

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

May 8, 2007

ADMINISTRATION

Approval of Board Meeting Minutes – April 11, 2007

Included in the Board folder is a copy of the April 11, 2007, Board meeting minutes. Based upon Board member's review and comment, I am asking for approval and adoption of these meeting minutes.

Fiscal Year 2007-08 Budget

Both the Assembly Subcommittee No. 3 on Natural Resources and Environmental Protection and the Senate Subcommittee No. 2 on Resources, Environmental Protection and Energy have approved the Board's budget as recommended by the Governor. The Board's FY 2007-08 budget, as recommended by the Governor, along with the approved salary adjustments, totals \$1,607,000 and is funded 100 percent from reimbursements.

A copy of the Board's proposed FY 2007-08 Budget is included in the handout material for the Board members. This is being provided at this meeting for the Board members information and will be acted upon at the June Board meeting, along with the standard agreement between the Board and the Six Agency Committee, which provides the funding for the Board's operations.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of May 1, 2007, storage in the major Upper Basin reservoirs increased by 204,000 acre-feet and storage in the Lower Basin reservoirs decreased by 437,600 acre-feet during April 2007. Total System active storage as of May 2nd was 33.103 million acre-feet (maf), or 56 percent of capacity, which is 0.689 maf less than one year ago (Upper Basin reservoirs increased by 0.773 maf and Lower Basin reservoirs decreased 1.462 maf).

April releases from Hoover, Davis, and Parker Dams averaged 18,370, 16,810, and 12,600 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of May 2007, are 16,800, 16,500, and 12,000 cfs, respectively. The May releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir.

As of May 3rd, taking into account both measured and unmeasured return flows, the Lower Division states' consumptive use of Colorado River water for calendar year 2007, as forecasted by Reclamation, totals 7.501 maf and is described as follows: Arizona, 2.810 maf; California, 4.382 maf; and Nevada, 0.309 maf. The Central Arizona Project (CAP) will divert 1.569 maf, of which 0.249 maf are planned to be delivered to the Arizona Water Bank. The Metropolitan Water District of Southern California (MWD) will use about 0.642 maf, which is 9,000 acre-feet more than its 2006 use of mainstream water.

The preliminary end-of-year estimate by the Board staff for 2007 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 3.751 maf. This estimate is based on the collective use, through April 2007, 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

Imperial Irrigation District's Letter to Reclamation Regarding 2006 Decree Accounting Report

Based upon Reclamation's preliminary 2006 Decree Accounting report, the Imperial Irrigation District (IID) has requested that Colorado River mainstream water that was apportioned in 2006, but unused, be made available to IID pursuant to Article II(B)(6) of the Consolidated Decree in *Arizona v. California*. If made available to IID, this unused apportionment would then off-set a portion of IID's inadvertent overrun during the 2006 time period. A copy of IID's letter requesting this action is included in the Board folder.

Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead – Draft Environmental Impact Statement

As has been reported at previous Board meetings, comments on the draft environmental impact statement (DEIS) related to Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lakes Powell and Mead were due in Reclamation's Lower Colorado Regional office on April 30th. After discussions with the other Basin states and California agencies, the Board prepared a comment letter highlighting several general concerns, as well as, provided specific comments related to various sections of the DEIS. Generally, the Board's comment letter expressed support for the Basin States' Alternative and related agreements that were submitted to Secretary Kempthorne on April 30th. Additionally, the Board urged the Secretary to work with the U.S. Department of State and the United States and Mexican Sections of the International Boundary and Water Commission (IBWC) to develop a process for imposing shortages on Mexico when the Secretary declares a shortage in the Lower Basin and when users in the United States must reduce diversions and uses.

Specific comments provided by the Board indicated that: 1) the assumption that California water users would be expected to share 60 to 65 percent of any stage-two shortage is invalid and not consistent with the Law of the River; 2) in order to present information on the

full range of potential impacts associated with possible droughts, the final environmental impact statement (FEIS) should contain further analysis of potential climate change and global warming; 3) because the system storage in the reservoirs at the end of the interim period is unknown, the FEIS and Record of Decision (ROD) should contain default operating criteria for both surplus and shortage conditions for preparation of the 2027 Annual Operating Plan if the Secretary and the Basin states cannot agree on an operating strategy that extends or modifies the interim guidelines prior to 2027; 4) the suggestion contained in the DEIS that California is in the process of reducing its Colorado River water use to its basic apportionment of 4.4 maf and needs to implement programs to assist in that reduction is inaccurate, as California has already reduced its water use as evidenced by less than 4.4 maf being consumptively used in 2004 and 2005; and 5) because the terms of the 2003 Colorado River Water Delivery Agreement, the Quantification Settlement Agreement, and related agreements are binding on the California parties, the benchmarks and associated text do not need to be a part of the FEIS and the ROD. Copies of the Board's full comment letter, as well as letters from California agencies have been included in the Board folder.

During the comment period, Reclamation received comments from 75 entities and individuals. These include individual letters from both the United States and Mexican Sections of the International Boundary and Water Commission, comment letters from three federal agencies, seven state agencies, 18 local agencies, 11 Indian Tribes, nine special interest/environmental entities, 22 individuals, and one business. All of the comment letters that were received by Reclamation have been posted on the website of the Lower Colorado Regional office at: www.usbr.gov/lc/region/programs/strategies/DEIScomments/index.html.

Reclamation will be reviewing the comments that were received and begin preparation of the FEIS. Reclamation's schedule calls for the FEIS to be released in September 2007 and the Record of Decision to be issued by the Secretary of the Interior in December 2007.

For the Board members information, copies of two recent news articles describing the Basin states' submittal to the Secretary of the Department of the Interior have been included in the Board folder.

Basin States Discussions

Basin States Agreement Associated with the Seven Basin States' Proposal Regarding Colorado River Interim Operations

The Basin states representatives met on April 23, 2007, in Las Vegas, Nevada, and finalized the Basin states' package that was submitted to Secretary Kempthorne regarding the DEIS. As has been discussed at previous Board meetings, the Basin states package included the transmittal letter, the Basin States' Alternative, and related agreements. The Basin states representatives intend that the final package of agreements, along with, the Proposed Interim Guidelines for Colorado River Operations be considered by the Secretary and Reclamation in the development of the preferred alternative and the subsequent Record of Decision (ROD). At the meeting on April 23rd, representatives of the seven Basin states signed the letter accompanying the following final documents: (1) an executed Agreement Concerning Colorado River

Management and Operations; (2) Proposed Interim Guidelines for Colorado River Operations; (3) Lower Colorado River Basin Intentionally Created Surplus Forbearance Agreement; and (4) an executed Arizona-Nevada Shortage-Sharing Agreement. Copies of the entire Basin states package of material has been included in the handout material

Chairman Fisher, on behalf of the Board, executed both the transmittal letter to Secretary Kempthorne providing comments on the DEIS and the Agreement Concerning Colorado River Management and Operations. The Basin States Agreement was extensively discussed at the April Board meeting.

Regarding the transmittal letter, it supported the Basin States' Alternative and the related package of material that were sent to Secretary Kempthorne commenting on the DEIS. The transmittal letter further indicated that it will be necessary for the Secretary to enter into one or more Water Delivery Agreements to deliver Intentionally Created Surplus (ICS) water to entities that create ICS and to deliver Developed Shortage Supplies (DSS) in conformance with the proposed Guidelines and Forbearance Agreement. The transmittal letter also recognized that how the United States would exercise its authority to reduce the quantity of water delivered to Mexico under the 1944 Mexican Water Treaty has not been resolved. The Basin states indicated that this is an extremely important issue and urged the United States to reduce the quantity of water delivered to Mexico in years that there are shortages in the Lower Basin consistent with the assumptions contained in the DEIS, as well as in other appropriate circumstances.

The transmittal letter further indicated the Basin states support the participation of Mexico in the ICS program at some time in the future, provided that Mexican participation is addressed in the context of other River operation matters and is part of a comprehensive arrangement between the two nations. The Basin states reiterated their support for implementation of projects that augment the available water supply in the Colorado River System and indicated that this must remain at the forefront of the Basin states' and Interior's agendas. These augmentation projects may include exchanges of non-Colorado River System among the Lower Division states and possibly between entities within the United States and Mexico. The analysis of such system augmentation projects that was included in the DEIS should also be included in the FEIS.

Central Arizona Water Conservation District Letter Regarding Determination to Maintain Full Aqueduct Conditions in the Central Arizona Project Canal

As we discussed at the last Board meeting, on March 26, 2007, the Board received a letter from the Central Arizona Water Conservation District (CAWCD) stating CAWCD's intent to continue to divert more than 2,500 cubic-feet-per-second (cfs) in the Central Arizona Project (CAP) canal system, even though there is language in the 1968 Colorado River Basin Project Act (CRBPA), Section 301(a), that only allows diversions above 2,500 cfs in the event that there are flood control or equalization releases from Lake Powell. The letter further indicates that it is CAWCD's opinion that clarifying language in the 1984 Hoover Power Plant Act superseded the intent of the CRBPA, through promoting operational efficiency and power management. In its letter, CAWCD also stated that it does "...not intend to operate the CAP in a manner that will cause Arizona's Colorado River water use to exceed its legal entitlement."

Based upon direction provided by the Board at the April Board meeting, a response letter was prepared and mailed to CAP on May 3, 2007. In the letter, several concerns were addressed concerning CAWCD's current position regarding utilization of the available capacity of the canal system to divert water above 2,500 cfs. The letter stated that California is still of the opinion that the prohibition expressed in section 301(a) of the 1968 CRBPA is still applicable; and, furthermore, that California does not accept CAWCD's proposition that subsequent legislation, including the Hoover Power Plant Act, have modified the CRBPA prohibition. The Board's letter indicates its receptiveness to begin discussions with representatives of the State of Arizona, other Basin states, and CAWCD to discuss these issues in more detail. A copy of the Board's letter to CAWCD has been included in the Board folder.

WATER QUALITY

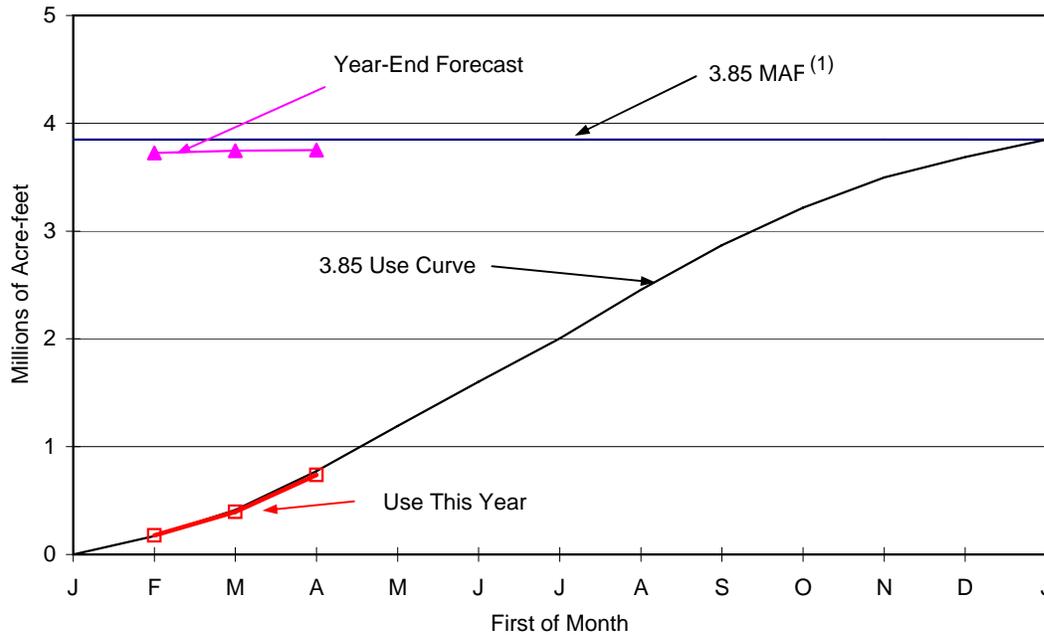
Moab Uranium Mill-Tailings Site Clean-up

Utah's United States Senator, Bob Bennett, stated in a recent Salt Lake Tribune article that the U.S. Department of Energy's (DOE) assessment that it would take approximately 21 years to relocate the Moab uranium mill tailings and clean up the site is "unacceptable." Senator Bennett urged DOE to complete the job in the original timeframe, i.e., approximately seven to ten years. Senator Bennett maintained that this is not just a local issue, but affects nearly 25 million users of Colorado River water downstream of the mill tailings site location. A copy of the news article is included in the Board folder.



Gerald R. Zimmerman
Executive Director

FIGURE 1
MAY 1 FORECAST FOR 2007 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	0.178	3.726	-0.020
Mar	0.396	3.746	-0.040
Apr	0.738	3.751	-0.045
May			
Jun			
Jul			
Aug			
Sep			
Oct			
Nov			
Dec			
Jan			

(1) The forecast of unused water is based on the availability of 3.657 MAF under the first three priorities of the water delivery contracts. This accounts for the: 81,940 af of conserved water available to MWD under the 1988 IID-MWD Conserv. agreement and the 1989 IID-MWD-CVWD-PVID Agreement as amended; 60,000 af of conserved water available to SDCWA under the IID-SDCWA Transfer agreement as amended; 14,500 af of water IID and CVWD are forbearing to permit the Secretary of the Interior to satisfy a portion of Indian and Miscellaneous present perfected rights use; 35,450 af of water IID is forbearing to pay back Colorado River Water Delivery Agreement Exhibit C overruns; 1,000 af of water IID is conserving to create Intentionally Created Surplus in Lake Mead. As USBR is charging disputed uses by Yuma Island pumpers to Priority 2, the amount of unused water has been reduced by those uses --0.008 maf. The CRB does not concur with USBR's viewpoint on this matter.