

**Rebuttal 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 testimony in this**  
6 **docket?**

7 A: Yes I am.

8

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

10 A: I would like to respond to certain points or conclusions that were made in the pre-filed  
11 testimony filed by Portsmouth, the Division and the Navy. I will address some of the  
12 points raised in these testimonies and Julia Forgue will address certain issues in her  
13 rebuttal testimony.

14

15 **Q. Have you had an opportunity to review the testimony submitted by Portsmouth,**  
16 **the Division and the Navy with regard to Newport's rate filing in this docket?**

17 A. Yes. I have reviewed the testimony submitted by Mr. Woodcock on behalf of  
18 Portsmouth, Mr. Catlin on behalf of the Division and Mr. Allen on behalf of the Navy. I  
19 will address the issues raised in their testimony in the following way. First I will address  
20 the recommended changes to the revenue requirements made by one or more of the  
21 witnesses. Next, I will address Mr. Catlin's suggestion regarding Newport Water's  
22 proposals for the Repayment to City Account and Operating Reserve. I will then address  
23 portions of Mr. Woodcock's testimony that require special attention, specifically the  
24 issues he raises with respect to:

- 25
- Newport Water's preliminary capital plan;
  - 26 • Timing of the rate filing;
  - 27 • Repayment to the City; and
  - 28 • Adjustments to Miscellaneous Revenues

29

1 Lastly, I will address the issues raised by the three witnesses with regard to cost  
2 allocation and rate design.

3

4 **Q. Have you prepared schedules that show the impact of any revisions on the**  
5 **proposed rates and charges?**

6 A. Yes, we have revised the rate model submitted with my original testimony to  
7 incorporate any revisions that we believe need to be made. These schedules are attached  
8 as RFC Schedule 1 Rebuttal through RFC Schedule 9 Rebuttal and RFC Schedules A  
9 Rebuttal through RFC Schedules K Rebuttal. Note that a new schedule, RFC Schedule C-  
10 1 Rebuttal, which shows the adjustments made in response to the Division's and  
11 intervener's testimony, is included after RFC Schedule C.

12

13 Values on RFC Schedules 1-3, 9, B and D that were directly impacted as a result of  
14 rebuttal adjustments are highlighted in pink in the electronic version of the model and on  
15 color print-outs of the model schedules.

16

17 It should be noted that the attached rebuttal schedules do not reflect the bi-monthly  
18 billing suggested by Mr. Catlin or the impact it would have on rates. This issue is  
19 addressed more fully in my testimony herein below.

## 20 **Revenue Requirements**

### 21 **Sewer Charges**

22 **Q. Please discuss Mr. Catlin's proposed adjustments relating to Sewer Charges.**

23 A. Mr. Catlin suggests two changes to the way rate year Sewer Charges are derived.  
24 First, he suggests that the estimated discharges from the Newport plant should be based  
25 on the average discharge over the past two years. This results in a \$14,500 downward  
26 adjustment to the Newport plant's sewer charges. Second, Mr. Catlin suggests that since  
27 the residuals management project at the Lawton Valley plant will not be complete until  
28 six months into the rate year, the sewer charges at this plant should be based on only six  
29 months of discharges. This results in a downward adjustment of \$60,700.

1 **Q. Do you agree with these recommendation?**

2 A. As addressed by Ms. Forgue in her testimony, Newport agrees with some of Mr.  
3 Catlin's recommendations on Sewer Charges, but not others. Additionally, Newport is  
4 asking that the Sewer Charges be adjusted to reflect a recent increase in sewer rates and  
5 the implementation of a Combined Sewer Overflow ("CSO") charge. Mr. Catlin's  
6 suggestion to base discharges from the Newport plant on the average discharge from the  
7 past two years is reasonable; however, his recommendation to reduce the assumed  
8 discharges at the Lawton Valley plant does not recognize the likelihood that even though  
9 the plant will probably only discharge during half of the rate year, it is likely that the rates  
10 approved in this case will be in effect after the end of the rate year.

11

12 **Q. What is the impact on rates of the change to Sewer Charges recommended by**  
13 **Mr. Catlin and agreed to by Newport?**

14 A. The reduction of the assumed discharges at the Newport plant results in a \$14,500  
15 reduction in revenue requirements.

16

17 **Q. What is the impact of the greater than anticipated increase in sewer rates?**

18 A. As shown on RFC Schedule C-1 Rebuttal, the combination of the reduction in  
19 assumed discharge at the Newport plant, the increase in sewer rates to \$6.00/1,000  
20 gallons and the CSO Charge of \$3,026 results in anticipated sewer charge expenses at the  
21 Newport plant of \$137,822; however, Newport will agree to the amount of \$134,000  
22 which was its initial request for this expense item.

23 At the Lawton Valley plant, the impact of the sewer rate increase is an increase in  
24 anticipated sewer charge expenses of \$15,586 to \$136,986.

25 The net effect of the reduction in discharge volume at the Newport plant, the greater than  
26 anticipated sewer rate increase, and the implementation of the CSO Charge is a \$19,408  
27 increase in revenue requirements which by itself increases the percent revenue increase  
28 required from 18.43% to 18.68%.

1 **Vehicle Maintenance Charges**

2 **Q. Please discuss Mr. Catlin's proposed adjustments relating to Vehicle**  
3 **Maintenance Charges.**

4 A. Mr. Catlin calculated the charges for vehicle maintenance by applying an escalation  
5 factor to actual FY 2006 costs for vehicle maintenance. The escalation factor was  
6 derived from a comparison of the City total budgeted costs for vehicle maintenance in FY  
7 2008 with the actual cost the City incurred for these services in FY 2006. Based on this  
8 calculation, he suggests that charges for vehicle maintenance be reduced by \$8,055 from  
9 \$125,850 to \$117,795.

10

11 **Q. Do you agree with this adjustment?**

12 A. As set forth in Ms. Forgue's testimony, Newport does agree with this adjustment in  
13 this Docket only. This expense will have to be revisited in Newport's next filing when a  
14 better history of this expenditure has been developed.

15

16 **Electricity Costs**

17 **Q. Please address Mr. Catlin's adjustments to electricity costs.**

18 A. Mr. Catlin recommends a downward adjustment of \$25,170 to electricity costs based  
19 on the assumption that the 6% increase factored into Newport's requested amount for  
20 electricity will not materialize.

21

22 **Q. Do you agree with this adjustment?**

23 A. As addressed in Ms. Forgue's rebuttal testimony, Newport agrees with this  
24 adjustment.

25

26

1 **Q. What is the impact on rates of the change to Electricity costs recommended by**  
2 **Mr. Catlin and agreed to by Newport?**

3 A. As shown on Mr. Catlin's schedules, this adjustment results in a \$25,170 decrease in  
4 revenue requirements. This reduction by itself brings the requested percent increase  
5 down to 18.13% from 18.43%.

6

7 **Allowance for Doubtful Accounts**

8 **Q. Both Mr. Catlin and Mr. Allen address the issue of the Allowance for Doubtful**  
9 **Accounts. Please discuss their recommendations with respect to this item.**

10 A. Mr. Allen makes a test year adjustment of \$15,000 to the expense item Allowance for  
11 Doubtful Accounts resulting in a test year amount for this item of \$15,000. He then sets  
12 the rate year amount equal to the test year amount resulting in a recommended amount of  
13 \$15,000. Mr. Catlin recommends the complete elimination of this amount from revenue  
14 requirements based on the fact that Newport has not experienced any uncollectibles or  
15 bad debt write-offs in the past three years.

16

17 **Q. Do you agree with the recommendation of either Mr. Catlin or Mr. Allen?**

18 A. As indicated in Ms. Forgue's rebuttal testimony, Newport Water will accept Mr.  
19 Catlin's recommendation concerning this expense item which reduces total revenue  
20 requirements by \$30,000. This reduction by itself reduces the requested percent increase  
21 from 18.43% to 18.08%.

22

23 **Debt Issuance Fees**

24 **Q. Please address Mr. Catlin's recommendation regarding costs associated with**  
25 **issuing debt.**

26 A. Mr. Catlin suggests that the \$30,000 amount included in revenue requirements to  
27 cover consultant fees associated with securing SRF funding should be eliminated from

1 revenue requirements and paid from the existing balance in the Debt Service restricted  
2 account.

3

4 **Q. Do you agree with Mr. Catlin's suggestion?**

5 A. Newport will accept this reduction which results in a reduction in revenue  
6 requirements of \$30,000. This reduction alone would decrease the percent revenue  
7 increase requested from 18.43% to 18.08%.

8

9 **Self Insurance**

10 **Q. Both Mr. Catlin and Mr. Allen address Newport's requested Self Insurance**  
11 **expense. Please discuss their recommendations with respect to this item.**

12 A. Mr. Catlin suggests reducing the annual recovery for Self Insurance from \$25,000 to  
13 \$10,000 and recommends that these funds be placed in a reserve account to be used as  
14 needed to cover any liability associated with claims not covered by Newport Water  
15 insurance policies. Mr. Allen suggests an adjustment to the test year to reach a  
16 normalized test year amount of \$2,899 and a subsequent adjustment equal to 3.5% of the  
17 normalized test year amount to arrive at a rate year amount of \$3,000.

18

19 **Q. Do you agree with the approach suggested by either Mr. Catlin or Mr. Allen?**

20 A. As indicated by Ms. Forgue in her rebuttal testimony, Newport agrees with the  
21 recommendation of Mr. Catlin which results in a \$15,000 decrease in revenue  
22 requirements. This change by itself decreases the requested percent change in revenue  
23 requirements from 18.43% to 18.25%.

24

25 **Q. Mr. Allen also suggests adjustments to several expense line items. Will you**  
26 **please address these adjustments?**

27 A. Yes, Mr. Allen recommends adjustments to the following O&M line items:

- 28
- Salaries and wages;

29

  - Accrued benefits buyout;

30

  - Tuition reimbursement;

31

  - Office supplies;

- 1           • Unemployment claims;
- 2           • Repair and maintenance – Equipment; and
- 3           • Reservoir maintenance

4 In general, his adjustments to these line items are based on an analysis of historical costs  
5 for these line items and then a rate year adjustment to reflect inflationary increases in  
6 costs. For example, with Office Supplies, Mr. Allen developed his test year amount  
7 based on the five year average and then increased that amount by 3.5% to arrive at the  
8 rate year amount.

9

10 **Q. Is this a legitimate approach to projecting costs?**

11 A. In the absence of better information, this method can be used to project expenses for a  
12 future year. However, when specific information is available with respect to future costs  
13 or to why costs behaved as they did in the past, projections should be based on that  
14 specific information. For instance, many test year adjustments in Newport's original  
15 filing were based on the knowledge that Newport Water curtailed spending in several  
16 areas due to serious cash flow concerns. As such, the proposed test year reflected what  
17 Newport Water should have spent had water sales been as expected and if the current  
18 rates had been in effect for the entire test year.

19

20 Similarly, rate year amounts were based on known and measurable differences between  
21 the rate year and the test year. For example, the rate year request for salaries and wages  
22 is based on recently negotiated union contracts as opposed to a somewhat arbitrary rate  
23 year increase of 2.5% in salaries and wages or a 3.5% increase in office supplies and self  
24 insurance as suggested by Mr. Allen.

25

26 **Q. Does that mean that you do not accept Mr. Allen's recommendations with**  
27 **respect to adjustments to the O&M expense items mentioned above?**

28 A. That is correct. I believe that the method for projecting rate year expenses used by  
29 Newport Water is more accurate and realistic than the method used by Mr. Allen in that  
30 Newport Water's approach is based on specific information about the way in which  
31 Newport Water incurs costs.

1 **Q. Mr. Allen also suggests a reduction in an expense item he labels as “Transfer to**  
2 **Equipment Replacement”. Do you agree with his adjustment to this item?**

3 A. No, I do not. First of all, this is not an O&M line item nor was it included as an  
4 O&M expense in our original filing. Instead, it is a line item in Newport Water’s budget  
5 to reflect the costs associated with short-term capital items such as equipment and  
6 vehicles. For the purposes of setting rates, these items are reflected in Newport Water’s  
7 CIP and funded through contributions to the Capital restricted account. Therefore, any  
8 adjustments to this line item should not impact Newport Water’s O&M revenue  
9 requirements as it does in Mr. Allen’s schedules. Second, the amount requested for the  
10 rate year is based on specific needs that Newport Water has for the rate year and should  
11 not be based on what Newport has spent on such items in the past.

12 **City Legal And Administrative Services**

13 **Q. Did Mr. Catlin and Mr. Woodcock recommend reductions in Newport Water’s**  
14 **proposed payments to the City of Newport for Legal and Administrative Services?**

15 A. Yes, however, Mr. Woodcock’s comments addressed several specific components of  
16 the allocation of legal and administrative costs to Newport Water, while Mr. Catlin’s  
17 comments focused on the relationship between the City budget and the Water budget.

18

19 **Q. Please address Mr. Catlin’s comments first.**

20 A. Mr. Catlin only commented on two aspects of the allocation of City legal and  
21 administrative costs to the Water Department. First, he noted that since many allocations  
22 are based on the relationship between the proposed Water Department budget (as  
23 influenced by changes resulting from this Docket) and the city budget, the amount of the  
24 Water Department budget and the total City budget should be adjusted to reflect  
25 adjustments made during this Docket.

26

27 **Q. Do you agree with Mr. Catlin on this issue?**

28 A. Yes, in fact the model makes this adjustment automatically any time an adjustment to  
29 the revenue requirement is made.



1 **Q. You indicated that Mr. Catlin only commented on two aspects of the allocation**  
2 **of costs from other City departments to the Water Department. What was the**  
3 **second issue that he addressed?**

4 A. With respect to the allocation of Data Processing costs to the Water Department, Mr.  
5 Catlin excluded an amount of \$705,000 from the MIS budget thereby reducing the  
6 amount allocable to the Water Department by that same amount. This adjustment results  
7 in a downward adjustment of \$82,336 in the allocation of data processing costs to the  
8 Water Department.

9

10 **Q. Does Newport Water agree with Mr. Catlin's adjustment?**

11 A. For the reasons provided in Ms. Forgue's rebuttal testimony, Newport does not agree  
12 that the entire \$705,000 should be removed from the MIS budget; however, Newport  
13 does agree to a \$110,000 reduction in the capital component of the MIS budget.

14

15 **Q. What is the impact on rates of this adjustment?**

16 A. Removing \$110,000 from the MIS budget alone results in a reduction of \$12,263 in  
17 the allocation of MIS costs to the Water Department. This change alone would reduce  
18 the requested percent increase in revenues from 18.43% to 18.28%. Since this amount is  
19 impacted by changes in the Water Department budget, the actual adjustment will vary  
20 depending on other adjustments to revenue requirements.

21

22 **Q. Please address Mr. Woodcock's comments with respect to the allocation of costs**  
23 **incurred by other City departments.**

24 A. Mr. Woodcock's recommendations with regard to City legal and administrative  
25 services and data processing costs can be grouped into two categories. The first category  
26 includes relatively rational suggestions regarding what Mr. Woodcock considers to be  
27 more appropriate methods for allocating costs incurred by other City departments to the  
28 Water Department. Specifically, these comments address: the exclusion of capital and

1 debt service from the Water Department's and City's respective budgets; the inclusion of  
2 the schools and libraries budgets in the total City budget used as a basis for allocating  
3 costs to the Water Department; the allocation of costs from the Assessment Department  
4 and the Collection's office; and, the amount of the Water Department budget after taking  
5 into account his recommended adjustments. The second category consists of  
6 recommendations supported by unsubstantiated allegations and invective and should  
7 therefore be ignored by the Commission. Additionally, there is at least one suggestion in  
8 his written testimony that appears to be erroneous when examined in conjunction with his  
9 exhibits.

10

11 **Q. Do you agree with Mr. Woodcock's suggestion to exclude capital and debt service**  
12 **costs from the Water Department and City budgets when determining the allocation**  
13 **factors for legal and administrative services?**

14 A. No. In support of his recommendation to exclude capital and debt service costs from  
15 both the Water Department and City Budget, Mr. Woodcock contends that Newport  
16 Water's decisions regarding whether to fund projects with debt or rate revenues should  
17 have little impact on the services provided by other City departments; however, a  
18 decision by Newport Water to issue debt does require additional effort on the part of  
19 other City Departments. For instance, when the Water Department borrows from the  
20 SRF, the City Council must authorize the issuance of debt; the City Clerk must prepare  
21 and maintain the documentation necessary for City Council authorization; and, the  
22 Finance Department must work with the City's financial advisors, bond counsel and the  
23 RICWFA staff to structure the borrowing and prepare the appropriate documents.  
24 Therefore, in most cases it is appropriate to include capital and debt service costs in both  
25 the Water Department budget and the City budget when determining allocation  
26 percentages. As I will discuss later, I do agree with Mr. Woodcock's suggestion to  
27 exclude capital and debt service costs from both the Water Department's and the City's  
28 budget when calculating the allocation of costs for the Assessment Department, the  
29 Collections Department and the Administrative Services Department.

30

1 **Q. Do you agree with Mr. Woodcock’s suggestion that the total City budget**  
2 **including schools and libraries be used as the basis for determining the allocation of**  
3 **legal and administrative costs to the Water Department?**

4 A. As shown on RFC Schedule C, the allocation of costs from every department from  
5 which costs were allocated, except Facilities Maintenance, were based on the relationship  
6 of the Water budget to the City budget including schools and libraries. While this is not  
7 readily apparent due to the fact that the values under the column headed “% Allocation to  
8 Water Fund” were inadvertently not changed, the amounts allocated from each  
9 department, with the exception of Facilities Maintenance, are 10.98% of the allocable  
10 amount, which is the amount determined by dividing the Water budget by the City budget  
11 including schools and libraries.

12

13 **Q. Do you agree with Mr. Woodcock’s suggestion that the allocation of Assessment**  
14 **Department cost be based on the relationship of the Water Department budget and**  
15 **the City budget including schools and libraries and excluding debt and other capital**  
16 **costs?**

17 A. No. Since the Assessment Department does not provide services to the schools and  
18 libraries the budgets for these departments should not be included in the City budget used  
19 to determine the allocation percentage. However, I will concede that the amount of debt  
20 service and capital expended by either the Water Department or the City as a whole  
21 should not impact the value of the services provided by the Assessment Department.  
22 Therefore, the allocation factor used to calculate the allocation of Assessment  
23 Department costs to the Water department should be based upon the relationship of the  
24 Water Department budget, less debt service and capital to the City budget less capital and  
25 debt as presented in Mr. Woodcock’s schedule CW-Sch 4.

26

27 **Q. What is the impact of this change on rates?**

28 A. This change alone results in a reduction of approximately \$5,400 in the amount  
29 requested for Legal and Administrative services and has no material impact on the

1 proposed rates. Since this amount is impacted by changes in the Water Department  
2 budget, the actual adjustment will vary depending on other adjustments to revenue  
3 requirements.

4

5 **Q. What is Mr. Woodcock's position with regard to the allocation of Collection's**  
6 **office expenses to Newport Water?**

7 A. Mr. Woodcock arbitrarily excludes \$27,900 from the Collection's Department budget  
8 and his schedules suggest that the amount allocated to the Water Department be based on  
9 the relationship of the Water Department budget, less capital and debt service, to the City  
10 budget, less capital and debt service.

11

12 **Q. Do you agree with these suggestions by Mr. Woodcock?**

13 A. I do not agree with his arbitrary exclusion of costs from the Collection's office  
14 budget, but I will agree with his suggestion to exclude capital and debt service from the  
15 budgets.

16

17 **Q. What is the impact of this change on rates?**

18 A. This change alone results in a reduction of approximately \$7,350 in the allocation of  
19 City costs to the Water Department and has no material impact on the proposed water  
20 rates. Since this amount is impacted by changes in the Water Department budget, the  
21 actual adjustment will vary depending on other adjustments to revenue requirements.

22

23 **Q. You indicated earlier that you believed that one portion of Mr. Woodcock's**  
24 **written testimony was in conflict with the schedules he included with that testimony.**  
25 **Could you please elaborate on this issue?**

26 A. Yes, on page 17, lines 18-21 of his pre-filed testimony, Mr. Woodcock discusses his  
27 reasons for allocating 5% of the costs associated with Administrative Services to the

1 Water Department; however, on CW Sch. 4 he shows an allocation of 11.10% of the  
2 Administrative Services budget to the Water Department.

3

4 **Q. Which of the two positions, if either, do you agree with?**

5 A. I agree with the position presented in CW Sch. 4 which reflects an allocation of  
6 Administrative Services costs consistent with the way in which Collection's Department  
7 and the Assessor's office were allocated.

8

9 **Q. What is the impact of this change on rates?**

10 A. This change alone results in a reduction of approximately \$6,930 in the allocation of  
11 City costs to the Water Department and has no material impact on the proposed water  
12 rates. Since this amount is impacted by changes in the Water Department budget, the  
13 actual adjustment will vary depending on other adjustments to revenue requirements.

14

15 **Q. You have indicated that some of Mr. Woodcock's recommendations with regard  
16 to the allocation of City costs to the Water Department are unsubstantiated or based  
17 on incorrect information and should be ignored. Can you please elaborate?**

18 A. Yes, Mr. Woodcock suggests disallowing the allocation to the Water Department of  
19 any costs associated with the City Manager or the City Council and cutting the costs for  
20 the Finance Director in half. Mr. Woodcock bases this suggestion on misrepresentations  
21 and false accusations. Specifically, on Page 14, lines 20-21 of his testimony Mr.  
22 Woodcock makes the following statement:

23 *"Based on the lack of any communication to or from the City Manager, the City Council,  
24 or the Finance Director and no willingness to consider the financial plight of the Water  
25 Department by the City Council, asking rate payers to fund over \$75,000 for these City  
26 agencies does not seem appropriate."*

27 However, he ignores the fact that not only does the Finance Director receive a copy of the  
28 monthly and quarterly reports to the PUC that clearly demonstrates Newport Water's  
29 financial difficulties, but the Finance Director also worked with the Deputy Director of

1 Utilities-Finance on the preparation of these reports and was well aware of the utility's  
2 financial situation. In fact, I personally participated in conference calls and meetings  
3 involving the Finance Director in which the utility's financial situation was the sole topic  
4 of conversation. Mr. Woodcock's allegation that there was no communication between  
5 the utility and the Finance Director is simply false and is hardly a legitimate basis for  
6 recommending that none of City Manager's or City Council's costs, and only half of the  
7 Finance Director's costs, be allocated to the Water Department.

8

9 **Debt Service**

10 **Q. Please discuss Mr. Catlin's and Mr. Woodcock's suggestions with respect to debt**  
11 **service.**

12 A. Mr. Catlin and Mr. Woodcock both suggest reducing the amount allowed for debt  
13 service; however, they use different approaches to determine the suggested amount.

14

15 **Q. Please discuss Mr. Catlin's approach first.**

16 A. Mr. Catlin leaves Newport's request for revenue bond debt service essentially the  
17 same, except that he rounds the amount up to \$1,010,000 from \$1,009,932. He adds to  
18 this amount \$211,000 for 2007 Series A SRF debt service and eliminates all funding for  
19 the 2007 Series B SRF debt service. This approach results in an \$83,900 reduction from  
20 \$1,304,900 to \$1,221,000.

21

22 **Q. Do you agree with this approach?**

23 A. While I am reluctant to reduce the amount allowed for debt service, I concur that the  
24 amount recommended by Mr. Catlin, in conjunction with the existing balance in the Debt  
25 Service restricted account should allow Newport to meet its current debt service needs.

26

1 **Q. Please discuss your issues with Mr. Woodcock's testimony regarding debt**  
2 **service.**

3 A. In his direct testimony Mr. Woodcock spends four pages opining on the fact that the  
4 amount requested in debt service for the proposed 2007 Series B SRF is overstated, a  
5 point that I conceded and agreed to correct in my response to PWFD's data requests.  
6 During the course of his monologue on Newport's request for debt service he makes  
7 several inaccurate assumptions and misleading statements.

8

9 **Q. Please elaborate on these inaccuracies and misstatements.**

10 A. In several places in his testimony, including Page 6, line 10 and Page 7, line 17, Mr.  
11 Woodcock insinuates that Newport Water is not proceeding in an appropriate manner to  
12 secure the funds from the proposed 2007 Series B SRF loan. In fact, Mr. Woodcock  
13 states that:

14 "Based on discussions with representatives from the RI Clean Water Finance Agency  
15 (CWFA) and my past experience with these loans, a utility must make an application  
16 (including a proposed draw down schedule) and get approval from the Department of  
17 Health before a loan can be secured. In this case, Newport has stated in its response to  
18 PWFD 1-18 that it has not yet provided such a draw down schedule. This strongly  
19 suggests that the application has not even been submitted." (p.6, l. 4-10)

20

21 It is unclear who Mr. Woodcock spoke with at RICWFA, but Newport did submit the  
22 appropriate applications on February 12, 2007. Approval was received from RICWFA on  
23 April 9, 2007 and Newport is currently working with the RICWFA and its financial  
24 advisor to issue bond anticipation notes to secure the required funding for projects that  
25 must be started prior to the time at which the SRF could provide the entire \$2.8 million  
26 loan. Obviously, Mr. Woodcock's insinuation that Newport has failed to take the  
27 necessary steps to secure the Series B loan is erroneous.

28

29

1 **Are there any other misrepresentations in Mr. Woodcock's testimony on debt**  
2 **service?**

3 A. Yes, on Page 8, lines 21-24, Mr. Woodcock makes the following statement:

4 "In addition, Newport has combined its capital and debt service restricted accounts.  
5 If funding for a speculative bond issue is to be provided, there should be some  
6 assurances that it will be used for debt and not transferred and used for unspecified  
7 capital programs."  
8

9 **Q. What is inaccurate about this statement?**

10 A. First, Newport Water has not combined its Capital Spending and Debt Service  
11 restricted accounts into one account and second, he implies that there are not already  
12 assurances in place that funds recovered through rates to meet debt service are used for  
13 that purpose. While the Report and Order for Docket 3675 does not specifically order  
14 Newport to combine the debt service and capital restricted accounts, it does allow the use  
15 of funds from the capital account to meet debt service requirements if necessary.  
16 Additionally, it stipulates that in such cases Newport should actively communicate with  
17 the Commission and that the balances in the capital and debt service accounts should be  
18 tracked separately. Newport has met this requirement. The debt service and capital funds  
19 are in separate accounts and they are tracked separately. These requirements, and  
20 Newport's compliance with these requirements, should provide Mr. Woodcock with the  
21 assurance he needs that any funds recovered through rates for debt service will be used  
22 for that purpose.  
23

24 **TESTIMONY OF THOMAS CATLIN – REPAYMENT TO CITY/OPERATING**  
25 **RESERVE**

26 **Q. Are there other aspects of Mr. Catlin's testimony that you would like to**  
27 **address?**

28 A. Yes, specifically his testimony related to Newport's request to use funds from the  
29 Repayment to the City restricted account to pay down outstanding vendor invoices and



1 reimburse payroll expenses and his testimony related to Newport's request to fund an  
2 operating reserve account.

3

4 **Q. Please address the issue associated with the Repayment to the City restricted**  
5 **account.**

6 A. In my original testimony I described Newport Water's request that it be allowed to  
7 forgo its payment to the City in June of 2007 such that it could use the balance in the  
8 Repayment to City restricted account to pay past due vendor invoices and make some  
9 progress toward reimbursing the City for payroll paid to municipal employees that work  
10 in the Water Department.

11

12 **Q. What was Mr. Catlin's response to this request?**

13 A. Mr. Catlin suggested that a move to bi-monthly billing would be a better, longer term  
14 solution to some of Newport Water financial difficulties, and he recommended that  
15 additional revenues generated from the extra billing charges could be used to pay down  
16 Newport Water's past due payables.

17

18 **Q. Do you agree with Mr. Catlin's suggestion?**

19 A. I agree in principle that a move to bi-monthly billing would be an effective way of  
20 addressing some of Newport Water's financial difficulties, plus it would provide more  
21 precise data with respect to customer demand characteristics. However, due to the  
22 factors laid out in Ms. Forgue's rebuttal testimony, it will probably result in Newport  
23 Water incurring significant costs that are not included in the current filing and will not be  
24 able to provide the immediate relief that Newport is seeking. The approach that Newport  
25 Water is requesting would result in a significant pay down of Newport Water's past due  
26 obligations yet would not require any additional increase in rates, but only a delay in the  
27 schedule to repay the remaining \$1 million dollars owed to the City of Newport. As  
28 such, Newport is reiterating its request to be allowed to use the current balance in the

1 Repayment to the City account to pay down past due payables. As a result, the attached  
2 rebuttal schedules do not reflect bi-monthly billing or the impact it would have on rates.  
3 To the extent that the issues discussed by Ms. Forgue can be addressed, I would be in  
4 favor of actively moving toward bi-monthly billing as recommended by Mr. Catlin.

5

6 **Q. Do you agree with Mr. Catlin's testimony regarding Newport's request to fund**  
7 **an operating reserve?**

8 A. I do not. In his testimony Mr. Catlin rejects Newport's rate year request in the  
9 amount of 6% of O&M costs to fund an operating reserve, he recommends that the  
10 Commission continue to allow an amount equal to 1.5% of total operating costs and he  
11 suggests that the additional revenues generated as a result of the move to bi-monthly  
12 billing could be used build an operating reserve.

13 With respect to the allowance of 1.5% of total operating costs, I recognize that this is  
14 more than the Commission has allowed in other cases, but I still contend that this amount  
15 is woefully inadequate to address unforeseen expenditures or unexpected declines in  
16 revenue during the course of a year. It is also inconsistent with industry standards with  
17 respect to operating reserve funding.

18

19 **Q. Please explain why you believe an amount equal to 1.5% of operating costs is**  
20 **inadequate.**

21 A. First, if history is any indication of the future, Newport Water will incur unforeseeable  
22 costs well in excess of the approximate amount of \$150,000 that 1.5% of total operating  
23 costs represents. For example, the FY 2007 Middletown tax settlement that was  
24 unpredictable and outside the control of Newport Water resulted in an FY 2007 expense  
25 of \$137,043, almost all of the \$137,209 operating reserve allowance allowed in Docket  
26 3675. This meant that if Newport experienced any additional unforeseeable expenses in  
27 the rate year it would be required to underfund other activities in order to meet these  
28 obligations. In fact, this was exactly the case when Newport Water was faced with a  
29 \$294,000 expense to cover a retroactive pay increase for union employees.

1 **Q. How would this situation have been different if Newport was allowed its request**  
2 **to fund an operating reserve?**

3 A. If Newport was allowed to fund and maintain an operating reserve fund with a  
4 balance equal to 45 days worth of operating costs, or approximately \$830,000 (depending  
5 on final agreement on revenue requirements) it could have easily covered these additional  
6 expenses without the need to cut funding for other activities.

7

8 **Q. What is the industry standard with respect to operating reserve fund balances?**

9 A. As I mentioned in my original testimony, AWWA Manual M-1 suggests the “one-  
10 eighth rule” in which the operating reserve fund’s target balance is one-eighth of annual  
11 O&M costs which is the same as 45 days of O&M costs. Additionally, our experience  
12 with municipal clients tells us that they often set a target operating reserve balance equal  
13 to 30 to 90 days of O&M costs.

14

15 **Q. Do you agree with Mr. Catlin’s testimony regarding limitations on how the**  
16 **money in the operating reserve could be spent?**

17 A. Generally, I do. Newport is more than willing to have appropriate restrictions placed  
18 on the operating reserve fund and is amenable to having the Commission help determine  
19 how any funds in excess of the target balance should be utilized.

20

21 **Q. What about Mr. Catlin’s suggestion to use excess revenues generated as the**  
22 **result of bi-monthly billing to fund an operating reserve?**

23 A. It is unlikely that using excess billing charge revenues to fund the operating reserve  
24 would result in an adequately funded account. First, since Mr. Catlin has previously  
25 suggested that excess billing charge revenues resulting from the move to bi-monthly  
26 billing be used to pay down past due payables and payroll reimbursements, it is unlikely  
27 that there would be any funds remaining to fund an operating reserve. Second, excess  
28 billing charge revenues would most likely not be recovered in the long term since the

1 implementation of cost of service based rates would eliminate any stream of excess  
2 revenues.

3

4 **Q. What would Newport Water do with the revenues resulting from the 6%**  
5 **allowance once the target operating reserve fund balance has been achieved?**

6 A. That depends on how soon the target balance is reached. If the balance is reached in  
7 two to three years, as anticipated, then in its next general rate filing Newport would likely  
8 reduce the requested allowance to an amount sufficient to maintain the target balance. If  
9 reaching the target balance does not coincide with a general rate filing, the excess  
10 revenues could be directed to the Capital restricted account and used to offset costs of  
11 approved capital projects.

12

13 **TESTIMONY OF CHRISTOPHER WOODCOCK**

14 **Q. You indicated that there are specific aspects of Mr. Woodcock's testimony that**  
15 **you would like to address. What are those issues?**

16 A. The specific issues I would like to address with regard to Mr. Woodcock's testimony  
17 are:

- 18 • Newport Water's preliminary capital plan;  
19 • Timing of the rate filing;  
20 • Repayment to the City; and  
21 • Adjustments to Miscellaneous Revenues.

22 **Capital Plan**

23 **Q. Will you please discuss Mr. Woodcock's testimony with respect to Newport**  
24 **Water capital plan?**

25 A. Yes, there are two issues I would like to address with respect to Mr. Woodcock's  
26 testimony on the capital plan. The first relates to his recommendations related to projects

1 funded with rate revenues and the second relates to his recommendations for debt funded  
2 projects.

3

4 First, in addition to numerous unsubstantiated allegations that Newport's capital plan is  
5 "slipping" that are addressed in Ms. Forgue's testimony, Mr. Woodcock suggests that  
6 Newport fund \$1,465,056 in projects in FY08 with rate revenues, but then goes on to  
7 suggest that the Commission only allow Newport to recover \$1,000,000 in rate revenues  
8 to fund these projects. This recommendation alone would result in Newport being unable  
9 to fund almost 32% of its rate funded capital projects in FY08. This suggestion is a direct  
10 contradiction of his statement on Page 11, line 5-6 in which he states: "The PWFD does  
11 not want to have funds withheld from Newport Water for capital projects if those projects  
12 are going to proceed." Instead it seems that he and the PWFD want to have funds  
13 withheld so that the projects cannot possibly proceed.

14

15 Second, apparently Mr. Woodcock is unaware of the careful planning that has gone into  
16 designating which projects will be funded with rate revenues and which projects will be  
17 funded with debt. This planning process took into account not only project cost, but also  
18 the timing of the project, the type of project (treatment, supply, transmission, etc.), the  
19 project's eligibility for SRF funding, and various other factors. While it is likely that the  
20 preliminary capital plan presented with the rate model will change over time, the current  
21 plan balances Newport's operational and financial needs in a way that should minimize  
22 impacts on rates while ensuring that Newport has the facilities it needs to continue to  
23 provide service.

24

25 **Q. Do you agree with Mr. Woodcock's suggestion with respect to capital planning?**

26 A. No I do not. His recommendation regarding the allowance for rate funded capital  
27 would leave Newport Water's capital program grossly under funded in the rate year and  
28 his recommendations for debt funding certain projects provides no advantage over  
29 Newport's existing capital plan.

1 **Timing of Newport's Rate Filing**

2 **Q. What is the substance of Mr. Woodcock's testimony regarding the timing of this**  
3 **rate filing?**

4 A. In general Mr. Woodcock indicates that much of the financial difficulty that Newport  
5 Water is currently experiencing could have been avoided if it had filed a rate case sooner.

6

7 **Q. Do you agree with this assessment?**

8 A. No, I don't. It is unlikely that filing a rate case earlier would have provided Newport  
9 much relief from its current financial situation. Even if Newport had submitted a rate  
10 filing on December 1, 2005, the day after its current rates went into effect, it would have  
11 been at least July 1, 2006 before new rates could have gone into effect, assuming that the  
12 Commission would have approved new rates so soon after Docket 3675. This means that  
13 Newport would not have been able to bill many of its tertiary customers at the new rates  
14 until August or September and revenues from those customers would not be received  
15 until October or November. Given that timeline, it is hard to see how even such an  
16 unlikely and impractical scenario would have given Newport much relief from its current  
17 financial situation.

18

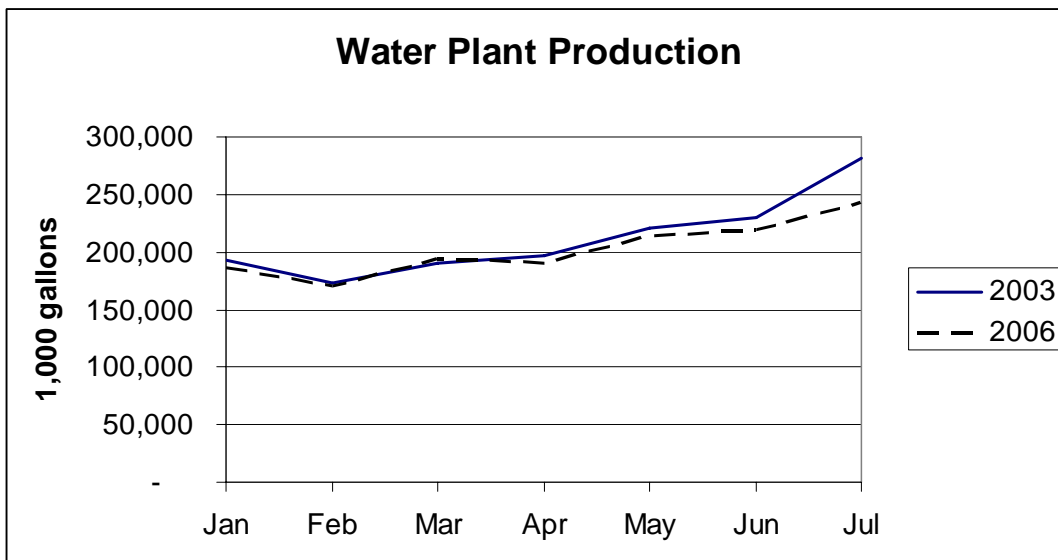
19 **Q. Why is impractical to suggest that Newport could have filed earlier?**

20 A. First, it is not realistic to assume that Newport should have filed during December,  
21 2005 through April of 2006 because Newport had every reason to believe that the rate  
22 increase just granted by the Commission in Docket 3675 would generate rates necessary  
23 to meet its needs. Additionally, it is unlikely that the parties to this Docket, Portsmouth  
24 especially, would have reacted positively to a filing so soon after the ruling in Docket  
25 3675. As for the period from April 2006 to June 2006, Newport still had no clear  
26 indication that rate revenues would not be sufficient to cover its expenses in a timely  
27 manner.

28

1 **Q. Could Newport have predicted declining revenues by examining water**  
2 **production data as Mr. Woodcock suggests in his testimony?**

3 A. It is unlikely that any water utility could have predicted, prior to June of FY 06, a  
4 decline in revenues due to decreasing sales based on the water production data presented  
5 in Mr. Woodcock's testimony. First, if one considers that since the projected annual  
6 consumption for FY 06 used in Docket 3675 (2,168,572 thousand gallons) was slightly  
7 less than the actual consumption in FY 03 (2,169,039 thousand gallons) it would be  
8 logical to assume that water production for FY 06 would be slightly lower than water  
9 production in FY 03 as would water production in like months of the two fiscal years. In  
10 fact, that was the case in Newport in January through May of FY 06 as shown on the  
11 following graph of water production for January through May of FY 03 and FY 06.



12

13

14 **Q. Please explain what this graph shows?**

15 This graph, which uses the same data that Mr. Woodcock used to create the graph on  
16 Page 26 of his testimony, shows that water production in January through May of FY 06  
17 was slightly less than water production during the same period in FY 03, which is exactly  
18 what one would expect to see when comparing the data for these two fiscal years. One  
19 can see that it was not until June and July that a persistent decrease in production, and  
20 presumably consumption, could be detected.

1 **Q. When did Newport Water begin preparing for this rate case?**

2 A. The exchange of e-mail attached as HJS Rebuttal Exhibit A shows that Julia Forgue  
3 and I began discussing a rate filing no later than June of 2006 and this e-mail was  
4 actually a follow-up to a telephone conversation held several days earlier at which time it  
5 was determined that we would use FY 06 as the test year and FY 08 as the rate year.

6

7 **Q. On page 25 of his testimony, Mr. Woodcock suggests that Newport did not have**  
8 **to use FY 06 as the test year, that Newport could have used any unaudited twelve**  
9 **month period as test year. Do you agree?**

10 A. No I do not. Rule 2.6 of the Commission's Rules of Practice and Procedure states that  
11 a test year must constitute "a historic year of actual data." Thus, the use of the word  
12 "actual" would seem to suggest that the data must be audited, or confirmed in some other  
13 manner. In addition, the test year must end within nine (9) months of the filing date. Mr.  
14 Woodcock suggests that we could have filed a rate case in early 2006 using unaudited  
15 values for the 12 months ended December 31, 2005. While Newport could have sought  
16 relief from the nine month test year deadline, it is difficult to comprehend how Newport  
17 could have guaranteed that these numbers were actual without some type of audit  
18 procedure.

19

20 In addition, using a test year of January 1, 2005 to December 31, 2005, as Mr. Woodcock  
21 suggests, would have posed additional problems. In particular, Newport's expenditures  
22 during the period of January 1, 2005 through December 31, 2005 were based on a budget  
23 that was in turn based on rates allowed in Docket 3578 which were superseded by the  
24 rates allowed in Docket 3675. As such, if Newport had used a test year ending December  
25 31, 2005, it would have been basing its test year on a year in which its current rates were  
26 not in effect.



1 **Request to Repay City**

2 **Q. Please discuss Mr. Woodcock’s testimony regarding the way in which Newport**  
3 **has proposed to use funds in the Repayment to the City restricted account to catch**  
4 **up with the City on payroll and pay down its past due accounts payable.**

5 A. There are actually a number of misrepresentations, mischaracterizations and apparent  
6 misunderstandings in Mr. Woodcock’s testimony regarding Newport Water’s proposal to  
7 use funds from the Repayment to the City restricted account that I would like to address.  
8 The first of these misrepresentations is his testimony regarding my response to “...PWFD  
9 1-26...”, which I am assuming is PWFD 1-16 since there was no PWFD 1-26. On Page  
10 27, lines 22-25 of his testimony he says:

11 “As explained by Mr. Smith in the response to PWFD 1-26, **Newport is seeking to**  
12 **increase payments to the City from the original \$2,500,000 to \$3,298,395.** Yet,  
13 Newport maintains there are no loans. If there are no loans why is there additional  
14 money to pay back?” (emphasis added)  
15

16 However, nowhere in my response did I say that Newport is seeking to increase payments  
17 to the City. What I said is the following:

18 “Newport is seeking approval of rates that will allow it to continue contributing  
19 \$250,000 per year to the Repayment to the City restricted account. Newport is also  
20 seeking approval from the Commission to allow it to forego payment of its  
21 scheduled FY2007 installment of \$500,000 and instead use the balance in the  
22 Repayment to the City Account (approximately \$798,395, depending on actual  
23 interest earned) **to reimburse the City for accrued payrolls and to pay down its**  
24 **accounts payable to outside vendors.** In FY2008 and each subsequent year until  
25 FY2011, Newport Water would make payments to the City in the amount of  
26 \$250,000 per year for the purposes of paying back the amount of \$2.5 million as  
27 agreed to in the settlement agreement in Docket 3578. Under this scenario,  
28 assuming the balance in the Repayment to the City account at the end of FY2007 is  
29 \$798,395, the total amount of rate payer funds that will be used is  
30 \$3,298,395.”(Emphasis added)  
31

32 Contrary to Mr. Woodcock’s assertions, Newport is not seeking to use funds from the  
33 Repayment to the City restricted account to pay back loans from the City. Instead it is  
34 seeking to use the funds to pay past due accounts payable to outside vendors and what are  
35 in essence past dues accounts payable to the City of Newport for labor by municipal  
36 employees during the two to four most recent months.  
37

1 As was discussed in my original testimony and the testimony filed by Ms. Forgue, as a  
2 result of various factors including abnormally low water consumption and rate case lag,  
3 Newport Water has fallen behind in its payments to reimburse the City of Newport for  
4 the payroll to municipal employees that work for the water utility. Additionally, Newport  
5 Water has fallen behind in its payments to outside vendors that provide goods and  
6 services to the utility. As such, Newport Water has been carrying a deficit for the past  
7 year that varies as invoices are paid and new invoices are received, but has been in the  
8 range of approximately \$1,000,000.

9

10 All Newport Water is asking to do is delay its repayment to the City so that it can catch  
11 up with these past due payables. The only alternative is for the utility to operate with this  
12 deficit for an indefinite period of time unless PWFD is suggesting that Newport Water  
13 refuse to make good on these legitimate amounts owed for goods and services. The  
14 solution that Newport has proposed will allow Newport to pay down a large portion of  
15 these amounts due without the need to increase rates to do so.

16

17 **Q. Are there other issues with respect to Mr. Woodcock's testimony regarding**  
18 **repayment to the City that you would like to address?**

19 A. Yes, Mr. Woodcock devotes several pages to the concept that Newport Water agreed  
20 that it would not seek to recover through rates any amounts needed to pay back loans  
21 from the City that were made prior to June 30, 2005.

22

23 **Q. Do you disagree with his testimony on this matter?**

24 A. No, his testimony regarding what Newport Water agreed to on this matter is correct,  
25 but its relevance in this docket is unclear in that Newport Water is *not* seeking to recover  
26 any funds to repay the City for any loans, much less any loans that occurred prior to June  
27 30, 2005.

28

29

30

1 **Q. But hasn't the City loaned Newport Water the money it needed to pay its**  
2 **employees?**

3 A. No, the City has paid the City's employees and Newport Water has been unable to  
4 reimburse the City in a timely manner for the amounts paid to the municipal employees  
5 that work in the Water Department. Mr. Woodcock's characterization of this activity as a  
6 loan is erroneous.

7

8 **Q. If Newport Water was unable to reimburse the City in a timely manner for**  
9 **payroll, how was it able to make deposits into the Repayment to the City restricted**  
10 **account as Mr. Woodcock points out in his testimony?**

11 A. First of all, Mr. Woodcock's attempt to cast Newport Water's compliance with the  
12 Commission's requirements in a negative light is disappointing. Mr. Woodcock states on  
13 page 20-21, lines 30, 1-2 and 4-5:

14 "Apparently, the drop in sales revenues has not reduced deposits to the  
15 Repayment to City Account...Despite payables as of March 31, 2007 of more  
16 than \$1.5 million, the monthly deposit to the Repayment to the City account is  
17 always made on time."

18 This testimony implies that Newport Water made a conscious decision to choose between  
19 its payables and the Repayment to City account, and it implies that Newport favored  
20 funding the Repayment to City account over reducing payables. As Mr. Woodcock  
21 clearly knows, Newport Water had absolutely no choice in the matter. Mr. Woodcock  
22 knows that the report and order in Docket 3675 states: "City of Newport, Utilities  
23 Department, Water Division shall fund its Restricted Accounts monthly at the dollar  
24 amounts allowed in the Settlement Agreement and not on a percentage of collections  
25 basis." Thus, Newport Water is *required* by the Commission to fully fund *all* of the  
26 restricted accounts, including the Repayment to the City account, regardless of whether  
27 or not it is collecting the revenues it anticipated. .

28

29

30

1 **Miscellaneous Revenues**

2 **Q. Do you agree with Mr. Woodcock's suggested adjustments to revenues from**  
3 **Water Quality Protection Fees and Rental of Property?**

4 A. No I do not. With respect to Water Quality Protection Fee revenues, to date, Newport  
5 Water has received \$22,887 in Water Quality Protection Fee revenues for FY 2007.  
6 Using this amount to project revenues for FY07 in its entirety, results in an annual  
7 projection of approximately \$23,880. Since Water Quality Protection Fee revenues are  
8 based on water billings and consumption in the rate year should be similar to  
9 consumption in FY 2007 it is reasonable to assume that Water Quality Protection Fees  
10 revenues in the rate year will be similar to those collected in FY 2007.

11 With respect to revenues from Rental of Property, Newport's projections are based on  
12 amounts reflected in leases that will be in effect during the rate year. As such, the  
13 amount shown in Newport's original request is appropriate.

14

15 **COST ALLOCATION/RATE DESIGN**

16 **Q. Did Mr. .Catlin, Mr. Woodcock or Mr. Allen address cost allocation and/or rate**  
17 **design in their testimony?**

18  
19 A. Yes, both Mr. Catlin and Mr. Allen addressed cost allocation and/or rate design.

20  
21 **Q. Will you address Mr. Catlin's testimony first?**

22  
23 A. Yes, with one exception Mr. Catlin agrees with Newport's request for an equal  
24 percent increase to all rates including retail and wholesale commodity charges, and fire  
25 protection charges. Mr. Catlin; however, suggest that the billing charge remain at its  
26 current level to reduce the impact on customer's bill of moving to bi-monthly billing.

27

28 **Q. Do you agree with Mr. Catlin's recommendations on rate design?**

29

30 A. I do with the exception of his recommendation to leave billing charges unchanged.  
31 Since Newport has not agreed that it can move to bi-monthly billing prior to the end of  
32 the rate year, it will be necessary to increase billing charges by the same percentage as  
33 the other rates in order to ensure revenue sufficiency. If it becomes apparent through the

1 course of this rate case that bi-monthly billing is more readily feasible, Newport will  
2 consider leaving billing charges unchanged.

3

4 **Q. Please discuss Mr. Allen's testimony regarding cost allocation and rate design.**

5 A. In general, Mr. Allen suggests that Newport Water be required to prepare a full cost  
6 allocation study based on appropriate data.

7

8 **Q. Do you agree with his suggestion?**

9 A. I do agree that Newport should prepare a full cost allocation study as soon as it has  
10 the data necessary to do so. As the parties to this rate case are aware, Newport submitted  
11 a cost allocation study in Docket 3578 that was rejected because there was not sufficient  
12 data regarding customer demand characteristics to appropriately allocate costs. Since the  
13 ruling in that case, Newport has been taking steps to improve its data. These steps have  
14 involved reclassification and verification of customer accounts, billing system  
15 reprogramming to ensure capture of necessary data and the collection of daily meter read  
16 data from a sample of customers during peak usage season.

17

18 **Q. When will Newport be prepared to file a full cost allocation study?**

19 A. It is hoped that Newport can submit a full cost allocation study with its next general  
20 rate filing; however, if circumstances dictate that Newport prepare and file a general  
21 filing immediately on the heels of this filing, Newport may have neither the time nor the  
22 data necessary for a full cost allocation study.

23

24 **CONCLUSION**

25 **Q: Does this conclude your testimony?**

26 A: Yes it does. However, as set forth in Ms. Forgue's testimony, I reserve the right to  
27 submit supplemental testimony once I have reviewed PWFD's responses to our data  
28 request.

**City of Newport, Rhode Island**  
**Rhode Island Public Utilities Commission Rate Filing Docket # 3818**  
**Exhibits for Rebuttal Testimony of Harold Smith**



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**RFC**

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<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>
<b>Operating Revenue Requirements</b>						
Administration	\$ 1,718,060	\$ 1,492,437	\$ 261,603	\$ 1,754,040	\$ (83,062)	\$ 1,670,978
Customer Service	\$ 536,815	\$ 461,413	\$ 54,032	\$ 515,445	\$ 96,537	\$ 611,982
Source of Supply - Island	\$ 455,087	\$ 416,766	\$ 10,846	\$ 427,612	\$ 140,216	\$ 567,828
Source of Supply - Mainland	\$ 95,663	\$ 75,652	\$ 10,891	\$ 86,543	\$ 16,497	\$ 103,040
Treatment - Newport Plant	\$ 1,352,566	\$ 1,132,179	\$ 61,755	\$ 1,193,934	\$ 233,338	\$ 1,427,272
Treatment - Lawton Valley	\$ 1,026,354	\$ 974,709	\$ 19,170	\$ 993,879	\$ 243,855	\$ 1,237,734
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	\$ 52,171	\$ 936,541
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>\$ 729,522</b>	<b>\$ 6,789,774</b>
	-	-	-	-	-	-
<b>Capital Revenue Requirements</b>						
Contribution to Debt Service Account (3)	\$ 1,378,768	\$ 1,431,277	\$ -	\$ 1,431,277	\$ (210,277)	\$ 1,221,000
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>\$ 214,370</b>	<b>\$ 3,186,056</b>
SumCheck(0)						
Subtotal Revenue Requirements	\$ 9,147,246	\$ 8,602,474	\$ 429,464	\$ 9,031,938	\$ 943,892	\$ 9,975,830
Additional Rev Requirements (Operating Revenue) (5)	\$ 137,209	\$ 137,209		\$ 135,479	\$ 271,907	\$ 407,386
<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>\$ 1,215,799</b>	<b>\$ 10,383,216</b>
			\$ 1,098,761			
Less: Revenue Offsets (6)	\$ (313,704)	\$ (252,796)	\$ -	\$ (252,796)	\$ (188,772)	\$ (441,568)
<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>\$ 1,027,027</b>	<b>\$ 9,941,648</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 Rebuttal

Operating Revenue Requirements		Docket # 3675	FY 2006 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2008 Rate Year
<u>Budget Line Item</u>							
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	\$ (29,043)	\$ 140,000
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	\$ 4,684	\$ 423,903
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	\$ 160,996	\$ 274,808
266	Legal & Administrative	\$ 285,005	\$ 243,429	\$ 41,576	\$ 285,005	\$ 9,556	\$ 294,561
267	Data Processing	\$ 189,994	\$ 162,771	\$ 27,223	\$ 189,994	\$ (27,844)	\$ 162,150
268	Mileage Reimbursement	\$ 2,500	\$ 154	\$ -	\$ 154	\$ 1,346	\$ 1,500
271	Gas/Vehicle Maintenance	\$ 114,449	\$ 100,437	\$ -	\$ 100,437	\$ 17,358	\$ 117,795
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	\$ (15,000)	\$ 10,000
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>\$ 729,522</b>	<b>\$ 6,789,774</b>
<b>Contribution to Capital Restricted Accounts</b>							
DSA	Debt Service Account	\$ 1,378,768	\$ 1,431,277	\$ -	\$ 1,431,277	\$ (210,277)	\$ 1,221,000
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>\$ 214,370</b>	<b>\$ 3,186,056</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>\$ 943,892</b>	<b>\$ 9,975,830</b>
Additional Rev. Reqts. (4)		\$ 137,209	\$ 137,209	\$ -	\$ 135,479	\$ 271,907	\$ 407,386
<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>\$ 1,215,799</b>	<b>\$ 10,383,216</b>
Less: Revenue Offsets		\$ (313,704)	\$ (252,796)	\$ -	\$ (252,796)	\$ (188,772)	\$ (441,568)
<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>\$ 1,027,027</b>	<b>\$ 9,941,648</b>



Revenue Requirements Detail

RFC Schedule 3 Rebuttal

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	\$ (29,043)	\$ 140,000
	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	\$ (1)	\$ 5,700
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	\$ 9,556	\$ 294,561
G	267	Data Processing	\$ 189,994	\$ 162,771	\$ 27,223	\$ 189,994	\$ (27,844)	\$ 162,150
R	268	Mileage Reimbursement	\$ 2,500	\$ 154		\$ 154	\$ 1,346	\$ 1,500
F	271	Gas/Vehicle Maintenance	\$ 2,000	\$ 2,989		\$ 2,989	\$ 517	\$ 3,506
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	\$ (15,000)	\$ 10,000
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	\$ (161,062)	\$ 1,003,337
Total Administration Operating Requirements			\$ 1,718,060	\$ 1,492,437	\$ 261,603	\$ 1,754,040	\$ (83,062)	\$ 1,670,978
<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)	\$ -	\$ -		\$ -	\$ 68	\$ 68
		Subtotal	\$ 607,000	\$ 307,147	\$ -	\$ 307,147	\$ 326,977	\$ 634,124
Total Administration Capital & Debt Service			\$ 607,000	\$ 307,147	\$ -	\$ 307,147	\$ 326,977	\$ 634,124
Total Administration Revenue Requirements			\$ 2,325,060	\$ 1,799,584	\$ 261,603	\$ 2,061,187	\$ 243,915	\$ 2,305,102

- (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	\$ 2,134	\$ 14,482
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	\$ 10,152	\$ 129,482
		Total Customer Accounts Operating Requirements	\$ 536,815	\$ 461,413	\$ 54,032	\$ 515,445	\$ 96,537	\$ 611,982
<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	\$ 410,537	\$ 925,982

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	\$ 11	\$ 27,200
F	271	Gas/Vehicle Maintenance	\$ 26,750	\$ 25,939		\$ 25,939	\$ 4,483	\$ 30,422
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	\$ 36,826	\$ 138,072
		Total Supply-Island Operating Requirements	\$ 455,087	\$ 416,766	\$ 10,846	\$ 427,612	\$ 140,216	\$ 567,828
<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	\$ 10,906	\$ 116,649
		Subtotal	\$ 211,141	\$ 105,742	\$ -	\$ 105,742	\$ 110,906	\$ 216,649
		Total Source of Supply - Island Capital& Debt Service	\$ 211,141	\$ 105,742	\$ -	\$ 105,742	\$ 110,906	\$ 216,649
		Total Source of Supply - Island Revenue Requirements	\$ 666,228	\$ 522,508	\$ 10,846	\$ 533,354	\$ 251,122	\$ 784,477

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	\$ 7,102	\$ 68,040
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	\$ 7,975	\$ 76,340
Total Source of Supply - Mainland Operating Requirements			\$ 95,663	\$ 75,652	\$ 10,891	\$ 86,543	\$ 16,497	\$ 103,040
<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	\$ (74,141)	\$ 801,782

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	\$ (4,927)	\$ 178,363	
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	\$ 24,010	\$ 137,822	
E	271	Gasoline & Vehicle Maintenance	\$ 3,938	\$ 752	\$ 752	\$ 130	\$ 882	
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	\$ 118,408	\$ 707,716	
		Treatment - Newport Plant Operating Requirements	\$ 1,352,566	\$ 1,132,179	\$ 61,755	\$ 1,193,934	\$ 233,338	\$ 1,427,272
<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	\$ (99,249)	\$ 318,568	
		Subtotal	\$ 402,488	\$ 457,454	\$ -	\$ (95,386)	\$ 362,068	
		Treatment - Newport Plant Capital Requirements	\$ 402,488	\$ 457,454	\$ -	\$ (95,386)	\$ 362,068	
		Treatment - Newport Plant Revenue Requirements	\$ 1,755,054	\$ 1,589,633	\$ 61,755	\$ 1,651,388	\$ 137,951	\$ 1,789,339

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	\$ 2,484	\$ 123,000
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	\$ -	\$ -		\$ -	\$ 136,986	\$ 136,986
F	271	Gas/Vehicle Maintenance	\$ 1,391	\$ 808		\$ 808	\$ 140	\$ 948
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	\$ 165,079	\$ 560,734
Treatment - Lawton Valley Operating Requirements			\$ 1,026,354	\$ 974,709	\$ 19,170	\$ 993,879	\$ 243,855	\$ 1,237,734
<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	\$ -	\$ -		\$ -	\$ 52,340	\$ 52,340
		Subtotal	\$ 320,710	\$ 186,147	\$ -	\$ 186,147	\$ 159,693	\$ 345,840
Treatment - LV Capital Requirements			\$ 320,710	\$ 186,147	\$ -	\$ 186,147	\$ 159,693	\$ 345,840
Treatment - LV Revenue Requirements			\$ 1,347,064	\$ 1,160,856	\$ 19,170	\$ 1,180,026	\$ 403,548	\$ 1,583,574

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	\$ 14	\$ 21,600
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	\$ 9,955	\$ 67,556
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	\$ 19,139	\$ 276,041
Transmission & Distribution Operating Requirements			\$ 838,893	\$ 880,156	\$ 4,214	\$ 884,370	\$ 52,171	\$ 936,541
<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	\$ (83,705)	\$ 34,633
		Subtotal	\$ 403,997	\$ 1,125,816	\$ -	\$ 1,125,816	\$ (511,182)	\$ 614,633
Total Transmission & Distribution Capital Requirements			\$ 403,997	\$ 1,125,816	\$ -	\$ 1,125,816	\$ (511,182)	\$ 614,633
Total Transmission & Distribution Revenue Requirements			\$ 1,242,890	\$ 2,005,972	\$ 4,214	\$ 2,010,186	\$ (459,012)	\$ 1,551,174



Fire Protection

		Docket # 3675	FY 2006 Test Year	Test Year Normalizing Adjustments	Normalized Test Year	Rate Year Adjustment	FY 2008 Rate Year
<b>Account No. 15-500-2245</b>							
<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. 3818**

**City of Newport, Rhode Island  
Exhibits for Rebuttal Testimony of Harold Smith  
Capital Needs and Sources**

**RFC Schedule 4 Rebuttal**

<b>FY 2008 Rate Year</b>
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**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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<b>Total Rate Year Capital Needs</b>	\$	<b>4,645,400</b>	
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**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

<b>Total Rate Year Capital Funding Sources</b>	\$	<b>4,645,400</b>
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**Docket No. 3818**

**City of Newport, Rhode Island  
Exhibits for Rebuttal Testimony of Harold Smith  
Allocation of Costs to Customers and Charges**

**RFC Schedule 5 Rebuttal**

**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 \$ 9,941,648

**Additional Revenue Needed** \$ 1,362,302

**% Revenue Increase Required** 15.88%

**Allocations:**

			Proposed Rates	Existing Rates	% Increase In Rates
Retail	59.27%	\$ 5,892,554	\$ 4.72	\$ 4.07	15.88%
Navy	10.92%	\$ 1,085,784	\$ 2.9086	\$ 2.5100	15.88%
Portsmouth	10.80%	\$ 1,073,625	\$ 2.32	\$ 2.00	15.88%
Billing Charge	7.95%	\$ 790,836	\$ 15.35	\$ 13.25	15.88%
Public Fire Protection	7.73%	\$ 768,103	\$ 782.18	\$ 675.00	15.88%
Private Fire Protection	3.33%	\$ 330,747			15.88%
		\$ 9,941,648			

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

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

**Docket No. 3818**

**City of Newport, Rhode Island  
Exhibits for Rebuttal Testimony of Harold Smith  
Proposed Rates and Charges**

**RFC Schedule 6 Rebuttal**

Rates and Charges	Current Rates	% Increase Required	Proposed FY 2008
<b>Billing Charge (per bill)</b>			
Tertiary	\$ 13.25	15.8789%	\$ 15.36
Monthly	\$ 13.25	15.8789%	\$ 15.36
<b>Volume Charge (per 1,000 gallons)</b>			
<b>Retail</b>			
Residential	\$ 4.07	15.8789%	\$ 4.72
Commercial	\$ 4.07	15.8789%	\$ 4.72
Governmental	\$ 4.07	15.8789%	\$ 4.72
<b>Wholesale</b>			
Navy	\$ 2.5100	15.8789%	\$ 2.9090
Portsmouth Water & Fire District	\$ 2.0000	15.8789%	\$ 2.318
<b>Fire Protection</b>			
Public (per hydrant)	\$ 675.00	15.8789%	\$ 783.00
<b>Private (Connection Size)</b>			
Less than 2"	\$ 13.25	15.8789%	\$ 15.36
2"	\$ 55.00	15.8789%	\$ 64.00
4"	\$ 343.00	15.8789%	\$ 398.00
6"	\$ 687.00	15.8789%	\$ 797.00
8"	\$ 1,572.00	15.8789%	\$ 1,822.00
10"	\$ 2,596.00	15.8789%	\$ 3,009.00
12"	\$ 4,169.00	15.8789%	\$ 4,831.00

**Docket No. 3818**

**City of Newport, Rhode Island  
Exhibits for Rebuttal Testimony of Harold Smith  
Summary of Revenues and Expenses**

**RFC Schedule 7 Rebuttal**

	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	\$ 791,148
Retail Consumption	5,388,936	4,501,755	5,085,098	5,897,215
Wholesale Bulk Sales	1,900,715	1,693,047	1,863,505	2,159,769
Fire Protection	948,275	839,288	948,275	1,099,920
Miscellaneous	382,704	252,796	441,568	441,568
<b>Total Revenues</b>	<u>9,280,494</u>	<u>7,931,537</u>	<u>9,020,914</u>	<u>10,389,619</u>
<b>Expenses</b>				
Administration	1,718,060	1,492,437	1,670,978	1,670,978
Customer Accounts	536,815	461,413	611,982	611,982
Source of Supply - Island	455,087	416,766	567,828	567,828
Source of Supply - Mainland	95,663	75,652	103,040	103,040
Treatment - Newport Plant	1,352,566	1,132,179	1,427,272	1,427,272
Treatment - Lawton Valley	1,026,354	974,709	1,237,734	1,237,734
Water Laboratory	213,952	188,447	220,400	220,400
Transmission & Distribution Maintenance	838,893	880,156	936,541	936,541
Fire Protection	14,000	9,029	14,000	14,000
<b>Total Operating Expenses</b>	<u>6,251,390</u>	<u>5,630,788</u>	<u>6,789,774</u>	<u>6,789,774</u>
Payment to General Fund	250,000	270,829	250,000	250,000
Debt Service	1,378,768	1,431,277	1,221,000	1,221,000
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>	<u>2,895,856</u>	<u>2,391,817</u>	<u>3,186,056</u>	<u>3,186,056</u>
<b>Total Expenses</b>	<u>9,147,246</u>	<u>8,022,605</u>	<u>9,975,830</u>	<u>9,975,830</u>
<b>Operating Reserve</b>	<b>137,209</b>	<b>137,209</b>	<b>407,386</b>	<b>407,386</b>
<b>Total Revenue Requirements</b>	<u>\$ 9,284,455</u>	<u>\$ 8,159,814</u>	<u>\$ 10,383,216</u>	<u>\$ 10,383,216</u>
Revenue Surplus/(Deficit)	\$ (3,961)	\$ (228,277)	\$ (1,362,302)	\$ 6,403

City of Newport, Rhode Island  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Customer Impacts

RFC Schedule 8 Rebuttal

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	\$20.08	\$2.76	15.94%
	2,000	\$21.39	\$24.80	\$3.41	15.94%
	4,000	\$29.53	\$34.24	\$4.71	15.95%
Average Use per Bill	4,600	\$31.97	\$37.07	\$5.10	15.95%
	7,500	\$43.78	\$50.76	\$6.98	15.96%
	10,000	\$53.95	\$62.56	\$8.61	15.96%
	15,000	\$74.30	\$86.16	\$11.86	15.96%
	20,000	\$94.65	\$109.76	\$15.11	15.96%
	25,000	\$115.00	\$133.36	\$18.36	15.97%
	30,000	\$135.35	\$156.96	\$21.61	15.97%
<b>Residential(Tertiary)</b>					
	4,000	\$29.53	\$34.24	\$4.71	15.95%
	8,000	\$45.81	\$53.12	\$7.31	15.96%
	16,000	\$78.37	\$90.88	\$12.51	15.96%
Average Use per Bill	18,400	\$88.14	\$102.21	\$14.07	15.96%
	30,000	\$135.35	\$156.96	\$21.61	15.97%
	40,000	\$176.05	\$204.16	\$28.11	15.97%
	60,000	\$257.45	\$298.56	\$41.11	15.97%
	80,000	\$338.85	\$392.96	\$54.11	15.97%
	100,000	\$420.25	\$487.36	\$67.11	15.97%
	120,000	\$501.65	\$581.76	\$80.11	15.97%

City of Newport, Rhode Island  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Customer Impacts

RFC Schedule 8 Rebuttal

Customer Class	Monthly Consumption (gallons)	Bill at Current Rates	Proposed			
			Bill at Proposed Rates	\$ Increase	% Increase	
Commercial (Monthly)	2,000	\$21.39	\$24.80	\$3.41	15.94%	
	5,000	\$33.60	\$38.96	\$5.36	15.95%	
	10,000	\$53.95	\$62.56	\$8.61	15.96%	
	20,000	\$94.65	\$109.76	\$15.11	15.96%	
	30,000	\$135.35	\$156.96	\$21.61	15.97%	
	Average Use per Bill	33,000	\$147.56	\$171.12	\$23.56	15.97%
		50,000	\$216.75	\$251.36	\$34.61	15.97%
		75,000	\$318.50	\$369.36	\$50.86	15.97%
		100,000	\$420.25	\$487.36	\$67.11	15.97%

Governmental (Monthly)

	2,000	\$21.39	\$24.80	\$3.41	15.94%
	5,000	\$33.60	\$38.96	\$5.36	15.95%
	10,000	\$53.95	\$62.56	\$8.61	15.96%
	20,000	\$94.65	\$109.76	\$15.11	15.96%
Average Use per Bill	22,000	\$102.79	\$119.20	\$16.41	15.96%
	35,000	\$155.70	\$180.56	\$24.86	15.97%
	50,000	\$216.75	\$251.36	\$34.61	15.97%
	75,000	\$318.50	\$369.36	\$50.86	15.97%
	100,000	\$420.25	\$487.36	\$67.11	15.97%

City of Newport, Rhode Island  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Customer Impacts

RFC Schedule 8 Rebuttal

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	\$23,195.36	\$3,182.11	15.90%
	20,000,000	\$40,013.25	\$46,375.36	\$6,362.11	15.90%
	40,000,000	\$80,013.25	\$92,735.36	\$12,722.11	15.90%
	50,000,000	\$100,013.25	\$115,915.36	\$15,902.11	15.90%
	74,000,000	\$148,013.25	\$171,547.36	\$23,534.11	15.90%
	100,000,000	\$200,013.25	\$231,815.36	\$31,802.11	15.90%
	150,000,000	\$300,013.25	\$347,715.36	\$47,702.11	15.90%

Navy (Monthly)

Average Use per Bill	500,000	\$1,268.25	\$1,469.86	\$201.61	15.90%
	750,000	\$1,895.75	\$2,197.11	\$301.36	15.90%
	3,000,000	\$7,543.25	\$8,742.36	\$1,199.11	15.90%
	5,000,000	\$12,563.25	\$14,560.36	\$1,997.11	15.90%
	7,500,000	\$18,838.25	\$21,832.86	\$2,994.61	15.90%
	10,000,000	\$25,113.25	\$29,105.36	\$3,992.11	15.90%



Docket No. 3818

City of Newport, Rhode Island  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Restricted Accounts Balances

RFC Schedule 9 Rebuttal

	<i>Fiscal Year Ending June 30</i>					
	Test Year	Rate Year				
	2006 Actual	2007	2008	2009	2010	2011
<b><u>Debt Service Account</u></b>						
<b>Beginning Cash Balance</b>	\$ 411,287	\$ 373,242	\$ 655,218	\$ 781,667	\$ 709,046	\$ 605,227
<b><u>Additions</u></b>						
From Rates	\$ 1,431,277	\$ 1,378,764	\$ 1,221,000	\$ 1,221,000	\$ 1,221,000	\$ 1,221,000
Transfer from Repayment to City Account						
Interest Income	\$ 11,540	17,343	7,199	10,058	10,435	9,200
<b>Total Additions</b>	1,442,817	1,396,107	1,228,199	1,231,058	1,231,435	1,230,200
<b><u>Deductions</u></b>						
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	-	-	1,000	107,000	199,000	204,000
SRF Loan Interest	-	-	90,818	236,896	225,702	217,916
<b>Total Deductions</b>	1,480,863	1,114,131	1,101,750	1,303,679	1,335,254	1,064,512
<b>Ending Cash Balance</b>	<b>373,242</b>	<b>655,218</b>	<b>781,667</b>	<b>709,046</b>	<b>605,227</b>	<b>770,915</b>
<hr/>						
<b><u>Repayment to City Account</u></b>						
<b>Beginning Cash Balance</b>	<b>743,585</b>	<b>1,037,218</b>	<b>287,218</b>	<b>37,218</b>	<b>287,218</b>	<b>537,218</b>
<b><u>Additions</u></b>						
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><u>Deductions</u></b>						
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. 3818

City of Newport, Rhode Island  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Restricted Accounts Balances

RFC Schedule 9 Rebuttal

	<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>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	6,370
<b>Interest Rate</b>	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
<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>\$ 700,323</b>
<hr/>						
<b>Electricity Account</b>						
<b>Beginning Cash Balance (3)</b>	\$ 236	\$ 1,712	\$ 15,180	\$ 28,753	\$ 42,515	\$ 56,468
<u>Additions</u>						
From Water Rates						
254 Contribution to Electricity Account (4)	411,675	423,903	423,903	423,903	423,903	423,903
Interest Income	249	14	118	308	499	693
<b>Interest Rate</b>		1.4%	1.4%	1.4%	1.4%	1.4%
<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>\$ 15,180</b>	<b>\$ 28,753</b>	<b>\$ 42,515</b>	<b>\$ 56,468</b>	<b>\$ 70,616</b>

Docket No. 3818

City of Newport, Rhode Island  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Restricted Accounts Balances

RFC Schedule 9 Rebuttal

		<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><u>Retiree Insurance</u></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	210,000
Offset to Revenue Requirements							
<b>Ending Cash Balance</b>	\$	<b>28,647</b>	\$ <b>28,848</b>	\$ <b>29,250</b>	\$ <b>29,657</b>	\$ <b>30,070</b>	\$ <b>30,488</b>
<hr/>							
<b><u>Accrued Benefit Buyout</u></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	70,000
Offset to Revenue Requirements							
<b>Ending Cash Balance</b>	\$	<b>35,220</b>	\$ <b>35,467</b>	\$ <b>35,962</b>	\$ <b>36,462</b>	\$ <b>36,968</b>	\$ <b>37,483</b>

**City of Newport, Rhode Island  
Exhibits for Rebuttal Testimony of Harold Smith  
Capital Improvements Plan**

**RFC Schedule A Rebuttal**

	<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  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Debt Service

RFC Schedule B Rebuttal

**Bond Repayment Schedule**

**Existing Debt Service (1)**

FY 2005 Bond Refunding (October 2004)

Principal

Interest

	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	\$ -	\$ 1,000	\$ 106,000	\$ 110,000	\$ 114,000
Interest (2)	-	71,901	105,318	101,749	97,990
	<u>\$ -</u>	<u>\$ 72,901</u>	<u>\$ 211,318</u>	<u>\$ 211,749</u>	<u>\$ 211,990</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	\$ -	\$ -	\$ 1,000	\$ 89,000	\$ 90,000
Interest	-	18,917	131,578	123,953	119,926
	<u>\$ -</u>	<u>\$ 18,917</u>	<u>\$ 132,578</u>	<u>\$ 212,953</u>	<u>\$ 209,926</u>

**Total Existing Debt Service**

	<b>\$ 1,114,131</b>	<b>\$ 1,101,750</b>	<b>\$ 1,303,679</b>	<b>\$ 1,335,254</b>	<b>\$ 1,064,512</b>
--	---------------------	---------------------	---------------------	---------------------	---------------------

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	\$ - No activity FYE 2006
Docket #3675	\$ 1,750

**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>		\$ 2,500								
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>	\$ 2,500	
Normalized Test Year	\$ 2,500	
Normalizing Adjustment	\$ 524	Reduced training due to cash flow problems
Actual FY 2006	\$ 1,976	
Docket #3675	\$ 2,500	

214 Tuition Reimbursement

<b>Rate Year - FY 2008</b>	\$ 2,000	
Normalized Test Year	\$ 2,000	
Normalizing Adjustment	\$ 2,000	No tuition reimbursement in FY 06 due to cash flow problems.
Actual FY 2006	\$ -	
Docket #3675	\$ 2,000	

220 Consultant Fees **Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1**

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>		\$ 169,043
<b>Rate Year - FY 2008</b>	\$ 170,000	
Test Year - FY 2006	\$ 169,043	
Docket #3675	\$ 100,000	



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	<b>Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1</b>		
	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.

266	Legal & Administrative	Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1
	Docket #3675	\$ 285,005

Based on Docket 3675 settlement calculation:

	FY 2007 Adopted Budget	Percentage		
General Fund Less School & Library	\$ 48,523,621	68.49%	\$	74,357,978
Harbor	\$ 667,883	0.94%	\$	(23,317,893) School
Water Fund	\$ 10,383,216	14.66%	\$	(1,516,464) Library
WPC	\$ 8,633,784	12.19%	\$	(50,000) Library Cap
Parking	\$ 1,681,564	2.37%	\$	(600,000) School Cap
Beach	\$ 959,973	1.35%	\$	(300,000) Beach Cap (incl in Beach budget)
Total Budget	\$ 70,850,041	100.00%	\$	(50,000) Maritime Cap (incl in Maritime Budget)
			\$	48,523,621

	FY 2007 Adopted Budget	Percentage		
General Fund Including School & Library	\$ 74,007,978	76.82%	\$	667,883 harbor budget
Harbor	\$ 667,883	0.69%	\$	959,973 Beach Budget
Water Fund	\$ 10,383,216	10.78%		
WPC	\$ 8,633,784	8.96%	\$	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	\$ 96,334,398	100.00%	\$	74,007,978

Divisions/Functions to be Allocated:	Total City Budget	Reduction to Budget Allocation	Allocable Dept. Budget	Allocation to Water Fund	% Allocation to Water Fund	Docket 3675 Percentage totals
Based on Percentage of Budget						
City Council	\$ 149,932	\$ (51,962)	\$ 97,970	\$ 10,560	10.78%	\$ 10.098
City Manager	\$ 451,350	\$ (40,000)	\$ 411,350	\$ 44,337	10.78%	\$ 10.098
City Solicitor	\$ 384,374	\$ (192,187)	\$ 192,187	\$ 28,165	14.66%	\$ 13.758
City Clerk	\$ 538,658	\$ (187,143)	\$ 351,515	\$ 37,887	10.78%	\$ 10.098
Finance Administration	\$ 347,357	\$ (173,679)	\$ 173,679	\$ 25,453	14.66%	\$ 13.758
Assessment	\$ 303,983	\$ (100,314)	\$ 203,669	\$ 29,848	14.66%	\$ 13.758
Collections	\$ 274,005	\$ -	\$ 274,005	\$ 40,156	14.66%	\$ 13.758
Administrative Services	\$ 258,420	\$ -	\$ 258,420	\$ 37,872	14.66%	\$ 13.758
Facilities Maintenance	\$ 654,108	\$ -	\$ 654,108	\$ 32,705	5%	\$ -
Planning	\$ -	\$ -	\$ -	\$ -		
	\$ 3,362,187	\$ (745,285)	\$ 2,616,902	\$ 286,983	14.66%	

To be allocated based on Payroll checks (FYE 2006)

Human Resources		\$ 304,957	\$ 14,695	4.82%
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Based on Vendor Checks:

Accounting		\$ 359,013	\$ 46,178	12.86%
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Based on Purchase Orders

Purchasing		\$ 90,000	\$ 10,522	11.69%
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Total Legal & Admin Costs		\$ 3,370,872	\$ 358,378	
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Rate Year - FY 2008	\$ 358,378			
Normalized Test Year	\$ 285,005			
Normalizing Adjustment	\$ 41,576	Legal and admin. charge allowed in Docket 3675 was only effective during a portion of FY 06		
Actual FY 2006	\$ 243,429			
Docket #3675	\$ 285,005	\$ 71,251	\$ 213,753.64	28000

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

267 Data Processing Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1  
 Docket #3675 \$ 189,994

Based on Docket 3675 settlement calculation:

Water Fund	\$	10,383,216	10.78%
Total Budget	\$	96,334,398	

	Total MIS Budget	Allocation to Water Fund	% Allocation to Water Fund
\$	904,412	\$ 97,480	10.78%

Rate Year - FY 2008	\$	97,480			
Normalized Test Year	\$	189,994			
Normalizing Adjustment	\$	27,223			Data processing charge allowed in Docket 3675 was only effective during a portion of FY 06
Actual FY 2006	\$	162,771			
Docket #3675	\$	189,994	\$	47,498	\$ 94,996.87 40500

268 Mileage Allowance

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

271 Gasoline & Vehicle Maint. Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1  
 \$ 3,506 1.17282326831

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 from 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	Purchased supplies on "as needed" basis due to cash flow problems
Actual FY 2006	\$	12,291	
Docket #3675	\$	36,000	

561	Self Insurance	<b>Adjusted for rebuttal. See</b>	
	Rate Year - FY 2008	\$	25,000
	Test Year - FY 2006	\$	404
	Docket #3675	\$	52,000
563	Unemployment Claims		
	FY 2007 to date	\$	11,414
	Rate Year - FY 2008	\$	12,000
	Test Year - FY 2006	\$	822
	Docket #3675	\$	-
999	Allowance for Doubtful Accounts	<b>Adjusted for rebuttal. See</b>	
	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 Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1

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





**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 **Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1**

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 **Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1**

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 **Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1**

Location Account (1)	KWH Used Annually	KWH Rate	6% Increase	Total
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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

Total	\$	222,518
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
Total	\$ 5,500
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

254	Contribution to Electricity Restricted Account	Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1			
	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	Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1	
	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	Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1	
	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
	\$	286,000
Rate Year - FY 2008	\$	286,000
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
Rate Year - FY 2008	\$	286,553

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

**Personnel**

001 Salaries & Wages

Title	Docket 3675 Proposed		FYE 2007 3%		FYE 2008 3% MERS		Total
	Salary Base	Long	MERS	Long	MERS		
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 <b>Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1</b>				
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

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

255	Natural Gas		
	21,341 ccf @ 1.52/ccf	\$	34,385
	<b>Rate Year - FY 2008</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>500</b>
	Test Year - FY 2006	\$	20
	Docket #3675	\$	500
265	Wastewater charge	<b>Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1</b>	
	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>121,400</b>
	Test Year - FY 2006	\$	-
	Docket #3675	\$	-
271	Gasoline & Vehicle Maint.	<b>Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1</b>	
	<b>Rate Year - FY 2008</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>50,000</b>
	<b>Rate Year - FY 2008</b>	\$	<b>55,000</b>
	Normalized Test Year	\$	55,000
	Normalizing Adjustment	\$	2,595 Deferred maintenance due to cash flow problems.
	Actual FY 2006	\$	52,405
	Docket #3675	\$	60,000

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	
	Total	\$	27,500
	Rate Year - FY 2008	\$	27,500
	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>			
Rate Year	\$	1,000	
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	
	Total	\$	171,438
	Rate Year - FY 2008	\$	172,000
	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

2008 Rate Filing

RFC Schedule C Rebuttal

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	<b>Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1</b>		
	Location Account (1)	KWH Used Annually	KWH Rate	6% Rate increase
	70 Halsey Street	216,000	\$ 0.10	6% \$
	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	
				Total
				22,896

(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	<b>Adjusted for rebuttal. See Rebuttal Adjustments RFC Rebuttal Schedule C-1</b>	
	FY 2005 Actual	\$	46,220
	TSC Adjust	\$	67,556
	<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
	<b>Total FY 2008 Budget</b>	<b>\$ 25,000</b>
	<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	
<b><u>2200 Administration</u></b>			
Bond Principal	TSC Adjust	\$ 68	Adjustment to account for TSC rounding of revenue bond debt service
Bond Interest		\$ -	
		Total \$ 68	
<b><u>2209 Customer Service</u></b>			
		<u>Rate Year</u>	
Bond Principal		\$ -	
Bond Interest		\$ -	
		Total \$ -	
<b><u>2212 Source of Supply - Island</u></b>			
		<u>Rate Year</u>	
Bond Principal		\$ -	
Bond Interest		\$ -	
		Total \$ -	
<b><u>2213 Source of Supply - Mainland</u></b>			
		<u>Rate Year</u>	
Bond Principal		\$ 607,836	
Bond Interest		\$ 90,906	
		Total \$ 698,742	
<b><u>2222 Treatment - Newport</u></b>			
		<u>Rate Year</u>	
Bond Principal		\$ 286,553	
Bond Interest		\$ 24,637	
		Total \$ 311,190	
<b><u>2223 Treatment - Lawton Valley</u></b>			
		<u>Rate Year</u>	
Bond Principal		\$ -	
Bond Interest		\$ -	
		Total \$ -	
<b><u>2235 Water Laboratory</u></b>			
		<u>Rate Year</u>	
Bond Principal		\$ -	
Bond Interest		\$ -	
		Total \$ -	
<b><u>2241 T&amp;D Maintenance</u></b>			
		<u>Rate Year</u>	
Bond Principal		\$ -	
Bond Interest		\$ -	
		Total \$ -	
<b><u>2245 Fire Protection</u></b>			
		<u>Rate Year</u>	
Bond Principal		\$ -	
Bond Interest		\$ -	
		Total \$ -	
	TSC Adjust		
	Total Revenue Bond Debt Service	\$ 1,010,000	

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



<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)	\$ 58,601
DSA-SI - Debt Service Interest (SRF Loans)	\$ 58,048
Total	\$ 116,649

**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)	\$ 3,706
DSA-SI - Debt Service Interest (SRF Loans)	\$ 3,671
Total	\$ 7,378

**2223 Treatment - Lawton Valley**

	<u>Rate Year</u>
DSA-SP - Debt Service Principal (SRF Loan)	\$ 26,294
DSA-SI - Debt Service Interest (SRF Loan)	\$ 26,046
Total	\$ 52,340

**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)	\$ 17,399
DSA-SI - Debt Service Interest (SRF Loan)	\$ 17,235
Total	\$ 34,633

**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	\$ 106,000	TSC Adjust.
Total SRF Interest	\$ 105,000	TSC Adjust.
Total SRF Debt Service	\$ 211,000	

<b>2200 Administration</b>		
Principal	\$	68
Interest	\$	-
Total	\$	68
<b>2209 Customer Service</b>		
Principal	\$	-
Interest	\$	-
Total	\$	-
<b>2212 Source of Supply - Island</b>		
Principal	\$	58,601
Interest	\$	58,048
Total	\$	116,649
<b>2213 Source of Supply - Mainland</b>		
Principal	\$	607,836
Interest	\$	90,906
Total	\$	698,742
<b>2222 Treatment - Newport</b>		
Principal	\$	290,259
Interest	\$	28,308
Total	\$	318,568
<b>2223 Treatment - Lawton Valley</b>		
Principal	\$	26,294
Interest	\$	26,046
Total	\$	52,340
<b>2235 Water Laboratory</b>		
Principal	\$	-
Interest	\$	-
Total	\$	-
<b>2241 T&amp;D Maintenance</b>		
Principal	\$	17,399
Interest	\$	17,235
Total	\$	34,633
<b>2245 Fire Protection</b>		
Principal	\$	-
Interest	\$	-
Total	\$	-
Total Debt Service	\$	1,220,932
Check	\$	(68)

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

City of Newport, Rhode Island  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Rebuttal Adjustments

RFC Schedule C-1 Rebuttal

Sewer Charge Adjustments

Newport Plant

265	Sewer Charge		
	Sludge removal residuals treatment		
		22,466,000	gallons per TSC
		\$ 0.006	per gallon charge
		\$ 134,796	Annual charges
		\$ 3,026	CSO Charge
		\$ 137,822	

Original request	\$	134,000
Rebuttal Request	\$	137,822

Lawton Valley

265	Sewer Charge		
	Sludge removal residuals treatment		
		22,831,000	gallons per TSC
		\$ 0.006	per gallon charge
		\$ 136,986	Annual charges

Original request	\$	121,400
Rebuttal Request	\$	136,986

Electricity Adjustments

Administration

254	Contribution to Electricity Restricted Account			
	Location Account (1)	KWH Used Annually	KWH Rate per TSC	Total
	70 Halsey Street	57,000	\$ 0.100	\$ 5,700

Original request	\$	6,270
Rebuttal Request	\$	5,700

Source of Supply - Island

254	Contribution to Electricity Restricted Account			
	Location Account (1)	KWH Used Annually	KWH Rate per TSC	Total
	70 Halsey Street	272,000	\$ 0.100	\$ 27,200

Original request	\$	28,800
Rebuttal Request	\$	27,200

Source of Supply - Mainland

254	Contribution to Electricity Restricted Account			
	Location Account (1)	KWH Used Annually	KWH Rate per TSC	Total
	70 Halsey Street	648,000	\$ 0.105	\$ 68,040

Original request	\$	72,100
Rebuttal Request	\$	68,040

Newport Plant

254	Contribution to Electricity Restricted Account			
	Location Account (1)	KWH Used Annually	KWH Rate per TSC	Total
	70 Halsey Street	1,877,500	\$ 0.095	\$ 178,363

Original request	\$	189,000
Rebuttal Request	\$	178,363

City of Newport, Rhode Island  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Rebuttal Adjustments

RFC Schedule C-1 Rebuttal

Lawton Valley Plant

254 Contribution to Electricity Restricted Account

Location Account (1)	KWH Used Annually	KWH Rate per TSC	Total
70 Halsey Street	1,180,000	\$ 0.100	\$ 118,000
		Pump station	\$ 5,000
			\$ 123,000

Original request	\$ 130,000
Rebuttal Request	\$ 123,000

Transmission & Distribution

254 Contribution to Electricity Restricted Account

Location Account (1)	KWH Used Annually	KWH Rate per TSC	Total
70 Halsey Street	216,000	\$ 0.100	\$ 21,600

Original request	\$ 22,900
Rebuttal Request	\$ 21,600

Allowance for Doubtful Accounts

999 Allowance for Doubtful Accounts

Original Request	\$ 30,000
Rebuttal Request	\$ -

Debt Issuance Fees

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		\$ - per TSC
Total		\$ 139,043

Original Request	\$ 170,000
Rebuttal Request	\$ 140,000

Self Insurance

561 Self Insurance

TSC recommendation	\$ 10,000
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Original Request	\$ 25,000
Rebuttal Request	\$ 10,000

City of Newport, Rhode Island  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Rebuttal Adjustments

RFC Schedule C-1 Rebuttal

Legal & Administrative

266 Legal & Administrative

General Fund Including	FY 2007		
	Adopted	Percentage	
School & Library	\$ 74,007,978	76.82%	\$ 667,883 harbor budget
Harbor	\$ 667,883	0.69%	\$ 959,973 Beach Budget
<b>Water Fund</b>	<b>\$ 10,383,216</b>	<b>10.78%</b>	
WPC	\$ 8,633,784	8.96%	\$ 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)
<b>Total Budget</b>	<b>\$ 96,334,398</b>	<b>100.00%</b>	<b>\$ 74,007,978</b>

General Fund Including	FY 2007	
	Adopted	Percentage
School & Library less:		
Cap&DS per CW	\$ 71,818,795	78.96%
Harbor	\$ 667,883	0.73%
<b>Water Fund</b>	<b>\$ 7,197,160</b>	<b>7.91%</b>
WPC	\$ 8,633,784	9.49%
Parking	\$ 1,681,564	1.85%
Beach	\$ 959,973	1.06%
<b>Total Budget</b>	<b>\$ 90,959,159</b>	<b>100.00%</b>

Divisions/Functions to be Allocated:	Total City Budget	Reduction to Budget Allocation	Allocable Dept. Budget	Allocation to Water Fund	% Allocation to Water Fund
City Council	\$ 149,932	\$ (51,962)	\$ 97,970	\$ 10,560	10.78%
City Manager	\$ 451,350	\$ (40,000)	\$ 411,350	\$ 44,337	10.78%
City Solicitor	\$ 384,374	\$ (192,187)	\$ 192,187	\$ 20,715	10.78%
City Clerk	\$ 538,658	\$ (187,143)	\$ 351,515	\$ 37,887	10.78%
Finance Administration	\$ 347,357	\$ (173,679)	\$ 173,679	\$ 18,720	10.78%
Assessment	\$ 303,983	\$ (100,314)	\$ 203,669	\$ 16,115	7.91%
Collections	\$ 274,005	\$ -	\$ 274,005	\$ 21,681	7.91%
Administrative Services	\$ 258,420	\$ -	\$ 258,420	\$ 20,448	7.91%
Facilities Maintenance	\$ 654,108	\$ -	\$ 654,108	\$ 32,705	5%
Planning	\$ -	\$ -	\$ -	\$ -	-
	<b>\$ 3,362,187</b>	<b>\$ (745,285)</b>	<b>\$ 2,616,902</b>	<b>\$ 223,166</b>	<b>8.53%</b>

To be allocated based on Payroll checks (FYE 2006)

Human Resources	\$ 304,957	\$ 14,695	4.82%
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Based on Vendor Checks:

Accounting	\$ 359,013	\$ 46,178	12.86%
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Based on Purchase Orders

Purchasing	\$ 90,000	\$ 10,522	11.69%
<b>Total Legal &amp; Admin Costs</b>	<b>\$ 3,370,872</b>	<b>\$ 294,561</b>	

Original Request	\$ 319,648
Rebuttal Request	\$ 294,561

City of Newport, Rhode Island  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Rebuttal Adjustments

RFC Schedule C-1 Rebuttal

Data Processing

267      Data Processing

Water Fund	\$ 10,383,216	10.78%
Total Budget	\$ 96,334,398	

Total MIS Budget*	Allocation to Water Fund	% Allocation to Water Fund
\$ 1,504,412	\$ 162,150	10.78%

\* Excludes \$105,000 in MIS capital

Original Request	\$ 176,741
Rebuttal Request	\$ 162,150

Gas & Vehicle Maintenance

271      Gasoline & Vehicle Maint      Escalator per TSC      17.28%

Division	Actual FY 2006	Original Request	Rebuttal Request
Administration	\$ 2,989	\$ 3,272	\$ 3,506
Customer Service	\$ 12,348	\$ 17,497	\$ 14,482
Source of Supply-Island	\$ 25,939	\$ 29,159	\$ 30,422
Treatment-Newport	\$ 752	\$ 4,294	\$ 882
Treatment-Lawton Valley	\$ 808	\$ 1,518	\$ 948
Transmission/Distribution	\$ 57,601	\$ 70,110	\$ 67,556
	\$ 100,437	\$ 125,850	\$ 117,795



Docket No. 3818

City of Newport, Rhode Island  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Offsets to Revenue Requirements

RFC Schedule D Rebuttal

	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	\$ 171,787	\$ 305,991
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>\$ 188,772</b>	<b>\$ 441,568</b>

Docket No. 3818

City of Newport, Rhode Island  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Revenue Proof

RFC Schedule E Rebuttal

	Existing		Proposed	
	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	\$ 619,315	
Commercial	\$ 127,421	\$ 141,788	\$ 164,367	
Governmental	\$ 2,906	\$ 3,896	\$ 4,516	
Wholesale				
Navy	\$ 1,455	\$ 2,385	\$ 2,765	
Portsmouth Water & Fire District	\$ 146	\$ 159	\$ 184	
Total Billing Charge Revenues	\$ 644,651	\$ 682,468	\$ 791,148	
<u>From Water Commodity Charge</u>				
Retail				
Residential	\$ 2,677,849	\$ 3,050,096	\$ 3,537,213	
Commercial	\$ 1,725,843	\$ 1,921,692	\$ 2,228,596	
Governmental	\$ 77,803	\$ 87,012	\$ 100,908	
Metered Sundried Billed	\$ 20,260	\$ 26,298	\$ 30,498	
Subtotal Retail Commodity Revenue	\$ 4,501,755	\$ 5,085,098	\$ 5,897,215	
Wholesale				
Navy	\$ 862,303	\$ 936,999	\$ 1,085,948	
Portsmouth	\$ 830,744	\$ 926,506	\$ 1,073,820	
Subtotal Wholesale Commodity Revenue	\$ 1,693,047	\$ 1,863,505	\$ 2,159,769	
Total Revenues from Commodity Charge	\$ 6,194,802	\$ 6,948,603	\$ 8,056,984	
<u>From Fire Protection</u>				
Public Fire Protection Revenue	\$ 616,178	\$ 662,850	\$ 768,906	
Private Fire Protection Revenue	\$ 223,110	\$ 285,425	\$ 331,014	
Total Fire Protection Revenues	\$ 839,288	\$ 948,275	\$ 1,099,920	
Other Revenue	\$ 252,796	\$ 441,568	\$ 441,568	
<b>Total Revenues</b>	<b>\$ 7,931,537</b>	<b>\$ 9,020,914</b>	<b>\$ 10,389,619</b>	
<u>Total Revenue Requirements</u>				
Operating	\$ 5,630,788	\$ 6,789,774	\$ 6,789,774	
Capital	\$ 2,971,686	\$ 3,186,056	\$ 3,186,056	
Less: Water Quality Protection Funds	\$ (579,869)			
Subtotal Revenue Requirements	\$ 8,022,605	\$ 9,975,830	\$ 9,975,830	
Additional Rev Req.	\$ 137,209	\$ 407,386	\$ 407,386	
<b>Total Revenue Requirements</b>	<b>\$ 8,159,814</b>	<b>\$ 10,383,216</b>	<b>\$ 10,383,216</b>	
<b>Surplus/(Deficit) of Revenues to be Recovered from All Charges</b>				
Total Revenue Requirements	\$ 8,159,814	\$ 10,383,216	\$ 10,383,216	
Other Revenue	\$ (252,796)	\$ (441,568)	\$ (441,568)	
Net Revenue Requirements	\$ 7,907,018	\$ 9,941,648	\$ 9,941,648	
Total Revenue from Rates and Charges	\$ 7,678,741	\$ 8,579,346	\$ 9,948,051	
Revenue Surplus/(Deficit)	\$ (228,277)	\$ (1,362,302)	\$ 6,403	

**Docket No. 3818**

**City of Newport, Rhode Island  
Exhibits for Rebuttal Testimony of Harold Smith  
Water Consumption Summarized by Class**

**RFC Schedule F Rebuttal**

<b>Annual Consumption in 1000s Gallons</b>										
	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	<b>FY 2008 Rate Year</b>
<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. 3818**

**City of Newport, Rhode Island  
Exhibits for Rebuttal Testimony of Harold Smith  
Water Service Bills Summary**

**RFC Schedule G Rebuttal**

	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>

**Docket No. 3818**

**City of Newport, Rhode Island  
Exhibits for Rebuttal Testimony of Harold Smith  
Public and Private Fire Protection Accounts**

**RFC Schedule H Rebuttal**

**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>

**Total**

**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  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Preliminary Capital Plan

RFC Schedule I Rebuttal

	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  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Preliminary Capital Plan

RFC Schedule I Rebuttal

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  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Preliminary Capital Plan

RFC Schedule I Rebuttal

**Bond Repayment Schedule**

**Existing Debt Service (1)**

FY 2005 Bond Refunding (October 2004)

Principal

Interest

	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  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Preliminary Capital Plan

RFC Schedule I Rebuttal

**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
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 514,889</u>	<u>\$ 514,889</u>	<u>\$ 514,889</u>

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
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,681</u>	<u>\$ 292,681</u>

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
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,589</u>

Total Proposed Debt Service	\$ -	\$ -	\$ 514,889	\$ 807,569	\$ 1,016,159
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<b>Total Debt Service</b>	<b><u>\$ 1,120,890</u></b>	<b><u>\$ 1,304,900</u></b>	<b><u>\$ 1,904,836</u></b>	<b><u>\$ 2,144,485</u></b>	<b><u>\$ 2,086,209</u></b>
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<b>Total Capital Revenue Requirements</b>	<b><u><u>\$ 2,775,859</u></u></b>	<b><u><u>\$ 3,019,956</u></u></b>	<b><u><u>\$ 3,132,296</u></u></b>	<b><u><u>\$ 3,859,541</u></u></b>	<b><u><u>\$ 3,456,316</u></u></b>
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Docket No. 3818

City of Newport, Rhode Island  
 Exhibits for Rebuttal Testimony of Harold Smith  
 Projected Debt Service Account Balance Including Future Loans

RFC Schedule J Rebuttal

	<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	\$ 655,218	\$ 781,667	\$ 194,157	\$ (720,835)
<u>Additions</u>						
From Rates	\$ 1,431,277	\$ 1,378,764	\$ 1,221,000	\$ 1,221,000	\$ 1,221,000	\$ 1,221,000
Transfer from Repayment to City Account						
Interest Income	\$ 11,540	17,343	7,199	10,058	6,831	(3,687)
<b>Total Additions</b>	1,442,817	1,396,107	1,228,199	1,231,058	1,227,831	1,217,313
<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	-	-	1,000	353,576	594,985	714,727
SRF Loan Interest	-	-	90,818	505,209	637,286	723,348
<b>Total Deductions</b>	1,480,863	1,114,131	1,101,750	1,818,568	2,142,823	2,080,671
<b>Ending Cash Balance</b>	<b>373,242</b>	<b>655,218</b>	<b>781,667</b>	<b>194,157</b>	<b>(720,835)</b>	<b>(1,584,193)</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. 3818**

**City of Newport, Rhode Island  
Exhibits for Rebuttal Testimony of Harold Smith  
Restricted Accounts Balances**

**RFC Schedule K Rebuttal**

<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>	<b>743,585</b>	<b>1,037,218</b>	<b>798,395</b>	-	-	-
<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>	<b>293,633</b>	<b>261,178</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
<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>	<b>\$ 1,037,218</b>	<b>\$ 798,395</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**EXHIBIT A**

Delivered-To: hsmith@raftelis.com  
X-Spam-Checker-Version: SpamAssassin 3.1.3-gr0 (2006-06-01) by QuestScan  
on Thu, 29 Jun 2006 09:30:46 -0400  
X-Spam-Level:  
X-Spam-Status: No, score=0.0 required=5.1 tests=HTML\_MESSAGE  
autolearn=disabled version=3.1.3-gr0  
Subject: RE: FY 08 budget  
Date: Thu, 29 Jun 2006 09:30:44 -0400  
X-MS-Has-Attach:  
X-MS-TNEF-Correlator:  
Thread-Topic: FY 08 budget  
Thread-Index: Acabdmu9LqIUxj9vRU6A61jeqNHncgACHN8w  
From: "Forgue,Julia" <jforgue@cityofnewport.com>  
To: "Harold Smith" <hsmith@raftelis.com>

Harold,

It will take a few weeks for the FY08 budget as with the new staff we are making sure all understand the FY07 budget.

Once the bills go out in July we can provide the FY07 consumption numbers and production numbers too. At the same time we will provide the daily reads for the month of June.

Unfortunately we are pretty wet which also means our sales haven't picked up yet! Just our luck....  
Right now we have an AP of approx \$350,000, owe 8 payrolls, owe WPC for the sludge from Sta 1 for FY06, and the 3<sup>rd</sup> and 4<sup>th</sup> qtrs for Legal/Admin and Data Processing. We did pay Middletown the \$50,000 for the back taxes in accordance with the agreement and make the transfer to the restricted account which leaves us about \$10,000.

Taking into account that Helen and Ken will be working on this rate filing it may be helpful to have a conference call or meeting. I also need to see about Raftelis working without a contract. At a minimum I need some sort of letter documenting rates, this is what we have with Joe Keough....I almost hate to ask to much or I'll be asked to issue a RFP.

Julia

-----Original Message-----

**From:** Harold Smith [mailto:hsmith@raftelis.com]  
**Sent:** Thursday, June 29, 2006 8:20 AM  
**To:** Forgue,Julia; de St Jorre,Helen; Sitrin, Laura  
**Subject:** FY 08 budget

Hello,

In the interest of getting the rate filing prepared and submitted as quickly as possible, we would like to start inputting data in the model for the rate year. In order to do this, we need the following data:

- FY 08 budget with supporting information for any line items that you know are going to change significantly from FY07. Since we won't have data for the test year until later, we won't no all of the line items that have an increase that requires explanation, but I am sure that you know some of the line items that are going to show a significant increase over the test year.
- Final billed consumption numbers for FY 07 and plant production data.
- Data from daily read meters.

Thanks. I hope you are staying relatively dry.

Harold J. Smith  
Vice President  
Raftelis Financial Consultants, Inc.  
Phone: 704-373-1199 x 120  
Fax: 704-338-9937