OREGON WATER UTILITY COUNCIL
Pacific Northwest Section, American Water Works Association
PNWS-AWWA

SDAO Special Districts Association of Oregon

LEAGUE of Oregon CITIES

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RE: Public Notice Number CENWP-PM-E-18-01

Comments on Draft Willamette Basin Review Integrated Feasibility Report and Environmental Assessment

December 22nd, 2017

On November 7th, 2017, the U.S. Army Corps of Engineers (Corps) issued a press release seeking comments on the Draft Integrated Feasibility Report and Environmental Assessment for the Willamette Basin Review Feasibility Study, which is evaluating the reallocation of storage space in the 13 reservoirs comprising the Willamette Valley Project (WVP). The Oregon Water Utilities Council (OWUC), League of Oregon Cities (LOC), and Special Districts Association of Oregon (SDAO) (collectively "the water providers") are providing these comments on behalf of their members in the Willamette Basin, which include both large and small water systems. Several members of OWUC, LOC and SDAO are directly affected by the Corps' Tentatively Selected Plan (TSP).

The Corps' TSP proposes to allocate 73,300 acre-feet (AF) of storage space in the WVP for municipal and industrial (M&I) use. The water providers appreciate the ongoing effort of the Corps and the Oregon Water Resources Department (OWRD) on the Feasibility Study. However, as provided in more detail below, the TSP's proposed allocation of only 73,300 AF of storage space is inconsistent with the need for long-term water supply planning horizons and secure and reliable redundant water supplies, and is not sufficient to meet the future long-term needs of the water providers in the Willamette Basin. M&I water users will require the 159,750 AF of storage space identified in Reallocation Alternative C to meet their long-term anticipated demands.

Approximately 70 percent of the state's population is located in the Willamette Basin, and approximately 85 percent of the population in the Willamette Basin is supported by public water systems. These public water systems provide safe, reliable water supply for public health, safety and for business and industrial development activities. The ability of the water providers to meet the projected long-term water supply requirements of our communities is critical to the economic viability of our state.

Public water providers are required to provide safe and reliable water supply to the communities they serve. Accordingly, they plan for water supply on 50-year or longer timeframes. In addition, they plan for multiple (redundant) water supplies to ensure uninterrupted service and the greatest protection possible for public health and safety. To meet these water service obligations, water providers must finance, permit and build complex and expensive infrastructure to extract, treat, and deliver water to homes and businesses. The monetary burden of this work is shouldered by our customers, the citizens of Oregon.

The water providers in the Willamette Basin have been seeking access to the stored water in the WVP since the late 1980's. After almost 30 years of effort we still have no reliable access to stored water and no M&I contracting program. It is well understood that the stored water in the WVP constitutes the overwhelming majority of the remaining water supply available to public water providers in the Willamette Basin to meet future demands. OWRD's Willamette Basin Program rules (OAR 690-502) effectively preclude new water rights for municipal water supply from most surface water sources in the basin. Opportunities to obtain new groundwater supplies are constrained by multiple regulatory limitations. (There are 12 critical groundwater or groundwater limited areas in the lower Willamette Basin, and new groundwater appropriations with the "potential for interference" with surface water bodies have been disallowed.) Furthermore, some existing water rights for municipal water supply downstream from the WVP reservoirs are expected to become less reliable as a result of the reallocation of conservation storage for fish and wildlife (F&W) benefits and the subsequent issuance of water rights to protect stored water for instream purposes.

The Corps' own analysis of M&I water demands, described in Appendix A (M&I Supply and Demand Analyses), documents M&I demands of 159,750 AF – more than two times the 73,300 AF proposed for M&I in the TSP. Although the water providers understand the Corps' interest in retaining a joint use pool to provide for future flexibility, such flexibility should not be at the cost of sensible long-term water supply planning for the State of Oregon. Moreover, such flexibility will be available without the joint use pool since, as described by Corps staff, any water not under contract will be available for joint management.

The TSP's proposed allocation of 73,300 AF of storage space for M&I use does not provide the water providers with the certainty they need to invest in large, regional water supply solutions and infrastructure needed to meet future demands over the next 50+ years.

The water providers identified the following specific issues and concerns with the Corps' proposal to allocate only 73,300 AF of storage space to M&I water use:

- In developing the TSP, the Corps reduced the M&I demand planning horizon from 2070 to 2050. The Corps' reasoning—that there is uncertainty that demands projected for the year 2070 would fully materialize when expected (section 5.2.7.2)—is arbitrary and inconsistent with the need for long-term planning and financing of water supply infrastructure projects. This change proposed in the TSP reduced public water suppliers' projected supply deficits by **40,800 AF** (see Table 7-1, Appendix A).

- M&I demands must anticipate the need for redundant water supplies. Many of the larger water suppliers in Oregon have made the development of supply redundancy a priority in order to

plan for an array of events that may require the total curtailment of a single water source, including loss of supply due to drought or contamination of a source. In addition, several water providers are planning redundant supplies for natural disasters such as a Cascadia Subduction Zone earthquake. As water systems serving smaller populations continue to grow, developing redundant water sources will be of fundamental importance. In the TSP, the Corps has removed all redundancy demands from the M&I storage space allocation. As shown in table 7-5 (Appendix A), projected single source redundancy needs total 38,600 AF by 2070. This change proposed in the TSP reduced public water suppliers' projected demands and related storage space allocation by **38,600 AF**. The Corps identifies surplus water agreements tied to the Joint Use allocation as the preferred method for securing water for redundant supply needs on grounds of economic efficiency, because it would not require M&I users to repay the cost of storage (Section 5.2.7.2). However, whether for redundant supply or to meet growing demands, the water providers in the Willamette Basin need access to reliable water supply in order to make long-term investments in infrastructure that support economic growth. The language in the Corps' proposed rulemaking regarding surplus water contracts confirms that these supplies are both interruptible and have "second-fill status," making surplus water contracts unreliable both from year-to-year and over the long-term (see 33 C.F.R. § 209). Surplus water contracts do not provide the reliable water supplies water providers require, and therefore cannot provide a sound basis for investment in water supply infrastructure.

- The Corps' analysis, shown in Table 9-2 in Appendix A, shows that even if conservation efforts are implemented to reduce unaccounted-for water in all M&I systems to no more than 10 percent of water production (a goal the state has set for public water suppliers under OAR 690-86-0150), the M&I supply deficit alone (not including redundancy needs or needs of self-supplied industrial uses) is still projected to reach **92,800 AF** by 2070. In reality, water demand reductions from conservation measures—both to reduce system water losses and peak season demands—will be offset by increased demands due to climate change, which unfortunately was not incorporated into the TSP, as described below.

- The projected M&I demands described above do not anticipate any increase in future demands due to climate change. Table 11-6 (Appendix A) shows that M&I demand for WVP storage is projected to increase by a total of 35.6 percent by 2070 due to climate change. Based on these needs, total M&I demands to ensure water supplies that are robust against climate change would be **216,650 AF**. Even if one only considers the impacts of climate change on M&I demands, and not on the reliability of existing M&I natural flow water supplies, the Corps' analysis in Table 11-4 (Appendix A) still projects that M&I demands for stored water will increase by 18.5 percent, to **189,350 AF.** The analysis does not evaluate how reducing unaccounted-for water to 10 percent would affect this total, but it's clear from Table 9-2 (Appendix A) that the impact of increasing per capita demands due to climate change exceeds the impact of reducing unaccounted-for water to 10 percent across all water systems.

- The water providers are concerned that the TSP has treated M&I and F&W demands unequally in the selection of the TSP. For several years, the water providers were told by the Corps that only 32 percent to 35 percent of the reservoir storage was needed to meet Bi-Op flow targets.

With the release of the TSP, we were surprised to see the Corps now assert that reservoir storage needed to meet Bi-Op flow targets exceeds the entire volume of conservation storage available in the WVP. The TSP allocates 962,800 AF of storage space to F&W use – 61 percent of the allocated storage space. Section 5.2.7.1 explains that this figure was derived by reducing the F&W demand in equal proportion to the reduction for the combined M&I and Agriculture and Irrigation (AI) allocations under the TSP (39.5 percent). **However, to develop the TSP the M&I demands were reduced by 54 percent from 159,750 AF to 73,300 AF.**

- The analysis in Appendix C does not account for the fact that a large portion of M&I and AI demands for stored water are below reaches for which the Corps has actively managed flows to meet Bi-op flow deficits. Because stored water released under a water supply contract is protected from the point of release to the point of diversion, M&I and AI stored water contracts will directly reduce the deficits identified in Appendix C. Whereas the reduction in proposed storage space for M&I in the TSP represents a loss of potential access to one of the last remaining sources of water supply in the Willamette Basin, the reduction of the F&W allocation in the TSP by 39.5 percent impacts the amount of water that can be protected instream to meet Bi-op flow targets only minimally, if at all. This true because (a) the dual benefit of contracted water, and (b) any uncontracted water in the M&I pool (and in the AI pool) would be available to the Corps for joint management.

- Finally, while some industries require water that has been treated to the standards of public water providers, those treatments are not necessary in other industries. Demand projections for public water suppliers do not anticipate supplying water for such industries; however, having adequate water supplies for self-supplied industrial users (SSI) is a critical component to Oregon's economic development and a tax base for cities and counties. The reduced time-frame for SSI demands (2050 instead of 2070) potentially hampers long-term planning and economic development. This change proposed in the TSP reduced projected M&I demands by **7,050 AF**.

The Corps has conducted a robust analysis of M&I projected demands for stored water. Unfortunately, despite its own analysis, the Corps has proposed to cut in half the proposed storage allocation for M&I from 159,750 AF to 73,300 AF. The majority of these reductions are based on an arbitrary change to the planning horizon from 2070 to 2050 (a reduction of 40,800 AF) and a faulty assumption that redundant water supply can be provided by surplus water contracts (a reduction of 38,600 AF). Further, these proposed reductions in M&I storage space were made at the same time the Corps' own analysis shows that M&I demands are likely much greater than 159,750 AF due to impacts of climate change on supply and demand.

The M&I projected demands and associated storage space in Alternative C (159,750 AF) should be the TSP. This would result in an equitable and sensible allocation of 10 percent of the storage space to M&I use and can be achieved without any impact to the allocations to F&W and AI by shifting some of the joint use storage space to M&I.

Sincerely,

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OWUC is a committee of the Pacific Northwest Section of the American Water Works Association (AWWA). OWUC's mission is to promote and monitor legislation, public policies, and regulations that will ensure our communities can provide drinking water of the highest quality, in sufficient quantities, and at a reasonable cost.