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DEID

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2002 Water Supply Remains Unsettled

Uncertainty still clouds the new water year picture as February rainfall totals fall short of average.

The roller coaster ride that marks the development of the 2002 water year shows no sign of changing. With 85 percent of the rainfall season complete by the end of March, there is little time left for drastic improvement to occur.

Water Year Ups and Downs

The 2002 water year monthly precipitation totals have been anything but reassuring. A dry October in 2001, (the first month of the precipitation season) saw no rain. That was followed by above average rainfall in November and December. In January and February, the rain all but disappeared. Fortunately, March is nearing normal with a welcomed storm that visited the San

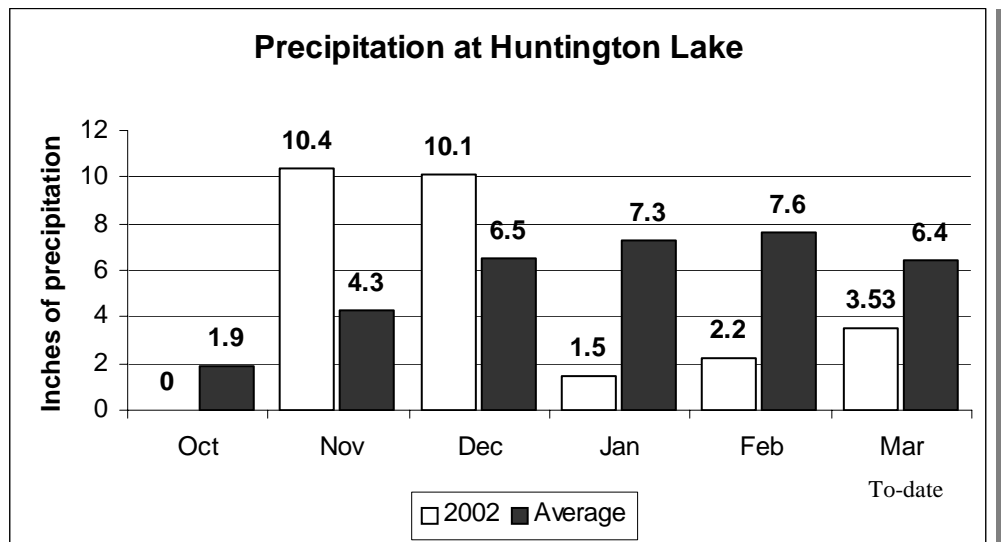
Joaquin River watershed this past weekend.

Disappointing Supply Forecast

Representatives from the U.S. Bureau of Reclamation (Bureau) have been very conservative with its projections of the water supply for 2002. Early season forecasts, (those that occur prior to April 1), are typically subject to change, which can be substantial, depending on variable weather conditions that can occur during the Winter and Spring months.

At its latest meeting with irrigation and water districts that receive their water supplies from the Friant Division of the Central Valley Project, Bureau officials projected a conservative runoff amount of 740,000 acre-feet for the San Joaquin River. After reducing this forecast by retained storage in upstream reservoirs, mandated releases to the river

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Direct Access Power Reaps Savings

Eastside Power Authority brought inexpensive power to DEID in 2001, but will the CPUC put an end to it in 2002?

Districts that are members of Eastside Power Authority (ESPA) enjoyed continued low energy rates in 2001, just as it has since utilizing direct access in 1998. But the recent energy crisis in California threatens to end the savings as the California Public Utilities Commission (CPUC) considers either severely restricting direct access or eliminating it altogether.

History of Energy Savings

Members of ESPA are the Delano-Earlimart Irrigation District, Terra Bella Irrigation District, and Lindsay-Strathmore Irrigation District. ESPA also has two "associate members", Rag Gulch Water District and Kern-Tulare Water District.

ESPA was formed in 1995 to promote the common interests of its members, which was primarily maximizing the efficient use of each individual district's allocation of Central Valley Project power, and finding low cost energy for the balance of its power needs.

Direct Access Key to Savings

ESPA was successful in its efforts when it was included in the original legislation that deregulated the California energy market in 1996. The legislation that was responsible for deregulation, AB 1890, also provided the means by which power customers could use "direct access" to purchase energy from sources other than Southern California Edison (SCE) and Pacific Gas and Electric. ESPA had long sought this option, and in 1998 began purchasing power for its member districts on the open market.

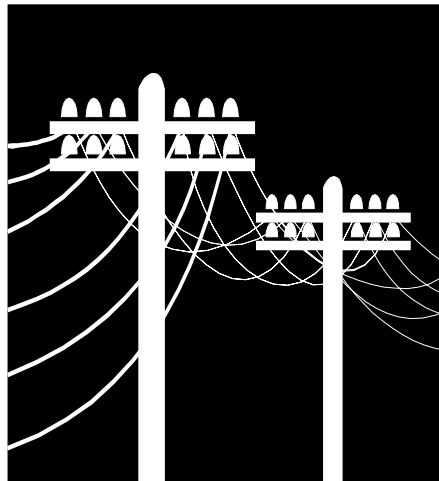
2001 Savings Reported

Recently reported to the District Board of

Directors were the results of the District's direct access power purchases for the March through November, 2001 time period.

During that period, DEID purchased through direct access 4,826,000 kilowatt-hours of energy at a cost of \$248,000. If this same amount of energy were to have been obtained through SCE, the total cost would have been \$492,000. The savings realized from direct access was a whopping \$244,000, almost 50 percent of the tariff rates available from SCE.

The net rate paid for direct access energy



by the District was 5.1 cents per kilowatt-hour.

ESPA purchased over 32 million kilowatt-hours of energy for its members from March through November of 2001 at a total cost of \$1,829,000, saving a staggering \$1,879,000 from bundled rates available from SCE. The average rate per kilowatt-hour paid by ESPA for this energy was 5.7 cents per kilowatt-hour.

Fate of Direct Access With CPUC

During the 2001 energy crisis, the flaws of deregulation were exposed. Also exposed was the ability for major power users in the State to realize significant monetary savings by switching to a direct access energy source. Many did during the

summer of 2001, leaving the State of California with a lot of expensive power contracts for future energy needs that it expected would be provided by the major public utilities in the State. This late flight to direct access left the State with no home for some of this energy it bought under contracts that stretch for as long as 15 years.

The CPUC's initial proposal to this dilemma was to eliminate direct access altogether. That broad approach would have eliminated the successful and very long-term direct access program enjoyed by members of ESPA and its growers.

Other remedies other than an out-and-out ban of direct access has since been proposed, but no decision has yet been made. The CPUC is scheduled to make a ruling on this subject at its March 21 meeting.

Representatives of ESPA have been engaged with the CPUC and its staff to suggest workable alternatives for the State that will also preserve direct access for entities such as ESPA and Delano-Earlimart Irrigation District. We will soon find out if our efforts will be successful, and whether direct access will remain in our future.



(Continued from page 1)

below Friant Dam and other losses, the projected available water supply was calculated at 629,000 acre-feet. That is just slightly over 75 percent of the Class 1 supply for the entire 2002 water year.

A 75 percent Class 1 and no Class 2 water supply declaration is just 40 percent of the Friant Division's historic average water supply of 1.5 million acre-feet.

Bureau forecasters were quick to add that this declaration was conservative, and that more water may indeed be declared after the March snow surveys are completed. The forecast was also produced prior to the storm that reached the San Joaquin River watershed on March 17th.

No 2002 Prorate...Yet

Despite the conservative water supply announcement from the Bureau, the

District remains optimistic as to the final 2002 water supply. An independent review of the available snow course readings indicate more water than what has been initially declared by the Bureau. A 100 percent Class 1 water year is probable, and even a little Class 2 water may be possible. Time will tell for sure, but for the present, the District is comfortable with starting the new water year with no water supply prorate for its growers.

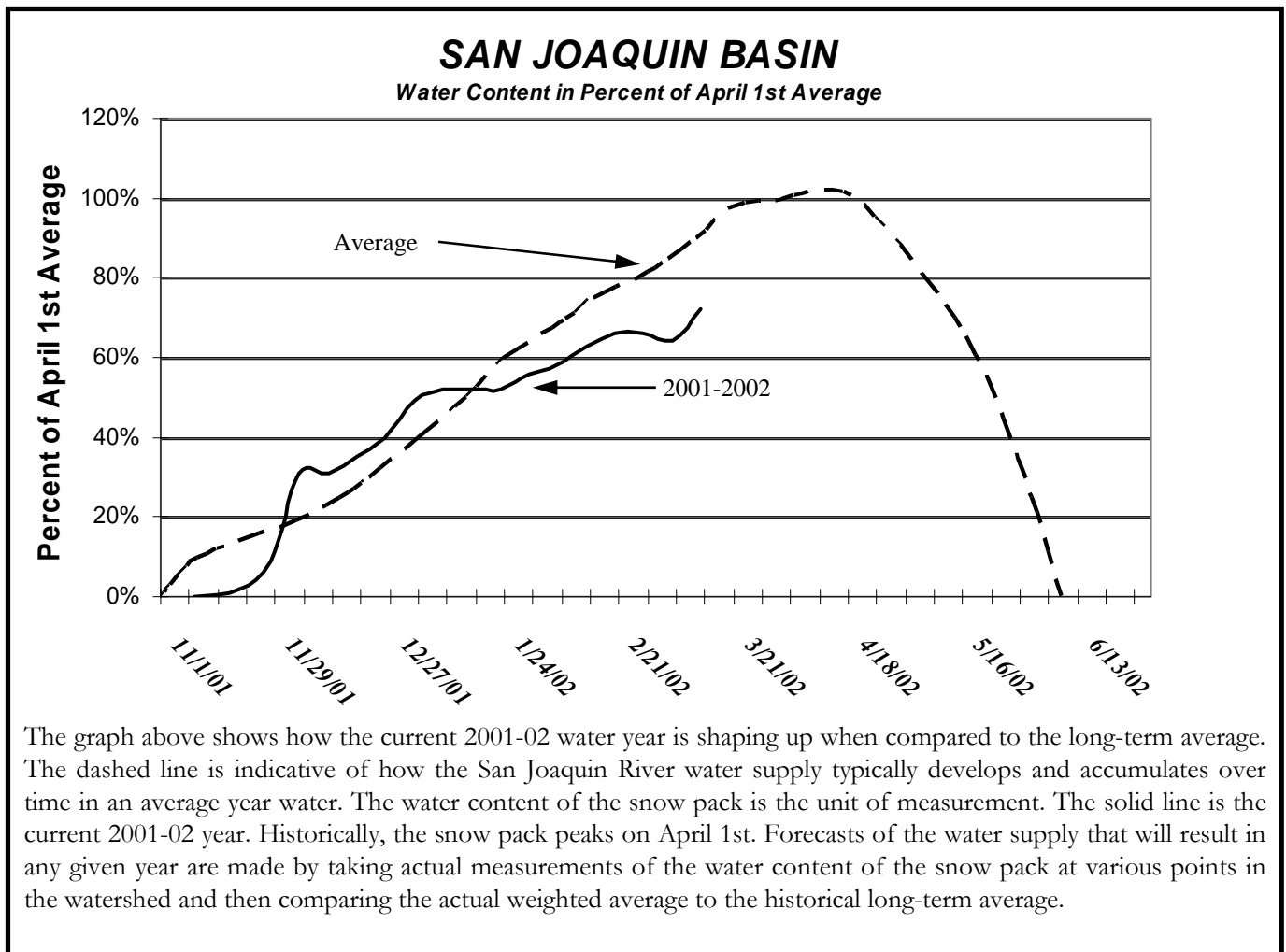
The District will continue to monitor the water supply situation closely and will report any significant changes, particularly those dealing with a water supply prorate, immediately to its growers.

2002 Water Rate Reduced

As was reported in the last edition of the *DEID Pipeline*, the 2002 base water rate has been reduced by the Board of

Directors by \$2.00 per acre-foot. The \$31.00 per acre-foot base rate is exclusive of any applicable lift charges.

The Board of Directors has also stabilized the 2002 lift zone rates, keeping the rates unchanged from the 2001 water year.



DEID PIPELINE

PROVIDING INFORMATION ON ISSUES OF INTEREST TO WATER USERS AND GROWERS IN THE DELANO-EARLIMART IRRIGATION DISTRICT

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Water Fact:

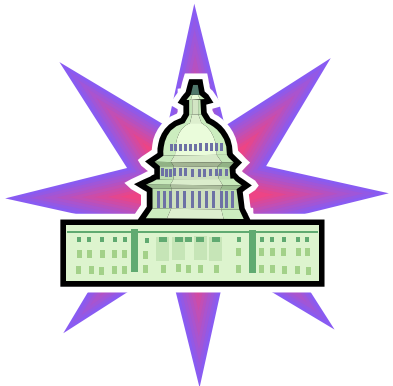
The central feature of the Friant Division of the CVP, Friant Dam was completed in 1944 after just 2 years of construction.

What does the Friant Water Users Authority, Natural Resources Defense Council, Metropolitan Water District of Southern California, California Trout Inc., and the United Farm Workers Union have in common.....

They all agree that the CALFED reauthorization legislation must not include water supply "assurance" language for west side CVP contractors. The primary supporter for such language is the Rhode Island-sized Westlands Water District.

Feelings against the proposed assurance language is so strong that representatives from each of these organizations traveled to Washington, D.C. to tell their message to members of Congress.

"Our group represented such a wide diversity of interests that it caught the attention and interest of those we contacted," said FWUA Board Chairman Kole Upton, who traveled to the nation's capitol with the group. "Although this group has many differences, we put those aside to join in trying to achieve a goal on which we agree."



The house version of the CALFED reauthorization legislation, authored by Congressman Ken Calvert (R-Riverside) includes language that would assure Westlands and other west side districts 70 percent of its CVP water supply. It does so without indicating where this water will come from. Delano-Earlimart Irrigation District and other Friant districts oppose the Calvert bill out of concern that Friant's CVP water supply could be at risk if any such assurance is legislated.

