

**CENTRAL ARIZONA PROJECT  
ESTIMATED ANNUAL REVENUE REQUIREMENT  
Fiscal Year 2012 Power Repayment Study  
(ANNUAL REVIEW CEP FY 2012 - FY 2016)**

<b>O&amp;M Expenses</b>		<b>3,484,826</b>
<b>Other Expenses</b>		
Civil Service Retirement Expense		43,390
CME Depreciation & Interest Expense		33,469
Warehouse Interest Expense		3,566
Estimated Reclamation Annual Costs		75,969
McCollough Fac. Use Fee (CAP Paid Expenses)		394,761
Estimated CAWCD Replacement Expenses		430,660
Purchase Power and Wheeling		700,000
<b>Interest Expense</b>		
Investment (Principal & Interest)		5,429,958
Estimated Total Annual Gross Expenses		<b>10,596,599</b>
<b>Estimated Over/Undercollection from 2011 Rates</b>		<b>(1,461,396)</b>
<b>Other Revenues(1)</b>		<b>2,334,743</b>
Estimated Annual Revenue Requirement		<b>9,723,251</b>

**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 2011 losses revenues, non-firm transmission revenues and prior year adjustment

**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	
\$9,723,251.26	/ 825,769 kW	=	\$11.77	\$/kW-Year <sup>1/</sup>
			\$0.98	\$/kW-Month <sup>2/</sup>
			\$0.23	\$/kW-Week <sup>3/</sup>
			\$0.03	\$/kW-Day <sup>4/</sup>
			1.34	mills/kWh <sup>5/</sup>
Non-Firm Transmission Rate			1.34	mills/kWh <sup>6/</sup>

<sup>1/</sup> \$/kW-Yr = Total Estimated Annual Costs Divided By 5-Year Average CROD, rounded to the penny

<sup>2/</sup> \$/kW-Month = \$/kW-Year divided by 12 months, rounded to the penny

<sup>3/</sup> \$/kW-Week = \$/kW-Year divided by 52 weeks, rounded to the penny

<sup>4/</sup> \$/kW-Day = \$/KW-Year divided by 365 Days, rounded to the penny

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

<sup>6/</sup> 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 2012 TO FY 2016**

**AVERAGE ANNUAL AMORTIZATION COSTS**

Principal	\$11,268,574.70
Interest	\$15,881,214.65
	<u>\$27,149,789.34</u>

**AVERAGE ANNUAL AMORTIZATION COSTS**

**\$5,429,957.87**

**OPERATION & MAINTENANCE COSTS**

Western Annual O&M Expenses \$3,484,825.82

**Other Expenses**

Reclamation Annual Expenses	\$75,969.00
McCullough Fac. Use Fee (CAP Paid Expenses)	\$394,761.00
CAWCD Replacement Expenses	\$430,660.00
Purchase Power and Wheeling	\$700,000.00
Civil Service Retirement Expense	\$43,390.00
CME Depreciation & Interest Expense	\$33,469.00
Warehouse Interest Expense	\$3,566.00

**AVERAGE ANNUAL O&M EXPENSE**

**\$5,166,640.82**

**AVERAGE ANNUAL COSTS**

**\$10,596,598.69**

**OVER/UNDER COLLECTION FROM PREVIOUS YEAR'S RATE BASE**

**(\$1,461,396)**

**OTHER REVENUES**

**\$2,334,743.43**

**TOTAL NET ESTIMATED ANNUAL COSTS**

**\$9,723,251.26**

# CENTRAL ARIZONA PROJECT

## WESTERN OPERATION AND MAINTENANCE BUDGET PROJECTIONS

<u>Budget Activity</u>	<u>Facility Expenses</u>	<u>Estimated Average Annual Expenses FY 2012 - FY2016</u>
N/FGCA GWAMM	General Western Allocation	\$396,977
N/FGCA SUPTM	IS Support Costs	\$133,671
N/FGCA COMMM	Communications & Control Equipment	\$140,457
N/FGCA SAFEM	Safety Expense	\$31,862
N/FGCA SUBSM	O&M for Substations	\$519,231
N/FGCA SUBCM	Direct Hours Not Identified-Substations	\$199,173
N/FGCA LINSM	O&M for Transmission Lines	\$345,953
N/FGCA LINCM	Direct Hours Not Identified- TLs	\$73,713
N/FGCA RENTM	Multiproject Costs	\$314,038
N/FGCA SVCFM	Service Facility Distribution Costs	<u>\$86,280</u>
	<b>Total Facility Expenses</b>	<b>\$2,241,356</b>
	<b>Systemwide Expenses</b>	
N/FGCA STUDM	Transmission & Engineering Studies	\$206,554
N/FGCA MRKTM	Power Marketing & Resources Planning	\$463,871
N/FGCA FINAM	Financial Management Support	\$78,559
N/FGCA SOLDM	System Operation & Load Dispatching	<u>\$494,486</u>
	<b>Total Systemwide Expenses</b>	<b>\$1,243,470</b>
	<b>Total Facility &amp; Systemwide Expenses</b>	<b>\$3,484,826</b>
	Estimated Reclamation Annual Costs	\$75,969
	Civil Service Retirement Expense	\$43,390
	CME Depreciation & Interest Expense	\$33,469
	Warehouse Interest Expense	\$3,566
	Facility Charge @ McCullough	\$394,761
	Purchase Power and Wheeling	\$700,000
	Replacement Investments (RRADS)-SUBSB	\$410,660
	Replacement Investments (RRADS)-REIBC	<u>\$20,000</u>
	<b>Total CME &amp; Warehouse Expenses</b>	<b>\$1,681,815</b>
	<b>Estimated Total Expenses</b>	<b>\$5,166,641</b>