

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

**2020**

**Amortization Expenses**

Principal		15,110,136	
Interest		12,483,294	
	Sum	27,593,430	
	<b>Average Annual Amortization Expenses</b> (5yr.)	<b>5,518,686</b>	

**Operation & Maintenance**

Western Annual Operation and Maintenance Expenses		5,634,000	
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**Other Expenses**

Post-Retirement Benefits		130,000	
Capitalized Moveable Equipment (CME) Depreciation and Interest Expense		142,000	
Reclamation Annual Expense		125,000	
Facility Charge @ McCullough		500,000	
Warehouse Interest Expense		7,000	
Replacement Investments		200,000	
Purchase Power and Wheeling		905,000	
	<b>Estimated Total Average Annual Operation &amp; Maintenance Expenses</b>	<b>7,643,000</b>	
	<b>Major Capital</b>	2,000,000	
	<b>Estimated Total Annual Gross Expenses</b>	<b>15,161,686</b>	

<b>Over/Undercollection from PY Rate Estimate</b>		(432,311)	
<b>Other Revenues</b> <sup>(1)</sup>		(1,500,000)	
<b>Estimated Annual Revenue Requirement</b>		<b>13,229,375</b>	

*Current Rate Determination/Calculation for 115 / 230 - KV System Rate		Current Year 2020
<b>21.00 / KW - Year</b>	\$/kW-Yr = Total Estimated Annual Revenue Requirement Divided By 5-Year Average Contract Rate of Delivery (CROD), rounded to the penny	
<b>1.75 / KW - Month</b>	\$/kW-Month = \$/kW-Year divided by 12 months, rounded to the penny	
<b>0.40 / KW - Week</b>	\$/kW-Week = \$/kW-Year divided by 52 weeks, rounded to the penny	
<b>0.06 / KW - Day</b>	\$/kW-Day = \$/kW-Year divided by 365 Days, rounded to the penny	
<b>2.40 / KWh</b>	mills/kWh = \$/kW-Year divided by 8,760 hours, multiplied by 1,000, rounded to 2 decimals	
<b>Non-Firm Transmission Rate</b>		
<b>2.40 mills / KWh</b>	mills/kWh = \$/kW-Year divided by 8,760 hours, multiplied by 1,000, rounded to 2 decimals	
<b>Contract Rate of Delivery- CROD</b>		
<b>630,000 kW</b>	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.

<sup>(1)</sup>Est. Line Loss Revenues.

**CENTRAL ARIZONA PROJECT**  
**Operation and Maintenance**  
**2020 Estimated Average Annual Expenses**

BUDGET ACTIVITY	EXPENSES	EST. AVG ANNUAL EXPENSES
<b>FACILITY EXPENSES</b>		
N/FGCA ADMSM	Indirect Substation Work	\$200,000
N/FGCA COMMM	Communications and Control Equipment	\$204,000
N/FGCA ENVTM	Environmental Support	\$94,000
N/FGCA LINCМ	Direct Hours Not Identified- Transmission Lines	\$236,000
N/FGCA LINSM	Operation and Maintenance for Transmission Lines	\$582,000
N/FGCA RENTM	Multiproject Costs	\$484,000
N/FGCA SAFEM	Safety Expense	\$82,000
N/FGCA SUBCM	Direct Hours Not Identified-Substations	\$356,000
N/FGCA SUBSM	Operation and Maintenance for Substations	\$460,000
N/FGCA SVCFM	Service Facility Distribution Costs	\$141,000
<b>TOTAL</b>		<b>\$2,839,000</b>
<b>SYSTEMWIDE EXPENSES</b>		
N/FGCA FINAM	Financial Management Support	\$38,000
N/FGCA MRKTM	Power Marketing and Resources Planning	\$626,000
N/FGCA SOLDM	System Operation and Load Dispatching	\$1,866,000
N/FGCA STUDM	Transmission and Engineering Studies	\$265,000
<b>TOTAL</b>		<b>\$2,795,000</b>
<b>OTHER EXPENSES</b>		
N/FGCA DEPRM	Capitalized Moveable Equipment (CME) Depreciation and Interest Expense	\$142,000
	Post-Retirement Benefits	\$130,000
	Facility Charge @ McCullough	\$500,000
N/FGCA PPW-RW	Purchase Power and Wheeling	\$905,000
	Reclamation Annual Expense	\$125,000
	Warehouse Interest Expense	\$7,000
<b>TOTAL</b>		<b>1,809,000</b>
<b>TOTAL FACILITY + SYSTEMWIDE + OTHER EXPENSES</b>		<b>\$7,443,000</b>
N/FGCA COMMB	Replacement Investments	\$200,000
N/FGCA SUBSB	Replacement Investments	\$2,000,000
<b>2020</b>		<b>GRAND TOTAL</b>
		<b>\$9,643,000</b>