



DATE: June 18, 2020
TO: All CAP Water Customers
SUBJECT: CAP Water Delivery Schedule Requests for 2021

It is time to begin planning for Central Arizona Project water deliveries for 2021. We anticipate that next year will require a "DCP Reduction" of 192,000 acre-feet to the CAP water supply pursuant to the Lower Basin Drought Contingency Plan Agreement and that CAP will deliver about 1.43 to 1.47 million acre-feet.

Water delivery schedule requests for 2021, along with a preliminary estimate of requests for 2022 and 2023, are due on or before October 1, 2020, as provided in your CAP water delivery contract. Schedule requests received after October 1, 2020, will be subject to water availability and may not be fulfilled.

Rates for delivery of CAP water in 2021 are set forth in the attached schedule which was approved by the CAP Board of Directors on June 4, 2020. Following Reclamations 2020 August 24-month study and the receipt of schedule requests from CAP water users, CAP will determine the availability of Excess Water that will be delivered in 2021 in accordance with the CAWCD Procedure to Distribute Excess Water and Turn-back Water in 2020 through 2024.

Upcoming Water Operations Events –

- August 26, 2020** CAP Water Operations will be hosting the 2020 Annual Water Briefing where we will discuss 2020-2021 Colorado River status, CAP water operations and maintenance.
- October 1, 2020** Water Schedules are due to CAP Water Operations – send to wateradmin@cap-az.com
- Oct. 22 to Nov. 19, 2020** Tucson Aqueduct 2020 Annual Fall Outage – Customers downstream of Brady Pumping plant are affected; a schedule was sent on April 30, 2020, outlining the work to be done.

Please mail, fax, or e-mail your water delivery schedule requests and other information to P.O. Box 43020, Phoenix, AZ 85080-3020, fax (623) 869-2376, e-mail: wateradmin@cap-az.com. If you have any questions, contact Candi Cox at (623) 869-2573.

Sincerely,

Bob Moody
Assistant General Manager

Robert Moody
Attachment



**CENTRAL ARIZONA PROJECT
FINAL 2021-2026 RATE SCHEDULE**

June 4, 2020

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	T0	T0	T0	T0	T0	T0	
	Firm 2021	Provi - sional 2022	Advisory				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Municipal and Industrial Subcontract (B+C)	\$ 155	\$ 160	\$ 165	\$ 171	\$ 182	\$ 188	\$ 191
Federal Contract (B+C)	\$ 155	\$ 160	\$ 165	\$ 171	\$ 182	\$ 188	\$ 191
Agricultural Settlement Pool (C) ¹	\$ 56	\$ 56	\$ 56	\$ 57	\$ 61	\$ 61	\$ 63
Excess (A+B+C) ²	\$ 211	\$ 213	\$ 215	\$ 240	\$ 252	\$ 256	\$ 257
Interstate (A+B+C+D)	TBD	TBD	TBD	TBD	TBD	TBD	TBD

RATE COMPONENTS

Units = \$/acre-foot

	2020	Firm 2021	Provi - sional 2022	Advisory			
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Capital Charges							
(A) Municipal and Industrial - Long Term Subcontract ³	\$ 56	\$ 53	\$ 50	\$ 69	\$ 70	\$ 68	\$ 66
Delivery Charges							
Fixed O&M ⁴	75	78	80	82	89	95	96
Big "R" ⁴	24	26	29	32	32	32	32
(B) Fixed OM&R ⁴	\$ 99	\$ 104	\$ 109	\$ 114	\$ 121	\$ 127	\$ 128
(C) Pumping Energy Rate ⁵	\$ 56	\$ 56	\$ 56	\$ 57	\$ 61	\$ 61	\$ 63
(D) Property Tax Equivalency	TBD	TBD	TBD	TBD	TBD	TBD	TBD

DIRECT UNDERGROUND WATER STORAGE

Units = \$/acre-foot

	2020	Firm 2021	Provi - sional 2022	Advisory			
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Underground Water Storage O&M⁶							
Phoenix AMA	\$ 13	\$ 13	\$ 13	\$ 13	\$ 14	\$ 14	\$ 15
Tucson AMA	15	15	15	15	15	15	15
Underground Water Storage Capital Charge⁷							
Phoenix AMA	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Tucson AMA	9	9	9	9	9	9	9

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June 4, 2020

NOTES:

- 1) Rate is the Pumping Energy Rate component.
- 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 subcontract 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:
 - 2021 - 1-cent of 2019/20 property taxes were approved to be applied to the federal repayment by the CAWCD Board in 2019. An additional 2- cents of property taxes are being applied to the federal repayment from the 2020/21 property taxest, resulting in a reduction of \$26/AF.
 - 2022 - 2 1/2 cents of 2020/21 property taxes are being applied to the federal repayment, resulting in a reduction of \$21/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 ordered water whether delivered or not.
- 5) The pumping energy rate applies to all actual water volumes delivered as opposed to scheduled.
- 6) Underground Water Storage O&M is paid by all direct recharge customers using CAP recharge sites.
- 7) 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

-Non-Indian Ag reallocation occurs in 2021 for 2022 deliveries

FIXED OM&R RATE AT DCP TIERS (For Planning Purposes Only)

Units = \$/ acre-foot

	Provi - sional <u>2022</u>	Advisory			
		<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Normal	\$ 102	\$ 107	\$ 113	\$ 119	\$ 120
Tier 0	\$ 109	\$ 114	\$ 121	\$ 127	\$ 128
Tier 1	\$ 136	\$ 143	\$ 153	\$ 161	\$ 162
Tier 2a	\$ 146	\$ 152	\$ 165	\$ 173	\$ 174
Tier 2b	\$ 152	\$ 159	\$ 172	\$ 181	\$ 182
Tier 3	\$ 164	\$ 172	\$ 186	\$ 196	\$ 197