

Upper Colo. Compact Aff.

Table 1
Upper Colorado River Endangered Fish Recovery Program
Summary of Section 7 Consultations by State
 (1/1988 through 9/30/2002)

State	Number of Consultations	REGIONAL DEPLETIONS	HISTORIC DEPLETIONS	NEW DEPLETIONS	TOTALS	
		Acre-feet/yr (2,3)	Acre-feet/yr	Acre-feet/yr	Acre-feet/yr	Depletion Fees ⁵
Colorado ¹	355	4,324.90	1,032,290.94	135,275.82	1,171,891.66	\$440,844
Utah	38	1,050.08	421,867.74	65,793.95	488,711.77	\$454,866
Wyoming	66	773.65	39,131.39	16,885.22	56,790.26	\$168,575
Regional ^{2,3}	238		(Regional)	(Regional)	0.00	\$0
TOTALS	697	6,148.63	1,493,290.07	217,954.99	1,717,393.69	\$1,064,285

Table 2
Upper Colorado River Endangered Fish Recovery Program
Summary of Section 7 Consultations by River Basin
 (1/1988 through 9/30/2002)

River	Number of Consultations	HISTORIC DEPLETIONS	NEW DEPLETIONS	TOTALS	
		Acre-feet/yr	Acre-feet/yr	Acre-feet/yr	Depletion Fees ⁵
Colorado/Eagle	140	1,002,724.00	121,841.92	1,124,565.92	\$374,806
White	9	1,462.45	722	2,184.45	\$8,554
Yampa	22	10,688.58	2,306.61	12,995.19	\$33,826
Green	54	39,284.13	42,958.49	82,242.62	\$418,800
Gunnison/ Uncompahgre	27	8,291.61	7,765.13	16,056.74	\$8,423
Dolores	12	9,139.30	2,764.84	11,904.14	\$17,174
Duchesne	2	421,700.00	25,300.00	447,000.00	\$0
Little Snake	2	0.00	7,849.00	7,849.00	\$110,817
Price	2	0.00	6,447.00	6,447.00	\$91,885
Regional ^{3,4}	427	0.00	0.00	6,148.63	\$0
TOTALS	697	1,493,290.07	217,954.99	1,717,393.69	\$1,064,285

¹ Includes the depletions under the 15-Mile Reach Programmatic Biological Opinion, 12/20/99, on 1 million AF/yr of historic depletions (through September 30, 1995) and up to 120,000 AF/yr of new depletions (since September 3, 1995) in the Colorado River above the confluence with the Gunnison River. The total includes 126 projects under PBO plus 80 other Colorado projects.

² Pre-9/30/97 regional consultations not assigned to individual states.

³ Depletion charges waived by USFWS for consultations on depletions of less than 100 AF/yr.

⁴ Represents three blanket consultations for depletions under 100 AF, up to 7.500 AF total. These three consultations have covered 427 actual projects depleting a total of 6,148.63 AF (4,325 AF in Colorado, 1,050 AF in Utah, and 774 AF in Wyoming).

⁵ Pre-FY 1990: \$10/AF; FY 2001 \$14.75/AF; FY 2002 \$15.25/AF.



UPPER COLORADO RIVER COMMISSION

355 South 400 East • Salt Lake City • Utah 84111 • 801-531-1150 • FAX 801-531-9705

*File Upper Colorado
UC-3 282
Conject Alliance PMA*

November 12, 2002

Mr. Philip B. Mutz
Upper Colorado River Commissioner
Room 101, Batan Memorial Building
Post Office Box 25102
Santa Fe, NM 87504-5202

Dear Philip,

All the Commissioners have preliminarily agreed to hold a meeting of the Commission on January 9, 2003 in Albuquerque, New Mexico. In order to make the meeting official, please sign the enclosed agreement and return it to us in the envelope enclosed for your use.

When we have received signed agreements from the Commissioners, we will mail you an official notice of the meeting time and location of the tentative agenda. Thank you for signing and returning the agreement as soon as possible, including the specific location of the meeting.

Sincerely,

Wayne E. Cook
Executive Director

Enclosures (2)

UC-3
VC-Compact Admin



UPPER COLORADO RIVER COMMISSION

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MEMORANDUM

- by FAX -

TO: Scott Balcomb, Phil Mutz, Larry Anderson and Pat Tyrrell
FROM: Executive Director
DATE: August 7, 2002
SUBJECT: United States Commissioner.

I received the following memorandum from Eric L. Motley of the Office of Presidential Personnel. The memo contains the "contact information" for L. Richard Bratton, the President's appointee as Chairman of the Upper Colorado River Commission.

AUGUST THE 5TH, 2002

**MEMORANDUM FOR: MR. WAYNE COOK, EXECUTIVE SECRETARY FOR
THE UPPER COLORADO RIVER COMMISSION**

FROM: ERIC L. MOTLEY

SUBJECT: UPPER COLORADO RIVER COMMISSION

I am pleased to forward to you the names and contact information for the President's appointment to the Upper Colorado River Commission:

Lyle Richard Bratton
P.O. Box #856
Gunnison, CO 81230
970-641-1899

Partner, Bratton & McClow Law Firm
232 West Tomichi Avenue
Gunnison, CO 81230
970-641-1903

NEW MEXICO INTERSTATE STREAM COMMISSION

*Upper Colorado
Compact Act*

COMMISSION MEMBERS

RICHARD P. CHENEY, Chairman, Farmington
HOYT PATTISON, Vice-Chairman, Clovis
THOMAS C. TURNEY, PE., Secretary, Santa Fe
PALEMON A. MARTINEZ, Valdez
JOHN S. BULSTERBAUM, Deming
PHILIP R. GRANT, Albuquerque
HAROLD HOUGHTALING, Jr., Lake Arthur
NARENDRA N. GUNAJI, Las Cruces
PHIL H. BIDEGAIN, Tucumcari



BATAAN MEMORIAL BUILDING, ROOM 101
STATE CAPITOL
POST OFFICE BOX 25102
SANTA FE, NEW MEXICO 87504-5102

(505)827-6160
FAX:(505)827-6188

August 2, 2002

Rod Kuharich, Director
Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, Colorado 80203

Dear Mr. Kuharich:

This letter is in response to your July 11, 2002, letter to Rick Gold commenting on New Mexico's proposed revision to its Upper Colorado River Basin Depletion Schedule.

I am shocked that the State of Colorado would advocate that the Fish and Wildlife Service determine the water available to a state under its compact apportionment. New Mexico does not have the cushion, under the apportionment of the Upper Colorado River Basin Compact, that the other three Upper Division states enjoy. We, therefore, must approach our estimate of water available employing reasonable assumptions of average consumptive use, in particular the consumptive use by irrigated agriculture. There is no reasonable basis for assuming that every water right acre is to be irrigated each and every year. The consumptive use by irrigated agriculture in the San Juan River Basin in New Mexico is more than 55 percent of the 669,000 acre-feet considered available to this state under the Bureau of Reclamation's 1988 Hydrologic Determination. To use the full water right acreage to determine the average annual depletion guarantees that some of the allocation will remain unused and that the unused water will continue to flow downstream for use in the Lower Basin. It would be shortsighted for us to do so, and thus not make our total apportionment available for use in this state.

Further, the depletion schedule for New Mexico only compares for planning purposes the total anticipated use in New Mexico to this state's allocation of an Upper Basin yield of 6.0 million acre-feet (MAF) annually. The December 15, 1999, Resolution of the Upper Colorado River Commission reiterated the Commission's long-held

position that it disagrees with Reclamation's determination of the Upper Basin yield of 6.0 MAF, which is based on the assumption of a minimum release of 8.23 MAF annually from Glen Canyon Dam. Consistent with the Commission's Resolution, the allocation to New Mexico of 669,000 acre-feet annually as shown in the depletion schedule is not a full allocation to New Mexico of this state's apportionment under the Upper Colorado River Basin Compact. We continue to believe that the yield to the Upper Basin and the consequent apportionments to the Upper Division states exceed the yield and allocation amounts, respectively, shown in the depletion schedules.

In addition, the allocations to the Upper Basin states shown in the depletion schedules are of the flow available in the Colorado River at Lee Ferry. On the other hand, the anticipated depletions for New Mexico are at-site depletions within the physical drainage of the San Juan River Basin, except for mainstem reservoir evaporation. Not considered in the projections made for current planning purposes are non-tributary groundwater uses and amounts of water salvage by use. The effects of salvaged channel losses on man-made depletions of the streamflow at Lee Ferry by Upper Basin states were presented in the November 29, 1948, Final Report of the Engineering Advisory Committee to the Upper Colorado River Basin Compact Commission. In 1965, Tipton and Kalmbach prepared a report for the Upper Colorado River Commission on water supplies available for use by the Upper Division states, which report included the Department of the Interior's July 1965 projections of depletions at Lee Ferry that were reduced for salvage estimated to be 4 percent of at-site depletions by projects in the Upper Basin. Because depletions measured at Lee Ferry are those chargeable against a state's compact apportionment, the quantification of salvage by use is justified and should be applied to determine water available for apportionment.

Regarding the use of the original Blaney-Criddle method to compute irrigation consumptive uses in New Mexico, the consumptive use in the feasibility reports used for authorization of the Navajo Indian Irrigation, Hammond and San Juan-Chama projects were determined using the original Blaney-Criddle method. The consumptive use for the adjudicated water rights in the San Juan River Basin in this state is based on the Lowery-Johnson method, which is closely reflected by the original Blaney-Criddle method. These uses were the basis for previous depletion schedules heretofore used for the San Juan River Basin in New Mexico and for allocation of depletion by projects and other irrigation uses. To change now would introduce a disparity that is not necessary. In addition, crop coefficients for determining annual irrigation consumptive use by the original Blaney-Criddle method have been calibrated to field conditions in New Mexico. This is not the case for crop coefficients for the modified Blaney-Criddle method. We continue to believe that the original Blaney-Criddle method provides better

estimates of irrigation consumptive use in the San Juan River Basin than does the modified Blaney-Criddle method.

Regarding the depletions in the table attached to your letter, the depletion of 20,000 acre-feet listed for Power-Industrial (Jicarilla) cannot be compared, as you have done, to New Mexico's list of anticipated future depletions. New Mexico has assigned all of the depletion available to the Jicarilla Apache Nation under other listed uses (for example, water leases to continue current water uses for power generation at the San Juan Generating Station and to supply Gallup's share of the Navajo-Gallup Water Supply Project). New Mexico's assignment of uses was explained at the meeting of the Upper Colorado River Commission in December 2001 and is confirmed in a memorandum from Philip Mutz to Upper Colorado River Commissioners and Advisers dated December 5, 2001.

Further, the baseline irrigation depletions used by the Fish and Wildlife Service were calculated using the modified Blaney-Criddle method, not the original Blaney-Criddle method as you suggest. Also, the Service's baseline overstates annual irrigation depletions in the La Plata River drainage in New Mexico by over 4,000 acre-feet because the model for the San Juan Basin has not been corrected for the severe shortages in water supply from the La Plata River that occur every year. New Mexico has repeatedly made objections to the baseline depletions used by the federal agencies. Other depletions included in the Service's baseline for small projects or uses in New Mexico (2,900 acre-feet) are reservations for future depletions for mostly unidentified uses. New Mexico anticipates little long-term use in this state under the "other" small depletions account established for Endangered Species Act Section 7 consultation purposes by the Service.

Under the San Juan River Basin Recovery Implementation Program, Colorado previously joined New Mexico in drafting and getting the Coordination Committee to approve a disclaimer that provides: "While every effort will be made to incorporate the best data and modeling available into the San Juan Basin Model, use of the hydrologic model in the work of this [Hydrology] Committee and this Implementation Program does not necessarily constitute agreement or approval by individual program participants with the Model data, methodologies or assumptions. The model data, methodologies and assumptions do not under any circumstances constitute evidence of actual water use, water rights or water availability under compact apportionments and should not be construed as binding on any party. Furthermore, use of the model, model data, methodologies and assumptions does not change the responsibilities of the respective states to maintain records of water rights and water use. Official records of water rights and water use are maintained by the State agencies statutorily charged with that responsibility." The model data and assumptions include baseline water

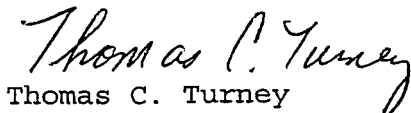
Mr. Rod Kuharich
August 2, 2002
Page 4

depletions developed and placed in the model and subsequently accepted by the Fish and Wildlife Service for Section 7 consultation purposes.

Your suggestion regarding protective language in water supply contracts with the United States for the proposed Navajo-Gallup Water Supply Project appears to presume that, in the event that New Mexico must reduce its uses to remain within its compact apportionment, the uses from this project would bear the brunt of any necessary cutback. However, these uses may not be the most junior. Further, the uses to be curtailed may not be supplied by contract with the United States. In any event, the authority to curtail water uses in New Mexico to comply with interstate compacts is vested exclusively in the New Mexico State Engineer, not jointly with the United States or any other entity. Therefore, we cannot commit to any protective language in contracts other than language which recognizes that the use under the contract is subject to the availability of water from New Mexico's apportionment, if that is the case.

We are disappointed in the comments submitted by Colorado, particularly in light of the information we provided and the commitment that we thought existed among the states to support development of the water available to the Upper Basin.

Yours truly,


Thomas C. Turney
Secretary

cc: Greg Walcher
Kent Holsinger
Scott Balcomb
Patrick Tyrrell
Larry Anderson
Wayne Cook
Rick Gold
Johnnie Francis w/incoming

r\colorado\kuharich1.f02

OSE-2866

*Upper Colorado - 3
Compact Album*

BALCOMB & GREEN, P.C.
ATTORNEYS AT LAW

JOHN A. THULSON
EDWARD MULHALL, JR.

SCOTT BALCOMB
LAWRENCE R. GREEN
TIMOTHY A. THULSON
LORI J. M. SATTERFIELD

CHRISTOPHER L. GEIGER
ANNE MARIE CALLAHAN
AMANDA N. MAURER
DEBORAH DAVIS*
* ADMITTED TO PRACTICE IN
NEW YORK AND MISSOURI

P. O. DRAWER 790
818 COLORADO AVENUE
GLENWOOD SPRINGS, COLORADO 81602

OF COUNSEL:
KENNETH BALCOMB

Telephone: 970.945.6546
Facsimile: 970.945.8902

July 25, 2002

Via Facsimile: (801) 531-9705

Wayne Cook
Upper Colorado River Commission
355 S. 400 E.
Salt Lake City, UT 84111


Re: Legal Committee

Dear Wayne:

I would appreciate it if you could add to the Legal Committee of the Upper Colorado River Commission the name of Kent Holsinger. Kent is aware of the issues and is a valuable member of Colorado's "team." Could you please include him in all future correspondence to the Legal Committee?

Very truly yours,

BALCOMB & GREEN, P.C.

By 

Scott Balcomb

SB/gg
cc: Greg Walcher
Sam Maynes
Phil Mutz
Larry Anderson
Pat Tyrrell
Rod Kuharich
Kent Holsinger
Randy Seaholm

NEW MEXICO INTERSTATE STREAM COMMISSION

*Upper Colorado -
Compact Admin*

COMMISSION MEMBERS

RICHARD P. CHENEY, Chairman, Farmington
HOYT PATTISON, Vice-Chairman, Clovis
THOMAS C. TURNEY, PE., Secretary, Santa Fe
PALEMÓN A. MARTINEZ, Valdez
JOHN S. BULSTERBAUM, Deming
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July 11, 2002

Jane Bird
General Counsel
Upper Colorado River Commission
355 South 400 East
Salt Lake City, Utah 84111

Dear Jane:

In response to your July 3, 2002 memorandum regarding members of the Legal Committee, please include John Stroud, General Counsel, N.M. Interstate Stream Commission, to represent New Mexico.

Sincerely,

Upper Colorado River Commissioner

Jrb/Colorado/janebird/f02

NEW MEXICO INTERSTATE STREAM COMMISSION

*Upper Colo. - 3
Compact Ab*

COMMISSION MEMBERS

RICHARD P. CHENEY, Chairman, Farmington
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FAX:(505)827-6188

June 26, 2002

Rick L. Gold, Regional Director
Upper Colorado Regional Office
Bureau of Reclamation
125 South State Street, Room 6107
Salt Lake City, Utah 84138-1102

Dear Mr. Gold:

By letter dated May 7, 2002, you circulated to the Upper Basin States for review the revised Upper Colorado River Division States Depletion Schedule transmitted to you by letter of February 19, 2002 from Thomas C. Turney. Your letter advises that before Reclamation can extend or amend the 1988 Hydrologic Determination, the Upper Colorado River Commission must concur, or not dispute, the proposed action. Further, your letter advises that before the proposed Navajo-Gallup Water Supply Project (Project) can proceed, the use of Upper Basin water in the Lower Basin be addressed.

New Mexico has no comment to offer on the revised depletion schedule transmitted by letter of February 19, 2002.

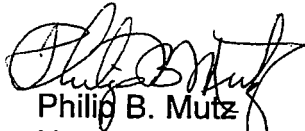
As I noted in the record of the Upper Colorado River Commission at its meeting held June 4, 2002 in Dillon, Colorado, the revised depletion schedule has not yet been presented for action by the Commission.

We have discussed in detail with the other Upper Basin States the use of Upper Basin water allocated to a state in the Lower Basin of that state. Considerable progress has been achieved and we are confident the issue can be resolved to permit the Project to provide water for use in the Lower Basin in New Mexico. Obviously, New Mexico cannot speak to the water supply for the Arizona portion of the Project.

Rick L. Gold
June 26, 2002
Page 2

We appreciate your assistance and urge that you continue development of the planning for the Project.

Sincerely;



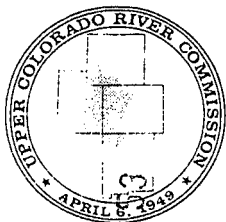
Philip B. Mutz
Upper Colorado River Commissioner

PBM:rav

cc: Scott Balcomb
Rod Kuharich
Larry Anderson
Patrick Tyrell
Herb Dishlip
Wayne Cook

r:\colorado\gold1.f02

*Upper Colorado - 3
Compact Admin*



UPPER COLORADO RIVER COMMISSION

355 South 400 East • Salt Lake City • Utah 84111 • 801-531-1150 • FAX 801-531-9705

2002 JUN 24 AM 9:53

OFFICE OF THE
STATE ENGINEER
A.S.D. SALT LAKE CITY

MEMORANDUM

TO: Upper Colorado River Commissioners, Budget Committee Members

FROM: Executive Director

DATE: June 20, 2002

SUBJECT: Revised Fiscal Year 2004 and 2005 State Assessment Values.

Attached are the approved Fiscal Year (FY) 2004 and FY 2005 Budgets, with revised State assessments, as approved at the Upper Colorado River Commission Meeting in Silverthorne, Colorado on June 4, 2002. The total assessment and the individual State assessments are on the bottom of each year's budget form. Also included is a revised long-range projection of carry-over revenue using a 3.3 percent increase in State assessments from 2004 through 2010.

The 2004 Budget Year assessments will be mailed to your respective Governors on December 1, 2002, with actual billing to be made on April 1, 2003. If you have any questions on these revisions, please let us know.

BUDGET
 UPPER COLORADO RIVER COMMISSION
 Fiscal Year Ending June 30, 2003

	<u>As Approved</u> <u>6/13/2001</u>	<u>As Approved</u> <u>06/04/2002</u>
<u>PERSONAL SERVICES</u>		
Administrative Salaries		
Executive Director	\$102,500	\$100,000
Administrative Secretary	21,900	17,640
Professional Services		
Legal Counsel	67,200	65,300
Staff Engineer	43,400	41,950
Janitor	1,100	1,000
Pension Trust	24,100	23,000
Social Security	17,000	16,600
Health Insurance	<u>15,700</u>	<u>16,810</u>
	\$ 292,900	\$ 282,300
<u>TRAVEL</u>	20,000	17,000
<u>CURRENT EXPENSES</u>	25,000	23,000
<u>CAPITAL OUTLAY</u>	1,000	5,000
<u>CONTINGENCIES</u>	<u>5,000</u>	<u>5,000</u>
	<u>\$ 343,900</u>	<u>\$ 332,300</u>

2003 STATES ASSESSMENTS \$309,700

Colorado	51.75%	\$160,270
New Mexico	11.25%	\$34,840
Utah	23.00%	\$71,230
Wyoming	14.00%	\$43,360

BUDGET
 UPPER COLORADO RIVER COMMISSION
 Fiscal Year Ending June 30, 2004

	As Recommended <u>6/13/2001</u>	As Approved * <u>06/04/2002</u>
<u>PERSONAL SERVICES</u>		
Administrative Salaries		
Executive Director	\$88,000	\$90,000
Administrative Secretary	26,500	21,950
Professional Services		
Legal Counsel	69,500	67,200
Staff Engineer	44,800	43,500
Janitor	1,200	1000
Pension Trust	24,100	23,000
Social Security	17,500	17,025
Health Insurance	<u>23,500</u>	<u>27,600</u>
	\$ 294,500	\$ 291,000
<u>TRAVEL</u>	21,000	18,000
<u>CURRENT EXPENSES</u>	25,500	22,725
<u>CAPITAL OUTLAY</u>	1,100	1,000
<u>CONTINGENCIES</u>	<u>5,000</u>	<u>5,000</u>
	<u>347,100</u>	<u>\$ 338,500</u>
 2004 STATES ASSESSMENTS		 \$319,900
Colorado 51.75%	\$165,550	
New Mexico 11.25%	\$35,990	
Utah 23.00%	\$73,575	
Wyoming 14.00%	\$44,785	

*for billing purposes

BUDGET
 UPPER COLORADO RIVER COMMISSION
 Fiscal Year Ending June 30, 2005

As Approved (tentative)

6/04/2002

PERSONAL SERVICES

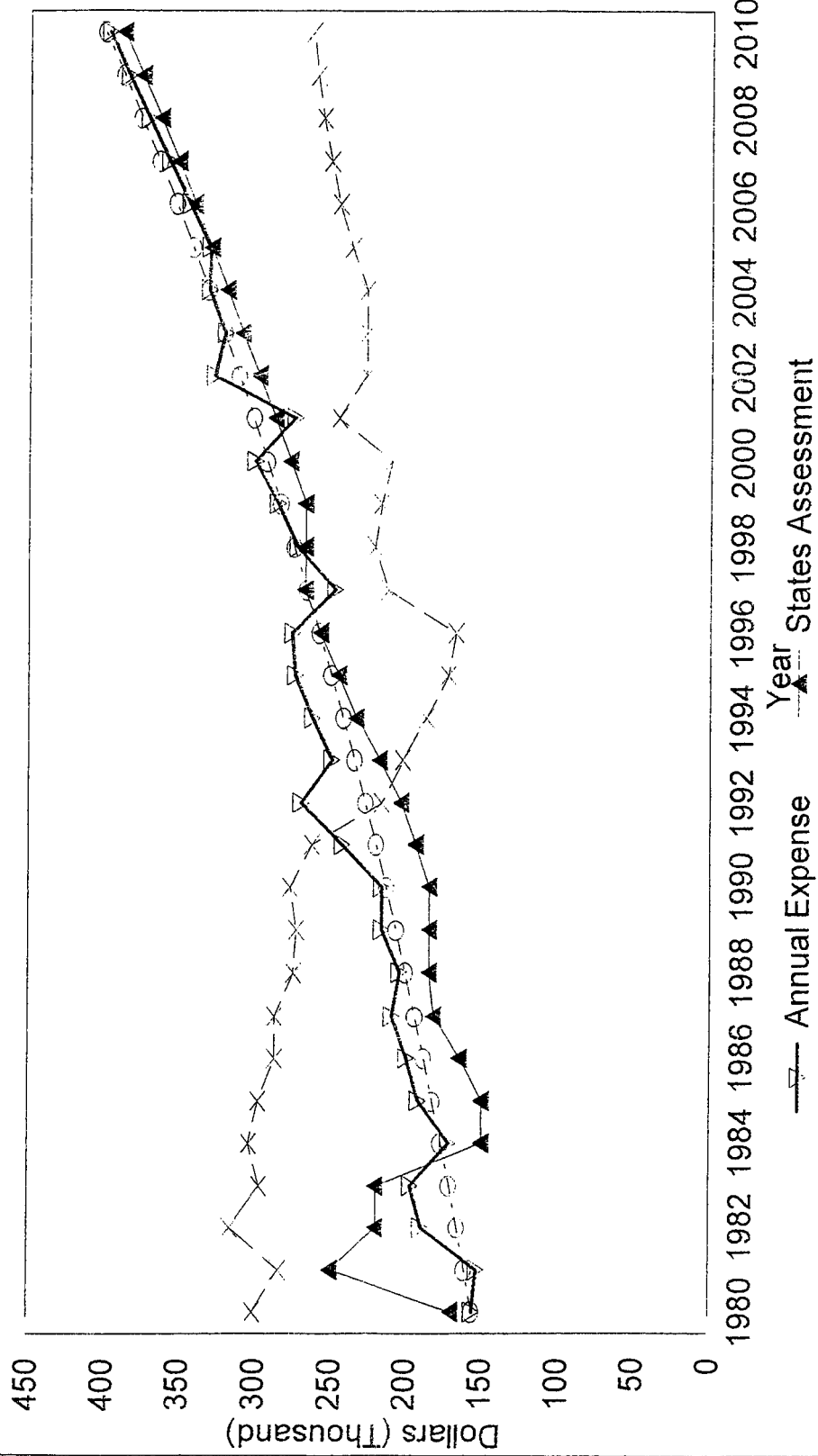
<u>Administrative Salaries</u>	
Executive Director	\$77,500
Administrative Secretary	26,500
<u>Professional Services</u>	
Legal Counsel	69,200
Staff Engineer	44,800
Janitor	1,100
Pension Trust	22,300
Social Security	16,700
Health Insurance	<u>29,000</u>
	\$ 287,100
<u>TRAVEL</u>	\$ 19,000
<u>CURRENT EXPENSES</u>	\$ 25,300
<u>CAPITAL OUTLAY</u>	1,100
<u>CONTINGENCIES</u>	<u>5,000</u>
	<u>337,400</u>

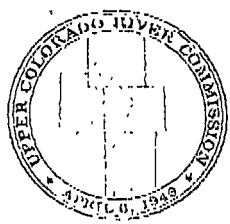
2005 STATES ASSESSMENTS \$341,400

Colorado	51.75%	\$171,035
New Mexico	11.25%	\$37,180
Utah	23.00%	\$76,015
Wyoming	14.00%	\$46,270

UCRC Budget Projections

5%(97) 0%(98-99) 3.3%(2000-Beyond)





UPPER COLORADO RIVER COMMISSION

355 South 400 East • Salt Lake City • Utah 84111 • 801-531-1150 • FAX 801-531-9705

JW CL
Upper Colorado-3
Compact Admin

FAX TRANSMITTAL FORM

Sender: Jane Bird

Date: June 7, 2002

Send to: Frank E. (Sam) Maynes,

Number of Pages: cover + 2

Scott Balcomb, Wendy Weiss,

Phil Mutz, John Stroud,

Larry Anderson, Mike Quealy

and Pat Tyrrell

Note:

Following is the Minute Order of Judge Wiley Y. Daniel granting the motion of the
Upper Colorado River Commission for Leave to File a Brief as *Amicus Curia* and
accepting the brief for filing.

FAX Numbers:

Send (801) 531-9705

Verify (801) 531-1150

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

FILED
UNITED STATES DISTRICT COURT
DENVER, COLORADO

JUN 04 2002

JAMES R. MANSPEAKER
CLERK

Civil Action No. 02-D-398 (MJW)

THREE FORKS RANCH CORPORATION, a Wyoming Corporation,

Plaintiff,

v.

THE CITY OF CHEYENNE, WYOMING and its BOARD OF PUBLIC UTILITIES, et al.,

Defendants.

MINUTE ORDER

ORDER ENTERED BY JUDGE WILEY Y, DANIEL

The Motion by the Upper Colorado River Commission for Leave to File a Brief as *Amicus Curia*, filed June 3, 2002, is **GRANTED** and the brief is accepted for filing.

As of April 15, 2002, my Hearing, Conference & Trial Procedures have been updated and revised to conform to the new Local Rules of Practice in the United States District Court for the District of Colorado which went into effect on April 15, 2002. My Procedures are available from the Clerk of the Court and at www.cod.uscourts.gov. Familiarize yourselves with these Procedures as they govern all proceedings in my court. As you prepare for trial, pay particular attention to the section of these procedures that refer to the formatting and deadline for submission of jury instructions.

Dated: June 4, 2002

Copies of this Minute Order were mailed on June 4, 2002 to the following:

Thomas J. Davidson
Deputy Attorney General
Jenifer E. Scoggin
Assistant Attorney General
Wyoming Attorney General's Office
123 Capitol Building
Cheyenne, WY 82002

RECEIVED
JUN -7 2002

BY:.....

*Upper Colorado - 3
Compact Admin*

**RICK GOLD
REPORT TO THE UPPER COLORADO RIVER COMMISSION**

**SILVERTHORNE, COLORADO
JUNE 4, 2002**

Hydrology:

Glen Canyon Dam - Lake Powell

Beginning on Friday May 24, 2002, steady releases of 8,000 cubic feet per second (cfs) were made from Glen Canyon Dam for approximately 10-days to support research and long-term monitoring of the Grand Canyon. Contractors working for the Grand Canyon Monitoring and Research Center collected airborne images of the Grand Canyon as well as topographic data during this special release. A return to normal load patterns followed the completion of this 8,000 cfs release.

Releases in June will be higher than in May. A total of 747,000 acre-feet will be released from Glen Canyon Dam during June 2002. Releases in most of June (after the steady 8,000 cfs flow sequence is completed) will average about 12,800 cfs.

On April 24, 2002, members of the Glen Canyon Adaptive Management Work Group (AMWG) recommended experimental flow tests similar to the 1996 Beach/Habitat-Building Test Flow in which high flows (45,000 cfs) were released to test the ability of those flows to create beaches and conserve sediment for resource management purposes in the Grand Canyon. The new test would be triggered if substantial new sediment inputs come into the system, and if the monitoring and research shows that the antecedent conditions have retained that sediment so it is available for beach/habitat building. The AMWG is a federally chartered advisory group to Secretary of the Interior Gale Norton. The AMWG will forward the recommendation to Secretary Norton. More information on the recommended experimental flows can be found at www.uc.usbr.gov/pao/exp_flows_glencanyondam.html.

Water year 2002 is shaping up to be an extremely dry year in the Colorado River Basin. Basinwide precipitation has been significantly below average and snowpack in the Upper Colorado River Basin is currently an abysmal 14 percent of average (as of May 22, 2002). The May mid-month inflow forecast issued by the National Weather Service is calling for 1.6 million acre-feet of unregulated inflow to Lake Powell during this year's April through July runoff. This is only 20 percent of average. Since the completion of Glen Canyon Dam, there has been only one year where inflow was below the level projected for 2002. This was the very dry year of 1977 when April through July inflow to Lake Powell was 1.3 million acre-feet.

Drier than average conditions have now prevailed for the past three years in the Colorado River Basin. Both water years 2000 and 2001 were below average inflow years. Total unregulated

inflow into Lake Powell in water year 2000 was 62 percent of average, while water year 2001 registered inflow at 59 percent of average.

Unregulated inflow to Lake Powell has been significantly below average so far in water year 2002. Unregulated inflow to Lake Powell in January, February, and March of 2002 was 69, 53, and 45 percent of average, respectively. Unregulated inflow in April 2002 was 380,000 acre-feet, only 39 percent of average.

Three consecutive years of below average hydrology have reduced water storage in Lake Powell. The current elevation of Lake Powell is 3,644 feet (56 feet from full pool). Current storage is approximately 16.5 million acre-feet (68 percent of capacity). Under the 20 percent of average inflow forecast, Lake Powell will not increase in elevation during the April through July time period as it normally does. It is likely that the elevation of Lake Powell will remain near its current level for the remainder of May and the first half of June. By late June, however, the water surface elevation will begin to again decline. The current projection is that by the end of the calendar year, the water surface elevation of Lake Powell will be about 3,620 feet (80 feet below full pool). Hydrologic conditions often change and the actual end-of-year elevation of Lake Powell will depend, in large part, on weather conditions in the Colorado River Basin from now through the end of the year.

Because of the draw down condition of Lake Powell, and this year's expected low runoff, releases from Lake Powell in water year 2002 are being scheduled to meet the minimum objective release of 8.23 million acre-feet. This is consistent with the requirements of the 1970 Criteria for Coordinated Long-Range Operation of Colorado River Reservoirs.

Colorado River Annual Operating Plan (AOP)

Consultation meetings for the development of the 2003 Colorado River Annual Operating Plan (AOP) began on May 15, 2002 in Las Vegas. The next consultation, originally scheduled for June 13, 2002, has been postponed until August 5, 2002 to allow for the development of information related to California's Quantification Settlement Agreement (QSA). The California State Water Board has been conducting hearings on the transfer of water from Imperial Irrigation District to San Diego Water Authority and Coachella Valley Water District. The State Board will likely issue a preliminary order on this water transfer in July 2002.

Discussions on the 2003 AOP are expected to wrap up on September 19, 2002 at the final consultation meeting. It is expected that Secretary Norton will transmit the 2003 AOP to Congress, the governors of Colorado River states, and interested parties by December 2002.

Sixth Review of the Long-Range Operating Criteria

A notice announcing commencement of the Sixth Review of the 1970 Criteria for Coordinated Long-Range Operation of Colorado River Reservoirs (Operating Criteria) was published in the Federal Register on January 15, 2002. The public comment period ended on March 29, 2002.

Detailed written comments were received from 16 interested parties providing the Bureau of Reclamation with numerous issues, comments, and concerns regarding possible changes to the Operating Criteria. Reclamation is now in the process of analyzing those comments and providing responses to them. Reclamation will be conducting a public consultation meeting for this review in August of 2002. In addition to the public consultation meeting, Reclamation will be extending a final public comment period for the review for some time in September of 2002. Notification of the public consultation meeting and final comment period will be announced in the Federal Register.

The proposed timeline for the sixth review calls for an in-depth analysis of any additional public comments on possible revisions to the Operating Criteria in October/November of 2002. At that time, Reclamation will provide a draft position with respect to changes to the Operating Criteria. In December of 2002, a notice of Reclamation's proposed action will be published in the Federal Register, and we hope to have a Secretarial decision and Federal Register notice of final decision regarding the Operating Criteria published in February of 2002.

Animas-La Plata Project

Reclamation received permission to initiate construction on the Animas-La Plata Project effective November 9, 2001. Significant resources have been directed towards completing final designs of Ridges Basin Dam and the Durango Pumping Plant, the award of a contract with the Ute Mountain Ute Tribe for cultural resource mitigation activities and the relocation of three natural gas pipelines that currently are located within Ridges Basin.

This construction season's field activities will include initiation of cultural resource mitigation, construction of an Inlet Conduit sleeve where the relocated natural gas pipelines intersect with the Inlet Conduit alignment, and relocation of the natural gas pipelines within a new route around the reservoir basin.

The most significant issue facing the Project is securing sufficient funds to allow completion of construction to occur within 7 years that was envisioned in the Colorado Ute Settlement Act Amendments of 2000.

Security and Infrastructure Costs

In early 2002, Congress provided Reclamation with an additional \$30 million in non-reimbursable supplemental appropriations to address the costs incurred in FY 2002 for increased security personnel and equipment and safety reviews that were needed at major dam sites and water storage facilities.

To address heightened security needs at Glen Canyon Dam, Reclamation has contracted with an outside contractor (Sandia National Labs) to evaluate existing security procedures, as well as to develop recommendations for new security procedures and protocols. The results of Sandia's

security study were recently provided to Reclamation and are now under review. Following review and implementation of the study recommendations, tours of Glen Canyon should resume and will likely resemble the increased security measures that were implemented at Hoover Dam.

Tours of Hoover Dam and Powerplant reopened in December 2001. Visitors must pass through security screening prior to entering the visitor center. The scope of the tours is limited from those of past years and the famous "hard hat" tours are no longer offered.

Status of HR 4129 CUPCA Amendment

On April 24, 2002, Bennett Raley, Assistant Secretary of Water and Science for the Department of the Interior appeared before the House Resources Subcommittee on Water and Power in support of HR 4129. Raley indicated that the Department of Interior could support HR 4129 with some recommended changes.

The HR 4129 legislation attempts to clarify the responsibilities of the Secretary of the Interior with respect to the Central Utah Project, to redirect unexpended budget authority for the Central Utah Project for wastewater treatment and reuse and other purposes, to provide for prepayment of the repayment contract for municipal and industrial water delivery facilities, and to eliminate a deadline for such prepayment.

Black Canyon NPS Water Rights

In a recent development, the Black Canyon NPS water rights proceedings have been moved into the Water Court's Division 4.

Since July of 2001, Reclamation has been meeting twice a month to discuss internal issues with Secretary Norton's special counsel, David Burnhardt, and with other agencies in the Department of the Interior and the Energy Department. Much of the time has been spent explaining the computer modeling programs makeup and setup so that the agencies understand the program and are comfortable with its use. This is being done prior to beginning negotiations with the objectors, which is not yet scheduled.

The National Park Service received 383 objector comments. They have been grouping them as to issues and content. The objector comment period closed last March 30, 2001.

Gunnison River Flow Status

New river flow recommendations were presented to the Recovery Implementation Program Management Committee on Monday, April 29 for protecting endangered fish species located in the Gunnison River and throughout the Upper Colorado River Basin.

Staff affiliated with Reclamation's Environmental Resources and Western Colorado Area Offices are currently reviewing and assessing the new flow recommendations.

Status of the Flaming Gorge Environmental Impact Statement

The Bureau of Reclamation is preparing an environmental impact statement (EIS) on the operation of Flaming Gorge Dam. This EIS will analyze the effects of operating Flaming Gorge Dam to achieve the flows recommended by the Upper Colorado River Endangered Fish Recovery Program (Recovery Program) and to comply with Section 7 of the Endangered Species Act, while maintaining the other authorized uses of the dam. The purpose of the proposed action for this EIS is to protect and assist in the recovery of populations and designated critical habitat of the razorback sucker, Colorado pikeminnow, humpback chub, and bonytail in the Green and Colorado River basins.

The EIS will evaluate the impacts of implementing the "Flow and Temperature Recommendations for Endangered Fishes in the Green River Downstream of Flaming Gorge Dam" issued in September 2000 by the Recovery Program. Public hearings to receive comments on the scope of the EIS were held in Utah, Wyoming and Colorado in July 2000, and the public was invited to submit written comments on the scope of the EIS from June to September 2000. When completed, the draft EIS will be released for public review comment, and all comments received will be considered in preparing the final EIS.

Eight other agencies are cooperating with the Bureau of Reclamation in preparing and reviewing the EIS: The Bureau of Indian Affairs, the U.S. Forest Service, the U.S. Fish and Wildlife Service, the Western Area Power Administration, the Bureau of Land Management, the National Park Service, the Utah Division of Natural Resources, and the Utah Association of Municipal Power Systems.

The Flaming Gorge Dam was completed in 1964. In 1980, Reclamation began consultation with the U.S. Fish and Wildlife Service under Section 7 of the Endangered Species Act. Releases to support endangered fish research studies began in 1979, and dam operations were changed between 1985 and 1991 specifically to benefit endangered fish. Further flow modifications were made following issuance of the 1992 biological opinion (BO) by the Fish and Wildlife Service. The flow recommendations accepted by the Recovery Program in July 2000, and published in September 2000, call for a long-term pattern of releases from Flaming Gorge Dam that approximate a natural pattern of flow and water temperature. As a participant in the Recovery Program, Reclamation is now responsible for implementing these flow recommendations.

The draft EIS is scheduled to be available for a 60-day public review in September 2002, with public hearings in October and November 2002. The final EIS is scheduled for completion in April 2003, with a Record of Decision expected in May 2003. Members of the Recovery Program believe that Reclamation's November 2001 hydrology model overstated the dam

releases required to meet the flow recommendations. At their request, Reclamation modified the model, with results published and distributed in March 2002. Those results are now being used by members of the EIS Interdisciplinary Team to assess impacts and prepare the draft EIS.

###

*Upper Colorado
Compact Admin*

**WESTERN AREA POWER ADMINISTRATION'S
Report to the
UPPER COLORADO RIVER COMMISSION**

June 4, 2002

Status of the Basin Fund (Cash Balance)

In December of 2001 we reported to you that the cash balance in the Basin Fund stood at \$28 million. That balance has slowly been growing to where it currently is around \$44 million. Thus it has grown about \$16 million in just over 5 months, for approximately a rate of \$3 million per month. By the end of our fiscal year (September) it should be around \$55 million.

Due to the uncertainty of the energy market and the continued drought in the western United States, Western is not anticipating returning any funds to the General Fund of the U.S. Treasury. This will be the third straight fiscal year that a transfer has not taken place. However, the power repayment studies (PRS) continues to book principal and interest payments, even though the funds stay in the Basin Fund rather than being lodged in the General Fund. Thus, the rate payers are given credit for repayment.

Marketing of Electrical Power from the CRSP, Summer Season, 2002

In the Summer Season of 2000 and Winter Season of 2001, a combination of poor hydrological conditions, test flows at Glen Canyon Dam and sky-rocking electricity prices combined to drain the CRSP basin fund. Since then, Western has been marketing CRSP power on a "pass through" basis; firming purchases are passed on to the CRSP customers in their monthly bills. This "pass-through" marketing is continuing during this Summer Season. Customers can avoid these "pass-through" costs by reducing their allocation of CRSP electrical energy to just that amount which Western determines is available. Western intends to return to "business as usual" by the Winter Season of 2002.

Post 2004 Marketing Plan

On February 4th, 2002, Western published the final "Post 2004" allocations of CRSP power. Beginning October 1st, 2004, Western will begin delivery of approximately 93 megawatts of CRSP power to about 55 Native American Tribes. In determining these allocations Western attempted to meet 65% of the electrical needs of tribe members and tribal owned business on the reservations.

Currently, Tribes will be offered contracts for the purchase of CRSP power in the amount of their individual allocations. Since tribes are not required to be electrical utilities to receive an allocation of power, Western is working with the tribes and the utilities that serve them to ensure that the benefits of Federal power are received by the tribes.

In a related issue, there is interest on the part of some tribes to form their own tribal utilities. Some have started discussions with utilities about acquiring distribution

systems and have approached Western about delivery points for the power. There is also a large group of tribes that believe the best way to receive the benefits of the power is to work through their local utilities. Western will continue to be flexible when working with Tribes to help them utilize these benefits.

SLCA/IP Firm Power Rate

The formal rate process began with the publication of a federal register notice on March 6, 2002. The rate adjustments to the Salt Lake City Area Integrated Projects (SLCA/IP) firm power rate and CRSP transmission and ancillary services rates were discussed at the Public Information Forum on March 19, 2002, in Salt Lake City, Utah. A second Information Forum was held on April 23, 2002. The Comment Forum was also held on April 23, 2002. The 90-day consultation and comment period will end on June 4, 2002.

The proposed firm power rate will consist of a base rate and a purchase adder rate formula (PAR). The increase in the base rate is needed to pay increased O&M costs projected by the 2004 work plans for both Western and the Bureau of Reclamation. The base rate will meet all estimated firm power revenue requirements for operation and maintenance expenses, interest, and principal payments. The PAR would only recover the cost of purchased power. The initial PAR calculation will be in effect for a two-year period, at which time a new analysis will be done to determine the PAR for the following two years.

The firm power rate adjustment is expected to become effective October 1, 2002, and remain in effect for 5 years or until superceded by another rate adjustment. A comparison of the current and proposed firm power rates and an example for the PAR is shown below:

**Comparison of Current and Proposed Firm Power Rates
And Purchase Adder Rate Example**

	Current Rate April 1, 1998 – March 30, 2003	Proposed Rate October 1, 2002 – September 30, 2007	Increase
Rate Schedule		SLIP-F7	
Base Rate:			
Energy (mills/kWh)	8.1	8.5	.40
Capacity (\$/kW-month)	3.44	3.61	.17
Composite: (mills/kWh)	17.57	18.54	.97
PAR Example (mills/kWh)	N/A	5.1	N/A
Total Composite	17.57	23.64	6.07

Transmission Rate Adjustment

Effective April 1, 2002, the firm point-to-point transmission rate is \$1.78 kW/month. According to the Rate Schedule (SP-PTP5), each year the transmission rate will be updated to reflect changes in the projections for revenue credit and firm transmission contracts. CRSP MC is proposing a new rate methodology that is more consistent with the methodology used at other Western Regions and other utilities. The proposed rate is based on a formula that will be updated every FY. The current proposed rate is \$2.16/kW-month, based on FY 1999 data. FY 2000 data will be used for the initial rate that is to be effective October 1, 2002. Ancillary service rates are expected to be approximately the same as in the current rates. These revised rate schedules are expected to become effective along with the firm power rate and transmission rates on October 1, 2002.

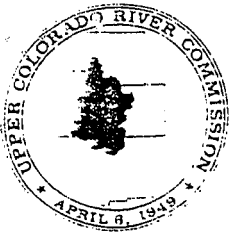
Black Canyon of the Gunnison National Park Federal Reserved Water Right

In January of 2001, the U.S. Government filed a claim for water in order to quantify a Black Canyon of the Gunnison National Park water right. The impact of this claim to CRSP electrical power production would vary with hydrological conditions. However, according to Western's preliminary modeling, the claim would result in significant loss of marketable capacity in months of peak electrical demand.

The Department of Interior, affected DOI agencies, the Department of Justice, and Western Area Power Administration are attempting to develop a proposed settlement of the water right. Once developed, this proposal will be presented to the State of Colorado, water districts, and other interested parties to begin negotiations.

Flow Recommendations for Endangered Fishes in the Colorado and Gunnison Rivers

The Biology Committee of the RIP approved draft Flow Recommendations in December 2000. Western, along with CREDA, the water users, and the State of Colorado objected to the approval and prepared a minority report that detailed the outstanding issues that needed to be resolved prior to finalization of the Report. Since then, a series of meetings have been held among the minority group and the Fish and Wildlife Service to resolve the outstanding issues. A proposal has been submitted by the F&WS to the minority group and will be taken up by the Biology Committee at its next meeting in June, 2002. It appears that the major issues have been or will be resolved soon. Western and the other minority members will request that the Recommendations Report be revised as proposed then resubmitted to the RIP for approval.



UPPER COLORADO RIVER COMMISSION

355 South 400 East • Salt Lake City • Utah 84111 • 801-531-1150 • FAX 801-531-9705

*Upper Colorado - 3
Compass + Adm*
2002 MAY 13 AM 10:23
OFFICE OF THE
STATE ENGINEER
S.D. SANTA FE, NM

May 6, 2002

NOTICE

of a

MEETING

of the

UPPER COLORADO RIVER COMMISSION

In accordance with paragraph 3 of Article IV of the By-Laws, notice is hereby given that a meeting of the Upper Colorado River Commission will be held on Tuesday, from 2:00 p.m. to 4:30 p.m. in the Hoosier Room of the Four Points Sheraton, Silverthorne, Colorado.

In compliance with paragraph 4 of Article IV of the By-Laws, unanimous written consent of the Commissioners has been granted to hold the meeting at the time and place above set forth.

WAYNE E. COOK
Executive Director and Secretary

**TENTATIVE
AGENDA
UPPER COLORADO RIVER COMMISSION
MEETING**

**SILVERTHORNE, COLORADO
JUNE 4, 2002**

1. Call Meeting to order.
2. Filing documents to conform meeting to By-Laws.
3. Reading and approval of the Minutes of the Meeting of December 12, 2001.
4. Report of Staff.
5. Report of Bureau of Reclamation.
6. Report of Western Area Power Administration.
7. Report of Fish and Wildlife Service.
8. Report of Colorado River Salinity Control Program.
9. Report of Treasurer.
10. Budget Committee.
11. Business (unfinished and new).
 - (a) Action on reports.
 - (b) Pension Resolutions.
 - (c) Other.
 - (d) Next Meeting
12. Adjournment.

*John
Upper Colorado
Compact Admin*

AGREEMENT TO ESTABLISH TIME AND PLACE

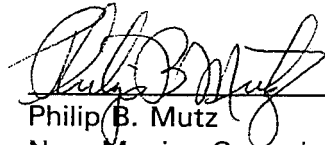
of a

MEETING

of the

UPPER COLORADO RIVER COMMISSION

Pursuant to Article IV, paragraph 4, of the By-Laws of the Upper Colorado River Commission, I agree that a meeting of the Upper Colorado River Commission be held on Tuesday, June 4, 2002 in the Hoosier Room of the Four Points Sheraton, Silverthorne, Colorado. The meeting will begin at 2:00 p.m. and conclude at approximately 4:30 p.m.



Philip B. Mutz
New Mexico Commissioner

Date: 4-29-02

2002 MAR 15 9:47
OFFICE OF THE
STATE ENGINEER
A.S.P. SANTA FE, NM

UC-3
Compact Act

Office of the Attorney General

Governor
Jim Geringer

Water & Natural Resources Division
123 Capitol Building
Cheyenne, Wyoming 82002
307-777-6946 Telephone
307-777-3542 Fax

Deputy Attorney General
Thomas J. Davidson

Attorney General
Hoke MacMillan

March 15, 2002

Mr. Phil Mutz
Bataan Memorial Building, Room 101
P.O. Box 25102
Santa Fe, NM 87504
Denver, Colorado 80202

Dear Phil:

Enclosed please find the letter from Colorado and Wyoming regarding the Colorado River Compact that Scott Balcomb discussed with you earlier today.

As noted in the letter, we would like to discuss the matter with you at your earliest convenience. It sounds like we are on for discussions at Denver International Airport, on April 2, 2002.

We look forward to working on this issue with you.

Sincerely,



Thomas Davidson
Deputy Attorney General

TJD:se

Enclosure

March 15, 2002

Mr. Phil Mutz
Bataan Memorial Building, Room 101
P.O. Box 25102
Santa Fe, NM 87504
United States of America

Dear Phil:

We are writing to you in response to Tom Turney's letter, indicating that New Mexico has revised its Colorado River depletion schedule so as to accommodate depletions associated with the Navajo-Gallup Pipeline Project and to your March 8, 2002 Memorandum proposing a Resolution to allow the Navajo-Gallup Project to proceed. While we appreciate the difficulty in projecting future uses, we remain concerned that the Section 7 consultations with the U.S. Fish and Wildlife Service clearly provide for a full water supply to all irrigated lands as opposed to having 5 percent fallowed at any given time as you have assumed. Furthermore, we understand that New Mexico is proposing that diversions to the Lower Basin be accounted as Upper Basin depletions, and that by revising New Mexico's depletion schedule, such depletions can be anticipated to occur within New Mexico's allocation under the Upper Colorado River Basin Compact.

Let us emphasize that Colorado and Wyoming are sympathetic to the needs that will be served by the Navajo-Gallup Pipeline Project and are willing to work with you to complete the project in a manner that does not adversely affect our interests. We believe that the project can move forward under an alternative, and in our view more correct, Compact accounting without jeopardizing the integrity of the Compacts.

The Colorado River Compact does not specifically address the question of a pipeline diverting water in the Upper Basin for use in the Lower Basin. However, we believe that uses in the Lower Basin, even those within New Mexico served by a pipeline from the Upper Basin, must be accounted for Compact purposes as Lower Basin uses.

The Colorado River Compact does not apportion water. It apportions the exclusive beneficial consumptive use of water. This is clear from a reading of Article III (a), (b) and (d). Therefore, the Compact provides that the place of use controls the question of whether such use is an Upper Basin use or a Lower Basin use.

This position is a Compact interpretation that Colorado and Wyoming have consistently taken in opposing Upper Basin to Lower Basin water marketing schemes. As much as we support the Navajo-Gallup Pipeline Project, we would view it as dangerous precedent to take an inconsistent position on such a fundamental issue.

You have advised us that you believe the Colorado and Wyoming interpretation of the Compacts on this point would be inconsistent with Article VI of the Upper Colorado River Basin Compact, which provides that accounting of consumptive use of water apportioned to the Upper Basin states be made by the inflow-outflow method in terms of man-made depletions at Lee Ferry. We respectfully disagree that this method is appropriate in this circumstance, for

two reasons. First, the Colorado River Compact would control in the event of any conflict in the interpretation of the two Compacts. Second, Article VI does not limit accounting to the method described. It provides that the Commission may adopt a different method of determination. In this instance, we believe such a different method is warranted.

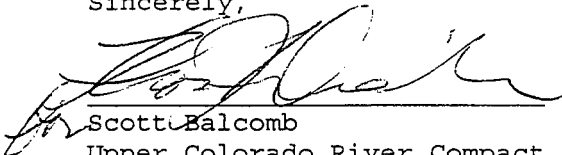
There has been some suggestion that the states or Congress provide an interpretation or amendment to the Compacts that would allow a use in the Lower Basin of water diverted from the Upper Basin to be accounted as an Upper Basin use. More recently, your March 8, 2002 correspondence proposed that such interpretation could be handled simply by a seven-state resolution. Colorado and Wyoming would oppose any attempt to modify or amend the Compacts for this purpose. We view it as just as dangerous to "interpret" the plain language of the Compacts out of existence by resolution as it would be to ask Congress to amend the Compacts without the full concurrence of all seven Basin States.

Therefore, Colorado and Wyoming would support a resolution by the Upper Colorado River Commission under Article VI of the Upper Basin Compact that would establish an accounting methodology for water projects that divert water from the Upper Basin for use in the Lower Basin. Such a methodology should affirm that such use is to be accounted as a Lower Basin use. Moreover, in order to protect against unreasonable diversions to the Lower Basin to the detriment of the Upper Division states, such accounting should provide protection for both Upper Basin uses and for Upper Basin 602(a) storage levels, by requiring that such uses in the Lower Basin be terminated first if shortages occur, or an equivalent level of Upper Basin use within the state from which the diversion is made be foregone.

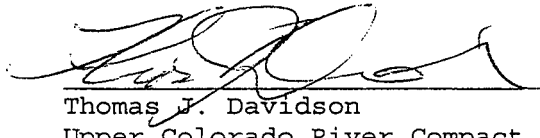
Of course, we also recognize the need for New Mexico to allow for an equitable level of development in Colorado under the limitations under discussion through the San Juan River Recovery Program. That separate issue will be handled in a different forum. We believe that the ideas we express here would allow the Navajo-Gallup Pipeline Project to move forward consistent with the Compacts.

We would appreciate the opportunity to discuss this matter with you further.

Sincerely,



Scott Balcomb
Upper Colorado River Compact
Commissioner for Colorado



Thomas J. Davidson
Upper Colorado River Compact
Commissioner for Wyoming

Cc: Greg Walcher
Rod Kuharich
Larry Anderson
Patrick Tyrrell
Wayne Cook
Rick Gold
Sam Maynes
John Shields
Randy Seaholm

NEW MEXICO INTERSTATE STREAM COMMISSION

Compact Area

COMMISSION MEMBERS

RICHARD P. CHENEY, Chairman, Farmington
HOYT PATTISON, Vice-Chairman, Clovis
THOMAS C. TURNEY, PE., Secretary, Santa Fe
PALEMÓN A. MARTINEZ, Valdez
JOHN S. BULSTERBAUM, Deming
PHILIP R. GRANT, Albuquerque
HAROLD HOUGHTALING, Jr., Lake Arthur
NARENDRA N. GUNAJI, Las Cruces
PHIL H. BIDEGAIN, Tucumcari



BATAAN MEMORIAL BUILDING, ROOM 101
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POST OFFICE BOX 25102
SANTA FE, NEW MEXICO 87504-5102

(505)827-6160
FAX:(505)827-6188

March 1, 2002

Frank E. "Sam" Maynes, Chairman
Upper Colorado River Commission
Post Office Box 2717
Durango, Colorado 81301

Dear Mr. Chairman:

It just occurred to me that I neglected to copy yourself on our February 19, 2002 letter to Rick Gold transmitting data we assembled as a result of a review of existing, anticipated and potential depletions in the Upper Colorado River Basin in New Mexico. A copy is enclosed, and I regret omitting you on the transmittal. The data revises depletions for New Mexico included in the depletion schedule approved by the Upper Colorado River Commission at its meeting held in December 1999.

Please let me know if additional information would be helpful.

Sincerely,

Philip B. Mutz
Upper Colorado River Commissioner

PBM:rav

Enclosures

\\colorado\maynes1.f02



UPPER COLORADO RIVER COMMISSION

355 South 400 East • Salt Lake City, Utah 84111 • 801-531-1130 • FAX 801-531-9705

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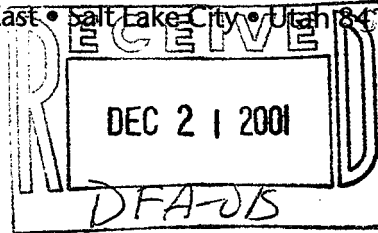
2001 NOV 30

PH 12:57

Office of the Governor

DFA

McCumber
John



Upper Colorado
Compact Admin

December 1, 2001

Honorable Gary E. Johnson
Governor of New Mexico
State Capitol Building
Santa Fe, New Mexico 87503

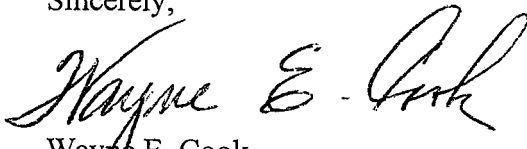
Dear Governor Johnson,

Article VIII(b) of the Upper Colorado River Basin Compact requires that "On or before December 1, of each year, the Commission shall adopt and transmit to the Governors of the four States and to the President a budget covering an estimate of its expenses for the following year, and of the amount payable by each State."

In compliance with the above provision, we are enclosing a copy of the budget for the fiscal year ending June 30, 2003, which was adopted by the Upper Colorado River Commissioners on June 13, 2001.

By similar letter we are also providing copies of the 2003 budget to the President of the United States and the Governors of the other three member States for use in their budget processes. The assessments to be paid by each State are shown as a part of the enclosed budget.

Sincerely,


Wayne E. Cook
Executive Director

Enclosure

BUDGET
UPPER COLORADO RIVER COMMISSION
Fiscal Year Ending - June 30, 2003

Approved for Billing
06/13/01

PERSONAL SERVICES

Administrative Salaries

Executive Director	\$ 102,500
Administrative Secretary	21,900

Professional Services

General Counsel	67,200
Staff Engineer	43,400

Janitor	1,000
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Pension Trust	24,000
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Social Security	17,100
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Health Insurance	15,900
	\$ 293,000

<u>TRAVEL</u>	\$ 20,000
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<u>CURRENT EXPENSES</u>	\$ 25,000
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<u>CAPITAL OUTLAY</u>	\$ 900
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<u>CONTINGENCIES</u>	\$ 5,000
-----------------------------	----------

TOTAL	\$ 343,900
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2003 STATES ASSESSMENTS	\$309,700
-------------------------	-----------

Colorado	51.75%	160,270
New Mexico	11.25%	34,841
Utah	23.00%	71,231
Wyoming	14.00%	\$ 43,358
		309,700

**RICK L. GOLD
BUREAU OF RECLAMATION
UPPER COLORADO REGION
REPORT TO THE
UPPER COLORADO RIVER COMMISSION
LAS VEGAS, NEVADA
DECEMBER 12, 2001**

Hydrology:

Water year 2001 was the second consecutive year of below average runoff in the Colorado River Basin. Total unregulated inflow to Lake Powell in water year 2001 was 6.96 million acre-feet or 59 percent of average. The total release from Glen Canyon Dam in water year 2001 was 8.23 million acre-feet.

Hydrologic conditions in the Upper Colorado River Basin remain relatively dry. With the exception of a storm system that moved through the basin on October 30-31, very little precipitation was observed in the basin from late August, 2001, through the third week of November. Snowpack on November 21, 2001, in the Colorado River basin was 27 percent of average. The final week of November saw a change in the weather pattern, however, with significant amounts of precipitation taking place. Basinwide snowpack has improved, but still remains below normal at 79 percent of average (as of December 3, 2001).

Inflow to Lake Powell has continued to be below average in water year 2002 (which began on October 1, 2001). Unregulated inflow to Lake Powell in October, 2001, was 244,000 acre-feet (45 percent of average), and unregulated inflow in November, 2001, was 330,000 acre-feet (63 percent of average).

The elevation of Lake Powell on December 3, 2001, was 3,660 feet (40 feet from full pool). Current storage, as of that date, was approximately 18.5 million acre-feet (76 percent of capacity).

Releases from Glen Canyon Dam in December will average about 13,000 cfs with a total of 800,000 acre-feet scheduled to be released during the month. On Mondays through Saturdays during December, daily fluctuations due to load following will likely vary between a low of about 9,000 cfs (during late evening and early morning off-peak hours) to a high of about 17,000 cfs (during late afternoon and early evening on-peak hours). On Sundays, releases will likely vary between a low of about 9,000 cfs during off-peak hours, to a high of about 14,000 cfs during on-peak hours. Releases in January, 2002, will likely remain the same as December; 800,000 acre-feet are currently scheduled to be released in January, 2002.

The latest forecast for Lake Powell, received on December 4th, calls for a total of 825,000 acre-feet of unregulated inflow during the months of December, January, and February, which is 67 percent of normal. Normal levels of unregulated inflow during these months is about 1,225,000 acre-feet. It should also be noted that the December forecast does not factor in March and April snow and rainfall - two critical months each year.

Looking ahead, under the 2002 Annual Operation Plan (AOP), storage equalization between lakes Mead and Powell will likely control the annual releases from Glen Canyon Dam. If 2002 turns out to be another dry year on the Colorado River, the annual release from Glen Canyon Dam will be the minimum objective release of 8.23 million acre-feet.

*for equalization
from Mead
to Powell
in March
and April*

There will be a surplus condition in the Lower Division States, the estimated amount of surplus water is not expected to exceed 640,000 acre-feet. This will keep the Metropolitan Water District's aqueduct full again this coming year, providing a full water supply to urban users in southern California. In addition, 1.5 million acre-feet will be scheduled for delivery to Mexico in accordance with the 1944 Treaty.

Glen Canyon Dam will continue to be operated in conformance with the 1996 Record of Decision (ROD) for the Operation of Glen Canyon Dam Environmental Impact Statement. The AOP does provide for reservoir releases in excess of powerplant capacity during high reservoir conditions to accomplish the objectives of the Beach/Habitat Building Flow according the 1996 ROD.

Animas La-Plata Project:

The Animas-La Plata Project reached a significant milestone this fall when Commissioner John Keys signed a memorandum authorizing construction to begin effective November 9, 2001. Such activity is contingent upon all construction prerequisites being fulfilled and there being adequate funding, which will be appropriated over a five-year period. Construction will be completed within seven years.

We are pleased that the project has the continued full support of the Administration.

We also join the Commissioner in extending special commendation to the Southern Ute and Ute Mountain Ute Tribes for their enduring patience and the continued spirit of cooperation in moving the project forward and in settling their water rights claims.

We also commend the combined efforts of the States of Colorado and New Mexico, the San Juan Water Commission, the Animas-La Plata Water Conservancy District, the La Plata Conservancy District, and the Navajo Nation.

Black Canyon NPS Water Rights:

There has been no significant action in the Water Court.

Since July, Reclamation has been meeting twice a month to discuss internal issues with Secretary Norton's special counsel, David Burnhardt, and with other agencies in the Department of the Interior and the Energy Department. Much of the time has been spent explaining the computer modeling programs makeup and setup so that the agencies understand the program and are comfortable with its use. This is being done prior to beginning negotiations with the objectors, which is not yet scheduled.

The National Park Service received 383 objector comments. They have been grouping them as to issues and content. The objector comment period closed last March 30, 2001.

Upper Colorado River Endangered Fish Recovery Program Extension

The Upper Colorado River Endangered Fish Recovery Program leaders voted in October to extend the Recovery Program through 2013, ensuring the continued cooperative work to recover four species of endangered fish while allowing for future water development for agricultural, hydroelectric and municipal uses in the Upper Colorado River Basin.

The Secretary of the Interior, the governors of Colorado and Wyoming, and the administrator of Western Area Power Administration last week signed an extension of the program's cooperative agreement. The governor of Utah was unable to sign at that time, but he has indicated he will do so soon. Under the current agreement, funding ends in 2003. With the extension, P.L. 106-392 extends funding through 2013.

The program goal remains to promote recovery of four species of endangered fish while providing for continuing water use and development in the Upper Colorado River Basin. As a result of this group's work during the last several years, signs of recovery are being seen in both the humpback chub and Colorado pinkeminnow populations. Overall habitat for native fish in the river has improved and water development for agricultural, municipal and hydroelectric projects has been able to continue.

The program recently announced completion of draft recovery goals for the endangered fish. The goals supplement and amend recovery plans for the fish and provide objective measurable recovery criteria required to consider removing the humpback chub, bonytail, Colorado pikeminnow, and razorback sucker from Endangered Species Act protection. The goals identify site-specific management actions necessary to minimize or remove threats; establish objective measurable criteria that consider demographic and genetic needs for self-sustaining viable populations; and provide recovery time estimates.

Environmental Impact Statement Progress:

Flaming Gorge:

The EIS team has extended the time needed to get the hydrology model operational followed by running the alternatives through the model for evaluation of probable impacts.

The cooperating agencies met in October, 2001, to discuss the results of the modeling. Three model runs were completed: (1) the No Action Alternative, (2) the All Alternative and (3) the All Minus One Alternative.

The No Action condition represents operations of the dam in accordance with the 1992 Biological Opinion. The All Alternative represents operations of the dam to meet all of the Recovery Program's flow recommendations. Doing that results in some rather severe drawdowns of the reservoir in consecutive drought years. The All Minus One Alternative was developed in an attempt to reduce those drawdowns. Achieving less drastic reservoir drawdowns results in meeting all but one of the flow recommendations (the recommendation that we achieve 18,600 cfs flows at Jensen for two weeks, four out of every 10 years).

As a result of the model runs and discussion, other possible alternatives, or variations of the existing alternatives, have been suggested by members of the cooperating agencies.

Additional modeling and analysis will be completed by Reclamation in the coming month. Our objective remains achieving the flow recommendations while maintaining authorized project uses. That may require approaching the Recovery Program Biology Committee about possible minor adjustments to the flow recommendations.

Aspinall:

The Fish and Wildlife Service is making progress with the parties involved in the Gunnison Flow Recommendations. We continue to expect the flow recommendations from the Service at the end of this month. Schedules are dependent upon receiving the recommendations.

Navajo:

The preliminary draft is being internally reviewed by Reclamation and the Cooperating Agencies with the objective of releasing the draft Environmental Impact Statement to the public the first week of April, 2002.

Once the EIS is out, there will be a 60-day review period. Hearings on the draft EIS will probably occur in the first half of May, 2002.

Navajo Nation MOU:

The water resources of the Navajo Nation are severely underdeveloped, which adversely affects both the public health and the economy of the Navajo Nation. Some 40 percent of the population have to haul their drinking water, a situation that results in a high incidence of health problems. An adequate water supply is essential for the economic growth necessary to create jobs and reduce the reliance on Federal subsidies.

In response to those needs, the Bureau of Reclamation and the Navajo Nation last year entered into a Memorandum of Understanding. This agreement established a long-term partnership between the Navajo Nation and Reclamation.

Meanwhile, the Nation developed a four-part strategy that contemplates: (1) the preparation of a reservation-wide needs assessment; (2) the establishment of a water resource task force to facilitate project implementation; (3) the development of several regional water supply projects; and, (4) the construction or rehabilitation of local water supply and distribution systems. The Nation has requested Reclamation's support in implementation of these plans and strategies.

The Navajo Nation intends to seek Federal financial assistance in meeting their broad water resource needs. They are also seeking two new authorities including; (1) a "feasibility study" authority reservation-wide; and, (2) a "small construction" authority for minor infrastructure rehabilitation and construction having a cost that is less than a designated cost threshold.

Activities are now underway to develop a data base in which existing water data of the Navajo Nation is compiled. An assessment of the water resources needs of the eastern side of the Nation's lands is also being conducted. This work is being done by Reclamation's Western Colorado Area Office. The data base and assessment will then be used to evaluate where data is lacking, prioritize project development needs, and develop necessary budgets.

Navajo - Gallup Water Supply Project:

The Navajo Nation and the city of Gallup, New Mexico, rely upon a rapidly depleting groundwater supply. Other water sources are needed to meet current and future municipal and industrial demands of 43 Navajo Chapters, including the communities of Fort Defiance and Window Rock, Arizona, the city of Gallup, and the Navajo Agricultural Products Industry.

Reclamation was authorized in 1971 to conduct feasibility studies for a project to provide water to the Navajo Nation and Gallup. The studies of the 70's and 80's did not gain the support needed to move the project forward. In 1993, planning activities resumed and have continued since then..

Meanwhile, the Jicarilla Apache Nation has joined the project. The planning analysis now includes their anticipated municipal and industrial water needs.

The feasibility studies and environmental analysis work is moving forward. The schedule anticipated an environmental impact statement and record of decision by October, 2003. However, that date is now delayed pending the identification of a secure water supply by the two Indian Nations and Gallup. It is critical to secure adequate water rights in the San Juan and Lower Colorado River Basins. The Colorado River Compact, along with the Endangered Species Act and current development, have all combined to limit the availability of water.

The Navajo Nation and the State of New Mexico are working on terms of a water rights settlement. The New Mexico State Engineer has stated that his support for this project is contingent upon reaching a settlement. Project authorizing legislation may be drafted and considered for introduction this winter by project sponsors.

Navajo Indian Irrigation Project MOU:

The Navajo Nation, Bureau of Indian Affairs, and Reclamation are continuing to work towards completion of a new Memorandum of Understanding that will better define roles and responsibilities for completion of the Navajo Indian Irrigation Project (NIIP). This is one of several requirements stemming from the re-invention effort that BIA has sought to move towards continued construction and completion of NIIP.

The project is about 60 percent complete, with 7 blocks under irrigation. Completion of the remaining four blocks of 10,000 acres each is well behind schedule and will require an additional \$300 to \$400 million and 10 to 15 years time, depending upon funding availability.

The contract for Block 9, Stage 1 construction has recently been awarded.

Security:

(Reclamation provided a general update on security. We request that this portion of our presentation not be included in the meeting records, other than a notation that the discussion took place.)

Secretary's Designee for the Adaptive Management Work Group:

Since the inception of the Adaptive Management Work Group (AMWG), Steve Magnussen of Reclamation has been designated as the Secretary's Designee to the group. As such, Mr. Magnussen has represented the Secretary of the Interior through participation in development of

meeting agendas, in the work of the AMWG, and in serving as a two-way information conduit between the Secretary and the AMWG - a Federally chartered advisory group.

Mr. Magnussen has announced his retirement from Reclamation and the Secretary is preparing to appoint a new designee. We would like to have this process completed by the next AMWG meeting in January.



UPPER COLORADO RIVER COMMISSION

*Upper Colorado
Compact Admin*

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OFFICE OF THE
STATE ENGINEER
A.S.D. SAINT FRANCISCO

December 12, 2001

NOTICE

of a

MEETING

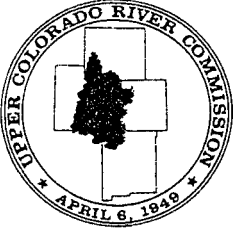
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UPPER COLORADO RIVER COMMISSION

In accordance with paragraph 3 of Article IV of the By-Laws, notice is hereby given that a meeting of the Upper Colorado River Commission will be held on Wednesday, December 12, 2001 from 1:00 p.m. to 3:00 p.m. in the Messina Room at Caesars Palace in Law Vegas, Nevada.

In compliance with paragraph 4 of Article IV of the By-Laws, unanimous written consent of the Commissioners has been granted to hold the meeting at the time and place above set forth.

Wayne E. Cook
WAYNE E. COOK
Executive Director and Secretary



UPPER COLORADO RIVER COMMISSION

*Upper Colorado
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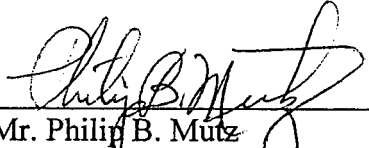
AGREEMENT TO ESTABLISH TIME AND PLACE

of a

MEETING

UPPER COLORADO RIVER COMMISSION

Pursuant to Article IV, paragraph 4, of the By-Laws of the Upper Colorado River Commission, I agree that a meeting of the Upper Colorado River Commission be held on Wednesday, December 12, 2001 at Caesars Place in Las Vegas, Nevada. The meeting will begin at 1:00 p.m. and conclude approximately 3:00 p.m.



Mr. Philip B. Mutz
Commissioner for New Mexico

Date: 11-13-01

*Upper Colorado -
Compact Allow*

WESTERN AREA POWER ADMINISTRATION'S
Report to the
UPPER COLORADO RIVER COMMISSION

December 12, 2001

Status of the Basin Fund (Cash Balance)

Calendar Year 2001 has been an interesting and difficult year for the CRSP Basin Fund. It began in January with unusually high firming energy costs and low water levels causing the Basin Fund to get to seriously low levels. A number of solutions were suggested, and a few were implemented. One that had great impact was having the customers advance purchase costs for 2 months of Western Replacement Power for the summer season. Another was temporarily reducing contract commitments to hydropower only. We are still collecting advances for the Winter Season. That allowed the Basin Fund to regain its solid financial footing.

For the second year in a row there was no return to the U.S. Treasury of principal or interest (although the Power Repayment Studies do record transactions as if principal and interest were repaid). This allowed the Basin Fund to continue to build up.

As of the end of November the Basin Fund cash balance was \$39 million, of which \$11 million was from an Energy Banking arrangement between Pick Sloan, Parker Davis, and CRSP. That left a useable cash balance of \$28 million. That balance should grow to nearly \$50 million by the end of FY 2002 (September 30, 2002). The goal is to get to a \$100 million balance in the Basin Fund before further returns to the U.S. Treasury, so again no cash transfer is anticipated at this fiscal year.

SLCA/IP Firm Power Rate

An informal customer meeting was held on October 18 in Salt Lake City, Utah, to discuss the need for a rate adjustment to the Salt Lake City Area Integrated Projects (SLCA/IP) firm power rate and CRSP transmission and ancillary services rates.

A formal rate adjustment process will be initiated with the publication of a Federal Register notice in February of 2002. The rate adjustment publication in the Federal Register will initiate a 3-month public process that will include an information forum in March of 2002 in Salt Lake City, Utah, and a comment forum in April of 2002, also in Salt Lake City.

The firm power rate adjustment is needed to pay increased O&M costs projected by the 2003 work plans for both Western and the Bureau of Reclamation. Also needed in the rate adjustment is additional revenue to pay increased "firming" power costs that are projected through the coming years. Those additional costs are mostly due to an increase in purchase power prices that has recently occurred in the power market.

The firm power rate adjustment would become effective October 1, 2002, and remain in effect for 5 years or until superceded by another rate adjustment. A comparison of the current and proposed firm power rates is shown below:

Comparison of Current and Proposed Firm Power Rates

	Current Rate April 1, 1998 - March 30, 2003	Proposed Rate October 1, 2002 - September 30, 2007	Increase
Rate Schedule	SLIP-F6	SLIP-F7	
Energy (mills/kWh)	8.1	9.6	1.5
Capacity (\$/kW-month)	3.44	4.01	.63
Composite (mills/kWh)	17.57	20.75	3.18

Transmission Rate Schedule

Effective April 1, 2001, the firm point-to-point transmission rate is \$2.14 kW/month. According to the Rate Schedule (SP-PTP5), each year the transmission rate will be updated to reflect changes in the projections for revenue credits and firm transmission contracts. The proposed rate is based on a formula that will be updated every FY. The current proposed rate is \$2.16/kW-month, based on FY 1999 data. Ancillary service rates are expected to be approximately the same as in the current rates. These revised rate schedules are expected to become effective along with the firm power rate on October 1, 2002.

Black Canyon of the Gunnison National Park Federal Reserved Water Right

In January of 2001, the U.S. Government filed a claim for water in order to quantify a Black Canyon of the Gunnison National Park water right. If implemented as filed, the water claim would move considerable amounts of water into the April/May/June timeframe from the remaining months of the year. The impacts of this claim on the generation of electrical power would vary with hydrological conditions. However, according to Western's preliminary modeling, the claim would result in significant loss of marketable capacity in the peak summer months.

The Department of Interior, affected DOI agencies, the Department of Justice, and Western Area Power Administration are attempting to develop a proposed settlement of the water right. Once developed, this proposal will be presented to the State of Colorado, water districts, and other interested parties to begin discussions on a final agreement. Presently, flow recommendations for endangered fish species in the Gunnison River are being considered together with water needs to support the quantification of the Black Canyon of the Gunnison National Park. Officials at DOI are requesting Federal agencies to be expeditious, although there is no specific schedule for the completion of this task.

SLIP Power Resource Forecast for the Remaining Winter Season

During the 2001 summer season, Western's CRSP Management Center allowed its firm power customers to take delivery of a "hydro only" electrical product. Customers could choose to take only that portion of the electrical generation forecasted to be available. If a customer chose this option it would avoid a bill from Western for the costs of firming electricity to the contracted power allocation. Western was forced to bill customers for firming electricity this past summer season because extremely high purchase power expenses in the summer and winter seasons of 2000 - 2001 reduced its cash balance to near zero.

The winter season of 2001 has seen improved conditions in terms of the price of electrical power Western is purchasing to firm electrical resources. This winter, Western has been firming to some degree. Hydrological conditions in the Upper Colorado River Basin look hopeful at present. Western will return to "business as usual" as soon as possible. It may provide a firm SLCA/IP product as soon as this coming summer season, if hydrological conditions continue to be average or higher.

Market Energy Prices this Winter Season

Purchase power prices this winter are significantly lower than last winter season. Last year, average on- and off-peak prices hovered around \$100/MWh, but peak demand in December drove that to above \$250/MWh, and January prices were around \$200/MWh. Due to construction of additional generating capacity in the region, decreased demand (mostly due to conservation), additional regulations, and various other factors, purchase power prices have returned to levels that are more reasonable.

So far this winter season, Western has purchased energy for an average of \$27/MWh on peak and \$19/MWh off peak. Western expects prices to remain at these levels for the remainder of the winter season.

Salt Lake City Area Integrated Projects Post-2004 Marketing Plan

On June 13, the Colorado River Storage Project Management Center announced the proposed allocations of the Salt Lake City Area Projects (SLCA/IP) Post-2004 Power Pool. The pool, which will be available on October 1, 2004, is comprised of 7 percent of the SLCA/IP marketable resources on that date. This amounts to approximately 100 MW in the winter season and 87 MW in the summer season. All of the resource pool is proposed to be allocated to Indian tribes in the SLCA/IP service area of Arizona, Colorado, New Mexico, Utah, Wyoming, and part of Nevada.

Western accepted comments on its proposed allocations until October 11, 2001, and received comments from 20 different Indian Tribes and organizations, as well as from 19 customers about the proposed allocations.

Western is currently preparing a Federal Register notice to announce the final allocations. It is anticipated that the FRN will be published no later than early January.

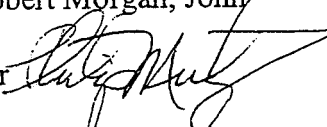
After this, Tribes will be offered contracts for the purchase of SLCA/IP power in the amount of their individual allocations. Since tribes are not required to be electrical utilities to receive an allocation of power, Western will also work with the tribes and the utilities that serve them to ensure that the benefits of Federal power are received by the tribes. Delivery of the power or its benefits to the tribes will begin on October 1, 2004, and run through September 30, 2024.

In a related issue, there is interest on the part of some tribes to form their own tribal utilities. Some have started discussions with utilities about acquiring distribution systems and have approached Western about delivery points for the power. There is also a large group of tribes that believe the best way to receive the benefits of the power is to work through their local utilities. Western will continue to be flexible when working with Tribes to help them utilize these benefits.

20-1
NGWSP
copy: UC-3
Compact Act

MEMORANDUM
December 5, 2001

TO: Larry Anderson, Scott Balcomb, Tom Davidson and Frank Maynes, Upper Colorado River Commissioners, with copies to Robert Morgan, John Shields, Randy Seaholm and Wayne Cook

FROM: Philip Mutz, Upper Colorado River Commissioner 

SUBJECT: Revised Depletion Schedule for New Mexico-Upper Colorado River Basin

Earlier this year at a meeting in Denver, I briefed the proposed Navajo-Gallup Municipal Water Supply Project which would include diversion of water from the San Juan River in New Mexico to provide a domestic/municipal water supply to communities on the Navajo Reservation and the City of Gallup in New Mexico and also to the Window Rock-Ft. Defiance area on the Navajo Reservation in Arizona. As currently planned, the project would consumptively use water apportioned to New Mexico by the Upper Colorado River Basin Compact in both the Upper and Lower Basin areas of New Mexico. To my knowledge, the water supply for the planned use in Arizona has not been formalized.

Water for the use in New Mexico would be by contract with the Secretary of the Interior and possibly by subcontract with the Jicarilla Apache Tribe for a part of the total. Also, Jicarilla is looking at a branch line that would provide water to communities in the southern portion of the Jicarilla Reservation, and that amount of water would come under the existing contract between the Secretary and Jicarilla. Potential contracts could extend to the year 2060. To determine that water is available to contract for the planned use, the Bureau of Reclamation must extend the 1988 Hydrologic Determination to the year 2060.

The Upper Colorado River Commission by resolution dated December 15, 1999, adopted for planning purposes, depletion schedules for the Upper Division States dated January 2000, that include estimates of depletions through the year 2060. A review of the January 2000 depletion projection for New Mexico has been made in light of subsequent changes in planning for the Navajo-Gallup Project, changes to the Animas-La Plata Project by the Colorado Ute Settlement Act Amendments of 2000, changes in depletion by NIIP, negotiation of subcontracts between Jicarilla and other existing users of water from the Navajo Reservoir Supply and other small changes to certain depletions contained in the January 2000 projections. In light of the review, a revised depletion schedule for New Mexico has been prepared and may be proposed to replace the January 2000 schedule for New Mexico adopted by the Commission. The revised schedule is attached and following are changes made in the revised schedule.

- Under Current Depletions: for the periods **2020** through **2060** the totals have each been reduced 1,000 to a new total of 449, 000 in 2020 and to a new total of 450,000 in each of the periods **2030** through **2060**. The reduction is in reservoir evaporation.
- Under Anticipated Depletions: for the period **2010** agricultural has been increased 10,000 for Navajo Indian Irrigation Project (NIIP), municipal has been increased 5,000 for Animas-La Plata Project (ALP) and evaporation has been reduced 1,000 for a total increase of 14,000; for the periods **2020** through **2060** agricultural has been decreased 11,000 to reflect reduction in transfer of depletion back to Fruitland and Hogback projects from NIIP, municipal has been reduced up to 3,000 for minor changes in ALP and Jicarilla, power has been decreased 4,000 for a change in Jicarilla and evaporation has been reduced 1,000; a decrease in total of up to 19,000 in **2060**.
- Under Potential Depletions: for the periods **2020** through **2060** municipal has been increased up to 3,000 for Navajo-Gallup Project, power has been decreased 4,000 for a change in Jicarilla and export has been increased 4,000 for Navajo-Gallup; an increase in total of 2,000 for the periods **2040** through **2060**.
- For Total Depletions: a decrease of up to 18,000 in **2060**.
- For Remaining Available: an increase of up to 18,000 in **2060**.

The existing contract between the Secretary of the Interior and Public Service Company of New Mexico (PNM) for 16,200 from the Navajo Reservoir Supply expires in **2005**. PNM and Jicarilla have subcontracted for the same amount of water from the same source effective **2006-2027** with commitment to negotiate for contract extension.

The total depletion by NIIP is 254,000 assuming 5 % average fallow acreage.

The total depletion by ALP including reservoir evaporation is 14,000 by **2020**.

The Navajo-Gallup Project on-line by **2020** with total depletion of 26,000 by **2040**; of the total depletion, 7,500 assumed by subcontract with Jicarilla; total of export is 13,000 of which 12,000 would be to the Little Colorado River Basin and 1,000 to the Rio Grande Basin.

Upper Colorado River Division States Depletion Schedule (N. Mexico)

Item	Year							
	1991-95	2000	2010	2020	2030	2040	2050	2060+
CURRENT DEPLETIONS								
Agricultural-Irrig. & Stock	246	246	246	246	246	246	246	246
Municipal/Domestic	10	10	10	10	10	10	10	10
Power/Industrial	56	56	56	57	58	58	58	58
Minerals	0	0	0	0	0	0	0	0
Export	108	108	108	108	108	108	108	108
Reservoir Evaporation	29	29	29	28	28	28	28	28
TOTAL CURRENT DEPLETIONS	449	449	449	449	450	450	450	450
ANTICIPATED DEPLETIONS								
Agricultural-Irrig. & Stock	0	0	90	110	110	110	110	110
Municipal/Domestic	0	1	10	14	15	15	15	15
Power/Industrial	0	0	0	0	0	0	0	0
Minerals	0	0	0	0	0	0	0	0
Export	0	0	0	0	0	0	0	0
Reservoir Evaporation	0	0	0	0	0	0	0	0
TOTAL ANTICIPATED DEPLETIONS	0	1	100	124	125	125	125	125
POTENTIAL DEPLETIONS								
Agricultural-Irrig. & Stock	0	0	0	0	0	0	0	0
Municipal/Domestic	0	0	0	6	10	12	12	12
Power/Industrial	0	1	1	1	1	1	1	1
Minerals	0	0	0	0	0	0	0	0
Export	0	0	0	6	9	13	13	13
Reservoir Evaporation	0	0	0	0	0	0	0	0
TOTAL POTENTIAL DEPLETIONS	0	1	1	13	20	26	26	26
Summary of Depletions	449	451	550	586	595	601	601	601
Evap-Storage Units	58	58	58	58	58	58	58	58
TOTAL DEPLETIONS	507	509	608	644	653	659	659	659
State Share of 6.0 MAF	669	669	669	669	669	669	669	669
Remaining Available	162	160	61	25	16	10	10	10
Percent of State Share	24%	24%	9%	4%	2%	1%	1%	1%

NOTE: This depletion schedule does not attempt to interpret the Colorado River Compact, the Upper Colorado River Basin Compact, or any other element of the "Law of the River." This schedule should not be construed as an acceptance of any assumption that limits the Upper Colorado River Basin's depletion.

In this schedule, the Upper Division Allocation is listed, for planning purposes only, as 5,950,000 acre-feet. For planning purposes, the total Upper Colorado River Basin Allocation is 6,000,000 acre-feet, of which 50,000 acre-feet is the Upper Basin allocation to Arizona. This estimate does not constitute an endorsement of the Bureau of Reclamation's 1988 Hydrologic Determination.

"Evap-Storage Units" refers to the total and individual States portions of evaporation from the major reservoirs constructed under the Colorado River Storage Project Act. These include Flaming Gorge, Curecanti and Glen Canyon.

UC-3
Compact Admin
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NGW30

MEMORANDUM
November 16, 2001

To: Philip Mutz, Upper Colorado River Commissioner for New Mexico
From: John Whipple, Staff Engineer, ISC
Subject: Revised Upper Colorado River Basin Depletion Schedule for New Mexico

The Bureau of Reclamation must extend its 1988 Hydrologic Determination to determine that water is available to contract from the Navajo Reservoir Supply for potential water uses by the Navajo-Gallup Water Supply Project through the year 2060. The Project would consumptively use Upper Basin water in New Mexico and Arizona. The Upper Colorado River Commission by resolution of December 15, 1999, adopted for planning purposes depletion schedules, dated January 2000, for each of the Upper Division States that include estimates of future depletions through 2060. The January 2000 depletion schedule for New Mexico indicates possible reliance of the Navajo-Gallup Project on other States' unused apportionments.

A review of the January 2000 depletion schedule has been made in light of subsequent changes in planned depletions for the Navajo-Gallup Project, changes to the Animas-La Plata Project as now authorized by the Colorado Ute Settlement Act Amendments of 2000, and negotiations of water subcontracts between the Jicarilla Apache Nation and other users of the Navajo Reservoir Supply. Based on said review, I propose for your presentation to the Upper Colorado River Commission the attached revision, dated January 2002, to the table entitled: "Upper Colorado River Division States Depletion Schedule (New Mexico)." The revised depletion schedule for New Mexico is proposed to replace the schedule of the same title adopted by the Commission in 1999. The revised depletion schedule includes the Navajo-Gallup Project within New Mexico's Upper Basin apportionment.

Also attached for your information is a table, dated November 2001, entitled: "New Mexico Anticipated Depletion Schedule." Said table presents some detail of the depletions by project or water user included in the proposed revision to the Upper Colorado River Division States Depletion Schedule for New Mexico. Please note that the 6.0 million acre-feet yield to the Upper Basin assumes that the Upper Basin must deliver half of the Mexican Treaty obligation at Lee Ferry and that the Upper Basin States are not entitled to salvage of water by use above Lee Ferry. New Mexico does not agree with these assumptions; and consequently, the Upper Basin yield used in the attached tabulations is conservatively low. Also, the attached depletion schedules make no attempt to predict the rate or extent of transfers of uses from agricultural to domestic uses. Nor does the November 2001 New Mexico Anticipated Depletion Schedule represent a quantification or legal determination of water rights. The attached depletion schedules are proposed for use solely for long-term planning purposes and to indicate water availability for potential Navajo-Gallup Project uses in New Mexico.

Upper Colorado River Division States Depletion Schedule (New Mexico)

Item	Year							
	1991-95	2000	2010	2020	2030	2040	2050	2060+
CURRENT DEPLETIONS								
Agricultural-Irrig. & Stock	246	246	246	246	246	246	246	246
Municipal/Domestic	10	10	10	10	10	10	10	10
Power/Industrial	56	56	56	57	58	58	58	58
Minerals	0	0	0	0	0	0	0	0
Export	108	108	108	108	108	108	108	108
Reservoir Evaporation	29	29	29	28	28	28	28	28
TOTAL CURRENT DEPLETIONS	449	449	449	449	450	450	450	450
ANTICIPATED DEPLETIONS								
Agricultural-Irrig. & Stock	0	0	90	110	110	110	110	110
Municipal/Domestic	0	1	10	14	15	15	15	15
Power/Industrial	0	0	0	0	0	0	0	0
Minerals	0	0	0	0	0	0	0	0
Export	0	0	0	0	0	0	0	0
Reservoir Evaporation	0	0	0	0	0	0	0	0
TOTAL ANTICIPATED DEPLETIONS	0	1	100	124	125	125	125	125
POTENTIAL DEPLETIONS								
Agricultural-Irrig. & Stock	0	0	0	0	0	0	0	0
Municipal/Domestic	0	0	0	6	10	12	12	12
Power/Industrial	0	1	1	1	1	1	1	1
Minerals	0	0	0	0	0	0	0	0
Export	0	0	0	6	9	13	13	13
Reservoir Evaporation	0	0	0	0	0	0	0	0
TOTAL POTENTIAL DEPLETIONS	0	1	1	13	20	26	26	26
Summary of Depletions	449	451	550	586	595	601	601	601
Evap-Storage Units	58	58	58	58	58	58	58	58
TOTAL DEPLETIONS	507	509	608	644	653	659	659	659
State Share of 6.0 MAF	669	669	669	669	669	669	669	669
Remaining Available	162	160	61	25	16	10	10	10
Percent of State Share	24%	24%	9%	4%	2%	1%	1%	1%

NOTE: This depletion schedule does not attempt to interpret the Colorado River Compact, the Upper Colorado River Basin Compact, or any other element of the "Law of the River." This schedule should not be construed as an acceptance of any assumption that limits the Upper Colorado River Basin's depletion.

In this schedule, the Upper Division Allocation is listed, for planning purposes only, as 5,950,000 acre-feet. For planning purposes, the total Upper Colorado River Basin Allocation is 6,000,000 acre-feet, of which 50,000 acre-feet is the Upper Basin allocation to Arizona. This estimate does not constitute an endorsement of the Bureau of Reclamation's 1988 Hydrologic Determination.

"Evap-Storage Units" refers to the total and individual States portions of evaporation from the major reservoirs constructed under the Colorado River Storage Project Act. These include Flaming Gorge, Curecanti and Glen Canyon.

NEW MEXICO ANTICIPATED DEPLETION SCHEDULE

November 2001

Year	1990	2000	2010	2020	2030	2040	2050	2060
CURRENT DEPLETIONS (1)								
Agricultural- Irrig. & Stock (rounded)	246	246	246	246	246	246	246	246
Navajo Irrigation:								
NIIP	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4
Fruitland-Cambridge	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9
Hogback-Cudei	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Chaco River	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Crystal	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Navajo Irrigation Subtotal	173.7	173.7	173.7	173.7	173.7	173.7	173.7	173.7
Non-Indian Irrigation:								
Above Navajo Dam (inc. Jicarilla)	1.3	1.3	1.3	1.3	1.7	1.7	1.7	1.7
Upper San Juan	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2
Hammond	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2
Animas	31.7	31.7	31.7	31.7	31.7	31.7	31.7	31.7
La Plata	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Farmers Mutual Ditch	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7
Westwater	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Jewett Valley	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Chaco River	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Non-Indian Irrigation Subtotal	67.8	67.8	67.8	67.8	68.2	68.2	68.2	68.2
Stockpond Evap and Stock	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Ag.- Irrig. & Stock Total	245.8	245.8	245.8	245.8	246.2	246.2	246.2	246.2
Municipal/Domestic (rounded)	10	10	10	10	10	10	10	10
Municipal and Industrial	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9
Scattered Rural Dom. (inc. Jicarilla)	1.4	1.4	1.4	1.4	1.5	1.5	1.6	1.6
Municipal/Domestic Total	10.3	10.3	10.3	10.3	10.4	10.4	10.5	10.5
Power/Industrial (rounded)	56	56	56	57	58	58	58	58
PNM - Navajo Reservoir supply (2)	16.2	16.2	16.2	16.2	16.2	16.2	16.2	16.2
Utah International, inc. lease to PNM	37.0	37.0	37.0	38.0	39.0	39.0	39.0	39.0
Bloomfield Industrial	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Power/Industrial Total	55.7	55.7	55.7	56.7	57.7	57.7	57.7	57.7
Minerals	0	0	0	0	0	0	0	0
Export - San Juan-Chama Project	108	108	108	108	108	108	108	108
Reservoir Evaporation (rounded)	29	29	29	28	28	28	28	28
Navajo Reservoir Evap	28.3	28.3	27.5	27.0	27.0	27.0	27.0	27.0
Small Reservoir Evap	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Reservoir Evaporation Total	29.5	29.5	28.7	28.2	28.2	28.2	28.2	28.2
TOTAL CURRENT DEPLETIONS	449	449	449	449	450	450	450	450
ANTICIPATED DEPLETIONS								
Agricultural- Irrig. & Stock (rounded)	0	0	90	110	110	110	110	110
NIIP Completion (3)	0.0	0.0	90.0	104.6	104.6	104.6	104.6	104.6
Fruitland/Hogback Rehabilitation	0.0	0.0	0.0	5.0	5.0	5.0	5.0	5.0
Ag.- Irrig. & Stock Total	0.0	0.0	90.0	109.6	109.6	109.6	109.6	109.6
Municipal/Domestic (rounded)	0	1	10	14	15	15	15	15
Animas-La Plata:								
SJWC	0.0	1.0	10.4	10.4	10.4	10.4	10.4	10.4
Navajo	0.0	0.0	0.0	2.0	2.3	2.3	2.3	2.3
LPCD	0.0	0.0	0.0	0.8	0.8	0.8	0.8	0.8
Ridges Basin Reservoir Evap	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Animas-La Plata Subtotal	0.0	1.0	10.4	13.3	13.6	13.6	13.6	13.6

MINUTES
OF THE
UPPER COLORADO RIVER COMMISSION
MEETING

Salt Lake City, Utah
June 13, 2001

*John H. ...
Upper Colorado -
URC minutes
Approved 12-12-01*

The meeting of the Upper Colorado River Commission was called to order by Chairman Frank E. (Sam) Maynes at 1:30 p.m. on Wednesday, June 13, 2001 at the Utah Department of Natural Resources in Salt Lake City, Utah.

ATTENDANCE

Frank E. (Sam) Maynes, Chairman, Commissioner for the United States of America
Scott M. Balcomb, Commissioner for the State of Colorado
Philip B. Mutz, Commissioner for the State of New Mexico
D. Larry Anderson, Commissioner for the State of Utah
Thomas J. Davidson, Commissioner for the State of Wyoming
Rod F. Kuharich, Alternate Commissioner for the State of Colorado
Dan S. Budd, Alternate Commissioner for the State of Wyoming
Wayne E. Cook, Executive Director and Secretary
Jane Bird, Assistant to the Executive Director and General Counsel
Everett Sunderland, Staff Engineer
Kathryn G. Ostler, Administrative Secretary
Teri Hansen Cronenwett, Court Reporter

ADVISERS PRESENT

State of Colorado

D. Randolph Seaholm, Engineering Adviser

State of New Mexico

D. L. Sanders, Legal Adviser

State of Utah

Robert King, Engineering Adviser

State of Wyoming

John W. Shields, Chairman, Engineering Committee

OTHERS PRESENT

Wyoming

Jade Henderson, Wyoming Water Superintendent, State Engineer's Office
Ann Strand, Colorado River Basin Coordinating Council, Rock Springs

Colorado River Basin Salinity Control Forum

Jack Barnett, Executive Director

Fish and Wildlife Service

Henry Maddux, Field Supervisor, Salt Lake City, Utah

United States Bureau of Reclamation

Rick Gold, Acting Regional Director, Upper Colorado Region, Salt Lake City, Utah
Randy Peterson, Upper Colorado Region, Salt Lake City, Utah

Western Area Power Administration

Dave Sabo, Manager, Colorado River Storage Project (CRSP) Management Center, Salt Lake City, Utah

REPORTS

- A. Commissioner Philip B. Mutz introduced Mr. D. L. Sanders, a new legal adviser for the State of New Mexico. Chairman Maynes introduced Ms. Kathy Ostler, the Commission's new Administrative Secretary. Chairman Maynes also informed the Commission of the death of Mr. Aaron McGinnis, Alternate Commissioner for Wyoming, and directed that an appropriate resolution be prepared for transmittal to Mr. McGinnis' family.
- B. Chairman Maynes reported that the Animas-La Plata Project is going well. He explained that the President has asked for \$12 million for construction, but the project sponsors are hoping to get that increased to \$21 million. In response to a question from Mr. Cook, Chairman Maynes said there would be another ground breaking for the project. Chairman Maynes stated the Bureau of Reclamation can and will build the project in seven years as long as Congress provides appropriations in five years.

Chairman Maynes also informed the Commission that, at the request of the Clinton administration, he has submitted his resignation from his position as a member of the Commission. Chairman Maynes explained that he resigned effective as soon as President Bush appoints his successor.

- C. Rick Gold, Acting Regional Director, Upper Colorado Region, U. S. Bureau of Reclamation in Salt Lake City, Utah, distributed copies of a written report and orally discussed the following topics:
1. Hydrology update - runoff and water supply forecast
 2. Animas-La Plata Project update
 3. Reclamation testimony at congressional hearings addressing the current energy crisis
 4. Glen Canyon Adaptive Management Program update
 - a. Development of a strategic plan
 - b. Sediment paradigm
 - c. Experimental flows
 - d. Current 2002 budget-shortfall in U. S. Geological Survey funding
 - e. Activities deferred as a result of the budget shortfall
 5. Colorado River Annual Operating Plan process
 6. Aspinall National Park Service water right filing
 7. Curecanti resource protection study by the National Park Service pursuant to the Black Canyon and Gunnison Gorge Conservation Act and associated environmental impact statement (EIS)
 8. Activities associated with the Gallup Navajo Water Supply Project
 9. Update on Navajo Dam operations EIS
 - a. Low-flow test
 - b. Request to look at decommissioning the dam as an alternative
 10. Update on the Flaming Gorge EIS
 11. Department of Interior changes
 - a. Assistant Secretary for Water and Science designee Bennett Raley
 - b. William Myers named but not yet nominated as Interior Solicitor
 - c. Steve Griles nominated as Deputy Secretary
 - d. David Bernhardt is the director of congressional and legislative affairs and has been designated the Upper Colorado Region's point of contact for the Animas-La Plata Project
 - e. Commissioner of Reclamation not yet named
 - f. Positions of Regional Director in Salt Lake City and Sacramento are now vacant and will be advertised

In response to a question from Mr. Cook, Mr. Gold explained that a low-flow test had been scheduled for Navajo Dam previously, but it was canceled due to concerns about the flows downstream from the confluence of the San Juan and the Animas Rivers. The goal of that test was the same as the one currently proposed; because of the relatively good water forecast runoff year, the test is being proposed again.

Commissioner Anderson stated that he and his staff need to understand the Gallup Navajo Water Supply Project better. Mr. Gold offered to either provide written information or have his staff brief representatives of the State of Utah. Commissioner Davidson asked that representatives of the State of Wyoming be included, and Mr. Gold agreed.

Mr. Seaholm asked if there are other contract negotiations that need to occur on the Animas-La Plata Project, or if this is the final contract negotiation. Mr. Gold explained that this is the first contract negotiation and the most active one; Reclamation is not sure whether any of the other contracts need to be changed.

- D. Dave Sabo, Manager, CRSP Management Center, Western Area Power Administration, Salt Lake City, Utah distributed a written report and gave an oral report addressing the following topics:
1. Purchase power expenses
 2. Emergency rate increase proposal
 3. Passing through the cost of purchased power
 4. Status of the Basin Fund
 5. Firm power rate setting process
 6. Allocations to native American tribes in the 2004 marketing plan
 7. Hydropower generation projections for the rest of the water year
 8. Emergency conditions resulting from deregulation of the utility industry in California

Mr. Budd asked if Western will be able to fulfill its contracts with preference customers. Mr. Sabo explained that pursuant to a contract provision, Western was able to reduce the amount of energy that the agency provides to its preference customers to only that energy that is generated out of the Federal hydropower facilities. If the customers want Western to make purchases to get them to their full contract amount, Western will pass the costs directly on to the customers. Most of the customers have not asked Western to make purchases on their behalf.

Mr. Budd also asked if depletion of the Basin Fund would affect the obligation for repayment. Mr. Sabo explained that the amount of money in the Basin Fund really has no bearing on repayment, and Western remains on track in terms of repayment. Mr. Budd asked if depletion of the Basin Fund means there is no opportunity for new projects, and Mr. Sabo explained that it does not affect new projects either; both the obligation for repayment and funding for new projects are built into the rate.

Commissioner Mutz commented that the environmental studies should be paid for by the entities that requested them. Mr. Sabo responded that as it now stands, the expenses are considered nonreimbursable for the Glen Canyon studies and for the recovery program; in other words, any money that is expended for those programs will count toward the repayment obligation.

Commissioner Mutz asked if the new contracts for an allocation to Indian tribes has an effect on the contracts with existing preference customers. Mr. Sabo replied that it does; Western is going to reduce the current firm power customers' allocations by seven percent. Mr. Sabo also explained that the Indian tribes pay the same amount as other preference customers. In response to a question from Mr. Barnett, Mr. Sabo unequivocally stated that Indian tribes cannot remarket the power. While there is some proposed legislation that would allow the tribes to remarket the power, Mr. Sabo said that until such legislation is passed, the power cannot be resold.

Commissioner Mutz asked if contracting with these new entities would increase Western's transmission losses. Mr. Sabo responded that it would not, because it is the same amount of energy. He stated that there might be new delivery points that could affect losses a bit, but it would not be significant.

Mr. Seaholm asked if Western had to borrow money from its customers. Mr. Sabo explained that Western borrowed \$2 million for a month from a group called Western States Power Corporation. Mr. Sabo stated that Western now has a contract with a group of customers to provide Western funds on one month's advance notice in case Western runs into a situation that impacts its ability to operate.

- E. Henry Maddux, Fish and Wildlife Service (FWS), gave an oral report on the following subjects:
1. Mr. Maddux serves as the Region 6 representative on the San Juan Recovery Program and will be reporting on that program at Commission meetings in the future
 2. Mr. Reed Harris, former representative of the FWS, now works for the Utah Department of Natural Resources
 3. Moab mill tailings pile cleanup
 4. Activity in oil and gas and small hydropower preliminary license applications, pipelines and additional generation facilities
 5. Biological opinion for a liquids petroleum product pipeline that goes under the Green, Colorado and Animas Rivers
 6. Requests for additional gas development in the White and Green River flood plains in Utah
 7. Publication in the *Federal Register* of the Environmental Assessment authorizing the Virgin River program
 8. Delays in publishing the draft recovery goals for the Colorado River Recovery Implementation Program
 9. Draft flow recommendations for the Gunnison River
 10. Utah Division of Wildlife is catching large numbers of razorback suckers on the spawning bar on the Green River
 11. Agreement on enlarging Elkhead Reservoir
 12. San Juan River program update
 - a. Low-flow test planned below Navajo Dam in July
 - b. Considering the construction of ponds for raising fish for stocking back into the river

In response to questions from Commissioner Mutz, Mr. Maddux explained that current population goals allow the Upper Basin and the Lower Basin to be delisted and downlisted separately. However, Mr. Maddux clarified that the San Juan and Upper Colorado River Basin programs are linked, with flexibility built in because of uncertainties in the San Juan.

- F. Jack Barnett, Executive Director of the Colorado River Basin Salinity Control Forum, distributed a written "700 Pound Report" and gave an oral report discussing the following topics:
1. Increasing salinity in the Colorado River in the early 1970's
 2. Passage of Title 2 of the Salinity Control Act
 3. Focus shifting from end users to middle water purveyors
 - a. Salinity Summit No. 1 for water purveyors in southern California
 - b. Salinity Summit No. 2
 - i. Water purveyors in southern California are going to formally organize
 - ii. \$10 billion in projects in the next 15 years
 - c. Meeting of Tri-State Salinity Collaboration Group, which has representatives from all three Lower Division States
 - d. Salinity control in the Upper Basin is the cheapest solution to salinity for these Lower Division water purveyors
 - e. Salinity Forum is planning to meet November 7, 2001 in Phoenix with some of these water purveyors

In response to a question from Commissioner Balcomb, Mr. Barnett explained that the water supply in the Lower Division States would be 50 percent more saline than it would be at Grand Junction, Colorado. Commissioner Mutz asked how much of the brine in the water imported into the Lower Division States is discharged into the ocean through treatment plants, and Mr. Barnett responded that very little of the brine is so discharged. Mr. Barnett explained that the water purveyors are looking at the expense of brine slurry lines, but it is a very small percentage of the total salt imported. According to Mr. Barnett, the two ways to export the salt are either in brine lines or through a reverse osmosis process. In response to more questions from Commissioner Mutz, Mr. Barnett stated that some of the water purveyors discharge brine into the ocean and others are recharging the ground water after treating the brine water by reverse osmosis.

Commissioner Anderson asked which water is being put in the ground, and Mr. Barnett clarified that it is treated water, not brine. In response to a question from Mr. Cook, Mr. Barnett explained that most of the brine water goes out into the ocean. However, Mr. Barnett stated that because of water quality regulations, the purveyors may not be able to continue to discharge brine into the ocean.

- G. Commissioner Mutz gave a report of the Budget Committee, discussing the following Committee recommendations:
1. The fiscal year 2002 budget, which was previously approved for a total of \$331,500, be changed downward to \$328,800 to reflect modification of personal services costs
 2. For billing purposes, a fiscal year 2003 budget in the total amount of \$343,900, which is an increase of \$15,100 over the 2002 budget
 3. Tentative approval of a fiscal year 2004 budget in the total amount of \$347,100, which is an increase of \$3,200 over the recommended 2003 budget
 4. Approval of an assessment to the States for fiscal year 2003 in the total amount of \$304,600 and for fiscal year 2004, a total of \$310,700, both of which represent a 2 percent per year increase over the 2002 assessment to the States of \$298,600
- H. John W. Shields, Chairman of the Engineering Committee, gave an oral report on the following topics discussed at a meeting of the Legal and Engineering Committees held June 12, 2001:
1. Update on the Glen Canyon Adaptive Management Program
 - a. Possible need to return to load-following releases to manage sediment better
 - b. Status of the humpback chub in the Little Colorado River region
 - c. Development of the conceptual model for the Colorado River
 - d. Budget situation for the adaptive management program
 2. Annual Operating Plan and Colorado River operation issues
 3. Endangered species recovery program for the four species of endangered fish
 - a. Status of development of recovery goals for the fish
 - b. Status of the program and funding
 4. Riverware computer model used to predict the amount of salt that must be removed from the Colorado River to meet the numeric criteria pursuant to the Colorado River water quality standards for salinity
 - a. The hope that Riverware and its data set will be usable for the 2001 triennial review to project salinity concentrations and the load that must be removed
 - b. Alternatives to use of the model
 5. Discussion of recent litigation and judicial decisions that concern endangered species takings, water delivery and a challenge made by Defenders of Wildlife with regard to application of the Endangered Species Act internationally, in Mexico
 6. Upcoming symposium being planned by the United States and Mexico to be held in Mexicali, Mexico on September 11th and 12th to address issues related to the Mexican Delta

Mr. Shields mentioned the resignation of Legal Committee Chairman Jennifer Gimbel to accept a job as a policy analyst for the Bureau of Reclamation. Furthermore, Mr. Shields noted the death of Wyoming Alternate Commissioner Aaron McGinnis on May 8, 2001.

- I. Wayne E. Cook, Executive Director and Secretary of the Upper Colorado River Commission, gave an oral report on the following activities of the Commission staff:
1. Executive Director's appearance before the Water and Power Subcommittee of the House Natural Resources Committee to help educate new members of the committee and their staffs regarding the status of water resources development in California and how California's future needs might be met
 - a. Representatives of California stated that the crisis resulting from inadequate water supplies would dwarf the electricity crisis
 - b. Mr. Cook emphasized that California should not look to the Colorado River for future water supplies
 2. States representatives' participation in planning the Mexicali symposium

- a. Symposium discussions will be limited to understanding three subjects in both the United States and Mexico: Water laws, plumbing systems and cause and effect relationships that have been noted in the Delta.
 - b. Identify potential attendees
 - c. A notice of the symposium will be circulated in the next two to three weeks
3. The second follow-up symposium of the 75th anniversary of the signing of the Colorado River Compact is scheduled for Bishop's Lodge in Santa Fe September 19-20, 2001

Mr. Barnett mentioned discussions regarding who the Symposium speakers would be. There was particular concern about who would discuss the "Law of the River"; Jim Lochhead and Bob Snow have been selected to discuss that topic. Speakers on the other topics are beginning to be fleshed out as well.

ACTIONS TAKEN

By motion duly made, seconded and passed, the Commission took the following actions:

1. Approved the Minutes of the Meeting of December 13, 2000. (Movant, Commissioner Anderson; second, Commissioner Mutz.)
2. Unanimously approved a resolution honoring Jennifer Gimbel, former legal adviser for the State of Colorado and Chairman of the Legal Committee.
3. Accepted the Report of the Treasurer. (Movant, Commissioner Mutz; second, Commissioner Anderson.)
4. Approved the recommendations of the Budget Committee. (Movant, Commissioner Mutz; second, Commissioner Balcomb.)
5. Approved the drafting and transmittal of a resolution to honor deceased Wyoming Alternate Commissioner Aaron McGinnis. (Movant, Commissioner Davidson; second, Commissioner Anderson.)

Mr. Cook suggested that the next meeting of the Upper Colorado River Commission be held in December 2001 in conjunction with the Colorado River Water Users Association Meeting in Las Vegas, Nevada, subject to approval by the Commission. Mr. Cook stated that if there is a ground breaking for the Animas-La Plata Project, the Commission would hold its meeting in the spring of 2002 in Durango.