

Toledo Bend Citizens' Advisory Committee (TBCAC)
Many, LA
January 3, 2012

News Editor
Sabine Index
Many, LA 71449

Re: Proposed Water Reservation and Sale Agreement (WSA)
Between Sabine River Authority, State of Louisiana and Toledo Bend
Partners, L.P.

The proposed annual sale of 600,000 acre feet (ac ft) of water from Toledo Bend by the Sabine River Authority of Louisiana (SRA-LA) has been touted by SRA-LA as good for the future of the lake, businesses, and property owners in LA and TX that surround the lake as well as for the state of LA. Citing increased revenue three to five times greater than revenue generated from hydroelectric power production, combined with significantly less water leaving the lake, the SRA-LA Commissioners and Executive Director believe that the proposed water sale is the end of our worries regarding low lake levels and provide plenty of revenue to manage the lake and SRA-LA properties.

SRA-LA says there is nothing detrimental in the WSA; as a result, they want to approve and submit it to the Governor for approval so they can sell LA's water to TX. We (TBCAC) believe there are major concerns and potential detriments within the WSA, not the least of which is the fact that once this water begins to flow to TX, there will be no turning it off, regardless of the lake level or the need for water by LA residents.

SRA-LA says the WSA is for 50 years with a renewal clause for another 49 years. We say the spigot will flow in perpetuity, and during periods of extended drought, the lake area residents, businesses and communities will bear the brunt of this impact. In addition, in the future, when we, the people of LA, need water, the water will be obligated to Texas--Texans will be getting it.

Following are some very valid questions that SRA-LA needs to answer:

- SRA-LA has developed a strategic plan which cites the goal to “Develop Water Supply as the primary source of revenue to support the Toledo Bend Project in lieu of Hydroelectric Power Production by 2018 (sic).” Our thoughts: Replacing hydroelectric power generation “revenue” with water sales “revenue” does not guarantee the cessation of hydroelectric power generation once water sales begin. There is nothing binding, legally or otherwise, with this strategic plan to prevent future commissioners from changing it at will. We want to see something that legally and permanently requires no hydroelectric power generation after water sales begin except in national emergencies or when required to maintain lake levels below overflow conditions and minimum downstream flow.
- SRA-LA takes great pride in telling us how much more revenue they will generate through water sales and how they will be able to improve the lake and their facilities. However, they fail to indicate that any of this “windfall” will be set aside for economic and infrastructure development of the surrounding LA parishes. We believe the water being sold from the lake belongs to the state of LA, not SRA-LA. Hence the “windfall” may go straight to the state general fund, especially while our state has major deficits to overcome. We need to see something that guarantees a portion of the funds will come to the parishes that border Toledo Bend. We want to see a plan for revenue use and sharing.
- SRA-LA says it is “highly probable” that SRA-TX will be granted a permit to transfer 300,000 ac ft per year outside the Sabine River Basin of TX; i.e., they will contribute one-half (300,000 ac ft) from their share of the firm yield of Toledo Bend water. Hence, LA will still have 700,000 ac ft left for its residents. Everything we read and hear says this is NOT going to happen. TX is a big state and Texan’s need their water. We say, show us a legally binding commitment by the SRA-TX that allocates their share of water to the sale before SRA-LA approves this WSA.

- SRA-LA says there is a sufficient “drought contingency plan” under which they shall determine when the conditions warrant initiation or termination of each of the three stages in the plan.
- Stage 1 – Mild Water Shortage Conditions – initiated when the capacity in Toledo Bend falls to 84% of full (elevation of 168 ft. mean sea-level [msl]). SRA-LA will inform its customers and the general public of the situation and “encourage wise use of water” and they will cease hydropower generation. But, SRA-LA implies they are going to sell water “in lieu of” generating power except under minimal circumstances. Do you think the people in Dallas-Fort Worth will use our water wisely? At this stage, the pumps will be wide open sending 68,740 – 75,000 ac ft of water per month (600,000 ac ft per year) of our water to TX.
- Stage 2 – Moderate Water Shortage Conditions – initiated when the capacity in Toledo Bend falls to 70% of full (elevation 163.71 ft. msl). SRA-LA says it, “may, if necessary,” reduce water delivered to its customers on a pro-rata basis such that customer’s Monthly Maximum Water Diversions shall be reduced by up to 10%. May, if necessary? Why not “will be” or “shall be” reduced?” What exactly will constitute necessary? We started out 2011 with the lake at 163.8 ft. msl and under an extreme drought according to U.S.G.S. Does this constitute necessary? The economy around the lake was already starting to tank when the lake was at this level. Would this constitute necessary? The pumps will still be running to the tune of 62-68,000 ac ft per month (540,000 ac ft per year).
- Stage 3 – Severe Water Shortage Conditions - initiated when the capacity in Toledo Bend falls to 60% of full (elevation 160.42 ft. msl). SRA-LA, “may, if necessary,” reduce water delivered to its customers on a pro-rata basis such that customer’s Monthly Maximum Water Diversions shall be reduced by up to 20%. May, if necessary? Why not “will be” or “shall be” reduced without question. We think it should be necessary. The lake is virtually useless at this level which is detrimental to the economy around the lake. The pumps will still be running to the tune of 55 - 60,000 ac ft per month (480,000 ac. ft. per year). In fact, at this stage, the pumps cannot be

shut off and technically can run until there is only water in the Sabine River. Given the possibility of a major extended drought over a period of 5-50 years, something that is not unheard of, there will be no lake. We say the drought contingency plan is inadequate to protect the lake and the people of LA who may need the water.

- SRA-LA implies the public was well-informed about the WSA, “if” they had, and they should have, attended the Board of Commissioners and Water Committee meetings. In addition, articles about the sale were in the newspapers, but these articles provided no details of the WSA. We say we shouldn’t have to watch-dog SRA-LA, but it appears we need to. We say the WSA, once negotiated, should have automatically been placed on the SRA-LA website and made available for public comment from the very beginning. SRA-LA should have held at least one public hearing to receive comments. SRA-LA only did this after we and others called for the commissioners to table the vote for approval at the December 8, 2011, meeting and request public comment.
- SRA-LA Commissioners approved the first contract on August 25, 2011, and sent it to Governor Jindal for approval. At the September 22nd Commissioners meeting, Mr. Pratt stated that “a letter had been received from the Governor’s office with written directions that SRA-LA put together a request for proposal for the out-of-state water sales contract. Mr. Pratt requested “authorization to allow the Board Chairman, Water Sales Committee Chairman, the Executive Director and SRA-LA Staff to prepare the RFP and “let” for bids.” We understand SRA-LA let the RFP for bids in the Sabine Index and a couple of other local newspapers. The RFP as advertised generated “one bid” that was reviewed from Toledo Bend Partners, but at least they almost doubled their bid amount for 1000 gallons of water. We question why a “100-year, multi-billion dollar sale of water RFP” was not posted nationwide and wonder what other bids might have generated?

TBCAC believes that water should be available for the people of LA and water sales are inevitable, but we truly believe this WSA, as it stands, could prove to be very detrimental to the lake, the residents

and businesses around it, and to the future of the people of LA. We recommend this Water Reservation and Sale Agreement to Toledo Bend Partners, L.P. not be approved as it is presently written.

/s/ George Commons

George Commons
Chairman
Toledo Bend Citizen's Advisory Committee