

Company to pay region for temporary water rights

by Christine Pratt June 7, 2016, 7:03 p.m.

WENATCHEE — Wenatchee, the East Wenatchee Water District and the Chelan County PUD expect to earn as much as \$200,000 annually by assigning a temporary Columbia River water right to a private, Delaware-charted company.

The three municipalities make up the membership of the Regional Water System, which taps a giant Columbia River-fed groundwater source, the Eastbank Aquifer, for the water they supply to their customers' homes and businesses.

The temporary water right will be assigned to Crown Columbia Water Resources LLC, which will charge its own customers a fee for temporary use of the Columbia River water.

Some of these customers may need an interim water supply while they're waiting for a water right of their own from the state Department of Ecology.

"The water can be used as a bridge, until they're able to acquire a permanent water right in good standing," Ron Slabaugh, the PUD's water and wastewater manager, said Tuesday.

The deal is intended to generate revenue on a portion of water that the Regional Water System ("Regional") has in trust, pending future need, he said.

Crown Columbia will pay Regional an up-front payment of \$10,000, plus \$65 per acre-foot of the water that the company assigns to its own water customers.

Slabaugh says best estimates show the deal could earn Regional from \$100,000 to \$200,000 annually.

Crown Columbia could use the temporary right to supply irrigation or municipal customers along the length of the Columbia River, downstream of the confluence of the Wenatchee River.

The state Department of Ecology has stopped issuing new rights to Columbia River water unless a water user can mitigate for that right with another water source, Slabaugh said. That's why a market for exists for the temporary water supplies that Crown would provide, he said.

PUD commissioners approved the deal Monday with affirmative votes from commissioners Gary Arseneault, Dennis Bolz and Randy Smith.

Commissioners Ann Congdon and Carnan Bergren both abstained, rather than voting "no." Both said they had concerns about the deal, but didn't want to stop it from happening.

"My concern is that contracts or deals that seem like they're iron clad are often not," Congdon said Tuesday. "I know the battles that are going on now over water... I understand that it's a bridge until they

get a permanent water right, but what if they don't get that water right? I'm unsure that it's going to be that black and white to give them notice and take the water back. It's fraught with all kinds of difficulty."

Bergren agrees. "I could see the benefit of the dollars we are going to get from the contract. But I can't support it or oppose it," he said. "In my personal career I've been involved with these negotiations and deals and they don't always work the way you think they're going to. I have no indication that this won't work."

He pointed to Grant County PUD's conflict with the residents of Crescent Bar Island, south of Rock Island Dam on the Columbia River. The residents were originally given long-term leases to island land. When those leases expired in 2012, the islanders fought eviction, sued, settled with the PUD and can now remain on the island until at least 2047.

Despite their concerns, both commissioners said they had confidence in the PUD's legal staff and in Slabaugh, who were involved with the Regional Water System's lawyer, Pete Fraley, in defining the terms of the deal.

The East Wenatchee Water District Board approved the deal April 20. The Wenatchee City Council approved it April 28.

The water that fuels the deal is a permanent water right for nearly 6,187 acre-feet that the Regional purchased from the Pioneer Water Users Association in 2012 for just over \$2.5 million, Slabaugh said. It was put in a trust for 10 years to benefit instream flows.

Mark Peterson, the Wenatchee lawyer representing Pioneer in that deal, put the Regional in touch with Crown Columbia, he said.

The water right includes nearly 1,770 acre feet for "consumptive" use — water that is used and not returned back to the river.

That's enough to supply about 6,300 homes per year, based on an average daily use of 250 gallons, Slabaugh said. Irrigation and municipal uses are considered consumptive.

The consumptive portion of the water right is the marketable portion that Crown Columbia is expected to use, Slabaugh said. The deal contains "multiple termination provisions" that enable the Regional to take the water back.

Right now, the Regional's consumers use about 11,500 acre feet of water per year.

MORE INFO

Key terms of water deal

<> Crown will advertise the water right in The Wenatchee World for three consecutive weeks.

<> Crown must give priority to applicants within 26 miles of Wenatchee for 60 days following the advertisement.

<> Crown will pay Regional \$65 per acre-foot, plus half of any amount over \$80 per acre-foot it earns from its customers supplied by the water right.

<> Regional can reduce the amount of the water right that Crown has received but not yet assigned with 90-days notice.

<> Regional can terminate the deal at its sole discretion with two years notice.

<> The deal ends Aug. 26, 2022, the date the trust agreement with the state Department of Ecology ends on the formerly Pioneer Water Users Association water right. It may be extended until Aug. 26, 2037, or longer, if Ecology agrees to extend the trust.

Source: Chelan County PUD