



## **BOARD POLICY**

**Approved by the CAWCD Board  
December 5, 2002**

**Revised  
March 3, 2005**

### **POLICY FOR USE OF EXCESS CANAL CAPACITY**

#### **BACKGROUND INFORMATION**

Staff estimates that, during normal water supply years on the Colorado River, there will be about 300,000 acre-feet of excess canal capacity available annually. There are sufficient Colorado River and western Arizona groundwater supplies to fill this capacity. In short, the excess canal capacity may represent the next increment of long-term water supply available to central Arizona.

In November of 2001, the Board directed staff to conduct a public participation process to determine a framework for using excess canal capacity to wheel non-Project water. In response to this directive, staff organized a public participation process called “Project Wheel 2002” to be completed by December of 2002. Attached to this policy is the *Final Discussion Document on Issues Related to Excess Canal Capacity and Wheeling Non-Project Water* that documents the results of the public participation process and the recommendation of the Project Wheel team.

The purpose of the “Project Wheel 2002” public participation process was to engage a dialogue concerning the highest and best use of excess capacity in the CAP aqueduct system, to develop a policy that lays the foundation for future use of excess canal capacity and to develop an incremental approach to addressing the numerous issues associated with wheeling non-Project water.

Since at least 1983, the CAWCD Board has considered action to use excess canal capacity including amending the Master Repayment Contract in 1988 to include provisions for wheeling non-Project water. The details of these past actions are described in the attached *Briefing Paper on Issues Related to Excess Canal Capacity and Wheeling Non-Project Water*. In the context of these actions, several subcontractors acquired water supplies based on the assumption that those supplies would be delivered through the CAP system.

Past consideration of the use of excess canal capacity has been based on wheeling non-Project water for third parties with CAWCD acting as a delivery agent. Because of the numerous and complex issues associated with wheeling non-Project water for third parties, staff discussions evolved into a broader dialogue about the overall use of excess canal capacity. Through these discussions, staff developed a range of alternatives for using excess canal capacity. The range represents a continuum of approaches reflecting different perspectives of CAWCD’s role in

wheeling non-Project water. This continuum is displayed after page 9 of the attached *Final Discussion Document Related to Excess Canal Capacity and Wheeling Non-Project Water*.

The continuum describes two different perspectives with a blend of the two perspectives shown in the center of the continuum. The two different perspectives include a delivery agent model and a water provider model. The delivery agent model is consistent with past perspectives in which CAWCD would contractually agree to transport non-Project water for a third party. The water provider model envisions the development and delivery of a new water supply to be acquired by CAWCD and allocated by ADWR. In effect, it is a new category of CAP delivered water. The blended approach incorporates portions from both the “delivery agent” and “water provider” models. This approach sets aside some capacity for wheeling non-Project water and some for CAWCD development and delivery of a new water supply. It should be noted that each approach would eventually require establishment of policies at the time of implementation to address such matters as water quality, rates and use parameters.

As a result of research, internal discussions and an extensive public participation process, the Board concluded that a blended approach, where past investments and Board actions are honored and new approaches are explored and developed for the benefit of all water users in CAWCD’s service area, would best serve CAWCD’s customers and the state’s water management goals.

## **POLICY**

### **A. Interim Set Asides of Canal Capacity for Wheeling non-Project Water**

The set asides described in this section identify, for a period of time, a certain volume of potential excess canal capacity for a specific entity. These set asides are not rights or options which can be unilaterally exercised, but rather are only planning placeholders for possible use of excess canal capacity. Ultimately, the set asides will either mature into executed wheeling contracts with CAWCD or expire under the terms set forth in future wheeling principles and policies adopted by CAWCD.

#### **1. Interim Set Asides of Canal Capacity for Wheeling non-Project Water**

- a. The Board sets aside an amount up to 38,000 acre-feet per year of excess canal capacity to wheel the City of Phoenix’s McMullen Valley groundwater.<sup>1</sup>
- b. The Board sets aside an amount up to 15,000 acre-feet per year of excess canal capacity to wheel City of Scottsdale’s Planet Ranch water.<sup>2</sup>
- c. The Board sets aside an amount up to 25,000 acre-feet per year of canal capacity to wheel the City of Mesa’s Pinal County groundwater.
- d. The Board sets aside an amount up to 3,460 acre-feet per year of excess canal capacity for the CAGR to wheel City of Scottsdale’s Harquahala groundwater.

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<sup>1</sup> According to its contract, the City of Phoenix has the right to pump up to 78,000 acre-feet in a single year not to exceed a total volume of 380,000 acre-feet over a ten-year period. Phoenix’s option to pump additional volumes in a single year will not be curtailed so long as uncommitted capacity exists to move the supply.

<sup>2</sup> This set aside is only made for the severance and transfer of surface water rights to the Bill Williams River at Planet Ranch, from irrigation uses to municipal and industrial uses by Scottsdale, and limited only to surface water diversion at Planet Ranch and conveyed to the CAP aqueduct by means other than through the Mark Wilmer Pumping Plant.

- e. The Board sets aside an amount up to 105,000 acre-feet per year of excess canal capacity for use by the CAGR D in accordance with its Plan of Operation.
2. Interim set asides of canal capacity for wheeling non-Project water provided by the Board under section A.1.a through c above of the policy are subject to the following:
    - a. Interim set asides are non-transferable.
    - b. Interim set asides shall be subject to future Board principles and policies governing the transportation/wheeling of non-Project water.
    - c. Transportation of non-Project water pursuant to these interim set asides shall be subject to wheeling agreements with CAWCD.
    - d. Interim set asides should be recognized by ADWR as “developed supplies” for purposes of allocating any water supply developed pursuant to Part B of this recommendation.
  3. Other Directives Related to Interim Set Asides of Excess Canal Capacity
    - a. The cities of Phoenix, Mesa and Scottsdale and the CAGR D are eligible to seek an allocation of the water supply described in Part B of this policy.
    - b. Water transferred under the interim set asides provided under Part A of this policy have equal priority to the use of excess canal capacity as water developed pursuant to Part B of this policy.
    - c. CAWCD will provide, for short duration, short distance wheeling contracts subject to the same future Board policies referenced under A.2.b above.
    - d. Staff shall prepare a set of wheeling principles by January 1, 2007 for adoption by the Board in 2007.<sup>3</sup>

#### 4. Advisory Notice

Future purchases of non-Project supplies will not be guaranteed an interim set aside of canal capacity.

### **B. Implementation Study for the Acquisition and Allocation of a New Water Supply up to a Volume of 100,000 Acre-Foot Per Year**

1. The Board authorizes staff to explore the concept of developing a supply of non-Project water to be provided, on a sustainable basis, for beneficial use inside CAWCD’s service area. In exploring this concept, staff shall be guided by the following general parameters:

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<sup>3</sup> As a part of these principles, the Board may consider such parameters as reservation fees and other general financial principles, perfection periods and water quality standards.

- a. Staff shall conduct an implementation study to determine if it is feasible to develop a new water supply using excess canal capacity.
  - b. Staff shall complete the implementation study no later than January 1, 2007.
  - c. The volume of the new water supply shall be limited to no more than 100,000 acre-feet per year.
  - d. Staff shall develop the implementation study using a thorough public participation process in particular for that portion of the plan dedicated to defining how the new water supply will be allocated.
2. Staff shall undertake the following actions as part of the implementation study:<sup>4</sup>
- a. Determine the availability of new water supplies and the extent of CAWCD's legal authority to acquire and develop a water supply for purposes of this section of the recommendation.
  - b. Coordinate with ADWR to determine how to make the water supply developed under this part of the recommendation assured water supply eligible.
  - c. Coordinate with ADWR and water users to determine how the water supply developed in this part of the recommendation will be allocated.
  - d. Coordinate with the U.S. Bureau of Reclamation (BOR) to determine the best method of addressing environmental compliance issues associated with developing a new water supply.
  - e. Coordinate with the BOR to determine how the provisions of CAWCD's repayment contract accommodate wheeling by CAWCD instead of a third party.
  - f. Determine how CAWCD will address the availability of excess canal capacity during surplus years.

### **C. Save Remaining Capacity for Another Day**

The Board reserves a portion of excess canal capacity for future Board decisions. The volume of this reservation will be defined by the difference between the total excess canal capacity and the specific interim set asides provided in Part A of this policy plus the volume of the new water supply to be developed in Part B of this policy.

### **D. Past Board Actions**

This policy supercedes and replaces the Policy for Use of Excess Canal Capacity adopted by the Board of Directors on December 5, 2002.

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<sup>4</sup> Most of these matters were raised during the public meetings conducted as part of Project Wheel 2002. This listing is not intended to be an exhaustive listing. At the onset of the implementation study, a more extensive work plan will be developed.