

DIRECT TESTIMONY
OF
HAROLD J. SMITH
VICE PRESIDENT
RAFTELIS FINANCIAL CONSULTING, INC.
ON BEHALF OF THE CITY OF NEWPORT, UTILITIES DEPARTMENT,
WATER DIVISION

In re: City of Newport Utilities Department, Water Division

Docket No.

December 2008

1 **INTRODUCTION**

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

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

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

7 A. I am a Vice President of Raftelis Financial Consultants, Inc. (RFC), a consulting firm
8 specializing in the areas of water and wastewater finance and pricing. RFC was established in
9 1993 in Charlotte, North Carolina, by George A. Raftelis to provide environmental and
10 management consulting services to public and private sector clients. RFC is a national leader in
11 the development of water and wastewater rates that satisfy local government objectives.
12

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

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

- 20 • Utility Cost of Service and Rate Structure Studies
21 • Privatization Feasibility Studies
22 • Privatization Procurements
23 • Utility Financial Planning Studies
24 • Municipal Financial Planning Studies
25

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

28 A. Yes. I provided testimony in Newport's three previous rate filings (Docket Nos. 3578,
29 3675 and 3818). I also provided testimony in the Providence Water Supply Board's most
30 recent rate filing (Docket No. 3832).

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

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

5

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

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

11

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

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

21

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

23 A. The current Commodity Rates and Billing Charge are insufficient to meet Newport Water's
24 anticipated Rate Year costs associated with providing service to its customers. Newport Water is
25 in need of total revenues of \$12,754,756 before offsets to properly fund O&M and capital costs
26 related to providing service to its customers. This is an additional \$3,353,023 above the amount
27 allowed in PUC Docket No. 3818.

28

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

30 A. The proposed Rate Year is July 1, 2009 to June 30, 2010. The Test Year is July 1, 2007 to
31 June 30, 2008.

1 **CONTENT OF SCHEDULES**

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

3 A. There are eleven main schedules and four support schedules in this filing. The main
4 schedules are as follows:

5
6 **RFC Schedule 1-Summary of Revenue Requirements:** Summarizes Newport Water's FY 2010
7 revenue requirements in a format that exhibits the amounts allowed in Docket # 3818, the Test
8 Year, adjustments to develop a Normalized Test Year, Normalized Test Year and Rate Year
9 revenue requirements including adjustments that are listed separately by each account.

10
11 **RFC Schedule 2 - Summary of Revenue Requirements by Line Item:** Summary of the revenue
12 requirements allowed in Docket # 3818, the Test Year, normalizing adjustments to the Test Year,
13 a Normalized Test Year, adjustments to the Normalized Test Year and Rate Year revenue
14 requirements by expense line item.

15
16 **RFC Schedule 3 - Revenue Requirements Detail by Division:** Revenue requirements by expenses
17 line item for each of Newport Water's nine operating divisions are shown on these schedules.

18
19 **RFC Schedule 4 – Capital Improvement Plan:** This schedule lists capital projects that Newport
20 Water has implemented or expects to undertake during the period beginning with Fiscal Year
21 2008 (FY 08) and ending with Fiscal Year 2014 (FY 14). The projects are grouped by the
22 funding source that Newport has used or is proposing to use to fund the projects. In general,
23 projects are funded either with current year rate revenues or existing and/or proposed loans from
24 the Rhode Island Clean Water Finance Agency (RICWFA).

25
26 **RFC Schedule 5 – Debt Service:** This schedule displays the annual debt service payments on
27 Newport Water's existing revenue bond and RICWFA indebtedness and the estimated annual
28 debt service payments on RICWFA loans that Newport Water anticipates using to fund certain
29 projects on its capital improvement plan.

30

1 RFC Schedule 6 –Offsets to Revenue Requirements: Revenues generated from sources other
2 than Billing Charges and Commodity Rates that are used to offset the Rate Year revenue
3 requirements are included in this schedule. Also shown on this schedule is the derivation of
4 charges assessed to the City of Newport’s Water Pollution Control Department (WPC) and the
5 City of Middletown (Middletown) to recover costs associated with the collection of water
6 consumption data that is used by the WPC and Middletown for the purposes of billing customers
7 of their respective sewer systems.

8
9 RFC Schedule 7 – Calculation of Additional Revenue: This schedule shows the calculation of
10 revenues from Billing Charges, Commodity Rates and fire protection charges in the Rate Year
11 under the existing rates and compares this amount to the projected Rate Year revenue
12 requirements from Billing Charges and Commodity Charges. The difference is the amount of
13 additional revenue from Billing Charges, Commodity Rates and fire protection charges that will
14 be required to cover the net Rate Year revenue requirements. Also calculated on this schedule is
15 the percent increase to all Billing Charges, Commodity Rates, and fire protection that is required
16 in order to generate revenues sufficient to cover the utility’s costs in the Rate Year.

17
18 RFC Schedule 8 – Proposed Rates and Charges: The percentage rate increase calculated in RFC
19 Schedule 7 is applied to the existing Billing Charges, Commodity Rates and fire protection
20 charges in this schedule resulting in the proposed rates and charges for the Rate Year.

21
22 RFC Schedule 9 – Customer Bill Impacts: Comparison of bills for customers under the existing
23 rates and under the proposed Commodity Rates and Billing Charges are shown at varying
24 consumption levels. In addition, an average level of consumption is provided for each customer
25 class’s respective billing period.

26
27 RFC Schedule 10 – Revenue Proof: The actual revenue that was generated for the Test Year
28 from rates, charges, and other sources is shown along with the Rate Year revenue that is
29 projected to be generated from the projected consumption, number of bills, and fire protection
30 accounts based on existing and proposed rates and charges. Comparisons of the revenue

1 requirements for the Test Year and the two Rate Year scenarios show the surpluses and deficits
2 generated.

3
4 RFC Schedule 11 –Restricted Accounts Balances: Historical and projected activity in the
5 restricted accounts that have been used by Newport Water is tracked from FY 09 through FY
6 2013. The accounts included in this schedule are: the Debt Service Account, Repayment to City
7 Account, Capital Spending Account, Chemical Allowance Account, Electricity Account, Retiree
8 Insurance Account, Accrued Benefits Buy-out Account and the Quarterly Billing Charge
9 Revenue Account. This schedule also shows the way in which funds are transferred between the
10 Capital Spending Account and the Debt Service Account such that rate increases are minimized
11 while still ensuring that funds are available to meet debt service requirements and fund Newport
12 Water’s capital program.

13
14 The debt service requirements in the Debt Service Account schedule reflect the debt service
15 requirements for Newport Water’s existing debt and the estimated debt service on proposed
16 RICWFA loans. Newport Water anticipates that it will be required to secure additional debt in
17 the future to fully fund capital projects proposed to be implemented in FY 09 through FY 2014.
18 Newport Water is in the process of securing a previously approved \$6.35 million loan (2009 SRF
19 A) to fund repairs of the Easton Pond Dam and anticipates securing additional loans of
20 approximately \$7.1 million and \$3.6 million during FY 10. The \$7.1 million loan will be used to
21 fund City Agent and other professional services costs associated with securing a design/build
22 contract for a new water treatment plant and improvements at the Station 1 Plant. The \$3.6
23 million loan will be used to fund design and construction of distribution system improvements.
24 Additionally, Newport Water anticipates the need to secure loans of \$11.45 million, \$9.12
25 million and \$41.1 million in FY 11 and FY 12. The estimated \$11.45 million and \$41.1 million
26 loans will be used to fund the design and construction of the previously mentioned new treatment
27 plant and improvements at the Station 1 Plant. The \$9.12 million loan will be used to fund a raw
28 water main and additional distribution system improvements. It should be noted that the costs
29 associated with projects to be implemented in FY 11 through FY 14 are estimated costs and it is
30 likely that actual project costs will differ from these estimates. Similarly, Newport Water’s plans

1 to fund these projects are preliminary and may change once actual project costs and schedules
2 are determined more precisely.

3

4 The Support schedules are as follows:

5 RFC Schedule A – Water Consumption and Bills: This schedule shows historical water
6 consumption and the Rate Year projected consumption by customer class. Projected
7 consumption by the residential, commercial and governmental classes is based on the average
8 consumption by each class over the three year period beginning in FY 06 and ending in FY08.
9 Projected consumption by the Navy and PWFD is based on projections provided by
10 representatives of each wholesale customer. Also shown on this schedule is the consumption by
11 class that was used in Docket #3818.

12

13 This schedule also shows historical and Rate Year projections of the number of water accounts
14 by customer class and meter size and the number of public and private fire service connections.

15

16 RFC Schedule B – Support for Divisional Rate Year O&M Expenses: This schedule is a series of
17 nine individual sub-schedules that provide support for the projected Rate Year expenses by
18 expense line item for each of Newport Water's nine operating divisions. Additional justification
19 for specific adjustments is provided later in this testimony and in the testimony of others.

20

21 RFC Schedule C – Debt Service Detail: This schedule is a support schedule for RFC Schedule 5
22 and provides additional detail pertaining to the development of debt service projections.

23

24 RFC Schedule D – Development of Legal & Administrative and Data Processing Charge: This
25 schedule demonstrates calculation of the Legal & Administrative and Data Processing Charges
26 that the City of Newport charges to each of its enterprise funds in order to recover from these
27 funds the costs associated with services provided to the enterprise funds by departments of the
28 city's General Fund. The allocation of costs shown in this schedule is based on the methodology
29 described in the City's recently developed Cost Allocation Manual.

1 **REVENUE REQUIREMENTS**

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

3 A. The summary revenue requirements are shown in RFC Schedule 1, which shows the operation
4 and maintenance (“O&M”) costs and capital expenses for the entire Newport Water system.

5 A Test Year that is based on the actual expenses incurred by the Newport Water for the period
6 from July 1, 2007 through June 30, 2008 is shown in Schedules RFC 1, RFC 2 and RFC 3 for
7 each line item in the budget. Additionally, these schedules present a Normalized Test
8 Year which reflects known differences between the actual amounts expended in the Test Year
9 and what should have been spent in a normal year.

10 The Rate Year was developed by examining each cost line item for the Normalized Test Year
11 and making adjustments as necessary to reflect the anticipated cost to provide service during the
12 Rate Year. The adjustments to the Test Year are shown in the Rate Year Adjustments column.
13 Further details regarding these adjustments are provided in the Testimony of Julia Forgue, City
14 of Newport Utilities Director. The overall result indicates the revenue requirements that will
15 need to be recovered through rates and charges from Retail customers, the Navy and the PWFD.

16
17 **Q. With respect to the Normalized Test Year, please explain why the actual amounts**
18 **expended in the Test Year do not accurately reflect the “normal” level of expenditures by**
19 **the utility during the course of a year.**

20 A. Detailed description of the normalizing adjustments shown on RFC Schedules 1, 2 and 3 are
21 provided in the testimony of Julia Forgue, but in general there are two primary reasons for the
22 normalizing adjustments. First, many of the labor related expenses in the Test Year were lower
23 than they would be in a normal year because some positions were vacant for all, or a portion of
24 FY 08. Second, although Newport Water’s cash flow position was improved in FY 08, it was
25 still necessary to forego some maintenance expenditures in FY 08 so Newport could reduce its
26 outstanding payables. In a “normal” year, all positions approved by the Commission would be
27 filled and Newport Water would incur the maintenance expenses necessary to ensure the
28 reliability of service to its customers.

1 **REPAYMENT TO CITY RESTRICTED ACCOUNT**

2 **Q. It is apparent from RFC Schedule 1 that Newport Water is not requesting any**
3 **contributions to the Repayment To City Restricted Account in the Rate Year. Why is this?**

4 A. The restricted Repayment to City account was established in Docket 3578 to repay the City of
5 Newport two million five hundred thousand dollars (\$2,500,000). The payments to the City were
6 to be made over a five year period through annual installment payments of \$500,000. The last
7 payment to the City was made at the end of FY 08 and therefore it is no longer necessary to fund
8 this account.

9 **Q. If the last payment to the City was made at the end of FY 08, what is being done with**
10 **the \$250,000 amount that will be recovered from rates during the current fiscal year (FY**
11 **09)?**

12 A. Pursuant to the Order in Docket # 3818, the \$250,000 collected through rates for the
13 contribution to the Repayment to the City Restricted Account is being deposited into the Debt
14 Service Restricted Account thereby increasing contributions to the Debt Service Restricted
15 Account from \$980,000 per year to \$1,230,000 per year as shown on RFC Schedule 11.

16
17 **OPERATING REVENUE ALLOWANCE**

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

20 A. In Docket # 3818 Newport Water requested an operating reserve in an amount equal to 6% of
21 total O&M requirements. The purpose of these funds was to fund an operating reserve with a
22 target balance equal to 45 days of O&M expenses. This request was denied in Docket # 3818
23 and Newport Water was allowed an operating revenue allowance of only 1.5% of total revenue
24 requirements. However, Newport Water continues to maintain that the establishment and funding
25 of an operating reserve will allow it to address unforeseen expenses and continue to pay its
26 expenses in the event that water sales are less than expected.

27
28
29

1 **Q. What is the Operating Reserve Allowance that Newport Water is requesting in this**
2 **filing?**

3 A. Newport Water is requesting an Operating Reserve Allowance equal to three percent (3%) of
4 total O&M expenses.

5

6 **Q. Why is Newport Water not requesting the 6% amount that it requested in Docket #**
7 **3818?**

8 A. Newport Water is mindful of the impact that water rate increases have on its customers and
9 recognizes that it is already seeking a sizable rate increase to address rising O&M and capital
10 costs. Therefore, Newport Water is limiting its requested Operating Reserve Allowance to 3% of
11 O&M expenses in an effort to reduce the impact on its customers.

12

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

15 A. No. It is Newport Water's proposal that the Commission can impose restrictions similar to
16 those ordered in the recent Kent County Water rate case (Docket # 3942) such that Newport
17 Water will not have unlimited access to these funds.

18

19 **CAPITAL IMPROVEMENTS**

20 **Q. How is the updated capital improvement plan incorporated into the model?**

21 A. The capital revenue requirements for the Rate Year shown in RFC Schedule 4 are based on
22 the Newport Water's five year capital improvement plan (CIP) and the City's plan to fund the
23 projects identified in the CIP. The capital revenue requirements for the Rate Year consist of debt
24 service on existing and proposed long term debt of Newport Water and rate revenues or cash that
25 is being used to fund a variety of projects during the Rate Year.

26

27 **Q. Please explain the debt service components of the Rate Year capital revenue**
28 **requirements.**

29 A. Rate Year debt service consists of principal and interest payments on existing revenue bonds,
30 existing SRF loans and proposed SRF loans. The annual debt service requirements of Newport

1 Water's existing and proposed long-term debt is shown on RFC Schedule 5. The projects that
2 each loan has been, or will be, used to fund are shown on RFC Schedule 4.

3

4 **Q. Why are the loan amounts shown on RFC Schedule 4 different from those shown on**
5 **RFC Schedule 5?**

6 A. The loan amounts shown on Schedule 4 are the total of the estimated costs of the projects that
7 each loan will be used fund. The loan amounts on Schedule 5 include an additional 6 percent of
8 project costs to account for costs associated with each borrowing, including the funding of an
9 escrow account and other debt issuance costs.

10

11 **Q. How were the annual debt service requirements determined?**

12 A. For the existing revenue bonds and SRF loans the debt service is based on actual debt service
13 schedules provided by the City of Newport's Finance Department. For the proposed loans, the
14 debt service calculations assume that during construction, Newport Water will make interest-
15 only payments on the amounts that have actually been expended since the commencement of
16 construction. Once construction is complete and the project goes on-line, principal payments
17 will begin.

18

19 **Q. What assumptions have been made with regard to loan terms and interest rates for the**
20 **proposed SRF loans?**

21 A. The assumed term of the loan for all proposed SRF loans is twenty years after the completion
22 of construction. The interest rate for the proposed 2009 SRF loan is assumed to be 6.45 percent,
23 based on actual interest rate quotes provided to Newport Water by the RICWFA. For the other
24 proposed loans, an annual interest rate of 5.5 percent is being assumed.

25

26 **Q. Why is the interest rate on the 2009 SRF A loan different from the interest rate on the**
27 **other proposed loans?**

28 A. The difference is due to the fact that the 2009 SRF A loan is not being subsidized by the
29 RICWFA and is based on the current market rate for this type of loan. Interest rates for the other
30 proposed loans assume a RICWFA interest rate subsidy.

1 **Q. Please explain the cash component of the capital revenue requirements.**

2 A. The projects to be funded with rate revenues or cash are shown on the second page of RFC
3 Schedule 4. The annual expenditures need to implement these projects will be funded from
4 current year rate revenues. In the Rate Year it is anticipated that \$1,652,019 will be used to fund
5 rate funded projects.

6

7 **Q. Will the requested Rate Year capital revenue requirements be sufficient to fund all of**
8 **the projects in Newport Water's CIP?**

9 A. The requested Rate Year capital revenue requirements will be sufficient to fund the capital
10 costs, both rate funded capital and debt service, for the Rate Year, but not for the following year.
11 As shown on RFC Schedule 11 projected debt service in FY 11 is \$2,576,494 or \$503,509 more
12 than the Rate Year request for funding of the Debt Service Restricted Account. Additionally,
13 projected debt service in FY 12 is approximately \$2.1 million more than the requested funding
14 for this account.

15

16 **Q. How will Newport Water be able to meet its debt service requirements in FY 11 and**
17 **FY12?**

18 A. In the schedules submitted with its compliance filing for Docket # 3818 Newport Water
19 contemplated supplementing its Debt Service Restricted Account balance with transfers from the
20 Capital Spending Restricted Account. At the time of the compliance filing, Newport Water
21 anticipated that it would transfer \$400,000 from the Capital Spending Restricted Account to the
22 Debt Service Restricted Account in FY 09 and make additional transfers of \$600,000 in FY 10
23 and \$700,000 in FY 11. In FY 09, Newport Water has been funding these two accounts in a
24 manner that will effectuate the anticipated \$400,000 transfer by the end of the fiscal year. This
25 transfer, in conjunction with the increased funding of the Debt Service Restricted Account and
26 the Capital Spending Restricted Account that is requested in this filing, should allow for the
27 payment of projected debt service in FY 10 and FY 11 from the Debt Service Restricted Account
28 and leave sufficient funds in the Capital Spending Restricted Account to meet rate funded capital
29 needs in these two years without the need for additional transfers between these two accounts.
30 However, the requested funding of these two accounts will not provide sufficient funds for

1 Newport Water to meet its projected debt service and cash capital requirements in FY 12,
2 thereby making it clear that Newport Water will be required to seek additional rate increases
3 prior to FY 12.

4
5 **ADDITIONAL REVENUE FROM CHANGE TO QUARTERLY BILLING**

6 **Q. In the Order for Docket # 3818 the Commission directed Newport to place additional**
7 **revenues generated as a result of the change from tertiary billing to quarterly billing in a**
8 **restricted account. Could you explain how Newport has addressed this requirement?**

9 A. Newport Water established a restricted account designated as the Quarterly Billing Charge
10 Account and has been funding this account based on actual revenues collected as a result of the
11 Billing Charge on the additional bill that was sent to customers that were formerly billed three
12 times a year. As of June 30, 2008 the balance in this account was \$90,328 and it is anticipated
13 that approximately \$150,000 will be deposited into the account during the current fiscal year. As
14 shown on RFC Schedule 11, approximately \$60,000 will be used to fund the Management Study
15 that the Commission ordered and Newport Water proposes to use the remaining funds in this
16 account to pay outstanding vendor invoices. The request for Rate Year revenue requirements
17 does not anticipate funding this account in the Rate Year.

18
19 **RATE YEAR WATER SALES PROJECTIONS**

20 **Q. How were the projected Rate Year water sales determined for this filing?**

21 A. Projected Rate Year water sales are shown on RFC Schedule A. For Newport Water's retail
22 classes, Rate Year water sales projections are based on the average water sales by class for the
23 past three fiscal years (FY 06, FY07 and FY08). Water sales projections for the Navy are based
24 on Navy water purchase projections for the Rate Year provided by Mr. Larry Allen in an email
25 dated October 30, 2008. Rate Year water sales projections for PWFD are based on PWFD water
26 purchase projections provided by Mr. William McGlinn on November 10, 2008.

27
28 It should be noted that there is still some uncertainty regarding the Navy's projected Rate Year
29 demand. This uncertainty stems from the fact that portions of the Navy service area are currently
30 being provided with water that is purchased from PWFD and it is not clear whether the Navy

1 projections include this water. We have asked the Navy for clarification on this matter and have
2 not received a response as of the time this testimony was prepared. If the Navy's purchases from
3 PWFD are not included in the projections they provided it will be necessary to revise the Rate
4 Year water sales projections. Any such revision would require a change to the proposed rates for
5 this filing.

6
7 **RATE ALLOCATION**

8 **Q. In the Report and Order for Docket # 3818 Newport was directed to perform a full cost**
9 **of service study by September 1, 2009. Has Newport started the study?**

10 A. Yes, Newport has prepared a preliminary full cost of service study that allocates costs to the
11 different customer classes based on the way in which each customer class demands service.

12
13 **Q. Was the full cost of service study used in the preparation of this rate filing?**

14 A. No. The Settlement Agreement in Docket 3578 provides that Newport should perform a
15 Demand Study if it sought to charge Portsmouth with transmission, distribution and peak costs
16 associated with supply and treatment. In consultation with the interveners in Newport's rate
17 filings, Newport will be collecting additional data for this Demand Study. This data will be
18 collected from a daily meter reading program that will be implemented. This program involves
19 the daily reading of water meters for a randomly selected sample of approximately 160 of
20 Newport Water's customers during the months of May 2009 through September 2009.

21
22 As such, the Cost of Service Study and the Demand Study will be filed in the Fall of 2009. As set
23 for the in Ms. Forgue's testimony, Newport Water may have to seek a sixty (60) day extension of
24 the Commission's deadline for filing the Cost of Service Study. As such, Newport Water decided
25 to propose across the board increases that are necessary to ensure that it will have sufficient
26 revenues in the Rate Year.

27
28 **Q. How does Newport propose to allocate costs among customer classes?**

29 A. The way in which Newport Water provides service to its customers has not changed
30 significantly since Newport Water's most recent previous rate filing (Docket # 3818) Therefore,

1 it is Newport's position that the cost allocations set forth in Docket # 3818 should remain until
2 the agreed upon cost of service analysis can be completed using the additional customer demand
3 data identified above.

4
5 **Q. How are the revenue requirements allocated to each of Newport's customers?**

6 A. As shown on RFC Schedule 7, the revenues that would be generated in the Rate Year if
7 Newport Water's rates remained unchanged were determined. This amount was then compared
8 to the Rate Year net revenue requirements in order to determine the amount of additional
9 revenue that would be required to meet the Rate Year net revenue requirements. This additional
10 revenue amount is then divided by the projected revenues under existing rates to determine the
11 percent increase in revenues that will be required to meet the Rate Year net revenue
12 requirements. This analysis indicates that in order to meet the Rate Year net revenue
13 requirements, Rate Year revenues must be 28.63 percent greater than the revenues that would be
14 generated in the Rate Year under Newport Water's existing rates.

15
16 **Q. How are the rates and charges calculated?**

17 A. As shown on RFC Schedule 8, Commodity Rates for Newport Water's retail customer class,
18 PWFD, and the Navy were calculated by applying the required percent increase determined on
19 RFC Schedule 7 to the existing Commodity Charges. For the Retail Commodity Charges, the
20 result of applying the required percent increase to the existing charge was rounded up to the
21 nearest cent. For the Navy Commodity Charge the result is rounded to the nearest one hundredth
22 of a cent and for the PWFD Commodity Charge the result is rounded up to the nearest one tenth
23 of a cent. The resulting Rate Year Commodity Charges are shown on RFC Schedule 8.

24
25 Billing Charges were determined by applying the required percent increase determined on RFC
26 Schedule 7 to the existing Billing Charge. The resulting Rate Year Billing Charge is shown on
27 RFC Schedule 8.

28
29 Public and Private Fire Protection Charges were calculated by applying the required percent
30 increase determined on RFC Schedule 7 to the existing Public and Private Fire Protection

1 Charges. The calculated fire protection charges were also rounded up to the nearest cent. The
2 resulting Public and Private Fire Protection Charges for the Rate Year are shown on RFC
3 Schedule 8.

4

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

6 A. Yes, RFC Schedule 9 shows bills under existing and proposed rates and the percentage
7 impacts that are likely to occur for various volumes of consumption for each customer class. As
8 shown, all customers' bills are anticipated to increase by approximately 28 percent.

9

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

12 A. RFC Schedule 7 serves as a revenue proof to determine revenue sufficiency of the proposed
13 rates and charges. The revenues that would be generated under the existing rate structure are
14 shown for Commodity Rates, Billing Charges, and Fire Protection Charges.

15

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

18 A. Yes, as shown in RFC Schedule 10, the revenues projected to be recovered from all revenue
19 sources under the proposed rates are approximately \$8,561 greater than the total revenue
20 requirements for the Rate Year. Much of this additional \$8,561 is attributed to the rounding up
21 of the calculated charges.

22 **Q. What are the reasons for the increase in the Retail and Wholesale Commodity Charges**
23 **and the Billing Charge?**

24 A. Simply put, the increase in rates is needed because Newport Water's costs to provide service
25 to its customers is greater than the costs allowed in the previous rate case (Docket # 3818). As
26 demonstrated in RFC Schedule 7, the Rate Year revenue under existing rates would be
27 insufficient to recover expenses for the Rate Year.

28

29 The reasons for the increase in the cost for Newport Water to provide service are varied and
30 include increases in personnel costs driven by increases in salaries and the cost of insurance;

1 significant increases in the cost of electricity and chemicals; and additional funding for capital
2 projects that must be implemented such that Newport can meet more stringent water quality
3 standards and continue to provide reliable service to its customers.

4

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

6 A. Yes.

7

8

City of Newport, Rhode Island
Rhode Island Public Utilities Commission Rate Filing Docket # XXXX
Exhibits for the Testimony of Harold J. Smith



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RFC

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Debt Service Detail
Development of Legal & Administrative and Data Processing Charge

| <u>Account</u> | <u>Docket # 3818</u> | <u>FY 2008 Test Year (1)</u> | <u>Test Year Normalizing Adjustments</u> | <u>Normalized Test Year</u> | <u>Rate Year Adjustment</u> | <u>FY 2010 Rate Year (2)</u> |
|---|----------------------|----------------------------------|--|---------------------------------|---------------------------------|----------------------------------|
| Operating Revenue Requirements | | | | | | |
| Administration | \$ 1,589,812 | \$ 1,616,058 | \$ 96,185 | \$ 1,712,242 | \$ 815,158 | \$ 2,527,400 |
| Customer Service | \$ 638,982 | \$ 502,249 | \$ 138,905 | \$ 641,178 | \$ 83,672 | \$ 724,850 |
| Source of Supply - Island | \$ 567,828 | \$ 484,797 | \$ 62,753 | \$ 547,551 | \$ 86,149 | \$ 633,700 |
| Source of Supply - Mainland | \$ 103,040 | \$ 105,725 | \$ 1,994 | \$ 107,719 | \$ 38,781 | \$ 146,500 |
| Treatment - Newport Plant (Station One) | \$ 1,427,272 | \$ 1,369,315 | \$ 78,365 | \$ 1,447,680 | \$ 265,120 | \$ 1,712,800 |
| Treatment - Lawton Valley | \$ 1,237,734 | \$ 1,058,872 | \$ 127,716 | \$ 1,186,587 | \$ 463,563 | \$ 1,650,150 |
| Water Laboratory | \$ 220,400 | \$ 196,363 | \$ 4,507 | \$ 200,870 | \$ 48,580 | \$ 249,450 |
| Transmission & Distribution Maintenance | \$ 936,541 | \$ 741,996 | \$ 217,398 | \$ 959,394 | \$ 141,507 | \$ 1,100,900 |
| Fire Protection | \$ 14,000 | \$ 11,310 | \$ 2,690 | \$ 14,000 | \$ 7,000 | \$ 21,000 |
| Total Operating Requirements | \$ 6,735,609 | \$ 6,086,685 | \$ 730,514 | \$ 6,817,221 | \$ 1,949,530 | \$ 8,766,750 |
| Capital Revenue Requirements | | | | | | |
| Contribution to Debt Service Account (3) | \$ 980,000 | \$ 980,000 | \$ 250,000 | \$ 1,230,000 | \$ 842,985 | \$ 2,072,985 |
| Contribution to Repayment to City Account (4) | \$ 250,000 | \$ 250,000 | \$ (250,000) | \$ - | \$ - | \$ - |
| Contribution to Capital Spending Account (3) | \$ 1,297,182 | \$ 1,297,182 | \$ 1,297,182 | \$ 1,297,182 | \$ 354,837 | \$ 1,652,019 |
| Total Capital Requirements | \$ 2,527,182 | \$ 2,527,182 | \$ 1,297,182 | \$ 2,527,182 | \$ 1,197,822 | \$ 3,725,004 |
| SumCheck(0) | | | | | | |
| Subtotal Revenue Requirements | \$ 9,262,791 | \$ 8,613,867 | \$ 2,027,696 | \$ 9,344,403 | \$ 3,147,352 | \$ 12,491,754 |
| Additional Rev Requirements (Operating Revenue) (5) | \$ 138,942 | \$ 138,942 | | \$ 140,166 | \$ 122,836 | \$ 263,003 |
| Revenue Requirements before Offsets | \$ 9,401,733 | \$ 8,752,809 | \$ 2,027,696 | \$ 9,484,569 | \$ 3,270,188 | \$ 12,754,756 |
| Less: Revenue Offsets (6) | \$ (443,076) | \$ (540,376) | \$ - | \$ (540,376) | \$ - | \$ (708,065) |
| Net Revenue Requirements | \$ 8,958,657 | \$ 8,212,433 | \$ 2,027,696 | \$ 8,944,193 | \$ 3,102,499 | \$ 12,046,691 |
| Checksum | 0 | 0 | 0 | 0 | 0 | 0 |

- (1) Test Year covers the period from July 1, 2007 to June 30, 2008.
- (2) Rate Year is the period beginning July 1, 2009 and ending June 30, 2010.
- (3) Funding of Debt Service and Capital Spending accounts based on projected spending on debt service and rate funding of capital projects for FY 2010
- (4) This contribution is related to the \$2.5 million that was 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. The last payment was made to the City in FY 08 and no funding is requested in the Rate Year.
- (5) Used to fund operating reserve. Rate year amount equal to 3% of O&M expenses.
- (6) See RFC Schedule 6 "Offsets To Revenue Requirements" for further detail.

| | | Docket # 3818 | FY 2008 Test Year | Test Year Normalizing Adjustments | Normalized Test Year | Rate Year Adjustment | FY 2010 Rate Year |
|--|--|---------------------|----------------------|---|-------------------------|-------------------------|----------------------|
| Operating Revenue Requirements | | | | | | | |
| <u>Budget Line Item</u> | | | | | | | |
| 50 520 | Accrued Benefits Buy-Out | \$ 70,000 | \$ 104,103 | \$ - | \$ 104,103 | \$ 70,897 | \$ 175,000 |
| 50 005 | Permanent - Part Time | \$ 5,200 | \$ 5,200 | \$ - | \$ 5,200 | \$ 7,800 | \$ 13,000 |
| 50 001 | Salaries & Wages | \$ 2,093,011 | \$ 1,930,192 | \$ 174,731 | \$ 2,104,923 | \$ 282,777 | \$ 2,387,700 |
| 50 002 | Overtime | \$ 179,000 | \$ 177,664 | \$ 15,198 | \$ 192,862 | \$ 20,438 | \$ 213,300 |
| 50 003 | Holiday Pay | \$ 36,000 | \$ 31,925 | \$ 4,075 | \$ 36,000 | \$ 3,100 | \$ 39,100 |
| 50 004 | Temp Salaries | \$ 50,000 | \$ 26,465 | \$ 26,255 | \$ 52,720 | \$ 5,380 | \$ 58,100 |
| 50 044 | Standby Salaries | \$ 9,641 | \$ 12,400 | \$ - | \$ 12,400 | \$ 100 | \$ 12,500 |
| 50 056 | Injury Pay | \$ 1,200 | \$ 1,283 | \$ (1,283) | \$ - | \$ - | \$ - |
| 50 100 | Employee Benefits | \$ 1,090,200 | \$ 898,703 | \$ 139,156 | \$ 1,037,859 | \$ 215,642 | \$ 1,253,500 |
| 50 103 | Retiree Insurance Coverage | \$ 210,000 | \$ 234,929 | \$ - | \$ 234,929 | \$ 127,071 | \$ 362,000 |
| 50 105 | Workers Compensation Insurance | \$ 76,000 | \$ 87,455 | \$ - | \$ 87,455 | \$ 26,545 | \$ 114,000 |
| 50 205 | Copy & Binding | \$ 1,000 | \$ 626 | \$ 374 | \$ 1,000 | \$ - | \$ 1,000 |
| 50 207 | Advertisement | \$ 1,500 | \$ 1,110 | \$ 390 | \$ 1,500 | \$ 7,500 | \$ 9,000 |
| 50 210 | Dues & Subscriptions | \$ 2,500 | \$ 1,610 | \$ 890 | \$ 2,500 | \$ - | \$ 2,500 |
| 50 212 | Conferences and Training | \$ 20,500 | \$ 4,830 | \$ 15,670 | \$ 20,500 | \$ - | \$ 20,500 |
| 50 214 | Tuition Reimbursement | \$ 2,000 | \$ 540 | \$ 1,460 | \$ 2,000 | \$ - | \$ 2,000 |
| 50 220 | Consultant Fees | \$ 140,000 | \$ 115,054 | \$ 52,946 | \$ 168,000 | \$ 82,000 | \$ 250,000 |
| 50 225 | Contract Services (Support Services) | \$ 40,333 | \$ 20,168 | \$ 13,332 | \$ 33,522 | \$ (22) | \$ 33,500 |
| 50 238 | Postage & Delivery | \$ 30,667 | \$ 28,294 | \$ 358 | \$ 28,652 | \$ 6,648 | \$ 35,300 |
| 50 239 | Fire & Liability Insurance | \$ 93,725 | \$ 99,221 | \$ - | \$ 99,221 | \$ 15,479 | \$ 114,700 |
| 50 251 | Telephone & Communication | \$ 10,200 | \$ 4,389 | \$ - | \$ 4,389 | \$ 3,911 | \$ 8,300 |
| 50 305 | Water/Sewer | \$ 275,768 | \$ 224,364 | \$ 83,139 | \$ 307,502 | \$ 119,998 | \$ 427,500 |
| 50 306 | Contribution to Electricity Restricted Account | \$ 423,903 | \$ 402,663 | \$ - | \$ 402,663 | \$ 169,637 | \$ 572,300 |
| 50 307 | Natural Gas | \$ 72,700 | \$ 53,681 | \$ - | \$ 53,681 | \$ 6,519 | \$ 60,200 |
| 50 260 | Heavy Equipment Rental | \$ 14,660 | \$ 1,367 | \$ 9,033 | \$ 10,400 | \$ - | \$ 10,400 |
| 50 308 | Property Taxes | \$ 180,000 | \$ 175,827 | \$ - | \$ 175,827 | \$ 53,173 | \$ 229,000 |
| 50 266 | Legal & Administrative | \$ 219,177 | \$ 219,177 | \$ - | \$ 219,177 | \$ 320,323 | \$ 539,500 |
| 50 267 | Data Processing | \$ 156,368 | \$ 156,368 | \$ - | \$ 156,368 | \$ 69,632 | \$ 226,000 |
| 50 268 | Mileage Reimbursement | \$ 1,500 | \$ 953 | \$ 547 | \$ 1,500 | \$ 500 | \$ 2,000 |
| 50 271 | Gas/Vehicle Maintenance | \$ 117,796 | \$ 181,368 | \$ - | \$ 181,369 | \$ 30,731 | \$ 212,100 |
| 50 275 | Repair & Maint - Equipment | \$ 183,000 | \$ 101,462 | \$ 72,938 | \$ 174,400 | \$ 17,800 | \$ 192,200 |
| 50 277 | Reservoir Maintenance | \$ 31,000 | \$ 16,591 | \$ 14,409 | \$ 31,000 | \$ - | \$ 31,000 |
| 50 280 | Regulatory Expense | \$ 10,000 | \$ 7,414 | \$ - | \$ 7,414 | \$ 2,586 | \$ 10,000 |
| 50 281 | Regulatory Assessment | \$ 77,000 | \$ 74,686 | \$ - | \$ 74,686 | \$ 9,814 | \$ 84,500 |
| 50 276 | Repairs/Main Maintenance | \$ 79,000 | \$ 58,239 | \$ 20,761 | \$ 79,000 | \$ 5,800 | \$ 84,800 |
| 50 296 | Service Maintenance | \$ 33,500 | \$ 17,490 | \$ 16,010 | \$ 33,500 | \$ - | \$ 33,500 |
| 50 299 | Meter Maintenance | \$ 11,000 | \$ 9,483 | \$ 1,517 | \$ 11,000 | \$ - | \$ 11,000 |
| 50 311 | Operating Supplies | \$ 75,500 | \$ 54,653 | \$ 15,925 | \$ 70,578 | \$ 3,472 | \$ 74,050 |
| 50 320 | Uniforms & Protective Gear | \$ 5,600 | \$ 2,997 | \$ 2,602 | \$ 5,600 | \$ - | \$ 5,600 |
| 50 335 | Contribution to Chemical Restricted Account | \$ 504,200 | \$ 490,165 | \$ - | \$ 490,165 | \$ 249,335 | \$ 739,500 |
| 50 339 | Laboratory Supplies | \$ 16,000 | \$ 14,032 | \$ 1,968 | \$ 16,000 | \$ 2,500 | \$ 18,500 |
| 50 361 | Office Supplies | \$ 30,000 | \$ 14,119 | \$ 15,881 | \$ 30,000 | \$ - | \$ 30,000 |
| 50 380 | Customer Service Supplies | \$ 5,000 | \$ 5,250 | \$ - | \$ 5,250 | \$ 9,750 | \$ 15,000 |
| 50 505 | Self Insurance | \$ 10,000 | \$ - | \$ 10,000 | \$ 10,000 | \$ - | \$ 10,000 |
| 50 515 | Unemployment Claims | \$ 12,000 | \$ - | \$ 12,000 | \$ 12,000 | \$ - | \$ 12,000 |
| 50 175 | Annual Leave Buy-back | \$ 28,260 | \$ 18,175 | \$ 10,232 | \$ 28,406 | \$ 2,694 | \$ 31,100 |
| Total Operating Requirements | | \$ 6,735,609 | \$ 6,086,685 | \$ 730,514 | \$ 6,817,221 | \$ 1,949,530 | \$ 8,766,750 |
| Contribution to Capital Restricted Accounts | | | | | | | |
| DSA | Debt Service Account | \$ 980,000 | \$ 980,000 | \$ 250,000 | \$ 1,230,000 | \$ 842,985 | \$ 2,072,985 |
| RCA | Repayment to City Account | \$ 250,000 | \$ 250,000 | \$ (250,000) | \$ - | \$ - | \$ - |
| CRA | Capital Spending Account | \$ 1,297,182 | \$ 1,297,182 | \$ 1,297,182 | \$ 1,297,182 | \$ 354,837 | \$ 1,652,019 |
| Total Capital and Debt Service Requirements | | \$ 2,527,182 | \$ 2,527,182 | \$ 1,297,182 | \$ 2,527,182 | \$ 1,197,822 | \$ 3,725,004 |
| Subtotal Revenue Requirements | | \$ 9,262,791 | \$ 8,613,867 | \$ 2,027,696 | \$ 9,344,403 | \$ 3,147,352 | \$ 12,491,754 |
| Additional Rev. Reqts. (4) | | \$ 138,942 | \$ 138,942 | \$ - | \$ 140,166 | \$ 122,836 | \$ 263,003 |
| Total Revenue Requirements before Offsets | | \$ 9,401,733 | \$ 8,752,809 | \$ 2,027,696 | \$ 9,484,569 | \$ 3,270,188 | \$ 12,754,756 |
| Less: Revenue Offsets | | \$ (443,076) | \$ (540,376) | \$ - | \$ (540,376) | \$ - | \$ (708,065) |
| NET REVENUE REQUIREMENTS | | \$ 8,958,657 | \$ 8,212,433 | \$ 2,027,696 | \$ 8,944,193 | \$ 3,102,499 | \$ 12,046,691 |
| Checksum | | 0 | 0 | 0 | 0 | 0 | 0 |

Account Detail

Administration

| Account No. 15-500-2200 | | Docket # 3818 | FY 2008 Test Year | Test Year Normalizing Adjustments | Normalized Test Year | Rate Year Adjustment | FY 2010 Rate Year |
|-------------------------|--|---------------|----------------------|---|-------------------------|-------------------------|----------------------|
| <u>Personnel</u> | | | | | | | |
| 50 001 | Salaries & Wages | \$ 214,000 | \$ 236,016 | \$ - | \$ 236,016 | \$ 28,984 | \$ 265,000 |
| 50 044 | Standby Salaries | \$ 9,641 | \$ 12,400 | \$ - | \$ 12,400 | \$ 100 | \$ 12,500 |
| 50 520 | Accrued Benefits Buyout | \$ 70,000 | \$ 104,103 | \$ - | \$ 104,103 | \$ 70,897 | \$ 175,000 |
| 50 100 | Employee Benefits | \$ 88,000 | \$ 85,618 | \$ - | \$ 85,618 | \$ 15,382 | \$ 101,000 |
| 50 103 | Retiree Insurance Coverage | \$ 210,000 | \$ 234,929 | \$ - | \$ 234,929 | \$ 127,071 | \$ 362,000 |
| 50 105 | Workers Compensation Insurance | \$ 76,000 | \$ 87,455 | \$ - | \$ 87,455 | \$ 26,545 | \$ 114,000 |
| | Subtotal | \$ 667,641 | \$ 760,521 | \$ - | \$ 760,521 | \$ 268,979 | \$ 1,029,500 |
| <u>Other Operating</u> | | | | | | | |
| 50 207 | Advertisement | \$ 1,500 | \$ 1,110 | \$ 390 | \$ 1,500 | \$ 7,500 | \$ 9,000 |
| 50 210 | Dues & Subscriptions | \$ 2,500 | \$ 1,610 | \$ 890 | \$ 2,500 | \$ - | \$ 2,500 |
| 50 212 | Conferences and Training | \$ 2,500 | \$ 331 | \$ 2,169 | \$ 2,500 | \$ - | \$ 2,500 |
| 50 214 | Tuition Reimbursement | \$ 2,000 | \$ 540 | \$ 1,460 | \$ 2,000 | \$ - | \$ 2,000 |
| 50 220 | Consultant Fees | \$ 140,000 | \$ 115,054 | \$ 52,946 | \$ 168,000 | \$ 82,000 | \$ 250,000 |
| 50 238 | Postage & Delivery | \$ 1,000 | \$ 642 | \$ 358 | \$ 1,000 | \$ - | \$ 1,000 |
| 50 239 | Fire & Liability Insurance | \$ 80,000 | \$ 84,691 | \$ - | \$ 84,691 | \$ 1,309 | \$ 86,000 |
| 50 251 | Telephone & Communication | \$ 10,200 | \$ 4,389 | \$ - | \$ 4,389 | \$ 3,911 | \$ 8,300 |
| 50 305 | Water/Sewer | \$ 960 | \$ 981 | \$ - | \$ 981 | \$ 519 | \$ 1,500 |
| 50 306 | Contribution to Electricity Restricted Account | \$ 5,700 | \$ 6,115 | \$ - | \$ 6,115 | \$ 1,885 | \$ 8,000 |
| 50 307 | Natural Gas | \$ 8,100 | \$ 7,504 | \$ - | \$ 7,504 | \$ 496 | \$ 8,000 |
| 50 308 | Property Taxes | \$ 180,000 | \$ 175,827 | \$ - | \$ 175,827 | \$ 53,173 | \$ 229,000 |
| 50 266 | Legal & Administrative | \$ 219,177 | \$ 219,177 | \$ - | \$ 219,177 | \$ 320,323 | \$ 539,500 |
| 50 267 | Data Processing | \$ 156,368 | \$ 156,368 | \$ - | \$ 156,368 | \$ 69,632 | \$ 226,000 |
| 50 268 | Mileage Reimbursement | \$ 1,500 | \$ 953 | \$ 547 | \$ 1,500 | \$ 500 | \$ 2,000 |
| 50 271 | Gas/Vehicle Maintenance | \$ 3,506 | \$ 7,549 | \$ - | \$ 7,549 | \$ 1,451 | \$ 9,000 |
| 50 275 | Repair & Maint - Equipment | \$ 1,200 | \$ 1,656 | \$ (456) | \$ 1,200 | \$ - | \$ 1,200 |
| 50 280 | Regulatory Expense | \$ 10,000 | \$ 7,414 | \$ - | \$ 7,414 | \$ 2,586 | \$ 10,000 |
| 50 281 | Regulatory Assessment | \$ 42,000 | \$ 47,400 | \$ - | \$ 47,400 | \$ 600 | \$ 48,000 |
| 50 361 | Office Supplies | \$ 30,000 | \$ 14,119 | \$ 15,881 | \$ 30,000 | \$ - | \$ 30,000 |
| 50 505 | Self Insurance | \$ 10,000 | \$ - | \$ 10,000 | \$ 10,000 | \$ - | \$ 10,000 |
| 50 515 | Unemployment Claims | \$ 12,000 | \$ - | \$ 12,000 | \$ 12,000 | \$ - | \$ 12,000 |
| 50 175 | Annual Leave Buy-back | \$ 1,960 | \$ 2,106 | \$ - | \$ 2,106 | \$ 294 | \$ 2,400 |
| | Subtotal | \$ 922,171 | \$ 855,537 | \$ 96,185 | \$ 951,721 | \$ 546,179 | \$ 1,497,900 |
| | Total Administration Operating Requirements | \$ 1,589,812 | \$ 1,616,058 | \$ 96,185 | \$ 1,712,242 | \$ 815,158 | \$ 2,527,400 |

Customer Service

| | | Docket # 3818 | FY 2008 Test Year | Test Year Normalizing Adjustments | Normalized Test Year | Rate Year Adjustment | FY 2010 Rate Year |
|--------------------------------|--|---------------|----------------------|---|-------------------------|-------------------------|----------------------|
| Account No. 15-500-2209 | | | | | | | |
| <u>Personnel</u> | | | | | | | |
| 50 001 | Salaries & Wages | \$ 300,500 | \$ 253,759 | \$ 46,741 | \$ 300,500 | \$ 25,600 | \$ 326,100 |
| 50 002 | Overtime | \$ 8,000 | \$ 4,076 | \$ 3,924 | \$ 8,000 | \$ 16,600 | \$ 24,600 |
| 50 004 | Temp Salaries | \$ 20,000 | \$ 2,208 | \$ 17,792 | \$ 20,000 | \$ 2,800 | \$ 22,800 |
| 50 056 | Injury Pay | \$ - | \$ 602 | \$ (602) | \$ - | \$ - | \$ - |
| 50 100 | Employee Benefits | \$ 164,000 | \$ 113,678 | \$ 50,322 | \$ 164,000 | \$ 13,800 | \$ 177,800 |
| | Subtotal | \$ 492,500 | \$ 374,323 | \$ 118,177 | \$ 492,500 | \$ 58,800 | \$ 551,300 |
| <u>Other Operating</u> | | | | | | | |
| 50 205 | Copy & Binding | \$ 1,000 | \$ 626 | \$ 374 | \$ 1,000 | \$ - | \$ 1,000 |
| 50 212 | Conferences and Training | \$ 5,000 | \$ 1,045 | \$ 3,955 | \$ 5,000 | \$ - | \$ 5,000 |
| 50 225 | Contract Services (Support Services) | \$ 27,833 | \$ 14,743 | \$ 6,257 | \$ 21,022 | \$ (22) | \$ 21,000 |
| 50 238 | Postage & Delivery | \$ 29,667 | \$ 27,652 | \$ - | \$ 27,652 | \$ 6,648 | \$ 34,300 |
| 50 271 | Gasoline & Vehicle Maintenance | \$ 14,482 | \$ 25,254 | \$ - | \$ 25,254 | \$ 4,546 | \$ 29,800 |
| 50 275 | Repair & Maint - Equipment | \$ 40,000 | \$ 38,763 | \$ 1,237 | \$ 40,000 | \$ 1,500 | \$ 41,500 |
| 50 299 | Meter Maintenance | \$ 11,000 | \$ 9,483 | \$ 1,517 | \$ 11,000 | \$ - | \$ 11,000 |
| 50 311 | Operating Supplies | \$ 7,000 | \$ 2,383 | \$ 4,617 | \$ 7,000 | \$ 2,000 | \$ 9,000 |
| 50 320 | Uniforms & Protective Gear | \$ 1,000 | \$ 584 | \$ 416 | \$ 1,000 | \$ - | \$ 1,000 |
| 50 380 | Customer Service Supplies | \$ 5,000 | \$ 5,250 | \$ - | \$ 5,250 | \$ 9,750 | \$ 15,000 |
| 50 175 | Annual Leave Buy-back | \$ 4,500 | \$ 2,144 | \$ 2,356 | \$ 4,500 | \$ 450 | \$ 4,950 |
| | Subtotal | \$ 146,482 | \$ 127,926 | \$ 20,728 | \$ 148,678 | \$ 24,872 | \$ 173,550 |
| | Total Customer Accounts Operating Requirements | \$ 638,982 | \$ 502,249 | \$ 138,905 | \$ 641,178 | \$ 83,672 | \$ 724,850 |
| | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Source of Supply - Island

| | | Docket # 3818 | FY 2008 Test Year | Test Year Normalizing Adjustments | Normalized Test Year | Rate Year Adjustment | FY 2010 Rate Year |
|--------------------------------|--|---------------|----------------------|---|-------------------------|-------------------------|----------------------|
| <u>Account No. 15-500-2212</u> | | | | | | | |
| <u>Personnel</u> | | | | | | | |
| 50 001 | Salaries & Wages | \$ 243,756 | \$ 216,370 | \$ 27,386 | \$ 243,756 | \$ 20,244 | \$ 264,000 |
| 50 002 | Overtime | \$ 26,000 | \$ 28,055 | \$ - | \$ 28,055 | \$ 145 | \$ 28,200 |
| 50 004 | Temporary/Seasonal Wages | \$ 10,000 | \$ 11,537 | \$ (1,537) | \$ 10,000 | \$ - | \$ 10,000 |
| 50 056 | Injury Pay | \$ - | \$ 681 | \$ (681) | \$ - | \$ - | \$ - |
| 50 100 | Employee Benefits | \$ 144,000 | \$ 93,011 | \$ 22,080 | \$ 115,091 | \$ 22,209 | \$ 137,300 |
| 50 175 | Annual Leave Buyback | \$ 6,000 | \$ 3,871 | \$ 2,129 | \$ 6,000 | \$ 300 | \$ 6,300 |
| | Subtotal | \$ 429,756 | \$ 353,525 | \$ 49,377 | \$ 402,902 | \$ 42,898 | \$ 445,800 |
| <u>Other Operating</u> | | | | | | | |
| 50 306 | Contribution to Electricity Restricted Account | \$ 27,200 | \$ 25,233 | \$ - | \$ 25,233 | \$ 8,767 | \$ 34,000 |
| 50 271 | Gas/Vehicle Maintenance | \$ 30,422 | \$ 43,446 | \$ - | \$ 43,446 | \$ 5,154 | \$ 48,600 |
| 50 275 | Repair & Maint - Equipment | \$ 5,000 | \$ 2,830 | \$ 2,170 | \$ 5,000 | \$ 3,300 | \$ 8,300 |
| 50 277 | Reservoir Maintenance | \$ 25,000 | \$ 14,085 | \$ 10,915 | \$ 25,000 | \$ - | \$ 25,000 |
| 50 311 | Operating Supplies | \$ 3,500 | \$ 3,300 | \$ 200 | \$ 3,500 | \$ 250 | \$ 3,750 |
| 50 320 | Uniforms & Protective Gear | \$ 750 | \$ 659 | \$ 91 | \$ 750 | \$ - | \$ 750 |
| 50 335 | Contribution to Chemical Restricted Account | \$ 46,200 | \$ 41,720 | \$ - | \$ 41,720 | \$ 25,780 | \$ 67,500 |
| | Subtotal | \$ 138,072 | \$ 131,273 | \$ 13,376 | \$ 144,649 | \$ 43,251 | \$ 187,900 |
| | Total Supply-Island Operating Requirements | \$ 567,828 | \$ 484,797 | \$ 62,753 | \$ 547,551 | \$ 86,149 | \$ 633,700 |
| | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Source of Supply - Mainland

| | | Docket # 3818 | FY 2008 Test Year | Test Year Normalizing Adjustments | Normalized Test Year | Rate Year Adjustment | FY 2010 Rate Year |
|--|--|---------------|----------------------|---|-------------------------|-------------------------|----------------------|
| <u>Account No. 15-500-2213</u> | | | | | | | |
| <u>Personnel</u> | | | | | | | |
| 50 002 | Overtime | \$ 10,000 | \$ 3,758 | \$ 4,242 | \$ 8,000 | \$ - | \$ 8,000 |
| 50 005 | Permanent/Part Time | \$ 5,200 | \$ 5,200 | \$ - | \$ 5,200 | \$ 7,800 | \$ 13,000 |
| 50 004 | Temporary/Seasonal Wages | \$ 10,000 | \$ 12,720 | \$ - | \$ 12,720 | \$ 2,580 | \$ 15,300 |
| 50 100 | Employee Benefits | \$ 1,500 | \$ 1,603 | \$ - | \$ 1,603 | \$ 1,197 | \$ 2,800 |
| | Subtotal | \$ 26,700 | \$ 23,281 | \$ 4,242 | \$ 27,523 | \$ 11,577 | \$ 39,100 |
| <u>Other Operating</u> | | | | | | | |
| 50 306 | Contribution to Electricity Restricted Account | \$ 68,040 | \$ 68,896 | \$ - | \$ 68,896 | \$ 23,204 | \$ 92,100 |
| 50 275 | Repair & Maint - Equip | \$ 1,800 | \$ 10,554 | \$ (5,754) | \$ 4,800 | \$ 4,000 | \$ 8,800 |
| 50 277 | Reservoir Maintenance | \$ 6,000 | \$ 2,506 | \$ 3,494 | \$ 6,000 | \$ - | \$ 6,000 |
| 50 311 | Operating Supplies | \$ 500 | \$ 488 | \$ 12 | \$ 500 | \$ - | \$ 500 |
| | Subtotal | \$ 76,340 | \$ 82,444 | \$ (2,248) | \$ 80,196 | \$ 27,204 | \$ 107,400 |
| Total Source of Supply - Mainland Operating Requirements | | \$ 103,040 | \$ 105,725 | \$ 1,994 | \$ 107,719 | \$ 38,781 | \$ 146,500 |
| | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Treatment - Newport Plant (Station One)

| Account No. 15-500-2222 | | Docket # 3818 | FY 2008 Test Year | Test Year Normalizing Adjustments | Normalized Test Year | Rate Year Adjustment | FY 2010 Rate Year |
|--|--|---------------|----------------------|---|-------------------------|-------------------------|----------------------|
| <u>Personnel</u> | | | | | | | |
| 50 001 | Salaries & Wages | \$ 424,555 | \$ 381,325 | \$ 43,230 | \$ 424,555 | \$ 16,945 | \$ 441,500 |
| 50 002 | Overtime | \$ 50,000 | \$ 65,941 | \$ (14,441) | \$ 51,500 | \$ 6,600 | \$ 58,100 |
| 50 003 | Holiday Pay | \$ 18,000 | \$ 16,438 | \$ 1,562 | \$ 18,000 | \$ 1,100 | \$ 19,100 |
| 50 100 | Employee Benefits | \$ 222,500 | \$ 174,497 | \$ 33,484 | \$ 207,981 | \$ 32,319 | \$ 240,300 |
| 50 175 | Annual Leave Buy Back | \$ 4,500 | \$ 4,829 | \$ (329) | \$ 4,500 | \$ 450 | \$ 4,950 |
| | Subtotal | \$ 719,555 | \$ 643,030 | \$ 63,506 | \$ 706,536 | \$ 57,414 | \$ 763,950 |
| <u>Other Operating</u> | | | | | | | |
| 50 212 | Conferences & Training | \$ 5,500 | \$ 1,660 | \$ 3,840 | \$ 5,500 | \$ - | \$ 5,500 |
| 50 239 | Fire & Liability Insurance | \$ 5,500 | \$ 5,823 | \$ - | \$ 5,823 | \$ 6,877 | \$ 12,700 |
| 50 306 | Contribution to Electricity Restricted Account | \$ 178,363 | \$ 173,534 | \$ - | \$ 173,534 | \$ 65,366 | \$ 238,900 |
| 50 307 | Natural Gas | \$ 30,300 | \$ 21,750 | \$ - | \$ 21,750 | \$ 1,550 | \$ 23,300 |
| 50 260 | Heavy Equipment Rental | \$ 1,000 | \$ 479 | \$ 521 | \$ 1,000 | \$ - | \$ 1,000 |
| 50 305 | Water/Sewer | \$ 137,822 | \$ 169,535 | \$ - | \$ 169,535 | \$ 14,465 | \$ 184,000 |
| 50 271 | Gasoline & Vehicle Maintenance | \$ 882 | \$ 7,149 | \$ - | \$ 7,149 | \$ 1,151 | \$ 8,300 |
| 50 275 | Repair & Maint-Equipment | \$ 35,000 | \$ 25,852 | \$ 9,148 | \$ 35,000 | \$ - | \$ 35,000 |
| 50 311 | Operating Supplies | \$ 26,000 | \$ 26,578 | \$ - | \$ 26,578 | \$ 1,222 | \$ 27,800 |
| 50 320 | Uniforms & Protective Gear | \$ 1,350 | \$ - | \$ 1,350 | \$ 1,350 | \$ - | \$ 1,350 |
| 50 335 | Contribution to Chemical Restricted Account | \$ 286,000 | \$ 293,925 | \$ - | \$ 293,925 | \$ 117,075 | \$ 411,000 |
| | Subtotal | \$ 707,717 | \$ 726,285 | \$ 14,859 | \$ 741,144 | \$ 207,706 | \$ 948,850 |
| Treatment - Newport Plant Operating Requirements | | \$ 1,427,272 | \$ 1,369,315 | \$ 78,365 | \$ 1,447,680 | \$ 265,120 | \$ 1,712,800 |
| | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Treatment - Lawton Valley

| | | Docket # 3818 | FY 2008 Test Year | Test Year Normalizing Adjustments | Normalized Test Year | Rate Year Adjustment | FY 2010 Rate Year |
|--|--|---------------|----------------------|---|-------------------------|-------------------------|----------------------|
| Account No. 15-500-2223 | | | | | | | |
| <u>Personnel</u> | | | | | | | |
| 50 001 | Salaries & Wages | \$ 405,500 | \$ 409,527 | \$ (4,027) | \$ 405,500 | \$ 94,600 | \$ 500,100 |
| 50 002 | Overtime | \$ 30,000 | \$ 42,307 | \$ - | \$ 42,307 | \$ 93 | \$ 42,400 |
| 50 003 | Holiday Pay | \$ 18,000 | \$ 15,487 | \$ 2,513 | \$ 18,000 | \$ 2,000 | \$ 20,000 |
| 50 100 | Employee Benefits | \$ 220,000 | \$ 203,222 | \$ - | \$ 203,222 | \$ 76,278 | \$ 279,500 |
| 50 175 | Annual Leave Buy Back | \$ 3,500 | \$ 3,094 | \$ 406 | \$ 3,500 | \$ 350 | \$ 3,850 |
| | Subtotal | \$ 677,000 | \$ 673,637 | \$ (1,108) | \$ 672,529 | \$ 173,321 | \$ 845,850 |
| <u>Other Operating</u> | | | | | | | |
| 50 212 | Conferences & Training | \$ 3,500 | \$ 1,475 | \$ 2,025 | \$ 3,500 | \$ - | \$ 3,500 |
| 50 239 | Fire & Liability Insurance | \$ 6,000 | \$ 6,352 | \$ - | \$ 6,352 | \$ 7,248 | \$ 13,600 |
| 50 306 | Contribution to Electricity Restricted Account | \$ 123,000 | \$ 113,966 | \$ - | \$ 113,966 | \$ 65,834 | \$ 179,800 |
| 50 307 | Natural Gas | \$ 34,300 | \$ 24,427 | \$ - | \$ 24,427 | \$ 4,473 | \$ 28,900 |
| 50 260 | Heavy Equipment Rental | \$ 500 | \$ 213 | \$ 287 | \$ 500 | \$ - | \$ 500 |
| 50 305 | Water/Sewer | \$ 136,986 | \$ 53,847 | \$ 83,139 | \$ 136,986 | \$ 105,014 | \$ 242,000 |
| 50 271 | Gas/Vehicle Maintenance | \$ 948 | \$ 7,407 | \$ - | \$ 7,407 | \$ 1,193 | \$ 8,600 |
| 50 275 | Repair & Maintenance | \$ 55,000 | \$ 6,977 | \$ 36,423 | \$ 43,400 | \$ - | \$ 43,400 |
| 50 311 | Operating Supplies | \$ 27,500 | \$ 15,436 | \$ 6,564 | \$ 22,000 | \$ - | \$ 22,000 |
| 50 320 | Uniforms & Protective Gear | \$ 1,000 | \$ 614 | \$ 386 | \$ 1,000 | \$ - | \$ 1,000 |
| 50 335 | Contribution to Chemical Restricted Account | \$ 172,000 | \$ 154,520 | \$ - | \$ 154,520 | \$ 106,480 | \$ 261,000 |
| | Subtotal | \$ 560,734 | \$ 385,235 | \$ 128,824 | \$ 514,058 | \$ 290,242 | \$ 804,300 |
| Treatment - Lawton Valley Operating Requirements | | \$ 1,237,734 | \$ 1,058,872 | \$ 127,716 | \$ 1,186,587 | \$ 463,563 | \$ 1,650,150 |
| | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Water Laboratory

| | | Docket # 3818 | FY 2008 Test Year | Test Year Normalizing Adjustments | Normalized Test Year | Rate Year Adjustment | FY 2010 Rate Year |
|---|---------------------------------|---------------|----------------------|---|-------------------------|-------------------------|----------------------|
| <u>Account No. 15-500-2235</u> | | | | | | | |
| <u>Personnel</u> | | | | | | | |
| 50 001 | Salaries & Wages | \$ 112,700 | \$ 102,596 | \$ - | \$ 102,596 | \$ 25,104 | \$ 127,700 |
| 50 100 | Employee Benefits | \$ 53,200 | \$ 51,488 | \$ - | \$ 51,488 | \$ 11,512 | \$ 63,000 |
| 50 175 | Annual Leave Buy Back | \$ 2,500 | \$ - | \$ 2,500 | \$ 2,500 | \$ 250 | \$ 2,750 |
| | Subtotal | \$ 168,400 | \$ 154,084 | \$ 2,500 | \$ 156,584 | \$ 36,866 | \$ 193,450 |
| <u>Other Operating</u> | | | | | | | |
| 50 275 | Repair & Maint - Equipment | \$ 1,000 | \$ 961 | \$ 39 | \$ 1,000 | \$ - | \$ 1,000 |
| 50 281 | Water Lab Regulatory Assessment | \$ 35,000 | \$ 27,286 | \$ - | \$ 27,286 | \$ 9,214 | \$ 36,500 |
| 50 339 | Laboratory Supplies | \$ 16,000 | \$ 14,032 | \$ 1,968 | \$ 16,000 | \$ 2,500 | \$ 18,500 |
| | Subtotal | \$ 52,000 | \$ 42,279 | \$ 2,007 | \$ 44,286 | \$ 11,714 | \$ 56,000 |
| Total Water Laboratory Operating Requirements | | \$ 220,400 | \$ 196,363 | \$ 4,507 | \$ 200,870 | \$ 48,580 | \$ 249,450 |
| | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Transmission & Distribution Maintenance

| | | Docket # 3818 | FY 2008 Test Year | Test Year Normalizing Adjustments | Normalized Test Year | Rate Year Adjustment | FY 2010 Rate Year |
|--|--|---------------|----------------------|---|-------------------------|-------------------------|----------------------|
| Account No. 15-500-2241 | | | | | | | |
| <u>Personnel</u> | | | | | | | |
| 50 001 | Salaries & Wages | \$ 392,000 | \$ 330,599 | \$ 61,401 | \$ 392,000 | \$ 71,300 | \$ 463,300 |
| 50 002 | Overtime | \$ 55,000 | \$ 33,527 | \$ 21,473 | \$ 55,000 | \$ (3,000) | \$ 52,000 |
| 50 004 | Temp Wages | \$ 10,000 | \$ - | \$ 10,000 | \$ 10,000 | \$ - | \$ 10,000 |
| 50 056 | Injury Pay | \$ 1,200 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 50 100 | Employee Benefits | \$ 197,000 | \$ 175,586 | \$ 33,270 | \$ 208,856 | \$ 42,945 | \$ 251,800 |
| 50 175 | Annual Leave Buy Back | \$ 5,300 | \$ 2,130 | \$ 3,170 | \$ 5,300 | \$ 600 | \$ 5,900 |
| | Subtotal | \$ 660,500 | \$ 541,842 | \$ 129,314 | \$ 671,156 | \$ 111,845 | \$ 783,000 |
| <u>Other Operating</u> | | | | | | | |
| 50 212 | Conferences & Training | \$ 4,000 | \$ 319 | \$ 3,681 | \$ 4,000 | \$ - | \$ 4,000 |
| 50 225 | Contract Services | \$ 12,500 | \$ 5,425 | \$ 7,075 | \$ 12,500 | \$ - | \$ 12,500 |
| 50 239 | Fire & Liability Insurance | \$ 2,225 | \$ 2,355 | \$ - | \$ 2,355 | \$ 45 | \$ 2,400 |
| 50 306 | Contribution to Electricity Restricted Account | \$ 21,600 | \$ 14,919 | \$ - | \$ 14,919 | \$ 4,581 | \$ 19,500 |
| 50 260 | Heavy Equipment Rental | \$ 13,160 | \$ 675 | \$ 8,225 | \$ 8,900 | \$ - | \$ 8,900 |
| 50 271 | Gas/Vehicle Maintenance | \$ 67,556 | \$ 90,564 | \$ - | \$ 90,564 | \$ 17,236 | \$ 107,800 |
| 50 275 | Repair & Maint - Equipment | \$ 30,000 | \$ 2,559 | \$ 27,441 | \$ 30,000 | \$ 2,000 | \$ 32,000 |
| 50 276 | Repairs/Main Maintenance | \$ 79,000 | \$ 58,239 | \$ 20,761 | \$ 79,000 | \$ 5,800 | \$ 84,800 |
| 50 296 | Service Maintenance | \$ 33,500 | \$ 17,490 | \$ 16,010 | \$ 33,500 | \$ - | \$ 33,500 |
| 50 311 | Operating Supplies | \$ 11,000 | \$ 6,468 | \$ 4,532 | \$ 11,000 | \$ - | \$ 11,000 |
| 50 320 | Uniforms & Protective Gear | \$ 1,500 | \$ 1,141 | \$ 359 | \$ 1,500 | \$ - | \$ 1,500 |
| | Subtotal | \$ 276,041 | \$ 200,154 | \$ 88,084 | \$ 288,238 | \$ 29,662 | \$ 317,900 |
| Transmission & Distribution Operating Requirements | | \$ 936,541 | \$ 741,996 | \$ 217,398 | \$ 959,394 | \$ 141,507 | \$ 1,100,900 |
| | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

Fire Protection

| | | Docket # 3818 | FY 2008 Test Year | Test Year Normalizing Adjustments | Normalized Test Year | Rate Year Adjustment | FY 2010 Rate Year |
|--------------------------------|--|---------------|----------------------|---|-------------------------|-------------------------|----------------------|
| <u>Account No. 15-500-2245</u> | | | | | | | |
| <u>Personnel</u> | | | | | | | |
| 50 001 | Salaries & Wages | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 50 002 | Overtime | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 50 100 | Employee Benefits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | Subtotal | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <u>Other Operating</u> | | | | | | | |
| 50 275 | Repair & Maintenance - Equip. | \$ 14,000 | \$ 11,310 | \$ 2,690 | \$ 14,000 | \$ 7,000 | \$ 21,000 |
| | Subtotal | \$ 14,000 | \$ 11,310 | \$ 2,690 | \$ 14,000 | \$ 7,000 | \$ 21,000 |
| | Fire Protection Operating Requirements | \$ 14,000 | \$ 11,310 | \$ 2,690 | \$ 14,000 | \$ 7,000 | \$ 21,000 |

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Capital Improvement Plan

| | 2007-2008 | 2009 | Rate Year 2010 | 2011 | 2012 | 2013 | 2014 |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|---------------------|
| 2007 SRF A \$2,780,588 | | | | | | | |
| TRL LV Residual Management Proj- \$3M SRF | 2,761,500 | | | | | | |
| TRL \$3M borrowing costs | 19,088 | | | | | | |
| | \$ 2,780,588 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2008 SRF A \$2,144,185 | | | | | | | |
| S Intake at Gardiner Pond | 93,238 | 4,907 | | | | | |
| TRL LV Reservoir Aeration | 69,350 | 21,650 | | | | | |
| TRL LVWTP pH constr | 247,095 | 28,255 | | | | | |
| TRL LVWTP Chloramine Conversion Construction | | | 200,000 | | | | |
| TRL Lawton Valley Sed Basin Imp | 302,457 | 21,043 | | | | | |
| TRN Sta 1 pH constr | 247,095 | 28,255 | | | | | |
| TRN Sta 1 Chloramine Conversion Construction | | | 180,000 | | | | |
| TD Distribution Main Design | | 105,444 | | | | | |
| ST Finished Water Storage Tank Maintenance | 20,396 | 575,000 | | | | | |
| | \$ 979,631 | \$ 784,554 | \$ 380,000 | \$ - | \$ - | \$ - | \$ - |
| 2008 SRF B \$2,800,000 | | | | | | | |
| CS Remote Radio Read Meter System- Install | | 900,000 | 1,000,000 | 900,000 | | | |
| | \$ - | \$ 900,000 | \$ 1,000,000 | \$ 900,000 | \$ - | \$ - | \$ - |
| 2009 SRF A \$6,000,000 | | | | | | | |
| S Easton Pond Dam Imprv - North & West Embank | | 3,000,000 | 3,000,000 | | | | |
| | \$ - | \$ 3,000,000 | \$ 3,000,000 | \$ - | \$ - | \$ - | \$ - |
| 2010 SRF A \$6,725,950 | | | | | | | |
| TR City Agent for New LVWTP & Sta1 Imprv | | 866,200 | 1,846,960 | 912,790 | 500,000 | 525,000 | 550,000 |
| TR Professional Services for New Plt & Sta 1 (legal,etc) | | 350,000 | 450,000 | 350,000 | 125,000 | 125,000 | 125,000 |
| | \$ - | \$ 1,216,200 | \$ 2,296,960 | \$ 1,262,790 | \$ 625,000 | \$ 650,000 | \$ 675,000 |
| 2010 SRF B \$3,393,048 | | | | | | | |
| TD Distribution Main Improvements (System-wide) | | | 3,093,048 | 300,000 | - | - | - |
| | \$ - | \$ - | \$ 3,093,048 | \$ 300,000 | \$ - | \$ - | \$ - |
| 2011 SRF A \$10,800,000 | | | | | | | |
| TRN Station 1 - Additional Pretreatment/Clarification Train(DB/Constr) | | | | 2,500,000 | 5,806,000 | 2,494,000 | |
| | \$ - | \$ - | \$ - | \$ 2,500,000 | \$ 5,806,000 | \$ 2,494,000 | \$ - |
| 2011 SRF B \$8,600,000 | | | | | | | |
| S Main from Gardiner to Paradise | | | | 1,600,000 | | | |
| TD Distribution Main Improvements (System-wide) | | | | | 3,200,000 | 300,000 | 3,500,000 |
| | \$ - | \$ - | \$ - | \$ 1,600,000 | \$ 3,200,000 | \$ 300,000 | \$ 3,500,000 |
| 2012 SRF A \$38,739,000 | | | | | | | |
| TRL Lawton Valley WTP - New WTP (DB/Constr) | | | | | 8,910,000 | 24,405,000 | 5,424,000 |
| | \$ - | \$ - | \$ - | \$ - | \$ 8,910,000 | \$ 24,405,000 | \$ 5,424,000 |
| Total Debt Funded Capital | \$ 3,760,219 | \$ 5,000,754 | \$ 8,770,008 | \$ 3,162,790 | \$ 12,735,000 | \$ 25,355,000 | \$ 9,599,000 |

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Capital Improvement Plan

| Rate Funded Capital | Rate Year | | | | | | |
|---|---------------------|---------------------|----------------------|---------------------|----------------------|----------------------|---------------------|
| | 2007-2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| S Safe Yield Study | | 124,660 | | | | | |
| TD GIS and Hydraulic Modeling | | 200,000 | 90,000 | | | | |
| TD IRP Update- RIDOH due Jan 2010 | | | 80,000 | | | | |
| S Water Quality Protection Plan Update- RIWRB | | | 80,000 | | | | |
| S WSSMP 5 year Update- RIWRB due July 2012 | | | | 80,000 | | | |
| S Easton Pond Dam Imprv - North & West Embank | 76,481 | | | | | | |
| S Maguire Amen #11 Sediment Assess prop for NOV-CA | 1,155 | 770 | | | | | |
| S Sediment Assessment - Lawton Brook | | 25,000 | 35,000 | | | | |
| S Maguire Amend #9- assist with NOV- CA | | | 1,680 | | | | |
| S LVWTP RIPDES CA- Constructed Wetlands;Maguire Amend #12 | 9,250 | 9,250 | | | | | |
| S Constucted Wetlands/Flow Diversion | | 197,500 | | | | | |
| S Main from Gardiner to Paradise | | | 150,000 | | | | |
| S Intake at Paradise | | | | 190,000 | | | |
| S Intake at Watson & Nonquit | | | - | 250,000 | | | |
| S Intake at Sissons | | | | 50,000 | | | |
| S Demolition of Old Nonquit Pump Sta | | | 125,000 | | | | |
| S Dam and Dike Rehabilitation - Lawton Valley | | | | 100,000 | 800,000 | | |
| S Dam and Spillway Rehabilitation - Station 1 | | | | | | 250,000 | |
| TRL Lawton Valley WTP - Chloramine Conversion Design | 75,988 | 62,400 | 30,410 | | | | |
| TRL Lawton Valley Water Age Study | 23,968 | | | | | | |
| TRL LVWTP pH design | 17,188 | 1,441 | | | | | |
| TRN Station 1 - Chloramine Conversion Design | 75,988 | 62,400 | 30,410 | | | | |
| TRN Sta 1 pH design | 17,188 | 1,441 | | | | | |
| TR City Agent for New LVWTP & Sta1 Imprv | | | | | | | |
| S Ocean Ave Water project (closeout0 | 469,316 | | | | | | |
| S Distribution Main Iprov.(Sherman St) Design & Construct | | | 156,952 | | | | |
| S Meter Replacement | 59,400 | 61,776 | 64,247 | 66,817 | 69,490 | 72,269 | |
| S Forest Ave Pump Sta Imprv. | | | - | 250,000 | | | |
| CS Water Trench Restoration | 57,580 | 67,600 | 75,000 | 78,000 | 81,120 | 84,365 | |
| F Fire Hydrant Replacement | | | 17,000 | 17,000 | 18,000 | 18,000 | |
| ST LV 4 Mgal resrv Aeration- Design & Constr | 4,718 | 17,000 | 600,000 | 260,000 | | | |
| M Equipment and Vehicle Replacement | 184,056 | 93,300 | 118,000 | 160,000 | 199,000 | 92,000 | |
| M Fire Code Upgrades | | 75,000 | | | | | |
| Gross Rate Funded Capital | \$ 1,072,276 | \$ 1,001,218 | \$ 1,652,019 | \$ 1,501,817 | \$ 1,167,610 | \$ 516,634 | \$ - |
| Funding From Reserves | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Rate Funded Capital | \$ 1,072,276 | \$ 1,001,218 | \$ 1,652,019 | \$ 1,501,817 | \$ 1,167,610 | \$ 516,634 | \$ - |
| Total Capital Project Costs | \$ 4,832,495 | \$ 6,001,972 | \$ 10,422,027 | \$ 4,664,607 | \$ 13,902,610 | \$ 25,871,634 | \$ 9,599,000 |

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Debt Service

| Fiscal Year | Existing(1) | | | | | Proposed (2) | | | | | | |
|-------------|-------------------------|-----------------------|---------------------|------------------------------|----------------|---------------|---------------|--------------|------------|------------|------------|----------------|
| | 2008 SRF A Sta 1 and LV | | | | | 2009 SRF A | 2010 SRF A | 2010 SRF B | 2011 SRF A | 2011 SRF B | 2012 SRF A | Total Proposed |
| | Revenue Bonds | 2007 SRF A \$3.0M (3) | Improvements \$2.8M | 2008 SRF B Radio Read \$3.1M | Total Existing | \$6.35M | \$7.1 M (4) | \$3.6M | \$11.45M | \$9.12M | \$41.1M | |
| 2008 | 1,009,932 | 72,901 | - | - | 1,082,833 | - | - | - | - | - | - | - |
| 2009 | 959,782 | 211,318 | 43,405 | 23,347 | 1,237,853 | 216,174 | 66,891 | - | - | - | - | 283,065 |
| 2010 | 910,552 | 211,749 | 96,021 | 61,894 | 1,280,215 | 400,733 | 210,536 | 181,500 | - | - | - | 792,769 |
| 2011 | 642,596 | 211,990 | 201,409 | 210,414 | 1,266,410 | 555,697 | 271,602 | 193,155 | 173,250 | 116,380 | - | 1,310,084 |
| 2012 | 571,079 | 211,081 | 201,652 | 223,206 | 1,207,018 | 556,175 | 568,431 | 291,288 | 481,413 | 285,752 | 793,889 | 2,976,948 |
| 2013 | 388,755 | 211,034 | 201,567 | 222,797 | 1,024,154 | 556,684 | 569,239 | 291,574 | 600,412 | 739,463 | 2,207,285 | 4,964,657 |
| 2014 | - | 210,828 | 201,245 | 223,120 | 635,192 | 557,226 | 570,091 | 291,875 | 912,901 | 741,192 | 2,153,270 | 5,226,554 |
| 2015 | - | 211,441 | 201,725 | 223,220 | 636,387 | 557,802 | 570,990 | 292,193 | 914,198 | 743,015 | 3,273,953 | 6,352,151 |
| 2016 | - | 210,861 | 200,992 | 223,078 | 634,931 | 558,416 | 571,938 | 292,528 | 915,566 | 744,939 | 3,278,605 | 6,361,993 |
| 2017 | - | 184,069 | 201,038 | 222,689 | 607,796 | 559,069 | 572,938 | 292,882 | 917,010 | 746,969 | 3,283,512 | 6,372,381 |
| 2018 | - | 184,052 | 200,847 | 222,051 | 606,950 | 559,765 | 573,994 | 293,255 | 918,533 | 749,110 | 3,288,690 | 6,383,348 |
| 2019 | - | 210,815 | 200,404 | 222,133 | 633,351 | 560,505 | 575,108 | 293,649 | 920,140 | 751,369 | 3,294,152 | 6,394,924 |
| 2020 | - | 210,360 | 200,692 | 221,915 | 632,968 | 561,293 | 576,283 | 294,065 | 921,835 | 753,753 | 3,299,915 | 6,407,143 |
| 2021 | - | 210,677 | 200,698 | 222,387 | 633,761 | 562,132 | 577,522 | 294,503 | 923,624 | 756,267 | 3,305,995 | 6,420,042 |
| 2022 | - | 210,752 | 200,421 | 221,547 | 632,720 | 563,025 | 578,830 | 294,965 | 925,511 | 758,920 | 3,312,409 | 6,433,659 |
| 2023 | - | 210,583 | 199,870 | 221,404 | 631,856 | 563,976 | 580,209 | 295,453 | 927,501 | 761,718 | 3,319,176 | 6,448,033 |
| 2024 | - | 210,169 | 200,025 | 221,920 | 632,115 | 564,988 | 581,665 | 295,968 | 929,601 | 764,671 | 3,326,315 | 6,463,207 |
| 2025 | - | 210,489 | 199,870 | 221,099 | 631,459 | 566,065 | 583,200 | 296,511 | 931,817 | 767,786 | 3,333,846 | 6,479,225 |
| 2026 | - | 209,543 | 199,415 | 220,951 | 629,908 | 567,212 | 584,820 | 297,083 | 934,155 | 771,072 | 3,341,792 | 6,496,134 |
| 2027 | - | 209,336 | 199,634 | 221,430 | 630,400 | 568,432 | 586,529 | 297,688 | 936,621 | 774,539 | 3,350,175 | 6,513,984 |
| 2028 | - | 209,832 | 199,512 | 220,541 | 629,884 | 569,732 | 588,332 | 298,325 | 939,222 | 778,196 | 3,359,019 | 6,532,827 |
| 2029 | - | - | 199,043 | 220,278 | 419,321 | 571,115 | 590,235 | 298,998 | 941,967 | 782,055 | 3,368,350 | 6,552,719 |
| 2030 | - | - | 203,109 | 223,522 | 426,632 | 572,587 | 592,241 | 299,707 | 944,863 | 786,126 | 3,378,193 | 6,573,718 |
| 2031 | - | - | - | - | - | - | 594,359 | 300,456 | 947,918 | 790,421 | 3,388,578 | 6,021,732 |
| 2032 | - | - | - | - | - | - | - | - | 951,141 | 794,952 | 3,399,534 | 5,145,627 |
| 2033 | - | - | - | - | - | - | - | - | 954,541 | - | 3,411,093 | 4,365,634 |
| 2034 | - | - | - | - | - | - | - | - | - | - | 3,423,288 | 3,423,288 |
| 2035 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2036 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2037 | - | - | - | - | - | - | - | - | - | - | - | - |
| 2038 | - | - | - | - | - | - | - | - | - | - | - | - |
| | \$ 4,482,696 | \$ 4,233,879 | \$ 4,152,597 | | \$ 17,384,114 | \$ 11,868,802 | \$ 12,135,982 | \$ 6,277,622 | | | | \$ 137,695,845 |

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Offsets To Revenue Requirements

RFC Schedule 6

| | FY 2005 | FY 2006 | FY 2007 | Test Year FY 2008 | FY 2010 Rate year |
|---|------------|------------|------------|----------------------|----------------------|
| Sundry charges | \$ - | \$ 22,068 | \$ 45,816 | \$ 43,917 | \$ 140,016 |
| WPC cost share on customer service | \$ 134,204 | \$ - | \$ 268,409 | \$ 319,491 | \$ 248,294 |
| Middletown cost share on customer service | | | | | \$ 124,053 |
| Rental of Property | \$ 85,000 | \$ 109,100 | \$ 78,100 | \$ 81,075 | \$ 81,000 |
| Water Penalty | \$ 5,495 | | \$ 20,978 | \$ 23,511 | \$ 42,320 |
| Miscellaneous | \$ 3,120 | | \$ 18,953 | \$ 7,515 | \$ 7,515 |
| Investment Interest Income | \$ - | \$ 80,108 | \$ 56,924 | \$ 39,191 | \$ 39,191 |
| Water Quality Protection Fees | \$ 24,977 | \$ 41,200 | \$ 23,646 | \$ 25,676 | \$ 25,676 |
| Total Offsets to Revenue Requirements | \$ 252,796 | \$ 252,476 | \$ 512,826 | \$ 540,376 | \$ 708,065 |

Determination of Charges to Water Pollution Control and Middletown Sewer

Customer Service Expenses

O&M
 Debt Service on Loan for Radio Read

Customer Service expenses 50%

| | | |
|----------------------------|-------|-----|
| Charge to WPC | 9245 | 64% |
| Charge to Middletown Sewer | 4619 | 32% |
| Water Customers | 14442 | 96% |

| FY 2010 | FY 2011 | FY 2012 | FY 2013 |
|------------|------------|------------|------------|
| \$ 724,850 | \$ 724,850 | \$ 724,850 | \$ 724,850 |
| \$ 50,891 | \$ 106,747 | \$ 106,875 | \$ 106,831 |
| \$ 775,741 | \$ 831,597 | \$ 831,725 | \$ 831,681 |
| \$ 387,870 | \$ 415,798 | \$ 415,863 | \$ 415,840 |
| \$ 248,294 | \$ 266,172 | \$ 266,213 | \$ 266,199 |
| \$ 124,053 | \$ 132,985 | \$ 133,006 | \$ 132,999 |

There are 14,442 water customers as of 09/03/08

Of these, 9,245 are also Newport Sewer customers and 4,619 are Middletown customers that we supply Middletown with usage data on. Accordingly, Newport Sewer should split the customer service costs on 62.42% of the water bills and Middletown should split the costs on 31.19% of the water bills

Docket No. XXXX

**City of Newport, Rhode Island
FY 2010 Rate Filing
Calculation of Additional Revenue**

RFC Schedule 7

Billing Charge Revenues

| Type of Charge | Current Charge | FY 2008 Number of Bills | Rate Year Revenues Under Existing Charges |
|---|----------------|----------------------------|---|
| Billing Charge | \$ 13.25 | 63,880 | \$ 846,410 |
| Total Revenues From Billing Charge Under Existing Rates | | | \$ 846,410 |

Commodity Charge Revenues

| Customer Class | Current Rate | FY 2008 Consumption (1,000 gals) | Rate Year Revenues Under Existing Rates |
|---|-----------------|--|---|
| Retail | \$ 4.54 | 1,240,400 | \$ 5,631,414 |
| Navy | \$ 2.7950 | 288,013 | \$ 804,996 |
| Portsmouth | \$ 2.227 | 446,500 | \$ 994,356 |
| Total Revenues From Commodity Charge Under Existing Rates | | | \$ 7,430,766 |

Fire Protection Revenues

| Type of Charge | Current Charge | FY 2008 Number of Bills | Rate Year Revenues Under Existing Charges |
|--|----------------|----------------------------|---|
| Fire Protection Charges (Public) | \$ 752.00 | 999 | \$ 751,248 |
| Total Revenues From Public Fire Protection Charge Under Existing Rates | | | \$ 751,248 |

Fire Protection Charges (Private)

| | | | |
|---|-------------|-----|------------|
| less than 2" | \$ 14.76 | 0 | \$ - |
| 2" | \$ 62.00 | 1 | \$ 62 |
| 4" | \$ 382.00 | 57 | \$ 21,774 |
| 6" | \$ 765.00 | 246 | \$ 188,190 |
| 8" | \$ 1,751.00 | 62 | \$ 108,562 |
| 10" | \$ 2,891.00 | 0 | \$ - |
| 12" | \$ 4,642.00 | 2 | \$ 9,284 |
| Total Revenues from Private Fire Protection Charge Under Existing Charges | | | \$ 327,872 |

Total Rate Year Revenues from Existing Rates and Charges \$ 9,356,296

FY 2008 Net Revenue Requirements \$ 12,046,691

Additional Revenue Needed \$ 2,690,396

Docket No. XXXX

% Revenue Increase Required 28.75%

Docket No. XXXX

**City of Newport, Rhode Island
FY 2010 Rate Filing
Proposed Rates and Charges**

RFC Schedule 8

| Rates and Charges | Current Rates | % Increase Required | Proposed FY 2010 |
|--------------------------------------|---------------|---------------------|------------------|
| Billing Charge (per bill) | | | |
| Quarterly | \$ 13.25 | 28.7549% | \$ 17.07 |
| Monthly | \$ 13.25 | 28.7549% | \$ 17.07 |
| Commodity Charge (per 1,000 gallons) | | | |
| Retail | | | |
| Residential | \$ 4.54 | 28.7549% | \$ 5.85 |
| Commercial | \$ 4.54 | 28.7549% | \$ 5.85 |
| Governmental | \$ 4.54 | 28.7549% | \$ 5.85 |
| Wholesale | | | |
| Navy | \$ 2.7950 | 28.7549% | \$ 3.5990 |
| Portsmouth Water & Fire District | \$ 2.2270 | 28.7549% | \$ 2.868 |
| Fire Protection | | | |
| Public (per hydrant) | \$ 752.00 | 28.7549% | \$ 969.00 |
| Private (Connection Size) | | | |
| Less than 2" | \$ 14.76 | 28.7549% | \$ 19.01 |
| 2" | \$ 62.00 | 28.7549% | \$ 80.00 |
| 4" | \$ 382.00 | 28.7549% | \$ 492.00 |
| 6" | \$ 765.00 | 28.7549% | \$ 985.00 |
| 8" | \$ 1,751.00 | 28.7549% | \$ 2,255.00 |
| 10" | \$ 2,891.00 | 28.7549% | \$ 3,723.00 |
| 12" | \$ 4,642.00 | 28.7549% | \$ 5,977.00 |

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Customer Impacts

RFC Schedule 9

| Customer Class | Monthly Consumption (gallons) | Bill at Current Rates | Proposed | | |
|-------------------------------|-------------------------------|-----------------------|------------------------|-------------|------------|
| | | | Bill at Proposed Rates | \$ Increase | % Increase |
| Residential (Monthly) | | | | | |
| | 1,000 | \$17.79 | \$22.92 | \$5.13 | 28.8% |
| | 2,000 | \$22.33 | \$28.77 | \$6.44 | 28.8% |
| | 4,000 | \$31.41 | \$40.47 | \$9.06 | 28.8% |
| Avg. Monthly Bill | 5,000 | \$35.95 | \$46.32 | \$10.37 | 28.8% |
| | 7,500 | \$47.30 | \$60.95 | \$13.65 | 28.8% |
| | 10,000 | \$58.65 | \$75.57 | \$16.92 | 28.8% |
| | 15,000 | \$81.35 | \$104.82 | \$23.47 | 28.9% |
| | 20,000 | \$104.05 | \$134.07 | \$30.02 | 28.9% |
| | 25,000 | \$126.75 | \$163.32 | \$36.57 | 28.9% |
| | 30,000 | \$149.45 | \$192.57 | \$43.12 | 28.9% |
| Residential(Quarterly) | | | | | |
| | 4,000 | \$31.41 | \$40.47 | \$9.06 | 28.8% |
| | 8,000 | \$49.57 | \$63.87 | \$14.30 | 28.8% |
| Avg. Quarterly Bill | 14,800 | \$80.44 | \$103.65 | \$23.21 | 28.9% |
| | 20,000 | \$104.05 | \$134.07 | \$30.02 | 28.9% |
| | 30,000 | \$149.45 | \$192.57 | \$43.12 | 28.9% |
| | 40,000 | \$194.85 | \$251.07 | \$56.22 | 28.9% |
| | 60,000 | \$285.65 | \$368.07 | \$82.42 | 28.9% |
| | 80,000 | \$376.45 | \$485.07 | \$108.62 | 28.9% |
| | 100,000 | \$467.25 | \$602.07 | \$134.82 | 28.9% |
| | 120,000 | \$558.05 | \$719.07 | \$161.02 | 28.9% |

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Customer Impacts

RFC Schedule 9

| Customer Class | Monthly Consumption (gallons) | Bill at Current Rates | Proposed | | |
|-----------------------------|-------------------------------|-----------------------|------------------------|-------------|------------|
| | | | Bill at Proposed Rates | \$ Increase | % Increase |
| Commercial (Monthly) | 2,000 | \$22.33 | \$28.77 | \$6.44 | 28.8% |
| | 5,000 | \$35.95 | \$46.32 | \$10.37 | 28.8% |
| | 10,000 | \$58.65 | \$75.57 | \$16.92 | 28.8% |
| | 20,000 | \$104.05 | \$134.07 | \$30.02 | 28.9% |
| | Avg. Monthly Bill | \$149.45 | \$192.57 | \$43.12 | 28.9% |
| | 40,000 | \$194.85 | \$251.07 | \$56.22 | 28.9% |
| | 50,000 | \$240.25 | \$309.57 | \$69.32 | 28.9% |
| | 75,000 | \$353.75 | \$455.82 | \$102.07 | 28.9% |
| | 100,000 | \$467.25 | \$602.07 | \$134.82 | 28.9% |

Governmental (Monthly)

| | | | | | |
|-------------------|---------|----------|----------|----------|-------|
| Avg. Monthly Bill | 2,000 | \$22.33 | \$28.77 | \$6.44 | 28.8% |
| | 5,000 | \$35.95 | \$46.32 | \$10.37 | 28.8% |
| | 10,000 | \$58.65 | \$75.57 | \$16.92 | 28.8% |
| | 20,000 | \$104.05 | \$134.07 | \$30.02 | 28.9% |
| | 22,000 | \$113.13 | \$145.77 | \$32.64 | 28.9% |
| | 35,000 | \$172.15 | \$221.82 | \$49.67 | 28.9% |
| | 50,000 | \$240.25 | \$309.57 | \$69.32 | 28.9% |
| | 75,000 | \$353.75 | \$455.82 | \$102.07 | 28.9% |
| | 100,000 | \$467.25 | \$602.07 | \$134.82 | 28.9% |

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Customer Impacts

RFC Schedule 9

| Customer Class | Monthly Consumption (gallons) | Bill at Current Rates | Proposed | | |
|-----------------------------|-------------------------------|-----------------------|------------------------|-------------|------------|
| | | | Bill at Proposed Rates | \$ Increase | % Increase |
| Portsmouth (Monthly) | | | | | |
| | 10,000,000 | \$22,283.25 | \$28,697.07 | \$6,413.82 | 28.8% |
| | 20,000,000 | \$44,553.25 | \$57,377.07 | \$12,823.82 | 28.8% |
| Avg. Monthly Bill | 38,000,000 | \$84,639.25 | \$109,001.07 | \$24,361.82 | 28.8% |
| | 50,000,000 | \$111,363.25 | \$143,417.07 | \$32,053.82 | 28.8% |
| | 75,000,000 | \$167,038.25 | \$215,117.07 | \$48,078.82 | 28.8% |
| | 100,000,000 | \$222,713.25 | \$286,817.07 | \$64,103.82 | 28.8% |
| | 150,000,000 | \$334,063.25 | \$430,217.07 | \$96,153.82 | 28.8% |
| Navy (Monthly) | | | | | |
| | 500,000 | \$1,410.75 | \$1,816.57 | \$405.82 | 28.8% |
| | 750,000 | \$2,109.50 | \$2,716.32 | \$606.82 | 28.8% |
| Avg. Monthly Bill | 2,800,000 | \$7,839.25 | \$10,094.27 | \$2,255.02 | 28.8% |
| | 5,000,000 | \$13,988.25 | \$18,012.07 | \$4,023.82 | 28.8% |
| | 7,500,000 | \$20,975.75 | \$27,009.57 | \$6,033.82 | 28.8% |
| | 10,000,000 | \$27,963.25 | \$36,007.07 | \$8,043.82 | 28.8% |

Docket No. XXXX

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Revenue Proof

RFC Schedule 10

| | Existing | | Proposed | |
|---|---------------------|------------------------------------|-------------------------------------|--|
| | Actual FY 2008 | Rate Year Revenue at Current Rates | Rate Year Revenue at Proposed Rates | |
| Revenues | | | | |
| <u>Billing Charge Revenues</u> | | | | |
| Retail | | | | |
| Residential | \$ 654,763 | \$ 701,667 | \$ 903,959 | |
| Commercial | \$ 137,694 | \$ 137,641 | \$ 177,323 | |
| Governmental | \$ 4,757 | \$ 5,353 | \$ 6,896 | |
| Subtotal Retail Billing Charge Revenue | \$ 797,214 | \$ 844,661 | \$ 1,088,178 | |
| Wholesale | | | | |
| Navy | \$ 1,590 | \$ 1,590 | \$ 2,048 | |
| Portsmouth Water & Fire District | \$ 159 | \$ 159 | \$ 205 | |
| Subtotal Wholesale Billing Charge Revenue | \$ 1,749 | \$ 1,749 | \$ 2,253 | |
| Total Billing Charge Revenues | \$ 798,963 | \$ 846,410 | \$ 1,090,432 | |
| <u>From Water Commodity Charge</u> | | | | |
| Retail | | | | |
| Residential | \$ 3,376,969 | \$ 3,420,509 | \$ 4,407,484 | |
| Commercial | \$ 2,133,588 | \$ 2,101,687 | \$ 2,708,120 | |
| Governmental | \$ 102,210 | \$ 109,218 | \$ 140,733 | |
| Subtotal Retail Commodity Revenue | \$ 5,612,767 | \$ 5,631,414 | \$ 7,256,337 | |
| Wholesale | | | | |
| Navy | \$ 673,510 | \$ 804,996 | \$ 1,036,559 | |
| Portsmouth | \$ 1,007,523 | \$ 994,356 | \$ 1,280,562 | |
| Subtotal Wholesale Commodity Revenue | \$ 1,681,033 | \$ 1,799,352 | \$ 2,317,121 | |
| Total Commodity Charge Revenues | \$ 7,293,800 | \$ 7,430,766 | \$ 9,573,458 | |
| <u>From Fire Protection</u> | | | | |
| Public Fire Protection Revenue | \$ 739,361 | \$ 751,248 | \$ 968,031 | |
| Private Fire Protection Revenue | \$ 312,085 | \$ 327,872 | \$ 422,198 | |
| Total Fire Protection Revenues | \$ 1,051,446 | \$ 1,079,120 | \$ 1,390,229 | |
| Other Revenue | \$ 558,787 | \$ 708,065 | \$ 708,065 | |
| Total Revenues | \$ 9,702,996 | \$ 10,064,361 | \$ 12,762,184 | |
| <u>Total Revenue Requirements</u> | | | | |
| Operating | \$ 6,086,685 | \$ 8,766,750 | \$ 8,766,750 | |
| Capital | \$ 2,527,182 | \$ 3,725,004 | \$ 3,725,004 | |
| Less: Water Quality Protection Funds | | | | |
| Subtotal Revenue Requirements | \$ 8,022,605 | \$ 12,491,754 | \$ 12,491,754 | |
| Additional Rev Req. | \$ 138,942 | \$ 138,942 | \$ 138,942 | |
| Total Revenue Requirements | \$ 8,159,814 | \$ 12,630,696 | \$ 12,630,696 | |
| Surplus/(Deficit) of Revenues to be Recovered from All Charges | | | | |
| Total Revenue Requirements | \$ 8,159,814 | \$ 12,630,696 | \$ 12,630,696 | |
| plus: Commission Management Study (1) | | | \$ 117,119 | |
| Other Revenue | \$ (558,787) | \$ (708,065) | \$ (708,065) | |
| Net Revenue Requirements | \$ 7,601,026 | \$ 11,922,631 | \$ 12,039,750 | |
| Total Revenue from Rates and Charges | \$ 9,144,209 | \$ 9,356,296 | \$ 12,054,119 | |
| Revenue Surplus/(Deficit) | \$ 1,543,182 | \$ (2,566,335) | \$ 14,369 | |

Docket No. XXXX

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Restricted Accounts Balances

RFC Schedule 11

| | Rate Year | | | | |
|------------------------------------|--------------|--------------|--------------|----------------|----------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Debt Service Account | | | | | |
| Beginning Cash Balance | \$ 653,716 | \$ 772,783 | \$ 783,678 | \$ 287,668 | \$ (1,834,139) |
| <u>Additions</u> | | | | | |
| From Rates | 1,230,000 | 2,072,985 | 2,072,985 | 2,072,985 | 2,072,985 |
| From Capital Restricted Acct. | 400,000 | - | - | - | - |
| Interest Income | 9,985 | 10,895 | 7,499 | (10,825) | - |
| Total Additions | \$ 1,639,985 | \$ 2,083,880 | \$ 2,080,484 | \$ 2,062,159 | \$ 2,072,985 |
| <u>Deductions</u> | | | | | |
| Existing Revenue Bond Debt Service | 959,783 | 910,552 | 642,596 | 571,079 | 388,755 |
| To Capital Restricted Acct. | - | - | - | - | - |
| SRF Debt Service | 561,136 | 1,162,433 | 1,933,897 | 3,612,887 | 5,600,056 |
| Total Deductions | \$ 1,520,919 | \$ 2,072,985 | \$ 2,576,494 | \$ 4,183,966 | \$ 5,988,811 |
| Ending Cash Balance | \$ 772,783 | \$ 783,678 | \$ 287,668 | \$ (1,834,139) | \$ (5,749,965) |
| Capital Spending Account | | | | | |
| Beginning Cash Balance | \$ 790,498 | \$ 348,660 | \$ 353,576 | \$ 509,822 | \$ 1,004,833 |
| <u>Additions</u> | | | | | |
| From Rates | 1,297,182 | 1,652,019 | 1,652,019 | 1,652,019 | 1,652,019 |
| From DS Restricted Acct. | - | - | - | - | - |
| Interest income | 7,974 | 4,916 | 6,044 | 10,603 | 22,171 |
| Total Additions | \$ 1,305,156 | \$ 1,656,935 | \$ 1,658,063 | \$ 1,662,622 | \$ 1,674,190 |
| <u>Deductions</u> | | | | | |
| To Debt Service Restricted Acct. | 400,000 | - | - | - | - |
| Capital Outlays | 1,346,994 | 1,652,019 | 1,501,817 | 1,167,610 | 516,634 |
| Total Deductions | \$ 1,746,994 | \$ 1,652,019 | \$ 1,501,817 | \$ 1,167,610 | \$ 516,634 |
| Ending Cash Balance | \$ 348,660 | \$ 353,576 | \$ 509,822 | \$ 1,004,833 | \$ 2,162,389 |

Docket No. XXXX

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Restricted Accounts Balances

RFC Schedule 11

| | Rate Year | | | | |
|---|------------|------------|------------|------------|------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Chemical Allowance Account | | | | | |
| Beginning Cash Balance | \$ 99,911 | \$ 115,454 | \$ 117,081 | \$ 118,732 | \$ 120,406 |
| <u>Additions</u> | | | | | |
| From Water Rates | | | | | |
| 335 Contribution to Chemical Restricted Account | 504,200 | 739,500 | 739,500 | 739,500 | 739,500 |
| Interest Income | 1,508 | 1,628 | 1,651 | 1,674 | 1,698 |
| Total Additions | \$ 505,708 | \$ 741,128 | \$ 741,151 | \$ 741,174 | \$ 741,198 |
| <u>Deductions</u> | | | | | |
| 335 Chemicals | 490,165 | 739,500 | 739,500 | 739,500 | 739,500 |
| Total Deductions | \$ 490,165 | \$ 739,500 | \$ 739,500 | \$ 739,500 | \$ 739,500 |
| Ending Cash Balance | \$ 115,454 | \$ 117,081 | \$ 118,732 | \$ 120,406 | \$ 122,104 |
| <hr/> | | | | | |
| Electricity Account | | | | | |
| Beginning Cash Balance | \$ 130,039 | \$ 153,262 | \$ 155,423 | \$ 157,614 | \$ 159,836 |
| <u>Additions</u> | | | | | |
| From Water Rates | | | | | |
| 254 Contribution to Electricity Account | 423,903 | 572,300 | 572,300 | 572,300 | 572,300 |
| Interest Income | 1,983 | 2,161 | 2,191 | 2,222 | 2,253 |
| Total Additions | \$ 425,886 | \$ 574,461 | \$ 574,491 | \$ 574,522 | \$ 574,553 |
| <u>Deductions</u> | | | | | |
| 254 Electricity | 402,663 | 572,300 | 572,300 | 572,300 | 572,300 |
| Total Deductions | \$ 402,663 | \$ 572,300 | \$ 572,300 | \$ 572,300 | \$ 572,300 |
| Ending Cash Balance | \$ 153,262 | \$ 155,423 | \$ 157,614 | \$ 159,836 | \$ 162,090 |

Docket No. XXXX

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Restricted Accounts Balances

RFC Schedule 11

| | | Rate Year | | | | |
|-------------------------------|--|------------|------------|------------|------------|------------|
| | | 2009 | 2010 | 2011 | 2012 | 2013 |
| Retiree Insurance | | | | | | |
| Beginning Cash Balance | | \$ 11,233 | \$ - | \$ - | \$ - | \$ - |
| <u>Additions</u> | | | | | | |
| From Water Rates | | | | | | |
| 254 | Contribution to Retiree Insurance Account | 210,000 | 362,000 | 362,000 | 362,000 | 362,000 |
| | Contribution from Newport Water Cash Account | 13,617 | | | | |
| | Interest Income | 79 | - | - | - | - |
| Total Additions | | \$ 223,696 | \$ 362,000 | \$ 362,000 | \$ 362,000 | \$ 362,000 |
| <u>Deductions</u> | | | | | | |
| 254 | Retiree Insurance | 234,929 | 362,000 | 362,000 | 362,000 | 362,000 |
| Total Deductions | | \$ 234,929 | \$ 362,000 | \$ 362,000 | \$ 362,000 | \$ 362,000 |
| Ending Cash Balance | | \$ - | \$ - | \$ - | \$ - | \$ - |
| <hr/> | | | | | | |
| Accrued Benefit Buyout | | | | | | |
| Beginning Cash Balance | | \$ 15,285 | \$ - | \$ - | \$ - | \$ - |
| <u>Additions</u> | | | | | | |
| From Water Rates | | | | | | |
| | Contribution to Accrued Benefit Buyout Account | 70,000 | 175,000 | 175,000 | 175,000 | 175,000 |
| | Contribution from Newport Water Cash Account | 18,712 | | | | |
| | Interest Income | 107 | - | - | - | - |
| Total Additions | | \$ 88,818 | \$ 175,000 | \$ 175,000 | \$ 175,000 | \$ 175,000 |
| <u>Deductions</u> | | | | | | |
| | Accrued Benefit Buyout | 104,103 | 175,000 | 175,000 | 175,000 | 175,000 |
| Total Deductions | | 104,103 | 175,000 | 175,000 | 175,000 | 175,000 |
| Ending Cash Balance | | \$ - | \$ - | \$ - | \$ - | \$ - |

Docket No. XXXX

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Restricted Accounts Balances

RFC Schedule 11

| | Rate Year | | | | |
|--|------------|------|------|------|------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Quarterly Billing Charge Revenues | | | | | |
| Beginning Cash Balance | \$ 90,328 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>Additions</u> | | | | | |
| From Water Rates | | | | | |
| Contribution to Quarterly Billing Charge Account | 150,000 | - | - | - | - |
| Interest Income | 632 | 0 | 0 | 0 | 0 |
| Total Additions | \$ 150,632 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>Deductions</u> | | | | | |
| PUC Management Study | 60,000 | - | - | - | - |
| To Capital Restricted Account | - | | | | |
| Pay down outstanding vendor invoices | 180,960 | - | - | - | - |
| Total Deductions | \$ 240,960 | \$ - | \$ - | \$ - | \$ - |
| Ending Cash Balance | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

Docket No. XXXX

**City of Newport, Rhode Island
FY 2010 Rate Filing
Water Bills and Consumption**

RFC Schedule A

| Annual Consumption, by Class | FY 2006 | FY 2007 | FY 2008 | FY 2010 Rate Year (1) |
|----------------------------------|------------------|------------------|------------------|-----------------------------|
| | Residential | 749,409 | 733,128 | 777,711 |
| Commercial | 472,160 | 430,320 | 486,300 | 462,927 |
| Governmental | 21,379 | 27,176 | 23,616 | 24,057 |
| Navy | 373,306 | 301,544 | 247,728 | 288,013 |
| PWFD | 453,618 | 440,804 | 479,160 | 446,500 |
| Total (in 1000's Gallons) | 2,069,873 | 1,932,971 | 2,014,515 | 1,974,913 |

| Connection Size | Retail Accounts | | | Wholesale | |
|--------------------|-----------------|------------|--------------|-----------|------------|
| | Commercial | Government | Residential | Navy | Portsmouth |
| 5/8 | 583 | 15 | 10139 | | |
| 3/4 | 191 | 6 | 2227 | 1 | |
| 1 | 165 | 6 | 365 | | |
| 1.5 | 116 | 13 | 159 | | |
| 2 | 181 | 23 | 106 | | |
| 3 | 63 | 10 | 34 | | |
| 4 | 12 | 2 | 0 | | 1 |
| 5 | 2 | 0 | 0 | | |
| 6 | 10 | 0 | 1 | 8 | |
| 8 | | | 2 | | |
| 10 | | | | 1 | |
| Total | 1323 | 75 | 13033 | 10 | 1 |

| | | | | | | |
|--------------------|--------------|------------|--------------|------------|-----------|---|
| Billed Monthly | 764 | 637 | 13 | 103 | 10 | 1 |
| Billed Quarterly | 13678 | 686 | 62 | 12930 | | |
| Total Bills | 10388 | 404 | 52956 | 120 | 12 | |

**Total Bills
63,880**

| Connection Size | Connection History | | | | Rate Year FY 2010 |
|--|--------------------|-----------------|--------------|--------------|--------------------------|
| | June 30 2005 | June 30 2006 | June 30 2007 | June 30 2008 | Number of Connections |
| Public Hydrants | | | | | |
| Newport | 4 | 580 | 580 | 588 | 583 |
| Middletown | 4 | 394 | 394 | 408 | 408 |
| Portsmouth | 4 | 8 | 8 | 8 | 8 |
| Subtotal: Public Hydrants | | 982 | 982 | 1004 | 999 |
| Private Fire Connections | | | | | |
| <2 | 0 | 0 | 0 | 0 | 0 |
| 2 | 0 | 0 | 1 | 1 | 1 |
| 4 | 55 | 55 | 55 | 57 | 57 |
| 6 | 234 | 234 | 238 | 246 | 246 |
| 8 | 62 | 62 | 60 | 62 | 62 |
| 10 | 0 | 0 | 0 | 0 | 0 |
| 12 | 2 | 2 | 2 | 2 | 2 |
| Subtotal: Private Fire Connections | | 353 | 353 | 356 | 368 |
| Total Public and Private Fire Connections | | 1,335 | 1,335 | 1,360 | 1,367 |

(1) Projected rate year consumption for the Navy is based on information provided by Larry Allen in email dated 10/30/08.
Projected rate year consumption for PWFD is based on information provided by William McClinn in email dated 11/10/08

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Administration
 15-500-2200

RFC Schedule B-1

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|---|-------------------|-------------------|-------------------------|----------------------|-----------------------|-------------------|
| 50001 | Salaries & Wages | | | | | | |
| | Director of Utilities -60% | \$ 41,378 | \$ 51,476 | | | | \$ 60,298 |
| | Administrative Secretary - 60% | \$ 28,269 | \$ 25,843 | | | | \$ 28,486 |
| | Deputy Director - Finance - 60% | \$ 42,741 | \$ 46,110 | | | | \$ 52,865 |
| | Deputy Director - Engineering - 60% | \$ 45,640 | \$ 49,872 | | | | \$ 55,294 |
| | Financial Analyst | \$ 55,460 | \$ 62,715 | | | | \$ 67,594 |
| | Total | \$ 214,000 | \$ 236,016 | \$ - | \$ 236,016 | \$ 28,984 | \$ 265,000 |
| 50044 | Standby Salaries | \$ 9,641 | \$ 12,400 | \$ - | \$ 12,400 | \$ 100 | \$ 12,500 |
| 50520 | Accrued Benefits Buyout | \$ 70,000 | \$ 104,103 | \$ - | \$ 104,103 | \$ 70,897 | \$ 175,000 |
| 50100 | Employee Benefits | | | | | | |
| | Director of Utilities -60% | \$ 8,204 | \$ 10,251 | | | | \$ 13,164 |
| | Administrative Secretary - 60% | \$ 16,197 | \$ 14,319 | | | | \$ 15,953 |
| | Deputy Director - Finance - 60% | \$ 18,596 | \$ 18,109 | | | | \$ 23,286 |
| | Deputy Director - Engineering - 60% | \$ 18,596 | \$ 19,348 | | | | \$ 23,767 |
| | Financial Analyst | \$ 26,317 | \$ 23,591 | | | | \$ 23,063 |
| | Benefits on standby salaries and annual leave buyback | | | | | | \$ 1,140 |
| | Total | \$ 88,000 | \$ 85,618 | \$ - | \$ 85,618 | \$ 15,382 | \$ 101,000 |
| 50103 | Retiree Insurance Coverage | \$ 210,000 | \$ 234,929 | \$ - | \$ 234,929 | \$ 127,071 | \$ 362,000 |
| 50105 | Workers Compensation | \$ 76,000 | \$ 87,455 | \$ - | \$ 87,455 | \$ 26,545 | \$ 114,000 |
| 50175 | Annual Leave Buyback | \$ 1,960 | \$ 2,106 | \$ - | \$ 2,106 | \$ 294 | \$ 2,400 |
| | | | | | | | 1 employee |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Administration
 15-500-2200

RFC Schedule B-1

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|---|-------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50207 | Advertisement | \$ 1,500 | \$ 1,110 | \$ 390 | \$ 1,500 | \$ 7,500 | \$ 9,000 |
| 50210 | Membership Dues & Subscriptions | | | | | | |
| | Utilities Director | \$ 408 | | | \$ 408 | | \$ 408 |
| | Laboratory Supervisor | \$ 245 | | | \$ 245 | | \$ 245 |
| | Supervisor treatment plants | \$ 356 | | | \$ 356 | | \$ 356 |
| | Distribution Supervisor | \$ 245 | | | \$ 245 | | \$ 245 |
| | Deputy Director - Finance | \$ 510 | | | \$ 510 | | \$ 510 |
| | Deputy Director - Engineering | \$ 365 | | | \$ 365 | | \$ 365 |
| | Water Meter Foreman | \$ 313 | | | \$ 313 | | \$ 313 |
| | Total | \$ 2,500 | \$ 1,610 | \$ 890 | \$ 2,500 | \$ - | \$ 2,500 |
| 50212 | Conferences & Training | \$ 2,500 | \$ 331 | \$ 2,169 | \$ 2,500 | \$ - | \$ 2,500 |
| 50214 | Tuition Reimbursement | \$ 2,000 | \$ 540 | \$ 1,460 | \$ 2,000 | \$ - | \$ 2,000 |
| 50220 | Consultant Fees | | | | | | |
| | Keough & Sweeney Rate Filing | | \$ 34,316 | | | | |
| | Raftelis Cost of Service Study | | \$ 16,526 | | | | |
| | Div of PUC | | \$ 27,381 | | | | |
| | subtotal rate filing | | \$ 78,223 | | | | |
| | Keough & Sweeney other | | \$ 24,843 | | | \$ 27,603 | |
| | Raftelis other | | \$ 7,169 | | | \$ 7,996 | |
| | Update risk mgt and spill control & countermeasures | | | | | \$ 10,000 | |
| | Other | | \$ 4,820 | | | \$ 4,820 | |
| | subtotal other | | \$ 36,832 | | | \$ 50,419 | |
| | Total | \$ 140,000 | \$ 115,054 | \$ 52,946 | \$ 168,000 | \$ 82,000 | \$ 250,000 |
| 50238 | Postage | \$ 1,000 | \$ 642 | \$ 358 | \$ 1,000 | \$ - | \$ 1,000 |
| 50239 | Fire & Liability Insurance | \$ 80,000 | \$ 84,691 | \$ - | \$ 84,691 | \$ 1,309 | \$ 86,000 |
| 50251 | Telephone & Communication | | | | | | |
| | Arch Wireless | \$ 423 | \$ 329 | \$ - | | | \$ 300 |
| | Cell Phones | \$ 5,284 | \$ 4,060 | \$ - | | | \$ 6,500 |
| | Verizon | \$ 4,493 | \$ - | \$ - | | | \$ - |
| | Blackberry | \$ - | \$ - | \$ - | | | \$ 1,500 |
| | 2 PDA's | \$ - | \$ - | \$ - | | | \$ 1,500 |
| | Total | \$ 10,200 | \$ 4,389 | \$ - | \$ 4,389 | \$ 3,911 | \$ 8,300 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Administration
 15-500-2200

RFC Schedule B-1

| Account | Description | | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|--|------------|-------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50305 | Water | Gallons | \$ 960 | \$ 981 | \$ - | \$ 981 | \$ 519 | \$ 1,500 |
| 50306 | Electricity | | | | | | | |
| | 70 Halsey St. | 3 yr avg | | | | | | |
| | Kwh Annual usage | 46,858 | 57,000 | 47,340 | | | | 47,403 |
| | Base Electric rate | | | \$ 0.0569 | | | | \$ 0.0940 |
| | Electric charge including gross receipts tax | | | \$ 3,301 | | | | \$ 4,700 |
| | fixed charge | | | \$ 150 | | | | \$ 150 |
| | delivery charges | | | \$ 2,664 | | | | \$ 2,712 |
| | total cost | \$ 5,700 | \$ 6,115 | \$ - | \$ 6,115 | \$ 1,885 | \$ 8,000 | |
| 50307 | Natural Gas | 3 yr avg | | | | | | |
| | CCF Annual usage | 4977 | 5,050 | 4,851 | | | | 5,000 |
| | CCF Base Rate | | | \$ 1.1122 | | | | \$ 1.1255 |
| | Cost of Gas | | | \$ 5,395 | | | | \$ 5,628 |
| | Fixed Charge | | | \$ 540 | | | | \$ 567 |
| | Other charges | | | \$ 1,344 | | | | \$ 1,449 |
| | Gross earnings Tax | | | \$ 225 | | | | \$ 236 |
| | Total Cost | \$ 8,100 | \$ 7,504 | \$ - | \$ 7,504 | \$ 496 | \$ 8,000 | |
| 50308 | Property Taxes | | | | | | | |
| | Portsmouth | 7 parcels | \$ 71,156 | \$ 69,634 | | | | \$ 114,273 |
| | Tiverton | 3 parcels | \$ 21,437 | \$ 21,841 | | | | \$ 24,313 |
| | Little Compton | 3 parcels | \$ 11,731 | \$ 10,404 | | | | \$ 11,012 |
| | Middletown | 21 parcels | \$ 73,179 | \$ 73,948 | | | | \$ 79,338 |
| | | | \$ 2,497 | | | | | |
| | Total | | \$ 180,000 | \$ 175,827 | | \$ 175,827 | \$ 53,173 | \$ 229,000 |
| 50266 | Legal & Administrative | | \$ 219,177 | \$ 219,177 | \$ - | \$ 219,177 | \$ 320,323 | \$ 539,500 |
| 50267 | Data Processing | | \$ 156,368 | \$ 156,368 | \$ - | \$ 156,368 | \$ 69,632 | \$ 226,000 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Administration
 15-500-2200

RFC Schedule B-1

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|--------------|---|---------------------|---------------------|-------------------------|----------------------|-----------------------|---------------------|
| 50268 | Mileage Allowance | \$ 1,500 | \$ 953 | \$ 547 | \$ 1,500 | \$ 500 | \$ 2,000 |
| 50271 | Gasoline & Vehicle Allowance | | | | | | |
| | 1 vehicle | | | | | | |
| | Fuel - Gallons | | 448 | | | | 448 |
| | Fuel \$/Gallon | | \$ 2,403 | | | | \$ 3,183 |
| | Fuel Cost | | \$ 1,077 | | | | \$ 1,426 |
| | Parts/Labor | | \$ 5,653 | | | | \$ 6,375 |
| | Insurance | | \$ 820 | | | | \$ 1,037 |
| | Total | \$ 3,506 | \$ 7,549 | \$ - | \$ 7,549 | \$ 1,451 | \$ 9,000 |
| 50275 | Repairs & Maintenance | | | | | | |
| | Halsey St smoke Detector Service | \$ 1,000 | \$ 800 | | | | \$ 800 |
| | Other | \$ 200 | | | | | \$ 300 |
| | Heater Maintenance | | \$ 856 | | | | \$ 100 |
| | total | \$ 1,200 | \$ 1,656 | \$ (456) | \$ 1,200 | \$ - | \$ 1,200 |
| 50280 | Regulatory Expense | \$ 10,000 | \$ 7,414 | \$ - | \$ 7,414 | \$ 2,586 | \$ 10,000 |
| 50281 | Regulatory Assessment | | | | | | |
| | RIWWA - Assessment | \$ 630 | \$ 1,260 | | | | \$ 1,260 |
| | RI Div of PUC - Assessment | \$ 22,980 | \$ 29,138 | | | | \$ 29,138 |
| | RI Dept of Health - License | \$ 16,151 | \$ 16,302 | | | | \$ 16,302 |
| | General Treasurer State of RI RIPDES Permit 0021784 | \$ 1,400 | \$ 700 | | | | \$ 700 |
| | Other - Laboratory Cerifications | \$ 839 | \$ - | | | | \$ - |
| | Total | \$ 42,000 | \$ 47,400 | \$ - | \$ 47,400 | \$ 600 | \$ 48,000 |
| 50361 | Office Supplies | \$ 30,000 | \$ 14,119 | \$ 15,881 | \$ 30,000 | \$ - | \$ 30,000 |
| 50505 | Self Insurance | \$ 10,000 | \$ - | \$ 10,000 | \$ 10,000 | \$ - | \$ 10,000 |
| 50515 | Unemployment Claims | \$ 12,000 | \$ - | \$ 12,000 | \$ 12,000 | \$ - | \$ 12,000 |
| Total | | \$ 1,589,812 | \$ 1,616,058 | | \$ 1,712,242 | | \$ 2,527,400 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Customer Service
 15-500-2209

RFC Schedule B-2

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|--|------------------|------------------|-------------------------|----------------------|-----------------------|------------------|
| 50001 | Salaries & Wages | \$32,026 | \$34,725 | | | | \$40,934 |
| | Meter Repairman/Reader | \$43,600 | \$41,187 | | | | \$45,601 |
| | Principal Account Clerk | \$49,985 | \$47,817 | | | | \$49,491 |
| | Meter Repairman/Reader | \$38,895 | \$37,082 | | | | \$42,818 |
| | Maintenance Mechanic | \$44,477 | \$44,413 | | | | \$48,879 |
| | SAE - Sr. Maintenance Mechanic | \$50,175 | \$4,330 | | | | \$46,822 |
| | Water Meter Foreman | \$40,862 | \$44,205 | | | | \$51,493 |
| | Total | \$300,500 | \$253,759 | \$46,741 | \$300,500 | \$25,600 | \$326,100 |
| 50002 | Overtime | | 133 hours | | | | 743 |
| | | | rate \$ 30.76 | | | | \$ 33.00 |
| | | \$8,000 | \$4,076 | \$3,924 | \$8,000 | \$16,600 | \$24,600 |
| 50004 | Temp Salaries | \$20,000 | \$2,208 | \$17,792 | \$20,000 | \$2,800 | \$22,800 |
| | meter reading and customer service rep 2X19weeks | | | | | | |
| 50056 | Injury Pay | \$0 | \$602 | -\$602 | \$0 | \$0 | \$0 |
| | 1 employee | | | | | | |
| 50100 | Employee Benefits | \$21,319 | \$13,141 | | \$15,298 | | \$16,410 |
| | Meter Repairman/Reader | \$23,226 | \$14,454 | | \$16,552 | | \$17,463 |
| | Meter Repairman/Reader | \$24,397 | \$24,082 | | \$26,823 | | \$28,323 |
| | Principal Account Clerk | \$23,075 | \$14,038 | | \$25,207 | | \$26,822 |
| | Meter Repairman/Reader | \$23,604 | \$23,390 | | \$26,667 | | \$28,185 |
| | Maintenance Mechanic | \$24,397 | \$785 | | \$0 | | \$27,722 |
| | SAE - Sr. Maintenance Mechanic | \$23,473 | \$23,619 | | \$26,929 | | \$28,773 |
| | Water Meter Foreman | | \$169 | | \$2,486 | | \$4,005 |
| | Benefits for OT, Injury & Annual leave Buyback | | | | | | |
| | Total | \$164,000 | \$113,678 | \$50,322 | \$164,000 | \$13,800 | \$177,800 |
| 50175 | Annual Leave Buyback | \$4,500 | \$2,144 | \$2,356 | \$4,500 | \$450 | \$4,950 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Customer Service
 15-500-2209

RFC Schedule B-2

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|--|-------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50205 | Copying & binding | \$1,000 | \$626 | \$374 | \$1,000 | | \$1,000 |
| 50212 | Conferences & Training | \$5,000 | \$1,045 | \$3,955 | \$5,000 | \$0 | \$5,000 |
| 50225 | Contract Services | | | | | | |
| | Printing & mailing (document technologies) | \$21,333 | \$14,552 | | \$14,552 | | \$14,368 |
| | Opal Maintenance Contract | \$3,500 | \$0 | | \$3,500 | | \$3,500 |
| | Billing Consultant for Opal Reporting | \$3,000 | \$175 | | \$3,000 | | \$3,000 |
| | total | \$27,833 | \$14,743 | \$6,257 | \$21,022 | -\$22 | \$21,000 |
| | | \$14,522 | | | | | |
| 50238 | Postage | | | | | | |
| | Mailing Service | \$29,247 | \$27,477 | | \$27,477 | | \$30,444 |
| | radio read mailings | | | | | | \$3,528 |
| | USPS | \$420 | \$175 | | \$175 | | \$250 |
| | total | \$29,667 | \$27,652 | \$0 | \$27,652 | \$6,648 | \$34,300 |
| 50271 | Gasoline & Vehicle Allowance | | | | | | |
| | | | | | | | |
| | 3 vehicles | | | | | | |
| | Fuel - Gallons | | 2,355 | | | | 2,355 |
| | Fuel \$/Gallon | | \$2.48 | | | | \$3.18 |
| | Fuel Cost | | \$5,837 | | | | \$7,495 |
| | Parts/Labor | | \$16,958 | | | | \$ 19,126 |
| | Insurance | | \$2,459 | | | | \$3,110 |
| | Total | \$14,482 | \$25,254 | \$0 | \$25,254 | \$4,546 | \$29,800 |
| 50275 | Repairs & Maintenance | | | | | | |
| | 5/8" meters | \$7,600 | \$7,882 | | | | \$13,545 |
| | 3/4" meters | \$9,100 | \$10,201 | | | | \$5,775 |
| | 1" meters | \$1,220 | \$5,640 | | | | \$1,470 |
| | 1 1/2" meters | \$2,560 | \$5,750 | | | | \$2,625 |
| | 2" meters | \$3,700 | \$8,650 | | | | \$4,200 |
| | 4" meters | \$2,100 | | | | | \$1,155 |
| | 6" meters | \$6,520 | | | | | \$4,200 |
| | 3" hydrant | \$1,700 | | | | | \$1,785 |
| | small meter pits | | \$640 | | | | \$735 |
| | large meter pits | | | | | | \$1,365 |
| | 4" strainer | | | | | | \$525 |
| | 6" strainer | | | | | | \$1,470 |
| | tool repair | \$3,000 | | | | | |
| | meter gun repair | \$2,500 | | | | | \$2,625 |
| | total | \$40,000 | \$38,763 | \$1,237 | \$40,000 | \$1,500 | \$41,500 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Customer Service
 15-500-2209

RFC Schedule B-2

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|--|------------------|-------------------|----------------------------|-------------------------|--------------------------|---------------------|
| 50299 | Meter Maintenance | | | | | | |
| | Appurtenant piping, tail pieces, ss fasteners & touch pads | \$9,300 | \$6,802 | | | | \$7,200 |
| | Annual Calibration of Navy meters | \$1,700 | \$1,275 | | | | \$1,700 |
| | space saver flanges | | \$1,406 | | | | \$2,100 |
| | total | \$11,000 | \$9,483 | \$1,517 | \$11,000 | \$0 | \$11,000 |
| 50311 | Operating Supplies | | | | | | |
| | Repair External meter devices | \$4,000 | \$871 | | | | \$2,500 |
| | new tool & misc costs | \$3,000 | \$1,512 | | \$3,000 | | \$2,500 |
| | gas detectors | | | | | | \$2,000 |
| | confined space entry equipment | | | | | | \$2,000 |
| | Total | \$7,000 | \$2,383 | \$4,617 | \$7,000 | \$2,000 | \$9,000 |
| 50320 | Uniforms & protective Gear | \$1,000 | \$584 | \$416 | \$1,000 | \$0 | \$1,000 |
| 50380 | Customer Service Supplies | \$5,000 | \$5,250 | \$0 | \$5,250 | \$9,750 | \$15,000 |
| | Total | \$638,982 | \$502,249 | | \$641,178 | | \$724,850 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Source of Supply - Island
 15-500-2212

RFC Schedule B-3

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|--|-------------------|-------------------|-------------------------|----------------------|-----------------------|-------------------|
| 50001 | Salaries & Wages | | | | | | |
| | Supervisor Water Dist/Coll 50% | \$ 69,767 | \$ 31,781 | | | | \$ 39,526 |
| | Maintenance Mechanic | \$ 45,083 | \$ 34,684 | | | | \$ 51,003 |
| | Skilled Laborer Equip Operator | \$ 38,114 | \$ 33,699 | | | | \$ 42,945 |
| | Skilled Laborer Equip Operator | \$ 39,646 | \$ 39,124 | | | | \$ 44,560 |
| | Skilled Laborer Equip Operator | \$ 45,357 | \$ 44,791 | | | | \$ 48,085 |
| | Laborer | \$ 28,569 | \$ 32,291 | | | | \$ 37,840 |
| | Total | \$ 243,756 | \$ 216,370 | \$ 27,386 | \$ 243,756 | \$ 20,244 | \$ 264,000 |
| 50002 | Overtime | | | | | | |
| | hours | | 939 | | | | 871 |
| | rate | | \$ 29.89 | | | | \$ 32.37 |
| | total | \$ 26,000 | \$ 28,055 | \$ - | \$ 28,055 | \$ 145 | \$ 28,200 |
| 50004 | Temp Salaries | \$ 10,000 | \$ 11,537 | \$ (1,537) | \$ 10,000 | \$ - | \$ 10,000 |
| 50056 | Injury Pay | \$ - | \$ 681 | \$ (681) | \$ - | \$ - | \$ - |
| 50100 | Employee Benefits | | | | | | |
| | Supervisor Water Dist/Coll 50% | \$ 29,321 | \$ 14,262 | | \$ 14,262 | | \$ 17,432 |
| | Maintenance Mechanic | \$ 23,814 | \$ 19,212 | | \$ 23,814 | | \$ 28,663 |
| | Skilled Laborer Equip Operator | \$ 22,718 | \$ 13,544 | | \$ 22,718 | | \$ 26,850 |
| | Skilled Laborer Equip Operator | \$ 22,718 | \$ 22,148 | | \$ 22,718 | | \$ 27,213 |
| | Skilled Laborer Equip Operator | \$ 24,000 | \$ 11,015 | | \$ 16,924 | | \$ 18,024 |
| | Laborer | \$ 20,987 | \$ 12,830 | | \$ 14,655 | | \$ 15,711 |
| | Benefits for OT, Temp & Annual leave Buyback | | | | | | \$ 3,373 |
| | Total | \$ 144,000 | \$ 93,011 | \$ 22,080 | \$ 115,091 | \$ 22,209 | \$ 137,300 |
| 50175 | Annual Leave Buyback | \$ 6,000 | \$ 3,871 | \$ 2,129 | \$ 6,000 | \$ 300 | \$ 6,300 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Source of Supply - Island
 15-500-2212

RFC Schedule B-3

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|--|-------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50306 | Contribution to Electricity Restricted Account | | | | | | |
| | St Mary's & Paradise Pumping Stations | | | | | | |
| | 3 yr Avg | | | | | | |
| | Annual KWH Usage | 179867 | 272,000 | | | | 238,000 |
| | KWH Base rate | | \$ 0.0596 | | | | \$ 0.0940 |
| | cost of Supply (incl GRT) | | \$ 14,755 | | | | \$ 23,305 |
| | fixed charge | | \$ 1,313 | | | | \$ 1,313 |
| | delivery charge | | \$ 9,165 | | | | \$ 9,270 |
| | total cost | \$ 27,200 | \$ 25,233 | \$ - | \$ 25,233 | \$ 8,767 | \$ 34,000 |
| 50271 | Gas/Vehicle Maintenance | | | | | | |
| | 5 vehicles | | | | | | |
| | diesel gallons | | 556 | | | | 556 |
| | cost/gallon | | \$ 3.2322 | | | | \$ 4.1612 |
| | diesel cost | | \$ 1,798 | | | | \$ 2,315 |
| | gasoline gallons | | 2,346 | | | | 2,346 |
| | cost/gallon | | \$ 2.4917 | | | | \$ 3.1827 |
| | gasoline cost | | \$ 5,846 | | | | \$ 7,468 |
| | total fuel cost | | \$ 7,644 | | | | \$ 7,644 |
| | parts/labor | | \$ 31,704 | | | | \$ 35,757 |
| | insurance | | \$ 4,098 | | | | \$ 5,183 |
| | total | \$ 30,422 | \$ 43,446 | \$ - | \$ 43,446 | \$ 5,154 | \$ 48,600 |
| 50275 | Repairs & Maintenance | | | | | | |
| | equipment repair (weed wackers, mowers, lines, blades) | \$ 1,000 | \$ 502 | | | | \$ 1,000 |
| | minor repairs to pump stations | \$ 1,000 | \$ 653 | | | | \$ 1,000 |
| | equipment repairs/boat motor/chain saw etc | \$ 2,000 | \$ 1,675 | | | | \$ 1,500 |
| | raw water pump stations inspection/maintenance | \$ 1,000 | | | | | \$ 2,000 |
| | replace windows Paradise pump stn | | | | | | \$ 2,000 |
| | Roof Repairs paradise pump stn | | | | | | \$ 1,800 |
| | Pump Stn Annual service Agreement | | | | | | \$ 1,800 |
| | total | \$ 5,000 | \$ 2,830 | \$ 2,170 | \$ 5,000 | \$ 3,300 | \$ 8,300 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Source of Supply - Island
 15-500-2212

RFC Schedule B-3

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|---|-------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50277 | Reservoir Maintenance | | | | | | |
| | Tree Removal | \$ 3,000 | | | \$ 3,000 | | \$ 2,000 |
| | Dam improvement repairs (gravel, riprap, gabions, etc.) | \$ 14,000 | \$ 2,354 | | \$ 14,000 | | |
| | slinger rental | | \$ 574 | | | | \$ 2,000 |
| | gabions | | \$ 1,913 | | | | \$ 3,000 |
| | gravel | | | | | | \$ 6,000 |
| | loam | | | | | | \$ 2,000 |
| | sign installation & Maintenance | \$ 1,000 | \$ 990 | | \$ 1,000 | | \$ 1,000 |
| | dam inspections | \$ 7,000 | | | \$ 7,000 | | \$ 7,000 |
| | Fence repair | | \$ 8,140 | | | | \$ 2,000 |
| | other | | \$ 114 | | | | |
| | total | \$ 25,000 | \$ 14,085 | \$ 10,915 | \$ 25,000 | \$ - | \$ 25,000 |
| 50311 | Operating Supplies | | | | | | |
| | machine & tool lubricant | \$ 1,000 | \$ 965 | | | | \$ 1,000 |
| | grease guns | \$ 250 | | | | | \$ 250 |
| | Brush cutter/mower | | | | | | \$ 1,000 |
| | parts for trackless | | \$ 462 | | | | |
| | locks | | \$ 335 | | | | |
| | replacement blades/brush cutting | \$ 2,250 | \$ 1,539 | | | | \$ 1,500 |
| | Total | \$ 3,500 | \$ 3,300 | \$ 200 | \$ 3,500 | \$ 250 | \$ 3,750 |
| 50320 | Uniforms & protective Gear | \$ 750 | \$ 659 | \$ 91 | \$ 750 | \$ - | \$ 750 |
| 50335 | Chemicals | | | | | | |
| | biosafe | | | | | | |
| | usage in Lbs | | | | | | |
| | cost/lb | | | | | | |
| | total cost | | | | | | |
| | copper sulfate | | | | | | |
| | usage in lbs | 28,000 | 28,000 | | | | 28,000 |
| | cost/lb | \$ 1.6500 | \$ 1.4900 | | | | \$ 2.4090 |
| | total copper sulfate | \$ 46,200 | \$ 41,720 | | | | \$ 67,452 |
| | total cost | \$ 46,200 | \$ 41,720 | \$ - | \$ 41,720 | \$ 25,780 | \$ 67,500 |
| | total | \$ 567,828 | \$ 484,797 | | \$ 547,551 | | \$ 633,700 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Source of Supply - Mainland
 15-500-2213

RFC Schedule B-4

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|---|-------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50002 | Overtime | | | | | | |
| | hrs | | 251 | | | | 444 |
| | FY 2006 120 | | | | | | |
| | hours rate | | \$ 15.00 | | | | \$ 18.00 |
| | FY 2007 0 | | | | | | |
| | FY 2008 250 | \$ 10,000 | \$ 3,758 | \$ 4,242 | \$ 8,000 | \$ - | \$ 8,000 |
| 50004 | Temp Salaries | | | | | | |
| | hrs | | 1,272 | | | | 1,272 |
| | FY 2006 767 | | | | | | |
| | hours rate | | \$ 10 | | | | \$ 12 |
| | FY 2007 0 | | | | | | |
| | FY 2008 1272 | \$ 10,000 | \$ 12,720 | \$ - | \$ 12,720 | \$ 2,580 | \$ 15,300 |
| 50005 | Permanent Part time | \$ 5,200 | \$ 5,200 | \$ - | \$ 5,200 | \$ 7,800 | \$ 13,000 |
| 50100 | Employee Benefits | | | | | | |
| | Benefits for OT, Temp & part time | \$ 1,500 | \$ 1,603 | \$ - | \$ 1,603 | \$ 1,197 | \$ 2,800 |
| 50306 | Contribution to Electricity Restricted Account | | | | | | |
| | Nonquit pumping Station | | | | | | |
| | 3 yr average | | | | | | |
| | Annual KWH Usage | 411242 | 648,000 | 646,829 | | | 647,000 |
| | KWH Base rate | | | \$ 0.0596 | | | \$ 0.0940 |
| | cost of Supply (incl GRT) | | | \$ 40,179 | | | \$ 63,354 |
| | fixed charge | | | \$ 2,917 | | | \$ 2,917 |
| | delivery charge | | | \$ 25,800 | | | \$ 25,807 |
| | total cost | \$ 68,040 | \$ 68,896 | \$ - | \$ 68,896 | \$ 23,204 | \$ 92,100 |
| 50275 | Repairs & Maintenance | | | | | | |
| | motor maintenance/electrical inspections | \$ 1,800 | | | | | |
| | Stonkus Hydraulic Annual Contract | | \$ 1,590 | | | | \$ 1,800 |
| | Doors @ pumping Station | | | | | | \$ 4,000 |
| | emergency repairs | | \$ 8,964 | | | | \$ 3,000 |
| | total | \$ 1,800 | \$ 10,554 | \$ (5,754) | \$ 4,800 | \$ 4,000 | \$ 8,800 |
| 50277 | Reservoir Maintenance | | | | | | |
| | Tree Removal | \$ 1,000 | | | \$ 1,000 | | \$ 1,000 |
| | Dam improvement repairs (gravel, riprap, gabions, etc.) | \$ 3,000 | \$ 2,506 | | \$ 3,000 | | \$ 3,000 |
| | dam inspections | \$ 2,000 | \$ - | | \$ 2,000 | | \$ 2,000 |
| | total | \$ 6,000 | \$ 2,506 | \$ 3,494 | \$ 6,000 | \$ - | \$ 6,000 |
| 50311 | Operating Supplies | | | | | | |
| | machine & tool lubricant, grease guns, etc | \$ 500 | \$ 488 | \$ 12 | \$ 500 | \$ - | \$ 500 |
| | total | \$ 103,040 | \$ 105,725 | | \$ 107,719 | | \$ 146,500 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Station One
 15-500-2222

RFC Schedule B-5

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|---|-------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50001 | Salaries & Wages | | | | | | |
| | Water Quality Production Supv (50%) | \$ 37,908 | \$ 45,944 | | | | \$ 35,145 |
| | Assistant WQP Supervisor 50% | | | | | | \$ 24,874 |
| | Water Plant Operator - 3 | \$ 47,364 | \$ 38,923 | | | | \$ 46,413 |
| | Water Plant Operator - 3 | \$ 45,869 | \$ 44,284 | | | | \$ 51,516 |
| | Water Plant Operator - 3 | \$ 45,869 | \$ 28,009 | | | | \$ 41,377 |
| | Water Plant Operator - 2 | \$ 42,718 | \$ 25,108 | | | | \$ - |
| | Water Plant Operator - 3 | \$ 45,869 | \$ 43,338 | | | | \$ 51,347 |
| | Water Plant Foreman Operator(acting) | \$ 45,421 | \$ 47,812 | | | | \$ 54,458 |
| | Water Plant Operator - 3 | \$ 41,547 | \$ 39,339 | | | | \$ 45,528 |
| | Water Plant Operator - 2 | \$ 35,498 | \$ 24,941 | | | | \$ 38,618 |
| | Water Plant Operator - 3 | \$ 36,492 | \$ 43,627 | | | | \$ 52,201 |
| | note: in FY 2010 it is proposed to add an Assistant WQP Supervisor, change the operating foremen to Operator 3, and eliminate a Water Plant operator. No net change in headcount. | | | | | | |
| | Total | \$ 424,555 | \$ 381,325 | \$ 43,230 | \$ 424,555 | \$ 16,945 | \$ 441,500 |
| 50002 | Overtime | | | | | | |
| | hours | | 2,432 | | | | 1,900 |
| | rate | | \$ 27.11 | | | | \$ 30.57 |
| | total | \$ 50,000 | \$ 65,941 | \$ (14,441) | \$ 51,500 | \$ 6,600 | \$ 58,100 |
| 50003 | Holiday Pay | | | | | | |
| | Operators | 9 | 8 | | | | 9 |
| | Holidays | 12 | 12 | | | | 12 |
| | Hours/Holiday | 8 | 8 | | | | 8 |
| | Average Pay Rate | \$ 20 | | | | | \$ 22 |
| | Total | \$ 18,000 | \$ 16,438 | \$ 1,562 | \$ 18,000 | \$ 1,100 | \$ 19,100 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Station One
 15-500-2222

RFC Schedule B-5

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|---|-------------------|-------------------|-------------------------|----------------------|-----------------------|-------------------|
| 50100 | Employee Benefits | | | | | | |
| | Water Quality Production Supv (50%) | \$ 12,931 | \$ 20,602 | | \$ 12,931 | | \$ 16,446 |
| | Assistant WQP supervisor 50% | | | | | | \$ 14,190 |
| | Water Plant Operator - 3 | \$ 24,789 | \$ 7,760 | | \$ 17,000 | | \$ 17,647 |
| | Water Plant Operator - 3 | \$ 23,612 | \$ 24,585 | | \$ 23,612 | | \$ 28,778 |
| | Water Plant Operator - 3 | \$ 23,612 | \$ 11,885 | | \$ 23,612 | | \$ 26,497 |
| | Water Plant Operator - 2 | \$ 23,394 | \$ 7,407 | | \$ 23,394 | | \$ - |
| | Water Plant Operator - 3 | \$ 23,612 | \$ 23,929 | | \$ 23,612 | | \$ 28,740 |
| | Water Plant Foreman Operator | \$ 23,552 | \$ 25,312 | | \$ 23,552 | | \$ 29,440 |
| | Water Plant Operator - 3 | \$ 23,612 | \$ 14,281 | | \$ 23,612 | | \$ 27,432 |
| | Water Plant Operator - 2 | \$ 21,654 | \$ 14,906 | | \$ 14,906 | | \$ 15,887 |
| | Water Plant Operator - 3 | \$ 21,750 | \$ 23,830 | | \$ 21,750 | | \$ 28,932 |
| | Benefits for OT, Annual leave Buyback, Holidays | | | | | | \$ 6,331 |
| | Total | \$ 222,500 | \$ 174,497 | \$ 33,484 | \$ 207,981 | \$ 32,319 | \$ 240,300 |
| 50175 | Annual Leave Buyback | \$ 4,500 | \$ 4,829 | \$ (329) | \$ 4,500 | \$ 450 | \$ 4,950 |
| 50212 | Conferences & Training | | | | | | |
| | RIDOH Required Certifications for 10 employees | \$ 2,000 | \$ 1,475 | | | | \$ 2,000 |
| | Supv/Plant Prod - RIWWA | \$ 120 | | | | | \$ 120 |
| | Supv/Plant Prod - NEWWA | \$ 550 | \$ 185 | | | | \$ 550 |
| | Conferences & Training | \$ 500 | | | | | \$ 500 |
| | Training, travel | \$ 2,330 | | | | | \$ 2,330 |
| | total | \$ 5,500 | \$ 1,660 | \$ 3,840 | \$ 5,500 | \$ - | \$ 5,500 |
| 50239 | Fire & Liability Insurance | | | | | | |
| | RI Interlocal | \$ 5,500 | \$ 5,823 | \$ - | \$ 5,823 | \$ 6,877 | \$ 12,700 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Station One
 15-500-2222

RFC Schedule B-5

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|---|--------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50306 | Contribution to Electricity Restricted Account 100 Bliss Mine Rd | | | | | | |
| | | 3 yr average | | | | | |
| | Annual KWH Usage | 1,736,000 | 1,877,500 | | | | 1,870,000 |
| | KWH Base rate | | \$ 0.0596 | | | | \$ 0.0940 |
| | cost of Supply (incl GRT) | | \$ 116,123 | | | | \$ 175,780 |
| | fixed charge | | \$ 2,837 | | | | \$ 2,837 |
| | delivery charge | | \$ 54,574 | | | | \$ 60,261 |
| | total cost | \$ 178,363 | \$ 173,534 | \$ - | \$ 173,534 | \$ 65,366 | \$ 238,900 |
| | | | \$ 0.0928 | | | | |
| 50307 | Natural Gas | 3 yr average | | | | | |
| | CCF Annual usage | 15623 | 18,800 | | | | 15,600 |
| | CCF Base Rate | | \$ 1.1127 | | | | \$ 1.1056 |
| | Cost of Gas | | \$ 16,237 | | | | \$ 17,247 |
| | Fixed Charge | | \$ 876 | | | | \$ 920 |
| | Other charges | | \$ 3,985 | | | | \$ 4,368 |
| | Gross earnings Tax | | \$ 652 | | | | \$ 696 |
| | Total Cost | \$ 30,300 | \$ 21,750 | \$ - | \$ 21,750 | \$ 1,550 | \$ 23,300 |
| 50260 | Rental of Equipment | | | | | | |
| | Dumpster Rentals | | \$ 391 | | | | \$ 431 |
| | chemical cylinders | | \$ 87 | | | | \$ 569 |
| | total | \$ 1,000 | \$ 479 | \$ 521 | \$ 1,000 | \$ - | \$ 1,000 |
| 50305 | Sewer Charge | | | | | | |
| | Gallons | 25,300,000 | 28,255,833 | | | | 28,260,000 |
| | \$/Gal | \$ 0.0054 | \$ 0.0060 | | | | \$ 0.0065 |
| | Cost | \$ 137,822 | \$ 169,535 | \$ - | \$ 169,535 | \$ 14,465 | \$ 184,000 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Station One
 15-500-2222

RFC Schedule B-5

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|---|-------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50271 | Gas/Vehicle Maintenance | | | | | | |
| | 1 vehicle | | | | | | |
| | gasoline gallons | | 274 | | | | 274 |
| | cost/gallon | | \$ 2,4683 | | | | \$ 3,1827 |
| | gasoline cost | | \$ 676 | | | | \$ 872 |
| | parts/labor | | \$ 5,653 | | | | \$ 6,375 |
| | insurance | | \$ 820 | | | | \$ 1,037 |
| | total | \$ 882 | \$ 7,149 | \$ - | \$ 7,149 | \$ 1,151 | \$ 8,300 |
| 50275 | Repairs & Maintenance | | | | | | |
| | Painting, welding materials, tools and gases | \$ 2,000 | \$ 2,938 | | | | \$ 3,000 |
| | Air handling, clarifier, filter repair & maint | \$ 9,500 | \$ 3,640 | | | | \$ 4,000 |
| | A/C, heating and hot water repairs | \$ 2,500 | \$ 485 | | | | \$ 2,000 |
| | Spare parts, analyzer maintenance/replacement | \$ 6,000 | \$ 3,164 | | | | \$ 3,000 |
| | Building maint, qtrly fire alarm testing, fire extinguisher inspe | \$ 2,000 | \$ 777 | | | | \$ 1,000 |
| | Tank inspections required by RIDOH | \$ 3,000 | | | | | \$ 2,000 |
| | Radiator replacement | | \$ 2,500 | | | | |
| | Standby power repairs | | \$ 1,800 | | | | |
| | ss screens for standpipe | | | | | | |
| | GAC Removal | | \$ 5,800 | | | | |
| | Valve update/replacement, pump O&M | \$ 6,000 | \$ 4,749 | | | | \$ 5,000 |
| | Surge tank and component maintenance | \$ 1,000 | | | | | \$ 1,000 |
| | Loading Dock Door Repair | | | | | | \$ 3,000 |
| | Sump Pump Replacement | | | | | | \$ 1,000 |
| | Clear well roof | | | | | | \$ 8,000 |
| | Rapid mix, chemfeed, VFD O&M | \$ 3,000 | | | | | \$ 2,000 |
| | total | \$ 35,000 | \$ 25,852 | \$ 9,148 | \$ 35,000 | \$ - | \$ 35,000 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Station One
 15-500-2222

RFC Schedule B-5

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|--------------|---|--------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50311 | Operating Supplies | | | | | | |
| | Machine, pump supplies, bearings, pump packing, seals, drill bits, sandpaper, fasteners, miscellaneous tools, V belts, gauges, electrical/test meters | \$ 1,600 | \$ 2,526 | | | | \$ 1,600 |
| | Generator Service - Ralco | \$ 1,500 | \$ 1,052 | | | | \$ 1,500 |
| | Transfer Switch Service - NET&S | \$ 500 | \$ 600 | | | | \$ 700 |
| | Instrumentation - ABB | \$ 11,000 | \$ 11,000 | | | | \$ 11,500 |
| | SCADA Service - R E Erickson | \$ 11,400 | \$ 11,400 | | | | \$ 12,500 |
| | Total | \$ 26,000 | \$ 26,578 | \$ - | \$ 26,578 | \$ 1,222 | \$ 27,800 |
| 50320 | Uniforms & protective Gear | \$ 1,350 | \$ - | \$ 1,350 | \$ 1,350 | \$ - | \$ 1,350 |
| 50335 | Chemicals | | | | | | |
| | Alum | \$ 61,320 | \$ 71,076 | | | | \$ 99,499 |
| | Chlorine | \$ 28,980 | \$ 30,000 | | | | \$ 34,428 |
| | Flouride | \$ 8,800 | \$ 6,085 | | | | \$ 12,509 |
| | Sodium chlorite | \$ 60,590 | \$ 118,646 | | | | \$ 103,245 |
| | polymer | \$ 8,752 | \$ 6,791 | | | | \$ 8,674 |
| | lime | | \$ 25,383 | | | | |
| | sodium Hydroxide | \$ 80,360 | \$ - | | | | \$ 111,861 |
| | GAC | \$ 37,000 | \$ 35,943 | | | | \$ 40,700 |
| | total | \$ 285,802 | \$ 293,925 | | | | \$ 410,916 |
| | rounded | \$ 286,000 | \$ 293,925 | \$ - | \$ 293,925 | \$ 117,075 | \$ 411,000 |
| total | | \$ 1,427,272 | \$ 1,369,315 | | \$ 1,447,680 | | \$ 1,712,800 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Lawton Valley
 15-500-2223

RFC Schedule B-6

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|-------------------------------------|-------------------|-------------------|-------------------------|----------------------|-----------------------|-------------------|
| 50001 | Salaries & Wages | | | | | | |
| | Water Quality Production Supv (50%) | \$ 37,907 | \$ 28,971 | | | | \$ 35,145 |
| | assistant WQP 50% | | | | | | \$ 24,874 |
| | Water Plant Operator - 3 | \$ 54,860 | \$ 43,607 | | | | \$ 52,306 |
| | Water Plant Operator - 3 | \$ 44,635 | \$ 43,956 | | | | \$ 50,550 |
| | Water Plant Foreman Operator | \$ 43,337 | \$ 52,519 | | | | \$ 53,208 |
| | Water Plant Operator - 3 | \$ 39,520 | \$ 39,447 | | | | \$ 45,580 |
| | Water Plant Operator - 3 | \$ 32,752 | \$ 44,026 | | | | \$ 51,628 |
| | Water Plant Operator - 3 | \$ 32,835 | \$ 36,396 | | | | \$ 44,617 |
| | Water Plant Operator - 3 | \$ 41,057 | \$ 44,301 | | | | \$ 52,163 |
| | Water Plant Operator - 2 | \$ 44,891 | \$ 33,441 | | | | \$ 38,618 |
| | Water Plant Operator - 3 | \$ 33,649 | \$ 42,863 | | | | \$ 51,356 |
| | Total | \$ 405,500 | \$ 409,527 | \$ (4,027) | \$ 405,500 | \$ 94,600 | \$ 500,100 |
| 50002 | Overtime | | | | | | |
| | hours | | 1,321 | | | | 1,201 |
| | rate | | \$ 32.04 | | | | \$ 35.26 |
| | total | \$ 30,000 | \$ 42,307 | \$ - | \$ 42,307 | \$ 93 | \$ 42,400 |
| 50003 | Holiday Pay | | | | | | |
| | Operators | 9 | | | | | 9 |
| | Holidays | 12 | 12 | | | | 12 |
| | Hours/Holiday | 8 | 8 | | | | 8 |
| | Average Pay Rate | \$ 20.00 | | | | | \$ 22.04 |
| | Total | \$ 18,000 | \$ 15,487 | \$ 2,513 | \$ 18,000 | \$ 2,000 | \$ 20,000 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Lawton Valley
 15-500-2223

RFC Schedule B-6

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|---|-------------------|-------------------|-------------------------|----------------------|-----------------------|-------------------|
| 50100 | Employee Benefits | | | | | | |
| | Water Quality Production Supv (50%) | \$ 12,931 | \$ 13,891 | | | | \$ 16,446 |
| | Assistant WQP 50% | | | | | | \$ 14,190 |
| | Water Plant Operator - 3 | \$ 25,535 | \$ 23,365 | | | | \$ 28,956 |
| | Water Plant Operator - 3 | \$ 23,572 | \$ 23,675 | | | | \$ 28,561 |
| | Water Plant Operator - 3 | \$ 23,513 | \$ 12,048 | | | | \$ 29,241 |
| | Water Plant Operator - 2 | \$ 23,513 | \$ 22,618 | | | | \$ 27,443 |
| | Water Plant Operator - 3 | \$ 22,538 | \$ 23,806 | | | | \$ 28,804 |
| | Water Plant Foreman Operator | \$ 21,833 | \$ 22,260 | | | | \$ 27,226 |
| | Water Plant Operator - 3 | \$ 21,849 | \$ 23,967 | | | | \$ 28,924 |
| | Water Plant Operator - 2 | \$ 23,414 | \$ 13,468 | | | | \$ 15,887 |
| | Water Plant Operator - 3 | \$ 21,514 | \$ 24,124 | | | | \$ 28,742 |
| | Benefits for OT, Holidays, & Annual leave) | | | | | | \$ 5,100 |
| | Total | \$ 220,000 | \$ 203,222 | \$ - | \$ 203,222 | \$ 76,278 | \$ 279,500 |
| 50175 | Annual Leave Buyback | \$ 3,500 | \$ 3,094 | \$ 406 | \$ 3,500 | \$ 350 | \$ 3,850 |
| 50212 | Conferences & Training | | | | | | |
| | RIDOH Required Certifications for 10 employees | \$ 2,000 | \$ 1,475 | | \$ 2,000 | | \$ 2,000 |
| | Conferences & Training | \$ 1,500 | | | \$ 1,500 | | \$ 1,500 |
| | total | \$ 3,500 | \$ 1,475 | \$ 2,025 | \$ 3,500 | \$ - | \$ 3,500 |
| 50239 | Fire & Liability Insurance | | | | | | |
| | RI Interlocal | \$ 6,000 | \$ 6,352 | \$ - | \$ 6,352 | \$ 7,248 | \$ 13,600 |
| 50306 | Contribution to Electricity Restricted Account | | | | | | |
| | Lawton Valley Treatment plant & pumping station | | | | | | |
| | Annual KWH Usage | 1,139,225 | 1,180,000 | | | | 1,317,000 |
| | KWH Base rate | | \$ 0.0596 | | | | \$ 0.0940 |
| | cost of Supply (incl GRT) | | \$ 70,275 | | | | \$ 128,960 |
| | fixed charge | | \$ 4,078 | | | | \$ 4,078 |
| | delivery charge | | \$ 39,613 | | | | \$ 46,714 |
| | total cost | \$ 123,000 | \$ 113,966 | \$ - | \$ 113,966 | \$ 65,834 | \$ 179,800 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Lawton Valley
 15-500-2223

RFC Schedule B-6

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|-------------------------|--------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50307 | Natural Gas | | | | | | |
| | | 3 yr average | | | | | |
| | CCF Annual usage | 19240 | 21,341 | | | | 19,250 |
| | CCF Base Rate | | \$ 1,1131 | | | | \$ 1,1264 |
| | Cost of Gas | | \$ 18,406 | | | | \$ 21,683 |
| | Fixed Charge | | \$ 708 | | | | \$ 743 |
| | Other charges | | \$ 4,581 | | | | \$ 5,579 |
| | Gross earnings Tax | | \$ 732 | | | | \$ 796 |
| | Total Cost | \$ 34,300 | \$ 24,427 | \$ - | \$ 24,427 | \$ 4,473 | \$ 28,900 |
| 50260 | Rental of Equipment | | | | | | |
| | Dumpster Rentals | | \$ 133 | | | | \$ 300 |
| | chemical cylinders | | \$ 80 | | | | \$ 200 |
| | total | \$ 500 | \$ 213 | \$ 287 | \$ 500 | \$ - | \$ 500 |
| 50305 | Sewer Charge | | | | | | |
| | Gallons | 22,800,000 | 8,974,545 | | | | 37,230,000 |
| | \$/Gal | \$ 0.0060 | \$ 0.0060 | | | | \$ 0.0065 |
| | Cost | \$ 136,986 | \$ 53,847 | \$ 83,139 | \$ 136,986 | \$ 105,014 | \$ 242,000 |
| 50271 | Gas/Vehicle Maintenance | | | | | | |
| | | 1 vehicle | | | | | |
| | gasoline gallons | | 196 | | | | 196 |
| | cost/gallon | | \$ 2,5684 | | | | \$ 3,1827 |
| | gasoline cost | | \$ 504 | | | | \$ 624 |
| | parts/labor | | \$ 6,083 | | | | \$ 6,860 |
| | insurance | | \$ 820 | | | | \$ 1,037 |
| | total | \$ 948 | \$ 7,407 | \$ - | \$ 7,407 | \$ 1,193 | \$ 8,600 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Lawton Valley
 15-500-2223

RFC Schedule B-6

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|--|-------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50275 | Repairs & Maintenance | | | | | | |
| | Painting, welding materials, tools and gases | \$ 5,000 | \$ 3,705 | | | | \$ 6,000 |
| | Pulsator Repair & Modifications | \$ 8,000 | | | | | \$ 5,000 |
| | Electrical Controls & Instrumentation supplies, filters, repair & maintenance, troubleshooting | \$ 12,000 | | | | | \$ 9,000 |
| | Building Maintenance, floors, heat & hot water | \$ 4,000 | | | | | \$ 4,000 |
| | Valve update/replacement, pump O&M | \$ 8,000 | | | | | \$ 8,000 |
| | Priming sytem maintenance, spare parts, rapid mix chem feed & Forest Ave. | \$ 5,000 | | | | | \$ 5,000 |
| | RIDOH Tank inspections | \$ 3,000 | \$ 2,940 | | | | \$ 3,000 |
| | Remove Trees over clear well | | | | | | \$ 3,000 |
| | Fire Alarm testing | | \$ 332 | | | | \$ 400 |
| | Other | \$ 10,000 | | | | | |
| | total | \$ 55,000 | \$ 6,977 | \$ 36,423 | \$ 43,400 | \$ - | \$ 43,400 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Lawton Valley
 15-500-2223

RFC Schedule B-6

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|--------------|---|---------------------|---------------------|-------------------------|----------------------|-----------------------|---------------------|
| 50311 | Operating Supplies | | | | | | |
| | Machine, pump supplies, bearings, pump packing, seals, drill bits, sandpaper, fasteners, miscellaneous tools, V belts, gauges, electrical/test meters | \$ 3,000 | \$ 973 | | \$ 4,500 | | \$ 4,500 |
| | Generator Service - Ralco | \$ 1,500 | \$ 1,936 | | \$ 2,000 | | \$ 2,000 |
| | Transfer Switches Service - NET&S | | \$ 300 | | \$ 300 | | \$ 300 |
| | Harbor controls contract | \$ 10,000 | \$ 10,000 | | \$ 12,700 | | \$ 12,700 |
| | Elevator Maintenance | \$ 1,600 | \$ 2,227 | | \$ 2,500 | | \$ 2,500 |
| | SCADA Service - R E Erickson | \$ 11,400 | | | | | |
| | Total | \$ 27,500 | \$ 15,436 | \$ 6,564 | \$ 22,000 | \$ - | \$ 22,000 |
| 50320 | Uniforms & protective Gear | \$ 1,000 | \$ 614 | \$ 386 | \$ 1,000 | \$ - | \$ 1,000 |
| 50335 | Chemicals | | | | | | |
| | Alum | \$ 55,772 | \$ 57,478 | | | | \$ 92,288 |
| | Chlorine | \$ 18,400 | \$ 19,200 | | | | \$ 23,478 |
| | Flouride | \$ 6,720 | \$ - | | | | \$ 11,226 |
| | Sodium chlorite | \$ 46,355 | \$ 57,484 | | | | \$ 59,585 |
| | Lime | | \$ 20,358 | | | | |
| | Sodium Hydroxide | \$ 44,191 | \$ - | | | | \$ 74,240 |
| | total | \$ 171,438 | \$ 154,520 | | | | \$ 260,817 |
| | rounded | \$ 172,000 | \$ 154,520 | \$ - | \$ 154,520 | \$ 106,480 | \$ 261,000 |
| total | | \$ 1,237,734 | \$ 1,058,872 | | \$ 1,186,587 | | \$ 1,650,150 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Laboratory
 15-500-2235

RFC Schedule B-7

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|--|-------------------|-------------------|-------------------------|----------------------|-----------------------|-------------------|
| 50001 | Salaries & Wages | \$ 59,637 | \$ 54,313 | | | | \$ 67,573 |
| | Laboratory Supervisor | | | | | | |
| | Microbiologist | \$ 53,017 | \$ 48,283 | | | | \$ 60,072 |
| | Total | \$ 112,700 | \$ 102,596 | \$ - | \$ 102,596 | \$ 25,104 | \$ 127,700 |
| 50100 | Employee Benefits | \$ 27,271 | \$ 26,401 | | | | \$ 32,237 |
| | Laboratory Supervisor | | | | | | |
| | Microbiologist | \$ 25,932 | \$ 25,087 | | | | \$ 30,550 |
| | Benefits on Annual leave buyback | | | | | | \$ 210 |
| | Total | \$ 53,200 | \$ 51,488 | \$ - | \$ 51,488 | \$ 11,512 | \$ 63,000 |
| 50175 | Annual Leave Buyback | \$ 2,500 | \$ - | \$ 2,500 | \$ 2,500 | \$ 250 | \$ 2,750 |
| 50275 | Repairs & Maintenance | | | | | | |
| | Cleaning, Recalculation & Certification of balances, fume head, thermometers, etc. | \$ 600 | \$ 580 | | \$ 500 | | \$ 600 |
| | Misc repairs to Equipment | \$ 400 | \$ 381 | | \$ 300 | | \$ 400 |
| | Total | \$ 1,000 | \$ 961 | \$ 39 | \$ 1,000 | \$ - | \$ 1,000 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Laboratory
 15-500-2235

RFC Schedule B-7

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|--|-------------------|-------------------|-------------------------|----------------------|-----------------------|-------------------|
| 500281 | Regulatory Assessment | | | | | | |
| | Bacteria, Coliform, pH, Turbid Analysis | \$ 1,277 | \$ 1,509 | | | | \$ 1,300 |
| | TTHM/HAA5 Analysis | \$ 10,650 | \$ 5,384 | | | | \$ 12,800 |
| | TOC Analysis | \$ 1,390 | \$ 1,116 | | | | \$ 1,200 |
| | pb/cu Analysis | \$ 225 | \$ 210 | | | | \$ 200 |
| | RI DOH Lab Fees | \$ 21,458 | \$ 18,342 | | | | \$ 19,995 |
| | RIPDES Permit Alum Analysis | \$ - | \$ 725 | | | | \$ 1,000 |
| | Total | \$ 35,000 | \$ 27,286 | \$ - | \$ 27,286 | \$ 9,214 | \$ 36,500 |
| 50339 | Laboratory Supplies | | | | | | |
| | Buffers, reagents, Standards, gases & misc expendable supplies | \$ 4,247 | \$ 2,537 | | | | \$ 3,300 |
| | Colisure PA media | \$ 6,208 | \$ 2,711 | | | | \$ 3,000 |
| | Expendable wipes, gloves, pipets, bottles, glassware | \$ 1,227 | \$ 515 | | | | \$ 1,500 |
| | Replacement of dispensers, turbidmeters, microscopes meters and other misc equipment | \$ 4,210 | \$ 8,269 | | | | \$ 5,700 |
| | Replace Glassware washer | | | | | | \$ 5,000 |
| | total | \$ 16,000 | \$ 14,032 | \$ 1,968 | \$ 16,000 | \$ 2,500 | \$ 18,500 |
| | total | \$ 220,400 | \$ 196,363 | | \$ 200,870 | | \$ 249,450 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Distribution
 15-500-2241

RFC Schedule B-8

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|------------------------------------|-------------------|-------------------|-------------------------|----------------------|-----------------------|-------------------|
| 50001 | Salaries & Wages | | | | | | |
| | Supervisor Water Dist/Coll 50% | \$ 34,883 | \$ 31,769 | | | | \$ 39,526 |
| | Maintenance Mechanic | \$ 43,429 | \$ 46,515 | | | | \$ 52,398 |
| | Heavy Equipment Operator | \$ 44,153 | \$ 40,026 | | | | \$ 46,457 |
| | Maintenance Mechanic | \$ 43,973 | \$ 45,775 | | | | \$ 52,616 |
| | Senior Maintenance Mechanic | \$ 41,509 | \$ 4,456 | | | | \$ 45,459 |
| | Parts/Invent Control Tech | \$ 36,013 | \$ 35,504 | | | | \$ 41,441 |
| | Skilled Laborer Equipment Operator | \$ 36,929 | \$ 29,244 | | | | \$ 47,794 |
| | Engineering Technician | \$ 32,838 | \$ 47,359 | | | | \$ 55,729 |
| | Skilled Laborer Equipment Operator | \$ 44,098 | \$ 32,551 | | | | \$ 41,411 |
| | Skilled Laborer Equipment Operator | \$ 33,407 | \$ 17,400 | | | | \$ 40,440 |
| | Total | \$ 392,000 | \$ 330,599 | \$ 61,401 | \$ 392,000 | \$ 71,300 | \$ 463,300 |
| 50002 | Overtime | | | | | | |
| | hours | | 1,020 | | | | 1,520 |
| | rate | | \$ 32.89 | | | | \$ 33.95 |
| | total | \$ 55,000 | \$ 33,527 | \$ 21,473 | \$ 55,000 | \$ (3,000) | \$ 52,000 |
| 50004 | Temp Salaries | \$ 10,000 | \$ - | \$ 10,000 | \$ 10,000 | \$ - | \$ 10,000 |
| 50056 | Injury Pay | \$ 1,200 | \$ - | \$ - | \$ - | \$ - | \$ - |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Distribution
 15-500-2241

RFC Schedule B-8

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|--|-------------------|-------------------|-------------------------|----------------------|-----------------------|-------------------|
| 50100 | Employee Benefits | | | | | | |
| | Supervisor Water Dist/Coll 50% | \$ 14,659 | \$ 14,262 | | | | \$ 17,432 |
| | Maintenance Mechanic | \$ 23,222 | \$ 24,628 | | | | \$ 28,977 |
| | Heavy Equipment Operator | \$ 23,222 | \$ 23,040 | | | | \$ 27,640 |
| | Maintenance Mechanic | \$ 23,222 | \$ 24,515 | | | | \$ 2,824 |
| | Senior Maintenance Mechanic | \$ 23,604 | \$ 4,372 | | | | \$ 27,416 |
| | Parts/Invent Control Tech | \$ 21,658 | \$ 21,572 | | | | \$ 26,512 |
| | Skilled Laborer Equipment Operator | \$ 22,168 | \$ 14,788 | | | | \$ 17,958 |
| | Engineering Technician | \$ 21,197 | \$ 23,893 | | | | \$ 29,726 |
| | Skilled Laborer Equipment Operator | \$ 23,523 | \$ 19,693 | | | | \$ 26,505 |
| | Skilled Laborer Equipment Operator | | \$ 3,911 | | | | \$ 16,221 |
| | Benefits for OT, Injury & Annual leave Buyback | \$ 525 | \$ 912 | | | | \$ 5,194 |
| | Total | \$ 197,000 | \$ 175,586 | \$ 33,270 | \$ 208,856 | \$ 42,945 | \$ 251,800 |
| 50175 | Annual Leave Buyback | \$ 5,300 | \$ 2,130 | \$ 3,170 | \$ 5,300 | \$ 600 | \$ 5,900 |
| 50212 | Conferences & Training | | | | | | |
| | Continuing Education Units | \$ 3,200 | | | | | \$ 3,200 |
| | Supervisor Water Dist/ Collect | \$ 670 | \$ 319 | | | | \$ 670 |
| | Travel | \$ 130 | | | | | \$ 130 |
| | Total | \$ 4,000 | \$ 319 | \$ 3,681 | \$ 4,000 | \$ - | \$ 4,000 |
| 50225 | Contract Services | | | | | | |
| | Welding Services as required | \$ 3,000 | | | \$ 3,000 | | \$ 2,500 |
| | Water Storage Tank Inspections | \$ 3,000 | | | \$ 3,000 | | \$ 3,000 |
| | Dig safe Contract | \$ 6,500 | \$ 5,425 | | \$ 6,500 | | \$ 7,000 |
| | total | \$ 12,500 | \$ 5,425 | \$ 7,075 | \$ 12,500 | \$ - | \$ 12,500 |
| 50239 | Fire & Liability Insurance | | | | | | |
| | RI Interlocal | \$ 2,225 | \$ 2,355 | \$ - | \$ 2,355 | \$ 45 | \$ 2,400 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Distribution
 15-500-2241

RFC Schedule B-8

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|--|-------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50306 | Contribution to Electricity Restricted Account | | | | | | |
| | Forest Ave, Goulart Lane, Reservoir Rd | | | | | | |
| | 3 year average | | | | | | |
| | Annual KWH Usage | 119,153 | 216,000 | | | | 131,000 |
| | KWH Base rate | | \$ | 0.0639 | | | \$ 0.0940 |
| | cost of Supply (incl GRT) | | \$ | 8,317 | | | \$ 12,827 |
| | fixed charge | | \$ | 1,620 | | | \$ 1,620 |
| | delivery charge | | \$ | 4,982 | | | \$ 5,041 |
| | total cost | \$ 21,600 | \$ 14,919 | \$ - | \$ 14,919 | \$ 4,581 | \$ 19,500 |
| 50260 | Heavy Equipment Rental | | | | | | |
| | Backhoe w/oper 27 hrs @ 100/hr | \$ 2,700 | | | | | \$ 2,700 |
| | Excavator w/oper 10 hrs @ 160/hr | \$ 1,400 | | | | | \$ 1,600 |
| | Dump truck 30 hrs @ 65/hr | \$ 1,950 | | | | | \$ 1,950 |
| | Gas cylinders | | \$ 310 | | | | |
| | Waste Management | \$ 380 | \$ 365 | | | | \$ 380 |
| | Paving Eq. 72 hrs @ \$95/hr. | \$ 6,730 | | | | | \$ 2,280 |
| | Total | \$ 13,160 | \$ 675 | \$ 8,225 | \$ 8,900 | \$ - | \$ 8,900 |
| 50271 | Gas/Vehicle Maintenance | | | | | | |
| | 10 vehicles | | | | | | |
| | diesel gallons | | 1,924 | | | | 1,924 |
| | cost/gallon | | \$ 2,9239 | | | | \$ 4.1612 |
| | diesel cost | | \$ 5,626 | | | | \$ 8,007 |
| | gasoline gallons | | 7,727 | | | | 7,727 |
| | cost/gallon | | \$ 2.4998 | | | | \$ 3.1827 |
| | gasoline cost | | \$ 19,317 | | | | \$ 24,594 |
| | total fuel cost | | \$ 24,943 | | | | \$ 32,601 |
| | parts/labor | | \$ 57,425 | | | | \$ 64,767 |
| | insurance | | \$ 8,196 | | | | \$ 10,367 |
| | total | \$ 67,556 | \$ 90,564 | \$ - | \$ 90,564 | \$ 17,236 | \$ 107,800 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Distribution
 15-500-2241

RFC Schedule B-8

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|--|-------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50275 | Repairs & Maintenance | | | | | | |
| | Roof | \$ 18,000 | | | | | \$ 15,000 |
| | Air conditioning | \$ 4,000 | | | | | \$ 4,000 |
| | overhead doors | \$ 3,000 | | | | | \$ 3,000 |
| | Miscellaneous | \$ 5,000 | \$ 2,559 | | | | \$ 3,000 |
| | equipment racks | | | | | | \$ 7,000 |
| | total | \$ 30,000 | \$ 2,559 | \$ 27,441 | \$ 30,000 | \$ 2,000 | \$ 32,000 |
| 20276 | Main Maintenance | | | | | | |
| | Demolition saw and blades | \$ 3,000 | \$ 1,604 | | | | \$ 2,000 |
| | Permits | | \$ 1,196 | | | | \$ 1,500 |
| | Detail officers, approx. 10 days @ \$400/per | \$ 3,000 | \$ 1,211 | | | | \$ 4,000 |
| | Materials for inhouse replacement/repairs of water mains | | | | | | |
| | including ductile iron piping/fittings/tapping | \$ 30,800 | \$ 13,401 | | | | \$ 25,800 |
| | Road fill materials 1,800 tons of gravel | \$ 21,600 | \$ 15,195 | | | | \$ 29,700 |
| | 500 tons stone | \$ 12,000 | \$ 14,800 | | | | \$ 9,750 |
| | Cold patch @ \$83.75/ton | \$ 6,600 | \$ 8,832 | | | | \$ 10,050 |
| | Gate Valves | \$ 2,000 | \$ 2,000 | | | | \$ 2,000 |
| | total | \$ 79,000 | \$ 58,239 | \$ 20,761 | \$ 79,000 | \$ 5,800 | \$ 84,800 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Distribution
 15-500-2241

RFC Schedule B-8

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|--|-------------|----------------|-------------------------|----------------------|-----------------------|------------------|
| 50296 | Service Maintenance | | | | | | |
| | Tap machine for 3/4" - 1" taps | \$ 750 | | | | | \$ 750 |
| | Service boxes 200 @ \$17/each in 2010, 120 | \$ 3,400 | \$ 2,174 | | | | \$ 3,400 |
| | Service Keys 4 @ \$110/ea | \$ 440 | | | | | \$ 440 |
| | Tools, tapping/crimping/cutting/drilling etc. | \$ 1,200 | | | | | \$ 1,200 |
| | Service Barricades 8 @ \$110/ea | \$ 880 | | | | | \$ 880 |
| | Safety Cones 100 @ \$15/ea | \$ 1,500 | | | | | \$ 1,500 |
| | New Services copper tubing 3/4" - 2" 2,000 | \$ 14,000 | \$ 7,733 | | | | \$ 11,000 |
| | Excavation Permits | | \$ 1,320 | | | | \$ 1,500 |
| | Curb stops, corporations, service saddles, unions, repair couplings, brass fittings | \$ 8,330 | \$ 6,263 | | | | \$ 8,830 |
| | Detail officers approximately 10 days @ \$40 | \$ 3,000 | | | | | \$ 4,000 |
| | | \$ 33,500 | \$ 17,490 | \$ 16,010 | \$ 33,500 | \$ - | \$ 33,500 |
| 50311 | Operating Supplies | | | | | | |
| | machine & tool lubricant | \$ 3,000 | | | \$ 3,000 | | \$ 3,000 |
| | grease guns | \$ 500 | | | \$ 500 | | \$ 500 |
| | Replacement blades/cutting wheels | \$ 5,000 | \$ 6,468 | | \$ 5,000 | | \$ 5,000 |
| | chains, bars, tapping tools | \$ 2,500 | | | \$ 2,500 | | \$ 2,500 |
| | Total | \$ 11,000 | \$ 6,468 | \$ 4,532 | \$ 11,000 | \$ - | \$ 11,000 |
| 50320 | Uniforms & protective Gear | \$ 1,500 | \$ 1,141 | \$ 359 | \$ 1,500 | \$ - | \$ 1,500 |
| | total | \$ 936,541 | \$ 741,996 | | \$ 959,394 | | \$ 1,100,900 |

Newport Water Division
 Projected Costs for Rate Filing
 FY 2010
 Fire Protection
 15-500-2245

RFC Schedule B-9

| Account | Description | Docket 3818 | Actual FY 2008 | Normalizing Adjustments | Normalized Test Year | Rate Year Adjustments | Proposed FY 2010 |
|---------|----------------------------------|----------------|-------------------|----------------------------|-------------------------|--------------------------|---------------------|
| 50275 | Repair & Maintenance - Equipment | | | | | | |
| | Permits | \$ 1,000 | \$ 145 | | | | \$ 200 |
| | Main Valves | \$ 1,000 | \$ - | | | | \$ 1,000 |
| | Acetylene & Oxygen | \$ 300 | \$ - | | | | \$ 300 |
| | Repair of wrench | \$ 1,850 | \$ - | | | | \$ - |
| | Hydrant parts | \$ 1,700 | \$ 6,512 | | | | \$ 6,000 |
| | Hydrant Paint | | \$ 1,991 | | | | \$ 1,000 |
| | Chain tongs | \$ 650 | | | | | \$ 650 |
| | misc other materials as needed | \$ 3,300 | \$ 2,661 | | | | \$ 3,300 |
| | Welding of hydrant base | \$ 500 | \$ - | | | | \$ 500 |
| | Temporary surface restoration | \$ 3,500 | | | | | \$ 1,500 |
| | Miscellaneous | \$ 200 | | | | | |
| | New Hydrants 5@ \$1,300 each | \$ - | | | | | \$ 6,500 |
| | total | \$ 14,000 | \$ 11,310 | \$ 2,690 | \$ 14,000 | \$ 7,000 | \$ 21,000 |
| | total | \$ 14,000 | \$ 11,310 | | \$ 14,000 | | \$ 21,000 |

City of Newport, Rhode Island
 FY 2010 Rate Filing
 Development of Legal & Administrative and Data Processing Charges

RFC Schedule D

Determination of Budget Percentages

| | FY2009 Adopted Budget | Percentage |
|--|-----------------------------|------------|
| Total General Fund Budget (Adopted) | 76,683,576 | |
| Add: Equipment Operations Fund | 1,449,071 | |
| Less: | | |
| School Appropriation | (23,142,725) | |
| Library Appropriation | (1,655,167) | |
| Civic Support Requests | (183,900) | |
| Transfers to Capital Funds | (969,500) | |
| Total General Fund Budget For Allocation | 52,181,355 | 58.99% |
| Water Fund | 19,943,420 | 22.55% |
| WPC Fund | 12,628,836 | 14.28% |
| Maritime Fund | 1,483,000 | 1.68% |
| Beach Fund | 866,324 | 0.98% |
| Parking Fund | 1,347,952 | 1.52% |
| Combined Budgets | 88,450,887 | 100.00% |

Allocation of Legal and Administrative Costs to Enterprise Funds

| Allocated Item | Cost To Be Allocated | | | | | | | | | | |
|------------------------|-------------------------|---------|------------|--------|----------|-------|----------|---------|--------|--------|---------|
| | | Water % | Water Fund | WPC % | WPC Fund | Mar % | Maritime | Beach % | Beach | Park % | Parking |
| Audit Fees | \$ 84,875 | 6.18% | 5,245 | 6.00% | 5,093 | 2.00% | 1,698 | 2.00% | 1,698 | 2.00% | 1,698 |
| OPEB Contribution (1) | \$ 3,500,000 | 0.00% | - | 0.00% | - | 0.07% | 2,450 | 0.09% | 3,150 | 0.00% | - |
| City Council | \$ 76,655 | 11.40% | 8,739 | 4.50% | 3,449 | 7.80% | 5,979 | 6.30% | 4,829 | 7.30% | 5,596 |
| Citizen Survey | \$ 16,000 | 8.30% | 1,328 | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| City Clerk | \$ 319,706 | 11.40% | 36,446 | 4.50% | 14,387 | 7.80% | 24,937 | 6.30% | 20,141 | 7.30% | 23,339 |
| City Manager | \$ 418,103 | 22.55% | 94,282 | 14.28% | 59,705 | 1.68% | 7,024 | 0.98% | 4,097 | 1.52% | 6,355 |
| Human Resources | \$ 303,388 | 12.90% | 39,137 | 0.44% | 1,335 | 0.47% | 1,426 | 0.74% | 2,245 | 0.18% | 546 |
| City Solicitor | \$ 289,177 | 22.55% | 65,209 | 14.28% | 41,294 | 1.68% | 4,858 | 0.98% | 2,834 | 1.52% | 4,395 |
| Finance Admin 80% | \$ 310,370 | 22.55% | 69,988 | 14.28% | 44,321 | 1.68% | 5,214 | 0.98% | 3,042 | 1.52% | 4,718 |
| Finance Admin 10% | \$ 38,796 | 31.00% | 12,027 | 8.90% | 3,453 | 4.40% | 1,707 | 4.40% | 1,707 | 6.70% | 2,599 |
| Purchasing | \$ 90,123 | 17.90% | 16,132 | 1.20% | 1,081 | 3.10% | 2,794 | 5.90% | 5,317 | 3.50% | 3,154 |
| Assessment | \$ 113,456 | 10.00% | 11,346 | | | | | | | | |
| Collections | \$ 313,663 | 20.50% | 64,301 | 20.50% | 64,301 | 0.00% | - | 0.00% | - | 18.70% | 58,655 |
| Accounting - 5% | \$ 9,749 | 100.00% | 9,749 | | | | | | | | |
| Accounting | \$ 383,951 | 16.90% | 64,888 | 0.97% | 3,724 | 2.60% | 9,983 | 3.90% | 14,974 | 2.70% | 10,367 |
| Public Safety | \$ 28,531,884 | 0.10% | 28,532 | 0.17% | 48,504 | 0.04% | 11,413 | 0.05% | 14,266 | 0.25% | 71,330 |
| Facilities Maintenance | \$ 823,521 | 1.47% | 12,106 | | | | | | | | |

Legal & Administrative 539,455
 rounded \$ 539,500

Allocation of Data Processing Costs to Enterprise Funds

| Allocated Item | Cost To Be Allocated | | | | | | | | | | |
|---------------------------|-------------------------|---------|------------|--------|----------|-------|----------|---------|-------|--------|---------|
| | | Water % | Water Fund | WPC % | WPC Fund | Mar % | Maritime | Beach % | Beach | Park % | Parking |
| MIS - Communications Cost | \$ 328,960 | 7.90% | 25,988 | 3.30% | 10,856 | 1.26% | 4,145 | 1.67% | 5,494 | 0.84% | 2,763 |
| MIS - Other Costs | \$ 886,172 | 22.55% | 199,832 | 14.28% | 126,545 | 1.68% | 14,888 | 0.98% | 8,684 | 1.52% | 13,470 |

Data Processing (1) 225,820
 rounded \$ 226,000