

REBUTTAL TESTIMONY
OF
HAROLD J. SMITH
VICE PRESIDENT
RAFTELIS FINANCIAL CONSULTING, INC.
ON BEHALF OF THE CITY OF NEWPORT, UTILITIES DEPARTMENT,
WATER DIVISION

In re: City of Newport, Utilities Department, Water Division

Docket No. 4025

April 29, 2009

Rebuttal Testimony of Harold J. Smith
Docket No. 4025

1 **Q. Please state your name and business address.**

2 A. My name is Harold J. Smith and my business address is 511 East Boulevard,
3 Charlotte, North Carolina 28203.

4

5 **Q: Are you the same Harold Smith who submitted pre-filed direct testimony in this**
6 **docket?**

7 A: Yes, I am.

8

9 **Q: What is the purpose of this testimony?**

10 A: I would like to respond to certain points or conclusions that were made in the pre-filed
11 testimony filed by the Division, Portsmouth and the Navy. I will address some of the
12 points raised in these testimonies. Julia Forgue and Laura Sitrin will address certain
13 issues in their rebuttal testimony.

14

15 **Q. Have you had an opportunity to review the testimony submitted by Portsmouth,**
16 **the Division and the Navy with regard to Newport's rate filing in this docket?**

17 A. Yes. I have reviewed the testimony submitted by Mr. Woodcock on behalf of
18 Portsmouth, Mr. Catlin on behalf of the Division and Mr. Harwig on behalf of the Navy.

19

20 **Q: What issues will you address in your testimony?**

21 My testimony will focus on six specific issues; two of these issues were addressed in the
22 testimony of all three witnesses, one that was addressed by Mr. Catlin and Mr. Woodcock
23 and three that were addressed only by Mr. Harwig.

24

25 **Q. What are these issues?**

26 A. All three witnesses suggested changes to Newport Water's proposed capital funding
27 plan that result in changes in the amounts allowed for debt service and the contribution to
28 the Capital Spending restricted account; however, their recommended changes and the
29 basis for those changes were different. All three witnesses also recommended significant
30 decreases in the amounts allowed for legal and administrative services provided by other
31 City departments. Mr. Woodcock and Mr. Catlin also provided recommended changes to

1 the costs that are allocated to Newport's Water Pollution Control department and the
2 Town of Middletown. Mr. Harwig alone suggested that the requested operating reserve
3 allowance be reduced; provided comments on the magnitude of the requested increase
4 and suggests that Newport's pending cost allocation study should be considered "...in
5 Phase II of the instant proceeding."

6

7 **Q. Which issue will you address first?**

8 A. I would like to address the recommended changes to the capital funding plan first.

9

10 **Capital Funding**

11 **Q. What is Mr. Catlin's position with respect to the capital funding plan?**

12 A. Mr. Catlin did not recommend any changes to the capital funding plan per se, but he
13 did recommend adjustments to Newport Water's requested amounts for debt service and
14 the contribution to the Capital Spending Restricted Account.

15

16 **Q. What adjustment did he recommend to the amount requested for debt service?**

17 A. Mr. Catlin noted that Newport Water has received additional information regarding
18 terms of the proposed SRF loans since the time of the original filing and that this
19 information suggests that Newport should modify its assumptions with respect to the
20 expected interest rates on these proposed borrowings. Specifically, Newport's response
21 to Division data request 2-11 (Div. DR 2-11) indicated that the City's financial advisor
22 suggested that Newport Water revise its assumptions with respect to the anticipated
23 interest rate on the RICWFA loans such that the assumptions are more consistent with
24 current market rates for similar transactions. As shown in the schedules attached to his
25 testimony, Mr. Catlin has adopted the revised debt service amount that was shown on the
26 schedules that Newport Water submitted in response to Div. DR 2-11.

27

28 **Q. Did Mr. Catlin also make an adjustment to the amount Newport Water
29 requested for the Contribution the Capital Spending restricted account?**

30 A. Yes. Mr. Catlin recommends that the annual contribution to the Capital Spending
31 restricted account be an amount equal to the average of the annual cash capital amounts

1 in FY 2010 and FY 2011. However, when he calculated his recommended funding
2 amount he did not take into account the fact that Newport Water has determined that the
3 aeration of the 4 million gallon reservoir at Lawton Valley is no longer necessary and the
4 costs associated with the project should be removed from the CIP. This project is labeled
5 “LV 4 Mgal resrv Aeration- Design & Constr” on RFC Schedule 4. The reason for
6 deleting this project from the CIP is given in Ms. Forgue’s response to Portsmouth data
7 request 3-9.

8

9 **Q. What were Mr. Woodcock’s recommendations with respect to Newport’s**
10 **proposed capital funding plan?**

11 A. Mr. Woodcock also suggests reducing the amount allowed for debt service to reflect
12 the information provided on Newport’s response to Div. DR 2-11; however, instead of
13 adopting the amount shown in the schedules included with our response to Div. DR 2-11
14 he suggests an adjustment that is equal to the average of the differences between
15 Newport’s original request and the amounts shown in the schedules submitted with
16 Newport’s response to Div. DR 2-11.

17

18 With respect to the contribution to the Capital Spending restricted account, Mr.
19 Woodcock recognizes the impact of deleting the costs associated with the reservoir
20 aeration project mentioned earlier and suggests that Newport’s contribution to the Capital
21 Spending restricted account be based on the average of the annual rate funded capital
22 requirements for FY 2010, FY 2011 and FY 2012.

23

24 **Q. What are Mr. Harwig’s recommendations with respect to the capital funding**
25 **plan?**

26 A. Mr. Harwig suggests that several projects that Newport plans to fund with cash
27 instead be funded with loans from the RICWFA. His suggested changes result in a
28 decrease in the contribution to the Capital Spending restricted account and an increase in
29 the amount allowed for debt service.

30

1 **Q. Do you agree with the recommendations made by any of the three witnesses with**
2 **respect to the amount allowed for debt service?**

3 A. I agree with all the witnesses that Newport's request for debt service be adjusted to
4 reflect the latest information regarding the anticipated interest rates on Newport's future
5 borrowings. As to the method of determining the actual amount allowed for debt service
6 in the rate year I am inclined to favor the approach recommended by Mr. Woodcock
7 since his approach recognizes that Newport Water's debt service requirements will
8 increase over the coming years.

9

10 **Q. Are you suggesting that Newport's request for debt service in the rate year be**
11 **the amount that Mr. Woodcock recommended in his testimony?**

12 A. Yes, the amount suggested by Mr. Woodcock is \$2,010,823 and the attached
13 schedules have been revised to reflect this change.

14

15 **Q. Do you agree with the recommendations made by any of the three witnesses with**
16 **respect to the contribution to the Capital Spending restricted account?**

17 A. I agree in principle with the recommendations made by Mr. Catlin and Mr. Woodcock
18 regarding the contribution to the Capital Spending restricted account. Both witnesses
19 suggest basing the amount of the contribution on an average of at least two years of
20 annual cash capital requirements; however, in light of the fact that Newport Water will
21 most likely be required to file for additional rate adjustments within the next two years to
22 seek the approval of rates that will support the debt service on loans used to fund their
23 proposed new water treatment plant, I believe the two year average proposed by Mr.
24 Catlin is more appropriate.

25

26 **Q. What is your revised proposal for the contribution to the Capital Spending**
27 **restricted account and how did you arrive at this amount?**

28 A. I recommend that the contribution to the Capital Spending restricted account be
29 reduced by \$505,101 from \$1,652,019 to \$1,146,918 which is the average of Newport's
30 annual cash capital requirements for fiscal years 2010 and 2011. The derivation of this

1 amount is shown on HJS Rebuttal 1 and the accompanying rate model schedules have
2 been revised to reflect this change.

3

4 **Q. Why do you disagree with the recommendation of Mr. Harwig?**

5 A. While I agree in principal with Mr. Harwig's assertion that the costs of projects
6 should be spread over the project's useful life, I do not think that Mr. Harwig took into
7 consideration the fact that the Trust Indentures for Newport Water's existing RICWFA
8 loans require that Newport maintain a debt service coverage ratio of 1.25 nor did he
9 consider that Newport Water is planning to borrow almost \$73 Million over the next
10 three years to fund a new water treatment plant and other system improvements.

11

12 **Q. Please explain what you mean by debt service coverage ratio?**

13 A. The debt service coverage ratio (DSCR), is the ratio of annual net revenues (gross
14 revenues less O&M expenses) to annual debt payments and is a metric used to assess a
15 borrower's ability to make debt service payments on outstanding debt. DSCR is
16 calculated by dividing annual net revenues by annual debt service requirements (net
17 revenues ÷ annual principal and interest due on outstanding debt). As mentioned
18 previously, the Trust Indentures for Newport's existing RICWFA loans require that
19 Newport Water maintain a debt service coverage ratio of at least 1.25 or in other words,
20 Newport's gross revenues minus O&M expenses must be at least 1.25 times its annual
21 debt service requirements.

22

23 **Q. How does Mr. Harwig's suggestion to reduce the contribution to the Capital
24 Spending restricted account effect Newport Water's ability to meet these debt
25 service coverage requirements?**

26 A. As described earlier, net revenues are used to calculate the DSCR. To determine net
27 revenues, a utility's O&M expenses are subtracted from gross revenues, but all revenues
28 recovered for the purpose of funding capital improvements are included in net revenues.
29 Mr. Harwig's recommendation to fund an additional \$553,199 in capital projects with
30 debt effectively reduces net revenues by that same amount and serves to lower Newport
31 Water's DSCR. The situation is exacerbated by the fact that Mr. Harwig's

1 recommendation also serves to increase debt service, thereby increasing the denominator
2 in the DSCR calculation.

3

4 **Q Would following Mr. Harwig's recommendation cause Newport Water to violate**
5 **the terms of its Trust Indentures?**

6 A. Following Mr. Harwig's recommendation would not cause Newport Water to violate
7 the DSCR requirements of the Trust Indentures on its existing loans, but would most
8 likely result in Newport Water being unable to meet the DSCR requirements on its
9 proposed FY 2010 borrowings. If it could not meet the DSCR requirements for
10 RICWFA loans, Newport Water would be forced to either severely curtail its capital
11 improvement program or fund much of the CIP with cash. The first of these two options
12 could possibly jeopardize Newport Water's ability to deliver high quality water and the
13 second option would result in dramatic rate increases.

14

15 **Q. Does this conclude your testimony with respect to the capital funding plan?**

16 A. Yes. However, I would also point out that Ms. Forgue has also raised concerns with
17 Mr. Harwig's recommendations with the Newport's Capital Funding plan.

18

19 **Q. Which issue will you address next?**

20 A. I will address the recommended changes to Newport's proposed allocation of City
21 Services costs to Newport Water?

22

23 **City Service Costs**

24 **Q. Will you be addressing the specific changes to the allocation of City Services**
25 **costs recommended by each of the three witnesses?**

26 A. No, Ms. Forgue and Ms. Sitrin will address Newport's response to specific changes
27 recommended by each witness. I will only provide a general discussion related to the
28 City's Cost Allocation Manual and the way in which this type of allocation of costs is
29 handled by other water utilities throughout the country. Later in my testimony I will
30 describe any changes to my schedules to reflect any changes that Newport Water has
31 made to their request for City Services costs.

1 **Q. Mr. Woodcock has expressed disappointment that issues regarding City Services**
2 **have been raised in this Docket. Do you have any comment on this?**

3 A. Yes, these comments are somewhat curious. In his testimony, Mr. Woodcock states
4 that the City Services issue “was an issue in several previous dockets and has not been
5 resolved despite the investment of considerable time and expense by the Commission and
6 the various parties to those dockets.” (Woodcock Direct, p.4) This testimony seems to
7 ignore the fact that the Commission essentially ordered the City of Newport to create a
8 Cost Allocation Manual (“CAM”). In fact, the Commission’s order stated that “In the
9 event the CAM is not filed, Newport Water shall risk the Commission denying future
10 requests for City Service Allocations.” Thus, it was clear that the City Services issue was
11 going to be raised in Newport’ next rate filing.

12

13 Mr. Woodcock goes on to say that the City Services allocations in this case represent an
14 “extreme deviation from prior filings.” (Woodcock Direct, p. 4). In some instances, Mr.
15 Woodcock also criticizes Newport for using allocation percentages that differ from
16 Docket 3818. (Woodcock Direct, p. 6) However, if Newport had used the same
17 allocations from past dockets, it would have run the risk of the Commission denying the
18 allocations altogether. Ironically, it was Mr. Woodcock who criticized Newport for
19 carrying over City Services allocations from Docket 3675 to Docket 3818:

20 “As I have indicated a number of times, I believe it was quite clear that the City
21 Services allocations used in the last docket were not binding on any of the parties
22 and should not form the rationale or basis for this case.” (Docket 3818, Woodcock
23 Surrebuttal, p. 17).

24

25 Thus, while there can certainly be debate on the best way to allocate costs, Newport
26 should not be criticized for attempting to revise its allocations and introducing them as an
27 issue in this case.

28

29

30

1 **Q. In your experience is it common for the municipal owner of a municipal water**
2 **utility to recover costs associated with services that other municipal departments**
3 **provide to the utility?**

4 A. In my experience, it is quite common for a municipal owner of a water utility to
5 attempt to recover from its utility the costs associated with services provided to the utility
6 by other municipal departments.

7

8 **Q. How do municipalities typically recover these costs?**

9 A. In most cases the costs are recovered via an inter-fund transfer from the utility
10 enterprise fund to the municipal general fund although some municipalities recover these
11 costs by assessing a payment in lieu of taxes, a franchise fee or some other type of
12 charge.

13

14 **Q. Do you have any data to support your statement?**

15 A. Aside from anecdotal knowledge gained from working with hundreds of utilities, in a
16 recent survey of eighty four water utilities conducted by RFC on behalf of a client, forty
17 nine of the utilities are owned by a city or county. Of these forty nine utilities, forty
18 make some type of transfer to their parent city or county. Twenty eight, or fifty seven
19 percent, of the city or county owned utilities reported that at least a portion of the transfer
20 is based on some type of allocation of costs for services provided by other departments of
21 the city or county.

22

23 **Q. In terms of a percent of the utility's O&M budget, how large are the transfers**
24 **that utilities typically make to their parent city or county?**

25 A. The transfers based on an allocation of cost range from less than one percent of the
26 utility's O&M budget to over 49 percent of the O&M budget. The average amount
27 transferred was 10 percent of the utility's O&M budget and the median transfer was
28 approximately 5.7 percent of the utility's O&M budget.

29

30

1 **Q. What percent of Newport Water's current request for O&M costs does the**
2 **charge for City Services represent?**

3 A. As shown on RFC Schedule 1 Rebuttal, Newport is requesting \$8,457,070 in
4 operating revenue requirements. The current requested charges for Legal and
5 Administrative services and Data Processing services total \$549,800 which is
6 approximately 7 percent of Newport's O&M budget.

7

8 **Q. Do you believe that this information justifies the magnitude of the charges that**
9 **the City is assessing to Newport Water?**

10 A. Not in and of itself, but it demonstrates that contrary to the sentiments expressed in
11 the testimony of the witnesses for the Division, PWFD and the Navy, the magnitude of
12 the charges the City is assessing are not out of line with the charges assessed to other
13 utilities by their parent city or county.

14

15 **Q. Based on your experience, how do most cities or counties that own water utilities**
16 **determine the charges that they assess to the utility for services provided by other**
17 **government departments?**

18 A. Although the previously mentioned survey did not provide any information related to
19 the method used by each of the respondents to determine the charge that a parent
20 municipality assesses to its utility, it is my experience that many use a cost allocation
21 methodology based on a relationship between the utility and the municipality as a whole.
22 Examples include the relationship between the utility budget and the city budget; the
23 number of checks written for utility purposes compared to the total number of checks
24 written; or the number of utility purchase orders relative to the total number of purchase
25 order for the city as a whole.

26

27 **Q. Is this the type of approach that Newport used to determine the charges assessed**
28 **by the City to Newport Water?**

29 A. Yes it is.

30

1 **Q. Based on your experience, how accurate are the cost allocation methodologies**
2 **used by cities to determine the charges to assess to their utilities?**

3 A. In general, the methodologies used typically provide a reasonable approximation of
4 the costs that a city incurs on behalf of its utility. However, the accuracy of the
5 approximation depends largely on the availability of relevant data, the level of effort used
6 to develop the allocation basis and the timeliness of updates to the methodology.

7

8 **Q. In your opinion did the City put forth the appropriate amount of effort in**
9 **developing its allocation of costs to Newport Water?**

10 A. Based on my review of the cost allocation manual that the City developed in response
11 to the Commission's suggestion in Docket No. 3818 it is apparent that members of the
12 City's staff put forth a good deal of effort in developing the allocation methodology. The
13 City could have taken different approaches to the study as set forth herein below, but it is
14 unlikely that the benefits would have justified the additional costs. Alternatively, the
15 City could have hired consultants to perform a cost allocation study for them, but these
16 studies are very costly.

17

18 **Q. How much would such a study typically cost?**

19 A. While the preparation of cost allocation studies is not one of the core services offered
20 by RFC, we have performed such studies. By way of example, we recently performed a
21 cost allocation study for a utility in California as part of a comprehensive cost of service
22 and rate study and our charges for the cost allocation study were approximately \$45,000.
23 It should be noted though that in this case we performed a large portion of the data
24 collection process as part of the overall cost of service analysis and the cost of this work
25 is not included in the \$45,000 dollars. If we had performed the cost allocation study
26 alone our fees would have been higher.

27

28

29

30

1 **Q. You indicated that the City could have taken different approaches to the cost**
2 **allocation study. Are there approaches that could yield more accurate**
3 **approximations of the costs that a city incurs on behalf of its utility?**

4 A. Absolutely, a detailed activity based costing analysis would likely yield more
5 accurate results; however, this type of study would require that each member of each city
6 department's staff keep daily logs over an extended period of time of the time they spend
7 performing tasks that provide some type of benefit to the utility. Once this data is
8 collected, someone would need to compile and analyze the data such that conclusions
9 could be drawn regarding how much effort is expended on behalf of the utility. In theory,
10 an activity based costing analysis should yield a very good approximation of the costs
11 incurred on behalf of the utility, but this approach is still dependent upon the diligence of
12 the city staff with respect to accurately recording the time spent on utility business.
13 Additionally, the costs associated with compiling and analyzing the data generated by
14 such a study can be quite large.

15

16 **Q. Would the cost of hiring an outside consultant or developing a detailed activity**
17 **based costing analysis yield a greater benefit in allocating costs to Newport Water?**

18 A. I am not sure the benefit would outweigh the cost given that the allocations presented
19 by Newport in this Docket seem to be in line with other municipal utilities as discussed
20 herein above.

21

22 **Q. Does this conclude your testimony with respect to Newport's allocation of City**
23 **Services costs?**

24 A. Yes.

25

26 **Q. What issue will you address next?**

27 A. I will address Mr. Woodcock's and Mr. Catlin's recommendations relating to the
28 allocation of meter replacement costs to Newport Water Pollution Control Fund and the
29 Town of Middletown.

1 **Allocation to Water Pollution Control and Middletown**

2 **Q. Please summarize the recommendations made by Mr. Woodcock and Mr.**
3 **Catlin?**

4 A. Mr. Woodcock begins his testimony by pointing out a cell reference error in the Excel
5 rate model that results in a miscalculation of the charges assessed to Newport's Water
6 Pollution Control Fund and the Town of Middletown. Both Mr. Woodcock and Mr.
7 Catlin note that while Newport has allocated a portion of its Customer Service O&M
8 costs and a portion of the debt service on the loan used to fund the radio read project to
9 the Water Pollution Control Fund and the Town of Middletown, it has not allocated any
10 of the costs associated with meter replacement to these two entities. Both go on to
11 recommend that a portion of the costs associated with meter replacement be allocated to
12 the Water Pollution control Fund and Middletown, but their recommendations as to the
13 allocation of costs differ.

14
15 Mr. Catlin suggests that 50% of the costs associated with meter replacement be allocated
16 to Water Pollution Control while Mr. Woodcock suggests that 50% of the meter
17 replacement costs be split between Water Pollution Control and the Town of Middletown
18 similar to the way Newport proposes to allocate O&M and debt service costs between the
19 two entities.

20

21 **Q. Do you agree with either of their recommendations?**

22 A. First, I agree with Mr. Woodcock that a cell reference error resulted in a
23 miscalculation of the charges assessed to Water Pollution Control and Middletown. The
24 cell reference error has been corrected and the proper allocations are shown on RFC
25 Schedule 6 Rebuttal. Second, I agree with both that a portion of the meter replacement
26 costs should be allocated to Water Pollution Control and Middletown and I agree with
27 Mr. Woodcock's allocation of costs between the two entities in that it more accurately
28 reflects the benefit that these two entities will receive from the new meters.

29

30

1 **Q. Are you accepting the amounts that Mr. Woodcock presents in the schedules**
2 **attached to his testimony?**

3 A. No, because his recommended amount is based on Newport's request for Customer
4 Service O&M expenses presented in the original filing. As discussed in the testimony of
5 Julia Forgue we have accepted some recommended changes to the Customer Service
6 O&M costs, therefore the O&M costs allocable to Water Pollution control and
7 Middletown have changed. RFC Schedule 6 Rebuttal has been revised in accordance
8 with Mr. Woodcock's proposed approach. The resulting rate year charges to Water
9 Pollution Control and Middletown are \$270,808 and \$135,301, respectively.

10

11 **Q. Does this conclude your testimony with respect to the allocation of meter**
12 **replacement costs?**

13 A. Yes.

14

15 **Q. What is the next issue that you would like to address?**

16 A. I will address the portions of Mr. Harwig's testimony that I did not address earlier in
17 this testimony. These items include a recommended reduction in the amount that
18 Newport Water should be allowed for an operating reserve; a comment about the
19 magnitude of Newport Water's requested rate increase; and a comment regarding
20 Newport's requested "across the board" increase in rates.

21

22 **Operating Revenue Allowance**

23 **Q. Please summarize Mr. Harwig's position with respect to the operating revenue**
24 **allowance.**

25 A. Mr. Harwig suggests that the requested operating revenue allowance equal to 3
26 percent of operating expenses is excessive and recommends that Newport only be
27 allowed an operating reserve allowance equal to one and a half percent of operating
28 expenses.

29

30

31

1 **Q. Do you agree with Mr. Harwig on this issue?**

2 A. I do not and I would like to point out that neither Mr. Catlin nor Mr. Woodcock seem
3 to agree with Mr. Harwig on this matter although Mr. Woodcock confuses the matter by
4 suggesting the operating reserve allowance be funded with a payment from the City of
5 Newport to Newport Water. I would also like to point out that Newport's request for an
6 operating allowance of 3% of operating expenses, with half of the amount placed in a
7 restricted account, is consistent with the operating reserve allowance that the Commission
8 approved for both the Kent County Water Authority and Providence Water.

9
10 **Q. Why do you disagree with Mr. Harwig's recommendation?**

11 A. First, Mr. Harwig states that Newport is requesting an additional amount of revenue to
12 cover "unexpected increases in operating and capital costs." This is not entirely correct.
13 The Operating Revenue Allowance also serves to assist Newport Water with unexpected
14 drops in revenue. As set forth in my testimonies in Docket 3818, Newport Water, along
15 with many other utilities in the State of Rhode Island, has experienced a decline in
16 consumption by its customers in recent years. This decrease in water sales has lead to
17 decreased revenue. Furthermore, water sales in any given year can fluctuate for reasons
18 outside of the control of Newport Water. For example, as I set forth in my Docket 3818
19 testimonies, during periods of higher than normal precipitation, water sales tend to drop
20 as customers' water needs decline. This decline in water sales results in a commensurate
21 decline in rate revenues and can result in a situation where revenues are less than
22 expenses. Thus, a proper revenue allowance will allow Newport to absorb these
23 decreases in consumption without having to forgo expenditures deemed necessary by the
24 Commission.

25
26 In addition, as I have testified previously before this Commission, I believe it is
27 imperative that a utility maintain an operating reserve fund with a balance that is
28 sufficient to both cover any unforeseen increases in operating costs and offset any
29 unforeseen declines in revenue resulting from lower than expected water sales. Ideally
30 the balance in this operating reserve fund should be maintained at a level equal to at least
31 ninety days worth of operating expenses; however, many utilities set their target

1 operating reserve fund balance at an amount equal to 45 days of operating expenses. For
2 Newport Water, with annual operating expenses of approximately \$8.45 million an
3 operating reserve fund with 45 days of operating expenses would have a balance of
4 approximately \$1.04 million dollars.

5

6 **Q. Would Newport Water's request for an operating reserve allowance allow it to**
7 **build an operating reserve fund with the balance that you suggest is appropriate?**

8 A. No, not immediately, but barring any major unforeseen expenses or dramatic
9 decreases in water sales it could allow Newport Water to begin building an operating
10 reserve fund balance. Depending on the O&M expenses that are finally approved by the
11 Commission in this docket Newport's requested operating reserve allowance will be
12 somewhere in the range of \$250,000 dollars per year. Assuming that the Commission
13 imposed the same restrictions as in Kent County, and assuming a worst case scenario
14 under which Newport Water is required to expend the entire unrestricted portion of the
15 allowance each year to cover unforeseen expenses or to offset declines in revenue due to
16 declining water sales, the reserve fund balance in the restricted portion of the account
17 would increase at a rate of approximately \$125,000 per year. At this rate Newport
18 Water's operating reserve fund balance in the restricted account would be equal to 45
19 days of operating expenses in just over eight years. As stated earlier, this is a worst case
20 scenario in that it is unlikely that Newport Water would be required to expend the entire
21 unrestricted portion of the allowance every year. At the funding level suggested by Mr.
22 Harwig and under the same assumption with respect to unforeseen expenses and/or
23 revenue shortfalls it would require more than sixteen years for Newport Water to build an
24 appropriate operating reserve fund balance.

25

26 **Q. Are there other reasons that you disagree with Mr. Harwig's recommendation**
27 **regarding the operating reserve allowance?**

28 A. Yes, similar to Newport's cash capital requirements, the revenues recovered to fund
29 the operating reserve allowance are included in the net revenues used to calculate
30 Newport's debt service coverage ratio. Therefore, any reduction in the allowance results
31 in a decrease in Newport Water's DSCR. Not only must Newport Water maintain a debt

1 service coverage ratio of 1.25 to remain in compliance with the Trust Indentures of its
2 RICWFA loans, but DSCR is a key metric that rating agencies use to assess a utility's
3 credit worthiness. As such, by maintaining a strong DSCR Newport can help ensure that
4 it maintains a strong credit rating which will lead to lower borrowing costs in the long
5 term and for a utility that is about to borrow approximately \$73 million doing anything
6 that will keep borrowing costs as low as possible is in the best interest of the utility and
7 its customers.

8

9 **Q. Please summarize Mr. Harwig's comments regarding the magnitude of**
10 **Newport's rate increase request.**

11 A. Mr. Harwig expresses some dismay at the magnitude of Newport Water's rate increase
12 request given the current economic conditions in Rhode Island and across the country.

13

14 **Q. Do you agree with Mr. Harwig on this matter?**

15 A. I feel it is safe for me to say that the management of Newport Water would prefer that
16 they were not in the position of needing to ask the Commission to approve any increase
17 in rates, much less the increase that is being requested. However, given that in order to
18 continue to provide quality drinking water to its customer both now and into the future
19 Newport Water must incur the operating and capital costs for which it is seeking the
20 Commission's approval, it must seek to increase rates to a level that will ensure the
21 recovery of these costs.

22

23 **Q. Please summarize Mr. Harwig's comments regarding the nature of Newport's**
24 **requested rate increase?**

25 A. Mr. Harwig is concerned with Newport's request to increase all rates by an equal
26 percent to all customers.

27

28 **Q. Is Newport Water taking any steps to address these concerns?**

29 A. Yes. The Settlement Agreement in Docket 3578 provides that Newport should
30 perform a Demand Study if it sought to charge Portsmouth with transmission, distribution
31 and peak costs associated with supply and treatment. In Docket 3818, the Commission

1 ordered Newport to perform a full cost of services study by September 1, 2009. In
2 consultation with the interveners in Newport's rate filings, Newport will be collecting
3 additional data for the Demand Study. This data will be collected from a daily meter
4 reading program that will be implemented. This program involves the daily reading of
5 water meters for a randomly selected sample of approximately 160 of Newport Water's
6 customers during the months of May 2009 through September 2009.

7

8 As such, the Cost of Service Study and the Demand Study will be filed in the fall of
9 2009. As set for the in Ms. Forgue's testimony, Newport Water may have to seek a sixty
10 (60) day extension of the Commission's deadline for filing the Cost of Service Study
11 such that the daily read data collected during the summer of 2009 can be appropriately
12 incorporated into the analysis.

13

14 Unfortunately, Newport Water is in dire need of an increase in rates. As such, Newport
15 Water decided to propose across the board increases that are necessary to ensure that it
16 will have sufficient revenues in the Rate Year. Certainly, once the Commission issues a
17 ruling on the Cost of Service Study, the rates can be appropriately adjusted.

18

19 **Q. Does this conclude your testimony with regard to the testimony submitted by**
20 **witnesses representing the Division, PWFD and the Navy?**

21 A. Yes.

22

23 **Rebuttal Adjustments**

24 **Q. Have you prepared schedules that show the impact of any revisions on the**
25 **proposed rates and charges?**

26 A. Yes, I have revised the rate model submitted with my original testimony to incorporate
27 any revisions that are addressed in my testimony or in the testimonies of Ms. Forgue and
28 Ms. Sitrin. These schedules are attached as RFC Schedule 1 Rebuttal through RFC
29 Schedule 11 Rebuttal and RFC Schedules A Rebuttal, RFC Schedules B-1 Rebuttal
30 through RFC Schedule B-9 Rebuttal, RFC Schedule C Rebuttal and RFC Schedule D
31 Rebuttal. Additionally I have prepared two additional schedules; one that demonstrates

1 the derivation of Newport's revised request for the contribution to the Capital Spending
2 restricted account and one that summarizes the adjustments that Newport Water has made
3 through their rebuttal testimony. These schedules have been labeled as HJS Rebuttal 1
4 and HJS Rebuttal 2 in order to highlight the fact that they are new schedules that were not
5 submitted with my original testimony.

6

7 **Q. Will you please summarize the revisions that have been made to the schedules**
8 **submitted with your original testimony?**

9 Yes. First I corrected the cell reference error on RFC Schedule 6 that resulted in a
10 miscalculation of the charges to be assessed to Water Pollution Control and Middletown
11 and I revised RFC Schedule 6 such that portions of the requested Meter Replacement
12 costs are allocated to Water Pollution Control and Middletown. These revisions
13 increased the charge to be assessed to Water Pollution Control from \$248,294 to
14 \$270,808 and increased the charge to be assessed to Middletown from \$124,053 to
15 \$135,301. These adjustments served to reduce Newport's Net Revenue Requirements by
16 \$33,762.

17

18 Next, I revised RFC Schedule D to reflect changes to Newport's allocation of City
19 Services costs to the Water Department. Specifically, I made the following revisions:

- 20 • I set the budget amount for the Water Department equal to Newport Water's revenue
21 requirements, as adjusted per rebuttal testimony, net of the operating reserve
22 allowance. This revision also results in a change to the percentage that is used to
23 allocate the costs of the City Manager, City Solicitor, 80% of Finance Administration
24 and MIS -Other, to the Water Department.
- 25 • I revised the allocable Finance Administration costs such that 15% of the costs of this
26 department are no longer allocable to the Water Department or the City's other
27 enterprise funds.
- 28 • I revised the percentages used to allocate 5% of Finance Administration's costs to the
29 City's enterprise funds. The new percentage is reflective of the bank account analysis
30 the Ms. Sitrin discusses in her rebuttal testimony.

- 1 • I revised City Council and City Clerk allocation percentages based on revised
2 analysis of the City Council minutes as discussed in Ms. Sitrin's rebuttal testimony.
- 3 • I removed the costs associated with the Citizens Survey from the costs allocable to
4 other departments consistent with Ms. Sitrin's rebuttal testimony.
- 5 • I revised the percentages used to allocate the costs of the Purchasing Department to
6 other departments. The new percentage is based on the number of unique purchase
7 orders as discussed in Ms. Sitrin's rebuttal testimony.
- 8 • I revised the percentage used to allocate the costs of the Assessor's salary and benefits
9 in accordance with Ms. Sitrin's rebuttal testimony.
- 10 • I revised the percentages used to allocate the costs for the Collections office such that
11 the allocation reflects all of the tasks that this office performs as discussed in Ms.
12 Sitrin's rebuttal testimony.
- 13 • I reduced the costs allocable form MIS-Other by \$45,000 to remove the costs
14 associated with postage consistent with Ms. Sitrin's rebuttal testimony.

15

16 These revisions resulted in Newport's request for Legal & Administrative costs being
17 reduced from \$539,500 to \$403,800. The amount requested for Data Processing has been
18 reduced from \$226,000 to \$146,000.

19

20 Next, I revised RFC Schedule C and RFC Schedule 5 to reflect the current information
21 related to the amount of debt service that Newport will be required to pay on existing and
22 proposed borrowings from the RICWFA. The nature of these changes is described in
23 Newport's response to Div. DR 2-11. This revision resulted in a reduction in rate year
24 debt service requirements from \$2,072,985 to \$1,893,101.

25

26 Next, I revised RFC Schedule 11 to reflect a decrease in Newport's request for debt
27 service from \$2,072,985 to \$2,010,823 consistent with Newport agreement with Mr.
28 Woodcock's recommendation.

29

30 Next, I revised RFC Schedule B-1 to reflect changes in FY 2008 Consultant Fees per
31 Newport's response to PWFD data request 2-14.

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Next, I revised RFC Schedule B-6 per Newport's response to PWFD data request 3-12. This revision had no impact on Newport's request, but was made to correct the name of a piece of equipment on which repairs are to be made.

Next, I revised RFC Schedule 4 to reflect Newport Water's decision that the aeration project for the 4 MG reservoir was no longer necessary. This revision served to reduce Newport's cash capital needs by \$600,000 in FY 2010 and by \$260,000 in FY 2011.

Next, I revised RFC Schedule 11 to reflect that Newport's revised request for the contribution to the Capital Spending restricted account is an amount equal to the average of the annual cash capital needs in FY 2010 and FY 2011 as described on pages 4 and 5 of this testimony. The derivation of this amount is shown on HJS Rebuttal 1. This revision reduced Newport's request for the contribution to the Capital Spending restricted account from \$1,652,019 to \$1,146,918.

Next, I revised RFC Schedule B-2 to reflect the reduction in Newport's request for requested Customer Service Overtime hours from 743 to 643 as discussed in the rebuttal testimony of Ms. Forgue. This revision reduced Newport's request for Customer Service operating costs from \$724,850 to \$719,939.

Next, I revised RFC Schedule B-4 to reflect the reduction in Newport's request for requested Source of Supply Mainland Overtime hours from 444 to 250 as discussed in the rebuttal testimony of Ms. Forgue. This revision reduced Newport's request for Source of Supply Mainland operating costs from \$146,540 to \$142,800.

Next, I revised RFC Schedule B-9 to reduce Newport's request for Fire Protection expenses per Ms. Forgue's rebuttal testimony. This revision resulted in a reduction in Newport's request for Fire Protection operating expenses from \$21,000 to \$14,500.

1 Next, I revised RFC Schedules B-1, B-2, B-3, B-5, B-6 and B-8 to reflect adjustments to
2 the requested amounts for fuel consistent with the testimony of Ms. Forgue. These
3 adjustments reduced Newport's request for Gas/Vehicle Maintenance from \$212,100 to
4 \$203,432 which is a reduction of \$8,668.

5
6 Next, I revised RFC Schedules B-3, B-5 and B-6 to reflect adjustments to the requested
7 amounts for contributions to the Chemical restricted account consistent with Ms.
8 Forgue's rebuttal testimony. These adjustments reduced Newport's request for
9 contributions to the Chemical restricted account from \$739,500 to \$669,000 which is a
10 reduction of \$70,500.

11
12 Next, I revised RFC Schedule B-1 to reduce Newport' request for Regulatory Assessment
13 expenses per Ms. Forgue's rebuttal testimony. This revision resulted in a \$630 reduction
14 in Newport's request for Administration operating expenses.

15
16 Finally, I revised the projections for rate year water sales to PWFD and the Navy to
17 reflect their responses to Newport's data requests to both parties.

18

19 **Q. Why did the projections for water sales to PWFD and the Navy change?**

20 A. As I discussed in my pre-filed testimony, the projections for sales to the Navy and
21 PWFD in the original filing were based on water purchase projections provided by the
22 Navy and PWFD. However, at the time I prepared that testimony we were awaiting
23 clarification regarding whether the Navy projections included water purchased from
24 PWFD under a temporary agreement between PWFD and the Navy whereby Portsmouth
25 sells water to the Navy at its top tier residential rate to serve a portion of the Navy base.
26 In responses to data requests submitted to both parties by Newport Water subsequent to
27 the original filing the Navy has revised its projection of water purchased directly from
28 Newport Water during the rate year and PWFD has indicated that it anticipates that it will
29 sell the Navy approximately 5.1 million gallons of water in the rate year.

30

1 **Q. What changes did you make to the rate year water sales projections to reflect**
2 **this new information?**

3 A. Since the water that PWFD ultimately delivers to the Navy is purchased from
4 Newport Water at the current PWFD rate, the 5.1 million gallons that PWFD projects it
5 will sell to the Navy has been included in PWFD's projected rate year consumption
6 thereby increasing projected sales to PWFD by 5.1 million gallons over the projection in
7 Newport Water's original filing. Additionally, the projected rate year sales to the Navy
8 has been revised to be consistent with the Navy's response to question five of Newport
9 Water's first data request to the Navy. In their response to this question the Navy
10 indicated that they would purchase 278,282,000 gallons of water directly from Newport
11 Water. The revised water sales projections are shown on HJS Rebuttal 2.

12

13 **Q. What is the overall impact of the adjustments summarized above on Newport**
14 **Water's request?**

15 A. As summarized on HJS Rebuttal 2, these adjustments serve to reduce Newport's
16 requested Net Revenue Requirements by \$919,996. This reduction in Net Revenue
17 Requirements results in Newport Water's requested percent increase in rate revenues
18 dropping from 28.75% to 19.12% as shown on RFC Schedule 7 Rebuttal. The revised
19 request for proposed rates is shown on RFC Schedule 8 Rebuttal.

20

21 **CONCLUSION**

22 **Q: Does this conclude your testimony?**

23 A: Yes it does.

City of Newport, Rhode Island
Rhode Island Public Utilities Commission Rate Filing Docket # 4025
Exhibits for the Rebuttal Testimony of Harold J. Smith



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RFC

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Contribution to Capital Spending Restricted Account
Summary of Rebuttal Adjustments

<u>Account</u>	<u>Docket # 3818</u>	<u>FY 2008 Test Year (1)</u>	<u>Test Year Normalizing Adjustments</u>	<u>Normalized Test Year</u>	<u>Rate Year Adjustment</u>	<u>FY 2010 Rate Year (2)</u>
<u>Operating Revenue Requirements</u>						
Administration	\$ 1,589,812	\$ 1,606,358	\$ 105,885	\$ 1,712,242	\$ 677,788	\$ 2,310,030
Customer Service	\$ 638,982	\$ 502,249	\$ 138,905	\$ 641,178	\$ 78,761	\$ 719,939
Source of Supply - Island	\$ 567,828	\$ 484,797	\$ 62,753	\$ 547,551	\$ 72,849	\$ 620,400
Source of Supply - Mainland	\$ 103,040	\$ 105,725	\$ 1,994	\$ 107,719	\$ 35,281	\$ 142,800
Treatment - Newport Plant (Station One)	\$ 1,427,272	\$ 1,369,315	\$ 78,365	\$ 1,447,680	\$ 253,020	\$ 1,700,700
Treatment - Lawton Valley	\$ 1,237,734	\$ 1,058,872	\$ 127,716	\$ 1,186,587	\$ 418,363	\$ 1,604,950
Water Laboratory	\$ 220,400	\$ 196,363	\$ 4,507	\$ 200,870	\$ 48,580	\$ 249,450
Transmission & Distribution Maintenance	\$ 936,541	\$ 741,996	\$ 217,398	\$ 959,394	\$ 134,907	\$ 1,094,300
Fire Protection	\$ 14,000	\$ 11,310	\$ 2,690	\$ 14,000	\$ 500	\$ 14,500
Total Operating Requirements	\$ 6,735,609	\$ 6,076,985	\$ 740,214	\$ 6,817,221	\$ 1,720,049	\$ 8,457,070
	-	-	-	-	-	(0)
<u>Capital Revenue Requirements</u>						
Contribution to Debt Service Account (3)	\$ 980,000	\$ 980,000	\$ 250,000	\$ 1,230,000	\$ 780,823	\$ 2,010,823
Contribution to Repayment to City Account (4)	\$ 250,000	\$ 250,000	\$ (250,000)	\$ -	\$ -	\$ -
Contribution to Capital Spending Account (3)	\$ 1,297,182	\$ 1,297,182	\$ 1,297,182	\$ 1,297,182	\$ (150,264)	\$ 1,146,918
Total Capital Requirements	\$ 2,527,182	\$ 2,527,182	\$ 1,297,182	\$ 2,527,182	\$ 630,559	\$ 3,157,741
SumCheck(0)						
Subtotal Revenue Requirements	\$ 9,262,791	\$ 8,604,167	\$ 2,037,396	\$ 9,344,403	\$ 2,350,608	\$ 11,614,811
Additional Rev Requirements (Operating Revenue) (5)	\$ 138,942	\$ 138,942		\$ 140,166	\$ 113,546	\$ 253,712
Revenue Requirements before Offsets	\$ 9,401,733	\$ 8,743,109	\$ 2,037,396	\$ 9,484,569	\$ 2,464,154	\$ 11,868,523
Less: Revenue Offsets (6)	\$ (443,076)	\$ (540,376)	\$ -	\$ (540,376)	\$ -	\$ (741,827)
Net Revenue Requirements	\$ 8,958,657	\$ 8,202,733	\$ 2,037,396	\$ 8,944,193	\$ 2,182,503	\$ 11,126,696
Checksum	0	0	0	0	0	0

- (1) Test Year covers the period from July 1, 2007 to June 30, 2008.
- (2) Rate Year is the period beginning July 1, 2009 and ending June 30, 2010.
- (3) Funding of Debt Service and Capital Spending accounts based on projected spending on debt service and rate funding of capital projects for FY 2010
- (4) This contribution is related to the \$2.5 million that was to be paid back to the General Fund over a period of 5 years where each annual contribution of \$250,000 is to be funded through rates. The last payment was made to the City in FY 08 and no funding is requested in the Rate Year.
- (5) Used to fund operating reserve. Rate year amount equal to 3% of O&M expenses.
- (6) See RFC Schedule 6 "Offsets To Revenue Requirements" for further detail.

		Docket # 3818	FY 2008 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2010 Rate Year
Operating Revenue Requirements							
<u>Budget Line Item</u>							
50 520	Accrued Benefits Buy-Out	\$ 70,000	\$ 104,103	\$ -	\$ 104,103	\$ 70,897	\$ 175,000
50 005	Permanent - Part Time	\$ 5,200	\$ 5,200	\$ -	\$ 5,200	\$ 7,800	\$ 13,000
50 001	Salaries & Wages	\$ 2,093,011	\$ 1,930,192	\$ 174,731	\$ 2,104,923	\$ 282,777	\$ 2,387,700
50 002	Overtime	\$ 179,000	\$ 177,664	\$ 15,198	\$ 192,862	\$ 13,556	\$ 206,418
50 003	Holiday Pay	\$ 36,000	\$ 31,925	\$ 4,075	\$ 36,000	\$ 3,100	\$ 39,100
50 004	Temp Salaries	\$ 50,000	\$ 26,465	\$ 26,255	\$ 52,720	\$ 5,380	\$ 58,100
50 044	Standby Salaries	\$ 9,641	\$ 12,400	\$ -	\$ 12,400	\$ 100	\$ 12,500
50 056	Injury Pay	\$ 1,200	\$ 1,283	\$ (1,283)	\$ -	\$ -	\$ -
50 100	Employee Benefits	\$ 1,090,200	\$ 898,703	\$ 139,156	\$ 1,037,859	\$ 215,642	\$ 1,253,300
50 103	Retiree Insurance Coverage	\$ 210,000	\$ 234,929	\$ -	\$ 234,929	\$ 127,071	\$ 362,000
50 105	Workers Compensation Insurance	\$ 76,000	\$ 87,455	\$ -	\$ 87,455	\$ 26,545	\$ 114,000
50 205	Copy & Binding	\$ 1,000	\$ 626	\$ 374	\$ 1,000	\$ -	\$ 1,000
50 207	Advertisement	\$ 1,500	\$ 1,110	\$ 390	\$ 1,500	\$ 7,500	\$ 9,000
50 210	Dues & Subscriptions	\$ 2,500	\$ 1,610	\$ 890	\$ 2,500	\$ -	\$ 2,500
50 212	Conferences and Training	\$ 20,500	\$ 4,830	\$ 15,670	\$ 20,500	\$ -	\$ 20,500
50 214	Tuition Reimbursement	\$ 2,000	\$ 540	\$ 1,460	\$ 2,000	\$ -	\$ 2,000
50 220	Consultant Fees	\$ 140,000	\$ 105,354	\$ 62,646	\$ 168,000	\$ 82,000	\$ 250,000
50 225	Contract Services (Support Services)	\$ 40,333	\$ 20,168	\$ 13,332	\$ 33,522	\$ (22)	\$ 33,500
50 238	Postage & Delivery	\$ 30,667	\$ 28,294	\$ 358	\$ 28,652	\$ 6,648	\$ 35,300
50 239	Fire & Liability Insurance	\$ 93,725	\$ 99,221	\$ -	\$ 99,221	\$ 15,479	\$ 114,700
50 251	Telephone & Communication	\$ 10,200	\$ 4,389	\$ -	\$ 4,389	\$ 3,911	\$ 8,300
50 305	Water/Sewer	\$ 275,768	\$ 224,364	\$ 83,139	\$ 307,502	\$ 119,998	\$ 427,500
50 306	Contribution to Electricity Restricted Account	\$ 423,903	\$ 402,663	\$ -	\$ 402,663	\$ 169,637	\$ 572,300
50 307	Natural Gas	\$ 72,700	\$ 53,681	\$ -	\$ 53,681	\$ 6,519	\$ 60,200
50 260	Heavy Equipment Rental	\$ 14,660	\$ 1,367	\$ 9,033	\$ 10,400	\$ -	\$ 10,400
50 308	Property Taxes	\$ 180,000	\$ 175,827	\$ -	\$ 175,827	\$ 53,173	\$ 229,000
50 266	Legal & Administrative	\$ 219,177	\$ 219,177	\$ -	\$ 219,177	\$ 184,623	\$ 403,800
50 267	Data Processing	\$ 156,368	\$ 156,368	\$ -	\$ 156,368	\$ 69,632	\$ 146,000
50 268	Mileage Reimbursement	\$ 1,500	\$ 953	\$ 547	\$ 1,500	\$ 500	\$ 2,000
50 271	Gas/Vehicle Maintenance	\$ 117,796	\$ 181,368	\$ -	\$ 181,369	\$ 22,063	\$ 203,432
50 275	Repair & Maint - Equipment	\$ 183,000	\$ 101,462	\$ 72,938	\$ 174,400	\$ 11,300	\$ 185,700
50 277	Reservoir Maintenance	\$ 31,000	\$ 16,591	\$ 14,409	\$ 31,000	\$ -	\$ 31,000
50 280	Regulatory Expense	\$ 10,000	\$ 7,414	\$ -	\$ 7,414	\$ 2,586	\$ 10,000
50 281	Regulatory Assessment	\$ 77,000	\$ 74,686	\$ -	\$ 74,686	\$ 8,584	\$ 83,270
50 276	Repairs/Main Maintenance	\$ 79,000	\$ 58,239	\$ 20,761	\$ 79,000	\$ 5,800	\$ 84,800
50 296	Service Maintenance	\$ 33,500	\$ 17,490	\$ 16,010	\$ 33,500	\$ -	\$ 33,500
50 299	Meter Maintenance	\$ 11,000	\$ 9,483	\$ 1,517	\$ 11,000	\$ -	\$ 11,000
50 311	Operating Supplies	\$ 75,500	\$ 54,653	\$ 15,925	\$ 70,578	\$ 3,472	\$ 74,050
50 320	Uniforms & Protective Gear	\$ 5,600	\$ 2,997	\$ 2,602	\$ 5,600	\$ -	\$ 5,600
50 335	Contribution to Chemical Restricted Account	\$ 504,200	\$ 490,165	\$ -	\$ 490,165	\$ 178,835	\$ 669,000
50 339	Laboratory Supplies	\$ 16,000	\$ 14,032	\$ 1,968	\$ 16,000	\$ 2,500	\$ 18,500
50 361	Office Supplies	\$ 30,000	\$ 14,119	\$ 15,881	\$ 30,000	\$ -	\$ 30,000
50 380	Customer Service Supplies	\$ 5,000	\$ 5,250	\$ -	\$ 5,250	\$ 9,750	\$ 15,000
50 505	Self Insurance	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
50 515	Unemployment Claims	\$ 12,000	\$ -	\$ 12,000	\$ 12,000	\$ -	\$ 12,000
50 175	Annual Leave Buy-back	\$ 28,260	\$ 18,175	\$ 10,232	\$ 28,406	\$ 2,694	\$ 31,100
Total Operating Requirements		\$ 6,735,609	\$ 6,076,985	\$ 740,214	\$ 6,817,221	\$ 1,720,049	\$ 8,457,070
Contribution to Capital Restricted Accounts							
DSA	Debt Service Account	\$ 980,000	\$ 980,000	\$ 250,000	\$ 1,230,000	\$ 780,823	\$ 2,010,823
RCA	Repayment to City Account	\$ 250,000	\$ 250,000	\$ (250,000)	\$ -	\$ -	\$ -
CRA	Capital Spending Account	\$ 1,297,182	\$ 1,297,182	\$ 1,297,182	\$ 1,297,182	\$ (150,264)	\$ 1,146,918
Total Capital and Debt Service Requirements		\$ 2,527,182	\$ 2,527,182	\$ 1,297,182	\$ 2,527,182	\$ 630,559	\$ 3,157,741
Subtotal Revenue Requirements		\$ 9,262,791	\$ 8,604,167	\$ 2,037,396	\$ 9,344,403	\$ 2,350,608	\$ 11,614,811
Additional Rev. Reqts. (4)		\$ 138,942	\$ 138,942	\$ -	\$ 140,166	\$ 113,546	\$ 253,712
Total Revenue Requirements before Offsets		\$ 9,401,733	\$ 8,743,109	\$ 2,037,396	\$ 9,484,569	\$ 2,464,154	\$ 11,868,523
Less: Revenue Offsets		\$ (443,076)	\$ (540,376)	\$ -	\$ (540,376)	\$ -	\$ (741,827)
NET REVENUE REQUIREMENTS		\$ 8,958,657	\$ 8,202,733	\$ 2,037,396	\$ 8,944,193	\$ 2,182,503	\$ 11,126,696

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Account Detail

Administration

		Docket # 3818	FY 2008 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2010 Rate Year
<u>Account No. 15-500-2200</u>							
<u>Personnel</u>							
50 001	Salaries & Wages	\$ 214,000	\$ 236,016	\$ -	\$ 236,016	\$ 28,984	\$ 265,000
50 044	Standby Salaries	\$ 9,641	\$ 12,400	\$ -	\$ 12,400	\$ 100	\$ 12,500
50 520	Accrued Benefits Buyout	\$ 70,000	\$ 104,103	\$ -	\$ 104,103	\$ 70,897	\$ 175,000
50 100	Employee Benefits	\$ 88,000	\$ 85,618	\$ -	\$ 85,618	\$ 15,382	\$ 101,000
50 103	Retiree Insurance Coverage	\$ 210,000	\$ 234,929	\$ -	\$ 234,929	\$ 127,071	\$ 362,000
50 105	Workers Compensation Insurance	\$ 76,000	\$ 87,455	\$ -	\$ 87,455	\$ 26,545	\$ 114,000
	Subtotal	\$ 667,641	\$ 760,521	\$ -	\$ 760,521	\$ 268,979	\$ 1,029,500

Other Operating

50 207	Advertisement	\$ 1,500	\$ 1,110	\$ 390	\$ 1,500	\$ 7,500	\$ 9,000
50 210	Dues & Subscriptions	\$ 2,500	\$ 1,610	\$ 890	\$ 2,500	\$ -	\$ 2,500
50 212	Conferences and Training	\$ 2,500	\$ 331	\$ 2,169	\$ 2,500	\$ -	\$ 2,500
50 214	Tuition Reimbursement	\$ 2,000	\$ 540	\$ 1,460	\$ 2,000	\$ -	\$ 2,000
50 220	Consultant Fees	\$ 140,000	\$ 105,354	\$ 62,646	\$ 168,000	\$ 82,000	\$ 250,000
50 238	Postage & Delivery	\$ 1,000	\$ 642	\$ 358	\$ 1,000	\$ -	\$ 1,000
50 239	Fire & Liability Insurance	\$ 80,000	\$ 84,691	\$ -	\$ 84,691	\$ 1,309	\$ 86,000
50 251	Telephone & Communication	\$ 10,200	\$ 4,389	\$ -	\$ 4,389	\$ 3,911	\$ 8,300
50 305	Water/Sewer	\$ 960	\$ 981	\$ -	\$ 981	\$ 519	\$ 1,500
50 306	Contribution to Electricity Restricted Account	\$ 5,700	\$ 6,115	\$ -	\$ 6,115	\$ 1,885	\$ 8,000
50 307	Natural Gas	\$ 8,100	\$ 7,504	\$ -	\$ 7,504	\$ 496	\$ 8,000
50 308	Property Taxes	\$ 180,000	\$ 175,827	\$ -	\$ 175,827	\$ 53,173	\$ 229,000
50 266	Legal & Administrative	\$ 219,177	\$ 219,177	\$ -	\$ 219,177	\$ 184,623	\$ 403,800
50 267	Data Processing	\$ 156,368	\$ 156,368	\$ -	\$ 156,368	\$ 69,632	\$ 146,000
50 268	Mileage Reimbursement	\$ 1,500	\$ 953	\$ 547	\$ 1,500	\$ 500	\$ 2,000
50 271	Gas/Vehicle Maintenance	\$ 3,506	\$ 7,549	\$ -	\$ 7,549	\$ 1,011	\$ 8,560
50 275	Repair & Maint - Equipment	\$ 1,200	\$ 1,656	\$ (456)	\$ 1,200	\$ -	\$ 1,200
50 280	Regulatory Expense	\$ 10,000	\$ 7,414	\$ -	\$ 7,414	\$ 2,586	\$ 10,000
50 281	Regulatory Assessment	\$ 42,000	\$ 47,400	\$ -	\$ 47,400	\$ (630)	\$ 46,770
50 361	Office Supplies	\$ 30,000	\$ 14,119	\$ 15,881	\$ 30,000	\$ -	\$ 30,000
50 505	Self Insurance	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
50 515	Unemployment Claims	\$ 12,000	\$ -	\$ 12,000	\$ 12,000	\$ -	\$ 12,000
50 175	Annual Leave Buy-back	\$ 1,960	\$ 2,106	\$ -	\$ 2,106	\$ 294	\$ 2,400
	Subtotal	\$ 922,171	\$ 845,837	\$ 105,885	\$ 951,721	\$ 408,809	\$ 1,280,530
	Total Administration Operating Requirements	\$ 1,589,812	\$ 1,606,358	\$ 105,885	\$ 1,712,242	\$ 677,788	\$ 2,310,030

Customer Service

		Docket # 3818	FY 2008 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2010 Rate Year
Account No. 15-500-2209							
<u>Personnel</u>							
50 001	Salaries & Wages	\$ 300,500	\$ 253,759	\$ 46,741	\$ 300,500	\$ 25,600	\$ 326,100
50 002	Overtime	\$ 8,000	\$ 4,076	\$ 3,924	\$ 8,000	\$ 13,218	\$ 21,218
50 004	Temp Salaries	\$ 20,000	\$ 2,208	\$ 17,792	\$ 20,000	\$ 2,800	\$ 22,800
50 056	Injury Pay	\$ -	\$ 602	\$ (602)	\$ -	\$ -	\$ -
50 100	Employee Benefits	\$ 164,000	\$ 113,678	\$ 50,322	\$ 164,000	\$ 13,800	\$ 177,800
	Subtotal	\$ 492,500	\$ 374,323	\$ 118,177	\$ 492,500	\$ 55,418	\$ 547,918
<u>Other Operating</u>							
50 205	Copy & Binding	\$ 1,000	\$ 626	\$ 374	\$ 1,000	\$ -	\$ 1,000
50 212	Conferences and Training	\$ 5,000	\$ 1,045	\$ 3,955	\$ 5,000	\$ -	\$ 5,000
50 225	Contract Services (Support Services)	\$ 27,833	\$ 14,743	\$ 6,257	\$ 21,022	\$ (22)	\$ 21,000
50 238	Postage & Delivery	\$ 29,667	\$ 27,652	\$ -	\$ 27,652	\$ 6,648	\$ 34,300
50 271	Gasoline & Vehicle Maintenance	\$ 14,482	\$ 25,254	\$ -	\$ 25,254	\$ 3,017	\$ 28,271
50 275	Repair & Maint - Equipment	\$ 40,000	\$ 38,763	\$ 1,237	\$ 40,000	\$ 1,500	\$ 41,500
50 299	Meter Maintenance	\$ 11,000	\$ 9,483	\$ 1,517	\$ 11,000	\$ -	\$ 11,000
50 311	Operating Supplies	\$ 7,000	\$ 2,383	\$ 4,617	\$ 7,000	\$ 2,000	\$ 9,000
50 320	Uniforms & Protective Gear	\$ 1,000	\$ 584	\$ 416	\$ 1,000	\$ -	\$ 1,000
50 380	Customer Service Supplies	\$ 5,000	\$ 5,250	\$ -	\$ 5,250	\$ 9,750	\$ 15,000
50 175	Annual Leave Buy-back	\$ 4,500	\$ 2,144	\$ 2,356	\$ 4,500	\$ 450	\$ 4,950
	Subtotal	\$ 146,482	\$ 127,926	\$ 20,728	\$ 148,678	\$ 23,343	\$ 172,021
	Total Customer Accounts Operating Requirements	\$ 638,982	\$ 502,249	\$ 138,905	\$ 641,178	\$ 78,761	\$ 719,939
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0)

Source of Supply - Island

		Docket # 3818	FY 2008 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2010 Rate Year
Account No. 15-500-2212							
<u>Personnel</u>							
50 001	Salaries & Wages	\$ 243,756	\$ 216,370	\$ 27,386	\$ 243,756	\$ 20,244	\$ 264,000
50 002	Overtime	\$ 26,000	\$ 28,055	\$ -	\$ 28,055	\$ 145	\$ 28,200
50 004	Temporary/Seasonal Wages	\$ 10,000	\$ 11,537	\$ (1,537)	\$ 10,000	\$ -	\$ 10,000
50 056	Injury Pay	\$ -	\$ 681	\$ (681)	\$ -	\$ -	\$ -
50 100	Employee Benefits	\$ 144,000	\$ 93,011	\$ 22,080	\$ 115,091	\$ 22,209	\$ 137,300
50 175	Annual Leave Buyback	\$ 6,000	\$ 3,871	\$ 2,129	\$ 6,000	\$ 300	\$ 6,300
	Subtotal	\$ 429,756	\$ 353,525	\$ 49,377	\$ 402,902	\$ 42,898	\$ 445,800
<u>Other Operating</u>							
50 306	Contribution to Electricity Restricted Account	\$ 27,200	\$ 25,233	\$ -	\$ 25,233	\$ 8,767	\$ 34,000
50 271	Gas/Vehicle Maintenance	\$ 30,422	\$ 43,446	\$ -	\$ 43,446	\$ 5,354	\$ 48,800
50 275	Repair & Maint - Equipment	\$ 5,000	\$ 2,830	\$ 2,170	\$ 5,000	\$ 3,300	\$ 8,300
50 277	Reservoir Maintenance	\$ 25,000	\$ 14,085	\$ 10,915	\$ 25,000	\$ -	\$ 25,000
50 311	Operating Supplies	\$ 3,500	\$ 3,300	\$ 200	\$ 3,500	\$ 250	\$ 3,750
50 320	Uniforms & Protective Gear	\$ 750	\$ 659	\$ 91	\$ 750	\$ -	\$ 750
50 335	Contribution to Chemical Restricted Account	\$ 46,200	\$ 41,720	\$ -	\$ 41,720	\$ 12,280	\$ 54,000
	Subtotal	\$ 138,072	\$ 131,273	\$ 13,376	\$ 144,649	\$ 29,951	\$ 174,600
	Total Supply-Island Operating Requirements	\$ 567,828	\$ 484,797	\$ 62,753	\$ 547,551	\$ 72,849	\$ 620,400
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source of Supply - Mainland

		Docket # 3818	FY 2008 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2010 Rate Year
Account No. 15-500-2213							
<u>Personnel</u>							
50 002	Overtime	\$ 10,000	\$ 3,758	\$ 4,242	\$ 8,000	\$ (3,500)	\$ 4,500
50 005	Permanent/Part Time	\$ 5,200	\$ 5,200	\$ -	\$ 5,200	\$ 7,800	\$ 13,000
50 004	Temporary/Seasonal Wages	\$ 10,000	\$ 12,720	\$ -	\$ 12,720	\$ 2,580	\$ 15,300
50 100	Employee Benefits	\$ 1,500	\$ 1,603	\$ -	\$ 1,603	\$ 1,197	\$ 2,600
	Subtotal	\$ 26,700	\$ 23,281	\$ 4,242	\$ 27,523	\$ 8,077	\$ 35,400
<u>Other Operating</u>							
50 306	Contribution to Electricity Restricted Account	\$ 68,040	\$ 68,896	\$ -	\$ 68,896	\$ 23,204	\$ 92,100
50 275	Repair & Maint - Equip	\$ 1,800	\$ 10,554	\$ (5,754)	\$ 4,800	\$ 4,000	\$ 8,800
50 277	Reservoir Maintenance	\$ 6,000	\$ 2,506	\$ 3,494	\$ 6,000	\$ -	\$ 6,000
50 311	Operating Supplies	\$ 500	\$ 488	\$ 12	\$ 500	\$ -	\$ 500
	Subtotal	\$ 76,340	\$ 82,444	\$ (2,248)	\$ 80,196	\$ 27,204	\$ 107,400
Total Source of Supply - Mainland Operating Requirements		\$ 103,040	\$ 105,725	\$ 1,994	\$ 107,719	\$ 35,281	\$ 142,800
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Treatment - Newport Plant (Station One)

		Docket # 3818	FY 2008 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2010 Rate Year
<u>Account No. 15-500-2222</u>							
<u>Personnel</u>							
50 001	Salaries & Wages	\$ 424,555	\$ 381,325	\$ 43,230	\$ 424,555	\$ 16,945	\$ 441,500
50 002	Overtime	\$ 50,000	\$ 65,941	\$ (14,441)	\$ 51,500	\$ 6,600	\$ 58,100
50 003	Holiday Pay	\$ 18,000	\$ 16,438	\$ 1,562	\$ 18,000	\$ 1,100	\$ 19,100
50 100	Employee Benefits	\$ 222,500	\$ 174,497	\$ 33,484	\$ 207,981	\$ 32,319	\$ 240,300
50 175	Annual Leave Buy Back	\$ 4,500	\$ 4,829	\$ (329)	\$ 4,500	\$ 450	\$ 4,950
	Subtotal	\$ 719,555	\$ 643,030	\$ 63,506	\$ 706,536	\$ 57,414	\$ 763,950
<u>Other Operating</u>							
50 212	Conferences & Training	\$ 5,500	\$ 1,660	\$ 3,840	\$ 5,500	\$ -	\$ 5,500
50 239	Fire & Liability Insurance	\$ 5,500	\$ 5,823	\$ -	\$ 5,823	\$ 6,877	\$ 12,700
50 306	Contribution to Electricity Restricted Account	\$ 178,363	\$ 173,534	\$ -	\$ 173,534	\$ 65,366	\$ 238,900
50 307	Natural Gas	\$ 30,300	\$ 21,750	\$ -	\$ 21,750	\$ 1,550	\$ 23,300
50 260	Heavy Equipment Rental	\$ 1,000	\$ 479	\$ 521	\$ 1,000	\$ -	\$ 1,000
50 305	Water/Sewer	\$ 137,822	\$ 169,535	\$ -	\$ 169,535	\$ 14,465	\$ 184,000
50 271	Gasoline & Vehicle Maintenance	\$ 882	\$ 7,149	\$ -	\$ 7,149	\$ 1,051	\$ 8,200
50 275	Repair & Maint-Equipment	\$ 35,000	\$ 25,852	\$ 9,148	\$ 35,000	\$ -	\$ 35,000
50 311	Operating Supplies	\$ 26,000	\$ 26,578	\$ -	\$ 26,578	\$ 1,222	\$ 27,800
50 320	Uniforms & Protective Gear	\$ 1,350	\$ -	\$ 1,350	\$ 1,350	\$ -	\$ 1,350
50 335	Contribution to Chemical Restricted Account	\$ 286,000	\$ 293,925	\$ -	\$ 293,925	\$ 105,075	\$ 399,000
	Subtotal	\$ 707,717	\$ 726,285	\$ 14,859	\$ 741,144	\$ 195,606	\$ 936,750
	Treatment - Newport Plant Operating Requirements	\$ 1,427,272	\$ 1,369,315	\$ 78,365	\$ 1,447,680	\$ 253,020	\$ 1,700,700
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Treatment - Lawton Valley

		Docket # 3818	FY 2008 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2010 Rate Year
<u>Account No. 15-500-2223</u>							
<u>Personnel</u>							
50 001	Salaries & Wages	\$ 405,500	\$ 409,527	\$ (4,027)	\$ 405,500	\$ 94,600	\$ 500,100
50 002	Overtime	\$ 30,000	\$ 42,307	\$ -	\$ 42,307	\$ 93	\$ 42,400
50 003	Holiday Pay	\$ 18,000	\$ 15,487	\$ 2,513	\$ 18,000	\$ 2,000	\$ 20,000
50 100	Employee Benefits	\$ 220,000	\$ 203,222	\$ -	\$ 203,222	\$ 76,278	\$ 279,500
50 175	Annual Leave Buy Back	\$ 3,500	\$ 3,094	\$ 406	\$ 3,500	\$ 350	\$ 3,850
	Subtotal	\$ 677,000	\$ 673,637	\$ (1,108)	\$ 672,529	\$ 173,321	\$ 845,850
<u>Other Operating</u>							
50 212	Conferences & Training	\$ 3,500	\$ 1,475	\$ 2,025	\$ 3,500	\$ -	\$ 3,500
50 239	Fire & Liability Insurance	\$ 6,000	\$ 6,352	\$ -	\$ 6,352	\$ 7,248	\$ 13,600
50 306	Contribution to Electricity Restricted Account	\$ 123,000	\$ 113,966	\$ -	\$ 113,966	\$ 65,834	\$ 179,800
50 307	Natural Gas	\$ 34,300	\$ 24,427	\$ -	\$ 24,427	\$ 4,473	\$ 28,900
50 260	Heavy Equipment Rental	\$ 500	\$ 213	\$ 287	\$ 500	\$ -	\$ 500
50 305	Water/Sewer	\$ 136,986	\$ 53,847	\$ 83,139	\$ 136,986	\$ 105,014	\$ 242,000
50 271	Gas/Vehicle Maintenance	\$ 948	\$ 7,407	\$ -	\$ 7,407	\$ 993	\$ 8,400
50 275	Repair & Maintenance	\$ 55,000	\$ 6,977	\$ 36,423	\$ 43,400	\$ -	\$ 43,400
50 311	Operating Supplies	\$ 27,500	\$ 15,436	\$ 6,564	\$ 22,000	\$ -	\$ 22,000
50 320	Uniforms & Protective Gear	\$ 1,000	\$ 614	\$ 386	\$ 1,000	\$ -	\$ 1,000
50 335	Contribution to Chemical Restricted Account	\$ 172,000	\$ 154,520	\$ -	\$ 154,520	\$ 61,480	\$ 216,000
	Subtotal	\$ 560,734	\$ 385,235	\$ 128,824	\$ 514,058	\$ 245,042	\$ 759,100
Treatment - Lawton Valley Operating Requirements		\$ 1,237,734	\$ 1,058,872	\$ 127,716	\$ 1,186,587	\$ 418,363	\$ 1,604,950
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Water Laboratory

		Docket # 3818	FY 2008 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2010 Rate Year
<u>Account No. 15-500-2235</u>							
<u>Personnel</u>							
50 001	Salaries & Wages	\$ 112,700	\$ 102,596	\$ -	\$ 102,596	\$ 25,104	\$ 127,700
50 100	Employee Benefits	\$ 53,200	\$ 51,488	\$ -	\$ 51,488	\$ 11,512	\$ 63,000
50 175	Annual Leave Buy Back	\$ 2,500	\$ -	\$ 2,500	\$ 2,500	\$ 250	\$ 2,750
	Subtotal	\$ 168,400	\$ 154,084	\$ 2,500	\$ 156,584	\$ 36,866	\$ 193,450
<u>Other Operating</u>							
50 275	Repair & Maint - Equipment	\$ 1,000	\$ 961	\$ 39	\$ 1,000	\$ -	\$ 1,000
50 281	Water Lab Regulatory Assessment	\$ 35,000	\$ 27,286	\$ -	\$ 27,286	\$ 9,214	\$ 36,500
50 339	Laboratory Supplies	\$ 16,000	\$ 14,032	\$ 1,968	\$ 16,000	\$ 2,500	\$ 18,500
	Subtotal	\$ 52,000	\$ 42,279	\$ 2,007	\$ 44,286	\$ 11,714	\$ 56,000
Total Water Laboratory Operating Requirements		\$ 220,400	\$ 196,363	\$ 4,507	\$ 200,870	\$ 48,580	\$ 249,450
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Transmission & Distribution Maintenance

		Docket # 3818	FY 2008 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2010 Rate Year
Account No. 15-500-2241							
<u>Personnel</u>							
50 001	Salaries & Wages	\$ 392,000	\$ 330,599	\$ 61,401	\$ 392,000	\$ 71,300	\$ 463,300
50 002	Overtime	\$ 55,000	\$ 33,527	\$ 21,473	\$ 55,000	\$ (3,000)	\$ 52,000
50 004	Temp Wages	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
50 056	Injury Pay	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ -
50 100	Employee Benefits	\$ 197,000	\$ 175,586	\$ 33,270	\$ 208,856	\$ 42,945	\$ 251,800
50 175	Annual Leave Buy Back	\$ 5,300	\$ 2,130	\$ 3,170	\$ 5,300	\$ 600	\$ 5,900
	Subtotal	\$ 660,500	\$ 541,842	\$ 129,314	\$ 671,156	\$ 111,845	\$ 783,000
<u>Other Operating</u>							
50 212	Conferences & Training	\$ 4,000	\$ 319	\$ 3,681	\$ 4,000	\$ -	\$ 4,000
50 225	Contract Services	\$ 12,500	\$ 5,425	\$ 7,075	\$ 12,500	\$ -	\$ 12,500
50 239	Fire & Liability Insurance	\$ 2,225	\$ 2,355	\$ -	\$ 2,355	\$ 45	\$ 2,400
50 306	Contribution to Electricity Restricted Account	\$ 21,600	\$ 14,919	\$ -	\$ 14,919	\$ 4,581	\$ 19,500
50 260	Heavy Equipment Rental	\$ 13,160	\$ 675	\$ 8,225	\$ 8,900	\$ -	\$ 8,900
50 271	Gas/Vehicle Maintenance	\$ 67,556	\$ 90,564	\$ -	\$ 90,564	\$ 10,636	\$ 101,200
50 275	Repair & Maint - Equipment	\$ 30,000	\$ 2,559	\$ 27,441	\$ 30,000	\$ 2,000	\$ 32,000
50 276	Repairs/Main Maintenance	\$ 79,000	\$ 58,239	\$ 20,761	\$ 79,000	\$ 5,800	\$ 84,800
50 296	Service Maintenance	\$ 33,500	\$ 17,490	\$ 16,010	\$ 33,500	\$ -	\$ 33,500
50 311	Operating Supplies	\$ 11,000	\$ 6,468	\$ 4,532	\$ 11,000	\$ -	\$ 11,000
50 320	Uniforms & Protective Gear	\$ 1,500	\$ 1,141	\$ 359	\$ 1,500	\$ -	\$ 1,500
	Subtotal	\$ 276,041	\$ 200,154	\$ 88,084	\$ 288,238	\$ 23,062	\$ 311,300
Transmission & Distribution Operating Requirements		\$ 936,541	\$ 741,996	\$ 217,398	\$ 959,394	\$ 134,907	\$ 1,094,300
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Fire Protection

		Docket # 3818	FY 2008 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2010 Rate Year
<u>Account No. 15-500-2245</u>							
<u>Personnel</u>							
50 001	Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50 002	Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50 100	Employee Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Other Operating</u>							
50 275	Repair & Maintenance - Equip.	\$ 14,000	\$ 11,310	\$ 2,690	\$ 14,000	\$ 500	\$ 14,500
	Subtotal	\$ 14,000	\$ 11,310	\$ 2,690	\$ 14,000	\$ 500	\$ 14,500
	Fire Protection Operating Requirements	\$ 14,000	\$ 11,310	\$ 2,690	\$ 14,000	\$ 500	\$ 14,500

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Capital Improvement Plan

RFC Schedule 4 Rebuttal

	2007-2008	2009	Rate Year 2010	2011	2012	2013	2014
2007 SRF A \$2,780,588							
TRL LV Residual Management Proj- \$3M SRF	2,761,500						
TRL \$3M borrowing costs	19,088						
	\$ 2,780,588	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2008 SRF A \$2,144,185							
S Intake at Gardiner Pond	93,238	4,907					
TRL LV Reservoir Aeration	69,350	21,650					
TRL LVWTP pH constr	247,095	28,255					
TRL LVWTP Chloramine Conversion Construction			200,000				
TRL Lawton Valley Sed Basin Imp	302,457	21,043					
TRN Sta 1 pH constr	247,095	28,255					
TRN Sta 1 Chloramine Conversion Construction			180,000				
TD Distribution Main Design		105,444					
ST Finished Water Storage Tank Maintenance	20,396	575,000					
	\$ 979,631	\$ 784,554	\$ 380,000	\$ -	\$ -	\$ -	\$ -
2008 SRF B \$2,800,000							
CS Remote Radio Read Meter System- Install		900,000	1,000,000	900,000			
	\$ -	\$ 900,000	\$ 1,000,000	\$ 900,000	\$ -	\$ -	\$ -
2009 SRF A \$6,000,000							
S Easton Pond Dam Imprv - North & West Embank		3,000,000	3,000,000				
	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -
2010 SRF A \$6,725,950							
TR City Agent for New LVWTP & Sta1 Imprv		866,200	1,846,960	912,790	500,000	525,000	550,000
TR Professional Services for New Plt & Sta 1 (legal,etc)		350,000	450,000	350,000	125,000	125,000	125,000
	\$ -	\$ 1,216,200	\$ 2,296,960	\$ 1,262,790	\$ 625,000	\$ 650,000	\$ 675,000
2010 SRF B \$3,393,048							
TD Distribution Main Improvements (System-wide)			3,093,048	300,000	-	-	-
	\$ -	\$ -	\$ 3,093,048	\$ 300,000	\$ -	\$ -	\$ -
2011 SRF A \$10,800,000							
TRN Station 1 - Additional Pretreatment/Clarification Train(DB/Constr)				2,500,000	5,806,000	2,494,000	
	\$ -	\$ -	\$ -	\$ 2,500,000	\$ 5,806,000	\$ 2,494,000	\$ -
2011 SRF B \$8,600,000							
S Main from Gardiner to Paradise				1,600,000			
TD Distribution Main Improvements (System-wide)					3,200,000	300,000	3,500,000
	\$ -	\$ -	\$ -	\$ 1,600,000	\$ 3,200,000	\$ 300,000	\$ 3,500,000
2012 SRF A \$38,739,000							
TRL Lawton Valley WTP - New WTP (DB/Constr)					8,910,000	24,405,000	5,424,000
	\$ -	\$ -	\$ -	\$ -	\$ 8,910,000	\$ 24,405,000	\$ 5,424,000
Total Debt Funded Capital	\$ 3,760,219	\$ 5,000,754	\$ 8,770,008	\$ 3,162,790	\$ 12,735,000	\$ 25,355,000	\$ 9,599,000

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Capital Improvement Plan

RFC Schedule 4 Rebuttal

Rate Funded Capital	2007-2008	2009	Rate Year 2010	2011	2012	2013	2014
S Safe Yield Study		124,660					
TD GIS and Hydraulic Modeling		200,000	90,000				
TD IRP Update- RIDOH due Jan 2010			80,000				
S Water Quality Protection Plan Update- RIWRB			80,000				
S WSSMP 5 year Update- RIWRB due July 2012				80,000			
S Easton Pond Dam Imprv - North & West Embank	76,481						
S Maguire Amen #11 Sediment Assess prop for NOV-CA	1,155	770					
S Sediment Assessment - Lawton Brook		25,000	35,000				
S Maguire Amend #9- assist with NOV- CA		1,680					
S LVWTP RIPDES CA- Constructed Wetlands;Maguire Amend #12	9,250	9,250					
S Constucted Wetlands/Flow Diversion		197,500					
S Main from Gardiner to Paradise			150,000				
S Intake at Paradise				190,000			
S Intake at Watson & Nonquit				250,000			
S Intake at Sissons				50,000			
S Demolition of Old Nonquit Pump Sta			125,000				
S Dam and Dike Rehabilitation - Lawton Valley				100,000	800,000		
S Dam and Spillway Rehabilitation - Station 1						250,000	
TRL Lawton Valley WTP - Chloramine Conversion Design	75,988	62,400	30,410				
TRL Lawton Valley Water Age Study	23,968						
TRL LVWTP pH design	17,188	1,441					
TRN Station 1 - Chloramine Conversion Design	75,988	62,400	30,410				
TRN Sta 1 pH design	17,188	1,441					
TR City Agent for New LVWTP & Sta1 Imprv							
S Ocean Ave Water project (closeout0	469,316						
S Distribution Main Iprov.(Sherman St) Design & Construct			156,952				
S Meter Replacement	59,400	61,776	64,247	66,817	69,490	72,269	
S Forest Ave Pump Sta Imprv.			-	250,000			
CS Water Trench Restoration	57,580	67,600	75,000	78,000	81,120	84,365	
F Fire Hydrant Replacement			17,000	17,000	18,000	18,000	
ST LV 4 Mgal resrv Aeration- Design & Constr	4,718	17,000	-	-			
M Equipment and Vehicle Replacement	184,056	93,300	118,000	160,000	199,000	92,000	
M Fire Code Upgrades		75,000					
Gross Rate Funded Capital	\$ 1,072,276	\$ 1,001,218	\$ 1,052,019	\$ 1,241,817	\$ 1,167,610	\$ 516,634	\$ -
Funding From Reserves	\$ -	\$ -	\$ -				\$ -
Net Rate Funded Capital	\$ 1,072,276	\$ 1,001,218	\$ 1,052,019	\$ 1,241,817	\$ 1,167,610	\$ 516,634	\$ -
Total Capital Project Costs	\$ 4,832,495	\$ 6,001,972	\$ 9,822,027	\$ 4,404,607	\$ 13,902,610	\$ 25,871,634	\$ 9,599,000

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Debt Service

RFC Schedule 5 Rebuttal

Fiscal Year	Existing(1)					Proposed (2)							Total Existing and Proposed
	2008 SRF A Sta 1 and LV					2009 SRF A \$6.35M	2010 SRF A \$7.1 M (4)	2010 SRF B \$3.6M	2011 SRF A \$11.45M	2011 SRF B \$9.12M	2012 SRF A \$41.1M	Total Proposed	
	Revenue Bonds	2007 SRF A \$3.0M (3)	Improvements \$2.8M	2008 SRF B Radio Read \$3.1M	Total Existing								
2008	1,009,932	72,901	-	-	1,082,833	-	-	-	-	-	-	-	1,082,833
2009	959,782	211,318	43,405	23,347	1,237,853	1,213	3,713	-	-	-	-	4,926	1,242,779
2010	910,552	211,749	96,021	61,894	1,280,215	137,531	260,855	214,500	-	-	-	612,886	1,893,101
2011	642,596	211,990	201,409	210,414	1,266,410	524,300	322,791	228,924	204,750	137,540	-	1,418,305	2,684,716
2012	571,079	211,081	201,652	223,206	1,207,018	524,125	660,758	316,242	570,520	338,643	938,232	3,348,519	4,555,537
2013	388,755	211,034	201,567	222,797	1,024,154	523,400	661,573	316,512	713,573	802,911	2,615,839	5,633,809	6,657,962
2014	-	210,828	201,245	223,120	635,192	522,125	662,442	316,799	991,634	804,758	2,559,099	5,856,857	6,492,049
2015	-	211,441	201,725	223,220	636,387	525,163	663,367	317,105	992,858	806,725	3,556,313	6,861,531	7,497,917
2016	-	210,861	200,992	223,078	634,931	522,513	664,353	317,431	994,161	808,819	3,560,704	6,867,981	7,502,912
2017	-	184,069	201,038	222,689	607,796	524,175	665,402	317,779	995,550	811,050	3,565,379	6,879,334	7,487,130
2018	-	184,052	200,847	222,051	606,950	525,013	666,519	318,149	997,029	813,425	3,570,358	6,890,493	7,497,443
2019	-	210,815	200,404	222,133	633,351	525,025	667,710	318,542	998,603	815,955	3,575,661	6,901,497	7,534,848
2020	-	210,360	200,692	221,915	632,968	524,213	668,977	318,962	1,000,281	818,650	3,581,309	6,912,391	7,545,359
2021	-	210,677	200,698	222,387	633,761	520,698	670,327	319,409	1,002,067	821,519	3,587,324	6,923,221	7,556,982
2022	-	210,752	200,421	221,547	632,720	524,975	671,765	319,885	1,003,969	824,575	3,593,730	6,938,898	7,571,618
2023	-	210,583	199,870	221,404	631,856	521,413	673,296	320,391	1,005,995	827,830	3,600,552	6,949,477	7,581,333
2024	-	210,169	200,025	221,920	632,115	521,888	674,927	320,931	1,008,153	831,296	3,607,818	6,965,011	7,597,126
2025	-	210,489	199,870	221,099	631,459	521,263	676,663	321,506	1,010,450	834,988	3,615,555	6,980,425	7,611,884
2026	-	209,543	199,415	220,951	629,908	524,400	678,513	322,118	1,012,898	838,919	3,623,796	7,000,644	7,630,552
2027	-	209,336	199,634	221,430	630,400	521,300	680,483	322,770	1,015,504	843,106	3,632,573	7,015,735	7,646,136
2028	-	209,832	199,512	220,541	629,884	521,963	682,580	323,464	1,018,280	847,566	3,641,920	7,035,772	7,665,656
2029	-	-	199,043	220,278	419,321	521,250	684,814	324,204	1,021,236	852,315	3,651,874	7,055,693	7,475,013
2030	-	-	203,109	223,522	426,632	524,025	687,194	324,991	1,024,384	857,373	3,662,476	7,080,442	7,507,074
2031	-	-	-	-	-	-	689,728	325,830	1,027,737	862,759	3,673,766	6,579,820	6,579,820
2032	-	-	-	-	-	-	-	-	1,031,308	868,496	3,685,791	5,585,594	5,585,594
2033	-	-	-	-	-	-	-	-	1,035,111	-	3,698,597	4,733,708	4,733,708
2034	-	-	-	-	-	-	-	-	-	-	3,712,236	3,712,236	3,712,236
2035	-	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 4,482,696	\$ 4,233,879	\$ 4,152,597		\$ 17,384,114	\$ 10,603,844	\$ 14,038,749	\$ 6,846,443				\$ 148,745,204	

- (1) Debt service on existing debt based on debt service schedules provided by City of Newport Finance Dept.
- (2) Debt service on proposed SRF debt assumes interest only payments during construction. Interest during construction period is calculated based on the timing of expected annual draws. Loan term is 20 years after completion of construction. See Schedule RFC B for additional detail.
- (3) Loan amounts are inclusive of borrowing costs. For proposed loans, borrowing costs are assumed to be 6% of total project costs.
- (4) Interest in FY 2009 for the 2010 SRF A loan is the assumed interest on Loan Anticipation Notes issued in anticipation of the 2010 SRF A loan.

Docket No. 4025

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Offsets To Revenue Requirements

RFC Schedule 6 Rebuttal

	FY 2005	FY 2006	FY 2007	Test Year FY 2008	FY 2010 Rate year
Sundry charges	\$ -	\$ 22,068	\$ 45,816	\$ 43,917	\$ 140,016
WPC cost share on customer service	\$ 134,204	\$ -	\$ 268,409	\$ 319,491	\$ 270,808
Middletown cost share on customer service					\$ 135,301
Rental of Property	\$ 85,000	\$ 109,100	\$ 78,100	\$ 81,075	\$ 81,000
Water Penalty	\$ 5,495		\$ 20,978	\$ 23,511	\$ 42,320
Miscellaneous	\$ 3,120		\$ 18,953	\$ 7,515	\$ 7,515
Investment Interest Income	\$ -	\$ 80,108	\$ 56,924	\$ 39,191	\$ 39,191
Water Quality Protection Fees	\$ 24,977	\$ 41,200	\$ 23,646	\$ 25,676	\$ 25,676
Total Offsets to Revenue Requirements	\$ 252,796	\$ 252,476	\$ 512,826	\$ 540,376	\$ 741,827

Determination of Charges to Water Pollution Control and Middletown Sewer

Customer Service Expenses

		FY 2010	FY 2011	FY 2012	FY 2013
	O&M	\$ 719,939	\$ 719,939	\$ 719,939	\$ 719,939
	Debt Service on Loan for Radio Read	\$ 61,894	\$ 210,414	\$ 223,206	\$ 222,797
	Meter Replacement Costs	\$ 64,247	\$ 66,817	\$ 69,490	\$ 72,269
	TOTAL	\$ 846,080	\$ 997,170	\$ 1,012,635	\$ 1,015,005
Customer Service expenses 50%		\$ 423,040	\$ 498,585	\$ 506,318	\$ 507,503
Charge to WPC	9245	64%	\$ 270,808	\$ 319,168	\$ 324,118
Charge to Middletown Sewer	4619	32%	\$ 135,301	\$ 159,463	\$ 162,315
Water Customers	14442	96%			

There are 14,442 water customers as of 09/03/08

Of these, 9,245 are also Newport Sewer customers and 4,619 are Middletown customers that we supply Middletown with usage data on. Accordingly, Newport Sewer should split the customer service costs on 62.42% of the water bills and Middletown should split the costs on 31.19% of the water bills

Docket No. 4025

**City of Newport, Rhode Island
FY 2010 Rate Filing
Calculation of Additional Revenue**

RFC Schedule 7 Rebuttal

Billing Charge Revenues

Type of Charge	Current Charge	FY 2008 Number of Bills	Rate Year Revenues Under Existing Charges
Billing Charge	\$ 13.25	63,880	\$ 846,410
Total Revenues From Billing Charge Under Existing Rates			\$ 846,410

Commodity Charge Revenues

Customer Class	Current Rate	FY 2008 Consumption (1,000 gals)	Rate Year Revenues Under Existing Rates
Retail	\$ 4.54	1,240,400	\$ 5,631,414
Navy	\$ 2.7950	278,289	\$ 777,818
Portsmouth	\$ 2.227	451,640	\$ 1,005,802
Total Revenues From Commodity Charge Under Existing Rates			\$ 7,415,034

Fire Protection Revenues

Type of Charge	Current Charge	FY 2008 Number of Bills	Rate Year Revenues Under Existing Charges
Fire Protection Charges (Public)	\$ 752.00	999	\$ 751,248
Total Revenues From Public Fire Protection Charge Under Existing Rates			\$ 751,248

Fire Protection Charges (Private)

less than 2"	\$ 14.76	0	\$ -
2"	\$ 62.00	1	\$ 62
4"	\$ 382.00	57	\$ 21,774
6"	\$ 765.00	246	\$ 188,190
8"	\$ 1,751.00	62	\$ 108,562
10"	\$ 2,891.00	0	\$ -
12"	\$ 4,642.00	2	\$ 9,284
Total Revenues from Private Fire Protection Charge Under Existing Charges			\$ 327,872

Total Rate Year Revenues from Existing Rates and Charges \$ 9,340,564

FY 2008 Net Revenue Requirements \$ 11,126,696

Additional Revenue Needed \$ 1,786,132

% Revenue Increase Required 19.12%

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**City of Newport, Rhode Island
FY 2010 Rate Filing
Proposed Rates and Charges**

RFC Schedule 8 Rebuttal

Rates and Charges	Current Rates	% Increase Required	Proposed FY 2010
Billing Charge (per bill)			
Tertiary	\$ 13.25	19.1223%	\$ 15.79
Monthly	\$ 13.25	19.1223%	\$ 15.79
Commodity Charge (per 1,000 gallons)			
Retail			
Residential	\$ 4.54	19.1223%	\$ 5.41
Commercial	\$ 4.54	19.1223%	\$ 5.41
Governmental	\$ 4.54	19.1223%	\$ 5.41
Wholesale			
Navy	\$ 2.7950	19.1223%	\$ 3.3290
Portsmouth Water & Fire District	\$ 2.2270	19.1223%	\$ 2.653
Fire Protection			
Public (per hydrant)	\$ 752.00	19.1223%	\$ 896.00
Private (Connection Size)			
Less than 2"	\$ 14.76	19.1223%	\$ 17.59
2"	\$ 62.00	19.1223%	\$ 74.00
4"	\$ 382.00	19.1223%	\$ 456.00
6"	\$ 765.00	19.1223%	\$ 912.00
8"	\$ 1,751.00	19.1223%	\$ 2,086.00
10"	\$ 2,891.00	19.1223%	\$ 3,444.00
12"	\$ 4,642.00	19.1223%	\$ 5,530.00

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Customer Impacts

RFC Schedule 9 Rebuttal

Customer Class	Monthly Consumption (gallons)	Bill at Current Rates	Proposed		
			Bill at Proposed Rates	\$ Increase	% Increase
Residential (Monthly)					
	1,000	\$17.79	\$21.20	\$3.41	19.2%
	2,000	\$22.33	\$26.61	\$4.28	19.2%
	4,000	\$31.41	\$37.43	\$6.02	19.2%
Avg. Monthly Bill	5,000	\$35.95	\$42.84	\$6.89	19.2%
	7,500	\$47.30	\$56.37	\$9.07	19.2%
	10,000	\$58.65	\$69.89	\$11.24	19.2%
	15,000	\$81.35	\$96.94	\$15.59	19.2%
	20,000	\$104.05	\$123.99	\$19.94	19.2%
	25,000	\$126.75	\$151.04	\$24.29	19.2%
	30,000	\$149.45	\$178.09	\$28.64	19.2%
Residential(Quarterly)					
	4,000	\$31.41	\$37.43	\$6.02	19.2%
	8,000	\$49.57	\$59.07	\$9.50	19.2%
Avg. Quarterly Bill	14,800	\$80.44	\$95.86	\$15.42	19.2%
	20,000	\$104.05	\$123.99	\$19.94	19.2%
	30,000	\$149.45	\$178.09	\$28.64	19.2%
	40,000	\$194.85	\$232.19	\$37.34	19.2%
	60,000	\$285.65	\$340.39	\$54.74	19.2%
	80,000	\$376.45	\$448.59	\$72.14	19.2%
	100,000	\$467.25	\$556.79	\$89.54	19.2%
	120,000	\$558.05	\$664.99	\$106.94	19.2%

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Customer Impacts

RFC Schedule 9 Rebuttal

Customer Class	Monthly Consumption (gallons)	Bill at Current Rates	Proposed		
			Bill at Proposed Rates	\$ Increase	% Increase
Commercial (Monthly)					
	2,000	\$22.33	\$26.61	\$4.28	19.2%
	5,000	\$35.95	\$42.84	\$6.89	19.2%
	10,000	\$58.65	\$69.89	\$11.24	19.2%
	20,000	\$104.05	\$123.99	\$19.94	19.2%
Avg. Monthly Bill	30,000	\$149.45	\$178.09	\$28.64	19.2%
	40,000	\$194.85	\$232.19	\$37.34	19.2%
	50,000	\$240.25	\$286.29	\$46.04	19.2%
	75,000	\$353.75	\$421.54	\$67.79	19.2%
	100,000	\$467.25	\$556.79	\$89.54	19.2%

Governmental (Monthly)

	2,000	\$22.33	\$26.61	\$4.28	19.2%
	5,000	\$35.95	\$42.84	\$6.89	19.2%
	10,000	\$58.65	\$69.89	\$11.24	19.2%
	20,000	\$104.05	\$123.99	\$19.94	19.2%
Avg. Monthly Bill	22,000	\$113.13	\$134.81	\$21.68	19.2%
	35,000	\$172.15	\$205.14	\$32.99	19.2%
	50,000	\$240.25	\$286.29	\$46.04	19.2%
	75,000	\$353.75	\$421.54	\$67.79	19.2%
	100,000	\$467.25	\$556.79	\$89.54	19.2%

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Customer Impacts

RFC Schedule 9 Rebuttal

Customer Class	Monthly Consumption (gallons)	Bill at Current Rates	Proposed		
			Bill at Proposed Rates	\$ Increase	% Increase
Portsmouth (Monthly)					
	10,000,000	\$22,283.25	\$26,545.79	\$4,262.54	19.1%
	20,000,000	\$44,553.25	\$53,075.79	\$8,522.54	19.1%
Avg. Monthly Bill	38,000,000	\$84,639.25	\$100,829.79	\$16,190.54	19.1%
	50,000,000	\$111,363.25	\$132,665.79	\$21,302.54	19.1%
	75,000,000	\$167,038.25	\$198,990.79	\$31,952.54	19.1%
	100,000,000	\$222,713.25	\$265,315.79	\$42,602.54	19.1%
	150,000,000	\$334,063.25	\$397,965.79	\$63,902.54	19.1%
Navy (Monthly)					
	500,000	\$1,410.75	\$1,680.29	\$269.54	19.1%
	750,000	\$2,109.50	\$2,512.54	\$403.04	19.1%
Avg. Monthly Bill	2,800,000	\$7,839.25	\$9,336.99	\$1,497.74	19.1%
	5,000,000	\$13,988.25	\$16,660.79	\$2,672.54	19.1%
	7,500,000	\$20,975.75	\$24,983.29	\$4,007.54	19.1%
	10,000,000	\$27,963.25	\$33,305.79	\$5,342.54	19.1%

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City of Newport, Rhode Island
 FY 2010 Rate Filing
 Revenue Proof

RFC Schedule 10 Rebuttal

Existing		Proposed
Actual FY 2008	Rate Year Revenue at Current Rates	Rate Year Revenue at Proposed Rates

Revenues

Billing Charge Revenues

Retail

Residential	\$ 654,763	\$ 701,667	\$ 836,175
Commercial	\$ 137,694	\$ 137,641	\$ 164,027
Governmental	\$ 4,757	\$ 5,353	\$ 6,379
Subtotal Retail Billing Charge Revenue	\$ 797,214	\$ 844,661	\$ 1,006,581

Wholesale

Navy	\$ 1,590	\$ 1,590	\$ 1,895
Portsmouth Water & Fire District	\$ 159	\$ 159	\$ 189
Subtotal Wholesale Billing Charge Revenue	\$ 1,749	\$ 1,749	\$ 2,084

Total Billing Charge Revenues \$ 798,963 \$ 846,410 \$ 1,008,665

From Water Commodity Charge

Retail

Residential	\$ 3,376,969	\$ 3,420,509	\$ 4,075,981
Commercial	\$ 2,133,588	\$ 2,101,687	\$ 2,504,433
Governmental	\$ 102,210	\$ 109,218	\$ 130,148
Subtotal Retail Commodity Revenue	\$ 5,612,767	\$ 5,631,414	\$ 6,710,562

Wholesale

Navy	\$ 673,510	\$ 777,818	\$ 926,424
Portsmouth	\$ 1,007,523	\$ 1,005,802	\$ 1,198,201
Subtotal Wholesale Commodity Revenue	\$ 1,681,033	\$ 1,783,620	\$ 2,124,625

Total Commodity Charge Revenues \$ 7,293,800 \$ 7,415,034 \$ 8,835,187

From Fire Protection

Public Fire Protection Revenue	\$ 739,361	\$ 751,248	\$ 895,104
Private Fire Protection Revenue	\$ 312,085	\$ 327,872	\$ 390,810
Total Fire Protection Revenues	\$ 1,051,446	\$ 1,079,120	\$ 1,285,914

Other Revenue \$ 558,787 \$ 741,827 \$ 741,827

Total Revenues \$ 9,702,996 \$ 10,082,391 \$ 11,871,593

Total Revenue Requirements

Operating	\$ 6,076,985	\$ 8,457,070	\$ 8,457,070
Capital	\$ 2,527,182	\$ 3,157,741	\$ 3,157,741
Less: Water Quality Protection Funds			
Subtotal Revenue Requirements	\$ 8,022,605	\$ 11,614,811	\$ 11,614,811
Additional Rev Req.	\$ 138,942	\$ 253,712	\$ 253,712
Total Revenue Requirements	\$ 8,159,814	\$ 11,868,523	\$ 11,868,523

Surplus/(Deficit) of Revenues to be Recovered from All Charges

Total Revenue Requirements	\$ 8,159,814	\$ 11,868,523	\$ 11,868,523
Other Revenue	\$ (558,787)	\$ (741,827)	\$ (741,827)
Net Revenue Requirements	\$ 7,601,026	\$ 11,126,696	\$ 11,126,696

Total Revenue from Rates and Charges	\$ 9,144,209	\$ 9,340,564	\$ 11,129,766
Revenue Surplus/(Deficit)	\$ 1,543,182	\$ (1,786,132)	\$ 3,070

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City of Newport, Rhode Island
 FY 2010 Rate Filing
 Restricted Accounts Balances

RFC Schedule 11 Rebuttal

	Rate Year				
	2009	2010	2011	2012	2013
Debt Service Account					
Beginning Cash Balance	\$ 653,716	\$ 1,052,882	\$ 1,186,278	\$ 524,360	\$ (2,030,899)
<u>Additions</u>					
From Rates	1,230,000	2,010,823	2,010,823	2,010,823	2,010,823
From Capital Restricted Acct.	400,000	-	-	-	-
Interest Income	11,946	15,674	11,974	(10,546)	-
Total Additions	\$ 1,641,946	\$ 2,026,497	\$ 2,022,797	\$ 2,000,277	\$ 2,010,823
<u>Deductions</u>					
Existing Revenue Bond Debt Service	959,783	910,552	642,596	571,079	388,755
To Capital Restricted Acct.	-	-	-	-	-
SRF Debt Service	282,997	982,549	2,042,119	3,984,458	6,269,208
Total Deductions	\$ 1,242,780	\$ 1,893,101	\$ 2,684,716	\$ 4,555,537	\$ 6,657,962
Ending Cash Balance	\$ 1,052,882	\$ 1,186,278	\$ 524,360	\$ (2,030,899)	\$ (6,678,039)
Capital Spending Account					
Beginning Cash Balance	\$ 790,498	\$ 348,660	\$ 449,144	\$ 359,908	\$ 344,144
<u>Additions</u>					
From Rates	1,297,182	1,146,918	1,146,918	1,146,918	1,146,918
From DS Restricted Acct.	-	-	-	-	-
Interest income	7,974	5,585	5,663	4,928	9,295
Total Additions	\$ 1,305,156	\$ 1,152,503	\$ 1,152,581	\$ 1,151,846	\$ 1,156,213
<u>Deductions</u>					
To Debt Service Restricted Acct.	400,000	-	-	-	-
Capital Outlays	1,346,994	1,052,019	1,241,817	1,167,610	516,634
Total Deductions	\$ 1,746,994	\$ 1,052,019	\$ 1,241,817	\$ 1,167,610	\$ 516,634
Ending Cash Balance	\$ 348,660	\$ 449,144	\$ 359,908	\$ 344,144	\$ 983,724

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City of Newport, Rhode Island
 FY 2010 Rate Filing
 Restricted Accounts Balances

RFC Schedule 11 Rebuttal

	Rate Year				
	2009	2010	2011	2012	2013
<u>Chemical Allowance Account</u>					
Beginning Cash Balance	\$ 99,911	\$ 115,454	\$ 117,081	\$ 118,732	\$ 120,406
<u>Additions</u>					
From Water Rates					
335 Contribution to Chemical Restricted Account	504,200	669,000	669,000	669,000	669,000
Interest Income	1,508	1,628	1,651	1,674	1,698
Total Additions	\$ 505,708	\$ 670,628	\$ 670,651	\$ 670,674	\$ 670,698
<u>Deductions</u>					
335 Chemicals	490,165	669,000	669,000	669,000	669,000
Total Deductions	\$ 490,165	\$ 669,000	\$ 669,000	\$ 669,000	\$ 669,000
Ending Cash Balance	\$ 115,454	\$ 117,081	\$ 118,732	\$ 120,406	\$ 122,104
<hr/>					
<u>Electricity Account</u>					
Beginning Cash Balance	\$ 130,039	\$ 153,262	\$ 155,423	\$ 157,614	\$ 159,836
<u>Additions</u>					
From Water Rates					
254 Contribution to Electricity Account	423,903	572,300	572,300	572,300	572,300
Interest Income	1,983	2,161	2,191	2,222	2,253
Total Additions	\$ 425,886	\$ 574,461	\$ 574,491	\$ 574,522	\$ 574,553
<u>Deductions</u>					
254 Electricity	402,663	572,300	572,300	572,300	572,300
Total Deductions	\$ 402,663	\$ 572,300	\$ 572,300	\$ 572,300	\$ 572,300
Ending Cash Balance	\$ 153,262	\$ 155,423	\$ 157,614	\$ 159,836	\$ 162,090

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City of Newport, Rhode Island
 FY 2010 Rate Filing
 Restricted Accounts Balances

RFC Schedule 11 Rebuttal

	Rate Year				
	2009	2010	2011	2012	2013
Retiree Insurance					
Beginning Cash Balance	\$ 11,233	\$ -	\$ -	\$ -	\$ -
<u>Additions</u>					
From Water Rates					
254 Contribution to Retiree Insurance Account	210,000	362,000	362,000	362,000	362,000
Contribution from Newport Water Cash Account	13,617				
Interest Income	79	-	-	-	-
Total Additions	\$ 223,696	\$ 362,000	\$ 362,000	\$ 362,000	\$ 362,000
<u>Deductions</u>					
254 Retiree Insurance	234,929	362,000	362,000	362,000	362,000
Total Deductions	\$ 234,929	\$ 362,000	\$ 362,000	\$ 362,000	\$ 362,000
Ending Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -
<hr/>					
Accrued Benefit Buyout					
Beginning Cash Balance	\$ 15,285	\$ -	\$ -	\$ -	\$ -
<u>Additions</u>					
From Water Rates					
Contribution to Accrued Benefit Buyout Account	70,000	175,000	175,000	175,000	175,000
Contribution from Newport Water Cash Account	18,712				
Interest Income	107	-	-	-	-
Total Additions	\$ 88,818	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
<u>Deductions</u>					
Accrued Benefit Buyout	104,103	175,000	175,000	175,000	175,000
Total Deductions	104,103	175,000	175,000	175,000	175,000
Ending Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -

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City of Newport, Rhode Island
 FY 2010 Rate Filing
 Restricted Accounts Balances

RFC Schedule 11 Rebuttal

	Rate Year				
	2009	2010	2011	2012	2013
Quarterly Billing Charge Revenues					
Beginning Cash Balance	\$ 90,328	\$ 0	\$ 0	\$ 0	\$ 0
<u>Additions</u>					
From Water Rates					
Contribution to Quarterly Billing Charge Account	150,000	-	-	-	-
Interest Income	632	0	0	0	0
Total Additions	\$ 150,632	\$ 0	\$ 0	\$ 0	\$ 0
<u>Deductions</u>					
PUC Management Study	60,000	-	-	-	-
To Capital Restricted Account	-	-	-	-	-
Pay down outstanding vendor invoices	180,960	-	-	-	-
Total Deductions	\$ 240,960	\$ -	\$ -	\$ -	\$ -
Ending Cash Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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City of Newport, Rhode Island
 FY 2010 Rate Filing
 Water Bills and Consumption

RFC Schedule A Rebuttal

Annual Consumption, by Class	FY 2006	FY 2007	FY 2008	FY 2010 Rate Year (1)
	Residential	749,409	733,128	777,711
Commercial	472,160	430,320	486,300	462,927
Governmental	21,379	27,176	23,616	24,057
Navy	373,306	301,544	247,728	278,289
PWFD	453,618	440,804	479,160	451,640
Total (in 1000's Gallons)	2,069,873	1,932,971	2,014,515	1,970,329

Connection Size	Retail Accounts			Wholesale	
	Commercial	Government	Residential	Navy	Portsmouth
5/8	583	15	10139		
3/4	191	6	2227	1	
1	165	6	365		
1.5	116	13	159		
2	181	23	106		
3	63	10	34		
4	12	2	0		1
5	2	0	0		
6	10	0	1	8	
8			2		
10				1	
Total	1323	75	13033	10	1

Billed Monthly	764	637	13	103	10	1
Billed Quarterly	13678	686	62	12930		
Total Bills	10388	404	52956	120	12	

Total Bills 63,880

Connection Size	Connection History				Rate Year FY 2010
	June 30 2005	June 30 2006	June 30 2007	June 30 2008	Number of Connections
Public Hydrants					
Newport	4	580	580	588	583
Middletown	4	394	394	408	408
Portsmouth	4	8	8	8	8
Subtotal: Public Hydrants		982	982	1004	999
Private Fire Connections					
<2		0	0	0	0
2		0	0	1	1
4		55	55	55	57
6		234	234	238	246
8		62	62	60	62
10		0	0	0	0
12		2	2	2	2
Subtotal: Private Fire Connections		353	353	356	368
Total Public and Private Fire Connections		1,335	1,335	1,360	1,367

(1) Projected rate year consumption for the Navy is based on information provided in the Navy response to NWD DR 1-5. Projected rate year consumption for PWFD is based on information provided by William McGlenn in email dated 11/10/08 and information provided in PWFD's response to NWD DR 2-17

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Administration
 15-500-2200

RFC Schedule B-1 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50001	Salaries & Wages						
	Director of Utilities -60%	\$ 41,378	\$ 51,476				\$ 60,298
	Administrative Secretary - 60%	\$ 28,269	\$ 25,843				\$ 28,486
	Deputy Director - Finance - 60%	\$ 42,741	\$ 46,110				\$ 52,865
	Deputy Director - Engineering - 60%	\$ 45,640	\$ 49,872				\$ 55,294
	Financial Analyst	\$ 55,460	\$ 62,715				\$ 67,594
	Total	\$ 214,000	\$ 236,016	\$ -	\$ 236,016	\$ 28,984	\$ 265,000
50044	Standby Salaries	\$ 9,641	\$ 12,400	\$ -	\$ 12,400	\$ 100	\$ 12,500
50520	Accrued Benefits Buyout	\$ 70,000	\$ 104,103	\$ -	\$ 104,103	\$ 70,897	\$ 175,000
50100	Employee Benefits						
	Director of Utilities -60%	\$ 8,204	\$ 10,251				\$ 13,164
	Administrative Secretary - 60%	\$ 16,197	\$ 14,319				\$ 15,953
	Deputy Director - Finance - 60%	\$ 18,596	\$ 18,109				\$ 23,286
	Deputy Director - Engineering - 60%	\$ 18,596	\$ 19,348				\$ 23,767
	Financial Analyst	\$ 26,317	\$ 23,591				\$ 23,063
	Benefits on standby salaries and annual leave buyback						\$ 1,140
	Total	\$ 88,000	\$ 85,618	\$ -	\$ 85,618	\$ 15,382	\$ 101,000
50103	Retiree Insurance Coverage	\$ 210,000	\$ 234,929	\$ -	\$ 234,929	\$ 127,071	\$ 362,000
50105	Workers Compensation	\$ 76,000	\$ 87,455	\$ -	\$ 87,455	\$ 26,545	\$ 114,000
50175	Annual Leave Buyback	\$ 1,960	\$ 2,106	\$ -	\$ 2,106	\$ 294	\$ 2,400
	1 employee						

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Administration
 15-500-2200

RFC Schedule B-1 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50207	Advertisement	\$ 1,500	\$ 1,110	\$ 390	\$ 1,500	\$ 7,500	\$ 9,000
50210	Membership Dues & Subscriptions						
	Utilities Director	\$ 408			\$ 408		\$ 408
	Laboratory Supervisor	\$ 245			\$ 245		\$ 245
	Supervisor treatment plants	\$ 356			\$ 356		\$ 356
	Distribution Supervisor	\$ 245			\$ 245		\$ 245
	Deputy Director - Finance	\$ 510			\$ 510		\$ 510
	Deputy Director - Engineering	\$ 365			\$ 365		\$ 365
	Water Meter Foreman	\$ 313			\$ 313		\$ 313
	Total	\$ 2,500	\$ 1,610	\$ 890	\$ 2,500	\$ -	\$ 2,500
50212	Conferences & Training	\$ 2,500	\$ 331	\$ 2,169	\$ 2,500	\$ -	\$ 2,500
50214	Tuition Reimbursement	\$ 2,000	\$ 540	\$ 1,460	\$ 2,000	\$ -	\$ 2,000
50220	Consultant Fees						
	Keough & Sweeney Rate Filing		\$ 36,527				
	Raftelis Cost of Service Study		\$ 20,298				
	Div of PUC		\$ 11,576				
	subtotal rate filing		\$ 68,401				
	Keough & Sweeney other		\$ 24,843			\$ 27,603	
	Raftelis other		\$ 7,169			\$ 7,996	
	Update risk mgt and spill control & countermeasures					\$ 10,000	
	Other		\$ 4,942			\$ 4,820	
	subtotal other		\$ 36,954			\$ 50,419	
	Total	\$ 140,000	\$ 105,354	\$ 62,646	\$ 168,000	\$ 82,000	\$ 250,000
50238	Postage	\$ 1,000	\$ 642	\$ 358	\$ 1,000	\$ -	\$ 1,000
50239	Fire & Liability Insurance	\$ 80,000	\$ 84,691	\$ -	\$ 84,691	\$ 1,309	\$ 86,000
50251	Telephone & Communication						
	Arch Wireless	\$ 423	\$ 329	\$ -			\$ 300
	Cell Phones	\$ 5,284	\$ 4,060	\$ -			\$ 6,500
	Verizon	\$ 4,493	\$ -	\$ -			\$ -
	Blackberry	\$ -	\$ -	\$ -			\$ 1,500
	Total	\$ 10,200	\$ 4,389	\$ -	\$ 4,389	\$ 3,911	\$ 8,300

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Administration
 15-500-2200

RFC Schedule B-1 Rebuttal

Account	Description		Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50305	Water	Gallons	\$ 960	\$ 981	\$ -	\$ 981	\$ 519	\$ 1,500
50306	Electricity							
	70 Halsey St.	3 yr avg						
	Kwh Annual usage	46,858	57,000	47,340				47,403
	Base Electric rate			\$ 0.0569				\$ 0.0940
	Electric charge including gross receipts tax			\$ 3,301				\$ 4,700
	fixed charge			\$ 150				\$ 150
	delivery charges			\$ 2,664				\$ 2,712
	total cost		\$ 5,700	\$ 6,115	\$ -	\$ 6,115	\$ 1,885	\$ 8,000
50307	Natural Gas							
		3 yr avg						
	CCF Annual usage	4977	5,050	4,851				5,000
	CCF Base Rate			\$ 1.1122				\$ 1.1255
	Cost of Gas			\$ 5,395				\$ 5,628
	Fixed Charge			\$ 540				\$ 567
	Other charges			\$ 1,344				\$ 1,449
	Gross earnings Tax			\$ 225				\$ 236
	Total Cost		\$ 8,100	\$ 7,504	\$ -	\$ 7,504	\$ 496	\$ 8,000
50308	Property Taxes							
	Portsmouth	7 parcels	\$ 71,156	\$ 69,634				\$ 114,273
	Tiverton	3 parcels	\$ 21,437	\$ 21,841				\$ 24,313
	Little Compton	3 parcels	\$ 11,731	\$ 10,404				\$ 11,012
	Middletown	21 parcels	\$ 73,179	\$ 73,948				\$ 79,338
			\$ 2,497					
	Total		\$ 180,000	\$ 175,827		\$ 175,827	\$ 53,173	\$ 229,000
50266	Legal & Administrative		\$ 219,177	\$ 219,177	\$ -	\$ 219,177	\$ 184,623	\$ 403,800
50267	Data Processing		\$ 156,368	\$ 156,368	\$ -	\$ 156,368	\$ 69,632	\$ 146,000

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Administration
 15-500-2200

RFC Schedule B-1 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50268	Mileage Allowance	\$ 1,500	\$ 953	\$ 547	\$ 1,500	\$ 500	\$ 2,000
50271	Gasoline & Vehicle Allowance						
	Fuel - Gallons		448				448
	Fuel \$/Gallon		\$ 2,403				\$ 2,563
	Fuel Cost		\$ 1,077				\$ 1,148
	Parts/Labor		\$ 5,653				\$ 6,375
	Insurance		\$ 820				\$ 1,037
	Total	\$ 3,506	\$ 7,549	\$ -	\$ 7,549	\$ 1,011	\$ 8,560
50275	Repairs & Maintenance						
	Halsey St smoke Detector Service	\$ 1,000	\$ 800				\$ 800
	Other	\$ 200					\$ 300
	Heater Maintenance		\$ 856				\$ 100
	total	\$ 1,200	\$ 1,656	\$ (456)	\$ 1,200	\$ -	\$ 1,200
50280	Regulatory Expense	\$ 10,000	\$ 7,414	\$ -	\$ 7,414	\$ 2,586	\$ 10,000
50281	Regulatory Assessment						
	RIWWA - Assessment	\$ 630	\$ 1,260				\$ 630
	RI Div of PUC - Assessment	\$ 22,980	\$ 29,138				\$ 29,138
	RI Dept of Health - License	\$ 16,151	\$ 16,302				\$ 16,302
	General Treasurer State of RI RIPDES Permit 0021784	\$ 1,400	\$ 700				\$ 700
	Other - Laboratory Cerifications	\$ 839	\$ -				\$ -
	Total	\$ 42,000	\$ 47,400	\$ -	\$ 47,400	\$ (630)	\$ 46,770
50361	Office Supplies	\$ 30,000	\$ 14,119	\$ 15,881	\$ 30,000	\$ -	\$ 30,000
50505	Self Insurance	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
50515	Unemployment Claims	\$ 12,000	\$ -	\$ 12,000	\$ 12,000	\$ -	\$ 12,000
Total		\$ 1,589,812	\$ 1,606,358		\$ 1,712,242		\$ 2,310,030

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Customer Service
 15-500-2209

RFC Schedule B-2 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50001	Salaries & Wages	\$32,026	\$34,725				\$40,934
	Meter Repairman/Reader	\$43,600	\$41,187				\$45,601
	Principal Account Clerk	\$49,985	\$47,817				\$49,491
	Meter Repairman/Reader	\$38,895	\$37,082				\$42,818
	Maintenance Mechanic	\$44,477	\$44,413				\$48,879
	SAE - Sr. Maintenance Mechanic	\$50,175	\$4,330				\$46,822
	Water Meter Foreman	\$40,862	\$44,205				\$51,493
	Total	\$300,500	\$253,759	\$46,741	\$300,500	\$25,600	\$326,100
50002	Overtime		133 hours				643
			rate \$ 30.76				\$ 32.998
		\$8,000	total \$4,076	\$3,924	\$8,000	\$13,218	\$21,218
50004	Temp Salaries	\$20,000	\$2,208	\$17,792	\$20,000	\$2,800	\$22,800
50056	Injury Pay	\$0	\$602	-\$602	\$0	\$0	\$0
50100	Employee Benefits	\$21,319	\$13,141		\$15,298		\$16,410
	Meter Repairman/Reader	\$23,226	\$14,454		\$16,552		\$17,463
	Principal Account Clerk	\$24,397	\$24,082		\$26,823		\$28,323
	Meter Repairman/Reader	\$23,075	\$14,038		\$25,207		\$26,822
	Maintenance Mechanic	\$23,604	\$23,390		\$26,667		\$28,185
	SAE - Sr. Maintenance Mechanic	\$24,397	\$785		\$0		\$27,722
	Water Meter Foreman	\$23,473	\$23,619		\$26,929		\$28,773
	Benefits for OT, Injury & Annual leave Buyback		\$169		\$2,486		\$4,005
	Total	\$164,000	\$113,678	\$50,322	\$164,000	\$13,800	\$177,800
50175	Annual Leave Buyback	\$4,500	\$2,144	\$2,356	\$4,500	\$450	\$4,950

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Customer Service
 15-500-2209

RFC Schedule B-2 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50205	Copying & binding	\$1,000	\$626	\$374	\$1,000		\$1,000
50212	Conferences & Training	\$5,000	\$1,045	\$3,955	\$5,000	\$0	\$5,000
50225	Contract Services						
	Printing & mailing (document technologies)	\$21,333	\$14,552		\$14,552		\$14,368
	Opal Maintenance Contract	\$3,500	\$0		\$3,500		\$3,500
	Billing Consultant for Opal Reporting	\$3,000	\$175		\$3,000		\$3,000
	total	\$27,833	\$14,743	\$6,257	\$21,022	-\$22	\$21,000
		\$14,522					
50238	Postage						
	Mailing Service	\$29,247	\$27,477		\$27,477		\$30,444
	radio read mailings						\$3,528
	USPS	\$420	\$175		\$175		\$250
	total	\$29,667	\$27,652	\$0	\$27,652	\$6,648	\$34,300
50271	Gasoline & Vehicle Allowance						
	3 vehicles						
	Fuel - Gallons		2,355				2,355
	Fuel \$/Gallon		\$2.48				\$2.56
	Fuel Cost		\$5,837				\$6,035
	Parts/Labor		\$16,958				\$ 19,126
	Insurance		\$2,459				\$3,110
	Total	\$14,482	\$25,254	\$0	\$25,254	\$3,017	\$28,271
50275	Repairs & Maintenance						
	5/8" meters	\$7,600	\$7,882				\$13,545
	3/4" meters	\$9,100	\$10,201				\$5,775
	1" meters	\$1,220	\$5,640				\$1,470
	1 1/2" meters	\$2,560	\$5,750				\$2,625
	2" meters	\$3,700	\$8,650				\$4,200
	4" meters	\$2,100					\$1,155
	6" meters	\$6,520					\$4,200
	3" hydrant	\$1,700					\$1,785
	small meter pits		\$640				\$735
	large meter pits						\$1,365
	4" strainer						\$525
	6" strainer						\$1,470
	tool repair	\$3,000					
	meter gun repair	\$2,500					\$2,625
	total	\$40,000	\$38,763	\$1,237	\$40,000	\$1,500	\$41,500
50299	Meter Maintenance						
	Appurtenant piping, tail pieces, ss fasteners & touch pads	\$9,300	\$6,802				\$7,200
	Annual Calibration of Navy meters	\$1,700	\$1,275				\$1,700

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Customer Service
 15-500-2209

RFC Schedule B-2 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
	space saver flanges		\$1,406				\$2,100
	total	\$11,000	\$9,483	\$1,517	\$11,000	\$0	\$11,000
50311	Operating Supplies						
	Repair External meter devices	\$4,000	\$871				\$2,500
	new tool & misc costs	\$3,000	\$1,512		\$3,000		\$2,500
	gas detectors						\$2,000
	confined space entry equipment						\$2,000
	Total	\$7,000	\$2,383	\$4,617	\$7,000	\$2,000	\$9,000
50320	Uniforms & protective Gear	\$1,000	\$584	\$416	\$1,000	\$0	\$1,000
50380	Customer Service Supplies	\$5,000	\$5,250	\$0	\$5,250	\$9,750	\$15,000
	Total	\$638,982	\$502,249		\$641,178		\$719,939

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Source of Supply - Island
 15-500-2212

RFC Schedule B-3 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50001	Salaries & Wages						
	Supervisor Water Dist/Coll 50%	\$ 69,767	\$ 31,781				\$ 39,526
	Maintenance Mechanic	\$ 45,083	\$ 34,684				\$ 51,003
	Skilled Laborer Equip Operator	\$ 38,114	\$ 33,699				\$ 42,945
	Skilled Laborer Equip Operator	\$ 39,646	\$ 39,124				\$ 44,560
	Skilled Laborer Equip Operator	\$ 45,357	\$ 44,791				\$ 48,085
	Laborer	\$ 28,569	\$ 32,291				\$ 37,840
	Total	\$ 243,756	\$ 216,370	\$ 27,386	\$ 243,756	\$ 20,244	\$ 264,000
50002	Overtime						
	hours		939				871
	rate		\$ 29.89				\$ 32.37
	total	\$ 26,000	\$ 28,055	\$ -	\$ 28,055	\$ 145	\$ 28,200
50004	Temp Salaries	\$ 10,000	\$ 11,537	\$ (1,537)	\$ 10,000	\$ -	\$ 10,000
50056	Injury Pay	\$ -	\$ 681	\$ (681)	\$ -	\$ -	\$ -
50100	Employee Benefits						
	Supervisor Water Dist/Coll 50%	\$ 29,321	\$ 14,262		\$ 14,262		\$ 17,432
	Maintenance Mechanic	\$ 23,814	\$ 19,212		\$ 23,814		\$ 28,663
	Skilled Laborer Equip Operator	\$ 22,718	\$ 13,544		\$ 22,718		\$ 26,850
	Skilled Laborer Equip Operator	\$ 22,718	\$ 22,148		\$ 22,718		\$ 27,213
	Skilled Laborer Equip Operator	\$ 24,000	\$ 11,015		\$ 16,924		\$ 18,024
	Laborer	\$ 20,987	\$ 12,830		\$ 14,655		\$ 15,711
	Benefits for OT, Temp & Annual leave Buyback						\$ 3,373
	Total	\$ 144,000	\$ 93,011	\$ 22,080	\$ 115,091	\$ 22,209	\$ 137,300
50175	Annual Leave Buyback	\$ 6,000	\$ 3,871	\$ 2,129	\$ 6,000	\$ 300	\$ 6,300

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Source of Supply - Island
 15-500-2212

RFC Schedule B-3 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50306	Contribution to Electricity Restricted Account St Mary's & Paradise Pumping Stations						
	Annual KWH Usage	179867	272,000				238,000
	KWH Base rate		\$ 0.0596				\$ 0.0940
	cost of Supply (incl GRT)		\$ 14,755				\$ 23,305
	fixed charge		\$ 1,313				\$ 1,313
	delivery charge		\$ 9,165				\$ 9,270
	total cost	\$ 27,200	\$ 25,233	\$ -	\$ 25,233	\$ 8,767	\$ 34,000
50271	Gas/Vehicle Maintenance						
	diesel gallons		556				556
	cost/gallon		\$ 3.2322				\$ 3.2530
	diesel cost		\$ 1,798				\$ 1,810
	gasoline gallons		2,346				2,346
	cost/gallon		\$ 2.4917				\$ 2.5630
	gasoline cost		\$ 5,846				\$ 6,014
	total fuel cost		\$ 7,644				\$ 7,823
	parts/labor		\$ 31,704				\$ 35,757
	insurance		\$ 4,098				\$ 5,183
	total	\$ 30,422	\$ 43,446	\$ -	\$ 43,446	\$ 5,354	\$ 48,800
50275	Repairs & Maintenance						
	equipment repair (weed wackers, mowers, lines, blades)	\$ 1,000	\$ 502				\$ 1,000
	minor repairs to pump stations	\$ 1,000	\$ 653				\$ 1,500
	equipment repairs/boat motor/chain saw etc	\$ 2,000	\$ 1,675				\$ 1,500
	raw water pump stations inspection/maintenance	\$ 1,000					\$ 2,000
	replace windows Paradise pump stn						\$ 2,000
	Roof Repairs paradise pump stn						\$ 1,800
	Pump Stn Annual service Agreement						\$ 1,800
	total	\$ 5,000	\$ 2,830	\$ 2,170	\$ 5,000	\$ 3,300	\$ 8,300

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Source of Supply - Island
 15-500-2212

RFC Schedule B-3 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50277	Reservoir Maintenance						
	Tree Removal	\$ 3,000			\$ 3,000		\$ 2,000
	Dam improvement repairs (gravel, riprap, gabions, etc.)	\$ 14,000	\$ 2,354		\$ 14,000		
	slinger rental		\$ 574				\$ 2,000
	gabions		\$ 1,913				\$ 3,000
	gravel						\$ 6,000
	loam						\$ 2,000
	sign installation & Maintenance	\$ 1,000	\$ 990		\$ 1,000		\$ 1,000
	dam inspections	\$ 7,000			\$ 7,000		\$ 7,000
	Fence repair		\$ 8,140				\$ 2,000
	other		\$ 114				
	total	\$ 25,000	\$ 14,085	\$ 10,915	\$ 25,000	\$ -	\$ 25,000
50311	Operating Supplies						
	machine & tool lubricant	\$ 1,000	\$ 965				\$ 1,000
	grease guns	\$ 250					\$ 250
	Brush cutter/mower						\$ 1,000
	parts for trackless		\$ 462				
	locks		\$ 335				
	replacement blades/brush cutting	\$ 2,250	\$ 1,539				\$ 1,500
	Total	\$ 3,500	\$ 3,300	\$ 200	\$ 3,500	\$ 250	\$ 3,750
50320	Uniforms & protective Gear	\$ 750	\$ 659	\$ 91	\$ 750	\$ -	\$ 750
50335	Chemicals						
	biosafe						
	usage in Lbs						
	cost/lb						
	total cost						
	copper sulfate						
	usage in lbs	28,000	28,000				28,000
	cost/lb	\$ 1.6500	\$ 1.4900				\$ 1.9100
	total copper sulfate	\$ 46,200	\$ 41,720				\$ 53,480
	total cost	\$ 46,200	\$ 41,720	\$ -	\$ 41,720	\$ 12,280	\$ 54,000
	total	\$ 567,828	\$ 484,797		\$ 547,551		\$ 620,400

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Source of Supply - Mainland
 15-500-2213

RFC Schedule B-4 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50002	Overtime						
	hrs		251				250
	FY 2006 120						
	rate		\$ 15.00				\$ 18.00
	FY 2007 0						
	total	\$ 10,000	\$ 3,758	\$ 4,242	\$ 8,000	\$ (3,500)	\$ 4,500
50004	Temp Salaries						
	hrs		1,272				1,272
	FY 2006 767						
	rate		\$ 10				\$ 12
	FY 2007 0						
	total	\$ 10,000	\$ 12,720	\$ -	\$ 12,720	\$ 2,580	\$ 15,300
50005	Permanent Part time	\$ 5,200	\$ 5,200	\$ -	\$ 5,200	\$ 7,800	\$ 13,000
50100	Employee Benefits						
	Benefits for OT, Temp & part time	\$ 1,500	\$ 1,603	\$ -	\$ 1,603	\$ 1,197	\$ 2,600
50306	Contribution to Electricity Restricted Account						
	Nonquit pumping Station						
	3 yr average						
	Annual KWH Usage	411242	648,000	646,829			647,000
	KWH Base rate		\$ 0.0596				\$ 0.0940
	cost of Supply (incl GRT)		\$ 40,179				\$ 63,354
	fixed charge		\$ 2,917				\$ 2,917
	delivery charge		\$ 25,800				\$ 25,807
	total cost	\$ 68,040	\$ 68,896	\$ -	\$ 68,896	\$ 23,204	\$ 92,100
50275	Repairs & Maintenance						
	motor maintenance/electrical inspections	\$ 1,800					
	Stonkus Hydraulic Annual Contract		\$ 1,590				\$ 1,800
	Doors @ pumping Station						\$ 4,000
	emergency repairs		\$ 8,964				\$ 3,000
	total	\$ 1,800	\$ 10,554	\$ (5,754)	\$ 4,800	\$ 4,000	\$ 8,800
50277	Reservoir Maintenance						
	Tree Removal	\$ 1,000			\$ 1,000		\$ 1,000
	Dam improvement repairs (gravel, riprap, gabions, etc.)	\$ 3,000	\$ 2,506		\$ 3,000		\$ 3,000
	dam inspections	\$ 2,000	\$ -		\$ 2,000		\$ 2,000
	total	\$ 6,000	\$ 2,506	\$ 3,494	\$ 6,000	\$ -	\$ 6,000
50311	Operating Supplies						
	machine & tool lubricant, grease guns, etc	\$ 500	\$ 488	\$ 12	\$ 500	\$ -	\$ 500
	total	\$ 103,040	\$ 105,725		\$ 107,719		\$ 142,800

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Station One
 15-500-2222

RFC Schedule B-5 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50001	Salaries & Wages	\$ 37,908	\$ 45,944				\$ 35,145
	Water Quality Production Supv (50%)						\$ 24,874
	Assistant WQP Supervisor 50%						\$ 46,413
	Water Plant Operator - 3	\$ 47,364	\$ 38,923				\$ 51,516
	Water Plant Operator - 3	\$ 45,869	\$ 44,284				\$ 41,377
	Water Plant Operator - 3	\$ 45,869	\$ 28,009				\$ -
	Water Plant Operator - 2	\$ 42,718	\$ 25,108				\$ 51,347
	Water Plant Operator - 3	\$ 45,869	\$ 43,338				\$ 54,458
	Water Plant Foreman Operator(acting)	\$ 45,421	\$ 47,812				\$ 45,528
	Water Plant Operator - 3	\$ 41,547	\$ 39,339				\$ 38,618
	Water Plant Operator - 2	\$ 35,498	\$ 24,941				\$ 52,201
	Water Plant Operator - 3	\$ 36,492	\$ 43,627				
	note: in FY 2010 it is proposed to add an Assistant WQP Supervisor, change the operating foremen to Operator 3, and eliminate a Water Plant operator. No net change in headcount.						
	Total	\$ 424,555	\$ 381,325	\$ 43,230	\$ 424,555	\$ 16,945	\$ 441,500
50002	Overtime						
	hours		2,432				1,900
	rate		\$ 27.11				\$ 30.57
	total	\$ 50,000	\$ 65,941	\$ (14,441)	\$ 51,500	\$ 6,600	\$ 58,100
50003	Holiday Pay						
	Operators	9	8				9
	Holidays	12	12				12
	Hours/Holiday	8	8				8
	Average Pay Rate	\$ 20					\$ 22
	Total	\$ 18,000	\$ 16,438	\$ 1,562	\$ 18,000	\$ 1,100	\$ 19,100

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Station One
 15-500-2222

RFC Schedule B-5 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50100	Employee Benefits	\$ 12,931	\$ 20,602		\$ 12,931		\$ 16,446
	Water Quality Production Supv (50%)						\$ 14,190
	Assistant WQP supervisor 50%						\$ 17,647
	Water Plant Operator - 3	\$ 24,789	\$ 7,760		\$ 17,000		\$ 28,778
	Water Plant Operator - 3	\$ 23,612	\$ 24,585		\$ 23,612		\$ 26,497
	Water Plant Operator - 3	\$ 23,612	\$ 11,885		\$ 23,612		\$ -
	Water Plant Operator - 2	\$ 23,394	\$ 7,407		\$ 23,394		\$ 28,740
	Water Plant Operator - 3	\$ 23,612	\$ 23,929		\$ 23,612		\$ 29,440
	Water Plant Foreman Operator	\$ 23,552	\$ 25,312		\$ 23,552		\$ 27,432
	Water Plant Operator - 3	\$ 23,612	\$ 14,281		\$ 23,612		\$ 15,887
	Water Plant Operator - 2	\$ 21,654	\$ 14,906		\$ 14,906		\$ 28,932
	Water Plant Operator - 3	\$ 21,750	\$ 23,830		\$ 21,750		\$ 6,331
	Benefits for OT, Annual leave Buyback, Holidays						
	Total	\$ 222,500	\$ 174,497	\$ 33,484	\$ 207,981	\$ 32,319	\$ 240,300
50175	Annual Leave Buyback	\$ 4,500	\$ 4,829	\$ (329)	\$ 4,500	\$ 450	\$ 4,950
50212	Conferences & Training						
	RIDOH Required Certifications for 10 employees	\$ 2,000	\$ 1,475				\$ 2,000
	Supv/Plant Prod - RIWWA	\$ 120					\$ 120
	Supv/Plant Prod - NEWWA	\$ 550	\$ 185				\$ 550
	Conferences & Training	\$ 500					\$ 500
	Training, travel	\$ 2,330					\$ 2,330
	total	\$ 5,500	\$ 1,660	\$ 3,840	\$ 5,500	\$ -	\$ 5,500
50239	Fire & Liability Insurance						
	RI Interlocal	\$ 5,500	\$ 5,823	\$ -	\$ 5,823	\$ 6,877	\$ 12,700

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Station One
 15-500-2222

RFC Schedule B-5 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50306	Contribution to Electricity Restricted Account 100 Bliss Mine Rd						
		3 yr average					
	Annual KWH Usage	1,736,000	1,877,500				1,870,000
	KWH Base rate		\$ 0.0596				\$ 0.0940
	cost of Supply (incl GRT)		\$ 116,123				\$ 175,780
	fixed charge		\$ 2,837				\$ 2,837
	delivery charge		\$ 54,574				\$ 60,261
	total cost	\$ 178,363	\$ 173,534	\$ -	\$ 173,534	\$ 65,366	\$ 238,900
			\$ 0.0928				
50307	Natural Gas	3 yr average					
	CCF Annual usage	15623	18,800				15,600
	CCF Base Rate		\$ 1.1127				\$ 1.1056
	Cost of Gas		\$ 16,237				\$ 17,247
	Fixed Charge		\$ 876				\$ 920
	Other charges		\$ 3,985				\$ 4,368
	Gross earnings Tax		\$ 652				\$ 696
	Total Cost	\$ 30,300	\$ 21,750	\$ -	\$ 21,750	\$ 1,550	\$ 23,300
50260	Rental of Equipment						
	Dumpster Rentals		\$ 391				\$ 431
	chemical cylinders		\$ 87				\$ 569
	total	\$ 1,000	\$ 479	\$ 521	\$ 1,000	\$ -	\$ 1,000
50305	Sewer Charge						
	Gallons	25,300,000	28,255,833				28,260,000
	\$/Gal	\$ 0.0054	\$ 0.0060				\$ 0.0065
	Cost	\$ 137,822	\$ 169,535	\$ -	\$ 169,535	\$ 14,465	\$ 184,000

Newport Water Division
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 FY 2010
 Station One
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RFC Schedule B-5 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50271	Gas/Vehicle Maintenance						
	1 vehicle						
	gasoline gallons		274				274
	cost/gallon		\$ 2,4683				\$ 2,5630
	gasoline cost		\$ 676				\$ 702
	parts/labor		\$ 5,653				\$ 6,375
	insurance		\$ 820				\$ 1,037
	total	\$ 882	\$ 7,149	\$ -	\$ 7,149	\$ 1,051	\$ 8,200
50275	Repairs & Maintenance						
	Painting, welding materials, tools and gases	\$ 2,000	\$ 2,938				\$ 3,000
	Air handling, clarifier, filter repair & maint	\$ 9,500	\$ 3,640				\$ 4,000
	A/C, heating and hot water repairs	\$ 2,500	\$ 485				\$ 2,000
	Spare parts, analyzer maintenance/replacement	\$ 6,000	\$ 3,164				\$ 3,000
	Building maint, qtrly fire alarm testing, fire extinguisher inspe	\$ 2,000	\$ 777				\$ 1,000
	Tank inspections required by RIDOH	\$ 3,000					\$ 2,000
	Radiator replacement		\$ 2,500				
	Standby power repairs		\$ 1,800				
	ss screens for standpipe						
	GAC Removal		\$ 5,800				
	Valve update/replacement, pump O&M	\$ 6,000	\$ 4,749				\$ 5,000
	Surge tank and component maintenance	\$ 1,000					\$ 1,000
	Loading Dock Door Repair						\$ 3,000
	Sump Pump Replacement						\$ 1,000
	Clear well roof						\$ 8,000
	Rapid mix, chemfeed, VFD O&M	\$ 3,000					\$ 2,000
	total	\$ 35,000	\$ 25,852	\$ 9,148	\$ 35,000	\$ -	\$ 35,000

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Station One
 15-500-2222

RFC Schedule B-5 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50311	Operating Supplies						
	Machine, pump supplies, bearings, pump packing, seals, drill bits, sandpaper, fasteners, miscellaneous tools, V belts, gauges, electrical/test meters	\$ 1,600	\$ 2,526				\$ 1,600
	Generator Service - Ralco	\$ 1,500	\$ 1,052				\$ 1,500
	Transfer Switch Service - NET&S	\$ 500	\$ 600				\$ 700
	Instrumentation - ABB	\$ 11,000	\$ 11,000				\$ 11,500
	SCADA Service - R E Erickson	\$ 11,400	\$ 11,400				\$ 12,500
	Total	\$ 26,000	\$ 26,578	\$ -	\$ 26,578	\$ 1,222	\$ 27,800
50320	Uniforms & protective Gear	\$ 1,350	\$ -	\$ 1,350	\$ 1,350	\$ -	\$ 1,350
50335	Chemicals						
	Alum quantity						412,431
	Alum unit \$						\$ 0.21
	Alum Total Cost	\$ 61,320	\$ 71,076				\$ 86,611
	Chlorine quantity						57,380
	Chlorine unit \$						\$ 0.4750
	Chlorine Total cost	\$ 28,980	\$ 30,000				\$ 27,256
	Flouride quantity						18,195
	Flouride unit \$						\$ 0.4190
	Flouride Total cost	\$ 8,800	\$ 6,085				\$ 7,624
	Sodium chloride quantity						99,725
	Sodium chloride unit \$						\$ 0.9860
	Sodium chlorite	\$ 60,590	\$ 118,646				\$ 98,329
	Polymer quantity						1,320
	Polymer unit \$						\$ 7.216
	Polymenr Total cost	\$ 8,752	\$ 6,791				\$ 9,525
	lime		\$ 25,383				\$ -
	Sodium Hydroxide quantity						96,400
	Sodium Hydroxide unit \$						\$ 0.8349
	Sodium Hydroxide Total cost	\$ 80,360	\$ -				\$ 80,484
	GAC quantity						36,000
	GAC uunit \$						\$ 2.475
	GAC Total cost	\$ 37,000	\$ 35,943				\$ 89,100

Newport Water Division
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 FY 2010
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 15-500-2222

RFC Schedule B-5 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
	total	\$ 285,802	\$ 293,925				\$ 398,928
	rounded	\$ 286,000	\$ 293,925	\$ -	\$ 293,925	\$ 105,075	\$ 399,000
	total	\$ 1,427,272	\$ 1,369,315		\$ 1,447,680		\$ 1,700,700

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Lawton Valley
 15-500-2223

RFC Schedule B-6 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50001	Salaries & Wages	\$ 37,907	\$ 28,971				\$ 35,145
	Water Quality Production Supv (50%) assistant WQP 50%						\$ 24,874
	Water Plant Operator - 3	\$ 54,860	\$ 43,607				\$ 52,306
	Water Plant Operator - 3	\$ 44,635	\$ 43,956				\$ 50,550
	Water Plant Foreman Operator	\$ 43,337	\$ 52,519				\$ 53,208
	Water Plant Operator - 3	\$ 39,520	\$ 39,447				\$ 45,580
	Water Plant Operator - 3	\$ 32,752	\$ 44,026				\$ 51,628
	Water Plant Operator - 3	\$ 32,835	\$ 36,396				\$ 44,617
	Water Plant Operator - 3	\$ 41,057	\$ 44,301				\$ 52,163
	Water Plant Operator - 2	\$ 44,891	\$ 33,441				\$ 38,618
	Water Plant Operator - 3	\$ 33,649	\$ 42,863				\$ 51,356
	Total	\$ 405,500	\$ 409,527	\$ (4,027)	\$ 405,500	\$ 94,600	\$ 500,100
50002	Overtime						
	hours rate		1,321				1,201
	total	\$ 30,000	\$ 42,307	\$ -	\$ 42,307	\$ 93	\$ 42,400
50003	Holiday Pay						
	Operators	9					9
	Holidays	12	12				12
	Hours/Holiday	8	8				8
	Average Pay Rate	\$ 20.00					\$ 22.04
	Total	\$ 18,000	\$ 15,487	\$ 2,513	\$ 18,000	\$ 2,000	\$ 20,000

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Lawton Valley
 15-500-2223

RFC Schedule B-6 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50100	Employee Benefits	\$ 12,931	\$ 13,891				\$ 16,446
	Water Quality Production Supv (50%)						\$ 14,190
	Assistant WQP 50%						\$ 28,956
	Water Plant Operator - 3	\$ 25,535	\$ 23,365				\$ 28,561
	Water Plant Operator - 3	\$ 23,572	\$ 23,675				\$ 29,241
	Water Plant Operator - 3	\$ 23,513	\$ 12,048				\$ 27,443
	Water Plant Operator - 2	\$ 23,513	\$ 22,618				\$ 28,804
	Water Plant Operator - 3	\$ 22,538	\$ 23,806				\$ 27,226
	Water Plant Foreman Operator	\$ 21,833	\$ 22,260				\$ 28,924
	Water Plant Operator - 3	\$ 21,849	\$ 23,967				\$ 15,887
	Water Plant Operator - 2	\$ 23,414	\$ 13,468				\$ 28,742
	Water Plant Operator - 3	\$ 21,514	\$ 24,124				\$ 5,100
	Benefits for OT, Holidays, & Annual leave)						
	Total	\$ 220,000	\$ 203,222	\$ -	\$ 203,222	\$ 76,278	\$ 279,500
50175	Annual Leave Buyback	\$ 3,500	\$ 3,094	\$ 406	\$ 3,500	\$ 350	\$ 3,850
50212	Conferences & Training						
	RIDOH Required Certifications for 10 employees	\$ 2,000	\$ 1,475		\$ 2,000		\$ 2,000
	Conferences & Training	\$ 1,500			\$ 1,500		\$ 1,500
	total	\$ 3,500	\$ 1,475	\$ 2,025	\$ 3,500	\$ -	\$ 3,500
50239	Fire & Liability Insurance						
	RI Interlocal	\$ 6,000	\$ 6,352	\$ -	\$ 6,352	\$ 7,248	\$ 13,600
50306	Contribution to Electricity Restricted Account						
	Lawton Valley Treatment plant & pumping station						
	3 yr average						
	Annual KWH Usage	1,139,225	1,180,000				1,317,000
	KWH Base rate						\$ 0.0940
	cost of Supply (incl GRT)						\$ 128,960
	fixed charge						\$ 4,078
	delivery charge						\$ 46,714
	total cost	\$ 123,000	\$ 113,966	\$ -	\$ 113,966	\$ 65,834	\$ 179,800

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Lawton Valley
 15-500-2223

RFC Schedule B-6 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50307	Natural Gas						
		3 yr average					
	CCF Annual usage	19240	21,341				19,250
	CCF Base Rate		\$ 1,1131			\$	1,1264
	Cost of Gas		\$ 18,406			\$	21,683
	Fixed Charge		\$ 708			\$	743
	Other charges		\$ 4,581			\$	5,579
	Gross earnings Tax		\$ 732			\$	796
	Total Cost	\$ 34,300	\$ 24,427	\$ -	\$ 24,427	\$ 4,473	\$ 28,900
50260	Rental of Equipment						
	Dumpster Rentals		\$ 133			\$	300
	chemical cylinders		\$ 80			\$	200
	total	\$ 500	\$ 213	\$ 287	\$ 500	\$ -	\$ 500
50305	Sewer Charge						
	Gallons	22,800,000	8,974,545				37,230,000
	\$/Gal	\$ 0.0060	\$ 0.0060			\$	0.0065
	Cost	\$ 136,986	\$ 53,847	\$ 83,139	\$ 136,986	\$ 105,014	\$ 242,000
50271	Gas/Vehicle Maintenance						
		1 vehicle					
	gasoline gallons		196				196
	cost/gallon		\$ 2,5684			\$	2,5630
	gasoline cost		\$ 504			\$	503
	parts/labor		\$ 6,083			\$	6,860
	insurance		\$ 820			\$	1,037
	total	\$ 948	\$ 7,407	\$ -	\$ 7,407	\$ 993	\$ 8,400

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Lawton Valley
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RFC Schedule B-6 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50275	Repairs & Maintenance						
	Painting, welding materials, tools and gases	\$ 5,000	\$ 3,705				\$ 6,000
	Repairs to Clari-Flocculators	\$ 8,000					\$ 5,000
	Electrical Controls & Instrumentation supplies, filters, repair & maintenance, troubleshooting	\$ 12,000					\$ 9,000
	Building Maintenance, floors, heat & hot water	\$ 4,000					\$ 4,000
	Valve update/replacement, pump O&M	\$ 8,000					\$ 8,000
	Priming sytem maintenance, spare parts, rapid mix chem feed & Forest Ave.	\$ 5,000					\$ 5,000
	RIDOH Tank inspections	\$ 3,000	\$ 2,940				\$ 3,000
	Remove Trees over clear well						\$ 3,000
	Fire Alarm testing		\$ 332				\$ 400
	Other	\$ 10,000					
	total	\$ 55,000	\$ 6,977	\$ 36,423	\$ 43,400	\$ -	\$ 43,400

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Lawton Valley
 15-500-2223

RFC Schedule B-6 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50311	Operating Supplies						
	Machine, pump supplies, bearings, pump packing, seals, drill bits, sandpaper, fasteners, miscellaneous tools, V belts, gauges, electrical/test meters	\$ 3,000	\$ 973		\$ 4,500		\$ 4,500
	Generator Service - Ralco	\$ 1,500	\$ 1,936		\$ 2,000		\$ 2,000
	Transfer Switches Service - NET&S		\$ 300		\$ 300		\$ 300
	Harbor controls contract	\$ 10,000	\$ 10,000		\$ 12,700		\$ 12,700
	Elevator Maintenance	\$ 1,600	\$ 2,227		\$ 2,500		\$ 2,500
	SCADA Service - R E Erickson	\$ 11,400					
	Total	\$ 27,500	\$ 15,436	\$ 6,564	\$ 22,000	\$ -	\$ 22,000
50320	Uniforms & protective Gear	\$ 1,000	\$ 614	\$ 386	\$ 1,000	\$ -	\$ 1,000
50335	Chemicals						
	Alum quantity						382,540
	Alum unit \$						<u>\$ 0.210</u>
	Alum Total Cost	\$ 55,772	\$ 57,478				<u>\$ 80,333</u>
	Chlorine quantity						39,130
	Chlorine unit \$						<u>\$ 0.475</u>
	Chlorine Total cost	\$ 18,400	\$ 19,200				<u>\$ 18,587</u>
	Flouride quantity						16,329
	Flouride unit \$						<u>\$ 0.419</u>
	Flouride Total cost	\$ 6,720	\$ -				<u>\$ 6,842</u>
	Sodium chloride quantity						57,553
	Sodium chloride unit \$						<u>\$ 0.986</u>
	Sodium chlorite	\$ 46,355	\$ 57,484				<u>\$ 56,747</u>
	Lime		\$ 20,358				
	Sodium Hydroxide quantity						64,000
	Sodium Hydroxide unit \$						<u>\$ 0.8349</u>
	Sodium Hydroxide Total cost	\$ 44,191	\$ -				<u>\$ 53,434</u>
	total	\$ 171,438	\$ 154,520				\$ 215,943
	rounded	\$ 172,000	\$ 154,520	\$ -	\$ 154,520	\$ 61,480	\$ 216,000
total		\$ 1,237,734	\$ 1,058,872		\$ 1,186,587		\$ 1,604,950

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Laboratory
 15-500-2235

RFC Schedule B-7 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50001	Salaries & Wages	\$ 59,637	\$ 54,313				\$ 67,573
	Laboratory Supervisor						
	Microbiologist	\$ 53,017	\$ 48,283				\$ 60,072
	Total	\$ 112,700	\$ 102,596	\$ -	\$ 102,596	\$ 25,104	\$ 127,700
50100	Employee Benefits						
	Laboratory Supervisor	\$ 27,271	\$ 26,401				\$ 32,237
	Microbiologist	\$ 25,932	\$ 25,087				\$ 30,550
	Benefits on Annual leave buyback						\$ 210
	Total	\$ 53,200	\$ 51,488	\$ -	\$ 51,488	\$ 11,512	\$ 63,000
50175	Annual Leave Buyback	\$ 2,500	\$ -	\$ 2,500	\$ 2,500	\$ 250	\$ 2,750
50275	Repairs & Maintenance						
	Cleaning, Recalculation & Certification of balances, fume head, thermometers, etc.	\$ 600	\$ 580		\$ 500		\$ 600
	Misc repairs to Equipment	\$ 400	\$ 381		\$ 300		\$ 400
	Total	\$ 1,000	\$ 961	\$ 39	\$ 1,000	\$ -	\$ 1,000

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Laboratory
 15-500-2235

RFC Schedule B-7 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
500281	Regulatory Assessment						
	Bacteria, Coliform, pH, Turbid Analysis	\$ 1,277	\$ 1,509				\$ 1,300
	TTHM/HAA5 Analysis	\$ 10,650	\$ 5,384				\$ 12,800
	TOC Analysis	\$ 1,390	\$ 1,116				\$ 1,200
	pb/cu Analysis	\$ 225	\$ 210				\$ 200
	RI DOH Lab Fees	\$ 21,458	\$ 18,342				\$ 19,995
	RIPDES Permit Alum Analysis	\$ -	\$ 725				\$ 1,000
	Total	\$ 35,000	\$ 27,286	\$ -	\$ 27,286	\$ 9,214	\$ 36,500
50339	Laboratory Supplies						
	Buffers, reagents, Standards, gases & misc expendable supplies	\$ 4,247	\$ 2,537				\$ 3,300
	Colisure PA media	\$ 6,208	\$ 2,711				\$ 3,000
	Expendable wipes, gloves, pipets, bottles, glassware	\$ 1,227	\$ 515				\$ 1,500
	Replacement of dispensers, turbidimeters, microscopes meters and other misc equipment	\$ 4,210	\$ 8,269				\$ 5,700
	Replace Glassware washer						\$ 5,000
	total	\$ 16,000	\$ 14,032	\$ 1,968	\$ 16,000	\$ 2,500	\$ 18,500
	total	\$ 220,400	\$ 196,363		\$ 200,870		\$ 249,450

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Distribution
 15-500-2241

RFC Schedule B-8 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50001	Salaries & Wages						
	Supervisor Water Dist/Coll 50%	\$ 34,883	\$ 31,769				\$ 39,526
	Maintenance Mechanic	\$ 43,429	\$ 46,515				\$ 52,398
	Heavy Equipment Operator	\$ 44,153	\$ 40,026				\$ 46,457
	Maintenance Mechanic	\$ 43,973	\$ 45,775				\$ 52,616
	Senior Maintenance Mechanic	\$ 41,509	\$ 4,456				\$ 45,459
	Parts/Invent Contol Tech	\$ 36,013	\$ 35,504				\$ 41,441
	Skilled Laborer Equipment Operator	\$ 36,929	\$ 29,244				\$ 47,794
	Engineering Technician	\$ 32,838	\$ 47,359				\$ 55,729
	Skilled Laborer Equipment Operator	\$ 44,098	\$ 32,551				\$ 41,411
	Skilled Laborer Equipment Operator	\$ 33,407	\$ 17,400				\$ 40,440
	Total	\$ 392,000	\$ 330,599	\$ 61,401	\$ 392,000	\$ 71,300	\$ 463,300
50002	Overtime						
	hours		1,020				1,520
	rate		\$ 32.89				\$ 33.95
	total	\$ 55,000	\$ 33,527	\$ 21,473	\$ 55,000	\$ (3,000)	\$ 52,000
50004	Temp Salaries	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
50056	Injury Pay	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ -

Newport Water Division
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 FY 2010
 Distribution
 15-500-2241

RFC Schedule B-8 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50100	Employee Benefits						
	Supervisor Water Dist/Coll 50%	\$ 14,659	\$ 14,262				\$ 17,432
	Maintenance Mechanic	\$ 23,222	\$ 24,628				\$ 28,977
	Heavy Equipment Operator	\$ 23,222	\$ 23,040				\$ 27,640
	Maintenance Mechanic	\$ 23,222	\$ 24,515				\$ 2,824
	Senior Maintenance Mechanic	\$ 23,604	\$ 4,372				\$ 27,416
	Parts/Invent Contol Tech	\$ 21,658	\$ 21,572				\$ 26,512
	Skilled Laborer Equipment Operator	\$ 22,168	\$ 14,788				\$ 17,958
	Engineering Technician	\$ 21,197	\$ 23,893				\$ 29,726
	Skilled Laborer Equipment Operator	\$ 23,523	\$ 19,693				\$ 26,505
	Skilled Laborer Equipment Operator		\$ 3,911				\$ 16,221
	Benefits for OT, Injury & Annual leave Buyba	\$ 525	\$ 912				\$ 5,194
	Total	\$ 197,000	\$ 175,586	\$ 33,270	\$ 208,856	\$ 42,945	\$ 251,800
50175	Annual Leave Buyback	\$ 5,300	\$ 2,130	\$ 3,170	\$ 5,300	\$ 600	\$ 5,900
50212	Conferences & Training						
	Continuing Education Units	\$ 3,200					\$ 3,200
	Supervisor Water Dist/ Collect	\$ 670	\$ 319				\$ 670
	Travel	\$ 130					\$ 130
	Total	\$ 4,000	\$ 319	\$ 3,681	\$ 4,000	\$ -	\$ 4,000
50225	Contract Services						
	Welding Services as required	\$ 3,000			\$ 3,000		\$ 2,500
	Water Storage Tank Inspections	\$ 3,000			\$ 3,000		\$ 3,000
	Dig safe Contract	\$ 6,500	\$ 5,425		\$ 6,500		\$ 7,000
	total	\$ 12,500	\$ 5,425	\$ 7,075	\$ 12,500	\$ -	\$ 12,500
50239	Fire & Liability Insurance						
	RI Interlocal	\$ 2,225	\$ 2,355	\$ -	\$ 2,355	\$ 45	\$ 2,400

Newport Water Division
 Projected Costs for Rate Filing
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 Distribution
 15-500-2241

RFC Schedule B-8 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50306	Contribution to Electricity Restricted Account						
	Forest Ave, Goulart Lane, Reservoir Rd 3 year average						
	Annual KWH Usage 119,153	216,000	130,192				131,000
	KWH Base rate		\$ 0.0639				\$ 0.0940
	cost of Supply (incl GRT)		\$ 8,317				\$ 12,827
	fixed charge		\$ 1,620				\$ 1,620
	delivery charge		\$ 4,982				\$ 5,041
	total cost	\$ 21,600	\$ 14,919	\$ -	\$ 14,919	\$ 4,581	\$ 19,500
50260	Heavy Equipment Rental						
	Backhoe w/oper 27 hrs @ 100/hr	\$ 2,700					\$ 2,700
	Excavator w/oper 10 hrs @ 160/hr	\$ 1,400					\$ 1,600
	Dump truck 30 hrs @ 65/hr	\$ 1,950					\$ 1,950
	Gas cylinders		\$ 310				
	Waste Management	\$ 380	\$ 365				\$ 380
	Paving Eq. 72 hrs @ \$95/hr.	\$ 6,730					\$ 2,280
	Total	\$ 13,160	\$ 675	\$ 8,225	\$ 8,900	\$ -	\$ 8,900
50271	Gas/Vehicle Maintenance 10 vehicles						
	diesel gallons		1,924				1,924
	cost/gallon		\$ 2.9239				\$ 3.2530
	diesel cost		\$ 5,626				\$ 6,259
	gasoline gallons		7,727				7,727
	cost/gallon		\$ 2.4998				\$ 2.5630
	gasoline cost		\$ 19,317				\$ 19,805
	total fuel cost		\$ 24,943				\$ 26,064
	parts/labor		\$ 57,425				\$ 64,767
	insurance		\$ 8,196				\$ 10,367
	total	\$ 67,556	\$ 90,564	\$ -	\$ 90,564	\$ 10,636	\$ 101,200

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Distribution
 15-500-2241

RFC Schedule B-8 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50275 Repairs & Maintenance							
	Roof	\$ 18,000					\$ 15,000
	Air conditioning overhead doors	\$ 4,000					\$ 4,000
	Miscellaneous equipment racks	\$ 3,000					\$ 3,000
		\$ 5,000	\$ 2,559				\$ 3,000
	total	\$ 30,000	\$ 2,559	\$ 27,441	\$ 30,000	\$ 2,000	\$ 32,000
20276 Main Maintenance							
	Demolition saw and blades	\$ 3,000	\$ 1,604				\$ 2,000
	Permits		\$ 1,196				\$ 1,500
	Detail officers, approx. 10 days @ \$400/per	\$ 3,000	\$ 1,211				\$ 4,000
	Materials for inhouse replacement/repairs of water mains including ductile iron piping/fittings/tapping	\$ 30,800	\$ 13,401				\$ 25,800
	Road fill materials 1,800 tons of gravel	\$ 21,600	\$ 15,195				\$ 29,700
	500 tons stone	\$ 12,000	\$ 14,800				\$ 9,750
	Cold patch @ \$83.75/ton	\$ 6,600	\$ 8,832				\$ 10,050
	Gate Valves	\$ 2,000	\$ 2,000				\$ 2,000
	total	\$ 79,000	\$ 58,239	\$ 20,761	\$ 79,000	\$ 5,800	\$ 84,800

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Distribution
 15-500-2241

RFC Schedule B-8 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50296	Service Maintenance						
	Tap machine for 3/4" - 1" taps	\$ 750					\$ 750
	Service boxes 200 @ \$17/each in 2010, 12C	\$ 3,400	\$ 2,174				\$ 3,400
	Service Keys 4 @ \$110/ea	\$ 440					\$ 440
	Tools, tapping/crimping/cutting/drilling etc.	\$ 1,200					\$ 1,200
	Service Barricades 8 @ \$110/ea	\$ 880					\$ 880
	Safety Cones 100 @ \$15/ea	\$ 1,500					\$ 1,500
	New Services copper tubing 3/4" - 2" 2,000	\$ 14,000	\$ 7,733				\$ 11,000
	Excavation Permits		\$ 1,320				\$ 1,500
	Curb stops, corporations, service saddles, unions, repair couplings, brass fittings	\$ 8,330	\$ 6,263				\$ 8,830
	Detail officers approximately 10 days @ \$40	\$ 3,000					\$ 4,000
		\$ 33,500	\$ 17,490	\$ 16,010	\$ 33,500	\$ -	\$ 33,500
50311	Operating Supplies						
	machine & tool lubricant	\$ 3,000			\$ 3,000		\$ 3,000
	grease guns	\$ 500			\$ 500		\$ 500
	Replacement blades/cutting wheels	\$ 5,000	\$ 6,468		\$ 5,000		\$ 5,000
	chains, bars, tapping tools	\$ 2,500			\$ 2,500		\$ 2,500
	Total	\$ 11,000	\$ 6,468	\$ 4,532	\$ 11,000	\$ -	\$ 11,000
50320	Uniforms & protective Gear	\$ 1,500	\$ 1,141	\$ 359	\$ 1,500	\$ -	\$ 1,500
	total	\$ 936,541	\$ 741,996		\$ 959,394		\$ 1,094,300

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Fire Protection
 15-500-2245

RFC Schedule B-9 Rebuttal

Account	Description	Docket 3818	Actual FY 2008	Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed FY 2010
50275	Repair & Maintenance - Equipment						
	Permits	\$ 1,000	\$ 145				\$ 200
	Main Valves	\$ 1,000	\$ -				\$ -
	Acetylene & Oxygen	\$ 300	\$ -				\$ -
	Repair of wrench	\$ 1,850	\$ -				\$ -
	Hydrant parts	\$ 1,700	\$ 6,512				\$ 5,000
	Hydrant Paint		\$ 1,991				\$ 1,000
	Chain tongs	\$ 650					\$ -
	misc other materials as needed	\$ 3,300	\$ 2,661				\$ 1,600
	Welding of hydrant base	\$ 500	\$ -				\$ 200
	Temporary surface restoration	\$ 3,500					\$ -
	Miscellaneous	\$ 200					\$ -
	New Hydrants 5@ \$1,300 each	\$ -					\$ 6,500
	total	\$ 14,000	\$ 11,310	\$ 2,690	\$ 14,000	\$ 500	\$ 14,500
	total	\$ 14,000	\$ 11,310		\$ 14,000		\$ 14,500

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Debt Service Detail

RFC Schedule C Rebuttal

Fiscal Year	EXISTING (1)				PROPOSED (2)																Total Annual Debt Service												
	Revenue Bonds	2007 SRF A	2008 SRF A \$3.1 M	2008 SRF B \$2.8 M	2009 SRF A \$6.35 M (Easton Pond)				2010 SRF A \$7.1 M (City Agent/Prof. Service for D/B)				2010 SRF B \$3.6 M (Distribution Mains)				2011 SRF A \$11.45 M (Station 1 D/B)					2011 SRF B \$9.12 M (Water Mains)				2012 SRF A \$41.1 M (New Treatment Plant D/B)							
	Total	Total	Total	Total	Rate	5.50%	Total	Drawdown	Rate	6.50%	Loan Amount	Total	Drawdown	Rate	6.50%	Loan Amount	\$11,450,000	Total	Drawdown	Rate		6.50%	Loan Amount	\$9,116,000	Total	Drawdown	Rate	6.50%	Loan Amount	\$41,063,340	Total	Drawdown	
					Interest	Principal			Interest	Principal			Interest	Principal			Interest	Principal				Interest	Principal			Interest	Principal			Interest	Principal		
2008	1,009,932	72,901																														\$1,242,779	
2009	959,782	211,318	23,347	43,405	1,213		1,213	3,351,532	3,713		3,713	1,216,200																				\$1,893,101	
2010	910,552	211,749	61,894	96,021	137,531		137,531	6,351,532	260,855		260,855	3,916,717	214,500		214,500	3,300,000																	\$2,684,716
2011	642,596	211,990	210,414	201,409	344,300	180,000	524,300	6,351,532	322,791		322,791	5,179,507	228,924		228,924	3,600,000	204,750	204,750	3,150,000	137,540		137,540	2,116,000										\$4,555,537
2012	571,079	211,081	223,206	201,652	334,125	190,000	524,125	6,351,532	464,249	196,509	660,758	7,629,507	223,519	92,723	316,242	3,600,000	570,520	570,520	8,956,000	338,643		338,643	5,316,000	938,232			938,232		938,232	11,234,340		\$6,657,962	
2013	388,755	211,034	222,797	201,567	323,400	200,000	523,400	6,351,532	452,292	209,282	661,573	7,629,507	217,762	98,750	316,512	3,600,000	713,573	713,573	11,450,000	566,116	234,795	802,911	9,116,000	2,615,839			2,615,839	14,434,340			\$6,482,049		
2014		210,828	223,120	201,245	312,125	210,000	522,125	6,351,532	439,557	222,885	662,442	7,629,507	211,630	105,169	316,799	3,600,000	696,723	294,911	991,634	554,701	250,057	804,758	9,116,000	2,559,099			2,559,099	41,063,340			\$7,497,917		
2015		211,441	223,220	201,725	300,163	225,000	525,163	6,351,532	425,995	237,372	663,367	7,629,507	205,101	112,005	317,105	3,600,000	678,778	314,080	992,858	540,414	266,311	806,725	9,116,000	2,498,670	1,057,644	3,556,313	41,063,340			\$7,502,912			
2016		210,861	223,078	200,992	287,513	235,000	522,513	6,351,532	411,551	252,802	664,353	7,629,507	198,146	119,285	317,431	3,600,000	659,666	334,495	994,161	528,198	283,621	808,819	9,116,000	2,434,313	1,126,390	3,560,704	41,063,340			\$7,487,130			
2017		184,069	222,689	201,038	274,175	250,000	524,175	6,351,532	396,168	269,234	665,402	7,629,507	190,740	127,039	317,779	3,600,000	639,313	356,237	995,550	508,993	302,056	811,050	9,116,000	2,365,773	1,199,606	3,565,379	41,063,340			\$7,497,443			
2018		184,052	222,051	200,847	260,013	265,000	525,013	6,351,532	379,785	286,734	666,519	7,629,507	182,852	135,296	318,149	3,600,000	617,636	379,393	997,029	491,735	321,690	813,425	9,116,000	2,292,778	1,277,580	3,570,358	41,063,340			\$7,534,848			
2019		210,815	222,133	200,404	245,025	280,000	525,025	6,351,532	362,338	305,372	667,710	7,629,507	174,452	144,090	318,542	3,600,000	594,550	404,053	998,603	473,355	342,600	815,955	9,116,000	2,215,039	1,360,623	3,575,661	41,063,340			\$7,545,359			
2020		210,360	221,915	200,692	229,213	295,000	524,213	6,351,532	343,756	325,221	668,977	7,629,507	165,506	153,456	318,962	3,600,000	569,964	430,317	1,000,281	453,781	364,869	818,650	9,116,000	2,132,246	1,449,063	3,581,309	41,063,340			\$7,556,982			
2021		210,677	222,387	200,698	212,575	310,000	522,575	6,351,532	323,967	346,360	670,327	7,629,507	155,978	163,431	319,409	3,600,000	543,779	458,287	1,002,067	432,934	388,595	821,519	9,116,000	2,044,071	1,543,253	3,587,324	41,063,340			\$7,571,618			
2022		210,752	221,547	200,421	194,975	330,000	524,975	6,351,532	302,891	368,874	671,765	7,629,507	145,831	174,054	319,886	3,600,000	515,893	488,076	1,003,969	410,732	413,843	824,575	9,116,000	1,950,166	1,643,564	3,593,730	41,063,340			\$7,581,333			
2023		210,583	221,404	199,870	176,413	345,000	521,413	6,351,532	280,445	392,850	673,296	7,629,507	135,024	185,367	320,391	3,600,000	486,194	519,801	1,005,995	387,087	440,743	827,830	9,116,000	1,850,156	1,750,396	3,600,552	41,063,340			\$7,597,126			
2024		210,169	221,920	200,025	156,888	365,000	521,888	6,351,532	256,541	418,386	674,927	7,629,507	123,515	197,416	320,931	3,600,000	454,565	553,588	1,008,153	361,905	469,391	831,296	9,116,000	1,743,646	1,864,171	3,607,818	41,063,340			\$7,611,884			
2025		210,489	221,099	199,870	136,263	385,000	521,263	6,351,532	231,082	445,581	676,663	7,629,507	111,258	210,248	321,506	3,600,000	420,879	589,571	1,010,450	336,086	499,902	834,988	9,116,000	1,630,213	1,985,342	3,615,555	41,063,340			\$7,630,552			
2026		209,543	220,951	199,415	114,400	410,000	524,400	6,351,532	203,969	474,544	678,513	7,629,507	98,204	223,914	322,118	3,600,000	385,004	627,893	1,012,898	306,524	532,395	838,919	9,116,000	1,509,407	2,114,390	3,623,796	41,063,340			\$7,646,136			
2027		209,336	221,430	199,634	91,300	430,000	521,300	6,351,532	175,094	505,389	680,483	7,629,507	84,301	238,469	322,770	3,600,000	346,797	668,706	1,015,504	276,105	567,001	843,106	9,116,000	1,380,748	2,251,825	3,632,573	41,063,340			\$7,665,656			
2028		209,832	220,541	199,512	66,963	455,000	521,963	6,351,532	144,341	538,239	682,580	7,629,507	69,495	253,969	323,464	3,600,000	306,107	712,172	1,018,280	243,710	603,856	847,566	9,116,000	1,243,726	2,398,194	3,641,920	41,063,340			\$7,475,013			
2029		209,043	220,278	199,043	41,250	480,000	521,250	6,351,532	111,590	573,225	684,814	7,629,507	53,726	270,477	324,204	3,600,000	262,772	758,464	1,021,236	209,208	643,107	852,315	9,116,000	1,097,798	2,554,076	3,651,874	41,063,340			\$7,507,074			
2030		203,109	223,522	203,109	14,025	510,000	524,025	6,351,532	76,710	610,484	687,194	7,629,507	36,933	288,058	324,991	3,600,000	216,620	807,764	1,024,384	172,464	684,909	857,373	9,116,000	942,385	2,720,091	3,662,476	41,063,340			\$6,579,820			
2031									39,562	650,166	689,728	7,629,507	19,048	306,782	325,830	3,600,000	167,469	860,268	1,027,737	133,331	729,428	862,759	9,116,000	776,869	2,896,897	3,673,766	41,063,340			\$5,585,594			
2032																	115,122	916,186	1,031,308	91,655	776,841	868,496	9,116,000	600,596	3,085,195	3,685,791	41,063,340			\$4,733,708			
2033																	59,373	975,738	1,035,111				9,116,000	412,864	3,285,733	3,698,597	41,063,340			\$3,712,236			
2034																																	
2035																																	
2036																																	

(1) Debt service on existing debt based on debt service schedules provided by the City of Newport.
 (2) Debt service on proposed loans assumes interest only payments on amounts expended until completion of construction

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Development of Legal & Administrative and Data Processing Charges

RFC Schedule D Rebuttal

Determination of Budget Percentages

	FY2009 Adopted Budget	Percentage
Total General Fund Budget (Adopted)	76,683,576	
Add: Equipment Operations Fund	1,449,071	
Less:		
School Appropriation	(23,142,725)	
Library Appropriation	(1,655,167)	
Civic Support Requests	(183,900)	
Total General Fund Budget For Allocation	53,150,855	65.54%
Water Fund	11,614,811	14.32%
WPC Fund	12,628,836	15.57%
Maritime Fund	1,483,000	1.83%
Beach Fund	866,324	1.07%
Parking Fund	1,347,952	1.66%
Combined Budgets	81,091,778	100.00%

Allocation of Legal and Administrative Costs to Enterprise Funds

Allocated Item	Cost To Be Allocated	Beach										
		Water %	Water Fund	WPC %	WPC Fund	Mar %	Maritime	%	Beach	Park %	Parking	
Audit Fees	\$ 84,875	6.18%	5,245	6.00%	5,093	2.00%	1,698	2.00%	1,698	2.00%	1,698	
OPEB Contribution (1)	\$ 3,500,000	0.00%	-	0.00%	-	0.07%	2,450	0.09%	3,150	0.00%	-	
City Council	\$ 76,655	5.75%	4,408	1.97%	1,510	2.96%	2,269	2.13%	1,633	2.79%	2,139	
City Clerk	\$ 319,706	5.75%	18,383	1.97%	6,298	2.96%	9,463	2.13%	6,810	2.79%	8,920	
City Manager	\$ 418,103	14.32%	59,885	14.12%	59,036	1.66%	6,941	0.97%	4,056	1.51%	6,313	
Human Resources	\$ 303,388	12.90%	39,137	0.44%	1,335	0.47%	1,426	0.74%	2,245	0.18%	546	
City Solicitor	\$ 289,177	14.32%	41,419	14.12%	40,832	1.66%	4,800	0.97%	2,805	1.51%	4,367	
Finance Admin 80%	\$ 299,170	14.32%	42,850	14.12%	42,243	1.66%	4,966	0.97%	2,902	1.51%	4,517	
Finance Admin 5%	\$ 18,698	37.00%	6,918	8.00%	1,496	0.00%	-	0.00%	-	2.50%	467	
Purchasing	\$ 90,123	18.60%	16,763	1.20%	1,081	3.10%	2,794	5.90%	5,317	3.50%	3,154	
Assessment	\$ 113,456	5.00%	5,673									
Collections	\$ 313,663	15.26%	47,865	15.26%	47,865	0.00%	-	0.00%	-	18.70%	58,655	
Accounting - 5%	\$ 9,749	100.00%	9,749	0.00%	-		-		-	0.00%	-	
Accounting	\$ 383,951	16.90%	64,888	0.97%	3,724	2.60%	9,983	3.90%	14,974	2.70%	10,367	
Public Safety	\$ 28,531,884	0.10%	28,532	0.17%	48,504	0.04%	11,413	0.05%	14,266	0.25%	71,330	
Facilities Maintenance	\$ 823,521	1.47%	12,106	4.00%	32,941		-	18.60%	153,175			

Legal & Administrative 403,821
 rounded \$ 403,800

Allocation of Data Processing Costs to Enterprise Funds

Allocated Item	Cost To Be Allocated	Beach										
		Water %	Water Fund	WPC %	WPC Fund	Mar %	Maritime	%	Beach	Park %	Parking	
MIS - Communications Cost	\$ 328,960	7.90%	25,988	3.30%	10,856	1.26%	4,145	1.67%	5,494	0.84%	2,763	
MIS - Other Costs	\$ 841,172	14.32%	120,481	14.12%	118,773	1.66%	13,963	0.97%	8,159	1.51%	12,702	

Data Processing (1) 146,469
 rounded \$ 146,000

City of Newport, Rhode Island
FY 2010 Rate Filing
Contribution to Capital Spending Restricted Account

HJS Rebuttal 1

	Rate Year (FY	
	2010)	FY 2011
Newport request from original filing	\$ 1,652,019	\$ 1,501,817
Less: LV 4 Mgal resrv Aeration- Design & Constr	\$ (600,000)	\$ (260,000)
Total Rate Funded Capital	\$ 1,052,019	\$ 1,241,817
Average of FY 2010 and FY 2011 Rate Funded Capit	\$ 1,146,918	
Revised Newport Request	\$ 1,146,918	

Docket No. 4025

**City of Newport, Rhode Island
FY 2010 Rate Filing
Summary of Rebuttal Adjustments**

HJS Rebuttal 2

Account	Newport's Original Request	Rebuttal Adjustments	Newport's Revised Rebuttal Request
Operating Revenue Requirements			
Administration	\$ 2,527,400	\$ (217,370)	\$ 2,310,030
Customer Service	\$ 724,850	\$ (4,911)	\$ 719,939
Source of Supply - Island	\$ 633,700	\$ (13,300)	\$ 620,400
Source of Supply - Mainland	\$ 146,500	\$ (3,700)	\$ 142,800
Treatment - Newport Plant (Station One)	\$ 1,712,800	\$ (12,100)	\$ 1,700,700
Treatment - Lawton Valley	\$ 1,650,150	\$ (45,200)	\$ 1,604,950
Water Laboratory	\$ 249,450	\$ -	\$ 249,450
Transmission & Distribution Maintenance	\$ 1,100,900	\$ (6,600)	\$ 1,094,300
Fire Protection	\$ 21,000	\$ (6,500)	\$ 14,500
Total Operating Requirements	\$ 8,766,750	\$ (309,681)	\$ 8,457,070
Capital Revenue Requirements			
Contribution to Debt Service Account	\$ 2,072,985	\$ (62,162)	\$ 2,010,823
Contribution to Repayment to City Account	\$ -	\$ -	\$ -
Contribution to Capital Spending Account	\$ 1,652,019	\$ (505,101)	\$ 1,146,918
Total Capital Requirements	\$ 3,725,004	\$ (567,263)	\$ 3,157,741
Subtotal Revenue Requirements	\$ 12,491,754	\$ (876,943)	\$ 11,614,811
Additional Rev Requirements (Operating Revenue)	\$ 263,003	\$ (9,290)	\$ 253,712
Less: Revenue Offsets	\$ (708,065)	\$ (33,762)	\$ (741,827)
Net Revenue Requirements	\$ 12,046,691	\$ (919,996)	\$ 11,126,696

Annual Consumption, by Class	Newport's Original Request	Rebuttal Adjustments	Newport's Revised Rebuttal Request
Residential	753,416	0	753,416
Commercial	462,927	0	462,927
Governmental	24,057	0	24,057
Navy	288,013	-9,724	278,289
PWFD	446,500	5,140	451,640
Total (in 1000's Gallons)	1,974,913	-4,584	1,970,329