Arizona Water Settlements Act (AWSA)

- Title I – Central Arizona Project Settlement *(Established the Development Fund as the Funding Mechanism for Settlement Purposes)*

- Title II – Gila River Indian Community Water Rights Settlement

- Title III – Southern Arizona Water Rights Settlement

- Title IV – San Carlos Apache Tribe Water Rights Settlement
Funding Priorities - Section 107 of AWSA

• First – (A) Fixed OM&R payments for Tribal CAP Water Use

• Second – (B) Gila River Indian Community
  • OM&R Trust Fund – Paid 2010

• Third – (C) Gila River Indian Community
  • SCIP rehabilitation
Funding Priorities - Section 107 of AWSA

• Fourth - (D) w/o regards to priority
  - (i) New Mexico Unit Fund (To be paid first)
  - (ii) New Mexico Unit Construction
  - (iii) CAP Distribution Systems
    • GRIC – Pima Maricopa Irrigation Project
    • San Carlos CAP Project
    • SAWRSA Sec 304
  - (iv) SCIDD – SCIP rehab
  - (v) Section 213(g)(1) and 214 and SAWRSA Amendments
  - (vi) Future Indian Water Settlement Subaccount
  - (vii) Gila River Gages - CUFA
  - (viii) Secretary’s Implementation Costs
• (i) to make deposits totaling $66,000,000 adjusted…….10 equal annual payments beginning in 2012
  – For NM Unit or other water utilization alternatives

• (ii) upon satisfaction of subsections 212(j) and (k) .....min. $34,000,000 and max. $62,000,000 ....
New Mexico Unit Funding

• 212(j) Additional funding for New Mexico Unit...on a construction schedule basis, up to a maximum amount of $34,000,000, as adjusted...upon satisfaction of the conditions that-

  – Notice – NM Unit
  – Record of Decision (NLT Dec. 31, 2019 unless extended)
New Mexico Unit Funding

• 212(k) Rate of Return exceeding 4% -
If the rate of return on carryover funds held in the Lower Colorado River Basin Development Fund on the date that construction of the NM unit is initiated exceeds an average effective annual rate of 4%.....
Development Fund Balances

- January 2010 – Approx. $500 million
- January 2016 – Approx. $304 million
### Annual Source of Revenues

- **Central Arizona Project Repayment**

  (shown in Thousands)

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<th>Year</th>
<th>Amount</th>
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- **Interest bearing Account**
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<th>San Xavier Buyout</th>
<th>Cooperative Fund</th>
<th>Safford Loan</th>
<th>SRP HCP</th>
<th>UVD Rights Red</th>
<th>Env. Compliance</th>
<th>Firming Costs</th>
<th>Other SAWRSA Costs</th>
<th>Future Settlements</th>
<th>Gila Valley Irrig. Distr.</th>
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Notes:
1. These costs are escalated costs and are included only for comparison with other costs in this exhibit and are not to be used for funding purposes.
2. The percentages are calculated as a ratio of the unescalated total funding. Funding for these activities will be based on the percentages shown in these columns.
3. These costs are based on estimates made using the best available information at the time the estimates were made. Accordingly, the estimates may be adjusted as needed to reflect costs at the time the work is done.
4. These costs are to be funded pursuant to the schedule set forth in this column and are subject to adjustment as provided in subpar. 29.3 of the Settlement Agreement.
5. The priority of funding is as set forth in section 403(f)(2)(D) of the Lower Colorado River Basin Projects Act (as amended). New Mexico first phase funding is not subject to adjustment in the event of shortfalls in the fund.
Important Factors

- San Carlos Apache CAP IDD System
- Construction Schedules
- Actual Cost indices
- Fixed OM&R rates and delivery amounts
- Investments
- Future Indian Water Settlements
Efforts to Sustain / Improve Development Fund

- TWG Agreement - Interior committed to make available not less than $10 million/year to fund fixed OM&R costs for Tribes that would otherwise be payable from the Development Fund.

- Deferred Indian Settlement Sub-Account Deposits

- Investment Management

- Appropriations?
Questions?