

Southern Arizona Water Utilities Association

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YOUR WATER. YOUR FUTURE.

Central Arizona Project



336-mile aqueduct stretches from Lake Havasu to Tucson

14 pumping plants lift water nearly 3,000 feet

8 siphons, 3 tunnels

Lake Pleasant/New Waddell Dam

Annually delivers approx. 520 billion gallons (1.6 mill acre-feet)

Delivery of Colorado River water began in 1985 in Maricopa County

Construction complete in 1993

Importance of NGS

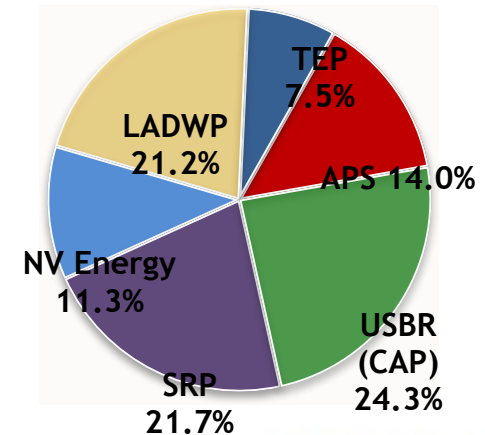
Constructed in the early 1970s on the Navajo Reservation near Page, AZ, to provide power to the CAP as an alternative to two additional dams in the vicinity of the Grand Canyon

3 coal-fired units, total net output of 2,250 megawatts (MW)

Operated by the Salt River Project (SRP) on behalf of six participants

Provides 95% of power required by CAP

Surplus power from the BOR's share of NGS is sold to help fund CAP repayment, which in turn funds Indian water rights settlements



Benefits to CAP of TWG Agreement

EPA released its final rule in July 2014

Ensures the viability of NGS to 2044, providing certainty that stable and reliable power supplies are available for decades

Significantly delays the cost of SCR, potentially until 2030
Reduction in CO₂ emissions meets the EPA's proposed carbon rule for NGS

Preserves CAP's ability to fund Arizona's repayment obligation for CAP construction through the sale of surplus NGS power



CAP and the Economy

- CAP provides water to 80% of the State's population, approximately 5.4 million people.
- Service area of Maricopa, Pinal and Pima counties encompasses 24,000 square miles of land, or 20% of the State.
- CAP serves water to municipalities, tribes, industrial and agricultural users (350,000 acres), and is the largest supplier of renewable water supplies in the State.
- CAP is also the largest single-end user of power in Arizona.

ASU Study on CAP Economic

Impact

ASU study shows CAP plays a significant role in Arizona's overall economy



Colorado River Status

Lake Mead is at elevation

1086 feet = 41% capacity

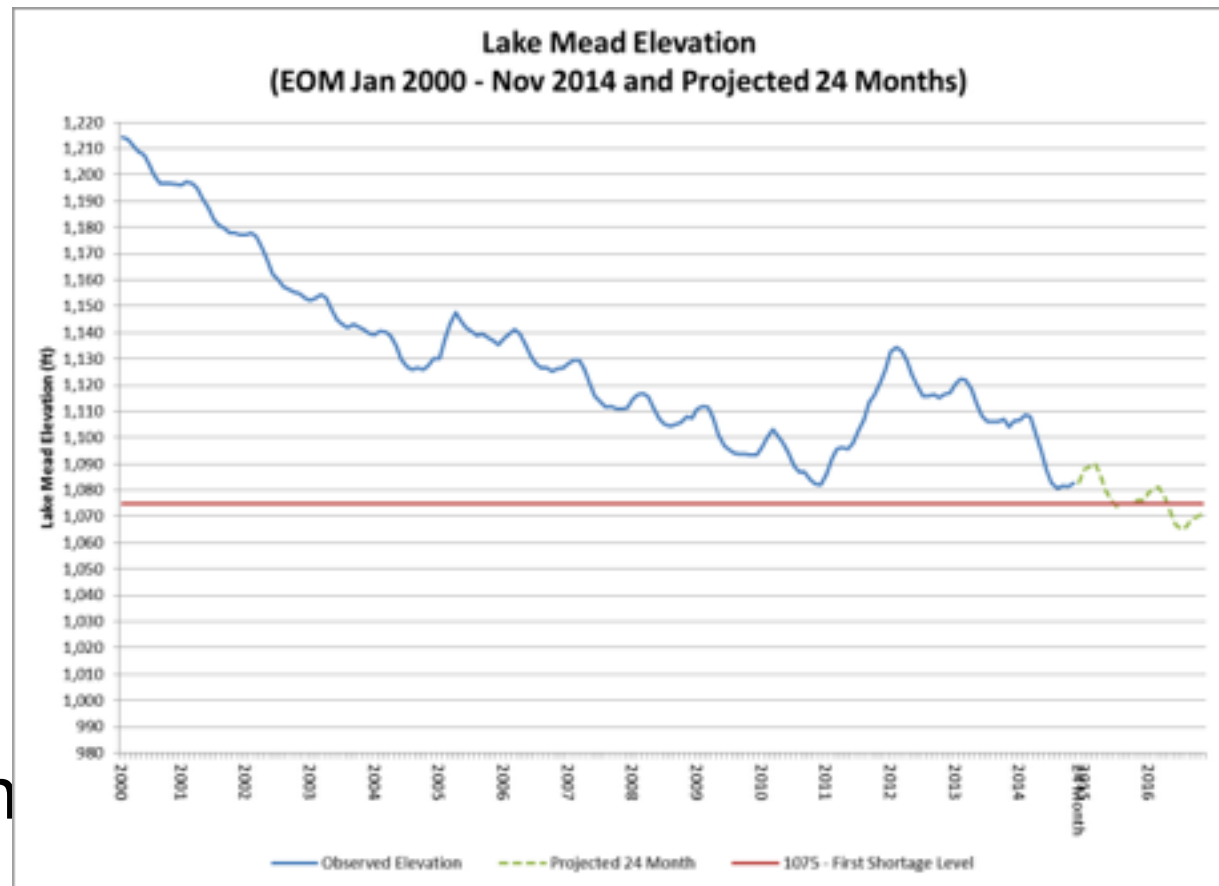
- 2015 - no shortage
- 2016 - 39% probability
- 2017 - 61% probability



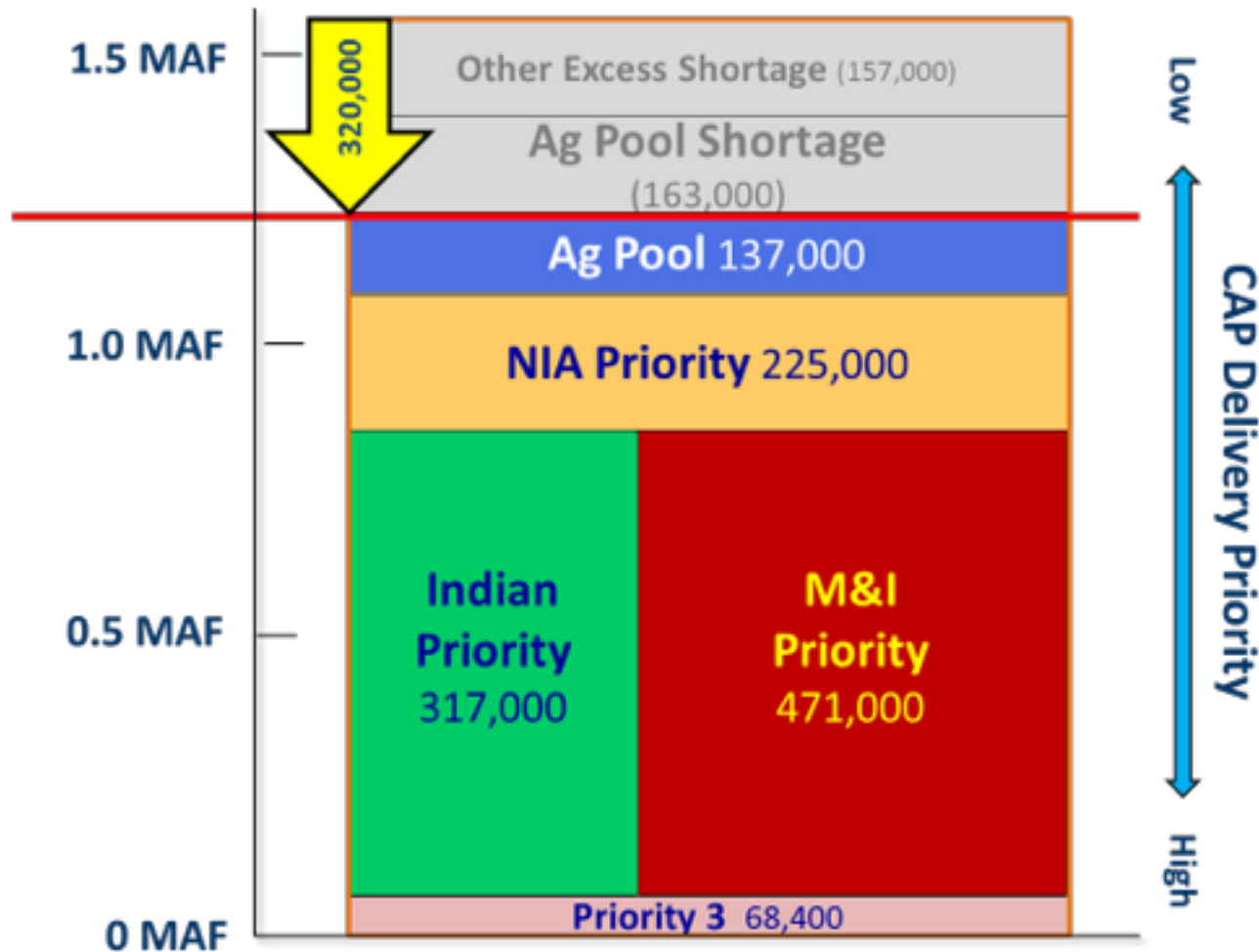
CAP is working on a reservoir protection plan with other Lower Basin water users and taking steps to protect Lake Mead (MOU is the first step)

Colorado River Shortage

- Lake Mead elevations have been declining for past 15 years
- The cause?
 - 15-years of drought
 - Overallocation or “structural deficit”



Tier 1 Shortage



Drought Response Plan

- Colorado River water and power users share risk
- CAP and ADWR are working with Basin States and Reclamation to execute a Drought Response and Sustainability Plan
- MOU = voluntary commitment to store 745kaf in Lake Mead from 2014-17
- Ongoing efforts
 - Expand weather modification and tamarisk removal
 - Pilot System Conservation Agreement
 - Yuma Desalting Plant pilot run
 - Innovative Conservation Program grants
 - Long-term augmentation studies

CAP Funding Sources

- Water delivery charges (60% of CAP's budget)
- M&I Capital charges - applied exclusively to repayment
- Power Basin and Development Fund revenues (10% of budget) - applied exclusively to repayment
- 10-cent ad valorem tax
- 4-cent ad valorem tax
- Interest income, reimbursements and other misc. revenues
- CAP is also authorized to issue general obligation and revenue bonds, but does not currently have any bonds outstanding

4-Cent Tax

HOW THE 4¢ TAX IS USED

Arizona law specifies a **1-2-3 tiered system** for expenditures.



What does this cost the home owner?

**\$100,000 value =
\$4.00 per year**

**\$200,000 value =
\$8.00 per year**



**\$400,000 value
=
\$16.00 per
year**

Questions?



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