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DOCUMENTS RELATED TO THE CREATION, DELIVERY, AND ACCOUNTING OF IID'S INTENTIONALLY CREATED SURPLUS

1. IID's Extraordinary Conservation ICS Plan of Creation for Calendar Year 2015, as corrected, dated August 7, 2015.
2. Reclamation's letter to IID dated September 25, 2014, approving IID's Extraordinary Conservation ICS Plan of Creation for Calendar Year 2015.



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August 7, 2015

Mr. Terry Fulp, Regional Director
Bureau of Reclamation
Lower Colorado Region
P.O. Box 61470
Boulder City, NV 89006-1470

Subject: Corrections to IID's 2015 and 2016 Plan for the Creation of Extraordinary Conservation Intentionally Created Surplus

Dear Dr. Fulp:

Enclosed please find a corrected copy of Imperial Irrigation District's 2015 and 2016 Plans for the Creation of Extraordinary Conservation Intentionally Created Surplus in accordance with Section 2.5(A) of the Lower Colorado River Basin Intentionally Created Surplus Forbearance Agreement dated December 13, 2007.

In support of IID's Colorado River water management responsibilities, in May 2013 IID implemented a system of annual apportionment to all of its water users in accordance with IID's Equitable Distribution Plan. To fully integrate this policy with IID's 2014 revised Farm Unit Fallowing Program (modified to address landowner/grower tensions and the EDP) and ensure program consistency, the trending analysis previously utilized as a review calibration tool when determining the conservation yield was replaced with an EDP cap limitation. This update was not corrected in IID's 2015 and 2016 ICS Plans and we apologize for that error. The revised sentence appears as the last line of the first paragraph of the Estimated Volume of Water to be Conserved section (page 4 of IID's 2015/2016 ICS Plan) and states, "The revised conservation estimates for fallowed fields are determined individually based on a ten-year running average of water delivery history (excluding high and low years), reduced to the field's EDP allocation, if necessary, during the term of the fallowing program to ensure and validate the most appropriate conservation yield." Qualification and verification parameters described in IID's ICS Plans remain unchanged.

Mr. Terry Fulp
August 7, 2015
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Should you have any questions regarding IID's ICS Plans, please contact Ms. Autumn Plourd at (760) 339 9755.

Sincerely,

A handwritten signature in black ink that reads "Tina Shields". The signature is written in a cursive, flowing style.

Tina Anderholt Shields, PE
Colorado River Resources Manager

Enclosures: IID 2015 ICS Plan and IID 2016 ICS Plan

cc: Ms. Tanya Trujillo, Colorado River Board of California
Mr. Tom Buschatzke, Arizona Department of Water Resources
Ms. Jayne Harkins, Colorado River Commission of Nevada
Mr. Bill Hasencamp, Metropolitan Water District of Southern California
Messrs. Jim Barrett/Robert Cheng, Coachella Valley Water District

Imperial Irrigation District
2015 Plan for the Creation of Extraordinary Conservation Intentionally Created Surplus

Introduction

This plan for the creation of Extraordinary Conservation Intentionally Created Surplus (ICS) has been prepared pursuant to the specifications outlined in Section 3.B.1 on page 40 of the *Record of Decision: Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead* signed by the Secretary of the Interior on December 13, 2007.

IID will implement two extraordinary conservation measures with the potential to create ICS in 2015, a fallowing program and a seepage interception program, which are described in this plan and are incorporated as Exhibits D and F to the December 13, 2007, *Lower Colorado River Basin Intentionally Created Surplus Forbearance Agreement* (ICS Forbearance Agreement) among the Arizona Department of Water Resources, the Palo Verde Irrigation District, the Imperial Irrigation District, the City of Needles, the Coachella Valley Water District, Metropolitan, the Southern Nevada Water Authority, and the Colorado River Commission of Nevada.

The projected annual yields of these extraordinary conservation measures for calendar year 2015 are as follows:

Conservation Measure	Annual Conservation Yield
IID On-Farm Fallowing Program	up to 25,000 acre-feet
IID Main Canal Seepage Interception System	up to 12,000 acre-feet
<i>Total Annual Extraordinary Conservation ICS</i>	<i>not to exceed 25,000 acre-feet</i>

Without implementing these Extraordinary Conservation measures for ICS purposes, this water would be diverted by IID for beneficial use within its water service area. The total annual conservation yield of these activities in 2015 is estimated to be up to 25,000 acre-feet, the maximum annual volume of Extraordinary Conservation ICS that IID may create (excluding Excess Extraordinary Conservation ICS) under the December 13, 2007, *California Agreement for the Creation and Delivery of Extraordinary Conservation Intentionally Created Surplus* (California ICS Agreement). Additionally, the accumulated volume of annual conservation created by IID will be equal to or less than the 50,000 acre-feet of Extraordinary Conservation ICS available to IID and similarly described in the California ICS Agreement. At this time, IID does not anticipate creating any Excess Extraordinary Conservation ICS to be delivered to the MWD system.

IID will submit to the United States Bureau of Reclamation (Reclamation) its annual Extraordinary Conservation ICS estimate each year as a line item in its yearly estimate of diversion and any ICS yield estimate decreases within the calendar year will be relayed to Reclamation as mid-year revisions to IID's estimate of diversion. Mid-year reductions to ICS conserved water estimates would generally be the result of (but not necessarily limited to) (1) the final 'truing up' of IID fallowing program provisional conservation yields based on actual

monthly water use and savings, with minor adjustments to account for any contract breaches by the following participants; (2) implementation/contracting for the IID following programs; (3) Reclamation finalization of provisional decree accounting records (in particular accounting changes and true-ups to IID's Inadvertent Overrun and Payback Policy (IOPP) obligations; and (4) operational and maintenance issues affecting the Main Canal Seepage Interception System.

Imperial Irrigation District
Plan for the Creation of Extraordinary Conservation Intentionally Created Surplus
On-Farm Fallowing Program

Project Description

Extraordinary Water Conservation created by an IID fallowing program is described in Exhibit D of the ICS Forbearance Agreement.

IID's Fallowing Program is a voluntary program that allows willing landowners and lessees with landowner consent to contract with IID to receive payment for forgoing delivery of irrigation water throughout the term of the agreement, generally one to two years. The program creates conserved water for various purposes including:

- Transfer to the San Diego County Water Authority (SDCWA)
- Mitigation of environmental impacts resulting from reduced inflow to the Salton Sea
- Compliance with any inadvertent overrun obligations under the IOPP
- Limitation of IID's Priority 3 diversions to 3.1 million acre-feet annually
- Creation of Extraordinary Conservation Intentionally Created Surplus (ICS)

The price for conserved water by fallowing is determined annually by the IID Board of Directors. Applications are sent to solicit participants to conserve water by fallowing agricultural fields in exchange for payment. IID uses a farm unit based pro-rata share process to contract the necessary amount of fallowing acreage required to meet annual conservation goals. Eligibility criteria require that a field be at least 5 acres in size and have been irrigated for crop production during each of the previous three years (excluding the years contracted with IID for fallowing); each field's participation in an IID Fallowing Program is limited to approximately three out of every five years. Additionally, the fallowing participants must warrant that the fallowed lands would have been planted for agricultural production during the fallowing term, and designate the crops that would have been grown on the participating fields had those lands not participated in the IID Fallowing Program.

Initial program parameters were established in the Phase I On-Farm Fallowing Program Plan¹. This document was updated in 2006² and has just been revised in 2014³ for the upcoming 2014-2015 fallowing program. Minor program modifications have been incorporated into IID's contractual participant template on an annual basis as needed. Links to annual fallowing program summary information, including the annual participant agreement templates, can be accessed from IID's fallowing webpage⁴.

Since 2003, IID has conducted over a dozen separate fallowing programs yielding over 1.08 million acre-feet of conserved water by paying participants over \$90 million to fallow

¹ www.iid.com/fallowingprograms2004plan

² www.iid.com/fallowingprograms2006plan

³ www.iid.com/Modules/ShowDocument.aspx?documentid=8978

⁴ www.iid.com/fallowingprograms

approximately 195,000 acres of agricultural lands. IID is currently administering its 2014-15 fallowing program.

Term of the Activity

IID's fallowing program was initially designed with a 12-month term to coincide with field leases based on cropping seasons that generally run from July 1 of one year through June 30 of the following year. In 2009, IID offered these mid-year contracts with a 24-month term to accommodate local lease schedules and farm planning considerations, and IID has also implemented supplemental fallowing programs in more recent years with terms varying from nine to eighteen months, including calendar year programs. This additional flexibility was added to increase fallowing participation and ensure IID was able to meet its contractual transfer obligations and regulatory mitigation delivery and payback requirements. The 2014-2015 fallowing program offers the more general 12-month term with a start date of July 1, 2014, and an end date of June 30, 2015. Additionally, IID anticipates administering a midyear fallowing program in 2015 with a start date of July 1, and may add supplemental fallowing programs to increase fallowing participation if necessary. IID intends to manage fallowing programs through 2017 similar to past programs implemented for the QSA and related agreements.

Estimated Volume of Water to be Conserved

Up to 25,000 acre-feet of conserved water is anticipated to be created annually for ICS purposes from IID on-farm fallowing programs. This amount will vary based on the number of contracted fields and the conservation yields associated. The revised conservation estimates for fallowed fields are determined individually based on a ten-year running average of water delivery history (excluding high and low years), reduced to the field's EDP allocation, if necessary, during the term of the fallowing program to ensure and validate the most appropriate conservation yield.

Consumptive use reduction accounting occurs at IID's Imperial Dam (Station 60) diversion point to account for total losses from the field to Imperial Dam for participating fields in the IID fallowing programs. IID will utilize the transportation loss accounting methodology described in Reclamation's December 3, 2007 letter to IID for the IID Fallowing Programs.

Proposed Methodology for Verification of the Amount of Water Conserved

IID monitors fields enrolled in the Fallowing Program to ensure that no irrigation water is delivered during the term of the contracts. For most participants, delivery gates are locked to prevent water delivery to fields participating in the Fallowing Program. For partial fields enrolled or instances where the same gate supplies a participating field and other water uses, physical obstructions such as berms or secondary gates/locks are employed. Additionally, IID's water order entry and delivery tracking software locks the accounts of fallowed fields and does not allow the placement of water orders on participating fields. This provides a verifiable record that irrigation water was not delivered to these fields.

IID will continue to cooperate with Reclamation in coordinating semiannual verification inspections of five percent of the total acreage enrolled in the Fallowing Program. When Reclamation schedules the visit, IID will provide a list of enrolled fields and acreages from which Reclamation may randomly select a sample of fields representing five percent of total

enrolled acreage. Data sets detailing baselines and conservation volumes for selected fields will be provided to Reclamation during the semiannual inspection visits.

Regulatory Approvals

IID has completed an environmental assessment of proposed water conservation and transfer activities and diversion limitations pursuant to the California Environmental Quality Act (CEQA), as set forth in a *Final EIR/EIS for the IID Water Conservation and Transfer Project* certified by IID in June 2003, as supplemented by an *Amended and Restated Addendum* thereto certified by IID in October 2003.

Imperial Irrigation District
Plan for the Creation of Extraordinary Conservation Intentionally Created Surplus
Main Canal Seepage Interception System

Project Description

Extraordinary Water Conservation created by an IID seepage recovery program is described in Exhibit F of the ICS Forbearance Agreement.

IID's Main Canal Seepage Interception System is the first efficiency conservation program to be implemented to meet IID's water transfer obligations under the QSA and other related agreements. This project consists of the installation and operation of pump stations, collection sumps, and appurtenant structures in open drains that run parallel to certain reaches of main canals located in areas of highly permeable soils. These open drains were constructed along main canals decades ago to intercept and carry seepage to the Salton Sea to relieve adjacent agricultural lands of high water tables associated with canal seepage. The Main Canal Seepage Interception System is estimated to have the capacity to collect 30,000-40,000 acre feet of water from existing interceptor drains and pump seepage back into the main canals to supply downstream water users and reduce IID's delivery at Imperial Dam. In total, 22 pumping stations were constructed at the lower ends of interceptor drains and are operated to maintain drain water levels within six inches of historical levels to prevent interference with normal drainage and induction of additional seepage from the main canals.

This seepage recovery project was designed primarily to provide conserved water for transfer under the QSA; however, because the construction schedule for this project outpaced the conserved water delivery schedule required by the QSA, this extraordinary conservation project may produce conserved water in excess of the transfer requirements. As such, the excess conserved water is available for use by IID for other purposes including overrun payback and ICS until such time that the full conservation yield of this seepage recovery project is transferred under the QSA.

The first pump stations completed under the project began conserving water in 2008 and the final pump stations were completed in 2009. The total capital cost was \$7,290,000 and annual operation and maintenance costs average about \$500,000.

Term of the Activity

IID Main Canal Seepage Interception System was substantially built and operational in 2009. Excess conserved water from this seepage recovery project is estimated to be available for payback and ICS purposes in 2015 based on current extraordinary conservation yield estimates and water transfer and delivery schedules.

Estimated Volume of Water to be Conserved

IID's Main Canal Seepage Interception System consists of 22 pump stations with total recovery capacity estimated at up to 40,000 acre-feet per year. However, Section 1 of the California ICS Agreement limits the annual creation of Extraordinary Conservation ICS by IID to not more than 12,000 acre-feet from seepage recovery projects.

Consumptive use reduction accounting occurs at IID's Imperial Dam (Station 60) diversion point to account for total losses from the Main Canal Seepage Interception Systems to Imperial Dam. IID will utilize a similar transportation loss accounting methodology, described in detail in Reclamation's December 3, 2007 letter to IID, as that used for its following programs.

Proposed Methodology for Verification of the Amount of Water Conserved

Intercepted seepage water pumped to the main canal will be continuously metered and the data reported electronically to IID's Operations Center where it will be subject to quality control procedures and stored in a relational database. Electrical conductivity readings of the intercepted water will also be monitored for salinity to ensure there are no significant local water quality impacts from this project.

Seepage recovered through the Main Canal Seepage Interception System will be reported to Reclamation on a quarterly and annual basis. All measurements are subject to verification by Reclamation for accuracy and two of the project pumps are visited semi-annually by Reclamation staff to verify operational status and metering data. These verification site visits are documented in a Reclamation report entitled "IID Extraordinary Conservation Program Verification" that summarizes site conditions (including photographs of the pumping station) and documents water records and flow data to confirm implementation of this extraordinary conservation measure.

Regulatory Approvals

IID has completed an environmental assessment of proposed water conservation and transfer activities and diversion limitations pursuant to the California Environmental Quality Act (CEQA), as set forth in a *Final EIR/EIS for the IID Water Conservation and Transfer Project* certified by IID in June 2003, as supplemented by an *Amended and Restated Addendum* thereto certified by IID in October 2003.



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

SEP 25 2014

CERTIFIED - RETURN RECEIPT REQUESTED

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

Subject: Approval of the Imperial Irrigation District's (IID) 2015 Plan for the Creation of Extraordinary Conservation Intentionally Created Surplus (ICS)

Dear Mr. Kelley:

IID submitted its 2015 Plan for the Creation of Extraordinary Conservation ICS (ICS Plan) by letter dated June 27, 2014. IID's ICS Plan describes two separate projects from which it intends to create Extraordinary Conservation ICS, including the On-Farm Fallowing Program and the Main Canal Seepage Interception System. From the yields of these extraordinary conservation projects, IID plans to create up to 25,000 acre-feet (af) of ICS during calendar year 2015.

The Bureau of Reclamation has reviewed IID's ICS Plan and confirms that it contains all necessary information required by Section 3.B of the Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead (Interim Guidelines). Reclamation has also verified that the amount of ICS IID plans to create during 2015 is within the limits established in the California Agreement for the Creation and Delivery of Extraordinary Conservation ICS (California ICS Agreement). Reclamation notes that in accordance with Section 1 of the California ICS Agreement, IID may create up to 25,000 af of Extraordinary Conservation ICS in any year. Of the total Extraordinary Conservation ICS created annually by IID, not more than 12,000 af shall be created by seepage recovery projects. In accordance with Section 7.B.5 of the Interim Guidelines, Reclamation has consulted with the Basin States regarding IID's ICS Plan.

Based upon Reclamation's review of IID's ICS Plan and the completion of the consultation process, I approve IID's 2015 ICS Plan for the creation of up to 25,000 af of Extraordinary Conservation ICS as provided in the table on the following page.

IID On-Farm Fallowing Program	up to 25,000 af
IID Main Canal Seepage Interception System	up to 12,000 af
Total Extraordinary Conservation ICS for Calendar Year 2015	Not to exceed 25,000 af

Section 3.B.1 of the Interim Guidelines provides that, subject to approval by Reclamation, a contractor may modify its approved ICS plan during the year of creation. Section 3.D.1 of the Interim Guidelines requires a contractor to submit a Certification Report to the Regional Director demonstrating the amount of ICS created and that the method of creation was consistent with the approved ICS plan, a Forbearance Agreement, and a Delivery Agreement.

If you have questions, please contact Mr. Paul Matuska, Water Accounting and Verification Group Manager, at 702-293-8164 or pmatuska@usbr.gov.

Sincerely,



Terrance J. Fulp, Ph.D.
Regional Director

cc: Ms. Tanya M. Trujillo
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cc: Continued from previous page.

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bc: LC-4200, LC-4211, LC-4600

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[http://ibr3lcrsp001/sites/4000/Admin/BCOODocument/2015/4200/2015 ICS Plan of Creation and Approvals/IDD/2015 IID ICS Plan of Creation Approval 2014-08-07.docx](http://ibr3lcrsp001/sites/4000/Admin/BCOODocument/2015/4200/2015%20ICS%20Plan%20of%20Creation%20and%20Approvals/IDD/2015%20IID%20ICS%20Plan%20of%20Creation%20Approval%202014-08-07.docx)