



Annual Water Users Briefing

September 8, 2026

YOUR WATER. YOUR FUTURE.

Welcome

Darrin Francom, Assistant General Manager

Welcome and Opening Comments

2027 Water Delivery Rates

2027 Colorado River Update

Outlook for the 2027 CAP Delivery Supply

Water Quality/Biology Report

Q&A and Break

Maintenance Operations

Capital Improvement Program Update

CAP Energy Outlook

Q&A

Closing

2027 Water Delivery Rates

DOUG DUNLAP – FINANCE AND ACCOUNTING MANAGER

CAP Water Delivery Rate Components

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

- calculated on annual basis

Fixed
O&M

Energy

Power costs
calculated on annual
basis

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

“Big R”

Capital expenditures & major maintenance component.

- smoothed over time

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 500,000 to 900,000 acre-feet, in increments of 100,000 acre-feet, are provided on the rate schedule
 - Wheeled water is included in total delivery volume
- ✓ Projects funded from the Extraordinary Cost Reserve or alternative source will be excluded from Fixed OM&R as identified in the budget & 2026 Extraordinary Cost Reserve update
- ✓ Capital replacement and Extraordinary Maintenance costs are increasing with primary impacts from:
 - an aging infrastructure
 - increased contract labor cost
 - increased material costs

Key Rate Assumptions

- ✓ Energy will follow water volume assumptions
 - Long-term resources include Hoover and Solar project
 - Forecast estimates are at futures market rates
- ✓ Fixed O&M and energy rates are reconciled to actual costs and settled annually.
- ✓ “Big R” rate will be adjusted through reconciliation to be in alignment with billed water volumes to correspond with expected “Big R” annual collections
- ✓ 2027 “Big R” is set at \$43,725,000
 - e.g., If volume is 800,000 acre-feet, the rate would be \$54.66/acre-foot

Key Rate Decisions

Capital Charges

- ✓ In 2025, the 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
- ✓ In 2026, a proposal was presented to the Finance, Audit and Power Committee to apply Back Capital Charges collected from the Non-Indian Agriculture reallocation toward the federal repayment.
- ✓ The Committee recommended the proposal to the Board, which it subsequently approved
 - The Board applied the Back Capital Charges to the 2027 through 2036 repayment to lower the Capital charge to be no higher than \$52/acre-foot.
 - The repayment decreases through 2036, reducing the capital charge below this amount for the remainder of the repayment period.

Water Delivery Rates

	Firm 2026	Firm 2027	Provisional 2028	Advisory			
				2029	2030	2031	2032
825KAF for 2027-2032							
Water Delivery Costs (Thousands)							
Fixed O&M Expenses	\$ 144,310	\$ 151,996	\$ 158,765	\$ 163,979	\$ 173,564	\$ 177,788	\$ 186,872
Total Pumping Energy Expenses	71,081	72,757	75,026	77,250	79,547	82,113	84,652
Water Deliveries (Acre-Feet)							
Total water deliveries with credits	825,000	825,000	825,000	825,000	825,000	825,000	825,000
Water Delivery Rate (\$/AF)							
Calculated Fixed O&M Rate	\$ 175	\$ 185	\$ 193	\$ 199	\$ 210	\$ 216	\$ 227
Capital Replacement Component ("Big R")	49	53	56	59	62	65	68
Total Fixed OM&R	224	238	249	258	272	281	295
Total Pumping Energy Rate	85	88	91	94	97	100	103
Total Delivery Rate	\$ 309	\$ 326	\$ 340	\$ 352	\$ 369	\$ 381	\$ 398

Fixed OM&R Rates at Alternate Billed Water Volumes

(For Planning Purposes Only)

(\$/acre-foot)						
Acre-feet	2027	2028	2029	2030	2031	2032
500,000	\$ 392	\$ 411	\$ 426	\$ 451	\$ 464	\$ 487
600,000	\$ 327	\$ 342	\$ 356	\$ 376	\$ 387	\$ 406
700,000	\$ 281	\$ 293	\$ 305	\$ 322	\$ 331	\$ 348
800,000	\$ 245	\$ 257	\$ 266	\$ 281	\$ 291	\$ 305
900,000	\$ 218	\$ 229	\$ 238	\$ 250	\$ 258	\$ 271

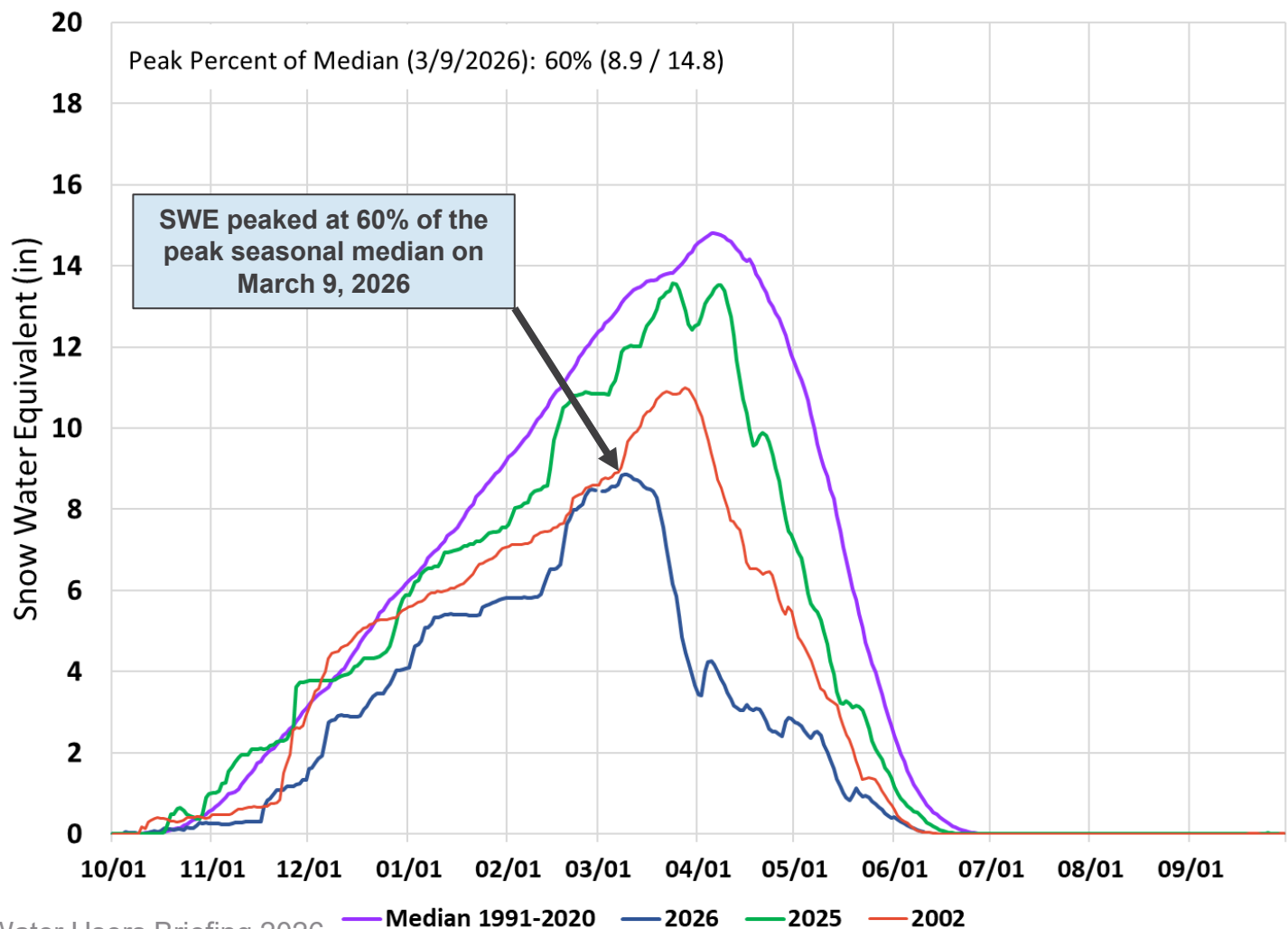
Federal Repayment & Recommended Capital Charges

	2027	2028	2029	2030	2031	2032
Federal Repayment (\$K)	\$ 53,586	\$ 53,425	\$ 51,968	\$ 50,510	\$ 49,444	\$ 47,973
Total Basin Development Fund Credit (\$K)	(9,562)	(8,694)	(8,640)	(8,638)	(8,584)	(8,531)
Net Cash Payment (\$K)	\$ 44,024	\$ 44,731	\$ 43,328	\$ 41,872	\$ 40,860	\$ 39,442
Allocation (af) -Incl. CAGR D Credits & Wheeled Water	685,175	687,189	688,951	694,344	698,205	699,083
Full Capital Charge (\$/acre-foot)	\$ 64	\$ 65	\$ 62	\$ 60	\$ 58	\$ 56
Board applied taxes to Repayment (\$/acre-foot)	\$ (6)	-	-	-	-	-
Board applied NIA capital charges (\$/acre-foot)	\$ (6)	\$ (13)	\$ (10)	\$ (8)	\$ (6)	\$ (4)
Net Capital Charge (\$/acre-foot)	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52	\$ 52

2027 Colorado River Update

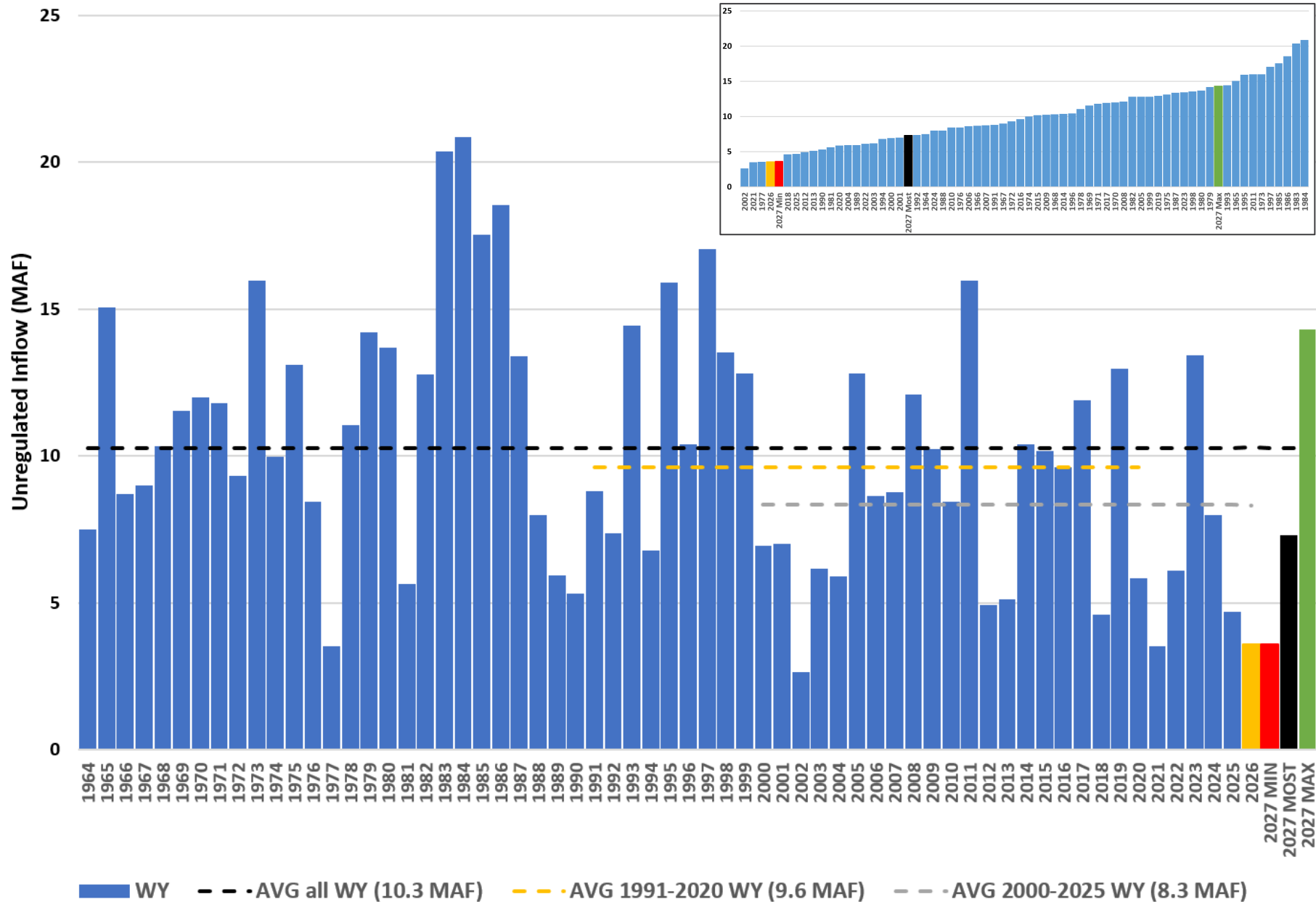
NOLIE TEMPLETON – COLORADO RIVER POLICY AND ANALYSIS MANAGER

Snow Water Equivalent: Colorado River Basin above Lake Powell



Snowpack vs. Runoff		
	Snowpack % of median	Runoff % of average
2002	74%	28%
2022	90%	63%
2023	161%	140%
2024	114%	83%
2025	92%	49%
2026	60%	37%

Unregulated Inflow to Lake Powell by Water Year (1964-2026)



Water Year 2026 Forecast¹ (Aug 3)
Aug Most Prob = 3.58 MAF (37%)

September 1, 2026 update
3.52 MAF (37%)
-69 KAF since last forecast

Water Year 2027 Forecast¹
Aug Min Prob = 3.60 MAF (37%)
Aug Most Prob = 7.30 MAF (76%)
Aug Max Prob = 14.30 MAF (149%)

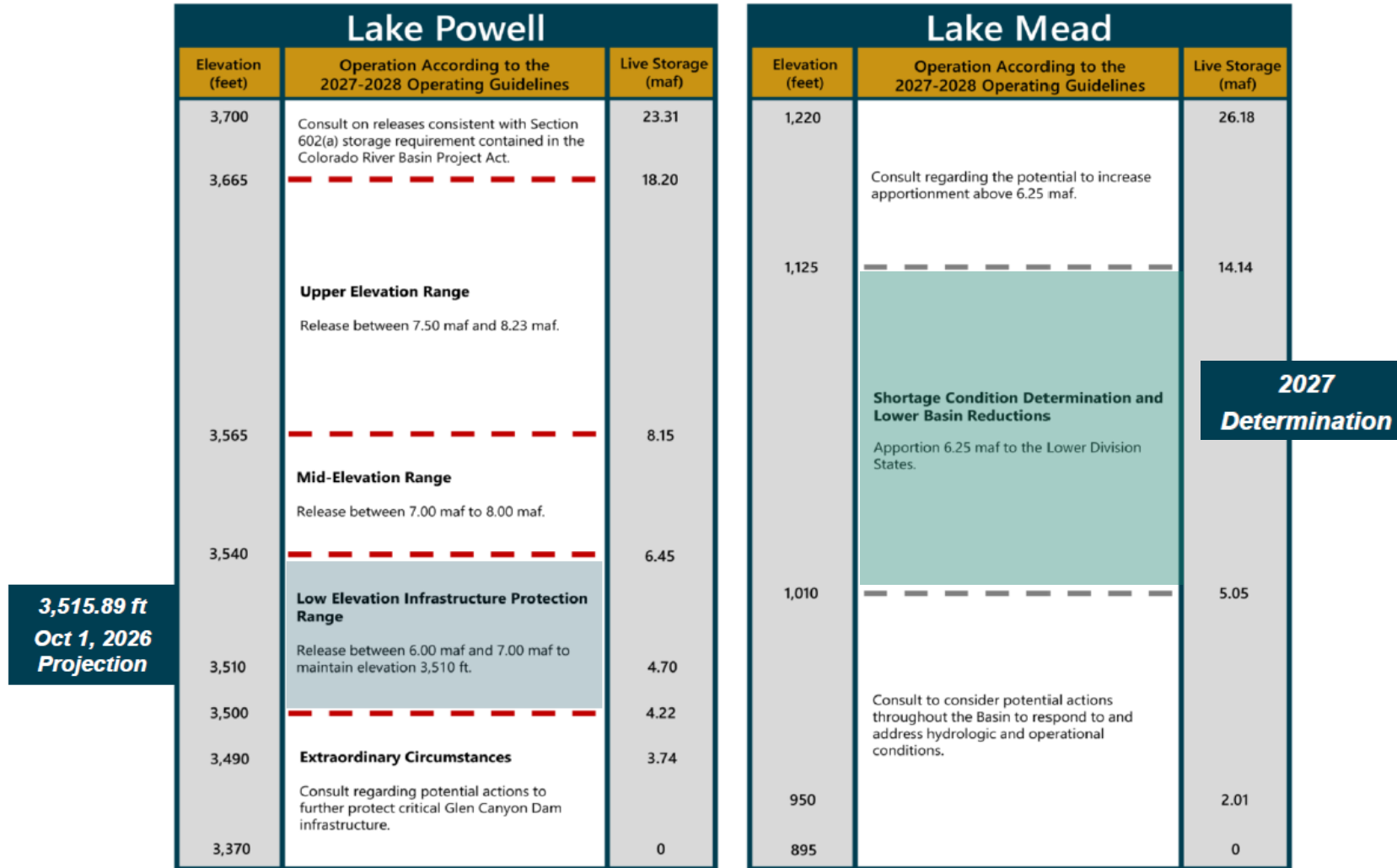
¹Water Year statistics are based on the 30-year period of record from 1991-2020, Average 1991-2020 – 9.60 maf

Final Environmental Impact Statement, Record of Decision, and 2027-2028 Operating Guidelines



- FEIS published July 31, 2026
- ROD and Operating Guidelines Published August 21, 2026
- The ROD adopts the 2027-2036 decision framework based on the FEIS Preferred Alternative
- 2027-2028 Operating Guidelines issued pursuant to the ROD
 - Establish operating criteria for the first 2-year period

Operational Determinations for 2027



Operational Determinations for 2027

Lake Powell

- Low Elevation Infrastructure Protection Range
- Initial WY Release: 6 MAF – 7 MAF
- Releases adjusted to maintain 3,510'
- Releases adjusted through April based on changing conditions
- Final WY 2027 release will be determined in April

Lake Mead (requires Lower Basin agreement)

- Water deliveries to the LB will be reduced by 1.25 MAF in CY 2027
- Additional water will be conserved in 2026, 2027, and 2028 (700+ Plan)
- ICS may be created pending completion of forthcoming implementation agreements consistent with the Operating Guidelines
- Water may be delivered for tribal firming or other Federal delivery obligations to Tribes and to provide limited offsetting of Tribal shortages, subject to availability and ICS delivery limitations

August 24-month Study Assumptions

UIU Releases

- Total UIU release through July 2026 was 308 KAF. Modeling projects 1 MAF of UIU release by April 2027 (2026 UIU Plan)
- No additional UIU releases are incorporated. Based on hydrology, additional releases may be modeled beginning in January 2027

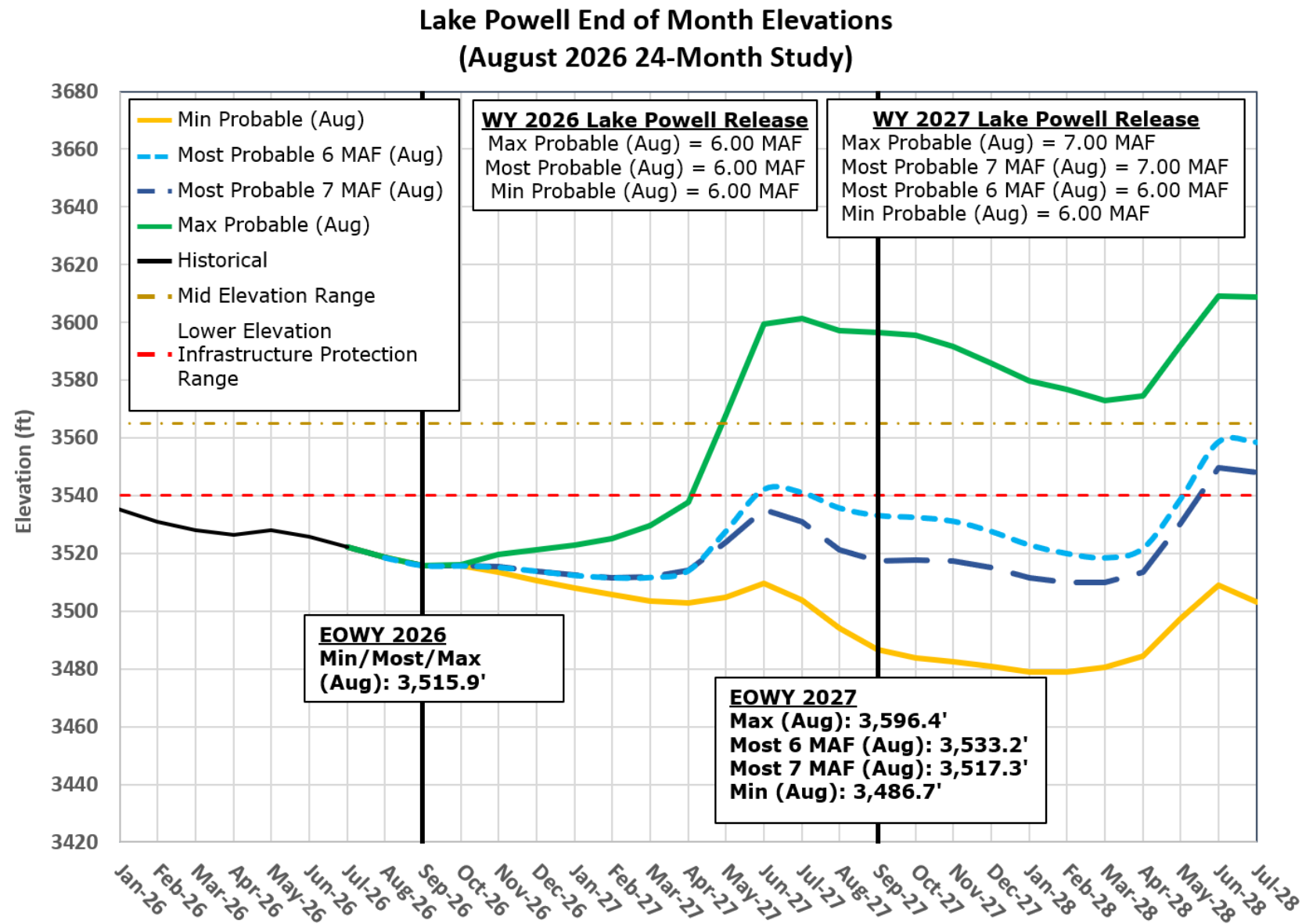
Lower Basin Conservation

- Include 133 KAF of Conserved Water in 2027 and 2028 (of which, ~70 KAF counts toward 700+ Plan)
- Does not include any consideration of new EC ICS creation in 2027 and 2028
- Volumes will be updated in subsequent 24-month Studies as new agreements are completed

Projected ICS Delivery in 2027 and 2028 = 345 KAF

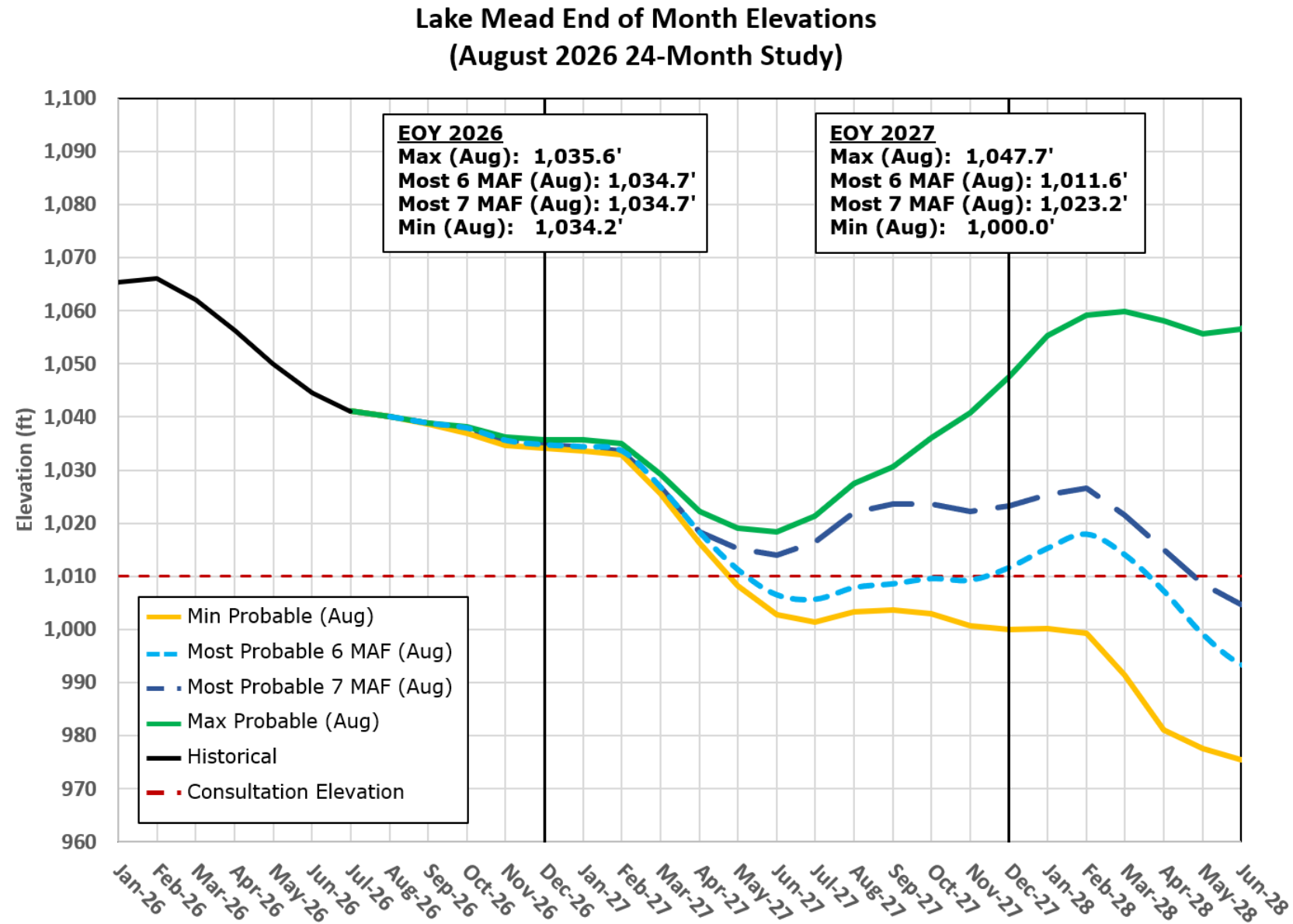
Lake Powell August 2026 24-Month Study

- Operating in Low Elevation Infrastructure Protection Range, based on EOWY elevation
- Two most probable runs with a 6 MAF and 7 MAF release will be run September through March



Lake Mead August 2026 24-Month Study

- Lake Mead is operating in a shortage condition with 1.25 MAF of Lower Basin reduction in CY 2027
- A shortage condition is also projected in CY 2028



P4 Shortage Sharing

USBR has been implementing the 2006 ADWR Director's Shortage Sharing Recommendation, which provides methods to calculate the "Fourth Priority Mainstream Shortage Reduced Water Supply", and is expected to continue to do so

If current use of on-River P4 is **less** than the Fourth Priority Mainstream Shortage Reduced Water Supply, there is no shortage reduction to P4 mainstream contractors and shortages fall exclusively on CAWCD

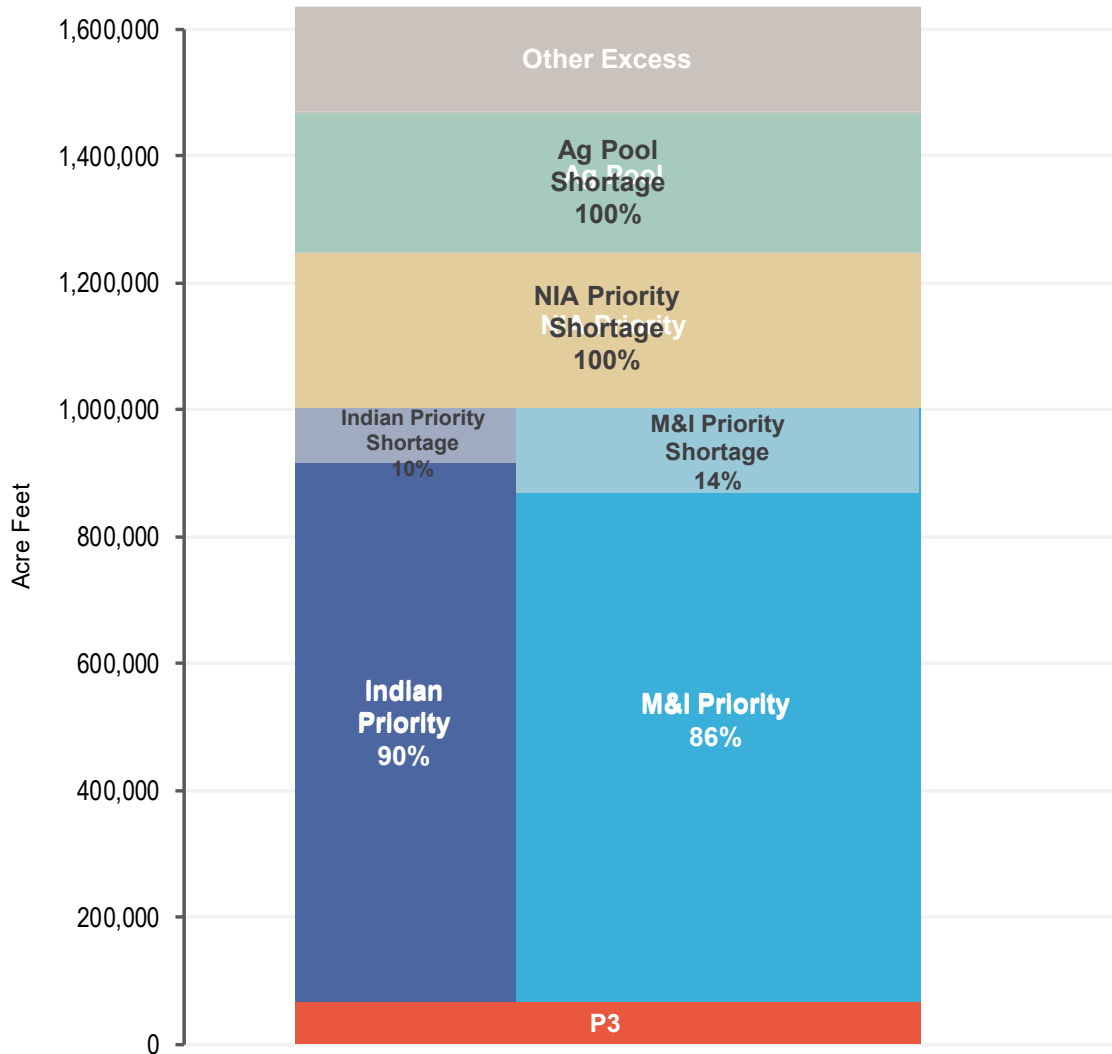
- Condition existed 2020 through 2026

If current use of on-River P4 is **more** than the Fourth Priority Mainstream Shortage Reduced Water Supply, part of the reductions fall on P4 on-River water users

- Will occur with a reduction of 760 KAF to Arizona

USBR and ADWR will be engaging with on-River P4 contractors for further discussion

Impact of Lower Basin Reductions assuming a Lower Basin Agreement



Preliminary data and analysis; for illustrative purposes only
Annual Water Users Briefing 2026

- 760 KAF reduction to Arizona's Colorado River supply
- CAP is working to identify additional resources to reduce impacts
 - 20 KAFY from Yuma wells and 40 KAFY from Lake Pleasant
 - Portion to On-River P4 TBD
- The estimated cut to M&I Priority is 14% and Indian Priority is 10%

700+ Plan assuming Lower Basin Agreement

- Lower Basin commitment to additional conservation is termed the 700+ plan
- Arizona has committed to 300 KAF of the 700 KAF Lower Basin commitment, which is referenced as the 300+ plan
- CAWCD Board approved (July 2026) several Bucket 1A SCIAs for CAP Participating Subcontractors that will count towards the 300+ plan
- Several Arizona on-river contractors are participating towards the 300+ plan
- Concurrently, the Arizona Water Banking Authority policy will incentivize M&I Subcontractor participation in 2027 and 2028

CAWCD SCIA Agreements to date

CAP Subcontractors	SCIA Agreement 2026 (AF)	SCIA Agreement 2027 (AF)	SCIA Agreement 2028 (AF)	Total Estimated Water Conservation (AF)
City of Glendale		5,000	5,000	10,000
City of Tucson		50,000	50,000	100,000
City of Mesa	5,000	5,000	5,000	15,000
Metropolitan Domestic Improvement Water District		3,000	3,000	6,000
ASARCO		21,000	21,000	42,000
Spanish Trail Water Company		2,000	2,000	4,000
Total	5,000	86,000	86,000	177,000

All conservation volumes expressed in “up to” amounts
Subcontractors still evaluating whether to participate in Program and volume commitments

2026 AWBA Commission Approved Policies

Distribution of LTSCs for Firming CAP M&I Subcontractors (2026-01)

- 1-year extension of the 2019 DCP Firming Policy (through 2027)
- Based on water orders for 2027
- Contingent upon Lower Basin agreement to share reductions

Distribution of LTSCs for Participation in the 700+ Plan (2026-03)

- Will provide LTSCs for system conservation contributed to the 700+ plan (1:1)
- CAP M&I Subcontractors are eligible
- Ad valorem tax credits only
- No LTSC distribution for monetarily compensated conservation
- Will require uncompensated system conservation agreements
- Effective through December 31, 2028



Outlook for the 2027 CAP Delivery Supply

Don Crandall, P.E.

Director for Operations, Power, Engineering.

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CAP Annual Operating Plan Timeline

CAP Rate Letter Schedule Request	Jul 9, 2026
August 24 Month Study	Aug 21, 2026
Record of Decision	Aug 21, 2026
2027-2028 Operating Guidelines	Aug 21, 2026
Annual Water Users Briefing	Sep 8, 2026
Lower Basin Agreement	TBD
Water Delivery Requests	Oct 1, 2026
Final Water Schedules	Nov 15, 2026

CAP Delivery Supply Outlook Current Assumptions

1,670,000 AF Colorado River Supply Normal Year (TBD)

P4 Shortage Sharing Policy (TBD)

40,000 AF Added to Base Supply from Lake Pleasant

20,000 AF Added to Base Supply from Yuma Wells

“Available CAP Supply” determination by Reclamation

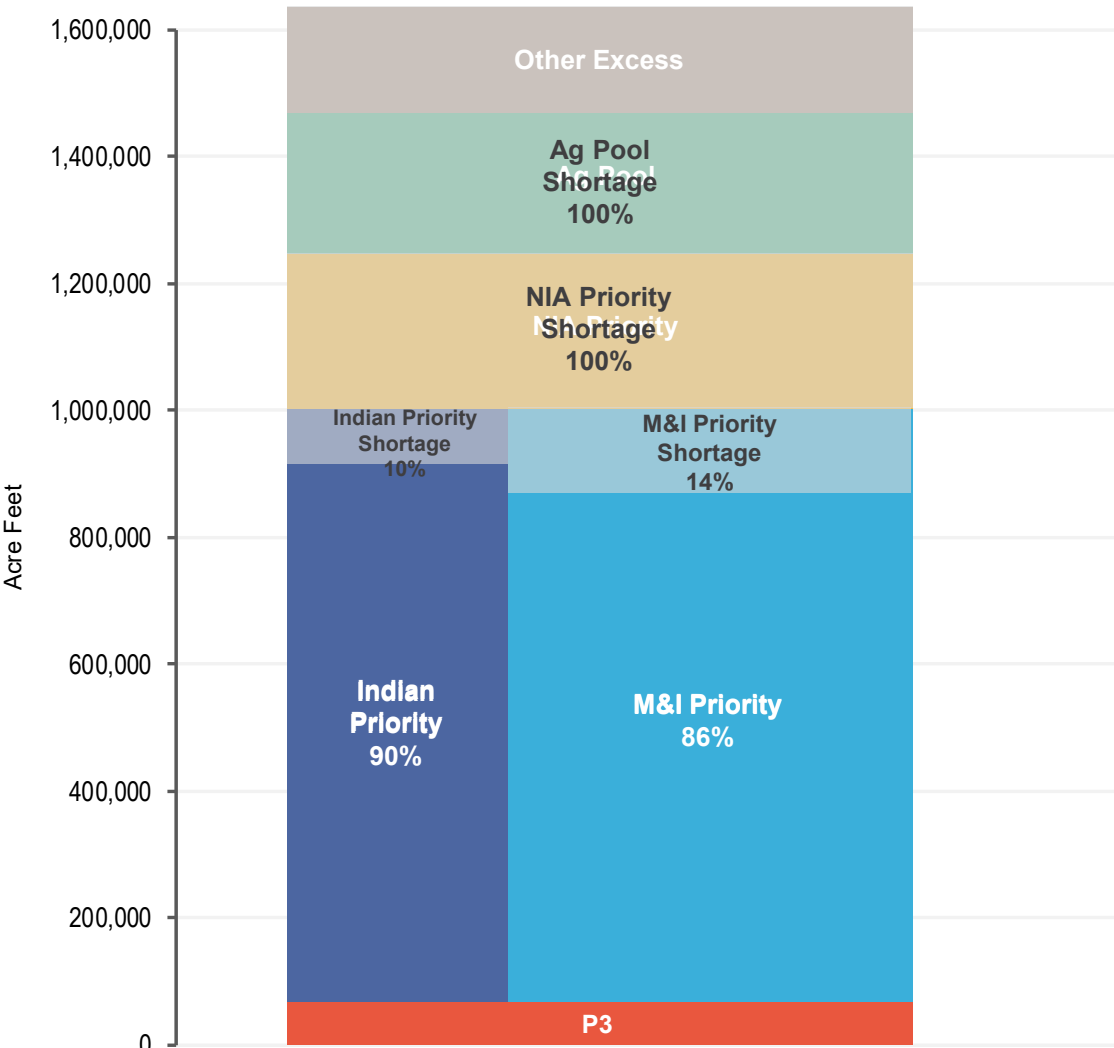
86,000 AF of Bucket 1 Conservation Agreements

M&I Firming Agreements

Tribal Firming

Bucket 2 Conservation Schedules TBD

Potential Impact of Reductions in 2027/2028



Preliminary data and analysis; for illustrative purposes only

Annual Water Users Briefing 2026

Lower Basin reductions by state of 1.25 million acre-feet annually, allocated:

- **Arizona: 760 KAFY**
- California: 440 KAFY
- Nevada: 50 KAFY

CAP is working to identify additional resources to reduce impacts

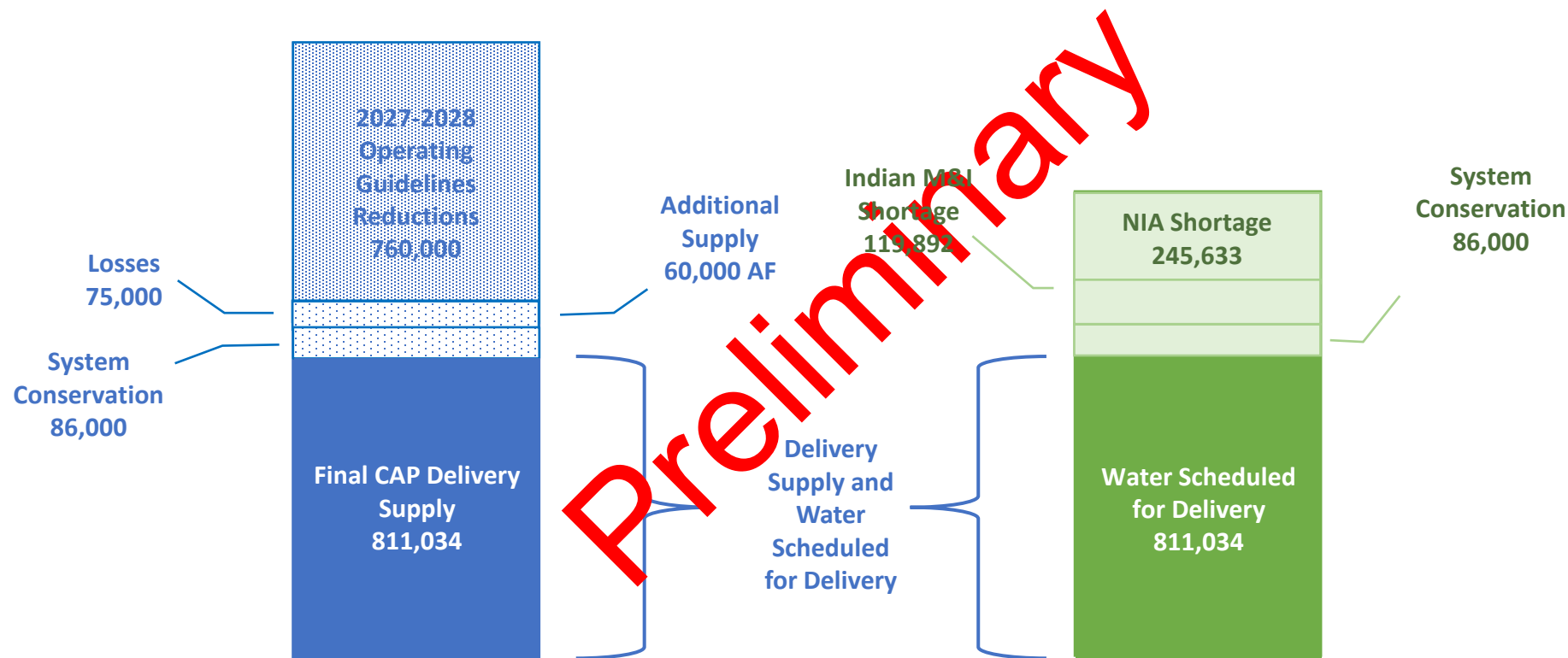
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The estimated cut to M&I Priority is 14% and Indian Priority is 10%



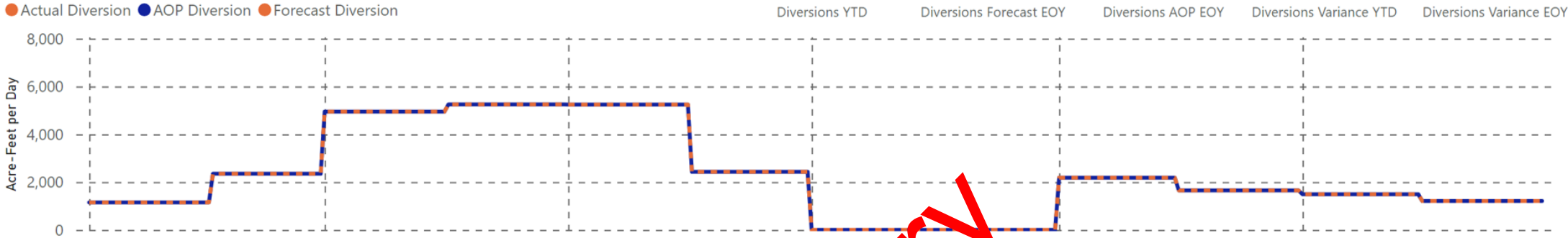
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Outlook for the 2027 CAP Delivery Supply



Diversions and deliveries includes 2,033 AF of Wheeling

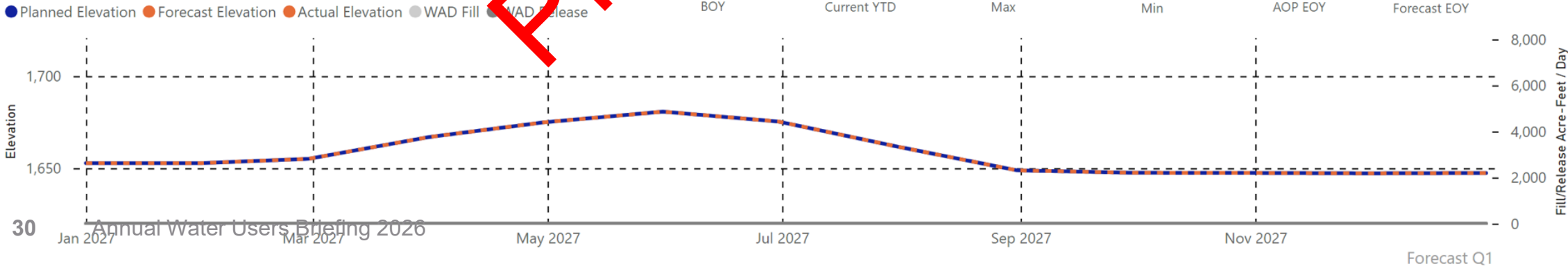
CAP DIVERSIONS



CAP DELIVERIES



LAKE PLEASANT OPERATIONS

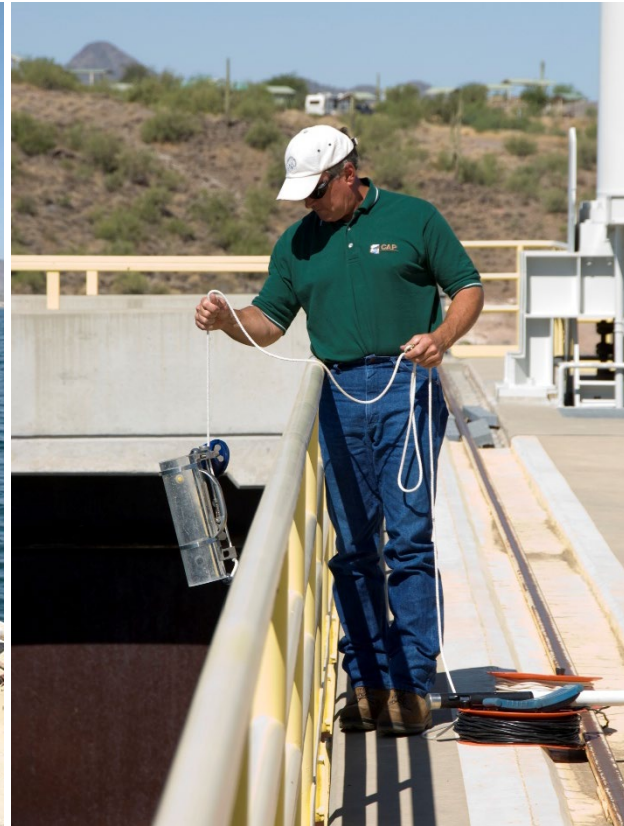


Water Quality and Biology

SCOTT BRYAN – WATER QUALITY AND BIOLOGY ADMINISTRATOR

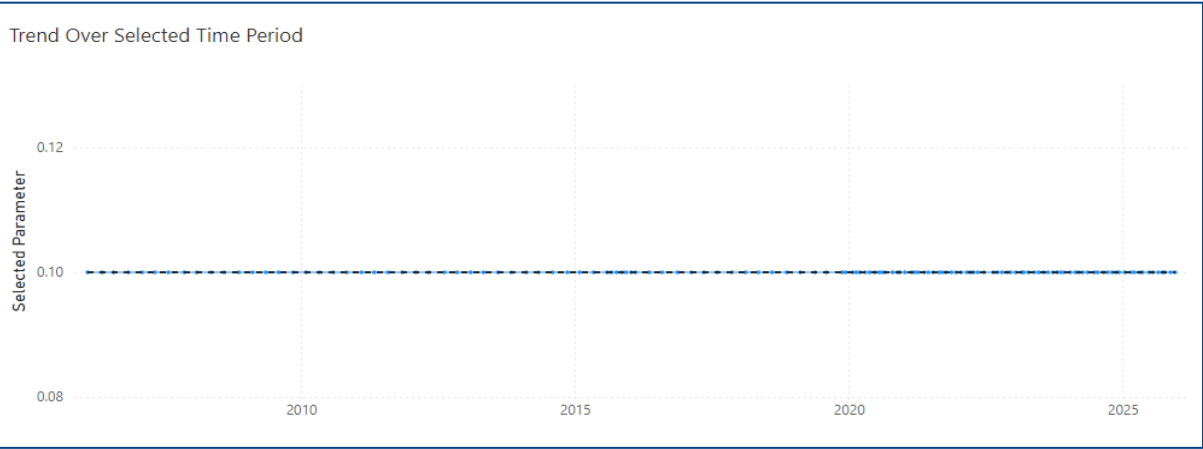


CAP Water Quality

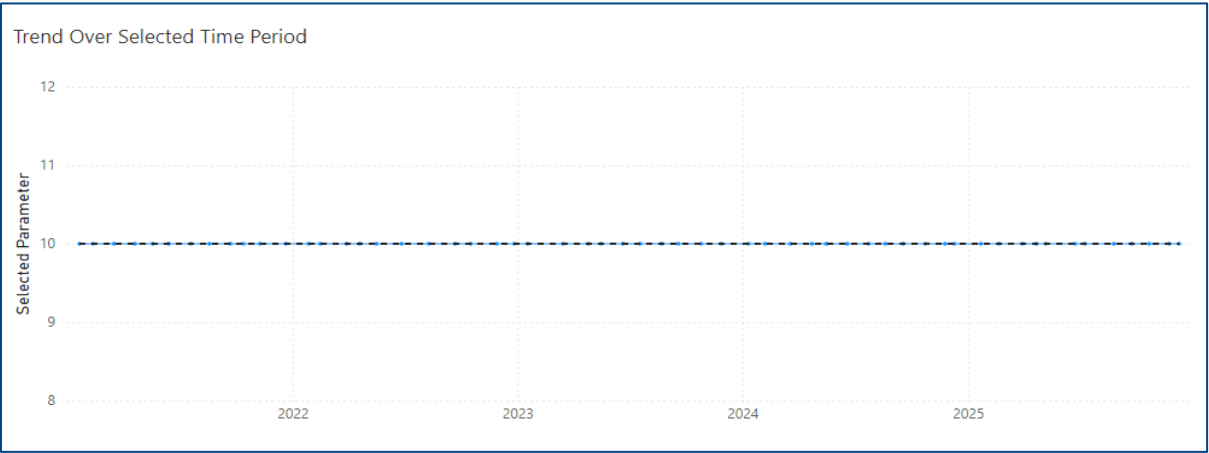


Water Quality – Boring is Good!

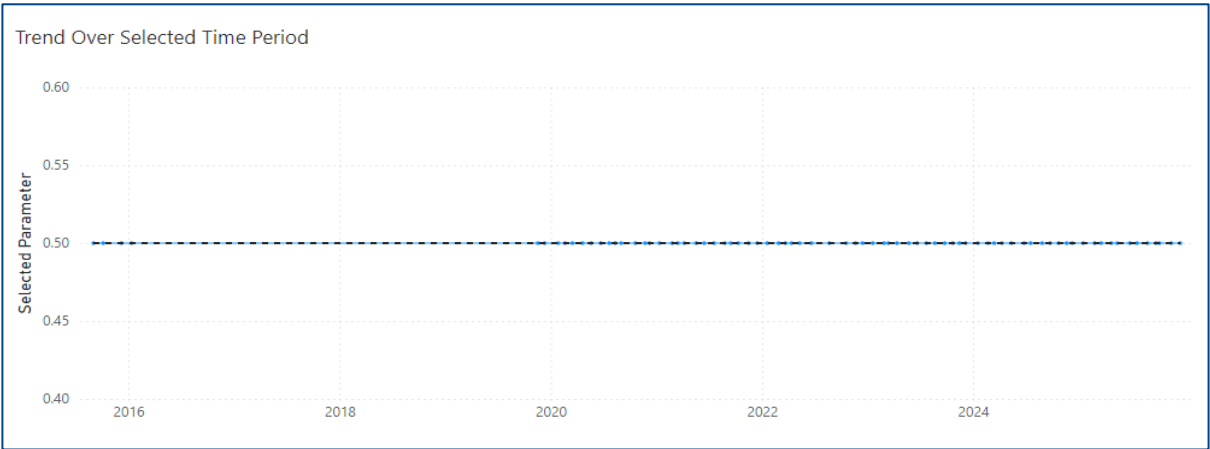
Mercury (µg/L)



Dissolved Aluminum (µg/L)

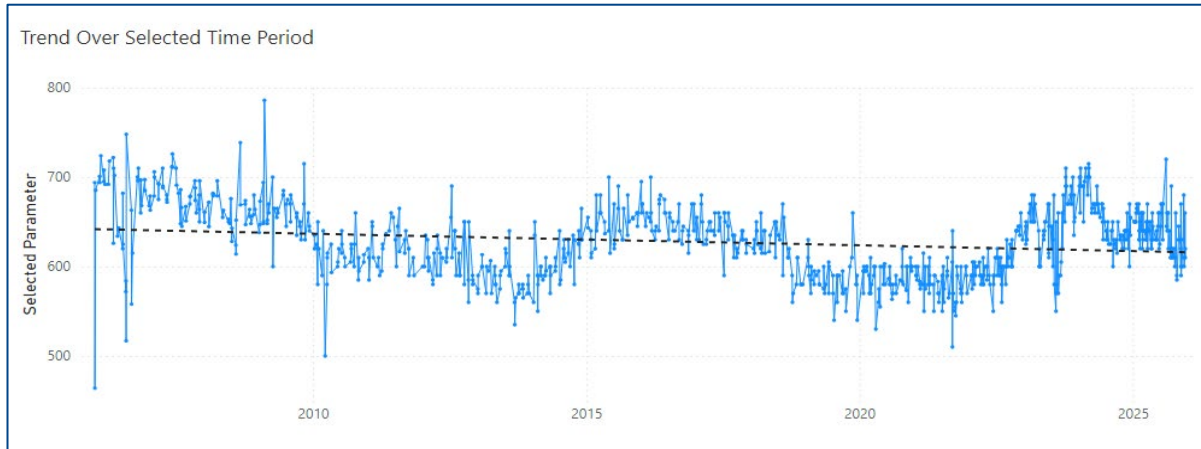


Beryllium (µg/L)

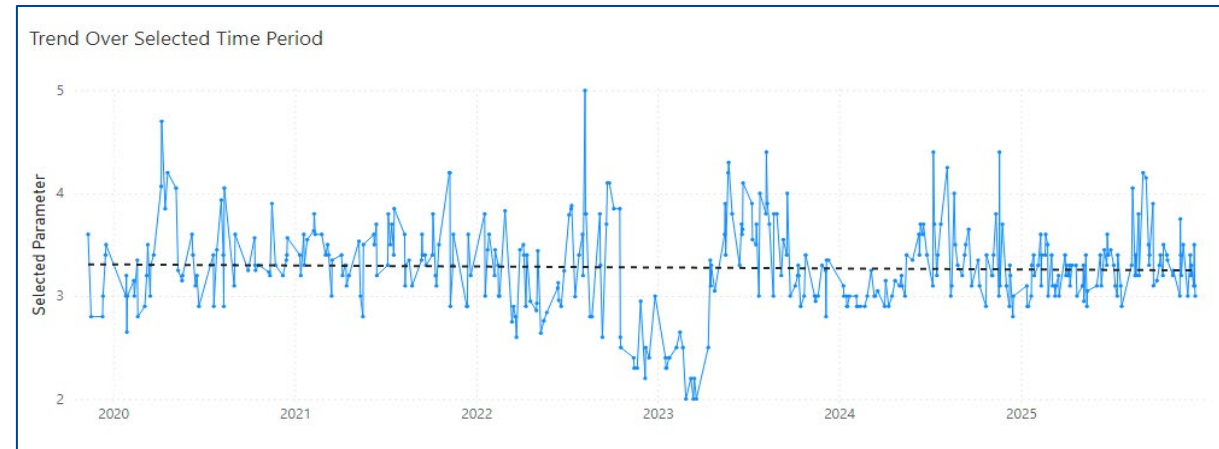


Some Variability is Normal

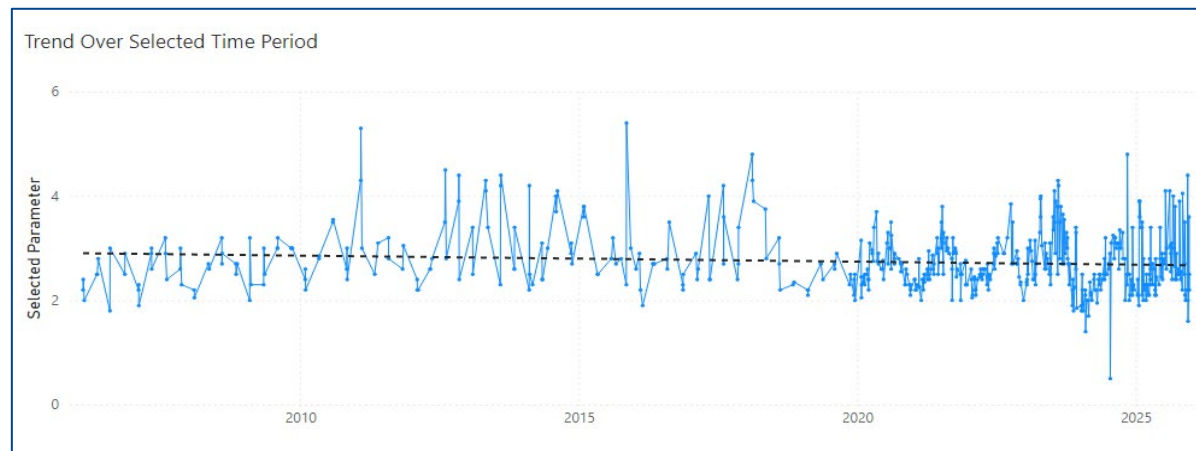
TDS (mg/L)



TOC (mg/L)



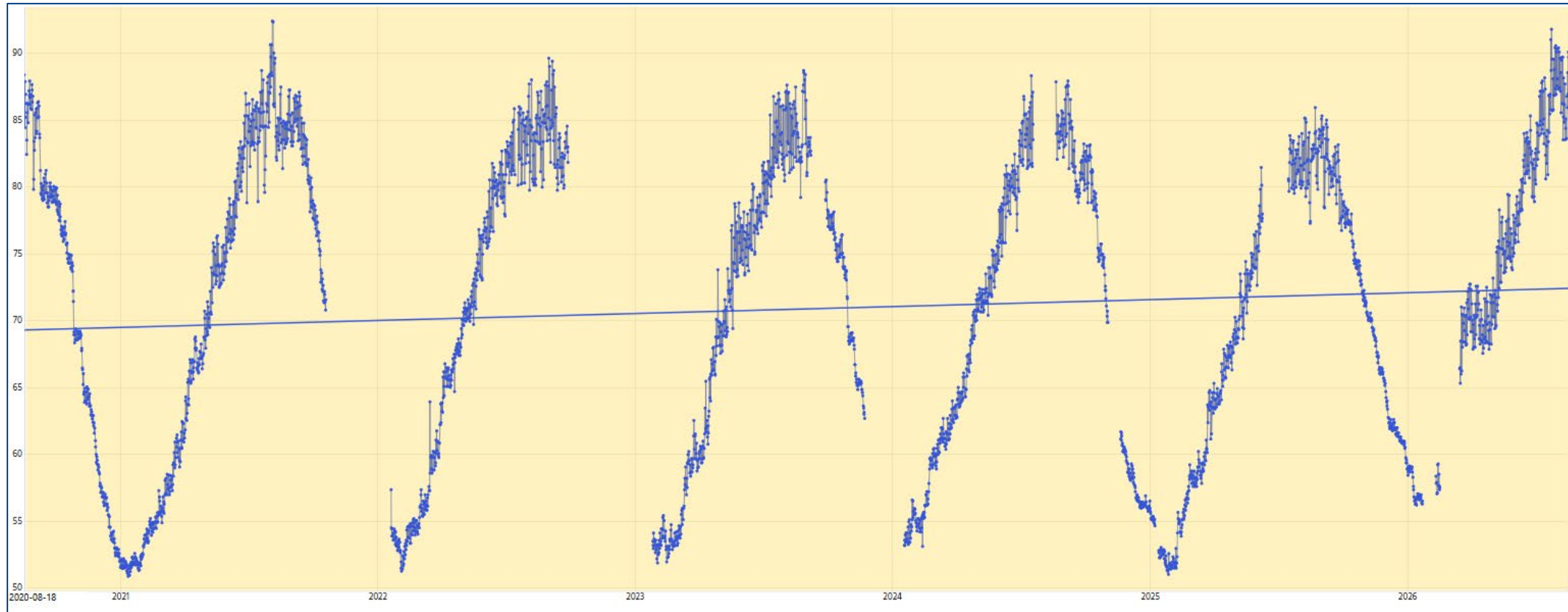
Arsenic ($\mu\text{g/L}$)



... But Not Everything Stays the Same

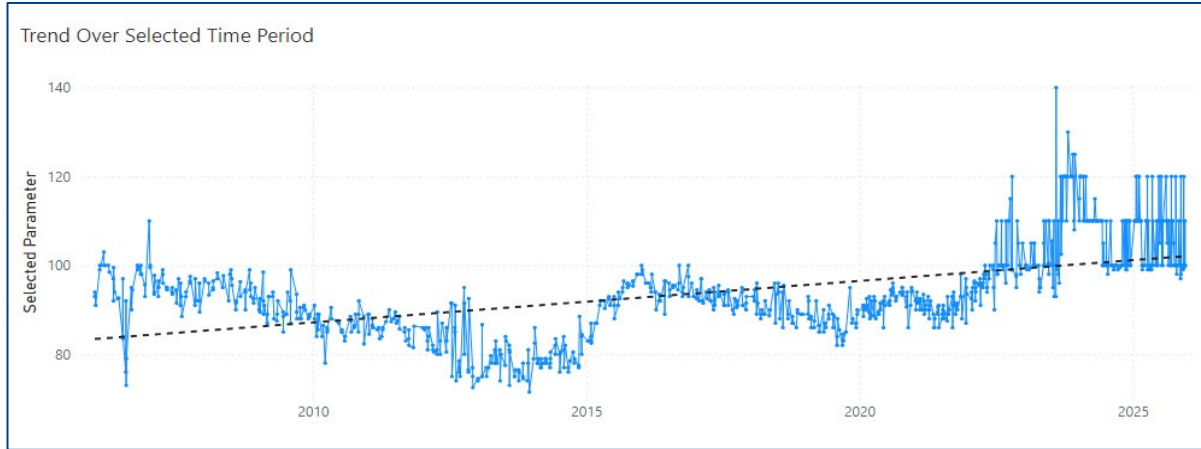
Water Temperature (°F) – Colorado River at MWP

~0.5 °F increase/year

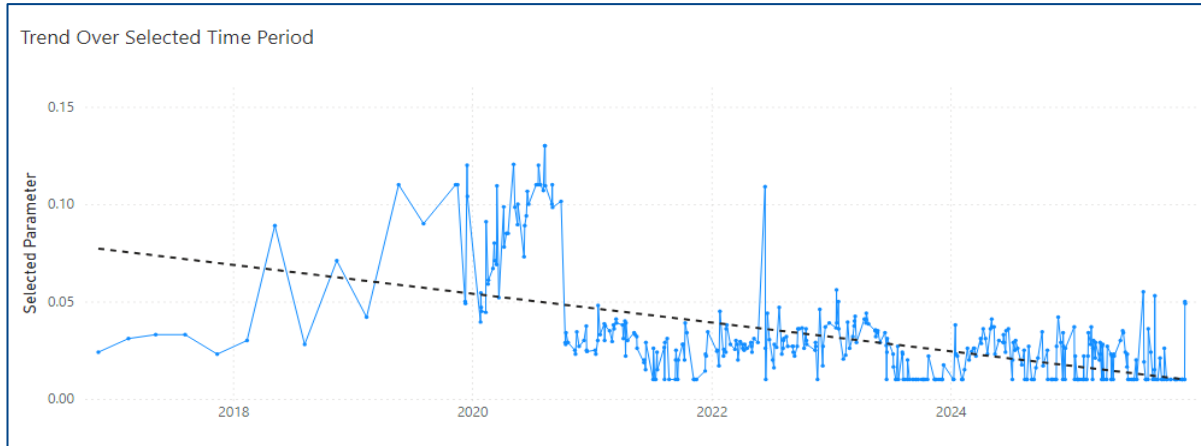


Some Trends are Worth Watching

Chloride (mg/L)



Hexavalent Chromium (ug/L)



PFAS – No News is Good News

- CAP samples monthly for 18 PFAS compounds
- No detections in the canal or source water in monthly samples since July 2024

PFAS Detections (Detection Limit: 2 ng/L)			
PFUnA	2 ng/L	September 2020	LPT
PFHxA	6.6 ng/L	July 2021	SXV
PFHxS	2 ng/L	May 2022	LPP
PFOA	2 ng/L	November 2023	SXV
	2.2 ng/L	November 2023	LPP
PFBS	3.9 ng/L	July 2024	LPP



Biology – Monitoring and Maintaining

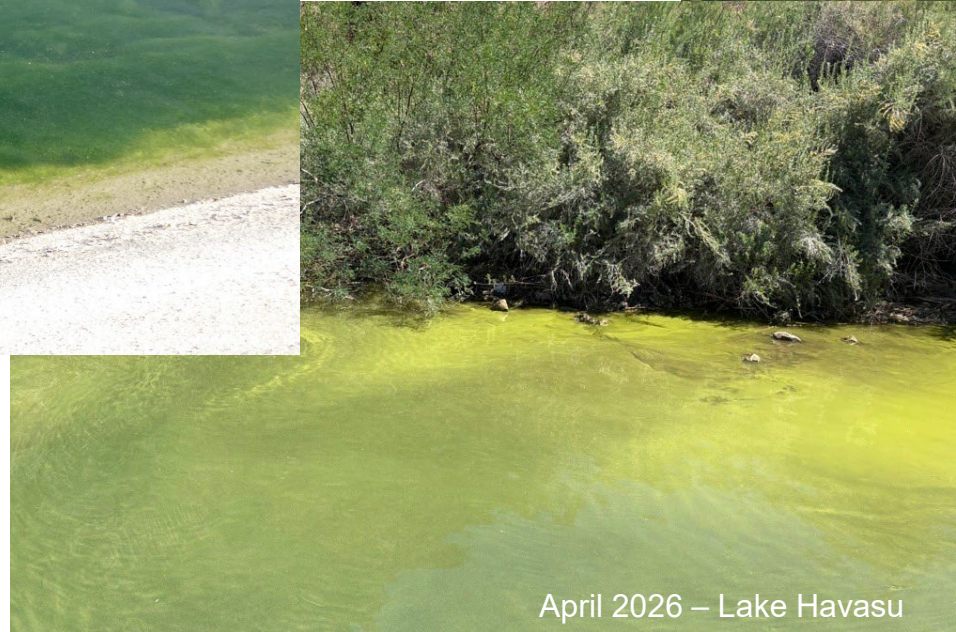
An aerial photograph showing a long, winding concrete-lined canal that snakes through a vast desert landscape. The canal is filled with water, reflecting the light. The surrounding terrain is arid, covered with numerous saguaro cacti and sparse desert shrubs. The lighting suggests it might be early morning or late afternoon, with long shadows and a warm, golden hue.

Algae Growth

January 2026 – Waddell Canal



August 2026 – Waddell Canal



April 2026 – Lake Havasu

Aquatic Weeds



Invasive Mussels



Fish Monitoring



Alamo Lake Releases





Break– 10 Minutes

Send Questions to: questions@cap-az.com



Maintenance Update

Robert Hitchcock

Maintenance Control Manager

Annual Water User Meeting

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2026 - Annual Maintenance Outages Planned

West Summer Outage

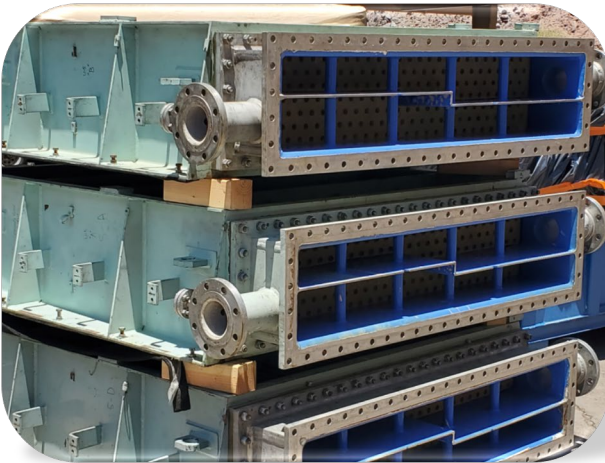
June 15th – Aug. 27st

Mark Wilmer Pumping Plant (MWP)

Bouse Hills Pumping Plant (BSH)

Little Harquahala Pumping Plant (LHQ)

Hassayampa Pumping Plant (HSY)



South Fall Outage

Oct. 19th – Nov. 21st

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)

Waddell Outage

Sept 14th – Oct. 15th

Waddell Pump/Generating Plant



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2026 - Annual Maintenance Plan (AMP)

One Plan - Two Areas of Focus

- 1 All Activities - All Maintenance MRCs
 - **880** Work Orders
 - **64,005** planned labor hours (10% of total labor)
 - Reporting to Maintenance Control Manager
- 2 Centralized maintenance Activities and MRCs Only
 - **311** Work Orders with **38,931** planned labor hours (60% of Centralized Labor)
 - Reporting to Centralized Maintenance and Reliability Director



2026 – Major Corrective Maintenance



Complete

RED – U5 Pump Coating Repairs
Check 22 – Radial Gate 1 & 2 Refurbish
BSH – U9 Rotor Repair

In-Progress

BLK – U2 Pump Replacement
WAD – KW1A Transformer Repair
SXV – Transformer KX1A Repair Project
MWP – Unit 3 Rotor Pole Replacement
MWP – Unit 3 & 4 Cavitation Repair
LHQ – Plant Strainer Replacements
MWP – Transformer KW1A Repair
MWP – Transformer KW3A Repair

Planned

WAD – UZ1B Bus Replacement
WAD – NWD Lighting Replacement
BRW – Unit 4 Discharge Valve Replacement
BRD – KX1A Transformer Phase A Bushing Leak Repair

2026 - Main Pump Unit Overhaul (Complete)

HASSAYAMPA U7

Pump overhaul & Motor Stator Cleaning

Upper wearing ring clearances were 1.9 times design. Lower wearing ring clearances were 1.3 times design



2026 - Main Pump Unit Overhaul (In Progress)

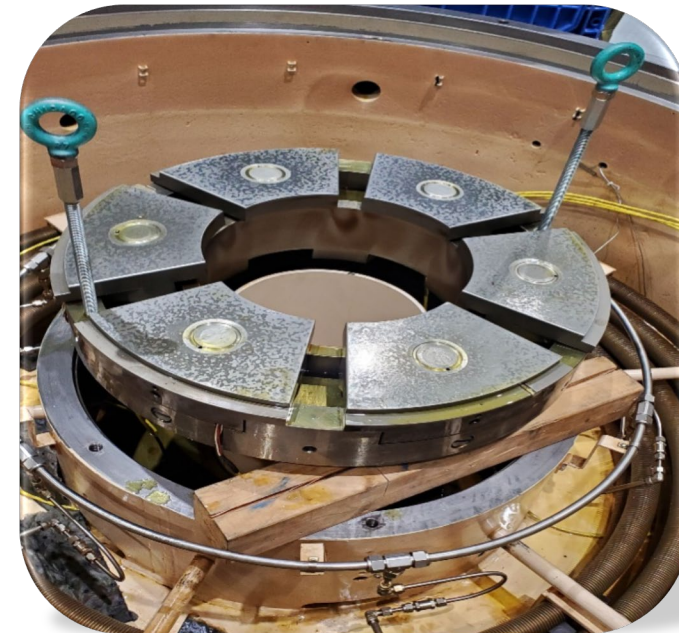
PICACHO U3



Pump overhaul & Motor Cleaning

PGB vibration exceeds 60% of Trip alarm. Spectral and time waveform analysis showing possible mechanical looseness and/or shaft misalignment.

RED ROCK U2



Pump overhaul

Overhaul condition driver is poor shaft sleeve condition.

2026 - Main Pump Unit Overhaul (Planned)

SALT GILA U7



Pump overhaul & Motor Stator Cleaning

Poor shaft sleeve condition and motor rotor out inspection and testing.

LITTLE HARQUAHALA U5 (POSTPONED TO 2027)



Pump overhaul & Motor Cleaning

Upper wearing ring clearances are greater than 2 times design, Lower wearing ring clearances are approximately 1.5 times design

2026 Motor Refurbishments

MOTORS

- Bouse Hills U9 Rotor Crack Repairs (Complete)
- Mark Wilmer U3 Rotor Pole Replacement
- Brawley U2 Motor Refurbishment
- San Xavier U2 Motor Refurbishment
- Snyder Hill U7 Motor Refurbishment
- Black Mountain U2 Motor Refurbishment



2027 – Major Correctives

Correctives

- Brawley U3 Discharge Valve Replacement
- Check 35 G1 & G2 Gate Refurbishment
- WAD Cooling Water Strainer Replacement
- 3 Discharge Electromagnetic Inspection
- BSH U1 Rotor Crack Repairs
- HSY KW1A Bushing Repair
- LHQ KX1A Bushing Repair
- TWP U5 Pump Repairs
- BLK KX3A Leak Repair



2027 Overhauls

SALT GILA U10



Pump overhaul & Motor Stator Cleaning

Overhaul condition driver is poor shaft sleeve condition

LITTLE HARQ. U05



Pump overhaul & Motor Stator Cleaning

Upper wearing ring clearances are greater than 2 times design

SNYDER HILL U06



Motor Rewind

In-service motor failure.

2027 Overhauls

SALT GILA U07 - CONTINUED FROM 2026



Pump overhaul & Motor Stator Cleaning

Poor shaft sleeve condition and motor rotor out inspection and testing.

HASSAYAMPA U10



Pump overhaul & Motor Stator Cleaning

Upper wearing ring clearances are greater than 2 times design

Asset Health Statistics - 2026

Note: All asset scores have individual multipliers so that they are normalized to the same scoring scale

A (<=16) - Exceptional - Like new. Continue normal monitoring.

B (17-49) - Good - Some wear, stable. Cont. normal monitoring

C (50-82) - Fair - Worn, assess restoration & monitoring freq.

D (>=83) - Poor - Approaching end of life, budget for restoration.

Asset Health Statistics (2026)	Total Count	A	B	C	D	N/A
Pumps	109	25	68	16	0	
Motors	109	27	48	24	10	
Discharge Valves	109	71	36	2	0	
Transformers	42	35	7	0	0	
Radial Gates	91	12	67	12	0	
Turnouts	51	7	39	0	0	5
Total (2026)	511	34.6%	51.9%	10.6%	2.0%	1.0%

Asset Health – 2021 vs 2026

Asset Health Statistics	Total Count	A	B	C	D	N/A
Pumps	109	38	68	3	0	0
Motors	109	47	35	24	3	0
Discharge Valves	109	78	30	1	0	0
Transformers	42	31	11	0	0	0
Radial Gates	91	12	67	12	0	0
Turnouts	51	22	24	0	0	5
Total	511	44.6%	46.0%	7.8%	0.6%	1.0%

Largest change is in slowly progressing, but continuing degradation of motor conditions.

This is primarily an indication of insulation degradation.

We will be forecasting more motor rewinds into the long-range financial plan compared to historical.

Asset Health Statistics (2026)	Total Count	A	B	C	D	N/A
Pumps	109	25	68	16	0	
Motors	109	27	48	24	10	
Discharge Valves	109	71	36	2	0	
Transformers	42	35	7	0	0	
Radial Gates	91	12	67	12	0	
Turnouts	51	7	39	0	0	5
Total (2026)	511	34.6%	51.9%	10.6%	2.0%	1.0%
Total (2021)	511	47.9%	46.4%	4.5%	0.6%	1.0%
Change		-13.3%	5.5%	6.1%	1.4%	0.0%

Capital Improvement Program

RYAN JOHNSON— ENGINEERING MANAGER

Aligning Projects with Priorities

Risk Priority Matrix Evaluates:

- Asset Criticality
- Time Until Failure Occurs
- Failure Consequences
 - Capacity Loss
 - Cost
 - Data Security
 - Reputation
 - End-of Life / Obsolescence
 - Health and Safety
 - Environmental

Risk Priority Number:

Likelihood of Failure X Consequence of Failure

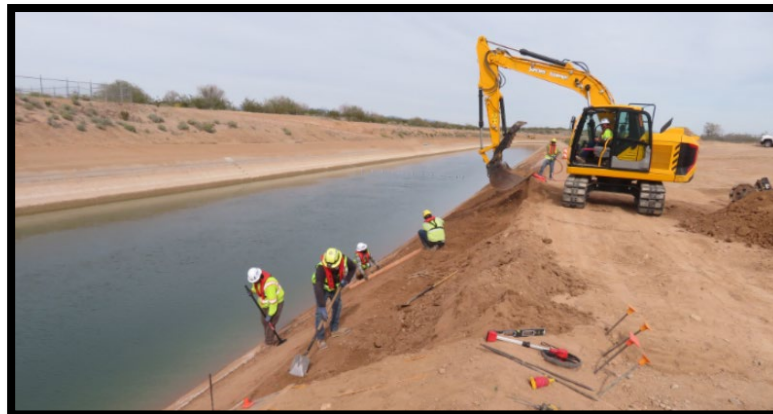
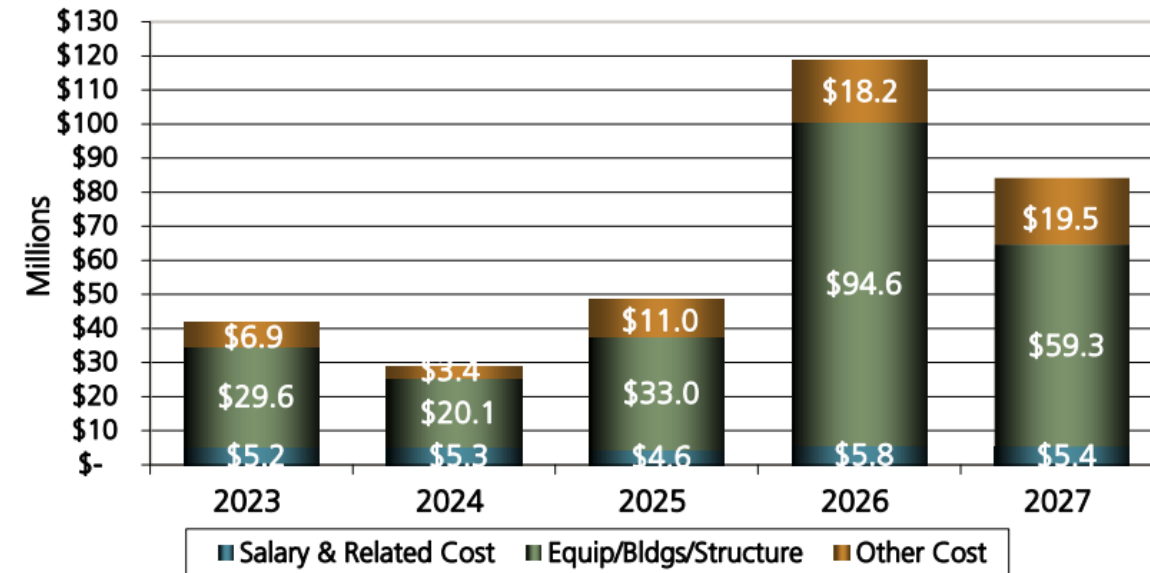
Consequence							Risk Priority Matrix							
Loss of Available Capacity	Cost	Data Security	Reputation	EOL/Obsolescence	Health and Safety Impact	Environmental Impact		Score	Risk Priority Number = Consequence Score x Likelihood Score					
100% loss of segment system capacity for more than 3 days.	Economic impact exceeding \$10M	Breach of highly sensitive or classified data (e.g. SCADA/ICS). Major cyberattack or nation-state actor involvement. Long-term operational and reputational damage. Severe legal, political, and regulatory fallout.	Long-term or irreversible damage to reputation. International media coverage. Loss of stakeholder support.	Equipment is in "Discontinued" product lifecycle status or has an irremediable security risk. Replacements require full redesign or replacement of major system.	Potential for one or more fatalities to worker(s) or the public.	Irreversible, widespread damage to the environment (e.g., major spill into navigable U.S. waters). Long-term or permanent ecological loss. National-level regulatory response, significant litigation, and public outrage.	Catastrophic	6	6	12	18	24	30	36
100% loss of segment system capacity for greater than 1 day, less than 3 days.	Economic impact of \$1M to \$10M	Large scale breach affecting public or employee personally identifiable information or sensitive infrastructure/system data. Public trust affected. Legal, regulatory, or political consequences. Requires formal external investigation.	Significant public concern. National media coverage. Damage to brand and stakeholder trust. Executive-level involvement required.	Equipment is in "Discontinued" product lifecycle status or has an irremediable security risk. Replacements available with major impact to system.	Potential for life altering injury or long-term health impact. Worker or public could experience major trauma or permanent disability.	Large-scale, uncontrolled release with immediate, severe environmental impact. High likelihood of enforcement action, significant fines, and long-term remediation efforts. High reputational and financial impact.	Critical	5	5	10	15	20	25	30
100% loss of segment system capacity greater than 12 hours, less than 1 day. 50% loss of segment system capacity greater than 3 days.	Economic impact of \$300K to \$1M	Unauthorized disclosure or loss of personally identifiable information, staff data, or sensitive operational data. Requires notification to affected individuals or agencies. Possible media interest.	Moderate stakeholder concern. Negative local media coverage. Requires management attention.	Equipment is in "Discontinued" product lifecycle status or has an irremediable security risk. Replacements available with minor impact to system.	Potential for multiple injuries or health impacts with lost time and/or hospitalization. No permanent damage or life-altering impacts.	Significant regulatory non-compliance or serious environmental regulatory violation. Potential for cease and desist orders or formal EPA Notice of Violation (NOV). Localized, but potentially long-term environmental effects.	Severe	4	4	8	12	16	20	24
50% loss of segment system capacity greater than 1 day.	Economic impact of \$150K to \$300K	Internal breach or unauthorized access to non-critical personal or operational data. No public release. May require internal investigation.	Localized concern. Minor media mention. Short-term stakeholder disapproval. Easily resolved.	Equipment is in "End of Life" product lifecycle status with no direct replacement in "Active" status.	Potential for injury or health impact beyond first aid. May involve short term lost time.	Limited release or non-compliance with manageable environmental impact. Potential for EPA Notice of Noncompliance (NOC). Remediable with minimal long-term consequences. Violation of Board directive, BOR directive, or environmental policy and/or regulations.	Serious	3	3	6	9	12	15	18
10% to 50% loss of segment system capacity greater than 1 day.	Economic impact of \$50K to \$100K	Accidental access or mishandling of low-sensitivity internal data. No sensitive personal or operational data involved. Contained quickly. Logged and monitored.	Limited local awareness. No sustained media coverage. Managed with routine communications.	Equipment is in "Active Mature" product lifecycle status. Or equipment is in "End of Life" or "Discontinued" with a direct replacement in "Active" status.	Potential for minor injury or health impact. No lost time.	Small-scale, contained incident with negligible environmental damage. Internal policy non-conformance. Minor procedural non-compliance, unlikely to trigger formal enforcement. Easily corrected through internal administrative controls/policies.	Moderate	2	2	4	6	8	10	12
10% to 50% loss of segment system capacity less than 1 day.	Economic impact less than \$50K	No data loss or exposure. Minor internal policy deviation with no external impact. No action required. Easily corrected.	Internal issue. No public awareness or concern. No media coverage.	Equipment is in "Active" product lifecycle status.	No safety or health impacts.	No observable impact on the environment. Fully compliant with applicable regulations and policies.	Negligible	1	1	2	3	4	5	6
							Score	1	2	3	4	5	6	
								> 20 Years	10-20 Years	5-10 Years	1-5 Years	6mo - 1 Year	< 6mo	
								Likelihood						

2026-2027 Capital Projects

Major Asset Class – Current Investments

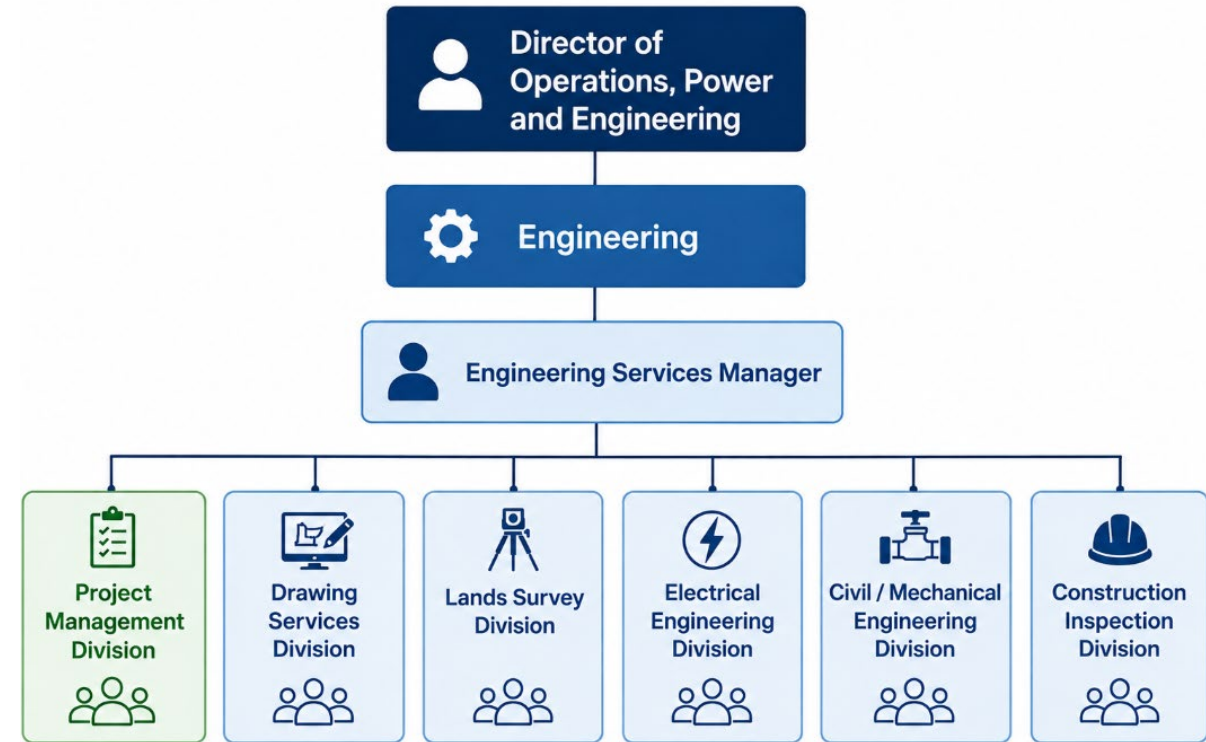
- Discharge Valves
- Aqueduct Embankments
- Check Structures
- Pumps
- Motors
- Transformers
- Transmission
- Buildings & Grounds
- Backup Power

Total Capital Spending

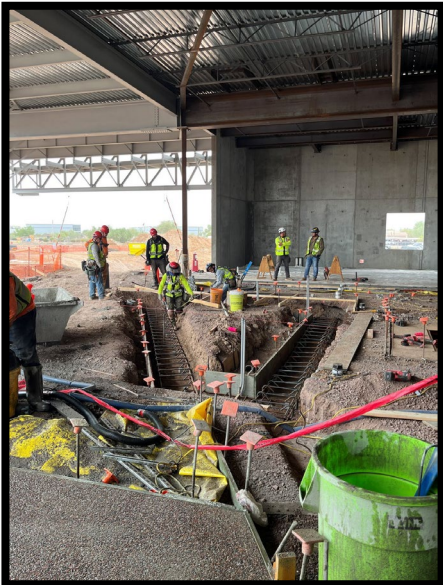
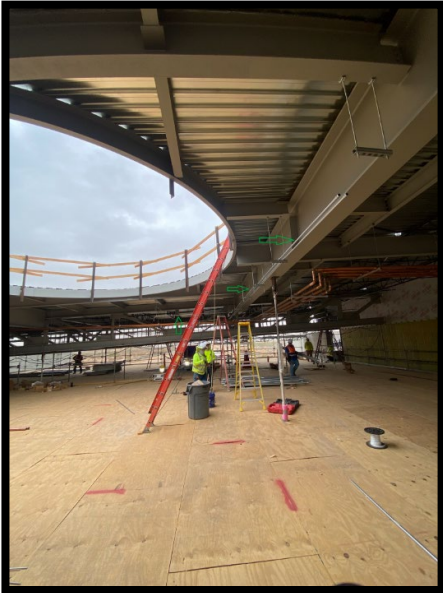


Project Execution Teams

- Project Management Division
 - Six Project Managers
 - Three Construction Contract Administrators
- Full Project Lifecycle Management
- Primary Project Support Teams
 - In-house Engineers
 - Maintenance Reliability Engineers
 - Water Operations
 - Safety
 - Maintenance Asset Owners
 - Operational Technology
 - Information Technology



Water Education Center



2026-2027 Budget
\$29.6M

Scope
New 16K SF facility providing exhibit spaces, interactive experiences, board room, multi-purpose rooms, and observation bridge.

Contractor

Mortenson

Percent Complete



Aqueduct Hydrology Improvements



2026-2027 Budget
\$69M

Scope
Improve cross-drainage protective embankments and infrastructure to mitigate 100-year storm event vulnerabilities.

Contractor



Wittmann Phase - Percent Complete



Condition-Based Monitoring (Vibration Detection)

2026-2027 Budget
\$3M

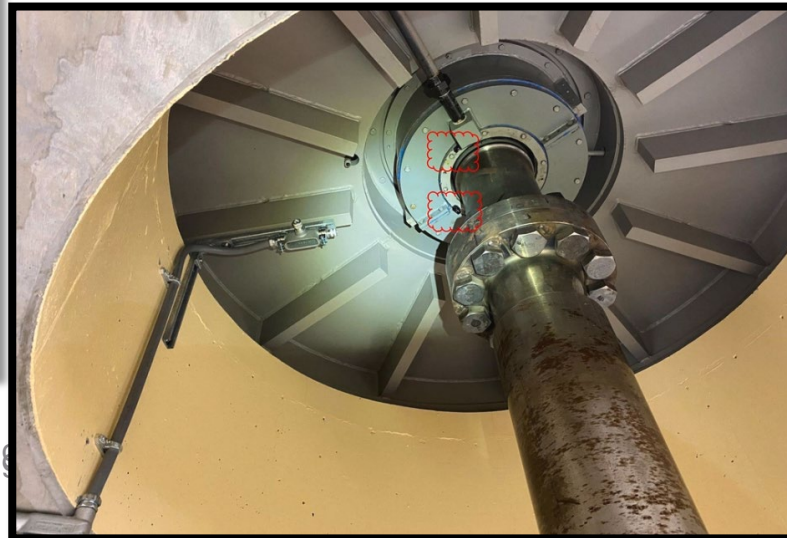
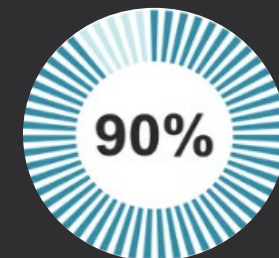
Scope

Install modernized vibration detection systems on each pump unit to identify and mitigate early signs of failure.

Contractor

**CANNON
& WENDT**
ELECTRIC

Percent Complete



Backup Generator Replacement at Pumping Plants



2026-2027 Budget
\$11.7M

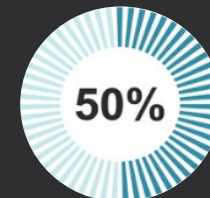
Scope

Ensure reliable operation of critical plant systems during a power outage - replace existing generators, load banks, and diesel tanks at each plant with appropriately sized modern systems.

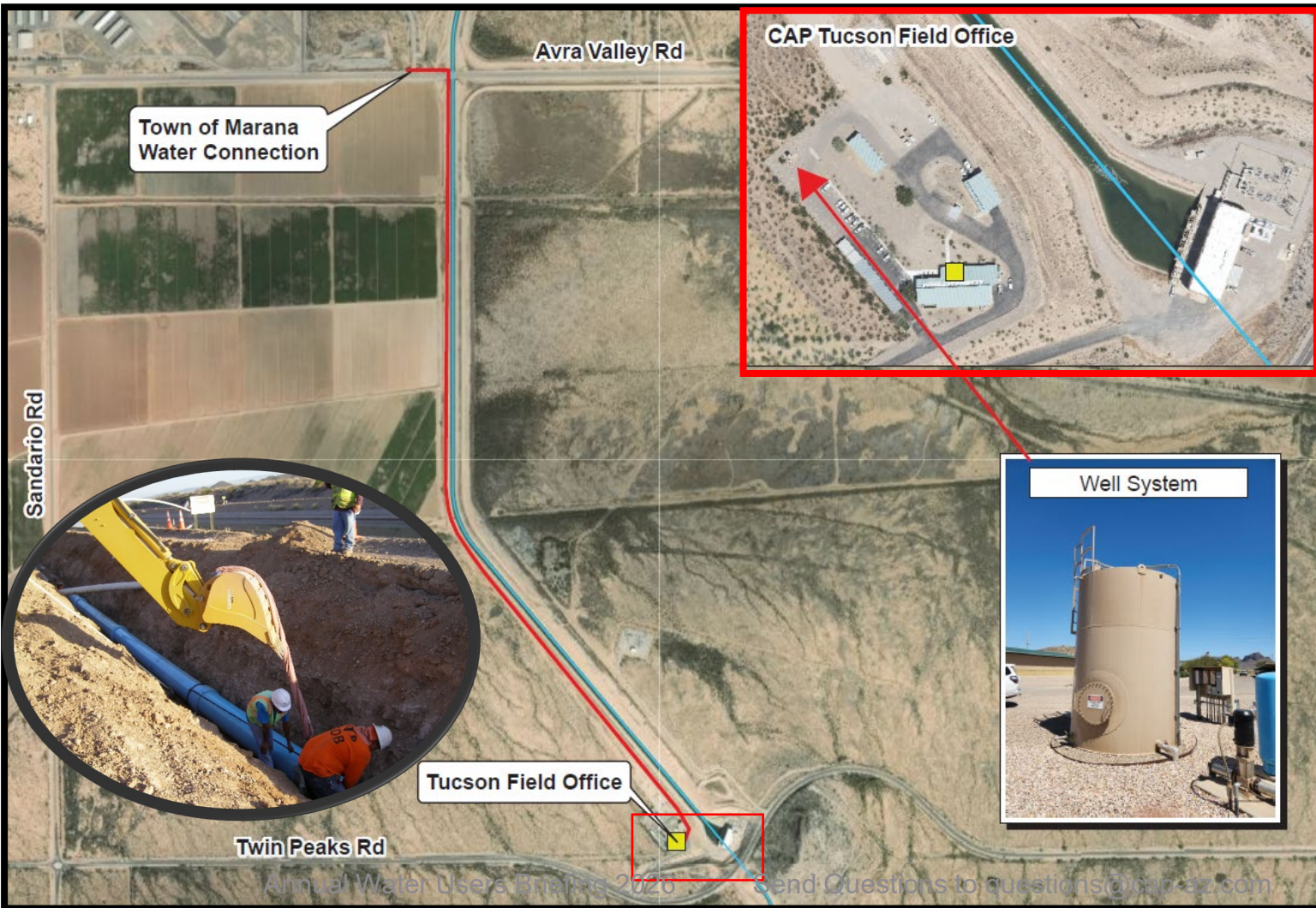
Contractor



Pilot Phase - Percent Complete



Tucson Field Office Potable Water Line



2026 Construction Spending
\$3.1M

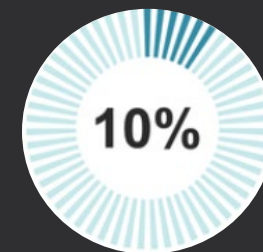
Scope

Replace existing well system with private 6-inch potable water pipeline along the CAP canal alignment to serve the Tucson Field Office (TFO) – water quality must meet EPA standards.

Contractor



Percent Complete



Pool 1 Emergency Repair and Stabilization

- Early 2026 – CAP Milepost 27.3
 - Observed moisture passing through structural embankment
 - Elevated water levels in observation wells
 - Breach failure imminent
- Rapid repair response developed
 - Expand structural embankment and prevent internal erosion
 - Dive team investigation – numerous voids
 - Decision to dewater Pool 1
 - Repair failed concrete lining and joints
- Archer Western partnership
 - Mobilized February 20th – Completed March 13
 - 11,000 tons of structural materials
 - 363 cubic yards concrete and slurry
 - Over 600 material import trips
 - **Contained service outage to 21 days!**



Pool 1 - What Happened?



**FAILED JOINT
SEALING SYSTEM**



**POOR
FOUNDATIONAL
MATERIALS**

Pool 1 - Impact to Operations and Power

CAP DIVERSIONS

Actual Diversion AOP Diversion Forecast Diversion

217.0K

Diversions YTD

991.4K

Diversions Forecast EOY

894.5K

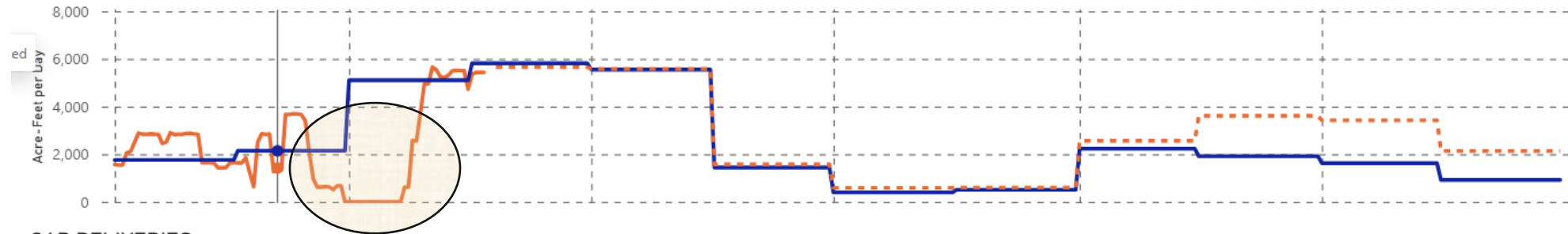
Diversions AOP EOY

-90.7K

Diversions Variance YTD

96.9K

Diversions Variance EOY



CAP DELIVERIES

Actual Deliveries AOP Deliveries Forecast Deliveries

144.5K

Deliveries YTD

916.1K

Deliveries Forecast EOY

819.5K

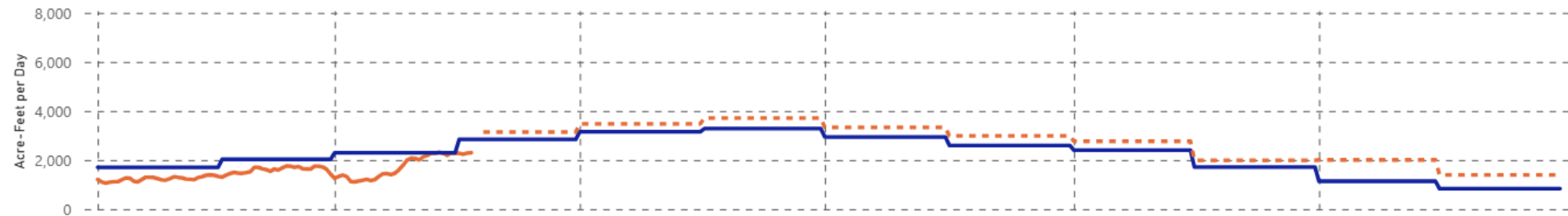
Deliveries AOP EOY

-53.5K

Deliveries Variance YTD

96.6K

Deliveries Variance EOY



LAKE PLEASANT OPERATIONS

Planned Elevation Forecast Elevation Actual Elevation WAD Fill WAD Release

1,654.8

BOY

1,661.0

Current YTD

1,677.4

Max

1,640.7

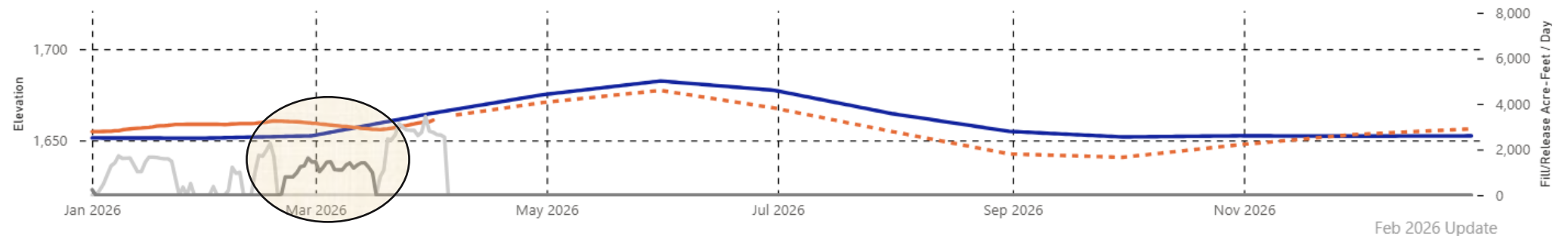
Min

1,652.5

AOP EOY

1,656.3

Forecast EOY



Pool 1 – Long-Term Improvements

2026 – Emergency Repair & Stabilization

- Embankment widening at four locations
- Underwater void grouting
- Mitigated immediate concerns



2027 – Long-Term Lining Improvements

- Install robust, waterproof barrier over portions of existing concrete lining
- Additional moisture detection wells
- Coordinated, extended outage
- Concepts under evaluation



2027 Energy Outlook

JEFF RITTER—POWER PROGRAM MANAGER

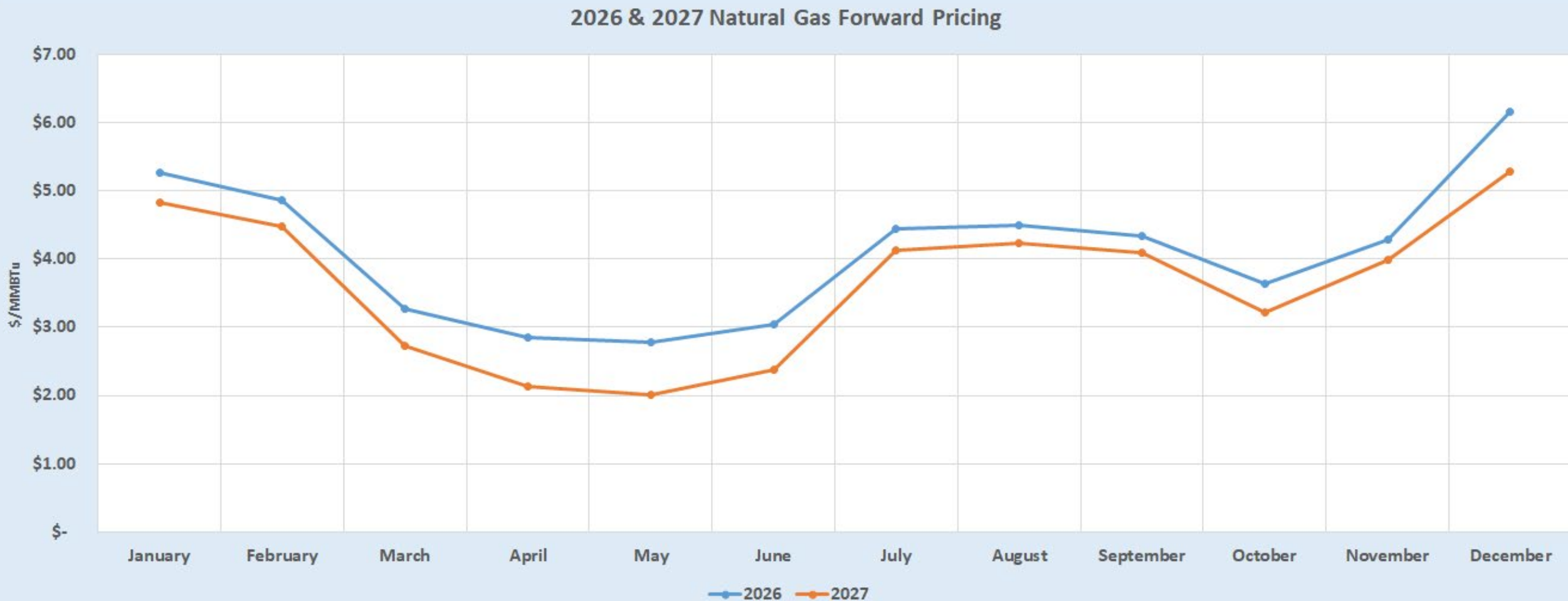
2027 Energy Rate

- \$88/AF, based on:
 - 825kAF delivery volume.
 - Lake Mead / Hoover Dam uncertainty.
- Less liquidity in day-ahead supply.
- January two-week outage.
- Lake Pleasant releases.



Market Pricing - Gas

- Natural gas price estimates lower year over year.



Market Pricing - Power

- Power price estimates slightly lower year over year:



2027 Risk Analysis

- Acquired 27% of estimated energy needed.
 - Auction in Q4 2026.
 - Call option contract being negotiated.
- 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 2027 energy rate.

Questions?

Send Questions to: questions@cap-az.com



THANK YOU!