Mojave Groundwater Bank

March 2, 2026
Via Email

United States Bureau of Reclamation
Attn: BCOO-1000
P.O. Box 61470
Boulder City, NV 89006
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Re: Comments of Lytton Rancheria of California and Cadiz on the Post-2026 Operational Guidelines and Strategies for Lake Powell and Lake Mead – Draft Environmental Impact Statement

Dear Secretary Burgum:

The Colorado River Basin is central to U.S. economic and national security interests, supporting more than $1.4 trillion in annual economic activity and supply chains that are foundational to America's strategic competitiveness. Basin states are home to one of the largest concentrations of advanced semiconductor manufacturing facilities in the United States, produce roughly two-thirds of the Nation's copper, host the country's primary rare earth production and significant lithium and other critical mineral resources, support a rapidly expanding share of large-scale AI and cloud data infrastructure and produce 20 percent of the Nation's food supply. All of these sectors depend upon a reliable, affordable supply of water and energy. Increasingly volatile water supply combined with extreme weather and rising costs, pose an imminent threat not only to critical infrastructure, but also to the economies and communities of Basin states and to the Nation's strategic economic and security interests.

As currently drafted, the Draft Environmental Impact Statement focuses primarily on allocating and managing shortages in the Lower Basin through operational rules governing Lake Powell and Lake Mead. While conservation and reallocation are necessary tools, a strategy centered exclusively on managing scarcity is inherently zero-sum, redistributes economic harm among Basin stakeholders, and leaves the Basin's structural supply deficit – and the conflicts it drives – unresolved.

The potential proposed actions under the DEIS focus exclusively on the allocation and management of shortages which, by their nature, cause severe and substantial adverse environmental and socio-economic impacts in communities within the Lower Basin. Given that these adverse impacts are "reasonably foreseeable" to occur as a direct result of Reclamation's actions (*Seven County Infrastructure Coalition v. Eagle County*, 605 U.S. 168 (2025)), Reclamation should be giving programs that incorporate both augmentation and water transfer exchanges a "hard look." (*Robertson v. Methow Valley Citizens Council*, 490 U.S. 332, 350 (1989)).

Reclamation's February 2026 updated hydrologic forecast reflects materially below-average runoff conditions and reinforces that the Basin is tracking toward the drier end of the modeled probabilistic outcomes. These conditions substantially increase the likelihood of deeper shortage tiers in the near term if corrective action is delayed. Given Arizona's disproportionate exposure to priority-based shortage reductions and the central role of Colorado River supplies in supporting its municipal growth, agricultural production, tribal communities and industrial development, the potential economic impacts are immediate and significant, underscoring the urgency of evaluating mitigation measures under NEPA.

Conservation must be combined with augmentation to mitigate the impacts of shortage

Prototype voluntary mechanisms already demonstrate that exchange-based conserved-water accounting can be implemented within the existing Law of the River framework. The Lower Basin Drought Contingency Plan and the Intentionally Created Surplus (ICS) Program established under the 2007 Interim Guidelines and expanded in 2019 show that conserved water can be created through voluntary reductions and credited to separate storage accounts in Lake Mead. ICS has been generated not only through efficiency improvements but also through substitution of non-Colorado River supplies, including desalination, advanced treatment, recycled water, and stormwater capture. These precedents confirm that exchange-based augmentation extends established conserved-water practices rather than creating a new legal construct.

A focused and large-scale augmentation strategy is urgently needed to increase reliable and affordable water supplies and storage in the Lower Colorado Basin. The DEIS provides an opportunity to incorporate augmentation and exchange-based tools within the conserved-water accounting framework already described in the Enhanced Coordination, Maximum Operational Flexibility, and Supply-Driven alternatives. These tools can complement any selected alternative, expand available supply, and materially reduce the economic and operational risks associated with sustained shortages. Accordingly, augmentation and exchange-based transfers warrant analysis alongside conservation-focused measures as reasonable alternatives and mitigation approaches.

A large-scale augmentation strategy could be implemented within three of the DEIS alternatives: Maximum Operational Flexibility, Enhanced Coordination, and Supply-Driven Alternatives. To incorporate large-scale augmentation into these alternatives, the Final EIS would need to:

- Explicitly expand the definition of "conserved water" eligible for inclusion in conserved-water storage accounts to encompass exchange-based non-system water supplies from qualifying non-Colorado River sources, including groundwater substitution and banking, desalination, recycled and reused water, imported supplies, advanced water treatment, stormwater capture and managed aquifer recharge, agricultural substitution and efficiency projects, and interstate or inter-basin exchange arrangements, consistent with the conserved-water accounting mechanisms evaluated in the DEIS.
- Clarify that such non-system water, when delivered through approved exchange arrangements that leave an equivalent volume of Colorado River system water in Lake Mead or Lake Powell, qualifies for crediting into federally administered conserved-water storage mechanisms established under these alternatives.

- Specify that these conserved-water storage mechanisms may function as a Strategic Water Reserve, administered at the Secretary's discretion and consistent with the conserved-water accounting framework evaluated in the DEIS.
- Clarify that implementation of conserved-water storage and any Strategic Water Reserve shall fully protect Tribal Water Rights and trust assets, including preservation of finally decreed priority rights, prohibition of involuntary or uncompensated out-of-priority reductions, and Tribal participation in exchange-based conserved-water mechanisms consistent with existing compact and decree structures.

These revisions would not alter compact allocations or treaty obligations but would formalize augmentation as an eligible source of conserved water and clarify federal authority to aggregate and deploy those supplies at scale within the existing accounting structures of the action alternatives that establish conserved-water storage.

Additionally, these revisions would support the federal trust responsibility by expanding voluntary, compensated opportunities for Tribes in the Colorado River Basin to benefit from their Colorado River water rights while preserving the priority and integrity of those rights.

The Need for a Strategic Water Reserve

The structural deficit in the Colorado River Basin cannot be resolved through conservation alone; redistributing scarcity does not eliminate it and will continue to intensify economic and interstate conflict. Adding new, reliable supply is the only durable solution that reduces pressure on compact allocations, stabilizes federal reservoir operations, and avoids potentially crippling economic impacts of the DEIS alternatives on Lower Basin states. Basin states do not fundamentally lack water; they lack the infrastructure necessary to capture, store, and move water when and where it is needed. In December, Pacific storms delivered atmospheric river flows that deposited several million acre-feet of water across Northern and Central California over a period of days, prompting emergency declarations in response to catastrophic flooding. At the same time, Upper Basin states are experiencing one of the most severe snow droughts in recent decades. Establishment of federally administered water reserves that operate analogously to the Strategic Petroleum Reserve could ameliorate the hydrologic and economic shocks that result from major supply disruptions.

The Strategic Petroleum Reserve was established after the 1970s oil embargo exposed the vulnerability of the U.S. economy to sudden supply disruptions in a resource essential to national security and economic stability. Congress recognized that reliance on market mechanisms alone was insufficient to buffer systemic risk and created a federally controlled reserve to stabilize supply during periods of disruption. Today, the Colorado River Basin presents a parallel structural vulnerability: water supply in the Basin underpins a substantial share of the Nation's economic output and supports industries and infrastructure central to America's strategic competitiveness. Just as the federal government created the Strategic Petroleum Reserve to safeguard energy security, establishing a Strategic Water Reserve in the Colorado River Basin would provide a strategic buffer against hydrologic shocks and long-term supply imbalance in a region foundational to the Nation's economic resilience and national security.

Establishment of a federally administered conserved-water reserve may be evaluated within the context of this DEIS as a reasonable mitigation measure responsive to the foreseeable environmental and socio-economic impacts of prolonged shortage conditions. The Secretary possesses existing authority under the Boulder Canyon Project Act, the Colorado River Storage Project Act, the Reclamation Project Act of 1939, and the Supreme Court decree in *Arizona v. California* to administer reservoir operations and conserved-water accounting in Lake Mead and Lake Powell. Clarifying that conserved-water storage under the Maximum Operational Flexibility, Enhanced Coordination, or Supply-Driven Alternatives may function as a federally administered reserve would not expand the scope of the proposed action but would identify an implementation pathway within the operational framework already analyzed in the DEIS.

Sources of Water for a Strategic Water Reserve

Expansion of Voluntary Programs

One immediate and scalable source of supply for a federally administered Strategic Water Reserve is expansion of voluntary conservation modeled on the Intentionally Created Surplus framework. The Enhanced Coordination, Maximum Operational Flexibility, and Supply-Driven Alternatives each establish conserved-water storage mechanisms capable of accommodating additional voluntary reductions in consumptive use. Building on ICS precedent, Reclamation could clarify in the Final EIS that voluntarily conserved volumes—whether generated through efficiency improvements, temporary compensated reductions, or substitution of non-Colorado River supplies—may be credited, in whole or in part, to federally administered conserved-water storage accounts rather than remaining solely contractor-controlled. This approach preserves the voluntary and compensated nature of conservation while enabling Reclamation, consistent with the selected alternative, to aggregate conserved water for defined system-protection purposes within the operational framework evaluated in the DEIS.

Development of New Water Supplies

In addition to expanded voluntary conservation, a Strategic Water Reserve can be supplied by new, non-tributary water sources developed in the Lower Colorado Basin. Principal categories include groundwater banking and storage, desalination, recycled and reused water, advanced treatment, stormwater capture and agricultural substitution projects. Numerous projects across Lower Basin states are in advanced stages of development and could collectively produce substantial volumes of new supply within the next several years. Leveraging existing federal financing authorities and prioritizing projects that generate qualifying non-system water for conserved-water storage would accelerate augmentation without altering compact allocations or requiring new Colorado River diversions.

Interstate Exchange and System Integration

In addition to creating new supply, a Strategic Water Reserve requires mechanisms to integrate non-Colorado River water into the Colorado River system through structured interstate exchange. Under the Enhanced Coordination, Maximum Operational Flexibility, and Supply-Driven Alternatives, conserved-water storage mechanisms are established that can accommodate exchange-based substitution of non-Colorado River supplies. Recent interagency efforts, including Memorandums of Understanding between Reclamation and California water agencies regarding groundwater banking and interstate exchange, demonstrate that such mechanisms are

being actively explored within the existing Law of the River framework. In this structure, atmospheric river flows captured and stored within the State Water Project (SWP) system - including Article 21 water and other surplus supplies - could be delivered to contractors in exchange for equivalent reductions in Colorado River diversions, with conserved Colorado River water credited to federally administered conserved-water storage accounts consistent with the DEIS accounting framework. This expands available supply through system integration rather than reallocation and operates within the conserved-water structures analyzed under the three action alternatives.

Taken together, expansion of voluntary conserved-water programs, development of new non-system supplies, and structured interstate exchange provide a cohesive and scalable augmentation strategy capable of supporting a federally administered Strategic Water Reserve within the conserved-water mechanisms evaluated in the DEIS. These tools operate through exchange and accounting rather than reallocation, remain consistent with compact and decree structures, and offer a practical pathway to strengthen system storage, reduce shortage risk, and enhance long-term reliability of the Colorado River Basin.

Financing and Market Stabilization

Water in the Colorado River Basin is increasingly priced at scarcity levels as extreme swings in supply collide with surging demand. The result is growing affordability challenges for consumers and critical industries. Just as oil price shocks and electricity market volatility exposed economic vulnerability and prompted federal action to expand domestic energy supply and stabilize prices, sustained water scarcity in the Colorado River Basin now requires focused federal action to expand supply and stabilize prices. The DEIS's predominant focus on demand management, without corresponding mitigation of the resulting economic impacts, risks reinforcing scarcity pricing and discouraging investment in new water supply development. The Basin's structural deficit can only be addressed through substantial capital investment in storage, conveyance, and supply-expanding infrastructure.

A federally administered network of conserved-water pools, implemented within the conserved-water storage mechanisms could function similarly to an interoperable clearing system: participating entities would deposit qualifying conserved or augmented supplies and withdraw volumes through approved exchange transactions under standardized accounting and cost-based terms. Such a structure would not create new water rights but would introduce transparency, liquidity, and price stability into a system currently driven by ad hoc scarcity transactions. By establishing clear exchange rules and centralized accounting, a Strategic Water Reserve would reduce transactional friction, moderate extreme price volatility, and provide predictable signals to support long-term infrastructure investment.

Private capital is already available to finance augmentation projects, but it requires predictable market structure and federal participation to scale. Leveraging existing federal loan, guarantee, and grant authorities to support qualifying projects – particularly those that generate non-system water eligible for conserved-water storage – would catalyze private investment while maintaining affordability protections. A structured reserve and exchange framework would allow market participation within existing legal frameworks, aligning federal stabilization objectives with private-sector capital deployment.

The Federal Government currently administers multiple authorized programs providing low-cost loans, loan guarantees, and grants for water infrastructure and resilience projects. Prioritizing these existing financing authorities to support augmentation projects that generate qualifying non-system water eligible for conserved-water storage would accelerate supply development and leverage private capital without requiring immediate new appropriations.

To the extent a permanent, federally capitalized Strategic Water Reserve is pursued – particularly one involving direct federal acquisition or long-term aggregation of water supplies – Congressional authorization may be required. Such authorization could provide funding for voluntary forbearance agreements, reserve capitalization, or targeted affordability protections, while allowing participating states and contractors to contribute financially in exchange for enhanced reliability.

Conclusion

The January 9, 2026 Draft Environmental Impact Statement provides a comprehensive evaluation of operational responses to sustained shortage conditions in the Colorado River Basin. However, the structural supply deficit identified in the environmental analysis warrants evaluation of augmentation and reserve-based mitigation tools capable of materially reducing long-term environmental and socio-economic impacts from sustained shortages.

A federally-administered Strategic Water Reserve, supported by voluntary conservation, development of new non-system supplies, structured interstate exchange, and a coordinated financing strategy that leverages federal resources to mobilize private capital, offers a scalable, immediately implementable pathway to address long-standing, structural water shortages in the Colorado River Basin. By aligning conserved-water accounting mechanisms with interstate exchange and innovative public-private financing structures, the Department can catalyze large-scale investment in new water supply while stabilizing prices and operating within the existing legal and operational framework of the Colorado River Basin and reducing structural conflict among Basin stakeholders. Just as federal leadership has been used to unlock strategic private investment in critical mineral and advanced manufacturing sectors, a similar model can be deployed to stabilize and expand water supply within the Colorado River system.

We respectfully urge the Department to evaluate the creation of a Strategic Water Reserve in the Final EIS as a reasonable mitigation measure capable of reducing shortage impacts, stabilizing critical reservoir elevations, and improving long-term reliability of the Colorado River system.

Respectfully,

Andy Mejia
Chairperson
Lytton Rancheria of California

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Cadiz, Inc.