

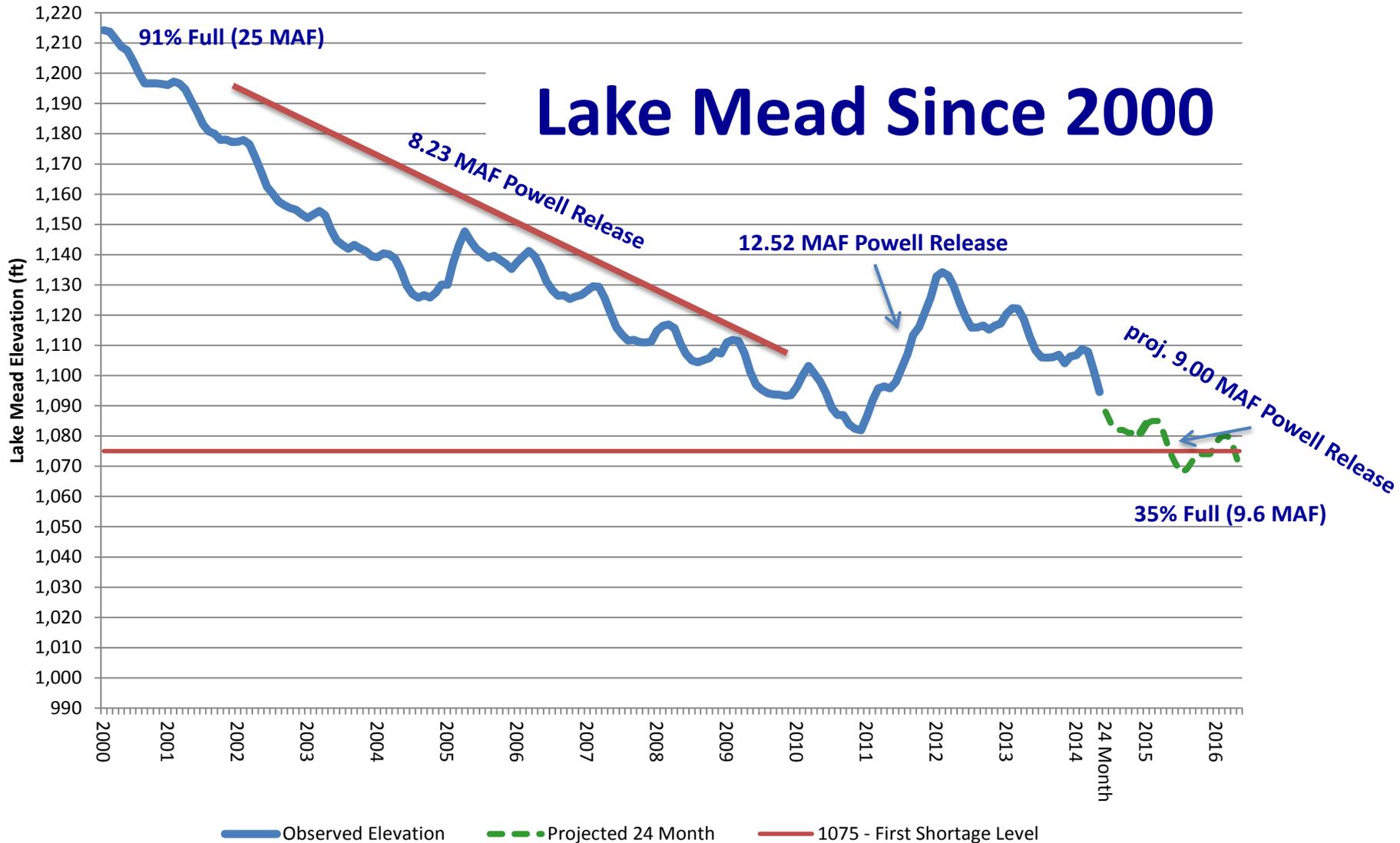


YOUR WATER. YOUR FUTURE.

Shortage Impacts to Arizona & Near and Longer-Term Risks

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April 22, 2015

Looming Shortage



Water Budget at Lake Mead

- Inflow = 9.0 maf
(release from Powell + side inflows)
- Outflow = - 9.6 maf
(AZ, CA, NV, and Mexico delivery
+ downstream regulation and gains/losses)
- Mead evaporation losses = - 0.6 maf
- Balance = - 1.2 maf

Given basic apportionments in the Lower Basin, the allotment to Mexico, and an 8.23 maf release from Lake Powell, Lake Mead storage declines about 12 feet each year

Impact of “Structural Deficit”

- Results in a decline of 12+ feet in Lake Mead every year when releases from Powell are “normal” (8.23 MAF)
- Undermines effectiveness of the 2007 Guidelines
- Drives Lower Basin to shortage
- CAP forced to bear obligations of others
 - Evaporation and other system losses
 - Lower Basin’s half of Mexican Treaty obligation

2007 Shortage Sharing Guidelines

- Arizona and Nevada share Lower Basin shortages under the 2007 Guidelines
- Mexico voluntarily agreed in Minute 319 to accept reductions in its deliveries at the same elevations

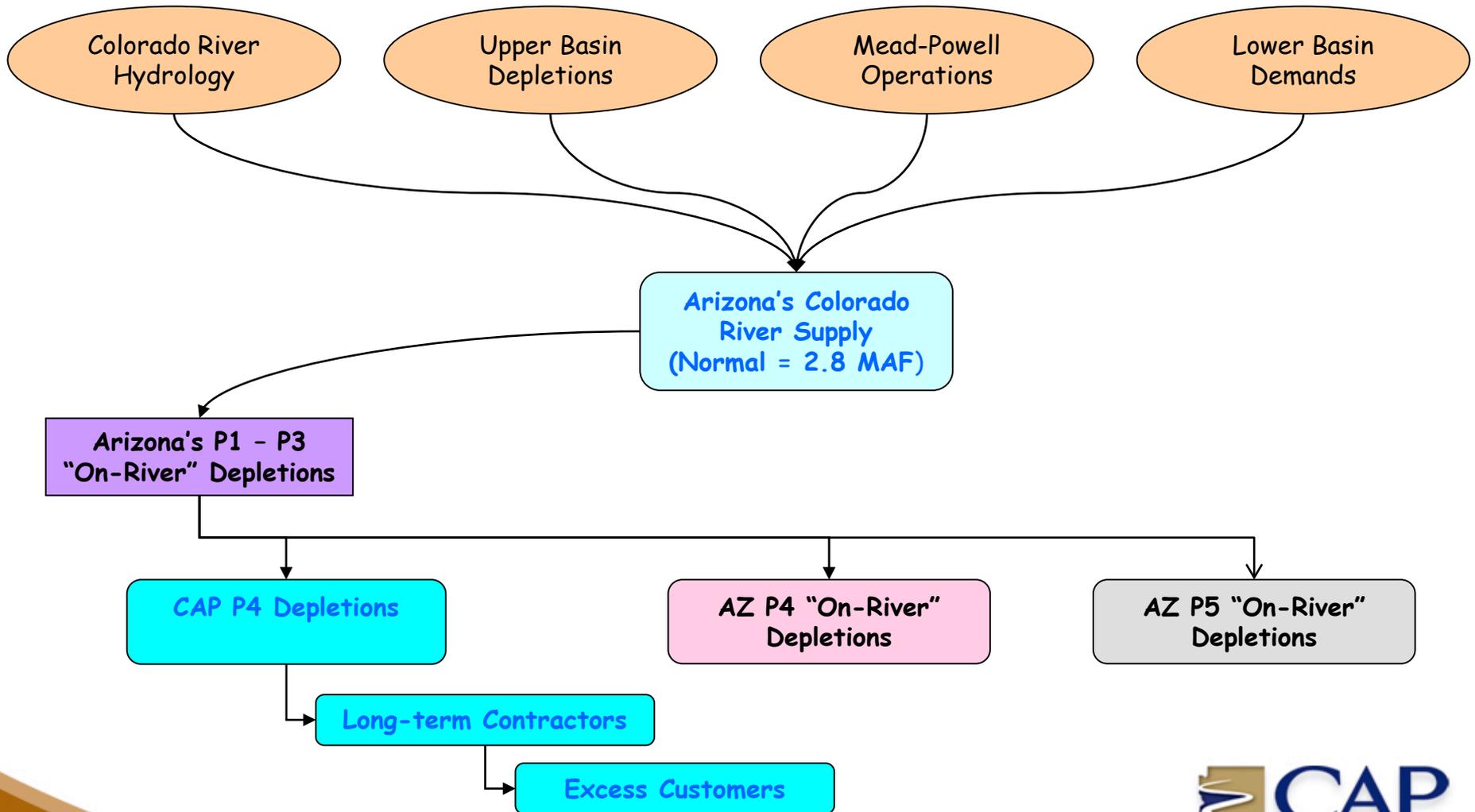
Lake Mead Jan 1, Elevation*	Arizona Reduction	Nevada Reduction	Mexico Reduction
1075'	320,000 AF	13,000 AF	50,000 AF
1050'	400,000 AF	17,000 AF	70,000 AF
1025'	480,000 AF	20,000 AF	125,000 AF

No reductions to California under '07 Guidelines



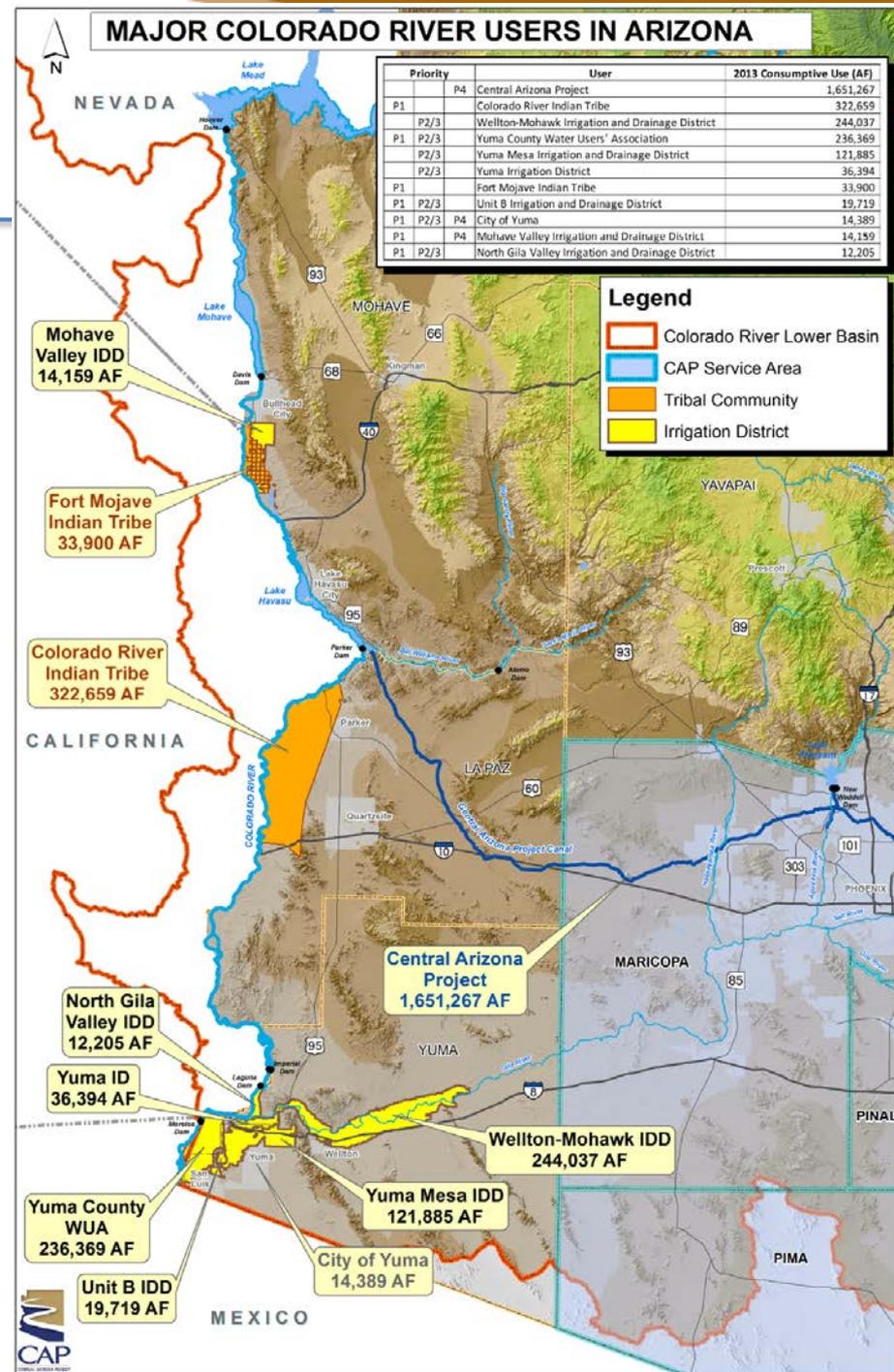
* Projected Jan 1 Elevation from August 24 Month Study

Lower Colorado River System Summary: Water Supply to Arizona & CAP



Arizona Colorado River Users Summary:

- Requires Delivery Contract
 - Sec V. Boulder Canyon Project Act
- Consumptive Use:
 - Diversions – Return Flows
- Arizona = 2.8 MAF CU
- Arizona Priorities:
 - P1 (e.g. CRIT & YCWUA)
 - P2/P3 (e.g. WMIDD & YMIDD)
 - P4 (e.g. CAP & MVIDD)
 - P5/P6 Excess & Surplus (e.g. CVIDD)
- CAP Unquantified Contract:
 - Access to unused Arizona supply



Impact of Shortage to Arizona Colorado River Users:

- Tier 1 Shortage = 0.320 MAF Reduction
 - Arizona $2.8 \text{ MAF} - 0.320 = \mathbf{2.480 \text{ MAF CU}}$
- Reduce P5 Diversions to 0
 - Current P5 users: AZ Game & Fish, AZ State Land, Hopi Tribe, APS, & CVIDD
 - Total '13 P5 Diversions ~ 5,500 AF
- Implement ADWR Director's P4 Shortage Sharing Recommendation (CAP & "On-River" P4 Users)
 - Shortage reductions fall to CAP