

Columbia River Policy Advisory Group
May 25, 2011

Lake Roosevelt Water Rights

Dan Haller led a discussion on policy options facing Ecology as it considers 200 pending applications requesting supplies from the 25,000 af of Municipal and Industrial water from the Lake Roosevelt Storage Project.

CRPAG members and attendees had a significant number of comments and questions:

(#1) Re the processing of preliminary permits:

- What is the length of time for a preliminary permit? [1-3 years. Ecology will opt for shorter times.]
- Is the water reserved during the preliminary process? [Yes]
- How much distance from the Columbia River is too far? [Ecology interpretation is not far outside a one mile corridor.]
- I agree with Ecology's assessment to go out to one mile.
- Can they split the withdrawal to use in several places? [Ecology is inclined to be flexible in its review of source amendments.]
- Is there a limit on the quantity of water in these permits? [Annual limits cannot be altered without altering the priority date.]
- How much water is involved in these 200 applications? [25,000 acre feet]
- For those who are skipped over because they are outside continuity with the Columbia River, would they be reviewed in the context of a different aquifer? [Some may be in continuity with the Columbia but are too far to be mitigated.]
- What can people do under a preliminary permit? [A preliminary permit is not designed to use water. It is intended to assess and investigate the appropriateness of the withdrawal.]
- How much does it cost to invest in a preliminary permit? [Can be tens of thousands of dollars, or if they drill a well, more than a hundred thousand dollars.]
- How would Ecology view the application if a lot of money is spent, but the investigation turns up with the wrong answer? [Ecology is very clear that the risk is on the applicant and that a preliminary permit does not guarantee a permanent permit.]
- Are there other applications in the vicinity of the applications being appealed? [I don't know.]
- If there are other applications in the vicinity of the appealed permits, will this change Ecology's view of these permits? [Maybe]

(#2) Re splitting an application if there are multiple purposes:

- Have you had any feedback on this policy option? [Some applicants are grumpy because they think their project isn't viable without the entire amount of water. In

most cases, one of the uses is agricultural, which cannot be permitted with this water.]

- Have you considered using the Bureau of Reclamation's definition of municipal water supply? [State law has a different definition of municipal, so we are considering whether to add domestic use in addition to municipal use in our appropriation process.]
- Does Ecology take quantity into consideration when making a multiple purpose decision? [No. The determinant is almost entirely type of use.]
- Isn't what you are doing making a determination of beneficial use? [No. Ecology is determining which beneficial uses qualify for this mitigation.]
- I'm uncomfortable with Ecology declaring appropriate or inappropriate use. [Ecology isn't determining beneficial use; it is determining if it's Municipal or Industrial.]
- I agree with the splitting up of the application so they may use the M & I portion of their application.

(#6) Re defining municipal use:

- Ecology should have as much flexibility as possible. We support using the Bureau of Reclamation definition.
- Would a broader definition lead to a proliferation of applications? [Not likely with this water.]
- Would it behoove people to get their application in early? [Yes.]
- Is this really a policy question; it seems like a legal question. [If it is determined to be domestic water, then it is allowable under the contract with the Bureau.]
- On municipal use, the Department of Health wants to reduce the number of small water systems. Ecology should select options that provide for service by bigger systems, rather than provide an incentive for proliferation of smaller systems.
- We have a bias in favor of a stricter definition from a growth management perspective.
- Will this open the State to a legal challenge for jumping over the line to give preference for industrial use over domestic use? [Possibly.]

(#3) Re prioritizing among cities' uses:

- Six years is too short a time period for water rights for a city. It would be preferable to keep these rights consistent with the Comp Plans, which have a 20-25 year horizon.
- State law requires longer planning profiles and using a six-year factor would lead to a dilemma.
- Infrastructure normally requires more than six years to develop. Ecology should use a 20 year time period.
- The longer a time period for the determination, the more Ecology should scrutinize the applications for efficiency in use.
- Is your rationale among these choices to stretch the water? [Yes.]

- Cities are not going to want to have Ecology prioritize their application on the basis of these factors. Water like this comes along once in a blue moon.
- The Department of Health uses both a six year and a 20 year horizon for different reasons. We like the 20 year horizon for this water.
- A lot of utilities have focused on achieving efficiency. They should not be penalized for making progress in this respect.
- If I was in the first few applications I'd want 20 years of water, but if I was at the end of the line I'd want everyone in front to get 6 years of water so I get some.

(8) *Re dealing with non-purpose amendments:*

- This makes sense to me to provide flexibility to applicants.
- This is a reasonable way for Ecology to proceed.
- CSRIA generally agrees with this approach.

Dan Haller did not have time to cover the remaining topical areas. He requested that parties wishing to submit a written comment on the policy issues memorandum do so by close of business on June 3.

Lincoln County Passive Rehydration

Dave Lundgren of Lincoln County Conservation District briefed the CRPAG on a passive rehydration project in Lincoln County, assisted by three consultants, Kevin Lindsey of GSI Water Solutions, Gene St. Godard of the WNR Group and Steve Thurin of HDR, Inc. Ecology had provide funding for a prefeasibility study for providing non-summer water from Lake Roosevelt to rehydrate Pacific Lake and upper Crab Creek, areas which are now dry. The study focused on three routes for delivering the water, Lake Creek, Marlin Hollow, and Canniwai Creek. Ecology will need to make a decision on whether to go forward with the full feasibility study, which it intends to do within the next month or two.

CRPAG members had the following questions and observations:

- Isn't there an expectation of issuing water rights if you go forward? [No; the intent of this project is fisheries and Odessa benefit.]
- Whose water is it, and how would it be protected? These are rights that have previously been issued that are unsatisfied now based on no water being available. The issue of ensuring the fisheries and Odessa uses are prioritized remains to be evaluated.
- What would 10-20 cfs get you? [We would target one major stream. It is a proof of concept pilot. We believe any release over 5 cfs would result in surface water.]
- If the proof of concept works, how much water would you expect in an expanded project? [A water right application would be for 50-100 cfs, if 9 creeks were involved.]
- What would success look like for year-round water? [The lake and streams would be filled and the northern aquifer would be recharged.]

- Why did this area go dry? [Likely it was due to groundwater pumping.]
- Are there surface water rights in the Grand Ronde? [Yes, from the Bureau of Reclamation.]
- To stabilize the Odessa aquifer, wouldn't you need thousands of cfs? [Yes, this project wouldn't solve all of the Odessa's problems.]
- How long would the pipe be? [20 miles from Lake Roosevelt.]
- This may become a fish and wildlife project, costing hundreds of millions of dollars, rather than groundwater reclamation for irrigation.
- What percentage of the water would go to the target aquifer? [We don't know, but hope for half.]

Budget and Policy Updates

Derek Sandison briefed the CRPAG on expected policy and budget actions of the Legislature, which was in its final day of special session. Ecology expects a capital budget of \$45-47m, which would fund most of the previously approved projects. There may be several provisos naming certain projects for the Groundwater Management Area and/or the Sunnyside project. The operating budget will be similar to current status for the Columbia River Office, which includes managing within three vacancies.

The Columbia River Account legislation passed which provided for: a cost reimbursement commitment with the Bureau of Reclamation, providing certain regional benefits to the Northeast Counties, and allowing Ecology to classify pump exchanges as storage projects. There will be a study group to examine aggregation of out-of-stream and instream benefits of storage projects. The group will complete its work by September 15. The group assisting Ecology will include: Michael Garrity, Tom Ring, Jon Culp, Lisa Pelly and Rudy Plager.

Voluntary Regional Agreement

Ecology is required to report to the Legislature by June 30 2011 on how the Voluntary Regional Agreement provision of the Columbia River statute worked. Derek Sandison and Darryll Olsen briefed the CRPAG. Only one VRA was signed; this was between Ecology and the Columbia Snake River Irrigators Association. The primary purpose of this VRA was to provide a mechanism for issuing new water rights based on enhanced O & M conservation practices. There has been good progress on this element. There has been less progress on a second purpose, which is to protect interruptible users.

The VRA provision will sunset at the end of June 2012 if the Legislature does not extend it. Ecology and CSRIA recommend extension.

CRPAG members had these observations and questions:

- What happened to the potential VRA with Pateras, Brewster, Bridgeport and Rock Island? [They considered developing a VRA but opted not to.]

- With only one organization signing a VRA, how can we consider it a success? The Legislature will question this.
- It doesn't cost anything to have this tool in the toolbox.
- It took two years to come up with the VRA. It seems like Ecology was not being cooperative.
- This seems to be single-purpose legislation.
- Being the first out of the chute meant there was more process getting a VRA approved.
- I would like to have this issue come back to the CRPAG for further discussion before any recommendation is made to the Legislature. I am not ready to declare support for the VRA approach.
- The demographic makeup of CSRIA is unique. This is a singular relationship. It would be difficult to organize municipalities or others in a similar fashion. We need a mechanism that could work in a more complex relationship.
- CSRIA is not just about farmers. Municipalities and the Kennewick Irrigation District are also members. This has a profound effect on the Lower Yakima.
- The VRA is a positive tool that can be used, and we should keep it available.
- Once we have gotten over this first step, we should be able to get support for other VRAs.
- My silence does not mean we are now prepared to support the VRA extension.

Project Updates

Derek introduced Mark Schuppe as the new manager of the Columbia River Office. He also noted that the Supply and Demand Forecast is due to the Legislature; a draft will be complete by August, for public review. Ecology is providing \$50-75K in a bridge grant to the Bureau of Reclamation to maintain the momentum of the Yakima Basin Integrated Plan process. Ecology is moving forward with the Odessa EIS. It is revising one of the alternatives based on comment received at the end of 2010 on the draft EIS.

Chelan PUD Projects

Andrew Grassell reviewed the status of the reconnaissance level assessment of nine options for the PUD's Multi Benefits Water Storage. Three sites had the best positive cost/benefit ratios achieved by combining benefits, but the social and environmental benefits were small in comparison to the costs of the projects.

CRPAG members had these observations and questions:

- Where were the three best sites? [Two on Lake Chelan; one on the Columbia River.]
- Is transmission set up to capture the value of wind integration with the Columbia River? [That is not a factor with these sites, but it could change.]
- Did you escalate both power and water in the model? [Power, but not water.]

- There is a lot of consensus among economists who have looked at projects like this that you need to escalate both power and water.
- What is the next step? [It would cost an additional \$200K to look more at the sites with positive Net Present Value. A decision on whether to do so will be made later this year.]
- The sensitivity of the model could really change the value of this project.
- Did you do a benefits and costs assessment for a single purpose project? [Most of the revenue is from the power side.]

Port of Walla Walla Lease Program

Dan Haller described a pilot project Ecology has undertaken with the Port of Walla Walla in which the Department leased 4,770 af of water from the Port at \$105/af. The Department is considering three potential uses of this water: (a) a tool for unauthorized users to come into compliance; (b) open enrollment for seasonal water rights, and (c) additional water for fisheries.

CRPAG members had a significant number of observations and questions:

- What are the dates on the water rights? [4 are senior; 2 are interruptible.]
- It seems like Ecology is moving to cost recovery, but \$105/af wouldn't seem to cover costs. Maybe Ecology should ask for more. [Among those leasing the water there seems to be a tolerance for paying direct costs but no tolerance for paying staff costs.]
- Could you lease for longer than annually, that is, for efficiency, lease for the entire 10 year period? [We are constrained by the terms of the lease.]
- Wouldn't this lease create an obligation on Ecology if someone develops a big economic project?
- In general, the Department of Health doesn't think that leased water meets the reliability criterion, unless it is to meet short-term peak.
- Is there anything else like this in the State? Isn't this a legal issue – that is, using public money to lease water and then turning it into a private benefit? [Ecology believes the Columbia River bill provided legal authority for this action, similar to Sullivan Lake or Lake Roosevelt.]
- If I were a lender, I wouldn't be interested in lending to projects that were dependent on leased water.
- I think Ecology deserves credit for looking at new ways.
- Can this water be marketed outside of the WRIA? [Possibly, for example, in the Horse Heavens].
- Is this water available to residents? [No.]
- Northeast counties will keep an eye on who gets this water.
- The big question for me is how much the State should get into the market business.
- Kudos to Ecology for the pilot, but I am very interested in seeing if it actually works.

- Do you have any sense of whether this will really work? [We don't have any good information on a project like this.]
- I really like the project as a means of getting information.
- How did the two parties arrive at \$105 per af? [It was in lieu of a cease and desist order.]

Attendees:

CRPAG members and alternates:

Dennis Bly, Lincoln County Commission
 Jon Culp, Washington State Conservation Commission
 Charity Davidson, Washington Department of Fish and Wildlife
 Jim Fredericks, U.S. Army Corps of Engineers
 Michael Garrity, American Rivers
 Chris Marks, Confederated Tribes of the Umatilla Reservation
 Darryll Olsen, Columbia Snake River Irrigators Association
 Gary Passmore, Colville Tribes
 Lisa Pelly, Trout Unlimited
 Rudy Plager, Adams County Commission
 Tom Ring, Yakama Nation
 Warren Seyler, Spokane Tribe
 Craig Simpson, East Columbia Basin Irrigation District
 Richard Stevens, Grant County Commission
 Rob Swedo, Bonneville Power Administration
 Matt Watkins, City of Pasco

Others in attendance:

Neil Aaland, Washington State Association of Counties
 Brad Banks, Washington State Association of Counties
 Rob Coffman, Lincoln County Commission
 Carolyn Comeau, Department of Ecology
 Sara Cornell, Columbia Basin Development League
 Stuart Crane, Yakama Nation
 Mike Dixel, Department of Health
 Stephanie Flowers, RH2 Engineering
 Joel Freudenthal, Yakima County
 Andrew Grassell, Chelan PUD
 Dan Haller, Department of Ecology
 Scott Hutsell, Lincoln County Commission
 Paul Jewell, Kittitas County Commission
 Milt Johnston, Columbia Basin Development League
 Kevin Lindsey, GSI Water Solutions

David Lundgren, Lincoln County Conservation District
Dave McClure, Klickitat County
Joye Redfield-Wilder
Scott Revell, Kennewick Irrigation District
Pete Rogalsky, City of Richland
Gene St. Godard, WNR Group
Derek Sandison, Department of Ecology
Vicky Scharlau, Columbia Basin Development League
Mark Schuppe, Department of Ecology
Dan Silver, facilitator
Paul Stoker, Groundwater Management Area
Steve Thurin, HDR Inc.
Rich Walpole, Columbia Northwest Engineering