

- **Board of Directors**
Water Planning and Stewardship Committee

January 9, 2007 Board Meeting

9-2

Subject

Review of State Water Project Supplies

Description

Introduction

The State Water Project, owned and operated by the California Department of Water Resources (DWR), plays a significant role in meeting Metropolitan's current and future demands. The State Water Project system, a large-scale conveyance system from Northern California, provides water supply and water management opportunities.

Water supplies from the State Water Project have varied widely, mainly due to hydrologic conditions, environmental regulations, and varying levels of demand from the State Water Contractors. Officially adopted future estimates of supply availability from this system, as taken from the DWR 2005 State Water Project Reliability Report, take into account the historical variation and show that the State Water Project system should be able to continue to provide supplies, conveyance, and water management to meet Metropolitan's needs as described by the IRP.

Background

In 1960, The Metropolitan Water District of Southern California entered into a contract with the state of California for a water supply from the State Water Project. This contract, along with similar contracts signed by 28 other districts in the state, requires the state to use all reasonable efforts to develop and maintain water supplies and delivery systems. The contract is through 2035, with an option by Metropolitan to renew under the same basic conditions as the original contract.

As a result of the State Water Contracts and the enabling Burns-Porter Act legislation of 1959, the state of California developed the State Water Project made up of 28 dams and reservoirs, 26 pumping and power generation plants, and over 650 miles of aqueduct, including the California Aqueduct.

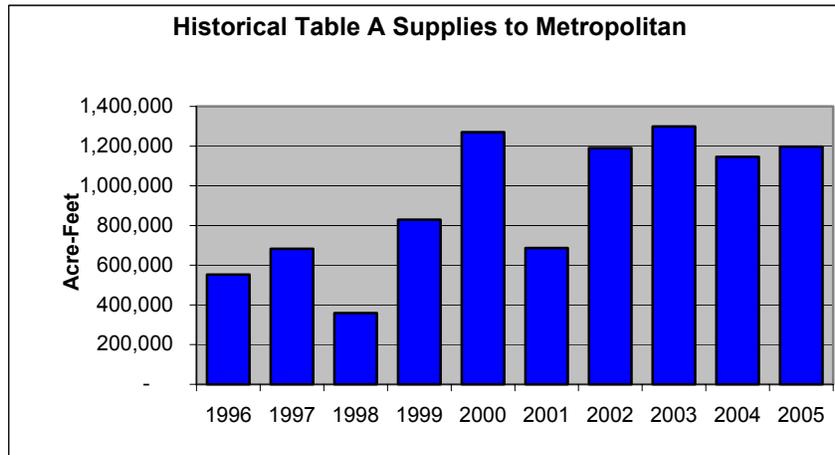
In the 1960s, Metropolitan's contract for a basic contract amount was set at 2,011,500 acre-feet. In 2003, as part of the package of actions from the Quantification Settlement Agreement with California's Colorado River users, Metropolitan transferred 100,000 acre-feet of its contract amount to the Desert Water Agency and to the Coachella Valley Water District, making the current Metropolitan contract amount 1,911,500 acre-feet per year. As part of that transfer agreement, Metropolitan retained the right to call back the water supply associated with the 100,000 acre-feet if needed. Total State Water Contract amounts for all 29 State Water Project contractors are currently 4,133,000 acre-feet per year.

The full Metropolitan contract amount of 1,911,500 acre-feet does not represent a contractual obligation from the state of California to deliver that amount of water in each and every year. Instead, it provides a relative basis for allocating available water supplies among the State Water Project contractors, and provides a basis for cost allocations.

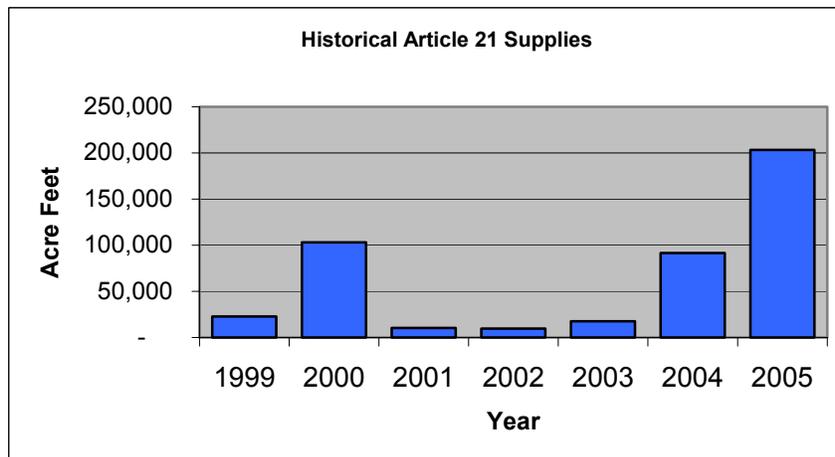
Types and Historical Availability of State Water Project Supply

Table A Supplies – Table A supplies are made available based on a combination of hydrologic conditions, storage conditions, regulatory requirements, and State Water Project contractor demands. DWR will make official allocations, as a percentage of Table A contract amounts, based on their analyses of availability. Deliveries of Table A supplies to Metropolitan over the past ten years have ranged from a low of 360,000 acre-feet to a high of

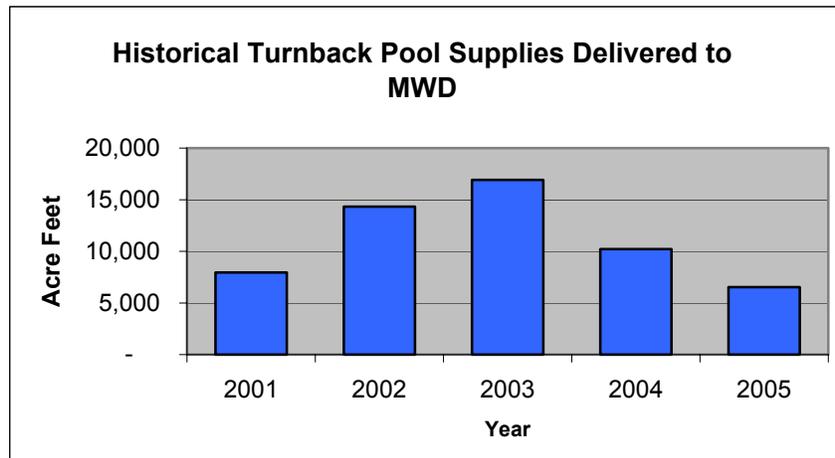
approximately 1.3 million acre-feet. Historical deliveries do not necessarily reflect the amount of water available from the project. Factors such as hydrologic conditions, low demand for water, and the availability of other types of SWP supplies (see discussion below) have contributed to years of lower Table A utilization. For example, the Table A allocation for 2003 was 90 percent, meaning that Metropolitan had access to approximately 1.8 million acre-feet of Table A supply. However, actual deliveries of Table A supplies were 1.3 million acre-feet (in that year, Metropolitan also took delivery of 400,000 acre-feet of other SWP supplies, making its total SWP deliveries 1.7 million acre-feet). The following graphic shows the historical deliveries of Table A supplies.



Article 21 Supplies – Article 21 supplies are made available to contractors when hydrologic and system storage conditions allow for unscheduled supplies in addition to scheduled Table A amounts to be delivered to State Water Project contractors who request these supplies. These supplies are made available on the basis of relative Table A amounts among the participating contractors when the demand for this water is greater than the supplies. These supplies are generally available on a short-term interruptible basis when surplus supplies are available in the Delta and San Luis Reservoir Storage is full. Deliveries of Article 21 supplies to Metropolitan have ranged from approximately 10,000 acre-feet to 200,000 acre-feet. The following graphic shows the historical delivery of Article 21 supplies to Metropolitan.



Turnback Pool Supplies – Turnback Pool supplies are made available when a State Water Project contractor is unable to use its allocated Table A water supply. The contractor has the ability to sell that supply in a “pool” to other contractors who can then purchase these supplies. These supplies are made available on the basis of relative Table A amounts among the buyer contractors when the demand for this water is greater than the supplies. Deliveries of Turnback Pool supplies to Metropolitan have ranged from approximately 6,500 acre-feet to 17,000 acre-feet. The following graphic shows the historical deliveries of Turnback Pool supplies to Metropolitan.

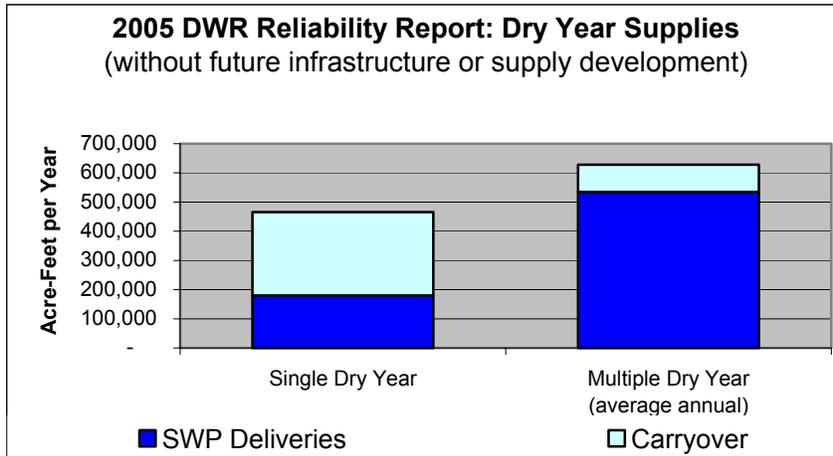


Deferred Deliveries and Carryover Storage – The State Water Contract allows the State Water Project contractors to carry over a portion of their allocated Table A water supplies in a given year for delivery during the next year. Contractors are able to carry over up to the lesser of 50 percent of their Table A amounts and 200,000 acre-feet. Because of the quantity of its Table A amount, Metropolitan can carry over up to 200,000 acre-feet. Over the past two years, Metropolitan has also made agreements with Desert Water Agency and Coachella Valley Water District. Collectively, an additional 85,000 acre-feet of storage have been made available through this contract provision. Metropolitan also has the ability to defer water deliveries when it chooses to delay previously scheduled groundwater spreading or has an outage within its own water distribution system. Additionally, if State Water Project facilities are not available to make scheduled deliveries to Metropolitan, that water can be rescheduled to the following year.

Flexible Storage – The State Water Contract allocates the use of storage capacity in the terminal reservoirs of the State Water Project to the contractors who participate in the repayment of capital costs for those facilities. Metropolitan has access to a total of 218,940 acre-feet of storage capacity in Castaic Lake and Lake Perris. The use of these reservoirs was discussed in the November 13, 2006 Board Letter titled “Review of Water Storage and Transfer Programs”.

Estimates of Future State Water Project Supplies

Periodically, DWR prepares a State Water Project Reliability Report for use by the State Water Project contractors. This Report represents the best estimate for the range of future supplies available from the State Water Project. Modeling support for this Report incorporates updated assumptions and operating conditions and criteria. The most recent report was released in 2005. The Report shows that future Table A deliveries are projected to range from five percent of Table A amounts to 100 percent of Table A amounts, with an average delivery availability of 77 percent of Table A. The Report also identified an additional 150,000 AF that could be made available to the Contractors in a critically dry year (approximately 75,000 AF of this would be available to Metropolitan). Finally, the Report shows that total future Article 21 availability is projected to range from zero to 547,000 acre-feet, with Metropolitan having access to nearly half of that supply based on its proportionate Table A amount.



Policy

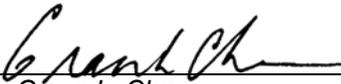
By Minute Item 41734, dated Jan. 9, 1996, the Board approved the Integrated Water Resources Plan.

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

By Minute Item 45841, dated July 13, 2004, the Board approved the Integrated Water Resources Plan Update report and the regular interval of IRP Implementation Reports and IRP updates.

Fiscal Impact

None


 _____ 12/20/2006
 Grace L. Chan Date
 for Stephen N. Arakawa
 Manager, Water Resource Management


 _____ 12/21/2006
 Jeffrey Kightlinger Date
 General Manager