

**CENTRAL ARIZONA PROJECT
ESTIMATED ANNUAL REVENUE REQUIREMENT
Fiscal Year 2013 Power Repayment Study
(ANNUAL REVIEW CEP FY 2013 - FY 2017)**

O&M Expenses		4,428,949
Other Expenses		
Civil Service Retirement Expense		43,390
CME Depreciation & Interest Expense		41,200
Warehouse Interest Expense		4,106
Estimated Reclamation Annual Costs		75,000
McCullough Fac. Use Fee (CAP Paid Expenses)		400,000
Estimated CAWCD Replacement Expenses		2,423,750
Purchase Power and Wheeling		876,000
Interest Expense		
Investment (Principal & Interest)		5,457,080
Estimated Total Annual Gross Expenses		13,749,476
Estimated Over/Undercollection from 2012 Rates		(935,579)
Other Revenues(1)		4,725,008
Estimated Annual Revenue Requirement		<u>9,960,047</u>

Current Rate determination/calculation for 115/230-KV system rate:

\$11.77 /KW-year
\$0.98 /KW-month
\$0.23 /KW-week
\$0.030 /KW-day
\$1.34 /KWh

Non-Firm Transmission Rate

1.34 mills/kWh

(1) Estimated losses revenues, non-firm transmission revenues and energy banking adjustment

CENTRAL ARIZONA PROJECT

**ANNUAL AVERAGE ESTIMATED COSTS
FOR COST EVALUATION PERIOD FY 2013 TO FY 2017**

AVERAGE ANNUAL AMORTIZATION COSTS

Principal	\$11,780,782.64
Interest	\$15,504,618.88
	<u>\$27,285,401.52</u>

AVERAGE ANNUAL AMORTIZATION COSTS

\$5,457,080.30

OPERATION & MAINTENANCE COSTS

Western Annual O&M Expenses \$4,428,949.03

Other Expenses

Reclamation Annual Expenses	\$75,000.00
McCullough Fac. Use Fee (CAP Paid Expenses)	\$400,000.00
CAWCD Replacement Expenses	\$2,423,750.00
Purchase Power and Wheeling	\$876,000.00
Civil Service Retirement Expense	\$43,390.44
CME Depreciation & Interest Expense	\$41,200.00
Warehouse Interest Expense	\$4,106.48

AVERAGE ANNUAL O&M EXPENSE

\$8,292,395.95

AVERAGE ANNUAL COSTS

\$13,749,476.25

OVER/UNDER COLLECTION FROM PREVIOUS YEAR'S RATE BASE

(\$935,579)

OTHER REVENUES

\$4,725,007.86

TOTAL NET ESTIMATED ANNUAL COSTS

\$9,960,047.39

**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	
\$9,960,047.39	/ 846,569 kW	=	\$11.77	\$/kW-Year ^{1/}
			\$0.98	\$/kW-Month ^{2/}
			\$0.23	\$/kW-Week ^{3/}
			\$0.03	\$/kW-Day ^{4/}
			1.34	mills/kWh ^{5/}
Non-Firm Transmission Rate			1.34	mills/kWh ^{6/}
			\$0.03	

^{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

WESTERN OPERATION AND MAINTENANCE BUDGET PROJECTIONS

<u>Budget Activity</u>	<u>Facility Expenses</u>	<u>Estimated Average Annual Expenses FY 2013 - FY2017-DRAFT</u>
N/FGCA GWAMM	General Western Allocation	\$425,117
N/FGCA SUPTM	IS Support Costs	\$155,477
N/FGCA COMMM	Communications & Control Equipment	\$110,926
N/FGCA SAFEM	Safety Expense	\$30,629
N/FGCA SUBSM	O&M for Substations	\$480,280
N/FGCA SUBCM	Direct Hours Not Identified-Substations	\$234,088
N/FGCA LINSM	O&M for Transmission Lines	\$675,090
N/FGCA LINCM	Direct Hours Not Identified- TLs	\$476,449
N/FGCA RENTM	Multiproject Costs	\$355,018
N/FGCA SVCFM	Service Facility Distribution Costs	\$96,852
	Total Facility Expenses	\$3,039,927
	Systemwide Expenses	
N/FGCA STUDM	Transmission & Engineering Studies	\$222,652
N/FGCA MRKTM	Power Marketing & Resources Planning	\$358,427
N/FGCA FINAM	Financial Management Support	\$86,621
N/FGCA SOLDM	System Operation & Load Dispatching	\$721,321
	Total Systemwide Expenses	\$1,389,022
	Total Facility & Systemwide Expenses	\$4,428,949
	Estimated Reclamation Annual Costs	\$75,000
	Civil Service Retirement Expense	\$43,390
	CME Depreciation & Interest Expense	\$41,200
	Warehouse Interest Expense	\$4,106
	Facility Charge @ McCullough	\$400,000
	Purchase Power and Wheeling	\$876,000
	Replacement Investments (RRADS)-SUBSB	\$2,423,750
	Total CME & Warehouse Expenses	\$3,863,447
	Estimated Total Expenses	\$8,292,396