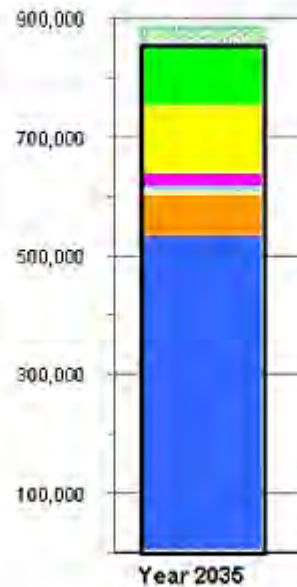


SCENARIO OPTION 2

SCENARIO OVERVIEW

2

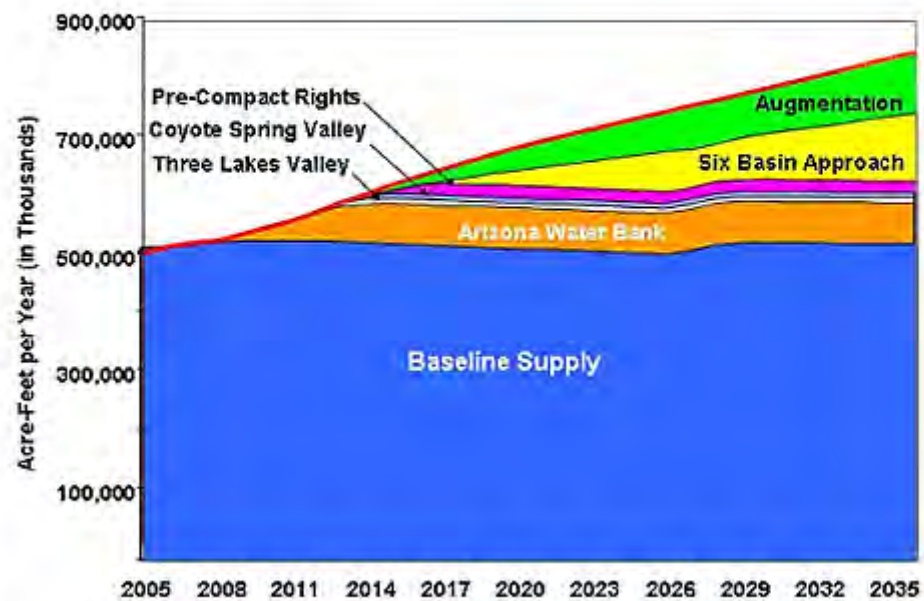
Resource Option	Yield (AFY)
Arizona Water Bank	68,000
Three Lakes Valley GW	8,000
Coyote Spring Valley GW	9,000
Pre-Compact Rights	20,000
Virgin – Surface Diversion	N/A
5 Basin Approach	N/A
6 Basin Approach	125,000
Augmentation Credits (full)	113,000
Additional Conservation	N/A
Total	343,000



SCENARIO OPTION 2

SCENARIO TIMELINE

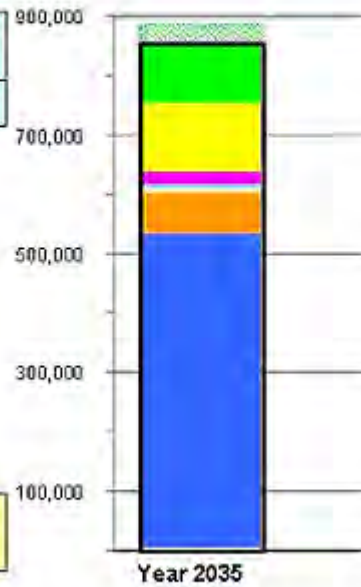
2



SCENARIO OPTION 2

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	
6 Basin Approach	1,952	1,074	89	
Augmentation Credits		0	150	
Total	2,361	493	133	
Total w/ Contingency	\$2,851	\$695	\$133	\$728

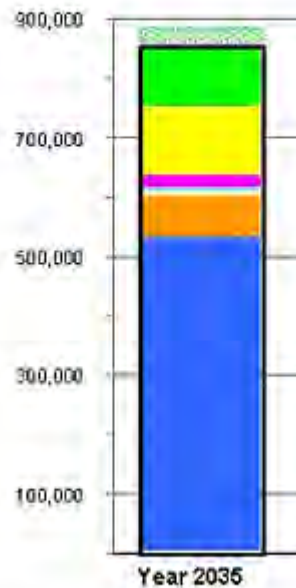


Total O&M cost, including existing supply = \$153/AF

SCENARIO OPTION 2

SCENARIO IMPLEMENTATION ISSUES

- Availability of additional pre-Compact water rights for acquisition
- Cost to acquire pre-Compact water rights
- Approval of water rights
- Earliest development for 6 Basin Approach is 2015
- Community of origin concerns
- Environmental compliance
- Approval of augmentation credits



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	N/A
5 Basin Approach	N/A
6 Basin Approach	125,000
Augmentation Credits (full)	113,000
Additional Conservation	Varies
Total	343,000

