State of Rhode Island and Providence Plantations

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Patrick C. Lynch, Attorney General

January 29, 2010

Ms. Luly Massaro, Clerk
Rhode Island Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

Re: Docket No. 4128

Dear Ms. Massaro,

Enclosed for filing with the Commission by the Division in the above-entitled matter, please find the Direct Testimony of Jerome D. Mierzwa.

Very truly yours,

Jon G. Hagopian
Special Assistant Attorney General

Enclosures
Service List (by e-mail only)

BEFORE THE

PUBLIC UTILITIES COMMISSION

OF RHODE ISLAND

CITY OF NEWPORT	)	**DOCKET NO. 4128**

DIRECT TESTIMONY

OF

JEROME D. MIERZWA

ON BEHALF OF THE

DIVISION OF PUBLIC UTILITIES AND CARRIERS

JANUARY 29, 2010

EXETER
ASSOCIATES, INC.
5565 Sterrett Place
Suite 310
Columbia, Maryland 21044

BEFORE THE

PUBLIC UTILITIES COMMISSION

OF RHODE ISLAND

CITY OF NEWPORT) DOCKET NO. 4128

DIRECT TESTIMONY OF JEROME D. MIERZWA

I. Introduction

Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

A. My name is Jerome D. Mierzwa. I am a principal and President of Exeter Associates, Inc. My business address is 5565 Sterrett Place, Suite 310, Columbia, Maryland 21044. Exeter specializes in providing public utility-related consulting services.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I graduated from Canisius College in Buffalo, New York, in 1981 with a Bachelor of Science Degree in Marketing. In 1985, I received a Masters Degree in Business Administration with a concentration in finance, also from Canisius College. In July 1986, I joined National Fuel Gas Distribution Corporation ("NFG Distribution") as a Management Trainee in the Research and Statistical Services Department ("RSS"). I was promoted to Supervisor RSS in January 1987. While employed with NFG Distribution, I conducted various financial and statistical analyses related to the company's market research activity and state regulatory affairs. In April 1987, as part of a corporate reorganization, I was transferred to National Fuel Gas Supply Corporation's ("NFG Supply") rate department where my responsibilities included utility cost of service and rate design analysis, expense and revenue requirement

forecasting and activities related to federal regulation. I was also responsible for preparing NFG Supply's Purchase Gas Adjustment ("PGA") filings and developing interstate pipeline and spot market supply gas price projections. These forecasts were utilized for internal planning purposes as well as in NFG Distribution's purchased gas cost proceedings.

In April 1990, I accepted a position as a Utility Analyst with Exeter Associates, Inc. In December 1992, I was promoted to Senior Regulatory Analyst. Effective April 1, 1996, I became a principal of Exeter Associates. Since joining Exeter Associates, my assignments have included water utility class cost of service and rate design analysis, evaluating the gas purchasing practices and policies of natural gas utilities, sales and rate forecasting, performance-based incentive regulation, revenue requirement analysis, the unbundling of utility services and the evaluation of customer choice natural gas transportation programs.

Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY PROCEEDINGS ON UTILITY RATES?

A. Yes. I have provided testimony on more than 100 occasions in proceedings before the Federal Energy Regulatory Commission ("FERC"), utility regulatory commissions in Delaware, Georgia, Illinois, Indiana, Louisiana, Maine, Montana, Nevada, New Jersey, Ohio, Pennsylvania, Texas and Virginia, as well as before this Commission.

Q. HAVE YOU PREVIOUSLY TESTIFIED ON WATER UTILITY ISSUES BEFORE THIS COMMISSION?

A. Yes. I was asked by the Division of Public Utilities and Carriers ("the Division") to testify on water utility issues in City of Newport-Water Division ("Newport") Docket No. 2985. I was also asked by the Division to testify on cost allocation and rate design issues in Pawtucket Water Supply Board Docket Nos. 2674 and 3945, Kent County

Water Authority Docket Nos. 2555 and 3311, and Providence Water Supply Board Docket Nos. 2048, 3163 and 3832.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony evaluates Newport's class cost of service study and rate design proposals.

Q. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?

A. Following this introductory section, my testimony is divided into two additional sections. The first section provides an overview of cost of service methodologies. In the next section, I address Newport's cost of service study and rate design proposals.

II. Overview of Cost of Service Methodologies

Q. WHAT IS THE OBJECTIVE OF A COST OF SERVICE STUDY?

A. A cost of service study is conducted to assist a utility or commission in determining the level of costs properly recoverable from each of the various classes to which the utility provides service. Allocation of recoverable costs to each class of service is generally based on cost causation principles.

Q. WHAT ARE THE PRIMARY COST OF SERVICE STUDY METHODOLOGIES UTILIZED FOR WATER UTILITIES?

A. The two most commonly used and widely recognized methods of allocating costs to customer classes for water utilities are the base-extra capacity method and the commodity-demand method. Both of these methods are set forth in the American Water Works Association's ("AWWA") *Principles of Water Rates, Fees and Charges* ("AWWA M1 Manual").

Q. PLEASE SUMMARIZE EACH OF THESE METHODS.

A. Under the base-extra capacity method, investment and costs are first classified into four primary functional cost categories: base or average capacity, extra capacity, customer, and direct fire protection. Customer costs are commonly further divided between meter and service related and account or bill related costs. Extra capacity costs may also be divided between maximum day and maximum hour costs. Once investment and costs are classified to these functional categories, they are then allocated to customer classes. Base costs are allocated according to average water use, and extra capacity costs are allocated on the basis of the excess of peak demands over average demands. Meter and service related customer costs are allocated on the basis of relative meter and service investment or a proxy thereof. Account related customer costs are allocated in proportion to the number of customers or the number of bills.

The commodity-demand method follows the same general procedures. However, usage related costs are classified as commodity and demand related rather than as base and extra capacity related. Commodity related costs are allocated to customer classes on the basis of total water use (which is equivalent to average demand), and demand related costs are allocated on the basis of each class' contribution to peak demand rather than on the basis of class demands in excess of average use.

III. Evaluation of Newport's Cost of Service Study and Rate Design Proposals

Q. WHAT COST OF SERVICE METHODOLOGY HAS BEEN UTILIZED BY NEWPORT IN ITS STUDY?

A. The cost of service study presented by Newport utilizes the base extra-capacity methodology.

Q. PLEASE IDENTIFY THE CUSTOMER CLASSES INCLUDED IN NEWPORT'S STUDY.

A. The customer classes included in Newport's study are the residential and commercial retail classes, the Navy and Portsmouth Water and Fire District ("PWFD") wholesale classes, and the public and private fire protection classes.

Q. PLEASE SUMMARIZE THE CHANGES YOU ARE RECOMMENDING TO NEWPORT'S COST OF SERVICE STUDY AND RATE DESIGN PROPOSALS.

A. I am proposing the following modifications to Newport's cost of service study and rate design proposals:

- Newport has not properly reflected the maximum hour demands associated with fire protection service and Newport's study should be modified accordingly;
- Newport's study improperly over-allocates maximum day and maximum hour costs to fire protection service and this improper over-allocation should be corrected;
- Newport's proposal to allocate none of the costs associated with unaccounted-for water ("UFW") to the Navy is unreasonable, and I recommend that the Navy be allocated UFW costs based on a 50 percent weighting of base or average demands;
- Newport's allocation of transmission and distribution costs to the Navy fails to reflect the unique service characteristic of the Navy, and I recommend that the allocation of these costs to the Navy be reduced by 50 percent;
- The laboratory investment and chemical expenses included in Newport's cost of service study should be allocated based on average demands;
- Newport's study fails to allocate service line investment to private fire protection, and the study should be modified accordingly;

- Newport's allocation of administration wages, salaries and benefits solely to the base, metering and billing function is unreasonable, and these costs should be allocated to all functions;

- Water Quality Protection Fees should be allocated only to the residential and commercial retail classes; and

- Newport has proposed the same monthly and quarterly service charges for all general water service (non-fire protection) customers regardless of meter size. I recommend that service charges be designed based on meter size.

Q. HAVE YOU PREPARED A COST OF SERVICE STUDY REFLECTING YOUR RECOMMENDED MODIFICATIONS TO NEWPORT'S STUDY?

A. Yes, a revised cost of service study reflecting my recommended modifications is attached to my testimony. This revised study utilizes the same schedule number sequencing as Newport, with the exception that I have substituted the abbreviation "JDM" for the "RFC" utilized by Newport.

Q. PLEASE EXPLAIN HOW THE MAXIMUM HOUR DEMANDS ASSOCIATED WITH FIRE PROTECTION SERVICE WERE DEVELOPED IN NEWPORT'S COST OF SERVICE STUDY.

A. As shown on RFC Schedule B-11, Newport utilized an hourly fire protection flow of 240,000 gallons per hour (4,000 gallon per minute flow) in its cost of service study, and reflected this flow rate on RFC Schedule B-9 to develop percentages which were subsequently used to allocate maximum hour related costs to the various customer classes. That is, the rate used by Newport for fire protection represented the flow for a one-hour period. For all other classes included on RFC Schedule B-9, the maximum hour rate used by Newport represents flows at the maximum hour rate for a 24-hour period. Consistent with the approach used for all other customer classes, the maximum hour rate for fire protection should be stated on a 24-hour basis, and I have made this correction in my revised study.

Q. PLEASE EXPLAIN HOW NEWPORT OVER-ALLOCATED COSTS TO FIRE PROTECTION SERVICE IN ITS COST OF SERVICE STUDY.

A. In its cost of service study, Newport allocates each cost item to the base (average), maximum day, maximum hour, metering, billing, services and fire protection functions. Maximum day and maximum hour costs are initially allocated to general water service (retail and wholesale customers) and fire protection service based on relative maximum day and maximum hour demands. After allocating maximum day and maximum hour costs between general water service and fire protection service, Newport's cost of service subsequently reallocates a portion of the maximum day and maximum hour costs allocated to general service to fire protection service. This "second" allocation of costs to fire protection service is improper and results in an over-allocation of costs to fire protection service.

Q. COULD YOU PROVIDE ADDITIONAL DETAIL ON NEWPORT'S OVER-ALLOCATION OF COSTS TO FIRE PROTECTION SERVICE?

A. Yes. The percentages utilized to allocate maximum day and maximum hour-related costs to the various customer classes are shown on RFC Schedule B-10.[1] As shown there in the "Base/Extra-Capacity Distribution of System Peaks" table, 11.9 percent (subsequently rounded to 12 percent) of maximum day costs are to be allocated to fire protection service, and 8.3 percent (7.1 percent plus 1.2 percent, subsequently rounded to 8 percent) of maximum hour costs are to be allocated to fire protection service. These rounded percentages carry over to RFC Schedule B-3, and subsequently are used on RFC Schedule B-1, to allocate each cost item to each customer class. RFC Schedule B-1 includes the allocation of maximum day and maximum hour costs to fire protection service. The individual cost item allocations developed on RFC Schedule

[1] The percentages reflected on RFC Schedule B-10 are improperly identified as being related to Private Fire Protection Service. The percentages are actually applicable to Public and Private Fire Protection Service.

B-1 are then summarized on RFC Schedule B-2. On RFC Schedule B-2, Newport's cost of service study again allocates a portion of the costs allocated to the maximum day and maximum hour functions to fire protection service. Maximum day and maximum hour costs have already been allocated to fire protection service on RFC Schedule B-1, and the additional allocations on RFC Schedule B-2 result in an overallocation of costs to fire protection service. I have corrected this misallocation in my revised study by only allocating maximum day and maximum hour costs to fire protection on JDM Schedule B-2.

Q. WHAT HAS NEWPORT PROPOSED WITH RESPECT TO THE ALLOCATION OF THE COSTS ASSOCIATED WITH UNACCOUNTED-FOR WATER?

A. Newport allocates the costs associated with UFW solely to the residential and commercial retail customer classes based on consumption. None of the UFW costs are allocated to the Navy or PWFD.

Q. ON WHAT BASIS DOES NEWPORT CLAIM THAT NONE OF THE COSTS ASSOCIATED WITH UFW SHOULD BE ALLOCATED TO THE NAVY OR PWFD?

A. The majority of UFW on Newport's system results from leaks which occur in the transmission and distribution system, in hydrants and services. Newport claims that the Navy and PWFD are wholesale customers and as such, should not pay for water lost in Newport's transmission and distribution system, hydrants and services (Response to Division 1-14.)

Q. WHAT IS THE UFW PERCENTAGE APPLICABLE TO RETAIL CUSTOMERS UNDER NEWPORT'S UFW ALLOCATION?

A. The UFW percentage applicable to retail customers under Newport's proposed allocation of UFW is 44 percent of total retail volumes.

Q. DO YOU AGREE WITH NEWPORT'S PROPOSED ALLOCATION OF THE COSTS ASSOCIATED WITH UFW?

A. Not entirely. The PWFD receives service at the 4 million gallon reservoir at the Lawton Valley Treatment plant prior to the water entering Newport's transmission and distribution system. As such, the allocation of no UFW to PWFD does not appear unreasonable.

The Navy, however, receives service from Newport at ten locations (Response to Division 1-16.) Some of these locations are off transmission mains, some are off distribution mains and at some locations, after receipt of water from Newport, the Navy provides its own distribution service. Given these service arrangements, it would appear that no allocation of UFW costs to the Navy is unreasonable because the water delivered to the Navy travels through portions of Newport's transmission and distribution system.

Q. WHAT DO YOU RECOMMEND WITH RESPECT TO THE ALLOCATION OF UFW COSTS TO THE NAVY?

A. UFW costs have been allocated to the residential and commercial retail customer classes based on the annual consumption of those classes. Because Newport does not have any studies, documents or analysis specifically examining the causes of UFW on its system (Division 1-12), and no allocation of UFW costs to the Navy would be unreasonable, I recommend that UFW costs be allocated to the Navy based on a 50 percent weighting of annual consumption.

Q. HOW ARE TRANSMISSION AND DISTRIBUTION COSTS ALLOCATED TO THE NAVY AND PWFD IN NEWPORT'S COST OF SERVICE STUDY?

A. Transmission and distribution costs are allocated to residential and commercial retail customers, the Navy and fire protection service based on relative maximum day and maximum hour demands. No transmission and distribution costs are allocated to PWFD for the same reason that UFW costs have not been allocated to PWFD. That is, Newport's transmission and distribution system is not used to serve PWFD.

Q. DO YOU AGREE WITH NEWPORT'S PROPOSED ALLOCATIONS OF TRANSMISSION AND DISTRIBUTION COSTS TO THE NAVY AND PWFD?

A. Again, not entirely. Because Newport's transmission and distribution system is not utilized to serve PWFD, Newport's proposal to exclude PWFD from an allocation of these costs does not appear unreasonable. However, with respect to the Navy, as previously indicated, in certain locations the Navy takes service off Newport's transmission mains, and at some of these locations, operates and maintains its own distribution system. Newport's cost of service study does not account for the Navy's reduced reliance on Newport's transmission and distribution system.

Q. WHAT DO YOU PROPOSE WITH RESPECT TO THE ALLOCATION OF TRANSMISSION AND DISTRIBUTION COSTS TO THE NAVY?

A. Consistent with my recommendation concerning the allocation of UFW costs, I recommend that the allocation of transmission and distribution costs to the Navy be weighted 50 percent.

Q. HOW HAVE LABORATORY INVESTMENT AND CHEMICALS EXPENSES BEEN ALLOCATED IN NEWPORT'S COST OF SERVICE STUDY?

A. Laboratory investment has been allocated based on the allocation of all other investment excluding laboratory investment and land and rights of way. Source of supply chemicals expenses have been allocated based on base or average demands, while treatment-related chemicals expenses have been allocated based on average and maximum day demands.

Q. DO YOU AGREE WITH THESE ALLOCATIONS?

A. No. Consistent with Newport's allocation of laboratory expenses, laboratory investment should be allocated based on average demands because these costs are a function of the quantity of water tested, not maximum day or hour demands. All chemicals expenses should be allocated based on average demands because these costs vary with the quantity of water treated and consumed. My recommendations concerning laboratory investment and chemicals expenses have been incorporated in my revised cost of service study.

Q. PLEASE EXPLAIN HOW SERVICE LINE INVESTMENT HAS BEEN ALLOCATED IN NEWPORT'S COST OF SERVICE STUDY.

A. In Newport's fixed asset records, service line investment is combined with meter investment and Newport is unable to segregate the two (Division 1-7). In Newport's cost of service study, service line investment is included in the meter investment shown on RFC Schedule B-5. Meter investment is assigned entirely to the meter function for purposes of allocating Newport's capital costs. Meter related capital costs are allocated to each general water service class (non-fire protection) based on the number of meters in each class.

Q. DO YOU HAVE A CONCERN WITH NEWPORT'S ALLOCATION OF SERVICE LINE INVESTMENT?

A. Yes. Private fire accounts require service lines similar to retail water accounts. Under Newport's allocation procedures, no service line investment is allocated to private fire protection service. I recommend that service line investment be allocated to private fire service as well as general water service.

Q. HOW DO YOU PROPOSE TO IDENTIFY AND ALLOCATE SERVICE LINE INVESTMENT TO PRIVATE FIRE SERVICE?

A. Because Newport's service line and meter investment is combined, it was first necessary to separately identify each. To accomplish this, I reviewed the relative service line and meter investment of the Pawtucket Water Supply Board ("PWSB"), another Rhode Island water utility. This review suggested a 68/32 percent weighting for service line and meter investment, respectively. To be conservative, I assumed a 50/50 percent weighting of service line and meter investment for Newport. I then allocated service line investment between general water service and private fire service based on the number of accounts weighted for relative investment (see JDM Schedule D-2).

Q. PLEASE EXPLAIN HOW YOU DETERMINED THE RELATIVE INVESTMENT OF EACH SERVICE SIZE.

A. Because no Newport specific data was available, relative investment for each service size is based on quotes receive by Aqua Pennsylvania, Inc. for service installations for a cost of service study presented in Pennsylvania Public Utility Commission ("PAPUC") Docket No. R-00072711, a recent proceeding in which I participated. In that proceeding, use of these quotes was accepted by the PAPUC. Another method sometimes used to determine relative service investment is the relative capacity of

each service size. Following this approach would have allocated even more investment to private fire service.

Q. PLEASE EXPLAIN HOW OPERATION AND MAINTENANCE ADMINISTRATION COSTS WERE ALLOCATED IN NEWPORT'S COST OF SERVICE STUDY.

A. Administration salaries, wages and benefits (collectively "salaries") were assigned 50 percent to the base function, 25 percent metering and 25 percent billing. All other administration costs were allocated based on the allocation of all non-administration operation and maintenance costs.

Q. DO YOU AGREE WITH NEWPORT'S ALLOCATION OF ADMINISTRATION COSTS?

A. No. Newport's assignment of salaries to the base, metering and billing functions is arbitrary. Like non-salary administration costs, and as recommended in the AWWA M1 Manual, salary administration costs should be allocated based on the allocation of all non-administration costs, excluding chemicals and electricity. In addition, administration costs are generally allocated based on the allocation of non-administration costs because they cannot be identified with a specific function (e.g., base, meters, billing). Included in Newport's non-salary administration costs are $47,865 in collections costs which should be assigned to the billing function (Docket No. 4025, RFC Schedule D Compliance). I have included these recommendations concerning the allocation of administration costs in my revised cost of service study.

Q. WHAT ARE WATER QUALITY PROTECTION FEES?

A. Water quality protection fees are charges assessed to Newport for each gallon of water sold which are collected and used to pay for the operations of the Water Resources Board, as well as for the development and protection of water resources.

Q. HOW HAVE THESE FEES BEEN REFLECTED IN NEWPORT'S COST OF SERVICE STUDY?

A. Water quality protection fees have been allocated based on the allocation of all non-administration operation and maintenance costs to all general water service customer classes.

Q. IS NEWPORT'S ALLOCATION OF THESE FEES REASONABLE?

A. No. Water quality protection fees are assessed to Newport for each gallon of water sold. It is my understanding that the Navy and PWFD are excluded from assessment of these fees. Therefore, these fees should be allocated based on base or average demands to the residential and commercial retail customer classes. I have reflected this recommendation in my revised cost of service study.

Q. WHAT HAS NEWPORT PROPOSED WITH RESPECT TO MONTHLY AND QUARTERLY SERVICE CHARGES?

A. Newport has proposed a service charge of $10.49 for all monthly read meters and a service charge of $17.51 for all quarterly read meters.

Q. WHAT IS YOUR CONCERN WITH NEWPORT'S PROPOSED SERVICE CHARGES?

A. Service charges are designed, in part, to recover meter and service line related investment. Meter and service line investment is a function of meter size. Newport's service charges do not reflect these differences in meter investment.

Q. DOES YOUR REVISED COST OF SERVICE STUDY DEVELOP SERVICE CHARGES BASED ON METER SIZE?

A. Yes. To develop these charges, I used the meter equivalent ratios found on page 67 of the AWWA M1 Manual. These ratios have also been used by other Rhode Island

water utilities to allocate meter and service line investment. The resulting service charges are presented on JDM Schedule A-2, Cost of Service Rates and Charges.

Q. SOME OF THE SERVICE CHARGES RESULTING FROM YOUR COST OF SERVICE STUDY INCREASE SIGNIFICANTLY. DO YOU HAVE ANY COMMENTS?

A. Yes. In order to lessen the significant changes in service charges which result from my cost of service study, the Commission may wish to consider adopting mitigation measures. One such measure would be to move current service charges half-way towards the cost of service. On JDM Schedule A-2, Mitigated Rates and Charges, I present service charges which reflect movement half-way towards the cost of service.

Q. DO YOU HAVE ANY OTHER COMMENTS WITH RESPECT TO NEWPORT'S COST OF SERVICE STUDY?

A. Yes. In its cost of service study, treatment plant costs have been allocated based on average and maximum day demands. It is my understanding that in Newport's previous cost of service study, treatment plant costs were allocated based solely on average demands. Newport should explain its rationale for this change in the allocation of treatment plant costs.

Q. DO YOU HAVE ANY OTHER COMMENTS CONCERNING THE CHARGES ASSESSED BY NEWPORT?

A. Yes. Newport has customers which request seasonal shut offs for the winter (111 during fiscal 2008). These customers are not billed monthly or quarterly service charges during the period they are shut off (Division 1-18). As a result, these customers do not pay for their appropriate share of meter and service investment.

Q. WHAT DO YOU RECOMMEND?

A. I recommend that customers who request a shut off be required to pay the avoided meter and service charges.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

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Newport Water Cost of Service Model

Index of Model Schedules

Summary Schedules

Core Model Schedules

Supporting Data

Newport Water Division
Cost Of Service Analysis
JDM Schedule A-1
Revenue Requirements

Docket No. 4128

	Rate Year Approved in Docket 4025
O&M COSTS	
Administration	
Salaries & Wages	$ 265,000
AFSCME retro	-
NEA retro	-
AFSCME benefits on retro pay	-
NEA benefits on retro pay	-
Standby Salaries	12,500
Accrued Benefits Buyout	175,000
Employee Benefits	96,500
Retiree Insurance Coverage	347,200
Workers Compensation	114,000
Annual Leave Buyback	2,400
Advertisement	9,000
Membership Dues & Subscriptions	2,500
Conferences & Training	2,500
Tuition Reimbursement	2,000
Consultant Fees	201,500
Postage	1,000
Fire & Liability Insurance	86,000
Telephone & Communication	8,300
Water	1,050
Electricity	8,000
Natural Gas	8,000
Property Taxes	229,000
Legal & Administrative	253,535
Data Processing	137,000
Mileage Allowance	2,000
Gasoline & Vehicle Allowance	8,481
Repairs & Maintenance	1,200
Regulatory Expense	10,000
Regulatory Assessment	46,770
Office Supplies	30,000
Self Insurance	10,000
Unemployment Claims	12,000
Subtotal:	**$ 2,082,436**

Newport Water Division
Cost Of Service Analysis
JDM Schedule A-1
Revenue Requirements

Docket No. 4128

	Rate Year Approved in Docket 4025
Customer Service	
Salaries & Wages	$ 326,100
Overtime	21,218
Collections	47,865
Temp Salaries	22,800
Injury Pay	-
Employee Benefits	175,200
Annual Leave Buyback	4,950
Copying & binding	1,000
Conferences & Training	5,000
Support Services	21,000
Postage	34,300
Gasoline & Vehicle Allowance	27,852
Repairs & Maintenance	41,500
Meter Maintenance	11,000
Operating Supplies	9,000
Uniforms & protective Gear	1,000
Customer Service Supplies	15,000
Subtotal:	**$ 764,785**
Source of Supply - Island	
Salaries & Wages	$ 216,900
Overtime	28,200
Temp Salaries	10,000
Injury Pay	-
Employee Benefits	111,296
Annual Leave Buyback	6,300
Electricity	34,100
Gas/Vehicle Maintenance	48,300
Repairs & Maintenance	8,300
Reservoir Maintenance	25,000
Operating Supplies	3,750
Uniforms & protective Gear	750
Chemicals	54,000
Subtotal:	**$ 546,896**
Source of Supply - Mainland	
Overtime	$ 4,500
Temp Salaries	15,300
Permanent Part time	13,000
Employee Benefits	2,600
Electricity	92,600
Repairs & Maintenance	8,800
Reservoir Maintenance	6,000
Operating Supplies	500
Subtotal:	**$ 143,300**

Newport Water Division
Cost Of Service Analysis
JDM Schedule A-1
Revenue Requirements

Docket No. 4128

	Rate Year Approved in Docket 4025
Station One	
Salaries & Wages	$ 441,500
Overtime	58,100
Holiday Pay	19,100
Employee Benefits	237,000
Annual Leave Buyback	4,950
Conferences & Training	5,500
Fire & Liability Insurance	12,700
Electricity	247,500
Natural Gas	23,300
Rental of Equipment	1,000
Sewer Charge	184,000
Gas/Vehicle Maintenance	8,100
Repairs & Maintenance	35,000
Operating Supplies	27,800
Uniforms & protective Gear	1,350
Chemicals	399,000
Subtotal:	**$ 1,705,900**
Lawton Valley	
Salaries & Wages	$ 500,100
Overtime	42,400
Holiday Pay	20,000
Employee Benefits	275,500
Annual Leave Buyback	3,850
Conferences & Training	3,500
Fire & Liability Insurance	13,600
Electricity	180,600
Natural Gas	28,900
Rental of Equipment	500
Sewer Charge	242,000
Gas/Vehicle Maintenance	8,400
Repairs & Maintenance	43,400
Operating Supplies	22,000
Uniforms & protective Gear	1,000
Chemicals	216,000
Subtotal:	**$ 1,601,750**
Laboratory	
Salaries & Wages	$ 127,700
Employee Benefits	62,400
Annual Leave Buyback	2,750
Repairs & Maintenance	1,000
Regulatory Assessment	36,500
Laboratory Supplies	18,500
Subtotal:	**$ 248,850**

Newport Water Division
Cost Of Service Analysis
JDM Schedule A-1
Revenue Requirements

Docket No. 4128

		Rate Year Approved in Docket 4025
Transmission & Distribution		
Salaries & Wages		$ 416,200
Overtime		52,000
Temp Salaries		10,000
Injury Pay		-
Employee Benefits		224,996
Annual Leave Buyback		5,900
Conferences & Training		4,000
Contract Services		12,500
Fire & Liability Insurance		2,400
Electricity		19,600
Heavy Equipment Rental		8,900
Gas Vehicle Maintenance		99,400
Repairs & Maintenance		32,000
Main Maintenance		84,800
Service Maintenance		33,500
Operating Supplies		11,000
Uniforms & protective Gear		1,500
Subtotal:		**$ 1,018,696**
Fire Protection		
Repair & Maintenance - Equipment		$ 14,500
Subtotal:		**$ 14,500**
	Total O&M Costs	**$ 8,127,113**

Newport Water Division
Cost Of Service Analysis
JDM Schedule A-1
Revenue Requirements

Docket No. 4128

	Rate Year Approved in Docket 4025
CAPITAL COSTS	
Contribution to Capital Spending Acct.	$ 1,146,918
Existing Debt Service	
Revenue Bonds	$ 910,552
SRF Loans	$ 413,954
New Debt Service	
Revenue Bonds	$ -
SRF Loans	$ 686,317
Total Debt Service	2,010,823
	-
Total Capital Costs	**$ 3,157,741**
Contribution to Repayment to City Account	
Operating Revenue Allowance	$ 243,813
Total Costs before Offsets	**$ 11,528,667**
OFFSETS	
Nonrate Revenues	
Sundry charges	$ 140,016
WPC cost share on customer service	269,842
Middletown cost share on customer service	134,819
Rental of Property	81,000
Water Penalty	42,320
Miscellaneous	7,515
Investment Interest Income	39,191
Water Quality Protection Fees	25,676
Total Nonrate Revenues	**$ 740,378**
Net Costs to Be Recovered through Rates	**$ 10,788,289**

Rate Year costs are those approved in Docket No. 4025.

Newport Water
Cost Of Service Analysis
JDM Schedule A-2
Cost of Service Rates and Charges

	Docket 4025 Rates	(1) Cost of Service	Proposed Rates	% Change	Projected Revenues
Base Charge (per bill)					
Monthly					
5/8	$ 15.31	$ 7.3452	$ **7.35**	*-52%*	$8,996
3/4	15.31	7.5270	**7.53**	*-51%*	5,241
1	15.31	8.2724	**8.28**	*-46%*	17,587
1.5	15.31	9.6441	**9.65**	*-37%*	18,296
2	15.31	11.9970	**12.00**	*-22%*	30,960
3	15.31	27.8604	**27.87**	*82%*	23,745
4	15.31	33.3124	**33.32**	*118%*	5,198
5	15.31	46.0338	**46.04**	*201%*	1,105
6	15.31	60.5724	**60.58**	*296%*	14,539
8	15.31	73.8390	**73.84**	*382%*	886
10	15.31	86.9237	**86.93**	*468%*	1,043
Quarterly					
5/8	$ 15.31	$ 11.4455	$ **11.45**	*-25%*	493,495
3/4	15.31	11.9907	**12.00**	*-22%*	116,016
1	15.31	14.2269	**14.23**	*-7%*	22,199
1.5	15.31	18.3422	**18.35**	*20%*	12,698
2	15.31	25.4009	**25.41**	*66%*	10,062
3	15.31	72.9911	**73.00**	*377%*	8,760
4	15.31	89.3471	**89.35**	*484%*	1,430
5	15.31	127.5111	**127.52**	*733%*	0
6	15.31	171.1271	**171.13**	*1018%*	685
8	15.31	210.9267	**210.93**	*1278%*	844
10	15.31	250.1810	**250.19**	*1534%*	0
					$ 793,785
Volume Charge (per 1,000 gallons)					
Retail					
Residential	$ 5.25	$ 5.0163	$ **5.02**	*-4%*	3,782,149
Commercial	$ 5.25	$ 5.4614	$ **5.47**	*4%*	2,663,800
					$ 6,445,948
Wholesale					
Navy	$ 3.2280	$ 3.7878	**$3.7878**	*17%*	1,054,103
Portsmouth Water & Fire District	$ 2.573	$2.9874	**$2.9874**	*16%*	1,349,229
					$ 2,403,332
Fire Protection					
Public (per hydrant)	$ 869.00	$ 809.81	$ **809.82**	*-7%*	$ 809,010
Private (by Connection Size) (2)					
Connection Size / Existing Charge Differential					
<2		$17.05	$ 14.73	$ **14.74**	*-14%*	
2 / 6.19		$72.00	$ 62.21	$ **62.22**	*-14%*	62
4 / 38.32		$442.00	$ 309.68	$ **309.69**	*-30%*	17,652
6 / 111.31		$884.00	$ 840.71	$ **840.71**	*-5%*	206,815
8 / 237.21		$2,023.00	$ 1,756.66	$ **1,756.67**	*-13%*	108,914
10 / 426.58		$3,340.00	$ 3,134.38	$ **3,134.39**	*-6%*	-
12 / 689.04		$5,362.00	$ 5,043.85	$ **5,043.86**	*-6%*	10,088
					$ 343,530

Total Projected Rate Revenues $ 10,795,607

(1) From JDM Schedule B-2, 'Allocation of Costs to Water Rate Classes'.
(2) From JDM Schedule D-2, 'Fire Protection Accounts'.

Newport Water
Cost Of Service Analysis
JDM Schedule A-2
Mitigated Rates and Charges

	Docket 4025	(1) Cost of Service	Proposed Rates	% Change	Projected Revenues
Base Charge (per bill)					
Monthly					
5/8	$ 15.31	$ 7.3452	$ **10.00**	*-35%*	$12,240
3/4	15.31	7.5270	**11.00**	*-28%*	7,656
1	15.31	8.2724	**11.00**	*-28%*	23,364
1.5	15.31	9.6441	**12.00**	*-22%*	22,752
2	15.31	11.9970	**13.00**	*-15%*	33,540
3	15.31	27.8604	**21.00**	*37%*	17,892
4	15.31	33.3124	**24.00**	*57%*	3,744
5	15.31	46.0338	**30.00**	*96%*	720
6	15.31	60.5724	**37.00**	*142%*	8,880
8	15.31	73.8390	**44.00**	*187%*	528
10	15.31	86.9237	**51.00**	*233%*	612
Quarterly					
5/8	$ 15.31	$ 11.4455	$ **11.50**	*-25%*	$495,650
3/4	15.31	11.9907	**13.00**	*-15%*	125,684
1	15.31	14.2269	**14.00**	*-9%*	21,840
1.5	15.31	18.3422	**16.00**	*5%*	11,072
2	15.31	25.4009	**20.00**	*31%*	7,920
3	15.31	72.9911	**44.00**	*187%*	5,280
4	15.31	89.3471	**52.00**	*240%*	832
5	15.31	127.5111	**71.00**	*364%*	0
6	15.31	171.1271	**93.00**	*507%*	372
8	15.31	210.9267	**113.00**	*638%*	452
10	15.31	250.1810	**132.00**	*762%*	0
					$ 801,030
Volume Charge (per 1,000 gallons)					
Retail					
Residential	$ 5.25	$ 5.0163	$ **5.02**	*-4%*	3,782,149
Commercial	$ 5.25	$ 5.4614	$ **5.47**	*4%*	2,663,800
					$ 6,445,948
Wholesale					
Navy	$ 3.2280	$ 3.7878	**$3.7878**	*17%*	1,054,103
Portsmouth Water & Fire District	$ 2.573	$ 2.9874	**$2.9874**	*16%*	1,349,229
					$ 2,403,332
Fire Protection					
Public (per hydrant)	$ 869.00	$ 809.8109	$ **809.82**	*-7%*	809,010
Private (by Connection Size) (2)					
Connection Size / Existing Charge					
<2		$17.05	$ 14.7326	$ **14.74**	*-14%*	0
2 / 6.19		$72.00	$ 62.2139	$ **62.22**	*-14%*	62
4 / 38.32		$442.00	$ 309.6846	$ **309.69**	*-30%*	17,652
6 / 111.31		$884.00	$ 840.7069	$ **840.71**	*-5%*	206,815
8 / 237.21		$2,023.00	$ 1,756.6641	$ **1,756.67**	*-13%*	108,914
10 / 426.58		$3,340.00	$ 3,134.3829	$ **3,134.39**	*-6%*	0
12 / 689.04		$5,362.00	$ 5,043.8516	$ **5,043.86**	*-6%*	10,088
					$ 343,530
				Total Projected Rate Revenues	$ **10,802,851**

(1) From JDM Schedule B-2, 'Allocation of Costs to Water Rate Classes'.
(2) From JDM Schedule D-2, 'Fire Protection Accounts'.

Customer Class		All Meter	Proposed 5/8 Inch Meter			Proposed 3/4 Inch Meter			Proposed 1 Inch Meter			Proposed 1.5 Inch Meter			Proposed 2 Inch Meter			Proposed 3 Inch Meter		
	Monthly Consumption (gallons)	Bill at Current Rates	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change
Residential (Monthly)																				
	1,000	$20.56	$12.37	-$8.19	-39.8%	$12.55	-$8.01	-39.0%	$13.30	-$7.26	-35.3%	$14.67	-$5.89	-28.6%	$17.02	-$3.54	-17.2%	$32.89	$12.33	60.0%
	2,000	$25.81	$17.39	-$8.42	-32.6%	$17.57	-$8.24	-31.9%	$18.32	-$7.49	-29.0%	$19.69	-$6.12	-23.7%	$22.04	-$3.77	-14.6%	$37.91	$12.10	46.9%
	4,000	$36.31	$27.43	-$8.88	-24.5%	$27.61	-$8.70	-24.0%	$28.36	-$7.95	-21.9%	$29.73	-$6.58	-18.1%	$32.08	-$4.23	-11.6%	$47.95	$11.64	32.1%
Avg. Monthly Bill	5,000	$41.56	$32.45	-$9.11	-21.9%	$32.63	-$8.93	-21.5%	$33.38	-$8.18	-19.7%	$34.75	-$6.81	-16.4%	$37.10	-$4.46	-10.7%	$52.97	$11.41	27.5%
	7,500	$54.69	$45.00	-$9.69	-17.7%	$45.18	-$9.51	-17.4%	$45.93	-$8.76	-16.0%	$47.30	-$7.39	-13.5%	$49.65	-$5.04	-9.2%	$65.52	$10.84	19.8%
	10,000	$67.81	$57.55	-$10.26	-15.1%	$57.73	-$10.08	-14.9%	$58.48	-$9.33	-13.8%	$59.85	-$7.96	-11.7%	$62.20	-$5.61	-8.3%	$78.07	$10.26	15.1%
	15,000	$94.06	$82.65	-$11.41	-12.1%	$82.83	-$11.23	-11.9%	$83.58	-$10.48	-11.1%	$84.95	-$9.11	-9.7%	$87.30	-$6.76	-7.2%	$103.17	$9.11	9.7%
	20,000	$120.31	$107.75	-$12.56	-10.4%	$107.93	-$12.38	-10.3%	$108.68	-$11.63	-9.7%	$110.05	-$10.26	-8.5%	$112.40	-$7.91	-6.6%	$128.27	$7.96	6.6%
	25,000	$146.56	$132.85	-$13.71	-9.4%	$133.03	-$13.53	-9.2%	$133.78	-$12.78	-8.7%	$135.15	-$11.41	-7.8%	$137.50	-$9.06	-6.2%	$153.37	$6.81	4.6%
	30,000	$172.81	$157.95	-$14.86	-8.6%	$158.13	-$14.68	-8.5%	$158.88	-$13.93	-8.1%	$160.25	-$12.56	-7.3%	$162.60	-$10.21	-5.9%	$178.47	$5.66	3.3%
Residential(Quarterly)																				
	4,000	$36.31	$31.53	-$4.78	-13.2%	$32.08	-$4.23	-11.6%	$34.31	-$2.00	-5.5%	$38.43	$2.12	5.8%	$45.49	$9.18	25.3%	$93.08	$56.77	156.3%
	8,000	$57.31	$51.61	-$5.70	-9.9%	$52.16	-$5.15	-9.0%	$54.39	-$2.92	-5.1%	$58.51	$1.20	2.1%	$65.57	$8.26	14.4%	$113.16	$55.85	97.5%
Avg. Quarterly Bill	15,000	$94.06	$86.75	-$7.31	-7.8%	$87.30	-$6.76	-7.2%	$89.53	-$4.53	-4.8%	$93.65	-$0.41	-0.4%	$100.71	$6.65	7.1%	$148.30	$54.24	57.7%
	20,000	$120.31	$111.85	-$8.46	-7.0%	$112.40	-$7.91	-6.6%	$114.63	-$5.68	-4.7%	$118.75	-$1.56	-1.3%	$125.81	$5.50	4.6%	$173.40	$53.09	44.1%
	30,000	$172.81	$162.05	-$10.76	-6.2%	$162.60	-$10.21	-5.9%	$164.83	-$7.98	-4.6%	$168.95	-$3.86	-2.2%	$176.01	$3.20	1.9%	$223.60	$50.79	29.4%
	40,000	$225.31	$212.25	-$13.06	-5.8%	$212.80	-$12.51	-5.6%	$215.03	-$10.28	-4.6%	$219.15	-$6.16	-2.7%	$226.21	$0.90	0.4%	$273.80	$48.49	21.5%
	60,000	$330.31	$312.65	-$17.66	-5.3%	$313.20	-$17.11	-5.2%	$315.43	-$14.88	-4.5%	$319.55	-$10.76	-3.3%	$326.61	-$3.70	-1.1%	$374.20	$43.89	13.3%
	80,000	$435.31	$413.05	-$22.26	-5.1%	$413.60	-$21.71	-5.0%	$415.83	-$19.48	-4.5%	$419.95	-$15.36	-3.5%	$427.01	-$8.30	-1.9%	$474.60	$39.29	9.0%
	100,000	$540.31	$513.45	-$26.86	-5.0%	$514.00	-$26.31	-4.9%	$516.23	-$24.08	-4.5%	$520.35	-$19.96	-3.7%	$527.41	-$12.90	-2.4%	$575.00	$34.69	6.4%
	120,000	$645.31	$613.85	-$31.46	-4.9%	$614.40	-$30.91	-4.8%	$616.63	-$28.68	-4.4%	$620.75	-$24.56	-3.8%	$627.81	-$17.50	-2.7%	$675.40	$30.09	4.7%

Customer Class		All Meter	Proposed 5/8 Inch Meter			Proposed 3/4 Inch Meter			Proposed 1 Inch Meter			Proposed 1.5 Inch Meter			Proposed 2 Inch Meter			Proposed 3 Inch Meter		
	Monthly Consumption (gallons)	Bill at Current Rates	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change
Commercial (Monthly)																				
	2,000	$25.81	$18.29	-$7.52	-29.1%	$18.47	-$7.34	-28.4%	$19.22	-$6.59	-25.5%	$20.59	-$5.22	-20.2%	$22.94	-$2.87	-11.1%	$38.81	$13.00	50.4%
	5,000	$41.56	$34.70	-$6.86	-16.5%	$34.88	-$6.68	-16.1%	$35.63	-$5.93	-14.3%	$37.00	-$4.56	-11.0%	$39.35	-$2.21	-5.3%	$55.22	$13.66	32.9%
Avg. Monthly Bill	15,000	$94.06	$89.40	-$4.66	-5.0%	$89.58	-$4.48	-4.8%	$90.33	-$3.73	-4.0%	$91.70	-$2.36	-2.5%	$94.05	-$0.01	0.0%	$109.92	$15.86	16.9%
	20,000	$120.31	$116.75	-$3.56	-3.0%	$116.93	-$3.38	-2.8%	$117.68	-$2.63	-2.2%	$119.05	-$1.26	-1.0%	$121.40	$1.09	0.9%	$137.27	$16.96	14.1%
	30,000	$172.81	$171.45	-$1.36	-0.8%	$171.63	-$1.18	-0.7%	$172.38	-$0.43	-0.2%	$173.75	$0.94	0.5%	$176.10	$3.29	1.9%	$191.97	$19.16	11.1%
	40,000	$225.31	$226.15	$0.84	0.4%	$226.33	$1.02	0.5%	$227.08	$1.77	0.8%	$228.45	$3.14	1.4%	$230.80	$5.49	2.4%	$246.67	$21.36	9.5%
	50,000	$277.81	$280.85	$3.04	1.1%	$281.03	$3.22	1.2%	$281.78	$3.97	1.4%	$283.15	$5.34	1.9%	$285.50	$7.69	2.8%	$301.37	$23.56	8.5%
	75,000	$409.06	$417.60	$8.54	2.1%	$417.78	$8.72	2.1%	$418.53	$9.47	2.3%	$419.90	$10.84	2.6%	$422.25	$13.19	3.2%	$438.12	$29.06	7.1%
	100,000	$540.31	$554.35	$14.04	2.6%	$554.53	$14.22	2.6%	$555.28	$14.97	2.8%	$556.65	$16.34	3.0%	$559.00	$18.69	3.5%	$574.87	$34.56	6.4%

Customer Class		All Meter	Proposed 5/8 Inch Meter			Proposed 3/4 Inch Meter			Proposed 1 Inch Meter			Proposed 1.5 Inch Meter			Proposed 2 Inch Meter			Proposed 3 Inch Meter		
	Monthly Consumption (gallons)	Bill at Current Rates	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change
Commercial with 6" Fire Connection(Monthly Account)																				
Base Charge and Commodity Charges	180,000	$1,128.72	$1,072.80	-$55.92	-5.0%	$1,074.96	-$53.76	-4.8%	$1,083.96	-$44.76	-4.0%	$1,100.40	-$28.32	-2.5%	$1,128.60	-$0.12	0.0%	$1,319.04	$190.32	16.9%
Fire Protection Charge		$884.00	$840.71	-$43.29	-4.9%	$840.71	-$43.29	-4.9%	$840.71	-$43.29	-4.9%	$840.71	-$43.29	-4.9%	$840.71	-$43.29	-4.9%	$840.71	-$43.29	-4.9%
Total Annual Charges		$2,012.72	$1,913.51	-$99.21	-4.9%	$1,915.67	-$97.05	-4.8%	$1,924.67	-$88.05	-4.4%	$1,941.11	-$71.61	-3.6%	$1,969.31	-$43.41	-2.2%	$2,159.75	$147.03	7.3%

Newport Water
Cost Of Service Analysis
JDM Schedule A-3
Bill Impacts - Cost of Service Rates
Page 2 of 2

Customer Class	Monthly Consumption (gallons)	Bill at Current Rates	Proposed		
			Bill at Proposed Rates	Dollar Change	Percent Change
Portsmouth (Monthly)					
	10,000,000	$25,745	$29,907	$4,162	16.2%
	20,000,000	$51,475	$59,781	$8,306	16.1%
Avg. Monthly Bill	38,000,000	$97,789	$113,555	$15,765	16.1%
	40,000,000	$102,935	$119,529	$16,594	16.1%
	75,000,000	$192,990	$224,088	$31,098	16.1%
	100,000,000	$257,315	$298,773	$41,458	16.1%
	150,000,000	$385,965	$448,143	$62,178	16.1%
Navy (Monthly)					
	10,000,000	$32,295	$38,457	$6,162	19.1%
Avg. Monthly Bill (All Meters)	20,000,000	$64,575	$76,335	$11,760	18.2%
	38,000,000	$122,664	$144,516	$21,852	17.8%
	50,000,000	$161,415	$189,969	$28,554	17.7%
	75,000,000	$242,115	$284,664	$42,549	17.6%
	100,000,000	$322,815	$379,359	$56,544	17.5%

Customer Class		All Meter	Proposed 5/8 Inch Meter			Proposed 3/4 Inch Meter			Proposed 1 Inch Meter			Proposed 1.5 Inch Meter			Proposed 2 Inch Meter			Proposed 3 Inch Meter		
	Monthly Consumption (gallons)	Bill at Current Rates	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change
Residential (Monthly)																				
	1,000	$20.56	$15.02	-$5.54	-26.9%	$16.02	-$4.54	-22.1%	$16.02	-$4.54	-22.1%	$17.02	-$3.54	-17.2%	$18.02	-$2.54	-12.4%	$26.02	$5.46	26.6%
	2,000	$25.81	$20.04	-$5.77	-22.4%	$21.04	-$4.77	-18.5%	$21.04	-$4.77	-18.5%	$22.04	-$3.77	-14.6%	$23.04	-$2.77	-10.7%	$31.04	$5.23	20.3%
Avg. Monthly Bill	4,000	$36.31	$30.08	-$6.23	-17.2%	$31.08	-$5.23	-14.4%	$31.08	-$5.23	-14.4%	$32.08	-$4.23	-11.6%	$33.08	-$3.23	-8.9%	$41.08	$4.77	13.1%
	5,000	$41.56	$35.10	-$6.46	-15.5%	$36.10	-$5.46	-13.1%	$36.10	-$5.46	-13.1%	$37.10	-$4.46	-10.7%	$38.10	-$3.46	-8.3%	$46.10	$4.54	10.9%
	7,500	$54.69	$47.65	-$7.04	-12.9%	$48.65	-$6.04	-11.0%	$48.65	-$6.04	-11.0%	$49.65	-$5.04	-9.2%	$50.65	-$4.04	-7.4%	$58.65	$3.97	7.3%
	10,000	$67.81	$60.20	-$7.61	-11.2%	$61.20	-$6.61	-9.7%	$61.20	-$6.61	-9.7%	$62.20	-$5.61	-8.3%	$63.20	-$4.61	-6.8%	$71.20	$3.39	5.0%
	15,000	$94.06	$85.30	-$8.76	-9.3%	$86.30	-$7.76	-8.3%	$86.30	-$7.76	-8.3%	$87.30	-$6.76	-7.2%	$88.30	-$5.76	-6.1%	$96.30	$2.24	2.4%
	20,000	$120.31	$110.40	-$9.91	-8.2%	$111.40	-$8.91	-7.4%	$111.40	-$8.91	-7.4%	$112.40	-$7.91	-6.6%	$113.40	-$6.91	-5.7%	$121.40	$1.09	0.9%
	25,000	$146.56	$135.50	-$11.06	-7.5%	$136.50	-$10.06	-6.9%	$136.50	-$10.06	-6.9%	$137.50	-$9.06	-6.2%	$138.50	-$8.06	-5.5%	$146.50	-$0.06	0.0%
	30,000	$172.81	$160.60	-$12.21	-7.1%	$161.60	-$11.21	-6.5%	$161.60	-$11.21	-6.5%	$162.60	-$10.21	-5.9%	$163.60	-$9.21	-5.3%	$171.60	-$1.21	-0.7%
Residential(Quarterly)																				
	4,000	$36.31	$31.58	-$4.73	-13.0%	$33.08	-$3.23	-8.9%	$34.08	-$2.23	-6.1%	$36.08	-$0.23	-0.6%	$40.08	$3.77	10.4%	$64.08	$27.77	76.5%
	8,000	$57.31	$51.66	-$5.65	-9.9%	$53.16	-$4.15	-7.2%	$54.16	-$3.15	-5.5%	$56.16	-$1.15	-2.0%	$60.16	$2.85	5.0%	$84.16	$26.85	46.9%
Avg. Quarterly Bill	15,000	$94.06	$86.80	-$7.26	-7.7%	$88.30	-$5.76	-6.1%	$89.30	-$4.76	-5.1%	$91.30	-$2.76	-2.9%	$95.30	$1.24	1.3%	$119.30	$25.24	26.8%
	20,000	$120.31	$111.90	-$8.41	-7.0%	$113.40	-$6.91	-5.7%	$114.40	-$5.91	-4.9%	$116.40	-$3.91	-3.2%	$120.40	$0.09	0.1%	$144.40	$24.09	20.0%
	30,000	$172.81	$162.10	-$10.71	-6.2%	$163.60	-$9.21	-5.3%	$164.60	-$8.21	-4.8%	$166.60	-$6.21	-3.6%	$170.60	-$2.21	-1.3%	$194.60	$21.79	12.6%
	40,000	$225.31	$212.30	-$13.01	-5.8%	$213.80	-$11.51	-5.1%	$214.80	-$10.51	-4.7%	$216.80	-$8.51	-3.8%	$220.80	-$4.51	-2.0%	$244.80	$19.49	8.7%
	60,000	$330.31	$312.70	-$17.61	-5.3%	$314.20	-$16.11	-4.9%	$315.20	-$15.11	-4.6%	$317.20	-$13.11	-4.0%	$321.20	-$9.11	-2.8%	$345.20	$14.89	4.5%
	80,000	$435.31	$413.10	-$22.21	-5.1%	$414.60	-$20.71	-4.8%	$415.60	-$19.71	-4.5%	$417.60	-$17.71	-4.1%	$421.60	-$13.71	-3.1%	$445.60	$10.29	2.4%
	100,000	$540.31	$513.50	-$26.81	-5.0%	$515.00	-$25.31	-4.7%	$516.00	-$24.31	-4.5%	$518.00	-$22.31	-4.1%	$522.00	-$18.31	-3.4%	$546.00	$5.69	1.1%
	120,000	$645.31	$613.90	-$31.41	-4.9%	$615.40	-$29.91	-4.6%	$616.40	-$28.91	-4.5%	$618.40	-$26.91	-4.2%	$622.40	-$22.91	-3.6%	$646.40	$1.09	0.2%

Customer Class		All Meter	Proposed 5/8 Inch Meter			Proposed 3/4 Inch Meter			Proposed 1 Inch Meter			Proposed 1.5 Inch Meter			Proposed 2 Inch Meter			Proposed 3 Inch Meter		
	Monthly Consumption (gallons)	Bill at Current Rates	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change
Commercial (Monthly)																				
	2,000	$25.81	$20.94	-$4.87	-18.9%	$21.94	-$3.87	-15.0%	$21.94	-$3.87	-15.0%	$22.94	-$2.87	-11.1%	$23.94	-$1.87	-7.2%	$31.94	$6.13	23.8%
	5,000	$41.56	$37.35	-$4.21	-10.1%	$38.35	-$3.21	-7.7%	$38.35	-$3.21	-7.7%	$39.35	-$2.21	-5.3%	$40.35	-$1.21	-2.9%	$48.35	$6.79	16.3%
Avg. Monthly Bill	15,000	$94.06	$92.05	-$2.01	-2.1%	$93.05	-$1.01	-1.1%	$93.05	-$1.01	-1.1%	$94.05	-$0.01	0.0%	$95.05	$0.99	1.1%	$103.05	$8.99	9.6%
	20,000	$120.31	$119.40	-$0.91	-0.8%	$120.40	$0.09	0.1%	$120.40	$0.09	0.1%	$121.40	$1.09	0.9%	$122.40	$2.09	1.7%	$130.40	$10.09	8.4%
	30,000	$172.81	$174.10	$1.29	0.7%	$175.10	$2.29	1.3%	$175.10	$2.29	1.3%	$176.10	$3.29	1.9%	$177.10	$4.29	2.5%	$185.10	$12.29	7.1%
	40,000	$225.31	$228.80	$3.49	1.5%	$229.80	$4.49	2.0%	$229.80	$4.49	2.0%	$230.80	$5.49	2.4%	$231.80	$6.49	2.9%	$239.80	$14.49	6.4%
	50,000	$277.81	$283.50	$5.69	2.0%	$284.50	$6.69	2.4%	$284.50	$6.69	2.4%	$285.50	$7.69	2.8%	$286.50	$8.69	3.1%	$294.50	$16.69	6.0%
	75,000	$409.06	$420.25	$11.19	2.7%	$421.25	$12.19	3.0%	$421.25	$12.19	3.0%	$422.25	$13.19	3.2%	$423.25	$14.19	3.5%	$431.25	$22.19	5.4%
	100,000	$540.31	$557.00	$16.69	3.1%	$558.00	$17.69	3.3%	$558.00	$17.69	3.3%	$559.00	$18.69	3.5%	$560.00	$19.69	3.6%	$568.00	$27.69	5.1%

Customer Class		All Meter	Proposed 5/8 Inch Meter			Proposed 3/4 Inch Meter			Proposed 1 Inch Meter			Proposed 1.5 Inch Meter			Proposed 2 Inch Meter			Proposed 3 Inch Meter		
	Monthly Consumption (gallons)	Bill at Current Rates	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change
Commercial with 6" Fire Connection(Monthly Account)																				
Base Charge and Commodity Charges	180,000	$1,128.72	$1,104.60	-$24.12	-2.1%	$1,116.60	-$12.12	-1.1%	$1,116.60	-$12.12	-1.1%	$1,128.60	-$0.12	0.0%	$1,140.60	$11.88	1.1%	$1,236.60	$107.88	9.6%
Fire Protection Charge		$884.00	$840.71	-$43.29	-4.9%	$840.71	-$43.29	-4.9%	$840.71	-$43.29	-4.9%	$840.71	-$43.29	-4.9%	$840.71	-$43.29	-4.9%	$840.71	-$43.29	-4.9%
Total Annual Charges		$2,012.72	$1,945.31	-$67.41	-3.3%	$1,957.31	-$55.41	-2.8%	$1,957.31	-$55.41	-2.8%	$1,969.31	-$43.41	-2.2%	$1,981.31	-$31.41	-1.6%	$2,077.31	$64.59	3.2%

JDM Schedule A-3
Bill Impacts - Cost of Service Rates
JDM Schedule A-3
Bill Impacts - Mitigated Rates
Page 2 of 2

Customer Class	Monthly Consumption (gallons)	Bill at Current Rates	Proposed		
			Bill at Proposed Rates	Dollar Change	Percent Change
Portsmouth (Monthly)					
	10,000,000	$25,745	$29,898	$4,153	16.1%
	20,000,000	$51,475	$59,772	$8,297	16.1%
Avg. Monthly Bill	38,000,000	$97,789	$113,545	$15,756	16.1%
	40,000,000	$102,935	$119,520	$16,585	16.1%
	75,000,000	$192,990	$224,079	$31,089	16.1%
	100,000,000	$257,315	$298,764	$41,449	16.1%
	150,000,000	$385,965	$448,134	$62,169	16.1%
Navy (Monthly)					
	10,000,000	$32,295	$38,236	$5,941	18.4%
Avg. Monthly Bill (All Meters)	20,000,000	$64,575	$76,114	$11,539	17.9%
	38,000,000	$122,664	$144,294	$21,630	17.6%
	50,000,000	$161,415	$189,748	$28,333	17.6%
	75,000,000	$242,115	$284,443	$42,328	17.5%
	100,000,000	$322,815	$379,138	$56,323	17.4%

Newport Water Division
Cost Of Service Analysis
JDM Schedule A-4
Revenue Proof

	Rate Year Revenue	
	Existing Rates	Proposed Rates
REVENUES		
Water Rates		
Base Charge (Billing Charge)	$ 1,000,907	$ 793,785
Volume Charge		
Residential	3,955,435	3,782,149
Commercial	2,556,663	2,663,800
Navy	898,317	1,054,103
Portsmouth Water & Fire District	1,162,070	1,349,229
Fire Protection		
Public	868,131	809,010
Private	378,880	343,530
Total Rate Revenues	$ 10,820,402	$ 10,795,607
Other Operating Revenues		
Sundry charges	$ 140,016	140,016
WPC cost share on customer service	$ 269,842	269,842
Middletown cost share on customer service	$ 134,819	134,819
Rental of Property	$ 81,000	81,000
Total Other Operating Revenues	$ 625,676	625,676
Total Operating Revenues	**$ 11,446,078**	**$ 11,421,283**
Add: Non-Operating Revenues		
Water Penalty	42,320	42,320
Miscellaneous	7,515	7,515
Investment Interest Income	39,191	39,191
Water Quality Protection Fees	25,676	25,676
Total Non Operating Revenues	$ 114,702	$ 114,702
Total Revenues	**$ 11,560,780**	**$ 11,535,985**
COSTS		
Departmental O&M	$ (8,127,113)	(8,127,113)
Capital Costs		
Contribution to Capital Spending Acct.	(1,146,918)	(1,146,918)
Existing Debt Service	(1,324,506)	(1,324,506)
New Debt Service	(686,317)	(686,317)
Total Capital Costs	$ (3,157,741)	**(3,157,741)**
Operating Revenue Allowance	(243,813)	(243,813)
Total Costs	**$ (11,528,667)**	**$ (11,528,667)**
Revenue Surplus (Deficit)	**$ 32,113**	**$ 7,318**

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-1
Base Extra Capacity Cost Allocations

O&M COSTS	Docket 4025 Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Administration										
Salaries, Wages, & Benefits	1,012,600	JDM Schedule B-4, 'Allocation Analyses'	42%	31%	11%	8%	8%	0%	0%	100%
All other admin costs	1,069,836	JDM Schedule B-3, 'Cost Allocation Bases'	42%	31%	11%	8%	8%	0%	0%	100%
Subtotal:	2,082,436									
Customer Service										
Salaries, Wages, & Benefits	550,268	JDM Schedule B-4, 'Allocation Analyses'	0%	0%	0%	56%	44%	0%	0%	100%
Collections	47,865	100% billing (based on budget analysis)					100%			100%
Copying & binding	1,000	100% billing (based on budget analysis)					100%			100%
Conferences & Training	5,000	100% billing (based on budget analysis)					100%			100%
Support Services	21,000	100% billing (software support & printing,mailing)					100%			100%
Postage	34,300	100% billing (based on budget analysis)					100%			100%
Gasoline & Vehicle Allowance	27,852	JDM Schedule B-4, 'Allocation Analyses'	0%	0%	0%	56%	44%	0%	0%	100%
Repairs & Maintenance	41,500	100% metering (meter repairs)				100%				100%
Meter Maintenance	11,000	100% metering (based on budget analysis)				100%				100%
Operating Supplies	9,000	100% metering (based on budget analysis)				100%				100%
Uniforms & protective Gear	1,000	100% metering (based on budget analysis)				100%				100%
Customer Service Supplies	15,000	100% billing (based on budget analysis)					100%			100%
Subtotal:	764,785									
Source of Supply - Island	546,896	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Source of Supply - Mainland	143,300	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Station One (Excludes pumping and chemicals)	1,294,577	Maximum Day Demand Patterns	46%	54%	0%	0%	0%	0%	0%	100%
Station One Pumping	12,323	Maximum Hour Demand Patterns	22%	26%	51%	0%	0%	0%	0%	100%
Station One Chemicals	399,000	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Lawton Valley (Excludes pumping and chemicals)	1,354,061	Maximum Day Demand Patterns	46%	54%	0%	0%	0%	0%	0%	100%
Lawton Valley Pumping	31,689	Maximum Hour Demand Patterns	22%	26%	51%	0%	0%	0%	0%	100%
Lawton Valley Chemicals	216,000	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Laboratory	248,850	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Transmission and Distribution	1,018,696	Maximum Hour Demand Patterns	22%	26%	51%	0%	0%	0%	0%	100%
Fire Protection	14,500	100% Fire	0%	0%	0%	0%	0%	0%	100%	100%
Total O&M Costs	8,127,113									

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-1
Base Extra Capacity Cost Allocations

CAPITAL COSTS	Docket 4025 Rate Year
Water Supply	731,711
Treatment Station 1	994,352
Treatment Lawton Valley	236,326
Treatment Both Plants	120,392
T&D	888,921
Fire	22,550
Meters	65,726
Services	65,726
Billing	32,037
Total Capital Costs	**3,157,741**
Revenue Allowance	243,813
Total Costs before Offsets	**11,528,667**
OFFSETS	
Nonrate Revenues	
Sundry charges	140,016
WPC cost share on customer service	269,842
Middletown cost share on customer service	134,819
Rental of Property	81,000
Water Penalty	42,320
Miscellaneous	7,515
Investment Interest Income	39,191
Water Quality Protection Fees	25,676
Total Nonrate Revenues	**740,378**
Net Costs To Recover Through Rates	**$ 10,788,289**

Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Maximum Day Demand Patterns	46%	54%	0%	0%	0%	0%	0%	100%
Maximum Day Demand Patterns	46%	54%	0%	0%	0%	0%	0%	100%
Maximum Day Demand Patterns	46%	54%	0%	0%	0%	0%	0%	100%
Maximum Hour Demand Patterns	22%	26%	51%	0%	0%	0%	0%	100%
100% Fire	0%	0%	0%	0%	0%	0%	100%	100%
100% Meters	0%	0%	0%	100%	0%	0%	0%	100%
100 % Services	0%	0%	0%	0%	0%	100%	0%	100%
100% Billing	0%	0%	0%	0%	100%	0%	0%	100%
100% base	100%							100%
Admin Non-Salary	42%	31%	11%	8%	8%	0%	0%	100%
50/50 Split between Metering and Billing	0%	0%	0%	50%	50%	0%	0%	100%
50/50 Split between Metering and Billing	0%	0%	0%	50%	50%	0%	0%	100%
Admin Non-Salary	42%	31%	11%	8%	8%	0%	0%	100%
Admin Non-Salary	42%	31%	11%	8%	8%	0%	0%	100%
Admin Non-Salary	42%	31%	11%	8%	8%	0%	0%	100%
Admin Non-Salary	42%	31%	11%	8%	8%	0%	0%	100%
100% Base	100%	0%	0%	0%	0%	0%	0%	100%

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-1
Base Extra Capacity Cost Allocations

Docket No. 4128

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
O&M COSTS								
Administration								
Salaries, Wages, & Benefits	423,626	310,452	114,837	81,320	79,319	-	3,046	1,012,600
All other admin costs	447,571	328,000	121,328	85,916	83,803	-	3,218	1,069,836
Subtotal:								
Customer Service								
Salaries, Wages, & Benefits	-	-	-	309,015	241,253	-	-	550,268
Collections					47,865			47,865
Copying & binding	-	-	-	-	1,000	-	-	1,000
Conferences & Training	-	-	-	-	5,000	-	-	5,000
Support Services	-	-	-	-	21,000	-	-	21,000
Postage	-	-	-	-	34,300	-	-	34,300
Gasoline & Vehicle Allowance	-	-	-	15,641	12,211	-	-	27,852
Repairs & Maintenance	-	-	-	41,500	-	-	-	41,500
Meter Maintenance	-	-	-	11,000	-	-	-	11,000
Operating Supplies	-	-	-	9,000	-	-	-	9,000
Uniforms & protective Gear	-	-	-	1,000	-	-	-	1,000
Customer Service Supplies	-	-	-	-	15,000	-	-	15,000
Subtotal:								
Source of Supply - Island	546,896	-	-	-	-	-	-	546,896
Source of Supply - Mainland	143,300	-	-	-	-	-	-	143,300
Station One (Excludes pumping and chemicals)	595,360	699,218	-	-	-	-	-	1,294,577
Station One Pumping	2,752	3,232	6,340	-	-	-	-	12,323
Station One Chemicals	399,000	-	-	-	-	-	-	399,000
Lawton Valley (Excludes pumping and chemicals)	622,715	731,348	-	-	-	-	-	1,354,061
Lawton Valley Pumping	7,076	8,310	16,303	-	-	-	-	31,689
Lawton Valley Chemicals	216,000	-	-	-	-	-	-	216,000
Laboratory	248,850	-	-	-	-	-	-	248,850
Transmission and Distribution	227,466	267,147	524,083	-	-	-	-	1,018,696
Fire Protection	-	-	-	-	-	-	14,500	14,500
Total O&M Costs	**3,880,611**	**2,347,704**	**782,891**	**554,392**	**540,751**	**-**	**20,763**	**8,127,113**

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-1
Base Extra Capacity Cost Allocations

Docket No. 4128

CAPITAL COSTS

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
Water Supply	731,711	-	-	-	-	-	-	731,711
Treatment Station 1	457,290	537,062	-	-	-	-	-	994,352
Treatment Lawton Valley	108,683	127,643	-	-	-	-	-	236,326
Treatment Both Plants	55,367	65,025	-	-	-	-	-	120,392
T&D	198,488	233,114	457,319	-	-	-	-	888,921
Fire	-	-	-	-	-	-	22,550	22,550
Meters	-	-	-	65,726	-	-	-	65,726
Services	-	-	-	-	-	65,726	-	65,726
Billing	-	-	-	-	32,037	-	-	32,037
Total Capital Costs	**1,551,540**	**962,844**	**457,319**	**65,726**	**32,037**	**65,726**	**22,550**	**3,157,741**
Revenue Allowance	243,813	-	-	-	-		-	243,813
Total Costs before Offsets	**5,675,964**	**3,310,549**	**1,240,210**	**620,117**	**572,789**	**65,726**	**43,313**	**11,528,667**
OFFSETS								
Nonrate Revenues								
Sundry charges	58,576	42,927	15,579	11,244	10,968	-	421	140,016
WPC cost share on customer service	-	-	-	134,921	134,921	-	-	269,842
Middletown cost share on customer service	-	-	-	67,409	67,409	-	-	134,819
Rental of Property	33,887	24,834	9,186	6,505	6,345	-	244	81,000
Water Penalty	17,705	12,975	4,799	3,399	3,315	-	127	42,320
Miscellaneous	3,144	2,304	852	604	589	-	23	7,515
Investment Interest Income	16,396	12,016	4,445	3,147	3,070	-	118	39,191
Water Quality Protection Fees	25,676	-	-	-	-	-	-	25,676
Total Nonrate Revenues	**155,383**	**95,056**	**35,161**	**227,229**	**226,616**	**-**	**933**	**740,378**
Net Costs To Recover Through Rates	**$ 5,520,580**	**$ 3,215,493**	**$ 1,205,049**	**$ 392,888**	**$ 346,172**	**$ 65,726**	**$ 42,381**	**$ 10,788,289**

Other Departmental Costs	$ 3,009,414	$ 1,709,252	$ 546,726	$ 387,155	$ 377,630	$ -	$ 14,500	$ 6,044,677
Less: Chemicals								$ -
Station One	$ (399,000)							$ (399,000)
Lawton Valley	$ (216,000)							$ (216,000)
Source Supply	$ (54,000)							$ (54,000)
Electricity								$ -
Source Supply	$ (126,700)							$ (126,700)
Station One	$ (113,822)	$ (133,678)						$ (247,500)
Lawton Valley	$ (83,056)	$ (97,544)						$ (180,600)
Costs Adjusted	$ 2,016,837	$ 1,478,029	$ 546,726	$ 387,155	$ 377,630	$ -	$ 14,500	$ 4,820,877
	42%	31%	11%	8%	8%	0%	0%	100%

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-2
Allocation of Costs to Water Rate Classes

ALLOCATION PERCENTAGES

			Commodity Charges					
			Retail		Navy	Portsmouth		
Cost Category	Allocation Basis	Base Charge	Residential	Commercial & Governmental			Fire	Total % Allocated
Base	*Average annual demand*		42%	27%	13%	18%		100%
Base Excludes PWED & 50% Navy			55%	36%	9%	0%		
Max Day	*Estimated customer peaking factors*		32%	25%	9%	15%	18%	100%
Max Day Excludes PWED & 50% Navy			41%	31%	6%	0%	22%	100%
Max Hour	*Estimated customer peaking factors*		23%	21%	8%	12%	36%	100%
Max Hour Excludes PWED & 50% Navy			28%	25%	5%	0%	43%	100%
Metering	*Direct Assignment*	100%						100%
Billing	*Direct Assignment*	100%						100%
Services	*Direct Assignment*							
Fire	*Direct Assignment*						100%	100%

ALLOCATION RESULTS

		Commodity Charges					
		Retail		Navy	Portsmouth		
Cost Category	Docket 4025 Rate Year	Base Charge	Residential	Commercial			Fire	Total $ Allocated
Base								
Base Excludes T&D&WQPF	5,068,950		2,119,274	1,369,829	671,307	908,540		5,068,950
T&D to Base	425,954		236,019	152,555	37,381	-		425,954
Water Quality Protection Fees	25,676		15,595	10,080		-		25,676
Max Day								
Max Day Except T&D	2,715,232		878,823	678,860	255,897	419,413	482,240	2,715,232
Transmission & Distribution	501,261		202,798	156,655	29,526	-	111,282	500,261
Max Hour								
Max Hr. Except T&D & Pumping	179,634	-	42,084	37,548	13,684	21,267	65,051	179,634
Pumping	44,012	-	12,224	10,986	1,987	-	18,895	44,012
Transmission & Distribution	981,402	-	272,569	243,191	44,316	-	421,326	981,402
Metering	392,888	392,888	-	-	-	-	-	392,888
Services	65,726	65,726						65,726
Billing	346,172	346,172	-	-	-	-	-	346,172
Fire	42,381	-	-	-	-	-	42,381	42,381
Total To Recover through Rates	$ 10,788,289	$ 804,786	$ 3,779,386	$ 2,659,624	$ 1,054,099	$ 1,349,220	$ 1,141,174	$ 10,788,289

COST OF SERVICE PER UNIT

	Metering (1)	(2)	(2)	(2)	(2)	(3)	
	# of accounts x 12 months	1000's of gallons annually	1000's of gallons annually	1000's of gallons annually	1000's of gallons annually	Equivalent Connections	Total
Description of Billing Units							
Percentage of Dollars Allocated	2.5%	35.0%	24.7%	9.8%	12.5%	10.6%	100.0%
Allocated Cost	$ 392,888	$ 3,779,386	$ 2,659,624	$ 1,054,099	$ 1,349,220	$ 1,141,174	$ 10,376,391
Divided by Number of Units	216,190	753,416	486,933	278,289	451,640	156,856	
Unit Cost of Service	**$1.8173** *per equiv per month*	**$5.02** *per 1000 gallons*	**$5.46** *per 1000 gallons*	**$3.79** *per 1000 gallons*	**$2.99** *per 1000 gallons*	**$7.28** *Equivalent connections*	

	Billing	Services
	No. of bills per year	No. of bills per year
Description of Billing Units		
Percentage of Dollars Allocated	2.0%	7.0%
Allocated Cost	$ 346,172	$ 65,726
Divided by Number of Units	65,376	282,337
Unit Cost of Service	**$5.2951** *per bill*	**$0.2328** *per equiv*
	(1)	

(1) From JDM Schedule D-1, 'Water Accounts by Size and Class'
(2) From JDM Schedule B-6, 'Water Demand History'
(3) From JDM Schedule D-2, 'Fire Protection Accounts'

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-3
Cost Allocation Bases

Allocation Basis	Used to allocate the following cost categories	Source Schedule	Base	Max Day	Max Hour	Metering	Billing	Services	Direct Fire Protection	Total % Allocated
Average Day Demand Patterns	*Supply, Laboratory*	N/A	100%							100%
Maximum Day Demand Patterns	*Treatment*	B-1	46%	54%	0%					100%
Maximum Hour Demand Patterns	*Pumping, Transmission/Distribution, Storage*	B-1	22%	26%	51%					100%
Fire Protection	*Public/Private Fire Protection Costs*	D-2							100%	100%
Salary Costs										
Administration	*Administration Salaries, Wages, & Benefits*	B-1	42%	31%	11%	8%	8%		0%	100%
Customer Service	*Customer Service Salaries, Wages, & Benefits*	B-4	0%	0%	0%	56%	44%		0%	100%
Other Costs	*Administration Non-Salary Costs*	B-1	42%	31%	11%	8%	8%		0%	100%

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-4
Allocation Analyses

	FY 2010 Salary	Allocation of Salary Costs							
		Base	Max Day	Max Hour	Metering	Billing	Services	Direct Fire Protection	Total Allocated
Administration 15-500-2200									
Salaries by Staff Position									
Director of Utilities	$ 60,298	42%	31%	11%	8%	8%		0%	100%
Administrative Secretary	$ 32,441	42%	31%	11%	8%	8%		0%	100%
Deputy Director - Finance	$ 52,865	42%	31%	11%	8%	8%		0%	100%
Deputy Director - Engineering	$ 55,294	42%	31%	11%	8%	8%		0%	100%
Financial Analyst	$ 67,594	42%	31%	11%	8%	8%		0%	100%
Salary $ Allocation Results	$ 268,492	$ 112,325	$ 82,317	$ 30,449	$ 21,562	$ 21,032		$ 808	$ 268,492
Resulting % Allocation of Administration Salaries, Wages, & Benefits		**42%**	**31%**	**11%**	**8%**	**8%**		**0%**	**100%**
Customer Service 15-500-2209									
Salaries by Staff Position									
Meter Repairman Reader	$ 40,934				50%	50%			100%
Meter Repairman Reader	45,601				50%	50%			100%
Principal Account Clerk	49,491					100%			100%
Meter Repairman Reader	42,818				100%				100%
Maintenance Mechanic	48,879				50%	50%			100%
SAF - Sr. Maintenance Mechanic	46,822				100%				100%
Water Meter Foreman	51,493				50%	50%			100%
Salary $ Allocation Results	$ 326,038				$ 183,094	$ 142,945			$ 326,038
Resulting % Allocation of Customer Service Salaries, Wages, & Benefits		0%	0%	0%	56%	44%		0%	100%

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-5
Capital Functionalization

Functional Break Down of Existing Fixed Assets

			Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	Fire	Meters	Services	Billing	
TRANSMISSION/DISTRIBUTION	$	18,817,129					100%					100%
LAWTON VALLEY	$	5,351,452			100%							100%
STATION 1	$	22,516,441		100%								100%
TREATMENT BOTH	$	2,726,208				100%						100%
STORAGE	$	1,311,908					100%					100%
SOURCE OF SUPPLY	$	16,492,953	100%									100%
METERS/SERVICES	$	2,976,622							50%	50%		100%
BILLING	$	725,466									100%	100%
FIRE	$	510,621						100%				100%
Total	$	71,428,801										100%
LABORATORY	$	80,000	100%	0%	0%	0%	0%	0%	0%	0%	0%	100%
LAND AND ROW	$	3,594,491	23%	32%	7%	4%	28%	1%	2%	2%	1%	100%
	$	3,674,491										
Total Fixed Assets	$	75,103,292										

			Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	Fire	Meters	Services	Billing	Total
TRANSMISSION/DISTRIBUTION	$	18,817,129	$ -	$ -	$ -	$ -	$ 18,817,129	$ -	$ -	$ -	$ -	$ 18,817,129
LAWTON VALLEY	$	5,351,452	-	-	5,351,452	-	-	-	-	-	-	5,351,452
STATION 1	$	22,516,441	-	22,516,441	-	-	-	-	-	-	-	22,516,441
TREATMENT BOTH	$	2,726,208	-	-	-	2,726,208	-	-	-	-	-	2,726,208
STORAGE	$	1,311,908	-	-	-	-	1,311,908	-	-	-	-	1,311,908
SOURCE OF SUPPLY	$	16,492,953	16,492,953	-	-	-	-	-	-	-	-	16,492,953
METERS/SERVICES	$	2,976,622	-	-	-	-	-	-	1,488,311	1,488,311	-	2,976,622
BILLING	$	725,466	-	-	-	-	-	-	-	-	725,466	725,466
FIRE	$	510,621	-	-	-	-	-	510,621	-	-	-	510,621
Total	$	71,428,801	$ 16,492,953	$ 22,516,441	$ 5,351,452	$ 2,726,208	$ 20,129,037	$ 510,621	$ 1,488,311	$ 1,488,311	$ 725,466	$ 71,428,801
			23%	32%	7%	4%	28%	1%	2%	2%	1%	
LABORATORY	$	80,000	80,000	-	-	-	-	-	-	-	-	80,000
LAND AND ROW	$	3,594,491	829,970	1,133,088	269,300	137,190	1,012,948	25,696	74,896	74,896	36,507	3,594,491
	$	3,674,491	$ 909,970	$ 1,133,088	$ 269,300	$ 137,190	$ 1,012,948	$ 25,696	$ 74,896	$ 74,896	$ 36,507	$ 3,674,491
			25%	31%	7%	4%	28%	1%	2%	2%	1%	
	Total Allocated		$ 17,402,924	$ 23,649,529	$ 5,620,752	$ 2,863,398	$ 21,141,985	$ 536,317	$ 1,563,207	$ 1,563,207	$ 761,973	$ 75,103,292
			23%	31%	7%	4%	28%	1%	2%	2%	1%	

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-5
Capital Functionalization

Functionalization of Capital Costs

		Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	Fire	Meters	Services	Billing	
Capital Spending Restricted Account	$ 1,146,918	23%	31%	7%	4%	28%	1%	2%	2%	1%	100%
Debt Service	$ 2,010,823	23%	31%	7%	4%	28%	1%	2%	2%	1%	100%
	$ 3,157,741										

		Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	Fire	Meters	Services	Billing	Total
Capital Spending Restricted Account	$ 1,146,918	$ 265,764	$ 361,157	$ 85,836	$ 43,728	$ 322,864	$ 8,190	$ 23,872	$ 23,872	$ 11,636	$ 1,146,918
Debt Service	$ 2,010,823	465,948	633,195	150,491	76,665	566,058	14,359	41,853	41,853	20,401	$ 2,010,823
	$ 3,157,741	$ 731,711	$ 994,352	$ 236,326	$ 120,392	$ 888,921	$ 22,550	$ 65,726	$ 65,726	$ 32,037	$ 3,157,741

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-6
Water Demand History

Docket No. 4128

	Annual Demand in 1000s Gallons										Baseline	Rate Year
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	3-Year Average	Docket 4025
Annual Demand by Class												
Residential	682,937	698,765	773,872	780,666	736,577	716,037	749,409	734,137	780,264	690,544	734,982	753,416
Commercial	724,094	640,379	580,798	583,184	663,766	573,711	493,539	456,486	505,014	519,521	493,674	486,983
Navy	466,167	450,247	307,051	348,222	511,299	417,869	373,306	278,441	247,728	225,392	250,520	278,289
Portsmouth	438,179	442,582	455,142	451,723	422,944	429,465	463,253	445,232	473,338	444,777	454,449	451,640
Total (in 1000's Gallons)	2,311,377	2,231,973	2,116,863	2,163,795	2,334,586	2,137,082	2,079,508	1,914,297	2,006,344	1,880,234	1,933,625	1,970,329
		-3.4%	-5.2%	2.2%	7.9%	-8.5%	-2.7%	-7.9%	4.8%	-6.3%		

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-7
Water Production Peaking Analysis

Docket No. 4128

	Combined Station #1 and LV WTP *Production Volumes in 1,000 gals*			Peaking Comparison		
	FY 2007	FY 2008	FY 2009	3 Year Average Production Peaks	System Peaks Estimated from Monthly Data	System Diversity Ratio (1)
Annual Production	2,456,363	2,524,784	2,437,440	2,472,862		
Average Day Production	6,730	6,917	6,678	6,775		
Maximum Month Production	256,796	269,819	280,875	269,163		
Maximum Day Production	10,165	10,724	12,100	10,996		
Max Day Date	*6/28/2007*	*8/4/2007*	*7/18/2008*			
Maximum Day Peaking Factor	1.51	1.55	1.81	**1.62**	**1.97**	1.21
Max-Day to Avg. Day Max-Month Ratio	1.19	1.19	1.20	**1.23**		
Maximum Hour	13,800	15,200	13,250			
Maximum Hour Peaking Factor	2.05	2.20	1.98	**2.08**	**2.47**	1.19
				Coincident	Noncoincident	
				Excluding Fire Protection		

(1) Calculated according to AWWA M-1 Guidelines

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-8
Billed Demand Peaking Analysis: Determination of Customer Class Peaking Factors

Docket No. 4128

Enter "A" to use all data or "B" to use monthly only data	A
Enter "B" to use billing data or "D" to use daily demand study data	B

Estimation of Each Customer Class' Peaking Factors

Customer Class	Max Month Water Demand (1000's gallons) 2007	2008	2009	Typical Max Month (1,000 gals.)	Average Daily Demand in Max Month (1,000 gals.)	Average Daily Demand (1,000 gals.)	Max Month Avg. Day to Avg. Day: All Meters (QRT – Monthly)	Monthly Meters Only	Ratios Used in Rate Calculations	Max Day Peaking: Monthly to Daily Peaking Multiplier	System Max Day Avg Day Max Month Ratio	Max Day Ratio	Max Hour Peaking: Daily to Hourly Peaking Multiplier	Max Hour Ratio
Residential	79,586	103,115	83,630	88,777	2,959	2,014	1.47	N A	1.47	1.06	1.23	1.91	1.20	2.29
Commercial	51,545	66,684	61,978	60,069	2,002	1,353	1.48	N A	1.48	1.15	1.23	2.09	1.33	2.78
Navy	29,771	30,475	24,640	28,295	943	686	1.37	1.37	1.37	1.09	1.23	1.84	1.27	2.33
Portsmouth	51,270	58,023	61,048	56,780	1,893	1,245	1.52	1.52	1.52	1.08	1.23	2.01	1.25	2.52
Fire (5)														
Estimated Systemwide Peaks												1.97		2.47
								(1)		(2)	(3)			(4)

(1) These monthly peaking ratios was calculated using demand records from only those customers metered on a monthly basis
(2) Daily Peaking Multipliers developed using data daily data collected during the simmer of 2009
(3) Max Day – Avg. Day Max Month water production ratios are from JDM Schedule B-7, 'Water Production Peaking Analysis'
(4) Navy and Portsmouth demand peaking behavior is assumed to have both residential and nonresidential characteristics that resemble demand in the rest of the system. As such, the following assumptions are used to weight residential and nonresidential peaking for Portsmouth and the Navy

	% Residential Demand	% NonResidential Demand	
Navy	50%	50%	Used in Max Day and Max Hour calculations
Portsmouth	60%	40%	Used in Max Hour calculations only

(5) Fire peaking behavior is estimated using a separate methodology demonstrated in JDM Schedule B-11, Fire Protection Demand Analysis'

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-9
System Demands Imposed by Each Customer Class' Peaking Behavior

Docket No. 4128

	Rate Year Demand (1,000 gallons)					
Customer Class	Annual Demand	Average Daily Demand	Lost Water Adjustment	Adjusted Average Daily Demand	% Average Demand by Class	% Average Demand Ex PWFD & 50% Navy
Residential	753,416	2,064	*822*	2,886	**41.8%**	**55%**
Commercial	486,983	1,334	*531*	1,866	**27.0%**	**36%**
Navy	278,289	762	*152*	914	**13.2%**	**9%**
Portsmouth	451,640	1,237	-	1,237	**17.9%**	**0%**
Fire					N/A	N/A
Total, w Fire Prot.	**1,970,329**	5,398	22%	6,904	**100%**	**100%**
			(1)			
Production	2,519,802	6,904	21.81%			

	Max Day Calculations				% of Daily Peaks		Max Hour Calculations			% of Hourly Peaks	
Customer Class	Max Day Peaking Factor	Demand x Peaking Factor (3)	Incremental Peak Demand	% of Daily Peaks	With Full PWFD & Navy	Without PWFD & 50% Navy	Max Hour Peaking Factor	Demand x Peaking Factor (3)	Incremental Peak Demand	With Full PWFD & Navy	Without PWFD & 50% Navy
Residential	1.91	5,511	2,624	**32.4%**	**32.4%**	**40.5%**	2.29	6,613	3,726	**23.4%**	**27.8%**
Commercial	2.09	3,893	2,027	**25.0%**	**25.0%**	**31.3%**	2.78	5,190	3,325	**20.9%**	**24.8%**
Navy	1.84	1,678	764	**9.4%**	**9.4%**	**5.9%**	2.33	2,126	1,212	**7.6%**	**4.5%**
Portsmouth	2.01	2,490	1,252	**15.4%**	**15.4%**		2.52	3,121	1,883	**11.8%**	
Fire (2)		1,440	1,440	**17.8%**	**17.8%**	**22.2%**		5,760	5,760	**36.2%**	**42.9%**
Total, w Fire Prot.		15,011	8,108	100.0%	100.0%	100.0%		22,809	15,906	100.0%	100.0%
Total, without Fire Protection		**13,571**	**6,668**					**17,049**	**10,146**		

(demand is in thousands of gallons)

(1) From JDM Schedule D-4. The lost water adjustment is made to the peaking analysis so that Portsmouth will not share in that portion of certain operating costs Navy allocation reduced 50%.
(2) From JDM Schedule B-11, Fire Protection Demand Analysis'

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-10
Summary of Peak Load Distributions (by Rate Class and Base Extra-Capacity Categories)

Docket No. 4128

EACH RATE CLASS' SHARE OF SYSTEM PEAKS

Rate Class	Average Demand	Daily Peaks	Hourly Peaks
Retail			
Residential	42%	32%	23%
Commercial	27%	25%	21%
Navy	13%	9%	8%
Portsmouth	18%	15%	12%
Fire	N A	18%	36%
	100%	100%	100%

Percentages are from JDM Schedule B-9, 'System Demands Imposed by Each Customer Class' Peaking Behavior'

BASE/EXTRA-CAPACITY DISTRIBUTION OF SYSTEM PEAKS

	Incremental Demand	% Distribution for Max Day	% Distribution for Max Hour
Base	6,904	46.0%	22.3%
Extra Capacity			
Max Day	6,668	44.4%	21.6%
Max Hour	10,146		32.8%
Fire Protection			
Max Day	1,440	9.6%	4.7%
Max Hour	5,760		18.6%
Total%		100.0%	100.0%
Total 1000's Gallons		15,011	30,917

Incremental demand data is from JDM Schedule B-11, Fire Protection Demand Analysis'
and from JDM Schedule B-9, 'System Demands Imposed by Each Customer Class' Peaking Behavior'

Newport Water Division
Cost Of Service Analysis
JDM Schedule B-11
Fire Protection Demand Analysis

Docket No. 4128

FIRE PROTECTION ASSUMPTIONS

Fire Protection Flow	(gals per minute)	4,000
Hourly Fire Protection Flow (1000's of gallons)		240
Length of Fire Event (in hours)		6

Newport Water Division
Cost Of Service Analysis
JDM Schedule D-1
Water Accounts, by Size and Class

		COMMERCIAL				RESIDENTIAL				WHOLESALE (Monthly)			
Connection	Meter	Meter Read Frequency		Equivalent Meters		Meter Read Frequency		Equivalent Meters		Navy		Portsmouth	
Size	Factors	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Meters	Equivalents	Meters	Equivalents
5/8	1.0	97	559	97	559	5	10,216	5	10,216	0	0	0	0
3/4	1.1	52	179	57	197	5	2,238	6	2,462	1	1	0	0
1	1.4	157	29	220	41	20	361	28	505	0	0	0	0
1.5	1.8	137	27	247	49	21	146	38	263	0	0	0	0
2	2.9	180	30	522	87	35	69	102	200	0	0	0	0
3	11.0	59	14	649	154	12	16	132	176	0	0	0	0
4	14.0	11	3	154	42	1	1	14	14	0	0	1	14
5	21.0	2	0	42	0	0	0	0	0	0	0	0	0
6	29.0	12	0	348	0	0	1	0	29	8	232	0	0
8	36.3	0	0	0	0	1	1	36	36	0	0	0	0
10	43.5	0	0	0	0	0	0	0	0	1	44	0	0
Total	14,708	707	841	2,336	1,128	100	13,049	360	13,901	10	277	1	14

	Billing Units	
Billed Monthly	818	9,816
Billed Quarterly	13,890	55,560
	Total	65,376

Equivalent Units	
2,986	35,836
15,030	180,354
Total	216,190

Newport Water Division
Cost Of Service Analysis
JDM Schedule D-2
Fire Protection Accounts

			Docket 4025		
	Connection Size	Existing Differential	Number of Connections	Equivalent Connections (2)	
Public Hydrants					
Newport	6	111.31	583	64,894	
Middletown	6	111.31	408	45,414	% of Equiv
Portsmouth	6	111.31	8	890	Connections
Subtotal: Public Hydrants			**999**	**111,199**	**71%**
Private Fire Connections					
	2	6.19	1	6	
	4	38.32	57	2,184	
	6	111.31	246	27,382	
	8	237.21	62	14,707	
	10	426.58	0	-	% of Equiv
	12	689.04	2	1,378	Connections
Subtotal: Private Fire Connections			**368**	**45,658**	**29%**
Total Fire Connections			**1,367**	**156,856**	**100%**

(1) Demand factors are based on the principles of the Hazen-Williams equation for flow through pressure conduits. For more information, see the AWWA M1 rate manual chapter on fire protection charges.

(2) Equivalent connections are arrived at by multiplying the number of connections by the demand factor.

General Water Service	Connection Size	Service Cost	No. of Services	Equivalent Connections	
	5/8	1.000	10,877	10,877	
	3/4	1.000	2,475	2,475	
	1	1.860	567	1,055	
	1.5	4.630	331	1,533	
	2	6.150	314	1,931	
	3	11.060	101	1,117	
	4	11.060	17	188	
	5	11.060	2	22	
	6	11.060	21	232	
	8	11.060	2	22	% of Equiv Connections
	10	11.060	1	11	
Subtotal General Servcie			**14,708**	**19,463**	**83%**
Private Fire Connections					
	2	6.150	1	6	
	4	11.060	57	630	
	6	11.060	246	2,721	
	8	11.060	62	686	
	10	11.060	0	-	% of Equiv
	12	11.060	2	22	Connections
Subtotal: Private Fire Connections			**368**	**4,065**	**17%**
Annualized				**12**	
Total Retail & Private Fire Connections			**15,076**	**282,337**	**100%**

Newport Water Division
Cost Of Service Analysis
JDM Schedule D-3
Production Summary

	Station #1			Lawton Valley			Combined	
	In Gallons	in 1000's		In Gallons	in 1000's		In Gallons	in 1000's
FY 07 JULY 2006 - JUNE 2007	1,176,356,210	1,176,356		1,280,006,852	1,280,007		2,456,363,062	2,456,363
Max. Month June	116,724,700	116,725	August	140,288,300	140,288	August	256,795,580	256,796
FY 08 JULY 2007 - JUNE 2008	1,268,356,660	1,268,357		1,256,427,700	1,256,428		2,524,784,360	2,524,784
Max. Month August	141,803,530	141,804	July	144,557,900	144,558	July	269,819,450	269,819
FY 09 JULY 2008 - JUNE 2009	1,152,697,400	1,152,697		1,284,742,500	1,284,743		2,437,439,900	2,437,440
Max. Month March	110,288,000	110,288	July	177,163,200	177,163	July	280,874,500	280,875

MAX DAY PRODUCTION AVAILABLE FOR SALE

	Station #1			Lawton Valley			Combined	
	Max Day Production			Max Day Production			Max Day Production	
	Date	In Gallons	in 1000's	Date	In Gallons	in 1000's	Date	In Gallons	in 1000's
FY 07 JULY 2006 - JUNE 2007	8/2/2006	5,114,940	5,115	8/14/2006	5,958,100	5,958	6/28/2007	10,165,100	10,165
	includes booster to LV at 1,256,000 Gallons								
FY 08 JULY 2007 - JUNE 2008	8/25/2007	6,179,670	6,180	6/10/2008	6,805,400	6,805	8/4/2007	10,723,620	10,724
	includes booster to LV at 2,251,000 Gallons								
FY 09 JULY 2008 - JUNE 2009	7/20/2008	4,341,000	4,341	7/18/2008	7,845,700	7,846	7/18/2008	12,100,100	12,100
	includes booster to LV at 324,000 Gallons								

PEAK HOURLY FLOW

	Date	Station #1		Date	Lawton Valley	
FY 07 JULY 2006 - JUNE 2007	7/6/2006	5.8	MGD	7/1/2006	8.0	MGD
FY 08 JULY 2007 - JUNE 2008	8/26/2007	7.2	MGD	6/18/2008	8.0	MGD
FY 09 JULY 2008 - JUNE 2009	7/18/2008	5.25	MGD	7/18/2008	8.0	MGD

Newport Water Division
Cost Of Service Analysis
JDM Schedule D-4
Demand Summary

	FY 2006	FY 2007	FY 2008	FY 2009
Fiscal Year Annual Demand				
Residential	718,022	734,137	780,264	690,544
Commercial (includes governmental)	505,804	456,486	505,014	519,521
Navy	373,306	278,441	247,728	225,392
Portsmouth	453,618	445,232	473,338	444,777
Total 1000's Gallons	2,050,751	1,914,297	2,006,344	1,880,234
		-6.7%	*4.8%*	*-6.3%*

Max Month Demand *(1000's of gallons)*	FY 2007	FY 2008	FY 2009
Residential	79,586	103,115	83,630
Commercial	51,545	66,684	61,978
Navy	29,771	30,475	24,640
Portsmouth	51,270	58,023	61,048
NonCoincident Max Month	212,172	258,296	231,296
Coincident Max Month	196,132	221,941	201,008
Production Volume, Max Month	256,796	269,819	280,875

Unaccounted for Water Analysis

	FY 2007	FY 2008	FY 2009	Average
Billed Consumption (1,000 gals.)	1,914,297	2,006,344	1,880,234	1,933,625
Total Water Produced (1,000 gals.)	2,456,363	2,524,784	2,437,440	2,472,862
Unaccounted for Water (1,000 gals.)	542,066	518,440	557,206	539,237
Percent Unaccounted for Water	22.07%	20.53%	22.86%	21.81%

Newport Water Division
Cost Of Service Analysis
JDM Schedule D-5
Development of Pumping Costs

Pumping Labor and Benefits

Station One		Lawton Valley	
Labor hours per day pump	0.5000	Labor hours per day pump	0.1667
Days per year	365	Days per year	365
Total Hours	182.5000	Total Hours	60.8455
Average per hour pay	$21.78	Average per hour pay	$22.10
Average per hour benefits	$4.69	Average per hour benefits	$4.82
Pumping Salaries	$3,974.85	Pumping Salaries	$1,344.69
Pumping Benefits	$855.01	Pumping Benefits	$293.15

Pumping Repairs and Supplies

Station One		Lawton Valley	
50275 Repair & Maintenance - Equipment		Repair & Maintenance - Equipment	
None	$0.00	Vendor	amount
Total Repair & Maintenance Pumping	$0.00	Bristol County Machine	$125.00
		Broadway Electric	$160.00
		Bristol County Machine	$128.00
50311 Operating Supplies		Broadway Electric	$85.10
Vendor	amount	Bristol County Machine	$60.00
National Electric Testing	$300.00	Raleo Electric	$306.00
		Delta Electric Motor	$496.00
Total - Operating Supplies - Pumping	$300.00	Industrial Pump Sales & Service	$5,521.56
		Industrial Pump Sales & Service	$1,152.00
		Total Repair & Maintenance Pumping	$8,033.66
		Operating Supplies	
		Vendor	amount
		National Electric Testing	$300.00
		Raleo Electric	$499.00
		Total Operating Supplies Pumping	$799.00

Pumping Electricity

Station One		Lawton Valley	
Annual Pumping Power	$7,193	Annual Pumping Power	$21,712

Total Pumping Costs

Station One		Lawton Valley	
Pumping Salaries	$3,975	Pumping Salaries	$1,345
Pumping Benefits	$855	Pumping Benefits	$293
Total Repair & Maintenance Pumping	$0	Total Repair & Maintenance Pumping	$8,034
Total - Operating Supplies - Pumping	$300	Total Operating Supplies Pumping	$306
Annual Pumping Power	$7,193	Annual Pumping Power	$21,712
Total Annual Pumping Costs	**$12,323**	**Total Annual Pumping Costs**	**$31,689**