



1600 West 12th Avenue
Denver, CO 80204-3412

September 13, 2018

CWCB Board Members
Colorado Water Conservation Board
1313 Sherman St., Room 718
Denver, CO 80203

Re: Upper Division States Storage Account in Lake Powell other initial units of the Colorado River Storage Project Act

Dear CWCB Board Members,

On behalf of the undersigned signatories, we express our support for the establishment of a demand management program in the upper Colorado river basin, and the authorization by Congress of a storage account in Lake Powell and other initial units of the Colorado River Storage Project Act ("CRSPA"), without charge, for the purpose of storing water created by managing consumptive uses under a demand management program, for the exclusive benefit of the Upper Division States to ensure compliance with Article III of the Colorado River Compact. Any Upper Division storage account in Lake Powell and other CRSPA initial units should be exempt from coordinated operations between Lakes Mead and Powell. In other words, such an account should not be subject to equalization or balancing releases from Lake Powell ("Upper Division storage account").

We believe the creation and use of an Upper Division storage account in accordance with the principles described in this letter is in the best interests of the State of Colorado and will aid the State in protecting its water users while seeking to meet its interstate obligations. However, we also acknowledge that the creation of a demand management program in the Upper Division states will require significant effort and collaboration among water users, Colorado state government, and the Upper Division states. As discussed below, we are fully committed to cooperating together with the state of Colorado to develop a demand management program that will benefit the entire state and the Upper Division states, and that will not create disproportionate impacts to any region of Colorado.

We request the CWCB and the State Engineer follow the principles set forth below as you work with us to adopt a program for Colorado's use of an Upper Division storage account:

The water generated by the demand management program in Colorado for storage in an Upper Division storage account, as a first priority, should be generated from voluntary, temporary and compensated contributions of water from water users within Colorado that was beneficially used under existing rights prior to being conserved as part of a demand management program and otherwise would have depleted the flows in the Upper Basin in Colorado. The conserved water would be stored and accounted for in the Upper Division storage account until it is determined

by the Upper Colorado River Commission that release of the water is necessary for compliance with the Colorado River Compact. No water user would be required to contribute conserved water for this purpose and no entity or person would be expected or required to contribute funds for this purpose. Conserved water should be generated in a manner that does not result in injury to the water rights of others. Conserved water shall not be consumptively used by others within any Upper Division state.


We agree to work with the state of Colorado to develop a demand management program that will avoid disproportionate impacts to any single basin or region. More specifically, the distribution of water generated from Colorado under any voluntary compensated demand management program should be derived from water rights used both east of the Continental Divide, and west of the Continental Divide in a manner that recognizes the respective proportionate share of total historical post-compact depletions to the Colorado River and its tributaries associated with the exercise of such water rights. The payments for water contributed to such a demand management program should be market-based within the area or market from which the water is generated, and will not necessarily be proportionate between basins. Any demand management program should reflect benefits to each Upper Division state proportionate to the contributions by each Upper Division state.

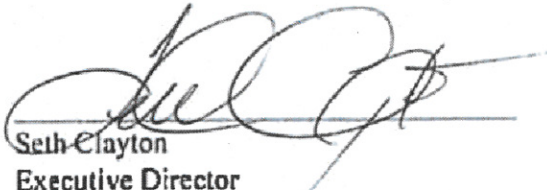
If the quantity of conserved water made available through a voluntary compensated demand management program is not sufficient to ensure compliance with the Colorado River Compact, the state of Colorado and the Upper Colorado River Commission may need to adopt alternative measures to generate water for storage in an Upper Division storage account. We will work with the state of Colorado to develop an alternative mechanism for generating conserved water for the Upper Division storage account.

We commit to fully and cooperatively engage in discussions related to the development of rules and regulations for the implementation of a voluntary program, and if necessary, State Engineer administration of water rights for the purpose of compliance with Colorado's obligations under Article III of the Colorado River Compact.

Nothing in this letter waives any of our rights to challenge the extent or exercise of the state of Colorado's authority to promote or ensure compliance with the Compacts.

Sincerely,


James S. Lochhead
CEO/Manager
Denver Water

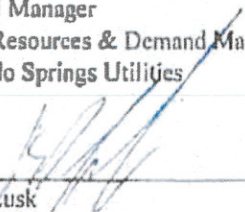

Seth Clayton
Executive Director
Board of Water Works of Pueblo Colorado



M. Patrick Wells, P.E.
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Water Resources & Demand Management
Colorado Springs Utilities



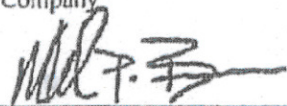
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