

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 04/09/2012
POSITION: Oppose
SPONSOR: Sewerage Commission Oroville Region, Lake Oroville Area Public Utility District

BILL NUMBER: SB 1340
AUTHOR: La Malfa, Doug
RELATED BILLS: AB 134 (Dickinson)

BILL SUMMARY: Appropriation of water: Sewerage Commission Oroville

Existing law allows any person or entity to apply to the State Water Resources Control Board (State Water Board) for a permit to appropriate water. Prior to issuing a water rights permit, the State Water Board must find water is available for a proposed appropriation and consider effects of the appropriations. The State Water Board must reject an application to appropriate water when in its judgment the proposed appropriation does not best conserve the public interest. Existing law grants a wastewater treatment plant (WWTP) owner treating sanitary sewer system wastes the exclusive right to the treated wastewater unless otherwise provided by agreement.

This bill would allow the Sewerage Commission Oroville Region (SCOR) to apply for a permit from the State Water Board to appropriate a specified amount of water based on the volume of treated wastewater SCOR discharges into the Feather River, as specified. The bill would authorize the State Water Board to grant a permit to appropriate treated wastewater pursuant to terms and conditions necessary to protect the rights of legal water users. The bill also would allow SCOR to sell or utilize the appropriated water for any beneficial purpose.

The bill would require the State Water Board to prepare a report by July 1, 2013 assessing the potential cumulative effects of the bill on (1) the use of water rights by current water rights holders and (2) the ability to meet or exceed Sacramento and San Joaquin river instream flow standards and water quality standards.

FISCAL SUMMARY

According to the State Water Board, this bill would require 0.85 positions and approximately \$109,000 Water Rights Fund to prepare the required report in 2012-13. Finance notes the pending budget bill does not include an appropriation for this workload. Therefore, the Water Board would be required to absorb this workload within existing resources.

The remaining provisions would not have a fiscal impact because the Water Board already reviews applications of this kind, and the bill would not result in additional workload.

COMMENTS

The Department of Finance is opposed to this bill because it is unnecessary and because the appropriation and sale of water should be addressed on a statewide or regional basis, not district-by-district. Current law provides WWTP owners wastewater rights superior to anyone who has supplied water discharged into the WWTP, subject to State Water Board approval for any change in point of discharge, place of use, or purpose of use. As a result, this bill, which would allow SCOR to apply to the State Water Board for a permit to appropriate water, would not confer upon SCOR any additional rights beyond those already provided in existing law. In addition, preparation of the report would necessitate a redirection of workload from potentially higher priority activities.

Analyst/Principal (0622) J.McGuinn	Date	Program Budget Manager Karen Finn	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

AUTHOR

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COMMENTS (continued)

Finance notes the SCOR provisions are virtually identical to those contained in Chapter 212, Statutes of 2011 (AB 134, Dickinson), which granted the same authorizations to the Sacramento Regional County Sanitation District (SRCSD). While the Legislature was considering AB 134 last year, opposition to the bill was partly based on the precedent it created as other wastewater dischargers would be encouraged to seek similar authorization to appropriate their effluent discharges. Given the growing statewide need for water infrastructure improvement, it appears the appropriation and sale of water would be more efficiently addressed on a broader scale.

According to the AB 134 Senate floor analysis, other upstream Sacramento River interests have expressed interest in having similar authorization in the future. According to the author's office, SB 1340 would offer an additional procedural option for SCOR to potentially realize the benefit of its treated wastewater. It will authorize SCOR to file a permit application with the State Water Board to appropriate water equal to the amount SCOR produces and discharges into the Feather River. The water may then be sold for any beneficial purpose. Additionally, the author's office indicates the appropriation option is important because revenue from water sales would partially offset treatment costs, thus stabilizing costs for ratepayers in Oroville's chronically depressed local economy, perhaps providing some stimulus for economic development in the region.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014
3940/SWRCB	SO	No	A	--	C	109	A	-- 3058
<u>Fund Code</u>			<u>Title</u>					
3058			Water Rights Fund					