



● Colorado River Management Report

Summary

This report provides a summary of the activities related to management of Metropolitan's Colorado River Resources during August 2011.

Detailed Report

United States Agencies Develop Framework for Binational Discussions

In August, representatives of the Colorado River Basin States and the Bureau of Reclamation (Reclamation) developed a framework agreement to present to Mexico officials to advance discussions to develop a binational water management agreement. The framework includes the following elements:

1. Shortages: Amount of shortage Mexico would take when users in the Lower Basin are also in shortage conditions.
2. Surplus: Amount and conditions for Mexico to take surplus when users in the Lower Basin are also taking surplus.
3. Intentionally Created Mexican Apportionment (ICMA) in Lake Mead: Conditions in which Mexico can store water in Lake Mead for later delivery.
4. Conversion of ICMA to Intentionally Created Surplus (ICS): Conditions in which Mexico can convert water stored in Lake Mead to water that can be sold to users in the United States.
5. Development of Escrow Fund: Development of an escrow fund whereby users in the United States contribute to the fund so that Mexico can develop conservation projects to provide water via exchange to agencies in the United States.

Of all of the components listed above, Metropolitan is most concerned with the provision of surplus to Mexico. Additionally, the Upper Basin is putting pressure on the Lower Basin to reduce its surplus deliveries in exchange for Mexico to take surplus, so that the total surplus volume delivered does not change. Discussions on structure of an agreement with Mexico are ongoing and Metropolitan is engaged. **Metropolitan and Coachella Valley Water District Discussing Early Exchange of QSA Water**

The staff from Metropolitan and Coachella are working on arrangements to exchange and deliver 105,000 acre-feet of water in 2011, which is ahead of the schedule agreed to in the Quantification Settlement Agreement (QSA). Under the QSA related agreements, Coachella has the option to call 35,000 acre-feet of water each year, and may request that the water be delivered to Whitewater if capacity is available in the Colorado River Aqueduct. In exchange for Metropolitan providing and delivering the water to Whitewater, Coachella pays Metropolitan \$270 per acre-foot (in 2011), which includes the cost of moving the water to Whitewater. To maximize water delivery in 2011, Metropolitan would provide Coachella three years' worth of water this year, and not deliver water in 2012 or 2013. Coachella would provide the cost of delivering 105,000 acre-feet to Metropolitan in 2011.

This would provide benefits to both agencies. For Metropolitan, it provides early payment for the exchange, for a total payment of about \$28 million this year and allows Metropolitan to take advantage of current wet hydrologic conditions. For Coachella, it provides certainty in delivering the exchange water when there is capacity in the Colorado River Aqueduct in 2011, while capacity might not be available in future years, especially with the potential for surplus water availability in 2013. Staff will update the Board on the status of the proposal in October.

Board Report (Colorado River Management Report)

Improved Outlook for Surplus in 2013

Reclamation's new operational study predicts that the outlook for surplus water available to Metropolitan has improved since the last month. Even though the snowfall has ended, conditions continue to improve. There are two main reasons why the outlook has improved: (1) the reservoirs above Lake Powell are all full, and the snow in the Rocky Mountains will not totally melt this year. That means that the outlook for inflow to Lake Powell has gone up, even with an average snowfall this winter. The new study shows that average snowfall will provide about a million acre-feet more water into Lake Powell because of the carryover conditions. And, (2) the new study takes into account Metropolitan's actions to store water in Lake Mead. This year, Metropolitan is on track to store 200,000 acre-feet in the reservoir, and if next year is wet, another 200,000 acre-feet potentially could be stored. That storage raises Lake Mead's elevation and increases the outlook for surplus water in future years. Current estimates call for about a 60 percent chance of surplus water available in 2013, but that figure can change dramatically during the winter. A final decision for surplus availability in 2013 will be made in August 2012.