

**Supplemental Testimony of Harold J. Smith**  
**Docket No. 3818**

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

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

4

5 **Q: Are you the same Harold Smith who submitted pre-filed direct and rebuttal**  
6 **testimony in this docket?**

7 A: Yes I am.

8

9 **Q: What is the purpose of this testimony?**

10 A: Based on developments in this Docket, Newport Water has revised its revenue  
11 request. Newport Water's initial request called for a 15% increase in total cost of service.  
12 Newport now seeks an 11% increase. Newport Water did not wish to present this revised  
13 position to the parties for the first time at the hearing. Presenting it in this manner would  
14 disadvantage the parties and would only serve to lengthen the hearings. Therefore, in an  
15 effort to streamline the hearing process, Newport Water is presenting its revised position  
16 through this supplemental testimony and the attached schedules.

17

18 **Q. What are the developments that caused Newport to revise its revenue request?**

19 A. The three main developments are as follows:

20 1) After reviewing the surrebuttal testimony submitted by Portsmouth Water & Fire  
21 District (PWFD), the Navy and the Division, it appears that all the parties are in  
22 agreement that Newport should transition to bi monthly billing of its tertiary  
23 customers as soon as possible. As such, it appears that all the parties agree that  
24 Newport Water should accelerate its proposed radio read program, and that this  
25 program should be funded from debt service rather than capital spending.

26 2) In connection with this move to increased billing there are certain costs that will  
27 be incurred.

28 3) At its open meeting on June 22, 2007, the Commission directed Newport Water to  
29 make the fourth \$500,000 installment payment to the City of Newport on the \$2.5

1 million dollar loan. The effect of this order was to deny Newport's request in this  
2 Docket that it restructure the repayment of the remaining \$1 million dollars owed  
3 to the City of Newport, and that it be allowed to use funds from the restricted  
4 Repayment to City Account to reduce its current deficit.

5

6 **Q. Have you prepared schedules that show the impact of the revisions on the**  
7 **proposed rates and charges?**

8 A. Yes, I have prepared schedules to incorporate the proposed revisions. These schedules  
9 are attached as RFC Schedule 1 Hearing through RFC Schedule 8 Hearing and RFC  
10 Schedules A Hearing through RFC Schedules D Hearing.<sup>1</sup> As set forth in RFC Schedule  
11 1 Hearing, the accounts affected are: Administration, Customer Service, Debt Service,  
12 Capital and Operating Reserve.

13

14 **Capital and Debt Service**

15 **Q. Can you please explain how the developments outlined above led to the creation**  
16 **of these schedules?**

17 A. Yes I can. Many of the changes are interrelated and result from switching funding for  
18 the Remote Radio Read Program from the Capital Spending Account to the Debt Service  
19 Account. Obviously, this change affected the financing of Newport Water's Capital Plan.  
20 In the original Capital Plan, which showed fiscal years 2007 through 2011, \$1,895,000 of  
21 the \$2.8 million needed for the Remote Radio Read Program was to be funded from the  
22 Capital Spending Account. In the new Capital Plan (RFC Schedule 4 Hearing), the entire  
23 project will be funded through a loan from the Rhode Island Clean Water Finance  
24 Agency (RICWFA).

25

26 **Q. If the Remote Radio Read Program is going to be funded from debt service, why**  
27 **is Newport Water reducing its request for debt service funding in the rate year?**

28 A. This reduction is the result of several factors. Shifting the funding of the Remote  
29 Radio Program substantially altered Newport Water's approach to financing its Capital

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<sup>1</sup> Note that these Schedules do not in all cases correlate to the same numbered and lettered schedules contained in Mr. Smith's direct testimony.

1 Plan. Newport's initial funding plan sought to "smooth out" increases in the Capital  
2 Spending Account by blending funding between capital and debt. However, by removing  
3 this funding from the Capital Spending Account, the balance has been upset. This shift  
4 has a resulting domino effect.

5

6 **Q. Please explain this further.**

7 A. By moving the funding of this project from capital to debt, Newport had to reevaluate  
8 its debt service needs. In doing so, Newport also closely examined the concerns raised by  
9 the parties in this Docket, particularly those raised by PWFD. In this regard, I prepared a  
10 new schedule, RFC 5 Hearing, which shows Newport Water's debt service needs from  
11 the rate year, FY2008, through FY2029.

12

13 Both Mr. Woodcock and Mr. Catlin are correct that payments toward the 2007 SRF B  
14 loan are fairly insignificant in the rate year.<sup>2</sup> In addition, there will be no payment  
15 required on the new debt for Newport Water's proposed borrowings in the rate year.  
16 However, as the parties in this Docket know, Newport Water needs to have sufficient  
17 money in its rates to meet future debt service obligations *before* it can do the borrowing.

18

19 First, the Lender needs to know that the Newport Water has approved rates to cover its  
20 obligation over the course of the borrowing before it loans the money. Second, even after  
21 the lender agrees to the loan, Newport Water must get permission from the Division to  
22 enter into the borrowing. To do so, Newport needs rates to be granted in this Docket to  
23 cover its debt service needs even if the first payment doesn't start in the rate year. It is the  
24 timing of the borrowing, not the first payment, that is the critical factor.

25

26 **Q. Can you explain the borrowings listed in Schedule 5 Hearing?**

27 A. Yes. The first four columns show Newport Water's debt service needs for its existing  
28 borrowings between FY2008 and FY2029. The next four columns show two borrowings

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<sup>2</sup> Newport was granted authority to enter into this borrowing by the Division of Public Utilities and Carriers by Report and Order No. 19003 dated June 29, 2007.

1 that Newport will have to make in FY08 and the effect these new borrowings will have  
2 on Newport Water's overall debt service needs between FY2008 and FY2029.

3

4 **Q. RFC Schedules 4 and 5 Hearing show a proposed 2008 Revenue Bond in the**  
5 **amount of \$6,000,000 for Easton Pond Dam repairs. Can you explain why this is**  
6 **included?**

7 A. Yes. As set forth in Julia Forgue's rebuttal testimony, the northern and western  
8 embankments of the Easton Pond Dam sustained significant damage resulting from a  
9 severe Nor'easter on April 15 and 16, 2007. Newport Water has been advised to proceed  
10 with the repairs to the dams as soon as possible. The improvements include increasing  
11 the crest height 12 inches and the crest width to have a total width of 12 feet; installing  
12 riprap slope protection on the north embankment; driving sheet piling to reconstruct the  
13 west embankment; and, reinforce the toe of slope and bench areas of both the north and  
14 west embankments. As set forth in Ms. Forgue's rebuttal testimony, the cost for repairing  
15 the damaged sections of the dam is estimated at \$6 million.

16

17 Newport Water has consulted with RICWFA and this project cannot be funded through  
18 the State Revolving Fund. Thus, this borrowing will have to be done through revenue  
19 bonds.

20

21 **Q. But even with the addition of this borrowing, Newport's rate year request for**  
22 **debt service has been reduced. Please explain how this is possible.**

23 A. As set forth hereinabove, beginning in FY09, Newport's Capital Program relies less  
24 on funding from the Capital Spending Account and more on funding from the Debt  
25 Service Account. Therefore, as set forth in RFC Schedule 7 Hearing, Newport Water  
26 proposes to reduce funding in the Capital Spending Account in FY09 and increase  
27 funding to the Debt Service account.

28

29 In addition, the Commission denied Newport Water's request to use funds from the  
30 Repayment to City Account to pay down its deficit. As such, the final \$500,000 payment  
31 on the \$2.5 million dollar loan will be made to the City of Newport (pending Commission

1 approval) in FY08. Thereafter, the \$250,000 in rates that currently funds the Repayment  
2 to City Account can be directed to Debt Service.

3  
4 With Commission approval of this scenario, Newport Water can enter into the  
5 borrowings for the Remote Radio Read Program and the Easton Pond Dam repairs, while  
6 reducing its rate year request for debt service funding.

7

8 **Q. What if Newport does not undertake these borrowings?**

9 A. There does not appear to be any reason Newport would *not* borrow these funds. As set  
10 forth previously in my testimony, Newport has always planned to do the Remote Radio  
11 Read Program, now it will be able to accelerate the project. Furthermore, Newport is  
12 already in the process of financing the 2007 Series B loan with RICWFA. This borrowing  
13 will be done in late 2007 early 2008. The borrowing for the Remote Radio Read program  
14 can happen at the same time. The Easton Dam repairs are almost of an emergency  
15 nature. As such, there is no reason this borrowing should be delayed. However, if for any  
16 reason the borrowings did not occur, the Debt Service Account is a restricted account and  
17 the funds cannot be used for any other purpose. In addition, Newport Water's monthly  
18 cash flow reports show the transfer of funds to restricted accounts, so the parties would  
19 clearly know if Newport Water was not funding these accounts as proposed. Furthermore,  
20 Newport Water's quarterly reports provide a restricted account analysis that shows the  
21 transfer from these accounts for expenditures, so the parties would know if the money  
22 was not being spent as proposed.

23

24 **Q. Even under Newport's proposal, Schedule RFC Hearing 7 shows end of the year**  
25 **balances in both the Debt Service Account and the Capital Spending Account**  
26 **beyond the rate year. Can you comment on this?**

27 A. Yes. Newport is trying to reduce its revenue request for the rate year. However,  
28 Newport Water cannot be so shortsighted that it ignores the dynamic nature of any  
29 Capital plan. Capital projects are vital to any utility, and Newport is no exception.  
30 Unfortunately, capital plans are not etched in stone. The damage to the Easton Pond  
31 Dams is a good example. Luckily, this damage occurred during a rate proceeding and it

1 can be brought before the Commission in this Docket. In addition, Newport has been  
2 cited by the Town of Portsmouth Fire Department for violations of the State Fire code  
3 (See Exhibit 1). This work it not shown in the Capital Plan. Nevertheless, Newport Water  
4 has been given thirty days to remedy these violations, which will likely require the use of  
5 Capital funds.

6

7 **Q. Are there any other changes to Newport Water's Capital Plan?**

8 A. Yes. The Capital Plan has been updated to reflect actual expenditures in FY07 and to  
9 show updated estimates of amounts to be expended in FY08. Changes are shown in bold  
10 type on RFC Schedule 4 Hearing.

11

12 **Customer Service**

13 **Q. Why is there an increase in the Customer Service Account?**

14 A. As set forth in Julia Forgue's rebuttal testimony, Newport will face a number of  
15 challenges and costs in implementing bi-monthly billing. Newport has estimated these  
16 costs at \$81,300.

17

18 **Operating Reserve**

19 **Q. Why has Newport Water increased its request for an Operating Reserve**

20 A. This account has increased due to the increase in the Customer Service Account.

21

22 **Administration**

23 **Q. Why has the Administration Account decreased by \$9,934?**

24 A. The amount requested for Administration has decreased because the decrease in total  
25 revenue requirements results in a decrease in the charges from the City for Legal &  
26 Administrative and Data Processing services.

27

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

29 A. Yes it does.

**CERTIFICATION**

I hereby certify that I sent by electronic mail a copy of the within to all parties set forth on the attached Service List on July 6, 2007, and one original with Luly Massaro, Clerk, Rhode Island Public Utilities Commission.

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**City of Newport, Rhode Island**  
**Rhode Island Public Utilities Commission Rate Filing Docket # 3818**  
**Exhibits for Revised Revenue Request**



**Raftelis Financial Consultants, Inc.**  
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**Charlotte, NC 28203**  
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**RFC**

**Index of Schedules**

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**Main Schedules**

RFC Schedule 1 Hearing  
RFC Schedule 2 Hearing  
RFC Schedule 3 Hearing  
RFC Schedule 4 Hearing  
RFC Schedule 5 Hearing  
RFC Schedule 6 Hearing  
RFC Schedule 7 Hearing  
RFC Schedule 8 Hearing

Summary of Revenue Requirements  
Calculation of Additional Revenue  
Proposed Charges  
Preliminary Capital Plan  
Debt Service  
Revenue Proof  
Account Balance  
Water Bills and Consumption

**Support Schedules**

RFC Schedule A Hearing  
RFC Schedule B Hearing  
RFC Schedule C Hearing  
RFC Schedule D Hearing

Backup for Legal/Admin. and Data Processing  
Administration O&M  
Bimonthly Billing Costs  
Debt Service Coverage



City of Newport, Rhode Island  
 Revised Revenue Request  
 Summary of Revenue Requirements

RFC Schedule 1 Hearing

	NWD Original Filing	NWD Rebuttal Adjustments	NWD Rebuttal Filing	NWD Final Adjustments	NWD Final Request	
<u>Operating Revenue Requirements</u>						
Administration	\$ 1,785,992	\$ (115,014)	\$ 1,670,978	\$ (9,934)	\$ 1,661,044	Reduction in Legal/Admin. & Data Processing
Customer Service	\$ 614,997	\$ (3,015)	\$ 611,982	\$ 81,300	\$ 693,282	Includes costs for bimonthly billing (Schedule C)
Source of Supply - Island	\$ 568,165	\$ (337)	\$ 567,828	\$ -	\$ 567,828	
Source of Supply - Mainland	\$ 107,100	\$ (4,060)	\$ 103,040	\$ -	\$ 103,040	
Treatment - Newport Plant	\$ 1,437,499	\$ (10,228)	\$ 1,427,272	\$ -	\$ 1,427,272	
Treatment - Lawton Valley	\$ 1,229,718	\$ 8,016	\$ 1,237,734	\$ -	\$ 1,237,734	
Water Laboratory	\$ 220,400	\$ -	\$ 220,400	\$ -	\$ 220,400	
Transmission & Distribution Maintenance	\$ 940,395	\$ (3,854)	\$ 936,541	\$ -	\$ 936,541	
Fire Protection	\$ 14,000	\$ -	\$ 14,000	\$ -	\$ 14,000	
<b>Total Operating Requirements</b>	<b>\$ 6,918,266</b>	<b>\$ (128,492)</b>	<b>\$ 6,789,774</b>	<b>\$ 71,366</b>	<b>\$ 6,861,140</b>	
<u>Capital Revenue Requirements</u>						
Contribution to Debt Service Account	\$ 1,304,900	\$ (83,900)	\$ 1,221,000	\$ (321,000)	\$ 900,000	
Contribution to Repayment to City Account	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ 250,000	
Contribution to Capital Spending Account	\$ 1,715,056	\$ -	\$ 1,715,056	\$ (167,874)	\$ 1,547,182	
<b>Total Capital Requirements</b>	<b>\$ 3,269,956</b>	<b>\$ (83,900)</b>	<b>\$ 3,186,056</b>	<b>\$ (488,874)</b>	<b>\$ 2,697,182</b>	
Subtotal Revenue Requirements	\$ 10,188,222	\$ (212,392)	\$ 9,975,830	\$ (417,508)	\$ 9,558,322	
Additional Rev Requirements (Operating Reven	\$ 415,096	\$ (7,710)	\$ 407,386	\$ 4,282	\$ 411,668	
<b>Total Revenue Requirements</b>	<b>\$ 10,603,318</b>	<b>\$ (220,101)</b>	<b>\$ 10,383,216</b>	<b>\$ (413,226)</b>	<b>\$ 9,969,990</b>	
Less: Revenue Offsets	\$ (443,076)	\$ 1,507	\$ (441,568)	\$ -	\$ (441,568)	
<b>Net Revenue Requirements</b>	<b>\$ 10,160,242</b>	<b>\$ (218,594)</b>	<b>\$ 9,941,648</b>	<b>\$ (413,226)</b>	<b>\$ 9,528,422</b>	

**Docket No. 3818**

**City of Newport, Rhode Island  
Revised Revenue Request  
Calculation of Additional Revenue**

**RFC Schedule 2 Hearing**

Billing Charge Revenues

Type of Charge	Current Charge	FY 2008 Number of Bills (1)	Rate Year Revenues Under Existing Charges
Billing Charge	\$ 13.25	51,507	\$ 682,468
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
Retail	\$ 4.07	1,249,410	\$ 5,085,098
Navy	\$ 2.5100	373,306	\$ 936,999
Portsmouth	\$ 2.000	463,253	\$ 926,506
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
Fire Protection Charges (Public)	\$ 675.00	982	\$ 662,850
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

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

FY 2008 Net Revenue Requirements \$ 9,528,422

**Additional Revenue Needed \$ 949,076**

**% Revenue Increase Required 11.06%**

**Docket No. 3818**

**City of Newport, Rhode Island  
Hearing Schedules  
Revised Revenue Request**

**RFC Schedule 3 Hearing**

Rates and Charges	Current Rates	% Increase Required	Proposed FY 2008
<b>Billing Charge (per bill)</b>			
Tertiary	\$ 13.25	11.0623%	\$ 13.25
Monthly	\$ 13.25	11.0623%	\$ 13.25
<b>Volume Charge (per 1,000 gallons)</b>			
<b>Retail</b>			
Residential	\$ 4.07	11.0623%	\$ 4.53
Commercial	\$ 4.07	11.0623%	\$ 4.53
Governmental	\$ 4.07	11.0623%	\$ 4.53
<b>Wholesale</b>			
Navy	\$ 2.5100	11.0623%	\$ 2.7880
Portsmouth Water & Fire District	\$ 2.0000	11.0623%	\$ 2.222
<b>Fire Protection</b>			
Public (per hydrant)	\$ 675.00	11.0623%	\$ 750.00
<b>Private (Connection Size)</b>			
Less than 2"	\$ 13.25	11.0623%	\$ 14.72
2"	\$ 55.00	11.0623%	\$ 62.00
4"	\$ 343.00	11.0623%	\$ 381.00
6"	\$ 687.00	11.0623%	\$ 763.00
8"	\$ 1,572.00	11.0623%	\$ 1,746.00
10"	\$ 2,596.00	11.0623%	\$ 2,884.00
12"	\$ 4,169.00	11.0623%	\$ 4,631.00

City of Newport, Rhode Island  
 Revised Revenue Request  
 Preliminary Capital Plan

RFC Schedule 4 Hearing

	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
<b>Lawton Valley WTP- Water Age Study</b>	R	22,762	R	21,968							\$ 44,730
<b>Joint Water Study</b>	R	9,250									\$ 9,250
<b>Financial Management Study</b>	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		-		-		-					\$ -
<b>Paradise Pump Station</b>	R	57,000									\$ 57,000
<b>Easton Pond Dam Repairs</b>			08R	3,000,000	08R	3,000,000					
<b>Treatment</b>											
<b>Lawton Valley WTP - Chloramine Conversion Design</b>	R	21,701	R	78,095							\$ 99,796
<b>Lawton Valley WTP - Chloramine Conversion Construct</b>		-		-	A	180,000		-		-	\$ 180,000
<b>Lawton Valley WTP - pH Adjustment Design</b>	R	35,557	R	19,000							\$ 54,557
<b>Lawton Valley WTP - pH Adjustment Construction</b>		-	A	360,000							\$ 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
<b>Station 1 - Chloramine Conversion Design</b>	R	21,701	R	78,095							\$ 99,796
<b>Station 1 - Chloramine Conversion Construct</b>		-		-	A	162,000		-		-	\$ 162,000
<b>Station 1- pH Adjustment Design</b>	R	35,557	R	19,000							\$ 54,557
<b>Station 1- pH Adjustment Construction</b>		-	A	234,000							\$ 234,000
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
<b>Station 1 SCADA and Pumps</b>	R	24,000									\$ 24,000
<b>Transmission, Storage and Distribution</b>											
<b>Distribution Main Improvements (Ocean Ave.)</b>	R	1,539,787	R	516,213							\$ 2,056,000
<b>Distribution Main Iprov.(Sherman St) Design &amp; Construct</b>	R	15,227	R	156,952							\$ 172,179
Distribution Main Improvements (System-wide)			A	250,000	B	3,250,000	B	300,000	B	3,200,000	\$ 7,000,000
<b>Remote Radio Read Pilot/Install</b>	R	20,000	8A	900,000	8A	1,000,000	8A	900,000			\$ 2,820,000
Meter Replacement	R	38,000	R	64,000	R	66,560	R	69,222	R	71,991	\$ 309,774
<b>Water Trench Restoration</b>	R	51,949	R	65,000	R	67,600	R	70,304	R	73,116	\$ 327,969
Fire Hydrant Replacement	R			-		-			R	16,000	\$ 16,000
<b>Finished Water Storage Tank Maintenance</b>	R	13,310	A	81,000	A	575,000					\$ 669,310
<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>		\$ 3,591,051		\$ 8,713,723		\$ 8,875,799		\$ 3,517,123		\$ 9,441,566	\$ 28,139,263

City of Newport, Rhode Island  
 Revised Revenue Request  
 Preliminary Capital Plan

RFC Schedule 4 Hearing

Preliminary Capital Plan

Funding Sources					
Rate Funded	2,189,801	1,752,379	602,460	1,117,123	870,107
Less: EPA Grant	\$ (468,303)	\$ (205,197)	\$ -	\$ -	\$ -
Less: Water Protection Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total Rate and Reserve Funded	\$ 1,721,498	\$ 1,547,182	\$ 602,460	\$ 1,117,123	\$ 870,107
Less: Contribution from Cap. Restricted Balance	\$ (445,410)	\$ -	\$ -	\$ -	\$ -
Total Rate Funded	\$ 1,276,088	\$ 1,547,182	\$ 602,460	\$ 1,117,123	\$ 870,107
Capital included in rates	\$ 1,276,088	\$ 1,547,182	\$ 1,547,182	\$ 1,547,182	\$ 1,547,182
Surplus/(Deficit)	\$ -	\$ -	\$ 944,722	\$ 430,059	\$ 677,075
2007 SRF Series A (S7)	\$ 2,761,500				
2007 SRF Series B (A)	\$ 2,724,433				
2008 SRF Series A (8A)		\$ 2,800,000			
2008 Rev. Bond (08R)		\$ 6,000,000			
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>\$ 1,547,182</b>	<b>\$ 602,460</b>	<b>\$ 1,117,123</b>	<b>\$ 870,107</b>

Docket No. 3818

City of Newport, Rhode Island  
 Revised Revenue Request  
 Debt Service

RFC Schedule 5 Hearing

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>2007 SRF A</u>	<u>2007 SRF B</u>	<u>Total Existing</u>	<u>Proposed 2008 SRF A</u>	<u>Proposed 2008 Rev. Bd.</u>	<u>Total Proposed</u>	<u>Total Proposed and Existing</u>
2008	1,009,932	72,901	18,917	1,101,750				1,101,750
2009	959,782	211,318	132,578	1,303,678	42,930	349,800	392,730	1,696,408
2010	910,552	211,749	212,953	1,335,253	87,930	532,201	620,131	1,955,383
2011	642,596	211,990	209,925	1,064,512	133,560	532,201	665,761	1,730,272
2012	571,079	211,081	210,763	992,922	233,560	532,201	765,761	1,758,683
2013	388,755	211,034	211,375	811,164	234,060	532,201	766,261	1,577,424
2014	-	210,828	211,763	422,590	239,335	532,201	771,536	1,194,126
2015	-	211,441	211,925	423,366	244,160	532,201	776,361	1,199,727
2016	-	210,861	211,863	422,723	248,535	532,201	780,736	1,203,459
2017	-	184,069	211,575	395,644	252,460	532,201	784,661	1,180,304
2018	-	184,052	211,063	395,115	255,935	532,201	788,136	1,183,250
2019	-	210,815	215,213	426,027	258,960	532,201	791,161	1,217,188
2020	-	210,360	214,025	424,385	261,535	532,201	793,736	1,218,121
2021	-	210,677	212,613	423,289	263,660	532,201	795,861	1,219,150
2022	-	210,752	210,975	421,727	265,335	532,201	797,536	1,219,262
2023	-	210,583	214,000	424,583	266,560	532,201	798,761	1,223,343
2024	-	210,169	211,688	421,856	267,335	532,201	799,536	1,221,392
2025	-	210,489	214,038	424,527	267,660	532,201	799,861	1,224,387
2026	-	209,543	211,050	420,593	267,535	532,201	799,736	1,220,328
2027	-	209,336	212,725	422,061	261,960	532,201	794,161	1,216,222
2028	-	209,832	213,950	423,782	259,160	686,856	946,016	1,369,798
2029	-	-	214,725	214,725	-	-	-	214,725
	\$ 4,482,696	\$ 4,233,879	\$ 4,399,697	\$ 13,116,272	\$ 4,612,165	\$ 10,616,266	\$ 15,228,431	\$ 28,344,702



**Docket No. 3818**

**City of Newport, Rhode Island  
Revised Revenue Request  
Revenue Proof**

**RFC Schedule 6 Hearing**

	<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	\$ 879,588	\$ 879,588
Commercial	\$ 127,421	\$ 162,538	\$ 162,538
Governmental	\$ 2,906	\$ 5,751	\$ 5,751
Subtotal Retail Billing Charge Revenue	\$ 643,050	\$ 1,047,876	\$ 1,047,876
Wholesale			
Navy	\$ 1,455	\$ 2,385	\$ 2,385
Portsmouth Water & Fire District	\$ 146	\$ 159	\$ 159
Subtotal Wholesale Billing Charge Revenue	\$ 1,601	\$ 2,544	\$ 2,544
<b>Total Billing Charge Revenues</b>	<b>\$ 644,651</b>	<b>\$ 1,050,420</b>	<b>\$ 1,050,420</b>
<u>From Water Commodity Charge</u>			
Retail			
Residential	\$ 2,677,849	\$ 3,050,096	\$ 3,394,825
Commercial	\$ 1,725,843	\$ 1,921,692	\$ 2,138,885
Governmental	\$ 77,803	\$ 87,012	\$ 96,846
Metered Sundried Billed	\$ 20,260	\$ 26,298	\$ 29,271
Subtotal Retail Commodity Revenue	\$ 4,501,755	\$ 5,085,098	\$ 5,659,827
Wholesale			
Navy	\$ 862,303	\$ 936,999	\$ 1,040,778
Portsmouth	\$ 830,744	\$ 926,506	\$ 1,029,348
Subtotal Wholesale Commodity Revenue	\$ 1,693,047	\$ 1,863,505	\$ 2,070,126
<b>Total Commodity Charge Revenues</b>	<b>\$ 6,194,802</b>	<b>\$ 6,948,603</b>	<b>\$ 7,729,953</b>
<u>From Fire Protection</u>			
Public Fire Protection Revenue	\$ 616,178	\$ 662,850	\$ 736,500
Private Fire Protection Revenue	\$ 223,110	\$ 285,425	\$ 317,011
Total Fire Protection Revenues	\$ 839,288	\$ 948,275	\$ 1,053,511
Other Revenue	\$ 252,796	\$ 441,568	\$ 441,568
<b>Total Revenues</b>	<b>\$ 7,931,537</b>	<b>\$ 9,388,867</b>	<b>\$ 10,275,453</b>
<b>Total Revenue Requirements</b>			
Operating	\$ 5,630,788	\$ 6,861,140	\$ 6,861,140
Capital	\$ 2,971,686	\$ 2,697,182	\$ 2,697,182
Less: Water Quality Protection Funds	\$ (579,869)		
Subtotal Revenue Requirements	\$ 8,022,605	\$ 9,558,322	\$ 9,558,322
Additional Rev Req.	\$ 137,209	\$ 411,668	\$ 411,668
<b>Total Revenue Requirements</b>	<b>\$ 8,159,814</b>	<b>\$ 9,969,990</b>	<b>\$ 9,969,990</b>
<b>Surplus/(Deficit) of Revenues to be Recovered from All Charges</b>			
Total Revenue Requirements	\$ 8,159,814	\$ 9,969,990	\$ 9,969,990
Other Revenue	\$ (252,796)	\$ (441,568)	\$ (441,568)
Net Revenue Requirements	\$ 7,907,018	\$ 9,528,422	\$ 9,528,422
Total Revenue from Rates and Charges	\$ 7,678,741	\$ 8,947,299	\$ 9,833,885
Revenue Surplus/(Deficit)	\$ (228,277)	\$ (581,124)	\$ 305,462

Docket No. 3818

City of Newport, Rhode Island  
Revised Revenue Request  
Account Balance

RFC Schedule 7 Hearing

	Rate Year				
	2007	2008	2009	2010	2011
<b><u>Debt Service Account</u></b>					
<b>Beginning Cash Balance</b>	\$ 373,242	\$ 657,181	\$ 462,644	\$ 391,075	\$ 191,668
<b><u>Additions</u></b>					
From Rates	\$ 1,378,764	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000
From Capital Restricted Acct.		\$ -	\$ 400,000	\$ 600,000	\$ 700,000
From Repayment to the City Acct.			\$ 317,000	\$ 250,000	\$ 250,000
Interest Income	19,306	7,213	7,839	5,976	4,079
<b>Total Additions</b>	1,398,070	907,213	1,624,839	1,755,976	1,854,079
<b><u>Deductions</u></b>					
Existing Revenue Bond Debt Service	1,114,130	1,009,932	959,782	910,552	642,596
Proposed Revenue Bond Debt Service		-	349,800	532,201	532,201
Transfer to City Repayment Account To Capital Restricted Acct.		-	-	-	-
SRF Debt Service	-	91,818	386,826	512,631	555,475
<b>Total Deductions</b>	1,114,130	1,101,750	1,696,408	1,955,383	1,730,272
<b>Ending Cash Balance</b>	<b>657,181</b>	<b>462,644</b>	<b>391,075</b>	<b>191,668</b>	<b>315,474</b>
<b><u>Repayment to City Account</u></b>					
<b>Beginning Cash Balance</b>	<b>1,037,218</b>	<b>311,987</b>	<b>64,623</b>	<b>259</b>	<b>714</b>
<b><u>Additions</u></b>					
From Rates	249,996	250,000	250,000	250,000	250,000
Transfer from Debt Service Account					
Interest Earned	24,773	2,636	2,636	454	7
<b>Total Additions</b>	274,769	252,636	252,636	250,454	250,007
<b><u>Deductions</u></b>					
Repayment to City	1,000,000	500,000	-	-	-
To Debt Service Acct.			317,000	250,000	250,000
<b>Total Deductions</b>	1,000,000	500,000	317,000	250,000	250,000
<b>Ending Cash Balance</b>	<b>\$ 311,987</b>	<b>\$ 64,623</b>	<b>\$ 259</b>	<b>\$ 714</b>	<b>\$ 720</b>

**Docket No. 3818**

**City of Newport, Rhode Island  
Revised Revenue Request  
Account Balance**

**RFC Schedule 7 Hearing**

	Rate Year				
	2007	2008	2009	2010	2011
<b><u>Capital Spending Account</u></b>					
<b>Beginning Cash Balance</b>	\$ 810,737	\$ 80,684	\$ 86,924	\$ 632,819	\$ 467,916
<b><u>Additions</u></b>					
From Rates	\$ 1,267,092	\$ 1,547,182	\$ 1,547,182	\$ 1,547,182	\$ 1,547,182
From DS Restricted Acct.		\$ -	\$ -	\$ -	\$ -
EPA/SRF Funds	\$ 482,350				
Interest income	6,814	6,240	1,173	5,038	7,705
<b>Total Additions</b>	1,756,256	1,553,422	1,548,355	1,552,220	1,554,887
<b><u>Deductions</u></b>					
To Debt Service Restricted Acct.		\$ -	\$ 400,000	\$ 600,000	\$ 700,000
Capital Outlays	\$ 2,486,309	\$ 1,547,182	\$ 602,460	\$ 1,117,123	\$ 870,107
<b>Total Deductions</b>	\$ 2,486,309	\$ 1,547,182	\$ 1,002,460	\$ 1,717,123	\$ 1,570,107
<b>Ending Cash Balance</b>	<b>\$ 80,684</b>	<b>\$ 86,924</b>	<b>\$ 632,819</b>	<b>\$ 467,916</b>	<b>\$ 452,696</b>
<hr/>					
<b><u>Chemical Allowance Account</u></b>					
<b>Beginning Cash Balance</b>	\$ 67,758	\$ 14,563	\$ 15,139	\$ 15,347	\$ 15,560
<b><u>Additions</u></b>					
From Water Rates					
335 Contribution to Chemical Restricted Account (4)	333,000	504,200	504,200	504,200	504,200
Interest Income	559	576	208	213	216
<b><u>Deductions</u></b>					
335 Chemicals	386,755	504,200	504,200	504,200	504,200
<b>Ending Cash Balance</b>	<b>\$ 14,563</b>	<b>\$ 15,139</b>	<b>\$ 15,347</b>	<b>\$ 15,560</b>	<b>\$ 15,777</b>

Docket No. 3818

City of Newport, Rhode Island  
 Revised Revenue Request  
 Account Balance

RFC Schedule 7 Hearing

	Rate Year				
	2007	2008	2009	2010	2011
<b>Electricity Account</b>					
<b>Beginning Cash Balance (3)</b>	\$ 1,712	\$ 111,673	\$ 112,466	\$ 114,034	\$ 115,619
<u>Additions</u>					
From Water Rates					
254 Contribution to Electricity Account (4)	434,208	423,903	423,903	423,903	423,903
Interest Income	1,930	794	1,569	1,586	1,608
<u>Deductions</u>					
254 Electricity	326,177	423,903	423,903	423,903	423,903
Offset to Revenue Requirements					
<b>Ending Cash Balance</b>	<b>\$ 111,673</b>	<b>\$ 112,466</b>	<b>\$ 114,034</b>	<b>\$ 115,619</b>	<b>\$ 117,227</b>

Docket No. 3818

City of Newport, Rhode Island  
 Revised Revenue Request  
 Account Balance

RFC Schedule 7 Hearing

	Rate Year				
	2007	2008	2009	2010	2011
<b>Retiree Insurance</b>					
<b>Beginning Cash Balance</b>	\$ 28,647	\$ 35,561	\$ 36,011	\$ 36,512	\$ 37,019
<u>Additions</u>					
From Water Rates					
254 Contribution to Retiree Insurance Account	209,628	210,000	210,000	210,000	210,000
Interest Income	1,174	449	501	508	515
<u>Deductions</u>					
254 Retiree Insurance	203,888	210,000	210,000	210,000	210,000
Offset to Revenue Requirements					
<b>Ending Cash Balance</b>	\$ 35,561	\$ 36,011	\$ 36,512	\$ 37,019	\$ 37,534
<hr/>					
<b>Accrued Benefit Buyout</b>					
<b>Beginning Cash Balance</b>	\$ 35,220	\$ 49,087	\$ 49,673	\$ 50,360	\$ 51,057
<u>Additions</u>					
From Water Rates					
Contribution to Accrued Benefit Buyout Account	69,996	69,996	69,996	69,996	69,996
Interest Income	1,309	590	691	700	710
<u>Deductions</u>					
Accrued Benefit Buyout	57,438	70,000	70,000	70,000	70,000
Offset to Revenue Requirements					
<b>Ending Cash Balance</b>	\$ 49,087	\$ 49,673	\$ 50,360	\$ 51,057	\$ 51,763

City of Newport, Rhode Island  
 Revised Revenue Request  
 Water Bills and Consumption

RFC Schedule 8 Hearing

	FY 2008 Rate Year
<b>Annual Consumption, by Class (1)</b>	
Residential (T&M)	749,409
Commercial (T&M)	472,160
Governmental (T&M)	21,379
Navy (M)	373,306
PWFD (M)	463,253
Metered, Sundry Billed	6,461
<b>Total (in 1000's Gallons)</b>	<b>2,085,969</b>

	FY 2008 Rate Year
<b>Public Hydrants</b>	
Newport	580
Middletown	394
Portsmouth	8
	982

	FY 2008 Rate Year
<b>Tertiary and Monthly Bills (1)</b>	
Residential (T&M)	66,384
Commercial (T&M)	12,267
Governmental (T&M)	434
Navy (M)	180
PWFD (M)	12
<b>Total # of Bills</b>	<b>79,277</b>

	FY 2008 Rate Year
<b>Private Fire Services</b>	
<b>Number of Accounts per Connection Size</b>	
< 2" Connection	0
2" Connection	0
4" Connection	55
6" Connection	234
8" Connection	62
10" Connection	0
12" Connection	2
	<b>353</b>

(1) - Assumes tertiary customers are billed 5 times in the rate year.

City of Newport, Rhode Island  
 Revised Revenue Request  
 Backup for Legal/Admin. and Data Processing

RFC Schedule A Hearing

Legal & Administrative

266 Legal & Administrative

General Fund Including	FY 2007		
	Adopted	Percentage	
School & Library	\$ 74,007,978	77.15%	
Harbor	\$ 667,883	0.70%	\$ 667,883 harbor budget
Water Fund	\$ 9,969,990	10.39%	\$ 959,973 Beach Budget
WPC	\$ 8,633,784	9.00%	\$ 74,357,978
Parking	\$ 1,681,564	1.75%	\$ (300,000) Beach Cap (incl in Beach Budget)
Beach	\$ 959,973	1.00%	\$ (50,000) Maritime Cap (incl in Maritime Budget)
Total Budget	\$ 95,921,172	100.00%	\$ 74,007,978

General Fund Including	FY 2007	
	Adopted	Percentage
School & Library less:		
Cap&DS per CW	\$ 71,818,795	78.89%
Harbor	\$ 667,883	0.73%
Water Fund	\$ 7,272,808	7.99%
WPC	\$ 8,633,784	9.48%
Parking	\$ 1,681,564	1.85%
Beach	\$ 959,973	1.05%
Total Budget	\$ 91,034,807	100.00%

Divisions/Functions to be Allocated:	Total City Budget	Reduction to Budget Allocation	Allocable Dept. Budget	Allocation to Water Fund	% Allocation to Water
City Council	\$ 149,932	\$ (51,962)	\$ 97,970	\$ 10,183	10.39%
City Manager	\$ 451,350	\$ (40,000)	\$ 411,350	\$ 42,755	10.39%
City Solicitor	\$ 384,374	\$ (192,187)	\$ 192,187	\$ 19,976	10.39%
City Clerk	\$ 538,658	\$ (187,143)	\$ 351,515	\$ 36,536	10.39%
Finance Administration	\$ 347,357	\$ (173,679)	\$ 173,679	\$ 18,052	10.39%
Assessment	\$ 303,983	\$ (100,314)	\$ 203,669	\$ 16,271	7.99%
Collections	\$ 274,005	\$ -	\$ 274,005	\$ 21,890	7.99%
Administrative Services	\$ 258,420	\$ -	\$ 258,420	\$ 20,645	7.99%
Facilities Maintenance	\$ 654,108	\$ -	\$ 654,108	\$ 32,705	5%
Planning	\$ -	\$ -	\$ -	\$ -	-
	\$ 3,362,187	\$ (745,285)	\$ 2,616,902	\$ 219,015	8.37%
<b>To be allocated based on Payroll checks (FYE 2006)</b>					
Human Resources			\$ 304,957	\$ 14,695	4.82%
<b>Based on Vendor Checks:</b>					
Accounting			\$ 359,013	\$ 46,178	12.86%
<b>Based on Purchase Orders</b>					
Purchasing			\$ 90,000	\$ 10,522	11.69%
Total Legal & Admin Costs			\$ 3,370,872	\$ 290,409	

Revised Request	\$ 290,409
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Data Processing

267

Data Processing

Water Fund           \$ 9,969,990           10.39%  
Total Budget       \$ 95,921,172

Total MIS Budget*	Allocation to Water Fund	% Allocation to Water Fund
\$ 1,504,412	\$ 156,368	10.39%

\* Excludes \$105,000 in MIS capital

Revised Request	\$ 156,368
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Docket No. 3818

City of Newport, Rhode Island  
Revised Revenue Request  
Administration O&M

RFC Schedule B Hearing

Administration  
Account No. 15-500-2200

Personnel

001	Salaries & Wages	\$	214,000
044	Standby Salaries	\$	9,641
770	Accrued Benefits Buyout	\$	70,000
100	Employee Benefits	\$	88,000
103	Retiree Insurance Coverage	\$	210,000
105	Workers Compensation Insurance	\$	76,000
	Subtotal	\$	667,641

Other Operating

207	Advertisement	\$	1,500
210	Dues & Subscriptions	\$	2,500
212	Conferences and Training	\$	2,500
214	Tuition Reimbursement	\$	2,000
220	Consultant Fees	\$	140,000
230	E Main Recons Escrow	\$	-
238	Postage & Delivery	\$	1,000
239	Fire & Liability Insurance	\$	80,000
251	Telephone & Communication	\$	10,200
252	Water	\$	960
254	Contribution to Electricity Restricted Account	\$	5,700
255	Natural Gas	\$	8,100
260	Rental Equip & Facilities	\$	-
261	Property Taxes	\$	180,000
266	Legal & Administrative	\$	290,409
267	Data Processing	\$	156,368
268	Mileage Reimbursement	\$	1,500
271	Gas/Vehicle Maintenance	\$	3,506
275	Repair & Maint - Equipment	\$	1,200
280	Regulatory Expense	\$	10,000
281	Regulatory Assessment	\$	42,000
361	Office Supplies	\$	30,000
561	Self Insurance	\$	10,000
563	Unemployment Claims	\$	12,000
175	Annual Leave Buy-back	\$	1,960
999	Allowance for Doubtful Accounts	\$	-
	Subtotal	\$	993,403

Total Administration Operating Requirements \$ 1,661,044

**Docket No. 3818**

**City of Newport, Rhode Island  
Revised Revenue Request  
Bimonthly Billing Costs**

**RFC Schedule C Hearing**

Opal Programming expenses	10,000.00
Postage additional	20,000.00
Premere Color (List Perfect)	10,000.00
Clerical part time temp for Phone support	10,000.00
One additional meter temp	10,000.00
Add'l meter reading equip & software for 2 meter temps	19,500.00
Milage cost for meter temps	1,800.00
<b>Total</b>	<b>81,300.00</b>

**City of Newport, Rhode Island  
Revised Revenue Request  
Debt Service Coverage**

**RFC Schedule D Hearing**

	<b>FY 2006</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
	<i>Actual</i>	<i>Projected</i>			
<b>Water Department Revenues</b>					
Billing Charges	\$ 644,651	\$ 1,050,420	\$ 1,050,420	\$ 1,050,420	\$ 1,050,420
<b>Water Commodity Charge</b>					
Retail	4,501,755	5,659,827	5,659,827	5,659,827	5,659,827
Wholesale	1,793,047	2,070,126	2,070,126	2,070,126	2,070,126
Fire Protection	839,288	1,053,511	1,053,511	1,053,511	1,053,511
Other Revenue	252,796	441,568	441,568	441,568	441,568
<b>Total Water Department Revenues</b>	<b>\$ 8,031,537</b>	<b>\$ 10,275,453</b>	<b>\$ 10,275,453</b>	<b>\$ 10,275,453</b>	<b>\$ 10,275,453</b>
<b>Water Department Operating Expenses (1)</b>					
Administration	\$ 1,505,523	\$ 1,661,044	\$ 1,744,096	\$ 1,831,301	\$ 1,922,866
Customer Accounts	461,413	\$ 693,282	\$ 727,946	\$ 764,343	\$ 802,561
Source of Supply - Island	416,766	\$ 567,828	\$ 596,219	\$ 626,030	\$ 657,332
Source of Supply - Mainland	75,652	\$ 103,040	\$ 108,192	\$ 113,602	\$ 119,282
Treatment - Newport Plant	1,126,935	\$ 1,427,272	\$ 1,498,635	\$ 1,573,567	\$ 1,652,245
Treatment - Lawton Valley	968,988	\$ 1,237,734	\$ 1,299,620	\$ 1,364,601	\$ 1,432,831
Water Laboratory	188,447	\$ 220,400	\$ 231,420	\$ 242,991	\$ 255,141
Transmission & Distribution Maintenance	884,875	\$ 936,541	\$ 983,368	\$ 1,032,536	\$ 1,084,163
Fire Protection	9,029	\$ 14,000	\$ 14,700	\$ 15,435	\$ 16,207
<b>Total Operating Expenses</b>	<b>\$ 5,637,628</b>	<b>\$ 6,861,140</b>	<b>\$ 7,204,197</b>	<b>\$ 7,564,407</b>	<b>\$ 7,942,627</b>
<b>Net Revenues Available for Debt Service</b>	<b>\$ 2,393,909</b>	<b>\$ 3,414,313</b>	<b>\$ 3,071,256</b>	<b>\$ 2,711,046</b>	<b>\$ 2,332,826</b>
<b>Debt Service Requirements (2)</b>					
Existing Revenue Bonds	\$ 1,162,908	\$ 1,009,932	\$ 959,782	\$ 910,552	\$ 642,596
SRF Loans		\$ 91,818	\$ 386,826	\$ 512,631	\$ 555,475
Proposed Revenue Bonds		\$ -	\$ 349,800	\$ 532,201	\$ 532,201
Repay City	\$ 500,000	\$ 500,000			
<b>Total Debt Service</b>	<b>\$ 1,662,908</b>	<b>\$ 1,601,750</b>	<b>\$ 1,696,408</b>	<b>\$ 1,955,383</b>	<b>\$ 1,730,272</b>
Total Debt Service Coverage	1.44	2.13	1.81	1.39	1.35
Minimum Total Debt Service Coverage (3)	1.25	1.25	1.25	1.25	1.25
Surplus/(Deficit)	\$ 731,001	\$ 1,812,563	\$ 1,374,848	\$ 755,663	\$ 602,553

(1) Expenses escalated at 5.0%

(2) Represents actual debt service payments for the forecast period for existing revenue bonds, the proposed SRF loans and the proposed revenue bonds.

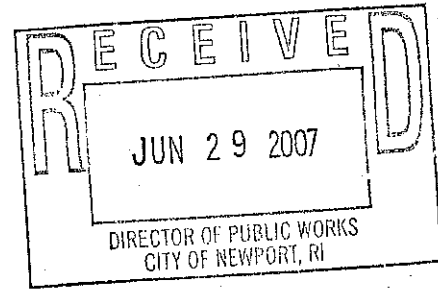
(3) As required in Section 204 (2) (iv) of the Trust Indenture.

# PORTSMOUTH FIRE DEPARTMENT

2300 East Main Road • Portsmouth, Rhode Island 02871 • Tel:(401) 683-1200 • Fax:(401) 683-1206

Wednesday, June 06, 2007

Ms. Julia Fogue  
Newport Water Dept.  
70 Halsey Street  
Newport, RI 02847



Re: Newport Water Treatment Plant, Lawton's Valley.

Dear Ms. Fogue,

Enclosed is a list of violations found during our March 14, 2007 inspection of the property located at 2154 West Main Road in Portsmouth, RI.

Under the authority granted by section 23-28.2-20.1 of the Rhode Island Fire Safety Code, you are hereby notified that the violations cited shall be corrected as soon as possible but no later than 30 days from receipt of this notice.

If you feel that there will be practical difficulties in correcting the violations or if for any reason you wish to have a hearing on these violations, you may apply in writing to the State Fire Safety Board of Appeal and Review for a variation or to have your concerns addressed. Applications for variations are done on a separate form available from this office. Requests for variation or hearing before the Fire Safety Board of Appeal and Review must be submitted within 30 days of the receipt of this notice. Failure to apply within the 30 day period will cause this notice to become a compliance order and will subject you to prosecution under the Rhode Island Fire Safety Code should you fail to correct all of the violations noted in the enclosed report.

Please contact me should you need additional assistance on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip C. Simmons".

Deputy Chief Philip C. Simmons  
Assistant Deputy  
State Fire Marshal

p.c.; File, Rhode Island State Fire Marshal's Office

INSPECTION REPORT SUMMARY

Department Name: Portsmouth Fire Department

File# (Dept. FDID – Street Address of property inspected):  
2700-2154 West Main Road

Inspected by: Deputy Chief Philip C. Simmons

Address of Property Inspected:

Street: 2154 West Main Road

City/Town: Portsmouth

County: Newport

Occupancy (per RILSC) Existing Industrial

Inspection Date (mm/dd/yy) March 14, 2007

Inspection Result (check one)

- Property is Compliant
- Property Complies with Variances
- Property Complies with Variances Requested
- Property is Non-compliant
- Proposed use only

Citation/Warning issued?  Yes  No

Compliance Inspection Date (mm/dd/yy) \_\_\_ \_\_\_ \_\_\_

Compliance Inspection Result (check one)

- Property is Compliant
- Property Complies with Variances
- Property Complies with Variances Requested
- Property is Non-compliant
- Proposed use only

Next Inspection Date (mm/dd/yy): \_\_\_ \_\_\_ \_\_\_

  
Inspector Signature

# PORTSMOUTH FIRE DEPARTMENT

2300 East Main Road • Portsmouth, Rhode Island 02871 • Tel:(401) 683-1200 • Fax:(401) 683-1206

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June 6, 2007

OWNER: Newport Water Dept.  
70 Halsey Street  
Newport, RI 02847

OCCUPANT: Newport Water Treatment  
Lawton's Valley Facility

INSPECTED BY: Philip C. Simmons  
Assistant Deputy  
State Fire Marshal

DATE OF INSPECTION: March 9, 2007

BASIS FOR INSPECTION: Annual Inspection

**BUILDING INSPECTED UNDER THE RHODE ISLAND UNIFORM FIRE CODE.**

Any violation, deficiency or requirement of the R.I. Uniform Fire Code, which may have been overlooked in the course of this inspection, is also subject to correction under the provisions of any applicable code.

## BUILDING DESCRIPTION:

This facility is comprised of 4 (four) separate buildings. 2 (two) of the buildings are classified as High Hazard Industrial Occupancy per N.F.P.A. Standards 1 and 101, with the remaining 2(two) buildings classified as Storage Occupancies that are incidental to the Industrial process. Building 1 is 10,944 square feet total area and is 2 (two) stories in height with a full basement. It is of Type III (200), Ordinary construction. It contains office space, laboratory space and chemical water treatment facilities for the purification of a public water supply. Building 2 is of Type III (200) ordinary construction and is 1008 square feet in area. It is a single story and is used for the storage of and dispensing of chlorine gas for water purification. Between 8000 (eight thousand) and 12000 (twelve thousand) pounds of chlorine gas are stored in this building with 4000 (four thousand) pounds in process at a time. The chlorine gas is piped into building 1 for the chlorination process.

## AT THE TIME OF INSPECTION, THE FOLLOWING DEFICIENCIES EXISTED:

Item #1 There is no sprinkler system in either Building #1 or Building # 2. As these buildings are classified as High Hazard Industrial Occupancies, sprinkler systems are required per code.

*N.F.P.A. Standard 1 60.3.2.4\* Protection Level 4. Buildings and portions thereof containing quantities of hazardous materials exceeding the maximum allowable quantities of high hazard level 4 contents permitted in control areas shall comply with applicable regulations for Protection Level 4 set forth in the building code. High hazard level 4 contents shall include materials that are acute health hazards, including, but not limited to, the following:*

- (1) Corrosives
- (2) Highly toxic materials
- (3) Toxic materials

*N.F.P.A. Standard 1 60.3.3 Fire Protection Systems. Buildings or portions thereof required to comply with protection levels 1 through 5 shall be protected by an approved automatic fire sprinkler system complying with Chapter 13, except as follows:*

- (1) Rooms or areas that are of noncombustible construction with wholly noncombustible contents
- (2) Portable magazines not exceeding 120 ft<sup>2</sup> constructed in accordance with NFPA 495

*N.F.P.A. 101 40.3.2.1 All high hazard industrial occupancies, operations, or processes shall have approved, supervised automatic extinguishing systems in accordance with Section 9.7 or other protection appropriate to the particular hazard, such as explosion venting or suppression.*

Item #2 The fire alarm system is currently a local system, a master box system is required for sprinklered buildings.

*RIUFC (Add) 13.8.10.7.1 Where a municipally connected fire alarm system required by this chapter is installed in a building in a city, town, or fire district having a municipal alarm system, the fire alarm system within the building shall be connected into the municipal system via a local energy master box, auxiliary transmitter, radio master box, or other approved method so that any fire alarm within the building will be automatically transmitted to the municipal fire department dispatch center. Systems installed in buildings in a city, town, or fire district not having a municipal alarm system shall be connected to the community Fire Dispatch Center via a supervised leased telephone line (or other line) but shall not be connected to any service requiring retransmission to the community Fire Dispatch Center.*

Item #3 There is only a single means of egress from the basement and the second floor. In both cases the travel distance exceeds the 75 (seventy five) foot travel distance limitation for high hazard industrial occupancies **that are protected by sprinklers.**

*N.F.P.A. Standard 101 7.11.1\* Where the contents are classified as high hazard, exits shall be provided and arranged to allow all occupants to escape from the building or structure or from the hazardous area thereof to the outside or to a place of safety with a travel distance of not more than 23 m (75 ft), measured as required in 7.6.1, unless otherwise provided in 7.11.2.*

*7.11.2 The requirement of 7.11.1 shall not apply to storage occupancies as otherwise provided in Chapter 42.*

*7.11.3 Egress capacity for high hazard contents areas shall be based on 18 mm/person (0.7 in./person) for stairs or 10 mm/person (0.4 in./person) for level components and ramps in accordance with 7.3.3.1.*

*7.11.4 Not less than two means of egress shall be provided from each building or hazardous area thereof, unless all of the following criteria are met:*

- (1) Rooms or spaces do not exceed 18.6 m<sup>2</sup> (200 ft<sup>2</sup>).*
- (2) Rooms or spaces have an occupant load not exceeding three persons.*
- (3) Rooms or spaces have a travel distance to the room door not exceeding 7620 mm (300 in.).*

*7.11.5 Means of egress, for rooms or spaces other than those that meet the criteria of 7.11.4(1) through 7.11.4(3), shall be arranged so that there are no dead ends in corridors.*

*7.11.6 Doors serving high hazard contents areas with occupant loads in excess of five shall be permitted to be provided with a latch or lock only if the latch or lock is panic hardware or fire exit hardware complying with 7.2.1.7.*

*N.F.P.A. Standard 101 Table 40.2.5 Arrangements of Means of Egress*



Item #4 There are no emergency lights in Building 1 or Building 2. These are required. Exit signs are needed in the following areas. In Building 1, The Chemical Feed Room, the west and south doors of the Filtering Room, both rooms on the second floor. There are no exit signs in building 2.

*N.F.P.A. Standard 101 40.2.9\* Emergency Lighting.*

*40.2.9.1 Emergency lighting shall be provided in accordance with Section 7.9, except as otherwise exempted by 40.2.9.2.*

*40.2.9.2 Emergency lighting shall not be required for the following:*

- (1) Special purpose industrial occupancies without routine human habitation*
- (2) Structures occupied only during daylight hours, with skylights or windows arranged to provide the required level of illumination on all portions of the means of egress during such hours*

*N.F.P.A. 101 40.2.10 Marking of Means of Egress. Means of egress shall have signs in accordance with Section 7.10.*

Item #5 The boiler room containing the 950,000 Btu gas fired boilers is not adequately separated from the rest of the structure.

*N.F.P.A. 101 8.7.1.1\* Protection from any area having a degree of hazard greater than that normal to the general occupancy of the building or structure shall be provided by one of the following means:*

- (1) Enclosing the area with a fire barrier without windows that has a 1-hour fire resistance rating in accordance with Section 8.3*
- (2) Protecting the area with automatic extinguishing systems in accordance with Section 9.7*
- (3) Applying both 8.7.1.1(1) and 8.7.1.1(2) where the hazard is severe or where otherwise specified by Chapter 12 through Chapter 42*

Item #6 The interior finishes in the following areas of Building 1 are not rated, a Class "C" minimum flame spread rating is required for wall and ceiling finish. The office space ceiling, the lab ceiling, the chlorine room ceiling, the chemical feed room ceiling, the second floor chemical storage room. Documentation of flame spread rating must be presented to this office.

*N.F.P.A. Standard 101 40.3.3.2 Interior Wall and Ceiling Finish. Interior wall and ceiling finish materials complying with Section 10.2 shall be Class A, Class B, or Class C in operating areas and shall be as required by 7.1.4 in exit enclosures*

Item #7 There are numerous penetrations in the ceiling/floor assemblies throughout Building 1. This eliminates the compartmentation of the building.

*N.F.P.A. Standard 101 8.2.2.1 Where required by other chapters of this Code, every building shall be divided into compartments to limit the spread of fire and restrict the movement of smoke.*

*8.2.2.2 Fire compartments shall be formed with fire barriers that comply with Section 8.3.*

*8.2.2.3\* Fire compartments shall be formed by fire barriers complying with one of the following:*

*(1) The fire barriers are continuous from outside wall to outside wall or from one fire barrier to another, or a combination thereof, including continuity through all concealed spaces, such as those found above a ceiling, including interstitial spaces.*

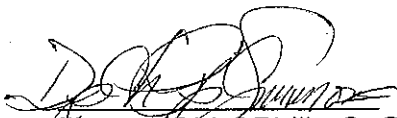
*(2) The fire barriers are continuous from outside wall to outside wall or from one fire barrier to another, or from the floor to the bottom of the interstitial space, provided that the construction assembly forming the bottom of the interstitial space has a fire resistance rating not less than that of the fire barrier.*

Item #8 Doors throughout Building 1 are not self closing. Self closing doors are required per code.

*N.F.P.A. Standard 101 7.2.1.8.1\* A door normally required to be kept closed shall not be secured in the open position at any time and shall be self-closing or automatic-closing in accordance with 7.2.1.8.2.*

*7.2.1.8.2 In any building of low or ordinary hazard contents, as defined in 6.2.2.2 and 6.2.2.3, or where approved by the authority having jurisdiction, doors shall be permitted to be automatic-closing, provided that the following criteria are met:*

- (1) Upon release of the hold-open mechanism, the door becomes self-closing.*
- (2) The release device is designed so that the door instantly releases manually and, upon release, becomes self-closing, or the door can be readily closed.*
- (3) The automatic releasing mechanism or medium is activated by the operation of approved smoke detectors installed in accordance with the requirements for smoke detectors for door release service in NFPA 72®, National Fire Alarm Code®.*
- (4) Upon loss of power to the hold-open device, the hold-open mechanism is released and the door becomes self-closing.*
- (5) The release by means of smoke detection of one door in a stair enclosure results in closing all doors serving that stair.*



Deputy Chief Philip C. Simmons  
Assistant Deputy State Fire Marshal