Appendix I

November 3, 2005, Phoenix, Arizona Public Meeting Documents

I.1 Sign-In Sheet (1)

Bureau of Reclamation
Development of Colorado River Management Strategies Under Low Reservoir Conditions Scoping Meeting
Sign-In Sheet

November 3, 2005

Name	Affiliation	Mailing Address	Phone	Email	How do you prefer to be contacted? US Mail or E-Mail
Ken Rice	BOR	P.O. Box 1477 Page, AZ 86040	(928) 645-0401	KRice@uc.usbr.gov	E-mail
Lalie James	CREDA	4625 S. Wendler Dr. #111 Tempe AZ 85282	602 748-7394	credaeguest.net	Email
Kerry McCalman	Reclamation	125 S. State street SLC Utah 84138	(801) 524-3797	kmccalman@uc.usbr.gov	email
Thomas CARR	ADWR	500 N. 3rd St. PHX PHX AZ 86007	602-417-2440	tgcarr@azwater.gov	email

Appendix I

November 3, 2005, Phoenix, Arizona Public Meeting Documents

I.2 Sign-In Sheet (2)

Bureau of Reclamation
Development of Colorado River Management Strategies Under Low Reservoir Conditions Scoping Meeting
Sign-In Sheet

November 3, 2005

Name	Affiliation	Mailing Address	Phone	Email	How do you prefer to be contacted? US Mail or E-Mail
Harvey Boyce	AZ Pwr Auth	1810 W Adams-Phx 85007	602-542-4263	harveyb@powerauthority.org	E-mail
Arlo Allen	BOR	1734 Crescent View Dr Sandy, UT 84092	801-524-3612		
Dan Gross	AOWR		602-417-2400	djgross@azwater.gov	E-mail
V.C. DANOS	AMWUA	4041 N. CENTRAL #900 PHX AZ 85012	6022488482	vdanos@amwua.org	E-MAIL
Tom McCann	CAP	23636 N. 7th St. Phx 85024	623-869-2343	tmccann@cap-az.com	E-mail

Appendix I

November 3, 2005, Phoenix, Arizona
Public Meeting Documents

I.3 Sign-In Sheet (3)

Bureau of Reclamation
Development of Colorado River Management Strategies Under Low Reservoir Conditions Scoping Meeting
Sign-In Sheet

November 3, 2005

Name	Affiliation	Mailing Address	Phone	Email	How do you prefer to be contacted? US Mail or E-Mail
Lisa McKnight	Salmon, Lewis & Weldon, P.L.C.	2850 E. Camelback #200 Phoenix, AZ 85016	602-801-9065	lmm@slwplc.com	e-mail
Beth Miller	Scottsdale	9388 E. San Salvador	480-312-5009	emiller@scottsdaleaz.gov	email
Peter Benenelis	ADWR	500 N 3rd ST PHX 85003	602 417 2400 X7171	pfbenenelis@azwater.gov	e mail
Robert S Lynch	Attorney at Law	Robert S Lynch & Assoc. 340 E Palm Lane, Suite 140, PHX 85004	602 254-5908	rslynch@rslynch atty.com	e-mail
Brad Warren	WAPA	PO Box 11606 SLC, UT 84147	801-524-6372	warren@wapa.gov	"
DUSTIN GARRICK	Univ. of AZ	3668 E. 4th St. Tucson, AZ 85716	520-400-4333	dustingarrick@gmail.com	email
Tim Pierson	Gila River Indian Community		520-796-1348	tlpierso@gricket.com	Email
CAROLE KLOPATEK	Fort McDowell Yavapai Nation		480 816 7161	CKLOPATEK@FTMCDOWELL.ORG	Email
Brian Young	WAPA	CRSO 43rd Ave Phx, AZ 85009	602 605-2594	byoung@wapa.gov	e-mail
Tim Henley	AWBA	500 N 3rd St Phoenix AZ 85004	602 417 2418	tjhenley@azwater.com	E-mail

Appendix I

November 3, 2005, Phoenix, Arizona
Public Meeting Documents

I.4 Sign-In Sheet (4)

Bureau of Reclamation
Development of Colorado River Management Strategies Under Low Reservoir Conditions Scoping Meeting
Sign-In Sheet

November 3, 2005

Name	Affiliation	Mailing Address	Phone	Email	How do you prefer to be contacted? US Mail or E-Mail
JIM BARRETT	APA	1810 W. ADAMS PHOENIX AZ 85007	602 954 8821	Jbartatty@AOL.COM	E-MAIL
MICHELE LORENZEN	RCA	PHX 85004 1 N. CENTRAL AVE., STE 1200	602-440-4873	mlorenzen@rcalaw.com	e-mail
Bill Swan	IID	Phoenix 2850 E. Camelback Rd. #200	602 955-0442	wh swan@AOL.com	e-mail
PETER CULP	Sonoran Institute	3650 E Cactus Suite 270 Scottsdale AZ 85254	602 393-4910	peter@sonoran.org	email

Appendix I

November 3, 2005, Phoenix, Arizona Public Meeting Documents

I.5 Transcript

DEVELOPMENT OF LOWER BASIN SHORTAGE GUIDELINES AND COORDINATED MANAGEMENT STRATEGIES FOR LAKE POWELL AND LAKE MEAD UNDER LOW RESERVOIR CONDITIONS

PUBLIC MEETING

Phoenix, Arizona

November 3, 2005
6:00 p..m.

REPORTED BY:
DIANE DONOHO, RPR
Certified Reporter
Certificate No. 50691

PREPARED FOR:
TERRY FULP

COPY

A PUBLIC MEETING was taken at 6:00 p.m. on Thursday, November 3, 2005, at the Arizona Department of Water Resources, 500 North Third Street, Third Floor, Conference Rooms A and B, Phoenix, Arizona, before Diane Donoho, a Certified Reporter, Certificate No. 50691, in and for the State of Arizona.

APPEARING:

Terry Fulp
U.S. Bureau of Reclamation
P.O. Box 61470
Boulder City, Nevada 89006-1470

MR. FULP: I'll entertain any questions. Let me say one last thing, that we made it clear on the Federal Register notice that said these kind of guidelines might be interim in nature. The surplus guidelines certainly have a finite link to them. We again are soliciting comments from you with regard to all of these issues. With that said, any questions? Good. We all understand. That's great. Okay.

Nan hands me one clarification, and that is we're -- we will do this scoping report. It's goal is to publish it in February. If you do want your comment to be exactly in that report, please remake it during this comment period. The previous comments will be carried forward, but they'll be two separate records. That's just a clarification. We will obviously use all the comments we received to help us and form our process and make sure we're doing it in the correct way. Okay. With that said and no more questions, let's go to the next one.

So here we are again, and while we're here tonight, we're going to formulate alternatives for the development of these two pieces, shortage guidelines again for the Lower Basin and coordinated management strategies for operating Lake Powell and Mead when the reservoirs are relatively low. We're also asking for any comments on other issues and factors that need to be considered.

Couple ways you can make comments. Obviously

tonight you can make comments. Given the number of people we have here, you do not have to fill out a comment card. We'll just turn it over to you, and we'll ask you to please go over to one of the microphones there in the center, state your name clearly and also spell it for our reporter, please, so that we get it clearly captured. You can also submit by U.S. mail, fax, or e-mail again by close of business Wednesday, November 30, any comments to us and these addresses and fax numbers and e-mail addresses are all in your handout. I urge you to please take one so that you have this if you do intend to make a comment.

Okay. With that, that's all we have for prepared remarks, and I will just open it up to the floor. If anyone would like to make a comment this evening. Take your time. Harvey.

MR. BOYCE: My name is Harvey Boyce, B-O-Y-C-E. I'm here representing the Arizona Power Authority, and we'd like to offer the following into the record:

Public power users in Arizona that receive hydropower generation from the Hoover Dam via water deliveries from Lake Mead encourage the federal officials involved in this process to consider the language found in the 1928 Boulder Canyon Project Act and the 1984 Hoover Power Plant Act and those Power contracts written thereto. We find that reclamation is required acting for the

Secretary of the Interior to generate and deliver hydropower to the customers of Hoover, also referred to as the Hoover Allottees, which there are 15 in number. Further the 1928 Act directs the Secretary of the Interior to provide for hydrogeneration to make the Boulder Canyon Project financially secure. We note that water users of Lake Mead provide less than 1 percent of the Project's funding. Consequently the power users, those 15 customers, bear the bulk of the responsibility to ensure that the financial and integrity of the Boulder Canyon Project remains sound.

Therefore, the concerns of the power community within Arizona must be made a part of the modeling criteria and the process such that the elevation of Lake Mead is maintained at or above the minimum power pool elevation.

Furthermore the Arizona Power Authority requests that the Hoover power users be included throughout this process. Thank you.

MR. FULP: Thanks, Harvey. Peter?

MR. CULP: Thanks very much. And thanks for the opportunity to comment tonight. My name is Peter Culp, spelled C-U-L-P. I'm an attorney with the Sonoran Institute in Phoenix, Arizona. Sonoran Institute is a nonprofit organization that works throughout the intermountain west on issues related to land use and water policy.

I'm here today on behalf of a number of

nongovernmental organizations that are working on issues related to the Colorado River. That includes Defenders of Wildlife, Environmental Defense, the National Wildlife Federation, Pacific Institute, Sierra Club, the Sonoran Institute, and the Nature Conservancy. All of these organizations take quite different approaches to the work that we do on the Colorado River, but we've come together on this issue because of the importance of the issue of shortage sharing on the river. And we all recognize that the combination of drought, the continued development of uses in the upper basin, Lower Basin, and Mexico, and potential climate change in the future mean that the Colorado River has probably entered a new era of management.

As an initial matter, I just wanted to make two comments with regard to the process that the Bureau is undertaking and also the outcomes we'll be getting to. First, we believe that a full NEPA analysis is called for with the shortage criteria. That would include complete analysis of the costs and benefits, environmental implications of each, the alternatives that are to be considered.

Secondly, we think that the shortage criteria that the Bureau is going to be developed should really be crafted for the long haul and should hopefully be implemented as a permanent policy. The reason for that, as

I think we recognize that -- and I think we all need to recognize, that the drought that we're in today is really just giving us a preview of the situation which we're all going to face in the future, particularly given what we know, given the long-term hydrologic record of the Colorado River and also the probability that climate change may reduce the amount of flow that's available to water users in the future.

With that said, the organizations I'm here for tonight have been monitoring the discussions between the seven basin states for some time, and although we are not invited to participate directly in those discussions, a number of us have a strong interest in them and began meeting over this winter to try and develop an alternative shortage proposal that we hope would be constructed for the basin states process. We meet with reclamation staff several times to review the results of the technical modeling runs that have been done for the river using the Riverware model, and Reclamation has quite generously provided us some additional help in doing some modeling in order for us to evaluate potential shortage criteria. All that modeling work led to the development of a shortage proposal that we're calling Conservation Before Shortage. In essence, what the proposal does -- and I won't get into excruciating detail here -- but it's basically proposing a

set of voluntary market-based reductions in Lower Basin use that would be tied to specific tiers of lake levels in Lake Mead. As originally modeled, the proposal was that around 1100 feet the Secretary would seek about 200,000 acre feet of reduction in Lower Basin use through voluntary payments to folks that forebear use of water; at 1075, 400,000 acre feet; at 1050, 600,000 acre feet. And for argument's sake we had assumed protection of 1,000 feet in Lake Mead with involuntary shortages being imposed after that point.

What we were suggesting was that this mechanism would be paid for via sort of a shortage mitigation fund that would involve federal contributions plus surcharges on water delivery and hydropower under low reservoir conditions, the result being that, instead of having involuntary shortages which would cause economic impacts to folks that have inflexible demand, we would instead have voluntary compensated shortages in advance of any involuntary loss of water and hopefully achieve a sort of a reduction in the probability of shortage, also delay the onset of shortage, and limit the extent of shortage in order to prevent any really significant losses in the Lower Basin to Lower Basin users.

The detail of that proposal is in the comment letter that we submitted in July to the Bureau. I've got brought some extra copies of it today tonight if folks would

be interested. We're also in the process of developing a slightly revised version of that proposal based on what we learned through the Arizona stakeholders' process which we will be submitting to the Bureau before November 30.

Regardless we're not really suggesting that the precise numbers conservation levels or the lake levels that we've suggested in the proposal are necessarily the right ones. We're also not suggesting that protecting 1,000 feet is the right decision or any other level. And note that actually the Arizona stakeholder proposal includes a tiered shortage strategy of their own which imposes progressively larger shortages in the Lower Basin as need drops past 1075.

That may be the right way to administer shortages. That's not what we're saying. The purpose of what we're doing is really to suggest and hopefully demonstrate some of the benefits that could be associated with the inclusion of a voluntary market-based mechanism for conservation as a part of a shortage strategy. And I hope we make the case that such a strategy should be part of whatever shortage criteria are ultimately adopted by the Bureau.

There are essentially three primary benefits in our view associated with doing a voluntary conservation strategy in advance of imposing the shortage. Number 1, it produces increased certainty for water users in the Lower

Basin because it significantly reduces the likelihood of involuntary and uncompensated shortages in the Lower Basin. It also allows potentially for the inclusion of Mexico in that conservation strategy which reduces the need for conservation among the U.S. water users.

Secondly, it creates some benefits related to power protection because it allows us to maintain reservoir storage in power head at higher levels than we would see under average to low flow conditions. That essentially eliminates the risk that Lake Mead drops below its minimum power head and thus increases the reliability of power production for the Lower Basin. Probably most importantly it creates some increased flexibility in river management because it allows those who are willing and able to reduce water use to be compensated for doing so during low flow conditions. And that has a couple of pretty important benefits.

First, it avoids the need to impose reduction in water use on the water users who have inflexible demands. And by eliminating the potential for shortages where they cannot easily be accommodated, that will hopefully eliminate the need for costly new projects to be undertaken to protect those folks that have those inflexible demands and thus cannot tolerate any interruption in water supply.

Secondly, it protects a series of environmental

values because I think, as we all know, the fish and wildlife and environmental values on the river don't currently have their own water rights. As a result, they're essentially last in line for water and are thus the most vulnerable of all the users to the drought.

By reducing the overall water consumption in dry years, we can decrease the risk of larger shortages that will disproportionately hit environmental values throughout the basin. And finally by increasing the protection for folks that really have inflexible demand, particularly the municipalities, we can reduce -- we can make it possible for some water to remain in the river to provide the needed support for those environmental values.

The overall intent is to provide sort of a proactive approach that will protect Colorado River water users and the environment from abrupt reductions in the amount of water that's available. The states, as we all know, are working very, very hard to try and come up with a consensus proposal on shortage criteria, conjunctive management, and other issues. I'd like to suggest though is that's it's very hard to reach consensus when somebody has to agree to lose. And I think in many ways the current deadlock within the states about how to approach shortage change may reflect in some sense that there is sort of zero-sum approach in which someone is ultimately going to

bear the brunt of a large involuntary uncompensated shortage.

Our intent is to suggest that maybe by introducing some increased flexibility through the introduction of the market mechanism that allows people to voluntarily reduce use, we can create a more cooperative and also predictable system for water users and distribute the cost of the shortages between water and power users and the Federal Government.

So anyway I do have a few copies of our original proposal. There will be another one being submitted on or before November 30, and I appreciate the opportunity to speak tonight. Thank you.

MR. FULP: Peter, could you make the written comments available if you are so inclined. Other comments?

MR. LYNCH: I'm Bob Lynch. I am an attorney here in Phoenix and here on behalf of the Irrigation and Electrical District Association of Arizona. Our members and associate members buy most of the power sold in Arizona from the Colorado River Storage Project and most of the power sold through the Arizona Power Authority from Hoover as well as a good slug of the power from the Parker Davis project. So we are very much concerned about the impacts on power generation from shortage criteria that will be developed or might be developed by the Secretary through this process.

The problem is that short criteria, at least in my view, are just a way of coming up with a mathematical model for cutting off Central Arizona Project's water and for complicating our ability to have the necessary water to generate power on the river. Neither of these are particularly nice outcomes and is probably a good reason why since 1928 shortage criteria have not been developed on the Colorado river for the Lower Basin states.

I'm concerned about your scoping process initially. If I understand the current status of affairs correctly, there are serious questions about modeling that have not been resolved related to the past practice of stopping analysis of minimum power fuel at Lake Powell but not at Lake Mead. I know that the Arizona Department of Water Resources has sent some letters requesting some alternative models be run. I don't know what the answer to that is or whether the Reclamation is going to do that. There have also been discussions about not following the minimum release criterion on long range operative criteria, 8.23 million-acre feet. There's been some talk about the fact that the Secretary of the Interior has the authority to in an appropriate circumstance ignore that criterion and lower that minimum release annually on a given year without any further criteria. I haven't seen anything in the Department of the Interior that would provide any kind of

legal justification for that.

But the bottom line is that the assumptions are being discussed if not assaulted in this process at this time. Yet Mr. Culp's proposal, your slides all appear to operate on the basis that the law of river long-range operating criteria in the status quo in terms of past practice are not going to change. If that's true, fine. But if you scope this EIS on the basis that that is the case, if it turns out not to be, then you've got to go back to Square 1 underneath it and start it over again because the assumptions everyone is relying on to identify the alternatives and to comment on them and to work with them and analyze them will be wrong.

So your first task in my view is getting it settled among the seven basin states, you know, with or without shotguns, as to whether or not this set of assumptions is going to continue to hold true for the process. If it is, fine. If it isn't, well, we'll deal with that probably in court. But that's the, you know, the 800-pound gorilla in this process right now. And with a 60-day scoping period, you sort of come to the end the public process the end of this month, and I don't think all of these issues will be put to bed by then. I could be wrong, but the way things are going, I don't think so.

So we're all in a quandary or at least maybe I'm

the only one in a quandary over how to suggest to you various alternatives that need to be assessed and identified in order to have an adequate document as a draft environmental impact statement to present to the public. I know, for instance, that, if you assume that there be will be conditions covered by this criteria that cause either of these reservoirs to drop below the minimum power pool, you've got a very serious economic analysis associated with those events in addition to the environmental and other consequences of not having that water supply.

Those impacts include the cost to the purchasing entities for alternative water supplies, the cost to the programs authorized by Congress, the difficulties in dealing with legal issues that have already been mentioned tonight about the obligations of the Secretary to deliver this resource and generate it. Both reservoirs are covered by funds within the United States Treasury. They're different kind of funds, but basically they're used to pay the bills. And Power pays essentially all the bills for both the Boulder Canyon Project and Colorado River storage Project as well as a good slug of the bills for the Parker Davis Project.

There are some very serious socioeconomic consequences associated with this and related economic damage in communities, especially rural communities and

agricultural communities, in all three states that will have to be assessed. So deciding whether you're going to protect minimum power pool at Glen Canyon or Hoover or neither is a major cut and a major analysis that you're going to have to go through in deciding how to fashion alternatives to display in the draft environmental impact statement. And you're going to have to gather some information. One of the unfortunate things that has crept into the Council on Environmental Regulations is the requirement to go get information if you haven't got it. In a day of adaptive management, I don't think that makes any sense, but it's there. And I doubt seriously that the agency's got its arms around these potential economic or socioeconomic consequences at this point.

There are other factors that appear not to be within what you are currently contemplating. For instance, shortages absorbed by Mexico under the 1944 treaty are not in these slides. Now, I know that's governed by a treaty and that makes things a little more complicated, and shortages and surpluses mean different things in different documents. But I don't see how you contemplate analyzing what might happen to the Lower Basin states without including an analysis of what might happen with regard to the treaty in Mexico. Whether you get the Mexican government to cooperate in that event is not relevant to

having to analyze what the impacts would be if they did or didn't cooperate. And those factors will have to be included in your development of alternatives.

The future is related to water supply storage availability of water in Lake Mead, the other strategies that are being worked on in the Lower Basin, alternative storage in the area of the All-American Canal. It's a whole panoply of things that will potentially affect our ability to conserve water in the Lower Basin will need to be included.

I think also you're going to have to take a hard look at the statutory requirement to augment water supplies that's contained in the 1968 account and is, of course, an unfulfilled promise to the basin as a whole and the lower basin especially. That is not an idle promise. It was a major reason why Arizona ultimately supported the Act with the Central Arizona Project being the stepchild of the river. And augmentation has been an activity that reclamation has been involved in on an experimental basis before, and it needs to be factored into the analysis as part of one or more alternatives that would come into play. I won't ask the agency to support that concept. I'm just trying to tell you you have to analyze it whether you want to support it or not.

That's probably enough for you to chew on for

this evening. I will be submitting written comments by the November 30 deadline, and thank you for the opportunity.

MR. FULP: Thanks. Other comments?

MS. JAMES: My name is Leslie James. I'm executive director of the Colorado River Energy Distributors Association or CREDA. I won't reiterate several of the comments that were made by Mr. Boyce and Mr. Lynch, but I did want to provide a few supplemental remarks.

CREDA is a nonprofit organization that represents the majority of the power customers of the Colorado River Storage Project of which we all know that Glen Canyon is the largest feature of the project. CREDA members in six states serve over four million consumers and all are nonprofit entities.

The 1956 Colorado River Storage Act, Section 7, requires that hydroelectric power plants be operated so as to produce the greatest practical amount of power and energy. Section 5 of that Act also established the basin fund, and both Harvey and Bob talked about how the power function or the authorized power purpose is the paying partner of these projects. In the CRSP power revenues fund about 95 percent of the irrigation investment in the project along with all the power investment, operation maintenance, replacements, as well as funding the adaptive management program down here at Glen Canyon Dam, a portion of the Upper

Basin Recovery Implementation Program, a portion of the Solidity Control Program. And all of this funding comes from the basin fund.

As both Bob and Harvey mentioned, the Hoover funding and CRSP funding are different in some respects but are the same in other respects. The basin fund's sole source of money are power revenues. The drought has been quite unkind to basin fund. The utility customers who purchase power from western area power administration from the Colorado River Storage Project have seen quite serious impacts. In fact since about 1999 the Colorado River Storage Project rate has increased 44 percent, and yet deliveries, power deliveries have been reduced by 22 percent.

Now, those numbers don't even taken into consideration the individual utility impact that they have had to make to supplement the amount of deliveries that could not be made because of CRSP resources reduction. Based on some preliminary analysis, in the event power generation ceased at Glen Canyon Dam even for a few months each year from 2007 to 2009, the CRSP rate would have to increase 99.8 percent.

The initial notice back in the summer indicated that it's the Department's intent that the development of management strategies would provide more predictability to

water users throughout the basin. It is our view that, based on power being an authorized purpose of this project as well as the financial considerations, that the impacts on -- the economic impacts on power generation need to be treated equally, if not more so, in all of this analysis.

We'd like to thank Arizona Department of Water Resources. We were able to make a presentation at one of the early meetings to talk about these impacts from the CRSP power customers' standpoint and thank the Bureau for the opportunity to make comments. And we'll submit written comments by the deadline. Thank you.

MR. FULP: Thank you. Other comments? Okay. That concludes our meeting then, and I just again would reiterate what Bob said, keep Dennis and his family in your thoughts and prayers. Thanks for being here.

(WHEREUPON the meeting concluded at 8:00 p.m.)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing meeting was taken before me, DIANE DONOHO, Certified Reporter, Certificate No. 50691, in and for the State of Arizona; that the foregoing pages are a true and correct transcript of all proceedings had upon the taking of said meeting, all done to the best of my skill and ability.

I FURTHER CERTIFY that I am in no way related to any of the parties hereto, nor am I in any way interested in the outcome thereof.

DATED at Phoenix, Arizona, this _____day of _____, 2005.

_____
Diane Donoho, RPR
Arizona Certified Reporter
Certificate No. 50691

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