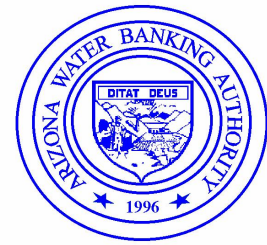


TO: Arizona Water Banking Authority Members

FROM: Tim Henley, Manager

SUBJECT: Amended 2005 Annual Plan of Operation

DATE: April 11, 2005



AUTHORITY MEMBERS
Herbert R. Guenther, Chairman
Charles L. Cahoy, Secretary
Maureen R. George
John Mawhinney
William K. Perry

EX OFFICIO MEMBERS
Senator Linda Binder
Representative Jake Flake

As approved by the Authority at the March 16, 2005 meeting, the 2005 Annual Plan of Operation (Plan) has been amended to reflect changes made to the original Plan due to re-market requests by AWBA partners and to include an interstate water banking component. To that end, attached to this memorandum are a revised Table 2 and a discussion regarding interstate water banking. These two pages replace pages 8 and 9, respectively, in the original Plan. These changes constitute the Amended 2005 Annual Plan of Operation.

Amended Table 2
ARIZONA WATER BANKING AUTHORITY
 Water Delivery Schedule
 Calendar Year 2 0 0 5
 (ACRE-FEET)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total		
1	Estimated CAP Deliveries + Losses : (M&I, Indian, Ag Pool, Incentive Recharge)	31,300	28,720	45,612	118,600	128,240	178,460	180,362	147,069	99,982	78,693	50,681	49,767	1,137,486		
2	Available Excess CAP Capacity for AWBA:	6,600	6,760	15,000	30,000	49,500	27,000	27,500	65,000	55,000	55,000	60,000	60,000	457,360		
AWBA -- Recharge Sites :		Permitted Capacity (AF)	Requested Capacity (AF)													
PHOENIX A M A :													AMA TOTAL	20,000		
3	USF GRUSP	200,000	10,000	0	0	0	0	0	0	0	2,500	2,500	2,500	2,500	10,000	
4	HIEROGLYPHIC MTN.	35,000	6,800	0	100	100	0	0	0	0	0	1,767	2,417	2,416	6,800	
5	AGUA FRIA	100,000	5,000	0	0	0	1,000	1,000	0	0	0	0	1,500	1,500	5,000	
6	TONOPAH	150,000	10,000	0	0	0	0	0	0	0	0	0	0	10,000	10,000	
8	GSF CHCID	3,000	533	0	0	50	50	50	100	75	75	50	83	0	533	
8	NEW MAGMA	54,000	35,084	0	0	0	0	4,000	1,500	3,000	6,000	6,500	6,000	5,584	2,500	35,084
9	QUEEN CREEK	28,000	7,645	0	0	0	0	0	0	2,285	2,000	800	960	1,600	7,645	
10	SRP	200,000	4,000	0	0	0	0	0	0	800	800	800	800	800	4,000	
PINAL A M A :													AMA TOTAL	84,373		
11	GSF CAIDD	110,000	44,000	0	0	0	0	8,000	6,000	9,000	11,000	5,500	1,000	1,000	1,500	35,000
12	HOHOKAM	55,000	13,810	103	482	5,600	2,625	0	0	0	0	4,310	690	0	0	4,310
13	MSIDD	120,000	54,063	63	0	1,960	5,780	7,343	7,300	4,300	8,050	5,120	4,420	4,650	3,880	45,063
TUCSON A M A :													AMA TOTAL	56,845		
14	USF AVRA VALLEY	11,000	3,289	402	338	338	0	0	338	338	338	300	247	0	650	3,289
15	CAVSARP	60,000	15,000	0	0	500	500	500	500	2,000	2,000	2,000	2,000	3,550	1,450	5,000
16	PIMA MINE ROAD	30,000	24,584	2,185	2,040	2,040	1,526	2,200	2,200	2,200	2,200	2,040	1,540	2,039	1,700	17,645
17	LOWER SANTA CRUZ	30,000	45,647	3,847	3,800	3,800	674	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	34,200
18	GSF KAI - RED ROCK	11,231	1,000	0	0	0	0	0	0	500	500	0	0	0	0	1,000
19	T O T A L (USF + GSF):			6,600	6,760	14,388	15,955	28,090	22,738	24,713	37,048	36,110	24,957	28,800	34,296	161,218
20	Remaining CAP Capacity:			0	0	612	14,045	21,410	4,262	2,787	27,952	18,890	30,043	31,200	25,704	176,905

INTERSTATE WATER BANKING

Following approval of the 2005 Plan in December, there was a significant change in the water demands of many CAP customers resulting in a number of requests for remarketing of scheduled water. As a result of the remarketing requests, CAP informed the AWBA that more than 300,000 acre feet of water was available in 2005. In recognition of the financial constraints associated with intrastate storage in the Tucson and Pinal AMA, the 2005 Plan was amended to include interstate water banking in an effort to assist CAP and its customers fulfill the remarketing requests. As an added incentive to encourage groundwater savings facilities to increase their use of CAP water, the AWBA reduced the cost share portion of interstate water taken in 2005 to \$26 an acre foot. This was done in recognition of the extreme importance of full utilization of Arizona's Colorado River entitlement.

The quantity of water projected for interstate storage in 2005 is 161,218 acre feet as shown in Table 2. However, it should be borne in mind that facilities that agreed to accept additional water for interstate storage will not receive interstate water until such time as the quantity of intrastate water agreed upon in the original Plan has been delivered. Further, if facility capacity becomes available later in the year, additional storage may be done to assist the CAP in their attempts to insure that Arizona fully utilizes its 2.8 MAF entitlement. Therefore, the total quantity of interstate storage is somewhat dynamic but cannot exceed a quantity that would result in more than 200,000 acre feet of long-term storage credits in any year pursuant to the Storage and Interstate Release Agreement (SIRA) among the United States acting through the Secretary of the Interior, the AWBA, the Southern Nevada Water Authority (SNWA) and the Colorado River Commission of Nevada.

There exists the possibility that long-term storage credits previously earned by the CAP on behalf of Metropolitan Water District of Southern California may be available for purchase by the AWBA to meet the obligation to the SNWA. If credits become available, they will be purchased and transferred into the SNWA account to the maximum amount permissible under the SIRA.