

The mission of KRCD is to provide flood protection, achieve a balanced and high quality water supply, and develop power resources on the Kings River for the public good.

KRCD News

State Board Wants Ag Dischargers Identified

State Water Resources Control Board members have made it clear that growers must take action to gain agricultural discharge waiver representation and coverage by a watershed group.

Board members on January 22 took final action to require that property owners "knowingly elect" to be part of a watershed representation group.

"The regulators are insisting that property owners identify themselves," Kings River Conservation District General Manager David Orth said.

continued page 4



The Kings River sub-watershed program will include lands irrigated by the Kings River.

KRCD Power Reaches Out To Cities, Counties

Kings River Conservation District efforts aimed at adding value to the region's electrical energy system while decreasing customer costs are quickly gaining favor among local government leaders.

KRCD Power has been joined by a growing number of city governments in investigating opportunities for Community Choice Aggregation (CCA) of electrical energy.

At the same time, KRCD Power is analyzing development of new gas-fired, base-load generation facilities that would increase the central San Joaquin Valley's power reliability and provide a source of energy for cities and counties that choose to adopt CCA and enter into power sales agreements with the District.

"KRCD and power have been synonymous for a long, long time and we are uniquely positioned as a public agency to work with our communities and existing utilities in ways to bring positive values and benefits to the power system," said David Orth, District General Manager.

The cities of Kerman, Reedley, Corcoran, Parlier and Lemoore have thus far authorized letters of interest to be presented to KRCD Power to permit more detailed studies to proceed.

KRCD Power is scheduled to meet with several other governing board members in February, seeking to gauge their interest in participating.

"We are extremely pleased and gratified by the outpouring of positive expressions of interest that

KRCD Power and CCA are receiving from municipal and business leaders in our area," Orth said. "There are many challenges but the opportunities are exciting and potentially very beneficial to all concerned. Momentum is building."

AB 117, signed into law in 2002 by Governor Davis, makes it possible for cities and counties to aggregate electrical energy loads of residents, business and municipal facilities by purchasing energy from a supplier other than utility companies.

"CCA is much different than a traditional public power operation," Orth said. "Existing electrical utility firms will continue to own, operate and maintain the local electrical distribution system and provide customer services, read meters and handle billing. It's just that they would be delivering electricity generated by another provider, such as KRCD Power.

A city or county wishing to embrace CCA would do so by ordinance, stating that on a date certain that jurisdiction would begin purchasing electricity from another provider.

Power customers would be notified of the change and be offered an "opt-out" opportunity if they were to choose to continue buying power directly from the local utility company.

To provide the energy at what is anticipated to be a substantial cost savings to participating communities, KRCD Power is examining development

continued page 3

Snowpack Near Average Despite A Dry January

A wet and snowy late autumn and early winter coupled with a mostly dry January have added up to a just below average Kings River watershed snowpack.

The season's first snow survey, conducted over six courses by the Kings River Water Association January 26, found snowpack water content readings that were about what they should be on February 1.

Even more promising, water content readings were found to be considerably better than they were exactly a year earlier.

"Conditions during the next two months will tell the tale on what kind of water year Kings River water users will have," Kings River Watermaster Steve Haugen said.

Much of the snowy blanket fell in nine separate storm events that occurred during December, a month in which Atmospherics Inc. of Fresno reported having set a company one month record for the most hours of operations from ground generators that dispense silver iodide to coax more precipitation from clouds.

Another oddity were the big storms that struck the area on Christmas and New Year's Day, the first time in memory that both holidays were doused.

While snow was piling up in the Sierra Nevada, moderate amounts of rainfall soaked the valley.

KRWA's snow surveys (for the California Cooperative Snow Survey) found the Kings River watershed's average snowpack water content to be 61% of the average on April 1, the date upon which snow conditions are assumed to peak.

At the same time in 2003, the snowpack was about 45% of the April 1 average. In a "normal" year, 68% of the basin's snow and water content should have accumulated by February 1.

Pacific Gas and Electric Company and the National Park Service at press time had yet surveyed courses for which they are responsible.

The six courses measured by KRWA, all within the watersheds of the Kings River's South and Middle Forks, had an average water content of 15.9 inches. 🌊



General Manager's Report David Orth

KRCD's Many Protections

When it comes to providing safeguards for lives and property, chances are that most valley thoughts do not turn to the Kings River Conservation District.

Perhaps they should, because in some very important ways KRCD is protecting or striving to protect lives and livelihoods in ways that for the most part remain low key and little known.

Caring for the Kings River's resources and its ecosystem and constantly looking for ways that they might be enhanced have long been important to KRCD. The District and its board have pride in KRCD's environmental leadership. That includes our work with the Kings River Water Association and California Department of Fish and Game in establishing the Kings River Fisheries Management Program and getting it implemented over the past four years.

Equally important, especially to communities and hundreds of property owners along the lower Kings River, have been the many protections afforded over the years by KRCD's aggressive and effective flood operation and maintenance division. KRCD's Riverdale-based staff works constantly on the levee system and within the channels to attempt to ensure that when high flows occur that they do not turn into damaging or life-threatening overflows.

It's always been much the same when KRCD's water management staff members and irrigation specialists have put the "Conservation" in the District's name to work in meetings with farmers on water use efficiency and in studies aimed at protecting and improving our region's vital groundwater supplies. Our efforts have helped protect the water reserves upon which we depend and the well being of those who live, work and farm in the portions of Fresno, Tulare and Kings counties that we serve.

Now, KRCD is pursuing a pair of unrelated endeavors in which the common thread is a need to manage risks for central San Joaquin Valley residents. Both are reported in front page KRCD News articles.

One is KRCD Power's outreach to the 14 cities our District surrounds with our willingness to cooperatively seek solutions to the Fresno region's well-documented power supply problems.

KRCD Power is working with a growing number of the region's municipal leaders to study the feasibility of initiating Community Choice Aggregation, a process by which city and county governments are now permitted by state law to purchase lower cost electricity from a provider other than an investor owned utility, even though the utility would continue to operate the distribution system and handle service and billing.

To make it work, KRCD Power is also investigating development of a large base-load, gas-fired generating plant. KRCD's non-profit status means the District would be able to offer significant cost savings in power sold to local government that in turn would have control over ratemaking. Thus, KRCD Power seeks to provide assurances - increased energy reliability and affordability as well as more local control - to consumers.

It's much the same with the evolving and worrisome agricultural water discharge waiver questions. KRCD is wrestling with the issue for the individual landowner who is on the hook. If a "discharger" ends up having to jump through regulatory hoops now being established, it could cost thousands of dollars and mounds of paperwork per farm each year.

KRCD is working hard to establish a "watershed group" that growers can join to take advantage of the District's expertise and a regional approach to compliance. Landowners will have to sign up with the District and provide details about themselves and their operations but, as with so many activities, KRCD believes its aid will add up to crucial protection from business-damaging risk. 🌊

KRCD Peaker Power Plant Regulatory Review Begins

Permitting and environmental review processes have begun for a peaking power generating facility that the Kings River Conservation District plans to develop and build near Malaga.

The approximately 95-megawatt facility will provide additional electrical energy reliability to the Fresno area.

KRCD Power in November submitted a pair of important applications to regulatory agencies that are crucial to making the new generation capacity a reality by early 2005. The filings included:

- An application with the California Energy Commission for a small power plant exemption, beginning a process under which the Energy Commission is performing review under the California Environmental Quality Act on the project. KRCD Power officials believe it is likely a mitigated negative declaration of environmental impact will be issued to clear the way for the District to obtain the necessary permits to build the facility.

- An application with the San Joaquin Unified Air Pollution Control District, seeking a construction permit for

the gas-fueled generating facility. The air quality review process is running concurrently with the environmental review.

An 18-acre parcel in an industrial area near Malaga, on the south side of Fresno, has been selected for the project. KRCD Power in August agreed to an option to gain control of the property.

"This project will improve energy reliability and stability to the customer and the system," said KRCD General Manager David Orth. "The Fresno area has long been identified as being energy short. KRCD Power is committed to assisting the area's electrical utility in meeting this shortfall."

Under a 2002 settlement with Williams Energy, the state of California received six gas-fired turbine-generator sets. The state has provided two of these units to KRCD Power at no cost.

KRCD Power agreed to find sites for the facilities, obtain all permits, finance, construct and operate the new generation. The agreement covers 10 years.

During that time, the California Department of Water Resources is to



KRCD's Assistant General Manager Jack Sinor gives an overview of the peaking power plant as California Energy Commissioners look on at the first public hearing for the peaking project.

acquire all energy produced by the plant and pay its fixed and variable costs, including debt service, as long as KRCD Power meets strict plant availability requirements. After 10 years, the plant will belong to KRCD Power free and clear.

Construction is expected to begin later this year and be completed by the spring of 2005. ☁

Power Project, *continued*

of a state-of-the-art base load power plant as well as other generation sources.

Along with providing lower cost public power, a new base load plant would greatly improve the central San Joaquin Valley's electrical energy reliability.

"It is well known that the Fresno area and the Kings River service area have significant energy deficiencies," Orth said.

No new generation source has been brought on line since Pacific Gas and Electric Company completed its Helms Pumped Storage Plant in 1984. The region is dependent upon hydroelectric generation (and ups and downs in water supply years) and imported power.

Orth said the region's current peak demand is 2,600 megawatts with a current maximum capacity that is not a great deal larger - 2,900-3,400 megawatts.

In addition, there are known to be transmission bottlenecks adversely affecting the central San Joaquin Valley. Upgrades to the transmission system's Path 15 on the West Side are expected to help the state's biggest population centers, said Orth, "but here in the valley would have about the same effect as adding new traffic lanes to Interstate 5 without any more exit ramps."

Cities opting to take advantage of CCA would purchase the new power plant's output. Rate making policies would be in the hands of governing boards, thus resulting in local control.

Statewide, some 30 cities are already looking at CCA possibilities.

"As a public agency, the District lacks a profit motive and also has access to tax-exempt financial markets," Orth said. "Assuming a regulatory process currently under way goes favorably, our conservative projections indicate potential cost savings to consumers of 8-13 percent."

What Orth calls "a critical path" is taking place in a rulemaking procedure being undertaken by the California Public Utilities Commission to implement CCA.

If so-called "exit fees" assessed against customers leaving the local utilities in favor of a CCA provider turn out to be too high, cost savings and related CCA advantages might fade. Without CCA implementation rules in place, the process of gaining approvals for such programs cannot advance.

"The key part of the whole process is financial feasibility," Orth said.

KRCD's Board of Directors plans to take an in-depth look at the CCA process during its March meeting.

Orth noted that the current effort complements KRCD's long involvement in the power business.

"We have been adding value to the valley's electrical system ever since our Pine Flat Power Plant went on line 20 years ago," Orth said. "We want to add to it today. KRCD is here to help the utilities move power, reliably and affordably, into the customer's meter." ☁

Channels Are Ready If Flood Flows Occur

It has been more than five years since Kings River channels have had to handle flood release flows but all is in readiness if such an event occurs in 2004.

Richard N. Hoelzel, Chief of the Kings River Conservation District's Flood Control Maintenance Division, reported channel maintenance operation began in October and continued through December.

Vegetation was trimmed and shredded, sand deposits were removed and levee improvements were carried out by the Riverdale-

based KRCD flood management staff as well as a crew from the Tulare County Conservation Corps.

The U.S. Army Corps of Engineers conducted flood readiness inspections of the lower Kings River.

KRCD is responsible for flood maintenance and operations along portions of Cole Slough, Dutch John Cut, the main Kings River, Clark's Fork, part of the South Fork and portions of the North Fork-Fresno Slough-James Bypass channels. 🌊

Ag Dischargers Identified, *continued*

If a property owner does not elect to sign up under the ag discharge waiver umbrella of a watershed group or if they choose not to act at all, it is possible that they might end up being compelled to individually seek discharge permits, compile plans, establish monitoring and make annual reports. The cost could be in the thousands of dollars each year.

The State Board also ruled it wants detailed identification provided on all individual dischargers upon request by the Regional Board. That controversial requirement was stayed last fall.

"We are dedicated to finding a way to making this work and help agricultural property owners understand it may well be in their best interest to sign up with a watershed group such as that being established on the Kings River," said Orth, who also serves as Southern San Joaquin Water Quality Coalition Coordinator. The KRCD Board continues to believe that group representation is a better alternative for individual landowners.

Orth said about 100 landowners have signed up so far through KRCD to be part of a Kings River watershed group.

"We intend to begin building on that base," Orth said.

The January action disappointed Kings River leaders because the State Board appeared to be leaning toward a process in which a watershed group could represent landowners without the cumbersome sign-up process unless they opted to seek their own permits.

"It is unfortunate that the State Board never seemed to understand the concept of membership," Orth said. "KRCD believes a watershed group such as we have proposed is the best way for individual growers to protect their interests and themselves. The key is now going to be how we sign people up."

The ag discharge waiver process has been a roller coaster ride for water agencies trying to get a handle on the issue ever since it mushroomed late in 2002 as the Central Valley Regional Water Quality Control Board's 20-year agricultural water

discharge exemption from needing permits was drawing to an end.

A three-year conditional waiver program was adopted by the Regional Board in December 2002 and took effect in January 2003 but was replaced by the Regional Board July 10-11, 2003. The new plan was far more onerous and filled with requirements and restrictions, including a mandate that all "dischargers" be identified in great detail on a farm-by-farm basis.

In October, the State Water Resources Control Board stayed the grower identification requirement pending the January board action establishing still another set of more restrictive ag discharge waiver procedures.

Seven million valley acres are potentially subject to the discharge waiver, including KRCD's 1.2 million acres in parts of Kings, Fresno and Tulare counties.

If you have any questions or comments on the ag discharge waiver, please contact KRCD's Chief of Water Resources, Mike Mendes at (559) 237-5567, extension 126. 🌊

KRCD News

Published quarterly by the Kings River Conservation District, a political subdivision of the State of California serving 1.2 million acres in Fresno, Kings and Tulare counties.

Prepared by the Public Information Staff of KRCD

Cristel L. Tufenkjian, Public Affairs Officer
J. Randall McFarland, Public Relations Consultant

Please send subscription requests to:
Kings River Conservation District
4886 E. Jensen Ave.
Fresno, California 93725

Telephone: (559) 237-5567
Website: www.krccd.org

Vol. 28, No. 4

Kings River Conservation District
4886 E. Jensen Avenue
Fresno, CA 93725

Nonprofit Org.
U.S. Postage
PAID
Fresno CA 93706
Permit # 1687