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Navajo Tribal Utility Authority (also New Mexico, Utah)

Salt River Project

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Platte River Power Authority

Tri-State Generation & Transmission Association, Inc. (also Nebraska, Wyoming, New Mexico)

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Utah Associated Municipal Power Systems

Utah Municipal Power Agency

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Wyoming Municipal Power Agency

Leslie James

Executive Director CREDA 10429 S. 51st St., Suite 230 Phoenix, Arizona 85044

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December 20, 2022

Reclamation 2007 Interim Guidelines SEIS Project Manager Upper Colorado Basin Region 125 South State Street, Suite 8100 Salt Lake City, UT 84138

CRinterimops@usbr.gov

The Colorado River Energy Distributors Association (CREDA) appreciates the opportunity to provide comment on Reclamation's Notice of Intent to Prepare a Supplemental Environmental Impact Statement for the December 2007 Record of Decision Entitled Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead ("NOI"), as published in Fed. Reg. Vol. 87, No. 221211 (November 17, 2022). CREDA members serve over 4.1 million consumers in the Colorado River basin states of Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming, and represent the majority of the firm electric service customers of the Colorado River Storage Project (CRSP). As such, CREDA and its members have a unique interest and role in issues associated with Colorado River operations, specifically Interim Guidelines, shortage sharing, and drought contingency planning and operations.

The NOI initiates the public-scoping process for the SEIS, specifically seeking comments "concerning the scope of the analysis, potential alternatives, and identification of relevant information, and studies on or before December 20, 2022." CREDA offers comments on the requested topics, citing to specific provisions of the NOI in response and for reference.

SCOPE OF THE ANALYSIS

CREDA concurs with the Background text of the NOI that restates the Department's August 16, 2022, twice-repeated objective of "protect(ing) the System". However, the same section then refers to the June 24, 2022, FRN (87 FRN 37884) which described the "dire circumstances facing the Colorado River Basin" with mention only of water, agricultural and ecological resources, and no mention of a critical element of "the System" – the hydropower resource. The June 24 FRN also recognizes that Reclamation "may likely need to also prioritize implementation of near-term actions to stabilize the decline in reservoir storage and prevent system collapse." (emphasis added). CREDA has provided comment at every opportunity on this incomplete description and included with this letter transmittal are some of the more recently filed comments on this topic (April 30, 2020; August 31, 2022, and September 29, 2022). "Protect(ing) the System" extends beyond specific water releases or operational actions, it includes ensuring the infrastructure facilities of the System are operated and maintained in a manner to ensure the statutorily authorized purposes are achieved. CREDA supports the NOI's Need Statement, which clearly recognizes that current conditions "could lead Glen Canyon Dam to decline to critically low elevations impacting both water delivery AND HYDROPOWER operations in 2023 and 2024. (emphasis added).

The NOI recognizes that the Department "has undertaken a number of unprecedented actions to respondthat are being exacerbated by higher temperatures and the impacts of climate change". Further, that "analyzed alternatives and measures"

that are "prudent or necessary for safety of dams, public health and safety, other emergency situations" are lacking. With the potential loss of two major carbon-free generating resources in the Western grid, analysis and consideration should be given to operational change impacts to the Western interconnected transmission system. The importance of these renewable and readily available generation resources was not fully assessed in the 2007 Guidelines FEIS. Loss or reduction of these resources can significantly impact public health and safety; on September 6, 2022, Glen Canyon Dam was again called on to provide emergency assistance to California during extreme heat conditions, to assist in preventing major electrical blackouts. "Hydropower is a strong contributor to grid resilience and reliability". Hydropower Value Study: Current Status and Future Opportunities | Department of Energy. Glen Canyon and Hoover Dams are "critical assets for ensuring grid reliability during extreme weather events."

https://www.pnnl.gov/main/publications/external/technical reports/PNNL-30554.pdf

The scope of the SEIS must analyze and consider the cumulative effects on the System's hydropower production, including but not limited to: Basin Fund impacts, impacts to WAPA's contractual obligations to deliver federal hydropower, financial and societal impacts to firm electric service customers (which include 53 tribes), and impacts to transmission grid operations, which are essential to ensure viability of the Colorado River System.

POTENTIAL ALTERNATIVES

The NOI describes potential alternatives only as a preliminary overview of the alternatives that will be analyzed. While CREDA will not engage in discussions regarding water operations, it is imperative that Reclamation communicate how changes in water operations will affect firm electric service customers. Recognizing that SEIS analysis "will assume that additional releases pursuant to the Drought Response Operating Agreement (DROA) will be administered according to the terms approved in the DCP Act" and recognizing limited water supplies in the near-to-mid-term future, it is imperative that no water be bypassed as part of the DROA.

The NOI acknowledges that the SEIS "analysis may consider potential effects on wildlife, threatened and endangered species habitat, ...". In the event the Department of the Interior decides to undertake releases for those purposes, *CREDA believes that any impacts to hydropower production and contract deliveries must be fully mitigated.* As noted below, the NOI specifically refers to section 50233 of PL 117-169. Subsection (3) thereof addresses "Ecosystem and habitat restoration projects to address issues directly caused by drought in a river basin or inland water body." Therefore, any alternative that includes the potential for flows that bypass hydropower production must include an analysis of potential mitigation actions, including the cost of replacement energy and impacts to both the Western grid and the potential impacts of increased conventional power development to account for the lost generation.

IDENTIFICATION OF RELEVANT INFORMATION AND STUDIES

CREDA agrees with the NOI's acknowledgement that near-term actions are necessary on a parallel timeline with post-2026 guideline development.

CREDA recommends one of the near-term actions be a parallel process among Reclamation, WAPA and federal power customers to discuss how the current economic paradigm regarding use of power revenues should be restructured in light of what is clearly a long-term downward trend in federal hydropower production. (See also section 3.3 of Agreement No. 19-WC-40-746).

Reference is also specifically made to the "recent Congressional prioritization of funding through 2026 for drought mitigation in western states, (PL 117-169, at 50233 (Aug. 16, 2022)." While CREDA will not at this time recommend alternatives or specific water operations, CREDA does request that Reclamation acknowledge

that one of the significantly changed circumstances existing since the 2007 ROD was issued occurred with the implementation of the WAPA-199 rate order. The NOI seeks information as to how human health and safety considerations can be "more expressly integrated into Colorado River operational decision-making." Some CRSP customers receive a "bill credit" intended to represent the federal resource benefit. One of the impacts of WAPA-199 and drought is those entities may receive a smaller credit, or a "reverse credit", meaning the federal benefit anticipated since 2004 may no longer be available to the tribes. That benefit is one which each tribe can decide how best to benefit its people and community.

Hydropower revenues have paid far more than a fair or proportionate share of costs associated with operation and maintenance of the infrastructure facilities comprising the Colorado River System. In most cases, those costs have been determined based on nearly 50-year-old allocations, which were developed in a manner that reflected System conditions at that time. Those conditions have been significantly altered and are not expected to return to earlier conditions in the near future, if at all. The burden of maintaining federally owned infrastructure facilities must be reconsidered to reflect conditions reflecting best available hydrologic and climatologic science.

Analyzing, considering, and mitigating direct and indirect rate and cost impacts to firm electric service customers, particularly to rural and tribal entities, should be factored into alternatives analysis.

CREDA and its members support Reclamation's inclusion of the Western Area Power Administration (WAPA) as a cooperating agency and the interdisciplinary team member responsible for providing hydropower resource impact modeling and analysis. We stand ready to collaborate and assist in providing subject matter expertise in this important process. Secretary Haaland was right on target in her December 18, 2020, transmittal of the 7D Report:

The Colorado River Storage Project (Glen Canyon Dam) and the Boulder Canyon Project (Hoover Dam) are great examples of the vision and ingenuity of early resource managers in the West. They are crucial parts of a broad water and power system that is quite literally sustaining life and livelihood for tens of millions of people across the vast Basin and beyond.

Sincerely,

Leslie James

Leslie James
Executive Director
Cc: CREDA Board
Wayne Pullan- Reclamation UC Region
Rodney Bailey – WAPA CRSP Management Center

Transmittal Attachments: CREDA Letters to Reclamation (4/30/2020; 8/31/2022; 9/29/2022)



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480-477-8646 Phone: Fax: 480-477-8647 Cellular: 602-469-4046 Email: creda@creda.cc Website: www.credanet.org September 29, 2022

Mr. Clarence Fullard US Bureau of Reclamation Via email only

RE: Fall 2022 LTEMP Experiments

Dear Clarence:

We appreciate the opportunity to provide comments on the presentation materials and discussion held September 27 regarding consideration of Glen Canyon Dam experiments this fall. Given the brevity of the comment request period and the timeframe within which the Leadership Team will be making a recommendation to the Secretary of the Interior, we are focusing only on hydropower-related aspects of the materials and discussion and recommend that the TWG be afforded the opportunity for more comprehensive dialogue and collaboration.

Based on the comments offered on the webinar, it appeared there are multiple concerns that would not support a recommendation for a fall HFE, including but not limited to non-native fish dispersal and hydrology/reservoir levels. CREDA agrees with those concerns, as well as not supporting an operation this fall that includes water bypassing the generators.

These comments apply to every experiment or changed operation that may be considered for CRSP generating units. In a nutshell, slide 19 should be retitled, as WAPA affirmed on the webinar, that the information displayed reflects BASIN FUND IMPACTS, not Hydropower Impacts. The Teams that consider and recommend experimental or operational actions are charged by section 1.3 of the ROD to evaluate and consider hydropower production, as well as WAPA's assessment of the Basin Fund. The current analysis is incomplete.

Regardless of whether there is or is not a recommendation to implement a fall 2022 HFE, we offer the following background and perspectives that we hope will be informative as discussions on Glen Canyon Dam experiments proceed.

CRSP HYDROPOWER

The generation of hydropower from the CRSP is one of the fundamental and primary purposes of the project. 1 Section 7 of the CRSP Act of 1956 requires that the "hydroelectric powerplants and transmission lines...be operated...so as to produce the greatest practicable amount of power and energy that can be sold at firm power and energy rates...". Revenues from the hydropower generation produced by the Bureau of Reclamation (Reclamation) are derived through long-term firm electric service contracts administered by the Western Area Power Administration (WAPA). Those revenues are deposited into the Upper Colorado River Basin Fund (Basin Fund). The Basin Fund was authorized by the CRSP Act of 1956 and is the source of funding annual obligations of the CRSP. These obligations include repayment of principal (plus interest), operation and maintenance, irrigation assistance, among others. For example, since 1983, these revenues have funded over \$577 million of the environmental program costs of the CRSP. The Basin Fund is replenished by revenues from CRSP power customers through their long-term contracts, all of whom are not-for-profit entities, and many of whom are tribal, rural, and municipal entities residing in some of the most underserved areas of the United States.

When Colorado River management and operational decisions are considered and made, there are always likely impacts to the hydropower resource. These impacts are most often characterized as economic or financial in nature, but also directly impact the Basin Fund, which, as described above, provides benefits to multiple users in the Colorado River Basin. In 2021, WAPA instituted a new rate case (WAPA-199) for CRSP customers, which was necessitated by drought impacts and instability of the Basin Fund. The rate case increased power rates by an effective 46% and placed the risk and responsibility for replacing power not available from the CRSP generators on the customers.

When federal hydropower generation is reduced or eliminated, there are numerous impacts to CRSP customers, to the western interconnection (the "grid"), as well as potential impacts to the Basin Fund. Indeed, section 1.2 of the LTEMP ROD calls out the need for flexibility to address and consider "... hydropower-related issues, adjustments may occur to address issues such as electrical grid reliability, actual or forecasted prices for purchased power, transmission outages, and experimental releases from other Colorado River Storage Project dams." Consideration of resource adequacy requirements and replacement resource availability are essential elements that must be addressed in any proposed experiment. Those impacts can be direct and immediate:

- Customers are responsible for repaying all capital (with interest) and operational costs associated with generation and transmission of energy at these facilities, along with environmental and non-power expenses. Decreased power generation means those costs are spread over fewer megawatt hours and results in higher rates per megawatt hour.
- Additionally, replacement power must be secured to make up for unavailable hydropower generation, an impact compounded by the current high price and reduced availability of electricity on the open market.
- Utilities are challenged to replace that hydropower with more expensive renewables to meet state RPS mandates and clean energy objectives, increasing

costs for CRSP customers.

- Of Glen Canyon Dam provides to the western grid ancillary services which maintain the proper flow of electricity and a reliable electricity system. This includes black start, which allows a plant to restart its own power without support from the electric grid in the event the entire grid has lost power. Reduced hydropower impacts this black start capability, and its contribution to resource adequacy requirements.
- As Colorado River reservoir levels continue to drop, customers will be paying twice: once for the ongoing operation and maintenance of a federal project without receiving the full benefit of its hydropower, and again for the costs of replacement power, which power is not carbon-free.

Even without a total loss of power production at some facilities, the reduced generation is resulting in massive and unsustainable rate increases to many customers as they are forced to cover typical power and non-power costs while replacing electricity on the open market. Impacts to the 53 CRSP tribal customers are unique: Many tribal customers receive the benefit of the federal hydropower through benefit or bill crediting. These customers can use that benefit in a manner determined by the tribe to best suit the community. When that power is not available or reduced, that credit is diminished. This means that tribes may be impacted not only from a financial standpoint, but from a quality-of-life standpoint as well. Operations and experiments that include water bypassing generators exacerbate these impacts.

We look forward to working with Reclamation and the Adaptive Management Program on these important issues.

Leslie James Kevin Garlick

Leslie James, CREDA Kevin Garlick, UMPA AMWG Member AMWG Member

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August 31, 2022

Development of Post-2026 Colorado River Reservoir Operational Strategies

Via Email: CRB-info@usbr.gov

Carly Jerla

US Bureau of Reclamation 1777 Exposition Dr. Suite 113

421 UCB

Boulder, CO 80301-2628

Dear Ms. Jerla:

CREDA is a non-profit, regional organization representing 155 consumer-owned, non-profit municipal and rural electric cooperatives, political subdivisions, irrigation and electrical districts and tribal utility authorities that purchase hydropower resources from the Colorado River Storage Project (CRSP). CREDA members serve over four million electric consumers in seven western states: Arizona, Colorado, Nebraska, Nevada, New Mexico, Utah, and Wyoming. CREDA's member utilities purchase more than 85 percent of the power produced by the CRSP.

CREDA offers the following information and recommendations in response to Reclamation's request for input on June 24, 2022 (87 FR 37884). *CREDA is not recommending specific operational changes at this time*.

BACKGROUND – WAPA AND RECLAMATION

Hydropower is a critical element of Reclamation law. Not only does hydropower provide electricity to remote and underserved communities across the western United States, revenues from hydropower sales also fund a multitude of programs to include compliance with the Endangered Species Act, irrigation assistance, and salinity control, among others.

In 1977 Congress created the Department of Energy and transferred the marketing and delivery obligations to the Western Area Power Administration ("WAPA"). That division created an interdependent bond between Reclamation and WAPA. Reclamation remained responsible for generating hydropower and WAPA became responsible for marketing and delivering federal hydropower. As important, WAPA was tasked with ensuring sufficient revenues were collected to fund the program needs of both WAPA and Reclamation.

This was codified in an agreement dated March 26, 1980, which also set out the underlying intent of the division: "The Service and Western wish to operate the power system in the most efficient manner and to avoid duplication of manpower, functions and facilities"; further, "The Service and Western wish to optimize power benefits while preserving other project benefits." As such, Reclamation must closely coordinate with WAPA on how water operations impact power production.

BACKGROUND - CRSP AND HYDROPOWER

The generation of hydropower from the CRSP is one of the fundamental and primary purposes of the project. Section 7 of the CRSP Act of 1956 requires that the "hydroelectric powerplants and transmission lines... be operated... so as to produce the greatest practicable amount of power and energy that can be sold at firm power and energy rates...". Revenues from the hydropower generation produced by the Bureau of Reclamation (Reclamation) are derived through long-term firm electric service contracts administered by the Western Area Power Administration (WAPA). Those revenues are deposited into the Upper Colorado River Basin Fund (Basin Fund). The Basin Fund was authorized by the CRSP Act of 1956 and is the source of funding annual obligations of the CRSP. These obligations include repayment of principal (plus interest), operation and maintenance, irrigation assistance, among others. For example, since 1983, these revenues have funded over \$577 million of the environmental program costs of the CRSP. The Basin Fund is replenished by revenues from CRSP power customers through their long-term contracts, all of whom are not-for-profit entities, and many of whom are tribal, rural, and municipal entities residing in some of the most underserved areas of the United States.

When Colorado River management and operational decisions are considered and made, there are always likely impacts to the hydropower resource. These impacts are most often characterized as economic or financial in nature, but also directly impact the Basin Fund, which, as described above, provides benefits to multiple users in the Colorado River Basin. In 2021, WAPA instituted a new rate case (WAPA-199) for CRSP customers, which was necessitated by drought impacts and instability of the Basin Fund. The rate case increased power rates by an effective 46% and placed the risk and responsibility for replacing power not available from the CRSP generators on the customers.

When federal hydropower generation is reduced or eliminated, there are numerous impacts to CRSP customers, as well as to the western interconnection (the "grid"):

- Customers are responsible for repaying all capital (with interest) and operational
 costs associated with generation and transmission of energy at these facilities,
 along with environmental and non-power expenses. Decreased power generation
 means those costs are spread over fewer megawatt hours and results in higher rates
 per megawatt hour.
- Additionally, replacement power must be secured to make up for unavailable

hydropower generation, an impact compounded by the current high price and reduced availability of electricity on the open market.

- Utilities are challenged to replace that hydropower with more expensive renewables to meet state RPS mandates and clean energy objectives, increasing costs for CRSP customers.
- Of Glen Canyon Dam provides to the western grid ancillary services which maintain the proper flow of electricity and a reliable electricity system. This includes black start, which allows a plant to restart its own power without support from the electric grid in the event the entire grid has lost power. Reduced hydropower impacts this black start capability.
- O As Colorado River reservoir levels continue to drop, customers will be paying twice: once for the ongoing operation and maintenance of a federal project without receiving the full benefit of its hydropower, and again for the costs of replacement power, which in most cases is not carbon-free.

Even without a total loss of power production at some facilities, the reduced generation is resulting in massive and unsustainable rate increases to many customers as they are forced to cover typical power and non-power costs while replacing electricity on the open market.¹

The Federal Register announcement and solicitation recognizes the federal government's commitment to tribes. That commitment can in part be met by stabilizing cost, rate, and grid stability to maintain CRSP contract commitments to 53 tribes in the Colorado River Basin. Many tribal customers receive the benefit of the federal hydropower through benefit or bill crediting. These customers can use that benefit in a manner determined by the tribe to best suit the community. When that power is not available or reduced, that credit is diminished. This means that tribes may be impacted not only from a financial standpoint, but from a quality-of-life standpoint as well.

CREDA supports and reinforces the 2019 Drought Contingency Plan (DCP) documents that "Recognize and address the impacts of drought and Colorado River management on Federal hydropower, its customers and related programs, and the resiliency of the power grid."

BACKGROUND - PRIOR NEPA PROCESSES

Recognizing the singular role played by hydropower and the unique expertise maintained by CREDA member utilities and WAPA, these entities have participated as cooperating agencies and subject matter experts in multiple Colorado River processes, including but not limited to:

Flaming Gorge EIS/ROD (Utah Associated Municipal Power Systems/CREDA and WAPA)

Aspinall EIS/ROD (Platte River Power Authority/CREDA and WAPA)

LTEMP EIS/ROD (Salt River Project/Utah Associated Municipal Power Systems/CREDA and WAPA)

RECOMMENDATIONS

CRSP firm electric service customers, and CREDA as a representative of more than 85 percent of the power produced by the CRSP, enjoy a unique role in the issues associated with operation and management of the Colorado River. For the reasons explained above, CREDA requests it and its members be provided *meaningful participation* in all *NEPA efforts 'or other appropriate processes' to address low-reservoir conditions*, including development and consideration of *near-term actions to stabilize 'the decline in reservoir storage and (to) prevent system collapse'. Further*, as explained above, CREDA requests that WAPA have co-lead responsibility with Reclamation in all associated processes, including being the entity that provides hydropower modeling and impacts assessment expertise, as intended and described in the 1980 Agreement and the June 7, 2019 Interagency Agreement between WAPA and Reclamation.¹

As Reclamation assesses and makes decisions regarding CRSP operations in the context of extreme drought, proposed experiments and Post-2026 processes, the hydropower resource, and the tribal, rural, and municipal communities that it supports, will incur significant impacts, not just in the short-term, but over extended periods. We understand the role of hydropower within the context of CRSP authorities and wish to be clear we are not asking for a change in how Reclamation operates the system. What we are saying, however, is that considering the fundamental change in anticipated hydropower production due to both drought and operational decisions, there must be a serious discussion about changing the role of hydropower revenues in supporting CRSP programs and activities. It is very clear that we are rapidly approaching the point at which revenue from hydropower sales to tribal, rural and municipal communities will no longer be sufficient to continue providing the economic and financial support for CRSP programs as has historically occurred over the past 65 years. Any discussion about the future of the Colorado River Basin will be incomplete without addressing this reality and the related issue of identifying carbon-free power to replace the anticipated lost hydropower production.

We look forward to working with Reclamation on these important issues.

Sincerely,

Leslie James

Leslie James

Cc: CREDA Board

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Executive Director CREDA

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April 30, 2020

Ms. Carly Jerla – LC Region Mr. Malcolm Wilson – UC Region Bureau of Reclamation 7DReview@usbr.gov

Dear Ms. Jerla and Mr. Wilson:

The Colorado River Energy Distributors Association (CREDA) appreciates the opportunity to provide comment on Reclamation's scoping process associated with 2007 Interim Guidelines. CREDA members serve over 4.1 million consumers in the Colorado River basin states of Arizona, Colorado, Nevada, New Mexico, Utah and Wyoming, and represent the majority of the firm electric service customers of the Colorado River Storage Project (CRSP). As such, CREDA and its members have a unique interest in role in issues associated with Colorado River operations, specifically Interim Guidelines, shortage sharing, and drought contingency planning and operations.

CREDA members participated in Reclamation's webinars held March 24 and 31, 2020, and understand that the current 7.D. process is focused on developing a report containing a retrospective review of past operations and actions under the 2007 Interim Guidelines.

The webinar presentation materials state that one of the goals of this report is to review "the effectiveness of the three stated purposes of the 2007 Interim Guidelines." One of the stated e purposes is to "improve Reclamation's management of the Colorado River by considering trade-offs between the frequency and magnitude of reductions of water deliveries, and considering the effects on water storage in Lake Powell and Lake Mead, and on water supply, *power production*, recreation, and other environmental resources" (emphasis added).

In 2005, CREDA wrote to then-Interior Secretary Gale Norton expressing a multitude of concerns regarding CRSP generation, drought and Basin Fund issues. On April 25, 2007, CREDA submitted comments on the Interim Guidelines draft EIS, requesting that "Hydropower generation impacts, although addressed in detail in the DEIS, should be added as one of the 'three important considerations' in this DEIS".

As federal hydropower production is an integral part of the stated purposes of the 2007 Interim Guidelines, CREDA recommends that hydropower be added as one of the Operational Topics described in the 7.D. review. As CREDA members' CRSP firm electric service contracts are with WAPA, and as WAPA provided hydropower impacts assessments for the 2007 Interim Guidelines, the Aspinall, Flaming Gorge and Glen Canyon Dam EIS processes, CREDA suggests Reclamation engage WAPA to provide the relevant hydropower data for the 7.D. review.

CREDA looks forward to engaging with Reclamation as this and future Colorado River processes are undertaken. Please don't hesitate to call me with any questions.

Sincerely.

Leslie James

Leslie James Executive Director

Cc: Steve Johnson – WAPA CREDA Board