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June 2, 2010

Ms. Luly Massaro, Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**Re: City of Newport, Utilities Department, Water Division
Docket 4128**

Dear Ms. Massaro:

Enclosed please find a proposed Settlement Agreement for the Commission's review and consideration in the above captioned Docket. Please be advised that the parties in this Docket will be requesting approval of this Settlement Agreement at the June 8, 2010 hearing.

In addition, please note the following:

1. This Settlement Agreement is subject to the joint submission of Attachment 1 to Exhibit A of this Agreement. This Attachment is not included in this submission and will be submitted to the Commission under separate cover.
2. While the Navy is a party to this Settlement Agreement, it will be making an additional request at the hearing that the Commission establish a future deadline for the filing of fully allocated cost of service study by Newport Water.

Please note that electronic copies of these documents have been provided to the service list.

Sincerely,



Joseph A. Keough Jr.

JAK/kf
Enclosures

cc: Service List

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

**IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
DOCKET NO. 4128**

SETTLEMENT AGREEMENT

The City of Newport, Utilities Department, Water Division (hereinafter “Newport Water” or “Newport”), the Division of Public Utilities and Carriers (hereinafter “Division”), the Portsmouth Water and Fire District (hereinafter “Portsmouth”), and the United States Department of the Navy (hereinafter “Navy”) have reached an agreement on Newport Water’s rate application filed on November 2, 2010 and jointly request the approval of this Settlement Agreement by the State of Rhode Island Public Utilities Commission (hereinafter the “Commission”).

I. RECITALS

1. On November 2, 2009, Newport Water filed an application to change rates pursuant to R.I.G.L § 39-3-11.
2. In the application, Newport Water sought to change the existing rates it charges each of its customer classes through of a Cost of Service Study filed with the Commission.
3. Newport Water did not seek an increase in its operating revenues.
4. In support of its application, Newport Water filed the direct testimony and schedules of Julia A. Forgue, P.E., Newport’s Director of Utilities, Harold J. Smith of Raftelis Financial Consulting, and Kenneth Mason, P.E., Newport’s Deputy Director of Utilities, Engineering. Ms. Forgue and Mr. Smith also submitted rebuttal testimony.
5. In response to Newport’s filing, the Division conducted an investigation of the rate application with the assistance of its staff and an outside expert consultant, Jerome D. Mierzwa, of Exeter Associates, Inc., who filed direct testimony on January 29, 2010 and surrebuttal testimony on May 3, 2010.

6. The Navy filed a Motion to Intervene in this Docket on November 30, 2009, and submitted direct testimony from Ernest Harwig on January 29, 2010. Mr. Harwig also filed surebuttal testimony on May 3, 2010.
7. Portsmouth filed a Motion to Intervene in this Docket on November 19, 2009. On January 29, 2010, Portsmouth submitted direct testimony from William J. McGlinn, P.E., General Manager and Chief Engineer for Portsmouth, and Christopher P.N. Woodcock of Woodcock & Associates, Inc. Mr. Woodcock also filed surrebuttal testimony on May 3, 2010.
8. After due consideration of the testimony, exhibits, schedules, data requests, data responses, settlement discussions, and other documentation included in the filings of the Parties in this Docket, Newport, the Division, the Navy and Portsmouth (hereinafter collectively “the Parties”) have now agreed to a comprehensive settlement which resolves all issues relating to Newport’s pending rate application.
9. The Parties to this Docket believe that this settlement, as a whole, constitutes a just and reasonable resolution of the issues in this proceeding, and jointly request its approval by the Commission.

II. TERMS OF SETTLEMENT

10. The Parties agree that Newport’s current rates will not be changed, and will remain in effect until Newport’s next general rate filing with the Commission.
11. Newport will continue to collect demand data from a segment of its customers.
12. The Parties agree that demand data will be collected in accordance with the terms set forth in Exhibit A, which is attached hereto and incorporated by reference herein.
13. The Parties agree that Newport Water will present a fully allocated cost of service study in its next general rate filing if an acceptable daily demand study has been completed. Newport Water is not precluded from filing for an overall revenue increase with no change in the rate structure if an acceptable study has not been completed.
14. The cost of service study will incorporate the demand data collected by Newport as set forth in paragraph 12 herein and Exhibit A.
15. The Parties agree that the cost of service study submitted by Newport in its next general rate filing will utilize the cost allocation approach set forth in the cost allocation model developed by the Parties and attached as Exhibit B. However, the actual allocation percentages used to allocate costs will be based upon updated system peaking data and the demand factors developed as described in Exhibit A. Specifically, the cost allocation model will:

- (a) Properly reflect the maximum hour demands associated with fire protection service such that Max Hour fire demands reflect a rate of flow expressed in gallons per day;
- (b) Properly reflect costs in the Fire Protection account such that only costs in the Fire Protection account are assigned to the Fire category during the allocation to Base/Extra Capacity cost categories;
- (c) Allocate a fifty percent (50%) share of transmission and distribution costs to the Navy;
- (d) Allocate laboratory investment and chemical expenses based on average day demands;
- (e) Allocate service line investment to private fire protection as well as general water service;
- (f) Allocate benefits costs, which are included as an administration cost, based on non-administrative labor;
- (g) Allocate other administration costs based on non-administration operation and maintenance costs;
- (h) Assign City Services Collections Department costs to the billing function;
- (i) Develop service charges based on meter size;
- (j) Credit Water Quality Protection Fees to the residential and commercial retail classes;
- (k) Allocate unaccounted-for water ("UFW") to the Navy based on a 25 percent weighting of base, or average, demands;
- (l) No unaccounted for water shall be allocated to PWFD as long as PWFD is served directly from the Lawton Valley facilities;
- (m) Assign costs to the Base/Extra Capacity cost categories based on system data alone;
- (n) Determine and utilize system extra capacity factors developed based on actual volumes delivered from Newport's treatment facilities to storage;
- (o) Identify separately and allocate pumping costs, both O&M and capital;
- (p) Allocate each individual line item of cost to the Base/Extra Capacity cost categories instead of grouping costs within a cost category;
- (q) Allocate treatment plant electricity and sewer charges based on average demands instead of average and maximum day demands;

- (r) Assign a portion of transmission and distribution operation and maintenance costs to hydrants, services and meters;
 - (s) Allocate an appropriate portion of labor and materials to service pipes and meters;
 - (t) Adjust the allocation of administrative costs to reflect the removal of pumping and transmission and distribution costs in the allocations to PWFD; and,
 - (u) Remove any public fire hydrants costs assigned to private fire service.
16. Costs reasonably incurred in conducting the customer demand study, amortized over a reasonable number of years, shall be included in Newport's revenue requirement calculation in the next general rate case.

III. EFFECT OF SETTLEMENT

17. This Settlement Agreement is the result of a negotiated settlement. The discussions which have produced this Settlement Agreement have been conducted with the explicit understanding that all offers of settlement and discussion relating thereto are and shall be privileged, shall be without prejudice to the position of any party or participant presenting such offer or participating in any such discussion, and are not to be used in any manner in connection with these or any other future proceedings.
18. The agreement by any party to the terms of this Settlement Agreement shall not be construed as an agreement as to any matter of fact or law beyond the terms thereof. By entering into this Settlement Agreement, matters or issues other than those explicitly identified in this agreement have not been settled upon or conceded by any party to this Settlement Agreement, and nothing in this agreement shall preclude any party from taking any position in any future proceeding regarding such unsettled matters.
19. By agreeing to this settlement, none of the Parties make any admissions, or surrender any rights in any future proceedings before the Commission.
20. In the event that the Commission rejects this Settlement Agreement, or modifies this agreement or any provision therein, then this agreement shall be deemed withdrawn and shall be null and void in all respects.

IN WITNESS WHEREOF, the Parties agree that this Settlement Agreement is reasonable, in the public interest and in accordance with law and regulatory policy, and have caused this agreement to be executed by their respective representatives, each being authorized to do so.

Dated at Warwick, Rhode Island this 8th day of June, 2010.

<p>CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION By its Attorney,</p> <hr/> <p>Joseph A. Keough, Jr. KEOUGH & SWEENEY, LTD. 100 Armistice Boulevard Pawtucket, RI 02860 Tel: (401)-724-3600 jkeoughjr@keoughsweeney.com</p>	<p>DIVISION OF PUBLIC UTILITIES AND CARRIERS, By its Attorney,</p> <hr/> <p>Jon G. Hagopian, Special Assistant Attorney General 150 South Main Street Providence, RI 02903 Tel: 401-274-4400 Jhagopian@riag.ri.gov</p>
<p>PORTSMOUTH WATER AND FIRE DISTRICT By its Attorney,</p> <hr/> <p>Gerald J. Petros Hinckley, Allen & Snyder, LLP 1500 Fleet Center Providence, RI 02903 Tel: 401-274-2000 gpetros@haslaw.com</p>	<p>UNITED STATES DEPARTMENT OF THE NAVY By its Attorney,</p> <hr/> <p>Audrey Van Dyke, Counsel For the Secretary of the Navy Litigation Headquarters 1314 Harwood Street, Suite 412 Washington Navy Yard, DC 20374 Tel: 202-685-1931 Audrey.VanDyke@navy.mil</p>

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION

DOCKET NO. 4128

SETTLEMENT AGREEMENT

Exhibit A

1. Data Collection

Newport Water will gather daily water consumption data from a sample of customers during the months of June through September 15, 2010 and June 2011 through September 2011. If agreed by all, the Parties may waive the analysis for 2011 if it is deemed unnecessary.

Data will be gathered for each day of the week, including weekends. The sample of customers from which data will be collected has been selected using a form of multistage sampling that involves first dividing Newport Water's customer base by customer class (Residential, Commercial/Governmental, and Wholesale). For the Residential and Commercial/Governmental classes, the sample has been stratified by dividing each customer class into deciles based on annual consumption in Fiscal Year 2008. After stratification, the sample population for the Residential class was determined by randomly selecting one percent (1%) of the customers in each stratum. For the Commercial/Governmental class, five accounts from each decile have been randomly selected. In addition to the randomly selected Commercial accounts, the meters for three typical hotels and two typical marinas will also be included in the Commercial class daily read sample. For Newport Water this results in a sample population for the retail customer classes of 55 customers from the Commercial/Governmental class and 130 customers from the Residential class. The list of accounts from which daily data will be gathered is included in Attachment 1 to this Exhibit A.

Once the accounts in the study are established, Newport will not change or substitute an account unless: (a) it provides a detailed explanation sent to the Parties of why the substitution is needed; and, (b) it provides records of use and meter size for the proposed substituted account to show it is similar. Any substitution must be agreed to by all Parties.

With respect to Newport Water's wholesale customers, the meters serving the Navy will either be equipped with data profilers that will allow for the collection of daily data or will be read manually on a daily basis. Meters read manually will be read at approximately the same time of day each day and Newport Water shall record the time of each reading. Portsmouth will make daily data available to Newport Water as it has done in the past, and said data from Portsmouth shall either indicate the time of each daily meter reading or otherwise demonstrate that the interval between each daily reading is approximately 24 hours.

Only accounts for which there is annual consumption data based on actual meter readings taken during a year long period that includes the daily sampling period will be included in the daily read sample.

2. Use of Daily Data

Newport will provide the results (in similar format to the spreadsheet provided in current case) to the Parties. In addition, Newport will provide the Parties with the total annual water use for each account for the current (sample) year and two past years.

The Parties will be provided the data to review at the end of each season (September) and shall jointly discuss the results and any conclusions, including a discussion of whether the weather was representative or unusual, and if any changes should be made for the next year.

Data gathered during the daily read period will be used to develop maximum day and maximum hour capacity factors for the Residential and Commercial customer classes and the Navy. Maximum day demand factors for Portsmouth will be determined based on the same daily read period as all others. Maximum day capacity factors for the retail classes and the Navy will be determined by comparing the class average day for a full year to the class maximum day during the daily sampling period. The class average day will be determined by totaling the annual consumption for a 365 day period that encompasses the full sampling period for all of the accounts in the daily read sample and then dividing by 365. The class maximum day will be determined by summing the daily consumption of all accounts in the class for each day and then determining the maximum daily consumption for each class during the sampling period.

Maximum hour demand factors will be determined using the methodology described in Appendix A of AWWA's M-1 Manual as shown in the sample calculation included as Attachment 2 of this Exhibit A.

3. Validity of Data

If, during the course of the study, any account is discovered to be unusual (leak, vacancy, etc.) it may be discarded from the analysis as non-representative if so determined by a majority of the Parties.

In an effort to verify the validity of the demand factors developed using daily demand data, the resulting demand factors will be tested using the system diversity test shown in Appendix A of AWWA's M-1 Manual as shown in the sample calculation included as Attachment 2 of this Exhibit A. In the event that the system diversity factor falls outside the acceptable range of 1.10 to 1.40, the demand factors will be deemed unacceptable for use.

Additionally, if rainfall in Newport as measured at the closest NOAA approved weather station during the daily sample period is more than 15% above or below the 10 year historical average rainfall for the same period, the data will be deemed unacceptable for use in developing demand factors if so determined by a majority of the Parties.

Docket 4128 Settlement
Exhibit A - Attachment 1
Residential Daily Read Sample for 2010 by Decile

1st Decile			Address		work required	status	Date
1	B001-17300	Existing	31 Bridge St.	Newport	none	Done	
2	B022-24200	Existing	95 Coggeshall	Newport	none	Done	
3	B031-10810	Existing	15 Newport Ave.	Newport	none	Done	
4	B023-04105	Existing	5 Clay St	Newport	none	Done	
5	B016-09510	Existing	19 1/2 Sherman	Newport	none	Done	
6	B006-14600	Existing	40 Division	Newport	none	Done	
7	B039-09280	Existing	38 Sherman	Newport	none	Done	
8	B009-11300	New	69 Pope St	Newport	change head	Done	
9	B012-17800	New	11 Hammond St.	Newport	new meter		
10	B018-14000	New	7 Prescott	Newport	change head	Done	
11	B003-11700	New	4 Training Sta. rd.	Newport	change head	Done	
12	B029-05002	New	268 Paradise	Middletown	change head	Done	
13	B011-25500	New	31 Houston	Newport	new meter		
A1	B003-17300	Alternate					
A2	B023-02605	Alternate					
A3	B042-06500	Alternate					
A4	B023-20000	Alternate					
A5	B028-05400	Alternate					

2nd Decile			Address		work required	status	Date
1	B010-17400	Existing	36 Holland	Newport	none	Done	
2	B131-23900	Existing	9 Gibson Pl	Newport	none	Done	
3	B203-50600	Existing	1 Arnold Ave.	Newport	none	Done	
4	B001-17301	Existing	31 Bridge St	Newport	none	Done	
5	B014-15600	Existing	70 Kay St	Newport	none	Done	
6	B042-12500	Existing	131 Mt. Vernon	Newport	none	Done	
7	B015-24700	Existing	66 Prairie Ave	Newport	none	Done	
8	B023-05900	Existing	22 Berkeley	Newport	none	Done	
9	B027-01022	Existing	83 Shore Dr.	Middletown	none	Done	
10	B006-17903	Existing	122 Spring St.	Newport	none	Done	
11	B019-31101	New	inactive-discontinued				
12	B008-02500	New	80 Memorial Blvd	Newport	new meter		
13	B021-06800	New	4 Ernest St.	Newport	change head	Done	
A1	B036-13484	Alternate	68 Swan Drive	Middletown	change head	Done	
A2	B043-08900	Alternate					
A3	B011-23102	Alternate					
A4	B012-00100	Alternate					
A5	B030-06200	Alternate					

Docket 4128 Settlement
Exhibit A - Attachment 1
Residential Daily Read Sample for 2010 by Decile

3rd Decile			Address		work required	status	Date
1	B132-62200	Existing	7 marion St	Newport	none	Done	
2	B016-18203	Existing	28 Kay St	Newport	none	Done	
3	B025-19310	Existing	395A Valley Road	Middletown	none	Done	
4	B005-17702	Existing	12 Johnson Ct.	Middletown	none	Done	
5	B015-33430	Existing	183 Eustis Ave.	Newport	none	Done	
6	B131-28800	New	28 Caswell Ave.	Newport	change head	Done	
7	B030-05026	New	38 Ocean Ave.	Newport	new meter		
8	B023-16200	New	2 Slocum St.	Newport	new meter		
9	B132-69500	New	4 Holten Ave.	Newport	change head	Done	
10	B009-06700	New	24 West St.	Newport	change head	Done	
11	B202-30500	New	1 Bedlow	Newport	new meter		
12	B015-20100	New	67 Rhode Island Ave.	Newport	new meter		
13	B047-09600	New	513 Corey lane	Middletown	new meter		
A1	B022-36110	Alternate					
A2	B025-01205	Alternate					
A3	B002-16300	Alternate					
A4	B018-00100	Alternate					
A5	B131-06701	Alternate					

4th Decile			Address		work required	status	Date
1	B014-32201	Existing	19 Rhode Island Ave.	Newport	none	Done	
2	B004-02900	Existing	44 Thames St.	Newport	none	Done	
3	B016-11000	Existing	42 Sherman St.	Newport	none	Done	
4	B043-00200	Existing	373 Boulevard	Middletown	change head	Done	
5	B021-16106	Existing	10 Kerins Ct.	Newport	none	Done	
6	B039-10601	Existing	31 Paquin Pl.	Middletown	none	Done	
7	B005-23000	Existing	38 Callendar Ave.	Newport	none	Done	
8	B022-35116	Existing	9 Atlantic Ave.	Newport	none	Done	
9	B019-31000	Existing	4 Channing St.	Newport	none	Done	
10	B003-15500	Existing	98 Third St.	Newport	none	Done	
11	B040-10200	Existing	19 North Beacon Terr.	Middletown	none	Done	
12	B043-08010	Existing	7 Boulevard East	Middletown	none	Done	
13	B021-39910	New	13 Atlantic St.	Newport	new meter		
A1	B012-20800	Alternate					
A2	B031-03200	Alternate					
A3	B068-01200	Alternate					
A4	B023-22802	Alternate					
A5	B038-00400	Alternate					

Docket 4128 Settlement
Exhibit A - Attachment 1
Residential Daily Read Sample for 2010 by Decile

5th Decile			Address		work required	status	Date
1	B067-10000	Existing	9 Redwood Rd	Middletown	none	Done	
2	B039-02300	Existing	39 King Rd	Middletown	none	Done	
3	B023-24700	Existing	38 Weaver Ave.	Newport	none	Done	
4	B008-08010	Existing	45 William St.	Newport	none	Done	
5	B034-07400	Existing	247 West Main Road	Middletown	none	Done	
6	B022-41200	Existing	124 Harrison Ave.	Newport	none	Done	
7	B018-13200	Existing	44 Evarts St.	Newport	none	Done	
8	B024-13100	Existing	2 Red Cross	Newport	none	Done	
9	B002-07800	Existing	25 Willow St.	Middletown	none	Done	
10	B021-16820	Existing	8 Vanderbilt Ave.	Newport	none	Done	
11	B012-12200	Existing	18 Carey St.	Newport	none	Done	
12	B019-26700	Existing	11 Hall Ave.	Newport	none	Done	
13	B015-29800	New	91 Kay St.	Newport	new meter		
A1	B015-29200	Alternate					
A2	B015-13900	Alternate					
A3	B014-31600	Alternate					
A4	B132-78700	Alternate					
A5	B014-25500	Alternate					

6th Decile			Address		work required	status	Date
1	B015-05000	Existing	9 Brinley St.	Newport	none	Done	
2	B037-11807	Existing	146 Corporate Pl.	Middletown	none	Done	
3	B042-04000	Existing	9 Livingston Pl.	Middletown	none	Done	
4	B003-24810	Existing	73A Second Ave.	Newport	none	Done	
5	B040-00843	Existing	114 Girard Ave.	Newport	none	Done	
6	B018-14300	Existing	11 Prescott Hall	Newport	none	Done	
7	B003-26000	Existing	19 Cherry St.	Newport	none	Done	
8	B044-03017	Existing	26 Pocahontas Dr.	Middletown	none	Done	
9	B044-00200	Existing	5 Squantum Dr.	Middletown	none	Done	
10	B039-07530	Existing	71 Maple Ave.	Middletown	none	Done	
11	B009-26000	Existing	27 Young St.	Newport	none	Done	
12	B010-06600	Existing	24 Byrnes Ct.	Newport	none	Done	
13	B044-02400	Existing	37 Squantum Dr.	Middletown	none	Done	

Docket 4128 Settlement
Exhibit A - Attachment 1
Residential Daily Read Sample for 2010 by Decile

7th Decile			Address		work required	status	Date
1	B005-23200	Existing	7 Davis St.	Newport	none	Done	
2	B009-25900	Existing	27 Young St.	Newport	none	Done	
3	B014-21300	Existing	4 Tyler St.	Newport	none	Done	
4	B018-30400	Existing	12 Warner St.	Newport	none	Done	
5	B131-29500	Existing	25 Caswell Ave.	Newport	none	Done	
6	B032-01702	Existing	12 St Georges	Middletown	none	Done	
7	B005-02000	Existing	34 Gould St.	Newport	none	Done	
8	B005-01801	Existing	38 Gould St.	Newport	none	Done	
9	B003-25000	Existing	6 Pine St.	Newport	none	Done	
10	B018-15310	Existing	65-67 Garfield St.	Newport	change head	Done	
11	B011-23100	New	117 Wellington Ave.	Newport	new meter		
12	B018-07700	New	57 Garfield	Newport	new meter		
13	B039-01000	New	17 Hart St.	Newport	new meter		
A1	B005-07200	Alternate					
A2	B005-23500	Alternate					
A3	B015-25400	Alternate					
A4	B008-06900	Alternate					
A5	B010-17300	Alternate					

8th Decile			Address		work required	status	Date
1	B022-33400	Existing	214 Ocean Ave.	Newport	none	Done	
2	B021-37900	Existing	9 Eastnor Rd.	Newport	none	Done	
3	B012-05300	Existing	7 Webster St	Newport	none	Done	
4	B031-02110	Existing	108 Allston Ave.	Middletown	none	Done	
5	B131-32200	Existing	66 Bliss Road	Newport	none	Done	
6	B203-47500	Existing	18 Mumford	Newport	none	Done	
7	B031-01600	Existing	117 Center Ave.	Middletown	none	Done	
8	B017-12500	Existing	9 Park St.	Newport	none	Done	
9	B009-19300	Existing	38 Pope ST.	Newport	none	Done	
10	B050-03800	New	32 Debbie Rd.	Middletown	change head	Done	
11	B021-04800	New	88 Carroll Ave.	Newport	new meter		
12	B132-83800	New	120 Kay St.	Newport	change head	Done	
13	B014-07300	New	33 Ayrault	Newport	change head	Done	
A1	B019-05400	Alternate					
A2	B018-04400	Alternate					
A3	B043-04813	Alternate					
A4	B043-04600	Alternate					
A5	B030-01800	Alternate					

Docket 4128 Settlement
Exhibit A - Attachment 1
Residential Daily Read Sample for 2010 by Decile

9th Decile			Address		work required	status	Date
1	B025-02400	Existing	7 Concord Dr.	Middletown	none	Done	
2	B022-45400	Existing	169 Wellington Ave.	Newport	none	Done	
3	B032-00315	Existing	31 Briarwood Ave.	Middletown	none	Done	
4	B041-07600	Existing	8 Stockton Dr.	Middletown	none	Done	
5	B067-09300	Existing	63 Stage Coach Rd.	Portsmouth	none	Done	
6	B021-29000	Existing	66 Harrison Ave.	Newport	none	Done	
7	B018-12900	Existing	52 Evarts St.	Newport	none	Done	
8	B009-17700	Existing	13 Pope St.	Newport	none	Done	
9	B017-15000	Existing	11 Gould St.	Newport	none	Done	
10	B068-07300	Existing	7 AB Woolsey Rd.	Middletown	none	Done	
11	B023-31620	New	3 Cliff Ave.	Newport	new meter		
12	B025-06922	New	162 Atlantic Dr.	Middletown	change head	Done	
13	B024-13600	New	5 Red Cross Ave.	Newport	new meter		
A1	B022-30500	Alternate					
A2	B010-03000	Alternate					
A3	B019-21200	Alternate					
A4	B016-16800	Alternate					
A5	B036-02800	Alternate					

10th Decile			Address		work required	status	Date
1	B131-14010	Existing	15 Princeton St.	Newport	none	Done	
2	B005-22200	Existing	78 Callendar Ave.	Newport	none	Done	
3	B029-05411	Existing	150 Paradise Ave.	Newport	none	Done	
4	B037-11115	Existing	32 Vanicek Ave.	Middletown	none	Done	
5	B022-42530	Existing	25 Halidon Ave.	Newport	none	Done	
6	B022-51990	Existing	93 Annandale Rd.	Newport	none	Done	
7	B022-19300	Existing	211 Coggeshall Ave.	Newport	none	Done	
8	B019-02600	Existing	21 Russell Ave.	Newport	none	Done	
9	B040-00831	Existing	116 Girard Ave.	Newport	none	Done	
10	B036-17000	Existing	2009 West Main Rd.	Middletown	none	Done	
11	B022-10320	Existing	12 Wetmore	Newport	none	Done	
12	B036-17100	New	2556 West Main Rd.	Portsmouth	new meter		
13	B050-07700	New	201 John Kesson Lane	Middletown	change head	Done	
A1	B036-03350	Alternate					
A2	B201-00800	Alternate					
A3	B037-07324	Alternate					
A4	B022-43300	Alternate					
A5	B019-23200	Alternate					

Docket 4128 Settlement

Exhibit A - Attachment 1

Proposed Commercial Daily Read Sample for 2010 by Decile

1st Decile			Address	City/Town	Name	work required	Status	Date	Mtr Size
1	B078-12734	Existing	199 Connell Highway	Newport	Expressions	none	Done		
2	B023-01400	Existing	202 Bellevue Ave.	Newport	Hayes for Kids	none	Done		
3	B078-12747	Existing	199 Connell Highway	Newport	Only a Dollar	none	Done		
4	B023-01200	Existing	196 Bellevue Ave.	Newport	Linen Shop	none	Done		
5	B023-02402	Existing	1 Casino Terrace	Newport	Harvest	none	Done		

2nd Decile			Address		Name	work required	status	Date	Mtr Size
1	B078-10800	Existing	328 Broadway	Newport	Thrift LLC	none	Done		
2	B023-01201	Existing	198 Bellevue Ave.	Newport	Laura Jean	none	Done		
3	B078-09260	Existing	17 Chapel St.	Newport	Housing Authority	none	Done		
4	B023-01300	Existing	200 Bellevue Ave.	Newport	Portabello	none	Done		
5	B006-00300	New	127 Thames St.	Newport	Npt Museum	change head	Done		5/8"
A1	B079-11930	Alternate							
A2	B036-01813	Alternate							

3rd Decile			Address		Name	work required	status	Date	Mtr Size
1	B023-02403	Existing	1 Casino Terrace	Newport	Business	none	Done		
2	B007-30100	New	22 West Pelham St.	Newport	Brahmin	change head	Done		3/4"
3	B072-05199	New	1219 Aquidneck Ave.	Middletown	Npt Tool & Die	change meter			1"
4	B078-12733	Existing	199 Connell Highway	Newport	West Marine	none	Not Used		
5	B008-20200	New	424 Thames	Newport	Toohie	change head	Done		5/8"
A1	B036-13500	Alternate							
A2	B046-12347	Alternate	305B Oliphant Lane	Middletown	UG Nason	change head			5/8"

4th Decile			Address		Name	work required	status	Date	Mtr Size
1	B055-02752	New							
2	B078-12738	Existing	199 Connell Highway	Newport	Super Cuts	none	Done		
3	B078-06704	Existing	284 Bellevue Ave.	Newport	Smith Barney	none	Done		
4	B046-00299	New	152 Wyatt Road	Middletown	St Pauls Lodge	change meter			3/4"
5	B023-02401	Existing	1 Casino Terr.	Newport	Ace Hardware	none			
A1	B007-16900	Alternate	94 John St.	Newport	Dr Walsh	change head	Done		5/8"
A2	B036-05159	Alternate							

Docket 4128 Settlement

Exhibit A - Attachment 1

Proposed Commercial Daily Read Sample for 2010 by Decile

5th Decile	Address			Name	work required	status	Date	Mtr Size
1	B023-02405	Existing	1 Casino Terr.	Newport	Bath and DOJO	none	Done	
2	B012-13100	New	2 Carey St.	Newport	Segal	change head		5/8"
3	B073-05700	New	28 Pelham St.	Newport	Wimco	change meter	Nd Head	1-1/2"
4	B006-24400	New	inactive/discontinued					
5	B035-00300	New	178 East Main Rd.	Middletown	Video Express	change head		5/8"
A1	B018-21715	Alternate	110A Connell Highway	Newport	R J Cawley	change meter		5/8"
A2	B022-08300	Alternate						

6th Decile	Address			Name	work required	status	Date	Mtr Size
1	B078-06720	Existing	260 Bellevue Ave.	Newport	Radio Shack	none	Done	
2	B078-06709	Existing	268 Bellevue Ave.	Newport	Rite Aid	none	Done	
3	B023-01100	New	186 Bellevue Ave.	Newport	Tennis Hall of Fame (LaForge	none	Done	5/8"
4	B023-02406	Existing	1 Casino Terr.	Newport	Katrinass Bakery	none	Done	
5	B078-09502	Existing	38 Bellevue Ave.	Newport	Hair Salon	none	Done	
A1	B078-03740	Alternate						
A2	B006-01500	Alternate						

7th Decile	Address			Name	work required	status	Date	Mtr Size
1	B078-06730	Existing	258 Bellevue Ave.	Newport	Coldstone Creamery	none	Done	
2	B090-00003	New	hydrant meter		not to be used			
3	B001-19200	Existing	62-64 Bridge St.	Newport	Rhumblin Restaurant	none	Done	
4	B090-00008	New	hydrant meter		not to be used			
5	B079-00701	New	70 Reservoir Rd.	Middletown	Aquidneck School	change meter		3"
A1	B079-10118	Alternate	inactive/discontinued					
A2	B040-07500	Alternate	10 Maple Ave.	Middletown	Brewskies Bar	change meter		5/8"
A3	B009-16320	Alternate	300 Spring St.	Newport	Newport Library	change head		1-1/2"

8th Decile	Address			Name	work required	status	Date	Mtr Size
1	B078-03501	Existing	23 Marlborough St.	Newport	Billy Goodes	none	Done	
2	B046-00253	New	239 Wyatt Rd.	Middletown	Midd Fire Station	change meter	Nd Head	1-1/2"
3	B078-00010	New	Thames St.	Newport	Wellington Buisness Assc.	change meter		2"
4	B078-09210	New	23-25 Chapel St.	Newport	Housing Authority	change meter		1-1/2"
5	B079-03062	New	700 Aquidneck Ave.	Middletown	Ming Moon Rest	change head		1"
A1	B032-10810	Alternate						
A2	B010-05651	Alternate						

Docket 4128 Settlement

Exhibit A - Attachment 1

Proposed Commercial Daily Read Sample for 2010 by Decile

9th Decile	Address				Name	work required	status	Date	Mtr Size
1	B079-00130	Existing	28 Wave Ave.	Middletown	Best Western Hotel	none	Done		
2	B078-03610	Existing	26 Marlborough St.	Newport	White Horse Tavern	none	Done		
3	B079-11200	Existing	875 West Main Rd.	Middletown	Home Depot	none	Done		
4	B078-02630	New	30 Bowens Wharf	Newport	Landing Rest.	change head	Done		3/4"
5	B055-01700	New	Eastons Beach	Newport	Eastons Beach	change meter	Done		3"
A1	B025-07250	Alternate							
A2	B046-12314	Alternate							

10th Decile	Address				Name	work required	status	Date	Mtr Size
1	B079-07230	Existing	66 Valley Road	Middletown	Newport Athletic Club	none	Done		
2	B079-12900	New							
3	B078-20508	New	119 Long Wharf	Newport	Fairfield Resort	change meter			2"
4	B078-12735	New	1 John Chaffee Blvd	Newport	CCRI Campus	change transmitter			2"
5	B046-00259	New	Berkley Avenue	Middletown	Hoogendorn Nurseries	change meter			3"
A1	B079-10092	Alternate							
A2	B022-48920	Alternate	398 Bellevue Ave	Newport	Heatherwood Nursing Hm	change meter			1-1/2"

Hotels and Marinas	Address					work required	status	Date	Mtr Size
Beachfront LLC	B079-00110	New	20 Wave Avenue	Middletown	Beach Frnt LLC	change transmitter	Not used		3"
Newport HH & Marina	B078-20700	New	49 Americas Cup Ave.	Newport	Newport HH & Marina - hote	manual read			4"
Newport HH & Marina	B078-20710	New	49 Americas Cup Ave.	Newport	Newport HH & Marina- dock	change transmitter			2"
Island Hotel Group	B079-03813	New	325 West Main Road	Middletown	Island Hotel Group	change transmitter	Done		3"
Holiday Inn Express	B079-08221	New	855 West Main Road	Middletown	Holiday Inn	change head	Done		1-1/2"
Holiday Inn Express	B079-08222	New	855 West Main Road	Middletown	Holiday Inn	change head	Done		1-1/2"
West Wind Marina	B078-00110	New	Waites Wharf	Newport	Waites Whf	change head			1-1/2"
Newport Yacht Club	B006-00103	New	Long Wharf	Newport	Newport Yacht Club	change meter			5/8"

Docket 4128 Settlement
Exhibit A - Attachment 2

Daily Demand Study Results

	Residential	Commercial	Navy	PWFD
FY 2010 Average Day ¹	12,000	70,000	600,000	1,250,000
Daily Read Maximum Day ²	21,000	160,000	1,400,000	2,500,000
Maximum Day Demand Factor	1.75	2.29	2.33	2.00

1- Total FY 2010 Consumption/365

2 - Class maximum day from daily read data

Max Day Diversity Factor Calculation	Residential	Commercial	Navy	PWFD	
Class Average Day (mgd)	2.0	1.4	0.7	1.2	
Class MD Demand Factor	1.75	2.29	2.33	2.00	Total MD Demand
Max Day Demand (Avg. Day X MD Demand Factor)	3.50	3.20	1.63	2.40	10.73

System Average Day (mgd)	6
System Maximum Day (mgd)	9
System Maximum Hour (mgd)	12

Noncoincident MD Capacity Factor	10.73	/	6	=	1.79
Coincident MD Capacity Factor	9	/	6	=	1.50
System MD Diversity	1.79	/	1.50	=	1.19

Maximum Hour Demand Factor Calculation

	Residential	Commercial	Navy	PWFD
MD Capacity Factor	1.75	2.29	2.33	2.00
Estimated Maximum-Hour (MH)/MD Ratio	1.20	1.33	1.27	1.27
Calculated MH Capacity Factor	2.10	3.04	2.96	2.54

Max Hour Diversity Factor Calculation	Residential	Commercial	Navy	PWFD	
Class Average Day (mgd)	2.0	1.4	0.7	1.2	
Class MH Demand Factor	2.10	3.04	2.96	2.54	Total MH Demand
Max Hour Demand (Avg. Day X MH Demand Factor)	4.20	4.26	2.07	3.05	13.58

System Average Day (mgd)	6
System Maximum Day (mgd)	9
System Maximum Hour (mgd)	12

Noncoincident MH Capacity Factor	13.58	/	6	=	2.26
Coincident MH Capacity Factor	12	/	6	=	2.00
System MH Diversity	2.26	/	2.00	=	1.13

Newport Water Cost of Service Model

Index of Model Schedules

Summary Schedules

Joint Schedule A-1	Revenue Requirements
Joint Schedule A-2	Cost of Service Rates and Charges
Joint Schedule A-3	Bill Impacts
Joint Schedule A-4	Revenue Proof

Core Model Schedules

Joint Schedule B-1	Base Extra Capacity Cost Allocations
Joint Schedule B-2	Allocation of Costs to Water Rate Classes
Joint Schedule B-3	Cost Allocation Bases
Joint Schedule B-4	Allocation Analyses
Joint Schedule B-5	Capital Functionalization
Joint Schedule B-6	Water Demand History
Joint Schedule B-7	Water Production Peaking Analysis
Joint Schedule B-8	Billed Demand Peaking Analysis: Determination of Customer Class Peaking Factors
Joint Schedule B-9	System Demands Imposed by Each Customer Class' Peaking Behavior
Joint Schedule B-10	Summary of Peak Load Distributions (by Rate Class and Base/Extra-Capacity Categories)
Joint Schedule B-11	Fire Protection Demand Analysis

Supporting Data

Joint Schedule D-1	Water Accounts, by Size and Class
Joint Schedule D-2	Fire Protection Accounts
Joint Schedule D-3	Production Summary
Joint Schedule D-4	Demand Summary
Joint Schedule D-5	Development of Pumping Costs

O&M COSTS

Administration

	Rate Year Approved in Docket 4025
Salaries & Wages	\$ 265,000
AFSCME retro	-
NEA retro	-
AFSCME benefits on retro pay	-
NEA benefits on retro pay	-
Standby Salaries	12,500
Accrued Benefits Buyout	175,000
Employee Benefits	96,500
Retiree Insurance Coverage	347,200
Workers Compensation	114,000
Annual Leave Buyback	2,400
Advertisement	9,000
Membership Dues & Subscriptions	2,500
Conferences & Training	2,500
Tuition Reimbursement	2,000
Consultant Fees	201,500
Postage	1,000
Fire & Liability Insurance	86,000
Telephone & Communication	8,300
Water	1,050
Electricity	8,000
Natural Gas	8,000
Property Taxes	229,000
Legal & Administrative	
Audit Fees	5,245
OPEB Contribution	-
City Counsel	4,408
Citizens Survey	-
City Clerk	3,197
City Manager	55,212
Human Resources	30,521
City Solicitor	19,093
Finance Administrative 80%	19,753
Finance Administrative 5%	6,918
Purchasing	16,763
Assessment	5,673
Collections	47,865
Accounting 5%	9,749
Accounting	64,897
Public Safety	-
Facilities Maintenance	12,106
Data Processing	137,000
Mileage Allowance	2,000
Gasoline & Vehicle Allowance	8,481
Repairs & Maintenance	1,200
Regulatory Expense	10,000
Regulatory Assessment	46,770
Office Supplies	30,000
Self Insurance	10,000
Unemployment Claims	12,000
Subtotal:	\$ 2,130,301

	Rate Year Approved in Docket 4025
Customer Service	
Salaries & Wages	\$ 326,100
Overtime	21,218
Collections	-
Temp Salaries	22,800
Injury Pay	-
Employee Benefits	175,200
Annual Leave Buyback	4,950
Copying & binding	1,000
Conferences & Training	5,000
Support Services	21,000
Postage	34,300
Gasoline & Vehicle Allowance	27,852
Repairs & Maintenance	41,500
Meter Maintenance	11,000
Operating Supplies	9,000
Uniforms & protective Gear	1,000
Customer Service Supplies	15,000
Subtotal:	\$ 716,920
Source of Supply - Island	
Salaries & Wages	\$ 216,900
Overtime	28,200
Temp Salaries	10,000
Injury Pay	-
Employee Benefits	111,296
Annual Leave Buyback	6,300
Electricity	34,100
Gas/Vehicle Maintenance	48,300
Repairs & Maintenance	8,300
Reservoir Maintenance	25,000
Operating Supplies	3,750
Uniforms & protective Gear	750
Chemicals	54,000
Subtotal:	\$ 546,896
Source of Supply - Mainland	
Overtime	\$ 4,500
Temp Salaries	15,300
Permanent Part time	13,000
Employee Benefits	2,600
Electricity	92,600
Repairs & Maintenance	8,800
Reservoir Maintenance	6,000
Operating Supplies	500
Subtotal:	\$ 143,300

	Rate Year Approved in Docket 4025
Station One	
Salaries & Wages	\$436,670
Overtime	58,100
Holiday Pay	19,100
Employee Benefits	237,000
Annual Leave Buyback	4,950
Conferences & Training	5,500
Fire & Liability Insurance	12,700
Electricity	\$240,307
Natural Gas	23,300
Rental of Equipment	1,000
Sewer Charge	184,000
Gas/Vehicle Maintenance	8,100
Repairs & Maintenance	35,000
Operating Supplies	\$27,500
Uniforms & protective Gear	1,350
Station One Pumping	\$12,323
Chemicals	399,000
Subtotal:	\$ 1,705,900
Lawton Valley	
Salaries & Wages	\$498,755
Overtime	42,400
Holiday Pay	20,000
Employee Benefits	\$275,207
Annual Leave Buyback	3,850
Conferences & Training	3,500
Fire & Liability Insurance	13,600
Electricity	\$158,888
Natural Gas	28,900
Rental of Equipment	500
Sewer Charge	242,000
Gas/Vehicle Maintenance	8,400
Repairs & Maintenance	\$35,366
Operating Supplies	\$21,694
Uniforms & protective Gear	1,000
LV Pumping	\$31,689
Chemicals	216,000
Subtotal:	\$ 1,601,750
Laboratory	
Salaries & Wages	\$ 127,700
Employee Benefits	62,400
Annual Leave Buyback	2,750
Repairs & Maintenance	1,000
Regulatory Assessment	36,500
Laboratory Supplies	18,500
Subtotal:	\$ 248,850

		Rate Year Approved in Docket 4025
Transmission & Distribution		
Salaries & Wages	\$	416,200
Overtime		52,000
Temp Salaries		10,000
Injury Pay		-
Employee Benefits		224,996
Annual Leave Buyback		5,900
Conferences & Training		4,000
Contract Services		12,500
Fire & Liability Insurance		2,400
Electricity		19,600
Heavy Equipment Rental		8,900
Gas/Vehicle Maintenance		99,400
Repairs & Maintenance		32,000
Main Maintenance		84,800
Hydrant Maintenance		-
Service Maintenance		33,500
Operating Supplies		11,000
Uniforms & protective Gear		1,500
Subtotal:	\$	1,018,696
Fire Protection		
Repair & Maintenance - Equipment	\$	14,500
Subtotal:	\$	14,500
Total O&M Costs	\$	8,127,113

	Rate Year Approved in Docket 4025
<u>CAPITAL COSTS</u>	
Contribution to Capital Spending Acct.	\$ 1,146,918
Existing Debt Service	
Revenue Bonds	\$ 910,552
SRF Loans	\$ 413,954
New Debt Service	
Revenue Bonds	\$ -
SRF Loans	\$ 686,317
Total Debt Service	2,010,823
	-
Total Capital Costs	\$ 3,157,741
Contribution to Repayment to City Account	
Operating Revenue Allowance	\$ 243,813
Total Costs before Offsets	\$ 11,528,667
OFFSETS	
Nonrate Revenues	
Sundry charges	\$ 140,016
WPC cost share on customer service	269,842
Middletown cost share on customer service	134,819
Rental of Property	81,000
Water Penalty	42,320
Miscellaneous	7,515
Investment Interest Income	39,191
Water Quality Protection Fees	25,676
Total Nonrate Revenues	\$ 740,378
Net Costs to Be Recovered through Rates	<u>\$ 10,788,289</u>

Rate Year costs are those approved in Docket No. 4025.

Customer Class		All Meter	Proposed			Proposed			Proposed			Proposed			Proposed			Proposed		
			5/8 Inch Meter			3/4 Inch Meter			1 Inch Meter			1.5 Inch Meter			2 Inch Meter			3 Inch Meter		
	Monthly Consumption (gallons)	Bill at Current Rates	Bill at Proposed Rates	Dollar Change	Percent Change	Proposed Rates	Dollar Change	Percent Change	Proposed Rates	Dollar Change	Percent Change	Proposed Rates	Dollar Change	Percent Change	Proposed Rates	Dollar Change	Percent Change	Proposed Rates	Dollar Change	Percent Change
Residential (Monthly)																				
Avg. Monthly Bill	1,000	\$20.56	\$12.65	-\$7.91	-38.5%	\$12.83	-\$7.73	-37.6%	\$13.69	-\$6.87	-33.4%	\$15.44	-\$5.12	-24.9%	\$17.99	-\$2.57	-12.5%	\$34.50	\$13.94	67.8%
	2,000	\$25.81	\$18.24	-\$7.57	-29.3%	\$18.42	-\$7.39	-28.6%	\$19.29	-\$6.52	-25.3%	\$21.03	-\$4.78	-18.5%	\$23.59	-\$2.22	-8.6%	\$40.10	\$14.29	55.4%
	4,000	\$36.31	\$29.44	-\$6.87	-18.9%	\$29.62	-\$6.69	-18.4%	\$30.48	-\$5.83	-16.1%	\$32.23	-\$4.08	-11.2%	\$34.79	-\$1.52	-4.2%	\$51.29	\$14.98	41.3%
	5,000	\$41.56	\$35.04	-\$6.52	-15.7%	\$35.22	-\$6.34	-15.3%	\$36.08	-\$5.48	-13.2%	\$37.83	-\$3.73	-9.0%	\$40.38	-\$1.18	-2.8%	\$56.89	\$15.33	36.9%
	7,500	\$54.69	\$49.03	-\$5.66	-10.3%	\$49.21	-\$5.47	-10.0%	\$50.07	-\$4.61	-8.4%	\$51.82	-\$2.86	-5.2%	\$54.38	-\$0.31	-0.6%	\$70.88	\$16.20	29.6%
	10,000	\$67.81	\$63.02	-\$4.79	-7.1%	\$63.20	-\$4.61	-6.8%	\$64.07	-\$3.74	-5.5%	\$65.81	-\$2.00	-2.9%	\$68.37	\$0.56	0.8%	\$84.88	\$17.07	25.2%
	15,000	\$94.06	\$91.01	-\$3.05	-3.2%	\$91.19	-\$2.87	-3.0%	\$92.05	-\$2.01	-2.1%	\$93.80	-\$0.26	-0.3%	\$96.36	\$2.30	2.4%	\$112.86	\$18.80	20.0%
	20,000	\$120.31	\$119.00	-\$1.31	-1.1%	\$119.18	-\$1.13	-0.9%	\$120.04	-\$0.27	-0.2%	\$121.79	\$1.48	1.2%	\$124.35	\$4.04	3.4%	\$140.85	\$20.54	17.1%
	25,000	\$146.56	\$146.99	\$0.43	0.3%	\$147.17	\$0.61	0.4%	\$148.03	\$1.47	1.0%	\$149.78	\$3.22	2.2%	\$152.33	\$5.77	3.9%	\$168.84	\$22.28	15.2%
	30,000	\$172.81	\$174.97	\$2.16	1.3%	\$175.15	\$2.34	1.4%	\$176.02	\$3.21	1.9%	\$177.76	\$4.95	2.9%	\$180.32	\$7.51	4.3%	\$196.83	\$24.02	13.9%

Avg. Quarterly Bill	4,000	\$36.31	\$33.80	-\$2.51	-6.9%	\$34.35	-\$1.96	-5.4%	\$36.93	\$0.62	1.7%	\$42.18	\$5.87	16.2%	\$49.85	\$13.54	37.3%	\$99.36	\$63.05	173.7%
	8,000	\$57.31	\$56.19	-\$1.12	-1.9%	\$56.74	-\$0.57	-1.0%	\$59.32	\$2.01	3.5%	\$64.57	\$7.26	12.7%	\$72.24	\$14.93	26.0%	\$121.75	\$64.44	112.4%
	15,000	\$94.06	\$95.38	\$1.32	1.4%	\$95.92	\$1.86	2.0%	\$98.51	\$4.45	4.7%	\$103.75	\$9.69	10.3%	\$111.42	\$17.36	18.5%	\$160.93	\$66.87	71.1%
	20,000	\$120.31	\$123.36	\$3.05	2.5%	\$123.91	\$3.60	3.0%	\$126.49	\$6.18	5.1%	\$131.74	\$11.43	9.5%	\$139.41	\$19.10	15.9%	\$188.92	\$68.61	57.0%
	30,000	\$172.81	\$179.34	\$6.53	3.8%	\$179.88	\$7.07	4.1%	\$182.47	\$9.66	5.6%	\$187.71	\$14.90	8.6%	\$195.38	\$22.57	13.1%	\$244.90	\$72.09	41.7%
	40,000	\$225.31	\$235.31	\$10.00	4.4%	\$235.86	\$10.55	4.7%	\$238.44	\$13.13	5.8%	\$243.69	\$18.38	8.2%	\$251.36	\$26.05	11.6%	\$300.87	\$75.56	33.5%
	60,000	\$330.31	\$347.26	\$16.95	5.1%	\$347.81	\$17.50	5.3%	\$350.39	\$20.08	6.1%	\$355.64	\$25.33	7.7%	\$363.30	\$32.99	10.0%	\$412.82	\$82.51	25.0%
	80,000	\$435.31	\$459.21	\$23.90	5.5%	\$459.76	\$24.45	5.6%	\$462.34	\$27.03	6.2%	\$467.58	\$32.27	7.4%	\$475.25	\$39.94	9.2%	\$524.77	\$89.46	20.6%
	100,000	\$540.31	\$571.16	\$30.85	5.7%	\$571.70	\$31.39	5.8%	\$574.29	\$33.98	6.3%	\$579.53	\$39.22	7.3%	\$587.20	\$46.89	8.7%	\$636.72	\$96.41	17.8%
	120,000	\$645.31	\$683.11	\$37.80	5.9%	\$683.65	\$38.34	5.9%	\$686.24	\$40.93	6.3%	\$691.48	\$46.17	7.2%	\$699.15	\$53.84	8.3%	\$748.67	\$103.36	16.0%

Customer Class		All Meter	Proposed			Proposed			Proposed			Proposed			Proposed			Proposed		
			5/8 Inch Meter			3/4 Inch Meter			1 Inch Meter			1.5 Inch Meter			2 Inch Meter			3 Inch Meter		
	Monthly Consumption (gallons)	Bill at Current Rates	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change
Commercial (Monthly)																				
Avg. Monthly Bill	2,000	\$25.81	\$18.24	-\$7.57	-29.3%	\$18.42	-\$7.39	-28.6%	\$19.29	-\$6.52	-25.3%	\$21.03	-\$4.78	-18.5%	\$23.59	-\$2.22	-8.6%	\$40.10	\$14.29	55.4%
	5,000	\$41.56	\$35.04	-\$6.52	-15.7%	\$35.22	-\$6.34	-15.3%	\$36.08	-\$5.48	-13.2%	\$37.83	-\$3.73	-9.0%	\$40.38	-\$1.18	-2.8%	\$56.89	\$15.33	36.9%
	15,000	\$94.06	\$91.01	-\$3.05	-3.2%	\$91.19	-\$2.87	-3.0%	\$92.05	-\$2.01	-2.1%	\$93.80	-\$0.26	-0.3%	\$96.36	\$2.30	2.4%	\$112.86	\$18.80	20.0%
	20,000	\$120.31	\$119.00	-\$1.31	-1.1%	\$119.18	-\$1.13	-0.9%	\$120.04	-\$0.27	-0.2%	\$121.79	\$1.48	1.2%	\$124.35	\$4.04	3.4%	\$140.85	\$20.54	17.1%
	30,000	\$172.81	\$174.97	\$2.16	1.3%	\$175.15	\$2.34	1.4%	\$176.02	\$3.21	1.9%	\$177.76	\$4.95	2.9%	\$180.32	\$7.51	4.3%	\$196.83	\$24.02	13.9%
	40,000	\$225.31	\$230.95	\$5.64	2.5%	\$231.13	\$5.82	2.6%	\$231.99	\$6.68	3.0%	\$233.74	\$8.43	3.7%	\$236.29	\$10.98	4.9%	\$252.80	\$27.49	12.2%
	50,000	\$277.81	\$286.92	\$9.11	3.3%	\$287.10	\$9.29	3.3%	\$287.96	\$10.15	3.7%	\$289.71	\$11.90	4.3%	\$292.27	\$14.46	5.2%	\$308.77	\$30.96	11.1%
	75,000	\$409.06	\$426.86	\$17.80	4.4%	\$427.04	\$17.98	4.4%	\$427.90	\$18.84	4.6%	\$429.65	\$20.59	5.0%	\$432.21	\$23.15	5.7%	\$448.71	\$39.65	9.7%
	100,000	\$540.31	\$566.79	\$26.48	4.9%	\$566.98	\$26.67	4.9%	\$567.84	\$27.53	5.1%	\$569.59	\$29.28	5.4%	\$572.14	\$31.83	5.9%	\$588.65	\$48.34	8.9%

Customer Class			Proposed			Proposed			Proposed			Proposed			Proposed			Proposed		
		All Meter	5/8 Inch Meter			3/4 Inch Meter			1 Inch Meter			1.5 Inch Meter			2 Inch Meter			3 Inch Meter		
	Monthly Consumption (gallons)	Bill at Current Rates	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change
Commercial with 6" Fire Connection(Monthly Account)																				
Base Charge and Commodity Charges	180,000	\$1,128.72	\$1,092.13	-\$36.59	-3.2%	\$1,094.30	-\$34.42	-3.0%	\$1,104.64	-\$24.08	-2.1%	\$1,125.62	-\$3.10	-0.3%	\$1,156.29	\$27.57	2.4%	\$1,354.36	\$225.64	20.0%
Fire Protection Charge		\$884.00	\$475.98	-\$408.02	-46.2%	\$475.98	-\$408.02	-46.2%	\$475.98	-\$408.02	-46.2%	\$475.98	-\$408.02	-46.2%	\$475.98	-\$408.02	-46.2%	\$475.98	#####	-46.2%
Total Annual Charges		\$2,012.72	\$1,568.10	-\$444.62	-22.1%	\$1,570.28	-\$442.44	-22.0%	\$1,580.62	-\$432.10	-21.5%	\$1,601.59	-\$411.13	-20.4%	\$1,632.27	-\$380.45	-18.9%	\$1,830.33	#####	-9.1%

Newport Water
 Cost Of Service Analysis
 Joint Schedule A-3
 Bill Impacts - Cost of Service Rates
 Page 2 of 2

Customer Class	Monthly Consumption (gallons)	Bill at Current Rates	Proposed		
			Bill at Proposed Rates	Dollar Change	Percent Change
Portsmouth (Monthly)					
	10,000,000	\$25,745	\$29,537	\$3,792	14.7%
	20,000,000	\$51,475	\$59,040	\$7,565	14.7%
	38,000,000	\$97,789	\$112,145	\$14,356	14.7%
	40,000,000	\$102,935	\$118,046	\$15,110	14.7%
	75,000,000	\$192,990	\$221,305	\$28,315	14.7%
	100,000,000	\$257,315	\$295,062	\$37,747	14.7%
	150,000,000	\$385,965	\$442,576	\$56,611	14.7%
Navy (Monthly)					
Avg. Monthly Bill (All Meters)	10,000,000	\$32,295	\$38,754	\$6,459	20.0%
	20,000,000	\$64,575	\$77,037	\$12,462	19.3%
	38,000,000	\$122,664	\$145,946	\$23,282	19.0%
	50,000,000	\$161,415	\$191,886	\$30,471	18.9%
	75,000,000	\$242,115	\$287,593	\$45,478	18.8%
	100,000,000	\$322,815	\$383,300	\$60,485	18.7%

Docket No. 4128-Settlement Agreement-Exhibit B
Newport Water Division
Cost Of Service Analysis
Joint Schedule A-4
Revenue Proof

		Rate Year Revenue	
		Existing Rates	Proposed Rates
REVENUES			
Water Rates			
Base Charge (Billing Charge)	\$	1,000,907	\$ 792,346
Volume Charge			
Residential		3,955,435	4,217,217
Commercial		2,556,663	2,725,871
Navy		898,317	1,065,371
Portsmouth Water & Fire District		1,162,070	1,332,465
Fire Protection			
Public		868,131	462,076
Private		378,880	192,943
Total Rate Revenues	\$	10,820,402	\$ 10,788,289
Other Operating Revenues			
Sundry charges	\$	140,016	140,016
WPC cost share on customer service	\$	269,842	269,842
Middletown cost share on customer service	\$	134,819	134,819
Rental of Property	\$	81,000	81,000
Total Other Operating Revenues	\$	625,676	625,676
Total Operating Revenues	\$	11,446,078	\$ 11,413,965
Add: Non-Operating Revenues			
Water Penalty		42,320	42,320
Miscellaneous		7,515	7,515
Investment Interest Income		39,191	39,191
Water Quality Protection Fees		25,676	25,676
Total Non Operating Revenues	\$	114,702	\$ 114,702
Total Revenues	\$	11,560,780	\$ 11,528,667
COSTS			
Departmental O&M	\$	(8,127,113)	(8,127,113)
Capital Costs			
Contribution to Capital Spending Acct.		(1,146,918)	(1,146,918)
Existing Debt Service		(1,324,506)	(1,324,506)
New Debt Service		(686,317)	(686,317)
Total Capital Costs	\$	(3,157,741)	(3,157,741)
Operating Revenue Allowance		(243,813)	(243,813)
Total Costs	\$	(11,528,667)	\$ (11,528,667)
Revenue Surplus (Deficit)	\$	32,113	\$ -

		Docket 4025 Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
<u>Operation & Maintenance Costs</u>											
Administration											
Salaries, Wages, & Benefits											
Salaries & Wages	\$	265,000	Non-Administrative O&M costs	62%	20%	4%	7%	6%	0%	0%	100%
AFSCME retro	\$	-	Non-Administrative O&M costs	62%	20%	4%	7%	6%	0%	0%	100%
NEA retro	\$	-	Non-Administrative O&M costs	62%	20%	4%	7%	6%	0%	0%	100%
AFSCME benefits on retro pay	\$	-	Non-Administrative O&M costs	62%	20%	4%	7%	6%	0%	0%	100%
NEA benefits on retro pay	\$	-	Non-Administrative O&M costs	62%	20%	4%	7%	6%	0%	0%	100%
Standby Salaries	\$	12,500	Non-Administrative O&M costs	62%	20%	4%	7%	6%	0%	0%	100%
Accrued Benefits Buyout	\$	175,000	O&M Labor	57%	23%	4%	9%	7%	0%	0%	100%
Employee Benefits	\$	96,500	Non-Administrative O&M costs	62%	20%	4%	7%	6%	0%	0%	100%
Retiree Insurance Coverage	\$	347,200	O&M Labor	57%	23%	4%	9%	7%	0%	0%	100%
Workers Compensation	\$	114,000	O&M Labor	57%	23%	4%	9%	7%	0%	0%	100%
Annual Leave Buyback	\$	2,400	Non-Administrative O&M costs	62%	20%	4%	7%	6%	0%	0%	100%
Subtotal		1,012,600									

Docket 4025 Rate Year		Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
All Other Administrative Costs										
Advertisement	9,000	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Membership Dues & Subscriptions	2,500	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Conferences & Training	2,500	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Tuition Reimbursement	2,000	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Consultant Fees	201,500	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Postage	1,000	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Fire & Liability Insurance	86,000	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Telephone & Communication	8,300	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Water	1,050	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Electricity	8,000	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Natural Gas	8,000	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Property Taxes	229,000	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Legal & Administrative	-									
Audit Fees	5,245	Total Non-Admin Costs Before Offsets	66%	19%	4%	5%	4%	1%	0%	100%
OPEB Contribution	-	Total Non-Admin Costs Before Offsets	66%	19%	4%	5%	4%	1%	0%	100%
City Counsel	4,408	Total Non-Admin Costs Before Offsets	66%	19%	4%	5%	4%	1%	0%	100%
Citizens Survey	-	Total Non-Admin Costs Before Offsets	66%	19%	4%	5%	4%	1%	0%	100%
City Clerk	3,197	Total Non-Admin Costs Before Offsets	66%	19%	4%	5%	4%	1%	0%	100%
City Manager	55,212	Total Non-Admin Costs Before Offsets	66%	19%	4%	5%	4%	1%	0%	100%
Human Resources	30,521	Non-Administrative Wages & Salaries	57%	23%	4%	9%	7%	0%	0%	100%
City Solicitor	19,093	Total Non-Admin Costs Before Offsets	66%	19%	4%	5%	4%	1%	0%	100%
Finance Adimistrative 80%	19,753	Total Non-Admin Costs Before Offsets	66%	19%	4%	5%	4%	1%	0%	100%
Finance Adimistrative 5%	6,918	Total Non-Admin Costs Before Offsets	66%	19%	4%	5%	4%	1%	0%	100%
Purchasing	16,763	Total Non-Admin Costs Before Offsets	66%	19%	4%	5%	4%	1%	0%	100%
Assessment	5,673	Capital Costs	63%	25%	6%	2%	1%	2%	1%	100%
Collections	47,865	100% Billing	0%	0%	0%	0%	100%	0%	0%	100%
Accounting 5%	9,749	Total Non-Admin Costs Before Offsets	66%	19%	4%	5%	4%	1%	0%	100%
Accounting	64,897	Non-Administrative Wages & Salaries	57%	23%	4%	9%	7%	0%	0%	100%
Public Safety	-	Total Non-Admin Costs Before Offsets	66%	19%	4%	5%	4%	1%	0%	100%
Facilities Maintenance	12,106	Total Non-Admin Costs Before Offsets	66%	19%	4%	5%	4%	1%	0%	100%
Data Processing	137,000	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Mileage Allowance	2,000	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Gasoline & Vehicle Allowance	8,481	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Repairs & Maintenance	1,200	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Regulatory Expense	10,000	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Regulatory Assessment	46,770	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Office Supplies	30,000	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Self Insurance	10,000	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Unemployment Claims	12,000	Non-Administrative O&M costs	62%	19%	4%	7%	6%	1%	0%	100%
Subtotal	1,117,701									

		Docket 4025 Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Customer Service											
	Salaries & Wages	375,068	Joint Schedule B-4, 'Allocation Analyses.	0%	0%	0%	56%	44%	0%	0%	100%
	Benefits	175,200	Joint Schedule B-4, 'Allocation Analyses.	0%	0%	0%	56%	44%	0%	0%	100%
	Copying & binding	1,000	100% billing (based on budget analysis)					100%			100%
	Conferences & Training	5,000	100% billing (based on budget analysis)					100%			100%
	Support Services	21,000	100% billing (software support & printing/mailling)					100%			100%
	Postage	34,300	100% billing (based on budget analysis)					100%			100%
	Gasoline & Vehicle Allowance	27,852	Joint Schedule B-4, 'Allocation Analyses.	0%	0%	0%	56%	44%	0%	0%	100%
	Repairs & Maintenance	41,500	100% metering (meter repairs)				100%				100%
	Meter Maintenance	11,000	100% metering (based on budget analysis)				100%				100%
	Operating Supplies	9,000	100% metering (based on budget analysis)				100%				100%
	Uniforms & protective Gear	1,000	100% metering (based on budget analysis)				100%				100%
	Customer Service Supplies	15,000	100% billing (based on budget analysis)					100%			100%
	Subtotal	716,920									
Source of Supply - Island											
	Salaries & Wages	\$ 216,900	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Overtime	\$ 28,200	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Temp Salaries	\$ 10,000	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Injury Pay	\$ -	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Employee Benefits	\$ 111,296	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Annual Leave Buyback	\$ 6,300	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Electricity	\$ 34,100	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Gas/Vehicle Maintenance	\$ 48,300	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Repairs & Maintenance	\$ 8,300	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Reservoir Maintenance	\$ 25,000	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Operating Supplies	\$ 3,750	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Uniforms & protective Gear	\$ 750	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Chemicals	\$ 54,000	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Subtotal	\$ 546,896									
Source of Supply - Mainland											
	Overtime	\$ 4,500	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Temp Salaries	\$ 15,300	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Permanent Part time	\$ 13,000	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Employee Benefits	\$ 2,600	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Electricity	\$ 92,600	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Repairs & Maintenance	\$ 8,800	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Reservoir Maintenance	\$ 6,000	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Operating Supplies	\$ 500	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
	Subtotal	\$ 143,300									

Newport Water Division
Cost Of Service Analysis
Joint Schedule B-1
Base Extra Capacity Cost Allocations

Docket No. 4128-Settlement Agreement-Exhibit B

	Docket 4025 Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Station One (Excludes pumping and chemicals)										
Salaries & Wages	\$ 436,670	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Overtime	\$ 58,100	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Holiday Pay	\$ 19,100	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Employee Benefits	\$ 237,000	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Annual Leave Buyback	\$ 4,950	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Conferences & Training	\$ 5,500	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Fire & Liability Insurance	\$ 12,700	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Electricity	\$ 240,307	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Natural Gas	\$ 23,300	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Rental of Equipment	\$ 1,000	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Sewer Charge	\$ 184,000	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Gas/Vehicle Maintenance	\$ 8,100	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Repairs & Maintenance	\$ 35,000	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Operating Supplies	\$ 27,500	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Uniforms & protective Gear	\$ 1,350	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Station One Pumping	\$ 12,323	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Station One Chemicals	\$ 399,000	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Subtotal	\$ 1,705,900									
Lawton Valley (Excludes pumping and chemicals)										
Salaries & Wages	\$498,755	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Overtime	\$42,400	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Holiday Pay	\$20,000	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Employee Benefits	\$275,207	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Annual Leave Buyback	\$3,850	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Conferences & Training	\$3,500	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Fire & Liability Insurance	\$13,600	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Electricity	\$158,888	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Natural Gas	\$28,900	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Rental of Equipment	\$500	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Sewer Charge	\$242,000	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Gas/Vehicle Maintenance	\$8,400	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Repairs & Maintenance	\$35,366	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Operating Supplies	\$21,694	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Uniforms & protective Gear	\$1,000	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Lawton Valley Pumping	\$31,689	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Lawton Valley Chemicals	\$216,000	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Subtotal	1,601,750									

Newport Water Division
Cost Of Service Analysis
Joint Schedule B-1
Base Extra Capacity Cost Allocations

Docket No. 4128-Settlement Agreement-Exhibit B

	Docket 4025 Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Laboratory										
Salaries & Wages	\$ 127,700	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Employee Benefits	\$ 62,400	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Annual Leave Buyback	\$ 2,750	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Repairs & Maintenance	\$ 1,000	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Regulatory Assessment	\$ 36,500	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Laboratory Supplies	\$ 18,500	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Subtotal	\$ 248,850									
Transmission and Distribution										
Salaries & Wages	\$ 416,200	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Overtime	\$ 52,000	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Temp Salaries	\$ 10,000	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Injury Pay	\$ -	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Employee Benefits	\$ 224,996	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Annual Leave Buyback	\$ 5,900	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Conferences & Training	\$ 4,000	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Contract Services	\$ 12,500	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Fire & Liability Insurance	\$ 2,400	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Electricity	\$ 19,600	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Heavy Equipment Rental	\$ 8,900	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Gas/Vehicle Maintenance	\$ 99,400	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Repairs & Maintenance	\$ 32,000	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Main Maintenance	\$ 84,800	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Hydrant Maintenance	\$ -	100% Fire	0%	0%	0%	0%	0%	0%	100%	100%
Service Maintenance	\$ 33,500	100% Services	0%	0%	0%	0%	0%	100%	0%	100%
Operating Supplies	\$ 11,000	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Uniforms & protective Gear	\$ 1,500	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
Subtotal	\$ 1,018,696									
Fire Protection	14,500	100% Fire	0%	0%	0%	0%	0%	0%	100%	100%
Total O&M Costs	8,127,113									

		Docket 4025 Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
		Docket 4025 Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
<u>CAPITAL COSTS</u>	Water Supply	731,711	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
	Treatment Station 1	994,352	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
	Treatment Lawton Valley	236,326	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
	Treatment Both Plants	120,392	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
	T&D Pumping	-	Maximum Day Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
	T&D	888,921	Maximum Hour Demand Patterns	48%	30%	22%	0%	0%	0%	0%	100%
	Fire	22,550	100% Fire	0%	0%	0%	0%	0%	0%	100%	100%
	Meters	65,726	100% Meters	0%	0%	0%	100%	0%	0%	0%	100%
	Services	65,726	100 % Services	0%	0%	0%	0%	0%	100%	0%	100%
	Billing	32,037	100% Billing	0%	0%	0%	0%	100%	0%	0%	100%
Total Capital Costs		3,157,741									
Revenue Allowance		243,813	100% base	100%							100%
Total Costs before Offsets		11,528,667									
OFFSETS											
Nonrate Revenues											
Sundry charges	140,016	Non Admin less electricity & chemicals	62%	19%	4%	7%	6%	1%	0%	0%	100%
WPC cost share on customer service	269,842	50/50 Split between Metering and Billing	0%	0%	0%	50%	50%	0%	0%	0%	100%
Middletown cost share on customer service	134,819	50/50 Split between Metering and Billing	0%	0%	0%	50%	50%	0%	0%	0%	100%
Rental of Property	81,000	Non Admin less electricity & chemicals	62%	19%	4%	7%	6%	1%	0%	0%	100%
Water Penalty	42,320	Non Admin less electricity & chemicals	62%	19%	4%	7%	6%	1%	0%	0%	100%
Miscellaneous	7,515	Non Admin less electricity & chemicals	62%	19%	4%	7%	6%	1%	0%	0%	100%
Investment Interest Income	39,191	Non Admin less electricity & chemicals	62%	19%	4%	7%	6%	1%	0%	0%	100%
Water Quality Protection Fees	25,676	100% Base	100%	0%	0%	0%	0%	0%	0%	0%	100%
Total Nonrate Revenues		740,378									
Net Costs To Recover Through Rates		\$ 10,788,289									

Operation & Maintenance Costs

Administration

Salaries, Wages, & Benefits

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
Salaries & Wages	164,207	51,716	11,569	19,854	16,911	-	744	265,000
AFSCME retro	-	-	-	-	-	-	-	-
NEA retro	-	-	-	-	-	-	-	-
AFSCME benefits on retro pay	-	-	-	-	-	-	-	-
NEA benefits on retro pay	-	-	-	-	-	-	-	-
Standby Salaries	7,746	2,439	546	936	798	-	35	12,500
Accrued Benefits Buyout	98,884	40,800	7,840	15,345	12,079	-	52	175,000
Employee Benefits	59,796	18,832	4,213	7,230	6,158	-	271	96,500
Retiree Insurance Coverage	196,185	80,948	15,555	30,444	23,964	-	103	347,200
Workers Compensation	64,416	26,578	5,107	9,996	7,868	-	34	114,000
Annual Leave Buyback	1,487	468	105	180	153	-	7	2,400
Subtotal	592,720	221,783	44,936	83,985	67,931	-	1,245	1,012,600

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
All Other Administrative Costs								
Advertisement	5,541	1,745	390	670	571	58	25	9,000
Membership Dues & Subscriptions	1,539	485	108	186	159	16	7	2,500
Conferences & Training	1,539	485	108	186	159	16	7	2,500
Tuition Reimbursement	1,231	388	87	149	127	13	6	2,000
Consultant Fees	124,055	39,070	8,740	14,999	12,776	1,298	562	201,500
Postage	616	194	43	74	63	6	3	1,000
Fire & Liability Insurance	52,947	16,675	3,730	6,402	5,453	554	240	86,000
Telephone & Communication	5,110	1,609	360	618	526	53	23	8,300
Water	646	204	46	78	67	7	3	1,050
Electricity	4,925	1,551	347	595	507	52	22	8,000
Natural Gas	4,925	1,551	347	595	507	52	22	8,000
Property Taxes	140,986	44,403	9,933	17,046	14,519	1,475	638	229,000
Legal & Administrative								
Audit Fees	3,479	1,001	235	253	202	55	21	5,245
OPEB Contribution	-	-	-	-	-	-	-	-
City Counsel	2,924	841	197	212	170	47	17	4,408
Citizens Survey	-	-	-	-	-	-	-	-
City Clerk	2,120	610	143	154	123	34	13	3,197
City Manager	36,619	10,537	2,470	2,661	2,125	583	218	55,212
Human Resources	17,246	7,116	1,367	2,676	2,107	-	9	30,521
City Solicitor	12,663	3,644	854	920	735	202	75	19,093
Finance Adimistrative 80%	13,101	3,770	884	952	760	209	78	19,753
Finance Adimistrative 5%	4,588	1,320	309	333	266	73	27	6,918
Purchasing	11,118	3,199	750	808	645	177	66	16,763
Assessment	3,578	1,410	350	118	58	118	41	5,673
Collections	-	-	-	-	47,865	-	-	47,865
Accounting 5%	6,466	1,860	436	470	375	103	38	9,749
Accounting	36,670	15,130	2,908	5,690	4,479	-	19	64,897
Public Safety	-	-	-	-	-	-	-	-
Facilities Maintenance	8,029	2,310	542	583	466	128	48	12,106
Data Processing	84,345	26,564	5,942	10,198	8,686	882	382	137,000
Mileage Allowance	1,231	388	87	149	127	13	6	2,000
Gasoline & Vehicle Allowance	5,221	1,644	368	631	538	55	24	8,481
Repairs & Maintenance	739	233	52	89	76	8	3	1,200
Regulatory Expense	6,157	1,939	434	744	634	64	28	10,000
Regulatory Assessment	28,794	9,069	2,029	3,481	2,965	301	130	46,770
Office Supplies	18,470	5,817	1,301	2,233	1,902	193	84	30,000
Self Insurance	6,157	1,939	434	744	634	64	28	10,000
Unemployment Claims	7,388	2,327	521	893	761	77	33	12,000
Subtotal	661,163	211,028	46,853	76,594	112,133	6,985	2,946	1,117,701

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
Customer Service								
Salaries & Wages	-	-	-	210,627	164,441	-	-	375,068
Benefits	-	-	-	98,387	76,813	-	-	175,200
Copying & binding	-	-	-	-	1,000	-	-	1,000
Conferences & Training	-	-	-	-	5,000	-	-	5,000
Support Services	-	-	-	-	21,000	-	-	21,000
Postage	-	-	-	-	34,300	-	-	34,300
Gasoline & Vehicle Allowance	-	-	-	15,641	12,211	-	-	27,852
Repairs & Maintenance	-	-	-	41,500	-	-	-	41,500
Meter Maintenance	-	-	-	11,000	-	-	-	11,000
Operating Supplies	-	-	-	9,000	-	-	-	9,000
Uniforms & protective Gear	-	-	-	1,000	-	-	-	1,000
Customer Service Supplies	-	-	-	-	15,000	-	-	15,000
Subtotal								
Source of Supply - Island								
Salaries & Wages	216,900	-	-	-	-	-	-	216,900
Overtime	28,200	-	-	-	-	-	-	28,200
Temp Salaries	10,000	-	-	-	-	-	-	10,000
Injury Pay	-	-	-	-	-	-	-	-
Employee Benefits	111,296	-	-	-	-	-	-	111,296
Annual Leave Buyback	6,300	-	-	-	-	-	-	6,300
Electricity	34,100	-	-	-	-	-	-	34,100
Gas/Vehicle Maintenance	48,300	-	-	-	-	-	-	48,300
Repairs & Maintenance	8,300	-	-	-	-	-	-	8,300
Reservoir Maintenance	25,000	-	-	-	-	-	-	25,000
Operating Supplies	3,750	-	-	-	-	-	-	3,750
Uniforms & protective Gear	750	-	-	-	-	-	-	750
Chemicals	54,000	-	-	-	-	-	-	54,000
Subtotal								
Source of Supply - Mainland								
Overtime	4,500	-	-	-	-	-	-	4,500
Temp Salaries	15,300	-	-	-	-	-	-	15,300
Permanent Part time	13,000	-	-	-	-	-	-	13,000
Employee Benefits	2,600	-	-	-	-	-	-	2,600
Electricity	92,600	-	-	-	-	-	-	92,600
Repairs & Maintenance	8,800	-	-	-	-	-	-	8,800
Reservoir Maintenance	6,000	-	-	-	-	-	-	6,000
Operating Supplies	500	-	-	-	-	-	-	500
Subtotal								

Newport Water Division
Cost Of Service Analysis
Joint Schedule B-1
Base Extra Capacity Cost Allocations

Docket No. 4128-Settlement Agreement-Exhibit B

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
Station One (Excludes pumping and chemicals)								
Salaries & Wages	269,039	167,631	-	-	-	-	-	436,670
Overtime	35,796	22,304	-	-	-	-	-	58,100
Holiday Pay	11,768	7,332	-	-	-	-	-	19,100
Employee Benefits	146,019	90,981	-	-	-	-	-	237,000
Annual Leave Buyback	3,050	1,900	-	-	-	-	-	4,950
Conferences & Training	3,389	2,111	-	-	-	-	-	5,500
Fire & Liability Insurance	7,825	4,875	-	-	-	-	-	12,700
Electricity	240,307	-	-	-	-	-	-	240,307
Natural Gas	14,355	8,945	-	-	-	-	-	23,300
Rental of Equipment	616	384	-	-	-	-	-	1,000
Sewer Charge	184,000	-	-	-	-	-	-	184,000
Gas/Vehicle Maintenance	4,991	3,109	-	-	-	-	-	8,100
Repairs & Maintenance	21,564	13,436	-	-	-	-	-	35,000
Operating Supplies	16,943	10,557	-	-	-	-	-	27,500
Uniforms & protective Gear	832	518	-	-	-	-	-	1,350
Station One Pumping	5,928	3,694	2,701	-	-	-	-	12,323
Station One Chemicals	399,000	-	-	-	-	-	-	399,000
Subtotal								
Lawton Valley (Excludes pumping and chemicals)								
Salaries & Wages	307,290	191,465	-	-	-	-	-	498,755
Overtime	26,123	16,277	-	-	-	-	-	42,400
Holiday Pay	12,322	7,678	-	-	-	-	-	20,000
Employee Benefits	169,559	105,648	-	-	-	-	-	275,207
Annual Leave Buyback	2,372	1,478	-	-	-	-	-	3,850
Conferences & Training	2,156	1,344	-	-	-	-	-	3,500
Fire & Liability Insurance	8,379	5,221	-	-	-	-	-	13,600
Electricity	158,888	-	-	-	-	-	-	158,888
Natural Gas	17,806	11,094	-	-	-	-	-	28,900
Rental of Equipment	308	192	-	-	-	-	-	500
Sewer Charge	242,000	-	-	-	-	-	-	242,000
Gas/Vehicle Maintenance	5,175	3,225	-	-	-	-	-	8,400
Repairs & Maintenance	21,790	13,577	-	-	-	-	-	35,366
Operating Supplies	13,366	8,328	-	-	-	-	-	21,694
Uniforms & protective Gear	616	384	-	-	-	-	-	1,000
Lawton Valley Pumping	15,245	9,499	6,946	-	-	-	-	31,689
Lawton Valley Chemicals	216,000	-	-	-	-	-	-	216,000
Subtotal								

Newport Water Division
Cost Of Service Analysis
Joint Schedule B-1
Base Extra Capacity Cost Allocations

Docket No. 4128-Settlement Agreement-Exhibit B

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated		
Laboratory										
Salaries & Wages	127,700	-	-	-	-	-	-	127,700		
Employee Benefits	62,400	-	-	-	-	-	-	62,400		
Annual Leave Buyback	2,750	-	-	-	-	-	-	2,750		
Repairs & Maintenance	1,000	-	-	-	-	-	-	1,000		
Regulatory Assessment	36,500	-	-	-	-	-	-	36,500		
Laboratory Supplies	18,500	-	-	-	-	-	-	18,500		
Subtotal										
Transmission and Distribution										
Salaries & Wages	200,218	124,751	91,231	-	-	-	-	416,200		
Overtime	25,015	15,586	11,398	-	-	-	-	52,000		
Temp Salaries	4,811	2,997	2,192	-	-	-	-	10,000		
Injury Pay	-	-	-	-	-	-	-	-		
Employee Benefits	108,237	67,440	49,319	-	-	-	-	224,996		
Annual Leave Buyback	2,838	1,768	1,293	-	-	-	-	5,900		
Conferences & Training	1,924	1,199	877	-	-	-	-	4,000		
Contract Services	6,013	3,747	2,740	-	-	-	-	12,500		
Fire & Liability Insurance	1,155	719	526	-	-	-	-	2,400		
Electricity	9,429	5,875	4,296	-	-	-	-	19,600		
Heavy Equipment Rental	4,281	2,668	1,951	-	-	-	-	8,900		
Gas/Vehicle Maintenance	47,818	29,794	21,788	-	-	-	-	99,400		
Repairs & Maintenance	15,394	9,592	7,014	-	-	-	-	32,000		
Main Maintenance	40,794	25,418	18,588	-	-	-	-	84,800		
Hydrant Maintenance	-	-	-	-	-	-	-	-		
Service Maintenance	-	-	-	-	-	33,500	-	33,500		
Operating Supplies	5,292	3,297	2,411	-	-	-	-	11,000		
Uniforms & protective Gear	722	450	329	-	-	-	-	1,500		
Subtotal										
Fire Protection	-	-	-	-	-	-	14,500	14,500		
Total O&M Costs		Non-Administrative O&M	3,997,805	1,008,486	225,602	387,155	329,765	33,500	14,500	5,996,812

		Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
		Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
<u>CAPITAL COSTS</u>									
	Water Supply	731,711	-	-	-	-	-	-	731,711
	Treatment Station 1	612,635	381,717	-	-	-	-	-	994,352
	Treatment Lawton Valley	145,604	90,722	-	-	-	-	-	236,326
	Treatment Both Plants	74,176	46,217	-	-	-	-	-	120,392
	T&D Pumping	-	-	-	-	-	-	-	-
	T&D	427,627	266,443	194,851	-	-	-	-	888,921
	Fire	-	-	-	-	-	-	22,550	22,550
	Meters	-	-	-	65,726	-	-	-	65,726
	Services	-	-	-	-	-	65,726	-	65,726
	Billing	-	-	-	-	32,037	-	-	32,037
	Total Capital Costs	1,991,752	785,099	194,851	65,726	32,037	65,726	22,550	3,157,741
		63%	25%	6%	2%	1%	2%	1%	100%
Revenue Allowance		243,813	-	-	-	-	-	-	243,813
Total Costs before Offsets									
	Total Non-Admin Costs	6,233,370	1,793,585	420,453	452,881	361,802	99,226	37,050	9,398,366
		66%	19%	4%	5%	4%	1%	0%	100%
OFFSETS									
Nonrate Revenues									
	Sundry charges	86,202	27,149	6,073	10,422	8,877	902	390	140,016
	WPC cost share on customer service	-	-	-	134,921	134,921	-	-	269,842
	Middletown cost share on customer service	-	-	-	67,409	67,409	-	-	134,819
	Rental of Property	49,868	15,706	3,513	6,029	5,136	522	226	81,000
	Water Penalty	26,055	8,206	1,836	3,150	2,683	273	118	42,320
	Miscellaneous	4,627	1,457	326	559	476	48	21	7,515
	Investment Interest Income	24,128	7,599	1,700	2,917	2,485	252	109	39,191
	Water Quality Protection Fees	25,676	-	-	-	-	-	-	25,676
	Total Nonrate Revenues	216,556	60,117	13,448	225,409	221,988	1,997	864	740,378
Net Costs To Recover Through Rates		\$ 6,016,814	\$ 1,733,468	\$ 407,005	\$ 227,472	\$ 139,814	\$ 97,229	\$ 36,185	\$ 8,657,988

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
Non-Admin O&M Costs	\$ 3,997,805	\$ 1,008,486	\$ 225,602	\$ 387,155	\$ 329,765	\$ 33,500	\$ 14,500	\$ 5,996,812
Less: Chemicals								\$ -
Station One	\$ (399,000)							\$ (399,000)
Lawton Valley	\$ (216,000)							\$ (216,000)
Source Supply	\$ (54,000)							\$ (54,000)
Electricity								\$ -
Source Supply	\$ (126,700)							\$ (126,700)
Station One	\$ -	\$ -						\$ -
Lawton Valley	\$ -	\$ -						\$ -
Costs Adjusted	\$ 3,202,105	\$ 1,008,486	\$ 225,602	\$ 387,155	\$ 329,765	\$ 33,500	\$ 14,500	\$ 5,201,112
	62%	19%	4%	7%	6%	1%	0%	100%
	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
Non-Administrative Labor								
Administration	173,440	54,624	12,220	20,970	17,861	0	785	279,900
Customer Service	0	0	0	210,627	164,441	0	0	375,068
Source of Supply - Island	255,100	0	0	0	0	0	0	255,100
Source of Supply - Mainland	32,800	0	0	0	0	0	0	32,800
Station One	319,653	199,167	0	0	0	0	0	518,820
Lawton Valley	348,108	216,897	0	0	0	0	0	565,005
Laboratory	130,450	0	0	0	0	0	0	130,450
Transmission/Distribution	232,882	145,103	106,114	0	0	0	0	484,100
Total	1,492,433	615,792	118,334	231,597	182,302	0	785	2,641,243
Percent	57%	23%	4%	9%	7%	0%	0%	100%

Newport Water Division
 Cost Of Service Analysis
 Joint Schedule B-2
 Allocation of Costs to Water Rate Classes

Docket No. 4128-Settlement Agreement-Exhibit B

ALLOCATION PERCENTAGES

Cost Category	Allocation Basis	Commodity Charges					Total % Allocated
		Base Charge	Retail	Commercial & Governmental	Navy	Portsmouth	
Base	<i>Average annual demand</i>		42%	27%	12%	18%	100%
Base Excluding PWFD			52%	33%	15%	0%	100%
Base Excluding PWFD & 50% Navy			56%	36%	8%	0%	100%
Water Quality Protection Fees			61%	39%	0%	0%	100%
Total Base to Class			44%	29%	12%	15%	100%
Max Day	<i>Estimated customer peaking factors</i>		35%	23%	10%	15%	100%
Base Excluding PWFD			41%	27%	12%	0%	100%
Max Day Excluding PWFD & 50% Navy			44%	28%	6%	0%	100%
Total Max Day to Class			38%	24%	9%	10%	100%
Max Hour	<i>Estimated customer peaking factors</i>		29%	19%	8%	12%	100%
Base Excluding PWFD			33%	21%	9%	0%	100%
Max Hour Excluding PWFD & 50% Navy			34%	22%	5%	0%	100%
Total Max Hour to Class			34%	22%	5%	0%	100%
Metering	<i>Direct Assignment</i>	100%					100%
Billing	<i>Direct Assignment</i>	100%					100%
Services	<i>Direct Assignment</i>	100%					100%
Fire	<i>Direct Assignment</i>					100%	100%

ALLOCATION RESULTS

ALLOCATION RESULTS		Commodity Charges							
		Retail			Navy	Portsmouth			
		Base Charge	Residential	Commercial					
Cost Category	Docket 4025 Rate Year						Fire	Total \$ Allocated	
Base									
Base excluding T&D&WQPF & Pumping	5,310,629		2,253,906	1,456,851	648,014	951,858		5,310,629	
Transmission & Distribution	901,568		503,635	325,533	72,399	-		901,568	
Pumping	21,173		10,948	7,077	3,148	-		21,173	
Water Quality Protection Fees	(25,676)		(15,595)	(10,080)	-	-		(25,676)	
Revenue Offsets	(190,880)		(84,777)	(54,797)	(22,157)	(29,148)	-	(190,880)	
Administrative Charges	1,253,883		556,900	359,962	145,549	191,472	-	1,253,883	
Max Day									
Max Day Except T&D & Pumping	1,218,649		427,947	276,611	123,038	180,728	210,324	1,218,649	
Transmission & Distribution	561,744		246,207	159,140	35,393	-	121,004	561,744	
Pumping	13,192		5,439	3,516	1,564	-	2,673	13,192	
Revenue Offsets	(60,117)		(22,778)	(14,723)	(5,363)	(6,058)	(11,195)	(60,117)	
Administrative Charges	432,811		163,993	106,000	38,608	43,612	80,598	432,811	
Max Hour									
Max Hr. Except T&D & Pumping	-	-	-	-	-	-	-	-	
Transmission & Distribution	410,806	-	141,311	91,339	20,314	-	157,842	410,806	
Pumping	9,647	-	3,162	2,044	909	-	3,532	9,647	
Revenue Offsets	(13,448)		(4,621)	(2,987)	(679)	-	(5,162)	(13,448)	
Administrative Charges	91,788		31,540	20,386	4,633	-	35,229	91,788	
Metering		452,881	452,881	-	-	-	-	452,881	
Revenue Offsets	(225,409)		(225,409)					(225,409)	
Administrative Charges	160,579		160,579					160,579	
Services		99,226	99,226					99,226	
Revenue Offsets	(1,997)		(1,997)					(1,997)	
Administrative Charges	6,985		6,985					6,985	
Billing		361,802	361,802	-	-	-	-	361,802	
Revenue Offsets	(221,988)		(221,988)					(221,988)	
Administrative Charges	180,063		180,063					180,063	
Fire		37,050					37,050	37,050	
Revenue Offsets	(864)						(864)	(864)	
Administrative Charges	4,191						4,191	4,191	
Total To Recover through Rates		\$ 10,788,289	\$ 812,143	\$ 4,217,217	\$ 2,725,871	\$ 1,065,371	\$ 1,332,465	\$ 635,222	\$ 10,788,289

COST OF SERVICE PER UNIT

Description of Billing Units
 Percentage of Dollars Allocated
 Allocated Cost
 Divided by: Number of Units
Unit Cost of Service

Metering						
(1)	(2)	(2)	(2)	(2)	(3)	
# of accounts x 12 months	1000's of gallons annually	1000's of gallons annually	1000's of gallons annually	1000's of gallons annually	Equivalent Connections	Total
3.6%	39.1%	25.3%	9.9%	12.4%	5.5%	100.0%
\$ 388,051	\$ 4,217,217	\$ 2,725,871	\$ 1,065,371	\$ 1,332,465	\$ 594,846	\$ 10,788,289
213,926	753,416	486,983	278,289	451,640	156,857	
\$1.8139 <i>per equiv per month</i>	\$5.60 <i>per 1000 gallons</i>	\$5.60 <i>per 1000 gallons</i>	\$3.83 <i>per 1000 gallons</i>	\$2.95 <i>per 1000 gallons</i>	\$3.79 <i>Equivalent connections</i>	

Description of Billing Units
 Percentage of Dollars Allocated
 Allocated Cost
 Divided by: Number of Units
Unit Cost of Service

Billing	Services	Hydrants
No. of bills per year	No. of bills per year	No. of Hydrants
3.0%	1.0%	0.4%
\$ 319,878	\$ 104,214	\$ 40,376
65,744	282,337	999
\$4.8655 <i>per bill</i>	\$0.3691 <i>per equiv</i>	\$40.4166 <i>per Hydrant</i>

(1)

- (1) From Joint Schedule D-1, 'Water Accounts, by Size and Class'
 (2) From Joint Schedule B-6, 'Water Demand History'.
 (3) From Joint Schedule D-2, 'Fire Protection Accounts'.

Newport Water Division
 Cost Of Service Analysis
 Joint Schedule B-3
 Cost Allocation Bases

Cost allocations will ensure that an appropriate amount of labor and materials costs are allocated to service pipes and meters.

Allocation Basis

Average Day Demand Patterns
 Maximum Day Demand Patterns
 Maximum Hour Demand Patterns
 Fire Protection
 Salary Costs
 Administration
 Customer Service
 Non-Administrative Wages & Salaries
 Capital Costs
 Total Non-Admin Costs before Offsets
 Other Costs

Used to allocate the following cost categories	Source Schedule	Base	Max Day	Max Hour	Metering	Billing	Services	Direct Fire Protection	Total % Allocated
<i>Supply, Laboratory</i>	N/A	100%							100%
<i>Treatment</i>	B-1	62%	38%	0%					100%
<i>Pumping, Transmission/Distribution, Storage</i>	B-1	48%	30%	22%					100%
<i>Public/Private Fire Protection Costs</i>	D-2							100%	100%
<i>Administration Salaries, Wages, & Benefits</i>	B-1	62%	19%	4%	7%	6%	1%	0%	100%
<i>Customer Service Salaries, Wages, & Benefits</i>	B-4	0%	0%	0%	56%	44%		0%	100%
<i>Administrative Labor Related</i>	B-1	57%	23%	4%	9%	7%	0%	0%	100%
<i>Certain Legal and Administrative</i>	B-1	63%	25%	6%	2%	1%	2%	1%	0%
<i>Certain Legal and Administrative</i>	B-1	66%	19%	4%	5%	4%	1%	0%	100%
<i>Administration Non-Salary Costs</i>	B-1	62%	19%	4%	7%	6%	1%	0%	100%

Newport Water Division
 Cost Of Service Analysis
 Joint Schedule B-4
 Allocation Analyses

Administration 15-500-2200

Salaries by Staff Position

	FY 2010 Salary
Director of Utilities	\$ 60,298
Administrative Secretary	\$ 32,441
Deputy Director - Finance	\$ 52,865
Deputy Director - Engineering	\$ 55,294
Financial Analyst	\$ 67,594
Salary \$ Allocation Results	\$ 268,492

Resulting % Allocation of Administration Salaries, Wages, & Benefits

Customer Service 15-500-2209

Salaries by Staff Position

Meter Repairman/Reader	\$ 40,934
Meter Repairman/Reader	45,601
Principal Account Clerk	49,491
Meter Repairman/Reader	42,818
Maintenance Mechanic	48,879
SAE - Sr. Maintenance Mechanic	46,822
Water Meter Foreman	51,493
Salary \$ Allocation Results	\$ 326,038

Resulting % Allocation of Customer Service Salaries, Wages, & Benefits

Allocation of Salary Costs							Total Allocated
Base	Max Day	Max Hour	Metering	Billing	Services	Direct Fire Protection	
62%	19%	4%	7%	6%		0%	99%
62%	19%	4%	7%	6%		0%	99%
62%	19%	4%	7%	6%		0%	99%
62%	19%	4%	7%	6%		0%	99%
62%	19%	4%	7%	6%		0%	99%
\$ 165,299	\$ 52,060	\$ 11,646	\$ 19,986	\$ 17,023		\$ 749	\$ 266,763
62%	20%	4%	7%	6%		0%	100%

			50%	50%		100%
			50%	50%		100%
				100%		100%
			100%			100%
			50%	50%		100%
			100%			100%
			50%	50%		100%
			\$ 183,094	\$ 142,945		\$ 326,038
0%	0%	0%	56%	44%		100%

Newport Water Division
 Cost Of Service Analysis
 Joint Schedule B-5
 Capital Functionalization

Functional Break Down of Existing Fixed Assets

		Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	Fire	Meters	Services	Billing	
TRANSMISSION/DISTRIBUTION	\$ 18,817,129					100%					100%
LAWTON VALLEY	\$ 5,351,452			100%							100%
STATION 1	\$ 22,516,441		100%								100%
TREATMENT BOTH	\$ 2,726,208				100%						100%
STORAGE	\$ 1,311,908					100%					100%
SOURCE OF SUPPLY	\$ 16,492,953	100%									100%
METERS/SERVICES	\$ 2,976,622							50%	50%		100%
BILLING	\$ 725,466									100%	100%
FIRE	\$ 510,621						100%				100%
Total	\$ 71,428,801										
LABORATORY	\$ 80,000	100%	0%	0%	0%	0%	0%	0%	0%	0%	100%
LAND AND ROW	\$ 3,594,491	23%	32%	7%	4%	28%	1%	2%	2%	1%	100%
	\$ 3,674,491										

Total Fixed Assets \$ 75,103,292

		Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	Fire	Meters	Services	Billing	Total
TRANSMISSION/DISTRIBUTION	\$ 18,817,129	\$ -	\$ -	\$ -	\$ -	\$ 18,817,129	\$ -	\$ -	\$ -	\$ -	\$ 18,817,129
LAWTON VALLEY	\$ 5,351,452	-	-	5,351,452	-	-	-	-	-	-	5,351,452
STATION 1	\$ 22,516,441	-	22,516,441	-	-	-	-	-	-	-	22,516,441
TREATMENT BOTH	\$ 2,726,208	-	-	-	2,726,208	-	-	-	-	-	2,726,208
STORAGE	\$ 1,311,908	-	-	-	-	1,311,908	-	-	-	-	1,311,908
SOURCE OF SUPPLY	\$ 16,492,953	16,492,953	-	-	-	-	-	-	-	-	16,492,953
METERS/SERVICES	\$ 2,976,622	-	-	-	-	-	-	1,488,311	1,488,311	-	2,976,622
BILLING	\$ 725,466	-	-	-	-	-	-	-	-	725,466	725,466
FIRE	\$ 510,621	-	-	-	-	-	510,621	-	-	-	510,621
Total	\$ 71,428,801	\$ 16,492,953	\$ 22,516,441	\$ 5,351,452	\$ 2,726,208	\$ 20,129,037	\$ 510,621	\$ 1,488,311	\$ 1,488,311	\$ 725,466	\$ 71,428,801
		23%	32%	7%	4%	28%	1%	2%	2%	1%	
LABORATORY	\$ 80,000	80,000	-	-	-	-	-	-	-	-	80,000
LAND AND ROW	\$ 3,594,491	829,970	1,133,088	269,300	137,190	1,012,948	25,696	74,896	74,896	36,507	3,594,491
	\$ 3,674,491	\$ 909,970	\$ 1,133,088	\$ 269,300	\$ 137,190	\$ 1,012,948	\$ 25,696	\$ 74,896	\$ 74,896	\$ 36,507	\$ 3,674,491
		25%	31%	7%	4%	28%	1%	2%	2%	1%	
Total Allocated	\$	\$ 17,402,924	\$ 23,649,529	\$ 5,620,752	\$ 2,863,398	\$ 21,141,985	\$ 536,317	\$ 1,563,207	\$ 1,563,207	\$ 761,973	\$ 75,103,292
		23%	31%	7%	4%	28%	1%	2%	2%	1%	

Newport Water Division
 Cost Of Service Analysis
 Joint Schedule B-5
 Capital Functionalization

Page 2 of 2

Functionalization of Capital Costs

		Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	Fire	Meters	Services	Billing	
Capital Spending Restricted Account	\$ 1,146,918	23%	31%	7%	4%	28%	1%	2%	2%	1%	100%
Debt Service	\$ 2,010,823	23%	31%	7%	4%	28%	1%	2%	2%	1%	100%
	<u>\$ 3,157,741</u>										

		Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	Fire	Meters	Services	Billing	Total
Capital Spending Restricted Account	\$ 1,146,918	\$ 265,764	\$ 361,157	\$ 85,836	\$ 43,728	\$ 322,864	\$ 8,190	\$ 23,872	\$ 23,872	\$ 11,636	\$ 1,146,918
Debt Service	\$ 2,010,823	\$ 465,948	\$ 633,195	\$ 150,491	\$ 76,665	\$ 566,058	\$ 14,359	\$ 41,853	\$ 41,853	\$ 20,401	\$ 2,010,823
	<u>\$ 3,157,741</u>	<u>\$ 731,711</u>	<u>\$ 994,352</u>	<u>\$ 236,326</u>	<u>\$ 120,392</u>	<u>\$ 888,921</u>	<u>\$ 22,550</u>	<u>\$ 65,726</u>	<u>\$ 65,726</u>	<u>\$ 32,037</u>	<u>\$ 3,157,741</u>

^^

Newport Water Division
Cost Of Service Analysis
Joint Schedule B-6
Water Demand History

Docket No. 4128-Settlement Agreement-Exhibit B

	Annual Demand in 1000s Gallons										Baseline	Rate Year
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	3-Year Average	Docket 4025
Annual Demand by Class												
Residential	682,937	698,765	773,872	780,666	736,577	716,037	749,409	734,137	780,264	690,544	734,982	753,416
Commercial	724,094	640,379	580,798	583,184	663,766	573,711	493,539	456,486	505,014	519,521	493,674	486,983
Navy	466,167	450,247	307,051	348,222	511,299	417,869	373,306	278,441	247,728	225,392	250,520	278,289
Portsmouth	438,179	442,582	455,142	451,723	422,944	429,465	463,253	445,232	473,338	444,777	454,449	451,640
Total (in 1000's Gallons)	2,311,377	2,231,973	2,116,863	2,163,795	2,334,586	2,137,082	2,079,508	1,914,297	2,006,344	1,880,234	1,933,625	1,970,329
		-3.4%	-5.2%	2.2%	7.9%	-8.5%	-2.7%	-7.9%	4.8%	-6.3%		

Combined Station #1 and LV WTP <i>Production Volumes in 1,000 gals</i>			Peaking Comparison		
FY 2007	FY 2008	FY 2009	3 Year Average Production Peaks	System Peaks Estimated from Monthly Data	System Diversity Ratio (1)
Annual Production	2,456,363	2,524,784	2,437,440	2,472,862	1.10
Average Day Production	6,730	6,917	6,678	6,775	
Maximum Month Production	256,796	269,819	280,875	269,163	
Maximum Day Production	10,165	10,724	12,100	10,996	
Max Day Date	6/28/2007	8/4/2007	7/18/2008		
Maximum Day Peaking Factor	1.51	1.55	1.81	1.62	1.10
Max-Day to Avg. Day/Max-Month Ratio	1.19	1.23	1.34	1.27	
Maximum Hour	13,800	15,200	13,250	14,083	1.67
Maximum Hour Peaking Factor	2.05	2.20	1.98	2.08	
			Coincident	Noncoincident	
			Excluding Fire Protection		

This system diversity ratio may be higher than it should be.

(1) Calculated according to AWWA M-1 Guidelines

Billed Demand Peaking Analysis: Determination of Customer Class Peaking Factors

Max Day and Max Hour Factors to be
 determined per Settlement Agreement
 in Docket 4128

REMOVED
 A/B
 OPTIONS
 AND

Estimation of Each Customer Class' Peaking Factors

Estimation of Each Customer Class' Peaking Factors							Max Day Peaking			Max Hour Peaking	
Customer Class	Max Month Water Demand (1000's gallons)				Average Daily Demand in Max Month (1,000 gals.)	Average Daily Demand (1,000 gals.)	Monthly to Daily Peaking Multiplier	System Max Day/ Avg. Day Max Month Ratio	Max Day Ratio	Daily to Hourly Peaking Multiplier	Max Hour Ratio
	2007	2008	2009	Typical Max Month (1,000 gals.)							
Residential	79,586	103,115	83,630	88,777	2,959	2,014	1.06	1.27	2.00	1.66	3.32
Commercial	51,545	66,684	61,978	60,069	2,002	1,353	1.15	1.27	2.00	1.66	3.32
Navy	29,771	30,475	24,640	28,295	943	686	1.09	1.27	2.00	1.66	3.32
Portsmouth	51,270	58,023	61,048	56,780	1,893	1,245	1.08	1.27	2.00	1.66	3.32
Fire	(5)										
Estimated Systemwide Peaks							(2)	(3)	2.00		(4)

(1) These monthly peaking ratios was calculated using demand records from only those customers metered on a monthly basis.

(2) Daily Peaking Multipliers developed using data daily data collected during the summer of 2009.

(3) Max Day / Avg. Day Max Month water production ratios are from Joint Schedule B-7, 'Water Production Peaking Analysis'.

(4) Navy and Portsmouth demand peaking behavior is assumed to have both residential and nonresidential characteristics that resemble demand in the rest of the system.

As such, the following assumptions are used to weight residential and nonresidential peaking for Portsmouth and the Navy.

	%	
	% Residential Demand	NonResidential Demand
Navy	50%	50%
Portsmouth	60%	40%

Used in Max Day and Max Hour calculations

Used in Max Hour calculations only.

(5) Fire peaking behavior is estimated using a separate methodology demonstrated in Joint Schedule B-11, Fire Protection Demand Analysis'.

Newport Water Division
Cost Of Service Analysis
Joint Schedule B-9
System Demands Imposed by Each Customer Class' Peaking Behavior

Docket No. 4128-Settlement Agreement-Exhibit B

Rate Year Demand (1,000 gallons)						
Customer Class	Annual Demand	Average Daily Demand	Lost Water Adjustment	Adjusted Average Daily Demand	% Average Demand by Class	% Average Demand Ex PWFD
Residential	753,416	2,064	866	2,930	42.4%	52%
Commercial	486,983	1,334	560	1,894	27.4%	33%
Navy	278,289	762	80	842	12.2%	15%
Portsmouth	451,640	1,237	-	1,237	17.9%	0%
Fire				N/A	N/A	N/A
Total, w Fire Prot.	1,970,329	5,398	22%	6,904	100%	100%

(1)

Production 2,519,802 6,904 21.81%

Customer Class		Max Day Calculations				% of Daily Peaks			Max Hour Calculations			% of Hourly Peaks		
		Max Day	Demand x	Incremental	% of Daily	With Full	Without	Without	Max Hour	Demand x	Incremental	With Full	Without	Without
		Peaking Factor	Peaking Factor (3)	Peak Demand		PWFD & Navy	PWFD & 50% Navy		PWFD	Peaking Factor	Peaking Factor (3)	Peak Demand	PWFD & Navy	
Residential	(2)	2.00	5,860	2,930	35.1%	35.1%	43.8%	41.2%	3.32	9,728	3,868	28.8%	34.4%	32.8%
Commercial		2.00	3,788	1,894	22.7%	22.7%	28.3%	26.7%	3.32	6,288	2,500	18.6%	22.2%	21.2%
Navy		2.00	1,685	842	10.1%	10.1%	6.3%	11.9%	3.32	2,797	1,112	8.3%	4.9%	9.4%
Portsmouth		2.00	2,475	1,237	14.8%	14.8%	0.0%	0.0%	3.32	4,108	1,633	12.2%	0.0%	0.0%
Fire			1,440	1,440	17.3%	17.3%	21.5%	20.3%		5,760	4,320	32.2%	38.4%	36.6%
Total, w Fire Prot.			15,247	8,344	100.0%	100.0%	100.0%	100.0%		28,680	13,433	100.0%	100.0%	100.0%
Total, without Fire Protection			13,807	6,904					22,920	9,113				

(demand is in thousands of gallons)

(1) From Joint Schedule D-4. The lost water adjustment is made to the peaking analysis so that Portsmouth will not share in that portion of certain operating costs.

Navy allocation is reduced to 25%.

(2) From Joint Schedule B-11, Fire Protection Demand Analysis'.

Summary of Peak Load Distributions (by Rate Class and Base/Extra-Capacity Categories)

EACH RATE CLASS' SHARE OF SYSTEM PEAKS

<u>Rate Class</u>	Average Demand	Daily Peaks	Hourly Peaks
Retail			
Residential	42%	35%	29%
Commercial	27%	23%	19%
Navy	12%	10%	8%
Portsmouth	18%	15%	12%
Fire	N/A	17%	32%
	100%	100%	100%

Percentages are from Joint Schedule B-9, 'System Demands Imposed by Each Customer Class' Peaking Behavior '.

BASE/EXTRA-CAPACITY DISTRIBUTION OF SYSTEM PEAKS

	Incremental Demand	% Distribution for Max Day	% Distribution for Max Hour
Base	6,775	61.6%	48.1%
Extra Capacity			
Max Day	4,221	38.4%	30.0%
Max Hour	3,087		21.9%
Fire Protection			
Max Day	-	0.0%	0.0%
Max Hour	-		0.0%
Total%		100.0%	100.0%
Total 1000's Gallons		10,996	14,083

Incremental demand data is from Joint Schedule B-11, Fire Protection Demand Analysis'.
 and from Joint Schedule B-9, 'System Demands Imposed by Each Customer Class' Peaking Behavior '.

FIRE PROTECTION ASSUMPTIONS

Fire Protection Flow (gals per minute)	4,000
Hourly Fire Protection Flow (1000's of gallons)	240
Length of Fire Event (in hours)	6

Newport Water Division
 Cost Of Service Analysis
 Joint Schedule D-1
 Water Accounts, by Size and Class

Connection Size	Meter Factors	COMMERCIAL				RESIDENTIAL				WHOLESALE (Monthly)			
		Meter Read Frequency		Equivalent Meters		Meter Read Frequency		Equivalent Meters		Navy		Portsmouth	
		Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Meters	Equivalents	Meters	Equivalents
5/8	1.0	97	559	97	559	5	10,216	5	10,216	0	0	0	0
3/4	1.1	52	179	57	197	5	2,238	6	2,462	1	1	0	0
1	1.4	157	29	220	41	20	361	28	505	0	0	0	0
1.5	1.8	137	27	247	49	21	146	38	263	0	0	0	0
2	2.9	180	30	522	87	35	69	102	200	0	0	0	0
3	11.0	59	14	649	154	12	16	132	176	0	0	0	0
4	14.0	11	3	154	42	1	1	14	14	0	0	1	14
5	18.0	2	0	36	0	0	0	0	0	0	0	0	0
6	21.0	12	0	252	0	0	1	0	21	8	168	0	0
8	29.0	0	0	0	0	1	1	29	29	0	0	0	0
10	43.5	0	0	0	0	0	0	0	0	1	44	0	0
Total	14,708	707	841	2,234	1,128	100	13,049	353	13,886	10	213	1	14

	Equivalent Billing Units	
Billed Monthly	818	9,816
Billed Quarterly	13,890	55,560
Billed Annually	368	368
Total	65,744	

	Equivalent Meter Units	
Billed Monthly	2,813	33,756
Billed Quarterly	15,014	180,170
Billed Annually	N/A	N/A
Total	213,926	

Newport Water Division
Cost Of Service Analysis
Joint Schedule D-2
Fire Protection Accounts

		Docket 4025			
	Connection Size	Existing Differential	Number of Connections	Equivalent Connections (2)	
Public Hydrants	Newport	6	111.31	583	64,894
	Middletown	6	111.31	408	45,415
	Portsmouth	6	111.31	8	890
	Subtotal: Public Hydrants			999	111,200
					% of Equivalent Connections
					71%
Private Fire Connections					
	2	6.19	1	6	% of Equivalent Connections
	4	38.32	57	2,184	
	6	111.31	246	27,382	
	8	237.21	62	14,707	
	10	426.58	0	-	
	12	689.04	2	1,378	
Subtotal: Private Fire Connections			368	45,658	
Total Fire Connections			1,367	156,857	29% 100%

(1) Demand factors are based on the principles of the Hazen-Williams equation for flow through pressure conduits.
For more information, see the AWWA M1 rate manual chapter on fire protection charges.

(2) Equivalent connections are arrived at by multiplying the number of connections by the demand factor.

General Water Service

Connection Size	Service Cost	No. of Services	Equivalent Connections	
5/8	1.000	10,877	10,877	
3/4	1.000	2,475	2,475	
1	1.860	567	1,055	
1.5	4.630	331	1,533	
2	6.150	314	1,931	
3	11.060	101	1,117	
4	11.060	17	188	
5	11.060	2	22	
6	11.060	21	232	
8	11.060	2	22	% of Equiv Connections
10	11.060	1	11	
Subtotal General Service		14,708	19,463	83%

Private Fire Connections

2	6.150	1	6	
4	11.060	57	630	
6	11.060	246	2,721	
8	11.060	62	686	
10	11.060	0	-	
12	11.060	2	22	% of Equiv Connections
Subtotal: Private Fire Connections		368	4,065	

Annualized

Total Retail & Private Fire Connections

	12	
15,076	282,337	100%

Newport Water Division
 Cost Of Service Analysis
 Joint Schedule D-3
 Production Summary

		Station #1			Lawton Valley			Combined	
		In Gallons	in 1000's		In Gallons	in 1000's		In Gallons	in 1000's
<u>FY 07 JULY 2006 - JUNE 2007</u>	Max. Month June	1,176,356,210	1,176,356	August	1,280,006,852	1,280,007	August	2,456,363,062	2,456,363
		116,724,700	116,725		140,288,300	140,288		256,795,580	256,796
<u>FY 08 JULY 2007 - JUNE 2008</u>	Max. Month August	1,268,356,660	1,268,357	July	1,256,427,700	1,256,428	July	2,524,784,360	2,524,784
		141,803,530	141,804		144,557,900	144,558		269,819,450	269,819
<u>FY 09 JULY 2008 - JUNE 2009</u>	Max. Month March	1,152,697,400	1,152,697	July	1,284,742,500	1,284,743	July	2,437,439,900	2,437,440
		110,288,000	110,288		177,163,200	177,163		280,874,500	280,875

MAX DAY PRODUCTION AVAILABLE FOR SALE

	Station #1			Lawton Valley			Combined		
	Date	In Gallons	in 1000's	Date	In Gallons	in 1000's	Date	In Gallons	in 1000's
<u>FY 07 JULY 2006 - JUNE 2007</u>	8/2/2006	5,114,940	5,115	8/14/2006	5,958,100	5,958	6/28/2007	10,165,100	10,165
		includes booster to LV at 1,256,000 Gallons							
<u>FY 08 JULY 2007 - JUNE 2008</u>	8/25/2007	6,179,670	6,180	6/10/2008	6,805,400	6,805	8/4/2007	10,723,620	10,724
		includes booster to LV at 2,251,000 Gallons							
<u>FY 09 JULY 2008 - JUNE 2009</u>	7/20/2008	4,341,000	4,341	7/18/2008	7,845,700	7,846	7/18/2008	12,100,100	12,100
		includes booster to LV at 324,000 Gallons							

PEAK HOURLY FLOW

	Date	Station #1		Date	Lawton Valley	
<u>FY 07 JULY 2006 - JUNE 2007</u>	7/6/2006	5.8	MGD	7/1/2006	8.0	MGD
<u>FY 08 JULY 2007 - JUNE 2008</u>	8/26/2007	7.2	MGD	6/18/2008	8.0	MGD
<u>FY 09 JULY 2008 - JUNE 2009</u>	7/18/2008	5.25	MGD	7/18/2008	8.0	MGD

Newport Water Division
 Cost Of Service Analysis
 Joint Schedule D-4
 Demand Summary

	FY 2006	FY 2007	FY 2008	FY 2009
Fiscal Year Annual Demand				
Residential	718,022	734,137	780,264	690,544
Commercial (includes governmental)	505,804	456,486	505,014	519,521
Navy	373,306	278,441	247,728	225,392
Portsmouth	453,618	445,232	473,338	444,777
Total 1000's Gallons	2,050,751	1,914,297	2,006,344	1,880,234
		-6.7%	4.8%	-6.3%

Max Month Demand	(1000's of gallons)	FY 2007	FY 2008	FY 2009
Residential		79,586	103,115	83,630
Commercial		51,545	66,684	61,978
Navy		29,771	30,475	24,640
Portsmouth		51,270	58,023	61,048
NonCoincident Max Month		212,172	258,296	231,296
Coincident Max Month		196,132	221,941	201,008
Production Volume, Max Month		256,796	269,819	280,875

Unaccounted for Water Analysis

	FY 2007	FY 2008	FY 2009	Average
Billed Consumption (1,000 gals.)	1,914,297	2,006,344	1,880,234	1,933,625
Total Water Produced (1,000 gals.)	2,456,363	2,524,784	2,437,440	2,472,862
Unaccounted for Water (1,000 gals.)	542,066	518,440	557,206	539,237
Percent Unaccounted for Water	22.07%	20.53%	22.86%	21.81%

Newport Water Division
 Cost Of Service Analysis
 Joint Schedule D-5
 Development of Pumping Costs

Pumping Labor and Benefits

Station One		Lawton Valley	
Labor hours per day pump	0.5000	Labor hours per day pump	0.1667
Days per year	365	Days per year	365
Total Hours	182.5000	Total Hours	60.8455
Average per hour pay	\$21.78	Average per hour pay	\$22.10
Average per hour benefits	\$4.69	Average per hour benefits	\$4.82
Pumping Salaries	\$3,974.85	Pumping Salaries	\$1,344.69
Pumping Benefits	\$855.01	Pumping Benefits	\$293.15

Pumping Repairs and Supplies

Station One		Lawton Valley	
50275 Repair & Maintenance - Equipment		Repair & Maintenance - Equipment	
None	\$0.00	Vendor	amount
Total Repair & Maintenance Pumping	\$0.00	Bristol County Machine	\$125.00
		Broadway Electric	\$160.00
		Bristol County Machine	\$128.00
50311 Operating Supplies		Broadway Electric	\$85.10
Vendor	amount	Bristol County Machine	\$60.00
National Electric Testing	\$300.00	Ralco Electric	\$306.00
		Delta Electric Motor	\$496.00
Total - Operating Supplies - Pumping	\$300.00	Industrial Pump Sales & Service	\$5,521.56
		Industrial Pump Sales & Service	\$1,152.00
		Total Repair & Maintenance Pumping	\$8,033.66
		Operating Supplies	
		Vendor	amount
		National Electric Testing	\$300.00
		Ralco Electric	\$499.00
		Total Operating Supplies Pumping	\$799.00

Pumping Electricity

Station One		Lawton Valley	
Annual Pumping Power	\$7,193	Annual Pumping Power	\$21,712

Total Pumping Costs

Station One		Lawton Valley	
Pumping Salaries	\$3,975	Pumping Salaries	\$1,345
Pumping Benefits	\$855	Pumping Benefits	\$293
Total Repair & Maintenance Pumping	\$0	Total Repair & Maintenance Pumping	\$8,034
Total - Operating Supplies - Pumping	\$300	Total Operating Supplies Pumping	\$306
Annual Pumping Power	\$7,193	Annual Pumping Power	\$21,712
Total Annual Pumping Costs	\$12,323	Total Annual Pumping Costs	\$31,689