

**Defenders of Wildlife \* Environmental Defense \* National Wildlife Federation  
The Nature Conservancy \* Pacific Institute \* Sierra Club \* Sonoran Institute**

July 7, 2006

The Honorable Dirk Kempthorne  
Secretary, U.S. Department of the Interior  
1849 C Street, NW  
Washington, DC 20240

*via email: strategies@lc.usbr.gov*

Dear Secretary Kempthorne:

With this letter, we submit our proposal “Conservation Before Shortage II” for your consideration in the “Development of Lower Basin Shortage Guidelines and Coordinated Management Strategies for Lake Powell and Lake Mead, Particularly Under Low Reservoir Conditions.”

A year ago, we submitted our original proposal “Conservation Before Shortage” in anticipation of Reclamation’s work to develop new shortage rules for the Colorado River. Since then, the Colorado River Basin States significantly changed the scope of Reclamation’s deliberations with the submission of their own proposal. The new flexibility they propose with Intentionally Created Surplus (ICS), administered appropriately, could provide a framework for improving environmental conditions on the Colorado. We have therefore combined the ICS concept with a slightly modified version of our original proposal.

The original Conservation Before Shortage was a proposal to manage shortages in the Colorado River by asking water users to voluntarily engage in predictable, small-scale reductions in use – and receive compensation for those reductions – rather than face large-scale, involuntary, and uncompensated disruptions in water deliveries that could cut into municipal and agricultural water supplies and create unmitigated economic impacts. Conservation Before Shortage II combines such voluntary, market-based water conservation to protect against shortages on the Lower Colorado River with a voluntary, market-based mechanism to protect or enhance flow dependent environmental values.

With this letter, we submit a description of Conservation Before Shortage II (including relevant background, a description of the proposal itself, a rationale for the proposal, and the identification of several additional issues), as well as the original Conservation Before Shortage proposal, and an additional proposal to expand the ICS program to include Mexico.

We appreciate the effort Reclamation staff have made to help us understand the hydrologic impacts of our proposals through the use of their expertise in river operations modeling. We hope to continue this dialogue about management of Colorado River shortages with Interior and Reclamation, as well as the Colorado River Basin States, the International Boundary and Water Commission and representatives of the Republic of Mexico.

Thank you for your consideration, and please do not hesitate to contact any one of us if you have questions.

Sincerely,

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