

Havasu Water

D Schedules

Rejoinder

Line No.	Description	End of Test Year				End of Adjusted Year			
		[A]	[B]	[C]	[D] = [B] * [C]	[E]	[F]	[G]	[H] = [F] * [G]
		Dollar Amount (a)	Percent of Total	Cost Rate (a)	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate (a)	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	\$ 468,683,140	100.00%		7.01%	\$ 468,045,834	100.00%		7.33%
6		Sum Line [1-4]							

10 * 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
 11 structure.

43 Supporting Schedules: Recap Schedules:
 44 D-2 Rejoinder A-1 Rejoinder

Capital Structure for OCRB

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	\$ 2,760,191	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	\$ 2,560,194	48.12%	10.10%	4.86%
5	Totals	\$ 5,320,385	100.00%		7.09%
6		Sum Line [1-4]			

Capital Structure for FVRB

Line No.	Description	[I]	[J]	[K] = [I] * [J]	[L]	[M]	[N] = [L] * [M]
		OCRB Weight	OCRB Cost	Amt Financing OCRB	FVRB Weight	Cost	Fair Value WACC
11	Long-Term Debt	51.88%	\$ 5,320,385	\$ 2,760,191	[K11]/[K18] 42.53%	4.30%	1.83%
12	WIFA Loan	0.00%	\$ 5,320,385	\$ -	[K12]/[K18] 0.00%	3.94%	0.00%
13	Short-Term Debt	0.00%	\$ 5,320,385	\$ -	[K13]/[K18] 0.00%	0.63%	0.00%
14	Stockholder's Equity	48.12%	\$ 5,320,385	\$ 2,560,194	[K14]/[K18] 39.45%	10.10%	3.98%
15		100.00%		\$ 5,320,385			
17	Fair Value Increment			\$ 1,170,147	[K17]/[K18] 18.03%	1.10%	0.20%
18	Fair Value Rate Base			\$ 6,490,532	100.00%		6.01%
21	Fair Value Rate Base			Sch A1 Rejoinder \$ 6,490,532			
22	Less Original Cost Rate Base			Sch A1 Rejoinder \$ 5,320,385			
23	Difference			Line [21]-[22] \$ 1,170,147			

46 Supporting Schedules: Recap Schedules:
 47 (a) D-2 Rejoinder A-1 Rejoinder
 48 (b) B-1 Rejoinder
 49
 50 \2016 Havasu Water Rejoinder.xlsm

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) 10 Yr. EPCOR Water USA Note			(b) 8,560,000	368,330	4.30%	
6	Totals	<u>\$ 234,260,000</u>	<u>\$ 10,080,011</u>	<u>\$ 242,820,000</u>	<u>\$ 10,448,341</u>	<u>4.30%</u>	
7							
8	(b) WIFA Tubac note (at 12/31/16)	\$ 637,306	\$ 25,097	3.94%	(b) \$ -	\$ -	0.00%
9							
10	<u>Common Equity</u>						
11	(a) Common Stock	\$ 5,126,020		(a) \$ 5,126,020			
12	(a) Paid in Capital	203,889,486		(a) 203,889,486			
13	(a) Retained Earnings	<u>16,210,327</u>		(a) <u>16,210,327</u>			
14	Total Common Equity Excl OCI	\$ 225,225,834	10.10%	\$ 225,225,834		10.10%	
15							
16	(a) Other Comprehensive Income (OCI)	<u>(1,530,620)</u>		<u>-</u>			
17	Total Common Equity	<u>\$ 223,695,213</u>		<u>\$ 225,225,834</u>			
18							
19							
20	<u>Other</u>						
21	(b) Short Term Debt	\$ 8,560,000	\$ 54,050	0.63%	(b) \$ -	\$ -	0.00%
22							
23							
24	Totals	<u>\$ 467,152,520</u>	<u>\$ 10,159,158</u>	<u>2.17%</u>	<u>\$ 468,045,834</u>	<u>\$ 10,448,341</u>	<u>2.23%</u>
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							
45							
46	Supporting Schedules:		Recap Schedules:				
47	(a) E-1 Rejoinder		D-1 Rejoinder				
48	(b) D-2 Rejoinder						
49							
50	\2016 Havasu Water Rejoinder.xlsm						

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

Exhibit
Schedule D-2 Rejoinder
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. ¹	\$ 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%
Short Term Debt from EPCOR Utilities Inc. ¹	\$ 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%

¹Long-term Debt Pending ACC Approval.