

THE FOLLOWING TEXT OF THE 2003 IOPP IS AN EXCERPT FROM THE OCTOBER 10, 2003, *RECORD OF DECISION, COLORADO RIVER WATER DELIVERY AGREEMENT, IMPLEMENTATION AGREEMENT, INADVERTENT OVERRUN AND PAYBACK POLICY, AND RELATED FEDERAL ACTIONS, FINAL ENVIRONMENTAL IMPACT STATEMENT*. THE COMPLETE RECORD OF DECISION APPEARS AMONG THE SUPPLEMENTAL DOCUMENTS ON THE DVD INCLUDED WITH THIS VOLUME.

## **A. INADVERTENT OVERRUN AND PAYBACK POLICY**

Reclamation is adopting a policy that will identify inadvertent overruns, will establish procedures that account for inadvertent overruns and will define subsequent payback requirements for users of Colorado River mainstream water in the Lower Division States. The Inadvertent Overrun and Payback Policy is effective beginning on January 1, 2004. The language of the policy has been modified from the language published in Appendix I of the Final IA EIS. The comments from Southern Nevada Water Authority and Colorado River Commission of Nevada were accommodated. Edits were made for grammar and consistency, and to eliminate duplication. None of the changes would result in environmental impacts different from those described in the Final IA EIS. The policy as finalized follows.

### **1. Background**

In its June 3, 1963 opinion in the case of *Arizona v. California* (373 U.S. 546), the Supreme Court of the United States held that Congress has directed the Secretary of the Interior (Secretary) to administer a network of useful projects constructed by the Federal Government on the lower Colorado River, and has entrusted the Secretary with sufficient power to direct, manage, and coordinate their operation. The Court held that this power must be construed to permit the Secretary to allocate and distribute the waters of the mainstream of the Colorado River within the boundaries set down by the Boulder Canyon Project Act (45 Stat. 1057, 43 U.S.C. 617) (BCPA). The Secretary has entered into contracts for the delivery of Colorado River water with entities in Arizona, California, and Nevada in accordance with section 5 of the BCPA. The Secretary has the responsibility of operating Federal facilities on the Colorado River and delivering mainstream Colorado River water to users in Arizona, California, and Nevada that hold entitlements, including present perfected rights, to such water.

Article V of the Decree of the Supreme Court of the United States in *Arizona v. California* dated March 9, 1964 (376 U.S. 340) requires the Secretary to compile and maintain records of diversions of water from the mainstream, of return flow of such water to the mainstream as is available for consumptive use in the United States or in satisfaction of the Mexican Treaty obligation, and of consumptive use of such water. Reclamation reports this data each year in the Decree Accounting Record.<sup>15</sup>

Pursuant to the Criteria for Coordinated Long-Range Operation of Colorado River Reservoirs developed as a result of the Colorado River Basin Project Act of September 30, 1968, the Secretary annually consults with representatives of the governors of the Colorado River Basin States, general public and others and issues an Annual Operating Plan (AOP) for the coordinated operation of the Colorado River reservoirs. Reclamation also requires each Colorado River water user in the Lower

---

<sup>15</sup> These records are published as: *Compilation of Records in Accordance with Article V of the Decree of the Supreme Court of the United States in Arizona v. California, et. al.*, dated March 9, 1964.

Basin to schedule water deliveries in advance for the following calendar year (calendar year is the annual basis for decree accounting of consumptive use in the lower Colorado basin) and to later report its actual water diversions and returns to the mainstream.

Pursuant to 43 CFR part 417, prior to the beginning of each calendar year, Reclamation consults with entities holding BCPA section 5 contracts (Contractor) for the delivery of water. Under these consultations, Reclamation makes recommendations relating to water conservation measures and operating practices in the diversion, delivery, distribution, and use of Colorado River water. Reclamation also makes a determination of the Contractor's estimated water requirements for the ensuing calendar year to ensure that deliveries of Colorado River water to each Contractor will not exceed those reasonably required for beneficial use under the respective BCPA contract or other authorization for use of Colorado River water. Reclamation sends a letter approving the Contractor's water order for the ensuing year in the amount determined to be appropriate by Reclamation. Reclamation then monitors the actual water orders, receives reports of measured diversions and return flows from major Contractors and Federal establishments, estimates unmeasured diversions and return flows, calculates consumptive use from preliminary diversions and measured and unmeasured return flows, and reports these records on an individual and aggregate monthly basis. Later, when final records are available, Reclamation prepares and publishes the final Decree Accounting Record on a calendar year basis.

For various reasons, a user may inadvertently consumptively use Colorado River water in an amount that exceeds the amount available under its entitlements as provided in annual approved water orders (inadvertent overrun). Further, the final Decree Accounting Record may show that an entitlement holder inadvertently diverted water in excess of the quantity of the entitlement that may not have been evident from the preliminary records. Reclamation is therefore adopting an administrative policy that defines inadvertent overruns, establishes procedures that account for the inadvertent overruns and defines the subsequent requirements for payback to the Colorado River mainstream.

## **2. Inadvertent Overruns**

Effective January 1, 2004, Reclamation adopts the following Inadvertent Overrun and Payback Policy for the Lower Colorado River Basin:

1. Inadvertent overruns are those which the Secretary deems to be beyond the control of the entitlement holder; for example, overruns due to the discrepancy between preliminary and final stream flow and diversion records.
2. An inadvertent overrun is Colorado River water diverted, pumped or received by an entitlement holder of the Lower Division States that is in excess of the water user's entitlement for that year. This IOP policy provides a structure to payback the amount of water diverted, pumped or received in excess of entitlement for that year. This IOP policy does not create any right or entitlement to this water, nor does it expand the underlying entitlement in any way. An entitlement holder has no right to order, divert, pump or receive an inadvertent overrun. If, however, water is diverted, pumped or received inadvertently in excess of annual approved orders, and sources of unused Colorado River water are not available to accommodate adjustment of water orders by Reclamation, the inadvertent overrun policy will govern the payback. This IOP Policy will not be applied in any manner to the deliveries made under the United States Mexico Water Treaty of 1944.
3. Payback will be required to commence in the calendar year that immediately follows the release date of a final Decree Accounting Record that reports uses that are in excess of an individual's

entitlement.

4. Payback must be made only from measures that are above and beyond the normal reasonable and beneficial consumptive use of water (extraordinary conservation measures). Extraordinary conservation measures mean actions taken to conserve water that otherwise would not return to the mainstream of the Colorado River and be available for beneficial consumptive use in the United States or to satisfy the Mexican treaty obligation. Any entitlement holder with a payback obligation must submit to Reclamation, along with its water order, a plan which will show how it will intentionally forgo use of Colorado River water by extraordinary conservation measures, including fallowing, sufficient to meet its payback obligation and which demonstrates that the measures being proposed are in addition to those being implemented to meet any existing transfer or conservation agreement, and are in addition to the measures found in its Reclamation approved conservation plan. Plans for payback could also include supplementing Colorado River system water supplies with non-system water supplies through exchange or forbearance or other acceptable arrangements, provided that non-system water is not physically introduced into the system without appropriate environmental review and approval by Reclamation. Water banked off-stream or groundwater from areas not hydrologically connected to the Colorado River or its tributaries are examples of such supplemental supplies. Water ordered but subsequently not diverted is not included in this policy in any manner.
5. Maximum cumulative inadvertent overrun accounts will be specified for individual entitlement holders as 10 percent of an entitlement holder's normal year consumptive use entitlement. (Normal year means a year for which the Secretary has determined that sufficient mainstream Colorado River water is available for release to satisfy 7.5 maf of annual consumptive use in the States of California, Arizona and Nevada.)
6. The number of years within which an overrun, calculated from consumptive uses reported in final Decree Accounting Records, must be paid back, and the minimum payback required for each year shall be as follows:
  - a. In a year in which the Secretary makes a flood control release or a space building release pursuant to the applicable Water Control Manual for Hoover Dam, Lake Mead, any accumulated amount in the overrun account will be forgiven.
  - b. If the Secretary has declared a 70R surplus in an AOP applicable to the calendar year of payback, any payback obligation for that calendar year will be deferred at the entitlement holder's option.
  - c. In a year when Lake Mead elevation is between the elevation for a 70R surplus determination and elevation 1,125 feet above mean sea level on January 1, the payback obligation incurred in that year must be paid back in full within 3 years of the reporting of the obligation, with a minimum payback each year being the greater of 20 percent of the individual entitlement holder's maximum allowable cumulative overrun account amount or 33.3 percent of the total account balance.
  - d. In a year when Lake Mead elevation is at or below elevation 1,125 feet above mean sea level on January 1, the total account balance must be paid back in full in that calendar year.
  - e. For any year in which the Secretary declares a shortage under the Decree, the total

account must be paid back in full that calendar year, and further accumulation of inadvertent overruns will be suspended as long as shortage conditions prevail.

7. A separate inadvertent overrun account may be established in those limited cases in which a lower priority user is contractually responsible for payback of other senior entitlement holders. The separate inadvertent overrun account will be limited to a maximum cumulative amount of 10 percent of the senior entitlement holder's average consumptive use. Such inadvertent overrun accounts will be the assigned responsibility of the lower priority user in addition to its own entitlement-based inadvertent overrun account. If, however, senior entitlement holder's approved aggregate calendar year water orders are in excess of the specified amount for which the lower priority user will be responsible, such excess will not be deemed inadvertent and the lower priority user's water order for that year will be reduced accordingly by Reclamation.
8. Each month, Reclamation will monitor the actual water orders, receive reports of measured diversions and return flows from Contractors and Federal establishments, estimate unmeasured diversions and return flows, and project individual and aggregate consumptive uses for the year. Should preliminary determinations indicate that monthly consumptive uses by individual users, or aggregate uses, when added to the approved schedule of uses for the remainder of that year, exceed entitlements pursuant to annual approved water orders but are not exceeding the maximum inadvertent overrun account amount, Reclamation will notify in writing the appropriate entities that the preliminary determinations are forecasting annual uses in excess of their entitlements.
9. During years in which an entitlement holder is forbearing use to meet its payback obligation, Reclamation will monitor the implementation of the extraordinary conservation measures, and require that the entitlement holder's consumptive use be at or below its approved water order for that year. Should the entitlement holder's actual monthly deliveries for the first 5 months of the year exceed their forecasted orders, and projections indicate the entitlement holder's end of year use is likely to be 5 percent or more above their adjusted entitlement, Reclamation will notify the entitlement holder in writing. At the end of 7 months, if it continues to appear that the entitlement holder is likely to be above its adjusted entitlement Reclamation will notify the entitlement holder that they are at risk of exceeding their adjusted entitlement, and having their next year's orders placed under enforcement proceedings. Reclamation will monitor the implementation of the extraordinary conservation measures and monitor the forbearance of consumptive use of Colorado River water. Should preliminary determinations of the implementation of extraordinary conservation or of monthly Colorado River consumptive uses indicate that sufficient extraordinary conservation or sufficient forbearance of Colorado River consumptive use is not projected to occur, Reclamation will notify the appropriate entitlement holders in writing that the preliminary determinations are forecasting that their annual payback obligations are not on target or being met. If this condition occurs for two consecutive years, in the second year Reclamation will begin enforcement proceedings, and will so advise the entitlement holder in writing by July 31 of the second year. Reclamation will consult with the entitlement holder on a modified release schedule and will limit releases to the entitlement holder for the remainder of the year such that by the end of the year the individual entitlement holder has met its payback obligation.
10. Procedures will be established for accounting for inadvertent overruns on an annual basis and for supplementing the final Decree Accounting Record. The procedures and measures for administering the IOP will be reviewed every 5 years. Final determinations under this IOP policy shall be made by Reclamation's Lower Colorado Regional Director.