

MINUTES OF THE LAKE POWELL PIPELINE MANAGEMENT COMMITTEE

Minutes of a public meeting of the Lake Powell Pipeline Management Committee held on Thursday, March 21, 2013 at 11:00 a.m. at 533 East Waterworks Drive, St. George, Utah.

Committee Members present: Jim Lemmon (Utah Division of Water Resources), Dennis Strong (Utah Division of Water Resources) Mike Noel (Kane County Water Conservation District) and Ronald Thompson (Washington County Water Conservancy District).

Also present: Brian Liming (MWH), Eric Millis (Utah Division of Water Resources Board), Barbara Hjelle (Washington County Water Conservancy District), Jane Whalen (Citizens for Dixie's Future), Dirk Clayson (Kane County), Lisa Rutherford (Citizen), Paul Van Dam (Citizen), LeAnn Skrzynski (Kaibab Paiute Tribe), Amelia Nuding (Western Resource Advocates), Mike Kobe (Brown and Caldwell), Clint Rogers (Carollo Engineers), Tom Butine (Citizen), Christy Wedig (Citizens for Dixie's Future), Corey Cram (Washington County Water Conservancy District), Harold Sersland (Utah Division of Water Resources Consultant), Judie Brailsford (Consultant) and Tina Esplin (Washington County Water Conservancy District Secretary)

Welcome and Introductions—Dennis Strong welcomed those present and conducted the meeting.

Approval of September 18, 2012 Minutes—Mike Noel made a motion to approve the minutes of September 18, 2012, Ron Thompson seconded the motion and all voted aye.

Briefing on Progress in Process—Brian Liming reported on the Lake Powell pipeline project process items worked on since the last meeting on September 18:

- The proposed action description was prepared and provided to the federal agencies and Kaibab Band of Paiute Indians (KBPI) to begin discussions on mitigation measures and impacts.
- The Bureau of Land Management (BLM) requested a plan of development before starting discussions on mitigation measures so we prepared a draft plan of development and that has been reviewed by the Utah Division of Water Resources (UDWR) and the Management Committee.
- We have now incorporated those comments into the draft plan of development to submit to BLM to continue discussion on mitigation measures.
- The Utah Governor's Office of Planning and Budget (GOPB) in December issued their 2012 final county population projections, and we are using those county population projections to revise and update the water needs assessment (WNA).
- Some additional field studies were completed south of the Kaibab-Paiute Indian Reservation to accommodate the re-survey of the reservation boundary fence and the Kaibab Band of Paiute Indians (KBPI) land purchase south of the current reservation boundaries.

- The U. S. Bureau of Reclamation (USBR) has been performing some climate change modeling projections of future Virgin River stream flows that are consistent with the Colorado River Basin Water Supply and Demand Study, and the results of climate change modeling is now being used to modify the Lake Powell pipeline depletion schedule which the USBR will then apply to the Colorado River system simulation to determine what impact the project would have on levels of Lake Powell and Glen Canyon Dam releases as well as water quality changes and power generation changes.
- The impact mitigation measure initial discussion meetings have been held with BLM, NPS and USBR as part of the ongoing process, and we will be continuing discussions throughout the next couple of months as well some continued discussions with the KBPI on mitigation measures that are a concern to them.
- Additional coordination with FERC was held on cultural resources draft class III report, and we also got an update with USFWS on the listed species so we have incorporated that information into the final study reports we are preparing.
- The USBR provided comments on the draft interrelated actions and they will be used to form cumulative impact analyses which will be incorporated into the final study report.
- We have held meetings with BLM on cultural resources potentially affected by the project at various points along the alignments of both the proposed action and the alternative alignment.
- We have upcoming meetings planned with the federal agencies on the historic properties management plan to discuss mitigation specific to cultural resources.
- The Hopi Indian tribe has been performing some ethnographic studies and those are ongoing. They have had several meetings and, as I understand, will be going out on the Kaibab Paiute Indian reservation to tour some of the sites that they have an interest in.
- Our previous completion schedule has been shifted by a number of items among which include the USBR climate changing modeling, the Colorado River system simulation results that will be updated with the new depletion schedule, and the federal agency comments on inter-related actions.
- We are taking the feedback they have given us and using the projects they feel should be included in the cumulative impacts analyses. The final study reports are now projected to be completed by June 28, negotiated mitigation measures with the agencies completed by August 30, the preliminary licensing proposal completed by October 4 and filed with FERC.
- The preliminary licensing proposal review by FERC and participants would end by January 3, 2014, and a licensing application filed with FERC by March 7, 2014.

Dennis Strong asked if there is any coordination of what happens in that process between the tribes and State Historic Preservation Offices (SHPOs). Brian Liming said SHPOs will review the draft combined class III cultural resources report and provide comments, and those comments will be incorporated and the final class III cultural resources report will then be submitted to FERC along with the preliminary licensing proposal. Once the Hopi Indian tribe finishes their portion of the ethnographic studies, we will incorporate those into the ethnographic study report that we previously filed with FERC. Whether or not it fits into the time frame of the rest of the project submittals filed with FERC is still a question. There are some unknowns specifically with the ethnographic studies. According to FERC, sometimes the ethnographic aren't finalized until right up until they issue a license.

Dennis Strong asked if there are public meetings after the license is filed and the official process begins with FERC. Brian Liming stated we are still in the pre-application process. Once the license application is submitted to FERC, I believe they then have 60 days to determine whether or not they believe the project is ready for environmental analysis. If they determine that it is, they will issue a statement of such and then they will begin preparing the draft environmental impact statement based on the license application, which includes exhibits A through G. Exhibit E is the environmental document that includes all of the study reports and integration of all those study reports into an impact analysis. The draft EIS is then released to the public and the agencies for review and comment. I am not certain if FERC’s process includes a public hearing on the draft EIS, but I believe it does, and that is an opportunity for public to provide comments. Then the final EIS is released to respond to the comments that are made on the draft EIS. When the preliminary licensing proposal, which precedes the license application, is filed, there is an opportunity for public comment on that preliminary licensing proposal as well. FERC divides it into a pre-application period which is the period we are in now, and a post-application period which doesn’t really involve the UDWR unless FERC asks them for clarification or additional information. Otherwise FERC and their consultants take the information that is submitted in the licensing application and moves it forward through the preparation of the draft EIS and final EIS.

Briefing on the Water Needs Assessment (WNA)—Brian Liming gave an update on the WNA.

- The revised WNA includes the Governor’s GOPB final 2012 county population projections released in December and the sub-county population projections released in February
- The Revised WNA will incorporate the results of the USBR Colorado River Basin Water Supply and Demand Study climate change projections for the future Virgin River water supply.
- The projected water demand supply curve will then be adjusted using Reclamation’s climate change analysis results to develop a revised depletion schedule for LPP project.
- The demand curve is being adjusted to account for attaining 25% reduction in water use by 2025 which was revised in January 2013. The previous goal was set for 2050.
- The KCWCD water supply is being re-evaluated to separate the culinary and secondary uses in part because some of the water is not suitable for culinary supply in the lower elevations of Kanab Creek and Johnson Creek basins.
- Likewise KCWCD’s water demand is being re-evaluated to separate it into culinary and secondary demands so we have a more specific accounting of both the water supply and the demand.
- The revised WNA will be filed with FERC along with the preliminary licensing proposal.

Financial Report—Eric Millis presented a memo showing the amounts MWH has billed the Division each month:

Total at last report	\$24,348,121	89.0%
September 2012	\$ 38,643	0.1%
October 2012	\$ 39,130	0.1%
November 2012	\$ 104,056	0.4%
December 2012	\$ 30,358	0.1%

January 2013	\$ 128,179	0.5%
February 2013	\$ 47,087	0.2%
TOTAL:	\$24,735,574	90.4% of the \$27.352M contract

Eric Millis said the staff has reviewed each billing for accuracy and made payment. **Ron Thompson made a motion that the Management Committee ratify the payments, Jim Lemmon seconded the motion and all voted aye.**

Other items—Ron Thompson asked if we are going to see the financial analysis before it is submitted. Brian Liming said yes, we will be making trips down here to talk to each of the districts on the financial analysis to make sure the right information is included.

Mike Noel commented the legislature has a mechanism with sales tax money where money is borrowed and goes out to projects and comes back with interest paid, so the fund generates money each year. Approximately \$300M in accounts receivable will be paid back and we add \$5M or \$6M into the account. We just come through a period of several years of low income, but we are coming out of this recession much better than most states and still have over \$200M in Utah's rainy day fund. The legislature is looking at this whole issue of water infrastructure development, just like roads and buildings within the state, with not just the LPP but the Bear River project. In order to build water projects, we have to use state bonding ability, but both will be paid back.

Lisa Rutherford asked if a future with no water has been looked at. Would the pipeline just remain out there and deteriorate? Dennis said there are obligations required by the permit, but since we don't agree that the Colorado River will completely dry up and there would be no water, we haven't looked at that scenario.

Jane Whalen asked Ron Thompson what he meant by his statement that the Colorado River is a very secure water right. Ron explained when you look at where the water is coming from and the Colorado River's upstream tributaries, they are a lot like the Virgin and Santa Clara River's tributaries. The way it works here on the Santa Clara River in a drought is if there is a 50% flow reduction on the river, Pine Valley may be cut 90% because that is all the water there is at the higher elevation even though it has a higher priority right, but on down on the Santa Clara River there might be only a 75% cut because there is more water downstream as it accumulates from the tributaries. The Colorado River Compact is written so the upper basin is not obligated to provide its allocation to the lower basin and it is going to be very rare that 100,000 acre feet (af) of water will not be available to this project. Dennis Strong said the basin study said there is a deficit of over 3M af in the Colorado River system, but some of the greatest impacts and needs for the water are in Albuquerque, Salt Lake City, Denver, Los Angeles and San Diego and the thing all those cities have in common is they are not in the basin; so if there were 3M extra af in the Colorado River, there is someplace for it to go, but since there isn't those deficits still exist and those folks are going to have to go somewhere else to get their water. All of that 3M af of deficit is the lower basin deficit so the water to meet that deficit is not going to come from the upper basin. The basin study identified that the upper basin has a use for all of its water. It does not say the water must come from the upper basin.

Paul Van Dam said the upper basin takes a percentage of the overall flows that come into the upper basin so it sounds like the upper basin is getting less water and some percentage goes to each state of less water. Is that accurate and if any pipelines are built from Flaming Gorge as proposed, will that impact Utah's ability to receive water? Dennis Strong said it is relatively complicated, but in 1948 when the Upper Colorado Compact was signed, it was known that there was not 7½M af available for the upper basin which is what the 1922 Compact said; and today we are looking at a water supply of 6M af for the upper basin. We have an annual obligation to first provide Mexico with 1½M af, then the lower basin 7.5M af and the upper basin gets the rest which right now is 6M af. Utah gets 23% of the remaining water supply. If the water supply goes down, all the upper basin states get less. Regarding the Flaming Gorge (Million) Project, Utah's concern is whether Utah and Wyoming will be able to take their compact percent allocation if Colorado takes water out of the Upper Green River. If we cannot then Colorado cannot, and there are issues with fish and all kinds of other things. Utah's 23% is 23% of what there is.

Lisa Rutherford asked why we are not having the discussion of marketing our excess water and getting money off of it while water is available. Then at some point in the future when water isn't there, we haven't encumbered ourselves to a huge obligation. Dennis Strong said Arizona is finding out what happens when you build houses on a temporary water supply and it is not a good experience so for Utah to lease water for domestic use is not a good idea. The states are not supportive of moving water back and forth across the upper and lower basins. The compact says the water is accounted against the state in which it is used, so if we sell water and they use it in another state it is accounted against the state in which it is used so it is a very complex issue.

Mike Noel said Kane County is a very small part of the project and we don't want to encumber anymore debt, but to be able to solidify our water resources for the future is very important for the people of my county. Had we not planned for Sand Hollow and Quail Creek reservoirs, some of the very same people that object to this project would not be living here because water would not have been available. As water managers, our job is not to manage growth, but to make sure there is enough water in the future for the people, but we would be remiss to not plan for growth that has happened and will continue to happen in the future. We are going to continue to have kids and more people are going to move here, and we better plan for it. Conservation will be part of it, but conservation is not going to solve our water issues. Ron Thompson said the bottom line as we go into the 21st century is, fresh water is going to be the limiting commodity and communities that protect and plan for the future are going to thrive and those who don't won't.

Mike Noel moved to adjourn, Jim Lemmon seconded the motion and all voted aye.

Next Meeting—Tentatively planned for September 10, 2013.

There being no further business, the meeting was adjourned.

Secretary