



Agenda Number 6.

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MEETING DATE: March 6, 2014

AGENDA ITEM: Consideration of Action to Approve Procedure for Distributing Excess CAP Water for the Period of 2015 through 2019

RECOMMENDATION:

Staff recommends that the Board approve the staff proposal for distributing excess water in 2015 through 2019.

FINANCIAL IMPLICATIONS: None

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

CAWCD Board 2010 Strategic Plan

- Project Reliability: Effectively Operate and Maintain CAP Assets
- Water Supply: Reliability of the CAP Water Supply

PREVIOUS BOARD ACTION/ACTIVITY:

- June 4, 2009 – Board approved a Procedure to Distribute Excess Water in 2010 through 2014
- November 3, 2011 – Board approved an exception to CAWCD Procedure to Distribute Excess Water for small use water orders in 2012
- September 6, 2012 – Board approved an extension to the exception to the CAP procedure for distributing Excess Water to fill small user water orders for 2013 and 2014
- February 6, 2014 – Draft procedure for distributing excess water in 2015-2019 presented to Board

ISSUE SUMMARY/DESCRIPTION:

In 2009, the Board approved a procedure for allocating excess water through 2014. That procedure created four separate pools, based on the purpose of the use: (1) 175,000 AF for underground storage to fulfill a statutory obligation (AWBA, CAGRD replenishment reserve and the United States for Indian firming); (2) up to 35,000 AF to meet CAGRD replenishment obligations; (3) an unquantified volume for municipal uses; and (4) an unquantified volume for industrial and other uses. Any water not used by the first two pools was to be split evenly between the municipal and industrial pools.

Approved by the Board on March 6, 2014

Since 2009, use of CAP water by long-term entitlement holders has increased significantly, reducing the amount of excess water available for allocation each year. As a result, no water has been available for distribution to the municipal or industrial pools since 2010. That trend is expected to continue over the next several years. The current projections for available excess water over the next five years, after satisfaction of CAP's contractual commitment to the Agricultural Settlement Pool, are:

2015	93,000 AF
2016	75,000 AF
2017	157,000 AF
2018	139,000 AF
2019	121,000 AF

(The increase from 2016 to 2017 is a result of the corresponding decline in the Agricultural Settlement Pool from 400,000 AF to 300,000 AF.)

As the numbers show, we do not anticipate having enough excess water over the next five years even to fill the underground storage and CAGR D pools at the levels specified in 2009.

Staff Proposal

The staff recommends that, after satisfaction of the Agricultural Settlement Pool, excess water be made available annually as follows:

1. Up to 35,000 AF to meet CAGR D annual replenishment obligations
2. All remaining excess water to the Statutory Firming Pool

This proposal is very similar to the current procedure, but recognizes that there is insufficient excess water to warrant continuation of the municipal and industrial pools.

For CAGR D replenishment obligations, the excess water pool will be a secondary alternative—that is, CAGR D will first use resources in its water supply portfolio (other than long-term storage credits) to meet annual replenishment obligations; if those resources are insufficient, then CAGR D may access the excess water pool, up to the 35,000 AF limit.

The Statutory Firming Pool will be apportioned among the AWBA, CAGR D (for replenishment reserve use) and Reclamation (for Indian firming) based on an annual coordination meeting among the three organizations. State law provides that the CAGR D replenishment reserve shall have access to excess CAP water equivalent to that of the AWBA for firming CAP M&I subcontracts. ARS 48-3772(E)(8).

SUGGESTED MOTION:

I move that the Board approve the staff proposal for distributing excess water in 2015 through 2019 as described in the Board brief.