SPECIFIED COSTS AND CHARGES

The costs and charges identified in defined terms in the Rules are further defined as follows:

**Cost-of-Service Factor:** The SFPUC’s Cost-of-Service Factor shall be the annualized SFPUC-financed Monthly Cost-of-Ownership (0.168, which is equivalent to 16.80%).

**Cost-of-Ownership Charge:** The Monthly Cost-of-Ownership Charge shall be 1.40% per month for SFPUC-financed amounts (and 0.46% for Applicant-financed amounts).

**Commercial Allowance:** The Commercial Allowance for Distribution or Service Line Extensions shall be based on the following formula:

\[
\text{Net Distribution Revenue for the First Year ÷ Cost-of-Service Factor}
\]

**Residential Allowance:** The Residential Allowance for Distribution or Service Line Extensions shall be $1,825 per residential unit.