



CAWCD Policy Allowing the Use of CAGR D Water Supplies to Satisfy the Arizona Water Banking Authority's Firming or Interstate Obligations

Preface: This policy is intended to allow CAGR D to assist in fulfilling CAWCD's firming and interstate responsibilities on behalf of the Arizona Water Banking Authority (AWBA). Subject to the terms below, CAGR D may accept Long-Term Storage Credits that have been transferred to CAWCD from the AWBA in lieu of delivery of water supplies available to CAGR D.

I. USE OF CAGR D LONG-TERM CAP CONTRACT

A. Process for CAGR D to Accept Long-Term Storage Credits

- i. Prior to the use of the CAGR D Long-Term CAP contract to satisfy the Arizona Water Banking Authority's firming or interstate obligations, CAWCD shall obtain approval from the United States Bureau of Reclamation that the process is consistent with the exchange requirements in the CAP System Use Agreement section 9.1 and in accordance with the Supplemental Contract between the United States and the Central Arizona Water Conservation District for Delivery of Central Arizona Project Water contract no. 14-06-W-245 and any subsequent supplements or amendments (the "Supplemental Contract").
- ii. In any year in which CAWCD is required to recover long-term storage credits on behalf of the Arizona Water Banking Authority for either instate firming or interstate obligations, CAWCD may exchange up to the maximum quantity of CAP water available to CAGR D under the Supplemental Contract, as authorized by the CAP System Use Agreement.
- iii. For every long-term storage credit exchanged with the Supplemental Contract, CAGR D shall accept an equal reduction in the volume of CAP water deliveries in that same calendar year.
- iv. Any long-term storage credits transferred to CAGR D for firming or instate obligations must be transferred into a conservation district account established under Arizona Revised Statute § 45-859.01 in satisfaction of a replenishment obligation.
- v. CAGR D shall pay all charges, including CAP Fixed OM&R Charges, CAP Pumping Energy Charges, CAP Capital Charges, and any applicable water storage charges for CAP or non-CAP owned and operated facilities, that would otherwise have been associated with delivery of CAGR D's CAP water order as if the CAP water order was fully delivered to CAGR D as ordered and no exchange had taken place.
- vi. By April 30 of the year following the year in which long-term storage credits were transferred, CAWCD shall pay to CAGR D a rate equal to the M&I subcontract Capital Charge for each long-term storage credit that CAWCD exchanges with CAGR D.

B. Locations From Which CAGR D May Accept Long-Term Storage Credits

- i. CAGR D, to the extent of its legally available water supplies and subject to the limitations in (B) below, in a given calendar year, may exchange such legally available water supply deliveries for long-term storage credits that were created at any water storage facility in the Phoenix, Pinal or Tucson Active Management Areas.



POLICY ALLOWING THE USE OF CAGR D WATER SUPPLIES TO SATISFY THE AWBA'S FIRING OR INTERSTATE OBLIGATIONS

- ii. Exhibit A of the Supplemental Contract, as amended, identifies the entities that have assigned CAP M&I water entitlements to CAGR D.
- iii. In a given calendar year, CAGR D shall only reduce CAP water deliveries for its CAP M&I water entitlements obtained from Sunrise Water Company, West End Water Company and Valley Utilities Water Company for long-term storage credits that were created at water storage facilities within the area of hydrologic impact of the groundwater withdrawals to be replenished.
- iv. In a given calendar year, CAGR D shall only reduce CAP water deliveries for its CAP M&I water entitlements obtained from Litchfield Park Service Company and Chandler Heights Citrus Irrigation District for long-term storage credits that were created at water storage facilities in the Phoenix Active Management Area.

II. USE OF OTHER SUPPLIES AVAILABLE TO CAGR D

- A. To assist CAWCD with firming or interstate responsibilities, CAGR D may, at its sole discretion, agree to accept Long-Term Storage Credits that have been transferred to CAWCD from the AWBA in lieu of delivery of any other water supplies available to CAGR D. In agreeing to exchange or otherwise substitute for delivery of water supplies delivered through the CAP System, CAWCD and CAGR D will comply with terms and conditions similar to Section I of this policy, including conformance with the System Use Agreement and other applicable agreements.