

APPENDIX A

ADWR CORRESPONDENCE RELATED TO TRANSFER EVALUATIONS

ARIZONA DEPARTMENT OF WATER RESOURCES

Colorado River Management Section

500 North Third Street, Phoenix, Arizona 85004-3903

Telephone 602 - 417-2442

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JANE DEE HULL
Governor

JOSEPH C. SMITH
Director

June 10, 2002

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JUN 12 2002

GROUNDWATER
REPLENISHMENT DIST

Mr. J.D. Campbell
West End Water Company
9098 W. Pinnacle Peak Road
Peoria, Arizona 85382

RE: Preliminary Recommendation for the Transfer of West End Water Company's (West End) Central Arizona Project (CAP) Subcontract to the Central Arizona Groundwater Replenishment District (CAGR)

Dear Mr. Campbell:

Attached is a copy of the Arizona Department of Water Resources' (Department) evaluation of the proposed transfer of the West End's CAP subcontract to the CAGR. The Department applied its CAP transfer policy to the proposed action to determine the preliminary transfer recommendation that is presented at the conclusion of the document. The Department will issue its final recommendation after the Department and all other parties have reviewed and approved the final subcontract and supporting documents.

Please review the attached analysis and recommendation. If you have any comments, please provide them to the Department.

If you have any questions, please contact me at 602-417-2442.

Sincerely,

Tricia McCraw
Environmental Program Planner

Enclosure

c: Greg Wallace, Assistant Director, ADWR
Jan Ronald, Attorney, ADWR
Tom Delgado, Attorney, CAP
Cliff Neal, CAGR

Evaluation of the Transfer of West End Water Company's Central Arizona Project Allocation

I. Background

In February 2000, New River Utilities (New River), Sunrise Water Company (Sunrise) and West End Water Company (West End) initiated the process to transfer their Central Arizona Project (CAP) allocations to the Central Arizona Groundwater Replenishment District (CAGRDR). Included in the proposed transfer are 1,885 acre-feet from New River, 944 acre-feet from Sunrise and 157 acre-feet from West End.

Following the public notification period for the transfer, the Town of Carefree (Carefree) and Arizona Water Company (AWC), on behalf of its Apache Junction and White Tanks water systems, requested that they be considered during the evaluation.

In accordance with the Section IV of the Decision Guidelines of the Department's 1996 CAP transfer policy, the applicants were evaluated according to the priorities that applied to them. Upon review of each applicant's request and the supporting information that they supplied to the Department, the applicant's various water demands were evaluated using the priority 2, 4 and 5 criteria.

Because it proposed to recharge the entire 2,986 acre-feet of CAP water at the Aqua Fria Recharge Project facility (AFRP), the CAGRDR requested consideration under priority 2. To determine whether the CAGRDR qualified for recommendation under this priority for one or more entities, the Department had to determine if recharge at the AFRP could physically replace the groundwater that would continue to be withdrawn from each entity's service area. Utilizing two groundwater flow models it was determined that the AFRP would assist in mitigating some of the projected groundwater decline. However, it was determined that the recharge facility was limited to physically replacing pumped groundwater within approximately a 6-mile radius of the facility. The Sunrise, New River and West End service areas are located 1.5, 3.5 and 13 miles from the facility, respectively. Therefore, recharge at the facility could directly offset groundwater withdrawals within New River and Sunrise's service areas but not groundwater pumping within West End's service area.

As a result of the evaluation, the CAGRDR qualified to have New River and Sunrise's entire CAP entitlement (2,829 acre-feet, total) transferred to it under priority 2. It did not qualify for West End's 157 acre-feet, so the transfer of West End's entitlement was further evaluated according to subsequent priority criteria.

Upon conclusion of this portion of the evaluation, it was determined that Carefree qualified to receive 100 acre-feet of West End's entitlement under priority 4 and AWC-White Tanks qualified for the remaining 57 acre-feet under priority 5.

West End then requested that the transfer action associated with its entitlement be rescinded to enable it to further evaluate its options. The CAP supported this request. As a result, further action regarding the proposed transfer of West End's entitlement was suspended.

II. Introduction

On April 8, 2002, the Department received a request from West End to reinstate the evaluation of the transfer of West End's CAP allocation to the CAGR. In conjunction with the request, the CAGR submitted a revised replenishment plan which proposes to acquire West End's 157 acre-feet allocation and recharge the water in the Hieroglyphic Mountains Recharge Project (HMRP).

III. Evaluation of the Proposed Transfer

The HMRP is located approximately five miles east of the center of West End's service area. The HMRP is permitted to recharge up to 35,000 acre-feet of CAP water annually. Using the Theis equation, Hydrology calculated that the potential water level rise near the center of West End's service area after 10 and 20 years of recharging 35,000 acre-feet/year at the HMRP. The calculated water level rise is predicted to be 12.5 feet following 10 years of recharge and 23.8 feet after 20 years.

IV. Conclusion

The Hydrology staff concluded that the operation of the HMRP would likely raise groundwater levels within the area of hydrologic impact associated with West End. Therefore, the CAGR's replenishment of the 157 acre-feet CAP allocation at the HMRP would serve to offset West End's groundwater withdrawals. As a result, the CAGR qualifies to have West End's 157 acre-feet CAP subcontract transferred to it in accordance with priority 2 of the Department's transfer policy.

ARIZONA DEPARTMENT OF WATER RESOURCES

Colorado River Management Section

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JANE DEE HULL
Governor

RITA PEARSON
MAGUIRE
Director

November 20, 2000 ;

Mr. Cliff Neal
Central Arizona Groundwater Replenishment District
23636 North Seventh Street
Phoenix, Arizona 85080-3020

RE: Preliminary Recommendation for the Transfer of the New River Utility Company (New River), Sunrise Water Company (Sunrise) and West End Water Company (West End) Central Arizona Project (CAP) Subcontracts

Dear Mr. Neal:

Attached is a copy of the Arizona Department of Water Resources' (Department) evaluation of the proposed transfer of the New River, Sunrise and West End CAP subcontracts. The Department applied its CAP transfer policy to the proposed action to determine the preliminary transfer recommendation that is presented at the conclusion of the document.

Please review the attached analysis and recommendation. If you have any comments, please provide them to the Department no later than Friday, December 8, 2000.

If you have any questions, please contact me at 602-417-2442.

Sincerely,

A handwritten signature in cursive script that reads "Tricia McCraw".

Tricia McCraw
Water Resource Specialist

Enclosure

c: Rita Pearson Maguire, Director, ADWR
Jan Ronald, Attorney, ADWR
Tom Delgado, Attorney, CAP

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NOV 22 2000

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Mailing List:

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**Evaluation of the Transfer of Central Arizona Project Allocations
 From New River Utility, Sunrise and West End Water Companies**

I. Introduction

In February 2000, New River Utilities (New River), Sunrise Water Company (Sunrise) and West End Water Company (West End) initiated the process to transfer their Central Arizona Project (CAP) allocations to the Central Arizona Groundwater Replenishment District (CAGRDR). Included in the proposed transfer are 1,885 acre-feet from New River, 944 acre-feet from Sunrise and 157 acre-feet from West End.

Following the public notification period for the transfer, the Town of Carefree (Carefree) and Arizona Water Company (AWC), on behalf of its Apache Junction and White Tanks water systems, requested that they be considered during the evaluation process. A summary of the CAGRDR's request and Carefree's and AWC's subsequent requests is presented in Table 1.

Table 1. Summary of Proposed CAP Transfer Comments

Entity	Comments
CAGRDR	<ul style="list-style-type: none"> • Requests that 2,986 acre-feet be transferred to it for replenishing withdrawals • Transfer of entitlements will create replenishment obligations for CAGRDR. Current obligations: <ul style="list-style-type: none"> - 5 subdivisions enrolled as member lands within New River service area, replenishment obligation at build-out is 1,804 acre-feet - 6 subdivisions enrolled as member lands within Sunrise service area, replenishment obligation at build-out is 172 acre-feet • Will replenish groundwater withdrawals within area of hydrologic impact at the Aqua Fria Recharge Facility • If an entity will eventually relieve the CAGRDR of its replenishment obligation for members within a transferring entity's service area, the CAGRDR will transfer the entitlement to that entity
AWC	<ul style="list-style-type: none"> • White Tanks System <ul style="list-style-type: none"> - quality of groundwater affects ability of AWC to meet future demands - will need additional supplies to meet future demand • Apache Junction System <ul style="list-style-type: none"> - need additional supplies to meet demand beyond 2000 - transfer will accelerate direct use of CAP water
Carefree	<ul style="list-style-type: none"> • Requests that ADWR assist the Town in obtaining 1,000 acre-feet to meet current, committed and projected M&I demand

II. Evaluation of Relative Water Demands Using Section IV. Decision Guidelines

In accordance with the Section IV. Decision Guidelines of the Department's 1996 CAP transfer policy, the applicants were evaluated according to the priorities that applied to them. Upon review of each applicant's request and the supporting information that they supplied to the Department, the applicant's various water demands were evaluated using the priority 2, 4 and 5 criteria.

A. Priority 1 and 2 Analyses

1. Description of Priorities

a. Priority 1

First priority is "recommended to entities that are successors in interest to a water provider and that will provide water to the same service area".

b. Priority 2

Second priority is "recommended either to: 1) a municipality which can provide substantive evidence that it will be the successor in interest to a transferring entity and will provide water to the same service area, or 2) an entity, including the CAGRDR or a county augmentation district, which will use the CAP water to replenish in the area of hydrologic impact of groundwater withdrawals of the transferring entity or to deliver water for direct use by the transferring entities' customers".

2. Applicant Claims

a. Priority 1

Representatives for West End submitted comments suggesting that the proposed transfer of the CAP allocations to the CAGRDR should constitute a priority 1 transfer because the allocations will continue to be available to the original service areas. Even though the CAGRDR would not be a successor in interest to a water provider, its intention "to allow the transferring entity to reacquire the allocation at a later date" should make it eligible for consideration under this priority.

The Department's CAP transfer policy was developed through public process. As the policy was being developed, many of the participants, particularly the larger cities, indicated that they did not want the CAGRDR to be eligible to acquire CAP allocations. As a compromise, the CAGRDR is only eligible for consideration under priorities 2, 4 and 7 of the transfer policy.

b. Priority 2

Because it will be recharging the entire 2,980 acre-feet of CAP water at the Aqua Fria Recharge Project facility (AFRP), the CAGRDR requested consideration under priority 2.

To determine whether the CAGRDR qualified for recommendation under this priority for one or more entities, the Department had to determine if recharge at the AFRP could physically replace the groundwater that would continue to be withdrawn from each entity's service area. To accomplish this, the Department's Hydrology Division (Hydrology) utilized two groundwater flow models to assess the effect the AFRP may potentially have on groundwater supplies available to the New River, Sunrise and West End service areas. Both models are based on the Salt River Valley groundwater flow model constructed by the Department (Department Modeling Report Numbers 6 and 8).

The results from the two models indicate that, as water demands increase in the West Salt River Valley, the AFRP will assist in mitigating some of the projected groundwater decline. However, the recharge facility is limited to physically replacing pumped groundwater within approximately a 6-mile radius of the facility. The Sunrise, New River and West End service areas are located 1.5, 3.5 and 13 miles from the facility, respectively. Therefore, recharge at the facility could directly offset groundwater withdrawals within New River and Sunrise's service areas. West End, on the other hand, may receive indirect benefits from the recharge activities at AFRP, but its groundwater withdrawals would not be directly offset.

The CAGR and West End representatives have requested that the Department consider two other proposed recharge facilities that could serve as potential replenishment sites for West End. The first is a proposed demonstration project that would be located within 3 miles of West End's service area. The CAWCD has performed feasibility studies on the site. The second project is nearing completion of the permit process. West Maricopa Combine (WMC) recently resubmitted an application to the Department for a managed underground storage facility permit in the Hassayampa River basin. The application has been circulated for public notice and is currently protested. Hearings are scheduled for the project in December.

When evaluating proposed recharge facilities in association with CAP transfers, the Department has to be provided with a high level of certainty that a recharge facility will meet all regulatory requirements and be permitted and constructed within a reasonable timeframe. To ensure that a reasonable level of certainty is maintained, the Department has determined that it will only consider proposed recharge facilities that are in the final stage of the permit process. The AFRP and the WMC project meet this criterion, while the state demonstration project does not. Therefore, the state demonstration project could not be considered as a potential recharge site for West End's CAP allocation.

Despite its current protested status, Hydrology conducted a preliminary evaluation of the WMC project as a potential recharge site for West End. Unfortunately, similar to the AFRP, West End's service area is located a substantial distance from the proposed recharge facility location. The preliminary evaluation indicates that the facility could potentially offset groundwater withdrawals within an approximate 3 to 6 mile radius of the facility. West End's service area is located more than 12 miles from the recharge project, thus eliminating the facility from consideration as a potential recharge facility under priority 2 of the transfer criteria.

3. Summary of Priority 2 Recommendations

The CAGR qualifies to have all of New River's and Sunrise's CAP entitlement transferred to it under this priority. As a result, 2,829 acre-feet are recommended for transfer to the CAGR while West End's 157 acre-feet remain to be allocated according to subsequent priority criteria.

B. Priority 4 Analysis

1. Description of Priority

Under this priority, "fourth priority will be given to those entities in the same AMA which can demonstrate the need for additional water supplies to meet the current and committed water demand, or the committed replenishment obligation for the transferring entity".

2. Applicants Evaluated

a. Carefree

Carefree does not have sufficient water supplies to meet its current and committed demand. The Town is currently in the process of having 900 acre-feet transferred to it to meet this water supply deficit. The estimated long-term deficit is projected to range from 267 to 1,016 acre-feet (Department's 1995 report titled "Physical Availability of Groundwater in the Cave Creek/Carefree Area"). Assuming the high end of the deficit range and deducting the CAP supplies that are already being transferred to Carefree, Carefree's current and committed demand is approximately 116 acre-feet in excess of its water supply. Carefree has requested that the Department assist it in acquiring 1,000 acre-feet of CAP supplies. Since it is already in the process of obtaining 900 acre-feet, Carefree qualifies to receive 100 acre-feet of West End's allocation.

b. AWC

AWC's Apache Junction and White Tanks systems have enough CAP and/or groundwater supplies to meet current and committed M&I demand. Therefore, AWC does not qualify for evaluation under this priority.

c. CAGR D

The CAGR D does not have any replenishment obligation for the current or committed development within West End's service area. Therefore, the CAGR D does not qualify for evaluation under this priority.

C. Priority 5 Analysis

1. Description of Priority

According to this priority, "fifth priority will be given to entities within the same AMA which can demonstrate the need for additional assured water supplies in excess of current, and committed demand to meet the annual projected water demand in the twentieth year from the date of the application for the CAP transfer, if before the year 2035".

2. Applicants Evaluated

Under this priority, AWC's Apache Junction and White Tanks systems qualify to be considered for the remaining 57 acre-feet of West End's CAP allocation.

The projected 2020 populations and 1998 actual gpcd's were used to determine the 2020 demand for each entity (Table 2).

Table 2. Populations and Projected Supplies, Demand and Deficit

Applicant	2020 population	GPCD ¹	2020 Demand (AF)	Dependable Supplies	Supply Deficit	Pro rata Distribution (%)
AWC: AJ	44,202	277	13,715	6,000	7,715	>99
AWC: White Tanks	5,146	179	1,032	968	64	<1

¹ Represent 1998 actual GPCD figures

According to the information presented in Table 2, the Apache Junction system qualifies to have the remaining 57 acre-feet of West End's CAP allocation transferred to it.

III. Conclusions and Recommendations

The CAP subcontracts for Sunrise, New River and West End can be allocated to applicants in accordance with the criteria associated with priority 2 through 5 of the Department's CAP transfer policy.

Table 3 presents the final recommended CAP transfer results for New River, Sunrise and West End water companies.

Table 3. Transfer Recommendations for CAP Allocations

Applicant	Priority 2	Priority 4	Priority 5	Total
AWC: Apache Junction			57	57
AWC: White Tanks				
Carefree		100		100
CAGR D	2,829			2,829
Total	2,829	100	57	2,986

ARIZONA DEPARTMENT OF WATER RESOURCES

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JANET NAPOLITANO
Governor

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HERB GUENTHER
Director

July 10, 2003

JUL 15 2003

GROUNDWATER REPLENISHMENT
DISTRICT

Mr. David Ellis
Manager, LPSCO
111 West Wigwam Boulevard, Suite B
Litchfield Park, Arizona 85340

RE: Arizona Department of Water Resources Final Evaluation Results of the Transfer of Litchfield Park Service Company's (LPSCO) Central Arizona Project (CAP) Subcontract

Dear Mr. Ellis:

The Arizona Department of Water Resources (Department) has completed its review of the proposed transfer of LPSCO's CAP subcontract to the Central Arizona Groundwater Replenishment District (CAGRDR).

When the proposed CAP transfer action was noticed to the public during September 2002, the city of Avondale (Avondale), Arizona American Water Company and Arizona Water Company requested that they be considered for a portion of the allocation during the transfer evaluation process. The Department conducted the process and presented its findings to the interested parties for review and comment. The preliminary evaluation results indicated that Avondale qualified to have 670 acre-feet transferred to it with the CAGRDR qualifying to receive the remaining 4,910 acre-feet. The two other participants in the transfer process, Arizona American Water Company and Arizona Water Company did not qualify to receive any of the allocation.

Subsequent to the conclusion of the review and comment period, the city of Goodyear (Goodyear) requested that it be considered for 264 acre-feet of the allocation to meet the water demand associated with former LPSCO service area lands that it had acquired and was currently serving. LPSCO and Goodyear negotiated the amount of water associated with the area water demand and agreed that 150 acre-feet should be allocated to Goodyear. As a result, the preliminary recommended distribution of LPSCO's 5,580 acre-feet allocation is 670 acre-feet to Avondale, 150 acre-feet to Goodyear and the remaining 4,760 acre-feet to the CAGRDR (see attached final transfer evaluation).

The Department's recommendation for the transfer will not be finalized until the final subcontract and assignment documents are completed and provided to the Department for review. After the Department has approved the documents, a final recommendation will be sent to the U.S. Bureau of Reclamation.

Under priority-four of the Department's CAP transfer policy, the CAGRDR qualified to receive all of LPSCO's 5,580 acre-feet CAP allocation. Therefore, if either Avondale or Goodyear do not complete the

CAP transfer process, the Department recommends that the portion of LPSCO's allocation that either entity qualified to receive, be added to the 4,760 acre-feet that will be recommended for the CAGR. A copy of the attached final CAP transfer evaluation will be provided to CAWCD. LPSCO, Avondale, and Goodyear will be contacted by CAWCD to initiate the transfer process.

If you have any questions or need assistance, please contact Tricia McCraw or me at 602-417-2442.

Sincerely,



Thomas Carr
Manager, Colorado River Section

Enclosure

- c: Jan Ronald, ADWR
- Tom Delgado and Tom McCann, CAWCD
- Steve Ruppenthal, City of Avondale
- Grant Anderson, City of Goodyear
- Cliff Neal, CAGR
- William Garfield, AWC
- Keith Larson, AAWC

**Final Evaluation of the Proposed Transfer of
 Litchfield Park Service Company's (LPSCO) CAP Allocation**

Introduction

LPSCO has requested the transfer of its 5,580 acre-feet allocation of CAP water to the Central Arizona Groundwater Replenishment District (CAGRDR). Following the public notification period for the transfer, the City of Avondale (Avondale), Arizona-American Water Company (AAWC) and Arizona Water Company (AWC) requested that they be considered during the evaluation process. Subsequent to the notification period, the City of Goodyear requested consideration for former LPSCO service area lands that it has acquired and is providing service to.

Table 1 presents a summarization of the CAGRDR's replenishment plan, the requests for consideration and proclamations of support.

Table 1. Summary of Proposed CAP Transfer Comments

Entity	Comments
CAGRDR	<ul style="list-style-type: none"> • Requests that the entire subcontract be transferred to it to meet its 8,238 acre-feet replenishment obligation for member lands (26 subdivisions) located within LPSCO's service area. • Will replenish groundwater withdrawals within area of hydrologic impact at three facilities, including the proposed LPSCO Groundwater Savings Facility, the City of Goodyear's proposed White Tanks Recharge Project and the Maricopa County Municipal Water Conservation District #1's Groundwater Savings Facility. • During years in which LPSCO's deliveries of excess groundwater total less than 5,580 acre-feet, CAGRDR will replenish remaining portion of allocation for other west valley members using the Agua Fria and Hieroglyphic Recharge Facilities. • If an entity will eventually relieve the CAGRDR of its replenishment obligation for member lands within LPSCO's service area, the CAGRDR will transfer the entitlement to that entity
Avondale	<ul style="list-style-type: none"> • Requests that all or a portion of the allocation to meet projected water demand. Current water resources plan indicates that additional water supplies will be needed prior to 2011.
AAWC	<ul style="list-style-type: none"> • Requests consideration under priority 3 of the criteria • Claims future impacts to two potential service area wells
AWC	<ul style="list-style-type: none"> • White Tanks and Apache Junction Systems: <ul style="list-style-type: none"> - requests 1,740 acre-feet for White Tanks and 3,785 acre-feet for Apache Junction Systems - acquisition of additional CAP supplies will reduce need to pump groundwater - direct delivery of CAP water through area water systems reduces the CAGRDR's replenishment obligation for member lands located within those service areas
City of Goodyear	<ul style="list-style-type: none"> • Requests that 150 acre-feet of the allocation be assigned to it to meet the existing water demand associated with a portion of LPSCO's service area that Goodyear has assimilated into its water service area boundaries.
City of Litchfield Park	<ul style="list-style-type: none"> • Provides conditional support of proposed transfer. • Opposes any request to transfer the allocation to an entity that does not commit to meeting LPSCO's service area water demand.
City of Peoria	<ul style="list-style-type: none"> • Supports replenishment of the allocation within the Northwest valley.

The Department conducted a preliminary evaluation of the transfer in accordance with the Department's CAP transfer policy. In December 2002, the preliminary findings were circulated to the interested parties for review and comment. Following the review and comment period, Goodyear requested that it be considered for a portion of the allocation. This document represents the final evaluation of the proposed transfer.

Evaluation of Relative Water Demands Using Section IV. Decision Guidelines

The applicants were evaluated according to the applicable CAP transfer priorities.

Priorities 1 and 2 Analyses

Description of Priorities

Priority 1

First priority is "recommended to entities which are successors in interest to a water provider and which will provide water to the same service area".

Priority 2

Second priority is "recommended either to: 1) a municipality which can provide substantive evidence that it will be the successor in interest to a transferring entity and will provide water to the same service area, or 2) an entity, including the CAGRDR or a county augmentation district, which will use the CAP water to replenish in the area of hydrologic impact of groundwater withdrawals of the transferring entity or to deliver water for direct use by the transferring entities' customers".

Evaluation of Avondale's LPSCO Area Water Demand under Priority 1

There are former LPSCO service area lands that Avondale has incorporated into its water service area (Attachment 1). As the successor in interest to these lands, Avondale is eligible to receive a portion of LPSCO's allocation under priority 1.

The total projected 2020 population for the acquired area is 9,309 or 12% of LPSCO's projected population of 74,621. Based on a pro rata distribution of the projected 2020 population for this area v. the projected 2020 population of LPSCO's entire service area, Avondale should be allocated 12% of LPSCO's 5,580 acre-feet allocation or 670 acre-feet.

Evaluation of Goodyear's LPSCO Area Water Demand under Priority 1

There are former LPSCO service area lands that Goodyear has incorporated into its water service area (Attachment 1). As the successor in interest to these lands, Goodyear is eligible to receive a portion of LPSCO's allocation under priority 1.

The total projected 2020 population for the acquired areas is 5,879. Due to the net increase in its water demand associated with a series of service area exchanges between Goodyear and LPSCO, Goodyear requests that it be provided with 150 acre-feet of LPSCO's 5,580 acre-feet allocation to meet the resulting service area demand. This volume of CAP water was negotiated and agreed upon by both Goodyear and LPSCO. Based on the projected population for these areas, Goodyear qualifies to receive the requested amount.

Evaluation of the CAGRDR's Replenishment Plan under Priority 2

The CAGRDR submitted a replenishment plan to the Department requesting consideration under priority 2 of the transfer policy. The CAGRDR plans to replenish the CAP entitlement at three facilities that the CAGRDR believes to be located within the area of hydrologic impact associated with LPSCO's service area. These include the proposed White Tanks Recharge Project, LPSCO's proposed groundwater savings facility (LPSCO's GSF), and the Maricopa County Municipal Water Conservation District #1's Groundwater Savings Facility (MWD's GSF).

The Department evaluated two issues with respect to these facilities including; 1) the consideration of proposed, rather than existing, facilities, and 2) whether groundwater savings facilities can serve as replenishment sites within the context of the Department's CAP transfer policy criteria.

At present, Goodyear's recharge facility is in the initial stages of planning and development. Goodyear has not filed an application for a recharge permit with the Department. Earlier this year, an application was filed with the Department for LPSCO's GSF. However, the application was deemed incomplete. As of this date, the application status has not changed.

When evaluating proposed replenishment facilities in association with CAP transfers, the Department has to be provided with a high level of certainty that the facility will meet all regulatory requirements and be permitted and constructed within a reasonable timeframe. To ensure that a reasonable level of certainty is maintained, the Department has determined that it will only consider proposed facilities that are in the final stage of the permit process. The White Tanks Recharge Facility and LPSCO's GSF do not meet this condition. Therefore, these facilities will not be considered as potential replenishment sites for LPSCO's CAP allocation.

The second issue, which deals with the potential use of the MWD GSF to meet the replenishment obligation under priority 2, is twofold. The first concern is whether replenishment through the use of MWD's GSF can offset LPSCO's continued groundwater pumping within the area of hydrologic impact. Although the boundaries of MWD and LPSCO abut one another along a portion of LPSCO's western border, it is not readily apparent whether the use of the groundwater savings facility affects the area of hydrologic impact associated with LPSCO's groundwater pumping. The replenishment plan provided by the CAGRDR does not include an effort to demonstrate that replenishment at this facility has the ability to meet this criterion. The second concern is that groundwater savings facilities, in general, will be phased out as agricultural lands associated with these facilities are retired and developed. Therefore, groundwater savings facilities are limited to providing a temporary means of using CAP water to acquire replenishment credits. In order for the CAGRDR to qualify under priority 2 to receive LPSCO's CAP M&I subcontract, it must be able to replenish the allocation in a facility that can provide a long-term replenishment function. The MWD GFS, as well as any other groundwater savings facility, is not able to meet this requirement.

It would not be appropriate to use the MWD GFS to meet the replenishment requirements associated with the transfer of LPSCO's CAP allocation. Therefore, in accordance with the CAP M&I transfer policy criteria associated with priority 2, the Department will not consider the MWD GFS as a potential replenishment site.

Summary of Priority 1 and 2 Evaluations

As a result of the above findings, Avondale qualifies to have 670 acre-feet of the allocation assigned to it under priority 1, while Goodyear qualifies for 150 acre-feet. None of the applicants qualifies for transfer under priority 2. Therefore, a total of 4,760 acre-feet remain to be allocated according to the subsequent priorities.

Priority 3 Analysis

Description of Priority

This priority "will be recommended to an entity which can demonstrate future adverse impacts caused by the withdrawal of groundwater as a result of the transfer of CAP water. The recommended allocation will be limited to the average annual loss of groundwater which may have been recoverable by an adjacent water provider".

Evaluation of Impacts to AAWC Wells

AAWC requested that the Department consider potential impacts to future AAWC wellsites resulting from the proposed transfer. However, this assessment is limited to determining impacts that may result from continued groundwater pumping that is associated with the volume of LPSCO's CAP allocation that is transferred away from its service area.

The Department examined AAWC's request that future South Agua Fria District (SAFD) wellsites be considered. The portion of the SAFD that was examined is located within Goodyear's municipal planning area. This area is located generally southwest of the Luke depression and adjacent to the western boundary of LPSCO's service area.

When evaluating whether LPSCO's continued groundwater pumping will affect a nearby water provider, it is necessary to establish a "damages" timeframe. AAWC has submitted what appears to be a bonafide plan to expand its water system. The expansion includes adding additional well sites, conveyance facilities and the construction of a surface water treatment facility. According to its plan, the water treatment plant will enable AAWC to treat and deliver CAP water to its customers by 2006.

A component of the plan includes adding at least two new production wells to the system (B(2-2) 23 dad, well registry no. 55-591437 and B(2-2) 26 aab, well registry no. 55-592226). Both wells are located approximately one mile west of LPSCO's service area. According to the submitted plan, the wells will be used to provide the initial water supply to the proposed Verrado development. Once the treatment plant is on-line, Verrado will be served treated CAP water. The wells will then serve as a back-up water supply.

At present, DMB White Tank L.L.C. (DMB) has drilled the wells for hydrologic testing purposes. The authorization for testing these wells expired during July and August 2002. Test results have not been submitted to the Department for review. According to its plan, AAWC anticipates that the wells will be developed into production wells and plans to acquire them from DMB during the second quarter of 2003. Subsequent to its first request, AAWC requested that the Department consider a third well that AAWC plans to use as a water supply for the Verrado development. Although an application has been submitted to the Department for a service area well permit for this well, similar to the other two wells it is currently owned by DMB. It is located approximately 4 ½ miles west of LPSCO's service area.

The Department has fully considered AAWC's request for consideration due to future, potential damages associated with LPSCO's continued groundwater pumping. The Department has determined that the evaluation of potential damages due to groundwater level decline and the determination of associated mitigation should be limited to those related to an existing water withdrawal and use.

As a result, none of LPSCO's CAP allocation qualifies for transfer under priority 3. This leaves 4,760 acre-feet to be allocated to lower priority applicants.

Priority 4 Analysis

Description of Priority

Under this priority, water is allocated to "those entities in the same AMA, which can demonstrate the need for additional water supplies to meet the current and committed water demand, or the committed replenishment obligation for the transferring entity".

Applicant Evaluation

At this time, neither Avondale, AAWC, AWC or Goodyear need additional water supplies to meet their current and committed demand. As a result, they are not eligible to be considered under this priority.

The CAGRDR has a substantial replenishment obligation for LPSCO's service area. Currently, the CAGRDR has a committed demand of 8,238 acre-feet resulting from its replenishment obligation for twenty-six LPSCO area member lands. This amount is greater than the 4,760 acre-feet that were remaining after consideration of the priority 1-3 applicants. Therefore, the CAGRDR qualifies for the remaining 4,760 acre-feet of LPSCO's allocation.

Conclusion

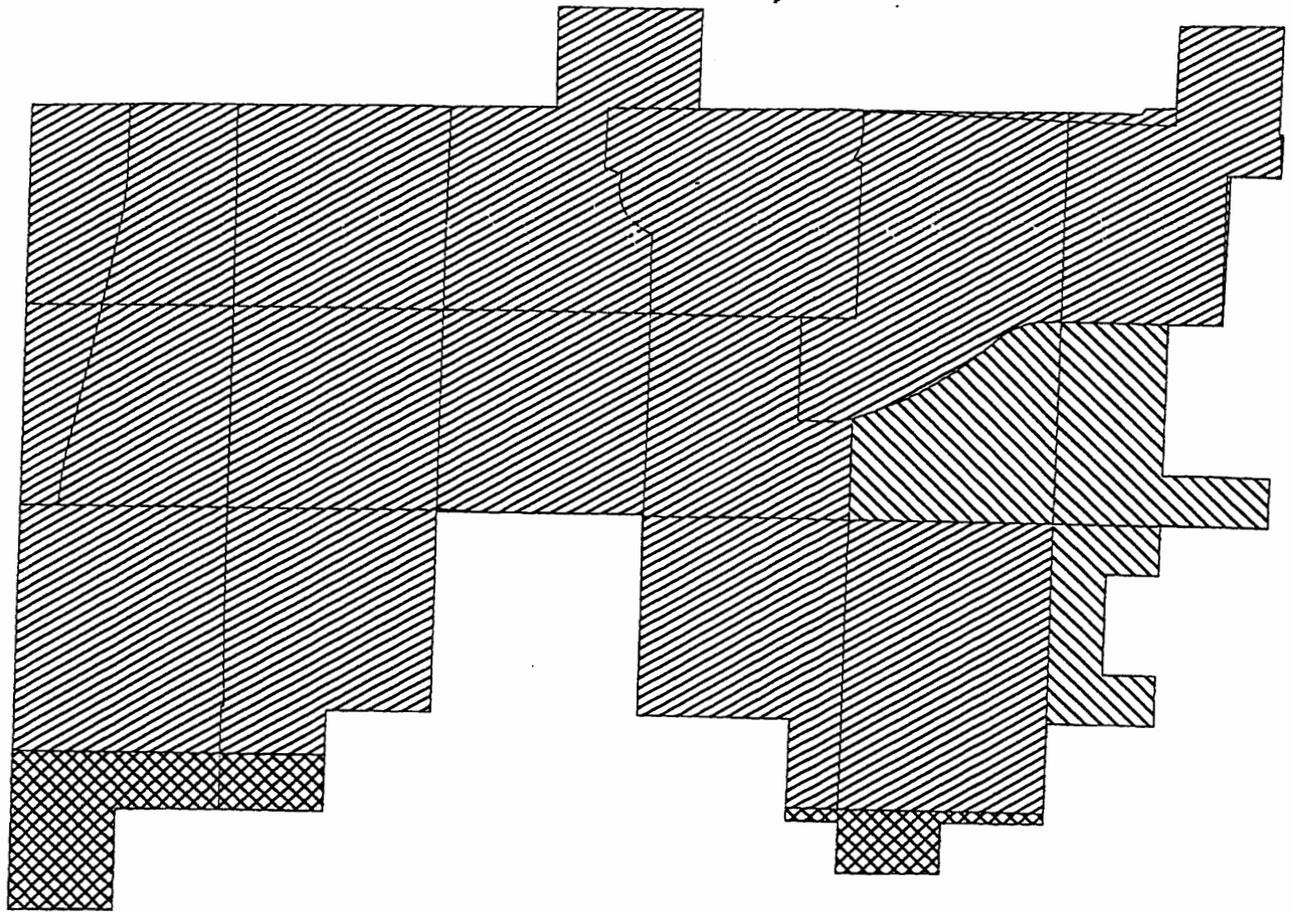
LPSCO's CAP allocation can be completely allocated under priorities 1 and 4 of the policy to Avondale, Goodyear and the CAGRDR, respectively. The results of the evaluation are presented in Table 2.

Table 2. Final Transfer Evaluation Results

Applicant	Acre-Feet			
	Priority 1	Priority 3	Priority 4	Total
Avondale	670			670
Goodyear	150			150
AAWC				0
AWC				0
CAGRDR			4,760	4,760
Total	820		4,760	5,580

Consistent with the CAP transfer policy, Avondale, Goodyear, AAWC, and AWC could have been considered under priority 5. However, all of LPSCO's CAP allocation qualified to be allocated prior to reaching priority 5. As a result, no water remained to be allocated to applicants under this or subsequent priorities.

Litchfield Park Service Co.



-  Avondale
-  Goodyear
-  LPSCO/Goodyear