



September 4, 2014

Kelly Norton, President  
Arizona Mining Association  
916 W. Adams, Suite 2  
Phoenix, AZ 85007

Subject: August 5, 2014 Comments on CAP Staff Proposal for Wheeling Non-Project Water

Dear Ms. Norton,

Thank you for your letter sharing the AMA's views on the CAP Staff Proposal for Wheeling Non-Project Water, and for the active participation of your members in our stakeholder process. These comments are extremely helpful in understanding the perspective of the mines, and the unique water resource challenges your industry faces.

I also wish to assure you that the staff views expressed about "square-to-rectangle" and "speculation" reflected concerns about the potential impact of the timing and use of additional CAP system capacity, and were not meant to imply that mining uses themselves were speculative. Indeed, it is our desire to develop a framework for wheeling that will facilitate the broadest range of potential uses, which certainly includes mining.

As a particular point of clarification, the fifth slide in the presentation from the June 17, 2014 stakeholder meeting<sup>1</sup> appears to have generated an unintended degree of controversy. The purpose of the "geometric shapes" slide was to elaborate on a point made in the previous slide ("Lack of clarity on different scenarios added to confusion"). This was an attempt to illustrate concepts that arose during the previous stakeholder meetings, and to explain the potential implications they would have in terms of capacity utilization. As expressed at the June meeting, there are some lingering staff concerns about how heavy up-front use could affect the proposed incremental capacity improvement approach. Importantly, however, the current Staff Proposal sets those concerns aside and reemphasizes the role of the state and federal regulatory agencies to make determinations about end use. Simply put, if the relevant regulatory agencies authorize a transfer, the staff proposal supports the ability to obtain a wheeling agreement for the transfer volume.

Wheeling is a complex and important undertaking, and there are a number of additional challenges that will need to be addressed before wheeling is a reality. CAP staff know that the AMA shares a desire to

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<sup>1</sup> [http://www.cap-az.com/documents/wheeling/Wheeling\\_Stakeholder\\_Meeting\\_No4\\_6\\_17\\_14\\_for\\_Print.pdf](http://www.cap-az.com/documents/wheeling/Wheeling_Stakeholder_Meeting_No4_6_17_14_for_Print.pdf)

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Page Two

reach a successful outcome, so we are grateful for the ongoing interest and involvement of your organization and members.

Sincerely,

Thomas W. McCann

Assistant General Manager

Operations, Planning, & Engineering

Cc: CAWCD Board of Directors  
David Modeer  
Leslie Meyers, US Bureau of Reclamation  
Michael Lacey, Arizona Department of Water Resources