

Discussion of Repeal of
A.R.S. § 45-802-01.22
The Water Bud Statute

Overview

2

- ARS § 45-802.01.22 limits issuance of Long-Term Storage Credits (LTSC) to stored **water** than cannot **be used directly**
- Enacted to further reduce groundwater mining in AMAs
- LTSC limits on water storers
 - ✓ **CAP water** – storers must first account for mined groundwater or deficit groundwater (Designated Water Providers); exceptions for pre-2011 mining users and Agricultural Improvement Districts
 - ✓ **Effluent** – up until 2025 LTSCs can be earned without regard to mined or deficit groundwater; thereafter LTSCs cannot be earned for storage of effluent
 - ✓ **Plan 6 Water** - LTSCs can be earned without regard to mined or deficit groundwater
 - ✓ **Groundwater Withdrawn for Mineral Extraction** – Can earn LTSCs by using groundwater, then sending it to irrigation districts in the same AMA, resulting in reduced pumping.

Background

3

- ❑ Water bud restrictions enacted in 1994
- ❑ Rationale – To address concerns about granting LTSCs to storers who also mine groundwater
- ❑ Meant to encourage reduction of groundwater overdraft in order to achieve safe-yield by replacing groundwater use with surface water use
- ❑ Complimented ADWR's Assured Water Supply (AWS) program

Jump Ahead Two Decades

- Nearly all cities in the AMAs have DAWWS and do not mine groundwater – they either use CAP water directly or store it for future use
- The storage and time-shifted recovery of effluent has proven to be a cost effective water management approach
- All water providers who could become designated have done so; remaining undesignated providers cannot fully utilize their CAP water because of Water Bud
- The benefit of Water Bud has run its course – it is now viewed as an impediment to AMA water management

Value of Long-Term Storage Credits

5

- Reliable future supply to firm low priority supplies or for use during drought
- Allows for time-shifted recovery (it's there when you need it; not a use it or lose it supply)
- Can be created in areas where growth is expected
- Rather than restricting LTSCs, the AMAs future water management programs should encourage recharge and recovery of LTSCs in appropriate locations

Benefits of a Repeal

6

- ❑ Removes barriers to greater utilization of CAP supplies by sub-contractors – primarily non-designated water providers
- ❑ LTSCs would offer non-designated water providers serving CAGR D member lands a hedge against future CAGR D costs/obligations
- ❑ Would ensure continued investment in effluent recharge programs
- ❑ Would assist NIA Priority CAP recipients in firming their CAP supplies

Concerns about Repeal

7

- Could reduce volume of excess water by $\approx 25,000$ af/yr
- Effect on Designated Providers
 - ✓ Elimination of Water Bud will not encourage additional groundwater pumping by non-designated providers adjacent to larger, designated providers
 - ✓ Maintenance of Designated Providers' AWS status will not be impacted

Impacts of Repeal

8

Active Management Area	Municipal Provider	CAP Allocation (af/year)	Unused CAP in 2012 (af)*	ADWR's NIA Reallocation Recommendation (af/year)	Total Potential for LTSC*** (af/year)
Phoenix AMA	EPCOR** – Agua Fria	11,093	2,274		2,274
	EPCOR – Paradise Valley	3,231	0		
	EPCOR – Sun City	4,189	0		
	EPCOR – Sun City West	2,372	0	1,000	1,000
	Arizona Water Company Superstition System (formerly Apache Junction)	6,285	3,056		3,056
	Arizona Water Company White Tanks	968	968		968
	Buckeye (City of)	25 (by 2034)	25	2,786	2,811
	Carefree Water Co.	1,300	821	112	933
	Cave Creek Water Co.	2,606	481	386	867
	Circle City Water Co.	3,932	3,932		3,932
	H2O Water Company	147	0	1,000	1,000
	Queen Creek (Town of)	348	0	3,162	3,162
	Rio Verde Utilities, Inc.	812	608		608
	Tonto Hills DWID	71	36		36
	Valencia Water Co.	43	43		43
	Water Utility of Greater Tonopah	64	64		64
Phoenix AMA Totals		37,486	12,308	8,446	20,754

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Pinal AMA	Arizona Water Company – Casa Grande/Coolidge Systems (consolidated - now Pinal Valley System)	10,884	9,216		9,216
Pinal AMA Totals		10,884	9,216		9,216
Tucson AMA	Avra Water Co-op	808	808		808
	Community Water Company of Green Valley	2,858	2,858		2,858
	Green Valley Domestic Water Improvement District	1,900	1,525		1,525
Tucson AMA Totals		5,566	5,191		5,191
TOTALS		53,936	26,715	8,446	35,161