

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

January 9, 2007

ADMINISTRATION

Approval of Board Meeting Minutes – December 13, 2006

Included in the Board folder is a copy of the December 13, 2006, Board meeting minutes. Based upon Board member's review and comment, I am asking for approval and adoption of these meeting minutes.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of January 1, 2007, storage in the major Upper Basin reservoirs decreased by 445,300 acre-feet and storage in the Lower Basin reservoirs increased by 240,200 acre-feet during December 2006. Total System active storage as of January 4th was 33.958 million acre-feet (maf), or 57 percent of capacity, which is 0.493 maf less than one year ago (Upper Basin reservoirs increased by 538,600 acre-feet and Lower Basin reservoirs decreased 1.031 maf).

December releases from Hoover, Davis, and Parker Dams averaged 10,100, 8,820, and 5,430 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of January 2007, are 10,900, 9,100, and 6,100 cfs, respectively. The January releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

As of January 4th, taking into account both measured and unmeasured return flows, the Lower Division States' consumptive use of Colorado River water for calendar year 2006, as forecasted by Reclamation, totals 7.422 maf and is described as follows: Arizona, 2.811 maf; California, 4.304 maf; and Nevada, 0.306 maf. The Central Arizona Project (CAP) will divert 1.617 maf, of which 0.220 maf are planned to be delivered to the Arizona Water Bank. The Metropolitan Water District of Southern California (MWD) will use about 0.633 maf, which is 264,000 acre-feet less than its 2005 use of mainstream water.

The preliminary end-of-year estimate by the Board staff for 2006 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 3.684 maf. This estimate is based on the collective use, through November 2006, 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

Secretary of the Interior's Comments at the 61st Annual Conference of the Colorado River Water Users Association, Las Vegas, Nevada

Included in the Board folder is a copy of the remarks delivered by Secretary of the Interior, Dirk Kempthorne, at the annual Colorado River Water Users Association conference in Las Vegas, Nevada, on December 15th. Secretary Kempthorne asked that the Basin states continue to work diligently to address issues related to management of the River system and the environmental resources in the Basin. Secretary Kempthorne directly referenced the significant progress being made on the shortage and reservoir management EIS-process, as well as the Glen Canyon Dam Adaptive Management Program NEPA review. A copy of a Department of the Interior press release summarizing the Secretary's remarks has been included in the Board folder too.

Final 2007 Colorado River System Reservoirs Annual Operating Plan

As we have discussed at previous meetings, the draft Annual Operating Plan (AOP) was awaiting the approval of the Secretary of the Department of the Interior prior to distribution. On December 14, 2006, Secretary Kempthorne approved the AOP and distributed the AOP to the Governors of the seven Basin states. According to the final AOP, the upper basin delivery will be controlled by the objective minimum release of 8.23 million acre-feet during 2007. Releases from Lake Mead, in the lower basin, will be controlled by downstream delivery requirements; and based upon expected conditions, the Partial Domestic Surplus Condition will govern Lake Mead operations. The AOP notes that the projected releases in 2007 currently reflect demands under the Normal Condition for MWD, CAP, and SNWA. This, however, does not preclude MWD, CAP, or SNWA from requesting Partial Domestic Surplus water supplies in calendar year 2007, if necessary. Additionally, the AOP identifies that 1.5 million acre-feet of water will be made available for delivery to the Republic of Mexico in accordance with the 1944 Water Treaty.

MWD's Request for Article II(B)(6) Water

On December 18, 2006, Reclamation approved MWD's request that 14,960 acre-feet of mainstream water, diverted and utilized in 2005, be classified as Unused Apportionment, pursuant to Article II.B.6 of the Consolidated Decree in *Arizona v. California*, 547 U.S. ___(2006). The unused apportionment was made available based upon data indicating that Arizona did not divert approximately 290,000 acre-feet of mainstream water in 2005. A similar request made by the State of Nevada was also approved by Reclamation in the amount 1,778 acre-feet for 2005. A copy of Reclamation's letters approving both MWD's and Nevada's requests have been included in the Board folder.

MWD's Request for Recovery of Interstate Underground Storage Credits in 2007

MWD, Reclamation, Arizona Department of Water Resources, and the Arizona Water Banking Authority (AWBA) have developed a letter agreement to initiate recovery of water stored by the AWBA, on behalf of MWD, in 2007. With the letter agreement, MWD is requesting that the AWBA make 15,000 acre-feet available, and that CAWCD will recover an additional 15,000 acre-feet, and make that supply available to MWD via the intentionally created unused apportionment process. Copies of MWD's letter and the final letter agreement have been included in the Board folder.

Basin States Discussions

Basin States Representatives Meetings

Representatives of the Colorado River Basin states are continuing to meet. Meetings among the Basin states have been held on December 13th and 15th in Las Vegas, Nevada, and on January 4th and 5th in Phoenix, Arizona. On December 13th the Lower Basin states met to discuss the draft Basin States Agreement that was transmitted to former Secretary Norton on February 3, 2006; Arizona's draft of the Lake Mead Intentionally Created Surplus Forbearance Agreement (Forbearance Agreement); the exhibits to the Forbearance Agreement covering specific projects; and the draft of the Arizona and Nevada Shortage Sharing Agreement. The bulk of the meeting was devoted to discussion of the Arizona and Nevada Shortage Sharing Agreement. This Shortage Sharing Agreement is being considered by the parties to the Agreement and may be executed soon. A copy of the draft Arizona-Nevada Shortage Sharing Agreement is included in the handout material for the Board meeting.

On December 15th, representatives from the seven Basin states discussed the draft Basin States Agreement that was sent to former Secretary Norton on February 3, 2006. The intent is to finalize this Agreement and to execute it following Reclamation's release of the draft Environmental Impact Statement (DEIS) on the Development of Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead Under Low Reservoir Conditions. For California, it is anticipated that the Agreement will be signed by the Chairman of the Colorado River Board, as California's Colorado River Commissioner. As such, a copy of the Agreement will be available for the Board members review prior to the February meeting of the Board. It will then be an action item on the agenda for the February Board meeting.

The discussions among the Lower Basin states on January 4th and 5th focused on the Lower Colorado River Intentionally Created Surplus Forbearance Agreement (Forbearance Agreement). This is the instrument by which intentionally created surplus (ICS) water will be made available to the entity that created it. As discussed at previous Board meetings ICS water may be created through: 1) extraordinary conservation; 2) tributary conservation; 3) system efficiency projects; and 4) imported Non-Colorado River System water. The draft Forbearance Agreement describes each of these types of ICS, how they can be created, the terms under which

ICS would be released by the Secretary of the Interior, and the conditions under which the parties to the Forbearance Agreement would forebear the diversion of this ICS.

General agreement among representatives of the Lower Basin States has been reached on the content of the draft Forbearance Agreement; however, it will not be finalized and executed by the parties until the Record of Decision (ROD) for the Development of Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead Under Low Reservoir Conditions is issued and signed by the Secretary of the Interior, which is expected to occur December 2007. The parties within California that will sign the Forbearance Agreement are the major Boulder Canyon Project Act Section 5 contractors that could take surplus water if it were made available by the Secretary of the Interior, i.e., the Palo Verde Irrigation District, Imperial Irrigation District, Coachella Valley Water District, The Metropolitan Water District of Southern California, and the City of Needles.

In addition to the Forbearance Agreement, there will be a number of exhibits that describe, in detail, each of the ICS projects. These exhibits will be developed between now and the time that the Forbearance Agreement is signed.

Also, a Water Delivery Agreement will be prepared that describes details regarding the schedule, accounting, and release of the ICS. The Secretary of the Interior, although not a party to the Forbearance Agreement, would be a party to the Water Delivery Agreement and would be expected to release ICS water in accordance with both the Forbearance Agreement and the Water Delivery Agreement. The Water Delivery Agreement will be executed concurrent with the ROD and the Forbearance Agreement in December 2007.

The urgency to get the Forbearance Agreement completed in nearly final form at this time is to allow Arizona to take it to the Arizona Legislature to obtain authorization for the Director of the Arizona Department of Water Resources to execute it in its final form. This authorization will be obtained through a Joint House and Senate Resolution that will also be signed by the Governor of Arizona.

Colorado River Environmental Activities

Status of the Glen Canyon Dam Adaptive Management Work Group

As was discussed at the meeting last month, Reclamation has initiated a NEPA review process associated with Glen Canyon Dam operations and the Glen Canyon Dam Adaptive Management Program. By *Federal Register* notice published on December 12, 2006, Reclamation has announced its intent to prepare an EIS on the adoption of a Long-Term Experimental Plan (LTEP) for the future operation of Glen Canyon Dam and conduct of the Glen Canyon Dam Adaptive Management Program. The *Federal Register* notice also announced the scheduling of two public scoping meetings that were held on January 4th and 5th, in Phoenix, Arizona, and Salt Lake City, Utah, respectively. Written comments on the proposed development of the LTEP may be sent to Reclamation by the close of business on February 28th. Copies of the *Federal Register* notice, project fact sheet, and Reclamation's cover letter have been included in the Board folder.

Draft Programmatic Environmental Impact Report – Salton Sea Ecosystem Restoration Program

On October 19th the Departments of Fish and Game and Water Resources released the draft Programmatic Environmental Impact Report (PEIR) related to the proposed Salton Sea Ecosystem Restoration Program. The draft PEIR describes eight alternatives and compares these to existing conditions and two No Action alternatives. In association with public review and comment on the draft PEIR, three public workshops were held on November 14-16, 2006. The comment period on the draft PEIR began on October 19th and closes on January 16, 2007. Copies of the draft PEIR can be obtained from the Department of Water Resources. I have included copies of the Departments of Fish and Game and Water Resources announcement of release of the draft PEIR and proposed public meeting schedule in the Board folder. I have also included a copy of short editorial published on the January 2nd Los Angeles Times editorial page regarding the process.

California Regional Water Quality Control Board Notice of Public Hearing Regarding PG&E Discharge Permit, Topock Gas Compressor Station In-situ Pilot Test

The California Regional Water Quality Control Board (RWQCB), Colorado River Basin Region, issued a Notice of Public Hearing to amend a Waste Discharge Requirements (WDR) permit for Pacific Gas and Electric Company (PG&E) for the Topock Gas Compressor Station. PG&E has requested to amend the permit that the RWQCB issued in 2006 (Order No. R7-2006-2008), in order to authorize PG&E to conduct a pilot test. The purpose of the pilot test is to evaluate *in-situ* technologies to reduce hexavalent chromium (CrVI) to trivalent chromium (CrIII) in groundwater in the Colorado River flood plain adjacent to the Topock site. The results of the pilot test will be used to evaluate the effectiveness and persistence of the *in-situ* reductant (sodium lactate) under actual site conditions and to provide additional information on site conditions necessary to determine the feasibility of *in-situ* reduction of the CrVI plume. The proposed order authorizes both the increase in the amount of discharge as well as the number of injection events. The public hearing will take place on January 17, 2007, in La Quinta, California. A copy of the meeting notice has been included in the Board folder.


Gerald R. Zimmerman
Executive Director