

Exhibit 1: Provisional Accounting Protocol and Process

I. Background

The Parties seek to quantify and account for the amount of reduction in use or demand of water supplies, or the amount of water in the Upper Colorado River Basin that otherwise results from Qualifying Activities to be identified in accordance with Sections 3 and 4 of the MOU that flows to and is stored in an Upper Colorado River Basin reservoir. This process allows the Parties to gain a better understanding of different accounting methods and work towards a unified set of methods across the Upper Division States. As such, methods to be used under this exhibit are exploratory in nature. The Parties acknowledge that some of the efforts planned under the Bipartisan Infrastructure Law may also inform or advance the existing methods.

Qualifying Activities will likely have unique characteristics that inform accounting. Therefore, the following protocol and process will guide the Parties in the preparation of Provisional Accounting for the potential conversion of Credit pursuant to Section 7 of the MOU.

II. Accounting Protocol and Process

1. State-specific factors for consideration in the calculation of Provisional Accounting – creation and storage component:
 - a. Calculation of Provisional Accounting for the potential conversion of Credit pursuant to Section 7 of the MOU:
 - i. For Conservation Projects:
 1. Estimate of conserved consumptive use:
 - a. For irrigated agricultural projects the States will primarily use eeMETRIC version 2.3 released by Reclamation;
 - b. Processes used in the 2023 and 2024 System Conservation Pilot Program; and/or
 - c. Other methods.
 - ii. For Demonstration Projects:
 1. State-derived estimate of volume of water to consider for Provisional Accounting, including State-derived estimate of conserved consumptive use if applicable; and/or
 2. Other methods.
 - b. Calculation of losses between the location of a Qualifying Activity (“Point A”) and an Upper Colorado River Basin reservoir (“Point “B”):
 - i. State-derived estimate of losses, which may include consideration of the following:
 1. Proximity of a Qualifying Activity to an Upper Colorado River Basin reservoir;
 2. Intervening points of diversion;

3. Conveyance losses;
 4. Timing of activity; and
 5. Other considerations as appropriate.
- c. Calculation of evaporation losses or the impact of spills at the identified Upper Colorado River Basin reservoir:
- i. State-derived estimate of evaporation or the impact of spills at Upper Colorado River Basin reservoirs consistent with Reclamation's methods or justification for using other data/methods.