

1 **INTRODUCTION**

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

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

5  
6 **Q. By whom are you employed and in what capacity.**

7 A. I am a Vice President of Raftelis Financial Consultants, Inc. (RFC), a consulting firm  
8 specializing in the areas of water and wastewater finance and pricing. RFC was established in  
9 1993 in Charlotte, North Carolina, by George A. Raftelis to provide environmental and  
10 management consulting services to public and private sector clients. RFC is a national leader in  
11 the development of water and wastewater rates that satisfy local government objectives.

12

13 **Q. Please describe your educational background and work experience.**

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

- 20 • Utility Cost of Service and Rate Structure Studies  
21 • Privatization Feasibility Studies  
22 • Privatization Procurements  
23 • Utility Financial Planning Studies  
24 • Municipal Financial Planning Studies

25

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

28 A. Yes. I provided testimony in Newport's two previous rate filings (Docket Nos. 3578 and  
29 3675).

30

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

2 A. Yes. I am a member of the American Water Works Association where I serve as chairman of  
3 the Competitive Practices Committee and I am a member of the Financial Management  
4 Committee of the New England Water Works Association.

5

6 **Q Please describe your role in this proceeding?**

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

11

12 **Q. Please describe the purpose of your testimony.**

13 A. This testimony provides an explanation for each schedule attached to my testimony. The  
14 schedules calculate the pro forma revenue requirements of Newport Water, as well as the  
15 commodity rates for retail customers of the City of Newport Water Division ("Newport"), and  
16 rates for the United States Navy ("Navy") and the Portsmouth Water and Fire District  
17 ("PWFD"). Other charges calculated in the model include a billing charge, and both public and  
18 private fire protection charges for Newport, and portions of Middletown and Portsmouth. The  
19 testimony also serves as a guide to other sources where assumptions are used, the logic that was  
20 used in the development of the model, and the flow of empirical and calculated information.

21

22 **Q. What are your general conclusions?**

23 A. As shown on RFC Schedule 5 Newport Water would need additional revenue of \$1,580,896 if  
24 the current rates were in effect during the rate year, and as set forth in RFC Schedule 1, Newport  
25 is seeking \$1,318,863 in additional revenue (before offsets) over the amount provided for in  
26 Docket 3675.

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

28 A. The proposed Rate Year is July 1, 2007 to June 30, 2008. The Test Year is July 1, 2005 to  
29 June 30, 2006.

1 **Q. Can you quantify the costs responsible for the proposed rate increase?**

2 A. Yes, the increase is due to several factors. The current commodity rates and billing charge are  
3 insufficient to meet Newport Water's anticipated rate year costs associated with providing  
4 service to its customers. The net revenue requirements to be recovered from rates as set forth in  
5 RFC Schedule 1 are \$10,160,242. As shown on RFC Schedule E, if the existing rates were to  
6 remain in effect during the Rate Year, Newport Water would only recover \$9,022,422 from rates  
7 and charges resulting in a revenue shortfall of \$1,580,896.

8 **CONTENT OF SCHEDULES**

9 **Q. Please provide a brief description of your prefiled schedules.**

10 A. There are nine main schedules and twelve support schedules in this filing. The main  
11 schedules are as follows:

12 RFC Schedule 1-Summary of Revenue Requirements: Summarizes Newport Water's FY 2008  
13 revenue requirements in a format that exhibits the amounts allowed in Docket # 3675, the test  
14 year, adjustments to develop a normalized test year, normalized test year and rate year revenue  
15 requirements including adjustments that are listed separately by each account.

16  
17 RFC Schedule 2 - Summary of O&M Revenue Requirements by Line Item: Summary of the  
18 O&M revenue requirements allowed in Docket # 3675, the test year, normalizing adjustments to  
19 the test year, a normalized test year, adjustments to the normalized test year and rate year  
20 revenue requirements by O&M expense line item.

21  
22 RFC Schedule 3 - Revenue Requirements - Detail: Revenue requirements by expenses line item  
23 for each of Newport Water's nine operating divisions are shown on these schedules.

24  
25 RFC Schedule 4 – Capital Needs and Sources: This schedule lists capital projects by different  
26 functional activities that Newport Water expects to undertake during the rate year. In addition,  
27 funding sources for these projects are identified (i.e., rate funding (contribution to the capital  
28 spending account), proceeds from the SRF loan, grants and the Water Quality Protection Fund  
29 proceeds). Newport Water is in the process of securing the proceeds from a previously approved  
30 \$3 million SRF loan ( referred to as the 2007 Series A Borrowing) and anticipates securing an

1 additional loan of approximately \$2.8 million during the third quarter of FY 2007 (referred to as  
2 the 2007 Series B Borrowing). As shown, Newport plans to use \$1,360,250 in proceeds from the  
3 2007 Series A SRF loan to fund a project at Lawton Valley and \$1,570,094 in proceeds from the  
4 2007 Series B SRF loan to fund projects at its reservoirs, treatment plants and in its transmission  
5 and distribution system. The remaining \$1,715,056 in projects scheduled for the rate year will be  
6 funded with rate revenues.

7  
8 RFC Schedule 5 – Allocation of Costs to Customers and Charges: This schedule shows the way  
9 in which the rate year revenue requirements are allocated to each customer class and  
10 demonstrates the calculation of the rate increase required based on each customer class' share of  
11 net rate year revenue requirements.

12  
13 RFC Schedule 6 – Proposed Rates and Charges: The percentage rate increase calculated in  
14 Schedule RFC 5 is applied to the existing rates in this schedule resulting in the proposed rates.

15  
16 RFC Schedule 7 – Summary of Revenues and Expenses: The actual revenue that was generated  
17 for the test year from rates, charges, and other sources is shown along with the rate year revenue  
18 that is projected to be generated from the projected consumption, number of bills, and fire  
19 protection accounts based on existing and proposed rates and charges. Comparisons of the  
20 revenue requirements for the test year and the two rate year scenarios show the surpluses and  
21 deficits generated. This schedule also shows the pro forma revenues and expenses developed for  
22 Docket # 3675.

23  
24 RFC Schedule 8 – Customer Impacts: Comparison of bills for customers at existing rates and  
25 proposed commodity rates and billing charges are shown at varying consumption levels. In  
26 addition, an average level of consumption is provided for each customer class's respective billing  
27 period.

28  
29 RFC Schedule 9 – Restricted Accounts Balances: Historical and projected activity in the  
30 restricted accounts that have been used by Newport Water since the prior filing is tracked from

1 the test year through FY 2011. The accounts included in this schedule are: the Debt Service  
2 Account, Repayment to City Account, Capital Spending Account, Chemical Allowance Account,  
3 Electricity Account, Retiree Insurance Account, and Accrued Benefits Buy-out Account.

4 The debt service requirements in the Debt Service Account schedule reflect the debt service  
5 requirements for Newport Water's existing debt and the debt service on proposed SRF loans  
6 (2007 Series A and B). Since both of these loans will be in effect prior to the beginning of the  
7 rate year they are represented as existing loans in the schedules for this filing and debt service on  
8 these loans is reflected in the schedule showing activity in the Debt Service account. As  
9 discussed later in my testimony, Newport Water anticipates that it will be required to secure  
10 additional debt in order to fully fund capital projects proposed to be implemented in FY 2007  
11 through FY 2011; however, since debt service on these anticipated future borrowings will not  
12 effect the rate year it is not shown on RFC Schedule 9.

13  
14 The Support schedules are as follows:

15 RFC Schedule A – Capital Improvements Plan: The complete five year CIP as provided in  
16 accordance with the Water Division's RIDOH approved 2005 Infrastructure Replacement Plan is  
17 shown in this schedule.

18  
19 RFC Schedule B – Debt Service: The debt service payments for existing revenue bonds and the  
20 estimated debt service for the 2007 SRF Loans through FY 2010 are included in this schedule.

21  
22 RFC Schedule C – Individual Line Item Support for Adjustments to Test Year and Normalized  
23 Test Year: This schedule represents the origin of the adjustments from the test year to the  
24 normalized test year and for adjustment to the normalized test year to arrive at the rate year for  
25 specific line items. Additional justification for specific adjustments is provided later in this  
26 testimony and in the testimony of others. Please note that these schedules are working schedules  
27 and were not developed in a format conducive to printing. The schedules will print, but are best  
28 viewed in the electronic version of the rate model.

29

1 RFC Schedule D –Offsets to Revenue Requirements: Revenues generated from sources other  
2 than rates and charges that are used to offset the rate year revenue requirements are included in  
3 this schedule.

4  
5 RFC Schedule E – Revenue Proof: In addition to the information provided in Schedule RFC 7,  
6 this schedule calculates debt service coverage in the rate year for total and existing debt service  
7 and the estimated debt service on the SRF Loans.

8  
9 RFC Schedule F – Water Consumption Summarized By Class: Includes the annual consumption  
10 from FY 2000 through FY 2006 by customer class and billing type and the projected  
11 consumption for the rate year.

12  
13 RFC Schedule G – Water Service Bills Summary: Includes the annual number of bills from FY  
14 2000 through FY 2006 by customer class and billing type and the projected number of bills for  
15 the rate year.

16  
17 RFC Schedule H – Public and Private Fire Protection Accounts: Shows the number of public and  
18 private fire protection accounts from FY 2000 through FY 2006 and the projected number of  
19 accounts for the rate year and following years.

20  
21 RFC Schedule I – Preliminary Capital Plan: This schedule shows Newport’s CIP and a  
22 preliminary plan to fund the projects in the CIP through FY 2011. As shown, this plan includes  
23 funding projects with the two SRF loans in FY 2007, but also anticipates additional SRF loans in  
24 FY 2009, FY 2010 and FY 2011. The debt service associated with these additional loans in  
25 shown on page 4 of this schedule. It should be noted that these anticipated borrowings do not  
26 effect the rate year and the rates proposed in this filing are not intended to recover the debt  
27 service on these loans. This schedule was developed for the sole purpose of helping Newport  
28 plan for its future capital needs.

29

1 RFC Schedule J - Projected Debt Service Account Balance Including Future Loans: This is a  
2 companion schedule to RFC Schedule I and shows projected activity in the debt service  
3 restricted account assuming Newport issues the additional debt reflected in its preliminary capital  
4 plan. This schedule shows that while the current rates and the rates proposed in this filing will  
5 support Newport's debt service requirements through FY 2009, future rate increases would be  
6 required to support the debt service requirements of future debt. It is anticipated that Newport  
7 would file for any needed rate increases.

8  
9 RFC Schedule K – Repayment to the City Account Scenario: This is a schedule that shows the  
10 effect of allowing Newport Water to use funds from this account to pay current liabilities such as  
11 payroll reimbursements to the City of Newport and outstanding vendor invoices. I address this  
12 issue in my testimony herein below.

13  
14 **REVENUE REQUIREMENTS**

15 **Q. How were the revenue requirements developed for Newport?**

16 A. The summary revenue requirements are shown in Schedule RFC 1, which shows the operation  
17 and maintenance ("O&M") costs and capital expenses for the entire Newport Water system,  
18 including the PWFD and the Navy.

19 A test year that is based on the actual expenses incurred by the Newport Water for the period  
20 from July 1, 2005 through June 30, 2006 is shown in Schedules RFC 1, RFC-2 and RFC 3 for  
21 each line item in the budget. Additionally, these schedules present a normalized test year which  
22 reflects known differences between the actual amounts expended in the test year and what should  
23 have been spent in a normal year.

24 The Rate Year was developed by examining each cost line item for the Normalized Test Year  
25 and making adjustments as necessary to reflect the anticipated cost to provide service during the  
26 Rate Year. The adjustments to the Test Year are shown in the Adjustments column. Further  
27 details regarding these adjustments are provided in the Testimony of Julia Forgue, the City of  
28 Newport Public Works Director. The overall result indicates the revenue requirements that will  
29 need to be recovered through rates and charges from Retail, the Navy and the PWFD.

1 **Q. With respect to the Normalized Test Year, please explain why the actual amounts**  
 2 **expended in the Test Year do not accurately reflect the “normal” level of expenditures by**  
 3 **the utility during the course of a year.**

4 A. There were two primary factors that contributed to FY 2006 being outside of what would be  
 5 considered a “normal” year for Newport Water. First, Newport’s sales were less than projected.  
 6 Second, the increased revenues in Docket 3675 did not go into effect until six months into the  
 7 rate year.

8 **Q. Please explain the impact caused by Newport Water’s decreased sales.**

9 A. Water sales during FY 2006 were approximately 5.25% lower than average annual water sales  
 10 during the period beginning with FY 2000 and ending with FY 2006 and 3.8% lower than the  
 11 sales projected in Newport’s previous rate filing (Docket # 3675). It is likely that the chief  
 12 contributing factor was the inordinately large amount of precipitation in Newport during FY  
 13 2006, which as shown on the following table, was 31% higher than the average annual rainfall  
 14 during the four year period beginning in FY 2002 and ending in FY 2005.

**Rainfall Data / Newport WPCF**

	<i><b>FY02</b></i>	<i><b>FY03</b></i>	<i><b>FY04</b></i>	<i><b>FY05</b></i>	<i><b>FY06</b></i>
<i><b>July</b></i>	4.15	2.18	3.29	3.00	1.05
<i><b>August</b></i>	3.30	0.70	5.21	6.61	3.80
<i><b>September</b></i>	1.70	6.47	3.19	7.53	3.33
<i><b>October</b></i>	2.33	4.85	4.93	3.07	11.14
<i><b>November</b></i>	0.70	6.51	2.74	4.34	8.45
<i><b>December</b></i>	2.62	6.10	3.88	5.22	3.55
<i><b>January</b></i>	3.23	2.73	2.01	5.34	6.53
<i><b>February</b></i>	1.64	5.25	3.09	2.94	2.24
<i><b>March</b></i>	4.64	6.35	3.87	5.73	1.44
<i><b>April</b></i>	3.39	6.42	7.07	5.29	3.38
<i><b>May</b></i>	6.50	2.83	2.23	3.63	8.62
<i><b>June</b></i>	3.76	6.28	2.49	1.36	9.62
<b>Total</b>	<b>37.96</b>	<b>56.67</b>	<b>44.00</b>	<b>54.06</b>	<b>63.15</b>
<i><b>Average FY 2002 - FY 2006</b></i>	<b>48.17</b>				

15 **% difference between Average and FY 2006      31%**

16 This decline in water sales impacted Newport Water in two ways. First, reduced sales resulted in  
 17 reduced revenues. The reduction in revenues led to cash shortages during a number of months



1 such that Newport Water was unable to fund payroll and pay vendors in a timely manner. Given  
2 these circumstances, the management of Newport Water was required to significantly reduce, if  
3 not completely eliminate, spending during those months on items that were considered to be  
4 somewhat discretionary in nature. This reduction in spending on “discretionary” items led to  
5 Newport Water spending significantly less on a number of expense items than they would during  
6 a normal year when water sales were in keeping with historical averages and the amount used in  
7 the calculation of water rates. Some of the specific expense accounts that were impacted in this  
8 way include Conferences and Training and several line items related to facility and equipment  
9 maintenance. Additional details relating to the reduction in expenditures during FY 2006 are  
10 provided in the testimony of Julia Forgue.

11 **Q. Did the increased rainfall in FY06 affect Newport Water in any other way?**

12 A. Yes. Since all of Newport’s reservoirs were provided with an adequate supply of inflow, the  
13 need to pump raw water from some of the more remote reservoirs was reduced. This resulted in  
14 Newport Water using far less electricity in the transportation of raw water than was anticipated.  
15 The impact of greater than average precipitation on electricity costs is also described in the  
16 testimony of Julia Forgue.

17 **Q. Please explain how the timing of the decision in Docket 3675 impacted Newport Water’s**  
18 **test year.**

19 A. As I stated above, the second factor that contributed to FY 2006 being different from a normal  
20 year was the fact that a settlement in Newport’s previous rate case was not reached until  
21 November of 2005 and rates did not go into effect until December of FY 2006, six months into  
22 the rate year. This affected Newport Water in two ways. First, during the first half of FY 2006  
23 Newport Water was operating with a budget based on its rate filing under Docket 3578. Since  
24 many of the allowed expenditures were lower in the filing for Docket 3578 than those in the  
25 filing for Docket 3675, Newport was required to spend less on certain items during the first six  
26 months of FY 2006 in order to stay within its budget and operate using the revenues generated  
27 by the rates allowed in Docket 3578. As a result, Newport Water spent less on certain items in  
28 FY 2006 than they would have in a normal year in which rates capable of generating sufficient

1 revenues were in effect during the entire year. The testimony of Julia Forgue provides details  
2 regarding the specific line items that were impacted by this factor, but overall, Newport's O&M  
3 expenses in FY 2006 of \$5,630,788 were \$620,602 less than was anticipated in Docket # 3675.

4 **CASH FLOW ISSUES**

5 **Q. Did the decreased revenue and the timing of the Docket 3675 increase cause any other**  
6 **problems?**

7 A. Yes, they did. As the Commission knows from tracking Newport Water's monthly cash flow  
8 and trial balance reports, Newport has been struggling with cash flow issues. Some of these  
9 struggles are caused by the two factors outlined above (lower than projected revenue and the  
10 timing of the Docket 3675 increase). In addition there were other contributing factors – some of  
11 which are unique to Newport Water and some that are faced by a number of regulated utilities in  
12 Rhode Island.

13

14 **Q. What are some of the factors unique to Newport?**

15 A. As the Commission knows, Newport struggled for a number of years with problems caused  
16 by the management of the Water Department and with the City of Newport itself. These  
17 struggles were outlined in Julia Forgue's rebuttal testimony in Docket 3578. Certainly, Newport  
18 Water's current management team, in conjunction with the City of Newport, has worked  
19 diligently to correct the problems and move the utility forward to a more stable position.  
20 However Newport is still dealing with some of the lingering effects caused by the  
21 mismanagement of former officials in the City of Newport and the Newport Water Department.

22 To begin with, the problems caused by Newport's past management team affected Newport's  
23 filing in Docket 3578. The Commission will recall that the application to increase rates in Docket  
24 3578 was submitted on November 28, 2003. Due to the problems formerly detailed by Ms.  
25 Forgue, that filing used a non-coinciding test year of April 1, 2002 to March 31, 2003 and a rate

1 year of July 1, 2003 to June 30, 2004. A settlement was approved on June 22, 2004, eight days  
2 before the expiration of the rate year, and the settlement did not provide for a rate increase.

3 In addition, during the litigation of Docket 3578, the City of Newport informed the Water  
4 Department that it would no longer advance money from the General Fund, and the City  
5 established a separate checking account for the Water Fund. As a result, Newport Water had to  
6 start paying bills it incurred solely from revenue it collected. Also, during the litigation of  
7 Docket 3578, it became clear during that another rate case would have to be prepared and filed  
8 after the conclusion that Docket. This was especially true as the settlement agreement did not  
9 provide for a rate increase.

10 Therefore, Newport Water filed an application to increase rates on April 22, 2005. The Test Year  
11 in Docket 3675 was July 1, 2003 to June 30, 2004 and the rate year was July 1, 2005 to June 30,  
12 2006. A settlement agreement was reached on November 4, 2005 and became effective on  
13 November 11, 2005. Thus, Newport was halfway through its rate year when the new rates  
14 became effective. Furthermore, it should be noted that increase granted in Docket 3675 was  
15 Newport Water's first increase in approximately six years. This was the equivalent of a 3.4%  
16 increase per year over that time period, which barely keeps pace with inflation.

17 By contrast, Newport's filing in the instant case proposes that its rates become effective in  
18 February 2007. Thus, assuming the Commission suspends the effective date, and that a full six  
19 months elapses before new rates take effect, the rate year will be approximately two months old  
20 when the new rates take effect. Furthermore, any increase in this case will build upon the  
21 increase in Docket 3675. Hopefully, this will put the Water Department in the position of having  
22 the appropriate revenue to operate.

23 **Q. What are some of the other factors particular to Newport that have contributed to its**  
24 **cash flow problem?**

25 A. The other factors are an unexpected tax settlement resulting in payments made to Middletown  
26 in FY 2006 and FY 2007 in the amount of \$187,043; a Rhode Island Department of  
27 Environmental Management (RIDEM) Notice of Violation Penalty (\$50,000); and the RI

1 Council 94 AFSCME retroactive pay settlement (\$294,313). A full explanation of these expenses  
2 is set forth in Ms. Forgue's testimony.

3

4 **Q. What are some of the other factors that contributed to Newport's cash flow problems**  
5 **that are faced by other municipal utilities?**

6 A. In any application for increased rates filed by a regulated municipal utility there is a so-called  
7 "rate lag" inherent when any increase is granted. Once a case is filed, the proposed rates are  
8 typically suspended by the Commission. This suspension is followed by six months of  
9 investigations and hearings. Thus, it typically takes seven months before a decision is rendered  
10 or a settlement is reached. With Newport's tertiary billing of most accounts, the first bills at the  
11 new rate do not go out until approximately four months after the rate increase is approved.  
12 Thereafter, the new increased revenue is not collected until the following month when payment  
13 is due. Therefore, the initial impact of new rates billed to monthly customers is not felt until  
14 about nine to ten months after the case is filed, and the initial impact from tertiary customers is  
15 not felt for twelve months after the case is filed. The full impact is not realized until the rates  
16 have been in effect for full year, which is approximately nineteen months after a case is filed. As  
17 a result, the increase granted in Docket 3675 (which was the first in six years) would not have  
18 been fully realized until April 2006, and as set forth above, in actuality it was never fully  
19 realized.

20 In addition, the issue raised above – lower than forecasted revenues; heavy rainfall effecting  
21 sales; unexpected expenses – are experienced by other utilities as well.

22 **Q. How have these cash flow problems affected Newport Water.**

23 A. As has been demonstrated in Newport Water's monthly cash flow reports, the most immediate  
24 impact has been felt in the areas of payroll reimbursement to the City of Newport and the  
25 payment of outstanding vendor invoices.

1 To a certain extent there will always be some amount of unreimbursed payroll to the City of  
2 Newport, as Newport Water is a department of the municipality. However, Newport would like  
3 to see the total amount to be reimbursed lowered substantially.

4

5 **Q. Does Newport have any proposals to deal with these deficits?**

6 A. Yes. On a short term basis, Newport is asking to use funds from the Repayment to the City  
7 restricted account to pay all outstanding payroll and vendor invoices. On a long term basis  
8 Newport is requesting that its operating reserve allowance be increased.

9 **RESTRICTED REPAYMENT TO CITY ACCOUNT**

10 **Q. Please explain why Newport is requesting to use funds from the restricted Repayment to**  
11 **City Account.**

12 A. The restricted Repayment to City account was established in Docket 3578 to repay the City of  
13 Newport two million five hundred thousand dollars (\$2,500,000). The payments to the City were  
14 to be made over a five year period through installment payments of \$500,000. Currently, four  
15 installment payments have been made and the total balance due to the City of Newport is one  
16 million dollars (\$1,000,000).

17 At the end of FY 06, the restricted Repayment to City account had a balance of \$1,037,218. A  
18 payment of \$500,000 was made to the City in July of FY 2007 (for the approved FY06  
19 installment), reducing the available balance as of this filing to \$787,218. The next installment  
20 payment of \$500,000 is due to be made on June 30, 2007 (pending Commission approval), and  
21 the final installment is to be paid on June 30, 2008 (pending Commission approval). As shown in  
22 RFC Schedule K, if the Commission allowed Newport Water to skip the repayment installment  
23 scheduled for June 2007, make reduced payments of \$250,000 each year until the end of FY  
24 2011, and use the current available balance in this account, Newport Water could pay down a  
25 significant portion of its unreimbursed payroll and outstanding vendor payables.

26

1 **OPERATING REVENUE ALLOWANCE**

2 **Q. Please explain why Newport is requesting an increase in its Operating Revenue**  
3 **Allowance in this Docket.**

4 A. In previous rate filings Newport Water has requested, and been allowed, an operating reserve  
5 in an amount equal to 1.5% of total revenue requirements. It has been Newport's desire to use  
6 these funds to build a working capital reserve that could be used for three purposes; to cover  
7 operating costs during the period between when expenses related to providing service are  
8 incurred and when revenues from customers are actually received; to cover expenses during  
9 period when revenues are down either due to seasonal decreases in demand or weather related  
10 decreases in demand; and to cover any unforeseen costs that were not included in the rate year  
11 revenue requirements. Unfortunately, during the past several years Newport has been unable to  
12 use the 1.5% allowance to build an operating reserve due to the fact that it has been required to  
13 use the full amount to pay unforeseen expenses such as tax settlements or to cover expenses  
14 during periods of low consumption due to heavy rainfall. Additionally, it can be argued that  
15 Newport Water did not in fact collect this 1.5% in FY 2006 as total revenues in that year were  
16 approximately \$808,000 less the Newport Water O&M and capital expenses for the same year.

17

18 **Q. Please explain why the previously allowed amount for an Operating Reserve Allowance**  
19 **has been insufficient to address Newport Water's needs?**

20 A. There are a number of reasons why the 1.5% Operating Revenue Allowance is insufficient.  
21 Once again, some of these reasons are specific to Newport, and some are faced by other  
22 regulated municipal utilities. First, as addressed above, the rates allowed under Docket # 3675  
23 did not go into effect until the middle of FY 2006. As a result, rate revenues for FY 2006 were  
24 not sufficient to cover Newport's FY 2006 expenses as approved in Docket # 3675.

25 Docket # 3675 anticipated that Newport Water would generate \$9,280,494 in revenues to cover  
26 \$9,284,455 in expenses. In fact, Newport Water took in \$7,931,537. This amount was

1 insufficient to cover Newport's FY 2006 expenses of \$8,022,605, despite the fact that Newport's  
2 expenses were in fact lower than was anticipated in Docket # 3675.

3 In addition, decreased water sales during recent years in Newport have lead to decreased  
4 revenue. As discussed earlier, during periods of higher than normal precipitation, water sales  
5 tend to drop as customers' water needs decline. This decline in water sales results in a  
6 commensurate decline in rate revenues and can result in a situation where revenues are less than  
7 expenses. This was the case in Newport in FY 2006 when precipitation was 23% higher than the  
8 five year average and water sales were just over 5% below the seven year average and 82.6  
9 million gallons (almost 4%) below the amount projected in the previous rate filing.

10 While these specific numbers may be unique to Newport, the problems of decreased sales and  
11 decreased revenues in any year, for any reason, is not specific to Newport. In fact, when sales are  
12 over-estimated for the rate year, there may not be enough money to cover operation and  
13 maintenance expenses, let alone fund the operating revenue allowance.

14 This revenue shortfall forced Newport to forgo certain expenditures it would have otherwise  
15 made if sufficient cash had been available in an operating reserve fund. Additionally, low cash  
16 flow forced Newport Water to fall behind in its reimbursement of payroll expenses to the City's  
17 General Fund.

18

19 Furthermore, an increased operating revenue allowance may allow Newport to file rate cases less  
20 frequently in the future. As the Commission knows, this in Newport's third rate case in three  
21 years. Any revenue collected to cover unexpected expenses, and funds necessary when sales are  
22 lower than forecasted, will allow Newport to file less frequent rate cases in the future, thus  
23 saving the rate payers in the long run.

24

25 **Q. How is Newport proposing to address their Operating Revenue Allowance situation in**  
26 **this rate filing?**

27 A. Newport is proposing to include an allowance equal to 6% of annual O&M expenses or  
28 approximately \$425,000 in its revenue requirements for this filing. These funds will be used for

1 the purposes described above and any remaining funds will be place in an operating reserve fund  
2 with the intent to build the balance of the reserve fund to amount equal to 45 days of O&M  
3 expenses. If it is assumed that Newport Water will use approximately \$100,000 of these funds  
4 each year, the target reserve fund balance would be achieved over a period of approximately  
5 three years, at which time the annual contribution to this reserve can be reduced to a level that is  
6 sufficient to maintain the appropriate balance in the fund.

7 **Q. Is there an industry standard with respect to the balance that a water utility should**  
8 **maintain in its operating reserve?**

9 A. Unfortunately, published industry standards such as AWWA's M-1 Manual do not provide a  
10 great deal of direction with respect to determining the proper working capital reserve balance.  
11 M-1 does state..." For smaller utilities, the one-eighth method is frequently used. This method  
12 simply takes one-eighth of the level of O&M expenses to estimate the needed level of working  
13 capital."; but does not go into any further detail on the matter. However, it has been our  
14 experience at RFC that municipal utilities target a working capital reserve balance of an amount  
15 equal to 30 to 90 days of operating expenses, with the actual amount dependent upon several  
16 factors including the actual lag between when the costs to provide services are expended and  
17 payment for those services is received. Another factor that must be considered is the utility's  
18 ability to adjust rates to cover unforeseen costs. For example, in a recent survey performed by  
19 RFC for another client, nine of the ten respondents to the survey indicated that they maintain an  
20 operating reserve fund. One utility maintains an operating reserve fund balance equal to 3  
21 months of O&M expenses, four of the utilities target an operating reserve fund balance equal to 2  
22 months of O&M expenses while three have a target operating reserve fund balance ranging  
23 between 1 month and 45 days of O&M expenses. One utility targets a quick ratio (current  
24 assets/current liabilities) of 1.5 and at a minimum 30 days of O&M expenses.

25 **Q. Wouldn't an increase in an Operating Revenue Allowance give Newport an unrestricted**  
26 **source of cash to be spent without Commission oversight?**

27 A. Not necessarily. First, as stated previously, in Newport's most recent years, it has not even  
28 collected enough revenue to cover the expenses approved by the Commission. This has led to the



1 current cash flow problem. Furthermore, the under collection of revenue is out of Newport's  
2 control, or any utility's control for that matter.

3 Furthermore, the Commission certainly could order parameters and restrictions on this reserve.  
4 For instance, the Commission could restrict a certain percentage of the reserve, perhaps four  
5 percent. It could then order Newport to come in for approval to expend funds from the restricted  
6 operating revenue allowance reserve account. It would not be all that much different from what  
7 Newport currently does with the Repayment to the City restricted account. Newport contributes  
8 funds to this account, the money is restricted, and on a yearly basis Newport must demonstrate  
9 that it has complied with the Commissions reporting requirements before the funds can be  
10 released. With respect to the operating revenue allowance account, the funds could likewise be  
11 restricted, and Newport could appear before the Commission quarterly, semi-annually or  
12 annually to request a release of funds upon a demonstration that revenues have been less than  
13 forecasted or that unexpected expenses are anticipated for which funds are needed.

#### 14 **CAPITAL IMPROVEMENTS**

##### 15 **Q. How is the updated capital improvements plan incorporated into the model?**

16 A. The capital revenue requirements for the Rate Year shown in Schedule RFC 3 are based on  
17 the Newport Water's five year capital improvement plan (CIP) and the City's plan to fund the  
18 projects identified in the CIP. The capital revenue requirements for the Rate Year were  
19 developed with a focus on the first two years of the CIP. As shown on RFC Schedule I, Newport  
20 Water plans to use the previously approved \$3,000,000 in State Revolving Fund (SRF) loans  
21 (2007 Series A Borrowing) from the Rhode Island Clean Water Finance Agency (RICWFA) and  
22 an additional \$2,877,299 SRF loan scheduled for the third quarter of FY 2007 (2007 Series B  
23 Borrowing) to fund all, or portions of, nine projects that will commence in FY 2007 through FY  
24 2009 and be completed over the course of the next three years. The remainder of the projects  
25 scheduled for FY 2007 and 2008 will be funded with rate revenues or with funds currently in the  
26 Capital Spending Restricted Account. The proposed rates are calculated to recover revenues  
27 sufficient to fund the rate year's rate funded projects and pay the rate year debt service on the  
28 outstanding revenue bonds and the SRF loans.

1 **Q. Will annual revenues generated under the proposed rates be sufficient to fund all of the**  
2 **projects identified in Newport Water's CIP?**

3 A. Annual revenues generated under the proposed rates will be sufficient to fund a portion of the  
4 projects identified in Newport Water's CIP; however, they will not be sufficient to fund all of the  
5 projects in the CIP. In order to gain a better understanding of its future capital needs, Newport  
6 Water developed the preliminary capital funding plan (RFC Schedule I) that matches all of the  
7 projects in its current CIP with potential funding sources. Rate revenues under the proposed rates  
8 designated to fund capital projects should be sufficient to fund a number of the capital projects  
9 scheduled for FY 2007 through FY2011. However, there are a number of large capital projects,  
10 such as improvements to the transmission and distribution system and improvements to the water  
11 treatment plants that are scheduled for FY 2007 through FY2011, which could not be funded  
12 with the revenues generated under the proposed rates. Newport Water anticipates that it would  
13 look to sources other than rates to fund these projects, with possible options being additional  
14 SRF loans or other forms of tax-exempt debt. It is likely that the implementation of the  
15 preliminary capital funding plan in future years will have an impact on the rates that Newport  
16 Water charges its customers. At such time that Newport Water has made final decisions  
17 regarding its plan to fund projects in fiscal years 2009 and beyond and fully understands the  
18 impact on its rates of implementing that plan, it will appear before the Commission for approval  
19 of any needed rate changes.

20 **Q. How is the debt service on the SRF loans incorporated into the revenue requirements?**

21 A. Debt service on the SRF loans is shown on Schedule RFC B. Debt service on the previously  
22 approved \$3,000,000 2007 Series A SRF loan is based debt service schedules provided by the  
23 RICWFA. Debt service on the 2007 Series B SRF loan proposed for the latter part of FY 2007 is  
24 calculated assuming a 3.75% interest rate with a twenty year term. These assumptions were  
25 based on information provided by representatives of the Rhode Island Clean Water Finance  
26 Agency. While it is possible that the interest rate on the SRF loans will differ from the  
27 assumptions, it is not likely that the difference will be large. The annual debt service  
28 requirements for the SRF loans and the debt service on existing debt obligations of Newport

1 Water are shown on Schedule RFC B and reflected as Contributions to the Debt Service  
2 Restricted Account in the schedules that detail the rate year revenue requirements.

3 **RATE ALLOCATION**

4 **Q. In the settlement for Docket # 3675 Newport agreed to perform a demand study in order**  
5 **to gather the data necessary for a full cost of service study. Has Newport started the study?**

6 A. Yes, Newport has started collecting data on the demand characteristics of its customers. In  
7 the spring of 2006 Newport installed remote read meters at approximately 50 residential and  
8 commercial accounts representing a cross section of Newport's customer base. These meters  
9 were read daily during the peak demand period of May through September.

10  
11 **Q. Was this data used in the preparation of this rate filing?**

12 A. No. To begin with, one year of data is not sufficient to base conclusions regarding demand  
13 characteristics, particularly when the data was collected during a year in which rainfall was  
14 significantly above average as was the case in the spring and summer of 2006. Additionally, in  
15 order to gain a full understanding of Newport customer's demand patterns it will be necessary to  
16 gather data from a broader cross section of its customer base. The remote read devices that  
17 Newport installed in 2006 were provided by a vendor at little or no cost to Newport; however,  
18 the additional devices that will be necessary to gather more complete data will require a  
19 significant investment which Newport was unable to make in FY 2006 due to the previously  
20 mentioned cash flow concerns.

21  
22 **Q. Does Newport have plans to install the equipment necessary to gather more complete**  
23 **demand data?**

24 A. Yes. In FY 2007, Newport spent approximately \$20,000 on for radio read pilot program and  
25 plans to spend almost \$2 million over the next five years on the installation of remote read  
26 devices that will allow then to gather more complete demand data. The need to gather more  
27 complete demand data will be a primary consideration during the development of the radio read  
28 device installation plan. As demand data is collected, it will be analyzed on a yearly basis and at  
29 such time that we have sufficient data, we will prepare a cost of service study. Depending on the  
30 data collected, it could take three to four years to perform an appropriate study.

1 **Q. How does Newport propose to allocate costs among customer classes?**

2 A. Pursuant to the Settlement Agreement in Docket 3675, Newport was not precluded from filing  
3 a general rate filing before the completion of the demand study and the cost of service study.  
4 Furthermore, the way in which Newport Water provides service to its customers has not changed  
5 significantly since Newport Water's most recent rate filing (Docket # 3675) and Newport Water  
6 has not had sufficient time to gather the consumption data necessary to perform a detailed cost of  
7 service analysis. Therefore, it is Newport's position that the cost allocations set forth in Docket #  
8 3675 should remain until the agreed upon cost of service analysis can be completed.

9  
10 **Q. How are the revenue requirements allocated to each of Newport's customers?**

11 As shown on Schedule RFC 5, the appropriate allocation of rate year revenue requirements was  
12 developed by first determining the percentage of total rate revenues that each revenue source  
13 would contribute assuming that the existing rates were in effect during the Rate Year. The  
14 resulting percentages were then applied to the rate year revenue requirements to determine each  
15 revenue source's share of the rate year revenue requirements.

16  
17 **Q. What are the revenue sources to which costs are allocated?**

18 A. Newport Water recovers rate revenues from five different revenue sources, the first three  
19 being commodity rates charged to the Navy; PWFD and its retail customers. In addition,  
20 Newport Water recovers rate revenues through its Billing Charge and Fire Protection Charges.

21  
22 **Q. How are the rates and charges calculated?**

23 A. As shown on Schedule RFC 5, commodity rates for Newport Water's retail customer class,  
24 PWFD, and the Navy were calculated by dividing each customer's share of the rate year revenue  
25 requirements by their projected rate year consumption in thousands of gallons to yield a rate per  
26 thousand gallons. In the case of the retail commodity charge, the calculated rate is then rounded  
27 up to the nearest one-hundredth of a dollar. The calculated rate for PWFD is rounded up to the  
28 nearest one-hundredth of one cent.

1 Billing Charges were determined by dividing the rate year revenue requirements that were  
2 allocated to the Billing Charge by the number of bills anticipated for the rate year. Public Fire  
3 Protection Charges were calculated by dividing the allocation to Public Fire Protection by the  
4 number of fire hydrants served by Newport Water. The calculated billing charge and public fire  
5 protection charge were also rounded up to the nearest one-hundredth of one dollar.

6

7 Private Fire Protection Charges were calculated by dividing the amount of rate year revenue  
8 requirements allocated to each fire protection service size by the number of services of each size  
9 anticipated for the Rate Year. The calculated fire protection charges were also rounded up to the  
10 nearest one-hundredth of one dollar.

11

12 **Q. Have you provided information on what the customer impacts are projected to be?**

13 A. Yes, Schedule RFC 8 shows bills under existing and proposed rates and the percentage  
14 impacts that are likely to occur for various volumes. The Billing Charge increases from \$13.25  
15 per bill to \$15.70 per bill. Commodity Rates for each customer or customer class have increased  
16 by approximately 18.4%.

17 Schedule RFC 8 shows the customer bill for certain volumes under the existing rates and what  
18 the total bill will be under the proposed rates for the same consumption.

19

20 **Q. What consideration has been given as to whether the revenues from the rates and  
21 charges are sufficient to cover revenue requirements for Newport?**

22 A. Schedule RFC 7 serves as a revenue proof to determine revenue sufficiency of the proposed  
23 rates and charges. The revenues that would be generated under the existing rate structure are  
24 shown for commodity rates, base charges, and fire protection charges.

25 **Q. According to the RFC model, are the rates and charges calculated sufficient to meet  
26 revenue requirements?**

27 A. Yes, as shown in Schedule RFC 7, the revenues projected to be recovered from the proposed  
28 rates are approximately \$2,000 greater than the revenue requirements for the Rate Year.

1 **Q. What are the reasons for the increase in the retail and wholesale rates and the base**  
2 **charge?**

3 A. Simply put, the increase in rates is needed because Newport Water's costs to provide service  
4 to its customer is greater than the costs allowed in the previous rate case (Docket # 3675). As  
5 demonstrated by the periodic financial reports that Newport Water has submitted to the  
6 Commission in FY 2006 and FY 2007, the revenues being generated through the existing rates  
7 and charges are barely adequate to meet the utility's costs despite the fact that Newport Water  
8 has been carefully managing its costs. As demonstrated in Schedule RFC 7, the rate year  
9 revenue under existing rates would be insufficient to recover expenses for the rate year.

10

11 The reasons for the increase in the cost for Newport Water to provide service are varied and  
12 include increases in personnel costs driven by increases in salaries and the cost of insurance;  
13 significant increases in the cost of electricity and chemicals; and additional funding for capital  
14 projects that must be implemented such that Newport can meet more stringent water quality  
15 standards and continue to provide reliable service to its customers.

16

17 **Q. Does this conclude your testimony?**

18 A. Yes it does.

19

**City of Newport, Rhode Island**  
**Rhode Island Public Utilities Commission Rate Filing Docket # XXXX**  
**FY 2008 Rate Filing**



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**RFC**

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Summary of Revenue Requirements

Summary of Revenue Requirements by Line Item

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Repayment to the City Account Scenario

<u>Account</u>	<u>Docket # 3675</u>	<u>FY 2006 Test Year (1)</u>	<u>Test Year Normalizing Adjustments</u>	<u>Normalized Test Year</u>	<u>Rate Year Adjustment</u>	<u>FY 2008 Rate Year (2)</u>
<u>Operating Revenue Requirements</u>						
Administration	\$ 1,718,060	\$ 1,492,437	\$ 261,603	\$ 1,754,040	\$ 31,952	\$ 1,785,992
Customer Service	\$ 536,815	\$ 461,413	\$ 54,032	\$ 515,445	\$ 99,552	\$ 614,997
Source of Supply - Island	\$ 455,087	\$ 416,766	\$ 10,846	\$ 427,612	\$ 140,553	\$ 568,165
Source of Supply - Mainland	\$ 95,663	\$ 75,652	\$ 10,891	\$ 86,543	\$ 20,557	\$ 107,100
Treatment - Newport Plant	\$ 1,352,566	\$ 1,132,179	\$ 61,755	\$ 1,193,934	\$ 243,565	\$ 1,437,499
Treatment - Lawton Valley	\$ 1,026,354	\$ 974,709	\$ 19,170	\$ 993,879	\$ 235,839	\$ 1,229,718
Water Laboratory	\$ 213,952	\$ 188,447	\$ 1,982	\$ 190,429	\$ 29,971	\$ 220,400
Transmission & Distribution Maintenance	\$ 838,893	\$ 880,156	\$ 4,214	\$ 884,370	\$ 56,025	\$ 940,395
Fire Protection	\$ 14,000	\$ 9,029	\$ 4,971	\$ 14,000	\$ -	\$ 14,000
<b>Total Operating Requirements</b>	<b>\$ 6,251,390</b>	<b>\$ 5,630,788</b>	<b>\$ 429,464</b>	<b>\$ 6,060,252</b>	<b>\$ 858,014</b>	<b>\$ 6,918,266</b>
<u>Capital Revenue Requirements</u>						
Contribution to Debt Service Account (3)	\$ 1,378,768	\$ 1,431,277	\$ -	\$ 1,431,277	\$ (126,377)	\$ 1,304,900
Contribution to Repayment to City Account (4)	\$ 250,000	\$ 270,829	\$ -	\$ 270,829	\$ (20,829)	\$ 250,000
Contribution to Capital Spending Account (3)	\$ 1,267,088	\$ 1,269,580	\$ -	\$ 1,269,580	\$ 445,476	\$ 1,715,056
<b>Total Capital Requirements</b>	<b>\$ 2,895,856</b>	<b>\$ 2,971,686</b>	<b>\$ -</b>	<b>\$ 2,971,686</b>	<b>\$ 298,270</b>	<b>\$ 3,269,956</b>
SumCheck(0)						
Subtotal Revenue Requirements	\$ 9,147,246	\$ 8,602,474	\$ 429,464	\$ 9,031,938	\$ 1,156,284	\$ 10,188,222
Additional Rev Requirements (Operating Revenue) (5)	\$ 137,209	\$ 137,209	\$ -	\$ 135,479	\$ 279,617	\$ 415,096
<b>Revenue Requirements before Offsets</b>	<b>\$ 9,284,455</b>	<b>\$ 8,739,683</b>	<b>\$ 429,464</b>	<b>\$ 9,167,417</b>	<b>\$ 1,435,901</b>	<b>\$ 10,603,318</b>
Less: Revenue Offsets (6)	\$ (313,704)	\$ (252,796)	\$ -	\$ (252,796)	\$ (190,280)	\$ (443,076)
<b>Net Revenue Requirements</b>	<b>\$ 8,970,751</b>	<b>\$ 8,486,887</b>	<b>\$ 429,464</b>	<b>\$ 8,914,621</b>	<b>\$ 1,245,621</b>	<b>\$ 10,160,242</b>
Checksum	0	0	0	0	0	0

- (1) Test Year covers the period from July 1, 2005 to June 30, 2006.
- (2) Rate Year is the period beginning July 1, 2007 and ending June 30, 2008.
- (3) Funding of Debt Service and Capital Spending accounts based on projected spending on debt service and rate funding of capital projects for FY 2008
- (4) This contribution is related to the \$2.5 million that is to be paid back to the General Fund over a period of 5 years where each annual contribution of \$250,000 is to be funded through rates.
- (5) Used to fund operating reserve. Rate year amount equal to 6% of O&M expenses.
- (6) See Schedule RFC D "Revenue Offsets" for further detail.



Summary of Revenue Requirements by Line Item

RFC Schedule 2

Operating Revenue Requirements		Docket # 3675	FY 2006 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2008 Rate Year
<b>Budget Line Item</b>							
770	Accrued Benefits Buy-Out	\$ 70,000	\$ -	\$ 70,000	\$ 70,000	\$ -	\$ 70,000
005	Permanent - Part Time	\$ 5,200	\$ 5,200	\$ -	\$ 5,200	\$ -	\$ 5,200
001	Salaries & Wages	\$ 1,952,331	\$ 1,840,325	\$ 86,330	\$ 1,926,655	\$ 166,356	\$ 2,093,011
002	Overtime	\$ 172,000	\$ 159,496	\$ -	\$ 159,496	\$ 19,504	\$ 179,000
003	Holiday Pay	\$ 30,000	\$ 28,653	\$ -	\$ 28,653	\$ 7,347	\$ 36,000
004	Temp Salaries	\$ 22,000	\$ 45,591	\$ -	\$ 45,591	\$ (5,591)	\$ 40,000
044	Standby Salaries	\$ 9,641	\$ 9,360	\$ -	\$ 9,360	\$ 281	\$ 9,641
056	Injury Pay	\$ 1,200	\$ 408	\$ 883	\$ 1,291	\$ (91)	\$ 1,200
100	Employee Benefits	\$ 869,916	\$ 799,701	\$ -	\$ 799,701	\$ 290,499	\$ 1,090,200
103	Retiree Insurance Coverage	\$ 209,626	\$ 186,892	\$ -	\$ 186,892	\$ 23,108	\$ 210,000
105	Workers Compensation Insurance	\$ 50,129	\$ 58,301	\$ -	\$ 58,301	\$ 17,699	\$ 76,000
205	Copy & Binding	\$ 1,000	\$ 340	\$ 660	\$ 1,000	\$ -	\$ 1,000
207	Advertisement	\$ 1,500	\$ 10	\$ 1,490	\$ 1,500	\$ -	\$ 1,500
210	Dues & Subscriptions	\$ 2,500	\$ 1,870	\$ 630	\$ 2,500	\$ -	\$ 2,500
212	Conferences and Training	\$ 20,500	\$ 8,613	\$ 11,887	\$ 20,500	\$ -	\$ 20,500
214	Tuition Reimbursement	\$ 2,000	\$ -	\$ 2,000	\$ 2,000	\$ -	\$ 2,000
220	Consultant Fees	\$ 100,000	\$ 169,043	\$ -	\$ 169,043	\$ 957	\$ 170,000
225	Contract Services (Support Services)	\$ 27,500	\$ 24,983	\$ 2,517	\$ 27,500	\$ 2,500	\$ 30,000
230	E Main Recons Escrow	\$ -	\$ 39,851	\$ -	\$ 39,851	\$ (39,851)	\$ -
238	Postage & Delivery	\$ 25,000	\$ 22,902	\$ -	\$ 22,902	\$ 1,098	\$ 24,000
239	Fire & Liability Insurance	\$ 89,725	\$ 85,547	\$ -	\$ 85,547	\$ 8,178	\$ 93,725
251	Telephone & Communication	\$ 10,200	\$ 10,297	\$ -	\$ 10,297	\$ (97)	\$ 10,200
252	Water	\$ 620	\$ 794	\$ -	\$ 794	\$ 166	\$ 960
254	Contribution to Electricity Restricted Account	\$ 434,202	\$ 379,219	\$ 40,000	\$ 419,219	\$ 29,851	\$ 449,070
255	Natural Gas	\$ 71,300	\$ 69,334	\$ -	\$ 69,334	\$ 3,366	\$ 72,700
260	Heavy Equipment Rental	\$ 14,660	\$ 17,387	\$ -	\$ 17,387	\$ (2,727)	\$ 14,660
261	Property Taxes	\$ 214,811	\$ 237,026	\$ -	\$ 237,026	\$ (57,026)	\$ 180,000
265	Sewer Charge	\$ 210,000	\$ 113,812	\$ -	\$ 113,812	\$ 141,588	\$ 255,400
266	Legal & Administrative	\$ 285,005	\$ 243,429	\$ 41,576	\$ 285,005	\$ 34,643	\$ 319,648
267	Data Processing	\$ 189,994	\$ 162,771	\$ 27,223	\$ 189,994	\$ (13,253)	\$ 176,741
268	Mileage Reimbursement	\$ 2,500	\$ 154	\$ -	\$ 154	\$ 1,346	\$ 1,500
271	Gas/Vehicle Maintenance	\$ 114,449	\$ 100,437	\$ -	\$ 100,437	\$ 25,413	\$ 125,850
275	Repair & Maint - Equipment	\$ 208,500	\$ 160,230	\$ 22,770	\$ 183,000	\$ -	\$ 183,000
277	Reservoir Maintenance	\$ 36,000	\$ 13,075	\$ 9,000	\$ 22,075	\$ 8,925	\$ 31,000
280	Regulatory Expense	\$ 20,000	\$ 5,122	\$ -	\$ 5,122	\$ 4,878	\$ 10,000
281	Regulatory Assessment	\$ 75,000	\$ 69,587	\$ -	\$ 69,587	\$ 7,413	\$ 77,000
295	Repairs/Main Maintenance	\$ 75,000	\$ 75,353	\$ 2,000	\$ 77,353	\$ 1,647	\$ 79,000
296	Service Maintenance	\$ 33,500	\$ 22,912	\$ -	\$ 22,912	\$ 10,588	\$ 33,500
297	Hydrant Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
298	Gate Maintenance	\$ 6,690	\$ 711	\$ -	\$ 711	\$ (711)	\$ -
299	Meter Maintenance	\$ 11,000	\$ 2,313	\$ 8,687	\$ 11,000	\$ -	\$ 11,000
311	Operating Supplies	\$ 81,390	\$ 58,268	\$ 19,232	\$ 77,500	\$ (2,000)	\$ 75,500
320	Uniforms & Protective Gear	\$ 5,950	\$ 1,235	\$ 4,365	\$ 5,600	\$ -	\$ 5,600
335	Contribution to Chemical Restricted Account	\$ 333,000	\$ 360,318	\$ -	\$ 360,318	\$ 143,882	\$ 504,200
339	Laboratory Supplies	\$ 10,302	\$ 4,091	\$ 5,909	\$ 10,000	\$ 6,000	\$ 16,000
361	Office Supplies	\$ 36,000	\$ 12,291	\$ 17,709	\$ 30,000	\$ -	\$ 30,000
380	Customer Service Supplies	\$ 5,000	\$ 173	\$ -	\$ 173	\$ 4,827	\$ 5,000
561	Self Insurance	\$ 52,000	\$ 404	\$ 24,596	\$ 25,000	\$ -	\$ 25,000
563	Unemployment Claims	\$ -	\$ 822	\$ -	\$ 822	\$ 11,178	\$ 12,000
175	Annual Leave Buy-back	\$ 22,550	\$ 22,137	\$ -	\$ 22,137	\$ 6,123	\$ 28,260
999	Allowance for Doubtful Accounts	\$ 30,000	\$ -	\$ 30,000	\$ 30,000	\$ -	\$ 30,000
<b>Total Operating Requirements</b>		<b>\$ 6,251,390</b>	<b>\$ 5,630,788</b>	<b>\$ 429,464</b>	<b>\$ 6,060,252</b>	<b>\$ 858,014</b>	<b>\$ 6,918,266</b>
<b>Contribution to Capital Restricted Accounts</b>							
DSA	Debt Service Account	\$ 1,378,768	\$ 1,431,277	\$ -	\$ 1,431,277	\$ (126,377)	\$ 1,304,900
RCA	Repayment to City Account	\$ 250,000	\$ 270,829	\$ -	\$ 270,829	\$ (20,829)	\$ 250,000
CRA	Capital Spending Account	\$ 1,267,088	\$ 1,269,580	\$ -	\$ 1,269,580	\$ 445,476	\$ 1,715,056
<b>Total Capital and Debt Service Requirements</b>		<b>\$ 2,895,856</b>	<b>\$ 2,971,686</b>	<b>\$ -</b>	<b>\$ 2,971,686</b>	<b>\$ 298,270</b>	<b>\$ 3,269,956</b>
<b>Subtotal Revenue Requirements</b>		<b>\$ 9,147,246</b>	<b>\$ 8,602,474</b>	<b>\$ 429,464</b>	<b>\$ 9,031,938</b>	<b>\$ 1,156,284</b>	<b>\$ 10,188,222</b>
Additional Rev. Reqts. (4)		\$ 137,209	\$ 137,209	\$ -	\$ 135,479	\$ 279,617	\$ 415,096
<b>Total Revenue Requirements before Offsets</b>		<b>\$ 9,284,455</b>	<b>\$ 8,739,683</b>	<b>\$ 429,464</b>	<b>\$ 9,167,417</b>	<b>\$ 1,435,901</b>	<b>\$ 10,603,318</b>
Less: Revenue Offsets		\$ (313,704)	\$ (252,796)	\$ -	\$ (252,796)	\$ (190,280)	\$ (443,076)
<b>NET REVENUE REQUIREMENTS</b>		<b>\$ 8,970,751</b>	<b>\$ 8,486,887</b>	<b>\$ 429,464</b>	<b>\$ 8,914,621</b>	<b>\$ 1,245,621</b>	<b>\$ 10,160,242</b>

Revenue Requirements Detail

RFC Schedule 3

Account Detail

Administration

			Docket # 3675	FY 2006 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2008 Rate Year
<u>Account No. 15-500-2200</u>								
<u>Personnel</u>								
S	001	Salaries & Wages	\$ 212,677	\$ 162,035	\$ 46,298	\$ 208,333	\$ 5,667	\$ 214,000
S	044	Standby Salaries	\$ 9,641	\$ 9,360		\$ 9,360	\$ 281	\$ 9,641
B	770	Accrued Benefits Buyout	\$ 70,000	\$ -	\$ 70,000	\$ 70,000	\$ -	\$ 70,000
B	100	Employee Benefits	\$ 75,106	\$ 56,755		\$ 56,755	\$ 31,245	\$ 88,000
B	103	Retiree Insurance Coverage	\$ 209,626	\$ 186,892		\$ 186,892	\$ 23,108	\$ 210,000
B	105	Workers Compensation Insurance	\$ 50,129	\$ 58,301		\$ 58,301	\$ 17,699	\$ 76,000
		Subtotal	\$ 627,179	\$ 473,343	\$ 116,298	\$ 589,641	\$ 78,000	\$ 667,641
<u>Other Operating</u>								
P	207	Advertisement	\$ 1,500	\$ 10	\$ 1,490	\$ 1,500	\$ -	\$ 1,500
P	210	Dues & Subscriptions	\$ 2,500	\$ 1,870	\$ 630	\$ 2,500	\$ -	\$ 2,500
P	212	Conferences and Training	\$ 2,500	\$ 1,976	\$ 524	\$ 2,500	\$ -	\$ 2,500
R	214	Tuition Reimbursement	\$ 2,000	\$ -	\$ 2,000	\$ 2,000	\$ -	\$ 2,000
P	220	Consultant Fees	\$ 100,000	\$ 169,043		\$ 169,043	\$ 957	\$ 170,000
	230	E Main Recons Escrow	\$ -	\$ 39,851		\$ 39,851	\$ (39,851)	\$ -
G	238	Postage & Delivery	\$ 5,000	\$ 794		\$ 794	\$ 206	\$ 1,000
O	239	Fire & Liability Insurance	\$ 76,000	\$ 72,461		\$ 72,461	\$ 7,539	\$ 80,000
U	251	Telephone & Communication	\$ 10,200	\$ 10,297		\$ 10,297	\$ (97)	\$ 10,200
U	252	Water	\$ 620	\$ 794		\$ 794	\$ 166	\$ 960
U	254	Contribution to Electricity Restricted Account	\$ 7,202	\$ 5,701		\$ 5,701	\$ 569	\$ 6,270
U	255	Natural Gas	\$ 8,100	\$ 8,484		\$ 8,484	\$ (384)	\$ 8,100
L	260	Rental Equip & Facilities	\$ -	\$ -		\$ -	\$ -	\$ -
O	261	Property Taxes	\$ 214,811	\$ 237,026		\$ 237,026	\$ (57,026)	\$ 180,000
P	266	Legal & Administrative	\$ 285,005	\$ 243,429	\$ 41,576	\$ 285,005	\$ 34,643	\$ 319,648
G	267	Data Processing	\$ 189,994	\$ 162,771	\$ 27,223	\$ 189,994	\$ (13,253)	\$ 176,741
R	268	Mileage Reimbursement	\$ 2,500	\$ 154		\$ 154	\$ 1,346	\$ 1,500
F	271	Gas/Vehicle Maintenance	\$ 2,000	\$ 2,989		\$ 2,989	\$ 283	\$ 3,272
E	275	Repair & Maint - Equipment	\$ 1,200	\$ 1,643	\$ (443)	\$ 1,200	\$ -	\$ 1,200
O	280	Regulatory Expense	\$ 20,000	\$ 5,122		\$ 5,122	\$ 4,878	\$ 10,000
O	281	Regulatory Assessment	\$ 40,000	\$ 41,162		\$ 41,162	\$ 838	\$ 42,000
M	361	Office Supplies	\$ 36,000	\$ 12,291	\$ 17,709	\$ 30,000	\$ -	\$ 30,000
B	561	Self Insurance	\$ 52,000	\$ 404	\$ 24,596	\$ 25,000	\$ -	\$ 25,000
B	563	Unemployment Claims	\$ -	\$ 822		\$ 822	\$ 11,178	\$ 12,000
B	175	Annual Leave Buy-back	\$ 1,750	\$ -		\$ -	\$ 1,960	\$ 1,960
O	999	Allowance for Doubtful Accounts	\$ 30,000	\$ -	\$ 30,000	\$ 30,000	\$ -	\$ 30,000
		Subtotal	\$ 1,090,882	\$ 1,019,094	\$ 145,305	\$ 1,164,399	\$ (46,048)	\$ 1,118,351
Total Administration Operating Requirements			\$ 1,718,060	\$ 1,492,437	\$ 261,603	\$ 1,754,040	\$ 31,952	\$ 1,785,992
<u>Capital &amp; Debt Service</u>								
RCA		Contribution to Repayment to City Account	\$ 250,000	\$ 270,829		\$ 270,829	\$ (20,829)	\$ 250,000
CRA		Contribution to Capital Restricted Account (1)	\$ 357,000	\$ 36,318		\$ 36,318	\$ 347,738	\$ 384,056
DSA		Contribution to Debt Service Restricted Account (2)	\$ -	\$ -		\$ -	\$ -	\$ -
		Subtotal	\$ 607,000	\$ 307,147	\$ -	\$ 307,147	\$ 326,909	\$ 634,056
Total Administration Capital & Debt Service			\$ 607,000	\$ 307,147	\$ -	\$ 307,147	\$ 326,909	\$ 634,056
Total Administration Revenue Requirements			\$ 2,325,060	\$ 1,799,584	\$ 261,603	\$ 2,061,187	\$ 358,861	\$ 2,420,048

- (1) The contributions to the Capital Spending Account in the test year for each division are based on the actual expenditures from the account by division in FY 2006  
 (2) The test year contributions to the Debt Service Account from each division are based on the percent of the total amount allowed in Docket # 3675 by division.

Customer Service

		Docket # 3675	FY 2006 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2008 Rate Year	
<u>Account No. 15-500-2209</u>								
<u>Personnel</u>								
S	001	Salaries & Wages	\$ 267,580	\$ 226,027	\$ 40,032	\$ 266,059	\$ 34,441	\$ 300,500
S	002	Overtime	\$ 13,000	\$ 5,877		\$ 5,877	\$ 2,123	\$ 8,000
B	004	Temp Salaries	\$ 10,000	\$ 28,526		\$ 28,526	\$ (18,526)	\$ 10,000
	003	Holiday Pay	\$ -	\$ 231		\$ 231	\$ (231)	\$ -
B	056	Injury Pay	\$ -	\$ 9		\$ 9	\$ (9)	\$ -
B	100	Employee Benefits	\$ 118,185	\$ 95,413		\$ 95,413	\$ 68,587	\$ 164,000
		Subtotal	\$ 408,765	\$ 356,083	\$ 40,032	\$ 396,115	\$ 86,385	\$ 482,500
<u>Other Operating</u>								
M	205	Copy & Binding	\$ 1,000	\$ 340	\$ 660	\$ 1,000	\$ -	\$ 1,000
P	212	Conferences and Training	\$ 5,000	\$ 1,066	\$ 3,934	\$ 5,000	\$ -	\$ 5,000
O	225	Contract Services (Support Services)	\$ 17,500	\$ 13,529	\$ 2,517	\$ 16,046	\$ 1,454	\$ 17,500
G	238	Postage & Delivery	\$ 20,000	\$ 22,108		\$ 22,108	\$ 892	\$ 23,000
E	271	Gasoline & Vehicle Maintenance	\$ 16,050	\$ 12,348		\$ 12,348	\$ 5,149	\$ 17,497
E	275	Repair & Maint - Equipment	\$ 40,000	\$ 41,930	\$ (1,930)	\$ 40,000	\$ -	\$ 40,000
E	299	Meter Maintenance	\$ 11,000	\$ 2,313	\$ 8,687	\$ 11,000	\$ -	\$ 11,000
M	311	Operating Supplies	\$ 7,000	\$ 7,780	\$ (780)	\$ 7,000	\$ -	\$ 7,000
M	320	Uniforms & Protective Gear	\$ 1,000	\$ 88	\$ 912	\$ 1,000	\$ -	\$ 1,000
M	361	Office Supplies	\$ -	\$ -		\$ -	\$ -	\$ -
M	380	Customer Service Supplies	\$ 5,000	\$ 173		\$ 173	\$ 4,827	\$ 5,000
B	175	Annual Leave Buy-back	\$ 4,500	\$ 3,655		\$ 3,655	\$ 845	\$ 4,500
		Subtotal	\$ 128,050	\$ 105,330	\$ 14,000	\$ 119,330	\$ 13,167	\$ 132,497
		Total Customer Accounts Operating Requirements	\$ 536,815	\$ 461,413	\$ 54,032	\$ 515,445	\$ 99,552	\$ 614,997
<u>Capital &amp; Debt Service</u>								
CRA		Contribution to Capital Restricted Account	\$ 68,500	\$ -		\$ -	\$ 314,000	\$ 314,000
DSA		Contribution to Debt Service Restricted Account	\$ -	\$ -		\$ -	\$ -	\$ -
		Subtotal	\$ 68,500	\$ -	\$ -	\$ -	\$ 314,000	\$ 314,000
		Total Customer Accounts Capital & Debt Service	\$ 68,500	\$ -	\$ -	\$ -	\$ 314,000	\$ 314,000
		Total Customer Accounts Revenue Requirements	\$ 605,315	\$ 461,413	\$ 54,032	\$ 515,445	\$ 413,552	\$ 928,997

Source of Supply - Island

			Docket # 3675	FY 2006 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2008 Rate Year
<b>Account No. 15-500-2212</b>								
<u>Personnel</u>								
S	001	Salaries & Wages	\$ 243,756	\$ 211,946		\$ 211,946	\$ 31,810	\$ 243,756
S	002	Overtime	\$ 16,000	\$ 26,330		\$ 26,330	\$ (330)	\$ 26,000
S	004	Temporary/Seasonal Wages	\$ 2,000	\$ 2,563		\$ 2,563	\$ 7,437	\$ 10,000
S	056	Injury Pay	\$ -	\$ 82		\$ 82	\$ (82)	\$ -
B	100	Employee Benefits	\$ 93,831	\$ 80,125		\$ 80,125	\$ 63,875	\$ 144,000
B	175	Annual Leave Buyback	\$ 4,000	\$ 5,320		\$ 5,320	\$ 680	\$ 6,000
		Subtotal	\$ 359,587	\$ 326,366	\$ -	\$ 326,366	\$ 103,390	\$ 429,756
<u>Other Operating</u>								
P	220	Consultant Fees	\$ -	\$ -		\$ -	\$ -	\$ -
U	254	Contribution to Electricity Restricted Account	\$ 7,500	\$ 27,189		\$ 27,189	\$ 1,611	\$ 28,800
F	271	Gas/Vehicle Maintenance	\$ 26,750	\$ 25,939		\$ 25,939	\$ 3,220	\$ 29,159
E	275	Repair & Maint - Equipment	\$ 5,000	\$ 1,428	\$ 3,572	\$ 5,000	\$ -	\$ 5,000
O	277	Reservoir Maintenance	\$ 30,000	\$ 12,448	\$ 4,500	\$ 16,948	\$ 8,052	\$ 25,000
M	311	Operating Supplies	\$ 3,500	\$ 1,283	\$ 2,217	\$ 3,500	\$ -	\$ 3,500
M	320	Uniforms & Protective Gear	\$ 750	\$ 193	\$ 557	\$ 750	\$ -	\$ 750
	361	Office Supplies	\$ -	\$ -		\$ -	\$ -	\$ -
M	335	Contribution to Chemical Restricted Account	\$ 22,000	\$ 21,920		\$ 21,920	\$ 24,280	\$ 46,200
		Subtotal	\$ 95,500	\$ 90,400	\$ 10,846	\$ 101,246	\$ 37,163	\$ 138,409
		Total Supply-Island Operating Requirements	\$ 455,087	\$ 416,766	\$ 10,846	\$ 427,612	\$ 140,553	\$ 568,165
<u>Capital &amp; Debt Service</u>								
		CRA Contribution to Capital Restricted Account	\$ 109,278	\$ -		\$ -	\$ 100,000	\$ 100,000
		DSA Contribution to Debt Service Restricted Account	\$ 101,863	\$ 105,742		\$ 105,742	\$ 57,327	\$ 163,069
		Subtotal	\$ 211,141	\$ 105,742	\$ -	\$ 105,742	\$ 157,327	\$ 263,069
		Total Source of Supply - Island Capital& Debt Service	\$ 211,141	\$ 105,742	\$ -	\$ 105,742	\$ 157,327	\$ 263,069
		Total Source of Supply - Island Revenue Requirements	\$ 666,228	\$ 522,508	\$ 10,846	\$ 533,354	\$ 297,880	\$ 831,234

Source of Supply - Mainland

			Docket # 3675	FY 2006 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2008 Rate Year
<b>Account No. 15-500-2213</b>								
<u>Personnel</u>								
S	002	Overtime	\$ 10,000	\$ 3,946		\$ 3,946	\$ 6,054	\$ 10,000
S	005	Permanent/Part Time	\$ 5,200	\$ 5,200		\$ 5,200	\$ -	\$ 5,200
S	004	Temporary/Seasonal Wages	\$ 10,000	\$ 7,550		\$ 7,550	\$ 2,450	\$ 10,000
B	100	Employee Benefits	\$ 1,163	\$ 1,482		\$ 1,482	\$ 18	\$ 1,500
		Subtotal	\$ 26,363	\$ 18,178	\$ -	\$ 18,178	\$ 8,522	\$ 26,700
<u>Other Operating</u>								
U	254	Contribution to Electricity Restricted Account	\$ 61,000	\$ 55,938	\$ 5,000	\$ 60,938	\$ 11,162	\$ 72,100
E	275	Repair & Maint - Equip	\$ 1,800	\$ 610	\$ 1,190	\$ 1,800	\$ -	\$ 1,800
O	277	Reservoir Maintenance	\$ 6,000	\$ 627	\$ 4,500	\$ 5,127	\$ 873	\$ 6,000
M	311	Operating Supplies	\$ 500	\$ 299	\$ 201	\$ 500	\$ -	\$ 500
		Subtotal	\$ 69,300	\$ 57,474	\$ 10,891	\$ 68,365	\$ 12,035	\$ 80,400
Total Source of Supply - Mainland Operating Requirements			\$ 95,663	\$ 75,652	\$ 10,891	\$ 86,543	\$ 20,557	\$ 107,100
<u>Capital and Debt Service</u>								
CRA	Contribution to Capital Restricted Account		\$ -	\$ -		\$ -	\$ -	\$ -
DSA	Contribution to Debt Service Restricted Account		\$ 760,420	\$ 789,380		\$ 789,380	\$ (90,638)	\$ 698,742
		Subtotal	\$ 760,420	\$ 789,380	\$ -	\$ 789,380	\$ (90,638)	\$ 698,742
Total Source of Supply - Mainland Capital & Debt Service			\$ 760,420	\$ 789,380	\$ -	\$ 789,380	\$ (90,638)	\$ 698,742
Total Source of Supply - Mainland Revenue Requirements			\$ 856,083	\$ 865,032	\$ 10,891	\$ 875,923	\$ (70,081)	\$ 805,842

Treatment - Newport Plant

Account No. 15-500-2222		Docket # 3675	FY 2006 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2008 Rate Year
<u>Personnel</u>							
S	001	Salaries & Wages	\$ 374,583	\$ 362,106	\$ 362,106	\$ 62,449	\$ 424,555
S	002	Overtime	\$ 50,000	\$ 44,385	\$ 44,385	\$ 5,615	\$ 50,000
S	003	Holiday Pay	\$ 15,000	\$ 14,725	\$ 14,725	\$ 3,275	\$ 18,000
B	100	Employee Benefits	\$ 185,165	\$ 178,871	\$ 178,871	\$ 43,629	\$ 222,500
B	175	Annual Leave Buy Back	\$ 2,000	\$ 4,539	\$ 4,539	\$ (39)	\$ 4,500
		Subtotal	\$ 626,748	\$ 604,626	\$ -	\$ 114,929	\$ 719,555
<u>Other Operating</u>							
P	212	Conferences & Training	\$ 5,500	\$ 1,605	\$ 3,895	\$ -	\$ 5,500
O	239	Fire & Liability Insurance	\$ 5,500	\$ 5,244	\$ 5,244	\$ 256	\$ 5,500
U	254	Contribution to Electricity Restricted Account	\$ 216,500	\$ 148,289	\$ 35,000	\$ 5,711	\$ 189,000
U	255	Natural Gas	\$ 36,000	\$ 28,131	\$ 28,131	\$ 2,169	\$ 30,300
E	260	Heavy Equipment Rental	\$ 1,000	\$ 703	\$ 703	\$ 297	\$ 1,000
U	265	Sewer Charge	\$ 210,000	\$ 113,812	\$ 113,812	\$ 20,188	\$ 134,000
E	271	Gasoline & Vehicle Maintenance	\$ 3,938	\$ 752	\$ 752	\$ 3,542	\$ 4,294
E	275	Repair & Maint-Equipment	\$ 45,000	\$ 25,227	\$ 9,773	\$ -	\$ 35,000
M	311	Operating Supplies	\$ 26,030	\$ 14,263	\$ 11,737	\$ -	\$ 26,000
M	320	Uniforms & Protective Gear	\$ 1,350	\$ -	\$ 1,350	\$ -	\$ 1,350
O	335	Contribution to Chemical Restricted Account	\$ 175,000	\$ 189,527	\$ 189,527	\$ 96,473	\$ 286,000
		Subtotal	\$ 725,818	\$ 527,553	\$ 61,755	\$ 128,636	\$ 717,944
		Treatment - Newport Plant Operating Requirements	\$ 1,352,566	\$ 1,132,179	\$ 61,755	\$ 243,565	\$ 1,437,499
<u>Capital &amp; Debt Service</u>							
CRA		Contribution to Capital Restricted Account	\$ -	\$ 39,638	\$ 39,638	\$ 3,862	\$ 43,500
DSA		Contribution to Debt Service Restricted Account	\$ 402,488	\$ 417,816	\$ 417,816	\$ (96,313)	\$ 321,504
		Subtotal	\$ 402,488	\$ 457,454	\$ -	\$ (92,450)	\$ 365,004
		Treatment - Newport Plant Capital Requirements	\$ 402,488	\$ 457,454	\$ -	\$ (92,450)	\$ 365,004
		Treatment - Newport Plant Revenue Requirements	\$ 1,755,054	\$ 1,589,633	\$ 61,755	\$ 151,115	\$ 1,802,503

Treatment - Lawton Valley

			Docket # 3675	FY 2006 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2008 Rate Year
<b>Account No. 15-500-2223</b>								
<u>Personnel</u>								
S	001	Salaries & Wages	\$ 402,998	\$ 376,034		\$ 376,034	\$ 29,466	\$ 405,500
S	002	Overtime	\$ 28,000	\$ 28,081		\$ 28,081	\$ 1,919	\$ 30,000
S	003	Holiday Pay	\$ 15,000	\$ 13,574		\$ 13,574	\$ 4,426	\$ 18,000
B	100	Employee Benefits	\$ 191,115	\$ 177,925		\$ 177,925	\$ 42,075	\$ 220,000
B	175	Annual Leave Buy Back	\$ 3,500	\$ 2,610		\$ 2,610	\$ 890	\$ 3,500
		Subtotal	\$ 640,613	\$ 598,224	\$ -	\$ 598,224	\$ 78,776	\$ 677,000
<u>Other Operating</u>								
P	212	Conferences & Training	\$ 3,500	\$ 1,700	\$ 1,800	\$ 3,500	\$ -	\$ 3,500
O	239	Fire & Liability Insurance	\$ 6,000	\$ 5,721		\$ 5,721	\$ 279	\$ 6,000
U	254	Contribution to Electricity Restricted Account	\$ 130,000	\$ 120,516		\$ 120,516	\$ 9,484	\$ 130,000
U	255	Natural Gas	\$ 27,000	\$ 32,719		\$ 32,719	\$ 1,581	\$ 34,300
E	260	Heavy Equipment Rental	\$ 500	\$ 20		\$ 20	\$ 480	\$ 500
U	265	Wastewater Charge	\$ -	\$ -		\$ -	\$ 121,400	\$ 121,400
F	271	Gas/Vehicle Maintenance	\$ 1,391	\$ 808		\$ 808	\$ 710	\$ 1,518
E	275	Repair & Maint Land Equipment	\$ 60,000	\$ 52,405	\$ 2,595	\$ 55,000	\$ -	\$ 55,000
M	311	Operating Supplies	\$ 20,000	\$ 13,387	\$ 14,113	\$ 27,500	\$ -	\$ 27,500
M	320	Uniforms & Protective Gear	\$ 1,350	\$ 338	\$ 662	\$ 1,000	\$ -	\$ 1,000
O	335	Contribution to Chemical Restricted Account	\$ 136,000	\$ 148,871		\$ 148,871	\$ 23,129	\$ 172,000
		Subtotal	\$ 385,741	\$ 376,485	\$ 19,170	\$ 395,655	\$ 157,063	\$ 552,718
Treatment - Lawton Valley Operating Requirements			\$ 1,026,354	\$ 974,709	\$ 19,170	\$ 993,879	\$ 235,839	\$ 1,229,718
<u>Capital &amp; Debt Service</u>								
CRA		Contribution to Capital Restricted Account	\$ 320,710	\$ 186,147		\$ 186,147	\$ 107,353	\$ 293,500
DSA		Contribution to Debt Service Restricted Account	\$ -	\$ -		\$ -	\$ 73,169	\$ 73,169
		Subtotal	\$ 320,710	\$ 186,147	\$ -	\$ 186,147	\$ 180,522	\$ 366,669
Treatment - LV Capital Requirements			\$ 320,710	\$ 186,147	\$ -	\$ 186,147	\$ 180,522	\$ 366,669
Treatment - LV Revenue Requirements			\$ 1,347,064	\$ 1,160,856	\$ 19,170	\$ 1,180,026	\$ 416,361	\$ 1,596,387

Water Laboratory

			Docket # 3675	FY 2006 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2008 Rate Year
<u>Account No. 15-500-2235</u>								
<u>Personnel</u>								
S	001	Salaries & Wages	\$ 106,187	\$ 102,979		\$ 102,979	\$ 9,721	\$ 112,700
S	004	Temporary/Seasonal Wages	\$ -	\$ -		\$ -	\$ -	\$ -
B	100	Employee Benefits	\$ 45,103	\$ 44,757		\$ 44,757	\$ 8,443	\$ 53,200
B	175	Annual Leave Buy Back	\$ 2,500	\$ 1,268		\$ 1,268	\$ 1,232	\$ 2,500
		Subtotal	\$ 153,790	\$ 149,004	\$ -	\$ 149,004	\$ 19,396	\$ 168,400
<u>Other Operating</u>								
E	275	Repair & Maint - Equipment	\$ 1,500	\$ -	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
O	281	Water Lab Regulatory Assessment	\$ 35,000	\$ 28,425		\$ 28,425	\$ 6,575	\$ 35,000
M	311	Operating Supplies (1)	\$ 13,360	\$ 6,927	\$ (4,927)	\$ 2,000	\$ (2,000)	\$ -
M	339	Laboratory Supplies	\$ 10,302	\$ 4,091	\$ 5,909	\$ 10,000	\$ 6,000	\$ 16,000
		Subtotal	\$ 60,162	\$ 39,443	\$ 1,982	\$ 41,425	\$ 10,575	\$ 52,000
Total Water Laboratory Operating Requirements			\$ 213,952	\$ 188,447	\$ 1,982	\$ 190,429	\$ 29,971	\$ 220,400
<u>Capital &amp; Debt Service</u>								
CRA		Contribution to Capital Restricted Account	\$ -	\$ -		\$ -	\$ -	\$ -
DSA		Contribution to Debt Service Restricted Account	\$ -	\$ -		\$ -	\$ -	\$ -
		Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Water Laboratory Capital Requirements			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Water Laboratory Revenue Requirements			\$ 213,952	\$ 188,447	\$ 1,982	\$ 190,429	\$ 29,971	\$ 220,400

(1) - Account combined with Laboratory Supplies



Transmission & Distribution Maintenance

Account No. 15-500-2241			Docket # 3675	FY 2006 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2008 Rate Year
<u>Personnel</u>								
S	001	Salaries & Wages	\$ 344,550	\$ 399,198		\$ 399,198	\$ (7,198)	\$ 392,000
S	002	Overtime	\$ 55,000	\$ 50,877		\$ 50,877	\$ 4,123	\$ 55,000
	003	Holiday Pay	\$ -	\$ 123		\$ 123	\$ (123)	\$ -
	004	Temp Wages	\$ -	\$ 6,952		\$ 6,952	\$ 3,048	\$ 10,000
S	056	Injury Pay	\$ 1,200	\$ 317	\$ 883	\$ 1,200	\$ -	\$ 1,200
B	100	Employee Benefits	\$ 160,248	\$ 164,373		\$ 164,373	\$ 32,627	\$ 197,000
B	175	Annual Leave Buy Back	\$ 4,300	\$ 4,745		\$ 4,745	\$ 555	\$ 5,300
		Subtotal	\$ 565,298	\$ 626,585	\$ 883	\$ 627,468	\$ 33,032	\$ 660,500
<u>Other Operating</u>								
P	212	Conferences & Training	\$ 4,000	\$ 2,266	\$ 1,734	\$ 4,000	\$ -	\$ 4,000
P	225	Contract Services	\$ 10,000	\$ 11,454		\$ 11,454	\$ 1,046	\$ 12,500
O	239	Fire & Liability Insurance	\$ 2,225	\$ 2,121		\$ 2,121	\$ 104	\$ 2,225
U	254	Contribution to Electricity Restricted Account	\$ 12,000	\$ 21,586		\$ 21,586	\$ 1,314	\$ 22,900
U	255	Natural Gas	\$ 200	\$ -		\$ -	\$ -	\$ -
E	260	Heavy Equipment Rental	\$ 13,160	\$ 16,664		\$ 16,664	\$ (3,504)	\$ 13,160
F	271	Gas/Vehicle Maintenance	\$ 64,320	\$ 57,601		\$ 57,601	\$ 12,509	\$ 70,110
E	275	Repair & Maint - Equipment	\$ 40,000	\$ 27,958	\$ 2,042	\$ 30,000	\$ -	\$ 30,000
E	295	Repairs/Main Maintenance	\$ 75,000	\$ 75,353	\$ 2,000	\$ 77,353	\$ 1,647	\$ 79,000
E	296	Service Maintenance	\$ 33,500	\$ 22,912		\$ 22,912	\$ 10,588	\$ 33,500
E	298	Gate Maintenance	\$ 6,690	\$ 711		\$ 711	\$ (711)	\$ -
M	311	Operating Supplies	\$ 11,000	\$ 14,329	\$ (3,329)	\$ 11,000	\$ -	\$ 11,000
M	320	Uniforms & Protective Gear	\$ 1,500	\$ 616	\$ 884	\$ 1,500	\$ -	\$ 1,500
		Subtotal	\$ 273,595	\$ 253,571	\$ 3,331	\$ 256,902	\$ 22,993	\$ 279,895
Transmission & Distribution Operating Requirements			\$ 838,893	\$ 880,156	\$ 4,214	\$ 884,370	\$ 56,025	\$ 940,395
<u>Capital &amp; Debt Service</u>								
CRA		Contribution to Capital Restricted Account	\$ 290,000	\$ 1,007,477		\$ 1,007,477	\$ (427,477)	\$ 580,000
DSA		Contribution to Debt Service Restricted Account	\$ 113,997	\$ 118,338		\$ 118,338	\$ (69,923)	\$ 48,416
		Subtotal	\$ 403,997	\$ 1,125,816	\$ -	\$ 1,125,816	\$ (497,400)	\$ 628,416
Total Transmission & Distribution Capital Requirements			\$ 403,997	\$ 1,125,816	\$ -	\$ 1,125,816	\$ (497,400)	\$ 628,416
Total Transmission & Distribution Revenue Requirements			\$ 1,242,890	\$ 2,005,972	\$ 4,214	\$ 2,010,186	\$ (441,375)	\$ 1,568,811

Fire Protection

Account No. 15-500-2245			Docket # 3675	FY 2006 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2008 Rate Year
<u>Personnel</u>								
S	001	Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
S	002	Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
B	100	Employee Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Other Operating</u>								
E	275	Repair & Maintenance - Equip.	\$ 14,000	\$ 9,029	\$ 4,971	\$ 14,000	\$ -	\$ 14,000
E	297	Hydrant Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Subtotal	\$ 14,000	\$ 9,029	\$ 4,971	\$ 14,000	\$ -	\$ 14,000
		Fire Protection Operating Requirements	\$ 14,000	\$ 9,029	\$ 4,971	\$ 14,000	\$ -	\$ 14,000
<u>Debt Service and Capital Outlay</u>								
			10%					
CRA		Contribution to Capital Restricted Account	\$ 121,600	\$ -	\$ -	\$ -	\$ -	\$ -
DSA		Contribution to Debt Service Restricted Account	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Subtotal	\$ 121,600	\$ -	\$ -	\$ -	\$ -	\$ -
		Total Fire Protection Capital Requirements	\$ 121,600	\$ -	\$ -	\$ -	\$ -	\$ -
		Total Fire Protection Revenue Requirements	\$ 135,600	\$ 9,029	\$ 4,971	\$ 14,000	\$ -	\$ 14,000

**Docket No. XXXX**

**City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Capital Needs and Sources**

**RFC Schedule 4**

<b>FY 2008          Rate Year</b>
---------------------------------------

**Rate Year Capital Needs**

**Studies**

Safe Yield Study	\$	100,000	Rate funded
GIS and Hydraulic Modeling	\$	100,000	Rate funded
Easton Pond Dam and Moat Study	\$	100,000	Rate funded

**Raw Water Supply and Transmission**

Lawton Valley Raw Water Main Replacement/Residuals Mngmt.	\$	1,360,250	Series A SRF
Intake at Gardiner Pond	\$	190,000	Series B SRF
Lawton Valley Reservoir Aeration	\$	100,000	Series B SRF

**Treatment**

Lawton Valley WTP - Chloramine Conversion Design	\$	43,500	Rate funded
Lawton Valley WTP - Chloramine Conversion Construct	\$	90,000	Series B SRF
Lawton Valley WTP - pH Adjustment Design	\$	180,000	Series B SRF
Lawton Valley WTP - New WTP	\$	250,000	Rate funded
Lawton Valley Sed Basin Imp	\$	300,000	Series B SRF
Station 1 - Chloramine Conversion Design	\$	43,500	Rate funded
Station 1 - Chloramine Conversion Construct	\$	81,000	Series B SRF
Station 1- pH Adjustment Construction	\$	112,000	Series B SRF
Station 1 - Additional Pretreatment/Clarification Train	\$	186,094	Series B SRF

**Transmission, Storage and Distribution**

Distribution Main Improvements (Ocean Ave.)	\$	365,000	Rate funded
Distribution Main Iprov.(Sherman St) Design & Construct	\$	150,000	Rate funded
Distribution Main Improvements (System-wide)	\$	250,000	Series B SRF
Remote Radio Read Pilot/Install	\$	250,000	Rate funded
Meter Replacement	\$	64,000	Rate funded
Water Trench Restoration	\$	65,000	Rate funded
Finished Water Storage Tank Maintenance	\$	81,000	Series B SRF

**Miscellaneous**

Equipment and Vehicle Replacement	\$	184,056	Rate funded
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**Total Rate Year Capital Needs \$ 4,645,400**

**Rate Year Capital Funding Sources**

Proceeds from SRF Loans		
2007 Series A	\$	1,360,250
2007 Series B	\$	1,570,094
Grants	\$	-
Water Quality Protection Funds	\$	-
Rate Revenues	\$	1,715,056

**Total Rate Year Capital Funding Sources \$ 4,645,400**

**Docket No. XXXX**

**City of Newport, Rhode Island  
FY 2008 Rate Filing  
Allocation of Costs to Customers and Charges**

**RFC Schedule 5**

**Billing Charge Revenues**

Type of Charge	Current Charge	FY 2008 Number of Bills (2)	Rate Year Revenues Under Existing Charges	% of Total Rate Revenues
Billing Charge	\$ 13.25	51,507	\$ 682,468	7.95%
Total Revenues From Billing Charge Under Existing Rates			\$ 682,468	

**Commodity Charge Revenues**

Customer Class	Current Rate	FY 2008 Consumption (1,000 gals) (1)	Rate Year Revenues Under 2006 Rates	% of Total Rate Revenues
Retail	\$ 4.07	1,249,410	\$ 5,085,098	59.27%
Navy	\$ 2.5100	373,306	\$ 936,999	10.92%
Portsmouth	\$ 2.000	463,253	\$ 926,506	10.80%
Total Revenues From Commodity Charge Under Existing Rates			\$ 6,948,603	

**Fire Protection Revenues**

Type of Charge	Current Charge	FY 2008 Number of Bills (2)	Rate Year Revenues Under Existing Charges	% of Total Rate Revenues
Fire Protection Charges (Public)	\$ 675.00	982	\$ 662,850	7.73%
Total Revenues From Public Fire Protection Charge Under Existing Rates			\$ 662,850	

**Fire Protection Charges (Private)**

less than 2"	\$ 13.25	0	\$ -	
2"	\$ 55.00	0	\$ -	
4"	\$ 343.00	55	\$ 18,865	
6"	\$ 687.00	234	\$ 160,758	
8"	\$ 1,572.00	62	\$ 97,464	
10"	\$ 2,596.00	0	\$ -	
12"	\$ 4,169.00	2	\$ 8,338	
Total Revenues from Private Fire Protection Charge Under Existing Charges			\$ 285,425	3.33%

Total Rate Year Revenues from Existing Rates and Charges \$ 8,579,346 100.00%

FY 2008 Net Revenue Requirements \$ 10,160,242

**Additional Revenue Needed** \$ 1,580,896

**% Revenue Increase Required** 18.43%

**Allocations:**

			Proposed Rates	Existing Rates	% Increase In Rates
Retail	59.27%	\$ 6,022,118	\$ 4.82	\$ 4.07	18.43%
Navy	10.92%	\$ 1,109,658	\$ 2.9725	\$ 2.5100	18.43%
Portsmouth	10.80%	\$ 1,097,231	\$ 2.37	\$ 2.00	18.43%
Billing Charge	7.95%	\$ 808,224	\$ 15.69	\$ 13.25	18.43%
Public Fire Protection	7.73%	\$ 784,992	\$ 799.38	\$ 675.00	18.43%
Private Fire Protection	3.33%	\$ 338,020			18.43%
		100.00%	\$ 10,160,242		

(1) As shown in RFC Schedule H - Water Consumption Summarized By Class.

(2) As shown in RFC Schedule I - Water Service Bills Summary.

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**City of Newport, Rhode Island  
FY 2008 Rate Filing  
Proposed Rates and Charges**

**RFC Schedule 6**

Rates and Charges	Current Rates	% Increase Required	Proposed FY 2008
Billing Charge (per bill)			
Tertiary	\$ 13.25	18.4268%	\$ 15.70
Monthly	\$ 13.25	18.4268%	\$ 15.70
Volume Charge (per 1,000 gallons)			
Retail			
Residential	\$ 4.07	18.4268%	\$ 4.82
Commercial	\$ 4.07	18.4268%	\$ 4.82
Governmental	\$ 4.07	18.4268%	\$ 4.82
Wholesale			
Navy	\$ 2.5100	18.4268%	\$ 2.9730
Portsmouth Water & Fire District	\$ 2.0000	18.4268%	\$ 2.369
Fire Protection			
Public (per hydrant)	\$ 675.00	18.4268%	\$ 800.00
Private (Connection Size)			
Less than 2"	\$ 13.25	18.4268%	\$ 15.70
2"	\$ 55.00	18.4268%	\$ 66.00
4"	\$ 343.00	18.4268%	\$ 407.00
6"	\$ 687.00	18.4268%	\$ 814.00
8"	\$ 1,572.00	18.4268%	\$ 1,862.00
10"	\$ 2,596.00	18.4268%	\$ 3,075.00
12"	\$ 4,169.00	18.4268%	\$ 4,938.00

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**City of Newport, Rhode Island  
FY 2008 Rate Filing  
Summary of Revenues and Expenses**

**RFC Schedule 7**

	Docket # 3675	Actual FY 2006	Rate Year Amount at Existing Rates	Rate Year Amount at Proposed Rates
<b>Revenue</b>				
Billing Charge	\$ 659,863	\$ 644,651	\$ 682,468	\$ 808,660
Retail Consumption	5,388,936	4,501,755	5,085,098	6,022,156
Wholesale Bulk Sales	1,900,715	1,693,047	1,863,505	2,207,286
Fire Protection	948,275	839,288	948,275	1,123,781
Miscellaneous	382,704	252,796	443,076	443,076
<b>Total Revenues</b>	<b>9,280,494</b>	<b>7,931,537</b>	<b>9,022,422</b>	<b>10,604,958</b>
<b>Expenses</b>				
Administration	1,718,060	1,492,437	1,785,992	1,785,992
Customer Accounts	536,815	461,413	614,997	614,997
Source of Supply - Island	455,087	416,766	568,165	568,165
Source of Supply - Mainland	95,663	75,652	107,100	107,100
Treatment - Newport Plant	1,352,566	1,132,179	1,437,499	1,437,499
Treatment - Lawton Valley	1,026,354	974,709	1,229,718	1,229,718
Water Laboratory	213,952	188,447	220,400	220,400
Transmission & Distribution Maintenance	838,893	880,156	940,395	940,395
Fire Protection	14,000	9,029	14,000	14,000
<b>Total Operating Expenses</b>	<b>6,251,390</b>	<b>5,630,788</b>	<b>6,918,266</b>	<b>6,918,266</b>
Payment to General Fund	250,000	270,829	250,000	250,000
Debt Service	1,378,768	1,431,277	1,304,900	1,304,900
Capital Outlay	1,267,088	1,269,580	1,715,056	1,715,056
Less: Water Quality Protection Fund:		(579,869)		
<b>Total Non-operating Expenses</b>	<b>2,895,856</b>	<b>2,391,817</b>	<b>3,269,956</b>	<b>3,269,956</b>
<b>Total Expenses</b>	<b>9,147,246</b>	<b>8,022,605</b>	<b>10,188,222</b>	<b>10,188,222</b>
<b>Operating Reserve</b>	<b>137,209</b>	<b>137,209</b>	<b>415,096</b>	<b>415,096</b>
<b>Total Revenue Requirements</b>	<b>\$ 9,284,455</b>	<b>\$ 8,159,814</b>	<b>\$ 10,603,318</b>	<b>\$ 10,603,318</b>
Revenue Surplus/(Deficit)	\$ (3,961)	\$ (228,277)	\$ (1,580,896)	\$ 1,641

City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Customer Impacts

RFC Schedule 8

Customer Class	Monthly Consumption (gallons)	Bill at Current Rates	Proposed		
			Bill at Proposed FY 2007 Rates	\$ Increase	% Increase
<b>Residential (Monthly)</b>					
	1,000	\$17.32	\$20.52	\$3.20	18.48%
	2,000	\$21.39	\$25.34	\$3.95	18.47%
	4,000	\$29.53	\$34.98	\$5.45	18.46%
Average Use per Bill	4,600	\$31.97	\$37.87	\$5.90	18.45%
	7,500	\$43.78	\$51.85	\$8.07	18.45%
	10,000	\$53.95	\$63.90	\$9.95	18.44%
	15,000	\$74.30	\$88.00	\$13.70	18.44%
	20,000	\$94.65	\$112.10	\$17.45	18.44%
	25,000	\$115.00	\$136.20	\$21.20	18.43%
	30,000	\$135.35	\$160.30	\$24.95	18.43%
<b>Residential(Tertiary)</b>					
	4,000	\$29.53	\$34.98	\$5.45	18.46%
	8,000	\$45.81	\$54.26	\$8.45	18.45%
	16,000	\$78.37	\$92.82	\$14.45	18.44%
Average Use per Bill	18,400	\$88.14	\$104.39	\$16.25	18.44%
	30,000	\$135.35	\$160.30	\$24.95	18.43%
	40,000	\$176.05	\$208.50	\$32.45	18.43%
	60,000	\$257.45	\$304.90	\$47.45	18.43%
	80,000	\$338.85	\$401.30	\$62.45	18.43%
	100,000	\$420.25	\$497.70	\$77.45	18.43%
	120,000	\$501.65	\$594.10	\$92.45	18.43%

City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Customer Impacts

RFC Schedule 8

Customer Class	Monthly Consumption (gallons)	Bill at Current Rates	Proposed			
			Bill at Proposed Rates	\$ Increase	% Increase	
Commercial (Monthly)	2,000	\$21.39	\$25.34	\$3.95	18.47%	
	5,000	\$33.60	\$39.80	\$6.20	18.45%	
	10,000	\$53.95	\$63.90	\$9.95	18.44%	
	20,000	\$94.65	\$112.10	\$17.45	18.44%	
	30,000	\$135.35	\$160.30	\$24.95	18.43%	
	Average Use per Bill	33,000	\$147.56	\$174.76	\$27.20	18.43%
		50,000	\$216.75	\$256.70	\$39.95	18.43%
		75,000	\$318.50	\$377.20	\$58.70	18.43%
		100,000	\$420.25	\$497.70	\$77.45	18.43%

Governmental (Monthly)

	2,000	\$21.39	\$25.34	\$3.95	18.47%
	5,000	\$33.60	\$39.80	\$6.20	18.45%
	10,000	\$53.95	\$63.90	\$9.95	18.44%
	20,000	\$94.65	\$112.10	\$17.45	18.44%
Average Use per Bill	22,000	\$102.79	\$121.74	\$18.95	18.44%
	35,000	\$155.70	\$184.40	\$28.70	18.43%
	50,000	\$216.75	\$256.70	\$39.95	18.43%
	75,000	\$318.50	\$377.20	\$58.70	18.43%
	100,000	\$420.25	\$497.70	\$77.45	18.43%



City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Customer Impacts

RFC Schedule 8

Customer Class	Monthly Consumption (gallons)	Bill at Current Rates	Proposed		
			Bill at Proposed Rates	\$ Increase	% Increase
Portsmouth (Monthly)  Average Use per Bill	10,000,000	\$20,013.25	\$23,705.70	\$3,692.45	18.45%
	20,000,000	\$40,013.25	\$47,395.70	\$7,382.45	18.45%
	40,000,000	\$80,013.25	\$94,775.70	\$14,762.45	18.45%
	50,000,000	\$100,013.25	\$118,465.70	\$18,452.45	18.45%
	74,000,000	\$148,013.25	\$175,321.70	\$27,308.45	18.45%
	100,000,000	\$200,013.25	\$236,915.70	\$36,902.45	18.45%
	150,000,000	\$300,013.25	\$355,365.70	\$55,352.45	18.45%

Navy (Monthly)

Average Use per Bill	500,000	\$1,268.25	\$1,502.20	\$233.95	18.45%
	750,000	\$1,895.75	\$2,245.45	\$349.70	18.45%
	3,000,000	\$7,543.25	\$8,934.70	\$1,391.45	18.45%
	5,000,000	\$12,563.25	\$14,880.70	\$2,317.45	18.45%
	7,500,000	\$18,838.25	\$22,313.20	\$3,474.95	18.45%
	10,000,000	\$25,113.25	\$29,745.70	\$4,632.45	18.45%

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City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Restricted Accounts Balances

RFC Schedule 9

	<i>Fiscal Year Ending June 30</i>					
	Test Year	Rate Year				
	2006 Actual	2007	2008	2009	2010	2011
<b>Debt Service Account</b>						
<b>Beginning Cash Balance</b>	\$ 411,287	\$ 373,242	\$ 648,458	\$ 655,610	\$ 579,692	\$ 556,323
<u>Additions</u>						
From Rates	\$ 1,431,277	\$ 1,378,764	\$ 1,304,900	\$ 1,304,900	\$ 1,304,900	\$ 1,304,900
Transfer from Repayment to City Account						
Interest Income	\$ 11,540	17,343	7,152	9,128	8,647	7,952
<b>Total Additions</b>	1,442,817	1,396,107	1,312,052	1,314,028	1,313,547	1,312,852
<b>Interest Rate</b>	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
<u>Deductions</u>						
Revenue Bond Debt Service	1,162,908	1,114,131	1,009,932	959,783	910,552	642,596
Transfer to City Repayment Account	317,955					
SRF Loan Principal	-	-	99,158	212,876	216,734	225,737
SRF Loan Interest	-	6,759	195,810	217,288	209,629	201,718
<b>Total Deductions</b>	1,480,863	1,120,890	1,304,900	1,389,947	1,336,915	1,070,050
<b>Ending Cash Balance</b>	<b>373,242</b>	<b>648,458</b>	<b>655,610</b>	<b>579,692</b>	<b>556,323</b>	<b>799,125</b>
<hr/>						
<b>Repayment to City Account</b>						
<b>Beginning Cash Balance</b>	743,585	1,037,218	287,218	37,218	287,218	537,218
<u>Additions</u>						
From Rates	270,829	250,000	250,000	250,000	250,000	250,000
Transfer from Debt Service Account	317,955					
Interest Earned	22,804	12,466	9,271	2,271	2,271	5,771
<b>Total Additions</b>	293,633	262,466	259,271	252,271	252,271	255,771
<b>Interest Rate</b>	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
<u>Deductions</u>						
Repayment to City	317,955	1,000,000	500,000	-	-	-
<b>Ending Cash Balance</b>	<b>\$ 1,037,218</b>	<b>\$ 287,218</b>	<b>\$ 37,218</b>	<b>\$ 287,218</b>	<b>\$ 537,218</b>	<b>\$ 787,218</b>

Docket No. XXXX

City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Restricted Accounts Balances

RFC Schedule 9

	Fiscal Year Ending June 30					
	Test Year	Rate Year				
	2006 Actual	2007	2008	2009	2010	2011
<b>Capital Spending Account</b>						
<b>Beginning Cash Balance</b>	\$ 1,195,619	\$ 810,737	\$ 750	\$ 773	\$ 488,380	\$ 589,736
<u>Additions</u>						
From Rates	\$ 1,269,580	\$ 1,267,092	\$ 1,715,056	\$ 1,715,056	\$ 1,715,056	\$ 1,715,056
Water Quality Protection Funds	\$ 579,869					
Interest income	40,180	6,168	23	11	3,424	7,547
<b>Interest Rate</b>		1.4%	1.4%	1.4%	1.4%	1.4%
<u>Deductions</u>						
Capital Outlays	\$ 2,274,510	\$ 2,083,247	\$ 1,715,056	\$ 1,227,460	\$ 1,617,123	\$ 1,370,107
<b>Ending Cash Balance</b>	<b>\$ 810,737.38</b>	<b>\$ 750</b>	<b>\$ 773</b>	<b>\$ 488,380</b>	<b>\$ 589,736</b>	<b>\$ 942,232</b>
<hr/>						
<b>Chemical Allowance Account</b>						
<b>Beginning Cash Balance</b>	\$ 52,902	\$ 67,758	\$ 55,340	\$ 214,139	\$ 373,962	\$ 536,016
<u>Additions</u>						
From Water Rates						
335 Contribution to Chemical Restricted Account (4)	359,273	333,000	504,200	504,200	504,200	504,200
Interest Income	1,847	845	862	1,886	4,117	461,359
<b>Interest Rate</b>	1.4%	1.4%	1.4%	1.4%	1.4%	101.4%
<u>Deductions</u>						
335 Chemicals	346,263	346,263	346,263	346,263	346,263	346,263
<b>Ending Cash Balance</b>	<b>\$ 67,758</b>	<b>\$ 55,340</b>	<b>\$ 214,139</b>	<b>\$ 373,962</b>	<b>\$ 536,016</b>	<b>\$ 1,155,312</b>
<hr/>						
<b>Electricity Account</b>						
<b>Beginning Cash Balance (3)</b>	\$ 236	\$ 1,712	\$ 40,347	\$ 79,264	\$ 118,723	\$ 158,731
<u>Additions</u>						
From Water Rates						
254 Contribution to Electricity Account (4)	411,675	449,070	449,070	449,070	449,070	449,070
Interest Income	249	14	294	837	1,386	140,669
<b>Interest Rate</b>		1.4%	1.4%	1.4%	1.4%	101.4%
<u>Deductions</u>						
254 Electricity	410,448	410,448	410,448	410,448	410,448	410,448
Offset to Revenue Requirements						
<b>Ending Cash Balance</b>	<b>\$ 1,712</b>	<b>\$ 40,347</b>	<b>\$ 79,264</b>	<b>\$ 118,723</b>	<b>\$ 158,731</b>	<b>\$ 338,022</b>

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City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Restricted Accounts Balances

RFC Schedule 9

		<i>Fiscal Year Ending June 30</i>					
<b>Test Year</b>		<b>Rate Year</b>					
<b>2006 Actual</b>		<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	
<b>Retiree Insurance</b>							
<b>Beginning Cash Balance</b>	\$ -	\$ 28,647	\$ 28,848	\$ 29,250	\$ 29,657	\$ 30,070	
<u>Additions</u>							
From Water Rates							
254 Contribution to Retiree Insurance Account	104,850	210,000	210,000	210,000	210,000	210,000	
Interest Income	347	201	402	407	412	418	
<b>Interest Rate</b>		1.4%	1.4%	1.4%	1.4%	1.4%	
<u>Deductions</u>							
254 Retiree Insurance		76,550	210,000	210,000	210,000	210,000	
Offset to Revenue Requirements							
<b>Ending Cash Balance</b>	\$ 28,647	\$ 28,848	\$ 29,250	\$ 29,657	\$ 30,070	\$ 30,488	
<hr/>							
<b>Accrued Benefit Buyout</b>							
<b>Beginning Cash Balance</b>	\$ -	\$ 35,220	\$ 35,467	\$ 35,962	\$ 36,462	\$ 36,968	
<u>Additions</u>							
From Water Rates							
Contribution to Accrued Benefit Buyout Account	35,034	70,000	70,000	70,000	70,000	70,000	
Interest Income	222	247	495	500	507	514	
<b>Interest Rate</b>		1.4%	1.4%	1.4%	1.4%	1.4%	
<u>Deductions</u>							
Accrued Benefit Buyout		36	70,000	70,000	70,000	70,000	
Offset to Revenue Requirements							
<b>Ending Cash Balance</b>	\$ 35,220	\$ 35,467	\$ 35,962	\$ 36,462	\$ 36,968	\$ 37,483	

**City of Newport, Rhode Island  
FY 2008 Rate Filing  
Capital Improvements Plan**

**RFC Schedule A**

	<b>FY 2007</b>	<b>FY 2008 Rate Year</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Total</b>
<b>Studies</b>						
Safe Yield Study	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 200,000
GIS and Hydraulic Modeling	-	100,000	200,000	-	-	\$ 300,000
IRP Update	-	-	-	75,000	-	\$ 75,000
Easton Pond Dam and Moat Study	47,000	100,000	-	-	-	\$ 147,000
Lawton Valley WTP- Water Age Study	46,730	-	-	-	-	\$ 46,730
Joint Water Study	9,250	-	-	-	-	\$ 9,250
Financial Management Study	45,000	-	-	-	-	\$ 45,000
<b>Raw Water Supply and Transmission</b>						
Lawton Valley Raw Water Main Replacement/Residuals Mngmt.	1,401,250	1,360,250	-	-	-	\$ 2,761,500
Intake at Gardiner Pond	-	190,000	-	-	-	\$ 190,000
Main from Gardiner to Paradise	-	-	-	100,377	1,405,284	\$ 1,505,661
Intake at Paradise	-	-	-	-	190,000	\$ 190,000
Lawton Valley Reservoir Aeration	-	100,000	-	-	-	\$ 100,000
Paradise Pump Station	57,000	-	-	-	-	\$ 57,000
<b>Treatment</b>						
Lawton Valley WTP - Chloramine Conversion Design	46,000	43,500	-	-	-	\$ 89,500
Lawton Valley WTP - Chloramine Conversion Construct	-	90,000	90,000	-	-	\$ 180,000
Lawton Valley WTP - pH Adjustment Design	54,200	-	-	-	-	\$ 54,200
Lawton Valley WTP - pH Adjustment Construction	180,000	180,000	-	-	-	\$ 360,000
Lawton Valley WTP - New WTP	-	250,000	75,000	100,000	500,000	\$ 925,000
Lawton Valley Sed Basin Imp	-	300,000	-	-	-	\$ 300,000
Station 1 - Chloramine Conversion Design	46,000	43,500	-	-	-	\$ 89,500
Station 1 - Chloramine Conversion Construct	-	81,000	81,000	-	-	\$ 162,000
Station 1- pH Adjustment Design	54,200	-	-	-	-	\$ 54,200
Station 1- pH Adjustment Construction	112,000	112,000	-	-	-	\$ 224,000
Station 1 - Additional Pretreatment/Clarification Train	-	186,094	106,339	1,200,000	2,636,934	\$ 4,129,367
Station 1 - General Improvements	-	-	-	-	1,329,241	\$ 1,329,241
Station 1 - UV	-	-	-	651,860	-	\$ 651,860
Station 1 SCADA and Pumps	30,000	-	-	-	-	\$ 30,000
<b>Transmission, Storage and Distribution</b>						
Distribution Main Improvements (Ocean Ave.)	1,591,000	365,000	-	-	-	\$ 1,956,000
Distribution Main Iprov.(Sherman St) Design & Construct	22,179	150,000	-	-	-	\$ 172,179
Distribution Main Improvements (System-wide)	-	250,000	3,250,000	300,000	3,200,000	\$ 7,000,000
Remote Radio Read Pilot/Install	20,000	250,000	625,000	500,000	500,000	\$ 1,895,000
Meter Replacement	38,000	64,000	66,560	69,222	71,991	\$ 309,774
Water Trench Restoration	15,000	65,000	67,600	70,304	73,116	\$ 291,020
Fire Hydrant Replacement	-	-	-	-	16,000	\$ 16,000
Finished Water Storage Tank Maintenance	14,910	81,000	575,000	-	-	\$ 670,910
<b>Miscellaneous</b>						
Equipment and Vehicle Replacement	157,000	184,056	93,300	50,360	19,000	\$ 503,716
Fire Code Upgrades	35,000	-	-	-	-	\$ 35,000
<b>Total CIP Funding Needs</b>	<b>\$ 4,021,719</b>	<b>\$ 4,645,400</b>	<b>\$ 5,329,799</b>	<b>\$ 3,117,123</b>	<b>\$ 9,941,566</b>	<b>\$ 27,055,608</b>

**City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Debt Service**

**RFC Schedule B**

**Bond Repayment Schedule**

**Existing Debt Service (1)**

FY 2005 Bond Refunding (October 2004)

Principal

Interest

	<b>Rate Year</b>				
	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
	\$ 969,406	\$ 894,389	\$ 868,627	\$ 844,560	\$ 601,680
	144,725	115,543	91,156	65,992	40,916
	<u>\$ 1,114,131</u>	<u>\$ 1,009,932</u>	<u>\$ 959,783</u>	<u>\$ 910,552</u>	<u>\$ 642,596</u>

**FY 2007 SRF Series A**

Interest Rate 3.45%

Project Costs \$ 2,761,500

Issuance Costs(6.0% of Project Costs) \$ 238,500

Total Loan \$ 3,000,000

Principal	\$ -	\$ -	\$ 110,000	\$ 110,000	\$ 115,000
Interest (2)	<u>6,759</u>	<u>87,911</u>	<u>113,107</u>	<u>109,307</u>	<u>105,398</u>
	<u>\$ 6,759</u>	<u>\$ 87,911</u>	<u>\$ 223,107</u>	<u>\$ 219,307</u>	<u>\$ 220,398</u>

**FY 2007 SRF Series B (3)**

Interest Rate 3.75%

Project Costs \$ 2,714,433

Issuance Costs(6.0% of Project Costs) \$ 162,866

Total Loan \$ 2,877,299

Principal	\$ -	\$ 99,158	\$ 102,876	\$ 106,734	\$ 110,737
Interest	<u>-</u>	<u>107,899</u>	<u>104,180</u>	<u>100,322</u>	<u>96,320</u>
	<u>\$ -</u>	<u>\$ 207,056</u>	<u>\$ 207,056</u>	<u>\$ 207,056</u>	<u>\$ 207,056</u>

**Total Existing Debt Service** **\$ 1,120,890** **\$ 1,304,900** **\$ 1,389,947** **\$ 1,336,915** **\$ 1,070,050**

1 - Debt issued prior to beginning of rate year.

2- Interest on FY 2007 Series A based on schedules provided by RICWFA and includes payments of 0.05% loan fee

3 - Assumes issuance of Series B SRF debt in last quarter of FY07 with full debt service in FY08

Administration  
 Account No. 15-500-2200

Personnel

001 Salaries & Wages		Docket 3675 Proposed	Reduction in	FYE 2007 Copay	FYE 2007 3%	FYE 2008	FYE 2008 3%	Total
Title	Salary Base	Base*		MERS	Copay	MERS		
Dir. Of Public Works (Allocate 40%)	39,003		\$ -	1,170	-	\$ 1,205		\$ 41,378
Admin Secretary (Allocate 70%)	26,646			799		\$ 823		\$ 28,269
Dep.Dir., Util/AssocDirFin-Util	77,163	(4,653)	(1,436)	2,315	(1,436)	\$ 2,384		\$ 74,337
Dep.Dir., Util/AssocDirFin-Util(Allocate 40%)	(30,865)		574	(926)	574	\$ (954)		\$ (31,596)
Dep.Dir., Util Engineer	77,163	(1,754)	(1,436)	2,315	(1,436)	\$ 2,384		\$ 77,236
Dep.Dir., Util Engineer (Allocate 40%)	(30,865)		\$ 574	(926)	574	\$ (954)		\$ (31,596)
Financial Analyst	54,432		(1,143)	1,633	(1,143)	\$ 1,682		\$ 55,460
Total								\$ 213,488
Rate Year - FY 2008								\$ 214,000
Normalized Test Year								\$ 208,333
Normalizing Adjustment								\$ 46,298 Due to vacanci
Actual FY 2006								\$ 162,035
Docket #3675								\$ 212,677

\* New employees for formerly vacant positions who are paid less than originally budgeted

044 Standby Salaries			
\$360 x 26 pay periods		\$ 9,360	
Rate Year - FY 2008		\$ 9,641	
Test Year - FY 2006		\$ 9,360	
Docket #3675		\$ 9,641	

770 Accrued Benefits Buy-Out			
Two Retirements Projected for FY 2008	x \$35,000 each	\$ 70,000	
	Rate Year - FY 2008	\$ 70,000	
	Normalized Test Year	\$ 70,000	
	Normalizing Adjustment	\$ 70,000	2 retirements allowed for did not occur.
	Actual FY 2006	\$ -	
	Docket #3675	\$ 70,000	

100 Employee Benefits						
Title	FICA MEDIC	11.99% Pension	Health 10% 10% Plan 200	5% Increase Dental	Life Ins & 5%	Total
Dir. Of Public Works (Allocate 40%)	\$ 3,165	\$ 4,961	\$ -	\$ -	\$ 77	\$ 8,204
Admin Secretary (Allocate 70%)	2,163	3,389	9,720	791	135	16,197
Dep.Dir., Util/AssocDirFin-Util	6,149	9,638	13,885	1,130	192	30,994
Dep.Dir., Util/AssocDirFin-Util(Allocate 40%)	(2,460)	(3,855)	(5,554)	(452)	(77)	(12,398)
Dep.Dir., Util Engineer	6,149	9,638	13,885	1,130	192	30,994
Dep.Dir., Util Engineer (Allocate 40%)	(2,460)	(3,855)	(5,554)	(452)	(77)	(12,398)
Financial Analyst	4,328	6,783	13,885	1,130	192	26,317
Total						\$ 87,911
Rate Year - FY 2008						\$ 88,000
Test Year - FY 2006						\$ 56,755
Docket #3675						\$ 75,106

103 Retiree Insurance Coverage	
Actual FY 2005	\$ 161,942
FY 2007 Governmental Health Group of RI \$16,646.94 x 12 mos	\$ 199,763
5% Percentage projected	
	\$ 209,751
Rate Year - FY 2008	\$ 210,000
Test Year - FY 2006	\$ 186,892
Docket #3675	\$ 209,626

105 Workers Compensation			
	FY 2006 Test Year	x Increase in Claims (1)	Total
Claims	\$ 2,694	30%	\$ 3,502
Premiums	\$ 55,607	30%	\$ 72,289
Total			\$ 75,791
Rate Year - FY 2008			\$ 76,000
Test Year - FY 2006			\$ 58,301
Docket #3675			\$ 50,129

Actual August 2007 entry

(1) 30% increase based on historic claims.

175 Annual Leave BuyBack	
Based on current salary base with a projected 12% increase	
Rate Year - FY 2008	\$ 1,960
Test Year - FY 2006	\$ -
Docket #3675	\$ 1,750

No activity FYE 2006

**Other Operating**

207 Advertisement	
New rate filing ads in newspapers with new rates notices	
Rate Year - FY 2008	\$ 1,500
Normalized Test Year	\$ 1,500
Normalizing Adjustment	\$ 1,490
Actual FY 2006	\$ 10
Docket #3675	\$ 1,500



210 Membership Dues & Subscriptions										
Name		AWWA/NEWW A	RIWWA	ABPA	GFOA	APWA	Manuals & Subscriptions	Total		
Director of Public Works		\$ 210	\$ 35	\$ -		\$ 42.50	\$ 120	\$ 408		
Laboratory Supervisor		\$ 210	\$ 35					\$ 245		
Supervisor Water Dis/Collect		\$ 210	\$ 35	\$ 68		\$ 42.50		\$ 356		
Distribution Supervisor		\$ 210	\$ 35					\$ 245		
Dep. Utilities Dir-Finance		\$ 210	\$ 35		\$ 180		\$ 85	\$ 510		
Dep. Utilities Dir-Engineering		\$ 210	\$ 35				\$ 120	\$ 365		
Water Meter Foreman		\$ 210	\$ 35	\$ 68				\$ 313		
<b>Total</b>		\$ -	\$ 1,470	\$ 245	\$ 136	\$ 180	\$ 170	\$ 240	\$ 2,441	
<b>Rate Year - FY 2008</b>		<b>\$ 2,500</b>								
Test Year - FY 2006		\$ 1,870								
Docket #3675		\$ 2,500								

212 Conferences & Training		
NEWWA, AWWA, RIWWA, ABPA conference & training participation and manuals, subscriptions		
<b>Rate Year - FY 2008</b>	\$	<b>2,500</b>
Normalized Test Year	\$	2,500
Normalizing Adjustment	\$	524
Actual FY 2006	\$	1,976
Docket #3675	\$	2,500

Reduced training due to cash flow problems

214 Tuition Reimbursement		
<b>Rate Year - FY 2008</b>	\$	<b>2,000</b>
Normalized Test Year	\$	2,000
Normalizing Adjustment	\$	2,000
Actual FY 2006	\$	-
Docket #3675	\$	2,000

No tuition reimbursement in FY 06 due to cash flow problems.

220 Consultant Fees		
ACTUAL EXPENSES PLUS AMORTIZATION OF ACCRUED EXPENSES FOR NEW RATE FILING		
	Actual	Billed
Actual FY 2003	\$ 380,737	
Actual FY 2004	\$ 117,043	
Actual FY 2005	\$ 277,911	
Billed 2006: Raftelis		\$ 72,438
Billed FY 2006: Keough & Sweeney		\$ 38,462
Billed FY 2006: RI PUC		\$ 28,143
Total billed FY 2006		\$ 139,043
Projected legal & other fees re: SRF bond add'l borrowing FY 2008		\$ 30,000
<b>Total</b>		<b>\$ 169,043</b>
<b>Rate Year - FY 2008</b>	\$	<b>170,000</b>
Test Year - FY 2006	\$	169,043
Docket #3675	\$	100,000

Per Finance

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

238	Postage		
	Postmaster and FedEx		
	Rate Year - FY 2008	\$	1,000
	Test Year - FY 2006	\$	794
	Docket #3675	\$	5,000

239	Fire & Liability Insurance		
FY 2007	RI Interlocal Risk Mgmt Trust	\$	70,492 Per Finance schedule
	Rate Year - FY 2008	\$	80,000
	Test Year - FY 2006	\$	72,461
	Docket #3675	\$	76,000

251	Telephone & Communication				
	Make	Number	Unit	Unit Cost/ Avg month all phones	Total FY 2006
	Arch Wireless		5 pagers	\$ 35.24	\$ 423
	Nextel		7 phones	440.33	\$ 5,284
	Verizon	All 7 lines	Avg Month	382.54	\$ 4,590
			Total	\$ 858.11	\$ 10,297
			Rate Year - FY 2008 (1)	\$	10,200
			Test Year - FY 2006	\$	10,297
			Docket #3675	\$	10,200

(1) Rate Year amount contains small allowance for overages.

252	Water		
	Projected \$80 x 12 mos	\$	960
	Rate Year - FY 2008	\$	960
	Test Year - FY 2006	\$	794
	Docket #3675	\$	620

254	Contribution to Electricity Restricted Account			
	Location Account (1)	KWH Used Annually	KWH Rate	Total
	70 Halsey Street	57,000	\$ 0.11	\$ 6,270
	Rate Year - FY 2008	\$	6,270	
	Test Year - FY 2006	\$	5,701	
	Docket #3675	\$	7,202	

(1) Accounts are with National Grid

255	Natural Gas		
	5,050 CCF @ \$1.52/ccf x 6% increase	\$	8,137
	Rate Year - FY 2008	\$	8,100
	Test Year - FY 2006	\$	8,484
	Docket #3675	\$	8,100

261 Property Taxes					
Municipality	Number	Unit	2005 Property Taxes (FY 2006)	2006 Property Taxes (FY 2007)	Projected 2007 Property Taxes (FY 2008) 3% Increase
Portsmouth	7	Parcels	\$ 63,332	\$ 69,083	\$ 71,156
Tiverton	3	Parcels	\$ 20,835	\$ 20,812	\$ 21,437
Little Compton	3	Parcels	\$ 10,867	\$ 11,389	\$ 11,731
Middletown	21	Parcels	\$ 91,994	\$ 71,048	\$ 73,179
Middletown-Settlement agreement			\$ 50,000	\$ 50,000	\$ -
Middletown-Dec 2006 final settlement payment			\$ -	\$ 87,043	\$ -
Total			\$ 237,026	\$ 309,376	\$ 177,503
Middletown Taxes 2008 (1)					\$ -
Total					\$ 177,503
Rate Year - FY 2008					\$ 180,000
Test Year - FY 2006					\$ 237,026
Docket #3675					\$ 214,811

(1) Includes Middletown back taxes for a total of approximately \$330,000 over the last four years. Final paid FYE 2007.

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

266 Legal & Administrative  
 Docket #3675 \$ 285,005

Based on Docket 3675 settlement calculation:

	FY 2007 Adopted Budget	Percentage
General Fund Less School & Library	\$ 48,523,621	68.28%
Harbor	\$ 667,883	0.94%
Water Fund	\$ 10,603,318	14.92%
WPC	\$ 8,633,784	12.15%
Parking	\$ 1,681,564	2.37%
Beach	\$ 959,973	1.35%
Total Budget	\$ 71,070,143	100.00%

\$ 74,357,978  
 \$ (23,317,893) School  
 \$ (1,516,464) Library  
 \$ (50,000) Library Cap  
 \$ (600,000) School Cap  
 \$ (300,000) Beach Cap (incl in Beach budget)  
 \$ (50,000) Maritime Cap (incl in Maritime Budget)  
 \$ 48,523,621

	FY 2007 Adopted Budget	Percentage
General Fund Including School & Library	\$ 74,007,978	76.65%
Harbor	\$ 667,883	0.69%
Water Fund	\$ 10,603,318	10.98%
WPC	\$ 8,633,784	8.94%
Parking	\$ 1,681,564	1.74%
Beach	\$ 959,973	0.99%
Total Budget	\$ 96,554,500	100.00%

\$ 667,883 harbor budget  
 \$ 959,973 Beach Budget  
 \$ 74,357,978  
 \$ (300,000) Beach Cap (incl in Beach Budget)  
 \$ (50,000) Maritime Cap (incl in Maritime Budget)  
 \$ 74,007,978

Divisions/Functions to be Allocated:

Based on Percentage of Budget	Total City Budget	Reduction to Budget Allocator	Allocable Dept. Budget	Allocation to Water Fund	% Allocation to Water Fund	Docket 3675 Percentage totals
City Council	\$ 149,932	\$ (51,962)	\$ 97,970	\$ 10,759	10.98%	\$ 10.098
City Manager	\$ 451,350	\$ (40,000)	\$ 411,350	\$ 45,173	10.98%	\$ 10.098
City Solicitor	\$ 384,374	\$ (192,187)	\$ 192,187	\$ 21,105	14.92%	\$ 13.758
City Clerk	\$ 538,658	\$ (187,143)	\$ 351,515	\$ 38,602	10.98%	\$ 10.098
Finance Administration	\$ 347,357	\$ (173,679)	\$ 173,679	\$ 19,073	14.92%	\$ 13.758
Assessment	\$ 303,983	\$ (100,314)	\$ 203,669	\$ 22,366	14.92%	\$ 13.758
Collections	\$ 274,005	\$ -	\$ 274,005	\$ 30,090	14.92%	\$ 13.758
Administrative Services	\$ 258,420	\$ -	\$ 258,420	\$ 28,379	14.92%	\$ 13.758
Facilities Maintenance	\$ 654,108	\$ -	\$ 654,108	\$ 32,705	5%	\$ -
Planning	\$ 385,342	\$ -	\$ -	\$ -	-	\$ -
	\$ 3,747,529	\$ (745,285)	\$ 2,616,902	\$ 248,253	14.92%	

To be allocated based on Payroll checks (FYE 2006)

Human Resources \$ 304,957 \$ 14,695 4.82%

Based on Vendor Checks:

Accounting \$ 359,013 \$ 46,178 12.86%

Based on Purchase Orders

Purchasing \$ 90,000 \$ 10,522 11.69%

Total Legal & Admin Costs \$ 3,370,872 \$ 319,648

Rate Year - FY 2008	\$ 319,648
Normalized Test Year	\$ 285,005
Normalizing Adjustment	\$ 41,576
Actual FY 2006	\$ 243,429
Docket #3675	\$ 285,005

Legal and admin. charge allowed in Docket 3675 was only effective during a portion of FY 06  
 \$ 71,251 \$ 213,753.64 28000

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

267 Data Processing  
 Docket #3675 \$ 189,994

Based on Docket 3675 settlement calculation:

Water Fund \$ 10,603,318 10.98%  
 Total Budget \$ 96,554,500

	Total MIS Budget	Allocation to Water Fund	% Allocation to Water Fund
\$	1,609,412	\$ 176,741	10.98%

Rate Year - FY 2008	\$ 176,741
Normalized Test Year	\$ 189,994
Normalizing Adjustment	\$ 27,223
Actual FY 2006	\$ 162,771
Docket #3675	\$ 189,994

Data processing charge allowed in Docket 3675 was only effective during a portion of FY 06

\$	47,498	\$	94,996.87	\$	40500
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268 Mileage Allowance

Rate Year - FY 2008	\$ 1,500
Test Year - FY 2006	\$ 154
Docket #3675	\$ 2,500

271 Gasoline & Vehicle Maint.

Rate Year - FY 2008	\$ 3,272
Test Year - FY 2006	\$ 2,989
Docket #3675	\$ 2,000

275 Repairs/Maint

Halsey St. smoke detector contract 1,000 Per fire service contract with Buchanan Electric

Rate Year - FY 2008	\$ 1,200
Normalized Test Year	\$ 1,200
Normalizing Adjustment	\$ (443)
Actual FY 2006	\$ 1,643
Docket #3675	\$ 1,200

280 Regulatory Expense

Expenses charged to Division to meet State & Federal compliance requirements including annual printing & Mailing of Consumer Confidence Report.

Rate Year - FY 2008	\$ 10,000
Test Year - FY 2006	\$ 5,122
Docket #3675	\$ 20,000

281 Regulatory Assessment

Consists of all assessments and license fees fom RIPUC, RIDOH, RIWWA and Div. of Taxation

Gen Tres State of RI	\$ 700.00
RIWWA	\$ 630.00
RI Div of PUC	\$ 22,980.23
Gen Tres State of RI	\$ 16,151.30
Gen Tres Dept Environ	\$ 700.00
Total	\$ 41,161.53
Rate Year - FY 2008	\$ 42,000
Test Year - FY 2006	\$ 41,162
Docket #3675	\$ 40,000

361 Office Supplies

All office supplies for water division in all sections

Rate Year - FY 2008	\$ 30,000
Normalized Test Year	\$ 30,000
Normalizing Adjustment	\$ 17,709
Actual FY 2006	\$ 12,291
Docket #3675	\$ 36,000

Purchased supplies on "as needed" basis due to cash flow problems

City of Newport, Rhode Island

2008 Rate Filing

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

Docket No. XXXX

RFC Schedule C

561	<u>Self Insurance</u>		
	Rate Year - FY 2008	\$	25,000
	Test Year - FY 2006	\$	404
	Docket #3675	\$	52,000
563	<u>Unemployment Claims</u>		
	FY 2007 to date	\$	11,414
	Rate Year - FY 2008	\$	12,000
	Test Year - FY 2006	\$	822
	Docket #3675	\$	-
999	<u>Allowance for Doubtful Accounts</u>		
	Rate Year - FY 2008	\$	30,000
	Test Year - FY 2006	\$	-
	Docket #3675	\$	30,000

Customer Service  
Account No. 15-500-2209

**Personnel**

001 Salaries & Wages

Title	Docket #3675 Proposed Salary Base	Long		FYE 2007 3% MERS	Long	FYE 2008 3% MERS	Total
Meter Repairman/Reader	\$ 30,187		\$ 30,187	\$ 906		\$ 933	\$ 32,026
Meter Repairman/Reader	\$ 37,366	\$ 1,979	\$ 39,345	\$ 1,121	\$ 1,979	\$ 1,155	\$ 43,600
Prin. Account Clerk	\$ 42,819	\$ 2,279	\$ 45,098	\$ 1,285	\$ 2,279	\$ 1,323	\$ 49,985
Meter Repairman/Reader	\$ 36,663		\$ 36,663	\$ 1,100		\$ 1,133	\$ 38,895
Maintenance Mechanic	\$ 39,124	\$ 1,485	\$ 40,609	\$ 1,174	\$ 1,485	\$ 1,209	\$ 44,477
SAE - Sr. Maint. Mechanic	\$ 42,819	\$ 2,374	\$ 45,193	\$ 1,285	\$ 2,374	\$ 1,323	\$ 50,175
Water Meter Foreman	\$ 38,516		\$ 38,516	\$ 1,155		\$ 1,190	\$ 40,862
	\$ 267,495	\$ 8,117	\$ 275,612	\$ 8,025	\$ 8,117	\$ 8,266	\$ 300,019

Rate Year - FY 2008	\$ 300,500	
Normalized Test Year	\$ 266,059	
Normalizing Adjustment	\$ 40,032	Due to vacanci
Actual FY 2006	\$ 226,027	
Docket #3675	\$ 267,580	

002 Overtime

Based on 1 1/2 times current hourly rate  
Projected 12% cumulative increase

Rate Year - FY 2008	\$ 8,000
Test Year - FY 2006	\$ 5,877
Docket #3675	\$ 13,000

004 Temp Salaries

\$12 per hour, maximum 19 weeks per individual  
x 1 individual

Rate Year 2008	\$ 10,000
FY 2006	\$ 28,526
Docket #3675	\$ 10,000

100 Employee Benefits

Title	FICA MEDIC	11.99% Pension	Health 10% 10% Plan 200	5% Increase Dental	Life Ins & 5%	Total
Meter Repairman/Reader	\$ 2,381	\$ 3,731	\$ 13,885	\$ 1,130	\$ 192	\$ 21,319
Meter Repairman/Reader	\$ 3,124	\$ 4,896	\$ 13,885	\$ 1,130	\$ 192	\$ 23,226
Prin. Account Clerk	\$ 3,579	\$ 5,610	\$ 13,885	\$ 1,130	\$ 192	\$ 24,397
Meter Repairman/Reader	\$ 3,065	\$ 4,803	\$ 13,885	\$ 1,130	\$ 192	\$ 23,075
Maintenance Mechanic	\$ 3,271	\$ 5,126	\$ 13,885	\$ 1,130	\$ 192	\$ 23,604
SAE - Sr. Maint. Mechanic	\$ 3,579	\$ 5,610	\$ 13,885	\$ 1,130	\$ 192	\$ 24,397
Water Meter Foreman	\$ 3,220	\$ 5,046	\$ 13,885	\$ 1,130	\$ 192	\$ 23,473

Total	\$ 163,492
Rate Year - FY 2008	\$ 164,000
Test Year - FY 2006	\$ 95,413
Docket #3675	\$ 118,185

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

Other Operating

175 Annual Leave Buy Back  
Based on 1 1/2 times current hourly rate  
Projected 12% cumulative increase

Rate Year - FY 2008	\$	4,500
Test Year - FY 2006	\$	3,655
Docket #3675	\$	4,500

205 Copying & Binding

Rate Year - FY 2008	\$	1,000
Test Year - FY 2006	\$	340
Docket #3675	\$	1,000

212 Conferences & Training

Training supervisor and additional meter training for personnel

Rate Year - FY 2008	\$	5,000	
Normalized Test Year	\$	5,000	
Normalizing Adjustment	\$	3,934	Reduced training due to cash flow problems
Test Year - FY 2006	\$	1,066	
Docket #3675	\$	5,000	

225 Support Services

List Perfect Labor Cost	\$	11,000
Opal maintenance contract	\$	3,500
Billing consultant for reporting Opal	\$	3,000
Total	\$	17,500
Rate Year - FY 2008	\$	17,500
Test Year - FY 2006	\$	13,529
Docket #3675	\$	17,500

238 Postage

ListPerfect	\$	20,684
US Postmaster	\$	1,424
Total	\$	22,108
Rate Year - FY 2008	\$	23,000
Test Year - FY 2006	\$	22,108
Docket #3675	\$	20,000

271 Gasoline & Vehicle Maint

Rate Year - FY 2008	\$	17,497
Actual FY 2006	\$	12,348
Docket #3675	\$	16,050



Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

275 Repair & Maint - Equipment  
**Description:** This account tracks new meter sales for new developments on a daily basis and includes broken and frozen meters in need of replacement, new hydrant meter, lock boxes.

	Calculated
Meters:	
200 - 5/8"	\$ 7,600
130 - 3/4"	\$ 9,100
10 - 1"	\$ 1,220
10 - 1 1/2"	\$ 2,560
10 - 2"	\$ 3,700
1 - 4"	\$ 2,100
2 - 6"	\$ 6,520
2 - 3" hydrant	\$ 1,700
Repairs for any tools/machines for the meter test bench	\$ 3,000
Repairing and maintaining meter guns	\$ 3,000
<b>Total</b>	<b>\$ 40,500</b>
<b>Rate Year - FY 2008</b>	<b>\$ 40,000</b>
Normalized Test Year	\$ 40,000
Normalizing Adjustment	\$ (1,930)
Actual FY 2006	\$ 41,930
Docket #3675	\$ 40,000

299 Meter Maintenance

Appurtenant piping, tail pieces, gaskets, SS fasteners and touch pads	\$ 9,300
Calibrate Navy meters Yearly	\$ 1,700
<b>Rate Year - FY 2008</b>	<b>\$ 11,000</b>
Normalized Test Year	\$ 11,000
Normalizing Adjustment	\$ 8,687
Actual FY 2006	\$ 2,313
Docket #3675	\$ 11,000

311 Operating Supplies

Purchase new meter reading guns, batteries as needed	\$ 4,500
Purchase of any new tools and misc. costs associated with meter installation and repairs Metal detectors, pipe wrenches, socket sets,	\$ 2,500
<b>Total</b>	<b>\$ 7,000</b>
<b>Rate Year - FY 2008</b>	<b>\$ 7,000</b>
Normalized Test Year	\$ 7,000
Normalizing Adjustment	\$ (780)
Actual FY 2006	\$ 7,780
Docket #3675	\$ 7,000

320 Uniforms & Protective Gear

<b>Rate Year - FY 2008</b>	<b>\$ 1,000</b>
Normalized Test Year	\$ 1,000
Normalizing Adjustment	\$ 912
Actual FY 2006	\$ 88
Docket #3675	\$ 1,000

Deferred uniform purchases due to cash flow concerns

380 Customer Service Supplies

Water conservation kits, booklets, brochures	\$ 5,000
<b>Rate Year - FY 2008</b>	<b>\$ 5,000</b>
Test Year - FY 2006	\$ 173
Docket #3675	\$ 5,000

**Source of Supply - Island**  
**Account No. 15-500-2212**

**Personnel**

001 Salaries & Wages

Title	Docket 3675 Proposed		FYE 2007 3%		FYE 2008 3% MERS		Total
	Salary Base	Long	MERS	Long	MERS		
Super., Water Dist/Collect	\$ 65,762	\$	\$ 65,762	\$ 1,973	\$	\$ 2,032	\$ 69,767
Maintenance Mechanic	\$ 40,103	\$ 1,269	\$ 41,372	\$ 1,203	\$ 1,269	\$ 1,239	\$ 45,083
Skilled Laborer Equip Oper	\$ 34,995	\$ 494	\$ 35,489	\$ 1,050	\$ 494	\$ 1,081	\$ 38,114



Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

Other Operating

175	Annual Leave Buy Back		
	Based on 1 1/2 times current hourly rate		
	Projected 12% cumulative increase		
	Rate Year - FY 2008	\$	6,000
	Test Year - FY 2006	\$	5,320
	Docket #3675	\$	4,000

254	Contribution to Electricity Restricted Account				
	Location Account (1)	KWH Used Annually	KWH Rate	6% Increase	Total
	70 Halsey Street	272,000	\$ 0.10	6.00%	\$ 28,832
	Includes Paradise and St.Mary's Pond pump stations				
	Rate Year - FY 2008	\$	28,800		
	Test Year - FY 2006	\$	27,189		
	Docket #3675	\$	7,500		

(1) Accounts are with National Grid

271	Gas/Vehicle Maintenance		
	Fuel and Service by Department of Public Works		
	Rate Year - FY 2008	\$	29,159
	Test Year - FY 2006	\$	25,939
	Docket #3675	\$	26,750

275	Repair & Maintenance			
	Equipment repair (weed whackers, mowers, line, blades)	\$	1,000	
	Any minor repairs to Paradise PS, St. Mary's PS	\$	1,000	
	Equipment repairs /boat motor/ chain saws, etc.	\$	2,000	
	Raw water pump station inspections/maintenance	\$	1,000	
		\$	5,000	
	Rate Year - FY 2008	\$	5,000	
	Normalized Test Year	\$	5,000	Deferred maintenance due to cash flow concerns
	Normalizing Adjustment	\$	3,572	
	Test Year - FY 2006	\$	1,428	
	Docket #3675	\$	5,000	

277	Reservoir Maintenance			
	Tree Removal	\$	3,000	
	Dam Improvement Repairs:			
	Gravel, loam, rip-rap stone, gabions, geofabric	\$	19,000	
	Sign Installation and Maintenance	\$	1,000	
	Dam inspections	\$	7,000	
	Total	\$	30,000	
	Rate Year - FY 2008	\$	25,000	
	Normalized Test Year	\$	16,948	
	Normalizing Adjustment	\$	4,500	Deferred maintenance due to cash flow concerns
	Test Year - FY 2006	\$	12,448	
	Docket #3675	\$	30,000	

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

<u>311</u>	<u>Operating Supplies</u>				
	Machine and Tool Lubricants	\$	1,000		
	Grease Guns		250		
	Replacement Blades/Brush Cutting		2,250		
	Total	\$	3,500		
	Rate Year - FY 2008	\$	3,500		
	Normalized Test Year	\$	3,500		
	Normalizing Adjustment	\$	2,217	Deferred purchases due to cash flow concerns	
	Test Year - FY 2006	\$	1,283		
	Docket #3675	\$	3,500		
<u>320</u>	<u>Uniforms &amp; Protective Gear</u>				
	Rate Year - FY 2008	\$	750		
	Normalized Test Year	\$	750		
	Normalizing Adjustment	\$	557	Deferred uniform purchases due to cash flow concerns	
	Test Year - FY 2006	\$	193		
	Docket #3675	\$	750		
<u>335</u>	<u>Chemicals</u>				
	Copper sulfate for algae control 28,000 lbs @ \$1.65/lb	\$	46,200		
	Rate Year - FY 2008	\$	46,200		
	Test Year - FY 2006	\$	21,920		
	Docket #3675	\$	22,000		

Source of Supply - Mainland

Account No. 15-500-2213

**Personnel**

002 Overtime

Based on 1 1/2 times current hourly rate  
 Projected 12% cumulative increase  
 Sakonnet Pump Station was on line for approximately one month in FYE 2006 during summer 2005.

Rate Year - FY 2008	\$	10,000	
Test Year - FY 2006	\$	3,946	operational this year
Docket #3675	\$	10,000	

005 Permanent/Part Time

New account number for permanent/part time employee  
 Applies to 50-year employee where the respective salary needs to be adjusted in order to maintain employment with the Newport Water Department.

Rate Year - FY 2008	\$	5,200
Test Year - FY 2006	\$	5,200
Docket #3675	\$	5,200

004 Temporary/Seasonal Wages

Temporary and seasonal hours for temporary staff to attend to the Mainland pump station.  
 Pump station operated only under specific conditions; under dry conditions the pump station is not in use.

Rate Year - FY 2008	\$	10,000
Test Year - FY 2006	\$	7,550
Docket #3675	\$	10,000

100 Employee Benefits

Rate Year - FY 2008	\$	1,500
Test Year - FY 2006	\$	1,482
Docket #3675	\$	1,163

**Other Operating**

254 Contribution to Electricity Restricted Account

Location Account (1)	KWH Used Annually	KWH Rate	6% Increase	Total
70 Halsey Street	648,000	\$ 0.105	6.00%	\$ 72,122
60 days operation of Nonquit pump station @ 10,800 kwh/day = 648,000 kwh				

Rate Year - FY 2008	\$	72,100	
Normalized Test Year	\$	60,938	
Normalizing Adjustment	\$	5,000	Wet weather resulted in lower than normal pumping costs.
Actual FY 2006	\$	55,938	
Docket #3675	\$	61,000	

(1) Accounts are with National Grid

<u>275</u>	<u>Repair &amp; Maintenance</u>		
	Equipment repair-Sakonnet Pump Sta service maintenance		
	Motor maintenance/electrical inspections	\$	1,800
		<u>Rate Year - FY 2008</u>	<u>\$ 1,800</u>
		Normalized Test Year	\$ 1,800
		Normalizing Adjustment	\$ 1,190
		Actual FY 2006	\$ 610
		Docket #3675	\$ 1,800
			Deferred maintenance due to cash flow concerns

<u>277</u>	<u>Reservoir Maintenance</u>		
	Tree Removal	\$	1,000
	Dam & Spillway Repairs (gravel, soil, rip rap, gabions)	\$	3,000
	Dam inspections	\$	2,000
		<u>Total</u>	<u>\$ 6,000</u>
		<u>Rate Year - FY 2008</u>	<u>\$ 6,000</u>
		Normalized Test Year	\$ 5,127
		Normalizing Adjustment	\$ 4,500
		Actual FY 2006	\$ 627
		Docket #3675	\$ 6,000
			1/2 of cost of defferred purchase of wood chipper

<u>311</u>	<u>Operating Supplies</u>		
	Repair & maint of machine, equipment and tool lubricants, grease guns	\$	500
		<u>Rate Year - FY 2008</u>	<u>\$ 500</u>
		Normalized Test Year	\$ 500
		Normalizing Adjustment	\$ 201
		Actual FY 2006	\$ 299
		Docket #3675	\$ 500
			Purchases made on "as needed" basis due to cash flow problems.

Treatment - Newport Plant

Account No. 15-500-2222

Personnel

001 Salaries & Wages

Title	Docket #3675 Proposed Salary Base	Long		FYE 2007 3% MERS	Long	FYE 2008 3% MERS	Total
Water Qual/Prod Sup.	\$ 35,732		\$ 35,732	\$ 1,072		\$ 1,104	\$ 37,908
Water Plant Operator - A	\$ 44,645		\$ 44,645	\$ 1,339	\$ -	\$ 1,380	\$ 47,364
Water Plant Operator - A	\$ 39,162	\$ 2,161	\$ 41,323	\$ 1,175	\$ 2,161	\$ 1,210	\$ 45,869
Water Plant Operator - A	\$ 39,162	\$ 2,161	\$ 41,323	\$ 1,175	\$ 2,161	\$ 1,210	\$ 45,869
Water Plant Operator - A	\$ 38,147	\$ 1,124	\$ 39,271	\$ 1,144	\$ 1,124	\$ 1,179	\$ 42,718
Water Plant Operator - A	\$ 39,162	\$ 2,161	\$ 41,323	\$ 1,175	\$ 2,161	\$ 1,210	\$ 45,869
Water Plant Foreman Oper	\$ 38,885	\$ 2,084	\$ 40,969	\$ 1,167	\$ 2,084	\$ 1,202	\$ 45,421
Water Plant Operator - C	\$ 39,162		\$ 39,162	\$ 1,175		\$ 1,210	\$ 41,547
Water Plant Operator - A	\$ 30,039	\$ 1,815	\$ 31,854	\$ 901	\$ 1,815	\$ 928	\$ 35,498
Water Plant Operator - A	\$ 30,487	\$ 2,074	\$ 32,561	\$ 915	\$ 2,074	\$ 942	\$ 36,492
	\$ 374,583	\$ 13,580	\$ 388,163	\$ 11,237	\$ 13,580	\$ 11,575	\$ 424,555

Rate Year - FY 2008	\$ 424,555
Test Year - FY 2006	\$ 362,106
Docket #3675	\$ 374,583

002 Overtime

Based on 1 1/2 times current hourly rate

Projected 12% cumulative increase	\$ 50,000
Rate Year - FY 2008	\$ 50,000
Test Year - FY 2006	\$ 44,385
Docket #3675	\$ 50,000

003 Holiday Pay

Projected 12% cumulative increase

Based on current hourly rate

Number of Operators		9
Number of Holidays	x	12
Number of Hours Per Holiday	x	8
Average Rate Per Hour	x \$	20.00
	\$	17,280.00

Rate Year - FY 2008	\$ 18,000
Test Year - FY 2006	\$ 14,725
Docket #3675	\$ 15,000

100 Employee Benefits							
Title	FICA MEDIC	11.99% Pension	Health 10% 10% Plan 200	5% Increase Dental	Life Ins & 5%		Total
Water Qual/Prod Sup.	\$ 2,987	\$ 2,341	\$ 6,943	\$ 565	\$ 96		\$ 12,931
Water Plant Operator - A	3,732	5,849	13,885	1,130	192		24,789
Water Plant Operator - A	3,274	5,131	13,885	1,130	192		23,612
Water Plant Operator - A	3,274	5,131	13,885	1,130	192		23,612
Water Plant Operator - A	3,189	4,998	13,885	1,130	192		23,394
Water Plant Operator - A	3,274	5,131	13,885	1,130	192		23,612
Water Plant Foreman Oper	3,251	5,095	13,885	1,130	192		23,552
Water Plant Operator - C	3,274	5,131	13,885	1,130	192		23,612
Water Plant Operator - A	2,511	3,936	13,885	1,130	192		21,654
Water Plant Operator - A	2,549	3,994	13,885	1,130	192		21,750
<b>Total</b>						\$	<b>222,518</b>

Rate Year - FY 2008	\$	222,500
Test Year - FY 2006		178,871
Docket #3675		185,165

**Other Operating**

175 Annual Leave Buy Back	
Based on current hourly rate	
Projected 12% cumulative increase	
Rate Year - FY 2008	\$ 4,500
Test Year - FY 2006	\$ 4,539
Docket #3675	\$ 2,000

212 Conferences & Training (1)	
Rhode Island Department of Health required certifications for ten employees	\$ 2,000
Supv/Plant Production-RIWWA	\$ 120
Supv/Plant Production-NEWWA	\$ 550
Conferences	\$ 500
Training, Travel	\$ 2,330
<b>Total</b>	<b>\$ 5,500</b>
Rate Year - FY 2008	\$ 5,500
Normalized Test Year	\$ 5,500
Normalizing Adjustment	\$ 3,895
Actual FY 2006	\$ 1,605
Docket #3675	\$ 5,500

Minimized expenditures due to cash flow problems.

(1) Travel expenses to employees covered by Admin Mileage Allowance (2200-0268).

239 Fire & Liab Insurance	
RI Interlocal \$2550 x 2 per FYE 2007 Gen ledger	\$ 5,100
Rate Year - FY 2008	\$ 5,500
Test Year - FY 2006	\$ 5,244
Docket #3675	\$ 5,500



Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

254 Contribution to Electricity Restricted Account				
Location Account (1)	KWH Used Annually	KWH Rate	6% Increase	Total
70 Halsey Street	1,877,500	\$ 0.10	6.00%	\$ 189,064

Rate Year - FY 2008	\$ 189,000	
Normalized Test Year	\$ 183,289	
Normalizing Adjustment	\$ 35,000	Wet weather resulted in lower than normal pumping costs
Actual FY 2006	\$ 148,289	
Docket #3675	216,500	

(1) Accounts are with National Grid

255 Natural Gas	
Assumes 6% rate increase	
18800 ccf @ \$1.52/CCF x 6% Increase	\$ 26,363
Rate Year - FY 2008	\$ 30,300
Test Year - FY 2006	\$ 28,131
Docket #3675	\$ 36,000

260 Rental of Equipment	
Waste Management dumpster rentals, cylinders for chemicals	
Rate Year - FY 2008	\$ 1,000
Test Year - FY 2006	\$ 703
Docket #3675	\$ 1,000

265 Sewer Charge	
Sludge removal residuals treatment	
25,300,000 gallons @ .00517/gal. = \$130,800	
Assume 3% rate increase = \$134,700	
Rate Year - FY 2008	\$ 134,000
Test Year - FY 2006	\$ 113,812
Docket #3675	\$ 210,000

271 Gas & Vehicle Maintenance	
FY 2003 Actual	\$ 2,175
FY 2004 Actual	\$ 1,328
FY 2005 Actual	\$ 402
Rate Year - FY 2008	\$ 4,294
Actual FY 2006	\$ 752
Docket #3675	\$ 3,938

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

275	<u>Repair &amp; Maint-Equipment</u>			
	Painting, welding materials, tools and gases	\$	2,000	
	Air handling, clarifier, filter repair & maint	\$	9,500	
	A/C, heating and hot water repairs	\$	2,500	
	Electrical, control & instrumentation troubleshooting, repairs & maint	\$	10,000	
	Spare parts, analyzer maintenance/replacement	\$	6,000	
	Building maint, qtrly fire alarm testing, fire extinguisher inspection services	\$	2,000	
	Tank inspections required by RIDOH	\$	3,000	
	Valve update/replacement, pump O&M	\$	6,000	
	Surge tank and component maintenance	\$	1,000	
	Rapid mix, chemfeed, VFD O&M	\$	3,000	
	Total	\$	45,000	
	<u>Rate Year - FY 2008</u>	\$	35,000	
	Normalized Test Year	\$	35,000	
	Normalizing Adjustment	\$	9,773	Deferred maintenance due to cash flow problems.
	Actual FY 2006	\$	25,227	
	Docket #3675	\$	45,000	

311	<u>Operating Supplies</u>			
	Machine, pump supplies, bearings, pump packing, seals, drill bits, sandpaper, fasteners, miscellaneous tools, V belts, gauges, electrical/test meters	\$	1,600	
	Generator Service	\$	1,500	
	Transfer Switch Service	\$	500	
	ABB-Equipment service contract	\$	11,000	
	R.E. Erickson-SCADA service	\$	11,400	
	Total	\$	26,000	
	<u>Rate Year - FY 2008</u>	\$	26,000	
	Normalized Test Year	\$	26,000	
	Normalizing Adjustment	\$	11,737	Purchases made on "as needed" basis due to cash flow problems.
	Actual FY 2006	\$	14,263	
	Docket #3675	\$	26,030	

320	<u>Uniforms &amp; Protective Gear</u>			
	<u>Rate Year - FY 2008</u>	\$	1,350	
	Normalized Test Year	\$	1,350	
	Normalizing Adjustment	\$	1,350	Deferred uniform purchases due to cash flow concerns
	Actual FY 2006	\$	-	
	Docket #3675	\$	1,350	

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

335 Contribution to Chemical Restricted Account  
 The increase in chemicals is due to the addition of sodium hydroxide which is a more expensive chemical than used in the past.

Alum 420,000 lbs @ .0146	\$	61,320
Chlorine 63,000 lbs @ 0.46	\$	28,980
Fluoride 22,000 lbs @ 0.40	\$	8,800
Sodium chlorite 83,000 lbs @ 0.73	\$	60,590
Polymer 1,600 lbs @ 5.68	\$	8,752
Sodium hydroxide 114,800 gals @ 0.70/gal.	\$	80,360
GAC	\$	37,000
Total	\$	285,802
<u>Rate Year - FY 2008</u>	\$	<u>286,000</u>
Test Year - FY 2006	\$	189,527
Docket #3675	\$	175,000

Capital & Debt Service

451 Contribution to Debt Service (Principal)

November 15, 2005 Principal Payment	\$	-
May 15, 2006 Principal Payment	\$	356,072
Total	\$	356,072
<u>Rate Year - FY 2008</u>	\$	<u>286,553</u>
Test Year - FY 2006		#REF!
Docket #3675		#REF!

Treatment - Lawton Valley  
Account No. 15-500-2223

**Personnel**

001 Salaries & Wages

Title	Docket 3675 Proposed Salary Base	Long		FYE 2007 3% MERS	Long	FYE 2008 3% MERS	Total
Water Qual/Prod Sup. (50% Allocated )	\$ 35,731		\$ 35,731	\$ 1,072		\$ 1,104	\$ 37,907
Water Plant Operator - A	\$ 48,125	\$ 1,902	\$ 50,027	\$ 1,444	\$ 1,902	\$ 1,487	\$ 54,860
Water Plant Operator - A	\$ 38,977	\$ 1,642	\$ 40,619	\$ 1,169	\$ 1,642	\$ 1,204	\$ 44,635
Water Plant Foreman Oper	\$ 38,700	\$ 1,140	\$ 39,840	\$ 1,161	\$ 1,140	\$ 1,196	\$ 43,337
Water Plant Operator - C	\$ 38,700		\$ 38,700	\$ 1,161		\$ 1,196	\$ 41,057
Water Plant Operator - A	\$ 34,156	\$ 1,642	\$ 35,798	\$ 1,025	\$ 1,642	\$ 1,055	\$ 39,520
Water Plant Operator - B	\$ 30,872		\$ 30,872	\$ 926		\$ 954	\$ 32,752
Water Plant Operator - B	\$ 30,950		\$ 30,950	\$ 929		\$ 956	\$ 32,835
Water Plant Operator - A	\$ 38,240	\$ 2,161	\$ 40,401	\$ 1,147	\$ 2,161	\$ 1,182	\$ 44,891
Water Plant Operator - A	\$ 29,385	\$ 1,237	\$ 30,622	\$ 882	\$ 1,237	\$ 908	\$ 33,649
	\$ 39,162						\$ -
	\$ 402,998	\$ 9,724	\$ 373,560	\$ 10,915	\$ 9,724	\$ 11,243	\$ 405,442

Rate Year - FY 2008	\$ 405,500
Test Year - FY 2006	\$ 376,034
Docket #3675	\$ 402,998

002 Overtime

Overtime based on 1 1/2 times individual hourly	
Docket #3578	\$ 30,000
Rate Year - FY 2008	\$ 30,000
Test Year - FY 2006	\$ 28,081
Docket #3675	\$ 28,000

003 Holiday Pay

Number of Operators		9
Number of Holidays	x	12
Number of Hours Per Holiday	x	8
Average Rate Per Hour	x	\$ 20.00
Total	\$	17,280
Total (Rounded)	\$	18,000
Rate Year - FY 2008	\$	18,000
Test Year - FY 2006	\$	13,574
Docket #3675	\$	15,000

100 Employee Benefits							
Title	FICA MEDIC	11.99% Pension	Health 10% 10% Plan 200	5% Increase Dental	Life Ins & 5%		Total
Water Qual/Prod Sup. (50% Allocated )	\$ 2,987	\$ 2,341	\$ 6,943	\$ 565	\$ 96		\$ 12,931
Water Plant Operator - A	\$ 4,023	\$ 6,305	\$ 13,885	\$ 1,130	\$ 192		\$ 25,535
Water Plant Operator - A	\$ 3,258	\$ 5,107	\$ 13,885	\$ 1,130	\$ 192		\$ 23,572
Water Plant Foreman Oper	\$ 3,235	\$ 5,070	\$ 13,885	\$ 1,130	\$ 192		\$ 23,513
Water Plant Operator - C	\$ 3,235	\$ 5,070	\$ 13,885	\$ 1,130	\$ 192		\$ 23,513
Water Plant Operator - A	\$ 2,855	\$ 4,475	\$ 13,885	\$ 1,130	\$ 192		\$ 22,538
Water Plant Operator - B	\$ 2,581	\$ 4,045	\$ 13,885	\$ 1,130	\$ 192		\$ 21,833
Water Plant Operator - B	\$ 2,587	\$ 4,055	\$ 13,885	\$ 1,130	\$ 192		\$ 21,849
Water Plant Operator - A	\$ 3,197	\$ 5,010	\$ 13,885	\$ 1,130	\$ 192		\$ 23,414
Water Plant Operator - A	\$ 2,456	\$ 3,850	\$ 13,885	\$ 1,130	\$ 192		\$ 21,514
Total	\$ 30,414	\$ 45,328	\$ 131,910	\$ 10,733	\$ 1,825		\$ 220,212

Rate Year - FY 2008	\$ 220,000
Test Year - FY 2006	\$ 177,925
Docket #3675	\$ 191,115

**Other Operating**

175 Annual leave Buy Back	
Rate Year - FY 2008	\$ 3,500
Test Year - FY 2006	\$ 2,610
Docket #3675	\$ 3,500

212 Conferences & Training	
Rhode Island DOH required certifications for 10 (\$200 each course)	\$ 2,000
Conferences	1,500
Total	\$ 3,500
Rate Year - FY 2008	\$ 3,500
Normalized Test Year	\$ 3,500
Normalizing Adjustment	\$ 1,800 Limited training to DOH requirements due to cash flow problems.
Test Year - FY 2006	\$ 1,700
Docket #3675	\$ 3,500

239 Fire & Liability Insurance	
RI Interlocal Risk Mgmt Trust premiums	
FY 2007 \$2,782.57 X 2 = \$5,565.14	
Rate Year - FY 2008	6,000
Test Year - FY 2006	-
Docket #3675	6,000

254 Contribution to Electricity Restricted Account				
Location Account (1)	KWH Used Annually	KWH Rate	6% Increase	Total
70 Halsey Street	1,180,000	\$ 0.10	6.00%	\$ 125,080
Residual mgmt plan				
Pump station				\$ 5,000
Total				\$ 130,080
Rate Year - FY 2008	\$ 130,000			
Test Year - FY 2006	\$ 120,516			
Docket #3675	\$ 130,000			

(1) Accounts are with National Grid

City of Newport, Rhode Island

2008 Rate Filing

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

Docket No. XXXX

RFC Schedule C

255	Natural Gas		
	21,341 ccf @ 1.52/ccf	\$	34,385
	<b>Rate Year - FY 2008</b>	<b>\$</b>	<b>34,300</b>
	Test Year - FY 2006	\$	32,719
	Docket #3675	\$	27,000
260	Equipment rental		
	<b>Rate Year - FY 2008</b>	<b>\$</b>	<b>500</b>
	Test Year - FY 2006	\$	20
	Docket #3675	\$	500
265	Wastewater charge		
	New account this year-will be online end of FYE 2007		
	22,800,000 gals/yr @ .00517/gal x 3% rate increase		121,400
	<b>Rate Year - FY 2008</b>	<b>\$</b>	<b>121,400</b>
	Test Year - FY 2006	\$	-
	Docket #3675	\$	-
271	Gasoline & Vehicle Maint.		
	<b>Rate Year - FY 2008</b>	<b>\$</b>	<b>1,518</b>
	Actual FY 2006	\$	808
	Docket #3675	\$	1,391
275	Repair & Maint Land Equipment		
	Painting, welding materials, tools and gases,	\$	5,000
	Pulsator repairs and modifications	\$	8,000
	Electrical control & instrumentation supplies,		
	filters, repair & maintenance, troubleshooting	\$	12,000
	Building maintenance, floors heat & hot water	\$	4,000
	Ongoing repairs & updates to remove mercury,		
	well transmitters & provide flow pacing	\$	5,000
	Valve update/replacement, pump, O&M	\$	8,000
	Priming system maintenance, spare, parts,		
	rapid mix, chemfeed & Forest Ave.	\$	5,000
	RIDOH tank inspections	\$	3,000
	<b>Total</b>	<b>\$</b>	<b>50,000</b>
	<b>Rate Year - FY 2008</b>	<b>\$</b>	<b>55,000</b>
	Normalized Test Year	\$	55,000
	Normalizing Adjustment	\$	2,595
	Actual FY 2006	\$	52,405
	Docket #3675	\$	60,000

Deferred maintenance due to cash flow problems.

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

<u>311 Operating Supplies</u>			
Machine, pump supplies, bearings, pump packing, seals, tools, drill bits, sandpaper, fasteners, gauges, and electrical test meters	\$	3,000	
Generator Service-Stand by power	\$	1,500	
NET&S Elevator	\$	1,600	
Harbor Controls Contract	\$	10,000	
Scada contract	\$	11,400	
	<u>Total</u>	<u>\$</u>	<u>27,500</u>
	<u>Rate Year - FY 2008</u>	<u>\$</u>	<u>27,500</u>
	Normalized Test Year	\$	27,500
	Normalizing Adjustment	\$	14,113
	Actual FY 2006	\$	13,387
	Docket #3675	\$	20,000

Purchases made on "as needed" basis due to cash flow problems.

<u>320 Uniforms &amp; Protective Gear</u>			
<u>Rate Year</u>	<u>\$</u>	<u>1,000</u>	
Normalized Test Year	\$	1,000	
Normalizing Adjustment	\$	662	Deferred uniform purchases due to cash flow concerns
Actual FY 2006	\$	338	
Docket #3675	\$	1,350	

<u>335 Contribution to Chemical Restricted Account</u>			
The increase in chemicals is due to the addition of sodium hydroxide which is a more expensive chemical than used in the past.			
Alum 382,000 lbs @ 0.146	\$	55,772	
Chlorine 40,000 lbs @ 0.46	\$	18,400	
Fluoride 16,800 lbs @ 0.40	\$	6,720	
Sodium chlorite 63,500 lbs @ 0.73	\$	46,355	
Sodium hydroxide 63,130 gals @ 0.70	\$	44,191	
	<u>Total</u>	<u>\$</u>	<u>171,438</u>
<u>Rate Year - FY 2008</u>	<u>\$</u>	<u>172,000</u>	
Test Year - FY 2006	\$	148,871	
Docket #3675	\$	136,000	

Water Laboratory  
Account No. 15-500-2235

**Personnel**

001 Salaries & Wages

Title	Docket 3675 Proposed Salary Base	Long		FYE 2007 3% MERS	Long	FYE 2008 3% MERS	Total
Laboratory Supervisor	\$ 56,214		\$ 56,214	\$ 1,686		\$ 1,737	\$ 59,637
Microbiologist	\$ 49,973		\$ 49,973	\$ 1,499		\$ 1,544	\$ 53,017
	\$ 106,187	\$ -	\$ 106,187	\$ 3,186	\$ -	\$ 3,281	\$ 112,654
							Rate Year - FY 2008 \$ 112,700
							Test Year - FY 2006 \$ 102,979
							Docket #3675 \$ 106,187

100 Employee Benefits

Title	FICA MEDIC	11.99% Pension	Health 10% 10% Plan 200	5% Increase Dental	Life Ins & 5%	Total
Laboratory Supervisor	\$ 4,699	\$ 7,365	\$ 13,885	\$ 1,130	\$ 192	\$ 27,271
Microbiologist	\$ 4,177	\$ 6,547	\$ 13,885	\$ 1,130	\$ 192	\$ 25,932
						Total \$ 53,203
						Rate Year - FY 2008 \$ 53,200
						Test Year - FY 2006 \$ 44,757
						Docket #3675 \$ 45,103

**Other Operating**

175 Annual Leave Buy Back

Rate Year - FY 2008	\$ 2,500
Test Year - FY 2006	\$ 1,268
Docket #3675	\$ 2,500

275 Repairs & Maintenance

Cleaning, recalibration & certification for Mettler balance	\$	95
Certificate for above	\$	10
Cleaning, recalibration & certification for Ohaus balance	\$	95
Certificate for above	\$	10
Recertification of labs' class S weight	\$	140
Air flow test & certification for fume hood; e point calibration for NIST thermometer	\$	250
Repair to lab glassware washer	\$	900
Total	\$	1,500
	Rate Year - FY 2008	\$ 1,000
	Normalized Test Year	\$ 1,000
	Normalizing Adjustment	\$ 1,000
	Actual FY 2006	\$ -
	Docket #3675	\$ 1,500



UNIT	ITEM DESCRIPTION	TOTAL	TOTAL
each	Bacteria performance eval, E Coli		\$ 150
each	Bacteria performance eval, MTF/Colisure		\$ 450
set	Bacteria performance val, HPC		\$ 155
each	WS standard, pH		\$ 45
each	WS standard, nutrients		\$ 75
each	QC standard, pH		\$ 45
each	QC standard, nutrients		\$ 60
each	Shipping & handling on above		\$ 15
each	WS standard, turbidity		\$ 118
each	QC standard, turbidity		\$ 104
pack	Shipping & handling on above		\$ 60
pack	TTHM analysis for USEPA regs		\$ 2,800
pack	Hazardous waste fee		\$ 25
each	HAAS analysis for USEPA regs		\$ 7,800
each	Hazardous waste fee		\$ 25
each	TOC analysis for USEPA regs		\$ 1,320
each	Hazardous waste disposal		\$ 70
each	Pb/Cu analysis for USEPA regs		\$ 200
each	Hazardous waste fee		\$ 25
pond	Cryptosporidium monitors July-June 2007		\$ 12,000
set	Ammonia analysis		\$ 1,080
each	Hazardous waste disposal		\$ 30
each	Nitrite analysis		\$ 648
	Hazardous waste disposal fee		\$ 30
	Nitrate analysis		\$ 648
set	Hazardous waste disposal fee		\$ 30
each	HPC R2A analysis		\$ 864
each	Hazardous waste disposal fee		\$ 30
	RIDOH lab fees		\$ 6,098
		TOTAL PRICE =	\$ 35,000
		Total (Rounded)	\$ 35,000
		Rate Year - FY 2008	\$ 35,000
		Test Year - FY 2006	\$ 28,425
		Docket #3675	\$ 35,000

339 Laboratory Supplies

UNIT	ITEM DESCRIPTION	TOTAL
each	PAO .00564N, 1 liter	\$ 780
each	R2A Agar, Difco, 500 grams	\$ 80
each	Buffer, pH4, color coded, 19 liter	\$ 110
pack	Buffer, pH7, color coded, 19 liter	\$ 110
pack	Buffer set, 4, 7, 10, 3 x 475 ml	\$ 57
each	Colisure PA media, 200/0k	\$ 6,208
	Vessel, 120 ml 200/pk	\$ 720
each	LR manganese reagent set, 100 test	\$ 379
	Biological indicator, B/T Sure	\$ 39
each	Glove, handguards, 50/box	\$ 72
	Glove, latex, 1000/case	\$ 75
each	EC medium with MUG, 100g	\$ 109
each	Gas, nitrogen, refill 60 cu ft	\$ 216
	ManVer Hardness indicator 2500	\$ 18
each	Buffer solution, hardness, 50 ml	\$ 14
each	Fluoride standard, 1.00 ppm	\$ 50
each	Fluoride standard, 10.00 ppm	\$ 74
each	Sodium thiosulfate, 500g	\$ 40
each	kimwipes, small, 60/case	\$ 180
each	Kimwipes, large, 15/case	\$ 129
each	ZnCl2, granular, 500g	\$ 67
each	PetriDish, 100x15mm, 500/case	\$ 81
each	Acetic acid, 20 l	\$ 100
each	Sodium acetate 3 H2O, 10kg	\$ 113
each	Starch, 125g, baker 34006-04	\$ 74
each	Simplate 100 test	\$ 225
each	Sterile water 10 bottles	\$ 25
each	Sterile pipet, 1 ml, 25/pack	\$ 10
each	Sterile pipet, 5 ml, 25/pack	\$ 10
pack	Acetate buffer	\$ 335
each	Sodium chloride, crystal	\$ 75
each	DPD free reagent dispenser	\$ 108
each	DPD total reagent dispenser	\$ 108
case	Microscope	\$ 4,210
	Misc. Supplies	\$ 1,000
		TOTAL PRICE =
		\$ 16,000

Rate Year - FY 2008 \$ 16,000

Normalized Test Year \$ 10,000  
 Normalizing Adjustment \$ 5,909 Deferred purch  
 Actual FY 2006 \$ 4,091  
 Docket #3675 \$ 10,302

311 Operating Supplies

Various	\$	-	
Rate Year - FY 2008	\$	-	Acct. eliminated. Combined under Lab Supplies
Normalized Test Year	\$	2,000	
Normalizing Adjustment	\$	(4,927)	
Actual FY 2006	\$	6,927	
Docket #3675	\$	13,360	

Transmission & Distribution Maintenance

Account No. 15-500-2241

Personnel

001 Salaries & Wages

Title	Docket 3675 Proposed Salary Base	Long		FYE 2007 3% MERS	Long	FYE 2008 3% MERS	Total
Dist. Sup. (Allocated 50%)	\$ 32,881		\$ 32,881	\$ 986		\$ 1,016	\$ 34,883
Maintenance Mechanic	\$ 37,347	\$ 1,904	\$ 39,251	\$ 1,120	\$ 1,904	\$ 1,154	\$ 43,429
Heavy Equip Operator	\$ 37,347	\$ 2,266	\$ 39,613	\$ 1,120	\$ 2,266	\$ 1,154	\$ 44,153
Maintenance Mechanic	\$ 37,347	\$ 2,176	\$ 39,523	\$ 1,120	\$ 2,176	\$ 1,154	\$ 43,973
Senior Maint Mechanic (currently vacant)	\$ 39,127		\$ 39,127	\$ 1,174		\$ 1,209	\$ 41,509
Parts/Invent. Control Tech	\$ 30,058	\$ 2,062	\$ 32,120	\$ 902	\$ 2,062	\$ 929	\$ 36,013
Skilled Laborer Equip Oper	\$ 32,434	\$ 1,260	\$ 33,694	\$ 973	\$ 1,260	\$ 1,002	\$ 36,929
Engineering Technician	\$ 27,910	\$ 1,614	\$ 29,524	\$ 837	\$ 1,614	\$ 862	\$ 32,838
Skilled Laborer Equip Oper	\$ 38,747	\$ 1,496	\$ 40,243	\$ 1,162	\$ 1,496	\$ 1,197	\$ 44,098
Skilled Laborer Equip Oper	\$ 31,489		\$ 31,489	\$ 945		\$ 973	\$ 33,407
<b>Total</b>	<b>\$ 344,686</b>	<b>\$ 12,778</b>	<b>\$ 357,464</b>	<b>\$ 10,341</b>	<b>\$ 12,778</b>	<b>\$ 10,651</b>	<b>\$ 391,233</b>
						<b>Rate Year - FY 2008</b>	<b>\$ 392,000</b>
						Test Year - FY 2006	\$ 399,198
						Docket #3675	\$ 344,550

002 Overtime

Overtime based on 1 1/2 times individual hourly

Projected 12% cumulative increase

Rate Year - FY 2008	\$ 55,000
Test Year - FY 2006	\$ 50,877
Docket #3675	\$ 55,000

004 Temp Wages

\$12 per hour, maximum 19 weeks per individual = \$9,120

Rate Year - FY 2008	\$ 10,000
Test Year - FY 2006	\$ 6,952
Docket #3675	\$ -

056 Injury Pay

Rate Year - FY 2008	\$ 1,200
Normalized Test Year	\$ 1,200
Normalizing Adjustment	\$ 883
Actual FY 2006	\$ 317
Docket #3675	\$ 1,200

100 Employee Benefits							
Title	FICA MEDIC	11.99% Pension	Health 10% 10% Plan 200	5% Increase Dental	Life Ins & 5%	Total	
Super., Water Dist/Collect (50% Allocated)	\$ 2,748	\$ 4,308	\$ 6,942	\$ 565	\$ 96	\$ 14,659	
Maintenance Mechanic	\$ 3,122	\$ 4,893	\$ 13,885	\$ 1,130	\$ 192	\$ 23,222	
Heavy Equip Operator	\$ 3,122	\$ 4,893	\$ 13,885	\$ 1,130	\$ 192	\$ 23,222	
Maintenance Mechanic	\$ 3,122	\$ 4,893	\$ 13,885	\$ 1,130	\$ 192	\$ 23,222	
Senior Maint Mechanic	\$ 3,271	\$ 5,126	\$ 13,885	\$ 1,130	\$ 192	\$ 23,604	
Parts/Invent. Control Tech	\$ 2,513	\$ 3,938	\$ 13,885	\$ 1,130	\$ 192	\$ 21,658	
Skilled Laborer Equip Oper	\$ 2,711	\$ 4,249	\$ 13,885	\$ 1,130	\$ 192	\$ 22,168	
Engineering Technician	\$ 2,333	\$ 3,657	\$ 13,885	\$ 1,130	\$ 192	\$ 21,197	
Skilled Laborer Equip Oper	\$ 3,239	\$ 5,077	\$ 13,885	\$ 1,130	\$ 192	\$ 23,523	
Skilled Laborer Equip Oper	\$ 2,632	\$ 4,126	\$ 13,885	\$ 1,130	\$ 192		
Total	\$ 28,813	\$ 45,160	\$ 131,910	\$ 10,733	\$ 1,825	\$ 196,476	
				Rate Year - FY 2008	\$	197,000	
				Test Year - FY 2006	\$	164,373	
				Docket #3675	\$	160,248	

**Other Operating**

175 Annual Leave Buy Back	
Based on current salary rates	
Projected 12% cumulative increase	
Rate Year - FY 2008	\$ 5,300
Test Year - FY 2006	\$ 4,745
Docket #3675	\$ 4,300

**212 Conferences & Training**

Quant	UNIT	ITEM DESCRIPTION	UNIT \$	TOTAL \$
16	Continuing Education Units	Rhode Island Department of Health (RIDOH) required certification	\$ 200	\$ 3,200
	Supervisor Water Dist/Collect		\$ 550	\$ 550
	Supervisor Water Dist/Collect		\$ 120	\$ 120
	Travel		\$	\$ 130
		Total	\$	\$ 4,000
		Rate Year - FY 2008	\$	\$ 4,000
		Normalized Test Year	\$	\$ 4,000
		Normalizing Adjustment	\$ 1,734	Limited trainin
		Actual FY 2006	\$	\$ 2,266
		Docket #3675	\$	\$ 4,000

**225 Contract Services**

Welding services, as needed	\$ 3,000
Water storage tank inspections by divers per Infrastructure Replacement Plan (IRP) and as needed	\$ 3,000
Dig Safe contract	\$ 6,720
Total	\$ 12,720
Rate Year - FY 2008	\$ 12,500
Test Year - FY 2006	\$ 11,454
Docket #3675	\$ 10,000

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

239	Fire & Liab Insurance		
	RI Interlocal \$1031.87 x 2 per FY 2007 Gen Ledger	\$	2,064
	<b>Rate Year - FY 2008</b>	\$	<b>2,225</b>
	Test Year - FY 2006	\$	2,121
	Docket #3675	\$	2,225

254	Contribution to Electricity Restricted Account				
	Location Account (1)	KWH Used Annually	KWH Rate	6% Rate increase	Total
	70 Halsey Street	216,000	\$ 0.10	6%	\$ 22,896
	Includes Forest Ave. pump stations, Country Lane and Reservoir Road tanks				
	<b>Rate Year - FY 2008</b>	\$	<b>22,900</b>		
	Test Year - FY 2006	\$	21,586		
	Docket #3675	\$	12,000		

(1) Accounts are with National Grid

260	Heavy Equip Rental		
	Backhoe w/oper 27 hrs @ 100/hr	\$	2,700
	Excavator w/oper 10 hrs @ 140/hr	\$	1,400
	Dump truck 30 hrs @ 65/hr	\$	1,950
	Waste Management	\$	380
	Paving Eq. 72 hrs @ \$95/hr.	\$	6,840
	Total	\$	13,270
	<b>Rate Year - FY 2008</b>	\$	<b>13,160</b>
	Test Year - FY 2006	\$	16,664
	Docket #3675	\$	13,160

271	Gas/Vehicle Maintenance		
	FY 2005 Actual	\$	46,220
	<b>Rate Year - FY 2008</b>	\$	<b>70,110</b>
	Actual FY 2006	\$	57,601
	Docket #3675	\$	64,320

275	Repair & Maint - Equipment		
	Roof	\$	18,000
	Air conditioning	\$	4,000
	Overhead doors	\$	3,000
	Total FY 2008 Budget	\$	25,000
	<b>Rate Year - FY 2008</b>	\$	<b>30,000</b>
	Normalized Test Year	\$	30,000
	Normalizing Adjustment	\$	2,042
	Actual FY 2006	\$	27,958
	Docket #3675	\$	40,000

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

<u>295 Main Maintenance</u>			
	Demolition saw and blades	\$	3,000
	Detail officers, approx. 10 days @ \$300/per day	\$	3,000
	Materials for inhouse replacement/repairs of water mains including ductile iron piping/fittings/tapping sleeves	\$	30,800
	Road fill materials 1,800 tons of gravel @ \$12/ton	\$	21,600
	1,000 tons stone @ \$12/ton	\$	12,000
	120 tons Cold patch @ \$55/ton	\$	6,600
	Gate Valves	\$	2,000
	<b>Total</b>	\$	<b>79,000</b>
	<b>Rate Year - FY 2008</b>	\$	<b>79,000</b>
	Normalized Test Year	\$	77,353
	Normalizing Adjustment	\$	2,000
	Actual FY 2006	\$	75,353
	Docket #3675	\$	75,000

\$2,000 moved from Gate Maintenance account. Gate Maintenance account eliminated.

296 Service Maintenance

UNIT	ITEM DESCRIPTION	UNIT \$	TOTAL \$
Each	Tap machine for 3/4" - 1" taps		\$ 750
	Service boxes 200 @ \$17/each		\$ 3,400
Each	Service Keys 4 @ \$110/ea		\$ 440
	Tools, tapping/crimping/cutting/drilling etc.		\$ 1,200
Each	Service Barricades 8 @ \$110/ea		\$ 880
Each	Safety Cones 100 @ \$15/ea		\$ 1,500
feet	New Services copper tubing 3/4" - 2" 2,000 @ avg \$7/ft		\$ 14,000
feet	Lead/iron pipe service renewals 1,000 @ \$7/ft		\$ 7,000
	Curb stops, corporations, service saddles, unions, repair couplings, brass fittings		\$ 8,700
	Detail officers approximately 10 days @ \$300/day		\$ 3,000
	<b>Total</b>		<b>\$ 40,870</b>
	<b>Rate Year - FY 2008</b>		<b>\$ 33,500</b>
	Test Year - FY 2006		\$ 22,912
	Docket #3675		\$ 33,500

311 Operating Supplies

	Machine & tool lubricants	\$	3,000
	Grease guns	\$	500
	Replacement blades and cutting wheels	\$	5,000
	Chains, bars, tapping tools	\$	1,500
	<b>Total</b>	\$	<b>10,000</b>
	<b>Rate Year - FY 2008</b>	\$	<b>11,000</b>
	Normalized Test Year	\$	11,000
	Normalizing Adjustment	\$	(3,329)
	Actual FY 2006	\$	14,329
	Docket #3675	\$	11,000

320 Uniforms & Protective Gear

	<b>Rate Year - FY 2008</b>	\$	<b>1,500</b>
	Normalized Test Year	\$	1,500
	Normalizing Adjustment	\$	884
	Actual FY 2006	\$	616
	Docket #3675	\$	1,500

Deferred uniform purchases due to cash flow concerns

**Fire Protection**  
Account No. 15-500-2245

**Other Operating**

275 Repair & Maintenance - Equip.

Maintain fire hydrants, parts, stem fasteners, traffic kits

Permits	\$	1,000
Main Valves	\$	1,000
Acetylene & Oxygen	\$	300
Repair of wrench	\$	1,350
Hydrant parts	\$	1,700
Chain tongs	\$	650
Repair of wrench	\$	500
misc other materials as needed	\$	3,300
Welding of hydrant base	\$	500
Temporary surface restoration	\$	3,500

Total \$ 13,800

Rate Year - FY 2008 \$ 14,000

Normalized Test Year \$ 14,000

Normalizing Adjustment \$ 4,971 Deferred purchases due to cash flow concerns

Actual FY 2006 \$ 9,029

Docket #3675 \$ 14,000

335 Contribution to Chemical Restricted Account

	Rate Year FY 2008
Source of Supply - Island (1)	\$ 46,200
Treatment - Newport (2)	\$ 286,000
Treatment - Lawton Valley (3)	\$ 172,000
<b>Total</b>	<u>\$ 504,200</u>
Rate Year - FY 2008	<u>\$ 504,200</u>
Test Year - FY 2006	\$ 360,318
Docket #3675	\$ 333,000

(1) Includes costs associated with Copper Sulfate.

(2) Includes costs for Chlorine, Sodium Chlorite, Alum, Polymer, fluoride, and lime. In addition, the granular activated carbon (GAC filter) is changed on an annual basis.

(3) Includes costs associated with Chlorine, Alum, Lime, Sodium Chlorite, and Polymer.

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

DSA-P

DSA-I Contribution to Debt Service Restricted Account - Revenue Bonds

Rate Year  
FY 2008

2200 Administration

Rate Year

Bond Principal \$ -  
Bond Interest \$ -  
Total \$ -

2209 Customer Service

Rate Year

Bond Principal \$ -  
Bond Interest \$ -  
Total \$ -

2212 Source of Supply - Island

Rate Year

Bond Principal \$ -  
Bond Interest \$ -  
Total \$ -

2213 Source of Supply - Mainland

Rate Year

Bond Principal \$ 607,836  
Bond Interest \$ 90,906  
Total \$ 698,742

2222 Treatment - Newport

Rate Year

Bond Principal \$ 286,553  
Bond Interest \$ 24,637  
Total \$ 311,190

2223 Treatment - Lawton Valley

Rate Year

Bond Principal \$ -  
Bond Interest \$ -  
Total \$ -

2235 Water Laboratory

Rate Year

Bond Principal \$ -  
Bond Interest \$ -  
Total \$ -

2241 T&D Maintenance

Rate Year

Bond Principal \$ -  
Bond Interest \$ -  
Total \$ -

2245 Fire Protection

Rate Year

Bond Principal \$ -  
Bond Interest \$ -  
Total \$ -

Total Revenue Bond Debt Service \$ 1,009,932



Total Test Year Contributions to DS Restricted Account 1,431,277

	Docket 3675	Docket 3675 %	Test Year Contribution
2200 Administration \$	-	0.0%	\$ -
2209 Customer Service \$	-	0.0%	\$ -
2212 Source of Supply - Island \$	101,863	7.4%	\$ 105,742
2213 Source of Supply - Mainland \$	760,420	55.2%	\$ 789,380
2222 Treatment - Newport \$	402,488	29.2%	\$ 417,816
2223 Treatment - Lawton Valley \$	-	0.0%	\$ -
2235 Water Laboratory \$	-	0.0%	\$ -
2241 T&D Maintenance \$	113,997	8.3%	\$ 118,338
2245 Fire Protection \$	-	0.0%	\$ -
Total \$	1,378,768	100.0%	\$ 1,431,277

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

<u>DSA-SP</u>		<u>DSA-SI</u>		<u>Contribution to Debt Service Restricted Account - SRF Loans</u>	
		<u>SRF Debt Service</u>		<u>Allocation of Debt Service to Rate Year Accounts</u>	
2007 Series A	SSI	Lawton Valley Raw Water Main Replacement/Residuals Mngmt.	2,761,500	50%	Source of Supply - Island
	LVT	Lawton Valley WTP - Chloramine Conversion Construct	90,000	2%	Transmission & Distribution Maintenance
2007 Series B	SSI	Intake at Gardiner Pond	190,000	3%	
	SSI	Lawton Valley Reservoir Aeration	100,000	2%	
	LVT	Lawton Valley WTP - pH Adjustment Design	54,200	1%	
	LVT	Lawton Valley WTP - New WTP	925,000	17%	
	LVT	Lawton Valley Sed Basin Imp	300,000	5%	
	NPT	Station 1 - Chloramine Conversion Construct	81,000	1%	
	NPT	Station 1 - pH Adjustment Construction	112,000	2%	
	TD	Distribution Main Improvements (System-wide)	250,000	5%	
	TD	Meter Replacement	656,000	12%	Transmission & Distribution Maintenance
			<u>5,519,700</u>	<u>100%</u>	

**2200 Administration**

	<u>Rate Year</u>
DSA-SP - Debt Service Principal (SRF Loans)	\$ -
DSA-SI - Debt Service Interest (SRF Loans)	\$ -
Total	\$ -

**2209 Customer Service**

	<u>Rate Year</u>
DSA-SP - Debt Service Principal (SRF Loans)	\$ -
DSA-SI - Debt Service Interest (SRF Loans)	\$ -
Total	\$ -

**2212 Source of Supply - Island**

	<u>Rate Year</u>
DSA-SP - Debt Service Principal (SRF Loans)	\$ 54,818
DSA-SI - Debt Service Interest (SRF Loans)	\$ 108,251
Total	\$ 163,069

**2213 Source of Supply - Mainland**

	<u>Rate Year</u>
DSA-SP - Debt Service Principal (SRF Loans)	\$ -
DSA-SI - Debt Service Interest (SRF Loans)	\$ -
Total	\$ -

**2222 Treatment - Newport**

	<u>Rate Year</u>
DSA-SP - Debt Service Principal (SRF Loans)	\$ 3,467
DSA-SI - Debt Service Interest (SRF Loans)	\$ 6,847
Total	\$ 10,314

**2223 Treatment - Lawton Valley**

	<u>Rate Year</u>
DSA-SP - Debt Service Principal (SRF Loan)	\$ 24,597
DSA-SI - Debt Service Interest (SRF Loan)	\$ 48,572
Total	\$ 73,169

**2235 Water Laboratory**

	<u>Rate Year</u>
DSA-SP - Debt Service Principal (SRF Loan)	\$ -
DSA-SI - Debt Service Interest (SRF Loan)	\$ -
Total	\$ -

**2241 T&D Maintenance**

	<u>Rate Year</u>
DSA-SP - Debt Service Principal (SRF Loan)	\$ 16,276
DSA-SI - Debt Service Interest (SRF Loan)	\$ 32,140
Total	\$ 48,416

**2245 Fire Protection**

	<u>Rate Year</u>
DSA-SP - Debt Service Principal (SRF Loan)	\$ -
DSA-SI - Debt Service Interest (SRF Loan)	\$ -
Total	\$ -

Total SRF Principal	\$ 99,158
Total SRF Interest	\$ 195,810
Total SRF Debt Service	\$ 294,968

**2200 Administration**

Principal	\$	-
Interest	\$	-
Total	\$	-

**2209 Customer Service**

Principal	\$	-
Interest	\$	-
Total	\$	-

**2212 Source of Supply - Island**

Principal	\$	54,818
Interest	\$	108,251
Total	\$	163,069

**2213 Source of Supply - Mainland**

Principal	\$	607,836
Interest	\$	90,906
Total	\$	698,742

**2222 Treatment - Newport**

Principal	\$	290,020
Interest	\$	31,484
Total	\$	321,504

**2223 Treatment - Lawton Valley**

Principal	\$	24,597
Interest	\$	48,572
Total	\$	73,169

**2235 Water Laboratory**

Principal	\$	-
Interest	\$	-
Total	\$	-

**2241 T&D Maintenance**

Principal	\$	16,276
Interest	\$	32,140
Total	\$	48,416

**2245 Fire Protection**

Principal	\$	-
Interest	\$	-
Total	\$	-

Total Debt Service	\$	1,304,900
Check	\$	-

CSA	Contribution to Capital Spending Account	FY 2008	Allocation %	Rate Year Amount
<b>2200 Administration</b>				
	Safe Yield Study	\$ 100,000		
	GIS and Hydraulic Modeling	\$ 100,000		
	IRP Update	\$ -		
	Lawton Valley WTP- Water Age Study	\$ -		
	Financial Management Study	\$ -		
	Equipment and Vehicle Replacement	\$ 184,056		
	Fire Code Upgrades	\$ -		
		\$ 384,056	22.4%	\$ 384,056
<b>2209 Customer Service</b>				
	Remote Radio Read Pilot/Install	\$ 250,000		
	Meter Replacement	\$ 64,000		
		\$ 314,000	18.3%	\$ 314,000
<b>2212 Source of Supply - Island</b>				
	Easton Pond Dam and Moat Study	\$ 100,000		
	Lawton Valley Raw Water Main Replacement/Residuals Mngmt.	\$ -		
	Intake at Gardiner Pond	\$ -		
	Main from Gardiner to Paradise	\$ -		
	Intake at Paradise	\$ -		
	Lawton Valley Reservoir Aeration	\$ -		
	Dam and Dike Rehabilitation - Lawton Valley	\$ -		
	Dam and Dike Rehabilitation - Station 1	\$ -		
	Paradise Pump Station	\$ -		
		\$ 100,000	5.8%	\$ 100,000
<b>2213 Source of Supply - Mainland</b>				
		\$ -		
		\$ -	0.0%	\$ -
<b>2222 Treatment - Newport</b>				
	Station 1 - Chloramine Conversion Design	\$ 43,500		
	Station 1 - Chloramine Conversion Construct	\$ -		
	Station 1 - pH Adjustment Construction	\$ -		
	Station 1 - Additional Pretreatment/Clarification Train	\$ -		
	Station 1 - General Improvements	\$ -		
	Station 1 - UV	\$ -		
	Station 1 SCADA and Pumps	\$ -		
		\$ 43,500	2.5%	\$ 43,500
<b>2223 Treatment - Lawton Valley</b>				
	Lawton Valley WTP- Water Age Study	\$ -		
	Lawton Valley WTP - Chloramine Conversion Design	\$ 43,500		
	Lawton Valley WTP - Chloramine Conversion Construct	\$ -		
	Lawton Valley WTP - pH Adjustment Design	\$ -		
	Lawton Valley WTP - New WTP	\$ 250,000		
	Lawton Valley Sed Basin Imp	\$ -		
		\$ 293,500	17.1%	\$ 293,500
<b>2235 Water Laboratory</b>				
		\$ -		
		\$ -	0.0%	\$ -
<b>2241 T&amp;D Maintenance</b>				
	Distribution Main Improvements (Ocean Ave.)	\$ 365,000		
	Distribution Main Iprov.(Sherman St) Design & Construct	\$ 150,000		
	Distribution Main Improvements (System-wide)	\$ -		
	Water Trench Restoration	\$ 65,000		
	Finished Water Storage Tank Maintenance	\$ -		
		\$ 580,000	33.8%	\$ 580,000
<b>2245 Fire Protection</b>				
	Fire Hydrant Replacement	\$ -		
		\$ -	0.0%	\$ -
<b>Total Rate Funded Capital</b>				
		\$ 1,715,056		
	Less: Funding from Capital Spending Account Balance	\$ -		
	Rate Year Contribution to Capital Spending Account	\$ 1,715,056		

Individual Line Item Support for Adjustments to Test Year and Normalized Test Year

Allocation of Test Year Contributions to Capital Restricted Account

Total Test Year Contribution \$ 1,269,580

<u>2200 Administration</u>	FY 06 Actual		Test Year Allocation
Infrastructure Replacement Plan	\$ 4,250		
Joint Study for PUC	\$ 61,254		
Total Administration	\$ 65,504	3%	\$ 36,318
<u>2209 Customer Service</u>			
	\$ -		
Total Customer Service	\$ -	0%	\$ -
<u>2212 Source of Supply - Island</u>			
	\$ -		
Total Supply-Island	\$ -	0%	\$ -
<u>2213 Source of Supply - Mainland</u>			
	\$ -		
Total Supply-Mainland	\$ -	0%	\$ -
<u>2222 Treatment - Newport</u>			
Station 1 SCADA & Paradise PS	\$ 5,784		
Short Term Improvements @ Sta.1	\$ 61,123		
Chloramines Testing	\$ 4,584		
Total Newport Plant	\$ 71,491	3%	\$ 39,638
<u>2223 Treatment - Lawton Valley</u>			
Short Term Improvements @ Sta.1	\$ 61,123		
Chloramines Testing	\$ 4,584		
LV Sluice Gate	\$ 191,630		
LV Sedimentation Basin #2 Imprv	\$ 11,374		
LV Residual Project-St.Mary's Raw Water Design	\$ 67,025		
TotalLawton Valley	\$ 335,736	15%	\$ 186,147
<u>2235 Water Laboratory</u>			
	\$ -		
Total Water Lab	\$ -	0%	\$ -
<u>2241 T&amp;D Maintenance</u>			
Reservoir Road Water Tank	\$ 397,787		
Ocean Ave. Improvements	\$ 1,339,513		
Leak Detection Program	\$ 29,900		
Trench & Sidewalk Repair	\$ 49,894		
Total T&D Maintenance	\$ 1,817,094	79%	\$ 1,007,477
<u>2245 Fire Protection</u>			
	\$ -		
Total Fire Protection	\$ -	0%	\$ -
Total Capital Expenditures	\$ 2,289,824		\$ 1,269,580

Docket No. XXXX

City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Offsets to Revenue Requirements

RFC Schedule D

	FY 2006 Rate Year	Test Year FY 2006	Test Year Normalization	Normalized Test Year FY 2006	Rate Year Adjustment	FY 2008 Rate Year
Customer Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from Water Pollution Control Division	\$ 134,204	\$ 134,204	\$ -	\$ 134,204	\$ 173,295	\$ 307,499
Rental of Property	\$ 89,500	\$ 85,000	\$ -	\$ 85,000	\$ (9,900)	\$ 75,100
Water Penalty	\$ 50,000	\$ 5,495	\$ -	\$ 5,495	\$ 14,505	\$ 20,000
Miscellaneous	\$ 20,000	\$ 3,120	\$ -	\$ 3,120	\$ 12,380	\$ 15,500
Lease Purchase Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Invest Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Quality Protection Fees	\$ 20,000	\$ 24,977	\$ -	\$ 24,977	\$ -	\$ 24,977
<b>Offsets to Revenue Requirements</b>	<b>\$ 313,704</b>	<b>\$ 252,796</b>	<b>\$ -</b>	<b>\$ 252,796</b>	<b>\$ 190,280</b>	<b>\$ 443,076</b>

**Docket No. XXXX**

**City of Newport, Rhode Island  
FY 2008 Rate Filing  
Revenue Proof**

**RFC Schedule E**

	<b>Existing</b>		<b>Proposed</b>	
	Actual FY 2006 (1)	Rate Year Revenue at Current Rates	Rate Year Revenue at Proposed Rates	
<b>Revenues</b>				
<u>Billing Charge Revenues</u>				
Retail				
Residential	\$ 512,723	\$ 534,240	\$ 633,024	
Commercial	\$ 127,421	\$ 141,788	\$ 168,006	
Governmental	\$ 2,906	\$ 3,896	\$ 4,616	
Wholesale				
Navy	\$ 1,455	\$ 2,385	\$ 2,826	
Portsmouth Water & Fire District	\$ 146	\$ 159	\$ 188	
Total Billing Charge Revenues	\$ 644,651	\$ 682,468	\$ 808,660	
<u>From Water Commodity Charge</u>				
Retail				
Residential	\$ 2,677,849	\$ 3,050,096	\$ 3,612,154	
Commercial	\$ 1,725,843	\$ 1,921,692	\$ 2,275,812	
Governmental	\$ 77,803	\$ 87,012	\$ 103,046	
Metered Sundried Billed	\$ 20,260	\$ 26,298	\$ 31,144	
Subtotal Retail Commodity Revenue	\$ 4,501,755	\$ 5,085,098	\$ 6,022,156	
Wholesale				
Navy	\$ 862,303	\$ 936,999	\$ 1,109,840	
Portsmouth	\$ 830,744	\$ 926,506	\$ 1,097,446	
Subtotal Wholesale Commodity Revenue	\$ 1,693,047	\$ 1,863,505	\$ 2,207,286	
Total Revenues from Commodity Charge	\$ 6,194,802	\$ 6,948,603	\$ 8,229,442	
<u>From Fire Protection</u>				
Public Fire Protection Revenue	\$ 616,178	\$ 662,850	\$ 785,600	
Private Fire Protection Revenue	\$ 223,110	\$ 285,425	\$ 338,181	
Total Fire Protection Revenues	\$ 839,288	\$ 948,275	\$ 1,123,781	
Other Revenue	\$ 252,796	\$ 443,076	\$ 443,076	
<b>Total Revenues</b>	<b>\$ 7,931,537</b>	<b>\$ 9,022,422</b>	<b>\$ 10,604,958</b>	
<u>Total Revenue Requirements</u>				
Operating	\$ 5,630,788	\$ 6,918,266	\$ 6,918,266	
Capital	\$ 2,971,686	\$ 3,269,956	\$ 3,269,956	
Less: Water Quality Protection Funds	\$ (579,869)			
Subtotal Revenue Requirements	\$ 8,022,605	\$ 10,188,222	\$ 10,188,222	
Additional Rev Req.	\$ 137,209	\$ 415,096	\$ 415,096	
<b>Total Revenue Requirements</b>	<b>\$ 8,159,814</b>	<b>\$ 10,603,318</b>	<b>\$ 10,603,318</b>	
<b>Surplus/(Deficit) of Revenues to be Recovered from All Charges</b>				
Total Revenue Requirements	\$ 8,159,814	\$ 10,603,318	\$ 10,603,318	
Other Revenue	\$ (252,796)	\$ (443,076)	\$ (443,076)	
Net Revenue Requirements	\$ 7,907,018	\$ 10,160,242	\$ 10,160,242	
Total Revenue from Rates and Charges	\$ 7,678,741	\$ 8,579,346	\$ 10,161,883	
Revenue Surplus/(Deficit)	\$ (228,277)	\$ (1,580,896)	\$ 1,641	

City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Water Consumption Summarized by Class

Annual Consumption in 1000s Gallons										
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Test Year - FY 2006	FY 2006 Projected in Docket 3675	7-Year Average FY 2000 - FY 2006	FY 2008 Rate Year
<b>Annual Consumption, by Class (1)</b>										
Residential (T&M)	682,937	698,765	773,872	780,666	736,577	716,037	749,409	758,019	734,038	<b>749,409</b>
Commercial (T&M)	703,460	620,182	561,576	564,052	640,632	554,248	472,160	541,165	588,044	<b>472,160</b>
Governmental (T&M)	20,634	20,197	19,222	19,132	23,134	19,463	21,379	20,582	20,452	<b>21,379</b>
Navy (M)	466,167	450,247	307,051	348,222	511,299	417,869	373,306	415,093	410,594	<b>373,306</b>
PWFD (M)	438,179	442,582	455,142	451,723	422,944	429,465	463,253	429,416	443,327	<b>463,253</b>
Metered, Sundry Billed	5,866	4,431	6,353	5,244	3,992	4,919	6,461	4,297	5,324	<b>6,461</b>
<b>Total (in 1000's Gallons)</b>	<b>2,317,243</b>	<b>2,236,404</b>	<b>2,123,216</b>	<b>2,169,039</b>	<b>2,338,578</b>	<b>2,142,001</b>	<b>2,085,969</b>	<b>2,168,572</b>	<b>2,201,779</b>	<b>2,085,969</b>



**Docket No. XXXX**

**City of Newport, Rhode Island  
FY 2008 Rate Filing  
Water Service Bills Summary**

**RFC Schedule G**

	Fiscal Year Ending June 30						Test Year	Docket 3578	Rate Year
	2000	2001	2002	2003	2004	2005	2006	2006	2008
<b>Tertiary and Monthly Bills</b>									
Residential (T&M)	39,655	39,938	40,284	40,711	39,762	39,596	<b>40,320</b>	<b>39,596</b>	<b>40,320</b>
Commercial (T&M)	8,557	8,673	8,871	9,004	8,337	9,778	<b>10,701</b>	<b>9,778</b>	<b>10,701</b>
Governmental (T&M)	256	272	296	268	219	245	<b>294</b>	<b>245</b>	<b>294</b>
Navy (M)	128	131	129	122	180	170	<b>180</b>	<b>170</b>	<b>180</b>
PWFD (M)	12	12	12	12	12	12	<b>12</b>	<b>12</b>	<b>12</b>
<b>Total # of Bills</b>	<b>48,608</b>	<b>49,026</b>	<b>49,592</b>	<b>50,117</b>	<b>48,510</b>	<b>49,801</b>	<b>51,507</b>	<b>49,801</b>	<b>51,507</b>

System Assumed % Growth Rate → 0.00%

**Docket No. XXXX**

**City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Public and Private Fire Protection Accounts**

**RFC Schedule H**

**Public Hydrants**

	<b>March 30 2002</b>	<b>June 30 2000</b>	<b>June 30 2001</b>	<b>June 30 2002</b>	<b>June 30 2003</b>	<b>Dec 31 2003</b>	<b>June 30 2004</b>	<b>June 30 2005</b>	<b>June 30 2006</b>	<b>FY 2006 Test Year</b>	<b>FY 2008 Rate Year</b>
Newport	572	572	572	572	572	572	581	580	580	580	580
Middletown	371	369	369	371	371	371	386	394	394	394	394
Portsmouth	8	8	8	8	8	8	8	8	8	8	8
<b>Total</b>	<b>951</b>	<b>949</b>	<b>949</b>	<b>951</b>	<b>951</b>	<b>951</b>	<b>975</b>	<b>982</b>	<b>982</b>	<b>982</b>	<b>982</b>

**Number of Accounts**

**Private Fire Services**

**Number of Accounts per Connection Size**

	<b>March 30 2002</b>	<b>June 30 2000</b>	<b>June 30 2001</b>	<b>June 30 2002</b>	<b>June 30 2003</b>	<b>Dec 31 2003</b>	<b>June 30 2004</b>	<b>June 30 2005</b>	<b>June 30 2006</b>	<b>FY 2006 Test Year</b>	<b>FY 2008 Rate Year</b>
< 2" Connection	0	0	0	0	0	0	0	0	0	0	0
2" Connection	0	0	0	0	0	0	0	0	0	0	0
4" Connection	31	18	17	33	42	43	45	55	55	55	55
6" Connection	194	179	179	219	227	229	224	234	234	234	234
8" Connection	36	42	43	56	59	58	58	62	62	62	62
10" Connection	1	1	1	1	1	1	1	0	0	0	0
12" Connection	1	1	1	1	1	1	1	2	2	2	2
<b>Total</b>	<b>263</b>	<b>241</b>	<b>241</b>	<b>310</b>	<b>330</b>	<b>332</b>	<b>329</b>	<b>353</b>	<b>353</b>	<b>353</b>	<b>353</b>

City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Preliminary Capital Plan

RFC Schedule I

	FY 2007		FY 2008 Rate Year		FY 2009		FY 2010		FY 2011		Total
<b>Studies</b>											
Safe Yield Study			R	\$ 100,000	R	\$ 100,000		\$ -		\$ -	\$ 200,000
GIS and Hydraulic Modeling			R	100,000	R	200,000		-		-	\$ 300,000
IRP Update		-		-			R	75,000			\$ 75,000
Easton Pond Dam and Moat Study	R	47,000	R	100,000		-					\$ 147,000
Lawton Valley WTP- Water Age Study	R	46,730									\$ 46,730
Joint Water Study	R	9,250									\$ 9,250
Financial Management Study	R	45,000									\$ 45,000
<b>Raw Water Supply and Transmission</b>											
Lawton Valley Raw Water Main Replacement/Residuals Mngmt.	S7	1,401,250	S7	1,360,250		-		-		-	\$ 2,761,500
Intake at Gardiner Pond		-	A	190,000				-		-	\$ 190,000
Main from Gardiner to Paradise		-		-		-	R	100,377	D	1,405,284	\$ 1,505,661
Intake at Paradise		-		-		-			R	190,000	\$ 190,000
Lawton Valley Reservoir Aeration		-	A	100,000							\$ 100,000
Dam and Dike Rehabilitation - Lawton Valley		-		-		-					\$ -
Dam and Dike Rehabilitation - Station 1		-		-		-					\$ -
Paradise Pump Station	R	57,000									\$ 57,000
<b>Treatment</b>											
Lawton Valley WTP - Chloramine Conversion Design	R	46,000	R	43,500							\$ 89,500
Lawton Valley WTP - Chloramine Conversion Construct		-	A	90,000	A	90,000		-		-	\$ 180,000
Lawton Valley WTP - pH Adjustment Design	R	54,200									\$ 54,200
Lawton Valley WTP - pH Adjustment Construction	A	180,000	A	180,000							\$ 360,000
Lawton Valley WTP - New WTP		-	R	250,000	R	75,000	R	100,000	R	500,000	\$ 925,000
Lawton Valley Sed Basin Imp		-	A	300,000							\$ 300,000
Station 1 - Chloramine Conversion Design	R	46,000	R	43,500							\$ 89,500
Station 1 - Chloramine Conversion Construct		-	A	81,000	A	81,000		-		-	\$ 162,000
Station 1- pH Adjustment Design	R	54,200									\$ 54,200
Station 1- pH Adjustment Construction	A	112,000	A	112,000							\$ 224,000
Station 1 - Additional Pretreatment/Clarification Train		-	A	186,094	A	106,339	C	1,200,000	C	2,636,934	\$ 4,129,367
Station 1 - General Improvements		-		-		-			D	1,329,241	\$ 1,329,241
Station 1 - UV		-		-		-	R	651,860			\$ 651,860
Station 1 SCADA and Pumps	R	30,000									\$ 30,000
<b>Transmission, Storage and Distribution</b>											
Distribution Main Improvements (Ocean Ave.)	R	1,591,000	R	365,000				-		-	\$ 1,956,000
Distribution Main Iprov.(Sherman St) Design & Construct	R	22,179	R	150,000							\$ 172,179
Distribution Main Improvements (System-wide)		-	A	250,000	B	3,250,000	B	300,000	B	3,200,000	\$ 7,000,000
Remote Radio Read Pilot/Install	R	20,000	R	250,000	R	625,000	R	500,000	R	500,000	\$ 1,895,000
Meter Replacement	R	38,000	R	64,000	R	66,560	R	69,222	R	71,991	\$ 309,774
Water Trench Restoration	R	15,000	R	65,000	R	67,600	R	70,304	R	73,116	\$ 291,020
Fire Hydrant Replacement	R			-		-		-	R	16,000	\$ 16,000
Finished Water Storage Tank Maintenance	R	14,910	A	81,000	A	575,000		-		-	\$ 670,910
<b>Miscellaneous</b>											
Equipment and Vehicle Replacement	R	157,000	R	184,056	R	93,300	R	50,360	R	19,000	\$ 503,716
Fire Code Upgrades	R	35,000		-		-		-		-	\$ 35,000
<b>Total CIP Funding Needs</b>		\$ 4,021,719		\$ 4,645,400		\$ 5,329,799		\$ 3,117,123		\$ 9,941,566	\$ 27,055,608

City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Preliminary Capital Plan

RFC Schedule I

Funding Sources						
Rate Funded		2,328,469	1,715,056	1,227,460	1,617,123	1,370,107
	Less: EPA Grant	\$ (491,808)	\$ -	\$ -	\$ -	\$ -
	Less: EPA Grant	\$ (181,692)	\$ -	\$ -	\$ -	\$ -
	Less: Water Protection Funds	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Rate and Reserve Funded</b>		<b>\$ 1,654,969</b>	<b>\$ 1,715,056</b>	<b>\$ 1,227,460</b>	<b>\$ 1,617,123</b>	<b>\$ 1,370,107</b>
	Less: Contribution from Cap. Restricted Balance	\$ (378,881)	\$ -	\$ -	\$ 97,933	\$ -
	<b>Total Rate Funded</b>	<b>\$ 1,276,088</b>	<b>\$ 1,715,056</b>	<b>\$ 1,227,460</b>	<b>\$ 1,715,056</b>	<b>\$ 1,370,107</b>
Capital included in rates		\$ 1,276,088	\$ 1,715,056	\$ 1,715,056	\$ 1,715,056	\$ 1,715,056
	Surplus/(Deficit)	\$ -	\$ -	\$ 487,596	\$ -	\$ 344,949
2007 SRF Series A (S7)		\$ 2,761,500				
2007 SRF Series B (A)		\$ 2,714,433				
SRF or Bonds B (B)				\$ 6,750,000		
SRF or Bonds C (C)					\$ 3,836,934	
SRF or Bonds D (D)						\$ 2,734,525
<b>Rate Funded Capital</b>		<b>\$ 1,276,088</b>	<b>\$ 1,715,056</b>	<b>\$ 1,227,460</b>	<b>\$ 1,715,056</b>	<b>\$ 1,370,107</b>

City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Preliminary Capital Plan

RFC Schedule I

**Bond Repayment Schedule**

Existing Debt Service (1)

FY 2005 Bond Refunding (October 2004)

	Rate Year				
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Principal	\$ 969,406	\$ 894,389	\$ 868,627	\$ 844,560	\$ 601,680
Interest	144,725	115,543	91,156	65,992	40,916
	<u>\$ 1,114,131</u>	<u>\$ 1,009,932</u>	<u>\$ 959,783</u>	<u>\$ 910,552</u>	<u>\$ 642,596</u>

**FY 2007 SRF Series A**

Interest Rate	3.45%
Project Costs	\$ 2,761,500
Issuance Costs(6.0% of Project Costs)	\$ 238,500
Total Loan	\$ 3,000,000

Principal	\$ -	\$ -	\$ 110,000	\$ 110,000	\$ 115,000
Interest (2)	6,759	87,911	113,107	109,307	105,398
	<u>\$ 6,759</u>	<u>\$ 87,911</u>	<u>\$ 223,107</u>	<u>\$ 219,307</u>	<u>\$ 220,398</u>

**FY 2007 SRF Series B (3)**

Interest Rate	3.75%
Project Costs	\$ 2,714,433
Issuance Costs(6.0% of Project Costs)	\$ 162,866
Total Loan	\$ 2,877,299

Principal	\$ -	\$ 99,158	\$ 102,876	\$ 106,734	\$ 110,737
Interest	-	107,899	104,180	100,322	96,320
	<u>\$ -</u>	<u>\$ 207,056</u>	<u>\$ 207,056</u>	<u>\$ 207,056</u>	<u>\$ 207,056</u>

**Total Existing Debt Service**                      **\$ 1,120,890**                      **\$ 1,304,900**                      **\$ 1,389,947**                      **\$ 1,336,915**                      **\$ 1,070,050**

1 - Debt issued prior to beginning of rate year.

2- Interest on FY 2007 Series A includes payments of 0.05% loan fee

3 - Assumes issuance of Series B SRF debt in last quarter of FY07 with full debt service in FY08

City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Preliminary Capital Plan

RFC Schedule I

**Proposed Debt Service**

FY 2009 SRF Series A

Interest Rate	3.75%
Project Costs	\$ 6,750,000
Issuance Costs(6.0% of Project Costs)	\$ 405,000
Total Loan	\$ 7,155,000

Principal	\$ -	\$ -	\$ 246,576	\$ 255,823	\$ 265,416
Interest	-	-	268,313	259,066	249,473
	\$ -	\$ -	\$ 514,889	\$ 514,889	\$ 514,889

FY 2010 SRF Series A

Interest Rate	3.75%
Project Costs	\$ 3,836,934
Issuance Costs(6.0% of Project Costs)	\$ 230,216
Total Loan	\$ 4,067,150

Principal	\$ -	\$ -	\$ -	\$ 140,163	\$ 145,419
Interest	-	-	-	152,518	147,262
	\$ -	\$ -	\$ -	\$ 292,681	\$ 292,681

FY 2011 SRF Series A

Interest Rate	3.75%
Project Costs	\$ 2,734,525
Issuance Costs(6.0% of Project Costs)	\$ 164,072
Total Loan	\$ 2,898,597

Principal	\$ -	\$ -	\$ -	\$ -	\$ 99,892
Interest	-	-	-	-	108,697
	\$ -	\$ -	\$ -	\$ -	\$ 208,589

Total Proposed Debt Service	\$ -	\$ -	\$ 514,889	\$ 807,569	\$ 1,016,159
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<b>Total Debt Service</b>	<b>\$ 1,120,890</b>	<b>\$ 1,304,900</b>	<b>\$ 1,904,836</b>	<b>\$ 2,144,485</b>	<b>\$ 2,086,209</b>
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<b>Total Capital Revenue Requirements</b>	<b>\$ 2,775,859</b>	<b>\$ 3,019,956</b>	<b>\$ 3,132,296</b>	<b>\$ 3,859,541</b>	<b>\$ 3,456,316</b>
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Docket No. XXXX

City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Projected Debt Service Account Balance Including Future Loans

RFC Schedule J

	<i>Fiscal Year Ending June 30</i>					
	Test Year	Rate Year				
	2006 Actual	2007	2008	2009	2010	2011
<b>Debt Service Account</b>						
<b>Beginning Cash Balance</b>	\$ 411,287	\$ 373,242	\$ 648,458	\$ 655,610	\$ 64,803	\$ (769,740)
<u>Additions</u>						
From Rates	\$ 1,431,277	\$ 1,378,764	\$ 1,304,900	\$ 1,304,900	\$ 1,304,900	\$ 1,304,900
Transfer from Repayment to City Account						
Interest Income	\$ 11,540	17,343	7,152	9,128	5,043	(4,935)
<b>Total Additions</b>	1,442,817	1,396,107	1,312,052	1,314,028	1,309,943	1,299,965
<b>Interest Rate</b>	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
<u>Deductions (1)</u>						
Revenue Bond Debt Service	1,162,908	1,114,131	1,009,932	959,783	910,552	642,596
Transfer to City Repayment Account	317,955					
SRF Loan Principal	-	-	99,158	459,452	612,719	736,463
SRF Loan Interest	-	6,759	195,810	485,600	621,213	707,150
<b>Total Deductions</b>	1,480,863	1,120,890	1,304,900	1,904,836	2,144,485	2,086,209
<b>Ending Cash Balance</b>	<b>373,242</b>	<b>648,458</b>	<b>655,610</b>	<b>64,803</b>	<b>(769,740)</b>	<b>(1,555,983)</b>

(1) This schedule tracks the projected balance in the Debt Service Restricted Account assuming that Newport issues additional debt in years following the rate year.

**Docket No. XXXX**

**City of Newport, Rhode Island  
 FY 2008 Rate Filing  
 Restricted Accounts Balances**

**RFC Schedule K**

<i>Fiscal Year Ending June 30</i>						
<b>Test Year</b>	<b>Rate Year</b>					
<b>2006 Actual</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	
<b>Repayment to City Account</b>						
<b>Beginning Cash Balance</b>	743,585	1,037,218	798,395	-	-	-
<u>Additions</u>						
From Rates	270,829	250,000	250,000	250,000	250,000	250,000
Transfer from Debt Service Account	317,955					
Interest Earned	22,804	11,178	-	-	-	-
<b>Total Additions</b>	293,633	261,178	250,000	250,000	250,000	250,000
<b>Interest Rate</b>	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
<u>Deductions</u>						
Transfer to Pay Down Payables and Payroll			798,395			
Repayment to City	317,955	500,000	250,000	250,000	250,000	250,000
<b>Ending Cash Balance</b>	\$ 1,037,218	\$ 798,395	\$ -	\$ -	\$ -	\$ -