



United States Department of the Interior

BUREAU OF RECLAMATION
Upper Colorado Region
Western Colorado Area Office
445 West Gunnison Avenue, Suite 221
Grand Junction, CO 81501

IN REPLY REFER TO:

WCG-SHutchins
WTR-4.00

JAN 13 2017

Colorado Water Conservation Board
Attn: Mr. Jonathan Hernandez, P.E.
1313 Sherman St., Rm. 718
Denver, CO 80203

Subject: Lease of Power Privilege with the Orchard Mesa Irrigation District and The Grand Valley Water Users Association, Grand Valley Project, Colorado

Dear Mr. Hernandez:

Reclamation law and policy requires leases of power privilege to have terms no longer than 40 years. The current lease of power privilege with the Orchard Mesa Irrigation District and the Grand Valley Water Users Association will expire on January 1, 2031, because it was originally executed on December 12, 1990, with the Public Service Company of Colorado (or Xcel Energy). The term remained the same when the contract was assigned to the Orchard Mesa Irrigation District and the Grand Valley Water Users Association.

The Orchard Mesa Irrigation District and the Grand Valley Water Users Association will have the option, subject to Reclamation law and policy, to negotiate and execute a new lease for an additional 40 years after January 1, 2031. Reclamation policy gives transferred works operating entities a preferred status in the process of executing leases of power privilege. The Orchard Mesa Irrigation District and the Grand Valley Water Users Association are the operating entities on the Grand Valley Project.

Reclamation strongly supports the Orchard Mesa Irrigation District's and the Grand Valley Water Users Association's efforts to rehabilitate the Grand Valley Power Plant. A variety of

funding sources, including a loan from the Colorado Water Conservation Board, are critical to the successful completion of this project.

If you have any questions about Reclamation's policies or the lease of power privilege, please contact Scott Hutchins at 970-248-0616.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ed Warner', with a stylized, cursive script.

Ed Warner
Area Manager