From: Swanda, Marvin R
To: Wergin, Jack B; Kube, Michael D; Scott, Craig D; Gjerde, James (Kip) H; Esplin, Brent
Subject: RE: FSS - System Operation Study - WaterSMART SOR
Date: Thursday, March 11, 2010 7:15:34 AM

Jack

To my knowledge there has not been an operations study done. Honestly when we look at the struggle we have had with the Conservation study, Lower RR study, Fr. Valley study, and the current situation with things going on with the compact I am not sure where you go with this. I would be surprised if any of the states would touch this right now considering all that is going on with the compact issues. I am not sure how we would have staff, time etc. Sorry for the negative view but I couldn't come up with anything positive.

Marv

From: Wergin, Jack B
Sent: Wednesday, March 10, 2010 9:42 AM
To: Kube, Michael D; Swanda, Marvin R; Scott, Craig D; Gjerde, James (Kip) H; Esplin, Brent
Subject: FSS - System Operation Study - WaterSMART SOR

This might be on a tangent to the Lower Republican discussions, but it exploring all options, I presented the option of investigating the possibility of utilizing the WaterSMART Challenge Grant's System Optimization Review (SOR) as a way to accomplish some of the study tasks in the Lower Republican.

In reviewing the Settlement language, there is specific mention to a "systems operation study" which will be used to revisit the 5-year running average.

To my knowledge, I have not heard anything from anyone who knows if this study has been done or who is supposed to initiate the study. Maybe it has been done and I just don't know about it.

Seems to me the SOR program would be an excellent opportunity to get some funding for this system operations study - the states would still have to put up the 50% non-fed requirement, but Reclamation could use the funding for WaterSMART program. It seems like a good fit for the SOR Program

Again, this would be over the entire Republican Basin, not just the Lower.

The last info I received was the challenge grant announcement will be out in a couple weeks.

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FINAL SETTLEMENT STIPULATION
December 15, 2002

The States of Kansas, Nebraska and Colorado, hereby enter into this Final Settlement Stipulation as of December 15, 2002:

IV. Compact Accounting

E. The States agree to pursue in good faith, and in collaboration with the United States, system improvements in the Basin,
including measures to improve the ability to utilize the water supply below Hardy, Nebraska on the main stem. The States
also agree to undertake in collaboration with the United States a system operations study and after completion of the study the
States will revisit the five-year running average set forth in Subsection IV.D.

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EXHIBIT
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