Arizona Water Banking Authority

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December 18, 2012

Mr. Scott Miller
Active Management Area Director
Arizona Department of Water Resources
3550 N. Central Avenue
Phoenix, Arizona 85012

RE: Comments on Concept Paper "Enhanced Aquifer Management: Alternative Cut to the Aquifer"

Dear Mr. Miller:

The Arizona Water Banking Authority (AWBA) appreciates the opportunity to provide comments to the Department on its concept paper concerning modifications to the current five (5) percent cut to the aquifer provided as part of the Fouth Management Plan goals of enhanced aquifer management. While the AWBA supports the recovery of long-term storage credits (credits) in areas where the water was originally stored, there may be situations where recovery outside of the area of impact (AOI) may be beneficial for managing groundwater elevations in the Active Management Areas (AMA). In addition, by basing the cut to the aquifer on recovery locations, it could potentially impact certain provisions for Interstate Water Banking.

The AWBA recognizes that the concept paper may provide some entities flexibility for the storage and recovery of water for drought protection. It may also be useful to the AWBA when storing water for water management purposes. The Director of the Department can request that the AWBA extinguish credits accrued with groundwater withdrawal fees to improve aquifer health in certain areas. Although, rather than extinguishing these credits, the AWBA could also collaborate with its recovery agents to recover credits in areas suitable for recovery, i.e., areas with higher water elevations, and deliver that water for meeting the AWBA's firming obligations. In doing so, the AWBA would meet multiple goals and obligations simultaneously, thereby maximizing limited future water resources.

The concept paper identifies the AOI as within 1 mile of an underground storage facility (USF) or within the boundaries of a groundwater savings facility (GSF). Contrary to a USF, where water is added to the aquifer, storage at a GSF may not provide a hydrologic connection to the stored water given the expanse and actual irrigation locations within the GSF. There could in fact be locations within a GSF where recovery would hamper efforts to improve aquifer health. In these instances, the aquifer may benefit from recovery locations outside of the boundaries of the GSF if those areas satisfy the average decline rate of less than 4 feet per year. Given that the AWBA is not authorized to recover its credits and must rely on other entities as its recovery agent, these entities would be encouraged to recover water from within the AOI of the GSF to avoid losing the ability to recover the total amount of credits. Understanding that current recovery practices allow recovery in areas experiencing higher decline rates if they are within the boundaries of a GSF, depending on the location of that recovery, it could result in negative impacts to the aquifer. The AWBA would hope to encourage recovery in areas that would not cause additional impacts to the aquifer.

It is important to note that modifying the 5% cut could have unintended impacts to AWBA credits. The AWBA seeks to store water in areas that have current or potential future recovery capabilities thus allowing its credits to qualify for the minimum reductions. However, the AWBA does not have priority for storage capacity at these facilities. Storage by the AWBA is subject to storage capacity availability in a given year. In addition, the planned storage volumes at recharge facilities for that year can change due to unanticipated precipitation events or operational issues. In situations where storage capacity decreases, the AWBA must find other storage partners who can provide the needed capacity. It is possible these locations may not be in areas planned for future recovery, thus the AWBA could see an unintended decrease in the amount of credits that can be recovered for storage unrelated to drought, such as recovery for interstate purposes. Fewer credits would also mean fewer credits available for firming shortages which could result in more groundwater pumping.

For interstate storage, not knowing the quantity credits available until they are to be recovered will make it almost impossible for the AWBA to meet its reporting requirement under the Storage and Interstate Release Agreement (SIRA) between the AWBA, the Bureau of Reclamation and our interstate partners. The SIRA requires the AWBA to annually verify the amount of water stored for interstate banking and the credits assigned to the interstate subaccount based on that storage. The Bureau then incorporates the AWBA's numbers into its annual Article 5 accounting report. This report is the official accounting of Colorado River water activities for the preceding year. Not knowing the specific cut at the time of storage would not allow the AWBA to verify the credits developed as required by the SIRA. Another issue arises when storing the unused apportionment from another state such as Nevada. Pursuant to the interstate agreement the AWBA must make every effort to store the water in a manner that does not unreasonable allocate higher cost to its partner. Recognizing the AWBA priority at storage facilities and that interstate storage has the last priority within the AWBA, most of the interstate storage and recovery could occur at facilities that would be required to have the largest cuts. Increasing the cut would increase the unit cost to our interstate partners compared to other AWBA storage potentially putting the AWBA in a situation where it could be in violation of its interstate agreement.

The AWBA recognizes this concept could provide more flexibility in many case but feels that it may only complicate the AWBA accounting requirements both internally and with the Bureau of Reclamation. Recognizing the AWBA is already providing significant water management benefits, the AWBA would request the Department consider including future AWBA storage and recovery in the category that has no cut to the aquifer or if it is determined that a cut to the aquifer is needed that the cut be limited to 5%. Because AWBA Interstate storage is not providing drought protection, there should continue to be a cut to the aquifer, which would provide benefits to the aquifer. That cut should be 5% at the time of storage; this would allow the AWBA to meet its reporting requirements under the SIRA.

Thank you for the opportunity to comment on this concept.

Sincerely,

Virginia O'Connell

Virginia O'Connell, Manager
Arizona Water Banking Authority