Exhibit 14

Talking Points for August 15, 2007, RRCA Annual Meeting

- Let me say at the on-set of this compliance discussion, that Kansas continues to **appreciate efforts** made by Colorado and Nebraska towards compliance.
- Yet, Nebraska and Colorado have been clearly on notice as to nature of their Compact obligations since the end of 2002 when the Final Settlement Stipulation was signed. The Stipulation recognized that it would take time for Nebraska and Colorado to come into compliance. It thus include an implementation schedule (Appendix B) that delayed the first possible water short compliance period until 2005-2006, and the end of the first normal year compliance until 2007, based on the 5-year period of 2003-2007.
- While **the FSS gave the States a great deal of latitude of how to come into compliance, compliance is not optional.**
- **The accountings completed for 2003, 2004, and 2005 have shown both NE and CO used more than their allocation for each of those individual years.**
- While the EC has not agreed upon final numbers, but numbers for 2006 clearly show there still is a problem. Cast the blame where you will, but the clear fact is that **Nebraska is out of compliance** for this first test of compliance under the water-short year test for 2005-2006. And it is **clear** that **both states will be out of compliance when the first 5-year test** of compliance is determined next summer.
- Although some **limited progress** has been made by Nebraska and Colorado in reducing use, **consumptive use in both Nebraska and Colorado still significantly exceeds their allocations**. Kansas' calculations show that in the last four years that Nebraska's consumptive use exceeded its allocation by almost 144,000 acre-feet and Colorado was more than 44,000 acre-feet over its allocation. **Show graph of Allocation vs. use. [??? Which graph is this??? Is it the table of results??]** [Even under Nebraska's interpretation of disputed matters, the numbers still show that Nebraska's consumptive use has substantially exceeded its allocations fin each of the last four years.] The trends noted by Kansas at the 2006 annual meeting have continued.
- This year, we have reached the first definitive test of compliance under the Settlement's implementation schedule: the water-short year compliance check for years 2005 and 2006. [show accounting page of results] **For this period, Kansas calculations show that Nebraska used over 84,000 acre-feet more than its allocation above Guide Rock, creating a shortage of roughly the same amount to Kansas.**
- The fundamental problem causing Nebraska Compact violations is excessive groundwater use in Nebraska. According to Kansas estimates based on the EC data, consumptive use caused by groundwater pumping last year in Nebraska was 198,412 acre-feet. In contrast, Nebraska's surface consumptive use last year was 34,599 acre-feet. (**See bar chart**). The same is true of recent years: groundwater depletions are the dominant CU by NE.
- [You might note that in the same table that reports Nebraska and Colorado overuse, Kansas is reported to have used significantly less than its allocation. [We don't have a graphic for this yet; I likely will skip this poing] A significant

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APPINO & BIGGS

portion of that allocation has not been physically available for Kansas to divert due to NE and CO overuse [Graph of Hardy + Courtland vs. allocation]., and Kansas beneficial consumptive use of water passing the Hardy gage is not included in the Compact accounting.]

- As a result of Nebraska's overuse, Kansas has not received its water for the Kansas Bostwick Irrigation District and its mainstem users. All of the 40,000 irrigable acres of in Kansas Bostwick Irrigation District above Lovewell Reservoir have been significantly impacted. A base allocation in the District is 15 inches of water. The Upper District of approx 13,500 acres above Lovewell Reservoir received an average of about 3.8 inches of water in 2003, 7 inches in 2004, less than an inch in 2005; and 2.7 inches of water in 2006. [Graphic] The lower district of 26,000 acres received approx. half of its base allocation over these same years. Obviously, Kansas Bostwick has not had a full supply of water for the last four years. Each of those years KBID would have used more water, if more water had been available. Most of the KBID lands do not have alternate water supplies from wells available.
- For that portion of the basin downstream of Hardy, there are numerous surface and groundwater users affected with the river being virtually dry until recently. At Concordia and Clay Center, the river has also been extremely low. [graph of Hardy flows during 2003 to current] This has meant a large number of surface water users and groundwater pumpers have been heavily regulated.
- The Settlement Stipulation was drafted to deal with the very real concern about shortages which had occurred in the past and it brought the expectation that things would be better. The Stipulation clearly deals with the entire range of water flows from wet to dry, and specifically with water short years. Kansas believes the Settlement Stipulation recognized drought and that the Compact was predicated on shared shortages of water supplies. All streamflow in the basin is allocated by the Compact. Excess uses in the upper part of the basin deprive users in the lower part of the basin of their rightful supply. Thus due to overuse in Nebraska and Colorado, Kansas has not gotten its equitable share of the waters of the Republican River Basin during the past four years of drought. Drought is hard on everyone, but it has been especially hard on Kansas because Kansas has not even been able to obtain its equitable share of the reduced water supply that has been available in the basin during this drought. **This is unacceptable and cannot continue.**

- [Kansas urges that serious attention be paid by Nebraska and Colorado toward coming into, and remaining in, Compact compliance. On December 14, 2006, Nebraska's Governor was quoted as saying, "Our No. 1 goal for 2007 should be to be in compliance for that year." We agree.]

- Nebraska has and is taking some action to get into compliance. In letters dated April 25 and July 18, 2007, Nebraska advised Kansas as to the measures it was taking due to water-short year administration. In addition to reductions in beneficial use through the use of CREP, EQIP, and NRD allocations, in 2007

Nebraska and the NRD's purchased additional stored water and natural flow to be made available to Kansas.

- Many believe these actions are sufficient to get NE into compliance for at least the one year 2007. However, even with this surface water being made available, it is not known whether Nebraska will be in compliance in 2007.
    - Wetter years, esp. following dry period can produce higher groundwater depletions.
    - Much of the additional flows in 2007 were stored, not reaching the state line and thus not adding to the States allocations.
    - While NE purchased significant surface water supplies for Kansas, it remains to be seen how much this will benefit NE compliance. It certainly seems it will be much less than 52,000 AF for a number of reasons:
        - Late notice limited the amount of this water that KBID could use during 2007. While there was much rumor, KBID was unaware that the water was definitely going to be available until June 21, 2007, after KBID's planting decisions were made. This resulted in less use by Kansas, reducing Kansas' benefit, as well as the benefit to Nebraska. Kansas needs more notice in the future.
        - The MOA requires KBID to use the purchased water first; so, KBID is not using of its share of the water, which means it will be carried over and resplit with NBID in 2008. Thus, in effect, a significant portion of the purchased water is being provide to NBID instead of all of it going to Kansas. This will reduce the benefit to Kansas and the benefit to NE for compliance purposes. If NE is to purchase additional water in the future, this should be remedied.
        - In 2007 NBID wells were allowed to pump additional groundwater to offset the lack of delivery of surface water, thereby increasing consumptive use by groundwater in Nebraska.
- If this practice continues into the future, Kansas suggests that a more collaborative approach be used, that involves both Kansas and KBID, to maximize the benefit to both states from the timing and management of this water.

- Unrealistic plans will result in additional future violations and continued shortages to Kansas. As Nebraska considers alternatives for future action, I would offer the following:
    - Augmentation plans may be part of the solution, but, they must first be approved in advance by the RRCA. Under the FSS "Augmentation plans and related accounting procedures submitted under this Subsection III.B.1.k. shall be approved by the RRCA prior to implementation."
    - Removal of phreatophytes can be part of the solution, but I would urge caution in relying on this as a means to compliance. Most likely, Nebraska will only see small increases in the Computed Water Supply and Nebraska's allocation. Nebraska will receive an increased allocation for

only a portion of the increased streamflow. That with a proportionate reduction in ET salvage, further decreases the benefit to Nebraska.

- It seems to Kansas that Nebraska does not have a realistic plan to come into compliance. For example:
  - Groundwater pumping is the primary cause of Nebraska's overuse of its Compact allocations. These depletions are growing each year. Any plan to come into compliance must contain significant restrictions on groundwater pumping. Nebraska must keep in mind how many wells were drilled and additional irrigated acreage developed after Kansas filed suit in 1998. Yet, even while NE is significantly out of compliance, additional groundwater restrictions do not appear to be part of the solutions being discussed in NE.
  - [The RRCA groundwater model was developed by three of the best groundwater modelers in the United States—at least one from each state. It was approved by each modeler, each state's negotiating team, the Special Master and the United States Supreme Court. Despite criticism from some Nebraskans, Kansas is not aware of any problem with the model. [Nebraska has suggested a change in the approved accounting procedures and that requires approval of all 3 states. Kansas has analyzed Nebraska's request and sees no justification for it.]

In conclusion, Nebraska needs to do better.

Questions:

Introduction of AG Morrison.

At this time, I would invited Kansas Attorney General Paul Morrison to make a few additional remarks related to this compliance issue.

Handouts

yes

- Graph of NE's and CO's allocations and consumptive use for 1995 through 2006
- Table of allocations and consumptive use by state for 2003 through 2006
- Table of water-short year allocations and CU for NE at Guide Rock for 2005-2006
- Letter to Dr. Ann Bleed from David L. Pope, P.E. dated January 24, 2007
- Graph of Nebraska surface water use versus Nebraska's groundwater use [maybe include CU by phreatophyes???]