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. Roger K. Patterson
Assistant General Manager
Metropolitan Water District
of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

Subject: Approval of Calendar Year 2012 Diversion for the Metropolitan Water District of Southern California (MWD)

Dear Mr. Patterson:

In accordance with Title 43, Code of Federal Regulations Part 417 (Part 417), this letter provides MWD with notice of my determination regarding MWD'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 MWD.

By letter dated September 14, 2011, MWD submitted a request to consumptively use up to 716,700 acre-feet of Colorado River water during calendar year 2012. Of the 4.4 million acre-feet of Colorado River water available to California in calendar year 2012, 620,445 acre-feet is currently anticipated to be available for consumptive use by MWD during calendar year 2012. Based upon a review of the calendar year 2012 diversion estimate provided by MWD and the information gathered during the Bureau of Reclamation's annual Part 417 consultation process, I approve the diversion of up to 623,556 acre-feet of Colorado River water during calendar year 2012 for use in MWD's service area. As in recent years, I also approve the diversion by MWD in calendar year 2012 of the unused California adjusted apportionment of Colorado River water as reflected on Reclamation's 2012 Forecasted Water Use website to the extent such water becomes available. This website is updated daily and may be viewed at: www.usbr.gov/lc/region/g4000/hourly/forecast12.pdf.

This approval incorporates MWD's plan to create up to 200,000 acre-feet of Extraordinary Conservation Intentionally Created Surplus (ICS) in calendar year 2012. Reclamation approved MWD's 2012 ICS Plan of Creation by letter dated March 29, 2012. This approval does not include delivery of ICS in 2012. Should MWD elect to take delivery of ICS during calendar year 2012, MWD is required to submit to Reclamation a revised diversion request indicating the

amount of ICS MWD will take. The table on the following page provides the details of the data used to develop MWD's approved diversion for calendar year 2012.

Water Budget Item	Amount[1]
Priority 4 Water	550,000
1988 Imperial Irrigation District (IID)-MWD Water Conservation Program	85,000
Coachella Canal Lining Project (CCLP) Conserved Water (MWD exchange with San Diego County Water Authority (SDCWA))	21,500
CCLP Conservation (Supplemental Water)	4,500
CCLP Conservation Mitigation Water[2]	--
All-American Canal Lining Project Conserved Water (MWD exchange with SDCWA)	56,200
All-American Canal Lining Project Conserved Water (Supplemental Water)	11,500
IID Transfer to SDCWA (MWD Exchange with SDCWA)	90,000
Priorities 1, 2, and 3b Consumptive Use Above 420,000 acre-feet	-1,831
Unused Priority 3a	--
Miscellaneous and Indian Present Perfected Right Consumptive Use	-2,341
Lower Colorado Water Supply Project	5,917
MWD-Coachella Valley Water District (CVWD) Exchange of State Water Project Water	--
Creation of Extraordinary Conservation ICS Water	-200,000
Delivery of Extraordinary Conservation ICS Water	--
Delivery of System Efficiency ICS Water	--
Total Approved Consumptive Use	**620,445**
Emergency Delivery to Tijuana, Mexico	--
Returns	3,111
Total Approved Diversion	**623,556**

[1]All values in acre-feet.

[2]The approved diversion does not include the 4,850 acre-feet of CCLP-conserved water that has been assigned to CVWD for mitigation requirements associated with the CCLP. Following receipt of CVWD's mitigation water use report in December 2012, the approved 2012 diversion contained in this letter may be amended to include any unused mitigation water.

The approval is subject to the following conditions:

(1) The data on Reclamation's website are provisional until final records are issued. MWD diversions occurring as a result of the values on the website are at MWD's own risk.

(2) All available Colorado River water within the state of California has been approved for beneficial use within the state. The approved amounts remain available to the senior priority entitlement holders. In cases where approvals to senior entitlement holders are less than the diversions allowed by their entitlements, the approvals may be increased to their full entitlements as defined in their contracts.

(3) Final accounting records published by Reclamation may differ from the provisional data on Reclamation's website. Adjustments to the final records may result in an inadvertent overrun by MWD.

(4) MWD will be required to pay back any overrun according to the Inadvertent Overrun and Payback Policy.

(5) Reclamation may at any time rescind this approval to divert unused California adjusted apportionment of Colorado River water.

Please be aware that the following two Colorado River accounting issues 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 calendar year 2010 which was transferred to SDCWA and exchanged with CVWD for non-Colorado River water. The Water Accounting Report also documented that, in calendar year 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 calendar year 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 MWD's input on this issue, as outlined in MWD'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 MWD'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 the state of 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 2012 Forecasted Water Use website. 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 MWD'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: Mr. Christopher Harris
Acting Executive Director
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