

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 Total	Cost Rate (a)	Weighted Cost	Dollar Amount	Percent 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 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.

46 Supporting Schedules: Recap Schedules:  
 47 D-2 A-1  
 48 E-4  
 49 2016 Annual Report  
 50  
 51 \2016 North Mohave Water.xlsm  
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**Capital Structure for OCRB**

		End of Test Year			
		[A]	[B]	[C]	[D] = [B] * [C]
		Dollar	Percent	Cost	Weighted
<u>No.</u>	<u>Description</u>	<u>Amount</u>	<u>Total</u>	<u>Rate (a)</u>	<u>Cost</u>
1	Long-Term Debt	[B-1]*[A-5] \$ 2,130,842	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] \$ 1,976,446	48.12%	10.60%	5.10%
5	Totals	\$ 4,107,288	100.00%		7.33%
6		Sum Line [1-4]			

**Capital Structure for FVRB**

		[I]	[J]	[K]	[L]	[M]	[N]
<u>Description</u>		<u>OCRB</u>	<u>OCRB</u>	<u>Amt Financing</u>	<u>FVRB</u>	<u>Cost</u>	<u>Fair Value</u>
		<u>Weight</u>	<u>Cost</u>	<u>OCRB</u>	<u>Weight</u>		<u>WACC</u>
11	Long-Term Debt	D1 pg 1 [F-1] 51.88%	[A-4] \$ 4,107,288	[I]*[J] \$ 2,130,842	[K11]/[K18] 46.78%	4.30%	[M]*[N] 2.01%
12	WIFA Loan	D1 pg 1 [F-2] 0.00%	[A-4] \$ 4,107,288	[I]*[J] \$ -	[K12]/[K18] 0.00%		
13	Short-Term Debt	D1 pg 1 [F-3] 0.00%	[A-4] \$ 4,107,288	[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] \$ 4,107,288	[I]*[J] \$ 1,976,446	[K14]/[K18] 43.39%	10.60%	[M]*[N] 4.60%
15		100.00%		\$ 4,107,288			
17	Fair Value Increment			\$ 447,422	[K17]/[K18] 9.82%	1.10%	0.11%
18	Fair Value Rate base			\$ 4,554,711	100.00%		6.72%
21	Fair Value Rate Base			Sch A1 \$ 4,554,711			
22	Less Original Cost Rate Base			Sch A1 \$ 4,107,288			
23	Difference			Line [21]-[22] \$ 447,422			

Supporting Schedules:

- (a) D-2
- (b) B-1

Recap Schedules:

A-1

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	(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	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	(a) Other Comprehensive Income (OCI)	(1,530,620)		-			
17	Total Common Equity	\$ 223,695,213.47		\$ 225,225,833.56			
18							
19							
20	<u>Other</u>						
21	(b) Intercompany Payable	\$ 8,560,000	\$ 54,050	0.63%	(b) \$ -	\$ -	0.00%
22							
23							
24	Totals	\$ 467,152,520	\$ 10,159,158		\$ 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						
45							
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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%
<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>
InterCompany from EPCOR Utilities Inc.	\$ 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>

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						
47							
48							
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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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46 Workpapers & Supporting Documents

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