United States Department of the Interior

BUREAU OF RECLAMATION
Lower Colorado Regional Office
P.O. Box 61470
Boulder City, NV 89006-1470

IN REPLY REFER TO:

LC-4220
WTR-4.03

JUN 19 2012

CERTIFIED - RETURN RECEIPT REQUESTED

Mr. Kevin E. Kelley
General Manager
Imperial Irrigation District
P.O. Box 937
Imperial, CA 92251-0937

Subject: Approval of Calendar Year 2012 Diversion for the Imperial Irrigation District (IID)

Dear Mr. Kelley:

In accordance with Title 43, Code of Federal Regulations Part 417 (Part 417), this letter provides IID with notice of my determination regarding IID's proposed diversion and beneficial use of Colorado River water for calendar year 2012.

The Colorado River Water Delivery Agreement (CRWDA) quantifies certain Colorado River water entitlements within the state of California. This letter serves as the approval of the diversion amount for IID.

By letter dated September 15, 2011, and subsequently corrected by letter dated December 5, 2011, IID submitted a request to consumptively use up to 2,757,300 acre-feet of Colorado River water in calendar year 2012. Of this amount, it is currently estimated that 7,260 acre-feet will be met by the Lower Colorado Water Supply Project (LCWSP). Based upon a review of the calendar year 2012 diversion estimate provided by IID, and the information gathered during the Bureau of Reclamation's annual Part 417 consultation process, I approve the diversion of up to 2,817,798 acre-feet of Colorado River water during calendar year 2012 for use in IID's service area.

This approval incorporates IID's plan to create up to 25,000 acre-feet of Extraordinary Conservation Intentionally Created Surplus (ICS) in calendar year 2012. Reclamation approved IID's 2012 ICS Plan of Creation by letter dated December 30, 2011. This approval does not include delivery of ICS in 2012. Should IID elect to take delivery of ICS during 2012, IID is required to submit to Reclamation a revised diversion request indicating the amount of ICS IID will take. The table on the following page provides the details of the data used to develop IID's approved diversion for calendar year 2012.

Water Budget Item	Amount[1]
Priority 3 Consumptive Use Cap	3,100,000
Present Perfected Right Holders and Others	-11,500
1988 IID/Metropolitan Water District of Southern California (MWD) Conservation Agreement	-105,000
IID Transfer to San Diego County Water Authority (SDCWA)	-90,000
IID Transfer to SDCWA for Salinity Management (Salton Sea Mitigation)	-22,500
Intra-Priority Transfer to Coachella Valley Water District (CVWD)	-21,000
All-American Canal (AAC) Lining Project Conserved Water	-67,700
Creation of Additional Conserved Water[2]	-25,000
Total Approved Consumptive Use	**2,757,300**
IID Consumptive Use met by the LCWSP	-7,260
Total Approved Consumptive Use from the Colorado River	**2,750,040**
AAC Returns	67,758
Total Approved Diversion	**2,817,798**

[1]All values in acre-feet.
[2]Additional Conserved Water uses include ICS, inadvertent overrun payback and/or other approved uses of conserved water.

Please be aware that the following two Colorado River accounting issues related to IID's water order approval are under review by Reclamation:

(1) The *Colorado River Accounting and Water Use Report Arizona, California, and Nevada* (Water Accounting Report) for calendar year 2010, documented that, for the purpose of meeting Salton Sea mitigation requirements, IID conserved 33,736 acre-feet of Colorado River water in 2010 which was transferred to SDCWA and exchanged with CVWD for non-Colorado River water. The 2010 Water Accounting Report also documented that, in 2010, IID delivered 46,546 acre-feet of Colorado River water to the Salton Sea with a stated intention to meet Salton Sea mitigation requirements for 2011 and half of 2012. The appropriate accounting for the 46,546 acre-feet is under review by Reclamation.

(2) IID informed Reclamation that IID did not conserve in 2011 the full 80,000 acre-feet necessary to meet the scheduled transfer of Colorado River water to SDCWA in 2011, as set forth in Column 5, Exhibit B, of the CRWDA. Reclamation appreciates IID's input on this issue, as outlined in IID's letter dated December 9, 2011. The appropriate accounting for this circumstance is under review by Reclamation.

Reclamation is committed to continuing to work with the CRWDA parties to resolve these important issues.

This water order approval is based upon IID's water entitlement under the terms of the CRWDA. Reclamation notes that under the terms of Exhibit B to the CRWDA, calendar year 2012 is identified as a benchmark year. This is a reference to the benchmarks first established in the Interim Surplus Guidelines adopted by the Secretary of the Interior in January 2001, and contained in the Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead (Interim Guidelines), adopted by the Secretary in December 2007, which remain in effect. The benchmarks were put in place in 2001,

and remain in place, as a means to take into account progress, or lack thereof, in California's efforts to bring its use of Colorado River water within the state's normal year apportionment of 4,400,000 acre-feet.

The water collectively ordered by California agricultural agencies for calendar year 2012, if taken, will exceed the 2012 benchmark in the Interim Guidelines and in Exhibit B of the CRWDA, and will also exceed the annual target for 2012 established in Exhibit B. Whether a benchmark or an annual target is actually exceeded will not be determined until the final Water Accounting Report for 2012 is prepared in the spring of 2013. Section 5.C of the Interim Guidelines and Article 8 of the CRWDA address the failure to meet a benchmark. Article 8 also addresses the failure to meet an annual target.

Whether the 2012 benchmark or annual target is met may be dependent in part on the IID transfer to MWD reflected in Column 9 of Exhibit B to the CRWDA. To date, Column 9 transfers have not occurred. Reclamation believes the underlying circumstances relating to the lack of implementation of the Column 9 transfers, and the impact of these circumstances on the ability of the California agricultural agencies to achieve the 2012 benchmark and annual target, is a matter which invites additional discussion. Therefore, Reclamation encourages the CRWDA parties to meet to discuss this matter and to provide Reclamation with the benefit of your individual or collective analysis. Matters of particular interest to Reclamation include the ability of the California agricultural agencies to achieve the 2012 benchmark and annual target and whether, through what mechanism and upon what basis, the 2012 benchmark and annual target might be appropriately modified. Reclamation is willing to participate in any discussions.

Reclamation will continue to monitor and project diversions and consumptive use of Colorado River water during calendar year 2012 in an effort to ensure each entitlement holder's annual approval is not exceeded. These projections are available on a daily basis at Reclamation's Forecasted Water Use website: www.usbr.gov/lc/region/g4000/hourly/forecast12.pdf. It is expected that entitlement holders within the state of California will use this information to adjust diversions to remain within approved annual quantities, or, as appropriate, seek modification of the approval.

Thank you for submitting IID's diversion estimate for 2012. If you have questions, please contact Mr. Paul Matuska, Water Accounting and Verification Group Manager, at 702-293-8164.

Sincerely,

Terrance J. Fulp, Ph.D.
Acting Regional Director

cc: See next page.

cc: Mr. Christopher Harris
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