

C.A.G.R.D.

Central Arizona Groundwater Replenishment District
CAGRDR Adjustor Fee

Frequently Asked Questions

Q. What is the CAGRDR?

The Central Arizona Groundwater Replenishment District (CAGRDR) is a special function of the Central Arizona Water Conservation District (CAWCD), which also oversees the Central Arizona Project. CAWCD, and CAGRDR, is governed by a popularly-elected 15-member Board of Directors.

Q: What does CAGRDR do?

CAGRDR was established in 1993 by the state legislature to replenish groundwater used by its members. CAGRDR provides a method for property owners and water providers to demonstrate a 100-year assured water supply under Arizona law by agreeing to have CAGRDR recharge amounts of groundwater use that are over the limits established by the State's assured water supply rules – referred to as “excess groundwater”.

CAGRDR's replenishment activities are funded solely by its members through fees and assessments paid by developers, homebuilders, property owners and water utilities. CAGRDR provides replenishment services within three Active Management Areas (AMAs) that include the majority of land within Maricopa, Pinal and Pima counties.

Q. What is Johnson Utilities' relationship to CAGRDR?

Johnson Utilities is a member service area of CAGRDR, which has allowed the utility to obtain a Designation of Assured Water Supply from the Arizona Department of Water Resources (ADWR). As a result of this designation, developers and homebuilders that construct new subdivisions within Johnson Utilities' service area are automatically deemed to have proven a 100-year assured water supply. Absent CAGRDR membership, these subdivisions would not have been constructed.

Q. How long has Johnson Utilities been a member of CAGRDR?

Johnson Utilities completed the process of becoming a Member Service Area of CAGRDR on or about June 9, 2000.

Q. What is the CAGRDR Adjustor Fee that appears on my water bill?

As a member of CAGRDR, each year Johnson Utilities is required to pay CAGRDR an annual replenishment tax based on the amount of excess groundwater that it pumps from within its

C.A.G.R.D.

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service area. Johnson Utilities has obtained approval from the Arizona Corporation Commission to use an adjustor mechanism to recover the cost of CAGR D annual replenishment taxes from its customers. Each year, the Arizona Corporation Commissioner approves a CAGR D adjustor rate that Johnson Utilities may charge customers. The CAGR D Adjustor Fee, which is included as a line item on your water bill, is based on the amount of water you have used in the preceding month multiplied by the CAGR D adjustor rate approved by the Arizona Corporation Commission.

Q. When did Johnson Utilities first begin charging customers for the CAGR D Adjustor Fee?

The Commission approved the CAGR D Adjustor Fee with Decision No. 71854 on August 25, 2010.

Q. How are the CAGR D Adjustor Fees calculated?

The CAGR D Adjustor Fees are calculated by taking the total CAGR D replenishment tax paid by Johnson Utilities for the most current year and dividing them by gallons sold in that year to determine the CAGR D adjustor fee per 1,000 gallons.

Q. Who approves the CAGR D Adjustor Fee for Johnson Utilities?

The CAGR D Adjustor Fee included on your monthly water bill is approved by the Arizona Corporation Commission. By October 25 of each year, Johnson Utilities is required to submit for Commission consideration its proposed CAGR D Adjustor Fee for the next twelve-month period (along with documentation from relevant state agencies to support the calculation).

Q. What does Johnson Utilities do with the CAGR D Adjustor Fee monies it collects from its customers?

Johnson Utilities keeps the CAGR D Adjustor Fee revenues that it collects from its customers in a separate account and uses that money to pay its annual replenishment tax to CAGR D.

Q. What does CAGR D do with the money it receives from Johnson Utilities?

CAGR D uses the annual replenishment tax revenues to cover the costs of performing its statutory obligation to replenish the excess groundwater pumped by Johnson Utilities.

C.A.G.R.D.

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Q. Will the present CAGRDR Adjustor Fee stay as high as it is today?

No. The CAGRDR Adjustor Fee is artificially high this year to allow Johnson Utilities to collect funds it paid to CAGRDR but has not yet recovered through your monthly water bills. Since inception, the cumulative effect of an under-collection from customers is slightly more than \$4.4 million in the Phoenix AMA and slightly more than \$461,000 in the Pinal AMA. Once the cumulative under-collection of the CAGRDR Adjustor Fee is fully recovered, the CAGRDR Adjustor Fee on your monthly water bill should significantly drop.

Q. Why is the CAGRDR Adjustor Fee on my bill different from my neighbor's?

The rate per thousand gallons is exactly the same within each AMA. However, if you used more water at your home than your neighbor, then the total amount on your utility bill will be higher than your neighbor's. The assessment is based only on the water you have used.

Q. Why does it say "PHX CAGRDR" on my utility bill when I do not live in Phoenix?

This means your home resides within the Phoenix AMA boundaries, as established by the state legislature, and not the City of Phoenix itself. The replenishment obligations and assessments are different depending on which AMA you live in. Some of Johnson Utilities' customers have homes that reside within the boundaries of the Pinal AMA, specifically Sun City Anthem, and this is the reason for the distinction on your bill.

Q. How can I reduce the CAGRDR Adjustor Fee I have to pay?

The CAGRDR Adjustor Fee that you must pay is directly related only to the amount of water you use at your home. Therefore, reducing your water consumption will reduce your CAGRDR Adjustor Fee as well as your overall water bill.

Q. I have heard that CAGRDR collects its replenishment assessments through property taxes that homeowners pay. Am I paying twice, both through my property taxes and through my utility bill?

No. CAGRDR collects its costs for replenishment for one class of its members known as "CAGRDR Member Lands" through a special assessment on the property tax bill. However, Johnson Utilities customers are not part of that class of CAGRDR members. Johnson Utilities is a CAGRDR Member Service Area and the annual cost of replenishment is collected solely through the CAGRDR Adjustor Fee on your utility bill.

C.A.G.R.D.

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Definitions

Active Management Area (AMA) – Certain areas within Arizona with a history of heavy reliance on mined groundwater. There are five AMAs in the state (Prescott, Phoenix, Pinal, Tucson and Santa Cruz). These areas are subject to specific regulations governing the use of groundwater pursuant to the State’s Groundwater Code.

Excess Groundwater – The amount of groundwater pumped by a CAGRDR member that exceeds the groundwater allowance and pumping limitations of the State of Arizona’s assured water supply rules.