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LADWP's Water Guru, Gerald Gewe Opines On Owens Valley, Water Marketing & Desal

Metro Investment Report

In December, The Los Angeles Department of Water and Power reached an agreement with Inyo County to restore water to the Owens River through the **Lower Owens River Project**. The agreement brings the stakeholders closer to ending 30 years of litigation over the amount of water LA pumps out of Inyo County. MIR is pleased to present this interview with **Gerald Gewe**, LADWP's Chief Operating Officer-Water, in which he addresses the **Owens River project**, water marketing and regional desalination prospects.

Gerald Gewe

Jerry, let's begin with the announcement of the Owens River restoration project. The restoration of water to the Owens River is a significant event in the long and contentious history of water politics in California. Can you elaborate on how LADWP arrived at this agreement? What were the motivating factors that facilitated the restoration effort here?

Los Angeles and the Eastern Sierra have had a long-standing series of issues over how the water that is available from the Eastern Sierras is utilized. Los Angeles, historically, had developed water rights through that Eastern Sierra watershed, most of them pre-1914, before the current scheme of allocating water rights. In the 1960s, under pressure from the state to use the water in Mono basin or lose it to Kern County, Los Angeles developed a plan to enlarge its aqueduct system by constructing the Second Los Angeles Aqueduct, which increased capacity by 50%. The original plan was to take about one-third of that increased supply of water from Mono basin, one-third from improved management in the Owens Valley, and one-third from groundwater in the Owens Valley.

The Second Los Angeles Aqueduct was built in the late 60s and came on-line in the early 70s, prior to CEQA. However, we had not been operating the wells immediately preceding the time the aqueduct was built. When we first started to operate the wells, it was post-CEQA, and Inyo County then went to court and claimed that we had not done proper environmental analysis under CEQA. The Third District Court of Appeals agreed with Inyo County and we went through three different environmental impact reports over a period of 15 years before we finally got it right. When we finally came to that last environmental impact report, it was agreed that we had in fact impacted the environment by our groundwater pumping and that Los Angeles needed to consider the environment more heavily in its water management.

One of the substantial projects involved in this enhancement mitigation was the re-watering of the Owens River. The plan was to release water at the original Los Angeles Aqueduct Intake that Mulholland had built back in 1913 to create a continuous flow of water from that point to the inlet of Owens Lake, where we would build a pumping station to recover the water that was available there, except for the amount required to restore some habitat right in the mouth of the Owens Lake delta.

We had an agreement on this plan in the mid-1980s, but we were caught up in legal action with third parties challenging the settlement. We spent another decade in court, until 1997 when the Third Court of Appeals ruled that we were free to move ahead with the implementation. At that point, we started work on the environmental impact report on the specific project of re-watering the Owens River. Since then, it's become fairly contentious. From our point of view, re-watering the river was our mitigation. Some of the other parties argued that releasing the water would alter the current environment, forcing us to mitigate the mitigation. We also had the dispute over the size of the pumping station that would be located at the mouth of Owens Lake. So these conflicts have bogged down the process of meeting the requirements of CEQA.

About a year ago, the courts ordered us to get the draft environmental impact report out by a certain date. We complied with the requirement, but probably didn't do as good of a job as possible because of the time pressure. Now, we're back trying to clean up all the pieces. Finally, we negotiated this settlement, which I believe all the parties have agreed to, that would set a firm date for us to move ahead with the final issuance of the CEQA documentation and, subject to obtaining the appropriate permits, bring the project on-line in 2005.

Is there really a factual dispute about the damage that's been done to the Owens basin? Isn't it clear to the natural eye?

You're getting down in to the disagreements between scientists over what the impact of the groundwater pumping is versus the natural change just in the hydrologic cycle. As you know, we have wet years and dry years and vegetation responds to that. There is disagreement about how differently vegetation responds because we put in some wells that drew the water level down for a period of time. Some of the environmental interests up in Owens Valley would suggest that we have substantially changed the habitat up there. Our scientists would say it's within the spectrum of what would change with the normal variation. I don't know that anyone will ever come up with a clearly definable answer to that, so we're basically working through what is acceptable change, and mitigating for it, in terms of implementing the lower Owens River project and other projects.

Let me conclude this part of the interview by asking when the water will start flowing?

By the close of 2004, hopefully we will have an approved environmental impact report and have all permitting in hand and be well underway on construction, such that by 2005 we actually would be able to start water flowing on the river.

How does an increasingly thirsty California wean itself off of imported water from the Colorado, for example, as its population grows from 35 to 50 million people in the coming decades?

This is part of a long-term planning process that we've been involved in. We're not weaning ourselves totally away from the Colorado River. We still will have substantial supplies coming from the Colorado River. We will make up for the lost water through a few different strategies. Part of it is the ag-to-urban transfer that is taking place with IID and San Diego. I would also potentially see some conjunctive use programs with the state of Arizona. It's not going to happen tomorrow, but Arizona has entered in to such a program with Nevada on a much smaller scale. The groundwork is there such that those are things that will be followed

through over the next decade to continue a substantial supply coming into Southern California from the Colorado River. Clearly, that's not going to be enough to meet all of our needs.

We're going to need to continue with conservation here locally, we're going to need to continue with recycling locally, and we're going to have to look at the appropriate transfer of water from the ag-based economy at the marginal ends into the public sector. Potentially, at the end of decade or three decades on out, we'll look at the possibility of desalination coming into play.

Despite new limitations on water importation from the Colorado and limitations on water importation from the Owens Valley, are you comfortable that we will meet our challenges?

We've lost those sources, but we've added water in storage reservoirs. We have significant quantities of water in storage in the Kern County area in the semi-tropic and Kern County water banks. We're doing more conjunctive use in our own groundwater basins here in Southern California. We've added recycling, we've done extensive conservation, and we will have some level of agriculture-to-urban transfers. It's not any one of these sources, but it's the fact that we've been approaching it with, as Woody Wodraska talked about, "the quiver of arrows" – a whole bunch of different sources that will enable us to say that we're going to have supply certainty.

We have done a good job of planning, working together through the Metropolitan Water District. None of us can be an island-the city of Los Angeles can't go out and become self-sufficient in water. The politics of water are such that in a crisis you share the pain, and we all come up short. Consequentially, we need to work regionally to make certain that we as a region have adequate supplies to meet the needs of our customers. But, we have invested significantly in the last decade, and we are continuing to invest. Barring something way outside of any recorded hydrology, we have done a pretty good job of supplying water and would not anticipate major shortfalls in the next decade or two.

Speaking of Woody Wodraska, before Woody left DWP he was a major advocate of water marketing. Water marketing seems to have hit the shoals and not gone very far. Now, you speak of desalination. Has desalination replaced water marketing as the future new source of water for Southern California?

I don't believe it replaces it. However, it is the upper bound. Obviously desalination is technically do-able. It may have its own environmental issues before we get done, and economically it is certainly on the high side of what water supply is going to cost, but it is physically possible to do it. Los Angeles is planning on completing a prototype desalination facility within the next decade to establish our scientific and operational understanding for the future. However, the answer to meeting our water supply needs truly is going to be a combination of all of these methods. I don't think that you can say any one solution is going to be satisfactory. We need a multiplicity of things – when you have a problem with one there is something else to rely on. That's where Los Angeles has done well over the years and continues to do well-we have four separate sources of supply and they don't all go dry at once.

What explains the failure of water marketing in California?

First, the so-called third party impacts have made a number of politicians very concerned about seeing large-scale markets evolve. There are lots of concerns over what the impact of marketing substantial amounts of water out of the agricultural community and into the urban community would have on the local economy other than the farmers themselves. You have the issue that frankly the agencies, like the DWP, have a lot of money invested in the infrastructure and want to make certain that we get a fair return on those investments in terms of how the market finally gets structured. Finally, you have the environmental issues, which come in to play in every type of water transaction.

And with respect to desalination, at \$800-900 per acre-foot, isn't it still a cost prohibitive alternative?

Our assessment in the city of Los Angeles, using what we felt was the reasonable price of power and with appropriate technology, we're seeing it as something closer to \$1,100 an acre-foot as the true cost of desalination. I know I've seen numbers out there that are a lot lower. I suspect they've got some pretty optimistic guesses in them. In addition, there are piping and infrastructure challenges in distributing desalinated water to a large city.

So what's driving the political push for desalination funding and projects?

It's technically do-able, we know we can get there, and you can balance the rest of your supply alternatives against that. You can come up with a very clean product, and it's a response to some of the difficulties we ran into trying to develop some of our recycling programs.

What is your best guess at the cost of water a decade from now?

The cost of water is definitely going up. We're looking at increases at the retail level of probably 4-5% a year. A lot of that is driven by water quality as much as the water supply. The city of L.A. is not going to be growing as rapidly in the next decade. We are going to see continued growth as children continue to be born, but we won't see a sharp rise in population. When you get out further than that, it's a little bit harder to predict because there could be serious change happening to the agricultural community in California in terms of the global competition. If that were to occur to the degree that some predict, a whole lot of water could be freed up to fill half-filled aqueducts that could help hold down the cost of water. That's not going to happen overnight, but if you were to talk a decade to two decades from now, it's certainly possible.

Farmers in the Central Valley and the Sacramento Valley are rather insecure about whether they'll be paid for their water or whether it'll be taken by forced conservation. How would you counsel them?

To the extent that opportunities are available to pursue the market, they should take advantage of it and solidify their position. A small amount of movement of the vast amount of water in agriculture meets urban needs for a long, long time.