
August 28, 2023

Water Services Administrator

Water Control, Central Arizona Project
PO Box 43020
Phoenix, AZ 85080-3020

RE: Subcontract 2024 order

- City of El Mirage
 - Municipality
 - 508 acre-feet total
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Requested Water Type

- **Subcontract (No. 07-XX-30-W0504)** @ 508 Acre Feet
 - **Subcontract (No. 21-XX-30-W0699)** @ 1318 Acre Feet
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Delivery Schedule 2024

Request for water to be delivered and stored beginning in **July 2024** at one or all of the three Underground Storage Facilities listed below.

- **Hieroglyphic Mountains Recharge Project**
Water Storage Permit 73-584466.1200
- **Agua Fria Recharge Project (Constructed Facility)**
Water Storage Permit 73-569776.1300
- **Tonopah Desert Recharge Project**
Water Storage Permit 73-593305.1400

The 2024 CAP subcontract fees will be \$337.00 per acre-foot (AF).

Delivery \$270.00 per AF; Capital costs \$53.00 per AF; and Storage/Recharge \$14.00 per AF.

In the Event NIA Available

NIA allocation is approved and contracts assigned during 2024 El Mirage would take the allocated 1318 Acre Feet at the 2024 Fee of \$337.00 per acre-foot for delivery, capital costs and storage.

Future Projections

- 2025 CAP subcontract 508 Acre Feet; CAP NIA 1318 Acre Feet
 - 2026 CAP subcontract 508 Acre Feet; CAP NIA 1318 Acre Feet
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**CENTRAL ARIZONA PROJECT
FINAL 2024-2028 RATE SCHEDULE
BOARD APPROVED**

June 1, 2023

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	T1	T1	T3	T3	T3	T3	T3
	<u>2022</u>	<u>Firm 2023</u>	<u>Firm 2024</u>	<u>Advisory</u>			
				<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Municipal and Industrial Subcontract (B+C) ^{6,7}	\$ 192	\$ 217	\$ 270	\$ 289	\$ 302	\$ 314	\$ 323
Federal Contract (B+C) ^{6,7}	\$ 192	\$ 217	\$ 270	\$ 289	\$ 302	\$ 314	\$ 323
Agricultural Settlement Pool (C) ¹	\$ 56	\$ 65	\$ 78	\$ 84	\$ 87	\$ 89	\$ 93
Excess (A+B+C) ^{2,6}	\$ 242	\$ 270	\$ 323	\$ 343	\$ 369	\$ 379	\$ 387
Interstate (A+B+C+D)	TBD	TBD	TBD	TBD	TBD	TBD	TBD

RATE COMPONENTS

Units = \$/acre-foot

DCP Tier	T1	T1	T3	T3	T3	T3	T3
	<u>2022</u>	<u>Firm 2023</u>	<u>Firm 2024</u>	<u>Advisory</u>			
				<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<u>Capital Charges</u>							
(A) Municipal and Industrial - Long Term Subcontract ³	\$ 50	\$ 53	\$ 53	\$ 54	\$ 67	\$ 65	\$ 64
<u>Delivery Charges</u>							
Fixed O&M ⁴	103	115	145	149	157	167	172
"Big R" ⁴	33	37	47	56	58	58	58
(B) Fixed OM&R ⁴	\$ 136	\$ 152	\$ 192	\$ 205	\$ 215	\$ 225	\$ 230
(C) Pumping Energy Rate ⁵	\$ 56	\$ 65	\$ 78	\$ 84	\$ 87	\$ 89	\$ 93
(D) Property Tax Equivalency	TBD	TBD	TBD	TBD	TBD	TBD	TBD
(E) Full Rate Stabilization ⁶	\$ (13)	\$ (12)	\$ -	\$ -	\$ -	\$ -	\$ -
(F) 2020 Voluntary Rate Stabilization ⁷	\$ -	\$ -	\$ (11)	\$ -	\$ -	\$ -	\$ -

DIRECT UNDERGROUND WATER STORAGE

Units = \$/acre-foot

	<u>2022</u>	<u>Firm 2023</u>	<u>Firm 2024</u>	<u>Advisory</u>			
				<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
<u>Underground Water Storage O&M⁸</u>							
Phoenix AMA	\$ 13	\$ 13	\$ 14	\$ 14	\$ 15	\$ 15	\$ 15
Tucson AMA	15	15	15	15	15	15	15
<u>Underground Water Storage Capital Charge⁹</u>							
Phoenix AMA	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Tucson AMA	9	9	9	9	9	9	9

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NOTES:

- 1) Agricultural Settlement Pool only pays the energy rate in accordance with the Arizona Water Settlement Agreement.
- 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 use 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:
 - 2022 - 2 1/2 cents of 2020/21 property taxes are being applied to the federal repayment, resulting in a reduction of \$21/AF.
 - 2023 - 1 1/2 cents of 2021/22 property taxes are being applied to the federal repayment, resulting in a reduction of \$13/AF.
 - 2024 - 1 1/2 cents of 2022/23 property taxes are being applied to the federal repayment, resulting in a reduction of \$19/AF.
 - 2025 - 1 1/2 cents of 2023/24 property taxes are being applied to the federal repayment, resulting in a reduction of \$15/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 scheduled water whether delivered or not. For 2023, 2 1/2 cents of 2022/23 property taxes are being applied to the Fixed OM&R charge, resulting in a \$12/AF reduction.
- 5) The pumping energy rate applies to all actual water volumes delivered as opposed to scheduled. For 2023, 2 cents of 2022/23 property taxes are being applied to the pumping energy rate, resulting in a \$11/AF reduction.
- 6) If Tier 1 or higher occurs, the Full Rate Stabilization takes effect, resulting in a reduction in the Fixed OM&R rate. Posted rates do not include this reduction. This is a customer funded program.
- 7) If Tier 1 or higher occurs, the 2020 Voluntary Rate Stabilization program takes effect for those entities participating, resulting in a reduction in the Energy rate. Posted rates do not include this reduction. This is a customer funded program.
- 8) Underground Water Storage O&M is paid by all direct recharge customers using CAP recharge sites.
- 9) 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

- 2023 includes 93,000 acre-feet of reduction for the 500+ Plan, which equates to approximately \$11/acre-foot increase
- 2024 and beyond do not include any additional volume reductions related to potential system conservation plans; additional reductions would increase rates
- 2024 and beyond do not include the Hohokam Cliff Dam Replacement allocations
- Wheeling starts in 2026 at 4,000 acre-foot/year and remains at that level
- Rates are in accordance with Arizona Implementation Plan for Drought Contingency Plan

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

Units = \$/ acre-foot

	<u>Firm</u>	<u>Firm</u>	<u>Advisory</u>			
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Tier Zero		\$ 122	\$ 128	\$ 138	\$ 145	\$ 148
Tier 1	\$ 152	\$ 157	\$ 168	\$ 176	\$ 183	\$ 188
Tier 2a	\$ 162	\$ 170	\$ 182	\$ 190	\$ 198	\$ 201
Tier 2b		\$ 178	\$ 190	\$ 198	\$ 207	\$ 211
Tier 3		\$ 192	\$ 205	\$ 215	\$ 225	\$ 230