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WATER & POWER  
AUTHORITY



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## FACT SHEET

### El Dorado Water and Power Authority and Sacramento Municipal Utility District Proposed Cooperation Agreement 2005

WHAT: A Cooperation Agreement (Agreement) has been negotiated between El Dorado County interests and the Sacramento Municipal Utility District (SMUD) to do the following:

- a. Resolve issues associated with the re-licensing of SMUD's Upper American River Project (UARP); and
- b. Clarify two facilities use agreements which SMUD entered into in 1957 and 1961, that provide for the use of certain UARP facilities for the delivery of water.

WHO: Parties to the Agreement include SMUD and the following agencies, collectively referred to in the Agreement as collectively El Dorado Parties, or EDP:

- County of El Dorado (EDC)
- El Dorado County Water Agency (EDCWA)
- El Dorado Water & Power Authority (EDWPA)
- El Dorado Irrigation District (EID)
- Georgetown Divide Public Utility District (GDPUD)

DETAILS:

1. The Agreement would provide for the use of certain UARP facilities by EDP to meet water supply requirements, but does not provide any water rights to EDP.
2. The Agreement would also provide compensation to EDC by SMUD for impacts of the UARP during the term of SMUD's future FERC licenses.
3. The term of the Agreement is the same as the term of SMUD's new license and any subsequent re-licensing
4. EDP has agreed to support SMUD in its re-licensing efforts.

FACTS AND FIGURES:

- a. Under the Agreement, SMUD's payments – which are subject to annual escalation – will include:
- b. \$1 million within 10 days of the effective date of the Agreement
- c. \$1.6 million within 10 days after SMUD's new license becomes final
- d. \$590,000 every year (adjusted for inflation) beginning 30 days after SMUD's new license becomes final with \$90,000 of this payment earmarked for GDPUD.

SMUD payments may be used by El Dorado County in their sole discretion to address the effects of the UARP's location and operation within El Dorado County. Areas for which these payments might be used include road maintenance to Ice House Road and other roads, watershed management and other miscellaneous activities, including necessary capital and operating expenditures, related to UARP impacts in the County.

HOW IT WILL WORK:

**I. WATER STORAGE IN, AND DELIVERIES FROM, UARP**

- a. 30,000 acre feet through the year 2025; thereafter, 40,000 acre feet through the term of the Agreement.
- b. 15,000 acre feet of carryover storage for drought protection. This carryover storage would not be reduced due to evaporation, spills or conveyance losses and would be reestablished – without any reduction in annual deliveries – if the reservoirs are drained and subsequently refilled.
- c. Points of delivery would include the existing White Rock Turnout and South Fork American River immediately below the White Rock Power House, which allows the EDP to take water from Folsom Lake.

To minimize its costs to SMUD, EDP has also negotiated certain restrictions, which would not impede its exercise of EDP rights under the Agreement:

- EDP will not take deliveries at White Rock between the hours 2-7 p.m. (super peaking hours) during May to September
- EDP will not take deliveries whenever the Slab Creek Reservoir elevation is 5 feet or less above SMUD's Minimum Operating Level
- EDP will not take deliveries during certain SMUD-declared emergency conditions

**II. WATER RIGHTS**

EDP will next attempt to secure water rights for use through the UARP facilities either through:

- a transfer or assignment of City of Sacramento water rights, including entering into good faith negotiations with the Water Forum to obtain its support; or
- new water rights, such as the partial assignment of state-filed applications or any other water right in accordance with state law.

### **III. PRICING OF DELIVERED WATER**

- a. The EDP payment obligation for its use of UARP facilities was agreed upon in the 1957 Agreement. Pricing is based on reimbursing SMUD for annual power foregone, a surcharge for seasonal storage and a surcharge for any carryover storage water delivered.
- b. Power forgone is determined by a formula that includes a number of factors that the parties consider fair to both EDP and SMUD. While the actual power foregone cost is subject to power market fluctuations, the current estimate of power foregone costs is \$50 per acre foot for El Dorado deliveries at the White Rock turnout. There is no power foregone cost for deliveries that will be taken below the White Rock Powerhouse.
- c. Seasonal storage and carryover storage pricing will also be determined by a similar fixed formula.

### **IV. USE OF COOPERATION AGREEMENT**

- a. EDP may use the Agreement to support the acquisition of water rights.
- b. SMUD may use the Agreement as evidence it has satisfactorily addressed EDP issues related to re-licensing of UARP and other processes.

### **V. RE-OPENERS**

The Cooperation Agreement includes the “re-openers” – conditions that would prompt good faith negotiations. If good faith negotiations on any re-opener are not successful, then the parties have agreed to binding arbitration. Each re-opener allows only re-opening of limited aspects of the Cooperation Agreement. The issues that might prompt reopening include the following:

1. EDP may re-open the Agreement for the delivery and storage of water other than that which already is flowing into the UARP.
2. EDP may re-open the Agreement to add additional points of delivery within UARP.
3. SMUD may re-open the Agreement if it chooses to construct the Iowa Hill Pumped Storage Project.

4. SMUD may re-open the Agreement if the new license contains flow-related requirements that would result in an annual loss of net generation value of greater than 5%.

## VI. IOWA HILL PROJECT

To increase awareness, within 10 days of the signing of the Agreement, SMUD will furnish a description of the review processes and anticipated key dates regarding the Iowa Hill Project, which are subject to change by FERC. If SMUD chooses to develop the Iowa Hill Project the following conditions will apply:

- a. Within 10 days of SMUD's decision to develop Iowa Hill, SMUD will pay to EDC \$250,000.
- b. No later than 30 days after SMUD's decision to develop Iowa Hill, EDC and SMUD will establish an Iowa Hill Joint Advisory Committee. The Advisory Committee will receive public input and develop reasonable measures to substantially mitigate the impacts of activities related to the construction of the Iowa Hill Project.
- c. Within 10 days of the initial construction contract award, SMUD will pay EDC \$50,000 and in each subsequent year for the term of the license. These annual payments will be escalated each year.
- d. Payments will be used to minimize, avoid, or mitigate socioeconomic impacts attributable to the construction of the Iowa Hill Project within those areas of the County affected by such impacts. EDC has sole discretion on determining the use of the payments under this section.
- e. No later than 90 days of the completion of construction of Iowa Hill, SMUD and EDC will establish the Iowa Hill Socioeconomic Impacts Assessment Panel to conduct a two-phase socioeconomic assessment of impacts attributed to the construction of Iowa Hill:
  - The first phase will address impacts during the construction period
  - The second phase will address impacts during the five year period following construction.

SMUD will make payments to EDC in an amount equal to the monetary value of any adverse socioeconomic impacts – up to a maximum total of \$2,000,000.

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