

**EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY 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	\$ 10,821,315	\$ 9,793,741	\$ 908,972	\$ 118,602
2. Other Revenues	101,228	93,346	7,312	571
3. Total Operating Revenues	\$ 10,922,543	\$ 9,887,087	\$ 916,283	\$ 119,173
4. Less: Operating Expenses	8,042,928	7,497,818	501,219	43,891
5. Return and Income Taxes	\$ 2,879,616	\$ 2,389,269	\$ 415,064	\$ 75,282
6. Less: Interest Expense (Allocated by Rate Base)	768,491	713,698	49,337	5,456
7. Taxable Income	2,111,124	1,675,571	365,727	69,826
8. Less: Income Taxes (Allocated based on Line 7)	849,265	674,062	147,093	28,111
9. Net Return (Ln 5 - Ln 8)	\$ 2,030,350	\$ 1,715,207	\$ 267,971	\$ 47,171
10. Original Cost Measure of Value	\$ 34,461,498	\$ 32,003,714	\$ 2,213,768	\$ 244,016
11. Rate of Return, Percent	5.89%	5.36%	12.10%	19.33%
12. Relative Rate of Return	1.00	0.91	2.05	3.28

**EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY 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	\$ 11,614,781	\$ 10,481,700	\$ 994,512	\$ 138,569
2. Other Revenues	118,823	109,609	8,532	682
3. Total Operating Revenues	\$ 11,733,603	\$ 10,591,309	\$ 1,003,043	\$ 139,251
4. Less: Operating Expenses	8,084,391	7,535,664	504,472	44,255
5. Return and Income Taxes	\$ 3,649,213	\$ 3,055,646	\$ 498,572	\$ 94,995
6. Less: Interest Expense (Allocated by Rate Base)	768,491	713,697	49,337	5,456
7. Taxable Income	2,880,721	2,341,949	449,235	89,539
8. Less: Income Taxes (Allocated based on Line 7)	1,154,738	938,802	180,024	35,912
9. Net Return (Ln 5 - Ln 8)	\$ 2,494,475	\$ 2,116,844	\$ 318,548	\$ 59,083
10. Original Cost Measure of Value	\$ 34,461,498	\$ 32,003,749	\$ 2,213,732	\$ 244,017
11. Rate of Return, Percent	7.24%	6.61%	14.39%	24.21%
12. Relative Rate of Return	1.00	0.91	1.99	3.35

**EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY 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	\$ 109,274	\$ 98,347	\$ 9,605	\$ 1,322
4						
5	Demand - Maximum Day	B	7,033,937	6,464,891	569,046	-
6						
7	Demand - Maximum Hour	C	16,727,501	15,392,646	1,127,434	207,421
8						
9	Customer Facilities - Meters	D	721,736	659,307	62,430	-
10						
11	Customer Facilities - Services	E	7,496,848	7,179,732	296,126	20,991
12						
13	Customer Accounting	F	1,042,425	1,006,043	35,130	1,251
14						
15	Direct Fire	G	1,329,777	1,202,783	113,962	13,032
16						
17	Total		<u>\$ 34,461,499</u>	<u>\$ 32,003,749</u>	<u>\$ 2,213,732</u>	<u>\$ 244,017</u>
18						

**EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY 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	\$ 319,751	\$ 287,777	\$ 28,106	\$ 3,869
4						
5	Demand - Maximum Day - Treatment and Pumping	B	1,759,093	1,616,781	142,311	-
6						
7	Demand - Maximum Hour	C	2,670,101	2,457,027	179,965	33,109
8						
9	Customer Facilities - Meters	D	410,581	375,065	35,515.23	-
10						
11	Customer Facilities - Services	E	715,764	685,487	28,272.69	2,004
12						
13	Customer Accounting	F	1,904,202	1,837,745	64,172	2,285
14						
15	Direct Fire	G	304,899	275,781	26,130	2,988
16						
17	Total		<u>\$ 8,084,390</u>	<u>\$ 7,535,664</u>	<u>\$ 504,472</u>	<u>\$ 44,255</u>
18						





**EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY 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	398,771	15,233	108,585	93,432	10,448	17,785	145,312	7,975
4	Transportation Equip Heavy Duty Trucks	7	38,116	1,456	10,379	8,931	999	1,700	13,890	762
5	Transportation Equip Other	7	4,562	174	1,242	1,069	120	203	1,662	91
6	Stores Equipment	7	0	0	0	0	0	0	0	0
7	Tools, Shop, Garage Equipment	7	376,819	14,394	102,608	88,289	9,873	16,806	137,313	7,536
8	Laboratory Equipment	2	954	0	954	0	0	0	0	0
9	Power Operated Equipment	7	(40,251)	(1,538)	(10,960)	(9,431)	(1,055)	(1,795)	(14,667)	(805)
10	Communication Equipment Non-Telephone	7	27,186	1,039	7,403	6,370	712	1,212	9,907	544
11	Remote Control & Instrument	7	6,806	260	1,853	1,595	178	304	2,480	136
12	Communication Equipment Telephone	7	296,154	11,313	80,643	69,389	7,759	13,208	107,919	5,923
13	Communication Equipment Other	7	11,480	439	3,126	2,690	301	512	4,183	230
14	Miscellaneous Equipment	7	314,433	12,011	85,620	73,672	8,238	14,024	114,579	6,289
15	Other Tangible Plant	7	0	0	0	0	0	0	0	0
16	Total Plant in Service		\$ 51,375,534	\$ 133,750	\$ 10,428,837	\$ 25,135,227	\$ 1,089,619	\$ 11,314,641	\$ 1,275,871	\$ 1,997,590
17										
18	OTHER RATE BASE ELEMENTS									
19	Regulatory Advances and Contributions	9	0	0	0	0	0	0	0	0
20	Customer Advances	9	(2,746,251)	(7,140)	(557,764)	(1,343,466)	(58,221)	(604,725)	(68,107)	(106,829)
21	Contributions in Aid of Construction	9	(11,980,031)	(31,148)	(2,433,144)	(5,860,631)	(253,977)	(2,638,003)	(297,105)	(466,023)
22	Construction Work in Progress	2	0	0	0	0	0	0	0	0
23	Cash Working Capital Allowance	7	546,872	20,890	148,913	128,132	14,328	24,390	199,280	10,937
24	Utility Plant Acq. Adjustment	9	0	0	0	0	0	0	0	0
25	Customer Meter Deposits	4	(12,300)	0	0	0	(12,300)	0	0	0
26	Deferred Income Taxes	9	(2,572,646)	(6,689)	(522,504)	(1,258,539)	(54,540)	(566,497)	(63,802)	(100,076)
27	Deferred Debits	9	65,654	171	13,334	32,118	1,392	14,457	1,628	2,554
28	Regulatory Liabilities	9	(215,333)	(560)	(43,734)	(105,341)	(4,565)	(47,416)	(5,340)	(8,376)
29										
30	Total Other Rate Base Elements		(16,914,036)	(24,476)	(3,394,899)	(8,407,727)	(367,882)	(3,817,793)	(233,445)	(667,813)
31										
32	Total Original Cost Measure of Value		\$ 34,461,498	\$ 109,274	\$ 7,033,937	\$ 16,727,501	\$ 721,736	\$ 7,496,848	\$ 1,042,425	\$ 1,329,777

**EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY 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	88,118	\$ 88,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Labor - Treatment	2	135,302	-	135,302	-	-	-	-	-
8	Labor - Pumping	3	93,121	-	-	93,121	-	-	-	-
9	Labor - T&D Mains	6	470,991	-	104,560	366,431	-	-	-	-
10	Labor - T&D Storage	3	80,755	-	-	80,755	-	-	-	-
11	Labor - T&D Meters	4	60,295	-	-	-	60,295	-	-	-
12	Labor - T&D Services	4a	102,802	-	-	-	-	102,802	-	-
13	Labor - T&D Hydrants	12	46,145	-	-	-	-	-	-	46,145
14	Labor - Customer	5	356,515	-	-	-	-	-	356,515	-
15	Labor - Meter Reading	5	134,442	-	-	-	-	-	134,442	-
16	Labor - Administrative	7	245,841	9,391	66,943	57,601	6,441	10,965	89,585	4,917
17	Purchased Water	1	-	-	-	-	-	-	-	-
18	Fuel and Power	1	-	-	-	-	-	-	-	-
19	Chemicals	1	113,164	113,164	-	-	-	-	-	-
20	Waste Disposal	1	4,403	4,403	-	-	-	-	-	-
21	Corporate allocation	7	434,274	16,589	118,253	101,750	11,378	19,369	158,249	8,685
22	Outside Services	7	276,722	10,571	75,351	64,836	7,250	12,342	100,837	5,534
23	Group Insurance and Other Benefits	8	606,211	32,554	102,571	199,747	22,309	38,009	193,988	17,035
24	Pensions	8	-	-	-	-	-	-	-	-
25	Regulatory Expense	7	146,040	5,579	39,767	34,217	3,826	6,513	53,217	2,921
26	Insurance Other Than Group	7	97,540	3,726	26,560	22,854	2,556	4,350	35,544	1,951
27	Customer Accounting	5	466,218	-	-	-	-	-	466,218	-
28	Rents	7	52,656	2,011	14,338	12,337	1,380	2,348	19,188	1,053
29	General Office Expense	7	231,959	8,861	63,162	54,348	6,077	10,345	84,526	4,639
30	Miscellaneous	7	68,843	2,630	18,746	16,130	1,804	3,070	25,087	1,377
31	Maintenance Expense - Treatment	2	518,180	-	518,180	-	-	-	-	-
32	Maintenance Expense	6	-	-	-	-	-	-	-	-
33	Maintenance Expense - Administrative	7	-	-	-	-	-	-	-	-
34										
35										
36	TOTAL OPERATION AND MAINTENANCE EXPENSES		4,830,538	297,596	1,283,734	1,104,128	123,315	210,114	1,717,395	94,257





**EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY 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	373,209	-	-	-	-	373,209	-	-
5	Meters	4	262,690	-	-	-	262,690	-	-	-
6	Meter Installations	4	-	-	-	-	-	-	-	-
7	Meter Vaults	4	-	-	-	-	-	-	-	-
8	Hydrants	12	37,364	-	-	-	-	-	-	37,364
9	Backflow Preventers	4a	-	-	-	-	-	-	-	-
10	Other P/E-Supply	2	-	-	-	-	-	-	-	-
11	Other P/E-CPS/Intangible	9	142,237	370	28,888	69,582	3,015	31,320	3,527	5,533
12	Office Furniture & Equipment	7	1,761	67	480	413	46	79	642	35
13	Computer & Periphal Equipment	7	24,051	919	6,549	5,635	630	1,073	8,764	481
14	Computer Software	7	81,636	3,119	22,230	19,127	2,139	3,641	29,748	1,633
15	Other Office Equipment	7	38,831	1,483	10,574	9,098	1,017	1,732	14,150	777
16	Transportation Equip Light Duty Trucks	7	-	-	-	-	-	-	-	-
17	Transportation Equip Heavy Duty Trucks	7	80,594	3,079	21,946	18,883	2,112	3,595	29,369	1,612
18	Transportation Equipment Other	7	5,032	192	1,370	1,179	132	224	1,834	101
19	Stores Equipment	7	718	27	195	168	19	32	262	14
20	Tools,Shop,Garage Equipment	7	-	-	-	-	-	-	-	-
21	Laboratory Equipment	2	21,507	-	21,507	-	-	-	-	-
22	Power Operated Equipment	7	125	5	34	29	3	6	46	3
23	Communication Equipment Non-Telephone	7	-	-	-	-	-	-	-	-
24	Remote Control & Instrument	7	4,188	160	1,141	981	110	187	1,526	84
25	Communication Equipment Telephone	7	550	21	150	129	14	25	200	11
26	Communication Equipment Other	7	30,559	1,167	8,321	7,160	801	1,363	11,136	611
27	Miscellaneous Equipment	7	1,327	51	361	311	35	59	483	27
28	Other Tangible Plant	7	29,997	1,146	8,168	7,028	786	1,338	10,931	600
	Total Depreciation Expense		2,629,497	14,201	381,567	1,352,258	275,191	420,678	135,463	50,139





EPCOR WATER ARIZONA INC.  
 CHAPARRAL CITY 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	4,234	0.9000
Commercial/Public	414	0.0879
Fire Protection	57	0.0121
<b>Total</b>	<b>4,704</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	4,234	2.00	8,467	0.9191
Commercial/Public	414	1.80	745	0.0809
<b>Total</b>	<b>4,647</b>		<b>9,212</b>	<b>1.0000</b>

EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY 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	176.4	4.00	705.6	0.9202
Commercial/Pubic	17.2	3.00	51.7	0.0674
Private fire	2.4	4.00	9.5	0.0124
	196.0		766.8	1.0000

EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY 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	19,731	0.9135
Commercial/Public	1,869	0.0865
Fire Protection	0	0.0000
	<hr/>	<hr/>
Total	<u>21,600</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	13,107	0.9577
Commercial/Public	541	0.0395
Fire Protection	38	0.0028
	<hr/>	<hr/>
Total	<u>13,686</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	12,824	0.9651
Commercial/Public	448	0.0337
Fire Protection	16	0.0012
	<hr/>	<hr/>
Total	<u>13,288</u>	<u>1.0000</u>

EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY 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	16	456	
Total Private Fire Protection		16	456	0.0098
<u>PUBLIC FIRE PROTECTION</u>				
<u>Hydrant</u>	<u>Nozzle Sizes</u>			
6" Valve	2- 2-1/2" & 1 - 4"	28.5	1,618	46,113
Total Public Fire Protection			1,618	46,113
Total Fire Protection			1,634	46,569
<u>REALLOCATE PUBLIC FIRE</u>				
		<u>Meter Equivalents</u>	<u>Allocation of Public Fire</u>	<u>Allocation of Public Fire Using Factor</u>
	Residential	19,731	0.9135	0.9045
	Commercial/Public	1,869	0.0865	0.0857
		21,600	1.0000	0.9902



EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY 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	8,321	8,321	123	123	8,444	8,444
1	2.50	4,467	11,168	149	373	4,616	11,541
1-1/2	5.00	21	105	74	370	95	475
2	8.00	14	112	91	728	105	840
3	15.00	0	0	5	75	5	75
4	25.00	1	25	4	100	5	125
6	50.00	0	0	2	100	2	100
8	80.00	0	0	0	0	0	0
10	115.00	0	0	0	0	0	0
Total		<u>12,824</u>	<u>19,731</u>	<u>448</u>	<u>1,869</u>	<u>13,272</u>	<u>21,600</u>

EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY 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	8,321	8,321	123	123		0	8,444	8,444
1	1.06	4,467	4,735	149	158		0	4,616	4,893
1-1/2	1.28	21	27	74	95		0	95	122
2	1.50	14	21	91	137		0	105	158
3	2.37	0	0	5	12	16	38	21	50
4	2.50	1	3	4	10	0	0	5	13
6	2.79	0	0	2	6	0	0	2	6
8	3.11	0	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>12,824</b>	<b>13,107</b>	<b>448</b>	<b>541</b>	<b>16</b>	<b>38</b>	<b>13,288</b>	<b>13,686</b>

**EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY 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	\$ 10,817,471	93.1%	\$ 9,793,741	90.5%	\$ 10,481,700	90.2%	\$ 687,959	7.0%
Commercial	728,381	6.3%	\$ 908,972	8.4%	994,512	8.6%	85,540	9.4%
Private Fire	<u>69,001</u>	0.6%	<u>118,602</u>	1.1%	<u>138,569</u>	1.2%	<u>19,967</u>	16.8%
Total Sales	11,614,854	100.0%	10,821,315	<u>100.0%</u>	11,614,781	<u>100.0%</u>	793,466	7.3%
Other Revenues	<u>118,822</u>		<u>101,229</u>		<u>118,822</u>		<u>17,593</u>	17.4%
Total	<u>\$ 11,733,676</u>		<u>\$ 10,922,544</u>		<u>\$ 11,733,603</u>		<u>\$ 811,059</u>	7.4%

**EPCOR WATER ARIZONA INC.  
CHAPARRAL CITY WATER DISTRICT**

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

Line no. No.	<u>Cost Function</u>	<u>Factor Ref</u>	<u>Total Cost of Service</u>	<u>Residential</u>	<u>Commercial</u>	<u>Private Fire</u>
1	(1)	(2)	(3)	(4)	(5)	(6)
2						
3	Commodity	A	\$ 328,525	\$ 295,673	\$ 28,877	\$ 3,975
4						
5	Demand - Maximum Day	B	2,507,867	2,304,981	202,886	-
6						
7	Demand - Maximum Hour	C	4,465,331	4,108,998	300,963	55,370
8						
9	Customer Facilities - Meters	D	484,890	442,948	41,943	-
10						
11	Customer Facilities - Services	E	1,525,043	1,460,534	60,239	4,270
12						
13	Customer Accounting	F	1,998,299	1,928,557	67,343	2,398
14						
15	Direct Fire	G	<u>304,899</u>	<u>275,781</u>	<u>26,130</u>	<u>2,988</u>
16						
17	Total		<u>\$ 11,614,854</u>	<u>\$ 10,817,471</u>	<u>\$ 728,381</u>	<u>\$ 69,001</u>
18						