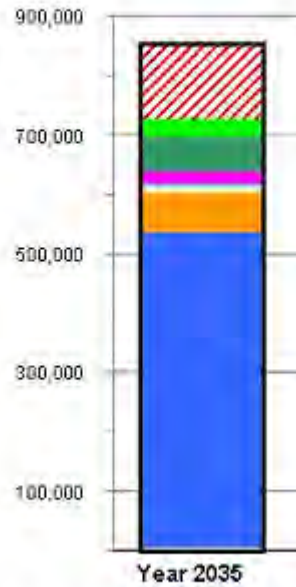


SCENARIO OPTION 1

SCENARIO OVERVIEW

1

Resource Option	Yield (AFY)
Arizona Water Bank	68,000
Three Lakes Valley GW	8,000
Coyote Spring Valley GW	9,000
Pre-Compact Rights	20,000
Virgin – Surface Diversion	60,000
5 Basin Approach	N/A
6 Basin Approach	N/A
Augmentation Credits (partial*)	26,000
Additional Conservation	N/A
Total	191,000



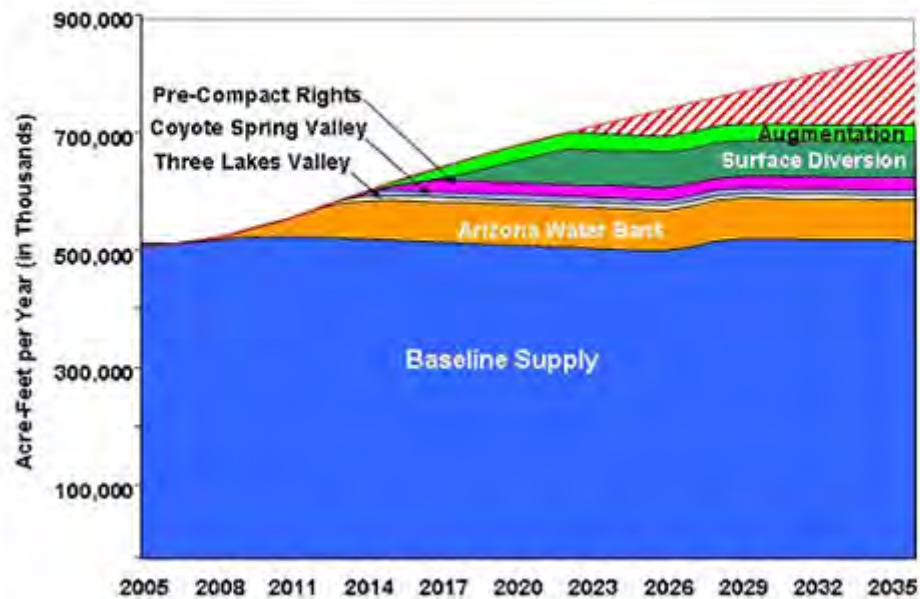
129,000 AFY Deficit in 2035

* Augmentation credits not applied to Virgin River surface diversion (1994 water rights)

SCENARIO OPTION 1

SCENARIO TIMELINE

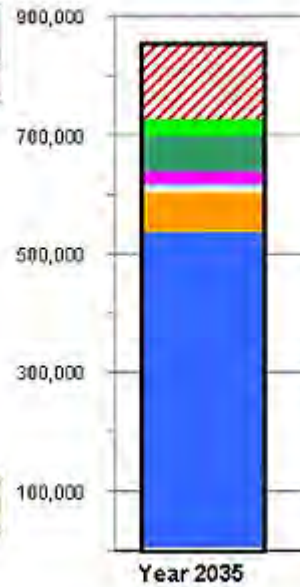
1



SCENARIO OPTION 1

SCENARIO ESTIMATED COST

Resource Option	Capital Cost (\$ million)	Annualized Cost (\$/AF)		
		Capital	O&M	Total
Arizona Water Bank	\$ 280	\$ 282	\$180	
Three Lakes Valley Existing	55	471	80	
Coyote Spring Valley Existing	35	267	214	
Pre-Compact Rights	40	138	150	
Virgin River – Surface Diversion	1,130	1,296	743	
Augmentation Credits		0	150	
Total	1,539	549	345	
Total w/ Contingency	\$1,832	\$654	\$345	\$999

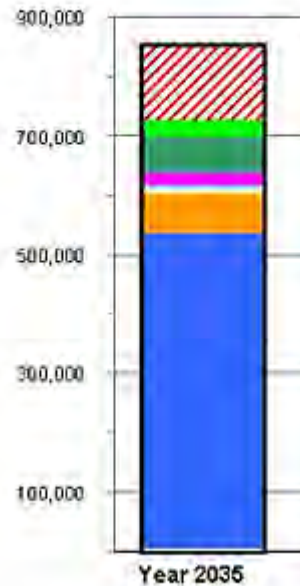


Total O&M cost, including existing supply = \$213/AF

SCENARIO OPTION 1

SCENARIO IMPLEMENTATION ISSUES

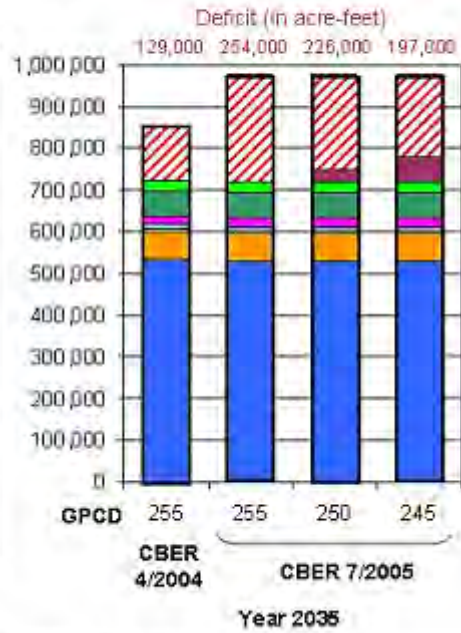
- Availability of additional pre-Compact water rights for acquisition
- Cost to acquire pre-Compact water rights
- Treatment and brine disposal for Virgin River - Surface Diversion
- Earliest development for Virgin River – Surface Diversion is 2012
- Environmental compliance
- Approval of augmentation credits



SCENARIO OPTION 1

2005 POPULATION PROJECTION

Resource Option	Yield (AFY)
Arizona Water Bank	68,000
Three Lakes Valley GW	8,000
Coyote Spring Valley GW	9,000
Pre-Compact Rights	20,000
Virgin – Surface Diversion	60,000
5 Basin Approach	N/A
6 Basin Approach	N/A
Augmentation Credits (partial*)	26,000
Additional Conservation	Varies
Total	191,000



* Augmentation credits not applied to Virgin River surface diversion (1994 water rights)