

**CENTRAL ARIZONA PROJECT
FINAL 2009/2010 RATE SCHEDULE**

*Adopted: June 19, 2008
Amended: June 4, 2009*

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>2008</u>	<u>Firm 2009</u>	<u>Firm 2010</u>	<u>Advisory</u>			
				<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Municipal and Industrial</u>							
Long Term Subcontract (C+D) ¹	\$ 91	\$ 108	\$ 118	\$ 127	\$ 136	\$ 144	\$ 149
Excess Water (A+C+D)	112	126	133	139	136	144	149
Incentive Recharge ²	51	82	133	N/A	N/A	N/A	N/A
AWBA Interstate Recharge (A+C+F+G) ³	219	233	231	165	165	175	184
<u>Federal</u> (C+D)	\$ 91	\$ 108	\$ 118	\$ 127	\$ 136	\$ 144	\$ 149
<u>Agricultural</u>							
Settlement Pool (D) ⁴	\$ 36	\$ 45	\$ 49	\$ 50	\$ 53	\$ 56	\$ 58
Long Term Subcontract (B+C+D) ⁵	93	110	120	129	136	144	149
<u>Agricultural Incentives</u> ⁴							
Meet Settlement Pool Goals	n/a	(6)	(6)	tbd	tbd	tbd	tbd
Meet AWBA/CAGR D GSF Goals	n/a	(1)	(2)	tbd	tbd	tbd	tbd
Meet Recovery Goals	n/a	(1)	(2)	tbd	tbd	tbd	tbd
<u>Miscellaneous</u> ⁶	\$ 46	\$ 82	\$ 133	\$ 139	\$ 136	\$ 144	\$ 149

RATE COMPONENTS

Units = \$/acre-foot

	<u>2008</u>	<u>Firm 2009</u>	<u>Firm 2010</u>	<u>Advisory</u>			
				<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Capital Charges</u>							
(A) Municipal and Industrial - Long Term Subcontract ⁷	\$ 21	\$ 18	\$ 15	\$ 12	\$ -	\$ -	\$ -
(B) Agricultural - Long Term Subcontract ⁵	2	2	2	2	-	-	-
<u>Delivery Charges</u>							
(C) Fixed OM&R ⁸	\$ 55	\$ 63	\$ 69	\$ 77	\$ 83	\$ 88	\$ 91
(D) Pumping Energy Rate 1 ⁹	36	45	49	50	53	56	58
(E) Pumping Energy Rate 2 ¹⁰	41	70	85	n/a	n/a	n/a	n/a
(F) Pumping Energy Rate 3 ¹¹	115	125	122	n/a	n/a	n/a	n/a
(G) Property Tax Equivalency ¹²	28	27	25	26	29	31	35
(H) Lost Federal Revenues ¹³	5	n/a	n/a	n/a	n/a	n/a	n/a

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 CAGR D; rate is for "as available" water.

Incentive Recharge (AWBA/CAGR D 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

	<u>2008</u>	<u>Firm 2009</u>	<u>Firm 2010</u>	<u>Advisory</u>			
				<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Underground Water Storage O&M</u> ¹⁴							
Phoenix AMA	\$ 8	\$ 8	\$ 8	\$ 9	\$ 10	\$ 11	\$ 11
Tucson AMA	15	15	15	15	16	17	18
<u>Underground Water Storage Capital Charge</u> ¹⁵							
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

	<u>Historic 2007/08</u>	<u>Firm 2008/09</u>	<u>Firm 2009/10</u>	<u>Advisory</u>			
				<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
<u>Phoenix Active Management Area</u>							
Water & Replenishment Component ¹⁶	\$ 112	\$ 134	\$ 143	\$ 154	\$ 157	\$ 162	\$ 166
Administrative Component ¹⁷	28	33	33	31	29	27	25
Infrastructure & Water Rights Component ¹⁸	79	90	101	112	115	118	122
Replenishment Reserve Charge ¹⁹	21	33	41	49	57	60	63
Total Assessment Rate (\$/AF)	\$ 240	\$ 290	\$ 318	\$ 346	\$ 358	\$ 367	\$ 376
<u>Pinal Active Management Area</u>							
Water & Replenishment Component ¹⁶	\$ 87	\$ 100	\$ 107	\$ 117	\$ 117	\$ 125	\$ 134
Administrative Component ¹⁷	28	33	33	31	29	27	25
Infrastructure & Water Rights Component ¹⁸	79	90	101	112	115	118	122
Replenishment Reserve Charge ¹⁹	25	31	38	45	51	54	56
Total Assessment Rate (\$/AF)	\$ 219	\$ 254	\$ 279	\$ 305	\$ 312	\$ 324	\$ 337
<u>Tucson Active Management Area</u>							
Water & Replenishment Component ¹⁶	\$ 133	\$ 143	\$ 153	\$ 164	\$ 161	\$ 168	\$ 177
Administrative Component ¹⁷	28	33	33	31	29	27	25
Infrastructure & Water Rights Component ¹⁸	79	90	101	112	115	118	122
Replenishment Reserve Charge ¹⁹	25	39	46	54	61	65	67
Total Assessment Rate (\$/AF)	\$ 265	\$ 305	\$ 333	\$ 361	\$ 366	\$ 378	\$ 391
<u>Contract Replenishment Tax - Scottsdale</u> ²⁰							
Cost of Water	\$ 108	\$ 112	\$ 126	\$ 133	\$ 139	\$ 136	\$ 144
Cost of Transportation	0	0	0	0	0	0	0
Cost of Replenishment	0	0	0	0	0	0	0
Administrative Component ¹⁷	28	33	33	31	29	27	25
Total Tax Rate (\$/AF)	\$ 136	\$ 145	\$ 159	\$ 164	\$ 168	\$ 163	\$ 169

ENROLLMENT & ACTIVATION FEES

Units = \$/Housing Unit

Enrollment Fee ²¹	\$ 23	\$ 74	\$ 83	\$ 92	\$ 94	\$ 96	\$ 100
Activation Fee ²¹	\$ 63	\$ 72	\$ 81	\$ 90	\$ 92	\$ 94	\$ 98

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NOTES:

- 1 Does not include the Capital Charge.
- 2 Rate transitions to M&I rate in 2010 and is included in "Excess Water" beginning in 2011. This rate applies to all incentive recharge customers. 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. 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 Ag capital charge is billed separately from the delivery charge, but is based on deliveries.
- 6 Starting in 2009, the Miscellaneous Rate is the same as the Incentive Recharge Rate.
- 7 Capital charge is paid on full allocation regardless of amount delivered; not included in delivery rates.
- 8 Fixed O&M 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.
- 9 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 as opposed to scheduled.
- 10 Applies to AWBA and M&I/CAGR D Incentive Underground Water Storage and SRP bring-your-own power acre-feet. Rate is the average of the prior 3 years actual or forecasted rate. Starting in 2009 a \$5/AF Energy Rate 2 catch-up component is included. The SRP rate is the incentive recharge rate less Energy Rate 2.
- 11 Rate is based upon the estimated cost of purchasing CAP's highest cost energy (above threshold energy until 2011).
- 12 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 2009 Rate, the tax equivalency is the levy for the 2007-2008 tax year divided by the average water deliveries for 2005, 2006 and 2007). The Advisory Rates are estimates.
- 13 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). This component is eliminated starting with the 2009 rates.
- 14 Underground Water Storage O&M is paid by all direct recharge customers using CAP recharge sites.
- 15 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.
- 16 The Water & Replenishment Component includes the projected cost to purchase and recharge water and effluent. For rate development purposes it was assumed that the replenishment of effluent would have the same cost as Excess CAP water recharged at a CAP state demonstration recharge project. The total volume to be purchased and replenished includes the replenishment obligation plus 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 facilities (GSFs). For the Pinal AMA, replenishment will be accomplished at GSFs. For the Tucson AMA, replenishment will be accomplished at USFs.
- 17 The Administrative Component is designed to cover all CAGR D administrative costs. \$2/AF has been added to this component to help fund the CAGR D conservation program.
- 18 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.
- 19 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 USFs and GSFs 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 Sections 48-3774.01 and 48-3780.01.

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- 20 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 Excess CAP water will be available to meet the associated contract replenishment obligations.
- 21 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. \$2 per housing unit is included to the enrollment fee to help fund CAGRDR's conservation program.