

**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	9,546	8,105	1,441	-
3. Total Operating Revenues	\$ 1,064,719	\$ 847,190	\$ 217,529	\$ -
4. Less: Operating Expenses	1,216,829	1,054,641	162,188	-
5. Return and Income Taxes	\$ (152,110)	\$ (207,451)	\$ 55,341	\$ -
6. Less: Interest Expense (Allocated by Rate Base)	91,593	79,557	12,035	-
7. Taxable Income	(243,703)	(287,009)	43,306	-
8. Less: Income Taxes (Allocated based on Line 7)	(60,456)	(71,199)	10,743	-
9. Net Return (Ln 5 - Ln 8)	\$ (91,654)	\$ (136,252)	\$ 44,598	\$ -
10. Original Cost Measure of Value	\$ 4,356,389	\$ 3,784,097	\$ 572,292	\$ -
11. Rate of Return, Percent	-2.10%	-3.60%	7.79%	
12. Relative Rate of Return	1.00	1.71	-3.70	

**EPCOR WATER ARIZONA INC.
 NORTH 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	\$ 1,591,959	\$ 1,337,595	\$ 254,363	\$ -
2. Other Revenues	14,614	12,427	2,187	-
3. Total Operating Revenues	\$ 1,606,573	\$ 1,350,022	\$ 256,550	\$ -
4. Less: Operating Expenses	1,230,974	1,067,153	163,820	-
5. Return and Income Taxes	\$ 375,599	\$ 282,869	\$ 92,730	\$ -
6. Less: Interest Expense (Allocated by Rate Base)	91,593	79,565	12,026	-
7. Taxable Income	284,006	203,304	80,704	-
8. Less: Income Taxes (Allocated based on Line 7)	71,635	51,276	20,359	-
9. Net Return (Ln 5 - Ln 8)	\$ 303,964	\$ 231,593	\$ 72,371	\$ -
10. Original Cost Measure of Value	\$ 4,356,389	\$ 3,784,252	\$ 572,137	\$ -
11. Rate of Return, Percent	6.98%	6.12%	12.65%	
12. Relative Rate of Return	1.00	0.88	1.81	

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**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	\$ 11,567	\$ 9,416	\$ 2,152	\$ -
4						
5	Demand - Maximum Day	B	562,985	466,939	96,045	-
6						
7	Demand - Maximum Hour	C	2,492,690	2,128,259	364,431	-
8						
9	Customer Facilities - Meters	D	400,488	344,861	55,628	-
10						
11	Customer Facilities - Services	E	598,570	567,624	30,946	-
12						
13	Customer Accounting	F	181,015	173,230	7,784	-
14						
15	Direct Fire	G	109,073	93,923	15,150	-
16						
17	Total		<u>\$ 4,356,389</u>	<u>\$ 3,784,252</u>	<u>\$ 572,137</u>	<u>\$ -</u>
18						

**EPCOR WATER ARIZONA INC.
 NORTH 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	\$ 228,031	\$ 185,618	\$ 42,414	\$ -
4						
5	Demand - Maximum Day - Treatment and Pumping	B	317,295	263,163	54,130	-
6						
7	Demand - Maximum Hour	C	287,174	245,189	41,985	-
8						
9	Customer Facilities - Meters	D	54,913	47,286	7,627.42	-
10						
11	Customer Facilities - Services	E	48,383	45,882	2,501.41	-
12						
13	Customer Accounting	F	269,421	257,836	11,585	-
14						
15	Direct Fire	G	25,758	22,180	3,578	-
16						
17	Total		<u>\$ 1,230,975</u>	<u>\$ 1,067,153</u>	<u>\$ 163,820</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	3,632,617	0	0	3,632,617	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	1,131,779	0	0	0	0	1,131,779	0	0
19	Meters	4	762,003	0	0	0	762,003	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	8	390	1,711	276	410	128	75
26	Furniture and Equipment	7	7,028	179	2,765	931	96	164	2,819	74
27	Computer & Periphal Equipment	7	521,612	13,301	205,202	69,061	7,146	12,206	209,218	5,477
28	Computer Software	7	22,045	562	8,672	2,919	302	516	8,842	231
29	Other Office Equipment	7	2,591	66	1,019	343	35	61	1,039	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	254,315	6,485	100,047	33,671	3,484	5,951	102,006	2,670
4	Transportation Equip Heavy Duty Trucks	7	1,695	43	667	224	23	40	680	18
5	Transportation Equip Other	7	7,224	184	2,842	956	99	169	2,898	76
6	Stores Equipment	7	0	0	0	0	0	0	0	0
7	Tools, Shop, Garage Equipment	7	21,006	536	8,264	2,781	288	492	8,426	221
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	18,064	461	7,106	2,392	247	423	7,245	190
11	Remote Control & Instrument	7	1,004	26	395	133	14	23	403	11
12	Communication Equipment Telephone	7	366	9	144	48	5	9	147	4
13	Communication Equipment Other	7	1,694	43	666	224	23	40	679	18
14	Miscellaneous Equipment	7	6,602	168	2,597	874	90	154	2,648	69
15	Other Tangible Plant	7		0	0	0	0	0	0	0
16	Total Plant in Service		\$ 8,421,236	\$ 22,876	\$ 1,095,135	\$ 4,805,610	\$ 774,565	\$ 1,153,175	\$ 359,834	\$ 210,040
17										
18	OTHER RATE BASE ELEMENTS									
19	Regulatory Advances and Contributions	9		0	0	0	0	0	0	0
20	Customer Advances	9	(3,429,639)	(9,260)	(445,853)	(1,957,638)	(315,527)	(469,518)	(146,446)	(85,398)
21	Contributions in Aid of Construction	9	(1,419,580)	(3,833)	(184,545)	(810,296)	(130,601)	(194,340)	(60,616)	(35,348)
22	Construction Work in Progress	2		0	0	0	0	0	0	0
23	Cash Working Capital Allowance	7	(14,814)	(378)	(5,828)	(1,961)	(203)	(347)	(5,942)	(156)
24	Utility Plant Acq. Adjustment	9	1,175,233	3,173	152,780	670,823	108,121	160,889	50,182	29,263
25	Customer Meter Deposits	4	(1,400)	0	0	0	(1,400)	0	0	0
26	Deferred Income Taxes	9	(223,175)	(603)	(29,013)	(127,388)	(20,532)	(30,553)	(9,530)	(5,557)
27	Deferred Debits	9	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
28	Regulatory Liabilities	9	(151,471)	(409)	(19,691)	(86,460)	(13,935)	(20,736)	(6,468)	(3,772)
29										
30	Total Other Rate Base Elements		<u>(4,064,847)</u>	<u>(11,309)</u>	<u>(532,150)</u>	<u>(2,312,921)</u>	<u>(374,077)</u>	<u>(554,604)</u>	<u>(178,819)</u>	<u>(100,966)</u>
31										
32	Total Original Cost Measure of Value		<u>\$ 4,356,389</u>	<u>\$ 11,567</u>	<u>\$ 562,985</u>	<u>\$ 2,492,690</u>	<u>\$ 400,488</u>	<u>\$ 598,570</u>	<u>\$ 181,015</u>	<u>\$ 109,073</u>

**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	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	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	44,999	44,999	-	-	-	-	-	-
18	Fuel and Power	1	165,296	165,296	-	-	-	-	-	-
19	Chemicals	1	349	349	-	-	-	-	-	-
20	Waste Disposal	1	63	63	-	-	-	-	-	-
21	Corporate allocation	7	42,787	1,091	16,832	5,665	586	1,001	17,162	449
22	Outside Services	7	21,186	540	8,335	2,805	290	496	8,498	222
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	-	-	-	-	-	-	-	-
26	Insurance Other Than Group	7	15,052	384	5,921	1,993	206	352	6,037	158
27	Customer Accounting	5	61,983	-	-	-	-	-	61,983	-
28	Rents	7	5,182	132	2,039	686	71	121	2,078	54
29	General Office Expense	7	18,083	461	7,114	2,394	248	423	7,253	190
30	Miscellaneous	7	(1,969)	(50)	(775)	(261)	(27)	(46)	(790)	(21)
31	Maintenance Expense - Treatment	2	135,108	-	135,108	-	-	-	-	-
32	Maintenance Expense	6	-	-	-	-	-	-	-	-
33	Maintenance Expense - Administrative	7	-	-	-	-	-	-	-	-
34										
35										
36	TOTAL OPERATION AND MAINTENANCE EXPENSES		718,657	223,649	199,845	67,243	6,973	11,890	203,722	5,334

**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	18,160	-	-	-	-	18,160	-	-
5	Meters	4	35,992	-	-	-	35,992	-	-	-
6	Meter Installations	4	-	-	-	-	-	-	-	-
7	Meter Vaults	4	-	-	-	-	-	-	-	-
8	Hydrants	12	6,692	-	-	-	-	-	-	6,692
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	34	4	6	104	3
13	Computer & Periphral Equipment	7	915	23	360	121	13	21	367	10
14	Computer Software	7	102,812	2,622	40,446	13,612	1,409	2,406	41,238	1,080
15	Other Office Equipment	7	7,769	198	3,056	1,029	106	182	3,116	82
16	Transportation Equip Light Duty Trucks	7	352	9	138	47	5	8	141	4
17	Transportation Equip Heavy Duty Trucks	7	21,425	546	8,429	2,837	294	501	8,594	225
18	Transportation Equipment Other	7	256	7	101	34	4	6	103	3
19	Stores Equipment	7	904	23	356	120	12	21	363	9
20	Tools,Shop,Garage Equipment	7	-	-	-	-	-	-	-	-
21	Laboratory Equipment	2	1,438	-	1,438	-	-	-	-	-
22	Power Operated Equipment	7	18	0	7	2	0	0	7	0
23	Communication Equipment Non-Telephone	7	-	-	-	-	-	-	-	-
24	Remote Control & Instrument	7	1,802	46	709	239	25	42	723	19
25	Communication Equipment Telephone	7	81	2	32	11	1	2	33	1
26	Communication Equipment Other	7	74	2	29	10	1	2	30	1
27	Miscellaneous Equipment	7	196	5	77	26	3	5	79	2
28	Other Tangible Plant	7	697	18	274	92	10	16	279	7
	Total Depreciation Expense		386,222	3,571	102,472	156,507	37,910	21,436	56,163	8,162

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
	32.1		122.4	1.0000

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

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	1.0000
Total Fire Protection			0	1.0000

REALLOCATE PUBLIC FIRE

	<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 (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	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	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	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	\$ 1,380,979	86.7%	\$ 839,085	79.5%	\$ 1,337,595	83.9%	\$ 498,510	59.4%
Commercial	211,163	13.3%	216,087	20.5%	254,363	16.1%	38,276	17.7%
Private Fire	-	0.0%	-	0.0%	-	0.0%	-	
Total Sales	1,592,141	100.0%	1,055,173	<u>100.0%</u>	1,591,958	<u>100.0%</u>	536,786	50.9%
Other Revenues	14,615		9,546		14,615		5,069	53.1%
Total	<u>\$ 1,606,756</u>		<u>\$ 1,064,719</u>		<u>\$ 1,606,573</u>		<u>\$ 541,854</u>	50.9%

**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 (1)	Factor Ref (2)	Total Cost of Service (3)	Residential (4)	Commercial (5)	Private Fire (6)
1						
2						
3	Commodity	A	\$ 226,987	\$ 184,767	\$ 42,220	\$ -
4						
5	Demand - Maximum Day	B	363,721	301,670	62,051	-
6						
7	Demand - Maximum Hour	C	502,955	429,423	73,532	-
8						
9	Customer Facilities - Meters	D	89,489	77,060	12,430	-
10						
11	Customer Facilities - Services	E	100,384	95,194	5,190	-
12						
13	Customer Accounting	F	282,848	270,685	12,162	-
14						
15	Direct Fire	G	25,758	22,180	3,578	-
16						
17	Total		<u>\$ 1,592,142</u>	<u>\$ 1,380,979</u>	<u>\$ 211,163</u>	<u>\$ -</u>
18						