

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%	0.01%	\$ -	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.

46 Supporting Schedules:
 47 D-2
 48 E-4
 49 2016 Annual Report
 50 \2016 Agua Fria Water.xlsm

Recap Schedules:
 A-1

		End of Test Year					
		[A]	[B]	[C]	[D] = [B] * [C]		
Line	Description	Dollar Amount	Percent of Total	Cost Rate (a)	Weighted Cost		
1	Long-Term Debt	[B-1]*[A-5] \$ 65,481,273	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] \$ 60,736,654	48.12%	10.60%	5.10%		
5	Totals	\$ 126,217,928	100.00%		7.33%		
6		Sum Lines [1-4]					
7	Capital Structure for FVRB						
8		[I]	[J]	[K]	[L]	[M]	[N]
9	Description	OCRB	OCRB	Amt.Financing	FVRB	Cost	Fair Value
10		Weight	Cost	OCRB	Weight		WACC
11	Long-Term Debt	D1 pg 1 [F-1] 51.88%	[A-4] \$ 126,217,928	[I]*[J] \$ 65,481,273	[K11]/[K18] 43.58%	4.30%	[M]*[N] 1.88%
12	WIFA Loan	D1 pg 1 [F-2] 0.00%	[A-4] \$ 126,217,928	[I]*[J] \$ -	[K12]/[K18] 0.00%	3.94%	0.00%
13	Short-Term Debt	D1 pg 1 [F-3] 0.00%	[A-4] \$ 126,217,928	[I]*[J] \$ -	[K13]/[K18] 0.00%	0.63%	[M]*[N] 0.00%
14	Stockholder's Equity	D1 pg 1 [F-4] 48.12%	[A-4] \$ 126,217,928	[I]*[J] \$ 60,736,654	[K14]/[K18] 40.42%	10.60%	[M]*[N] 4.28%
15		100.00%		\$ 126,217,928			
17	Fair Value Increment			\$ 24,045,489	[K17]/[K18] 16.00%	1.10%	0.18%
18	Fair Value Rate base			\$ 150,263,417	100.00%		6.34%
19							
20							
21	Fair Value Rate Base			Sch A1 \$ 150,263,417			
22	Less Original Cost Rate Base			Sch A1 \$ 126,217,928			
23	Difference			Line [21]-[22] \$ 24,045,489			
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46	Supporting Schedules:		Recap Schedules:				
47	(a) D-2		A-1				
48	(b) B-1						
49							
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Line No.	End of Test Year			End of Adjusted Year			
	[A] Amount Outstanding	[B] Annual Cost	[C] = [B] / [A] Interest Rate	[D] Amount Outstanding	[E] Annual Cost	[F] = [D] / [E] 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) 10 Yr. EPCOR Water USA Note			(b) 8,560,000	368,330	4.30%	
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	Sum Line [10-12] Col [A]	10.60%	\$ 225,225,834	Sum Line [10-12] Col [D]	10.60%
15							
16	Other Comprehensive Income (OCI)	(a) \$ (1,530,620)			\$ -		
17	Total Common Equity	\$ 223,695,213	Line [13]+ Line [15]		\$ 225,225,834	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	Totals	\$ 467,152,520	\$ 10,134,061		\$ 468,045,834	\$ 10,448,341	
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42	Supporting Schedules:		Recap Schedules:				
43	(a) E-1		D-1				
44	(b) D-2						
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EPCOR WATER ARIZONA COMBINED
At December 31, 2016
COST OF REPLACEMENT DEBT

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

Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	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%
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Short Term Debt from EPCOR Utilities Inc.	\$ 8,560,000	\$ -	\$ 8,560,000	12/15/2016	1/14/2017	0.63%	\$ 54,050	0.63%
<hr/>								
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

Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	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%
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Subtotal Long-Term Debt	\$ 231,000,000	\$ 265,650	\$ 230,734,350				\$ 9,893,252	4.29%
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Short Term Debt from EPCOR Utilities Inc.	\$ 8,560,000	\$ -	\$ 8,560,000	12/15/2015	1/15/2016	0.63%	\$ 54,050	0.63%
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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

Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	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%
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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						
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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:

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D-1

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46 Workpapers & Supporting Documents

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