

**EPCOR WATER ARIZONA INC.  
TUBAC 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	\$ 798,508	\$ 565,215	\$ 233,293	\$ -
2. Other Revenues	37,811	29,071	8,740	-
3. Total Operating Revenues	\$ 836,319	\$ 594,286	\$ 242,033	\$ -
4. Less: Operating Expenses	606,546	470,648	135,898	-
5. Return and Income Taxes	\$ 229,773	\$ 123,638	\$ 106,135	\$ -
6. Less: Interest Expense (Allocated by Rate Base)	11,309	8,752	2,557	-
7. Taxable Income	218,465	114,886	103,578	-
8. Less: Income Taxes (Allocated based on Line 7)	85,652	45,045	40,608	-
9. Net Return (Ln 5 - Ln 8)	\$ 144,121	\$ 78,593	\$ 65,527	\$ -
10. Original Cost Measure of Value	\$ 1,142,315	\$ 883,990	\$ 258,324	\$ -
11. Rate of Return, Percent	12.62%	8.89%	25.37%	
12. Relative Rate of Return	1.00	0.70	2.01	

**EPCOR WATER ARIZONA INC.  
TUBAC 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	\$ 655,524	\$ 475,056	\$ 180,467	\$ -
2. Other Revenues	39,667	30,467	9,200	-
3. Total Operating Revenues	\$ 695,191	\$ 505,523	\$ 189,667	\$ -
4. Less: Operating Expenses	599,214	465,085	134,129	-
5. Return and Income Taxes	\$ 95,976	\$ 40,438	\$ 55,538	\$ -
6. Less: Interest Expense (Allocated by Rate Base)	11,309	8,750	2,558	-
7. Taxable Income	84,667	31,688	52,980	-
8. Less: Income Taxes (Allocated based on Line 7)	33,076	12,377	20,696	-
9. Net Return (Ln 5 - Ln 8)	\$ 62,900	\$ 28,061	\$ 34,842	\$ -
10. Original Cost Measure of Value	\$ 1,142,314	\$ 883,957	\$ 258,357	\$ -
11. Rate of Return, Percent	5.51%	3.17%	13.49%	
12. Relative Rate of Return	1.00	0.58	2.45	

**EPCOR WATER ARIZONA INC.  
TUBAC 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	\$ 19,770	\$ 14,333	\$ 5,437	\$ -
4						
5	Demand - Maximum Day	B	307,574	229,019	78,554	-
6						
7	Demand - Maximum Hour	C	602,201	468,392	133,809	-
8						
9	Customer Facilities - Meters	D	39,683	29,029	10,655	-
10						
11	Customer Facilities - Services	E	131,343	111,562	19,780	-
12						
13	Customer Accounting	F	8,386	7,220	1,165	-
14						
15	Direct Fire	G	33,359	24,402	8,957	-
16						
17	Total		<u>\$ 1,142,316</u>	<u>\$ 883,957</u>	<u>\$ 258,357</u>	<u>\$ -</u>
18						

**EPCOR WATER ARIZONA INC.  
TUBAC 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	\$ 49,944	\$ 36,210	\$ 13,735	\$ -
4						
5	Demand - Maximum Day - Treatment and Pumping	B	91,958	68,471	23,486	-
6						
7	Demand - Maximum Hour	C	318,725	247,904	70,821	-
8						
9	Customer Facilities - Meters	D	30,613	22,394	8,219.68	-
10						
11	Customer Facilities - Services	E	48,652	41,325	7,326.98	-
12						
13	Customer Accounting	F	41,566	35,792	5,773	-
14						
15	Direct Fire	G	17,757	12,989	4,768	-
16						
17	Total		<u>\$ 599,215</u>	<u>\$ 465,085</u>	<u>\$ 134,129</u>	<u>\$ -</u>
18						

**EPCOR WATER ARIZONA INC.  
TUBAC 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	567	10	153	299	20	65	4	16
5	Franchises	9	2,030	34	548	1,071	70	234	13	59
6	Land & Land Rights Supply	1	61,190	61,190	0	0	0	0	0	0
7	Land & Land Rights Pumping	2	50	0	50	0	0	0	0	0
8	Land & Land Rights Treatment	2	50	0	50	0	0	0	0	0
9	Land & Land Rights T&D	3	422	0	0	422	0	0	0	0
10	Land & Land Rights General	9	2,755	47	744	1,454	95	318	18	80
11	Structures & Improvements Supply	2	15,163	0	15,163	0	0	0	0	0
12	Structures & Improvements Pumping	3	12,563	0	0	12,563	0	0	0	0
13	Structures & Improvements Treatment	2	258	0	258	0	0	0	0	0
14	Structures & Improvements Trans & Dist	3	35	0	0	35	0	0	0	0
15	Structures & Improvements General	7	731	39	142	347	34	58	85	26
16	Structures & Improvements Offices	7	38,782	2,059	7,551	18,398	1,799	3,072	4,526	1,377
17	Structures & Improvements Leasehold	7	128	7	25	61	6	10	15	5
18	Structures & Improvements Store, Shop, Gge	7	40,549	2,153	7,895	19,236	1,881	3,211	4,732	1,439
19	Structures & Improvements Miscellaneous	7	0	0	0	0	0	0	0	0
20	Collect & Impounding	2	0	0	0	0	0	0	0	0
21	Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
22	Wells & Springs	2	101,264	0	101,264	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	53,001	0	0	53,001	0	0	0	0



**EPCOR WATER ARIZONA INC.  
TUBAC 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	45,343	2,408	8,828	21,511	2,104	3,591	5,292	1,610
4	Transportation Equip Heavy Duty Trucks	7	512	27	100	243	24	41	60	18
5	Transportation Equip Other	7	203	11	40	96	9	16	24	7
6	Stores Equipment	7	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
7	Tools, Shop, Garage Equipment	7	25,805	1,370	5,024	12,242	1,197	2,044	3,011	916
8	Laboratory Equipment	2	44	0	44	0	0	0	0	0
9	Power Operated Equipment	7	0	0	0	0	0	0	0	0
10	Communication Equipment Non-Telephone	7	29,423	1,562	5,729	13,958	1,365	2,330	3,434	1,045
11	Remote Control & Instrument	7	303	16	59	144	14	24	35	11
12	Communication Equipment Telephone	7	110	6	21	52	5	9	13	4
13	Communication Equipment Other	7	504	27	98	239	23	40	59	18
14	Miscellaneous Equipment	7	1,846	98	359	876	86	146	215	66
15	Other Tangible Plant	7		0	0	0	0	0	0	0
16	Total Plant in Service		\$ 4,371,221	\$ 73,929	\$ 1,180,229	\$ 2,306,373	\$ 150,946	\$ 504,692	\$ 27,805	\$ 127,247
17										
18	OTHER RATE BASE ELEMENTS									
19	Regulatory Advances and Contributions	9		0	0	0	0	0	0	0
20	Customer Advances	9	(685,189)	(11,580)	(185,001)	(361,506)	(23,639)	(79,139)	(4,385)	(19,939)
21	Contributions in Aid of Construction	9	(2,373,332)	(40,109)	(640,800)	(1,252,170)	(81,880)	(274,120)	(15,189)	(69,064)
22	Construction Work in Progress	2		0	0	0	0	0	0	0
23	Cash Working Capital Allowance	7	11,303	600	2,201	5,362	524	895	1,319	401
24	Utility Plant Acq. Adjustment	9	0	0	0	0	0	0	0	0
25	Customer Meter Deposits	4	0	0	0	0	0	0	0	0
26	Deferred Income Taxes	9	(114,582)	(1,936)	(30,937)	(60,453)	(3,953)	(13,234)	(733)	(3,334)
27	Deferred Debits	9	6,323	107	1,707	3,336	218	730	40	184
28	Regulatory Liabilities	9	(73,428)	(1,241)	(19,826)	(38,741)	(2,533)	(8,481)	(470)	(2,137)
29										
30	Total Other Rate Base Elements		(3,228,905)	(54,159)	(872,655)	(1,704,172)	(111,263)	(373,349)	(19,418)	(93,889)
31										
32	Total Original Cost Measure of Value		\$ 1,142,316	\$ 19,770	\$ 307,574	\$ 602,201	\$ 39,683	\$ 131,343	\$ 8,386	\$ 33,359

EPCOR WATER ARIZONA INC.  
TUBAC 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	8,138	\$ 8,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Labor - Treatment	2	12,758	-	12,758	-	-	-	-	-
8	Labor - Pumping	3	9,187	-	-	9,187	-	-	-	-
9	Labor - T&D Mains	6	55,554	-	1,628	53,927	-	-	-	-
10	Labor - T&D Storage	3	9,525	-	-	9,525	-	-	-	-
11	Labor - T&D Meters	4	7,112	-	-	-	7,112	-	-	-
12	Labor - T&D Services	4a	12,126	-	-	-	-	12,126	-	-
13	Labor - T&D Hydrants	12	5,443	-	-	-	-	-	-	5,443
14	Labor - Customer	5	2,234	-	-	-	-	-	2,234	-
15	Labor - Meter Reading	5	-	-	-	-	-	-	-	-
16	Labor - Administrative	7	-	-	-	-	-	-	-	-
17	Purchased Water	1	-	-	-	-	-	-	-	-
18	Fuel and Power	1	-	-	-	-	-	-	-	-
19	Chemicals	1	27,815	27,815	-	-	-	-	-	-
20	Waste Disposal	1	1,495	1,495	-	-	-	-	-	-
21	Corporate allocation	7	25,932	1,377	5,049	12,302	1,203	2,054	3,026	921
22	Outside Services	7	26,910	1,429	5,239	12,766	1,249	2,131	3,140	955
23	Group Insurance and Other Benefits	8	60,816	4,056	7,164	36,185	3,546	6,039	1,113	2,712
24	Pensions	8	-	-	-	-	-	-	-	-
25	Regulatory Expense	7	5,294	281	1,031	2,511	246	419	618	188
26	Insurance Other Than Group	7	9,682	514	1,885	4,593	449	767	1,130	344
27	Customer Accounting	5	23,427	-	-	-	-	-	23,427	-
28	Rents	7	8,677	461	1,689	4,117	403	687	1,013	308
29	General Office Expense	7	24,039	1,276	4,680	11,404	1,115	1,904	2,805	853
30	Miscellaneous	7	2,170	115	423	1,029	101	172	253	77
31	Maintenance Expense - Treatment	2	23,056	-	23,056	-	-	-	-	-
32	Maintenance Expense	6	-	-	-	-	-	-	-	-
33	Maintenance Expense - Administrative	7	-	-	-	-	-	-	-	-
34										
35										
36	TOTAL OPERATION AND MAINTENANCE EXPENSES		361,391	46,959	64,602	157,547	15,423	26,299	38,760	11,801



**EPCOR WATER ARIZONA INC.  
TUBAC 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	15,467	-	-	-	-	15,467	-	-
5	Meters	4	11,896	-	-	-	11,896	-	-	-
6	Meter Installations	4	480	-	-	-	480	-	-	-
7	Meter Vaults	4	-	-	-	-	-	-	-	-
8	Hydrants	12	1,919	-	-	-	-	-	-	1,919
9	Other P/E-TD	3	-	-	-	-	-	-	-	-
10	Other P/E-Supply	2	-	-	-	-	-	-	-	-
11	Other P/E-CPS/Intangible	9	-	-	-	-	-	-	-	-
12	Office Furniture & Equipment	7	78	4	15	37	4	6	9	3
13	Computer & Periphial Equipment	7	2,085	111	406	989	97	165	243	74
14	Computer Software	7	3,538	188	689	1,678	164	280	413	126
15	Other Office Equipment	7	1,729	92	337	820	80	137	202	61
16	Transportation Equip Light Duty Trucks	7	-	-	-	-	-	-	-	-
17	Transportation Equip Heavy Duty Trucks	7	8,155	433	1,588	3,869	378	646	952	289
18	Transportation Equipment Other	7	77	4	15	37	4	6	9	3
19	Stores Equipment	7	32	2	6	15	1	3	4	1
20	Tools,Shop,Garage Equipment	7	-	-	-	-	-	-	-	-
21	Laboratory Equipment	2	1,122	-	1,122	-	-	-	-	-
22	Power Operated Equipment	7	6	0	1	3	0	0	1	0
23	Communication Equipment Non-Telephone	7	-	-	-	-	-	-	-	-
24	Remote Control & Instrument	7	2,245	119	437	1,065	104	178	262	80
25	Communication Equipment Telephone	7	24	1	5	12	1	2	3	1
26	Communication Equipment Other	7	22	1	4	11	1	2	3	1
27	Miscellaneous Equipment	7	102	5	20	48	5	8	12	4
28	Other Tangible Plant	7	216	11	42	102	10	17	25	8
	Total Depreciation Expense		188,601	1,668	16,097	135,494	13,307	17,058	2,344	2,632



EPCOR WATER ARIZONA INC.  
TUBAC WATER DISTRICT

FACTORS FOR ALLOCATING COST OF SERVICE TO COST FUNCTIONS

Line No.	Reference	Commodity	Max Day		Max Hour	Customer Facilities		Customer Accounting	Direct Fire	Total
			Treat. & Pump.	T&D - Max Day		Meters	Services			
1										
2										
3	Factor 1 - Commodity	1.0000								1.0000
2										
3	Factor 2 - Maximum Day		1.0000							1.0000
4										
3	Factor 3 - Maximum Hour				1.0000					1.0000
4										
5	Factor 4 - Customer Facilities - Meters					1.0000				1.0000
4										
5	Factor 4A - Customer Facilities - Services						1.0000			1.0000
6										
5	Factor 5 - Customer Accounting							1.0000		1.0000
6										
7	Factor 6 - Max Day and Max Hour based on Mains			0.0293	0.9707					1.0000
6										
7	Factor 7 - Administrative and General									
8	Cost	17,648	64,602	0	157,547	15,423	26,299	38,760	11,801	320,280
7	Factor	0.0531	0.1947	0.0000	0.4744	0.0464	0.0792	0.1167	0.0355	1.0000
8										
9	Factor 8 - Labor Related Expenses									
8	Cost	8,138	14,385	0	72,639	7,112	12,126	2,234	5,443	122,077
9	Factor	0.0667	0.1178	0	0.595	0.0583	0.0993	0.0183	0.0446	1.0000
10										
9	Factor 9 - Rate Base Less Costs Allocated									
10	Cost	73,823	1,178,540	0	2,303,072	150,730	503,969	27,765	127,065	4,364,965
11	Factor	0.0169	0.27	0	0.5276	0.0345	0.1155	0.0064	0.0291	1.0000
10										
11	Factor 10 - Rate Base									
12	Cost	19,770	307,574	0	602,201	39,683	131,343	8,386	33,359	1,142,316
11	Factor	0.0173	0.2693	0	0.5272	0.0347	0.115	0.0073	0.0292	1.0000
12										
13	Factor 11 - Cost of Service									
12	Cost	51,638	118,331	0	370,353	34,011	59,914	42,280	18,832	695,359
13	Factor	0.0743	0.1701	0	0.5326	0.0489	0.0862	0.0608	0.0271	1.0000
14										
	Factor 12 - Direct Fire								1.0000	1.0000

EPCOR WATER ARIZONA INC.  
TUBAC 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	139	0.7250
Commercial/Public	53	0.2750
Fire Protection	0	0.0000
 Total	 <u>191</u>	 <u>1.0000</u>

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	139	2.00	277	0.7446
Commercial/Public	53	1.80	95	0.2554
 Total	 <u>191</u>		 <u>372</u>	 <u>1.0000</u>

EPCOR WATER ARIZONA INC.  
TUBAC 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 <u>(1)</u>	Average Hourly Consumption, 1000 Gallons <u>(2)</u>	Factor <u>(3)</u>	Rate of Flow, 1000 Gallons Per Hour <u>(4)=(2)x(3)</u>	<u>Allocation Factor (5)</u>
Residential	5.8	4.00	23.1	0.7778
Commercial/Pubic	2.2	3.00	6.6	0.2222
	<u>8.0</u>		<u>29.7</u>	<u>1.0000</u>

EPCOR WATER ARIZONA INC.  
TUBAC 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	594	0.7315
Commercial/Public	218	0.2685
Fire Protection	0	0.0000
	<hr/>	<hr/>
Total	<u>812</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	536	0.8494
Commercial/Public	95	0.1506
Fire Protection	0	0.0000
	<hr/>	<hr/>
Total	<u>631</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	533	0.8611
Commercial/Public	86	0.1389
Fire Protection	0	0.0000
	<hr/>	<hr/>
Total	<u>619</u>	<u>1.0000</u>

EPCOR WATER ARIZONA INC.  
TUBAC 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>90</u>	
Total Public Fire Protection		0	90	1.0000
Total Fire Protection		0	90	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		594	0.7315	0.7315
Commercial/Public		218	0.2685	0.2685
		<u>812</u>	<u>1.0000</u>	<u>1.0000</u>

EPCOR WATER ARIZONA INC.  
TUBAC 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	507	507	53	53	560	560
1	2.50	22	55	17	43	39	98
1-1/2	5.00	0	0	2	10	2	10
2	8.00	4	32	14	112	18	144
3	15.00	0	0	0	0	0	0
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>533</u>	<u>594</u>	<u>86</u>	<u>218</u>	<u>619</u>	<u>812</u>

EPCOR WATER ARIZONA INC.  
TUBAC 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	507	507	53	53		0	560	560
1	1.06	22	23	17	18		0	39	41
1-1/2	1.28	0	0	2	3		0	2	3
2	1.50	4	6	14	21		0	18	27
3	2.37	0	0	0	0		0	0	0
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>533</u>	<u>536</u>	<u>86</u>	<u>95</u>	<u>0</u>	<u>0</u>	<u>619</u>	<u>631</u>

**EPCOR WATER ARIZONA INC.  
TUBAC 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	\$ 508,782	77.6%	\$ 565,215	70.8%	\$ 475,056	72.4%	\$ (90,159)	-16.0%
Commercial	146,911	22.4%	\$ 233,293	29.2%	180,467	27.6%	(52,826)	-22.6%
Private Fire	-	0.0%	0	0.0%	-	0.0%	-	
Total Sales	655,693	100.0%	798,508	<u>100.0%</u>	655,523	<u>100.0%</u>	(142,985)	-17.9%
Other Revenues	39,667		37,810		39,667		1,857	4.9%
Total	<u>\$ 695,360</u>		<u>\$ 836,318</u>		<u>\$ 695,190</u>		<u>\$ (141,127)</u>	-16.9%

**EPCOR WATER ARIZONA INC.  
TUBAC 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	\$ 48,691	\$ 35,301	\$ 13,390	\$ -
4						
5	Demand - Maximum Day	B	111,583	83,085	28,498	-
6						
7	Demand - Maximum Hour	C	349,226	271,628	77,598	-
8						
9	Customer Facilities - Meters	D	32,072	23,462	8,611	-
10						
11	Customer Facilities - Services	E	56,494	47,986	8,508	-
12						
13	Customer Accounting	F	39,869	34,330	5,538	-
14						
15	Direct Fire	G	17,757	12,989	4,768	-
16						
17	Total		<u>\$ 655,692</u>	<u>\$ 508,782</u>	<u>\$ 146,911</u>	<u>\$ -</u>
18						