



United States Department of the Interior

BUREAU OF RECLAMATION
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IN REPLY
REFER TO:

CVO-100
WTR-1.10

JAN 15 2008

Ms. Delores Brown
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California Department of Water Resources
P O Box 942836
Sacramento, CA 94236-0001

Subject: Bureau of Reclamation Comments on Draft Monterey Agreement EIR

The Bureau of Reclamation has reviewed the "Draft Environmental Impact Report for the Monterey Amendment to the State Water Project Contracts, (Including the Kern Water Bank Transfer) and Associated Actions as Part of a Settlement Agreement (Monterey Plus)" (Draft EIR). Reclamation has serious concerns regarding the adequacy of the analysis of how the Monterey Amendments has and will affect the operational aspects of the Central Valley Project-State Water Project (CVP-SWP) water system and the common water supply relationship between the two projects under the Coordinated Operations Agreement (COA).

Page ES-1 of the Draft Environmental Impact Report (EIR) executive summary contains a section labeled "Potential Areas of Controversy and Concern." Listed in this section is the following bullet item:

- "Potential effects of the proposed project on operation of the U.S. Bureau of Reclamation's Central Valley Project, deliveries to CVP contractors and existing water rights holders must be analyzed."

This item is correctly listed as a "Potential Area of Controversy and Concern" because of the fundamental water supply sharing between the CVP and SWP to meet common water right permit conditions and the COA elements to address how either water project affects the delivery capabilities of the other project. Unfortunately, the Draft EIR has not analyzed how the Monterey Amendment provisions influence the delivery capabilities of the CVP, nor how the Monterey Amendment provisions influence the common water supply that both the CVP and SWP rely upon.

Monterey Amendment Elements That Potentially Affect the COA

Section 4 of the Draft EIR attempts to identify the generalized changes that were made to SWP contracts per the Monterey Amendments:

- Resolve conflicts and disputes among SWP contractors regarding water allocation and financial responsibilities for SWP operations;
- Restructure and clarify procedures for SWP water allocation and delivery during times of shortage and surplus;
- Reduce financial pressures on agricultural contractors in times of drought and supply reductions;
- Adjust the financial rate structure of the SWP to more closely match revenue needs;
- Facilitate water management practices and water transfers that improve reliability and flexibility of the SWP water supplies in conjunction with local supplies;
- Resolve legal and institutional issues related to storage of SWP water in Kern County groundwater basins, and in other areas.

Draft EIR, at pg. 4-1.

The last two bullet items address the addition of contractual capabilities to store SWP water outside of the SWP storage facilities listed in the 1986 COA agreement. This is a significant change to SWP capabilities that was not contemplated in the 1986 list of facilities. Storing SWP water outside of designated SWP storage facilities is effectively analogous to increasing SWP storage capabilities and should be subject to COA review under COA Articles 5, 14, 16, and potentially Article 6.¹

The effect of increased SWP capability is the reason that CVP operations and capabilities are listed in the "Potential Areas of Controversy and Concern." The Draft EIR only attempts to address how Reclamation's use of Joint Point of Diversion capabilities may be affected - it fails to address the potential impacts caused by the addition of storage facilities to the SWP, and does not consider the potential mitigation needed to address this additional storage.

Section 7.1.1.2 of the Draft EIR acknowledges that the analysis performed for the document does not address how the increased water management practices (i.e., increased storage capabilities for SWP contractors to store SWP developed water supplies) have influenced SWP operations, Delta water dynamics, or upstream river operations of the CVP and SWP. Reclamation's area of concern regarding the Monterey Amendments has always been and consistently been focused on the COA implications of:

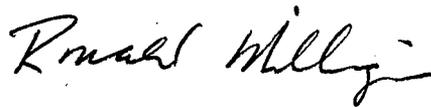
- Contractual allowance for SWP water to be stored in non-SWP facilities that are not recognized in the COA framework; and
- Increasing the effective storage capabilities of the SWP system without COA review.

¹ Article 5 is the list of facilities used in the COA to convey or store water in the CVP or SWP as of 1986. Article 6 designates the sharing formula for the common water supply towards meeting common water right commitments. Article 14 provides for a periodic (every fifth year) review of the operation of both projects, and Article 16 covers the addition of new facilities by either the CVP or SWP.

It is Reclamation's view that the Draft EIR has not addressed these fundamental issues and therefore is inadequate to answer the "potential area of concern" regarding CVP operations and delivery. It is also Reclamation's view that the Draft EIR has not addressed how the increased water management flexibility capabilities provided by the Monterey Amendments has influenced the common water supply that affects all aspects of CVP and SWP operations, including river flow management changes. The Draft EIR seems to conclude that the Monterey amendments provisions only have the potential to reduce surplus Delta outflow conditions and not affect upstream reservoir operations. This is not Reclamation's view concerning how increased SWP storage capabilities south of the Delta can and will affect CVP-SWP operations at each major facility component.

Reclamation appreciates your consideration of these comments, and asks that the Draft EIR include an analysis of the impacts to COA and CVP operations and delivery caused by the increase in effective storage facilities for the SWP before the final version of this document is published. Please contact me at (916) 979-2199 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Ronald Milligan".

Ronald Milligan
Operations Manager

cc: MP-100
MP-400
MP-700