

**CENTRAL ARIZONA PROJECT
115/230-KV Transmission System
RATE DESIGN**

The formula rate design calculates the net average annual costs for the 5-year Cost Evaluation Period, and divides it by the sum of the contractors 5-year average contract rate of delivery (CROD), rounded to the penny.

Total Estimated Annual Costs	5-Year Average CROD	=	Rates	
\$7,926,811.57	/ 830,103 kW	=	\$9.55	\$/kW-Year ^{1/}
			\$0.80	\$/kW-Month ^{2/}
			\$0.18	\$/kW-Week ^{3/}
			\$0.03	\$/kW-Day ^{4/}
			1.09	mills/kWh ^{5/}
Non-Firm Transmission Rate			1.09	mills/kWh ^{6/}

^{1/} \$/kW-Yr = Total Estimated Annual Costs Divided By 5-Year Average CROD, rounded to the penny

^{2/} \$/kW-Month = \$/kW-Year divided by 12 months, rounded to the penny

^{3/} \$/kW-Week = \$/kW-Year divided by 52 weeks, rounded to the penny

^{4/} \$/kW-Day = \$/kW-Year divided by 365 Days, rounded to the penny

^{5/} mills/kWh = (\$/kW-Year divided by 8,760 hours), multiplied by 1,000, rounded to 2 decimals

^{6/} mills/kWh = (\$/kW-Year divided by 8,760 hours), multiplied by 1,000, rounded to 2 decimals

CENTRAL ARIZONA PROJECT

ANNUAL AVERAGE ESTIMATED COSTS FOR COST EVALUATION PERIOD FY 2009 TO FY 2013

AVERAGE ANNUAL AMORTIZATION COSTS

ANNUAL AMORTIZATION

Principal	\$10,244,158.81
Interest	\$16,925,412.00
	\$27,169,570.81

AVERAGE ANNUAL AMORTIZATION COSTS \$5,433,914.16

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OPERATION & MAINTENANCE COSTS

ESTIMATED WESTERN ANNUAL O&M COSTS \$3,275,974.53

ESTIMATED RECLAMATION ANNUAL COSTS \$61,654.99

ESTIMATED CAWCD EXPENSES (1) \$313,957.00

ESTIMATED CAWCD REPLACEMENT EXPENSES (2) \$514,711.16

ESTIMATED ADDITIONAL WESTERN EXPENSES

Civil Service Retirement Costs	\$34,724.93
Capitalized Movable Equipment	\$33,297.84
Warehouse Stores	\$3,203.53

(1) Facility use charge @ McCollough Substation

(2) Estimated CAWCD Replacement Expenses

TOTAL ESTIMATED AVERAGE ANNUAL O&M EXPENSE \$4,237,523.98

SUBTOTAL ESTIMATED ANNUAL COSTS \$9,671,438.14

OVER/UNDER COLLECTION FROM PREVIOUS YEAR'S RATE BASE -\$464,813

TOTAL NET ESTIMATED ANNUAL COSTS \$10,136,250.90

CENTRAL ARIZONA PROJECT

WESTERN OPERATION AND MAINTENANCE BUDGET PROJECTIONS

<u>Budget Activity</u>	<u>Facility Expenses</u>	<u>Estimated Average Annual Expenses FY 2009 - FY2013</u>
N/FGCA GWAMM	General Western Allocation	\$398,622
N/FGCA SUPTM	IS Support Costs	\$138,177
N/FGCA COMMM	Communications & Control Equipment	\$279,413
N/FGCA SAFEM	Safety Expense	\$47,433
N/FGCA SUBSM	O&M for Substations	\$253,345
N/FGCA SUBCM	Direct Hours Not Identified-Substations	\$238,423
N/FGCA LINSM	O&M for Transmission Lines	\$227,452
N/FGCA LINCM	Direct Hours Not Identified- TLs	\$70,887
N/FGCA RENTM	Multiproject Costs	\$126,985
N/FGCA SVCMM	Service Facility Distribution Costs	<u>\$100,138</u>
	Total Facility Expenses	\$1,880,873
	Systemwide Expenses	
N/FGCA STUDM	Transmission & Engineering Studies	\$158,801
N/FGCA MRKTM	Power Marketing & Resources Planning	\$104,432
N/FGCA FINAM	Financial Management Support	\$62,548
N/FGCA SOLDM	System Operation & Load Dispatching	<u>\$1,069,322</u>
	Total Systemwide Expenses	\$1,395,102
	Total Facility & Systemwide Expenses	\$3,275,975
	Estimated Reclamation Annual Costs	\$61,655
	Civil Service Retirement Expense	\$34,725
	CME Depreciation & Interest Expense	\$33,298
	Warehouse Interest Expense	\$3,204
	Facility Charge @ McCullough	\$313,957
	CAP Paid Expenses	\$0
	Replacement Investments (RRADS)	<u>\$514,711</u>
	Total CME & Warehouse Expenses	\$961,549
	Estimated Total Expenses	\$4,237,524