



MEMORANDUM

TO: Boards of Directors

FROM: Brian Thompson, Government Affairs Supervisor

DATE: February 15, 2024

RE: February 22, 2024, Joint Board Meeting

This memorandum shall serve as notice of a Special Joint Meeting of the Boards of Directors of the Eagle River Water & Sanitation District and the Upper Eagle Regional Water Authority:

Thursday, February 22, 2024 11:00 a.m.

This meeting will be held at:

Walter Kirch Room
Eagle River Water & Sanitation District Vail office
846 Forest Road
Vail, Colorado

The meeting can also be accessed on Microsoft Teams. Login information can be requested by sending an email at least 24 hours in advance to info@erwsd.org.

Input from members of the public is welcomed during the meeting's designated Public Comment period consistent with § 18-9-108, C.R.S. Speakers may address the Board on a first-recognized basis by the Chair. Public Comments are limited to three minutes per speaker on relevant matters not listed on the agenda.





BOARDS OF DIRECTORS SPECIAL JOINT MEETING February 22, 2024 11:00 a.m. Walter Kirch Conference Room

AGENDA

1. Introductions <u>Attachment Link</u>

- 2. Public Comment
- Shoshone Water Right Preservation Campaign –
 Andy Mueller, Colorado River Water Conservation District
- 4. Adjournment

Informational

MEMORANDUM

To: BOARD OF DIRECTORS, EAGLE RIVER WATER AND SANITATION DISTRICT

BOARD OF DIRECTORS, UPPER EAGLE REGIONAL WATER AUTHORITY

FROM: ANDY MUELLER, GENERAL MANAGER

ZANE KESSLER, DIRECTOR OF GOVERNMENT RELATIONS AMY MOYER, DIRECTOR OF STRATEGIC PARTNERSHIPS

SUBJECT: SHOSHONE WATER RIGHTS PRESERVATION

DATE: FEBRUARY 14, 2024

I. SHOSHONE PERMANENCY PROJECT SUMMARY

The Shoshone Hydro Plant, a unique run of the river hydroelectric power plant, sits alongside the Colorado River in Glenwood Canyon, about eight miles east of Glenwood Springs. Owned by the Public Service Company of Colorado (PSCo), a subsidiary of Xcel Energy, it produces 15 megawatts of electricity, enough power to serve approximately 15,000 customers. Importantly, Shoshone also holds a senior (1902), nonconsumptive water right on the Colorado River, returning the flows it uses to the river after a short trip through the hydropower plant's penstocks and turbines. Shoshone's flows provide critical habitat to four fish listed under the Endangered Species Act and drive the recreational economies supported by rafters, kayakers, and anglers from Eagle to Mesa County.

For more than 20 years, the Colorado River District and 19 other western Colorado governments and water entities, including Summit, Grand, Eagle, Garfield, and Mesa Counties and many of the municipalities and major water organizations therein, have been working together to find a way to permanently preserve the Shoshone flows. In fact, the 2013 Colorado River Cooperative Agreement between Denver Water and 17 West Slope governments/water user organizations expressly recognizes the importance of – and memorialized the need to provide permanent protection of – the Shoshone flows.

We are now on the cusp of the unprecedented alignment of multiple factors that presents a real opportunity to finalize this long-standing goal. On December 19, 2023, Xcel Energy and the Colorado River District signed a Purchase & Sale Agreement (PSA) to transfer ownership of the historic Shoshone water rights to the River District for \$98.5 million. The historic agreement marks

Shoshone Water Rights Preservation February 14, 2024 Page 2 of 5



a first step towards permanent protection of the historic flows and the resulting economic benefits provided by the Shoshone water rights.

Permanent protection of the Shoshone Flows will secure multiple benefits to the Colorado River water users on the West Slope and across the state such as:

Maintaining Stream Flow Through Upper Colorado River Wild & Scenic Alternative Management Plan River Sections: The Shoshone water rights command higher flows and associated lower water temperatures through key segments with recreational fishing and wildlife habitat identified as Outstandingly Remarkable Values (ORVs) of the Upper Colorado River. The Upper Colorado River Wild & Scenic Stakeholder Group's Alternative Management Plan lists the Shoshone water right as one of four long-term protection measures for the streamflow influenced ORVs – thus providing a critical role in removing the burdens of a potential federal Wild and Scenic designation on the Colorado River from Kremmling to No Name.

Water Quality Improvements: Communities large and small along the Colorado River mainstem benefit from the enhanced water quality Shoshone flows provide. Without the higher flows of clean and cold headwater sourced supplies provided by the Shoshone call, a higher concentration of salinity and other water quality constituents creates increased costs for municipal drinking and wastewater treatment. In addition, Shoshone flows provide additional water to the Eagle River diluting impacts from historic mining operations.

Ecosystem Benefits and Endangered Species Act Compliance: The Colorado River downstream of Rifle is habitat for four fish listed under the Endangered Species Act. Without the exercise of the Shoshone call, the stretch of the Colorado River known as the 15-Mile Reach in and around Grand Junction would have significantly less flow during large periods of the year, especially in dry years, when Shoshone can contribute half of the flow in the 15-Mile Reach. All Colorado River water users rely upon the benefits of the Shoshone flows as a bedrock for the success of the Upper Colorado River Endangered Fish Recovery Program and continued compliance with the Endangered Species Act (ESA), which provides compliance protections for over 1,250 projects in Colorado.

Agricultural Benefits: Shoshone flows support Colorado's \$11.9 billion agricultural economy in a number of important ways. Water security for Western Slope agriculture is intimately linked to the Upper Colorado Endangered Fish Recovery Program where continued cooperative water management allows for streamlined ESA compliance. Additionally, Shoshone permanency preserves Green Mountain Reservoir's Historic User Pool (HUP) water supplies. According to Colorado's Division of Water Resources, without Shoshone flows, the downstream Cameo call would be longer and deeper each year (up to 2,260 cfs vs. 1,950 cfs), triggering less opportunity for upstream agricultural diversions, a greater frequency of April calls, and an insufficient replacement of supplies for some West Slope augmentation plans.



Recreation Economy: Shoshone flows benefit Colorado communities both upstream and downstream of the call. Colorado's robust recreational economy relies heavily on the Colorado River mainstem, with Shoshone flows strengthening the state's iconic river recreation industry throughout Grand, Summit, Eagle, Garfield, and Mesa counties. River recreation in Colorado contributes \$14.6 billion annually to the state's GDP, with nearly \$4 billion coming directly from the Colorado River basin on the Western Slope. As temperatures rise and streams diminish, Shoshone permanency provides security for this economic industry, protecting the recreational fishery and boating that sustain local businesses and attract water-based recreators.

II. PURCHASE AND SALE AGREEMENT

The Purchase and Sale Agreement ("PSA") contemplates the conveyance of the Shoshone Water Rights from the Public Service Company of Colorado (PSCo) to the Colorado River District. As defined in the PSA, the "Shoshone Water Rights" to be acquired by the Colorado River District include both the senior Shoshone Power Plant water right in the amount of 1,250 cfs with an appropriation date of January 7, 1902, and the junior Shoshone Power Plant water right in the amount of 158 cfs with an appropriation date of May 15, 1929. The purchase price for the Shoshone Water Rights is \$98,500,000, with an additional \$500,000 payment for PSCo's transaction costs.

To close the transaction and authorize the expenditure of public funds for the acquisition of the Shoshone Water Rights, the PSA contains four closing conditions that must be met by December 31, 2027, unless that deadline is extended by mutual agreement. The four closing conditions described in the PSA are as follows:

- 1. Negotiation of an instream flow agreement with the CWCB. The PSA contemplates that the River District and PSCo will negotiate with the CWCB for an agreement that authorizes the CWCB to use the Shoshone Water Rights for instream purposes when the rights are not being used for hydropower generation.
- 2. A change of water right decree. The PSA provides that the parties anticipate being co-applicants with the CWCB in the filing of an application for adjudication of a change of water right decree to allow the Shoshone Water Rights to be used by the CWCB for instream flow purposes in accordance with the terms of the instream flow agreement.
- 3. **Approval by the Colorado Public Utilities Commission**. The PSA contemplates that PSCo will petition the Colorado Public Utilities Commission (PUC) to approve the sale of the Shoshone Water Rights and the disposition of proceeds.
- 4. **Secured funding.** The PSA requires the River District to secure funding for the negotiated purchase price prior to the commencement of the PUC process.



III. FUNDING STRATEGY

Local Funding: The funding strategy relies on a diverse partnership of local, state, and federal funding sources. The broad-based West Slope Coalition proposes to contribute at least \$30 million, \$20 million of which has already been approved and committed by the River District's Board of Directors, made possible through increased property tax revenues approved by West Slope voters in 2020 following the passage of ballot question 7A.

State: On January 29, 2024, the Colorado Water Conservation Board (CWCB) voted unanimously to recommend a \$20 million investment in the Shoshone Water Rights Preservation effort. The funding commitment represents another key milestone in the campaign to permanently protect the historic, non-consumptive Shoshone water rights on the upper Colorado River for future generations, an outcome long sought by 20 Western Slope water entities and local governments.

Federal: In recognition of the critical importance of the Shoshone Flows to the continued success of the Upper Colorado River Endangered Fish Species Recovery Program and other benefits to federal interests, we have initiated discussions with the Bureau of Reclamation to contribute the remaining \$49 million of the acquisition costs through funding made available as part of the Inflation Reduction Act. The Inflation Reduction Act provides \$4 billion in drought mitigation funding to support actions that deliver:

- (i) Compensation for temporary or multiyear voluntary reductions in diversion of water or consumptive water use; and
- (ii) Voluntary system conservation projects that achieve verifiable reductions in use of or demand for water supplies or provide environmental benefits in the Lower Basin or Upper Basin of the Colorado River; and
- (iii) Ecosystem and habitat restoration projects that address issues directly caused by drought in a river basin or inland water body.

This funding must be committed by September 30, 2026. The Shoshone Water Rights acquisition is in strong alignment with funding category (iii) given the measurable benefits, particularly evident in drought years, to the Colorado River ecosystem and critical habitat, which is important to meeting recovery requirements to maintain ESA compliance.

Recognizing the importance of Shoshone permanency to current and future water security on Colorado's Western Slope, coalition partners are beginning to take action to formalize their own financial commitments to this project. While we have worked diligently to achieve this funding strategy and believe that this project is well-positioned to be competitive for federal funding, it is far from guaranteed to receive the full funding request. We are therefore looking to our coalition partners to fund a collective contribution of approximately \$10 - \$20 million. The Colorado River District respectfully requests that the Eagle River Water and Sanitation District and Upper Eagle Regional Water Authority consider opportunities to formalize a financial commitment to support the acquisition and permanent protection of the Shoshone Water Rights.

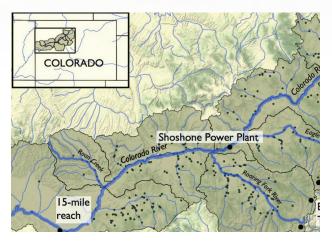
The \$98.5 million PSA to acquire the Shoshone water rights is no small price tag, but the one-time investment to protect Colorado River flows in perpetuity is a durable solution with priceless benefits

Shoshone Water Rights Preservation February 14, 2024 Page 5 of 5



for generations of water users to come. Under current water use demands in Colorado, the absence of the Shoshone call would mean that, in a dry-year such as 2012, 41,000 acre-feet of water would no longer flow through the critical 15-Mile Reach section of the Colorado River. Under increased future demands in a similar dry-year conditions like 2012, the protected amount increases to approximately 86,000 acre-feet. The Shoshone call impact is most realized in dry years but is also seen under wet-years and average-year hydrology contributing approximately 3,000 – 27,000 AF.





The Shoshone Water Right commands essential flows upstream and downstream of Glenwood Canyon on the Upper Colorado River. Credit: Antonia Hadjimichael/Cornell University.

SENIOR WEST SLOPE WATER RIGHTS

In Colorado, the right to divert and use water is governed by a legal priority system of water rights administered by the State of Colorado. Water is scarce in the arid West, more with climate change-induced aridification. The priority system is a means of rationing water when river flows subside after spring runoff. Shoshone holds the most senior, major water right on the mainstem Colorado River. This non-consumptive 1902 water right for 1,250 cubic feet per second makes the plant incredibly valuable to Western Colorado. This water right commands the flow of the Colorado River, making it essential for both upstream and downstream ecological and economic benefits in the face of ongoing drought.

THE SHOSHONE HYDRO PLANT IN COLORADO WATER HISTORY

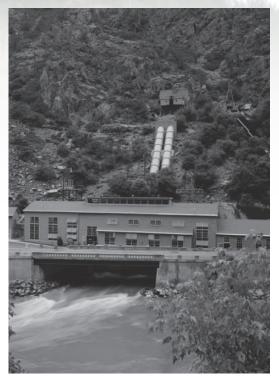
In 1902, 20 years after Glenwood Springs was first settled and about 14 years after the railroads reached the new town, the Colorado Power & Irrigation Company organized to furnish electrical power to various western Colorado towns. The selected position for a hydroelectric plant was at Shoshone Falls, eight miles east of Glenwood Springs in Glenwood Canyon.



Credit: Library of Congress.

When Central Colorado Power Company incorporated in 1906, construction of the plant began. A major engineering feat for its time, the Shoshone Hydropower Plant's construction employed up to 1,500 workers for two and a half years, and to this day operates from the run of the river rather than an upstream reservoir. Since its creation, the Shoshone Hydro Plant has been owned by the Colorado Power Company and the Public Service Company of Colorado, eventually absorbed by Xcel Energy.

www.KeepShoshoneFlowing.org



Credit: Library of Congress.

SHOSHONE HYDRO PLANT: HOW IT WORKS

The Shoshone Hydro Plant consists of four elements: a diversion dam, a 2.3-mile tunnel drilled through the north wall of Glenwood Canyon, a power plant with two turbines, and transmission lines.

The diversion dam is located at the Hanging Lake exit off Interstate 70. The dam directs water into a 2.3-mile tunnel drilled through the north wall of Glenwood Canyon. The tunnel is approximately 13 feet tall and 16-feet, 8-inches wide. The tunnel terminates at the hydro plant, 165 feet above the turbines. Water falls down two penstocks and the power created by the weight of the water falling turns two turbines, which in turn power two generators, producing up to 15 megawatts of electricity. The electricity benefits consumers across Western Colorado.

The water emerges from the plant unconsumed and ready to support the environment, recreation, and municipal uses. The famed Shoshone boat ramp is located right at the plant for this very reason, and remains a popular destination for recreational boaters.

A COMMAND OF THE RIVER TODAY & IN A HOTTER, DRIER FUTURE

The seniority of Shoshone's water right brings exceptional value for West Slope communities and water users. Without these flows, river levels would be lower, temperatures higher, and other interests upstream could take more water out of the natural river basin. Bolstered by Shoshone flows, the Colorado River supports a robust \$14.6 billion water-based recreational economy in Colorado



from Grand County westward for rafters, kayakers, and anglers – both commercial and private.

Shoshone flows are also essential for maintaining both upstream and downstream environments for native fish and wildlife, including Colorado's four listed threatened and endangered fish: the humback chub, the bonytail chub, the Colorado pikeminnow, and the razorback sucker - occupying critical habitat in the 15-Mile Reach near Grand Junction. Shoshone's senior water rights act as a bedrock for the success of the Upper Colorado Endangered Fish Recovery Program and continued, streamlined compliance with the Endangered Species Act (ESA). The consistent flow regime also helps sustain local agricultural producers and Colorado's \$11.9 billion agricultural economy through increased flows and higher water quality and provides water quality benefits for West Slope communities that rely on the Colorado River for drinking water.

www.KeepShoshoneFlowing.org

VailDaily

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Valley Voices: How the Shoshone Hydropower Plant helps the Eagle River and Gore Creek

Opinion FOLLOW OPINION | Jan 25, 2024

Dick Cleveland and George Gregory Valley Voices



George Gregory and Dick Cleveland *Courtesy photo*

In the Eagle River Valley, we have abundant recreation, beautiful vistas, and a thriving tourism economy — it's a great place to live and work. Providing reliable drinking water for the people who love living here as much as we do is work we're passionate about.

At Eagle River Water & Sanitation District and Upper Eagle Regional Water Authority, we know that the health of our rivers directly impacts the health of our communities. Our local streams are both the source of our drinking water and the water that sustains aquatic health and recreation. They are the very essence of our headwater community.

This is why we are proud to have been working for more than 20 years alongside the Colorado River District and other Western Slope governments to achieve permanency for the water rights tied to power production at the Shoshone Hydropower Plant in Glenwood Canyon.

These water rights are special. As the oldest (1902) and largest non-consumptive water right on the mainstem of the Colorado River, when Shoshone "calls," stretches of the Upper Colorado and the Eagle River carry essential water downstream to meet that historic

turbines, it is returned to the river in full. But aging (1919) infrastructure, wildfires, and mudslides have all threatened the ability of the historic plant to call for its water. This collaborative effort aims to protect the critical and historic flow regime on the Upper Colorado River system.

Many West Slope communities directly depend on the Colorado River system for municipal water sources. More water flowing in the rivers results in better, more affordable water treatment for public consumption. When flows are diminished, treatment becomes more complex and more expensive, and can affect drinking water quality.

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The historic purchase and sale agreement signed by the River District and Xcel Energy on Dec. 19, 2023, allows for the sale of the Shoshone water rights to the Colorado River District, which will then work with the state of Colorado to protect Shoshone's critical instream flows in perpetuity — meaning that the water will stay in the river regardless of the power plant's future operational status. Permanent protection of the Shoshone water rights ensures the communities in the Eagle River Valley and along the mainstem Colorado River will have safe, reliable drinking water for generations to come, even as we face the impacts of a hotter, drier climate.

We encourage anyone invested in Colorado's water future and a sustainable, thriving Western Slope to learn more about the Shoshone Water Right Preservation Campaign at <u>Keepshoshoneflowing.org</u>.

Dick Cleveland and George Gregory are the board chairs of <u>Eagle River Water & Sanitation District</u> and <u>Upper Eagle Regional Water Authority</u>. Eagle River Water & Sanitation District provides efficient, effective, and reliable water and wastewater utility services in a manner that respects the natural environment. ERWSD's water service area is Vail and Wolcott, while the sewer service area is Vail to Wolcott. ERWSD also operates and maintains, by contract, the Upper Eagle Regional Water Authority public water system, which provides water service to Arrowhead, Avon, Bachelor Gulch, Beaver Creek, Berry Creek, Cordillera, EagleVail, and Edwards.



OPINION: OPINION COLUMNS

Opinion: Shoshone water rights offer once-in-alifetime opportunity for Colorado's namesake river that we must secure

With agreement in place, the state's lead water agency can help to protect these key senior rights for future generations





Julie McCluskie and Russell George

t the narrowest point in Glenwood Canyon, where steep cliffs compress the Colorado River, the Union Pacific Railroad, and all four lanes of Interstate 70 into an area no more than 50 yards across, a small brown building houses the historic Shoshone Hydropower Plant. For more than a century, the turbines inside that building have spun Colorado River water into electricity for local communities. It may not look like much on the outside, but like so many places in our beautiful state, there is far more than meets the eye.

Today, the Shoshone Hydropower Plant still produces energy for Colorado's electric grid, but its true importance is on the river. The senior water rights tied to Shoshone's power production hold the key to a more secure water future not only for the Western Slope, but for the entire state of Colorado.

Shoshone's benefits are unique because its water rights are nonconsumptive, which means the water used for hydropower production — more than 1,400 cubic feet per second — returns entirely to the river after a short trip through its turbines.

Because of its nonconsumptive nature, communities large and small along the Colorado River benefit from the water security and water quality provided by Shoshone's flows. These water rights provide certainty for farmers, ranchers and recreational outfitters upstream and downstream of Glenwood Canyon. And all Colorado River water users — from Greeley and Colorado Springs to Grand Junction — benefit from the Shoshone's flows as a bedrock for the success of the Upper Colorado River Endangered Fish Recovery Program, which

provides Endangered Species Act compliance and protections for over 1,250 water projects on both sides of the Continental Divide.

In an increasingly arid West, where the Colorado River is stretched-thin, we believe that permanent protection of the Shoshone Water Rights presents a once-in-a-lifetime opportunity to preserve many of the values we hold dear as Coloradans — clean drinking water, productive agriculture, world-class recreation, a healthy environment and much more.

With these benefits in mind, an unlikely coalition of western Colorado governments and water users — including Summit, Grand, Eagle, Garfield and Mesa counties — have been working for decades with the Colorado River District to forge a path toward preservation of Shoshone's flows. Together with Denver Water, many of these entities recognized Shoshone's importance, and memorialized the need to protect it, in the **2013 Colorado River Cooperative Agreement**.

And now, for the first time, Colorado River water users and the state of Colorado have an opportunity to finalize this long-standing goal.

* MORE IN OPINION -

Opinion: Colorado lawmakers have a chance to help formerly incarcerated people with a step up when they get out 1:30 AM MST on Feb 6, 2024

Zornio: Colorado doesn't have a "migrant crisis," we have a political circus

3:02 AM MST on Feb 5, 2024

Opinion: Closer look at evictions in Denver shows the good, the bad and the promising

1:30 AM MST on Feb 5, 2024

Just a few weeks ago, Xcel Energy, the owner and operator of the Shoshone hydropower plant, and the Colorado River District <u>signed a purchase and sale agreement</u> setting out a clear path to transfer ownership of the historic Shoshone water rights to the river district for \$98.5 million. This historic agreement marks the start of a broad-based effort to partner with the state of Colorado to protect the Shoshone water rights.

We strongly support the agreement reached between Xcel Energy and the Colorado River District, and we applaud the tireless efforts of Xcel, the river district and everyone else

involved in getting to this historic point.

In order to succeed, this effort will need the support and partnership of the state of Colorado through the Colorado Water Conservation Board. Gov. Jared Polis recently praised the deal, and next week the conservation board will decide whether to match the river district's investment of \$20 million and move forward toward permanent protection of Shoshone's flows. This presents an opportunity for the people of Colorado to come together to achieve durable and permanent protections for the Colorado River.

The \$98.5 million agreement to acquire the Shoshone water rights is no small price tag, but the one-time investment to protect Colorado River flows in perpetuity will provide priceless benefits for generations of water users to come. The effort aligns with the Colorado Water Plan's focus on healthy watersheds and vibrant communities, and we believe it is a true value — especially in view of the permanent protection that the funding will help to ensure.

The state- and basin-wide importance of this effort cannot be overstated. If the power plant were to cease operation without permanent protection of the water right, the negative economic and environmental impacts to Western Colorado and to the state of Colorado would be immediate and profound.

Colorado has a once-in-a-lifetime opportunity to permanently protect the most influential water right on our state's namesake river. We cannot let this opportunity pass us by, because we all depend on a healthy Colorado River — whether we live on the Front Range or the West Slope. Our fortunes are tied. Our futures are linked. When the Colorado River thrives, we all thrive.

Julie McCluskie is the speaker of the Colorado House and has served as a Representative since 2018 and was re-elected in 2022 to represent House District 13. She is the first woman Speaker elected from the Western Slope.

Russ George is a fourth generation resident of the Rifle area. He represented northwestern Colorado counties in the Colorado House for four terms, serving as Speaker from 1999-2000.

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Letter: Shoshone water rights deal is a win-win

Opinion FOLLOW OPINION | Feb 1, 2024

Kudos to the Colorado River District for spearheading the purchase of the Shoshone water rights from Xcel Energy. Irrigators, whitewater recreationists, anglers and endangered fish downstream will all feel the positive effects of this deal for many years to come.

Because of its 1902 seniority, the Shoshone water right guarantees the historic reliability of flows in the Colorado River at the location where Xcel's plant sits in Glenwood Canyon. In times of smaller snowpacks and reduced streamflows, its importance will only become more magnified in the future.

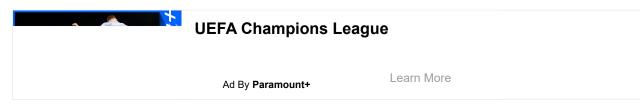
Although its water right is old, the future operation of the plant itself is not assured. For the last several years, its century-old infrastructure and tenuous location in Glenwood Canyon have left it frequently unable to produce electricity, its primary reason for existence. Adding instream flow to the water right ensures that the water *will* flow, whether the plant is operating or not.

I've been a river outfitter for almost 20 years, and have seen just how important a healthy, flowing river is to our local economy, whether that means ranchers diverting water or people spending time upon the river itself. And then there are the creatures, whether they be furred, finned, or feathered, who also need this precious resource just to exist. This is a win even for those who can't read a newspaper, open a headgate, or tie on a fly.

The next steps won't be easy, but the framework is in place, and with the historic funding opportunities currently available, along with support from around the state, we have a lot of reasons to be hopeful.

\$98 million is a lot of money, but when that amount is divided by the number of living things that will benefit from it, and amortized over the next hundred years, it will certainly be money well spent.

Jack Bombardier
Eagle County





Colorado Water Conservation Board Approves Funding for Continued Shoshone Preservation Efforts

January 29, 2024—The Colorado Water Conservation Board (CWCB) has voted to recommend \$20 million in funding to the Colorado River District as part of the annual Water Projects Bill contributing to a larger funding effort to secure Shoshone permanence and foster water security on the Colorado River.

"The CWCB Board considered this funding application very carefully. This is a significant step towards maintaining historic flows on the Colorado River," said Lauren Ris, CWCB Director. "As an agency, we will continue to do our due diligence in this process, with the hope that these efforts can benefit the environment and give West Slope water users more certainty."

The decision follows a special workshop held on January 25, and a final vote during CWCB's January Board Meeting. On <u>December 19</u>, 2023, the Colorado River Water Conservation District and Public Service Company signed an agreement that would allow the River District to purchase the water rights associated with the Shoshone power plant. The River District is also planning to seek funds from the Bureau of Reclamation and others.

In the coming months to years, CWCB will work with the River District to negotiate an instream flow agreement. If approved, the two entities would then seek a change in water right decree through Colorado Water Court. The CWCB's Instream Flow Program secures instream flow water rights to protect streamflow to preserve the natural environment of streams and lakes where fish and other species live. The integrity of this long-standing program depends on a thorough review, so it's critical CWCB staff follow public processes.

"We also greatly appreciate the hard work and dedication of CWCB staff in this effort and their positive recommendation of funding to the Board," said Andy Mueller, Colorado River District General Manager. "We consider the state an integral partner in protecting Shoshone's flows in perpetuity, and the \$20 million funding milestone brings this generational investment in Colorado water security one step closer to the finish line."

"If completed, Shoshone water right preservation would help maintain flows on the Colorado River, and support the system as a whole," said Dan Gibbs, Executive Director of the Colorado Department of Natural Resources. "Securing this water right and negotiating an instream flow use agreement could mean supporting healthy agriculture, providing clean drinking water, fostering healthy environments, and more. We look forward to working with the Colorado River District and Xcel Energy as this process enters the next phases of evaluation and approval."



FOR IMMEDIATE RELEASE

Tuesday, December 19, 2023

CONTACT:

Xcel Energy, Tyler Bryant - 813.951.4169 GBSM, Sam Stookesberry - 303.981.8332 CRD, Lindsay DeFrates - 970.456.8973

Historic Agreement Reached to Advance Colorado Water Security

Shoshone Water Right Preservation Campaign kicks-off with Purchase & Sale Agreement to permanently protect flows in the Upper Colorado River.

Glenwood Springs, CO — This afternoon, Xcel Energy and the Colorado River District signed a Purchase & Sale Agreement (PSA) to transfer ownership of the historic Shoshone water rights to the River District for \$98.5 million. The agreement marks a first step towards permanent protection of the most senior, non-consumptive water right on the Colorado River, a project with a 20-year history of support from 19 western Colorado governments and water entities.

"This announcement is a critical first step in preserving the water rights that flow through our Shoshone Hydro Plant turbines on the Colorado River," said Robert Kenney, president of Xcel Energy – Colorado. "This is an important agreement for the 1.6 million electric customers and communities we serve statewide by allowing us to continue generating clean electricity as part of our commitment to be good stewards of the Colorado River and all who rely on it."

Leadership from Xcel Energy and the River District celebrated this milestone alongside a broad base of Shoshone Water Right Preservation campaign partners at the Hotel Colorado. Remarks from county commissioners, local and state elected officials, as well as environmental and recreation-based interests followed the official signing of the agreement.

"On behalf of the Colorado River District and the headwaters communities in Eagle County, we thank Xcel Energy for being a committed partner to the West Slope, our economy, and our environment," said Colorado River District Board President and Eagle County Commissioner Kathy Chandler-Henry.

With the PSA signed, the Shoshone Water Right Preservation Coalition – a diverse and growing partnership of stakeholders – now begins a multi-year effort to secure funding for the purchase and to add an 'instream flow' benefit to the historic Shoshone water rights in water court. With its command of 1,408 cfs (or up to 1.02-million-acre feet of water per year) on the Colorado mainstem and benefits both upstream and downstream of Glenwood Canyon, Coalition members see Shoshone permanency as a generational investment in water security for Colorado's environment, economy, and communities across the state.

"We now look forward to working alongside the State of Colorado, the Bureau of Reclamation, the U.S. Fish & Wildlife Service, and Colorado water users, all of whom will be integral partners in this effort's success," Commissioner Chandler-Henry added.

Central to the statewide benefit of the Shoshone water right is the vital role it plays in Endangered Species Act (ESA) compliance. Over 1,250 Colorado water projects on both sides of the divide rely on the Upper Colorado River Endangered Fish Recovery Program to maintain ESA compliance and continued operation. In dry years, Shoshone calls between 41,000 and 86,000-acre-feet (AF) of water downstream from the Shoshone Hydropower Plant, bolstering needed coldwater flows in the Grand Valley's 15-Mile Reach – critical habitat for Colorado's four native fish listed under the Endangered Species Act.

The consistent flow regime also helps sustain local agricultural producers and Colorado's \$11.9 billion agricultural economy through increased flows and higher water quality. It also provides water quality benefits for West Slope communities that rely on the Colorado River for drinking water, and drives the state's \$14.6 billion water-based recreation economy along the Colorado River.

"Protection of Shoshone's flows presents a unique opportunity to protect the long-term viability of the Colorado River and the communities across the state that depend on it, many of which I represent," said state Senator Dylan Roberts (SD-8). "There is still a lot of work to be done, but today is incredibly exciting. Taking action on behalf of current and future water users is absolutely worth it and should be a top priority."

"Agriculture, recreation, and the environment all benefit from Shoshone's flows. But it's important to remember that the drinking water supplies for many of the communities in my district come directly from the Colorado River," said State Representative Elizabeth Velasco (HD-57). "Towns like New Castle, Silt, Rifle, and others all benefit from the flows that Shoshone provides. Higher, consistent stream flows provide clean drinking water for thousands of people in my district and reduce the cost of water treatment for rural communities."

"Colorado has an opportunity with Shoshone permanency to take durable, decisive action on water security for the sake of our productive agriculture and our hard-working farmers and ranchers here in the Grand Valley," stated Mesa County Commissioner Bobbie Daniel.

After today's official kickoff, the Shoshone Water Right Preservation Campaign moves forward with in-depth public engagement planned across Colorado. Both West Slope and Front Range residents are encouraged to stay tuned in the coming year as local events are announced. Learn more at www.KeepShoshoneFlowing.org.