

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

September 13, 2011

ADMINISTRATION

Approval of Board Meeting Minutes – July 13, 2011

A copy of the draft July 13th Board meeting minutes have been included in the Board folder for review and consideration. I am respectfully requesting the Board's review of these proposed meeting minutes in anticipation of adoption and approval at the regularly scheduled Board meeting on September 14th.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of September 1, 2011, storage in the major Upper Basin reservoirs decreased by 847,200 acre-feet and storage in the Lower Basin reservoirs increased by 575,300 acre-feet during August 2011. Total System active storage as of September 5th was 38.923 million acre-feet (maf), or 65 percent of capacity, which is 5.258 maf more than one year ago (Upper Basin reservoirs increased by 2.811 maf and Lower Basin reservoirs increased by 2.447 maf).

August releases from Hoover, Davis, and Parker Dams averaged 13,520, 13,380 and 10,880 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of September 2011, are 11,700, 12,700, and 9,200 cfs, respectively. The September releases represent those needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir and storage in the Warren H. Brock (Drop 2) Reservoir.

As of September 6th, taking into account both measured and unmeasured return flows, the Lower Division states' consumptive use of Colorado River water for calendar year 2011, as forecasted by Reclamation, totals 7.365 maf and is described as follows: Arizona, 2.801 maf; California, 4.301 maf; and Nevada, 0.263 maf. The Central Arizona Project (CAP) will divert 1.598 maf, of which 0.134 maf are planned to be delivered to the Arizona Water Bank. The Metropolitan Water District of Southern California (MWD) will use about 0.724 maf, which is 375,000 acre-feet less than its 2010 use of mainstream water.

The preliminary end-of-year estimate by the Board staff for 2011 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 3.566 maf. This estimate is based on the collective use, through July 2011, 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 projected end-of-year agricultural use for the year.

As of September 11th, the water level at the Lake Mead was at 1,114.20 feet above the mean sea level, and the storage was 12.801 maf, 49.5 percent of capacity, while the water level at Lake Powell was at 3,654.25 feet above the mean sea level and the storage was 17.751 maf, 73.0 percent of capacity.

Colorado River Operations

Draft 2012 Annual Operating Plan

The final consultation associated with the development of the 2012 Annual Operating Plan was held in Las Vegas on August 30th. A new draft of the proposed 2012 AOP has been posted to Reclamation's website, and is available via the following link: http://www.usbr.gov/lc/region/g4000/AOP2012/AOP12_draft.pdf. Based upon the August 2011 24-Month Study, the Most Probable Unregulated Inflow into Lake Powell is estimated to be 17.08 million acre-feet, or 142% of average. Based upon these projected conditions, the Upper Elevation Balancing Tier will govern the operation of Lake Powell for Water-Year 2012, and the projected annual release from Glen Canyon Dam will be 13.57 maf. Based upon a projected January 1, 2012, Lake Mead water surface elevation of 1,134.12 feet and consistent with the 2007 Interim Guidelines, the "Intentionally Created Surplus (ICS) Condition will govern releases for downstream uses in Arizona, California, and Nevada during Calendar-Year 2012. While there are no new Inadvertent Overrun and Paybacks anticipated for 2012, there may be paybacks from prior years that will carry over to 2012. Finally, a volume of up to 1.5 maf will be available to be scheduled for delivery to Mexico during Calendar-Year 2012. I have also included copies of several pertinent slides from Reclamation's August 30th final consultation presentation for your information.

Status of the Flaming Gorge Pipeline Proposal (Aaron Million Project)

In the Board folder I have included a September 6th news release from Western Resource Advocates reporting the release of a report that recently analyzed the costs of the proposed Flaming Gorge Pipeline Project. This report, prepared by economist George Oamek, indicates that the project could be two to ten times more expensive than other water project proposals, and could result in water costing as much as \$4,700 per acre-foot per year for end-users of the Flaming Gorge Pipeline Project water. The news release, included in the Board folder, includes the web address where a copy of the full report can be obtained. On this same topic, I've included a copy of two recent news articles (*Wyoming Business Report* and *The Colorado Independent*) that also report on the results of the Western Resource Advocates economic study.

Basin States Discussions

Status of Binational Discussions/Negotiations

Several meeting regarding the ongoing discussions to develop a comprehensive minute with Mexico dealing with the creation and delivery of Intentionally Created Mexican Apportionment (ICMA), the conversion of ICMA to Intentionally Created Surplus (ICS) for use within the United States, surplus and shortage sharing, and the pursuit of new water and environmental projects. As reported in the August Board Information Report, the binational discussions have focused on dealing with the technical aspects of salinity and hydrology. Modeling of both of these parameters is continuing. The next binational hydrology meeting will be held on September 29th in San Diego, California.

The objective still remains to have a signed Minute to the 1944 Water Treaty, acceptable to both countries, by the beginning of 2012. That means that the discussions are beginning to be moved out of the technical groups and into the policy groups. A meeting was held on August 30th among the United States' representatives to begin setting forth the elements of a comprehensive Minute that may acceptable to the U.S. representatives. During that meeting, it became apparent that discussions among the Lower Basin representatives needed to occur. A meeting of the Lower Basin representatives was held on September 9th in San Diego to attempt to reach Lower Basin agreement on elements of a Binational Package and in particular on how surplus water might be made available to Mexico as part of an Exploratory Cooperative Binational Package. Further discussion of elements of the Binational Package will occur during the September 14th Board meeting.

Status of the Colorado River Basin Water Supply and Demand Study Report

The Basin Study, although somewhat behind schedule, is moving forward. Reclamation is continuing to meeting with the conservation organizations and Native American Tribes to obtain their input. A Basin states and Reclamation meeting of the Project Team was held in San Diego on September 8th and 9th to get an update on the status of the study and to lay out the near-term objectives that need to be accomplished in order to complete the study on or close to the current schedule.

Data regarding the current trends in water demands are being finalized. Reclamation has developed a demand and trends spreadsheet tool that can be used to analyze the demands and to develop future scenarios. There still are some inconsistencies in the California data to be modeled and analyzed in the study. Thus, the California parties have agreed to work with Reclamation to eliminate these potential inconsistencies. This needs to be completed within the next two weeks.

When the inconsistencies in current trends data are rectified, the parameter data associated with the current trends will be modified for each of the scenarios to be evaluated in the study consistent with the storylines for each scenario, e.g., economic slowdown, expansive growth, and enhanced environment and healthy economy. Each of the states and Reclamation are beginning to develop these scenarios using the demand scenario developer tool, which

Reclamation will be sending to each of the states. The initial draft of these scenarios will be discussed at the next Project Team meeting, which is scheduled for October 13th in Las Vegas, Nevada.

Reclamation staff and the consultants are currently reviewing the 13 comment letters that were received on Interim Report 1. Reclamation is meeting with those who submitted comments, and as appropriate those comments will be incorporated into the document by the Study Team.

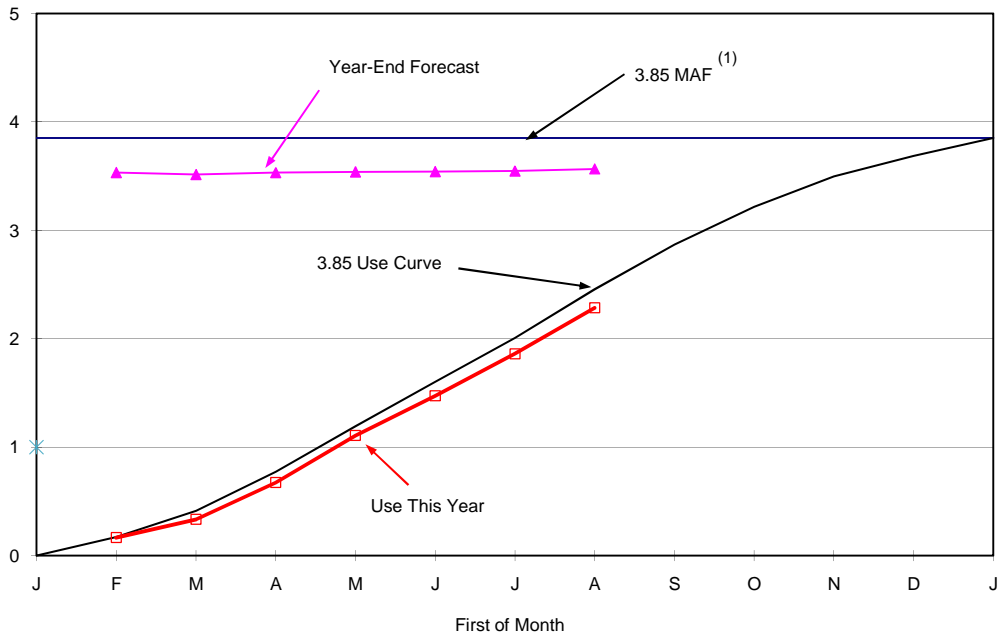
To assist in moving the Basin Study toward completion, a small group is being formed to begin to look at draft strategies and options associated with each scenario. The membership on this small group will be identified within the next two weeks.

Finally, as has been discussed at previous meetings, the financial agreement for this study needs to be modified to recognize the additional cost that will be needed to complete the study. Reclamation intends that the revised funding/financial contributions agreement will be forwarded to each of the signatory parties within the next two weeks.

/s/

Christopher S. Harris
Acting Executive Director

FIGURE 1
SEPTEMBER 1, 2011 FORECAST OF 2011 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	0.167	3.533	0.009
Mar	0.335	3.514	0.028
Apr	0.674	3.531	0.011
May	1.107	3.539	0.004
Jun	1.473	3.541	0.001
Jul	1.861	3.546	-0.004
Aug	2.285	3.566	-0.023
Sep			
Oct			
Nov			
Dec			
Jan			

(1) The forecast of unused water is based on the availability of 3.542 MAF under the first three priorities of the water delivery contracts. This accounts for the 85,000 af of conserved water available to MWD under the 1988 IID-MWD Conservation agreement and the 1988 IID-MWD-CVWD-PVID Agreement as amended; 80,000 AF of conserved water available to SDCWA under the IID-SDCWA Transfer Agreement as amended being diverted by MWD; as estimated 29,000 AF of conserved water available to SDCWA and MWD as a result of the Coachella Canal Lining Project, 67,700 AF of water available to SDCWA and MWD as a result of the All American Canal Lining Project; 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 and 25,000 AF of water IID is conserving to create Extraordinary Conservation Intentionally Created Surplus. 0 AF has been subtracted for IID's Salton Sea Salinity Management in 2011. As USBR is charging uses by Yuma Island pumpers to priority 2, the amount of unused water has been reduced by those uses - 6,530 AF. The CRB does not concur with USBR's viewpoint on this matter.