

Briefing Paper

On-River Firming

In January, 2008, the Mohave County Water Authority (MCWA) approached the AWBA requesting to amend the Agreement to Firm Future Supplies (Agreement to Firm). The Agreement to Firm recognized that the exhibits could be modified to reflect changes in additional available credits and changes in the parties' entitlements (& additional parties within MCWA).

1. MCWA had recently acquired new Colorado River water entitlement and wanted to include these new supplies in the Agreement to Firm. MCWA also recognized the need to include language addressing methodology and time frame for payback of credits.
2. Following approval of Resolution 2008-1¹ in March, 2008, the MCWA had requested the AWBA consider amending the Agreement to Firm to also provide contractual certainty that the credits they paid to replace would be available for future use.
3. After further discussion, the AWBA had concerns over contractually committing provisions of Resolution 2008-1 due to a number of factors including updated modeling runs showing more optimistic projections, recent legislative transfers from the AWB Fund, and significant Indian firming obligations remaining. For these reasons, the AWBA was not comfortable in contractually incorporating replacement account provisions into the Agreement to Firm, but felt the Resolution 2008-1 was still the appropriate mechanism to indicate the AWBA position on how to deal with the replacement credits.
4. No further action has been taken toward amending the Agreement to Firm.

At the December, 2009 AWBA meeting, staff brought back for discussion possible amendments to the Agreement to Firm and discussion of a process that could be memorialized in a resolution for additional on-river firming.

¹ Resolution 2008-1 establishes a LTSC replacement account for 4th priority Colorado River M&I users. As credits are used and replaced, these replacement credits will be placed in a separate replacement subaccount and be earmarked for the entity that reimburses the AWBA for the replacement of those credits. Additionally, on-river 4th priority M&I users that had not contracted with the AWBA for firming will be given additional opportunities for firming 100% of their entitlements.

Updated 3/10/10

At next week's meeting on 3/17/10, staff is recommending approval of an Amended Agreement to Firm that incorporates changes to the original Agreement to Firm: 1) amending/adding language in the body of the Agreement to address changes specific to paragraph 1 above, 2) amending Exhibit B to reflect newly acquired Colorado River water entitlement and recomputed long term storage credits created, and 3) adding a new Exhibit C to reflect newly acquired Colorado River water entitlement.

Additionally, staff has drafted Resolution 2010-1 that outlines a process for allowing other on-river M&I users that are outside the MCWA, the opportunity to participate in on-river firming.

Yesterday, the MCWA approved the Amended Agreement to Firm at their Board meeting. Mr. Tom Griffin, MCWA, plans to be in attendance at the AWBA meeting on 3/17.