

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%		\$ -	0.00%	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%	10.10%	4.85%	\$ 225,225,834	48.12%	10.60%	5.10%
5	Totals	<u>\$ 468,683,140</u>	<u>100.00%</u>		<u>7.01%</u>	<u>\$ 468,045,834</u>	<u>100.00%</u>		<u>7.33%</u>
6		Sum Line [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.

43 Supporting Schedules: Recap Schedules:  
 44 D-2 Rebuttal A-1 Rebuttal  
 45 2016 Annual Report  
 46  
 47  
 48 \2016 Agua Fria Water Rebuttal.xlsm  
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		End of Test Year						
		[A]	[B]	[C]	[D] = [B] * [C]	[L]	[M]	[N] = [L]*[M]
Line		Dollar	Percent	Cost	Weighted			
No.	Description	Amount	Total	Rate (a)	Cost			
1	Long-Term Debt	\$ 65,929,415	51.88%	4.30%	2.23%			
2	WIFA Loan	\$ -	0.00%	3.94%	0.00%			
3	Short-Term Debt	\$ -	0.00%	0.63%	0.00%			
4	Stockholder's Equity	\$ 61,152,325	48.12%	10.10%	4.86%			
5	Totals	\$ 127,081,740	100.00%		7.09%			
6		Sum Line [1-4]						
7	<b>Capital Structure for FVRB</b>							
8		[I]	[J]	[K] = [I] * [J]	[L]	[M]	[N] = [L]*[M]	
9	Description	OCRB	OCRB	Amt Financing	FVRB	Cost	Fair Value	
10		Weight	Cost	OCRB	Weight		WACC	
11	Long-Term Debt	51.88%	\$ 127,081,740	\$ 65,929,415	[K11]/[K18]	43.63%	4.30%	1.88%
12	WIFA Loan	0.00%	\$ 127,081,740	\$ -	[K12]/[K18]	0.00%	3.94%	0.00%
13	Short-Term Debt	0.00%	\$ 127,081,740	\$ -	[K13]/[K18]	0.00%	0.63%	0.00%
14	Stockholder's Equity	48.12%	\$ 127,081,740	\$ 61,152,325	[K14]/[K18]	40.47%	10.10%	4.09%
15		100.00%		\$ 127,081,740				
16								
17	Fair Value Increment			\$ 24,025,694	[K17]/[K18]	15.90%	1.10%	0.17%
18	Fair Value Rate base			\$ 151,107,433		100.00%		6.14%
19								
20								
21	Fair Value Rate Base			Sch A1 Rebuttal \$ 151,107,433				
22	Less Original Cost Rate Base			Sch A1 Rebuttal \$ 127,081,740				
23	Difference			Line [21]-[22] \$ 24,025,694				
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46	Supporting Schedules:		Recap Schedules:					
47	(a) D-2 Rebuttal		A-1 Rebuttal					
48	(b) B-1 Rebuttal							
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50	\2016 Agua Fria Water Rebuttal.xlsm							

Line No.	End of Test Year			End of Adjusted Year			
	[A]	[B]	[C] = [B] / [A]	[D]	[E]	[F] = [D] / [E]	
	Amount Outstanding	Annual Cost	Interest Rate	Amount Outstanding	Annual Cost	Interest Rate	
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)			(b)			
6	Totals	\$ 234,260,000	\$ 10,080,011	4.30%	\$ 242,820,000	\$ 10,448,341	4.30%
7							
8	WIFA Tubac note (at 12/31/16)	(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	Total Common Equity Excl OCI	\$ 225,225,834		10.10%	\$ 225,225,834		10.10%
15							
16	Other Comprehensive Income (OCI)	(a) (1,530,620)			-		
17	Total Common Equity	\$ 223,695,213			\$ 225,225,834		
18							
19							
20	<u>Other</u>						
21	Short Term Debt	(b) \$ 8,560,000	\$ 54,050	0.63%	(b) \$ -	\$ -	0.00%
22							
23							
24	Totals	\$ 467,152,520	\$ 10,159,158	2.17%	\$ 468,045,834	\$ 10,448,341	2.23%
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46	Supporting Schedules:			Recap Schedules:			
47	(a) E-1 Rebuttal			D-1 Rebuttal			
48	(b) D-2 Rebuttal						
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50	\2016 Agua Fria Water Rebuttal.xlsm						

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%
Short Term Debt from EPCOR Utilities Inc. <sup>1</sup>	\$ 8,560,000	\$ -	\$ 8,560,000	12/15/2016	1/14/2017	0.63%	\$ 54,050	0.63%
<b>Subtotal-Other</b>	<b>\$ 8,560,000</b>		<b>\$ 8,560,000</b>				<b>\$ 54,050</b>	<b>0.63%</b>
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%
<b>Subtotal Long-Term Debt</b>	<b>\$ 231,000,000</b>	<b>\$ 265,650</b>	<b>\$ 230,734,350</b>				<b>\$ 9,893,252</b>	<b>4.29%</b>
Short Term Debt from EPCOR Utilities Inc. <sup>1</sup>	\$ 8,560,000	\$ -	\$ 8,560,000	12/15/2015	1/15/2016	0.63%	\$ 54,050	0.63%
<b>Subtotal-Other</b>	<b>\$ 8,560,000</b>		<b>\$ 8,560,000</b>				<b>\$ 54,050</b>	<b>0.63%</b>
WIFA Tubac note (at 12/31/16)	\$ 637,306	\$ -	\$ 637,306		11/1/2029	3.94%	\$ 27,326	
<b>Total Debt</b>	<b>\$240,197,306</b>							

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%
<b>Subtotal Long-Term Debt</b>	<b>\$ 3,260,000</b>	<b>\$ 38,616</b>	<b>\$ 3,221,384</b>				<b>\$ 150,106</b>	<b>4.66%</b>

<sup>1</sup>Long-term Debt Pending ACC Approval.