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October 25, 2012

***HAND-DELIVERED***

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

***Re: City of Newport, Utilities Department, Water Division  
Docket 4355***

Dear Ms. Massaro:

Enclosed please find an original and nine (9) copies of the following documents:

1. Pre-filed Supplemental Direct Testimony of Harold J. Smith;
2. Updated Newport Water Cost of Service Model with updated schedules.

Please be advised that an electronic copy of these documents has been sent to the service list.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough Jr.

JAK/kf  
Enclosure

**PREFILED SUPPLEMENTAL  
DIRECT TESTIMONY**

**OF**

**HAROLD J. SMITH  
RAFTELIS FINANCIAL CONSULTING, INC.**

**IN SUPPORT OF**

**THE CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION  
APPLICATION TO CHANGE RATES**

**BEFORE THE**

**RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**Docket No.**

**OCTOBER 25, 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. Are you the same Harold Smith who submitted pre-filed direct testimony in this docket?**

7 A. Yes, I am.

8

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

10 A. The purpose of my testimony is to provide updated rate model schedules that reflect  
11 proposed cost of service water rates based on 2012 demand data that was not available when I  
12 submitted my original testimony in this docket.

13

14 **Q. Please describe how the 2012 demand data was used and how it impacted the proposed  
15 rates and charges.**

16 A. As discussed on pages 13 and 14 of my original testimony the daily demand data gathered in  
17 2010 did not comply with the specifications set forth in the Docket 4128 Settlement  
18 Agreement; however, the 2010 data was used to develop demand factors in the Cost of Service  
19 (COS) model because I believed that demand factors based on data from more than one year  
20 provided a better representation of the demand patterns of Newport's respective customer  
21 classes.

22

23 In an effort to eliminate inaccuracies introduced through the use of the non-compliant 2010  
24 daily demand data, the demand factors developed using the 2010 data were replaced with  
25 demand factors developed using data gathered in 2012. Thus, the demand factors are now  
26 based on the demand data gathered in 2011 and 2012.

27

1 **Q. Did the demand data gathered in 2012 meet the specifications in the Docket 4128**  
2 **Settlement Agreement?**

3 A. Yes, as shown on page 2 of HJS Schedule D-7 Update, the System Max Day and Max Hour  
4 Diversity Ratios using the 2012 data are 1.20 and 1.34, respectively. These values are within  
5 the range of 1.10 and 1.40 specified in the Docket 4128 Settlement Agreement. Additionally,  
6 rainfall during the daily sampling period as measured at the Newport Airport was within 15% of  
7 the 10 year average rainfall during the sampling period.

8  
9 **II. CONTENT OF SCHEDULES**

10 **Q. Please provide a brief description of the updated schedules and the changes that were**  
11 **made to each.**

12 A. The names and general content of the attached schedules are the same as those submitted  
13 with my original testimony, but the updated schedules incorporate the 2011 and 2012 demand  
14 data. Like my original schedules, the revised schedules are divided into three groups: Summary  
15 Schedules (HJS Schedules A-1 Update through A-4 Update); COS Model Schedules (HJS  
16 Schedules B-1 Update through B-11 Update); and, Support Schedules (D-1 Update through D-7  
17 Update).

18  
19 **Summary Schedules**

20 **HJS Schedule A1 Update - Revenue Requirements:** Summarizes Newport Water's test year and  
21 rate year in a format that exhibits the amounts allowed in Docket 4243 for FY 2012 with a rate  
22 year adjustment for debt service. Note that with the exception of the adjustment for debt  
23 service, all costs requested in this filing are the same as those approved in Docket 4243. No  
24 changes were made to the contents of this schedule.

25

1 HJS Schedule A-2 Update - Proposed Rates and Charges: Summary of the proposed cost of  
2 service based rates and a comparison with existing rates. This schedule also shows the  
3 projected Rate Year revenues from each charge. The proposed rates and charges shown on this  
4 schedule reflect changes in the allocation of costs to customer classes resulting from the use of  
5 class Max Day and Max Hour Demand Factors based on data gathered during the summers of  
6 2011 and 2012.

7

8 HJS Schedule A-3 Update – Bill Impacts: This schedule compares typical customer bills from  
9 each customer class under the current rates and proposed rates. The impacts to customers'  
10 bills shown on this schedule reflect the changes to proposed rates shown on HJS Schedule A-3  
11 Update.

12

13 HJS Schedule A-4 Update – Revenue Proof: This schedule shows the Rate Year revenue  
14 projected to be generated from the projected consumption, number of bills, and fire protection  
15 accounts based on proposed rates and charges and compares this revenue to the Rate Year  
16 revenue requirements to demonstrate that the proposed rates generate enough revenue to  
17 meet the revenue requirements. This schedule reflects slight changes in the anticipated  
18 revenue to be recovered from the new proposed rates. The anticipated revenue based on the  
19 2011 and 2012 data is \$1,905 higher.

20

21 **COS Model Schedules**

22 HJS Schedule B-1 Update – Base Extra Capacity Cost Allocations: This schedule demonstrates  
23 the assignment of Newport Water's revenue requirements to Base/Extra Capacity cost  
24 categories. The use of the updated demand factors resulted in slight changes in the allocation  
25 of costs to the Base, Max Day and Max Hour cost categories. The allocation of costs to the

1 Metering, Billing, Services and Fire categories shown on these updated schedules are  
2 unchanged from those shown on the schedules submitted with my original testimony.

3

4 HJS Schedule B-2 Update – Allocation of Costs to Water Rate Classes: This schedule shows the  
5 allocation of costs from the Base/Extra Capacity cost categories to each customer class and the  
6 Base Charge based on the percentages developed in HJS Schedule B-9. The use of the updated  
7 demand factors resulted in slight changes in the allocation of costs to the Retail and Wholesale  
8 Commodity Charges.

9

10 HJS Schedule B-3 Update – Cost Allocation Bases: This schedule displays the allocation factors  
11 used to assign costs to Base/Extra Capacity cost categories. Using the updated demand factors  
12 resulted in slight changes in the allocation factors used to allocate costs to the Base/Extra  
13 Capacity cost categories and rate classes.

14

15 HJS Schedule B-4 Update – Allocation Analyses: This schedule shows the analyses performed to  
16 develop some of the allocation factors shown on HJS Schedule B-3. The updated demand  
17 factors resulted in slight changes in the allocation factors used to allocate costs to the  
18 Base/Extra Capacity cost categories and rate classes.

19

20 HJS Schedule B-5 Update – Capital Functionalization: This schedule assigns the two components  
21 of Newport Water’s Rate Year capital costs, Debt Service and the contribution to the Capital  
22 Spending restricted account, to functional categories based on the breakdown of existing fixed  
23 assets. This allows for the assignment of these costs to the appropriate Base/Extra Capacity cost  
24 categories. No changes were made to this schedule.

25

1 HJS Schedule B-6 Update – Water Demand History: This schedule shows the water demand  
2 history by customer class for fiscal years 2000 through 2012. It also shows the projected Rate  
3 Year demand approved in Docket 4243. Water sales data for FY 2012 that was not available  
4 when my previous testimony was prepared is now included in this schedule.

5

6 HJS Schedule B-7 Update – Water Production Peaking Analysis: This schedule demonstrates the  
7 development of system peaking factors based on historical treatment plant production data.  
8 Water production data for FY 2012 that was not available when my original testimony was  
9 prepared is now included on this schedule.

10

11 HJS Schedule B-8 Update – Billed Demand Peaking Analysis: Determination of Customer Class  
12 Peaking Factors: This schedule demonstrates the development of customer class peaking  
13 factors based on historical billing records and the results of the daily meter reading performed  
14 on a sample of Newport Water’s customers. This schedule contains the most significant  
15 changes. The Max Day and Max Hour Demand Factors shown on this schedule were developed  
16 using daily demand data gathered from June through September of 2011 and 2012, rather than  
17 the data gathered in 2010 and 2011.

18

19 HJS Schedule B-9 Update – System Demands Imposed by Each Customer Class’ Peaking  
20 Behavior: This schedule demonstrates the peak demands, both Max Day and Max Hour, that  
21 each customer class places on the system. The percentages developed in this schedule are  
22 used in HJS Schedule B-2 to allocate costs from the Base/Extra Capacity cost components to  
23 each customer class based on the demands each class places on the system. This schedule also  
24 demonstrates how each class’ demands are adjusted to account for unaccounted for water that  
25 is produced at the treatment plants, but is not sold to customers. The use of the updated  
26 demand factors resulted in changes to the anticipated demands that each class places on the

1 system. Additionally, the percent unaccounted for water value in this schedule is slightly  
2 different than my original schedule because it is calculated using FY 2012 sales and production  
3 data in addition to data from FY 2010 and FY 2011.

4

5 HJS Schedule B-10 Update – Summary of Peak Load Distributions: This schedule shows each  
6 rate class' share of system peaks and the Base/Extra Capacity distribution of system peaks. The  
7 percentages derived in these schedules are used to develop the allocation factors shown in HJS  
8 Schedule B-3 that are used to assign revenue requirements to each Base/Extra Capacity cost  
9 category. The updated demand factors resulted in changes to the anticipated demands that  
10 each class places on the system.

11

12 HJS Schedule B-11 Update – Fire Protection Demand Analysis: This schedule demonstrates the  
13 implied demands that the fire protection system places on the system. No changes were made  
14 to this schedule.

15

16 **Support Schedules**

17 HJS Schedule D-1 Update – Water Accounts, by Size and Class: This schedule shows the number  
18 of Newport Water's customer accounts by customer class and meter size. No changes were  
19 made to this schedule.

20

21 HJS Schedule D-2 Update – Fire Protection Accounts: This schedule shows the number of fire  
22 hydrants in the Newport Water service area and the number and connection size of Newport  
23 Water's fire protection accounts. No changes were made to this schedule.

24



1 HJS Schedule D-3 Update – Production Summary: This schedule provides a summary of water  
2 plant production data for the past three fiscal years. FY 2012 water production data is now  
3 included on this schedule.

4  
5 HJS Schedule D-4 Update – Demand Summary: This schedule provides a summary of system  
6 demand patterns over the past three fiscal years and also shows the calculation of Newport  
7 Water’s unaccounted for water percentage. FY 2012 water demand data is now included on  
8 this schedule.

9  
10 HJS Schedule D-5 Update – Development of Pumping Costs: This schedule shows the build-up of  
11 costs associated with the operation and maintenance of pumps used to pump treated water at  
12 the two water treatment facilities. These costs are allocated differently than other treatment  
13 plant costs and must be identified separately. No changes were made to this schedule.

14  
15 HJS Schedule D-6 Update – Debt Service Restricted Account Cash Flow: This schedule shows  
16 the actual monthly contributions and deductions to and from the Debt Service Restricted  
17 Account through February of FY 2012 and the projected contributions and deductions for  
18 March 2012 through June of FY 2017. No changes were made to this schedule.

19  
20 HJS Schedule D-7 Update – Development of Demand Factors: This schedule demonstrates how  
21 data from the daily demand study is used to develop the class demand factors used in the COS  
22 Model. Data gathered during the summer of 2010 was replaced with data gathered during the  
23 summer of 2012. The demand factors based on the 2012 data are averaged with the demand  
24 factors based on the 2011 data to determine the Demand factors used in the cost allocation  
25 model.

26

1 **VII. BASE, COMMODITY AND FIRE PROTECTION CHARGES**

2 **Q. Please describe how the rates and charges proposed in this testimony differ from those**  
3 **proposed in your original testimony.**

4 A. The base charges proposed in this testimony are the same as those proposed in my original  
5 testimony. As shown on HJS Schedule A-2 Update, the updated volume charges for the  
6 residential class and the Portsmouth Water & Fire District are slightly lower than the originally  
7 proposed rates, while the updated volume charges for the non-residential class and the Navy  
8 are higher. The updated charges for both public and private fire protection are also lower than  
9 the charges proposed in my original testimony.

10

11 **Q. Why are the updated volume charges and fire protection charges different from the**  
12 **originally proposed volume charges and fire protection charges?**

13 A. The differences are solely attributable to the changes in the class demand factors that  
14 resulted when the demand factors based on 2010 data were replaced with demand factors  
15 based on 2012 data. The updated demand factors for the non-residential class and the Navy  
16 are higher than those used in my original testimony. These higher demand factors result in a  
17 larger portion of costs being allocated to these two charges.

18

19 **Does this conclude your testimony?**

20 Yes.

**CERTIFICATION**

I hereby certify that on October 25, 2012, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

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## Newport Water Cost of Service Model

### Index of Model Schedules

#### **Summary Schedules**

HJS Schedule A-1 Update	<a href="#">Revenue Requirements</a>
HJS Schedule A-2 Update	<a href="#">Cost of Service Rates and Charges</a>
HJS Schedule A-3 Update	<a href="#">Bill Impacts</a>
HJS Schedule A-4 Update	<a href="#">Revenue Proof</a>

#### **COS Model Schedules**

HJS Schedule B-1 Update	<a href="#">Base Extra Capacity Cost Allocations</a>
HJS Schedule B-2 Update	<a href="#">Allocation of Costs to Water Rate Classes</a>
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HJS Schedule B-9 Update	<a href="#">System Demands Imposed by Each Customer Class' Peaking Behavior</a>
HJS Schedule B-10 Update	<a href="#">Summary of Peak Load Distributions (by Rate Class and Base/Extra-Capacity Categories)</a>
HJS Schedule B-11 Update	<a href="#">Fire Protection Demand Analysis</a>

#### **Supporting Data**

HJS Schedule D-1 Update	<a href="#">Water Accounts, by Size and Class</a>
HJS Schedule D-2 Update	<a href="#">Fire Protection Accounts</a>
HJS Schedule D-3 Update	<a href="#">Production Summary</a>
HJS Schedule D-4 Update	<a href="#">Demand Summary</a>
HJS Schedule D-5 Update	<a href="#">Development of Pumping Costs</a>
HJS Schedule D-6 Update	<a href="#">Debt Service Restricted Account Cashflow</a>
HJS Schedule D-7 Update	<a href="#">Demand Factor Calculations</a>

	Rate Year Approved in Docket 4243	Test Year FY 2013 Approved in Docket 4243	Adjustments To Test Year	Proposed Rate Year
<b>O&amp;M COSTS</b>				
<b>Administration</b>				
Salaries & Wages	\$ 273,889	\$ 273,889		\$ 273,889
AFSCME retro	-	-		-
NEA retro	-	-		-
AFSCME benefits on retro pay	-	-		-
NEA benefits on retro pay	-	-		-
Standby Salaries	12,500	12,500		12,500
Accrued Benefits Buyout	175,000	175,000		175,000
Employee Benefits	128,202	128,202		128,202
Retiree Insurance Coverage	514,000	514,000		514,000
Workers Compensation	85,000	85,000		85,000
Annual Leave Buyback	2,400	2,400		2,400
Advertisement	9,000	9,000		9,000
Membership Dues & Subscriptions	2,500	2,500		2,500
Conferences & Training	4,000	4,000		4,000
Tuition Reimbursement	2,000	2,000		2,000
Consultant Fees	233,033	233,033		233,033
Postage	1,000	1,000		1,000
Fire & Liability Insurance	76,468	76,468		76,468
Telephone & Communication	5,500	5,500		5,500
Water	1,942	1,942		1,942
Electricity	5,805	5,805		5,805
Natural Gas	7,252	7,252		7,252
Property Taxes	226,774	226,774		226,774
Legal & Administrative				
Audit Fees	4,349	4,349		4,349
OPEB Contribution	-	-		-
City Counsel	4,649	4,649		4,649
Citizens Survey	-	-		-
City Clerk	3,381	3,381		3,381
City Manager	54,131	54,131		54,131
Human Resources	30,121	30,121		30,121
City Solicitor	20,459	20,459		20,459
Finance Adimistrative 80%	19,822	19,822		19,822
Finance Adimistrative 5%	7,020	7,020		7,020
Purchasing	18,314	18,314		18,314
Assessment	5,973	5,973		5,973
Collections	46,979	46,979		46,979
Accounting 5%	10,679	10,679		10,679
Accounting	70,516	70,516		70,516
Public Safety	-	-		-
Facilities Maintenance	13,266	13,266		13,266
Data Processing	143,888	143,888		143,888
Mileage Allowance	2,000	2,000		2,000
Gasoline & Vehicle Allowance	7,508	7,508		7,508
Repairs & Maintenance	1,200	1,200		1,200
Regulatory Expense	10,000	10,000		10,000
Regulatory Assessment	48,096	48,096		48,096
Office Supplies	20,000	20,000		20,000
Self Insurance	10,000	10,000		10,000
Unemployment Claims	12,000	12,000		12,000
<b>Subtotal:</b>	<b>\$ 2,330,614</b>	<b>\$ 2,330,614</b>	<b>\$ -</b>	<b>\$ 2,330,614</b>

	Rate Year Approved in Docket 4243	Test Year FY 2013 Approved in Docket 4243	Adjustments To Test Year	Proposed Rate Year
<b>Customer Service</b>				
Salaries & Wages	\$ 256,335	\$ 256,335		\$ 256,335
Overtime	10,200	10,200		10,200
Collections	-	-		-
Temp Salaries	10,200	10,200		10,200
Injury Pay	-	-		-
Employee Benefits	168,793	168,793		168,793
Annual Leave Buyback	5,000	5,000		5,000
Copying & binding	500	500		500
Conferences & Training	5,000	5,000		5,000
Support Services	26,002	26,002		26,002
Postage	31,706	31,706		31,706
Gasoline & Vehicle Allowance	33,421	33,421		33,421
Repairs & Maintenance	40,000	40,000		40,000
Meter Maintenance	10,000	10,000		10,000
Operating Supplies	5,000	5,000		5,000
Uniforms & protective Gear	1,000	1,000		1,000
Customer Service Supplies	10,343	10,343		10,343
<b>Subtotal:</b>	<b>\$ 613,500</b>	<b>\$ 613,500</b>	<b>\$ -</b>	<b>\$ 613,500</b>
<b>Source of Supply - Island</b>				
Salaries & Wages	\$ 258,897	\$ 258,897		\$ 258,897
Overtime	28,903	28,903		28,903
Temp Salaries	10,000	10,000		10,000
Injury Pay	-	-		-
Employee Benefits	134,334	134,334		134,334
Annual Leave Buyback	6,300	6,300		6,300
Electricity	42,108	42,108		42,108
Gas/Vehicle Maintenance	58,648	58,648		58,648
Repairs & Maintenance	7,425	7,425		7,425
Reservoir Maintenance	16,000	16,000		16,000
Operating Supplies	7,750	7,750		7,750
Uniforms & protective Gear	700	700		700
Chemicals	72,735	72,735		72,735
<b>Subtotal:</b>	<b>\$ 643,800</b>	<b>\$ 643,800</b>	<b>\$ -</b>	<b>\$ 643,800</b>
<b>Source of Supply - Mainland</b>				
Overtime	\$ 4,617	\$ 4,617		\$ 4,617
Temp Salaries	13,000	13,000		13,000
Permanent Part time	15,264	15,264		15,264
Employee Benefits	2,525	2,525		2,525
Electricity	120,189	120,189		120,189
Repairs & Maintenance	7,200	7,200		7,200
Reservoir Maintenance	4,500	4,500		4,500
Operating Supplies	630	630		630
<b>Subtotal:</b>	<b>\$ 167,925</b>	<b>\$ 167,925</b>	<b>\$ -</b>	<b>\$ 167,925</b>

	Rate Year Approved in Docket 4243	Test Year FY 2013 Approved in Docket 4243	Adjustments To Test Year	Proposed Rate Year
<b>Station One</b>				
Salaries & Wages	\$446,983	\$446,983		\$446,983
Overtime	60,021	60,021		60,021
Holiday Pay	17,045	17,045		17,045
Employee Benefits	\$278,523	\$278,523		\$278,523
Annual Leave Buyback	5,000	5,000		5,000
Conferences & Training	4,500	4,500		4,500
Fire & Liability Insurance	12,687	12,687		12,687
Electricity	\$252,674	\$252,674		\$252,674
Natural Gas	24,250	24,250		24,250
Rental of Equipment	600	600		600
Sewer Charge	293,020	293,020		293,020
Gas/Vehicle Maintenance	7,583	7,583		7,583
Repairs & Maintenance	\$25,000	\$25,000		\$25,000
Operating Supplies	\$25,210	\$25,210		\$25,210
Uniforms & protective Gear	1,062	1,062		1,062
Station One Pumping	\$22,428	\$22,428		\$22,428
Chemicals	354,210	354,210		354,210
<b>Subtotal:</b>	<b>\$ 1,830,796</b>	<b>\$ 1,830,796</b>	<b>\$ -</b>	<b>\$ 1,830,796</b>
<b>Lawton Valley</b>				
Salaries & Wages	\$459,704	\$459,704		\$459,704
Overtime	37,657	37,657		37,657
Holiday Pay	16,760	16,760		16,760
Employee Benefits	\$287,143	\$287,143		\$287,143
Annual Leave Buyback	3,966	3,966		3,966
Conferences & Training	3,000	3,000		3,000
Fire & Liability Insurance	18,614	18,614		18,614
Electricity	\$132,551	\$132,551		\$132,551
Natural Gas	29,909	29,909		29,909
Rental of Equipment	500	500		500
Sewer Charge	360,640	360,640		360,640
Gas/Vehicle Maintenance	7,882	7,882		7,882
Repairs & Maintenance	\$34,048	\$34,048		\$34,048
Operating Supplies	\$18,475	\$18,475		\$18,475
Uniforms & protective Gear	1,542	1,542		1,542
LV Pumping	\$31,646	\$31,646		\$31,646
Chemicals	169,977	169,977		169,977
<b>Subtotal:</b>	<b>\$ 1,614,015</b>	<b>\$ 1,614,015</b>	<b>\$ -</b>	<b>\$ 1,614,015</b>
<b>Laboratory</b>				
Salaries & Wages	\$ 104,358	\$ 104,358		\$ 104,358
Employee Benefits	64,208	64,208		64,208
Annual Leave Buyback	2,750	2,750		2,750
Repairs & Maintenance	1,700	1,700		1,700
Regulatory Assessment	32,000	32,000		32,000
Laboratory Supplies	18,684	18,684		18,684
<b>Subtotal:</b>	<b>\$ 223,700</b>	<b>\$ 223,700</b>	<b>\$ -</b>	<b>\$ 223,700</b>



	Rate Year Approved in Docket 4243	Test Year FY 2013 Approved in Docket 4243	Adjustments To Test Year	Proposed Rate Year
<b>Transmission &amp; Distribution</b>				
Salaries & Wages	\$ 418,161	\$ 418,161		\$ 418,161
Overtime	52,364	52,364		52,364
Temp Salaries	10,000	10,000		10,000
Injury Pay	-	-		-
Employee Benefits	251,514	251,514		251,514
Annual Leave Buyback	10,943	10,943		10,943
Conferences & Training	4,000	4,000		4,000
Contract Services	12,430	12,430		12,430
Fire & Liability Insurance	18,748	18,748		18,748
Electricity	18,762	18,762		18,762
Heavy Equipment Rental	8,260	8,260		8,260
Gas/Vehicle Maintenance	110,305	110,305		110,305
Repairs & Maintenance	26,000	26,000		26,000
Main Maintenance	35,000	35,000		35,000
Hydrant Maintenance	35,000	35,000		35,000
Service Maintenance	30,000	30,000		30,000
Operating Supplies	10,000	10,000		10,000
Uniforms & protective Gear	1,761	1,761		1,761
<b>Subtotal:</b>	<b>\$ 1,053,248</b>	<b>\$ 1,053,248</b>	<b>\$ -</b>	<b>\$ 1,053,248</b>
<b>Fire Protection</b>				
Repair & Maintenance - Equipment	\$ 13,500	\$ 13,500		\$ 13,500
<b>Subtotal:</b>	<b>\$ 13,500</b>	<b>\$ 13,500</b>	<b>\$ -</b>	<b>\$ 13,500</b>
<b>Total O&amp;M Costs</b>	<b>\$ 8,491,098</b>	<b>\$ 8,491,098</b>	<b>\$ -</b>	<b>\$ 8,491,098</b>

	Rate Year Approved in Docket 4243	Test Year FY 2013 Approved in Docket 4243	Adjustments To Test Year	Proposed Rate Year
<b>CAPITAL COSTS</b>				
Contribution to Capital Spending Acct.	\$ 2,500,000	\$ 2,500,000		\$ 2,500,000
Contribution to Debt Service Acct.	\$1,589,369	\$5,861,869	(\$2,285,789)	\$3,576,079
<b>Total Capital Costs</b>	<b>\$ 4,089,369</b>	<b>\$ 8,361,869</b>	<b>\$ (2,285,789)</b>	<b>\$ 6,076,079</b>
<b>Operating Revenue Allowance</b>	\$ 254,733	\$ 254,733		\$ 254,733
<b>Total Costs before Offsets</b>	<b>\$ 12,835,200</b>	<b>\$17,107,700</b>	<b>\$ (2,285,789)</b>	<b>\$ 14,821,910</b>
<b>OFFSETS</b>				
<b>Nonrate Revenues</b>				
Sundry charges	\$ 104,000	\$ 104,000		\$ 104,000
WPC cost share on customer service	296,856	296,856		296,856
Middletown cost share on customer serv	143,506	143,506		143,506
Rental of Property	108,167	108,167		108,167
Water Penalty	47,500	47,500		47,500
Miscellaneous	8,600	8,600		8,600
Investment Interest Income	3,900	3,900		3,900
Water Quality Protection Fees	22,500	22,500		22,500
<b>Total Nonrate Revenues</b>	<b>\$ 735,029</b>	<b>\$ 735,029</b>	<b>\$ -</b>	<b>\$ 735,029</b>
<b>Net Costs to Be Recovered through Rates</b>	<b>\$ 12,100,171</b>	<b>\$16,372,671</b>	<b>\$ (2,285,789)</b>	<b>\$ 14,086,881</b>

Rate Year O&M costs are those approved in Docket No. 4243.

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

(1)

		Docket 4243					
		Rates	Cost of Service	Proposed Rates	% Change	Projected Revenues	
<b>Base Charge (per bill)</b>							
Monthly							
5/8		\$ 18.75	\$ 7.7284	\$ 7.73	-59%	\$10,204	
3/4		\$ 18.75	7.8166	7.82	-58%	6,006	
1		\$ 18.75	8.5454	8.55	-54%	16,929	
1.5		\$ 18.75	10.3928	10.40	-45%	22,214	
2		\$ 18.75	12.1837	12.19	-35%	31,450	
3		\$ 18.75	21.9816	21.99	17%	13,194	
4		\$ 18.75	24.6294	24.63	31%	3,547	
5		\$ 18.75	28.1598	28.16	50%	338	
6		\$ 18.75	30.8077	30.81	64%	7,394	
8		\$ 18.75	37.8685	37.87	102%	454	
10		\$ 18.75	50.6662	50.67	170%	608	
Quarterly							
5/8		\$ 18.75	\$ 10.5725	\$ 10.58	-44%	450,920	
3/4		\$ 18.75	10.8373	10.84	-42%	104,671	
1		\$ 18.75	13.0235	13.03	-31%	20,379	
1.5		\$ 18.75	18.5658	18.57	-1%	13,816	
2		\$ 18.75	23.9385	23.94	28%	5,650	
3		\$ 18.75	53.3324	53.34	184%	3,627	
4		\$ 18.75	61.2758	61.28	227%	735	
5		\$ 18.75	71.8670	71.87	283%	0	
6		\$ 18.75	79.8104	79.82	326%	1,277	
8		\$ 18.75	100.9929	101.00	439%	0	
10		\$ 18.75	139.3860	139.39	643%	0	
						\$ 713,414	
<b>Volume Charge (per 1,000 gallons)</b>							
Retail							
Residential		\$ 6.43	\$ 8.2555	\$ 8.26	28%	5,204,890	
Non-Residential		\$ 6.43	\$ 9.0056	\$ 9.01	40%	4,501,819	
						\$ 9,706,710	
Wholesale							
Navy		\$ 3.9540	\$ 5.7910	\$ 5.7910	46%	1,036,421	
Portsmouth Water & Fire District		\$ 3.152	\$ 4.3162	\$ 4.3163	37%	1,849,617	
						\$ 2,886,038	
<b>Fire Protection</b>							
Public (per hydrant)							
		\$ 1,065.00	\$ 546.54	\$ 546.55	-49%	\$ 566,226	
Private (by Connection Size) (2)							
	Connection Size	Existing Charge Differential					
	<2		\$21.00	\$ 17.18	\$ 17.18	-18%	
	2	6.19	\$88.00	\$ 71.98	\$ 71.98	-18%	288
	4	38.32	\$541.00	\$ 237.98	\$ 237.99	-56%	14,517
	6	111.31	\$1,083.00	\$ 542.90	\$ 542.90	-50%	133,011
	8	237.21	\$2,478.00	\$ 1,068.81	\$ 1,068.82	-57%	66,267
	10	426.58	\$4,091.00	\$ 1,859.90	\$ 1,859.91	-55%	-
	12	689.04	\$6,568.00	\$ 2,956.32	\$ 2,956.32	-55%	5,913
						\$ 219,995	
<b>Total Projected Rate Revenues</b>						<b>\$ 14,092,382</b>	

(1) From HJS Schedule B-2 Update, 'Allocation of Costs to Water Rate Classes'.

(2) From HJS Schedule D-2 Update, 'Fire Protection Accounts'.

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	\$15.99	-\$9.19	-36.5%	\$16.08	-\$9.10	-36.1%	\$16.81	-\$8.37	-33.2%	\$18.66	-\$6.52	-25.9%	\$20.45	-\$4.73	-18.8%	\$30.25	\$5.07	20.1%
	2,000	\$31.61	\$24.25	-\$7.36	-23.3%	\$24.34	-\$7.27	-23.0%	\$25.07	-\$6.54	-20.7%	\$26.92	-\$4.69	-14.8%	\$28.71	-\$2.90	-9.2%	\$38.51	\$6.90	21.8%
	4,000	\$44.47	\$40.77	-\$3.70	-8.3%	\$40.86	-\$3.61	-8.1%	\$41.59	-\$2.88	-6.5%	\$43.44	-\$1.03	-2.3%	\$45.23	\$0.76	1.7%	\$55.03	\$10.56	23.7%
	5,000	\$50.90	\$49.03	-\$1.87	-3.7%	\$49.12	-\$1.78	-3.5%	\$49.85	-\$1.05	-2.1%	\$51.70	\$0.80	1.6%	\$53.49	\$2.59	5.1%	\$63.29	\$12.39	24.3%
	7,500	\$66.98	\$69.68	\$2.71	4.0%	\$69.77	\$2.80	4.2%	\$70.50	\$3.53	5.3%	\$72.35	\$5.38	8.0%	\$74.14	\$7.17	10.7%	\$83.94	\$16.97	25.3%
	10,000	\$83.05	\$90.33	\$7.28	8.8%	\$90.42	\$7.37	8.9%	\$91.15	\$8.10	9.8%	\$93.00	\$9.95	12.0%	\$94.79	\$11.74	14.1%	\$104.59	\$21.54	25.9%
	15,000	\$115.20	\$131.63	\$16.43	14.3%	\$131.72	\$16.52	14.3%	\$132.45	\$17.25	15.0%	\$134.30	\$19.10	16.6%	\$136.09	\$20.89	18.1%	\$145.89	\$30.69	26.6%
	20,000	\$147.35	\$172.93	\$25.58	17.4%	\$173.02	\$25.67	17.4%	\$173.75	\$26.40	17.9%	\$175.60	\$28.25	19.2%	\$177.39	\$30.04	20.4%	\$187.19	\$39.84	27.0%
	25,000	\$179.50	\$214.23	\$34.73	19.3%	\$214.32	\$34.82	19.4%	\$215.05	\$35.55	19.8%	\$216.90	\$37.40	20.8%	\$218.69	\$39.19	21.8%	\$228.49	\$48.99	27.3%
	30,000	\$211.65	\$255.53	\$43.88	20.7%	\$255.62	\$43.97	20.8%	\$256.35	\$44.70	21.1%	\$258.20	\$46.55	22.0%	\$259.99	\$48.34	22.8%	\$269.79	\$58.14	27.5%
Residential(Quarterly)	1,000	\$25.18	\$18.84	-\$6.34	-25.2%	\$19.10	-\$6.08	-24.1%	\$21.29	-\$3.89	-15.4%	\$26.83	\$1.65	6.6%	\$32.20	\$7.02	27.9%	\$61.60	\$36.42	144.6%
	2,000	\$31.61	\$27.10	-\$4.51	-14.3%	\$27.36	-\$4.25	-13.4%	\$29.55	-\$2.06	-6.5%	\$35.09	\$3.48	11.0%	\$40.46	\$8.85	28.0%	\$69.86	\$38.25	121.0%
	3,000	\$38.04	\$35.36	-\$2.68	-7.0%	\$35.62	-\$2.42	-6.4%	\$37.81	-\$0.23	-0.6%	\$43.35	\$5.31	14.0%	\$48.72	\$10.68	28.1%	\$78.12	\$40.08	105.4%
	4,000	\$44.47	\$43.62	-\$0.85	-1.9%	\$43.88	-\$0.59	-1.3%	\$46.07	\$1.60	3.6%	\$51.61	\$7.14	16.1%	\$56.98	\$12.51	28.1%	\$86.38	\$41.91	94.2%
	5,000	\$50.90	\$51.88	\$0.98	1.9%	\$52.14	\$1.24	2.4%	\$54.33	\$3.43	6.7%	\$59.87	\$8.97	17.6%	\$65.24	\$14.34	28.2%	\$94.64	\$43.74	85.9%
	15,000	\$115.20	\$134.48	\$19.28	16.7%	\$134.74	\$19.54	17.0%	\$136.93	\$21.73	18.9%	\$142.47	\$27.27	23.7%	\$147.84	\$32.64	28.3%	\$177.24	\$62.04	53.9%
	60,000	\$404.55	\$506.18	\$101.63	25.1%	\$506.44	\$101.89	25.2%	\$508.63	\$104.08	25.7%	\$514.17	\$109.62	27.1%	\$519.54	\$114.99	28.4%	\$548.94	\$144.39	35.7%
	80,000	\$533.15	\$671.38	\$138.23	25.9%	\$671.64	\$138.49	26.0%	\$673.83	\$140.68	26.4%	\$679.37	\$146.22	27.4%	\$684.74	\$151.59	28.4%	\$714.14	\$180.99	33.9%
	100,000	\$661.75	\$836.58	\$174.83	26.4%	\$836.84	\$175.09	26.5%	\$839.03	\$177.28	26.8%	\$844.57	\$182.82	27.6%	\$849.94	\$188.19	28.4%	\$879.34	\$217.59	32.9%
	120,000	\$790.35	\$1,001.78	\$211.43	26.8%	\$1,002.04	\$211.69	26.8%	\$1,004.23	\$213.88	27.1%	\$1,009.77	\$219.42	27.8%	\$1,015.14	\$224.79	28.4%	\$1,044.54	\$254.19	32.2%
Commercial (Monthly)	2,000	\$31.61	\$25.75	-\$5.86	-18.5%	\$25.84	-\$5.77	-18.3%	\$26.57	-\$5.04	-15.9%	\$28.42	-\$3.19	-10.1%	\$30.21	-\$1.40	-4.4%	\$40.01	\$8.40	26.6%
	5,000	\$50.90	\$52.78	\$1.88	3.7%	\$52.87	\$1.97	3.9%	\$53.60	\$2.70	5.3%	\$55.45	\$4.55	8.9%	\$57.24	\$6.34	12.5%	\$67.04	\$16.14	31.7%
	10,000	\$83.05	\$97.83	\$14.78	17.8%	\$97.92	\$14.87	17.9%	\$98.65	\$15.60	18.8%	\$100.50	\$17.45	21.0%	\$102.29	\$19.24	23.2%	\$112.09	\$29.04	35.0%
	25,000	\$179.50	\$232.98	\$53.48	29.8%	\$233.07	\$53.57	29.8%	\$233.80	\$54.30	30.3%	\$235.65	\$56.15	31.3%	\$237.44	\$57.94	32.3%	\$247.24	\$67.74	37.7%
	30,000	\$211.65	\$278.03	\$66.38	31.4%	\$278.12	\$66.47	31.4%	\$278.85	\$67.20	31.8%	\$280.70	\$69.05	32.6%	\$282.49	\$70.84	33.5%	\$292.29	\$80.64	38.1%
	40,000	\$275.95	\$368.13	\$92.18	33.4%	\$368.22	\$92.27	33.4%	\$368.95	\$93.00	33.7%	\$370.80	\$94.85	34.4%	\$372.59	\$96.64	35.0%	\$382.39	\$106.44	38.6%
	50,000	\$340.25	\$458.23	\$117.98	34.7%	\$458.32	\$118.07	34.7%	\$459.05	\$118.80	34.9%	\$460.90	\$120.65	35.5%	\$462.69	\$122.44	36.0%	\$472.49	\$132.24	38.9%
	75,000	\$501.00	\$683.48	\$182.48	36.4%	\$683.57	\$182.57	36.4%	\$684.30	\$183.30	36.6%	\$686.15	\$185.15	37.0%	\$687.94	\$186.94	37.3%	\$697.74	\$196.74	39.3%
	100,000	\$661.75	\$908.73	\$246.98	37.3%	\$908.82	\$247.07	37.3%	\$909.55	\$247.80	37.4%	\$911.40	\$249.65	37.7%	\$913.19	\$251.44	38.0%	\$922.99	\$261.24	39.5%
Customer Class Commercial with 6" Fire Connection(Monthly Account)	120,000	\$996.60	\$1,173.96	\$177.36	17.8%	\$1,175.04	\$178.44	17.9%	\$1,183.80	\$187.20	18.8%	\$1,206.00	\$209.40	21.0%	\$1,227.48	\$230.88	23.2%	\$1,345.08	\$348.48	35.0%
Base Charge and Commodity Charges		\$1,083.00	\$542.90	-\$540.10	-49.9%	\$542.90	-\$540.10	-49.9%	\$542.90	-\$540.10	-49.9%	\$542.90	-\$540.10	-49.9%	\$542.90	-\$540.10	-49.9%	\$542.90	-\$540.10	-49.9%
Fire Protection Charge		\$2,079.60	\$1,716.86	-\$362.74	-17.4%	\$1,717.94	-\$361.66	-17.4%	\$1,726.70	-\$352.90	-17.0%	\$1,748.90	-\$330.70	-15.9%	\$1,770.38	-\$309.22	-14.9%	\$1,887.98	-\$191.62	-9.2%

Newport Water  
 Cost Of Service Analysis  
 HJS Schedule A-3 Update  
 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
<b>Portsmouth (Monthly)</b>					
	10,000,000	\$31,539	\$43,188	\$11,649	36.9%
	20,000,000	\$63,059	\$86,351	\$23,292	36.9%
Avg. Monthly Bill	38,000,000	\$119,795	\$164,044	\$44,249	36.9%
	40,000,000	\$126,099	\$172,677	\$46,578	36.9%
	75,000,000	\$236,419	\$323,747	\$87,328	36.9%
	100,000,000	\$315,219	\$431,655	\$116,436	36.9%
	150,000,000	\$472,819	\$647,470	\$174,651	36.9%
<b>Navy (Monthly)</b>					
	10,000,000	\$39,559	\$58,215	\$18,656	47.2%
	20,000,000	\$79,099	\$116,125	\$37,026	46.8%
Avg. Monthly Bill (All Meters)	38,000,000	\$150,252	\$220,363	\$70,111	46.7%
	50,000,000	\$197,719	\$289,855	\$92,136	46.6%
	75,000,000	\$296,569	\$434,630	\$138,061	46.6%
	100,000,000	\$395,419	\$579,405	\$183,986	46.5%

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

	Rate Year Revenue	
	Existing Rates	Proposed Rates
<b>REVENUES</b>		
<b>Water Rates</b>		
Base Charge (Billing Charge)	\$ 1,213,500	\$ 713,414
Volume Charge		
Residential	4,051,749	5,204,890
Commercial	3,212,730	4,501,819
Navy	707,651	1,036,421
Portsmouth Water & Fire District	1,350,692	1,849,617
Fire Protection		
Public	1,103,340	566,226
Private	465,460	219,995
Total Rate Revenues	\$ 12,105,122	\$ 14,092,382
<b>Other Operating Revenues</b>		
Sundry charges	\$ 104,000	104,000
WPC cost share on customer service	\$ 296,856	296,856
Middletown cost share on customer service	\$ 143,506	143,506
Rental of Property	\$ 108,167	108,167
Total Other Operating Revenues	\$ 652,529	652,529
<b>Total Operating Revenues</b>	<b>\$ 12,757,651</b>	<b>\$ 14,744,911</b>
Add: Non-Operating Revenues		
Water Penalty	47,500	47,500
Miscellaneous	8,600	8,600
Investment Interest Income	3,900	3,900
Water Quality Protection Fees	22,500	22,500
<b>Total Non Operating Revenues</b>	<b>\$ 82,500</b>	<b>\$ 82,500</b>
<b>Total Revenues</b>	<b>\$ 12,840,151</b>	<b>\$ 14,827,411</b>
<b>COSTS</b>		
<b>Departmental O&amp;M</b>	\$ (8,491,098)	(8,491,098)
<b>Capital Costs</b>		
Contribution to Capital Spending Acct.	(2,500,000)	(2,500,000)
Contribution to Debt Service Acct.	(3,576,079)	(3,576,079)
<b>Total Capital Costs</b>	<b>\$ (6,076,079)</b>	<b>(6,076,079)</b>
<b>Operating Revenue Allowance</b>	(254,733)	(254,733)
<b>Total Costs</b>	<b>\$ (14,821,910)</b>	<b>\$ (14,821,910)</b>
<b>Revenue Surplus (Deficit)</b>	<b>\$ (1,981,759)</b>	<b>\$ 5,501</b>

Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated	
<b>Operation &amp; Maintenance Costs</b>										
Administration										
Salaries, Wages, & Benefits										
Salaries & Wages	\$ 273,889	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
AFSCME retro	\$ -	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
NEA retro	\$ -	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
AFSCME benefits on retro pay	\$ -	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
NEA benefits on retro pay	\$ -	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Standby Salaries	\$ 12,500	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Accrued Benefits Buyout	\$ 175,000	Non-Administrative Wages & Salaries	61%	24%	2%	6%	5%	2%	0%	100%
Employee Benefits	\$ 128,202	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Retiree Insurance Coverage	\$ 514,000	Non-Administrative Wages & Salaries	61%	24%	2%	6%	5%	2%	0%	100%
Workers Compensation	\$ 85,000	Non-Administrative Wages & Salaries	61%	24%	2%	6%	5%	2%	0%	100%
Annual Leave Buyback	\$ 2,400	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Subtotal	1,190,991									

	Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
<b>All Other Administrative Costs</b>										
Advertisement	9,000	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Membership Dues & Subscriptions	2,500	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Conferences & Training	4,000	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Tuition Reimbursement	2,000	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Consultant Fees	233,033	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Postage	1,000	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Fire & Liability Insurance	76,468	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Telephone & Communication	5,500	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Water	1,942	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Electricity	5,805	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Natural Gas	7,252	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Property Taxes	226,774	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Legal & Administrative	-									
Audit Fees	4,349	Total Non-Admin Costs Before Offsets	71%	16%	3%	3%	5%	1%	1%	100%
OPEB Contribution	-	Total Non-Admin Costs Before Offsets	71%	16%	3%	3%	5%	1%	1%	100%
City Counsel	4,649	Total Non-Admin Costs Before Offsets	71%	16%	3%	3%	5%	1%	1%	100%
Citizens Survey	-	Total Non-Admin Costs Before Offsets	71%	16%	3%	3%	5%	1%	1%	100%
City Clerk	3,381	Total Non-Admin Costs Before Offsets	71%	16%	3%	3%	5%	1%	1%	100%
City Manager	54,131	Total Non-Admin Costs Before Offsets	71%	16%	3%	3%	5%	1%	1%	100%
Human Resources	30,121	Non-Administrative Wages & Salaries	61%	24%	2%	6%	5%	2%	0%	100%
City Solicitor	20,459	Total Non-Admin Costs Before Offsets	71%	16%	3%	3%	5%	1%	1%	100%
Finance Adimistrative 80%	19,822	Total Non-Admin Costs Before Offsets	71%	16%	3%	3%	5%	1%	1%	100%
Finance Adimistrative 5%	7,020	Total Non-Admin Costs Before Offsets	71%	16%	3%	3%	5%	1%	1%	100%
Purchasing	18,314	Total Non-Admin Costs Before Offsets	71%	16%	3%	3%	5%	1%	1%	100%
Assessment	5,973	Capital Costs	70%	17%	5%	1%	6%	1%	1%	100%
Collections	46,979	100% Billing	0%	0%	0%	0%	100%	0%	0%	100%
Accounting 5%	10,679	Total Non-Admin Costs Before Offsets	71%	16%	3%	3%	5%	1%	1%	100%
Accounting	70,516	Non-Administrative Wages & Salaries	61%	24%	2%	6%	5%	2%	0%	100%
Public Safety	-	Total Non-Admin Costs Before Offsets	71%	16%	3%	3%	5%	1%	1%	100%
Facilities Maintenance	13,266	Total Non-Admin Costs Before Offsets	71%	16%	3%	3%	5%	1%	1%	100%
Data Processing	143,888	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Mileage Allowance	2,000	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Gasoline & Vehicle Allowance	7,508	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Repairs & Maintenance	1,200	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Regulatory Expense	10,000	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Regulatory Assessment	48,096	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Office Supplies	20,000	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Self Insurance	10,000	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Unemployment Claims	12,000	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
Subtotal	1,139,623									



	Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
<b>Customer Service</b>										
Salaries & Wages	281,735	Customer Service Salaries and Wages	0%	0%	0%	46%	41%	13%	0%	100%
Benefits	168,793	Customer Service Salaries and Wages	0%	0%	0%	46%	41%	13%	0%	100%
Copying & binding	500	100% billing (based on budget analysis)					100%			100%
Conferences & Training	5,000	100% billing (based on budget analysis)					100%			100%
Support Services	26,002	100% billing (software support & printing/mailing)					100%			100%
Postage	31,706	100% billing (based on budget analysis)					100%			100%
Gasoline & Vehicle Allowance	33,421	Customer Service Salaries and Wages	0%	0%	0%	46%	41%	13%	0%	100%
Repairs & Maintenance	40,000	100% metering (meter repairs)				100%				100%
Meter Maintenance	10,000	100% metering (based on budget analysis)				100%				100%
Operating Supplies	5,000	100% metering (based on budget analysis)				100%				100%
Uniforms & protective Gear	1,000	100% metering (based on budget analysis)				100%				100%
Customer Service Supplies	10,343	100% billing (based on budget analysis)					100%			100%
<b>Subtotal</b>	<b>613,500</b>									
<b>Source of Supply - Island</b>										
Salaries & Wages	\$ 258,897	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Overtime	\$ 28,903	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Temp Salaries	\$ 10,000	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Injury Pay	\$ -	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Employee Benefits	\$ 134,334	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Annual Leave Buyback	\$ 6,300	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Electricity	\$ 42,108	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Gas/Vehicle Maintenance	\$ 58,648	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Repairs & Maintenance	\$ 7,425	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Reservoir Maintenance	\$ 16,000	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Operating Supplies	\$ 7,750	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Uniforms & protective Gear	\$ 700	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Chemicals	\$ 72,735	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
<b>Subtotal</b>	<b>\$ 643,800</b>									
<b>Source of Supply - Mainland</b>										
Overtime	\$ 4,617	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Temp Salaries	\$ 13,000	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Permanent Part time	\$ 15,264	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Employee Benefits	\$ 2,525	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Electricity	\$ 120,189	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Repairs & Maintenance	\$ 7,200	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Reservoir Maintenance	\$ 4,500	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
Operating Supplies	\$ 630	Average Day Demand Patterns	100%	0%	0%	0%	0%	0%	0%	100%
<b>Subtotal</b>	<b>\$ 167,925</b>									

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

Docket No. 4355

	Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
<b>Station One (Excludes pumping and chemicals)</b>										
Salaries & Wages	\$ 446,983	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Overtime	\$ 60,021	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Holiday Pay	\$ 17,045	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Employee Benefits	\$ 278,523	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Annual Leave Buyback	\$ 5,000	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Conferences & Training	\$ 4,500	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Fire & Liability Insurance	\$ 12,687	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Electricity	\$ 252,674	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Natural Gas	\$ 24,250	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Rental of Equipment	\$ 600	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Sewer Charge	\$ 293,020	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Gas/Vehicle Maintenance	\$ 7,583	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Repairs & Maintenance	\$ 25,000	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Operating Supplies	\$ 25,210	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Uniforms & protective Gear	\$ 1,062	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Station One Pumping	\$ 22,428	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Station One Chemicals	\$ 354,210	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Subtotal	\$ 1,830,796									
<b>Lawton Valley (Excludes pumping and chemicals)</b>										
Salaries & Wages	\$459,704	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Overtime	\$37,657	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Holiday Pay	\$16,760	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Employee Benefits	\$287,143	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Annual Leave Buyback	\$3,966	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Conferences & Training	\$3,000	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Fire & Liability Insurance	\$18,614	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Electricity	\$132,551	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Natural Gas	\$29,909	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Rental of Equipment	\$500	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Sewer Charge	\$360,640	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Gas/Vehicle Maintenance	\$7,882	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Repairs & Maintenance	\$34,048	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Operating Supplies	\$18,475	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Uniforms & protective Gear	\$1,542	Maximum Day Demand Patterns	62%	38%	0%	0%	0%	0%	0%	100%
Lawton Valley Pumping	\$31,646	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Lawton Valley Chemicals	\$169,977	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Subtotal	1,614,015									

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

Docket No. 4355

	Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
<b>Laboratory</b>										
Salaries & Wages	\$ 104,358	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Employee Benefits	\$ 64,208	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Annual Leave Buyback	\$ 2,750	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Repairs & Maintenance	\$ 1,700	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Regulatory Assessment	\$ 32,000	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Laboratory Supplies	\$ 18,684	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
Subtotal	<b>\$ 223,700</b>									
<b>Transmission and Distribution</b>										
Salaries & Wages	\$ 418,161	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Overtime	\$ 52,364	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Temp Salaries	\$ 10,000	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Injury Pay	\$ -	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Employee Benefits	\$ 251,514	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Annual Leave Buyback	\$ 10,943	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Conferences & Training	\$ 4,000	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Contract Services	\$ 12,430	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Fire & Liability Insurance	\$ 18,748	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Electricity	\$ 18,762	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Heavy Equipment Rental	\$ 8,260	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Gas/Vehicle Maintenance	\$ 110,305	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Repairs & Maintenance	\$ 26,000	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Main Maintenance	\$ 35,000	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Hydrant Maintenance	\$ 35,000	100% Fire	0%	0%	0%	0%	0%	0%	100%	100%
Service Maintenance	\$ 30,000	100% Services	0%	0%	0%	0%	0%	100%	0%	100%
Operating Supplies	\$ 10,000	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Uniforms & protective Gear	\$ 1,761	Maximum Hour Demand Patterns	56%	34%	10%	0%	0%	0%	0%	100%
Subtotal	<b>\$ 1,053,248</b>									
Fire Protection	13,500	100% Fire	0%	0%	0%	0%	0%	0%	100%	100%
<b>Total O&amp;M Costs</b>	<b>8,491,098</b>									

		Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
<b>CAPITAL COSTS</b>		<b>Rate Year</b>	<b>Allocation Notes</b>	<b>Base</b>	<b>Max Day</b>	<b>Max Hour</b>	<b>Metering</b>	<b>Billing</b>	<b>Services</b>	<b>Fire</b>	<b>Total % Allocated</b>
	Water Supply	1,395,751	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
	Treatment Station 1	1,609,150									
	Treatment Lawton Valley	508,569									
	Treatment Both Plants	654,700									
	T&D Pumping	64,843									
	T&D	1,565,588									
	Fire	25,119									
	Meters	22,481									
	Services	22,481									
	Billing	207,398									
	<b>Total Capital Costs excluding Treatment</b>	<b>3,303,660</b>									
	<b>Revenue Allowance</b>	<b>254,733</b>	100% base	100%							100%
	<b>Total Costs before Offsets</b>	<b>12,049,491</b>									
<b>OFFSETS</b>											
<b>Nonrate Revenues</b>											
	Sundry charges	104,000	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
	WPC cost share on customer service	296,856	50/50 Split between Metering and Billing	0%	0%	0%	50%	50%	0%	0%	100%
	Middletown cost share on customer service	143,506	50/50 Split between Metering and Billing	0%	0%	0%	50%	50%	0%	0%	100%
	Rental of Property	108,167	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
	Water Penalty	47,500	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
	Miscellaneous	8,600	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
	Investment Interest Income	3,900	Non Admin less electricity & chemicals	66%	19%	2%	5%	5%	2%	1%	100%
	Water Quality Protection Fees	22,500	100% Base	100%	0%	0%	0%	0%	0%	0%	100%
	<b>Total Nonrate Revenues</b>	<b>735,029</b>									
	<b>Net Costs To Recover Through Rates</b>	<b>\$ 11,314,462</b>									

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
<b>Operation &amp; Maintenance Costs</b>								
Administration								
Salaries, Wages, & Benefits								
Salaries & Wages	180,414	53,033	5,352	14,025	13,881	4,725	2,459	273,889
AFSCME retro	-	-	-	-	-	-	-	-
NEA retro	-	-	-	-	-	-	-	-
AFSCME benefits on retro pay	-	-	-	-	-	-	-	-
NEA benefits on retro pay	-	-	-	-	-	-	-	-
Standby Salaries	8,234	2,420	244	640	634	216	112	12,500
Accrued Benefits Buyout	106,749	42,544	3,807	9,839	9,014	2,869	178	175,000
Employee Benefits	84,448	24,824	2,505	6,565	6,498	2,211	1,151	128,202
Retiree Insurance Coverage	313,536	124,957	11,183	28,900	26,474	8,427	523	514,000
Workers Compensation	51,849	20,664	1,849	4,779	4,378	1,394	87	85,000
Annual Leave Buyback	1,581	465	47	123	122	41	22	2,400
Subtotal	746,810	268,906	24,988	64,871	61,000	19,883	4,532	1,190,991

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
All Other Administrative Costs								
Advertisement	5,928	1,743	176	461	456	155	81	9,000
Membership Dues & Subscriptions	1,647	484	49	128	127	43	22	2,500
Conferences & Training	2,635	775	78	205	203	69	36	4,000
Tuition Reimbursement	1,317	387	39	102	101	34	18	2,000
Consultant Fees	153,502	45,122	4,554	11,933	11,811	4,020	2,092	233,033
Postage	659	194	20	51	51	17	9	1,000
Fire & Liability Insurance	50,370	14,806	1,494	3,916	3,876	1,319	687	76,468
Telephone & Communication	3,623	1,065	107	282	279	95	49	5,500
Water	1,279	376	38	99	98	33	17	1,942
Electricity	3,824	1,124	113	297	294	100	52	5,805
Natural Gas	4,777	1,404	142	371	368	125	65	7,252
Property Taxes	149,379	43,910	4,432	11,612	11,493	3,912	2,036	226,774
Legal & Administrative								
Audit Fees	3,078	716	121	134	215	52	33	4,349
OPEB Contribution	-	-	-	-	-	-	-	-
City Counsel	3,290	765	129	143	230	55	35	4,649
Citizens Survey	-	-	-	-	-	-	-	-
City Clerk	2,393	557	94	104	167	40	26	3,381
City Manager	38,311	8,913	1,507	1,666	2,680	644	410	54,131
Human Resources	18,373	7,323	655	1,694	1,551	494	31	30,121
City Solicitor	14,480	3,369	570	630	1,013	243	155	20,459
Finance Adimistrative 80%	14,029	3,264	552	610	981	236	150	19,822
Finance Adimistrative 5%	4,968	1,156	195	216	348	84	53	7,020
Purchasing	12,962	3,015	510	564	907	218	139	18,314
Assessment	4,171	1,002	299	41	375	41	45	5,973
Collections	-	-	-	-	46,979	-	-	46,979
Accounting 5%	7,558	1,758	297	329	529	127	81	10,679
Accounting	43,014	17,143	1,534	3,965	3,632	1,156	72	70,516
Public Safety	-	-	-	-	-	-	-	-
Facilities Maintenance	9,389	2,184	369	408	657	158	100	13,266
Data Processing	94,781	27,861	2,812	7,368	7,293	2,482	1,292	143,888
Mileage Allowance	1,317	387	39	102	101	34	18	2,000
Gasoline & Vehicle Allowance	4,946	1,454	147	384	381	130	67	7,508
Repairs & Maintenance	790	232	23	61	61	21	11	1,200
Regulatory Expense	6,587	1,936	195	512	507	172	90	10,000
Regulatory Assessment	31,681	9,313	940	2,463	2,438	830	432	48,096
Office Supplies	13,174	3,873	391	1,024	1,014	345	180	20,000
Self Insurance	6,587	1,936	195	512	507	172	90	10,000
Unemployment Claims	7,905	2,324	234	614	608	207	108	12,000
Subtotal	722,724	211,869	23,053	53,001	102,328	17,865	8,783	1,139,623

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
<b>Customer Service</b>								
Salaries & Wages	-	-	-	128,413	116,547	36,776	-	281,735
Benefits	-	-	-	76,935	69,825	22,033	-	168,793
Copying & binding	-	-	-	-	500	-	-	500
Conferences & Training	-	-	-	-	5,000	-	-	5,000
Support Services	-	-	-	-	26,002	-	-	26,002
Postage	-	-	-	-	31,706	-	-	31,706
Gasoline & Vehicle Allowance	-	-	-	15,233	13,825	4,363	-	33,421
Repairs & Maintenance	-	-	-	40,000	-	-	-	40,000
Meter Maintenance	-	-	-	10,000	-	-	-	10,000
Operating Supplies	-	-	-	5,000	-	-	-	5,000
Uniforms & protective Gear	-	-	-	1,000	-	-	-	1,000
Customer Service Supplies	-	-	-	-	10,343	-	-	10,343
<b>Subtotal</b>								
<b>Source of Supply - Island</b>								
Salaries & Wages	258,897	-	-	-	-	-	-	258,897
Overtime	28,903	-	-	-	-	-	-	28,903
Temp Salaries	10,000	-	-	-	-	-	-	10,000
Injury Pay	-	-	-	-	-	-	-	-
Employee Benefits	134,334	-	-	-	-	-	-	134,334
Annual Leave Buyback	6,300	-	-	-	-	-	-	6,300
Electricity	42,108	-	-	-	-	-	-	42,108
Gas/Vehicle Maintenance	58,648	-	-	-	-	-	-	58,648
Repairs & Maintenance	7,425	-	-	-	-	-	-	7,425
Reservoir Maintenance	16,000	-	-	-	-	-	-	16,000
Operating Supplies	7,750	-	-	-	-	-	-	7,750
Uniforms & protective Gear	700	-	-	-	-	-	-	700
Chemicals	72,735	-	-	-	-	-	-	72,735
<b>Subtotal</b>								
<b>Source of Supply - Mainland</b>								
Overtime	4,617	-	-	-	-	-	-	4,617
Temp Salaries	13,000	-	-	-	-	-	-	13,000
Permanent Part time	15,264	-	-	-	-	-	-	15,264
Employee Benefits	2,525	-	-	-	-	-	-	2,525
Electricity	120,189	-	-	-	-	-	-	120,189
Repairs & Maintenance	7,200	-	-	-	-	-	-	7,200
Reservoir Maintenance	4,500	-	-	-	-	-	-	4,500
Operating Supplies	630	-	-	-	-	-	-	630
<b>Subtotal</b>								

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
<b>Station One (Excludes pumping and chemicals)</b>								
Salaries & Wages	277,881	169,102	-	-	-	-	-	446,983
Overtime	37,314	22,707	-	-	-	-	-	60,021
Holiday Pay	10,597	6,448	-	-	-	-	-	17,045
Employee Benefits	173,153	105,371	-	-	-	-	-	278,523
Annual Leave Buyback	3,108	1,892	-	-	-	-	-	5,000
Conferences & Training	2,798	1,702	-	-	-	-	-	4,500
Fire & Liability Insurance	7,887	4,800	-	-	-	-	-	12,687
Electricity	252,674	-	-	-	-	-	-	252,674
Natural Gas	15,076	9,174	-	-	-	-	-	24,250
Rental of Equipment	373	227	-	-	-	-	-	600
Sewer Charge	293,020	-	-	-	-	-	-	293,020
Gas/Vehicle Maintenance	4,714	2,869	-	-	-	-	-	7,583
Repairs & Maintenance	15,542	9,458	-	-	-	-	-	25,000
Operating Supplies	15,673	9,537	-	-	-	-	-	25,210
Uniforms & protective Gear	660	402	-	-	-	-	-	1,062
Station One Pumping	12,531	7,626	2,271	-	-	-	-	22,428
Station One Chemicals	354,210	-	-	-	-	-	-	354,210
Subtotal								
<b>Lawton Valley (Excludes pumping and chemicals)</b>								
Salaries & Wages	285,789	173,915	-	-	-	-	-	459,704
Overtime	23,411	14,246	-	-	-	-	-	37,657
Holiday Pay	10,419	6,341	-	-	-	-	-	16,760
Employee Benefits	178,511	108,632	-	-	-	-	-	287,143
Annual Leave Buyback	2,466	1,500	-	-	-	-	-	3,966
Conferences & Training	1,865	1,135	-	-	-	-	-	3,000
Fire & Liability Insurance	11,572	7,042	-	-	-	-	-	18,614
Electricity	132,551	-	-	-	-	-	-	132,551
Natural Gas	18,594	11,315	-	-	-	-	-	29,909
Rental of Equipment	311	189	-	-	-	-	-	500
Sewer Charge	360,640	-	-	-	-	-	-	360,640
Gas/Vehicle Maintenance	4,900	2,982	-	-	-	-	-	7,882
Repairs & Maintenance	21,167	12,881	-	-	-	-	-	34,048
Operating Supplies	11,486	6,989	-	-	-	-	-	18,475
Uniforms & protective Gear	959	583	-	-	-	-	-	1,542
Lawton Valley Pumping	17,682	10,760	3,205	-	-	-	-	31,646
Lawton Valley Chemicals	169,977	-	-	-	-	-	-	169,977
Subtotal								



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

Docket No. 4355

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated		
<b>Laboratory</b>										
Salaries & Wages	104,358	-	-	-	-	-	-	104,358		
Employee Benefits	64,208	-	-	-	-	-	-	64,208		
Annual Leave Buyback	2,750	-	-	-	-	-	-	2,750		
Repairs & Maintenance	1,700	-	-	-	-	-	-	1,700		
Regulatory Assessment	32,000	-	-	-	-	-	-	32,000		
Laboratory Supplies	18,684	-	-	-	-	-	-	18,684		
Subtotal										
<b>Transmission and Distribution</b>										
Salaries & Wages	233,638	142,179	42,345	-	-	-	-	418,161		
Overtime	29,257	17,804	5,303	-	-	-	-	52,364		
Temp Salaries	5,587	3,400	1,013	-	-	-	-	10,000		
Injury Pay	-	-	-	-	-	-	-	-		
Employee Benefits	140,528	85,517	25,469	-	-	-	-	251,514		
Annual Leave Buyback	6,114	3,721	1,108	-	-	-	-	10,943		
Conferences & Training	2,235	1,360	405	-	-	-	-	4,000		
Contract Services	6,945	4,226	1,259	-	-	-	-	12,430		
Fire & Liability Insurance	10,475	6,374	1,898	-	-	-	-	18,748		
Electricity	10,483	6,379	1,900	-	-	-	-	18,762		
Heavy Equipment Rental	4,615	2,808	836	-	-	-	-	8,260		
Gas/Vehicle Maintenance	61,630	37,505	11,170	-	-	-	-	110,305		
Repairs & Maintenance	14,527	8,840	2,633	-	-	-	-	26,000		
Main Maintenance	19,555	11,900	3,544	-	-	-	-	35,000		
Hydrant Maintenance	-	-	-	-	-	-	35,000	35,000		
Service Maintenance	-	-	-	-	-	30,000	-	30,000		
Operating Supplies	5,587	3,400	1,013	-	-	-	-	10,000		
Uniforms & protective Gear	984	599	178	-	-	-	-	1,761		
Subtotal										
<b>Fire Protection</b>	-	-	-	-	-	-	13,500	13,500		
<b>Total O&amp;M Costs</b>		<b>Non-Administrative O&amp;M</b>	<b>4,317,095</b>	<b>1,045,839</b>	<b>105,550</b>	<b>276,580</b>	<b>273,749</b>	<b>93,171</b>	<b>48,500</b>	<b>6,160,484</b>

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
<b>CAPITAL COSTS</b>	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
Water Supply	1,395,751	-	-	-	-	-	-	1,395,751
Treatment Station 1								
Treatment Lawton Valley								
Treatment Both Plants								
								Allocated Based on Reserved Capacity
T&D Pumping	36,230	22,047	6,566	-	-	-	-	64,843
T&D	874,736	532,314	158,538	-	-	-	-	1,565,588
Fire	-	-	-	-	-	-	25,119	25,119
Meters	-	-	-	22,481	-	-	-	22,481
Services	-	-	-	-	-	22,481	-	22,481
Billing	-	-	-	-	207,398	-	-	207,398
<b>Total Capital Costs excluding Treatment</b>	<b>2,306,717</b>	<b>554,361</b>	<b>165,104</b>	<b>22,481</b>	<b>207,398</b>	<b>22,481</b>	<b>25,119</b>	<b>3,303,660</b>
	70%	17%	5%	1%	6%	1%	1%	100%
<b>Revenue Allowance</b>	254,733	-	-	-	-	-	-	254,733
<b>Total Costs before Offsets</b>	<b>6,878,545</b>	<b>1,600,201</b>	<b>270,653</b>	<b>299,061</b>	<b>481,147</b>	<b>115,652</b>	<b>73,619</b>	<b>9,718,877</b>
	71%	16%	3%	3%	5%	1%	1%	100%
<b>OFFSETS</b>								
<b>Nonrate Revenues</b>								
Sundry charges	68,506	20,137	2,032	5,325	5,271	1,794	934	104,000
WPC cost share on customer service	-	-	-	148,428	148,428	-	-	296,856
Middletown cost share on customer service	-	-	-	71,753	71,753	-	-	143,506
Rental of Property	71,251	20,944	2,114	5,539	5,482	1,866	971	108,167
Water Penalty	31,289	9,197	928	2,432	2,407	819	427	47,500
Miscellaneous	5,665	1,665	168	440	436	148	77	8,600
Investment Interest Income	2,569	755	76	200	198	67	35	3,900
Water Quality Protection Fees	22,500	-	-	-	-	-	-	22,500
<b>Total Nonrate Revenues</b>	<b>201,780</b>	<b>52,699</b>	<b>5,319</b>	<b>234,118</b>	<b>233,975</b>	<b>4,695</b>	<b>2,444</b>	<b>735,029</b>
<b>Net Costs To Recover Through Rates</b>	<b>\$ 6,676,765</b>	<b>\$ 1,547,501</b>	<b>\$ 265,335</b>	<b>\$ 64,943</b>	<b>\$ 247,172</b>	<b>\$ 110,957</b>	<b>\$ 71,175</b>	<b>\$ 8,983,848</b>

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
<b>Non-Admin O&amp;M Costs</b>	\$ 4,317,095	\$ 1,045,839	\$ 105,550	\$ 276,580	\$ 273,749	\$ 93,171	\$ 48,500	\$ <b>6,160,484</b>
Less: Chemicals								\$ -
Station One	\$ (354,210)							\$ (354,210)
Lawton Valley	\$ (169,977)							\$ (169,977)
Source Supply	\$ (72,735)							\$ (72,735)
Electricity								\$ -
Source Supply	\$ (162,297)							\$ (162,297)
Station One	\$ -	\$ -						\$ -
Lawton Valley	\$ -	\$ -						\$ -
Costs Adjusted	\$ 3,557,876	\$ 1,045,839	\$ 105,550	\$ 276,580	\$ 273,749	\$ 93,171	\$ 48,500	\$ 5,401,265
	<b>66%</b>	<b>19%</b>	<b>2%</b>	<b>5%</b>	<b>5%</b>	<b>2%</b>	<b>1%</b>	<b>100%</b>
	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total \$ Allocated
<b>Non-Administrative Labor</b>								
Administration	190,229	55,918	5,643	14,788	14,637	4,982	2,593	288,789
Customer Service	0	0	0	128,413	116,547	36,776	0	281,735
Source of Supply - Island	297,800	0	0	0	0	0	0	297,800
Source of Supply - Mainland	32,881	0	0	0	0	0	0	32,881
Station One	328,899	200,149	0	0	0	0	0	529,049
Lawton Valley	322,085	196,002	0	0	0	0	0	518,087
Laboratory	107,108	0	0	0	0	0	0	107,108
Transmission/Distribution	274,596	167,104	49,768	0	0	0	0	491,468
Total	1,553,598	619,173	55,411	143,200	131,183	41,757	2,593	2,546,917
Percent	61%	24%	2%	6%	5%	2%	0%	100%

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

ALLOCATION PERCENTAGES		Commodity Charges						
		Base Charge	Retail		Navy	Portsmouth	Fire	Total % Allocated
Allocation Basis	Residential		Non-Residential					
Base	Average annual demand		41%	32%	9%	18%	0%	100%
Base Excluding PWFD			50%	40%	10%	0%	0%	100%
Base Excluding PWFD & 50% Navy			53%	42%	6%	0%	0%	100%
Water Quality Protection Fees			56%	44%	0%	0%	0%	100%
Total Base to Class			43%	34%	8%	14%	0%	100%
Max Day	Estimated customer peaking factors		28%	34%	5%	15%	18%	100%
Base Excluding PWFD			33%	40%	6%	0%	22%	100%
Max Day Excluding PWFD & 50% Navy			34%	41%	3%	0%	22%	100%
Total Max Day to Class			31%	38%	4%	6%	21%	100%
Max Hour	Estimated customer peaking factors		17%	25%	3%	8%	46%	100%
Base Excluding PWFD			19%	28%	4%	0%	50%	100%
Max Hour Excluding PWFD & 50% Navy			19%	28%	2%	0%	51%	100%
Total Max Hour to Class			19%	28%	2%	0%	51%	100%
Metering	Direct Assignment	100%						100%
Billing	Direct Assignment	100%						100%
Services	Direct Assignment	100%						100%
Fire	Direct Assignment						100%	100%
Treatment Plant Avg. Day	Assured Capacity		38%	30%	12%	21%		100%
Treatment Plant Max. Day	Assured Capacity		32%	32%	9%	19%	9%	100%

ALLOCATION RESULTS		Commodity Charges						
		Rate Year	Base Charge	Retail		Navy	Portsmouth	Fire
Residential	Commercial							
Base								
Base excluding T&D&WQPF & Pumping	5,421,435		2,214,692	1,756,083	465,762	984,898		5,421,435
Transmission & Distribution	1,426,897		751,759	596,088	79,050	-		1,426,897
Pumping	30,213		15,082	11,959	3,172	-		30,213
Water Quality Protection Fees	(22,500)		(12,549)	(9,951)	-	-		(22,500)
Revenue Offsets	(179,280)		(77,709)	(61,618)	(14,282)	(25,670)		(179,280)
Administrative Charges	1,469,535		636,976	505,074	117,071	210,414		1,469,535
Max Day								
Max Day Except T&D & Pumping	691,440		191,578	233,964	35,941	102,531	127,426	691,440
Transmission & Distribution	868,327		291,367	355,830	27,331	-	193,799	868,327
Pumping	40,433		13,153	16,063	2,468	-	8,749	40,433
Revenue Offsets	(52,699)		(16,338)	(19,953)	(2,165)	(3,377)	(10,867)	(52,699)
Administrative Charges	480,775		149,051	182,028	19,751	30,805	99,140	480,775
Max Hour								
Max Hr. Except T&D & Pumping	-		-	-	-	-	-	-
Transmission & Distribution	258,611		49,015	72,487	4,903	-	132,205	258,611
Pumping	12,042		2,240	3,313	448	-	6,041	12,042
Revenue Offsets	(5,319)		(1,007)	(1,490)	(105)	-	(2,717)	(5,319)
Administrative Charges	48,041		9,098	13,455	950	-	24,539	48,041
Metering	299,061	299,061	-	-	-	-	-	299,061
Revenue Offsets	(234,118)	(234,118)						(234,118)
Administrative Charges	117,872	117,872						117,872
Services	115,652	115,652						115,652
Revenue Offsets	(4,695)	(4,695)						(4,695)
Administrative Charges	37,747	37,747						37,747
Billing	481,147	481,147						481,147
Revenue Offsets	(233,975)	(233,975)						(233,975)
Administrative Charges	163,328	163,328						163,328
Fire	73,619						73,619	73,619
Revenue Offsets	(2,444)						(2,444)	(2,444)
Administrative Charges	13,315						13,315	13,315
Treatment Plant Capital Costs								
Treatment Plant Avg. Day	1,723,560	-	650,087	515,470	204,673	353,330	-	1,723,560
Treatment Plant Max. Day	1,048,859	-	335,540	330,813	91,447	196,661	94,397	1,048,859
<b>Total To Recover through Rates</b>	<b>\$ 14,086,881</b>	<b>\$ 742,019</b>	<b>\$ 5,202,035</b>	<b>\$ 4,499,616</b>	<b>\$ 1,036,415</b>	<b>\$ 1,849,593</b>	<b>\$ 757,203</b>	<b>\$ 14,086,881</b>

**COST OF SERVICE PER UNIT**

Description of Billing Units	Metering						Total
	(1)	(2)	(2)	(2)	(2)	(3)	
equivalent meters 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	
Percentage of Dollars Allocated	1.3%	36.9%	31.9%	7.4%	13.1%	4.8%	100.0%
Allocated Cost	\$ 182,815	\$ 5,202,035	\$ 4,499,616	\$ 1,036,415	\$ 1,849,593	\$ 672,714	\$ 14,086,881
Divided by: Number of Units	207,132	630,132	499,647	178,971	428,519	161,036	
<b>Unit Cost of Service</b>	<b>\$0.8826</b>	<b>\$8.26</b>	<b>\$9.01</b>	<b>\$5.79</b>	<b>\$4.32</b>	<b>\$4.18</b>	
	per equiv per month	per 1000 gallons	per 1000 gallons	per 1000 gallons	per 1000 gallons	Equivalent connections	

Description of Billing Units	Billing		Services		Hydrants	
	No. of bills per year	Equivalent Connections	No. of Hydrants			
Percentage of Dollars Allocated	2.9%	1.1%	0.6%			
Allocated Cost	\$ 410,500	\$ 148,705	\$ 84,490			
Divided by: Number of Units	65,094	275,639	1,036			
<b>Unit Cost of Service</b>	<b>\$6.3063</b>	<b>\$0.5395</b>	<b>\$81.5540</b>			
	per bill	per equiv	per Hydrant			

(1)

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

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

**Allocation Basis**  
 Average Day Demand Patterns  
 Maximum Day Demand Patterns  
 Maximum Hour Demand Patterns  
 Fire Protection  
 Non Admin less electricity & chemicals  
 Customer Service Salaries and Wages  
 Non-Administrative Wages & Salaries  
 Capital Costs  
 Total Non-Admin Costs before Offsets  
 Other Costs  
 Treatment Plant Capital

Used to allocate the following cost categories	Source Schedule	Base	Max Day	Max Hour	Metering	Billing	Services	Direct Fire Protection	Total % Allocated
<i>Supply, Laboratory</i>	N/A	100%							100%
<i>Treatment</i>	B-1	62%	38%	0%					100%
<i>Pumping, Transmission/Distribution, Storage</i>	B-1	56%	34%	10%					100%
<i>Public/Private Fire Protection Costs</i>	date							100%	100%
<i>Administration Salaries, Wages, &amp; Benefits</i>	date	66%	19%	2%	5%	5%	2%	1%	100%
<i>Customer Service Salaries, Wages, &amp; Benefits</i>	date	0%	0%	0%	46%	41%	13%	0%	100%
<i>Administrative Labor Related</i>	date	61%	24%	2%	6%	5%	2%	0%	100%
<i>Certain Legal and Administrative</i>	date	70%	17%	5%	1%	6%	1%	1%	0%
<i>Certain Legal and Administrative</i>	B-1	71%	16%	3%	3%	5%	1%	1%	100%
<i>Administration Non-Salary Costs</i>	date	66%	19%	2%	5%	5%	2%	1%	100%

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

**Administration 15-500-2200**

Salaries by Staff Position

Director of Utilities	\$	63,851
Administrative Secretary	\$	27,753
Deputy Director - Finance	\$	58,372
Deputy Director - Engineering	\$	55,027
Financial Analyst	\$	68,886
<b>Salary \$ Allocation Results</b>	<b>\$</b>	<b>273,889</b>

**Resulting % Allocation of Administration Salaries, Wages, & Benefits**

**Customer Service 15-500-2209**

Salaries by Staff Position

Meter Repairman/Reader	\$	36,757
Meter Repairman/Reader	\$	38,996
Principal Account Clerk	\$	35,687
Meter Repairman/Reader		46,483
Maintenance Mechanic	\$	45,889
SAE - Sr. Maintenance Mechanic	\$	-
Water Meter Foreman	\$	52,523
<b>Salary \$ Allocation Results</b>	<b>\$</b>	<b>256,335</b>

**Resulting % Allocation of Customer Service Salaries, Wages, & Benefits**

**Treatment Plant Capital**

		Base (Avg. Day)	Max Day	Total
Treatment Station 1	\$	1,609,150	\$ 1,000,378	\$ 608,772
Treatment Lawton Valley		508,569	\$ 316,168	\$ 192,401
Treatment Both Plants		654,700	\$ 407,014	\$ 247,686
	<b>\$</b>	<b>2,772,419</b>	<b>\$ 1,723,560</b>	<b>\$ 1,048,859</b>

	Residential	Non-Residential	Navy	PWFD	Fire	Treatment Plant Capacity
Capacity Reserved for Avg. Day Demand (MGD) <sup>1</sup>	3.02	2.39	0.95	1.64	N/A	8
% of Avg. Day Treatment Capacity	37.7%	29.9%	11.9%	20.5%	N/A	100%
Capacity Reserved for Max. Day Demand (MGD) <sup>1</sup>	5.12	5.05	1.395	3.00	1.44	16
% of Max. Day Treatment Capacity	31.99%	31.54%	8.72%	18.75%	9.00%	100%

<sup>1</sup> Per Demand study to determine required treatment capacity after DB treatment plant projects

Allocation of Salary Costs								Total Allocated
Base	Max Day	Max Hour	Metering	Billing	Services	Direct Fire Protection		
66%	19%	2%	5%	5%	2%	1%	100%	
66%	19%	2%	5%	5%	2%	1%	100%	
66%	19%	2%	5%	5%	2%	1%	100%	
66%	19%	2%	5%	5%	2%	1%	100%	
<b>\$ 180,414</b>	<b>\$ 53,033</b>	<b>\$ 5,352</b>	<b>\$ 14,025</b>	<b>\$ 13,881</b>	<b>\$ 4,725</b>	<b>\$ 2,459</b>	<b>\$ 273,889</b>	
<b>66%</b>	<b>19%</b>	<b>2%</b>	<b>5%</b>	<b>5%</b>	<b>2%</b>	<b>1%</b>	<b>100%</b>	

			50%	50%			100%
			50%	50%			100%
				100%			100%
			100%				100%
			33%	33%	34%		100%
			100%				100%
			33%	33%	34%		100%
			<b>\$ 116,835</b>	<b>\$ 106,039</b>	<b>\$ 33,460</b>		<b>\$ 256,335</b>
<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>46%</b>	<b>41%</b>	<b>13%</b>	<b>0%</b>	<b>100%</b>

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 Capital Functionalization

Functional Break Down of Existing Fixed Assets

	Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	T&D Pump	Fire	Meters	Services	Billing	
TRANSMISSION/DISTRIBUTION \$	20,846,331				100%						100%
LAWTON VALLEY \$	7,116,282		100%								100%
STATION 1 \$	22,516,441	100%									100%
TREATMENT BOTH \$	9,161,055			100%							100%
STORAGE \$	1,060,548				100%						100%
SOURCE OF SUPPLY \$	19,453,649	100%									100%
METERS/SERVICES \$	629,135							50%	50%		100%
T&D PUMPING \$	907,332					100%					100%
BILLING \$	2,902,066									100%	100%
FIRE \$	351,481						100%				100%
WORK IN PROGRESS \$	-	50%	50%								100%
Total \$	84,944,321										
LABORATORY \$	80,000	100%	0%	0%	0%	0%	0%	0%	0%	0%	100%
LAND AND ROW \$	3,594,491	23%	27%	8%	11%	26%	1%	0%	0%	3%	100%
\$	3,674,491										
<b>Total Fixed Assets \$</b>	<b>88,618,812</b>										

	Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	T&D Pump	Fire	Meters	Services	Billing	Total
TRANSMISSION/DISTRIBUTION \$	20,846,331	-	-	-	20,846,331	-	-	-	-	-	20,846,331
LAWTON VALLEY \$	7,116,282	-	7,116,282	-	-	-	-	-	-	-	7,116,282
STATION 1 \$	22,516,441	22,516,441	-	-	-	-	-	-	-	-	22,516,441
TREATMENT BOTH \$	9,161,055	-	-	9,161,055	-	-	-	-	-	-	9,161,055
STORAGE \$	1,060,548	-	-	-	1,060,548	-	-	-	-	-	1,060,548
SOURCE OF SUPPLY \$	19,453,649	19,453,649	-	-	-	-	-	-	-	-	19,453,649
METERS/SERVICES \$	629,135	-	-	-	-	-	-	314,568	314,568	-	629,135
T&D PUMPING \$	907,332	-	-	-	-	907,332	-	-	-	-	907,332
BILLING \$	2,902,066	-	-	-	-	-	-	-	-	2,902,066	2,902,066
FIRE \$	351,481	-	-	-	-	-	351,481	-	-	-	351,481
WORK IN PROGRESS \$	-	-	-	-	-	-	-	-	-	-	-
Total \$	84,944,321	19,453,649	22,516,441	7,116,282	21,906,879	907,332	351,481	314,568	314,568	2,902,066	84,944,321
		22.90%	26.51%	8.38%	10.78%	25.79%	1.07%	0.41%	0.37%	0.37%	3.42%
LABORATORY \$	80,000	80,000	-	-	-	-	-	-	-	-	80,000
LAND AND ROW \$	3,594,491	823,198	952,802	301,132	387,658	927,008	38,395	14,873	13,311	122,803	3,594,491
\$	3,674,491	903,198	952,802	301,132	387,658	927,008	38,395	14,873	13,311	122,803	3,674,491
		25%	26%	8%	11%	25%	1%	0%	0%	3%	
Total Allocated	\$ 20,356,847	\$ 23,469,243	\$ 7,417,413	\$ 9,548,713	\$ 22,833,887	\$ 945,727	\$ 366,354	\$ 327,879	\$ 327,879	\$ 3,024,870	\$ 88,618,812
		22.97%	26.48%	8.37%	10.78%	25.77%	1.07%	0.41%	0.37%	0.37%	3.41%

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 Capital Functionalization

**Functionalization of Capital Costs**

		Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	T&D Pump	Fire	Meters	Services	Billing	
Capital Spending Restricted Account	\$ 2,500,000	23%	26%	8%	11%	26%	1%	0%	0%	0%	3%	100%
Debt Service	\$ 3,576,079	23%	26%	8%	11%	26%	1%	0%	0%	0%	3%	100%
	\$ 6,076,079											

		Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	T&D Pump	Fire	Meters	Services	Billing	Total
Capital Spending Restricted Account	\$ 2,500,000	\$ 574,281	\$ 662,084	\$ 209,251	\$ 269,376	\$ 644,160	\$ 26,680	\$ 10,335	\$ 9,250	\$ 9,250	\$ 85,334	\$ 2,500,000
Debt Service	\$ 3,576,079	\$ 821,470	\$ 947,066	\$ 299,319	\$ 385,324	\$ 921,427	\$ 38,163	\$ 14,784	\$ 13,231	\$ 13,231	\$ 122,064	\$ 3,576,079
	\$ 6,076,079	\$ 1,395,751	\$ 1,609,150	\$ 508,569	\$ 654,700	\$ 1,565,588	\$ 64,843	\$ 25,119	\$ 22,481	\$ 22,481	\$ 207,398	\$ 6,076,079

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	Annual Demand in 1000s Gallons										Baseline	Rate Year	
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	3-Year Average	Docket 4243
<b>Annual Demand by Class</b>													
Residential	773,872	780,666	736,577	716,037	749,409	734,137	780,264	690,544	644,285	640,966	618,574	634,608	<b>630,132</b>
Commercial	580,798	583,184	663,766	573,711	493,539	456,486	505,014	519,521	457,376	502,475	472,437	477,429	<b>499,647</b>
Navy	307,051	348,222	511,299	417,869	373,306	278,441	247,728	225,392	173,790	137,731	222,858	178,126	<b>178,971</b>
Portsmouth	455,142	451,723	422,944	429,465	463,253	445,232	473,338	444,777	412,324	398,827	407,837	406,329	<b>428,519</b>
<b>Total (in 1000's Gallons)</b>	<b>2,116,863</b>	<b>2,163,795</b>	<b>2,334,586</b>	<b>2,137,082</b>	<b>2,079,508</b>	<b>1,914,297</b>	<b>2,006,344</b>	<b>1,880,234</b>	<b>1,687,775</b>	<b>1,679,999</b>	<b>1,721,705</b>	<b>1,696,493</b>	<b>1,737,269</b>
		2.2%	7.9%	-8.5%	-2.7%	-7.9%	4.8%	-6.3%	-10.2%	-0.5%	2.5%		

Combined Station #1 and LV WTP Production Volumes in 1,000 gals						Peaking Comparison		
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Production Peaks	System Peaks Estimated from Daily Demand Data	System Diversity Ratio (1)
Annual Production	2,456,363	2,524,784	2,437,440	2,440,630	2,304,024	2,165,686	2,467,618	
Average Day Production	6,730	6,917	6,678	6,687	6,312	5,933	6,761	
Maximum Month Production	256,796	269,819	280,875	254,088	268,468	256,324	268,261	
Maximum Day Production	10,165	10,724	12,100	9,800	10,163	10,118	10,875	
Max Day Date	6/28/2007	8/4/2007	7/18/2008	8/23/2010	7/23/2011	7/7/2012		
Maximum Day Peaking Factor	1.51	1.55	1.81	1.47	1.61	1.71	<b>1.61</b>	1.11
Max-Day to Avg. Day/Max-Month Ratio	1.19	1.23	1.34	1.20	1.17	1.22	<b>1.17</b>	
Maximum Hour	13,800	15,200	13,250	10,700	12,100	12,500	<b>12,100.00</b>	
Maximum Hour Peaking Factor	2.05	2.20	1.98	1.60	1.92	2.11	<b>1.92</b>	1.29
							Coincident Excluding Fire Protection	Noncoincident

(1) Calculated according to AWWA M-1 Guidelines

**Estimation of Each Customer Class' Peaking Factors**

Customer Class	Max Day Demand	Max Hour Demand
	Factor From Daily Read Demand Study	Factor From Daily Read Demand Study
Residential	1.82	2.43
Commercial	2.26	3.39
Navy	1.73	2.31
Portsmouth	1.99	2.65
Fire (5)	1.78	2.47
<b>Estimated Systemwide Peaks</b>	<b>1.78</b>	<b>2.47</b>

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

Customer Class	Rate Year Demand (1,000 gallons)							Allocation of UAW for Demand Analysis
	Annual Demand	Average Daily Demand	Lost Water Adjustment	Adjusted Average Daily Demand	% Average Demand by Class	% Average Demand Ex PWFD & 50% Navy	% Average Demand Ex PWFD	
Residential	630,132	1,726	914	2,640	40.85%	53%	50%	53.7%
Commercial	499,647	1,369	724	2,093	32.39%	42%	40%	42.5%
Navy	178,971	490	65	555	8.59%	6%	10%	3.8%
Portsmouth	428,519	1,174	-	1,174	18.17%	0%	0%	
Fire					N/A	N/A	N/A	
<b>Total, w Fire Prot.</b>	<b>1,737,269</b>	<b>4,760</b>	<b>26%</b>	<b>6,462</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
<i>Production</i>	2,358,811	6,462	26.35%					

Customer Class	Max Day Calculations				% of Daily Peaks			Max Hour Calculations			% of Hourly Peaks		
	Max Day Peaking Factor	Demand x Peaking Factor (3)	Incremental Peak Demand	% of Daily Peaks	With Full PWFD & Navy	Without PWFD & 50% Navy	Without PWFD	Max Hour Peaking Factor	Demand x Peaking Factor (3)	Incremental Peak Demand	With Full PWFD & Navy	Without PWFD & 50% Navy	Without PWFD
Residential	1.82	4,805	2,165	27.7%	27.7%	33.6%	32.5%	2.43	6,407	1,602	17.1%	19.0%	18.6%
Commercial	2.26	4,737	2,644	33.8%	33.8%	41.0%	39.7%	3.39	7,106	2,369	25.2%	28.0%	27.5%
Navy	1.73	961	406	5.2%	5.2%	3.1%	6.1%	2.31	1,282	320	3.4%	1.9%	3.7%
Portsmouth	1.99	2,333	1,159	14.8%	14.8%	0.0%	0.0%	2.65	3,110	778	8.3%	0.0%	0.0%
Fire		1,440	1,440	18.4%	18.4%	22.3%	21.6%		5,760	4,320	46.0%	51.1%	50.2%
<b>Total, w Fire Prot.</b>		14,276	7,814	100.0%	100.0%	100.0%	100.0%		23,665	9,388	100.0%	100.0%	100.0%
<b>Total, without Fire Protection</b>		<b>12,836</b>	<b>6,374</b>						<b>17,905</b>	<b>5,068</b>			

(demand is in thousands of gallons)

(1) From HJS Schedule D-4 Update. 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 is reduced to 25%.  
 (2) From HJS Schedule B-11 Update, Fire Protection Demand Analysis'.

**EACH RATE CLASS' SHARE OF SYSTEM PEAKS**

<u>Rate Class</u>	Average Demand	Daily Peaks	Hourly Peaks
<b>Retail</b>			
Residential	41%	28%	17%
Commercial	32%	34%	25%
<b>Navy</b>	9%	5%	3%
<b>Portsmouth</b>	18%	15%	8%
<b>Fire</b>	N/A	18%	46%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

Percentages are from HJS Schedule B-9 Update, '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	6,761	62.2%	55.9%
Extra Capacity			
Max Day	4,114	37.8%	34.0%
Max Hour	1,225		10.1%
Fire Protection			
Max Day	-	0.0%	0.0%
Max Hour	-		0.0%
<b>Total%</b>		<b>100.0%</b>	<b>100.0%</b>
<b>Total 1000's Gallons</b>		<b>10,875</b>	<b>12,100</b>

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

**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

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 Water Accounts, by Size and Class

Connection Size	Meter Factors	COMMERCIAL				RESIDENTIAL				WHOLESALE (Monthly)			
		Meter Read Frequency		Equivalent Meters		Meter Read Frequency		Equivalent Meters		Navy		Portsmouth	
		Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Meters	Equivalents	Meters	Equivalents
5/8	1.0	98	576	98	576	12	10,079	12	10079	0	0	0	0
3/4	1.1	53	173	58	190	10	2,241	11	2465	1	1	0	0
1	1.4	141	42	197	59	24	349	34	489	0	0	0	0
1.5	1.8	145	29	261	52	30	157	54	283	3	5	0	0
2	2.9	173	16	502	46	42	43	122	125	0	0	0	0
3	11.0	38	6	418	66	12	11	132	121	0	0	0	0
4	14.0	10	3	140	42	1	0	14	0	0	0	1	14
5	18.0	1	0	18	0	0	0	0	0	0	0	0	0
6	21.0	11	1	231	21	1	3	21	63	8	168	0	0
8	29.0	0	0	0	0	1	0	29	0	0	0	0	0
10	43.5	0	0	0	0	0	0	0	0	1	44	0	0
<b>Total</b>	<b>14,546</b>	670	846	1,923	1,052	133	12,883	429	13,625	13	218	1	14

Billed Monthly  
 Billed Quarterly  
 Billed Annually

Equivalent Billing Units	
817	9,804
13,729	54,916
374	374
<b>Total</b>	<b>65,094</b>

Equivalent Meter Units	
2,584	31,008
14,677	176,124
N/A	N/A
<b>Total</b>	<b>207,132</b>

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

	Connection Size	Existing Differential	Number of Connections	Equivalent Connections (2)	% of Equiv Connections
<b>Public Hydrants</b>					
Newport	6	111.31	619	68,901	
Middletown	6	111.31	408	45,415	
Portsmouth	6	111.31	9	1,002	
<b>Subtotal: Public Hydrants</b>			<b>1036</b>	<b>115,318</b>	<b>72%</b>
<b>Private Fire Connections</b>					
	2	6.19	4	25	
	4	38.32	61	2,337	
	6	111.31	245	27,271	
	8	237.21	62	14,707	
	10	426.58	0	-	
	12	689.04	2	1,378	
<b>Subtotal: Private Fire Connections</b>			<b>374</b>	<b>45,718</b>	<b>28%</b>
<b>Total Fire Connections</b>			<b>1,410</b>	<b>161,036</b>	<b>100%</b>

- (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	% of Equiv Connections
5/8	1.000	10,765	10,765	
3/4	1.000	2,478	2,478	
1	1.860	556	1,034	
1.5	4.630	364	1,685	
2	6.150	274	1,685	
3	11.060	67	741	
4	11.060	15	166	
5	11.060	1	11	
6	11.060	24	265	
8	11.060	1	11	
10	11.060	1	11	
<b>Subtotal General Service</b>		<b>14,546</b>	<b>18,853</b>	<b>82%</b>
<b>Private Fire Connections</b>				
2	6.150	4	25	
4	11.060	61	675	
6	11.060	245	2,710	
8	11.060	62	686	
10	11.060	0	-	
12	11.060	2	22	
<b>Subtotal: Private Fire Connections</b>		<b>374</b>	<b>4,117</b>	<b>18%</b>
<b>Annualized Total Retail &amp; Private Fire Connections</b>			<b>12</b>	
		<b>14,920</b>	<b>275,639</b>	<b>100%</b>



Newport Water Division  
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 HJS Schedule D-3 Update  
 Production Summary

	<b>Station #1</b>			<b>Lawton Valley</b>			<b>Combined</b>	
	In Gallons	in 1000's		In Gallons	in 1000's		In Gallons	in 1000's
<b>FY 07 JULY 2006 - JUNE 2007</b>	1,176,356,210	1,176,356	Max. Month June	1,280,006,852	1,280,007	August	2,456,363,062	2,456,363
	116,724,700	116,725		140,288,300	140,288		256,795,580	256,796
<b>FY 08 JULY 2007 - JUNE 2008</b>	1,268,356,660	1,268,357	Max. Month August	1,256,427,700	1,256,428	July	2,524,784,360	2,524,784
	141,803,530	141,804		144,557,900	144,558		269,819,450	269,819
<b>FY 09 JULY 2008 - JUNE 2009</b>	1,152,697,400	1,152,697	Max. Month March	1,284,742,500	1,284,743	July	2,437,439,900	2,437,440
	110,288,000	110,288		177,163,200	177,163		280,874,500	280,875
<b>FY 10 JULY 2009 - JUNE 2010</b>	1,333,422,150	1,333,422	Max. Month October	1,107,207,665	1,107,208	August 2009	2,440,629,815	2,440,630
	121,112,610	121,113		139,731,200	139,731		254,088,090	254,088
<b>FY 11 JULY 2010 - JUNE 2011</b>	1,242,460,000	1,242,460	Max. Month July	1,061,564,200	1,061,564	July 2010	2,304,024,200	2,304,024
	136,103,000	136,103		133,325,700	133,326		268,467,600	268,468
<b>FY 12 JULY 2011 - JUNE 2012</b>	981,876,000	981,876	Max. Month July	1,183,810,000	1,183,810	July	2,165,685,750	2,165,686
	110,561,700	110,562		145,762,000	145,762		256,323,700	256,324

MAX DAY PRODUCTION AVAILABLE FOR SALE

	<b>Station #1</b>			<b>Lawton Valley</b>			<b>Combined</b>	
	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		
<b>FY 07 JULY 2006 - JUNE 2007</b>	8/2/2006	5,114,940 5,115 <i>includes booster to LV at 1,256,000 Gallons</i>	8/14/2006	5,958,100 5,958	6/28/2007	10,165,100 10,165		
<b>FY 08 JULY 2007 - JUNE 2008</b>	8/25/2007	6,179,670 6,180 <i>includes booster to LV at 2,251,000 Gallons</i>	6/10/2008	6,805,400 6,805	8/4/2007	10,723,620 10,724		
<b>FY 09 JULY 2008 - JUNE 2009</b>	7/20/2008	4,341,000 4,341 <i>includes booster to LV at 324,000 Gallons</i>	7/18/2008	7,845,700 7,846	7/18/2008	12,100,100 12,100		
<b>FY 10 JULY 2009 - JUNE 2010</b>	10/10/2009	4,664,000 4,664	8/27/2009	6,168,500 6,169	8/23/2010	9,800,400 9,800		
<b>FY 11 JULY 2010 - JUNE 2011</b>	7/4/2011	5,729,355 5,729	8/3/2011	5,654,800 5,655	7/23/2011	10,162,555 10,163		
<b>FY 12 JULY 2011 - JUNE 2012</b>	7/6/2012	4,624,292 4,624	7/7/2012	5,869,900 5,870	7/7/2012	10,118,190 10,118		

PEAK HOURLY FLOW

	Date	<b>Station #1</b>		Date	<b>Lawton Valley</b>
<b>FY 07 JULY 2006 - JUNE 2007</b>	7/6/2006	5.8 MGD		7/1/2006	8.0 MGD
<b>FY 08 JULY 2007 - JUNE 2008</b>	8/26/2007	7.2 MGD		6/18/2008	8.0 MGD
<b>FY 09 JULY 2008 - JUNE 2009</b>	7/18/2008	5.25 MGD		7/18/2008	8.0 MGD
<b>FY 10 JULY 2009 - JUNE 2010</b>	9/2/2009	4.70 MGD		9/2/2009	6.0 MGD
<b>FY 11 JULY 2010 - JUNE 2011</b>	10/15/2010	6.10 MGD		10/15/2010	6.0 MGD
<b>FY 12 JULY 2011 - JUNE 2012</b>	7/5/2011	6.50 MGD		7/7/2011	6.0 MGD

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

<b>Fiscal Year Annual Demand</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Residential	690,544	644,285	640,966	618,574
Commercial (includes governmental)	519,521	457,376	502,475	472,437
Navy	225,392	173,790	137,731	222,858
Portsmouth	444,777	412,324	398,827	407,837
<b>Total 1000's Gallons</b>	<b>1,880,234</b>	<b>1,687,775</b>	<b>1,679,999</b>	<b>1,721,705</b>
	-6.3%	-10.2%	-0.5%	2.5%

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

**Pumping Labor and Benefits**

Station One		Lawton Valley	
Labor hours per day pump	0.5000	Labor hours per day pumping	0.2500
Days per year	365	Days per year	365
<b>Total Hours</b>	<b>182.5000</b>	<b>Total Hours</b>	<b>91.2500</b>
Average per hour pay	\$23.06	Average per hour pay	\$22.07
Average per hour benefits	\$10.82	Average per hour benefits	\$11.69
Pumping Salaries	\$4,208.45	Pumping Salaries	\$2,013.89
Pumping Benefits	\$1,974.65	Pumping Benefits	\$1,066.71

**Pumping Repairs and Supplies**

Station One		Lawton Valley	
50275 Repair & Maintenance - Equipment		Repair & Maintenance - Equipment	
None	\$0.00	Vendor	amount
<b>Total Repair &amp; Maintenance Pumping</b>	<b>\$0.00</b>	NAPA Auto Partd	\$622.90
		Ralco Electric	\$328.83
		<b>Total Repair &amp; Maintenance Pumping</b>	<b>\$951.73</b>
50311 Operating Supplies		Operating Supplies	
Vendor	amount	Vendor	amount
National Electric Testing	\$60.00	National Electric Testing	\$300.00
ABB Inc.	\$1,122.00	Ralco Electric	\$525.00
RE Erickson	\$1,140.00	Harbor Controls	\$1,000.00
Ralco	\$268.00		
<b>Total - Operating Supplies - Pumping</b>	<b>\$2,590.00</b>	<b>Total Operating Supplies Pumping</b>	<b>\$1,825.00</b>

**Pumping Electricity**

Station One		Lawton Valley	
Annual Pumping Power	\$13,655	Annual Pumping Power	\$25,789

**Total Pumping Costs**

Station One		Lawton Valley	
Pumping Salaries	\$4,208	Pumping Salaries	\$2,014
Pumping Benefits	\$1,975	Pumping Benefits	\$1,067
Total Repair & Maintenance Pumping	\$0	Total Repair & Maintenance Pumping	\$952
Total - Operating Supplies - Pumping	\$2,590	Total Operating Supplies Pumping	\$1,825
Annual Pumping Power	\$13,655	Annual Pumping Power	\$25,789
<b>Total Annual Pumping Costs</b>	<b>\$22,428</b>	<b>Total Annual Pumping Costs</b>	<b>\$31,646</b>

Newport Water Division  
 Cost Of Service Analysis  
 HJS Schedule D-6 Update  
 Debt Service Restricted Account Cashflow

	FY 2012											
	July	August	September	October	November	December	January	February	March	April	May	June
<b>Debt Service Account</b>												
<b>Beginning Cash Balance</b>	\$ 1,989,949	\$ 1,989,964	\$ 2,325,118	\$ 1,789,176	\$ 1,952,744	\$ 1,555,935	\$ 1,688,396	\$ 1,820,952	\$ 1,953,399	\$ 1,795,553	\$ 1,928,001	\$ 2,060,448
<b>Additions</b>												
From Rates		\$335,137	\$167,569	\$167,569	\$167,569	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447
Interest Income	15	17	18	14	15	14	108	-	-	-	-	-
<b>Total Additions</b>	\$ 15	\$ 335,154	\$ 167,587	\$ 167,583	\$ 167,584	\$ 132,461	\$ 132,556	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447
<b>Deductions</b>												
Existing Debt Service			703,529	4,015	564,393					290,293		
Proposed Debt Service												
<b>Total Deductions</b>	\$ -	\$ -	\$ 703,529	\$ 4,015	\$ 564,393	\$ -	\$ -	\$ -	\$ 290,293	\$ -	\$ -	\$ -
<b>Ending Cash Balance</b>	\$ 1,989,964	\$ 2,325,118	\$ 1,789,176	\$ 1,952,744	\$ 1,555,935	\$ 1,688,396	\$ 1,820,952	\$ 1,953,399	\$ 1,795,553	\$ 1,928,001	\$ 2,060,448	\$ 2,192,896

Annual Contribution From Rates  
\$1,764,974

Annual Debt Service Payments  
\$ 1,562,229

	FY 2013											
	July	August	September	October	November	December	January	February	March	April	May	June
% increase in DS Alolowance	125%											
<b>Debt Service Account</b>												
<b>Beginning Cash Balance</b>	\$ 2,192,896	\$ 2,325,343	\$ 2,457,790	\$ 1,070,862	\$ 1,203,310	\$ 1,335,757	\$ 1,468,205	\$ 1,600,652	\$ 1,733,099	\$ 1,163,231	\$ 1,461,238	\$ 1,759,244
<b>Additions</b>												
From Rates	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$132,447	\$298,007	\$298,007	\$298,007
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Additions</b>	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 132,447	\$ 298,007	\$ 298,007	\$ 298,007
<b>Deductions</b>												
Existing Debt Service			1,452,264							297,365		
Proposed Debt Service (\$53.1 M Loan)			67,111							404,951		
<b>Total Deductions</b>	\$ -	\$ -	\$ 1,519,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 702,316	\$ -	\$ -
<b>Ending Cash Balance</b>	\$ 2,325,343	\$ 2,457,790	\$ 1,070,862	\$ 1,203,310	\$ 1,335,757	\$ 1,468,205	\$ 1,600,652	\$ 1,733,099	\$ 1,163,231	\$ 1,461,238	\$ 1,759,244	\$ 2,057,251

Annual Contribution From Rates  
\$2,086,046

Annual Debt Service  
\$ 2,221,691

(1) Estimated debt service on \$53M borrowing projected to close in June 2012.

Newport Water Division  
 Cost Of Service Analysis  
 HJS Schedule D-6 Update  
 Debt Service Restricted Account Cashflow

FY 2014													
	July	August	September	October	November	December	January	February	March	April	May	June	
% increase in DS Alolowance	0%												
<b>Debt Service Account</b>													
<b>Beginning Cash Balance</b>	\$ 2,057,251	\$ 2,355,257	\$ 2,653,264	\$ 1,116,713	\$ 1,414,719	\$ 1,712,726	\$ 2,010,732	\$ 2,308,739	\$ 2,606,746	\$ 1,539,682	\$ 1,837,689	\$ 2,135,696	
<b>Additions</b>													
From Rates	\$298,007	\$298,007	\$298,007	\$298,007	\$298,007	\$298,007	\$298,007	\$298,007	\$298,007	\$298,007	\$298,007	\$298,007	
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Additions</b>	\$ 298,007	\$ 298,007	\$ 298,007	\$ 298,007	\$ 298,007	\$ 298,007	\$ 298,007	\$ 298,007	\$ 298,007	\$ 298,007	\$ 298,007	\$ 298,007	
<b>Deductions</b>													
To Capital Restricted Acct.													
Existing Debt Service			1,074,138							284,800			
Proposed Debt Service (\$53.1 M Loan)			710,298							776,557			
Proposed Debt Service (\$26.9 M Loan)			50,122							303,713			
<b>Total Deductions</b>	\$ -	\$ -	\$ 1,834,558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,365,070	\$ -	\$ -	\$ -	
<b>Ending Cash Balance</b>	\$ 2,355,257	\$ 2,653,264	\$ 1,116,713	\$ 1,414,719	\$ 1,712,726	\$ 2,010,732	\$ 2,308,739	\$ 2,606,746	\$ 1,539,682	\$ 1,837,689	\$ 2,135,696	\$ 2,433,702	

Annual Contribution From Rates  
\$ 3,576,079

Annual Debt Service  
\$ 3,199,628

FY 2015													
	July	August	September	October	November	December	January	February	March	April	May	June	
% increase in DS Alolowance	91%												
<b>Debt Service Account</b>													
<b>Beginning Cash Balance</b>	\$ 2,433,702	\$ 3,002,910	\$ 3,572,119	\$ 38,594	\$ 607,801	\$ 1,177,009	\$ 1,746,215	\$ 2,315,516	\$ 2,884,723	\$ 1,736,288	\$ 2,305,496	\$ 2,874,703	
<b>Additions</b>													
From Rates	\$569,193	\$569,193	\$569,193	\$569,193	\$569,193	\$569,193	\$569,193	\$569,193	\$569,193	\$569,193	\$569,193	\$569,193	
Interest Income	15	17	260,018	14	15	14	108	15	15	15	15	15	
<b>Total Additions</b>	\$ 569,208	\$ 569,210	\$ 829,211	\$ 569,207	\$ 569,208	\$ 569,206	\$ 569,301	\$ 569,208	\$ 569,208	\$ 569,208	\$ 569,208	\$ 569,208	
<b>Deductions</b>													
Existing Debt Service			1,091,878							271,435			
Proposed Debt Service (\$53.1 M Loan)			2,721,710							762,552			
Proposed Debt Service (\$26.9 M Loan)			532,511							582,418			
Proposed Debt Service (\$5.0 M Loan)			16,637							101,238			
<b>Total Deductions</b>	\$ -	\$ -	\$ 4,362,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,717,643	\$ -	\$ -	\$ -	
<b>Ending Cash Balance</b>	\$ 3,002,910	\$ 3,572,119	\$ 38,594	\$ 607,801	\$ 1,177,009	\$ 1,746,215	\$ 2,315,516	\$ 2,884,723	\$ 1,736,288	\$ 2,305,496	\$ 2,874,703	\$ 3,443,911	

Annual Contribution From Rates  
\$6,830,311

Annual Debt Service  
\$ 6,080,379

Newport Water Division  
 Cost Of Service Analysis  
 HJS Schedule D-7 Update  
 Demand Factor Calculations

Demand Factors For COS Model	Non-			
	Residential	Residential	Navy	PWFD
Summer 2011 Max. Day Demand Factor	1.78	2.18	1.49	1.91
Summer 2012 Max. Day Demand Factor	1.86	2.35	1.97	2.07
<b>Two Year Average Max. Day Demand Factor</b>	<b>1.82</b>	<b>2.26</b>	<b>1.73</b>	<b>1.99</b>
Summer 2011 Max. Hour Demand Factor	2.37	3.27	1.99	2.54
Summer 2012 Max. Hour Demand Factor	2.49	3.52	2.62	2.75
<b>Two Year Average Max. Hour Demand Factor</b>	<b>2.43</b>	<b>3.39</b>	<b>2.31</b>	<b>2.65</b>

Newport Water Division  
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 Demand Factor Calculations

**Summer 2011**

	Residential	Commercial	Navy	PWFD
Annual Average Day <sup>1</sup>	16,973	58,419	421,795	1,128,293
Daily Read Maximum Day <sup>2</sup>	30,139	127,359	630,462	2,153,297
Maximum Day Demand Factor	1.78	2.18	1.49	1.91

1-Total Consumption by Daily Read Accounts for 12 Mo. Including Daily Sample Period/365

2 - Class maximum day from daily read data

<b>Max Day Diversity Factor Calculation</b>	Residential	Commercial	Navy	PWFD	
Class Average Day (mgd)	2.60	1.94	0.51	1.13	
Class MD Demand Factor	1.78	2.18	1.49	1.91	<b>Total MD Demand</b>
Max Day Demand (Avg. Day X MD Demand Factor)	4.62	4.23	0.76	2.15	<b>11.8</b>
System Average Day (mgd)	6.2				
System Maximum Day (mgd)	10.2				
System Maximum Hour (mgd)	12.1				
Noncoincident MD Capacity Factor	11.8	/	6.2	=	1.90
Coincident MD Capacity Factor	10.2	/	6.2	=	1.65
<b>System MD Diversity</b>	<b>1.90</b>	<b>/</b>	<b>1.65</b>	<b>=</b>	<b>1.16</b>

**Maximum Hour Demand Factor Calculation**

	Residential	Commercial	Navy	PWFD
MD Capacity Factor	1.78	2.18	1.49	1.91
Estimated Maximum-Hour (MH)/MD Ratio <sup>3</sup>	1.33	1.50	1.33	1.33
Calculated MH Capacity Factor	2.37	3.27	1.99	2.54

<b>Max Hour Diversity Factor Calculation</b>	Residential	Commercial	Navy	PWFD	
Class Average Day (mgd)	2.60	1.94	0.51	1.13	
Class MH Demand Factor	2.37	3.27	1.99	2.54	<b>Total MH Demand</b>
Max Hour Demand (Avg. Day X MH Demand Factor)	6.2	6.3	1.0	2.9	<b>16.38</b>
System Average Day (mgd)	6.2				
System Maximum Day (mgd)	10.2				
System Maximum Hour (mgd)	12.1				
Noncoincident MH Capacity Factor	16.4	/	6.2	=	2.65
Coincident MH Capacity Factor	12.1	/	6.2	=	1.96
<b>System MH Diversity</b>	<b>2.65</b>	<b>/</b>	<b>1.96</b>	<b>=</b>	<b>1.35</b>

3- MH/MD Ratio Assumptions:

Residential =24 hr. / 18 hr.

Commercial =24 hr. / 16 hr.

Navy =24 hr. / 18 hr.

PWFD =24 hr. / 18 hr.

Newport Water Division  
 Cost Of Service Analysis  
 HJS Schedule D-7  
 Demand Factor Calculations

**Summer 2012**

	Residential	Commercial	Navy	PWFD
Annual Average Day <sup>1</sup>	16,366	57,808	616,576	1,127,654
Daily Read Maximum Day <sup>2</sup>	30,513	135,620	1,213,663	2,329,051
Maximum Day Demand Factor	1.86	2.35	1.97	2.07

1-Total Consumption by Daily Read Accounts for 12 Mo. Including Daily Sample Period/365

2 - Class maximum day from daily read data

**Max Day Diversity Factor Calculation**

	Residential	Commercial	Navy	PWFD	
Class Average Day (mgd)	2.37	1.76	0.66	1.13	
Class MD Demand Factor	1.86	2.35	1.97	2.07	<b>Total MD Demand</b>
Max Day Demand (Avg. Day X MD Demand Factor)	4.42	4.12	1.29	2.33	<b>12.2</b>
System Average Day (mgd)	5.9				
System Maximum Day (mgd)	10.1				
System Maximum Hour (mgd)	12.6				
Noncoincident MD Capacity Factor	12.2	/	5.9	=	2.06
Coincident MD Capacity Factor	10.1	/	5.9	=	1.71
<b>System MD Diversity</b>	<b>2.06</b>	<b>/</b>	<b>1.71</b>	<b>=</b>	<b>1.20</b>

**Maximum Hour Demand Factor Calculation**

	Residential	Commercial	Navy	PWFD
MD Capacity Factor	1.86	2.35	1.97	2.07
Estimated Maximum-Hour (MH)/MD Ratio <sup>3</sup>	1.33	1.50	1.33	1.33
Calculated MH Capacity Factor	2.49	3.52	2.62	2.75

**Max Hour Diversity Factor Calculation**

	Residential	Commercial	Navy	PWFD	
Class Average Day (mgd)	2.37	1.76	0.66	1.13	
Class MH Demand Factor	2.49	3.52	2.62	2.75	<b>Total MH Demand</b>
Max Hour Demand (Avg. Day X MH Demand Factor)	5.90	6.19	1.72	3.11	<b>16.91</b>
System Average Day (mgd)	5.9				
System Maximum Day (mgd)	10.1				
System Maximum Hour (mgd)	12.6				
Noncoincident MH Capacity Factor	16.91	/	5.9	=	2.86
Coincident MH Capacity Factor	12.6	/	5.9	=	2.13
<b>System MH Diversity</b>	<b>2.86</b>	<b>/</b>	<b>2.13</b>	<b>=</b>	<b>1.34</b>

3- MH/MD Ratio Assumptions:

- Residential =24 hr. / 18 hr.
- Commercial =24 hr. / 16 hr.
- Navy =24 hr. / 18 hr.
- PWFD =24 hr. / 18 hr.