



**SMUD**

SACRAMENTO MUNICIPAL UTILITY DISTRICT  
The Power To Do More.™

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September 8, 2003  
ET&C 03-279

Ms. Sammie Cervantes  
Bureau of Reclamation  
2800 Cottage Way, MP-140  
Sacramento, CA 95825

**Subject: Draft Environmental Impact Statement/Draft Environmental Impact Report (EIS/R) Environmental Water Account, July 2003**

Dear Ms. Cervantes,

The Sacramento Municipal Utility District (SMUD) is both a Central Valley Project (CVP) power and water customer. SMUD, as one of the largest CVP preference power customers, provides not only payments into the Restoration Funds but repayment of the CVP plant-in-service and Operations and Maintenance (O&M) costs allocated to power. SMUD has significant concerns regarding the policies and programs under development through the CALFED planning process to modify the operations, management and physical facilities of the CVP. SMUD has significant reliance on firm water supplies for power generation to meet power needs of our customers. SMUD is also concerned about any action that would degrade the reliability of our contract water supply. In addition to the verbal comments submitted at the August 25, 2003 public hearing in Sacramento, we would like to submit the following written comments on the Draft Environmental Impact Statement/Draft Environmental Impact Report (EIS/R) Environmental Water Account, July 2003.

SMUD supports the Environmental Water Account (EWA). SMUD supports the regional strategy to maximize the efficiency of water use for beneficial uses where institutionally and financially feasible.

The intent of the EWA program is to make environmentally beneficial changes in the operations of the Central Valley Project (CVP) and the State Water Project, at no uncompensated water loss to the CVP and SWP water users. The CALFED Record of Decision (ROD) states that an EWA program would replace any regular water supply interrupted by the environmentally beneficial changes to SWP and CVP operations.

The EWA is an integral part of the CALFED program. The CALFED philosophy states there will be no "redirected impacts" and "the beneficiary pays." SMUD concurs with the philosophy that CALFED solution principles must reduce conflicts in the system, be

equitable to all, be affordable, be long lasting, be implementable, and have no significant redirected impacts. Any new CALFED use of the CVP should be paid for by the beneficiaries of the facilities at the current market rates, and not by depleting existing CVP resources. The EWA Operating Principles Agreement, as part of the CALFED ROD, stated when acquisition of water for EWA results in the value of power generated in the summer being less than under the Baseline Condition, the EWA Program is responsible for covering any additional costs. SMUD concurs with the approach taken in the EIS/R. By assuring that the Preference power customers are protected by actions taken under this program, the EIS/R adequately addresses the concerns of CVP Preference Power Customers.

### **Power Resources**

SMUD has previously stated our concerns about the level and timing of CVP generation, the gain/loss of power resources provided to CVP preference customers as well as the northern California regional energy supply. SMUD wants assurance that there is a complete understanding of the operational impacts brought about by the EWA Program. SMUD's concerns have been reflected in the EIS/R. SMUD agrees with the commitment that Preference power customers are protected. By the information provided we are left to assume that there will be no re-operation CVP reservoirs as a result of the EWA.

Each proposed action addressed in the EIS/R may or may not have a power component associated with it. SMUD recommends that if pumping power is to be required, the amount and timing of the power use be specifically identified and included in a project matrix. Please assure that these are understood and negotiated as per the Interim Protocols for the Operation of the Environmental Water Account, issued April 7, 2003.

### **Mitigation**

Page 16-26 notes the a conveyance of EWA Water purchases and EWA Actions may affect day-to-day CVP power scheduling and the potential impact of additional cost born by the CVP. SMUD concurs with the approach taken in section 16.3.9, which states that EWA shall mitigate any adverse economic reliability, capacity or operation impacts to CVP/SWP or Project power users as a result of implementing the EWA Program. To the extent that any of the proposed actions causes an adverse impact to CVP power, in kind dollar for dollar compensation should be provided to Western Area Power Administration.

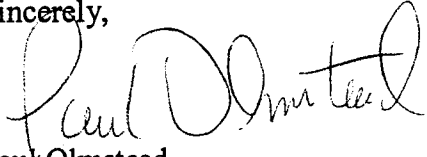
### **Financing/Program Cost Allocations**

While the EIS/R is not required to address the full range economic factors, future decisions to receive the authorization to proceed will require economic discussion. Please ensure that funding to compensate for power purchases associated with EWA program actions are funded each year to an appropriate level. The CVP Preferred

customers support the EWA actions and do not want to see the program fall short of its goals due to a lack of funds available to purchase power necessary to support the EWA actions.

If you have any comments or questions, please contact me at (916) 732-5716.

Sincerely,

A handwritten signature in cursive script that reads "Paul Olmstead". The signature is written in black ink and is positioned above the printed name.

Paul Olmstead  
Water and Power Resources Specialist

cc:  
Dolores Brown  
DWR  
3251 S Street  
Sacramento, CA 95816