

**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	14,629	12,436	2,192	-
3. Total Operating Revenues	\$ 1,069,802	\$ 851,522	\$ 218,280	\$ -
4. Less: Operating Expenses	1,238,639	1,073,255	165,384	-
5. Return and Income Taxes	\$ (168,838)	\$ (221,734)	\$ 52,896	\$ -
6. Less: Interest Expense (Allocated by Rate Base)	91,593	79,566	12,026	-
7. Taxable Income	(260,430)	(301,300)	40,870	-
8. Less: Income Taxes (Allocated based on Line 7)	71,633	82,872	(11,239)	-
9. Net Return (Ln 5 - Ln 8)	\$ (240,471)	\$ (304,606)	\$ 64,135	\$ -
10. Original Cost Measure of Value	\$ 4,356,093	\$ 3,783,974	\$ 572,119	\$ -
11. Rate of Return, Percent	-5.52%	-8.05%	11.21%	
12. Relative Rate of Return	1.00	1.46	-2.03	

**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	\$ 1,599,530	\$ 1,343,965	\$ 255,565	\$ -
2. Other Revenues	14,629	12,436	2,192	-
3. Total Operating Revenues	\$ 1,614,159	\$ 1,356,402	\$ 257,757	\$ -
4. Less: Operating Expenses	1,238,639	1,073,255	165,384	-
5. Return and Income Taxes	\$ 375,520	\$ 283,146	\$ 92,374	\$ -
6. Less: Interest Expense (Allocated by Rate Base)	91,593	79,565	12,026	-
7. Taxable Income	283,927	203,581	80,348	-
8. Less: Income Taxes (Allocated based on Line 7)	71,633	51,361	20,272	-
9. Net Return (Ln 5 - Ln 8)	\$ 303,887	\$ 231,785	\$ 72,102	\$ -
10. Original Cost Measure of Value	\$ 4,356,093	\$ 3,783,974	\$ 572,119	\$ -
11. Rate of Return, Percent	6.98%	6.13%	12.60%	
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	\$ 11,560	\$ 9,410	\$ 2,150	\$ -
4						
5	Demand - Maximum Day	B	562,605	466,623	95,980	-
6						
7	Demand - Maximum Hour	C	2,493,143	2,128,645	364,498	-
8						
9	Customer Facilities - Meters	D	400,484	344,858	55,627	-
10						
11	Customer Facilities - Services	E	598,563	567,618	30,946	-
12						
13	Customer Accounting	F	180,669	172,899	7,769	-
14						
15	Direct Fire	G	109,070	93,920	15,150	-
16						
17	Total		<u>\$ 4,356,094</u>	<u>\$ 3,783,974</u>	<u>\$ 572,119</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	\$ 237,811	\$ 193,579	\$ 44,233	\$ -
4						
5	Demand - Maximum Day - Treatment and Pumping	B	316,150	262,214	53,935	-
6						
7	Demand - Maximum Hour	C	287,026	245,063	41,963	-
8						
9	Customer Facilities - Meters	D	54,898	47,272	7,625.29	-
10						
11	Customer Facilities - Services	E	48,355	45,855	2,499.95	-
12						
13	Customer Accounting	F	268,658	257,106	11,552	-
14						
15	Direct Fire	G	25,742	22,166	3,576	-
16						
17	Total		<u>\$ 1,238,640</u>	<u>\$ 1,073,255</u>	<u>\$ 165,384</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	1,710	276	410	128	75
26	Furniture and Equipment	7	7,028	179	2,763	931	96	164	2,821	74
27	Computer & Periphal Equipment	7	521,612	13,301	205,046	69,114	7,146	12,206	209,323	5,477
28	Computer Software	7	22,045	562	8,666	2,921	302	516	8,847	231
29	Other Office Equipment	7	2,591	66	1,018	343	35	61	1,040	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	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	254,315	6,485	99,971	33,697	3,484	5,951	102,056	2,670
4	Transportation Equip Heavy Duty Trucks	7	1,695	43	666	225	23	40	680	18
5	Transportation Equip Other	7	7,224	184	2,840	957	99	169	2,899	76
6	Stores Equipment	7	0	0	0	0	0	0	0	0
7	Tools, Shop, Garage Equipment	7	21,006	536	8,258	2,783	288	492	8,430	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	7,101	2,393	247	423	7,249	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	680	18
14	Miscellaneous Equipment	7	6,602	168	2,595	875	90	154	2,649	69
15	Other Tangible Plant	7	0	0	0	0	0	0	0	0
16	Total Plant in Service		\$ 8,421,236	\$ 22,876	\$ 1,094,866	\$ 4,805,700	\$ 774,565	\$ 1,153,175	\$ 360,013	\$ 210,040
17										
18	OTHER RATE BASE ELEMENTS									
19	Regulatory Advances and Contributions	9	0	0	0	0	0	0	0	0
20	Customer Advances	9	(3,429,639)	(9,260)	(445,853)	(1,957,295)	(315,527)	(469,518)	(146,789)	(85,398)
21	Contributions in Aid of Construction	9	(1,419,580)	(3,833)	(184,545)	(810,154)	(130,601)	(194,340)	(60,758)	(35,348)
22	Construction Work in Progress	2	0	0	0	0	0	0	0	0
23	Cash Working Capital Allowance	7	(15,109)	(385)	(5,939)	(2,002)	(207)	(354)	(6,063)	(159)
24	Utility Plant Acq. Adjustment	9	1,175,233	3,173	152,780	670,706	108,121	160,889	50,300	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)	(127,366)	(20,532)	(30,553)	(9,552)	(5,557)
27	Deferred Debits	9	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
28	Regulatory Liabilities	9	(151,471)	(409)	(19,691)	(86,445)	(13,935)	(20,736)	(6,483)	(3,772)
29										
30	Total Other Rate Base Elements		(4,065,141)	(11,317)	(532,261)	(2,312,556)	(374,081)	(554,611)	(179,345)	(100,970)
31										
32	Total Original Cost Measure of Value		\$ 4,356,095	\$ 11,560	\$ 562,605	\$ 2,493,143	\$ 400,484	\$ 598,563	\$ 180,669	\$ 109,070

**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	45,026	45,026	-	-	-	-	-	-
18	Fuel and Power	1	175,111	175,111	-	-	-	-	-	-
19	Chemicals	1	335	335	-	-	-	-	-	-
20	Waste Disposal	1	62	62	-	-	-	-	-	-
21	Corporate allocation	7	42,132	1,074	16,562	5,583	577	986	16,908	442
22	Outside Services	7	20,875	532	8,206	2,766	286	488	8,377	219
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	15,071	384	5,925	1,997	206	353	6,048	158
27	Customer Accounting	5	61,925	-	-	-	-	-	61,925	-
28	Rents	7	5,182	132	2,037	687	71	121	2,079	54
29	General Office Expense	7	17,137	437	6,736	2,271	235	401	6,877	180
30	Miscellaneous	7	(1,935)	(49)	(761)	(256)	(27)	(45)	(777)	(20)
31	Maintenance Expense - Treatment	2	134,751	-	134,751	-	-	-	-	-
32	Maintenance Expense	6	-	-	-	-	-	-	-	-
33	Maintenance Expense - Administrative	7	-	-	-	-	-	-	-	-
35										
36	TOTAL OPERATION AND MAINTENANCE EXPENSES		726,211	233,429	198,728	67,007	6,947	11,846	202,938	5,315





**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)
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	40,415	13,623	1,409	2,406	41,258	1,080
15	Other Office Equipment	7	7,769	198	3,054	1,029	106	182	3,118	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	8,422	2,839	294	501	8,598	225
18	Transportation Equipment Other	7	256	7	101	34	4	6	103	3
19	Stores Equipment	7	904	23	355	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	708	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	280	7
	Total Depreciation Expense		386,222	3,571	102,430	156,521	37,910	21,436	56,191	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
<b>Total</b>	<b>770</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	627	2.00	1,254	0.8294
Commercial/Public	143	1.80	258	0.1706
<b>Total</b>	<b>770</b>		<b>1,512</b>	<b>1.0000</b>

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
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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	<u>0</u>	<u>0</u>	
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
<b>Total</b>		<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**

<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	\$ 1,387,055	86.7%	\$ 839,085	79.5%	\$ 1,343,965	83.9%	\$ 504,880	60.2%
Commercial	212,721	13.3%	216,087	20.5%	255,565	16.1%	39,478	18.3%
Private Fire	-	0.0%	-	0.0%	-	0.0%	-	
Total Sales	1,599,776	100.0%	1,055,173	<u>100.0%</u>	1,599,530	<u>100.0%</u>	544,358	51.6%
Other Revenues	14,629		9,546		14,629		5,083	53.2%
Total	<u>\$ 1,614,405</u>		<u>\$ 1,064,719</u>		<u>\$ 1,614,159</u>		<u>\$ 549,441</u>	51.6%

**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	\$ 236,687	\$ 192,663	\$ 44,024	\$ -
4						
5	Demand - Maximum Day	B	362,595	300,736	61,859	-
6						
7	Demand - Maximum Hour	C	502,855	429,338	73,517	-
8						
9	Customer Facilities - Meters	D	89,476	77,049	12,428	-
10						
11	Customer Facilities - Services	E	100,358	95,170	5,189	-
12						
13	Customer Accounting	F	282,063	269,933	12,129	-
14						
15	Direct Fire	G	25,742	22,166	3,576	-
16						
17	Total		<u>\$ 1,599,776</u>	<u>\$ 1,387,055</u>	<u>\$ 212,721</u>	<u>\$ -</u>
18						