

Line No.	Description	End of Test Year				End of Adjusted Year			
		[A] Dollar Amount (a)	[B] Percent of Total	[C] Cost Rate (a)	[D] = [B] * [C] Weighted Cost	[E] Dollar Amount	[F] Percent of Total	[G] Cost Rate (a)	[H] = [F] * [G] Weighted Cost
1	Long-Term Debt	\$ 234,260,000	49.98%	4.30%	2.15%	\$ 242,820,000	51.88%	4.30%	2.23%
2	WIFA Loan *	\$ 637,306	0.14%	3.94%	0.01%	\$ -	0.00%	0.00%	0.00%
3	Short-Term Debt	\$ 8,560,000	1.83%	0.63%	0.01%	\$ -	0.00%	0.00%	0.00%
4	Stockholder's Equity	\$ 225,225,834	48.06%	10.60%	5.09%	\$ 225,225,834	48.12%	10.60%	5.10%
5	Totals	\$ 468,683,140	100.00%		7.26%	\$ 468,045,834	100.00%		7.33%
6		Sum Lines [1-4]							

* The WIFA Loan was obtained for the sole purpose of constructing an Arsenic Treatment Plant for the District of TUBAC. It is applicable only in that District's capital structure.

Supporting Schedules:
 D-2
 E-4
 2016 Annual Report
 \2016 Anthem Water.xlsm

Recap Schedules:
 A-1

Capital Structure for OCRB

End of Test Year

Line No.	Description	End of Test Year			
		[A] Dollar Amount	[B] Percent of Total	[C] Cost Rate (a)	[D] = [B] * [C] Weighted Cost
1	Long-Term Debt	[B-1]*[A-5] \$ 27,910,929	51.88%	4.30%	2.23%
2	WIFA Loan	[B-2]*[A-5] \$ -	0.00%	3.94%	0.00%
3	Short-Term Debt	[B-3]*[A-5] \$ -	0.00%	0.63%	0.00%
4	Stockholder's Equity	[B-4]*[A-5] \$ 25,888,568	48.12%	10.60%	5.10%
5	Totals	\$ 53,799,497	100.00%		7.33%
6		Sum Lines [1-4]			

Capital Structure for FVRB

Line No.	Description	[I] OCRB Weight	[J] OCRB Cost	[K] Amt Financing OCRB	[L] FVRB Weight	[M] Cost	[N] Fair Value WACC
11	Long-Term Debt	51.88%	\$ 53,799,497	\$ 27,910,928.69	40.22%	4.30%	1.73%
12	WIFA Loan	0.00%	\$ 53,799,497	-	0.00%		
13	Short-Term Debt	0.00%	\$ 53,799,497	-	0.00%	0.63%	0.00%
14	Stockholder's Equity	48.12%	\$ 53,799,497	\$ 25,888,568.40	37.31%	10.60%	3.95%
15		100.00%		\$ 53,799,497.09			
17	Fair Value Increment			\$ 15,589,484.62	22.47%	1.10%	0.25%
18	Fair Value Rate base			\$ 69,388,981.71	100.00%		5.93%
21	Fair Value Rate Base			Sch A1 \$ 69,388,981.71			
22	Less Original Cost Rate Base			Sch A1 \$ 53,799,497.09			
23	Difference			Line [21]-[22] \$ 15,589,484.62			

Supporting Schedules:

- (a) D-2
- (b) B-1

Recap Schedules:

A-1

Line No.	End of Test Year			End of Adjusted Year		
	[A] Amount <u>Outstanding</u>	[B] Annual <u>Cost</u>	[C] = [B] / [A] Interest <u>Rate</u>	[D] Amount <u>Outstanding</u>	[E] Annual <u>Cost</u>	[F] = [D] / [E] Interest <u>Rate</u>
1	<u>Long-Term Debt</u>					
2	(b) \$ 133,000,000	\$ 5,004,790	3.74%	(b) \$ 133,000,000	\$ 5,004,790	3.74%
3	(b) 98,000,000	4,922,540	5.00%	(b) 98,000,000	4,922,540	5.00%
4	(b) 3,260,000	152,681	4.57%	(b) 3,260,000	152,681	4.57%
5	(b) 8,560,000	368,330	4.30%	(b) 8,560,000	368,330	4.30%
6	<u>\$ 234,260,000</u>	<u>\$ 10,080,011</u>	<u>4.30%</u>	<u>\$ 242,820,000</u>	<u>\$ 10,448,341</u>	<u>4.30%</u>
7						
8	(b) \$ 637,306	\$ 25,097	3.94%	(b) \$ -	-	0.00%
9						
10	<u>Common Equity</u>					
11	(a) \$ 5,126,020			(a) \$ 5,126,020		
12	(a) 203,889,486			(a) 203,889,486		
13	(a) 16,210,327			(a) 16,210,327		
14	\$ 225,225,834	Sum Line [10-12] Col [A]	10.60%	\$ 225,225,834	Sum Line [10-12] Col [D]	10.60%
15						
16	(a) (1,530,620)			-		
17	<u>\$ 223,695,213</u>	Line [13]+ Line [15]		<u>\$ 225,225,834</u>	Line [13]+ Line [15]	
18						
19						
20	<u>Other</u>					
21	(b) \$ 8,560,000	\$ 54,050	0.63%	(b) \$ -	\$ -	0.00%
22						
23						
24	<u>\$ 467,152,520</u>	<u>\$ 10,159,158</u>		<u>\$ 468,045,834</u>	<u>\$ 10,448,341</u>	

42 Supporting Schedules:

43 (a) E-1

44 (b) D-2

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Recap Schedules:

D-1

EPCOR WATER ARIZONA COMBINED
At December 31, 2016
COST OF REPLACEMENT DEBT

Exhibit
Schedule D-2
Page 2 of 2
Witness: Hubbard

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Description	Principal Amount	Net Discount, Premium and Expense	Effective Net Principal	Issue Date	Maturity Date	Interest Rate	Annualized Cost	Weighted Cost
10 Yr. EPCOR Water USA Note	\$ 133,000,000	\$ 305,900	\$ 132,694,100	2/1/2012	12/15/2021	3.74%	\$ 5,004,790	3.77%
30 Yr. EPCOR Water USA Note	98,000,000	225,400	97,774,600	2/1/2012	12/15/2041	5.00%	4,922,540	5.03%
8 Yr. EPCOR Water USA Note	3,260,000	38,616	3,221,384			4.57%	152,681	4.74%
InterCompany from EPCOR Utilities Inc.	\$ 8,560,000	\$ -	\$ 8,560,000	12/15/2016	1/14/2017	0.63%	\$ 54,050	0.63%
Subtotal-Other	\$ 8,560,000		\$ 8,560,000				\$ 54,050	0.63%
WIFA Tubac note (at 12/31/16)	\$ 637,306	\$ -	\$ 637,306		11/1/2029	3.94%	\$ 25,097	3.94%

EPCOR Water Arizona Inc.
At December 31, 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Description	Principal Amount	Net Discount, Premium and Expense	Effective Net Principal	Issue Date	Maturity Date	Interest Rate	Annualized Cost	Weighted Cost
10 Yr. EPCOR Water USA Note	\$ 133,000,000	\$ 152,950	\$ 132,847,050	2/1/2012	12/15/2021	3.74%	\$ 4,989,495	3.76%
30 Yr. EPCOR Water USA Note	98,000,000	\$ 112,700	97,887,300	2/1/2012	12/15/2041	5.00%	4,903,757	5.01%
Subtotal Long-Term Debt	\$ 231,000,000	\$ 265,650	\$ 230,734,350				\$ 9,893,252	4.29%
InterCompany from EPCOR Utilities Inc.	\$ 8,560,000	\$ -	\$ 8,560,000	12/15/2015	1/15/2016	0.63%	\$ 54,050	0.63%
Subtotal-Other	\$ 8,560,000		\$ 8,560,000				\$ 54,050	0.63%
WIFA Tubac note (at 12/31/16)	\$ 637,306	\$ -	\$ 637,306		11/1/2029	3.94%	\$ 27,326	
Total Debt	\$240,197,306							

Source: 7/9/12 Suppl Compliance Filing-in Docket No. W-01303A-11-0101

CHAPARRAL CITY WATER COMPANY
At December 31, 2016
COST OF REPLACEMENT DEBT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Description	Principal Amount	Net Discount, Premium and Expense	Effective Net Principal	Issue Date	Maturity Date	Interest Rate	Annualized Cost	Weighted Cost
8 Yr. EPCOR Water USA Note	\$ 3,260,000	\$ 38,616	\$ 3,221,384	12/1/2014	12/1/2022	4.565%	\$ 150,106	4.66%
Subtotal Long-Term Debt	\$ 3,260,000	\$ 38,616	\$ 3,221,384				\$ 150,106	4.66%

Line No.	Description of Issue	End of Test Year			End of Projected Year		
		Shares Outstanding	Amount	Dividend Requirement	Shares Outstanding	Amount	Dividend Requirement
1							
2	Not applicable. No preferred stock issued or outstanding.						
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43	Supporting Schedules:			Recap Schedules:			
44	E-1			D-1			
45							
46	Workpapers & Supporting Documents						
47							
48							
49							
50	\2016 Anthem Water.xlsm						

Line
No.

1 The Company's rate application reflects a 10.6% return on common equity. See the direct testimony of Ms. Pauline M. Ahern.

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43 Supporting Schedules:

Recap Schedules:

44

D-1

45

46 Workpapers & Supporting Documents

47

48

49

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