


Wheeling Stakeholder
Meeting #1

"Serve As You Come"

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March 12, 2014

Wheeling Stakeholder Process

- **Purpose**
 - Refine and improve the Staff Proposal
 - White Papers
 - Standard Form of Wheeling Agreement
 - Revisions to the Operating Agreement
 - Wheeling Model
 - [Additional Policies]
- **Goal**
 - Have a set of framework documents that can be approved by the CAP Board, and Reclamation, including a standard form wheeling agreement as envisioned under article 8.18 of the Master Repayment Contract



Wheeling Stakeholder Process

- **Approach**

- A set of four meetings
 1. March 12th
 - "Serve As You Come"
 2. April 22nd
 - "Operations"
 3. May 14th → 27th (*tentative*)
 - "Cost & Capacity"
 4. June 17th
 - "Remainders & Closure"



Wheeling Stakeholder Process

- **Format**

- Open participation
 - No specifically identified representatives
 - Respect for everyone's time is essential
- Focus & forward momentum
 - Timekeeping & process control will be enforced as needed

- **Feedback**

- Presentations and materials, including audio recordings, posted on website
- Meeting summaries & running tally of issues
- Document revisions, as suitable



Today's Meeting

- **Goal**
 - Provide background and perspective on what "Serve As You Come" is, how we arrived at it, and what some of the underlying issues are
- **Approach**
 - Overview of SAYC, then review and discussion of the three major elements;
 - "Tied to a specific supply"
 - "All regulatory approvals have been completed"
 - "Tied to a specific user"



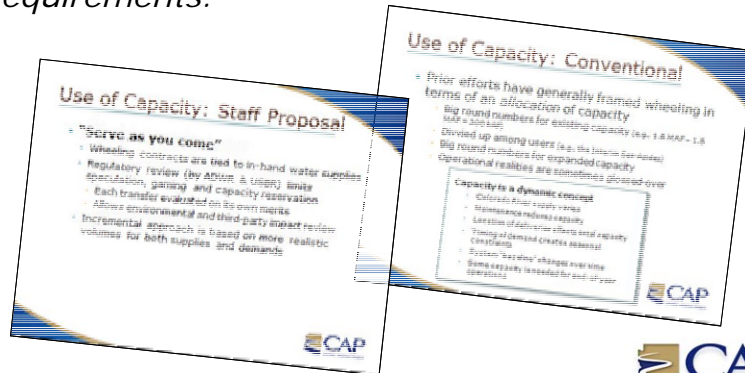
Activity Update

- **February 4th Stakeholder Meeting**
 - Workshop to review the Staff Proposal, including the modeling.
- **February 6th CAP Board Meeting**
 - Brief update and review of proposed Stakeholder Process. Board endorsement of approach.
- **March 7th ITCA Tribal Leader's Water Policy Council**
 - Joint presentation, with Reclamation, on process steps, including tribal Consultation, along with an overview of the Staff Proposal and the modeling.



"Serve As You Come"

- *Wheeling contracts are tied to a specific supply, with a defined volume and duration, issued to a user that has satisfied all regulatory requirements.*

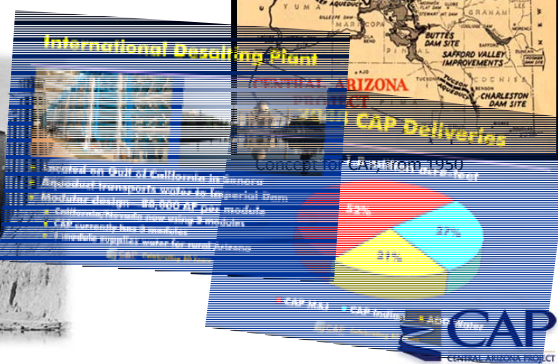
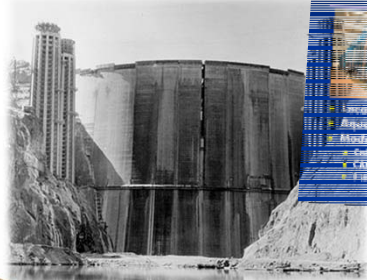


Supply & Demand

- What does the future supply & demand situation really look like?
 - How large are the demands, and how elastic are they?
 - How large are the supplies, and how dynamic are they?
- Wheeling is a bridge to certain new supplies
 - How big does the bridge need to be?
 - How much traffic will it get?
 - What alternatives exist?

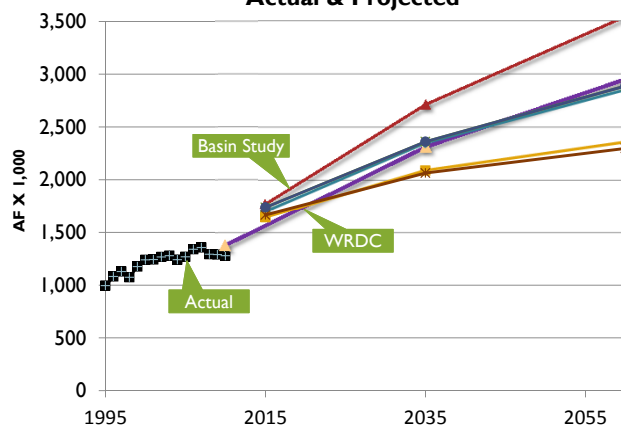
Supply & Demand

- Looking to the future & thinking big has been an important and successful strategy for Arizona



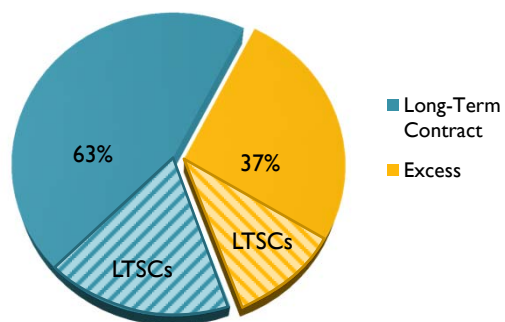
Demand

**Central Arizona Municipal Demand
Actual & Projected**



Supply

CAP Deliveries, 2012 1,598,800 AF



Supply

Arizona Water Use, Population and Economic Growth (1957-2011)

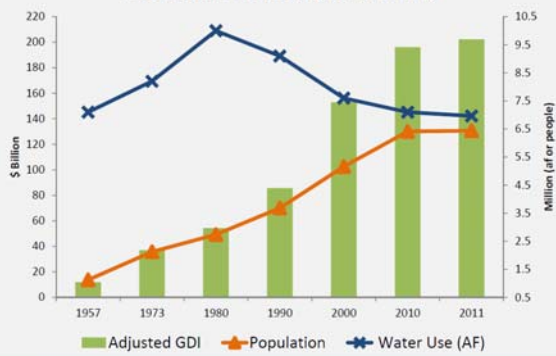


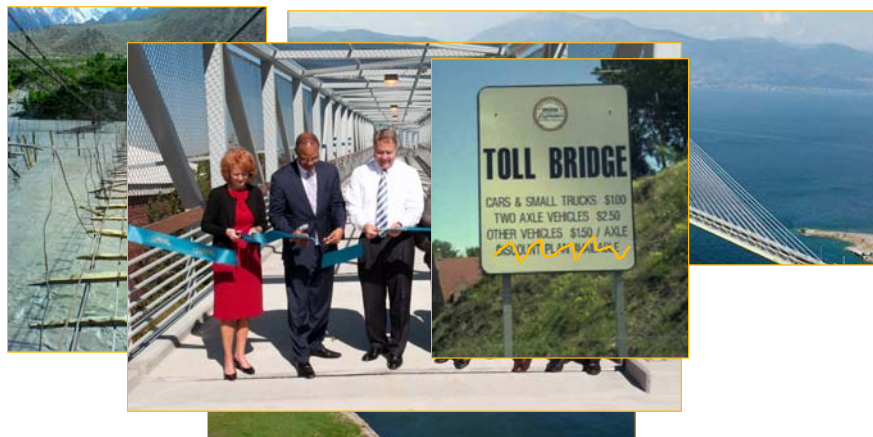
Figure ES-6. Arizona Water Use, Population and Economic Growth 1957 - 2011 (ADWR, 2013)



A Bridge to New Supplies



A Bridge to New Supplies



"Tied to a supply"

- **Purpose:** A wheeling contract is for transportation of water, not capacity, but an equivalent volume must be deducted from the Reclamation-approved Certified Additional Annual System Delivery Capacity. Issuing a contract based on a specific supply ensures that capacity has been properly accounted for, without establishing a right to the capacity itself.
- **Discussion Point:** The CAASDC deduction is based solely on the volume of the supply, not point of use, reliability, etc.



"All regulatory approvals have been completed"

- **Purpose:** Requiring all approvals helps prevent speculative activity (i.e., securing wheeling capacity substantially in advance of actual need). The regulatory review process serves a gatekeeping function that provides oversight and public review.
- **Discussion Point:** The degree of existing regulatory oversight varies among the types of supplies likely to be wheeled.



"Tied to a specific user"

- **Purpose:** A wheeling contract must be approved by both CAP and Reclamation, and is issued to a specific user. Subsequently changing the user would alter the circumstances under which the contract was issued.
- **Discussion Point:** There are instances in which a change of user is non-substantive.



Wrap-Up & Next Meeting

