

**CENTRAL ARIZONA PROJECT  
FINAL 2011/2012 RATE SCHEDULE UPDATE**

Final Updated  
June 2, 2011

**DELIVERY RATES FOR VARIOUS CLASSES OF WATER SERVICE**

Units = \$/ acre-foot

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

|   | <u>2010</u> | <u>Firm<br/>2011</u> | <u>Firm<br/>2012</u> | <u>Advisory</u> |             |             |             |
|---|-------------|----------------------|----------------------|-----------------|-------------|-------------|-------------|
|   |             |                      |                      | <u>2013</u>     | <u>2014</u> | <u>2015</u> | <u>2016</u> |
| <b><u>Municipal and Industrial</u></b>                        |             |                      |                      |                 |             |             |             |
| Long Term Subcontract (B+C) <sup>1</sup>                      | \$ 118      | \$ 122               | \$ 122               | \$ 126          | \$ 129      | \$ 137      | \$ 141      |
| Non-Subcontract (A+B+C)                                       | 133         | 137                  | 137                  | 141             | 139         | 142         | 141         |
| Recharge (A+B+C starting 2011) <sup>2</sup>                   | 133         | 137                  | 137                  | 141             | 139         | 142         | 141         |
| AWBA Interstate Recharge (A+B+E+F starting 2011) <sup>3</sup> | 236         | 167                  | 163                  | 164             | 162         | 166         | 167         |
| <b>Federal (B+C)</b>  | \$ 118      | \$ 122               | \$ 122               | \$ 126          | \$ 129      | \$ 137      | \$ 141      |
| <b><u>Agricultural</u></b>                                    |             |                      |                      |                 |             |             |             |
| Settlement Pool (C) <sup>4</sup>                              | \$ 49       | \$ 53                | \$ 49                | \$ 50           | \$ 51       | \$ 56       | \$ 58       |
| <b><u>Agricultural Incentives</u></b> <sup>4</sup>            |             |                      |                      |                 |             |             |             |
| Meet Settlement Pool Goals                                    | (6)         | (8)                  | (4)                  | tbd             | tbd         | tbd         | tbd         |
| Meet AWBA/CAGR D GSF Goals                                    | (2)         | (2)                  | (1)                  | tbd             | tbd         | tbd         | tbd         |
| Meet Recovery Goals   | (2)         | (2)                  | (1)                  | tbd             | tbd         | tbd         | tbd         |

**RATE COMPONENTS**

Units = \$/acre-foot

**Capital Charges**

|   |       |       |       |       |       |      |      |
|---|-------|-------|-------|-------|-------|------|------|
| (A) Municipal and Industrial - Long Term Subcontract <sup>5</sup> | \$ 15 | \$ 15 | \$ 15 | \$ 15 | \$ 10 | \$ 5 | \$ - |
|---|-------|-------|-------|-------|-------|------|------|

**Delivery Charges**

|  |       |       |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|-------|-------|
| (B) Fixed OM&R <sup>6</sup>                | \$ 69 | \$ 69 | \$ 73 | \$ 76 | \$ 78 | \$ 81 | \$ 83 |
| (C) Pumping Energy Rate 1 <sup>7</sup>     | 49    | 53    | 49    | 50    | 51    | 56    | 58    |
| (D) Pumping Energy Rate 2 <sup>8</sup>     | 85    | n/a   | n/a   | n/a   | n/a   | n/a   | n/a   |
| (E) Pumping Energy Rate 3 <sup>9</sup>     | 122   | n/a   | n/a   | n/a   | n/a   | n/a   | n/a   |
| (F) Property Tax Equivalency <sup>10</sup> | 30    | 30    | 26    | 23    | 23    | 24    | 26    |

**Qualifications for Various Classes of Water Service**

Long-Term Municipal and Industrial (M&I) Subcontract: M&I subcontractors.

Non-Subcontract: M&I users who are not subcontractors and the CAGR D.

Recharge (AWBA/CAGR D and M&I Underground Water Storage): The Arizona Water Banking Authority and M&I subcontractors and other Arizona entities who have valid Arizona Department of Water Resources permits and accrue long-term recharge/storage credits from this activity.

**DIRECT UNDERGROUND WATER STORAGE**

Units = \$/acre-foot

**Underground Water Storage O&M** <sup>11</sup>

|             |      |      |      |      |      |      |      |
|-------------|------|------|------|------|------|------|------|
| Phoenix AMA | \$ 8 | \$ 8 | \$ 8 | \$ 8 | \$ 8 | \$ 8 | \$ 8 |
| Tucson AMA  | 15   | 15   | 15   | 15   | 15   | 15   | 15   |

**Underground Water Storage Capital Charge** <sup>12</sup>

|             |       |       |       |       |       |       |       |
|-------------|-------|-------|-------|-------|-------|-------|-------|
| Phoenix AMA | \$ 15 | \$ 15 | \$ 15 | \$ 15 | \$ 15 | \$ 15 | \$ 15 |
| Tucson AMA  | 9     | 9     | 9     | 9     | 9     | 9     | 9     |

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**CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ASSESSMENT RATES**

Units = \$/acre-foot

|  | 2009/10 | Firm<br>2010/11 | Firm<br>2011/12 | Advisory |         |         |         |
|--|---------|-----------------|-----------------|----------|---------|---------|---------|
|  |         |                 |                 | 2012/13  | 2013/14 | 2014/15 | 2015/16 |
| <b>Phoenix Active Management Area</b>                        |         |                 |                 |          |         |         |         |
| Water & Replenishment Component <sup>13</sup>                | \$ 143  | \$ 140          | \$ 140          | \$ 140   | \$ 144  | \$ 157  | \$ 156  |
| Administrative Component <sup>14</sup>                       | 33      | 38              | 42              | 44       | 44      | 44      | 44      |
| Infrastructure & Water Rights Component <sup>15</sup>        | 101     | 131             | 170             | 204      | 245     | 294     | 353     |
| Replenishment Reserve Charge <sup>16</sup>                   | 41      | 47              | 51              | 54       | 54      | 55      | 55      |
| Total Assessment Rate (\$/AF)                                | \$ 318  | \$ 356          | \$ 403          | \$ 442   | \$ 487  | \$ 550  | \$ 608  |
| <b>Pinal Active Management Area</b>                          |         |                 |                 |          |         |         |         |
| Water & Replenishment Component <sup>13</sup>                | \$ 107  | \$ 110          | \$ 116          | \$ 120   | \$ 121  | \$ 133  | \$ 128  |
| Administrative Component <sup>14</sup>                       | 33      | 38              | 42              | 44       | 44      | 44      | 44      |
| Infrastructure & Water Rights Component <sup>15</sup>        | 101     | 131             | 170             | 204      | 245     | 294     | 353     |
| Replenishment Reserve Charge <sup>16</sup>                   | 38      | 45              | 53              | 61       | 60      | 61      | 61      |
| Total Assessment Rate (\$/AF)                                | \$ 279  | \$ 324          | \$ 381          | \$ 429   | \$ 470  | \$ 532  | \$ 586  |
| <b>Tucson Active Management Area</b>                         |         |                 |                 |          |         |         |         |
| Water & Replenishment Component <sup>13</sup>                | \$ 153  | \$ 155          | \$ 155          | \$ 161   | \$ 164  | \$ 166  | \$ 163  |
| Administrative Component <sup>14</sup>                       | 33      | 38              | 42              | 44       | 44      | 44      | 44      |
| Infrastructure & Water Rights Component <sup>15</sup>        | 101     | 131             | 170             | 204      | 245     | 294     | 353     |
| Replenishment Reserve Charge <sup>16</sup>                   | 46      | 53              | 60              | 65       | 61      | 59      | 57      |
| Total Assessment Rate (\$/AF)                                | \$ 333  | \$ 377          | \$ 427          | \$ 474   | \$ 514  | \$ 563  | \$ 617  |
| <b>Contract Replenishment Tax - Scottsdale <sup>17</sup></b> |         |                 |                 |          |         |         |         |
| Cost of Water  | \$ 126  | \$ 133          | \$ 137          | \$ 137   | \$ 141  | \$ 139  | \$ 142  |
| Cost of Transportation                                       | 0       | 0               | 0               | 0        | 0       | 0       | 0       |
| Cost of Replenishment  | 0       | 0               | 0               | 0        | 0       | 0       | 0       |
| Administrative Component <sup>14</sup>                       | 33      | 38              | 42              | 44       | 44      | 44      | 44      |
| Total Tax Rate (\$/AF)                                       | \$ 159  | \$ 171          | \$ 179          | \$ 181   | \$ 185  | \$ 183  | \$ 186  |

**CAGRD ENROLLMENT & ACTIVATION FEES**

Units = \$/Housing Unit

|                                     |       |        |        |        |        |        |        |
|-------------------------------------|-------|--------|--------|--------|--------|--------|--------|
| <b>Enrollment Fee <sup>18</sup></b> | \$ 83 | \$ 107 | \$ 138 | \$ 165 | \$ 198 | \$ 237 | \$ 284 |
| <b>Activation Fee <sup>18</sup></b> | \$ 81 | \$ 105 | \$ 136 | \$ 163 | \$ 196 | \$ 235 | \$ 282 |

**CAGRD ANNUAL MEMBERSHIP DUES**

|   |    |    |         |         |     |     |     |
|---|----|----|---------|---------|-----|-----|-----|
| <b>Member Land Annual Membership Dues (\$/Lot) <sup>19</sup></b>        |    |    |         |         |     |     |     |
| Phoenix Active Management Area  | -- | -- | \$ 6.88 | \$ 8.80 | TBD | TBD | TBD |
| Pinal Active Management Area  | -- | -- | \$ 0.90 | \$ 1.15 | TBD | TBD | TBD |
| Tucson Active Management Area   | -- | -- | \$ 4.34 | \$ 5.55 | TBD | TBD | TBD |
| <b>Member Service Area Annual Membership Dues (\$/AF) <sup>19</sup></b> |    |    |         |         |     |     |     |
|   | -- | -- | \$10.35 | \$13.32 | TBD | TBD | TBD |

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**NOTES:**

- 1 Does not include the Capital Charge.
- 2 Rate is equal to M&I rate starting in 2011. This rate applies to all recharge customers. Rules regarding the eligibility for and use of this class are shown on page 1. For 2010, the recharge rate consists of Energy Rate 2 and a contribution toward covering a portion of the Fixed OM&R Rate.
- 3 The 2010 rate is obtained by adding the Fixed OM&R component, the Pumping Energy Rate 3 component, the M&I Capital Charge and an equivalency tax component. Starting in 2011 Pumping Energy Rate 1 replaces Pumping Energy Rate 3 as a rate component.
- 4 Rate is the Pumping Energy Rate 1 component. Incentives may be earned for meeting delivery goals in three areas. Any incentives earned can be applied to Settlement Pool deliveries.
- 5 Capital Charge is paid on full allocation regardless of amount delivered; not included in delivery rates.
- 6 Fixed O&M costs divided by projected total water volumes plus a components to fund capital replacements and a rate stabilization reserve. This amount is collected on all ordered water whether delivered or not.
- 7 Applies to all water deliveries starting in 2011. For 2010, water volumes were excluded for Recharge, AWBA Interstate and SRP bring-your-own power acre-feet. The calculation is pumping energy costs divided by projected volumes. This amount is collected only for water actually delivered as opposed to scheduled.
- 8 Energy Rate 2 is eliminated starting in 2011 due to new power agreements.
- 9 Energy Rate 3 is eliminated starting in 2011 due to new power agreements.
- 10 The rate is based upon the tax levy for the previous elapsed tax year divided by the average water deliveries (excluding Federal deliveries and water storage credits) for the three previous completed delivery years (e.g., for 2010, the tax equivalency is the levy for the 2008-2009 tax year divided by the average water deliveries for 2006, 2007 and 2008). The Advisory Rates are estimates. Note the 2010 rate has been revised.
- 11 Underground Water Storage O&M is paid by all direct recharge customers using CAP recharge sites.
- 12 Underground Water Storage Capital Charge is paid by all direct recharge customers except AWBA for M&I firming, the CAGRDR, municipal providers within the CAP service area and co-owners of CAWCD recharge facilities using no more than their share of capacity.
- 13 The Water & Replenishment Component is designed to cover the projected annual costs of satisfying replenishment obligations, including the purchase of long-term storage credits (LTSC) and the purchase and replenishment of water and effluent. The total volume of water to be purchased and replenished includes a sufficient volume to offset losses incurred during the replenishment process (generally 1% to 2.5%). For the Phoenix Active Management Area (AMA), replenishment will be accomplished at direct underground storage facilities (USFs) and groundwater savings facilities (GSFs) as well as through the use of LTSCs purchased from others. For the Pinal AMA, replenishment will be accomplished at GSFs. For the Tucson AMA, replenishment will be accomplished at USFs as well as through the use of LTSCs purchased from others.
- 14 The Administrative Component is designed to cover all CAGRDR administrative costs. A \$2/AF rate has been added to this component to help fund the CAGRDR conservation program.
- 15 The Infrastructure & Water Rights Component is designed to generate funds required for the acquisition, lease or exchange of water or water rights and development of infrastructure necessary for CAGRDR to perform its replenishment obligations.
- 16 The Replenishment Reserve Charge is designed to cover costs associated with establishing a replenishment reserve of LTSCs as required by statutes. Water will be stored at a combination of USFs and GSFs in the Phoenix and Tucson AMAs. LTSCs purchased from CAP and others will also be used to help establish the replenishment reserve in the Phoenix and Tucson AMAs. In the Pinal AMA, LTSCs will be purchased from CAP in accordance with Board policy adopted on October 6, 2005. This charge will be levied as provided in ARS Sections 48-3774.01 and 48-3780.01.
- 17 The components of the Contract Replenishment Tax - Scottsdale reflect the provisions in the Water Availability Status Contract to Replenish Groundwater between CAWCD and Scottsdale. The rates reflect the assumption that Non-Subcontract CAP water will be available to meet the associated contract replenishment obligations.
- 18 The Enrollment Fee and Activation Fee reflect the fees established pursuant to the CAGRDR Enrollment Fee and Activation Fee Policy adopted by the Board on May 1, 2008. A \$2 per housing unit is included in the Enrollment Fee to help fund CAGRDR's conservation program.
- 19 The Annual Membership Dues for Member Lands and Member Service Areas reflect the fees established pursuant to ARS Sections 48-3772.A.8. and 48-3779 as well as the Policy on Collection of CAGRDR Annual Membership Dues adopted by the Board on April 7, 2011.