**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

December 21, 1993

To: Board of Directors (Water Problems Committee--Information)
From: General Manager
Subject: U.S. Fish and Wildlife Service's Proposed Designation of Critical Habitat for Four Endangered Species of Fish in the Colorado River Basin

Report

On November 12, the U.S. Fish and Wildlife Service (Service) announced the availability of the Draft Economic Analysis and Overview documents for the proposed designation of critical habitat for the razorback sucker, Colorado squawfish, humpback chub, and bonytail chub. These four endangered fish species are native to the Colorado River. The razorback sucker, humpback chub, and bonytail chub are found in the Lower Colorado River Basin and designation of critical habitat could have an impact on Colorado River water and/or power operations. The public comment period on the contents of these documents, as well as the Draft Biological Support document issued earlier, extends to January 11, 1994. The Service has been ordered by the United States District Court for the District of Colorado to publish a final rule designating critical habitat by March 15, 1994 in Colorado Wildlife Federation et al. v. John Turner.

The Service has also solicited comments during this period on the economic criteria and thresholds for excluding areas from designation as critical habitat. An area may be excluded if it is determined that the economic or other benefits of exclusion outweigh the conservation benefits of specifying such an area as critical habitat, unless the failure to designate critical habitat would result in the extinction of the species concerned. The Service has not provided draft exclusion criteria for consideration by the public, only an overview of the exclusion process in the documents released.

In the Draft Economic Analysis, the Service has proposed that the decline in the water surface elevation of Lake Mohave be limited to two to three feet during any consecutive 10-day period between February 1 and April 30. This is to avoid dewatering inundated gravel terraces

containing razorback sucker eggs during their incubation. The document also indicates that the direct economic impacts for Arizona, California, and Nevada of listing the species as endangered and the proposed critical habitat designation depend upon the outcome of future Endangered Species Act Section 7 consultations. However, the document does not address the potential economic impacts of such consultations. Nor does the Draft Biological Support document provide sufficient detail regarding the extent of future evaluations of operations. In effect, the Draft Economic Analysis ignores potential management measures for the listed species which could cause substantial economic impacts to Southern California.

The Draft Economic Analysis concludes that positive economic impacts would result for the Colorado River Basin as a whole from designation of 2,094 overlapping miles of critical habitat for the four fish species. On a present value basis, the economic output (a measure of the values of all goods and services produced and/or consumed in the regional economy) would increase by \$167 million (1982 dollars, discounted at 3 percent). This increase in economic output is significantly influenced by the purported \$263 million increase projected for California's economy. A decline in economic output is projected for Arizona, Nevada, New Mexico, Utah, and Wyoming and an increase is projected for Colorado. The increase in the economic output for California is due to the assumption made in the economic analysis that more Colorado River water would be made available to, and actually used in, California for agricultural production as a result of critical habitat designation in the Upper Colorado River Basin. The recovery of the endangered fish species, and consequently critical habitat designation, was assumed to reduce the amount of water which would be diverted for consumptive use in the future for agricultural production in Colorado, New Mexico, Utah, and Wyoming. The increase in the economic output for Colorado is due to the assumption made in the economic analysis that thermal electric generation capacity would be constructed in Colorado to replace hydroelectric generation capacity lost as a result of listing and critical habitat designation. Replacement capacity would be required as a result of changes in the operation of hydroelectric power plants at federal reservoirs in the Upper Basin.

The Service held eight public hearings between November 29 and December 3 in cities in the seven states of

the Colorado River Basin to provide interested parties an opportunity to make their views known on these documents and other aspects of the proposal. Staff of the Colorado River Board of California (CRB), Metropolitan, Los Angeles Department of Water and Power, and the Southern California Public Power Authority presented statements at the December 3 hearing.

Metropolitan indicated that it was unclear from the Draft Economic Analysis document whether changes in the operation of Hoover or Parker powerplants would be required to minimize the fluctuation in the elevation of Lake Mohave. Metropolitan informed the Service that unless it could guarantee that additional water would be made available to California from foregoing consumptive use in the Upper Basin, the alleged economic benefits cited for California should be removed. Citing a number of other faulty assumptions, the Service was requested to direct its economics consultants to revise the economic analysis. As little information exists to define the habitat preference of the bonytail chub, Metropolitan suggested that the biological needs of that species are not sufficiently well known to permit identification of critical habitat.

The Six Agency Committee, in conjunction with a number of entities with an interest in Colorado River power resources, has been utilizing the services of biological and economics consultants to assist the entities in a coordinated review of the Service's draft documents. The Six Agency Committee members and Southern California Edison Company, Southern California Public Power Authority, the City of Glendale, and San Diego Gas and Electric Company have provided funding for this effort. In addition, meetings have been held with interested parties from the other Colorado River Basin states to exchange views on the Service's proposed designation and its draft documents. Metropolitan's staff plan to submit written comments amplifying the concerns expressed in the statement submitted on December 3 prior to the end of the public comment period.

Considering the increased likelihood for Section 7 consultations and the need to address endangered riverine species issues, representatives of Arizona, California, and Nevada, and their water and power resource users have been discussing the possibility of pursuing a proactive ecosystem-based approach. This approach could develop environmental protection programs which would minimize the impacts on water and power resources. It might be accomplished through the implementation of a multi-species

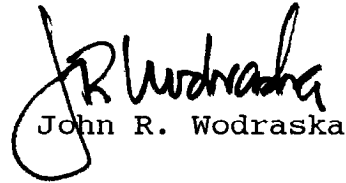
habitat conservation plan under Section 10 of the Endangered Species Act. The directors of the Arizona Department of Water Resources and Colorado River Commission of Nevada, and the Executive Director of the CRB have requested a meeting with the Secretary of the Interior or appropriate members of the Department of the Interior to discuss this concept. The purpose of the meeting would be to explore such matters as commitment, coordination, timing, and public involvement.

Board Committee Assignment

This letter is referred for information to the Water Problems Committee because of its authority to study, advise, and make recommendations on the policies, sources, and means of importing water required by Metropolitan pursuant to Administrative Code Section 2481(a).

Recommendation

For information only.


John R. Wodraska

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