

**EXECUTIVE DIRECTOR'S MONTHLY REPORT
TO THE
COLORADO RIVER BOARD OF CALIFORNIA**

December 9, 2003

ADMINISTRATION

Tentative Board Meeting Schedule for Calendar Year 2004

Included in the Board folder is a copy of the Board's proposed schedule for calendar year 2004. Having received no comments on the proposed schedule, I would like to request the Board's approval.

AGENCY MANAGERS MEETING

The Agency Managers have not met since the last Board meeting.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of December 1, 2003, storage in the major Upper Basin reservoirs decreased by 155,000 acre-feet and storage in the Lower Basin reservoirs decreased by 127,000 acre-feet during November. Total System active storage as of December 1st was 33.261 million acre-feet (maf) or 55 percent of capacity, which is 3.891 maf less than one year ago.

November releases from Hoover, Davis, and Parker Dams averaged 10,710, 9,550 and 5,650 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of December 2003 are 12,300, 8,900, and 6,000 cfs, respectively. The December releases represent those needed to meet downstream water requirements including those caused by the reduced operation of Senator Wash Reservoir for safety of dams reasons.

With the Quantification Settlement Agreement signed among four California water agencies and approved by the Secretary of the Interior, a Partial Domestic Surplus governs the remaining year of 2003 pursuant to the Interim Surplus Guidelines. With reinstatement of the surplus provisions of the Interim Surplus Guidelines (ISG), the Lower Division States' consumptive use of Colorado River water for calendar year 2003 is based on a full domestic surplus. It is estimated for 2003 that the Central Arizona Project (CAP) will divert 1.609 maf, of which 0.273 maf is to be credited to the Arizona Water Bank. The Metropolitan Water District of Southern California (MWD) will use about 0.623 maf or 50 percent of its actual use of mainstream water in 2002. Of this quantity, MWD will receive 40,000 acre-feet of un-used agricultural water available primarily due to reduced agricultural

demand from higher priorities within California.

As of December 1st, and taking into account both measured and unmeasured return flows, the Lower Division States' consumptive use of Colorado River water for calendar year 2003, as forecasted by the Board's staff, totals 7.717 maf before deduction of 0.264 maf for unmeasured return flow credits and is distributed as follows: Arizona, 2.986 maf; California, 4.438 maf; and Nevada, 0.311 maf.

The preliminary end-of-year estimate for 2003 California agricultural consumptive use of Colorado River water under the first three priorities and the sixth priority of the 1931 *California Seven Party Agreement* is 3.756 maf. This estimate is based on the collective use through October 2003 by the Palo Verde Irrigation District, the Yuma Project-Reservation Division (YPRD), the Imperial Irrigation District, and the Coachella Valley Water District. Figure 1, found at the end of this report, depicts the historic projected end-of-year agricultural use for the year.

Colorado River Operations

2004 Annual Operating Plan

With the California agencies executing the Quantification Settlement Agreement (QSA) and reinstatement of the surplus provisions of the Interim Surplus Guidelines (ISG), Reclamation has revised the 2004 Annual Operating Plan for the Colorado River System Reservoirs (2004 AOP). Included in the Board folder is a copy of the draft 2004 Annual Operating Plan, in redline/strikeout format. Reclamation conducted a consultation meeting, via conference call, on December 4th to obtain comments on the revised 2004 AOP. During the call, only minor changes were made to the 2004 AOP. It is still anticipated that the final 2004 AOP will be signed by Secretary Norton prior to January 1, 2004.

The proposed 2004 AOP acknowledges execution of a QSA and determines that, through application of the ISG, calendar year 2004 will be governed by a Partial Domestic Surplus, rather than a Normal condition. The proposed 2004 AOP contains the following determinations:

- Upper Basin Delivery: The minimum objective release criterion will control the annual release from Glen Canyon Dam during water year 2004 in accordance with Article II(2) of the Operating Criteria unless spill avoidance and/or the storage equalization criteria in Article II(3) is controlling.
- Lower Basin Delivery: Under the most probable inflow scenario, downstream deliveries are expected to control the releases from Hoover Dam. The Partial Domestic Surplus condition is the criterion governing the operation of Lake Mead for calendar year 2004 in accordance with Article III(3)(a) of the Operating Criteria and Article II(B)(1) of the Decree.

- Water Apportioned but Unused: Reclamation does not anticipate any available unused apportionment for calendar year 2004 at this time. However, if any unused apportionment is available, the Secretary shall allocate any available unused apportionments for calendar year 2004 in accordance with Article II(B)(6) of the Decree and Section 1(B) of the ISG.
- 1944 U.S.-Mexico Water Treaty Delivery: A volume of 1.5 maf of water will be allowed to be scheduled for delivery to Mexico during calendar year 2004 in accordance with Article 15 of the 1944 U.S.-Mexico Water Treaty and Minute No. 242 of the International Boundary and Water Commission.

Revised Water Orders for 2004

Water order requests for 2004 were initially based on a Normal determination under the ISG. With reinstatement of the surplus provisions of the ISG and the execution of the Colorado River Water Delivery Agreement by the Secretary of the Interior, Reclamation on November 14th, notified water agencies in the Lower Basin, that a Partial Domestic Surplus now governs water releases from Lake Mead in calendar year 2004. As a result, water agencies will be allowed to revise and resubmit their 2004 annual water order and monthly diversion schedules. A copy of this letter has been included in the Board folder.

CAP Revised Water Order

Last month the Board discussed several issues raised by Arizona concerning its interpretation of the Interim Surplus Guidelines. Included in the Board folder is a copy of Arizona's letter to Reclamation revising its Colorado River water order for 2004. Arizona believes that any surplus must be both quantified and based on the water orders; the surplus water must be apportioned among the states in accordance with the percentages contained in the 1964 decree in *Arizona v. California*; and under State law, Arizona cannot forbear water for use by Nevada. Arizona can only forbear water for use by MWD. A meeting is being scheduled by Reclamation to discuss these and other issues with the Basin States' representatives.

Consumptive Use Estimates for 2003

On July 30th, Reclamation issued an initial notification letter to all Colorado River water contractors in the Lower Basin, who were expected to overrun their approved annual water orders for 2003. Reclamation's letter states that overruns of water use would not be allowed, and deliveries to contractors would be discontinued at the time that the approved amount of water has been reached. Included in the Board folder, as an informational item, is a copy of a letter to IID from Reclamation informing it that Reclamation's forecast of water use by IID indicates that it will be overrunning its approved annual diversion. Also included in the Board folder is a copy of a letter to the CVWD approving its forbearance of 40,000 acre-feet for consumptive use by MWD.

California's Colorado River Water Use Plan

Status of the Colorado River Water Use Plan

The Board staff continues to prepare the next draft of California's Colorado River Water Use Plan (Plan). The version currently available for public review and comment is dated May 2000. As soon as the next iteration is completed, I will transmit it to the water agencies, for their review and comment. The next draft of the Plan will include a detailed description of the agreements and activities associated with implementation of the ISG, QSA, and related agreements, as well as providing updated information on other programs and activities.

Colorado River Environmental Activities

Lower Colorado River Multi-Species Conservation Program

On December 4, 2003, the technical contractors who are preparing the draft LCR MSCP Conservation Strategy Environmental Impact Statement and Environmental Impact Report (EIS/EIR) released the final administrative draft documents for review and comment by the Department of Interior agencies in the Washington, D.C. offices. This version of the EIS/EIR includes comments received during the three days of public information meetings held in early-November 2003. This Washington Office review is scheduled to be completed by February 2004. At that point, a final draft of the EIS/EIR and Biological Assessment and Habitat Conservation Plan will be released for broad circulation and public review and comment.

It is the intent of the Department of the Interior to have the EIS/EIR Record of Decision (ROD) signed by Secretary Norton in late-November 2004. Prior to November 2004 there will be significant involvement by Washington D.C. staff within the Department of the Interior in the development of several important documents and policy guidelines, including the long-term implementation of the LCR MSCP, funding of the program and its implementation, and the cost-sharing of the program. Representatives of the LCR MSCP Steering Committee are working closely with Department of the Interior staff and the technical contractors to identify critical path issues, the time line, and potential budget implications.

Also the proposed LCR MSCP legislative strategy process is moving forward. The Ad Hoc subcommittee has prepared a scope-of-work for retaining a person to fill the position of Legislative Project Manager. The primary responsibility of this proposed position is to coordinate the development of the federal legislative package authorizing implementation and funding of the LCR MSCP. The position will be responsible for working with appropriate staff and legislative liaisons in each of the LCR MSCP participating agencies, coordinating the Washington, D.C. lobbying efforts, identifying key congressional subcommittees and committees to be briefed, preparing briefing materials, and reporting back to the Steering Committee. Currently, the Ad Hoc subcommittee is chaired by Mr. George Caan of the Colorado River Commission of Nevada.

Lower Colorado Water Supply Project (LCWSP)

The City of Needles (Needles) is continuing to execute subcontracts with Project beneficiaries to receive Project water. As of December 1st, subcontracts for 308 acre-feet of current use and 567 acre-feet of future use have been executed. The initial 2004 water order placed for Project water by the City of Needles for Project beneficiaries was 649 acre-feet and BLM 517 acre-feet.

With regard to the concept of Advanced Delivery, two alternatives are now being considered for the Project. The first alternative is basically an exchange and forbearance arrangement, while the second alternative is selling water at near market prices. Discussions with potential customers who would receive this water are being held to determine their interest in pursuing each of these alternatives. Also, discussions are being held with Needles and Reclamation on the mechanics of implementing these alternatives.

In order to implement either of these alternatives, Needles' original contract will have to be amended to accommodate development of Phase 2 of the Project. This amendment is currently being reviewed by Reclamation and CRB staff.

At last months Board meeting, it was reported that staff was working on developing criteria for the water quality of the well field water that is acceptable to IID and CVWD. The Board's staff has reached agreement with the technical staff of IID and the CVWD on the proposed criteria. These criteria will be discussed with the agency managers and Board members.

Blythe Energy Project Phase II

On November 18, 2003, the California Energy Commission (CEC) released its Blythe II Preliminary Staff Assessment (PSA) for agency comments. The PSA contains the CEC staff's draft environmental, engineering, and public health and safety evaluation of the Blythe Energy Project Phase II. Comments are due by December 18, 2003.

The CRB staff has reviewed the PSA and has noted that the CEC staff has analyzed the BEP II water use and its proposed Water Conservation Offset Program (WCOP) and concluded that there would be significant impact to California's use of Colorado River water. Therefore, the CEC staff has recommended an alternative cooling option. The report also outlines information that is needed to complete the review of WCOP.

A summary of CEC staff recommendation and WCOP requirements are listed below:

Recommendations - Because the BEP II project as proposed by the Applicant would cause significant impacts to water supply and its uses, and would not conform to applicable Laws, Ordinances, Regulations, Standards and State policy, and there is a feasible alternative to the use of Colorado River groundwater, staff has recommended that the project be amended to

use dry cooling towers, or equivalent.

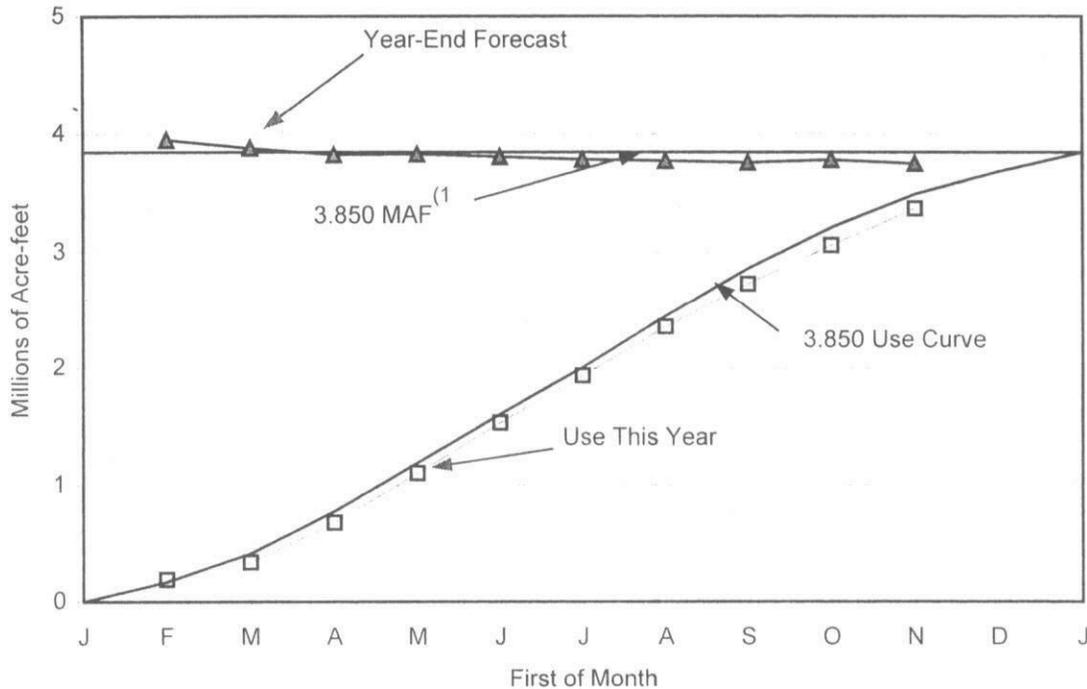
WCOP - Reasonably quantitative conservation of water by the WCOP cannot be determined because there is no complete and comprehensive actual plan available for evaluation. Wind and water borne soil erosion related potentially significant impact to fallowed lands could occur due to inadequate mitigation measures not consistent with Natural Resources Conservation Service (NRCS) recommended guidelines. A complete WCOP is needed that includes detailed procedures for implementation, management, monitoring, reporting, and verification of its effectiveness for both quantitative conservation of 3,300 acre-feet per year of Colorado River groundwater and mitigation of erosion related potentially significant impacts to fallowed lands. The CEC has requested that the complete draft WCOP should be made available for review and comment by agencies to include USBR, CRB, PVID, and NRCS at least 60 days prior to the date scheduled for publication of the Final Staff Assessment.

Palo Verde Mesa Lands

To date, there has been very little progress on identifying the 16,000 acres of PVID lands on the Lower Mesa. However, there have been discussions with BLM asking it to consider formally requesting, from the PVID, exclusion of its lands from PVID's service area. Also, consideration is being given to writing a letter to the Riverside County Administrator, to also consider withdrawing its lands on the Lower Mesa from PVID's service area. The Board's staff has been dealing with area supervisors on this issue with no success.


Gerald R. Zimmerman
Executive Director

FIGURE 1
DECEMBER 1 FORECAST OF 2003 YEAR-END COLORADO RIVER WATER USE
BY THE CALIFORNIA AGRICULTURAL AGENCIES



Forecast of Colorado River Water Use by the California Agricultural Agencies (Millions of Acre-feet)			
Month	Use as of First of Month	Forecast of Year End Use	Forecast of Unused Water (1)
Jan	0.000	-----	-----
Feb	0.190	3.951	-0.196
Mar	0.339	3.882	-0.127
Apr	0.676	3.827	-0.072
May	1.102	3.833	-0.078
Jun	1.530	3.811	-0.056
Jul	1.933	3.788	-0.033
Aug	2.358	3.777	-0.022
Sep	2.732	3.764	-0.009
Oct	3.065	3.785	-0.030
Nov	3.375	3.756	-0.001
Dec			
Jan			

(1) The forecast of unused water is based on the availability of 3.755 MAF under the first three priorities of the water delivery contracts. This accounts for the 85,130 acre-feet of conserved water available to MWD during 2003 in accordance with the 1988 IID-MWD Conservation Agreement and the 1989 IID-MWD-CVWD-PVID Agreement as amended and the 1989 IID-MWD-CVWD-PVID Approval Agreement as amended and 10,000 AF of conserved water available to SDCWA in accordance with the IID-SDCWA Transfer Agreement as amended.