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November 25, 2015

Dr. Terry Fulp, Regional Director
Bureau of Reclamation
Lower Colorado Regional Office
Attention LC00-4200
P.O. Box 61470
Boulder City, NV 89006-1470

Dear Terry:

Subject: IID Revised Estimate of Diversion – Colorado River 2015

This letter should serve as the Imperial Irrigation District's request to reduce its original 2015 consumptive use estimate, submitted to the Bureau of Reclamation on October 6, 2014, by just over 17,000 acre-feet, due to the expansion of conservation programs. This will result in a revised available 2015 consumptive use range of 2,592,546 AF to 2,617,546 AF (less any consumptive uses supplied by the Lower Colorado Water Supply Project) for IID. Additionally, while IID's approved 2015 Intentionally Created Surplus Plan anticipated the creation of up to 25,000 AF of ICS in Lake Mead, since this plan was approved IID has authorized a 2015-16 fallowing program that instead creates up to 50,000 AF of excess fallowing conservation and expanded its on-farm conservation program to contract for up to 25,000 AF of excess efficiency conservation in calendar year 2015.

IID's conservation program contracting parameters and yield determinations are dependent on Reclamation's measurement, reporting and calculation of IID's diversions, return flow credits and consumptive uses for the current and previous water years. The accuracy and timeliness of these final measurements and accounting records are significant variables that will require subsequent revision, even after year-end, and this revised estimate should not be considered a volume limitation for purposes of IID's annual consumptive use or diversion calculations.

Also significant is some degree of uncertainty surrounding the Quantification Settlement Agreement and implementation of the various agreements, transfers and environmental mitigation programs related to the QSA, although likely less than that expressed in IID's initial 2015 water order. While IID has reached settlement with all remaining opposing parties after years of litigation over the QSA, on November 18, 2014, IID filed a Petition for Modification of the Water Rights Order 2002-0013 with the California State Water Resources Control Board to add a condition requiring the state to fulfill its obligation to restore the Salton Sea. While IID is cautiously optimistic that there now appears to be some positive movement from the state of California in regard to its Salton Sea restoration and mitigation commitments, the end of the 15-year mitigation water

requirement in 2017 is quickly approaching and on-the-ground projects are slow to develop. While this uncertainty continues to jeopardize the long-term viability of the QSA, IID does appreciate Reclamation's Salton Sea advocacy efforts and further development of the Salton Sea Restoration and Renewable Energy Initiative. These efforts can provide a framework for a smaller but sustainable Salton Sea restoration project to address these concerns in support of the QSA.

IID Revised 2015 Estimated Consumptive Use¹ Table in Acre-Feet (November 25, 2015)	
Priority 3 Cap	3,100,000
Miscellaneous PPR's	(11,500)
1988 IID/MWD Conservation & Transfer ²	(107,820)
IID/SDCWA Conservation & Transfer	(100,000)
2015 Salton Sea Mitigation Delivery Requirement ³	(109,434)
AAC Lining Project Conservation & Transfer	(67,700)
IID/CVWD Conservation & Transfer	(36,000)
Estimate of Additional Excess Conserved Water ^{4,5}	(50,000-75,000)
<ul style="list-style-type: none"> • 2016 Salton Sea Pre-Delivery⁶ = 30,000 – 40,000 AF • Lake Mead ICS/MWD ICS⁷ = 20,000 - 45,000 AF 	
Total IID Revised 2015 Consumptive Use¹ Estimate Range⁸	2,592,546-2,617,546

¹ Consumptive uses include uses for agricultural, municipal, industrial, environmental, environmental mitigation and storage purposes.

² In 2007 (by agreement between IID and MWD), the annual conservation yield of the 1988 IID/MWD Conservation & Transfer Agreement was capped at 105,000 AFY. The conservation yield attributable to the Project 18 (Tailwater Return Systems) component of the IID/MWD Agreement was 3,500 AFY at full operation; however, this yield could be reduced to the volume conserved if the project is at less than full operation. According to the terms of a December 14, 2014 IID/MWD letter agreement, effective January 1, 2015, the Project 18 TRS were eliminated from the Agreement and replaced by Project 9 12-hour delivery conservation in order to fix the annual IID/MWD conservation yield at 105,000 AFY. In addition, for 2015 the total amount of conserved water made available by IID for MWD is 107,820 AF (to offset previous year's reductions).

³ Salton Sea mitigation water created from fallowing conservation. The 2015 calendar year delivery obligation is 110,000 AF; this value is adjusted downward due to an excess mitigation delivery balance of 566 AF at the end of 2014. Actual water deliveries will be trued-up at year-end.

⁴ Additional conserved water uses include Intentionally Created Surplus (ICS) in Lake Mead or MWD, inadvertent overrun payback (IOP), early IOP payback on behalf of another Colorado River contractor, groundwater storage, groundwater recharge, storage in or pre-delivery to the Salton Sea, delivery of ICS to meet water transfer obligations, modified delivery of water transfer scheduled obligations and/or other allowed uses of conserved water.

⁵ Final contracting and the truing-up of all 2015 fallowing and efficiency conservation program yields at year-end will require an adjustment to this volume.

⁶ On October 20, 2015 the IID Board of Directors authorized the pre-delivery of any excess 2015 fallowing conservation to the Salton Sea to meet IID's 2016 mitigation requirement of 130,000 AF. IID staff currently estimates its remaining 2015 Salton Sea mitigation delivery capacity for excess Salton Sea mitigation conservation at 30,000 to 35,000 AF in 2015.

⁷ IID's on-farm efficiency conservation program has contracted for up to 25,000 AF of excess efficiency conservation in 2015 that IID intends to store with the Metropolitan Water District under the expanded terms for the recently executed Amendment to the 2007 California Agreement for the Creation and Delivery of Extraordinary Conservation Intentionally Created Surplus.

⁸ This range of estimates is intended to address the consumptive use needs for IID in 2015 assuming a bookend of circumstances regarding the level of contracting and actual conservation for fallowing and efficiency-based programs in support of the QSA, related conservation and transfer agreements and to further drought contingency efforts.

IID Revised 2015 Estimated River Consumptive Use¹ Table in Acre-Feet	
Total IID Revised 2015 Consumptive Use ¹ Estimate Range ⁸	2,592,546-2,617,546
Revised 2015 Estimated Consumptive Use ¹ met by LCWSP ⁹	(7,400)
Total IID Revised 2015 Consumptive Use¹ Estimate Range⁸ at River⁹	2,585,146-2,610,146

IID will submit subsequent revisions to this water order as the year concludes, or conservation estimate revisions in the first quarter of 2016, based on final contracting, data analyses and the completion of year-end calculations and true-ups to account for final 2015 conservation yields.

Of the approximately 50,000 AF of excess fallowing conservation created in 2015, IID is currently pre-delivering approximately 30,000 to 40,000 AF to meet its 2016 mitigation obligation and address QSA-related playa exposure as the shoreline recedes. IID also anticipates creating up to 25,000 AF of additional efficiency conservation from its on-farm program, in excess of its 2015 calendar year obligations, and intends to store any of this excess conservation with the Metropolitan Water District under the expanded terms of the recently executed Amendment to the 2007 California Agreement for the Creation and Delivery of Extraordinary Conservation Intentionally Created Surplus (attached).

If you have any questions regarding this revised 2015 estimate, please contact IID's water manager, Tina Shields, at (760) 339-9038 or tlshields@iid.com.

Sincerely,



Kevin E. Kelley
General Manager

Attachment

cc: Mike Pacheco/Tina Shields, IID water managers
Merlon Kidwell, watermaster
Autumn Plourd, IID engineer
Paul Matuska, USBR
Tanya Trujillo, CRB
William Hasencamp, MWD

⁹ Reclamation estimate; actual pumped volumes subject to true-up at year-end.

AMENDMENT NO. 1 TO THE
CALIFORNIA AGREEMENT FOR THE CREATION AND DELIVERY OF
EXTRAORDINARY CONSERVATION INTENTIONALLY CREATED SURPLUS

This AMENDMENT TO THE CALIFORNIA AGREEMENT FOR THE CREATION AND DELIVERY OF EXTRAORDINARY CONSERVATION INTENTIONALLY CREATED SURPLUS (Amendment) is entered into as of this ____ day of October, 2015 by and among the PALO VERDE IRRIGATION DISTRICT (PVID), the IMPERIAL IRRIGATION DISTRICT (IID), THE COACHELLA VALLEY WATER DISTRICT (CVWD), THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (MWD), and the CITY OF NEEDLES (NEEDLES), (collectively, the Parties).

RECITALS

A. On December 13, 2007, the Parties entered into the CALIFORNIA AGREEMENT FOR THE CREATION AND DELIVERY OF EXTRAORDINARY CONSERVATION INTENTIONALLY CREATED SURPLUS (Agreement). The Agreement established the terms and conditions for the creation, accumulation, and delivery of Extraordinary Conservation Intentionally Created Surplus (EC ICS) by California contractors pursuant to the 2007 Interim Guidelines for Lower Basin Shortages and Coordinated Operations of Lake Powell and Lake Mead.

B. The Agreement includes terms under which IID can store conserved water in Lake Mead and in MWD's system. IID desires to increase conservation to create additional conserved water that can be stored in MWD's system. The Parties intend this Amendment to govern IID's storage of water in MWD's system only after IID has stored the existing yearly or cumulative maximum amounts of water under the terms of the Agreement. Thus, water stored in MWD's system up to the existing yearly or cumulative maximums will be governed under the terms of the Agreement and additional water stored in MWD's system will be governed under this Amendment. To the extent this Amendment does not change provisions in the Agreement; the Agreement continues to govern water stored in MWD's system.

C. This Amendment will provide MWD temporary assistance during the ongoing California drought, which has reduced MWD's water supplies from the State Water Project, whereby MWD may have temporary access to the water stored by IID in MWD's system prior to the return of the water to IID. This Amendment provides for the storage of water and does not provide for the transfer of water or water rights. Nor does it create a new project for the utilization of water for a purpose beyond those included within the Agreement. Nor does it provide for any use or consumption of water outside the amounts of ordinary annual fluctuation in IID's water use already authorized by existing law.

NOW, THEREFORE, the Parties hereby agree as follows:

AMENDMENT

1. During each of the years 2015, 2016, and 2017 in which IID reaches the yearly or cumulative maximum storage amounts under Sections 1, 2, and 3 of the Agreement, IID may create and deliver up to an additional 75,000 acre-feet of Excess EC ICS (Additional Excess EC ICS) to MWD's system in accordance with Section 2 of the Agreement. The limit on the amount of Excess EC ICS that IID may accumulate in MWD's system in Section 3 of the Agreement is raised to 200,000 acre-feet.

2. IID may, with the written consent of MWD, which shall not be unreasonably withheld, use on-farm and system conservation measures to create Additional Excess EC ICS, provided the water conserved meets the definition of "conserved water" under Section 1.1(17) of the Quantification Settlement Agreement, and provided that IID consults with MWD regarding the conservation savings methodology prior to any storage request. After such consultation, MWD may reasonably withhold consent to the request for storage in MWD's system of Additional Excess EC ICS created by on-farm and system conservation measures if MWD and IID cannot reach agreement on the quantity of water conserved. Notwithstanding the foregoing, MWD generally recognizes the conservation savings methodology of the IID on-farm efficiency conservation program as of the date of this Amendment, provided that IID consults with MWD and agreement is reached on the quantity of water conserved.

3. For the return to IID of any Additional Excess EC ICS created by IID and delivered to MWD's system under this Amendment, the following terms apply to the Additional Excess EC ICS in lieu of the terms contained in Section 6 of the Agreement:
 - (a) Subject to Subsections (b), (c), and (d) below, MWD will return Additional Excess EC ICS upon written request delivered to MWD by IID sixty (60) days prior to the earliest of the following dates: (i) the date on which annual water diversion or consumptive use estimates are due, (ii) the date that annual ICS delivery plans or requests are due, or (iii) the date annual plans for or volumes of payback of inadvertent overruns are due, to be delivered to the United States Bureau of Reclamation for the year in which return is requested.

 - (b) MWD will submit the required documentation and follow the required procedures to ensure delivery to IID of the amount of Colorado River water required for return of the Additional Excess EC ICS requested by IID pursuant to this Amendment. If IID intends to use water returned by MWD to offset a potential IID inadvertent overrun or conservation shortfall, IID must provide written notice to MWD, whereupon IID and MWD will consult on how to return the water within the terms of this Amendment.

 - (c) MWD's return requirement shall not exceed the lesser of 50,000 acre-feet in any one year; or, if the return is made in a calendar year in which MWD's member agencies are under a shortage allocation, fifty percent (50%) of the cumulative amount of Additional Excess EC ICS created by IID and delivered to MWD's system.

(d) When IID makes a written request for delivery of Additional Excess EC ICS, the amount returned will be reduced by five percent (5%), except that during any calendar year from 2017 to 2019, MWD shall waive the five percent (5%) reduction for the quantity of water requested for delivery and not returned to IID. Commencing in 2020, the cumulative balance of IID's Additional Excess EC ICS shall be reduced by three percent (3%) for each calendar year including the year prior to the return of the water to IID, except that the three percent (3%) annual reduction does not apply for any year in which MWD's member agencies are under a shortage allocation.

4. IID will defend and indemnify MWD from any claim or liability arising from this Amendment, except for any procedural challenge brought under the Brown Act or the Metropolitan Water District Act relating to MWD's approval or execution of this Amendment.

5. Within 60 days of the date of this Amendment either IID or MWD may terminate this Amendment upon written notice to all Parties. Such termination shall be effective solely to this Amendment. No such termination shall apply to the Agreement, which shall remain in full force and effect.

6. PVID, CVWD, and Needles hereby forbear any right to delivery of any Additional Excess EC ICS that is delivered to or created by MWD or IID in accordance with this Amendment.

7. By written agreement, the Parties may extend the years in which this Amendment applies.

8. All provisions of the Agreement not modified by this Amendment remain in effect.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the day and year first written above.

Attest:

PALO VERDE IRRIGATION DISTRICT

By: _____
General Manager

By: _____
Chair

Approved as to form:

IMPERIAL IRRIGATION DISTRICT

By: _____
General Counsel

By: _____
President

Approved as to form:

CITY OF NEEDLES

By: _____
City Attorney

By: _____
Mayor

Approved as to form:

COACHELLA VALLEY WATER DISTRICT

By: _____
Legal Counsel

By: _____
General Manager

Approved as to form:

THE METROPOLITAN WATER DISTRICT OF
SOUTHER CALIFORNIA

By: _____
General Counsel

By: _____
General Manager