

IGA among AWBA, ADWR and CAWCD
BASIC CONCEPTS

This is NOT a draft agreement. This document is intended to capture general concepts for discussion among Commission members and other interested parties and to assist in determining what a potential agreement might include.

The concepts included in this draft currently address AWBA credits for firming M&I subcontract water. The agreement could be expanded to include firming for other purposes, such as fourth priority On-river M&I users, Indian settlement obligations, and other water management objectives.

RECITALS

- A. Includes statutory authorities, such as authorities for participation in IGA, requirements for distributing credits, requirements for each party, and any other statutory requirements that are necessary.

AGREEMENT

- B. Definitions

Any definitions needed in the IGA.

- C. Term

- D. Use of AWBA Long-term Storage Credits

- Shortage or CAP System Outage
 - a. Secretary Shortage Declaration
 - b. unplanned or extraordinary system outages
- AWBA Policies/Rules/Statutes
 - a. considering water conservation savings when distributing AWBA credits during a shortage year
 - b. limiting the amount of credits to up to 20% of the shortage amount (This has been the AWBA staff assumption, based on A.A.C. R12-15-722(G)(1) and R12-15-701(35), if this will be implemented it should be formally adopted as an AWBA policy.)
 - c. distributing credits for the purpose of accruing long-term storage credits
 - d. distribution of the credits within the AMA or County that is being benefitted

- e. four cent tax credits vs. withdrawal fee credits

Questions raised:

- Should credits be distributed for water that is requested for the purpose of accruing long-term storage credits?
 - Should the AWBA be concerned about an equitable distribution of the credits within the county?
 - Should the AWBA reserve a quantity of withdrawal fee credits that will be available for M&I firming?
 - Should the AWBA establish a priority for the use of withdrawal fee credits?
 - Should the AWBA wait until there is an actual demand for the credits before they are dedicated for a specific use?
 - Does the AWBA distribute withdrawal fee credits for M&I firming in conjunction with the use of the four-cent tax credits or wait until the four-cent tax credits are fully utilized?
- CAWCD Policies/Rules/Statutes
 - a. meet its CAP M&I subcontractors' full orders during a shortage event using a combination of Project Water and AWBA credits (45-2457.B.7)
 - b. delivery of recovered credits as Project Water
 - c. creation of a credit recovery schedule
 - d. recovery agreements CAWCD may have with entities that will be recovering credits on behalf of CAWCD
 - e. managing the shortage and distribution of supplies

Questions raised:

- Is recovered CAP water considered Project water when delivering water to meet CAP M&I subcontract orders?
 - How will shortages be distributed among subcontractors?
- ADWR Policies/Rules/Statutes
 - a. develop credit transfer form and fees (ADWR should consider whether fees will be per form or per transfer, whether fee will be different than current fee for transfer, and if so, whether a rule change is necessary.)
 - b. recovery for M&I firming
 - c. use of AWBA long-term storage credits
 - d. annual recovery reports
 - e. long-term storage accounting

Questions raised:

- Should credits be distributed for water that is requested for the purpose of accruing long-term storage credits?

- Should the AWBA reserve a quantity of withdrawal fee credits that will be available for M&I firming?

E. Credit Distribution Projection

- CAWCD gets USBR preliminary notification of shortage year (June)
- CAWCD preliminary notification to AWBA, ADWR and M&I Subcontractors (June)
 - a. available water supply
 - b. how shortages to the CAP water supply will potentially impact CAP customers within its priority delivery system
- AWBA will confirm location of credits available for CAWCD's planning (June)
- CAWCD will submit to AWBA a preliminary credit recovery schedule for the following water delivery year (July)
 - a. CAWCD prepares preliminary recovery schedule based on its customer's 2-year projections submitted the previous year and any adopted policies that may place limitations on delivery amounts
 - b. discussion with AWBA and ADWR
 - c. the schedule will include
 - i. purpose of the distribution, e.g., shortage of Colorado River supplies
 - ii. projected number of credits that will be utilized
 - iii. county and AMA in which the credits will be utilized
 - iv. location where the credits are needed
- AWBA and ADWR will review the preliminary credit recovery schedule (August)
 - a. for conformity to statutes and policies
 - b. notify CAWCD of any discrepancies
 - c. identify the amount of credits that will be provided from each storage facility
- CAWCD revise the preliminary credit recovery schedule (September)
 - a. based on estimated demand schedule
 - b. submit to AWBA to be included into AWBA preliminary Annual Plan of Operation
- Secretary's Colorado River Determination (October)
- CAP subcontractors submit their final water order (October)
- CAWCD will submit to AWBA a final credit recovery schedule for the following water delivery year (November)

- AWBA will include the final credit recovery schedule in its draft Annual Plan of Operation (fourth quarter meeting in mid- December)

F. Delivery of CAP M&I Subcontract Water during Shortages or CAP Outage

- CAWCD retains the discretion to use the AWBA credits
 - a. to best fit CAP operation schedules
 - b. to best fit basic recovery methods:
 - i. Direct Recovery
 - ii. Indirect Recovery
 - iii. Credit Exchange Recovery
 - c. to be consistent with adopted statutes, rules and regulations
- CAWCD Conceptual Recovery Schedule
 - a. operation schedule
 - b. CAWCD conceptual recovery agreements

G. AWBA Annual Plan of Operation (APO)

- Preliminary Annual Plan of Operation (third quarter meeting mid-September)
 - a. based on preliminary credit recovery schedule
 - b. will include the following (A.R.S. § 45-2456(E)(7))
 - i. the purpose of the distribution, e.g., shortage of Colorado River supplies
 - ii. the projected number of credits that will be distributed
 - iii. the county and AMA in which the credits will be distributed
 - iv. the location where the credits were stored
 - v. the persons receiving the credits.
 - c. approved by Commission as draft
- The draft APO including the preliminary credit recovery schedule presented to the public for comment at GUAC meetings in each AMA. (October –November)
- A Draft APO including final credit recovery schedule approved by the AWBA (fourth quarter meeting – December)
- Amending the AWBA APO
 - a. substantive changes to the projected amount or location of credits
 - i. CAWCD documented and submitted to the AWBA and ADWR in an updated credit recovery schedule
 - ii. AWBA and ADWR review and concur with updated credit recovery schedule
 - b. change in Secretary's Colorado River Determination
 - c. CAP system outage
 - i. CAWCD documented and submitted to the AWBA reason for outage
 - ii. AWBA reviews documentation to determine if substantial change to APO

H. Assignment of AWBA Credits

- Preliminary assignment of credits acknowledged by AWBA during planning year.
- Final APO is the formal documentation of commitment to assignment of AWBA credits to CAWCD for use during the shortage year
 - a. AWBA reduces credits available based on credit reductions in the final APO
 - b. provide documentation of reduction in available credits
- CAWCD will submit a recovery report to AWBA (December of the recovery year)
 - a. actual credits recovered by
 - i. location
 - ii. method of recovery
 - iii. CAWCD's recovery agent
- AWBA will submit executed long-term storage credit assignment form(s) to ADWR before the end of the recovery year
 - a. based on information in CAWCD's recovery report
 - b. **FORM to be developed**
 - c. copies of executed assignment forms will be provided to CAWCD or CAWCD's recovery agents
 - d. CAWCD pays for ADWR fees for processing the assignment of credits
 - e. ADWR informs CAWCD when payment is due and processing begins

I. Credit Accounting and Reconciliation

- CAWCD will submit its annual recovery reports to ADWR for each AMA (by March 31st in the year following the recovery year)
 - a. based on recover well permit requirements
 - b. with copies to AWBA
- ADWR verifies the information in the annual recovery reports submitted by CAWCD, its M&I Subcontractors, and recovery agents (by June 1st in the year following the recovery year)
 - a. for accuracy
 - b. identifies any discrepancies
 - c. notifies AWBA and CAWCD of the number of long-term storage credits recovered
- Reconciliation (coincide with ADWR's annual report review period)
 - a. inadvertent errors
 - b. reporting deficiencies
- AWBA will include in its Annual Report an accounting of the credits that were distributed and recovered (approved at the second quarter AWBA meeting mid-June).

Questions raised:

- When are the credits distributed (assigned) to CAWCD?
- Are credits returned to the AWBA if CAWCD did not actually need them or do they stay with CAWCD until they are needed?
- What accounting is required for the AWBA to be sure the credits are used for the benefit of the county where the money is collected?
- Does the AWBA retain any control over the credits once distributed to CAWCD?

J. Dispute Resolution

K. Notices

L. Execution date

M. Signature page