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M E M O R A N D U M

TO: LESTER SNOW

FROM: STUART PYLE

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FILE: STPCLED.001

SUBJECT: Action Categories: Managing Demand

The October 12, 1995 draft of Categories of Actions for Bay-Delta Solutions includes a category for Managing Demand with specific reference to Desalination, Water Conservation, Water Reclamation, Land Retirement and Fallowing, and Water Pricing.

In my opinion, it is inappropriate to include these as either problems or actions that should be addressed in the Califed Bay-Delta process. The basic mission of the process is to "restore ecological health and to improve water management for the beneficial uses of the Bay-Delta system." The demand management actions listed here are beyond the scope of this process for a number of reasons.

Any consideration of water demands, including demand management should be confined to the service areas receiving water from the Bay-Delta via the export pumps; not to the State as a whole. This should be related to the current contractual demands of the water suppliers and not to projections of water demands at future dates as in the Bulletin 160-93 series. It can be shown from information in Bulletin 160-93 that the water exported by the State Water Project and the Central Valley Project meet only portions of the water use within the service areas. In nearly all instances the SWP water supply is supplemental to other locally developed supplies and ground water. Application of the demand management strategies named above will reduce the total service area demand, but will not, in any instance that I can think of, reduce the reliance of the water supplier on its need for supplemental water from the SWP within the amounts of the current contracts for SWP water. This is particularly true for drought year conditions.

I am a strong supporter of all of the proposed actions to the extent that they are based on sound economic principles and are voluntary. In recent years, water suppliers have made strong commitments to most of the demand management strategies listed. Water conservation, water reclamation and pricing are being used by both urban and agricultural suppliers to improve the reliability of their available supplies. These actions are

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documented in reports in response to the Urban MOU, in water management plans required by the CVP and in water management certification reports filed with ACWA. The results of implementing such programs has the greatest impact in reducing dry year water shortages. These strategies are also being considered in the legislative program sponsored by Senator Costa, SB 900, for possible financial incentives to speed their implementation. While the CALFED agencies may need to be involved in that program, I do not believe that demand reductions should be part of the problem matrix for improving water management for the Bay-Delta.

As noted earlier, these demand reductions would not lessen the need for reliable supplies from Delta exports at the highest possible level. The capability of the SWP and CVP to deliver water within the constraints imposed by either the former D-1485 Standards or the December 15, 1994 Accord is less than the current average year needs, in most cases, and the dry year needs in all cases of the service areas relying on Delta export supplies.