

## Draft AWBA Preliminary 2022 Plan of Operation

Based on the U.S. Bureau of Reclamation’s August 2021 24-Month Study, the Secretary of the Interior declared a Tier 1 shortage for Colorado River operations in 2022. As a result, Arizona’s Colorado River entitlement will be reduced by 512,000 acre-feet. This amount includes 320,000 acre-feet in reductions under the 2007 operating guidelines and 192,000 acre-feet in additional contributions to Lake Mead under the Lower Basin Drought Contingency Plan. Consequently, there will be no water available to CAWCD’s Statutory Firming Pool that is used by the AWBA, CAP’s Agricultural pool and a portion of the non-Indian agricultural (NIA) pool. With reductions to the NIA pool, the AWBA will also have its first-ever firming requirement under the Arizona Water Settlements Act. The following tables, which are a component of the AWBA’s Annual Plan of Operation, represent the Preliminary Plan for 2022.

### Credit Development

Although water storage is not included in the 2022 Preliminary Plan, the AWBA utilizes CAP water rates identified in Table 3 as factors in pricing credit purchases.

**Table 3. 2022 Water and Facility Rates**

Recharge Rates	Cost per Acre-foot
CAWCD delivery rate for AWBA	\$242.00
Groundwater Savings Facility operator cost share rate <sup>1</sup>	
Phoenix and Pinal AMAs	\$34.00
Tucson AMA	\$16.00
Underground Storage Facility rate paid by AWBA	
CAWCD – Phoenix Facilities	\$13.00
CAWCD – Tucson Facilities	\$15.00
Tucson Water - Clearwater Facilities	\$19.78

<sup>1</sup> This rate is paid directly to CAP by the GSF operators and is not available as revenue to the AWBA.

The estimated cost of the 2022 Preliminary Plan is \$8.26 million and is anticipated to develop 30,140 AF of credits. Table 4 provides estimates of the funds available to the AWBA, the funds to be utilized, the entity that holds the funds, and the credits estimated to be developed through use of the funds.

## Draft AWBA Preliminary 2022 Plan of Operation

**Table 4. Funding for 2022 Annual Plan of Operation**

Funding Source	Estimated Funds Available		Estimated Funds Utilized		Estimated Credits (AF)	
	AWBA	CAWCD	AWBA	CAWCD	Water Storage	Developed Credits
<b>Withdrawal Fees</b>						
Phoenix AMA <sup>1</sup>	\$866,600	-	\$866,400	-	0	2,980
Tucson AMA	\$396,000	-	\$396,000	-	0	1,450
<b>Water Storage Tax<sup>2</sup></b>						
Phoenix AMA	\$0	\$4,000,000	\$0	\$4,000,000	0	14,740
Pinal AMA	\$0	\$0	\$0	\$0	0	0
Tucson AMA	\$0	\$3,000,000	\$0	\$3,000,000	0	10,970
	<b>Total Funds Available</b>		<b>Total Funds Expended</b>		<b>Total Credits</b>	
	\$8,262,600		\$8,262,400		0	30,140

<sup>1</sup> Funds used to develop Intentionally Created Surplus (ICS) Firming credits at \$261.60/AF pursuant to AWBA's IGA with the Gila River Indian Community executed May 20, 2019. Developed credits include a 10% loss factor.

<sup>2</sup> Funds reserved by the CAWCD Board of Directors for the 2021/2022 tax year for AWBA LTSC purchases.

### Firming Requirements

The reduction in Colorado River supplies for 2022 will not impact fourth priority on-River contractors or CAP municipal and industrial priority water users. However, the reductions to CAP NIA priority supplies resulted in a firming requirement for the Gila River Indian Community (Community). The AWBA has an obligation to firm up to 15,000 acre-feet of CAP NIA supplies when supplies are insufficient to meet demand. The firming volume for 2022 is currently estimated to be 8,112 acre-feet. To satisfy this firming obligation, the AWBA and the Community elected to extinguish an equal volume of Firming Credits<sup>1</sup> developed on-Reservation. The actual firming volume will be based on CAWCD's final accounting of CAP water orders for 2022 and incorporated into the AWBA's Plan of Operation.

Table 5 identifies the credits currently available to the AWBA to meet its objectives, the credits estimated to be utilized in 2022 and the remaining credit balances. It also identifies the volume of firming supplies the AWBA may need to meet future firming responsibilities.

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<sup>1</sup> Credits developed pursuant to the *Agreement between the Arizona Water Banking Authority and the Gila River Indian Community for the Development of Firming Credits* executed June 30, 2016.

## Draft AWBA Preliminary 2022 Plan of Operation

**Table 5. Estimated Credit Balances through 2022 and Estimated Firming Volumes**

Objective and Location	Credits Available <sup>1</sup>	Estimated Credits Distributed or Extinguished	Estimated Credits Remaining	Estimated Firming Volumes <sup>2</sup>
	Acre-feet			
<b>CAP M&amp;I Firming</b>				
Phoenix AMA	1,572,092	0	1,572,092	1,885,000 – 2,985,000
Pinal AMA	233,740	0	233,740	293,000 – 463,000
Tucson AMA	509,278	0	509,278	1,040,000 – 1,647,000
<b>On-River M&amp;I Firming</b>	403,830	0	403,830	221,000 – 359,000
<b>Tribal Settlement Obligations:</b>				
Gila River Indian Community	<b>176,151</b>	<b>8,112</b>	<b>168,039</b>	456,000 – 577,000
LTSCs	<i>105,390</i>	<i>0</i>	<i>105,390</i>	
Firming Credits	<i>44,000</i>	<i>8,112</i>	<i>35,888</i>	
ICS Firming Credits	<i>26,761</i>	<i>0</i>	<i>26,761</i>	
Future Settlements	<b>0</b>	<b>0</b>	<b>0</b>	261,000 – 330,000
Federal Assistance (SAWRSA)	<b>34,102</b>	<b>0</b>	<b>34,102</b>	N/A
<b>Groundwater Management<sup>3</sup></b>				
Phoenix AMA	251,411	0	251,411	N/A
Pinal AMA	417,453	0	417,453	
Tucson AMA	112,769	0	112,769	
<b>Shortage Reparations</b>	109,489	0	109,489	N/A
<b>Pinal Redirect Credits</b>	14,125	0	14,125	N/A
<sup>1</sup> Actuals through September 2021; October through December estimated.				
<sup>2</sup> Based on modeling results identified in the AWBA 2020 Annual Report.				
<sup>3</sup> Withdrawal Fee LTSCs may be used for CAP M&I firming and/or Tribal settlement obligations if needed.				