



State of Rhode Island and Providence Plantations

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Patrick C. Lynch, Attorney General

September 10, 2008

Luly Massaro, Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Kent County Water Authority – General Rate Filing
Docket No. 3942

Dear Ms. Massaro:

Enclosed please find the Rhode Island Division of Public Utilities and Carriers Surrebuttal Testimony of Thomas S. Catlin, in the above-referenced matter. If you have any questions, please do not hesitate to contact me.

Very Truly Yours,

Leo J. Wold
Special Assistant Attorney General
(401) 274-4400 x-2218

Enclosure

cc: Service List

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1 Q. BASED ON THE AUTHORITY'S REBUTTAL TESTIMONY, WHAT
2 ISSUES REMAIN BETWEEN THE DIVISION AND KCWA WITH
3 REGARD TO KCWA'S REVENUE REQUIREMENTS?

4 A. In rebuttal testimony, KCWA has accepted several of the adjustments that I
5 recommended in my direct testimony. In addition, Mr. Woodcock has presented
6 updated and/or revised positions on sales volumes, chemical costs, transmission and
7 distribution (T&D) mains maintenance expense and purchased water costs that
8 resolve the issues that I identified in my direct testimony. As a result, only four
9 issues remain between the Division and KCWA with regard to the Authority's
10 revenue requirements. These include: IFR funding; the operating revenue allowance;
11 employee contributions to health insurance; and O&M reserve funding.

12 With regard to IFR funding, KCWA has excepted to my recommendation that
13 the allowed level of funding be increased to \$5.4 million per year instead of the \$6.0
14 million requested by KCWA. I continue to support my initial recommendation for all
15 of the reasons set forth in my direct testimony, but will not address this issue further
16 in my surrebuttal testimony.

17 KCWA has also disagreed with my recommendation that the employee health
18 insurance premiums included in rates be reduced to reflect a ten percent employee
19 contribution toward medical premiums. As with IFR funding, I continue to support
20 my initial recommendation, but will not further address this issue in my surrebuttal
21 testimony.

22 In my direct testimony, I recommended that the amount that is included in
23 rates for funding the O&M Reserve should be reduced by \$255,325 to reflect an
24 increase in the Reserve balance. This recommendation was based on the expectation
25 that KCWA would increase the level of funds in the Reserve to the level required by

1 its bond indenture for FY 2008 prior to the rate year that begins five months into FY
2 2009. In rebuttal, KCWA stated it disagreed with my adjustment, but did not provide
3 any further testimony on this issue. Accordingly, I will not address this issue further
4 other than to note that the annual funding of \$199,691 that I am recommending is
5 consistent with the funding of \$210,000 included in KCWA's FY 2009 budget.

6

7

Operating Revenue Allowance

8 Q. DO YOU WANT TO RESPOND TO MR. WOODCOCK'S REBUTTAL
9 TESTIMONY WITH REGARD TO THE APPROPRIATE OPERATING
10 REVENUE ALLOWANCE?

11 A. Yes. As Mr. Woodcock notes, my recommendation that the operating revenue
12 allowance be set at 1.5 percent of rate revenues is consistent with past Commission
13 decisions. While there have been some minor variations in the base to which the
14 percentage allowance has been applied, the only case of which I am aware that the
15 Commission approved an operating revenue allowance or operating reserve
16 allowance of greater than 1.5 percent was for the Providence Water Supply Board
17 (PWSB) in Docket No. 3832. I am also aware that in recent proceedings for The
18 Narragansett Bay Commission, the operating revenue allowance has been set at one
19 percent of non-debt service costs and personnel costs. The appropriate operating
20 revenue allowance is a matter of Commission discretion.

21 Q. DO YOU HAVE ANY COMMENTS ON MR. WOODCOCK'S PROPOSED
22 MODIFICATIONS AND CLARIFICATIONS TO THE
23 RECOMMENDATIONS THAT YOU MADE IF THE COMMISSION
24 GRANTS AN OPERATING REVENUE ALLOWANCE OF THREE
25 PERCENT OF RATE REVENUES?

1 A. Yes. Mr. Woodcock accepts my recommendation that a limit of six percent of rate
2 revenues be placed on the balance of restricted funds with the clarification that rate
3 revenues should include those that result from the pass-through of PWSB rate
4 increases. This is consistent with my intent and I agree with that clarification. I also
5 find Mr. Woodcock's procedure for reporting revenues and the level of the restricted
6 funds and addressing any excess acceptable.

7 Mr. Woodcock also proposes several clarifications and modifications to my
8 proposal that when actual revenues exceed allowed revenues by more than one
9 percent, the excess be added to the balance of the restricted operating revenue
10 allowance. First, he notes that allowed revenues used in making this determination
11 should account for pass-through increases. As noted above, this was my intent and I
12 agree with his clarification.

13 As part of my recommendation for determining excess revenues, I proposed
14 that between rate cases, the allowed revenues be indexed to account for inflation
15 based on the GDP-PI. Mr. Woodcock proposes that the CPI for the Northeast be
16 utilized instead. Because separate adjustments would not be made to individual
17 elements of the revenue requirements between rate cases, I find Mr. Woodcock's
18 proposal acceptable.

19 Finally, Mr. Woodcock argues that the one percent threshold that I proposed
20 for determining excess revenues is too small. Based on a typical variation in annual
21 sales of three to five percent, Mr. Woodcock proposes that the threshold be set at four
22 percent. That is, if actual revenues exceed allowed revenues plus four percent, the
23 excess would be added to the restricted portion of the operating revenue allowance.

1 Q. DO YOU AGREE WITH THIS LAST MODIFICATION?

2 A. No. If the Commission elects to increase the operating revenue allowance to three
3 percent of rate revenues, my purpose in proposing the threshold on excess revenues is
4 to provide a balance between what happens when revenues fall short of what is
5 allowed and what happens when they exceed what is allowed. After considering Mr.
6 Woodcock's testimony, I agree that a threshold equal to a one percent excess is too
7 small. However, considering that it has been proposed that KCWA be allowed to
8 utilize the restricted funds if revenues fall more than 1.5 percent short of the allowed
9 level, I believe an excess threshold of four percent is too high.

10 Q. WHAT IS YOUR RECOMMENDATION?

11 A. It is my recommendation that the threshold for determining excess revenues be set at
12 three percent above the allowed revenues. This is the low end of the range of
13 variations in sales identified by Mr. Woodcock. In addition, because rate year
14 revenues have been adjusted to exclude all revenues from Clariant Corporation's
15 pigment manufacturing facilities, any revenues received from those operations would
16 constitute a potential windfall to KCWA. Therefore, to the extent rate year revenues
17 are in excess of the allowed revenues, any rate year revenues from Clariant's pigment
18 manufacturing facilities should be treated as excess and added to the restricted portion
19 of the operating revenue allowance.

20

21

Rate Design

22 Q. DO YOU HAVE ANY COMMENTS WITH REGARD TO KCWA'S
23 REBUTTAL TESTIMONY ON RATE DESIGN?

24 A. In response to the concerns about the position of the Division on seasonal rates
25 expressed by Mr. Brown, I would like to clarify that the Division does not oppose

1 KCWA's seasonal rate proposal. I did not advocate adopting seasonal rates because I
2 believe that true seasonal rates cannot be properly administered with quarterly billing.
3 However, given the small differential proposed by KCWA and the Authority's stated
4 desire to make a first step toward seasonal rates, I have not objected to KCWA's
5 proposal.

6

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Summary & Recommendations

8 Q. HAVE YOU PREPARED AN UPDATED RECOMMENDATION
9 REGARDING THE AUTHORITY'S REVENUE DEFICIENCY?

10 A. Yes. As shown on my updated Schedule TSC-1, I have determined KCWA's revenue
11 deficiency to be \$3,157,863. This amount is \$1,252,455 less than the increase of
12 \$4,410,318 sought by the Authority in its rebuttal filing. Updated Schedule TSC-14
13 provides a summary of the rates necessary to generate this increase, identifies the
14 effect of the increase on various customers and provides a proof of revenue at existing
15 and proposed rates.

16 Q. DO YOU HAVE ANY ADDITIONAL COMMENTS REGARDING YOUR
17 DETERMINATION OF THE REQUIRED REVENUE INCREASE?

18 A. Yes. First, although Mr. Woodcock agreed with my recommendation regarding the
19 appropriate PUC Assessment, that change did not get incorporated into his rebuttal
20 schedules. As a result, my schedules continue to reflect an adjustment to KCWA's
21 claimed PUC assessment on Schedule TSC-11. Second, in accepting my
22 recommendation to use the GDP-PI as the inflation index for those items not
23 separately adjusted, Mr. Woodcock indicated he did not have access to the "Blue
24 Chip Economic Indicators" and asked that I update the escalation factor if necessary.
25 The August 10, 2008 "Blue Chip Economic Indicators" projects the second quarter of

1 2009 GPI-PI to be 125.0 compared to value of 125.1 from the July 10, 2008 edition
2 that I used in my direct testimony. I have not made any change to my schedules to
3 reflect this nominal reduction.

4 Q. DOES THIS COMPLETE YOUR SURREBUTTAL TESTIMONY?

5 A. Yes, it does.

6

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KENT COUNTY WATER AUTHORITY

Summary of Revenues and Expenses at
Present and Proposed Rates
Rate Year Ended October 31, 2009

	Rate Year Per KCWA Rebuttal	Division Surrebuttal Adjustments	Rate Year at Present Rates	Increase from Proposed Rates	Rate Year at Proposed Rates
Revenue					
Metered Water Sales	\$ 14,744,835	-	14,744,835	\$ -	\$ 14,744,835
Private Fire Protection	175,683	-	175,683	-	175,683
Public Fire Protection	1,106,556	-	1,106,556	-	1,106,556
Miscellaneous	347,912	-	347,912	-	347,912
Total Revenue	\$ 16,374,986	-	16,374,986	\$ 3,157,863	\$ 19,532,849
Expenses					
O&M Expense	9,295,007	(57,578)	9,237,429	-	9,237,429
Payroll Taxes	152,513	-	152,513	-	152,513
PILOT	23,123	-	23,123	-	23,123
Net Operations	\$ 9,470,643	(57,578)	9,413,065	\$ -	\$ 9,413,065
Debt Service	3,932,319	-	3,932,319	-	3,932,319
O&M Reserve	469,411	(269,720)	199,691	-	199,691
R&R Reserve	200,000	-	200,000	-	200,000
Equipment Replacement	100,000	-	100,000	-	100,000
Infrastructure Replacement	6,000,000	(600,000)	5,400,000	-	5,400,000
Net Restricted	\$ 10,701,730	(869,720)	9,832,010	\$ -	\$ 9,832,010
Total Expenses	\$ 20,172,373	(927,298)	19,245,075	\$ -	\$ 19,245,075
Operating Revenue Allowance	612,931	(325,157)	287,774	-	287,774
Total Cost of Service	\$ 20,785,304	(1,252,455)	19,532,849	\$ -	\$ 19,532,849
Revenue Surplus/(Deficiency)	\$ (4,410,318)	1,252,455	(3,157,863)	\$ 3,157,863	\$ -

KENT COUNTY WATER AUTHORITY

Summary of Division Adjustments to
 Rate Year Revenues and Expenses at Present Rates
 Rate Year Ended October 31, 2009

<u>Description</u>	<u>Amount</u>	<u>Source</u>
Reverse Adjustment for Amgen Sales Loss	\$ -	Schedule TSC-3
Water Protection Fee Revenue	-	Schedule TSC-3
Service Charge and Fire Protection Billing Units	-	Schedule TSC-4
Total Revenue Adjustments	\$ -	
Labor Costs	-	Schedule TSC-5
Health Insurance	(46,723.0)	Schedule TSC-6
Chemicals	-	Schedule TSC-7
T&D Mains Maintenance Expense	-	Schedule TSC-8
General Inflation	-	Schedule TSC-9
Purchased Water	-	Schedule TSC-10
PUC Assessment	(10,855.0)	Schedule TSC-11
O&M Reserve Funding	(269,720.0)	Schedule TSC-12
R&R Reserve Funding	-	Schedule TSC-13
Infrastructure Replacement	(600,000.0)	See Note (1)
Operating Revenue Allowance	(325,157.0)	See Note (2)
Total Expense Adjustments	\$ (1,252,455)	
Total Revenue Requirement Effect of Division Adjustments at Present Rates	<u>\$ (1,252,455)</u>	

Note:

(1) Refer to testimony.

(2) Based on 1.5% of total revenue minus miscellaneous revenue.

KENT COUNTY WATER AUTHORITY

Adjustment to Eliminate Reduced Sales to Amgen
Rate Year Ended October 31, 2009

<u>Rate Revenue</u>	
Sales Volume Reduction by KCWA (Hcf/year) (1)	-
Existing Rate for Large Meter Class	\$ 2.721
Total Adjustment to Revenue at Present Rates	\$ -
<u>Water Protection Fee Revenue</u>	
Adjustment to Non-Exempt Volumes	-
Rate per Hcf	\$ 0.01511
Adjustment to Water Protection Fee Revenue	-

Notes:

- (1) Per Woodcock Rebuttal Schedule 2, KCWA has utilized actual sales for the 12 months ended 6/30/2008 adjusted only for loss of Clariant Corporation pigment manufacturing facilities.

KENT COUNTY WATER AUTHORITY

Adjustment to Revenues to Reflect Updated
 Service Charge and Fire Protection Billing Units
 Rate Year Ended October 31, 2009

Billing Unit	Units of Service	Unit Rate	Annual Revenue
Quarterly Service Charges			
5/8" and 3/4"	22,146	\$ 8.20	\$ 726,389
1"	3,573	9.84	140,633
1.5"	320	12.92	16,538
2"	530	15.58	33,030
3"	19	19.07	1,449
4"	72	25.84	7,442
6"	76	40.82	12,409
8" & larger	61	66.87	16,316
Total	26,797		\$ 954,206
Monthly Service Charges			
5/8" and 3/4"	2	\$ 6.83	\$ 164
1"	1	7.38	89
1.5"	8	8.40	806
2"	12	9.29	1,338
3"	-	10.46	-
4"	6	12.71	915
6"	6	17.70	1,274
8" & larger	4	26.39	1,267
Total	39		\$ 5,853
Total Service Charge Revenue			\$ 960,059
Private Fire Service Charges			
4"	15	\$ 206.68	\$ 3,100
6"	104	543.92	56,568
8"	27	1,122.28	30,302
10"	1	2,000.60	2,001
12"	1	3,213.28	3,213
Hydrant	148	543.92	80,500
Total	296		\$ 175,683
Public Fire Service Charges			
Hydrants	2,336	\$ 473.56	1,106,236
Bills	13	\$ 6.15	320
			\$ 1,106,556
Total Revenue			\$ 2,242,298
Amount per KCWA Rebuttal			\$ 2,242,298
Adjustment to Revenue			\$ -

KENT COUNTY WATER AUTHORITY

Adjustment to Labor and Related Costs
Rate Year Ended October 31, 2009

Total Test Year Labor Expense (1)	\$ 1,815,388
Increase to Reflect 3.2% Increase for 2.33 Years (2)	<u>138,246</u>
Rate Year Labor Expense	\$ 1,953,634
Amount per KCWA excluding New GIS Operator (1)	<u>1,953,634</u>
Adjustment to Total Salaries and Wages	\$ -
Portion of Adjustment Capitalized (3)	<u>-</u>
Adjustment to Labor Charged to O&M	\$ -
Payroll Tax Effect at 7.65%	<u>-</u>
Total Adjustment to O&M Labor and Related Costs	<u><u>\$ -</u></u>

Notes:

- (1) Per Woodcock Rebuttal Schedule 1B.
- (2) Based on overall average increases for FY 2008 and FY 2009 per response to COMM 1-13.
- (3) Calculated based on 3.2% increase for 2.33 years in test year capitalized labor of \$24,788 less increase of \$1,888 per Woodcock Schedule 1B.

KENT COUNTY WATER AUTHORITY

Adjustment to Health Insurance Costs
 Rate Year Ended October 31, 2009

<u>Account</u>	<u>Amount per Division (1)</u>	<u>Rate Year Amount per KCWA (2)</u>	<u>Adjustment to Rate Year Expense</u>
Medical-Blue Cross	\$ 467,227	\$ 467,227	\$ -
Less: Employee Contribution @ 10%	<u>(46,723)</u>	<u>-</u>	<u>(46,723)</u>
Subtotal	\$ 420,504	\$ 467,227	\$ (46,723)
Dental-Delta Dental	<u>37,092</u>	<u>37,092</u>	<u>-</u>
Group P-65 Retirees	<u>79,333</u>	<u>79,333</u>	<u>-</u>
Total Health Insurance Expense	\$ 536,929	\$ 583,652	<u><u>\$ (46,723)</u></u>

Notes:

(1) Premium amounts per response to DIV 1-23.

(2) Per Woodcock Rebuttal Schedule 1D.

KENT COUNTY WATER AUTHORITY

Adjustment to Chemical Costs
 Rate Year Ended October 31, 2009

Year (1)	Chlorine (gal)	Tetra Potassium Pyrophosphate (gal)	Potassium Hydroxide (lbs)
FY 2005 (1)	825	-	344,482
FY 2006 (1)	625	360	366,458
FY 2007 (2)	1,085	480	546,366
FY 2008 (2)	548	240	357,874
Four Year Average (3)	771	360	403,795
Use Based on Average per MG (4)	760	368	407,495
Unit Price (4)	\$ 1.60	\$ 11.455	\$ 0.5000
Annual Chemical Cost	<u>\$ 1,216</u>	<u>\$ 4,215</u>	<u>\$ 203,748</u>
Total Cost for All Chemicals			\$ 209,179
Transportation Charges (4)			<u>3,123</u>
Total Cost			\$ 212,302
Escalation to Rate Year at 7.89% (4)			<u>16,741</u>
Rate Year Expense			\$ 229,043
Amount per KCWA (4)			<u>\$ 229,043</u>
Adjustment to Rate Year Expense			<u>\$ -</u>

Notes:

- (1) Quantities per DIV 1-15.
- (2) Quantities per DIV 2-3.
- (3) Three year average for Tetra Potassium Pyrophosphate.
- (4) Per Woodcock Rebuttal Schedule 1D.

KENT COUNTY WATER AUTHORITY

Adjustment to T & D Mains Maintenance Expense
Rate Year Ended October 31, 2009

Non-Labor Costs (1)	
FY 2005	\$ 143,211
FY 2006 (2)	240,653
FY 2007	540,436
FY 2008 (3)	258,780
Total	<u>\$ 1,183,080</u>
Four Year Average	\$ 295,770
Inflation Adjustment (3)	<u>21,104</u>
Total Per Division	<u>\$ 316,874</u>
Amount per KCWA (3)	<u>316,874</u>
Adjustment to T& D Mains Maintenance Expense	<u><u>\$ -</u></u>

Notes:

- (1) Per response to DIV 3-1.
- (2) Excludes Audit Inventory Adjustment of \$191,000.
- (3) Per Woodcock Rebuttal Schedule 1E.

KENT COUNTY WATER AUTHORITY

Adjustment for General Inflation
Rate Year Ended October 31, 2009

Costs Subject to General Inflation per KCWA (1)	\$ 1,299,193
Less: T & D Mains Maintenance Non-Labor Costs (1)	<u>540,436</u>
Costs Subject to General Inflation per Division	\$ 758,757
Inflation Factor Based on GDP-PI (2)	<u>5.50%</u>
General Inflation from Test Year to Rate Year	\$ 41,723
Amount per KCWA (2)	<u>\$ 41,723</u>
Adjustment to General Inflation Allowance	<u>\$ -</u>

Notes:

- (1) Per Woodcock Rebuttal Schedule 1.
- (2) Per Woodcock Rebuttal Schedule 1. Excludes amounts for fuel and power for pumping.

KENT COUNTY WATER AUTHORITY

Adjustment to Purchased Water Costs
Rate Year Ended October 31, 2009

Projected Loss of Test Year Sales to Clariant Corporation (1)	Hcf	N/A
Total Test Year Sales Volumes (1)	Hcf	<u>-</u>
Percentage of Sales Lost		0.000%
Net Purchased Water Volumes (2)	MG	<u>2,866.21</u>
Reduction in Purchased Volumes		-
PWSB Rate per MG		<u>\$ 1,455.77</u>
Reduction in Purchased Water Costs		<u>\$ -</u>

Note:

- (1) Effect of sales loss on purchased water volumes was reflected on Woodcock Rebuttal Schedule 1.

KENT COUNTY WATER AUTHORITY

Adjustment to PUC Assessment
Rate Year Ended October 31, 2009

FY 2008 PUC Assessment to KCWA (1)	\$ 52,680
Rate Year Assessment Based on 3.0% Increase for 1.33 Years	\$ 54,792
PUC Assessment Per Division (Rounded)	\$ 54,800
PUC Assessment per KCWA (1)	<u>65,655</u>
Adjustment to Rate Year Expense	<u>\$ (10,855)</u>

Note:

(1) Per Woodcock Rebuttal Schedule 1E.

KENT COUNTY WATER AUTHORITY

Adjustment to O&M Reserve Funding Allowance
Rate Year Ended October 31, 2009

O&M Costs (1)	\$ 9,237,429
Payroll Taxes (1)	152,513
Payment in Lieu of Taxes (1)	<u>23,123</u>
Operating Expense per Division	\$ 9,413,065
Required Reserve at 25% of Operating Expense	\$ 2,353,266
Balance as of Beginning of Rate Year (2)	<u>2,153,575</u>
Required Funding Allowance	\$ 199,691
Funding Allowance per KCWA (3)	<u>469,411</u>
Adjustment to O&M Reserve Funding Allowance	<u><u>\$ (269,720)</u></u>

Notes:

- (1) Amounts per Division as shown on Schedule TSC-1.
- (2) Per response to DIV 2-5.
- (3) Per Woodcock Rebuttal Schedule 1D.

KENT COUNTY WATER AUTHORITY

Adjustment to R&R Reserve Funding Allowance
Rate Year Ended October 31, 2009

Projected Net Utility Plant (1)	\$ 98,515,214
Required Reserve at 25% of Operating Expense	\$ 985,152
Balance as of Beginning of Rate Year (2)	<u>785,152</u>
Required Funding Allowance	\$ 200,000
Funding Allowance per KCWA (1)	<u>200,000</u>
Adjustment to R&R Reserve Funding Allowance	<u><u>\$ -</u></u>

Notes:

(1) Per Woodcock Rebuttal Schedule 1D.

(2) Per response to DIV 1-18.

KENT COUNTY WATER AUTHORITY

Comparison of Existing and Proposed Rates
 Rate Year Ending October 31, 2009

		<u>Current</u>	<u>Proposed</u>	<u>% Change</u>
<u>Metered Rates</u>				
	Small (5/8-2" meters)	\$3.790	\$4.579	20.82%
	Medium (3&4" meters)	\$3.210	\$3.902	21.56%
	Large (6" & up meters)	\$2.721	\$3.326	22.23%
<u>Service Charges</u>				
<u>Quarterly</u>				
	5/8 & 3/4	\$8.20	\$9.43	15.00%
	1	\$9.84	\$12.46	26.63%
	1 1/2	\$12.92	\$18.16	40.56%
	2	\$15.58	\$23.10	48.27%
	3	\$19.07	\$29.56	55.01%
	4	\$25.84	\$42.09	62.89%
	6	\$40.82	\$69.82	71.04%
	8 & up	\$66.87	\$118.06	76.55%
<u>Monthly</u>				
	5/8 & 3/4	\$6.83	\$6.89	0.88%
	1	\$7.38	\$7.91	7.18%
	1 1/2	\$8.40	\$9.81	16.79%
	2	\$9.29	\$11.45	23.25%
	3	\$10.46	\$13.60	30.02%
	4	\$12.71	\$17.78	39.89%
	6	\$17.70	\$27.02	52.66%
	8 & up	\$26.39	\$43.10	63.32%
<u>Fire Service (per quarter)</u>				
<u>Public</u>				
	/hydrant	\$118.39	\$127.27	7.50%
	/bill	\$6.15	\$6.15	0.00%
<u>Private (per quarter)</u>				
	4 in	\$51.67	\$51.67	0.00%
	6 in	\$135.98	\$137.22	0.91%
	8 in	\$280.57	\$286.05	1.95%
	10 in	\$500.15	\$509.93	1.96%
	12 in	\$803.32	\$820.22	2.10%
	hydrant	\$135.98	\$137.22	0.91%

KENT COUNTY WATER AUTHORITY

Typical Bill Impacts
 Rate Year Ending October 31, 2009

	METER SIZE	QUARTERLY USE - CU FT	CURRENT RATES	PROPOSED		
				NEW BILL	\$ INCREASE	% INCREASE
Small	5/8	2,000	\$84.00	\$101.01	\$17.01	20.3%
	5/8	2,500	\$102.95	\$123.91	\$20.96	20.4%
	5/8	2,730	\$111.67	\$134.44	\$22.77	20.4%
	5/8	3,500	\$140.85	\$169.70	\$28.85	20.5%
	5/8	4,000	\$159.80	\$192.59	\$32.79	20.5%
	5/8	5,000	\$197.70	\$238.38	\$40.68	20.6%
	5/8	6,000	\$235.60	\$284.17	\$48.57	20.6%
	5/8	6,666	\$260.84	\$314.67	\$53.82	20.6%
	5/8	8,000	\$311.40	\$375.75	\$64.35	20.7%
	5/8	10,000	\$387.20	\$467.33	\$80.13	20.7%
	5/8	12,000	\$463.00	\$558.91	\$95.91	20.7%
	5/8	14,000	\$538.80	\$650.49	\$111.69	20.7%
	5/8	15,000	\$576.70	\$696.28	\$119.58	20.7%
	5/8	20,000	\$766.20	\$925.23	\$159.03	20.8%
	5/8	25,000	\$955.70	\$1,154.18	\$198.48	20.8%
	1	30,000	\$1,146.84	\$1,386.16	\$239.32	20.9%
	1	40,000	\$1,525.84	\$1,844.06	\$318.22	20.9%
	1	46,666	\$1,778.48	\$2,149.30	\$370.81	20.9%
	1	75,000	\$2,852.34	\$3,446.71	\$594.37	20.8%
	2	100,000	\$3,805.58	\$4,602.10	\$796.52	20.9%
	2	200,000	\$7,595.58	\$9,181.10	\$1,585.52	20.9%
	2	300,000	\$11,385.58	\$13,760.10	\$2,374.52	20.9%
	2	400,000	\$15,175.58	\$18,339.10	\$3,163.52	20.8%
	2	600,000	\$22,755.58	\$27,497.10	\$4,741.52	20.8%
Medium	3	200,000	\$6,439.07	\$7,833.56	\$1,394.49	21.7%
	3	400,000	\$12,859.07	\$15,637.56	\$2,778.49	21.6%
	3	600,000	\$19,279.07	\$23,441.56	\$4,162.49	21.6%
	4	800,000	\$25,705.84	\$31,258.09	\$5,552.25	21.6%
	4	1,000,000	\$32,125.84	\$39,062.09	\$6,936.25	21.6%
	4	1,200,000	\$38,545.84	\$46,866.09	\$8,320.25	21.6%
Large	6	400,000	\$10,924.82	\$13,373.82	\$2,449.00	22.4%
	6	600,000	\$16,366.82	\$20,025.82	\$3,659.00	22.4%
	6	800,000	\$21,808.82	\$26,677.82	\$4,869.00	22.3%
	6	1,200,000	\$32,692.82	\$39,981.82	\$7,289.00	22.3%
	6	1,333,333	\$36,320.81	\$44,416.48	\$8,095.66	22.3%
	8	2,000,000	\$54,486.87	\$66,638.06	\$12,151.19	22.3%
	8	5,000,000	\$136,116.87	\$166,418.06	\$30,301.19	22.3%
	8	10,000,000	\$272,166.87	\$332,718.06	\$60,551.19	22.2%
	8	24,000,000	\$653,106.87	\$798,358.06	\$145,251.19	22.2%
Municipal Fire Service		300 hydrants	\$35,523.15	\$38,187.15	\$2,664.00	7.5%
Private Fire Service		6 Inch Service	\$135.98	\$137.22	\$1.24	0.9%

KENT COUNTY WATER AUTHORITY

Proof of Revenues
 Rate Year Ending October 31, 2009

<u>Service Charges:</u>	<u>Quarterly</u>	<u>Number</u>	<u>Current Rates</u>		<u>Proposed Rates</u>	
			<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>
	5/8 & 3/4	88,584	\$8.20	\$726,389	\$9.43	\$835,347
	1	14,292	\$9.84	\$140,633	\$12.46	\$178,078
	1 1/2	1,280	\$12.92	\$16,538	\$18.16	\$23,245
	2	2,120	\$15.58	\$33,030	\$23.10	\$48,972
	3	76	\$19.07	\$1,449	\$29.56	\$2,247
	4	288	\$25.84	\$7,442	\$42.09	\$12,122
	6	304	\$40.82	\$12,409	\$69.82	\$21,225
	8 & up	244	\$66.87	\$16,316	\$118.06	\$28,807
	Monthly					
	5/8 & 3/4	24	\$6.83	\$164	\$6.89	\$165
	1	12	\$7.38	\$89	\$7.91	\$95
	1 1/2	96	\$8.40	\$806	\$9.81	\$942
	2	144	\$9.29	\$1,338	\$11.45	\$1,649
	3	0	\$10.46	\$0	\$13.60	\$0
	4	72	\$12.71	\$915	\$17.78	\$1,280
	6	72	\$17.70	\$1,274	\$27.02	\$1,945
	8 & up	48	\$26.39	\$1,267	\$43.10	\$2,069
<u>Consumption Charge:</u>	<u>100/cu.ft.</u>					
	Small (5/8-2" meters)	3,340,276	\$3.79	\$12,659,645	\$4.579	\$15,295,123
	Medium (3&4" meters)	129,867	\$3.21	\$416,873	\$3.902	\$506,740
	Large (6" & up meters)	260,293	\$2.721	\$708,258	\$3.326	\$865,736
<u>Fire Protection</u>	<u>Number</u>					
	Public Hydrants	2,336	\$473.56	\$1,106,236	\$509.08	\$1,189,211
	# bills	52	\$6.15	\$320	\$6.15	\$320
	Private Fire Protection					
	4 in	15	\$206.68	\$3,100	\$206.68	\$3,100
	6 in	104	\$543.92	\$56,568	\$548.88	\$57,084
	8 in	27	\$1,122.28	\$30,302	\$1,144.20	\$30,893
	10 in	1	\$2,000.60	\$2,001	\$2,039.72	\$2,040
	12 in	1	\$3,213.28	\$3,213	\$3,280.88	\$3,281
	hydrant	148	\$543.92	\$80,500	\$548.88	\$81,234
Total Rate Revenue				\$16,027,075		\$19,192,950
Plus: Misc Revenues				\$347,912		\$347,912
Pro Forma Revenue				\$16,374,987		\$19,540,862
Required Revenue				\$19,532,849		\$19,532,849
Difference				\$(3,157,862)	\$	8,013 0.04%
Increase in Rate Revenues						\$3,165,875
Percent Increase in Total Revenues						19.33%
Percent increase in Rate Revenues						19.75%