



Evaluation of Potential Water Transfer

MID

- In business for over 100 years
- Over 3000 irrigation customers and 113,000 electric customers
- Goals for water service
 - Professionally serve customers
 - Provide a safe and reliable system
- Protect water rights
 - Priority rights to divert water
 - “Reasonable and beneficial use”



Overview

- MID is evaluating the potential transfer of water to City and County of San Francisco (CCSF)
 - Determine whether MID can meet CCSF needs without impairing existing customers
 - Evaluate whether revenue received by MID would help finance infrastructure improvements
 - Seek public input
- Why now?
- Why CCSF?
- What would it mean for you?



Tuolumne River Watershed



Existing CCSF Relationship

- **Ongoing relationship under Raker Act**
 - Maximum irrigated acres
 - Recognition of MID senior water rights
- **Existing agreements**
- **Existing infrastructure**
- **Meet highest use for water**
- **Prior experience with transfers**
- **CCSF is a valuable partner**



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Motivating Factors

- **Aging Infrastructure**
 - Upgrade
 - Automate
 - Increase efficiencies
- **FERC Relicensing – 1966 license to expire in 2016**
 - Challenges to water supply
 - Cost
- **Regulatory Proceedings**
 - Basin planning
 - Endangered species
- **Legislation**
 - Diversion and use fees
 - Monitoring and reporting



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Infrastructure Improvements

- **Upgrades to aging water delivery system required for continued reliability**
 - Additional flow mandates would require MID to cut water supply without new facilities and operational plans
 - Provide means for meeting new conservation, water quality, and operational efficiency requirements
- **Highlights**
 - Replacement of key aging infrastructure
 - New regulating reservoirs and interties
 - Upgraded control structures
 - New remote monitoring systems and electronic flow meters



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Irrigation Infrastructure Costs

- **Project includes planning and three construction phases**
 - Total estimated cost of planned activity is \$115 million
 - Total implementation period of around 11 years
- **Without outside funding the cost of improvements would require a 5-fold increase in water rates**
- **Necessary whether or not water transfers are implemented**
- **Improvements maximize efficiency and result in no net water lost**



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Key Projects

- **Irrigation Infrastructure Planning/Permitting**
 - Environmental review, board consideration
 - 18 months
 - \$1 million
- **Phase 1**
 - Main Canal regulating reservoir
 - Lateral 6 and 8 interties and pump stations
 - Computer control system upgrades
 - Dry Creek Flume replacement
 - 5 years
 - \$52 million



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Key Projects cont.

- **Phase 2**
 - Lateral 4 regulating reservoir
 - Lateral 4 and 5 interties and pump stations
 - 3 years
 - \$30 million
- **Phase 3**
 - Lateral 3 regulating reservoir
 - Lateral 7 interties and pump stations
 - 3 years
 - \$32 million



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FERC Relicensing

- **Minimum 5 year process, beginning in 2011**
 - Likely to go beyond 2016
- **Includes multiple years of exhaustive aquatic, terrestrial and other studies**
- **High potential for litigation over a number of years**
- **MID estimates its share of the cost through 2016 will be about \$25 million**



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Limited Options for Financing

- **Water Rates**
 - **Irrigation**
 - Significant increase necessary to cover direct pay or debt service for excess of \$140 Million
 - Current rate is \$6.95/AF; potential increase to over \$40/AF
 - **City of Modesto Drinking Water**
 - City of Modesto pays same rate as irrigation customers
- **Transfers**
 - Potential annual revenue of \$18 to \$25 million
 - Local economic and program benefits for MID customers



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Water Transfers

- Transfers take many forms
- MID receives several inquiries every year
- Historically MID hasn't been receptive
- Exceptions
 - 5,000 AF to CCSF in 1990-1991
 - Environmental Flows
 - Conversion from agriculture to municipal and industrial use (for City of Modesto)
- Modeling research shows that all water obligations could be met in all types of water years



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Successful Precedent for Transfers in San Joaquin Valley

- 1990-1991 transfer from MID to CCSF
- Oakdale Irrigation District
 - Average annual transfer of 42,650 AF
 - Average annual revenue of \$3.4 million
 - No impact on OID deliveries
 - No impact on OID water rights
- Merced ID
 - 30,000 to 40,000 AF
 - Around \$100/AF
- Supported by existing law and public policy



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Transfer being Evaluated

- **Approximately 2,200 AF/year**
 - 1 AF serves 5 to 7 people for 1 year
 - SFPUC Water System Improvement environmental review process completed in 2008
 - Could generate revenue to MID of over \$1.5 million per year
 - No new construction or permit required
 - Less than 1% of MID's average annual water diversion



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Longer Term

- **Evaluate potential larger transfer to commence in future**
 - Complete environmental review required
 - No significant effect on flows in Lower Tuolumne River
 - No significant impact to MID water supply
 - Water would come from water saved through infrastructure improvements
 - Increased system efficiencies
 - Increased water use efficiencies



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What would it mean for you?

- **Agriculture**
 - Operational savings
 - Rate stability
 - Conservation incentive programs
 - Strategic alliances
- **Municipal and Industrial**
 - Rate stability
 - Economic stimulus
 - Conservation program assistance
- **Electric**
 - Rate stability



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Benefit In FERC Relicensing

- **Transfer of water not within FERC jurisdiction**
 - Consistent with FERC's view of its role in the Don Pedro Relicensing under Federal Environmental Laws
 - Activities intended to alter the amount of consumptive use of water do not meet the purpose of and need for the Don Pedro Project.
 - Water intended for consumptive use should remain available for consumptive use
 - No impact to Don Pedro Project
- **Transfer consistent with information previously provided to FERC**
 - CCSF has consistently testified that even as it continues its conservation efforts it is and will be in need of additional water supply
 - SFPUC Water System Improvement environmental documents



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Transparent Process

- **Public meetings**
 - Old Fisherman’s Club – October 25, 7 p.m.
 - Del Rio Country Club – October 26, 7 p.m.
 - MID Offices – October 27, 8:30 a.m.
 - Waterford Community Center – October 27, 7 p.m.
- **Noticed Board Meetings with opportunity for public input**
- **CEQA compliance**



Questions?

