

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

Amortization Expenses

Principal		12,292,991		
Interest		15,110,905		
	Sum	27,403,896		
Average Annual Amortization Expenses		5,480,779		

Operation & Maintenance

Western Annual Operation and Maintenance Expenses		4,634,451		
---	--	-----------	--	--

Other Expenses

Civil Service Retirement Expense (CSRS)		44,692		
Capitalized Moveable Equipment (CME) Depreciation and Interest Expense		57,600		
Reclamation Annual Expense		100,000		
Facility Charge @ McCullough		500,000		
Warehouse Interest Expense		2,660		
Replacement Investments (RRADS)		2,731,000		
Purchase Power and Wheeling		900,000		
Estimated Total Average Annual Operation & Maintenance Expenses		8,970,402		

Estimated Total Annual Gross Expenses **14,451,181**

Estimated Over/Undercollection from Rates **1,287,403**

Other Revenues⁽¹⁾ **3,845,286**

Estimated Annual Revenue Requirement **9,318,492**

*Current Rate Determination/Calculation for 115 / 230 - KV System Rate		Current Year	2014
12.32 / KW - Year	\$/kW-Yr = Total Estimated Annual Revenue Requirement Divided By 5-Year Average Contract Rate of Delivery (CROD), rounded to the penny		
1.03 / KW - Month	\$/kW-Month = \$/kW-Year divided by 12 months, rounded to the penny		
0.24 / KW - Week	\$/kW-Week = \$/kW-Year divided by 52 weeks, rounded to the penny		
0.03 / KW - Day	\$/kW-Day = \$/kW-Year divided by 365 Days, rounded to the penny		
1.41 / KWh	mills/kWh = \$/kW-Year divided by 8,760 hours, multiplied by 1,000, rounded to 2 decimals		
Non-Firm Transmission Rate			
1.41 mills / KWh	mills/kWh = \$/kW-Year divided by 8,760 hours, multiplied by 1,000, rounded to 2 decimals		
Contract Rate of Delivery- CROD			
756,436 kW	5 - Year Average		

*The formula rate design calculates the Estimated Annual Revenue Requirement 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.

⁽¹⁾Est. of Non-Firm, Short-Term Firm and Line Loss Revenues received.

**CENTRAL ARIZONA PROJECT
OPERATION AND MAINTENANCE
ESTIMATED AVERAGE ANNUAL EXPENSES**

BUDGET ACTIVITY	EXPENSES	ESTIMATED AVERAGE ANNUAL EXPENSES
FACILITY EXPENSES		
N/FGCA COMMM	Communications and Control Equipment	\$94,290
N/FGCA GWAMM	General Western Allocation	\$637,096
N/FGCA LINCM	Direct Hours Not Identified- Transmission Lines	\$535,161
N/FGCA LINSM	Operation and Maintenance for Transmission Lines	\$357,836
N/FGCA RENTM	Multiproject Costs	\$331,290
N/FGCA SAFEM	Safety Expense	\$43,323
N/FGCA SUBCM	Direct Hours Not Identified-Substations	\$268,642
N/FGCA SUBSM	Operation and Maintenance for Substations	\$484,193
N/FGCA SUPTM	IS Support Costs	\$147,594
N/FGCA SVCFM	Service Facility Distribution Costs	\$152,903
TOTAL		\$3,052,328
SYSTEMWIDE EXPENSES		
N/FGCA FINAM	Financial Management Support	\$92,379
N/FGCA MRKTM	Power Marketing and Resources Planning	\$456,586
N/FGCA SOLDM	System Operation and Load Dispatching	\$756,021
N/FGCA STUDM	Transmission and Engineering Studies	\$277,137
TOTAL		\$1,582,122
OTHER EXPENSES		
N/FGCA DEPRM	Capitalized Moveable Equipment (CME) Depreciation and Interest Expense	\$57,600
	Civil Service Retirement Expense (CSRS)	\$44,692
	Facility Charge @ McCullough	\$500,000
N/FGCA PPW-RW	Purchase Power and Wheeling	\$900,000
	Reclamation Annual Expense	\$100,000
	Warehouse Interest Expense	\$2,660
TOTAL		1,604,951
TOTAL FACILITY + SYSTEMWIDE + OTHER EXPENSES		\$6,239,402
N/FGCA REIBC	Replacement Investments (RRADS)	\$1,000
N/FGCA SUBSB	Replacement Investments (RRADS)	\$2,730,000
2014	GRAND TOTAL	\$8,970,402