

NEWS RELEASE

**El Dorado Water and Power Authority and
Sacramento Municipal Utility District
Reach Cooperation Agreement on Relicensing of
Upper American River Project**

El Dorado County's Water Storage – and Drought Protection –
Is Key Element of Historic Document

(EL DORADO COUNTY, SEPTEMBER 13, 2005) – Reflecting what its participants hailed as a “new era of regional collaboration,” a Cooperation Agreement has been reached by El Dorado County interests and the Sacramento Municipal Utility District (SMUD) to resolve issues associated with the relicensing of SMUD's Upper American River Project (UARP) by the Federal Energy Regulatory Commission.

The new document also resolves issues regarding two agreements with SMUD that El Dorado County entered into in 1957 and 1961. These agreements provide for the use of certain UARP facilities to deliver water.

Parties to the Cooperation Agreement include SMUD and the following agencies, collectively referred to in the agreement as El Dorado Parties, or EDP: County of El Dorado (EDC); El Dorado County Water Agency (EDCWA); El Dorado Irrigation District (EID); and Georgetown Divide Public Utility District (GDPUD)

“We view this as a living, breathing example of what can be accomplished when agencies negotiate with each other in good faith,” said El Dorado County Supervisor Jack Sweeney. “We think this marks a new era of regional collaboration.”

Sweeney also serves as chairman of the El Dorado Water & Power Authority (EDWPA). The latter is composed of four agencies – El Dorado County Water Agency, El Dorado Irrigation District, Georgetown Divide Public Utility District, and El Dorado County Board of Supervisors – which organized as a joint powers authority nearly two years ago to present their mutual concerns regarding the relicensing in a unified manner,

The Cooperation Agreement provides for the use of the UARP facilities by the EDP to meet the water delivery needs of EID of up to 20,000 AF and GDPUD of up to 10,000 AF per year in addition to 15,000 AF of drought storage for EID – but does not provide any water rights to EDP. Water rights will be secured either through a transfer or assignment from the City of Sacramento or obtaining other new water rights. The agreement also provides compensation to El Dorado County from SMUD for impacts of the UARP.

The term of the Cooperation Agreement is the same as the term of SMUD's new license and any subsequent re-licensing.

Under the Cooperation Agreement, SMUD's payments will include:

- \$1 million within 10 days of the effective date of the agreement
- \$1.6 million within 10 days of the effective date of the final new license
- \$590,000 every year adjusted for inflation beginning 30 days after the new UARP license is 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 related to UARP impacts in the County. EDP's will pay power foregone costs to SMUD as required in the original 1957 agreement.

The agreement also includes an initial payment of \$250,000 by SMUD to EDC if SMUD chooses to develop the Iowa Hill pump storage project. SMUD will also pay EDC \$50,000 per year (adjusted for inflation) for project impacts and up to an additional \$2.0 million for socioeconomic impacts from the Iowa Hill project.

Sweeney said the 1957 and 1961 agreements should be viewed as "placeholders for what we've now negotiated. When SMUD first sought its FERC license, El Dorado County was enjoying ample water years. The county filed competing petitions to build its own project, but didn't have the money to move forward. SMUD was fully funded."

"The permits granted in 1957 and 1961 made it clear that when El Dorado County's water needs changed, the use of some SMUD facilities would need to be reexamined," he added. "That's what's happened."

Sweeney said that informational public hearings will be scheduled by EDWPA agencies in the coming weeks to present the Cooperation Agreement. The agreement and a summary fact sheet will be posted on-line next week by the El Dorado Water & Power Authority at www.co.el-dorado.ca.us/waterandpower .

Editors: A complete fact sheet is attached. For more information, please contact:
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El Dorado Water and Power Authority and Sacramento Municipal Utilities District
Cooperation Agreement Summary

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Or

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