

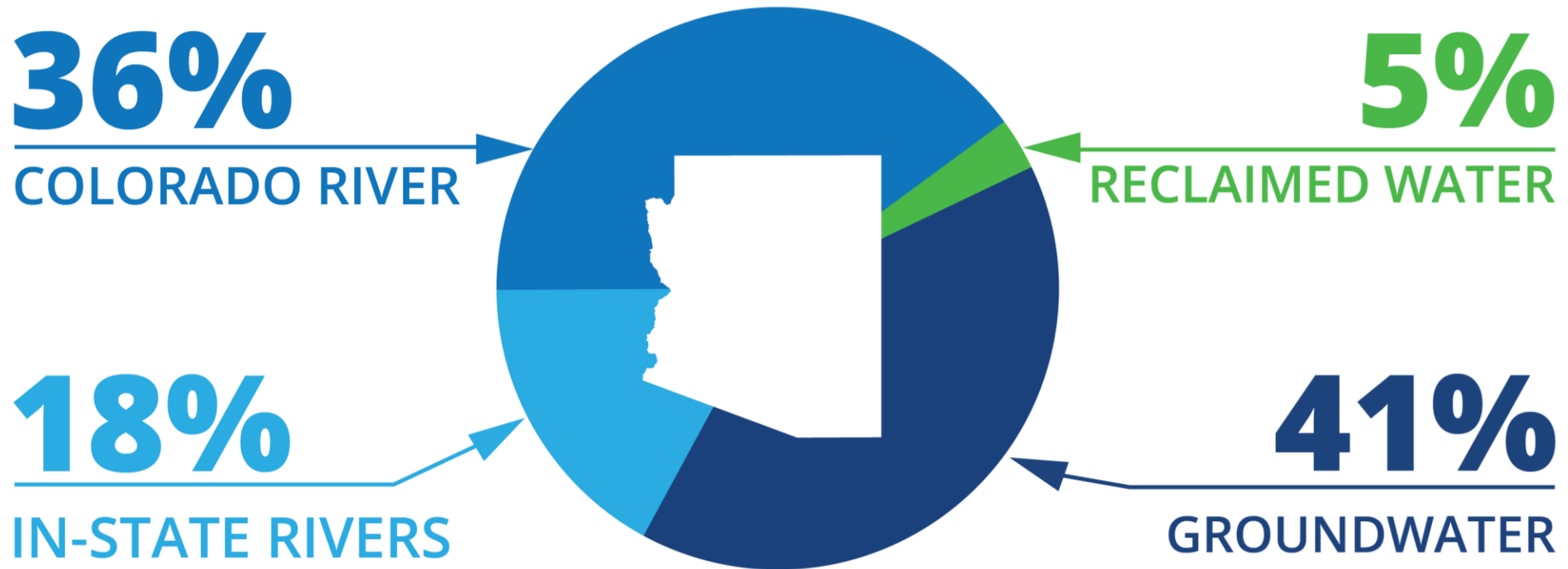
Colorado River Update

2026 ABWC Annual Meeting & Water Conference



Clint Chandler, Deputy Director
Arizona Department of Water Resources
September 18, 2026

Arizona Water Use By Source (2019)

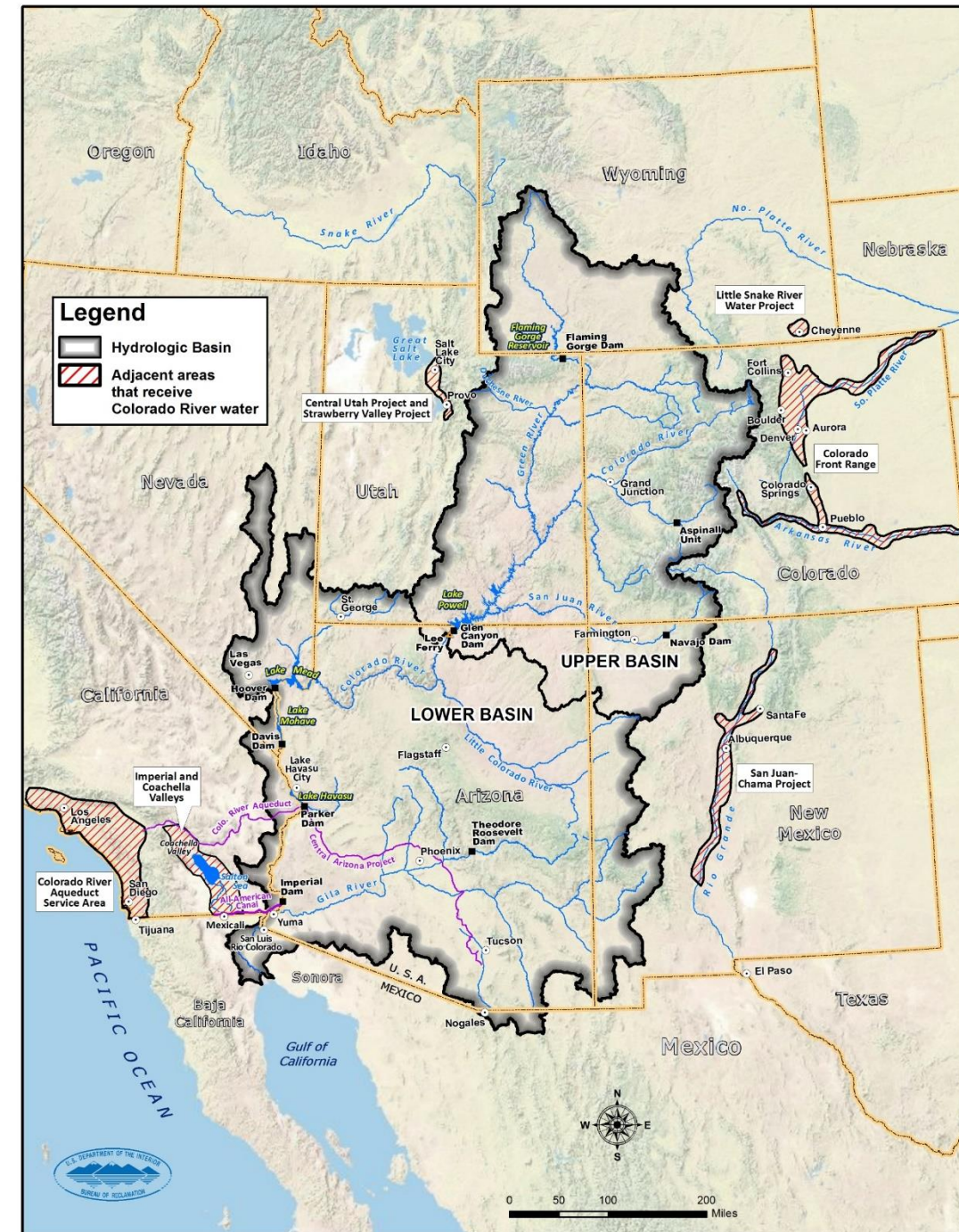


Arizona Water Use By Sector (2019)



Colorado River Management

- A.R.S. § 45-107 – The Director of ADWR represents the State of Arizona in policy negotiations of Colorado River Operations and administration of entitlements.
- A.R.S. § 45-106 – Requires Legislative approval in certain situations when a sovereign right or claim of the State is part of an agreement between Colorado River States.
- “Law of the River” serves as a constitution for governing the management of Colorado River Resources.
- Colorado River water is vital to the economies of southwestern U.S and Mexico.
- Hydroelectric plants on the River generate approximately 4,200 megawatt-hours of electricity.
- Supplies water to 40 million people
- Irrigates ~5 million acres of farmland



Colorado River Allocations

1922 Colorado River Compact established Upper and Lower Basin States' allocations

UPPER BASIN STATES - 7.5 MAF

1948 Upper Colorado Basin Compact established the Upper Basin States' apportionment.

Arizona 50,000 AF of Upper Basin water

LOWER BASIN STATES - 7.5 MAF

California – 4.4 MAF

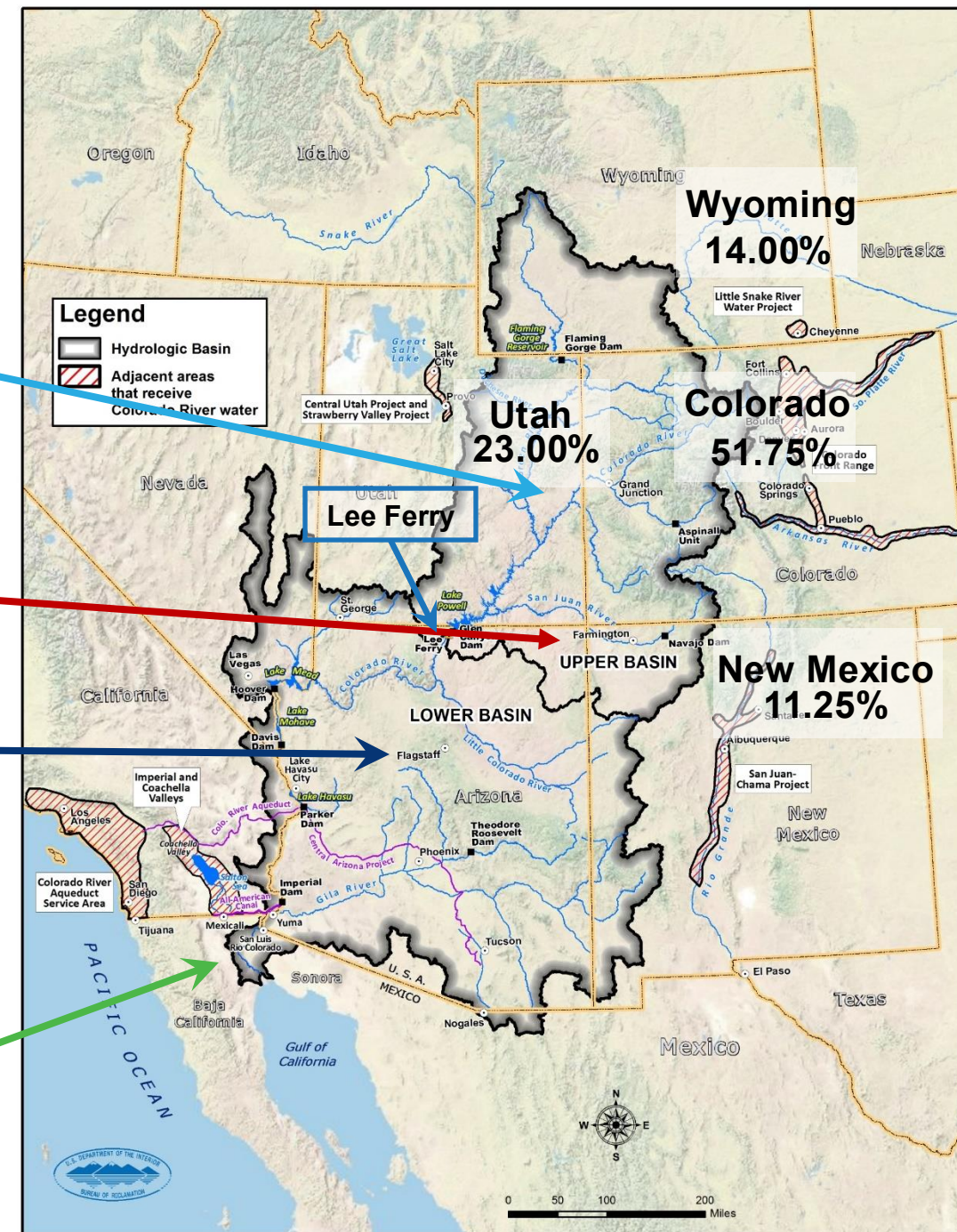
Arizona – 2.8 MAF

Nevada – 0.3 MAF

1928 Boulder Canyon Project Act established the Lower Basin States' apportionment.

MEXICO - 1.5 MAF

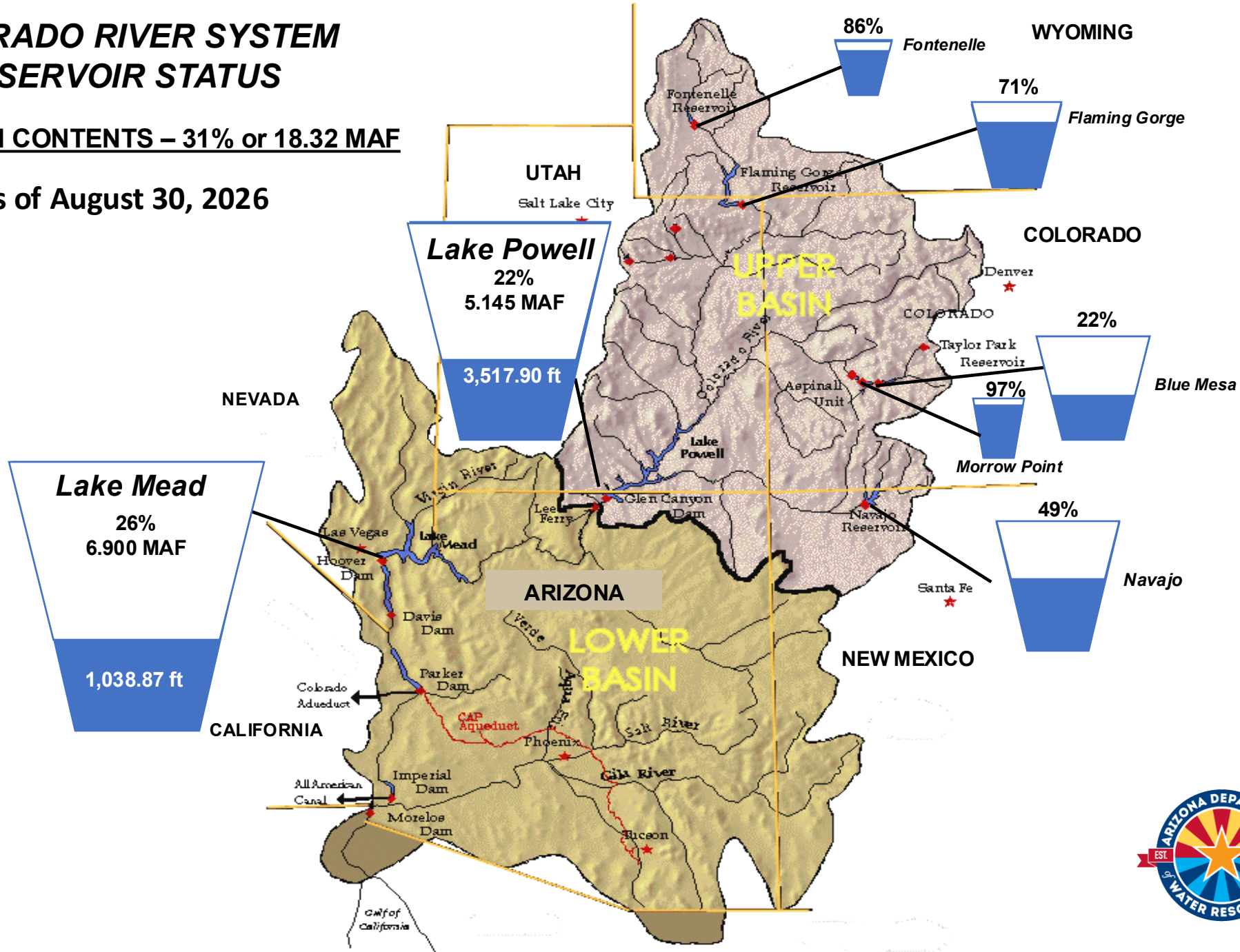
1944 Treaty with Mexico established Mexico's treaty deliveries.



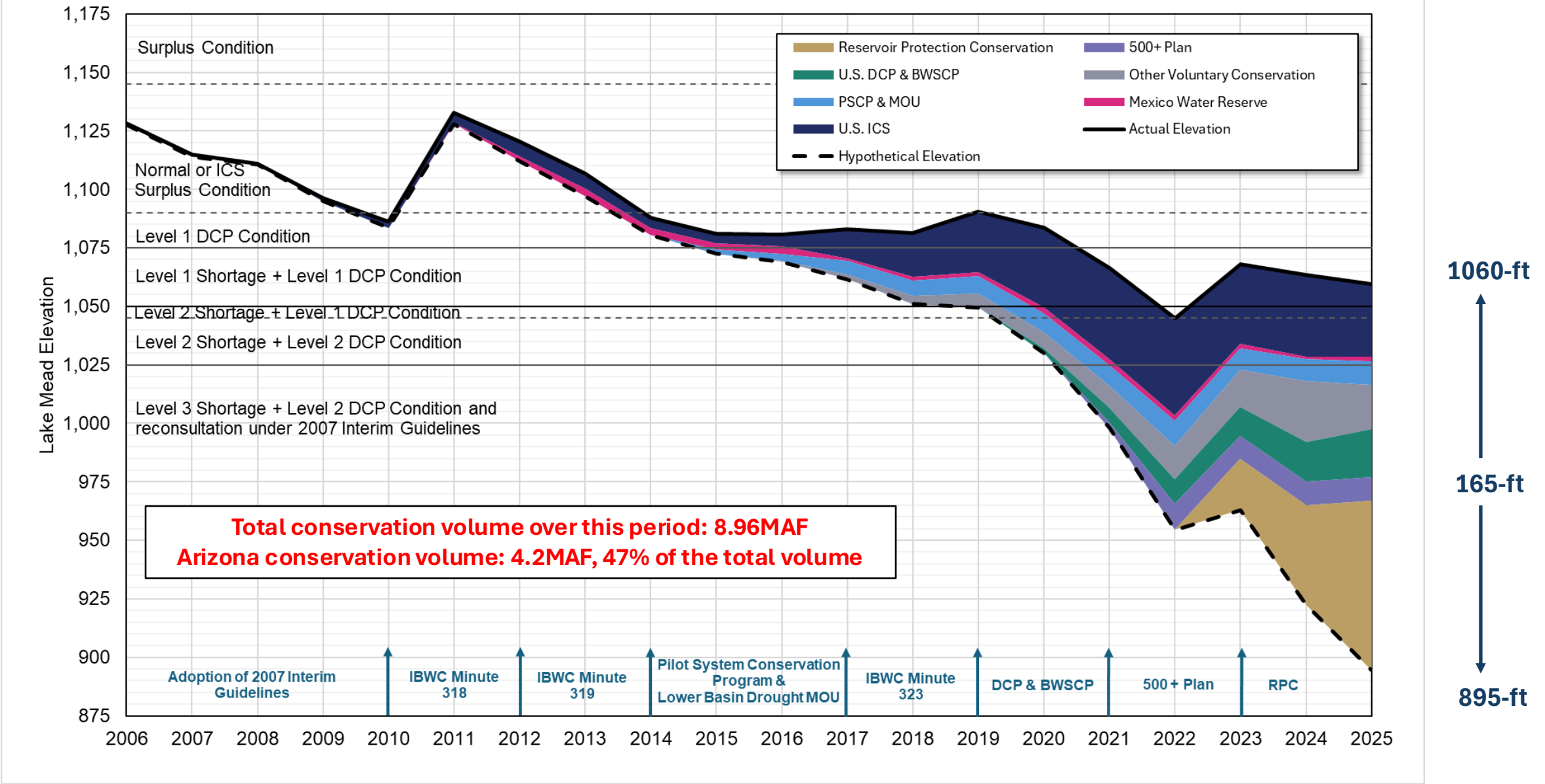
COLORADO RIVER SYSTEM RESERVOIR STATUS

TOTAL SYSTEM CONTENTS – 31% or 18.32 MAF

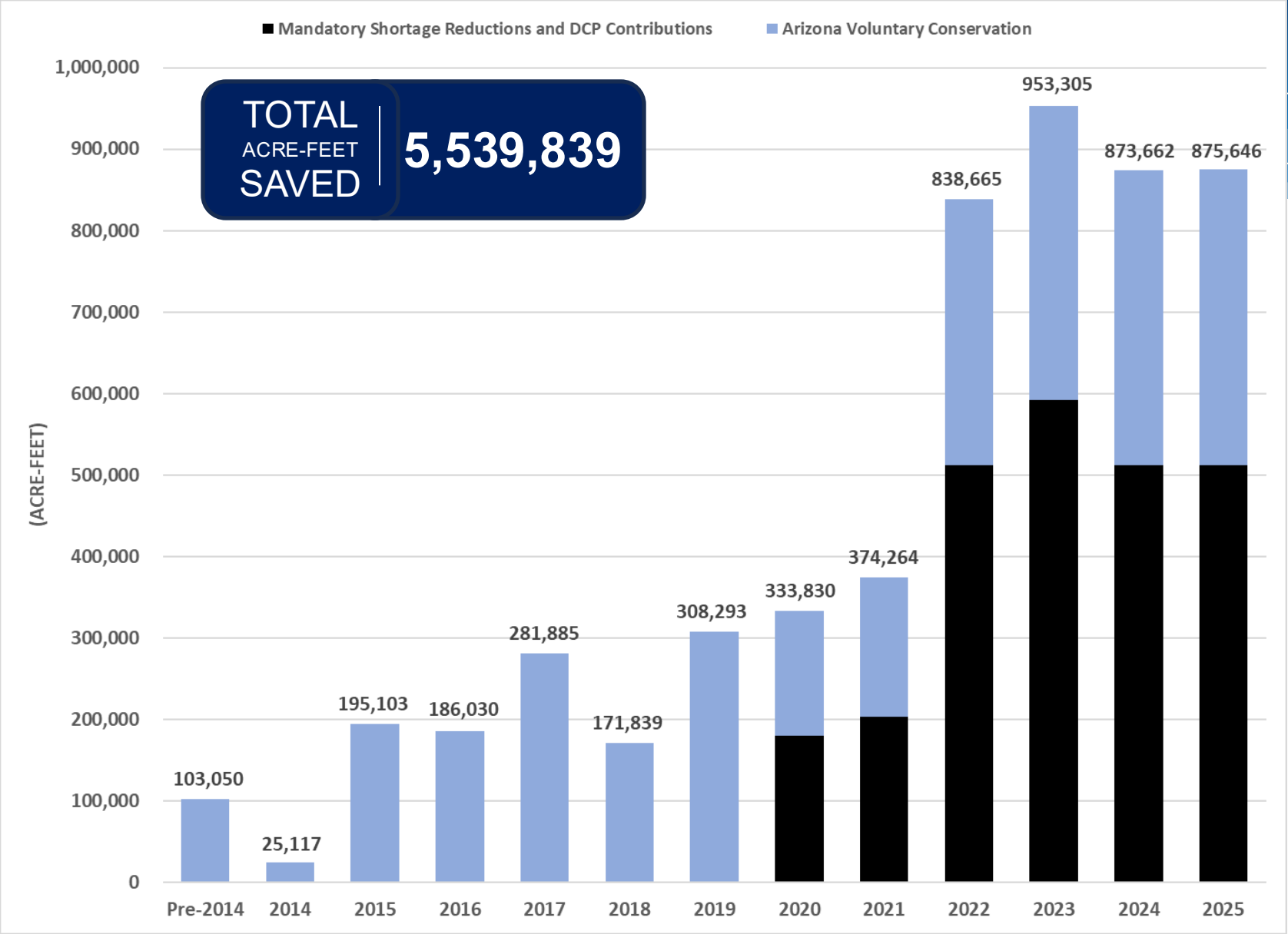
As of August 30, 2026



**Lake Mead would be at deadpool
without the actions and investments taken over the past 16 years.**



Arizona's Demonstrated Water Savings & Future Storage



As of November 2025

2025 Conservation Volumes are Preliminary

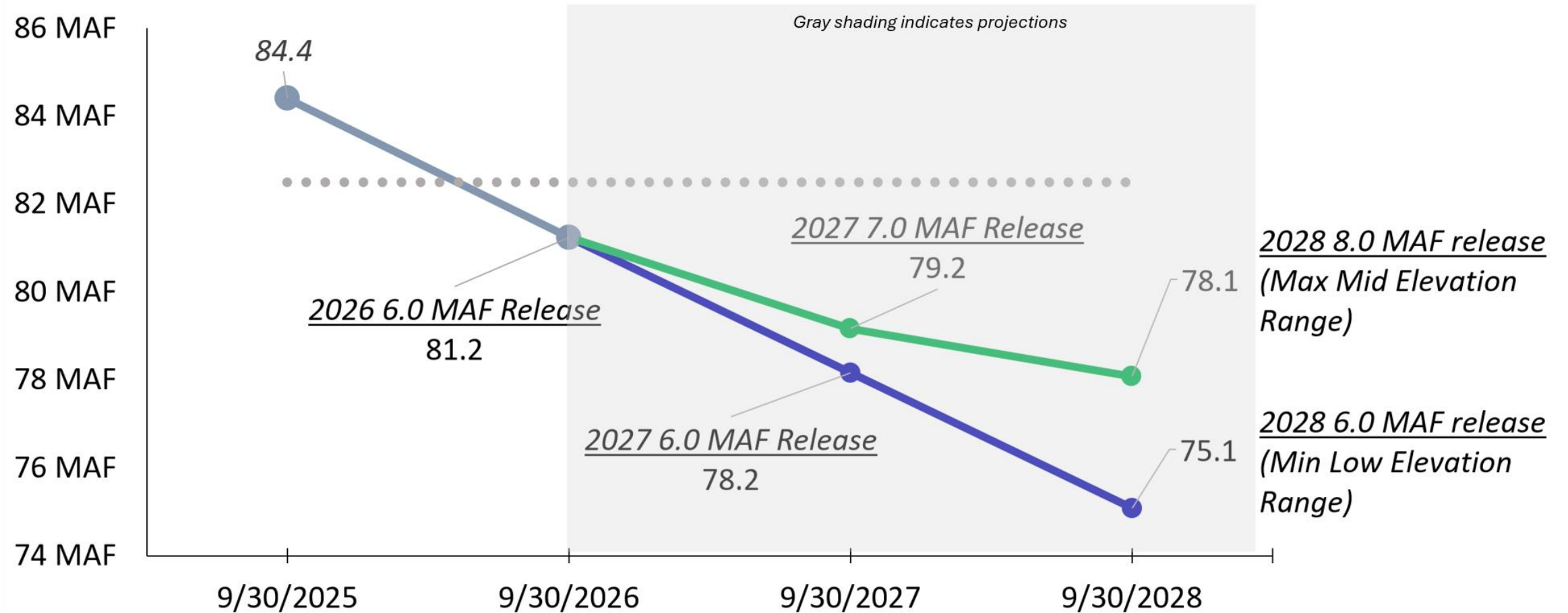
1922 Compact Issues



Compliance means flow of the Colorado River at Lee Ferry shall not be below an aggregate of 75 MAF over a rolling 10-year period, plus annual releases equal to one-half the Mexico Treaty burden.

Compact Compliance

10 Yr Aggregate: Lees Ferry Gage + Paria (MAF)



82.5 MAF (gray dotted line) is shown as a general reference point and does not represent a legal position.

Lower Division States' Proposal Elements

The proposal is an integrated, non-severable package that encompasses:

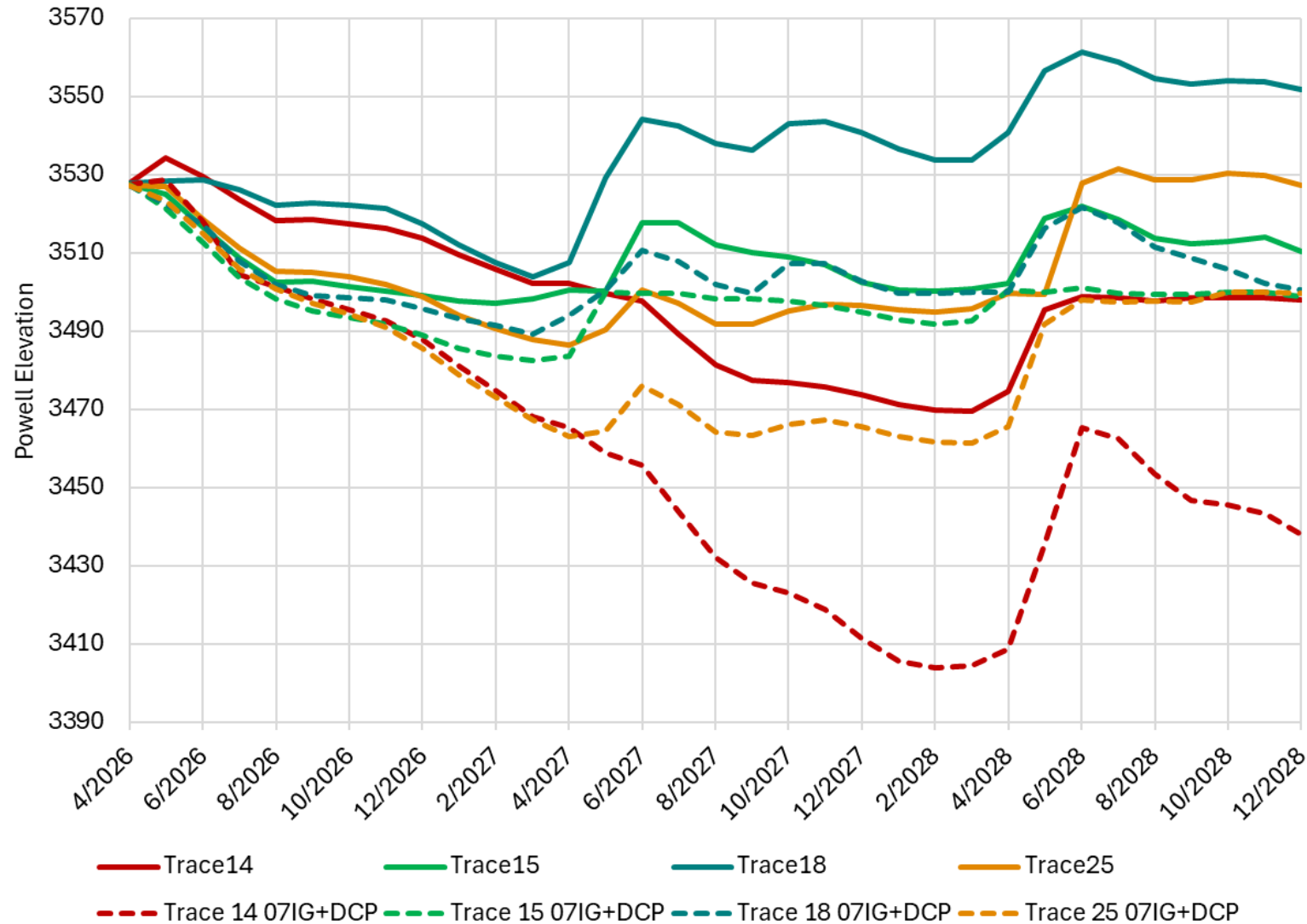
- Lower Basin Reductions
- Intentionally Created Surplus (ICS)
- Establishment of a Federal Water Resource Pool (i.e. tribal pool)
- Additional Lower Basin Conservation
- Lake Powell Releases
- Upper Initial Unit (UIU) Operations
- Infrastructure improvements, including to Glen Canyon Dam, as well as development of system projects

Lower Basin Reductions & Additional Conservation

	Arizona	California	Nevada	Total Lower Division States
2027	760 KAF	440 KAF	50 KAF	1,250 KAF
2028	760 KAF	440 KAF	50 KAF	1,250 KAF
Total Reductions 2027-2028				2,500 KAF
Additional Conservation 2027-2028	300 KAF	300 KAF	100 KAF	700 KAF ¹
Total Reductions and Conservation	1,820 KAF	1,180 KAF	200 KAF	3,200 KAF

¹The Lower Division States anticipate working to a target of a cumulative contribution of at least 1 MAF if possible.

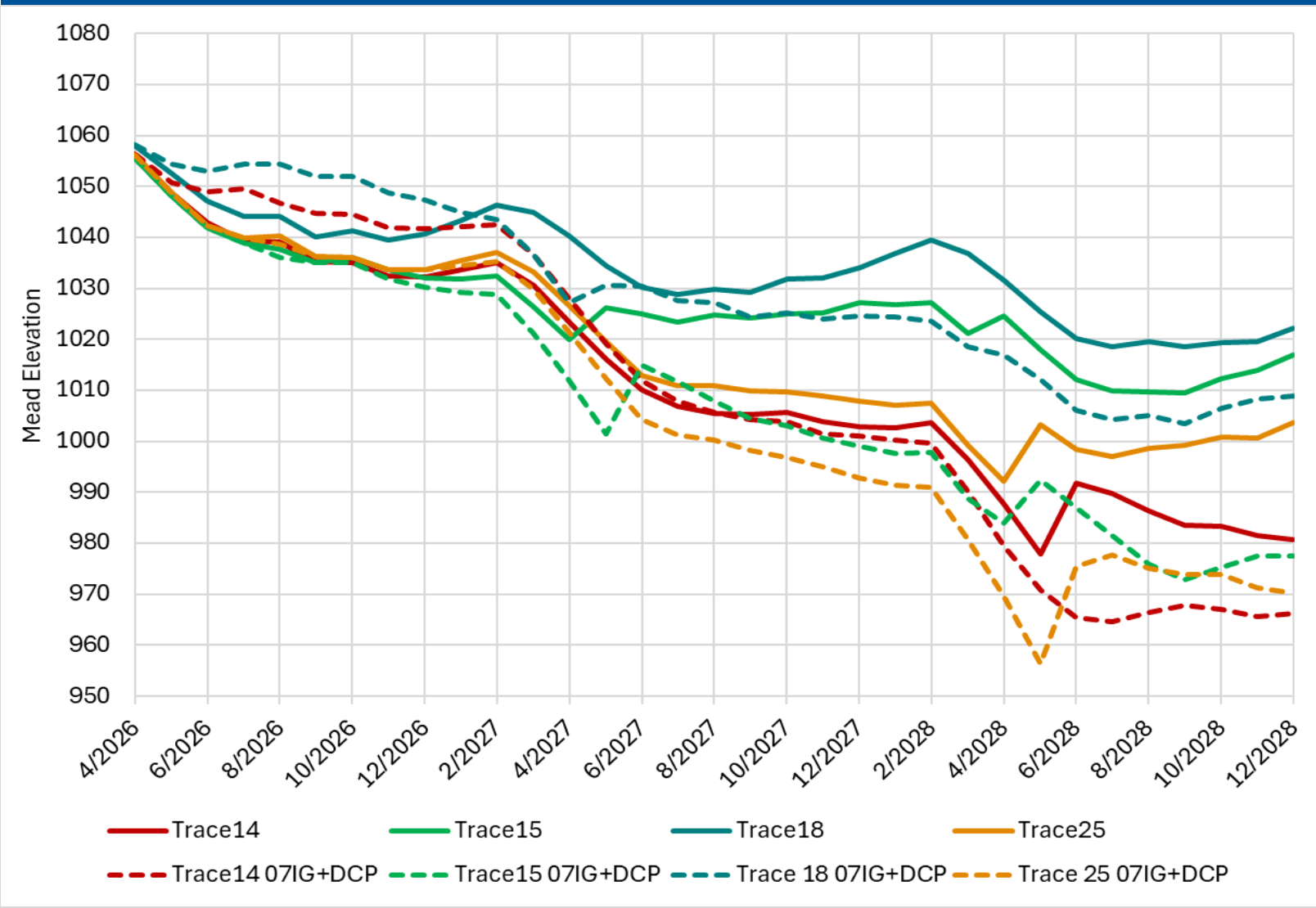
Powell Elevation (Compared to 07IG + DCP)



WY Release	Trace 14	Trace 25	Trace 15	Trace 18
2026	6	6	6	6
2027	6	6	7	7
2028	6.25	7	7	7

The Lower Basin Proposal adds ~11 to 60 feet (depending on trace) by EOY 2028

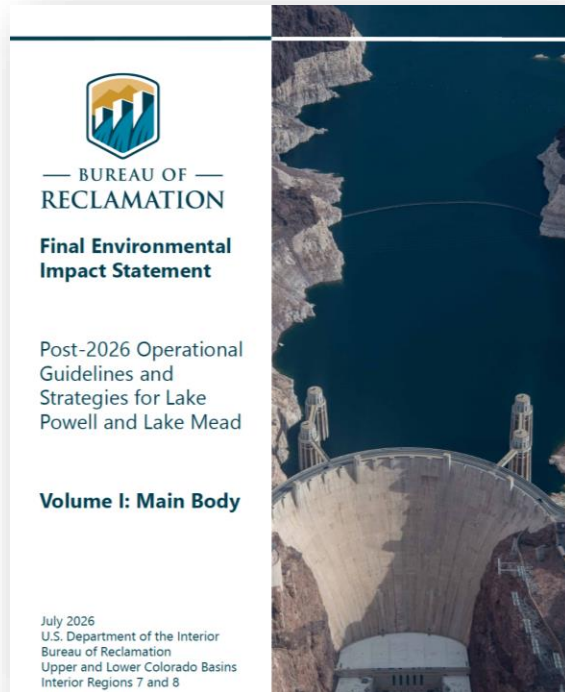
Mead Elevation (Compared to 07IG + DCP)



WY Release	Trace 14	Trace 25	Trace 15	Trace 18
2026	6	6	6	6
2027	6	6	7	7
2028	6.25	7	7	7

The Lower Basin Proposal adds ~13 to 40 feet (depending on trace) by EOY 2028

Final Environmental Impact Statement and Record of Decision



- Published on July 31, 2026
- Identified and analyzed the Preferred Alternative



- Published on August 21, 2026
- Adopts the decision framework based on the Preferred Alternative

FEIS Elements

- Leaves room for adoption of the Lower Basin Proposal
- Sets framework to cut Lower Basin by 3MAF “In priority”
- No use of Upper Initial Units (UIU) or Upper Basin reductions
- Provides National Environmental Policy Act (NEPA) coverage for those outcomes with no additional NEPA

Record of Decision (ROD) according to USBR

- Decision comes at a time when:
 - Unprecedented multi-decadal drought persists
 - System storage is at record lows
 - Existing agreements are expiring, new operating criteria must be in place by October 1, 2026
 - Basin-wide consensus on long-term operations has not been reached
- Provides the structure and sideboards within which operating guidelines will be developed, reviewed and periodically updated through 2036 and allows for consensus and voluntary actions
- Designed to accommodate future agreements and supports the Department's commitment to consensus-based operations

ROD Framework

- The ROD establishes a 10-year decision framework that specifies operational principles, sideboards and a process to adopt new guidelines at 2-year intervals
- USBR Operational Principles
 - Operations should be responsive to hydrology
 - Critical federal infrastructure must be protected through practical and deliberate operations (Lake Powell power pool)
 - Operating guidelines should implement the LROC while also providing directions to address extraordinary circumstances
 - Operating guidelines should prioritize consensus-based recommendations
- Decision process for operational years 2029/2030 begins no later than October 2027

ROD Framework Sideboards

- Lower Basin Shortage Guidelines
 - Up to 3.0 MAF per year, not including Mexico
 - Allocation based on federal interpretation of applicable law, including the Consolidated Decree. Deviation would occur only if water entitlement holders have reached voluntary arrangements
 - Consultation if projected Lake Mead elevation < 1,010 ft to determine additional reductions in the Lower Basin
- “Coordinated” Reservoir Operations
 - 5.0 MAF to 12.0 MAF releases to provide protection for critical infrastructure at Glen Canyon Dam
 - Consultation if projected Lake Powell elevation < 3,500 ft to determine potential additional actions

3 MAF and Arizona P3

Assuming Mexico takes 500 KAF

- LB Reductions of 2.50 MAF
- AZ Reductions of 1,709,773 AF
- AZ Available Supply of 1,090,227 AF
- P1-3 Consumptive Use 1,127,840 AF
- P3 Shortage 37,613 AF (CU)
- P3 Shortage ~61,000 AF (Diversion)

Assuming Mexico takes 250 KAF

- LB Reductions of 2.75 MAF
- AZ Reductions of 1,787,091 AF
- AZ Available Supply of 1,012,909 AF
- P1-3 Consumptive Use 1,127,840 AF
- P3 Shortage 114,931 AF (CU)
- P3 Shortage ~185,000 AF (Diversion)

P1-3 Consumptive Use estimate consistent with P4 shortage sharing and CAP supply calculations

ROD Framework Sideboards (continued)

- Storage and Delivery of Conserved System and Non-system Water
 - Lake Powell storage: up to 3.0 MAF
 - Lake Mead storage: up to 8.0 MAF (support existing ICS, new ICS-type programs, conservation pools and exchange mechanisms)
- Additional Activities Above Lake Powell
 - Potential for “maximum” use of CRSP Upper Initial Units within their respective RODs to release additional water if needed to protect critical infrastructure
 - Voluntary Upper Basin contributions up to 200 KAF/year subject to hydrologic conditions

ROD Framework

- Sets framework to cut Lower Basin up to 3 MAF using a federal interpretation of “priority”, while ignoring Colorado River Compact obligations
- No Upper Basin reductions and selective, limited, discretionary use of Upper Initial Units (UIUs), ignoring Compact requirements that are reinforced by federal law
- Purports to provide National Environmental Policy Act (NEPA) coverage for those outcomes

Arizona Reactions

- Arizona objects to the ROD framework because it is inconsistent with the Colorado River Compact and the Law of the River
- Although the FEIS states that “the Department intends to adopt and implement the guidelines in a manner consistent with the Law of the River,” the Department nowhere purports to construe the Law of the River or adhere to its requirements, including the delivery obligations set forth in Article III(c) and (d) of the Colorado River Compact
- Arizona has not agreed to a ROD framework of longer than 2 years
- Significant concerns that Reclamation did not consider alternative ways to protect infrastructure

Arizona Reactions (continued)

- The Long-Range Operating Criteria (LROC) cannot be modified through the EIS process. The LROC provide that a minimum of 8.23 MAF must be released from Lake Powell annually
- The ROD framework improperly leaves UIU contributions undefined
 - Shortages may not be imposed on the Lower Basin to absorb a deficiency that exists because the Upper Division States have not met their delivery obligations or that releases from the UIUs could remedy
- Arizona does not consent to annual reductions of up to 3.0 MAF that the ROD's operational sideboards authorized in the Lower Basin

Operating Guidelines



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

Operating Guidelines

Colorado River Guidelines for Coordinated Operations of Lake Powell
and Lake Mead
Operating Years 2027 and 2028

August 2026

Recommending Official:

A handwritten signature in blue ink, appearing to read "David M. Palumbo".

08-21-2026

David M. Palumbo
Deputy Commissioner, Operations, Bureau of Reclamation

Date

Approved:

A handwritten signature in blue ink, appearing to read "Doug Burgum".

August 21st, 2026

Doug Burgum
Secretary of the Interior

Date

Operating Guidelines

- Department issued the 2027-2028 Operating Guidelines as the final agency action pursuant to the ROD on August 21, 2026
- Includes criteria for Lake Powell operations and incorporation of limited but undefined use of the Colorado River Storage Project UIUs
- Elements of Lake Mead operations:
 - Reductions to Lower Basin water users
 - Storage and delivery of conserved water (ICS) in Lake Mead
 - Voluntary conservation activities (700+ Plan)
 - Implementation of Federally Managed Water Resources Pool (FMWRP)
 - Reconsultation when Lake Mead is projected to be at 1,010 feet
- In combination with a Lower Basin Agreement, could provide short-term stability for Lower Basin water users

Proposed Lower Basin Reductions

	Arizona	California	Nevada	Total Lower Division States
2027	760 KAF	440 KAF	50 KAF	1,250 KAF
2028	760 KAF	440 KAF	50 KAF	1,250 KAF
Total Reductions 2027-2028				2,500 KAF
Voluntary Conservation 2026-2027-2028	300 KAF	300 KAF	100 KAF	700 KAF ¹
Total Reductions and Conservation	1,820 KAF	1,180 KAF	200 KAF	3,200 KAF

¹The Lower Division States anticipate working to a target of a cumulative contribution of 1 MAF if possible.

Proposed Lower Basin Reductions (continued)

- If the Lower Division States have not fully executed the necessary implementing agreements, the Secretary shall determine the quantities and apportionment thereof as identified in Section 5.3.A.1, in accordance with applicable law.
- Should the Most Probable projection of any 24-Month Study show Lake Mead falling below 1,010 feet at any time in the subsequent 12-month period, the Secretary shall consult and coordinate with the Basin States and Basin Tribes, and other affected parties as appropriate, to consider potential actions throughout the Basin to respond to and address hydrologic and operational conditions.
- Should the Most Probable projection indicate a likelihood of achieving Lake Mead elevation 1,125 feet or above during 2027 or 2028, the Secretary will consult with the Lower Division States regarding the potential to increase apportionments.

Intentionally Created Surplus (ICS)

Entity	Max Annual Creation (KAF)	Max Cumulative Storage (KAF)	Max Annual Delivery (KAF)	Max Cumulative 2027-2028 Delivery (KAF)
Arizona	125	1,000	300	800
California	400	2,000	400	
Nevada	125	800	300	
Mexico	250	1,500	N/A*	160
Totals	900	5,300	1,160	960

*There is an assumed maximum cumulative delivery to Mexico of 160 KAF for 2027- 2028. No annual maximum is specified; the annual delivery is constrained only by the two-year cumulative limit of 160 KAF.

Federally Managed Water Resources Pool (FMWRP)

Establish a Federally Managed Water Resources Pool (FMWRP) in Lake Mead to:

- a) Meet Federal firming or other Federal delivery obligations pursuant to a congressionally authorized Indian Water Rights Settlement
 - b) Provide limited offsetting of Tribal wet water shortages up to 25% of shorted Mainstream Lower Colorado River or Central Arizona Project entitlements for these 2027-2028 Operating Guidelines
- Federal responsibility
 - Composed exclusively of ICS for which the US has acquired the right to delivery, within the Arizona ICS framework described on the previous slide
 - ICS is subject to all ICS rules except that BICS can be transferred/delivered to another state. ICS delivery counts against the state where it's delivered.

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Local News

Colorado River plan spares upper basin states from mandatory cuts, for now

By Shaun Boyd

July 31, 2026 / 8:10 PM MDT / CBS Colorado

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BY ANNIE KNOX • JULY 31, 2026 6:12 PM

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Colorado River plan spares Wyoming from major cuts

Water managers would still heavily rely on Flaming Gorge as tool to prevent Lake Powell and Lake Mead from reaching critically low levels.

by Wyofile August 5, 2026

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Utah spared from facing mandatory cuts in feds' Colorado River plan

By Ben Winslow

Posted 8:07 AM, Jul 31, 2026 and last updated 5:06 PM, Jul 31, 2026

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Colorado is spared mandatory cuts under federal Colorado River proposal

By THE ASSOCIATED PRESS July 31, 2026 | updated 2 weeks ago

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New Mexico, other Upper Basin states make out well in Colorado River proposal

★ Follow Cormac Dodd

By Cormac Dodd cdodd@sfnwmexican.com Jul 31, 2026 5

- Filed (8/24/2026)
- Creates additional level of uncertainty
- Evaluating and will provide more information at a later date



Operations for 2027

Operational Determinations for 2027

The August 24-Month Study was released on August 21, 2026

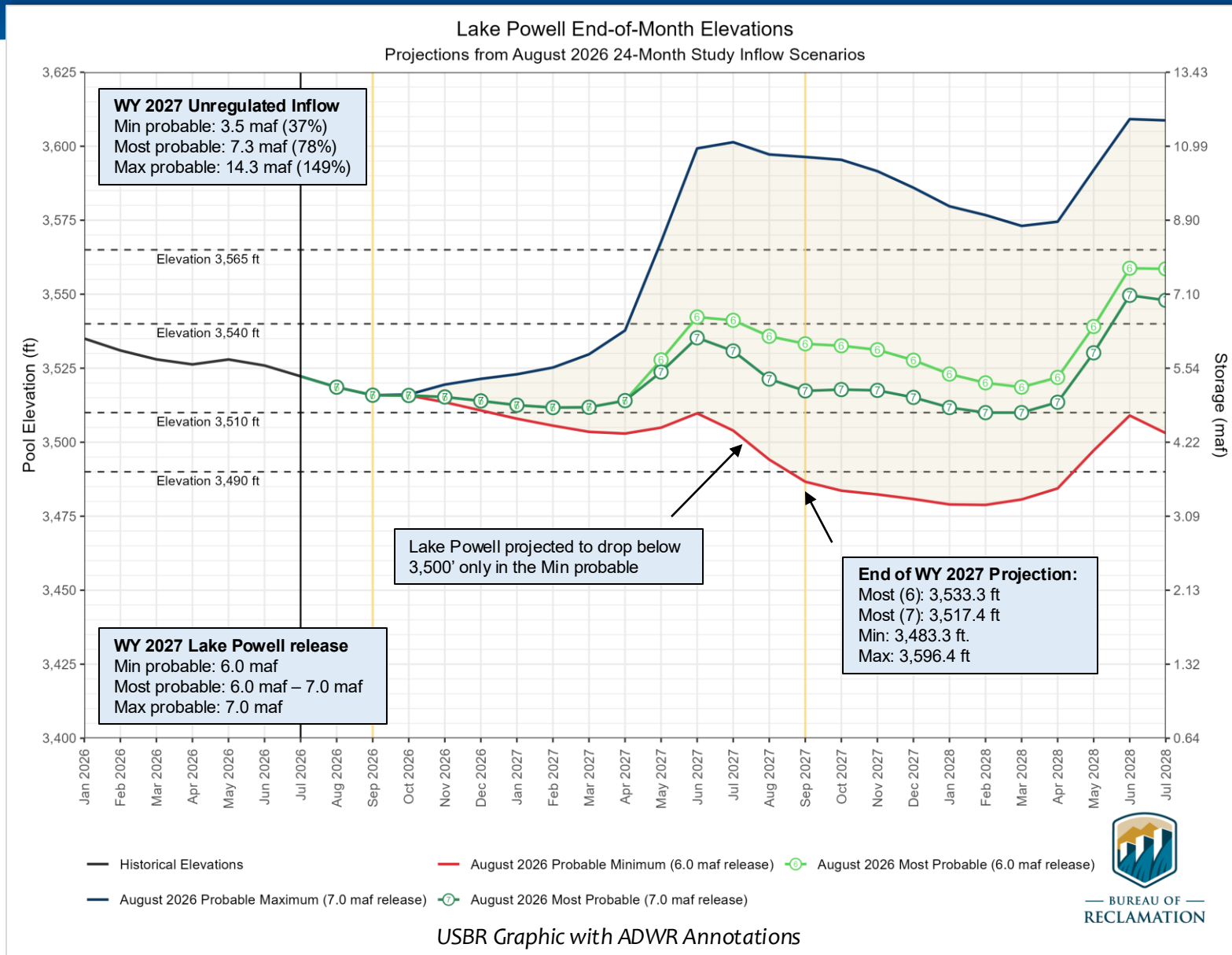
Lake Powell

- Lower Elevation Infrastructure Protection Range
- Initial WY Release: 6 MAF – 7 MAF
- Releases adjusted to maintain 3,510'
- Releases adjusted through April based on changing conditions
- Final WY 2027 release will be determined in April

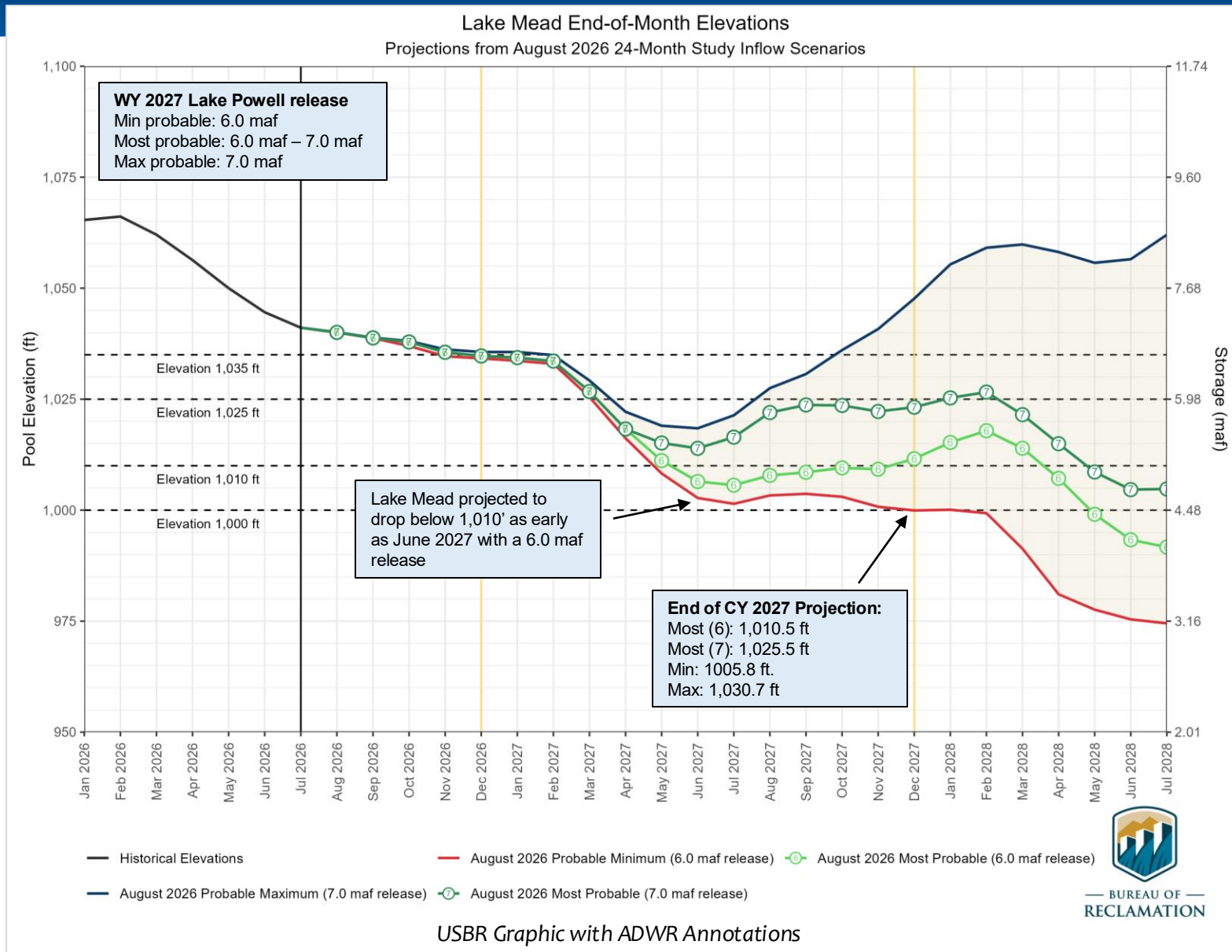
Lake Mead (requires Lower Basin agreement)

- Water deliveries to the LB will be reduced by 1.25 MAF in CY 2027
- Additional water will be conserved in 2026, 2027, and 2028 (700+ Plan)
- ICS may be created pending completion of forthcoming implementation agreements consistent with the Operating Guidelines
- Water may be delivered for tribal firming or other Federal delivery obligations to Tribes and to provide limited offsetting of Tribal shortages, subject to availability and ICS delivery limitations

September 2026 24-Month Study: Lake Powell



September 2026 24-Month Study: Lake Mead



Mead Impacts

- If Winter 2026-2027 hydrology is poor, there is a risk of less than 6.0 MAF in WY 2027 to protect infrastructure
- Winter 2026-2027 hydrology will drive operations for WY 2028
- If WY 2028 is in a lower tier, initial modeling indicates a likely chance Mead will fall < 1,010', triggering consultation for additional actions
- With a 6.0 MAF release in WY 26 & WY 27, by July 2028:
 - Lake Mead could lose ~2.9 MAF in storage while Lake Powell gains ~2.5 MAF
 - Lake Mead could lose ~40 ft in elevation while Lake Powell increases by ~ 49 ft

700+ Plan

- Lower Basin commitment to additional conservation is termed the 700+ plan
- Arizona has committed to 300 KAF of the 700 KAF Lower Basin commitment, which is referenced as the 300+ plan
- CAWCD Board approved (July 2026) several Bucket 1A SCIAs for CAP Participating Subcontractors that will count towards the 300+ plan
- Several Arizona on-river contractors are participating towards the 300+ plan
- Concurrently, the Arizona Water Banking Authority policy will incentivize M&I Subcontractor participation in 2027 and 2028

P4 Shortage Sharing

- USBR has been implementing the 2006 ADWR Director's Shortage Sharing Recommendation, which provides methods to calculate the "Fourth Priority Mainstream Shortage Reduced Water Supply", and is expected to continue to do so
- If current use of on-River P4 is **less** than the Fourth Priority Mainstream Shortage Reduced Water Supply, there is no shortage reduction to P4 mainstream contractors and shortages fall exclusively on CAWCD
 - Condition existed 2020 through 2026
- If current use of on-River P4 is **more** than the Fourth Priority Mainstream Shortage Reduced Water Supply, part of the reductions fall on P4 on-River water users
 - Will occur with a reduction of 760 KAF to Arizona
- Notification of Shortage Condition Letter sent to contractors
- P4 Shortage Distribution Stakeholder Meeting – September 22

AZ ICS Process

August 17 (Mon)	ADWR Webinar
August 24 (Mon) COB	Draft Exhibits must be submitted to ADWR
August 28 (Fri)	Draft Intra-Arizona Framework and Draft Exhibits posted to ADWR website. Public Comment Period begins.
First week of September	ADWR will host a Webinar
September 4 (Fri)	Public Comment Period Closes. All Public Comments must be submitted in writing.
September 15 (Tues)	Final revisions made to ICS exhibits
Late-September	ADWR and Arizona Contractors jointly propose ICS exhibits to parties in California and Nevada

Questions?

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