

CENTRAL ARIZONA PROJECT
115/230-kV Transmission System
RATE DESIGN

2017

Amortization Expenses

Principal	12,805,199	
Interest	13,844,174	
	26,649,372	Sum
Average Annual Amortization Expenses	5,329,874	

Operation & Maintenance

Western Annual Operation and Maintenance Expenses	5,525,000
---	-----------

Other Expenses

Civil Service Retirement Expense (CSRS)	44,692
Capitalized Moveable Equipment (CME) Depreciation and Interest Expense	60,000
Reclamation Annual Expense	100,000
Facility Charge @ McCullough	500,000
Warehouse Interest Expense	2,660
Replacement Investments (RRADS)	611,000
Purchase Power and Wheeling	900,000
	7,743,352
Estimated Total Average Annual Operation & Maintenance Expenses	7,743,352
Major Capital	4,925,000
Estimated Total Annual Gross Expenses	17,998,226

Estimated Over/Undercollection from Rates

-436,260

Other Revenues ⁽¹⁾

1,005,000

Estimated Annual Revenue Requirement

17,429,487

*Current Rate Determination/Calculation for 115 / 230 - KV System Rate		Current Year 2017
21.00 / KW - Year	$\$/kW\text{-Yr} = \text{Total Estimated Annual Revenue Requirement Divided By 5-Year Average Contract Rate of Delivery (CROD), rounded to the penny}$	
1.75 / KW - Month	$\$/kW\text{-Month} = \$/kW\text{-Year divided by 12 months, rounded to the penny}$	
0.40 / KW - Week	$\$/kW\text{-Week} = \$/kW\text{-Year divided by 52 weeks, rounded to the penny}$	
0.06 / KW - Day	$\$/kW\text{-Day} = \$/kW\text{-Year divided by 365 Days, rounded to the penny}$	
2.40 / KWh	$\text{mills}/kWh = \$/kW\text{-Year divided by 8,760 hours, multiplied by 1,000, rounded to 2 decimals}$	
Non-Firm Transmission Rate		
2.40 mills / KWh	$\text{mills}/kWh = \$/kW\text{-Year divided by 8,760 hours, multiplied by 1,000, rounded to 2 decimals}$	
Contract Rate of Delivery- CROD		
830,000 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. 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	\$125,000
N/FGCA GWAMM	General Western Allocation	\$375,000
N/FGCA LINCM	Direct Hours Not Identified- Transmission Lines	\$250,000
N/FGCA LINSM	Operation and Maintenance for Transmission Lines	\$465,000
N/FGCA RENTM	Multiproject Costs	\$495,000
N/FGCA SAFEM	Safety Expense	\$65,000
N/FGCA SUBCM	Direct Hours Not Identified-Substations	\$270,000
N/FGCA SUBSM	Operation and Maintenance for Substations	\$535,000
N/FGCA SUPTM	IS Support Costs	\$600,000
N/FGCA SVCFM	Service Facility Distribution Costs	\$150,000
TOTAL		\$3,330,000
SYSTEMWIDE EXPENSES		
N/FGCA FINAM	Financial Management Support	\$75,000
N/FGCA MRKTM	Power Marketing and Resources Planning	\$420,000
N/FGCA SOLDM	System Operation and Load Dispatching	\$1,500,000
N/FGCA STUDM	Transmission and Engineering Studies	\$200,000
TOTAL		\$2,195,000
OTHER EXPENSES		
N/FGCA DEPRM	Capitalized Moveable Equipment (CME) Depreciation and Interest Expense	\$60,000
	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		1,607,352
TOTAL FACILITY + SYSTEMWIDE + OTHER EXPENSES		\$7,132,352
N/FGCA REIBC	Replacement Investments (RRADS)	\$611,000
N/FGCA SUBSB	Replacement Investments (RRADS)	\$4,925,000
2017	GRAND TOTAL	\$12,668,352