Annual Water Users Briefing

August 28, 2025

YOUR WATER. YOUR FUTURE.

Welcome

Darrin Francom, Assistant General Manager

Welcome and Opening Comments

2026 Water Delivery Rates

2026 Colorado River Update

Outlook for the 2026 CAP Delivery Supply

Water Quality/Biology Report

Q&A and Break

Maintenance Operations

Capital Improvement Program Update

CAP Energy Outlook

Post 2026 Discussion

Q&A

Closing

2026 Water Delivery Rates

DARRELL FUNK – BUSINESS FINANCIAL PLANNING SUPERVISOR

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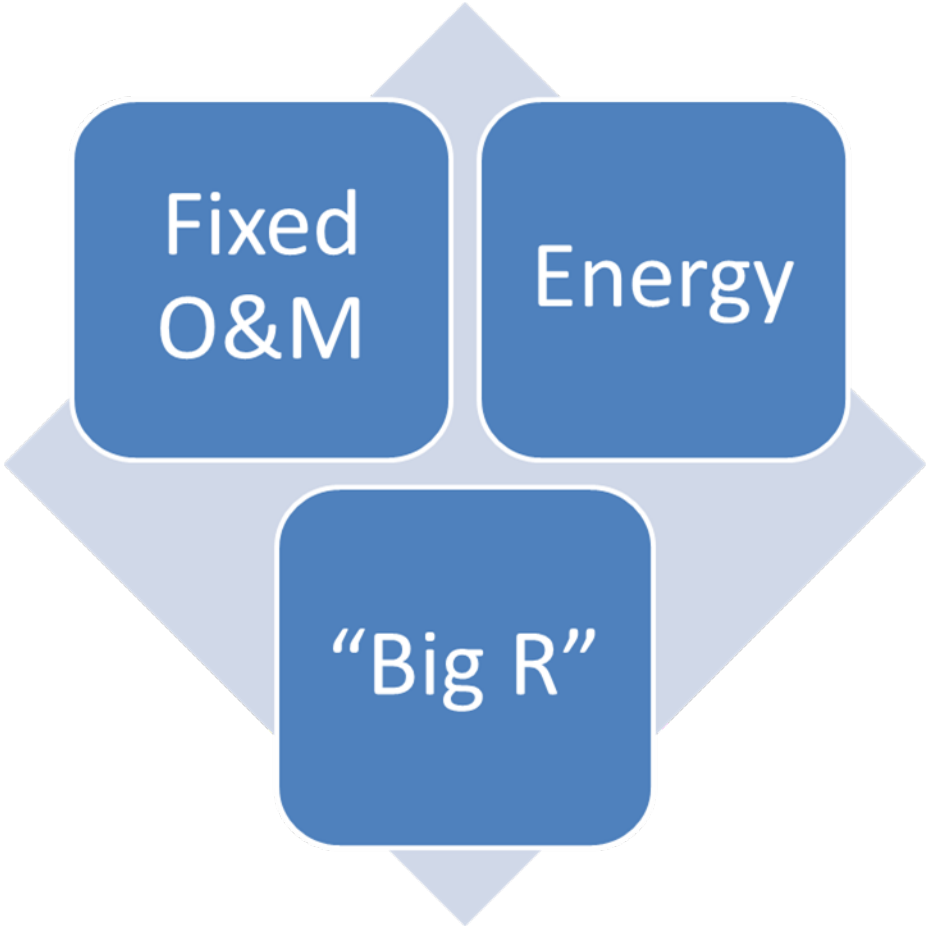
Key Rate Assumptions

- ✓ Water rates are set to recover costs, on a long-term basis, net of other revenue
- ✓ Billed water delivery estimates are 825,000 acre-feet after conservation efforts
  - ✓ For planning purposes, volumes between 600,000 – 1,000,000 acre-feet, in increments of 100,000 acre-feet, are provided on the rate schedule
- ✓ Projects funded from Extraordinary Cost Reserve or alternative source will be excluded from Fixed OM&R as identified in budget & 2024 Extraordinary Cost Reserve update
- ✓ Wheeled water is included in total delivery volume
- ✓ CAWCD Board approved 1/2-cent of 2025/2026 property taxes or $3.6 million towards repayment, which resulted in lowering the 2027 capital charge by $6/acre-foot

CAP Water Delivery Rate Components

Operational costs (salaries & related, outside services, materials and supplies, etc.)

- calculated on annual basis



Power costs calculated on annual basis

- Customers billed directly for each acre-foot taken (vs. take-or-pay)

Capital expenditures & major maintenance component.

- smoothed over time

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Rate Updates

- ✓ "Big R" rate will be adjusted in reconciliation to be in alignment with billed water volumes to correspond with expected "Big R" annual collections
  - 2026 "Big R" is set at $40.4 million
- ✓ Rates are published according to billed water volumes, moving away from published shortage tiers
  - Billed rates are published at a billed water volume of 825,000 acre-feet
  - Rates for billed water volumes between 600,000 – 1,000,000 acre-feet are published in 100,000 increments at the end of the rate schedule
  - Reduces confusion of Tier levels and implications of conservation programs

Water Delivery Rate Reconciliation

	Firm	**Firm**	**Firm**	Advisory			
	2024	**2025**	**2026**	2027	2028	2029	2030
825,000 acre-feet for 2026-2030							
Water Delivery Costs (*$Thousands*)							
Fixed O&M Expenses	129,543	**143,132**	**144,155**	151,987	154,174	163,444	172,172
Total Pumping Energy Expenses	70,218	**84,773**	**70,133**	72,757	75,026	77,250	79,647
Water Deliveries (*Acre-Feet*)							
Billed Fixed OM&R Water Volume	900,000	**900,000**	**825,000**	825,000	825,000	825,000	825,000
Pumping Energy Rate Water Volume	900,000	**900,000**	**825,000**	825,000	825,000	825,000	825,000
Water Delivery Rate (*$/AF*)							
Calculated Fixed O&M Rate	145.00	**160.00**	**175.00**	185.00	187.00	199.00	209.00
Capital Replacement Component ("Big R")	47.00	**40.00**	**49.00**	50.00	52.00	52.00	52.00
Total Fixed OM&R	192.00	**200.00**	**224.00**	235.00	239.00	251.00	261.00
Total Pumping Energy Rate	78.00	**95.00**	**85.00**	88.00	91.00	94.00	97.00
Total Delivery Rate	270.00	**295.00**	**309.00**	323.00	330.00	345.00	358.00

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Fixed OM&R Rates at Alternate Billed Water Volumes

($/acre-foot)						
Acre-feet	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
600,000	**$299**	**$309**	$323	$329	$345	$359
700,000	**$257**	**$265**	$277	$283	$296	$308
800,000	**$224**	**$232**	$242	$247	$259	$270
900,000	**$200**	**$206**	$215	$220	$230	$240
1,000,000	**$180**	**$186**	$194	$198	$207	$216

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Rate Schedule

Units = $/acre-foot	Firm 2025	**Firm 2026**	Advisory 2027	Advisory 2028	Advisory 2029	Advisory 2030
Water Volume (acre feet)	900K	**825K**	825K	825K	825K	825K
Water Delivery Rates						
Fixed O&M	160	**175**	185	187	199	209
"Big R"	40	**49**	50	52	52	52
Fixed OM&R	$ 200	**$ 224**	$ 235	$ 239	$ 251	$ 261
Pumping Energy Rate	$ 95	**$ 85**	$ 88	$ 91	$ 94	$ 97
Total Water Delivery Rate	$ 295	**$ 309**	$ 323	$ 330	$ 345	$ 358
Capital Charge						
Full rate	$ 69	**$ 67**	$ 64	$ 64	$ 61	$ 59
Board applied taxes to Repayment	$ (15)	**$ (11)**	$ (6)	TBD	TBD	TBD
Net Capital Charge	$ 54	**$ 56**	$ 58	$ 64	$ 61	$ 59

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2026 Colorado River Update
August 2025

Nolie Templeton
Senior Policy Analyst, Colorado River Programs

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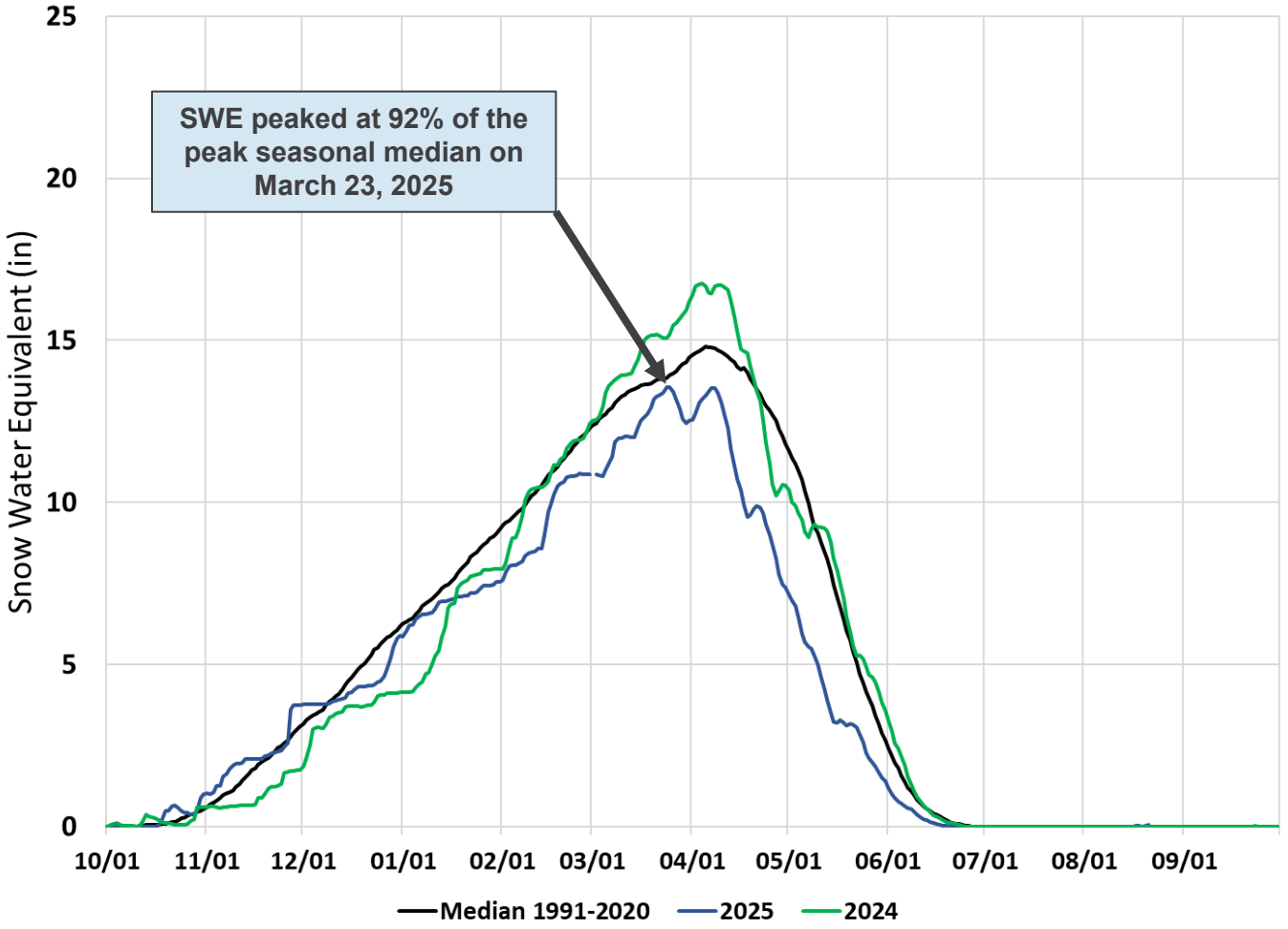
BOR Snowpack
Colorado River Basin above Lake Powell



Snowpack vs. Runoff		
	Snowpack % of median	Runoff % of average
2020	111%	61%
2021	91%	37%
2022	90%	63%
2023	161%	140%
2024*	114%	83%
2025*	92%	*50%**

**August Final Forecast dated 8/1/2025*

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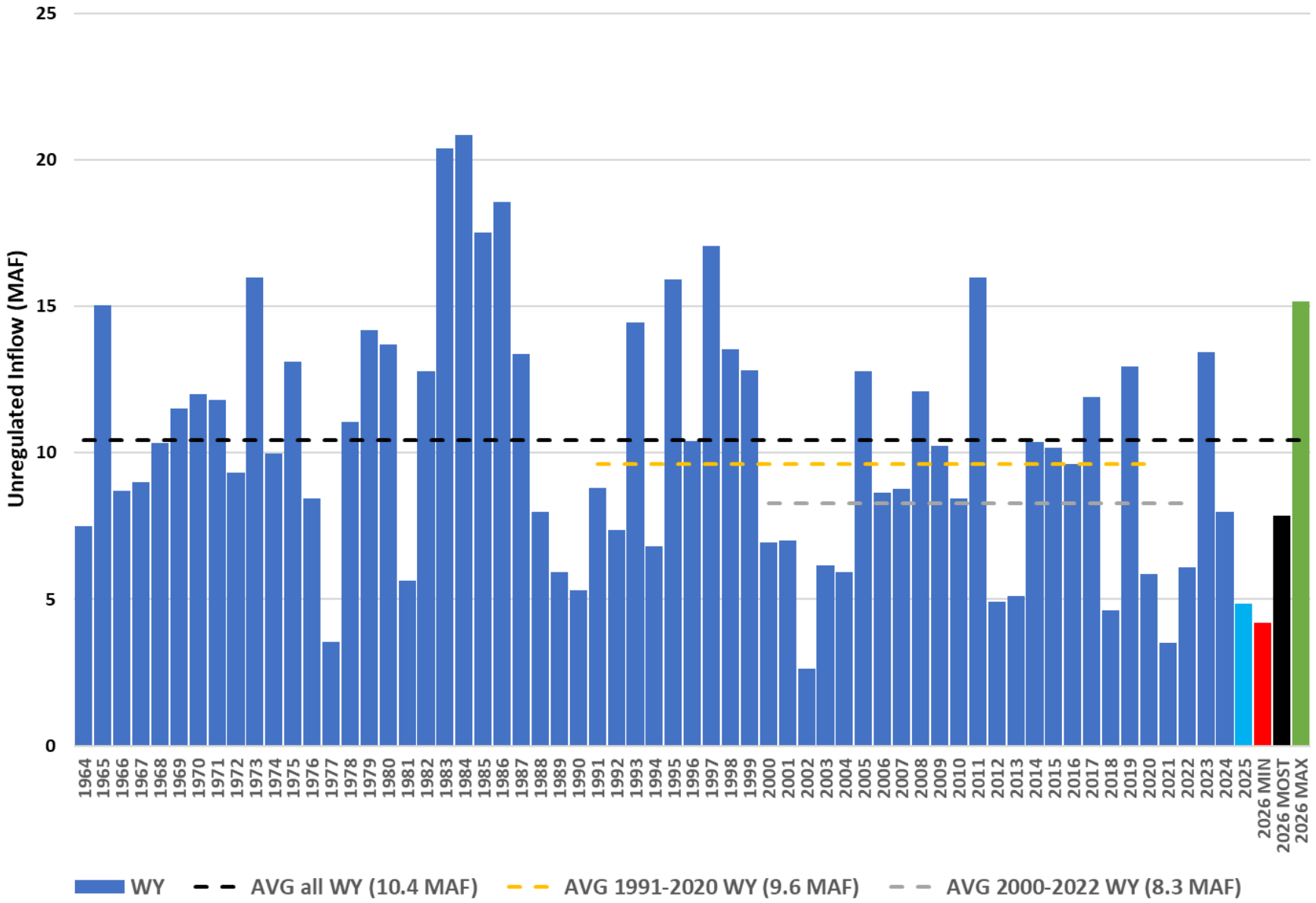
Unregulated Inflow to Lake Powell by Water Year (1964-2024)



Water Year 2025[1]
August Projection = 4.84 MAF (50%)

Water Year 2026 Forecast[1]
Aug Min Prob = 4.20 MAF (44%)
Aug Most Prob = 7.85 MAF (82%)
Aug Max Prob = 15.17 MAF (158%)

WY 2025 unregulated inflow is the 5th lowest of the 62 years on record

[1]*Water Year statistics are based on the 30-year period of record from 1991-2020, Average 1991-2020 – 9.60 maf*

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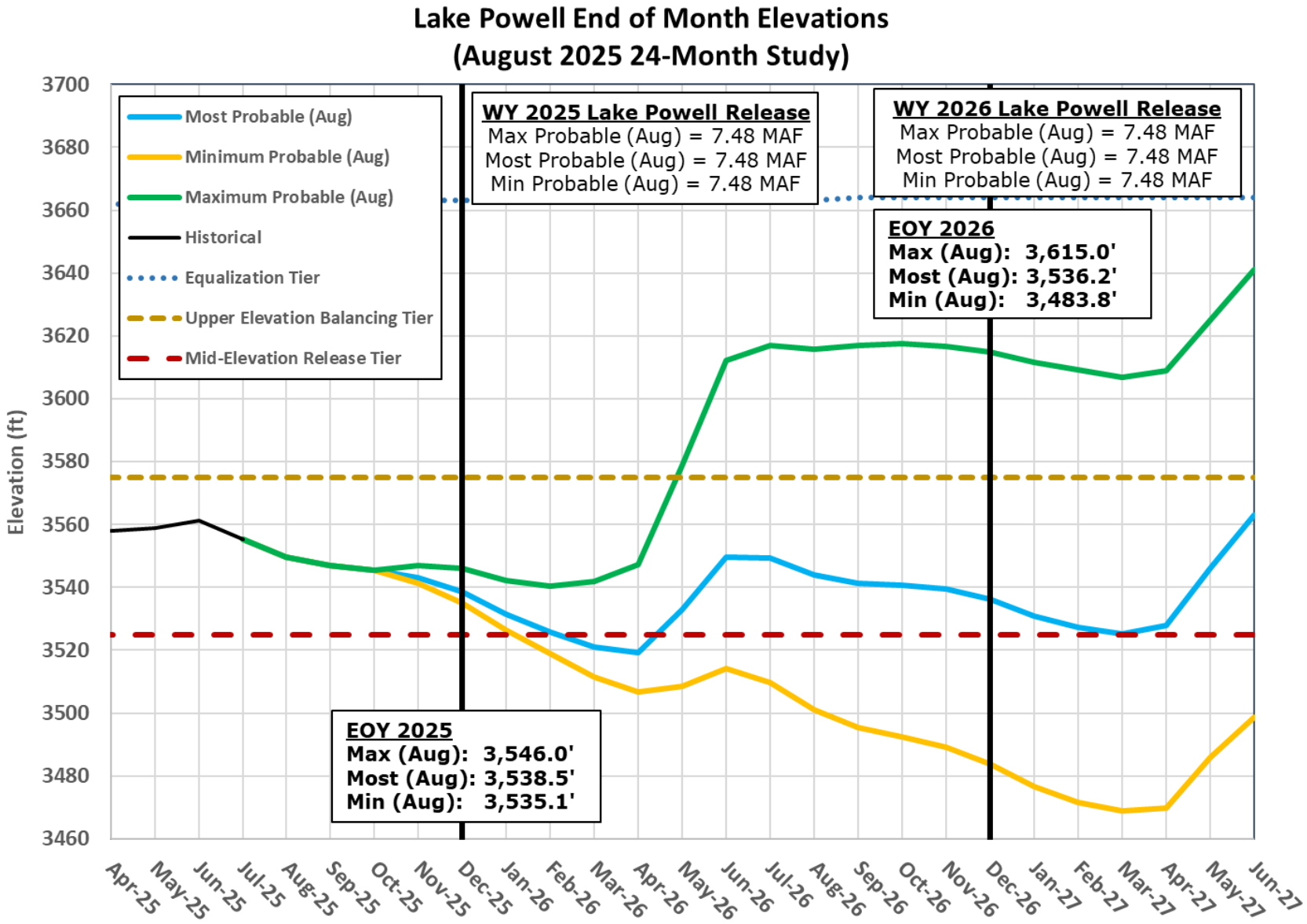
Lake Powell August 2025 24-Month Study

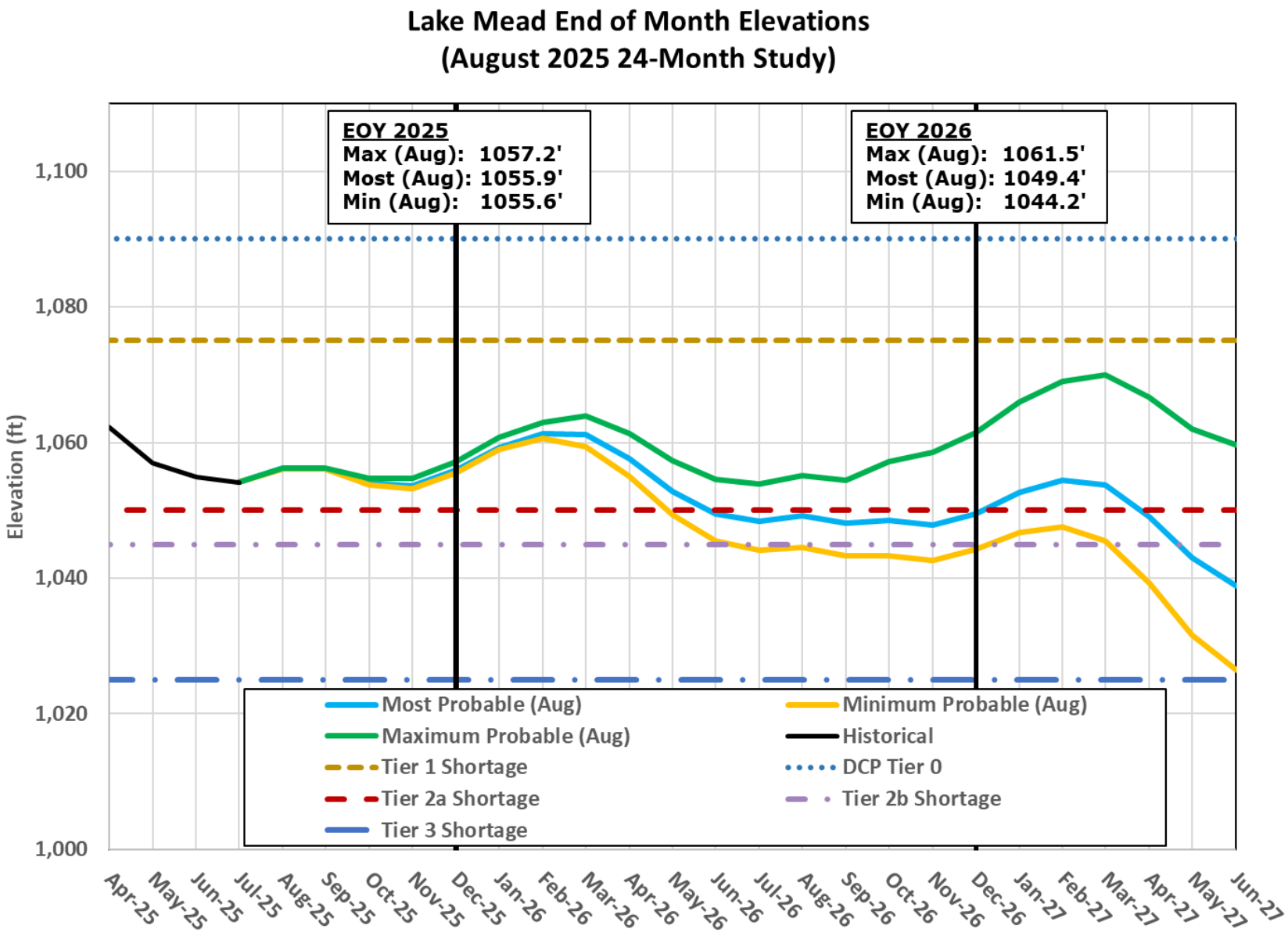
- Lake Powell release in WY 2025 is 7.48 MAF
- Lake Powell WY 2026 will operate in the Mid-Elevation Release Tier with a planned release of 7.48 MAF



For modeling purposes, simulated years beyond 2026 assume a continuation of the 2007 Interim Guidelines including the 2024 Supplemental to the 2007 Interim Guidelines (no additional SEIS conservation is assumed to occur after 2026), the 2019 Colorado River Basin Drought Contingency Plans, and Minute 323 including the Binational Water Scarcity Contingency Plan. With the exception of certain provisions related to ICS recovery and Upper Basin Demand management, operations under these agreements are in effect through 2026.

Lake Mead August 2025 24-Month Study

- Lake Mead is operating in Tier 1 shortage condition in CY 2025
- Lake Mead will be operating in Tier 1 for CY 2026



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2007 Interim Guidelines, Minute 323, Lower Basin Drought Contingency Plan, and Binational Water Scarcity Contingency Plan

Total Volumes (kaf)

Lake Mead Elevation (feet msl)	2007 Interim Guidelines Shortages		Minute 323 Delivery Reductions	Total Combined Reductions	DCP Water Savings Contributions			Binational Water Scarcity Contingency Plan Savings	Combined Volumes by Country *US: (2007 Interim Guidelines Shortages + DCP Contributions)* *Mexico: (Minute 323 Delivery Reductions + Binational Water Scarcity Contingency Plan Savings)*					Total Combined Volumes
	AZ	NV	Mexico	***Lower Basin States + Mexico***	AZ	NV	CA	Mexico	*AZ Total*	*NV Total*	*CA Total*	*Lower Basin States Total*	*Mexico Total*	***Lower Basin States + Mexico***
1,090 - 1,075	0	0	0	***0***	192	8	0	41	192	8	0	*200*	*41*	***241***
1,075 - 1050	320	13	50	***383***	192	8	0	30	512	21	0	*533*	*80*	***613***
1,050 - 1,045	400	17	70	***487***	192	8	0	34	592	25	0	*617*	*104*	***721***
1,045 - 1,040	400	17	70	***487***	240	10	200	76	640	27	200	*867*	*146*	***1,013***
1,040 - 1,035	400	17	70	***487***	240	10	250	84	640	27	250	*917*	*154*	***1,071***
1,035 - 1,030	400	17	70	***487***	240	10	300	92	640	27	300	*967*	*162*	***1,129***
1,030 - 1,025	400	17	70	***487***	240	10	350	101	640	27	350	*1,017*	*171*	***1,188***
<1,025	480	20	125	***625***	240	10	350	150	720	30	350	*1,100*	*275*	***1,375***

Tier 1
2026 Reductions+ Contributions

Tier 2a

Tier 2b

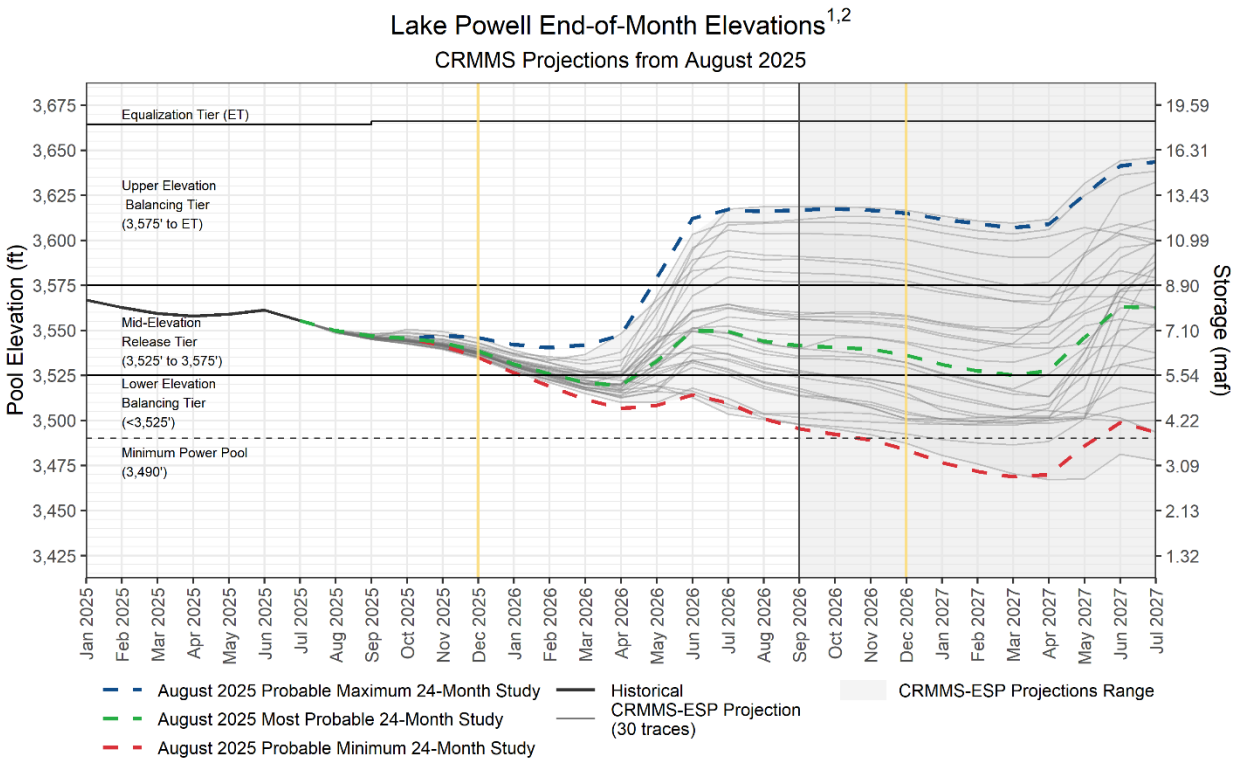
Tier 2c

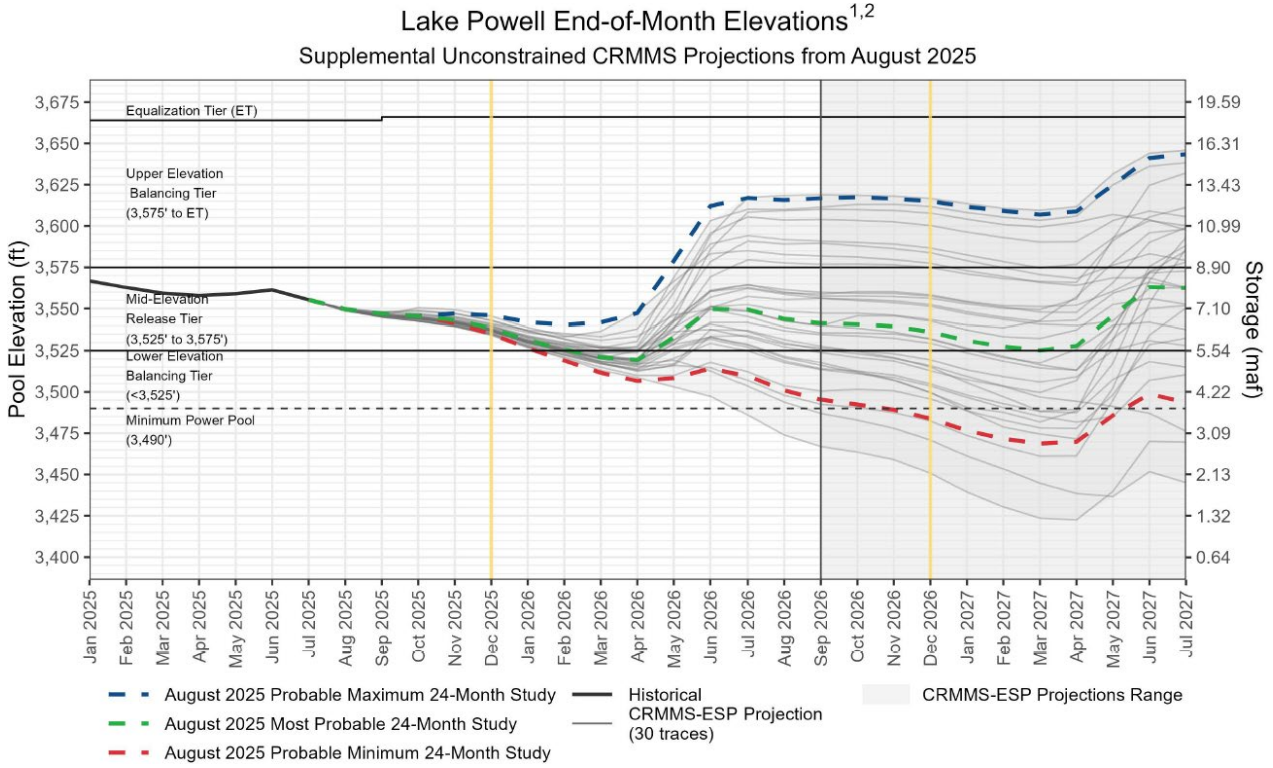
Tier 2d

Tier 2e

Tier 3

Lake Powell CRMMS Projections
Constrained vs. Unconstrained Lake Powell Releases





Constrained Lake Powell Releases

Unconstrained Lake Powell Releases

'Constrained' graphic includes existing operational assumptions built into CRMMS that constrain Glen Canyon Dam releases to prevent Lake Powell from falling below elevation 3,500 feet. As described in Sections 6.E and 7.B of the Supplement to the 2007 Interim Guidelines, any actual constraining of Lake Powell releases is subject to appropriate consultation between Reclamation and other Basin partners with respect to the implementation of potential releases.

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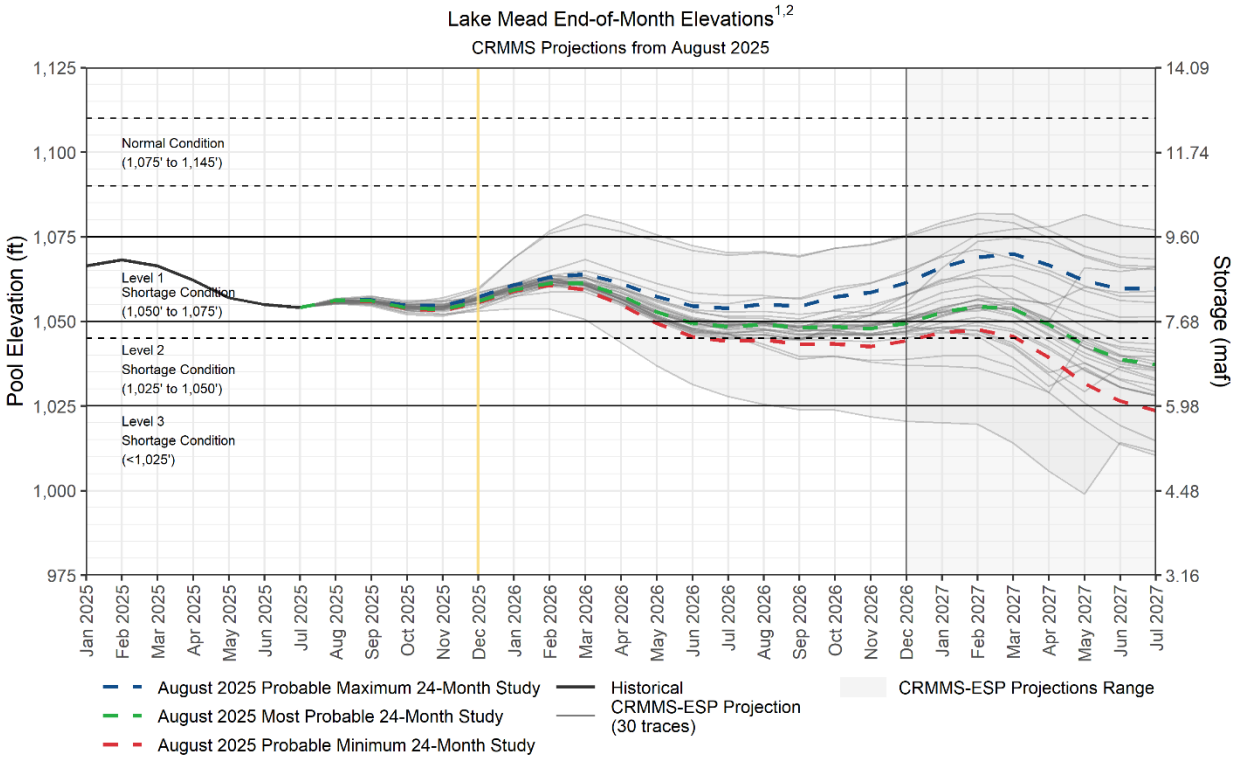
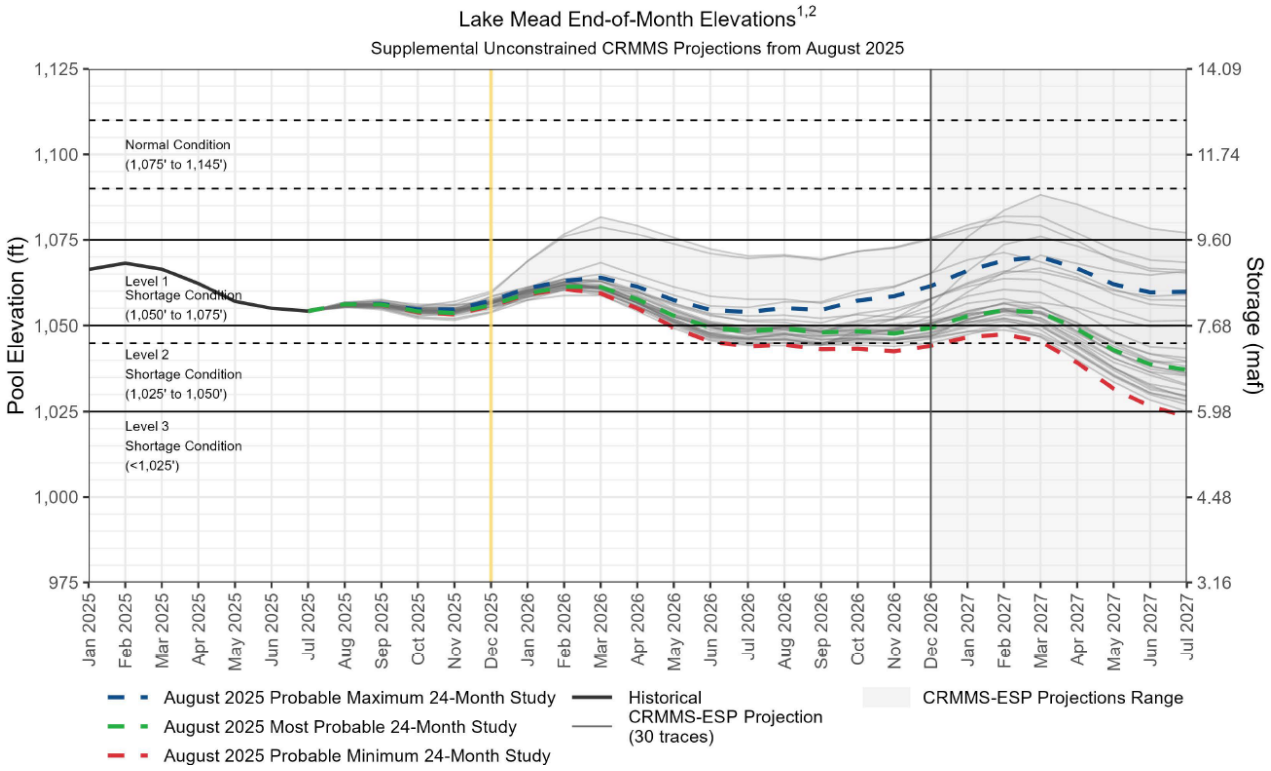
Lake Mead CRMMS Projections
Constrained vs. Unconstrained Lake Powell Releases





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Colorado River Basin Storage
(*as of Aug 24, 2025*)

Reservoir	Percent Full	Storage (maf)	Elevation (feet)
Lake Powell	30%	7.07	3,550
Lake Mead	31%	8.05	1,055
Total System Storage	38%	22.2	- - -

Total system storage was 44% of capacity, or 25.6 maf in storage, at this time last year.

System Conservation Commitments

State	Conservation Activity (ac-ft)	2023	2024	2025	2026	Total
AZ	Fort McDowell Yavapai Nation	13,933	13,933	13,933	13,933	55,732
	Gila River Indian Community	91,319	134,302	128,400	125,000	479,021
	Hopi Tribe	2,679	3,059	3,059	3,059	11,856
	San Carlos Apache Tribe	23,804	23.451	23,451	23,451	70,729
	CAP Subcontractors	141,400	123,400	128,800	101,000	494,600
	ADWR-CAP ICS Preservation Program	41,776				41,776
	Mohave Valley Irrigation and Drainage District	12,812	13,293	13,694	14,475	54,274
	Yuma Mesa Irrigation and Drainage District	21,828	21,657	22,010	23,197	88,692
	Cibola Valley Irrigation and Drainage District	1,682	2,328	2,328	2,700	9,038
	Cathcart Farms	57	61	61	61	240
	GM Gabrych (2023), Matador Farms, LLC (2024-2026)	3,240	3,240	3,240	3,240	12,960
CA	Coachella Valley Water District	35,000	36,063	45,000	45,000	161,063
	Quechan Tribe-MET	13,000	13,000	13,000	13,000	52,000
	Palo Verde Irrigation District	71,507	117,021	117,021	79,830	385,379
	Imperial Irrigation District	106,111		250,000	192,360	548,471
	MET EC- ICS	450,000				450,000
	MET - Conservation left in Lake Mead (non-ICS)	25,066	41,928			66,994
NV	SNWA Tributary Conservation ICS	36,075	36,000	35,000	35,000	142,075
	SNWA Conservation left in Lake Mead (non-ICS)	88,156	90,000	82,000	86,000	346,156
	Annual Total	**1,179,445**	**649,308**	**880,997**	**761,306**	**3,471,056**
	Cumulative Total	**1,179,180**	**1,828,753**	**2,709,750**	**3,471,056**	

Arizona Parties that have contributed water

GrupoMéxico MINING ASARCO

The Great Seal of the Apache Tribe San Carlos Arizona

Freeport-McMoRan

Metro Water District

SRP Delivering water and power®

Yuma Mesa Irrigation & Drainage District Organized 1954 Yuma Arizona

Gila River Indian Community 1939 Arizona

City of Peoria 1954

City of Scottsdale

Southwestern Utility Management

CAGRD Central Arizona Groundwater Replenishment District A Division of Central Arizona Project

gilbert arizona

EPCOR

Surprise Arizona

Cibola Valley Irrigation & Drainage District

City of Phoenix

City of Tucson

Glendale AZ

Fort McDowell Yavapai Nation Arizona

mesa·az

Town of Queen Creek Arizona

Rosemont Copper Redefining Mining

MVIDD Mohave Valley Irrigation & Drainage District

Hopi

AJWD Apache Junction Water District

GM Gabrych Family Limited Partnership

Cathcart Farms

Matador Farms LLC

CAP Central Arizona Project

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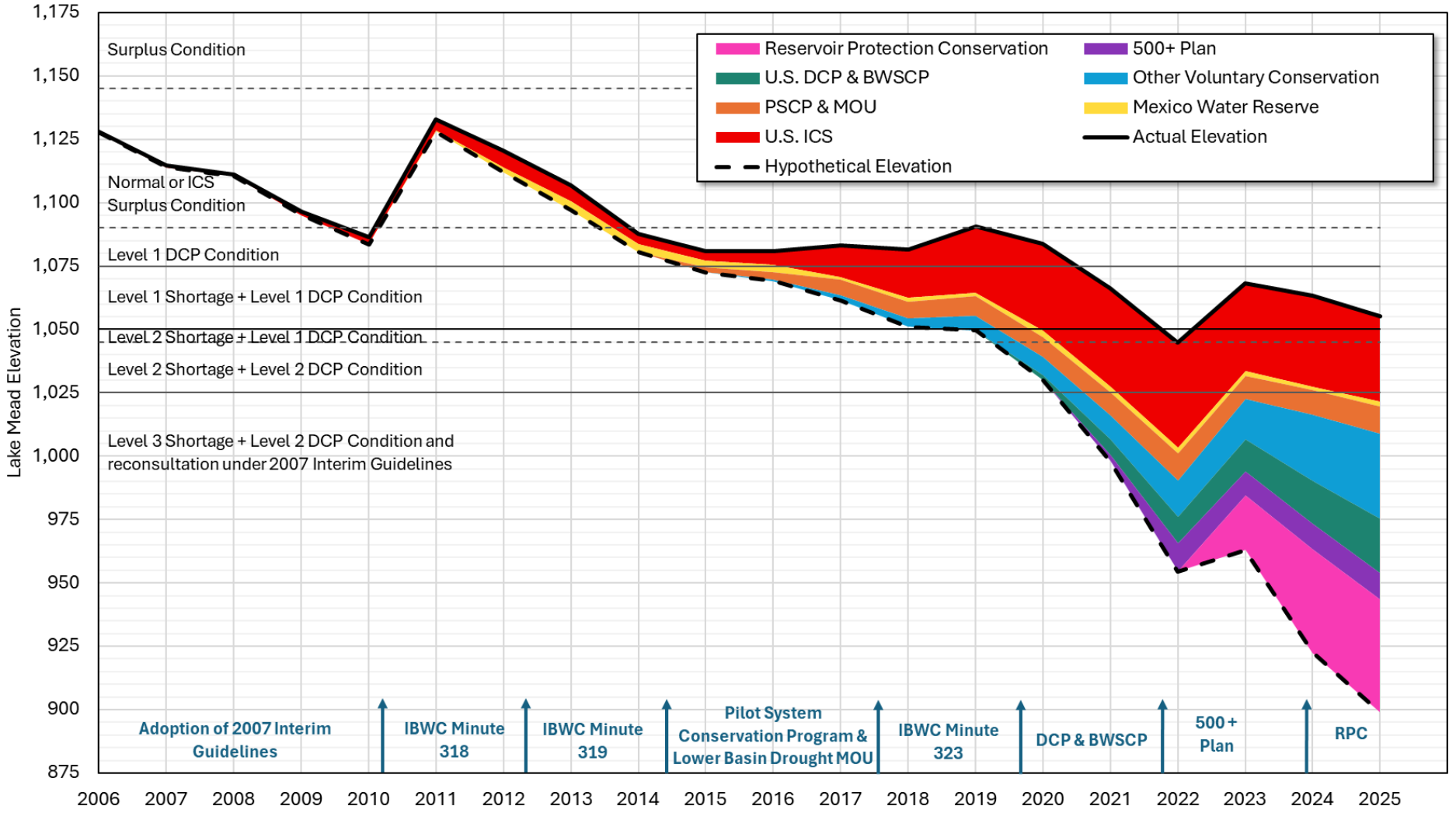
Lake Mead Storage and Conservation



NOTE: 2025 volumes are projected based on the June Most Probable 24-month study

Outlook for the 2026 CAP Delivery Supply

Don Crandall, P.E.
Water Control Manager

CAP Annual Operating Plan Timeline

CAP Rate Letter Schedule Request	Jul 9, 2025
August 24 Month Study	Aug 15, 2025
Annual Water Users Briefing	**Aug 28, 2025**
Water Delivery Requests	Oct 1, 2025
Final Water Schedules	Nov 15, 2025

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CAP Delivery Supply Outlook Current Assumptions

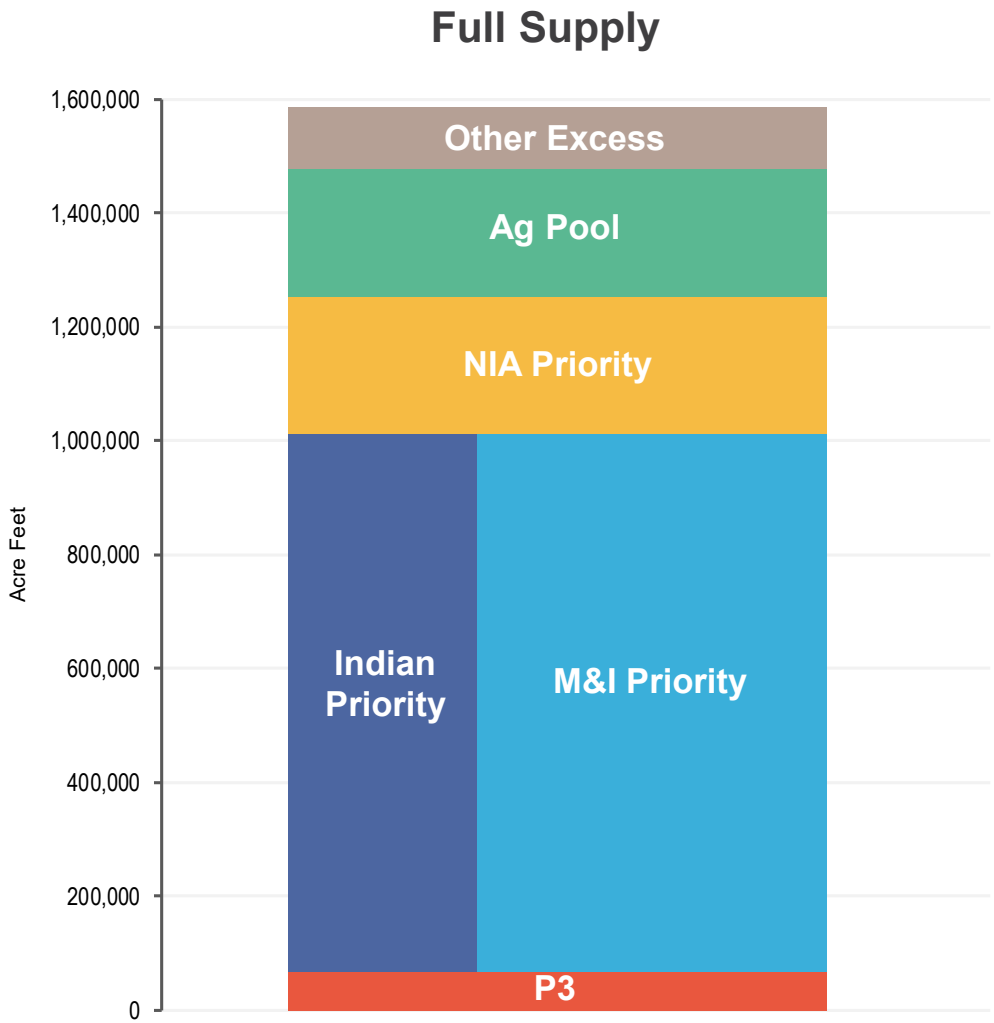
2026 Tier 1 Shortage Condition

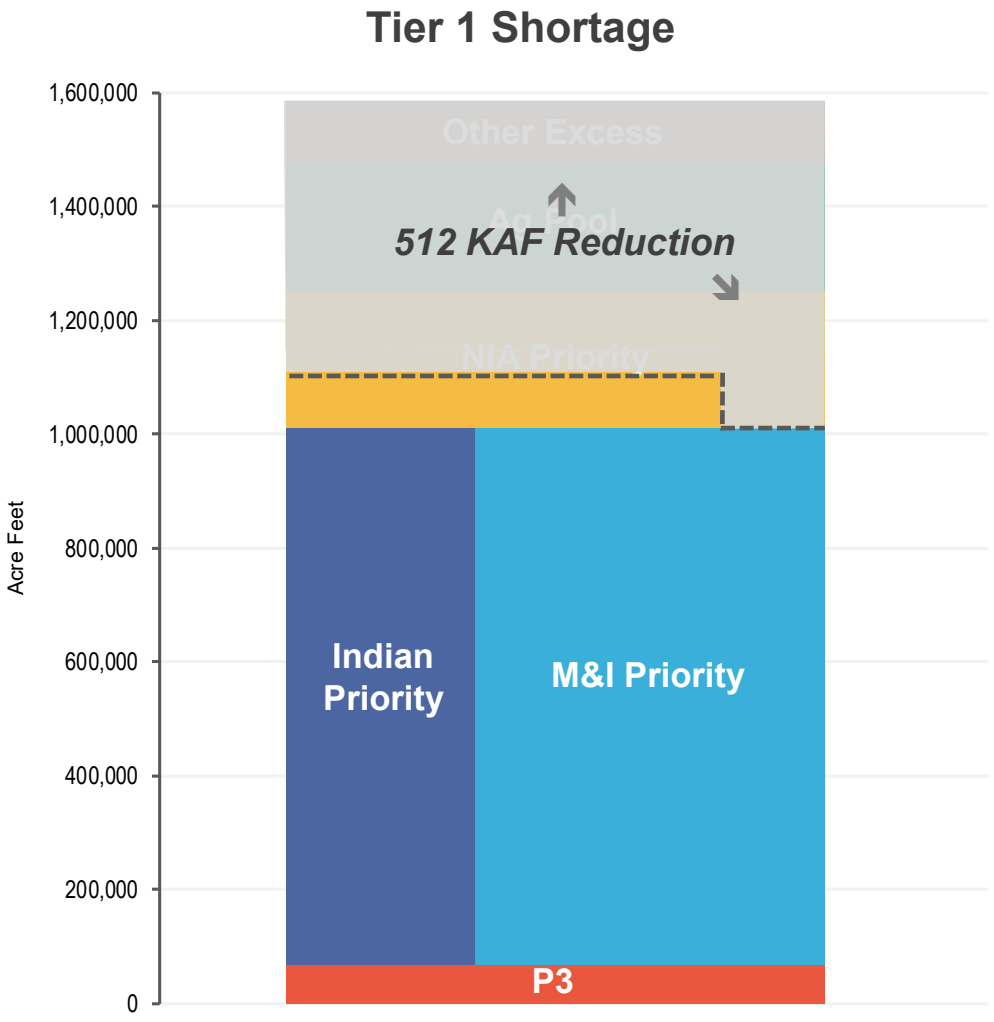
1,662,146 AF Colorado River Supply Normal Year (TBD)

- “Available CAP Supply” determination by Reclamation

No DCP mitigation in 2026

CAP Water Priority and Reductions





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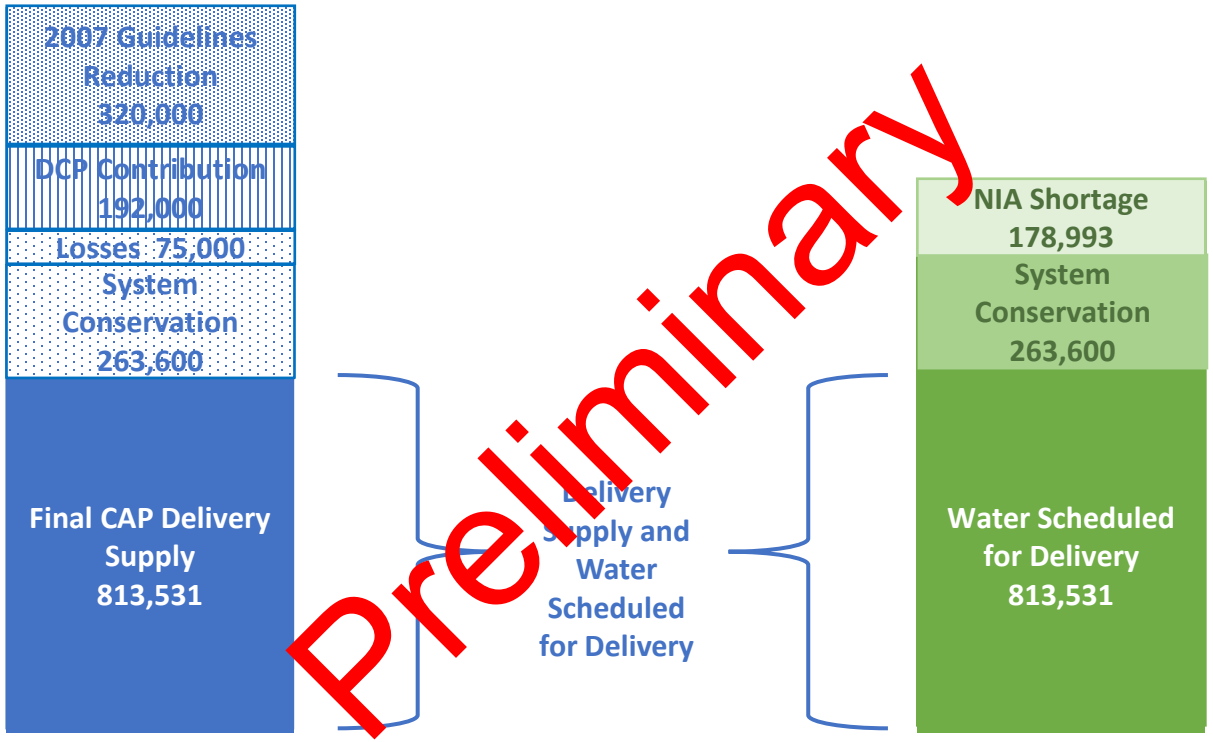
Outlook for the 2026 CAP Delivery Supply



Diversions and deliveries includes 2,033 AF of Wheeling

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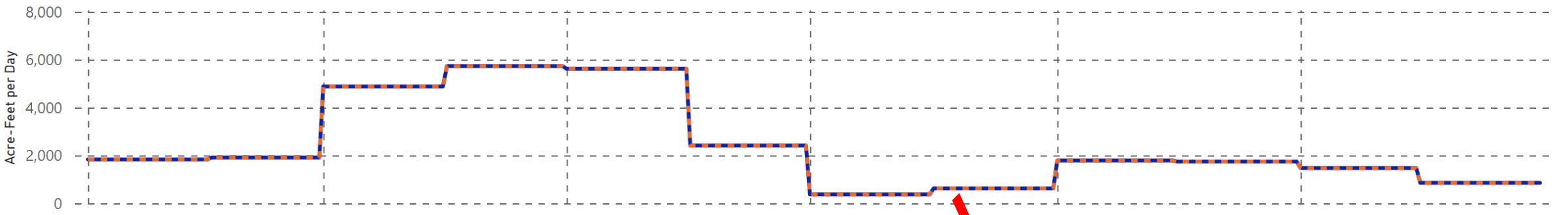
CAP DIVERSIONS

(Blank)	888.6K	888.6K	(Blank)	0.0K
Diversions YTD	Diversions Forecast EOY	Diversions AOP EOY	Diversions Variance YTD	Diversions Variance EOY

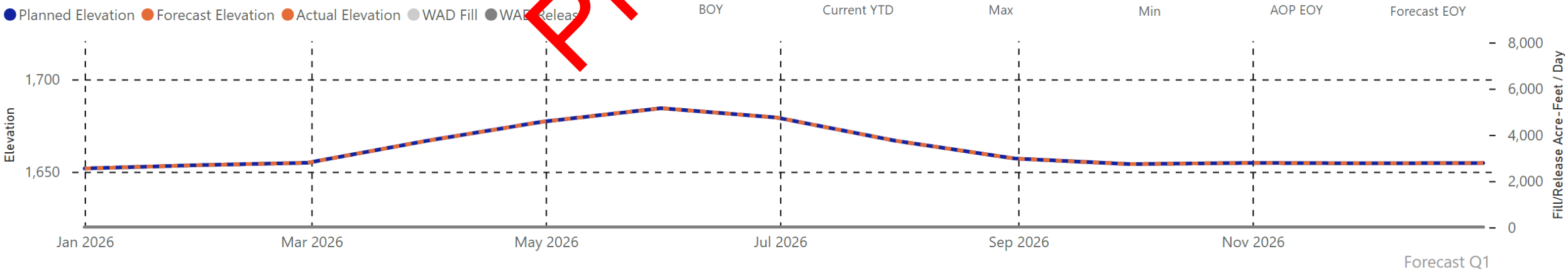


CAP DELIVERIES

(Blank)	813.5K	813.5K	(Blank)	0.0K
Deliveries YTD	Deliveries Forecast EOY	Deliveries AOP EOY	Deliveries Variance YTD	Deliveries Variance EOY

LAKE PLEASANT OPERATIONS

1,651.8	(Blank)	1,684.4	1,651.8	1,654.8	1,654.8
BOY	Current YTD	Max	Min	AOP EOY	Forecast EOY



Water Quality and Biology Report

SCOTT BRYAN - WATER QUALITY AND BIOLOGY ADMINISTRATOR

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Water Quality Monitoring

- **Monthly (Table A-1; Priority Constituents)**
  - Samples at 7 canal locations
  - Samples at Lake Havasu and 3 Lake Pleasant sites
  - PFAS at Lake Havasu and 3 canal locations
  - Vertical profiling at 5 Lake Pleasant sites
- **Semi-Annual (Table A-2; Rare)**
  - Samples at 3 canal locations
  - Samples at Lake Havasu
- **Continuous Monitoring**
  - Multiparameter probes at 2 canal locations
  - Turbidity sensors at 4 canal locations
  - Turbidity sensor at Lake Havasu
  - Temperature loggers at 4 canal locations, Lake Havasu, and Agua Fria River

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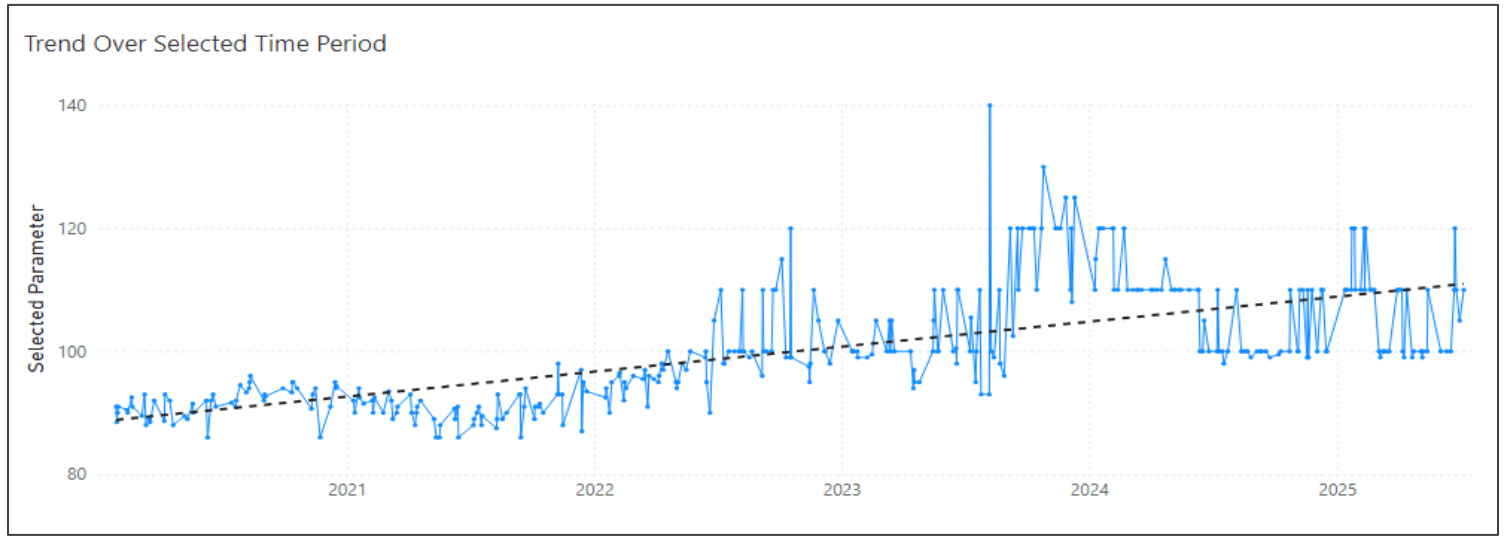
Water Quality Trends

5-Year Trends

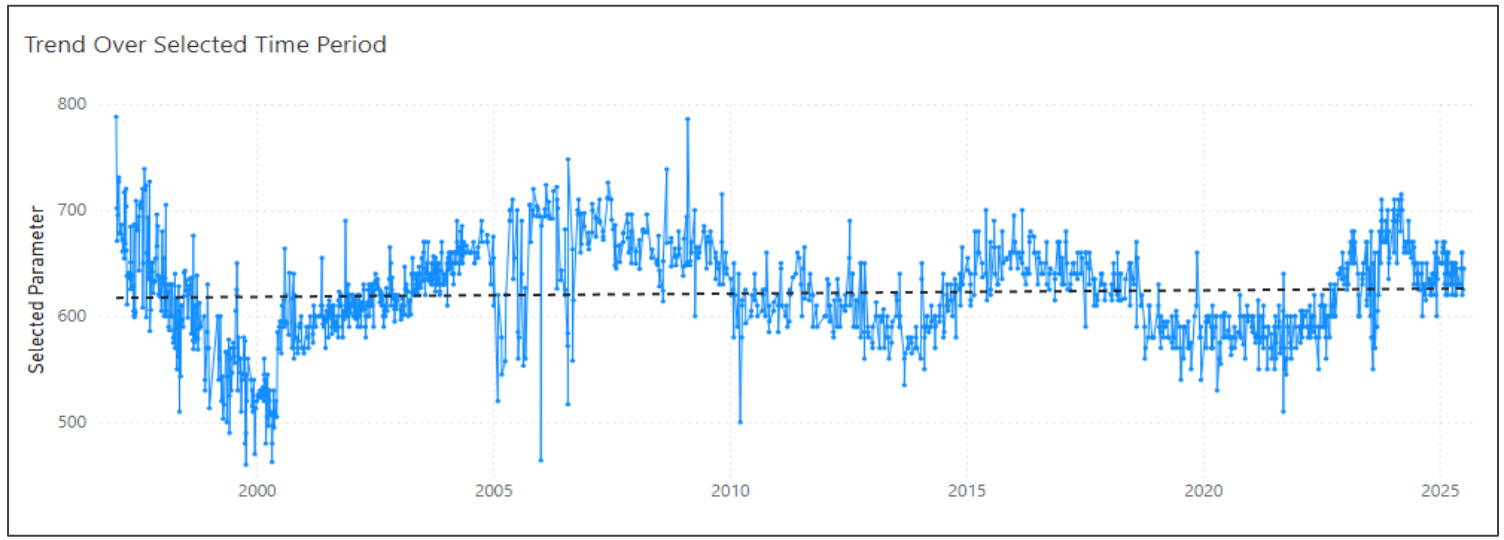
- Many priority constituents haven't changed or are decreasing
- Increasing trend in some

Metals	
• Barium	• Sodium
• Molybdenum	• Strontium
• Potassium	• Uranium
Non-Metal/Metalloid	
• Boron	• Sulfate
Anions	
• Bromide	• Chloride
• Fluoride	
Nutrients and Other	
• Nitrate	• TDS

Chloride (mg/L)



TDS (mg/L)



Water Quality Trends

Rare Constituents (“Exotic”)

- Just 3 constituents detected in 5 years
- No detections in Lake Havasu (MWP) samples
- No detections in Spring 2025

“Exotic” Detections	
• 2,4-D	All at SXV
• Ethylene Glycol	LPT or LPP
• Formaldehyde	SXV

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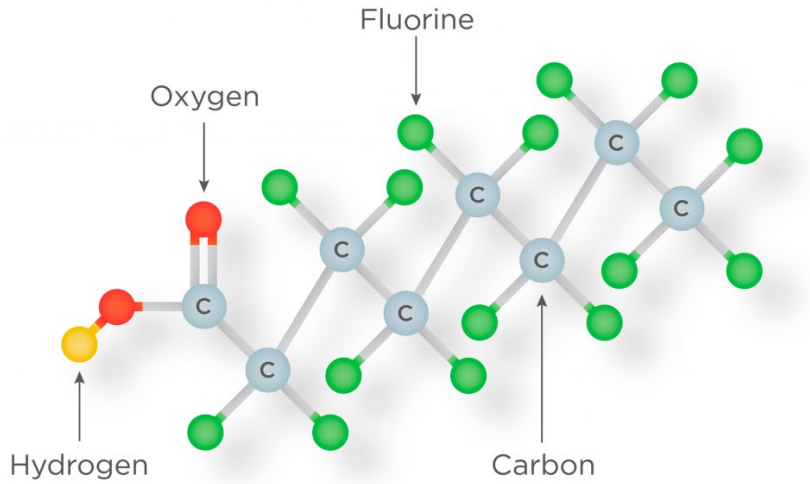
Water Quality Trends

PFAS ("Forever Chemicals")

- Sampled semi-annually from 2020-2023; Sampled monthly beginning in 2024
- CAP samples for 18 PFAS compounds
- Detected 5 times over past 5 years, all at very low levels
- No detections at Lake Havasu site (MWP)
- No detections in monthly samples since July 2024



PFAS Detections			
PFOA	2 ng/L 2.2 ng/L	November 2023 November 2023	SXV LPP
PFBS	3.9 ng/L	July 2024	LPP
PFHxA	6.6 ng/L	July 2021	SXV
PFHxS	2 ng/L	May 2022	LPP

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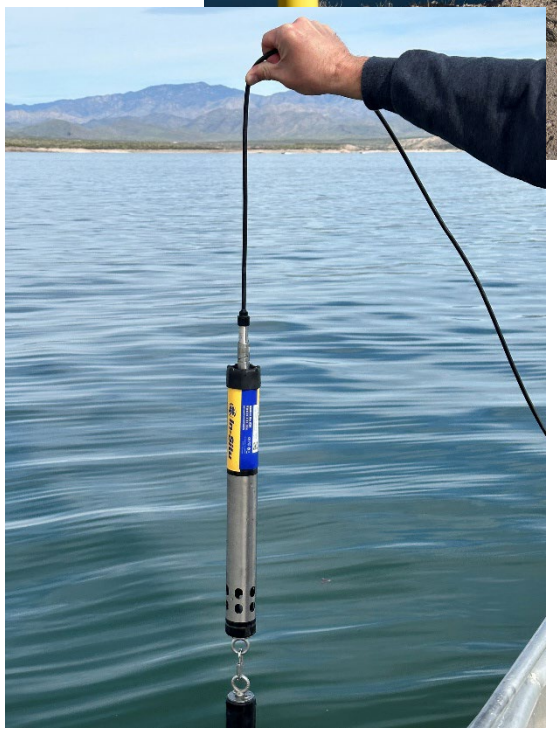
Continuous Sensors (Real-Time)

- Hydrolab DS5X multiparameter sensors replaced with In Situ Troll 500 sensors (HDQ and RWCD)
- New sensors include turbidity and will replace the FTS sensors
- Turbidity sensors at Mark Wilmer, Sun City Festival, and Casa Grande will be replaced by the end of 2026 with In Situ Troll sensors



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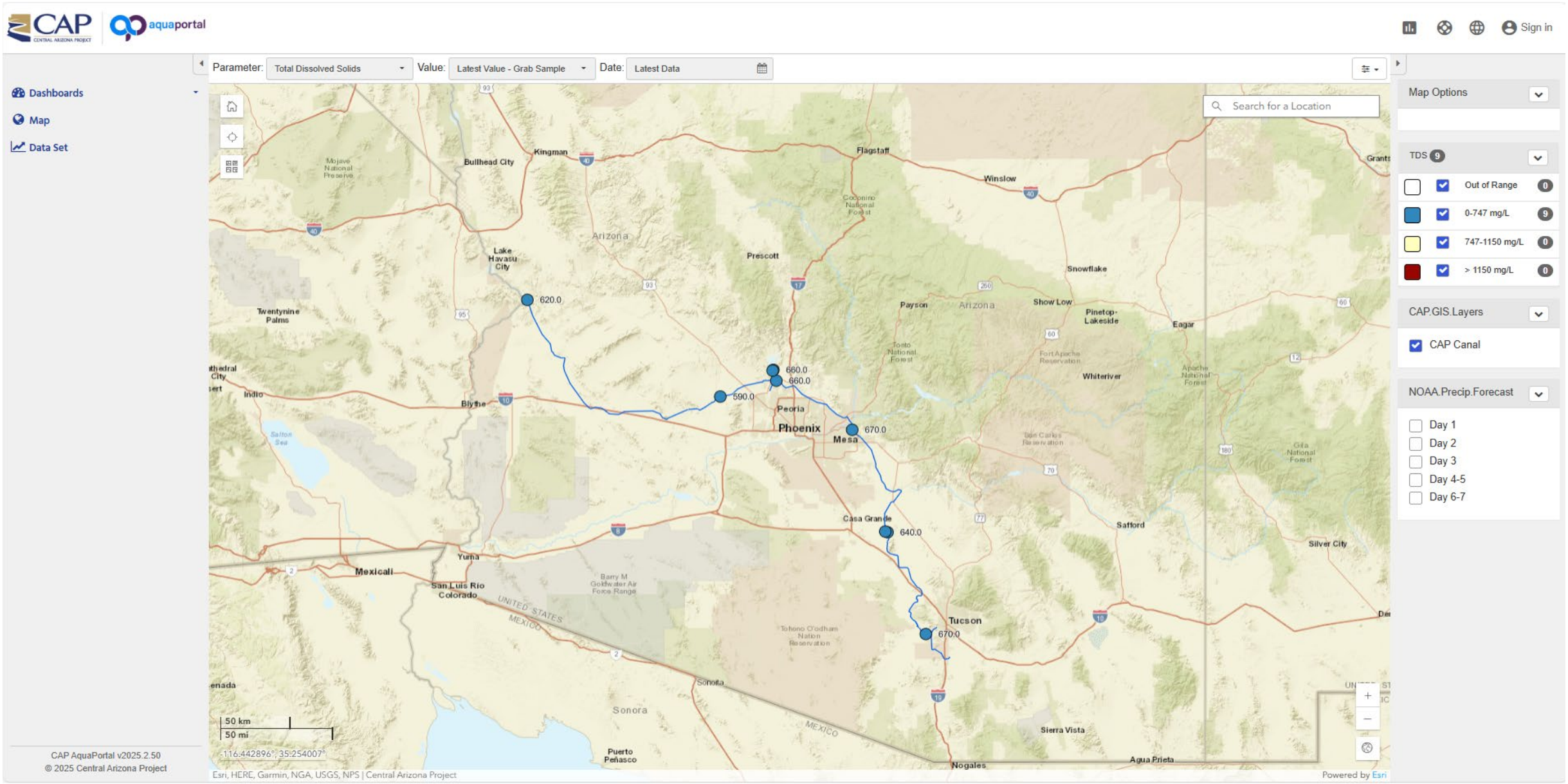
AquaPortal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aquaportal
Sign in
Dashboards
Map
Data Set
Parameter: Total Dissolved Solids
Value: Latest Value - Grab Sample
Date: Latest Data
Search for a Location
Map Options
TDS 9
Out of Range 0
0-747 mg/L 9
747-1150 mg/L 0
> 1150 mg/L 0
CAP.GIS.Layers
CAP Canal
NOAA.Precip.Forecast
Day 1
Day 2
Day 3
Day 4-5
Day 6-7
620.0
660.0
660.0
590.0
670.0
640.0
670.0
Phoenix
Mesa
Peoria
Tucson
Casa Grande
Flagstaff
Winslow
Prescott
Kingman
Bullhead City
Lake Havasu City
Yuma
Mexicali
San Luis Rio Colorado
Nogales
Sierra Vista
Safford
Silver City
Show Low
Payson
Snowflake
Whiteriver
Eagar
Blythe
Indio
Twentynine Palms
Sonora
Puerto Peñasco
50 km
50 mi
-116.442896°, 35.254007°
Esri, HERE, Garmin, NGA, USGS, NPS | Central Arizona Project
Powered by Esri
CAP AquaPortal v2025.2.50
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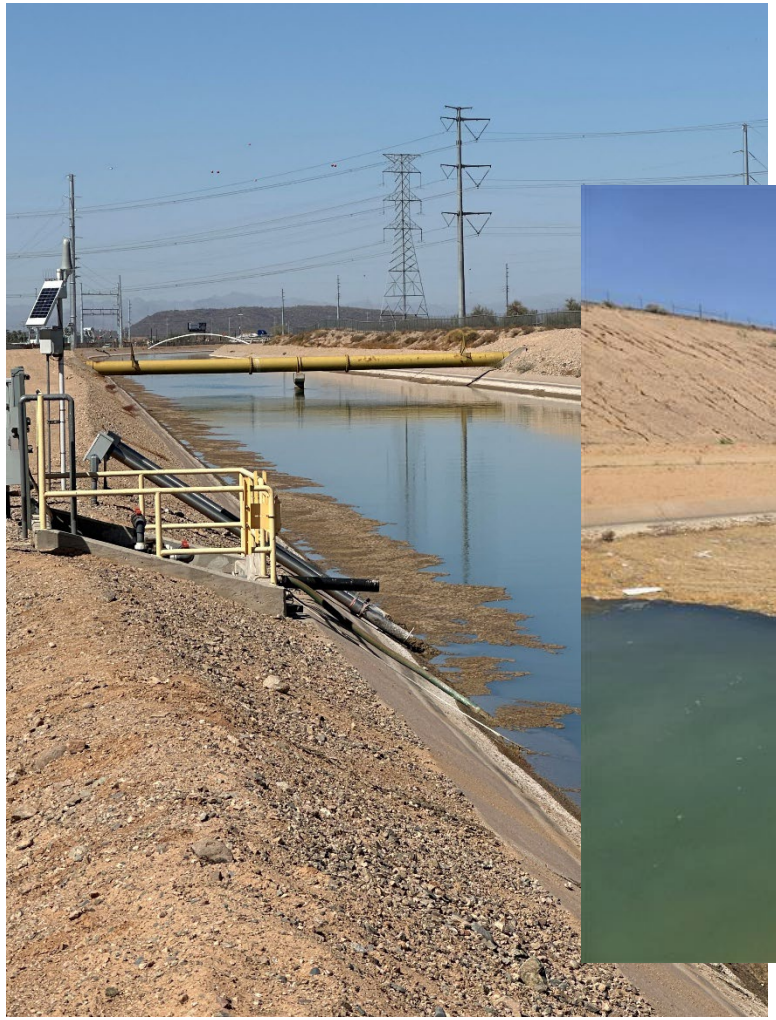
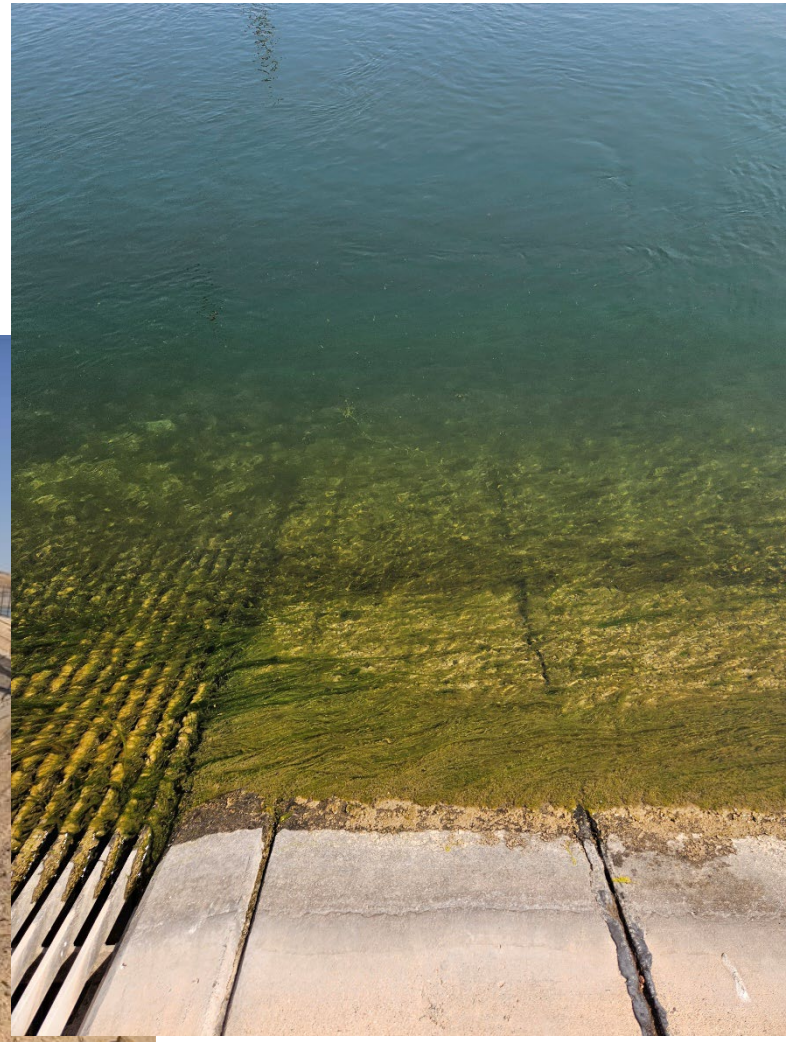
Algae/Rock Snot





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Invasive Mussels (Quagga/Golden)

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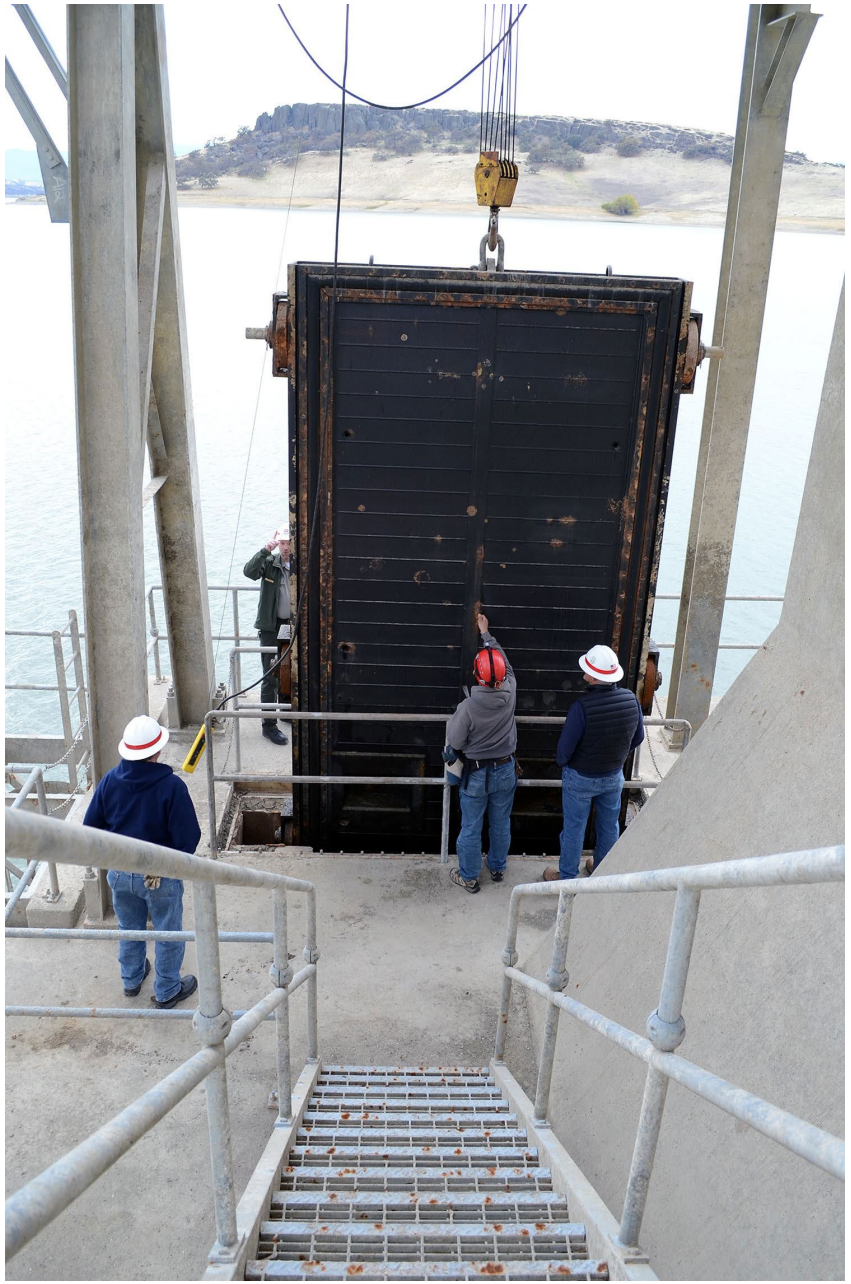
Alamo Dam Repairs



Alamo Lake Releases

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Break– 10 Minutes

Send Questions to: questions@cap-az.com

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Maintenance Update

Robert Hitchcock

Maintenance Control Manager

Annual Water User Meeting

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2025 - Annual Maintenance Outages Planned

West Winter Outage

Jan. 15th – Feb. 13st

Buckskin Mountain Tunnel 15YR Inspection

Cunningham siphon 15YR Inspection

Burnt Mountain Tunnel 15YR Inspection

West Summer Outage

June 24th – Aug. 21st

Mark Wilmer Pumping Plant (MWP)

Bouse Hills Pumping Plant (BSH)

Little Harquahala Pumping Plant (LHQ)

Hassayampa Pumping Plant (HSY)

South Fall Outage

Oct. 20th – Nov. 22th

Salt Gila Pumping Plant (SGL)

Brady Pumping Plant (BRD)

Picacho Pumping Plant (PIC)

Red Rock Plant (RED)

Twin Peaks Pumping Plant (TWP)

Sandario Pumping Plant (SAN)

Brawley Pumping Plant (BRW)

San Xavier Pumping Plant (SXV)

Snyder Hills Pumping Plant (SNH)

Black Mountain Pumping Plant (BLK)

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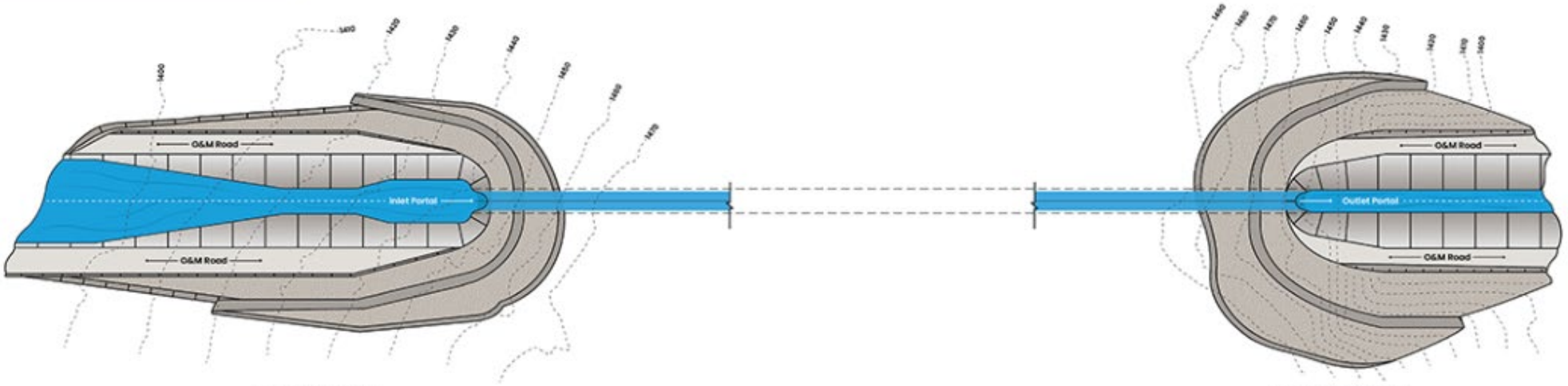
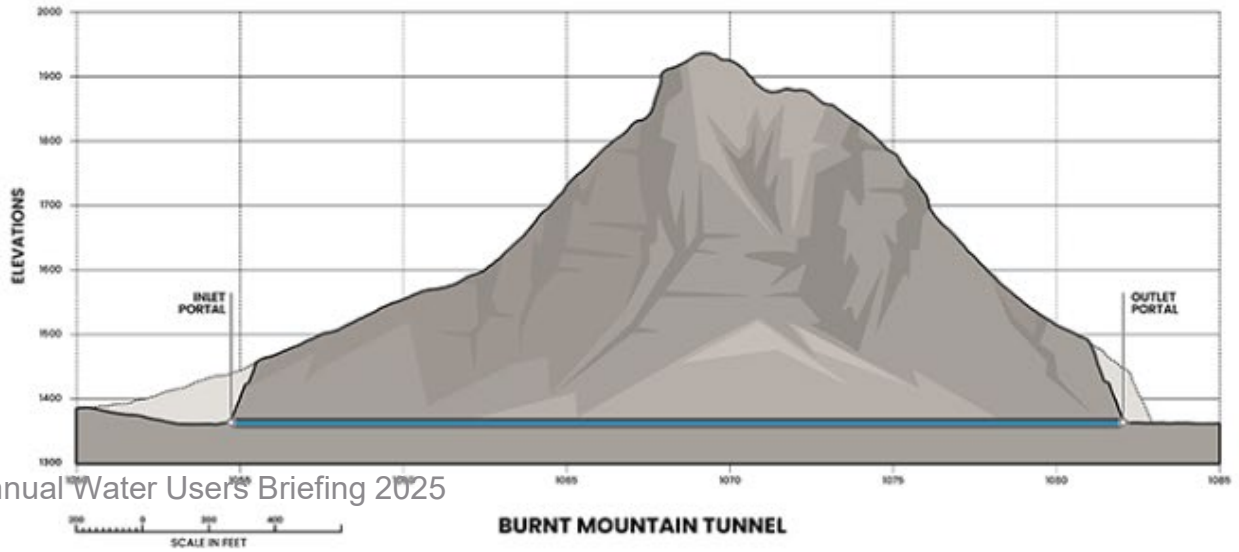
ANATOMY OF A Tunnel

BURNT MOUNTAIN

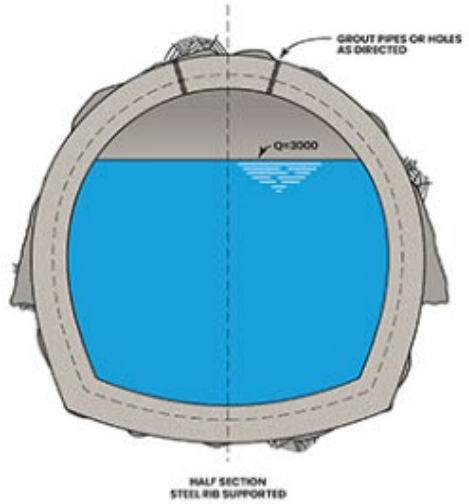


INLET PORTAL

OUTLET PORTAL



BURNT MOUNTAIN TUNNEL

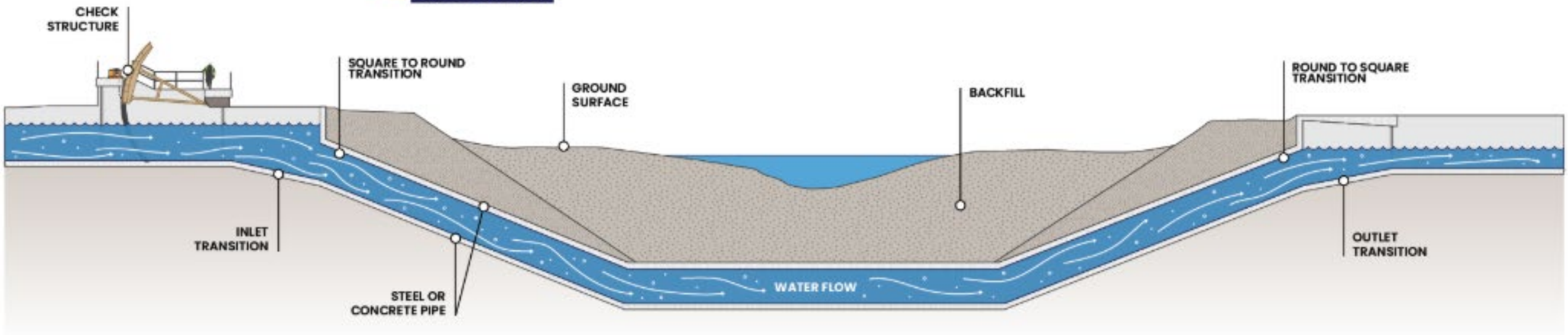


TUNNEL CROSS-SECTION

ANATOMY OF AN

Inverted Siphon

CROSS-SECTION



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2025 Siphon and Tunnel outage

Buckskin Mountain Tunnel

Age:	**Constructed 1975-1989**
Size:	**22 ft diameter**
Length:	**35,924 ft (6.8 miles)**
Construction Method	**Tunnel Boring Machine with Precast Concrete Tunnel Liner Segments**
Inspection Findings	• **Minor Spalling Observed on Precast Concrete Tunnel Liner Segments** • **Some mastic is coming out of many Joints between the Precast Concrete Tunnel Liner Segments** • **Invert has some Chipping and Erosion of Concrete**

Tunnel is in Good Condition

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Buckskin Mountain Tunnel

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Cunningham Siphon

Age:	**Constructed 1978**
Size:	**21 ft diameter**
Length:	**3,663 ft (0.69 miles)**
Construction Method	**Monolithic Concrete (Cast in Place Reinforced Concrete)**
Inspection Findings	• **Minor Wear of Invert – Aggregates Exposed** • **Minor Circumferential Cracking** • **No Horizontal Cracking Observed**

Pipeline is in Good Condition

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Cunningham Siphon

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Burnt Mountain Tunnel

Burnt Mountain Tunnel

Age:	**Constructed 1978**
Size:	**19.5 ft diameter**
Length:	**2,730 ft (0.52 miles)**
Construction Method	**Drilled and Blast – Cast in Place Reinforced Concrete**
Inspection Findings	• **Minor Transverse Cracking in the Invert in a Few Locations** • **No Horizontal Cracks Observed**

Tunnel is in Good Condition

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Burnt Mountain Tunnel

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2025 – Critical Equipment PM's

22 Pump/Motor Main Units 5 Year PM

- 11 complete

8 High Voltage Transformers 5 Year PM

- 6 complete

8 High Voltage BUS 5 Year PM

- 2 complete

10 High Voltage Switchgear 5 Year PM

- 1 Complete

5 Discharge Manifold & Pipeline 5 Year PM

- 2 Complete

Cunningham Siphon Insp. – 15 Year PM

- Complete

2 Tunnel Inspections – 15 Year PM

- Buckskin Mountain & Burnt Mountain - Complete

13 Turnout Gates 5 Year PM

- 10 Complete

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2025 - Main Pump Unit Overhaul

TWIN PEAKS U5

Pump overhaul In-progress

Mechanical looseness & vibration

HASSAYAMPA U7

Pump overhaul & Motor Cleaning In-Progress

Wear ring is 1.67X design & stuffing box condition is poor.

PICACHO U4

Pump overhaul Planned

Poor casing cover & impeller/diffuser vane condition.

SALT GILA U3

Pump Overhaul Complete

Motor Rewind Driver

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2026 – Major Maintenance

MWP – Unit 3 Motor Rotor Pole Replacement

MWP – Transformer KW1A Oil Leak Repair

WAD – U6 & 8 Cooling Water Strainer Repl.

WAD– Left Pump Tower Gate Oil Leak Repair

Agua Fria Siphon - Coating Repair

Agua Fria Siphon – 48" Butterfly Valve Repl.

Pool Twin Peaks - Overchute Coatings Repairs

Pool Sandario – Overchute Coating Repairs

TWP – U1 & 2 Suction Bell Coating Repairs

TWP – U1 & 2 Pump Bearing Housing Repair

SAN – U1, 2, 3 Suction Bell Coating Repairs

SAN – Switchyard Aggregate Repl.

BRW – U3 & 4 Discharge Valve Repl.

SND Unit 7 Motor Rewind

Check 22 – Radial Gate 1 & 2 Refurb.

SRO TO G1 & 2 Hydraulic Cylinder Relocation

P27 & P29 Canal lining Repl.

LHQ - Unit 5 Overhaul

PIC - Unit 1 Overhaul

SGL - Unit 7 Overhaul

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Capital Improvement Program

RYAN JOHNSON– ENGINEERING MANAGER

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Project Steering Committee (PSC)

- Purpose
  - Execute the right projects
  - At the right time
  - For the right reasons
  - Evaluate project options – select the most effective solution
  - Oversee execution of large projects – compliance with budget, schedule, resource utilization
  - Help manage the overall CAP capital budget – seek additional Board authority, if needed

The Central Arizona Project (CAP) has established the PSC to provide portfolio management and facilitate cost effective, consistent, and objective project approval, prioritization, planning, and execution.

Project Steering Committee (PSC)

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Engineering Projects

- Projects selected for Budget
  - Prioritized based on Risk
  - Optimize Labor Availability
  - Support CAP's Strategic Goals
  - Aligned with "Big R" Rate and Extraordinary Cost Reserve Funding

CENTRAL ARIZONA PROJECT
FINAL 2026-2030 RATE SCHEDULE
BOARD APPROVED

June 5, 2025

WATER RATES
Units = $/ acre-foot
(The Letter Designations in the Formulas Refer to the Rate Components Shown Below)

Water Volume (acre-feet)	900K	900K Firm	825K Firm	825K	825K Advisory	825K	825K
	2024	2025	2026	2027	2028	2029	2030
Water Delivery Rate							
Fixed O&M	145	160	175	185	187	199	209
"Big R"	47	40	49	50	52	52	52
Fixed OM&R Rate [1]	$ 192	$ 200	$ 224	$ 235	$ 239	$ 251	$ 261
Pumping Energy Rate [2]	$ 78	$ 95	$ 85	$ 88	$ 91	$ 94	$ 97
Water Delivery Rate [3]	$ 270	$ 295	$ 309	$ 323	$ 330	$ 345	$ 358
Capital Charge [4]							
Full rate	$ 72	$ 69	$ 67	$ 64	$ 64	$ 61	$ 59
Board applied taxes to Repayment	$ (19)	$ (15)	$ (11)	$ (6)	TBD	TBD	TBD
Net Capital Charge	$ 53	$ 54	$ 56	$ 58	$ 64	$ 61	$ 59

Risk Priority Number Matrix

Risk Priority Number = Consequence Score + Failure Rate Score

	Score						
Catastrophic	8	9	10	11	12	13	14
Critical	6	7	8	9	10	11	12
Severe	4	5	6	7	8	9	10
Serious	2	3	4	5	6	7	8
Moderate	1	2	3	4	5	6	7
Negligible	0	1	2	3	4	5	6
	Score	1	2	3	4	5	6
	Failure Rate	< 50 Years	30-50 Years	10 - 30 Years	1-10 Years	6mo - 1 Year	> 6mo
	EOL/Obsolescence Estimate	> 12 yrs	> 10 ≤ 12 yrs	> 8 ≤ 10 yrs	> 5 ≤ 8 yrs	> 2 ≤ 5 yrs	≤ 2 yrs
		Likelihood of Failure					

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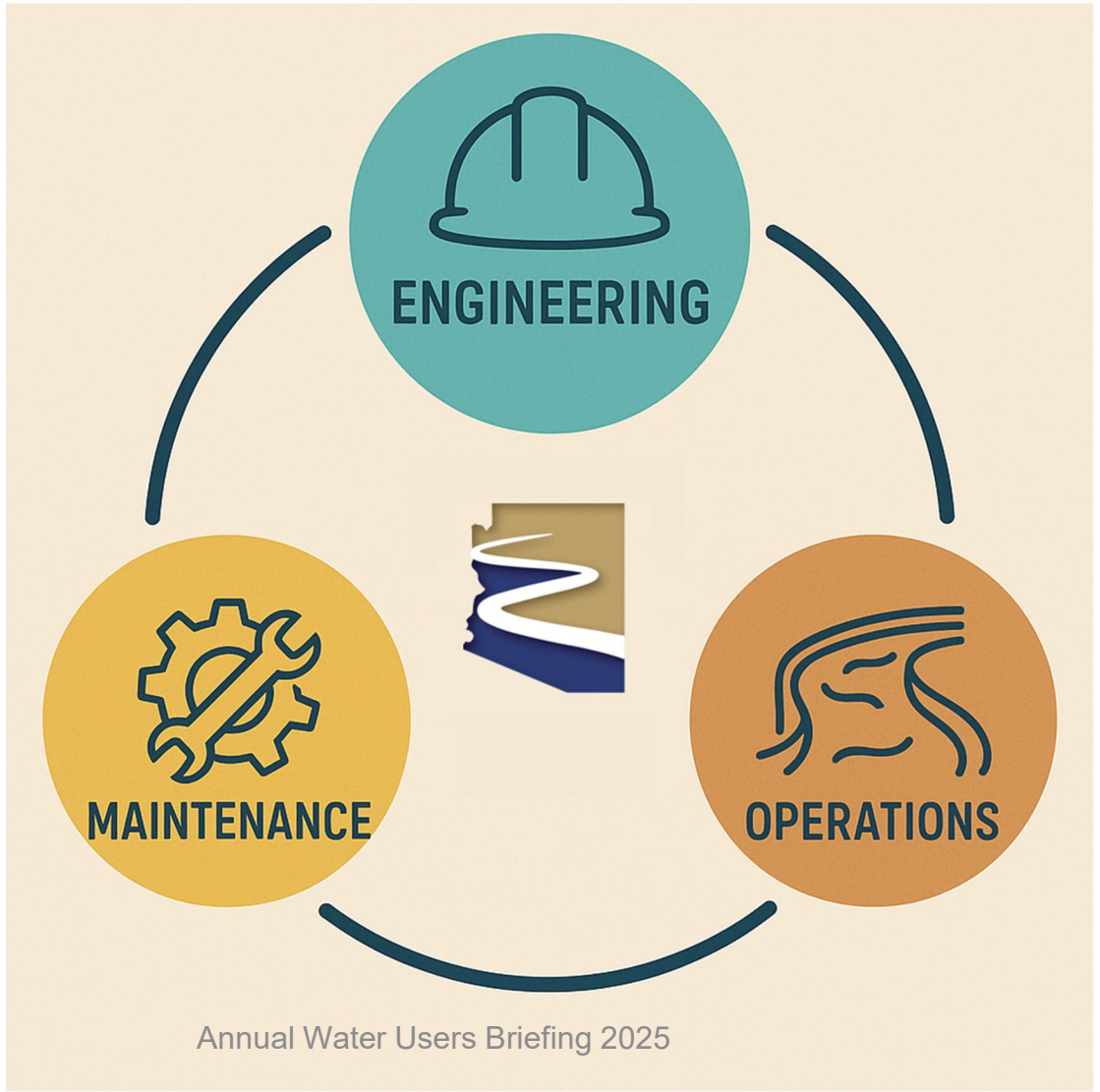
Outage Planned Work – Summer 2025



Agua Fria River Siphon Reline Project

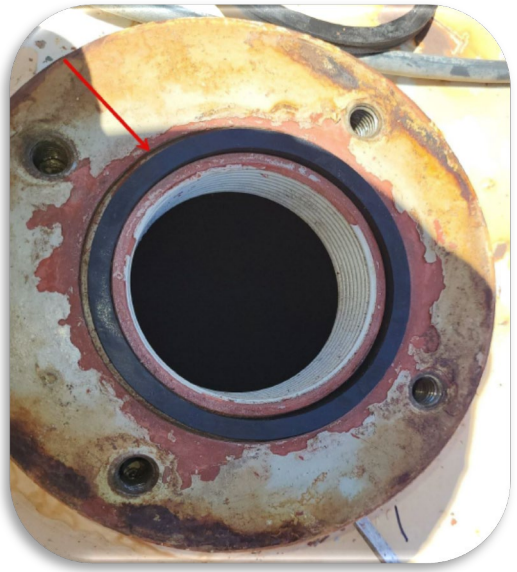
Summer Outage Work Update

- Site prep & safety planning.
- Siphon dewatered / Blowoff structure.
- Pre-construction inspection conducted, 1 year in advance of project.
- Developed the extent of scope to address abrasion and wear during next year's planned outage.
- Access roads improved.
- Water up and return siphon to CAP water Operations.

Mark Wilmer Transformer Repairs

Summer Outage Work Update

- Coordinated pre-job safety & testing plans.
- Mobilized, setup scaffolding.
- Drained oil, fixed leaks, replaced seals, repaired/replaced hardware & bushings.
- Conducted testing & sampling.
- Cleaned transformer KW3A and placed back into service.



Mark Wilmer Unit 4 Instrumentation Upgrade

Summer Outage Work Update

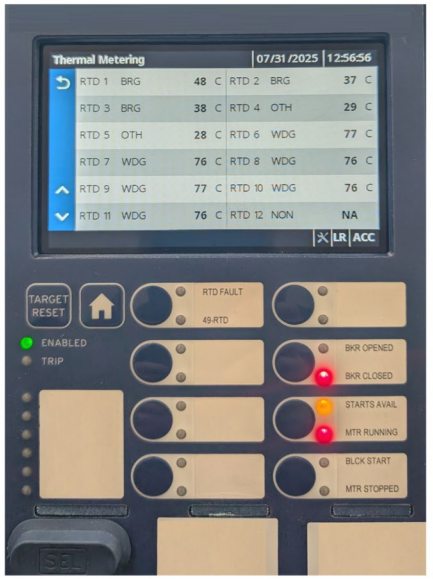
- Out of date monitoring equipment, no trending capabilities.
- Monitors/Controls Motor Unit Temperature.
- New technology can shut unit down if running temperatures get too high.
- State of the art fiber optic cabling for high-speed communications.
- Additional data collection for trending analysis.

Motor Thermal Relays

RTD Data

Lower Guilde Bearing (RTD1)	RTD1 = 49.0 °C	Normal	A=75 T=80
Upper Guilde Bearing (RTD2)	RTD2 = 35.0 °C	Normal	A=75 T=80
Thrust Bearing (RTD3)	RTD3 = 35.0 °C	Normal	A=75 T=80
Air Cooler #1 (RTD4)	RTD4 = 27.0 °C	Normal	A=50 T=55
Air Cooler #2 (RTD5)	RTD5 = 25.0 °C	Normal	A=50 T=55
Motor Stator A1 (RTD6)	RTD6 = 53.0 °C	Normal	A=110 T=12
Motor Stator A2 (RTD7)	RTD7 = 52.0 °C	Normal	A=110 T=12
Motor Stator B1 (RTD8)	RTD8 = 52.0 °C	Normal	A=110 T=12
Motor Stator B2 (RTD9)	RTD9 = 50.0 °C	Normal	A=110 T=12
Motor Stator C1 (RTD10)	RTD10 = 50.0 °C	Normal	A=110 T=12
Motor Stator C2 (RTD11)	RTD11 = 53.0 °C	Normal	A=110 T=12
Spare (RTD12)	RTD12 = 0.0 °C	Normal	

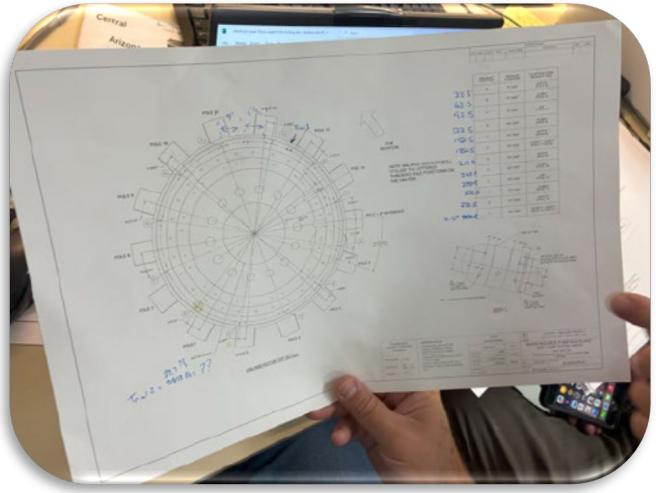
Module Status OK

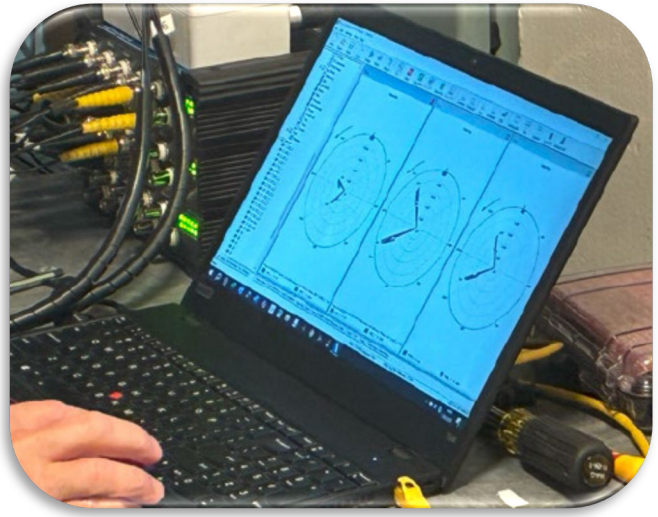


Mark Wilmer Unit 2 Field Balancing

Summer Outage Work Update

- Mark Wilmer Unit 2 motor experienced high vibration levels.
- CAP implemented field balancing for the first time at this plant.
- Advanced planning & coordination between internal & external crews.
- Target vibration results were achieved. Extend life of Unit 2.
- Creative problem solving by the team.





Water Education Center

Update

Work Complete:

- Sanitary Sewer Tie-In
- Fiber Optic Line Tie-In
- Grade Beam Concrete
- Grade Beam Footings
- Wall Footings on Canal Left

Work Upcoming:

- Start of Structural Concrete
- Remaining Wet Utilities
- Wall Footings
- M.E.P. Rough-in

Water Education Center

Update

Work Complete:

- Sanitary Sewer Tie-In
- Fiber Optic Line Tie-In
- Grade Beam Concrete
- Grade Beam Footings
- Wall Footings on Canal Left

Work Upcoming:

- Start of Structural Concrete
- Remaining Wet Utilities
- Wall Footings
- M.E.P. Rough-in

Water Education Center

Mortenson

JONES STUDIO

Update

Work Complete:

- Sanitary Sewer Tie-In
- Fiber Optic Line Tie-In
- Grade Beam Concrete
- Grade Beam Footings
- Wall Footings on Canal Left

Work Upcoming:

- Start of Structural Concrete
- Remaining Wet Utilities
- Wall Footings
- M.E.P. Rough-in

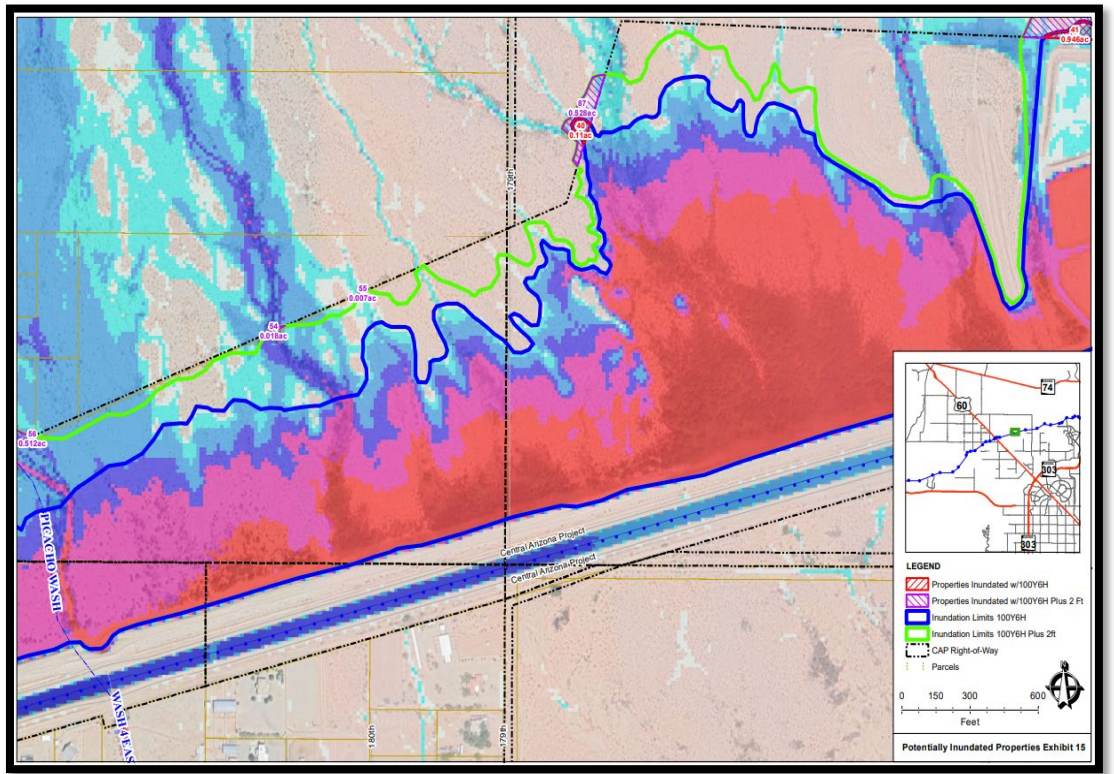
Aqueduct Hydrology Improvements

Work Complete:

- Design = JE Fuller / Black & Veatch
- Phase 1 Design, 90% Complete
- CMAR Selection = Archer Western
- Pre-Construction Phase Contract

Work Upcoming:

- Phase 2 & Phase 3, Design
- Phase 1, CMAR Construction Contract
- Board Approval
- Construction Begins



Aqueduct Hydrology Improvements

Phase	Problem ID	Canal Milepost	Name	Downstream	Design Begins	Construction Begins	Approximate Miles of Protective Embankment	Approximate Cost
1	1	127.8	Wittmann 235th Ave & Pinnacle Peak Rd	Desert	2024	2025	2.1	$ 6,000,000
1	2	129.75	Wittmann Iona Wash	Desert	2024	2025	0.9	$ 3,300,000
1	3	131.94	Wittmann 211th Ave & Patton Rd	Urbanization	2025	2026	1.0	$ 3,200,000
1	4	134.17	Wittmann Wittmann Wash	Urbanization/Desert	2025	2026	1.3	$ 4,900,000
1	5	138.66	Wittmann East of US60	Urbanization/Desert	2025	2026	1.6	$ 14,900,000
2	8	179	Scottsdale Lost Dog Wash	Urbanization	2026	2027	0.4	$ 1,600,000
2	9	179.8	Scottsdale Wash B	Urbanization	2026	2027	0.3	$ 1,300,000
2	10	181.67	Doubletree Ranch Rd at SRPMIC	Desert	2026	2027	0.3	$ 2,300,000
2	11	187.23	East of SR87 Upstream of Salt River Siphon	Desert	2026	2027	0.4	$ 2,300,000
3	12	233.44	South of Gila River Siphon	Agricultural	2026	2027	1.0	$ 6,000,000
3	13	240.65	North of Cactus Forest Rd	Agricultural	2026	2028	3.8	$ 25,300,000
3	14	244.97	Coolidge Airport	Desert	2026	2028	3.0	$ 16,600,000
4	15	262.59	Picacho - Phillips Rd	Desert	2027	2028	1.1	$ 4,500,000
4	16	266.5	West of McClellan Wash Siphon	Desert	2027	2028	1.6	$ 7,200,000
4	17	273	Red Rock Downstream of Pecan Rd Dike	Agricultural	2027	2029	2.3	$ 19,000,000
4	18	279.65	Downstream of Red Rock Pumping Plant	Desert	2027	2029	4.3	$ 20,000,000
5	19	287.92	Marana Owl Head Ranch Rd	Urbanization/Desert	2028	2030	2.1	$ 7,800,000
5	20	300.59	South of Marana Airport	Desert	2028	2030	1.2	$ 4,300,000
5	21	305.5	Downstream of Sandario Pumping Plant	Desert	2028	2030	0.8	$ 2,100,000
6	6	157.68	Skunk Creek	Urbanization	2028	2030	0.1	$ 400,000
6	7	157.68	Sonoran Wash	Urbanization	2028	2030	0.2	$ 1,400,000
						Totals	**29.8**	**$ 154,400,000**

Brady, Picacho, Red Rock – Replace Air Compressor Systems for Discharge Valves

Project Scope:
New Discharge Valve Operating System Air Compressors regulate the hydraulic oil system pressure to open and close the discharge valves.

Contractor:
MGC Contractors
Construction Contract: $690K

Cost Savings:
Early procurement direct from manufacturer (Sauer Compressors USA) in October of 2024, saving money on material tariffs and installer markup.

Construction Milestones:
Work is scheduled for fall outage of 2025 with pre-outage work avoiding operational impacts.

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New Maintenance Buildings at Headquarters and Bouse Maintenance Yard

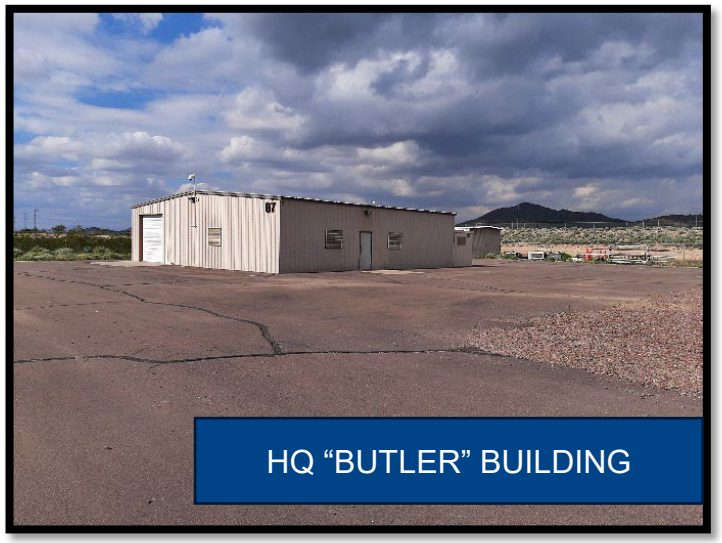
Project Scope:
Design and construction for a new HQ Maintenance Building to replace the soon-to-be-demolished "Butler" Building and a new Bouse Maintenance Yard (BMY) Building to give fleet maintenance a dedicated and safe work space.

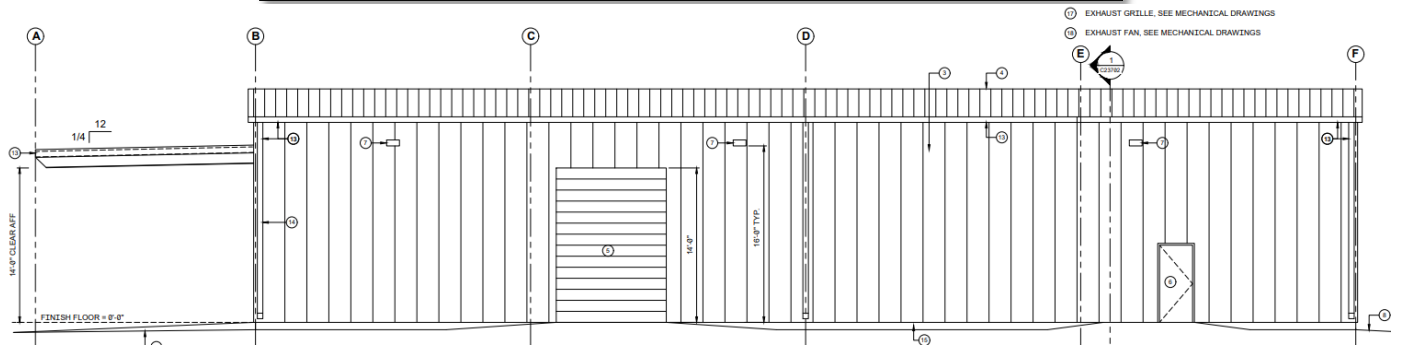
Contractor:
SD Crane Builders
Construction Contract: $1.6M (estimated)

Cost Savings:
The two buildings share a similar scope and were packaged under one project to allow for savings in design and construction.

Project Milestones
HQ Building Design: July 2025 – February 2025
HQ Building Construction: August 2025 – January 2026
BMY Building Design: April 2025 – October 2025
BMY Building Construction: February 2026


BOUSE MAINTENANCE YARD


HQ "BUTLER" BUILDING



Pumping Plant Generator Replacements

Project Scope:
Perform a Design Concept Report to evaluate backup power options and air emission constraints, select a design alternative, procure long-lead capital equipment during the design phase, install new Generators at Pumping Plants, improve system reliability.

Contractor:
Caliente Construction
Construction Contract $4.0M (estimated)

Cost Savings:
Pilot phase at large and small pumping plants. Integrating remote (internal) monitoring capabilities. Fuel tank configuration.

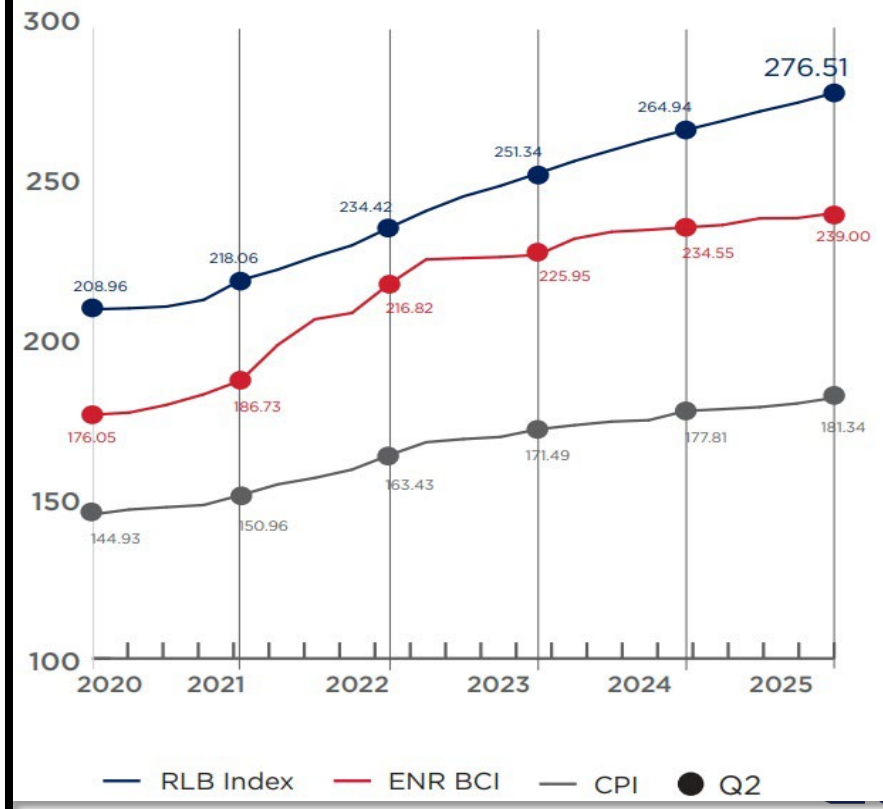
Construction Milestones:
Pilot phase installation at HSY and PIC in late 2025 or early 2026.
Full installation complete by 2029

Construction Market Conditions

- Southwest cost escalations remain high; markets like Los Angeles (6-8%) due to disaster rebuilding.
- Key pressure points: labor shortages in certain trades, volatile material prices, and competition from large-scale industrial/manufacturing projects.
- Tariffs causing delays & uncertainty.
- Risks from immigration/labor policy changes could impact project costs and timelines.
- Phoenix, Las Vegas, and Salt Lake City seeing semiconductor and manufacturing.

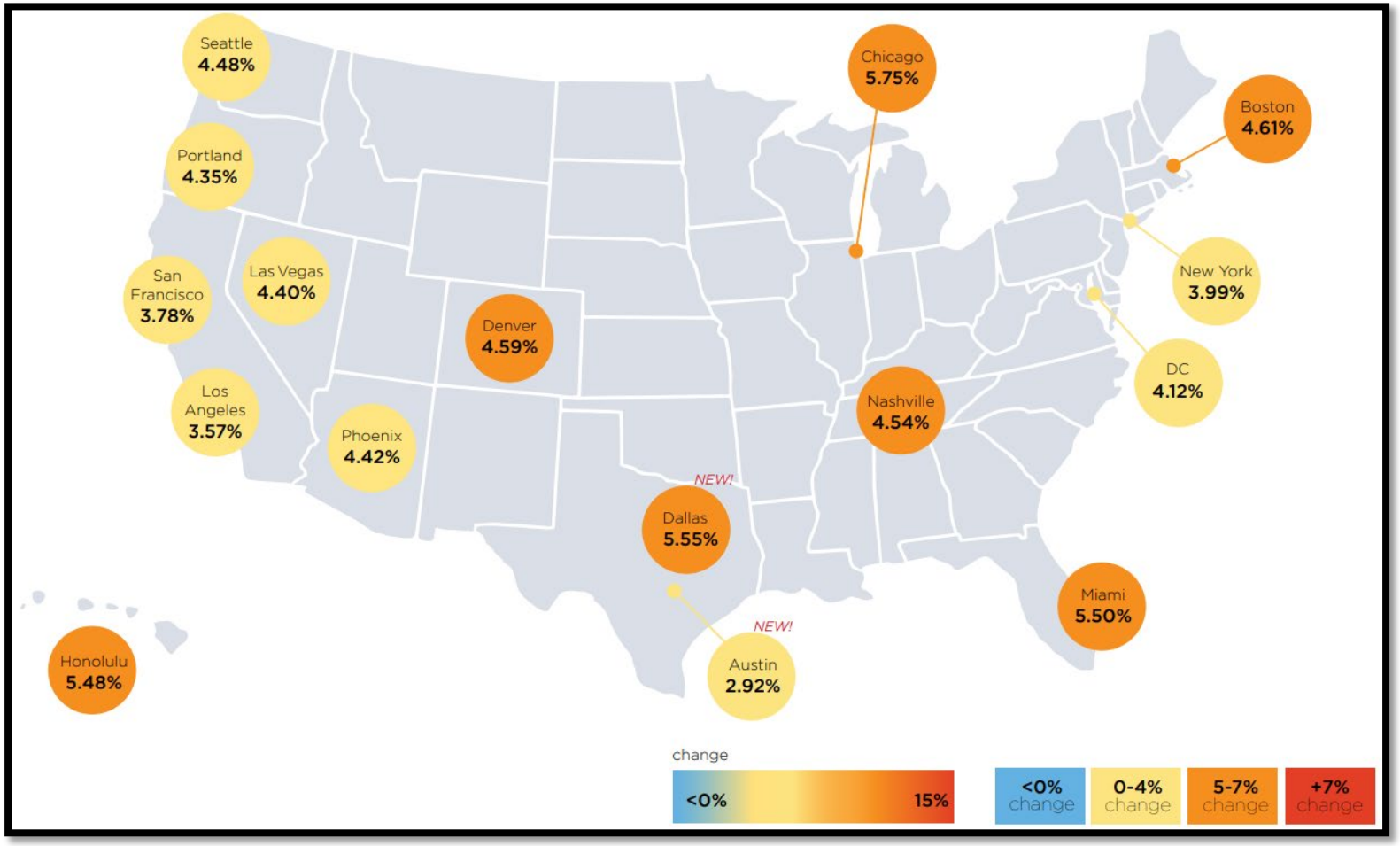
NATIONAL CONSTRUCTION COST INDEX

Welcome to the second quarter 2025 issue of the RLB Quarterly Cost Report! This issue contains data current to mid-Q2 2025.



Date	NCCI
Q2 2022	234.42
Q3 2022	239.68
Q4 2022	244.19
Q1 2023	247.49
Q2 2023	251.34
Q3 2023	255.24
Q4 2023	258.62
Q1 2024	262.00
Q2 2024	264.94
Q3 2024	267.77
Q4 2024	270.75
Q1 2025	273.41
Q2 2025	**276.51**

Construction Market Conditions



What we are doing

- Utilizing alternative construction delivery methods – design-phase input from contractors.
- Communicating far in advance.
- Sharing risk fairly with contractors.
- Utilizing terms that reduce uncertainty for contractors.
- Track costs, plan ahead.

Annual Water Users Briefing 2025

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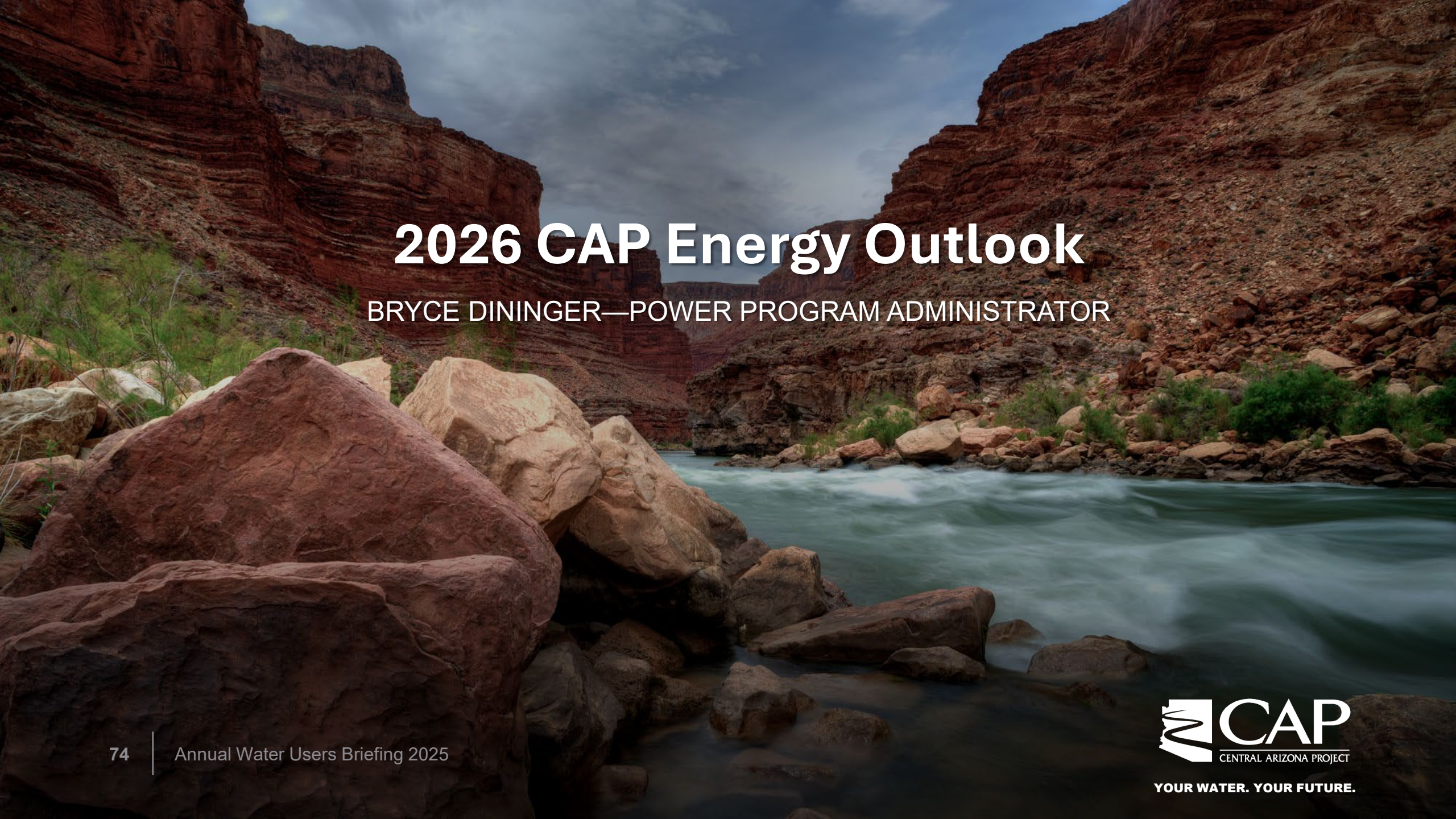

2026 CAP Energy Outlook

BRYCE DININGER—POWER PROGRAM ADMINISTRATOR

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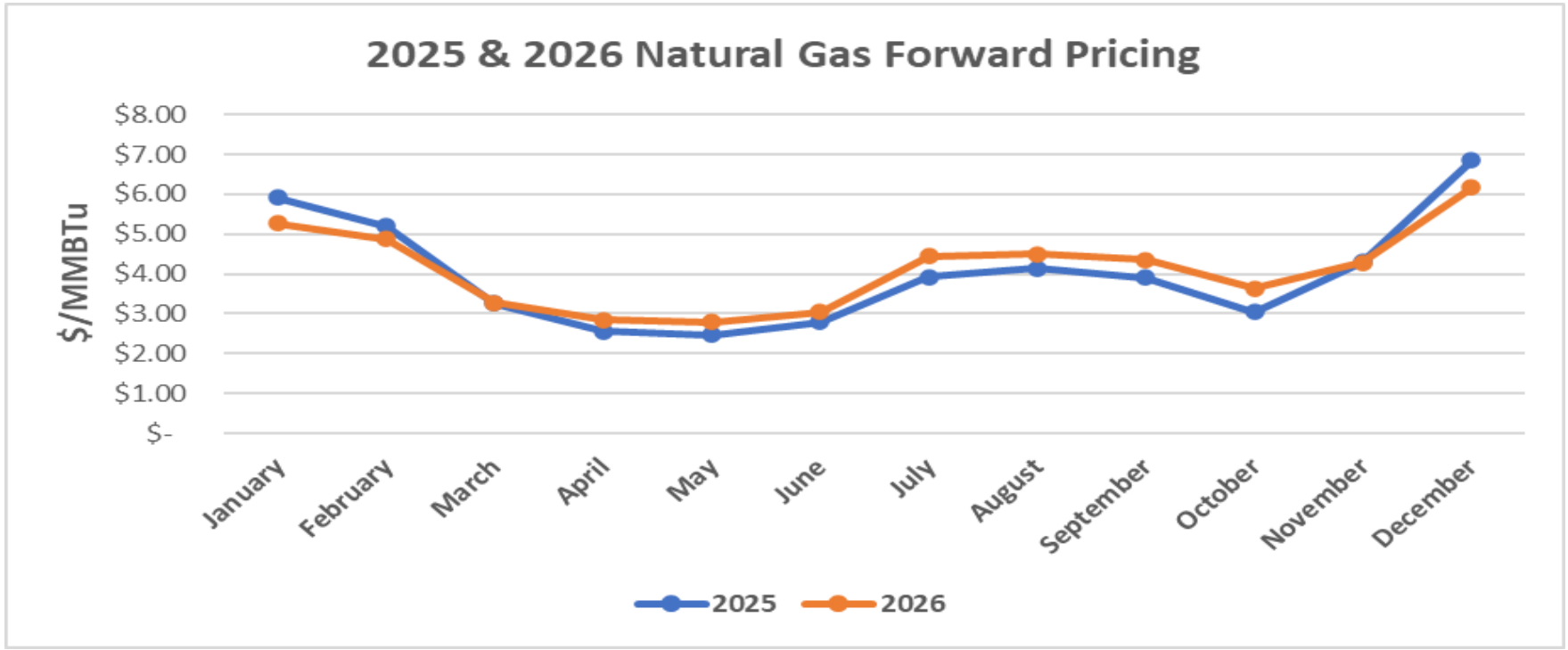
2026 Energy Rate

- $85/AF, based on:
  - Tier 1 Shortage.
  - Conservation Agreements.
  - Lower Energy Costs
- 2026 in-state resources with Capital Power and TEP (pending board approval).

Market Pricing - Gas

- Natural gas price estimates nearly flat year over year.



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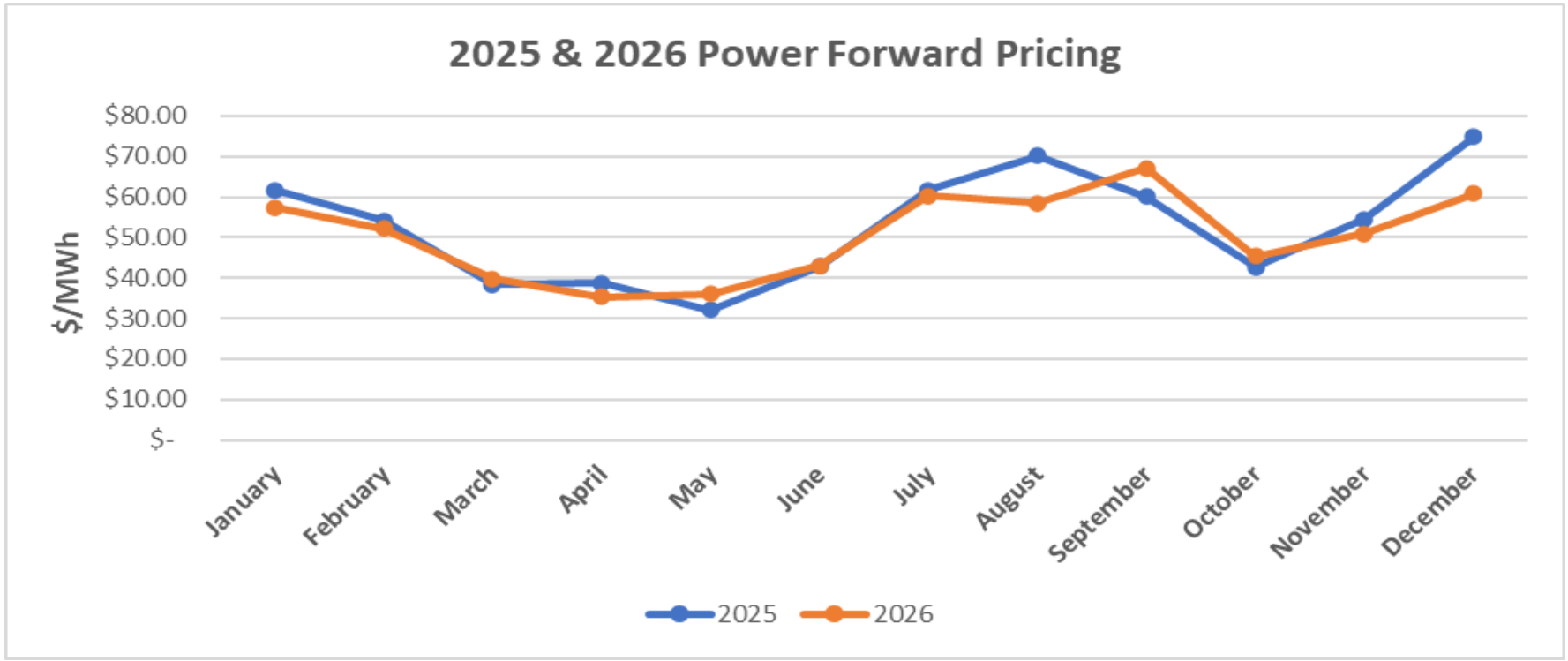
Market Pricing - Power

- Power price estimates are also flat year over year:



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2026 Risk Analysis

- Acquired ~50% of estimated energy needed.
    - Auction this year achieved 40% of 2026 energy need.
- Remaining Energy Needs:
    - 50% in Mid-Day Hours: stable pricing, low risk of cost escalation.
    - 50% in Off-Peak Hours: more susceptible to price movement, some risk.
- Overall: Forward purchases and current market conditions suggest meeting 2026 energy rate is anticipated.

Post 2026 Discussion

PATRICK DENT — ASSISTANT GENERAL MANAGER – WATER POLICY

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Post-2026 Colorado River Guidelines

- Interstate conversations are ongoing
- Reclamation working to produce a draft EIS by end of 2025
- Lower Division States working on plans to implement 1.25 MAF reductions between AZ/CA/NV
- Conversations with Mexico still needed

Lower Basin Proposed Reduction Sharing

	Total Reduction Volumes	Upper Basin	Arizona	California	Nevada	Mexico*
Initial Reduction Zone	Up to 300 KAF	?	80%	0%	3.33%	16.67%
	300 KAF-1.5 MAF	?	43.33%	36.67%	3.33%	16.67%
Static Reduction Zone	1.5 MAF	?	760,000	440,000	50,000	250,000
Higher Reduction Zone	Above 1.5 MAF	To be negotiated				

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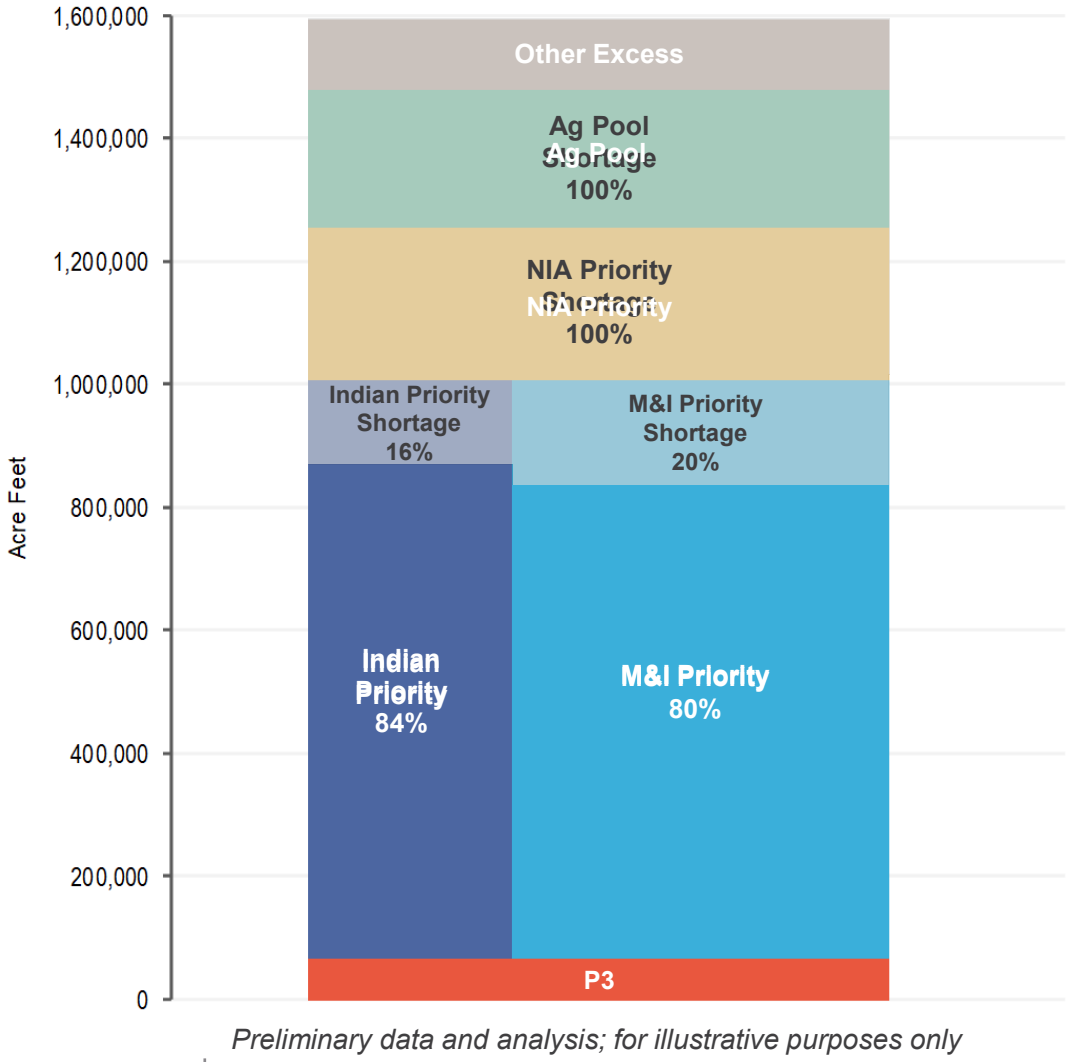
Potential Impact of “Static Reduction Zone”



Preliminary data and analysis; for illustrative purposes only

Key Assumptions:

- A 760 KAF reduction to Arizona based on Colorado River and CAP Priority assumptions and absent other activities that may be implemented to help offset reductions
- Current levels of CAP Long-Term Contract orders
- Priority 4 Shortage sharing based on the 2006 ADWR Director’s Shortage Sharing Recommendation
- Reductions to the Indian and M&I priority pools based on the formula contained in the AWRSA and CAP subcontracts
- Reductions to the M&I priority pool based on orders

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Questions?

Send Questions to: questions@cap-az.com

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