

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

<u>Description</u> (1)	<u>Cost of Service</u> (2)	<u>Residential</u> (3)	<u>Commercial</u> (4)	<u>Private Fire</u> (5)
1. Revenues From Water Service - Present Rates	\$ 1,055,173	\$ 839,085	\$ 216,087	\$ -
2. Other Revenues	9,545	8,132	1,413	-
3. Total Operating Revenues	\$ 1,064,718	\$ 847,217	\$ 217,500	\$ -
4. Less: Operating Expenses	1,028,988	902,325	126,663	-
5. Return and Income Taxes	\$ 35,730	\$ (55,108)	\$ 90,838	\$ -
6. Less: Interest Expense (Allocated by Rate Base)	91,593	79,218	12,374	-
7. Taxable Income	(55,862)	(134,326)	78,464	-
8. Less: Income Taxes (Allocated based on Line 7)	(21,032)	(50,573)	29,541	-
9. Net Return (Ln 5 - Ln 8)	\$ 56,762	\$ (4,535)	\$ 61,297	\$ -
10. Original Cost Measure of Value	\$ 4,107,288	\$ 3,552,232	\$ 555,056	\$ -
11. Rate of Return, Percent	1.38%	-0.13%	11.04%	
12. Relative Rate of Return	1.00	-0.09	7.99	

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

<u>Description</u> (1)	<u>Cost of Service</u> (2)	<u>Residential</u> (3)	<u>Commercial</u> (4)	<u>Private Fire</u> (5)
1. Revenues From Water Service - Proposed Rates	\$ 1,460,174	\$ 1,226,877	\$ 233,296	\$ -
2. Other Revenues	14,369	12,276	2,092	-
3. Total Operating Revenues	\$ 1,474,542	\$ 1,239,153	\$ 235,389	\$ -
4. Less: Operating Expenses	1,047,510	918,507	129,003	-
5. Return and Income Taxes	\$ 427,032	\$ 320,646	\$ 106,386	\$ -
6. Less: Interest Expense (Allocated by Rate Base)	91,593	79,217	12,374	-
7. Taxable Income	335,440	241,429	94,012	-
8. Less: Income Taxes (Allocated based on Line 7)	132,398	95,287	37,111	-
9. Net Return (Ln 5 - Ln 8)	\$ 294,634	\$ 225,359	\$ 69,275	\$ -
10. Original Cost Measure of Value	\$ 4,107,288	\$ 3,552,339	\$ 554,949	\$ -
11. Rate of Return, Percent	7.17%	6.34%	12.48%	
12. Relative Rate of Return	1.00	0.88	1.74	

**EPCOR WATER ARIZONA INC.
NORTH MOHAVE 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	\$ 11,301	\$ 9,199	\$ 2,102	\$ -
4						
5	Demand - Maximum Day	B	493,961	409,690	84,270	-
6						
7	Demand - Maximum Hour	C	2,587,524	2,209,228	378,296	-
8						
9	Customer Facilities - Meters	D	345,641	297,632	48,009	-
10						
11	Customer Facilities - Services	E	383,628	363,795	19,834	-
12						
13	Customer Accounting	F	179,147	171,443	7,703	-
14						
15	Direct Fire	G	106,087	91,352	14,736	-
16						
17	Total		<u>\$ 4,107,289</u>	<u>\$ 3,552,339</u>	<u>\$ 554,949</u>	<u>\$ -</u>
18						

**EPCOR WATER ARIZONA INC.
NORTH MOHAVE 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	\$ 18,086	\$ 14,723	\$ 3,364	\$ -
4						
5	Demand - Maximum Day - Treatment and Pumping	B	321,915	266,995	54,919	-
6						
7	Demand - Maximum Hour	C	310,748	265,317	45,431	-
8						
9	Customer Facilities - Meters	D	54,089	46,576	7,512.99	-
10						
11	Customer Facilities - Services	E	41,320	39,184	2,136.24	-
12						
13	Customer Accounting	F	273,395	261,639	11,756	-
14						
15	Direct Fire	G	27,956	24,073	3,883	-
16						
17	Total		<u>\$ 1,047,510</u>	<u>\$ 918,507</u>	<u>\$ 129,003</u>	<u>\$ -</u>
18						

**EPCOR WATER ARIZONA INC.
NORTH MOHAVE 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	348,732	0	0	348,732	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	0	0	0	0	0	0	0	0
9	Water Treatment Equipment Non-Media	2	41,885	0	41,885	0	0	0	0	0
10	Water Treatment Equipment Filter Media	2	0	0	0	0	0	0	0	0
11	Distribution Reservoirs & Standpipes	3	605,592	0	0	605,592	0	0	0	0
12	TD Mains Not Classified by Size	3	3,957,609	0	0	3,957,609	0	0	0	0
13	TD Mains 4in & Less	3	14,767	0	0	14,767	0	0	0	0
14	TD Mains 6in to 8in	3	71,660	0	0	71,660	0	0	0	0
15	TD Mains 10in to 16in	2	90,527	0	90,527	0	0	0	0	0
16	TD Mains 18in & Grtr	2	0	0	0	0	0	0	0	0
17	Fire Mains	12	0	0	0	0	0	0	0	0
18	Services	4a	739,634	0	0	0	0	739,634	0	0
19	Meters	4	675,759	0	0	0	675,759	0	0	0
20	Meter Installations	4	0	0	0	0	0	0	0	0
21	Meter Vaults	4	0	0	0	0	0	0	0	0
22	Hydrants	12	200,549	0	0	0	0	0	0	200,549
23	Other P/E- Supply	2	0	0	0	0	0	0	0	0
24	Other P/E-TD	3	0	0	0	0	0	0	0	0
25	Other P/E-CPS/Intangible	9	2,997	9	363	1,883	253	279	134	77
26	Furniture and Equipment	7	7,028	180	2,766	933	97	165	2,812	75
27	Computer & Peripheral Equipment	7	534,271	13,677	210,289	70,951	7,373	12,555	213,762	5,663
28	Computer Software	7	14,063	360	5,535	1,868	194	330	5,626	149
29	Other Office Equipment	7	2,591	66	1,020	344	36	61	1,036	27

**EPCOR WATER ARIZONA INC.
NORTH MOHAVE 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	Transportation Equip Light Duty Trucks	7	233,278	5,972	91,818	30,979	3,219	5,482	93,335	2,473
4	Transportation Equip Heavy Duty Trucks	7	1,695	43	667	225	23	40	678	18
5	Transportation Equip Other	7	6,143	157	2,418	816	85	144	2,458	65
6	Stores Equipment	7	0	0	0	0	0	0	0	0
7	Tools, Shop, Garage Equipment	7	58,228	1,491	22,919	7,733	804	1,368	23,297	617
8	Laboratory Equipment	2	145	0	145	0	0	0	0	0
9	Power Operated Equipment	7	0	0	0	0	0	0	0	0
10	Communication Equipment Non-Telephone	7	17,391	445	6,845	2,310	240	409	6,958	184
11	Remote Control & Instrument	7	1,004	26	395	133	14	24	402	11
12	Communication Equipment Telephone	7	366	9	144	49	5	9	146	4
13	Communication Equipment Other	7	1,694	43	667	225	23	40	678	18
14	Miscellaneous Equipment	7	6,117	157	2,408	812	84	144	2,447	65
15	Other Tangible Plant	7	0	0	0	0	0	0	0	0
16	Total Plant in Service		\$ 8,172,051	\$ 23,395	\$ 989,354	\$ 5,133,355	\$ 688,618	\$ 761,381	\$ 365,638	\$ 210,309
17										
18	OTHER RATE BASE ELEMENTS									
19	Regulatory Advances and Contributions	9		0	0	0	0	0	0	0
20	Customer Advances	9	(3,425,721)	(9,935)	(414,512)	(2,152,038)	(288,788)	(319,277)	(153,130)	(88,041)
21	Contributions in Aid of Construction	9	(1,419,580)	(4,117)	(171,769)	(891,780)	(119,671)	(132,305)	(63,455)	(36,483)
22	Construction Work in Progress	2		0	0	0	0	0	0	0
23	Cash Working Capital Allowance	7	(13,670)	(350)	(5,381)	(1,815)	(189)	(321)	(5,470)	(145)
24	Utility Plant Acq. Adjustment	9	1,175,233	3,408	142,203	738,282	99,072	109,532	52,533	30,203
25	Customer Meter Deposits	4	(1,400)	0	0	0	(1,400)	0	0	0
26	Deferred Income Taxes	9	(379,623)	(1,101)	(45,934)	(238,479)	(32,002)	(35,381)	(16,969)	(9,756)
27	Deferred Debits	9	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
28	Regulatory Liabilities	9	0	0	0	0	0	0	0	0
29										
30	Total Other Rate Base Elements		(4,064,761)	(12,094)	(495,393)	(2,545,831)	(342,978)	(377,752)	(186,491)	(104,222)
31										
32	Total Original Cost Measure of Value		\$ 4,107,289	\$ 11,301	\$ 493,961	\$ 2,587,524	\$ 345,641	\$ 383,628	\$ 179,147	\$ 106,087

**EPCOR WATER ARIZONA INC.
NORTH MOHAVE 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	7,476	\$ 7,476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
7	Labor - Treatment	2	11,719	-	11,719	-	-	-	-	-	
8	Labor - Pumping	3	8,439	-	-	8,439	-	-	-	-	
9	Labor - T&D Mains	6	31,473	-	6,468	25,005	-	-	-	-	
10	Labor - T&D Storage	3	5,396	-	-	5,396	-	-	-	-	
11	Labor - T&D Meters	4	4,029	-	-	-	4,029	-	-	-	
12	Labor - T&D Services	4a	6,870	-	-	-	-	6,870	-	-	
13	Labor - T&D Hydrants	12	3,084	-	-	-	-	-	-	3,084	
14	Labor - Customer	5	65,073	-	-	-	-	-	65,073	-	
15	Labor - Meter Reading	5	7,986	-	-	-	-	-	7,986	-	
16	Labor - Administrative	7	-	-	-	-	-	-	-	-	
17	Purchased Water	1	-	-	-	-	-	-	-	-	
18	Fuel and Power	1	-	-	-	-	-	-	-	-	
19	Chemicals	1	349	349	-	-	-	-	-	-	
20	Waste Disposal	1	62	62	-	-	-	-	-	-	
21	Corporate allocation	7	42,737	1,094	16,821	5,675	590	1,004	17,099	453	
22	Outside Services	7	21,869	560	8,607	2,904	302	514	8,750	232	
23	Group Insurance and Other Benefits	8	58,994	2,908	7,085	15,120	1,569	2,672	28,441	1,198	
24	Pensions	8	-	-	-	-	-	-	-	-	
25	Regulatory Expense	7	6,394	164	2,517	849	88	150	2,558	68	
26	Insurance Other Than Group	7	14,763	378	5,811	1,961	204	347	5,907	156	
27	Customer Accounting	5	61,026	-	-	-	-	-	61,026	-	
28	Rents	7	5,182	133	2,040	688	72	122	2,073	55	
29	General Office Expense	7	18,689	478	7,356	2,482	258	439	7,478	198	
30	Miscellaneous	7	(1,931)	(49)	(760)	(256)	(27)	(45)	(773)	(20)	
31	Maintenance Expense - Treatment	2	134,705	-	134,705	-	-	-	-	-	
32	Maintenance Expense	6	-	-	-	-	-	-	-	-	
33	Maintenance Expense - Administrative	7	-	-	-	-	-	-	-	-	
34											
35											
36	TOTAL OPERATION AND MAINTENANCE EXPENSES		514,383	13,552	202,369	68,264	7,085	12,073	205,618	5,423	

**EPCOR WATER ARIZONA INC.
NORTH MOHAVE 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	14,376	-	-	-	-	14,376	-	-
5	Meters	4	34,812	-	-	-	34,812	-	-	-
6	Meter Installations	4	-	-	-	-	-	-	-	-
7	Meter Vaults	4	-	-	-	-	-	-	-	-
8	Hydrants	12	6,718	-	-	-	-	-	-	6,718
9	Other P/E-TD	3	-	-	-	-	-	-	-	-
10	Other P/E-Supply	2	-	-	-	-	-	-	-	-
11	Other P/E-CPS/Intangible	9	-	-	-	-	-	-	-	-
12	Office Furniture & Equipment	7	260	7	102	35	4	6	104	3
13	Computer & Periphal Equipment	7	915	23	360	121	13	21	366	10
14	Computer Software	7	105,993	2,713	41,719	14,076	1,463	2,491	42,408	1,124
15	Other Office Equipment	7	5,996	154	2,360	796	83	141	2,399	64
16	Transportation Equip Light Duty Trucks	7	353	9	139	47	5	8	141	4
17	Transportation Equip Heavy Duty Trucks	7	23,993	614	9,444	3,186	331	564	9,600	254
18	Transportation Equipment Other	7	256	7	101	34	4	6	103	3
19	Stores Equipment	7	740	19	291	98	10	17	296	8
20	Tools,Shop,Garage Equipment	7	-	-	-	-	-	-	-	-
21	Laboratory Equipment	2	2,938	-	2,938	-	-	-	-	-
22	Power Operated Equipment	7	18	0	7	2	0	0	7	0
23	Communication Equipment Non-Telephone	7	-	-	-	-	-	-	-	-
24	Remote Control & Instrument	7	1,736	44	683	231	24	41	695	18
25	Communication Equipment Telephone	7	81	2	32	11	1	2	32	1
26	Communication Equipment Other	7	74	2	29	10	1	2	29	1
27	Miscellaneous Equipment	7	196	5	77	26	3	5	78	2
28	Other Tangible Plant	7	716	18	282	95	10	17	286	8
	Total Depreciation Expense		393,564	3,680	104,098	165,486	36,795	17,754	57,509	8,242

EPCOR WATER ARIZONA INC.
NORTH MOHAVE 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	627	0.8140
Commercial/Public	143	0.1860
Fire Protection	0	0.0000
Total	770	1.0000

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	627	2.00	1,254	0.8294
Commercial/Public	143	1.80	258	0.1706
Total	770		1,512	1.0000

EPCOR WATER ARIZONA INC.
NORTH MOHAVE 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	26.1	4.00	104.5	0.8538
Commercial/Pubic	6.0	3.00	17.9	0.1462
	<u>32.1</u>		<u>122.4</u>	<u>1.0000</u>

EPCOR WATER ARIZONA INC.
NORTH MOHAVE 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	2,257	0.8611
Commercial/Public	364	0.1389
Fire Protection	0	0.0000
	<hr/>	<hr/>
Total	<u>2,621</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	1,980	0.9483
Commercial/Public	108	0.0517
Fire Protection	0	0.0000
	<hr/>	<hr/>
Total	<u>2,088</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	1,960	0.9570
Commercial/Public	88	0.0430
Fire Protection	0	0.0000
	<hr/>	<hr/>
Total	<u>2,048</u>	<u>1.0000</u>

EPCOR WATER ARIZONA INC.
NORTH MOHAVE 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 Equivalents</u>	<u>Allocation of Public Fire</u>	<u>Allocation of Public Fire Using Factor</u>
	Residential	2,257	0.8611	0.8611
	Commercial/Public	364	0.1389	0.1389
		<u>2,621</u>	<u>1.0000</u>	<u>1.0000</u>

EPCOR WATER ARIZONA INC.
 NORTH MOHAVE 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	1,888	1,888	32	32	1,920	1,920
1	2.50	30	75	16	40	46	115
1-1/2	5.00	14	70	14	70	28	140
2	8.00	28	224	24	192	52	416
3	15.00	0	0	2	30	2	30
4	25.00	0	0	0	0	0	0
6	50.00	0	0	0	0	0	0
8	80.00	0	0	0	0	0	0
10	115.00	0	0	0	0	0	0
Total		<u>1,960</u>	<u>2,257</u>	<u>88</u>	<u>364</u>	<u>2,048</u>	<u>2,621</u>

EPCOR WATER ARIZONA INC.
NORTH MOHAVE 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	1,888	1,888	32	32		0	1,920	1,920
1	1.06	30	32	16	17		0	46	49
1-1/2	1.28	14	18	14	18		0	28	36
2	1.50	28	42	24	36		0	52	78
3	2.37	0	0	2	5		0	2	5
4	2.50	0	0	0	0		0	0	0
6	2.79	0	0	0	0		0	0	0
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
Total		<u>1,960</u>	<u>1,980</u>	<u>88</u>	<u>108</u>	<u>0</u>	<u>0</u>	<u>2,048</u>	<u>2,088</u>

**EPCOR WATER ARIZONA INC.
NORTH MOHAVE WATER DISTRICT**

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

Customer Classification	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent Increase
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Residential	\$ 1,275,553	87.3%	\$ 839,085	79.5%	\$ 1,226,877	83.9%	\$ 387,792	46.2%
Commercial	184,874	12.7%	216,087	20.5%	233,296	16.1%	17,209	8.0%
Private Fire	-	0.0%	-	0.0%	-	0.0%	-	
Total Sales	1,460,427	100.0%	1,055,173	<u>100.0%</u>	1,460,173	<u>100.0%</u>	405,001	38.4%
Other Revenues	14,369		9,546		14,369		4,823	50.5%
Total	<u>\$ 1,474,795</u>		<u>\$ 1,064,719</u>		<u>\$ 1,474,542</u>		<u>\$ 409,823</u>	38.5%

**EPCOR WATER ARIZONA INC.
NORTH MOHAVE 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	(1)	(2)	(3)	(4)	(5)	(6)
2						
3	Commodity	A	\$ 19,125	\$ 15,568	\$ 3,557	\$ -
4						
5	Demand - Maximum Day	B	370,950	307,666	63,284	-
6						
7	Demand - Maximum Hour	C	581,172	496,205	84,967	-
8						
9	Customer Facilities - Meters	D	90,109	77,594	12,516	-
10						
11	Customer Facilities - Services	E	81,457	77,246	4,211	-
12						
13	Customer Accounting	F	289,657	277,201	12,455	-
14						
15	Direct Fire	G	27,956	24,073	3,883	-
16						
17	Total		<u>\$ 1,460,427</u>	<u>\$ 1,275,553</u>	<u>\$ 184,874</u>	<u>\$ -</u>
18						