

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 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.

Supporting Schedules:
 D-2
 E-4
 2016 Annual Report
 \2016 Chaparral City Water .xism

Recap Schedules:
 A-1

Capital Structure for OCRB		End of Test Year					
		[A]	[B]	[C]	[D] = [B] * [C]		
Line		Dollar	Percent	Cost	Weighted		
No.	Description	Amount	Total	Rate (a)	Cost		
1	Long-Term Debt	[B-1]*[A-5] \$ 17,878,465	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] \$ 16,583,034	48.12%	10.60%	5.10%		
5	Totals	\$ 34,461,499	100.00%		7.33%		
6		Sum Line [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] \$ 34,461,499	[I]*[J] \$ 17,878,465	[K11]/[K18] 40.12%	4.30%	[M]*[N] 1.73%
12	WIFA Loan	D1 pg 1 [F-2] 0.00%	[A-4] \$ 34,461,499	[I]*[J] \$ -	[K12]/[K18] 0.00%		
13	Short-Term Debt	D1 pg 1 [F-3] 0.00%	[A-4] \$ 34,461,499	[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] \$ 34,461,499	[I]*[J] \$ 16,583,034	[K14]/[K18] 37.22%	10.60%	[M]*[N] 3.94%
15		100.00%		\$ 34,461,499			
16							
17	Fair Value Increment			\$ 10,097,592	[K17]/[K18]	22.66%	1.10%
18	Fair Value Rate base			\$ 44,559,091		100.00%	5.92%
19							
20							
21	Fair Value Rate Base			Sch A1 \$ 44,559,091			
22	Less Original Cost Rate Base			Sch A1 \$ 34,461,499			
23	Difference			[20]-[19] \$ 10,097,592			
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46	Supporting Schedules:		Recap Schedules:				
47	(a) D-2		A-1				
48	(b) B-1						
49							
50	\2016 Chaparral City Water .xism						

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) 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>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	(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	<u>\$ 223,695,213</u>			<u>\$ 225,225,834</u>		
18							
19							
20	<u>Other</u>						
21	(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>\$ 468,045,834</u>	<u>\$ 10,448,341</u>	
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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

	(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
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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:

44

D-1

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46 Workpapers & Supporting Documents

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