

**CENTRAL ARIZONA PROJECT
FINAL 2007/2008 RATE SCHEDULE**

DELIVERY RATES FOR VARIOUS CLASSES OF WATER SERVICE

Units = \$/ acre-foot

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

	2006	Firm	Firm	Advisory			
		2007	2008	2009	2010	2011	2012
Municipal and Industrial							
Long Term Subcontract (C+D) ¹	\$ 82	\$ 87	\$ 95	\$ 105	\$ 113	\$ 118	\$ 123
Excess Water (A+C+D)	106	108	116	126	118	123	128
AWBA/CAGRDR Recharge (0.1xC+E+H) ²	82	61	51	TBD	TBD	TBD	TBD
Incentive Recharge (0.1xC+E+H) ²	82	61	51	TBD	TBD	TBD	TBD
AWBA Interstate Recharge (A+C+F+G) ³	174	210	217	233	217	154	162
Federal (C+D)	\$ 82	\$ 87	\$ 95	\$ 105	\$ 113	\$ 118	\$ 123
Agricultural							
Settlement Pool (D) ⁴	\$ 33	\$ 35	TBD	TBD	TBD	TBD	TBD
Long Term Subcontract (B+C+D) ⁵	84	89	97	107	115	120	125
Miscellaneous (E+\$5/af)	\$ 77	\$ 56	\$ 46	\$ 54	\$ 65	\$ 75	\$ 71

RATE COMPONENTS

Units = \$/acre-foot

	2006	Firm	Firm	Advisory			
		2007	2008	2009	2010	2011	2012
Capital Charges							
(A) Municipal and Industrial - Long Term Subcontract ⁶	\$ 24	\$ 21	\$ 21	\$ 21	\$ 5	\$ 5	\$ 5
(B) Agricultural - Long Term Subcontract ⁵	2	2	2	2	2	2	2
Delivery Charges							
(C) Fixed OM&R ⁷	\$ 49	\$ 52	\$ 55	\$ 62	\$ 67	\$ 71	\$ 77
(D) Pumping Energy Rate 1 ⁸	33	35	40	43	46	47	46
(E) Pumping Energy Rate 2 ⁹	72	51	41	49	60	70	66
(F) Pumping Energy Rate 3 ¹⁰	80	112	115	122	117	51	50
(G) Property Tax Equivalency ¹¹	21	25	26	28	28	27	30
(H) Lost Federal Revenues ¹²	5	5	5	TBD	TBD	TBD	TBD

Qualifications for Various Classes of Water Service

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

Excess: M&I users who are not subcontractors and the CAGRDR; rate is for "as available" water.

AWBA/CAGRDR and M&I Incentive Underground Water Storage: The Arizona Water Banking Authority (available for scheduling after all other schedules have been filled) 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.

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DIRECT UNDERGROUND WATER STORAGE

Units = \$/acre-foot

	2006	Firm 2007	Firm 2008	Advisory			
				2009	2010	2011	2012
<u>Underground Water Storage O&M</u> ¹³							
Phoenix AMA	\$ 8	\$ 8	\$ 8	\$ 9	\$ 10	\$ 11	\$ 13
Tucson AMA	12	13	15	17	19	21	23
<u>Underground Water Storage Capital Charge</u> ¹⁴							
Phoenix AMA	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Tucson AMA	9	9	9	9	9	9	9

CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ASSESSMENT RATES

Units = \$/acre-foot

	Historic	Firm	Firm	Advisory			
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<u>Phoenix Active Management Area</u> ¹⁵							
Water & Replenishment Component	\$ 101	\$ 107	\$ 112	\$ 120	\$ 122	\$ 128	\$ 134
Administrative Component	40	30	28	27	27	27	27
Infrastructure & Water Rights Component	40	77	79	82	84	87	89
Replenishment Reserve Charge	31	22	21	22	28	37	39
Total Assessment Rate (\$/AF)	\$ 212	\$ 236	\$ 240	\$ 251	\$ 261	\$ 279	\$ 289
<u>Pinal Active Management Area</u> ¹⁵							
Water & Replenishment Component	\$ 81	\$ 79	\$ 87	\$ 97	\$ 89	\$ 94	\$ 100
Administrative Component	40	30	28	27	27	27	27
Infrastructure & Water Rights Component	40	77	79	82	84	87	89
Replenishment Reserve Charge	31	24	25	24	30	34	33
Total Assessment Rate (\$/AF)	\$ 192	\$ 210	\$ 219	\$ 230	\$ 230	\$ 242	\$ 249
<u>Tucson Active Management Area</u> ¹⁵							
Water & Replenishment Component	\$ 115	\$ 123	\$ 133	\$ 145	\$ 139	\$ 146	\$ 153
Administrative Component	40	30	28	27	27	27	27
Infrastructure & Water Rights Component	40	77	79	82	84	87	89
Replenishment Reserve Charge	31	21	25	28	35	42	40
Total Assessment Rate (\$/AF)	\$ 226	\$ 251	\$ 265	\$ 282	\$ 285	\$ 302	\$ 309
<u>Contract Replenishment Tax - Scottsdale</u> ¹⁹							
Cost of Water	\$ 107	\$ 106	\$ 108	\$ 116	\$ 126	\$ 118	\$ 123
Cost of Transportation	0	0	0	0	0	0	0
Cost of Replenishment	0	0	0	0	0	0	0
Administrative Component	40	30	28	27	27	27	27
Total Tax Rate (\$/AF)	\$ 147	\$ 136	\$ 136	\$ 143	\$ 153	\$ 145	\$ 150

ENROLLMENT & ACTIVATION FEES

Units = \$/Housing Unit

Enrollment Fee ²⁰	\$ 20	\$ 23	\$ 23	\$ 24	\$ 24	\$ 25	\$ 26
Activation Fee ²⁰	60	62	63	66	67	70	71

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NOTES:

- 1 Does not include the Capital Charge.
- 2 Rate is 10% of the Fixed OM&R Component plus the Pumping Energy Rate 2 component plus a component to compensate for loss of revenue from Federal deliveries resulting from adding AWBA, M&I/CAGR D Incentive Underground Water Storage, and SRP bring your own power deliveries (derived by formula). Rules regarding the eligibility for and use of M&I Incentive Underground Water Storage are shown on page 1.
- 3 Rate is the Fixed OM&R component plus the Pumping Energy Rate 3 component plus the M&I Capital Charge plus an equivalency tax component.
- 4 Rate is the Pumping Energy Rate 1 component.
- 5 Ag capital charge is part of the delivery rate.
- 6 Capital charge is paid on full allocation regardless of amount delivered; not included in delivery rates.
- 7 Fixed OM&R costs divided by projected total water volumes plus a component to fund capital replacements. This amount is collected on all ordered water whether delivered or not.
- 8 Applies to all water deliveries except AWBA and M&I/CAGR D Incentive Underground Water Storage, AWBA Interstate and SRP bring-your-own power acre-feet. Net pumping energy costs divided by projected deliveries. This amount is collected only for water actually delivered.
- 9 Applies to AWBA and M&I/CAGR D Incentive Underground Water Storage, and Miscellaneous deliveries. Rate is the average of the prior 3 years actual or forecasted rate. This amount is collected only for water actually delivered.
- 10 Rate is based upon the estimated cost of purchasing CAP's highest cost energy (above threshold energy until 2011).
- 11 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 2007 Rate, the tax equivalency is the levy for the 2005-2006 tax year divided by the average water deliveries for 2003, 2004 and 2005). The Advisory Rates are estimates.
- 12 A component to compensate for loss of revenues from Federal deliveries resulting from adding AWBA and M&I/CAGR D incentive and SRP bring your own power deliveries (derived by formula).
- 13 Underground Water Storage O&M is paid by all direct recharge customers using CAP recharge sites.
- 14 Underground Water Storage capital charge is paid by all direct recharge customers except AWBA for M&I firming, the CAGR D, municipal providers within the CAP service area and co-owners of CAWCD recharge facilities using no more than their share of capacity.
- 15 The Water & Replenishment Component includes the projected cost to purchase and recharge water. For 2006/2007, the water supply is assumed to be Excess CAP water at the full Excess CAP water rate. For the 2007/2008 advisory rate (based on purchases in 2008), it is assumed that CAGR D will use reclaimed effluent as part of its water supply to meet obligations. The total volume to be purchased and replenished includes the replenishment obligation and a sufficient volume to offset losses incurred during the replenishment process (1%). For the Phoenix and Tucson Active Management Areas (AMAs), replenishment will be accomplished at direct and indirect underground water storage facilities. For the Pinal AMA, replenishment will be accomplished at groundwater savings facilities.
- 16 The Administrative Component was established so that repayment of all CAWCD advances would occur by the end of 2007. \$2/AF has been added to the Administrative component to help fund the CAGR D conservation program for years 2006/2007 through 2011/2012.
- 17 The Infrastructure & Water Rights Component was established to provide funds to (1) purchase long-term rights to water as opportunities arise, and (2) construct additional infrastructure facilities as the need arises in the future.
- 18 The Replenishment Reserve Charge is based on a program to establish a replenishment reserve of long-term storage credits as required by statutes. Excess CAP water will be purchased at the CAP Incentive Recharge rate and stored at a combination of direct recharge facilities and groundwater savings facilities in the Phoenix and Tucson AMAs. In the Pinal AMA, credits will be purchased from CAP at the incentive recharge rate in accordance with Board policy adopted on October 6, 2005. This charge will be levied as provided in ARS Section 48-3774.01.
- 19 The components of the Contract Replenishment Tax - Scottsdale reflect the provisions in the Water Availability Status Contract to Replenish Groundwater Between CAWCD and Scottsdale.

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- 20 The Enrollment Fee and Activation Fee reflect the fees established pursuant to the CAGR D Enrollment Fee and Activation Fee Policy adopted by the Board on May 6, 2004. \$2 per housing unit has been added to the enrollment fee starting with the 2006/2007 period to help fund CAGR D's conservation program.