

Sites Project Authority

Wheeling Rate Study

Reservoir Committee/Authority Board Meeting - July 19, 2024



**Water Resources
Economics**

PROMOTING THE VALUE AND PRICE OF
WATER SERVICE



Agenda

- Wheeling rate study overview
- Preliminary methodology
- Next steps



Wheeling Overview

- **‘Wheeling’** definition: when a water agency uses another water agency’s transmission system to transport water
- **Partner Agencies:** Glenn-Colusa Irrigation District (GCID) & Tehama-Colusa Canal Authority (TCCA) will ‘wheel’ water for Sites Reservoir
- Wheeling rates will be necessary for the partner agencies to appropriately recover wheeling-related costs from Sites



Wheeling Rate Study Objectives

- Establish a wheeling rate calculation methodology
- Develop an Excel-based model to calculate wheeling rates (one for each partner agency)
- Document study results and recommendations:
 - One technical memo on methodology
 - Two wheeling rate reports (one for each partner agency)



Wheeling Rate Study Progress to Date

- Meetings
 - Kickoff meeting in January
 - 6 virtual meetings with all parties present (Sites/GCID/TCCA staff)
 - 2-3 virtual meetings each with GCID & TCCA staff
- Analyses
 - High-level framework methodology has been established
 - Currently working on preliminary wheeling rate calculations

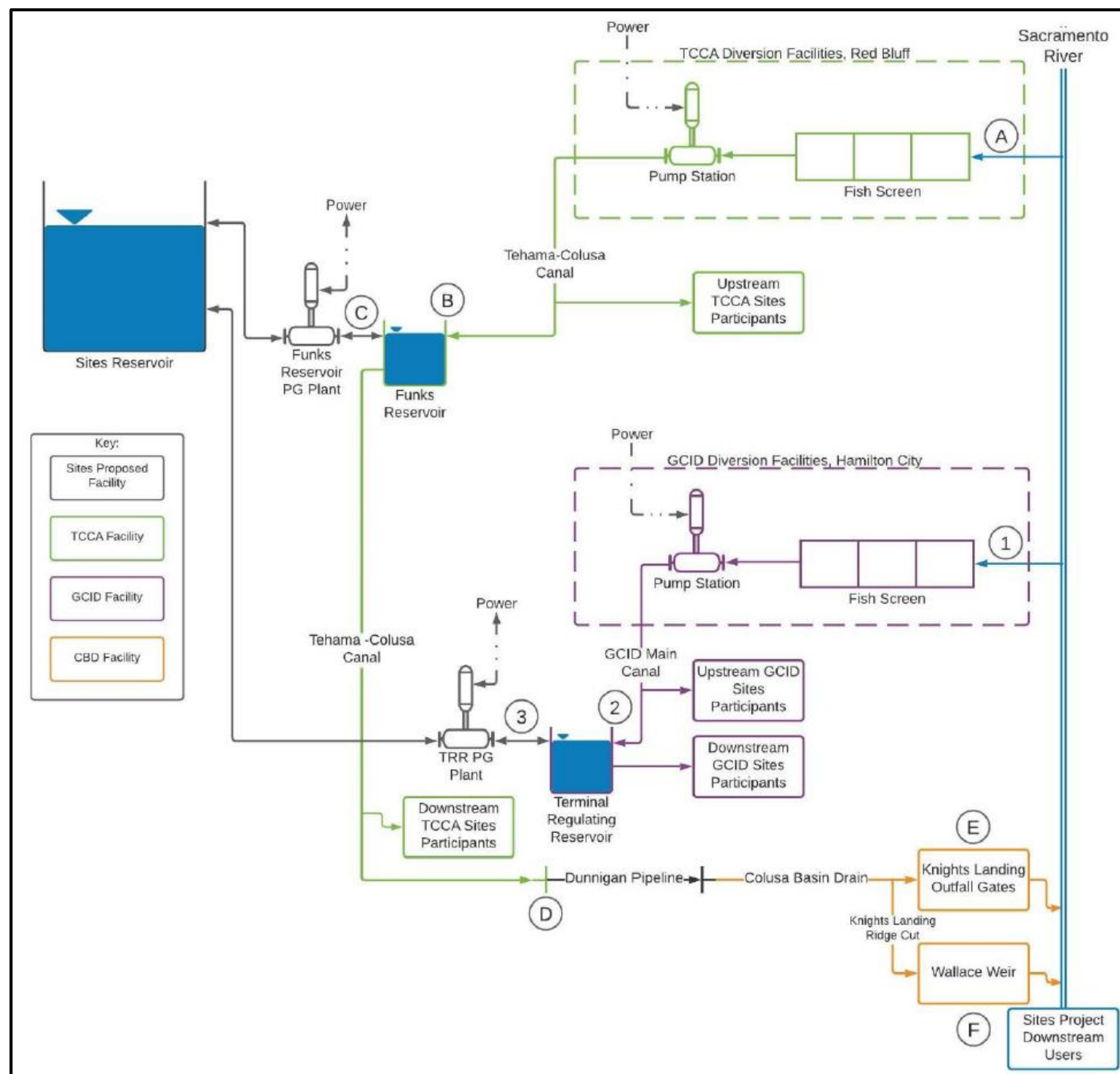


Wheeling Rate Methodology Process

1. Identify which partner agency facilities will be utilized
2. Understand how and when partner agency facilities will be utilized
3. Establish a wheeling rate methodology that accounts for both:
 - a) Contribution to partner agency operations & maintenance (O&M) costs
 - b) Utilization of partner agency capital assets

Partner Facilities

- Three distinct wheeling categories:
 1. Diversions to Sites through TCCA facilities
 2. Releases from Sites through TCCA facilities
 3. Diversions to Sites through GCID facilities
- *Note: Unique wheeling rates for each of the three categories may be necessary*





Step 1: Identify which partner facilities will be utilized

Sites Use of Partner Facilities	1. Diversions to Sites via TCCA	2. Releases from Sites via TCCA	3. Diversions to Sites via GCID
TCCA Facilities			
Red Bluff Pumping Plant and Fish Screen	X		
Tehama-Colusa Canal (upstream of Funks Reservoir)	X		
Tehama-Colusa Canal (downstream of Funks Reservoir)		X	
Funks Reservoir	X	X	
GCID Facilities			
Hamilton City Pumping Plant and Fish Screen			X
GCID main canal			X
Terminal Regulating Reservoir (ownership TBD)			??



Step 2: Understand how and when partner facilities will be utilized

- Sites will divert water through GCID & TCCA facilities, but release water through TCCA facilities only
- Sites will primarily divert during winter months when GCID/TCCA diversions are low, but there will still be overlap
- Sites' winter diversions will make canal maintenance more costly and challenging
- Key details regarding Sites' utilization of partner agency facilities are still TBD



Step 3: Establish a wheeling rate methodology

- Preliminary methodology framework includes three primary components:
 1. Fair share of existing operations & maintenance (O&M) expenses
 2. Fair share of existing capital repair & replacement (R&R) expenses
 3. Incremental O&M cost increases due to Sites (e.g., increased canal dredging due to winter diversions to Sites)
- *Note: Sites contributions to future partner agency CIP (associated with constructing new facilities required to serve Sites) is outside of the scope of this study and will be addressed separately*



Step 3: Establish a wheeling rate methodology (cont.)

- Preliminary analysis:
 - Partner agency budgets were evaluated to identify existing O&M expenses that Sites should contribute to
 - Partner agency capital asset registries were evaluated to estimate capital R&R expenses that Sites should contribute to
 - Currently considering how Sites can best provide sufficient funding to partner agencies to cover all incremental cost increases



Additional Considerations

- What is the most appropriate wheeling rate structure?
 - 100% fixed
 - 100% volumetric (per acre-foot wheeled)
 - Fixed/volumetric hybrid
- How to best incorporate a true-up mechanism to reconcile wheeling revenues with actual costs?
- How will wheeling rates be updated annually?



Next Steps

- Meet with GCID & TCCA staff virtually next week to review preliminary wheeling rate calculations
- Present preliminary results to GCID & TCCA Boards in Sept. or early Oct.
- Present preliminary results at Oct. 18th Reservoir Committee/
Authority Board Meeting



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