



ENVIRONMENTAL
DEFENSE FUND

February 13, 1996

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Re: **Preliminary Stakeholder Recommendations**

BY FAX AND MAIL

Dear Dan:

Thank you for your phone call this morning, and for your subsequent fax conveying the Final Draft of Stakeholder Recommendations Regarding Alternatives for Analysis by CALFED.

Regrettably, I (on EDF's behalf) cannot endorse the Final Draft recommendations in their present form. In part, I am reluctant to sign on to this package without a full understanding of the nuances contained therein. To this end, I would certainly concede that EDF has been but an intermittent participant in the ongoing Bay/Delta stakeholder process. This, alas, has been the end result of many different factors, including, in particular, the need to actively oppose a variety of ongoing efforts by your organization and others to amend, overturn, and/or undermine many of the key provisions of the 1992 Central Valley Project Improvement Act (provisions which we continue to view as a cornerstone of the Bay/Delta Accord).

A cursory review of the Final Draft also raises a number of substantive concerns. Paramount among these is the failure of the Stakeholders group to include voluntary water transfers as a "core element" under the *Enhanced Efficient Water Management Program*, or as a core option on par with (if not precedent to) the various supply-oriented *Options to Improve Water Supply Reliability and Predictability*. In our view, voluntary water transfers should serve as the predominant management tool through which demands for and supplies of Central Valley and Bay/Delta water are balanced over time. More generally, a broad-based, smoothly-functioning water transfer market that devolves decisionmaking authority down to the end user wherever possible remains fundamental, in our view at least, to any final Bay/Delta "solution."

A related point involves the *Guiding Principles* statement on page 8, which relegates "options outside the Delta" to a status secondary to in-Delta options, and then only "to the extent necessary" to make in-Delta options succeed. The EWC clarification of this statement is certainly an improvement, noting that in-Delta options must be implemented "in conjunction with appropriate measures" outside the Delta. But nowhere do we see the kind of detailed focus that's needed on the many factors influencing long-term Delta export demands. (For example, a plan or intention to ensure both reasonable and efficient long-term use of non-Delta waters in Southern California would be but one of many factors involved in a full and fair evaluation of potential

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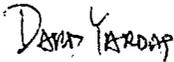
Mr. Dan Nelson

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reductions in export demands, associated cost minimization and/or alternative investment opportunities, and the corresponding "need" for in-Delta options.)

For these and other reasons, EDF cannot endorse the Stakeholder Recommendations as drafted. At the same time, we will continue to do our best (subject to the ongoing need to attend to related initiatives as above) to work with the Stakeholders, BDAC, CALFED, and others to craft a final alternatives package (as well as an interim funding package) that we, and others, can jointly endorse.

Sincerely yours,



David Yardas
Senior Analyst

cc:

EWC Members (c/o Borgonova)
Bay/Delta Stakeholders Group
BDAC Members (hand delivery 2/15/96)