

Wheeling of Non-Project Water Supplies

Stakeholder Update
March 21, 2013



YOUR WATER. YOUR FUTURE.



Introduction

- Agenda

- Introduction — *McCann*
- Overview of CAP Staff Proposal — *Seasholes*
- Review of Scheduling and Delivery Capacity — *Dent*
- Review of Proposed Draft Agreements — *Ticknor*
- Questions and Answers — *All*

Introduction

- Multi-step process, with focus on resolving contractual issues between CAP and Reclamation
- *Is there support for moving the CAP Staff Proposal forward as an initial basis for negotiation?*



Overview of Staff Proposal

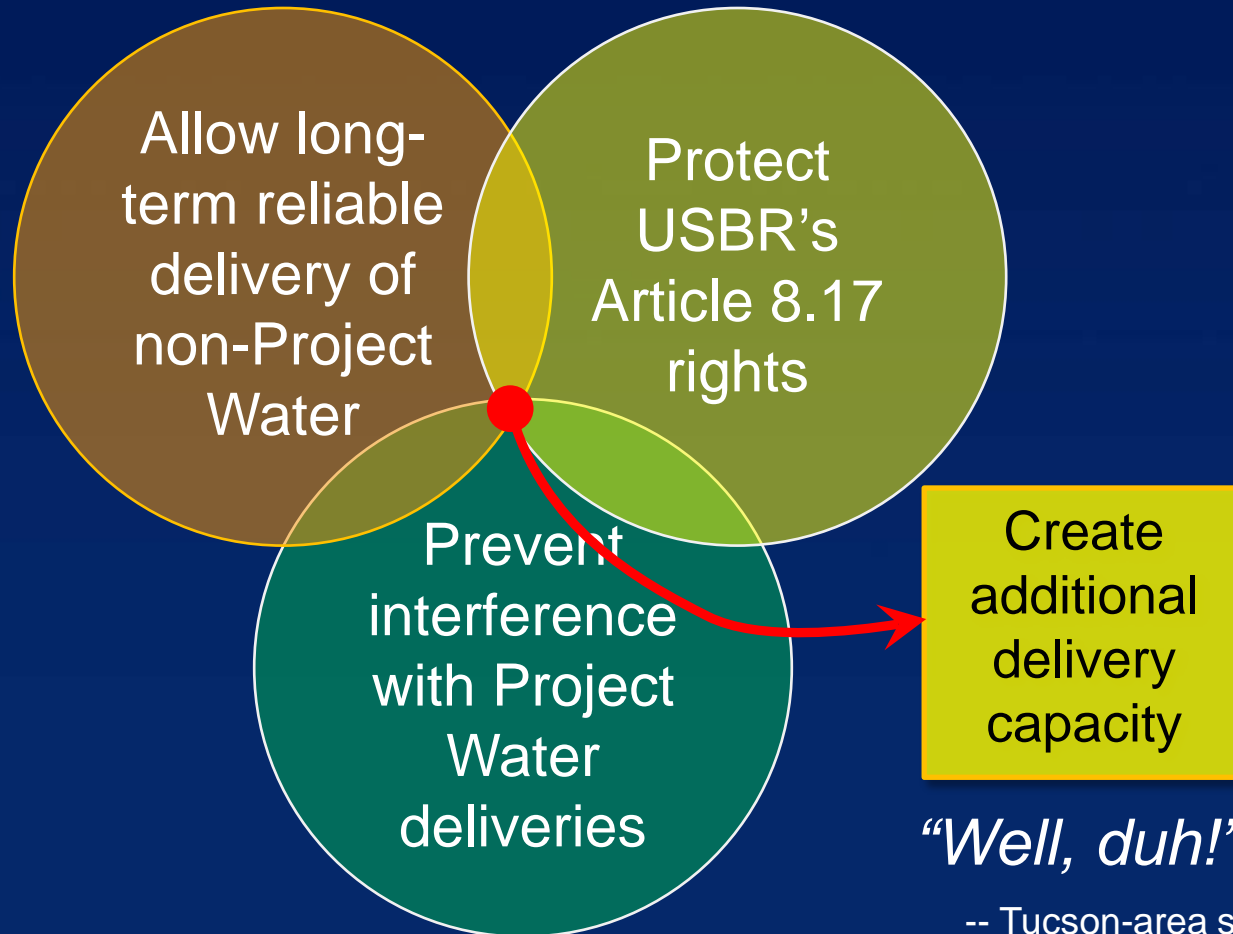
CAP Staff Proposal

■ Terminology:

- “Project Water” – Colorado River water available to CAP, along with certain Agua Fria inflows captured in Lake Pleasant. *Includes Contract, Subcontract and Excess CAP Water.*
- “Non-Project Water” – Any water other than Project Water, including Colorado River water, imported groundwater or other supplies
- “Article 8.18” – Provision of Master Repayment Contract related to “Wheeling Non-Project Water”
- “Article 8.17” – Provision of Master Repayment Contract related to “Rights Reserved to the United States to Have Water Carried by Project Facilities”

CAP Staff Proposal

Goals



CAP Staff Proposal

Goals

CENTRAL ARIZONA WATER CONSERVATION DISTRICT
Issues Regarding Transportation of Non-Project Water
in the CAP Aqueduct
DISCUSSION DOCUMENT - 9/12/88

EXECUTIVE SUMMARY

There is a strong statewide interest in water transfers and the purchase of water rights and/or property in outlying areas for the purpose of moving this water into the metropolitan Arizona for use in the future. The completion of the movement of Project ("CAP") system creates a potential method for movement of this water. Several entities, water resource planners, and legislators have approached the Central Arizona Water Conservation District ("CAWCD") to determine the availability of the CAP system to transport this non-CAP or non-Project water.

The CAP is a federal Bureau of Reclamation project. The CAWCD is the agency created to operate, maintain, and repay the cost of the CAP. Embodied within this CAP/CAWCD relationship are many statutory requirements, federal responsibilities, and contractual obligations to use project facilities to deliver project water for project purposes.

The CAP system has specific physical limitations. These include pumping capacity, canal capacity, water supply, and finite facilities to serve project purposes. After meeting those needs, there may be capacity available, on a case by case basis, to transport non-Project water.

The questions raised by those planning for future use of scarce water resources are, 1) when, where, and how much capacity is available? 2) how will priorities for use of that capacity be determined? 3) how will charges for use be established? and 4) what operating constraints or other limits will be placed on the use of the capacity? This discussion paper, use of the CAP/CAWCD Board of Directors, and the use of the CAP/CAWCD Board of Directors for development of Policy by the CAP/CAWCD Board also points out the complexity of project of project and the necessity for operating experience and case before a definite answer can be given to the question of how much capacity is available?

INTRODUCTION

In an effort to comply with the 1980 amendments to the Federal Water Project Act, the CAP/CAWCD Board of Directors is looking for municipalities and developers are looking for water supply. In doing so, these entities are considering acquisition of long-term right to use water for future M&I use. Generally, the south supplies are located outside of Active Management Area.

"Bucket" View

"Schedule" View

"System" View



"Well, duh!"

-- Tucson-area stakeholder

CAP Staff Proposal

Goals

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"Bucket" View

"Schedule" View

"System" View

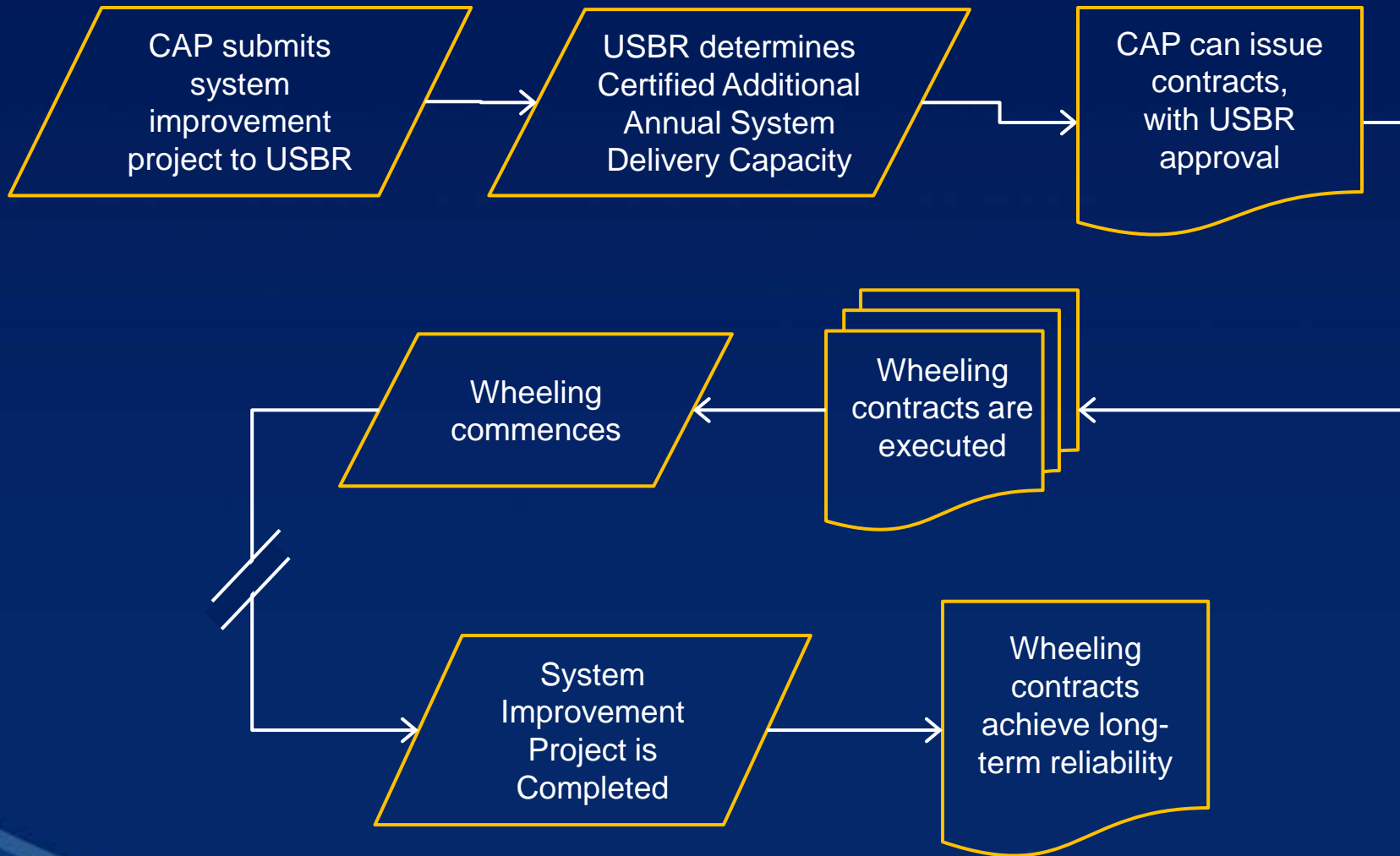
"Well, duh!"

-- Tucson-area stakeholder

CAP Staff Proposal

- Establishes a framework for wheeling non-Project Water
 - Builds on the wheeling provisions in Article 8.18 of the Master Repayment Contract
 - Addresses Reclamation's rights under Article 8.17 of the Master Repayment Contract
- Article 8.18 wheeling contracts issued on the basis of increased delivery capacity
- System improvement projects go through a Reclamation review process to quantify the capacity increase
 - Quantification based on the physical ability to move more water
 - Seasonal peaking constraints must also be addressed

CAP Staff Proposal



CAP Staff Proposal

- All water users, including Tribes, are eligible for wheeling contracts, BUT
 - Tied to specific legally & physically available supply
 - All regulatory approvals completed prior to offering
 - CAP Board & Reclamation approval
 - Payment of System Improvement Fee
- Proposal comprised of three main components
 - Standard Form Wheeling Agreement
 - Modifications to the Operating Agreement
 - Technical procedures
- Additional implementation policies will need to be developed

CAP Staff Proposal

- Rights and priorities are resolved as part of the annual scheduling process
 - 1.) Project Water (including Excess), and 8.18 non-Project Water after improvement projects are complete
 - Monthly 11% maximum enforced on 8.18 first
 - 2.) 8.17 non-Project Water
 - 3.) 8.18 non-Project Water before improvement projects are complete

Review of Scheduling and Delivery Capacity

CAP Capacity Scheduling

CAP Water Delivery Request

Month	Projected CAP WATER ORDER in Acre-feet
January	9,000
February	8,000
March	9,000
April	10,500
May	13,500
June	13,500
July	13,500
August	13,800
September	10,900
October	9,900
November	9,100
December	8,300
Total	129,000

CAP Capacity Scheduling

- Specific CAP Annual Capacity is determined during our AOP process. Once the initial Water Delivery Requests are received, an annual plan is developed based on the following factors:
 - Water is allocated by contract priority
 - Planned Maintenance Outages
 - Energy Resources and Programs
 - USF Capacity and Scheduling
 - Lake Pleasant Operations

CAP Capacity Scheduling

PRINTED: 03/20/13

CENTRAL ARIZONA PROJECT
QUARTERLY SYSTEM DEMAND FORECAST
(acre-feet)
2013 Calendar Year

Revised: 11/30/12

	JAN	FEB	MAR	1st Qtr	APR	MAY	JUN	2nd Qtr	JUL	AUG	SEP	3rd Qtr	OCT	NOV	DEC	4th Qtr	TOTAL
TOTAL CUSTOMER DELIVERIES	64,907	79,919	126,977	271,803	167,842	193,069	201,384	562,295	195,945	179,832	118,301	494,078	89,664	59,535	65,326	214,525	1,542,701
TOTAL CANAL LOSSES	739	1,283	2,185	4,207	2,959	3,425	3,464	9,848	3,382	2,663	2,559	8,604	2,343	1,892	1,423	5,658	28,317
MWD LAKE STORAGE THRU T/O	0	2,000	2,852	4,852	3,476	4,300	3,476	11,252	2,323	2,205	2,205	6,733	2,909	3,058	941	6,908	29,745
SRP/CAP EXCHANGE WATER	0	0	0	0	0	0	(13,000)	(13,000)	(7,000)	0	0	(7,000)	0	0	0	0	(20,000)
WADDELL PUMPING	45,000	72,000	51,000	168,000	2,000	0	0	2,000	0	0	0	0	46,000	70,000	42,000	158,000	328,000
WADDELL RELEASES	(25,000)	0	0	(25,000)	0	(18,000)	(65,000)	(83,000)	(105,000)	(95,000)	0	(200,000)	0	0	0	0	(308,000)
COLORADO RIVER DIVERSIONS	85,646	155,202	183,014	423,862	176,277	182,794	130,324	489,395	89,650	89,700	123,065	302,415	140,916	134,485	109,690	385,091	1,600,763
COLORADO RIVER ACTUAL	85,646	155,202	183,014	423,862	176,277	182,794	130,324	489,395	89,650	89,700	123,065	302,415	140,916	134,485	109,690	385,091	1,600,763

HAVASU PP	JAN	FEB	MAR	1st Qtr	APR	MAY	JUN	2nd Qtr	JUL	AUG	SEP	3rd Qtr	OCT	NOV	DEC	4th Qtr	TOTAL
Canal Losses	97	148	274	519	367	425	417	1,209	416	334	316	1,066	285	235	186	706	3,500
SEGMENT DEMAND	97	148	274	519	367	425	417	1,209	416	334	316	1,066	285	235	186	706	3,500
SEGMENT AVG FLOW (CFS)	2	3	4		6	7	7		7	5	5		5	4	3		
VOLUME PASSING HAV	85,646	155,202	183,014	423,862	176,277	182,794	130,324	489,395	89,650	89,700	123,065	302,415	140,916	134,485	109,690	385,091	1,600,763
FLOW PASSING HAV (CFS)	1,393	2,699	2,977		2,963	2,974	2,191		1,458	1,459	2,069		2,292	2,261	1,784		

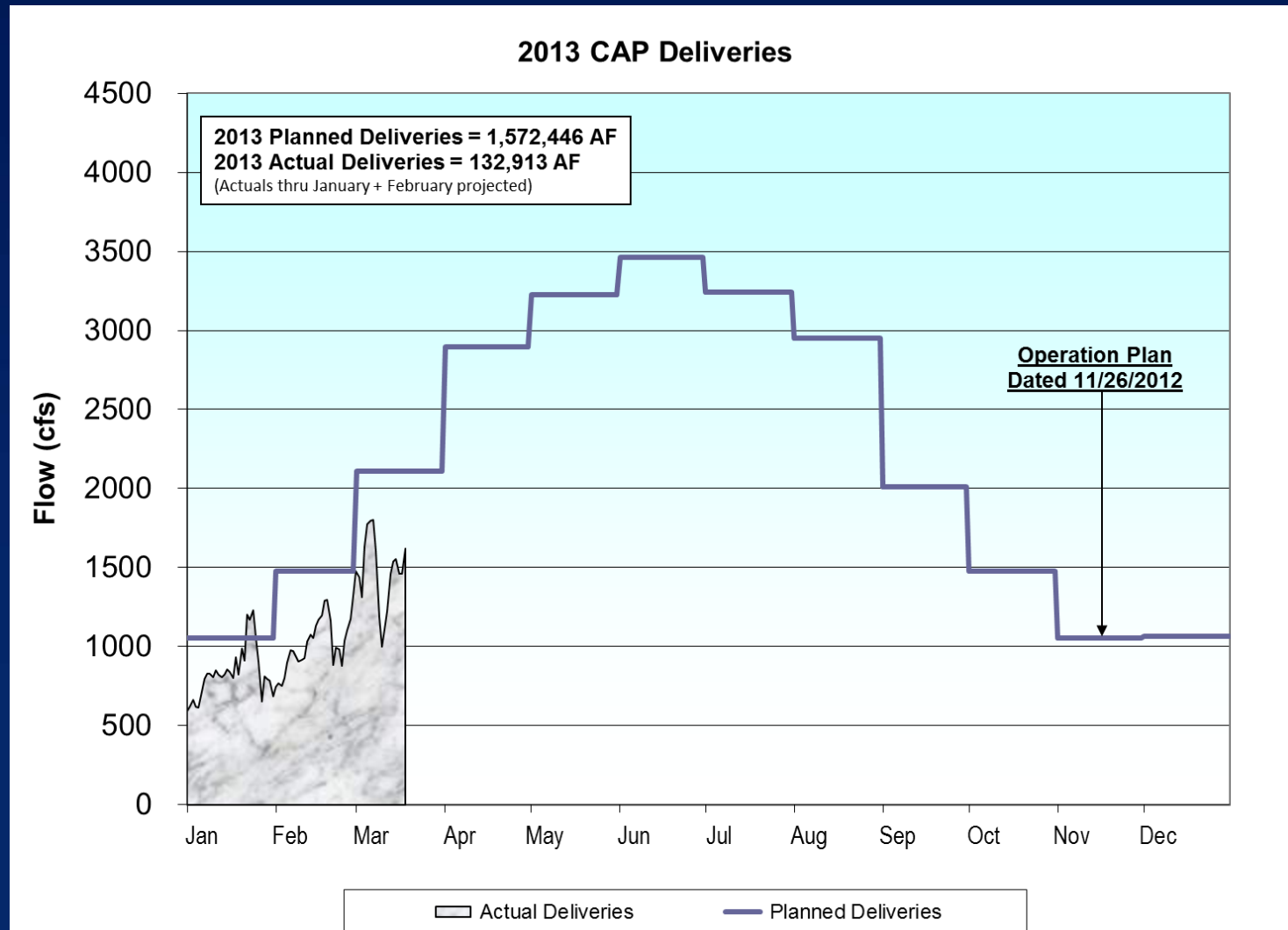
Siphon
Outage

Energy
Constraint

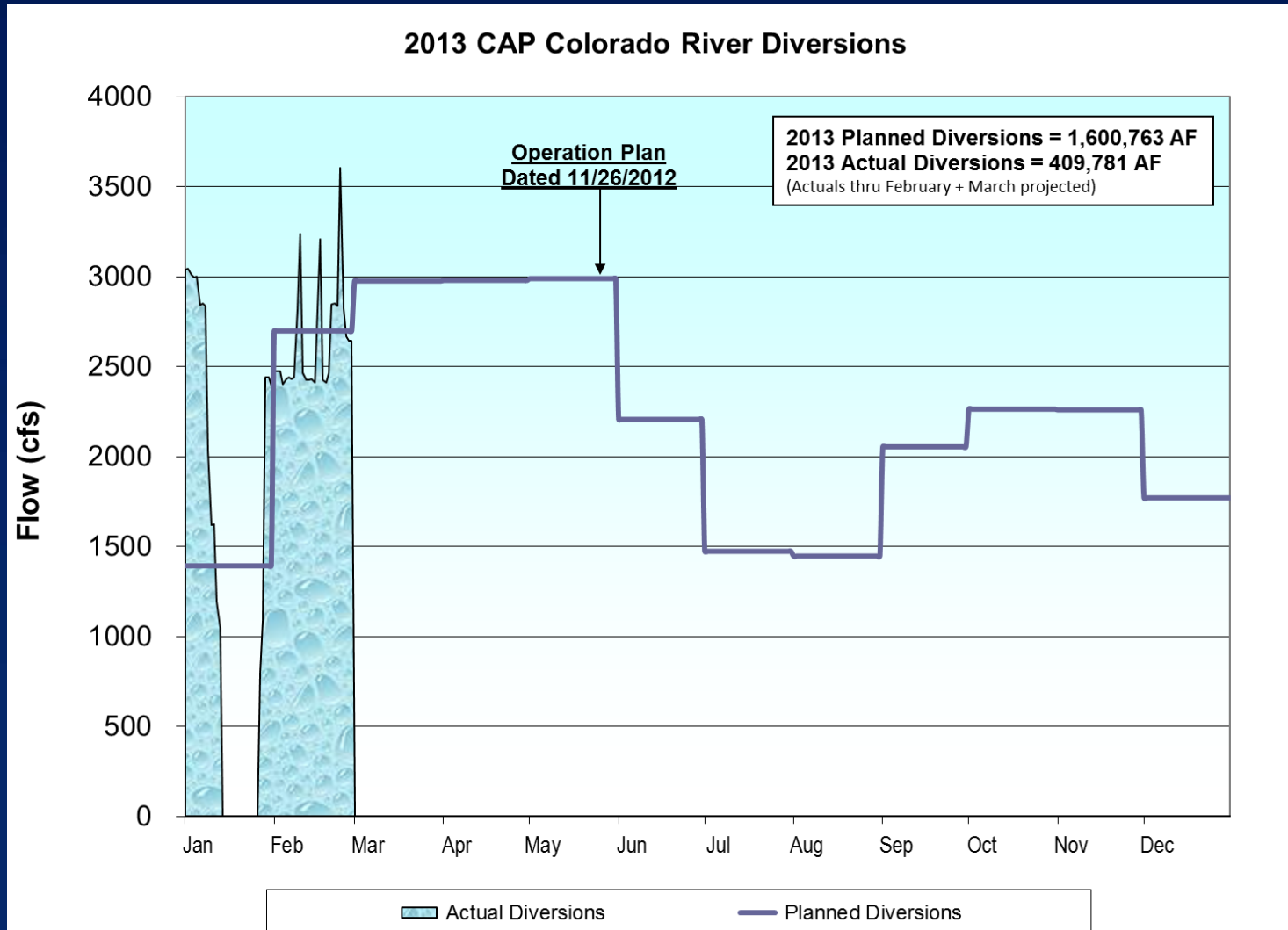
Maintenance

Unused
Capacity

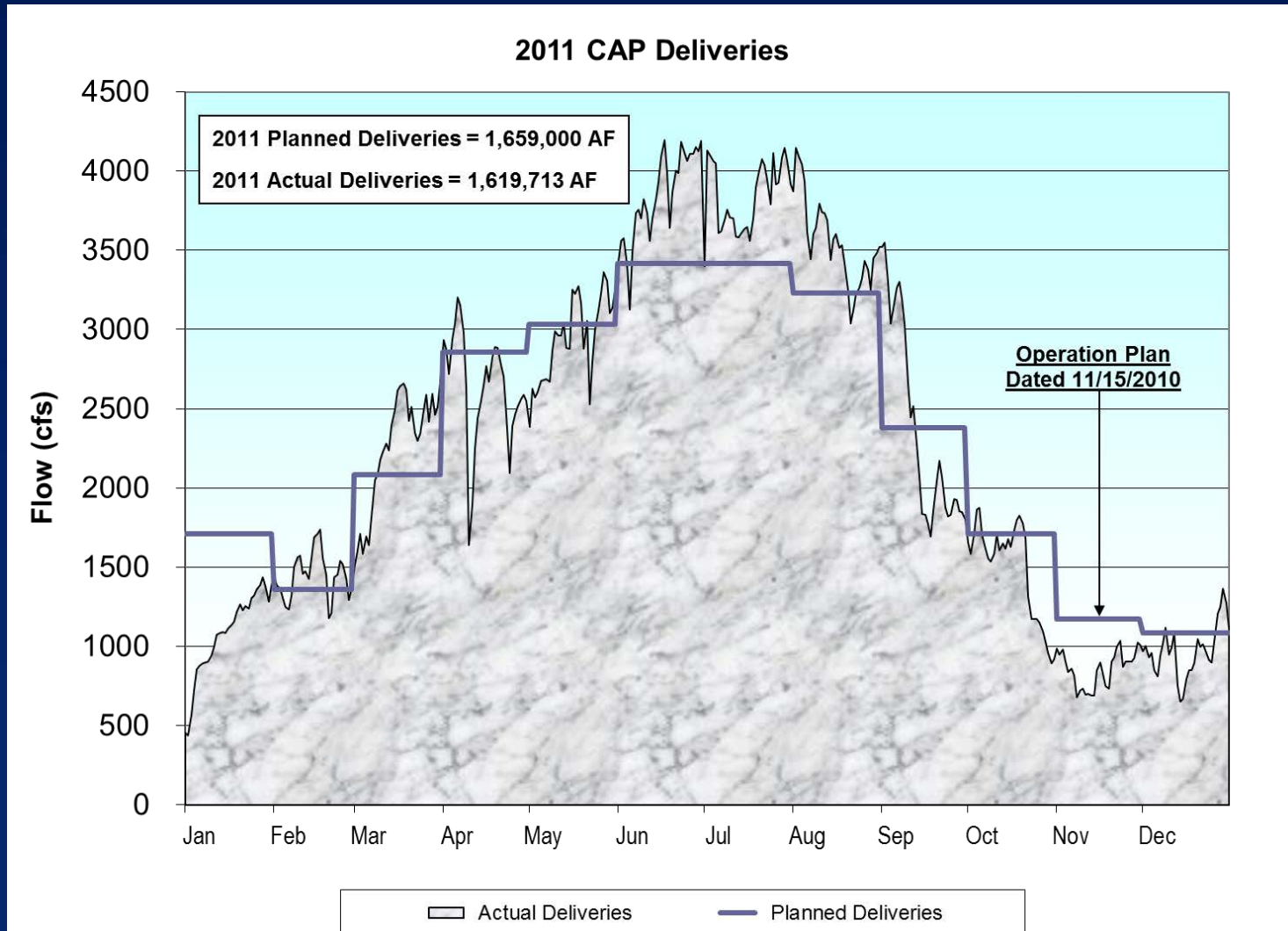
CAP Capacity Scheduling



CAP Capacity Scheduling



CAP Capacity Scheduling





Review of Draft Agreements

Standard Form of Wheeling Agreement

■ Sections:

1. Agreement
2. Definitions
3. Term
4. Transportation of Contractor Water
5. Certified Additional Annual System Delivery Capacity
6. Environmental Clearance
7. Point of Delivery, Point of Receipt, Measurement and Responsibility
8. Interruptions and Reductions
9. Water Quality
10. Losses
11. Right to Contract
12. Procedure for Scheduling Transportation of Contractor Water
13. Water Transportation Charges
14. Charges for Delinquent Payments and Remedies for Failure to Pay
15. Rules, Regulations and Determinations
16. Compliance with Environmental Laws
17. Uncontrollable Forces
18. Notices
19. Waiver
20. Governing Law
21. Assignment



Standard Form of Wheeling Agreement

5. CERTIFIED ADDITIONAL ANNUAL SYSTEM DELIVERY CAPACITY

- 5.1 This Agreement is entered into on the basis of the availability of Certified Additional Annual System Delivery Capacity as indicated in Exhibit C.
- 5.2 This Certified Additional Annual System Delivery Capacity shall be considered finalized upon Reclamation's determination that the associated System Improvement Projects have been satisfactorily completed.



Standard Form of Wheeling Agreement

12.3 CAWCD shall prioritize fulfillment of water delivery and transportation schedules in the following order:

12.3.1 Deliveries of Project Water, and transportation of non-Project Water pursuant to water transportation agreements with CAWCD in which the associated Certified Additional Annual System Delivery Capacity has been finalized in accordance with section 5.2 of this contract.

12.3.1.1 When making schedule modifications, CAWCD shall give equal consideration to water delivery and water transportation schedules under this priority, except that in any month in which a modification to delivery and transportation schedules is required, any scheduled transportation of non-Project Water in excess of 11% shall be reduced first.

12.3.2 Requests by Reclamation for water transportation pursuant to Article 8.17 of the Master Repayment Contract

12.3.3 Water transportation agreements with CAWCD associated with Certified Additional Annual System Delivery Capacity that is not yet finalized



Standard Form of Wheeling Agreement

13.3 System Improvement Fee: The Contractor shall pay in advance the System Improvement Fee established by CAWCD pursuant to [the proposed] Section 13 of the Operating Agreement.



Revisions to the Operating Agreement

- The CAP Staff Proposal modifies and adds new provisions to the existing Operating Agreement between Reclamation and CAP
 - Implements the system improvement quantification concepts
 - Defines the process for wheeling to occur under Article 8.17
 - Clarifies the purpose of the System Improvement Fee

Questions?