

**CENTRAL ARIZONA PROJECT
FINAL 2014 - 2015 RATE SCHEDULE**

Approved
June 6, 2013

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>2012</u>		<u>2013</u>		<u>Firm 2014</u>		<u>Advisory 2015</u>
<u>Municipal and Industrial</u>							
Long Term Subcontract (B+C) ¹	\$ 122	\$	129	\$	146	\$	157
Non-Subcontract (A+B+C)	137		144		166		178
Recharge (A+B+C) ²	137		144		166		178
AWBA Interstate Recharge (A+B+C+D) ³	165		168		189		202
<u>Federal</u> (B+C)	\$ 122	\$	129	\$	146	\$	157
<u>Agricultural</u>							
Settlement Pool (C) ⁴	\$ 49	\$	53	\$	67	\$	74
<u>Agricultural Incentives</u> ⁴							
Meet Settlement Pool Goals	(4)		(6)		(14)		(17)
Meet AWBA/CAGR D GSF Goals	(1)		(1)		(2)		(2)
Meet Recovery Goals	(1)		(1)		(2)		(2)

RATE COMPONENTS

Units = \$/acre-foot

	<u>2012</u>		<u>2013</u>		<u>Firm 2014</u>		<u>Advisory 2015</u>
<u>Capital Charges</u>							
(A) Municipal and Industrial - Long Term Subcontract ⁵	\$ 15	\$	15	\$	20	\$	21
<u>Delivery Charges</u>							
(B) Fixed OM&R ⁶	\$ 73	\$	76	\$	79	\$	83
(C) Pumping Energy Rate 1 ⁷	49		53		67		74
(D) Property Tax Equivalency ⁸	28		24		23		24

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, M&I subcontractors, BOR 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

<u>Underground Water Storage O&M</u> ⁹							
Phoenix AMA	\$ 8	\$	8	\$	8	\$	9
Tucson AMA	15		15		15		15
<u>Underground Water Storage Capital Charge</u> ¹⁰							
Phoenix AMA	\$ 15	\$	15	\$	15	\$	15
Tucson AMA	9		9		9		9

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CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT ASSESSMENT RATES

Units = \$/acre-foot

	<u>2011/12</u>	<u>2012/13</u>	Firm <u>2013/14</u>	Advisory <u>2014/15</u>
<u>Phoenix Active Management Area</u>				
Water & Replenishment Component ¹¹	\$ 140	\$ 137	\$ 160	\$ 173
Administrative Component ¹²	42	44	45	45
Infrastructure & Water Rights Component ¹³	170	204	245	294
Replenishment Reserve Charge ¹⁴	51	52	58	63
Total Assessment Rate (\$/AF)	\$ 403	\$ 437	\$ 508	\$ 575
<u>Pinal Active Management Area</u>				
Water & Replenishment Component ¹¹	\$ 116	\$ 117	\$ 140	\$ 153
Administrative Component ¹²	42	44	45	45
Infrastructure & Water Rights Component ¹³	170	204	245	294
Replenishment Reserve Charge ¹⁴	53	56	65	70
Total Assessment Rate (\$/AF)	\$ 381	\$ 421	\$ 495	\$ 562
<u>Tucson Active Management Area</u>				
Water & Replenishment Component ¹¹	\$ 155	\$ 161	\$ 183	\$ 195
Administrative Component ¹²	42	44	45	45
Infrastructure & Water Rights Component ¹³	170	204	245	294
Replenishment Reserve Charge ¹⁴	60	65	75	80
Total Assessment Rate (\$/AF)	\$ 427	\$ 474	\$ 548	\$ 614
<u>Contract Replenishment Tax - Scottsdale</u> ¹⁵				
Cost of Water	\$ 137	\$ 137	\$ 144	\$ 166
Cost of Transportation	0	0	0	0
Cost of Replenishment	0	0	0	0
Administrative Component ¹²	42	44	45	45
Total Tax Rate (\$/AF)	\$ 179	\$ 181	\$ 189	\$ 211

ENROLLMENT & ACTIVATION FEES

Units = \$/Housing Unit

Enrollment Fee ¹⁶	\$ 138	\$ 165	\$ 198	\$ 237
Activation Fee ¹⁶	\$ 136	\$ 163	\$ 196	\$ 235

ANNUAL MEMBERSHIP DUES

<u>Member Land Annual Membership Dues (\$/Lot)</u> ¹⁷				
Phoenix Active Management Area	\$ 6.88	\$ 9.87	\$ 13.19	\$ 17.91
Pinal Active Management Area	\$ 0.90	\$ 1.29	\$ 1.74	\$ 2.41
Tucson Active Management Area	\$ 4.34	\$ 6.24	\$ 8.38	\$ 11.53
<u>Member Service Area Annual Membership Dues (\$/AF)</u> ¹⁷				
	\$ 10.35	\$ 14.88	\$ 20.08	\$ 27.91

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NOTES:

- 1) Does not include the Capital Charge.
- 2) This rate applies to all recharge customers. Rules regarding the eligibility for and use of this class are shown on page 1.
- 3) The rate is obtained by adding the Fixed OM&R component, the Pumping Energy Rate 1 component, the M&I Capital Charge and an equivalency tax component.
- 4) Rate is the Pumping Energy Rate 1 component. Incentives may be earned for meeting delivery goals in three areas. Any incentives earned are applied to Settlement Pool deliveries.
- 5) For M&I subcontract water, the Capital Charge is paid on full allocation regardless of amount delivered and not included in delivery rates.
- 6) Fixed O&M costs divided by projected total water volumes plus 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. The calculation is pumping energy costs divided by projected volumes. This amount is collected only for water actually delivered as opposed to scheduled.
- 8) 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 2012, the tax equivalency is the levy for the 2010-2011 tax year divided by the average water deliveries for 2008, 2009 and 2010). The Provisional and Advisory Rates are estimates.
- 9) Underground Water Storage O&M is paid by all direct recharge customers using CAP recharge sites.
- 10) 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.
- 11) 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 is planned to be accomplished at direct underground storage facilities (USFs) and groundwater savings facilities (GSFs). For the Pinal AMA, replenishment is planned to be accomplished at GSFs. For the Tucson AMA, replenishment is planned to be accomplished at USFs.
- 12) The Administrative Component is designed to cover all CAGR administrative costs, except labor related costs associated with the acquisition of water rights and infrastructure. A \$2/AF has been added to this component to help fund the CAGR conservation program.
- 13) The Infrastructure & Water Rights Component is designed to generate funds to purchase long-term rights to water, and construct additional infrastructure facilities as the need arises.
- 14) 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 AMA, and at USFs the Tucson AMA. 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.
- 15) 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.
- 16) The Enrollment Fee and Activation Fee reflect the fees established pursuant to the CAGR 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 CAGR's conservation program.
- 17) 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 CAGR Annual Membership Dues adopted by the Board on April 7, 2011.

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	<u>2014</u>	Firm 2015	Firm 2016	<u>Advisory</u>			
				<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Municipal and Industrial</u>							
Long Term Subcontract (B+C) ¹	\$ 146	\$ 157	\$ 161	\$ 166	\$ 171	\$ 174	\$ 196
Non-Subcontract (A+B+C) ²	166	179	184	190	196	199	221
Recharge (A+B+C) ³	166	179	184	190	196	199	221
AWBA Interstate Recharge (A+B+C+D) ⁴	189	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.
<u>Federal</u> (B+C) ⁵	\$ 146	\$ 157	\$ 161	\$ 166	\$ 171	\$ 174	\$ 196
<u>Agricultural</u>							
Settlement Pool (C) ⁶	\$ 67	\$ 75	\$ 76	\$ 79	\$ 81	\$ 82	\$ 99
<u>Agricultural Incentives</u> ⁶							
Meet Settlement Pool Goals	(14)	(18)	(15)	(14)	(12)	(9)	(22)
Meet AWBA/CAGR D GSF Goals	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Meet Recovery Goals	(2)	(2)	(2)	(2)	(2)	(2)	(2)

RATE COMPONENTS

Units = \$/acre-foot

	<u>2014</u>	Firm 2015	Firm 2016	<u>Advisory</u>			
				<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Capital Charges</u>							
(A) Municipal and Industrial - Long Term Subcontract ⁷	\$ 20	\$ 22	\$ 23	\$ 24	\$ 25	\$ 25	\$ 25
<u>Delivery Charges</u>							
(B) Fixed OM&R ⁸	\$ 79	\$ 82	\$ 85	\$ 87	\$ 90	\$ 92	\$ 97
(C) Pumping Energy Rate ⁹	67	75	76	79	81	82	99
(D) Property Tax Equivalency ¹⁰	23	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.

DIRECT UNDERGROUND WATER STORAGE

Units = \$/acre-foot

	<u>2014</u>	Firm 2015	Firm 2016	<u>Advisory</u>			
				<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Underground Water Storage O&M</u> ¹¹							
Phoenix AMA	\$ 8	\$ 9	\$ 10	\$ 12	\$ 13	\$ 14	\$ 15
Tucson AMA	15	15	15	15	15	15	15
<u>Underground Water Storage Capital Charge</u> ¹²							
Phoenix AMA	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Tucson AMA	9	9	9	9	9	9	9

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NOTES:

- 1) Long-Term Municipal and Industrial (M&I) Subcontract include those users that hold a M&I subcontract.
- 2) Non-Subcontract includes M&I users that are taking water under an agreement other than a subcontract and may also be referred to as "Excess" water. It is administered according to CAP's Access to Excess policy.
- 3) Recharge includes the Arizona Water Banking Authority, CAGR, BOR and M&I subcontract holders and other Arizona entities who have valid Arizona Department of Water Resources water storage permits and accrue long-term storage credits. It is administered according to CAP's Access to Excess policy.
- 4) The AWBA Interstate Recharge rate is currently not published (n.p.) and will be provided upon request as there is not any anticipation of water available for this class.
- 5) Federal water may also be referred to as "Indian" water.
- 6) Rate is the Pumping Energy Rate 1 component. Incentives may be earned for meeting delivery goals in three areas. Any incentives earned are applied to Settlement Pool deliveries.
- 7) For M&I subcontract water, the Capital Charge is paid on full allocation regardless of amount delivered and not included in delivery rates.
- 8) Fixed O&M costs divided by projected total water volumes plus components to fund capital replacements and a rate stabilization reserve. This amount is collected on all ordered water whether delivered or not.
- 9) The energy rate applies to all actual water volumes as opposed to scheduled. The calculation is pumping energy costs divided by projected volumes.
- 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 2012, the tax equivalency is the levy for the 2010-2011 tax year divided by the average water deliveries for 2008, 2009 and 2010). This rate is currently not published (n.p.) and is available upon request, although it is not anticipated there will be water available for this class.
- 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 CAGR, municipal providers within the CAP service area and co-owners of CAWCD recharge facilities using no more than their share of capacity.