

City of Newport Department of Utilities



THE CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION

**MULTI-YEAR RATE PLAN COMPLIANCE FILING AND
NOTICE OF CHANGE IN RATES PURSUANT TO R.I.G.L. § 39-15.1-4**

BEFORE THE

RHODE ISLAND PUBLIC UTILITIES COMMISSION

DOCKET NO. 4243

December 28, 2012

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION

DOCKET NO: 4243

**MULTI-YEAR RATE PLAN COMPLIANCE FILING AND
NOTICE OF CHANGE IN RATES PURSUANT TO R.I.G.L. § 39-15.1-4**

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1. Notice to Commission of Compliance Filing and Change In Rates Pursuant to R.I.G.L. § 39-15.1-4.
2. Notice of Compliance Filing and Change In Rates Pursuant to R.I.G.L. § 39-15.1-4 to be published in the Providence Journal and provided to customers.
3. Testimony of Harold J. Smith and supporting schedules.

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

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DOCKET NO: 4243

**MULTI-YEAR RATE PLAN COMPLIANCE FILING AND
NOTICE OF CHANGE IN RATES PURSUANT TO R.I.G.L. § 39-15.1-4**

Now comes the City Of Newport, Utilities Department, Water Division (“Newport Water” or “Newport”), and pursuant to R.I.G.L. §39-15.1-4, hereby gives the Rhode Island Public Utilities Commission (“Commission”) notice of its proposed change in rates in conformance with the multi-year rate plan granted by the Commission in Order Number 20636 (as amended). In support of its proposed change in rates, Newport Water states as follows:

1. On April 18, 2011, Newport Water filed an application for a general rate increase (Docket 4243).
2. In its application, Newport proposed a multi-year rate plan pursuant to R.I.G.L. §39-15.1-4 to support increased debt service for the design and construction of a new Lawton Valley Water Treatment Plant and improvements to the Station One Water Treatment Facility (“Treatment Plant Projects”).
3. The parties in Docket 4243 reached a Settlement Agreement that the Commission approved at its November 29, 2011 open meeting.
4. In its subsequent report and order (No. 20636), the Commission authorized a multi-year rate plan that allowed Newport to increase rates in four separate phases:
 - FY12 \$2,222,258 (22.5%)¹
 - FY13 \$4,272,361 (35.3%)
 - FY14 \$2,395,489 (14.6%)
 - FY15 \$ 519,606 (2.7%)
5. Newport anticipated implementing the FY13, 14 and 15 increases on July 1 of each fiscal year.
6. However, the Commission’s Order acknowledged that the dates and amounts in the multi-year rate plan could change.

¹ The increase in FY12 was an overall increase to support a total cost of service including O&M and Capital expenses. The increases for FY 13, 14 and 15 were for increased debt service only.

7. Thus, the Commission ordered Newport Water to file a motion to amend the multi-year rate plan if the debt service funding plan changed.
8. On June 14, 2012, Newport Water filed a Petition to Amend Multi-Year Rate Plan ("Petition To Amend").
9. Newport Water filed the Petition To Amend because it developed more accurate data regarding its Treatment Plant Projects financing plan following the conclusion of Docket 4243.
10. In its Petition to Amend, Newport Water proposed delaying the effective date of its second phase of the multi-year plan until April 1, 2013.
11. The Division of Public Utilities and Carriers assented to Newport's Petition to Amend, but asked that Newport submit its compliance filing pursuant to RIGL §39-15.1-4(d), no later than January 1, 2013.
12. On August 30, 2012, the Commission granted Newport's Petition to Amend (Order 20819).
13. Newport gives notice that it will increase its cost of service by an amount not to exceed \$2,145,647 for increased debt service required for the Treatment Plant Projects on April 1, 2013.
14. Pursuant to R.I.G.L. §39-15.1-4, the rates resulting from the increased cost of service will become effective on April 1, 2013 unless the Commission shall decide that the proposed rate increase may be unreasonable or inconsistent with the approved plan, in which case the Commission shall hold a hearing on the proposed rate increase and may approve, or reasonably amend the proposed rate increase.
15. In support of its notice of change and rates, Newport water incorporates the testimony and schedules of Harold J. Smith, submitted herewith.

Wherefore, the City of Newport, Utilities Department, Water Division, respectfully requests that the Rhode Island Public Utilities Commission increase its cost of service by an amount not to exceed \$2,145,647 on April 1, 2013 for increased debt service required for the Treatment Plant Projects, and all other relief the Commission deems meet and just.

The City Of Newport, Utilities Department,
 Water Division
 By its attorney,

Joseph A. Keough, Jr.
 KEOUGH & SWEENEY, LTD
 41 Mendon Avenue
 Pawtucket, RI 02861
 (401) 724-3600
 (401) 724-9909 (fax)
 jkeoughjr@keoughsweeney.com

CERTIFICATION

I hereby certify that on December 28, 2012, I sent a copy of the within to all parties set forth on the attached Service List from Docket 4355 by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

Parties/Address	E-mail Distribution	Phone
Julia Forgue, Director of Public Works Newport Water Department 70 Halsey St. Newport, RI 02840	jforgue@cityofnewport.com	401-845-5601
	lsitrin@CityofNewport.com	
Karen Lyons, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	klyons@riag.ri.gov	401-222-2424
	sscialabba@ripuc.state.ri.us	
	psmith@ripuc.state.ri.us	
	dmacrae@riag.ri.gov	
Harold Smith Raftelis Financial Consulting, PA 511 East Blvd. Charlotte, NC 28203	Hsmith@raftelis.com	704-373-1199
Gerald Petros, Esq. Hinckley, Allen & Snyder 1500 Fleet Center Providence, RI 02903	gpetros@haslaw.com	401-274-2000
	aramos@haslaw.com	
	jmansolf@haslaw.com	
William McGlinn Portsmouth Water & Fire District 1944 East Main Rd. PO Box 99 Portsmouth, RI 02871	wmcglinn@portsmouthwater.org	401-683-2090 ext. 224

Ellen M. Evans Senior Trial Attorney Naval Facilities Engineering Command Litigation Office 720 Kennon St., Bldg. 36, Room 233 Washington Navy Yard, DC 20374-5051	ellen.evans@navy.mil	202-685-2235
Dr. Kay Davoodi, P.E. Utility Rates and Studies Office NAVFACHQ- Building 33 1322 Patterson Ave SE Washington Navy Yard, D.C. 20374-5065	Khojasteh.davoodi@navy.mil	202-685-3319
	Larry.r.allen@navy.mil	
Maurice Brubaker Brubaker and Associates, Inc. PO Box 412000 St.Louis, MO 63141-2000	mbrubaker@consultbai.com	401-724-3600 401-724-9909
	bcollins@consultbai.com	
Thomas S. Catlin Exeter Associates, Inc. 10480 Little Patuxent Parkway, Suite 300 Columbia, MD 21044	tcatlin@exeterassociates.com	410-992-7500
	jmierzwa@exeterassociates.com	
Christopher Woodcock Woodcock & Associates, Inc. 18 Increase Ward Drive Northborough, MA 01532	Woodcock@w-a.com	508-393-3337
An original and nine (9) copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	lmassaro@puc.state.ri.us	401-780-2107
	cwilson@puc.state.ri.us	
	sccamara@puc.state.ri.us	



 Joseph A. Keough, Jr., Esquire # 4925
 KEOUGH & SWEENEY, LTD.
 41 Mendon Avenue
 Pawtucket, RI 02861
 (401) 724-3600 (phone)
 (401) 724-9909 (fax)
jkeoughjr@keoughsweeney.com

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION

DOCKET NO: 4243

NOTICE OF COMPLIANCE FILING AND CHANGE IN RATE SCHEDULES

The City of Newport, Utilities Department, Water Division ("Newport Water"), hereby gives notice that on December 28, 2012, it filed a Multi-Year Rate Plan Compliance Filing And Notice Of Change In Rates Pursuant To R.I.G.L. § 39-15.1-4 with the Rhode Island Public Utilities Commission ("Commission").

Newport seeks to increase its revenues from rates in the amount of \$2,145,647 to support increased debt service for the design and construction of a new Lawton Valley Water Treatment Plant and improvements to the Station One Water Treatment Facility. The proposed revenue increase is based on Phase Two of the multi-year increase granted by the Commission in Docket 4243.

The impact of Newport's request will vary based on customer classification. For a typical residential customer, who uses 60,000 gallons of water per year, the impact of this request will result in an increase of \$82.92 per year or 18%. The impact on all other customers will vary based on customer class. The proposed rates are based on the revenue increase sought in the December 28, 2012 Compliance Filing and the implementation of a Cost of Service Study Newport Water filed with the Commission on September 7, 2012, which the Commission is currently reviewing in Docket 4355. Thus, while Newport Water's Compliance Filing and Notice of Changes In Rates proposes a specific rate change, the Commission, after full investigation and hearings in Dockets 4243 and 4355, may order different rates than proposed by Newport.

While the new rates are proposed to become effective April 1, 2013, the Commission can hold a hearing on the proposed rate increase and may approve, or reasonably amend, the proposed rate increase. No rate change will take effect until the Commission has conducted a full investigation and hearing on the proposal. The Commission will publish a notice of the hearing dates when they are scheduled. Ratepayers may comment on the proposed rate increases at that time.

A copy of the application is on file for examination at the Newport Water's office and at the offices of the Public Utilities Commission, 89 Jefferson Boulevard, Warwick, Rhode Island. A copy of the filing was also provided to The Town of Portsmouth, The Town of Middletown and the United States Navy. A copy was also provided to the Rhode Island Attorney General's Department, Consumer Division. Subscriber billing statements will contain notice of this filing. Some larger subscribers will receive notice in their monthly billing and others in their regular billing.

City of Newport, Utilities Department, Water Division
70 Halsey Street
Newport, RI 02840

PREFILED TESTIMONY

OF

**HAROLD J. SMITH
RAFTELIS FINANCIAL CONSULTING**

IN SUPPORT OF

**THE CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION
MULTI-YEAR RATE PLAN COMPLIANCE FILING AND NOTICE OF CHANGE IN
RATES PURSUANT TO R.I.G.L. § 39-15.1-4**

BEFORE THE

RHODE ISLAND PUBLIC UTILITIES COMMISSION

Docket No. 4243

DECEMBER 28, 2012



1 **I. INTRODUCTION**

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

3 A. My name is Harold J. Smith and my business address is 1031 South Caldwell Street,
4 Charlotte, 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 water and wastewater finance and pricing. RFC was established in 1993
9 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
11 leader in the development of water and wastewater rates that satisfy local government
12 objectives.

13

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

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

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

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

3 A. Yes. I provided testimony for the City of Newport, Utilities Department, Water
4 Division ("Newport Water" or "Newport") in seven rate filings before the Rhode
5 Island Public Utilities Commission ("Commission") in Dockets 3578, 3675, 3818,
6 4025, 4128, 4243 and 4355. I also provided testimony in the Providence Water
7 Supply Board's most recent rate filings (Dockets 3832, 4061 and 4070). I also
8 testified on behalf of the Consumer Advocate before the Nova Scotia Utility and
9 Review Board (W-HRWC-R-10).

10

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

12 A. Yes. I am a member of the American Water Works Association where I am the past
13 chairman of the Strategic Management Practices Committee, and I am a member of the
14 Financial Management Committee of the New England Water Works Association.

15

16 **Q. What is the purpose of your testimony?**

17 A. To support Newport Water's Multi-Year Rate Plan Compliance Filing And
18 Notice Of Change In Rates Pursuant To R.I.G.L. § 39-15.1-4.

19

20 **Q. Please provide an overview of Newport Water's filing in this Docket.**

21 A. On April 18, 2011, Newport Water filed an application for a general rate increase
22 (Docket 4243). Newport Water proposed a multi-year rate plan pursuant to R.I.G.L. §39-
23 15.1-4 to support increased debt service for the design and construction of a new
24 Lawton Valley Water Treatment Plant and improvements to the Station One Water
25 Treatment Facility ("Treatment Plant Projects").

1 The parties in Docket 4243 reached a Settlement Agreement that the Commission
2 approved at a November 29, 2011 open meeting. In its subsequent report and order
3 (No. 20636), the Commission authorized a multi-year rate plan, which allowed Newport
4 to increase revenues for debt service in four separate phases:

- 5 • FY12 \$2,222,258 (22.5%)¹
- 6 • FY13 \$4,272,361 (35.3%)
- 7 • FY14 \$2,395,489 (14.6%)
- 8 • FY15 \$ 519,606 (2.7%)

9

10 Newport anticipated implementing the FY13, 14 and 15 increases on July 1 of each fiscal
11 year. However, the Commission's Order acknowledged that the dates and amounts in
12 the plan could change. Thus, the Commission ordered Newport Water to file a motion to
13 amend the multi-year rate plan if its debt service funding needs changed.

14

15 On June 14, 2012, Newport Water filed a Petition to Amend Multi-Year Rate Plan
16 ("Petition To Amend"). Newport sought to postpone the implementation of the FY13
17 increase from July 1, 2012 to April 1, 2013 because it had more accurate data for its
18 Treatment Plant Projects financing plan than it did during the litigation of Docket 4243.
19 The Division of Public Utilities and Carriers ("Division") assented to Newport's Petition to
20 Amend, but asked that Newport submit its compliance filing, pursuant to RIGL §39-15.1-
21 4(d), no later than January 1, 2013. On August 30, 2012, the Commission granted
22 Newport's Petition to Amend (Order No. 20819).

23

¹ The increase in FY12 was an overall increase to support a total cost of service including O&M and Capital expenses. The increases for FY 13, 14 and 15 were for increased debt service only.

1 **II. REVENUE INCREASE**

2 **Q. How much additional revenue does Newport need in FY13 to support debt service**
3 **for the Treatment Plant Projects?**

4 A. In Docket 4243, the Commission authorized an increase of \$4,272,500 for total debt
5 service of \$5,861,869 in FY13. However, Newport only needs to increase its debt service
6 by \$2,145,647 to a total of \$3,735,016.

7

8 **Q. Why does this amount differ from the increase granted in Docket 4243?**

9 A. During the litigation of Docket 4243, Newport based its Treatment Plant Projects
10 financing plan on estimates for project expense, timing of contractor payments and
11 interest rates. Following the conclusion of Docket 4243, three factors clarified
12 Newport's actual borrowing needs:

- 13 1. Newport's award of the Treatment Plant Projects contract;
- 14
- 15 2. Newport's receipt of a draw down schedule from the Treatment Plant Projects
16 vendor; and,
- 17
- 18 3. Newport's closing on the first borrowing (\$53,100,000) for the Treatment Plant
19 Projects.
- 20

21 Based on these three factors, Newport revised its borrowing plan for the Treatment
22 Plant Projects as follows:

<u>Fiscal Year</u>	<u>Docket 4243²</u>	<u>Current Estimate</u>
2012	\$47,164,161	\$53,100,000
2013	\$31,808,223	\$31,000,000
2014	\$ 5,677,263	\$0

23

² See, Docket 4243, RFC Schedule C Compliance

1 **Q. Is this the same revised borrowing plan Newport presented in its Petition To**
2 **Amend?**

3 A. No. In the Petition to Amend, Newport anticipated borrowing \$26,900,000 in FY13
4 and \$5,000,000 in FY14. Newport now plans to borrow \$31,000,000 in the Spring of
5 FY13, and this borrowing will provide the necessary funds to complete the Treatment
6 Plant Projects.

7

8 **Q. Can you please review the timing of this revised borrowing plan?**

9 A. Yes. The Division approved Newport's Application For Borrowing Authority for the
10 \$53,100,000 loan on April 9, 2012 (Docket D-12-3). Newport closed on this loan in June
11 2012 and the proceeds were distributed as follows:

12 \$43,500,000 Project Funds for Water Treatment Plant Projects
13 \$ 5,105,000 Conversion of short term BAN into subsidized DWSRF borrowing
14 \$ 3,830,000 Debt service reserve fund; and,
15 \$ 631,000 Costs of issuance

16

17 As shown in Newport's application to the Rhode Island Clean Water Finance Agency
18 (RICWFA) (Attachment A) Newport needs to close on the \$31,000,000 loan by May 2013
19 to provide a buffer between the closing and the exhaustion of project funds from the
20 \$53.1 million loan.

21

22 **Q. How did Newport determine the amount and timing of the proposed revenue**
23 **increase?**

24 A. Attached to my testimony are Schedules HJS Schedules 1, 2 and 3 CF, which
25 illustrate the amount and timing of the proposed increases for debt service:

- 1 • HJS Schedule 1 CF sets forth Newport's existing and proposed debt service in the
2 same format used in HJS Schedule C Compliance in Docket 4243.
- 3 • HJS Schedule 2 CF shows Newport's debt service payments for its existing loans
4 and the proposed \$31,000,000 loan, as well as the resulting balance in its Debt
5 Service Restricted Account if contributions to the Debt Service Restricted
6 account are *not* increased. Please note that the debt service on the \$53.1 million
7 borrowing that closed in June 2012 is included in the Existing Debt Service line
8 item on this schedule. The projected debt service for the \$31,000,000 loan
9 assumes an annual interest rate of 4.5% and assumes that only nominal principle
10 payments will be due during the first two years after the borrowing closes. As
11 shown, the balance in the Debt Service Restricted Account remains positive
12 through February 2014, but Newport needs additional funding from rates to
13 meet the anticipated debt service requirements in March of FY 2014 and
14 beyond. A rate increase effective April 2013 will allow Newport Water to build
15 funds in the Debt Service Restricted Account and avoid the projected deficit in
16 March 2014.
- 17 • HJS Schedule 3 CF shows the proposed increases needed for monthly debt
18 service contributions beginning in April 2013 to ensure Newport has funds
19 available to make debt service payments in September and March of each fiscal
20 year through FY 2015.

21

22 **Q. Can you explain how you determined the requested increase of \$2,145,647?**

23 A. As shown on HJS Schedule 3 CF, the requested increase in annual contributions to
24 the Debt Service Restricted account is based on the monthly amounts that must be

1 deposited into that account to ensure sufficient make debt service payments in
2 September 2013 and March 2014.

3

4 **Q. When does Newport anticipate implementing its final phase of the multi-year rate**
5 **increase?**

6 A. We anticipate that Newport will need to implement the final increase in the multi-
7 year plan in July of 2015 (beginning of FY16). As shown on HJS Schedule 3 CF, the
8 current assumption for the final increase currently assumes that contributions to the
9 Debt Service Restricted account will need to be increased by approximately 110% in
10 order to ensure a sufficient balance in the account to make the assumed debt service
11 payments due in September 2016. When Newport files its compliance filing for this final
12 increase, it will be able to "true up" its multi-year plan. At that time, Newport will have
13 borrowed all the money needed for the Treatment Plant Projects, and it will know the
14 actual interest rates for the borrowings, as well as the amount and timing of the actual
15 payments.

16

17 **III. RATE IMPACT**

18 **Q. How will the proposed revenue increase impact customers' rates?**

19 A. The impact on customers' rates depends on the outcome of the pending Docket
20 4355, in which Newport seeks to implement cost of service based rates. Attached to my
21 testimony is HJS Schedule 4 CF, which is identical in format to Schedule RFC A-3 Update
22 in Docket 4355. However, the rates in these two schedules differ.

23

24 The Commission will recall that in Docket 4243, Newport agreed to implement its cost of
25 service rates concurrently with the FY13 increase authorized by the Commission as part

1 of Newport's multi-year plan. Thus, When Newport filed its proposed Cost of Service
2 Study in Docket 4355, and the revisions filed on October 25, 2012, it calculated the bill
3 impacts assuming a \$1,986,710 revenue increase for debt service. Newport did this to
4 give the Division, interveners and other customers a more realistic view of their
5 potential rates if the cost of service rates take effect simultaneously with the phase two
6 increase in FY13. Newport's calculation was based on the assumption it would only
7 borrow \$26.9 million dollars in FY13. Since Newport now plans to borrow \$31 million,
8 this calculation has changed.

9

10 The Commission scheduled the hearings in Docket 4355 for February 27 and 28, 2013.
11 Thus, the actual bill impacts won't be known until after these hearings.

12

13 **III. CONCLUSION**

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

15 A. Yes it does.



December 14, 2012

Mr. Anthony B. Simeone
Rhode Island Clean Water Finance Agency
235 Promenade Street, Suite 119
Providence, RI 02908

Dear Mr. Simeone:

Please accept this letter as the City of Newport, Rhode Island's formal request for RICWFA to assist the City of Newport Water Department to obtain a SRF loan not to exceed \$31,000,000 to be used as follows:

Station One Improvements; New Lawton Valley Treatment Plant; and City Agent, Legal and Financial Services for Station One Improvements and new Lawton Valley Plant**	\$28,301,000
Debt Service Reserve and financing costs	<u>2,699,000</u>
Total	<u>\$31,000,000</u>

** Funding request represents the final amount needed for this project. The total project is estimated at \$85MM. There is an outstanding SRF borrowing for \$53.1MM. The additional funding request is based on the attached contractor's construction draw schedule. It is anticipated that the additional funds will be needed in July 2013.

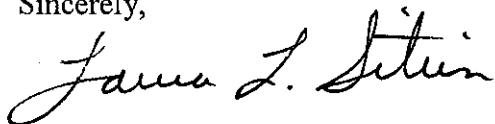
The project is a design build and began in March 2012. The project is anticipated to be completed by December 31, 2014 in accordance with a consent decree.

The City Council has authorized bonds of \$85,000,000 for this project. The Rhode Island Public Utilities Commission (RIPUC) has definitively approved a series of successive rate increases between Fiscal Years 2012 and 2015 specifically to pay for this project. Newport will also submit a filing to the Rhode Island Public Utilities Division seeking approval to enter into this proposed borrowing.

I have attached a list of contact names and phone numbers for pertinent city personnel. Please let me know if you need additional information and I will be happy to provide it.

Thank you for your review and consideration of this request. We look forward to working with the Agency.

Sincerely,



Laura L. Sitrin, CPA
Director of Finance

CC: Karen S.D. Grande, Attorney
Julia Fogue, Director of Utilities
Karen Garcia, Deputy Director of Utilities - Finance
Jane Howington, City Manager, City of Newport
Joseph Nicholson, City Solicitor for City of Newport
Maureen Gurghigian, First Southwest
Harold J. Smith, Vice-President, Raftelis Financial Consulting, PA
Joseph Keough, Attorney, Keough and Sweeney

**City of Newport
Contact Information**

Jane Howington, City Manager	845-5430
Julia Fogue, Director of Utilities	845-5601
Karen Garcia, Deputy Director of Utilities – Finance	845-5602
Laura L. Sitrin, Director of Finance	845-5394

Karen Grande of Edwards Wildman Palmer LLP will continue as the City's bond counsel.

First Southwest is the Financial Advisor for the City of Newport.

Newport Drawdown - City

Invoice No	Invoice Month	Estimated Payment	Estimated %	Maximum Cumulative Percentage	Maximum Cumulative Drawdown
1	Mar-12	\$1,484,000	2.0%	2.0%	\$1,484,000
2	Apr-12	\$1,534,000	2.0%	4.0%	\$3,018,000
3	May-12	\$1,200,500	1.5%	5.5%	\$4,218,500
4	Jun-12	\$1,484,000	2.0%	7.5%	\$5,702,500
5	Jul-12	\$1,484,000	2.0%	9.5%	\$7,186,500
6	Aug-12	\$2,101,000	3.0%	12.5%	\$9,287,500
7	Sep-12	\$2,101,000	3.0%	15.5%	\$11,388,500
8	Oct-12	\$2,768,000	4.0%	19.5%	\$14,156,500
9	Nov-12	\$2,768,000	4.0%	23.5%	\$16,924,500
10	Dec-12	\$3,101,500	4.5%	28.0%	\$20,026,000
11	Jan-13	\$3,101,500	4.5%	32.5%	\$23,127,500
12	Feb-13	\$3,435,000	5.0%	37.5%	\$26,562,500
13	Mar-13	\$3,435,000	5.0%	42.5%	\$29,997,500
14	Apr-13	\$4,102,000	6.0%	48.5%	\$34,099,500
15	May-13	\$4,102,000	6.0%	54.5%	\$38,201,500
16	Jun-13	\$4,102,000	6.0%	60.5%	\$42,303,500
17	Jul-13	\$4,102,000	6.0%	66.5%	\$46,405,500
18	Aug-13	\$3,435,000	5.0%	71.5%	\$49,840,500
19	Sep-13	\$2,768,000	4.0%	75.5%	\$52,608,500
20	Oct-13	\$2,738,000	4.0%	79.5%	\$55,346,500
21	Nov-13	\$2,081,000	3.0%	82.5%	\$57,427,500
22	Dec-13	\$2,071,000	3.0%	85.5%	\$59,498,500
23	Jan-14	\$2,071,000	3.0%	88.5%	\$61,569,500
24	Feb-14	\$1,747,500	2.5%	93.0%	\$63,317,000
25	Mar-14	\$1,404,000	2.0%	95.0%	\$64,721,000
26	Apr-14	\$1,414,000	2.0%	96.5%	\$66,135,000
27	May-14	\$1,075,000	1.5%	97.5%	\$67,210,000
28	Jun-14	\$747,000	1.0%	98.5%	\$67,957,000
29	Jul-14	\$737,000	1.0%	99.0%	\$68,694,000
30	Aug-14	\$413,500	0.5%	99.0%	\$69,107,500
31	Sep-14	\$403,500	0.5%	99.5%	\$69,511,000
32	Oct-14	\$213,400	0.2%	99.7%	\$69,724,400
33	Nov-14	\$233,400	0.2%	99.9%	\$69,957,800
34	Dec-14	\$166,700	0.1%	100.0%	\$70,124,500
	Jan-15	\$100,000			\$70,224,500
	Feb-15	\$100,000			\$70,324,500
	Mar-15	\$100,000			\$70,424,500
	Apr-15	\$100,000			\$70,524,500
	May-15	\$80,000			\$70,604,500
Total			100.0%		\$70,604,500

Actual AECOM	Actual CDM	Subtotal	Reserve and issuance costs and BAN	Total Actual	Cumulative Total to Date
1,184,167.13	99,346.11	1,283,513.24	-	1,283,513.24	1,283,513.24
1,101,276.10	30,457.64	1,131,733.74	-	1,131,733.74	2,415,246.98
1,142,409.20	95,050.23	1,237,459.43	-	1,237,459.43	3,652,706.41
925,515.65	185,616.11	1,111,131.76	4,048,675.88	5,159,807.64	8,812,514.05
151,654.20	141,222.36	292,876.56	35,034.64	327,911.20	9,140,425.25
1,021,060.00	146,032.17	1,167,092.17	-	1,167,092.17	10,307,517.42
1,913,300.00	83,145.67	1,996,445.67	5,105,000.00	7,101,445.67	17,408,963.09
3,604,050.15	188,863.70	3,792,913.85	2,500.00	3,795,413.85	21,204,376.94
					\$23,972,376.94
					\$27,073,876.94
					\$30,175,376.94
					\$33,610,376.94
					\$37,045,376.94
					\$41,147,376.94
					\$45,249,376.94
					\$49,351,376.94
					\$53,453,376.94
					\$56,888,376.94
					\$59,656,376.94
					\$62,394,376.94
					\$64,475,376.94
					\$66,546,376.94
					\$68,617,376.94
					\$70,364,876.94
					\$71,768,876.94
					\$73,182,876.94
					\$74,257,876.94
					\$75,004,876.94
					\$75,741,876.94
					\$76,155,376.94
					\$76,558,876.94
					\$76,772,276.94
					\$77,005,676.94
					\$77,172,376.94
					\$77,272,376.94
					\$77,372,376.94
					\$77,472,376.94
					\$77,572,376.94
					\$77,652,376.94
11,043,432.43	969,733.99	12,013,166.42	9,191,210.52	21,204,376.94	
Additional Borrowing Needed:				\$28,301,000	

Newport Drawdown - TOTAL

Invoice No.	Invoice Month	AECOM/CHNEst imated Payment	CDM	TOTAL	Maximum Cumulative Drawdown	
1	Mar-12	\$ 1,334,000.00	\$ 150,000.00	\$1,484,000	\$1,484,000	
2	Apr-12	\$ 1,334,000.00	\$ 200,000.00	\$1,534,000	\$3,018,000	
3	May-12	\$ 1,000,500.00	\$ 200,000.00	\$1,200,500	\$4,218,500	
4	Jun-12	\$ 1,334,000.00	\$ 150,000.00	\$1,484,000	\$5,702,500	
5	Jul-12	\$ 1,334,000.00	\$ 150,000.00	\$1,484,000	\$7,186,500	
6	Aug-12	\$ 2,001,000.00	\$ 100,000.00	\$2,101,000	\$9,287,500	
7	Sep-12	\$ 2,001,000.00	\$ 100,000.00	\$2,101,000	\$11,388,500	
8	Oct-12	\$ 2,668,000.00	\$ 100,000.00	\$2,768,000	\$14,156,500	
9	Nov-12	\$ 2,668,000.00	\$ 100,000.00	\$2,768,000	\$16,924,500	
10	Dec-12	\$ 3,001,500.00	\$ 100,000.00	\$3,101,500	\$20,026,000	
11	Jan-13	\$ 3,001,500.00	\$ 100,000.00	\$3,101,500	\$23,127,500	
12	Feb-13	\$ 3,335,000.00	\$ 100,000.00	\$3,435,000	\$26,562,500	
13	Mar-13	\$ 3,335,000.00	\$ 100,000.00	\$3,435,000	\$29,997,500	
14	Apr-13	\$ 4,002,000.00	\$ 100,000.00	\$4,102,000	\$34,099,500	
15	May-13	\$ 4,002,000.00	\$ 100,000.00	\$4,102,000	\$38,201,500	
16	Jun-13	\$ 4,002,000.00	\$ 100,000.00	\$4,102,000	\$42,303,500	
17	Jul-13	\$ 4,002,000.00	\$ 100,000.00	\$4,102,000	\$46,405,500	
18	Aug-13	\$ 3,335,000.00	\$ 100,000.00	\$3,435,000	\$49,840,500	
19	Sep-13	\$ 2,668,000.00	\$ 100,000.00	\$2,768,000	\$52,608,500	
20	Oct-13	\$ 2,668,000.00	\$ 70,000.00	\$2,738,000	\$55,346,500	
21	Nov-13	\$ 2,001,000.00	\$ 80,000.00	\$2,081,000	\$57,427,500	
22	Dec-13	\$ 2,001,000.00	\$ 70,000.00	\$2,071,000	\$59,498,500	
23	Jan-14	\$ 2,001,000.00	\$ 70,000.00	\$2,071,000	\$61,569,500	
24	Feb-14	\$ 1,667,500.00	\$ 80,000.00	\$1,747,500	\$63,317,000	
25	Mar-14	\$ 1,334,000.00	\$ 70,000.00	\$1,404,000	\$64,721,000	
26	Apr-14	\$ 1,334,000.00	\$ 80,000.00	\$1,414,000	\$66,135,000	
27	May-14	\$ 1,005,000.00	\$ 70,000.00	\$1,075,000	\$67,210,000	
28	Jun-14	\$ 667,000.00	\$ 80,000.00	\$747,000	\$67,957,000	\$25,653,500
29	Jul-14	\$ 667,000.00	\$ 70,000.00	\$737,000	\$68,694,000	
30	Aug-14	\$ 333,500.00	\$ 80,000.00	\$413,500	\$69,107,500	
31	Sep-14	\$ 333,500.00	\$ 70,000.00	\$403,500	\$69,511,000	
32	Oct-14	\$ 133,400.00	\$ 80,000.00	\$213,400	\$69,724,400	
33	Nov-14	\$ 133,400.00	\$ 100,000.00	\$233,400	\$69,957,800	
34	Dec-14	\$ 66,700.00	\$ 100,000.00	\$166,700	\$70,124,500	
	Jan-15		\$ 100,000.00	\$100,000	\$70,224,500	
	Feb-15		\$ 100,000.00	\$100,000	\$70,324,500	
	Mar-15		\$ 100,000.00	\$100,000	\$70,424,500	
	Apr-15		\$ 100,000.00	\$100,000	\$70,524,500	
	May-15		\$ 80,000.00	\$80,000	\$70,604,500	\$1,910,500
		\$66,704,500.00	\$ 3,900,000.00			

December 4, 2012

Dear Potential Borrower,

The Rhode Island Clean Water Finance Agency "the Agency" is estimating structuring its next Drinking Water bond issue in late March, 2013. If you are anticipating financial need and would like to be considered to be included in this pooled loan issue, please fill out the loan questionnaire to help aid in the loan process. In addition, please know that it is very important that you have the legal authority to borrow money from the Agency and equally important that you are in the process of being placed on the Department of Health's Project Priority List and applying for a Certificate of Approvals for the projects named in your request for financing in order to be considered for financing through the Agency (Drinking Water SRF Loan Policies & Procedures can be obtained on the Agency's Web Site @ www.ricwfa.com by clicking on the highlighted "DWSRF"). Please answer the following questions and email or fax a completed copy to the Agency at 453-4094 by December 19, 2012.

- A. Applicant: City of Newport, RI
- B. Loan Amount: \$ 31,000,000
- C. Term of Loan: 20 years
- D. R.I. Municipal Credit Rating: City GO rating is AA; Water Fund is A+ For revenue bonds.
- E. Estimated Borrower Cost of Issuance:
- | | |
|--------------------|------------------|
| Financial Advisor: | \$ <u>35,000</u> |
| Bond Counsel: | \$ <u>45,000</u> |
| Legal Counsel: | \$ _____ |
| Other: | \$ <u>20,000</u> |

Note: These amounts will reduce the amount available in your construction fund.

- F. Type of Loan Obligation:
- | | |
|---------------------|-------------------|
| General Obligation: | _____ |
| Revenue Pledge: | <u>31,000,000</u> |

Note: Revenue Pledges require a debt service reserve fund which is usually 125% of one years Principal and Interest Payment or a surety bond equal to that amount.

- G. Loan Repayment: _____
- Level Debt: _____

Level Principal: _____

H. Will you be Capitalizing Interest?

Yes: _____

No: _____

Note: These amounts will reduce the amount available in your construction fund.

I. Financial Advisor: First Southwest
 Attention: Adam Krea
 Address: 12 Breakneck Hill Rd, Lincoln
 Telephone: 334-4942
 Fax: _____

J. Bond Counsel: Karen Grande
 Attention: _____
 Address: 2800 Financial Plaza, Providence
 Telephone: 455-7608
 Fax: _____

K. Legal Counsel: Joseph Nicholson
 Attention: _____
 Address: 43 Broadway, Newport
 Telephone: 845-5421
 Fax: _____

L. Borrower Contact: Laura Sittin
 Title: Director of Finance
 Telephone: 845-5394
 Fax: _____
 E-mail Address: lsittin@cityofnewport.com
 Date: 12/14/12

In addition, the Agency will require the following:

- 1) last five years' audited financial statements; and
- 2) a **letter** stating your total borrowing needs with a list of projects and their costs for the upcoming issue. (Note: an accurate picture of your total borrowing needs for the Agency's upcoming Bond Issue is of the utmost importance; and
- 3) copy of the legal authorities to construct, finance and operate the project; and
- 4) an estimated construction draw down schedule for projects under consideration for the

loan. **Note:** The Agency requires a construction draw schedule for all projects. This construction draw schedule should reflect when funds are going to be requested for disbursement from the Agency, not when work is completed on the project itself. The estimated construction draw down schedule is important in structuring the issue. Please be sure to include with your packet ; and

5) your most recent Official Statement for debt issuance (if available).

It is estimated that the Agency will structure the next Bond Issue in late March, 2013 so it is very important that the Agency receive the above referenced materials in its offices **no later than** January 7, 2013 to be considered to be included in the next Issue. All loan applications are subject to review and approval by the Agency Board of Directors and all loans are subject to availability of funds. Please feel free to enclose a list of any special community requests.

Should you have any questions or require assistance filling out this form or should you want copy of a sample request letter, please do not hesitate to contact me by phone @ (401) 453-4430 x112 or via e-mail: acoelho@ricwfa.com.

Thank you for your attention in this matter.

Sincerely,



Anna Coelho Cortes
Drinking Water SRF Program Manager

Newport Water Division
 Multi-Year Rate Plan Compliance Filing
 HJS Schedule 1 CF
 Debt Service Detail

Fiscal Year	EXISTING (1)								PROPOSED (2)								Total Annual Debt Service
	Revenue Bonds	2007 SRF	2008 SRF	2009 SRF A	2012 SRF A (Dam Repair)				2012 SRF B (City Agent, Sta 1 Improvements and New Plant)				2013 SRF A (Sta 1 Improvements and New Plant)				
		A \$3.0 M	B \$5.9 M		Loan				Loan				Loan				
		Agency Loan	Fed Dir. Loan		Rate	3.40%	Amount	\$ 6,676,610	Rate	3.60%	Amount	53,100,000	Rate	4.50%	Amount	31,000,000	
Total	Total	Total	Total	Interest	Principal	Total	Drawdown	Interest	Principal	Total	Drawdown	Interest	Principal	Total	Drawdown		
2008	1,009,932	72,901															
2009	959,782	211,318	66,753	1,213													\$ 1,239,066
2010	910,552	211,749	157,915	2,388													\$ 1,282,604
2011	642,596	211,990	411,824	61,108													\$ 1,327,518
2012	571,079	211,081	424,858	182,028	98,175		543,508	6,676,610									\$ 1,932,553
2013	388,755	211,034	424,365	181,966	228,508	315,000	543,508	6,676,610	471,121	941	472,062	53,100,000					\$ 2,221,690
2014		210,828	424,365	181,518	217,228	325,000	542,228	6,676,610	1,485,914	941	1,486,855	53,100,000	699,000	1,000	700,000	31,000,000	\$ 3,545,793
2015		211,441	424,945	181,416	205,508	340,000	545,508	6,676,610	1,539,109	1,945,153	3,484,262	53,100,000	1,356,574	1,000	1,357,574	31,000,000	\$ 6,205,145
2016		210,861	424,070	181,648	193,346	350,000	543,346	6,676,610	1,509,030	1,972,327	3,481,357	53,100,000	1,316,418	932,497	2,248,915	31,000,000	\$ 7,090,197
2017		211,069	423,727	181,504	180,833	360,000	540,833	6,676,610	1,474,814	2,004,502	3,479,317	53,100,000	1,274,456	974,459	2,248,915	31,000,000	\$ 7,085,365
2018		211,052	422,898	181,058	167,878	375,000	542,878	6,676,610	1,435,455	2,040,272	3,475,726	53,100,000	1,230,605	1,018,310	2,248,915	31,000,000	\$ 7,082,527
2019		210,815	422,537	181,105	154,395	390,000	544,395	6,676,610	1,390,182	2,082,635	3,472,817	53,100,000	1,184,782	1,064,133	2,248,915	31,000,000	\$ 7,080,584
2020		210,360	422,607	180,896	140,383	405,000	545,383	6,676,610	1,339,589	2,131,594	3,471,182	53,100,000	1,136,896	1,112,019	2,248,915	31,000,000	\$ 7,079,344
2021		210,677	423,085	180,444	125,931	417,500	543,431	6,676,610	1,283,767	2,185,349	3,469,116	53,100,000	1,086,855	1,162,060	2,248,915	31,000,000	\$ 7,075,666
2022		210,752	421,968	180,521	111,038	430,000	541,038	6,676,610	1,222,861	2,242,699	3,465,560	53,100,000	1,034,562	1,214,353	2,248,915	31,000,000	\$ 7,068,753
2023		210,583	421,274	180,357	95,616	445,000	540,616	6,676,610	1,157,098	2,306,846	3,463,943	53,100,000	979,916	1,268,999	2,248,915	31,000,000	\$ 7,065,688
2024		210,169	421,946	180,701	79,577	465,000	544,577	6,676,610	1,085,557	2,374,587	3,460,144	53,100,000	922,811	1,326,104	2,248,915	31,000,000	\$ 7,066,451
2025		210,489	420,969	180,056	62,921	480,000	542,921	6,676,610	1,007,611	2,449,923	3,457,534	53,100,000	863,136	1,385,779	2,248,915	31,000,000	\$ 7,060,885
2026		209,543	420,366	179,832	45,737	495,000	540,737	6,676,610	923,547	2,530,056	3,453,604	53,100,000	800,776	1,448,139	2,248,915	31,000,000	\$ 7,052,995
2027		209,336	421,064	180,151	27,936	515,000	542,936	6,676,610	834,092	2,617,581	3,451,673	53,100,000	735,610	1,513,305	2,248,915	31,000,000	\$ 7,054,075
2028		209,832	420,053	180,205	9,429	535,000	544,429	6,676,610	740,053	2,709,903	3,449,956	53,100,000	667,511	1,581,404	2,248,915	31,000,000	\$ 7,053,389
2029			419,321	179,974					645,372	2,806,022	3,451,394	53,100,000	596,348	1,652,567	2,248,915	31,000,000	\$ 6,299,604
2030			426,632	179,449					545,172	2,898,344	3,443,517	53,100,000	521,983	1,726,932	2,248,915	31,000,000	\$ 6,298,513
2031				178,652					435,178	3,006,652	3,441,830	53,100,000	444,271	1,804,644	2,248,915	31,000,000	\$ 5,869,397
2032									320,327	3,118,757	3,439,084	53,100,000	363,062	1,885,853	2,248,915	31,000,000	\$ 5,687,999
2033									199,872	3,236,457	3,436,329	53,100,000	278,198	1,970,717	2,248,915	31,000,000	\$ 5,685,244
2034									60,559	3,355,082	3,415,642	53,100,000	189,516	2,059,399	2,248,915	31,000,000	\$ 5,664,557
2035													96,843	2,152,072	2,248,915	31,000,000	\$ 2,248,915
2036																	\$ -

(1) Debt service on existing debt based on debt service schedules provided by the City of Newport.

(2) Debt service on proposed \$31M borrowing assumes interest due in first year is 50% of annual interest at 4.5% and nominal principal payment of \$1,000. Second year assumes full interest and nominal principal payment

Newport Water Division
 Multi-Year Rate Plan Compliance Filing
 HJS Schedule 2 CF
 Debt Service Restricted Account Cashflow

FY 2013												
	July	August	September	October	November	December	January	February	March	April	May	June
% increase in DS Allowance	0%											
Debt Service Account												
Beginning Cash Balance	\$ 2,175,010	\$ 2,307,457	\$ 2,439,904	\$ 1,334,238	\$ 1,466,685	\$ 1,599,133	\$ 1,731,580	\$ 1,864,027	\$ 1,996,475	\$ 1,426,606	\$ 1,559,053	\$ 1,691,501
Additions												
From Rates	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Additions	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447
Deductions												
Existing Debt Service (1)												
Total Deductions	\$ -	\$ -	\$ 1,238,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 702,316	\$ -	\$ -	\$ -
Ending Cash Balance	\$ 2,307,457	\$ 2,439,904	\$ 1,334,238	\$ 1,466,685	\$ 1,599,133	\$ 1,731,580	\$ 1,864,027	\$ 1,996,475	\$ 1,426,606	\$ 1,559,053	\$ 1,691,501	\$ 1,823,948

Annual Contribution From Rates
\$1,589,369

Annual Debt Service
\$ 1,940,430

(1) Includes debt service on \$53.1M SRF borrowing that closed in June 2012

FY 2014												
	July	August	September	October	November	December	January	February	March	April	May	June
% increase in DS Allowance	0%											
Debt Service Account												
Beginning Cash Balance	\$ 1,823,948	\$ 1,956,396	\$ 2,088,843	\$ 87,104	\$ 219,552	\$ 351,999	\$ 484,446	\$ 616,894	\$ 749,341	\$ (529,818)	\$ (397,371)	\$ (264,924)
Additions												
From Rates	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Additions	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447
Deductions												
To Capital Restricted Acct.												
Existing Debt Service												
Proposed Debt Service (\$31M Loan) (2)												
Total Deductions	\$ -	\$ -	\$ 2,134,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,411,607	\$ -	\$ -	\$ -
Ending Cash Balance	\$ 1,956,396	\$ 2,088,843	\$ 87,104	\$ 219,552	\$ 351,999	\$ 484,446	\$ 616,894	\$ 749,341	\$ (529,818)	\$ (397,371)	\$ (264,924)	\$ (132,476)

Annual Contribution From Rates
\$1,589,369

Annual Debt Service
\$ 3,545,793

(2) Estimated debt service on \$31M borrowing projected to close in June 2013.

Newport Water Division
 Multi-Year Rate Plan Compliance Filing
 HJS Schedule 3 CF
 Debt Service Restricted Account Cashflow

FY 2013												
	July	August	September	October	November	December	January	February	March	April	May	June
% increase in DS Allowance	135%											
Debt Service Account												
Beginning Cash Balance	\$ 2,175,010	\$ 2,307,457	\$ 2,439,904	\$ 1,334,238	\$ 1,466,685	\$ 1,599,133	\$ 1,731,580	\$ 1,864,027	\$ 1,996,475	\$ 1,426,606	\$ 1,737,857	\$ 2,049,109
Additions												
From Rates	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$311,251	\$311,251	\$311,251
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Additions	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 311,251	\$ 311,251	\$ 311,251
Deductions												
Existing Debt Service (1)			1,238,114							702,316		
Total Deductions	\$ -	\$ -	\$ 1,238,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 702,316	\$ -	\$ -
Ending Cash Balance	\$ 2,307,457	\$ 2,439,904	\$ 1,334,238	\$ 1,466,685	\$ 1,599,133	\$ 1,731,580	\$ 1,864,027	\$ 1,996,475	\$ 1,426,606	\$ 1,737,857	\$ 2,049,109	\$ 2,360,360

Annual Contribution From Rates
\$2,125,780

Annual Debt Service
\$ 1,940,430

(1) Includes debt service on \$53.1M SRF borrowing that closed in June 2012

FY 2014												
	July	August	September	October	November	December	January	February	March	April	May	June
% increase in DS Allowance	0%											
Debt Service Account												
Beginning Cash Balance	\$ 2,360,360	\$ 2,671,611	\$ 2,982,863	\$ 1,159,928	\$ 1,471,179	\$ 1,782,431	\$ 2,093,682	\$ 2,404,933	\$ 2,716,185	\$ 1,615,829	\$ 1,927,080	\$ 2,238,332
Additions												
From Rates	\$311,251	\$311,251	\$311,251	\$311,251	\$311,251	\$311,251	\$311,251	\$311,251	\$311,251	\$311,251	\$311,251	\$311,251
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Additions	\$ 311,251	\$ 311,251	\$ 311,251	\$ 311,251	\$ 311,251	\$ 311,251	\$ 311,251	\$ 311,251	\$ 311,251	\$ 311,251	\$ 311,251	\$ 311,251
Deductions												
To Capital Restricted Acct.												
Existing Debt Service			1,784,436						1,061,357			
Proposed Debt Service (\$31M Loan) (2)			349,750						350,250			
Total Deductions	\$ -	\$ -	\$ 2,134,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,411,607	\$ -	\$ -	\$ -
Ending Cash Balance	\$ 2,671,611	\$ 2,982,863	\$ 1,159,928	\$ 1,471,179	\$ 1,782,431	\$ 2,093,682	\$ 2,404,933	\$ 2,716,185	\$ 1,615,829	\$ 1,927,080	\$ 2,238,332	\$ 2,549,583

Annual Contribution From Rates
\$3,735,016

Annual Debt Service
\$ 3,545,793

(2) Estimated debt service on \$31M borrowing projected to close in June 2013.

FY 2015												
	July	August	September	October	November	December	January	February	March	April	May	June
% increase in DS Allowance	110%											
Debt Service Account												
Beginning Cash Balance	\$ 2,549,583	\$ 3,203,226	\$ 3,856,871	\$ 17,644	\$ 671,286	\$ 1,324,929	\$ 1,978,570	\$ 2,632,306	\$ 3,285,949	\$ 2,227,319	\$ 2,880,962	\$ 3,534,605
Additions												
From Rates	\$653,628	\$653,628	\$653,628	\$653,628	\$653,628	\$653,628	\$653,628	\$653,628	\$653,628	\$653,628	\$653,628	\$653,628
Interest Income	15	17	18	14	15	14	108	15	15	15	15	15
Total Additions	\$ 653,643	\$ 653,645	\$ 653,646	\$ 653,642	\$ 653,643	\$ 653,641	\$ 653,736	\$ 653,643	\$ 653,643	\$ 653,643	\$ 653,643	\$ 653,643
Deductions												
Existing Debt Service			3,813,586						1,033,986			
Proposed Debt Service (\$31M Loan)			679,287						678,287			
Total Deductions	\$ -	\$ -	\$ 4,492,873	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,712,273	\$ -	\$ -	\$ -
Ending Cash Balance	\$ 3,203,226	\$ 3,856,871	\$ 17,644	\$ 671,286	\$ 1,324,929	\$ 1,978,570	\$ 2,632,306	\$ 3,285,949	\$ 2,227,319	\$ 2,880,962	\$ 3,534,605	\$ 4,188,248

Annual Contribution From Rates
\$7,843,534

Annual Debt Service
\$ 6,205,146

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Customer Class	All Meter	Proposed			Proposed			Proposed			Proposed			Proposed			Proposed			
		5/8 Inch Meter			3/4 Inch Meter			1 Inch Meter			1.5 Inch Meter			2 Inch Meter			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	\$25.18	\$16.17	-\$9.01	-35.8%	\$16.26	-\$8.92	-35.4%	\$16.99	-\$8.19	-32.5%	\$18.85	-\$6.33	-25.1%	\$20.64	-\$4.54	-18.0%	\$30.47	\$5.29	21.0%
	2,000	\$31.61	\$24.52	-\$7.09	-22.4%	\$24.61	-\$7.00	-22.1%	\$25.34	-\$6.27	-19.8%	\$27.20	-\$4.41	-14.0%	\$28.99	-\$2.62	-8.3%	\$38.82	\$7.21	22.8%
	4,000	\$44.47	\$41.22	-\$3.25	-7.3%	\$41.31	-\$3.16	-7.1%	\$42.04	-\$2.43	-5.5%	\$43.90	-\$0.57	-1.3%	\$45.69	\$1.22	2.7%	\$55.52	\$11.05	24.8%
	5,000	\$50.90	\$49.57	-\$1.33	-2.6%	\$49.66	-\$1.24	-2.4%	\$50.39	-\$0.51	-1.0%	\$52.25	\$1.35	2.7%	\$54.04	\$3.14	6.2%	\$63.87	\$12.97	25.5%
	7,500	\$66.98	\$70.45	\$3.47	5.2%	\$70.54	\$3.56	5.3%	\$71.27	\$4.29	6.4%	\$73.13	\$6.15	9.2%	\$74.92	\$7.94	11.9%	\$84.75	\$17.77	26.5%
	10,000	\$83.05	\$91.32	\$8.27	10.0%	\$91.41	\$8.36	10.1%	\$92.14	\$9.09	10.9%	\$94.00	\$10.95	13.2%	\$95.79	\$12.74	15.3%	\$105.62	\$22.57	27.2%
	15,000	\$115.20	\$133.07	\$17.87	15.5%	\$133.16	\$17.96	15.6%	\$133.89	\$18.69	16.2%	\$135.75	\$20.55	17.8%	\$137.54	\$22.34	19.4%	\$147.37	\$32.17	27.9%
	20,000	\$147.35	\$174.82	\$27.47	18.6%	\$174.91	\$27.56	18.7%	\$175.64	\$28.29	19.2%	\$177.50	\$30.15	20.5%	\$179.29	\$31.94	21.7%	\$189.12	\$41.77	28.3%
	25,000	\$179.50	\$216.57	\$37.07	20.7%	\$216.66	\$37.16	20.7%	\$217.39	\$37.89	21.1%	\$219.25	\$39.75	22.1%	\$221.04	\$41.54	23.1%	\$230.87	\$51.37	28.6%
	30,000	\$211.65	\$258.32	\$46.67	22.1%	\$258.41	\$46.76	22.1%	\$259.14	\$47.49	22.4%	\$261.00	\$49.35	23.3%	\$262.79	\$51.14	24.2%	\$272.62	\$60.97	28.8%
Residential(Quarterly)	1,000	\$25.18	\$19.03	-\$6.15	-24.4%	\$19.29	-\$5.89	-23.4%	\$21.49	-\$3.69	-14.7%	\$27.05	\$1.87	7.4%	\$32.44	\$7.26	28.8%	\$61.93	\$36.75	145.9%
	2,000	\$31.61	\$27.38	-\$4.23	-13.4%	\$27.64	-\$3.97	-12.6%	\$29.84	-\$1.77	-5.6%	\$35.40	\$3.79	12.0%	\$40.79	\$9.18	29.0%	\$70.28	\$38.67	122.3%
	3,000	\$38.04	\$35.73	-\$2.31	-6.1%	\$35.99	-\$2.05	-5.4%	\$38.19	\$0.15	0.4%	\$43.75	\$5.71	15.0%	\$49.14	\$11.10	29.2%	\$78.63	\$40.59	106.7%
	4,000	\$44.47	\$44.08	-\$0.39	-0.9%	\$44.34	-\$0.13	-0.3%	\$46.54	\$2.07	4.7%	\$52.10	\$7.63	17.2%	\$57.49	\$13.02	29.3%	\$86.98	\$42.51	95.6%
	5,000	\$50.90	\$52.43	\$1.53	3.0%	\$52.69	\$1.79	3.5%	\$54.89	\$3.99	7.8%	\$60.45	\$9.55	18.8%	\$65.84	\$14.94	29.4%	\$95.33	\$44.43	87.3%
	15,000	\$115.20	\$135.93	\$20.73	18.0%	\$136.19	\$20.99	18.2%	\$138.39	\$23.19	20.1%	\$143.95	\$28.75	25.0%	\$149.34	\$34.14	29.6%	\$178.83	\$63.63	55.2%
	60,000	\$404.55	\$511.68	\$107.13	26.5%	\$511.94	\$107.39	26.5%	\$514.14	\$109.59	27.1%	\$519.70	\$115.15	28.5%	\$525.09	\$120.54	29.8%	\$554.58	\$150.03	37.1%
	80,000	\$533.15	\$678.68	\$145.53	27.3%	\$678.94	\$145.79	27.3%	\$681.14	\$147.99	27.8%	\$686.70	\$153.55	28.8%	\$692.09	\$158.94	29.8%	\$721.58	\$188.43	35.3%
	100,000	\$661.75	\$845.68	\$183.93	27.8%	\$845.94	\$184.19	27.8%	\$848.14	\$186.39	28.2%	\$853.70	\$191.95	29.0%	\$859.09	\$197.34	29.8%	\$888.58	\$226.83	34.3%
	120,000	\$790.35	\$1,012.68	\$222.33	28.1%	\$1,012.94	\$222.59	28.2%	\$1,015.14	\$224.79	28.4%	\$1,020.70	\$230.35	29.1%	\$1,026.09	\$235.74	29.8%	\$1,055.58	\$265.23	33.6%

Customer Class	All Meter	Proposed			Proposed			Proposed			Proposed			Proposed			Proposed			
		5/8 Inch Meter			3/4 Inch Meter			1 Inch Meter			1.5 Inch Meter			2 Inch Meter			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	\$31.61	\$26.04	-\$5.57	-17.6%	\$26.13	-\$5.48	-17.3%	\$26.86	-\$4.75	-15.0%	\$28.72	-\$2.89	-9.1%	\$30.51	-\$1.10	-3.5%	\$40.34	\$8.73	27.6%
	5,000	\$50.90	\$53.37	\$2.47	4.9%	\$53.46	\$2.56	5.0%	\$54.19	\$3.29	6.5%	\$56.05	\$5.15	10.1%	\$57.84	\$6.94	13.6%	\$67.67	\$16.77	32.9%
	10,000	\$83.05	\$98.92	\$15.87	19.1%	\$99.01	\$15.96	19.2%	\$99.74	\$16.69	20.1%	\$101.60	\$18.55	22.3%	\$103.39	\$20.34	24.5%	\$113.22	\$30.17	36.3%
	25,000	\$179.50	\$235.57	\$56.07	31.2%	\$235.66	\$56.16	31.3%	\$236.39	\$56.89	31.7%	\$238.25	\$58.75	32.7%	\$240.04	\$60.54	33.7%	\$249.87	\$70.37	39.2%
	30,000	\$211.65	\$281.12	\$69.47	32.8%	\$281.21	\$69.56	32.9%	\$281.94	\$70.29	33.2%	\$283.80	\$72.15	34.1%	\$285.59	\$73.94	34.9%	\$295.42	\$83.77	39.6%
	40,000	\$275.95	\$372.22	\$96.27	34.9%	\$372.31	\$96.36	34.9%	\$373.04	\$97.09	35.2%	\$374.90	\$98.95	35.9%	\$376.69	\$100.74	36.5%	\$386.52	\$110.57	40.1%
	50,000	\$340.25	\$463.32	\$123.07	36.2%	\$463.41	\$123.16	36.2%	\$464.14	\$123.89	36.4%	\$466.00	\$125.75	37.0%	\$467.79	\$127.54	37.5%	\$477.62	\$137.37	40.4%
	75,000	\$501.00	\$691.07	\$190.07	37.9%	\$691.16	\$190.16	38.0%	\$691.89	\$190.89	38.1%	\$693.75	\$192.75	38.5%	\$695.54	\$194.54	38.8%	\$705.37	\$204.37	40.8%
	100,000	\$661.75	\$918.82	\$257.07	38.8%	\$918.91	\$257.16	38.9%	\$919.64	\$257.89	39.0%	\$921.50	\$259.75	39.3%	\$923.29	\$261.54	39.5%	\$933.12	\$271.37	41.0%

Customer Class	All Meter	Proposed			Proposed			Proposed			Proposed			Proposed			Proposed			
		5/8 Inch Meter			3/4 Inch Meter			1 Inch Meter			1.5 Inch Meter			2 Inch Meter			3 Inch Meter			
Annual 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)	120,000	\$996.60	\$1,187.04	\$190.44	19.1%	\$1,188.12	\$191.52	19.2%	\$1,196.88	\$200.28	20.1%	\$1,219.20	\$222.60	22.3%	\$1,240.68	\$244.08	24.5%	\$1,358.64	\$362.04	36.3%
Base Charge and Commodity Charges		\$1,083.00	\$548.79	-\$534.21	-49.3%	\$548.79	-\$534.21	-49.3%	\$548.79	-\$534.21	-49.3%	\$548.79	-\$534.21	-49.3%	\$548.79	-\$534.21	-49.3%	\$548.79	-\$534.21	-49.3%
Fire Protection Charge																				
Total Annual Charges		\$2,079.60	\$1,735.83	-\$343.77	-16.5%	\$1,736.91	-\$342.69	-16.5%	\$1,745.67	-\$333.93	-16.1%	\$1,767.99	-\$311.61	-15.0%	\$1,789.47	-\$290.13	-14.0%	\$1,907.43	-\$172.17	-8.3%

**Newport Water
Multi-Year Rate Plan Compliance Filing
HJS Schedule 4 CF
Bill Impacts - Cost of Service Rates**
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Customer Class	Monthly Consumption (gallons)	Bill at Current Rates	Proposed		
			Bill at Proposed Rates	Dollar Change	Percent Change
Portsmouth (Monthly)					
	10,000,000	\$31,539	\$43,669	\$12,130	38.5%
	20,000,000	\$63,059	\$87,313	\$24,254	38.5%
Avg. Monthly Bill	38,000,000	\$119,795	\$165,872	\$46,077	38.5%
	40,000,000	\$126,099	\$174,601	\$48,502	38.5%
	75,000,000	\$236,419	\$327,355	\$90,936	38.5%
	100,000,000	\$315,219	\$436,465	\$121,246	38.5%
	150,000,000	\$472,819	\$654,685	\$181,866	38.5%
Navy (Monthly)					
	10,000,000	\$39,559	\$58,927	\$19,368	49.0%
	20,000,000	\$79,099	\$117,547	\$38,448	48.6%
Avg. Monthly Bill (All Meters)	38,000,000	\$150,252	\$223,063	\$72,811	48.5%
	50,000,000	\$197,719	\$293,407	\$95,688	48.4%
	75,000,000	\$296,569	\$439,957	\$143,388	48.3%
	100,000,000	\$395,419	\$586,507	\$191,088	48.3%