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October 28, 2009

Ms. Lorri Gray-Lee, Regional Director
United States Bureau of Reclamation
PO Box 61470
Boulder City, NV 89006

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2/9	50000
	4200
CLASSIFICATION	
PROPERTY	
OPERATIONAL USE	
PROJECT ID	
KEYWORD	
CONFIDENTIAL	

Dear Lorri:

At the recent Inadvertent Overrun Payback Procedures (IOPP) meeting in Las Vegas on October 20-21, staff from your office, Central Arizona Project (CAP), Metropolitan Water District (MWD), and Southern Nevada Water Authority (SNWA), discussed issues concerning the accounting for Intentionally Created Surplus (ICS) and Intentionally Created Unused Apportionment (ICUA) accomplished in 2009.

Late in 2008 both MWD and SNWA put forth plans to aggressively pursue conservation efforts for water supply and ICS purposes. CAP was involved in a process to address the fact that we had customer orders for water for underground storage in 2009 that exceeded the available supply by 200,000 acre-feet (af). SNWA also planned to create ICUA for interstate underground storage with both MWD and CAP. At that time, we all acknowledged that we did not have established procedures and processes in place to officially review and approve ICS plans. Unfortunately, due to the volume of activities concerning binational issues, Decree Accounting, the Basin Study, and the IOPP, we have not yet developed procedures for ICS plan approval.

We are now approaching the end of 2009 and find that 1) MWD has been very successful in conserving water for use and creating ICS; 2) SNWA has created ICS and has requested the Secretary to make unused apportionment available for interstate storage with SNWA and CAP; and 3) CAP has a process for apportioning a limited supply of water for underground storage and has begun the process to store some of SNWA's unused apportionment in anticipation of the Secretary's approval. We also learned that it has been necessary to reduce groundwater pumping in the Yuma area to address salinity issues with deliveries to Mexico which will reduce the return flows and reduce water available to CAP. At the meeting on October 21, we agreed upon a general plan of collaboration among the three state entities and Reclamation to help ensure that the ICS and interstate storage, for 2009, is appropriately credited and accounted for among the entities while ensuring that the lower Basin states do not exceed their collective allocation and that Decree Accounting is clear and correct.

At this time, it appears to CAP that MWD will create about 70,000 af of ICS while storing 60,000 af or less for SNWA. CAP will use best efforts to store about 20,000 af of SNWA unused

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apportionment while also trying to ensure all of Arizona's 2.8 maf is put to beneficial use. SNWA will address its tributary supply through the ICS process.

We will need Reclamation's continued collaboration and leadership through the remainder of 2009 and through the Decree Accounting process to help us accomplish our goals. We all recognize that other factors beyond our control may impact our current plans and we encourage Reclamation to continue to provide the most accurate, real-time information available as we complete the 2009 operating year. We also encourage Reclamation to provide the initiative and leadership to collaboratively develop the needed procedures process and guidelines for timely review and approval of ICS plans and commit our time and energy to assure that goal is reached.

Sincerely,



Larry R. Dozier

Deputy General Manager

copy: Terry Fulp, United States Bureau of Reclamation
Herb Guenther, Arizona Department of Water Resources
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