

Central Arizona
Project



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2010 Central Arizona Project State Legislative Agenda



CAP
CENTRAL ARIZONA PROJECT

PO Box 43020 - Phoenix, AZ 85080
www.CentralArizonaProject.com



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Bridget
Schwartz-Manock
Central Arizona Project
Legislative Affairs
(623) 869-2150
bschwartzmanock@
cap-az.com
CentralArizonaProject.com

The 49th Legislature's Second Regular Session began on January 11, 2010.

This report describes CAP's state legislative agenda and will guide lobbying activities during the 2010 legislative session.

While these proposed issues define the legislative agenda of the organization, the CAP Business Planning Team will come before the Public Policy Committee on a regular basis throughout the legislative session to report on legislative activities and discuss direction on the various bills and amendments that arise.

Priority Issues

The following issues will encompass the majority of CAP's lobbying activities:

Joint Letter Resolution Regarding Navajo Generating Station (NGS) – On August 28, 2009, the Environmental Protection Agency published the Advanced Notice of Proposed Rulemaking on the “Assessment of Anticipated Visibility Improvements at Surrounding Class I Areas and Cost Effectiveness of Best Available Retrofit Technology (BART) for Four Corners Power Plant and Navajo Generating Station.” The outcome of this rulemaking process, which focuses on BART for NOx emissions control, could seriously impact the ability of the NGS to continue to operate into the future and provide energy at an affordable rate. To date, members of both the State House and Senate majority and minority parties have asked the EPA to take into account the economic impacts to water users in Arizona and to the economic vitality of the Navajo Nation, Hopi Tribe and other Native American communities in the approach to determining the level of emissions controls at NGS.

Pursue a joint letter/resolution of State officials expressing support of the Navajo Generating Station.

CAGRDR Revenue Bonding and Sustainability Policies – Last year the Board directed staff to seek legislation regarding the bonding authority of the CAWCD and the collection of dues for members of the CAGRDR to repay bonds issued in order to meet groundwater replenishment obligations (SB 1288). The legislation introduced passed the State Senate but failed to pass out of the House of Representatives.

Introduce legislation regarding bonding authority of the CAWCD, collection of dues for members of the CAGRDR to repay bonds issued to meet groundwater replenishment obligations, and other sustainability provisions.

Clarification of Authority to Invest in Alternative Power Supplies – Given the existing threats to the Navajo Generating Station (NGS), staff recommends the CAWCD begin to pursue legislation to clarify CAWCD's ability to invest in new power sources.

Currently, CAWCD receives almost all of its pumping energy from the CAP federal interest in the coal-fired NGS at Page. NGS has been and still is a low-cost, reliable source of energy. CAWCD has limited authority to purchase from other power sources for project needs and to make incidental sales of power purchased, but not needed, to wholesale customers. While CAWCD recognized the potential need to replace NGS at some future date, it was thought that the NGS life cycle would extend through 2045, the end of our repayment schedule. If we are to maintain reliable cost effective power, CAWCD would like to clarify our authority to evaluate and enter into business arrangements for alternative sources of power. Those sources could include solar, wind, natural gas, or nuclear. We would need to make investments in new sources well before NGS power is either not available or becomes prohibitively expensive. In the event alternative power was available while NGS was still cost effective, CAWCD would need to sell the alternative power to recover our cost.

It is not the intent of CAWCD to become an electric power utility. We would limit our sales to the wholesale market. The sole purpose is to continue to provide reliable service while maintaining power costs to our customers as low as reasonably possible.

Develop legislation to clarify CAWCD's ability to invest in alternative sources of power.

Issues Requiring CAP Involvement with Other Stakeholders:

Arizona Water Banking Authority – Collaboratively support efforts of the Arizona Department of Water Resources (ADWR) and the Arizona Water Banking Authority (AWBA) to seek legislation regarding CAP water.

Support the AWBA's efforts to seek legislation codifying AWBA's authority to participate in pools created by CAWCD.

Arizona Game and Fish Department's Contribution to MSCP – State law provides for the collection of boater registration fees to support the Arizona Game and Fish Department's annual contribution to the costs of the Lower Colorado River Multi-Species Conservation Plan (MSCP). CAWCD should assist the Department in maintaining revenues sufficient to permit those contributions to continue.

Support the Arizona Game and Fish Department's efforts to collect and maintain revenues sufficient to continue its annual contribution toward the costs of the MSCP.

Indian Firming – The State of Arizona, through the AWBA, is required by several Indian settlement acts to firm certain non-Indian agricultural (NIA) priority water to be as reliable as M&I priority water. All money appropriated or otherwise made available to the AWBA has been swept in the budget cutting processes. Consequently, several stakeholders have inquired about the possibility of using CAWCD's \$.04 ad valorem tax, commonly called the Water Storage Tax. CAWCD will seek input from a range of stakeholders and research the statute relating to the \$.04 tax to determine if it can be or should be used for Indian firming. It is possible legislation would be necessary.

Support a stakeholder process to discuss the use of the water storage tax for Indian firming.

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