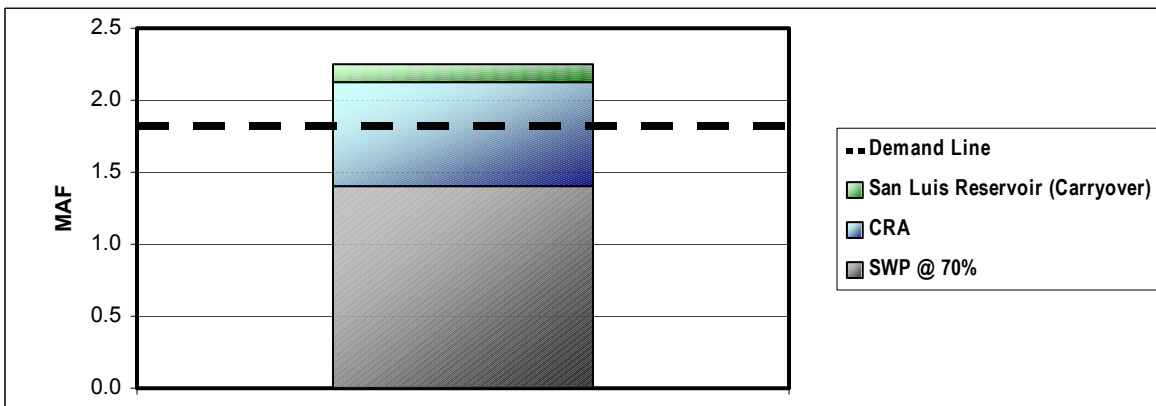


Figure No. 2 - Supply and Demand Under Wet Conditions

Summary

At this time, Metropolitan faces a wide range in supply and demand possibilities for 2003. The WSDM Plan provides a strategy to manage Metropolitan’s resources through this range of possible scenarios for 2003. This report assumes supply and demand conditions as projected on February 18, 2003. Changes in conditions after the writing of this report will be provided at the committee meeting.

Policy

By Minute Item 43514, dated April 13, 1999, the Board adopted the Water Surplus and Drought Management Plan

Fiscal Impact

None

Stephen N. Arakawa 2/21/2003
 Stephen N. Arakawa
 Manager, Water Resource Management Date

Brian G. Thomas 2/21/2003
 Brian G. Thomas
 for Ronald R. Gastelum Date
 Chief Executive Officer