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July 20, 2010

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

RE: PAWTUCKET WATER SUPPLY BOARD-APPLICATION
TO CHANGE RATES
Docket No. 4171

Dear Ms. Massaro,

Enclosed for filing with the Commission, is an original and nine (9) copies of the Direct Testimony of Thomas S. Catlin on behalf of the Division of Public Utilities and Carriers ("Division") in the above matter.

Very truly yours,

Jon G. Hagopian

Special Assistant Attorney General

JGH/dmm

Encl.
Service list

**BEFORE THE
PUBLIC UTILITIES COMMISSION
OF RHODE ISLAND**

**PAWTUCKET WATER) DOCKET NO. 4171
SUPPLY BOARD)**

DIRECT TESTIMONY

OF

THOMAS S. CATLIN

ON BEHALF OF THE

DIVISION OF PUBLIC UTILITIES AND CARRIERS

JULY 2010

EXETER

ASSOCIATES, INC.
10480 Little Patuxent Parkway
Suite 300
Columbia, Maryland 21044

1 construction projects. I also served as project engineer for two utility valuation
2 studies.

3 From June 1977 until September 1981, I was employed by Camp Dresser &
4 McKee, Inc. (CDM). Prior to transferring to the Management Consulting Division of
5 CDM in April 1978, I was involved in both project administration and design. My
6 project administration responsibilities included budget preparation as well as labor and
7 cost monitoring and forecasting. As a member of CDM's Management Consulting
8 Division, I performed cost of service, rate, and financial studies involving
9 approximately 15 municipal and private water, wastewater and storm drainage
10 utilities. These projects included: determining total costs of service; developing
11 capital asset and depreciation bases; preparing cost allocation studies; evaluating
12 alternative rate structures and designing rates; preparing bill analyses; developing cost
13 and revenue projections; and preparing rate filings and expert testimony.

14 In September 1981, I accepted a position as a utility rates analyst with Exeter
15 Associates, Inc. I became a principal and vice-president of the firm in 1984. Since
16 joining Exeter, I have continued to be involved in the analysis of the operations of
17 public utilities, with particular emphasis on utility rate regulation. I have been
18 extensively involved in the review and analysis of utility rate filings, as well as other
19 types of proceedings before state and federal regulatory authorities. My work in utility
20 rate filings has focused on revenue requirements issues, but has also addressed service
21 cost and rate design matters. I have also been involved in analyzing affiliate relations,
22 alternative regulatory mechanisms, and regulatory restructuring issues. This
23 experience has involved electric, natural gas transmission and distribution, and
24 telephone utilities, as well as water and wastewater companies.

1 Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY
2 PROCEEDINGS ON UTILITY RATES?

3 A. Yes. I have previously presented testimony on more than 250 occasions before the
4 Federal Energy Regulatory Commission and the public utility commissions of
5 Arizona, California, Colorado, Delaware, the District of Columbia, Florida, Idaho,
6 Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Montana, Nevada, New
7 Jersey, Ohio, Oklahoma, Pennsylvania, Utah, Virginia and West Virginia, as well as
8 before this Commission. I have also filed rate case evidence by affidavit with the
9 Connecticut Department of Public Utility Control. .

10 Q. ARE YOU A MEMBER OF ANY PROFESSIONAL SOCIETIES?

11 A. Yes. I am a member of the American Water Works Association (AWWA) and the
12 Chesapeake Section of the AWWA. I serve on the AWWA's Rates and Charges
13 Committee.

14 Q. ON WHOSE BEHALF ARE YOU APPEARING?

15 A. I am presenting testimony on behalf of the Division of Public Utilities and Carriers
16 (the Division).

17 Q. HAVE YOU PREVIOUSLY TESTIFIED ON WATER UTILITY ISSUES
18 BEFORE THIS COMMISSION?

19 A. Yes, I have been asked by the Division to address water utility issues on numerous
20 occasions. I testified on revenue requirement, cost of service and/or rate design issues
21 in Newport Water Division, Docket Nos. 2029, 2985, 3457, 3578, 3675, 3818, and
22 4025; Providence Water Supply Board, Docket Nos. 2022, 2048, 2304, 2961, 3163,
23 3446, 3832 and 4061; Kent County Water Authority, Docket Nos. 2098 and 3942;
24 Woonsocket Water Department, Docket Nos. 2099 and 2904; United Water Rhode

1 Island, Inc., (formerly Wakefield Water Company), Docket Nos. 2006 and 2873; and
2 Pawtucket Water Supply Board, Docket Nos. 3193, 3378, 3497 and 3674.

3 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

4 A. Exeter Associates was retained by the Division to assist it in the evaluation of the class
5 cost of service study and rate design proposals incorporated in the filing of the
6 Pawtucket Water Supply Board (PWSB). This testimony presents my findings and
7 recommendations with regard to cost allocation and the design of rates.

8 Q. HAVE YOU PREPARED AN EXHIBIT TO ACCOMPANY YOUR
9 TESTIMONY?

10 A. Yes. I have prepared Exhibit TSC-1. This exhibit presents the cost of service study
11 which I have prepared on behalf of the Division. I would note that this study is based
12 on PWSB's filed revenue requirement. At the surrebuttal stage of the case, I will
13 provide a cost of service study and rate design recommendations based on the
14 Division's recommended overall revenue requirement.

15
16 **Summary of Findings and Recommendations**

17 Q. HAVE YOU REVIEWED THE COST OF SERVICE STUDY SUBMITTED
18 BY PWSB IN THIS PROCEEDING?

19 A. Yes. I have reviewed the cost of service study which was presented by
20 Mr. Christopher Woodcock in his testimony on behalf of PWSB. In addition, I have
21 also reviewed the responses to the discovery requests submitted by the Division and
22 the Commission to PWSB.

23 Q. PLEASE SUMMARIZE YOUR FINDINGS WITH REGARD TO THE COST
24 ALLOCATION STUDY SUBMITTED BY PWSB.

1 A. Cost allocation issues have been addressed in detail in Docket Nos. 3193, 3378, 3674
2 and, most recently, 3945 and the cost study presented by Mr. Woodcock is generally
3 consistent with the cost study findings in those dockets. In my review of the study
4 presented here, I have identified several corrections and modifications which I believe
5 should be made to that study. These include:

- 6 • Correcting the maximum hour extra capacity allocation factor to state the
7 peak demand for fire service on a hundred cubic feet (HCF) per day basis
8 to be consistent with the basis on which the demands for all other customer
9 classes are stated.
- 10 • Adjusting the allocator utilized to allocate meter and service line
11 investment to allocate all meter and service investment to the Metering cost
12 function rather than partially to the Metering cost function and partially to
13 the Billing cost function.
- 14 • Revising the number of bills included in the units of service to reflect
15 PWSB's proposal that private fire service customers will be billed monthly
16 instead of annually if monthly billing is approved in this docket. (PWSB's
17 cost of service study already reflects the proposed change to monthly
18 billing for all general water service customers.)
- 19 • Partially restoring the use of the P-M allocator used in Docket No. 3945 to
20 assign a portion of Metering and Billing costs to the commodity charge to
21 mitigate the increase in service charges.

22 Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS
23 WITH REGARD TO RATE DESIGN.

1 A. PWSB's rate design proposals are also presented by Mr. Woodcock. Mr. Woodcock
2 has generally proposed to adjust existing rates to reflect costs, with one significant
3 exception. That is, PWSB has proposed to limit the increase in public fire service
4 rates to five percent and to recover the cost recovery shortfall (the difference in public
5 fire service revenues compared to costs) through the monthly service charges for all
6 water service customers. I am proposing that public fire service charges be increased
7 by 20 percent and that the resulting cost recovery shortfall be recovered through retail
8 commodity charges.

9 As noted above, PWSB has proposed to begin billing all customers on a
10 monthly basis. Currently, virtually all (22,855 out of 22,952) customers are billed on a
11 quarterly basis. Under PWSB filed proposal, the service charges paid annually by
12 typical residential customers with 5/8-inch meters will increase from \$74.88 to
13 \$140.88, an increase of \$66.00 or 88 percent. Those same customers would also see
14 their overall bill increase from \$406.94 to \$522.19, an increase of \$115.25 or 28.32
15 percent. I am proposing to moderate the increase in service charges by incorporating
16 the P-M allocator used in the last docket with a 50% weighting with the P allocator
17 and recovering the public fire service cost recovery shortfall through the retail
18 commodity charges.¹

19 Q. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?

20 A. The remainder of my testimony is organized into sections corresponding to the issue or
21 topic being addressed. These sections are set forth in the table of contents for this
22 testimony.

¹ The P-M allocator was used to move capital costs assigned to the Metering and Billing cost functions to the Base cost function for recovery through commodity rates.

1 Maximum Hour Allocation Factor

2 Q. PLEASE EXPLAIN THE CORRECTION YOU HAVE MADE TO THE
3 MAXIMUM HOUR EXTRA CAPACITY ALLOCATION FACTOR.

4 A. In developing the maximum hour extra capacity factor utilized to allocate peak hour
5 related costs to customer classes, the demand for fire service was stated as the rate of
6 flow in HCF for a single hour while the demand for all other classes was stated as the
7 rate of flow in HCF for 24 hours. To be consistent, I have restated the fire service
8 demand based on the rate of flow for 24 hours.

9 Q. WHAT IS THE EFFECT OF THIS CHANGE ON THE COST OF SERVICE
10 STUDY?

11 A. Correcting the peak hour demand for fire service has the effect of significantly
12 increasing the maximum hour extra capacity costs allocated to fire service and
13 reducing the portion of those costs allocated to metered water service. To the extent
14 that public fire service rates are set below cost, this has the effect of increasing the cost
15 recovery shortfall or subsidy that must be provided by general water service
16 customers.

Q. HAVE YOU QUANTIFIED THE EFFECT OF THE CHANGE IN PUBLIC
FIRE SERVICE COSTS THAT RESULTS FROM CORRECTING THE
PEAK HOUR FIRE SERVICE DEMAND?

17 A. Yes. Correcting the peak hour demand for fire service increases public fire service
18 costs by over \$239,000, from \$929,085 as identified in PWSB's study to \$1,168,192.
19 (The other changes in the cost study that I discuss subsequently result in an additional
20 \$1,139 increase in public fire service costs.)

1 Service and Meter Investment Allocator

2 Q. WHAT CHANGE ARE YOU PROPOSING TO MAKE TO THE
3 ALLOCATOR UTILIZED TO ALLOCATE SERVICE AND METER
4 INVESTMENT?

5 A. In PWSB's cost of service study, meter and service line investment has been allocated
6 to cost functions using factor M. This results in a portion of meter and service
7 investment being allocated to the Metering cost function and a portion being allocated
8 to the Billing cost function. Costs assigned to the Metering function are allocated to
9 and recovered from customers based on the number of meter equivalents (which is a
10 measure of relative meter and service investment by meter size) while costs assigned
11 to the Billing function are allocated and recovered based on the number of bills.
12 Capital costs related to meters and services should be recovered from customers based
13 on the amount of investment in meters and services required to service those
14 customers, not on the number of bills, which is the same regardless of meter size.
15 Accordingly, I have modified the allocator used for meter and service line investment
16 to utilize factor S rather than factor M. This results in all meter and service line
17 investment being assigned to the Metering function so that none of the associated
18 capital costs are allocated to and recovered from customers on the basis of the number
19 of bills.

20 Number of Bills

21 Q. WHAT CHANGE IN BILLING FREQUENCY HAS PWSB PROPOSED IN
22 IMPLEMENT IN THIS PROCEEDING?

23 A. PWSB has proposed to begin billing all water service customers and all private fire
24 service customers on a monthly basis. Currently, virtually all water service customers
25 are billed quarterly and virtually all private fire service customers are billed annually.

1 Q. HAS PWSB RECOGNIZED THE INCREASE IN THE NUMBER OF BILLS
2 THAT WILL RESULT FROM THESE CHANGES IN BILLING
3 FREQUENCY IN ITS COST OF SERVICE STUDY?

4 A. Not fully. PWSB has included 12 bills per year for all water service customers in
5 developing the units of service used to allocate Billing function costs to customer
6 classes and determine the costs per bill. However, PWSB's cost of service study only
7 reflects one bill per year for all private fire service customers.

8 Q. WHAT REVISION ARE YOU PROPOSING TO MAKE TO THE COST OF
9 SERVICE STUDY RELATED TO THE NUMBER OF BILLS?

10 A. I am proposing to revise the number of bills to reflect 12 bills per year for private fire
11 service customers, consistent with the proposed change to monthly billing for those
12 customers. This change is necessary to properly allocate and recover costs assigned to
13 the Billing function from both water and private fire service customers.

14

15 **Allocation of Metering Function Costs**

16 Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO THE ALLOCATION OF
17 METERING FUNCTION COSTS.

18 A. In its filing, PWSB has proposed significant increases in the service charges billed to
19 general water service customers. These increases are primarily due to two factors.
20 First, Mr. Woodcock has eliminated the use of the P-M allocator that was adopted in
21 Docket No. 3945 to reassign the capital costs allocated to the Meter and Billing
22 function capital costs to the commodity charge in order to moderate the increase in the
23 service charge in that docket. Second, PWSB is proposing to limit the increase in
24 public fire service (hydrant) charges to five percent and to recover the revenue
25 shortfall through the monthly service charges paid by general water service customers.

1 As the result, the increases in PWSB's monthly service charges range from 24 percent
2 for a 5/8-inch meter to 77.8 percent for an 8-inch meter. For small customers, these
3 increases are further exacerbated by the transition from quarterly billing to monthly
4 billing. For example, residential customers with 5/8-inch meters would see their
5 customer charges increase from \$74.88 per year under their existing quarterly billing
6 to \$140.88 per year under the proposed monthly billing. This represents an increase of
7 \$66.00 or 88 percent.

8 In order to moderate the increases in customer charges, I am proposing to
9 modify PWSB's cost of service study to partially restore the P-M allocator that was
10 used in Docket No. 3945. However, rather than reassigning all Metering and Billing
11 function capital costs to the Base function for recovery through commodity charges, as
12 was done in Docket No. 3945, I am proposing to reassign only 50 percent of the
13 capital costs allocated to the Metering and Billing functions to the Base function for
14 recovery through commodity rates.

15
16 **Rate Design**

17 Q. PLEASE SUMMARIZE YOUR RATE DESIGN RECOMMENDATIONS.

18 A. Consistent with the recommendation made by Mr. Woodcock on behalf of PWSB,
19 I am generally proposing to adjust rates to reflect the results of the cost of service
20 study. The one exception is I am proposing to limit the increase in public fire service
21 rates to 20 percent instead of the five percent increase recommended by
22 Mr. Woodcock.

1 Q. PLEASE EXPLAIN WHY YOU ARE PROPOSING TO INCREASE PUBLIC
2 FIRE SERVICE RAES BY 20 PERCENT INSTEAD OF LIMITING THE
3 INCREASE TO FIVE PERCENT AS PROPOSED BY PWSB.

4 A. Mr. Woodcock indicates that PWSB has proposed limiting the increase in public fire
5 service (hydrant) charges to five percent because of the concern caused by proposed
6 legislation that, if passed, would have allowed cities to opt out of paying hydrant
7 charges. Mr. Woodcock stated that PWSB was concerned that if the increase in
8 hydrant charges was too large, it would provide an incentive for the City of Pawtucket
9 to take advantage of the ability to opt out.

10 I am proposing to increase public fire service charges by 20 percent for several
11 reasons. First, the concern about the City of Pawtucket opting out of paying fire
12 service charges is no longer an immediate concern because the proposed legislation
13 that would have allowed the City to do so was not passed. Second, fire service costs in
14 PWSB's study were significantly understated due to the error in the peak hour demand
15 used in allocating maximum hour extra capacity costs. Even with a 20 percent
16 increase, the cost recovery shortfall based on PWSB's claimed revenue requirements
17 will be \$393,016 compared to the shortfall of \$249,897 indicated by PWSB's filed
18 cost of service study. Finally, even with a 20% increase, the resulting hydrant charges
19 of \$404.70 per year will remain significantly below the hydrant charge of \$629.93 per
20 year in effect prior to Docket No. 3945.

21 Q. HAVE YOU PREPARED SCHEDULES WHICH COMPARE THE
22 CURRENT AND PROPOSED RATES?

23 A. Yes. Schedules TSC-9 through TSC-11 of Exhibit TSC-1 provide comparisons of
24 current and proposed rates based on PWSB's filed revenue requirement. Schedule 9
25 provides a comparison of current and cost based rates. Schedule 9 provides the

1 corresponding comparison of typical bills. As noted previously, the most small and
2 medium water service customers are currently billed quarterly and will be billed
3 monthly under PWSB's proposal. Therefore, in preparing the comparison of the
4 typical bills for small and medium customers, I have calculated the average monthly
5 bill under existing rates for those customers by dividing their current quarterly bills by
6 three in order to show the true increases those customers now billed quarterly will
7 experience. Schedule 11 provides a proof of revenue.

8 Q. PLEASE EXPLAIN WHAT IS SHOWN ON SCHEDULE 12.

9 A. Schedule 12 of Exhibit TSC-1 provides a comparison of test year revenues and costs
10 with rate year revenue and costs similar to CW Schedule 11.0 accompanying
11 Mr. Woodcock's testimony. However, in preparing my Schedule 12, I have shown
12 revenues at present rates based on the existing billing frequency for all customers.
13 Mr. Woodcock's CW Schedule 11.0 shows revenues at present rates assuming all
14 water service customers are billed monthly. As shown on Schedule TSC-12, even
15 with recovery of the public fire cost recovery shortfall through commodity charges as
16 I have proposed, the amount of revenues generated from fixed charges still reflects a
17 significant increase. As indicated there, based on PWSB's claimed revenue
18 requirement, over \$1.5 million of the requested increase in revenues of \$3.3 million,
19 including the revenue effect of increased billing frequency, would be recovered from
20 fixed charges under my cost allocation and rate design recommendations.

21 Q. WHAT IS YOUR RECOMMENDATION WITH REGARD TO ADJUSTING
22 RATES TO RECOVER ANY STEP TWO RATE INCREASE APPROVED
23 IN THIS PROCEEDING?

24 A. PWSB has requested a second step rate increase of \$900,053 or 4.5 percent to take
25 place on January 1, 2012 and has proposed to increase all rates by a uniform

1 percentage to recover the additional revenue. Division witness Andrea Crane is
2 recommending that the step two increase be limited to \$584,295, which is an increase
3 of approximately 3.12 percent compared to her rate year revenue requirement
4 recommendation on behalf of the Division. Consistent with Mr. Woodcock's rate
5 design proposal, I would also recommend that any step two increase approved by the
6 Commission be recovered by increasing all water and fire service rates by a uniform
7 percentage. Schedule 13 of Exhibit TSC-1 shows these calculations based on PWSB's
8 claimed step two increase. I will provide similar calculations to reflect the Division's
9 recommended revenue requirements with my surrebuttal testimony.

10 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

11 A. Yes, it does.

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**BEFORE THE
PUBLIC UTILITIES COMMISSION
OF RHODE ISLAND**

**PAWTUCKET WATER)
SUPPLY BOARD)** **DOCKET NO. 3674**

**EXHIBIT ACCOMPANYING THE
DIRECT TESTIMONY
OF
THOMAS S. CATLIN**

**ON BEHALF OF THE
DIVISION OF PUBLIC UTILITIES AND CARRIERS**

JULY 2010

EXETER

ASSOCIATES, INC.
10480 Little Patuxent Parkway
Suite 300
Columbia, Maryland 21044

ALLOCATION OF RATE YEAR EXPENSES TO COST FUNCTIONS

<u>EXPENSE ITEM</u>	<u>Pro Forma Expense</u>	<u>Allocation Symbol (f)</u>	<u>Base</u>	<u>Max Day</u>	<u>Peak Hour</u>	<u>Metering</u>	<u>Billing</u>	<u>Direct Fire</u>
ADMINISTRATION								
Salaries & Wages - (601)	\$692,241	L-M	\$625,298	\$25,115	\$9,511	\$0	\$0	\$32,315
Salaries & Wages - Payroll Taxes	\$9,844	L-M	\$8,892	\$357	\$135	\$0	\$0	\$460
Employee Pensions & Benefits (604)	\$239,672	L-M	\$216,495	\$8,696	\$3,293	\$0	\$0	\$11,188
Workers Comp	\$8,768	L-M	\$7,920	\$318	\$120	\$0	\$0	\$409
Materials and Supplies (Account 620)	\$38,176	E-M	\$31,037	\$5,864	\$286	\$0	\$0	\$989
Contractual Services - Legal (Account 633)	\$82,389	E-M	\$66,983	\$12,654	\$618	\$0	\$0	\$2,134
Contractual Services - Mgt. Fees (634) City Chg	\$209,763	E-M	\$170,537	\$32,218	\$1,573	\$0	\$0	\$5,434
Contractual Services - Other (Account 635)	\$8,789	E-M	\$7,145	\$1,350	\$66	\$0	\$0	\$228
Rental of Equipment (Account 642)	\$7,579	E-M	\$6,162	\$1,164	\$57	\$0	\$0	\$196
Transportation Expenses (Account 650)	\$16,745	E-M	\$13,614	\$2,572	\$126	\$0	\$0	\$434
Insurance - General Liability (Account 657)	\$205,086	E-M	\$166,736	\$31,500	\$1,538	\$0	\$0	\$5,313
Insurance - Worker's Compensation (658)	\$15,524	L-M	\$14,023	\$563	\$213	\$0	\$0	\$725
Insurance - Other (Account 659)	\$15,673	E-M	\$12,742	\$2,407	\$118	\$0	\$0	\$406
Regulatory Com Expense - Other (667)	\$55,526	E-M	\$45,143	\$8,528	\$416	\$0	\$0	\$1,439
Reg Com Exp - Amort of Rate Case Exp (666)	\$100,000	E-M	\$81,300	\$15,359	\$750	\$0	\$0	\$2,591
Miscellaneous Expense (Account 675)	\$40,743	E-M	\$33,124	\$6,258	\$305	\$0	\$0	\$1,056
Other -pba fees	\$0	E-M	\$0	\$0	\$0	\$0	\$0	\$0
Education Training	\$5,188	E-M	\$4,218	\$797	\$39	\$0	\$0	\$134
Maint of Misc Plant	\$32,127	E-M	\$26,119	\$4,934	\$241	\$0	\$0	\$832
Purchased Power	\$51,587	E-M	\$41,940	\$7,923	\$387	\$0	\$0	\$1,336
Other Utilities	\$50,491	E-M	\$41,050	\$7,755	\$379	\$0	\$0	\$1,308
Printing	\$9,718	E-M	\$7,901	\$1,493	\$73	\$0	\$0	\$252
Postage	\$7,749	E-M	\$6,300	\$1,190	\$58	\$0	\$0	\$201
Subtotal - Admin	\$1,903,378		\$1,634,679	\$179,017	\$20,301	\$0	\$0	\$69,381
CUSTOMER ACCOUNTS								
Salary & Wages - Cust Ser	\$196,820	B	\$0	\$0	\$0	\$0	\$196,820	\$0
Salary & Wages - Meter	\$380,771	M	\$0	\$0	\$0	\$261,780	\$118,991	\$0
Salary & Wages Payroll Tx(CS)	\$2,789	B	\$0	\$0	\$0	\$0	\$2,789	\$0
Salary & Wages Payroll Tx (Meters)	\$5,358	M	\$0	\$0	\$0	\$3,684	\$1,674	\$0
Empl Pensions & Benefits (Cust Ser)	\$77,609	B	\$0	\$0	\$0	\$0	\$77,609	\$0
Empl Pensions & Benefits (Meters)	\$166,132	M	\$0	\$0	\$0	\$114,216	\$51,916	\$0
Mats & Supp (Cust Serv)	\$2,601	B	\$0	\$0	\$0	\$0	\$2,601	\$0
Mats & Supp (Meters)	\$7,432	M	\$0	\$0	\$0	\$5,110	\$2,323	\$0
Contractual Services - Other - [Cust. Svc.] (Account 642)	\$16,245	B	\$0	\$0	\$0	\$0	\$16,245	\$0
Rental of Equipment (Account 642)	\$530	B	\$0	\$0	\$0	\$0	\$530	\$0
Workers Comp - Cust Serv	\$903	B	\$0	\$0	\$0	\$0	\$903	\$0
Workers Comp - Meters	\$21,658	B	\$0	\$0	\$0	\$0	\$21,658	\$0
Transportation Expenses - [Cust svc.] (Account 65)	\$4,049	B	\$0	\$0	\$0	\$0	\$4,049	\$0
Transportation Expenses - [Meter] (Account 650)	\$9,574	M	\$0	\$0	\$0	\$6,582	\$2,992	\$0
Bad Debt Expense (Account 670)	\$7,321	B	\$0	\$0	\$0	\$0	\$7,321	\$0
Miscellaneous Expense - [Cust. Svc.] (Account 675)	\$325	B	\$0	\$0	\$0	\$0	\$325	\$0
Miscellaneous Expense - [Meter] (Account 675)	\$682	M	\$0	\$0	\$0	\$469	\$213	\$0
Education Training - [Cust. Svc.]	\$2,157	B	\$0	\$0	\$0	\$0	\$2,157	\$0
Education Training - [Meter]	\$627	M	\$0	\$0	\$0	\$431	\$196	\$0
Repairs & Maintenance - general	\$95	B	\$0	\$0	\$0	\$0	\$95	\$0
Repairs & Maintenance - meters	\$0	M	\$0	\$0	\$0	\$0	\$0	\$0
Other Utilities - [Cust. Svc.]	\$2,636	B	\$0	\$0	\$0	\$0	\$2,636	\$0
Other Utilities - [Meter]	\$4,775	M	\$0	\$0	\$0	\$3,283	\$1,492	\$0
Printing - [Cust. Svc.]	\$63,423	B	\$0	\$0	\$0	\$0	\$63,423	\$0
Printing - [Meter]	\$0	M	\$0	\$0	\$0	\$0	\$0	\$0
Postage-[Cust. Svc.]	\$100,779	B	\$0	\$0	\$0	\$0	\$100,779	\$0
Subtotal - Customer Accts	\$1,075,289		\$0	\$0	\$0	\$395,554	\$679,735	\$0

ALLOCATION OF RATE YEAR EXPENSES TO COST FUNCTIONS

<u>EXPENSE ITEM</u>	<u>Pro Forma Expense</u>	<u>Allocation Symbol (t)</u>	<u>Base</u>	<u>Max Day</u>	<u>Peak Hour</u>	<u>Merering</u>	<u>Billing</u>	<u>Direct Fire</u>
SOURCE OF SUPPLY								
Salaries & Wages - (601)	\$113,904	A	\$113,904	\$0	\$0	\$0	\$0	\$0
Salaries & Wages - Payroll Taxes	\$1,608	A	\$1,608	\$0	\$0	\$0	\$0	\$0
Employee Pensions & Benefits (604)	\$50,116	A	\$50,116	\$0	\$0	\$0	\$0	\$0
Workers Comp	\$8,767	A	\$8,767	\$0	\$0	\$0	\$0	\$0
Purchased Power (Account 615)	\$24,761	A	\$24,761	\$0	\$0	\$0	\$0	\$0
Materials and Supplies (Account 620)	\$2,475	A	\$2,475	\$0	\$0	\$0	\$0	\$0
Transportation Expenses (Account 650)	\$4,211	A	\$4,211	\$0	\$0	\$0	\$0	\$0
Miscellaneous Expense (Account 675)	\$751	A	\$751	\$0	\$0	\$0	\$0	\$0
Security Service	\$85,928	A	\$85,928	\$0	\$0	\$0	\$0	\$0
Education Training	\$544	A	\$544	\$0	\$0	\$0	\$0	\$0
Maint of Misc Plant	\$77,664	A	\$77,664	\$0	\$0	\$0	\$0	\$0
Other Utilities	\$2,592	A	\$2,592	\$0	\$0	\$0	\$0	\$0
Subtotal - Supply	\$373,323		\$373,323	\$0	\$0	\$0	\$0	\$0
PURIFICATION								
DBO O&M Contract	\$1,749,927	D	\$879,678	\$870,249	\$0	\$0	\$0	\$0
Purchased Power (Account 615)	\$1,015,031	A	\$1,015,031	\$0	\$0	\$0	\$0	\$0
Other Utilities	\$8,172	A	\$8,172	\$0	\$0	\$0	\$0	\$0
Subtotal - Purification	\$2,773,130		\$1,902,881	\$870,249	\$0	\$0	\$0	\$0
TRANSMISSION & DISTRIBUTION								
Salaries & Wages - (601)	\$959,450	O	\$52,763	\$52,198	\$19,768	\$767,560	\$0	\$67,162
Salaries & Wages -[Engineering] (601)	\$424,941	O	\$23,369	\$23,118	\$8,755	\$339,953	\$0	\$29,746
Salaries & Wages - Payroll Taxes -	\$13,553	O	\$745	\$737	\$279	\$10,843	\$0	\$949
Salaries & Wages - Payroll Taxes - [Engineering]	\$6,031	O	\$332	\$328	\$124	\$4,825	\$0	\$422
Salaries & Wages - Police Details	\$47,018	O-A	\$40,200	\$2,558	\$969	\$0	\$0	\$3,291
Employee Pensions & Benefits - (604)	\$381,578	O	\$20,984	\$20,759	\$7,862	\$305,262	\$0	\$26,710
Employee Pensions & Benefits - [Engineering] (604)	\$154,190	O	\$8,479	\$8,389	\$3,177	\$123,352	\$0	\$10,793
Materials and Supplies - (Account 620)	\$38,283	O	\$2,105	\$2,083	\$789	\$30,626	\$0	\$2,680
Materials and Supplies - [Engineering] (Account 620)	\$18,284	O	\$1,005	\$995	\$377	\$14,627	\$0	\$1,280
Rental of Equipment (Account 642)	\$2,941	O	\$162	\$160	\$61	\$2,353	\$0	\$206
Rental of Equipment - [Engineering] (Account 642)	\$723	O	\$40	\$39	\$15	\$578	\$0	\$51
Transportation Expenses - (Account 650)	\$39,017	O	\$2,146	\$2,123	\$804	\$31,213	\$0	\$2,731
Transportation Expenses - [Engineering](Account 650)	\$8,602	O	\$473	\$468	\$177	\$6,881	\$0	\$602
Workers Comp T&D	\$67,796	O	\$3,728	\$3,688	\$1,397	\$54,236	\$0	\$4,746
Workers Comp - Engineering	\$21,580	O	\$1,187	\$1,174	\$445	\$17,264	\$0	\$1,511
Miscellaneous Expense - (Account 675)	\$10,887	O	\$599	\$592	\$224	\$8,709	\$0	\$762
Miscellaneous Expense - [Engineering] (Account 675)	\$415	O	\$23	\$23	\$9	\$332	\$0	\$29
Education Training	\$1,805	O	\$99	\$98	\$37	\$1,444	\$0	\$126
Education Training - [Engineering]	\$640	O	\$35	\$35	\$13	\$512	\$0	\$45
Repairs & Maintenance - general	\$3,381	O	\$186	\$184	\$70	\$2,705	\$0	\$237
Repairs & Maintenance - T&D	\$16,190	T	\$6,849	\$6,776	\$2,566	\$0	\$0	\$0
Repairs & Maintenance - fire services	\$2,583	F	\$0	\$0	\$0	\$0	\$0	\$2,583
Repairs & Maintenance - services	\$12,465	S	\$0	\$0	\$0	\$12,465	\$0	\$0
Repairs & Maintenance - Hydrants	\$8,961	F	\$0	\$0	\$0	\$0	\$0	\$8,961
Road surface restoration	\$0	O	\$0	\$0	\$0	\$0	\$0	\$0
Repairs & Maintenance - general	\$0	O	\$0	\$0	\$0	\$0	\$0	\$0
Purchased Power	\$17,980	O	\$989	\$978	\$370	\$14,384	\$0	\$1,259
Other Utilities	\$15,690	O	\$863	\$854	\$323	\$12,552	\$0	\$1,098
Other Utilities - [Engineering]	\$6,782	O	\$373	\$369	\$140	\$5,425	\$0	\$475
Printing	\$0	O	\$0	\$0	\$0	\$0	\$0	\$0
Postage-[Engineering]	\$797	O	\$44	\$43	\$16	\$638	\$0	\$56
Subtotal - T&D	\$2,282,561		\$167,778	\$128,769	\$48,765	\$1,768,740	\$0	\$168,509
TOTAL O&M	\$8,407,682	I	\$4,078,660	\$1,178,035	\$69,066	\$2,164,294	\$679,735	\$237,890

ALLOCATION OF RATE YEAR EXPENSES TO COST FUNCTIONS

<u>EXPENSE ITEM</u>	<u>Pro Forma</u>	<u>Allocation</u>	<u>Base</u>	<u>Max Day</u>	<u>Peak</u>	<u>Merering</u>	<u>Billing</u>	<u>Direct</u>
<u>CAPITAL EXPENSE</u>	<u>Expense</u>	<u>Symbol (1)</u>			<u>Hour</u>			<u>Fire</u>
Property Taxes								
Source of Supply	\$414,389	A	\$414,389	\$0	\$0	\$0	\$0	\$0
Treatment-Pumping	\$0	D	\$0	\$0	\$0	\$0	\$0	\$0
Treatment-Purification	\$86,553	D	\$43,510	\$43,043	\$0	\$0	\$0	\$0
Trans & Distrib	\$296,185	T-C	\$107,247	\$106,098	\$40,184	\$38,855	\$0	\$3,802
Rental Property	\$0	A	\$0	\$0	\$0	\$0	\$0	\$0
Restrict. Bond Principal & Interest	\$7,409,854	P-M 50	\$3,911,288	\$2,698,866	\$487,824	\$255,999	\$6,623	\$49,254
Leases	\$0	P-M 50	\$0	\$0	\$0	\$0	\$0	\$0
IFR	\$2,500,000	P	\$1,231,018	\$910,566	\$164,586	\$172,742	\$4,469	\$16,618
CF Franchise Fee	\$0	P	\$0	\$0	\$0	\$0	\$0	\$0
Calgon Royalties Fund	\$0	A	\$0	\$0	\$0	\$0	\$0	\$0
CF System Fund	\$0	T-C	\$0	\$0	\$0	\$0	\$0	\$0
Trustee Fees	\$381,218	P-M 50	\$201,226	\$138,850	\$25,097	\$13,170	\$341	\$2,534
O&M Reserve Deposit	\$0	E	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal - Capital	<u>\$11,088,198</u>		<u>\$5,908,677</u>	<u>\$3,897,423</u>	<u>\$717,692</u>	<u>\$480,767</u>	<u>\$11,432</u>	<u>\$72,208</u>
TOTAL EXPENSES	\$19,495,880		\$9,987,338	\$5,075,458	\$786,758	\$2,645,061	\$691,168	\$310,098
PLUS: Rev. Stabiliz./Oper. Rev. Allowance	\$288,281	I	\$139,848	\$40,392	\$2,368	\$74,209	\$23,307	\$8,157
LESS: Service Instal Revenue	-\$67,479	S	\$0	\$0	\$0	-\$67,479	\$0	\$0
LESS: State Surcharge Revenue	-\$50,602	I	-\$24,548	-\$7,090	-\$416	-\$13,026	-\$4,091	-\$1,432
LESS: Penalties	-\$104,415	I	-\$50,653	-\$14,630	-\$858	-\$26,878	-\$8,442	-\$2,954
LESS: Cumberland Tax Reduction	\$0	O	\$0	\$0	\$0	\$0	\$0	\$0
LESS: Non-Operating Rental	-\$22,065	A	-\$22,065	\$0	\$0	\$0	\$0	\$0
LESS: Interest Income	-\$253	I	-\$123	-\$35	-\$2	-\$65	-\$20	-\$7
LESS: Misc Non-Operating	-\$31,357	I	-\$15,212	-\$4,394	-\$258	-\$8,072	-\$2,535	-\$887
LESS: Gain/Loss Disposal Property	<u>-\$987</u>	P	-\$486	-\$359	-\$65	-\$68	-\$2	-\$7
REQUIRED FROM RATES	\$19,507,003		\$10,014,100	\$5,089,341	\$787,528	\$2,603,681	\$699,384	\$312,968

ALLOCATION OF PLANT IN SERVICE TO COST FUNCTIONS

PLANT COMPONENT	Net Plant	Allocation Symbol (1)	Base	Max Day	Peak Hour	Mereeing	Billing	Direct Fire
<u>SOURCE OF SUPPLY</u>								
Land & Land Rights	\$5,560,444	A	\$5,560,444	\$0	\$0	\$0	\$0	\$0
Structures & Improvements	\$10,035,594	A	\$10,035,594	\$0	\$0	\$0	\$0	\$0
Wells & Springs	\$227,169	A	\$227,169	\$0	\$0	\$0	\$0	\$0
<u>PUMPING</u>								
Land & Land Rights	\$30,133	D	\$15,148	\$14,985	\$0	\$0	\$0	\$0
Structures & Improvements	\$266,381	D	\$133,908	\$132,473	\$0	\$0	\$0	\$0
Electric Pumping Equipment	\$3,078	D	\$1,547	\$1,531	\$0	\$0	\$0	\$0
<u>PURIFICATION</u>								
Land & Land Rights	\$26,046	D	\$13,093	\$12,953	\$0	\$0	\$0	\$0
Structures & Improvements	\$49,424,713	D	\$24,845,510	\$24,579,202	\$0	\$0	\$0	\$0
Water Treatment Equipment	\$0	D	\$0	\$0	\$0	\$0	\$0	\$0
<u>TRANSM & DISTRIBUTION</u>								
Land & Land Rights	\$1,590	H	\$645	\$638	\$307	\$0	\$0	\$0
Distribution Reservoirs	\$22,432	H	\$9,099	\$9,001	\$4,332	\$0	\$0	\$0
Transmission Mains	\$9,749,955	D	\$4,901,245	\$4,848,710	\$0	\$0	\$0	\$0
Distribution mains	\$44,619,335	H	\$18,098,316	\$17,904,329	\$8,616,690	\$0	\$0	\$0
Services	\$4,703,680	S	\$0	\$0	\$0	\$4,703,680	\$0	\$0
Meters	\$3,632,187	S	\$0	\$0	\$0	\$3,632,187	\$0	\$0
Hydrants	\$815,631	F	\$0	\$0	\$0	\$0	\$0	\$815,631
Other Misc Equip	\$88,151	H	\$35,755	\$35,372	\$17,023	\$0	\$0	\$0
<u>GENERAL</u>								
Structures & Improvements	\$1,250,886	E	\$470,019	\$192,128	\$9,378	\$416,230	\$130,724	\$32,407
Office furniture & equipment	\$369,164	E	\$138,713	\$56,701	\$2,768	\$122,839	\$38,580	\$9,564
Transportation equipment	\$605,523	E	\$227,524	\$93,004	\$4,540	\$201,486	\$63,280	\$15,687
Stores equipment	\$0	E	\$0	\$0	\$0	\$0	\$0	\$0
Tools, shop & garage equipment	\$0	E	\$0	\$0	\$0	\$0	\$0	\$0
Laboratory equipment	\$13,978	A	\$13,978	\$0	\$0	\$0	\$0	\$0
Power equipment	\$7,311	E	\$2,747	\$1,123	\$55	\$2,433	\$764	\$189
Communication equipment	\$0	E	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous equipment	<u>\$15,826</u>	E	<u>\$5,946</u>	<u>\$2,431</u>	<u>\$119</u>	<u>\$5,266</u>	<u>\$1,654</u>	<u>\$410</u>
TOTAL PLANT	\$131,469,206		\$64,736,400	\$47,884,581	\$8,655,212	\$9,084,121	\$235,002	\$873,889
PERCENT		P	49.24%	36.42%	6.58%	6.91%	0.18%	0.66%

*Note: Test Year Net Plant plus CWIP

ALLOCATION OF NON-ADMINISTRATIVE LABOR COSTS TO COST COMPONENTS

<u>EXPENSE ITEM</u>	<u>Pro Forma Expense</u>	<u>Allocation Symbol (1)</u>	<u>Base</u>	<u>Max Day</u>	<u>Peak Hour</u>	<u>Merering</u>	<u>Billing</u>	<u>Direct Fire</u>
<u>CUSTOMER ACCOUNTS</u>								
Salary & Wages - Cust Ser	\$196,820	B	\$0	\$0	\$0	\$0	\$196,820	\$0
Salary & Wages - Meter	\$380,771	M	\$0	\$0	\$0	\$261,780	\$118,991	\$0
<u>SOURCE OF SUPPLY</u>								
Salaries & Wages - (601)	\$113,904	A	\$113,904	\$0	\$0	\$0	\$0	\$0
<u>TRANSMISSION & DISTRIBUTION</u>								
Salaries & Wages - (601)	\$959,450	O	\$52,763	\$52,198	\$19,768	\$767,560	\$0	\$67,162
Salaries & Wages -[Engineering] (601)	\$424,941	O	\$23,369	\$23,118	\$8,755	\$339,953	\$0	\$29,746
TOTALS	\$2,075,887		\$190,037	\$75,316	\$28,523	\$1,369,293	\$315,811	\$96,907
PERCENT		L	9.2%	3.6%	1.4%	68.0%	15.2%	4.7%

Note:

(1) Refer to Schedule TSC-4 for allocation symbol definitions.

ALLOCATION TO FIRE, WHOLESALE & RETAIL SERVICE

<u>UNITS OF SERVICE</u>	<u>TOTAL</u>	<u>Base</u>	<u>Max Day</u>	<u>Peak Hour</u>	<u>Metering</u>	<u>Billing</u>	<u>Fire</u>
Number Units		3,976,150 ccf/yr	18,081 ccf/day	19,417 ccf/day	26,353 equiv meters	282,180 bills	1,918 hydrants
Revenue Requirements	\$19,507,003	\$10,014,100	\$5,089,341	\$787,528	\$2,603,681	\$699,384	\$312,968
Allocation to Fire Protection	\$1,527,221	\$50,071	\$812,826	\$351,357	included in calculation		\$312,968
Allocation to Wholesale *	\$1,624,411	\$1,290,040	\$333,599	\$773			
Net To Retail Metered Rates	\$16,355,371	\$8,673,990	\$3,942,917	\$435,399	\$2,603,681	\$699,384	\$0

* Allocation to wholesale based on:

<u>BASE</u>			
Metered Sales (ccf/yr)	3,976,150		
Retail Sales (ccf/yr)	3,397,251		
Retail Unacctd For (ccf/yr)	<u>539,533</u>	Based on miles of pipe: 100% of distr./service costs plus 85.4% of trans. plus estimated fire	
Total Retail (ccf/yr)	3,936,784		
Wholesale Sales (ccf/yr)	578,899		
Wholesale Unacctd For (ccf/yr)	<u>3,239</u>		
Total Wholesale (ccf/yr)	<u>582,138</u>		
Grand Total (ccf/yr)	4,518,923		
Wholesale Percent of Grand Total	12.9%		
Total Base Allocation	\$10,014,100		
Wholesale Allocation	\$1,290,040		
<u>MAX DAY</u>			
Total Max Day Allocation	\$5,089,341		
Less: Distribution Costs			
95.7% of T&D O&M	-\$123,217		
Admin O&M Share	-\$18,724	15.2%	
Distribution Capital Items	<u>-\$2,412,042</u>	61.89%	(Less Distribution Mains & Gen'l Items allocated to Max Day)
Total Net of Distribution	\$2,535,358		
Wholesale Max Day %	13.16%	See Sch. 2.2	
Wholesale Allocation	\$333,599		
<u>PEAK HOUR</u>			
Total Peak Hour Allocation	\$787,528		
Less: Distribution Costs			
95.7% of T&D O&M	-\$46,663		
Admin O&M Share	-\$13,716	29.4%	
Capital Items	<u>-\$717,692</u>	100.00%	(All Capital Peak Hour costs = distribution)
Total Net of Distribution	\$9,458		
Wholesale Peak Hr %	8.17%	See Sch. 2.2	
Wholesale Allocation	\$773		

UNITS OF SERVICE

METERS

<u>Meter Size</u>	<u>Test Year</u>		<u>Rate Year</u>		<u>Total</u>	<u>Equiv Factor</u>	<u># of Equivs</u>
	<u>Quarterly</u>	<u>Monthly</u>	<u>Quarterly</u>	<u>Monthly</u>			
5/8	21,516	11	0	21,527	21,527	1.00	21,527
3/4	255	4	0	259	259	1.39	359
1	487	11	0	498	498	2.00	996
1 1/2	222	5	0	227	227	4.07	924
2	356	43	0	399	399	5.29	2,109
3	12	12	0	24	24	6.00	144
4	6	6	0	12	12	14.00	168
6	1	5	0	6	6	21.00	126
8	0	0	0	0	0	30.00	0
Totals	22,855	97	0	22,952	22,952		26,353

PUBLIC FIRE HYDRANTS

	<u>Test Year</u>	<u>Adjustments</u>	<u>Rate Year</u>
Pawtucket	1,518	0	1,518
Central Falls	203	0	203
Valley Falls	197	0	197
Totals	1,918	0	1,918

PRIVATE FIRE SERVICE

<u>Size</u>	<u>Test Year</u>	<u>Adjustments</u>	<u>Rate Year</u>	<u>Equiv Factor*</u>	<u># of Equivs</u>
2	26	0	26	4.07	106
4	49	0	49	6.00	294
6	392	0	392	14.00	5,488
8	90	0	90	21.00	1,890
10	4	0	4	21.00	84
12	2	0	2	21.00	42
Total	563	0	563		7,904

* one size down to equate to meter equivalent

UNITS OF SERVICE

METERED WATER USE (ccf/year)

<u>Class</u>	<u>Test Year</u>	<u>Adjustments</u>	<u>Rate Year</u>
Small (5/8 - 1")	2,773,813	-146,321	2,627,492
Medium (1.5 - 2" & By pass)	640,780	-40,443	600,337
Large (3" and up)	<u>265,983</u>	<u>-96,561</u>	<u>169,422</u>
Total	3,680,576	-283,325	3,397,251
Wholesale			
Cumberland	578,899	0	578,899
Seekonk	<u>0</u>	<u>0</u>	<u>0</u>
Total	578,899	0	578,899

Miles of Mains

<u>Size</u>	<u>Miles</u>		<u>Inch-Miles</u>	
Service Pipes	204.31			
2	0.84		1.7	
4	1.42		5.7	
6	106.47		638.8	
8	83.01		664.1	
10	1.61		16.1	
12	49.78	95.7%	597.4	82.1%
16	4.24		67.8	
20	9.13		182.6	
24	6.16		147.8	
30	0.10		3.0	
36	<u>0.53</u>	4.3%	<u>19.1</u>	17.9%
Totals	467.60		2,344	

UNITS OF SERVICE - DEMAND FACTORS

	<u>BASE</u>		<u>Demand Factor</u>	<u>MAXIMUM DAY</u>		<u>Demand Factor</u>	<u>PEAK HOUR</u>		<u>Equivalent Meters & Services</u>	<u>Bills</u>
	<u>Annual Use ccf/year</u>	<u>Average Day ccf/day</u>		<u>Maximum Day ccf/day</u>	<u>Extra Capacity ccf/day</u>		<u>Maximum Hour ccf/day</u>	<u>Extra Capacity ccf/day</u>		
<u>Inside - Retail</u>										
Small (5/8 - 1")	2,627,492	7,199	2.50	17,997	10,798	3.50	25,195	7,199	22,882	267,408
Medium (1.5 - 2" & By p	600,337	1,645	2.00	3,290	1,645	3.00	4,934	1,645	3,033	7,512
Large (3" and up)	169,422	464	1.80	835	371	2.50	1,160	325	438	504
Fire Protection	6,000 gal/min for 6 hours per Docket		3193	2,888	2,888		11,551	8,663		6,756
<u>Wholesale</u>										
Cumberland	578,899	1,586	2.50	3,965	2,379	3.50	5,551	1,586		
Seekonk	0	0	2.50	0	0	3.50	0	0		
Totals	3,976,150	10,894		28,974	18,061		48,392	19,417	26,353	282,180

ALLOCATION SYMBOLS

	Allocation Symbol	Base	Max Day	Peak Hour	Merering	Billing	Direct Fire	
100.00%	A	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Supply, IFR, Power & Chemical
100.00%	B	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	Billing
100.00%	D	50.27%	49.73%	0.00%	0.00%	0.00%	0.00%	Max Day Demand
100.00%	E	37.57%	15.36%	0.75%	33.27%	10.45%	2.59%	O&M less A&G
100.00%	E-M	81.30%	15.36%	0.75%	0.00%	0.00%	2.59%	O&M less A&G - No Meter Alloc
100.00%	F	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	Fire Service
100.00%	H	40.56%	40.13%	19.31%	0.00%	0.00%	0.00%	Max Hour Demand
100.00%	I	48.51%	14.01%	0.82%	25.74%	8.08%	2.83%	Total O&M
100.00%	L	9.15%	3.63%	1.37%	65.96%	15.21%	4.67%	Labor
100.00%	L-M	90.33%	3.63%	1.37%	0.00%	0.00%	4.67%	Labor-No Meter Allocation
100.00%	M	0.00%	0.00%	0.00%	68.8%	31.3%	0.00%	Cust Serv - "Meter"
100.00%	O	5.50%	5.44%	2.06%	80.00%	0.00%	7.00%	O&M Mains, Hydrants & Service
100.00%	O-A	85.50%	5.44%	2.06%	0.00%	0.00%	7.00%	T&D Police Details
100.00%	P	49.24%	36.42%	6.58%	6.91%	0.18%	0.66%	Plant
100.00%	P-M 50	52.78%	36.42%	6.58%	3.45%	0.09%	0.66%	Plant-50% Meter
100.00%	S	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	Services and Meters
100.00%	T	42.30%	41.85%	15.85%	0.00%	0.00%	0.00%	T&D Mains
100.00%	T-C	36.21%	35.82%	13.57%	13.12%	0.00%	1.28%	T&D Capital

Symbol D

	MGD	%
Avg Day	10.582	50.27%
Max Day Inc	10.468	49.73%
Total Max Day	21.050	100.00%

Symbol E

	TOTAL	Base	Max Day	Peak Hour	Merering	Billing	Direct Fire
Amount	\$6,504,303	\$2,443,982	\$999,018	\$48,765	\$2,164,294	\$679,735	\$168,509
Percent	E	37.6%	15.4%	0.7%	33.3%	10.5%	2.6%

Symbol H

	MGD	%
Avg Day	10.582	40.56%
Max Day Inc	10.468	40.13%
Peak Hour Inc	5.038	19.31%
Total Peak Hour	26.088	100.00%

	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	Avg or Max
Avg Day mgd)	12.23	12.33	10.42	10.71	10.65	8.80	10.58
Max Day (mgd)	19.09	21.05	20.23		17.70	15.87	21.05
Max Hour (mgd)	26.09		20.50	19.70			26.09

Symbol M These accounts include activities associated with meter reading, meter testing, backflow testing, etc. Costs have been split based on the following personnel associated with these activities:

	# Employees	Meter Read	Meters
Meter Reader*	2.5	2.5	
Technician*	4.5		4.5
Backflow	1.0		1.0
Subtotal	8.0	2.5	5.5
Percent		31%	69%
Agent	1.0	0.31	0.69
Supervisor	1.0	0.31	0.69
Total	10.0	3.1	6.9
Percent		31%	69%

* Note: half of one meter reader's time is used as a meter technician.

ALLOCATION SYMBOLS

Symbol O

	<u>% of Time</u>	<u>Base</u>	<u>Max Day</u>	<u>Peak Hour</u>	<u>Merering</u>	<u>Billing</u>	<u>Direct Fire</u>
Mains	13.00%	5.50%	5.44%	2.06%	0.00%	0.00%	0.00%
Hydrants	7.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.00%
Services	<u>80.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>80.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total	100.0%	5.5%	5.4%	2.1%	80.0%	0.0%	7.0%

Note: Based on prior docket analysis of time

Symbol T

	<u>Plant Amt.</u>	<u>Base</u>	<u>Max Day</u>	<u>Peak Hour</u>	<u>Merering</u>	<u>Billing</u>	<u>Direct Fire</u>
Transmission	\$9,749,955	\$4,901,245	\$4,848,710	\$0	\$0	\$0	\$0
Distribution	<u>\$44,619,335</u>	<u>\$18,098,316</u>	<u>\$17,904,329</u>	<u>\$8,616,690</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$54,369,290	\$22,999,561	\$22,753,039	\$8,616,690	\$0	\$0	\$0
		42.30%	41.85%	15.85%	0.00%	0.00%	0.00%

Symbol T-C

	<u>Plant Amt.</u>	<u>Base</u>	<u>Max Day</u>	<u>Peak Hour</u>	<u>Merering</u>	<u>Billing</u>	<u>Direct Fire</u>
Distribution Reservoirs	\$22,432	\$9,099	\$9,001	\$4,332	\$0	\$0	\$0
Transmission Mains	\$9,749,955	\$4,901,245	\$4,848,710	\$0	\$0	\$0	\$0
Distribution mains	\$44,619,335	\$18,098,316	\$17,904,329	\$8,616,690	\$0	\$0	\$0
Services	\$4,703,680	\$0	\$0	\$0	\$4,703,680	\$0	\$0
Meters	\$3,632,187	\$0	\$0	\$0	\$3,632,187	\$0	\$0
Hydrants	<u>\$815,631</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$815,631</u>
Total	\$63,543,221	\$23,008,660	\$22,762,040	\$8,621,022	\$8,335,867	\$0	\$815,631
		36.21%	35.82%	13.57%	13.12%	0.00%	1.28%

FIRE SERVICE CHARGES

PUBLIC FIRE SERVICE

Annual Charge/Hydrant = \$404.70

PRIVATE FIRE SERVICE

<u>SERVICE SIZE</u> <u>(inches)</u>	<u>MONTHLY</u> <u>CHARGE</u>	<u>QUARTERLY</u> <u>CHARGE</u>	<u>ANNUAL</u> <u>CHARGE</u>
2	\$ 15.30	\$40.95	\$156.36
4	\$ 33.80	\$96.45	\$378.35
6	\$ 84.88	\$249.69	\$991.34
8	\$ 155.98	\$462.97	\$1,844.44
10	\$ 236.56	\$704.72	\$2,811.46
12	\$ 348.25	\$1,039.79	\$4,151.72

**ALLOCATION OF FIRE SERVICE EXPENSES
TO PUBLIC AND PRIVATE FIRE SERVICE**

	<u>NUMBER</u>	<u>DEMAND FACTOR (1)</u>	<u>NO. OF EQUIVS.</u>	<u>PERCENT OF DEMAND</u>	<u>NON-HYDR. REQUIRED</u>	<u>DIRECT HYDRANT</u>	<u>TOTAL</u>
PUBLIC FIRE SERVICE							
Hydrants	1,918	111.31	213,494.4	75.28%	\$1,090,196	\$79,035	\$1,169,231
PRIVATE FIRE SERVICE							
SIZE (IN)							
2	26	6.19	160.9				
4	49	38.32	1,877.6				
6	392	111.31	43,633.9				
8	90	237.21	21,348.6				
10	4	426.58	1,706.3				
12	<u>2</u>	<u>689.04</u>	<u>1,378.1</u>				
TOTAL-PRIV.	563		70,105.5	24.72%	\$357,989	\$0	\$357,989
	=====		=====	=====	=====	=====	=====
GRAND TOTALS	2,481		283,599.8	100.00%	\$1,448,186	\$79,035	\$1,527,221

Total Fire Allocation	\$1,527,221
Less O&M for T&D Fire	\$11,641
Hydrant Capital	\$67,394
Net Non-Hydrant	\$1,448,186

Note:

(1) Based on size to the 2.63 power.

DETERMINATION OF FIRE SERVICE CHARGES

<u>PUBLIC FIRE PROTECTION</u>		<u>CALCULATED CHARGE</u>
PUBLIC FIRE ALLOCATION (1)	\$776,215	
----- =	----- =	\$404.70 per year
NUMBER OF PUBLIC HYDRANTS	1,918	

<u>PRIVATE FIRE PROTECTION</u>		
PRIVATE FIRE ALLOCATION (1,2)	\$357,989	
----- =	----- =	\$5.11 /EQUIV.
NO. OF EQUIV. UNITS	70,105.47	

<u>SIZE (IN)</u>	<u>DEMAND FACTOR</u>	<u>DEMAND CHARGE</u>	<u>SERVICE LINE CHRG</u>	<u>BILLING CHARGE</u>	<u>ANNUAL CHARGE</u>	<u>QUARTERLY CHARGE (3)</u>	<u>MONTHLY CHARGE (3)</u>
2	6.19	\$31.61	\$122.28	\$2.48	\$156.36	\$ 40.95	\$ 15.30
4	38.32	\$195.68	\$180.20	\$2.48	\$378.35	\$ 96.45	\$ 33.80
6	111.31	\$568.40	\$420.46	\$2.48	\$991.34	\$ 249.69	\$ 84.88
8	237.21	\$1,211.28	\$630.68	\$2.48	\$1,844.44	\$ 462.97	\$ 155.98
10	426.58	\$2,178.30	\$630.68	\$2.48	\$2,811.46	\$ 704.72	\$ 236.56
12	689.04	\$3,518.56	\$630.68	\$2.48	\$4,151.72	\$ 1,039.79	\$ 348.25

Notes:

(1) Set so fire charges result in 20% increase

(2) Private Fire includes allocated service maintenance costs as detailed below:

Service Line Maintenance Cost =	\$884,370	(Half of total "Metering" O&M)
Service Line Debt Costs =	\$144,453	
Addnl Allocation to Fire Service =	\$237,373	(23.07%)
Cost per Equiv/year =	\$ 30.03	

(3) Quarterly and Monthly charges equal Demand and Service Line Charges divided by 4 and 12 respectively plus Billing Charge

DETERMINATION OF SERVICE CHARGES**BILLING CHARGE**

CUST. BILLING ALLOC. (2)	=	\$699,384	=	
-----		-----		\$2.48 PER BILLING
NUMBER OF BILLINGS		282,180		

METER CHARGE

CUST. METER ALLOC. (1,2)	=	\$2,366,309	=	
-----		-----		\$89.79 / EQ. METER/YR
NO. EQUIV. METERS		26,353		

TOTAL SERVICE CHARGES

<u>METER SIZE (IN)</u>	<u>QUARTERLY ACCOUNTS</u>			<u>MONTHLY ACCOUNTS</u>		
	<u>METER CHARGE</u>	<u>BILLING CHARGE</u>	<u>TOTAL CHARGE</u>	<u>METER CHARGE</u>	<u>BILLING CHARGE</u>	<u>TOTAL CHARGE</u>
5/8	\$22.45	\$2.48	\$24.93	\$7.48	\$2.48	\$9.96
3/4	\$31.11	\$2.48	\$33.59	\$10.37	\$2.48	\$12.85
1	\$44.90	\$2.48	\$47.37	\$14.97	\$2.48	\$17.44
1 1/2	\$91.40	\$2.48	\$93.87	\$30.47	\$2.48	\$32.94
2	\$118.65	\$2.48	\$121.13	\$39.55	\$2.48	\$42.03
3	\$134.69	\$2.48	\$137.17	\$44.90	\$2.48	\$47.37
4	\$314.27	\$2.48	\$316.75	\$104.76	\$2.48	\$107.24
6	\$471.41	\$2.48	\$473.89	\$157.14	\$2.48	\$159.62
8	\$673.44	\$2.48	\$675.92	\$224.48	\$2.48	\$226.96

Notes:

(1) Less allocation of Service Maintenance Costs to Private Fire Service per Schedule TSC-5

(2) Adjusted to recover reduction in public fire revenues to maintain 5% public fire increase.

**ALLOCATION OF GENERAL WATER EXPENSES
TO CUSTOMER CLASSES**

Class Demands

CUSTOMER CLASS	AVERAGE DEMANDS		FACTOR	MAX DAY EXTRA CAPACITY		
	(CCF/DAY)	PERCENT		(CCF/DAY)	XTRA CCF/DAY	PERCENT
<u>Retail</u>						
Small (5/8 - 1")	7,199	66.08%	2.50	17,997	10,798	71.07%
Medium (1.5 - 2" & By pass)	1,645	15.10%	2.00	3,290	1,645	10.83%
Large (3" and up)	464	4.26%	1.80	836	371	2.44%
<u>Wholesale</u>						
Cumberland	1,586	14.56%	2.50	3,965	2,379	15.66%
Seekonk	0	0.00%	2.50	0	0	0.00%
Total	10,894	100.00%		26,087	15,193	100.00%

CUSTOMER CLASS	AVERAGE DEMANDS		FACTOR	PEAK HOUR EXTRA CAPACITY		
	(CCF/DAY)	PERCENT		(CCF/DAY)	XTRA CCF/DAY	PERCENT
<u>Retail</u>						
Small (5/8 - 1")	7,199	66.08%	3.50	25,195	7,199	66.94%
Medium (1.5 - 2" & By pass)	1,645	15.10%	3.00	4,934	1,645	15.29%
Large (3" and up)	464	4.26%	2.50	1,160	325	3.02%
<u>Wholesale</u>						
Cumberland	1,586	14.56%	3.50	5,551	1,586	14.75%
Seekonk	0	0.00%	3.50	0	0	0.00%
Total	10,894	100.00%		36,841	10,754	100.00%

Allocation of Retail Metered Sales Costs to Classes (see Schedule TSC-2)

CUSTOMER CLASS	BASE COSTS		MAX. DAY XTRA CAPACITY		PEAK HR. XTRA CAPACITY		TOTAL AMOUNT
	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	
<u>Retail</u>							
Small (5/8 - 1")	77.34%	\$6,708,611	84.27%	\$3,322,557	78.52%	\$341,860	\$10,373,027
Medium (1.5 - 2" & By pass)	17.67%	\$1,532,804	12.84%	\$506,099	17.94%	\$78,109	\$2,117,012
Large (3" and up)	4.99%	\$432,574	2.90%	\$114,261	3.54%	\$15,430	\$562,266
Total	100.00%	\$8,673,990	100.00%	\$3,942,917	100.00%	\$435,399	\$13,052,305
		66.5%		30.2%		3.3%	

METERED WATER RATES

	<u>Commodity Costs</u>		<u>Public Fire Shortfall</u>		<u>Total</u>
<u>Small (5/8 - 1")</u>					
Total Expense (2)	\$10,373,027		393,016	=	
	-----	+	-----	=	\$ 4.064 per ccf
Metered Sales (HCF) (1)	2,627,492		3,397,251		
<u>Medium (1.5 - 2" & By pass)</u>					
Total Expense (2)	\$2,117,012		393,016	=	
	-----	+	-----	=	\$ 3.642 per ccf
Metered Sales (HCF) (1)	600,337		3,397,251		
<u>Large (3" and up)</u>					
Total Expense (2)	\$562,266		393,016	=	
	-----	+	-----	=	\$ 3.434 per ccf
Metered Sales (HCF) (1)	169,422		3,397,251		
<u>Wholesale</u>					
Total Expense (3)	\$1,624,411			=	
	-----		=		\$2.806 per ccf
Metered Sales (HCF) (1)	578,899				

(1) See Schedule TSC-3.

(2) See Schedule TSC-7.

(3) See Schedule TSC-2.

COMPARISON OF CURRENT & PROPOSED RATES

		<u>Current</u>	<u>Proposed</u>	<u>% Change</u>	
<u>Metered Rates</u>					
Small (5/8 - 1")		\$3.459	\$4.064	17.5%	
Medium (1.5 - 2" & By pass)		\$3.251	\$3.642	12.0%	
Large (3" and up)		\$3.140	\$3.434	9.4%	
<u>Wholesale</u>		\$2.590	\$2.806	8.3%	
<u>Service Charges</u>					
Quarterly	5/8	\$18.72	\$24.93	33.2%	
	3/4	\$24.07	\$33.59	39.6%	
	1	\$32.59	\$47.37	45.4%	
	1 1/2	\$61.33	\$93.87	53.1%	
	2	\$78.18	\$121.13	54.9%	
	3	\$88.09	\$137.17	55.7%	
	4	\$199.07	\$316.75	59.1%	
	6	\$296.19	\$473.89	60.0%	
	8	\$421.05	\$675.92	60.5%	
	Monthly	5/8	\$9.47	\$9.96	5.2%
		3/4	\$11.26	\$12.85	14.1%
		1	\$14.10	\$17.44	23.7%
		1 1/2	\$23.68	\$32.94	39.1%
2		\$29.29	\$42.03	43.5%	
3		\$32.59	\$47.37	45.4%	
4		\$69.59	\$107.24	54.1%	
6		\$101.96	\$159.62	56.6%	
8	\$143.58	\$226.96	58.1%		
<u>Fire Service</u>					
Public (Annual)	/hydrant/yr	\$337.25	\$404.70	20.0%	
Private (Annual)	2	\$125.42	\$156.36	24.7%	
	4	\$254.33	\$378.35	48.8%	
	6	\$640.81	\$991.34	54.7%	
	8	\$1,131.52	\$1,844.44	63.0%	
	10	\$1,597.19	\$2,811.46	76.0%	
	12	\$2,242.58	\$4,151.72	85.1%	
Private (Monthly)	2	\$10.45	\$15.30	46.4%	
	4	\$21.19	\$33.80	59.5%	
	6	\$53.40	\$84.88	59.0%	
	8	\$94.29	\$155.98	65.4%	
	10	\$133.10	\$236.56	77.7%	
	12	\$186.88	\$348.25	86.3%	

IMPACT OF PROPOSED RATES

Meter Size	Monthly Use Cubic Feet	Current Bill	Proposed		
		Average per Month NOTE (1)	Monthly Bill	Dollar Increase	Percent Increase
<u>Metered Service (Monthly Bills)</u>					
Small					
5/8	600	\$26.99	\$34.34	\$7.35	27.23%
5/8	800	\$33.91	\$42.47	\$8.56	25.24%
5/8	1,200	\$47.75	\$58.73	\$10.98	23.00%
5/8	1,700	\$65.04	\$79.05	\$14.01	21.53%
5/8	2,500	\$92.72	\$111.56	\$18.85	20.33%
5/8	3,000	\$110.01	\$131.88	\$21.87	19.88%
5/8	5,000	\$179.19	\$213.16	\$33.97	18.96%
5/8	7,500	\$265.67	\$314.76	\$49.10	18.48%
5/8	9,000	\$317.55	\$375.72	\$58.17	18.32%
1	1,000	\$45.45	\$58.08	\$12.63	27.78%
1	12,000	\$425.94	\$505.12	\$79.18	18.59%
1	25,000	\$875.61	\$1,033.44	\$157.83	18.02%
Medium					
1 1/2	25,000	\$833.19	\$943.44	\$110.25	13.23%
1 1/2	50,000	\$1,645.94	\$1,853.94	\$208.00	12.64%
2	75,000	\$2,464.31	\$2,773.53	\$309.22	12.55%
2	100,000	\$3,277.06	\$3,684.03	\$406.97	12.42%
Large					
3	75,000	\$2,387.59	\$2,622.87	\$235.28	9.85%
3	100,000	\$3,172.59	\$3,481.37	\$308.78	9.73%
4	250,000	\$7,919.59	\$8,692.24	\$772.65	9.76%
6	300,000	\$9,521.96	\$10,461.62	\$939.66	9.87%
6	1,000,000	\$26,001.96	\$28,219.62	\$2,217.66	8.53%
<u>Fire Service (Monthly Bill)</u>					
Municipal Fire Service	200 hydrants	\$5,620.83	\$6,745.00	\$1,124.17	20.00%
	1400 hydrants	\$39,345.83	\$47,215.00	\$7,869.17	20.00%
Private Fire Service	4 Inch Service	\$21.19	\$33.80	\$12.61	59.48%
	6 Inch Service	\$53.40	\$84.88	\$31.48	58.96%
	8 Inch Service	\$94.29	\$155.98	\$61.68	65.42%

Note:

(1) For small and medium customers who currently are almost entirely billed quarterly, the average monthly bill is based on currently quarterly bill divided by 3 to show true increase to customer.

REVENUE RECONCILIATION

Service Charge:		<----- Current ----->		<----- Proposed ----->	
<u>Quarterly (1)</u>	<u>Number</u>	<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>
5/8	21,516	\$18.72	\$1,611,118	\$24.93	\$0
3/4	255	\$24.07	\$24,551	\$33.59	\$0
1	487	\$32.59	\$63,485	\$47.37	\$0
1 1/2	222	\$61.33	\$54,461	\$93.87	\$0
2	356	\$78.18	\$111,328	\$121.13	\$0
3	12	\$88.09	\$4,228	\$137.17	\$0
4	6	\$199.07	\$4,778	\$316.75	\$0
6	1	\$296.19	\$1,185	\$473.89	\$0
8	0	\$421.05	\$0	\$675.92	\$0
<u>Monthly (1)</u>					
5/8	21,527	\$9.47	\$1,250	\$9.96	\$2,572,907
3/4	259	\$11.26	\$540	\$12.85	\$39,938
1	498	\$14.10	\$1,861	\$17.44	\$104,221
1 1/2	227	\$23.68	\$1,421	\$32.94	\$89,729
2	399	\$29.29	\$15,114	\$42.03	\$201,240
3	24	\$32.59	\$4,693	\$47.37	\$13,643
4	12	\$69.59	\$5,010	\$107.24	\$15,443
6	6	\$101.96	\$6,118	\$159.62	\$11,493
8	0	\$143.58	\$0	\$226.96	\$0
Consumption Charge:					
Small (5/8 - 1")	2,627,492	\$3.459	\$9,088,494	\$4.064	\$10,678,126
Medium (1.5 - 2" & By pa	600,337	\$3.251	\$1,951,697	\$3.642	\$2,186,429
Large (3" and up)	169,422	\$3.140	\$531,985	\$3.434	\$581,795
<u>Wholesale</u>	578,899	\$2.590	\$1,499,348	\$2.806	\$1,624,391

Note:

(1) Quarterly customers shown is based on existing billing frequency per Schedule TSC-3.

Monthly count shown includes is at proposed rates with all customers billed monthly.

Monthly revenues at present rates is based on existing monthly billed customers per Schedule 3.

REVENUE RECONCILIATION

		<u><----- Current -----></u>		<u><----- Proposed -----></u>	
<u>Fire Protection:</u>					
Public Hydrants	1,918	\$337.25	\$646,846	\$404.70	\$776,215
Private Fire Protection					
Annual					
2	26	\$125.42	\$3,261	\$156.36	\$0
4	49	\$254.33	\$12,462	\$378.35	\$0
6	392	\$640.81	\$251,198	\$991.34	\$0
8	90	\$1,131.52	\$101,837	\$1,844.44	\$0
10	4	\$1,597.19	\$6,389	\$2,811.46	\$0
12	2	\$2,242.58	\$4,485	\$4,151.72	\$0
Monthly					
2	26	\$10.45	\$0	\$15.30	\$4,774
4	49	\$21.19	\$0	\$33.80	\$19,875
6	392	\$53.40	\$0	\$84.88	\$399,291
8	90	\$94.29	\$0	\$155.98	\$168,454
10	4	\$133.10	\$0	\$236.56	\$11,355
12	2	\$186.88	\$0	\$348.25	\$8,358
			=====		=====
Total			\$16,009,143		\$19,507,675
Plus: Misc Revenues			\$277,158		\$277,158
			=====		=====
Pro Forma Revenue			\$16,286,301		\$19,784,833
Required Revenue			\$19,784,161		\$19,784,161
Difference			-\$3,497,860		\$672
Increase in Revenues					\$3,498,531
Percent Increase in Total Revenues					21.5%
Percent Increase in Rate Revenues (non-misc)					21.9%

SUMMARY OF COST OF SERVICE

	<u>Test Year</u>	<u>Adjustments</u>	<u>Rate Year</u>
Revenues			
Service Charges	\$1,911,142	\$1,137,470	\$3,048,612
Metered Rates	\$13,071,524	\$1,999,217	\$15,070,741
Fire Protection	\$1,026,477	\$361,845	\$1,388,321
Miscellaneous	<u>\$477,158</u>	<u>-\$200,000</u>	<u>\$277,158</u>
<i>Total Revenue</i>	\$16,486,301	\$3,298,531	\$19,784,833
Expenses			
<u>O&M</u>			
Admin	\$2,089,151	-\$185,773	\$1,903,378
Customer Serv	\$932,573	\$142,716	\$1,075,289
Supply	\$362,835	\$10,488	\$373,323
Purification	\$2,407,640	\$365,490	\$2,773,130
Trans & Distrib	<u>\$2,168,261</u>	<u>\$114,300</u>	<u>\$2,282,561</u>
Total O&M	\$7,960,460	\$447,222	\$8,407,682
<u>Capital</u>			
Property Taxes	\$796,171	\$955	\$797,127
Bond Principal & Interest	\$6,688,543	\$721,311	\$7,409,854
Leases	\$149,781	-\$149,781	\$0
IFR	\$3,100,000	-\$600,000	\$2,500,000
CF Franchise Fee	\$0		\$0
Calgon Royalties Fund	\$0	\$0	\$0
CF System Fund	\$0	\$0	\$0
Trustee Fees	\$273,894	\$107,324	\$381,218
O&M Reserve Deposit	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Capital	\$11,008,389	\$79,810	\$11,088,198
<u>Operating Revenue Allowance</u>	<u>\$0</u>	<u>\$288,281</u>	<u>\$288,281</u>
<i>Total Expenses</i>	\$18,968,849	\$815,312	\$19,784,161

PROPOSED YEAR 2 STEP INCREASE

PWSB Rate Year (CY 2011) Revenue Requirements = \$19,784,161

PWSB Claimed CY 2012 Revenue Requirements = \$ 20,684,214
Proposed Step Increase for CY 2012 4.5%

		Current	<u>Proposed</u> (CY2011)	<u>Step Increase</u> (CY 2012)
<u>Metered Rates</u>				
Small (5/8 - 1")		\$3.459	\$4.064	\$ 4.249
Medium (1.5 - 2" & By pass)		\$3.251	\$3.642	\$ 3.808
Large (3" and up)		\$3.140	\$3.434	\$ 3.590
Wholesale		\$2.590	\$2.806	\$ 2.934
<u>Service Charges</u>				
Quarterly	5/8	\$18.72	\$24.93	\$26.06
	3/4	\$24.07	\$33.59	\$35.12
	1	\$32.59	\$47.37	\$49.53
	1 1/2	\$61.33	\$93.87	\$98.14
	2	\$78.18	\$121.13	\$126.64
	3	\$88.09	\$137.17	\$143.41
	4	\$199.07	\$316.75	\$331.16
	6	\$296.19	\$473.89	\$495.45
	8	\$421.05	\$675.92	\$706.67
Monthly	5/8	\$9.47	\$9.96	\$10.41
	3/4	\$11.26	\$12.85	\$13.43
	1	\$14.10	\$17.44	\$18.23
	1 1/2	\$23.68	\$32.94	\$34.44
	2	\$29.29	\$42.03	\$43.94
	3	\$32.59	\$47.37	\$49.53
	4	\$69.59	\$107.24	\$112.12
	6	\$101.96	\$159.62	\$166.88
	8	\$143.58	\$226.96	\$237.29
<u>Fire Service (annual)</u>				
Public	/hydrant/yr	\$337.25	\$404.70	\$423.11
Private				
	2	\$125.42	\$156.36	\$163.47
	4	\$254.33	\$378.35	\$395.56
	6	\$640.81	\$991.34	\$1,036.44
	8	\$1,131.52	\$1,844.44	\$1,928.35
	10	\$1,597.19	\$2,811.46	\$2,939.36
	12	\$2,242.58	\$4,151.72	\$4,340.60
	2	\$10.45	\$15.30	\$16.00
	4	\$21.19	\$33.80	\$35.34
	6	\$53.40	\$84.88	\$88.74
	8	\$94.29	\$155.98	\$163.07
	10	\$133.10	\$236.56	\$247.32
	12	\$186.88	\$348.25	\$364.09