

STATE OF COLORADO

Colorado Water Conservation Board

Department of Natural Resources

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MEMORANDUM

TO: Colorado Water Conservation Board Members

FROM: Randy Seaholm
Chief, Water Supply Protection *RST*

DATE: May 16, 2005

SUBJECT: Agenda Item 28, May 23-25, 2005 Board Meeting -
Colorado River Issues

Bill Owens
Governor

Russell George
Executive Director

Rod Kuharich
CWCB Director

Dan McAuliffe
Deputy Director

The purpose of this agenda item is to provide a brief update on the Secretary of Interior's mid-year review of the 2005 Annual Operating Plan for Colorado River Reservoirs (AOP), development of shortage criteria, the development of the 2006 AOP, and deliveries to Mexico.

Mid-Year Review of the 2005 AOP for Colorado River Reservoirs

The Secretary of Interior issued her decision on the mid-year review of the 2005 AOP on May 2, 2005. The decision was to not lower releases out of Lake Powell to less than 8.23 million acre-feet (MAF) during WY 2005 even though there was a large difference in storage between Lakes Powell and Mead (34% vs. 62% of live storage capacity at the end of April). She cited the improved runoff conditions in the basin and the likelihood that storage in Powell and Mead would be approximately equal at the end of WY 2006. However, it did not mention the fact that Lower Basin tributary inflow will be significantly above average (about 1.0 MAF more than the average 1.3 MAF) and the fact that Lower Basin reservoirs, except for Lake Mead were essentially full as a result of the extensive precipitation in the Lower Basin during the previous 5 months. The decision also did not mention that Lower Basin uses on whole exceed the 8.5 MAF allocated to the Lower Basin under the Colorado River Compact. While the decision clearly stated that the Secretary had the discretion to lower releases out of Lake Powell and noted the disclaimers as to the differing positions between the Upper and Lower Basins regarding the Coordinated Long-Range Operating Criteria for Colorado River Reservoirs, clearly the factual conditions for reducing the releases out of Powell could not have been much better.

The decision went on to note that there would be a mid-year of the 2006 AOP and if conditions worsened by the time of the 2006 mid-year review that Interior would again consider the necessity for reductions in the releases out of Lake Powell. The decision further stated that the AOP process was not the appropriate forum in which to develop shortage strategies, yet it identified the

Colorado River Management Workgroup, the commonly used name for the group of individuals that Reclamation consults with during the development of the AOP each year, as the forum that should assist Reclamation in the development of shortage criteria. Furthermore, such group should be convened by the end of May 2005 to discuss at a minimum the development of shortage criteria and the conjunctive management of Lakes Powell and Mead. Conjunctive management was never a concept that the Basin States ever agreed on and should not be discussed absent the inclusion of the excessive uses in the Lower Basin and a determination of any annual deficiencies to deliveries to Mexico.

Development of Lower Basin Shortage Criteria

The Seven Colorado River Basin States have been meeting during the last several months and also established a technical work group. Discussions in the technical work group among other things discussed the development of, "Lower Basin Shortage Guidelines." The technical workgroup also reviewed many of the different options that the Lower Basin was considering to save water and become more efficient in their water use. The workgroup discussed the definition of "extraordinary drought" as used in the Mexican Treaty. The workgroup also identified three key triggers (Powell Storage, Powell Release and Mead Storage) and began evaluating at what lake levels and point in time to trigger them. Once the triggers are determined, the discussion then needs to shift to what happens (i.e. how large are the shortages, how long are they in place, etc.). The Lower Basin also provided some draft guidelines, which are attached hereto. Of particular concern in the draft guidelines is the reliance on the continued release of 8.23 MAF from the Upper Basin each year and the apparent lack of any consideration of reductions in Lower Basin uses that would cause them to stay within the Lower Basins compact apportionment. While the Upper Basin does not need to be fully engaged in the development of Lower Basin shortage criteria themselves, it does need to be fully engaged in the determination of the assumptions upon which those criteria are based and developed (i.e., the use of 8.23 MAF from the Upper Basin and excess uses in the Lower Basin to the extent those uses increase the amount and frequency of deficiencies to the Mexican Treaty deliveries). Staff believes that positions on these issues need to be consistent with the positions that we took during the mid-year review of the AOP. Lastly, the Secretary of Interior has indicated that by June 15th of this year a federal register notice will be issued for the development of shortage criteria and Interior expects that such criteria will be completed by December 2007.

Development of the 2006 AOP

The U. S Bureau of Reclamation will start to develop the 2006 AOP during this coming June as well. The 2006 AOP will require a mid-year review as the Secretary described in the decision concerning the mid-year review of the 2005 AOP. The Upper Basin should continue to take the same positions that it did during the mid-year review of the 2005 AOP, which are the same that it has always taken. Depending on how much runoff there actually is in 2005, that will probably go a long ways towards determining how vigorously we pursue those positions.

Deliveries to Mexico

There will be no shortages to Mexican Treaty deliveries this year and despite the exceeding large amounts of precipitation in the Lower Basin this year, over deliveries to Mexico to date have been

relatively minimal. The over deliveries as of April 22, 2005 were 112,900 acre-feet and have been just 58,000 acre-feet since January 1st of this year. This is largely because the U.S. Bureau Reclamation and the U.S Army of Engineers have worked very closely and utilized the Corps flood control reservoirs on the Bill Williams and the Gila to the maximum extent possible. Furthermore, Mexico has already adjusted their delivery schedule a couple of times to take advantage of those over deliveries, although this has not always worked to the benefit of the United States because over deliveries can be used to meet Mexico's needs in those over delivery months, which allows them in turn to increase deliveries in later months during the year as over deliveries do not account against the 1.5 MAF delivery obligation.

The two issues that will need to be addressed during the up coming discussions will be 1) how to determine deficiencies to the Mexican Treaty obligation, and 2) when does an "extraordinary drought exist such that Mexico must share in any shortages.

Recommendation

Staff recommends that the positions taken to date be continued and that it may be appropriate to further discuss some of these issues during executive session.

Attachment

DRAFT

LOWER BASIN SHORTAGE GUIDELINES

1. These shortage guidelines are interim and will expire in 2016 at the same time as the Interim Surplus Guidelines.
2. These shortage guidelines are based on the Long Range Operating Criteria and a minimum objective release from the Upper Basin of 8.23 maf.
3. Through year 2011, the Lake Mead shortage trigger will be based on the strategy known as 80P1050 with an absolute protection of elevation 1,000. This assumes that SNWA can acquire the necessary approvals and replace its upper intake by 2011.
4. Starting in 2012, the Lake Mead shortage trigger will be based on absolute protection of elevation 1,000.
5. Any shortage amount would be allocated between both US and Mexico.
6. In a year in which deliveries to Mexico are reduced below 1.5 maf, releases from the Upper and Lower Basins to satisfy the Mexican obligation will be reduced proportionately.
7. The Lower Basin states will provide recommended criteria for shortage declarations to protect the critical elevations described above and to avoid sudden reductions in water supply. Additional shortage trigger elevations may be identified above elevation 1,000.
8. A plan to address shortages in the U.S. portion of the Lower Basin will be developed by the three Lower Basin states and provided to the Secretary of the Interior at a later date.
9. A clause to allow re-consideration of the criteria at the initiation of a Lower Basin State with agreement of other states will be added.

2/25/05