

**CENTRAL ARIZONA PROJECT
FINAL 2022-2026 RATE SCHEDULE**

June 10, 2021

DELIVERY RATES FOR VARIOUS CLASSES OF WATER SERVICE

Units = \$/ acre-foot

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

DCP Tier	2020	T0 Firm 2021	T1 Firm 2022	T1 2023	T1 Advisory 2024	T1 2025	T1 2026
	Municipal and Industrial Subcontract (B+C) ^{6,7}	\$ 155	\$ 160	\$ 192	\$ 200	\$ 214	\$ 222
Federal Contract (B+C) ^{6,7}	\$ 155	\$ 160	\$ 192	\$ 200	\$ 214	\$ 222	\$ 225
Agricultural Settlement Pool (C) ¹	\$ 56	\$ 56	\$ 56	\$ 57	\$ 61	\$ 61	\$ 63
Excess (A+B+C) ^{2,6}	\$ 211	\$ 213	\$ 242	\$ 256	\$ 284	\$ 290	\$ 291
Interstate (A+B+C+D)	TBD	TBD	TBD	TBD	TBD	TBD	TBD

RATE COMPONENTS

Units = \$/acre-foot

	2020	Firm 2021	Firm 2022	2023	Advisory 2024	2025	2026
Capital Charges							
(A) Municipal and Industrial - Long Term Subcontract ³	\$ 56	\$ 53	\$ 50	\$ 56	\$ 70	\$ 68	\$ 66
Delivery Charges							
Fixed O&M ⁴	75	78	103	105	112	120	121
"Big R" ⁴	24	26	33	38	41	41	41
(B) Fixed OM&R ⁴	\$ 99	\$ 104	\$ 136	\$ 143	\$ 153	\$ 161	\$ 162
(C) Pumping Energy Rate ⁵	\$ 56	\$ 56	\$ 56	\$ 57	\$ 61	\$ 61	\$ 63
(D) Property Tax Equivalency	TBD	TBD	TBD	TBD	TBD	TBD	TBD
(E) Full Rate Stabilization ⁶	\$ -	\$ -	\$ (13)	\$ (12)	\$ -	\$ -	\$ -
(F) 2020 Voluntary Rate Stabilization ⁷	\$ -	\$ -	\$ -	\$ -	\$ (11)	\$ -	\$ -

DIRECT UNDERGROUND WATER STORAGE

Units = \$/acre-foot

	2020	Firm 2021	Firm 2022	2023	Advisory 2024	2025	2026
Underground Water Storage O&M⁸							
Phoenix AMA	\$ 13	\$ 13	\$ 13	\$ 13	\$ 14	\$ 14	\$ 15
Tucson AMA	15	15	15	15	15	15	15
Underground Water Storage Capital Charge⁹							
Phoenix AMA	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Tucson AMA	9	9	9	9	9	9	9

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NOTES:

- 1) Agricultural Settlement Pool only pays the energy rate in accordance with the Arizona Water Settlement Agreement.
- 2) Excess water is administered via Board Policy "Procedure For Distributing CAP Excess Water and Turn-Back Water for the Period of 2020 Through 2024".
- 3) For M&I use water, the Capital Charge is paid on full allocation regardless of amount delivered and is not included in delivery rates. The Capital Charge rate is impacted by the following:
 - 2021 - 1-cent of 2019/20 property taxes were approved to be applied to the federal repayment by the CAWCD Board in 2019. An additional 2- cents of property taxes are being applied to the federal repayment from the 2020/21 property taxes, resulting in a reduction of \$26/AF.
 - 2022 - 2 1/2 cents of 2020/21 property taxes are being applied to the federal repayment, resulting in a reduction of \$21/AF.
 - 2023 - 1 1/2 cents of 2021/22 property taxes are being applied to the federal repayment, resulting in a reduction of \$13/AF.
- 4) Fixed OM&R charge consists of Fixed O&M and "Big R" (Water delivery capital, large extraordinary maintenance projects and bond debt service). 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 scheduled water whether delivered or not.
- 5) The pumping energy rate applies to all actual water volumes delivered as opposed to scheduled.
- 6) If Tier 1 or higher occurs, the Full Rate Stabilization takes effect, resulting in a reduction in the Fixed OM&R rate. Posted rates do not include this reduction. This is a customer funded program.
- 7) If Tier 1 or higher occurs, the 2020 Voluntary Rate Stabilization program takes effect for those entities participating, resulting in a reduction in the Energy rate. Posted rates do not include this reduction. This is a customer funded program.
- 8) Underground Water Storage O&M is paid by all direct recharge customers using CAP recharge sites.
- 9) 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.

Key Assumptions

- Non-Indian Ag reallocation occurs in 2021 for 2022 deliveries
- Wheeling starts in 2023 at 3,000 acre-foot/year and increases to 4,000 acre-foot/year in 2024 and remains at that level
- Rates are in accordance with Arizona Implementation Plan for Drought Contingency Plan

FIXED OM&R RATE AT DCP TIERS (For Planning Purposes Only)

Units = \$/ acre-foot

	Firm	Advisory			
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Normal	\$ 102	\$ 107	\$ 113	\$ 119	\$ 120
Tier 0	\$ 109	\$ 114	\$ 121	\$ 127	\$ 128
Tier 1	\$ 136	\$ 143	\$ 153	\$ 161	\$ 162
Tier 2a	\$ 146	\$ 155	\$ 165	\$ 173	\$ 174
Tier 2b	\$ 152	\$ 162	\$ 172	\$ 181	\$ 182
Tier 3	\$ 164	\$ 176	\$ 186	\$ 196	\$ 197

Rates are net of rate stabilization