

DRAFT - UAC to Council

The Palo Alto Utilities Advisory Commission (UAC) recommends that Council ask SFPUC, our long-time water provider, to provide additional analysis on its water supply and demand projections that will inform CPA's need for possible investments in water recycling projects and to answer questions that came up when SFPUC executive Steve Ritchie presented to UAC's November meeting. These water projections also impact our regular discussions on SFPUC capital investments, costs and wholesale rate increases that CPAU will face in coming years.

We'd propose that this letter, although intended for SFPUC, be addressed to BAWSCA as our representative agency.

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DRAFT – Council to BAWSCA

We write at the behest of Palo Alto's Utilities Advisory Commission (UAC) to thank BAWSCA and SFPUC, as our long-time partners in water procurement, for coming to Palo Alto to address the November 2024 UAC meeting and to request that BAWSCA SFPUC engage in follow-up discussion on some of the issues that arose at that meeting.

We've drafted the following requests and present them to BAWSCA, as Palo Alto's representative, to ask that you pass them to SFPUC for fast response. If it's your recommendation, we can present these directly to SFPUC.

Essentially we'd like SFPUC to explain more fully the assumptions it makes on water supply and water demand that will shape our thinking on the need for major investments in water recycling. Because of our desire to be fact-based and prudent as we consider any costly alternative water supply scenario, as well as our concern over high and rising wholesale water rates, we ask the following:

On the demand side, we have the impression that SFPUC's demand projections have consistently turned out over 20 percent higher than actual usage. How accurate have SFPUC's Urban Water Management Plan demand projections been over the past 25 years? It's our understanding that SFPUC uses demand projections from so-called Water Enterprise that are considerably higher than the projections of SFPUC's own Finance Bureau.¹ Both have been consistently high, but what is the reason for using the higher Enterprise forecast in the projections you present and use to determine water needs in the Alternative Water Supply Plan? We ask that SFPUC re-run its analysis based on lower demand projections. One scenario we'd like to see would be based on the projections of SFPUC's own Finance Bureau, which we understand to be considerably lower than those of its so-called Water Enterprise. Another scenario would be based on demand numbers that continue the downward trend of the last 25 years.

On the supply side, we understand that SFPUC projections are based on a "design drought" that is very conservative. It's our understanding that this design drought is based on the most severe six years of drought in recorded history, then made more severe by grafting on data from the driest two-year period in recent history to create an eight-year scenario that is much more severe than any drought over the past 1,000+ years based on observations and tree ring data. We'd like to know SFPUC's assessment of the likelihood of this design drought occurring? We'd like to understand your projections based on different "design drought" scenarios. What if the SFPUC model assumes just the most severe 6-year period? What if one year (the eighth year) is removed from the design drought?

And while we realize that the past may not be a reliable guide in an unpredictable era of climate change, it's our understanding that the SFPUC's Long-Term Vulnerability Assessment concludes that climate change, while it may affect the timing of precipitation and the amount of snowpack, it is unlikely to have a significant effect on the water available from the Tuolumne River in a given year. We ask for SFPUC response to these arguments.

We know SFPUC has very large water storage capacity, and we'd like to understand how its planning models incorporate various storage scenarios relative to its water rights to Tuolumne river flow. Looking backwards, it'd be helpful to know how storage levels in Hetch Hetchy and other SFPUC reservoirs would have been different had the Bay-Delta Plan been in effect, and then to have a similar model run using current demand levels.

A better understanding of all this, specifically the return periods of a shorter design drought using a range of supply scenarios, would help Palo Alto better understand the risk and cost tradeoffs.

We would like to discuss this request of SFPUC at BAWSCA's upcoming directors meeting on March 20. Thank you.

Regards ...