

**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	173,917	138,399	33,141	2,376
3. Total Operating Revenues	\$ 7,722,472	\$ 5,884,341	\$ 1,767,389	\$ 70,741
4. Less: Operating Expenses	7,496,699	6,142,252	1,209,880	144,567
5. Return and Income Taxes	\$ 225,773	\$ (257,911)	\$ 557,509	\$ (73,826)
6. Less: Interest Expense (Allocated by Rate Base)	620,206	503,670	109,404	7,132
7. Taxable Income	(394,434)	(761,581)	448,105	(80,958)
8. Less: Income Taxes (Allocated based on Line 7)	464,931	897,689	(528,208)	95,450
9. Net Return (Ln 5 - Ln 8)	\$ (239,158)	\$ (1,155,600)	\$ 1,085,717	\$ (169,276)
10. Original Cost Measure of Value	\$ 27,591,321	\$ 22,406,418	\$ 4,867,296	\$ 317,607
11. Rate of Return, Percent	-0.87%	-5.16%	22.31%	-53.30%
12. Relative Rate of Return	1.00	5.95	-25.73	61.49

**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	\$ 9,792,376	\$ 7,570,526	\$ 2,135,044	\$ 86,805
2. Other Revenues	173,917	138,399	33,141	2,376
3. Total Operating Revenues	\$ 9,966,293	\$ 7,708,925	\$ 2,168,186	\$ 89,182
4. Less: Operating Expenses	7,496,699	6,142,252	1,209,880	144,567
5. Return and Income Taxes	\$ 2,469,594	\$ 1,566,673	\$ 958,305	\$ (55,385)
6. Less: Interest Expense (Allocated by Rate Base)	620,206	503,669	109,404	7,132
7. Taxable Income	1,849,387	1,063,004	848,901	(62,517)
8. Less: Income Taxes (Allocated based on Line 7)	464,931	267,242	213,403	(15,715)
9. Net Return (Ln 5 - Ln 8)	\$ 2,004,663	\$ 1,299,431	\$ 744,902	\$ (39,670)
10. Original Cost Measure of Value	\$ 27,591,321	\$ 22,406,418	\$ 4,867,296	\$ 317,607
11. Rate of Return, Percent	7.27%	5.80%	15.30%	-12.49%
12. Relative Rate of Return	1.00	0.80	2.11	-1.72

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

<b>Cost Function</b> <b>(1)</b>	<b>Factor Ref. - Sch G-7</b> <b>(2)</b>	<b>Rate Base</b> <b>(3)</b>	<b>Residential</b> <b>(4)</b>	<b>Commercial</b> <b>(5)</b>	<b>Private Fire</b> <b>(6)</b>
Commodity	A	\$ 425,872	\$ 318,169	\$ 107,703	\$ -
Demand - Maximum Day	B	5,293,861	4,057,214	1,236,646	-
Demand - Maximum Hour	C	13,923,816	11,104,243	2,819,573	-
Customer Facilities - Meters	D	1,826,739	1,503,042	323,698	-
Customer Facilities - Services	E	5,020,175	4,570,870	328,319	120,986
Customer Accounting	F	913,834	852,880	51,357	9,595
Direct Fire	G	187,026	-	-	187,026
Total		<u>\$ 27,591,323</u>	<u>\$ 22,406,418</u>	<u>\$ 4,867,296</u>	<u>\$ 317,607</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	(1)	(2)	(3)	(4)	(5)	(6)
2						
3	Commodity	A	\$ 1,022,859	\$ 764,179	\$ 258,681	\$ -
4						
5	Demand - Maximum Day - Treatment and Pumping	B	1,344,399	1,030,346	314,052	-
6						
7	Demand - Maximum Hour	C	2,051,618	1,636,165	415,453	-
8						
9	Customer Facilities - Meters	D	410,641	337,876	72,765.62	-
10						
11	Customer Facilities - Services	E	566,927	516,187	37,077.03	13,663
12						
13	Customer Accounting	F	1,990,249	1,857,499	111,852	20,898
14						
15	Direct Fire	G	110,006	-	-	110,006
16						
17	Total		<u>\$ 7,496,699</u>	<u>\$ 6,142,252</u>	<u>\$ 1,209,880</u>	<u>\$ 144,567</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	<b><u>RATE BASE</u></b>									
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	22,859	23,781	2,502	4,264	43,500	1,914
16	Structures & Improvements Offices	7	340,698	8,279	76,895	79,996	8,415	14,343	146,330	6,439
17	Structures & Improvements Leasehold	7	3,377	82	762	793	83	142	1,450	64
18	Structures & Improvements Store,Shop,Gge	7	20,414	496	4,608	4,793	504	859	8,768	386
19	Structures & Improvements Miscellaneous	7	408	10	92	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	92,728	96,467	10,148	17,297	176,459	7,765
4	Transportation Equip Heavy Duty Trucks	7	128,476	3,122	28,997	30,166	3,173	5,409	55,180	2,428
5	Transportation Equip Other	7	138,064	3,355	31,161	32,417	3,410	5,812	59,298	2,609
6	Stores Equipment	7	(199)	(5)	(45)	(47)	(5)	(8)	(86)	(4)
7	Tools, Shop, Garage Equipment	7	23,534	572	5,312	5,526	581	991	10,108	445
8	Laboratory Equipment	2	964	0	964	0	0	0	0	0
9	Power Operated Equipment	7	(8,522)	(207)	(1,923)	(2,001)	(210)	(359)	(3,660)	(161)
10	Communication Equipment Non-Telephone	7	51,959	1,263	11,727	12,200	1,283	2,187	22,316	982
11	Remote Control & Instrument	7	567,466	13,789	128,077	133,241	14,016	23,890	243,727	10,725
12	Communication Equipment Telephone	7	2,910	71	657	683	72	123	1,250	55
13	Communication Equipment Other	7	96,265	2,339	21,727	22,603	2,378	4,053	41,346	1,819
14	Miscellaneous Equipment	7	48,667	1,183	10,984	11,427	1,202	2,049	20,902	920
15	Other Tangible Plant	7	0	0	0	0	0	0	0	0
16	Total Plant in Service		\$ 38,917,280	\$ 596,123	\$ 7,450,631	\$ 19,762,762	\$ 2,601,479	\$ 7,145,405	\$ 1,102,023	\$ 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	329,526	8,007	74,374	77,373	8,139	13,873	141,531	6,228
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		(11,325,957)	(170,251)	(2,156,770)	(5,838,946)	(774,740)	(2,125,229)	(188,189)	(71,833)
31										
32	Total Original Cost Measure of Value		\$ 27,591,323	\$ 425,872	\$ 5,293,861	\$ 13,923,816	\$ 1,826,739	\$ 5,020,175	\$ 913,834	\$ 187,026

**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)
1										
2										
3	OPERATION AND MAINTENANCE EXPENSES									
4										
5										
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	346,271	346,271	-	-	-	-	-	-
18	Fuel and Power	1	526,371	526,371	-	-	-	-	-	-
19	Chemicals	1	8,991	8,991	-	-	-	-	-	-
20	Waste Disposal	1	7,260	7,260	-	-	-	-	-	-
21	Corporate allocation	7	316,121	7,682	71,348	74,225	7,808	13,309	135,774	5,975
22	Outside Services	7	169,651	4,123	38,290	39,834	4,190	7,142	72,865	3,206
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	75,072	1,824	16,944	17,627	1,854	3,161	32,244	1,419
27	Customer Accounting	5	572,698	-	-	-	-	-	572,698	-
28	Rents	7	39,414	958	8,896	9,255	974	1,659	16,929	745
29	General Office Expense	7	236,789	5,754	53,443	55,598	5,849	9,969	101,701	4,475
30	Miscellaneous	7	62,028	1,507	14,000	14,564	1,532	2,611	26,641	1,172
31	Maintenance Expense - Treatment	2	525,421	-	525,421	-	-	-	-	-
32	Maintenance Expense	6	-	-	-	-	-	-	-	-
33	Maintenance Expense - Administrative	7	-	-	-	-	-	-	-	-
34										
35										
36	TOTAL OPERATION AND MAINTENANCE EXPENSES		4,905,872	986,671	906,388	943,081	99,307	169,290	1,725,157	75,979





**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)
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	4,553	4,736	498	849	8,663	381
13	Computer & Periphral Equipment	7	13,932	339	3,144	3,271	344	587	5,984	263
14	Computer Software	7	87,594	2,129	19,770	20,567	2,164	3,688	37,622	1,656
15	Other Office Equipment	7	60,367	1,467	13,625	14,174	1,491	2,541	25,928	1,141
16	Transportation Equip Light Duty Trucks	7	-	-	-	-	-	-	-	-
17	Transportation Equip Heavy Duty Trucks	7	96,907	2,355	21,872	22,754	2,394	4,080	41,621	1,832
18	Transportation Equipment Other	7	27,845	677	6,285	6,538	688	1,172	11,960	526
19	Stores Equipment	7	25,242	613	5,697	5,927	623	1,063	10,841	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	215	223	23	40	408	18
23	Communication Equipment Non-Telephone	7	9,150	222	2,065	2,148	226	385	3,930	173
24	Remote Control & Instrument	7	21,018	511	4,744	4,935	519	885	9,027	397
25	Communication Equipment Telephone	7	84,937	2,064	19,170	19,943	2,098	3,576	36,480	1,605
26	Communication Equipment Other	7	586	14	132	138	14	25	252	11
27	Miscellaneous Equipment	7	9,285	226	2,096	2,180	229	391	3,988	175
28	Other Tangible Plant	7	5,544	135	1,251	1,302	137	233	2,381	105
	Total Depreciation Expense		2,155,102	27,394	367,964	911,279	286,442	333,386	214,755	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	3,314	0.7471
Commercial/Public	1,122	0.2529
Fire Protection	0	0.0000
<b>Total</b>	<b>4,436</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	3,314	2.00	6,628	0.7664
Commercial/Public	1,122	1.80	2,020	0.2336
<b>Total</b>	<b>4,436</b>		<b>8,648</b>	<b>1.0000</b>

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	138.1	4.00	552.3	0.7975
Commercial/Pubic	46.7	3.00	140.2	0.2025
	184.8		692.5	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
<b>Total</b>		<b>14,976</b>	<b>16,457</b>	<b>901</b>	<b>3,544</b>	<b>15,877</b>	<b>20,001</b>

**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
<b>Total</b>		<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**

<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	\$ 8,017,534	81.9%	\$ 5,745,942	76.1%	\$ 7,570,526	77.3%	\$ 1,824,584	31.8%
Commercial	1,619,443	16.5%	\$ 1,734,248	23.0%	2,135,044	21.8%	400,796	23.1%
Private Fire	<u>155,515</u>	1.6%	<u>68,365</u>	0.9%	<u>86,805</u>	0.9%	<u>18,440</u>	27.0%
Total Sales	9,792,492	100.0%	7,548,555	<u>100.0%</u>	9,792,376	<u>100.0%</u>	2,243,821	29.7%
Other Revenues	<u>173,917</u>		<u>165,720</u>		<u>173,917</u>		<u>8,197</u>	4.9%
Total	<u>\$ 9,966,408</u>		<u>\$ 7,714,275</u>		<u>\$ 9,966,293</u>		<u>\$ 2,252,018</u>	29.2%

**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	\$ 1,042,601	\$ 778,927	\$ 263,674	\$ -
4						
5	Demand - Maximum Day	B	1,789,626	1,371,569	418,057	-
6						
7	Demand - Maximum Hour	C	3,247,722	2,590,058	657,664	-
8						
9	Customer Facilities - Meters	D	565,090	464,957	100,134	-
10						
11	Customer Facilities - Services	E	1,001,112	911,512	65,473	24,127
12						
13	Customer Accounting	F	2,036,334	1,900,510	114,442	21,382
14						
15	Direct Fire	G	110,006	-	-	110,006
16						
17	Total		<u>\$ 9,792,491</u>	<u>\$ 8,017,534</u>	<u>\$ 1,619,443</u>	<u>\$ 155,515</u>
18						