

**EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT  
COST OF SERVICE SUMMARY - PRESENT RATES**

Description (1)	Cost of Service (2)	Residential (3)	Commercial (4)	Private Fire (5)
1. Revenues From Water Service - Present Rates	\$ 1,786,483	\$ 1,587,507	\$ 198,975	\$ -
2. Other Revenues	15,271	13,828	1,443	-
3. Total Operating Revenues	\$ 1,801,753	\$ 1,601,335	\$ 200,418	\$ -
4. Less: Operating Expenses	1,333,851	1,235,835	98,017	-
5. Return and Income Taxes	\$ 467,902	\$ 365,501	\$ 102,401	\$ -
6. Less: Interest Expense (Allocated by Rate Base)	121,679	111,117	10,562	-
7. Taxable Income	346,223	254,384	91,839	-
8. Less: Income Taxes (Allocated based on Line 7)	134,042	98,481	35,561	-
9. Net Return (Ln 5 - Ln 8)	\$ 333,860	\$ 267,020	\$ 66,840	\$ -
10. Original Cost Measure of Value	\$ 5,456,456	\$ 4,982,982	\$ 473,474	\$ -
11. Rate of Return, Percent	6.12%	5.36%	14.12%	
12. Relative Rate of Return	1.00	0.88	2.31	

**EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT  
COST OF SERVICE SUMMARY - PROPOSED RATES**

Description (1)	Cost of Service (2)	Residential (3)	Commercial (4)	Private Fire (5)
1. Revenues From Water Service - Proposed Rates	\$ 1,902,936	\$ 1,697,062	\$ 205,874	\$ -
2. Other Revenues	21,382	19,372	2,010	-
3. Total Operating Revenues	\$ 1,924,318	\$ 1,716,434	\$ 207,884	\$ -
4. Less: Operating Expenses	1,337,485	1,239,179	98,306	-
5. Return and Income Taxes	\$ 586,833	\$ 477,255	\$ 109,578	\$ -
6. Less: Interest Expense (Allocated by Rate Base)	121,679	111,116	10,562	-
7. Taxable Income	465,154	366,139	99,016	-
8. Less: Income Taxes (Allocated based on Line 7)	179,977	141,660	38,317	-
9. Net Return (Ln 5 - Ln 8)	\$ 406,856	\$ 335,595	\$ 71,261	\$ -
10. Original Cost Measure of Value	\$ 5,456,455	\$ 4,982,988	\$ 473,467	\$ -
11. Rate of Return, Percent	7.46%	6.73%	15.05%	
12. Relative Rate of Return	1.00	0.90	2.02	

**EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT  
RATE BASE ALLOCATION TO CLASSES OF SERVICE**

Line no. No.	Cost Function (1)	Factor Ref. - Sch G-7 (2)	Rate Base (3)	Residential (4)	Commercial (5)	Private Fire (6)
1						
2						
3	Commodity	A	\$ 32,352	\$ 28,583	\$ 3,769	\$ -
4						
5	Demand - Maximum Day	B	1,790,180	1,599,883	190,296	-
6						
7	Demand - Maximum Hour	C	2,439,055	2,219,784	219,271	-
8						
9	Customer Facilities - Meters	D	153,316	137,020	16,298	-
10						
11	Customer Facilities - Services	E	943,930	906,362	37,568	-
12						
13	Customer Accounting	F	39,658	39,554	103	-
14						
15	Direct Fire	G	57,964	51,802	6,162	-
16						
17	Total		<u>\$ 5,456,455</u>	<u>\$ 4,982,988</u>	<u>\$ 473,467</u>	<u>\$ -</u>
18						

**EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT  
EXPENSE ALLOCATION TO CLASSES OF SERVICE**

Line no. No.	Cost Function (1)	Factor Ref. - Sch G-7 (2)	Cost of Service (3)	Residential (4)	Commercial (5)	Private Fire (6)
1						
2						
3	Commodity	A	\$ 65,325	\$ 57,715	\$ 7,610	\$ -
4						
5	Demand - Maximum Day - Treatment and Pumping	B	384,609	343,724	40,884	-
6						
7	Demand - Maximum Hour	C	416,531	379,085	37,446	-
8						
9	Customer Facilities - Meters	D	48,536	43,376	5,159.34	-
10						
11	Customer Facilities - Services	E	95,429	91,631	3,798.09	-
12						
13	Customer Accounting	F	302,384	301,598	786	-
14						
15	Direct Fire	G	24,672	22,049	2,623	-
16						
17	Total		<u>\$ 1,337,485</u>	<u>\$ 1,239,179</u>	<u>\$ 98,306</u>	<u>\$ -</u>
18						

**EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT  
RATE BASE BY FUNCTION, TWELVE MONTHS ENDED DECEMBER 31, 2016 ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER  
ACCOUNTING AND FIRE CLASSIFICATIONS**

Line No.	Account	Factor Ref.	Rate Base By Function	Commodity	Demand		Customer Facilities		Customer Accounting	Direct Fire
					Max Day	Max Hour	Meters	Services		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1										
2										
3	<b>RATE BASE</b>									
4	Organization	9	10,144	60	3,328	4,531	287	1,754	76	108
5	Franchises	9	0	0	0	0	0	0	0	0
6	Land & Land Rights Supply	1	47,343	47,343	0	0	0	0	0	0
7	Land & Land Rights Pumping	2	0	0	0	0	0	0	0	0
8	Land & Land Rights Treatment	2	0	0	0	0	0	0	0	0
9	Land & Land Rights T&D	3	0	0	0	0	0	0	0	0
10	Land & Land Rights General	9	0	0	0	0	0	0	0	0
11	Structures & Improvements Supply	2	(94,968)	0	(94,968)	0	0	0	0	0
12	Structures & Improvements Pumping	3	90,971	0	0	90,971	0	0	0	0
13	Structures & Improvements Treatment	2	1,826,210	0	1,826,210	0	0	0	0	0
14	Structures & Improvements Trans & Dist	3	0	0	0	0	0	0	0	0
15	Structures & Improvements General	7	2,116	73	616	518	54	92	721	41
16	Structures & Improvements Offices	7	15,764	547	4,589	3,856	404	689	5,371	309
17	Structures & Improvements Leasehold	7	371	13	108	91	9	16	126	7
18	Structures & Improvements Store, Shop, Gge	7	0	0	0	0	0	0	0	0
19	Structures & Improvements Miscellaneous	7	0	0	0	0	0	0	0	0
20	Collect & Impounding	2	76,364	0	76,364	0	0	0	0	0
21	Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
22	Wells & Springs	2	392,291	0	392,291	0	0	0	0	0
23	Infiltration Galleries	2	0	0	0	0	0	0	0	0
24	Supply Mains	2	0	0	0	0	0	0	0	0
25	Power Production Equipment	3	(15,653)	0	0	(15,653)	0	0	0	0

**EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT  
RATE BASE BY FUNCTION, TWELVE MONTHS ENDED DECEMBER 31, 2016 ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING  
AND FIRE CLASSIFICATIONS**

Line No.	Account	Factor Ref.	Rate Base By Function	Commodity	Demand		Customer Facilities		Customer Accounting	Direct Fire
					Max Day	Max Hour	Meters	Services		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1										
2										
3	Power Production Equipment	3	0	0	0	0	0	0	0	0
4	Pumping Equipment Steam	3	0	0	0	0	0	0	0	0
5	Pumping Equipment Electric	3	795,655	0	0	795,655	0	0	0	0
6	Pumping Equipment Hydraulic	3	0	0	0	0	0	0	0	0
7	Pumping Equipment Other	3	0	0	0	0	0	0	0	0
8	Pumping Equipment Water Treatment	2	10,681	0	10,681	0	0	0	0	0
9	Water Treatment Equipment Non-Media	2	72,497	0	72,497	0	0	0	0	0
10	Water Treatment Equipment Filter Media	2	23,347	0	23,347	0	0	0	0	0
11	Distribution Reservoirs & Standpipes	3	804,442	0	0	804,442	0	0	0	0
12	TD Mains Not Classified by Size	3	1,001,307	0	0	1,001,307	0	0	0	0
13	TD Mains 4in & Less	3	522,917	0	0	522,917	0	0	0	0
14	TD Mains 6in to 8in	3	843,379	0	0	843,379	0	0	0	0
15	TD Mains 10in to 16in	2	598,770	0	598,770	0	0	0	0	0
16	TD Mains 18in & Grtr	2	0	0	0	0	0	0	0	0
17	Fire Mains	12	93,359	0	0	0	0	0	0	93,359
18	Services	4a	1,575,915	0	0	0	0	1,575,915	0	0
19	Meters	4	234,508	0	0	0	234,508	0	0	0
20	Meter Installations	4	19,399	0	0	0	19,399	0	0	0
21	Meter Vaults	4	0	0	0	0	0	0	0	0
22	Hydrants	12	0	0	0	0	0	0	0	0
23	Other P/E- Supply	2	42,924	0	42,924	0	0	0	0	0
24	Other P/E-TD	3	2,744	0	0	2,744	0	0	0	0
25	Other P/E-CPS/Intangible	9	67,437	398	22,126	30,124	1,908	11,660	506	715
26	Furniture and Equipment	7	7,623	265	2,219	1,865	195	333	2,597	149
27	Computer & Peripheral Equipment	7	40,900	1,419	11,906	10,004	1,047	1,787	13,935	802
28	Computer Software	7	10,827	376	3,152	2,648	277	473	3,689	212
29	Other Office Equipment	7	119,432	4,144	34,767	29,213	3,057	5,219	40,690	2,341

**EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT  
RATE BASE BY FUNCTION, TWELVE MONTHS ENDED DECEMBER 31, 2016 ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, CUSTOMER ACCOUNTING  
AND FIRE CLASSIFICATIONS**

Line No.	Account	Factor Ref.	Rate Base By Function	Demand		Customer Facilities		Customer Accounting	Direct Fire	
				Commodity	Max Day	Max Hour	Meters			Services
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1										
2										
3	Transportation Equip Light Duty Trucks	7	(201,424)	(6,989)	(58,634)	(49,268)	(5,156)	(8,802)	(68,625)	(3,948)
4	Transportation Equip Heavy Duty Trucks	7	1,481	51	431	362	38	65	504	29
5	Transportation Equip Other	7	588	20	171	144	15	26	200	12
6	Stores Equipment	7	3,402	118	990	832	87	149	1,159	67
7	Tools, Shop, Garage Equipment	7	79,167	2,747	23,046	19,364	2,027	3,460	26,972	1,552
8	Laboratory Equipment	2	126	0	126	0	0	0	0	0
9	Power Operated Equipment	7	60,207	2,089	17,526	14,727	1,541	2,631	20,513	1,180
10	Communication Equipment Non-Telephone	7	1,061	37	309	260	27	46	362	21
11	Remote Control & Instrument	7	37,771	1,311	10,995	9,239	967	1,651	12,869	740
12	Communication Equipment Telephone	7	319	11	93	78	8	14	109	6
13	Communication Equipment Other	7	17,988	624	5,236	4,400	460	786	6,128	353
14	Miscellaneous Equipment	7	5,342	185	1,555	1,307	137	233	1,820	105
15	Other Tangible Plant	7		0	0	0	0	0	0	0
16	Total Plant in Service		\$ 9,245,042	\$ 54,843	\$ 3,032,769	\$ 4,130,055	\$ 261,297	\$ 1,598,197	\$ 69,722	\$ 98,159
17										
18	OTHER RATE BASE ELEMENTS									
19	Regulatory Advances and Contributions	9		0	0	0	0	0	0	0
20	Customer Advances	9	(681,546)	(4,021)	(223,615)	(304,447)	(19,288)	(117,839)	(5,112)	(7,224)
21	Contributions in Aid of Construction	9	(2,819,045)	(16,632)	(924,929)	(1,259,268)	(79,779)	(487,413)	(21,143)	(29,882)
22	Construction Work in Progress	2		0	0	0	0	0	0	0
23	Cash Working Capital Allowance	7	(4,969)	(172)	(1,446)	(1,215)	(127)	(217)	(1,693)	(97)
24	Utility Plant Acq. Adjustment	9	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
25	Customer Meter Deposits	4	(800)	0	0	0	(800)	0	0	0
26	Deferred Income Taxes	9	(331,536)	(1,956)	(108,777)	(148,097)	(9,382)	(57,323)	(2,487)	(3,514)
27	Deferred Debits	9	49,310	291	16,179	22,027	1,395	8,526	370	523
28	Regulatory Liabilities	9	0	0	0	0	0	0	0	0
29										
30	Total Other Rate Base Elements		(3,788,587)	(22,491)	(1,242,589)	(1,691,000)	(107,981)	(654,266)	(30,064)	(40,195)
31										
32	Total Original Cost Measure of Value		\$ 5,456,455	\$ 32,352	\$ 1,790,180	\$ 2,439,055	\$ 153,316	\$ 943,930	\$ 39,658	\$ 57,964

**EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT**

**COST OF SERVICE BY FUNCTION, TWELVE MONTHS ENDED DECEMBER 31, 2016, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, AND  
CUSTOMER ACCOUNTING CLASSIFICATIONS**

Line No.	Account	Factor Ref.	Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting	Direct Fire
					Max Day	Max Hour	Meters	Services		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1										
2										
3	OPERATION AND MAINTENANCE EXPENSES									
4										
5										
6	Labor - Source of Supply	1	15,325	\$ 15,325	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Labor - Treatment	2	24,023	-	24,023	-	-	-	-	-
8	Labor - Pumping	3	17,299	-	-	17,299	-	-	-	-
9	Labor - T&D Mains	6	88,513	-	12,941	75,572	-	-	-	-
10	Labor - T&D Storage	3	15,176	-	-	15,176	-	-	-	-
11	Labor - T&D Meters	4	11,331	-	-	-	11,331	-	-	-
12	Labor - T&D Services	4a	19,320	-	-	-	-	19,320	-	-
13	Labor - T&D Hydrants	12	8,672	-	-	-	-	-	-	8,672
14	Labor - Customer	5	103,593	-	-	-	-	-	103,593	-
15	Labor - Meter Reading	5	273	-	-	-	-	-	273	-
16	Labor - Administrative	7	-	-	-	-	-	-	-	-
17	Purchased Water	1	-	-	-	-	-	-	-	-
18	Fuel and Power	1	-	-	-	-	-	-	-	-
19	Chemicals	1	32,921	32,921	-	-	-	-	-	-
20	Waste Disposal	1	89	89	-	-	-	-	-	-
21	Corporate allocation	7	61,103	2,120	17,787	14,946	1,564	2,670	20,818	1,198
22	Outside Services	7	33,978	1,179	9,891	8,311	870	1,485	11,576	666
23	Group Insurance and Other Benefits	8	108,597	5,484	13,216	38,660	4,051	6,918	37,162	3,106
24	Pensions	8	-	-	-	-	-	-	-	-
25	Regulatory Expense	7	13,257	460	3,859	3,243	339	579	4,517	260
26	Insurance Other Than Group	7	18,315	636	5,332	4,480	469	800	6,240	359
27	Customer Accounting	5	63,347	-	-	-	-	-	63,347	-
28	Rents	7	7,409	257	2,157	1,812	190	324	2,524	145
29	General Office Expense	7	59,159	2,053	17,221	14,470	1,514	2,585	20,156	1,160
30	Miscellaneous	7	5,672	197	1,651	1,387	145	248	1,932	111
31	Maintenance Expense - Treatment	2	124,351	-	124,351	-	-	-	-	-
32	Maintenance Expense	6	-	-	-	-	-	-	-	-
33	Maintenance Expense - Administrative	7	-	-	-	-	-	-	-	-
34										
35										
36	TOTAL OPERATION AND MAINTENANCE EXPENSES		831,723	60,721	232,429	195,358	20,473	34,929	272,138	15,676





**EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT**

**COST OF SERVICE BY FUNCTION, TWELVE MONTHS ENDED DECEMBER 31, 2016, ALLOCATED TO COMMODITY, DEMAND, CUSTOMER FACILITIES, AND  
CUSTOMER ACCOUNTING CLASSIFICATIONS**

Line No.	Account	Factor Ref.	Cost of Service By Function	Commodity	Demand		Customer Facilities		Customer Accounting	Direct Fire
					Max Day	Max Hour	Meters	Services		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1										
2										
3	Fire Mains	12	-	-	-	-	-	-	-	-
4	Services	4a	38,281	-	-	-	-	38,281	-	-
5	Meters	4	22,101	-	-	-	22,101	-	-	-
6	Meter Installations	4	574	-	-	-	574	-	-	-
7	Meter Vaults	4	-	-	-	-	-	-	-	-
8	Hydrants	12	-	-	-	-	-	-	-	-
9	Other P/E-TD	3	-	-	-	-	-	-	-	-
10	Other P/E-Supply	2	3,494	-	3,494	-	-	-	-	-
11	Other P/E-CPS/Intangible	9	-	-	-	-	-	-	-	-
12	Office Furniture & Equipment	7	3,889	135	1,132	951	100	170	1,325	76
13	Computer & Periphal Equipment	7	958	33	279	234	25	42	326	19
14	Computer Software	7	13,761	477	4,006	3,366	352	601	4,688	270
15	Other Office Equipment	7	6,132	213	1,785	1,500	157	268	2,089	120
16	Transportation Equip Light Duty Trucks	7	-	-	-	-	-	-	-	-
17	Transportation Equip Heavy Duty Trucks	7	20,813	722	6,059	5,091	533	910	7,091	408
18	Transportation Equipment Other	7	224	8	65	55	6	10	76	4
19	Stores Equipment	7	93	3	27	23	2	4	32	2
20	Tools,Shop,Garage Equipment	7	-	-	-	-	-	-	-	-
21	Laboratory Equipment	2	4,285	-	4,285	-	-	-	-	-
22	Power Operated Equipment	7	16	1	5	4	0	1	5	0
23	Communication Equipment Non-Telephone	7	1,214	42	353	297	31	53	414	24
24	Remote Control & Instrument	7	6,039	210	1,758	1,477	155	264	2,058	118
25	Communication Equipment Telephone	7	4,628	161	1,347	1,132	118	202	1,577	91
26	Communication Equipment Other	7	64	2	19	16	2	3	22	1
27	Miscellaneous Equipment	7	3,631	126	1,057	888	93	159	1,237	71
28	Other Tangible Plant	7	625	22	182	153	16	27	213	12
	Total Depreciation Expense		374,529	2,925	115,440	167,114	24,350	41,138	22,280	1,282





EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASS

FACTOR A. ALLOCATION OF COMMODITY COSTS.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Classification (1)	Average Daily Consumption, 1000 Gallons (2)	Allocation Factor (5)
Residential	437	0.8835
Commercial/Public	58	0.1165
Fire Protection	0	0.0000
<b>Total</b>	<b>495</b>	<b>1.0000</b>

FACTOR B. ALLOCATION OF MAXIMUM DAY DEMAND COSTS - TREATMENT AND PUMPING.

Factors are based on the maximum day demand for each customer classification.

Customer Classification (1)	Average Daily Consumption, 1000 Gallons (2)	Peak Day Factor (3)	Rate of Flow, 1000 Gallons Per Day (4)=(2)x(3)	Allocation Factor (5)
Residential	437	2.00	874	0.8937
Commercial/Public	58	1.80	104	0.1063
<b>Total</b>	<b>495</b>		<b>978</b>	<b>1.0000</b>

EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT  
FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASS

FACTOR C. ALLOCATION OF MAXIMUM HOUR DEMAND COSTS.

Factors are based on the maximum hour demand for each customer classification.

Customer Classification	Average Hourly Consumption, 1000 Gallons	Factor	Rate of Flow, 1000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	18.2	4.00	72.9	0.9101
Commercial/Pubic	2.4	3.00	7.2	0.0899
	20.6		80.1	1.0000

EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT  
FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASS

FACTOR D. ALLOCATION OF COSTS ASSOCIATED WITH METERS

Factors are based on the relative cost of meters by size and customer classification, as developed on the following

<u>Customer Classification</u> (1)	<u>5/8" Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	2,177	0.8937
Commercial/Public	259	0.1063
Fire Protection	0	0.0000
	<hr/>	<hr/>
Total	<u>2,436</u>	<u>1.0000</u>

FACTOR E. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES

Factors are based on the relative cost of meters by size and customer classification, as developed on the following

<u>Customer Classification</u> (1)	<u>3/4" Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	1,735	0.9602
Commercial/Public	72	0.0398
Fire Protection	0	0.0000
	<hr/>	<hr/>
Total	<u>1,807</u>	<u>1.0000</u>

FACTOR F. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

<u>Customer Classification</u> (1)	<u>Total Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	21,312	0.9974
Commercial/Public	56	0.0026
Fire Protection	0	0.0000
	<hr/>	<hr/>
Total	<u>21,368</u>	<u>1.0000</u>

EPCOR WATER ARIZONA INC.  
HAVASU WATER OPERATIONS

Factor G - ALLOCATION OF DIRECT FIRE

Description (1)	Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand* (4)=(2)x(3)	Factor G Allocation Factor (5)
<u>PRIVATE FIRE PROTECTION</u>				
<u>Fire Lines</u>				
2 -inch	4.00		0	
3 -inch	9.00		0	
4 -inch	16.00	-	0	
6 -inch	36.00	0	0	
8 -inch	64.00	0	0	
10 -inch	100.00	0	0	
12 -inch	144.00	0	0	
Private Hydrants	28.50	0	0	
Total Private Fire Protection		<u>0</u>	<u>0</u>	0.0000
<u>PUBLIC FIRE PROTECTION</u>				
<u>Hydrant</u>	<u>Nozzle Sizes</u>			
6" Valve	2- 2-1/2" & 1 - 4"	28.5	<u>0</u>	
Total Public Fire Protection		0	0	1.0000
Total Fire Protection		0	0	1.0000
<u>REALLOCATE PUBLIC FIRE</u>				
		<u>Meter</u>	<u>Allocation</u>	<u>Allocation</u>
		<u>Equivalents</u>	<u>of Public Fire</u>	<u>Using Factor</u>
	Residential	2,177	0.8937	0.8937
	Commercial/Public	259	0.1063	0.1063
		<u>2,436</u>	<u>1.0000</u>	<u>1.0000</u>



EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT  
BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size	5/8" Equivalent	Residential		Commercial		Total	
		Number of Services	Weighting (4)=(2)X(3)	Number of Services	Weighting (6)=(2)X(5)	Number of Services	Weighting (8)
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)
5/8 and 3/4"	1.00	1,689	1,689	24	24	1,713	1,713
1	2.50	5	13	9	23	14	36
1-1/2	5.00	0	0	0	0	0	0
2	8.00	0	0	19	152	19	152
3	15.00	0	0	4	60	4	60
4	25.00	13	325	0	0	13	325
6	50.00	3	150	0	0	3	150
8	80.00	0	0	0	0	0	0
10	115.00	0	0	0	0	0	0
Total		<u>1,710</u>	<u>2,177</u>	<u>56</u>	<u>259</u>	<u>1,766</u>	<u>2,436</u>

EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT  
BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size	3/4" Equivalent	Residential		Commercial		Fire Projection		Total	
		Number of Services	Weighting (4)=(2)X(3)	Number of Services	Weighting (6)=(2)X(5)	Number of Services	Weighting (8)=(2)X(7)	Number of Services	Weighting (10)
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)
3/4	1.00	1,689	1,689	24	24		0	1,713	1,713
1	1.06	5	5	9	10		0	14	15
1-1/2	1.28	0	0	0	0		0	0	0
2	1.50	0	0	19	29		0	19	29
3	2.37	0	0	4	9		0	4	9
4	2.50	13	33	0	0		0	13	33
6	2.79	3	8	0	0		0	3	8
8	3.11	0	0	0	0		0	0	0
10	4.12	0	0	0	0		0	0	0
12	4.65	0	0	0	0		0	0	0
<b>Total</b>		<b>1,710</b>	<b>1,735</b>	<b>56</b>	<b>72</b>	<b>0</b>	<b>0</b>	<b>1,766</b>	<b>1,807</b>

**EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT**

**COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES  
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2016**

<b>Customer Classification</b>	<b>Cost of Service</b>		<b>Revenues, Present Rates</b>		<b>Revenues, Proposed Rates</b>		<b>Proposed Increase</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent Increase</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>	<b>(9)</b>
Residential	\$ 1,755,638	92.3%	\$ 1,587,507	88.9%	\$ 1,697,062	89.1%	\$ 109,554	6.9%
Commercial	147,467	7.7%	198,975	11.1%	205,874	10.9%	6,899	3.5%
Private Fire	-	0.0%	-	0.0%	-	0.0%	-	
Total Sales	1,903,105	100.0%	1,786,483	<u>100.0%</u>	1,902,936	<u>100.0%</u>	116,453	6.5%
Other Revenues	21,383		15,270		21,383		6,112	40.0%
Total	<u>\$ 1,924,487</u>		<u>\$ 1,801,753</u>		<u>\$ 1,924,318</u>		<u>\$ 122,566</u>	6.8%

**EPCOR WATER ARIZONA INC.  
HAVASU WATER DISTRICT**

**ALLOCATION OF TOTAL COST OF SERVICE BY COST FUNCTION TO CUSTOMER CLASSIFICATION**

Line no. No.	Cost Function	Factor Ref	Total Cost of Service	Residential	Commercial	Private Fire
	(1)	(2)	(3)	(4)	(5)	(6)
1						
2						
3	Commodity	A	\$ 68,058	\$ 60,129	\$ 7,929	\$ -
4						
5	Demand - Maximum Day	B	572,743	511,860	60,883	-
6						
7	Demand - Maximum Hour	C	674,032	613,437	60,595	-
8						
9	Customer Facilities - Meters	D	64,474	57,622	6,854	-
10						
11	Customer Facilities - Services	E	195,820	188,026	7,794	-
12						
13	Customer Accounting	F	303,305	302,515	789	-
14						
15	Direct Fire	G	24,672	22,049	2,623	-
16						
17	Total		<u>\$ 1,903,104</u>	<u>\$ 1,755,638</u>	<u>\$ 147,467</u>	<u>\$ -</u>
18						