

From: CREDA [creda@qwest.net]
Sent: Wednesday, April 25, 2007 12:26 PM
To: LC strategies
Subject: Comments on DEIS

Attachments: Shortage Sharing DEIS Comments final 042507.doc
Please find attached CREDA's comments on the DEIS. Thank you for your consideration.
Leslie James
602-748-1344



CREDA

Colorado River Energy Distributors Association

April 25, 2007

ARIZONA

Arizona Municipal Power Users Association

Arizona Power Authority

Arizona Power Pooling Association

Irrigation and Electrical Districts Association

Navajo Tribal Utility Authority
(also New Mexico, Utah)

Salt River Project

COLORADO

Colorado Springs Utilities

Intermountain Rural Electric Association

Platte River Power Authority

Tri-State Generation & Transmission
Association, Inc.
(also Nebraska, Wyoming, New Mexico)

Yampa Valley Electric
Association, Inc.

NEVADA

Colorado River Commission
of Nevada

Silver State Power Association

NEW MEXICO

Farmington Electric Utility System

Los Alamos County

City of Truth or Consequences

UTAH

City of Provo

South Utah Valley Electric Service District

Utah Associated Municipal Power Systems

Utah Municipal Power Agency

WYOMING

Wyoming Municipal Power Agency

Leslie James

Executive Director

CREDA

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Bureau of Reclamation

Attention: BCOO-1000

PO Box 61470

Boulder City, Nevada 89006-1470

VIA EMAIL: strategies@lc.usbr.gov

The Colorado River Energy Distributors Association (CREDA) appreciates the opportunity to provide comments on the Bureau of Reclamation's (Reclamation) draft environmental impact statement on Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead (DEIS) (72 Fed.Reg. 9026-9028, February 28, 2007). In the event there is an extension of the comment period, CREDA may supplement these comments at an appropriate later date. CREDA offers some general background and perspectives, followed by specific comments on the DEIS.

CREDA Background

CREDA's mission is "To preserve and enhance the availability, affordability, and value of Colorado River Storage Project facilities while promoting responsible stewardship of the Colorado River System." CREDA is a non-profit, Colorado corporation, also authorized to do business in Arizona, which was formed in 1978 as an association of non-profit entities who are long-term contractors for resources of the Colorado River Storage Project (CRSP). CREDA represents its members by working with Reclamation and the Western Area Power Administration (WAPA) regarding issues related to the CRSP. CREDA members serve over four million consumers in both Upper and Lower Colorado River basin states: Arizona, New Mexico, Nevada, Colorado, Utah and Wyoming. CREDA members include joint action agencies, state agencies, political subdivisions, tribal utility authorities, municipalities, rural electric cooperatives and irrigation and electrical districts. CRSP contractors pay all the power costs of the CRSP, which includes construction (with interest), operation, maintenance and replacements, transmission, environmental and approximately 95% of the irrigation costs. CREDA has also been a representative of contractors who purchase federal power on the Glen Canyon Dam Adaptive Management Work Group (AMWG) since its inception. CREDA and its members have a direct and specific interest in this process.

CRSP Background

In 1956, the CRSP was initiated to provide storage facilities for the Upper Basin states so that they could meet their obligations under the Colorado River Compact. The CRSP was authorized in the Colorado River Storage Project Act of 1956 (P.L. 485, 84th Cong., 70 Stat. 50), as a multi-purpose federal project. The Act defined project purposes as flood control, water storage for irrigation, municipal and industrial purposes and generation of electricity. The CRSP includes hydropower generation facilities at the Aspinall Unit (three dams with hydropower facilities), Flaming Gorge Dam and Glen Canyon Dam. Glen Canyon Dam is the largest hydropower generating feature of the CRSP, comprising approximately 70%

of the generation resource of the Salt Lake City Area Integrated Projects (SLCA/IP).

Glen Canyon Dam and Hydropower Considerations

Glen Canyon Dam, located near Page, Arizona, includes eight generators, with the nameplate generating capacity of 1,296,000 kW¹ and reservoir storage capacity of 27,000,000 acre feet (to elevation 3,700)². Lake Powell and Glen Canyon Dam are critical to the workings of the Law of the River, the Colorado River Compact and the Upper Colorado River Basin Compact, particularly in times of drought.

Reclamation currently operates Glen Canyon Dam to allow for hydrologic conditions, water rights, minimum stream flows, powerplant capacities, and reservoir elevation goals. “In addition to the water delivery purpose, another authorized purpose of Glen Canyon Dam is to generate hydroelectric power”.³ However, that purpose has been significantly constrained since the early 1990’s, with the initiation of interim operating criteria, and continuing with the October 1996 Record of Decision (ROD)⁴ which called for a Modified Low Fluctuating Flow (MLFF) operating regime, which ultimately resulted in the constraint of hydropower generation levels (maximum and minimum generation/flow and limits on up and down ramps) in favor of downstream resource concerns.

“Energy is the lifeblood of the U.S. economy. As our economy continues to grow, so too will the demand for abundant, affordable and reliable sources of energy.”⁵ Commenting on positive economic indicators, Federal Reserve Board Chairman Alan Greenspan cited the “chronic concern” that rising energy prices could threaten the nation’s economic recovery. Greenspan called the positive indicators “scant comfort” and pointed out that all projections point to an “uncertain future.”⁶ Over the past 25 years, electrical demand in the West rose at nearly twice the rate of the population growth (140% vs. 71%), with the population expected to increase another 54% by the year 2030.⁷ Now is not the time to further reduce or continue to unnecessarily restrict generating capacity at Glen Canyon Dam. Hydropower has been labeled the “most successful form of renewable energy.”⁸ It provides the only way to “store” electricity (in the form of water) for later use. Hydropower has many advantages over other power sources, including the ability to start quickly and adjust to rapid changes, including black start capability, during times of high energy demand and regional system disturbances. Since the power system in the West operates in an integrated manner, any time the load increases or decreases, a regulating generator must sense that change and immediately respond. Glen Canyon generation provides that capability. If Glen Canyon generation is further constrained by maximum and minimum flow and ramp rate releases, this flexibility and resource diversity is reduced. Reduced generation capability also requires the use of other less environmentally desirable resources, which can also raise the cost to consumers due to the need to replace the hydropower resource that is no longer available.

In 2005, CREDA wrote to then-Interior Secretary Gale Norton expressing a multitude of concerns regarding CRSP generation, drought and Basin Fund issues. A copy of that letter is attached hereto and CREDA requests Reclamation give consideration to the points contained in that communication in this DEIS process. ***Hydropower generation impacts, although addressed in detail in the DEIS, should be added as one of the “three important considerations” in this DEIS.***⁹

¹ <http://www.usbr.gov/power/data/sites/glencany/glencany.html>

² <http://www.usbr.gov/dataweb/dams/az10307.htm>

³ 71 Fed.Reg. 74558, December 12, 2006

⁴ http://www.usbr.gov/uc/rm/amp/pdfs/sp_appndxG_ROD.pdf

⁵ House Resources Committee Press Release, January 20, 2004.

⁶ Testimony of Chairman Alan Greenspan, *Federal Reserve Board's semiannual Monetary Policy Report to the Congress*, Before the Committee on Financial Services, U.S. House of Representatives, February 11, 2004.

⁷ Energy Information Administration, *Annual Energy Outlook 2006 with Projections to 2030*, <http://www.eia.doe.gov/oiaf/aeo/electricity.html> (Feb. 2006)

⁸ Report of the Energy Policy Development Council, May, 2001 at 5-19.

⁹ DEIS, p.2-1.

CREDA offers the following specific comments on the DEIS, organized by Section title, then by page number and line numbers where appropriate).

Purpose and Need

1) P.1-24, 1.4-8: This paragraph references Beach Habitat Building Flow (BHBF) releases, but in terms of the Purpose and Need of the DEIS, the relevancy is not clear. Based on clarifying discussion at the April 3 comment forum, we understand the reference to “triggering criteria” refers to the spill avoidance criteria, (Appendix A.5.6), NOT the sediment criteria used in the 2004 BHBF. By way of background, at the December 6, 2006 AMWG meeting, there was significant discussion and concern expressed about the lack of a science plan for a BHBF, and the need to consider more than just “hydrologic triggering criteria.” In addition, at the April 2, 2007 Technical Work Group (TWG) meeting, it became clear that there is not yet a BHBF science plan that has been vetted/approved by the TWG and the AMWG. CREDA recommends this paragraph be deleted, or in the alternative clarified that the only reference to BHBF specifically refers to the modeling assumption explained in Appendix A regarding spill avoidance.

Affected Environment

1) P.3-19, 1.15: Where reference is made to Glen Canyon Dam operations, it should be clear that operations are pursuant to the Law of the River (and not just reference to the Grand Canyon Protection Act of 1992).

2) P.3-19, 1.21-23: Reference later in the DEIS is made to Reclamation’s Long-Term Experimental Plan¹⁰; CREDA recommends these lines be revised to reflect “pending the outcome of the LTEP....”, as opposed to stating that “future daily and hourly releases are expected to continue to be made according to ... 1996 ... ROD...”.

3) P.3-48, 1.2-6: See also comment on Purpose and Need above regarding BHBF. CREDA recommends these lines be deleted.

4) P.3-95, 1.26: CREDA recommends this line be rewritten as follows: “Firm power contracts for resources of the Salt Lake City Area Integrated Projects (SLCA/IP), of which Glen Canyon is one of the resources, terminate in 2024.”...

5) P.3-99, 1.1-2: Clarification should be added to indicate that the Secretary is *authorized* (not mandated) to use CRSP power revenues to fund the Glen Canyon Adaptive Management Program,¹¹ hence, funding for this program does not fall within the same obligation level as the other listed programs.

6) P.3-99, 1.3-4: Clarification should be added to the reference to funding of the Endangered Fish Recovery Implementation Program. Annual base funding is provided solely by power revenues, it is not “cost shared.” In addition, no later than 2008, the Secretary is obligated to provide a report to Congress on the status of the use of power revenues for base funding, containing a recommendation regarding the need for continued base funding after fiscal year 2011. The utilization of power revenues for annual base funding shall cease after the fiscal year 2011, unless reauthorized by Congress; except that power revenues may be continued to be utilized to fund the operation and maintenance of capital projects and monitoring.”¹²

7) P.3-99, 1.14-16: The DEIS should be very clear in that “A change in the amount of available capacity or energy *WILL* affect “the revenue...to the Basin Fund, the rates charged to power *and water* customers, *and could impact repayment to the Treasury and the support of environmental programs funded by Basin Fund revenues.*”

Environmental Consequences

1) P.4-79, 1.27-29: Seasonal, daily and hourly flows will continue to be managed in accordance with the Law of the River, not the AMP.

2) P.4-241, 1.24-29: Certainly “total loss of electrical power generation” would have a substantial impact on the Basin Fund, power rates, repayment, and environmental program funding.

¹⁰ DEIS, section 5.1.28

¹¹ Grand Canyon Protection Act of 1992, section 1807

¹² P.L. 106-392, Section 3(d)(2)

However, it should be noted that these impacts don't occur ONLY with the complete loss of power generation. Although "the action alternatives generally have a minor impact on the *economic value* of electrical power generation", impacts associated with declining Basin Fund levels can be significant (see comment 7) above).

Alternatives/Recommendations

1) CREDA supports the consensus process being undertaken by the Basin States in the development of the Basin States (BS) alternative. We also understand the States are continuing to refine parameters of that alternative, and there is the potential that underlying assumptions may be adjusted, so we request the ability to comment further should that alternative change.

2) Consistent with the position CREDA has taken in the past regarding the use of Basin Fund power revenues for "non-power" programs (see attached), and consistent with the stepped levels of shortage contained in the BS alternative, CREDA recommends that Reclamation fund the "non-power" programs from appropriated dollars (*not* CRSP Basin Fund power revenues) in stepped increments tied to the BS shortage levels. For instance, if a shortage of 400kaf is declared, one-third of the "non-power" program annual costs would be funded through appropriations. If a shortage of 500kaf is declared, two-thirds of those annual costs would be funded through appropriations. If a shortage of 600kaf is declared, 100% of those annual costs would be funded through appropriations. This approach would not require legislation to implement.

3) From a public policy perspective, CREDA believes it inappropriate to assess power customers with a surcharge to "subsidize" water conservation projects as recommended in the Conservation Before Storage (CBS) alternative.

Thank you for the opportunity to comment on this DEIS.

Sincerely,

/s/ Leslie James

Leslie James
Executive Director

Cc: CREDA Board



CREDA

Colorado River Energy Distributors Association

April 25, 2005

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Honorable Gale Norton, Secretary
Department of the Interior
VIA FAX

Dear Secretary Norton:

It is our understanding that on or about April 26, 2005, the seven Colorado River Basin States may submit to you comments regarding whether the runoff forecast warrants an adjustment to the release amount from Lake Powell for water year 2005. We are writing to alert you to another drought related issue that the Colorado River Energy Distributors Association (CREDA) believes requires your immediate attention.

CREDA is a non-profit Colorado corporation comprised of Colorado River Storage Project (CRSP) firm electric service customers in the states of Arizona, Colorado, Nevada, New Mexico, Utah and Wyoming. CREDA members are all non-profit entities, including joint action agencies, state agencies, political subdivisions, tribal utility authorities, municipalities, rural electric cooperatives and irrigation and electrical districts. CREDA members represent the majority of the CRSP customers and serve over four million consumers. CREDA initiated a dialogue over a year ago with the Bureau of Reclamation (Bureau), Western Area Power Administration (Western) and state water interests to consider drought impacts to power production and the Upper Colorado River Basin Fund (Basin Fund). CREDA participates in the Annual Operating Plan stakeholder process, the Glen Canyon Adaptive Management Work Group and the Upper Basin Endangered Fish Recovery Program, as well as the annual work program review process with Western and the Bureau.

Section 7 of the CRSP Act of 1956 requires that the "hydroelectric powerplants and transmission lines...be operated...so as to produce the greatest practicable amount of power and energy that can be sold at firm power and energy rates...". Section 5 of that Act established the Basin Fund and requires that all revenues collected in connection with the operation of the CRSP and participating projects be credited to that Fund.

Due to the on-going drought, the Basin Fund -- which finances repayment of the federal investment in power facilities and operation, maintenance and replacement (OM&R) activities at Glen Canyon Dam and the other power facilities of the CRSP -- is close to insolvency. Unless immediate action is taken, the Basin Fund will not be able to cover annual OM&R expenses, repay the capital costs of the power features of the CRSP or fund three important non-power programs now funded by power revenues: the Colorado River Salinity Control Program, the Glen Canyon Adaptive Management Program and the Endangered Fish Recovery Programs of the Upper Colorado River and San Juan Basins. The costs associated with these non-power programs are nearly \$20 million per year.

CREDA is deeply concerned the Basin Fund may not have sufficient revenues to cover the annual OM&R costs of the CRSP and to repay the capital costs of the project. We are also concerned that, if the Fund is depleted, the non-power programs currently funded with CRSP power revenues will go unfunded, to the detriment of many interests in the Upper Basin states.

CRSP customers have already borne the financial brunt of the ongoing drought. Just two years ago, a 17% rate increase was imposed. In addition, beginning October 1, 2004, energy reductions of 26% were imposed. And the comment and consultation process for yet another rate increase (24%) just closed last week, with the increase to take effect October 1, 2005. And yet, funding for these non-power programs has continued with no reduction, which has in part created a severe cash flow situation in the Basin Fund. Ongoing

rate increases could render the CRSP resources uneconomic, with customers having no choice but to pass those increased costs on to their consumers. For most of the CRSP customers, particularly the 55 Native American customers who became CRSP customers on October 1, 2004, this cost would be prohibitive and would defeat any potential benefit the federal resource is intended to provide.

CREDA urges the Department of the Interior to immediately seek appropriations for the non-power programs now financed with Basin Fund revenues. Further, CREDA believes that future use of revenues from the Basin Fund for non-power purposes should be limited to those situations where the use of power revenues is mandated by law, not when such use is merely permitted. For example, the Glen Canyon Adaptive Management Program authorizes, but does not mandate, the use of CRSP power revenues for program funding. Similarly, the Endangered Fish Recovery Program legislation requires the Bureau and the Western to seek appropriations in times of financial need. To the best of our knowledge, neither the Bureau nor Western has requested such appropriations, despite the congressional directive. Furthermore, these programs are for the benefit of an entire population, and should be funded as such, not by a restricted pool of recipients of federal hydropower.

CREDA also urges the Department to seek appropriations to fund OM &R at CRSP facilities when the Basin Fund is not adequate to cover these costs. Consideration could be given to the establishment of a "trigger", such as when the Bureau's 24-month hydrology indicates minimum power pool conditions at Lake Powell.

Our review of the legislative history of the CRSP indicates no one contemplated, or could have been reasonably expected to contemplate, this drought situation and the ensuing economic and financial impacts to CRSP power customers. This situation deserves immediate attention and assistance.

I am enclosing a copy of a Drought White Paper that CREDA prepared in March of this year, which provides additional information about these critical issues. Also enclosed is a resolution passed by the Colorado River Water Users Association in December 2004, supporting our request.

We would also like the opportunity to discuss these issues with you or your staff at your earliest convenience.

Sincerely,

/s/ Leslie James

Leslie James
Executive Director

Cc: CREDA Board
John Keys III
Michael Hacskeylo
AZ, CO, NV, NM, UT, WY Congressional Delegations

DROUGHT IN THE COLORADO RIVER BASIN

THE COLORADO RIVER STORAGE PROJECT (CRSP)

The CRSP was authorized in the Colorado River Storage Project Act of 1956 (P.L. 485, 84th Cong., 70 Stat. 50), as a multi-purpose federal project. The Act defined project purposes as flood control, water storage for irrigation, municipal and industrial purposes and the generation of electricity. Recreation and environmental mitigation and protection were added as project purposes later, but were not added to all of the features that make up the CRSP.

The CRSP power features include five dams and associated generators, substations, and transmission lines. Glen Canyon Dam is located near Page, Arizona and is by far the largest of the CRSP projects. Glen Canyon consists of eight generators for a total of about 1300 MW, which is more than 76% of the total CRSP generation. Flaming Gorge Dam is on the Green River, a major tributary of the Colorado River, and is located near Vernal, Utah. Flaming Gorge has three units producing about 132 MW of generation. The Aspinall Unit includes three dams and generating plants along the Gunnison River near Gunnison, Colorado. Blue Mesa is the first dam on the river and has two units producing about 97 MW. Morrow Point is the second dam in the series and consists of two generators producing a total of 146 MW. Crystal is the final dam and has one 32 MW generator.

COLORADO RIVER ENERGY DISTRIBUTORS ASSOCIATION (CREDA)

CREDA's mission is "To preserve and enhance the availability, affordability, and value of Colorado River Storage Project facilities while promoting responsible stewardship of the Colorado River System." CREDA is a non-profit corporation, which was formed in 1978 as an association of entities who are long-term contractors for resources of the CRSP. CREDA works on behalf of its members with the Bureau of Reclamation (Bureau) and the Western Area Power Administration (WAPA) regarding issues related to the CRSP. CREDA members serve over 4 million consumers in six states: Arizona, New Mexico, Nevada, Colorado, Utah and Wyoming. CREDA members include joint action agencies, state agencies, political subdivisions, tribal utility authorities, municipalities, rural electric cooperatives and irrigation and electrical districts.

CRSP contractors pay all the power costs and approximately 95% of the irrigation costs of the CRSP, which includes construction (with interest), operation, maintenance and replacements, transmission, environmental and irrigation assistance. Beginning October 1, 2004, 55 tribes and pueblos became CRSP contractors under 20 year contracts.

DROUGHT IN THE COLORADO RIVER BASIN

The Colorado River Basin is in its sixth consecutive year of drought. In the 100 years of record keeping by the Bureau, there have never been six consecutive years of drought. Lake Powell is at its lowest level since 1969 at 3556 feet, which is 144 feet from full pool. It is approaching minimum power generation level. If this year's hydrology mirrors the past two years, this level could be reached as soon as February 2006. If minimum power generation level is reached, there will be little CRSP generation available to the CRSP contractors. This will have significant economic consequences for the CRSP contractors and the customers they serve, as well as for a number of other non-power programs that are funded with CRSP power revenues.

THE UPPER COLORADO BASIN FUND AND DROUGHT IMPACTS

The Basin Fund is a revolving fund maintained by CRSP power revenues. The Basin Fund is the source of CRSP project repayment, including: repayment of the capital investment with interest, operation, maintenance and replacement expense, 95% of the irrigation investment, Bureau and WAPA employee salaries (about \$80 million annually). In addition, the Fund has been the source of funding for other "non-power" programs:

*Approximately \$18 million for the Colorado River Salinity Control Program;
*\$179,577,774 for the Glen Canyon Adaptive Management Program;
*\$40,399,329 for the Upper Colorado River Basin and San Juan Basin Endangered Fish Recovery Programs.

The programs listed above total about \$20 million per year.

In addition, due to reduced generation levels from the CRSP resource, WAPA has had to purchase power on the open market to meet its contractual requirements. This year alone, they have spent \$50.5 million from the Upper Colorado Basin Fund for replacement power. In order to maintain a sufficient Basin Fund level, in October 2003, WAPA reduced energy deliveries to its customers by 26%. Each customer has had to “make up” the shortfall on its own. WAPA has also begun an approximate 24% rate increase process.

CREDA has worked with WAPA to develop a program as part of the rate process that would allow some customers to procure their own supplemental power instead of through WAPA. This would shift some of the Basin Fund risk from WAPA to the customers by allowing each customer to decide how the shortfall in CRSP generation should be made up.

Since 1998, the Basin Fund has been at risk of deficiency due to reduced generation levels, market price conditions and expenditures for environmental testing. CRSP customers have experienced increased rates and reduced energy deliveries. In the event generation ceases at Glen Canyon Dam, the CRSP rate would have to increase fourfold, which would also be approximately double the cost of energy that could be procured on the open market.

CREDA members, all non-profit entities, have no option other than to pass those costs on to their consumers. For most of the CRSP customers, particularly the 55 new Native American customers, this cost would be prohibitive, and would defeat any potential benefit the CRSP resource may provide to those customers.

NON-POWER RELATED PROGRAMS SHOULD BE FUNDED BY APPROPRIATIONS, NOT CRSP CUSTOMERS

CREDA is concerned that, when generation is ceased or close to being ceased at Glen Canyon Dam, an effort will be made to require CRSP power users to fund the non-power programs described above. This would, in effect, be a subsidy from the electric consumers in six Western states to all the parties that benefit from the Salinity Control, Adaptive Management and Endangered Species Recovery programs on the river.

Instead, the non-power programs should seek appropriations from Congress to fund activities when the Basin Fund is depleted. Further, the Basin Fund should be limited to “the basics”, namely, those costs that are mandated by law to be repaid by the Fund. The Glen Canyon Adaptive Management Program authorizes, but does not mandate, the use of CRSP power revenues for program funding. The Endangered Fish Recovery Programs legislation requires the Bureau and WAPA to seek appropriations in times of financial need.

From a public policy standpoint, these programs are intended to benefit the environment, which is in the public interest, and therefore should be funded by appropriations. Providing appropriations for these programs would assist in maintaining the Basin Fund’s solvency.

APPROPRIATIONS RECOMMENDATIONS

CREDA suggests that Congress immediately:

Provide funding for Glen Canyon Adaptive Management Program costs by appropriations to Section 8, CRSP Act. (approx. \$9 M annually) – see GCPA Sec. 1807; CRSPA Sec. 5;

Provide funding for the Upper Colorado River and San Juan Endangered Fish Recovery Programs by appropriations to Section 8, CRSP Act (approx. \$6M annually) – see (3)(d)(1) of S. 2339; and

Provide funding for the Colorado Basin Salinity Control Program costs assigned to CRSP power revenues (approx. \$2 M annually)

Further, CREDA suggests that when the Bureau's 24-month hydrologic study indicates there will be no power generation at Glen Canyon Dam OR if the Secretary of the Interior implements an annual release amount of less than 8.23MAF, Congress provide appropriations, to be repaid by CRSP at the end of the repayment period, without interest, to fund the operation, maintenance, and replacement expenses of the Bureau and WAPA assigned to the Colorado River Storage Project (approximately \$80 million annually). Congress should also require a report to Congress if the hydrologic trigger is met. Funding would be discontinued when Lake Powell's level reaches the level agreed to by the states for 602(A) storage.

Adopted by CRWUA December 17, 2004

Resolution No. 2005-19

DROUGHT IMPACTS ON THE COLORADO RIVER STORAGE PROJECT

The United States Bureau of Reclamation (USBR) and the Western Area Power Administration (Western) should implement cost-cutting measures and strategies to improve the status of the Upper Colorado River Basin Fund and stabilize the Colorado River Storage Project (CRSP) power rate, and to work in partnership with the CRSP customers to develop an operational, financial, and rate-setting strategy that addresses the drought situation, creates a sustainable cash flow and maintains a viable power rate.

The Colorado River Water Users Association encourages the passage of federal legislation that would make available non-reimbursable appropriations to the USBR and Western; to ensure ongoing funding of CRSP operations and other required annual funding obligations.

Position Statement

Drought Impacts on the Colorado River Storage Project

(Resolution No. 2005-19)

The federal CRSP hydropower and delivery systems were authorized by Congress to provide a wide range of significant benefits to millions of citizens in the West, including:

- Flood Control
- Irrigation
- Municipal water supply
- Interstate and international compact water deliveries
- Lake and stream recreation
- Blue ribbon trout fisheries
- River regulation
- Economic development
- Fish and wildlife propagation and mitigation
- Power generation and transmission

The Colorado River Basin is entering its sixth year of drought conditions. Lake Powell water storage is at the lowest since it filled in 1980, and is approaching the level where power generation will cease.

Funding for repayment of federal investment in the CRSP storage features and participating irrigation projects, and the operation and maintenance of the CRSP facilities and staff of the U.S. Bureau of Reclamation (USBR) and the Western Area Power Administration (Western) is provided through power revenues maintained in the Upper Colorado River Basin Fund.

A portion of the costs associated with the Colorado River Salinity Control program, the Glen Canyon Adaptive Management Program and the Upper Basin Endangered Fish Recovery Programs are funded through the Upper Colorado River Basin Fund.

A combination of reduced generation from the CRSP, costs associated with environmental programs and experiments, and wholesale power market conditions have resulted in unstable, non-sustainable cash flow conditions in the Upper Colorado River Basin Fund. The effective CRSP power rate is increasing while resource deliveries are declining.

As hydrologic conditions improve after the current severe ongoing drought that has plagued the Colorado River Basin and most of the western United States for the past five years, the Bureau of Reclamation should do its utmost to build reservoir conservation storage back to pre-drought conditions in each of the reservoirs which it manages.