

**EPCOR WATER ARIZONA INC.
 MOHAVE 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	\$ 7,548,555	\$ 5,745,942	\$ 1,734,248	\$ 68,365
2. Other Revenues	165,722	131,325	31,987	2,410
3. Total Operating Revenues	\$ 7,714,277	\$ 5,877,267	\$ 1,766,236	\$ 70,775
4. Less: Operating Expenses	7,390,030	6,068,679	1,191,806	129,544
5. Return and Income Taxes	\$ 324,247	\$ (191,413)	\$ 574,429	\$ (58,770)
6. Less: Interest Expense (Allocated by Rate Base)	620,206	503,607	109,466	7,132
7. Taxable Income	(295,959)	(695,020)	464,963	(65,902)
8. Less: Income Taxes (Allocated based on Line 7)	(72,363)	(169,930)	113,683	(16,115)
9. Net Return (Ln 5 - Ln 8)	\$ 396,610	\$ (21,483)	\$ 460,746	\$ (42,655)
10. Original Cost Measure of Value	\$ 27,592,672	\$ 22,406,047	\$ 4,868,770	\$ 317,856
11. Rate of Return, Percent	1.44%	-0.10%	9.46%	-13.42%
12. Relative Rate of Return	1.00	-0.07	6.58	-9.34

**EPCOR WATER ARIZONA INC.
 MOHAVE 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	\$ 9,755,496	\$ 7,541,703	\$ 2,126,987	\$ 86,805
2. Other Revenues	173,805	138,731	32,681	2,394
3. Total Operating Revenues	\$ 9,929,301	\$ 7,680,433	\$ 2,159,668	\$ 89,200
4. Less: Operating Expenses	7,459,815	6,131,642	1,183,226	144,947
5. Return and Income Taxes	\$ 2,469,486	\$ 1,548,792	\$ 976,442	\$ (55,748)
6. Less: Interest Expense (Allocated by Rate Base)	620,206	505,157	107,916	7,132
7. Taxable Income	1,849,280	1,043,635	868,526	(62,880)
8. Less: Income Taxes (Allocated based on Line 7)	464,980	262,388	218,401	(15,809)
9. Net Return (Ln 5 - Ln 8)	\$ 2,004,506	\$ 1,286,404	\$ 758,041	\$ (39,939)
10. Original Cost Measure of Value	\$ 27,592,674	\$ 22,474,391	\$ 4,800,661	\$ 317,622
11. Rate of Return, Percent	7.26%	5.72%	15.79%	-12.57%
12. Relative Rate of Return	1.00	0.79	2.17	-1.73

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

Cost Function	Factor Ref. - Sch G-7	Rate Base	Residential	Commercial	Private Fire
(1)	(2)	(3)	(4)	(5)	(6)
Commodity	A	\$ 425,905	\$ 319,812	\$ 106,093	\$ -
Demand - Maximum Day	B	5,297,038	4,079,248	1,217,789	-
Demand - Maximum Hour	C	13,922,985	11,149,526	2,773,459	-
Customer Facilities - Meters	D	1,826,772	1,503,069	323,704	-
Customer Facilities - Services	E	5,020,232	4,570,922	328,323	120,988
Customer Accounting	F	912,691	851,814	51,293	9,583
Direct Fire	G	187,051	-	-	187,051
Total		<u>\$ 27,592,675</u>	<u>\$ 22,474,391</u>	<u>\$ 4,800,661</u>	<u>\$ 317,622</u>

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

Line no. No.	Cost Function	Factor Ref. - Sch G-7	Cost of Service	Residential	Commercial	Private Fire
	(1)	(2)	(3)	(4)	(5)	(6)
1						
2						
3	Commodity	A	\$ 965,495	\$ 724,991	\$ 240,505	\$ -
4						
5	Demand - Maximum Day - Treatment and Pumping	B	1,353,859	1,042,606	311,252	-
6						
7	Demand - Maximum Hour	C	2,054,681	1,645,389	409,292	-
8						
9	Customer Facilities - Meters	D	411,016	338,184	72,832.02	-
10						
11	Customer Facilities - Services	E	567,528	516,734	37,116.35	13,677
12						
13	Customer Accounting	F	1,996,933	1,863,738	112,228	20,968
14						
15	Direct Fire	G	110,302	-	-	110,302
16						
17	Total		<u>\$ 7,459,814</u>	<u>\$ 6,131,642</u>	<u>\$ 1,183,226</u>	<u>\$ 144,947</u>
18						

**EPCOR WATER ARIZONA INC.
 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	RATE BASE									
4	Organization	9	34,004	520	6,512	17,267	2,271	6,243	962	228
5	Franchises	9	37,061	567	7,097	18,819	2,476	6,804	1,049	248
6	Land & Land Rights Supply	1	528,700	528,700	0	0	0	0	0	0
7	Land & Land Rights Pumping	2	2,351	0	2,351	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	9,609	0	0	9,609	0	0	0	0
10	Land & Land Rights General	9	47,358	725	9,069	24,048	3,164	8,695	1,340	317
11	Structures & Improvements Supply	2	225,610	0	225,610	0	0	0	0	0
12	Structures & Improvements Pumping	3	29,017	0	0	29,017	0	0	0	0
13	Structures & Improvements Treatment	2	26,355	0	26,355	0	0	0	0	0
14	Structures & Improvements Trans & Dist	3	658,788	0	0	658,788	0	0	0	0
15	Structures & Improvements General	7	101,281	2,461	22,960	23,740	2,502	4,264	43,440	1,914
16	Structures & Improvements Offices	7	340,698	8,279	77,236	79,860	8,415	14,343	146,125	6,439
17	Structures & Improvements Leasehold	7	3,377	82	765	791	83	142	1,448	64
18	Structures & Improvements Store,Shop,Gge	7	20,414	496	4,628	4,785	504	859	8,756	386
19	Structures & Improvements Miscellaneous	7	408	10	93	96	10	17	175	8
20	Collect & Impounding	2	363,668	0	363,668	0	0	0	0	0
21	Lake, River & Other Intakes	2	0	0	0	0	0	0	0	0
22	Wells & Springs	2	3,995,266	0	3,995,266	0	0	0	0	0
23	Infiltration Galleries	2	0	0	0	0	0	0	0	0
24	Supply Mains	2	350,069	0	350,069	0	0	0	0	0
25	Power Production Equipment	3	28,895	0	0	28,895	0	0	0	0

**EPCOR WATER ARIZONA INC.
 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	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	410,846	9,984	93,139	96,302	10,148	17,297	176,212	7,765
4	Transportation Equip Heavy Duty Trucks	7	128,476	3,122	29,125	30,115	3,173	5,409	55,103	2,428
5	Transportation Equip Other	7	138,064	3,355	31,299	32,362	3,410	5,812	59,216	2,609
6	Stores Equipment	7	(199)	(5)	(45)	(47)	(5)	(8)	(85)	(4)
7	Tools, Shop, Garage Equipment	7	23,534	572	5,335	5,516	581	991	10,094	445
8	Laboratory Equipment	2	964	0	964	0	0	0	0	0
9	Power Operated Equipment	7	(8,522)	(207)	(1,932)	(1,997)	(210)	(359)	(3,655)	(161)
10	Communication Equipment Non-Telephone	7	51,959	1,263	11,779	12,179	1,283	2,187	22,285	982
11	Remote Control & Instrument	7	567,466	13,789	128,645	133,014	14,016	23,890	243,386	10,725
12	Communication Equipment Telephone	7	2,910	71	660	682	72	123	1,248	55
13	Communication Equipment Other	7	96,265	2,339	21,823	22,565	2,378	4,053	41,288	1,819
14	Miscellaneous Equipment	7	48,667	1,183	11,033	11,407	1,202	2,049	20,873	920
15	Other Tangible Plant	7	0	0	0	0	0	0	0	0
16	Total Plant in Service		\$ 38,917,280	\$ 596,123	\$ 7,453,172	\$ 19,761,745	\$ 2,601,479	\$ 7,145,405	\$ 1,100,498	\$ 258,859
17										
18	OTHER RATE BASE ELEMENTS									
19	Regulatory Advances and Contributions	9	0	0	0	0	0	0	0	0
20	Customer Advances	9	(5,318,199)	(81,368)	(1,018,435)	(2,700,582)	(355,256)	(976,421)	(150,505)	(35,632)
21	Contributions in Aid of Construction	9	(2,977,567)	(45,557)	(570,204)	(1,512,009)	(198,901)	(546,681)	(84,265)	(19,950)
22	Construction Work in Progress	2	0	0	0	0	0	0	0	0
23	Cash Working Capital Allowance	7	330,877	8,040	75,010	77,558	8,173	13,930	141,913	6,254
24	Utility Plant Acq. Adjustment	9	0	0	0	0	0	0	0	0
25	Customer Meter Deposits	4	(4,600)	0	0	0	(4,600)	0	0	0
26	Deferred Income Taxes	9	(1,775,684)	(27,168)	(340,044)	(901,693)	(118,616)	(326,016)	(50,252)	(11,897)
27	Deferred Debits	9	304,999	4,666	58,407	154,878	20,374	55,998	8,631	2,043
28	Regulatory Liabilities	9	(1,884,431)	(28,832)	(360,868)	(956,914)	(125,880)	(345,981)	(53,329)	(12,626)
29										
30	Total Other Rate Base Elements		(11,324,606)	(170,218)	(2,156,134)	(5,838,761)	(774,706)	(2,125,172)	(187,807)	(71,807)
31										
32	Total Original Cost Measure of Value		\$ 27,592,674	\$ 425,905	\$ 5,297,038	\$ 13,922,985	\$ 1,826,772	\$ 5,020,232	\$ 912,691	\$ 187,051

**EPCOR WATER ARIZONA INC.
 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	Demand		Customer Facilities		Customer Accounting	Direct Fire	
				Commodity	Max Day	Max Hour	Meters			Services
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
3	OPERATION AND MAINTENANCE EXPENSES									
6	Labor - Source of Supply	1	55,417	\$ 55,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Labor - Treatment	2	86,871	-	86,871	-	-	-	-	-
8	Labor - Pumping	3	62,557	-	-	62,557	-	-	-	-
9	Labor - T&D Mains	6	439,479	-	43,113	396,366	-	-	-	-
10	Labor - T&D Storage	3	75,352	-	-	75,352	-	-	-	-
11	Labor - T&D Meters	4	56,260	-	-	-	56,260	-	-	-
12	Labor - T&D Services	4a	95,924	-	-	-	-	95,924	-	-
13	Labor - T&D Hydrants	12	43,057	-	-	-	-	-	-	43,057
14	Labor - Customer	5	490,040	-	-	-	-	-	490,040	-
15	Labor - Meter Reading	5	69,290	-	-	-	-	-	69,290	-
16	Labor - Administrative	7	-	-	-	-	-	-	-	-
17	Purchased Water	1	343,408	343,408	-	-	-	-	-	-
18	Fuel and Power	1	471,012	471,012	-	-	-	-	-	-
19	Chemicals	1	9,350	9,350	-	-	-	-	-	-
20	Waste Disposal	1	7,363	7,363	-	-	-	-	-	-
21	Corporate allocation	7	321,033	7,801	72,778	75,250	7,930	13,515	137,691	6,068
22	Outside Services	7	172,168	4,184	39,031	40,356	4,253	7,248	73,843	3,254
23	Group Insurance and Other Benefits	8	545,537	20,512	48,062	197,703	20,840	35,514	206,977	15,930
24	Pensions	8	-	-	-	-	-	-	-	-
25	Regulatory Expense	7	-	-	-	-	-	-	-	-
26	Insurance Other Than Group	7	74,977	1,822	16,997	17,575	1,852	3,157	32,158	1,417
27	Customer Accounting	5	573,109	-	-	-	-	-	573,109	-
28	Rents	7	39,414	958	8,935	9,239	974	1,659	16,905	745
29	General Office Expense	7	245,335	5,962	55,618	57,507	6,060	10,329	105,224	4,637
30	Miscellaneous	7	62,771	1,525	14,230	14,713	1,550	2,643	26,922	1,186
31	Maintenance Expense - Treatment	2	529,817	-	529,817	-	-	-	-	-
32	Maintenance Expense	6	-	-	-	-	-	-	-	-
33	Maintenance Expense - Administrative	7	-	-	-	-	-	-	-	-
34										
35										
36	TOTAL OPERATION AND MAINTENANCE EXPENSES		4,869,544	929,315	915,452	946,618	99,718	169,989	1,732,159	76,294

**EPCOR WATER ARIZONA INC.
 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	312,335	-	-	-	-	312,335	-	-
5	Meters	4	265,405	-	-	-	265,405	-	-	-
6	Meter Installations	4	8,687	-	-	-	8,687	-	-	-
7	Meter Vaults	4	-	-	-	-	-	-	-	-
8	Hydrants	12	4,432	-	-	-	-	-	-	4,432
9	Other P/E-TD	3	-	-	-	-	-	-	-	-
10	Other P/E-Supply	2	5,859	-	5,859	-	-	-	-	-
11	Other P/E-CPS/Intangible	9	-	-	-	-	-	-	-	-
12	Office Furniture & Equipment	7	20,171	490	4,573	4,728	498	849	8,651	381
13	Computer & Peripheral Equipment	7	13,932	339	3,158	3,266	344	587	5,975	263
14	Computer Software	7	87,594	2,129	19,858	20,532	2,164	3,688	37,569	1,656
15	Other Office Equipment	7	60,367	1,467	13,685	14,150	1,491	2,541	25,891	1,141
16	Transportation Equip Light Duty Trucks	7	-	-	-	-	-	-	-	-
17	Transportation Equip Heavy Duty Trucks	7	96,907	2,355	21,969	22,715	2,394	4,080	41,563	1,832
18	Transportation Equipment Other	7	27,845	677	6,313	6,527	688	1,172	11,943	526
19	Stores Equipment	7	25,242	613	5,722	5,917	623	1,063	10,826	477
20	Tools,Shop,Garage Equipment	7	54	1	12	13	1	2	23	1
21	Laboratory Equipment	2	12,530	-	12,530	-	-	-	-	-
22	Power Operated Equipment	7	951	23	216	223	23	40	408	18
23	Communication Equipment Non-Telephone	7	9,150	222	2,074	2,145	226	385	3,924	173
24	Remote Control & Instrument	7	21,018	511	4,765	4,927	519	885	9,014	397
25	Communication Equipment Telephone	7	84,937	2,064	19,255	19,909	2,098	3,576	36,429	1,605
26	Communication Equipment Other	7	586	14	133	137	14	25	251	11
27	Miscellaneous Equipment	7	9,285	226	2,105	2,176	229	391	3,982	175
28	Other Tangible Plant	7	5,544	135	1,257	1,300	137	233	2,378	105
	Total Depreciation Expense		2,155,102	27,394	368,464	911,079	286,442	333,386	214,455	13,882

EPCOR WATER ARIZONA INC.
 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	3,382	0.7509
Commercial/Public	1,122	0.2491
Fire Protection	0	0.0000
Total	4,504	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	3,382	2.00	6,765	0.7701
Commercial/Public	1,122	1.80	2,020	0.2299
Total	4,504		8,785	1.0000

EPCOR WATER ARIZONA INC.
 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	140.9	4.00	563.7	0.8008
Commercial/Pubic	46.7	3.00	140.2	0.1992
	187.7		703.9	1.0000

EPCOR WATER ARIZONA INC.
 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	16,457	0.8228
Commercial/Public	3,544	0.1772
Fire Protection	0	0.0000
	<hr/>	<hr/>
Total	<u>20,001</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	15,073	0.9105
Commercial/Public	1,083	0.0654
Fire Protection	399	0.0241
	<hr/>	<hr/>
Total	<u>16,555</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	14,976	0.9333
Commercial/Public	901	0.0562
Fire Protection	168	0.0105
	<hr/>	<hr/>
Total	<u>16,045</u>	<u>1.0000</u>

EPCOR WATER ARIZONA INC.
 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	36	576	
6 -inch	36.00	15	540	
8 -inch	64.00	-	0	
10 -inch	100.00	8	800	
12 -inch	144.00	-	0	
Private Hydrants	28.50	<u>2,820</u>	<u>80,373</u>	
Total Private Fire Protection		<u>2,879</u>	<u>82,289</u>	1.0000

PUBLIC FIRE PROTECTION

<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	0.0000
Total Fire Protection		2,879	82,289	1.0000

REALLOCATE PUBLIC FIRE

	<u>Meter Equivalents</u>	<u>Allocation of Public Fire</u>	<u>Allocation of Public Fire Using Factor</u>
Residential	16,457	0.8228	0.0000
Commercial/Public	3,544	0.1772	0.0000
	<u>20,001</u>	<u>1.0000</u>	<u>0.0000</u>

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

Meter Size (1)	5/8" Equivalent (2)	Residential		Commercial		Total	
		Number of Services (3)	Weighting (4)=(2)X(3)	Number of Services (5)	Weighting (6)=(2)X(5)	Number of Services (7)	Weighting (8)
5/8 and 3/4"	1.00	14,665	14,665	387	387	15,052	15,052
1	2.50	136	340	217	543	353	883
1-1/2	5.00	8	40	3	15	11	55
2	8.00	164	1,312	273	2,184	437	3,496
3	15.00	0	0	16	240	16	240
4	25.00	2	50	3	75	5	125
6	50.00	1	50	2	100	3	150
8	80.00	0	0	0	0	0	0
10	115.00	0	0	0	0	0	0
Total		<u>14,976</u>	<u>16,457</u>	<u>901</u>	<u>3,544</u>	<u>15,877</u>	<u>20,001</u>

**EPCOR WATER ARIZONA INC.
 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	Number of Services	Weighting	Number of Services	Weighting	Number of Services	Weighting
(1)	(2)	(3)	(4)=(2)X(3)	(5)	(6)=(2)X(5)	(7)	(8)=(2)X(7)	(9)	(10)
3/4	1.00	14,665	14,665	387	387		0	15,052	15,052
1	1.06	136	144	217	230		0	353	374
1-1/2	1.28	8	10	3	4		0	11	14
2	1.50	164	246	273	410	28	42	465	698
3	2.37	0	0	16	38	81	192	97	230
4	2.50	2	5	3	8	36	90	41	103
6	2.79	1	3	2	6	15	42	18	51
8	3.11	0	0	0	0	0	0	0	0
10	4.12	0	0	0	0	8	33	8	33
12	4.65	0	0	0	0	0	0	0	0
Total		<u>14,976</u>	<u>15,073</u>	<u>901</u>	<u>1,083</u>	<u>168</u>	<u>399</u>	<u>16,045</u>	<u>16,555</u>

**EPCOR WATER ARIZONA INC.
 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	\$ 7,991,667	81.9%	\$ 5,745,942	76.1%	\$ 7,541,857	77.3%	\$ 1,795,916	31.3%
Commercial	1,608,399	16.5%	\$ 1,734,248	23.0%	2,126,987	21.8%	392,739	22.6%
Private Fire	<u>155,891</u>	1.6%	<u>68,365</u>	0.9%	<u>86,805</u>	0.9%	<u>18,440</u>	27.0%
Total Sales	9,755,957	100.0%	7,548,555	<u>100.0%</u>	9,755,650	<u>100.0%</u>	2,207,095	29.2%
Other Revenues	<u>173,806</u>		<u>165,720</u>		<u>173,806</u>		<u>8,087</u>	4.9%
Total	<u>\$ 9,929,764</u>		<u>\$ 7,714,275</u>		<u>\$ 9,929,457</u>		<u>\$ 2,215,182</u>	28.7%

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

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

Line no. No.	Cost Function (1)	Factor Ref (2)	Total Cost of Service (3)	Residential (4)	Commercial (5)	Private Fire (6)
1						
2						
3	Commodity	A	\$ 986,190	\$ 740,530	\$ 245,660	\$ -
4						
5	Demand - Maximum Day	B	1,798,889	1,385,324	413,565	-
6						
7	Demand - Maximum Hour	C	3,250,676	2,603,141	647,535	-
8						
9	Customer Facilities - Meters	D	565,434	465,240	100,195	-
10						
11	Customer Facilities - Services	E	1,001,679	912,028	65,510	24,140
12						
13	Customer Accounting	F	2,042,788	1,906,533	114,805	21,449
14						
15	Direct Fire	G	110,302	-	-	110,302
16						
17	Total		<u>\$ 9,755,958</u>	<u>\$ 8,012,797</u>	<u>\$ 1,587,269</u>	<u>\$ 155,891</u>
18						