

**CENTRAL ARIZONA PROJECT
FINAL 2019-2024 RATE SCHEDULE**

June 7, 2018

DELIVERY RATES FOR VARIOUS CLASSES OF WATER SERVICE

Units = \$/ acre-foot

(The Letter Designations in the Formulas Refer to the Rate Components Shown Below)

	2018	Firm 2019	Provi- sional 2020	Advisory			
				2021	2022	2023	2024
<u>Municipal and Industrial Subcontract (B+C)</u>	\$ 160	\$ 158	\$ 152	\$ 153	\$ 157	\$ 161	\$ 168
<u>Federal Contract (B+C)</u>	\$ 160	\$ 158	\$ 152	\$ 153	\$ 157	\$ 161	\$ 168
<u>Agricultural Settlement Pool (C) ¹</u>	\$ 65	\$ 62	\$ 54	\$ 54	\$ 54	\$ 56	\$ 58
<u>Agricultural Incentives</u>							
Meet Settlement Pool Goals	0	0	0	0	0	0	0
Meet AWBA/CAGR D GSF Goals	(1)	0	0	0	0	0	0
Meet Recovery Goals	(1)	0	0	0	0	0	0
<u>Excess (A+B+C) ²</u>	\$ 205	\$ 199	\$ 220	\$ 227	\$ 228	\$ 229	\$ 238
<u>Interstate (A+B+C+D)</u>	\$ 254	\$ 253	\$ 278	\$ 288	\$ 291	\$ 296	\$ 308

RATE COMPONENTS

Units = \$/acre-foot

	2018	Firm 2019	Provi- sional 2020	Advisory			
				2021	2022	2023	2024
<u>Capital Charges</u>							
(A) Municipal and Industrial - Long Term Subcontract ³	\$ 45	\$ 41	\$ 68	\$ 74	\$ 71	\$ 68	\$ 70
<u>Delivery Charges</u>							
Fixed O&M ⁴	67	72	74	75	79	80	84
Big "R" ⁴	27	24	24	24	24	25	26
Fixed OM&R Rate Stabilization ⁴	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(B) Fixed OM&R ⁴	\$ 95	\$ 96	\$ 98	\$ 99	\$ 103	\$ 105	\$ 110
(C) Pumping Energy Rate ⁵	\$ 65	\$ 62	\$ 54	\$ 54	\$ 54	\$ 56	\$ 58
(D) Property Tax Equivalency	\$ 49	\$ 54	\$ 58	\$ 61	\$ 63	\$ 67	\$ 70

DIRECT UNDERGROUND WATER STORAGE

Units = \$/acre-foot

	2018	Firm 2019	Provi- sional 2020	Advisory			
				2021	2022	2023	2024
<u>Underground Water Storage O&M ⁶</u>							
Phoenix AMA	\$ 13	\$ 13	\$ 13	\$ 13	\$ 14	\$ 14	\$ 15
Tucson AMA	15	15	15	15	15	15	15
<u>Underground Water Storage Capital Charge ⁷</u>							
Phoenix AMA	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Tucson AMA	9	9	9	9	9	9	9

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NOTES:

- 1) Rate is the Pumping Energy Rate component. Board policy is to allow the rate to increase no more than \$4/AF per year.
- 2) Excess includes the Arizona Water Banking Authority, CAGR and BOR and is administered according to CAP's Access to Excess policy.
- 3) For M&I subcontract water, the Capital Charge is paid on full allocation regardless of amount delivered and is not included in delivery rates.
- 4) Fixed OM&R charge consists of Fixed O&M, "Big R" (Water delivery capital, large extraordinary maintenance projects and bond debt service) and Fixed OM&R Rate Stabilization. Debt service on CAP's Water Delivery O&M Revenue Bonds, Series 2016 is about \$3.6 million annually and is included in "Big R". This rate is collected on all ordered water whether delivered or not.
- 5) The energy rate applies to all actual water volumes as opposed to scheduled. The energy rate decline post-2019, reflects the closure of the Navajo Generating Station.
- 6) Underground Water Storage O&M is paid by all direct recharge customers using CAP recharge sites.
- 7) Underground Water Storage Capital Charge is paid by all direct recharge customers except AWBA for M&I firming, the CAGR, municipal providers within the CAP service area and co-owners of CAWCD recharge facilities using no more than their share of capacity.

ASSUMPTIONS:

- No water shortage included in rates
- Rates are based on delivery volumes of approximately 1.45M acre-feet
- CAWCD is not taking any Navajo Generating Station power after 2019
- Capital charges are published at full amount to cover make-up payment and no taxes are utilized for repayment.
- Presentation and additional information available at <http://www.cap-az.com/board/meetings> 2018-05-03 meeting