City of Newport Department of Utilities

NEWPORT
RHODE ISLAND
1639

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

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

APPLICATION TO CHANGE RATES

DECEMBER 23, 2015

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO.

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J. Compliance with R.I.G.L § 39-3-12.1:

(1) The status of physical plant, including the volume of its water supply and the source of the supply.

(2) The maintenance policy of the utility, to include the date distribution pipes were last installed, and the length of pipe installed for at least a ten (10) year duration.

(3) The name and cost of each chemical introduced into the water supply during the most recent six (6) month period, including the amount used, and the purpose for the use.

(4) The policy of the utility toward future expansion and renovation of the physical plant, including the amount of funds expended within the preceding year and expected to be expended within the next year for expansion, renovation, equipment purchase, and/or research and development.

KEOUGH & SWEENEY, LTD.

ATTORNEYS AND COUNSELORS AT LAW
41 MENDON AVENUE
PAWTUCKET, RHODE ISLAND 02861
TELEPHONE (401) 724-3600
FACSIMILE (401) 724-9909
www.keoughsweeney.com

JOSEPH A. KEOUGH JR.*
JEROME V. SWEENEY III*

SEAN P. KEOUGH*
STACI L. KOLB

JEROME V. SWEENEY II
OF COUNSEL

*ADMITTED TO PRACTICE IN
RHODE ISLAND & MASSACHUSETTS

RAYNHAM OFFICE:
90 NEW STATE HIGHWAY
RAYNHAM, MA 02109
TEL. (508) 822-2813
FAX (508) 822-2832

BOSTON OFFICE:
171 MILK STREET
SUITE 30
BOSTON, MA 02109
TEL. (617) 574-0054
FAX (617) 451-1914

December 23, 2015

Margaret E. Curran, Chairperson
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: City of Newport, Utilities Department, Water Division,
General Rate Filing, December 2015

Dear Chairperson Curran:

On behalf of the City of Newport, Utilities Department, Water Division ("Newport Water"), enclosed you will find revised rate schedules that Newport Water proposes to place in effect in thirty (30) days. The new rates are designed to collect total revenues in a twelve-month period equal to $20,233,940. We have included pre-filed testimony from three witnesses, as well as schedules and exhibits in support of the revised rates. Additionally, we have included all applicable information required by the Rhode Island Public Utilities Commission's Rules of Practice and Procedure, and statements conforming to the mandates of R.I.G.L. §39-3-12.1. Additionally, pursuant to R.I.G.L. §39-3-12.1, Newport Water is providing a copy of its rate filing to the following communities:

(1) The Town of Middletown;
(2) The Town of Portsmouth; and
(3) The United States, Department of the Navy.

We have also included a copy of our proposed notice to be published in the Providence Journal. We would respectfully ask that your staff immediately review the proposed notice so that it might be published within the period prescribed by law.

The following individuals should receive all correspondence for any additional information to be provided by the Public Utilities Commission: Julia Forgue, P.E., City of

Newport, Director of Public Works, 70 Halsey Street, Newport, Rhode Island 02840; and Joseph A. Keough, Jr., Esquire, Keough & Sweeney, 41 Mendon Avenue, Pawtucket, Rhode Island 02861.

Please note that I will act as legal counsel for Newport Water and will represent it in all rate filing matters concerning its rate application.

Thank you for your attention to these matters.

Sincerely,

Joseph A. Keough, Jr.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO.

NOTICE OF PROPOSED CHANGES IN RATES

In accordance with §2.3A of the Rules of Practice and Procedure for the Public Utilities Commission and RIGL § 39-3-11, the City of Newport, Utilities Department, Water Division ("Newport Water") hereby gives notice of its proposed changes in rates. Said changes are contained in the written testimony and exhibits attached hereto and incorporated herein. The new rates are proposed to become effective on January 23, 2016 and are designed to generate total revenue in the amount of $20,233,940. Additionally, Newport Water respectfully represents that:

(1) Newport Water is a department of the City of Newport with its principal place of business at 70 Halsey Street, Newport, RI;

(2) Correspondence should be addressed to Julia A. Forgue, P.E., Chief Engineer, City of Newport, Utilities Department, Water Division, 70 Halsey Street, Newport, RI, 02840 and to Joseph A. Keough, Jr., 41 Mendon Avenue, Pawtucket, Rhode Island 02861;

(3) In accordance with the appropriate Rules and Regulations pursuant to RIGL §39-3-11, the accompanying documents contain data, information and testimony in support of said request;

(4) Submitted heretofore are documents and statements in conformance with RIGL §39-3-12.1;

(5) Attached hereto is information required by §1.5 and Part II of the Rules of Practice and Procedure for the Rhode Island Public Utilities Commission.

City of Newport, Utilities Department,
Water Division,
By its attorney,

Joseph A. Keough, Jr., Esquire
KEOUGH & SWEENEY, Ltd.
41 Mendon Avenue
Pawtucket, RI 02861
(401) 724-3600 (p)
(401) 724-9909 (f)
jkeoughjr@keoughsweeney.com

CERTIFICATION

I, the undersigned, hereby certify that a true copy of the within was hand delivered to the Public Utilities Commission, 89 Jefferson Boulevard, RI 02888 and mailed via first class mail to the Department of Attorney General, 150 South Main Street, Providence, RI 02903 on the 23rd day of December, 2015.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO:

NOTICE OF FILING AND CHANGE IN RATE SCHEDULES

On December 23, 2015, pursuant to Rhode Island General Laws § 39-3-11 and Part II of the Rhode Island Public Utilities Commission's Rules of Practice and Procedure, the City of Newport, Utilities Department, Water Division ("Newport Water") hereby gives notice that it has filed with the Rhode Island Public Utilities Commission ("Commission") an application to increase its rates.

The proposed rates are designed to collect additional operating revenue in the amount of $2,167,391 to support a total cost of service of $20,151,440. The impact of this request will result in a 12% increase in total cost of service. For a typical residential customer who uses 5,000 gallons of water per month, the impact of this request will result in an increase of $22.68 per year or 3.4%. The impact on all other customers will vary based on customer class and consumption.

Please note that while Newport Water is requesting this revenue increase, the Commission, after full investigation and hearings, may order a different revenue requirement and rate.

While the new rates are proposed to become effective January 23, 2016 the Commission can suspend the rates for up to eight months from the proposed effective date. No rate change will take effect until the Commission has conducted a full investigation and hearing on the proposal. The Commission will publish a notice of the hearing dates when they are scheduled. Ratepayers may comment on the proposed rate increases at that time.

A copy of the application is on file for examination at the Newport Water's office and at the offices of the Public Utilities Commission, 89 Jefferson Boulevard, Warwick, Rhode Island. A copy of the filing was also provided to The Town of Portsmouth, The Town of Middletown and the United States Navy. A copy was also provided to the Rhode Island Attorney General's Department, Consumer Division. Subscriber billing statements will contain notice of this filing.

City of Newport, Utilities Department, Water Division
70 Halsey Street
Newport, RI 02840

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO.

NOTICE TO CUSTOMERS OF THE CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION, OF FILING AND CHANGE IN RATE SCHEDULES

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70 Halsey Street
Newport, RI 02840

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*ADMITTED TO PRACTICE IN
RHODE ISLAND & MASSACHUSETTS

RAYNHAM OFFICE:
90 NEW STATE HIGHWAY
RAYNHAM, MA 02109
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171 MILK STREET
SUITE 30
BOSTON, MA 02109
TEL. (617) 574-0054
FAX (617) 451-1914

December 23, 2015

The United States Department of the Navy
Department of Public Works
1 Simonpieti Drive
Newport, RI 02841-1711

RE: City of Newport, Utilities Department, Water Division
Proposed Rate Increase

Dear Sir/Madam:

Please be advised that on December 23, 2015, the City of Newport, Utilities Department, Water Division ("Newport Water") filed an application to change rates with the Rhode Island Public Utilities Commission. Enclosed you will find a copy of Newport Water's filing.

Additionally, in conformance with RIGL §39-3-12.1, enclosed with the filing you will find copies of Newport Water's compliance with the particulars of that provision.

Thank you for your attention to this these matters.

Sincerely,

Joseph A. Keough, Jr.
JAK:jak
Enclosure

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December 23, 2015

The Honorable Town Council
Town of Middletown
c/o City Clerk
350 East Main Road
Middletown, RI 02842

RE: City of Newport, Utilities Department, Water Division
Proposed Rate Increase

Honorable Council Members:

Please be advised that on December 23, 2015, the City of Newport, Utilities Department, Water Division ("Newport Water") filed an application to change rates with the Rhode Island Public Utilities Commission. Enclosed you will find a copy of Newport Water's filing.

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Sincerely,

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December 23, 2015

The Honorable Town Council
The Town Portsmouth
c/o City Clerk
2200 East Main Road
Portsmouth, RI 02871

RE: City of Newport, Utilities Department, Water Division
Proposed Rate Increase

Honorable Council Members:

Please be advised that on December 23, 2015, the City of Newport, Utilities Department, Water Division ("Newport Water") filed an application to change rates with the Rhode Island Public Utilities Commission. Enclosed you will find a copy of Newport Water's filing.

Additionally, in conformance with RIGL §39-3-12.1, enclosed with the filing you will find copies of Newport Water's compliance with the particulars of that provision.

Thank you for your attention to this these matters.

Sincerely,

Joseph A. Keough, Jr.
JAK:jak
Enclosure

CC: William McGlinn
Portsmouth Water & Fire District

City of Newport Department of Utilities

NEWPORT
RHODE ISLAND
1639

DIRECT TESTIMONY

OF

JULIA A. FORGUE

CITY OF NEWPORT
DIRECTOR OF UTILITIES
ON BEHALF OF THE CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION

INTRODUCTION

Q. Please provide your full name, title and business address for the record.

A. Julia A. Forgue, P.E. I am employed by the City of Newport where I serve as Director of Utilities. My business address is 70 Halsey Street, Newport, RI.

Q. How long have you held this position?

A. I began my employment with the City of Newport on March 12, 2001 as Director of Public Works. While Director of Public Works, I also served as the General Manager of the Water Division. A reorganization of City Departments was finalized in December 2007, and I am now the Director of Utilities.

Q. What are your responsibilities as Director of Utilities?

A. I serve as general manager of the water and water pollution control divisions. I plan, organize and direct the Water Division's activities. I direct and oversee the work of supervisors on administrative and technical issues conforming to a policy framework established by the City as well as State and Federal agencies.

Q. Can you provide a brief description of your work experience?

A. Prior to working for the City of Newport, I was employed by the City of East Providence for 14 years. In the last 11 years I managed the water division as Director of Public Works. The City of East Providence purchases water wholesale from Providence Water and operates and maintains its own transmission and distribution system with approximately 15,000 services. Before working for the City of East Providence, I was a project engineer at consulting firms in Colorado and New Hampshire.

Q. What is your educational background?

A. I received a B.S. in Civil Engineering from Northeastern University in 1981, and a M.S. in Civil Engineering from the University of Colorado at Boulder in 1982. I am a registered Professional Engineer in Rhode Island and New Hampshire.

Q. Do you have any professional affiliations?

A. Yes, I am a member of the American Water Works Association, New England Waterworks Association and the Rhode Island Waterworks Association. I served as President of the RIWWA from December 2001 to December 2003. I am also a member of the Water Environment Association.

Q. What is the purpose of this testimony?

A. To support the request of the City of Newport, Department of Utilities, Water Division (hereinafter "Newport Water" or "Newport") to increase its rates for the proposed rate year.

Q. What are the test year and rate year Newport Water used in this filing?

A. The test year is Fiscal Year 2015 (July 1, 2014 to June 30, 2015). The rate year is Fiscal Year 2017 (July 1, 2016 to June 30, 2017).

OVERVIEW

Q: Can you please provide an overview of Newport's request for rate relief?

A: Yes. Newport's request for rate relief is primarily driven by increased expenses in the following categories:

1. **Capital Expenses** – Newport seeks $680,502 in additional revenues for fund capital projects on a pay-as-you-go basis through the Infrastructure Replacement Program

("IFR"). Newport does not seek any additional funding for debt service for its Capital Improvement Program.

2. **Operations and Maintenance ("O&M") Expenses** - Newport has not requested increased rates for O&M expenses since its last full rate case, which it filed on April 18, 2011 (Docket 4243). In this Docket, Newport Water seeks additional revenues to pay increasing O&M expenses.

Q. Will the revenues from current rates be sufficient to cover expenses in the rate year?

A. No. The revenues generated from the existing rates will not be sufficient to cover the necessary expenses for the rate year (FY17). However, the proposed rates should recover sufficient revenues for the rate year expenses.

Q. Are there any other items Newport Water wishes to address in this filing?

A. Yes Newport has four additional requests. First, Newport proposes to transfer funds from the restricted Retiree Insurance and Accrued Benefits Buyout accounts to its Debt Service Account. Newport seeks to continue funding these restricted accounts, but at a lower amount than allowed in Docket 4243.

Q. What is the second item Newport Water wishes to address?

A. In Docket 4243, Newport agreed to separate pumping costs for Lawton Valley and Station 1 from treatment costs in future rate filings. Based on changes resulting from the construction of the new Lawton Valley Treatment Plant, Newport does not think it is necessary to continue separating these costs.

Q. What is the third issue Newport wishes to address?

A. Newport Water proposes changes to the "Miscellaneous Charges" in the Tariff, which increase and clarify certain charges for our customers and contractors.

Q. What is the final issue Newport wishes to address?

A. Newport seeks to discontinue filing its monthly cash flow narrative reports and its quarterly Restricted Account Analysis and IFR Report.

Q. Will you address these four issues in more detail later in your testimony?

A. Yes I will.

CAPITAL EXPENSES

Q. Before you address Newport's increased capital expenses, can you provide an overview of the capital improvements to Newport's Treatment Plants?

A. Yes. As the Commission knows, since 2008, Newport had been planning significant capital projects at its two water treatment plants – Lawton Valley and Station 1. The projects included the design and construction of a new Lawton Valley Water Treatment plant and significant improvements to the Station 1 Water Treatment Plant (collectively the "WTP Projects"). The WTP Projects addressed anticipated future water quality regulations, treatment capacity, and reliability needs. The Commission approved funding for the WTP Projects primarily in Docket 4243, which allowed Newport to increase rates through a multi-year rate increase to service the necessary debt.

In January 2012, the Newport City Council awarded a Design/Build contract for the WTP Projects. The Contract required the new facilities to be in service by December 2014. Construction at both water treatment plants began in August 2012 after completion of the final design and permitting process. With approval from the Rhode Island Department of Health

("RIDOH"), the Station 1 Plant went into full scale operation on July 31, 2014, and the new Lawton Valley Plant went into full scale operation on September 17, 2014, both ahead of schedule.

Q. Do the WTP Projects address specific water quality issues?

A. Yes. Newport Water faced a wide and challenging range of water quality conditions due to raw water supplies. Unlike most systems that use a single water source, Newport's system relies on nine reservoirs with a wide range of water quality and susceptibility to algae blooms. The complex WTP Projects required an integrated solution to provide the right mix of filtration and treatment to treat water from multiple sources. The primary focus of the new treatment process is to reduce the amount of Total Organic Carbon (TOC) in the source water. TOC can be converted to disinfection by-products such as Total Trihalomethanes (TTHMs) if not removed. The EPA regulates the amount of TTHMs in the finished water and historically Newport Water faced challenges meeting the TTHM requirements at both treatment plants. With the WTP Projects completed, both plants now have a core treatment process of dissolved air flotation (DAF) followed by primary granular activation carbon filtration (GAC) and finally post-filter Advanced Water Treatment contactors with GAC.

In addition, the Station 1 Plant was designed to treat 9 MGD when it went into service in the 1990's. However, it could only reliably treat 6 MGD due to the water quality issues with supply reservoirs. The completion of the WTP Projects restored Station 1's treatment capacity of 9 MGD.

Q. How are the Treatment Plants performing?

A. The performance of the new Lawton Valley Plant and the improved Station 1 Plant has exceeded our expectations. Removal of TTHMs is accomplished with the new conventional treatment and the Advanced Water Treatment System when necessary. The Stage 2 TTHM

compliance regulations require levels less than 80 ppb on a locational annual running average at each of four sampling sites in Newport's distribution system. With the old treatment plants it was not uncommon to see TTHM levels at the sampling sites range from 115ppb to 130ppb resulting in drinking water violations. By comparison, the August 2015 TTHM levels measured at each site ranged from 47ppb to 62 ppb, and the reported locational annual running averages for compliance ranged from 36.2ppb to 46.2ppb. Our wholesale customers, Portsmouth Water and Fire District and the Navy, are seeing similar results for TTHM compliance with the new plants in service.

In November 2015, Newport Water received an Award of Excellence for the WTP Projects from the Design-Build Institute of America.

Q. Is Newport planning to fund any other capital projects through debt as part of this rate filing?

A. No. Apart from the capital projects already funded through debt, Newport does not propose to fund any new capital projects through debt in this Docket. However, Newport does plan to fund certain new projects included in its Capital Improvement Program ("CIP") through pay-as-you-go funds from IFR.

Q. Can you identify the capital projects Newport seeks to fund through IFR?

A. Yes. In February 2015 Newport Water submitted the five year update of its Infrastructure Replacement Plan (IRP) to RIDOH. This IRP was used to develop Exhibit 1 attached to my testimony, which lists the capital improvement projects Newport Water proposes to fund from IFR.

RATE YEAR ADJUSTMENTS

Q. Has Newport Water presented adjustments for operation and maintenance expense in the normalized test year?

A. Yes we have.

Q. Would you please explain these operating and maintenance expenses adjustments?

A. Yes. Herein below, I identify and provide an explanation of the rate year adjustments. I limited my explanations to those that exceed ten thousand dollars, and address each of the adjustments in order by budget line item number as they appear on RFC Schedule A-1B.

Q. Please explain the increase in Salaries and Wages?

A. The overall increase in Salaries and Wages is mainly caused by two factors. First, both the AFSCME and the NEA contracts expired as of June 30, 2015. The salary costs shown in the rate year are based on a 2.25% annual cost of living adjustment (COLA) of in both Fiscal years 2016 and 2017, which is the COLA that was adopted by the City for all other non-union employees. In addition, the increases include step increases and longevity pay. The City Council approved a new NEA contract that included this COLA at its December 9, 2015 meeting, and I expect that the City Council will approve a similar contract with AFSCME in the near future.

Second, Newport Water reorganized and reclassified certain management positions.

Q. Can you explain this reorganization?

A. Yes. Newport reorganized the supervisory positions that oversee the treatment plants, and reclassified an Operator positon assigned to Distribution and Collection as an Engineering Technician. Newport also proposes to add an additional full time Water Account Clerk, which will be allocated 50% to the Water Division and 50% to the Water Pollution Control Division.

Q. Can you explain why Newport undertook this reorganization?

A. Yes. I will start with the supervisory positions at the Water Treatment Plants, which did not change the overall number of full time staff. Prior to the reorganization, the staffing included one Supervisor for Water Quality and Production, one Foreman and eight operators at Station 1, and one Foreman and eight operators at Lawton Valley, for a total of 19 positions. Following the reorganization, we eliminated both Foreman positions. We now have one Supervisor for Water Quality and Production, one new Assistant Water Treatment Superintendent, nine operators at Station 1, and eight operators at Lawton Valley, for a total of 19 positions.

The Supervisor and Assistant Superintendent positions are the only non-union positions at the water treatment plants. As part of the discussion with AFSCME regarding the reorganization we agreed that one of the operators would be designated as a Lead Operator for each shift at each plant. The Lead Operator is assigned specific responsibilities for the shift and receives a weekly differential similar to "On Call" staff. The present differential is $80 per week and is proposed to increase in the rate year to $100/ week.

Q. Can you describe the new Engineering Technician Positon?

A. Yes. Historically, and prior to my employment at Newport Water, an Operator position for the Distribution and Collection section had been assigned to perform Dig Safe markings. When the person in this position resigned, we reclassified the positon as an Engineering Technician, which gave us two Engineering Technicians, and assigned the responsibility for Dig Safe marking to the two Engineering Technicians. In addition, Newport has transitioned all its records to a Geographical Information System (GIS), which the Engineering Technicians will also maintain.

Q. Can you explain the new Water Account Clerk?

A. The proposed Water Account Clerk is the only personnel change that adds a position to Newport Water. Newport presently has one Water Account Clerk who is responsible for the

billing functions and customer service. The combined billing and customer service tasks have been a challenge for one person to perform. At times, the Financial Analyst and the Deputy Director for Finance would need to assist, especially during any absences or vacation taken by the Water Account Clerk. We have seen an increase in calls from our customers with general inquiries resulting from our transition to monthly billing. Customer Service calls associated with sewer charges are now being forward to the Deputy Directors. We presently have a Part Time Clerk working three days per week to assist with customer service including assisting with the set up and monitoring of payment plans. We are proposing to eliminate the part-time clerk position and share the cost of the additional Account Clerk 50/50 between the Water Pollution Control Division and the Water Division. The additional Account Clerk will be assisting with customer service for the sewer billings that appear on the same bill as the water charges.

Q. Could you please explain the increase in Temp Salaries?

A. Yes. The increase in Temp Salaries is attributable to an increase in the temporary employee hourly wage from $12 to $16 per hour, and the use of temporary employees to perform the following duties:

Source of Supply (Island) - During the test year, inspections of all supply reservoirs were completed and emphasized the need for additional vegetative maintenance. Two part-time employees are scheduled to provide the additional staffing required for vegetative maintenance.

Source of Supply (Mainland) – The mainland supply reservoirs (i.e. Nonquit Pond/Watson) are operated to augment capacity and for water quality. We plan to operate these reservoirs more frequently to increase water quality, and use temporary employees to do so.

Transmission & Distribution – We are piloting a less aggressive method (soft swabbing) for partial cleaning of tuberculated water mains to improve flows with in house staff. Two part time employees are scheduled to mitigate impacts to routine operations and maintenance program.

Q. Please explain the cost of Lead Plant Operator Stipend at the Treatment Plants?

A. As set forth above, a Lead Operator has replaced the Foremen at each Treatment Plant as part of Newport's personnel reorganization. The cost is based on a staff member receiving a lead operator stipend for each of the three shifts per day. The stipend cost is calculated at three shifts per week for fifty-two weeks at $80.00 per shift.

Q. Can you please explain the change in the cost of Employee Benefits?

A. Yes, the increased cost of Employee Benefits in the Rate Year is due to an anticipated 3% increase in health insurance premiums as well as additional costs for items based on a percentage of salaries such as Pension, FICA and Medicare contributions.

In addition to the 3% increase for premiums, the following also contributed to the increased cost of Benefits:

Administration - The cost includes an additional employee being covered by a Health policy.

Customer Accounts - The cost includes a 50% share of the benefit costs of the additional Account Clerk.

Source of Supply – Island - The benefit cost includes an employee switching from Individual to Family Health insurance coverage.

Transmission & Distribution - The benefit cost includes an employee switching from Individual to Family Health insurance coverage.

Q. Please explain the increase to Retiree Insurance Coverage.

A. This cost represents the City's cost of providing health insurance to retirees. We have reduced the cost of this coverage substantially from the amount authorized in Docket 4243, but still need to fund this account. Further, the increase between the Test Year and the Rate year is primarily related to the addition of an individual who is eligible for retirement in 2017. There is no projected increase in premium rates.

Q. Can you explain the increase to the Conferences and Training expenses?

A. In the test year, Operator Training was provided as part of the WTP Projects Contract. This is not the case in the rate year. In addition, operator certifications renew on a 2 or 3 year period, and the test year had a negligible number of operators with expiring certifications.

Q. Can you please address the increase in Consultant Fees?

A. Consultant Fees are expected to increase due to additional legal and financial consultant costs involving the Rate Case.

Q. Can you please explain the increase to Contract Services?

A. There are two factors causing the increase. First, we are piloting a less aggressive method (soft swabbing) for partial cleaning of tuberculated water mains to improve flows with in house staff. To do so we need specialized fabrication and welding services. Second, we have increased costs for the annual service contract, updates and support for our Hydraulic Model.

Q. Would you please explain the increase in Postage?

A. Yes. As a result of the change to monthly billings, postage costs for billings increased from four times per year to twelve times per year for the residential customers.

Q. Please explain the decrease in Fire and Liability Insurance expense.

A. The City of Newport's participation in the Inter-Local Risk Management Trust insurance buying program has been a major factor in obtaining lower insurance premiums.

Q. Can you explain the decrease in Legal and Administrative expenses and increase in Data Processing expenses?

A. These expenses are for reimbursement to the City for services it provides to Newport Water. The decreases and increases are addressed in the testimony of Laura Sitrin, Finance Director for the City of Newport.

Q. Can you explain the decrease in Gas & Vehicle Expenses?

A. Expenses for Gas/Vehicle Maintenance are expected to decrease due to several factors including the replacement of older vehicles which required more maintenance, lower fuel costs and overall reduced maintenance costs as a result of the City's outsourcing of maintenance.

Q. Could you please explain the increased cost of Repairs & Maintenance?

A. Yes. The overall adjustment is for additional repair expenses and maintenance expenses at the Water Treatment Plants due to different and additional treatment processes (e.g. DAF Compressors and Analyzers). The new equipment also requires annual preventive maintenance contracts. During the test year the expenses for the new facilities were still covered under the WTP Projects Contract.

Q. Please explain the increase in the Sewer Charge for the Treatment Plants?

A. The Sewer Charge increased because Sewer Rates for fiscal year 2016 increased by 16.53% and are projected to increase by 19.65% in fiscal year 2017.

Q. Would you please explain the increase in electricity cost?

A. The increase in electricity cost is primarily due to new higher supply rates charged by the City's primary electric supplier, Direct Energy, effective December 2014. This was offset in part by lower electric consumption at the Station 1 Treatment Plant due to new energy saving improvements made at the plant.

Q. Please explain the increase in property tax expenses.

A. The increase is attributed to the completion of the new Lawton Valley Water Treatment Plant and the new assessments for all of Newport Water's properties by the Town of Portsmouth. Offsetting the impact of the new assessments by the Town of Portsmouth is the Tax Agreement executed with the Town of Middletown in June 2012.

Q. Can you please explain the increase in Operating Supplies expenses?

A. Yes. The increase is because operating supplies for the new Treatment Plants were covered under the WTP Projects Contract in the test year and will no longer be covered in the rate year.

Q. Please explain the increase in Chemicals.

A. The increase in chemical costs from the Test Year to the Rate Year is due to the additional costs at both the Lawton Valley Water and Station 1 Treatment Plants. These costs are associated with the replacement of Granular Activated Carbon (GAC) in conventional filters at Lawton Valley and advanced treatment vessels at both facilities. During the test year these expenses were still covered under the WTP Projects Contract.

Q. Please explain the increase for Laboratory Supplies?

A. Laboratory Supply expenses were reduced during the test year as equipment including disposables (e.g. standards, filters) and other appurtenances (e.g. probes), were covered under the WTP Projects Contract, and will not be covered in the rate year.

Q. Would you please explain the change in the cost of Accrued Benefit Buyout account?

A. The cost is this account is based on the Accrued Benefits (Vacation and Earned Sick time) that would be paid to employees if they left Newport's employment. It is based on an historical average of three employees leaving per year and only those employees with ten years of service would be eligible for a Sick time Buyout. The cost includes the City's contribution to FICA and Medicare taxes on the Buyout amounts. While there Newport proposes an increase over the test year amount, the proposed rate year funding is substantially decreased from the amount allowed in Docket 4243.

TRANSFER OF RESTRICTED ACCOUNT BALANCES

Q. Your testimony above states that Newport proposes to transfer funds from the restricted Retiree Insurance and Accrued Benefits Buyout accounts. Can you explain Newport's proposal in greater detail?

A. Yes, due the timing of Newport's debt service payments, we have faced a shortfall in our debt service account when we make our September payment. (*See* Harold Smith Testimony, Schedule D-6). Thus, Newport proposes to transfer excess funds from these restricted accounts to ensure that Newport has a sufficient balance in its Debt Service Account to make the September payment. The transfer may also mitigate future rate increases for debt service.

We have calculated that Newport Water needs to cover six months of retiree insurance costs and funds to cover benefits for employees with twenty-five plus years of service. With the

balances currently in both accounts, Newport Water has $878,858 that it can transfer to the restricted Debt Service Account. (See attached Exhibit 2 and HJS Schedule D-6)

PUMPING COSTS

Q. Can you explain why Newport no longer wishes to separate pumping costs from treatment costs at Lawton Valley and Station One?

A. Yes. In the Docket 4355 Settlement Agreement (dated November 1, 2011), Newport agreed to separate pumping costs from treatment costs in future rate filings. However, circumstances have changed.

At the time of the Docket 4355 Settlement Agreement, Newport had two storage tanks at the Lawton Valley Water Treatment Plant – a 4MG underground tank and a separate 2MG tank. PWFD, and the Navy's Melville Account, were connected to the 4 MG underground storage tank, and Newport and Middletown were connected to the 2MG storage tank. Because the 2MG tank was at a higher gradient, Newport incurred pumping costs to move water treated water from the Lawton Valley Plant to this tank. Furthermore, Newport occasionally incurred costs to pump water from the Station 1 Plant to the 2MG tank when it needed to boost storage in the tank. Thus, pumping costs associated with the Lawton Valley 2MG storage tank did not benefit PWFD or the Navy's Melville Account. Therefore, Newport agreed to separately track and allocate these pumping costs.

With the construction of the new Lawton Valley Plant, the 4 MG underground storage tank was removed from service. The Plant now has a new 1.75MG storage tank and the same 2MG storage tank used previously. These tanks are at the same gradient, are designed to work in unison, and all of Newport's customers, including PWFD and the Navy, receive water from both tanks. Thus, all of Newport's customers benefit from the pumping costs associated with these tanks and should all share in the costs.

Q. Did Newport estimate pumping costs for the rate year even though it now requests that these costs no longer be separately tracked and allocated?

A. Yes, Newport estimates that the pumping costs would be $83,854 in the rate year. (See Harold Smith Testimony, HJS Schedule D-5)

Q. Does Newport maintain that PWFD should pay pumping costs for within the transmission and distribution system?

A. No. Newport is not allocating pumping cost for the transmission and distribution system to PWFD.

TARRIF CHANGES

Q. You indicated that Newport proposes various changes to its Tariffs. Can you explain why?

A. Yes. As set forth in the "marked up" Tariffs submitted with this filing, Newport proposes to increase the deposit required for temporary water service from $100 to $1,000. This increase is due to the high cost of temporary hydrant meters. In addition, the meter rental charge increases from $5/day to $10/day, and we made minor edits to the Tariff language that will clarify the charges for our customers and contractors. These edits are identified in the marked up Tariff submitted with this filing.

COMMISSION REPORTS

Q. Can you explain why Newport wants to discontinue filing the Cash Flow Narrative, Restricted Account Analysis and IFR Report?

A. Yes. In Docket 3578, which was filed on November 28, 2003 and decided on June 22, 2004, the Commission ordered Newport Water to file several financial reports that are not required of other regulated water utilities. The Commission established these reporting requirements at a time when the City of Newport and Newport Water faced serious financial issues, which no longer exist.

In Docket 4243, the Commission significantly reduced the number of reports Newport must file. Presently, Newport only files a monthly Cash Flow Narrative and a quarterly Restricted Account Analysis and IFR Report. Newport believes these reports are no longer necessary and seeks permission to discontinue filing these reports.

CONCLUSION

Q. Does this conclude your direct testimony?

A. Yes it does.

Water Division
CIP 16-20

City of Newport, Rhode Island
FY 2016 Rate Filing
Capital Improvement Plan- Rev 9-1-15

Project Title	Funding	FY 2016	FY2017	FY2018	FY2019	FY2020	FY2021
Water SSMP Update - Due 11/18/19	Rates			$ 80,000			
Infrastructure Replacement Plan 5 Year update					$ 80,000		
Source Water Phosphorus Reduction Feasibility Plan	Rates	$ 35,000					
Easton Pond Dam- Green End Ave			$ 85,000	$ 750,000	$ 900,000		
Dam and Dike Rehabilitation - Lawton Valley	Rates	$ 900,000	$ 300,000				
Dam and Dike Rehabilitation - Station One	Rates		$ 100,000				
Dam Rehab- St Mary's Pond	Rates			$ 500,000			
Fence Repairs				$ 30,000			
Station 1 Raw Water Pump Station Improvements	Rates	$ 195,000					
Sakonnet Pump Station Improvements	Rates	$ 152,000					
Finished Storage Tank- 2 Mgal LV	Rates	$ 700,000	$ 200,000				
Pump Station SCADA Project	Rates				$ 500,000		
Water Main Improvements- Constr 2015 Contr	Rates	$ 500,000					
Water Main Imprv- Design & Constr serv 2016-2017	Rates	$ 500,000					
Water Main Imprv- Constr Contr 2016-2017	Rates		$ 2,400,000	$ 1,100,000			
Water Main Imprv- Design & Constr serv 2019-20	Rates			$ 500,000			
Water Main Imprv- Constr Contr 2019-20	Rates				$ 1,500,000	$ 2,500,000	
Water Main Imprv- Design & Constr serv 2021-22	Rates					$ 500,000	
Water Main Imprv- Constr Contr 2021-22	Rates						$ 2,000,000
Meter Replacement	Rates	$ 81,300	$ 84,500	$ 87,900	$ 91,400	$ 95,000	$ 98,153
Water Trench Restoration	Rates	$ 94,900	$ 98,700	$ 100,000	$ 102,000	$ 104,040	$ 106,121
Fire Hydrant Replacement	Rates	$ 19,000	$ 50,000	$ 50,000	$ 75,000	$ 75,000	$ 75,000
Equipment and Vehicle Replacement	Rates	$ 66,000	$ 66,000	$ 112,000	$ 112,000	$ 112,000	$ 120,000
TOTALS		**$3,243,200**	**$3,384,200**	**$3,309,900**	**$3,360,400**	**$3,386,040**	**$2,399,274**

Juli Forgue Direct
Exhibit 2

		RETIREE INSURANCE	ACC'D BENEFITS	TOTAL
	Monthly Funding as of October 2015	$42,833	$14,583	
Actual	**Balance June 30 2013**	**$43,026**	**$509,465**	$552,491
	Funding	$513,996	$174,996	
	Expense	-$392,387	-$26,110	
	Other (interet)	$30	$72	
Actual	**Balance June 30 2014**	**$164,665**	**$658,423**	$823,088
	Funding	$513,996	$174,996	
	Expense	-$356,804	-$14,512	
	Other (interest)	$30	$72	
Actual	**Balance June 30 2015**	**$321,887**	**$818,979**	$1,140,866
		RETIREE INSURANCE	ACC'D BENEFITS	
Actual	**Balance June 30 2015**	**$321,887**	**$818,979**	$1,140,866
	Funding	$513,996	$174,996	
	Expense	-$370,000	-$59,000	
Projected	**Balance June 30 2016**	**$465,883**	**$934,975**	$1,400,858
	Balances to be retained in Restricted:			
	Retiree Insurance 6 Month Coverage	*-$185,000*		*-$185,000*
	Acc'd Benefits Liability 25+ years of service employees		*-$337,000*	*-$337,000*
	Available to Transfer for Debt Service	**$280,883**	**$597,975**	**$878,858**

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

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

DOCKET NO:

ATTESTATION OF FINANCIAL DATA PURSUANT TO RULE 2.7
OF THE RULES OF PRACTICE AND PROCEDURE
OF THE PUBLIC UTILITIES COMMISSION

I, Julia Forgue, P.E., Director of Utilities for the City of Newport, Utilities Department, Water Division, in conformance with Rule 2.7 of the Rhode Island Public Utilities Commission's Rules of Practice and Procedure, hereby attest to the accuracy of the test year financial data presented in the rate base, cost of service and other financial statements; that such data purports to reflect the books of the Newport Water, and the results of operations; and that all differences between the books and the test year data, and any changes in the manner or recording an item on the company's books during the test year, have been expressly noted.

Julia Forgue

STATE OF RHODE ISLAND

Subscribed and sworn to me this 17 day of December, 2015.

Notary Public:
My Commission Expires:

MY COMMISSION EXPIRES
10/15/2019
ID# 61175

PREFILED DIRECT TESTIMONY

OF

HAROLD J. SMITH
RAFTELIS FINANCIAL CONSULTING, INC.

IN SUPPORT OF

THE CITY OF NEWPORT, UTILTIES DEPARTMENT, WATER DIVISION

APPLICATION TO CHANGE RATES

BEFORE THE

RHODE ISLAND PUBLIC UTILITIES COMMISSION

RFC
RAFTELIS FINANCIAL
CONSULTANTS, INC.

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Harold J. Smith and my business address is 227 West Trade Street, Charlotte, North Carolina 28202.

Q. By whom are you employed and in what capacity.

A. I am a Vice President of Raftelis Financial Consultants, Inc. (RFC), a consulting firm specializing in the areas of water and wastewater finance and pricing. RFC was established in 1993 in Charlotte, North Carolina, by George A. Raftelis to provide environmental and management consulting services to public and private sector clients. RFC is a national leader in the development of water and wastewater rates that satisfy local government objectives.

Q. Please describe your educational background and work experience.

A. I obtained a Master of Business Administration from Wake Forest University in 1997 and a Bachelor of Science in Natural Resources from the University of the South in 1987. As an employee of Raftelis Financial Consultants, I have been involved in numerous projects for public utilities including a number of studies involving transition to new rate structures designed to address specific pricing objectives. I have also served on engagements involving a wide range of technical specialties including:

- Utility Cost of Service and Rate Structure Studies
- Privatization Feasibility Studies
- Privatization Procurements
- Utility Financial Planning Studies
- Municipal Financial Planning Studies

Q. Have you previously testified before any regulatory agencies or in court on utility rate related matters?

A. Yes. I provided testimony for the City of Newport, Utilities Division, Water Department ("Newport Water" or "Newport") in seven previous rate filings (Docket Nos. 3578, 3675, 3818, 4025, 4128, 4243 and 4355). I have also provided testimony in the Providence Water Supply Board's most recent rate filings (Docket Nos. 3832, 4061, 4070, 4406 and 4571). I have also testified on behalf of the Consumer Advocate before the Nova Scotia Utility and Review Board (W-HRWC-R-10) and on behalf of Cecil County, Maryland before the Maryland Public Service Commission (MPSC) in MPSC Case No. 9190.

Q. Do you belong to any professional organizations or committees?

A. Yes. I am a member of the American Water Works Association where I am the past Chairman of the Strategic Management Practices Committee, and I am a member of the Financial Management Committee of the New England Water Works Association.

Q Please describe your role in this proceeding?

A. I have worked with the City of Newport's Finance Director, the Director of Utilities and Newport Water's staff to develop pro forma revenue requirements and the resulting cost allocations and cost based rates and charges. The results of my analyses are included in the schedules incorporated herein with my testimony.

Q. Please describe the purpose of your testimony.

A. This testimony provides an explanation for each schedule attached to my testimony. The schedules calculate Newport's pro forma revenue requirements, Commodity Rates for retail customers, and rates for the United States Department of the Navy ("Navy") and the Portsmouth Water and Fire District ("PWFD"). Other charges calculated in the model include a Base Charge, and both public and private fire protection charges for Newport and portions of

Middletown and Portsmouth. The testimony also serves as a guide to other sources where assumptions are used, the logic that was used in the development of the model, and the flow of empirical and calculated information.

II. COST OF SERVICE STUDY HISTORY

Q. Can you please provide a brief history how Newport developed the full cost of service study presented in this filing?

A. Yes. In Docket 3818 (2007), the Commission ordered Newport to file a full cost of service study by September 1, 2009, and this deadline was later extended to November 2009. Newport subsequently performed a full cost of service study that allocated costs to customer classes based on how each class demands service. On November 2, 2009, Newport Water filed a cost allocation study and demand study with the Commission (Docket 4128).

In Docket 4128, Newport, the PWFD, the Navy and the Division of Public Utilities and Carriers ("Division") reached a Settlement Agreement regarding the implementation of cost of service rates. As part of this agreement, the parties developed a Cost Of Service Model ("Newport COS Model") to allocate Newport's costs using the base/extra capacity methodology. However, the parties agreed that rates would not be implemented using the Newport COS Model until Newport conducted a daily demand study ("Daily Demand Study") by collecting daily consumption data from water meters in a randomly selected sample of Newport's customers during the months of June through September in the years 2010 and 2011.

Q. Did Newport conduct the Daily Demand Study?

A. Yes. Newport collected the daily demand data during the months of June through September in 2010 and 2011 according to the procedure set forth in the Docket 4128 Settlement Agreement.

Q. Did Newport file this revised cost allocation model with the Commission?

A. Yes. On September 7, 2012, Newport submitted an Application To Change Rates (Docket 4355) that sought to implement the Newport COS Model with the updated demand data.

Q. Did the Commission approve the implementation of the Newport COS Model in Docket 4355?

A. Yes. In Docket 4355, the Commission approved a Settlement Agreement that established cost of service based rates based on the Newport COS Model.

Q. Did you use the Newport COS Model approved by the Commission in Dockets 4128 and 4355 to calculate the rates proposed in this filing?

A. Yes, I used the same Newport COS Model approved by the Commission in Dockets 4128 and 4355 to allocate rates in this Docket.

Q. Did you change or update the information used in the Newport COS Model?

A. Yes, I made the following changes and updates:

- As in any COS Model, I updated the data to reflect current conditions. I used updated financial data used in the Model to reflect Newport's rate year revenue requirement (e.g. water sales projections, proposed rate year expenses, etc.).
- I updated customer demand characteristics for the retail class, the Navy and PWFD. For the Navy, I used data from daily meter reads as ordered by the Commission in Docket 4355.
- I updated the values for Newport's assets, including transmission and distribution pipes installed between 1976 and 2006, as well as values for meters and services, as agreed to in the Docket 4355 Settlement Agreement.
- I allocated treatment capital costs based on projected customer usage rather than historical usage.

- I allocated costs associated with pumping at the two treatment plants in the same way that all other treatment costs are allocated.

Other than these changes, the model I used to calculate rates in this Docket is the same Newport COS Model approved by the Commission in Dockets 4128 and 4355. The updates to the Newport COS Model and the methodology for the model are explained in greater detail in my testimony below.

III. CONTENT OF SCHEDULES

Q. Please provide a brief description of your pre-filed schedules.

A. I divided the schedules filed with my testimony into three groups: Summary Schedules (HJS Schedules A-1 through A-4); COS Model Schedules (HJS Schedules B-1 through B-11); and, Support Schedules (D-1 through D-5).

Summary Schedules

HJS Schedule A-1A - Revenue Requirements: Summarizes Newport Water's test year and rate year expenses by division with test year and rate year adjustments.

HJS Schedule A-1B - Revenue Requirements by Account: Summarizes Newport Water's test year and rate year expenses by expense line item with test year and rate year adjustments.

HJS Schedule A-2 – Cost of Service Rates and Charges: Summary of the proposed cost of service based rates and a comparison with the existing rates. This schedule also shows the projected Rate Year revenues from each charge.

HJS Schedule A-3 – Bill Impacts: This schedule compares typical customer bills from each customer class under the current rates and proposed rates.

HJS Schedule A-4 – Revenue Proof: This schedule shows the Rate Year revenue that is projected to be generated from the projected consumption, number of bills, and fire protection accounts based on proposed rates and charges and compares this revenue to the Rate Year revenue requirements to demonstrate that the proposed rates generate enough revenue to meet the revenue requirements.

COS Model Schedules

HJS Schedule B-1 – Base Extra Capacity Cost Allocations: This schedule demonstrates the assignment of Newport Water's revenue requirements to Base/Extra Capacity cost categories.

HJS Schedule B-2 – Allocation of Costs to Water Rate Classes: This schedule shows the allocation of costs from the Base/Extra Capacity cost categories to each customer class and the Base Charge based on the percentages developed in HJS Schedule B-9.

HJS Schedule B-3 – Cost Allocation Bases: This schedule displays the allocation factors used to assign costs to Base/Extra Capacity cost categories.

HJS Schedule B-4 – Allocation Analyses: This schedule shows the analyses performed to develop some of the allocation factors shown on HJS Schedule B-3.

HJS Schedule B-5 – Capital Functionalization: This schedule assigns the two components of Newport Water's Rate Year capital costs, Debt Service and the contribution to the Capital Spending restricted account, to functional categories based on the breakdown of the utility's existing fixed assets. This allows for the assignment of these costs to the appropriate Base/Extra Capacity cost categories.

HJS Schedule B-6 – Water Demand History: This schedule shows the water demand history by customer class for fiscal years (FY) 2000 through 2015. It also shows the projected Rate Year demand.

HJS Schedule B-7 – Water Production Peaking Analysis: This schedule demonstrates the development of system peaking factors based on historical treatment plant production data.

HJS Schedule B-8 – Billed Demand Peaking Analysis: Determination of Customer Class Peaking Factors: This schedule demonstrates the development of customer class peaking factors based on historical billing records and daily meter data from PWFD and the Navy.

HJS Schedule B-9 – System Demands Imposed by Each Customer Class' Peaking Behavior: This schedule demonstrates the peak demands, both Max Day and Max Hour, that each customer class places on the system. The percentages developed in this schedule are used in HJS Schedule B-2 to allocate costs from the Base/Extra Capacity cost components to each customer class based on the demands that each class places on the system. This schedule also demonstrates how each class' demands are adjusted to account for unaccounted for water that is produced at the treatment plants, but is not sold to customers.

HJS Schedule B-10 – Summary of Peak Load Distributions: This schedule shows each rate class' share of system peaks and the Base/Extra Capacity distribution of system peaks. The percentages derived in these schedules are used to develop the allocation factors shown in HJS Schedule B-3 that are used to assign revenue requirements to each Base/Extra Capacity cost category.

HJS Schedule B-11 – Fire Protection Demand Analysis: This schedule demonstrates the implied demands that the fire protection system places on the system.

Support Schedules

HJS Schedule D-1 – Water Accounts, by Size and Class: This schedule shows the number of Newport Water's customer accounts by customer class and meter size.

HJS Schedule D-2 – Fire Protection Accounts: This schedule shows the number of fire hydrants in the Newport Water service area and the number and connection size of Newport Water's fire protection accounts.

HJS Schedule D-3 – Production Summary: This schedule provides a summary of water plant production data for the past three fiscal years.

HJS Schedule D-4 – Demand Summary: This schedule provides a summary of system demand patterns over the past three fiscal years and also shows the calculation of Newport Water's unaccounted for water percentage.

HJS Schedule D-5 – Development of Pumping Costs: This schedule shows the build-up of costs associated with the operation and maintenance of pumps used to pump treated water at the two water treatment facilities.

HJS Schedule D-6 – Debt Service Restricted Account Cash Flow: This schedule shows the actual monthly contributions and deductions to and from the Debt Service Restricted Account through February of FY 2012 and the projected contributions and deductions for March 2012 through June of FY 2020.

HJS Schedule D-7 – Development of Demand Factors: This schedule demonstrates how data from the daily demand study is used to develop the class demand factors that are used in the COS Model.

HJS Schedule D-8 – Comparison of Rates Using Different Treatment Capital Allocations: This schedule shows a comparison of rates calculated when treatment capital costs are allocated using the base/extra capacity costs allocation approach and rates calculated when treatment capital costs are allocated based on reserved treatment capacity.

HJS Schedules D-9 through D-17 – Expense Detail Schedules: These schedules provide detail for the O&M expenses for each of Newport's operating divisions.

IV. TEST YEAR AND RATE YEAR

Q. What are the proposed Test Year and Rate Year in this filing?

A. A test year based on the actual expenses incurred by the Water Fund for the period from July 1, 2014 through June 30, 2015 (FY 2015) is shown in HJS Schedule A-1A and HJS Schedule A-1B for each line item in the budget. Adjustments to the test year reflect any out of the ordinary expenses that may have occurred during the test period that are unlikely to be repeated during the rate year. The results of these adjustments are shown under the Normalized Test Year column for both schedules. The Rate Year is based on the FY 2017 budget for the Water Fund. The differences between the Normalized Test Year and Rate Year are shown in the Adjustments column as well. Further details regarding these adjustments are provided in the Testimony of Julia Forgue. The overall result indicates the revenue requirements that need to be recovered through rates and charges from Retail, the Navy and the PWFD.

V. RATE YEAR WATER SALES PROJECTIONS

Q. What are the projected Rate Year water sales for this filing?

A. The projected rate year water sales for each customer class are based on the average water sales to each class for fiscal years 2014 and 2015. This use of a two year average of past water sales is consistent with the practice used for the Newport COS Model in Docket 4355. The projected water sales by class are shown on HJS Schedule B-6.

VI. NEWPORT COS MODEL – ALLOCATIONS

Demand Factors

Q. Your introductory testimony above indicates that you updated the demand factors in the Newport COS Model to develop rates in this Docket. Can you please explain these updates?

A. Yes. The Max Day demand factors for PWFD were developed using daily meter data for FY 2015 provided by PWFD's General Manager and Chief Engineer, William J. McGlinn, P.E. PWFD's Max Day demand factor was determined by dividing the actual metered demand on the day on which demand was the highest by average day demand during FY 15. The development of the demand factors is shown on HJS Schedule D-7.

Q. How did you develop the updated Max Day demand Factors for the Navy?

Q. In Docket 4355, the Navy disputed the Max Day usage Newport used to calculate the Navy's rate. The Commission decided against the Navy and used the Max day number Newport proposed. As part of its Docket 4355 Order, the Commission directed Newport to obtain daily reads from the Navy's meters. The Navy's Max Day demand factor in this Docket is based on these daily reads. As with PWFD, the Max Day demand factor was determined by dividing the actual metered demand on the day on which demand was the highest by average day demand during FY 15 as shown on HJS Schedule D-7.

Q. How did you develop the updated retail demand factors?

A. The retail demand factors were determined using the method described in Appendix A of AWWA Manual M-1. This approach utilizes monthly billing data for each customer class as well as system wide demand data to estimate the Max Day demand for each customer class.

Q. Were the retail demand factors developed the same way in Dockets 4128 and 4355?

A. In part, yes. The demand factors in Dockets 4128, 4355 and this Docket were determined by comparing the peak day demand for each class to average day demand. However the demand data used to develop these factors is different in this Docket.

The demand data used in the Newport COS Model approved in Docket 4355 came from the 2010 and 2011 Daily Demand Study as required by the Docket 4128 Settlement referenced above in my testimony. The demand factors for the retail classes in this Docket are based on billing data from Newport's monthly bills.

Q. Why did you use different demand factors for this filing?

A. Because the demand data I used in this Docket is more recent, and the demand factors were developed using the method recommended by AWWA. Before Newport moved to monthly billing it did not have the necessary data to employ this method. Newport previously billed many of its retail customers on either a tertiary or quarterly basis, and attempts to use tertiary or quarterly billing data failed to yield demand factors acceptable to other parties in past Dockets. Now that Newport has the appropriate monthly billing data, we developed up-to-date demand factors for the retail customers in conformance with the AWWA methodology.

Q. What are the estimated Max Day to Max Hour ratios used in the Newport COS Model?

A. The Max Day to Max Hour ratios recognize that demand fluctuates during the course of a day, but since there is no data on hourly demand, these ratios must be developed based on assumptions about the way each class demands water during the course of a day.

Q. How were the estimated Max Day to Max Hour ratios determined and how are they used to determine the Max Hour demand factors?

A. The Max Day to Max Hour ratios are those agreed to in the Docket 4128 Settlement Agreement for the Newport COS Model. The estimated Max Day to Max Hour ratios for each class were then multiplied by the Max Day demand factors for each class to arrive at the Max Hour demand ratio for each class. The development of the Max Hour ratios is shown on HJS Schedule D-7.

Allocation Of Revenue Requirements

Q. Once you developed demand factors for each class, what was the next step in determining the cost of service by class?

A. The next step was to allocate revenue requirements to cost categories and customer classes.

Q. How are revenue requirements allocated to cost categories and customer classes?

A. Costs in the Newport COS Model are allocated using the Base/Extra Capacity Cost Allocation Methodology, which is a three step process:

1. Assign costs to functional categories;

2. Assign costs from each functional category to Base/Extra Capacity cost categories based on system demand characteristics; and,

3. Allocate Base/Extra Capacity cost categories to customer classes based on customer class demand patterns.

Since Newport Water budgets and tracks O&M costs within nine major accounts that correspond to its primary functions, its O&M costs are already assigned to functional categories.

Allocation Of O&M Costs

Q. Please described how O&M costs were assigned to the Base/Extra Capacity cost categories.

A. O&M costs are assigned to one or more of six Base/Extra Capacity costs categories based on how they are incurred to meet the demands of the water system as a whole. RFC Schedule B-1 shows the assignment of costs to the Base/Extra Capacity categories.

The six cost categories consist of:

- Base – Base costs are incurred to meet the average or "base" demands of the system.
- Max Day – Max Day costs are incurred to meet peak daily demands of the system.
- Max Hour – Max Hour costs are incurred to meet peak hourly demands of the system.
- Meters – Meter costs are associated with installing, maintaining, repairing and replacing water meters.
- Billing – Billing costs are associated with determining each customers' consumption and billing for that consumption.
- Fire Protection – Fire protection costs are associated with providing and maintaining hydrants and associated infrastructure throughout the system and ensuring that the system is capable of meeting fire flow demands when needed.

Costs are assigned to categories using the allocation factors in RFC Schedule B-3. Most of the allocation factors are developed using system wide demand data and others are developed based on alternative analyses.

Q. Please describe how the allocation factors on RFC Schedule B-3 were developed.

A. The allocation factors were developed as follows:

Average Day Demand

The Average Day Demand allocator simply assigns all costs to the Base cost category in recognition that these costs are incurred to meet the average demands placed on the system.

Maximum Day Demand

The Max Day Demand allocation factor recognizes the way the utility incurs costs to meet peak day demands placed on the system by all customer classes, and the potential peak day demands placed on the system by the public and private fire protection. One way of developing this allocator would be to simply look at plant production data and base the allocations on the average day and peak day plant production. However, the Newport COS Model approved in Dockets 4128 and 4355 uses an approach to ensure that costs associated with the production and transmission of unaccounted for water ("UFW") are not recovered from PWFD since they take water directly from the Lawton Valley plant.

For the Newport COS Model, we developed the Max Day allocation factor by first determining the Max Day demands expected to be placed on the system by all customer classes during the Rate Year. This is done by first determining the average day demands expected from each class by dividing each class' Rate Year demand by 365. We then adjusted this average day demand for each class to account for UFW. To comply with the Settlement Agreements in Docket 4128 and 4355, the COS Model assigns UFW to the retail classes based on their respective average day demands, and to the Navy based on 25 percent of its average day demand. This adjustment effectively increases the demands of both retail classes and the Navy, and reduces PWFD's demands so that a smaller portion of costs are allocated to PWFD.

The adjusted average day demand for each class is then multiplied by the Max Day demand factor for each class to determine the incremental demand each class places on the system as a result of its peak day demands. The incremental demands for each class are then totaled to arrive at the system wide incremental Max Day demand.

As mentioned earlier, the Max Day allocation factor must also recognize that public and private fire protection place potential peak day demands on the system. This demand depends on fire flow requirements. We determined fire flow demands based on a 4,000 gallon per minute fire flow and an average fire event of 6 hours. This results in an implied peak day demand of 1,440 thousand gallons for the fire system.

The system wide average day, peak day and implied fire protection peak day demands are then totaled to arrive at the total system wide peak day demand. The allocation factor is then determined by dividing each component of the total peak day demand by the total peak day demand to arrive at the allocation percentage shown on RFC Schedule B-3.

Maximum Hour Demand

The development of the Max Hour and Max Day allocation factors are similar, except Max Hour also takes into account incremental peak hour demands placed on the system by all customers and the fire protection system, both public and private.

Fire Protection

The Fire Protection allocation factor assigns all costs to the Fire Protection category to recognize that the utility incurs these costs to meet potential demands placed on the system by the public fire protection system and private fire connections.

Non Administration O&M Costs (Minus Electricity and Chemicals)

The Non-Administrative O&M Costs (Minus Electricity & Chemicals) factor allocates the majority of costs tracked in the Administration account. RFC Schedules B-1 and B-4 shows the development of these allocation factors. This factor is based on the percentages of O&M costs, excluding Administration account, electricity and chemical costs, which are allocated to each Base/Extra Capacity category once all allocations have been performed.

Customer Service Salaries and Wages

The Customer Service Salaries and Wages factor recognizes this department spends a portion of their time as follows:

- Ensuring water meters are in place, properly maintained and calibrated;
- Maintaining and repairing service lines to meters; and
- Gathering data necessary to prepare customer bills.

This factor allocates the salaries and wages between these three categories based on estimates of time spent performing each function.

Non-Administrative Salaries and Wages

The Non-Administrative Salaries and Wages factor is developed based on the allocation of labor costs for all accounts except for the Administration account.

Total Non-Administrative Costs Before Offsets

The Total Non-Administrative Costs Before Offsets factor is based on percentages of overall costs, excluding those in the Administration account allocated to each Base/Extra Capacity cost category once all allocations have been performed, but before the assignment of other non-rate revenues to the categories.

Capital Costs

The Capital Costs factor is developed based on the allocation of capital costs to Base/Extra Capacity categories that results from the allocation of capital costs described below.

Other Costs

The Other Costs factor allocates costs that do not readily fall into a specific functional category. This allocation factor is based on the percentages of overall costs allocated to each Base/Extra Capacity cost categories once all allocations have been performed.

Q. Once you determined the allocation factors, what was the next step in the cost allocation process?

A. The next step was allocating O&M costs to the Base/Extra Capacity cost categories using the allocation factors. RFC Schedule B-1 shows this step.

Q. Please describe how Administration O&M costs were allocated.

A. The majority of Administration costs were allocated using the Non-Administrative O&M Costs (Minus Electricity & Chemical Salary Costs) factor described earlier. All other Administration costs were allocated using the Other Costs allocation factor described above. Several components of the legal and administrative services payment to the City of Newport were allocated using the Total Non-Administrative Costs Before Offsets allocation factor. Other line items in the Administration account were allocated using the Non-Administrative Salaries and Wages factor. In addition, some Administration costs were allocated directly to specific categories per the Docket 4128 Settlement Agreement.

Q. Please describe the allocation of Customer Service O&M costs.

A. Customer Service salaries were allocated using the Customer Service Salaries & Wages allocation factor described earlier. As shown on RFC Schedule B-1, other Customer Service costs

were allocated between the Meters and Billing categories based on an analysis of Newport Water's budget and consultation with Newport's staff regarding the way it incurs costs.

Q. Please describe how Source of Supply O&M costs were allocated.

A. Costs tracked in both source of supply accounts (Source of Supply Island and Mainland) are associated with the operation and maintenance of reservoirs, raw water pumps and mains to ensure Newport meets average day demand. Therefore, these costs were allocated using the Average Day cost allocation factor, which results in the assignment of these costs to the Base category.

Q. Please describe the allocation of Treatment O&M costs.

A. The two treatment accounts (Station One and Lawton Valley) track costs associated with treating raw water and pumping treated water to storage tanks for distribution. As such, Newport incurs the majority of these treatment related costs to meet average day and peak day demands. However, Newport also incurs pumping related and chemical costs in these accounts. In the past, the pumping costs were related to meeting average day, peak day and peak hour demands. However, as discussed in the testimony of Julia Forgue, this is no longer the case and, the pumping costs at the treatment facilities, which consist of labor and electricity costs, are being allocated in the same way as the rest of the labor and electricity costs under the treatment function. The chemical costs are only related to meeting average day demands. As such, and in conformance with the Settlement Agreements in Docket 4128 and 4355, this cost component is separated and allocated based on average day demand.

We assigned the treatment costs to the Base, Max Day and Fire Protection categories using the Max Day allocation factor described earlier, and assigned the pumping related costs to the Base, Max Day, Max Hour and Fire protection categories using the Max Hour allocation factor. Chemical costs were allocated using the Average Day allocation factor.

Q. Please describe the allocation of Laboratory O&M costs.

A. Newport incurs costs in this account for periodic water quality tests to ensure compliance with regulatory requirements. Since peak day or peak hour demands do not affect the costs of these tests, they were assigned to the Base cost category.

Q. Please describe how Transmission and Distribution O&M costs were allocated.

A. With the exception of the Hydrant Maintenance and Services Maintenance line items, Newport incurs costs tracked in the Transmission and Distribution account to deliver water to meet their customers' average day, peak day, peak hour and fire protection demands. Therefore, these costs were assigned to the Base, Max Day, Max Hour and Fire Protection categories using the Max Hour allocation factor. All the Hydrant Maintenance costs are allocated to the Fire category and all the Services Maintenance costs are allocated to the Services category.

Q. Please describe the allocation of Fire Protection O&M costs.

A. Newport incurs costs tracked in the Fire Protection account solely to ensure the system can meet fire protection demands. Therefore, these costs are assigned to the Fire Protection category using the Fire Protection allocation factor.

<u>Allocation Of Capital Costs</u>

Q. What was the next step in the cost allocation process?

A. The next step was assigning Newport Water's capital costs to the appropriate cost categories.

Q. Please describe the allocation of Newport Water's capital costs.

A. Newport Water's capital costs consist of two components: (1) contributions to the Capital Spending restricted account for cash funded capital projects (a/k/a "IFR"): and, (2)

contributions to the Debt Service restricted account for capital projects financed with borrowed funds. To properly assign these costs to Base/Extra Capacity cost categories they must first be assigned to functional categories. The capital costs are assigned to functions based on the make-up of the fixed assets that currently comprise the system. This process involved assigning each of Newport Water's fixed assets to the appropriate functional category. RFC Schedule B-5 shows the break-down of fixed assets by functional categories. We then assigned the assets in each functional category to corresponding Newport Water accounts so they could be assigned to Base/Extra Capacity categories. For the most part, capital costs in each functional category are allocated using the same allocation factors as the corresponding O&M costs, but capital costs assigned to the treatment categories are allocated differently. RFC Schedule B-5 shows this assignment to functional categories. RFC Schedule B-1 shows the assignment to Base/Extra Capacity categories.

Q. In your introductory testimony, you indicated that one of the updates to the Newport COS Model involved asset values used to allocate capital costs. Can you explain this in more detail?

A. Yes. In Docket 4355, Newport submitted a schedule of its fixed assets as part of the Newport COS. As noted in the Docket 4355 Order, PWFD raised issues regarding the fixed asset values Newport used to allocate capital costs to functional categories. Specifically, PWFD challenged Newport's values for transmission and distribution pipes, services and meters. With regard to transmission and distribution pipes, PWFD accepted Newport's valuation for pipes installed before 1976 as noted in the Docket 4355 Order. However, PWFD did not accept Newport's valuation of transmission and distribution pipe installed between 1976 and 2006. PWFD also did not accept Newport's values for meters and services. Thus, the Docket 4355 Settlement Agreement incorporated a compromised value for these assets. The parties to the Agreement did not stipulate that the value was accurate, and Newport agreed to provide an updated schedule of assets in its next rate filing.

Q. Has Newport provided an updated asset schedule in this Docket?

A. Yes, and HJS Schedule B-5 includes updated values for all assets including transmission and distribution pipes, services and meters. The schedule also includes updated values for assets added since the conclusion of Docket 4355.

Q. Beginning with transmission and distribution pipes, please explain the steps Newport took to update the value of these assets?

A. As set forth in the Docket 4355 Order, PWFD accepted Newport's value for Transmission and Distribution Pipes installed before 1976. The value of these pipes was determined by using the Handy Whitman Index, which is nationally recognized cost calculator for public utility construction costs. Thus, the asset listing in this Docket uses the same value for pre-1976 transmission and distribution pipes that was use in Docket 4355. For transmission and distribution pipe installed between 1976 and 2006, we used original cost data from a listing of water system assets. For transmission and distribution pipe installed from 2006 to the present, the value is based on costs taken from invoices for main installation projects. Newport also subtracted the value of transmission and distribution pipes replaced by pipes installed since 2006.

Q. How did Newport revise the value for services?

A. First, Newport examined its fixed asset records and determined that based on the available data, the value for services as of 2005 was $2,738,410. To this value we added the net value of services installed since 2005 to arrive at the current value of service line assets of $3,726,343.

Q. How did Newport determine a net value for services installed after 2005?

A. Newport reviewed invoices for transmission and distribution projects from 2006 to the present and other asset records, which showed Newport paid an additional $3,724,934 for service line installations since 2005. This number was then reduced by the value of the service

lines replaced. Since original cost data was not available for all of the services that were replaced, the value of the replacements is based on both actual original cost data and on estimates of original cost developed using the Handy Whitman Index. In cases where there was original cost data for the services that were replaced, that information was used to determine the value of the replaced assets. In cases where there is no data available to determine the exact value of the replaced service lines, it was assumed that the average age of the replaced services was 50 years. We then used the Handy Whitman Index to estimate a value for the replaced services. The combination of estimated and actual replacement values was $2,737,001. This yielded a net value of $987,933 for service lines installed since 2005.

Q. Has this new value for services been utilized for the purposes of setting rates?

A. Yes, in this filing a new line item labeled "Services" has been added to the asset listing shown on HJS Schedule B-5 that is used for the purposes of allocating capital costs. The total value of $3,726,343 consist of the value as of 2005 ($2,738,410) and the net value of service lines installed after 2005 ($987,933).

Q. Does the new asset list include a separate value for meters?

A. Yes. The asset list on HJS Schedule B-5 contains a separate line for the value for meters, and this new value has also been used to set the proposed rates.

Q. How was a value for meters determined?

A. The value for meters was determined using a comprehensive list of meters currently in service, which included installation date and cost.

Q. Did Newport update is asset list for other assets added since the conclusion of Docket 4355?

A. Yes, and the most significant of these are the new values for Newport's water treatment plants.

Q. How has the value for Newport's water treatment plants changed since Docket 4355?

A. Now that the new Lawton Plant is online and the upgrades to the Station One plant are completed, the value of the new and upgraded facility have been included in the assets listing used to allocate costs.

Q. Do the updated asset values match the asset values used in Newport's most recent Annual Report submitted to the Commission?

A. No, because the values used for rate setting purposes are original cost values and do not reflect the impact of depreciation on the value of the assets while depreciation is reflected in the values in the annual report. As such the values in the annual report will be different from the values used for rate setting in the COS Model.

Q. Please describe the allocation of capital costs associated with treatment?

A. The Newport COS Model approved in Dockets 4128 and 4355 allocated treatment capital costs based on actual historical demands of each customer class. However, in Docket 4355 Newport proposed allocating treatment capital costs based on the projected demands of each customer class (a/k/a "Reserved Capacity"). As part of the Docket 4355 Settlement Agreement, Newport withdrew its request to allocate based on projected demands without prejudice to request an allocation using this methodology in future Dockets.

Q. Why did Newport propose to allocated treatment capital costs based on projected demands?

A. As set forth in Julia Forgue's direct testimony in this Docket, Newport began planning significant capital projects at its two water treatment plants – Lawton Valley and Station 1 – in 2008. The projects included the design and construction of a new Lawton Valley Water Treatment plant and significant improvements to the Station 1 Water Treatment Plant (collectively the "WTP Projects") When Newport sized the WTP Projects, it used 20 year projected average day and peak day demands provided by its wholesale customers – PWFD and the Navy.

In 2009, PWFD informed Camp, Dresser & McKee ("CDM"), Newport's adviser on the WTP Projects, that it would have average day demands of 1.64 MGD and peak day demands of 3.0 MGD. The Navy informed Newport that it would have average day demands of 0.95 MGD and peak day demands of 1.395 MGD. This information served as a basis for establishing the design capacities of the Treatment Plant Projects, and Newport used its customers' projected demands when it sized the WTP Projects.

Q. Is Newport again proposing to allocate treatment capital based on the anticipated demands of it customer classes?

A. Yes. The rates proposed in the Newport COS Model in this Docket are based on the projected demands provided by PWFD and the Navy as set forth above. The remaining average day and peak day treatment plant capacity was apportioned between the Residential and Non-Residential classes and Fire Protection on the basis of their current average and peak day demands. The Residential class' assumed average day and peak day demands are 3.02 MGD and 5.51 MGD, respectively. The Non-Residential class' assumed average day and peak day demands are 2.39 MGD and 4.70 MGD, respectively. Fire Protection has no average day demand, but its assumed peak day demand is 1.44 MGD.

Q. Why is Newport proposing to allocate treatment capital costs in this manner?

A. First, Newport sized the WTP Projects to meet projected peak day demands of all its customers, including PWFD and the Navy. As such, Newport incurred costs to provide the necessary treatment capacity, and the wholesale customers should be responsible for those costs. The current treatment capital costs allocation ensures that each class pays for the portion of the treatment plants based on the demands they provided to Newport. Second, the use of reserved capacity to allocate treatment capital costs results in a more equitable allocation. This method results in a significantly lower rate increase for the Navy and only slightly higher rate adjustments for the two retail classes and PWFD. HJS Schedule D-8 shows a comparison of the costs allocated to each class under each cost allocation scenario.

VII. NEWPORT COS MODEL - BASE, COMMODITY AND FIRE PROTECTION CHARGES

Q. Once you assigned all the O&M and Capital costs to Base/Extra Capacity cost categories, what was the next step in the cost allocation process?

A. The next step was allocating costs from the Base/Extra Capacity cost categories to class specific Commodity, Base and Fire Protection Charges and the subsequent calculation of rates and charges. RFC Schedule B-2 shows this process.

Base Charge

Q. Please describe how costs are allocated to the Base Charge?

A. All costs assigned to Meters, Services and Billing cost categories are assigned to the Base Charge.

Q. How is the Base Charge calculated?

A. RFC Schedules A-2 and B-2 show the Base Charge calculation. This charge is designed to recover the utility's fixed customer related costs related to tasks such as installing and maintaining water meters and service lines, and responding to customer questions and

complaints. Additionally, the Base Charge is designed to recover the costs associated with preparing a customer's bill, which includes costs associated with reading meters, bill preparation and mailing. Since these costs do not vary based on customer consumption, it is appropriate to recover them through a fixed charge assessed at the time of billing.

However, these costs do vary by customer depending on billing frequency. While the cost of meeting typical customer service requirements, installing and maintaining meters and services is the same regardless of billing frequency, meter reading and bill preparation costs vary depending on billing frequency.

Therefore, the Base Charge must be comprised of three components:

1. Recovery of monthly customer service, meter installation and maintenance costs;
2. Recovery of monthly cost associated with maintaining and repairing service lines; and,
3. Recovery of costs associated with meter reading and bill preparation.

The customer service and meter component is calculated by dividing the costs allocated to Meters by the total number of equivalent 5/8 inch meters multiplied by twelve. The Services component is calculated by dividing the costs allocated to Services by the total number of equivalent connections multiplied by twelve. The billing component is determined by dividing the total costs assigned to the Billing category by the total number of bills that Newport Water is projected to prepare during the Rate Year. RFC Schedule B-2 shows these calculations. The monthly Base Charge includes one monthly meter component, one monthly services component and one billing component.

Q. Are there any exceptions to the way in which the Base charge is determined?

A. Yes, in Docket 4355, Newport and PWFD entered into a Memorandum of Understanding that stipulated that the services component and the metering components be excluded from the Base Charge assessed to PWFD since costs incurred by Newport and allocated to the services and meters categories do not benefit Portsmouth. As such, a separate Base charge is calculated for PWFD that only includes the billing component.

Commodity Charge

Q. Please describe how costs are allocated to each customer class and how the commodity charge for each class is calculated.

A. The costs to the class specific commodity charges are allocated using the allocation percentages shown at the top of RFC Schedule B-2. These percentages are developed based on each customer class' demand characteristics.

Q. How are these allocation percentages determined?

A. RFC Schedule B-9 shows the development of these percentages. The percentages generally reflect each class' share of each type of demand placed on the system as determined by applying the demand factors developed available billing data; however, there are a couple of exceptions to this general rule.

Q. Please explain these exceptions?

First, certain percentages exclude PWFD's demands on the system. This exclusion of PWFD's demands prevents the allocation of costs associated with the transmission and distribution system to PWFD's commodity charge. This is done because PWFD takes water directly from the Lawton Valley treatment plant and does not receive the benefits of meeting peak hour demands offered by Newport Water's transmission and distribution system. Second, as mentioned previously, capital costs associated with treatment facilities are allocated to each

class based on the capacity each class requested when the Treatment Plant Projects were designed.

Q. How is the Commodity Rate for each class calculated?

A. We calculated the Commodity Rate per thousand gallons by dividing the total costs allocated to each class by that class' projected Rate Year demand in thousands of gallons. For the retail classes, the result is rounded up to the nearest cent to arrive at the Commodity Rate for that class. For the Navy and PWFD, the result is rounded to the nearest tenth of a cent. RFC Schedule A-2 shows the resulting rates and the percent change from the existing rates.

Q. Why are the Residential and Non-Residential Commodity Rate increases less than the increases for the two wholesale customers?

A. The difference between the in retail and wholesale increases rates is attributable to a combination of factors. One of the primary reasons for the difference between the retail and wholesale rates increases is that each of the wholesale customer's share of the projected average day demands adjusted for lost water is higher than it was in Docket 4355. As shown in the table below, in 4355, the Navy's share of projected adjusted average day demand was 8.99%, while in this filing their share is 12.49%. In the last docket, PWFD's share of projected adjusted average day demand was 18.05% and in this filing their share of projected demand is 20.82%. Conversely, each of the retail classes' share of projected adjusted average day demand is lower in this filing that it was in Docket 4355.

	Adjusted Average Day Demand (1000 gal.)		Share of Adjusted Average Day Demand	
	4355	Current	4355	Current
Residential	2,518	2,292	41%	40%
Non-Residential	1,949	1,506	32%	26%
Navy	551	711	9%	12%
Portsmouth	1,105	1,186	18%	21%
	6,123	5,695		

As a result, both the Navy and PWFD are allocated a larger share of the costs that have been assigned to the Base cost allocation category than they were in Docket 4355 while the two retail classes are allocated a smaller share. Additionally, this difference in the share of projected demand also has an impact on the incremental peaking demands that each class places on the system. Incremental peaking demands are developed by multiplying each class' average day demand by its Max Day and Max Hour peaking factors. Since each wholesale customer's share of the average day demand is higher than in Docket 4355 and the peaking factors are the same, each wholesale customer's share of incremental peaking demands is also higher, which results in each of the wholesale customers being allocated a larger share of the costs assigned to the Max Day and Max Hour cost categories.

Q. Why is there such a large difference in the projected adjusted average day water demand by class in this filing?

A. A combination of two things drives the change in projected adjusted average day demand by class. First, each class' share of the projected demands, which are based on the average of the two most recent years of historical demand, are different than they were in Docket 4355, with the Non-Residential and Navy projections showing the greatest difference. As shown in the table below, in this filing the Non-Residential class projected demand accounts for 25% of the total system demand while in Docket 4355, the Non-Residential projected demand represented 29% of the total system demand. Conversely, the Navy's projected annual demand in Docket

4355 represented 11% of the system total, but in this filing the Navy is projected to use 13% of the total.

	Projected Annual Demand (1000 gal.)		Share of Projected Demand	
	4355	Current	4355	Current
Residential	629,770	695,878	37%	38%
Non-Residential	487,456	457,205	29%	25%
Navy	180,294	247,078	11%	13%
Portsmouth	403,332	432,782	24%	24%
	1,700,852	1,832,943		

These differences in projected annual demand lead to similar differences in the average daily demand between this filing and Docket 4355, but the adjustment for lost water has an even greater impact on the difference in relative demands that each class places on the system in this filing compared to Docket 4355.

Q. Please explain the adjustment for lost water?

A. The adjustment for lost water recognizes that revenue is not collected for some water produced at the treatment plants. This water is "lost" in the transmission and distribution system either through leaks or as the result of a number of other factors such as theft, system flushing and under reporting meters to name a few. Since there are costs associated with producing this lost water that would not be recovered otherwise, the adjustment for lost water assigns a proportionate share of lost water to each customer class based on its share of annual demand. However, in previous rate cases it was determined that since PWFD did not utilize the transmission and distribution system it should not bear any responsibility for recovering the cost of producing lost water. Similarly, it was determined that since the Navy only utilized a portion of the transmission system and none of the distribution system it should only be assigned a fraction of the responsibility for the cost of lost water that it would be assigned if it utilized the entire transmission and distribution system.

Q. How is the adjustment for lost water different in this filing that it was in Docket 4355?

A. Since the last filing, Newport's lost water percentage has declined from approximately 24% in Docket 4355 to slightly less than 12% in this filing.

Q. How does the decline in lost water impact the rates that each class pays?

A. The adjustment for lost water increases the average daily demand assigned to each class which in turn increases the costs assigned to each class with the impact on the Residential and Non-Residential class being impacted the most since they are assigned the greatest level of responsibility for recovering the costs of lost water. The decline in lost water means the adjustment to the average daily demand of the two retail classes is much smaller which results in a smaller share of costs being allocated to these two classes.

Q. Are there other reasons for the difference in rate adjustments between the retail and wholesale classes?

A. Disparity in the increases for the retail and wholesale classes, and particularly the disparity between the Navy's increase and that of the other classes, is also a function of the demand factors used in this filing. As mentioned earlier in my testimony, the demand factors were updated using more recent data, including daily meter data for PWFD and the Navy. The table below compares the Max Day and Max Hour demand factors used in this filing with those used in the last filing.

Demand Factor Comparison

	Max Day Demand Factor		Max Hour Demand Factor	
	Current	4355	Current	4355
Residential	2.10	1.82	2.80	2.43
Non-Residential	2.28	2.26	3.42	3.39
Navy	2.96	1.73	3.95	2.31
Portsmouth	2.13	1.99	2.85	2.65

As shown in the above table, all of the demand factors used in this filing are higher than those used in Docket 4355. For the Non-Residential class and PWFD, the difference is relatively small, but the Navy's demand factors are significantly higher in this filing than they were in Docket 4355. As a result, the Navy is allocated a significantly larger share of the Max Day and Max Hour costs.

Q. Why are the Navy's Max Day and Max Hour demand factors so much higher?

A. The Navy's demand factors are higher because their maximum day demand during FY 15, as measured at their meters, was significantly higher than their measured maximum day demand used in Docket 4355.

Q. Are there any other factors that contribute to the disparity in rate increases?

A. One other factor that contributes to the disparity in rate increases between classes is the investment that Newport made to replace the old Lawton Valley Treatment plant and upgrade the Station 1 plant. As a result of this investment of approximately $64 million, the relative value of Newport's assets used for treatment has increased such that assets related to treatment account for approximately 58% of the asset value used for rate setting. In Docket 4355, treatment assets represented about 41% of the asset value. This shift in the treatment

function's relative share of asset value means that a larger portion of the annual capital costs are allocated as treatment related costs.

Q. Does the fact that treatment capital costs are now being allocated based on reserved capacity exacerbate this issue?

A. Actually, it is just the opposite. As shown in HJS Schedule D-8, the disparity would be even greater if treatment capital costs were allocated using historical usage in the base/extra capacity model.

Fire Protection Charges

Q. Please explain the allocation of costs to the Fire Protection Charges and how the charges are calculated?

A. All costs assigned to the Fire Protection cost category are allocated to the Fire Protection Charges. These costs are then divided by the total number of 5/8 inch meter or connection equivalents represented by the public fire hydrants and the private fire connections to arrive at the charge per equivalent 5/8" connection. Meter equivalents are calculated using demand factors based on the principles of the Hazen-Williams equation for flow through pressure conduits as shown on RFC Schedule D-2. The charge for each private fire protection connection size is determined by multiplying the calculated charge per 5/8" equivalent by the appropriate demand factor. Public Fire Protection Charges are calculated using the demand factor for a four inch connection. RFC Schedule A-2 shows the proposed Fire Protection Charges along with the percent change from the existing charge.

VIII. NEWPORT COS MODEL - RATE IMPACT

Q. Have you provided the impact of the proposed rates and charges on customer's bills?

A. Yes, RFC Schedule A-3 shows bills for different customer classes at a variety of consumption levels under both the existing rates and charges and the proposed rates and charges.

Q. Did you determine whether the revenues from the proposed rates and charges are sufficient to cover Newport Water's revenue requirements?

A. Yes. RFC Schedule A-4 serves as a revenue proof to determine revenue sufficiency of the proposed rates and charges. This schedule shows the revenue that is expected from each customer class or charge under the proposed rates as well as revenues from other non-rate sources. This revenue is compared to Newport Water's Rate Year revenue requirements to determine whether revenue will sufficiently cover costs. As shown, it is anticipated that the proposed rates and charges will generate surplus revenue of approximately $4,364. This surplus is attributable to rounding within the cost allocation model.

IX. CONCLUSION

Q. Does this conclude your direct testimony?

A. Yes.

Rhode Island Public Utilities Commission
Docket XXXX
FY 2017 Rate Filing

Index of Model Schedules

Summary Schedules

COS Model Schedules

Supporting Data

Account		Test Year (FY2015)	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed Rate Year - FY2017
O&M COSTS						
Administration						
50001	Salaries & Wages	$ 262,222	$ -	$ 262,222	$ 19,360	$ 281,582
	AFSCME retro	-	$ -	$ -	$ -	-
	NEA retro	-	$ -	$ -	$ -	-
	AFSCME benefits on retro pay	-	$ -	$ -	$ -	-
	NEA benefits on retro pay	-	$ -	$ -	$ -	-
50044	Standby Salaries	12,528	$ -	$ 12,528	$ 6,192	18,720
50520	Accrued Benefits Buyout	15,500	$ -	$ 15,500	$ 43,500	59,000
50100	Employee Benefits	110,408	$ -	$ 110,408	$ 8,649	119,057
50103	Retiree Insurance Coverage	351,563	$ -	$ 351,563	$ 18,437	370,000
50105	Workers Compensation	59,456	$ -	$ 59,456	$ 4,544	64,000
50175	Annual Leave Buyback	3,260	$ -	$ 3,260	$ 40	3,300
50207	Advertisement	4,041	$ -	$ 4,041	$ 4,959	9,000
50210	Membership Dues & Subscriptions	4,447	$ -	$ 4,447	$ (1,947)	2,500
50212	Conferences & Training	868	$ -	$ 868	$ 3,132	4,000
50214	Tuition Reimbursement	-	$ -	$ -	$ 2,000	2,000
50220	Consultant Fees	210,410	$ -	$ 210,410	$ 39,590	250,000
50238	Postage	360	$ -	$ 360	$ 640	1,000
50239	Fire & Liability Insurance	16,853	$ -	$ 16,853	$ 50,147	67,000
50251	Telephone & Communication	5,569	$ -	$ 5,569	$ 446	6,015
50305	Water	1,275	$ -	$ 1,275	$ 740	2,015
50306	Electricity	10,121	$ -	$ 10,121	$ (2,165)	7,956
50307	Natural Gas	5,918	$ -	$ 5,918	$ (692)	5,226
50308	Property Taxes	464,200	$ -	$ 464,200	$ 104,843	569,043
50266	Legal & Administrative		$ -	$ -	$ -	
	Audit Fees	4,349	$ -	$ 4,349	$ (116)	4,233
	OPEB Contribution		$ -	$ -	$ 19,200	19,200
	City Council	4,649	$ -	$ 4,649	$ (1,210)	3,439
	City Clerk	3,381	$ -	$ 3,381	$ (58)	3,323
	City Manager	54,131	$ -	$ 54,131	$ 3,272	57,403
	Human Resources	30,121	$ -	$ 30,121	$ (24,286)	5,835
	City Solicitor	20,459	$ -	$ 20,459	$ 31,382	51,841
	Finance Adimistrative 80%	19,822	$ -	$ 19,822	$ 8,954	28,776
	Finance Adimistrative 5%	7,020	$ -	$ 7,020	$ (4,004)	3,016
	Finance Admin 10% Inv/Debt		$ -	$ -	$ 13,385	13,385
	Purchasing	18,314	$ -	$ 18,314	$ (2,593)	15,721
	Collections	46,979	$ -	$ 46,979	$ (26,989)	19,990
75543	Accounting - Wires - 5%	10,679	$ -	$ 10,679	$ (1,864)	8,815
	Accounting	70,516	$ -	$ 70,516	$ (27,696)	42,820
	Public Safety		$ -	$ -	$ -	
	Facilities Maintenance	13,266	$ -	$ 13,266	$ (13,266)	
50267	Data Processing	143,888	$ -	$ 143,888	$ 56,156	200,044
50268	Mileage Allowance	875	$ -	$ 875	$ 1,125	2,000
50271	Gasoline & Vehicle Allowance	9,354	$ -	$ 9,354	$ (3,965)	5,389
50275	Repairs & Maintenance	-	$ -	$ -	$ 1,200	1,200
50280	Regulatory Expense	590	$ -	$ 590	$ 4,410	5,000
50281	Regulatory Assessment	79,698	$ -	$ 79,698	$ 302	80,000
50361	Office Supplies	14,469	$ -	$ 14,469	$ 531	15,000
50505	Self Insurance	118	$ -	$ 118	$ 9,882	10,000
50515	Unemployment Claims	-	$ -	$ -	$ -	-
	Subtotal:	**$ 2,091,677**	**$ -**	**$ 2,091,677**	**$ 346,169**	**$ 2,437,846**

Account		Test Year (FY2015)	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed Rate Year - FY2017
Customer Service						
50001	Salaries & Wages	$ 263,080	$ -	$ 263,080	$ 46,230	$ 309,310
50002	Overtime	116	$ -	$ 116	$ 5,293	5,409
	Collections		$ -	$ -	$ -	-
50004	Temp Salaries	18,831	$ -	$ 18,831	$ (3,855)	14,976
50056	Injury Pay	-	$ -	$ -	$ -	-
50100	Employee Benefits	149,435	$ -	$ 149,435	$ 41,370	190,805
50120	Bank Fees (lock box)	13,711	$ -	$ 13,711	$ 3,089	16,800
50175	Annual Leave Buyback	4,531	$ -	$ 4,531	$ (31)	4,500
50205	Copying & binding	511	$ -	$ 511	$ (11)	500
50212	Conferences & Training	(263)	$ -	$ (263)	$ 5,263	5,000
50225	Support Services	32,784	$ -	$ 32,784	$ (6,609)	26,175
50238	Postage	57,265	$ -	$ 57,265	$ 17,415	74,680
50271	Gasoline & Vehicle Allowance	39,667	$ -	$ 39,667	$ (12,722)	26,945
50275	Repairs & Maintenance	33,449	$ -	$ 33,449	$ 1,551	35,000
50299	Meter Maintenance	7,734	$ -	$ 7,734	$ 2,266	10,000
50311	Operating Supplies	3,658	$ -	$ 3,658	$ 1,342	5,000
50320	Uniforms & protective Gear	957	$ -	$ 957	$ 43	1,000
50380	Customer Service Supplies	166	$ -	$ 166	$ 4,834	5,000
	Subtotal:	**$ 625,632**	**$ -**	**$ 625,632**	**$ 105,468**	**$ 731,100**
Source of Supply - Island						
50001	Salaries & Wages	$ 321,324	$ -	$ 321,324	$ (11,374)	$ 309,950
50002	Overtime	36,123	$ -	$ 36,123	$ (3,123)	33,000
50004	Temp Salaries	-	$ -	$ -	$ 26,180	26,180
50056	Injury Pay	-	$ -	$ -	$ -	-
50100	Employee Benefits	185,081	$ -	$ 185,081	$ (9,431)	175,650
50175	Annual Leave Buyback	3,783	$ -	$ 3,783	$ 17	3,800
50306	Electricity	38,527	$ -	$ 38,527	$ 11,353	49,880
50271	Gas/Vehicle Maintenance	63,620	$ -	$ 63,620	$ (4,341)	59,279
50275	Repairs & Maintenance	11,633	$ -	$ 11,633	$ (1,633)	10,000
50277	Reservoir Maintenance	16,236	$ -	$ 16,236	$ (236)	16,000
50311	Operating Supplies	2,802	$ -	$ 2,802	$ 4,698	7,500
50320	Uniforms & protective Gear	935	$ -	$ 935	$ 575	1,510
50335	Chemicals	72,671	$ -	$ 72,671	$ (5,871)	66,800
	Subtotal:	**$ 752,735**	**$ -**	**$ 752,735**	**$ 6,814**	**$ 759,549**
Source of Supply - Mainland						
50002	Overtime	$ 13,513	$ -	$ 13,513	$ (1,903)	$ 11,610
50004	Temp Salaries	18,784	$ -	$ 18,784	$ 11,212	29,996
50005	Permanent Part time	14,200	$ -	$ 14,200	$ (1,300)	12,900
50100	Employee Benefits	6,453	$ -	$ 6,453	$ (3,928)	2,525
50306	Electricity	122,917	$ -	$ 122,917	$ 31,507	154,424
50275	Repairs & Maintenance	13,908	$ -	$ 13,908	$ (6,908)	7,000
50277	Reservoir Maintenance	-	$ -	$ -	$ 4,500	4,500
50311	Operating Supplies	236	$ -	$ 236	$ 764	1,000
	Subtotal:	**$ 190,011**	**$ -**	**$ 190,011**	**$ 33,944**	**$ 223,955**

Account		Test Year (FY2015)	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed Rate Year - FY2017
Station One						
50001	Salaries & Wages	$ 519,694	$ -	$ 519,694	$ 31,887	$ 551,581
50002	Overtime	110,009	$ -	$ 110,009	$ (7,069)	102,940
50003	Holiday Pay	18,936	$ -	$ 18,936	$ 3,096	22,032
50045	Lead Plant Operator Stipend	6,627	$ -	$ 6,627	$ 5,853	12,480
50100	Employee Benefits	$ 296,163	$ -	$ 296,163	$ (12,650)	$ 283,513
50175	Annual Leave Buyback	11,785	$ -	$ 11,785	$ 215	12,000
50212	Conferences & Training	1,049	$ -	$ 1,049	$ 3,451	4,500
50239	Fire & Liability Insurance	60,531	$ -	$ 60,531	$ (25,531)	35,000
50306	Electricity	$ 207,037	$ -	$ 207,037	$ 5,447	$ 212,484
50307	Natural Gas	43,410	$ -	$ 43,410	$ -	43,410
50260	Rental of Equipment	922	$ -	$ 922	$ 78	1,000
50305	Sewer Charge	108,472	$ -	$ 108,472	$ 90,968	199,440
50271	Gas/Vehicle Maintenance	9,831	$ -	$ 9,831	$ (4,442)	5,389
50275	Repairs & Maintenance	$ 9,738	$ -	$ 9,738	$ 57,049	$ 66,787
50311	Operating Supplies	$ 18,895	$ -	$ 18,895	$ (1,734)	$ 17,161
50320	Uniforms & protective Gear	1,027	$ -	$ 1,027	$ 399	1,426
50335	Chemicals	350,158	$ -	$ 350,158	$ 16,157	366,315
	Subtotal:	**$ 1,774,284**	**$ -**	**$ 1,774,284**	**$ 163,174**	**$ 1,937,458**
Lawton Valley						
50001	Salaries & Wages	$ 449,625	$ -	$ 449,625	$ 48,916	$ 498,541
50002	Overtime	98,692	$ -	$ 98,692	$ 211	98,903
50003	Holiday Pay	15,904	$ -	$ 15,904	$ 4,088	19,992
50045	Lead Plant Operator Stipend	7,830	$ -	$ 7,830	$ 4,650	12,480
50100	Employee Benefits	$ 273,138	$ -	$ 273,138	$ 4,864	$ 278,002
50175	Annual Leave Buyback	7,368	$ -	$ 7,368	$ 32	7,400
50212	Conferences & Training	850	$ -	$ 850	$ 3,270	4,120
50239	Fire & Liability Insurance	93,577	$ -	$ 93,577	$ (39,577)	54,000
50306	Electricity	$ 310,343	$ -	$ 310,343	$ 64,748	$ 375,091
50307	Natural Gas	34,663	$ -	$ 34,663	$ -	34,663
50260	Rental of Equipment	722	$ -	$ 722	$ 278	1,000
50305	Sewer Charge	358,682	$ -	$ 358,682	$ 139,918	498,600
50271	Gas/Vehicle Maintenance	7,482	$ -	$ 7,482	$ (2,093)	5,389
50275	Repairs & Maintenance	$ 19,922	$ -	$ 19,922	$ 41,429	$ 61,351
50311	Operating Supplies	$ 8,971	$ -	$ 8,971	$ 4,340	$ 13,311
50320	Uniforms & protective Gear	1,539	$ -	$ 1,539	$ (236)	1,303
50335	Chemicals	262,215	$ -	$ 262,215	$ 66,452	328,667
	Subtotal:	**$ 1,951,523**	**$ -**	**$ 1,951,523**	**$ 341,291**	**$ 2,292,814**
Laboratory						
50001	Salaries & Wages	$ 114,425	$ -	$ 114,425	$ 6,754	$ 121,179
50100	Employee Benefits	54,984	$ -	$ 54,984	$ 3,724	58,708
50175	Annual Leave Buyback	1,560	$ -	$ 1,560	$ (60)	1,500
50275	Repairs & Maintenance	256	$ -	$ 256	$ 1,444	1,700
50281	Regulatory Assessment	47,696	$ -	$ 47,696	$ (672)	47,024
50339	Laboratory Supplies	16,924	$ -	$ 16,924	$ 18,703	35,627
	Subtotal:	**$ 235,845**	**$ -**	**$ 235,845**	**$ 29,893**	**$ 265,738**

Rhode Island Public Utilities Commission
Docket XXXX
FY 2017 Rate Filing
HJS Schedule A-1A
Revenue Requirements

Account		Test Year (FY2015)	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed Rate Year - FY2017
Transmission & Distribution						
50001	Salaries & Wages	$ 437,907	$ -	$ 437,907	$ 114,926	$ 552,833
50002	Overtime	48,703	$ -	$ 48,703	$ 3,661	52,364
50004	Temp Salaries	18,106	$ -	$ 18,106	$ 8,074	26,180
50056	Injury Pay	-	$ -	$ -	$ -	-
50100	Employee Benefits	259,991	$ -	$ 259,991	$ 70,083	330,074
50175	Annual Leave Buyback	7,484	$ -	$ 7,484	$ 16	7,500
50212	Conferences & Training	1,776	$ -	$ 1,776	$ 2,224	4,000
50225	Contract Services	10,524	$ -	$ 10,524	$ 11,001	21,525
50239	Fire & Liability Insurance	20,061	$ -	$ 20,061	$ (8,061)	12,000
50306	Electricity	34,641	$ -	$ 34,641	$ (14,034)	20,607
50260	Heavy Equipment Rental	10,706	$ -	$ 10,706	$ (2,446)	8,260
50271	Gas/Vehicle Maintenance	93,222	$ -	$ 93,222	$ (23,165)	70,057
50275	Repairs & Maintenance	28,521	$ -	$ 28,521	$ (2,521)	26,000
50276	Main Maintenance	94,546	$ -	$ 94,546	$ (3,346)	91,200
50296	Service Maintenance	28,090	$ -	$ 28,090	$ 1,910	30,000
50311	Operating Supplies	4,964	$ -	$ 4,964	$ 3,036	8,000
50320	Uniforms & protective Gear	1,725	$ -	$ 1,725	$ 2,275	4,000
	Subtotal:	**$ 1,100,967**	**$ -**	**$ 1,100,967**	**$ 163,633**	**$ 1,264,600**
Fire Protection						
50275	Repair & Maintenance - Equipment	$ 11,585	$ -	$ 11,585	$ 12,215	$ 23,800
	Subtotal:	**$ 11,585**	**$ -**	**$ 11,585**	**$ 12,215**	**$ 23,800**
	Total O&M Costs	**$ 8,734,259**	**$ -**	**$ 8,734,259**	**$ 1,202,602**	**$ 9,936,861**

Account	Test Year (FY2015)	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed Rate Year - FY2017
CAPITAL COSTS					
Contribution to Capital Spending Acct.	$2,735,664	($235,664)	$2,500,000	$ 680,502	$ 3,180,502
Contribution to Debt Service Acct.	$6,810,996	$ 4	$ 6,811,000	$ -	$ 6,811,000
Total Capital Costs	**$ 9,546,660**	**$ (235,660)**	**$ 9,311,000**	**$ 680,502**	**$ 9,991,502**
Operating Revenue Allowance	$ 262,028	$ (1,469)	$ 260,558	$ 37,547	$ 298,106
Total Costs before Offsets	**$18,542,947**	**$ (237,130)**	**$ 18,305,817**	**$ 1,920,652**	**$ 20,226,469**
OFFSETS					
Nonrate Revenues					
Sundry charges	$ 147,125	$ -	$ 147,125	$ (43,125)	$ 104,000
WPC cost share on customer service	$ 291,365	$ -	$ 291,365	$ 5,491	296,856
Middletown cost share on customer servic	$ 146,895	$ -	$ 146,895	$ (3,389)	143,506
Rental of Property	$ 91,893	$ -	$ 91,893	$ 16,274	108,167
Water Penalty	$ 54,474	$ -	$ 54,474	$ (6,974)	47,500
Miscellaneous	$ 7,853	$ -	$ 7,853	$ 747	8,600
Investment Interest Income	$ 3,090	$ -	$ 3,090	$ 810	3,900
Water Quality Protection Fees	$ 23,638	$ -	$ 23,638	$ (1,138)	22,500
Total Nonrate Revenues	**$ 766,333**	**$ -**	**$ 766,333**	**$ (31,304)**	**$ 735,029**
Net Costs to Be Recovered through Rates	**$17,776,614**	**$ (237,130)**	**$ 17,539,484**	**$ 1,951,956**	**$ 19,491,440**

Rhode Island Public Utilities Commission
Docket XXXX
FY 2017 Rate Filing
HJS Schedule A-1B
Revenue Requirements by Account

		Test Year (FY2015)	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustments	Proposed Rate Year - FY2017
50001	Salaries & Wages	$ 2,368,277	$ -	$ 2,368,277	$ 256,699	$ 2,624,976
50002	Overtime	$ 307,156	$ -	$ 307,156	$ (2,929)	$ 304,227
50003	Holiday Pay	$ 34,840	$ -	$ 34,840	$ 7,184	$ 42,024
50004	Temp Salaries	$ 55,721	$ -	$ 55,721	$ 41,612	$ 97,333
50005	Permanent Part time	$ 14,200	$ -	$ 14,200	$ (1,300)	$ 12,900
50044	Standby Salaries	$ 12,528	$ -	$ 12,528	$ 6,192	$ 18,720
50045	Lead Plant Operator Stipend	$ 14,457	$ -	$ 14,457	$ 10,503	$ 24,960
50056	Injury Pay	$ -	$ -	$ -	$ -	$ -
50100	Employee Benefits	$ 1,335,653	$ -	$ 1,335,653	$ 102,681	$ 1,438,334
50103	Retiree Insurance Coverage	$ 351,563	$ -	$ 351,563	$ 18,437	$ 370,000
50105	Workers Compensation	$ 59,456	$ -	$ 59,456	$ 4,544	$ 64,000
50120	Bank Fees (lock box)	$ 13,711	$ -	$ 13,711	$ 3,089	$ 16,800
50175	Annual Leave Buyback	$ 39,771	$ -	$ 39,771	$ 229	$ 40,000
50205	Copying & binding	$ 511	$ -	$ 511	$ (11)	$ 500
50207	Advertisement	$ 4,041	$ -	$ 4,041	$ 4,959	$ 9,000
50210	Membership Dues & Subscriptions	$ 4,447	$ -	$ 4,447	$ (1,947)	$ 2,500
50212	Conferences & Training	$ 4,280	$ -	$ 4,280	$ 17,340	$ 21,620
50214	Tuition Reimbursement	$ -	$ -	$ -	$ 2,000	$ 2,000
50220	Consultant Fees	$ 210,410	$ -	$ 210,410	$ 39,590	$ 250,000
50225	Support Services/Contract Services	$ 43,308	$ -	$ 43,308	$ 4,392	$ 47,700
50238	Postage	$ 57,625	$ -	$ 57,625	$ 18,055	$ 75,680
50239	Fire & Liability Insurance	$ 191,022	$ -	$ 191,022	$ (23,022)	$ 168,000
50251	Telephone & Communication	$ 5,569	$ -	$ 5,569	$ 446	$ 6,015
50260	Rental of Equipment	$ 12,350	$ -	$ 12,350	$ (2,090)	$ 10,260
50266	Legal & Administrative	$ 303,686	$ -	$ 303,686	$ (25,887)	$ 277,799
50267	Data Processing	$ 143,888	$ -	$ 143,888	$ 56,156	$ 200,044
50268	Mileage Allowance	$ 875	$ -	$ 875	$ 1,125	$ 2,000
50271	Gasoline & Vehicle Allowance	$ 223,176	$ -	$ 223,176	$ (50,728)	$ 172,448
50275	Repairs & Maintenance	$ 129,012	$ -	$ 129,012	$ 103,826	$ 232,838
50276	Main Maintenance	$ 94,546	$ -	$ 94,546	$ (3,346)	$ 91,200
50277	Reservoir Maintenance	$ 16,236	$ -	$ 16,236	$ 4,264	$ 20,500
50280	Regulatory Expense	$ 590	$ -	$ 590	$ 4,410	$ 5,000
50281	Regulatory Assessment	$ 127,394	$ -	$ 127,394	$ (370)	$ 127,024
50296	Service Maintenance	$ 28,090	$ -	$ 28,090	$ 1,910	$ 30,000
50299	Meter Maintenance	$ 7,734	$ -	$ 7,734	$ 2,266	$ 10,000
50305	Water/Sewer Charge	$ 468,429	$ -	$ 468,429	$ 231,626	$ 700,055
50306	Electricity	$ 723,586	$ -	$ 723,586	$ 96,856	$ 820,442
50307	Natural Gas	$ 83,991	$ -	$ 83,991	$ (692)	$ 83,299
50308	Property Taxes	$ 464,200	$ -	$ 464,200	$ 104,843	$ 569,043
50311	Operating Supplies	$ 39,526	$ -	$ 39,526	$ 12,446	$ 51,972
50320	Uniforms & protective Gear	$ 6,183	$ -	$ 6,183	$ 3,056	$ 9,239
50335	Chemicals	$ 685,044	$ -	$ 685,044	$ 76,738	$ 761,782
50339	Laboratory Supplies	$ 16,924	$ -	$ 16,924	$ 18,703	$ 35,627
50361	Office Supplies	$ 14,469	$ -	$ 14,469	$ 531	$ 15,000
50380	Customer Service Supplies	$ 166	$ -	$ 166	$ 4,834	$ 5,000
50505	Self Insurance	$ 118	$ -	$ 118	$ 9,882	$ 10,000
50515	Unemployment Claims	$ -	$ -	$ -	$ -	$ -
50520	Accrued Benefits Buyout	$ 15,500	$ -	$ 15,500	$ 43,500	$ 59,000
60001	Hydrant Maintenance	$ -	$ -	$ -	$ -	$ -
	Total	**8,734,259**	**-**	**8,734,259**	**1,202,602**	**9,936,861**

Rhode Island Public Utilities Commission
Docket XXXX
FY 2017 Rate Filing
HJS Schedule A-2
Cost of Service Rates and Charges

	Docket 4355 Rates	Cost of Service	Proposed Rates	% Change	Projected Revenues
Base Charge (per bill)					
Monthly					
5/8	$ 4.89	$ 5.7753	$ **5.78**	*18%*	$743,817
3/4	$ 5.01	5.9783	**5.98**	*19%*	177,534
1	$ 6.07	7.6697	**7.67**	*26%*	51,911
1.5	$ 8.78	11.9682	**11.97**	*36%*	53,003
2	$ 11.35	16.1140	**16.12**	*42%*	51,842
3	$ 25.22	38.7335	**38.74**	*54%*	26,963
4	$ 28.90	44.8221	**44.83**	*55%*	9,145
5	$ 33.80	52.9401	**52.95**	*57%*	0
6	$ 37.48	59.0286	**59.03**	*57%*	22,668
8	$ 47.29	75.2647	**75.27**	*59%*	903
10	$ 65.07	104.6926	**104.70**	*61%*	1,256
Portsmouth Base Charge (4")	$ 2.86	2.4871	**2.49**	*-13%*	508
					1,139,550
Volume Charge (per 1,000 gallons)					
Retail					
Residential	$ 10.02	$ 10.2170	$ **10.22**	*2%*	7,111,873
Non-Residential	$ 11.22	$ 10.7209	$ **10.73**	*-4%*	4,905,810
					$ 12,017,683
Wholesale					
Navy	$ 6.5189	$ 8.1793	$ **8.1793**	*25%*	2,020,925
Portsmouth Water & Fire District	$ 5.1507	$ 6.6089	$ **6.6089**	*28%*	2,860,212
					$ 4,881,137
Fire Protection					
Public (per hydrant)	$ 944.22	$ 952.98	$ **952.99**	*1%*	$ 990,157
Private (by Connection Size)					
Connection Size / Existing Charge Differential					
<2	$25.99	$ 34.76	$ **34.76**	*34%*	
2 / 6.19	$108.85	$ 145.57	$ **145.57**	*34%*	-
4 / 38.32	$399.08	$ 480.20	$ **480.21**	*20%*	33,615
6 / 111.31	$951.11	$ 1,071.95	$ **1,071.95**	*13%*	266,916
8 / 237.21	$1,903.25	$ 2,092.59	$ **2,092.59**	*10%*	140,204
10 / 426.58	$3,335.46	$ 3,627.83	$ **3,627.84**	*9%*	18,139
12 / 689.04	$5,320.45	$ 5,755.63	$ **5,755.64**	*8%*	11,511
					$ 470,384
				Total Projected Rate Revenues	**$ 19,498,911**

Customer Class		Proposed 5/8 Inch Meter				Proposed 3/4 Inch Meter				Proposed 1 Inch Meter				Proposed 1.5 Inch Meter				Proposed 2 Inch Meter				Proposed 3 Inch Meter			
Residential (Monthly)	Consumption per Bill (gallons)	Annual Bill at Current Rates	Annual Bill at Proposed Rates	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed Rates	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed Rates	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed Rates	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed	Dollar Change	Percent Change
	1,000	$178.92	$192.00	$13.08	7.3%	$180.36	$194.40	$14.04	7.8%	$193.08	$214.68	$21.60	12.1%	$225.60	$266.28	$40.68	22.7%	$256.44	$316.08	$59.64	33.3%	$422.88	$587.52	$164.64	92.0%
	2,000	$299.16	$314.64	$15.48	5.2%	$300.60	$317.04	$16.44	5.5%	$313.32	$337.32	$24.00	8.0%	$345.84	$388.92	$43.08	14.4%	$376.68	$438.72	$62.04	20.7%	$543.12	$710.16	$167.04	55.8%
	4,000	$539.64	$559.92	$20.28	3.8%	$541.08	$562.32	$21.24	3.9%	$553.80	$582.60	$28.80	5.3%	$586.32	$634.20	$47.88	8.9%	$617.16	$684.00	$66.84	12.4%	$783.60	$955.44	$171.84	31.8%
	5,000	$659.88	$682.56	$22.68	3.4%	$661.32	$684.96	$23.64	3.6%	$674.04	$705.24	$31.20	4.7%	$706.56	$756.84	$50.28	7.6%	$737.40	$806.64	$69.24	10.5%	$903.84	$1,078.08	$174.24	26.4%
	7,500	$960.48	$989.16	$28.68	3.0%	$961.92	$991.56	$29.64	3.1%	$974.64	$1,011.84	$37.20	3.9%	$1,007.16	$1,063.44	$56.28	5.9%	$1,038.00	$1,113.24	$75.24	7.8%	$1,204.44	$1,384.68	$180.24	18.8%
	10,000	$1,261.08	$1,295.76	$34.68	2.8%	$1,262.52	$1,298.16	$35.64	2.8%	$1,275.24	$1,318.44	$43.20	3.4%	$1,307.76	$1,370.04	$62.28	4.9%	$1,338.60	$1,419.84	$81.24	6.4%	$1,505.04	$1,691.28	$186.24	14.8%
	15,000	$1,862.28	$1,908.96	$46.68	2.5%	$1,863.72	$1,911.36	$47.64	2.6%	$1,876.44	$1,931.64	$55.20	3.0%	$1,908.96	$1,983.24	$74.28	4.0%	$1,939.80	$2,033.04	$93.24	5.0%	$2,106.24	$2,304.48	$198.24	10.6%
	20,000	$2,463.48	$2,522.16	$58.68	2.4%	$2,464.92	$2,524.56	$59.64	2.4%	$2,477.64	$2,544.84	$67.20	2.7%	$2,510.16	$2,596.44	$86.28	3.5%	$2,541.00	$2,646.24	$105.24	4.3%	$2,707.44	$2,917.68	$210.24	8.5%
	25,000	$3,064.68	$3,135.36	$70.68	2.3%	$3,066.12	$3,137.76	$71.64	2.3%	$3,078.84	$3,158.04	$79.20	2.6%	$3,111.36	$3,209.64	$98.28	3.2%	$3,142.20	$3,259.44	$117.24	3.8%	$3,308.64	$3,530.88	$222.24	7.3%
	30,000	$3,665.88	$3,748.56	$82.68	2.3%	$3,667.32	$3,750.96	$83.64	2.3%	$3,680.04	$3,771.24	$91.20	2.5%	$3,712.56	$3,822.84	$110.28	3.0%	$3,743.40	$3,872.64	$129.24	3.5%	$3,909.84	$4,144.08	$234.24	6.4%

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Customer Class		Proposed 5/8 Inch Meter				Proposed 3/4 Inch Meter				Proposed 1 Inch Meter				Proposed 1.5 Inch Meter				Proposed 2 Inch Meter				Proposed 3 Inch Meter			
	Monthly Consumption (gallons)	Annual Bill at Current Rates	Annual Bill at Proposed Rates	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed Rates	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed Rates	Dollar Change	Percent Change	Annual Bill at Curreat Rates	Annual Bill at Proposed Rates	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed	Dollar Change	Percent Change
Commercial (Monthly)																									
	2,000	$327.96	$326.88	-$1.08	-0.3%	$329.40	$329.28	-$0.12	0.0%	$342.12	$349.56	$7.44	2.3%	$374 64	$401.16	$26.52	8.1%	$405.48	$450.96	$45.48	13.9%	$543.12	$710.16	$167.04	50.9%
	5,000	$731.88	$713.16	-$18.72	-2.6%	$733.32	$715.56	-$17.76	-2.4%	$746.04	$735.84	-$10.20	-1.4%	$778 56	$787.44	$8.88	1.2%	$809.40	$837.24	$27.84	3.8%	$903.84	$1,078.08	$174.24	23.8%
	10,000	$1,405.08	$1,356.96	-$48.12	-3.4%	$1,406.52	$1,359.36	-$47.16	-3.4%	$1,419.24	$1,379.64	-$39.60	-2.8%	$1,451 76	$1,431.24	-$20.52	-1.5%	$1,482.60	$1,481.04	-$1.56	-0.1%	$1,505.04	$1,691.28	$186.24	13.3%
	25,000	$3,424.68	$3,288.36	-$136.32	-4.0%	$3,426.12	$3,290.76	-$135.36	-4.0%	$3,438.84	$3,311.04	-$127.80	-3.7%	$3,471 36	$3,362.64	-$108.72	-3.2%	$3,502.20	$3,412.44	-$89.76	-2.6%	$3,308.64	$3,530.88	$222.24	6.5%
	30,000	$4,097.88	$3,932.16	-$165.72	-4.0%	$4,099.32	$3,934.56	-$164.76	-4.0%	$4,112.04	$3,954.84	-$157.20	-3.8%	$4,144 56	$4,006.44	-$138.12	-3.4%	$4,175.40	$4,056.24	-$119.16	-2.9%	$3,909.84	$4,144.08	$234.24	5.7%
	40,000	$5,444.28	$5,219.76	-$224.52	-4.1%	$5,445.72	$5,222.16	-$223.56	-4.1%	$5,458.44	$5,242.44	-$216.00	-4.0%	$5,490 96	$5,294.04	-$196.92	-3.6%	$5,521.80	$5,343.84	-$177.96	-3.3%	$5,112.24	$5,370.48	$258.24	4.7%
	50,000	$6,790.68	$6,507.36	-$283.32	-4.2%	$6,792.12	$6,509.76	-$282.36	-4.2%	$6,804.84	$6,530.04	-$274.80	-4.0%	$6,837 36	$6,581.64	-$255.72	-3.8%	$6,868.20	$6,631.44	-$236.76	-3.5%	$6,314.64	$6,596.88	$282.24	4.2%
	75,000	$10,156.68	$9,726.36	-$430.32	-4.2%	$10,158.12	$9,728.76	-$429.36	-4.2%	$10,170.84	$9,749.04	-$421.80	-4.2%	$10,203.36	$9,800.64	-$402.72	-4.0%	$10,234.20	$9,850.44	-$383.76	-3.8%	$9,320.64	$9,662.88	$342.24	3.4%
	100,000	$13,522.68	$12,945.36	-$577.32	-4.3%	$13,524.12	$12,947.76	-$576.36	-4.3%	$13,536.84	$12,968.04	-$568.80	-4.2%	$13,569.36	$13,019.64	-$549.72	-4.1%	$13,600.20	$13,069.44	-$530.76	-3.9%	$12,326.64	$12,728.88	$402.24	3.0%

Customer Class	Annual Consumption (gallons)	Proposed 5/8 Inch Meter				Proposed 3/4 Inch Meter				Proposed 1 Inch Meter				Proposed 1.5 Inch Meter				Proposed 2 Inch Meter				Proposed 3 Inch Meter			
		Annual Bill at Current Rates	Annual Bill at Proposed Rates	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed Rates	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed Rates	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed Rates	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed	Dollar Change	Percent Change	Annual Bill at Current Rates	Annual Bill at Proposed	Dollar Change	Percent Change
Commercial with 6" Fire Connection(Monthly Account)																									
Base Charge and Commodity Charges	120,000	$1,405.08	$1,356.96	-$48.12	-3.4%	$1,347.72	$1,359.36	$11.64	0.8%	$1,360.44	$1,379.64	$19.20	1.4%	$1,392.96	$1,431.24	$38.28	2.7%	$1,423.80	$1,481.04	$57.24	4.1%	$1,590.24	$1,752.48	$162.24	11.5%
Fire Protection Charge		$951.11	$1,071.95	$120.84	12.7%	$951.11	$1,071.95	$120.84	12.7%	$951.11	$1,071.95	$120.84	12.7%	$951.11	$1,071.95	$120.84	12.7%	$951.11	$1,071.95	$120.84	12.7%	$951.11	$1,071.95	$120.84	12.7%
Total Annual Charges		$2,356.19	$2,428.91	$72.72	3.1%	$2,298.83	$2,431.31	$132.48	5.6%	$2,311.55	$2,451.59	$140.04	5.9%	$2,344.07	$2,503.19	$159.12	6.8%	$2,374.91	$2,552.99	$178.08	7.6%	$2,541.35	$2,824.43	$283.08	12.0%

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Bill Impacts - Cost of Service Rates
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Customer Class	Monthly Consumption (gallons)	Bill at Current Rates	Proposed Bill at Proposed Rates	Proposed Dollar Change	Proposed Percent Change
Portsmouth (Monthly)					
	10,000,000	$51,512	$66,134	$14,622	28.4%
	20,000,000	$103,019	$132,223	$29,204	28.3%
Avg. Monthly Bill	38,000,000	$195,731	$251,183	$55,452	28.3%
	40,000,000	$206,033	$264,401	$58,368	28.3%
	75,000,000	$386,307	$495,712	$109,405	28.3%
	100,000,000	$515,075	$660,935	$145,860	28.3%
	150,000,000	$772,610	$991,380	$218,770	28.3%
Navy (Monthly)					
	10,000,000	$65,236	$81,793	$16,557	25.4%
Avg. Monthly Bill (All Meters)	20,000,000	$130,443	$163,586	$33,143	25.4%
	38,000,000	$247,718	$310,813	$63,095	25.5%
	50,000,000	$325,956	$408,965	$83,009	25.5%
	75,000,000	$488,929	$613,448	$124,518	25.5%
	100,000,000	$651,905	$817,930	$166,025	25.5%

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Revenue Proof

	Rate Year Revenue	
	Existing Rates	Proposed Rates
REVENUES		
Water Rates		
Base Charge (Billing Charge)	$ 851,329	$ 1,139,550
Volume Charge		
Residential	6,972,698	7,111,873
Commercial	5,129,840	4,905,810
Navy	1,610,677	2,020,925
Portsmouth Water & Fire District	2,229,129	2,860,212
Fire Protection		
Public	981,045	990,157
Private	419,598	470,384
Total Rate Revenues	$ 18,194,316	$ 19,498,911
Other Operating Revenues		
Sundry charges	$ 104,000	104,000
WPC cost share on customer service	$ 296,856	296,856
Middletown cost share on customer service	$ 143,506	143,506
Rental of Property	$ 108,167	108,167
Total Other Operating Revenues	$ 652,529	652,529
Total Operating Revenues	**$ 18,846,845**	**$ 20,151,440**
Add: Non-Operating Revenues		
Water Penalty	47,500	47,500
Miscellaneous	8,600	8,600
Investment Interest Income	3,900	3,900
Water Quality Protection Fees	22,500	22,500
Total Non Operating Revenues	$ 82,500	$ 82,500
Total Revenues	**$ 18,929,345**	**$ 20,233,940**
COSTS		
Departmental O&M	$ (9,936,861)	(9,936,861)
Capital Costs		
Contribution to Capital Spending Acct.	(3,180,502)	(3,180,502)
Contribution to Debt Service Acct.	(6,811,000)	($6,811,000)
Total Capital Costs	$ (9,991,502)	**(9,991,502)**
Operating Revenue Allowance	(298,106)	(298,106)
Total Costs	**$ (20,226,469)**	**$ (20,226,469)**
Revenue Surplus (Deficit)	$ (1,297,124)	$ 7,470

	Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Operation & Maintenance Costs										
Administration										
Salaries, Wages, & Benefits										
Salaries & Wages	$ 281,582	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	**100%**
AFSCME retro	$ -	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	**100%**
NEA retro	$ -	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	**100%**
AFSCME benefits on retro pay	$ -	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	**100%**
NEA benefits on retro pay	$ -	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	**100%**
Standby Salaries	$ 18,720	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	**100%**
Accrued Benefits Buyout	$ 59,000	Non-Administrative Wages & Salaries	58%	22%	8%	6%	5%	1%	0%	**100%**
Employee Benefits	$ 119,057	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	**100%**
Retiree Insurance Coverage	$ 370,000	Non-Administrative Wages & Salaries	58%	22%	8%	6%	5%	1%	0%	**100%**
Workers Compensation	$ 64,000	Non-Administrative Wages & Salaries	58%	22%	8%	6%	5%	1%	0%	**100%**
Annual Leave Buyback	$ 3,300	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	**100%**
Subtotal	915,659									

	Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
All Other Administrative Costs										
Advertisement	9,000	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Membership Dues & Subscription	2,500	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Conferences & Training	4,000	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Tuition Reimbursement	2,000	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Consultant Fees	250,000	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Postage	1,000	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Fire & Liability Insurance	67,000	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Telephone & Communication	6,015	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Water	2,015	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Electricity	7,956	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Natural Gas	5,226	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Property Taxes	569,043	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Legal & Administrative	-									
Audit Fees	4,233	Total Non-Admin Costs Before Offsets	64%	14%	10%	4%	4%	3%	0%	100%
OPEB Contribution	19,200	Total Non-Admin Costs Before Offsets	64%	14%	10%	4%	4%	3%	0%	100%
City Counsel	3,439	Total Non-Admin Costs Before Offsets	64%	14%	10%	4%	4%	3%	0%	100%
City Clerk	3,323	Total Non-Admin Costs Before Offsets	64%	14%	10%	4%	4%	3%	0%	100%
City Manager	57,403	Total Non-Admin Costs Before Offsets	64%	14%	10%	4%	4%	3%	0%	100%
Human Resources	5,835	Non-Administrative Wages & Salaries	58%	22%	8%	6%	5%	1%	0%	100%
City Solicitor	51,841	Total Non-Admin Costs Before Offsets	64%	14%	10%	4%	4%	3%	0%	100%
Finance Adimistrative 80%	28,776	Total Non-Admin Costs Before Offsets	64%	14%	10%	4%	4%	3%	0%	100%
Finance Adimistrative 5%	3,016	Total Non-Admin Costs Before Offsets	64%	14%	10%	4%	4%	3%	0%	100%
Finance Admin 10% Inv/Debt	13,385	Total Non-Admin Costs Before Offsets	64%	14%	10%	4%	4%	3%	0%	100%
Purchasing	15,721	Total Non-Admin Costs Before Offsets	64%	14%	10%	4%	4%	3%	0%	100%
Collections	19,990	100% Billing	0%	0%	0%	0%	100%	0%	0%	100%
Accounting 5%	8,815	Total Non-Admin Costs Before Offsets	64%	14%	10%	4%	4%	3%	0%	100%
Accounting	42,820	Non-Administrative Wages & Salaries	58%	22%	8%	6%	5%	1%	0%	100%
Data Processing	200,044	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Mileage Allowance	2,000	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Gasoline & Vehicle Allowance	5,389	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Repairs & Maintenance	1,200	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Regulatory Expense	5,000	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Regulatory Assessment	80,000	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Office Supplies	15,000	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Self Insurance	10,000	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Unemployment Claims	-	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Subtotal	1,522,187									

	Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Customer Service										
Salaries & Wages	334,195	Customer Servce Salaries and Wages	0%	0%	0%	49%	39%	12%	0%	**100%**
Benefits	190,805	Customer Servce Salaries and Wages	0%	0%	0%	49%	39%	12%	0%	**100%**
Copying & binding	500	100% billing (based on budget analysis)					100%			**100%**
Conferences & Training	5,000	100% billing (based on budget analysis)					100%			**100%**
Support Services	26,175	100% billing (software support & printing/mailing)					100%			**100%**
Postage	74,680	100% billing (based on budget analysis)					100%			**100%**
Bank Fees (lock box)	16,800	100% billing (based on budget analysis)					100%			**100%**
Gasoline & Vehicle Allowance	26,945	Customer Servce Salaries and Wages	0%	0%	0%	49%	39%	12%	0%	**100%**
Repairs & Maintenance	35,000	100% metering (meter repairs)				100%				**100%**
Meter Maintenance	10,000	100% metering (based on budget analysis)				100%				**100%**
Operating Supplies	5,000	100% metering (based on budget analysis)				100%				**100%**
Uniforms & protective Gear	1,000	100% metering (based on budget analysis)				100%				**100%**
Customer Service Supplies	5,000	100% billing (based on budget analysis)					100%			**100%**
Subtotal	**731,100**									
Source of Supply - Island										
Salaries & Wages	$ 309,950	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Overtime	$ 33,000	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Temp Salaries	$ 26,180	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Injury Pay	$ -	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Employee Benefits	$ 175,650	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Annual Leave Buyback	$ 3,800	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Electricity	$ 49,880	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Gas/Vehicle Maintenance	$ 59,279	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Repairs & Maintenance	$ 10,000	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Reservoir Maintenance	$ 16,000	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Operating Supplies	$ 7,500	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Uniforms & protective Gear	$ 1,510	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Chemicals	$ 66,800	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Subtotal	**$ 759,549**									
Source of Supply - Mainland										
Overtime	$ 11,610	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Temp Salaries	$ 29,996	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Permanent Part time	$ 12,900	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Employee Benefits	$ 2,525	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Electricity	$ 154,424	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Repairs & Maintenance	$ 7,000	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Reservoir Maintenance	$ 4,500	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Operating Supplies	$ 1,000	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	**100%**
Subtotal	**$ 223,955**									

	Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Station One (Excludes chemicals)										
Salaries & Wages	$ 551,581	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Overtime	$ 102,940	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Holiday Pay	$ 22,032	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Lead Plant Operator Stipend	$ 12,480	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Employee Benefits	$ 283,513	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Annual Leave Buyback	$ 12,000	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Conferences & Training	$ 4,500	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Fire & Liability Insurance	$ 35,000	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Electricity	$ 212,484	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Natural Gas	$ 43,410	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Rental of Equipment	$ 1,000	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Sewer Charge	$ 199,440	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Gas/Vehicle Maintenance	$ 5,389	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Repairs & Maintenance	$ 66,787	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Operating Supplies	$ 17,161	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Uniforms & protective Gear	$ 1,426	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Station One Chemicals	$ 366,315	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Subtotal	$ 1,937,458									
Lawton Valley (Excludes chemicals)										
Salaries & Wages	$498,541	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Overtime	$98,903	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Holiday Pay	$19,992	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Lead Plant Operator Stipend	$12,480	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Employee Benefits	$278,002	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Annual Leave Buyback	$7,400	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Conferences & Training	$4,120	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Fire & Liability Insurance	$54,000	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Electricity	$375,091	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Natural Gas	$34,663	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Rental of Equipment	$1,000	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Sewer Charge	$498,600	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Gas/Vehicle Maintenance	$5,389	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Repairs & Maintenance	$61,351	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Operating Supplies	$13,311	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Uniforms & protective Gear	$1,303	Maximum Day Demand Patterns	63%	37%	0%	0%	0%	0%	0%	100%
Lawton Valley Chemicals	$328,667	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Subtotal	2,292,814									

	Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Laboratory										
Salaries & Wages	$ 121,179	100% Base	100%	0%	0%	0%	0%	0%	0%	**100%**
Employee Benefits	$ 58,708	100% Base	100%	0%	0%	0%	0%	0%	0%	**100%**
Annual Leave Buyback	$ 1,500	100% Base	100%	0%	0%	0%	0%	0%	0%	**100%**
Repairs & Maintenance	$ 1,700	100% Base	100%	0%	0%	0%	0%	0%	0%	**100%**
Regulatory Assessment	$ 47,024	100% Base	100%	0%	0%	0%	0%	0%	0%	**100%**
Laboratory Supplies	$ 35,627	100% Base	100%	0%	0%	0%	0%	0%	0%	**100%**
Subtotal	**$ 265,738**									
Transmission and Distribution										
Salaries & Wages	$ 552,833	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Overtime	$ 52,364	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Temp Salaries	$ 26,180	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Injury Pay	$ -	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Employee Benefits	$ 330,074	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Annual Leave Buyback	$ 7,500	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Conferences & Training	$ 4,000	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Contract Services	$ 21,525	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Fire & Liability Insurance	$ 12,000	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Electricity	$ 20,607	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Heavy Equipment Rental	$ 8,260	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Gas/Vehicle Maintenance	$ 70,057	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Repairs & Maintenance	$ 26,000	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Main Maintenance	$ 91,200	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Hydrant Maintenance	$ -	100% Fire	0%	0%	0%	0%	0%	0%	100%	**100%**
Service Maintenance	$ 30,000	100% Services	0%	0%	0%	0%	0%	100%	0%	**100%**
Operating Supplies	$ 8,000	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Uniforms & protective Gear	$ 4,000	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	**100%**
Subtotal	**$ 1,264,600**									
Fire Protection	23,800	100% Fire	0%	0%	0%	0%	0%	0%	100%	**100%**
Total O&M Costs	**9,936,861**									

	Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
CAPITAL COSTS										
Water Supply	1,459,643	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Treatment Station 1	-	Allocated Based on Reserved Capacity	0%	0%	0%	0%	0%	0%	0%	
Treatment Lawton Valley	-	Allocated Based on Reserved Capacity	0%	0%	0%	0%	0%	0%	0%	
Treatment Both Plants	-	Allocated Based on Reserved Capacity	0%	0%	0%	0%	0%	0%	0%	
T&D Pumping	61,728	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	100%
T&D	2,105,713	Maximum Hour Demand Patterns	40%	24%	36%	0%	0%	0%	0%	100%
Fire	22,679	100% Fire	0%	0%	0%	0%	0%	0%	100%	100%
Meters	214,297	100% Meters	0%	0%	0%	100%	0%	0%	0%	100%
Services	216,595	100 % Services	0%	0%	0%	0%	0%	100%	0%	100%
Billing	183,168	100% Billing	0%	0%	0%	0%	100%	0%	0%	100%
Total Capital Costs excluding Treatment	**4,263,823**									
Revenue Allowance	298,106	100% base	100%							100%
Total Costs before Offsets	**14,498,790**									
OFFSETS										
Nonrate Revenues										
Sundry charges	104,000	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
WPC cost share on customer serv	296,856	50/50 Split between Metering and Billing	0%	0%	0%	50%	50%	0%	0%	100%
Middletown cost share on custon	143,506	50/50 Split between Metering and Billing	0%	0%	0%	50%	50%	0%	0%	100%
Rental of Property	108,167	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Water Penalty	47,500	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Miscellaneous	8,600	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Investment Interest Income	3,900	Non Admin less electricity & chemicals	64%	17%	7%	5%	5%	2%	0%	100%
Water Quality Protection Fees	22,500	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Total Nonrate Revenues	**735,029**									
Net Costs To Recover Through Rates	**$ 13,763,761**									

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
Operation & Maintenance Costs								
Administration								
Salaries, Wages, & Benefits								
Salaries & Wages	179,388	49,042	19,321	13,755	14,797	4,253	1,026	281,582
AFSCME retro	-	-	-	-	-	-	-	-
NEA retro	-	-	-	-	-	-	-	-
AFSCME benefits on retro pay	-	-	-	-	-	-	-	-
NEA benefits on retro pay	-	-	-	-	-	-	-	-
Standby Salaries	11,926	3,260	1,285	914	984	283	68	18,720
Accrued Benefits Buyout	34,149	13,123	4,756	3,333	2,751	868	21	59,000
Employee Benefits	75,848	20,736	8,169	5,816	6,256	1,798	434	119,057
Retiree Insurance Coverage	214,153	82,296	29,823	20,902	17,250	5,446	130	370,000
Workers Compensation	37,043	14,235	5,159	3,615	2,984	942	23	64,000
Annual Leave Buyback	2,102	575	226	161	173	50	12	3,300
Subtotal	554,609	183,266	68,739	48,496	45,196	13,640	1,714	915,659

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
All Other Administrative Costs								
Advertisement	5,734	1,567	618	440	473	136	33	9,000
Membership Dues & Subscriptions	1,593	435	172	122	131	38	9	2,500
Conferences & Training	2,548	697	274	195	210	60	15	4,000
Tuition Reimbursement	1,274	348	137	98	105	30	7	2,000
Consultant Fees	159,268	43,541	17,154	12,212	13,138	3,776	911	250,000
Postage	637	174	69	49	53	15	4	1,000
Fire & Liability Insurance	42,684	11,669	4,597	3,273	3,521	1,012	244	67,000
Telephone & Communication	3,832	1,048	413	294	316	91	22	6,015
Water	1,284	351	138	98	106	30	7	2,015
Electricity	5,069	1,386	546	389	418	120	29	7,956
Natural Gas	3,329	910	359	255	275	79	19	5,226
Property Taxes	362,522	99,107	39,046	27,797	29,903	8,594	2,073	569,043
Legal & Administrative								
Audit Fees	2,720	581	434	187	185	111	16	4,233
OPEB Contribution	12,336	2,635	1,966	849	838	502	74	19,200
City Counsel	2,210	472	352	152	150	90	13	3,439
City Clerk	2,135	456	340	147	145	87	13	3,323
City Manager	36,880	7,878	5,879	2,539	2,506	1,500	221	57,403
Human Resources	3,378	1,298	470	330	272	86	2	5,835
City Solicitor	33,307	7,114	5,309	2,293	2,263	1,355	200	51,841
Finance Adimistrative 80%	18,488	3,949	2,947	1,273	1,256	752	111	28,776
Finance Adimistrative 5%	1,938	414	309	133	132	79	12	3,016
Finance Admin 10% Inv/Debt	8,600	1,837	1,371	592	584	350	52	13,385
Purchasing	10,100	2,157	1,610	695	686	411	61	15,721
Collections	-	-	-	-	19,990	-	-	19,990
Accounting 5%	5,664	1,210	903	390	385	230	34	8,815
Accounting	24,784	9,524	3,451	2,419	1,996	630	15	42,820
Data Processing	127,443	34,841	13,726	9,772	10,512	3,021	729	200,044
Mileage Allowance	1,274	348	137	98	105	30	7	2,000
Gasoline & Vehicle Allowance	3,433	939	370	263	283	81	20	5,389
Repairs & Maintenance	764	209	82	59	63	18	4	1,200
Regulatory Expense	3,185	871	343	244	263	76	18	5,000
Regulatory Assessment	50,966	13,933	5,489	3,908	4,204	1,208	291	80,000
Office Supplies	9,556	2,612	1,029	733	788	227	55	15,000
Self Insurance	6,371	1,742	686	488	526	151	36	10,000
Unemployment Claims	-	-	-	-	-	-	-	-
Subtotal	955,304	256,254	110,728	72,786	96,781	24,978	5,357	1,522,187

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
Customer Service								
Salaries & Wages	-	-	-	162,346	130,271	41,578	-	334,195
Benefits	-	-	-	92,690	74,377	23,738	-	190,805
Copying & binding	-	-	-	-	500	-	-	500
Conferences & Training	-	-	-	-	5,000	-	-	5,000
Support Services	-	-	-	-	26,175	-	-	26,175
Postage	-	-	-	-	74,680	-	-	74,680
Bank Fees (lock box)	-	-	-	-	16,800	-	-	16,800
Gasoline & Vehicle Allowance	-	-	-	13,089	10,503	3,352	-	26,945
Repairs & Maintenance	-	-	-	35,000	-	-	-	35,000
Meter Maintenance	-	-	-	10,000	-	-	-	10,000
Operating Supplies	-	-	-	5,000	-	-	-	5,000
Uniforms & protective Gear	-	-	-	1,000	-	-	-	1,000
Customer Service Supplies	-	-	-	-	5,000	-	-	5,000
Source of Supply - Island								
Salaries & Wages	309,950	-	-	-	-	-	-	309,950
Overtime	33,000	-	-	-	-	-	-	33,000
Temp Salaries	26,180	-	-	-	-	-	-	26,180
Injury Pay	-	-	-	-	-	-	-	-
Employee Benefits	175,650	-	-	-	-	-	-	175,650
Annual Leave Buyback	3,800	-	-	-	-	-	-	3,800
Electricity	49,880	-	-	-	-	-	-	49,880
Gas/Vehicle Maintenance	59,279	-	-	-	-	-	-	59,279
Repairs & Maintenance	10,000	-	-	-	-	-	-	10,000
Reservoir Maintenance	16,000	-	-	-	-	-	-	16,000
Operating Supplies	7,500	-	-	-	-	-	-	7,500
Uniforms & protective Gear	1,510	-	-	-	-	-	-	1,510
Chemicals	66,800	-	-	-	-	-	-	66,800
Source of Supply - Mainland								
Overtime	11,610	-	-	-	-	-	-	11,610
Temp Salaries	29,996	-	-	-	-	-	-	29,996
Permanent Part time	12,900	-	-	-	-	-	-	12,900
Employee Benefits	2,525	-	-	-	-	-	-	2,525
Electricity	154,424	-	-	-	-	-	-	154,424
Repairs & Maintenance	7,000	-	-	-	-	-	-	7,000
Reservoir Maintenance	4,500	-	-	-	-	-	-	4,500
Operating Supplies	1,000	-	-	-	-	-	-	1,000

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
Station One (Excludes chemicals)								
Salaries & Wages	344,864	206,717	-	-	-	-	-	551,581
Overtime	64,361	38,579	-	-	-	-	-	102,940
Holiday Pay	13,775	8,257	-	-	-	-	-	22,032
Lead Plant Operator Stipend	7,803	4,677	-	-	-	-	-	12,480
Employee Benefits	177,261	106,252	-	-	-	-	-	283,513
Annual Leave Buyback	7,503	4,497	-	-	-	-	-	12,000
Conferences & Training	2,814	1,686	-	-	-	-	-	4,500
Fire & Liability Insurance	21,883	13,117	-	-	-	-	-	35,000
Electricity	212,484	-	-	-	-	-	-	212,484
Natural Gas	27,141	16,269	-	-	-	-	-	43,410
Rental of Equipment	625	375	-	-	-	-	-	1,000
Sewer Charge	199,440	-	-	-	-	-	-	199,440
Gas/Vehicle Maintenance	3,369	2,020	-	-	-	-	-	5,389
Repairs & Maintenance	41,757	25,030	-	-	-	-	-	66,787
Operating Supplies	10,730	6,432	-	-	-	-	-	17,161
Uniforms & protective Gear	892	534	-	-	-	-	-	1,426
Station One Chemicals	366,315	-	-	-	-	-	-	366,315
Lawton Valley (Excludes chemicals)	311,702	186,839	-	-	-	-	-	498,541
Salaries & Wages	61,837	37,066	-	-	-	-	-	98,903
Overtime	12,500	7,492	-	-	-	-	-	19,992
Holiday Pay	7,803	4,677	-	-	-	-	-	12,480
Lead Plant Operator Stipend	173,815	104,187	-	-	-	-	-	278,002
Employee Benefits	4,627	2,773	-	-	-	-	-	7,400
Annual Leave Buyback	2,576	1,544	-	-	-	-	-	4,120
Conferences & Training	33,762	20,238	-	-	-	-	-	54,000
Fire & Liability Insurance	375,091	-	-	-	-	-	-	375,091
Electricity	21,672	12,991	-	-	-	-	-	34,663
Natural Gas	625	375	-	-	-	-	-	1,000
Rental of Equipment	498,600	-	-	-	-	-	-	498,600
Sewer Charge	3,369	2,020	-	-	-	-	-	5,389
Gas/Vehicle Maintenance	38,358	22,993	-	-	-	-	-	61,351
Repairs & Maintenance	8,322	4,989	-	-	-	-	-	13,311
Operating Supplies	815	488	-	-	-	-	-	1,303
Lawton Valley Chemicals	328,667	-	-	-	-	-	-	328,667

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
Laboratory								
Salaries & Wages	121,179	-	-	-	-	-	-	121,179
Employee Benefits	58,708	-	-	-	-	-	-	58,708
Annual Leave Buyback	1,500	-	-	-	-	-	-	1,500
Repairs & Maintenance	1,700	-	-	-	-	-	-	1,700
Regulatory Assessment	47,024	-	-	-	-	-	-	47,024
Laboratory Supplies	35,627	-	-	-	-	-	-	35,627
Transmission and Distribution								
Salaries & Wages	220,147	131,959	200,727	-	-	-	-	552,833
Overtime	20,852	12,499	19,013	-	-	-	-	52,364
Temp Salaries	10,425	6,249	9,506	-	-	-	-	26,180
Injury Pay	-	-	-	-	-	-	-	-
Employee Benefits	131,441	78,787	119,846	-	-	-	-	330,074
Annual Leave Buyback	2,987	1,790	2,723	-	-	-	-	7,500
Conferences & Training	1,593	955	1,452	-	-	-	-	4,000
Contract Services	8,572	5,138	7,815	-	-	-	-	21,525
Fire & Liability Insurance	4,779	2,864	4,357	-	-	-	-	12,000
Electricity	8,206	4,919	7,482	-	-	-	-	20,607
Heavy Equipment Rental	3,289	1,972	2,999	-	-	-	-	8,260
Gas/Vehicle Maintenance	27,898	16,722	25,437	-	-	-	-	70,057
Repairs & Maintenance	10,354	6,206	9,440	-	-	-	-	26,000
Main Maintenance	36,317	21,769	33,114	-	-	-	-	91,200
Hydrant Maintenance		-	-	-	-	-	-	-
Service Maintenance	-	-	-	-	-	30,000	-	30,000
Operating Supplies	3,186	1,910	2,905	-	-	-	-	8,000
Uniforms & protective Gear	1,593	955	1,452	-	-	-	-	4,000
Fire Protection	-	-	-	-	-	-	23,800	23,800
Non-Administrative O&M	**5,128,040**	**1,137,807**	**448,268**	**319,126**	**343,306**	**98,669**	**23,800**	**7,499,015**

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
Water Supply	1,459,643	-	-	-	-	-	-	1,459,643
Treatment Station 1	-	-	-	-	-	-	-	-
Treatment Lawton Valley	-	-	-	-	-	-	-	-
Treatment Both Plants	-	-	-	-	-	-	-	-
T&D Pumping	24,581	14,734	22,413	-	-	-	-	61,728
T&D	838,529	502,626	764,558	-	-	-	-	2,105,713
Fire	-	-	-	-	-	-	22,679	22,679
Meters	-	-	-	214,297	-	-	-	214,297
Services	-	-	-	-	-	216,595	-	216,595
Billing	-	-	-	-	183,168	-	-	183,168
	2,322,753	**517,360**	**786,971**	**214,297**	**183,168**	**216,595**	**22,679**	**4,263,823**
	54%	12%	18%	5%	4%	5%	1%	100%
	298,106	-	-	-	-		-	298,106
Total Non-Admin Costs	**7,748,899**	**1,655,167**	**1,235,239**	**533,423**	**526,473**	**315,264**	**46,479**	**12,060,944**
	64%	14%	10%	4%	4%	3%	0%	100%
	66,256	18,113	7,136	5,080	5,465	1,571	379	104,000
	-	-	-	148,428	148,428	-	-	296,856
	-	-	-	71,753	71,753	-	-	143,506
	68,910	18,839	7,422	5,284	5,684	1,634	394	108,167
	30,261	8,273	3,259	2,320	2,496	717	173	47,500
	5,479	1,498	590	420	452	130	31	8,600
	2,485	679	268	191	205	59	14	3,900
	22,500	-	-	-	-	-	-	22,500
	195,890	**47,402**	**18,675**	**233,476**	**234,483**	**4,111**	**992**	**735,029**
	$ 7,553,008	**$ 1,607,765**	**$ 1,216,564**	**$ 299,947**	**$ 291,990**	**$ 311,153**	**$ 45,487**	**$ 11,325,915**

Non-Admin O&M Costs	$ 5,128,040	$ 1,137,807	$ 448,268	$ 319,126	$ 343,306	$ 98,669	$ 23,800	**$ 7,499,015**
Less: Chemicals								$ -
Station One	$ (366,315)							$ (366,315)
Lawton Valley	$ (328,667)							$ (328,667)
Source Supply	$ (66,800)							$ (66,800)
Electricity								$ -
Source Supply	$ (204,304)							$ (204,304)
Station One	$ -	$ -						$ -
Lawton Valley	$ -	$ -						$ -
Costs Adjusted	$ 4,161,954	$ 1,137,807	$ 448,268	$ 319,126	$ 343,306	$ 98,669	$ 23,800	$ 6,532,929
	64%	**17%**	**7%**	**5%**	**5%**	**2%**	**0%**	100%

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
Non-Administrative Labor								
Administration	193,417	52,877	20,832	14,831	15,954	4,585	1,106	303,602
Customer Service	0	0	0	162,346	130,271	41,578	0	334,195
Source of Supply - Island	369,130	0	0	0	0	0	0	369,130
Source of Supply - Mainland	54,506	0	0	0	0	0	0	54,506
Station One	430,504	258,050	0	0	0	0	0	688,553
Lawton Valley	390,666	234,171	0	0	0	0	0	624,836
Laboratory	122,679	0	0	0	0	0	0	122,679
Transmission/Distribution	254,411	152,498	231,969	0	0	0	0	638,877
Total	1,815,312	697,595	252,801	177,177	146,225	46,163	1,106	3,136,380
Percent	58%	22%	8%	6%	5%	1%	0%	100%

Rhode Island Public Utilities Commission
Docket XXXX
FY 2017 Rate Filing
HJS Schedule B-2
Allocation of Costs to Water Rate Classes

ALLOCATION PERCENTAGES			Commodity Charges					
			Retail		Navy	Portsmouth		
Cost Category	Allocation Basis	Base Charge	Residential	Non-Residential			Fire	Total % Allocated
Base	*Average annual demand*		40%	26%	12%	21%	0%	100%
Base Excluding PWFD			51%	33%	16%	0%	0%	100%
Base Excluding PWFD & 50% Navy			55%	36%	9%	0%	0%	100%
Water Quality Protection Fees			60%	40%	0%	0%	0%	100%
Total Base to Class			43%	28%	12%	17%	0%	100%
Max Day	*Estimated customer peaking factors*		29%	22%	16%	16%	17%	100%
Base Excluding PWFD			35%	26%	19%	0%	20%	100%
Max Day Excluding PWFD & 50% Navy			38%	29%	10%	0%	22%	100%
Total Max Day to Class			34%	26%	13%	8%	19%	100%
Max Hour	*Estimated customer peaking factors*		18%	19%	8%	9%	47%	100%
Base Excluding PWFD			19%	21%	8%	0%	52%	100%
Max Hour Excluding PWFD & 50% Navy			20%	21%	4%	0%	54%	100%
Total Max Hour to Class			20%	21%	4%	0%	54%	100%
Metering	*Direct Assignment*	100%						100%
Billing	*Direct Assignment*	100%						100%
Services	*Direct Assignment*	100%						100%
Fire	*Direct Assignment*						100%	100%
Treatment Plant Avg. Day	*Assured Capacity*		41%	27%	12%	21%	0%	100%
Treatment Plant Max. Day	*Assured Capacity*		37%	26%	9%	19%	9%	100%

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Allocation of Costs to Water Rate Classes

ALLOCATION RESULTS

Cost Category	Rate Year	Base Charge	Commodity Charges: Retail Residential	Commodity Charges: Retail Non-Residential	Commodity Charges: Navy	Commodity Charges: Portsmouth	Fire	Total $ Allocated
Base								
Base excluding T&D&WQPF & Pumping	6,394,151		2,573,638	1,690,929	798,424	1,331,159		6,394,151
Transmission & Distribution	1,330,166		734,033	482,273	113,860	-		1,330,166
Pumping	24,581		12,495	8,210	3,876	-		24,581
Water Quality Protection Fees	(22,500)		(13,579)	(8,921)	-	-		(22,500)
Revenue Offsets	(173,390)		(74,292)	(48,812)	(20,500)	(29,786)	-	(173,390)
Administrative Charges	1,509,914		646,952	425,060	178,519	259,383	-	1,509,914
Max Day								
Max Day Except T&D & Pumping	843,113		247,615	188,404	134,434	131,654	141,006	843,113
Transmission & Distribution	797,320		306,451	233,171	83,188	-	174,510	797,320
Pumping	14,734		5,128	3,902	2,784	-	2,920	14,734
Revenue Offsets	(47,402)		(16,015)	(12,185)	(6,312)	(3,770)	(9,120)	(47,402)
Administrative Charges	439,519		148,490	112,983	58,528	34,960	84,559	439,519
Max Hour								
Max Hr. Except T&D & Pumping	-	-	-	-	-	-	-	-
Transmission & Distribution	1,212,827	-	243,954	260,358	52,728	-	655,787	1,212,827
Pumping	22,413	-	4,320	4,611	1,868	-	11,614	22,413
Revenue Offsets	(18,675)		(3,754)	(4,006)	(825)	-	(10,090)	(18,675)
Administrative Charges	179,467		36,072	38,497	7,932	-	96,966	179,467
Metering	533,423	533,423	-	-	-	-	-	533,423
Revenue Offsets	(233,476)	(233,476)						(233,476)
Administrative Charges	121,282	121,282						121,282
Services	315,264	315,264						315,264
Revenue Offsets	(4,111)	(4,111)						(4,111)
Administrative Charges	38,617	38,617						38,617
Billing	526,473	526,473	-	-	-	-	-	526,473
Revenue Offsets	(234,483)	(234,483)						(234,483)
Administrative Charges	141,976	141,976						141,976
Fire	46,479						46,479	46,479
Revenue Offsets	(992)						(992)	(992)
Administrative Charges	7,070						7,070	7,070
Treatment Plant Capital Costs								-
Treatment Plant Avg. Day	3,581,112	-	1,461,496	960,231	425,257	734,128	-	3,581,112
Treatment Plant Max. Day	2,146,568	-	796,814	566,928	187,154	402,481	193,191	2,146,568
Total To Recover through Rates	**$ 19,491,440**	**$ 1,204,966**	**$ 7,109,819**	**$ 4,901,631**	**$ 2,020,914**	**$ 2,860,210**	**$ 1,393,900**	**$ 19,491,440**
		6%	36%	25%	10%	15%	7%	1.00

COST OF SERVICE PER UNIT

	Metering (1)	(2)	(2)	(2)	(2)	(3)	
Description of Billing Units	Equivalent meters x 12 months	1000's of gallons annually	1000's of gallons annually	1000's of gallons annually	1000's of gallons annually	Equivalent Connections	Total
Percentage of Dollars Allocated	2.2%	36.5%	25.1%	10.4%	14.7%	6.9%	100.0%
Allocated Cost	$ 421,229	$ 7,109,819	$ 4,901,631	$ 2,020,914	$ 2,860,210	$ 1,341,342	$ 19,491,440
Divided by: Number of Units	207,552	695,878	457,205	247,078	432,782	165,455	
Unit Cost of Service	**$2.0295** *per equiv per month*	**$10.22** *per 1000 gallons*	**$10.72** *per 1000 gallons*	**$8.18** *per 1000 gallons*	**$6.61** *per 1000 gallons*	**$8.11** *Equivalent connections*	

	Billing	Services	Hydrants
Description of Billing Units	No. of bills per year	Equivalent Connections	No. of Hydrants
Percentage of Dollars Allocated	2.2%	1.8%	0.3%
Allocated Cost	$ 433,966	$ 349,771	$ 52,557
Divided by: Number of Units	174,489	277,870	1,039
Unit Cost of Service	**$2.4871** *per bill*	**$1.2588** *per equiv*	**$50.5845** *per Hydrant*
	(1)		

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

Rhode Island Public Utilities Commission
Docket XXXX
FY 2017 Rate Filing
HJS Schedule B-3
Cost Allocation Bases

Allocation Basis	Used to allocate the following cost categories	Source Schedule	Base	Max Day	Max Hour	Metering	Billing	Services	Direct Fire Protection	Total % Allocated
Average Day Demand Patterns	*Supply, Laboratory*	N/A	100%							100%
Maximum Day Demand Patterns	*Treatment*	B-1	63%	37%	0%					100%
Maximum Hour Demand Patterns	*Pumping, Transmission/Distribution, Storage*	B-1	40%	24%	36%					100%
Fire Protection	*Public/Private Fire Protection Costs*	D-2							100%	100%
Non Admin less electricity & chemicals	*Administration Salaries, Wages, & Benefits*	B-1	64%	17%	7%	5%	5%	2%	0%	100%
Customer Service Salaries and Wages	*Customer Service Salaries, Wages, & Benefits*	B-4	0%	0%	0%	49%	39%	12%	0%	100%
Non-Administrative Wages & Salaries	*Administrative Labor Related*	B-1	58%	22%	8%	6%	5%	1%	0%	100%
Capital Costs	*Certain Legal and Administrative*	B-1	54%	12%	18%	5%	4%	5%	1%	0%
Total Non-Admin Costs before Offsets	*Certain Legal and Administrative*	B-1	64%	14%	10%	4%	4%	3%	0%	100%
Other Costs	*Administration Non-Salary Costs*	B-1	64%	17%	7%	5%	5%	2%	0%	100%
Treatment Plant Capital										

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HJS Schedule B-4
Allocation Analyses

		Allocation of Salary Costs							
		Base	Max Day	Max Hour	Metering	Billing	Services	Direct Fire Protection	Total Allocated
Administration 15-500-2200									
Salaries by Staff Position									
Director of Utilities	$ 76,683	64%	17%	7%	5%	5%	2%	0%	100%
Administrative Secretary	$ 28,121	64%	17%	7%	5%	5%	2%	0%	100%
Deputy Director - Finance	$ 56,548	64%	17%	7%	5%	5%	2%	0%	100%
Deputy Director - Engineering	$ 65,365	64%	17%	7%	5%	5%	2%	0%	100%
Financial Analyst	$ 54,865	64%	17%	7%	5%	5%	2%	0%	100%
Salary $ Allocation Results	$ 281,582	$ 179,388	$ 49,042	$ 19,321	$ 13,755	$ 14,797	$ 4,253	$ 1,026	**$ 281,582**
Resulting % Allocation of Administration Salaries, Wages, & Benefits		**64%**	**17%**	**7%**	**5%**	**5%**	**2%**	**0%**	**100%**
Customer Service 15-500-2209									
Salaries by Staff Position									
Meter Repairman/Reader	$ 46,419				50%	50%			100%
Meter Repairman/Reader	$ 44,244				50%	50%			100%
Principal Account Clerk	$ 37,889					100%			100%
Meter Repairman/Reader	$ 46,372				100%				100%
Maintenance Mechanic	$ 50,777				33%	33%	34%		100%
Principal Account Clerk	$ 21,204				100%				100%
Water Meter Foreman	$ 62,405				33%	33%	34%		100%
Salary $ Allocation Results	$ 309,310				$ 150,258	$ 120,571	$ 38,482		**$ 309,310**
Resulting % Allocation of Customer Service Salaries, Wages, & Benefits		**0%**	**0%**	**0%**	**49%**	**39%**	**12%**	**0%**	**100%**

Treatment Plant Capital

	Base (Avg. Day)	Max Day	Total
Treatment Station 1	$ -	$ -	$ -
Treatment Lawton Valley	$ -	$ -	$ -
Treatment Both Plants	$ -	$ -	$ -
	$ -	$ -	$ -

	Residential	Non-Residential	Navy	PWFD	Fire	Treatment Plant Capacity
Capacity Reserved for Avg. Day Demand (MGD)[1]	3.26	2.15	0.95	1.64	N/A	8
% of Avg. Day Treatment Capacity	40.8%	26.8%	11.9%	20.5%	N/A	100%
Capacity Reserved for Max. Day Demand (MGD)[1]	5.94	4.23	1.395	3.00	1.44	16
% of Max. Day Treatment Capacity	37.12%	26.41%	8.72%	18.75%	9.00%	100%

1 *Per Demand study to determine required treatment capacity for design of DB treatment plant projects.*

Rhode Island Public Utilities Commission
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FY 2017 Rate Filing
HJS Schedule B-5
Capital Functionalization

Functional Break Down of Existing Fixed Assets

			Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	T&D Pump	Fire	Meters	Services	Billing	
TRANSMISSION/DISTRIBUTION	$	35,166,501					100%						100%
LAWTON VALLEY	$	47,328,373			100%								100%
STATION 1	$	41,940,359		100%									100%
TREATMENT BOTH	$	9,271,267				100%							100%
STORAGE	$	1,060,548					100%						100%
SOURCE OF SUPPLY	$	25,033,596	100%										100%
METERS	$	3,686,804								100%			100%
SERVICES	$	3,726,343									100%		100%
T&D PUMPING	$	1,061,977						100%					100%
BILLING	$	3,151,248										100%	100%
FIRE	$	390,166							100%				100%
WORK IN PROGRESS			100%	0%	0%								100%
Total	$	171,817,184											
LABORATORY	$	80,000	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
LAND AND ROW	$	3,594,491	15%	24%	28%	5%	21%	1%	0%	2%	2%	2%	100%
	$	3,674,491											

Total Fixed Assets $ 175,491,675

			Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	T&D Pump	Fire	Meters	Services	Billing	Total
TRANSMISSION/DISTRIBUTION	$	35,166,501	$ -	$ -	$ -	$ -	$ 35,166,501	$ -	$ -	$ -	$ -	$ -	$ 35,166,501
LAWTON VALLEY	$	47,328,373	-	-	47,328,373	-	-	-	-	-	-	-	47,328,373
STATION 1	$	41,940,359	-	41,940,359	-	-	-	-	-	-	-	-	41,940,359
TREATMENT BOTH	$	9,271,267	-	-	-	9,271,267	-	-	-	-	-	-	9,271,267
STORAGE	$	1,060,548	-	-	-	-	1,060,548	-	-	-	-	-	1,060,548
SOURCE OF SUPPLY	$	25,033,596	25,033,596	-	-	-	-	-	-	-	-	-	25,033,596
METERS	$	3,686,804	-	-	-	-	-	-	-	3,686,804	-	-	3,686,804
SERVICES	$	3,726,343	-	-	-	-	-	-	-	-	3,726,343	-	3,726,343
T&D PUMPING	$	1,061,977	-	-	-	-	-	1,061,977	-	-	-	-	1,061,977
BILLING	$	3,151,248	-	-	-	-	-	-	-	-	-	3,151,248	3,151,248
FIRE	$	390,166	-	-	-	-	-	-	390,166	-	-	-	390,166
WORK IN PROGRESS	$	-	-	-	-	-	-	-	-	-	-	-	-
Total	$	171,817,184	$ 25,033,596	$ 41,940,359	$ 47,328,373	$ 9,271,267	$ 36,227,050	$ 1,061,977	$ 390,166	$ 3,686,804	$ 3,726,343	$ 3,151,248	$ 171,817,184
			15%	24%	28%	5%	21%	1%	0%	2%	2%	2%	
LABORATORY	$	80,000	80,000	-	-	-	-	-	-	-	-	-	80,000
LAND AND ROW	$	3,594,491	523,714	877,411	990,130	193,959	757,886	22,217	8,162	77,130	77,957	65,926	3,594,491
	$	3,674,491	$ 603,714	$ 877,411	$ 990,130	$ 193,959	$ 757,886	$ 22,217	$ 8,162	$ 77,130	$ 77,957	$ 65,926	$ 3,674,491
			16%	24%	27%	5%	21%	1%	0%	2%	2%	2%	
Total Allocated			$ 25,637,310	$ 42,817,770	$ 48,318,503	$ 9,465,226	$ 36,984,935	$ 1,084,194	$ 398,329	$ 3,763,934	$ 3,804,300	$ 3,217,174	$ 175,491,675
% of Total Asset Value			15%	24%	28%	5%	21%	1%	0%	2%	2%	2%	

Rhode Island Public Utilities Commission
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HJS Schedule B-5
Capital Functionalization

Functionalization of Capital Costs

		Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	T&D Pump	Fire	Meters	Services	Billing	
Capital Spending Restricted Account	$ 3,180,502	15%	24%	28%	5%	21%	1%	0%	2%	2%	2%	100%
Debt Service	$ 6,811,000	15%	24%	28%	5%	21%	1%	0%	2%	2%	2%	100%
	$ 9,991,502											

		Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	T&D Pump	Fire	Meters	Services	Billing	Total
Capital Spending Restricted Account	$ 3,180,502	$ 464,635	$ 776,003	$ 875,695	$ 171,542	$ 670,292	$ 19,649	$ 7,219	$ 68,215	$ 68,947	$ 58,306	$ 3,180,502
Debt Service	$ 6,811,000	995,009	1,661,799	1,875,287	367,355	1,435,421	42,079	15,460	146,082	147,649	124,862	$ 6,811,000
	$ 9,991,502	$ 1,459,643	$ 2,437,801	$ 2,750,982	$ 538,896	$ 2,105,713	$ 61,728	$ 22,679	$ 214,297	$ 216,595	$ 183,168	$ 9,991,502

	Annual Demand in 1000s Gallons														Demand Projection Options		Rate Year Demand Projection
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	2-Year	3-Year	
Annual Demand by Class																	
Residential	773,872	780,666	736,577	716,037	749,409	757,478	780,264	690,544	644,285	640,966	618,574	663,331	651,514	740,242	695,878	685,029	695,878
Non-Residential	580,798	583,184	663,766	573,711	493,539	469,164	505,014	519,521	454,981	502,475	472,437	485,331	446,842	467,568	457,205	466,580	457,205
Navy	307,051	348,222	511,299	417,869	373,306	223,457	247,728	225,392	173,790	137,731	222,858	250,759	276,891	217,265	247,078	248,308	247,078
Portsmouth	455,142	451,723	422,944	429,465	463,253	450,942	473,338	444,777	412,324	398,827	407,837	411,578	455,255	410,309	432,782	425,714	432,782
Total (in 1000's Gallons)	2,116,863	2,163,795	2,334,586	2,137,082	2,079,508	1,901,042	2,006,344	1,880,234	1,685,380	1,679,999	1,721,706	1,811,009	1,830,502	1,835,384	1,832,943	1,825,632	1,832,943
		2.2%	*7.9%*	*-8.5%*	*-2.7%*	*-8.6%*	*5.5%*	*-6.3%*	*-10.4%*	*-0.3%*	*2.5%*	*5.2%*	*1.1%*	*0.3%*			

Rhode Island Public Utilities Commission
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HJS Schedule B-7
Water Production Peaking Analysis

	Combined Station #1 and LV WTP Production Volumes in 1,000 gals									Peaking Comparison		
	2007	2008	2009	2010	2011	2012	2013	2014	2015	Production Peaks	System Peaks Estimated from Daily Demand Data	System Diversity Ratio (1)
Annual Production	2,456,363	2,524,784	2,437,440	2,440,630	2,304,024	2,059,646	2,071,219	2,115,343	2,027,100	**2,071,221**		
Average Day Production	6,730	6,917	6,678	6,687	6,312	5,643	5,675	5,795	5,554	**5,674.58**		
Maximum Month Production	256,796	269,819	280,875	254,088	268,468	244,463	236,739	227,653	219,066	**223,360**		
Maximum Day Production	10,165	10,724	12,100	9,800	10,163	10,606	9,721	9,462	8,690	**9,076**		
Max Day Date	6/28/2007	8/4/2007	7/18/2008	8/23/2010	7/23/2011	7/7/2012	7/7/2012	7/6/2013	7/25/2014			
Maximum Day Peaking Factor	1.51	1.55	1.81	1.47	1.61	1.88	1.71	1.63	1.56	**1.7**	**2.26**	**1.32**
Max-Day to Avg. Day/Max-Month Ratio	1.19	1.23	1.34	1.20	1.17	1.34	1.27	1.29	1.23	**1.3**		
Maximum Hour	13,800	15,200	13,250	10,700	12,100	12,500	14,200	12,500	16,000	**14,250**		
Maximum Hour Peaking Factor	2.05	2.20	1.98	1.60	1.92	2.22	2.50	2.16	2.88	**2.5**	**3.11**	**1.23**
										Coincident	Noncoincident	
										Excluding Fire Protection		

(1) Calculated according to AWWA M-1 Guidelines

Estimation of Each Customer Class' Peaking Factors

Customer Class		Max Day Demand Factor	Max Hour Demand Factor
Residential		2.10	2.80
Non-Residential		2.28	3.42
Navy		2.93	3.91
Portsmouth		2.13	2.85
Fire	(5)		
Estimated Systemwide Peaks		2.26	3.11

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

Rhode Island Public Utilities Commission
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FY 2017 Rate Filing
HJS Schedule B-9
System Demands Imposed by Each Customer Class' Peaking Behavior

	Rate Year Demand (1,000 gallons)						
Customer Class	Annual Demand	Average Daily Demand	Lost Water Adjustment	Adjusted Average Daily Demand	% Average Demand by Class	% Average Demand Ex PWFD & 50% Navy	% Average Demand Ex PWFD
Residential	695,878	1,907	*386*	2,292	**40.25%**	**55%**	**51%**
Non-Residential	457,205	1,253	*254*	1,506	**26.44%**	**36%**	**33%**
Navy	247,078	677	*34*	711	**12.49%**	**9%**	**16%**
Portsmouth	432,782	1,186	-	1,186	**20.82%**	**0%**	**0%**
Fire					**N/A**	**N/A**	**N/A**
Total, w Fire Prot.	**1,832,943**	5,022	13%	5,695	**100%**	**100%**	**100%**
			(1)				
Production	2,078,844	5,695	11.83%				

		Max Day Calculations				% of Daily Peaks			Max Hour Calculations			% of Hourly Peaks		
Customer Class		Max Day Peaking Factor	Demand x Peaking Factor (3)	Incremental Peak Demand	% of Daily Peaks	With Full PWFD & Navy	Without PWFD & 50% Navy	Without PWFD	Max Hour Peaking Factor	Demand x Peaking Factor (3)	Incremental Peak Demand	With Full PWFD & Navy	Without PWFD & 50% Navy	Without PWFD
Residential		2.10	4,821	2,529	**29.4%**	**29.4%**	**38.4%**	**34.8%**	2.80	6,428	1,607	**17.5%**	**20.1%**	**19.3%**
Non-Residential		2.28	3,430	1,924	**22.3%**	**22.3%**	**29.2%**	**26.5%**	3.42	5,145	1,715	**18.7%**	**21.5%**	**20.6%**
Navy		2.93	2,084	1,373	**15.9%**	**15.9%**	**10.4%**	**18.9%**	3.91	2,779	695	**7.6%**	**4.3%**	**8.3%**
Portsmouth		2.13	2,530	1,345	**15.6%**	**15.6%**	**0.0%**	**0.0%**	2.85	3,374	843	**9.2%**	**0.0%**	**0.0%**
Fire	(2)		1,440	1,440	**16.7%**	**16.7%**	**21.9%**	**19.8%**		5,760	4,320	**47.1%**	**54.1%**	**51.8%**
Total, w Fire Prot.			14,306	8,610	100.0%	100.0%	100.0%	100.0%		23,486	9,180	100.0%	100.0%	100.0%
Total, without Fire Protection			**12,866**	**7,170**					**17,726**	**4,860**				

(demand is in thousands of gallons)

(1) From HJS Schedule D-4 . The lost water adjustment is made to the peaking analysis so that Portsmouth will not share in that portion of certain operating costs. Navy allocation is reduced to 25%.
(2) From HJS Schedule B-11 , Fire Protection Demand Analysis'.

EACH RATE CLASS' SHARE OF SYSTEM PEAKS

Rate Class	Average Demand	Daily Peaks	Hourly Peaks
Retail			
Residential	40%	29%	18%
Non-Residential	26%	22%	19%
Navy	12%	16%	8%
Portsmouth	21%	16%	9%
Fire	N/A	17%	47%
	100%	100%	100%

BASE/EXTRA-CAPACITY DISTRIBUTION OF SYSTEM PEAKS

	Incremental Demand	% Distribution for Max Day	% Distribution for Max Hour
Base	5,675	62.5%	39.8%
Extra Capacity			
Max Day	3,401	37.5%	23.9%
Max Hour	5,174		36.3%
Fire Protection			
Max Day	-	0.0%	0.0%
Max Hour	-		0.0%
Total%		100.0%	100.0%
Total 1000's Gallons		9,076	14,250

Rhode Island Public Utilities Commission
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FY 2017 Rate Filing
HJS Schedule B-11
Fire Protection Demand Analysis

FIRE PROTECTION ASSUMPTIONS

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

Rhode Island Public Utilities Commission
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FY 2017 Rate Filing
HJS Schedule D-1
Water Accounts, by Size and Class

		NON-RESIDENTIAL		RESIDENTIAL		WHOLESALE (Monthly)			
Connection	Meter	Meter Read Frequency	Equivalent Meters	Meter Read Frequency	Equivalent Meters	Navy		Portsmouth	
Size	Factors	Monthly	Monthly	Monthly	Monthly	Meters	Equivalents	Meters	Equivalents
5/8	1.0	875	875	9,844	9,844	5	5	0	0
3/4	1.1	302	332	2,171	2,388	1	1	0	0
1	1.4	221	309	342	479	1	1	0	0
1.5	1.8	193	347	175	315	1	2	0	0
2	2.9	170	493	97	281	1	3	0	0
3	11.0	41	451	17	187	0	0	0	0
4	14.0	14	196	2	28	0	0	1	14
5	18.0	-	-	-	-	0	0	0	0
6	21.0	16	336	8	168	8	168	0	0
8	29.0	-	-	1	29	0	0	0	0
10	43.5	-	-	-	-	1	44	0	0
Total	**14,508**	1,832	3,339	12,657	13,719	18	224	1	14

	Equivalent Billing Units	
Billed Monthly	**14,508**	**174,096**
Billed Quarterly	-	-
Billed Annually	**393**	**393**
	Total	**174,489**

Equivalent Meter Units	
17,296	**207,552**
-	-
N/A	**N/A**
Total	**207,552**

Rhode Island Public Utilities Commission
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FY 2017 Rate Filing
HJS Schedule D-2
Fire Protection Accounts

	Connection Size	Existing Differential	Number of Connections	Equivalent Connections (2)	
Public Hydrants					
Newport	6	111.31	620	69,013	
Middletown	6	111.31	410	45,637	% of Equiv
Portsmouth	6	111.31	9	1,002	Connections
Subtotal: Public Hydrants			**1039**	**115,652**	**70%**
Private Fire Connections					
	2	6.19	0	-	
	4	38.32	70	2,682	
	6	111.31	249	27,716	
	8	237.21	67	15,893	
	10	426.58	5	2,133	% of Equiv
	12	689.04	2	1,378	Connections
Subtotal: Private Fire Connections			**393**	**49,803**	**30%**
Total Fire Connections			**1,432**	**165,455**	**100%**

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

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

General Water Service	Connection Size	Service Cost	No. of Services	Equivalent Connections	
	5/8	1.000	10,724	10,724	
	3/4	1.000	2,474	2,474	
	1	1.860	564	1,049	
	1.5	4.630	369	1,708	
	2	6.150	268	1,648	
	3	11.060	58	641	
	4	11.060	17	188	
	5	11.060	0	0	
	6	11.060	32	354	
	8	11.060	1	11	% of Equiv
	10	11.060	1	11	Connections
Subtotal General Service			**14,508**	**18,809**	**81%**
Private Fire Connections					
	2	6.150	0	-	
	4	11.060	70	774	
	6	11.060	249	2,754	
	8	11.060	67	741	
	10	11.060	5	55	% of Equiv
	12	11.060	2	22	Connections
Subtotal: Private Fire Connections			**393**	**4,347**	**19%**
Annualized				**12**	
Total Retail & Private Fire Connections			**14,901**	**277,870**	**100%**

Rhode Island Public Utilities Commission
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FY 2017 Rate Filing
HJS Schedule D-3
Production Summary

	Station #1			Lawton Valley			Combined	
	Max. Month:	In Gallons	in 1000's	Max. Month:	In Gallons	in 1000's	Max. Month:	In Gallons	in 1000's
FY 12 JULY 2011 - JUNE 2012		1,183,810,000	1,183,810		875,836,000	875,836		2,059,646,000	2,059,646
	July	145,762,000	145,762	July	98,700	99	July	244,462,700	244,463
FY 13 JULY 2012 - JUNE 2013		1,076,157,000	1,076,157		995,062,000	995,062		2,071,219,000	2,071,219
	July	116,038,000	116,038	July	120,700,600	120,701	July	236,738,600	236,738
FY14 JULY 2013 - JUNE 2014		1,151,855,000	1,151,855		963,487,700	963,488		2,115,342,700	2,115,343
	September	123,318,000	123,318	July	113,098,100	113,098	July	227,653,100	227,653
FY 15 JULY 2014 - JUNE 2015		874,221,000	874,221		1,152,879,049	1,152,879		2,027,100,049	2,027,100
	July	103,314,000	103,314	August	117,426,100	117,426	August	219,066,100	219,066
FY16 JULY 2015 - JUNE 2016									

MAX DAY PRODUCTION AVAILABLE FOR SALE

	Station #1			Lawton Valley			Combined		
		Max Day Production			Max Day Production			Max Day Production	
	Max Day	In Gallons	in 1000's	Max Day	In Gallons	in 1000's	Max Day	In Gallons	in 1000's
FY 12 JULY 2011 - JUNE 2012	7/4/2011	5,703,000	5,703	8/3/2011	5,981,000	5,981	7/23/2011	10,606,000	10,606
FY 13 JULY 2012 - JUNE 2013	7/6/2012	4,697,000	4,697	9/25/2012	5,400,000	5,400	7/7/2012	9,721,000	9,721
FY14 JULY 2013 - JUNE 2014	9/30/2013	4,749,000	4,749	7/6/2013	5,025,000	5,025	7/6/2013	9,462,000	9,462
FY 15 JULY 2014 - JUNE 2015	9/16/2014	4,096,000	4,096	7/25/2014	5,100,000	5,100	7/25/2014	8,690,000	8,690
FY16 JULY 2015 - JUNE 2016									

PEAK HOURLY FLOW

	Date	Station #1		Date	Lawton Valley	
FY 12 JULY 2011 - JUNE 2012	7/5/2011	6.50	MGD	7/7/2011	6.0	MGD
FY 13 JULY 2012 - JUNE 2013	6/11/2013	8.20	MGD	7/17/2012	6.0	MGD
FY14 JULY 2013 - JUNE 2014	10/16/2013	6.50	MGD	7/7/2013	6.0	MGD
FY 15 JULY 2014 - JUNE 2015	8/29/2014	9.00	MGD	11/12/2014	7.0	MGD
FY16 JULY 2015 - JUNE 2016						

Rhode Island Public Utilities Commission
Docket XXXX
FY 2017 Rate Filing
HJS Schedule D-4
Demand Summary

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Fiscal Year Annual Demand										
Residential	718,022	757,478	780,264	690,544	644,285	640,966	618,574	663,331	651,514	740,242
Non-Residential	505,804	469,164	505,014	519,521	454,981	502,475	472,437	485,331	446,842	467,568
Navy	373,306	223,457	247,728	225,392	173,790	137,731	222,858	250,769	276,891	217,265
Portsmouth	453,618	450,942	473,338	444,777	412,324	398,827	407,837	411,578	455,255	410,309
Total 1000's Gallons	**2,050,751**	**1,901,042**	**2,006,344**	**1,880,234**	**1,685,380**	**1,679,999**	**1,721,706**	**1,811,009**	**1,830,502**	**1,835,384**
		-7.3%	*5.5%*	*-6.3%*	*-10.4%*	*-0.3%*	*2.5%*	*5.2%*	*1.1%*	*0.3%*

Max Month Demand	*(1000's of gallons)*	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Residential		79,586	103,115	83,630	83,630	83,630		196,307	185,908	131,545
Commercial		51,545	66,684	61,978	61,978	61,978		67,646	78,970	58,767
Navy		29,771	30,475	24,640	24,640	24,640		25,677	33,876	30,167
Portsmouth		51,270	58,023	61,048	46,840	46,840		51,672	50,961	45,224
NonCoincident Max Month		**212,172**	**258,296**	**231,296**	**217,088**	**217,088**	-	**341,302**	**349,715**	**265,703**
Coincident Max Month		**196,132**	**221,941**	**201,008**				**314,693**	**335,417**	
Production Volume, Max Month		**256,796**	**269,819**	**280,875**						

Unaccounted for Water Analysis

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Average
Billed Consumption (1,000 gals.)	1,901,042	2,006,344	1,880,234	1,685,380	1,679,999	1,721,706	1,811,009	1,830,502	1,835,384	1,825,632
Total Water Produced (1,000 gals.)	2,456,363	2,524,784	2,437,440	2,440,630	2,304,024	2,059,646	2,071,219	2,115,343	2,027,100	2,071,221
Unaccounted for Water (1,000 gals.)	555,321	518,440	557,206	755,250	624,026	337,940	260,210	284,841	191,716	245,589
Percent Unaccounted for Water	22.61%	20.53%	22.86%	30.94%	27.08%	16.41%	12.56%	13.47%	9.46%	11.83%

Rhode Island Public Utilities Commission
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HJS Schedule D-5
Development of Pumping Costs

Pumping Labor and Benefits

Station One		Lawton Valley	
Labor hours per day pump	0.5000	Labor hours per day pumping	0.5000
Days per year	365	Days per year	365
Total Hours	182.5000	Total Hours	182.5000
Average per hour pay	$25.59	Average per hour pay	$24.52
Average per hour benefits	$13.48	Average per hour benefits	$14.18
Pumping Salaries	$4,670.18	Pumping Salaries	$4,474.90
Pumping Benefits	$2,460.10	Pumping Benefits	$2,587.85

Pumping Repairs and Supplies

Station One		Lawton Valley	
50275 Repair & Maintenance - Equipment		Repair & Maintenance - Equipment	
None	$0.00	Vendor	amount
Total Repair & Maintenance Pumping	$0.00	None	$0.00
		Total Repair & Maintenance Pumping	$0.00
50311 Operating Supplies		Operating Supplies	
Vendor	amount	Vendor	amount
Total - Operating Supplies - Pumping	$0.00	Total Operating Supplies Pumping	$0.00

Pumping Electricity

Station One		Lawton Valley	
Annual Pumping Power	$2,132	Annual Pumping Power	$67,529

Total Pumping Costs

Station One		Lawton Valley	
Pumping Salaries	$4,670	Pumping Salaries	$4,475
Pumping Benefits	$2,460	Pumping Benefits	$2,588
Total Repair & Maintenance Pumping	$0	Total Repair & Maintenance Pumping	$0
Total - Operating Supplies - Pumping	$0	Total Operating Supplies Pumping	$0
Annual Pumping Power	$2,132	Annual Pumping Power	$67,529
Total Annual Pumping Costs	**$9,262**	**Total Annual Pumping Costs**	**$74,592**

Rhode Island Public Utilities Commission
Docket XXXX
FY 2017 Rate Filing
HJS Schedule D-6
Debt Service Restricted Account Cashflow

FY 2012 Actual

Debt Service Account	July	August	September	October	November	December	January	February	March	April	May	June
Beginning Cash Balance	$ 1,989,949	$ 1,989,964	$ 2,325,118	$ 1,789,176	$ 1,952,745	$ 1,555,935	$ 1,688,396	$ 1,820,952	$ 1,953,399	$ 3,105,596	$ 3,238,043	$ 3,353,004
Additions												
From Rates		$335,137	$167,569	$167,569	$167,569	$132,447	$132,447	$132,447	$132,447	$132,447	$132,447	$132,447
From Capital Restricted Acct.	-	-	-	-	-	-	-	-	1,310,042	-	-	-
Interest Income	15	17	18	14	15	14	108	0	0	0	0	0
Total Additions	$ 15	$ 335,154	$ 167,587	$ 167,583	$ 167,584	$ 132,461	$ 132,556	$ 132,447	$ 1,442,489	$ 132,447	$ 132,447	$ 132,447
Deductions												
Existing Debt Service			703,529	4,015	564,393			-	290,293		17,486	401
To Capital Restricted Acct.												
Proposed Debt Service												
Total Deductions	$ -	$ -	$ 703,529	$ 4,015	$ 564,393	$ -	$ -	$ -	$ 290,293	$ -	$ 17,486	$ 401
Ending Cash Balance	$ 1,989,964	$ 2,325,118	$ 1,789,176	$ 1,952,745	$ 1,555,935	$ 1,688,396	$ 1,820,952	$ 1,953,399	$ 3,105,596	$ 3,238,043	$ 3,353,004	$ 3,485,051

Annual Contribution From Rates: $1,764,975

Annual Debt Service Payments: $ 1,580,116

FY 2013 Actual

Debt Service Account	July	August	September	October	November	December	January	February	March	April	May	June
Beginning Cash Balance	$ 3,485,051	$ 3,617,499	$ 3,749,946	$ 2,644,279	$ 2,776,727	$ 2,520,419	$ 2,520,419	$ 1,475,292	$ 1,607,739	$ 1,037,970	$ 1,170,417	$ 1,302,864
Additions												
From Rates	$132,447	$132,447	$132,447	$132,447	$132,447		$264,895	$132,447	$132,447	$132,447	$132,447	$321,865
From Capital Restricted Acct.	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	0	0	0	0	0	0	19	0	0	0	0	9
Total Additions	$ 132,447	$ 132,447	$ 132,447	$ 132,447	$ 132,447	$ 0	$ 264,914	$ 132,447	$ 132,447	$ 132,447	$ 132,447	$ 321,874
Deductions												
To Capital Restricted Acct.												
Existing Debt Service			1,238,114		388,755				702,217			
Total Deductions	$ -	$ -	$ 1,238,114	$ -	$ 388,755	$ -	$ -	$ -	$ 702,217	$ -	$ -	$ -
Ending Cash Balance	$ 3,617,499	$ 3,749,946	$ 2,644,279	$ 2,776,727	$ 2,520,419	$ 2,520,419	$ 1,475,292	$ 1,607,739	$ 1,037,970	$ 1,170,417	$ 1,302,864	$ 1,624,738

Annual Contribution From Rates: $1,778,786

Annual Debt Service: $ 2,329,086

FY 2014 Actual

Debt Service Account	July	August	September	October	November	December	January	February	March	April	May	June
Beginning Cash Balance	$ 1,624,738	$ 1,936,007	$ 850,248	$ 1,161,524	$ 1,472,779	$ 1,773,422	$ 2,084,681	$ 2,395,942	$ 2,707,204	$ 1,675,614	$ 1,986,873	$ 1,986,881
Additions												
From Rates	$311,251	$311,251	$311,251	$311,251	$311,251	$311,251	$311,251	$311,251	$311,251	$311,251	$0	$622,503
From Capital Restricted Acct.	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	17	$ 22	24	4	-	8	9	11	11	8	8	10
Total Additions	$ 311,269	$ 311,274	$ 311,275	$ 311,256	$ 311,251	$ 311,259	$ 311,261	$ 311,262	$ 311,263	$ 311,259	$ 8	$ 622,513
Deductions												
To Capital Restricted Acct.	-	-	-	-	-	-	-	-	-	-	-	-
Existing Debt Service		$ 1,397,032			10,609				1,342,853			
Total Deductions	$ -	$ 1,397,032	$ -	$ -	$ 10,609	$ -	$ -	$ -	$ 1,342,853	$ -	$ -	$ -
Ending Cash Balance	$ 1,936,007	$ 850,248	$ 1,161,524	$ 1,472,779	$ 1,773,422	$ 2,084,681	$ 2,395,942	$ 2,707,204	$ 1,675,614	$ 1,986,873	$ 1,986,881	$ 2,609,394

Annual Contribution From Rates: $3,735,016

Annual Debt Service: 2,750,494

	FY 2015											
	July	August	September	October	November	December	January	February	March	April	May	June
Debt Service Account												
Beginning Cash Balance	$ 2,609,394	$ 3,176,988	$ 4,209,585	$ 571,079	$ 673,663	$ 1,241,249	$ 1,808,836	$ 2,376,426	$ 2,944,018	$ 2,079,572	$ 2,647,154	$ 3,214,757
Additions:												
From Rates	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583
From Capital Restricted Acct.	$ -	$ 465,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest Income	12	14	17	1	3	4	7	10	11	3	11	14
Total Additions	$ 567,595	$ 1,032,597	$ 567,600	$ 567,584	$ 567,586	$ 567,587	$ 567,590	$ 567,593	$ 567,594	$ 567,591	$ 567,594	$ 567,597
Deductions												
To Capital Restricted Acct.	-	-	-	465,000	-	-	-	-	-	-	-	-
Existing Debt Service			4,206,106						1,432,040			
Total Deductions	$ -	$ -	$ 4,206,106	$ 465,000	$ -	$ -	$ -	$ -	$ 1,432,040	$ -	$ -	$ -
Ending Cash Balance	$ 3,176,988	$ 4,209,585	$ 571,079	$ 673,663	$ 1,241,249	$ 1,808,836	$ 2,376,426	$ 2,944,018	$ 2,079,572	$ 2,647,164	$ 3,214,757	$ 3,782,354

Annual Contribution From Rates: $6,810,996

Annual Debt Service: $ 5,638,146

	FY 2016											
	July	August	September	October	November	December	January	February	March	April	May	June
Debt Service Account												
Beginning Cash Balance	$ 3,782,354	$ 4,349,953	$ 5,304,709	$ 70,593	$ 638,176	$ 1,205,759	$ 1,773,342	$ 2,340,925	$ 2,908,508	$ 2,080,532	$ 2,648,115	$ 3,215,698
Additions												
From Rates	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583
From Capital Restricted Acct.	-	529,779	-	-	-	-	-	-	-	-	-	-
Interest Income	16	20	23	-	-	-	-	-	-	-	-	-
Total Additions	$ 567,599	$ 1,097,382	$ 567,606	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583
Deductions												
To Capital Restricted Acct.	-	-	529,779	-	-	-	-	-	-	-	-	-
Existing Debt Service		142,627	5,271,942						1,395,559			
Total Deductions	$ -	$ 142,627	$ 5,801,722	$ -	$ -	$ -	$ -	$ -	$ 1,395,559	$ -	$ -	$ -
Ending Cash Balance	$ 4,349,953	$ 5,304,709	$ 70,593	$ 638,176	$ 1,205,759	$ 1,773,342	$ 2,340,925	$ 2,908,508	$ 2,080,532	$ 2,648,115	$ 3,215,698	$ 3,783,281

Annual Contribution From Rates: $6,810,996

Annual Debt Service: $ 6,810,128

	FY 2017											
	July	August	September	October	November	December	January	February	March	April	May	June
Debt Service Account												
Beginning Cash Balance	$ 3,783,281	$ 5,229,722	$ 5,797,305	$ 915,213	$ 1,482,796	$ 2,050,379	$ 2,617,962	$ 3,185,545	$ 3,753,128	$ 2,965,401	$ 3,532,984	$ 4,100,567
Additions												
From Rates	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583
From Capital Restricted Acct.	-	-	-	-	-	-	-	-	-	-	-	-
From Accrued Benefits Buyout and Retiree Ins.	878,858											
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Additions	$ 1,446,441	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583
Deductions												
To Capital Restricted Acct.	-	-	-	-	-	-	-	-	-	-	-	-
Existing Debt Service			5,449,674						1,355,310			
Total Deductions	$ -	$ -	$ 5,449,674	$ -	$ -	$ -	$ -	$ -	$ 1,355,310	$ -	$ -	$ -
Ending Cash Balance	$ 5,229,722	$ 5,797,305	$ 915,213	$ 1,482,796	$ 2,050,379	$ 2,617,962	$ 3,185,545	$ 3,753,128	$ 2,965,401	$ 3,532,984	$ 4,100,567	$ 4,668,150

Annual Contribution From Rates: $6,810,996

Annual Debt Service: $ 6,804,984

	FY 2018											
	July	August	September	October	November	December	January	February	March	April	May	June
Debt Service Account												
Beginning Cash Balance	$ 4,668,150	$ 5,235,733	$ 5,803,316	$ 880,625	$ 1,448,208	$ 2,015,791	$ 2,583,374	$ 3,150,957	$ 3,718,540	$ 2,976,081	$ 3,543,664	$ 4,111,247
Additions												
From Rates	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583
From Capital Restricted Acct.	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Additions	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583
Deductions												
To Capital Restricted Acct.	-	-	-	-	-	-	-	-	-	-	-	-
Existing Debt Service			5,490,274						1,310,042			
Total Deductions	$ -	$ -	$ 5,490,274	$ -	$ -	$ -	$ -	$ -	$ 1,310,042	$ -	$ -	$ -
Ending Cash Balance	$ 5,235,733	$ 5,803,316	$ 880,625	$ 1,448,208	$ 2,015,791	$ 2,583,374	$ 3,150,957	$ 3,718,540	$ 2,976,081	$ 3,543,664	$ 4,111,247	$ 4,678,830

Annual Contribution From Rates
$6,810,996

Annual Debt Service
$ 6,800,316

	FY 2019											
	July	August	September	October	November	December	January	February	March	April	May	June
Debt Service Account												
Beginning Cash Balance	$ 4,678,830	$ 5,246,413	$ 5,813,996	$ 844,362	$ 1,411,945	$ 1,979,528	$ 2,547,111	$ 3,114,694	$ 3,682,277	$ 2,990,479	$ 3,558,062	$ 4,125,645
Additions												
From Rates	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583
From Capital Restricted Acct.	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Additions	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583
Deductions												
To Capital Restricted Acct.	-	-	-	-	-	-	-	-	-	-	-	-
Existing Debt Service			5,537,218						1,259,381			
Total Deductions	$ -	$ -	$ 5,537,218	$ -	$ -	$ -	$ -	$ -	$ 1,259,381	$ -	$ -	$ -
Ending Cash Balance	$ 5,246,413	$ 5,813,996	$ 844,362	$ 1,411,945	$ 1,979,528	$ 2,547,111	$ 3,114,694	$ 3,682,277	$ 2,990,479	$ 3,558,062	$ 4,125,645	$ 4,693,228

Annual Contribution From Rates
$6,810,996

Annual Debt Service
$ 6,796,598

	FY 2020											
	July	August	September	October	November	December	January	February	March	April	May	June
Debt Service Account												
Beginning Cash Balance	$ 4,693,228	$ 5,260,811	$ 5,828,394	$ 805,780	$ 1,373,363	$ 1,940,946	$ 2,508,529	$ 3,076,112	$ 3,643,695	$ 3,007,122	$ 3,574,705	$ 4,142,288
Additions												
From Rates	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583	$567,583
From Capital Restricted Acct.	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Additions	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583	$ 567,583
Deductions												
To Capital Restricted Acct.	-	-	-	-	-	-	-	-	-	-	-	-
Existing Debt Service			5,590,197						1,204,155			
Total Deductions	$ -	$ -	$ 5,590,197	$ -	$ -	$ -	$ -	$ -	$ 1,204,155	$ -	$ -	$ -
Ending Cash Balance	$ 5,260,811	$ 5,828,394	$ 805,780	$ 1,373,363	$ 1,940,946	$ 2,508,529	$ 3,076,112	$ 3,643,695	$ 3,007,122	$ 3,574,705	$ 4,142,288	$ 4,709,871

Annual Contribution From Rates
$6,810,996

Annual Debt Service
$ 6,794,353

Rhode Island Public Utilities Commission
Docket XXXX
FY 2017 Rate Filing
HJS Schedule D-7
Demand Factor Calculations

FY 2015 Retail Billed Consumption[1]

	July	August	September	October	November	December	January	February	March	April	May	June	Total	Avg Day	Max Mon	Avg Day Max Mo
Residential	62,233	70,970	75,691	67,674	62,773	48,876	42,772	57,187	42,091	39,574	51,478	47,554	668,873	1,833	75,691	2,523
Non Residential	47,402	52,743	58,767	50,371	46,452	36,419	26,733	30,526	24,069	24,918	34,950	34,218	467,568	1,281	58,767	1,959

1 - Residential consumption for July is actually from July 2015 since the July 2014 bill was a quarterly bill and included consumption for a three month period.

	Based on Monthly Billing Data			Based on Daily Meter Data[2]	
	Residential	Non Residential		Navy	PWFD
FY 2015 Average Day (MGD)	1.83	1.28	FY 2015 Average Day	0.58	1.12
Avg. Day of Max Month (MGD)	2.52	1.96	FY 15 Maximum Day	1.69	2.39
MM/AD Factor	1.38	1.53	Max Day/Avg Day	2.93	2.13
System MD/MM Ratio	1.27	1.27			
Weekly Usage Adjustment	1.20	1.17			
Max Day Capacity Factor	**2.10**	**2.28**	**Max Day Capacity Factor**	**2.93**	**2.13**

2 - Max Day Demand Factors for PWFD and the Navy are based on daily meter read data. PWFD data provided by W. McGlinn. Navy data gathered using data profilers installed on Navy meters.

System Demand Data

System Avg. Day	5.67
System Max Day	9.72
Avg. Day of System Max. Month	7.64
System MD/MM Ratio	1.27

Max Day Diversity Factor Calculation	Residential	Commercial	Navy	PWFD		
Class Average Day (mgd)	1.83	1.28	0.58	1.12		
Class MD Demand Factor	2.10	2.28	2.93	2.13	**Total MD Demand**	
ax Day Demand (Avg. Day X MD Demand Factor)	3.85	2.92	1.69	2.39	**10.8**	

System Average Day (mgd)	5.67	Year	2013	UAW Adj. 11%
System Maximum Day (mgd)	9.72			
System Maximum Hour (mgd)	14.20			

	MD Demand		AD Demand		
Noncoincident MD Capacity Factor	10.8	/	5.67	=	1.91
Coincident MD Capacity Factor	9.7	/	5.67	=	1.71
			Max Day Diversity Factor		**1.12**

Maximum Hour Demand Factor Calculation	Residential	Commercial	Navy	PWFD
MD Capacity Factor	2.10	2.28	2.93	2.13
Estimated Maximum-Hour (MH)/MD Ratio[3]	1.33	1.50	1.33	1.33
Calculated MH Capacity Factor	2.80	3.42	3.91	2.85

Max Hour Diversity Factor Calculation	Residential	Commercial	Navy	PWFD		
Class Average Day (mgd)	1.83	1.28	0.58	1.12		
Class MH Demand Factor	2.80	3.42	3.91	2.85	**Total MH Demand**	
x Hour Demand (Avg. Day X MH Demand Factor)	5.1	4.4	2.2	3.2	**14.95**	

System Average Day (mgd)	5.7
System Maximum Day (mgd)	9.7
System Maximum Hour (mgd)	14.2

	MD Demand		AD Demand		
Noncoincident MH Capacity Factor	14.9	/	5.7	=	2.63
Coincident MH Capacity Factor	14.20	/	5.7	=	2.50
			Max Hour Diversity Factor		**1.05**

3- MH/MD Ratio Assumptions:

Residential	*=24 hr. / 18 hr.*
Commercial	*=24 hr. / 16 hr.*
Navy	*=24 hr. / 18 hr.*
PWFD	*=24 hr. / 18 hr.*

Rhode Island Public Utilities Commission
Docket XXXX
FY 2017 Rate Filing
HJS Schedule D-8
Comparison of Rates Using Different Treatment Capital Allocations

	Treatment Capital Allocated Based on Reserved Capacity			Treatment Capital Allocated Using Base/Extra Capacity		
	Proposed Rates	% Change	Projected Revenues	Proposed Rates	% Change	Projected Revenues
Base Charge (per bill)						
Monthly						
5/8	$ **5.78**	*18%*	$743,817	$ **5.74**	*17%*	$738,669
3/4	$ **5.98**	*19%*	$177,534	$ **5.94**	*19%*	$176,347
1	$ **7.67**	*26%*	$51,911	$ **7.63**	*26%*	$51,640
1.5	$ **11.97**	*36%*	$53,003	$ **11.90**	*36%*	$52,693
2	$ **16.12**	*42%*	$51,842	$ **16.02**	*41%*	$51,520
3	$ **38.74**	*54%*	$26,963	$ **38.49**	*53%*	$26,789
4	$ **44.83**	*55%*	$9,145	$ **44.54**	*54%*	$9,086
5	$ **52.95**	*57%*	$0	$ **52.60**	*56%*	$0
6	$ **59.03**	*57%*	$22,668	$ **58.65**	*56%*	$22,522
8	$ **75.27**	*59%*	$903	$ **74.77**	*58%*	$897
10	$ **104.70**	*61%*	$1,256	$ **103.99**	*60%*	$1,248
Portsmouth Base Charge (4")	$ **2.49**	*-13%*	$508	$ **2.48**	*-13%*	$506
			$1,139,550			$1,131,917
Volume Charge (per 1,000 gallons)						
Retail						
Residential	$ **10.22**	*2%*	7,111,873	$ **9.93**	*-1%*	6,910,069
Non-Residential	$ **10.73**	*-4%*	4,905,810	$ **10.48**	*-7%*	4,791,508
			12,017,683			11,701,577
Wholesale						
Navy	$ **8.1793**	*25%*	2,020,925	$ **8.9385**	*37%*	2,208,507
Portsmouth Water & Fire District	$ **6.6089**	*28%*	2,860,212	$ **6.56**	*27%*	2,838,443
			4,881,137			5,046,950
Fire Protection						
Public (per hydrant)	$ **952.99**	*1%*	990,157	$ **1,059.95**	*12%*	1,101,288
Private (by Connection Size)						
Connection Size / Existing Charge Differential						
<2	$ **34.76**	*34%*	-	$ **36.07**	*39%*	-
2 — 6.19	$ **145.57**	*34%*	-	$ **151.05**	*39%*	-
4 — 38.32	$ **480.21**	*20%*	33,615	$ **516.26**	*29%*	36,138
6 — 111.31	$ **1,071.95**	*13%*	266,916	$ **1,178.31**	*24%*	293,399
8 — 237.21	$ **2,092.59**	*10%*	140,204	$ **2,320.21**	*22%*	155,454
10 — 426.58	$ **3,627.84**	*9%*	18,139	$ **4,037.86**	*21%*	20,189
12 — 689.04	$ **5,755.64**	*8%*	11,511	$ **6,418.47**	*21%*	12,837
			$ 470,384			$ 518,018
Total Projected Rate Revenues			$ 19,498,911			$ 19,499,749

Newport Water Division
Budget for Rate Filing
FY 2017
HJS Schedule D-9
Expense Detail - Administration
15-500-2200

Account	Description		comments		Docket 4243	*Actual FY 2015 Test Year*	*Change from Test year to Proposed*	BudgetFY 2016	Proposed FY 2017 Rate Year
									$ 3
50001	Salaries & Wages								
	Director of Utilities - 60%	S12-H							
	Aministrative Secretary - 60%	NO1-12							
	Deputy Director - Finance - 60%	S10-I							
	Deputy Director - Finance - 60%	S10-E							
	Deputy Director - Engineering - 60%	S10-G							
	Financial Analyst	NO2-17							
	Total				$ 273,889	*$ 262,222*	*$ 19,360*	*$ 271,971*	$ 281,582
50044	Standby Salaries								
			3 employees						
	3 employees per week at $100 per week		8 hours per wk	$ 18,720	$ 12,500	*$ 12,528*	*$ 6,192*	*$ 12,500*	$ 18,720
	subject to Union negotiation		52 wks						
50520	Accrued Benefits Buyout								
	vacation payout & sick time payout	avg 3 per year		$ 112,000	$ 175,000	*$ 15,500*	*$ 43,500*	*$ 175,000*	$ 59,000
	for employees with 10 yrs of service	Vac / sick / FICA							
50100	Employee Benefits								
	Director of Utilities - 60%								
	Aministrative Secretary - 60%								
	Deputy Director - Finance - 60%								
	Deputy Director - Engineering - 60%								
	Financial Analyst								
	Benefits on standby salaries, buyouts and annual leave buyback								
	Total			$ 122,883	$ 128,202	*$ 110,408*	*$ 8,649*	$ 114,859	$ 119,057
50103	Retiree Insurance Coverage	**see workpaper**			$ 514,000	*$ 351,563*	*$ 18,437*	*$ 457,380*	$ 370,000
50105	Workers Compensation								
	avg change over 2013 - 2015 = 3.8%			$ 64,000	$ 85,000	*$ 59,456*	*$ 4,544*	*$ 89,250*	$ 64,000
50175	Annual Leave Buyback		1 employee	$ 3,260	$ 2,400	*$ 3,260*	*$ 40*	*$ 3,260*	$ 3,300
50207	Advertisement			$ 9,000	$ 9,000	*$ 4,041*	*$ 4,959*	*$ 9,000*	$ 9,000

Newport Water Division
Budget for Rate Filing
FY 2017
HJS Schedule D-9
Expense Detail - Administration
15-500-2200

50210 Membership Dues & Subscriptions										
Utilities Director			$	408						
Laboratory Supervisor			$	266						
Supervisor treatment plants			$	266						
Distribution Supervisor			$	266						
Deputy Director - Finance			$	418						
Deputy Director - Engineering			$	344						
Water Meter Foreman			$	266						
Financial Analyst			$	266						
Other			$	-						
Total			$	2,500	$ 2,500	*$ 4,447*	*$ (1,947)*	*$ 2,500*	$	2,500
50212 Conferences & Training			$	4,000	$ 4,000	*$ 868*	*$ 3,132*	*$ 4,000*	$	4,000
50214 Tuition Reimbursement			$	2,000	$ 2,000	*$ -*	*$ 2,000*	*$ 2,000*	$	2,000
50216 Water Management Study										
50220 Consultant Fees		2015								
Legal Fees	K& S	$9,435	$	125,000						
Financial Consultant	Raftelis	$11,070	$	75,000						
Bond Advisor		$9,000	$	10,000						
Wimborne property tax advisor		$1,160								
other Committed in 2015		$179,745	$	40,000						
Total		$210,410	$	250,000	$ 233,033	*$ 210,410*	*$ 39,590*	*$ 200,000*	$	250,000
50238 Postage			$	1,000	$ 1,000	*$ 360*	*$ 640*	$ 1,000	$	1,000
50239 Fire & Liability Insurance	see workpaper		$	67,000	$ 76,468	*$ 16,853*	*$ 50,147*	$ 77,000	$	67,000
2% increase per year										
50251 Telephone & Communication										
	see workpaper Serv		$	5,685						
	see workpaper equip		$	330						
			$	6,015	$ 5,500	*$ 5,569*	*$ 446*	$ 5,500	$	6,015
50305 Water										
Gallons				46,363						
water rate			$	11.2200						
Fixed Charge			$	1,495						
total			$	2,015.19	$ 1,942.00	*$ 1,275*	*$ 740*	$ 1,942	$	2,015

Newport Water Division
Budget for Rate Filing
FY 2017
HJS Schedule D-9
Expense Detail - Administration
15-500-2200

50306 Electricity									
70 Halsey St.	2 yr avg								
Kwh Annual usage		35,246							
total cost		$ 7,956	$ 5,805	*$ 10,121*	*$ (2,165)*	$ 5,805	$ 7,956
50307 Natural Gas	4 yr avg								
	therms	4,400							
Total Cost		$ 5,226	$ 7,252	*$ 5,918*	*$ (692)*	$ 7,252	$ 5,226
50308 Property Taxes									
Portsmouth		$ 482,851							
Tiverton		$ 42,133							
Little Compton		$ 54,146							
Middletown		$ 13,287							
Total		$ 592,417	$ 226,774	*$ 464,200*	*$ 104,843*	$ 411,200	$ 569,043
50266 Legal & Administrative		$ 309,657	$ 309,657	*$ 309,699*	*$ (31,900)*	$ 309,669	$ 277,799
50267 Data Processing (MIS)		$ 143,888	$ 143,888	*$ 143,888*	*$ 56,156*	$ 143,888	$ 200,044
50268 Mileage Allowance		$ 2,000	$ 2,000	*$ 875*	*$ 1,125*	$ 2,000	$ 2,000
50271 Gasoline & Vehicle Allowance									
See workpaper	1 vehicle								
	$ 5,389								
Total		$ 5,389	$ 7,508	*$ 9,354*	*$ (3,965)*	$ 8,276	$ 5,389
50275 Repairs & Maintenance									
Halsey St smoke Detector Service		$ 450							
Other		$ 400							
Heater Maintenance		$ 350							
total		$ 1,200	$ 1,200		*$ 1,200*		$ 1,200
50280 Regulatory Expense (now electronic COR notices to customers)		$ 5,000	$ 10,000	*$ 590*	*$ 4,410*	$ 10,000	$ 5,000
50281 Regulatory Assessment									
RIWWA - Assessment		$ 1,000							
RI Div of PUC - Assessment		$ 57,000							
RI Dept of Health - License		$ 22,000							
misc									
Total		$ 80,000	$ 48,096	*$ 79,698*	*$ 302*	$ 63,000	$ 80,000

Newport Water Division
Budget for Rate Filing
FY 2017
HJS Schedule D-9
Expense Detail - Administration
15-500-2200

50361 Office Supplies									
2013	$11,371								
2014	$13,525		$ 15,000	$ 20,000	$ *14,469*	$ *531*	$ 20,000	$ 15,000	
2015	$14,469								
50505 Self Insurance			$ 10,000	$ 10,000	$ *118*	$ *9,882*	$ 10,000	$ 10,000	
50515 Unemployment Claims			$ -	$ 12,000	$ -	$ -	$ -	$ -	
50464 Water Revenue reserve									
"not included in budget"		$ 254,733				$ -			
Total				**$ 2,330,614**	***$ 2,097,690***	***$ 340,156***	**$ 2,418,252**	**$ 2,437,846**	

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-10
Expense Detail - Customer Service
15-500-2209

Account	Description	Comments detail for 2017			Docket 4243	Actual FY 2015 Test Year	Change from Test year to Proposed	*Budget FY 2016*	Proposed FY 2017 Rate Year
50001	Salaries & Wages								
		Water Meter Repair	UT2A						
		Water Meter Repair	UT2C						
		Principal Account Clerk	UC2X						
		Principal Account Clerk	add						
		Water Meter Repair	UT2X						
		Maintenance Mechanic	UT3F						
		Sr. Maintenance Mechanic	UT2A						
		Water Meter Foreman	UT6D						
		Total			$256,335	$263,080	$46,230	*$285,241*	$309,310
50002	Overtime								
		low OT in 2015	hours	150					
		suspend shutoffs	rate	$33.50					
		includes 7.65% ->	total	$5,409	$10,200	$116	$5,293	*$6,000*	$5,409
50004	Temp Salaries	PT cleerk 52 wks @12 X 24 hrs.		$14,976	$10,200	$18,831	($3,855)	*$19,743*	$14,976
50056	Injury Pay				$0	$0	$0		$0
50100	Employee Benefits								
		Water Meter Repair	UT2A						
		Water Meter Repair	UT2C						
		Principal Account Clerk	UC2X						
		Principal Account Clerk							
		Water Meter Repair	UT2X						
		Maintenance Mechanic	UT3F						
		Sr. Maintenance Mechanic	UT2A						
		Water Meter Foreman	UT6D						
		Benefits for OT, Injury & Annual leave Buyback							
		Total			$168,793	$149,435	$41,370	*$178,152*	$190,805
50120	Bank Fees (lock box)	$1400 per month		$ 16,800	$0	$13,711	$3,089	*$30,000*	$16,800
50175	Annual Leave Buyback	2 employees			$5,000	$4,531	($31)	*$5,000*	$4,500
50205	Copying & binding				$500	$511	($11)	*$500*	$500

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-10
Expense Detail - Customer Service
15-500-2209

50212	Conferences & Training						
	Backflow Prevention Device Inspectors / Tester Recertification Training	$700					
	Cross Connection Control Surveyor Trainign & Certification	$1,150					
	Fundamentals of Cross Conection Control	$850					
	American Backflow Prevention Association	$300					
	Misc Training Courses	$2,000					
	Total	$5,000	$5,000	-$263	$5,263	*$5,000*	$5,000
50225	Support Services						
	Printing & mailing (TouchPoint Communications)	$16,975					
	Opal Maintenance Contract	$5,700					
	Badger/orion service contract	$3,500					
	total	$26,175	$26,002	$32,784	($6,609)	*$26,000*	$26,175
50238	Postage						
	Mailing Service	$74,400					
	USPS	$280					
	total	$74,680	$31,706	$57,265	$17,415	*$69,530*	$74,680
50271	Gasoline & Vehicle Allowance	$5,389					
	# vehicles	5					
		$26,945	$33,421	$39,667	($12,722)	*$33,421*	$26,945
50275	Repairs & Maintenance						
	Small Meters	$10,000					
	Large Meters	$15,000					
	Meter Pits	$3,500					
	Strainers	$2,000					
	Misc Parts and/or repair	$2,700					
	meter gun repair						
	Trimble Handheld Repair and / or Replacement	$3,850					
	CE /ME Receiver Reapair and / or Replacement	$2,950					
	Total	$40,000	$40,000	$33,449	$1,551	*$30,000*	$35,000

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-10
Expense Detail - Customer Service
15-500-2209

50299 Meter Maintenance							
Appurtenant piping, tail pieces,ss fasteners		$3,500					
Annual Calibration of Navy meters		$2,500					
reducing flanges							
Annual Calibration of Portable Meter Tester		$750					
Certification of Backflow Testing Equipment		$250					
Reducing Flanges		$2,000					
Misc. Aprts		$1,000					
Total		$10,000	$10,000	$7,734	$2,266	*$10,000*	$10,000
50311 Operating Supplies							
Repair External meter devices		$2,500					
new tool & misc costs		$2,500					
gas detectors							
confined space entry equipment							
Machine & Tool Lubricant, Replace Blades, Drill Bits, etc							
Tools (crimping, cutting, drilling, etc.)							
Service and Pit Keys							
Total		$5,000	$5,000	$3,658	$1,342	*$5,000*	$5,000
50320 Uniforms & protective Gear							
Safety Vests		$150					
Hi Viz Jackets		$300					
Gloves, Safety Glasses, Respirator, etc.		$550					
		$1,000	$1,000	$957	$43	*$1,000*	$1,000
50380 Customer Service Supplies							
Conservation mateerial	$ 5,000		$10,343	$166	$4,834	*$5,000*	$5,000

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-11
Expense Detail - Source of Supply - Island
15-500-2212

Account	Description				Docket 4243	Actual FY 2015 Test Year	Change from Test year to Proposed	*Budget 2015*	*Budget FY 2016*	Proposed FY 2017 Rate Year
50001	Salaries & Wages									
		Supervisor Water Dist/Coll 50%	N5G							
position tr	Position from (	Distribution/Collection Foreman	UT5D							
		Distribution/Collection Mechanic	UT4							
		Distribution/Collection Operator	UT3D							
		Distribution/Collection Operator	UT3C							
		Distribution/Collection Operator	UT3B							
		Laborer	UT2A							
		adjustment for vacancies								
		Total			$ 258,897	$ 321,324	$ (11,374)	#######	*$ 298,525*	$ 309,950
50002	Overtime									
		hours		1,000						
		rate	$	33.00						
		total	$	33,000	$ 28,903	$ 36,123	$ (3,123)	*$ 28,903*	*$ 28,903*	$ 33,000
50004	Temp Salaries	2 people 19 weeks @$16/hour plus 7.65%								
			$	26,180	$ 10,000	$ -	$ 26,180	*$ 10,000*	*$ 13,425*	$ 26,180
50056	Injury Pay				$ -	$ -				$ -
50100	Employee Benefits									
		Supervisor Water Dist/Coll 50%								
		Distribution/Collection Foreman								
		Distribution/Collection Mechanic								
		Distribution/Collection Operator								
		Distribution/Collection Operator								
		Distribution/Collection Operator								
		Laborer								
		Benefits for OT, Temp & Annual leave Buyback								
		Adjustment for vacancies								
		Total			$ 134,334	$ 185,081	$ (9,431)	#######	*$ 164,187*	$ 175,650

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-11
Expense Detail - Source of Supply - Island
15-500-2212

50175 Annual Leave Buyback	4 employees	$ 6,300	$ 3,783	$ 17	$ *6,300*	$ *6,300*	$ 3,800
50306 Contribution to Electricity Restricted Account							
St Mary's & Paradise Pumping Stations	2yr Avg						
Annual KWH Usage	350,295						
total cost	$ 49,880	$ 42,109	$ 38,527	$ 11,353	$ *42,108*	$ *42,108*	$ 49,880
50271 Gas/Vehicle Maintenance							
	$ 5,389						
vehicles	11						
total	$ 59,279	$ 58,648	$ 63,620	$ (4,341)	$ *64,648*	$ *64,648*	$ 59,279
50275 Repairs & Maintenance							
Misc Pump & minor repairs							
Aluminum boat & boat engine supplies							
Trimmers, blowers, chain saw, supplies,repairs & replace							
Aeration system misc supplies R & R							
Pump Station service agreement							
total	$ 10,000	$ 7,425	$ 11,633	$ (1,633)	$ *4,717*	$ *5,000*	$ 10,000
50277 Reservoir Maintenance							
Tree Removal							
Dam repairs (gravel, riprap, gabions, etc.)							
sign installation & Maintenance							
dam inspections							
Fence, gates, doors lock, windows repair & maintenance							
total	$ 16,000	$ 16,000	$ 16,236	$ (236)	$ *16,000*	$ *15,000*	$ 16,000

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-11
Expense Detail - Source of Supply - Island
15-500-2212

50311 Operating Supplies													
machine & tool lubricant													
grease guns													
Brush cutter/mower													
parts for trackless													
small mower replacement													
coppering bags													
other													
replacement blades/brush cutting													
Total				$	7,750	$	2,802	$	4,698	$ *7,750*	$ *7,250*	$	7,500
50320 Uniforms & protective Gear		$	1,510	$	700	$	935	$	575	$ *700*	$ *1,200*	$	1,510
Eye,ear & hand protection													
Tyvek protective suits													
N95 repirator													
50335 Chemicals	(CuSO4)												
usage in lbs			40,000										
cost/lb (in fy 20160		$	1.6700										
total copper sulfate		$	66,800										
total cost		$	66,800	$	72,735	$	72,671	$	(5,871)	$ *72,735*	$ *70,980*	$	66,800
total				**$**	**643,800**	**$**	**752,735**	**$**	**6,814**	***#######***	***$ 717,526***	$	759,549

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-12
Expense Detail - Source of Supply - Mainland
15-500-2213

Account	Description	Comments 2017			Docket 4243	Actual FY 2015 Test Year	Change from Test year to Proposed	*Budget 2015*	Budget FY 2016	Proposed FY 2017 Rate Year
50002	Overtime									
	3 months (4.3 weeks) one da	hours		310						
	per week 24 hour day	rate	$	37.50						
		total	$	11,610	$ 4,617	$ 13,513	$ (1,903)	$ 4,617	$ 4,617	$ 11,610
50004	Temp Salaries									
	for 3 months 3 people at 48	hours		1,858						
	per week at $15 per hour	rate	$	15						
	hourly increase plus FICA	total	$	29,996	$ 15,264	$ 18,784	$ 11,212	$ 15,264	$ 15,264	$ 29,996
50005	Permanent Part time				$ 13,000	$ 14,200	$ (1,300)	$ 13,000	$ 13,000	$ 12,900
		12 @ $1,075	$	12,900						
50100	Employee Benefits									
		Benefits for OT, Temp & part time			$ 2,525	$ 6,453	$ (3,928)	$ 7,282	$ 7,282	$ 2,525
50306	Contribution to Electricity Restricted Account									
	Sakonnet pumping Station		2 yr average							
		Annual KWH Usage		1,157,850						
		total cost	$	154,424	$ 120,189	$ 122,917	$ 31,507	$ 120,189	$ 120,189	$ 154,424
50275	Repairs & Maintenance									
		Annual Contract pumps	$	1,500						
		Emergency Repairs - interion/exter	$	2,000						
		Excavator & heavy Equip Rental	$	3,000						
		Misc.	$	500						
		total	$	7,000	7200	$ 13,908	$ (6,908)	$ 13,908	$ 7,200	$ 7,000
50277	Reservoir Maintenance									
	Tree Removal		$	500						
	Dam improvement repairs (gravel, riprap, gabions, etc.)		$	2,000						
	dam inspections		$	2,000						
	total		$	4,500	4500	$ -	$ 4,500	$ 500	$ 4,500	$ 4,500
50311	Operating Supplies									
	machine & tool lubricant, grease guns, etc		$	600						
	Pest Control		$	200						
	Misc Supplies(egpapergoods, cleaners, etc.)		$	200						
			$	1,000	630	$ 236	$ 764	$ 630	630	$ 1,000
	total				**$ 167,925**	**$ 190,011**	**$ 33,944**	**$ 175,390**	$ 172,682	**$ 223,955**

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-13
Expense Detail - Station One
15-500-2222

Account	Description	Comments			Docket 4243	Actual FY 2015 Test Year	Change from Test year to Proposed	*Budget 2015*	Budget FY 2016	Proposed FY 2017 Rate Year
50001	Salaries & Wages									
		Water Quality Production Supv (50%	SO8D							
		Assistant WQP Supervisor (50%)	SO6D							
		Water Plant Foreman Operator(50%)								
	Acting Foreman	Water Plant Operator - Grade 3	UT4F							
		Water Plant Operator - Grade 3	UT4F							
		Water Plant Operator - Grade 3	UT4B							
		Water Plant Operator - Grade 3	UT4F							
		Water Plant Operator - Grade 3	UT4C							
		Water Plant Operator - Grade 3	UT4D							
		Water Plant Operator - Grade 3	UT3B							
		Water Plant Operator - Grade 2	UT2A							
		Water Plant Operator - Grade 1	UT2							
	AFCSMEContract adj to Shift Diff to $.70 from $.36 $3,536									
		Total			$ 451,191	$ 519,694	$ 31,887	$ 519,056	$ 491,984	$ 551,581
50002	Overtime									
		average hourly rate =$22.75 ot rate =$34.125								
	2012 - $101k	hours		2,500						
	2013 - $42k	rate(w FICA)	$	41.18						
	2014 - $72k	total	$	102,940	$ 60,021	$ 110,009	$ (7,069)	$ 60,021	$ 60,021	$ 102,940
	2015 - $ 110k									
50003	Holiday Pay									
		Operators		9.0						
		Holidays		12						
		Hours/Holiday		8						
		Average Pay Rate	$	25.50						
		Total	$	22,032	$ 17,045	$ 18,936	$ 3,096	$ 18,935	$ 17,045	$ 22,032
50045	Lead Plant Operator Stipend									
		3 staff $80 per week 52 weeks	$	12,480		$ 6,627	$ 5,853	$ 36,492	$ 12,480	$ 12,480

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-13
Expense Detail - Station One
15-500-2222

50100 Employee Benefits										
	Water Quality Production Supv (50% SO8D									
	Assistant WQP Supervisor (50%) SO6D									
	Water Plant Foreman Operator(50%)									
	Water Plant Operator - Grade 3 UT4F									
	Water Plant Operator - Grade 3 UT4F									
	Water Plant Operator - Grade 3 UT4B									
	Water Plant Operator - Grade 3 UT4F									
	Water Plant Operator - Grade 3 UT4C									
	Water Plant Operator - Grade 3 UT4D									
	Water Plant Operator - Grade 2 UT3B									
	Water Plant Operator - Grade 1 UT2A									
	Benefits for OT, Annual leave Buyback, Holidays									
	Total			$ 280,498	$ 296,163	$ (12,650)	$ 283,712	$ 266,079	$ 283,513	
50175 Annual Leave Buyback		3 employees		$ 5,000	$ 11,785	$ 215	$ 5,000	$ 5,000	$ 12,000	
50212 Conferences & Training										
	RIDOH Required Certifications for 10 employees	$ 2,200								
	Supv/Plant Prod - RIWWA	$ 150								
	Supv/Plant Prod - NEWWA	$ 550								
	Conferences & Training	$ 600								
	Training, travel	$ 1,000								
	total	$ 4,500		$ 4,500	$ 1,049	$ 3,451	$ 4,500	$ 4,500	$ 4,500	
50239 Fire & Liability Insurance										
	RI Interlocal see workpaper	$ 35,000		$ 12,687	$ 60,531	$ (25,531)	$ 12,687	$ 40,000	$ 35,000	
50306 Contribution to Electricity Restricted Account										
	100 Bliss Mine Rd	2 yr average								
	Annual KWH Usage	1,736,107								
	total cost	$ 232,928		$ 266,329	$ 207,037	$ 5,447	$ 252,674	$ 252,674	$ 212,484	
50307 Natural Gas		4 yr average								
	Total Cost	$ 33,690		24250	$ 43,410	$ -	$ 24,250	$ 24,250	$ 43,410	
50260 Rental of Equipment										
	Dumpster Rentals	$ 850								
	chemical cylinders	$ 150								
	total	$ 1,000		600	$ 922	$ 78	$ 600	$ 715	$ 1,000	

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-13
Expense Detail - Station One
15-500-2222

50305 Sewer Charge											
	workpaper										
Gallons		26,000,000		12,000,000							
$/Gal	$	0.0113	$	0.01662							
Cost	$	293,020	$	199,440	$ 293,020	$ 108,472	$ 90,968	$ 293,020	$ 175,000	$ 199,440
50271 Gas/Vehicle Maintenance											
			$	5,389							
		vehicles		1							
			$	5,389	$ 7,583	$ 9,831	$ (4,442)	$ 8,360	$ 8,360	$ 5,389
50275 Repairs & Maintenance											
Variable frequency Drives			$	3,000							
Gas Boilers & Hot water Heater			$	5,600							
Backup Gnerators-annual service			$	1,500							
transfer switches			$	600							
SCADA Maintenance & repair			$	10,628							
Analyzeer service			$	9,625							
Building Systems & AC service contact			$	18,036							
DAF Compressors			$	4,100							
Fire Panel Maintenance			$	480							
Reservoir Rd Storage Inspection			$	4,060							
MCC Breaker Panel Inspection			$	2,067							
Rebuild/Repack Raw water Pumpps 1 & 2			$	6,336							
DAF Pump Repair			$	575							
Fire Extinguisher Service			$	180							
total			$	66,787	$ 25,000	$ 9,738	$ 57,049	$ 15,000	$ 15,000	$ 66,787

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-13
Expense Detail - Station One
15-500-2222

50311 Operating Supplies

Valves	$ 4,350								
Piping	$ 500								
Tools	$ 500								
Mechanical Seals & Packing	$ 500								
Analyical Analyzer Reagents	$ 2,728								
Analyzer probe Salt bridges, Cell Solution, Grit Filters	$ 669								
Fluoride Feeder Filter Pack	$ 364								
Roll towels, bathroom tissue	$ 211								
$ 17,161	$ 475								
Chemical Transfer Pumps	$ 2,050								
GLO2 Generator Maintenance Kit & Filters	$ 924								
HVAC Filters	$ 196								
Generator Fuel	$ 2,814								
Misc.	$ 880								
Total	$ 17,161	$ 27,800	$ 18,895	$ (1,734)	$ 25,210	$ 24,157	$ 17,161

50336 Pumping Cost

	$ -	$ -	$ 22,428				

50320 Uniforms & protective Gear

Overboots	$ 320						
Rain Gear	$ 224						
Misc. Gloves, Eye pprotection	$ 361						
Coveralls	$ 306						
Respirator Work Lights	$ 99						
Work Lights	$ 116						
	$ 1,426	$ 1,062	$ 1,027	$ 399	$ 1,062	$ 2,000	$ 1,426

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-13
Expense Detail - Station One
15-500-2222
50335 Chemicals

PACl Quantity		73,000							
Unit Cost Per Gal	$	1.4500							
PACl Total Cost	$	105,850							
Hypochlorite Wquantity		28,000							
Unit Cost	$	0.6435							
Chlorine Total Cost	$	18,018							
Flouride quantity		6,000							
Unit cost	$	0.5000							
Flouride Total Cost	$	3,000							
Sodium chlorite quantity		109,500							
Unit Cost	$	0.5890							
Sodium chlorite total Cost	$	64,496							
32% HCl Quantity		8,700							
Unit Cost Per Gal	$	1.1823							
Sodium chlorite total Cost	$	10,286							
Polymer Quantity		440							
Unit Cost	$	11.2727							
Polymer Total Cost	$	4,960							
Sodium Hydroxide quantity		37,500							
Unit Cost	$	0.6536							
Sodium Hydroxide total cost	$	24,510							
GAC Filters (816) Quantity		1,640							
Unit Cost Per CF	$	29.8800							
GAC Total Cost	$	49,003							
GAC AWT (400) Quantity		40,596							
Unit Cost Per Vessel	$	2.0000							
GAC Total Cost	$	81,192							
HCl Scrubber Media (Chlorosorb)									
HCl Scrubber Media Total Cost	$	5,000							
total	$	366,315	$ 354,210	$ 350,158	$ 16,157	$ 447,189	$ 509,742	$ 366,315	
		total	**$ 1,830,796**	**$1,774,284**	**$ 163,174**	**$2,030,196**	**$1,909,007**	**$1,937,458**	

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-14
Expense Detail - Lawton Valley
15-500-2223

Account	Description	Comments				Docket 4243	Actual FY 2015 Test Year	Change from Test year to Proposed	*Budget 2015*	*Budget FY 2016*	Proposed FY 2017 Rate Year
50001	Salaries & Wages										
		Water Quality Production Supv (50	SO8D								
		Assistant WQP Supervisor (50%	SO6D								
		Water Plant Foreman Operator(50%)									
	Acting Foreman	Water Plant Operator - 3	UT4G								
		Water Plant Operator - 3	UT4F								
		Water Plant Operator - 3	UT4F								
		Water Plant Operator - 3	UT4D								
		Water Plant Operator - 3	UT4C								
		Water Plant Operator - 3	UT2D								
		Water Plant Operator - 3	UT2A								
		Water Plant Operator - 3	UT2A								
	AFCSMEContract adj to	Shift Diff to $.70 from $.36 $4,243									
		Total				$ 461,718	$ 449,625	$ 48,916	*$ 444,886*	*$ 538,135*	$ 498,541
50002	Overtime										
	2012 - $82k		2,500	hours							
	2013 $75k	$	39.56	rate w FICA							
	2014 - 84k	$	98,903	total		$ 37,657	$ 98,692	$ 211	*$ 37,657*	*$ 37,657*	$ 98,903
	2015 - $99k										
50003	Holiday Pay										
	Operators				9						
	Holidays				12						
	Hours/Holiday				8						
	Average Pay Rat	$51k per year			$ 24.50						$ -
	Total				$ 19,992	$ 16,760	$ 15,904	$ 4,088	*$ 16,760*	*$ 16,760*	$ 19,992
50045	Lead Plant Oprerator Stipend										
		3 staff $80 per week 52 weeks			$ 12,480		$ 7,830	$ 4,650	*$ 10,000*	*$ 12,480*	$ 12,480

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-14
Expense Detail - Lawton Valley
15-500-2223

50100 Employee Benefits											
	Water Quality Production Supv (5(	SO8D									
	Assistant WQP Supervisor (50%	SO6D									
	Water Plant Foreman Operator(50%)										
	Water Plant Operator - 3	UT4G									
	Water Plant Operator - 3	UT4F									
	Water Plant Operator - 3	UT4F									
	Water Plant Operator - 3	UT4D									
	Water Plant Operator - 3	UT4C									
	Water Plant Operator - 3	UT2D									
	Water Plant Operator - 3	UT2A									
	Water Plant Operator - 3	UT2A									
	Benefits for OT, Holidays, & Annual leave)										
	Total			$ 288,210	$ 273,138	$ 4,864	$ *253,693*	$ *322,872*	$ 278,002		
50175 Annual Leave Buyback		3 empl	$ 7,500	$ 3,966	$ 7,368	$ 32	$ *3,966*	$ *3,966*	$ 7,400		
50212 Conferences & Training											
	RIDOH Required Certifications for 9 employees		$ 1,980								
	Supv/Plant Prod - RIWWA		$ 150								
	Supv/Plant Prod - NEWWA		$ 550								
	Conferences & Training		$ 540								
	Training, travel		$ 900								
	total		$ 4,120	3000	$ 850	$ 3,270	$ *3,000*	$ *3,000*	$ 4,120		
50239 Fire & Liability Insurance											
	RI Interlocal		$ 54,000	$ 18,614	$ 93,577	$ (39,577)	$ *18,614*	$ *62,000*	$ 54,000		
50306 Contribution to Electricity Restricted Account											
	Lawton Valley Treatment plant & pumping station		1 yr average								
	Annual KWH Usage		1,260,960								
	total cost		$ 271,075	$ 158,340	$ 310,343	$ 64,748	$ *132,551*	$ *132,551*	$ 375,091		
50307 Natural Gas			4 yr average								
	Total Cost		$ 20,808	$ 29,909	$ 34,663	$ -	$ *29,909*		$ 34,663		
								$ *29,909*			

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-14
Expense Detail - Lawton Valley
15-500-2223

50260 Rental of Equipment												
	Dumpster Rentals		$ 850									
	chemical cylinders		$ 150									
	total		$ 1,000	$ 500	$ 722	$ 278	$ *500*	$ *715*	$ 1,000
50305 Sewer Charge												
Gallons		32,000,000	$ 30,000,000									
$/Gal	$	0.0113	$ 0.0166									
Cost	$	360,640	$ 498,600	$ 360,640	$ 358,682	$ 139,918	$ *360,640*	$ *350,000*	$ 498,600
50271 Gas/Vehicle Maintenance												
	1 vehicle		$ 5,389									
	vehicle		1									
	total		$ 5,389	$ 7,882	$ 7,482	$ (2,093)	$ *8,688*	$ *8,688*	$ 5,389
50275 Repairs & Maintenance												
	Variable frequency Drives		$ 3,000									
	Gas Boilers & Hot water Heater		$ 5,600									
	Backup Gnerators-annual service		$ 1,500									
	transfer switches		$ 600									
	SCADA Maintenance & repair		$ 10,000									
	Building Systems & A/C service contract		$ 18,036									
	Analyzeer service		$ 9,625									
	DAF Compressors		$ 4,100									
	Fire Panel Maintenance		$ 480									
	Tank Inspection		$ 4,275									
	Rebuild/Repack Raw water Pumpps 1 & 2		$ 3,000									
	Misc.		$ 1,135									
	total		$ 61,351	$ 35,000	$ 19,922	$ 41,429	$ *15,000*	$ *15,000*	$ 61,351

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-14
Expense Detail - Lawton Valley
15-500-2223

50311 Operating Supplies

Valves	$ 500								
Piping	$ 500								
Tools	$ 500								
Mechanical Seals & Packing	$ 500								
Analyical Analyzer Reagents	$ 2,728								
Analyzer probe Salt bridges, Cell Solution, Grit Filters	$ 669								
Fluoride Feeder Filter Pack	$ 364								
Roll towels, bathroom tissue	$ 211								
Cleaning Supplies	$ 475								
Chemical Transfer Pumps	$ 2,050								
GLO2 Generator Maintenance Kit & Filters	$ 924								
HVAC Filters	$ 196								
Generator Fuel	$ 2,814								
Misc.	$ 880								
Total	$ 13,311	$ 20,300	$ 8,971	$ 4,340	*$ 18,475*	*$ 18,217*	$ 13,311

50320 Uniforms & protective Gear

Overboots	$ 288								
Rain Gear	$ 201								
Misc. Gloves, Eye pprotection	$ 345								
Coveralls	$ 276								
Respirator Work Lights	$ 89								
Work Lights	$ 104								
	$ 1,303	$ 1,542	$ 1,539	$ (236)	*$ 1,542*	*$ 1,800*	$ 1,303

50336 Pumping Cost $ - *$ 31,646*

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-14
Expense Detail - Lawton Valley
15-500-2223
50335 Chemicals

	PACI Quantity	65,534						
	Unit Cost Per Gal	$ 1.4500						
	PACI Total Cost	$ 95,024						
	Hypochlorite Wquantity	24,014						
	Unit Cost	$ 0.6435						
	Chlorine Total Cost	$ 15,453						
	Flouride quantity	6,000						
	Unit cost	$ 0.5000						
	Flouride Total Cost	$ 3,000						
	Sodium chlorite quantity	72,902						
	Unit Cost	$ 0.5890						
	Sodium chlorite total Cost	$ 42,939						
	32% HCl Quantity	6,254						
	Unit Cost Per Gal	$ 1.1823						
	Sodium chlorite total Cost	$ 7,394						
	Polymer Quantity	440						
	Unit Cost	$ 11.2727						
	Polymer Total Cost	$ 4,960						
	Sodium Hydroxide quantity	35,000						
	Unit Cost	$ 0.6536						
	Sodium Hydroxide total cost	$ 22,876						
	GAC Filters (816) Quantity	1,760						
	Unit Cost Per CF	$ 28.8800						
	GAC Total Cost	$ 50,829						
	GAC AWT (400) Quantity	40,596						
	Unit Cost Per Vessel	$ 2						
	GAC Total Cost	$ 81,192						
	HCl Scrubber Media (Chlorosorb)							
	HCl Scrubber Media Total Cost	$ 5,000						
	total	$ 328,667	$ 169,977	$ 262,215	$ 66,452	*$ 271,156*	*$ 509,742*	$ 328,667
total			**$ 1,614,015**	**$ 1,951,523**	**$ 341,291**	***########***	***$ 2,063,492***	**$ 2,292,814**

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-15
Expense Detail - Laboratory
15-500-2235

Account	Description			Docket 4243	Actual FY 2015 Test Year	Change from Test year to Proposed	Bud get 2015	Budget FY 2016	Proposed FY 2017 Rate Year
50001	Salaries & Wages								
		Laboratory Supervisor							
		Microbiologist	G2 Step 3						
		Total		$ 104,358	$ 114,425	$ 6,754	###	$ 116,878	$ 121,179
50100	Employee Benefits								
		Laboratory Supervisor							
		Microbiologist							
		Benefits on Annual leave buyback							
		Total		$ 64,208	$ 54,984	$ 3,724	###	$ 58,993	$ 58,708
50175	Annual Leave Buyback	1 employee		$ 2,750	$ 1,560	$ (60)	###	$ 1,000	$ 1,500
50275	Repairs & Maintenance								
		Cleaning, Recalculation & Certification of balances, fume head, thermometers, etc.	$ 1,200						
		Misc repairs to Equipment	$ 500						
		Total		$ 1,700	$ 256	$ 1,444	###	$ 1,700	$ 1,700
50281	Regulatory Assessment	IDEXX/BACTERIA	$ 5,400						
		ESS LAB TTHM / HASS	$ 4,160						
		RIAL TOC	$ 8,640						
		RIAL LEAD / COPPER	$ 700						
		RIAL COPPER	$ 435						
		RIAL SODIUM	$ 280						
		ERA QC PT	$ 1,507						
		LAB LICENSE	$ 440						
		RIDOH	$ 12,262						
		EUROFINS (Chlorites)	$ 1,800						
		Northeast	$ 4,200						
		EUROFINS (Cryptosporidium)	$ 7,200						
		Total	$ 47,024	$ 32,000	$ 47,696	$ (672)	###	$ 32,000	$ 47,024
50339	Laboratory Supplies								
		Buffers, reagents, Standards, gases & misc	$ 9,242						
		Kimwipes, Gloves, Pipets, Glassware, Thermometers	$ 2,800						
		Hach Turbidimeters	$ 2,200						
		Hach Reagents	$ 12,464						
		UV 254 Meter	$ 2,510						
		Beau Hopkins Capital Controls Titrator	$ 4,836						
		Swift Microscope, Counting Chamber and slides	$ 1,575						
		total	$ 35,627	$ 18,684	$ 16,924	$ 18,703	###	$ 18,684	$ 35,627
		total		**$ 223,700**	**$ 235,845**	$ 29,893	###	**$ 229,255**	**$ 265,738**

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-16
Expense Detail - Distribution
15-500-2241

Account	Description	Comments		2017	Docket 4243	Actual FY 2015 Test Year	Change from Test year to Proposed	Budget 2015	Budget FY 2016	Proposed FY 2017 Rate Year
50001	Salaries & Wages									
		Supervisor Water Dist/Coll 50%								
		Distribution/Collection Foreman								
		Distribution/Collection Mechanic								
		Distribution/Collection Mechanic	vacant							
		Heavy Equipment Operator								
		Distribution/Collection Operator								
		Distribution/Collection Operator								
		Distribution/Collection Operator								
		Parts/Inventory Contol Tech								
		Engineering Technician								
		Engineering Technician								
		Adjustment for Vacancies								
		Total			$ 418,161	$ 437,907	$ 114,926	$ 379,181	$ 493,592	$ 552,833
50002	Overtime									
	hours		1,520							1,520
	rate	$	34.45							$ 34.45
	total	$	52,364		$ 52,364	$ 48,703	$ 3,661	$ 52,364	$ 50,000	$ 52,364
50004	Temp Salaries	2 staff 19 weeks $16/hr 40 hrs wk	w/Fica	$ 26,180	$ 10,000	$ 18,106	$ 8,074	$ 10,000	$ 10,000	$ 26,180
50056	Injury Pay				$ -					$ -
50100	Employee Benefits									
		Supervisor Water Dist/Coll 50%								
		Distribution/Collection Mechanic	UT4E							
		Heavy Equipment Operator	UT4C							
		Distribution/Collection Mechanic	UT4D							
		Distribution/Collection Foreman	UT5E							
		Parts/InventORY Contol Tech	UC2E							
		Distribution/Collection Operator	UT3C							
		Engineering Technician	UT5G							
		Distribution/Collection Operator	UT3C							
		Distribution/Collection Operator	UT3B							
		Benefits for OT, Injury & Annual leave Buyback & AFSCME retro								
		Adjustment for vacancies								
		Total			$ 251,514	$ 259,991	$ 70,083	$ 252,931	$ 281,556	$ 330,074

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-16
Expense Detail - Distribution
15-500-2241

50175 Annual Leave Buyback		$ 10,943	$ 7,484	$ 16	$ 10,943	$ 10,704	$ 7,500
6 employees							
50212 Conferences & Training							
Continuing Education Units	$ 3,200						
Supervisor Water Dist/ Collect	$ 670						
Travel	$ 130						
Total	$ 4,000	$ 4,000	$ 1,776	$ 2,224	$ 4,000	$ 4,000	$ 4,000
50225 Contract Services							
Welding Services (Swabbing) as required	$ 11,000						
WeatherData Network	$ 120						
Infowater	$ 3,750						
Dig safe Contract (609.15*12)	$ 6,655						
total	$ 21,525	$ 12,430	$ 10,524	$ 11,001	$ 12,430	$ 12,430	$ 21,525
50239 Fire & Liability Insurance							
See workpaper	$ 12,000	$ 18,748	$ 20,061	$ (8,061)	$ 18,748	$ 13,300	$ 12,000
Contribution to Electricity Restricted Account							
50306 Forest Ave, Goulart Lane, Reservoir Rd							
	2 year average						
Annual KWH Usage	132,739						
total cost	$ 20,607	$ 18,762	$ 34,641	$ (14,034)	$ 18,762	$ 18,762	$ 20,607
50260 Heavy Equipment Rental							
Excavator, 10 wheel Dump Truck, light tower, etc.	$ 8,260						
Total	$ 8,260	$ 8,260	$ 10,706	$ (2,446)	$ 8,260	$ 8,260	$ 8,260
			$ -				
50271 Gas/Vehicle Maintenance							
	$ 5,389						
vehicles	$ 13						
	$ -						$ -
total	$ 70,057	$ 110,305	$ 93,222	$ (23,165)	$ 121,591	$ 121,591	$ 70,057
50275 Repairs & Maintenance							
Overhead Door Repair & Maintenance	$ 5,000						
Fire Alarm Panel, Fire ExtinguisherServ & Repair	$ 1,200						
Misc. snow removal equipment & supplies	$ 2,300						
Travel Vacuum repairs and/or replacement	$ 2,500						
Raw materials roof	$ 15,000						
total	$ 26,000	$ 26,000	$ 28,521	$ (2,521)	$ 26,000	$ 25,761	$ 26,000

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-16
Expense Detail - Distribution
15-500-2241
50276 Main Maintenance

	Vatves, pipe, couplings, clampos, risers, covers, etc.	$ 26,000								
	Swabbing Program	$ 19,500								
	Gravel, stone, cold patch, hot mix, etc.	$ 15,000								
	Leak Detection Services	$ 12,000								
	Light Tower	$ 9,000								
	Permits & Police details	$ 5,000								
	Demolition Saw, Bvlades, etc.	$ 2,000								
	Misc.	$ 2,700								
	total	$ 91,200	$ 70,000	$ 94,546	$ (3,346)	$ 81,400	$ 80,000	$	91,200
50296 Service Maintenance										
	Tapping machine repair and/or eplace, misc. parts & misc. parts	$ 3,000								
	service boxes, risers, keys	$ 4,000								
	Corporation & curb stops, saddles, unions, etc.	$ 4,000								
	Type K copper	$ 5,000								
	Fittings	$ 6,000								
	Gravel, stone, cold patch, hot mix, etc.	$ 4,000								
	Permits & Police Details	$ 3,000								
	Misc.	$ 1,000								
	total	$ 30,000	$ 30,000	$ 28,090	$ 1,910	$ 30,000	$ 30,000	$	30,000
50311 Operating Supplies										
	machine & tool lubricant, Greese Guns	$ 1,800								
	Marking Paint Flags, etc.	$ 3,000								
	Replacement blades/cutting wheels, chains, bars	$ 1,600								
	Metal dectors	$ 1,600								
	Total	$ 8,000	$ 10,000	$ 4,964	$ 3,036	$ 10,000	$ 10,000	$	8,000
50320 Uniforms & protective Gear										
	Tyvek protective Suits									
	N 95 repirator									
	Safety Vests									
	Hi Viz Jackets									
	Gloves, safety glasses, repirator, etc.									
	Total	$ 4,000	$ 1,761	$ 1,725	$ 2,275	$ 1,761	$ 2,000	$	4,000
	total		**$ 1,053,248**	**$ 1,100,967**	**$ 163,633**	#########	**$ 1,171,956**	**$**	**1,264,600**

Newport Water Division
Budget for Rate Filing
FY 2016
HJS Schedule D-17
Expense Detail - Fire Protection
15-500-2245

Account	Description		Docket 4355		Rate Year	Docket 4243	Actual FY 2015 Test Year	Change from Test year to Proposed	*Budget FY 2016*	Proposed FY 2017 Rate Year
50275	Repair & Maintenance - Equipment									
	Permits	$	200	$	500					
	Hydrant parts	$	5,000	$	5,000					
	Hydrant Paint	$	1,000	$	1,800					
	Misc.	$	600	$	600					
	Welding of hydrant base	$	200							
	Police Details	$	-	$	1,760					
	Hydrant and/or Hydrant inserts	$	6,500	$	14,140		$ 11,585			
	total	**$**	**13,500**	**$**	**23,800**	**$ 13,500**	**$ 11,585**	**$ 12,215**	***$ 32,500***	**$ 23,800**

City of Newport Department of Utilities

NEWPORT
RHODE ISLAND
1639

DIRECT TESTIMONY

OF

LAURA SITRIN

CITY OF NEWPORT FINANCE DIRECTOR
ON BEHALF OF THE CITY OF NEWPORT, UTILITIES DEPARTMENT,
WATER DIVISION

Q: Please state your name and your place of employment.

A: Laura Sitrin. I am the Finance Director for the City of Newport.

Q: How long have you held this position?

A: I began working as the City's Finance Director on August 26, 2002.

Q: Please state your duties as Finance Director.

A: I oversee finance, accounting, payroll, billing and collections, assessment and information technology for all funds for the City of Newport.

Q: Please describe your qualifications and experience.

A: I have a Bachelor of Science in Accounting from Russell Sage College and am licensed as a Certified Public Accountant in the states of Virginia and Rhode Island. I worked in public accounting for approximately 10 years, with a focus on governmental auditing and consulting. I left public accounting to become the Director of Finance for the City of Schenectady, New York where I remained for four years. I left to move to the D.C. area and became Director of Finance for the City of Fairfax, Virginia for two years. I became Director of Finance for the City of Newport in August 2002. I am a member of the American Institute of Certified Public Accountants, the Rhode Island Society of Certified Public Accountants, the Rhode Island, northeast and national chapters of the Government Finance Officer's Association.

Q: Have you previously testified before the Public Utilities Commission and/or Division of Public utilities on rate related matters?

A: Yes, I testified before the Commission at the Settlement Hearing in Docket 3578 and provided testimony to the Commission in Docket 4025.

Q: Please describe your role in this proceeding.

A: I am providing testimony regarding the updated cost allocations of services provided by the City of Newport to the City's Utilities Department, Water Division ("Newport Water").

Q: Can you provide some background on the payments Newport Water makes to the City of Newport for City Services?

A: The City of Newport has four Enterprise Funds:

1. The Water Fund;
2. The Water Pollution Control Fund;
3. The Maritime Fund; and,
4. The Parking Fund.

Newport formerly had five Enterprise Funds, but following Docket 4025, the Easton's Beach Enterprise Fund was moved to the General Fund.

Each of these Funds provides goods or services to the general public, and their expenses are recovered primarily through user charges. The City of Newport provides a number of services to these Funds so they can operate and collect revenue. If the City did not provide these services, the Enterprise Funds would have to obtain the services from an outside vendor or hire additional staff to provide the services. Thus, like an outside vendor that would charge for services, the City is entitled to be repaid for the services provided.

Historically, the City of Newport has provided a number of valuable services to the Water Fund, which is the second biggest fund in the City. The Water Fund has no separate Board or Authority, and it needs assistance from the City's employees to help manage its capital, debt and operating requirements. As a result, the Water Fund has always sought, and the PUC has always granted, revenue to reimburse the City for the services provided.

Up until 2007 (Docket 3818), the Water Fund based its reimbursements to the City on the percentage of the Water Fund's budget compared to the combined total budgets of all the City's Enterprise Funds and the General Fund. In Docket 3818, the PUC ordered Newport Water to develop a Cost Allocation Manual that set forth a more detailed methodology for reimbursing the City for services provided as opposed to an allocation based solely on budget percentages.

Q. Did the City of Newport submit a Cost Allocation Manual in Docket 4025?

A. Yes. The City of Newport submitted a "City Services Cost Allocation Manual", and I provided testimony in support of the Manual.

Q. Can you provide an overview of how the City developed the Cost Allocation Manual?

A. Yes. We began by looking at all of the services the City provided to the Enterprise Funds. In some case, we could develop the estimated amount of time, money or number of tasks for the calculation. In other instances, we used the percentage of each Enterprise Fund's budget as compared to the combined total budgets of all Enterprise Funds and the General Fund. In other instances we used different calculations.

Q. Did the Commission approve Newport's allocations?

A. During the litigation of Docket 4025, the City of Newport and Newport Water adjusted some of the original allocations based on suggestions from the Division and intervening parties. However, the parties could not agree on all the proper allocations, so the Commission ultimately decided the proper allocations in its Docket 4025 Order. The allocated amounts were then revised in Dockets 4243 and 4355.

Q. Are the City and Newport Water proposing any changes to the City Service allocations approved by the Commission?

A. Yes, attached as Exhibit 1 is the proposed updated cost allocation, which differs from the amounts approved in Newport's last rate filing (Docket 4355).

Q. Can you provide an overview of the proposed changes?

A. Yes the general changes are as follows:

1. The overall City budget has increased and Newport proposes to eliminate the 4% inclusion of the Library budget from the cost allocation. (See Exhibit 2)

2. For non-MIS services, the overall amount Newport Water will pay under the revised allocations decreases by approximately $31,000 from the amount allowed in Docket 4355. (See Exhibit 1)

3. The MIS services allocation increases by approximately $56,000 from the amount allowed in Docket 4243. (See Exhibit 1)

Herein below, I will explain these changes in greater detail.

Overall Budget Allocation

Q. Can you please explain the changes to the overall budget allocation?

A: In Docket 4025, the Commission approved certain payments from the Water Fund to the City for services provided by certain departments (e.g. City Manager, City Solicitor and Finance Administration) based on the percentage of the Water Fund's budget compared to the combined total budgets of all the City's Enterprise Funds and the General Fund. Included in the calculation of the overall City Budget was 4% of the Library's budget.

The City and Newport Water seek to eliminate the 4% inclusion of the Library budget from the cost allocation. The Library's audited financial statements used to be included on the City's as a component unit as defined by the Governmental Accounting Standards Board ("GASB"). We received a ruling from GASB that the

Library did not belong on the City's statements as a component unit because the Library has its own governing board and the City does nothing except appropriate an allocation similar to allocations for Civic Support (e.g. Little League, Child and Family Services, etc.) Since the Library is no longer considered a component unit of the City, and the City has no interaction with the Library other than to approve an annual support amount, the inclusion of 4% of the Library's budget should be removed from the calculation. (See Exhibit 2)

Non-MIS Costs

Q. Can you explain the decrease to Newport Water's contribution toward non-MIS services?

A. Yes. Newport Water's overall contribution to non-MIS services decreases by approximately $31,000 from the amount allowed in Docket 4355. For the most part, Newport followed the same methodology for allocating costs it has used since Docket 4025. However, some factors have changed:

- As set forth on Exhibit 2, the allocation in this Docket includes the Water Fund's share of the annual actuarially determined contribution to Other Postemployment Benefits ("OPEB").
- The Human Resources allocation has substantially decreased due to a change in budget allotment for labor related costs. Previously, all costs related to union negotiations, arbitrations, etc. were in the Human Resources Budget. These costs are now in the City Solicitor's budget. Hence, there has been a corresponding increase in the allocation of City Solicitor costs to Newport Water.
- The City Services Allocation in this Docket includes an allocation for Finance/Admin 10% Investment/Debt. This allocation is for debt/treasury services provided by the Finance Department. Newport Water has several outstanding debt issuances, and this allocation is based on the number of Newport Water's bank accounts compared to the overall number of bank

accounts for the City of Newport. If the allocation were based on the number of Newport Water's debt issuances as compared to the total debt issuances for the City, the allocation would be higher.

- Newport proposes to eliminate the Assessment allocation because the Water Fund no longer uses the Assessor to challenge tax assessments in other communities.
- Newport proposes to eliminate the allocation for Facilities Management because the Water Fund is responsible for most of the maintenance of its facilities at this point.
- The Collections allocation changed because Newport Water began using a lockbox when it implemented monthly billing, which reduced collection activities, although the Collections Department does take over the counter payments, reviews lockbox activity and ensures that accounts are properly credited. The lockbox fees are split between the Water Fund and the Water Pollution Control Fund.

MIS Services

Q. Can you address the allocation of MIS Services?

A. Yes. The total amount of MIS costs increased because the City undertook a number of upgrades and projects:

- Outsourcing of IT support and desktop services and website hosting;
- Upgrading switches and infrastructure to support a 10 GB backbone;
- Upgrading switches and circuits to Lawton Valley, Station 1, the Beach and Fire Stations 2 and 5;
- Upgrading the PRINT server;
- Upgrading the virtual server systems;
- Upgrading the Exchange and Server to current supported versions;
- Installing and configuring EMAIL archiving;
- Deploying of additional EMC storage;

- Upgrading payroll printers;
- Upgrading Domain Controllers (3);
- Upgrading telephone system to CISCO VOIP;
- Installing and configuring Veeam and Exagrid Disk to Disk backup systems; and,
- Various other smaller projects.

The five-year plan for FY2016 through FY2020 includes further technology upgrades, such as transition to a virtual desktop environment, installation of a remote emergency management system, wiring upgrades, copier replacements, improvements to website and various ongoing upgrades.

Q: Does this complete your testimony?

A: Yes, it does.

Allocated Item	Cost To Be Allocated	Water Percent	Water Fund
Audit Fees	68,500	6.18%	4,233
OPEB Contribution (1)	500,000	3.84%	19,200
City Council	100,558	3.42%	3,439
City Clerk	332,331	1.00%	3,323
City Manager	433,888	13.23%	57,403
Human Resources	335,370	1.74%	5,835
City Solicitor	391,847	13.23%	51,841
Finance Admin 50%	217,505	13.23%	28,776
Finance - 5% RICWFA	6,032	50.00%	3,016
Finance Admin 10% Inv/Debt	43,501	30.77%	13,385
Purchasing	85,114	18.47%	15,721
Collections	344,654	5.80%	19,990
Accounting - Wires - 5%	12,593	70.00%	8,815
Accounting	390,337	10.97%	42,820
MIS	1,512,050	13.23%	200,044
Totals	4,774,280		477,843

(1) Based on July 1, 2014 Actuarial Report

City of Newport
Cost Allocation - Percentage of Budgets

	FY2015 Budget	Less School	Less Civic Support	Less Debt Service	Less Capital		Percentage
General Fund Less School/Civic Support	88,538,139	18,701,726	1,851,225	5,433,371	3,783,857	58,767,960	71.68%
Water Fund	17,784,227	-	-	5,788,074	1,152,400	10,843,753	13.23%
WPC Fund	17,070,113			2,999,616	4,065,000	10,005,497	12.20%
Maritime Fund	1,213,535				420,000	793,535	0.97%
Parking Fund	1,730,325				155,000	1,575,325	1.92%
Total	126,336,339					81,986,070	

School Appropriation:	23,377,157
20% appropriation left in general fund	4,675,431
	18,701,726

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO:

INDEX AND RESPONSES IN COMPLIANCE WITH THE RHODE ISLAND PUBLIC UTILITIES COMMISSION'S RULES OF PRACTICE AND PROCEDURE, PART II, SECTIONS 2.4 THROUGH 2.10 and R.I.G.L § 39-3-12.1

I. Index and Responses in Compliance with Part II, Section 2.4

Item 2.4 **Notice of Filing (to be published in Providence Journal).**
Response: Please see Table of Contents, Item 3

Notice of Proposed General Rate Schedule to Customers.
Response: Please see Table of Contents, Item 4

II. Index and responses in Compliance with Part II, Section 2.5

Item 2.5(a) **Current and Proposed Tariffs, Rate Schedules, Terms and Conditions.**
Response: Please see Appendix.

Item 2.5(b) **Complete Direct Case.**
Response: Please see Table of Contents, Items 6 through 8.

Item 2.5(c)(1) **Annual Report to the Commission for Last Two Years.**
Response: All required reports are on file with the Rhode Island Public Utilities Commission.

Item 2.5(c)(2) **Federal Energy Regulation Commission or Federal Communication Commission Annual Reports.**
Response: Not applicable.

Item 2.5(c)(3) **Federal Energy Regulatory/Communications Commission Audit Reports.**
Response: Not applicable.

Item 2.5(c)(4) **Security and Exchange Commission Report.**
Response: Not applicable.

Item 2.5(c)(5) **Prospectus for Last Two Years.**
Response: Not applicable.

Item 2.5(c)(6) **Annual Reports to Stockholders.**
Response: Not applicable.

Item 2.5(c)(7) **Statements Reconciling Differences in Filing and Above Reports.**
Response: Not applicable.

III. Index and responses in Compliance with Part II, Section 2.6

Item 2.6(a) **Test Year (July 1, 2014 to June 30, 2015).**
Response: Please see testimony of Harold Smith and supporting schedules.

Item 2.6(b) **Rate Year (July 1, 2016 to June 30, 2017).**
Response: Please see testimony of Harold Smith and supporting schedules.

Item 2.6(c) **Adjustments to the Test Year.**
Response: Please see testimony of Harold Smith and Julia Forgue and supporting schedules.

IV. Index and responses in Compliance with Part II, Section 2.7

Item 2.7 **Attestation of Financial Data.**
Response: Please see testimony of Julia Forgue.

V. Index and responses in Compliance with Part II, Section 2.8

Items 2.8 (a) through (w) **Supporting Information and Work Papers to be Filed by Investor Owned Utilities.**
Response: Not applicable.

VI. Index and responses in Compliance with Part II, Section 2.9

Item 2.9(a) **Cost of Service Schedules.**
Response: Please see testimony of Harold Smith and supporting schedules.

Item 2.9(b) **Work Papers Supporting Claim for Working Capital.**
Response: Not applicable.

Item 2.9(c) **Work Papers Supporting Allocation of Cost of Service among Associated Entities.**
Response: Not applicable

Item 2.9(d) **Work Papers Detailing Test Year and Rate Year Revenues, etc.**
Response: Please see testimony of Harold Smith and supporting schedules.

Item 2.9(e) **Effect of Proposed Rate Changes.**
Response: Please see testimony of Harold Smith and supporting schedules. For sample bill and proposed tariffs, see Appendix.

Item 2.9(f) **Debt Service Schedules.**
Response: Please see testimony of Harold Smith and supporting schedules.

Item 2.9(g) **Schedule of Lease Payments.**
Response: Please see Appendix.

Item 2.9(h) **Analysis of Revenues and Associated Expenses for Test Year.**
Response: Please see testimony of Harold Smith and supporting schedules.

Item 2.9(i) **Rate Year Municipal Tax Expense Calculation.**
Response: Please see Appendix.

Item 2.9(j) **Employee Information.**
Response: Please see Appendix.

Item 2.9(k) **Summary of Affiliated Entities Transaction.**
Response: Please see Appendix.

Item 2.9(l) **Financial Data for Non-Coinciding Test Year.**
Response: Not Applicable.

Item 2.9(m) **Summary of Expenses Incurred and Projected Related to Instant Rate Case.**
Response: Please see Appendix.

Item 2.9(n)(1) **Unaccounted for Water.**
Response: Please see Appendix.

Item 2.9(n)(2) **Loss on Transmission of Electricity, or Gas.**
Response: Not applicable.

Item 2.9(n)(3) **Utilities Own Use of Water.**
Response: Please see Appendix.

Item 2.9(o) Compliance with Prior Commission Order (Dockets 4243 and 4355)

Order Requirement	Compliance
1. Newport Water shall provide a reconciliation of each restricted account on a quarterly basis, within 30 days of the end of the quarter.	All required reports on file with Commission.
2. Newport Water will file a report on the progress of the IFR and Capital Program on a quarterly basis, within 30 days of the end of each quarter.	All required reports on file with Commission.
3. Newport Water shall provide a monthly Cash Flow Narrative within 15 days of the end of the month.	All required reports on file with Commission.
4. Newport Water shall file all semi-annual reports required of all water utilities.	All required reports on file with Commission.
5. Newport Water shall file all annual reports required of all water utilities.	All required reports on file with Commission.
6. Newport shall continue to obtain daily reads of the Navy's meters.	Information provided in testimony and schedules of Harold J. Smith.

VII. Compliance with R.I.G.L § 39-3-12.1

Please See Appendix for:

(1) The status of its physical plant, including the volume of its water supply and the source of the supply.

(2) The maintenance policy of the utility, to include the date distribution pipes were last installed, and the length of pipe installed for at least a ten (10) year duration.

(3) The name and cost of each chemical introduced into the water supply during the most recent six (6) month period, including the amount used, and the purpose for the use.

(4) The policy of the utility toward future expansion and renovation of the physical plant, including the amount of funds expended within the preceding year and expected to be expended within the next year for expansion, renovation, equipment purchase, and/or research and development.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4355

COMPLIANCE TARIFFS

SCHEDULE

A	PUBLIC FIRE PROTECTION
B	PRIVATE FIRE PROTECTION
C	BILLING CHARGE
D	METERED SALES - NEWPORT
E	METERED SALES - NAVY
F	METERED SALES - PORTSMOUTH
G	MISCELLANEOUS CHARGES

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4355

SCHEDULE A

PUBLIC FIRE PROTECTION

Applicability:

Applicable throughout the entire territory served by the Newport Water Division for public fire protection.

Rates:

Per Hydrant	$752.65

Terms of Payment:

All bills for public fire service furnished under this schedule are rendered in advance monthly and are due and payable in full when rendered.

Effective: May 1, 2013

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4355

SCHEDULE B

PRIVATE FIRE PROTECTION

Applicability:

Applicable throughout the entire territory served by the Newport Water Division for services to private fire protection facilities.

Rates:

For each service connection to the Newport Water Division's mains used wholly or in part to supply fire protection appliances owned and maintained by the customer, the following charges shall apply:

	Per Annum
For each connection less than 2 inch	$22.43
For each 2 inch connection	$93.97
For each 4 inch connection	$326.54
For each 6 inch connection	$762.74
For each 8 inch connection	$1,515.09
For each 10 inch connection	$2,646.79
For each 12 inch connection	$4,215.28

No additional charge shall be made for private protection appliances owned and maintained by the customer.

Method of Payment:

All bills for private fire services under this schedule are rendered annually in advance and are due and payable in full when rendered.

Effective: May1, 2013

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4355

SCHEDULE C

BASE CHARGE

Applicability:

Applicable throughout the entire territory served by the Newport Water Division for industrial, commercial and residential users, exclusive of fire service connections.

Rates:

For each meter connected to the Newport Water Division's mains the following charges shall apply:

Monthly		Quarterly	
Meter Size	Rate ($/month)	Meter Size	Rate ($/quarter)
5/8"	7.94	5/8"	11.47
3/4"	8.04	3/4"	11.79
1"	8.96	1"	14.54
1.5"	11.30	1.5"	21.55
2"	13.53	2"	28.25
3"	25.64	3"	64.57
4"	28.87	4"	74.27
5"	33.18	5"	87.20
6"	36.41	6"	96.90
8"	45.03	8"	122.76
10"	60.66	10"	169.63

Method of Payment:

All billing charges under this schedule are rendered in advance concurrent with the billing cycle, monthly or quarterly and are due and payable in full when rendered.

Effective: May1, 2013

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4355

SCHEDULE D

METERED SALES

Applicability:

General metered service in the entire territory served by the Newport Water Division.

Rates:

For all quantities used except for private fire protection and bulk sales the following rates shall apply:

Customer Class	Rate Per Thousand Gallons
Residential	$8.24
Non-Residential	$9.19

Terms of Payment:

All metered sales under this schedule are rendered in arrears monthly or quarterly at the option of Newport Water Division and are due and payable in full when rendered.

Effective: May1, 2013

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4355

SCHEDULE E

METERED SALES

Applicability:

General metered service to the Department of the Navy, Naval Station Newport served by the Newport Water Division.

Rates:

For all quantities used except for private fire protection and bulk sales the following rates shall apply:

$5.4115 per thousand gallons

Terms of Payment:

All metered sales under this schedule are rendered in arrears monthly and are due and payable in full when rendered.

Effective: May1, 2013

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4355

SCHEDULE F

METERED SALES

Applicability:

General metered service to the Portsmouth Water and Fire Districts served by the Newport Water Division.

Rates:

For all quantities used except for private fire protection and bulk sales the following rates shall apply:

$4.3135 per thousand gallons

Terms of Payment:

All metered sales under this schedule are rendered in arrears monthly and are due and payable in full when rendered.

Effective: May1, 2013

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4355

SCHEDULE G

MISCELLANEOUS CHARGES

1. Temporary Water Services: Applicable to all temporary meters furnished by the Water Division for temporary purposes such as construction or renovation. Charges are withheld from the water user's $100.00 deposit upon removal of the temporary meter.

   Water consumed will be charged at PUC approved retail rate per 1,000 gals.
   Meter rental charge: $5.00 per day
   Labor charge: Cost plus 75% overhead
   Minimum Charge: $60.00

2. Meter Test: Applicable to all meters returned to the Water Division for testing. Charges are payable in advance. If upon completion of the test, the meter is found to be in excess of 2%, plus or minus, of actual, the charge is refunded.

   Charge: Meter sizes 2-inches or less - $65.00
   Meter sizes greater than 2-inches – Labor cost plus 75% overhead, and contractor cost, plus 25% overhead

3. Seasonal Turn-on and Turn-off: Applicable to all meters installed or removed for seasonal users.

   Charge: During Business Hours (7:30 am to 3:30 pm, Monday through Friday) – $40.00

   After Business Hours: (3:30 p.m. to 7:30 a.m., Monday through Friday, and Saturdays, Sundays and Holidays) Labor cost plus 75% overhead (with notice to customer)

4. Turn-on Charge: Applicable to all services turned on after the cessation of a specific violation which resulted in the service shut off. Charges are payable prior to turn on.

   Charge: During Business Hours (7:30 am to 3:30 pm, Monday through Friday) – $40.00

After Business Hours: (3:30 p.m. to 7:30 a.m., Monday through Friday, and Saturdays, Sundays and Holidays) Labor cost plus 75% overhead (with notice to customer)

5. Meter Service: Applicable to all meter installations and maintenance due to breakage, tampering, overheating or freezing because of owner neglect or abuse.

   Charge: Material and equipment costs plus 25% and Labor cost plus 75%. If applicable, $50.00 tapping charge for new service and Police details at cost.

6. Interest on Delinquent Water Accounts: Amounts not paid by DUE DATE will accumulate a penalty of 18% per annum (1.5% per month) from the DUE DATE through the PAYMENT DATE. DUE DATE is 30 days after the BILLING DATE and is listed on each billing statement, and the BILLING DATE is the date on which the billing statement was mailed and also is listed on each billing statement.

7. Interim Water Bills: $35.00.each for requested interim bills including meter reading.

8. Sample Testing: Charge assessed for the laboratory testing of water samples at customer request.

   Charge: Cost of materials and testing charges plus 25% overhead and labor costs plus 75% overhead

9. Flow Testing: Charge assessed for the flow testing of service connections at customer request.

   Charge: Labor costs plus 75% overhead $40.00 minimum charge

10. Pressure Testing: Charge assessed for the pressure testing of existing or proposed service connections at customer request.

    Charge: Labor costs plus 75% overhead $40.00 minimum charge

11. Service Application Fee: Charge assessed at time that application for water service is submitted.

    Charge: Residential Service - $60.00
    Commercial Service - $100.00

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4355

12. Statement Charge: Charge assessed at time that request for a copy of a billing statement is submitted.

    Charge: $2.50 per statement

13. Photocopying: Charge assessed for copying of documents. Fee payable at time copies are made.

    Charge: Letter or legal size copy - $0.15 per page
    Distribution Sheet - $3.00 per copy

Effective Date: May1, 2013

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: XXXX

PROPOSED TARIFFS

SCHEDULE

A	PUBLIC FIRE PROTECTION
B	PRIVATE FIRE PROTECTION
C	BILLING CHARGE
D	METERED SALES - NEWPORT
E	METERED SALES - NAVY
F	METERED SALES - PORTSMOUTH
G	MISCELLANEOUS CHARGES

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: XXXX

SCHEDULE A

PUBLIC FIRE PROTECTION

Applicability:

Applicable throughout the entire territory served by the Newport Water Division for public fire protection.

Rates:

Per Hydrant	~~$944.22~~952.99

Terms of Payment:

All bills for public fire service furnished under this schedule are rendered in advance monthly and are due and payable in full when rendered.

Effective: ~~July 1, 2014~~January 23, 2016

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: XXXX

SCHEDULE B

PRIVATE FIRE PROTECTION

Applicability:

Applicable throughout the entire territory served by the Newport Water Division for services to private fire protection facilities.

Rates:

For each service connection to the Newport Water Division's mains used wholly or in part to supply fire protection appliances owned and maintained by the customer, the following charges shall apply:

	Per Annum
For each connection less than 2 inch	~~$25.99~~$34.66
For each 2 inch connection	~~$108.85~~145.57
For each 4 inch connection	~~$399.08~~480.21
For each 6 inch connection	~~$951.11~~1,071.95
For each 8 inch connection	~~$1,903.25~~2,092.95~~.~~
For each 10 inch connection	~~$3,335.46~~3,627.84.
For each 12 inch connection	$5,~~320.45~~755.64

No additional charge shall be made for private protection appliances owned and maintained by the customer.

Method of Payment:

All bills for private fire services under this schedule are rendered annually in advance and are due and payable in full when rendered.

Effective: January 23, 2016~~July 1, 2014~~

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: XXXX

SCHEDULE C

BASE CHARGE

Applicability:

Applicable throughout the entire territory served by the Newport Water Division for industrial, commercial and residential users, exclusive of fire service connections.

Rates:

For each meter connected to the Newport Water Division's mains the following charges shall apply:

Monthly	
Meter Size	Rate ($/month)
5/8"	~~4.89~~5.78
3/4"	~~5.01~~5.98
1"	~~6.07~~7.67
.5"	~~8.78~~11.97
2"	~~11.35~~16.12
3"	~~25.22~~38.74
4"	~~28.90~~44.83
5"	~~33.80~~52.95
6"	~~37.48~~59.03
8"	~~47.29~~75.27
10"	~~65.07~~104.70
Portsmouth Water and Fire District	2.~~86~~49

Method of Payment:

All billing charges under this schedule are rendered in advance concurrent with the billing cycle, monthly or quarterly and are due and payable in full when rendered.

Effective: January 23, 2016~~July 1, 2014~~

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: XXXX

SCHEDULE D

METERED SALES

Applicability:

General metered service in the entire territory served by the Newport Water Division.

Rates:

For all quantities used except for private fire protection and bulk sales the following rates shall apply:

Customer Class	Rate Per Thousand Gallons
Residential	~~$10.02~~10.22
Non-Residential	~~$11.22~~10.73

Terms of Payment:

All metered sales under this schedule are rendered in arrears monthly or quarterly at the option of Newport Water Division and are due and payable in full when rendered.

Effective: January 23, 2016~~July 1, 2014~~

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: XXXX

SCHEDULE E

METERED SALES

Applicability:

General metered service to the Department of the Navy, Naval Station Newport served by the Newport Water Division.

Rates:

For all quantities used except for private fire protection and bulk sales the following rates shall apply:

$~~6.5189~~8.1793 per thousand gallons

Terms of Payment:

All metered sales under this schedule are rendered in arrears monthly and are due and payable in full when rendered.

Effective: January 23, 2016~~July 1, 2014~~

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: XXXX

SCHEDULE F

METERED SALES

Applicability:

General metered service to the Portsmouth Water and Fire Districts served by the Newport Water Division.

Rates:

For all quantities used except for private fire protection and bulk sales the following rates shall apply:

$5.15076.6089 per thousand gallons

Terms of Payment:

All metered sales under this schedule are rendered in arrears monthly and are due and payable in full when rendered.

Effective: January 23, 2016July 1, 2014

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: XXXX

SCHEDULE G

MISCELLANEOUS CHARGES

1. Temporary Water Services: Applicable to all temporary meters furnished by the Water Division for temporary purposes such as construction or renovation. Charges are withheld from the water user's $1000.00 deposit upon removal of the temporary meter.

   Water consumed will be charged at PUC approved retail rate per 1,000 gals.
   Meter rental charge: $105.00 per day
   Labor charge: Cost plus 75% overhead
   Minimum Charge: $60.00

2. Meter Test: Applicable to all meters returned to the Water Division for testing. Charges are payable in advance. If upon completion of the test, the meter is found to be in excess of 2%, plus or minus, of actual, the charge is refunded.

   Charge: Meter sizes 2-inches or less - $65.00
   Meter sizes greater than 2-inches – Labor cost plus 75% overhead, and contractor cost, plus 25% overhead

3. Service ~~Seasonal~~ Turn-on and Turn-off: Applicable to all meters installed or removed for seasonal users and for requests by customers for plumbing work on private property.

   Charge: During Business Hours (7:30 am to 3:30 pm, Monday through Friday) – $40.00

   After Business Hours: (3:30 p.m. to 7:30 a.m., Monday through Friday, and Saturdays, Sundays and Holidays) Labor cost plus 75% overhead (with notice to customer)

4. Service Turn-on Charge: Applicable to all services turned on after the cessation of a specific violation which resulted in the service shut off. Charges are payable prior to turn on.

   Charge: During Business Hours (7:30 am to 3:30 pm, Monday through Friday) – $40.00

After Business Hours: (3:30 p.m. to 7:30 a.m., Monday through Friday, and Saturdays, Sundays and Holidays) Labor cost plus 75% overhead (with notice to customer)

5. Meter Connection/Service Fee: Applicable to all meter installations and maintenance due to breakage, tampering, overheating or freezing because of owner neglect or abuse.

   Charge: Material and equipment costs plus 25% and Labor cost plus 75%. If applicable, $50.00 tapping charge for new service and Police details at cost.

6. Interest on Delinquent Water Accounts: Amounts not paid by DUE DATE will accumulate a penalty of 18% per annum (1.5% per month) from the DUE DATE through the PAYMENT DATE. DUE DATE is 30 days after the BILLING DATE and is listed on each billing statement, and the BILLING DATE is the date on which the billing statement was mailed and also is listed on each billing statement.

7. Interim Water Bills: $35.00.each for requested interim bills including meter reading.

8. Sample Testing: Charge assessed for the laboratory testing of water samples at customer request.

   Charge: Cost of materials and testing charges plus 25% overhead and labor costs plus 75% overhead

9. Flow Testing: Charge assessed for the flow testing of service connections at customer request.

   Charge: Labor costs plus 75% overhead $40.00 minimum charge

10. Pressure Testing: Charge assessed for the pressure testing of existing or proposed service connections at customer request.

    Charge: Labor costs plus 75% overhead $40.00 minimum charge

11. Service Application Fee: Charge assessed at time that application for water service is submitted.

    Charge: Residential Service - $60.00
    Commercial Service - $100.00

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: XXXX

12. Statement Charge: Charge assessed at time that request for a copy of a billing statement is submitted.

    Charge: $2.50 per statement

13. Photocopying: Charge assessed for copying of documents. Fee payable at time copies are made.

    Charge: Letter or legal size copy - $0.15 per page
    Distribution Sheet - $3.00 per copy

Effective Date: January 23, 2016~~July 1, 2014~~

City of Newport
Department of Utilities
43 Broadway
Newport, RI 02840-2746

ADDRESS SERVICE REQUESTED

www.cityofnewport.com/departments/utilities/home.efm
For Billing Inquiries Call
(401) 845-5604

Account Number:
Pin Number:
Due Date: 11/30/15
Bill Date: 11/01/15

192234
000309

Meter Number	35642257
Previous Reading/Date	141,901 / 09/16/15
Current Reading/Date	146,099 / 10/19/15
Consumption/Days	4,198 / 33
Average Daily Consumption	127
Type of Reading	ACTUAL

Service Address:

Current Billing Information	
Past Due Balance	$0.00
Interest Charge on Past Due Balance	$0.00
Base Charge	$5.01
Water Usage Charge	$42.06
Water Quality Protection Surcharge	$1.23
Sewer Charge	$58.31
CSO Fixed Charge	$16.00
Sales Tax	$0.00
Miscellaneous Fees	$0.00
Previous Credit	$0.00
TOTAL DUE	$122.61

Usage History

Meter Read Date	Gallons Used	Average Daily Use
10/19/15	4,198	127
09/16/15	3,922	131
08/17/15	3,671	131
07/20/15	5,173	157
06/17/15	3,926	131
05/18/15	2,934	105
04/20/15	3,414	98
03/16/15	2,842	105
02/17/15	2,512	93
01/21/15	2,735	76
12/16/14	3,639	125
11/17/14	3,546	104

SPECIAL COMMENTS:

For those customers who have enrolled in the Automated ACH system, the bill amount will be deducted from your bank on the Bill Due Date which is November 30, 2015. This bill provides the details for the charges for your records.

RETAIN THIS PORTION FOR YOUR RECORDS - FEES WILL APPLY FOR ADDITIONAL COPIES - REFER TO REVERSE SIDE FOR CUSTOMER INFORMATION

PLEASE RETURN THIS STUB WITH PAYMENT

Account Number:
Due Date: 11/30/15
Service Address:

Past Due Balance	$0.00
Interest Charge on Past Due Balance	$0.00
Base Charge	$5.01
Water Usage Charge	$42.06
Water Quality Protection Surcharge	$1.23
Sewer Charge	$58.31
CSO Fixed Charge	$16.00
Sales Tax	$0.00
Miscellaneous Fees	$0.00
Previous Credit	$0.00
TOTAL DUE	$122.61

Remit Payment and make check payable to:

City of Newport
Department of Utilities
PO Box 1195
Providence, RI 02901-1195

13106700100504000001226102014113020159

Billing Information

The current water rate structure for billing:

Base Charge: Based on meter size and billing frequency
Water Charges: ***Residential*** $10.02 / 1000 gal, ***Non-Residential*** $11.22 / 1000 gal

How to compute a bill

Base Charge: The cost of providing customer related services such as metering, meter reading and billing. These fixed costs are unaffected by the amount of water consumption.

Residential Water Usage Charge: Multiply the total consumption by $0.01002
Non-Residential Water Usage Charge: Multiply the total consumption by $0.01122
Water Quality Protection Surcharge: Multiply the total consumption by $0.000292

Additional information on water rates available at
http://www.cityofnewport.com/home/showdocument?id=4032

If you are a homeowner age 65 or older, you may be exempt from paying the Water Quality Protection Surcharge portion of the water bill for your residence. Applications are available at the Water Department, 70 Halsey St, as well as the Collections Division in City Hall, 43 Broadway. Please call the Billing Office (401) 845-5604 for details. If you have previously applied in the past there is no need to reapply.

If you believe your bill is inaccurate, contact the Billing Clerk at (401) 845-5604. Billing Department hours of operation are 8am to 4pm daily. If a mutually satisfactory settlement of the matter cannot be reached, you have the right to submit the matter to:

Division of Public Utilities and Carriers
89 Jefferson Boulevard, Warwick, RI 02888
Telephone 401-780-9700

The current sewer rate structure for Newport customers:

Sewer Charge	$13.89 / 1000 gal
CSO fixed charge	Assessed by meter size

Sewer Charge: Multiply total water consumption by $0.01389

CSO Fixed Charge (Sewer): An annual flat fee based on water meter size for costs associated with the City of Newport CSO Long-Term Capital Plan. This is an annual fee and is prorated based on your billing cycle.

Additional information on sewer rates available at
http://www.cityofnewport.com/departments/utilities/water-pollution-control/rates-fees

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All past due accounts: Penalties accrue daily 18% per annum

If your account is enrolled in the ACH Auto Debit Program, the Amount Due will be withdrawn from your bank account on the **BILL DUE DATE**

Credit card payments are accepted as follows:
www.RIeGov.com
Confirmation numbers should be kept for your records
RIeGov charges a nominal convenience fee for this service

ESTA NOTICIA MUITO IMPORTANTE. FACA FAVOR DE TRADUZIR IMEDIATAMETE.A VISO IMPORTANTE. POR FAVOR PIDA QUE LO TRADUZCAN LOS MAS PRONTO POSIBLE

Item 2.9(g) **Schedule of Lease Payments**

Canon Copier

	Test Year FY2015	Rate Year FY2017
July	$ 201.00	$ 195.00
August	$ 201.00	$ 195.00
September	$ 201.00	$ 195.00
October	$ 201.00	$ 195.00
November	$ 201.00	$ 195.00
December	$ 201.00	$ 195.00
January	$ 195.00	$ 195.00
February	$ 195.00	$ 195.00
March	$ 195.00	$ 195.00
April	$ 195.00	$ 195.00
May	$ 195.00	$ 195.00
June	$ 195.00	$ 195.00
Total	$ 2,376.00	$ 2,340.00

Item 2.9(i) **Rate Year Municipal Tax Expense Calculation**

Rate Year plus prior 3 Fiscal Years

Little Compton

FY 17	$ 12,776.02	(estimated with increase of 3% FY16)
FY 16	$ 12,403.90	
FY 15	$ 12,166.62	
FY 14	$ 12,647.88	

Middletown

FY 17	$ 57,128.86	(estimated with increase of 3% FY16)
FY 16	$ 55,464.91	
FY 15	$ 53,079.23	
FY 14	$ 52,684.91	

Portsmouth

FY 17	$ 455,425.98	(estimated with increase of 3% FY16)
FY 16	$ 442,161.15	
FY 15	$ 358,468.82	
FY 14	$ 103,413.50	

Tiverton

FY 17	$43,712.29	(estimated with increase of 3% FY16)
FY 16	$42,439.12	
FY 15	$40,485.61	
FY 14	$40,632.45	

Item 2.9 (J)

Employee Totals	Total
June 30, 2015	46
July 1, 2014	46
Rate Year projected	49

	Year	Total Overtime Pay
Fiscal Year 2017	Overtime provided in Rate Year	304,226.00
Fiscal Year 2015	Test Year	312,436.12
Previous Year #1 (F/Y 2014)	(July 1, 2013 ~ June 30, 2014)	218,691.59
Previous Year #2 (F/Y 2013)	(July 1, 2012 ~ June 30, 2013)	173,126.93

City of Newport
Transactions with Affiliates
FY 2015

Item 2.9 (k)

Revenue	FY 2015
City Accounts Billed	$394,165
Hydrant billing	$973,663
WPC reimbursment	$291,365
Expenses	
Legal and Admin Management fees	$309,699
Computer Management fees	$143,888
Gas & Vehicle Maintenance	$137,436
Sewer Charges	$467,154

Newport Water Division
Current and Projected Rate Case Expenses
Item 2.9(m)

Invoice #	Date		Description	Amount	
12090	11/10/2014	Keough & Sweeney	Professional Services October 2014	$ 75.00	
12685	2/9/2015	Keough & Sweeney	Professional Services January 2015	$ 75.00	
12710	3/4/2015	Keough & Sweeney	Professional Services February 2015	$ 50.00	
12916	4/9/2015	Keough & Sweeney	Professional Services March 2015	$ 100.00	
13105	5/7/2015	Keough & Sweeney	Professional Services April 2015	$ 50.00	
13293	6/8/2015	Keough & Sweeney	Professional Services May 2015	$ 75.00	
13690	7/31/2015	Keough & Sweeney	Professional Services July 2015	$ 50.00	
13717	9/3/2015	Keough & Sweeney	Professional Services August 2015	$ 25.00	
14109	10/14/2015	Keough & Sweeney	Professional Services September 2015	$ 2,812.50	$ 3,312.50
NWR 11301.00	6/9/2015	Raftelis Financial Consultants	Professional Services May 2015	$ 9,410.00	
NWR11506-01	7/10/2015	Raftelis Financial Consultants	Professional Services July 2015	$ 3,365.00	
NWR11506-02	8/10/2015	Raftelis Financial Consultants	Professional Services August 2015	$ 1,555.00	
NWR11506-03	9/8/2015	Raftelis Financial Consultants	Professional Services September 2015	$ 5,290.00	
NWR11506-04	10/13/2015	Raftelis Financial Consultants	Professional Services October 2015	$ 4,570.00	$ 24,190.00
Estimate		Keough & Sweeney	Based on Previous Rate Case less spent to date	$ 77,735.65	
Balance of Contract		Raftelis Financial Consultants	$56,800 contract less $24,190.00 spent to date	$ 32,610.00	
Estimate		Division of Public Utilities and Carriers	Based on Average of Previous Rate Cases	$ 30,811.50	
			Total including estimated cost through current rate filing	$ 168,659.65	

Item 2.9 (n)(1)

Unaccounted for Water
Newport Water Division

Fiscal year		
2011	455,599,999 gallons	18.01%
2012	245,900,000 gallons	11.35%
2013	236,999,999 gallons	10.90%
2014	141,705,000 gallons	6.70%
2015	70,731,835 gallons	3.00%

Item 2.9 (n)(3)

Utilities Own Use of Water
Newport Water Division

Fiscal year	Consumption of Water Gallons	
2011	102,663,460	gallons
2012	99,040,470	gallons
2013	104,532,850	gallons
2014	101,113,040	gallons
2015	51,478,510	gallons

STATUS OF PHYSICAL PLANT
Newport Water Division

The Newport Water Division (NWD) is a water supplier that serves a population of approximately 45,000 customers. The transient population served can be higher as Newport is a seasonal community. The retail service area includes the City of Newport, Town of Middletown and a small section of the Town of Portsmouth. NWD also provides water wholesale to the Portsmouth Water & Fire District and Naval Station Newport. NWD owns and operates the water distribution system in Newport, Middletown and the small section in Portsmouth. Portsmouth Water & Fire District and Naval Station Newport own and operate their respective water distribution systems.

The NWD obtains its raw water supply from a system of nine (9) surface reservoirs. Nonquit Pond and Harold E. Watson Reservoir are located on the mainland across the Sakonnet River from Aquidneck Island and comprise more than half of the total system storage. The remaining seven supplies (St. Mary's Pond, Lawton Valley Reservoir, Sisson Pond, North Easton Pond, South Easton Pond, Nelson (Paradise) Pond, and Gardiner's Pond) are located on Aquidneck Island where the systems two water treatment plants are located.

Each reservoir collects and stores runoff from its own watershed. St. Mary's, Sisson, Lawton Valley, and North and South Easton Ponds are also designated as raw water distribution reservoirs because they can provide intermediate storage between another reservoir and a treatment plant. Except for 1.0 square mile in Newport, watersheds for the nine reservoirs are located in Little Compton (3.8 sq. mi.), Tiverton (6.4 sq. mi.), Portsmouth (2.5 sq. mi.) and Middletown (6.2 sq. mi.).

Water treatment is provided at the 7MGD Lawton Valley WTP in Portsmouth and the 9 MGD Newport Station1 WTP in Newport. The Lawton Valley Plant was recently replaced with a new treatment facility that went into service September 2014. The Station 1 Plant went into service March 6, 1991 and recently underwent extensive upgrades which were in service July 2014. Both treatment plants have a core treatment process of dissolved air flotation followed by primary granular activated carbon (GAC) filters and disinfection with liquid chlorine. Both plants also have post-filter Advanced Water Treatment contactors using GAC.

There are three service areas or pressure zones in the NWD water distribution system identified as Low, Medium, and High.

- The Low service area is supplied by the Newport Station 1 WTP. Four pumps at the WTP supply water to the Low Service area. Storage in the Low Service Area is provided by the 3Mgal storage tank located on Reservoir Road, Middletown.

- The Medium Service area is supplied from the Lawton Valley WTP. Treated water from the WTP is pumped to two (2) storage tanks (2 MGal and 1.75 MGal) which operate on the same hydraulic grade line. The Medium Service

Area can also be provided water from one of 2 booster pumps located at Newport Station 1. Also Newport Station 1 can receive treated water from the Lawton Valley WTP. This demonstrates the systems flexibility to move treated water to be used by each plant. A normally closed interconnection exists between the low and medium service area.

- The High Service Area is provided by a booster pumping station on Forest Ave., Middletown which pumps water to the 1.5 Mgal tank on Goulart Lane, Portsmouth. A normally closed interconnection exists between the medium and high service areas. An emergency interconnection exists between the High Service Area and Portsmouth Water and Fire District at Mitchell's Lane.

The NWD's system consists of approximately 170 miles of transmission and distribution mains, 3300 valves and 1,000 fire hydrants. There are approximately 14,500 metered service connections in the NWD distribution system which includes services in Newport, Middletown and a small section of Portsmouth. NWD owns all the meters in the system. The NWD in 2014 completed the conversion to a radio read metering system which included replacing old meters and downsizing large meters when applicable.

MAINTENANCE POLICY
Newport Water Division
2015

The Newport Water Division (NWD) maintains its system to ensure that it operates in accordance with all regulatory requirements and accepted standards in order to provide and deliver the safest and most reliable drinking water to all of its customers.

Water Mains- There are approximately 168 miles of transmission and distribution mains in the NWD system. The original water works in Newport was started in 1876. The City of Newport has owned and operated the system since 1936. Between 1900 and 1940 nearly all new pipes added to the distribution system were unlined cast iron pipe (CI). Some of the unlined CI installed during this period has since been cleaned and lined. Between 1940 and 1970 water pipes installed were either lined CI or Asbestos/Cement (A/C or transite). Water pipes installed between 1970 and 1984 were either cement lined ductile iron (DI) or Poly Vinyl Chloride (PVC). Since 1984 all water pipes installed have been cement lined DI pipe. NWD conducts a complete leak detection survey of the entire distribution system every three years. The last leak detection survey was completed May 2014.

NWD's 2015 Draft Infrastructure Replacement Plan submitted to RIDOH in January, 2015 continues the plan to upgrade the distribution system and the work is being implemented. NWD is committed to continue to replace and/or rehabilitate identified water lines within the operating budget IFR funds. Attached is a listing of water mains replaced/installed over the last ten (10) years. NWD Distribution Section staff is on call after hours to perform emergency repairs to the transmission and distribution system as necessary.

Hydrants- NWD maintains 1,039 hydrants located as follows:

Newport	620
Middletown	410
Portsmouth	9

The age of the hydrants range from 1930 to 2015. The NWD has an active hydrant flushing program where the hydrants are flushed and exercised each year. The NWD has implemented a hydrant replacement program that allows for no hydrant to be older than 50 years of age.

Valves- The valves in the system were installed with the water mains. NWD staff operates distribution valves as part of an ongoing valve exercise program. NWD staff replaces valves when they are found to be inoperable. Valves are also included with the replacement of a water main.

Service Connections- There are approximately 14,500 metered service connections in the NWD system. The NWD is responsible for the water service from the main to the curb stop. The property owner is responsible for the water service from the curb stop to the

building/house. All water services installed after 1931 are copper. The NWD Distribution Section replaces services which are lead or wrought iron as part of their regular work as scheduling allows.

Meters- NWD owns, maintains, and replaces all meters in the system. NWD has an active meter replacement program which is funded through the Meter Section's operating budget and IFR. In 2013, the NWD Meter Section substantially completed a project to convert to a radio read meter system. Included in the project were replacement of all small meters greater than five years old and the downsizing of meters when applicable. With the new radio read metering system, NWD was able to transition to monthly billing for all customers starting in July 2014.

New Water Main Installations 2006-2015
Newport Water Division

Year	Location		Length	Size/Mat
2006	McAllister St	Newport	600	8"DI
	Ocean Ave	Newport	9700	12"DI
	Ledge Road	Newport	1650	8"DI
	North Drive	Middletown	1360	8"DI
	South Drive	Middletown	1840	8"DI
	Circle Drive	Middletown	2400	8"DI
2007	Ocean Ave	Newport	200	12"DI
	Lakeview Ave	Newport	300	8"DI
	Xavier Ter	Newport	140	8"DI
2008	Howard Street	Newport	80	6"DI
2009	Halidon Terrace	Newport	350	8"DI
2010	Boss Ct.	Newport	190	6"DI
	Dixon St.	Newport	730	8"DI
	Howard St.	Newport	490	8"DI
	Goodwin St.	Newport	360	8"DI
	Underwood Ct.	Newport	350	6"DI
	Walnut St.	Newport	550	8"DI
	Byrnes Ct.	Newport	350	8"DI
	Bacheller St.	Newport	420	8"DI
	Katzman Pl.	Newport	280	6"DI
	LaSalle Pl.	Newport	310	6"DI
	Wesley St.	Newport	510	8"DI
	Pine St.	Newport	240	8"DI
	Gladding Ct.	Newport	150	6"DI
	Sunshine Ct.	Newport	320	8"DI
	Guerney Ct.	Newport	200	6"DI
	Tyler St.	Newport	420	8"DI
	Kay Terrace	Newport	270	6"DI
	Everrett St.	Newport	590	8"DI
	Manning Terrace	Newport	480	6"DI
	Haskell Ave.	Newport	300	8"DI
	Hoffman Pl.	Newport	210	6"DI
	Ashurst Pl.	Newport	240	6"DI
	Hunter Ave.	Newport	500	8"DI
	Sagamore St.	Newport	360	8"DI
	King Phillip Rd.	Newport	350	8"DI
	Ellwood Pl.	Newport	160	6"DI
	Bedlow Pl.	Newport	360	6"DI
	Greene Lane	Newport	580	8"DI
	Porter Ave.	Newport	250	8"DI
	Yale St.	Newport	400	6"DI
	Rowland Rd.	Newport	360	8"DI
	Downing St.	Newport	320	8"DI

	Fir St.	Newport	430	8"DI
	Tomkins Ct.	Newport	90	6"DI
	Guinn Ct.	Newport	150	6"DI
	Elizabeth St.	Newport	320	6"DI
	Redwwod St.	Newport	530	8"DI
	Cottage St.	Newport	230	8"DI
2011	Sherman St.	Newport	281	6"DI
	Sherman St.	Newport	697	8"DI
	Sherman St.	Newport	25	12"DI
2012	Sherman St.	Newport	4363	6"DI
	Sherman St.	Newport	8951	8"DI
	Sherman St.	Newport	6	12"DI
2013	Broadway	Newport	346	6"DI
	Broadway	Newport	589	8"DI
	Ayrault St.	Newport	994	8"DI
	Calvert St.	Newport	890	8"DI
	Broadway	Newport	3615	12"DI
	Broadway	Newport	20	16"DI
2014	Maher Ct	Newport	330	6"DI
	Casey Ct	Newport	362	6"DI
	Murray Pl	Newport	395	6"DI
	Clinton St.	Newport	658	8"DI
	Bliss Mine Rd	Newport	2430	12"DI
	Cliff Ter.	Newport	514	6"DI
	Seaview Ave	Newport	512	6"DI
	Cozzens Ct.	Newport	210	6"DI
2015	Marin St.	Newport	351	8"DI
	Mt. Vernon St.	Newport	1225	8"DI
	Bowery St.	Newport	1157	8"DI
	Fountain St.	Newport	204	8"DI
	Holland St.	Newport	654	8"DI
	Cliff Ave.	Newport	270	8"DI
	Everett Ct.	Newport	325	8"DI
	Everett St.	Newport	332	8"DI
	Catherine St.	Newport	466	8"DI
	Gordon St.	Newport	579	8"DI
	High St.	Newport	478	8"DI
	Paradise Ave.	Middletown	94	12"DI
	Kay St.	Newport	34	16"DI
	Raw Water	Middletown	445	24" HDPE
	Raw Water	Middletown	267	24" PVC
	Raw Water Main	Middletown	3589	30"DI

Chemicals Used in the Water Treatment Processes
Newport Water Division

1. SODIUM HYDROXIDE

   Sodium Hydroxide is used to control pH in the finished water, and reduce corrosion in the distribution system and to plumbing fixtures.

2. POLYALUMINUM CHLORIDE (PACl)

   PACl is used to coagulate and remove suspended material in the raw water prior to filtration.

3. SODIUM CHLORITE

   Sodium Chlorite is combined with Hydrochloric Acid to make CHLORINE DIOXIDE. Chlorine Dioxide is used at both plants to help remove TTHM precursors, help control taste and odor.

4. LIQUID HYDROCHLORIC ACID 32% STRENGTH

   Hydrochloric Acid is combined Sodium Chlorite with to make CHLORINE DIOXIDE. Chlorine Dioxide is used at both plants to help remove TTHM precursors, help control taste and odor.

5. LIQUID SODIUM HYPOCHLORITE (Liquid Bleach)

   Liquid Sodium Hypochlorite (liquid bleach) is used for disinfection at both plants. Liquid bleach has replaced chlorine gas as the primary disinfection at both plants.

7. FLUORIDE

   Fluoride is used for tooth decay prevention.

8. COPPER SULFATE

   Copper Sulfate is used to control algae blooms in the raw water reservoirs.

9. CARUS PROFLOC 5215A

   PROFLOC 5215A is a polymer which aids in the settlement of organics from the raw water supply which enters Newport Water Treatment Plants.

Newport Water Division Chemical Cost Breakdown

Station One plant — Sodium Hydroxide

DATE	cost/gal	gallons used	Total cost
Mar-15	$0.6770	2,055	$1,391.24
Apr-15	$0.6770	1,761	$1,192.20
May-15	$0.6770	2,354	$1,593.66
Jun-15	$0.6770	2,648	$1,792.70
Jul-15	$0.6536	3,379	$2,208.51
Aug-15	$0.6536	3,979	$2,600.67
totals		16176	$10,778.97

Lawton Valley Plant

Mar-15	$0.6770	3,857	$2,611.19
Apr-15	$0.6770	2,227	$1,507.68
May-15	$0.6770	2,825	$1,912.53
Jun-15	$0.6770	2,467	$1,670.16
Jul-15	$0.6536	2,572	$1,681.06
Aug-15	$0.6536	2,371	$1,549.69
totals		16319	$10,932.30

Combined totals	32,495	$21,711.27

Newport Water Division Chemical Cost Breakdown

Station One plant — Sodium Chlorite

DATE	cost/lb	lbs used	Total cost
Mar-15	$0.5890	4,019	$2,367.19
Apr-15	$0.5890	4,480	$2,638.72
May-15	$0.5890	6,463	$3,806.71
Jun-15	$0.5890	8,311	$4,895.18
Jul-15	$0.5890	9,241	$5,442.95
Aug-15	$0.5890	10,438	$6,147.98
totals		42952	$25,298.73

Lawton Valley Plant

Mar-15	$0.5890	3,522	$2,074.46
Apr-15	$0.5890	4,074	$2,399.59
May-15	$0.5890	5,181	$3,051.61
Jun-15	$0.5890	6,056	$3,566.98
Jul-15	$0.5890	6,258	$3,685.96
Aug-15	$0.5890	8,104	$4,773.26
totals		33195	$19,551.86

Combined totals		76,147	$44,850.58

Newport Water Division Chemical Cost Breakdown

Station One plant — Polyaluminum chloride

DATE	cost/gal	gallons used	Total cost
Mar-15	$1.7000	4,399	$7,478.30
Apr-15	$1.7000	4,341	$7,379.70
May-15	$1.7000	5,493	$9,338.10
Jun-15	$1.7000	5,592	$9,506.40
Jul-15	$1.4500	6,450	$9,352.50
Aug-15	$1.4500	6,677	$9,681.65
totals		32952	$52,736.65

Lawton Valley Plant

Mar-15	$1.7000	4,598	$7,816.60
Apr-15	$1.7000	3,790	$6,443.00
May-15	$1.7000	4,685	$7,964.50
Jun-15	$1.7000	5,186	$8,816.20
Jul-15	$1.4500	5,542	$8,035.90
Aug-15	$1.4500	5,277	$7,651.65
totals		29078	$46,727.85

Combined totals	62,030	$99,464.50

Newport Water Division Chemical Cost Breakdown

Station One plant — Sodium Hypochlorite

DATE	cost/gal	gallons used	Total cost
Mar-15	$0.5491	1,097	$602.36
Apr-15	$0.5491	1,121	$615.54
May-15	$0.5491	1,165	$639.70
Jun-15	$0.5491	1,541	$846.16
Jul-15	$0.6435	1,758	$1,131.27
Aug-15	$0.6435	1,936	$1,245.82
totals		8618	$5,080.86

Lawton Valley Plant

Mar-15	$0.5491	1,959	$1,075.69
Apr-15	$0.5491	1,713	$940.61
May-15	$0.5491	2,240	$1,229.98
Jun-15	$0.5491	2,533	$1,390.87
Jul-15	$0.6435	2,565	$1,650.58
Aug-15	$0.6435	2,029	$1,305.66
totals		13039	$7,593.39

Combined totals	21,657	$12,674.25

Newport Water Division Chemical Cost Breakdown

Station One plant — Fluoride

DATE	cost/lb	lbs used	Total cost
Mar-15	$0.5171	425	$219.77
Apr-15	$0.5171	386	$199.60
May-15	$0.5171	466	$240.97
Jun-15	$0.5171	421	$217.70
Jul-15	$0.5000	495	$247.50
Aug-15	$0.5000	493	$246.50
totals		2686	$1,372.04

Lawton Valley Plant

Mar-15	$0.5171	459	$237.35
Apr-15	$0.5171	510	$263.72
May-15	$0.5171	487	$251.83
Jun-15	$0.5171	551	$284.92
Jul-15	$0.5000	338	$169.00
Aug-15	$0.5000	462	$231.00
totals		2807	$1,437.82

Combined totals	5,493	$2,809.86

Newport Water Division Chemical Cost Breakdown

Station One plant — Carus Profloc 5215A

DATE	cost/lb	lbs used	Total cost
Mar-15	11.2727	30	$338.18
Apr-15	11.2727	60	$676.36
May-15	11.2727	60	$676.36
Jun-15	11.2727	53	$597.45
Jul-15	11.2727	60	$676.36
Aug-15	11.2727	74	$834.18
totals		337	$3,798.90

Lawton Valley Plant

Mar-15	11.2727	0	0
Apr-15	11.2727	0	0
May-15	11.2727	0	0
Jun-15	11.2727	0	0
Jul-15	11.2727	0	0
Aug-15	11.2727	0	0
totals		0	0

Combined totals		337	$3,798.90

Newport Water Division Chemical Cost Breakdown

Granular Activated Carbon

DATE	cost/cf	CF used	Total cost
Mar-15	$48.4100	0	$0.00
Apr-15	$48.4100	0	$0.00
May-15	$48.4100	0	$0.00
Jun-15	$29.8800	1640	$49,003.20
Jul-15	$29.8800	0	$0.00
Aug-15	$29.8800	0	$0.00
totals		1640	$49,003.20

Newport Water Division Chemical Cost Breakdown

Copper Sulfate

DATE	cost/lb	lbs used	Total cost
Mar-15	$1.6900	0	$0.00
Apr-15	$1.6900	0	$0.00
May-15	$1.6900	0	$0.00
Jun-15	$1.6900	2100	$3,549.00
Jul-15	$1.6700	11200	$18,704.00
Aug-15	$1.6700	8000	$13,360.00
totals		21300	$35,613.00

POLICY RELATED TO FUTURE EXPANSION AND RENOVATIONS OF THE PHYSICAL PLANT
Newport Water Division

The Newport Water Division maintains its treatment facilities to ensure they operate in accordance with all regulatory requirements and accepted standards in order to provide and deliver the safest and most reliable drinking water to all of its customers.

Since 2008, Newport Water had been planning significant capital projects at its two water treatment plants – Lawton Valley and Station 1. The projects included the design and construction of a new Lawton Valley Water Treatment plant and significant improvements to the Station 1 Water Treatment Plant (collectively the "Projects"). The Projects addressed anticipated future water quality regulations, water treatment facility capacity, and reliability needs. In January 2012 the Newport City Council awarded a Design Build contract for Project. The new facilities were required by contract to be in service by December 2014. After the final design and permitting process was completed, construction at both water treatment plants began in August 2012. With approval from the Rhode Island Department of Health the Station 1 plant went into full scale operation on July 31, 2014 and the new Lawton Valley plant went into full scale operation on September 17, 2014. Both plants have advanced water treatment processes incorporated into the treatment train for use when raw water quality requires additional treatment.

The City submitted in February, 2015 an update to the Water Infrastructure Replacement Plan (IRP) to the RIDOH for review and approval. The long term improvements recommended for the treatment facilities were incorporated into the IRP.

The Capital Improvement Plan adopted by the Newport Water Division is implemented in accordance with the 2015 Water Infrastructure Replacement Plan.