

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  
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43 Supporting Schedules: Recap Schedules:  
 44 D-2 Rebuttal A-1 Rebuttal  
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**Capital Structure for OCRB**

		End of Test Year			
		[A]	[B]	[C]	[D] = [B] * [C]
Line	Description	Dollar	Percent	Cost	Weighted
No.		Amount	of Total	Rate (a)	Cost
1	Long-Term Debt	\$ 21,742,375	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	\$ 20,166,973	48.12%	10.10%	4.86%
5	Totals	\$ 41,909,348	100.00%		7.09%
6		Sum Line [1-4]			

**Capital Structure for FVRB**

Line	Description	[I]	[J]	[K] = [I] * [J]	[L]	[M]	[N] = [L] * [M]
	OCRB	OCRB	Amt Financing	FVRB	Cost	Fair Value	
	Weight	Cost	OCRB	Weight	WACC		
11	Long-Term Debt	51.88%	\$ 41,909,348	\$ 21,742,375	[K11]/[K18] 44.18%	4.30%	1.90%
12	WIFA Loan	0.00%	\$ 41,909,348	\$ -	[K12]/[K18] 0.00%	3.94%	0.00%
13	Short-Term Debt	0.00%	\$ 41,909,348	\$ -	[K13]/[K18] 0.00%	0.63%	0.00%
14	Stockholder's Equity	48.12%	\$ 41,909,348	\$ 20,166,973	[K14]/[K18] 40.98%	10.10%	4.14%
15		100.00%		\$ 41,909,348			
17	Fair Value Increment			\$ 7,301,925	[K17]/[K18] 14.84%	1.10%	0.16%
18	Fair Value Rate base			\$ 49,211,273	100.00%		6.20%
21	Fair Value Rate Base			Sch A1 Rebuttal \$ 49,211,273			
22	Less Original Cost Rate Base			Sch A1 Rebuttal \$ 41,909,348			
23	Difference			Line [21]-[22] \$ 7,301,925			

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 46 Supporting Schedules:  
 47 (a) D-2 Rebuttal  
 48 (b) B-1 Rebuttal  
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Recap Schedules:  
 A-1 Rebuttal

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	10 Yr. EPCOR Water USA Note	(b) \$ 133,000,000	\$ 5,004,790	3.74%	(b) \$ 133,000,000	\$ 5,004,790	3.74%
3	30 Yr. EPCOR Water USA Note	(b) 98,000,000	4,922,540	5.00%	(b) 98,000,000	4,922,540	5.00%
4	8 Yr. EPCOR Water USA Note	(b) 3,260,000	152,681	4.57%	(b) 3,260,000	152,681	4.57%
5	10 Yr. EPCOR Water USA Note	(b)			(b) 8,560,000	368,330	4.30%
6	Totals	<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	WIFA Tubac note (at 12/31/16)	(b) \$ 637,306	\$ 25,097	3.94%	(b) \$ -	\$ -	0.00%
9							
10	<u>Common Equity</u>						
11	Common Stock	(a) \$ 5,126,020			(a) \$ 5,126,020		
12	Paid in Capital	(a) 203,889,486			(a) 203,889,486		
13	Retained Earnings	(a) 16,210,327			(a) 16,210,327		
14	Total Common Equity Excl OCI	<u>\$ 225,225,834</u>		10.10%	<u>\$ 225,225,834</u>		10.10%
15							
16	Other Comprehensive Income (OCI)	(a) (1,530,620)			-		
17	Total Common Equity	<u>\$ 223,695,213</u>			<u>\$ 225,225,834</u>		
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	<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>

46 Supporting Schedules:  
 47 (a) E-1 Rebuttal  
 48 (b) D-2 Rebuttal

Recap Schedules:  
 D-1 Rebuttal

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

Exhibit  
Schedule D-2 Rebuttal  
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.