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January 25, 2021

Ms. Jacklynn Gould, Acting Director
Lower Colorado River Region
United States Bureau of Reclamation
Boulder City, Nevada

Dear Acting Regional Director Gould,

We write to inform you regarding the means through which Arizona anticipates the U.S. Bureau of Reclamation (Reclamation) would implement reductions to Arizona's Fourth Priority Section 5 contractors during a declared shortage. The methods are contained in the Arizona Department of Water Resources (ADWR) Director's Shortage Sharing Workgroup Recommendation, which was expressed in 2006.

The need for Fourth Priority shortage sharing within Arizona arises from the fact that the mainstream diversion contracts are quantified, (totaling 164,652 AF), while the Central Arizona Water Conservation District's (CAWCD) contract is unquantified and eligible to divert all the Colorado River water available under Arizona's Lower Basin apportionment, less the use by equal or higher priority users. As you are aware, in 2005 the Arizona Department of Water Resources engaged in a public process to address shortage sharing within the Lower Basin, and between CAWCD and mainstream P4 contractors. The result of that process was the 2006 Director's Shortage Sharing Workgroup Recommendation. Reclamation incorporated the Recommendation's entitlement-based methodology for Arizona P4 shortage sharing into the EIS for the 2007 Interim Surplus Guidelines.¹ Further, former Regional Director Fulp in 2013 acknowledged the approach is reasonable.

The essence of the Director's Recommendation for P4 shortage sharing is a series of calculation steps that results in a "Shortage Reduced Water Supply" for the mainstream P4 contractors. That formula provides important clarity when the calculated Shortage Reduced Water Supply is less than the volume scheduled by mainstream P4 contractors. Current use by mainstream P4 contractors is lower than was projected at the time. Thus, under Tier 1 and Tier 2 conditions the calculation results in a Shortage Reduced Water Supply that is greater than the sum of the water scheduled for diversion by mainstream contractors. This outcome was not expressly

¹ Appendix G, "Shortage Allocation Model Documentation," Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead – Final Environmental Impact Statement, November 2007.

contemplated in the development of the Recommendation, hence the need for further implementation clarity.

As we have discussed with Reclamation on several occasions, it is the view of both ADWR and CAWCD that if the Shortage Reduced Water Supply is greater than the sum of the water scheduled for diversion by mainstream P4 contractors, the shortage reduction falls exclusively on CAWCD, even if some individual mainstream P4 contractors are fully utilizing their entitlements. This “pool” approach implicitly acknowledges the shortage impact to CAWCD’s water supply is partially attenuated by the lower levels of utilization by the mainstream contractors.

The pool-based approach reflects the intent of the Arizona parties in 2005 and is fully consistent with a uniform and equitable administration of shortage among all mainstream contractors. If the Shortage Reduced Water Supply is sufficient, all P4 mainstream schedules are met; if the Shortage Reduced Water Supply is insufficient, schedule reductions are made on the basis of P4 mainstream contract entitlements until the scheduled water is equal to the Shortage Reduced Water Supply.

We intend to reiterate and further explain the methodologies contained in the Recommendation during a joint ADWR/CAWCD Shortage Sharing Workshop in late April or early May. The substance of the Recommendation will receive elaboration as part of program discussing hydrology, the ways through which shortage reductions will be effected and mitigation measures. Relating to the content of the Recommendation, it is critical all Fourth Priority Contractors in Arizona, including CAWCD, have certainty concerning the implementation of the reductions. We, moreover, are utilizing the Director’s Recommendation in our current efforts to model in preparation for the eventuality of a Drought Contingency Plan shortage and intend to use the Recommendation in future modeling in this context. We also intend to utilize the Recommendation to model scenarios in support of our efforts to identify, refine and eventually advocate Arizona’s position during the Reconsultation process.

Sincerely,



Thomas Buschatzke
Director
Arizona Department of Water Resources



Theodore C. Cooke, D.B.A
General Manager
Central Arizona Water Conservation District