

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

902



**FROM:** Executive Office

**SUBMITTAL DATE:**  
December 14, 2010

**SUBJECT:** Request from the Rancho California Water District for a Letter of Support for Federal Grant Funds to Develop a Hydroelectric Power Generation Project

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the request from the Rancho California Water District for a letter of support to obtain a \$750,000 federal grant from the FY2012 Interior Appropriations Act as a 55% EPA STAG Grant to fund part of a \$1,400,000 hydroelectric power generation project.
2. Authorize the Chair of the Board of Supervisors to sign the attached letter of support on behalf of the County.

**BACKGROUND:** The Rancho California Water District (District) has embarked on a significant electrical energy generation project (Project) to help stabilize water rates and reduce long term operational costs.

(Continued on Page 2)

*Michael R. Shetler*

Michael R. Shetler, Senior Management Analyst

Departmental Concurrence

**FINANCIAL DATA**

|                               |        |                         |           |
|-------------------------------|--------|-------------------------|-----------|
| Current F.Y. Total Cost:      | \$ N/A | In Current Year Budget: | N/A       |
| Current F.Y. Net County Cost: | \$ N/A | Budget Adjustment:      | N/A       |
| Annual Net County Cost:       | \$ N/A | For Fiscal Year:        | 2010/2011 |

**SOURCE OF FUNDS:**

|                                  |                          |
|----------------------------------|--------------------------|
| Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| Requires 4/5 Vote                | <input type="checkbox"/> |

**C.E.O. RECOMMENDATION:** APPROVE

BY: *Dean Deines*  
Dean Deines

**County Executive Office Signature**

- Policy
- Policy
- Consent
- Consent

Dept Recomm.:  
Per Exec. Ofc.:

**Prev. Agn. Ref.:**

**District:** 1 & 3

**Agenda Number:**

**2.14**

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

**Page 2**

**SUBJECT:** Request from the Rancho California Water District for a Letter of Support for Federal Grant Funds to Develop a Hydroelectric Power Generation Project

**Background Continued:**

This Project is an effort to better manage existing water transmission facilities while providing ecologically sound secondary benefits to its customers. This electrical power generation facility will use available hydraulic energy to provide safe and reliable electrical energy while continuing to replenish a critical natural waterway. In addition, this electric power will provide the District with a new revenue stream which will help stabilize rates. Stabilization of rates is important to a large number of the District's customers and critical in keeping the District's agricultural customers viable.

The District owns and operates the WR-34 Turnout Facility that is used to take raw water from the Metropolitan Water District of Southern California's (MWD) Pipeline No. 5 and discharge it to the Santa Margarita River. Water discharges are made in compliance with the Santa Margarita River Cooperative Water Resource Management Agreement between the District and the United States on behalf of Camp Pendleton. Because of this excess hydraulic head, the District commissioned a Pre-Design Evaluation to provide an assessment of the technical and economic feasibility of incorporating a hydroelectric turbine generator into the Turnout Facility. This Evaluation has shown that the Project is feasible.

The plan is for the hydroelectric turbine-generator to be directly connected to the SCE electrical grid. This type of connection is authorized under State law and SCE has an existing payment program which is expected to provide a \$160,000/year payment to the District. The Evaluation has determined that the payback period using current installation costs and expected SCE payments is about 9 years. Applying an EPA STAG Appropriations grant to the formula reduces the payback period to about 5 years, while taking advantage of this otherwise untapped resource helps stabilize the District's water rates and produces clean energy for the community. The Project schedule is dictated by the District securing appropriate permits, agency approvals and necessary licensing agreements. The schedule shows permitting, design and equipment procurement, complete by summer 2011, with installation, start up and operation by the beginning of 2012.

(Continued on Page 3)

**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

**SUBMITTAL TO THE BOARD OF SUPERVISORS**

**SUBJECT:** Request from the Rancho California Water District for a Letter of Support for Federal Grant Funds to Develop a Hydroelectric Power Generation Project

**Page 3**

The District intends to continue to develop projects that promote energy efficient operation of existing water and wastewater infrastructure. To this end, in parallel with the implementation and performance of this Project, the District is looking towards continuing a District, State and Federal funding partnership of a promising fuel cell power generation project.

In Summary this Project provides the following benefits:

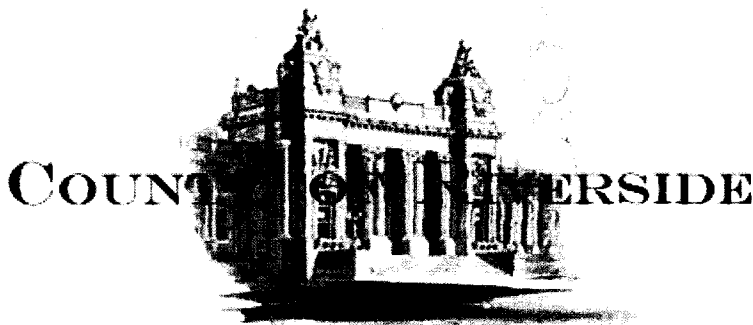
- Helps stabilize District wide water rates
- Helps develop sustainable water rates for its agricultural users
- Helps support SCE by creating a reliable municipal electric generation facility
- Produces a new energy source from its existing water transmission infrastructure
- Produces clean electrical energy for the communities the District serves
- Produces renewable electrical energy without adding atmospheric carbon load
- Produces a reliable energy source powered by predicable flowing water
- Meets the State's objective of developing alternative electrical generation facilities
- Meets the National objectives of the pending Hydropower Improvement Act of 2010
- Meets the National objective of reducing atmospheric carbon dioxide (CO<sub>2</sub>)

This Project will result in the District becoming a producer of clean, renewable electrical energy through the modification and installation of generation equipment placed on an existing raw water diversion pipeline. If completed with this requested federal funding partnership, the economic pay-back will be approximately 5 years. After the 5 years, the income will help stabilize District water rates and help sustain affordable water costs to the District's agricultural users.

**Attachments**

Letter of Support

Project Packet-RCWD Hydroelectric Power Generation Project



## Board of Supervisors

|            |   |
|------------|---|
| District 1 | <b>Bob Buster</b><br>909-955-1010         |
| District 2 | <b>John F. Tavaglione</b><br>909-955-1020 |
| District 3 | <b>Jeff Stone</b><br>909-955-1030         |
| District 4 | <b>John Benoit</b><br>909-955-1040        |
| District 5 | <b>Marion Ashley</b><br>909-955-1050      |

December 14, 2010

### **SUBJECT: SUPPORT OF RANCHO CALIFORNIA WATER DISTRICT'S HYDROELECTRIC POWER GENERATION PROJECT**

Dear Senator Feinstein, Senator Boxer, Congresswoman Bono-Mack and Congressman Issa:

The County of Riverside supports Rancho California Water District's (District) plans to seek a federal funding partnership for the completion of their Hydroelectric Power Generation Facility associated with their ongoing raw water diversion to the Santa Margarita River. This six-year-old raw water diversion was implemented under the Santa Margarita Cooperative Water Resource Management Agreement between the District and the United States on behalf of the Marine Corps Base Camp Pendleton. The District purchases water from the Metropolitan Water District of Southern California's Pipeline Number 5 and diverts up to 3,000,000 gallons of water per day to the River. Based on the topography of the diversion, a significant hydraulic drop exists, which in conjunction with a state-of-the-art electric generator, has recently become economically feasible to generate clean renewable electrical energy for the benefit of the community.

I understand the District will be meeting with you and your staff to discuss this request in detail. In the meantime, we'd like to be on the record, as in support of this request, and to give you some of the reasons this project is worthy of receipt of federal funds. This project is a significant District effort to better manage its existing water conveyance and distribution facilities to provide ecologically sound secondary benefits to its customers. This electrical power generation facility will use available hydraulic energy to provide safe and reliable electrical energy

while continuing to replenish a critical natural waterway. In addition, this electric power will provide the District with a new \$160,000 per year revenue stream, which will help stabilize rates. Stabilization of rates is important to a large number of the District's customers and critical in keeping the District's agricultural customers viable.

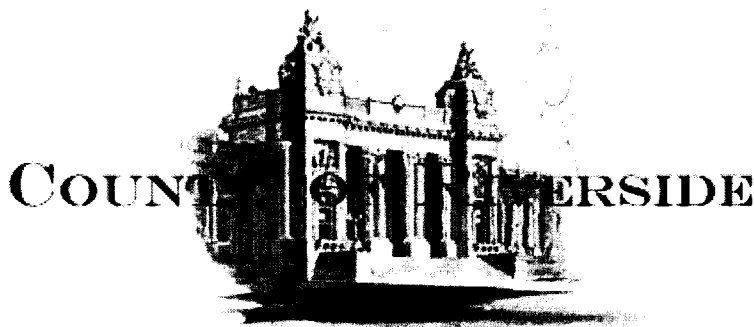
We concur with the District that because of this Project's benefits to both regional water resource management interests and the economic stability provided; this Project becomes most affordable with a combination of local, state and federal funding resources.

Thank you for your past support and your future consideration of the District's request.

Sincerely,

Marion Ashley, Chairman  
Fifth District, Supervisor

CC: Mathew G. Stone-General Manger, Rancho California Water District  
Perry R. Louck - Dir. of Planning, Rancho California Water District  
Liselle Regueiro DeGrave - Public Affairs, Rancho California Water District  
Michael R. Shetler, Senior Management Analyst, Riverside County Executive Office



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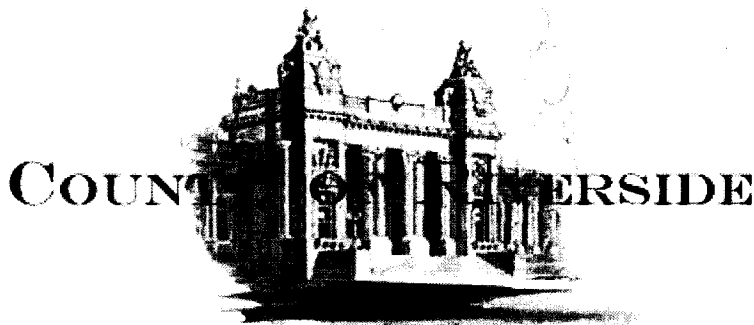
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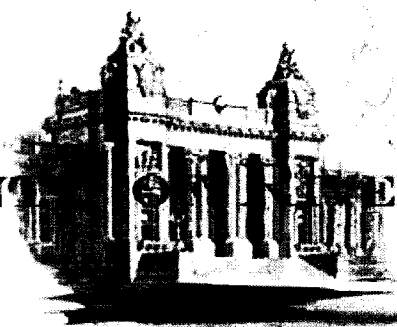
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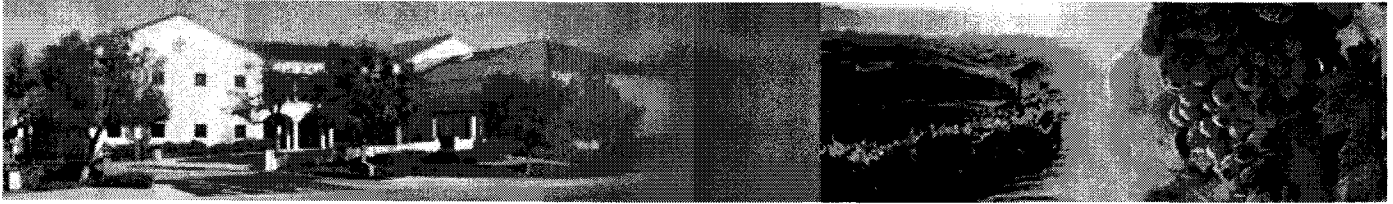
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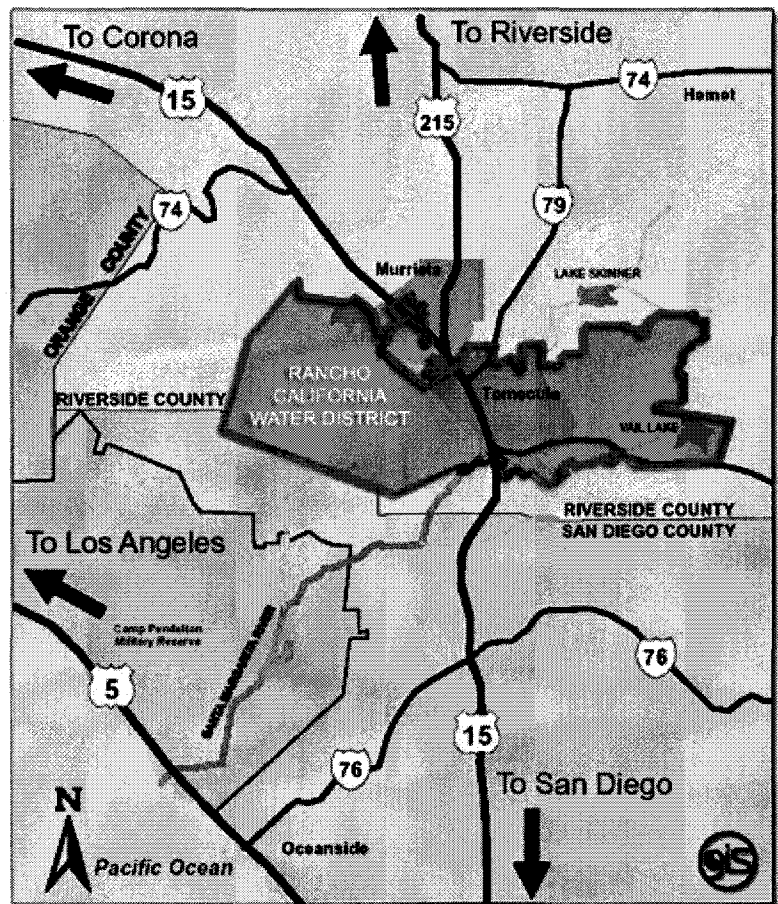
**Rancho California Water District**  
*Serving the areas of Temecula and Murrieta since 1965*



# Hydroelectric Power Generation Project

*On Behalf of the Citizens  
of Temecula & Murrieta  
California,  
and all those who support  
the development of  
renewable & dependable  
energy*

*We Hereby Request  
Federal Funding  
Assistance*



**FY2012 Federal Funding Request**

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## SECTION 1 – Fact Sheet

|                          |  |                |  |
|--------------------------|--|----------------|--|
| <b>Request</b>           | A \$750,000 grant from the FY2012 Interior Appropriations Act as a 55% EPA STAG Grant: <ul style="list-style-type: none"> <li>▪ To fund part of a \$1,400,000 hydroelectric power generation project</li> <li>▪ As the first phase of the District's new alternative renewable energy project initiative</li> </ul>  |                |  |
| <b>Project</b>           | Placement of a new hydroelectric power generation system on an existing water diversion line <ul style="list-style-type: none"> <li>▪ The existing water line is a raw water diversion to the Santa Margarita River</li> <li>▪ The diversion is about 5 cfs and required by Agreement with Camp Pendleton</li> <li>▪ The source water is from the District's WR-34 Turnout Facility from MWD Pipeline No. 5</li> <li>▪ The energy needed to power the generator is provided by a significant drop in elevation</li> <li>▪ The selected generation equipment is Cornell Pump-Turbine – 13.1 cfs</li> <li>▪ SCE will purchase the electricity produced under a license agreement</li> <li>▪ The Project is in design and expected to be operational by the beginning of 2012</li> </ul>  |                |  |
| <b>Benefits</b>          | This Project benefits local, regional, state and national interests which: <ul style="list-style-type: none"> <li>▪ Help stabilize District wide water rates</li> <li>▪ Help develop sustainable water rates for its agricultural users</li> <li>▪ Help support SCE by creating a reliable municipal electric generation facility</li> <li>▪ Produces a new energy source from its existing water transmission infrastructure</li> <li>▪ Produces clean electrical energy for the communities the District serves</li> <li>▪ Produces renewable electrical energy without adding atmospheric carbon load</li> <li>▪ Produces a reliable energy source powered by predictable flowing water</li> <li>▪ Meets the State's objective of developing alternative electrical generation facilities</li> <li>▪ Meets the National objectives of the pending Hydropower Improvement Act of 2010</li> <li>▪ Meets the National objective of reducing atmospheric carbon dioxide (CO<sub>2</sub>)</li> </ul> |                |  |
| <b>Financial</b>         | Based on the Project's Pre-Design Evaluation & the District's ongoing efforts to stabilize water rates and develop long-term sustainable/affordable rates, the following is the Project financials: <ul style="list-style-type: none"> <li>▪ Project capital cost = \$1,400,000. Projected revenue from SCE = \$160,000/year</li> <li>▪ Project payback period without outside funding = 9 years, with outside funding = 5 years</li> <li>▪ The District just implemented a Tiered rate system which rewards conservation</li> <li>▪ At the "efficient" (low use tier) the average water bill is still twice the national average</li> <li>▪ No meaningful federal agency or state funding programs are available to help</li> </ul>   |                |  |
| <b>Fairness</b>          | In preparing this Request, the following STAG funding source background data was assembled: <ul style="list-style-type: none"> <li>▪ Since FY1992 EPA STAG has provided \$7,093,549,625 to others for similar projects</li> <li>▪ 1,059 of these EPA STAG grants were equal to or greater than \$1,000,000</li> <li>▪ California's share has been 9.29% while having 11.90% of the nation's population</li> <li>▪ California ranks 36<sup>th</sup> in federal spending and 13<sup>th</sup> in grant receipts on a per capita basis</li> <li>▪ California receives \$0.80 of each federal tax dollar paid and is the 9<sup>th</sup> highest taxed State</li> </ul>  |                |  |
| <b>Support</b>           | The District is continuing to secure written support from those affected: <ul style="list-style-type: none"> <li>▪ State, County, and Local Agencies, local institutions, and area business leaders</li> <li>▪ Copies of letters of support received to date are included in Section 3 of this request</li> </ul>  |                |  |
| <b>District Contacts</b> | Lisa Herman, RCWD Board President  | (951) 296-6900 | <a href="mailto:hermanl@ranchowater.com">hermanl@ranchowater.com</a>   |
|                          | Matthew Stone, RCWD General Manager  | (951) 296-6900 | <a href="mailto:stonem@ranchowater.com">stonem@ranchowater.com</a>     |
|                          | Jacqueline Howells, Government Affairs   | (951) 461-9074 | <a href="mailto:howellsgovrel@lycos.com">howellsgovrel@lycos.com</a>   |
|                          | Perry Louck, RCWD Director of Planning   | (951) 296-6900 | <a href="mailto:louckp@ranchowater.com">louckp@ranchowater.com</a>     |
|                          | Corey Wallace, RCWD Engineering Manager  | (951) 296-6900 | <a href="mailto:wallacec@ranchowater.com">wallacec@ranchowater.com</a> |
|                          | Donald Roecker, Funding Consultant   | (920) 893-8877 | <a href="mailto:droecker@gmail.com">droecker@gmail.com</a>             |



## **SECTION 2 – Executive Summary**

The Rancho California Water District (District) has just embarked on a significant electrical energy generation project to help stabilize water rates and reduce long term operational costs. The District has developed a Hydroelectric Power Generation Project (Project) that utilizes existing topography and existing water transmission infrastructure to produce electrical power. When completed, this Project will produce electrical power that will be sold to Southern California Edison (SCE) for use throughout their service area. The Power Generation Facility will be located along an existing raw water diversion line which delivers water to the Santa Margarita River. A significant hydraulic drop exists along this diversion and the economics of using this drop as the power for electric generation is becoming feasible.

This Project is an effort to better manage existing water transmission facilities while providing ecologically sound secondary benefits to its customers. This electrical power generation facility will use available hydraulic energy to provide safe and reliable electrical energy while continuing to replenish a critical natural waterway. In addition, this electric power will provide the District with a new revenue stream which will help stabilize rates. Stabilization of rates is important to a large number of the District's customers and critical in keeping the District's agricultural customers viable.

### **FUNDING REQUEST**

The District is seeking to establish a funding partnership with the first session of the 112<sup>th</sup> Congress to create a federal funding partnership for this Project. At this time, the District seeks to have funding for the Project provided as a FY2012 U.S. Environmental Protection Agency (EPA) Appropriations, under their State and Tribal Assistance Grant (STAG) Budget Account. This Budget Account is located in the Interior Appropriations Act. The actual language requested to be included in this Appropriations Bill would be:

“A \$750,000 grant to the Rancho California Water District, for their Hydroelectric Power Generation Project”

The current Project cost estimate is \$1,400,000. The \$750,000 request amount was chosen based on financial feasibility, and a review of historic STAG appropriation amounts as shown in **Section 4** and the historic STAG 55% federal/45% local match requirement. Receipt of a STAG Appropriation will directly lower the cost of this Project. The receipt of \$750,000 in STAG Appropriations will result in about a \$1,500,000 reduction in District water rate impacts. This increased benefit relates to the elimination of interest payments that would otherwise need to be made by the District to obtain \$750,000 through local borrowing.

Since the State of California has not received its fair share of STAG Appropriations, this request has been developed around this single funding source. That source is earmarked congressionally mandated grant funding for special needs projects within the STAG Account. In short, STAG has provided \$7,093,549,625 in the form of 3,900 grants to 2,313 communities for special needs water, wastewater or groundwater grants across the country since FY1992. Over this 19-year period, California has received \$659,118,500 of the total appropriated funds. This amounts to less than 9.29% of the total for a State that contains 11.90% of the nation's population. This inequity has resulted in California receiving about \$185,000,000 less than its fair share of the EPA STAG funding source.

Finally, the Northeast-Midwest Institute's FY2007 report shows that California, the largest State in the nation, ranks 36<sup>th</sup> in government spending and 13<sup>th</sup> in federal grant receipts on a per capita basis. In FY2005, California received only \$0.80 of each federal tax dollar returned, but on a per capita basis was the 9<sup>th</sup> highest taxed State.

## **BACKGROUND**

Formed in 1965, the District supplies an area consisting of approximately 150 square miles. The District serves the area known as Temecula/Rancho California, which includes the City of Temecula, parts of the City of Murrieta, and other contiguous lands. The District's mission is to deliver reliable, high quality water, wastewater and reclamation services to its customers and communities in a prudent and sustainable manner. The District will be the grant recipient and responsible for implementation of the individual activities associated with this Project.

The District owns and operates the WR-34 Turnout Facility that is used to take raw water from the Metropolitan Water District of Southern California's (MWD) Pipeline No. 5 and discharge it to the Santa Margarita River. Water discharges are made in compliance with the Santa Margarita River Cooperative Water Resource Management Agreement between the District and the United States on behalf of Camp Pendleton. Because of this excess hydraulic head, the District commissioned a Pre-Design Evaluation to provide an assessment of the technical and economic feasibility of incorporating a hydroelectric turbine-generator into the Turnout Facility. This Evaluation has shown that the Project is feasible.

The plan is for the hydroelectric turbine-generator to be directly connected to the SCE electrical grid. This type of connection is authorized under State law and SCE has an existing payment program which is expected to provide a \$160,000/year payment to the District. The Evaluation has determined that the payback period using current installation costs and expected SCE payments is about 9 years. Applying an EPA STAG Appropriations grant to the formula reduces the payback period to about 5 years, while taking advantage of this otherwise untapped resource helps stabilize the District's water rates and produces clean energy for the community. The Project schedule is dictated by the District securing appropriate permits, agency approvals and necessary licensing agreements. The schedule shows permitting, design and equipment procurement, complete by summer 2011, with installation, start up and operation by the beginning of 2012.

The District intends to continue to develop projects that promote energy efficient operation of existing water and wastewater infrastructure. To this end, in parallel with the implementation and performance of this Project, the District is looking towards continuing a District, State and Federal funding partnership of a promising fuel cell power generation project.

## **FINANCIAL**

At the heart of the financial issue is the fact that this Project produces clean, renewable energy that will be purchased by SCE. This estimated \$160,000/year revenue stream will directly be applied to water rates and lower future rate increases. The District has just developed and implemented a new budget

based tiered water rate structure. Residential, landscape and multi-family accounts are all a part of this new rate structure. The budget based tiered water rate structure is designed to give customers an efficient amount of water for both their indoor and outdoor needs.

The Tier 1 water rate is set based on the number of residents in the household, each using 60 gallons per day. The Tier 2 budget is based on the property's estimated irrigated area, based on County parcel data and GIS information, as well as real-time weather conditions. Customers who use more than their indoor and outdoor budget will pay for the additional use at an "inefficient" use (Tier 3) or "wasteful" use (Tier 4) rate. The District's goal is for overall efficient water use and this new tiered rate system rewards those who manage their water use.

Based on the District's example water bill calculator, the annual residential water bill for a typical household with 4 people staying within their budgeted Tier 1 and Tier 2 rates is \$509/year. When this average cost is compared to national water rates, based on the latest Water and Wastewater Rate Survey co-produced by the American Water Works Association and Raftelis Financial Consultants, Inc., efficient households will still be paying about twice the national average of \$240/year.

## **SUMMARY**

This Project provides the following benefits:

- Helps stabilize District wide water rates
- Helps develop sustainable water rates for its agricultural users
- Helps support SCE by creating a reliable municipal electric generation facility
- Produces a new energy source from its existing water transmission infrastructure
- Produces clean electrical energy for the communities the District serves
- Produces renewable electrical energy without adding atmospheric carbon load
- Produces a reliable energy source powered by predicable flowing water
- Meets the State's objective of developing alternative electrical generation facilities
- Meets the National objectives of the pending Hydropower Improvement Act of 2010
- Meets the National objective of reducing atmospheric carbon dioxide (CO<sub>2</sub>)

This Project will result in the District becoming a producer of clean, renewable electrical energy through the modification and installation of generation equipment placed on an existing raw water diversion pipeline. If completed with this requested federal funding partnership, the economic pay-back will be approximately 5 years. After the 5 years, the income will help stabilize District water rates and help sustain affordable water costs to the District's agricultural users.

Your support and attention to this funding request is appreciated. Further information is available in **Sections 4 and 5** of this funding request. Should you have any questions, please contact Perry Louck, RCWD Director of Planning at (951) 296-6900, or other Project representatives listed in **Section 1**.

## SECTION 4 – History of Funding Source

### SUMMARY

In the early 1990's, the U.S. Congress began providing site-specific line item grants for “special needs” communities with unique water and wastewater infrastructure needs. To date, the U.S. Congress has granted \$7,093,549,625 in “special needs” grants between FY1992 and FY2010. These grants were appropriated in the U.S. EPA Appropriations Bill under an account entitled, “State and Tribal Assistance Grants” (EPA STAG Account). These grants have been awarded to similar projects in municipalities across the nation.

In preparing this Funding Request, the history of the use of direct federal appropriations for similar wastewater related projects across the Country was reviewed. In short, the State of California has been under represented in this funding source. Below are three facts that support this request and have emerged from this review:

1. The EPA STAG Account has provided \$7,093,549,625 in the form of 3,900 grants to 2,313 communities for special needs water, wastewater or groundwater grants across the country since FY1992. Over this 19-year period, California has received only \$659,118,500 of this total. That amounts to less than 9.29% of the total for a State that contains 11.90% of the nation's population. This national inequity has resulted in California receiving about \$180,000,000 less than its fair share.
2. Since 1992, 1,059 EPA STAG Account appropriations have been equal to or larger than \$1,000,000.

The following pages contain background and various breakdowns of this information:

| <u>Information</u>  | <u>Page</u> |
|---|-------------|
| ▪ Congressional History of Earmarking Water Projects .....        | 4-2         |
| ▪ National Distribution of STAG Appropriations since FY1992 ..... | 4-4         |
| ▪ Historic Summary STAG Appropriation Numbers and Amounts .....   | 4-5         |
| ▪ Special Note on the FY2007 Appropriations Process .....         | 4-6         |
| ▪ Listing of California STAG Appropriations since FY1992 .....    | 4-7         |

## CONGRESSIONAL HISTORY OF EARMARKING WATER PROJECTS

Congressional action to designate funds within appropriations legislation for specified projects or locations has been increasing in recent years as a way to help communities meet needs to build and upgrade water and wastewater infrastructure systems, whose estimated future funding needs exceed \$450 billion. Such legislative action has often been popularly referred to as earmarking.

This Section discusses appropriations for water and wastewater infrastructure programs of the EPA, focusing on such designations in the account that funds these programs. Information on the programmatic history of EPA involvement in assisting these types of projects is provided in **Figure 4-1** and **Tables 4-1** and **4-2**.

Congress began the practice of supplementing appropriations for the primary Clean Water Act (CWA) and Safe Drinking Water Act (SDWA) assistance programs with grants for individually designated projects in FY1989. Since then, of the \$41.8 billion appropriated to EPA for water infrastructure assistance, 16% (\$6.8 billion) has gone to designated site-specific line item project grants in their STAG Budget Account. Notably since FY2000, appropriators have awarded such grants to a larger total number of projects, resulting in more communities receiving such assistance, but at the same time receiving smaller amounts of funds, on average. Details on this shift are located in **Table 4-2**.

Members of Congress may intervene to provide funding for a specific community for a number of reasons. These reasons generally follow the federal funding criteria contained in **Section 5** of this Request. While this congressional funding practice has been criticized by state water program managers and administrators of infrastructure financing programs because designated projects are receiving more favorable treatment (55% federal grants, rather than loans) and because the practice sidesteps the standard process of states' determining the priority by which projects will receive funding, the practice continues because Congress is not convinced that State and Federal Agency funding programs meet all the Needs.

Projects so funded through appropriations acts also have generally not been reviewed by congressional authorizing committees. Attention is often drawn to the relatively few projects that have received large grants (more than \$100 million), especially over multiple years. The majority of designated projects, however, receive comparatively small amounts. More than 75% of the projects designated in the EPA appropriations legislation have received total awards (either in a single year or over multiple years) of \$2 million or less. While some Members of Congress, interest groups, and Administration officials are critical of these types of congressional actions, it is likely that communities will continue to seek this type of assistance, and there is little indication at this time that the practice will cease.

Pressure to provide designated special project grant funding has been evident in the appropriations process where, in recent years, Congress has reserved as much as 30% of funds in the account that provides clean water and drinking water assistance for specified communities. The practice of designating a portion of the construction grants/SRF account for specific wastewater treatment and other water quality projects began in the FY1989 EPA appropriations legislation. Since then, it has increased as a portion of appropriated funds in the STAG account (3% of the total water infrastructure appropriations in FY1990, for example, increasing to 31% in FY1994, but somewhat less in recent years: 16% in FY2005 and FY2006).

In the early years of this congressional practice, special purpose grant funding originated in the House version of the EPA appropriations bill, while the Senate, for the most part, resisted the practice by rejecting or reducing amounts and projects. In the 104th Congress, the House passed a comprehensive CWA reauthorization bill, H.R. 961, but the bill contained controversial language related to regulatory relief and similar issues. Consequently, no further action occurred. In the 107th and 108th Congresses, House and Senate committees considered legislation to reauthorize water infrastructure financing programs, but no bill was enacted. Similar legislation was reported by a Senate committee in the 109th Congress (S. 1400), but was not enacted.

In the 110th Congress, the House passed a bill to reauthorize the CWA's principal water infrastructure financing program on Mar. 9, 2007 (H.R. 720) included in House-passed legislation. With this difference in legislative approach, special purpose grant funding was an issue on several occasions during the House-Senate conference on the appropriations bill.

Since FY1999, however, both the House and Senate have proposed projects in their respective versions of the EPA appropriations bill, with the final total number of projects and dollar amounts being determined by conferees. In addition, as it has now been 20 years since the last major amendments to the Clean Water Act, the desire by some Members to address special needs wastewater problems that might be debated during reauthorization of that act has increased, thus leading to greater pressure on House and Senate Members to use the appropriations process to handle such concerns.

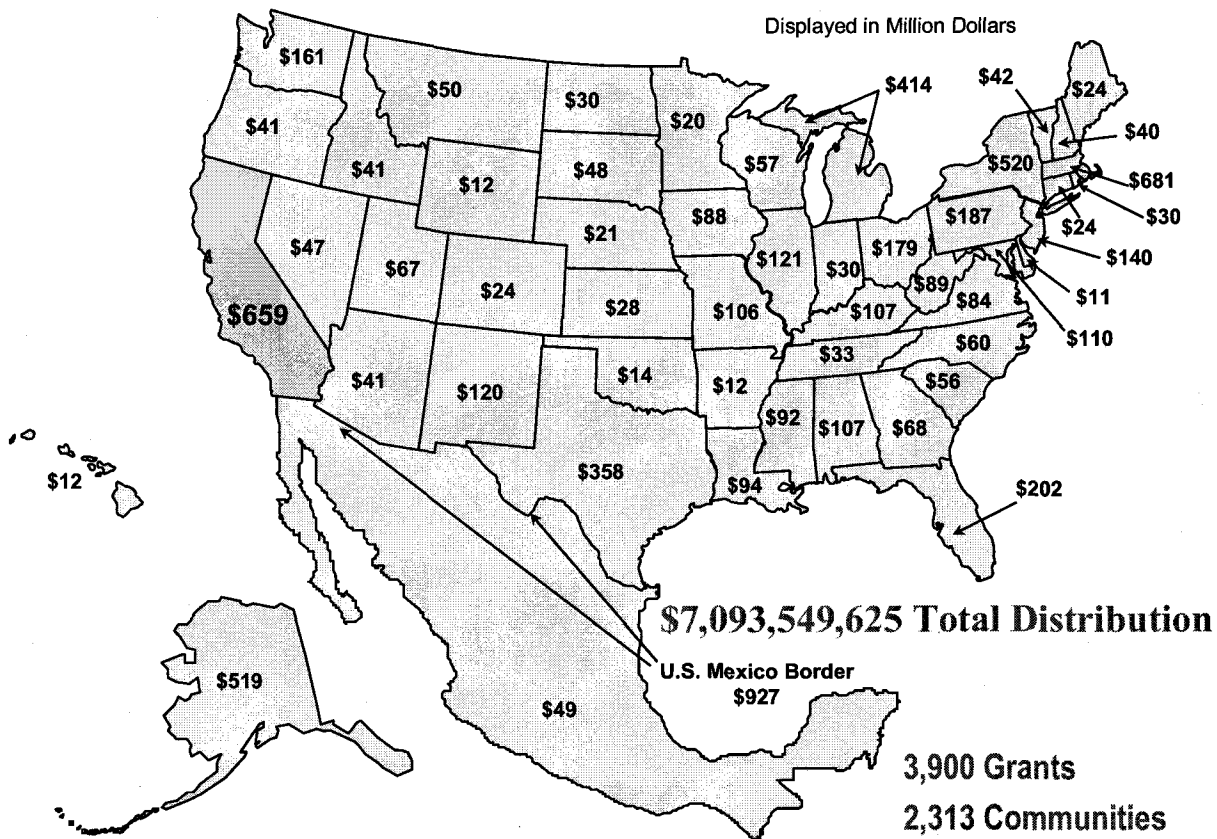
Since the practice of designating projects began to increase in the early 1990s, the position of the Clinton and both Bush Administrations has been to propose a limited number of such grants for inclusion in the President's annual budget submission (such as U.S.-Mexico Border projects), but generally to oppose the congressional practice of specifying a large number of projects as a significant portion of funds in the STAG account, especially in recent years.

Appropriators have supported most but not all projects requested by the President, while modifying the funding amounts for some of the Administration's requests and adding many more projects not requested by the Administration. For example, the first Administration request for a specified project was in the FY1992 budget. The George H. W. Bush Administration sought \$400 million at that time for grants to be directed to six projects in coastal cities. Congress agreed to fund those six, plus two others. Likewise, in FY1993, Congress agreed to grants for six projects requested by the Administration, plus seven others. In FY2006, the Administration requested grants for three special needs projects; Congress funded two of them, plus 257 others.

The following graphic shows the state-by-state distribution of EPA STAG earmarks since FY1992.

Figure 4-1

## EPA's STAG National Distribution 1992 - 2010



Below is a summary of the U.S. EPA's State and Tribal Assistance Grant (STAG) direct grant funding to local municipalities for sewer, water, and storm infrastructure:

|                               |   |                 |
|-------------------------------|---|-----------------|
| ▪ Total Dollars               | = | \$7,093,549,625 |
| ▪ Total Grants                | = | 3,900           |
| ▪ Estimated Number of Cities  | = | 2,313           |
| ▪ Average Grant               | = | \$1,820,000     |
| ▪ Median Grant                | = | \$500,000       |
| ▪ Number of Grants above \$5M | = | 168             |
| ▪ Number of Grants above \$4M | = | 199             |
| ▪ Number of Grants above \$3M | = | 270             |
| ▪ Number of Grants above \$2M | = | 440             |
| ▪ Number of Grants above \$1M | = | 1,059           |

| <i>Year</i> | <i>Number</i> | <i>Amount</i>   | <i>Average</i> | <i>Median</i> |
|-------------|---------------|-----------------|----------------|---------------|
| 1992        | 7             | \$391,000,000   | \$55,857,000   | \$49,000,000  |
| 1993        | 12            | \$525,500,000   | \$43,750,000   | \$40,000,000  |
| 1994/95     | 48            | \$1,231,800,000 | \$25,662,000   | \$6,250,000   |
| 1996        | 20            | \$356,500,000   | \$17,824,000   | \$5,750,000   |
| 1997        | 20            | \$301,000,000   | \$15,050,000   | \$5,400,000   |
| 1998        | 64            | \$391,875,000   | \$6,123,000    | \$2,300,000   |
| 1999        | 107           | \$381,750,000   | \$3,567,000    | \$2,000,000   |
| 2000        | 201           | \$410,250,000   | \$2,040,000    | \$1,000,000   |
| 2001        | 241           | \$445,615,000   | \$1,849,000    | \$1,000,000   |
| 2002        | 338           | \$459,523,625   | \$1,360,000    | \$750,000     |
| 2003        | 492           | \$419,112,000   | \$848,500      | \$450,000     |
| 2004        | 519           | \$424,600,000   | \$818,112      | \$450,000     |
| 2005        | 670           | \$423,085,000   | \$634,310      | \$350,000     |
| 2006        | 259           | \$285,000,000   | \$1,100,386    | \$650,000     |
| 2007 *      | 2             | \$83,749,000    | \$41,874,500   | N/A           |
| 2008        | 282           | \$180,000,000   | \$638,300      | \$500,000     |
| 2009        | 302           | \$183,300,000   | \$606,953      | \$500,000     |
| 2010        | 321           | \$199,277,000   | \$620,800      | \$500,000     |



**\* Special Note on FY2007 Funding**

For FY2007, Congress was unable to enact all appropriations bills before the start of the fiscal year, on October 1, 2006. Final action on appropriations for EPA, as well as for other domestic agencies and departments funded under 11 of 13 appropriations acts was delayed until mid-February 2007, after the FY2008 budget request had been submitted. In February 2007, Congress passed a continuing appropriations resolution providing full-year funding through the end of FY2007 (P.L. 110-5). To complete the unfinished business in a timely manner, House and Senate leaders decided to include no congressional special purpose grants in the resolution, explaining the decision in the following press release.

“There will be no Congressional earmarks in the joint funding resolution that we will pass. We will place a moratorium on all earmarks until a reformed process is put in place. Earmarks included in this year’s House and Senate bills will be eligible for consideration in the 2008 process, subject to new standards for transparency and accountability. We will work to restore an accountable, aboveboard, transparent process for funding decisions and put an end to the abuses that have harmed the credibility of Congress.”

Under the FY2007 appropriations bill for EPA that had been under congressional consideration during 2006 (H.R. 5386), the House would have provided \$200 million for 146 special project grants. The Senate would have provided \$210 million for 195 projects. As a result of the process adopted in P.L. 110-5, none received funding.

However, the congressional moratorium did not apply to special project grants requested by the Administration in the President’s FY2007 budget request. It had sought \$14.9 million for Alaska Native and rural villages, \$24.8 million for U.S.-Mexico Border projects, and \$990,000 for a single project in Puerto Rico. The final result in P.L. 110-5 was to provide funding for Administration priorities at the same levels that were enacted for FY2006: \$34.5 million for Alaska Native and rural villages, \$49.3 million for U.S. Mexico Border projects, and no funding for the Puerto Rico project.

California STAG Appropriations Since 1992



| Community                    | Year   | Amount       | Community                      | Year   | Amount      |
|------------------------------|--------|--------------|--------------------------------|--------|-------------|
| Alhambra - sewer             | FY2009 | \$240,000    | Carlsbad - ww                  | FY2010 | \$500,000   |
| Apple Valley                 | FY1995 | \$10,000,000 | Castaic - ww                   | FY2004 | \$800,000   |
| Apple Valley - design        | FY2003 | \$90,000     | Castaic - ww                   | FY2005 | \$250,000   |
| Apple Valley - reclaimed H2O | FY2002 | \$500,000    | Cathedral - groundwater        | FY2010 | \$500,000   |
| Arcadia - w                  | FY2008 | \$500,000    | Cathedral City - ww/w          | FY2006 | \$500,000   |
| Arcadia - w                  | FY2009 | \$500,000    | Ceres - sewer                  | FY2010 | \$500,000   |
| Arcadia - w                  | FY2010 | \$500,000    | Chino Hills - stormwater       | FY2003 | \$225,000   |
| Arcadia/Sierra Madre         | FY2000 | \$2,000,000  | Chino Hills - study            | FY2004 | \$100,000   |
| Arcadia/Sierra Madre -       | FY2003 | \$1,350,000  | Chula Vista - water monitoring | FY2005 | \$100,000   |
| Arcadia/Sierra Madre         | FY2002 | \$1,800,000  | Colfax - wwtp                  | FY2006 | \$600,000   |
| Arcadia/Sierra Madre - w     | FY2004 | \$1,650,000  | Colton - Stormwater            | FY2002 | \$400,000   |
| Arcadia/Sierra Madre - w     | FY2005 | \$1,000,000  | Colton - ww                    | FY2004 | \$200,000   |
| Arcadia/Sierra Madre - w     | FY2006 | \$2,500,000  | Compton - Sewers               | FY2002 | \$500,000   |
| Arlington - Desalination     | FY2010 | \$625,000    | Compton - w                    | FY2003 | \$675,000   |
| Bakersfield - ww             | FY2006 | \$1,500,000  | Compton - Water Main           | FY2002 | \$485,000   |
| Banning - reservoir          | FY2005 | \$450,000    | Compton - water resources      | FY2009 | \$500,000   |
| Barstow                      | FY1999 | \$3,000,000  | Crescent City - wwtp           | FY2006 | \$375,000   |
| Barstow - sewer              | FY2008 | \$500,000    | Cudahy - ww                    | FY2003 | \$225,000   |
| Barstow - sewer              | FY2009 | \$500,000    | Cudahy - ww                    | FY2004 | \$200,000   |
| Barstow - sewer              | FY2005 | \$250,000    | Culver City - storm            | FY2010 | \$500,000   |
| Basin Water Demo             | FY2003 | \$45,000     | Cutler/Orosi - Wastewater      | FY2001 | \$1,000,000 |
| Bell - sewer                 | FY2010 | \$675,000    | Desalination Partnership       | FY2000 | \$500,000   |
| Bell - ww                    | FY2004 | \$200,000    | Desert Hot Springs - w         | FY2002 | \$900,000   |
| Bellflower - w               | FY2002 | \$900,000    | Downey - storm                 | FY2005 | \$250,000   |
| Bellflower - w               | FY2006 | \$378,000    | East Palo Alto                 | FY2008 | \$825,000   |
| Bernalillo County            | FY1995 | \$3,500,000  | East Palo Alto - storm         | FY2005 | \$200,000   |
| Big Bear Lake - pipeline     | FY2008 | \$1,000,000  | East Palo Alto - w ww          | FY2004 | \$110,000   |
| Big Bear Lake - w            | FY2009 | \$500,000    | East Palo Alto - water supply  | FY2009 | \$1,100,000 |
| Big Bear Lake - w            | FY2010 | \$750,000    | East Palo Alto - water supply  | FY2010 | \$875,000   |
| Bighorn Desert - water       | FY2005 | \$100,000    | El Monte - storm               | FY2009 | \$500,000   |
| Borrego WD - pipeline study  | FY2009 | \$275,000    | El Segundo - sewer             | FY2003 | \$315,000   |
| Box Springs - water          | FY2005 | \$250,000    | El Segundo - sewers            | FY2004 | \$300,000   |
| Brea - sewers                | FY2005 | \$200,000    | El Segundo - ww                | FY2005 | \$250,000   |
| Brea - ww                    | FY2002 | \$675,000    | Encinitas - w                  | FY2004 | \$800,000   |
| Brea - ww/stormwater         | FY2003 | \$225,000    | Encinitas - w                  | FY2003 | \$1,710,000 |
| Brisbane - w/ww              | FY2004 | \$475,000    | Eureka - Interceptor           | FY2001 | \$500,000   |
| Brisbane - w/ww              | FY2005 | \$350,000    | Eureka - Interceptor           | FY2005 | \$500,000   |
| Brisbane - ww                | FY2003 | \$450,000    | Eureka - Interceptor           | FY2006 | \$375,000   |
| CA State - Env. Research     | FY2005 | \$200,000    | Eureka - interceptor           | FY2009 | \$900,000   |
| Calaveras Co. - w            | FY2002 | \$100,000    | Eureka - interceptor           | FY2010 | \$875,000   |
| Calimesa - storm             | FY2010 | \$500,000    | Eureka - sewer                 | FY2008 | \$1,000,000 |
| Calleguas - Watershed        | FY2000 | \$500,000    | Eureka - slough interceptor    | FY2003 | \$450,000   |
| Carlsbad - Desalination      | FY2000 | \$500,000    | Eureka - interceptor           | FY2005 | \$250,000   |
| Carlsbad - Water             | FY2001 | \$1,750,000  | Folsom - sewer rehab           | FY2005 | \$250,000   |

California STAG Appropriations Since 1992



| Community                 | Year   | Amount      | Community                     | Year   | Amount       |
|---------------------------|--------|-------------|-------------------------------|--------|--------------|
| Folsom - ww               | FY2004 | \$400,000   | Lawndale - storm              | FY2009 | \$350,000    |
| Fort Bragg - ww           | FY2004 | \$250,000   | Lodi - ww                     | FY2004 | \$400,000    |
| Fresno - w                | FY2004 | \$500,000   | Loma Linda - restore          | FY2000 | \$500,000    |
| Galt - wwtp               | FY2009 | \$275,000   | Loma Linda                    | FY1999 | \$2,000,000  |
| Galt - wwtp               | FY2010 | \$500,000   | Lomita - Water                | FY2001 | \$1,500,000  |
| Garden Grove - storm      | FY2002 | \$350,000   | Long Beach - ww               | FY2004 | \$250,000    |
| Garden Grove - storm      | FY2009 | \$500,000   | Los Angeles                   | FY1992 | \$55,000,000 |
| Garden Grove - stormwater | FY2003 | \$225,000   | Los Angeles                   | FY1993 | \$55,000,000 |
| Gardena - w/ww            | FY2005 | \$250,000   | Los Angeles                   | FY1995 | \$50,000,000 |
| Gardena - ww              | FY2004 | \$250,000   | Los Angeles                   | FY1996 | \$50,000,000 |
| Georgetown - wtp          | FY2006 | \$1,500,000 | Los Angeles - recycle         | FY2009 | \$900,000    |
| Geysers                   | FY1998 | \$1,200,000 | Los Angeles - recycle         | FY2010 | \$500,000    |
| Geysers - recharge        | FY2000 | \$475,000   | Los Angeles County            | FY2003 | \$450,000    |
| Geysers - recharge        | FY1999 | \$1,305,000 | Los Angeles Owens River       | FY2000 | \$500,000    |
| Glendale - water research | FY2003 | \$450,000   | Los Angeles Santa Clara River | FY2000 | \$1,500,000  |
| Helix WD - groundwater    | FY2010 | \$500,000   | Los Banos - w/ww              | FY2002 | \$500,000    |
| Hemet - groundwater plan  | FY2009 | \$275,000   | Los Osos - ww                 | FY2004 | \$200,000    |
| Hesperia - w              | FY2002 | \$250,000   | Lower Owns River              | FY2001 | \$1,300,000  |
| Hesperia - w              | FY2005 | \$250,000   | Madera Co. - ww               | FY2004 | \$500,000    |
| Hesperia - water planning | FY2003 | \$90,000    | Madera County - ww            | FY2003 | \$315,000    |
| Huntington - storm treat  | FY2005 | \$300,000   | Manteca - w                   | FY2008 | \$500,000    |
| Huntington Beach          | FY2000 | \$1,000,000 | Mare Island, Vallejo          | FY2000 | \$950,000    |
| Huntington Beach          | FY2001 | \$1,250,000 | Marin Co. - ww                | FY2003 | \$225,000    |
| Huntington Beach - sewers | FY2003 | \$900,000   | Marin Co. - ww                | FY2004 | \$200,000    |
| Huntington Beach - ww     | FY2004 | \$475,000   | Mariposa County - ww          | FY2002 | \$250,000    |
| Huntington Beach - env    | FY2002 | \$900,000   | Maywood - sewer               | FY2009 | \$400,000    |
| Huntington Park - w       | FY2008 | \$400,000   | Maywood - ww                  | FY2003 | \$225,000    |
| Inland Task Force - gw    | FY2005 | \$300,000   | Metro WD- SCA. - desal        | FY2001 | \$1,900,000  |
| Inyo Co. River            | FY2002 | \$500,000   | Mission Springs - gw          | FY2003 | \$675,000    |
| Inyo County               | FY2000 | \$1,000,000 | Mission Springs - reuse       | FY2005 | \$500,000    |
| Irvine Ranch - watershed  | FY2004 | \$400,000   | Mission Springs - w           | FY2004 | \$500,000    |
| Irvine -watershed         | FY2003 | \$630,000   | Mission Springs - gw          | FY2001 | \$1,500,000  |
| Joshua Basin WD recharge  | FY2009 | \$300,000   | Mission Viejo - Creek         | FY2005 | \$200,000    |
| Laguna - sewers           | FY2005 | \$500,000   | Modesto - storm/w/ww          | FY2005 | \$150,000    |
| Laguna Beach - ww         | FY2003 | \$630,000   | Modesto - storm               | FY2002 | \$250,000    |
| Laguna Beach - ww         | FY2005 | \$400,000   | Modesto - ww                  | FY2004 | \$200,000    |
| Laguna Beach w/ww         | FY2002 | \$900,000   | Mojave - arsenic              | FY2004 | \$1,100,000  |
| Lake Arrowhead - CSD      | FY2005 | \$200,000   | Mojave - water                | FY2003 | \$90,000     |
| Lake Arrowhead - CSD      | FY2006 | \$250,000   | Mojave Water Agency           | FY1997 | \$11,000,000 |
| Lake Co. - w              | FY2003 | \$450,000   | Mojave Water Agency           | FY1996 | \$22,000,000 |
| Lake County - Lake        | FY2002 | \$500,000   | Monrovia - w/ww               | FY2005 | \$400,000    |
| Lake Elsinore             | FY2000 | \$500,000   | Monterey County - planning    | FY2004 | \$350,000    |
| Lake Tahoe - Water        | FY2000 | \$1,000,000 | Monterey County - storm       | FY2010 | \$500,000    |
| Lathrop - Well            | FY2002 | \$540,000   | Monterey County - w           | FY2005 | \$350,000    |

**California STAG Appropriations Since 1992**



| <b>Community</b>           | <b>Year</b> | <b>Amount</b> | <b>Community</b>         | <b>Year</b> | <b>Amount</b> |
|----------------------------|-------------|---------------|--------------------------|-------------|---------------|
| Monterey County – w        | FY2006      | \$750,000     | Riverside C - watershed  | FY2000      | \$1,000,000   |
| Murrieta – Gwater          | FY2001      | \$100,000     | Riverside City           | FY2006      | \$500,000     |
| Murrieta – ww              | FY2003      | \$675,000     | Roseville – w            | FY2004      | \$350,000     |
| Murrieta – ww              | FY2004      | \$300,000     | Roseville – w            | FY2005      | \$250,000     |
| Newport Beach - reservoir  | FY2003      | \$900,000     | Rosewell - Big Creek WS  | FY2005      | \$250,000     |
| Norco – wtp                | FY2009      | \$500,000     | Russian River            | FY2000      | \$475,000     |
| Norwalk – reservoir        | FY2003      | \$225,000     | Sacramento – CSO         | FY2001      | \$1,000,000   |
| Norwalk – w                | FY2004      | \$200,000     | Sacramento – CSO         | FY2002      | \$1,175,000   |
| Norwalk – w                | FY2005      | \$250,000     | Sacramento – CSO         | FY2003      | \$900,000     |
| Oceanside – waterline      | FY2003      | \$247,500     | Sacramento – CSO         | FY2005      | \$500,000     |
| Olivenhain                 | FY1999      | \$1,000,000   | Sacramento – CSO         | FY2008      | \$500,000     |
| Olivenhain – w             | FY2000      | \$3,000,000   | Sacramento – CSO         | FY2009      | \$500,000     |
| Olivenhain – w             | FY2001      | \$2,650,000   | Sacramento - CSO Demo    | FY1998      | \$3,000,000   |
| Olivenhain – w             | FY2002      | \$2,800,000   | Sacramento - CSO Demo    | FY2000      | \$2,000,000   |
| Ontario – wellhead         | FY2005      | \$200,000     | Sacramento – sewers      | FY2004      | \$800,000     |
| Orange County - ww         | FY2004      | \$1,000,000   | Sacramento CSO Demo      | FY1999      | \$870,000     |
| Orange County              | FY1999      | \$500,000     | San Bernardino – lakes   | FY2005      | \$450,000     |
| Orange County – w          | FY2010      | \$875,000     | San Bernardino – lakes   | FY2004      | \$500,000     |
| Orange County – w          | FY2005      | \$150,000     | San Bernardino – lakes   | FY2006      | \$1,000,000   |
| Orange County – ww         | FY2005      | \$600,000     | San Bernardino – w       | FY2009      | \$500,000     |
| Orange County SD - OCSD    | FY2009      | \$300,000     | San Clemente – storm     | FY2001      | \$1,000,000   |
| Orange County –ww          | FY2005      | \$200,000     | San Clemente – w         | FY2008      | \$500,000     |
| Owens River                | FY1999      | \$3,000,000   | San Diego                | FY1992      | \$40,000,000  |
| Owens River - Inyo County. | FY2003      | \$90,000      | San Diego                | FY1993      | \$45,500,000  |
| Oxnard – Water             | FY2002      | \$500,000     | San Diego                | FY1995      | \$45,500,000  |
| Oxnard - ww/sewer          | FY2005      | \$200,000     | San Diego                | FY1999      | \$2,133,000   |
| Palmdale – w               | FY2010      | \$500,000     | San Diego - Low Flow     | FY1999      | \$1,305,000   |
| Pasadena - treatment       | FY2006      | \$375,000     | San Diego                | FY2000      | \$1,000,000   |
| Pasadena – w               | FY2008      | \$1,175,000   | San Diego – storm        | FY2000      | \$3,000,000   |
| Pico Rivera – ww           | FY2002      | \$250,000     | San Diego – storm        | FY2001      | \$2,000,000   |
| Placer – ww                | FY2004      | \$650,000     | San Diego – storm        | FY2009      | \$900,000     |
| Placer County - ww         | FY2001      | \$1,000,000   | San Diego – w            | FY2004      | \$750,000     |
| Placer County              | FY2000      | \$1,000,000   | San Diego County - desal | FY2005      | \$750,000     |
| Placer County – ww         | FY2003      | \$1,800,000   | San Dimas Walker House   | FY2000      | \$1,000,000   |
| Placer County - WWTP       | FY2002      | \$850,000     | San Francisco            | FY1995      | \$40,000,000  |
| Pomona - gw cleanup        | FY2009      | \$400,000     | San Francisco            | FY2008      | \$700,000     |
| Redding - Ind. Water       | FY2002      | \$485,000     | San Francisco – w        | FY2009      | \$1,000,000   |
| Redding – w/ww             | FY2004      | \$400,000     | San Francisco - w/ww     | FY2005      | \$1,000,000   |
| Redding - w/ww             | FY2003      | \$450,000     | San Francisco - w/ww     | FY2006      | \$500,000     |
| Redding – w                | FY2005      | \$350,000     | San Francisco Hunters    | FY2003      | \$900,000     |
| Rialto – w                 | FY2010      | \$300,000     | San Joaquin – wwtp       | FY2009      | \$500,000     |
| Rialto – w                 | FY2005      | \$150,000     | San Joaquin County       | FY2001      | \$1,000,000   |
| Ridgecrest – ww            | FY2010      | \$400,000     | San Jose – sewer         | FY2009      | \$500,000     |
| Ripon - water/arsenic      | FY2003      | \$450,000     | San Jose – sewer         | FY2010      | \$300,000     |

California STAG Appropriations Since 1992



| Community                    | Year   | Amount       | Community                  | Year         | Amount               |
|------------------------------|--------|--------------|----------------------------|--------------|----------------------|
| San Jose - w/ww              | FY2005 | \$500,000    | Twenty Nine Palms-Water    | FY2001       | \$500,000            |
| San Jose - w/ww              | FY2005 | \$200,000    | Ukiah - ww                 | FY2004       | \$500,000            |
| San Juan Capistrano - w      | FY2010 | \$625,000    | United WCD - Ventura       | FY2003       | \$450,000            |
| Santa Ana - pump station     | FY2004 | \$500,000    | United WCD - Ventura       | FY2004       | \$400,000            |
| Santa Ana - reservoir        | FY2005 | \$400,000    | Vallejo - sewer - drainage | FY2009       | \$500,000            |
| Santa Ana River - Restore    | FY2000 | \$1,000,000  | Vallejo - sewer - drainage | FY2010       | \$750,000            |
| Santa Ana Watershed - s      | FY2005 | \$300,000    | Vallejo - sewer/storm      | FY2008       | \$650,000            |
| Santa Clara - groundwater    | FY2005 | \$300,000    | Vallejo - Sewers           | FY2001       | \$1,000,000          |
| Santa Clara Valley - w       | FY2004 | \$1,000,000  | Vallejo - storm            | FY2005       | \$300,000            |
| Santa Clare Valley - w       | FY2005 | \$800,000    | Vallejo - ww               | FY2004       | \$350,000            |
| Santa Clare Valley - w       | FY2006 | \$2,000,000  | Ventura - watershed        | FY2004       | \$400,000            |
| Santa Monica - w             | FY2004 | \$300,000    | Ventura Co. - sewers       | FY2004       | \$200,000            |
| Santa Monica - w             | FY2010 | \$875,000    | Ventura County - El Rio    | FY2002       | \$250,000            |
| Santa Monica - w             | FY2005 | \$250,000    | Ventura County - El Rio    | FY2003       | \$225,000            |
| Santa Paula - wtp            | FY2006 | \$375,000    | Ventura County - w/ww      | FY2003       | \$540,000            |
| Santa Rosa - reclaim         | FY2002 | \$485,000    | Ventura County - El Rio    | FY2008       | \$1,000,000          |
| Santa Rosa - w               | FY2002 | \$500,000    | Ventura County - El Rio    | FY2009       | \$900,000            |
| Seaside - outfall            | FY2008 | \$500,000    | Victorville - w ww         | FY2004       | \$400,000            |
| Shasta County - w            | FY2010 | \$875,000    | Victorville Recycling      | FY2002       | \$500,000            |
| Smith River Rancheria        | FY2009 | \$900,000    | Victorville- w             | FY2005       | \$250,000            |
| Solana Beach - ww            | FY2005 | \$1,000,000  | West Valley - w            | FY2004       | \$500,000            |
| Solana Beach - ww            | FY2006 | \$1,000,000  | Westminster - storm        | FY2010       | \$875,000            |
| Sonoma County                | FY1999 | \$1,000,000  | Westminster - w            | FY2004       | \$450,000            |
| Sonoma County - sanitation   | FY2005 | \$200,000    | Westminster - w quality    | FY2005       | \$200,000            |
| Sonoma County. - ww          | FY2003 | \$225,000    | Whittier - w ww            | FY2004       | \$400,000            |
| South CA MWD - desal         | FY2003 | \$450,000    | Whittier - w/ww            | FY2003       | \$450,000            |
| South Gate - WW              | FY2002 | \$675,000    | Willits - wetlands         | FY2003       | \$315,000            |
| South Montebello - w         | FY2010 | \$550,000    | Yolo/Lake County           | FY1995       | \$2,000,000          |
| South Pasadena - w           | FY2010 | \$300,000    | Yucaipa - storm            | FY2001       | \$500,000            |
| Southern CA - Group          | FY2006 | \$4,000,000  | Yucaipa - w                | FY2002       | \$500,000            |
| Southern CA - desal          | FY2002 | \$485,000    | Yucaipa - wtp              | FY2003       | \$90,000             |
| Southern State Air Districts | FY2010 | \$10,000,000 | Yucaipa Valley             | FY1999       | \$4,500,000          |
| Strathmore - ww              | FY2005 | \$150,000    | Yucaipa Valley             | FY2000       | \$2,000,000          |
| Temple - sewer rehab         | FY2008 | \$150,000    | Yucaipa WD - w             | FY2001       | \$850,000            |
| Temple City - storm          | FY2010 | \$200,000    | Yucca Valley -             | FY2003       | \$225,000            |
| Trinidad - ww                | FY2005 | \$300,000    | Yucca Valley - reuse       | FY2005       | \$300,000            |
| Tuolumne - canal             | FY2003 | \$405,000    | Yucca Valley - reuse       | FY2001       | \$600,000            |
| Tuolumne Co. Water           | FY2002 | \$150,000    | Yucca Valley - reuse       | FY2002       | \$250,000            |
| Twenty Nine Palms-Water      | FY2000 | \$600,000    | Yucca Valley - w           | FY2000       | \$1,000,000          |
| Twenty nine Palms            | FY2002 | \$500,000    | Yucca Valley - ww          | FY2008       | \$375,000            |
| Twenty nine Palms - water    | FY2003 | \$270,000    |                            | <b>Total</b> | <b>\$659,118,500</b> |

## SECTION 5 – Federal Funding Criteria

Section 5 of this Funding Request provides specific Project information typically sought by the congressional appropriations committee staff when reviewing potential EPA Projects for inclusion into the EPA appropriations bill. The EPA appropriations bill historically was located in the Veterans Affairs, Housing and Urban Development and Independent Agencies (VA HUD) Appropriations Subcommittee. This Subcommittee issued a number of detailed water related funding questions over the past four sessions of Congress. During the first session of the 109<sup>th</sup> Congress, this Subcommittee was eliminated and its various appropriations accounts were moved to other appropriations Subcommittees. Today, EPA funding is located in the Interior Appropriations Bill.

In addition, the Surface Transportation Subcommittee of the House Public Works and Infrastructure Committee, which oversees site-specific statutory authorization for critical highway Projects, has published its own listing of Federal funding criteria that has also been used as a guideline for the past several years in evaluating water related funding requests. Information about these specific questions and national significance criteria are available from the following three sources:

- The former VA HUD Appropriations Subcommittee
- The U.S. EPA Member project request forms from the current Interior Appropriations Committee
- Surface Transportation Subcommittee of the House Public Works and Infrastructure Committee.

The questions as presented in the FUNDING CRITERIA QUESTIONS AND ANSWERS Section (Page 5-3), have been revised slightly to better relate to this request.

There has been a significant amount of discussion over the past several years about congressionally directed project funding and/or congressional earmarks. It is important to understand that for the past 20 years, Congress has reserved a small portion (normally less than 1%) of each annual Appropriations Bill for worthy projects or activities that promote national objectives and need some direct financial assistance to proceed. The purpose of **Section 5** is to document this Project's purpose and to demonstrate that it meets the type of criteria that past congressionally funded projects have met.

### PROJECT PURPOSE

The District has just embarked on a significant electrical energy generation project to help stabilize water rates and reduce long term operational costs. To this end, the District has developed a Hydroelectric Power Generation Project (Project) that utilizes existing topography and existing water transmission infrastructure to produce electrical power. When completed, this Project will produce electrical power that will be sold to SCE for use throughout their service area.

The proposed Hydroelectric Power Generation Facility will be associated with the District's ongoing raw water diversion to the Santa Margarita River. This 6-year old raw water diversion was implemented under the Santa Margarita River Cooperative Water Resource Management Agreement between the District and Camp Pendleton. Presently, the District purchases water from the MWD's Pipeline No. 5 and diverts about 3,700,000 gallons of water per day to the River. Based on the topography of the diversion, a

significant hydraulic drop exists. The economic feasibility of using this hydraulic drop to generate electric power has been confirmed.

This Project is an effort to better manage existing water transmission facilities while providing ecologically sound secondary benefits to its customers. This electrical power generation facility will use available hydraulic energy to provide safe and reliable electrical energy while continuing to replenish a critical natural waterway. In addition, this electric power will provide the District with a new revenue stream which will help stabilize rates. Stabilization of rates is important to a large number of the District's customers and critical in keeping the District's agricultural customers viable.

**FUNDING REQUEST**

The District is seeking to establish a funding partnership with the first session of the 112<sup>th</sup> Congress to create a federal funding partnership for this Project. At this time, the District seeks to have funding for the Project provided as a FY2012 U.S. Environmental Protection Agency Appropriations, under their State and Tribal Assistance Grant (STAG) Budget Account. This Budget Account is located in the Interior Appropriations Act. The actual language requested to be included in this Appropriations Bill would be:

"A \$750,000 grant to the Rancho California Water District, for their Hydroelectric Power Generation Project"

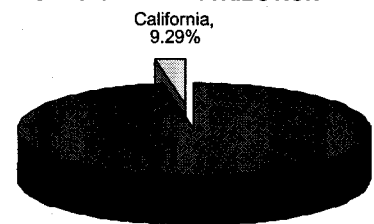
The current Project implementation cost is estimated to be \$1,400,000. The \$750,000 request amount was chosen based on financial feasibility and a review of historic STAG average and median appropriation amounts as shown in **Section 4**. In addition, the District understands that historic STAG eligibility limits the grant amount to 55% of the project cost and requires a minimum of 45% local match.

Receipt of a STAG Appropriation will directly lower the local cost impact of this Project. At current municipal financing rates, the receipt of \$750,000 in STAG Appropriations will result in about a \$1,500,000 reduction in District water rate impacts. This increased benefit relates to the elimination of interest payments that would otherwise need to be made by the District to obtain \$750,000 through local borrowing.

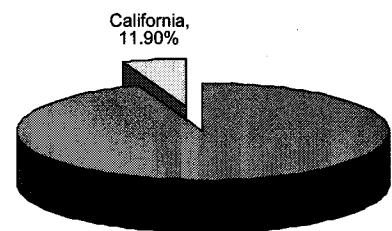
Since the State of California has not received its fair share of STAG Appropriations, this request has been developed around this single funding source. That source is earmarked congressionally mandated grant funding for special needs projects within the STAG Account. In short, STAG has provided \$7,093,549,625 in the form of 3,900 grants to 2,313 communities for special needs water, wastewater or groundwater grants across the country since FY1992.

Over this 19-year period, California has received \$659,118,500 of the total appropriated funds. This amounts to less than 9.29% of the total for a State that contains 11.90% of the nation's population. This inequity has resulted in California receiving about \$185,000,000 less than its fair share of the EPA STAG funding source.

**STAG GRANT DISTRIBUTION**



**POPULATION DISTRIBUTION**



Finally, the Northeast-Midwest Institute's FY2007 report shows that California, the largest State in the nation, ranks 36<sup>th</sup> in government spending and 13<sup>th</sup> in federal grant receipts on a per capita basis. In FY2005, California received only \$0.80 of each federal tax dollar returned, but on a per capita basis was the 9<sup>th</sup> highest taxed State.

## **FUNDING CRITERIA QUESTIONS AND ANSWERS**

This Project meets the stringent criteria that past appropriations projects have met in qualifying for direct earmarked, site-specific line item grants from the U.S. Congress, as described in the following questions and answers.

### **1. Identify the State and other recipients responsible for carrying out the Project.**

Formed in 1965, Rancho California Water District supplies an area consisting of approximately 150 square miles. The District serves the area known as Temecula/Rancho California, which includes the City of Temecula, parts of the City of Murrieta, and other contiguous lands of southwest Riverside County in California. The District is separated into two divisions: the Santa Rosa Division, generally west of I-15 and Rancho Division, generally east of I-15. The District currently provides water service to the Cal Oaks and Bear Creek areas.

The mission of the Rancho California Water District is to deliver reliable, high quality water, wastewater and reclamation services to its customers and communities in a prudent and sustainable manner.

The District will be the grant recipient and responsible for implementation of the individual activities associated with this Project. All outside grant funding received for this Project will be used directly for this Project and will result in minimizing future water rate increases.

### **2. Describe the design, scope and objectives of this Project, including the phase or phases proposed for funding.**

At the heart of this Project is the District's desire to improve operations and expand the use of existing infrastructure to increase efficiency and help the communities it serves. This Project places new electric generating equipment in the line of an existing raw water diversion pipeline. While the primary purpose of this raw water diversion pipeline is to replace flow in the Santa Margarita River, a significant elevation drop exists along the pipeline which has been determined to allow cost-effective operation of a full-time hydroelectric power generator.

The District owns and operates the WR-34 Turnout Facility that is used to take raw water from the MWD Pipeline No. 5 and discharge it to the Santa Margarita River. Water discharges are made in compliance with the Santa Margarita River Cooperative Water Resource Management Agreement between the District and the United States on behalf of Camp Pendleton. This Turnout Facility includes a single sleeve valve that is used to dissipate approximately 400 feet of excess hydraulic head in the flow prior to discharge to the River.



Because of this excess hydraulic head, the District commissioned a Pre-Design Evaluation to provide an assessment of the technical and economic feasibility of incorporating a hydroelectric turbine-generator into the Turnout Facility to recover available hydraulic energy that is presently being dissipated by the sleeve valve.

The required daily discharge made by the District to the Santa Margarita River through the WR-34 turnout is determined based on the provisions of the Cooperative Resource Management Agreement. This Agreement establishes required flows at USGS Gaging Station No. 110440000 on the Santa Margarita River near Temecula (known as "the Gorge") based on month of the year and hydrologic conditions including critically dry, below normal, above normal, and very wet.

Over the past six years, the District has discharged a daily average of about 5 cubic feet per second (cfs) through the existing raw water diversion pipeline to the River. As part of this Project, the District will be looking at modifying the timing of its daily release of water to the pipeline to better match SCE electrical demands. The hydroelectric turbine-generator will be directly connected to SCE electrical grid. This type of connection is authorized under State law and the rate paid to the District is set under SCE's Water Agency Tariff for Eligible Renewables Schedule. The District is defined as an Eligible Public Water Agency as described in the Schedule. The total generation output is purchased based on the Market-Price-Referent (MPR), Time of Use (TOU) Periods, and Energy Allocation Factors. The MPR defines the unit price (\$/kWh) at which the energy is purchased. The TOU periods are associated with periods of the day/night and seasons and are defined as On-Peak, Mid-Peak, Off-Peak and Super-Off-Peak.

The Pre-Design Evaluation has determined that payback period for the hydroelectric turbine-generator using current installation costs and expected SCE payments is about 9 years. Applying an EPA STAG Appropriations grant to the formula reduces the payback period to about 5 years, while taking advantage of this otherwise untapped resource helps stabilize the District's water rates and produces clean energy for the community.

The District intends to continue to develop projects that promote energy efficient operation of existing water and wastewater infrastructure. To this end, in parallel with the implementation and performance of this Project, the District is looking towards continuing a District, State and Federal funding partnership of a promising fuel cell power generation project.

### **3. Is this Project eligible for Federal-aid funds?**

The Project is eligible for the State Water Resources Control Board's Water Recycling Funding Program. This is the State of California's U.S. EPA State Revolving Fund (SRF) Program which provides low-interest loans for water recycling facilities. From a review of this program, it was determined that only low interest loan monies would be available and these loans would not have an appreciable impact on the payback period of the Project.

The District has also reviewed the possibility of using other direct funding programs.

- Department of California Water Resources – Water Use Efficiency Program
- State Water Resources Control Board (SWRCB) – Proposition 84
- U.S. Department of Agriculture – Rural Development Program for Agricultural Interests
- I-Bank – Infrastructure State Revolving Fund Loan Program
- California Energy Commission – Qualified Conservation Energy Bonds – ARRA
- U.S. Bureau of Reclamation – Challenge Grants
- U.S. Department of Energy & Department of Treasury – Energy Credit Opportunities

From this review, it was determined that none of these programs would provide this Project with a meaningful reduction in the payback period.

Finally, the District is a supporter of Congress' ongoing work to enact some form of reauthorization of the SDWA and associated expanded financial incentives that have been placed in several draft reauthorization bills. These reauthorization bills strive to create a new water funding program which promises to provide some financial relief for worthy activities. This Project has specific elements that would make it eligible for this new funding. However, Congress has yet to act on these bills.

**4. What is the total Project cost and source of funds?**

Feasibility level cost estimates have been prepared by Black & Veatch Corporation (B&V) as part of their Pre-Design Evaluation for the Project. In this Evaluation, three different hydroelectric generation system alternatives were evaluated using industry "water-to-wire" generator pricing, quantity takeoffs of site specific area infrastructure and B&V cost estimating experience for similar facilities. The current cost estimate for the proposed preferred alternative 13.1 cfs Pump-Turbine is \$1,312,000. For purposes of this funding request, this estimate has been rounded up to \$1,400,000 to cover escalation associated with the passage of time.

**5. Will there be private sector funding for a portion of this Project and, if so, how much private sector financing is being made available?**

No direct private sector financial capital contributions are available for this Project. Ownership of the pipeline and hydroelectric generation power equipment remains with the District. However, the SCE will be providing direct District payment for the electricity generated as discussed in **Question #2**.

**6. Will the completion costs for this Project exceed the amounts requested?**

The Project cost estimate is accurate as of July, 2010. The District believes the current \$1,400,000 Project cost estimate is representative of the Project's need. Under STAG cost share requirements, the District understands that EPA funding is limited to 55% of the actual Project cost and the District is committed to providing its 45% share of this cost. If the Project cost exceeds the current estimate, the District also understands that it is responsible for the entire cost overrun.

**7. Has early work, such as preliminary engineering and environmental analysis, been done on this Project?**

The District commissioned a Pre-Design Evaluation for this Project. This Pre-Design Evaluation was prepared by Black & Veatch Corporation, and is entitled, "Rancho California Water District – WR-34 Hydroelectric Power Generation Facility", dated July 26, 2010. Copies of this Evaluation are available upon request.

The District understands that STAG funded projects include a requirement that the Project be placed into the National Environmental Protection Act (NEPA) review and approval process. Past planning efforts, together with ongoing work associated with design and permitting, will provide solid information to allow those in charge of the NEPA process to fairly review and evaluate this Project. The District will work with EPA to secure a Categorical Exclusion or Finding of Non-Significant Impact (FONSI) as other EPA STAG grantees have done in the past.

This NEPA process will ensure the Project meets local, state and federal environmental standards and those with interest or concerns about the Project have an opportunity to comment through the required Project approval and permitting processes.

**8. What is the proposed schedule and status of work on this Project?**

The schedule of the Project is dictated by the District securing appropriate permits, agency approvals and obtaining necessary licensing agreements. The current schedule shows permitting, design and equipment procurement, complete by summer 2011 with installation, start up and full operation by the beginning of calendar year 2012. All funds secured under this funding request will be completely spent on EPA STAG eligible activities during federal FY2012.

**9. Is this Project included in the metropolitan and/or state energy improvement plan(s), and if so, is it scheduled for funding?**

The Project is supported by local, regional and state energy officials. A current listing of those providing written support is contained in **Section 3** of this funding request. These supporters do not provide direct grant funding for the capital cost of this type of activity.

In addition, the City of Temecula Sustainability Plan (draft June 2010) includes encouragement for the development of renewable energy projects, the Western Riverside Energy Leadership Partnership includes renewable energy incentives from SCE and the CEC California Integrated Energy Policy Report supports these types of projects. This Project meets specific goals of these local energy development agencies.

**10. Is this Project considered by state and/or regional energy officials as critical to their needs?**

This Project, by its nature, is critical to state and regional officials. It represents an opportunity to convert existing hydraulic energy into usable electrical energy. By direct connection to the SCE electrical grid, this electrical energy will be used by the District's existing water customers.

**11. Why have state and/or regional energy officials not given this Project sufficient priority to obtain funding through the normal State and local funding process?**

These officials strongly support the development of promising renewable energy sources. However, funding of these renewable energy sources is limited because of their lack of financial resources. It is expected that these state and/or regional energy officials will work cooperatively with the District through the permitting and design review to expedite Project completion.

**12. Has this Project encountered, or is it likely to encounter, any significant opposition or other obstacles based on environmental concerns?**

To date, no opposition has surfaced. The Project need, objectives and other positive impacts have received excellent public support. However, long term water rate stability issues are of great concern to a large number of the District's customers and critical in keeping the District's agricultural customers viable. This Project has a direct positive impact on the term water rate sustainability.

**13. How will Project objectives be attained?**

The Project objectives will be attained by seeing that the Project is successfully implemented and used as an example of the District's cost effective utilization of its existing water infrastructure to produce clean renewable electric energy. Because of the nature of this Project, the District will work with SCE to operate and maintain the infrastructure in such a way as to maximize power generation. In addition, the District is committed to provide full-time power generation to SCE in times when it is most beneficial to their customers.

**14. Describe the economic, efficiency, environmental, cost savings and pollution prevention effects associated with this Project.**

In general, hydroelectric power is a clean renewable source of energy. Hydroelectric power plants provide inexpensive electricity, produce no pollution and unlike other energy source such as fossil fuels, water is not consumed during the production of electricity.

At the heart of the economic issue is the fact that this Project produces clean, renewable energy that will be purchased by SCE. This estimated \$160,000/year revenue stream will directly be applied to water rates and lower future rate increases

Efficiency is being addressed by the District's placement of the hydroelectric turbine-generator on an existing water diversion pipeline where unused hydrologic energy already exists.

The environmental issue relates to the fact that the placement of the hydroelectric turbine-generator is adjacent to an existing roadway and in areas that have been previously excavated to minimize the potential impacts associated with disturbing native areas.

Cost savings have already been implemented into the Project. The Pre-Design Evaluation developed three different hydroelectric power generation alternatives that were evaluated using traditional present worth techniques. The current Project incorporates the most cost-effective and environmentally sound alternative.

Pollution prevention is accomplished through proper design of the Project. A powerhouse building would be provided for security, noise considerations, to prevent rainfall and dust from contaminating the turbine-generator and hydraulic power unit and to contain any unexpected contaminated discharges to the environment.

**15. Will this Project require an additional investment in other infrastructure Projects? If so, how will these Projects be funded?**

This Project is a stand alone activity that, when completed, will produce clean renewal energy. No additional projects or ancillary infrastructure is needed in order for this Project to be implemented.

**16. In lieu of the proposed Project, what other strategies have been considered?**

During the Pre-Design Evaluation, three hydroelectric power generation systems were evaluated based on their existing proven track record, design and field performance data and cost effectiveness. Below is a listing of the three alternatives:

- Peton Turbine – 10 cfs – water-to-wire equipment package and accessories
- Peton Turbine – 15 cfs – water to wire equipment package and accessories
- Cornell Pump-Turbine – 13.1 cfs - water to wire equipment package and accessories

The Cornell Pump-Turbine has been selected as the most cost-effective, environmentally sound alternative.

**17. Is this funding request an increase to a previously authorized amount for this Project, or would this be the first authorization for this Project? Has this Project previously received Federal funding, commitments for future Federal funding or appropriations?**

Currently no outside capital funding has been provided to the Project and this is the first funding request.

**18. How does this Project relate to standard user charges or rates for similar systems?**

The District has just developed and implemented a new budget based tiered water rate structure. Residential, landscape and multi-family accounts are all a part of this new rate structure. The budget based tiered water rate structure is designed to give customers an efficient amount of water for both their indoor and outdoor needs.

The Tier 1 water rate is set based on the number of residents in the household, each using 60 gallons per day. The default for single family residential households is 4 people per household. The Tier 2 budget is based on the property's estimated irrigated area, based on County parcel data and GIS information, as well as real-time weather conditions. Customers who use more than their indoor and outdoor budget will pay for the additional use at an inefficient use (Tier 3) or wasteful use (Tier 4) rate. RCWD's goal is for overall efficient water use and therefore has implemented an annual budget. The annual budget allows customers that go over the Tier 1 and Tier 2 budget to save water in later months in order to make up for going over their budget in the earlier months.

With the new Tier system, an actual average monthly or annual water bill has not been developed. The tier system allows each customer to manage water use in very individual ways. Below is a listing of the basic rates associated with each Tier in the District's "Rancho Division".

- Tier 1 Base \$0.370 per 100 cubic feet/month
- Tier 2 Efficient \$1.380 per 100 cubic feet/month
- Tier 3 Inefficient \$2.280 per 100 cubic feet/month
- Tier 4 Wasteful \$5.200 per 100 cubic feet/month

Based on the District's example website water bill calculator, the annual residential water bill for a typical household with 4 people staying within their budgeted Tier 1 and Tier 2 rates is \$509/year. As can be seen by the above listing, any household using more water than allowed by Tier 2 rates will significantly pay more.

To determine how the District's water rates compare to similar systems across the country, the latest Water and Wastewater Rate Survey co-produced by the American Water Works Association and Raffelis Financial Consultants, Inc. was consulted. This Rate Survey for similar water flow usage and service populations show a national average of about \$20/month or about \$240/year. Based on the above analysis, efficient households are already paying twice this national average.

This Project will produce annual revenue which will be used to lower operations and maintenance costs of the entire District's operation. The District's goal is to maintain sustainable water rates for all its users while maximizing the use of all available revenue streams.

**19. How does this Project impact both temporary and permanent jobs?**

This Project will produce temporary construction jobs. No permanent jobs are expected to be added to the District's staff as a result of this Project. With regard to the construction job creation, the Clean Water

Coalition developed a study and model to estimate the job impact of water and wastewater construction for the American Recovery and Reinvestment Act of 2009. This study is entitled, "Sudden Impact - An Assessment of Short-Term Economic Impacts of Water and Wastewater Construction Projects in the United States," and states that for every \$1 billion in federal investment in water related infrastructure between 20,000 to 27,000 jobs are created. Based on this factor, a \$1,400,000 Project cost would realize a job creation estimate between 25 to 38 jobs.

**20. Why is this Project good for the District, Region, State and Nation?**

This Project provides benefits from the local level up through the national level. The District is moving the Project along to:

- Help stabilize District wide water rates
- Help develop sustainable water rates for its agricultural users
- Help support SCE by creating a reliable municipal electric generation facility
- Produce a new energy source from its existing water transmission infrastructure
- Produce clean electrical energy for the communities the District serves
- Produce renewable electrical energy without adding atmospheric carbon load
- Produce a reliable energy source powered by predicable flowing water
- Meet the State's objective of developing alternative electrical generation facilities
- Meet the National objectives of the pending Hydropower Improvement Act of 2010
- Meet the National objective of reducing atmospheric carbon dioxide (CO<sub>2</sub>);

In summary, this Project will result in the District becoming a producer of clean, renewable electrical energy through the modification and installation of generation equipment placed on an existing raw water diversion pipeline. If completed with this requested federal funding partnership, the economic pay-back will be 5 years. After the 5 years, the income will help stabilize District water rates and help sustain affordable water costs to the District's agricultural users.

Your support and attention to this funding request is appreciated. Further information is available in **Sections 4 and 5** of this funding request. Should you have any questions, please contact Perry Louck, RCWD Director of Planning at (951) 296-6900, or other Project representatives listed in **Section 1**.