

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	<u>\$ 468,683,140</u>	<u>100.00%</u>		<u>7.26%</u>	<u>\$ 468,045,834</u>	<u>100.00%</u>		<u>7.33%</u>
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 Willow Valley Water.xlsm

Recap Schedules:
 A-1

Capital Structure for OCRB		End of Test Year					
Line No.	Description	[A] Dollar Amount	[B] Percent of Total	[C] Cost Rate (a)	[D] = [B] * [C] Weighted Cost		
1	Long-Term Debt	[B-1]*[A-5] \$ 1,224,354	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] \$ 1,135,640	48.12%	10.60%	5.10%		
5	Totals	\$ 2,359,994	100.00%		7.33%		
6		Sum Line [1-4]					
7	Capital Structure for FVRB						
8		[I] OCRB Weight	[J] OCRB Cost	[K] Amt Financing OCRB	[L] FVRB Weight	[M] Cost	[N] Fair Value WACC
11	Long-Term Debt	D1 pg 1 [F-1] 51.88%	[A-4] \$ 2,359,994	[I]*[J] \$ 1,224,354	[K11]/[K18] 42.22%	4.30%	[M]*[N] 1.82%
12	WIFA Loan	D1 pg 1 [F-2] 0.00%	[A-4] \$ 2,359,994	[I]*[J] \$ -	[K12]/[K18] 0.00%		
13	Short-Term Debt	D1 pg 1 [F-3] 0.00%	[A-4] \$ 2,359,994	[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] \$ 2,359,994	[I]*[J] \$ 1,135,640	[K14]/[K18] 39.16%	10.60%	[M]*[N] 4.15%
15		100.00%		\$ 2,359,994			
17	Fair Value Increment			\$ 539,678	[K17]/[K18] 18.61%	1.10%	0.20%
18	Fair Value Rate base			\$ 2,899,672		100.00%	6.17%
21	Fair Value Rate Base			Sch A1 \$ 2,899,672			
22	Less Original Cost Rate Base			Sch A1 \$ 2,359,994			
23	Difference			[20]-[19] \$ 539,678			
46	Supporting Schedules:		Recap Schedules:				
47	(a) D-2		A-1				
48	(b) B-1						
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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	\$ 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 [I]	10.60%
15							
16	(a) Other Comprehensive Income (OCI)	(1,530,620)		-			
17	Total Common Equity	\$ 223,695,213		\$ 225,225,834			
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	\$ 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						
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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%
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%
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.	\$ 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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Supporting Schedules:

Recap Schedules:
D-1

Workpapers & Supporting Documents

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