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February 20, 2013

Via Electronic Mail and Regular Mail

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

Re: Newport Water - Docket No. 4355

Dear Ms. Massaro:

Enclosed for filing in the above-referenced matter are an original and nine copies of the Pre-filed Supplemental Testimony of Christopher P.N. Woodcock on behalf of the Portsmouth Water & Fire District.

Thank you for your attention to this matter.

Very truly yours,

Adam M. Ramos

AMR/lsg

Enclosures

cc: RIPUC Service List (electronically only)

#51393636 (38210/155390)

RHODE ISLAND PUBLIC UTILITIES COMMISSION

DOCKET NO. 4355

CITY OF NEWPORT WATER DIVISION

PREFILED SUPPLEMENTALL TESTIMONY OF

CHRISTOPHER P.N. WOODCOCK
ON BEHALF OF
PORTSMOUTH WATER & FIRE DISTRICT

PREFILED SUPPLEMENTAL TESTIMONY OF
CHRISTOPHER P.N. WOODCOCK

Q: Are you the same Christopher Woodcock that submitted prefiled direct and surrebuttal testimony in this docket?

A: Yes I am.

Q: What is the purpose of your supplemental testimony today?

A: The purpose of this supplemental testimony is to inform the Commission of the Portsmouth Water and Fire District's ("PWFD") position regarding the asset data used by The City of Newport, Utilities Division, Water Department ("NWD") in its proposal for implementation of the cost of service study in this docket. In my surrebuttal testimony I informed the Commission that PWFD did not agree that NWD's updated asset listing provided in its response to PWFD 2-1 properly reflected all of NWD's assets. At that time, I informed the Commission that I had not had the opportunity to completely review the new asset records NWD provided at the end of the day on January 30, 2012 because PWFD's surrebuttal testimony was due February 7. Even with that incomplete review, however, I identified more than $2 million of service pipe assets that were not included in NWD's asset listing.

Q: Have you now had the opportunity to perform a complete review of the asset records NWD provided on January 30, 2012?

A: No, but my additional review has provided me with a clearer understanding of some of the missing asset data and the impact that missing asset data has on the implementation of the cost of service study.

Q: In your surrebuttal testimony, you stated that nearly half of NWD's costs are allocated based on the asset listing. Can you expand on the importance of the asset listing to the allocation of NWD's costs?

A: The proper accounting and classification of NWD's assets is critical to the cost of service study and the allocations of costs to various customer classes and groups. These assets are the basis for the allocation of approximately $6,235,000 of capital costs. That amount accounts for about 42% of the overall revenue requirement in this docket.

Q: What is PWFD's position regarding the impact of the inaccuracy of the asset listing on this docket?

A: The revised asset listing provided by NWD in its supplemental response to PWFD-2-1 does not present an accurate representation of NWD's water utility assets, and the Commission should not accept it as the basis for the implementation of the new cost allocation.

Q: When did PWFD first raise concerns about the asset listing and valuation in this docket?

A: PWFD first raised concerns shortly after NWD's initial filing in October 2012. NWD's initial filing presented asset values that were updated from prior studies. PWFD served a data request (PWFD-1-7) on October 19, 2012 regarding the revised asset listing. NWD provided an asset listing in response to that data request on November 9, 1012. PWFD analyzed that asset listing and the underlying data that was used to develop it and became concerned that it did not include any hydrants installed prior to 1981 or pipes installed prior to 1975. Accordingly, PWFD issued a second data request on this topic (PWFD-2-1) on December 5, 2012 inquiring as to the absence of pre-1981 hydrants and pre-1975 pipes. NWD re-

sponded on January 4, 2013 that it needed additional time to update and revise its asset listing and reconcile its asset records. NWD then supplemented its response to PWFD-2-1 on January 30, 2012 providing updated asset data on hydrants and pipes. PWFD preliminarily identified certain issues with the updated asset data, including the absence of any listing for service pipes, before it filed surrebuttal testimony on February 7, 2013. In that testimony, I also noted that PWFD needed additional time to fully evaluate the completeness and accuracy of the information that NWD had supplied.

Q: What further analysis have you done since you submitted your surrebuttal testimony, and what has that analysis revealed?

A: Since filing my surrebuttal testimony, I have been able to examine the schedules submitted by NWD in its supplemental response to data request PWFD-2-1 in greater detail and compare the asset valuation numbers in that response and in NWD's filing in this docket against the asset valuation numbers NWD provided on its annual reports to the Commission. In this process, I reviewed annual reports dating back to 1991. I also completed a closer comparison of the asset listing NWD provided in its response to data request PWFD-1-7 and the updated listing it provided in its supplemental response to data request PWFD-2-1.

In reviewing the schedules from NWD's supplemental response to data request PWFD-2-1 in comparison to the annual reports, I found a serious inconsistency in NWD's reporting related to service pipes – the pipes that run from the main water line to the customers' property line. Before 2006, NWD provided a value attributable to service pipes for each year that it submitted an annual report. The 2005 annual report showed a value of $2,419,317 for service pipes. Beginning in 2006, NWD ceased reporting any value for service pipes. Instead, the value for meters and meter installations appeared to incorporate the previous value for service pipes,

as the combined year-end balance in 2005 for service pipes and meters equaled the 2006 beginning balance for meters and meter installations alone.

The problem, however, is that the combined total is far too low. The values for meters and meter installations before 2006 appear to be far less than would be expected for the number of meters owned by NWD. Moreover, when NWD implemented its bond issue in 2011 to install the new meter reading system, its annual report shows $2,658,209 in additions and $2,668,201 in retirements for meters and meter installations. There was not a major service pipe replacement project in 2011. Accordingly, it does not make sense that the value of the service pipes remained included in the meters and meter installations valuation after 2011, if indeed it was included in it previously.

In short the asset listings and valuations provided by NWD – on both its annual reports and in connection with its filing in this docket – do not provide information sufficient to verify the accuracy of its asset valuation. The data provided by NWD seem to make clear that, at the very least, it is improperly excluding the value of service pipes, both from its filing in this docket and in its annual reports to the Commission.

Second, in my comparison of the asset listing from NWD's response to data request PWFD-1-7 to the updated listing in the supplemental response to data request PWFD-2-1, I found that NWD improperly replaced actual values for transmission and distribution pipes from the years 1976-2006 with estimated values, thereby incorrectly reducing the total value of the transmission and distribution pipes submitted in connection with the filing.

Q: Can you describe how the problems with NWD's reporting make the asset listing provided by NWD in this docket incorrect?

A: There are two reasons why these problems make NWD's asset listing incorrect. First, NWD's asset listing does not include any values for service pipes. NWD does not dispute that such pipes exist and that it has costs associated with them. In this filing, NWD included $30,000 of operating expenses associated with service pipes. Those operating expenses must correlate to existing assets. Moreover, NWD historically has reported the value of its service pipes on its balance sheet included as part of its Annual Reports to the Commission. NWD's 1992 Annual Report shows $2,032,744 in service pipe assets – which I referenced in my surrebuttal testimony. NWD's 2005 Annual Report shows $2,419,317 of service pipe assets. Accordingly, the omission of any service pipe assets on the asset listing NWD proposes to use to implement the cost of service study in this docket clearly renders the listing inaccurate.

Second, NWD's update to the value of transmission and distribution mains appears to be incorrect. In response to PWFD's request that NWD update the asset listing to include pre-1975 pipe assets, NWD changed all the information for pipes through 2006. The result of this change was to use estimates instead of actual values for the pipes installed between 1976 and 2006. The asset listing NWD originally provided in this docket included actual values for the transmission and distribution mains for the period from 1976-2006. Those actual values were detailed and appeared to be reliable. It is incorrect to use estimated values for assets when reliable actual values are available.

Q: What does PWFD propose should happen in this docket because of the inaccuracies in the asset listing?

A: The Commission should delay implementation of the cost of service study to reallocate costs until NWD provides a complete and accurate asset listing. NWD has an obligation to provide the best and most accurate data on assets that it can. The asset valuation is a critical input to the cost of service model. When it is known that data is missing from the asset listing, that error needs to be corrected. The impact on the allocation of costs is too significant for such errors to be overlooked. Accordingly, PWFD requests that the Commission order that NWD provide a corrected and updated asset listing that addresses the issues identified in this supplemental testimony and delay implementation of the cost of service study until the corrected asset listing is complete.

Q: Does PWFD have an alternative to delaying the implementation of the cost of service study?

A: Yes. At a minimum, the Commission should use an asset listing that includes some value for the service pipes that NWD reported in its annual reports to the Commission and use the actual values for the transmission and distribution pipes installed between 1976 and 2006. The current value of the service pipes must at least equal the 2005 value of $2,419,317 – even if NWD did not install any new service pipes in the past eight years. Accordingly, the Commission should use the 2005 value of $2,419,317 as the minimum place holder for the value of service pipes.

For the transmission and distribution pipes, the Commission should use the actual values provided in NWD's response to PWFD-1-7 for the pipe assets installed from 1976 through 2006. Additionally, NWD should use the corrected estimate of all pre-1976 pipe assets. In its response to PWFD-1-7, NWD identified an estimate of $4,871,012.96 for pipes installed in 1975. In its supplemental response to PWFD-2-

1, NWD identified additional pre-1975 transmission and distribution pipes and provided an updated estimate for all pre-1976 transmission and distribution pipe of approximately $8,889,534. The updated number is more inclusive of all NWD's assets and therefore is the number that the Commission should use when implementing the cost of service study.

Q: Can you summarize the differences between PWFD's alternative proposal and the asset listings set forth in NWD's proposal?

A: Yes. PWFD's alternative proposal makes three revisions to the original schedule NWD provided in its response to PWFD-1-7: (1) replace the line item for "2783 Mains and Gates" in the amount of $4,871,072.96 with the revised estimate for all NWD's pre-1976 transmission and distribution pipe of $8,889,534; (2) add a new line item in the amount of $2,419,317 for service pipes; and (3) add a line item for the estimated original cost of pre-1981 hydrants of $104,022.37. The result of these changes increases the total asset values used in the rate model from $88,618,812.42 to $95,160,612.83. This represents a more than 7 percent increase in asset values and has a significant impact on the allocation resulting from the implementation of the cost of service study. A chart demonstrating the updated asset values is set forth below.

PROPOSED REVISIONS TO ASSET VALUES

	Initial NWD Filing	Updates in Supp PWFD 2-1	Addition of Service Pipes	Revised Asset Values
TRANSMISSION/DISTRIB.	$ 20,846,331	$ 4,018,461		$ 24,864,792
LAWTON VALLEY	$ 7,116,282			$ 7,116,282
STATION 1	$ 22,516,441			$ 22,516,441
TREATMENT BOTH	$ 9,161,055			$ 9,161,055
STORAGE	$ 1,060,548			$ 1,060,548
SOURCE OF SUPPLY	$ 19,453,649			$ 19,453,649
METERS/SERVICES	$ 629,135		$ 2,419,317	$ 3,048,452
T&D PUMPING	$ 907,332			$ 907,332
BILLING	$ 2,902,066			$ 2,902,066
FIRE	$ 351,481	$ 104,022		$ 455,504
WORK IN PROGRESS	$ -			$ -
Total	$ 84,944,321	$ 4,122,483	$ 2,419,317	$ 91,486,122
LABORATORY	$ 80,000			$ 80,000

LAND AND ROW	$ 3,594,491				$ 3,594,491
	$ 3,674,491				$ 3,674,491
Total Fixed Assets	**$ 88,618,812**	**$ 4,122,483**	**$ 2,419,317**		**$ 95,160,613**

Q: Does this alternative proposal provide an accurate value for NWD's assets?

A: No, the value still will not be precise. It will, however, account for some of the missing service pipe and use a more realistic amount for the pre-1976 transmission and distribution pipe. If the Commission adopts this alternative proposal, it should still require NWD to prepare a complete and accurate asset listing and valuation to submit with its next rate filing or step increase.

Q: Why is PWFD's alternative proposal better than what NWD proposes regarding asset values?

A. PWFD's alternative proposal is better than what NWD proposes for two reasons. First, NWD proposes to use the values it provided in its supplemental response to PWFD-2-1. Using those values would exclude the value of service pipe that NWD has reported to the Commission for decades. PWFD's alternative proposal at least places some value on those service pipes, which NWD acknowledges exist and should be accounted for. Second, NWD's proposal uses an estimate of $15,780,474 for all pipe installed before 2007. PWFD's alternative proposal acknowledges that NWD has records of actual values for the pipe installed between 1976 and 2006 and uses those amounts. It is always preferable to use actual numbers as opposed to estimates when actual numbers are available.

Q: What is the financial difference between using the asset value listing proposed by NWD and the alternative proposal urged by PWFD?

A: Based on the model I included in my surrebuttal testimony, these two adjustments to the assets on Schedule B-5 will reduce the allocation to PWFD by nearly $55,200

and reduce the allocation to the Navy by more than $18,700. Those amounts would shift back to the retail customers where they properly belong. This correction results in a rate increase of 32% for PWFD, 34% for the Navy, and 17% for NWD's retail customers. A schedule demonstrating the impact of PWFD's alternative proposal is attached to this supplemental testimony.

Newport Water Cost of Service Model

Index of Model Schedules

Summary Schedules

Core Model Schedules

Supporting Data

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

Docket No 4355

	Rate Year Approved in Docket 4243
O&M COSTS	
Administration	
Salaries & Wages	$ 273,889
AFSCME retro	-
NEA retro	-
AFSCME benefits on retro pay	-
NEA benefits on retro pay	-
Standby Salaries	12,500
Accrued Benefits Buyout	175,000
Employee Benefits	128,202
Retiree Insurance Coverage	514,000
Workers Compensation	85,000
Annual Leave Buyback	2,400
Advertisement	9,000
Membership Dues & Subscriptions	2,500
Conferences & Training	4,000
Tuition Reimbursement	2,000
Consultant Fees	233,033
Postage	1,000
Fire & Liability Insurance	76,468
Telephone & Communication	5,500
Water	1,942
Electricity	5,805
Natural Gas	7,252
Property Taxes	226,774
Legal & Administrative	
Audit Fees	5,389
OPEB Contribution	-
City Counsel	4,529
Citizens Survey	-
City Clerk	3,285
City Manager	56,725
Human Resources	31,357
City Solicitor	19,616
Finance Administrative 80%	20,294
Finance Administrative 5%	7,108
Purchasing	17,222
Assessment	5,828
Collections	49,176
Accounting 5%	10,016
Accounting	66,675
Public Safety	-
Facilities Maintenance	12,438
Data Processing	143,888
Mileage Allowance	2,000
Gasoline & Vehicle Allowance	7,508
Repairs & Maintenance	1,200
Regulatory Expense	10,000
Regulatory Assessment	48,096
Office Supplies	20,000
Self Insurance	10,000
Unemployment Claims	12,000
Subtotal:	**$ 2,330,614**

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

Docket No 4355

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

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

Docket No 4355

	Rate Year Approved in Docket 4243
Station One	
Salaries & Wages	$ 446,983
Overtime	$ 60,021
Holiday Pay	$ 17,045
Employee Benefits	$ 278,523
Annual Leave Buyback	$ 5,000
Conferences & Training	4,500
Fire & Liability Insurance	12,687
Electricity	252,674
Natural Gas	24,250
Rental of Equipment	600
Sewer Charge	293,020
Gas/Vehicle Maintenance	7,583
Repairs & Maintenance	25,000
Operating Supplies	25,210
Uniforms & protective Gear	1,062
Station One Pumping	$22,428
Chemicals	354,210
Subtotal:	**$ 1,830,796**
Lawton Valley	
Salaries & Wages	$ 459,704
Overtime	$ 37,657
Holiday Pay	$ 16,760
Employee Benefits	$ 287,143
Annual Leave Buyback	$ 3,966
Conferences & Training	3,000
Fire & Liability Insurance	18,614
Electricity	132,551
Natural Gas	29,909
Rental of Equipment	500
Sewer Charge	360,640
Gas/Vehicle Maintenance	7,882
Repairs & Maintenance	34,048
Operating Supplies	18,475
Uniforms & protective Gear	1,542
LV Pumping	$31,646
Chemicals	169,977
Subtotal:	**$ 1,614,014**
Laboratory	
Salaries & Wages	$ 104,358
Employee Benefits	$ 64,208
Annual Leave Buyback	$ 2,750
Repairs & Maintenance	1,700
Regulatory Assessment	32,000
Laboratory Supplies	18,684
Subtotal:	**$ 223,700**

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

Docket No 4355

	Rate Year Approved in Docket 4243
Transmission & Distribution	
Salaries & Wages	$ 418,161
Overtime	$ 52,364
Temp Salaries	$ 10,000
Injury Pay	$ -
Employee Benefits	$ 251,514
Annual Leave Buyback	$ 10,943
Conferences & Training	4,000
Contract Services	12,430
Fire & Liability Insurance	18,748
Electricity	18,762
Heavy Equipment Rental	8,260
Gas/Vehicle Maintenance	110,305
Repairs & Maintenance	26,000
Main Maintenance	35,000
Hydrant Maintenance	35,000
Service Maintenance	30,000
Operating Supplies	10,000
Uniforms & protective Gear	1,761
Subtotal:	**$ 1,053,248**
Fire Protection	
Repair & Maintenance - Equipment	$ 13,500
Subtotal:	**$ 13,500**
Total O&M Costs	**$ 8,491,097**

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

Docket No 4355

	Rate Year Approved in Docket 4243
CAPITAL COSTS	
Contribution to Capital Spending Acct	$ 2,500,000
Existing Debt Service	
Revenue Bonds	$3,735,016
SRF Loans	$ -
New Debt Service	
Revenue Bonds	$ -
SRF Loans	$ -
Total Debt Service	3,735,016
	-
Total Capital Costs	**$ 6,235,016**
Contribution to Repayment to City Account	
Operating Revenue Allowance	$ 254,733
Total Costs before Offsets	**$ 14,980,846**
OFFSETS	
Nonrate Revenues	
Sundry charges	$ 104,000
WPC cost share on customer service	$ 296,856
Middletown cost share on customer service	$ 143,506
Rental of Property	$ 108,167
Water Penalty	$ 47,500
Miscellaneous	$ 8,600
Investment Interest Income	$ 3,900
Water Quality Protection Fees	$ 22,500
Total Nonrate Revenues	**$ 735,029**
Net Costs to Be Recovered through Rates	**$ 14,245,817**

Rate Year costs are those approved in Docket No 4243 with adj for Debt Service

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

	Docket 4243Current Rates	Revenue w/Current	(1) Cost of Service	Calculated Rates	Revenue w/ New	Change in Rev
Base Charge (per bill)						
Monthly						
5/8	$ 18 75	$ 24.750	$ 8 2667	**$ 8.27**	$10.912	($13.838)
3/4	$ 18 75	$ 14.400	8 3941	**8.39**	6.447	($7.953)
1	$ 18 75	$ 37.125	9 4959	**9.50**	18.802	($18.323)
1 5	$ 18 75	$ 40.050	12 3231	**12.32**	26.322	($13.728)
2	$ 18 75	$ 48.375	14 9965	**15.00**	38.691	($9.684)
3	$ 18 75	$ 11.250	29 4261	**29.43**	17.656	$6.406
4	$ 18 75	$ 2.700	33 2489	**33.25**	4.788	$2.088
5	$ 18 75	$ 225	38 3460	**38.35**	460	$235
6	$ 18 75	$ 4.500	42 1688	**42.17**	10.121	$5.621
8	$ 18 75	$ 225	52 3631	**52.36**	628	$403
10	$ 18 75	$ 225	70 8401	**70.84**	850	$625
Quarterly						
5/8	$ 18 75	$ 799.125	$ 12 4885	**$ 12.49**	532.260	($266.865)
3/4	$ 18 75	$ 181.050	12 8708	**12.87**	124.280	($56.770)
1	$ 18 75	$ 29.325	16 1762	**16.18**	25.300	($4.025)
1 5	$ 18 75	$ 13.950	24 6578	**24.66**	18.345	$4.395
2	$ 18 75	$ 4.425	32 6780	**32.68**	7.712	$3.287
3	$ 18 75	$ 1.275	75 9667	**75.97**	5.166	$3.891
4	$ 18 75	$ 225	87 4352	**87.44**	1.049	$824
5	$ 18 75	$ -	102 7266	**102.73**	0	$0
6	$ 18 75	$ 300	114 1951	**114.20**	1.827	$1.527
8	$ 18 75	$ -	144 7777	**144.78**	0	$0
10	$ 18 75	$ -	200 2088	**200.21**	0	$0
		$ 1.213.500			$ 851.616	$ (361.884)
Volume Charge (per 1,000 gallons)						
Retail						
Residential	$ 6 43	$ 4.049.421	$ 8 2645	**$ 8.26**	5.204.713	$1.155.292
Commercial	$ 6 43	$ 3.134.342	$ 9 2218	**$ 9.22**	4.495.234	$1.360.891
		$ 7.183.763			9.699.947	$ 2.516.183
Wholesale						
Navy	$ 3 9540	$ 712.883	$ 5 2832	**$5.2832**	952.536	$239.652
Portsmouth Water & Fire District	**$ 3.152**	**$ 1,271,302**	**$4.158**	**$4.1578**	**1,676,967**	**$405,666**
		$ 1.984.185			$ 2.629.503	$ 645.318
Fire Protection						
Public (per hydrant)	$ 1.065 00	$ 1.103.340	$ 730 52	**$ 730.52**	$ 756.816	($346.524)
Private (by Connection Size) (2)						
Connection Size / Existing Charge Differential						
<2	$21 00		$ 24 74	**$ 24.74**		$0
2 / 6 19	$88 00	$ 352	$ 103 69	**$ 103.69**	415	$63
4 / 38 32	$541 00	$ 33.001	$ 338 72	**$ 338.72**	20.662	($12.339)
6 / 111 31	$1.083 00	$ 265.335	$ 760 67	**$ 760.67**	186.365	($78.970)
8 / 237 21	$2.478 00	$ 153.636	$ 1.488 47	**$ 1,488.47**	92.285	($61.351)
10 / 426 58	$4.091 00	$ -	$ 2.583 22	**$ 2,583.22**	-	$0
12 / 689 04	$6.568 00	$ 13.136	$ 4.100 50	**$ 4,100.50**	8.201	($4.935)
		$ 465.460			$ 307.927	$ (157.533)
Total Projected Rate Revenues		**$ 11,950,248**			**$ 14,245,809**	**$ 2,295,561**

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

Customer Class		All Meter	Proposed 5/8 Inch Meter			Proposed 3/4 Inch Meter			Proposed 1 Inch Meter			Proposed 1.5 Inch Meter			Proposed 2 Inch Meter			Proposed 3 Inch Meter		
	Monthly Consumption (gallons)	Bill at Current Rates	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change
Residential (Monthly)																				
	1,000	$25 18	$16 53	-$8 65	-34 3%	$16 66	-$8 52	-33 8%	$17 76	-$7 42	-29 5%	$20 59	-$4 59	-18 2%	$23 26	-$1 92	-7 6%	$37 69	$12 51	49 7%
	2,000	$31 61	$24 80	-$6 81	-21 6%	$24 92	-$6 69	-21 2%	$26 02	-$5 59	-17 7%	$28 85	-$2 76	-8 7%	$31 53	-$0 08	-0 3%	$45 96	$14 35	45 4%
	4,000	$44 47	$41 32	-$3 15	-7 1%	$41 45	-$3 02	-6 8%	$42 55	-$1 92	-4 3%	$45 38	$0 91	2 0%	$48 05	$3 58	8 1%	$62 48	$18 01	40.5%
Avg Monthly Bill	5,000	$50 90	$49 59	-$1 31	-2 6%	$49 72	-$1 18	-2 3%	$50 82	-$0 08	-0 2%	$53 65	$2 75	5 4%	$56 32	$5 42	10 6%	$70 75	$19 85	39 0%
	7,500	$66 98	$70 25	$3 28	4 9%	$70 38	$3 40	5 1%	$71 48	$4 50	6 7%	$74 31	$7 33	10 9%	$76 98	$10 01	14 9%	$91 41	$24 43	36 5%
	10,000	$83 05	$90 91	$7 86	9 5%	$91 04	$7 99	9 6%	$92 14	$9 09	10 9%	$94 97	$11 92	14 4%	$97 64	$14 59	17 6%	$112 07	$29 02	34 9%
	15,000	$115 20	$132 23	$17 03	14 8%	$132 36	$17 16	14 9%	$133 46	$18 26	15 9%	$136 29	$21 09	18 3%	$138 96	$23 76	20 6%	$153 39	$38 19	33 2%
	20,000	$147 35	$173 56	$26 21	17 8%	$173 68	$26 33	17 9%	$174 79	$27 44	18 6%	$177 61	$30 26	20 5%	$180 29	$32 94	22 4%	$194 72	$47 37	32 1%
	25,000	$179 50	$214 88	$35 38	19 7%	$215 01	$35 51	19 8%	$216 11	$36 61	20 4%	$218 93	$39 43	22 0%	$221 61	$42.11	23 5%	$236 04	$56 54	31 5%
	30,000	$211 65	$256 20	$44 55	21 0%	$256 33	$44 68	21 1%	$257 43	$45 78	21 6%	$260 26	$48 61	23 0%	$262 93	$51 28	24 2%	$277 36	$65 71	31 0%
Residential(Quarterly)																				
	4,000	$44 47	$45 55	$1 08	2 4%	$45 93	$1 46	3 3%	$49 23	$4 76	10 7%	$57 72	$13 25	29 8%	$65 74	$21 27	47 8%	$109 02	$64 55	145 2%
	8,000	$70 19	$78 60	$8 41	12 0%	$78 99	$8 80	12 5%	$82 29	$12 10	17 2%	$90 77	$20 58	29 3%	$98 79	$28 60	40 8%	$142 08	$71 89	102 4%
Avg Quarterly Bill	15,000	$115 20	$136 46	$21 26	18 5%	$136 84	$21 64	18 8%	$140 14	$24 94	21 7%	$148 62	$33 42	29 0%	$156 65	$41 45	36 0%	$199 93	$84 73	73 6%
	20,000	$147 35	$177 78	$30 43	20 7%	$178 16	$30 81	20 9%	$181 47	$34 12	23 2%	$189 95	$42 60	28 9%	$197 97	$50 62	34 4%	$241 26	$93.91	63 7%
	30,000	$211 65	$260 42	$48 77	23 0%	$260 80	$49 15	23 2%	$264 11	$52 46	24 8%	$272 59	$60 94	28 8%	$280 61	$68 96	32 6%	$323 90	$112 25	53 0%
	40,000	$275 95	$343 07	$67 12	24 3%	$343 45	$67 50	24 5%	$346 75	$70 80	25 7%	$355 24	$79 29	28 7%	$363 26	$87 31	31 6%	$406 55	$130 60	47 3%
	60,000	$404 55	$508 36	$103 81	25 7%	$508 74	$104 19	25 8%	$512 04	$107 49	26 6%	$520 53	$115 98	28 7%	$528 55	$124 00	30 7%	$571 83	$167 28	41 4%
	80,000	$533 15	$673 65	$140 50	26 4%	$674 03	$140 88	26 4%	$677 33	$144 18	27 0%	$685 82	$152 67	28 6%	$693 84	$160 69	30 1%	$737.12	$203 97	38 3%
	100,000	$661 75	$838 94	$177 19	26 8%	$839 32	$177 57	26 8%	$842 62	$180 87	27 3%	$851 10	$189 35	28 6%	$859 12	$197 37	29 8%	$902 41	$240 66	36 4%
	120,000	$790 35	$1,004 22	$213 87	27 1%	$1,004 61	$214 26	27 1%	$1,007 91	$217 56	27 5%	$1,016 39	$226 04	28 6%	$1,024 41	$234.06	29 6%	$1,067 70	$277 35	35 1%

Customer Class		All Meter	Proposed 5/8 Inch Meter			Proposed 3/4 Inch Meter			Proposed 1 Inch Meter			Proposed 1.5 Inch Meter			Proposed 2 Inch Meter			Proposed 3 Inch Meter		
	Monthly Consumption (gallons)	Bill at Current Rates	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change
Commercial (Monthly)																				
	2,000	$31 61	$26 71	-$4 90	-15 5%	$26 84	-$4 77	-15.1%	$27 94	-$3 67	-11 6%	$30 77	-$0 84	-2 7%	$33 44	$1 83	5 8%	$47 87	$16 26	51.4%
	5,000	$50 90	$54 38	$3 48	6 8%	$54 50	$3 60	7 1%	$55 61	$4 71	9 2%	$58 43	$7 53	14 8%	$61 11	$10 21	20 1%	$75 54	$24 64	48 4%
Avg Monthly Bill	15,000	$115 20	$146 59	$31 39	27 3%	$146 72	$31 52	27 4%	$147 82	$32 62	28 3%	$150 65	$35 45	30 8%	$153 32	$38 12	33 1%	$167 75	$52 55	45 6%
	20,000	$147 35	$192 70	$45 35	30 8%	$192 83	$45 48	30 9%	$193 93	$46 58	31 6%	$196 76	$49 41	33 5%	$199 43	$52 08	35 3%	$213 86	$66 51	45 1%
	30,000	$211 65	$284 92	$73 27	34 6%	$285 05	$73 40	34 7%	$286 15	$74 50	35 2%	$288 98	$77 33	36 5%	$291 65	$80 00	37 8%	$306 08	$94 43	44 6%
	40,000	$275 95	$377 14	$101 19	36 7%	$377 27	$101 32	36 7%	$378 37	$102 42	37 1%	$381 20	$105 25	38 1%	$383 87	$107 92	39 1%	$398 30	$122.35	44 3%
	50,000	$340 25	$469 36	$129 11	37 9%	$469 49	$129 24	38 0%	$470 59	$130 34	38 3%	$473 41	$133 16	39 1%	$476 09	$135 84	39 9%	$490 52	$150 27	44 2%
	75,000	$501 00	$699 90	$198 90	39 7%	$700 03	$199 03	39 7%	$701 13	$200 13	39 9%	$703 96	$202 96	40 5%	$706 63	$205 63	41 0%	$721.06	$220 06	43 9%
	100,000	$661 75	$930 45	$268 70	40 6%	$930 58	$268 83	40 6%	$931 68	$269 93	40 8%	$934 51	$272 76	41 2%	$937 18	$275 43	41 6%	$951 61	$289 86	43 8%

Customer Class		All Meter	Proposed 5/8 Inch Meter			Proposed 3/4 Inch Meter			Proposed 1 Inch Meter			Proposed 1.5 Inch Meter			Proposed 2 Inch Meter			Proposed 3 Inch Meter		
	Monthly Consumption (gallons)	Bill at Current Rates	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change	Bill at Proposed Rates	Dollar Change	Percent Change
Commercial with 6" Fire Connection(Monthly Account)																				
Base Charge and Commodity Charges	180,000	$1,382 40	$1,759 13	$376 73	27 3%	$1,760 66	$378 26	27 4%	$1,773 88	$391 48	28 3%	$1,807 81	$425 41	30 8%	$1,839 89	$457 49	33 1%	$2,013 04	$630 64	45 6%
Fire Protection Charge		$1,083 00	$760 67	-$322 33	-29 8%	$760 67	-$322 33	-29 8%	$760 67	-$322 33	-29 8%	$760 67	-$322 33	-29 8%	$760 67	######	-29 8%	$760 67	######	-29 8%
Total Annual Charges		$2,465 40	$2,519 80	$54 40	2 2%	$2,521 33	$55 93	2 3%	$2,534 55	$69 15	2 8%	$2,568 48	$103 08	4 2%	$2,600 56	$135 16	5 5%	$2,773 72	$308 32	12 5%

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

Customer Class	Monthly Consumption (gallons)	Bill at Current Rates	Proposed		
			Bill at Proposed Rates	Dollar Change	Percent Change
Portsmouth (Monthly)					
	10,000,000	$31,539	$41,611	$10,072	31 9%
	20,000,000	$63,059	$83,189	$20,130	31 9%
Avg Monthly Bill	38,000,000	$119,795	$158,029	$38,234	31 9%
	40,000,000	$126,099	$166,345	$40,246	31 9%
	75,000,000	$236,419	$311,867	$75,448	31 9%
	100,000,000	$315,219	$415,812	$100,593	31 9%
	150,000,000	$472,819	$623,701	$150,882	31 9%
Navy (Monthly)					
	10,000,000	$39,559	$53,249	$13,690	34 6%
Avg Monthly Bill (All Meters)	20,000,000	$79,099	$106,081	$26,982	34 1%
	38,000,000	$150,252	$201,179	$50,927	33 9%
	50,000,000	$197,719	$264,578	$66,859	33 8%
	75,000,000	$296,569	$396,659	$100,090	33 7%
	100,000,000	$395,419	$528,739	$133,321	33 7%

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

	Rate Year Revenue	
	Existing Rates	Proposed Rates
REVENUES		
Water Rates		
Base Charge (Billing Charge)	$ 1,213,500	$ 851,616
Volume Charge		
Residential	4,049,421	5,204,713
Commercial	3,134,342	4,495,234
Navy	712,883	952,536
Portsmouth Water & Fire District	1,271,302	1,676,967
Fire Protection		
Public	1,103,340	756,816
Private	465,460	307,927
Total Rate Revenues	$ 11,950,248	$ 14,245,809
Other Operating Revenues		
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
Total Operating Revenues	**$ 12,602,777**	**$ 14,898,338**
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
Total Non Operating Revenues	$ 82,500	$ 82,500
Total Revenues	**$ 12,685,277**	**$ 14,980,838**
COSTS		
Departmental O&M	$ (8,491,097)	(8,491,097)
Capital Costs		
Contribution to Capital Spending Acct	(2,500,000)	(2,500,000)
Existing Debt Service	(3,735,016)	(3,735,016)
New Debt Service	-	-
Total Capital Costs	$ (6,235,016)	**(6,235,016)**
Operating Revenue Allowance	(254,733)	(254,733)
Total Costs	**$ (14,980,846)**	**$ (14,980,846)**
Revenue Surplus (Deficit)	**$ (2,295,568)**	**$ (8)**

	Docket 4025 Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Operation & Maintenance Costs										
Administration										
Salaries, Wages, & Benefits										
Salaries & Wages	$ 273,889	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
AFSCME retro	$ -	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
NEA retro	$ -	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
AFSCME benefits on retro pay	$ -	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
NEA benefits on retro pay	$ -	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Standby Salaries	$ 12,500	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Accrued Benefits Buyout	$ 175,000	O&M Labor	59%	25%	4%	6%	5%	2%	0%	**100%**
Employee Benefits	$ 128,202	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Retiree Insurance Coverage	$ 514,000	O&M Labor	59%	25%	4%	6%	5%	2%	0%	**100%**
Workers Compensation	$ 85,000	O&M Labor	59%	25%	4%	6%	5%	2%	0%	**100%**
Annual Leave Buyback	$ 2,400	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Subtotal	1,190,991									

	Docket 4025 Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
All Other Administrative Costs										
Advertisement	9,000	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Membership Dues & Subscriptions	2,500	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Conferences & Training	4,000	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Tuition Reimbursement	2,000	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Consultant Fees	233,033	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Postage	1,000	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Fire & Liability Insurance	76,468	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Telephone & Communication	5,500	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Water	1,942	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Electricity	5,805	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Natural Gas	7,252	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Property Taxes	226,774	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Legal & Administrative	-									
Audit Fees	5,389	Total Non-Admin Costs Before Offsets	66%	21%	4%	3%	4%	2%	1%	**100%**
OPEB Contribution	-	Total Non-Admin Costs Before Offsets	66%	21%	4%	3%	4%	2%	1%	**100%**
City Counsel	4,529	Total Non-Admin Costs Before Offsets	66%	21%	4%	3%	4%	2%	1%	**100%**
Citizens Survey	-	Total Non-Admin Costs Before Offsets	66%	21%	4%	3%	4%	2%	1%	**100%**
City Clerk	3,285	Total Non-Admin Costs Before Offsets	66%	21%	4%	3%	4%	2%	1%	**100%**
City Manager	56,725	Total Non-Admin Costs Before Offsets	66%	21%	4%	3%	4%	2%	1%	**100%**
Human Resources	31,357	Non-Administrative Wages & Salaries	59%	25%	4%	6%	5%	2%	0%	**100%**
City Solicitor	19,616	Total Non-Admin Costs Before Offsets	66%	21%	4%	3%	4%	2%	1%	**100%**
Finance Adimistrative 80%	20,294	Total Non-Admin Costs Before Offsets	66%	21%	4%	3%	4%	2%	1%	**100%**
Finance Adimistrative 5%	7,108	Total Non-Admin Costs Before Offsets	66%	21%	4%	3%	4%	2%	1%	**100%**
Purchasing	17,222	Total Non-Admin Costs Before Offsets	66%	21%	4%	3%	4%	2%	1%	**100%**
Assessment	5,828	Capital Costs	62%	26%	5%	2%	3%	2%	0%	**100%**
Collections	49,176	100% Billing	0%	0%	0%	0%	100%	0%	0%	**100%**
Accounting 5%	10,016	Total Non-Admin Costs Before Offsets	66%	21%	4%	3%	4%	2%	1%	**100%**
Accounting	66,675	Non-Administrative Wages & Salaries	59%	25%	4%	6%	5%	2%	0%	**100%**
Public Safety	-	Total Non-Admin Costs Before Offsets	66%	21%	4%	3%	4%	2%	1%	**100%**
Facilities Maintenance	12,438	Total Non-Admin Costs Before Offsets	66%	21%	4%	3%	4%	2%	1%	**100%**
Data Processing	143,888	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Mileage Allowance	2,000	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Gasoline & Vehicle Allowance	7,508	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Repairs & Maintenance	1,200	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Regulatory Expense	10,000	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Regulatory Assessment	48,096	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Office Supplies	20,000	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Self Insurance	10,000	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Unemployment Claims	12,000	Non-Administrative O&M costs	64%	20%	3%	5%	5%	2%	1%	**100%**
Subtotal	1,139,623									

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

Docket No. 4355

	Docket 4025 Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Customer Service										
Salaries & Wages	281,735	CW B-4, 'Allocation Analyses.	0%	0%	0%	46%	41%	13%	0%	**100%**
Benefits	168,793	CW B-4, 'Allocation Analyses.	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	CW B-4, 'Allocation Analyses.	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%**
Subtotal	**613,500**									
Source of Supply - Island										
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%**
Subtotal	**$ 643,800**									
Source of Supply - Mainland										
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%**
Subtotal	**$ 167,925**									

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

Docket No. 4355

	Docket 4025 Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Station One (Excludes pumping and chemicals)										
Salaries & Wages	$ 446,983	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Overtime	$ 60,021	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Holiday Pay	$ 17,045	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Employee Benefits	$ 278,523	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Annual Leave Buyback	$ 5,000	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Conferences & Training	$ 4,500	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Fire & Liability Insurance	$ 12,687	Maximum Day Demand Patterns	60%	40%	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	60%	40%	0%	0%	0%	0%	0%	**100%**
Rental of Equipment	$ 600	Maximum Day Demand Patterns	60%	40%	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	60%	40%	0%	0%	0%	0%	0%	**100%**
Repairs & Maintenance	$ 25,000	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Operating Supplies	$ 25,210	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Uniforms & protective Gear	$ 1,062	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Station One Pumping	$ 22,428	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Station One Chemicals	$ 354,210	100% Base	100%	0%	0%	0%	0%	0%	0%	**100%**
Subtotal	$ 1,830,796									
Lawton Valley (Excludes pumping and chemicals)										
Salaries & Wages	$459,704	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Overtime	$37,657	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Holiday Pay	$16,760	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Employee Benefits	$287,143	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Annual Leave Buyback	$3,966	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Conferences & Training	$3,000	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Fire & Liability Insurance	$18,614	Maximum Day Demand Patterns	60%	40%	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	60%	40%	0%	0%	0%	0%	0%	**100%**
Rental of Equipment	$500	Maximum Day Demand Patterns	60%	40%	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	60%	40%	0%	0%	0%	0%	0%	**100%**
Repairs & Maintenance	$34,048	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Operating Supplies	$18,475	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Uniforms & protective Gear	$1,542	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Lawton Valley Pumping	$31,646	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Lawton Valley Chemicals	$169,977	100% Base	100%	0%	0%	0%	0%	0%	0%	**100%**
Subtotal	1,614,014									

Newport Water Division
Cost Of Service Analysis
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Base Extra Capacity Cost Allocations

Docket No. 4355

	Docket 4025 Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Laboratory										
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	**$ 223,700**									
Transmission and Distribution										
Salaries & Wages	$ 418,161	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Overtime	$ 52,364	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Temp Salaries	$ 10,000	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Injury Pay	$ -	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Employee Benefits	$ 251,514	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Annual Leave Buyback	$ 10,943	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Conferences & Training	$ 4,000	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Contract Services	$ 12,430	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Fire & Liability Insurance	$ 18,748	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Electricity	$ 18,762	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Heavy Equipment Rental	$ 8,260	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Gas/Vehicle Maintenance	$ 110,305	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Repairs & Maintenance	$ 26,000	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Main Maintenance	$ 35,000	Maximum Hour Demand Patterns	50%	33%	18%	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	50%	33%	18%	0%	0%	0%	0%	**100%**
Uniforms & protective Gear	$ 1,761	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Subtotal	**$ 1,053,248**									
Fire Protection	13,500	100% Fire	0%	0%	0%	0%	0%	0%	100%	**100%**
Total O&M Costs	**8,491,097**									

Newport Water Division
Cost Of Service Analysis
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Base Extra Capacity Cost Allocations

Docket No. 4355

	Docket 4025 Rate Year	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
CAPITAL COSTS	**Docket 4025 Rate Year**	Allocation Notes	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total % Allocated
Water Supply	1,329,944	100% Base	100%	0%	0%	0%	0%	0%	0%	**100%**
Treatment Station 1	1,533,264	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Treatment Lawton Valley	484,585	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
Treatment Both Plants	623,825	Maximum Day Demand Patterns	60%	40%	0%	0%	0%	0%	0%	**100%**
T&D Pumping	61,785	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
T&D	1,765,394	Maximum Hour Demand Patterns	50%	33%	18%	0%	0%	0%	0%	**100%**
Fire	31,018	100% Fire	0%	0%	0%	0%	0%	0%	100%	**100%**
Meters	103,793	100% Meters	0%	0%	0%	100%	0%	0%	0%	**100%**
Services	103,793	100 % Services	0%	0%	0%	0%	0%	100%	0%	**100%**
Billing	197,617	100% Billing	0%	0%	0%	0%	100%	0%	0%	**100%**
Total Capital Costs	**6,235,016**									
Revenue Allowance	254,733	100% base	100%							**100%**
Total Costs before Offsets	**14,980,846**									
OFFSETS										
Nonrate Revenues										
Sundry charges	104,000	Non Admin less electricity & chemicals	64%	20%	3%	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	64%	20%	3%	5%	5%	2%	1%	**100%**
Water Penalty	47,500	Non Admin less electricity & chemicals	64%	20%	3%	5%	5%	2%	1%	**100%**
Miscellaneous	8,600	Non Admin less electricity & chemicals	64%	20%	3%	5%	5%	2%	1%	**100%**
Investment Interest Income	3,900	Non Admin less electricity & chemicals	64%	20%	3%	5%	5%	2%	1%	**100%**
Water Quality Protection Fees	22,500	100% Base	100%	0%	0%	0%	0%	0%	0%	**100%**
Total Nonrate Revenues	**735,029**									
Net Costs To Recover Through Rates	**$ 14,245,817**									

Newport Water Division
Cost Of Service Analysis
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Base Extra Capacity Cost Allocations

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	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
Operation & Maintenance Costs								
Administration								
Salaries, Wages, & Benefits								
Salaries & Wages	175,537	53,981	9,280	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	8,011	2,464	424	640	634	216	112	12,500
Accrued Benefits Buyout	103,052	43,446	6,601	9,839	9,014	2,869	178	175,000
Employee Benefits	82,166	25,268	4,344	6,565	6,498	2,211	1,151	128,202
Retiree Insurance Coverage	302,679	127,607	19,389	28,900	26,474	8,427	523	514,000
Workers Compensation	50,054	21,102	3,206	4,779	4,378	1,394	87	85,000
Annual Leave Buyback	1,538	473	81	123	122	41	22	2,400
Subtotal	723,038	274,341	43,326	64,871	61,000	19,883	4,532	1,190,991

Newport Water Division
Cost Of Service Analysis
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Base Extra Capacity Cost Allocations

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	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
All Other Administrative Costs								
Advertisement	5,768	1,774	305	461	456	155	81	9,000
Membership Dues & Subscriptions	1,602	493	85	128	127	43	22	2,500
Conferences & Training	2,564	788	136	205	203	69	36	4,000
Tuition Reimbursement	1,282	394	68	102	101	34	18	2,000
Consultant Fees	149,353	45,929	7,896	11,933	11,811	4,020	2,092	233,033
Postage	641	197	34	51	51	17	9	1,000
Fire & Liability Insurance	49,009	15,071	2,591	3,916	3,876	1,319	687	76,468
Telephone & Communication	3,525	1,084	186	282	279	95	49	5,500
Water	1,244	383	66	99	98	33	17	1,942
Electricity	3,721	1,144	197	297	294	100	52	5,805
Natural Gas	4,648	1,429	246	371	368	125	65	7,252
Property Taxes	145,341	44,695	7,684	11,612	11,493	3,912	2,036	226,774
Legal & Administrative								
Audit Fees	3,540	1,154	215	162	201	84	34	5,389
OPEB Contribution	-	-	-	-	-	-	-	-
City Counsel	2,975	969	180	136	169	71	28	4,529
Citizens Survey	-	-	-	-	-	-	-	-
City Clerk	2,158	703	131	99	122	51	21	3,285
City Manager	37,264	12,143	2,259	1,706	2,114	883	357	56,725
Human Resources	18,465	7,785	1,183	1,763	1,615	514	32	31,357
City Solicitor	12,886	4,199	781	590	731	305	123	19,616
Finance Adimistrative 80%	13,332	4,344	808	610	756	316	128	20,294
Finance Adimistrative 5%	4,669	1,521	283	214	265	111	45	7,108
Purchasing	11,314	3,687	686	518	642	268	108	17,222
Assessment	3,585	1,536	300	97	185	97	29	5,828
Collections	-	-	-	-	49,176	-	-	49,176
Accounting 5%	6,580	2,144	399	301	373	156	63	10,016
Accounting	39,263	16,553	2,515	3,749	3,434	1,093	68	66,675
Public Safety	-	-	-	-	-	-	-	-
Facilities Maintenance	8,171	2,662	495	374	463	194	78	12,438
Data Processing	92,219	28,359	4,875	7,368	7,293	2,482	1,292	143,888
Mileage Allowance	1,282	394	68	102	101	34	18	2,000
Gasoline & Vehicle Allowance	4,812	1,480	254	384	381	130	67	7,508
Repairs & Maintenance	769	237	41	61	61	21	11	1,200
Regulatory Expense	6,409	1,971	339	512	507	172	90	10,000
Regulatory Assessment	30,825	9,479	1,630	2,463	2,438	830	432	48,096
Office Supplies	12,818	3,942	678	1,024	1,014	345	180	20,000
Self Insurance	6,409	1,971	339	512	507	172	90	10,000
Unemployment Claims	7,691	2,365	407	614	608	207	108	12,000
Subtotal	696,131	222,980	38,357	52,818	102,311	18,460	8,566	1,139,623

Newport Water Division
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Base Extra Capacity Cost Allocations

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	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
Customer Service								
Salaries & Wages	-	-	-	128,413	116,547	36,776	-	281,735
Benefits	-	-	-	76,935	69,826	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
Subtotal								
Source of Supply - Island								
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
Subtotal								
Source of Supply - Mainland								
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
Subtotal								

Newport Water Division
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Base Extra Capacity Cost Allocations

	Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
Station One (Excludes pumping and chemicals)								
Salaries & Wages	269,894	177,089	-	-	-	-	-	446,983
Overtime	36,241	23,780	-	-	-	-	-	60,021
Holiday Pay	10,292	6,753	-	-	-	-	-	17,045
Employee Benefits	168,176	110,347	-	-	-	-	-	278,523
Annual Leave Buyback	3,019	1,981	-	-	-	-	-	5,000
Conferences & Training	2,717	1,783	-	-	-	-	-	4,500
Fire & Liability Insurance	7,661	5,026	-	-	-	-	-	12,687
Electricity	252,674	-	-	-	-	-	-	252,674
Natural Gas	14,642	9,608	-	-	-	-	-	24,250
Rental of Equipment	362	238	-	-	-	-	-	600
Sewer Charge	293,020	-	-	-	-	-	-	293,020
Gas/Vehicle Maintenance	4,579	3,004	-	-	-	-	-	7,583
Repairs & Maintenance	15,095	9,905	-	-	-	-	-	25,000
Operating Supplies	15,222	9,988	-	-	-	-	-	25,210
Uniforms & protective Gear	641	421	-	-	-	-	-	1,062
Station One Pumping	11,165	7,326	3,938	-	-	-	-	22,428
Station One Chemicals	354,210	-	-	-	-	-	-	354,210
Subtotal								
Lawton Valley (Excludes pumping and chemicals)								
Salaries & Wages	277,575	182,129	-	-	-	-	-	459,704
Overtime	22,738	14,919	-	-	-	-	-	37,657
Holiday Pay	10,120	6,640	-	-	-	-	-	16,760
Employee Benefits	173,381	113,762	-	-	-	-	-	287,143
Annual Leave Buyback	2,395	1,571	-	-	-	-	-	3,966
Conferences & Training	1,811	1,189	-	-	-	-	-	3,000
Fire & Liability Insurance	11,239	7,375	-	-	-	-	-	18,614
Electricity	132,551	-	-	-	-	-	-	132,551
Natural Gas	18,059	11,850	-	-	-	-	-	29,909
Rental of Equipment	302	198	-	-	-	-	-	500
Sewer Charge	360,640	-	-	-	-	-	-	360,640
Gas/Vehicle Maintenance	4,759	3,123	-	-	-	-	-	7,882
Repairs & Maintenance	20,559	13,489	-	-	-	-	-	34,048
Operating Supplies	11,155	7,320	-	-	-	-	-	18,475
Uniforms & protective Gear	931	611	-	-	-	-	-	1,542
Lawton Valley Pumping	15,753	10,336	5,556	-	-	-	-	31,646
Lawton Valley Chemicals	169,977	-	-	-	-	-	-	169,977
Subtotal								

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		Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
Laboratory									
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									
Transmission and Distribution									
Salaries & Wages		208,159	136,581	73,420	-	-	-	-	418,161
Overtime		26,067	17,103	9,194	-	-	-	-	52,364
Temp Salaries		4,978	3,266	1,756	-	-	-	-	10,000
Injury Pay		-	-	-	-	-	-	-	-
Employee Benefits		125,203	82,151	44,161	-	-	-	-	251,514
Annual Leave Buyback		5,447	3,574	1,921	-	-	-	-	10,943
Conferences & Training		1,991	1,306	702	-	-	-	-	4,000
Contract Services		6,188	4,060	2,182	-	-	-	-	12,430
Fire & Liability Insurance		9,333	6,124	3,292	-	-	-	-	18,748
Electricity		9,340	6,128	3,294	-	-	-	-	18,762
Heavy Equipment Rental		4,112	2,698	1,450	-	-	-	-	8,260
Gas/Vehicle Maintenance		54,909	36,028	19,367	-	-	-	-	110,305
Repairs & Maintenance		12,943	8,492	4,565	-	-	-	-	26,000
Main Maintenance		17,423	11,432	6,145	-	-	-	-	35,000
Hydrant Maintenance			-	-	-	-	-	35,000	35,000
Service Maintenance		-	-	-	-	-	30,000	-	30,000
Operating Supplies		4,978	3,266	1,756	-	-	-	-	10,000
Uniforms & protective Gear		877	575	309	-	-	-	-	1,761
Subtotal									
Fire Protection		-	-	-	-	-	-	13,500	13,500
Total O&M Costs	Non-Administrative O&M	**4,220,928**	**1,064,544**	**183,010**	**276,580**	**273,749**	**93,171**	**48,500**	**6,160,483**

Newport Water Division
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		Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
CAPITAL COSTS		Base	Max Day	Max Hour	Metering	Billing	Services	Fire	Total $ Allocated
Water Supply		1,329,944	-	-	-	-	-	-	1,329,944
Treatment Station 1		925,805	607,459	-	-	-	-	-	1,533,264
Treatment Lawton Valley		292,599	191,986	-	-	-	-	-	484,585
Treatment Both Plants		376,674	247,151	-	-	-	-	-	623,825
T&D Pumping		30,756	20,181	10,848	-	-	-	-	61,785
T&D		878,806	576,621	309,967	-	-	-	-	1,765,394
Fire		-	-	-	-	-	-	31,018	31,018
Meters		-	-	-	103,793	-	-	-	103,793
Services		-	-	-	-	-	103,793	-	103,793
Billing		-	-	-	-	197,617	-	-	197,617
Total Capital Costs		**3,834,583**	**1,643,398**	**320,815**	**103,793**	**197,617**	**103,793**	**31,018**	**6,235,016**
		62%	26%	5%	2%	3%	2%	0%	100%
Revenue Allowance		254,733	-	-	-	-		-	254,733
Total Costs before Offsets	Total Non-Admin Costs	**8,310,244**	**2,707,942**	**503,825**	**380,373**	**471,366**	**196,964**	**79,518**	**12,650,232**
		66%	21%	4%	3%	4%	2%	1%	100%
OFFSETS									
Nonrate Revenues									
Sundry charges		66,654	20,498	3,524	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		69,325	21,319	3,665	5,539	5,482	1,866	971	108,167
Water Penalty		30,443	9,362	1,609	2,432	2,407	819	427	47,500
Miscellaneous		5,512	1,695	291	440	436	148	77	8,600
Investment Interest Income		2,500	769	132	200	198	67	35	3,900
Water Quality Protection Fees		22,500	-	-	-	-	-	-	22,500
Total Nonrate Revenues		**196,934**	**53,642**	**9,222**	**234,118**	**233,975**	**4,695**	**2,444**	**735,029**
Net Costs To Recover Through Rates		**$ 8,113,311**	**$ 2,654,300**	**$ 494,604**	**$ 146,255**	**$ 237,391**	**$ 192,269**	**$ 77,074**	**$ 11,915,203**
	Non-Admin O&M Costs	$ 4,220,928	$ 1,064,544	$ 183,010	$ 276,580	$ 273,749	$ 93,171	$ 48,500	**$ 6,160,483**
	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	$ 3,461,709	$ 1,064,544	$ 183,010	$ 276,580	$ 273,749	$ 93,171	$ 48,500	$ 5,401,264
		64%	**20%**	**3%**	**5%**	**5%**	**2%**	**1%**	100%

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

ALLOCATION PERCENTAGES

Cost Category	Allocation Basis	Base Charge	Commodity Charges: Retail Residential	Retail Commercial & Governmental	Navy	Portsmouth	Fire	Total % Allocated
Base	*Average annual demand*		42%	32%	9%	17%	0%	100%
Base Excluding PWFD			50%	39%	11%	0%	0%	100%
Base Excluding PWFD & 50% Navy			53%	41%	6%	0%	0%	100%
Water Quality Protection Fees			56%	44%	0%	0%	0%	100%
Total Base to Class			44%	34%	8%	14%	0%	100%
Max Day	*Estimated customer peaking factors*		28%	33%	5%	14%	19%	100%
Base Excluding PWFD			33%	39%	6%	0%	22%	100%
Max Day Excluding PWFD & 50% Navy			34%	40%	3%	0%	23%	100%
Total Max Day to Class			30%	36%	5%	9%	20%	100%
Max Hour	*Estimated customer peaking factors*		17%	25%	3%	8%	47%	100%
Base Excluding PWFD			19%	27%	4%	0%	51%	100%
Max Hour Excluding PWFD & 50% Navy			19%	27%	2%	0%	52%	100%
Total Max Hour to Class			19%	27%	2%	0%	51%	100%
Metering	*Direct Assignment*	100%						100%
Billing	*Direct Assignment*	100%						100%
Services	*Direct Assignment*	100%						100%
Fire	*Direct Assignment*						100%	100%

ALLOCATION RESULTS

Cost Category	Docket 4025 Rate Year	Base Charge	Commodity Charges: Retail Residential	Retail Commercial	Navy	Portsmouth	Fire	Total $ Allocated
Base								
Base excluding T&D& WQPF & Pumping	6,881,819		2,858,815	2,212,787	607,748	1,202,468		6,881,819
Transmission & Distribution	1,370,751		729,001	564,263	77,488	-		1,370,751
Pumping	57,674		29,032	22,471	6,172	-		57,674
Water Quality Protection Fees	(22,500)		(12,683)	(9,817)	-	-		(22,500)
Revenue Offsets	(174,434)		(75,918)	(58,763)	(14,513)	(25,240)	-	(174,434)
Administrative Charges	1,419,169		617,661	478,084	118,074	205,350	-	1,419,169
Max Day								
Max Day Except T&D & Pumping	1,770,693		498,103	592,420	94,268	252,946	332,955	1,770,693
Transmission & Distribution	899,407		304,633	362,316	28,827	-	203,631	899,407
Pumping	37,843		12,419	14,771	2,350	-	8,302	37,843
Revenue Offsets	(53,642)		(16,147)	(19,205)	(2,485)	(5,011)	(10,794)	(53,642)
Administrative Charges	497,321		149,706	178,053	23,038	46,454	100,070	497,321
Max Hour								
Max Hr Except T&D & Pumping	-	-	-	-	-	-	-	-
Transmission & Distribution	483,483	-	92,433	132,535	9,342	-	249,173	483,483
Pumping	20,343	-	3,815	5,471	771	-	10,285	20,343
Revenue Offsets	(9,222)		(1,762)	(2,526)	(185)	-	(4,749)	(9,222)
Administrative Charges	81,684		15,604	22,374	1,640	-	42,065	81,684
Metering	380,373	380,373	-	-	-	-	-	380,373
Revenue Offsets	(234,118)	(234,118)						(234,118)
Administrative Charges	117,689	117,689						117,689
Services	196,964	196,964						196,964
Revenue Offsets	(4,695)	(4,695)						(4,695)
Administrative Charges	38,343	38,343						38,343
Billing	471,366	471,366	-	-	-	-	-	471,366
Revenue Offsets	(233,975)	(233,975)						(233,975)
Administrative Charges	163,311	163,311						163,311
Fire	79,518						79,518	79,518
Revenue Offsets	(2,444)						(2,444)	(2,444)
Administrative Charges	13,098						13,098	13,098
Total To Recover through Rates	$ 14,245,817	$ 895,257	$ 5,204,713	$ 4,495,234	$ 952,536	$ 1,676,967	$ 1,021,110	$ 14,245,817

COST OF SERVICE PER UNIT

	Metering (1) # of accounts x 12 months	(2) 1000's of gallons annually	(2) 1000's of gallons annually	(2) 1000's of gallons annually	(2) 1000's of gallons annually	(3) Equivalent Connections	Total
Description of Billing Units							
Percentage of Dollars Allocated	1.9%	36.5%	31.6%	6.7%	11.8%	6.5%	100.0%
Allocated Cost	$ 263,944	$ 5,204,713	$ 4,495,234	$ 952,536	$ 1,676,967	$ 930,938	$ 14,245,817
Divided by Number of Units	207,132	629,770	487,456	180,294	403,332	161,036	
Unit Cost of Service	**$1.2743** *per equiv per month*	**$8.26** *per 1000 gallons*	**$9.22** *per 1000 gallons*	**$5.28** *per 1000 gallons*	**$4.16** *per 1000 gallons*	**$5.78** *Equivalent connections*	

	Billing (1) No of bills per year	Services No of bills per year	Hydrants No of Hydrants
Description of Billing Units			
Percentage of Dollars Allocated	2.8%	1.6%	0.6%
Allocated Cost	$ 400,702	$ 230,611	$ 90,172
Divided by Number of Units	65,094	275,639	1,036
Unit Cost of Service	**$6.1557** *per bill*	**$0.8366** *per equiv*	**$87.0386** *per Hydrant*

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

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

Cost allocations will ensure that an apprpriate amount of labor and materials costs are allocated to service pipes and meters.

Allocation Basis	Used to allocate the following cost categories	Source Schedule	Base	Max Day	Max Hour	Metering	Billing	Services	Direct Fire Protection	**Total % Allocated**
Average Day Demand Patterns	*Supply, Laboratory*	N/A	100%							100%
Maximum Day Demand Patterns	*Treatment*	B-10	60%	40%	0%					100%
Maximum Hour Demand Patterns	*Pumping, Transmission/Distribution, Storage*	B-10	50%	33%	18%					100%
Fire Protection	*Public/Private Fire Protection Costs*	D-2							100%	100%
Salary Costs										
Administration	*Administration Salaries, Wages, & Benefits*	B-1	64%	20%	3%	5%	5%	2%	1%	100%
Customer Service	*Customer Service Salaries, Wages, & Benefits*	B-4	0%	0%	0%	46%	41%	13%	0%	100%
Non-Administrative Wages & Salaries	*Administrative Labor Related*	B-1	59%	25%	4%	6%	5%	2%	0%	100%
Capital Costs	*Certain Legal and Administrative*	B-1	62%	26%	5%	2%	3%	2%	0%	0%
Total Non-Admin Costs before Offsets	*Certain Legal and Administrative*	B-1	66%	21%	4%	3%	4%	2%	1%	100%
Other Costs	*Administration Non-Salary Costs*	B-1	64%	20%	3%	5%	5%	2%	1%	100%

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

	FY 2010 Salary	Allocation of Salary Costs: Base	Max Day	Max Hour	Metering	Billing	Services	Direct Fire Protection	Total Allocated
Administration 15-500-2200									
Salaries by Staff Position									
Director of Utilities	$ 63,851	64%	20%	3%	5%	5%	2%	1%	100%
Administrative Secretary	$ 27,753	64%	20%	3%	5%	5%	2%	1%	100%
Deputy Director - Finance	$ 58,372	64%	20%	3%	5%	5%	2%	1%	100%
Deputy Director - Engineering	$ 55,027	64%	20%	3%	5%	5%	2%	1%	100%
Financial Analyst	$ 68,886	64%	20%	3%	5%	5%	2%	1%	100%
Salary $ Allocation Results	$ 273,889	$ 175,537	$ 53,981	$ 9,280	$ 14,025	$ 13,881	$ 4,725	$ 2,459	**$ 273,889**
Resulting % Allocation of Administration Salaries, Wages, & Benefits		**64%**	**20%**	**3%**	**5%**	**5%**	**2%**	**1%**	**100%**
Customer Service 15-500-2209									
Salaries by Staff Position									
Meter Repairman/Reader	$ 36,757				50%	50%			100%
Meter Repairman/Reader	$ 38,996				50%	50%			100%
Principal Account Clerk	$ 35,687					100%			100%
Meter Repairman/Reader	46,483				100%				100%
Maintenance Mechanic	$ 45,889				33%	33%	34%		100%
SAE - Sr. Maintenance Mechanic	$ -				100%				100%
Water Meter Foreman	$ 52,523				33%	33%	34%		100%
Salary $ Allocation Results	$ 256,335				$ 116,835	$ 106,039	$ 33,460		**$ 256,335**
Resulting % Allocation of Customer Service Salaries, Wages, & Benefits		**0%**	**0%**	**0%**	**46%**	**41%**	**13%**	**0%**	**100%**

Newport Water Division
Cost Of Service Analysis
CW B-5
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	$ [illegible]					100%						100%
LAWTON VALLEY	[illegible]			100%								100%
STATION 1	[illegible]		100%									100%
TREATMENT BOTH	$ [illegible]				100%							100%
STORAGE	$ [illegible]					100%						100%
SOURCE OF SUPPLY	[illegible]	100%										100%
METERS/SERVICES	[illegible]								50%	50%		100%
T&D PUMPING	[illegible]						100%					100%
BILLING	$ [illegible]										100%	100%
FIRE	$ [illegible]							100%				100%
WORK IN PROGRESS	$ -											
Total												
	$ 91,486,122											
LABORATORY	$ 80,000	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
LAND AND ROW	$ 3,594,491	21%	25%	8%	10%	28%	1%	0%	2%	2%	3%	100%
	$ 3,674,491											
Total Fixed Assets	**$ 95,160,613**											

		Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	T&D Pump	Fire	Meters	Services	Billing	Total
TRANSMISSION/DISTRIBUTION	$ 24,864,792	$ -	$ -	$ -	$ -	$ 24,864,792		$ -	$ -	$ -	$ -	$ 24,864,792
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	$ 3,048,452	-	-	-	-	-		-	1,524,226	1,524,226	-	3,048,452
T&D PUMPING	$ 907,332						907,332					907,332
BILLING	$ 2,902,066	-	-	-	-	-		-	-	-	2,902,066	2,902,066
FIRE	$ 455,504	-	-	-	-	-		455,504	-	-	-	455,504
WORK IN PROGRESS	$ -											-
Total	$ 91,486,122	$ 19,453,649	$ 22,516,441	$ 7,116,282	$ 9,161,055	$ 25,925,340	$ 907,332	$ 455,504	$ 1,524,226	$ 1,524,226	$ 2,902,066	$ 91,486,122
		21 26%	24 61%	7 78%	10 01%	28 34%	0 99%	0 50%	1 67%	1 67%	3 17%	
LABORATORY	$ 80,000	80,000	-	-	-	-	-	-	-	-	-	80,000
LAND AND ROW	$ 3,594,491	764,334	884,671	279,599	359,938	1,018,607	35,649	17,897	59,887	59,887	114,022	3,594,491
	$ 3,674,491	$ 844,334	$ 884,671	$ 279,599	$ 359,938	$ 1,018,607	$ 35,649	$ 17,897	$ 59,887	$ 59,887	$ 114,022	$ 3,674,491
		23%	24%	8%	10%	28%	1%	0%	2%	2%	3%	
	Total Allocated	$ 20,297,983	$ 23,401,112	$ 7,395,881	$ 9,520,993	$ 26,943,947	$ 942,981	$ 473,400	$ 1,584,113	$ 1,584,113	$ 3,016,089	$ 95,160,613
		21 33%	24 59%	7 77%	10 01%	28 31%	0 99%	0 50%	1 66%	1 66%	3 17%	

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

Functionalization of Capital Costs

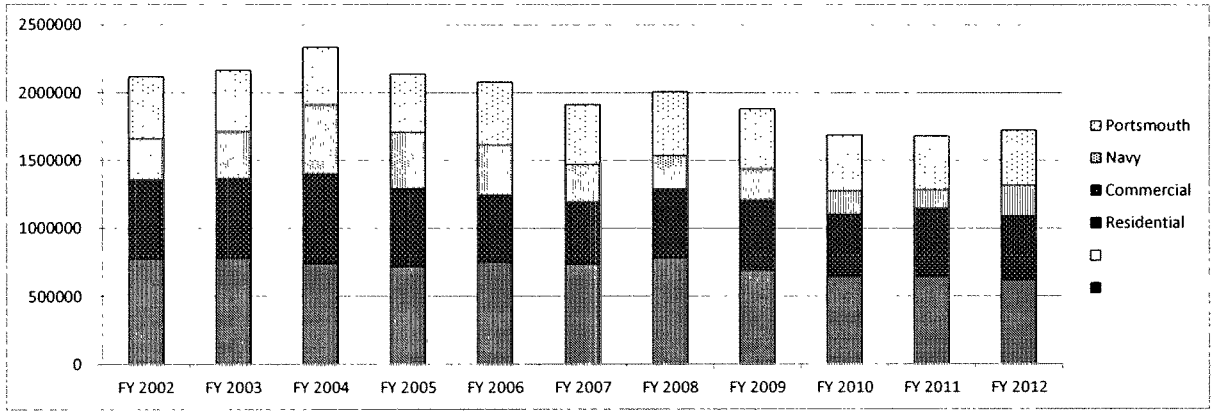
		Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	T&D Pumping	Fire	Meters	Services	Billing	
Capital Spending Restricted Account	$ 2,500,000	21%	25%	8%	10%	28%	1%	0%	2%	2%	3%	100%
Debt Service	$ 3,735,016	21%	25%	8%	10%	28%	1%	0%	2%	2%	3%	100%
	$ 6,235,016											

		Supply	Treatment Station 1	Treatment Lawton Valley	Treatment Both Plants	T&D	T&D Pumping	Fire	Meters	Services	Billing	Total
Capital Spending Restricted Account	$ 2,500,000	$ 533,256	$ 614,779	$ 194,300	$ 250,130	$ 707,855	$ 24,773	$ 12,437	$ 41,617	$ 41,617	$ 79,237	$ 2,500,000
Debt Service	$ 3,735,016	796,688	918,484	290,285	373,695	1,057,539	37,012	18,581	62,176	62,176	118,380	$ 3,735,016
	$ 6,235,016	$ 1,329,944	$ 1,533,264	$ 484,585	$ 623,825	$ 1,765,394	$ 61,785	$ 31,018	$ 103,793	$ 103,793	$ 197,617	$ 6,235,016

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

Docket No. 4355

	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	Avg 2011-2012	Docket 4025
Annual Demand by Class													
Residential	773,872	780,666	736,577	716,037	749,409	734,137	780,264	690,544	644,285	640,966	618,574	629,770	**630,132**
Commercial	580,798	583,184	663,766	573,711	493,539	456,486	505,014	519,521	457,376	502,475	472,437	487,456	**499,647**
Navy	307,051	348,222	511,299	417,869	373,306	278,441	247,728	225,392	173,790	137,731	222,858	180,294	**178,971**
Portsmouth	455,142	451,723	422,944	429,465	463,253	445,232	473,338	444,777	412,324	398,827	407,837	403,332	**428,519**
Total (in 1000's Gallons)	2,116,863	2,163,795	2,334,586	2,137,082	2,079,508	1,914,297	2,006,344	1,880,234	1,687,775	1,679,999	1,721,705	1,700,852	**1,737,269**
	-5.2%	*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

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Peaking Comparison: Production Peaks	Estimated	Diversity	
Annual Production	2,456,363	2,524,784	2,437,440	2,440,630	2,304,024	2,165,686	2,234,855			
Average Day Production	6,730	6,917	6,678	6,687	6,312	5,933	6,123			
Maximum Month Production	256,796	269,819	280,875	254,088	268,468	256,324	262,396			
Maximum Day Production	10,165	10,724	12,100	9,800	10,163	10,118	10,140			
Max Day Date	*6 28 2007*	*8 4 2007*	*7 18 2008*	*8 2 2010*	*7 23 2011*	*7 7 2012*				
Maximum Day Peaking Factor	1.51	1.55	1.81	1.47	1.61	1.71	**1.66**	**1.98**	1.23	between 1.1 and 1.4?
Max-Day to Avg. Day/Max-Month Ratio	1.19	1.23	1.34	1.20	1.17	1.22	**1.20**			
Maximum Hour	13,800	15,200	13,250	10,700	12,100	12,500	**12,300**			
Maximum Hour Peaking Factor	2.05	2.20	1.98	1.60	1.92	2.11	**2.01**	**2.77**	1.44	between 1.1 and 1.4?
				Coincident	Noncoincident					
				Excluding Fire Protection						

(1) Calculated according to AWWA M-1 Guidelines

Newport Water Division
Cost Of Service Analysis
CW B-8 Docket No. 4355
Billed Demand Peaking Analysis: Determination of Customer Class Peaking Factors

Estimation of Each Customer Class' Peaking Factors

Customer Class	Max Day Demand Factor From Daily Read Demand Study	Max Hour Demand 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		
Estimated Systemwide Peaks	1.98	2.77

Newport Water Division
Cost Of Service Analysis
CW B-9
Docket No. 4355
System Demands Imposed by Each Customer Class' Peaking Behavior

	Rate Year Demand (1,000 gallons)							
Customer Class	Annual Demand	Average Daily Demand	Lost Water Adjustment	Adjusted Average Daily Demand	% Average Demand by Class	% Average Demand Ex PWFD & 50% Navy	% Average Demand Ex PWFD	
Residential	629,770	1,725	*902*	2,627	**41.5%**	**53%**	**50%**	54%
Commercial	487,456	1,335	*698*	2,033	**32.2%**	**41%**	**39%**	42%
Navy	180,294	494	*65*	558	**8.8%**	**6%**	**11%**	4%
Portsmouth	403,332	1,105	-	1,105	**17.5%**	**0%**	**0%**	
Fire					**N/A**	**N/A**	**N/A**	
Total, w Fire Prot.	**1,700,852**	4,660	26%	**6,324**	**100%**	**100%**	**100%**	
			(1)					
Production	2,308,299	6,324	26 32%					

		Max Day Calculations				% of Daily Peaks			Max Hour Calculations			% of Hourly Peaks		
Customer Class		Max Day Peaking Factor	Demand x Peaking Factor (3)	Incremental Peak Demand	**% of Daily Peaks**	**With Full PWFD & Navy**	**Without PWFD & 50% Navy**	**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	4,781	2,154	**28.1%**	**28.1%**	**33.9%**	**32.8%**	2.43	6,384	1,603	**17.3%**	**19.1%**	**18.8%**
Commercial		2.26	4,596	2,562	**33.5%**	**33.5%**	**40.3%**	**39.0%**	3.39	6,893	2,298	**24.8%**	**27.4%**	**26.9%**
Navy		1.73	966	408	**5.3%**	**5.3%**	**3.2%**	**6.2%**	2.31	1,290	324	**3.5%**	**1.9%**	**3.8%**
Portsmouth		1.99	2,199	1,094	**14.3%**	**14.3%**	**0.0%**	**0.0%**	2.65	2,928	729	**7.9%**	**0.0%**	**0.0%**
Fire	(2)		1,440	1,440	**18.8%**	**18.8%**	**22.6%**	**21.9%**		5,760	4,320	**46.6%**	**51.5%**	**50.6%**
Total, w Fire Prot.			13,982	7,658	100.0%	100.0%	100.0%	100.0%		23,256	9,274	100.0%	100.0%	100.0%
Total, without Fire Protection			**12,542**	**6,218**					**17,496**	**4,954**				

(demand is in thousands of gallons)

(1) From CW D-4. The lost water adjustment is made to the peaking analysis so that Portsmouth will not share in that portion of certain operating costs. Navy allocation is reduced to 25%.
(2) From CW B-11, Fire Protection Demand Analysis'.

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

Docket No. 4355

EACH RATE CLASS' SHARE OF SYSTEM PEAKS

Rate Class	Average Demand	Daily Peaks	Hourly Peaks
Retail			
Residential	42%	28%	17%
Commercial	32%	33%	25%
Navy	9%	5%	3%
Portsmouth	17%	14%	8%
Fire	N/A	19%	47%
	100%	**100%**	**100%**

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

BASE/EXTRA-CAPACITY DISTRIBUTION OF SYSTEM PEAKS

	Incremental Demand	% Distribution for Max Day	% Distribution for Max Hour
Base	6,123	**60.4%**	**49.8%**
Extra Capacity			
Max Day	4,017	**39.6%**	**32.7%**
Max Hour	2,160		**17.6%**
Fire Protection			
Max Day	-	**0.0%**	**0.0%**
Max Hour	-		**0.0%**
Total%		**100.0%**	**100.0%**
Total 1000's Gallons		**10,140**	**12,300**

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

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

Docket No. 4355

FIRE PROTECTION ASSUMPTIONS

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

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

		COMMERCIAL				RESIDENTIAL				WHOLESALE (Monthly)			
Connection	Meter	Meter Read Frequency		Equivalent Meters		Meter Read Frequency		Equivalent Meters		Navy		Portsmouth	
Size	Factors	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Monthly	Quarterly	Meters	Equivalents	Meters	Equivalents
5/8	1.0	98	576	98	576	12	10,079	12	10,079	0	0	0	0
3/4	1.1	53	173	58	190	10	2,241	11	2,465	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
Total	**14,546**	670	846	1,923	1,052	133	12,883	429	13,625	13	218	1	14

	Equivalent Billing Units	
Billed Monthly	**817**	**9,804**
Billed Quarterly	**13,729**	**54,916**
Billed Annually	**374**	**374**
	Total	**65,094**

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

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

			Docket 4025		
	Connection Size	Existing Differential	Number of Connections	Equivalent Connections (2)	
Public Hydrants					
Newport	6	111.31	619	68,901	
Middletown	6	111.31	408	45,415	% of Equiv
Portsmouth	6	111.31	9	1,002	Connections
Subtotal: Public Hydrants			**1036**	**115,318**	**72%**
Private Fire Connections					
	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	% of Equiv Connections
Subtotal: Private Fire Connections			**374**	**45,718**	**28%**
Total Fire Connections			**1,410**	**161,036**	**100%**

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

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

General Water Service	Connection Size	Service Cost	No. of Services	Equivalent Connections	
	5/8	1.000	10,765	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	% of Equiv Connections
	10	11.060	1	11	
Subtotal General Servcie			**14,546**	**18,853**	**82%**
Private Fire Connections					
	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	-	% of Equiv
	12	11.060	2	22	Connections
Subtotal: Private Fire Connections			**374**	**4,117**	**18%**
Annualized				**12**	
Total Retail & Private Fire Connections			**14,920**	**275,639**	**100%**

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

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

MAX DAY PRODUCTION AVAILABLE FOR SALE

	Station #1			Lawton Valley			Combined		
		Max Day Production			Max Day Production			Max Day Production	
	Date	In Gallons	in 1000's	Date	In Gallons	in 1000's	Date	In Gallons	in 1000's
FY 07 JULY 2006 - JUNE 2007	8/2/2006	5,114,940	5,115	8/14/2006	5,958,100	5,958	6/28/2007	10,165,100	10,165.100
		includes booster to LV at 1,256,000 Gallons							
FY 08 JULY 2007 - JUNE 2008	8/25/2007	6,179,670	6,180	6/10/2008	6,805,400	6,805	8/4/2007	10,723,620	10,723.620
		includes booster to LV at 2,251,000 Gallons							
FY 09 JULY 2008 - JUNE 2009	7/20/2008	4,341,000	4,341	7/18/2008	7,845,700	7,846	7/18/2008	12,100,100	12,100.100
		includes booster to LV at 324,000 Gallons							
FY 10 JULY 2009 - JUNE 2010	10/10/2009	4,664,000	4,664	8/27/2009	6,168,500	6,169	8/23/2010	9,800,400	9,800.400
FY 11 JULY 2010 - JUNE 2011	7/4/2011	5,729,355	5,729	8/3/2011	5,654,800	5,655	7/23/2011	10,162,555	10,162.555
FY 12 JULY 2011 - JUNE 2012	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	Station #1		Date	Lawton Valley	
FY 07 JULY 2006 - JUNE 2007	7/6/2006	5.8	MGD	7/1/2006	8.0	MGD
FY 08 JULY 2007 - JUNE 2008	8/26/2007	7.2	MGD	6/18/2008	8.0	MGD
FY 09 JULY 2008 - JUNE 2009	7/18/2008	5.25	MGD	7/18/2008	8.0	MGD
FY 10 JULY 2009 - JUNE 2010	9/2/2009	4.70	MGD	9/2/2009	6.0	MGD
FY 11 JULY 2010 - JUNE 2011	10/15/2010	6.10	MGD	10/15/2010	6.0	MGD
FY 12 JULY 2011 - JUNE 2012	7/5/2011	6.50	MGD	7/7/2011	6.0	MGD

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

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Fiscal Year Annual Demand							
Residential	718,022	734,137	780,264	690,544	644,285	640,966	618,574
Commercial (includes governmental)	505,804	456,486	505,014	519,521	457,376	502,475	472,437
Navy	373,306	278,441	247,728	225,392	173,790	137,731	222,858
Portsmouth	453,618	445,232	473,338	444,777	412,324	398,827	407,837
Total 1000's Gallons	**2,050,751**	**1,914,297**	**2,006,344**	**1,880,234**	**1,687,775**	**1,679,999**	**1,721,705**
		-6.7%	*4.8%*	*-6.3%*	*-10.2%*	*-0.5%*	*2.5%*

Unaccounted for Water Analysis

	FY 2007	FY 2008	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	Average
Billed Consumption (1,000 gals.)	1,914,297	2,006,344	1,880,234	1,880,234	1,687,775	1,679,999	1,721,705	1,696,493
Total Water Produced (1,000 gals.)	2,456,363	2,524,784	2,437,440	2,440,630	2,437,440	2,304,024	2,165,686	2,302,383
Unaccounted for Water (1,000 gals.)	542,066	518,440	557,206	560,396	749,665	624,026	443,980	605,890
Percent Unaccounted for Water	22.07%	20 53%	22.86%	22.96%	30.76%	27.08%	20.50%	26.32%

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

Pumping Labor and Benefits

Station One		Lawton Valley	
Labor hours per day pump	0.5000	Labor hours per day pump	0.2500
Days per year	365	Days per year	365
Total Hours	182.5000	Total Hours	91.2500
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
Total Repair & Maintenance Pumping		$0.00	NAPA Auto Partd	$622.90
			Ralco Electric	$328.83
			Total Repair & Maintenance Pumping	$951.73
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		
Total - Operating Supplies - Pumping		$2,590.00	Total Operating Supplies Pumping	$1,825.00

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
Total Annual Pumping Costs	**$22,428**	**Total Annual Pumping Costs**	**$31,646**

Newport Water Division
Cost Of Service Analysis
CW D-6
Demand Factor Calculations

Demand Factors For COS Model	Residential	Non-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
Two Year Average Max. Day Demand Factor	**1.82**	**2.26**	**1.73**	**1.99**
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
Two Year Average Max. Hour Demand Factor	**2.43**	**3.39**	**2.31**	**2.65**

Summer 2011

	Residential	Commercial	Navy	PWFD
Annual Average Day[1]	16,973	58,419	421,795	1,128,293
Daily Read Maximum Day[2]	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

Max Day Diversity Factor Calculation	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	**Total MD Demand**
Max Day Demand (Avg. Day X MD Demand Factor)	4.62	4.23	0.76	2.15	**11.8**

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
System MD Diversity	**1.90**	**/**	**1.65**	=	**1.16**

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[3]	1.33	1.50	1.33	1.33
Calculated MH Capacity Factor	2.37	3.27	1.99	2.54

Max Hour Diversity Factor Calculation	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	**Total MH Demand**
Max Hour Demand (Avg. Day X MH Demand Factor)	6.2	6.3	1.0	2.9	**16.38**

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
System MH Diversity	**2.65**	**/**	**1.96**	=	**1.35**

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.

Summer 2012

	Residential	Commercial	Navy	PWFD
Annual Average Day[1]	16,366	57,808	616,576	1,127,654
Daily Read Maximum Day[2]	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	**Total MD Demand**
Max Day Demand (Avg. Day X MD Demand Factor)	4.42	4.12	1.29	2.33	**12.2**

System Average Day (mgd)	5.91				
System Maximum Day (mgd)	10.12				
System Maximum Hour (mgd)	12.50				
Noncoincident MD Capacity Factor	12.17	/	5.91	=	2.06
Coincident MD Capacity Factor	10.12	/	5.91	=	1.71
System MD Diversity	2.06	**/**	1.71	=	**1.20**

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 Ratio3	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	**Total MH Demand**
Max Hour Demand (Avg. Day X MH Demand Factor)	5.90	6.19	1.72	3.11	**16.91**

System Average Day (mgd)	5.9				
System Maximum Day (mgd)	10.1				
System Maximum Hour (mgd)	12.5				
Noncoincident MH Capacity Factor	16.91	/	5.9	=	2.86
Coincident MH Capacity Factor	12.5	/	5.9	=	2.11
System MH Diversity	**2.86**	**/**	**2.11**	=	**1.35**

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
Cost Of Service Analysis
CW Supplemental Impacts
Impact of Proposed Asset Revisions

	Docket 4243Current Rates	Revenue w/Current		PWFD Surrebuttal Rates	PWFD Surrebuttal Revenues	PWFD Rates w/ Revsd Assets	PWFD Rev. w/ Revsd Assets	Change in Revenues	% Change to Current Rates	% Change due to Asset Revision
Base Charge (per bill)										
Monthly										
5/8	$ 18.75	$ 24,750		$ 7.81	$ 10,311	$ 8.27	$ 10,912	$ 601	-56%	6%
3/4	$ 18.75	$ 14,400		$ 7.90	$ 6,067	$ 8.39	$ 6,447	$ 380	-55%	6%
1	$ 18.75	$ 37,125		$ 8.63	$ 17,083	$ 9.50	$ 18,802	$ 1,719	-49%	10%
1.5	$ 18.75	$ 40,050		$ 10.47	$ 22,375	$ 12.32	$ 26,322	$ 3,948	-34%	18%
2	$ 18.75	$ 48,375		$ 12.26	$ 31,638	$ 15.00	$ 38,691	$ 7,053	-20%	22%
3	$ 18.75	$ 11,250		$ 22.04	$ 13,222	$ 29.43	$ 17,656	$ 4,434	57%	34%
4	$ 18.75	$ 2,700		$ 24.67	$ 3,553	$ 33.25	$ 4,788	$ 1,235	77%	35%
5	$ 18.75	$ 225		$ 28.19	$ 338	$ 38.35	$ 460	$ 122	105%	36%
6	$ 18.75	$ 4,500		$ 30.83	$ 7,399	$ 42.17	$ 10,121	$ 2,721	125%	37%
8	$ 18.75	$ 225		$ 37.87	$ 454	$ 52.36	$ 628	$ 174	179%	38%
10	$ 18.75	$ 225		$ 50.62	$ 607	$ 70.84	$ 850	$ 243	278%	40%
Quarterly										
5/8	$ 18.75	$ 799,125		$ 10.65	$ 453,912	$ 12.49	$ 532,260	$ 78,349	-33%	17%
3/4	$ 18.75	$ 181,050		$ 10.91	$ 105,386	$ 12.87	$ 124,280	$ 18,895	-31%	18%
1	$ 18.75	$ 29,325		$ 13.10	$ 20,486	$ 16.18	$ 25,300	$ 4,814	-14%	23%
1.5	$ 18.75	$ 13,950		$ 18.64	$ 13,868	$ 24.66	$ 18,345	$ 4,477	32%	32%
2	$ 18.75	$ 4,425		$ 24.00	$ 5,665	$ 32.68	$ 7,712	$ 2,047	74%	36%
3	$ 18.75	$ 1,275		$ 53.32	$ 3,626	$ 75.97	$ 5,166	$ 1,540	305%	42%
4	$ 18.75	$ 225		$ 61.24	$ 735	$ 87.44	$ 1,049	$ 314	366%	43%
5	$ 18.75	$ -		$ 71.79	$ -	$ 102.73	$ -	$ -	448%	43%
6	$ 18.75	$ 300		$ 79.71	$ 1,275	$ 114.20	$ 1,827	$ 552	509%	43%
8	$ 18.75	$ -		$ 100.81	$ -	$ 144.78	$ -	$ -	672%	44%
10	$ 18.75	$ -		$ 139.06	$ -	$ 200.21	$ -	$ -	968%	44%
		$ 1,213,500			$ 718,001		$ 851,616	$ 133,615		
Volume Charge (per 1,000 gallons)										
Retail										
Residential	$ 6.43	$ 4,049,421		$ 8.35	$ 5,256,337	$ 8.26	$ 5,204,713	$ (51,624)	29%	-1%
Commercial	$ 6.43	$ 3,134,342		$ 9.30	$ 4,533,866	$ 9.22	$ 4,495,234	$ (38,633)	43%	-1%
		$ 7,183,763			$ 9,790,203		$ 9,699,947	$ (90,257)		
Wholesale										
Navy	$ 3.9540	$ 712,883		$ 5.3873	$ 971,291	$ 5.2832	$ 952,536	$ (18,756)	34%	-2%
Portsmouth Water & Fire District	$ 3.1520	$ 1,271,302		$ 4.2946	$ 1,732,159	$ 4.1578	$ 1,676,967	$ (55,191)	32%	-3%
		$ 1,984,185			$ 2,703,450		$ 2,629,503	$ (73,947)		
Fire Protection										
Public (per hydrant)	$ 1,065.00	$ 1,103,340		$ 717.99	$ 743,840	$ 730.52	$ 756,816	$ 12,976	-31%	2%
Private (by Connection Size) (2)										
Connection Size										
<2	$ 21.00			$ 19.48		$ 24.74	$ -	$ -	18%	27%
2	$ 88.00	$ 352		$ 81.61	$ 326	$ 103.69	$ 415	$ 88	18%	27%
4	$ 541.00	$ 33,001		$ 297.02	$ 18,118	$ 338.72	$ 20,662	$ 2,543	-37%	14%
6	$ 1,083.00	$ 265,335		$ 714.13	$ 174,961	$ 760.67	$ 186,365	$ 11,404	-30%	7%
8	$ 2,478.00	$ 153,636		$ 1,433.55	$ 88,880	$ 1,488.47	$ 92,285	$ 3,405	-40%	4%
10	$ 4,091.00	$ -		$ 2,515.71	$ -	$ 2,583.22	$ -	$ -	-37%	3%
12	$ 6,568.00	$ 13,136		$ 4,015.55	$ 8,031	$ 4,100.50	$ 8,201	$ 170	-38%	2%
		$ 465,460			$ 290,317		$ 307,927	$ 17,611		
Total Projected Rate Revenues		**$ 11,950,248**			**$ 14,245,812**		**$ 14,245,809**			

CERTIFICATE OF SERVICE

I hereby certify that I mailed by electronic mail, a copy of the within document, to the Service List set for the below, as well as an original and nine copies to the Commission by first class mail, on the 20th day of February, 2013.

Kirti S Gunsalus

Docket No. 4355 - City of Newport Water Division – COSS Rate Filing
Updated 9/26/12

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