

**MINUTES OF THE MEETING OF THE
REGION F WATER PLANNING GROUP
9:00 A.M. MONDAY, MAY 22, 2006
AT COLORADO RIVER MUNICIPAL WATER DISTRICT
400 E. 24TH STREET – BIG SPRING, TEXAS**

The Region F Water Planning Group (RWPG) met at 9:00 a.m. on Monday, May 22, 2006 at the headquarters of the Colorado River Municipal Water District, 400 E. 24th, Big Spring, Texas with thirteen voting members attending by teleconference. Present were John Grant, Steve Hofer, Will Wilde, Stephen Brown, Richard Gist, Len Wilson, Wendell Moody, Buddy Sipes, Terry Scott, Stuart Coleman, Andrew Valencia, Scott Holland and Larry Turnbough. Voting members absent were Lowell Woodward, Carolyn Runge, Kenneth Dierschke, Marilyn Egan and Cindy Cawley. Non-voting members present were: Carolyn Britton and Sherry Cordry, Texas Water Development Board (TWDB) and Jon Albright of Freese and Nichols. Also attending were Tim Warren, employed by TXU electric, and Chris Wingert, Michelle Rhodes and Carla Harrold (recorder of the minutes) all from CRMWD.

Call to Order

Chairman John Grant called the meeting to order at 9:03 a.m. A quorum was present.

Introductions and Opening Remarks

All attendees made their presence known and were recognized by the chair. Mr. Grant noted the reasons for the meeting and said that some items might be discussed in a different order than that in which they appeared on the agenda.

Consider Approval of Minutes for the Region F WPG Meeting November 28, 2005

Motion was made by Steve Hofer, seconded by Stuart Coleman that the minutes of the November 28, 2005 Region F RWPG meeting be accepted. The motion passed unanimously.

Consider Amendment #1 to January 2006 Region F Regional Water Plan

Carolyn Britton and Sherry Cordry indicated the Board approved the Region F plan but discussed the steam electric demands and related strategies in great detail and requested that Region F re-examine those numbers. Jon Albright of FNI confirmed that an inflated cost figure was submitted due to a mathematical error and a faulty assumption in the way the shortages and cost of the strategies to meet those shortages were calculated. A proposed amendment was sent to all voting members to correct the problem. It shows revised costs that take into account the gradual accumulating nature of the water shortages for power generation. He said he had polled voting members and determined it was also acceptable to change the strategy for meeting electric generation shortages from a "recommended" to a "considered" strategy because new technologies and other unpredictable factors will have a significant impact before any strategies are actually implemented. This water demand can still be supported by the evidence and recognized by the plan as an "unmet need" without unrealistically inflating the cost of implementation of both the Region F and the Statewide Water Plan. Andrew Valencia,

who represents electric generating utilities, concurred with the new approach, as did both representatives of the TWDB. Buddy Sipes made a motion seconded by Terry Scott that the WPG adopt the draft of Amendment #1 to the 2006 Region F Water Plan and authorize the appropriate steps to publish the amendment and accept public input prior to final approval. The motion passed unanimously. Mr. Grant said approximately 1700 notices would be published and the proposed Amendment #1 would be placed at the appropriate county libraries or courthouses for public review. He suggested June 26, 2006 as the date for the required public hearing and July 31, 2006 for the RWPG to meet in person in Big Spring to vote on the amendment.

Report from TWDB

Sherry Cordry reported that TWDB staff has reviewed stakeholder comments regarding the future of water planning. She said they planned to submit changes to the TWDB Board that would effectively reduce the level of detail required for the January 2011 plan. There is little point in reinventing the entire plan, particularly without the availability of census or other data to alter demand information. She said the emphasis for 2011 is likely to be on changed conditions, new information or other activities that justify going forward with evaluation of strategies, facilitation of specific projects or other items that might not have been given enough attention in the 2006 plan. The recommendations will be available and comments will be accepted through the TWDB website before they are submitted to the Board. The state legislature could also make changes to the criteria and the TWDB will then issue the rules for the next phase. She said the Board will probably place more emphasis on its traditional role of facilitating projects as local entities begin to step forward and seek funding to pursue those projects that will carry out recommended strategies of the 2006 plan. Regional planning groups will want to continue to be involved since their approval of local projects could make them eligible for 100% funding. Ms. Britton said funding of actual projects as well as planning studies for the 2011 plan will likely be on a competitive basis. She suggested that the ongoing evaluation of the Water Availability Model and its impacts on Colorado River basin rights holders would qualify for funding if the group wishes to continue negotiations with Region K regarding the suggested subordination of rights strategy from the 2006 plan.

Accept Voting Member Resignations

Mr. Grant said that Marilyn Egan had submitted a letter of resignation, as did Andrew Valencia, who recently moved outside Region F. Mr. Grant had postponed the issue of accepting those resignations until after the vote on Amendment #1 because it pertained specifically to the needs of electric power generators, whom Mr. Valencia represented. Wendell Moody made a motion seconded by Buddy Sipes that the RWPG, with regret, accept the resignations of Judge Egan and Mr. Valencia. The motion passed. Mr. Grant asked that both Judge Egan and Mr. Valencia continue to provide advice and comment to the organization. Mr. Valencia said that a letter has been sent nominating Tim Warren of TXU Energy as his possible replacement to be considered at a future RWPG meeting.

Voting Membership

Mr. Grant noted that the bylaws allow voting members whose terms have expired to serve until their successors have been nominated and accepted by the RWPG. He plans to call all members whose terms expired late in 2005 or will expire in 2006 in hopes of maintaining the service of as many as possible. Since the meetings will be less frequent,

it is important to retain a core of interested and educated members who understand the planning process and the details of the Region F plan. TWDB requires each region to have 11 designated voting members but Region F chose to have 21 due to the diverse nature of the region. Due to vacancies, that number is now 16 after acceptance of the two resignations today. Mr. Grant suggested the number of positions could be reduced or expanded and he asked members to be prepared to discuss it fully in July.

Election of Officers

It was the consensus of the group to table this item until the July 31 meeting when the group discusses voting membership.

Other Reports or Discussion

Wendell Moody noted that the Safe Water Drinking Act will negatively affect the availability of water in many areas of Region F. Under its provisions, more stringent provisions take effect regarding radio-nuclei, arsenic and other impurities that have long been present in the water sources of many Region F communities. The water will be labeled undrinkable without any actual change to the quality of the water. Small communities cannot afford the cost of compliance and the result will be water shortages. Mike Conaway has submitted an amendment to House Bill 5386 under which the Legislature would deny the funding to enforce these provisions on water systems that serve populations of less than 10,000. Senate Bill 2161, the Small System Drinking Water Act of 2005, would also exempt these systems but it is currently hung up on a study. Mr. Moody urged members to contact their representatives in favor of this legislation. Members also discussed the Concho River Watermaster. Mr. Hofer asked about the implementation of Groundwater Management Areas and their impact on Region F. Several of these areas overlap Region F and members were unclear on the effect of these areas on water planning and specific projects in the region. Ms. Cordry said the TWDB would organize a presentation for the July 31 RWPG meeting to explain the concept and its implementation. They will also present information on the types and availability of financial assistance to Region F and local communities or water suppliers.

Next Meeting Date

Members may attend the Public Hearing on Amendment #1 at 1:30 p.m. June 26, 2006 at CRMWD headquarters, 400 E. 24th, Big Spring, Texas, but their presence is not required. The RWPG will need a quorum at the next meeting, (10:30 a.m., July 31, 2006) to decide whether to give final approval to the amendment and to conduct other necessary business.

Adjourn

There was no further discussion and the meeting adjourned at 9:45 a.m.