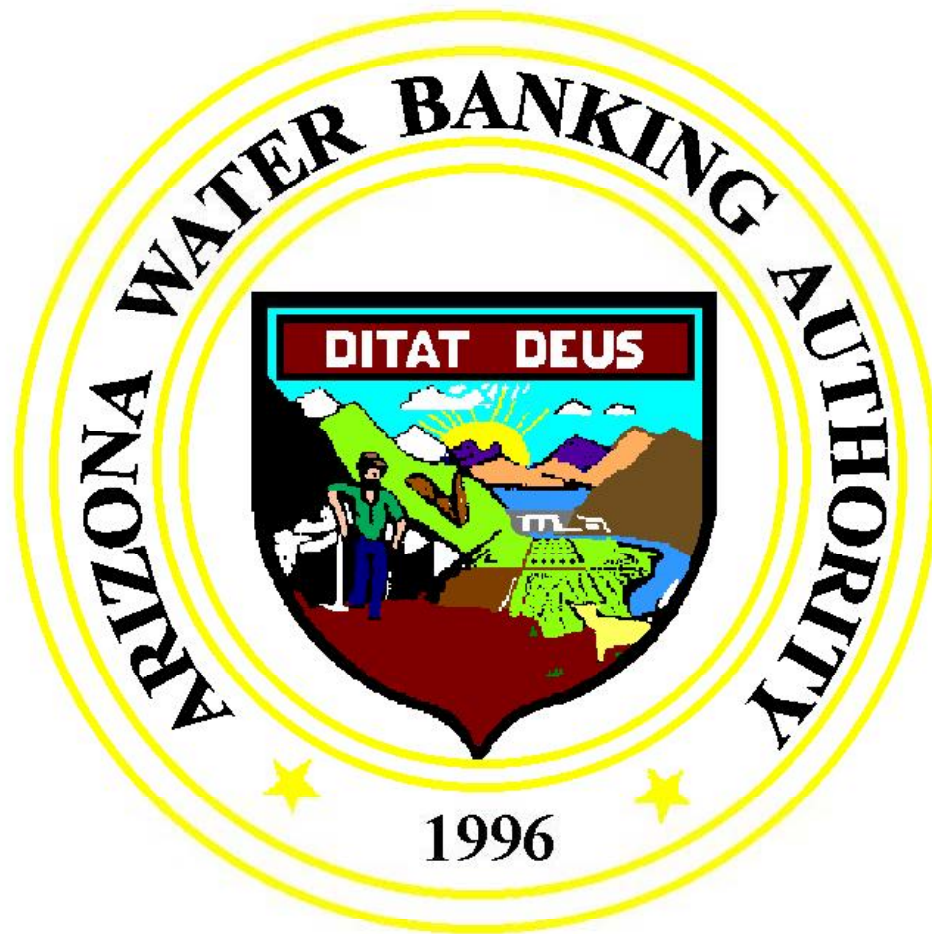


ARIZONA WATER BANKING AUTHORITY
ANNUAL PLAN OF OPERATION
2007



Herbert R. Guenther, Chairman

December 2007

The Arizona Water Banking Authority

Summary

The Arizona Water Banking Authority (AWBA; Water Bank) was created in 1996 to store the unused portion of Arizona's annual allocation of the Colorado River. Until the AWBA was created, Arizona had not used its full 2.8 million acre-foot share of Colorado River water. Leaving a portion of Arizona's water in the Colorado River was a lost opportunity; the AWBA has seized this opportunity to further secure dependable water supplies necessary to ensure the state's long-term prosperity.

The Water Bank stores unused Arizona Colorado River water to meet future needs for:

- Firming (to secure) adequate water supply to municipal and industrial users in the Central Arizona Project service area and along the Colorado River in times of shortages;
- Meeting the management plan objectives of the Arizona Groundwater Code;
- Assisting in the settlement of Indian water rights claims; and
- Assisting Nevada and California through interstate water banking.

Each year, the AWBA pays the delivery and storage costs to bring Colorado River water into Central and Southern Arizona through the Central Arizona Project canal. The water is stored underground in existing aquifers (direct recharge) or is used by irrigation districts in lieu of pumping groundwater (indirect or in lieu recharge). For each acre-foot stored, the AWBA accrues credit that can be redeemed in the future when Arizona's communities or neighboring states need this backup water supply.

The money that funds the AWBA and, specifically, water storage for the benefit of Arizona (intrastate storage) comes from three sources that are either from existing revenue sources or from fees charged to those benefiting directly from the stored water. Restrictions on the ways these monies can be used depend on the source of the monies, which currently include:

- Fees for groundwater pumping currently collected within the Phoenix, Pinal and Tucson Active Management Areas (AMA). These monies can only be used to benefit the AMA in which the fees are collected.
- A four cent *ad valorem* property tax collected in the three county CAP service area. These monies can only be used to benefit the county in which the tax is levied.
- A general fund appropriation received at the discretion of the Legislature.

Another source of funding is used for water storage to aid Nevada (interstate storage) and is received pursuant to an Agreement for Interstate Water Banking.

In 2007, the Water Bank will store approximately 376,000 acre-feet at a cost of \$37.8 million. Of that amount, 249,000 acre-feet are for intrastate storage at a cost of \$14 million and 127,000 acre-feet are for interstate storage at a cost of \$23.8 million.

A general fund appropriation of \$13.5 million received from the Legislature in 2006 specifies that it will be used for Indian firming. The AWBA will begin spending this

money in 2008 after the enforceability date (date obligations begin) of the Arizona Water Settlements Act.

To date, the AWBA has stored approximately 2.81 million acre-feet at a cost of \$178.8 million; 2.42 million acre-feet for intrastate storage at a cost of \$107 million and 386,000 acre-feet for interstate storage at a cost of \$71.8 million.

INTRODUCTION

The Arizona Water Banking Authority (AWBA) was created to store Arizona's unused Colorado River water entitlement in western, central and southern Arizona to develop long-term storage credits to: (1) firm existing water supplies for municipal and industrial users (M&I) along the Colorado River and Central Arizona Project (CAP) M&I users during Colorado River shortages or CAP service interruptions; (2) help meet the water management objectives of the Groundwater Code; and (3) assist in the settlement of American Indian water rights claims. Changes in the AWBA's enabling legislation in 1999 authorized the AWBA to participate in other water banking activities, however, no new water banking activities are included in this annual Plan of Operation.

The AWBA's storage (or banking) of water is accomplished through the Underground Water Storage, Savings and Replenishment Act (UWS) enacted by the Arizona legislature in 1994 and administered by the Arizona Department of Water Resources (ADWR). Through this program, the AWBA stores renewable water that currently has no immediate, direct use in either underground storage (USF) or groundwater savings (GSF) facilities. A USF is a facility that allows water to physically be added to an aquifer. A GSF is a facility where the renewable water is used in place of groundwater, creating a groundwater savings. The UWS program mandates the accounting of the renewable water stored and the development of long-term storage credits. The long-term storage credits developed by the AWBA will then be utilized by the AWBA when future conditions warrant. The use of credits for the three objectives listed above may differ and is dependent on the source of funds utilized to develop them.

The AWBA is required by statute to approve an annual Plan of Operation (Plan) by January 1 of each year. Prior to approval of the final Plan, the AWBA is required to solicit public comment. This is achieved by presenting a draft of the Plan to the Groundwater Users Advisory Councils (GUAC) for the Phoenix, Pinal and Tucson Active Management Areas (AMA) and to the county board of supervisors for counties outside of the AMA's if water storage is proposed there within the Plan. Presentation of the draft Plan must be made at publicly noticed open meetings at which members of the public are permitted to provide comment. The AWBA also accepts public comment in writing up to the time the final draft Plan is presented for approval.

The Plan is intended to govern the operations of the AWBA over the course of the entire calendar year. The AWBA recognizes that day-to-day adjustments in the normal operations of the CAP or the individual storage facilities caused by maintenance and fluctuations in the weather may affect the actual monthly deliveries made on behalf of the AWBA. If the adjustments do not impact the overall annual delivery projections contained in the Plan, they will not be deemed modifications to the Plan and will be addressed by staff and reported to the AWBA members on an as-needed basis.

2006 PLAN OF OPERATION

In 2006, the AWBA's tenth full year of operation, the AWBA recharged approximately 365,000 acre-feet of Colorado River water and Arizona's total use of Colorado River water is forecast to be 2.8 million acre-feet by the Bureau of Reclamation data dated December 14, 2006 (see Figure 1).

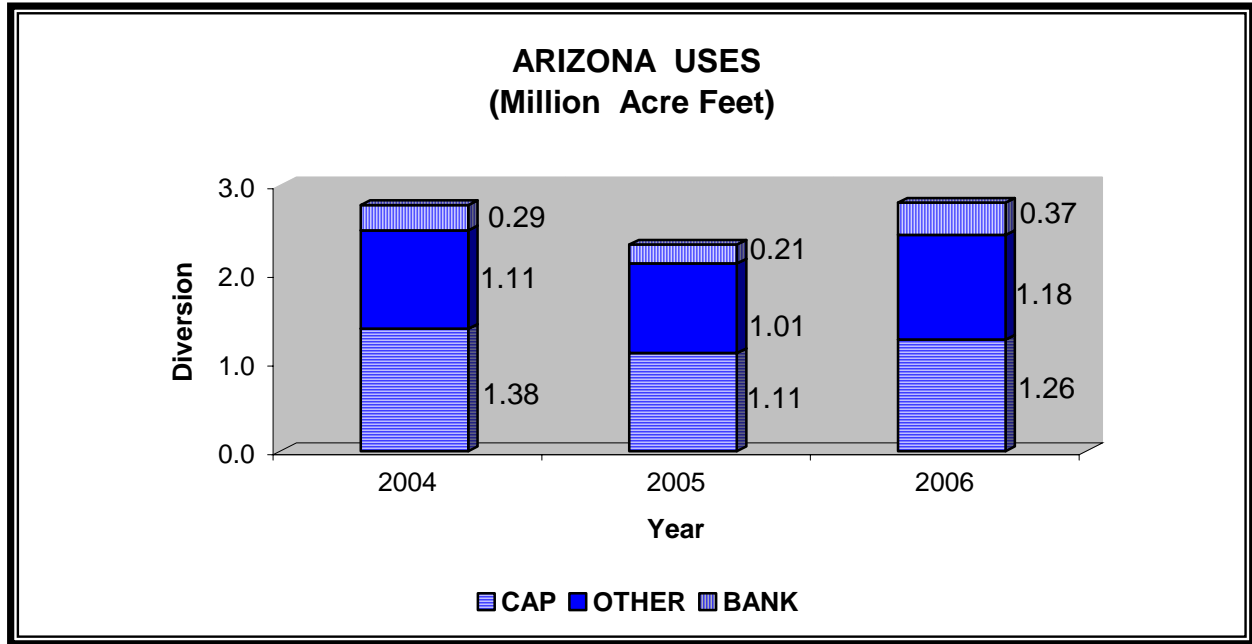


Figure 1

The Bureau of Reclamation forecasts total use of Colorado River water in the Lower Basin to be 7.40 million acre-feet in 2006 (see Figure 2).

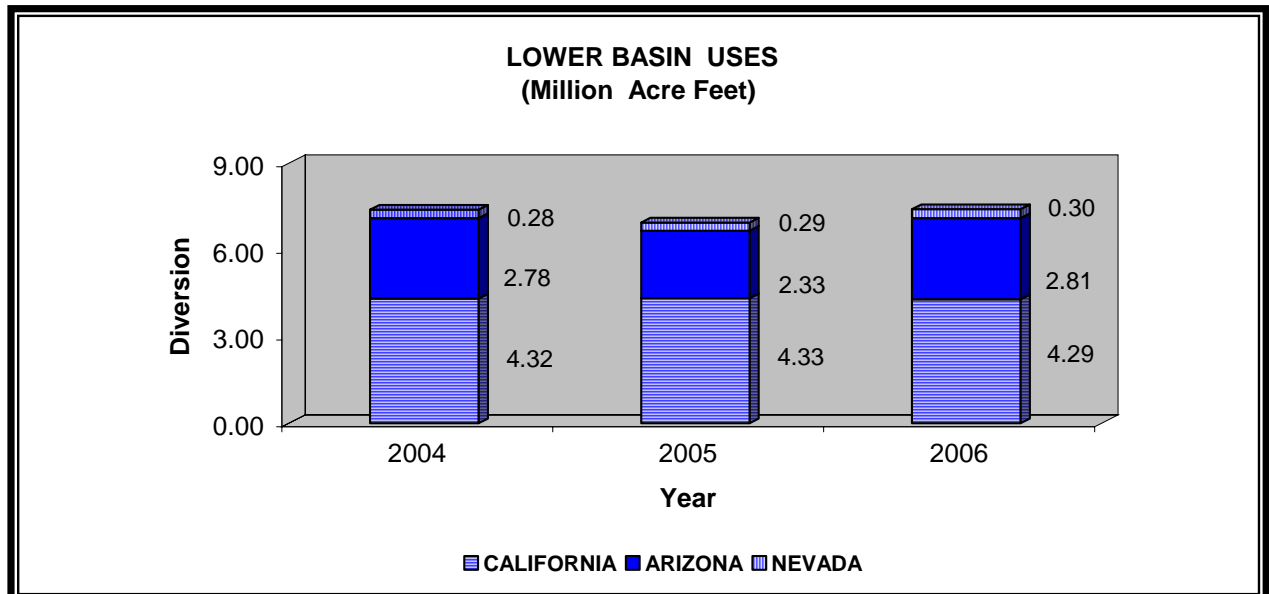


Figure 2

The AWBA recharged water at both USFs and GSFs in 2006. Table 1 lists the AWBA's recharge partners for 2006, the amount of water that can be stored under each AWBA water storage permit, and the amount of water delivered to the facility by the AWBA in 2006. Table 1 values are based on actual deliveries through November with December's deliveries estimated. The amount of water delivered to a facility is always greater than the amount of long-term storage credits earned by the AWBA because credits are computed by subtracting approximately 3-5% for losses and 5% for a "cut to the aquifer" from the total annual deliveries. Final figures for credits earned generally become available in the middle of the following year after review of the annual reports filed with the ADWR and are reported in the AWBA's Annual Report.

Table 1

AMA	Facility	Type	Permit Capacity (acre-feet)	Amount Delivered (acre-feet)
Phoenix	Agua Fria (CAP)	USF	100,000	9,909
	Hieroglyphic Mtn. (CAP)	USF	35,000	10,324
	Tonopah Desert (CAP)	USF	150,000	101,127
	Tonopah Desert- Interstate			17,308
	Chandler Hts Citrus ID	GSF	3,000	218
	Queen Creek ID	GSF	28,000	1,700
	Gila River Indian IDD	GSF	37,520	12,525
Pinal	CAIDD	GSF	110,000	3,300
	CAIDD Interstate			26,135
	Hohokam IDD	GSF	55,000	3,300
	Hohokam Interstate			34,700
	MSIDD	GSF	120,000	3,300
	MSIDD Interstate			70,506
	Gila River Indian IDD	GSF	18,480	6,169
Tucson	Avra Valley (CAP)	USF	11,000	5,513
	CAVSARP	USF	60,000	11,000
	Lower Santa Cruz (CAP)	USF	50,000	7,500
	LSC Interstate			21,439
	Pima Mine Road (CAP)	USF	30,000	5,732
	PMR Interstate			13,423
Total			819,231	365,128

The Plan as originally approved, was scheduled to deliver approximately 347,000 acre-feet of water. The Plan was amended in August to reflect the AWBA's new partnership with the Gila River Indian Irrigation and Drainage District (GRIIDD) and to include deliveries to the GRIIDD GSF. Since the GRIIDD GSF is located in both the Phoenix and Pinal AMAs, a water storage permit was issued for each AMA for accounting purposes. In order to deliver water to the GRIIDD, a portion of the Pinal AMA intrastate deliveries previously scheduled for the AWBA's three non-Indian GSF partners, was shifted to the GRIIDD GSF and interstate water was in turn used to replace the water originally scheduled for the three districts. The Amended Plan also included additional interstate deliveries to the Pinal AMA GSFs. As a result, the Amended Plan proposed to deliver 419,500 acre-feet of water with 219,700 acre-feet for intrastate deliveries and 199,800 acre-feet for interstate deliveries. Heavy summer rains resulted in less water deliveries than planned to some facilities, yet overall deliveries were higher than the

original Plan. The AWBA delivered approximately 365,000 acre-feet of water in 2006: 182,000 acre-feet for intrastate banking and 183,000 acre-feet for interstate banking. Figure 3 shows the acre-foot breakdown between GSFs and USFs for 2006 and a comparison between 2006 and previous years.

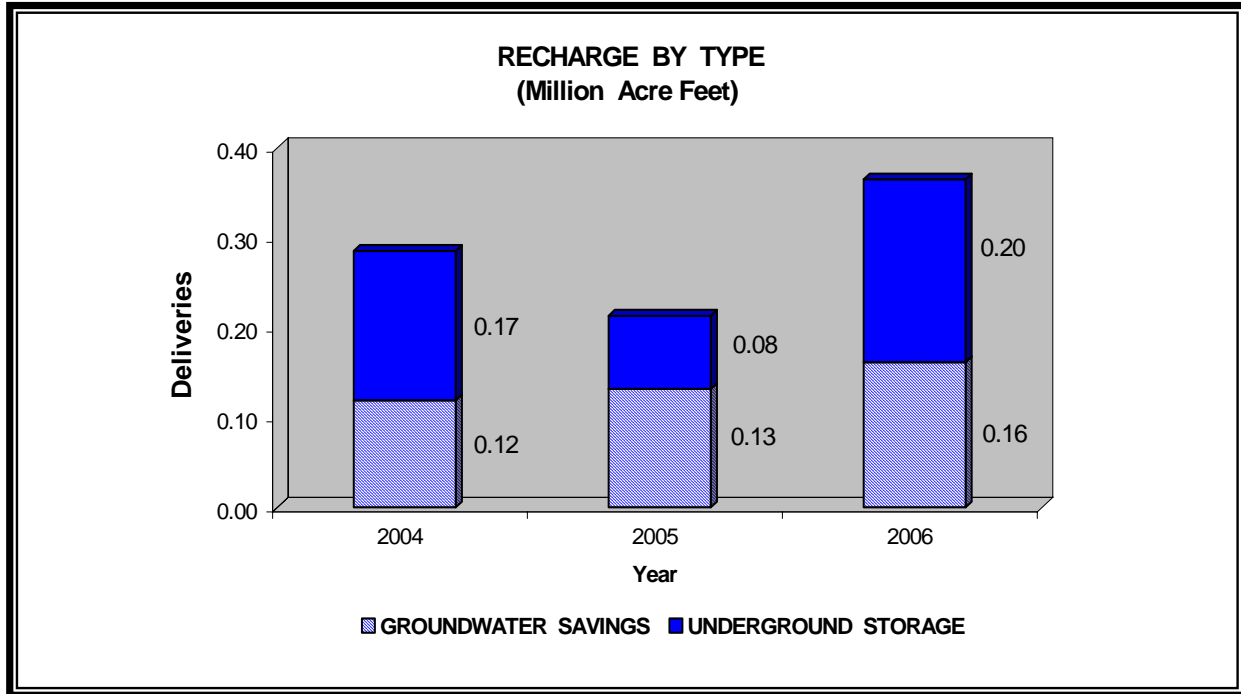


Figure 3

2007 PLAN OF OPERATION

For 2007, the AWBA will store approximately 376,000 acre-feet of water. This represents 249,000 acre-feet for intrastate banking and 127,000 acre-feet for interstate banking. Water storage will be occurring in facilities from all three counties.

When developing a Plan of Operation, the AWBA evaluates four critical factors: (1) the amount of unused water available to the AWBA for delivery; (2) the CAP capacity available to the AWBA for the delivery of unused water; (3) the funds available and the costs required to deliver the unused water; and (4) the capacity available for use by the AWBA at the various recharge facilities. In addition to these critical factors, the AWBA takes into consideration recommendations made by the Groundwater Users Advisory Councils (GUAC) of the three AMAs regarding water management objectives and priorities for storage.

I. Water Availability

The factor of water availability consists of two parts: (1) the amount of water available on the Colorado River for diversion by the CAP within Arizona's allocation; and (2) the amount of CAP water available for delivery to the AWBA under the existing pool structure.

The Bureau of Reclamation distributed the Annual Operating Plan (AOP) for water year 2007 to the states in December of 2006. The 2007 AOP stated that the Partial Domestic Surplus condition is the criterion governing operation of Lake Mead. Under this declaration, there are 2.8 million acre-feet of water available for use within Arizona. The Bureau of Reclamation does not anticipate that there will be any unused state apportionment available in 2007. Arizona's on-river use is forecast to be 1.2 million acre-feet, leaving 1.6 million acre-feet available for diversion by CAP. The amount of water available to be diverted by the CAP within Arizona's 2.8 million acre-foot allocation was not a limiting factor in this Plan.

With respect to availability of CAP water, the AWBA purchases water from the category that is termed excess water. Excess water is generally recognized to be all water available for delivery through the CAP, regardless of Secretarial declaration of condition, in excess of the quantities scheduled under long-term contracts and subcontracts. The availability of excess water is determined on an annual basis. Pursuant to current CAP policy, the AWBA has available to it any water not requested by another entity within Arizona. The AWBA shares an equal priority for water for municipal and industrial (M&I) firming with the Central Arizona Groundwater Replenishment District. Even though there continues to be a great deal of interest in the excess water by higher priority users, there remains sufficient excess water for AWBA's purposes.

II. Available Funds

The AWBA has significantly reduced funds available in 2007 in all of the AWBA Fund accounts. The AWBA has \$3.6 million available from *ad valorem* taxes previously collected in Maricopa County. In addition to the Maricopa *ad valorem* taxes, the AWBA will only have the withdrawal fees collected in 2007 with some carryover from 2006 available for use in this Plan for intrastate storage. The CAWCD Board resolved to continue to retain the county *ad valorem* property taxes collected and not transfer those revenues to the AWBA Fund. While the property tax revenues retained by CAP can be used to offset the cost of AWBA water deliveries in the tri-county CAP service area, those funds are not shown in the AWBA fund accounts. The impact of availability of funds in developing the Plan differs by geographic location. Within the Phoenix AMA/Maricopa County, there were adequate revenues to fund the Plan. In the Pinal AMA/Pinal County and in Tucson AMA/Pima County, the availability of funds was a limiting factor in this Plan. However, funds are available from the Nevada agreement to utilize additional capacity in both those areas.

The total amount of intrastate revenue available in the AWBA Fund in 2007 is approximately \$22 million. This amount includes (1) carryover from previous years in the Maricopa County *ad valorem* account, (2) withdrawal fees projected

for March of 2007, including some carryover from 2006, and (3) general fund appropriations. Of that amount, \$5.8 million is available for the Phoenix AMA, and approximately \$560,000 and \$1.9 million are available for the Tucson and Pinal AMAs, respectively. A general fund appropriation of \$13.5 million is also included, however, expenditure of this fund is limited to meeting the State's firming obligation under the Arizona Water Settlements Act. For interstate banking, there is approximately \$39.9 million available in the AWBA Fund. There are additional funds available at CAP for intrastate banking in the form of the retained *ad valorem* property tax revenues. Estimated CAP *ad valorem* tax balances available for 2007 are: Maricopa County (\$50.3 million); Pima County (\$6.35 million); and Pinal County (\$699,000).

III. Available Storage Facility Capacity

AWBA staff conferred with facility operators to discuss their delivery schedules and their continued interest in participating with the AWBA. These discussions confirmed that there was significant interest in partnering with the AWBA and there was substantial permitted recharge capacity but, as in the past, previous commitments to other partners somewhat limited the availability of both the GSFs and the USFs to the AWBA.

For 2007, several partners that had previously stored water for the AWBA opted again not to store because they found other partners to utilize their facilities. The two major partners that opted not to store for the AWBA are Salt River Project and New Magma IDD. The AWBA still has sufficient capacity to meet anticipated needs.

IV. Table 2

The Water Delivery Schedule (Table 2) identifies the AWBA's partners for 2007 and the amount of water scheduled to be recharged. The second column in this section identifies the AWBA's water storage permit capacities for each facility based on the facility permits. The capacity available does not always equal the storage permit capacity because the storage facility operators may have agreements with other storage partners.

Table 2
Water Delivery Schedule
Calendar Year 2007
(Acre-feet)

AWBA-Recharge Sites		Permitted Capacity (AF)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
PHOENIX AMA :															
USF	GRUSP	200,000	0	0	0	0	0	0	0	0	0	0	0	0	0
	HIEROGLYPHIC	35,000	0	0	0	0	0	0	0	0	0	0	2,700	2,700	5,400
	HIEROGLYPHIC Interstate		0	0	0	0	0	0	0	0	0	0	0	0	0
	AGUA FRIA	100,000	0	0	0	0	0	0	0	0	0	1,755	2,600	2,600	6,955
	TONOPAH DESERT	150,000	3,175	2,398	6,275	6,000	10,000	12,000	12,000	12,000	12,000	13,000	10,000	12,000	110,848
	TONOPAH Interstate		0	0	0	0	0	0	0	0	0	0	0	0	0
															123,203
GSF	SRP	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0
	CHANDLER HGTS ID	3,000	0	0	50	50	50	100	75	75	50	83	0	0	533
	NEW MAGMA	54,000	0	0	0	0	0	0	0	0	0	0	0	0	0
	QUEEN CREEK	28,000	0	0	0	0	0	0	0	1,343	2,285	2,285	1,142	1,142	8,197
	TONOPAH ID	15,000	0	0	0	0	0	0	0	0	0	0	0	0	0
	GILA RIVER INDIAN IDD	37,520	0	0	0	0	0	0	0	3,986	5,781	3,090	0	2,626	15,483
TOTAL INTRASTATE		3,175	2,398	6,325	6,050	10,050	12,100	12,075	17,404	20,116	20,213	16,442	21,068	147,416	
TOTAL INTERSTATE		0	0	0	0	0	0	0	0	0	0	0	0	0	
AMA TOTAL			3,175	2,398	6,325	6,050	10,050	12,100	12,075	17,404	20,213	16,442	21,068	147,416	
PINAL AMA :															
GSF	CAIDD	110,000	0	0	1,000	5,000	1,000	1,000	4,000	2,000	2,500	1,000	1,000	1,500	20,000
	CAIDD Interstate		0	0	3,000	1,000	5,000	5,000	7,000	8,000	7,000	2,000	500	500	39,000
	HOHOKAM	55,000	800	1,900	4,200	3,300	0	0	2,750	7,050	0	0	0	0	20,000
	HOHOKAM Interstate		40	80	180	300	400	550	525	2,335	6,050	3,130	2,085	1,825	17,500
	MSIDD	120,000	520	1,030	1,560	2,070	2,590	3,130	3,110	2,590	1,560	1,040	590	210	20,000
	MSIDD Interstate		2,690	4,860	4,150	4,480	9,850	5,940	3,420	4,660	7,790	4,960	3,780	3,510	60,090
	GILA RIVER INDIAN IDD	18,480	0	0	0	0	0	0	0	1,964	2,847	1,522	0	1,293	7,626
															184,216
TOTAL INTRASTATE		1,320	2,930	6,760	10,370	3,590	4,130	9,860	13,604	6,907	3,562	1,590	3,003	67,626	
TOTAL INTERSTATE		2,730	4,940	7,330	5,780	15,250	11,490	10,945	14,995	20,840	10,090	6,365	5,835	116,590	
AMA TOTAL			4,050	7,870	14,090	16,150	18,840	15,620	20,805	28,599	27,747	13,652	7,955	8,838	184,216
TUCSON AMA:															
USF	AVRA VALLEY	11,000	650	650	650	650	650	150	650	650	650	300	300	650	6,600
	PIMA MINE RD	30,000	0	0	0	0	0	0	0	0	0	0	0	0	0
	PMR Interstate		0	0	0	0	0	0	0	0	0	0	0	0	0
	LOWER SANTA CRUZ	50,000	1,829	3,800	0	0	0	0	512	3,800	3,000	0	0	0	12,941
	LSC Interstate		0	0	0	0	0	0	0	0	800	2,700	2,700	3,800	10,000
	CAVSARP	80,000	2,000	2,000	2,000	2,250	2,250	2,250	250	250	0	0	0	1,250	14,500
	CAVSARP Interstate		0	0	0	0	0	0	0	0	0	0	0	0	0
															44,041
GSF	BKW	16,615	0	0	0	0	0	0	0	0	0	0	0	0	0
	KAI FARMS (Red Rock)	11,231	0	0	0	0	0	0	0	0	0	0	0	0	0
															0
TOTAL INTRASTATE		4,479	6,450	2,650	2,900	2,900	2,400	1,412	4,700	3,650	300	300	1,900	34,041	
TOTAL INTERSTATE		0	0	0	0	0	0	0	0	800	2,700	2,700	3,800	10,000	
AMA TOTAL			4,479	6,450	2,650	2,900	2,900	2,400	1,412	4,700	4,450	3,000	3,000	5,700	44,041
TOTAL INTRASTATE		8,974	11,778	15,735	19,320	16,540	18,630	23,347	35,708	30,673	24,075	18,332	25,971	249,083	
TOTAL INTERSTATE		2,730	4,940	7,330	5,780	15,250	11,490	10,945	14,995	21,640	12,790	9,065	9,635	126,590	
TOTAL			11,704	16,718	23,065	25,100	31,790	30,120	34,292	50,703	52,313	36,865	27,397	35,606	375,673

NEW FACILITIES

No new facilities are currently projected to be used in 2007. However, the AWBA is in the process of drafting two new Water Storage Agreements with West Maricopa Combine, Inc. and Harquahala Valley Irrigation District. If the Water Storage Agreements are executed in 2007, the 2007 Plan of Operation will be amended to reflect one or both of these new partnerships.

INTERSTATE WATER BANKING

The 2007 Plan includes an interstate water banking component. AWBA will store approximately 127,000 acre-feet pursuant to the Amended Agreement for Interstate Water Banking. This storage will occur at both USFs and GSFs in Pinal and Pima Counties.

RECOVERY

Metropolitan Water District of Southern California (Metropolitan) has requested from CAWCD the recovery of 15,000 acre-feet of long-term storage credits for 2007. Pursuant to a letter agreement between Metropolitan, CAWCD, and the AWBA, those credits will be recovered and intentionally created unused apportionment (ICUA) created in 2007. The letter agreement recognizes CAWCD is responsible for recovering the credits, the AWBA is responsible for creation of ICUA, and Metropolitan is responsible for the diversion of ICUA. Table 3 identifies the planned recovery schedule for 2007.

CAWCD began planning a recovery program in 2006 and with assistance from AWBA, ADWR and stakeholders will provide a recovery plan in 2007. The recovery plan will assist the AWBA in determining appropriate locations for water storage.

Table 3. 2007 CAWCD Recovery Schedule (Acre-feet)

MONTH	MSIDD	CAIDD	HIDD	TOTAL
January	0	0	0	0
February	1,100	0	0	1,100
March	1,500	756	0	2,256
April	1,300	756	0	2,056
May	1,100	756	0	1,856
June	500	756	0	1,256
July	0	756	0	756
August	600	756	0	1,356
September	1,200	756	0	1,956
October	1,300	756	0	2,056
November	600	756	0	1,356
December	800	0	0	800
Total	10,000	6,804	0	16,804

PRICING

In June 2006, the CAWCD board adopted final water delivery rates for 2007. The rate for AWBA and other M&I Incentive recharge is \$61 per acre-foot. The delivery rate is the pumping energy rate 2 component (\$51 per acre-foot) plus 10 percent of the fixed OM&R charge (\$5.20 per acre-foot) plus a component to recover lost revenues from federal deliveries (\$5.00 per acre-foot). For 2007, the pumping energy rate 2 was calculated using the average of the actual or forecast above threshold energy rates for the previous three years.

In 2007, the AWBA increased the cost share for the GSF partners to \$31 per acre-foot. Table 4 reflects the water delivery rate the CAP will charge the AWBA, the rate the GSF operators will pay for use of the AWBA's water and the various rates the AWBA will be charged to utilize the different USFs.

The Master Water Storage Agreement executed on July 1, 2002 describes the cost components that can be paid by the AWBA for storage at CAP facilities. On October 2, 2003, the CAWCD adopted a new policy regarding storage facility rates. Pursuant to the policy, the AWBA will pay an OM&R component for all water stored; that component is calculated by CAWCD annually for each AMA based on a rolling ten-year average. Additionally, for water stored for other than M&I firming purposes, the AWBA will pay a capital charge component. The capital charge is based on the total projected costs and projected storage of water over the lives of the facilities in the AMA and will not change annually unless there are significant changes in CAWCD's costs for recharge facilities in that AMA. There is no administration cost component in the facility cost because the AWBA pays the CAP administrative costs on an annual basis.

The rate established for interstate banking is \$210 per acre-foot, plus facility costs and facility capital costs.

Table 4. 2007 Water and Facility Rates

CAWCD delivery rate to AWBA	\$61 per acre-foot
Interstate rate	\$210 per acre-foot
Groundwater Savings Facility operator portion of delivery rate ¹	
Intrastate ²	\$31 per acre-foot
Interstate	\$26 per acre-foot
Underground Storage Facility rate paid by AWBA	
Agua Fria Recharge Project (CAP) ³	\$8.00 per acre-foot
Hieroglyphic Mtns. (CAP) ³	\$8.00 per acre-foot
Tonopah Desert Recharge Project (CAP) ³	\$8.00 per acre-foot
GRUSP	\$20.31 per acre-foot
Avra Valley (CAP) ⁴	\$13.00 per acre-foot
Lower Santa Cruz (CAP/Pima County) ⁴	\$13.00 per acre-foot
Pima Mine Road (CAP) ⁴	\$13.00 per acre-foot
CAVSARP (Tucson Water)	\$13.17 per acre-foot

¹ This rate is paid directly to CAP by the GSF operators and is not available as revenue to the AWBA. The AWBA's rate for delivery of in lieu water is thus reduced to \$30/af for intrastate deliveries and \$184/af for interstate deliveries.

² The cost share portion for the Gila River Indian Irrigation District GSF is \$20/af through 2008 and reduces the AWBA rate to \$41/af for CY 2007.

³ Additional capital charge of \$15 per acre-foot for interstate water

⁴ Additional capital charge of \$9 per acre-foot for interstate water

For CAVSARP, the cost includes an administration component, a capital component and an O&M component. The cost was set by agreement dated March 3, 2003 with a 3% annual increase.

The estimated total cost of the AWBA's 2007 Plan of Operation is approximately \$37.8 million and includes the USF use fees and the CAP delivery rate minus the cost recovery from the GSF operator by the CAWCD. Of this total, approximately \$14 million is for intrastate storage and \$23.8 million is for interstate storage.

ACCOUNTING

The AWBA's enabling legislation required the development of an accounting system that allows the tracking of all long-term storage credits accrued by the AWBA and the funding sources from which they were developed. The ADWR has established accounts that track both credits and funds.

Table 5 provides estimates of the funds available to be utilized by the AWBA including any funds carried over from previous years and an estimate of funds to be collected during the year, the funds to be utilized and the entity that holds the funds, and the credits that will accrue to those accounts based on the 2007 Plan.

Table 5. Funding for 2007 Annual Plan of Operation

	Funds Available (\$)		Funds Utilized (\$)		Credits (AF)
	AWBA	CAWCD	AWBA	CAWCD	
Withdrawal Fees					
Phoenix AMA	\$2,200,000	-	\$2,200,000	-	35,920
Tucson AMA	\$560,000	-	\$560,000	-	6,960
Pinal AMA	\$1,900,000	-	\$1,900,000	-	55,690
Four Cent Tax					
Maricopa County	\$3,600,000	\$50,310,000	\$3,600,000	\$3,597,700	99,700
Pima County	\$0	\$6,350,000	\$0	\$1,961,500	24,360
Pinal County	\$0	\$699,000	\$0	\$212,700	6,520
Other					
General Fund	\$13,500,000				
Phoenix AMA		-	\$0		0
Tucson AMA		-	\$0		0
Pinal AMA		-	\$0		0
Interstate Banking					
Nevada	\$39,872,374		\$23,772,560		116,460
California	(not applicable)				
	Total Funds Available		Total Funds Expended		Credits
	\$118,991,374		\$37,804,460		345,610

¹ Includes \$738,333 in CAP capital charge recovery costs for Interstate deliveries to state demonstration projects.

² Expenditure limited to meeting the State's firming obligation pursuant to the Arizona Water Settlements Act.

The 2007 Plan was developed expending all available withdrawal fees, all carryover from previous years in the Maricopa County *ad valorem* account, and requires utilization of some of the CAP funds, as well.

Table 6 provides an estimate of the AWBA funds expended and the credits that have accrued to the various accounts based on the AWBA's recharge activities since inception.

Table 6. Cumulative Totals of Long-term Storage Credits 1997-2006

	FUNDS EXPENDED	CREDITS ¹ AMOUNT (AF)	LOCATION
Withdrawal Fee			
Phoenix AMA	\$10,604,490	172,865	Phoenix AMA
Tucson AMA	\$5,521,161	77,265	Tucson AMA
Pinal AMA	\$9,205,641	276,377	Pinal AMA
Four Cent Tax			
Maricopa County	\$50,160,636	985,303	Phoenix AMA
Pima County	\$17,688,985	231,835	Tucson AMA
Pinal County	\$3,159,516	103,368	Pinal AMA
Other			
General Fund	\$10,695,000	396,499	
	\$2,042,572	59,937 ²	Phoenix AMA
	\$6,977,540	39,748 ²	Tucson AMA
	\$1,674,888	296,814 ²	Pinal AMA
Interstate			
California	(not applicable)		
Nevada	\$71,774,218	405,895	
TOTAL	\$178,809,647	2,649,407	

¹ Actual credits used for 1997-2005; credits estimated for 2006

² 230,280 AF of credits reserved pursuant to contract dated February 4, 2005 with Mohave County Water Authority

PUBLIC REVIEW AND COMMENT

The AWBA staff held meetings with the GUACs for the Phoenix, Pinal and Tucson AMAs as required by statute. The Plan was distributed to the public and Table 2 was posted on the AWBA web page for public review and comment.

Phoenix GUAC

In general, the GUAC supported the Plan and had no requests for changes to it. Comments were made that the Bank has done a good job balancing the intrastate and interstate deliveries in the State. The need for a comprehensive recovery plan was emphasized and cooperative participation was recommended between all parties involved in developing a recovery plan. There were questions regarding the Amended Agreement for Interstate Water Banking.

Pinal GUAC

The GUAC supported the Plan and had no requests for changes to it. A question was raised regarding the \$13.5 million and its use for meeting the State's obligation for

Indian firming. The AWBA was asked if recovery planning efforts had been undertaken and concern was expressed that planning efforts might be taking place without the knowledge or input from the Pinal AMA. Additionally, GUAC members stated the need for stakeholders in the AMA to be actively involved in recovery planning with CAWCD, AWBA, and ADWR. The GUAC pointed out the increase in GSF deliveries as a result of funding available through interstate banking. Favorable comments were received on the progress made by the Water Bank and overall benefits the State is receiving from AWBA activities.

Tucson GUAC

General discussion regarding the Plan included: changes in AWBA storage at facilities, overall storage capacity available to the AWBA, and interstate water banking. Written comments were received from the Tucson GUAC recommending that the AWBA: (1) utilize full use of funds from the withdrawal fees, (2) explore additional opportunities to partner with GSFs for firming storage, (3) take advantage of projected lower cost of water to aggressively accrue M&I firming credits, and (4) analyze interstate storage for benefit from capital recovery costs and for drawback of reduced M&I firming storage during time of lower water costs. These comments were taken into consideration and Table 2 was adjusted accordingly.