

**CENTRAL ARIZONA PROJECT
FINAL 2023-2028 RATE SCHEDULE**

June 2, 2022

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	T1	T1	T1	T1	T1	T1	T1
		Firm	Provi-		Advisory		
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Municipal and Industrial Subcontract (B+C) ^{6,7}	\$ 192	\$ 217	\$ 235	\$ 245	\$ 258	\$ 274	\$ 281
Federal Contract (B+C) ^{6,7}	\$ 192	\$ 217	\$ 235	\$ 245	\$ 258	\$ 274	\$ 281
Agricultural Settlement Pool (C) ¹	\$ 56	\$ 65	\$ 76	\$ 79	\$ 82	\$ 85	\$ 88
Excess (A+B+C) ^{2,6}	\$ 242	\$ 270	\$ 288	\$ 310	\$ 320	\$ 334	\$ 341
Interstate (A+B+C+D)	TBD	TBD	TBD	TBD	TBD	TBD	TBD

RATE COMPONENTS

Units = \$/acre-foot

DCP Tier	T1	T1	T1	T1	T1	T1	T1
		Firm	Provi-		Advisory		
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<u>Capital Charges</u>							
(A) Municipal and Industrial - Long Term Subcontract ³	\$ 50	\$ 53	\$ 53	\$ 65	\$ 62	\$ 60	\$ 60
<u>Delivery Charges</u>							
Fixed O&M ⁴	103	115	118	125	133	142	146
"Big R" ⁴	33	37	41	41	43	47	47
(B) Fixed OM&R ⁴	\$ 136	\$ 152	\$ 159	\$ 166	\$ 176	\$ 189	\$ 193
(C) Pumping Energy Rate ⁵	\$ 56	\$ 65	\$ 76	\$ 79	\$ 82	\$ 85	\$ 88
(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

	2022	Firm	Provi-	2025	Advisory		
		2023	2024		2026	2027	2028
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<u>Underground Water Storage O&M</u> ⁸							
Phoenix AMA	\$ 13	\$ 13	\$ 14	\$ 14	\$ 15	\$ 15	\$ 15
Tucson AMA	15	15	15	15	15	15	15
<u>Underground Water Storage Capital Charge</u> ⁹							
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:
 - 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.
 - 2024 - 1 1/2 cents of 2022/23 property taxes are being applied to the federal repayment, resulting in a reduction of \$14/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. For 2023, 2 1/2 cents of 2022/23 property taxes are being applied to the Fixed OM&R charge, resulting in a \$12/AF reduction.
- 5) The pumping energy rate applies to all actual water volumes delivered as opposed to scheduled. For 2023, 2 cents of 2022/23 property taxes are being applied to the pumping energy rate, resulting in a \$11/AF reduction.
- 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

- 2023 includes 93,000 acre-feet of reduction for the 500+ Plan, which equates to approximately \$11/acre-foot increase
- 2024 and beyond do not include any additional volume reductions related to potential system conservation plans; additional reductions would increase rates
- Hohokam CDR allocations are ordered and therefore pay capital charges
- Wheeling starts in 2026 at 4,000 acre-foot/year 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

	<u>2023</u>	Provi- sional <u>2024</u>	<u>Advisory</u>			
			<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Tier Zero		\$ 124	\$ 131	\$ 136	\$ 146	\$ 148
Tier 1	\$ 152	\$ 159	\$ 166	\$ 176	\$ 189	\$ 193
Tier 2a	\$ 162	\$ 169	\$ 180	\$ 192	\$ 206	\$ 209
Tier 2b		\$ 177	\$ 189	\$ 202	\$ 214	\$ 218
Tier 3		\$ 192	\$ 210	\$ 221	\$ 238	\$ 242