

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

**PAWTUCKET WATER)
SUPPLY BOARD) Docket No. 4550**

**SURREBUTTAL TESTIMONY
OF
LAFAYETTE K. MORGAN, JR.**

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

August 27, 2015

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION	1
II. RATE CASE EXPENSE	2
III. INFLATION ADJUSTMENTS.....	3
IV. OTHER OPERATING REVENUES.....	7
V. PROPERTY TAXES	7
VI. WORKERS' COMPENSATION EXPENSE.....	8

1 A. Yes. I have attached Schedules LKM-1S through LKM-12S to this testimony. These
2 schedules present the Division's updated position on PWSB's rate increase after
3 reflecting revisions that PWSB has made in its rebuttal filing. Based on these
4 changes, the Division is now recommending an increase in revenues of \$1,561,228.
5 This amount is \$106,307 less than the revised rate year increase of \$1,667,535 that
6 PWSB is seeking. For the step increases, I have determined an increase of
7 \$1,327,887 for FY 2017 and \$770,164 for FY 2018. These amounts are \$66,313 (FY
8 2017) and \$102,843 (FY 2018) less than the revised amounts sought by PWSB.

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

10 A. The remainder of this testimony presents my responses to the claims made by the
11 Company's witnesses in their rebuttal testimonies on the adjustments that I
12 recommended in my direct testimony. To the extent that additional information has
13 been provided that warrants a change in any of my adjustments, I will identify the
14 change I am making and explain why I have made the change.

15

16

II. RATE CASE EXPENSE

17 Q. WOULD YOU PLEASE DISCUSS THE PROPOSAL MADE BY MR.
18 WOODCOCK IN HIS REBUTTAL TESTIMONY RELATING TO RATE
19 CASE EXPENSE?

20 A. Yes. In my direct testimony, I recommended that the total *pro forma* rate case
21 expense of \$200,000 be normalized over a 3-year period. Mr. Woodcock has
22 indicated that PWSB will accept the 3-year normalization of the rate case expense.
23 However, he proposes that a provision be made to allow recovery of the total cost of
24 this proceeding, including the compliance filing related to the step increases. Mr.

1 Woodcock indicated that PWSB has included \$76,667 in the cost of service as a
2 “place-holder” for the 3-year normalized cost, and proposes that the Division and
3 PWSB provide updated costs near the conclusion of this proceeding. Conceptually,
4 the Division can accept PWSB’s proposal to use the updated rate case costs.
5 However, I believe it would be premature to include and begin recovery of the costs
6 related to the step increase compliance filings. Notwithstanding the Division’s
7 willingness to accept PWSB’s rate case expense proposal, on Schedule LKM-5S I am
8 recommending an adjustment decreasing rate case expense by \$10,000. This amount
9 reflects the difference between the \$66,667 (the 3-year normalization of the initial
10 amount of \$200,000 that PWSB sought) and PWSB’s place-holder amount of
11 \$76,667.

12 13 **III. INFLATION ADJUSTMENTS**

14 Q. PLEASE COMMENT ON MR. WOODCOCK’S DISAGREEMENT WITH
15 YOUR INFLATION ADJUSTMENT.

16 A. The primary difference between Mr. Woodcock’s and my positions with regard to
17 inflation lies in the determination of the inflation rate. In his direct testimony, Mr.
18 Woodcock used the change in the Gross Domestic Product (GDP) as the measure of
19 inflation. I disagreed with the use of the GDP to measure inflation and, instead,
20 recommended the Gross Domestic Product-Price Index (GDP-PI). To reiterate my
21 direct testimony, the GDP is a measure of economic growth, not inflation. On the
22 other hand, the GDP-PI (also referred to as the GDP deflator) is used specifically to
23 measure inflation.

24 In an attempt to bolster his position, Mr. Woodcock has made statements and
25 observations in his rebuttal testimony which I will address in order to prevent the

1 Commission from reaching the wrong conclusions about the determination of the
2 inflation rate. First, Mr. Woodcock implies that the GDP and the GDP-PI are similar
3 because they are both broad measures. The fact that they are both broad measures
4 does not mean they can both be used to measure inflation. Simply put, the GDP is a
5 broad measure of economic growth and the GDP-PI is a broad measure of inflation.
6 The two are not the same. On pages 68 and 69 of an article that was co-authored by
7 Mr. Woodcock and published in the September 1992 edition of the Journal AWWA,
8 the Gross National Product Implicit Price Deflator,¹ and its composition, was listed as
9 one of three common indices to measure inflation. Hence, Mr. Woodcock should be
10 aware of the GDP-PI as the measure of inflation and it should be clear that it is
11 erroneous to use the change in GDP to measure inflation.

12 Second, Mr. Woodcock goes into a discussion to justify his 6.34 percent
13 GDP-based compound inflation rate. He states that the 6.34 percent is not
14 unreasonable when considering the cost of water and other expenses. He also
15 mentions the article he co-authored that concludes that the cost of water exceeds the
16 general inflation. To support his assertion, he states that he “believes” that recent
17 national water rate surveys indicate that the price of water exceeds inflation. He
18 further states that he has reviewed the end-of-year annual change in the overall
19 Consumer Price Index (CPI) and the reported index for water and sewer maintenance
20 for the period 2007 through 2014, and claims that in every year, the index was 1.5 to
21 2 times the general inflation. He goes on to mention that his review indicated that the
22 annual change in water and sewer maintenance ranged from 37 percent to 6,900

¹ In the early 1990s, the GNP (Gross National Product) was replaced by the GDP (Gross Domestic Product) as the measure of the growth of the U.S. economy. To put it simplistically, the GNP measures the total value of goods and services produced by U.S. entities and foreign entities within the U.S. border and by U.S. entities in foreign lands. The GDP measures the total value of goods and services produced by U.S. entities and foreign entities within the U.S. border.

1 percent. Finally, he concludes with the statement, “I believe it is clear that the cost of
2 water maintenance has been exceeding the overall rate of inflation and there is no
3 indication that this trend will not continue.”

4 To be clear, there are two very important aspects of the statements Mr.
5 Woodcock has made that should be carefully considered: (1) what he refers to as the
6 cost of water; and (2) the measure of inflation to which he refers.

7 By “cost of water” Mr. Woodcock does not mean the cost of producing water,
8 but instead, he is referring to the rates a utility charges its customers. None of the
9 documents provided by PWSB focuses on the cost of producing water. Rather, they
10 focus on comparing the growth in the rates utilities charge their customers to the
11 growth of inflation. In fact, one of the documents, entitled “Water Rate Increases
12 Among 1,961 Utilities in Six States in the Last Decade,” states: “Although CPI
13 Inflation has very little or almost nothing to do with rising utility costs or capital
14 needs, it is useful to consider these results from the point of view of the consumer.”

15 In allowing the inflation adjustment, the Commission is accepting the position
16 that the cost of service is going to increase over time due to higher prices, but with the
17 assumption that all else remain constant. Hence, the adjustment should recognize
18 only inflation and nothing else. The article co-authored by Mr. Woodcock and the
19 other supporting documents he has provided acknowledge that the increase in costs,
20 that has driven the increase in utility rates, is not the result of only inflation. In fact,
21 Mr. Woodcock’s article indicates that the other factors that increase costs are:
22 growth-induced expansions, replacement of old deteriorating facilities, environmental
23 regulations, higher financing costs, and municipal systems becoming self-sustaining
24 operations. These are all operational changes, so it would be improper to attempt to
25 capture these changes in costs in the inflation rate.

1 The other aspect to consider is that the measure of inflation to which Mr.
2 Woodcock is referring in his attempt to bolster his position is not his GDP-based
3 inflation, but rather the CPI, which is another widely used inflation index. I would
4 like to note that I have eschewed the CPI in favor of the GDP-PI because the GDP-PI
5 is a broader measure of inflation. Since the GDP-PI is based on the overall GDP, it
6 considers a wider array of goods and services than the CPI. For example, capital
7 expenditures, which are typical business expenditures, are considered in the GDP-PI.
8 In contrast, the CPI is based on a basket of goods and services (food, shelter, etc.) that
9 are typically used by households, not businesses.

10 The Commission should reject these claims because this case should be
11 decided based on the evidence and data that is specific to PWSB rather than general
12 industry statistics. Moreover, based on the discussion proffered in Mr. Woodcock's
13 rebuttal, the analysis on which he has based his inflation rate proposal is the rate
14 utility charge and not the cost of producing water.

15 Q. PLEASE ADDRESS MR. WOODCOCK'S 6.0 PERCENT INFLATION
16 RATE THAT HE PROPOSED ON PAGE 7 OF HIS REBUTTAL
17 TESTIMONY.

18 A. According to Mr. Woodcock, using the GDP-PI from the fourth quarter of 2014
19 through the fourth quarter of 2016 would yield a compound inflation rate of
20 3.3 percent. Based on his discussion of the paper he co-authored and the other
21 documents he has reviewed, Mr. Woodcock multiplies the 3.3 percent by two,
22 deriving a 6.6 percent rate. He compares the 6.6 percent to the 6.34 percent that was
23 proposed in the initial filing, but rounds the proposed rate down to 6.0 percent.

24 The Commission should reject the proposed 6.0 percent inflation rate because
25 it is based on an arbitrary doubling of the inflation rate and rounding down of the

1 inflation rate he calculated. Also, as I have explained above, the data Mr. Woodcock
2 has cited to support his claim is not specific to PWSB nor are they relevant to its
3 operations.

4 Q. DOES THE INFLATION RATE ISSUE AFFECT OTHER ISSUES WITH
5 WHICH YOU AND MR. WOODCOCK DISAGREE?

6 A. Yes. The purchased power expense and the step increases are the other issues that
7 Mr. Woodcock has identified. Our disagreements result solely from the difference in
8 the inflation rate.

9

10 **IV. OTHER OPERATING REVENUES**

11 Q. MR. BENSON HAS STATED THAT PWSB HAS AGREED WITH YOUR
12 ADJUSTMENT TO USE THE 3-YEAR AVERAGE THAT YOU
13 RECOMMENDED TO DETERMINE THE OTHER OPERATING
14 REVENUES. WHY ARE YOU STILL RECOMMENDING AN
15 ADJUSTMENT TO MISCELLANEOUS NON-OPERATING REVENUES?

16 A. Although Mr. Benson indicated that PWSB has accepted the 3-year average that I
17 recommended in my direct testimony, during my review of Schedule 1.0, page 4,
18 attached to Mr. Woodcock's rebuttal testimony, I discovered that the \$23,036
19 adjustment relating to Miscellaneous Non-operating Revenue was not followed
20 through to derive the rate year level of revenue. I believe this was an inadvertent
21 error and have corrected it on Schedule LKM-3S.

22

23 **V. PROPERTY TAXES**

24 Q. PLEASE RESPOND TO MR. BENSON'S DISAGREEMENT WITH
25 YOUR ADJUSTMENT TO PROPERTY TAXES.

1 A. In my direct testimony, I disagreed with the 3 percent growth rate that PWSB used to
2 derive the annual level of property taxes that are not subject to the Cumberland
3 agreement. Mr. Benson disagreed with my adjustment, stating that it was not realistic
4 to expect property taxes to not increase. As part of his rebuttal testimony, Mr.
5 Benson has updated the taxes that are covered by the Cumberland agreement to
6 reflect the FY 2016 level taxes. I stated in my direct testimony that I would be
7 willing to review any updated data on this issue. Accordingly, I have reviewed the
8 updated tax data presented by Mr. Benson and have updated my adjustment.
9 Consistent with my initial findings, the growth in the property taxes not covered by
10 the Cumberland agreement remains virtually flat at 1.066 percent for the combined
11 property taxes. However, on Schedule LKM-6S I have applied this growth rate to
12 derive the level of property taxes for the rate year and the step period.

13
14 **VI. WORKERS' COMPENSATION EXPENSE**

15 Q. PLEASE RESPOND TO MR. DECELLES' DISAGREEMENT WITH THE
16 MANNER IN WHICH YOU TREAT WORKERS' COMPENSATION
17 EXPENSE IN THE STEP PERIOD.

18 A. The rate year expenses are escalated using the inflation rate during the step period to
19 estimate the expenses for those periods. For workers' compensation, I determined it
20 would be appropriate to keep those expenses flat because of the clear downward trend
21 in those costs. From FY 2011 to FY 2014, there have been significant decreases in
22 the level of workers' compensation expense. Attachment COMM 1-1 to this
23 testimony, which was provided in response to a Commission data request, shows the
24 decline in these expenses. In his disagreement with my adjustment, Mr. DeCelles
25 states that workers' compensation policy costs are influenced by numerous factors

1 such as the number of injuries, etc. Mr. DeCelles predicts that workers'
2 compensation expense will increase because the number of injuries has increased
3 during the past year. However, as Mr. DeCelles has stated, there are numerous
4 factors that go into the determination of workers' compensation rates. It is not driven
5 by just the number of injuries. The severity of the injuries and the amount paid out in
6 claims can also affect the policy rates. Therefore, the statement that injuries have
7 increased does not necessarily mean that workers' compensation costs will increase.
8 Moreover, given that PWSB's workers' compensation has been declining also implies
9 that PWSB has been doing a good job with the safety of its workers. The data does
10 not suggest otherwise. Therefore, the Commission should reject Mr. DeCelles'
11 workers' compensation claim.

12 Q. DOES THIS COMPLETE YOUR SURREBUTTAL TESTIMONY?

13 A. Yes, it does.

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

**PAWTUCKET WATER)
SUPPLY BOARD) Docket No. 4550**

**SCHEDULES ACCOMPANYING THE
SURREBUTTAL TESTIMONY
OF
LAFAYETTE K. MORGAN, JR.**

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

AUGUST 27, 2015

PAWTUCKET WATER SUPPLY BOARD

Summary of Revenues and Expenses at
 Present and Proposed Rates
 Rate Year Ended June 30, 2016

	Test Year Amount Per PWSB	(1)	PWSB Rate Year Adjustments	(1)	Rate Year Amount Per PWSB	Division Adjustments	Rate Year at Present Rates	Allowable Rate Increase	Rate Year at Proposed Rates
Revenue									
Service Charges	\$ 2,994,094		\$ -		\$ 2,994,094	\$ -	\$ 2,994,094		
Metered Rates	13,836,305		-		13,836,305	-	13,836,305		
Fire Protection	1,343,028		-		1,343,028	-	1,343,028		
Miscellaneous	659,046		26,442		685,488	23,036	708,524		
Total Revenue	\$ 18,832,473		\$ 26,442		\$ 18,858,915	\$ 23,036	\$ 18,881,951	\$ 1,561,228	\$ 20,443,179
Expenses									
Operating & Maintenance									
Administration	\$ 2,173,233		\$ 119,593		\$ 2,292,826	\$ (26,694)	\$ 2,266,132	\$ -	\$ 2,266,132
Customer Service	933,072		123,336		1,056,408	(7,226)	1,049,182	-	1,049,182
Supply	438,872		13,722		452,594	(2,768)	449,826	-	449,826
Purification	2,628,473		224,938		2,853,411	(12,212)	2,841,199	-	2,841,199
Transmission & Distribution	2,322,774		175,082		2,497,856	(7,471)	2,490,385	-	2,490,385
Total Operating & Maintenance	\$ 8,496,424		\$ 656,671		\$ 9,153,095	\$ (56,372)	\$ 9,096,723	\$ -	\$ 9,096,723
Capital									
Property Taxes	\$ 921,828		\$ (162,210)		\$ 759,618	\$ -	\$ 759,618	\$ -	\$ 759,618
Principal, Interest & RICWFA Fees	7,764,193		-		7,764,193	-	7,764,193	-	7,764,193
Leases	-		-		-	-	-	-	-
IFR	2,500,000		-		2,500,000	-	2,500,000	-	2,500,000
Trustee Fees	26,879		4,121		31,000	-	31,000	-	31,000
O&M Reserve Deposit	-		-		-	-	-	-	-
Total Capital	\$ 11,212,900		\$ (158,089)		\$ 11,054,811	\$ -	\$ 11,054,811	\$ -	\$ 11,054,811
Total Expenses	\$ 19,709,324		\$ 498,582		\$ 20,207,906	\$ (56,372)	\$ 20,151,534	\$ -	\$ 20,151,534
Operating Reserve Allowance	-		292,836		292,836	(1,191)	291,645	-	291,645
Total Cost of Service	\$ 19,709,324		\$ 791,418		\$ 20,500,742	\$ (57,563)	\$ 20,443,179	\$ -	\$ 20,443,179
Revenue Surplus/(Deficiency)	\$ (876,851)		\$ (764,976)		\$ (1,641,827)	\$ 80,599	\$ (1,561,228)	\$ 1,561,228	\$ -

Notes:

(1) Pre-filed Rebuttal Testimony of Christopher Woodcock, Schedule 11.0, Page 1.

PAWTUCKET WATER SUPPLY BOARD

Summary of Revenues and Annual Step Increases
 Rate Year Ended June 30, 2016

	Rate Year Increase FY 2016	Step 1 Increase FY 2017	Step 2 Increase FY 2018
Additional Debt Service	\$ -	\$ 1,174,417 (2)	\$ 257,898 (2)
Change in Property Taxes	-	(48,414) (3)	1,595 (3)
Labor Inflation	-	58,067 (4)	59,228 (4)
Non- Labor Inflation	-	124,193 (4)	126,807 (4)
Revenue Stabilization	<u>-</u>	<u>19,624</u> (5)	<u>324,635</u> (6)
Revenue Increase per Year	\$ 1,561,228	\$ 1,327,887	\$ 770,164
Annual Revenues At Current Rates	\$ 18,881,951	\$ 20,443,179	\$ 21,771,066
Revenues After Proposed Rate Increase	<u>\$ 20,443,179</u>	<u>\$ 21,771,066</u>	<u>\$ 22,541,230</u>

Notes:

- (1) Schedule LKM-1, Page 2.
- (2) Schedule LKM-11.
- (3) Schedule LKM-6.
- (4) Schedule LKM-12.
- (5) Increased Costs x 1.5%
- (6) 3% of Cost of Service less Miscellaneous Revenue & Operating Revenue Allowance.

PAWTUCKET WATER SUPPLY BOARD

Summary of Division Adjustments to
Rate Year Revenues and Expenses at Present Rates
Rate Year Ended June 30, 2016

<u>Description</u>	<u>Rate Year Amount</u>
<u>Revenue Adjustments</u>	
Miscellaneous Revenues	\$ 23,036
Total Revenue Adjustments	\$ 23,036
<u>Expense Adjustments</u>	
Administration	
Regulatory Commission Expense	\$ -
Rate Case	(10,000)
Purchased Power	(871)
Inflation	(15,823)
Customer Service	
Inflation	(7,226)
Supply	
Purchased Power	(1,369)
Maintenance of Miscellaneous Plant	-
Inflation	(1,399)
Purification	
Purchased Power	(12,262)
Water Treatment	50
Transmission & Distribution	
Purchased Power	(346)
Inflation	(7,126)
Total Operating & Maintenance	
Capital	
Property Taxes	-
Total Expense Adjustments	\$ (56,372)
Total Division Adjustments to Operating Income	\$ 79,408

PAWTUCKET WATER SUPPLY BOARD

Adjustment to Annualize Other Operating Revenues
 Rate Year Ended June 30, 2016

		Penalties Water	Service Installation & Service Fees	Miscellaneous Revenues	Totals
		Account			
FY 12	(1)	\$ 326,610	\$ 44,928	\$ 286,507	\$ 658,045
FY 13	(1)	319,770	87,074	207,353	614,197
FY 14	(1)	<u>326,339</u>	<u>60,512</u>	<u>233,806</u>	<u>620,657</u>
3-Year Average Revenues		\$ 324,240	\$ 64,171	\$ 242,555	\$ 630,966
Adjusted Revenues per PWSB	(2)	<u>324,240</u>	<u>64,171</u>	<u>219,519</u>	<u>607,930</u>
Adjustment to Other Operating Revenues		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,036</u>	<u>\$ 23,036</u>

Notes:

(1) Schedule DGB -6.

(2) CW Rebuttal Sch. 1.0, Page 4.

PAWTUCKET WATER SUPPLY BOARD

Adjustment to Normalize Regulatory Commission Expense
Rate Year Ended June 30, 2016

		<u>Total Cost</u>
2015 General Assessment Due & Paid	(1) \$	78,606
2014 General Assessment Due & Paid	(1) \$	<u>94,971</u>
Average General Assessment Due & Paid	\$	86,789
Regulatory Commission Expense - Other per PWSB	(2) <u></u>	<u>86,789</u>
Adjustment to Regulatory Commission Expense	\$	<u><u>-</u></u>

Notes:

(1) Per DPUC Internal Accounting Document.

(2) CW Rebuttal Sch. 1.0, Page 1.

PAWTUCKET WATER SUPPLY BOARD

Adjustment to Normalize Rate Case Expense
Rate Year Ended June 30, 2016

	<u>Total Cost</u>
Estimated Rate Case Expense per PWSB Normalization Period	(1) \$ 200,000 <u>3</u>
Annualized Rate Case Expense Rate Case Expense per PWSB	\$ 66,667 (2) <u>76,667</u>
Adjustment to Rate Case Expense	<u>\$ (10,000)</u>

Notes:

(1) CW Sch. 1.1, Page 2.

(2) CW Rebuttal Sch. 1.1, Page 2.

PAWTUCKET WATER SUPPLY BOARD

Adjustment to Reflect Annual Property Tax Expense Growth
 Rate Year Ended June 30, 2016

		<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Real Property Tax Subject to Tax Agreement with Cumberland	(1)	\$ 518,000	\$ 500,000	\$ 450,000	\$ 450,000
Property Tax Not Subject to Tax Agreement with Cumberland Before Annual Growth	(2)	\$ 254,279	\$ 259,618	\$ 259,618	\$ 261,204
Annual Growth Rate	(3)	<u>1.0000</u>	<u>1.0000</u>	<u>1.0061</u>	<u>1.0061</u>
Property Tax Not Subject to Tax Agreement with Cumberland After Annual Growth		<u>\$ 254,279</u>	<u>\$ 259,618</u>	<u>\$ 261,204</u>	<u>\$ 262,799</u>
Total Property Taxes		\$ 772,279	\$ 759,618	\$ 711,204	\$ 712,799
Amount Per PWSB RB Rebuttal Testimony			<u>759,618</u>	<u>711,251</u>	<u>713,094</u>
Adjustment to Property Taxes			<u>\$ -</u>	<u>\$ (47)</u>	<u>\$ (295)</u>

Notes:

- (1) PWSB Response to DIV. 2-12.
- (2) Mr. Benson Rebuttal Testimony Property Tax Exhibit. FY 2017 and FY 2018 escalated by growth rate.
- (3) Average Annual Growth Rate Calculated per RB Rebuttal Property Tax for the most recent 3-year period.

PAWTUCKET WATER SUPPLY BOARD

Calculation of the Property Taxes Growth Rate for Taxes Not Subject to Cumberland Tax Agreement
 Rate Year Ended June 30, 2016

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Most Recent 3-year average</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	
Tangible Property Tax- Town of Cumberland	\$ 62,869	\$ 60,234	\$ 58,323	\$ 55,824	\$ 52,040	
Change in Taxes		-4.19%	-3.17%	-4.28%	-6.78%	
Valley Falls Fire District	\$ 59,912	\$ 58,494	\$ 58,222	\$ 63,623		
Cumberland Hill Fire District	20	20	20	20		
North Cumberland Hill Fire District	28,295	28,295	26,442	20,594		
Total New Consolidated Fire District	\$ 88,227	\$ 86,809	\$ 84,684	\$ 84,237	\$ 92,375	
Change in Taxes		-1.61%	-2.45%	-0.53%	9.66%	
Town of Lincoln	\$ 79,947	\$ 79,947	\$ 83,281	\$ 83,560	\$ 83,405	
Change in Taxes		0.00%	4.17%	0.34%	-0.19%	
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimated</u>	
Sayleville Fire District Tax	\$ 6,280	\$ 6,137	\$ 6,762	\$ 6,824	\$ 7,024	
Change in Taxes		-2.27%	10.17%	0.92%		
Town of North Attleborough	\$ 12,488	\$ 12,958	\$ 13,424	\$ 14,277	\$ 14,929	
Change in Taxes		3.76%	3.60%	6.35%		
Town of Attleboro	\$ 4,626	\$ 4,768	\$ 5,101	\$ 5,318	\$ 5,571	
Change in Taxes		3.07%	6.99%	4.25%		
Wrentham	\$ 4,138	\$ 4,112	\$ 4,182	\$ 4,240	\$ 4,274	
Change in Taxes		-0.64%	1.72%	1.37%		
Property Tax Not Subject to Cumberland Agreement	\$ 258,576	\$ 254,965	\$ 255,757	\$ 254,279	\$ 259,618	
Annual Growth Rate		-1.40%	0.31%	-0.58%	2.10%	0.61%

PAWTUCKET WATER SUPPLY BOARD

Adjustment to Reflect the GDPPI in the Rate Year Inflation Claim
Rate Year Ended June 30, 2016

	Test Year FY 2014	(1)	Inflation Adjustment to Derive FY 2016 Amount	(2)	Rate Year FY 2016	Rate Year FY 2016 per PWSB	(1)	Division Rate Year Adjustments
	(a)		(b)		(c)	(d)		(e)
ADMINISTRATION								
Materials and Supplies (Account 620)	\$ 53,171		\$ 1,384		\$ 54,555	\$ 56,361		\$ (1,806)
Contractual Services - Legal (Account 633)	188,115		4,895		193,010	199,402		(6,392)
Contractual Services - Other (Account 635)	11,188		291		11,479	11,859		(380)
Rental of Equipment (Account 642)	3,455		90		3,545	3,662		(117)
Transportation Expenses (Account 650)	7,043		183		7,226	7,465		(239)
Miscellaneous Expense (Account 675)	28,117		732		28,848	29,804		(956)
Credit Card Fees	22,812		594		23,406	24,181		(775)
Education Training	4,250		111		4,361	4,506		(145)
Maintenance of Misc. Plant	48,584		1,264		49,849	51,499		(1,650)
Other Utilities	98,864		2,573		101,436	104,795		(3,359)
Postage	78		2		80	83		(3)
Subtotal - Admin	\$ 465,676		\$ 12,118		\$ 477,794	\$ 493,617		\$ (15,823)
CUSTOMER ACCOUNTS								
Mats & Supp (Cust Serv)	\$ 980		\$ 25		\$ 1,005	\$ 1,038		\$ (33)
Mats & Supp (Meters)	3,360		87		3,447	3,561		(114)
Contractual Services - Other - [Cust. Svc.] (Account 635)	34,898		908		35,806	36,992		(1,186)
Rental of Equipment (Account 642)	1,931		50		1,981	2,047		(66)
Transportation Expenses - [Cust. Svc.] (Account 650)	763		20		783	808		(25)
Transportation Expenses - [Meter] (Account 650)	11,117		289		11,406	11,784		(378)
Bad Debt Expense (Account 670)	1,710		45		1,755	1,813		(58)
Miscellaneous Expense - [Cust. Svc.] (Account 675)	238		6		244	252		(8)
Miscellaneous Expense - [Meter] (Account 675)	686		18		704	727		(23)
Education Training - [Meter]	732		19		751	776		(25)
Other Utilities - [Cust. Svc.]	2,586		67		2,653	2,741		(88)
Other Utilities - [Meter]	3,028		79		3,107	3,210		(103)
Printing - [Cust. Svc.]	39,768		1,035		40,803	42,154		(1,351)
Printing - [Meter]	902		23		925	956		(31)
Postage-[Cust. Svc.]	110,011		2,863		112,873	116,611		(3,738)
Subtotal - Customer Accts	\$ 212,709		\$ 5,535		\$ 218,244	\$ 225,470		\$ (7,226)
SOURCE OF SUPPLY								
Materials and Supplies (Account 620) & Rental	\$ 1,988		\$ 52		\$ 2,040	\$ 2,107		\$ (67)
Transportation Expenses (Account 650)	3,661		95		3,756	3,881		(125)
Miscellaneous Expense (Account 675)	49		1		50	52		(2)
Security Service	74,733		1,945		76,678	79,217		(2,539)
Education Training	628		16		645	666		(21)
Maint of Misc Plant	57,286		1,491		58,777	57,286		1,491
Other Utilities	3,990		104		4,094	4,230		(136)
Subtotal - Supply	\$ 142,336		\$ 3,704		\$ 146,040	\$ 147,439		\$ (1,399)
TRANSMISSION & DISTRIBUTION								
Materials and Supplies - (Account 620)	\$ 55,068		\$ 1,433		\$ 56,501	\$ 58,372		\$ (1,871)
Materials and Supplies - [Engineering] (Account 620)	11,225		292		11,518	11,899		(381)
Rental of Equipment (Account 642)	11,734		305		12,040	12,438		(398)
Rental of Equipment - [Engineering] (Account 642)	2,959		77		3,036	3,137		(101)
Transportation Expenses - (Account 650)	79,571		2,071		81,641	84,345		(2,704)
Transportation Expenses - [Engineering] (Account 650)	8,826		230		9,056	9,356		(300)
Miscellaneous Expense - (Account 675)	3,377		88		3,465	3,580		(115)
Miscellaneous Expense - [Engineering] (Account 675)	495		13		508	525		(17)
Education Training	4,444		116		4,560	4,711		(151)
Education Training - [Engineering]	667		17		684	707		(23)
Repairs & Maintenance - general	1,432		37		1,470	1,518		(48)
Repairs & Maintenance - services	4,268		111		4,379	4,524		(145)
Other Utilities	22,105		575		22,680	23,432		(752)
Other Utilities - [Engineering]	3,525		92		3,617	3,736		(119)
Subtotal - T&D	\$ 209,697		\$ 5,457		\$ 215,154	\$ 222,280		\$ (7,126)
	\$ 1,030,418		\$ 26,814		\$ 1,057,232	\$ 1,088,806		\$ (31,574)

Notes:

(1) CW Sch. 1.0.

(2) Column (a) x Compound Inflation Rate. (3)

(3) May 10, 2015 Edition Blue Chip Economic Indicators Data

	2013-14	2015-16
Third Quarter	106.9	109.7
Fourth Quarter	107.3	110.1
First Quarter	107.7	110.7
Second Quarter	108.3	111.2
	107.6	110.4

Two-Year Compound Inflation 2.60%

PAWTUCKET WATER SUPPLY BOARD

Adjustment to Reduce Inflation Escalation on Electric Power Delivery Expense
Rate Year Ended June 30, 2016

	Test Year FY 2014	(1)	Adjustment	Rate Year FY 2016	Rate Year FY 2016 per PWSB	(1)	Division Adjustments
	(a)		(b)	(c)	(d)		(e)
Administration							
Delivery	\$ 24,976		\$ 650 (2)	\$ 25,626	\$ 26,497		\$ (871)
Supply	15,513		6,064 (1)	21,577	21,577		-
Total	\$ 40,489		\$ 6,714	\$ 47,203	\$ 48,074		\$ (871)
Source of Supply							
Delivery	\$ 39,245		\$ 1,021 (2)	\$ 40,266	\$ 41,635		\$ (1,369)
Supply	52,761		20,625 (1)	73,386	73,386		-
Total	\$ 92,006		\$ 21,646	\$ 113,652	\$ 115,021		\$ (1,369)
Purification							
Delivery	\$ 351,556		\$ 9,148 (2)	\$ 360,704	\$ 372,966		\$ (12,262)
Supply	425,157		166,198 (1)	591,354	591,354		-
Total	\$ 776,713		\$ 175,346	\$ 952,058	\$ 964,320		\$ (12,262)
Transmission & Distribution							
Delivery	\$ 9,926		\$ 258 (2)	\$ 10,184	\$ 10,530		\$ (346)
Supply	4,818		1,883 (1)	6,701	6,701		-
Total	\$ 14,744		\$ 2,142	\$ 16,886	\$ 17,231		\$ (346)
Total Adjustment							<u>\$ (14,847)</u>

Notes:

- (1) CW Rebuttal Sch. 1.1, page 2
- (2) Column (a) x Compound Inflation Rate. (3)
- (3) Compounded Inflation Rate of 2.60% as calculated for rate year .

PAWTUCKET WATER SUPPLY BOARD

Adjustment to Reflect the Increase in the Annual Service Fee of New Treatment Facility
Rate Year Ended June 30, 2016

	<u>Amount</u>
FY 2016 Annual Service Fee per Division	\$ 1,889,142 (1)
FY 2016 Annual Service Fee per PSWB	<u>1,889,092</u> (2)
Adjustment to O&M Expenses	<u>\$ 50</u>

Notes:

(1) Schedule LKM -9, page 2.

(2) CW Sch. 1.1, Page 1.

PAWTUCKET WATER SUPPLY BOARD

Calculation of Annual Service Fee for New Water Treatment Facility
 Rate Year Ended June 30, 2016

	<u>FY 2014 Monthly Invoice Amount</u>	<u>FY 2015</u>	<u>FY 2016</u>
July-13	\$ 153,958.40 (1)	\$ 155,189.35	\$ 157,335.92
August-13	153,958.40	155,189.35	157,335.92
September-13	153,958.40	155,189.35	157,335.92
October-13	153,958.40	155,189.35	157,335.92
November-13	153,958.40	155,189.35	157,335.92
December-13	153,958.40	155,189.35	157,335.92
January-14	153,958.40	155,189.35	157,335.92
February-14	153,958.40	155,189.35	157,335.92
March-14	155,189.35 (2)	157,335.92 (2)	157,613.60 (2)
April-14	155,189.35	157,335.92	157,613.60
May-14	155,189.35	157,335.92	157,613.60
June-14	155,189.35	157,335.92	157,613.60
Total Annual Amount	<u>\$ 1,852,424.60</u>	<u>\$ 1,870,858.47</u>	<u>\$ 1,889,141.73</u>

Notes:

- (1) Response to DIV. 2-15.
- (2) Schedule LKM -9, page 3.

PAWTUCKET WATER SUPPLY BOARD

Calculation of Monthly Service Fee for New Water Treatment Facility
 Rate Year Ended June 30, 2016

	<u>Contract Year March14 - Feb15</u>	<u>Contract Year March15 - Feb16</u>	<u>Contract Year March16 - Feb17</u>
Prior Year Service Fee	\$ 1,835,070.63 (1)	\$ 1,849,751.20	\$ 1,875,349.01
CPI Adjustment	0.80% (1)	1.38% (2)	0.17%
Service Fee Increase	<u>\$ 14,680.57</u>	<u>\$ 25,597.82</u>	<u>\$ 3,169.16</u>
New Annual Service Fee	\$ 1,849,751.20	\$ 1,875,349.01	\$ 1,878,518.17
Number of Months	12	12	12
New Monthly Service Fee	<u>\$ 154,145.93</u>	<u>\$ 156,279.08</u>	<u>\$ 156,543.18</u>
Pass Through Costs			
Annual Performance Bond	\$ 12,521.00 (1)	\$ 12,682.00 (3)	\$ 12,845.00 (3)
Number of Months	12	12	12
Monthly Pass through Amount	<u>\$ 1,043.42</u>	<u>\$ 1,056.83</u>	<u>\$ 1,070.42 (1)</u>
Calculated Total Monthly Service Fee	<u>\$ 155,189.35</u>	<u>\$ 157,335.92</u>	<u>\$ 157,613.60</u>

Notes:

- (1) Response to DIV. 2-15.
- (2) Schedule LKM -9, page 3.
- (3) Response to Cumb. 3-26.

PAWTUCKET WATER SUPPLY BOARD

Calculation of Annual CPI Factor for Water Treatment Plant
 Rate Year Ended June 30, 2016

Contract Year March15 - Feb16 Inflation Rate

	Calendar Year 2013	(1)	Calendar Year 2014	(2)
January	147.3		149.2	
February	148.2		149.7	
March	147.9		150.7	
April	147.9		150.5	
May	148.0		151.4	
June	147.9		151.2	
July	148.2		151.4	
August	148.8		150.6	
September	148.7		150.6	
October	148.5		150.3	
November	148.4		149.2	
December	148.4		148.2	
	1778.2		1802.8	
End of Year CPI Factor			1802.8	
Beginning of Year Factor			1778.2	
CPI Adjustment			24.6	
CPI Adjustment Percentage			1.38%	

Contract Year March16 - Feb17 Inflation Rate

	2014	(3)	2015	(3)
First Quarter	235.4	*	235.2	*
Second Quarter	236.8	*	236.4	
Third Quarter	237.5	*	237.7	
Fourth Quarter	237.0	*	239.0	
	236.7		237.1	
End of Year CPI Factor			237.1	
Beginning of Year Factor			236.7	
CPI Adjustment			0.4	
CPI Adjustment Percentage			0.17%	

* Denotes actual data.

Notes:

(1) Response to DIV. 2-15.

(2) <http://www.bls.gov>, CPI Table 10 (Consumer Price Index for All Urban Consumers, Northeast Size B/C).

(3) May 10, 2015 Edition Blue Chip Economic Indicators Data

PAWTUCKET WATER SUPPLY BOARD

Adjustment to Normalize Maintenance of Miscellaneous Plant
Rate Year Ended June 30, 2016

		<u>Total Cost</u>
Maintenance of Miscellaneous Plant Expense (Source of Supply)		
FY 2012 Actual Expense	(1) \$	41,570
FY 2013 Actual Expense	(1)	53,522
FY 2014 Actual Expense	(1)	<u>76,766</u>
Average Maintenance of Miscellaneous Plant Expense	\$	57,286
Rate Year Maintenance of Miscellaneous Plant Expense	(2)	<u>57,286</u>
Adjustment to Maintenance of Miscellaneous Plant Expense	\$	<u><u>-</u></u>

Notes:

(1) Schedule DGB-2.

(2) CW Sch. 1.0, Page 1.

PAWTUCKET WATER SUPPLY BOARD

Calculation of the Debt Service Expenditures
 Rate Year Ended June 30, 2016

	<u>2017 Amount</u> (1)	<u>2018 Amount</u> (1)
Existing & New Debt		
Debt Service Principal Payments	\$ 5,034,000	\$ 5,371,000
Interest Payments	3,466,574	3,402,981
Existing & New Debt Servicing Amount	<u>\$ 8,500,574</u>	<u>\$ 8,773,981</u>
Existing General Obligation Bonds		
Debt Service Principal Payments	\$ 59,562	\$ 60,374
Interest Payments	8,456	6,164
Existing General Obligation Bonds Servicing Amount	<u>\$ 68,018</u>	<u>\$ 66,538</u>
Fees		
RICWFA Fees	\$ 370,018	\$ 355,989
Total 2017 Debt Servicing Expenditures	\$ 8,938,610	
Rate Year Debt Servicing Expenditures	<u>7,764,193</u> (2)	
Debt Service Increment for Step 1 Increase	<u>\$ 1,174,417</u>	
Total 2018 Debt Servicing Expenditures		\$ 9,196,508
Total 2017 Debt Servicing Expenditures		<u>8,938,610</u>
Debt Service Increment for Step 2 Increase		<u>\$ 257,898</u>

Notes:

(1) Reflect revised debt service per Supplemental Testimony of Robert Benson stated on fiscal year basis as provided in informal discovery.

(2) CW Sch. 1.1, Page 1.

PAWTUCKET WATER SUPPLY BOARD

Calculation of the Annual Inflation for Step Increases
 Rate Year Ended June 30, 2016

Expense Item	Rate Year	Division	After Division	Inflation	2017 Step	FY 2017	Inflation	2018 Step
	FY 2016	Adjustments	Adjustments	Rate (4)	Increase Inflation	Amount	Rate	Increase Inflation
ADMINISTRATION								
Salaries & Wages - (601)	\$ 665,549 (1)	\$ -	\$ 665,549	2.00%	\$ 13,311	\$ 678,860	2.00%	\$ 13,577
Salaries & Wages - Payroll Taxes	46,421 (1)	-	46,421	2.00%	928	47,349	2.00%	947
Employee Pensions & Benefits (604)	417,566 (2)	-	417,566	2.00%	8,351	425,917	2.00%	8,518
Workers Comp	30,667 (1)	-	30,667	0.00%	-	30,667	0.00%	-
Materials and Supplies (Account 620)	54,555 (3)	-	54,555	2.00%	1,091	55,646	2.00%	1,113
Contractual Services - Legal (Account 633)	193,010 (3)	-	193,010	2.00%	3,860	196,870	2.00%	3,937
Contractual Services - Mgt. Fees (634) City Chg	275,788 (1)	-	275,788	2.00%	5,516	281,304	2.00%	5,626
Contractual Services - Other (Account 635)	11,479 (3)	-	11,479	2.00%	230	11,709	2.00%	234
Rental of Equipment (Account 642)	3,545 (3)	-	3,545	2.00%	71	3,616	2.00%	72
Transportation Expenses (Account 650)	7,226 (3)	-	7,226	2.00%	145	7,371	2.00%	147
Insurance - General Liability (Account 657)	151,690 (1)	-	151,690	2.00%	3,034	154,723	2.00%	3,094
Insurance - Other (Account 659)	- (1)	-	-	2.00%	-	-	2.00%	-
Regulatory Com Expense - Other (667)	86,789 (1)	-	86,789	2.00%	1,736	88,525	2.00%	1,770
Reg Com Exp - Amort of Rate Case Exp (666)	76,667 (1)	-	76,667	0.00%	-	76,667	0.00%	-
Miscellaneous Expense (Account 675)	28,848 (3)	-	28,848	2.00%	577	29,425	2.00%	589
Credit Card Fees	23,406 (3)	-	23,406	2.00%	468	23,874	2.00%	477
Education Training	4,361 (3)	-	4,361	2.00%	87	4,448	2.00%	89
Maint of Misc Plant	49,849 (3)	-	49,849	2.00%	997	50,846	2.00%	1,017
Purchased Power	48,074 (1)	(871)	47,203	2.00%	944	48,147	2.00%	963
Other Utilities	101,436 (3)	-	101,436	2.00%	2,029	103,465	2.00%	2,069
Printing	- (1)	-	-	2.00%	-	-	2.00%	-
Postage	80 (3)	-	80	2.00%	2	82	2.00%	2
Subtotal - Admin	\$ 2,277,004	\$ (871)	\$ 2,276,133		\$ 43,376	\$ 2,319,509		\$ 44,244
CUSTOMER ACCOUNTS								
Salary & Wages - Cust Ser	\$ 199,008 (1)	\$ -	\$ 199,008	2.00%	\$ 3,980	\$ 202,988	2.00%	\$ 4,060
Salary & Wages - Meter	328,541 (1)	-	328,541	2.00%	6,571	335,111	2.00%	6,702
Salary & Wages Payroll Tx(CS)	14,979 (1)	-	14,979	2.00%	300	15,279	2.00%	306
Salary & Wages Payroll Tx (Meters)	24,399 (1)	-	24,399	2.00%	488	24,887	2.00%	498
Empl Pensions & Benefits (Cust Ser)	76,821 (1)	-	76,821	2.00%	1,536	78,357	2.00%	1,567
Empl Pensions & Benefits (Meters)	171,436 (1)	-	171,436	2.00%	3,429	174,864	2.00%	3,497
Mats & Supp (Cust Serv)	1,005 (3)	-	1,005	2.00%	20	1,025	2.00%	21
Mats & Supp (Meters)	3,447 (3)	-	3,447	2.00%	69	3,516	2.00%	70
Contractual Services - Other - [Cust. Svc.] (Account 635)	35,806 (3)	-	35,806	2.00%	716	36,522	2.00%	730
Rental of Equipment (Account 642)	1,981 (3)	-	1,981	2.00%	40	2,021	2.00%	40
Workers Comp - Cust Serv	2,563 (1)	-	2,563	0.00%	-	2,563	0.00%	-
Workers Comp - Meters	13,191 (1)	-	13,191	0.00%	-	13,191	0.00%	-
Transportation Expenses - [Cust svc.] (Account 650)	783 (3)	-	783	2.00%	16	798	2.00%	16
Transportation Expenses - [Meter] (Account 650)	11,406 (3)	-	11,406	2.00%	228	11,634	2.00%	233
Bad Debt Expense (Account 670)	1,755 (3)	-	1,755	2.00%	35	1,790	2.00%	36
Miscellaneous Expense - [Cust. Svc.] (Account 675)	244 (3)	-	244	2.00%	5	249	2.00%	5
Miscellaneous Expense - [Meter] (Account 675)	704 (3)	-	704	2.00%	14	718	2.00%	14
Education Training - [Cust. Svc.]	- (1)	-	-	2.00%	-	-	2.00%	-
Education Training - [Meter]	751 (3)	-	751	2.00%	15	766	2.00%	15
Repairs & Maintenance - general	- (1)	-	-	2.00%	-	-	2.00%	-
Repairs & Maintenance - meters	- (1)	-	-	2.00%	-	-	2.00%	-
Other Utilities - [Cust. Svc.]	2,653 (3)	-	2,653	2.00%	53	2,706	2.00%	54
Other Utilities - [Meter]	3,107 (3)	-	3,107	2.00%	62	3,169	2.00%	63
Printing - [Cust. Svc.]	40,803 (3)	-	40,803	2.00%	816	41,619	2.00%	832
Printing - [Meter]	925 (3)	-	925	2.00%	19	944	2.00%	19
Postage-[Cust. Svc.]	112,873 (3)	-	112,873	2.00%	2,257	115,131	2.00%	2,303
Subtotal - Customer Accts	\$ 1,049,181	\$ -	\$ 1,049,181		\$ 20,669	\$ 1,069,850		\$ 21,082
SOURCE OF SUPPLY								
Salaries & Wages - (601)	\$ 125,509 (1)	\$ -	\$ 125,509	2.00%	\$ 2,510	\$ 128,019	2.00%	\$ 2,560
Salaries & Wages - Payroll Taxes	9,418 (1)	-	9,418	2.00%	188	9,606	2.00%	192
Employee Pensions & Benefits (604)	49,910 (1)	-	49,910	2.00%	998	50,908	2.00%	1,018
Workers Comp	5,297 (1)	-	5,297	0.00%	-	5,297	0.00%	-
Purchased Power (Account 615)	115,021 (1)	(1,369)	113,652	2.00%	2,273	115,925	2.00%	2,319
Materials and Supplies (Account 620) & Rental	2,040 (3)	-	2,040	2.00%	41	2,081	2.00%	42
Transportation Expenses (Account 650)	3,756 (3)	-	3,756	2.00%	75	3,832	2.00%	77
Miscellaneous Expense (Account 675)	50 (3)	-	50	2.00%	1	51	2.00%	1
Security Service	76,678 (3)	-	76,678	2.00%	1,534	78,211	2.00%	1,564
Education Training	645 (3)	-	645	2.00%	13	657	2.00%	13
Maint of Misc Plant	58,777 (3)	-	58,777	2.00%	1,176	59,952	2.00%	1,199
Other Utilities	4,094 (3)	-	4,094	2.00%	82	4,176	2.00%	84
Subtotal - Supply	\$ 451,195	\$ (1,369)	\$ 449,826		\$ 8,891	\$ 458,716		\$ 9,068

PAWTUCKET WATER SUPPLY BOARD

Calculation of the Annual Inflation for Step Increases
 Rate Year Ended June 30, 2016

Expense Item	Rate Year	Division	After Division	Inflation	2017 Step	FY 2017	Inflation	2018 Step
	FY 2016	Adjustments	Adjustments	Rate (4)	Increase Inflation	Amount	Rate	Increase Inflation
PURIFICATION								
DBO O&M Contract	\$ 1,889,092 (1)	\$ -	\$ 1,889,092	2.30%	\$ 43,449	\$ 1,932,541	2.30%	\$ 44,448
Purchased Power (Account 615)	964,320 (1)	(12,262)	952,058	2.00%	19,041	971,100	2.00%	19,422
Other Utilities	- (1)	-	-		-	-		-
Subtotal - Purification	2,853,412	(12,262)	2,841,150		62,490	2,903,641		63,870
TRANSMISSION & DISTRIBUTION								
Salaries & Wages - (601)	\$ 1,007,907 (1)	\$ -	\$ 1,007,907	2.00%	\$ 20,158	\$ 1,028,065	2.00%	\$ 20,561
Salaries & Wages -[Engineering] (601)	378,097 (1)	-	378,097	2.00%	7,562	385,659	2.00%	7,713
Salaries & Wages - Payroll Taxes -	75,146 (1)	-	75,146	2.00%	1,503	76,649	2.00%	1,533
Salaries & Wages - Payroll Taxes - [Engineering]	28,374 (1)	-	28,374	2.00%	567	28,941	2.00%	579
Salaries & Wages - Police Details	86,272 (1)	-	86,272	0.00%	-	86,272	0.00%	-
Employee Pensions & Benefits - (604)	470,449 (1)	-	470,449	2.00%	9,409	479,858	2.00%	9,597
Employee Pensions & Benefits - [Engineering] (604)	149,723 (1)	-	149,723	2.00%	2,994	152,717	2.00%	3,054
Materials and Supplies - (Account 620)	56,501 (3)	-	56,501	2.00%	1,130	57,631	2.00%	1,153
Materials and Supplies - [Engineering] (Account 620)	11,518 (3)	-	11,518	2.00%	230	11,748	2.00%	235
Rental of Equipment (Account 642)	12,040 (3)	-	12,040	2.00%	241	12,280	2.00%	246
Rental of Equipment - [Engineering] (Account 642)	3,036 (3)	-	3,036	2.00%	61	3,097	2.00%	62
Transportation Expenses - (Account 650)	81,641 (3)	-	81,641	2.00%	1,633	83,274	2.00%	1,665
Transportation Expenses - [Engineering](Account 650)	9,056 (3)	-	9,056	2.00%	181	9,237	2.00%	185
Workers Comp T&D	44,764 (1)	-	44,764	0.00%	-	44,764	0.00%	-
Workers Comp - Engineering	17,613 (1)	-	17,613	0.00%	-	17,613	0.00%	-
Miscellaneous Expense - (Account 675)	3,465 (3)	-	3,465	2.00%	69	3,535	2.00%	71
Miscellaneous Expense - [Engineering] (Account 675)	508 (3)	-	508	2.00%	10	518	2.00%	10
Education Training	4,560 (3)	-	4,560	2.00%	91	4,651	2.00%	93
Education Training - [Engineering]	684 (3)	-	684	2.00%	14	698	2.00%	14
Repairs & Maintenance - general	1,470 (3)	-	1,470	2.00%	29	1,499	2.00%	30
Repairs & Maintenance - T&D	- (1)	-	-	2.00%	-	-	2.00%	-
Repairs & Maintenance - fire services	- (1)	-	-	2.00%	-	-	2.00%	-
Repairs & Maintenance - services	4,379 (3)	-	4,379	2.00%	88	4,467	2.00%	89
Repairs & Maintenance - Hydrants	- (1)	-	-	2.00%	-	-	2.00%	-
Road surface restoration	- (1)	-	-	2.00%	-	-	2.00%	-
Repairs & Maintenance - general	- (1)	-	-	2.00%	-	-	2.00%	-
Purchased Power	17,231 (1)	(346)	16,886	2.00%	338	17,223	2.00%	344
Other Utilities	22,680 (3)	-	22,680	2.00%	454	23,134	2.00%	463
Other Utilities - [Engineering]	3,617 (3)	-	3,617	2.00%	72	3,689	2.00%	74
Printing	- (1)	-	-	2.00%	-	-	2.00%	-
Postage--[Engineering]	- (1)	-	-	2.00%	-	-	2.00%	-
Subtotal - T&D	2,490,730	(346)	2,490,384		46,835	2,537,219		47,771
Total Labor					\$ 58,067			\$ 59,228
Total Non-Labor Inflation					\$ 124,193			\$ 126,807

Note

- (1) CW Schedule 1
- (1) Schedule LKM-7
- (3) Amount from CW Schedule 1 revised to reflect REB Supplemental #1.
- (4) May 10, 2015 Edition Blue Chip Economic Indicators Data