

# *Arizona Lower Basin Plan Implementation*



*Arizona Department of Water Resources*

*June 30, 2026*

# Meeting Logistics

- This meeting is being recorded through our virtual meeting platform (WebEx).
  - A copy of the WebEx recording will be posted on the Department's website when it is available.
- Please keep your phone or audio connection on mute.

# Meeting Outline

1. Welcome
2. Lower Division States' Proposal and Federal Framework
  - a. Background & Summary
  - b. Conservation actions
  - c. Discussion
3. AWBA firming and involvement in Lower Division proposal
  - a. AWBA statutory duties
  - b. Impacts on CAP M&I Subcontractors
  - c. Participation in 300+ Plan
  - d. AWBA Credit Distribution
  - e. Discussion
4. Process moving forward
  - a. AWBA Commission Meetings & ARC Process

# *Colorado River Discussions*



*Tom Buschatzke, Director  
Arizona Department of Water Resources  
June 30, 2026*



# *Lower Division States Proposal*

# Lower Division States' Proposal Elements

**The proposal is an integrated, non-severable package that encompasses:**

- Lower Basin Reductions
- Intentionally Created Surplus (ICS)
- Establishment of a Federal Water Resource Pool (i.e. tribal pool)
- Additional Lower Basin Conservation
- Lake Powell Releases
- Upper Initial Unit (UIU) Operations
- Infrastructure improvements, including to Glen Canyon Dam, as well as development of system projects

# Lower Basin Reductions

- Lower Basin reductions of 1.25 million acre-feet annually, allocated:
  - Arizona: 760 KAFY
  - California: 440 KAFY
  - Nevada: 50 KAFY
- Contributions may be reflected through reduced water orders or applying ICS subject to limitations. Those limitations may include:
  - Lower Basin States to collectively limit total use of ICS for deliveries or to offset reductions over the three-year period, 2026-2028, to no more than 800 KAF, with no more than 400 KAF in any single year.
  - Based on discussions with the US, we expect Mexico to take reductions of 250KAFY
  - Contractors with ICS accounts may offset inadvertent overruns in any year subject to a 25 KAF state limit, which is in addition to the limits stated above.
  - The SOI may deny a request for ICS if the use of ICS results in Lake Mead falling below 1,000' elevation
- If most probable projection of any 24-MS shows Lake Mead < 1,010', Reclamation will consult with the Lower Division States for additional actions required to protect elevation 975'

# Lower Basin Reductions & Additional Conservation

	Arizona	California	Nevada	Total Lower Division States
<b>2027</b>	<b>760 KAF</b>	<b>440 KAF</b>	<b>50 KAF</b>	<b>1,250 KAF</b>
<b>2028</b>	<b>760 KAF</b>	<b>440 KAF</b>	<b>50 KAF</b>	<b>1,250 KAF</b>
<b>Total Reductions 2027-2028</b>				<b>2,500 KAF</b>
<b>Additional Conservation 2027-2028</b>	<b>300 KAF</b>	<b>300 KAF</b>	<b>100 KAF</b>	<b>700 KAF<sup>1</sup></b>
<b>Total Reductions and Conservation</b>	<b>1,820 KAF</b>	<b>1,180 KAF</b>	<b>200 KAF</b>	<b>3,200 KAF</b>

<sup>1</sup>The Lower Division States anticipate working to a target of a cumulative contribution of at least 1 MAF if possible.

# Lower Basin Conservation

- Lower Division States intend to work to exceed the minimum, if possible, to target a cumulative contribution of at least 1 MAF
- Lower Division States' contributions are contingent on the deployment of Federal funding
- \$354M anticipated from the US toward system conservation water
  - Cost share between Federal government and Lower Basin
    - ❖ Potentially contributed water at no cost
    - ❖ Discounted prices from IRA Bucket 1 Agreements
- Reclamation will account for all additional system conservation separately in its Decree Accounting Report and will apply annual evaporation losses of 3% to the total volume

# Federal Water Resource Pool

- Establish a new conservation pool in Lake Mead to ensure the federal government can meet trust commitments to Indian Tribes in Arizona
- Federal Water Resource Pool will be a federal responsibility
- Arizona tribe(s) will contribute water to the Federal Water Resource Pool
- No Lower Division State contribution to the Federal Water Resource Pool
- Some existing ICS from the Federal section of the Arizona ICS account will be transferred to the Federal Water Resource Pool
- Federal Water Resource Pool will be accounted for within the ICS limitations for Arizona and will not be operationally neutral

# UIU / Powell to Mead Releases

- For WY 2027, an expected 6 MAF release from Powell to Mead
- The 24-Month study for WY 2027 Powell to Mead release will include a 1 MAF UIU release
- An adjustment to WY 2027 Powell to Mead release may occur in either direction
- For WY 2028 the Powell to Mead release will be made commensurate with a UIU release to Lake Powell
- The target elevation for Lake Powell protection is 3,510'

# Summary

- Reclamation encouraged the Lower Division States to find a consensus proposal and provided constructive input to avoid fatal flaws
- Lower Division States continue to work with Reclamation to refine elements of the proposal, including:
  - Powell-Mead Releases
  - Intentionally Created Surplus
  - UIU Releases
- The Proposal preserves Lower Division States' ability to enforce legal rights, including Compact requirements.



# *Federal Government's Preliminary Preferred Alternative*

# Preliminary Preferred Alternative Summary

- Upper and Lower Basin States have not reached consensus on future operating guidelines at this time
- Reclamation is considering a 10-year framework with new operational guidelines every 2 years
  - Implemented under existing law or consensus agreement(s)
  - The Lower Basin continues to advocate for its WY 2027/2028 plan
- The Guidelines would be subject to sideboards and principles within the range of alternatives analyzed in the forthcoming EIS:
  - Powell- Mead release ranging from 5-12 MAF/Year
  - Lower Basin reductions (US only) – Up to 3 MAF per year
  - Maximum use of UIU release within their respective RODs
  - Powell storage: 3 MAF, Mead storage: 8 MAF

*Arizona Water Banking Authority's Statutory Firming Duties*  
*Arizona Revised Statutes, §§ 45-2457 & -2491*



*R. Jeffrey Heilman*  
*Deputy Counsel*  
*June 30, 2026*

# Three Categories of Funding

What AWBA may or must do with a credit depends entirely on the **funding source** that paid for it. Every credit is accounted for according to its funding source.

1. LTSCs accrued or purchased with **general fund appropriations**. (A.R.S. § 45-2457(B)(2)-(4))
2. LTSCs accrued or purchased with **groundwater withdrawal fees** collected in the Phoenix, Pinal and Tucson AMAs. (A.R.S. § 45-2457(B)(6))
3. LTSCs accrued or purchased with CAWCD **ad valorem tax monies**. (A.R.S. § 45-2457(B)(7))

# General Fund Appropriations LTSCs

## A.R.S. § 45-2457(B)(2)-(4)

1. AWBA **may** distribute these LTSCs:
  - a. To make water available to an M&I user of Colorado River water outside of CAWCD's service area if the M&I user would otherwise suffer a water shortage. (A.R.S. § 45-2457(B)(2)(a))
  - b. To make water available to CAWCD to the extent necessary for CAWCD to meet the demands of its M&I subcontractors, if CAWCD's normal diversions from the Colorado River have been or will be disrupted by shortages on the river or by disruptions in the operation of the CAP. (A.R.S. § 45-2457(B)(2)(b))
2. AWBA **may** distribute or extinguish these LTSCs to implement the settlement of water right claims by Tribal communities in the state. (A.R.S. § 45-2457(B)(3))
3. AWBA **may** distribute or extinguish these LTSCs to fulfill the water management objectives set forth in the Groundwater Code (Chapter 2, Title 45), on request from the Director. (A.R.S. § 45-2457(B)(4))

# Groundwater Withdrawal Fee LTSCs

A.R.S. § 45-2457(B)(6)

AWBA may distribute or extinguish these LTSCs:

1. To the extent necessary to meet the demands of CAWCD's M&I subcontractors during times in which CAWCD's diversions from the Colorado River have been or will be disrupted by shortages on the Colorado River or by disruptions in operation of the CAP.
2. To implement the settlement of water right claims by Tribal communities in the state.
3. On request from the Director, to meet the other water management objectives set forth in the Groundwater Code ([Chapter 2, Title 45](#)).
4. To acquire LTSCs for replenishment purposes under the Gila River Indian Water Rights Settlement Program (applies only to Pinal AMA withdrawal fees).

# Ad Valorem Tax Monies LTSCs

A.R.S. § 45-2457(B)(7)

AWBA shall distribute these LTSCs to CAWCD or to CAWCD's M&I subcontractors *“to the extent necessary to meet the demands”* of CAWCD's M&I subcontractors during times in which CAWCD's diversions from the Colorado River have been or will be disrupted by shortages on the Colorado River or by disruptions in the operation of the CAP.

# Questions for AWBA to Answer

*“[T]o the extent necessary to meet the demands”*

- What is the extent necessary?
- What “demand” means: reduction vs. actual use

There are no individual deposits to which CAWCD or subcontractors have claim and the AWBA has numerous statutory functions to balance.

# March 2019 DCP Policy Statement

- **AWBA March 2019 DCP Policy Statement** declared: “During the Interim Period, the AWBA will distribute [LTSCs] pursuant to [A.R.S. § 45-2457\(B\)\(7\)](#) to meet all reductions to scheduled CAP M&I Priority Water due to a Shortage Condition or required DCP Contributions.”
  - **Temporally limited**: The policy established that AWBA was exercising its discretion to firm “all reductions” but **only** for the Interim Period (through 2026).
  - “By adopting a policy for the Interim Period, the AWBA will benefit from learning more about CAP M&I Priority Water uses during Shortage Conditions, including required DCP Contributions, and the best way to meet demands of the CAP M&I Subcontractors during the longer term. The actual operating experience gained during the Interim Period, as well as the determination of Colorado River operations after the Interim Period, *will inform future policies.*” [March 2019 DCP Policy Statement, at 2](#)

# Tribal Settlement Firming

A.R.S. § 45-2491(A)

- The Bank “shall” act as an agent for the State to deliver water in times of shortage for the State’s Tribal firming obligations, but “**may**” store water, buy credits, or contract to meet them.
- This firming is being exercised currently to meet the State’s firming obligations to the Gila River Indian Community.

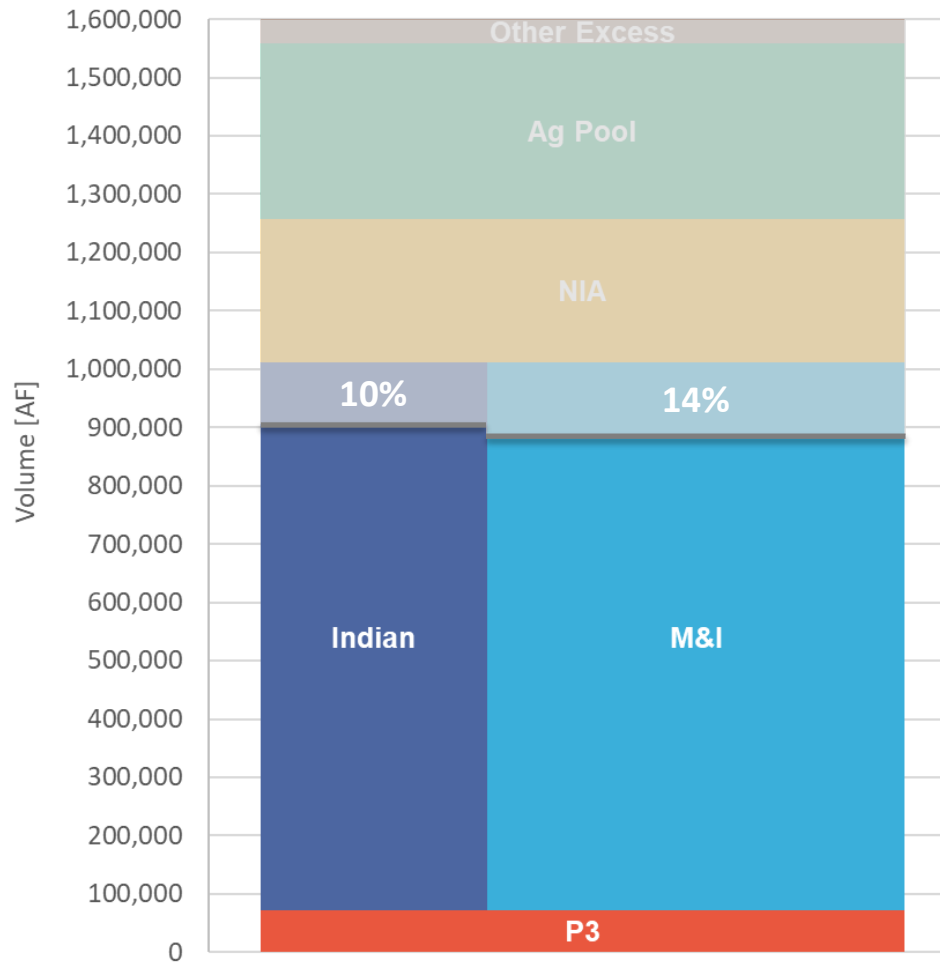


**YOUR WATER. YOUR FUTURE.**

## **CAP Supply**

Patrick Dent  
Assistant General Manager, Water Policy  
CAP

# CAP Impact of Colorado River Reductions



*Preliminary analysis; subject to USBR approval*

- Assuming a 760KAF reduction to Arizona's Colorado River supply:
  - Estimated 20% cut to M&I Priority
- CAP is working to identify additional resources to lower that for 2027:
  - Reduced the estimated cut to M&I Priority to 14%

# Estimated CAP 2027 & 2028 Delivery Supply (KAF)

		2027 / 2028
CAP Supply	Pre-Shortage Diversion Volume	1,670
	Average Losses	(75)
	Additions to Base Supply <sup>1</sup>	60+
	Reduction to P4 <sup>2</sup>	(760)
	CAP Delivery Supply	895
Available Supply	P3	68.4
	Indian Priority	301
	M&I Priority	526
	NIA Priority	0
Percent Available	Indian Priority	<b>90%</b>
	M&I Priority	<b>86%</b>
	NIA Priority	0%

Assumptions:

1. 20 KAFY from Yuma wells and 40 KAFY from Lake Pleasant
2. Portion to On-River P4 TBD

Shortage %	Previous	Updated
Indian Priority	16%	<b>10%</b>
M&I Priority	20%	<b>14%</b>

*Preliminary analysis; subject to USBR approval*





**KNOW YOUR WATER**

**Thank you**

# *AWBA Firming & Involvement in LB Proposal*



*Madeleine Oliver, WRS2  
Arizona Water Banking Authority  
June 30, 2026*

# AWBA

- AWBA participation in the 300+ conservation plan may consist of possible LTSC distribution to CAP M&I subcontractors who are contributing to Lake Mead
  - Independent of firming intended for the initial 760 KAF shortages included in Lower Basin Proposal
- The distribution of AWBA LTSCs for subcontractors accruing or creating LTSCs by storage will be a subject of further discussion
- Due to ongoing refinements of the proposal and plan, AWBA actions have not yet been confirmed

# AWBA Credit Distribution

- 2023 AWBA Stakeholder Engagement Process
  - Conducted at the request of AWBA Commission Chair
  - Initiated over concerns regarding DCP policy impacts on AWBA LTSCs distribution and duration.
  - Notes and comments compiled through this process were filed and discussions paused in recognition of the sensitive nature of interstate negotiations for future Colorado River operations
- Today's context
  - Impending expiration of Colorado River operating guidelines, combined with continued uncertainty of Post-2026 operations
  - Impending shortages and increasing likelihood of drier future hydrology on the Colorado River make the duration and efficacy of AWBA support for CAP M&I subcontractors even more vital

# AWBA Credit Distribution

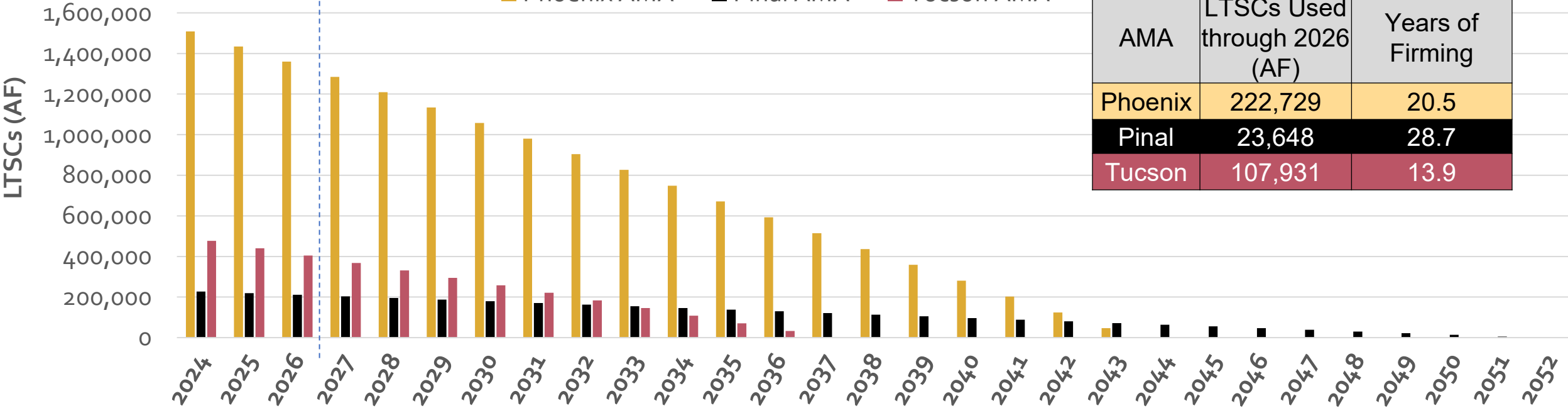
- In 2023, two background scenarios were evaluated for the potential use of LTSCs during the Interim Period (2024 through 2026):
  - Illustrative planning tool of firming up to 20% of demand reductions
  - Firming 100% of demand

# Firming 20% of Projected Demand

Long-Term Storage Credits Remaining Annually  
(Full build-out in 2035)

15% LTSCs Used

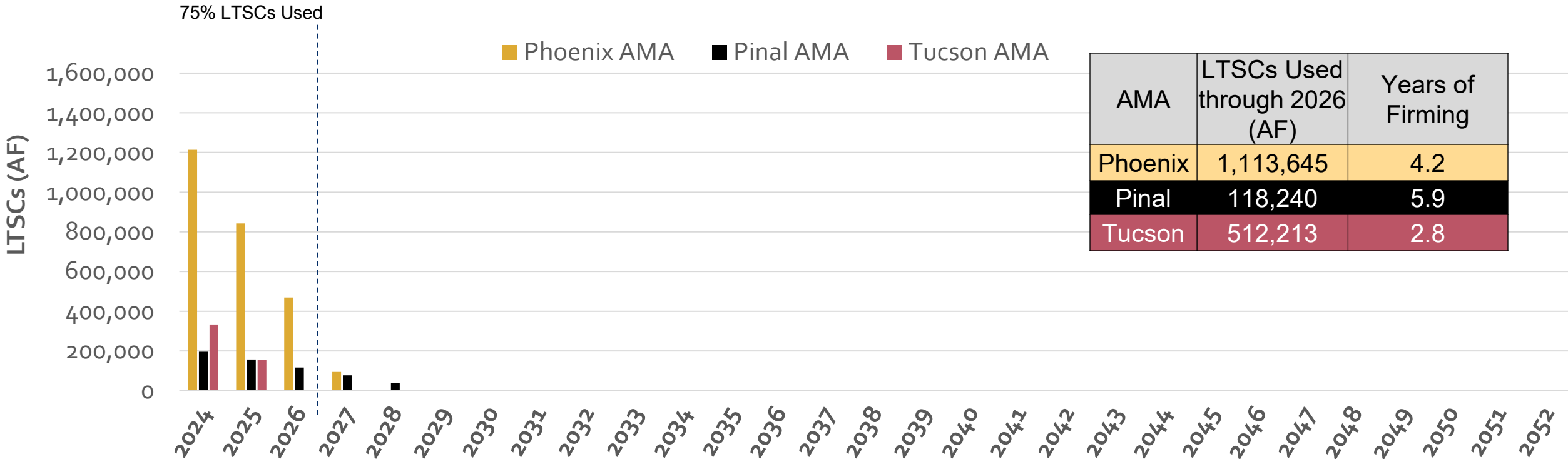
Phoenix AMA Pinal AMA Tucson AMA



AMA	LTSCs Used through 2026 (AF)	Years of Firming
Phoenix	222,729	20.5
Pinal	23,648	28.7
Tucson	107,931	13.9

# Firming 100% of Projected Demand (No CAP Water Available)

Long-Term Storage Credits Remaining Annually  
(Full build-out in 2035)



# AWBA Credit Distribution

- 2023 Summary of Background Scenarios
  - Scenarios indicated AWBA may use 15% to 75% of LTSCs within 3 years depending on supply reduction volumes
  - LTSCs in the Tucson AMA may only last an estimated 13.9 years if AWBA firms up to 20% of potential reductions and 2.8 years if AWBA firms up to 100%
- Moving forward, balancing near-term and long-term firming by the AWBA will be a key element for a decision by the AWBA

# Firming percentages and recovery

- To date, the planning assumption has been a maximum firming percentage of up to 20%. This has been a tool and does not represent an AWBA policy decision by the Commission
- Firming percentage for CAP M&I is not yet determined by AWBA Commission
- The AWBA does not have ability to recover LTSCs.

# Process Moving Forward



- *AWBA Commission Meetings*
- *Arizona Reconsultation Committee Process*