

Summer 2004

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.

Kings River Conservation District has established a speaker's service to discuss the innovative energy solutions that KRCD Power has been pursuing to address the critical issue of reliability of electrical service for the central San Joaquin Valley.

This half hour program, in PowerPoint and DVD format, highlights KRCD's activities to increase energy reliability as well as Community Choice Aggregation.

There is no charge for the program and we would be happy to schedule a presentation. If interested, please phone Cristel Tufenkjian at 559-237-5567, ext. 118 or request via email to ctufenkjian@krcd.org.

KRCD News

Many Signing Up To Join Kings River Ag Discharge Coalition Membership

Land owners and farm operators in increasing numbers are electing to join a Kings River coalition to satisfy requirements of a new conditional agricultural waste discharge program.

Increasing interest is being shown in the coalition option to conform to Central California Regional Water Quality Control Board rules handed down this spring as the latest development in the ongoing debate about ag water discharges.

The ag discharge issue was discussed June 29 at a meeting in Dinuba's Veterans Memorial Hall, hosted by the Alta Irrigation District and Kings River Conservation District.

Nearly 400 people heard Alta Manager Chris Kapheim and KRCD General Manager David Orth discuss the ag discharge issue and many responded by signing up for the coalition.

"We are giving you an option to work with you rather than what the regulators want to do to you," Orth said.



A landowner signs up for the Kings River ag discharge coalition during a meeting in Dinuba. The "Coalition Membership Election Form" can be downloaded at www.krkd.org.

The alternative to being a coalition member and having strength in numbers in complying with ag discharge issues is to apply for an individual discharger waiver or a waste discharge permit.

continued on page 2

Peaker Plant Receives State Pact Approval

Approval of a revised power purchase contract has cleared the way for development to begin on the Kings River Conservation District's 90-megawatt peaking power generating facility in Malaga.

State Department of Water Resources (DWR) and KRCD officials on July 26 approved a renegotiated agreement that clears the way for getting the project under construction.

"We're anxious to get started so the plant can begin providing electricity to as many as 98,000 valley homes as soon as possible," said KRCD General Manager David Orth. "We are very pleased and gratified in the confidence the state has shown in KRCD as a public agency ready, willing and capable of helping meet the valley's electrical energy needs."

Project financing is now being initiated and the contractor is beginning preliminary work in order to be ready to begin construction as soon as a finance package is completed in early September, said Jack Sinor, KRCD's project manager and the

District's Assistant General Manager and Chief Engineer. Plans call for the plant to go on line and begin boosting the valley's power reliability in May 2005.

District board members on May 11 awarded a \$35.467 million contract for engineering, procurement and construction of the peaker project to BMZ, a joint venture comprised of two firms, Barton Malow of Michigan and Zachary Construction of Texas. Also in May, the California Energy Commission gave its approval.

KRCD and the DWR in December 2002 signed a power purchase agreement for the plant. The project came about when KRCD leaders were offered, at no cost, two gas-fired turbine-generator sets out of six received by the State of California under a settlement with Williams Energy. The other four units went to San Francisco.

"This project promises to be a great help in meeting the state's desire to build generation capacity," said Orth.

Ag Discharge Coalition, *continued*

Either of the latter two options could be extremely costly for an individual landowner or farm operator, potentially adding up to thousands of dollars and ongoing monitoring and regulatory costs.

"We felt it important to form the coalition and let the landowners in our area have the option of going down that path if they so choose," Orth said.

Orth said the coalition has made a required watershed report filing and has launched a Kings River monitoring program using three sites to analyze water quality within the river.

"If we find water quality issues at the main monitoring points, we would work with a technical group to determine what possibly could be creating an issue in the river at this location at this point in time," said Orth. "We're focusing on a watershed instead of individual farms."

The current conditional ag discharge waiver program for groups requires the local coalition to gather names of individuals signing up but that those names will not be released to regulators unless a problem is detected.

"Our position is that we don't have a problem," he said. "The regulators and environmental community want to argue that you (growers) are guilty until proven innocent."

He said KRCD has been monitoring locations along the Kings River for water quality for more than 25 years. "We have never found any meaningful pollution except salinity well downstream," he said.

Alta's Kapheim told the Dinuba audience, "For the coalition to succeed, we are going to have to have landowner support."

Consolidated Irrigation District will hold a similar grower meeting at 2:00 pm on August 5 at Lincoln Middle School in Selma.



General Manager's Report David Orth

Getting To Know Us

It isn't often that a public agency finds itself involved in securing advertising time and space in broadcast and print media but that is exactly what is happening with the Kings River Conservation District.

The radio and television messages and newspaper advertisements about KRCD that you will be hearing, seeing and reading over the coming summer weeks are not the result of something being wrong.

It's very much the opposite: Prospects are bright and buoyant for KRCD these days. KRCD Power is embracing important opportunities. Good things are happening.

Chances are that unless you are a close reader of KRCD News or have seen some of the news coverage and positive editorial comment about KRCD Power, you may not know much about the District.

That needs to change to help the public understand the opportunities being pursued by KRCD Power and the cities it surrounds in the arena of Community Choice Aggregation (CCA).

If CCA is to become reality, you need to know who we are. We want you to understand that KRCD is a public agency that is reliable, competent, trustworthy, accessible and responsive, and that we've been effectively serving the Kings River region since 1951. Today's KRCD is a leading resource agency, serving constituents by managing and gaining understanding of the river, generating power, providing flood protection, encouraging sound water management and enhancing environmental conditions.

Our messages will help more people understand that KRCD Power, as a local public entity, has a proven record of reliable power generation and resource management. We are capable of improving valley electrical system reliability and stability by adding generation capacity to the local grid, influencing maintenance decisions and reducing costs.

Naturally, there can't be a great deal of detail in these messages but we hope they will spark additional interest. Our completely redesigned website, www.krkd.org, is filled with important and timely information about KRCD and the Kings River. Or you can always call us with any questions at 237-5567.

As I mentioned earlier, these are optimistic and encouraging times for KRCD Power, thanks in large part to the effort being made by KRCD and many of the region's cities and some county leaders in connection with Community Choice Aggregation.

If KRCD has tended to not be well known, CCA must be downright obscure to most people. CCA involves authority granted by the Legislature to cities and counties to use CCA to "aggregate" power loads in order to meet electrical energy needs.

The California Public Utilities Commission is well aware of the great strides being made here in an effort to determine if CCA will work. The CPUC knows that KRCD wants to add value to the energy system while improving power reliability at lesser cost.

I testified June 4 during a CPUC hearing on the CCA rulemaking process upon which, quite frankly, many of the hopes of carrying out legislative intent for this new electrical energy option for consumers are resting. I outlined the strides we have made, including the letters of interest in CCA that KRCD Power has received from 13 of the 14 cities the District surrounds.

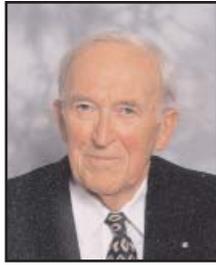
What would it mean if CCA comes about? Simply stated, a city or county could choose, by ordinance, to aggregate loads of residents, businesses and municipal facilities for electricity purchases. Customers could "opt-out" and continue buy power directly from the local utility company. CCA could provide significant rate relief to users, thanks to KRCD's ability as a public agency to more economically finance, develop and operate much-needed new central San Joaquin Valley generation.

Veteran Director Alvin Quist Rejoins KRCD Board

The newest Kings River Conservation District director is a board veteran.

Long-time central San Joaquin Valley water leader Alvin Quist was appointed May 21 during a special Board of Directors meeting to fill a vacancy created by the April 1 retirement of veteran KRCD Director Garvin H. White of Fresno.

Quist served as KRCD director for Division 3 (the Fresno area) from 1985 until 2002. He was KRCD's board President from



1998-2002. In his new board seat, Quist is KRCD's at-large director, representing the entire 1.2-million acre District. The term ends this fall.

Quist, a Fresno native, is a partner with his son Jim in Quist Dairy southwest of Fresno.

A Fresno native, Quist is a graduate of Cal Poly, San Luis Obispo and served in the U.S. Marine Corps. He has been active in Rotary Club, the Fresno County Farm Bureau, AgFresno, District 8 of the California Milk Advisory Board, the Cal Poly Agricultural School Advisory Council and many local and state water organizations.

Quist served as a Fresno Irrigation District director from 1967-85 and on the

Kings River Water Association Executive Committee. He chaired the KRWA from 1980-82 and actively and successfully battled to remove the Kings River service area from Reclamation Law under the Reclamation Reform Act of 1982.

He served on the Association of California Water Agencies board and was the first to head ACWA's Region 6. Quist serves on the Advisory Council for the Dean and President for the Cal Poly School of Agriculture in San Luis Obispo.

Quist was Fresno County Farm Bureau President in 1957-58 and was honored as a lifetime member of the Farm Bureau board.

District's CCA Power Project Still Progressing

The Kings River Conservation District's efforts to establish Community Choice Aggregation as a power option for the region's cities and counties continues to move ahead.

KRCD General Manager David Orth in May testified before the California Public Utilities Commission on efforts by KRCD Power and area cities to establish a CCA electrical energy supply program.

CCA is a means by which cities and counties are permitted to purchase electricity from a supplier other than the area's electrical utility and then make that power available to local customers. The utility company would continue to own and operate the electrical distribution system and handle all billing.

"KRCD is actively working to improve the electrical infrastructure in and around its service area in the San Joaquin Valley and views successful implementation of community choice aggregation as an important contributor to our ability to make the substantial infrastructure investments needed for improved reliability, rate stability and lower costs," Orth said in his May 7 testimony.

Orth also testified June 24 during CPUC rulemaking evidentiary hearings. KRCD intervened in the rulemaking in April.

"KRCD desires the establishment of fair and reasonable implementation rules that will foster development of economically viable community choice aggregation programs," Orth said during his May testimony.

That implementation needs to include reasonable cost responsibility surcharges, more familiarly known as exit fees, to be paid by those opting to take advantage of CCA power rather than the local investor owned utility's electricity. Not surprisingly, utility companies countered KRCD's contention that exit fees should be reduced for agencies such as KRCD bringing new power onto the grid.

KRCD Power, as part of the CCA process, is investigating establishment of a new base load generation plant. Studies on possible sites are under way.

Orth told the CPUC that critical regional energy issues and problems exist in much of the central San Joaquin Valley.

"The region suffers from limited transmission, distribution and generation capacity," Orth said. He noted that KRCD Power has been looking for ways to boost valley power system value since the 2000-01 energy crisis by adding "value to our service area and surrounding cities by creating opportunities to develop additional generation and transmission facilities and by providing better reliability at lower cost."

"As a public agency with access to relatively low cost financing, KRCD can be a low cost supplier of electricity for customers in the region. Investing in new regional generation is consistent with KRCD's objectives of improved reliability at lower cost. In addition, local control and ownership of area generation will increase cost stability during times of fluctuating market rates.

During a recent meeting held by KRCD Power with PG&E representatives, the utility agreed that the greater Fresno area faces deficient generation and transmission capabilities. However, PG&E contends it plans to resolve the problems through a transmission upgrade program.

Earlier information from PG&E said the existing electrical system could serve an area peak electricity demand of between 2,940 and 3,500 megawatts depending on various factors, including water availability and dry year hydro conditions at PG&E's Helms Pump Storage Powerhouse.

According to the earlier PG&E information, the greater Fresno area load could reach capacity by as early as 2005.

Dry Year May Pose Fall Fishery Challenge On Kings River

A sixth straight below average water year has not only dramatically reduced irrigation water supplies but is posing significant potential fishery management problems for later this summer and fall.

The situation is concerning to the Kings River Water Association, KRCD, and California Department of Fish and Game, partners in the five-year-old Kings River Fisheries Management Program, as well as anglers because of warm water temperatures that might occur.

Trout do not like temperature much in excess of 25 degrees C (77 F). Such water temperatures could occur this summer and fall as they have in past drought years.

With a minimum of carryover storage in Pine Flat Reservoir entering this season, nature has provided only about a 57 percent supply of Kings River runoff this Spring and Summer.

As a result of heavy demand for the limited amount of available irrigation water, Pine Flat Reservoir figures to be drawn down to just above the temperature control pool (TCP) level established under the Kings River Fishery Management Program in 1999.

KRWA hydrologists believe Pine Flat storage will reach a minimum of approximately 105,000 - 130,000 acre-feet by late August.

The TCP contains 100,000 acre-feet and was made available voluntarily by KRWA member units under the 1999 agreement. KRWA users provided a total of 12 percent of their storage entitlement in Pine Flat Reservoir and upstream power company reservoirs to create the TCP.

"The TCP was created to have a pool of cooler water available but it was recognized at the time the Fishery Management Program was being created that a possible future combination of a high temperature event and low water conditions had to be anticipated," said Kings River Watermaster Steve Haugen.

Haugen, the Fishery Management Program's Executive Officer, said it is possible that such a combination may occur at the end of this summer's irrigation season.

The key, Haugen said, is going to be daytime temperatures. "Climatic conditions are really going to govern how manageable this fall will be."

Fortunately, river operators now have important new tools available to better man-

age temperatures of water being released into the river from Pine Flat Dam.

The new turbine bypass system that was installed last year at the dam's base is ready for its second year of operation once river releases become too low for KRCD Power's Jeff L. Taylor Pine Flat Power Plant to operate.

The turbine bypass is a system of pipelines that permits water to be released through the penstocks that normally supply the power plant with water. Instead, valves allow water to bypass the turbines but still be released at an elevation within the river that can be advantageous for temperature management downstream.

"This season will give us a very good opportunity to use the turbine bypass and test its effect," Haugen said. "It is likely that the turbine bypass will play a significant role in temperature management this year."

In addition, the U.S. Army Corps of Engineers has permitted limited water releases to be made from the dam's low-level sluice gates, which offers river managers the opportunity to provide pulse flows of colder water while conserving cold water stored near the reservoir's bottom.

Dry Spring Weather Shortens Water Runs For Growers

A very dry late winter and spring period has greatly curtailed this summer's water runs among Kings River water companies and districts.

Although most units provided water service during June, some units began running out of stored water entitlement by July 8.

Water entitlements are based on a Kings River schedule that lists how much water each of the 28 member units of the Kings River Water Association may divert based upon each day's calculated natural flow as it would occur at the foothill town of Piedra if there were no dams.

Most irrigation runs are expected to be completed by late July or early August.

Peak runoff for this season occurred on May 4, when the calculated natural flow amounted to 7,462 cubic feet per second.

Maximum Pine Flat Reservoir storage was recorded May 31, a total of 612,537 acre-feet (61 percent of capacity). As of July 20, Pine Flat storage recorded at about 250,000.

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.

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Vol. 29, No. 2

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Permit # 1687