

ARIZONA WATER BANKING AUTHORITY
 Wednesday, December 15, 1999

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Arizona Water Banking Authority

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FINAL AGENDA

Wednesday, December 15, 1999

10:00 a.m.

Arizona Department of Water Resources

Third floor conference room

- I. Welcome/Opening Remarks
- II. Approval of Minutes of October 20 Meeting
- III. Water Banking Staff Activities
 - Deliveries
 - Recovery Plan Activities
- IV. Approval of 2000 Plan of Operation
 - Overview of Public Meetings
 - Comments
- V. Update on Bureau of Reclamation Proposed Rule Governing Offstream Storage of Colorado River Water
 - Comparison of Draft and Final Rule
 - Timeline for ADWR Director's Ruling
- VI. Interstate Issues
- VII. Call to the Public

Future Meeting Dates:

Wednesday, March 15, 2000

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Arizona Water Banking Authority at (602) 417-2418. Requests should be made as early as possible to allow time to arrange the accommodation.

ARIZONA WATER BANKING AUTHORITY
Draft Minutes
October 20, 1999

Arizona Department of Water Resources



AUTHORITY MEMBERS

Rita P. Pearson, Chairman
Tom Griffin, Vice-Chairman
Bill Chase, Secretary
George Renner
Richard S. Walden

EX OFFICIO MEMBERS

Representative Gail Griffin
Senator Ken Bennett

Welcome/Opening Remarks

All members of the Authority were present except for Dick Walden and Rep. Gail Griffin.

Minutes

The June 16 minutes were approved as submitted.

Water Banking Staff Activities

Rita Pearson informed attendees that Kim Kunasek, Technical Administrator for the AWBA, has resigned her position. Ms. Pearson also introduced the newest AWBA staff member, Gerry Wildeman, who has been job sharing the technical administrator position with Ms. Kunasek.

Tim Henley, Manager of the AWBA, reviewed the 1999 water deliveries. The 1999 Amended Plan of Operations forecast deliveries of 373,325 acre feet of water to recharge facilities. It appears that actual deliveries will be less than that due to decreased recharge opportunities at the Groundwater Storage Facilities in Pinal County and GRUSP in Maricopa County.

Mr. Henley also noted that due to the decreased frequency of Authority meetings, AWBA staff would be preparing a 1-2 page newsletter on a monthly basis to provide updates and information to the Authority and interested parties. The first newsletter will be prepared sometime in November.

The amendments to HB 2463 have been codified and copies are available.

Mr. Henley also discussed the CAP recharge facilities. Recharge is continuing throughout 1999 at the Pima Mine Road facility as they have received an extension of their pilot permit. The original pilot permit was issued for 10,000 acre feet over two years and the extension was for an additional 10,000 acre feet over two more years; total recharge at the facility is 20,000 acre feet over four years (1997-2001). Construction is on going at the Lower Santa Cruz facility and recharge is anticipated to begin mid-2000. The Agua Fria facility continues to have delays and the CAWCD is looking for some limited condemnation power to assist them in resolving the land ownership problem; this would require legislative change.

Update of Water Bank Participation in Indian Settlements

Mr. Marv Cohen discussed the status of the Gila River Indian Community negotiations within the Pinal Action Management Area. There will be no action by the AWBA in 2000 with regard to recharge activities associated with this settlement.

Recovery Update

Mr. Henley informed the authority that WestLand Resources, the consultant hired by the AWBA, is continuing to revise the infrastructure database on the basis of information received from pertinent entities. Ms. Wildeman has been given responsibility for recovery issues and should be scheduling a meeting sometime in November.

Annual Plan of Operation

The public meetings associated with the plan will be as follows:

Tucson AMA – Friday, November 19, 1999 at 9:00 a.m.

Phoenix AMA – Wednesday, November 3, 1999 at 9:30 a.m.

Pinal AMA – Thursday, November 18, 1999 at 2:00 p.m.

Mr. Larry Dozier, general manager of CAWCD, presented the current draft proposal for establishing pools of excess CAP water.

Update on Bureau of Reclamation Proposed Rule Governing Offstream Storage of Colorado River Water

Ms. Pearson explained that the rules are still pending.

Interstate Issues

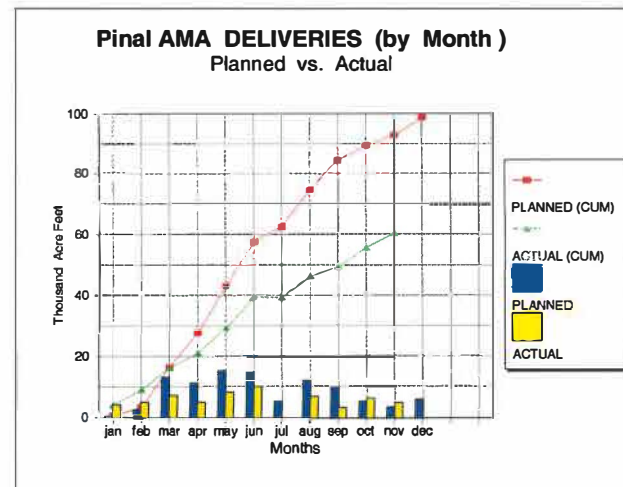
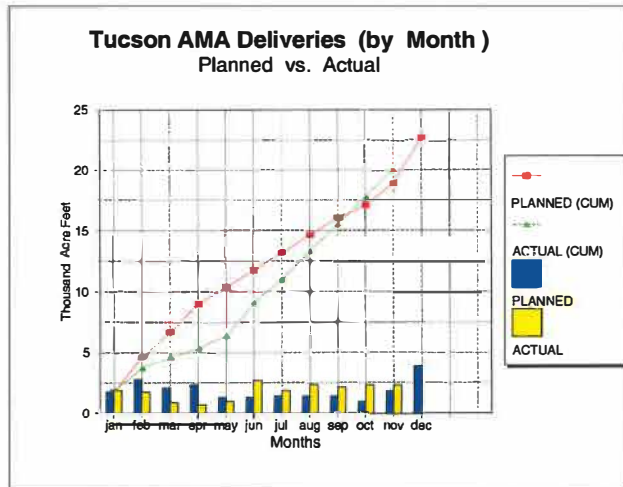
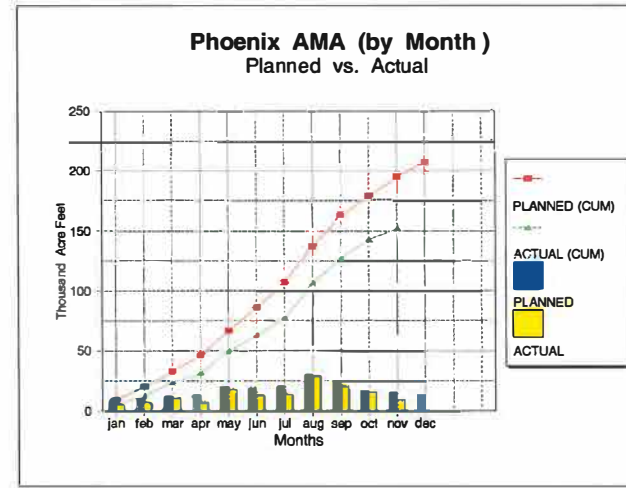
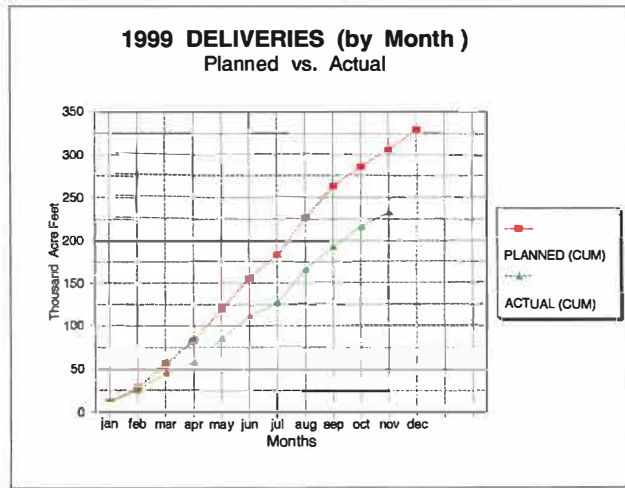
Ms. Pearson briefly discussed the California settlement. Pertinent newspaper articles and press releases were included in the packet handed out at the meeting.

Call to the Public

The next meeting is Wednesday, December 15, 1999 at 10:00 a.m.

The meeting was adjourned at 11:15 a.m.

1999 Plan of Operation



Actual deliveries updated 10-Dec-99
 Modified Plan of Operator April 1999

	jan	feb	mar	apr	may	jun	jul	aug	sep	oct	nov	dec	total
Phoenix AMA													
GRUSP	3,822	4,706	5,125	3,496	4,449	4,689	5,755	7,001	6,205	6,570	2,829	7,500	62,147
	<i>7,500</i>	<i>7,500</i>	<i>7,500</i>	<i>7,500</i>	<i>7,500</i>	<i>7,500</i>	<i>7,500</i>	<i>7,500</i>	<i>7,500</i>	<i>7,500</i>	<i>7,500</i>	<i>7,500</i>	<i>90,000</i>
NMIDD	2,034	2,778	3,894	1,097	4,766	164	1,892	12,059	8,129	4,338	3,177	2,000	46,328
	<i>2,000</i>	<i>2,000</i>	<i>3,200</i>	<i>2,500</i>	<i>3,000</i>	<i>3,500</i>	<i>3,700</i>	<i>9,700</i>	<i>9,600</i>	<i>3,500</i>	<i>2,500</i>	<i>2,000</i>	<i>47,200</i>
QCID	0	0	0	0	0	0	1,145	5,193	2,118	1,380	1,202	2,460	13,498
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,946</i>	<i>7,270</i>	<i>3,720</i>	<i>1,600</i>	<i>1,050</i>	<i>2,460</i>	<i>20,046</i>
MWD	0	0	1,766	2,944	2,944	2,993	2,961	2,976	1,789	1,627	0	0	20,000
	<i>0</i>	<i>588</i>	<i>1,765</i>	<i>2,941</i>	<i>2,941</i>	<i>2,941</i>	<i>2,941</i>	<i>2,941</i>	<i>1,765</i>	<i>1,765</i>	<i>0</i>	<i>0</i>	<i>20,588</i>
TID	0	0	0	0	0	0	0	0	0	0	0	1,000	1,000
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,000</i>	<i>1,000</i>	<i>3,000</i>
SRP					6,281	5,327	2,292	2,234	2,299	1,788	1,863	0	22,084
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,500</i>	<i>10,000</i>	<i>15,000</i>	<i>10,000</i>	<i>10,000</i>	<i>10,000</i>	<i>5,000</i>	<i>5,000</i>	<i>66,500</i>
VIDLER MBT	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>410</i>	<i>410</i>	<i>410</i>	<i>410</i>	<i>410</i>	<i>410</i>	<i>410</i>	<i>410</i>	<i>410</i>	<i>410</i>	<i>410</i>	<i>410</i>	<i>4,920</i>
Subtotal	5,856	7,484	10,785	7,537	18,440	13,173	14,045	29,463	20,540	15,703	9,071	12,960	165,057
Total to date	5,856	13,340	24,125	31,662	50,102	63,275	77,320	106,783	127,323	143,026	152,097	165,057	165,057
Projected total to date	<i>9,910</i>	<i>20,408</i>	<i>33,283</i>	<i>46,634</i>	<i>61,985</i>	<i>86,336</i>	<i>119,833</i>	<i>157,654</i>	<i>190,649</i>	<i>215,424</i>	<i>233,884</i>	<i>252,254</i>	<i>252,254</i>
Pinal AMA													
CAIDD	0	0	0	0	0	0	0	0	0	1,673	2,194	1,133	5,000
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>4,325</i>	<i>3,428</i>	<i>3,080</i>	<i>2,233</i>	<i>1,934</i>	<i>15,000</i>
MSIDD	1,906	1,475	372	0	4,126	5,794	0	0	0	2,228	2,091	2,730	20,722
	<i>730</i>	<i>2,600</i>	<i>8,530</i>	<i>5,300</i>	<i>7,800</i>	<i>9,770</i>	<i>5,100</i>	<i>1,140</i>	<i>3,430</i>	<i>520</i>	<i>1,040</i>	<i>2,730</i>	<i>48,690</i>
HIDD	2,274	3,429	6,793	4,890	4,080	4,278	0	6,780	3,294	2,176	431	1,200	39,625
	<i>0</i>	<i>0</i>	<i>4,581</i>	<i>6,000</i>	<i>7,500</i>	<i>4,800</i>	<i>0</i>	<i>6,600</i>	<i>2,800</i>	<i>1,500</i>	<i>100</i>	<i>1,200</i>	<i>35,081</i>
Subtotal	4,180	4,904	7,165	4,890	8,206	10,072	0	6,780	3,294	6,077	4,716	5,063	65,347
Total to date	4,180	9,084	16,249	21,139	29,345	39,417	39,417	46,197	49,491	55,568	60,284	65,347	65,347
Projected total to date	<i>730</i>	<i>3,330</i>	<i>16,441</i>	<i>27,741</i>	<i>43,041</i>	<i>57,611</i>	<i>62,711</i>	<i>74,776</i>	<i>84,434</i>	<i>89,534</i>	<i>92,907</i>	<i>98,771</i>	<i>98,771</i>
Tucson AMA													
Avra Valley	0	0	0	0	407	712	408	460	276	540	527	400	3,730
	<i>0</i>	<i>0</i>	<i>0</i>	<i>750</i>	<i>750</i>	<i>750</i>	<i>750</i>	<i>750</i>	<i>750</i>	<i>400</i>	<i>750</i>	<i>750</i>	<i>6,400</i>
CAVSARP	678	633	811	727	620	785	650	585	657	515	500	600	7,761
	<i>600</i>	<i>600</i>	<i>600</i>	<i>600</i>	<i>600</i>	<i>600</i>	<i>700</i>	<i>700</i>	<i>700</i>	<i>600</i>	<i>600</i>	<i>600</i>	<i>7,500</i>
Pima Mine	1,248	1,145	129	8	0	1,198	849	1,297	1,241	1,277	1,287	1,300	10,979
	<i>1,200</i>	<i>1,200</i>	<i>500</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>500</i>	<i>3,400</i>
Lower Santa Cruz	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>500</i>	<i>2,000</i>	<i>2,500</i>
Kai/Avra	0	0	0	0	0	0	0	0	0	0	0	0	0
	<i>0</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3,000</i>
Subtotal	1,926	1,778	940	735	1,027	2,695	1,907	2,342	2,174	2,332	2,314	2,300	22,470
Total to date	1,926	3,704	4,644	5,379	6,406	9,101	11,008	13,350	15,524	17,856	20,170	22,470	22,470
Projected total to date	<i>1,800</i>	<i>4,600</i>	<i>6,700</i>	<i>9,050</i>	<i>10,400</i>	<i>11,750</i>	<i>13,200</i>	<i>14,650</i>	<i>16,100</i>	<i>17,100</i>	<i>18,950</i>	<i>22,800</i>	<i>22,800</i>
TOTAL	11,962	14,166	18,890	13,162	27,673	25,940	15,952	38,585	26,008	24,112	16,101	20,323	252,874
Total to date	11,962	26,128	45,018	58,180	85,853	111,793	127,745	166,330	192,338	216,450	232,551	252,874	252,874
Projected total to date	<i>12,440</i>	<i>28,338</i>	<i>56,424</i>	<i>83,425</i>	<i>115,426</i>	<i>155,697</i>	<i>195,744</i>	<i>247,080</i>	<i>291,183</i>	<i>322,058</i>	<i>345,741</i>	<i>373,825</i>	<i>373,825</i>

**ARIZONA WATER BANKING AUTHORITY
ANNUAL PLAN OF OPERATION**

2000



Rita P. Pearson, Chairman

December 1999

DRAFT

INTRODUCTION

The Arizona Water Banking Authority (AWBA) was created to store Arizona's unused Colorado River water entitlement in western, central and southern Arizona to develop long-term storage credits to: (1) firm existing water supplies for municipal and industrial users during Colorado River shortages or Central Arizona Project (CAP) service interruptions; (2) help meet the water management objectives of the Arizona Groundwater Code; and (3) assist in the settlement of American Indian water rights claims.

In addition to these functions, which were set forth in the AWBA's enabling legislation, the AWBA can now undertake some additional water banking activities. The Arizona Water Banking Authority Study Commission, created in 1996 to consider and recommend possible additional roles for the AWBA in carrying out Arizona's water policy, proposed a series of water banking amendments during the 1999 legislative session, all of which were approved by the Arizona Legislature and signed into law in April 1999 by Governor Hull. These statutory amendments include provisions to allow the AWBA to perform water banking services for specific entities in Arizona and create a mechanism for distribution of long-term storage credits earned on behalf of specific Arizona entities; to permit the AWBA to store effluent for the same purposes allowed for CAP water but only when all available excess CAP water has been stored or when excess CAP water is not available to the AWBA; to protect non-CAP surface water supplies; and to create a mechanism for long-term storage credit lending.

The AWBA is required by statute to approve an annual Plan of Operation by January 1 of each year. Prior to approval of the final plan, the AWBA is required to solicit public comment by presenting the plan to the groundwater users advisory councils for the Phoenix, Pinal and Tucson active management areas (AMA) and to the county board of supervisors for counties outside of the AMA's if water storage is proposed there within the current plan. Presentation of the Plan of Operation must be made at publicly noticed open meetings at which members of the public are permitted to provide comment.

The Plan of Operation is intended to govern the operations of the AWBA over the course of the entire calendar year. During the course of the year, changing circumstances may present limitations or provide new opportunities not contemplated in the adopted Plan, which could affect the overall delivery projections. In such circumstances, the AWBA may choose to modify its adopted Plan. If such modifications are required, the proposed modifications will be discussed and, if acceptable, approved at a public meeting of the AWBA.

The AWBA recognizes that day-to-day adjustments in the normal operations of the CAP or the individual storage facilities caused by maintenance and fluctuations in the weather may affect the actual monthly deliveries made on behalf of the AWBA. If the adjustments do not impact the overall annual delivery projections contained in the Plan, they will not be deemed modifications to the Plan and will be addressed by staff and reported to the AWBA members on an as-needed basis.

1999 PLAN OF OPERATION

In 1999, the AWBA's second full year of operation, the AWBA recharged approximately 250,000 acre feet of Colorado River water, bringing Arizona's total use of Colorado River water close to its normal year entitlement of 2.8 million acre feet (see Figure 1).

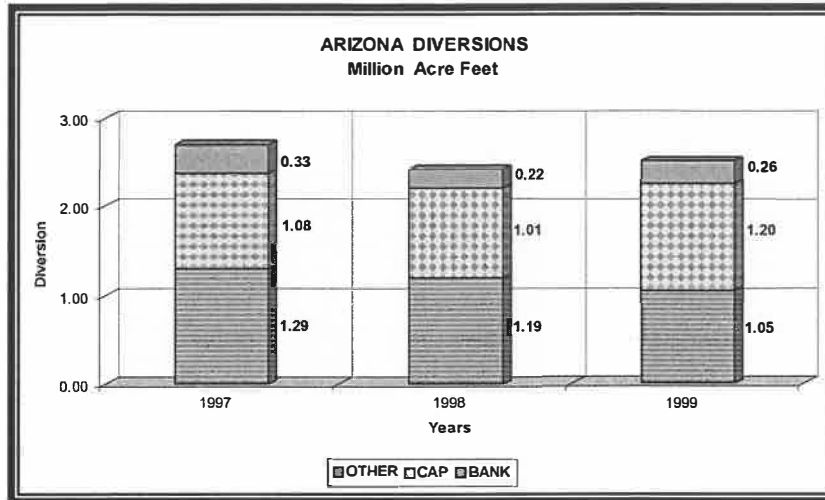


Figure 1

Because the Secretary of the Interior declared that the Colorado River was in surplus in 1999, the increased use by Arizona did not impact the other Lower Basin states' uses. Total estimated use of Colorado River water in the Lower Basin will be approximately 7.8 million acre feet in 1999 (see Figure 2).

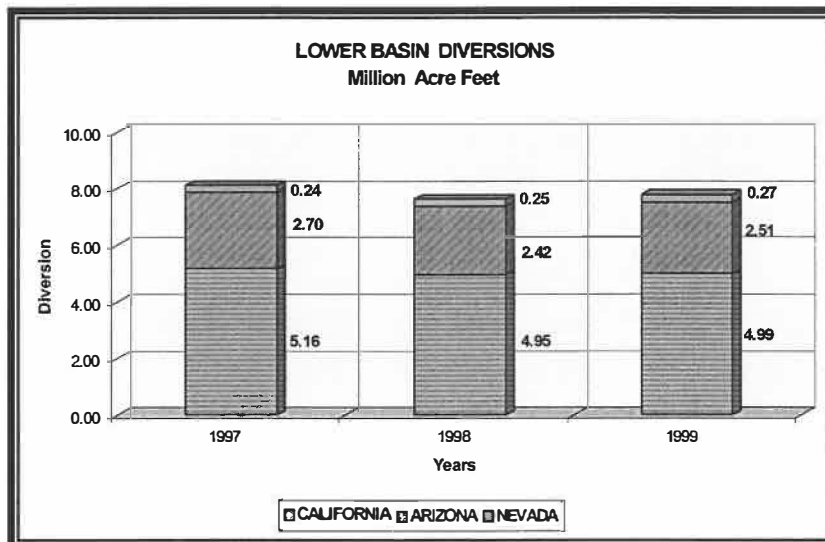


Figure 2

The AWBA recharged water at underground storage facilities (USF) and groundwater savings facilities (GSF) in 1999. Table 1 lists the AWBA's recharge partners for 1999, the amount of water that can be stored under each AWBA water storage permit, and the amount estimated to be recharged by the AWBA at each facility in 1999. Final figures generally become available in the middle of the following year (in this case, mid-2000). The amount of water stored is always greater than the amount of long-term storage credits earned by the AWBA because credits are computed by subtracting approximately 3-5% for losses and 5% for a "cut to the aquifer" from the total annual deliveries.

Table 1

AMA	Facility	Type	Permit Capacity	Amount Recharged
Phoenix	GRUSP	USF	200,000 AF	62,147 AF
	Queen Creek ID	GSF	28,000 AF	13,498 AF
	New Magma IDD	GSF	54,000 AF	46,328 AF
	SRP	GSF	200,000 AF	22,084 AF
	Maricopa Water District	GSF	18,000 AF	20,000 AF
Pinal	MSIDD	GSF	120,000 AF	20,722 AF
	CAIDD	GSF	110,000 AF	5,000 AF
	Hohokam ID	GSF	55,000 AF	39,625 AF
Tucson	Avra Valley (CAP)	USF	11,000 AF	3,730 AF
	Pima Mine Road (CAP)	USF	10,000 AF ¹	10,979 AF
	CAVSARP (Tucson)	USF	15,000 AF	7,761 AF
Total			821,000 AF	251,874 AF

¹ In mid-1999, the Pima Mine Road pilot permit was extended allowing an additional 10,000 AF over a two year period.

Though the Amended 1999 Plan of Operation scheduled approximately 370,000 acre feet of water to be recharged around the state, the amount of water recharged amounted to approximately 251,800 acre feet. Several GSFs requested a reduction in water deliveries, and the AWBA recharged less water at GRUSP than originally anticipated. Figure 3 shows the acre foot break down between GSFs and USFs for 1999 and a comparison between 1999 and previous years.

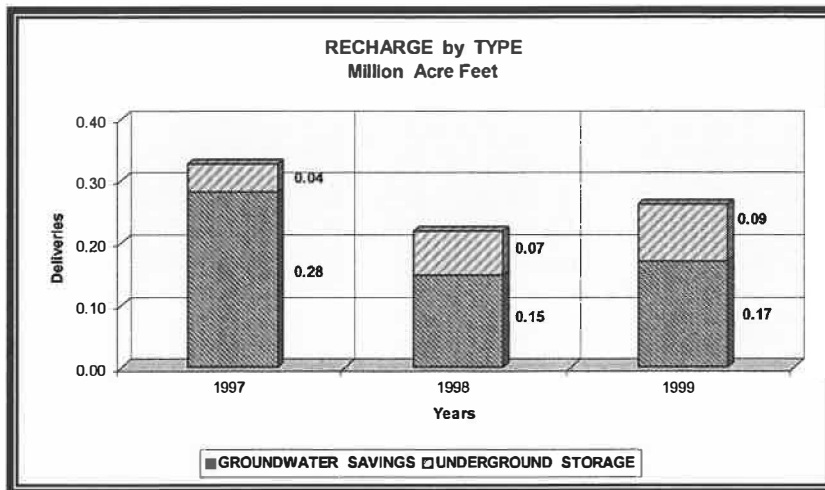


Figure 3

2000 PLAN OF OPERATION

When developing the 2000 Plan, the AWBA evaluated four critical factors: (1) the amount of unused water available to the AWBA for delivery, (2) the CAP capacity available to the AWBA for the delivery of unused water, (3) the funds available and the costs required to deliver the unused water, and (4) the capacity available for use by the AWBA at the various recharge facilities.

For water year 2000, the Secretary of the Interior has declared that the Colorado River is in a surplus condition. A surplus declaration means that surplus water would be available to the AWBA as a source of unused water. Therefore, water availability will not be a limiting factor for the AWBA in 2000.

The Central Arizona Project (CAP) 2000 Operating Plan accommodates the delivery of approximately 1.6 million acre feet of water. CAP's plan delivers approximately 1.1 million acre feet to its subcontractors; which leaves approximately 500,000 acre feet of capacity available for the AWBA. Based on this available capacity, the CAP's operations will not be a limiting factor for the AWBA in 2000.

The funding available to the AWBA from its three sources (county *ad valorem* property tax revenues, groundwater pumping fees, and general funds) to pay for the delivery of water in 1999 will be approximately \$20 million including the carryover from the previous years. Given the costs associated with the delivery of water and the fact that the GSF operators continue to pay \$21 of that cost when the water is delivered to their facilities, the \$20 million is adequate to fund the AWBA Plan and is not a limiting factor in 2000. For more information about the cost of the plan, please refer to the pricing section, *infra*.

To assist in developing the 2000 Plan, each facility operator submitted an annual delivery schedule to the CAP. (The CAP schedules the AWBA's deliveries for those USFs it will be operating.) The CAP staff utilized these schedules to compile an annual schedule for the CAP, including municipal and industrial (M&I) water, water for Indian tribes, incentive recharge water, agricultural pool water, and AWBA water. As discussed previously, this integrated schedule was developed to conform to a 1.6 million acre foot delivery year. Concurrently, the AWBA staff met with the facility operators to discuss their delivery schedules and confirm their continued interest in participating with the AWBA. These discussions confirmed the availability of substantial permitted recharge capacity but also that limited capacity is available to the AWBA. Some of the GSF availability was limited by delivery cost, and other facilities were limited by operational issues. Operational constraints or previous commitments to other partners limited the availability of USFs to the AWBA.

Based on its adopted Plan, the AWBA anticipates recharging approximately 290,000 acre feet of Colorado River water in 2000. The Plan was developed utilizing permitted facilities located in Maricopa, Pinal, and Pima Counties. The Plan attempts to optimize, on a monthly basis, the delivery of Colorado River water to meet the AWBA's objectives. The Plan is flexible, and if additional recharge capacity can be identified and funding remains available, the Plan can be modified in the future to include additional facilities.

Based on projected uses, Arizona's use of Colorado River water in 2000 will be approximately 2.60 million acre feet (see Figure 4), which will be slightly greater than Arizona's 1999 use. The overall Lower Basin use is projected to be approximately 7.8 million acre feet (see Figure 5).

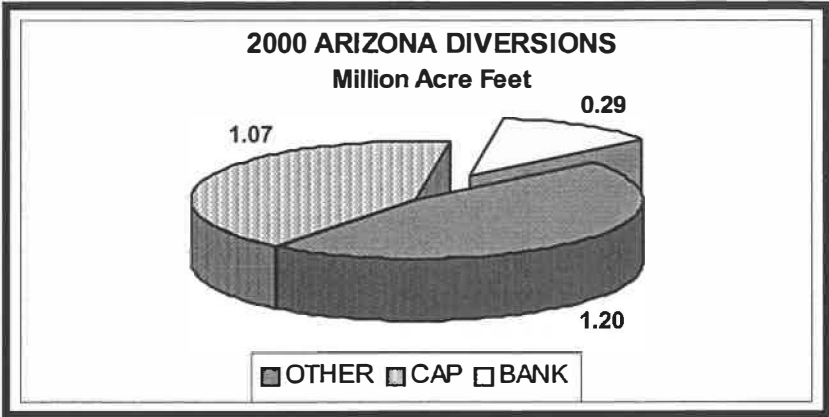


Figure 4

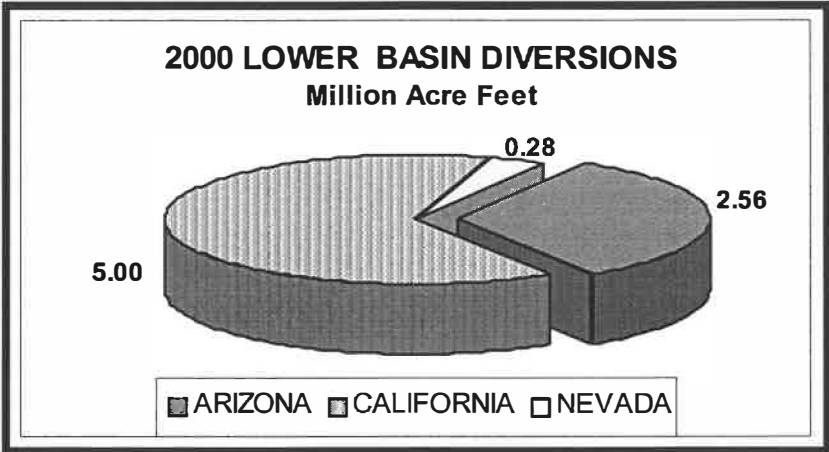


Figure 5

The CAWCD has proposed a policy for allocating excess water.¹ The policy establishes criteria for eligibility for a particular pool and establishes a pricing strategy for those pools.

¹ Excess water is all Colorado River water available for delivery through the CAP under normal, shortage, or surplus conditions on the Colorado River that is in excess of the amounts scheduled for delivery under long-term contracts and subcontracts.

The first pool of excess water would be full price, including any capital charge, and would be available for sale to any Arizona user (municipalities, agricultural entities, water companies, private entities, Indians, or federal agencies). The first pool may be limited by the CAWCD Board. The second pool is the Agricultural Pool priced at "energy rate 1." This pool would be limited beginning at 400,000 acre feet and declining to 225,000 acre feet. The second priority pool is for non-Indian agricultural users only. The third pool would be incentive recharge at the "energy rate 2" plus other costs as set by current policy (approximately five dollars). This third priority pool is primarily for the AWBA, but cities or other municipal and industrial (M&I) entities could participate. If the federal government wanted to develop recharge credits; it could participate through the AWBA. Federal water banking efforts would be accomplished in a manner similar to that outlined in the proposed Interstate Water Banking rules first published in draft form in December 1997 and not yet finalized. Finally, the fourth pool would consist of any remaining available water for any use including non-Indian agricultural, Indian, federal, and recharge at the price set by the CAWCD Board each year. The fifth pool is for the AWBA for interstate storage purposes.

Table 2 shows the AWBA's 2000 delivery schedule. Line One of this table provides estimates of the CAP's monthly deliveries to its M&I, agricultural, incentive recharge, and Indian customers. These deliveries have a scheduling priority over the AWBA's deliveries. These estimates do not include deliveries to New Waddell Dam.

Line Two shows the capacity available to the AWBA after the CAP makes its priority deliveries and its deliveries to New Waddell Dam. The CAP is capable of delivering approximately 180,000 acre feet of water each month. The AWBA's capacity is determined by subtracting customer deliveries from the available capacity. The available capacity does not always total 180,000 acre feet/month because of unique situations such as the filling of Lake Pleasant in the winter months, deliveries to the western portion of the aqueduct, New Waddell Dam releases to the aqueduct in the summer months and scheduled maintenance. During the fall and winter months, the capacity available to the AWBA is constrained because the CAP is making deliveries to Lake Pleasant.

Lines Three through Twenty-one represent the AWBA's 2000 Plan of Operation. This section identifies the AWBA's partners for 2000 and the amount of water scheduled to be recharged. The second column in this section identifies the AWBA's water storage permit capacities for each facility and the amount of that capacity that is available to the AWBA in 2000. The capacity available does not always equal the storage permit capacity because the storage facility operators may have agreements with other storage partners.

Line Twenty-three lists the CAP capacity remaining after the AWBA's deliveries are scheduled. The CAP has shown in the past that there is some operational flexibility to help meet deliveries in any given month. The AWBA staff will work closely with the CAP staff and our partners in an attempt to meet all scheduled deliveries.

The values in Table 2 reflect the delivery amounts at the CAP turnout and do not account for losses incurred between the turnout and the actual point of use. Those losses must be calculated and deducted from the deliveries to determine the actual credits earned by the AWBA.

In 2000, GSFs and USFs will comprise somewhat equal portions of the AWBA's water deliveries. Figure 6 shows the break down between GSF and USF water storage for 2000.

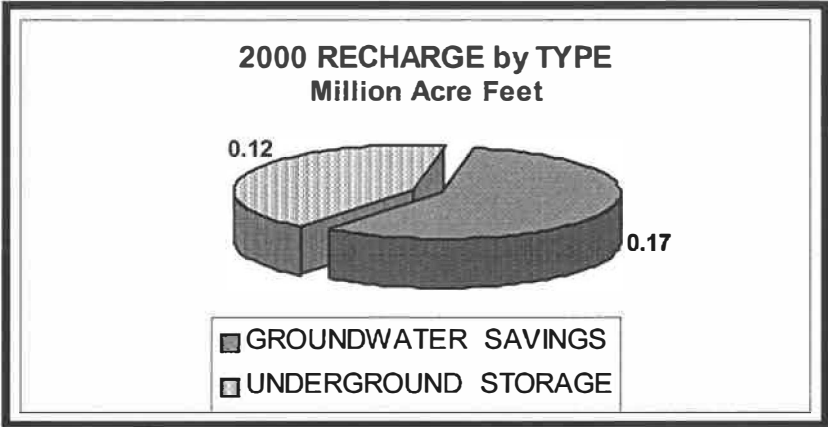


Figure 6

No recovery is anticipated in 2000. The AWBA began developing recovery concepts in 1999 to ensure that the benefit of the credits developed will be realized by the area in which the funds are collected. An environmental consulting firm hired by the AWBA completed much of its work in 1999 and received input from various water entities in a series of meetings held in April and May 1999. The process resulted in the production of a CD containing water data for the Pinal, Phoenix, and Tucson AMAs. The AWBA will continue to pursue recovery concepts in 2000 and beyond.

Table 2
ARIZONA WATER BANKING AUTHORITY
Water Delivery Schedule
Calendar Year 2000
(ACRE-FEET)

1999
Deliveries
(ACRE FEET)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total			
1	Estimated CAP Deliveries + Losses : (M&I, Indian, Ag Pools 1 , 2 & 3, Incentive Recharge)	28,800	38,700	101,000	140,300	146,000	155,200	151,800	135,000	72,600	50,200	30,500	26,500	1,076,600			
2	Available Excess CAP Capacity for AWBA :	91,000	82,000	47,000	35,000	34,000	25,000	34,000	55,000	50,000	35,000	23,000	23,000	534,000			
	AWBA -- Recharge Sites :	Permitted Capacity (AF)	Requested Capacity (AF)														
	LA PAZ COUNTY :																
3	USF VIDLER WATER / MBT	10,000	?													?	0
	PHOENIX A M A :																
4	USF GRUSP	200,000	85,000	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	4,600	4,600	6,600	75,200	62,147	
5	AGUA FRIA	100,000	15,000	0	0	0	0	0	2,500	2,500	2,500	2,500	2,500	2,500	15,000	0	
6	GSF CHCID	3,000	1,500	50	100	50	100	100	126	100	100	191	100	0	1,117	0	
7	MWD	18,000	18,000	0	0	0	0	0	0	1,633	2,353	2,353	0	0	6,339	20,000	
8	NEW MAGMA	54,000	47,200	2,000	2,000	3,200	2,500	3,000	3,500	3,700	9,700	9,600	3,500	2,500	2,000	47,200	46,328
9	QUEEN CREEK	28,000	20,000	0	0	0	0	0	0	3,946	7,270	3,720	1,600	1,050	2,460	20,046	13,498
10	RWCD	100,000	?													?	0
11	SRP	200,000	15,000	0	0	2,120	2,120	2,120	2,120	2,120	2,120	0	0	0	14,840	22,084	
12	TONOPAH ID	15,000	3,000	0	0	0	0	0	0	0	0	0	2,000	1,000	3,000	0	
	PINAL A M A :																
13	GSF CAIDD	110,000	15,000	0	0	0	0	0	0	1,451	8,506	4,184	482	377	15,000	5,000	
14	HOHOKAM	55,000	46,000	2,300	3,500	6,500	6,000	7,500	4,500	0	7,600	3,500	2,000	800	2,000	46,200	39,625
15	MSIDD	120,000	15,000	530	0	320	0	320	2,000	4,620	3,260	1,370	110	110	1,580	14,220	20,722
	TUCSON A M A :																
16	USF Avra Valley	11,000	2,000	200	200	200	200	200	0	0	200	200	200	200	2,000	3,730	
17	CAVSARP	15,000	7,500	500	500	500	500	500	500	500	500	500	500	500	6,000	7,761	
18	Pima Mine Road	10,000	12,500	1,000	1,100	0	0	1,300	1,300	1,300	1,300	1,300	1,300	1,300	12,500	10,979	
19	Lower Santa Cruz	30,000	10,000	0	0	0	0	0	0	1,000	1,800	1,800	900	1,800	9,100	0	
20	GSF Kai Avra	11,000	?													?	0
21	Kai Red Rock	11,000	500	0	0	0	0	0	250	250	0	0	0	0	500	0	
22	TOTAL (USF + GSF) :		312,700	13,180	14,000	19,490	18,020	21,640	21,096	26,636	45,834	44,169	23,938	17,942	22,317	288,262	251,874
23	Remaining CAP Capacity :	77,820	68,000	27,510	16,980	12,360	3,904	7,364	9,166	5,831	11,062	5,058	683	245,738			

NEW PARTNERS

In 2000, the Annual Plan of Operation anticipates recharging water at several new facilities. Some facilities have existing agreements and deliveries have been scheduled while others are still negotiating agreements. If agreements can be negotiated, it is anticipated that the existing Plan could accommodate certain facilities without amendment.

Agua Fria Recharge Project

CAWCD is developing the Agua Fria Recharge Project as a Maricopa County State Demonstration Project. It will be the first recharge project in Arizona to incorporate a combination of streambed recharge and infiltration basins in a single underground storage facility. The Agua Fria Recharge Project is located in the Agua Fria River channel within the Salt River Valley groundwater basin of the Phoenix AMA. As of Fall 1999, land acquisition remains the final issue to be resolved before the Agua Fria may operate.

- (1) *Federal and State Environmental Requirements.* The U.S. Army Corps of Engineers (COE) has determined that the CAWCD's 404 permit application is complete and correct. The COE is currently drafting the 404 permit. The Arizona Department of Environmental Quality issued CAWCD the 401 permit for the project in July 1999. All other required regulatory permits have been acquired.
- (2) *Land Acquisition.* CAWCD is attempting to acquire access easements and rights-of-way to state and private land in the Agua Fria River channel. The Arizona State Land Department is currently reviewing the right-of-way application and issuance in early 2000 is anticipated. One of the 5 private land easements has been acquired and negotiations are continuing on the others.

The Agua Fria Recharge Project is expected to be available to the AWBA for recharge in July 2000.

Lower Santa Cruz Recharge Project

CAWCD and the Pima County Flood Control District (PCFCD) are jointly developing the Lower Santa Cruz Recharge Project in the Tucson AMA. PCFCD is the lead agency in the permit process, design and construction of the underground storage facility. CAWCD will be the owner and operator after the facility is constructed. The Lower Santa Cruz Recharge Project is located about one quarter mile northwest of the Avra Valley Recharge Project along the Santa Cruz River. Scheduled project completion and final acceptance is May 2000, and the facility should be available to the AWBA for recharge in June 2000.

Bouse Recharge Facility

Arizona Public Service (APS) has obtained a permit for this facility and has had discussions with AWBA staff regarding recharge in the year 2000. No agreement has been negotiated, however, APS has proposed that approximately 3,000 acre feet could be recharged at the facility beginning mid-year. Prior to including this facility in the plan,

a public meeting with the La Paz County Board of Supervisors and AWBA approval to amend the plan would be required.

Vicksburg Farms Facility

The McMullen Valley Water Conservation and Drainage District has applied for an underground storage permit for this facility. The application has been publicly noticed and the draft permit is currently under review. The application is for a pilot project of 10,000 acre feet of storage over a 10 year period. No agreement has been negotiated, however there have been discussions with AWBA staff regarding water storage at this facility in the year 2000.

Kai Farms (Red Rock) at Picacho

Mr. Herb Kai has a GSF permit for this facility in the amount of 11,231 acre feet per annum. No agreement has been negotiated, however based on staff discussions with Mr. Kai, there has been a small amount of storage at this facility included in the Plan.

INTERSTATE WATER BANKING

The Secretary of the Interior published the final rule regarding Offstream Storage of Colorado River water on November 1, 1999 with an effective date of December 1, 1999. Prior to the AWBA initiating negotiations for interstate contracts, the Director of the Arizona Department of Water Resources (ADWR) must review the federal rule and make a determination that it adequately protects Arizona's rights to Colorado River water as defined by law. The ADWR's Legal Division is analyzing the adequacy of the rule with regard to protecting Arizona's rights. It is anticipated that ADWR will issue a draft opinion regarding this issue sometime in January 2000. The draft opinion will be distributed for public comment and finalized following the comment period.

No interstate banking is included in this plan because the Director has not completed her review and made her determination. If the Director determines that Arizona's entitlement is protected, the AWBA could decide to negotiate interstate agreements. Once an interstate agreement is negotiated, the Plan could be amended to reflect additional deliveries and storage for interstate purposes. Prior to amending the Plan of Operation, the public would have the opportunity to provide comment.

PRICING

The CAWCD established a subcommittee to review the existing delivery rate for the AWBA's water. Two members of the AWBA, Tom Griffin and Bill Chase, sat on the subcommittee which analyzed long-term delivery rates for incentive recharge water. Based on the subcommittee's recommendation, the CAWCD Board adopted a pricing policy that continues to offer incentive recharge water to both the AWBA and M&I subcontractors. For 2000, that policy established a rate of \$44 per acre foot consisting of the following components: Energy Rate 2; ten percent of fixed operation and maintenance costs of the CAP system; and compensation for lost revenues.

The AWBA's policy of recovering \$21 from its groundwater savings facility partners will continue for 2000. Table 3 reflects the water delivery rate the CAP will charge the AWBA, the rate the GSF operators will pay for use of the AWBA's water, and the various rates the AWBA will be charged to utilize the different USFs.

Table 3

2000 Water Rates	
CAP's delivery rate to AWBA	\$44 per acre foot
Groundwater Savings Facility operator portion of delivery rate	\$21 per acre foot ¹
Underground Storage Facility rate paid by AWBA	
GRUSP (SRP)	\$14 per acre foot
Avra Valley (CAP)	\$20.30 per acre foot
Pima Mine Road (CAP)	\$7.50 per acre foot
Central Avra Valley (Tucson Water)	\$14 per acre foot (estimate) ²
Lower Santa Cruz (CAP/Pima County)	\$16.50 per acre foot
Agua Fria Recharge Project	\$2.50 per acre foot

¹ This rate is paid directly to CAP by the GSF operators and is not available as revenue to the AWBA. The AWBA's rate for delivery of in lieu water is thus reduced to \$23/af.

² In 2000, the rate may be lower because of favorable energy costs.

The estimated total cost of the AWBA's 2000 Plan of Operation is approximately \$11 million which includes the USF use fees and the CAP delivery rate minus cost recovery from the GSF operator by the CAWCD.

ACCOUNTING

The AWBA's enabling legislation required the development of an accounting system that allows the tracking of all long-term storage credits accrued by the AWBA and the funding sources from which they were developed. The Arizona Department of Water Resources has established accounts that track both credits and funds.

Table 4 provides estimates of the funds available including funds carried over from previous years, the funds to be expended, and the credits that will accrue to those accounts based on the 2000 Plan.

Table 4

	2000 PLAN OF OPERATION FUNDING ¹		CREDITS ²	
	AVAILABLE	EXPENDED	AMOUNT	LOCATION
Withdrawal Fee				
Phoenix AMA	\$6,492,000	\$0	0	Phoenix AMA
Tucson AMA	\$1,966,000	\$0	0	Tucson AMA
Pinal AMA	\$3,096,000	\$1,505,000	59,000	Pinal AMA
Four Cent Tax				
Maricopa County	\$16,005,000	\$6,581,000	151,000 AF	Phoenix AMA
Pima County	\$3,626,000	\$296,000	5,000 AF	Tucson AMA
Pinal County	\$231,000	\$230,000	9,000 AF	Pinal AMA
Other				
General Fund	\$2,000,000	\$2,000,000	35,000 AF	
		\$550,000	13,000 AF	Phoenix AMA
		\$1,450,000	22,000 AF	Tucson AMA
		\$0	0 AF	Pinal AMA
California	(not applicable)			
Nevada	(not applicable)			
TOTAL	\$33,416,000	\$10,612,000	259,000 AF	

¹ Does not include groundwater savings facility partners' payment. The AWBA's partners make payments directly to the CAWCD.

² Estimate based on 89.78% of the deliveries (1998 actual Plan of Operation loss calculation)

Table 5 provides an estimate of the funds expended and the credits that will accrue to various accounts based on the AWBA's recharge activities since its inception.

Table 5

CUMULATIVE TOTALS			
1997-1999			
	EXPENDED	AMOUNT	CREDITS¹
			LOCATION
Withdrawal Fee			
Phoenix AMA	\$0		Phoenix AMA
Tucson AMA	\$0		Tucson AMA
Pinal AMA	\$0		Pinal AMA
Four Cent Tax			
Maricopa County	\$12,544,000	349,273 AF	Phoenix AMA
Pima County	\$2,040,000	34,248 AF	Tucson AMA
Pinal County	\$842,000	40,657 AF	Pinal AMA
Other			
General Fund	\$6,695,000	297,518 AF	
	\$2,060,000	61,009 AF	Phoenix AMA
	\$4,635,000	236,509 AF	Pinal AMA
California			
Nevada			
TOTAL	\$22,121,000	721,696 AF	

¹ Actual credits used for 1997 and 1998; credits estimated for 1999

PUBLIC REVIEW AND COMMENT

The AWBA staff held public meetings in conjunction with the Groundwater User Advisory Councils (GUAC) for the Phoenix, Tucson and Pinal Active Management Areas (AMA) as required by the AWBA's enabling legislation. In general, the GUACs were supportive of the AWBA's efforts to date.

Phoenix GUAC

There was some discussion and questions regarding the use of general fund money and status of withdrawal fees. It was explained that the withdrawal fees are primarily for water management purposes and as the AWBA's goal has been firming, thus far, withdrawal fees have not been utilized. There was a request that the statutorily mandated guidelines for public meetings associated with the Plan be included in the Plan. This information was included in the Introduction.

Pinal GUAC

There was discussion regarding the use of general fund money, the possible use of withdrawal fees and the \$21 per acre foot paid by the indirect users. There were no specific comments regarding the Plan or requests for modifications to it.

Tucson GUAC

The Tucson GUAC had a number of specific concerns with regard to the Plan. The GUAC requested that consideration be given to expenditure of general fund money in Pima County. The Plan has been modified pursuant to this request. There is a concern regarding the AWBA's limited participation in GSFs in the Tucson AMA. This is due to the existing \$21 cost share by the indirect user. There are on-going staff level discussions with the AMA directors regarding possible resolutions to this concern through the utilization of withdrawal fees. Further, the Plan now includes a small quantity of recharge at a GSF in the Tucson AMA. The GUAC again raised the issue of limited review time of the Plan.

**Comparison of the
Proposed (December 31, 1997) and
Final (November 1, 1999) Regulations for
Offstream Storage of Colorado River Water
(Bureau of Reclamation, 43 CFR Part 414)**

**Prepared by the Arizona Department of Water Resources
December 15, 1999**

Final Rule Section	Text from the Proposed Rule Strikeouts indicate text deleted in final rule	Text from the Final Rule Underlines indicate new text	ADWR/AWBA Comments on the Proposed Rules
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Part 414 <ul style="list-style-type: none"> Title 	Offstream Storage of Colorado River Water and Interstate Redemption of Storage Credits in the Lower Division States; Proposed Rule	Offstream Storage of Colorado River Water; Development and Release of Intentionally Created Unused Apportionment in the Lower Division States; Final Rule	AWBA suggested the rule's title be amended to read "Offstream Storage of Colorado River Water and Creation and Delivery of Intentionally Created Unused Apportionment in the Lower Division States". This suggestion was incorporated into the final rule.
§ 414.1 Purpose. <ul style="list-style-type: none"> What the rule does 	This part sets forth the procedural framework for approval by the Secretary of the Interior of interstate agreements for the offstream storage of Colorado River water in the Lower Division States by State-authorized entities consistent with State law. In accordance with the Secretary's authority under Article II (B) (6) of the Decree entered March 9, 1964 (376 U.S. 340), in the case of Arizona v. California, et al. as supplemented and amended, this part also includes the procedural framework to develop and redeem storage credits associated with Colorado River water stored offstream by authorized entities consistent with State law.	<u>(a) What this part does.</u> This part <u>establishes a</u> procedural framework for the Secretary of the Interior <u>(Secretary) to follow in considering, participating in, and administering Storage and Interstate Release Agreements</u> in the Lower Division States <u>(Arizona, California, and Nevada) that would:</u> <u>(1) Permit State-authorized entities to store Colorado River water offstream;</u> <u>(2) Permit State-authorized entities to develop intentionally created unused apportionment (ICUA);</u> <u>(3) Permit State-authorized entities to make ICUA available to the Secretary for release for use in another Lower Division State. This release may only take place in accordance with the Secretary's obligations under Federal law and may occur in either the year of storage or in years subsequent to storage; and</u> <u>(4) Allow only voluntary interstate water transactions. These water transactions can help to satisfy regional water demands by increasing the efficiency, flexibility, and certainty in Colorado River management</u> in accordance with the Secretary's authority under Article II (B) (6) of the Decree entered March 9, 1964 (376 U.S. 340) in the case of Arizona v. California, <u>(373 U.S. 546) (1963), as supplemented and amended.</u>	AWBA suggested eliminating reference to the terms "storage credit" and "redeem" because they are unclear and could allow types of transactions beyond the statutory authority of AWBA. AWBA suggested inserting the phrase "for the Secretary to make available intentionally created unused apportionment to Lower Division States pursuant to Interstate Storage Agreements." This suggestion was incorporated into the language in §414.1 (A)(3).

Final Rule Section	Text from the Proposed Rule Strikeouts indicate text deleted in final rule	Text from the Final Rule Underlines indicate new text	ADWR/AWBA Comments on the Proposed Rules
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<ul style="list-style-type: none"> What the rule does not do 	<p>This part does not address intrastate storage or distribution of water not subject to an Interstate Storage Agreement.</p>	<p><u>(b) What this part does not do. This part does not:</u></p> <ul style="list-style-type: none"> <u>(1) Affect any Colorado River water entitlement holder's right to use its full water entitlement;</u> <u>(2) Address or preclude independent actions by the Secretary regarding Tribal storage and water transfer activities;</u> <u>(3) Change or expand existing authorities under the body of law known as the "Law of the River";</u> <u>(4) Change the apportionments made for use within individual States;</u> <u>(5) Address intrastate storage or intrastate distribution of water;</u> <u>(6) Preclude a Storing State from storing some of its unused apportionment in another Lower Division State if consistent with applicable State law; or</u> <u>(7) Authorize any specific activities; the rule provides a framework only.</u> 	<p>ADWR expressed concern that the rule should not in any way affect the basic elements of the Law of the River. The suggestion was incorporated into the final rule, in that the rule now acknowledges that the rule does not change or expand existing authorities, but the acknowledgement is not entirely accurate. ADWR recognized that the adoption of a rule would in fact be an addition to the Law of the river. The final rule does change the otherwise unspecified discretion of the Secretary in administering Article II(B)(6). ADWR's concern was that the rule not attempt to change the basic elements of superior law, such as congressional acts and Supreme Court decrees.</p>
<p>§ 414.2</p> <p>Definitions of terms used in this part.</p> <p>"Authorized Entity"</p>	<p>Authorized entity means a State water banking authority, or other entity of a Lower Division State holding entitlements to Colorado River water, expressly authorized pursuant to applicable laws of Lower Division States to:</p> <ul style="list-style-type: none"> — (1) Enter into Interstate Storage Agreements; — (2) Develop intentionally created unused apportionment; — (3) Acquire the right to use intentionally created unused apportionment; or — (4) Develop or redeem storage credits for the benefit of an authorized entity in another Lower Division State. 	<p>Authorized entity means:</p> <ul style="list-style-type: none"> <u>(1) An entity in a Storing State which is expressly authorized pursuant to the laws of that State to enter into Storage and Interstate Release Agreements and develop ICUA ("storing entity"); or</u> <u>(2) An entity in a Consuming State which has authority under the laws of that State to enter into Storage and Interstate Release Agreements and acquire the right to use ICUA ("consuming entity").</u> 	<p>ADWR suggested the definition of "authorized entity" be defined narrowly to prohibit individual entitlement holders, not specifically state-authorized to participate in the agreements, from exploiting the rule for purposes not intended. This suggestion was incorporated into the final rule.</p> <p>AWBA suggested the definition of "authorized entity" not refer to entitlements as a prerequisite and divided the definition into:</p> <ul style="list-style-type: none"> (1) Expressly state-authorized storing entities; and (2) State-authorized consuming entities. <p>These suggestions were incorporated into the final rule.</p>

Final Rule Section	Text from the Proposed Rule Strikeouts indicate text deleted in final rule	Text from the Final Rule Underlines indicate new text	ADWR/AWBA Comments on the Proposed Rules
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“Basic Apportionment”	Basic apportionment means the Colorado River water apportioned to each Lower Division State when sufficient water is available for release, as determined by the Secretary of the Interior, to satisfy 7.5 million acre-feet (maf) of annual consumptive use in the Lower Division States. The annual basic apportionment for the Lower Division States is 2.8 maf of consumptive use for the State of Arizona, 4.4 maf of consumptive use for the State of California, and 0.3 maf of consumptive use for the State of Nevada.	Basic apportionment means the Colorado River water apportioned <u>for use within</u> each Lower Division State when sufficient water is available for release, as determined by the Secretary of the Interior, to satisfy 7.5 million acre-feet (maf) of annual consumptive use in the Lower Division States. <u>The United States Supreme Court, in Arizona v. California, confirmed that</u> the annual basic apportionment for the Lower Division States is 2.8 maf of consumptive use <u>in</u> the State of Arizona, 4.4 maf of consumptive use <u>in</u> the State of California, and 0.3 maf of consumptive use <u>in</u> the State of Nevada.	No comment made.
“BCPA”	Not included in the proposed rule.	<u>BCPA means the Boulder Canyon Project Act, authorized by the Act of Congress of December 21, 1928 (45 Stat. 1057).</u>	No comment made.
“Colorado River Basin”	Not included in the proposed rule.	<u>Colorado River Basin means all of the drainage area of the Colorado River System and all other territory within the United States to which the waters of the Colorado River System shall be beneficially applied.</u>	No comment made.
“Colorado River Water”	Colorado River Water means water in or withdrawn from the mainstream	Colorado River Water means water in or withdrawn from the mainstream	No comment made.
“Colorado River System”	Not included in the proposed rule.	<u>Colorado River System means that portion of the Colorado River and its tributaries within the United States.</u>	No comment made.
“Consuming Entity”	Not included in the proposed rule.	<u>Consuming entity means an authorized entity in a Consuming State.</u>	No comment made.
“Consuming State”	Consuming State means a Lower Division State where water made available by redeeming storage credits is or will be used.	Consuming State means a Lower Division State where <u>ICUA</u> will be used.	AWBA suggested eliminating reference to storage credits in the definition for “consuming state” and inserting “where ICUA will be used”. This suggestion was incorporated into the final rule.

Final Rule Section	Text from the Proposed Rule Strikeouts indicate text deleted in final rule	Text from the Final Rule Underlines indicate new text	ADWR/AWBA Comments on the Proposed Rules
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“Consumptive Use”	Consumptive use means diversions from the Colorado River less such return flow to the river as is available for consumptive use in the United States or in satisfaction of the Mexican treaty obligation. Consumptive use from the mainstream within the Lower Division States includes all consumptive use of water from the mainstream, including water drawn from the mainstream by underground pumping. The Mexican treaty obligation is set forth in the February 3, 1944, Water Treaty between Mexico and the United States, including supplements and associated Minutes of the International Boundary and Water Commission.	Consumptive use means diversions from the Colorado River less <u>any</u> return flow to the river that is available for consumptive use in the United States or in satisfaction of the Mexican treaty obligation. <u>(1)</u> Consumptive use from the mainstream within the Lower Division States includes water drawn from the mainstream by underground pumping. <u>(2)</u> The Mexican treaty obligation is set forth in the February 3, 1944, Water Treaty between Mexico and the United States, including supplements and associated Minutes of the International Boundary and Water Commission.	No comment made.
“Contractor”	Contractor means any person or entity in the States of Arizona, California, or Nevada who has a valid contract or agreement with the United States for the delivery of Colorado River water.	Not included in the final rule.	AWBA filed comments in response to the re-opened comment period announced in 63 Fed. Reg. No. 182, p. 50183 (Sept. 21, 1998). AWBA commented that an authorized entity in a storing state did not necessarily need an individual contract with the Secretary for water delivery. The comments were accepted in part in § 414.3(e).

Final Rule Section	Text from the Proposed Rule Strikeouts indicate text deleted in final rule	Text from the Final Rule Underlines indicate new text	ADWR/AWBA Comments on the Proposed Rules
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“Entitlement”	Entitlement means an authorization to beneficially use Colorado River water pursuant to: (1) A decreed right, (2) A contract with the United States through the Secretary, or (3) A reservation of water from the Secretary.	Entitlement means an authorization to beneficially use Colorado River water pursuant to: (1) <u>The Decree;</u> (2) A <u>water delivery</u> contract with the United States through the Secretary; or (3) A reservation of water from the Secretary.	AWBA filed comments in response to the re-opened comment period announced in 63 Fed. Reg. No. 182, p. 50183 (Sept. 21, 1998). AWBA commented that an authorized entity in a storing state did not necessarily need an individual contract with the Secretary for water delivery. The comments were accepted in part in § 414.3(e).
“Federal Entitlement Holder”	Federal entitlement holder means a Federal agency or Indian tribe identified in Article II(D) of the Decree as having an entitlement for the beneficial use of Colorado River water.	Not included in the final rule.	ADWR commented that the proposed rule placed too much emphasis on “entitlement holders” and that such emphasis could be misconstrued as allowing entitlement holders to participate beyond state authority.
“Intentionally Created Unused Apportionment” (ICUA)	Intentionally created unused apportionment means unused apportionment that is created solely as a result of an agreement within a Storing State for the purposes of making Colorado River water available for use in a Consuming State in fulfillment of a request for redemption of storage credits pursuant to an Interstate Storage Agreement.	Intentionally created unused apportionment or ICUA means unused apportionment that is <u>developed:</u> <u>(1) Consistent with the laws of the Storing State;</u> <u>(2) Solely as a result of, and would not exist except for, implementing a Storage and Interstate Release Agreement.</u>	AWBA suggested changing the definition of “ICUA” to specify that ICUA is previously stored water, pursuant to a Storage and Interstate Release Agreement (agreement), that would otherwise be diverted by the Storing State from the Colorado River, pursuant to Article II(B)(6) of the Decree. The final rule makes reference to the agreement in the ICUA definition, but does not reference the Decree or define ICUA as water previously stored that would otherwise be diverted from the Colorado River by the Storing State.

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<p>“Storage and Interstate Release Agreement”</p>	<p>Interstate storage agreement means an agreement, consistent with this part, that provides for offstream storage of Colorado River water in a Storing State for authorized entities in Consuming States and for the recovery of the stored water. An Interstate Storage Agreement will be among authorized entities of two or more Lower Division States and may include other entities that are determined to be appropriate to the performance and enforcement of the agreement under Federal law and the respective laws of the Storing State and the Consuming State.</p>	<p><u>Storage and Interstate Release Agreement means an agreement, consistent with this part, between the Secretary and</u> authorized entities <u>in</u> two or more Lower Division States <u>that addresses the details of:</u></p> <p><u>(1) Offstream storage of Colorado River water by a storing entity for future use within the Storing State;</u></p> <p><u>(2) Subsequent development of ICUA by the storing entity, consistent with the laws of the Storing State;</u></p> <p><u>(3) A request by the storing entity to the Secretary to release ICUA to the consuming entity;</u></p> <p><u>(4) Release of ICUA by the Secretary to the consuming entity; and</u></p> <p><u>(5) The inclusion of other entities that are determined by the Secretary and the storing entity and the consuming entity to be appropriate to the performance and enforcement of the agreement.</u></p>	<p>The significant change in this definition is the inclusion of the Secretary as a defined party to the Interstate Storage Agreement.</p> <p>AWBA suggested amending the phrase “offstream storage of Colorado River water in a Storing State for authorized entities in Consuming States and for the recovery of stored water” to “offstream storage of Colorado River water by an authorized entity in a Storing State in place of water within the Storing State’s apportionment that the Storing State would otherwise divert from the mainstream, thereby making available ICUA to authorized entities in Consuming States”.</p> <p>AWBA suggested that the term “recovery of stored water” should reference the development and delivery of ICUA.</p> <p>The final rule incorporated these suggestions by distinguishing between the offstream storage of Colorado River water for future use in the Storing State and the development of ICUA for release to the Consuming State.</p> <p>AWBA suggested the definition for “Interstate Storage Agreement” specify that the agreement is between authorized entities of two or more Lower Division States. This suggestion was incorporated into the final rule.</p>
<p>“Offstream Storage”</p>	<p>Offstream storage means storage in a surface reservoir off of the mainstream or in a groundwater aquifer. Offstream storage <u>also</u> includes indirect recharge when mainstream water is exchanged for groundwater that otherwise would be pumped and consumed.</p>	<p>Offstream storage means storage in a surface reservoir off of the mainstream or in a ground water aquifer. Offstream storage includes indirect recharge when <u>Colorado River</u> water is exchanged for groundwater that otherwise would <u>have been</u> pumped and consumed.</p>	<p>No comment made.</p>

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“Present Perfected Rights”	Present perfected right or PPR means perfected rights defined by the Decree, existing as of June 25, 1929, the effective date of the Boulder Canyon Project Act (45 Stat. 1057, 43 U.S.C. 617) (BCPA). All present perfected rights are listed in the supplemental decrees entered January 9, 1979, and April 16, 1984, by the United States Supreme Court in Arizona v. California, et al., as amended or supplemented.	Not included in the final rule.	No comment made.
“Storage Credit”	Storage Credit refers to an accounting device to reflect a quantity of Colorado River water that is stored offstream.	Not included in the final rule.	ADWR and AWBA suggested the terms “storage credit” and “redemption” be eliminated because they do not provide clarity and could be confused with the offstream storage and recovery of water within the Storing State. This suggestion was incorporated throughout the final rule and the terms were replaced with ICUA development and release language.
“Storing Entity”	Not included in the proposed rule.	<u>Storing entity means an authorized entity in a Storing State.</u>	This change is consistent with the comments by AWBA and ADWR.
“Storing State”	Storing State means a Lower Division State in which water is stored off the mainstream.	Storing State means a Lower Division State in which water is stored off the mainstream <u>in accordance with a Storage and Interstate Release Agreement for future use in that State.</u>	AWBA suggested the “Storing State” definition specifically tie water storage to the agreements. This suggestion was incorporated into the final rule. AWBA suggested the definition specify that the water stored pursuant to the agreement is for future use in the state in place of water within the Storing State’s apportionment that would otherwise be diverted from the mainstream. The final rule makes reference to future use by the Storing States, but does not require that the future use take the place of water that would otherwise be diverted from the Colorado River by the Storing State.

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“Surplus Apportionment”	Surplus apportionment means the Colorado River water apportioned to each Lower Division State when sufficient water is available for release, as determined by the Secretary, to satisfy in excess of 7.5 maf of annual consumptive use in the Lower Division States.	Surplus apportionment means the Colorado River water apportioned <u>for use within</u> each Lower Division State when sufficient water is available for release, as determined by the Secretary, to satisfy in excess of 7.5 maf of annual consumptive use in the Lower Division States.	No comment made.
“Unused Apportionment”	Unused apportionment means Colorado River water within a Lower Division State's basic or surplus apportionment, or both, which is not put to beneficial consumptive use during that year within that State.	Unused apportionment means Colorado River water within a Lower Division State's basic or surplus apportionment, or both, which is not otherwise put to beneficial consumptive use during that year within that State.	ADWR and AWBA suggested water stored under the agreement should be referred to as “otherwise unused apportionment” or “Colorado River water” (AWBA suggestion only), not “unused apportionment” since the water is counted as a consumptive use in the year it is stored and is therefore not unused. This suggestion was incorporated into the final rule.
“Unused Entitlement”	Unused entitlement means any Colorado River water that is made available to but not scheduled and used by an entitlement holder during the year for which it is made available.	Not included in the final rule.	AWBA suggested eliminating this definition because it is used inappropriately in the rule. This suggestion was incorporated into the final rule.
“Upper Division States”	Not included in the proposed rule.	<u>Upper Division States means the States of Colorado, New Mexico, Utah, and Wyoming.</u>	No comment made.
“Water Delivery Contract”	Not included in the proposed rule.	<u>Water delivery contract means a contract between the Secretary and an entity for the delivery of Colorado River water in accordance with section 5 of the BCPA.</u>	This new definition is not consistent with the comments made by AWBA on August 21, 1998. AWBA commented that a section 5 contract is not necessary for an authorized entity and further commented that a section 5 contract is not the only means by which an authorized entity may accept delivery of Colorado River Water.

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<p>§ 414.3</p> <p>Storage and Interstate Release Agreements.</p> <ul style="list-style-type: none"> • Basic Requirements 	<p>(a) Interstate storage agreements. In accordance with Article II(B)(6) of the Decree, authorized entities of two or more Lower Division States may enter into Interstate Storage Agreements subject to the approval of the Secretary in accordance with paragraph (b) of this section. An Interstate Storage Agreement will allow an authorized entity in a Storing State to store unused entitlement and/or unused apportionment for the credit of an authorized entity located in a Consuming State and will provide for the subsequent redemption of the credit.</p>	<p>(a) Basic requirements for Storage and Interstate Release Agreements. Two or more authorized entities may enter into <u>Storage and Interstate Release Agreements with the Secretary</u> in accordance with paragraph (c) of this section. <u>Each agreement must meet all of the requirements of this section.</u></p>	<p>AWBA suggested eliminating the citation of the Decree as legal authority for an agreement because it is inappropriate. This suggestion was incorporated into the final rule.</p> <p>AWBA suggested eliminating the term “unused apportionment” since the Decree does not allow individual entitlement holders to store unused entitlement for the credit of an authorized entity in a Storing State. Additionally, ADWR and AWBA suggested water stored under the agreement should be referred to as “otherwise unused apportionment” or “Colorado River water” (AWBA suggestion only), not “unused apportionment” since the water is counted as a consumptive use in the year it is stored and is therefore not unused. The final rule eliminated the term “unused apportionment” in relation to the water stored under the agreements and modified the definition for “unused apportionment”.</p> <p>AWBA suggested either eliminating reference to storage credits or using the undefined term “credit”. The final rule eliminated all references to storage credits and their redemption.</p>
<ul style="list-style-type: none"> • Quantity of stored water 	<p>Such an agreement must:</p> <p>(1) Specify the quantity of Colorado River water to be stored, by which authorized entity it will be stored, the Lower Division State in which it is to be stored, and the storage facility(ies) in which it will be stored.</p>	<p>(1) The agreement must specify the quantity of Colorado River water to be stored, the Lower Division State in which it is to be stored, the entity(ies) that will store the water, and the facility(ies) in which it will be stored.</p>	<p>No comment made.</p>
<ul style="list-style-type: none"> • Type of stored water 	<p>(2) Specify whether the water to be stored will be basic apportionment from the Storing State.</p>	<p>(2) The agreement must specify whether the water to be stored will be <u>within the unused basic apportionment or unused surplus apportionment of</u> the Storing State.</p>	<p>ADWR suggested the rule should specifically allow the Storing State to store its unused surplus apportionment, in addition to its unused basic apportionment. This suggestion was incorporated into the final rule.</p>

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<ul style="list-style-type: none"> • Offering of water to Storing State's entitlement holders 	<p>Not included in the proposed rule.</p>	<p><u>For water from the Storing State's apportionment to qualify as unused apportionment available for storage under this part, the water must first be offered to all entitlement holders within the Storing State for purposes other than interstate transactions under proposed Storage and Interstate Release Agreements.</u></p>	<p>No comment made. This section was added by the Secretary. It is consistent with the AWBA enabling legislation, which prohibits the AWBA from storing water that would otherwise have been used within this state. A.R.S. § 45-2427(B).</p>
<ul style="list-style-type: none"> • Type of water stored 	<p>(2) Specify whether the water to be stored will be... unused basic apportionment or unused surplus apportionment of the Consuming State. If it is to be unused apportionment, it may only be made available from the Consuming State and the agreement must so specify.</p>	<p>(3) The agreement must specify whether the water to be stored will be <u>within</u> the unused basic apportionment or unused surplus apportionment of the Consuming State. <u>If the water to be stored will be unused apportionment of the Consuming State, the agreement must acknowledge that any unused apportionment of the Consuming State may be made available from the Consuming State by the Secretary to the Storing State only in accordance with Article II(B)(6) of the Decree.</u></p>	<p>Both AWBA and ADWR commented that the rule precludes by implication the Storing State's ability to store surplus apportionment. All Lower Division states are allowed to divert for storage or use any water apportioned to it by the Decree, and the rule should not purport to narrow this authority. Comment was also made that a Consuming State's unused apportionment must be delivered to the Storing State under Article II(B)(6) of the Decree. These comments were incorporated in the final rule.</p>
<ul style="list-style-type: none"> • Availability of unused apportionment to storing entity 	<p>Not included in the proposed rule.</p>	<p><u>If unused apportionment from the Consuming State is to be stored, the Secretary will make the unused apportionment of the Consuming State available to the storing entity in accordance with the terms of a Storage and Interstate Release Agreement and will not make that water available to other entitlement holders.</u></p>	<p>ADWR suggested prohibiting individual entitlement holders, not specifically state-authorized to participate in the agreements, from exploiting the rule for unintended purposes. This section makes clear that the Secretary will direct the Consuming State's unused apportionment to the storing entity in accordance with the terms of an approved agreement.</p>
<ul style="list-style-type: none"> • Quantity of released ICUA 	<p>(3) Specify the quantity of storage credits associated with water stored offstream that will be available to the authorized entity in the Consuming State at the time water is actually stored under the agreement.</p>	<p>(4) The agreement must specify the <u>maximum</u> quantity of ICUA that will be <u>developed and made available for release to the consuming entity.</u></p>	<p>AWBA suggested eliminating reference to storage credits at the time the water is actually stored and requiring the agreement to "specify the maximum amount of ICUA that will be available to the authorized entity in the Consuming State". The final rule incorporated this suggestion, and clarified that the specified quantity of ICUA will be developed (future tense).</p>

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<ul style="list-style-type: none"> • Release of ICUA 	<p>(4) Specify that accumulated storage credits may not be redeemed within the same calendar year in which the water that generated those credits was stored offstream.</p>	<p><u>This release may only take place in accordance with the Secretary's obligations under Federal law and may occur in either the year of storage or in years subsequent to storage.</u></p>	<p>AWBA commented that the protection against redemption of accumulated storage credits should extend beyond the year of storage and always protect the Storing State from redemption beyond that authorized by the agreement. No comment made by AWBA or ADWR on the Consuming State's ability to request water in the year of storage.</p>
<ul style="list-style-type: none"> • Request for ICUA 	<p>(4) Specify that accumulated storage credits may not be redeemed within the same calendar year in which the water that generated those credits was stored offstream.</p>	<p><u>(5) The agreement must specify that ICUA may not be requested by the consuming entity in a quantity that exceeds the quantity of water that had been stored under a Storage and Interstate Release Agreement in the Storing State.</u></p>	<p>AWBA suggested eliminating reference to storage credits and prohibiting ICUA from being requested "in an amount that exceeds the amount of water then in storage pursuant to the [agreement] in the Storing State". This suggestion was incorporated into the final rule.</p>
<ul style="list-style-type: none"> • Accounting of stored water 	<p>(e) Stored water. The authorized entity of the Storing State will account for the water diverted and stored offstream under an Interstate Storage Agreement, and prior to any redemption of storage credits will certify to the Secretary that water associated with storage credits has been stored.</p>	<p><u>(6) The agreement must specify a procedure to verify and account for the quantity of water stored in the Storing State under a Storage and Interstate Release Agreement.</u></p>	<p>AWBA suggested clarifying the sequence of events that would occur before water is delivered to the Consuming State. This suggestion was incorporated into the final rule. §414.3 (c) was renumbered as §414.3 (a)(6), and the remaining steps are incorporated into §414.3(a)(7) thru (15).</p>
<ul style="list-style-type: none"> • Request for ICUA 	<p>(5) Specify that the authorized entity in the Consuming State will provide notice to the Lower Division States and to the Secretary no later than November 30 of its intention to request delivery of a specific quantity of Colorado River water by redeeming accumulated storage credits in the following calendar year.</p>	<p><u>(7) The agreement must specify that, by a date certain, the consuming entity will:</u> <ul style="list-style-type: none"> (i) <u>Notify the storing entity to develop</u> a specific quantity of <u>ICUA</u> in the following calendar year; (ii) <u>Ask the Secretary to release that ICUA</u>; and (iii) Provide <u>a copy of</u> the notice <u>or request</u> to each Lower Division State. </p>	<p>AWBA suggested eliminating the November 30 deadline for notice and allow the parties and the Secretary to reach a mutually acceptable date by a date certain to be specified in the agreement. This suggestion was incorporated into the final rule.</p> <p>AWBA suggested eliminating reference to storage credits and substituting ICUA release language. This suggestion was incorporated into the final rule.</p>

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<ul style="list-style-type: none"> Development of ICUA 	<p>(6) Specify that the authorized entity of a Storing State, after receiving a notice of intention to redeem offstream storage credits, will take actions to ensure that the Storing State's consumptive use of Colorado River water will be decreased by a quantity sufficient to develop intentionally created unused apportionment to offset the delivery of Colorado River water for use in the Consuming State in fulfillment of the storage credits.</p>	<p>(8) The agreement must specify that when the <u>storing entity</u> receives a <u>request to develop a specific quantity of ICUA:</u></p> <p><u>(i) It will ensure that the Storing State's consumptive use of Colorado River water will be decreased by a quantity sufficient to develop the requested quantity of ICUA; and</u></p> <p><u>(ii) Any actions that the storing entity takes will be consistent with its State's laws.</u></p>	<p>AWBA suggested incorporating §414.3(A)(6) and (7) into one provision. This suggestion was not incorporated into the final rule.</p> <p>AWBA suggested eliminating reference to storage credits and substituting ICUA language. This suggestion was incorporated into the final rule.</p> <p>AWBA suggested specifying that the storing entity will use water previously stored, pursuant to the agreement, to develop the requested ICUA. This suggestion was not incorporated into the final rule.</p> <p>AWBA suggested specifying that the ICUA will be made available by the Secretary only to the authorized entity in the Consuming State. This suggestion was incorporated into §414.3 (A)(12)(iii) of the final rule.</p>
<ul style="list-style-type: none"> Description of ICUA 	<p>(7) Specify which actions the authorized entity will take to develop intentionally created unused apportionment.</p>	<p>(9) The agreement must include a description of:</p> <p>(i) The actions the authorized entity will take to develop ICUA;</p> <p>(ii) Potential actions to decrease the authorized entity's consumptive use of Colorado River water;</p> <p>(iii) The means by which the development of the ICUA will be enforceable by the storing entity; and</p> <p>(iv) The notice given to entitlement holders, including Indian tribes, of opportunities to participate in development of this ICUA.</p>	<p>ADWR suggested ICUA production should be directly tied to recovery and the use of water previously stored pursuant to an agreement. This suggestion was not incorporated into the final rule. ADWR also suggested that it would be inappropriate to include other methods without allowing interested parties to analyze the appropriateness of the other methods. The final rule requires the agreement to specify the actions by which ICUA has or will be developed and the means by which the Storing State will decrease its consumptive use of Colorado River water. Presumably, interested parties will be able to comment on the methods during the NEPA review of the proposed agreement.</p> <p>The final rule does seem to require that water actually be stored in the Storing State as part of the interstate transaction.</p>

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<ul style="list-style-type: none"> Development of ICUA 	<p>(8) Specify that the authorized entity of the Storing State must certify to the Secretary that intentionally created unused apportionment has been developed that would not otherwise exist and that the authorized entity will request the Secretary to make available that quantity of Colorado River water for use in the Consuming State pursuant to Article II(B)(6) of the Decree to redeem storage credits.</p>	<p>(10) The agreement must specify that the <u>storing entity will</u> certify to the Secretary that ICUA has been <u>or will be</u> developed that otherwise would not have existed. The certification must:</p> <p><u>(i) Identify the quantity, the means, and the entity by which ICUA has been or will be developed; and</u></p> <p><u>(ii) Ask the Secretary to make the ICUA available to the consuming entity under Article II(B)(6) of the Decree and the Storage and Interstate Release Agreement.</u></p>	<p>AWBA suggested eliminating reference to storage credits and substituting ICUA language. This suggestion was incorporated into the final rule.</p> <p>AWBA suggested specifying the ICUA would be delivered to the authorized entity in the Consuming State. This suggestion was incorporated into § 414.3(a)(12)(iii) of the final rule.</p> <p>AWBA suggested requiring the agreement to specify the procedure under which the authorized entity in the Storing State will verify to the Secretary that the ICUA has or will be created. This suggestion was incorporated into the final rule, which requires the storing entity to specify the quantity, means, and entity by which the ICUA will be developed.</p>
<ul style="list-style-type: none"> Verification of ICUA 	<p>Not included in the proposed rule.</p>	<p><u>(11) The agreement must specify a procedure for verifying development of the ICUA appropriate to the manner in which it is developed.</u></p>	<p>No comment made. This new section compliments the enhanced requirements of §414(a)(10) above.</p>
<ul style="list-style-type: none"> Release of ICUA 	<p>(d) Redemption of storage credits. The Secretary must be satisfied that necessary actions have been taken to develop intentionally created unused apportionment for redemption of storage credits. Once this determination has been made, the Secretary will make available a quantity of Colorado River water to redeem these credits consistent with the BCPA, Article II(B)(6) of the Decree, and all other applicable laws. Intentionally created unused apportionment that is developed by the authorized entity of the Storing State will be made available to the authorized entity of the Consuming State and will not be made available to other contractors or Federal entitlement holders.</p>	<p><u>12) The agreement must specify that the Secretary will release ICUA developed by the storing entity:</u></p> <p><u>(i) In accordance with a request of the consuming entity;</u></p> <p><u>(ii) In accordance with the terms of the Storage and Interstate Release Agreement;</u></p> <p><u>(iii) Only for use by the consuming entity and not for use by other entitlement holders; and</u></p> <p><u>(iv) In accordance with the terms of the Storage and Interstate Release Agreement, the BCPA, Article II(B)(6) of the Decree and all other applicable laws and executive orders.</u></p>	<p>ADWR suggested the rule ensure a Storing State of the future benefit of receiving ICUA by specifying that the Secretary will commit to deliver ICUA to a authorized entity in a Consuming State pursuant to Article II (B)(6) of the Decree in accordance with an approved Interstate Storage Agreement. This suggestion was incorporated into the final rule.</p> <p>AWBA suggested clarifying that, if all the terms of the agreement are met, the Secretary will make the requested amount of ICUA available only to the authorized entity of the Consuming State. This suggestion was incorporated into the final rule.</p>

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<ul style="list-style-type: none"> • Release of ICUA 	Not included in the proposed rule.	<p><u>(13) The agreement must specify that ICUA shall be released to the consuming entity only in the year and to the extent that ICUA is developed by the storing entity by reducing Colorado River water use within the Storing State.</u></p>	No specific comment made, but this change is consistent with AWBA and ADWR's overall view of how the rule should operate, and AWBA's comment that the procedures for implementing release of ICUA should be clarified in the final rule.
<ul style="list-style-type: none"> • Release of ICUA 	Not included in the proposed rule.	<p><u>(14) The agreement must specify that the Secretary will release ICUA only after the Secretary has determined that all necessary actions have been taken under this part.</u></p>	No comment made.
<ul style="list-style-type: none"> • Verification of ICUA 	Not included in the proposed rule.	<p><u>(15) The agreement must specify that before releasing ICUA the Secretary must first determine that the storing entity:</u> <u>(i) Stored water in accordance with the Storage and Interstate Release Agreement in quantities sufficient to support the development of the ICUA requested by the consuming entity; and</u> <u>(ii) Certified to the satisfaction of the Secretary that the quantity of ICUA requested by the consuming entity has been developed in that year or will be developed in that year under Sec. 414.3(f).</u></p>	AWBA suggested that the Storing State certify to the Secretary that ICUA has been or will be created. The anticipatory release of ICUA is incorporated in §414(f).
<ul style="list-style-type: none"> • Idemnification of US 	(9) Indemnify the United States, its employees, agents, subcontractors, successors, or assigns from loss or claim for damages and from liability to persons or property, direct or indirect, and of any nature whatsoever arising by reason of the actions taken by the United States in accordance with this part.	<p><u>(16) The agreement must specify that the non-Federal parties to the Storage and Interstate Release Agreement will indemnify the United States, its employees, agents, subcontractors, successors, or assigns from loss or claim for damages and from liability to persons or property, direct or indirect, and loss or claim of any nature whatsoever arising by reason of the actions taken by the non-federal parties to the Storage and Interstate Release Agreement under this part.</u></p>	No comment made.
<ul style="list-style-type: none"> • US facilities 	(10) Identify the extent to which facilities constructed or financed by the United States will be used to store, convey, or distribute water associated with an Interstate Storage Agreement.	<p><u>(17) The agreement must specify the extent to which facilities constructed or financed by the United States will be used to store, convey, or distribute water associated with a Storage and Interstate Release Agreement.</u></p>	No comment made.

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<ul style="list-style-type: none"> • Relevant factors 	Not included in the proposed rule.	<u>(18) The agreement must include any other provisions that the parties deem appropriate.</u>	No comment made.
<ul style="list-style-type: none"> • Financial considerations 	(b) Approval by the Secretary... The Secretary will consider, among other relevant factors: the direct or indirect consequences of the proposed Interstate Storage Agreement on the financial interests of the United States.	<u>(b) How to address financial considerations. The Secretary will not execute an agreement that has adverse impacts on the financial interests of the United States. Financial details between and among the non-Federal parties need not be included in the Storage and Interstate Release Agreement but instead can be the subject of separate agreements. The Secretary need not be a party to the separate agreements.</u>	No comment made. Nevada requested that the Secretary not be a party to the financial terms of the interstate storage agreement.
<ul style="list-style-type: none"> • Agreement execution 	(b) Approval by the Secretary. A request for approval of an Interstate Storage Agreement should be made in writing to the Secretary. The request will be acknowledged in writing by the Secretary within 10 business days of receipt. The request should include copies of the proposed interstate agreement and any additional supporting data that clearly set forth the details of the proposed transaction.	<u>(c) How the Secretary will execute storage and interstate release agreements. The Regional Director for the Bureau of Reclamation's Lower Colorado Region (Regional Director) may execute and administer a Storage and Interstate Release Agreement on behalf of the Secretary. The Secretary will notify the public of his/her intent to participate in negotiations to develop a Storage and Interstate Release Agreement and provide a means for public input.</u>	No comment made.

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<ul style="list-style-type: none"> Relevant factors 	<p>In reviewing the proposed interstate agreement, the Secretary will consider among other relevant factors: applicable law; applicable contracts; potential effects on trust resources; potential effects on water rights holders, including contractors, Federal entitlement holders, Indian and non-Indian PPR holders, and other Indian tribes; potential effects on third parties; environmental impacts and effects on threatened and endangered species; comments from interested parties, particularly parties who may be affected by the proposed action; and other relevant factors, including the direct or indirect consequences of the proposed Interstate Storage Agreement on the financial interests of the United States.</p>	<p><u>In considering whether to execute a Storage and Interstate Release Agreement, the Secretary may request, and the non-Federal parties must provide, any additional supporting data necessary to clearly set forth both the details of the proposed transaction and the eligibility of the parties to participate as State-authorized entities in the proposed transaction.</u></p> <p>The Secretary will <u>also</u> consider: applicable law <u>and executive orders</u>; applicable contracts; potential effects on trust resources; potential effects on <u>entitlement</u> holders, including Indian tribes; <u>potential impacts on the Upper Division States</u>; potential effects on third parties; potential environmental impacts and <u>potential</u> effects on threatened and endangered species; comments from interested parties, particularly parties who may be affected by the proposed action; <u>comments from the State agencies responsible for consulting with the Secretary on matters related to the Colorado River</u>; and other relevant factors, including the direct or indirect consequences of the proposed <u>Storage and Interstate Release Agreement</u> on the financial interests of the United States.</p>	<p>ADWR suggested the list of factors to be considered by the Secretary should only include relevant factors in order to negate any inference that the Secretary would seek extraneous concessions as a condition of approval by linking unrelated issues to the agreement. This suggestion was not incorporated into the final rule. The final rule does not acknowledge the possibility of the Secretary linking unrelated issues to the agreement and expands the list of factors to be considered and specifying that the Secretary may execute or not execute an agreement.</p>
<ul style="list-style-type: none"> Agreement execution 	<p>The Secretary will respond to the request within 120 days. However, if the proposal involves significant environmental compliance activities or other issues such that 120 days is an insufficient period in which to respond, the Secretary will communicate this to all parties to the proposed request and set out a schedule by which such work will be completed or such issues resolved. In that case, the Secretary will render a decision within 90 days of completion of the environmental compliance activities and resolution of other issues (if applicable).</p>	<p><u>Based on the consideration of the factors in this section, the Secretary may execute or decide not to execute a Storage and Interstate Release Agreement.</u></p>	<p>No comment made.</p>

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<ul style="list-style-type: none"> • Authorized entity assignment 	<p>(e) Assignment. Interstate Storage Agreements may be assigned in whole or in part to authorized entities upon the agreement of the parties to the Interstate Storage Agreement and upon the approval by the Secretary consistent with the requirements of paragraph (b) of this section.</p>	<p><u>(d) Assigning interests to an authorized entity. Non-Federal parties to a Storage and Interstate Release Agreement may assign their interests in the Agreement</u> to authorized entities. The assignment can be in whole or in part. <u>The assignment can only be made if all parties to the agreement</u> approve.</p>	<p>No comment made.</p>
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<ul style="list-style-type: none"> BCPA contracts with the Secretary 	<p>Where appropriate to implement the Interstate Storage Agreement, the Secretary will contract for water deliveries under Section 5 of the Boulder Canyon Project Act.</p>	<p><u>(e) Requirement for contracts under the Boulder Canyon Project Act. Release or diversion of Colorado River water for storage under this part must be supported by a water delivery contract with the Secretary in accordance with Section 5 of the BCPA. The only exception to this requirement is storage of Article II(D) (of the Decree) water by Federal or tribal entitlement holders. The release or diversion of Colorado River water that has been developed or will be developed as ICUA under this part also must be supported by a Section 5 water delivery contract.</u></p> <p><u>(1) An authorized entity may satisfy the requirement of this section through a direct contract with the Secretary. An authorized entity also may satisfy the Section 5 requirement of the BCPA, for purposes of this part, through a valid subcontract with an entitlement holder that is authorized by the Secretary to subcontract for the delivery of all or a portion of its entitlement.</u></p> <p><u>(2) For storing entities that do not otherwise hold a contract or valid subcontract for the delivery of the water to be stored, the Storage and Interstate Release Agreement will serve as the vehicle for satisfying the Section 5 requirement for the release or diversion of that water.</u></p> <p><u>(3) For consuming entities that do not otherwise hold a contract or valid subcontract for the delivery of the water to be released by the Secretary as ICUA, the Storage and Interstate Release Agreement will serve as the vehicle for satisfying the Section 5 requirement for the release or diversion of that water.</u></p>	<p>AWBA commented on October 21, 1998 in response to the re-opening of the comment period. AWBA explained that the critical role of the Storing Entity was not the receipt of water to be stored, but the ability to create ICUA when the store water was to be recovered by the Consuming Entity. Thus, the emphasis on the Storing Entity's entitlement holder status was misplaced.</p> <p>Secondly, AWBA explained that not all end users of Colorado River water are required to have a direct contract with the Secretary. AWBA is currently legally authorized to obtain Colorado River water from CAWCD and no further contractual authority is needed for AWBA to participate in interstate water banking.</p> <p>These concerns were addressed in part by this change in the rule, which allows and authorized entity to hold a subcontract with an entitlement holder that is authorized by the Secretary to subcontract. AWBA fits within this description.</p>
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<ul style="list-style-type: none"> Anticipatory release of ICUA 	Not included in the proposed rule.	<p><u>(f) Anticipatory release of ICUA. The Secretary may release ICUA to a consuming entity before the actual development of ICUA by the storing entity if the storing entity certifies to the Secretary that ICUA will be developed during that same year that otherwise would not have existed.</u></p> <p><u>(1) These anticipatory releases will only be made in the same year that the ICUA is developed.</u></p> <p><u>(2) Before an anticipatory release, the Secretary must be satisfied that the storing entity will develop the necessary ICUA in the same year that the ICUA is to be released.</u></p>	<p>AWBA suggested that the Storing State certify to the Secretary that ICUA has been or will be created.</p> <p>Anticipatory release is acceptable in situations where it can be clearly demonstrated that the stored water will be used in place of the ICUA. If other proposals are offered, they will be carefully examined to insure that ICUA is actually being created.</p>
<ul style="list-style-type: none"> Treaty obligations 	Not included in the proposed rule.	<p><u>(g) Treaty obligations. Prior to executing any specific Storage and Interstate Release Agreements, the United States will consult with Mexico through the International Boundary and Water Commission under the boundary water treaties and other applicable international agreements in force between the two countries.</u></p>	No comment made.
<p>§ 414.4</p> <p>Reporting requirements and accounting under Storage and Interstate Release Agreements.</p>	<p>Each authorized entity will annually report to the Secretary, by January 31, the quantity of water it diverted and stored on behalf of authorized users in other Lower Division States and the balance of storage credits remaining in interstate storage for each entity as of December 31 of the prior calendar year.</p>	<p><u>(a) Annual report to the Secretary.</u> Each <u>storing</u> entity will submit an annual report to the Secretary <u>containing the material required by this section. The report will be due on a date to be agreed upon by the parties to the Storage and Interstate Release Agreement.</u> The report must include:</p> <p>(1) The quantity of water diverted and stored during the prior year <u>under all Storage and Interstate Release Agreements</u>; and</p> <p><u>(2) The total quantity of stored water available to support the development of ICUA under each Storage and Interstate Release Agreement to which the storing entity is a party as</u> of December 31 of the prior calendar year.</p> <p><u>(b) How the Secretary accounts for diverted and stored water.</u> The Secretary will account for water diverted and stored under Storage and Interstate Release Agreements in the records maintained under Article V of the Decree.</p>	<p>AWBA suggested the reporting date should be more flexible as “a date to be agreed upon by the parties”. This suggestion was incorporated into the final rule.</p> <p>AWBA suggested the rule should only require authorized entities in a Storing State to report storage amounts. This suggestion was incorporated into the final rule.</p> <p>AWBA suggested the phrase “on behalf of authorized users in other Lower Division States and the balance of storage credits remaining in interstate storage for each entity” should be eliminated. This suggestion was incorporated into the final rule.</p> <p>AWBA suggested the description of accounting for ICUA in the Consuming State should be clarified. This suggestion was incorporated into the final rule.</p>

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	<p>This water will be accounted for, in the records maintained by the Secretary under Article V of the Decree, as a consumptive use in the Storing State for the year in which it is stored.</p> <p>In the records maintained by the Secretary under Article V of the Decree, the taking of unused apportionment for use in a Consuming State by an authorized entity in redemption of its storage credits will be accounted for as consumptive use by the Consuming State of unused apportionment in the year the water is used, the same as with any other unused apportionment taken by that State.</p> <p>The Secretary will maintain individual balances of storage credits established by the offstream storage of water under Interstate Storage Agreements.</p> <p>The balances will be reduced when intentionally created unused apportionment is developed by the authorized entity in a Storing State and made available for use in a Consuming State.</p>	<p>(1) The Secretary will account for the water that is diverted and stored by a storing entity as a consumptive use in the Storing State for the year in which it is stored.</p> <p>(2) The Secretary will account for the diversion and consumptive use of ICUA by a consuming entity as a consumptive use in the Consuming State of unused apportionment under Article II(B)(6) of the Decree in the year the water is released in the same manner as any other unused apportionment taken by that State.</p> <p>(3) The Secretary will maintain individual balances of the quantities of water stored under a Storage and Interstate Release Agreement and available to support the development of ICUA. The appropriate balances will be reduced when ICUA is developed by the storing entity and released by the Secretary for use by a consuming entity.</p>	<p>AWBA suggested specific reference to Article II(B)(6) of the Decree for the authority of the Consuming State to use “unused apportionment.” These suggestions were incorporated into the final rule.</p> <p>AWBA suggested the term “storage credit” should be deleted. This suggestion was incorporated into the final rule.</p> <p>The proposed rule provided that the “credits” established by the storage would be reduced when intentionally created unused apportionment is developed. The final rule states that the appropriate balances will be reduced when ICUA is developed by the storing entity and <i>released by the Secretary</i>. If the consuming entity requests development of ICUA then rejects its delivery, waste could occur. This problem may be resolvable within the terms of the Agreement.</p>
<p>§ 414.5</p> <p>Water Quality.</p> <ul style="list-style-type: none"> Water quality 	<p>(a) No guarantee of water quality. The Secretary does not warrant the quality of water released or delivered under interstate agreements, and the United States will not be liable for damages of any kind resulting from water quality problems. The United States will not be under any obligation to construct or furnish water treatment facilities to maintain or improve water quality standards.</p>	<p>(a) Water Quality is not guaranteed. The Secretary does not warrant the quality of water released or delivered under Storage and Interstate Release Agreements, and the United States will not be liable for damages of any kind resulting from water quality problems. The United States is not under any obligation to construct or furnish water treatment facilities to maintain or improve water quality except as may otherwise be provided in relevant Federal law.</p>	<p>No comment made.</p>

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<ul style="list-style-type: none"> Water quality standards 	<p>(b) Water quality standards. All contractors or Federal entitlement holders, in diverting, using, and returning Colorado River water, must comply with all relevant water pollution laws and regulations of the United States, the Storing State, and the Consuming State, and must obtain all applicable permits or licenses from the appropriate Federal, State, or local authorities regarding water quality and water pollution matters.</p>	<p>(b) <u>Required</u> water quality standards. All <u>entities</u>, in diverting, using, and returning Colorado River water, must:</p> <p>(1) Comply with all <u>applicable</u> water pollution laws and regulations of the United States, the Storing State, and the Consuming State; and</p> <p>(2) Obtain all applicable permits or licenses from the appropriate Federal, State, or local authorities regarding water quality and water pollution matters.</p>	<p>No comment made.</p>
<p>§ 414.6</p> <p>Environmental compliance and funding of Federal costs.</p> <ul style="list-style-type: none"> Ensuring compliance 	<p>(a) Ensuring environmental compliance. The Secretary will ensure that environmental compliance is completed. The Secretary will be responsible for ensuring compliance with the National Environmental Policy Act of 1969, as amended, and the Endangered Species Act of 1973, as amended, and will integrate the requirements of other statutes, laws, and executive orders as required for Federal actions taken under this part.</p>	<p>(a) Ensuring environmental compliance. The Secretary will <u>complete</u> environmental compliance <u>documentation</u>, compliance with the National Environmental Policy Act of 1969, as amended, and the Endangered Species Act of 1973, as amended; and will integrate the requirements of other statutes, laws, and executive orders as required for Federal actions to be taken under this part.</p>	<p>No comment made.</p>

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<ul style="list-style-type: none"> • Responsibility for compliance 	<p>(b) Responsibility for environmental compliance work. Authorized entities requesting Secretarial approval of an interstate transaction pursuant to this part may prepare the appropriate documentation and compliance document for a proposed Federal action such as approving a proposed interstate transaction. Such compliance documents must meet the standards set forth in Reclamation’s National Environmental Policy Act Handbook before they can be adopted.</p>	<p>(b) Responsibility for environmental compliance work. Authorized entities <u>seeking to enter into a Storage and Interstate Release Agreement under</u> this part may prepare the appropriate documentation and compliance document for a proposed Federal action, such as <u>execution of a proposed Storage and Interstate Release Agreement.</u> The compliance documents must meet the standards set forth in Reclamation’s national environmental policy <u>guidance</u> before they can be adopted.</p>	<p>No comment made.</p>
<ul style="list-style-type: none"> • Agreement costs 	<p>All costs incurred by the United States in evaluating, processing, and/or approving transactions entered into under this part must be funded by the parties that propose the transaction.</p>	<p>(c) <u>Responsibility for funding of Federal costs.</u> All costs incurred by the United States in evaluating, processing, and/or <u>executing a Storage and Interstate Release Agreement</u> under this part must be funded <u>in advance</u> by the <u>authorized entities that are party to that agreement.</u></p>	<p>No comment made.</p>

ARIZONA DEPARTMENT OF WATER RESOURCES

Office of Legal Services
500 North Third Street, Phoenix, Arizona 85004
Telephone 602 417-2420
Fax 602 417-2415



JANE DEE HULL
Governor

RITA P. PEARSON
Director

December 15, 1999

Regulations for Offstream Storage of Colorado River Water, 43 CFR § 414

Dear Interested Party:

The Arizona Water Banking Authority (AWBA) is authorized to engage in interstate banking of Colorado River water in cooperation with other states of the Lower Division of the Colorado River Basin. The State of Nevada, through the Southern Nevada Water Authority, is interested in negotiating a contract with the AWBA for interstate banking. AWBA's authority is limited by the following requirements:

The authority [AWBA] shall not enter into contracts with agencies in California and Nevada for the storage of water on their behalf until both of the following occur:

1. Regulations are in effect, promulgated by the secretary of the interior of the United States, that facilitate and allow the contractual distribution of unused entitlement under article II(B)(6) of the decree.
2. The director [of the Department of Water Resources] finds that the rules promulgated by the secretary of the interior adequately protect this state's rights to Colorado river water, as those rights are defined by the decree.

A.R.S. § 45-2427(C). The Director of the Department of Water Resources has requested a legal opinion from the Department's Chief Counsel on whether these standards have been met.

As part of the process of developing the legal opinion, we are planning to hold a public meeting on Thursday, January 13, 2000 at 1:00 p.m. at the Arizona Department of Water Resources, Conference Room A, 500 North Third Street, Phoenix, Arizona 85004.

This public meeting and the legal opinion will focus only on whether the statutory criteria (quoted in the block indent above) have been met. We will not focus on the contractual or

business aspects of banking water for the Southern Nevada Water Authority or any other potential customer. If we determine that the statutory criteria have been met, we will announce that decision to the AWBA at a public meeting. The AWBA may then decide whether it wishes to pursue the business aspects of interstate banking, and the parameters it may wish to set for negotiation.

If you cannot attend the public meeting, or otherwise wish to submit comments in writing, please address them to the undersigned at the Department of Water Resources. Comments should be received no later than the close of business on January 13, 2000.

Thank you for your interest in this program.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Pearce". The signature is written in a cursive style with a large, sweeping initial "M".

Michael J. Pearce
Chief Counsel

**Governors' Representatives
on Colorado River Operations**

**Arizona, Colorado, Nevada, New Mexico,
Utah and Wyoming**

December 6, 1999

Tom Hannigan, Director
California Department of Water Resources
1416 Ninth Street
P.O. Box 942836
Sacramento, California 94236-0001

Jerry Zimmerman, Director
Colorado River Board of California
770 Fairmont Avenue, #100
Glendale, California 91203-1035

Dear Tom and Jerry:

As the representatives of our respective governors, we believe it appropriate to provide you and the California Colorado River water management interests our initial reactions to the Quantification Agreement reached between Imperial Irrigation District, Coachella Valley Water District and the Metropolitan Water District of Southern California. We wish to thank you for hosting the meeting in Ontario on November 17th. We found it to be helpful and informative. As the meeting concluded, we collectively attempted to address the next steps in a process intended to lead to an agreement among the Seven Basin States pertaining to a number of Colorado River operational and decree accounting matters. The purpose of this letter is to expand upon our comments at that meeting, and to clarify our expectations concerning further discussions.

As we expressed to you at the briefing, we have a number of serious concerns regarding the "conditions precedent" portion of the Quantification Agreement. We were pleased to be advised by you and David Hayes, that those issues are open to discussion and negotiation with the other Basin States.

As you know, the Basin States, with the exception of California, prepared two significant documents related to interim operational criteria for the Lower Basin in late 1998. The first, dated October 20, 1998 and titled, "Background and Principles for Negotiation – Special Interim Criteria for Releases of Water from Lake Mead during Implementation of the California 4.4 Plan," lists nine principles critical to the adoption of any interim

Colorado River operating criteria. The second, dated December 4, 1998 and titled, "Proposal for Interim Lake Mead Reservoir Operation Criteria Related to Surplus, Normal, and Shortage Year Declarations," expanded on the first paper and like the first, presented a consensus proposal to California. These written proposals were our attempt to expedite negotiations, if and when, California water interests were able to resolve their internal differences and complete the long awaited 4.4 Plan. While we advanced our principles for negotiation and our reservoir operations concepts prior to completion of the California internal process, we were unwilling, and continue to be unwilling, to begin negotiations until the very reason we began these discussions has been addressed -- namely, that California commit to enter into a defined, enforceable program to reduce its dependence on Colorado River water over its basic entitlement, in a way that avoids undue risk of shortage to the other Basin States (see our letter to David Kennedy and Gerald Zimmerman dated December 9, 1996).

The Ontario briefing made it clear that while the Quantification Agreement was an integral part of the 4.4 Plan, it is not the 4.4 Plan. That document is still being developed. It is apparent from the text of the Quantification Agreement and the responses to our questions, that the proposed conservation transfers will not, by themselves, allow MWD to maintain a full aqueduct within California's 4.4 maf basic apportionment.

We cannot over-emphasize the need for California to commit to reduce its Colorado River uses to 4.4 maf in order to gain support within our states for the more flexible operating criteria California desires. Although the discussion of surplus guidelines in Exhibit A of the Quantification Agreement states that more liberal operating criteria will provide general benefits to all water users, the reality is that the vast majority of the benefits will accrue to California. Nevada and Arizona are just now approaching full utilization of their basic apportionments. The opportunity for those states to use significant amounts of surplus water over the next fifteen years is quite limited and in most cases, does not offset the potential negative impacts and risks created by the drawdown of Lake Mead and Lake Powell. These impacts may include increased risk of future shortages, higher delivery costs, potentially degraded water quality and lost recreation benefits. Moreover, the Upper Basin States receive no direct benefits from surplus declarations, but must bear the negative impacts of having Lake Powell lowered as a result of equalization criteria.

As the representatives of our states' governors, we must be able to explain the benefits, and justify the risks, of adopting more liberal operating criteria to our legislators, congressional members, water users and the general citizenry. The sole benefit to our states is California's guarantee that it will reduce its basic demands for Colorado River water to 4.4 maf. This issue has concerned the Basin States for over seventy years. The temporary use of some surplus water to provide a "soft landing" to California may well be worth the risks created but without the promise of a "light at the end of the tunnel" through the implementation of a 4.4 Plan, there is very little hope that we can muster support within our states to liberalize the operating criteria.

The Interior Department presentation of their proposed process for developing interim operating criteria set forth an extremely ambitious schedule. It is undoubtedly driven by

the desire of the current administration to complete the adoption of interim operating criteria prior to the end of their term in office. We recognize that completion of the process during their term could avoid the delays that inevitably result from a “changing of the guard.” However, we do not believe this schedule should drive our Seven Basin State discussion process. The issues are too important to be rushed for expediencies’ sake, nor do we feel any extra pressure to make concessions based on the proposed schedule.

The criteria proposed in the Quantification Agreement goes far beyond what we understood to be California’s principal concern – that economic disruption to MWD’s member agencies be avoided by allowing continued access to a full supply of Colorado River water while conservation measures are being gradually implemented. Our reading of the California proposal is that it goes far beyond that objective and makes large volumes of water available to California agriculture and groundwater banking activities. The generous availability of surplus water to agriculture negates the limitations imposed by quantifying their rights. If IID or CVWD are not required to limit themselves to the water use limitation contained within their Quantification Agreement, there are no consequences. This is because the unlimited surplus provided by Level 1 overrides any limits. We have been, and continue to be, opposed to allowing unlimited surpluses to be declared for agricultural uses unless the risk of spill is much greater than would be the result of California’s proposed criteria. Even proposed Level 2 provides surplus water for off-stream storage when Lake Mead storage has been reduced by one-half.

These and other provisions of the Quantification Agreement appear to be inconsistent with the goal that MWD maintain a full aqueduct to avoid severe economic impacts and disruptions within their service area. For example, the proposal to transfer 35,000 acre-feet of MWD’s State Water Project supply and 20,000 acre-feet of previously conserved water to CVWD gives the appearance that MWD is able to absorb some shortages. Also, the proposed delivery of interim surplus Colorado River water for storage in groundwater basins via the Colorado River Aqueduct would reduce deliveries to M&I users, which we understood to be the critical need.

All six states have repeatedly stated that we are willing to engage in serious discussions about the development of multi-year surplus and shortage criteria that will meet, for an interim period only, at least part of the demand for surplus water in California. In order for those discussions to be fruitful, however, certain steps must be taken by your water agencies. First and foremost, a 4.4 Plan must be adopted that commits California to an enforceable program to reduce its dependence on Colorado River water. Second, we expect that any operating criteria will be focused on meeting California’s objective of protecting its M&I economy within the 4.4 maf base apportionment. Third, any criteria must be of an interim nature only, sufficient to provide a cushion to California while it steps down its use through meaningful conservation measures and water transfers. Fourth, we expect that in the development of interim operating criteria, full consideration will be given to the impacts and risks that extraordinary releases from Lake Mead may create. And finally, we expect that the direct beneficiaries of the “soft landing” interim surplus criteria should be responsible for bearing the risks, and mitigating the impacts on others caused by those criteria.

The California water agencies have made great progress in completion of the Quantification Agreement and are to be congratulated. California can build on what has been started by working with us to develop reasonable interim operating criteria that will be acceptable to our constituencies. We remain hopeful these historic accomplishments will be realized.

Very truly yours,



Rita P. Pearson
Director
Arizona Department of Water Resources



Greg Walcher
Executive Director
Colorado Department of Natural Resources



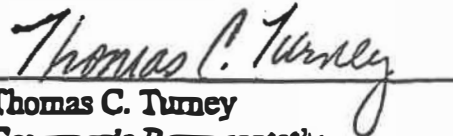
Patricia Mulroy
General Manager
Southern Nevada Water Authority



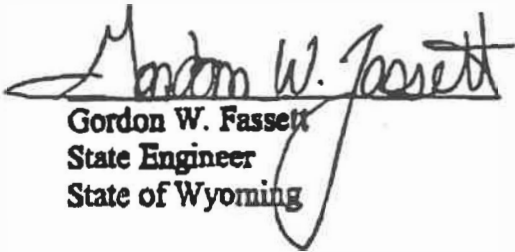
Richard Bunker
Chairman
Colorado River Commission of Nevada



Philip B. Mutz
Upper Colorado River Commissioner
State of New Mexico



Thomas C. Turney
Governor's Representative
State of New Mexico



Gordon W. Fassett
State Engineer
State of Wyoming



D. Larry Anderson
Director
Utah Division of Water Resources

Cc: Bruce Babbitt, Secretary
U.S. Department of the Interior
David Hayes, Acting Deputy Secretary
U.S. Department of the Interior

COVER

SHEET

FAX

DATE: December 13, 1999

FROM: Nannette Flores



TO: Water Banking Authority Members

Tom Griffin - Vice Chairman	520-754-4622
Bill Chase - Secretary	602-495-5650
George Renner -	623-931-9250
Dick Walden -	520-791-2853
Representative Gail Griffin -	602-542-4030
Senator Ken Bennett -	602-542-3429

COMMENTS:

The following is the draft 2000 Annual Plan of Operation, which will be reviewed at the upcoming Water Banking meeting. Overview of the public meetings and any comments will be reviewed, and with any needed changes, the plan should be ready for approval.

If you have any comments prior to Wednesday, December 15, please forward them to Tim Henley or Gerry Wildeman.

Nan

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From the desk of...
Nannette Flores
Administrative Assistant
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