

CAP Oral History

Ted Cooke (A): My name is Ted Cooke, Theodore Charles Cooke. I was born in the year that Disneyland opened, 1955.

Kelli Ramirez (Q): I love that stat. Can you tell me where you were born, what it was like growing up there?

A: Yeah. Well, I was born in Columbus, Ohio, which is where my dad's family was from. But we moved to Los Angeles to San Fernando Valley, which is where my mom's family was from when I was four, in 1959. So that's where I grew up.

Q: So, tell me what it was like growing up in California. Tell me about your family.

A: Well, San Fernando Valley is a giant suburb of Los Angeles to the northeast of downtown. And it was a bedroom community. And when I lived there, it had still had orange groves and a dairy where we bought our milk for many years, and empty fields, and things like that. But now it's jammed full of houses, and small businesses, and things like that. But it was a great place to grow up. And all those nostalgic things that we see in old TV movies and things like that of kids being gone from the house all day, riding their bikes around the neighborhood, that's what that was like. It was a safe, fun place to grow up for the whole time that I lived in Reseda, California. I was the oldest of eight kids, so we had a big family. And jammed into a relatively modest house. So, it was always boisterous and busy in a house like that. And we were relatively close together, I guess. Eight kids over 14 years.

Q: That seems very close. What did your mom and dad do for a living?

A: Well, my mom was now, I guess, they would call it a stay-at-home mom. In those days it was what a homemaker or whatever euphemism they used for it. But she couldn't have a job. She wanted to, probably with that many kids. And probably

after the first four, because we were in two bunches of four really. After the first four, it was probably a little bit easier because the older kids were a little bit older and could help out a little bit. I was the oldest boy and the next boy didn't come along for seven years. So, I was the lawn mower and the dog poop cleaner upper. And after we had an above ground pool, I was the pool boy, and the car mechanic, and a lot of things in that family being the oldest son type of thing.

My dad was, he had multiple jobs, but he was a machinist. So mainly what he did was a machinist and he just worked at different... He had a main job and his old side jobs that he would do as a machinist. And you can imagine knowing what machinists do here at CAP. He was very versatile and could do lots of things.

Q: Did you ever go to work with him?

A: Yeah. Yeah. So yes, I did go to work with my dad, particularly his, well, both his main job and his side job. I did get to go with him a lot, particularly his side jobs, because typically those were on the weekend. So, where he was working that was closed. And so, I would get to putter around probably in very unsafe ways with stuff I shouldn't have been touching. But he would let me, and I learned a lot about those kind of things myself. And I got into some dangerous situations that I didn't know were dangerous until after the fact. But then he would go and brag to his friends about, "My boy figured out how to defeat the safety on that piece of equipment over there," because I wanted it to do something that it wouldn't do. And I said, "Oh, I just need to move this thing," and then I can do what I wanted to do. And I've got all my fingers still. So that worked out.

Q: Well, you beat me on that.

A: Yeah.

Q: So, talk to me about your education after you graduated from high school. Where did you head off to?

A: Yeah, so in high school it was a so-called Catholic Prep high school. And so, there were jocks and there were the brainiacs. And so, I was in the brainiac section. And so, the top two people in the class, me and my buddy, he was first, I was second. And we had taken advanced placement physics when we were seniors. And so, we decided that's a ticket. We were going to go study physics. Why? Well, because we can. And it would be just kind of a mark of geekiness for us that what's the most awesome major we could possibly have. And so, we decided we're going to be physics majors. So, he went off to UCLA, I want to have to Loyola Marymount, and we were physics majors. It was really hard.

But by the time we were juniors, we figured we do not want to do this for the rest of our lives, and we don't want to teach it. We don't want to be in a lab, being researchers, so what else can we do? So, he was the one that came up with the physics idea. So, he was the one that came up with the next idea, what do we do next? And this was, of course, at that time, this was in the early 70s. And so, Hewlett Packard, and IBM, and Xerox, and all these technology companies were really just exploding with all of their new products and things like that. The transistor had just been discovered 15 years before that or something. And so, he said, "Well, we should go get a business degree. Because then within our scientific background and our business degree, we can go work for one of those companies and we can understand both languages." And I thought it was a brilliant idea.

Well, I got into business school at UCLA. He did not. So, he went off to be an engineer and I went to business school. And I studied technical subjects in business school, like operations management, and what they called in those days, operations research. But now they call it, I think, management science. It's basically very numerically oriented analysis type of thing. So, I was going to be an industrial engineer and go work for some techie company. And I went to graduate school at UCLA. I had three interviews lined up through the school and ended up choosing Xerox Corporation, which is right there in LA.

Q: All part of your plan.

A: All part of my plan so far. And I'm probably getting a little bit ahead of the questions, but that's okay. And I had interviewed, and it's all lined up to go to work in manufacturing plant, doing industrial engineering. And between probably the two months that elapsed between my interview while I was still in school and showing up for my first day of work, they had reorganized, and the guy that I interviewed with, and I was going to go to work with, had moved back to Rochester, New York. I showed up along with probably 50 other people to start work on that same day. They couldn't figure out what to do with me. So, they said, "Well, you're MBA, so we've got this opening in finance. And you can go and it's just about budget time, so you'll have plenty of work to do."

Well, I was not adequately prepared, probably, to do that, but I spent my next three months at a terminal punching numbers into the budget, and off we go. And the only courses that I had had in school about finance, or accounting, or any of that stuff were just the rudimentary courses that everybody took. And so, I learned on the job. So today I'm the accidental accountant. That's why I got into finance.

Q: Did you enjoy it when you sunk your teeth into it?

A: Yeah. Yeah, I did because all of that quantitative background was very, very useful for me, both with the number side and the analysis side. And I was able to be pretty successful in that arena. Even though it's not something I ever considered or ever thought I would enjoy doing, I did. And I was really pretty good at it. And anywhere where you're good at something, you tend to enjoy it because you can, a lot of times, out-distance other people and rise at the top. And that made me enjoy it.

Q: So, tell me, after you started that intro to Xerox, where'd you go from there career wise?

A: Well, I was there for nine years doing basically the same thing. Even though I had a stint as an engineering project manager, which was more similar to what I had originally wanted to do, did that for a couple of years. But I was mostly in finance when I was at Xerox. But after nine years of that, I really got tired of the big corporate bureaucracy. And I was doing the same thing, just more complexity at a higher level in the organization of more consolidation. And I was getting away from actually manufacturing, where they're making stuff and things like that. And it was all just a bunch of numbers on paper. And I had decided I need to go and get some broader experience than this. I'm going to look for something else in a smaller company.

And over a period of time, I ended up at a place called LUZ International, L-U-Z, which was a growing solar project developer and an operator, one of the pioneers in the US of that technology. And I chose it because they were looking for finance people, and that was my skill. And that was interesting because they had all this big infrastructure. And so that's mostly why I ended up there. Not because it was a utility necessarily, but it met my needs of being financially oriented, and being interesting, and close to where the work was happening as contrasted to Xerox. And it was smaller, and I could get involved in more aspects of rather than just crunching numbers all the time.

Q: And how long did you stay there?

A: Well, that company went bankrupt, so I was there as long as they were there after I joined them. So, I was there for approximately three and a half years or so. And then after that, most of the people that escaped out of that bankruptcy went to find similar jobs in similar companies. And so, I moved with some co-workers to another company that was basically doing the same kind of work, except it was geothermal, not solar. Private developer, private power plant operator. And had to move from LA to Oregon to go do that job because that's where that was located. Did that.

That company also went out of business, but that was not a bankruptcy, it was a planned divestiture that the owners... It was a private company, they took it public, but they still had a majority position in the company, and they decided, "This doesn't really fit with our strategic direction for the rest of our company. So, we're going to take it private again, back to private and divest all of it." So, they sold all the power plants, they sold the companies that ran the power plants, the O&M companies and ownership positions that they had in those power plants, and just completely dissolved the whole thing. I was the last person out of the building and dropped off the key with the landlord, and got in my car, and drove to Arizona because I had been looking for a job knowing that this was going to eventually happen. And it worked out just perfectly. That was February of 1999.

Q: And you ended up here.

A: Ended up here. Right.

Q: Tell me about your career path here at CAP.

A: Well, the beginnings at CAP was similar to what I had done before. I'll say mostly finance, because at the two power companies, I was mostly in finance. But I also got into project development, and project financing, and borrowing money, and building power plants, and things like that. I was on the operating side there as well. But my ticket into CAP, again, was finance, because that's what I had done the most of. That's where all my formal credentials were. But this time I was looking for utility type work because that really interested me for the reasons before. But going back to finance was really my way to move to a place like CAP. A headhunter found me, a needle in a haystack. And turned out that I was exactly what CAP was looking for in a CFO, basically. And CAP was exactly what I was looking for. And much of my skills, even though water versus electricity were portable from a power utility to a water utility. And that worked out just as well.

Q: So, you came in as, what was your official title?

A: Assistant general manager of Finance.

Q: Okay. And then take me through your..

A: The first one.

Q: Take me through your career path here from AGM to general manager.

A: Okay. Well, like I said, CAP had finance people here before me. And they were good at what they did and met the needs of CAP at the time. But in the early 90s, I'm sorry, in the late 90s when I arrived, the repayment period had started a few years prior to that. There were more and more employees that were being hired, there were bills to pay. So, we really needed to grow up quickly and have, I would say, a professional CFO here. And they really did not have that. So that's where I started. And it was, I think, a little eye opening for some folks here who had gotten along doing what they do in setting rates, and making assumptions for the budgets, and things like that.

And I was not a real forceful personality, let's say. And so not wanting to come in like a bull in a China shop, but when I began to basically do things like gently challenge assumptions, "Well, why are you assuming that interest rate? Well, it just seemed like good number. It's the one that we used last year." And I would respond with something like, "Well, you really need to look at probably what the 40-year average of the 10-year T-bill is to get an idea of what discount factor to use when you're doing ROIs." And people's eyes just got big because this was professional finance that they had not seen here before.

So, I spent quite a bit of time in my first few years bringing the really good things in place, probably would've survived for a long time without my help. But it's something that had... Things that needed to be done to tighten up all the way from financial reporting, to policies and procedures, internal controls, all of that type of stuff. Probably a little bit annoying to some kind of people that were fine

without this. Why do we need to have these rules? And why do we need to have this rigidity with the way that we report things, and things like that. Well, trust me, you need to do this, or it's going to come back and bite us later.

Q: It looks genius now.

A: Well, it does. And a lot of that has survived to this day because it is, that old saying of do it right or do it over. And so, we just set our mind on doing those things right. And they're in the big scheme of things, probably not important. But if something ever goes wrong, really, really important that know what you're doing, and you do it for a reason, and you do it consistently, and things are auditable if necessary, and things like that. And that those kind of things got us out of scrapes later on that I know we're going to talk about.

Q: For sure. So, when the GM position became available, what made you decide to put your name in the hat?

A: Well, what's interesting is many times in, I wouldn't say we skipped over, but we kind of fast forwarded from when I just arrived here. And as time went on before the GM job came open, and that was... There was another GM between the one that hired me, Sid Wilson. And when I became the GM, that was David Modeer. But during that whole period of time, we had reorganized a couple of times. A new GM came in, moved some things around. So, I had a chance to move beyond just the finance stuff that I came here to do. And IT ended up being part of my organization.

And then later on, some of the human resources functions also became part of my portfolio, call it. So, I had a chance to get involved in some of those things, which I had done at previous jobs. But that kind of broadened my purview here a little bit, which is really helpful in my path to being GM. But all during that time, and I had suggestions from staff, I had suggestions from board members. I had had suggestions from other senior staff here at CAP, "Would you ever consider being

the GM?" Or all the way out to, "Well, you should be at the GM someday." And I would say, "I never want to do that." I looked at Sid Wilson, and how many hours he worked, and some of the issues that he had to deal with, and the political, particularly, the political side of it, both with our own elected board and with politicians on the outside, federal and state level. This is something I want nothing to do with. Nothing.

But when the time came and David Modeer, the general manager after Sid Wilson decided that he was going to retire. The board leadership came to me and said, "Would you be willing to be interim GM while we search for a new GM?" And I think in my conversations with those folks after the fact, they never intended that I would ever be the real GM. I think it was just a convenient placeholder of a competent person to keep the ship afloat until a real GM showed up some someday, almost a year later. And I don't think I ever intended from that moment that, "Okay, this here's my chance. Now I can be..." Because it's still at that point, I had been practicing to not be the GM. I thought of myself as a real competent number two, that could basically be the deputy or whatever, but never the head person because they didn't want to deal with all that what I perceived to be as political difficulties.

But as time went on in that period, that was from April of 2015 to February or March of 2016, when I was selected, that I got much more pragmatic about it, I realized, "I could probably do this." The things that I didn't want to deal with were just about as bad as I thought they would be but was able to deal with them. And I also started to be more practical about, well, I'm not sure I want to go back to my old job." I was still doing that because I couldn't replace, I didn't want... Probably didn't have the authority to and didn't want to replace myself. What if I don't become the GM?" What do I go back to if I bring somebody else in? So, I had to wear both those hats at the same time, that whole period of time.

And as I began to realize I can do this, that became more appealing to me. I put my hat in and I said, "I'm going to apply." I think it surprised a lot of people. But that

short transition over that year period of time of realizing I could do it to, I want to do it was what motivated me.

Q: So that had to be kind of exciting.

A: Yeah, and scary. It was exciting and scary because I had been this strong number two for a long time. And to break out of that mold and say, "Okay, now I'm going to be the number one." That was scary. And it was during some tough times at CAP. I think all times at CAP are tough. But there were some really, really difficult times coming up that, of course, nobody had a clue that any of these things were going to happen. Really, that kind of tested that.

Q: Hindsight's wonderful, isn't it?

A: Yeah. Mm-hmm (affirmative).

Q: So, what was so interesting about water that you've spent the last half of your career working in it?

A: Well, I've always been -- from my naive high school self to all the way up until now -- very curious about technical things. I need to understand concepts. I need to pick them apart. I need to be able to prove to myself that I understand them by either with, usually with numbers, but a lot of times with logic. Reconstruct things that work in the manner that I think that they should, to be able to grasp that. And it brings me a sense of satisfaction, but it also is a great resource to have working in this kind of environment. And certainly with CAP, but in the broader context of the Colorado River, that is the most complex set of stuff that I've ever encountered. And so, it was very, very intriguing to me.

So, the water part coming here initially did not... This was just a substitute for electricity out of utility. This is the thing that we sell. We set rates around it, we charge customers, we have plans in place to maintain the equipment, and all

those type of things. It's exactly the same as what I already just have been doing for 10 years. I'm just going to do it at a different place. And that's water. But it doesn't take long as it does not for most CAP employees when they come here from an outside industry or even outside of Arizona, to quickly understand, wow, water in the desert and how special what we do is. So that was just another layer on the multilayer cake of why CAP attracted me in the first place was this mission, this unique, unequalled mission that we had.

So, I can practice finance here, big equipment that I can go touch, and feel, and see, and hear, and listen, and observe. All of the ability to put things in place for the first time that will last, such as financial procedures, and reporting standards, and all those kind of things. All of those things that check boxes for me. And then this last one was, and as we discussed, this complex thing to delve into that really has no bottom. And then the uniqueness of our almost spiritual mission that we have here. It's too much to resist.

Q: I love hearing your excitement.

A: Yeah.

Q: 23 years and it's still there.

A: Yeah, it is.

Q: So, let's start talking about some of the issues you faced as general manager. The closure of Navajo Generating Station.

A: Yeah. That one, that whole saga with the Navajo there that resulted in the closure in 2019, actually kind of straddled the end of David Modeer's term here as GM and the beginning of me. Because in the, say, the early-

A: ... in the beginning of mind because in, say, the early 2010s, there were some environmental regulations that EPA was proposing, specifically in our case with respect to NOx, NOx emission smog, that emission. And there had been work that had been done on Navajo Generating Station before, voluntarily by the owners, which ended up being actually a good thing. And the EPA wanted to impose these new standards on Navajo Generating Station that were going to cost a lot of money and have significant impacts on the operations there. And for many years leading up to, say, 2010, about the time that this conversation started, NGS had been a reliable base load power plant that supplied all or almost all of CAP's power, and power for lots of other things in the Desert Southwest. And this was going to be a big change.

So fortunately, with the help of the owners, some important NGO partners, of all things, environmental organizations, that that consortium was able to negotiate an outcome with EPA that deferred most of the major expenditures into about right now, say, in the early 2020s and then some in the 2030s to defer those expenditures by number one, giving credit on the emissions that had been reduced by the voluntary equipment implementations that the owners had done earlier to that time. So that benefit was quantified, then it was applied to, let's call it, the NOx footprint of NGS. And then the ongoing operations were going to be somewhat curtailed from where they had before. And between the sum of those two things, NGS would be able to operate for more than a decade while meeting this emissions criteria for some period of time, after which, then, there would need to be these larger expenditures going on. So that was a momentous victory in about the 2013, 14, 15 timeframe to reach that agreement. And Navajo now had kind of a clear path forward to remain a viable asset.

What happened, though, after that accomplishment, though, was that the electricity market was changing, that there was fracking. And so natural gas became much, much cheaper. There was the major improvement in the technology with respect to solar power in particular, and some other renewables, and making that more competitive with other more traditional forms of fossil fuel,

including coal. And so, we went from basically a regulatory threat at Navajo Generating Station, to an economic threat in Navajo Generating Station. And there really was no way to fix that. We could negotiate on the regulations, and we did successfully. But the economy and the competition in the market-based economy was not something that could be fixed, ultimately. And over the period of, I don't know, three years or so, thereabouts, the owners evaluated ways to try and keep the plant open.

Potential new owners came in to look at whether or not they could make it viable. There was significant negotiation coming up due to the timing of the original contracts with coal, with the tribes for the leases and things like that. And some significant concessions were made in those areas, but it really just was not enough to make NGS economically viable. And so, the owners decided in 2017, they're going to close the doors. And to be able to back up from when the lease and the coal contract and all of those things would actually run out, they would have to close the plant about a year and a half or so before that deadline to be able to dismantle it and reclaim all the land and all those type of things. So, there was an intense period of renegotiating all those things to extend it, to be able to do all of that after this final date rather than before.

And so that basically allowed the plant to operate and people to find other jobs and a way to have more of an orderly shutdown of almost two years longer than it would've had to be without this extension. And of course, Navajo's been closed for three years. We and all the other users of that power have moved on to other things. It hasn't necessarily been easy. It's been cheaper, but cheaper isn't the only thing that comes into the equation. But that was a difficult... particularly because of the whiplash, that we were doing this one thing and working really, really hard for three or four or five years to try and find ways to keep Navajo open. And then almost overnight, it seemed like to a lot of people, now it's trying to find a way to not shut it down because of a completely different reason. After all of that, now we got to turn around and go the other way.

Q: That was a crazy time, seriously.

A: It was pretty crazy, yeah.

Q: So, let's talk about some of the targeting of CAP that happened starting in around 2017.

A: Yeah. So that started in around 2017. What led up to that was, in the 2007 Guidelines, which were the operating rules for the Colorado River, were meant to last for about 20 years. But as we know now, in about the year 2000 or thereabouts, what has now turned into a historic drought... Up to that point, by the time the 2007 Guidelines got put in place, and most of that work was done by about 2005, that there had already been five, six, seven years of drought. And most people thought, "Well, this will end eventually." But it didn't. And so by about the same time that we were going through the EPA thing with Navajo, say, in 2013, 14, 15 timeframe, the states and the United States were getting together saying, "The 2007 guidelines is not going to be enough, all by itself, to deal with the impact of this drought on the reservoirs, Lake Powell and Lake Mead."

And about that same time, in the early 2000s, although California had been using its full share for many years, that Arizona had finally got to the point where it was using its full share of the Colorado River too. So, we were fully subscribed in the Lower Basin in Mexico, and this was having a significant drawdown on the reservoirs that were suffering from drought. So, in the 2013, 14, 15 timeframe, the states and the United States were meeting to try and find additional steps that they could take. That did not end up with any formal action taken by the United States or formal programs, but there were lots of informal things that arose from that period of time that we know about now, like the Pilot System Conservation Program and the extraordinary measures MOU, between us and Metropolitan and some other Lower Basin water users to do things.

But the discussions continued. And in 2016, late 2015, early 2016, the United States formally got the states back together and said, "We need to have a formal program because this voluntary stuff is not enough, and it's not reliable enough for us to continue." And out of those discussions, eventually in 2019 arose the Drought Contingency Plan. So, we did get that across the finish line. But what happened in between 2015 and 2019 was pretty painful. So, the work among the states, themselves, the three Lower Basin states in particular, in developing the outline of the Drought Contingency Plan actually went forward pretty smoothly.

There were some differences of opinion, but we all understood what the urgency was. And so, in a relatively short period of time, in less than a year, from mid-2015 to probably spring of 2016, the states and the US Reclamation had put together an outline for the DCP, and we each took it back to our own state to go and find a way to implement our piece of it, of the Drought Contingency Plan. The one that we finally took to Congress and took to the legislature in Arizona in 2019, at the highest level, was basically exactly what we had agreed to among the states in early 2016. But the devil was in the details of how do you get everybody aligned and on board in your state to be able to make those things happen?

So, when we brought it -- we, meaning Tom Buschatzke, Director of ADWR, and me who have been working on this since both of us got our current jobs in 2015 -- brought it back to Arizona to begin to discuss it with people. There was a lot of, "What you talking about," type of stuff, and, "Hell no, that's never going to happen. We're never going to agree to those types of things," all the way from the very early meetings in 2016 of, "If that ever happens, we're going to sue somebody." Or, "We'll take this to court before we ever allow this to happen." And so, there was upfront some pretty early polarization in thinking about how Arizona ought to best move forward to put DCP in place within Arizona.

CAP and ADWR found ourselves on opposite sides of that philosophical approach, particularly when it came to how much water and how much money ought to be spent in excess of the amounts that had been specified in the DCP. And that was

really where the rub was. The DCP said they're going to be... their requirement to take these reductions at these levels, just like the 2007 Guidelines, except all the numbers had changed and were at higher elevations and deeper cuts when those things happened. So, the philosophical difference in the point of view was how much more than those numbers that are in the DCP ought to be done and how much money ought to be spent to do that? And again, CAP and ADWR found ourselves on opposite sides of that philosophical divide. To this day, I don't believe this came from within ADWR. I think we probably could have worked it out.

But the governor's office went ballistic and basically reacted in a manner of, "Who does CAP think they are to dare to disagree with us." It's more than a disagreement of words. It's a disagreement in actions. They're not prepared to support some of the things that ADWR, and even at some point the United States, wanted to do in that regard, over and above what the DCP was. And so, it was a full-out counterattack, I think, from the governor's office that they were just going to subjugate CAP if necessary.

And we don't need to go into all the details. But it was a multifaceted, I'll use the word, attack on CAP, to attacking our role, our statutory authorizations, some of the internal practices that we had employed that folks either had, let's say, a legitimate point of view that they disagreed with certain practices that CAP had implemented over time, based on our interpretation of contracts and things like that, or totally fabricated stuff, that CAP was accused of doing with a special committee that was basically set up to evaluate changing the statutes to reregulate CAP and CAP's role, maybe replace its board with some kind of appointed body rather than an elected body, and things like that. And this went on over many months.

It was a battle in the press as well. CAP consistently -- and other folks can judge whether or not we were successful in doing this -- decided to take the high road, where we were not going to fight back with mudslinging and a proliferation of these accusations that were being leveled at us, of hurling other accusations

back at other people. One of the biggest scariest things that happened was that the governor's office managed to convince the legislature to instruct the auditor general to audit CAP. So, the auditor general is a state office. It's an appointed office, but, by the nature of it, is somewhat independent but does take direction from the legislature. So, from our view, what it looked like is... The auditor general doesn't just sit around and wait and say, "Well, maybe something will happen that we can audit."

No, they've got a plan and there are sunset reviews that they do of agencies and things like that. They've got a full plate. But basically, from political pressure, they said, "We'll make some room in our workload to audit CAP because we were told this is something that we really need to do, and there's lots of bad stuff that's going on over there." And that was a really painful, scary period because we didn't know what was going to happen, all the way from things that we had been doing for a long time based on our interpretation of the authorities under our contract and our statutes and things like that. And at the end of that process... And that was toward the end of 2017 and going in into early 2018 when we were going through the auditor general audit. And I think they finished their field work in December.

I don't remember when the draft report came out, but basically, we were completely... It was almost like a trial. We were completely exonerated of all that stuff in that the only findings that the auditor general issued was some arcane thing about executive sessions, which all kinds of folks... We couldn't talk about what it was or what we were going to do to fix it because it was about executive session. So that allowed the talking heads to speculate, "Oh, this is this real evil stuff that's going on in there, and auditor general caught them." It wasn't something like that. But everything else was completely, I'll call it, exonerated. But in auditor-ese, it was sort of like, "CAP is applying its revenues in accordance with the authorities established under statute and its contracts. And CAP's operating procedures are appropriate for their role." And everything was just kind of saying, "Well, we have not found any wrongdoing here..."

Q: Carry on.

A: "... or any implication at all of any kind of deviation from what they ought to be doing or should be doing, or what their discretion is, as an elected board, to do what it is that they want to do." That being said, while that whole thing was going on, we did realize that there were customers out there that were genuinely unhappy with certain things about us, more about outcomes, but we had decided... And those folks, as we discovered, were not getting enough attention, had no option but to kind of take sides with the other side. Right? We've got this beef with CAP about something, about the way they're billing us or the way they do rates or whatever it might be. And it's not being resolved to their satisfaction. So, guess what? They're going to just go over here where these guys want to basically kill CAP. Well, this is the only place that they could go to get any redress.

So, we sensed that that kind of thing was going on. So, we established the customer service task force, and it was deliberately focused not on outcomes. In other words, we're not going to fix the outcome you don't like, but we're going to look at the process that arrived at that outcome and address things like we're not listening the way that we ought to. There's not a way for customers, water users, taxpayers, to engage in the process in a way that fulfills them and all that. And that was a very valuable thing, the phoenix from the ashes, if you will, that came out of all that huge mess with the state. So, moving into 2018 and in between legislative sessions when this audit was going on, and our exoneration, kind of took a lot of the wind out of the sails, including ours. We didn't want to fight anymore. And we were getting to the point where Arizona was getting some well-deserved criticism from the other states that we were not making as much progress, in total, as we should have on getting DCP going.

Here it is two years later almost from the seven, or the three Lower Basin states walking out of the room at early 2016. Now we're into early 2018, and we still don't have a DCP that we're ready to take to our legislature or to take to Congress. And so, the other parties across Arizona and in California and Nevada were pointing at

us and saying, "This is the reason this isn't happening." They were having their own problems, but it was a great smoke screen for them. Arizona, Arizona, Arizona. This is why we're still struggling two years later is 'cause Arizona doesn't have their act together.

I made a grave mistake in misunderstanding, I guess I will call it, or not fully appreciating what the reaction would be to some of my comments about the way that Lake Powell and Lake Mead interacted. So, part of this difference of philosophy about how much voluntary system conservation would we do over and above the DCP quantities... And DCP had not even come into play. It wouldn't have been effective anyways, and so on and so forth. So, it was largely a paper argument. But one of my points of view on all of that was we should be careful not to put too much water into Lake Mead, in advance of when we really need to do it, because it's likely to increase the level in Lake Mead, and we'll get less out of Lake Powell than we otherwise would have, which was not a bad thing. Well, the upper basin exploded about that, and I referred to that as being the sweet spot. We want to keep Lake Mead...

Q: I remember that.

A: And the real problem with that was the implication that somehow we could actually control the level in Lake Mead. Now certainly, I meant that, is that if you put 500,000 acre-feet a year into Lake Mead every single year, it's going to make a difference over time of where Lake Mead is versus where it would've been if you didn't do that. But the way that some of the upper basin folks took that was that we actually have our hands on the dials. And we can manipulate, within a year, how much water is going in and out of Lake Mead and what our forecast of our water use is going to be, that we'll change in the middle of the year so that the US does one thing with respect to something. And then after we pass that milestone, and we got what we wanted, then we'll do something else and get something else later.

The US had to run some scenarios to basically illustrate to those folks that it's impossible to do, that you can't make those kind of manipulations in the middle of a year because there's just not enough ability to move things around that much to do that. So, my point was kind of misunderstood and misapplied to a different type of situation. But boy, did that ever cause us a lot of grief, a lot of grief. And so, Tom and I finally, in the spring of 2018, we said, "We got to bury the hatchet because we can't keep going this way." And really the reason we were able to do that is that the legislature was sick of it. The governor's office was sick of it. Some of the major antagonists, I will call them, in the governor's office had moved on to do some other things. And they had kind of lost the battle on the audit, as far as there's nothing really to pillory CAP or punish CAP about anymore, other than this disagreement that we have on certain things.

And we had gotten past that. So, Tom and I established what we called a new conversation. We're going to have a new conversation about DCP. And we started the Arizona DCP Steering Committee about that same time. And so, in the space between June of 2018 and January of 2019, we put the whole plan together in Arizona. So, think about that, June to January, seven or eight months, right, after wasting twice that much time bashing our heads together, we got that done in that period of time.

Now if I think about it, if we had, let's say, slid that all the way back and come out of mid-2016 and got that done in 2017, the other states wouldn't have been ready. California wouldn't have been ready yet. So, it took the time that it took. But it was solid because of everything that we had been through when we got it done. And Arizona finished first after that, after being the spanking boy for the Lower Basin because of our dysfunction, that we had become, then, the superstars of DCP and got it through on the last day of January or the next-to-last day of January through the legislature in 2019, and then took it to Congress in April.

So that was extremely painful. It was an existential moment for CAP... even more so than Navajo, than the whole Navajo thing because we would get by without Navajo, one way or the other. We didn't want to at first, and then later we knew we had to... that it was even more existential than the repayment obligation, that, "Oh my God, what if we have to pay the United States a billion dollars all at once," type of thing. There's money. There's ways to find money. This was, "Maybe we're going to be legislated out of existence." But it didn't happen. We made it through that.

Q: It was a good fight.

A: Yeah, yeah. It was.

Q: Is there anything else you want to talk about, DCP? We kind of transitioned right in.

A: Yeah. No, I think we pretty much covered it, except that as we learned, DCP was not enough, that the intensity of climate change and warmer, dryer conditions have always been one step ahead of us. And so in the last half of 2021 and going all the way through 2022 has just been one other thing after another, the 500+ plan, the Protect Lake Powell thing, the 2-4 million acre-feet, the voluntary system conservation program. Now the United States has started a supplemental EIS process on the 2007 guidelines, which is as close to doing the Reconsultation as you could be doing. It's a different version of reconsulting on the guidelines than reconsulting on the guidelines. So, everything's kind of blending into the Reconsultation, which formally I think will begin sometime in 2023.

Q: And that will, so I mean do you want to talk about the 500+ plan specifically or do you want to just talk about all the things that have been done? Because DCP was not enough.

A: DCP ended up not being enough and we probably realized that formally. Now I will say one thing about DCP is that DCP was an overlay to the 2007 Guidelines. It

would end, it would last, and it would end at the same time. The guidelines would in 2026, yet it added another shortage tier onto the three that existed under the 2007 Guidelines. That was Tier 1, Tier 2, Tier 3. So, we invented Tier 0, must be the one that comes before one. And then there were deeper cuts that were taken under DCP that were added to those in 2007 Guidelines that each of the defined tiers that already existed and lots of little other tweaks about intentionally created surplus and how that could be used and things like that. And we felt once again there that's done. And now at least we can make it to 2026 and we can have time to do the Reconsultation.

But again, climate change, aridified soil, just drier soil conditions earlier. Earlier snow, earlier in the season, earlier runoff, less of it's making it into the reservoirs. But we in DCP did try to address one of the mistakes, in hindsight, of the 2007 Guidelines is that was very rigid, is that there were rules and there were different outcomes that would occur based on particular variables being met and things like that. But it wasn't very adaptive, that what if something unexpected happens or something like that. And so DCP tried to do some of those things and one of those things was called the 1030 Reconsultation, where if any of the monthly 24-month studies that the United States does every month. And some of those are used for decision making and other ones are just for information. But any one of those that the US does indicates that this level in Lake Mead of 1030, which happened to be five feet above Tier 3, shows up in a particular trace over the next two years in any month that the states and the US have agreed in advance to get back together and decide what else to do.

So that happened before we expected it by probably four to six months in August of 2021, which the August 24-month study is important for lots of reasons. But then this other thing happened at that time too and triggered the 1030 consultation. So, we got together before August was over, the lower basin states and the US to begin talking about what to do. That's what gave rise to the 500+ Plan. We did some modeling and we said we need to do at least 500,000 acre-feet more above the DCP every year between now and 2026 to prevent going below

elevation 1020, which was what the purpose of the so-called 1030 trigger was, is that you have enough time to do something to prevent going even lower than that. And so, we put that together. We were pretty successful in 2022, at least in Arizona. California was not able to do what they had aspired to do because of conditions that they couldn't control with their other water supply from Northern California.

2023 has been overtaken by other events that we'll talk about probably in a minute, but it wasn't very far into 2022 when we got 500+ just off the ground in December of 2021, we're into 2022. And in April timeframe now, the United States is beginning to worry not... So we had this mechanism for Lake Mead 1030 consultation, but nothing similar for Lake Powell except for this thing called DROA, Drought Response Operations Agreement, where water could be released from upper reservoirs in the upper basin down into Lake Powell to preserve that well. A lot more attention suddenly was being paid to what's going on in Lake Powell. We got Lake Mead pretty much taken care of with 500+. What about Lake Powell? Oh, my goodness. If the lake gets much lower, Lake Powell, then we're not going to be able to produce power and that got a lot of splash.

But more importantly, the way to get water past the dam is to run it through the power plant at Glen Canyon Dam. And if it goes any lower than that, then we are not certain that we can get as much water as we need to actually out of Lake Powell past the dam because it has to go through these bypass tubes that have basically never been used and we're not sure if they'll even work at that volume of water. So then became an intense effort in early 2022 to protect Lake Powell. Some water was released from the upper reservoirs in the upper basin and some water was left behind by the lower basin that was scheduled to have been released from Lake Powell during 2022 to help prop up the level in Lake Powell. In the meantime, the United States kept doing their modeling and they said, "well, as good as the intentions of the 500+ plan for the lower basin has been, we can't keep doing this draw thing over and over because this maybe a couple more times.

And then what are we going to do? We're going to have to reduce our usage by 2-4 million acre-feet." This comes now in June after making a decision and made to do what I just described before, of to do 2-4 million acre-feet. So, states by, this is in June, by the August 24 minute study of 2022. We want the states to have a plan to reduce by at least 2 million acre-feet in 60 days. Didn't happen. We made some progress. But we're already doing 500+, which seemed like a lot. This is almost doubling what we were going to do under Tier 1 in 2022 already under the DCP. And now we're almost doubling it and now we have to maybe quadruple it. We just were not able to do that in 60 days. So that has moved now to the next thing as the United States has put some money out there that they got through Congress to try and financially incentivize people to voluntarily conserve water.

Well, that's what the 500+ Plan. So we had already knocked on all those doors and looked under all those rocks already and a few more people crept out to do that, but it's not going to be enough voluntarily. So, the US is now implemented in October, they announced it, I believe, and in November they actually formally put it in the federal register. They're going to reevaluate some specific features in the 2007 Guidelines to see what their authorities might be to take mandatory action of their own. And the hope is that between mandatory action the United States takes and whatever voluntary action the states could take, that together those two things might do 2 million to 4 million acre-feet per year over the amounts that we have to take under the Guidelines, which is basically cut in half what we're using right now.

We're not ready, we're not prepared to do it. But it's inevitable because if the lakes continue to decline between now and 18 months from now. So what is it now? It's November. So, between now and say May or so of 2024, if something doesn't change in a major way, we're not going to have a choice to reduce by 2-4 million acre-feet because when you turn on the tap that Lake Powell and Lake Mead, nothing is going to come out. So, it would be best if that's an orderly plan of how to deal with that rather than just to come up and hit the wall and then you deal with, well whatever comes out, comes out. That is not going to work. Where there's

a great deal of uncertainty is the United States says things are backwards in a lot of people's minds. States, water users, what can you voluntarily give up? We'll even pay you to do it.

And there's some hesitancy even with money involved. Well, I could take that water in Arizona, I could put it underground, I could use it, I could lease it to somebody else. If I leave it in Lake Mead, I'm not sure what's going to happen on this mandatory stuff later. And I may have given something up that actually isn't of no benefit and certainly have no benefit to the organization that did it. It may be putting water in Lake Mead that a higher priority water user actually gets to take when their last drops are trickling out of higher priority water users getting somebody put in this year. There's also some concern that if the states and the water users define some voluntary actions that they could take, let's just make up a number and say it's a million acre-feet, we're going to serve a million acre-feet in 2023, 24 and 25.

And then the United States comes back after their supplemental EIS is done in late 2023 and says, "great, now we've determined that we are within our authority to implement these mandatory reductions of a million acre-feet." And the states say, 'well that's a million acre-feet, we already volunteered to do. We don't have another million acre-feet that we're able to give up'. 'Oh yeah, you are'. And so that just reinforces the hesitancy on the part of some of the potential volunteers to say, "I think we'll just keep what we got and get it while we can until we're told we can't." So that's the kind of situation that we're in right now at this moment. See ADWR have got a counteroffer to the United States plan and this with the United States is acquiescence that, okay, on the surface it looks like you're trying to cannibalize some of what the US is trying to do.

Pay people to conserve water and leave it in Lake Mead. We would like to pay people to conserve water and use that water to offset the intentionally created surplus that we would be taken out of Lake Mead in 2023 for a mitigation program under DCP, which we're contractually obligated to do. Arithmetically, it's the same

thing. Conserved water ends up in Lake Mead. It's basically how you account for, we would like to do it in a way that we could account for Arizona's ICS being preserved rather than system conservation ends up in the lake, it's system water, it belongs to somebody, it's going to get delivered to a higher priority water user when the last drops of water are coming out of, past Hoover Dam. But if we can get people to subscribe with us instead of going to the US program, then we can preserve our ICS.

That's our water. Another state can't take it at all. And we can use it to offset part of our maybe mandatory reductions or something like that by pledging the water that we've already put in the lake. It's a great value to Arizona. Fortunately, the United States has said we can work together on this because we've got some people that want to do multi-year programs with the US because they'll pay more. So how about if DCP and ADWR pay for the first year or part of the first year and you can account for it the way that you want. And we will basically do year two and year three. And I think a lot of that has to do with the United States is even realizing there's this hesitancy out there and if we can actually bring more people to the table with this Arizona program than we otherwise would get, we'll be better off in whole.

So, it's not DCP and ADWR going to swoop in and steal some people from the United States, probably not. But we may bring more people at the table that wouldn't do it at all unless they were able to do it in this manner. So, there are bright moments in the frustration of not making progress of real camaraderie and collaboration in almost insurmountable problem that how do we... We're teetering, the lakes are as low as they can get. We're looking at another miserable runoff year. Even if we have the best year ever, it will only be twice the runoff that we would expect in a normal year. And we've had 23 years of drought. So, one good year, one of the best years ever for five years is only going to be five years of suffering. Maybe even double it and say it's worth 10 years of this... It's not going to get better by itself, it will not. We can have a good year, but it's not going to make a big difference. So there are still some folks out there that are saying, "well maybe

we don't have to do this. Maybe 2023 will be great. So, let's wait till April, and we'll see what 2023 is looking." We can't wait anymore. We've waited as long as we can wait, we have to take some action. Or we're faced with hitting the wall literally in summer of 2024.

Q: That's terrifying.

A: So, this is just a coincidence that all of this is happening about the time that I'm retiring. My retirement was a two year, if not a three-year plan to get other people in place to succeed me. And then I was going to go. And the fact that I'm leaving while all this is going on is not making it any easier for me.

Q: I can't imagine, because I'm sure you feel kind of like you're going midstream.

A: Yeah, but it's always midstream here. There's always going to be something, right? I mean when we look back over this list of things we've talked about, it would always be a bad time for someone to go. Me or anybody else. But we've got a great team here at DCP that is going to take over for me and I'm not moving to another continent. I'll still be around and involved and...

Q: Always. Do you want to talk about being the GM through the first official Tier 1 and Tier 2 shortage declarations?

A: Yeah. We knew that those things were coming, but it was a lot more than just knowing they're coming someday. That we were going to get here sooner or later for both Tier 1 and Tier 2a. We knew with, I would say a great deal of certainty by the time the formal announcement was actually made. So those tier determinations are made during the August 24-month study of every year based on what the study predicts where Lake Mead will be at December of that year. And so, the snow accumulation season begins in October of every year, the beginning of the water year up until about April. And then the runoff season starts in April and goes through about July. So, about the time that you reach April, and

the US does a 24-month study every month and April and August are the two months where decisions are being made, by the time you get to the April 24-month study, it snowed as much as it's going to snow.

And so, you have a pretty good idea about what the runoff is going to be. We did get surprised in 2020 and then surprised again in 2021 because even though the snowpack was close to normal, the runoff was way less than normal. And the first year we're scratching our heads saying, why is this happening? Well, it was because the hotter temperatures during the rest of the year just bakes the dirt. And so, when the snow begins to melt, a lot of it just soaks into the dirt rather than running off into the reservoirs. So, by the time 21 got here and it happened again, it's like, "oh, we know what's going on now." And then 22, it's like, "yeah, this is a new phenomenon that we have to deal with."

But my point was by April you kind of know what you're going to get for the year. So, by April of 2021 and April, sorry, April 2020, we pretty much knew what was going to happen in 2021. And by April of 2021, we pretty much knew it was going to happen in 2022. So, we know how much, when, who it's going to impact, all those things in advance. So, we have the better part of a year to begin to prepare for that. Tier 0, which is what we experienced the moment that DCP went into effect in 2019. So, for 2020 and 2021 we were in Tier 0, which was 192,000 acre-feet for Arizona. But we had been doing that level voluntarily since 2015. So really that was not any extra effort required except to keep doing what we were doing. Moving though from Tier 0 in 2020 to Tier 1 in 2020, I'm sorry, from Tier 0 in 2021 to Tier 1 in 2022, that we went from 192,000 acre-feet to 512. That was a big step.

And so, it took a lot of preparation. And by that time, everybody had forgotten a lot of the nitty gritty details of a lot of the DCP documents about mitigation and how Tier 1 would work and how the ordering process was supposed to happen. And so, we spent a lot of 2021 getting ready for Tier 1 in 2022 by reviewing all of those things and getting people together and reviewing calculations and this is what you expected. Yes, then let's move forward. Oh, that's not quite right, that

that's not doing what we thought it would do and get all those things worked out in advance because it's a real reduction. We're not permitted to divert the water. We can't move into the year and then go in March or April or May. "Well, oops, yeah, we got that wrong" and put some back or not take that out of the rest of the year, would just be very disruptive.

So, we were successfully transitioned into Tier 1 into 2022 and we're preparing to transition into Tier 2a in 2023. It was a question whether it would be Tier 2a or Tier 2b, based on the levels in the lake. But to us it would be the same thing for Arizona. But we're going to more than likely be in Tier 3 in 2024. So, we go right from Tier 1, Tier 2, Tier 3 three years in a row.

Q: Scary.

A: And then what happens after Tier 3 really is unknown now and will probably be determined by this supplemental EIS that the US is exploring right now and will come out with some kind of decision on that in the middle of next year, 2023 for 2024. It has to be beyond Tier 3 reductions.

Q: Which is crazy.

A: Yeah.

Q: So, you collaborated a lot with Tom Buschatzke and ADWR. Can you share your perspectives on that relationship?

A: Yeah, well Tom and I, from what we've talked about before, have been through some very difficult times that, we talked about that between middle of 2016 and the middle of 2018. I've done things, and I can't speak for him, but I'm sure he's done things that he regrets doing during those periods of time to each other that some of it got quite personal, I think. Like I said before, I never believed that if it was completely up to Tom that he would've been so ruthless on his own. Because

he comes across as being a very kind of gruff, tough as nails type of person. But he is a principled person. And this was not the Tom that I had grown to know in the pretty intimately in the couple, couple years leading up to that. And of course, all the time that we worked together when he was at Phoenix and I was in the finance role here, that was not the Tom that I knew.

And so, there were outside forces, and I probably wasn't the Ted that Tom knew. I hope he feels that way. So, we were able to put those things aside. There were still things that we disagree about, that we have just agreed not to stay away from that area so that we don't have to solve that stuff. Let's just avoid those things, if possible, we've managed to do that. But that ordeal made our relationship all the much better because we were able to get through that. You could think anybody could think of any relationship, and many are ruined by things like that. Ours wasn't. And so, it ended up being much stronger after the fact. And we've got some amazing things done since DCP, which to a lot of folks, and probably even to us, and I'll speak for myself, probably to me was like, this is the most amazing thing I will ever do. I should just stop now. But there were other things that we were called upon to do that did, that we would not have been able to do without having gone through all of that pain followed by that success of DCP and now the esteem, I guess, in which we are held. And I say that in a humble way, that people trust us, they believe us, they look to us for leadership. And without that we could not be as effective as we've all that happened.

Q: Sometimes it's okay to go through the tough times.

A: Yes, yes, yes.

Q: Makes things stronger.

A: Yeah.

Q: Is there a story or experience with employees or coworkers that stands out in your mind?

A: Employee. I've thought about this a lot and now I'm drawing a blank a little bit with employees and coworkers. I will say this. Yeah, it's coming back to me now. So, I've got this secret file, not secret, but, so every now and then I will get an email from an employee or something like that. So, we, in the course of running any enterprise, particularly where there are people involved and that's all of them pretty much, there are some decisions that are less popular than others. There are also some outcomes that I think defy expectations. And so, I do not get a lot of unsolicited communications from employees, but I get some. And some of them are complaints, but not often because most people that complain do it anonymously. Many people that complain do it anonymously. But once in a while, particularly during the say more tough types of decisions that we have to make on benefits or things like that. And I will get very kind communications from an employee that will say, "we know this was a tough decision and it wasn't easy. And some of us don't like the outcome, but we understand the rationale. Thank you for explaining this to us. And we know that your heart is in the right place and you're trying to do the best thing for DCP." Those are very touching.

A: ... And you're trying to do the best thing for CAP. Those are very touching to get those kind of things and it keeps me and other people, I think, to not regret having done a particular thing or have doubt and have some confidence for the next time a tough decision has to come up. Not to just, "Well, they don't care, so we just do the toughest thing possible." That's not what I mean at all. But basically, that feedback that you explain to us why, and that goes a long way for us being able to accept the what, which is what is being done, because you told us why it's being done and we get it. We don't like it, but we get it and thank you.

So this is a recipe for how to do it the next time, and then there are other times when out of the blue I'll just get this note from a random employee that will just send me some note that says, "I just wanted to let you know how much we

appreciate what you do or you and the management council or you and Tom Buschatzke or you and the board or whatever it is." They didn't need to do that; they're not going to get some personal reward from me. "Great, you get a \$5000 bonus because you said something nice." They understand that, but it's just out of the goodness of their hearts that they do that, because they have a feeling that they have to express.

That usually, for most people, doesn't happen unless something instigates that. So, there's a causation for that, something that's done, said or maybe the accumulation of something over a period of time and someone's just so overwhelmed that they have to spill a little bit. So those things are just so impressive. Just last week, and this is an example, it's a halo effect because it just happened, but it's an example of what I'm talking about. So, we had the annual, although we haven't had it for three years, annual Outstanding Apprenticeship Awards that the State of Arizona puts on, and CAP plays a big part in the infrastructure of that group and making all the things work behind the scenes to make that event work.

So, we had one Outstanding Apprentice out of 99 in the state, and that's not all the apprentices, that's just the ones that have the top grades and things like that. This young man was so, his whole family came out for it, so he was on the top of the world, and deservedly so, but he had so much praise for CAP. So, here's this huge accomplishment, and he had a great story to tell that I'm not going to divulge about his family and his wife and the process that they went through to make this decision for him to do this hard thing that he did, so he rightfully so can sit there and say, "Look what I did." That wasn't where he was, where he was, was "What an awesome organization that I work for. Wow. To give me this opportunity and all these people that I work with here and what we do."

That's the thing that if I had a way to push a button that said, "Please deliver five units of CAP love." That's what I would do every single day. But it's spontaneous and it just happens, because we've got something here that is just unique, the

thing that we do, and people can see it, and all of the noise and hubbub and turmoil and chaos that it has been here, and at the other end of the spectrum the sand that's in the gears all the time and the inertia and all the little nettling things that drive us all crazy, all that stuff can't drown that out. It's like the background radiation, so planets are blowing up and stars are crashing into each other, but in the background there's just this purpose that drives it all.

All those other things that happen that seem in the moment, "Oh, this is it or the disaster is coming." This is the same way that I look at this whole thing with Lake Powell and Lake Mead, even if we hit the wall and we only get what dribbles out past the dam in any year, because it was a crappy snowpack season, it will be horrible, will that change anything? No, it won't. We'll find a way to do that, we may have to wait 20 years to have a desal plant, hopefully not, or some other water supply, but the CAP canal will be here, it will be full of water, it will just be going real slow and we'll get more. We just need to keep our eyes on that long game, I call it the long game, CAP was built to last forever.

We've still got a long time of forever that has yet to happen, and so we can't lose faith today because things are really bad. What's the use and it's futile and I might as well give up or go work somewhere else. No, man, your job is here. How do we get from here to there? Well, the same way we got from there to here, which is people being on fire with the fire and doing that work and having that vision. It's the same thing, like I said, that got us from repayment dispute, Navajo Generating Station, the fight with the ADWR, the existential audit that might fundamentally change the way that we're organized, the DCP, et cetera, et cetera. It's just more of the same. Maybe it's worse and worse, and worse, and everything out there looks worse than the stuff that you've survived. If you're still alive, everything in the future looks worse than now. But we have to keep that vision of the long game is what's going to power us through these challenges.

Q: I hate to ask any more questions, because that was so great right there.

A: Yeah, that's probably where we have to stop.

Q: I really think we should. No, I'm just-

A: You can just edit it and put this other stuff before that.

Q: That was such a great end. Is there a story or experience in your external work as a GM that stands out in your mind?

A: Yeah. You may have to delete this.

Q: No, I love this.

A: So, I love this part too, this is so, so funny. I referred to earlier the esteem that Tom Buschatzke and I enjoy from surviving the period of time when we very well could have just imploded or thrown our hands up and left or something like that, that Arizona now also enjoys that esteem in the Basin. That Arizona turned from a pariah or the whipping boy or the convenient excuse for not getting anything done, because Arizona was in such disarray, to the superstars of that whole process. Well, we can't sit on our DCP laurels too much longer, and Tom may be gone and I definitely will be gone, but we've got other folks that are going to take over for us.

But we have moved to positions of leadership within the Lower Basin. I basically came out of nowhere for most of the Colorado River Basin powers that be when I became, and I'm general manager. So how was I able to go from here to there? Well, we're not going to retell that whole story, because that's what we spent the last hour doing. But now that people are getting nostalgic with me leaving and things like that, and I felt this and I knew this was going on at the time that it was going on, and I'm used to it a little bit, but to hear it coming out of people's mouths now as they're getting nostalgic and saying things to me like, "You know, Ted? We weren't really sure about you when you first started, because nobody knew you.

You had been somewhere in the bowels of CAP for all those years and then somehow you emerged to become the leader, and we're looking at each other saying, 'Who is this guy?' Then when we found out you're not a hydrologist, you're not an engineer, you're not even a lawyer, you're an effing accountant ..."

They said I was an effing accountant in this thing, this is what was going on in 2015. CAP said I was an accountant. But the nice part of that now is people look back and say, they're not saying, "How wrong we were." They're just saying, "It didn't take long for us to have our heads screwed on that he really knows what he's doing. He's going to really help us in a way that other people, one more lawyer or one more hydrologist is not going to be helpful. But Ted ended up adding something to the equation."

Q: Yes, an accountant.

A: Yeah, no pun intended, to really make a difference. So now, I'm one of the water buffaloes, even though I haven't been around that long, made my mark and there's nothing better than the esteem of your peers, particularly the ones that have their own ... What's the word that I'm looking for? Are distinguished in their own right to basically say, to point at me or some other person and say, "Now, that person's got it all going on." When that comes from someone who really does have it all going on, it means a lot.

Q: It should, you've earned that, Ted.

A: Thank you.

Q: What do you consider the biggest impact or contribution you've made to CAP and Arizona Water?

A: Well, it would be easy, I guess when you say Arizona Water, it's probably the things that we've discussed today, these big, big issues that we have to get through and

fix and the never-ending issue of managing the Colorado River. It will never be restored to, maybe not never, probably not in any of our lifetimes in this room be full reservoir as in gushing out 15-million acre-feet a year or more, probably not anytime soon. But really, I think what will last the longest is some of this financial stuff that we talked about earlier, the very strict rules for how do you put together all the financial schedules that show up in our financial reports and internal controls and getting the balance sheet here and assets in good shape, after the repayment difficulty and lowering property taxes too low and really draining our reserves and how do we turn that around from say 2010 until now has been remarkable.

Those are the things that without a sound CAP underpinning all of this, what we're able to accomplish in a policy world would be empty, because we wouldn't have the means to deliver on those promises. So, it's obscure, but I always take pride in getting the ship shipshape, behind the magic door where only the accountants live. It's something that will be very lasting here.

Q: The accountant that started out as a physicist. Are you surprised about what's happened in Arizona Water in the past 10 years?

A: Yes and no. The yes of it is that a lot of it happened a lot quicker than we expected, and part of the surprise too is, I will call it the stubbornness of the water users to not acknowledge the severity of the problem that we have. I think people get it intellectually that this is severe, "We're going to hit this wall, all of us are going to hit this wall, but I shouldn't be the one," this is the individual water user, "I shouldn't be the one that has to save this, that has to fix this, because I've got priority one or I've got priority two or priority three water. This is somebody else's problem to solve."

They should be solving it, and that stubbornness and that being out of touch with reality is just, that really surprises me. So that's the yes part of the surprise, it happened faster and people's reaction to it is completely inadequate. That

surprises me. The no part of it is, well, we have known for a century almost that this is what our future could be, once we got to full use and if we had a batch patch of hydrology, which we've had a really bad long patch, known for a long time and really haven't done anything about it. It was opaque for a long time because we had full reservoirs, we weren't taking everything, and so the 50-million acre-feet in Lake Powell and Lake Mead masked a lot of those things. Even though we knew about them intellectually, this is some obscure things like someday the sun is going to supernova. Well, you know what? Okay. Do I need to do something today? No. It was like that.

Q: What do you see happening in the world of water in the next 10 to 20 years?

A: Well, augmentation is the thing that needs to happen. Conservation, we've about wrung out every last thing we can from conservation, and we'll see even with \$4-billion dollars that we are not going to be able to conserve enough to turn the situation around with the lakes. Right now, the only left thing for us to do is to not hit the wall and go to run over the river, and that can only be accomplished by cutting our use in half from what we're used to. Nine-million acre-feet or so in the Lower Basin needs to be probably more like five, so maybe not quite by half.

But augmentation, reuse and recovery. Now, recovery too is finite life, because we can only recover so much and what we've got there is finite, and we can take it out a lot over a short period of time, or a little bit over a longer period of time. That in part ought to be determined by how long will it take us to get to the next thing? Whether that's a desalination plant or plants, whether that's importation via pipeline from somewhere else, whether that's mining groundwater, which is another finite thing. All those things need to work together. I think there is some real cognitive dissonance in that area as well, in that folks are going to be reluctant to pay the price that it's going to take to get that stuff.

For instance, we could have a desalination plant in two years probably, but that is not going to, the two years is not going to start until there are customers with

money at the end saying, "We're willing to pay \$2000 or \$3000 an acre-foot for that water." No one is going to invest in that project until there are customers at the user end that are saying, "We're willing to pay that much." Today, there are not.

Q: We're that desperate, but we're not yet. That's true. You are finishing an extremely successful and impactful career in Arizona Water, is there anything else you would like to add?

A: Go back to what we talked about 10 minutes ago.

Q: Yeah, we totally have to put the ...

A: Part of, one of the most important things I think that I have done when I'm here, and I mentioned the cosmic noise that's going on, it's a special thing that we do here, is to maintain and increase the awareness of that thing and to help establish that vision that I'm telling people, "Focus on that, because that's what will get you through everything between now and then is to do that." So, I can't say it any better than I already said it before.

Q: No, you can't. I actually think we should pull it out and do something with it internally. Well, because as a new employee, didn't it make you feel better?

Videographer (David Routt): Oh, yeah. For sure.

Q: He gets here and he's like, "We're not going to have water? I'm a new employee."

David: Bait and switched. I have one question, if I may, and please answer Kelli though just for continuity purposes. But you've mentioned so many turbulent times and said that CAP is always midstream in turbulence. But from somebody who until recently was general public, but pretty attuned to the water situation, I'm a native and I know its importance, CAP has been this really unbelievably steady force who, as you said, didn't get into the mudslinging, the proliferation of politic-ism

when it could have, why is that important and how were you able to maintain that even keel?

A: Well, I think the question actually, your question actually contains a lot of the answer there, is that you used the word always. So, CAP has always been this steady hum in the background, and we've said here, and a lot of folks elsewhere I'm sure say the same thing, it's better off if people aren't thinking about us, because that means we're doing our job. When we realize that we are here for the long haul, we're supposed to be here for the long haul, it's not going to happen by itself, it's not like the general manager or the management council and 10 other secret people who are supernatural beings are actually controlling what happens at CAP.

It's us, it's the 500 people who are here that are going to make that difference of us getting from here to there, where there is literally infinity. So, we need to understand in the moment, in the heat of the moment when we have these difficult things that are going on, that there's something else after that. It may be another tumultuous turmoil laden thing that we have to get through, it may be some other giant fight or not, but it's important to us to take this high ground, this role of the high ground and not letting ourselves get drawn into destructive types of conversations and back and forth and arguments and being inflexible and things like that, because how you define yourself is the way that you're going to be perceived in the next thing that you want to do.

Well, you're going to live it over and over again. If you decide to be a bad actor today, then the bad actor is a label that you've taken onto yourself, that's the one that you go into the next thing you have to do, and before you can make any progress in that, you have to rehabilitate yourself. That's going to take at least twice as long as it did for you to ... I can take on that mantel in a day of being a jerk, it will take me much more than a day to repair that impression of being a jerk going forward. So if nothing else, our long-term mission that we have, our desire to be this steady reliable supplier of a vital thing that everybody needs, all of that, we

almost have to be above it all and not let ourselves get dragged down into the mud or worse yet, when times get tough to despair or give up or only have a half effort or whatever it might be.

Because where it sounds very prideful, but it's not, I don't think so, I think it's actually very humble, that if we don't do it, who's going to? If we don't do those things, who's going to do it? It isn't anybody else, it's us, we're here, like it or not, this is us, the 500 people that are doing this. We need everybody else, every one of our six-million constituents and lots of other people elsewhere to help make this work, and they need to do their thing just like we're doing our thing. But nobody's going to do our thing for us except us, so that's important how we do it as much as what we do.