

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

2018

Amortization Expenses

Principal		13,573,510
Interest		13,416,224
	Sum	26,989,735
Average Annual Amortization Expenses		5,397,947

Operation & Maintenance

Western Annual Operation and Maintenance Expenses		6,385,000
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Other Expenses

Civil Service Retirement Expense (CSRS)		88,000
Capitalized Moveable Equipment (CME) Depreciation and Interest Expense		80,000
Reclamation Annual Expense		100,000
Facility Charge @ McCullough		500,000
Warehouse Interest Expense		4,000
Replacement Investments (RRADS)		368,000
Purchase Power and Wheeling		710,000
Estimated Total Average Annual Operation & Maintenance Expenses		8,235,000
Major Capital		4,179,980
Estimated Total Annual Gross Expenses		17,812,927

Over/Undercollection from PY Rate Estimate

90,609

Other Revenues⁽¹⁾

(500,000)

Estimated Annual Revenue Requirement

17,403,536

*Current Rate Determination/Calculation for 115 / 230 - KV System Rate		Current Year 2018
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	\$160,000
N/FGCA GWAMM	General Western Allocation	\$250,000
N/FGCA LINCM	Direct Hours Not Identified- Transmission Lines	\$210,000
N/FGCA LINSM	Operation and Maintenance for Transmission Lines	\$580,000
N/FGCA RENTM	Multiproject Costs	\$580,000
N/FGCA SAFEM	Safety Expense	\$80,000
N/FGCA SUBCM	Direct Hours Not Identified-Substations	\$340,000
N/FGCA SUBSM	Operation and Maintenance for Substations	\$880,000
N/FGCA SUPTM	IS Support Costs	\$750,000
N/FGCA SVCFM	Service Facility Distribution Costs	\$160,000
TOTAL		\$3,990,000
SYSTEMWIDE EXPENSES		
N/FGCA FINAM	Financial Management Support	\$65,000
N/FGCA MRKTM	Power Marketing and Resources Planning	\$430,000
N/FGCA SOLDM	System Operation and Load Dispatching	\$1,700,000
N/FGCA STUDM	Transmission and Engineering Studies	\$200,000
TOTAL		\$2,395,000
OTHER EXPENSES		
N/FGCA DEPRM	Capitalized Moveable Equipment (CME) Depreciation and Interest Expense	\$80,000
	Civil Service Retirement Expense (CSRS)	\$88,000
	Facility Charge @ McCullough	\$500,000
N/FGCA PPW-RW	Purchase Power and Wheeling	\$710,000
	Reclamation Annual Expense	\$100,000
	Warehouse Interest Expense	\$4,000
TOTAL		1,482,000
TOTAL FACILITY + SYSTEMWIDE + OTHER EXPENSES		\$7,867,000
N/FGCA REIBC	Replacement Investments (RRADS)	\$368,000
N/FGCA SUBSB	Replacement Investments (RRADS)	\$4,179,980
2018	GRAND TOTAL	\$12,414,980