

ACTION BRIEF

BOARD OF DIRECTORS



Agenda Number 7.i.iii

CONTACT: Doug Dunlap
623-869-2360
ddunlap@cap-az.com

MEETING DATE: Thursday, June 1, 2023

AGENDA ITEM: 2024-2028 Underground Water Storage Rate Schedule

RECOMMENDATION: The Board approved the Preliminary 2024-2028 Underground Water Storage O&M and Underground Water Storage Capital Charge rates. The Board is being requested to make the Preliminary rates Final.

FISCAL IMPLICATIONS: No

Impact on Budget:

N/A

Additional spending authority requested: N/A

Impact on Reserves:

N/A

Impact on Rates:

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

2022 CAWCD Board Strategic Plan

Finance: *Maintaining long-term financial strength to achieve CAP's goals and being prepared to address opportunities or challenges*

PREVIOUS BOARD ACTION/ACTIVITY:

April 2023 The CAGR and Underground Storage Committee had a discussion about the Underground storage rates and made a recommendation to the Board.

May 2023 The Board discussed and approved the Underground Water Storage and Capital Charge Preliminary rates.

ISSUE SUMMARY/DESCRIPTION:

The Underground Water Storage O&M and Underground Water Storage Capital Charge rates are included as part of the General Fund Water Rate Schedule. CAGR and Underground Storage Committee has purview over these rates, reviews these rates and makes a recommendation on approval of these rates to the Board.

Underground Water Storage O&M

The Underground Water Storage rates are set based on a multi-year look ahead at costs and water volumes. Currently, the Phoenix AMA Underground Water Storage O&M rates slowly trend up over time from \$13/af in 2023, \$14/af in 2024-2025 to \$15/af starting 2026. The Tucson AMA Underground Water Storage O&M rate remains flat at \$15/af as storage volumes and expenses remain steady. These rates are consistent with the previous advisory rates.

Underground Water Storage Capital Charges

An 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 Underground

Water Storage facilities using no more than their share of capacity. The proposed Underground Water Storage Capital Charge is \$15 per acre-foot for the Phoenix AMA and \$9 per acre-foot for the Tucson AMA for the entire rate-setting period. There is no change in the proposed Underground Water Storage Capital Charge schedule from the Board approved rates in 2021.

The Underground Water Storage rates will remain a section of the CAP Water Rate Schedule, which is attached. The Board approved the Preliminary Underground Water Storage rates and capital charges at its May 5, 2022 Board meeting.

SUGGESTED MOTION:

I move that the Board of Directors adopt the Final Underground Water Storage O&M and Underground Water Storage Capital Charge Rate Schedule for 2024 through 2028.

ATTACHMENTS:

1. CAWCD Final Board Approved 2024-2028 Water Rate Schedule_060123