

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

October 9, 2012

ADMINISTRATION

Minutes of the August 15, 2012 Meeting of the Colorado River Board

A copy of the draft August 15th Board meeting minutes has been included in the Board folder for your review and consideration. I am respectfully requesting the Board's adoption and approval of the August 15th minutes at the regularly scheduled Board meeting on October 10th.

Minutes of the September 4, 2012 Teleconference Special Meeting of the Colorado River Board

A copy of the draft September 4th teleconference special Board meeting minutes has been included in the Board folder for review and consideration. I am respectfully requesting the Board's adoption and approval of the September 4th minutes at the regularly scheduled Board meeting on October 10th.

AGENCY MANAGERS' MEETING

I would like to have an Agency Managers' meeting following the conclusion of the Board meeting, Six Agency Committee and Colorado River Authority meetings on October 10th. The purpose of the meeting is two-fold. First, the meeting would provide me with an opportunity to introduce myself to the Managers and staff. Finally, I would like to have a brief discussion with the Managers regarding the upcoming meetings with the Basin States and Reclamation associated with finalizing the Inadvertent Overrun and Payback Policy Procedures (IOPP) and the 2012 California Benchmark issue. Both of these issues are discussed in more detail in following sections of this Report.

PROTECTION OF EXISTING RIGHTS

Colorado River Basin Water Report

As of October 1, 2012, the water level at Lake Mead was at 1,115.16 feet, and the storage was 13.135 maf, 50.8 percent of capacity, while the water level at Lake Powell was at 3,621.56 feet and the storage was 13.929 maf, 57.3 percent of capacity. During September, storage in the major Upper Basin reservoirs decreased by 397,070 acre-feet and storage in the Lower Basin reservoirs decreased by 271,200 acre-feet. Total System active storage as of October 1st was 34.023 million acre-feet (maf), or 57 percent of capacity, which is 4.657 maf less than one year

ago (Upper Basin reservoirs decreased by 4.786 maf and Lower Basin reservoirs increased by 0.128 maf).

September releases from Hoover, Davis, and Parker Dams averaged 10,670, 12,150 and 9,210 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of October 2012, are 6,200, 9,600, and 7,200 cfs, respectively. The October releases represent those needed to meet downstream water requirements including those caused by the reduced operation of Senator Wash Reservoir and storage in the Warren H. Brock (Drop 2) Reservoir. On October 4th, Reclamation announced that the flow of the Lower Colorado River will be significantly reduced below Hoover and Davis Dams this month because of a break in the Central Arizona Project (CAP) aqueduct near Bouse, Arizona, approximately 50 miles southeast of Lake Havasu City.

As of October 1st, taking into account both measured and unmeasured return flows, the Lower Division states' consumptive use of Colorado River water for calendar year 2012, as forecasted by Reclamation, totals 7.448 maf and is described as follows: Arizona, 2.780 maf; California, 4.410 maf; and Nevada, 0.258 maf. The CAP will divert 1.605 maf, of which 0.134 maf are planned to be delivered to the Arizona Water Bank.

COLORADO RIVER OPERATIONS

Bureau of Reclamation's Appointment of Dr. Terrance J. Fulp as the Regional Director for the Lower Colorado Region

On September 10, 2012, Reclamation Commissioner Mike Connor appointed Dr. Terry Fulp as the Regional Director of Reclamation's Lower Colorado Region. Terry has been associated with the Lower Colorado Region for much of his Reclamation career, and has served as Deputy Regional Director since March 2008. Prior to his becoming the Deputy Regional Director, Terry was the Area Manager for the Boulder Canyon Operations Office within Lower Colorado Region. Terry holds a doctorate in mathematics and computer science from the Colorado School of Mines, and two master's degrees (civil engineering and geophysics), and a bachelor's degree in earth sciences. I am sure that all of the Board members and Agencies join me in congratulating Terry on his new appointment, and that we all look forward to working with him and the Lower Colorado Regional staff as we continue to address the critical issues facing us in the Basin. For your information, I have included in the Board folder a copy of the memorandum from Reclamation's Washington Office announcing the selection and appointment of Terry as Lower Colorado Region's Regional Director.

Final Arizona Water Banking Authority Accounting of the Southern Nevada Water Authority Interstate Account for Calendar-Year 2011

On August 30th, the Arizona Water Banking Authority submitted to Reclamation its final verified accounting of the Southern Nevada Water Authority (SNWA) Interstate Account for calendar-year 2011. According to the report, SNWA began 2011 with 600,651 acre-feet in its Interstate Account and having made no deposits or withdrawals from its account during 2011, therefore finishes the calendar year with 600,651 acre-feet of long-term storage credits in its account. I have included a copy of the final accounting report in the Board folder.

Meetings with Reclamation Commissioner Michael Connor at the 2012 National Water Resources Association Annual Conference, San Diego, California, October 31—November 2, 2012

During a recent meeting, Reclamation's Lower Colorado Regional Director informed interested stakeholders of an opportunity to schedule short meetings with Reclamation Commissioner Mike Connor during the National Water Resources Association's annual conference being held in San Diego, California on October 31st through November 2nd at the Hotel Del Coronado. Board staff sent an electronic mail message to the Agencies informing them of this opportunity in mid-September and I hope that some of you will have an opportunity to meet with Commissioner Connor at the conference. I have included a copy of the invitation in the Board folder.

Development of the 2013 Annual Operating Plan for the Colorado River Reservoir System

The Bureau of Reclamation held its third, and final, consultation meeting for preparation of the 2013 Annual Operating Plan (AOP) at the McCarran International Airport in Las Vegas, Nevada, on September 12th. A revised draft of the 2013 AOP was posted to Reclamation's Upper and Lower Colorado Region websites and was the focus of review and discussion during the final consultation meeting. Additionally, Reclamation staff from the Upper and Lower Colorado Regional offices provided overviews of the current hydrologic conditions within the Colorado River Basin, as well as projected operations of the Colorado River reservoir system.

Currently, the final draft of the 2013 AOP still projects that the Upper Elevation Balancing Tier will govern releases from Lake Powell. This proposed determination is based upon current water supply conditions and the most probable near-term conditions projection in the upcoming August 2012 24-Month Study. Based upon current projections, it still appears that the total release from Glen Canyon Dam during 2013 will be at least 8.23 million acre-feet.

Taking into account the current water storage conditions in the Colorado River Basin, the most probable near-term water supply conditions and the 2007 Interim Guidelines, the Intentionally Created Surplus (ICS) Condition will govern releases from Hoover Dam and Lake Mead during 2013; and ICS may be created and delivered in 2013 pursuant to the Interim Guidelines. At this time, no unused apportionment for calendar year 2013 is anticipated. Finally, the Inadvertent Overrun and Payback Policy, which became effective January 1, 2004, will be in effect during calendar year 2013.

From a basin-wide water supply perspective, Reclamation reported that 2012 was the third driest year on record, and as of May 17th the forecast runoff into Lake Powell was only 14% of average. The April-July unregulated inflow into Lake Powell during water-year 2012 was 4.9 maf, or 46% of the 30-year average (1981-2010). Precipitation in the Upper Basin throughout much of water-year 2012 was approximately 80% of average. At the beginning of water-year 2012 (October 1, 2011), the total storage in the Colorado River system was 64% of capacity and was projected to be 60% of capacity at the end of the water-year on September 30, 2012. Reclamation also reported that within the Lower-48 contiguous United States, July 2012 will go down as the hottest July on record and that drought conditions existed in over 60% of the country.

An updated electronic version of the draft 2013 AOP can be accessed on Reclamation's webpage at http://www.usbr.gov/uc/water/rsvrs/ops/aop/AOP13_draft.pdf. The Board folder includes a number of the presentation slides used during the final consultation meeting. These slides provide an overview of the release volumes proposed for the 2013 AOP, the hydrologic conditions in the Upper and Lower Basins, and maintenance and operational aspects at several of the facilities within the Basin.

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

Members of the Basin Study Project Team met in Santa Fe, New Mexico, on September 19th and 20th, 2012, to finalize the portfolio and modeling approach. The schedule for the final Basin Study Report has been pushed back to the end of November to allow more time for peer review. The Project Team members are in the process of reviewing Technical Report E—Approach to Develop and Evaluate Opportunities to Balance Supply and Demand, and Technical Report F—Development of Options and Strategies. These two reports are expected to be available to the Project Team and the Options and Strategies Workgroup members for review by October 8th. Except for the Ten-Tribes Partnership Meeting in Yuma, Arizona, scheduled for October 10th, there are no additional meetings scheduled until the completion of the final draft Basin Study Report in late-November 2012.

I am pleased to report that Interior Secretary Salazar recently awarded the partnership developing the Colorado River Basin Water Supply and Demand Study the Department's "Partners In Conservation" award. This award recognizes partnerships that promote conservation, protect natural and cultural resources, use innovative approaches to resource management, and engage diverse entities in accomplishing the Department's mission. The formal award ceremony is at 11:00 a.m. on October 18, 2012, at the Department of the Interior Building in Washington, D.C.

I also want to report that the Basin States have been working on a white paper that is intended to identify a set of commitments to future actions and/or activities following the completion of the final Basin Study Report. Some of the initiatives being evaluated for inclusion within this paper include: (1) projects involving conservation and reuse; (2) regional solutions (e.g., water banking, weather modification, vegetation management, etc.); and (3) desalination and importation. In conjunction with the finalization of the Basin Study Report, it is the general intention of the Basin States to work with local, state, and federal agencies, as well as a broad array of diverse stakeholders, to obtain funding to aid in the assessment and implementation of the initiatives identified above.

Status of Reclamation's Process to Finalize the Inadvertent Overrun and Payback Policy and Procedures

Reclamation has reinitiated a process to finalize the procedures associated with implementation of the Inadvertent Overrun and Payback Policy (IOPP). The IOPP program is an important and fundamental element within the 2003 Colorado River Water Delivery Agreement. Reclamation and interested Lower Basin stakeholders met in Las Vegas, Nevada, on September 12th to begin the process of reviewing the current iteration of the IOPP procedures. At that meeting, Reclamation's Lower Colorado Regional Director, Terry Fulp, indicated that it was

Reclamation's desire to try and complete the process by the end-of-the-year. He further indicated that the draft procedures have already been through two "fatal flaw" reviews by stakeholders and that Reclamation has solicited comments from a large number of interest groups throughout the Basin. In an effort to finalize the IOPP Procedures, Reclamation stated that it is utilizing the general guiding principles, of keeping the system whole, encouraging appropriate behavior and of being fair and equitable to all users. Another meeting to continue the discussions regarding the IOPP Procedures has been scheduled by Reclamation for October 19th at the McCarran International Airport in Las Vegas, Nevada.

California 2012 Benchmark Issue

As part of California's implementation of its Colorado River Water Use Plan (Water Use Plan) limiting its use of mainstream water to 4.4 million acre-feet in a normal year, the Secretary of the Department of the Interior (Secretary) issued a Record of Decision on January 16, 2001 for the *Colorado River Interim Surplus Guidelines* (ISG). To ensure compliance with the agricultural water use reductions planned by California, the Secretary adopted benchmarks that are to be met every three years (i.e., 2003, 2006, 2009, and 2012) to keep the ISG in effect. These benchmarks were intended to reflect the transfer schedules proposed in the 2000 draft of the Water Use Plan.

Section 5 of the ISG (as well as Section 5 of the 2007 Interim Guidelines) requires that California report to the Secretary, through the Annual Operating Plan process, on its progress implementing the Water Use Plan. Consequently, the combined total of California's mainstream agricultural water use plus the 14,500 acre-feet of Present Perfected Right (PPR) use must be at or below the benchmark quantities specified in Section 5.C. of the ISG for each benchmark date. For 2012, that benchmark quantity is 3.47 million acre-feet. Because of the inability to fully implement all of the proposed transfers of conserved water as envisioned in the Water Use Plan and the Quantification Settlement Agreement, California is currently not likely to meet the benchmark quantity for calendar year 2012. Pursuant to the ISG Section 5 reporting requirement, at the September 12th final consultation meeting associated with the development of the 2013 AOP, California formally notified the Secretary, Reclamation, and the other six Basin states that the 2012 benchmark may not be met. The primary reason that the benchmark has not been met is that transfers of conserved water to the State of California authorized by Fish and Game Code Sections 2081.7(c)(1) and 2081.7(c)(2) have not yet been implemented. In response to questions about the 2012 Benchmark status, California has initiated a process for meeting with Reclamation and the Basin states in an effort to address the issue.

BASIN STATES DISCUSSIONS

Update & Status of the Binational Discussions/Negotiations with Mexico

Since the last Board meeting, activities related to completing the execution of Minute 319 and all of the related domestic documents have intensified. Mexican Commissioner Salmon has been meeting with officials in Mexico regarding Minute 319. Discussions in the United States have been occurring within the Department of the Interior, the Bureau of Reclamation, the International Boundary and Water Commission, and among the Basin states with a goal of having Minute 319 executed by the middle of November. As such, the United States parties

have focused their efforts on redrafting Minute 319 with the modifications that have come out of the Binational Workshop process and on drafting associated domestic agreements.

COLORADO RIVER ENVIRONMENTAL ISSUES

Status of the Development of the Glen Canyon Dam Long-Term Experimental and Management Plan Environmental Impact Statement

Reclamation and the National Park Service (NPS) are currently engaged in the preparation of an Environmental Impact Statement related to the development and implementation of the Long-Term Experimental and Management Plan for the Operation of Glen Canyon Dam Environmental Impact Statement (LTEMP EIS). Implementation of the Glen Canyon Dam LTEMP is intended to guide Glen Canyon Dam operations over the next 15-20 years, and fully incorporates much, if not all, of the relevant scientific knowledge that has been gained through the current Adaptive Management Program since the original Record of Decision was executed in 1996. As was reported at the August Board meeting, on July 2nd the Basin states submitted an alternative entitled, the "Resource Targeted Condition-Dependent" (RTCD) alternative to the LTEMP EIS co-leads (i.e., Reclamation and the National Park Service) for consideration for inclusion and analysis in the LTEMP EIS process that is intended to accomplish the following goals:

- To implement management actions to benefit key resources (i.e., humpback chub, and manage the trout, sediment resources, and benefit the aquatic foodbase);
- To use scientific experimentation and research to further identify and develop future management actions (i.e., utilizes the principles of adaptive management);
- To balance learning with improvements in key resources;
- To address the full-range of possible future hydrologic and reservoir conditions;
- To adhere to and conform with the 2007 Interim Guidelines; and
- To recognize and incorporate the provisions of the recently-issued FONSI for the High-Flow Experimental Protocol and Non-Native Fish Control EAs.

Since the submittal of the RTCD alternative in early-July, the LTEMP EIS co-leads developed a series of technical questions that were then presented to the Basin states. A meeting to discuss these questions was held on September 28th in Phoenix, Arizona. Representatives of the states and the scientists who helped prepare the RTCD alternative spent the day going through each of the technical questions, in a workshop format, and presented the LTEMP EIS co-leads with additional clarifying information about the RTCD alternative. Generally, the technical questions from the co-leads involved issues associated with how the RTCD alternative addressed the following: (1) trout management flows and impacts to humpback chub populations; (2) how the High-Flow Experimental (HFE) Protocol would be incorporated within the LTEMP; (3) information clarifying proposed operations at Glen Canyon Dam (e.g., ramping rates, daily release fluctuations, monthly release volumes, etc.); and (4) information clarifying the timing and utilization of "steady-flow", "sediment retention flows", and "rapid-response" HFE releases. The group also discussed issues associated with installation of a temperature control device on Glen Canyon Dam, installation of turbines on the jet-tubes, sediment augmentation of the system below the dam, and the potential impacts associated with native/non-native interactions.

The co-leads informed the Basin states that the Secretary of the Department of the Interior was proposing a modification of the completion schedule for the LTEMP EIS in order to allow Reclamation staff and the Basin states to more fully focus and dedicate staff time and resources on the on-going Binational negotiations with Mexico. Consequently, the LTEMP EIS co-leads indicated that the release of potential LTEMP EIS alternatives will not occur until early-2013.

WATER QUALITY

Status of the Groundwater Remediation Project at the PG&E Topock Gas Compressor Station

The Topock Compressor Station (Station), operated by Pacific Gas and Electric Company (PG&E), is located in San Bernardino County near Topock, Arizona, which is 15 miles southeast of the city of Needles, California and south of Freeway I-40. The Station and adjacent land are collectively known as the Topock Project Site. Environmental investigation and cleanup activities have been under way at the site since 1997.

PG&E has been working on the next phase of the design process for the Topock Compressor Station groundwater remedy, known as the Intermediate (60%) Design and has requested a 3-month extension for the submittal of the Intermediate (60%) Design to January 2nd, 2013. The extension request, which has been approved by both Department of Toxic Substance Control (DTSC) and the U.S. Department of the Interior's Office of Environmental Policy and Compliance, will give PG&E additional time to discuss arsenic treatment with DTSC and the Regional Water Quality Control Board and to explore other fresh water sources. The groundwater monitoring program for the investigation of the East Ravine and Compressor Station will be defined in the 60% and the 90% Remedial Design documents.

The Department of Toxic Substance Control is in the process of conducting a final review and performing a California Environmental Quality Act (CEQA) initial study based on the Soil Remediation Investigation and Risk Assessment Work Plan. DTSC has committed to keeping the Tribes and stakeholders informed on the status of the CEQA evaluation.



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