

Task Team – CAGRD/ADD Water Relationship

July 14, 2010

Annotations to Clarifying Question 26 – How Does ADD Water Work With CAGRD?	Notes
1. CAGRD is eligible to obtain a water service contract for ADD water that entitles it to delivery of a specified amount of water for a specified period of time, but not a specified source of supply.	Corresponds to Clarifying Question (“CQ”) 3, Emerging Consensus (“EC”) 1; CQ 14, EC 1.
2. CAGRD is eligible for any class of ADD water contract including: long-term or short-term service, interruptible or spot market.	Corresponds to CQ 4, EC 1.
3. CAGRD can use ADD water under its contract for legal purposes under applicable state and federal law, including underground storage and recovery and replenishment.	Corresponds to CQ 11, EC 1. Specifically refers to replenishment, which differs from CQ 11, EC 1.
4. To opt into the ADD Water program, CAGRD must sign an ADD water contract and comply with all financial requirements either described in the contract or otherwise due at the time the contract is signed.	Corresponds to CQ 5, EC 1.
5. CAGRD members can take advantage of the same financial mechanisms used by other ADD water contractors. How those costs will be paid by member of the CAGRD will depend on how the CAGRD finances its ADD water contract.	First sentence corresponds to CQ 17, EC 7. Second sentence is new.
6. CAGRD must use its ADD water inside the CAP’s three county service area.	Corresponds to CQ 11, EC 1. Differs for CQ 11, EC 4 in that CAGRD is cannot take advantage of exception (C).
7. If the CAGRD does not use its entire contract amount, it should not be able to market the unused supply to others.	Corresponds to CQ 16, EC 2.
8. CAGRD may not independently assign any part of its ADD water contract to another entity.	Corresponds to CQ 6, EC 1.
9. If CAGRD decides to opt-out of a portion of its ADD water contract, then a water provider serving member lands or a member service area will hold the first priority for receiving the assigned contract if the assigned water will be substituted for excess groundwater pumping and will reduce the CAGRD’s replenishment obligation.	Corresponds to CQ 6, EC 5. Differs in that it doesn’t mention the other priorities listed in CQ 6, EC 5.
10. If an ADD water contractor decides to opt-out of its contract and CAGRD is required to replenish excess groundwater delivered within the assigning contractor’s service (or development) area, the CAGRD holds a priority to the assigned water that is second only to any entity assuming or that has responsibility to deliver the water within the assignment contractor’s service (or development) area.	Corresponds to CQ 6, EC 4. Differs in that it doesn’t mention the other priorities listed in CQ 6, EC 5.

<p>11. CAGRD is not restricted to obtaining ADD water contracts only. CAGRD may secure water supplies independently (e.g, contracts for effluent).</p>	<p>This Emerging Consensus is not reflected in other Clarifying Questions.</p>
<p>12. Like other ADD water contractors, CAGRD would have the first right of refusal to unused ADD water supplies.</p>	<p>Corresponds to CQ 16, EC 3.</p>
<p>13. During a shortage, CAP would not deliver water to the CAGRD for any spot-market or interruptible ADD water contracts.</p>	<p>Corresponds to CQ 12, EC 1.</p>
<p>14. CAGRD will pay two fixed postage stamp OM&R rates.</p> <ul style="list-style-type: none"> -- ADD water contractors will pay an ADD water fixed OM&R rate designed to cover OM&R costs tied to clearly separable and identified ADD water assets. Any fixed OM&R costs that are not based on clearly separable and identifiable ADD water assets will be incorporated into the existing CAP fixed OM&R rate and paid by both existing CAP customers and ADD water contractors. -- ADD water contractors will also pay their share of the existing CAP fixed OM&R rate. 	<p>Corresponds to CQ 22, EC 1.</p>
<p>15. CAGRD will be required to pay fixed OM&R costs for water scheduled for delivery whether taken or not. CAGRD would be relieved of this obligation only to the extent that CAP, or the CAGRD, is able to find another customer for any unused water.</p>	<p>Corresponds to CQ 22, EC 2.</p>
<p>16. As a result of the Project Wheel, the CAP Board approved an interim set-aside of CAP aqueduct capacity for CAGRD totaling 105,000 AF/year. This volume was based on CAGRD’s projected annual replenishment obligation for members enrolled through 2015, the majority of which are already enrolled (therefore limiting the amount of “up-front funding” that can be generated from those members). Under this proposal, CGARD would maintain its right to use up to an average of 105,000 AF per year of CAP aqueduct capacity for the transportation of Interruptible ADD Water. Transportation of this Interruptible ADD Water must be accomplished without harm to CAP contractors and subcontractors and my be transported through the additional capacity developed under the ADD Water program only if that capacity is not needed to meet Long-Term and Short-Term ADD Water contract demands. In other words, CAGRD’s Interim Set-Aside capacity will be replaced with a commitment for use of the space “in between” CAP deliveries and ADD Water Long and Short-Term contract deliveries. Thus, the availability of capacity under CAGRD’s set-aside is subject to reduction from year-to-year (possibly to zero) due to (1) surplus declaration on the Colorado River, or (2) canal outages required for repair or maintenance. Rights granted under this set-aside to not limit CAGRD’s ability to contract for Long and Short-Term ADD Water service under the same terms as other ADD Water contractors.</p>	<p>This Emerging Consensus is not reflected in other Clarifying Questions.</p>

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Approved Consensus Items

1. CAGRD should be able to contract for ADD Water to meet replenishment obligations for pre-ADD CAGRD members. (Approved 8/23/10)
2. Pending implementation of an ADD Water program, CAGRD should carry out the water supply acquisition plan identified in its current Plan of Operation, but, all things being equal, CAGRD would hold off on attempts to acquire on-River supplies and focus on other sources first. Decision is needed on what constitutes 'implementation of an ADD Water program'. (Approved 8/23/10)
3. If CAGRD will be able to purchase or acquire rights to Project water after ADD is in place, others should be able to as well. (Approved 8/23/10)

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Questions Referred to “Big” Group

1. What sources of water are available for ADD Water? May ADD Water acquire project supplies – Indian leases, NIA water and other project water? May ADD Water acquire water from within the three-County area, such as effluent or brackish groundwater?
2. How does the concept of pooling ADD Water supplies work, particularly in the context of proving an assured water supply based on ADD Water supplies?