



*The "Water Wealth Contentment Health" arch in downtown Modesto tells a lot about the community. While the water business may drive the Modesto Irrigation District's politics, electricity sales drive its revenue. That could change.*

## ***Turlock and Modesto are a world apart from San Francisco when it comes to pricing Tuolumne River water supplies***

Greetings!

During the recent drought, I wrote about the California's [cattywampus water rights](#), noting that San Francisco, as a result of its junior status, gets very little Tuolumne River water in the driest years. Almost all the flow belongs to the Turlock and Modesto Irrigation Districts during the most critical times.

The way water is priced seems a little cattywampus too. But is there a good reason for it?

All three agencies were created for the primary purpose of managing Tuolumne River water and selling it to their communities. There are obvious differences. Turlock and Modesto sell water primarily for agriculture in the Tuolumne watershed. San Francisco transports its water to the Bay Area, treats it with chloramine and ultra-violet light, and sells it to homes and urban businesses.

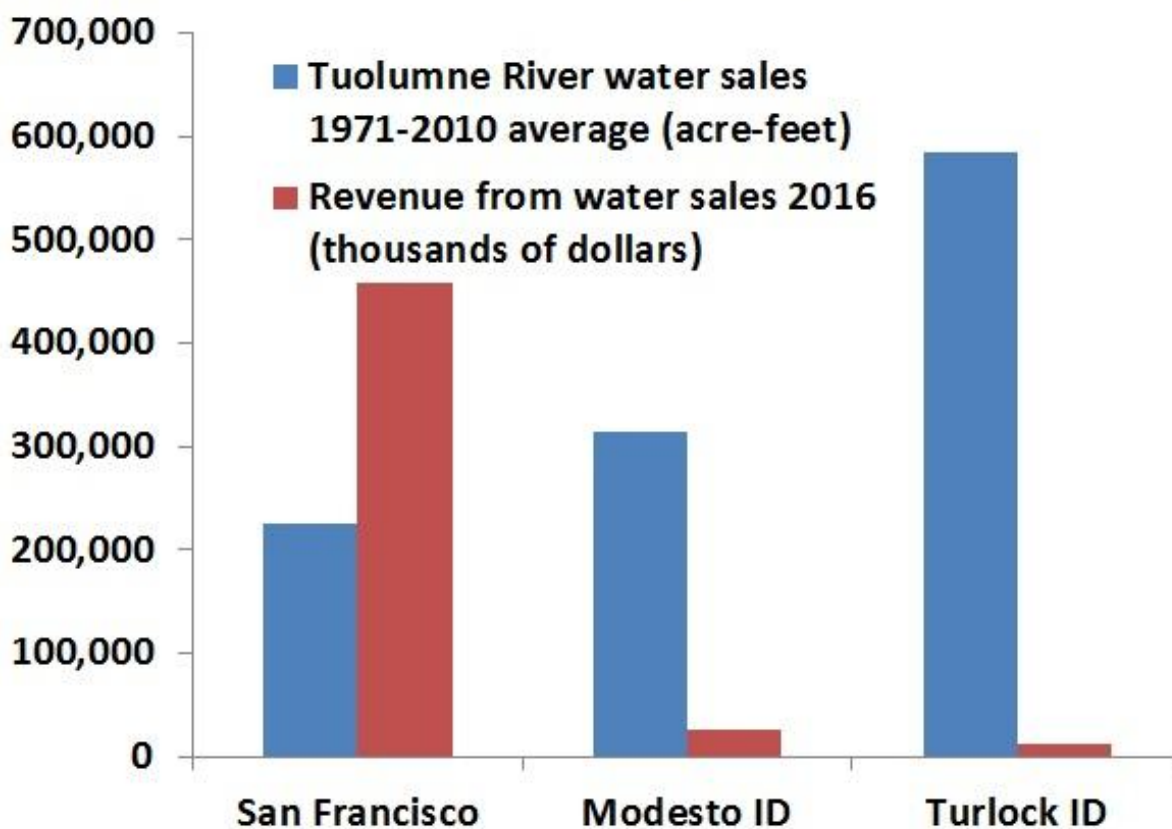
The agencies also all sell electric power. San Francisco generates hydropower at three powerplants in the Sierra. By law, the City can only sell this power only for "public" use; i.e. it

cannot sell it to PG&E, a private utility. San Francisco sells some of this power for municipal uses within the City and some to public utilities outside the City, including the Turlock and Modesto Irrigation Districts.

Financial statements for the [Turlock](#) and [Modesto](#) Irrigation Districts show that **more than 90%** of their revenues are provided from sales of electricity. Tuolumne River hydropower, purchased from San Francisco or generated at Don Pedro Reservoir, comprises only a small part of these sales. Most of this power is generated by a broad portfolio of solar, wind, geothermal, natural gas and coal facilities.

A recent [class action lawsuit](#), however, alleges that the Modesto Irrigation District overcharges for power so it can undercharge for water. As Figure 1 shows, Turlock and Modesto charge a very small fraction of the price that San Francisco charges for its water sales.

**Figure 1: Tuolumne River water sales:  
volume and price**



*To be fair, the comparison above does not reflect all aspects of the differences between these agencies. It does, however, show one thing very clearly: Turlock and Modesto derive very little revenue from the sale of water for irrigation.*

Vance Kennedy, retired geologist, farmer and respected member of the Modesto community, worries that the court may rule that the price of irrigation water must be increased. He argues, in a [column in the Modesto Bee](#), that an increase in the price of surface water would encourage farmers to pump groundwater instead, and the aquifer would be depleted.

Kennedy is right that farmers will opt for the least cost option, just like most other business people. But are there no other alternatives?

I'll confess that it always bothers me when a natural resource, water in this case, is underpriced.

Kennedy is arguing that surface water should be cheap so it is not outcompeted by groundwater, which is free. Farmers must pay only their own costs of pumping groundwater, and they often argue that the price they originally paid for their land reflected the value of the water below it. Of course, when one farmer pumps groundwater it affects the water table of his or her neighbors. These muddled facts show the situation is complicated.

After many unsuccessful attempts, the California legislature acted in 2014 to address the problem of groundwater depletion. It passed the Sustainable Groundwater Management Act, requiring community-based efforts to ensure that our aquifers are not depleted. While agencies have already been set up to comply with the law, **SGMA does not require that basins be operated sustainably until 2040!** (That was, as they say, "*the best the legislature could do*".)

So if the court rules that Modesto ID's electric customers shouldn't be required to subsidize sales of irrigation water, or even if it doesn't rule, what should Modesto do until 2040 when SGMA will be in full force?

Communities should not use the lack of State-mandated regulation as an excuse to avoid the hard work of cooperating to manage aquifers sustainably. After all, California does have [20 "adjudicated" basins](#), where landowners and water agencies have successfully agreed on how to manage groundwater. Moreover, many regions have developed groundwater recharge and banking programs which include opportunities for investment by remote communities ([Semitropic Water Storage District](#) in Kern County, for example, stores water for cities throughout the State.). There is much that can be done without State law.

Both the Turlock and Modesto Irrigation Districts are managed by democratically elected boards. The citizens of these communities should act to ensure that their groundwater is managed sustainably, and not prematurely depleted at the expense of their children and grandchildren. They shouldn't wait for the State law to enforce responsible management of groundwater.

Sincerely,



Spreck Rosekrans  
Executive Director

***Save the date - March 17, 2018 - for our annual dinner at the Berkeley City Club.***

*Please  
Contribute  
Today*

*The mission of Restore Hetch Hetchy is to return the Hetch Hetchy Valley in Yosemite National Park to its natural splendor — while continuing to meet the water and power needs of all communities that depend on the Tuolumne River.*

