

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: KENT COUNTY WATER AUTHORITY )  
APPLICATION TO CHANGE RATE ) DOCKET NO. 4611  
SCHEDULES )

SETTLEMENT AGREEMENT

I. INTRODUCTION

The Kent County Water Authority (the "KCWA"), the Division of Public Utilities and Carriers (the "Division"), Town of Coventry, City of Warwick, Coventry Fire District and Central Coventry Fire District (collectively referred to as the "Parties") have reached an agreement on KCWA's rate filing and jointly request the approval of this Settlement Agreement by the Public Utilities Commission (the "Commission").

II. RECITALS

1. On April 7, 2016, KCWA filed a rate application (hereinafter the "Application") pursuant to R.I.G.L. § 39-5-11 and Part II of the Commission's Rules of Practice and Procedure.

2. In the Application, KCWA sought to implement a multi-year rate plan through a three-step increase.

3. In the first step of the rate plan, KCWA sought approval of new rates designed to generate additional revenues in the amount of \$1,296,336 to support total operating revenues of \$23,023,351.

4. The impact of this request on a quarterly bill with an average consumption of 20 HCF would have been an increase of \$14.61 per quarter or 12.7%.

5. In the second step of the rate plan, KCWA sought approval to implement rates effective July 1, 2017 to collect additional operating revenues of \$874,192.

6. The impact of this request would have been an across-the board rate increase of 3.85% on all rate classes.

7. In the third step of the rate plan, KCWA proposed to implement rates effective July 1, 2018 designed to collect additional operating revenues of \$1,480,507. The impact of the third step would have been an across-the board rate increase of 6.28% on all rate classes.

8. In the Application, KCWA also proposed the following: 1) a demand surcharge that would be a fixed charge based on meter size to fund \$500,000 of KCWA's debt service, 2) an alternative seasonal rate to promote conservation pursuant to R.I.G.L. § 39-15.1-3(d), and 3) an optional Public Fire Service Charge based on size of meter.

9. In support of the Application, KCWA filed the direct testimony and schedules of Timothy J. Brown, P.E., General Manager/Chief Engineer and Jo-Ann Gershtkoif of KCWA; Christopher P.N. Woodcock of Woodcock & Associates, Inc.; and Thomas B. Nicolson, P.E., President/Chief Engineer, C & E Engineering Partners, Inc.

10. The City of Warwick, the Town of Coventry, the Central Coventry Fire District and the Coventry Fire District filed each a motion to intervene in this docket, which the Commission granted after receiving no objections.

11. In response to the Application, the Division conducted an investigation and review with the assistance of staff and two outside expert consultants.

12. In order to assist its investigation and review, the Division issued eight sets of data requests to KCWA to which KCWA responded.

13. Coventry Fire District also conducted discovery of the Application.

14. On September 1, 2016, the Division filed the Direct Testimony of Alberico Mancini, Jerome Mierzwa and Lafayette K. Morgan, Jr.

15. On or about October 20, 2016, KCWA filed Rebuttal Testimony of Mr. Wosdenck and Mr. Brown.

16. On November 18, 2016, the Division filed Surebuttal Testimony of Mr. Morgan and Mr. Mierzwa.

17. On November 18, 2016 Coventry Fire District filed Surebuttal Testimony of David P. Keleorian, C.P.A., M.S.T.

18. Following the filing of the surebuttal testimony, the Division and KCWA engaged in extensive settlement discussions and negotiations.

19. The principal differences that remained between the Division and KCWA at this stage of the proceedings were in the following expense categories:

- a) The Adoption of a proposed Demand Surcharge;
- b) The adoption of new, direct Public Fire Protection Charges;
- c) TFR expenses;
- d) Reduced CIP expenses;
- e) Employee Benefits;
- f) Property and Liability Insurance;
- g) Rate Case Expense;
- h) Operation Studies; and
- i) Inflation.

20. After due consideration of the testimony, exhibits and other documentation included in the filings of KCWA, of the Division and of the interveners, the Parties have now

agreed to a comprehensive settlement which resolves all issues relating to KCWA's application. The Parties believe that this settlement, as a whole, constitutes a just and reasonable resolution of the issues in this proceeding, and jointly request its approval by the Commission.

### III. TERMS OF SETTLEMENT

21. Incorporated herein and attached hereto as Exhibit 1 are Joint Settlement Schedules 1 - 15, (excluding Sch 14 and all Sch 14s<sup>1</sup>) which memorialize the Parties' settlement.

22. As set forth in Exhibit 1, in the first step of KCWA's multi-year rate plan, KCWA is authorized to adjust rates as of January 1, 2017 to obtain an amount not to exceed an additional \$2,780,976 of revenues or 14.34% of normalized Test Year revenues.

23. The parties agreed to consolidate the second and third steps of the multi-year rate plan into a single second step to be effective January 1, 2018. As part of this second step increase, and as set forth in Exhibit 1, the parties agreed to an increase of revenues by an amount not to exceed \$1,057,660 or 4.77%. KCWA agrees to update its production numbers as part of the filing for the second step increase.

24. In addition, the Parties agree to the following terms:

- a. KCWA agrees to file a request with the Commission, no later than October 1, 2019, to terminate the funding related to the meter replacement program effective January 1, 2020 or on whatever date the program funding is completed. The filing should include the most recent information related to the actual cost of the program as well as the salvage value of old meters.

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<sup>1</sup> These deal with seasonal rates and the Demand Surcharge which are no longer relevant under the proposed settlement.

- b. KCWA withdraws its proposed demand surcharge and seasonal rate alternatives;
- c. KCWA withdraws its proposal to recover costs associate with public fire service directly from individual retail customers; KCWA also withdraws its request to codify in its tariff the proposed practice of charging for hydrant installations;
- d. By April 1, 2017, KCWA agrees to complete an investigation as to whether compound meters are supporting private protection service, and report the findings of its investigation to the Division and the Commission;
- e. KCWA will not codify in any tariff filing its current practice of charging for lost water caused by the actions of third persons;
- f. The parties agree to the method used for derivation of public and private fire service costs as appropriate. However, because of the magnitude of the public and private fire charge increases, the parties agree to limit the increase in public and private fire charges in the initial step in this docket to a 50% increase. In KCWA's next rate filing, the parties agree to move the public and private fire service charges toward the full cost of service.
- g. Kent County Water Authority will be allowed to draw from the Cash Capital Account in advance to fund the Meter Replacement Program with the full understanding that the Cash Capital Fund will be

reimbursed from collections restricted to the Meter Replacement Program, prior to the Meter Replacement Program completion;

- h. The parties agree that KCWA will continue with all current reporting requirements; and
- i. The parties agree that KCWA will fund its Commission restricted accounts at the following levels.

Account	Rate Year	Step Increase Effective Jan 1, 2018
Infrastructure Replacement	\$5,100,000	\$6,000,000
Debt Service	\$7,178,500	\$2,183,500
Cash Capital	\$1,753,819	\$1,453,819
Renewal & Repl - Equip.	\$100,000	\$100,000

#### IV. EFFECT OF SETTLEMENT

25. This Settlement Agreement is the result of a negotiated settlement. The discussions which have produced this Settlement Agreement have been conducted with the explicit understanding that all offers of settlement and discussion relating thereto are and shall be privileged, shall be without prejudice to the position of any party or participant presenting such offer or participating in any such discussion, and are not to be used in any manner in connection with these or other proceedings.

26. The agreement by any party to the terms of this Settlement Agreement shall not be construed as an agreement as to any matter of fact or law beyond the terms thereof. By entering into this Settlement Agreement, matters or issues other than those explicitly identified in this agreement have not been settled upon or conceded by any party to this Settlement Agreement, and nothing in this agreement shall preclude any party from taking any position in any future proceeding regarding such unsettled matters.

27. In the event that the Commission rejects this Settlement Agreement, or modifies this agreement or any provisions therein, then this agreement shall be deemed withdrawn and shall be null and void in all respects.

IN WITNESS WHEREOF, the Parties agree that this Settlement Agreement is reasonable, in the public interest and in accordance with law and regulatory policy, and have caused this agreement to be executed by their respective representatives, each being authorized to do so.

Dated at Warwick this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

KENT COUNTY WATER  
AUTHORITY  
By its attorney,

DIVISION OF PUBLIC UTILITIES  
AND CARRIERS  
By its attorney,

\_\_\_\_\_  
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TOWN OF COVENTRY and CENTRAL  
COVENTRY FIRE DISTRICT

By its attorney,

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CITY OF WARWICK

By its attorney

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COVENTRY FIRE DISTRICT

By its attorney,

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**CERTIFICATE OF SERVICE**

I certify that a copy of the document was forwarded by e-mail to the Service List in the above docket on the \_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_

**PRO FORMA EXPENSES**

Equipment	Test Year June 30, 2015	Summary of Adjustments	Rate Year 2016-2017	Adjustments Detail				
				Labor Increase (\$ch 1801)	One Time Costs	Other Adjustments	Supporting Schedules	Net Labor Inflator
<b>SOURCE OF SUPPLY</b>								
mainline feasibility study	\$0	\$10,520	\$10,520	\$0		\$10,520	nt Sett. Sch. 1D	
purchased water	\$1,866,638	-\$702,057	\$4,297,631	\$0		-\$702,057	nt Sett. Sch. 1C	
Subtotal	\$4,699,898	-\$691,537	\$1,316,161	\$0		-\$691,537		\$0
<b>PUMPING OPERATIONS</b>								
fuel for pumping	\$22,002	\$1,031	\$23,033	\$0				\$1,031
power	\$808,408	\$163,277	\$769,042	\$0		\$163,277	nt Sett. Sch. 1E	
labor-pumping	\$82,493	\$0,359	\$85,648	\$3,160				\$195
pumping expenses	\$0	\$0	\$0	\$0				\$0
maint. - structures & improv	\$63,709	\$22,697	\$86,410	\$29,328				\$563
diesel oil	\$0	\$0	\$0	\$0				\$0
maint. - equip	\$26,985	\$21,291	\$58,572	\$20,728				\$683
Subtotal	\$912,205	\$211,675	\$1,094,310	\$46,115		\$0	\$163,277	\$2,432
<b>WATER TREATMENT</b>								
chemicals	\$40,316	\$122,383	\$192,212	\$0		\$122,383	nt Sett. Sch. 1E	
labor	\$188,426	\$7,675	\$194,001	\$7,189				\$368
operating / maintain	\$65,420	\$2,877	\$68,397	\$0				\$2,897
maint. - water treat. equip	\$17,596	\$789	\$18,385	\$0				\$80
maint. - structures	\$851	\$80	\$931	\$0				\$80
Subtotal	\$310,372	\$133,719	\$444,345	\$7,189		\$0	\$122,383	\$4,102
<b>TRANS &amp; TRSL EXPLNSF</b>								
storage facilities- exp.	\$0	\$0	\$0	\$0				\$0
labor	\$73,746	\$1,001	\$24,829	\$0				\$1,001
supplies	\$193,275	\$4,893	\$111,720	\$0				\$4,893
labor-mater	\$52,962	\$2,141	\$54,709	\$1,028				\$158
meter - supp & exp	\$15	\$1	\$12	\$0				\$1
cust. instal	\$0	\$0	\$0	\$0				\$0
misc.	\$13,258	\$603	\$19,851	\$0				\$603
maint. - struct & improv.	\$27,000	\$2,884	\$29,594	\$0				\$2,884
maint. - res & wdp	\$10,465	\$841	\$21,303	\$17				\$124
maint. - mains	\$562,601	\$62,671	\$625,552	\$54,800				\$9,671
maint. - service	\$135,802	\$44,455	\$190,380	\$42,858				\$1,800
maint. - meters	\$139,832	\$6,123	\$145,546	\$1,801				\$4,281
maint. - hydrants	\$79,551	\$3,433	\$82,970	\$1,426				\$2,012
construction labor	\$82	\$0	\$68	\$0				\$0
Subtotal	\$1,164,782	\$150,614	\$1,284,788	\$103,625		\$0	\$0	\$26,322

**PROJECT/MA EXPENSES**

Expense Item	Test Year June 30, 2015	Summary of Adjustments	Base Year 7/1/15-6/30/17	Adjustments Detail				
				Labor Increases (Sch. 1B)	One Time Costs	Other Adjustments	Supporting Sub-alloc.	Net Labor Inflation
<b>CUSTOMER ACCOUNT</b>								
lab - meter read	\$110,000	\$4,498	\$115,029	\$4,325				\$288
cust record baler	\$204,210	\$8,301	\$212,511	\$7,848				\$453
cust records sup	\$85,611	\$4,380	\$100,171	\$0				\$4,380
meter used supplies	\$2,505	\$114	\$2,519	\$0				\$114
uncollectible	\$57,327	\$2,812	\$60,005	\$0				\$2,812
Subtotal	\$470,153	\$18,005	\$488,238	\$12,073	\$0	\$0		\$7,806
<b>ADMIN. &amp; GENERAL</b>								
salaries	\$422,341	\$16,703	\$438,124	\$17,291				\$12,402
office supplies & expenses	\$257,833	\$11,734	\$269,569	\$0				\$11,734
insurance (project/abilities/war)	\$240,165	\$20,178	\$260,341	\$0		\$20,175 of Behl. Sch. 1D		
OPUG Trust Cont'd.	\$0	\$80,000	\$80,000	\$0		\$80,000 of Behl. Sch. 1D		
Employee benefits	\$327,539	\$37,810	\$365,057	\$0		\$37,810 of Behl. Sch. 1D		
maint. - plant	\$140,750	\$3,094	\$152,834	\$4,703				\$1,521
maint. - vehicles	\$80,503	\$2,720	\$83,029	\$142				\$2,554
miscellaneous	\$15,340	\$21	\$15,581	\$0				\$121
vacation, holiday, sick	\$298,762	\$7,525	\$312,561	\$12,823				\$0
regul. exp.	\$130,360	\$15,178	\$152,868	\$0		\$15,770 of Behl. Sch. 1E		
outside service	\$88,877	\$4,000	\$92,967	\$0				\$4,000
Subtotal	\$2,373,630	\$230,828	\$2,604,358	\$34,585	\$0	\$153,871		\$29,882
<b>TOTAL O&amp;M</b>	\$10,370,370	\$40,033	\$10,411,149	\$204,039	\$0	-\$243,296		\$50,888

**PRO FORMA EXPENSES**

Expense Item	Test Year June 30, 2015	Summary of Adjustments	Base Year 7/1/16-6/30/17	Adjustments Detail				
				Labor Increase (Sub 16)(D)	Gas Time Costs	Other Adjustments	Supporting Schedules	Non-Labor Inflation
<b>FIXED CHARGES</b>								
Paid Service								
Cabling	\$2,178,500	(\$1,000)	\$2,178,500					
New	50	\$0	50					
Reserve and Coverage								
O&M Reserve	50	\$14,185	\$14,185					
R&R Reserve	\$77,097	\$54,728	\$132,526					
Pipelines & Replacement - Equip	\$100,000	50	\$100,000					
Infrastructure Replacement	\$5,400,000	50	\$5,400,000					
Meter Replacement	50	\$2,000,000	\$2,000,000					
OIF	50	\$1,753,819	\$1,753,819					
Payroll Taxes	\$154,417	\$21,204	\$175,621					
PILOT	\$23,728	50	\$23,728					
<b>SUBTOTAL FIXED</b>	<b>\$7,804,847</b>	<b>\$3,042,957</b>	<b>\$11,777,584</b>	<b>\$0</b>	<b>50</b>	<b>\$1,842,987</b>		<b>\$0</b>
<b>OPERATING REVENUE</b>	<b>\$983,210</b>	<b>-\$255,448</b>	<b>\$332,064</b>				<b>-\$255,448</b>	
<b>TOTAL EXPENSES</b>	<b>\$18,330,270</b>	<b>\$3,624,324</b>	<b>\$22,521,287</b>	<b>100.02%</b>	<b>\$204,328</b>	<b>50</b>	<b>\$3,348,432</b>	<b>\$0.00%</b>
Leak								
Miscellaneous Income	(\$235,455)	-\$9,310	(\$244,765)					
Interest Income	(\$25,826)	\$4,362	(\$21,464)					
Merchandise Selling	(\$10,250)	\$2,521	(\$7,729)					
0.5% of Water Prod Fee	(\$48,137)	\$520	(\$47,617)					
<b>NET REQUIRED FROM RATES</b>	<b>\$17,534,635</b>	<b>\$3,639,332</b>	<b>\$22,180,945</b>					<b>\$20.60%</b>

**TEST YEAR & PRO FORMA REVENUES**

<u>Revenue</u>	<u>Test Year</u>	<u>Adjustments</u>	<u>Rate Year</u>	
Miscellaneous	<u>Revenue</u>		<u>2013-2017</u>	
Less:				
Dispositional Income	\$12,131	-54,910	\$32,681	Joint Sett. Sch. 1D
Interest Income	\$25,826	-4,362	\$20,158	Joint Sett. Sch. 1D
Merchand & Jobbing	\$10,220	-62,561	-51,949	Joint Sett. Sch. 1D
6.0% of Water Prof. Fee	\$45,107	-6028	\$45,823	(2)
Total Misc.	\$130,954		\$128,991	
Matured Rates	\$17,760,528	-\$155,851	\$17,395,478	(1)
Public Fire	\$1,309,104	\$4,615	\$1,313,719	(1)
Private Fire	\$167,510	-\$7,815	\$159,691	(1)
<b>Total Revenue</b>	<b>\$19,287,578</b>	<b>-512,866</b>	<b>\$18,583,267</b>	
 <u>Required Revenue</u>			 \$22,621,597	
<u>Required Revenue from Rates</u>			\$22,098,806	
 <u>Rate Increase Needed</u>			 \$2,932,336	

- NOTES:  
 (1) Normalized Test Year Revenue at Current Rates based on Joint Sett. Sch. 1D - current rates for test year.  
 (2) W/P revenue based on rate of SC.01511 with 25% non-exempt customers.
- |                     |               |
|---------------------|---------------|
| Non-exempt Use KY = | 3,026,260 ccf |
| Rate (30c/ccf)      | SC.01511      |
| KY Revenue          | \$46,635      |

<u>TEST YEAR &amp; RATE YEAR LABOR COSTS</u>			
EXPENSE ITEM SOURCE OF SUPPLY	Test Year:		Rate Year
	June 30, 2018	Adjustments (1)	2019-2020
<b>PUMPING OPERATIONS</b>			
6214	670,208	13,160	\$683,368
631	665,150	\$28,238	\$773,388
633	618,047	\$20,720	\$638,767
<b>WATER TREATMENT</b>			
649A	6177,857	\$7,168	\$1185,025
<b>PIPING &amp; DISTR. EXPENSE</b>			
663A	646,310	\$1,898	\$648,208
672	617,761	\$717	\$18,468
673	\$296,344	\$24,800	\$421,144
675	\$70,396	\$42,852	\$113,248
676	\$47,083	\$1,831	\$48,914
677	\$25,288	\$1,426	\$26,714
<b>CUSTOMER ACCOUNT</b>			
602	\$104,514	\$4,225	\$108,739
603	\$194,254	\$7,046	\$201,300
<b>ADMIN. &amp; GENERAL</b>			
620	6435,568	\$17,261	\$452,829
632A	6116,438	\$4,703	\$121,141
632B	\$3,518	\$142	\$3,660
678	\$0	\$0	\$0
601	\$617,555	\$12,828	\$630,383
0	\$2,357,604	\$204,029	\$2,561,633
<b>Capitalized Labor</b>			
	\$4,000	\$162	\$4,162
<b>TOTAL LABOR COSTS</b>	<b>\$2,081,205</b>	<b>\$204,791</b>	<b>\$2,285,996</b>
(1) See Schedule 1D			

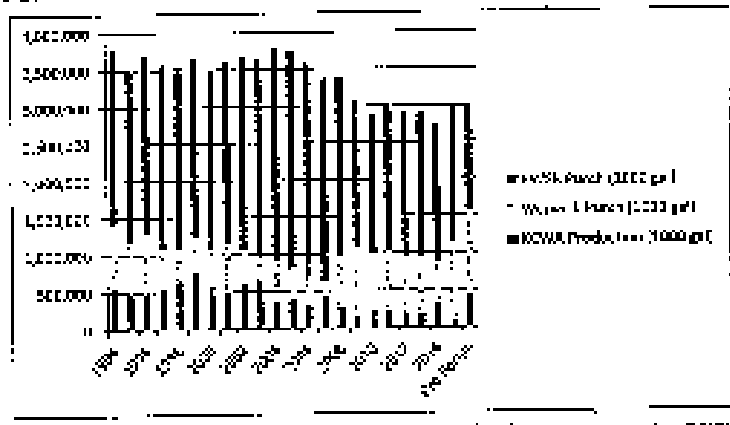
**WARWICK FRAILE WATER, CO&TS**

**Wholesale Water Purchases (updated per D.V. 113 3-5)**

	Cost (\$mil)	Purchases (mil)	Cost
PWSB Rate (mg)	\$1,731.18	2,452.48	\$4,287,384
<b>Net Wholesale Purchases (gallons) - Year Year</b>			
Warwick Purchases	1,135,328,000		
PWSB Purchases	1,298,957,231		
Total Purchases	2,434,285,231		
Sales To Warwick	-100,188,000		
Net Purchases	2,402,488,231		
Year Year Sales	2,483,486,231		

Fiscal Year ->	2014	2015	2016	2017	2018	2019	2018	Fro Form
KCWA Production (1000 gal)	731,360	195,110	175,420	204,551	22,175	93,175	430,800 (1)	
Warwick Purch (1000 gal)	200,285	783,301	733,619	272,651	1,023,856	1,135,328	1,135,328 (2)	
PWSB Purch (1000 gal)	1,588,838	1,982,717	1,952,069	1,829,039	1,855,990	1,781,270	1,781,357 (4)	
Total	2,520,483	2,959,128	2,861,108	2,706,241	2,978,061	3,012,772	3,022,426 (3)	
Total Purchases	2,503,120	2,720,018	2,719,308	2,456,690	2,911,285	2,976,685	2,901,636	
Sales To Warwick (1000 gal)	75,635	62,929	61,487	92,039	102,374	100,188	100,188 (2)	
Net Purchases	2,734,525	2,636,042	2,624,121	2,364,651	2,008,941	2,957,999	2,402,436	

- (1) KCWA this year (F-Y 2017) production based on E. Greenwich shut-up 117.6 and projections based on past monthly use, Warwick on line 2017
- (2) No change projected in purchases from or sales to Warwick from 2015 until 2018
- (3) Overall amount covered from 2016 in same proportion as above.
- (4) Calculated based on the total volume minus KCWA Production and minus Warwick Purchases.



**EXPLANATION OF ADJUSTMENTS TO TEST YEAR COSTS**

<u>Adjustment to:</u>	<u>Explanation:</u>	
<b>Fixed Charges Associated with Debt Service:</b>		
O&M Reserve	Get to achieve reserve level equal to 20% of operating costs.	
	"O&M" Costs (Joint Sewer Serv. C) =	\$10,411,140
	Payroll Taxes	5170,821
	PLOU	323,123
	Total Operating	\$11,205,084
	Required O&M Reserve (20%)	\$2,241,017
	Balance 8/30/10	\$2,022,240
	Addition October 2010	\$256,048
	Estim. Balance Start of Rate Year	\$2,008,288
	Required deposit =	\$14,152
R&R Reserve	Get to equal 1% of Net Utility Plant (NUP)	
	NUP Value (8/30/10)	\$145,300,000
	Estimated Additions	\$5,700,000
	Pro Forma NUP	\$151,000,000
	Required Reserve (1%)	\$1,510,000
	Balance 8/30/10	\$1,050,585
	Addition October 2010	\$25,407
	Estim. Balance Start of Rate Year	\$1,076,000
	Addition to Reserve Required	\$42,500
<b>Source of Supply Operations (studies)</b>		
Cost of Water Supply - GR- & TR Plans =		\$17,000
Cost of Conservation Program =		\$25,000
New Vulnerability Study =		\$22,600
	Total	\$64,600
	Normalize over 5 yrs	\$12,920
	Change over Test Year	\$18,520
<b>Admin - Fees</b>		
	Based on the May 2010 notice from the Dept. of Health, the annual PWS Renewal Fee is	\$32,000



**EXPLANATION OF ADJUSTMENTS TO TEST YEAR COSTS**

Debt Service		FY 2015	FY 2016	FY 2017	FY 2018	FY 2018	FY 2020
<u>2019 Series A Bonds</u>	Principal	\$1,465,000	\$1,540,000	\$1,605,000	1,690,000	\$1,775,000	\$1,870,000
	Interest	\$594,500	\$555,100	\$573,200	493,250	\$408,750	\$520,000
	Total	\$2,179,500	\$2,175,100	\$2,178,200	\$2,183,250	\$2,183,750	\$2,160,000
<u>New Debt</u>	Principal	\$0	\$0	\$0	\$0	\$0	\$0
	Interest	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Debt</b>		<b>\$2,179,500</b>	<b>\$2,175,100</b>	<b>\$2,178,200</b>	<b>\$2,183,250</b>	<b>\$2,183,750</b>	<b>\$2,160,000</b>

Note: Full payments on bonds are due in January and July. Although the July payment is due the first year following the due date, the funds must be accumulated the prior months to have sufficient amount to make the payments.

**Infrastructure Replacement**

Based on most recently approved IFR Report for KCMWA the annual E-R requirement is \$7,000,000 however, to minimize the current requested adjustment, the Authority is requesting the increase through the stop adjustments proposed.  
Increase over last year = \$0

**MLDT** based on following payments in lieu of taxes:

City/Town	Totals
W. Warwick	\$2,264.50
Warwick	\$58.00
Coxsack	\$12,813.37
Schuane	\$260.35
W. Coxsack	\$364.43
<u>Fire Districts</u>	
Cent. Gov. Co.	\$902.53
Cent. Gov. Harb.	\$50.00
Cent. Gov. Troy	\$121.00
Cent. Coventry	\$948.00
Hooksett Hills	\$216,000
	<b>\$25,122.17</b>

**Insurance - Liability/Property/Workers Comp**

	FY 18	FY 19	FY 19	FY 19	FY 2019	Rate Year	Avg Increase
Liability/Property Insurance	130,350	149,635	153,106	165,811	165,213	176,261	6.2%
Workers Comp. Insurance	37,127	35,355	30,541	25,521	25,155	30,732	1.8%
<b>Total</b>	<b>\$192,717</b>	<b>\$211,540</b>	<b>\$216,846</b>	<b>\$262,032</b>	<b>\$250,173</b>	<b>\$206,991</b>	<b>5.74%</b>

Estimated Rate Year amounts based on average annual increases over next four years.

**EXPLANATION OF ADJUSTMENTS TO TEST YEAR COSTS**

Benefits	FY 2014	Test Yr (FY15)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Medical - Blue Cross	\$510,816	\$520,254	\$513,879				
Dental Dental	\$41,303	\$46,702	\$46,279				
Group T-65 Retirees	\$74,814	\$70,887	\$76,664				
Life Insurance	\$5,628	\$5,487	\$5,331				
Disability Insurance	\$7,705	\$8,807	\$8,162				
Coastline Employee Assist	\$1,240	\$1,500	\$1,540				
Education	\$8,835	\$9,215	\$9,026				
Pension Contribution	\$177,745	\$224,129	\$248,181				
Xmas Bonus	\$57,000	\$5,000	\$5,100				
Total	\$120,745	\$119,129	\$143,081				
Less Retiree Costs (**)	-\$87,003	-\$82,839	-\$82,568				
Net for Current Employees	\$624,155	\$601,002	\$638,361	\$681,551	\$635,644	\$655,377	\$674,494
Labor Costs	\$1,958,555	\$2,091,505	\$2,158,035	\$2,295,895	\$2,247,800	\$2,365,441	\$2,436,210
Benefits as % of Current Labor	45.70%	42.15%	29.61%	40.00%	40.00%	40.00%	40.00%
Retiree Costs (**)				\$74,305	\$74,305	\$74,305	\$74,305
Plus Benefits (above)				\$607,246	\$561,339	\$581,072	\$600,189
Total Benefits				\$681,551	\$635,644	\$655,377	\$674,494
Change in Benefits for FY				\$37,500			
Annual Increase After Rate Year					\$3,710	\$10,033	\$19,102
* Includes payments to retired employees for Dental, Group 65 Retirees and Life Insurance							
** based on Division testimony, kept at FY2106 values							
Now OPFH Contribution to Year				FY 2017	FY 2018	FY 2019	FY 2020
				\$0.000	\$20,000	\$30,000	\$30,000
Miscellaneous Revenue:							
	<u>Misc Income</u>	<u>Interest Inc</u>	<u>Meat &amp; Jobbing</u>				
FY15	\$42,131	\$25,826	\$10,320				
FY14	\$19,878	\$28,155	\$20,277				
FY13	\$20,855	\$30,565	\$12,500				
Average	\$27,621	\$28,182	\$14,366				

**EXPLANATION OF ADJUSTMENTS TO TEST YEAR COSTS**

**Labor Adjustments**

Test year (FY 2015) labor increased to FY 2016 based on 2% increase and actual 2015 OT.  
For Rate Year, the FY 2015 labor costs were increased 2% for existing positions, with 0% at FY 2015/2016 levels plus:  
Two operators in reduced transfers to Treatment Plant @ \$40,000 each (split between maint of mains and services)  
One additional Maintenance Mechanic @ \$40,000 (split between pumping structures and equipment)  
FY 2016 increased of 2%

	<u>Test Year (FY 15)</u>	<u>FY 2016</u>	<u>Rate Year (FY 17)</u>	<u>FY 2016</u>
<b>Pumping Expense</b>				
Pumping Labor	\$78,200	\$79,770	\$81,365	\$82,993
Maint. Structure	\$55,190	\$55,269	\$57,000	\$58,058
Maint. Equip.	\$18,027	\$19,367	\$38,755	\$39,530
<b>Water Treatment Expense</b>				
Operator Labor	\$177,337	\$181,180	\$185,129	\$189,029
Transmission & Distribution				
Maint. Labor	\$49,218	\$50,203	\$51,207	\$52,231
Maint. Mater. & Supplies	\$17,751	\$18,108	\$18,460	\$18,857
Maint. Mains	\$368,344	\$373,671	\$421,144	\$429,067
Maint. Services	\$70,593	\$72,007	\$113,449	\$115,717
Maint. Meters	\$47,097	\$48,009	\$48,863	\$49,842
Maint. Hydrants	\$95,282	\$96,990	\$98,713	\$101,446
Customer Accounts				
Meter Reading	\$104,914	\$105,306	\$108,040	\$111,017
Customer Services	\$191,294	\$198,159	\$206,101	\$209,143
Admin. & General				
Salaries Admin & Board	\$435,909	\$443,890	\$452,060	\$461,017
Gen'l Plant Maint.	\$18,408	\$18,737	\$121,111	\$123,933
Vehicle Maint.	\$3,510	\$3,588	\$3,660	\$3,731
Vac. Holiday, Sick	\$57,558	\$583,900	\$590,884	\$596,890
Capitalized Labor	<u>\$1,000</u>	<u>\$1,000</u>	<u>\$1,162</u>	<u>\$1,240</u>
<b>Totals</b>	<b>\$2,091,585</b>	<b>\$2,133,030</b>	<b>\$2,225,695</b>	<b>\$2,271,009</b>

**Payroll Taxes**

FICA set at 7.85% of salary 175,521

**Non-Labor Inflation**

Maintenance Items increased from test year using an average annual increase of 2.25% per year or 4.65% over 2 years to account for inflation.

**Power**

See Schedule 1E

**Operating Revenue**

See testimony regarding revenue based on utility rate revenues (total less misc. revenues) at .50% 1.5% (see also 1.5% non-allocated)

**EXPLANATION OF ADJUSTMENTS TO TEST YEAR COSTS**

**Capital Spending**

**Water Replacement**

The Authority is planning to replace all the customer owned water meters. The total estimated cost is \$8.8 million. For the rate year, initial funding of \$2,000,000 is requested. In FY 2018 funding of \$2,000,000 is requested. For FY 2019 the balance is included.

**Capital Improvement Projects**

The Authority has developed a capital improvement program (CIP) that it is looking to finance from bonds. With the refinancing of its debt, available funds in the Restricted Debt Account, and available balances in the Restricted Operating Revenue Account, the Authority proposes to use these accounts to help pay for the program. The Authority is looking for authorization equal to the reduction in the debt service that has been authorized by the F.V.C. authorized Debt Ord. 4142 = \$3,852,319 Difference from rate year debt = \$1,763,819

**Restricted Funds Activity for Rate Year**

	<u>R&amp;R Revenue</u>	<u>OSM Revenue</u>	<u>Debt</u>	<u>IFR</u>	<u>R&amp;R Equity</u>	<u>Res. Oper. Rev.*</u>
Beginning Balance (7/1/14)	1,072,823	2,489,784	2,026,555	6,277,494	262,337	1,577,295
Funding	77,000	0	2,175,000	5,000,000	100,000	251,655
Interest	32	242	0	674	20	133
Expenditures (actual)	0	111,280	2,373,660	4,391,122	301,850	0
Ending Balance (6/30/15)	1,150,566	2,362,240	1,652,895	7,267,048	55,027	1,799,084
	<u>2012 Refundings</u>	<u>2004 Series A</u>	<u>Total Debt</u>			
Beginning Balance (7/1/14)	1,800,000	285,646	2,085,646			
Funding (TY)	2,178,500	0	2,178,500			
Interest	32	0	32			
Expenditures (actual)	3,148,025	226,850	3,374,875			
Ending Balance (6/30/15)	1,532,501	2	1,532,503			

\* Note: \$607,677 was withdrawn from the Restricted Operating Revenue Account after June 30, 2015 reducing this account

SUPPLEMENTAL DATARegulatory Expense

<u>Fiscal Year</u>	<u>Annual Amount</u>	<u>Legal</u>	<u>Consultants</u>	<u>DPUC Fees</u>	<u>Total</u>
2011	45,874	0	500	5,765	50,243
2012	53,179	0	1,633	342	55,877
2013	64,090	22,920	17,000	2,850	107,700
2014	97,259	30,256	52,928	995	181,770
2015	116,000	12,500	39,879	457	156,821
Estimated Rate Case Expense - this date:		50,000	50,000	20,000	120,000
			Other Rate Case (Proc Water, Proc Treat)		20,000
			Amortized over 3 yrs		60,000
			DPUC Assessment (Estim RY) *		82,668
			Rate Year Regulatory Expense =		152,798

Note: Estimated costs for current cost do NOT include RCWA regulatory costs for intervention in RRs by Providence Water nor do they include costs for pass through in rate filings to pass on wholesale rate increases.

\*DPUC Assessments

FY 2011	\$45,874	
FY 2012	\$53,179	15.92%
FY 2013	\$64,090	22.02%
FY 2014	\$97,259	49.87%
FY 2015	\$116,000	-13.55%
Average Increase =	18.97%	
Estimated Annual Change =	2.00%	
Estim FY 2016 (RY)	\$88,284	
Estim FY 2017 (RY)	\$92,882	

**SUPPLEMENTAL DATA**

<b>Chemical Costs</b>								
<b>E. Greenwich</b>								
	Production Gallons	Chlorine Gallons	Tetrapotassium Pyrophosphate Gallons	Potassium Hydroxide Gallons	Chem Delivery and Freight Pym/Pike	Chem Delivery and Freight SOT HYD		
FY 2011	292,130	59	27	26,325	\$427	\$1,305		
FY 2012	100,960	43	19	19,904	\$498	\$2,025		
FY 2013	175,242	40	20	19,520	\$525	\$2,120		
FY 2014	223,378	51	28	25,576	\$555	\$2,335		
FY 2015	office							
FY 2016	office							
FY 2017 Proj	136,619	31	16	15,204	\$395	\$1,400		
COSTICAL (12/15)		\$2.49	\$10.48	\$8.70				
FY 2016 COST		\$775	\$1,665	\$103,070	\$555	\$1,400		
			<b>Total FY 2017 chemical costs (E. Greenwich)</b>			<b>\$107,480</b>		

	Production Gallons	Potassium Permanganate Gallons	Chlorine Gallons	Potassium Hydroxide Gallons	Chemical Gallons	Sodium Bisulfite Gallons	Sulfuric Acid Gallons	Chemical Delivery Fees	Lab Chem
Milbrook									
FY 2013	0	0	0	0	0	0	0	\$0	\$0
FY 2014	90,000	2,481	375	359	125	188	4	\$575	\$3,000
FY 2015	130,000	7,000	783	820	250	375	7	\$1,208	\$3,600
FY 2016	90,115	7,085	700	820	250	375	2	\$1,152	\$3,000
FY 2017 PROJ DEF COSTS/EST	232,000	20,077	2,375	2,394	250	375	2	\$14,538	\$4,000
FY 2017 COST		\$1,08	\$2,13	\$8.70	\$11.25	\$4.59	\$0.21	\$28	
		\$2,328	\$2,535	\$10,640	\$2,765	\$1,759	\$28	\$3,258	\$3,600
			<b>Total FY 2017 chemical costs (Milbrook)</b>			<b>\$48,455</b>	<b>\$3,258</b>	<b>\$3,600</b>	
<b>FY 2017 Chemical Costs</b>		\$7,846	\$1,895	\$4,484	\$2,765	\$1,759	\$28	1,280	3,000
E. Greenwich	\$107,480								
Milbrook	\$46,455								
Delivery & Delivery	\$3,268								
Lab Chemicals	\$3,600								
Total - Base Year	\$162,342								
Increase over Test Year	\$122,363								

	<b>East Greenwich</b>		<b>Milbrook</b>		<b>Both</b>
	Power KW USED	AVG Power KVAH	Power KW USED	AVG Power KVAH	
FY 2011	454,207	\$0.22			\$55,413
FY 2012	492,600	\$0.24			\$57,734
FY 2013	387,360	\$0.23			\$50,347
FY 2014	547,920	\$0.25	300,517	\$0.156	\$105,268
FY 2015			346,320	\$0.150	\$91,008
FY 2016			346,320	\$0.156	\$84,416
FY 2017 Proj	313,305	\$0.185	608,007	\$0.150	\$227,240
			<b>Increase over test year</b>		<b>\$103,277</b>

UNITS OF SERVICE

	Test Year Annual	Adjustments	Rate Year Projected
<u>Metered Water Sales (100 cubic feet)</u>			
Small (5/8-2" meters)	2,021,001	18,496	2,938,584
Medium (3&4" meters)	56,302	420	68,721
Large (6" & up meters)	<u>240,864</u>	1,525	<u>242,385</u>
	3,228,257		3,248,654

Meters By Size

	Quarterly JULY 2015		
5/8 & 3/4	22,099	-19	22,060
1	3,638	14	3,650
1 1/2	322	2	324
2	503	-1	502
3	13	-2	11
4	34	5	39
6	85	4	89
8 & up	65	2	67
<u>Monthly</u>			
5/8 & 3/4	0	0	5
1	1	0	1
1 1/2	9	0	9
2	9	-1	8
3	1	0	1
4	4	-1	3
6	7	0	7
8 & up	5	0	5

Public Fire Service (Genl 2015)

Public Fire Hydrants	2,362	5	2,357
Bills	32		32

Private Fire Service

Size (in)			
4	18	0	18
5	57	-2	55
8	19	-3	16
10	1	0	1
12	1	0	1
Hydrants	128	-6	122

ALLOCATION OF RATE YEAR EXPENSES TO  
SEWER, WATER, FIRE, AND COLLECTION SERVICE

EXPENSE ITEM	RATE YEAR EXPENSE	ALLOC. SYMBOL NO	GENERAL WASTE		FIRE SERVICE		SEWER SERVICE	
			%	AMOUNT	%	AMOUNT	%	AMOUNT
<b>SOURCE OF SUPPLY</b>								
material and supply study	\$10,520	A	94.6%	\$10,520	0.5%	\$50	0.3%	0
purchase of water	\$4,287,851	A	99.6%	\$4,276,000	0.9%	\$21,450	0.3%	0
<b>PUMPING OPERATIONS</b>								
fuel for pumping	\$23,038	A	99.5%	\$23,070	0.5%	\$15	0.0%	0
power	\$789,682	A	99.5%	\$780,284	0.9%	\$3,845	0.0%	0
labor pumping	\$85,843	F	95.0%	\$86,405	20.2%	5,738	0.0%	0
pumping expense	\$0	F	75.7%	\$0	20.3%	\$0	0.0%	0
mainl. - sewers & improv	\$16,410	F	70.7%	\$10,803	90.3%	\$17,007	0.0%	0
oil - fuel	\$0	F	70.7%	\$0	90.3%	\$0	0.0%	0
mainl. - equip	\$58,577	F	70.7%	\$46,700	20.3%	\$11,952	0.0%	0
<b>WATER TREATMENT</b>								
chemicals	\$160,010	A	98.0%	\$159,037	0.0%	\$973	0.0%	0
labor	\$124,000	A	98.0%	\$123,000	0.0%	\$300	0.0%	0
operating materials	\$30,397	A	99.5%	\$30,059	0.6%	\$342	0.0%	0
mainl. - waterline equip	\$13,350	A	99.5%	\$13,267	0.5%	\$82	0.0%	0
mainl. - structure	\$60	A	99.5%	\$60	0.5%	\$0	0.0%	0
<b>HAZARDOUS WASTE EXPENSE</b>								
Management exp	\$0	D	75.0%	\$0	25.0%	\$0	0.0%	0
labor	\$24,329	B	70.0%	\$17,032	20.2%	\$8,298	0.0%	0
supplies	\$111,738	B	74.0%	\$82,550	20.2%	\$29,188	0.0%	0
laboratory	\$74,000	G	0.0%	\$0	0.0%	\$0	100.0%	64,700
mainl. - equip & exp	\$10	G	0.0%	\$0	0.0%	\$0	100.0%	10
overhead	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	0
misc.	\$18,000	I	48.5%	\$8,715	20.0%	\$3,285	25.7%	3,000
mainl. - struct & improv	\$56,000	.	48.5%	\$28,760	20.0%	\$10,700	25.7%	17,000
mainl. - equip & exp	\$21,806	D	75.0%	\$16,379	20.0%	\$5,427	0.0%	0
mainl. - trans	\$820,552	B	74.0%	\$607,005	20.2%	\$113,547	0.0%	0
mainl. - service	\$150,350	C	0.0%	\$0	0.0%	\$0	100.0%	150,350
mainl. - meters	\$145,800	C	0.0%	\$0	0.0%	\$0	100.0%	145,800
mainl. - hydrants	\$42,500	E	0.0%	\$0	95.0%	\$40,475	0.0%	0
management waste	(\$85)	F	48.8%	(\$85)	25.0%	(\$10)	28.7%	(\$20)
<b>COLLECTION ACCOUNT</b>								
labor - meter read	\$116,320	C	0.0%	\$0	0.0%	\$0	100.0%	116,320
cust. records labor	\$210,510	C	0.0%	\$0	0.0%	\$0	100.0%	210,510
cust. records sup	\$104,171	C	0.0%	\$0	0.0%	\$0	100.0%	104,171
meter read supplies	\$2,810	C	0.0%	\$0	0.0%	\$0	100.0%	2,810
metering	\$30,100	C	0.0%	\$0	0.0%	\$0	100.0%	30,100
<b>ADMIN. &amp; GENERAL</b>								
salaries	\$405,184	G	70.2%	\$284,000	7.7%	\$30,627	16.0%	\$3,557
office supplies & equip	\$209,000	G	70.2%	\$146,717	7.7%	\$22,632	15.0%	\$1,850
insurance (property liability)	\$280,841	G	70.2%	\$197,400	7.7%	\$23,681	15.0%	\$1,850
OP&B Trust Contrib.	\$20,000	H	55.0%	\$11,000	1.0%	\$9,485	92.4%	25,885
employee benefits	\$95,557	H	55.0%	\$52,540	11.5%	\$11,489	92.4%	\$10,831
mainl. - part	\$152,894	E	73.0%	\$111,315	7.7%	\$11,708	19.0%	\$9,117
mainl. - vehicles	\$30,026	C	73.0%	\$21,915	7.7%	\$1,670	19.0%	12,000
miscellaneous	\$10,501	G	73.0%	\$7,670	7.7%	\$1,250	19.0%	\$1,100
vacation liability, sick	\$812,001	.	85.0%	\$690,300	11.0%	\$87,000	30.0%	\$101,140
reg'd. exp.	\$102,000	G	70.2%	\$71,610	7.7%	\$11,695	19.0%	\$2,050
outside service	\$95,000	E	70.0%	\$66,500	7.7%	\$7,125	19.0%	\$1,850
<b>SUBTOTAL O&amp;M</b>	<b>\$10,411,140</b>	<b>E</b>	<b>70.0%</b>	<b>\$7,279,704</b>	<b>6.2%</b>	<b>\$448,005</b>	<b>10.2%</b>	<b>1,560,430</b>



ALLOCATION OF RATE YEAR EXPENSES TO  
GENERAL WATER, FIRE, AND CUSTOMER SERVICE

EXPENSE ITEM	RATE YEAR EXPENSE	ALLOC. SYMBOL (%)	GENERAL WATER		FIRE SERVICE		CUST. SERVICE	
			%	AMOUNT	%	AMOUNT	%	AMOUNT
<b>FIXED CHARGES</b>								
Debt Service	\$2,178,500	J	76.2%	\$1,759,822	14.5%	\$456,431	2.1%	\$49,247
G&M Expense	\$14,185	G	78.2%	\$10,987	7.7%	\$1,057	19.5%	\$2,791
R&R Reserve	\$152,265	J	78.2%	\$119,465	18.5%	\$28,147	2.1%	\$2,724
Renewal & Replacement - Equip	\$140,000	J	78.2%	\$109,484	18.5%	\$25,758	2.1%	\$2,763
Infrastructure Replacement	\$1,400,000	I	78.2%	\$1,097,800	10.5%	\$1,082,040	2.1%	\$111,140
Water Replacement	\$2,000,000	M	100.0%	\$2,000,000	0.5%	50	0.0%	0
CHP	\$1,758,210	I	78.2%	\$1,377,200	19.5%	\$346,522	2.1%	\$38,006
Payroll Taxes	\$176,624	E	83.0%	\$146,807	11.0%	\$26,617	22.4%	\$59,807
PILOT	\$28,123	L	77.6%	\$21,819	21.0%	\$5,964	1.1%	\$99
<b>SUBTOTAL FIXED</b>	<b>\$11,773,564</b>		<b>81.6%</b>	<b>\$9,654,584</b>	<b>18.7%</b>	<b>\$1,816,560</b>	<b>2.2%</b>	<b>\$248,424</b>
<b>OPERATING REVENUE</b>	<b>\$32,266</b>	<b>A</b>	<b>80.1%</b>	<b>\$25,867</b>	<b>11.6%</b>	<b>\$38,457</b>	<b>8.7%</b>	<b>\$37,618</b>
<b>TOTAL EXPENSES</b>	<b>\$22,221,687</b>	<b>K</b>	<b>80.1%</b>	<b>\$18,050,575</b>	<b>11.6%</b>	<b>\$1,851,400</b>	<b>8.3%</b>	<b>\$1,865,734</b>
Less:								
Work/Wages Income	(\$244,795)	C	82.1%	(\$200,201)	11.6%	(\$23,232)	8.6%	(\$20,212)
Interest Income	(\$21,484)	K	82.1%	(\$17,203)	11.6%	(\$2,620)	8.6%	(\$1,781)
Merchandise Jobbing	(\$15,811)	R	82.1%	(\$13,077)	11.0%	(\$2,179)	8.6%	(\$1,581)
6.6% of Water Prod Exp	(\$45,551)	R	82.1%	(\$38,532)	11.0%	(\$6,268)	8.6%	(\$4,762)
<b>Total Revenue Requirement</b>	<b>\$21,869,816</b>	<b>K</b>	<b>82.1%</b>	<b>\$18,005,161</b>	<b>11.6%</b>	<b>\$1,825,727</b>	<b>8.3%</b>	<b>\$1,841,280</b>

(H) See July 2011 Sch. 3P

**ALLOCATION OF RATE YEAR LABOR EXPENSES TO  
GENERAL WATER, FIRE, AND CUSTOMER SERVICE**

EXPENSE ITEM	RATE YEAR LABOR	ALLOC SYMBOL/C	GENERAL WATER		FIRE SERVICE		CUST. SERVICE	
			%	AMOUNT	%	AMOUNT	%	AMOUNT
<b>SOURCE OF SUPPLY</b>								
water of wtd supply study	\$0	A	94.5%	\$0	0.5%	\$0	0.0%	\$0
purified water	\$0	A	94.5%	\$0	0.5%	\$0	0.0%	\$0
<b>PUMPING OPERATIONS</b>								
fuel for pumping	\$0	A	58.5%	\$0	0.5%	\$0	0.0%	\$0
power	\$0	A	58.5%	\$0	0.5%	\$0	0.0%	\$0
labor/pumping	\$01,000	P	78.7%	\$84,267	27.3%	\$16,480	0.7%	\$0
dumping expense	\$0	P	76.7%	\$0	20.0%	\$0	0.0%	\$0
maint. - structures & equip	\$77,285	F	75.7%	\$58,714	20.8%	\$16,470	0.0%	\$0
close. all	\$0	F	75.7%	\$0	20.8%	\$0	0.0%	\$0
maint. - equip	\$32,755	P	70.7%	\$23,250	20.8%	\$1,552	0.0%	\$0
<b>WATER TREATMENT</b>								
chemicals	\$0	A	58.7%	\$0	0.6%	\$0	0.4%	\$0
labor	\$105,120	A	58.5%	\$184,290	0.5%	\$026	0.3%	\$0
operating / electrical	\$0	A	58.5%	\$0	0.5%	\$0	0.3%	\$0
maint. - water treat equip	\$0	A	58.5%	\$0	0.5%	\$0	0.3%	\$0
maint. - structure	\$0	A	58.5%	\$0	0.5%	\$0	0.3%	\$0
<b>TRANS &amp; DISTR. EXPENSE</b>								
water for fert. exp.	\$0	D	75.0%	\$0	26.0%	\$0	0.0%	\$0
leak	\$0	E	74.8%	\$0	26.2%	\$0	0.5%	\$0
exp. pipe	\$0	E	74.7%	\$0	26.2%	\$0	0.5%	\$0
apex meter	\$51,207	G	0.7%	\$0	0.0%	\$0	100.0%	\$51,207
meter - exp. po & exp	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
cust. instal.	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
misc.	\$0	F	48.8%	\$0	28.0%	\$0	28.7%	\$0
main - struct. & improv.	\$0	F	48.8%	\$0	28.0%	\$0	28.7%	\$0
main - exp. & wdp	\$18,188	D	75.0%	\$18,801	25.5%	\$4,817	0.2%	\$0
main - wiring	\$421,141	E	74.7%	\$215,016	25.2%	\$105,120	0.5%	\$0
maint. - service	\$18,418	C	0.7%	\$0	0.0%	\$0	100.0%	\$18,418
maint. - meters	\$45,853	C	0.7%	\$0	0.0%	\$0	100.0%	\$45,853
maint. - cyanide	\$85,718	C	0.5%	\$184	68.8%	\$28,680	0.0%	\$0
operation labor	\$0	F	48.8%	\$0	28.0%	\$0	28.7%	\$0
<b>CUSTOMER ACCOUNT</b>								
labor - meter use	\$108,540	D	0.0%	\$0	0.0%	\$0	100.0%	\$108,540
cust record labor	\$202,101	D	0.0%	\$0	0.0%	\$0	100.0%	\$202,101
cust record exp	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
meter read exp. labor	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
uncollectible	\$0	C	0.0%	\$0	0.0%	\$0	100.0%	\$0
<b>ADMIN. &amp; GENERAL</b>								
salaries	\$452,280	G	73.8%	\$331,911	7.7%	\$24,987	18.0%	\$48,282
office supplies & expenses	\$0	G	73.8%	\$0	7.7%	\$0	18.0%	\$0
rentals (separate bill by/wd)	\$0	E	73.8%	\$0	7.7%	\$0	18.0%	\$0
OPER. Test Cont. B.	\$0	H	56.8%	\$0	11.8%	\$0	32.4%	\$0
employee benefits	\$0	H	56.8%	\$0	11.8%	\$0	32.4%	\$0
maint. - plant	\$1,111	E	73.8%	\$10,705	7.7%	\$8,777	18.0%	\$23,070
maint. - vehicles	\$5,000	C	73.8%	\$2,581	7.7%	\$200	18.0%	\$887
miscellaneous	\$0	C	73.8%	\$0	7.7%	\$0	18.0%	\$0
vacation, holiday, sick	\$320,984	F	65.8%	\$161,317	11.8%	\$35,181	32.4%	100,506
equip. exp.	\$0	B	73.8%	\$0	7.7%	\$0	18.0%	\$0
outside service	\$0	B	73.8%	\$0	7.7%	\$0	18.0%	\$0
<b>TOTAL LABOR</b>	<b>\$2,281,573</b>	<b>H</b>	<b>66.6%</b>	<b>\$1,270,419</b>	<b>11.9%</b>	<b>\$271,472</b>	<b>82.4%</b>	<b>\$741,438</b>

ALLOCATION SYMBOLS

<u>ALLOCATION SYMBOL</u>	<u>GEN. WATER</u>	<u>FIRE SERVICE</u>	<u>CUST SERVICE</u>
A	30.50%	0.50%	0.00% Supply & Treatment
B	74.50%	25.50%	0.00% T&D Mains
C	0.00%	0.00%	100.00% Meters
D	75.00%	25.00%	0.00% Storage
E	0.50%	95.50%	3.00% Hydrants
F	44.20%	23.00%	25.74% Misc. ISU
G	73.25%	7.00%	19.00% Direct O&M (50% of Purch. Water) Demands & Meters
H	65.75%	11.85%	22.95% Labor
I	75.15%	19.75%	2.05% ISS. Costs (same as Debt/Capital)
J	75.15%	19.75%	2.05% Debt/Capital
K	80.15%	11.55%	8.90% Total Expense
L	71.80%	21.00%	1.00% PILOT
M	100.00%	0.00%	0.00% Meter Replacement Program - all costs in small meter rate
P	73.70%	20.25%	0.00% Pumping Facilities

<u>Symbol B</u>	<u>Cost/Md</u>	<u>\$</u>
Modd Max. Day Flow Demand	10,410	74,245
Max. Day Flow Flow	5,500	25,185
Max. Day Flow Flow	19,910	100.00%

<u>Symbol J - Debt Service/DP</u>	<u>Plant In Service</u>	<u>Symbol</u>	<u>Gen Water</u>	<u>Fire</u>	<u>Dist. A</u>	<u>Cost B</u>
Plant Value 60,320' 5						
Source of Supply	\$1,241,041	A	\$1,522,352	\$8,208	\$0	\$0
Pumping Plant	\$8,413,011	A	\$2,370,846	\$42,000	\$0	\$0
Water Treat. Plant	\$22,057,416	A	\$21,347,126	\$110,287	\$0	\$0
T&D Storage	\$0,000,000	D	\$7,272,426	\$2,424,142	\$0	\$0
T&D Mains	\$25,287,791	B	\$71,548,260	\$24,104,504	\$0	\$0
T&D Hydrants	\$1,262,709	C	\$6,210	\$1,355,597	\$0	\$0
I.O.P. Services	\$3,918,263	G	\$0	\$0	\$2,815,258	\$0
T&D Meters	\$2,193	C	\$0	\$0	\$1,190	\$0
General Plant	\$8,103,245	J	\$2,420,282	\$513,144	\$53,035	\$0
General Ex. duces	\$777,780	J	\$628,292	\$148,252	\$14,873	\$0
<b>Total</b>	<b>\$145,778,110</b>		<b>\$115,979,158</b>	<b>\$25,302,969</b>	<b>\$8,005,294</b>	<b>\$0</b>
<b>Percent</b>			<b>79.18%</b>	<b>19.78%</b>	<b>2.03%</b>	<b>0.00%</b>

<u>Symbol L - PILOT</u>	<u>Total</u>	<u>Symbol</u>	<u>Gen Water</u>	<u>Fire</u>	<u>Dist. A</u>	<u>Cost B</u>
Storage	\$7,256	D	\$5,943	\$1,311	\$0	\$0
Office	\$1,314	G	\$0	\$100	\$125	\$125
PS/Meter/Treatment	\$14,554	P	\$11,536	\$2,825	\$0	\$0
<b>Total</b>	<b>\$23,124</b>		<b>\$17,479</b>	<b>\$4,236</b>	<b>\$125</b>	<b>\$125</b>
<b>Percent</b>			<b>75.35%</b>	<b>21.03%</b>	<b>0.54%</b>	<b>0.50%</b>

**Symbol M - Meter Replacement Program**

The Authority is proposing to replace all residential meters that are 2" and less. Accordingly, we propose to assign all the meter replacement costs to the small meter rate (for meters 2" and less).

<u>Symbol P - Pumping Facilities (see Demands &amp; Costs to 2058, 2059, 2060, 4057)</u>	<u>Percent</u>	<u>Symbol</u>	<u>Gen Water</u>	<u>Fire</u>	<u>Dist. A</u>	<u>Cost B</u>
Supply Well Pumps	30.00%	A	10.00%	0.10%	0.00%	0.30%
Distribution Pumps	60.00%	P	50.54%	20.16%	0.00%	0.30%
<b>Total</b>	<b>100.00%</b>		<b>70.74%</b>	<b>20.26%</b>	<b>0.00%</b>	<b>0.90%</b>

PROPOSED FIRE SERVICE CHARGES

PUBLIC FIRE SERVICE

Quarterly Charge/ Hydrant = \$151.73  
Plus Billing Charge = \$8.72

PRIVATE FIRE SERVICE

SERVICE SIZE	QUARTERLY
<u>Inches</u>	<u>CHARGE</u>
4	\$72.80
6	\$195.16
8	\$408.04
10	\$723.24
12	\$1,162.88
HYDRANT	\$195.16

**ALLOCATION OF FIRE SERVICE EXPENSES  
TO PUBLIC AND PRIVATE FIRE SERVICE**

	<u>NUMBER</u>	<u>DEMAND FACTOR (1)</u>	<u>NO. OF EQUIVS.</u>	<u>PERCENT OF DEMAND</u>	<u>NON-HYDR. REQUIRED</u>	<u>DIRECT HYDRANT</u>	<u>TOTAL</u>
<b>PUBLIC FIRE SERVICE</b>							
Hydrants	2,557	111.31	282,330	89.84%	\$2,210,877	\$102,812	\$2,312,689
<b>PRIVATE FIRE SERVICE</b>							
SIZE (IN)							
4	16	26.22	213				
5	65	111.31	40,575				
8	16	237.21	3,795				
10	1	426.56	427				
12	1	989.51	683				
HYDRANTS	<u>122</u>	<u>111.31</u>	<u>13,582</u>				
TOTAL-PRIV.	251		21,673	10.16%	\$250,087	0	\$250,087
<b>GRAND TOTALS</b>	<b>2,808</b>		<b>292,053</b>	<b>100.00%</b>	<b>\$2,430,975</b>	<b>\$102,812</b>	<b>\$2,533,787</b>
Total Fire Allocation	\$2,533,787						
Less Direct Hydrant Related							
O&M	(\$82,565)						
Debt	(\$20,267)						
Net Non-Hydrant	\$2,430,975						

(1) Based on size to the 2.63 power.

**DETERMINATION OF FIRE SERVICE CHARGES**

<b><u>PUBLIC FIRE PROTECTION</u></b>		<b><u>CALCULATED CHARGE</u></b>
PUBLIC FIRE ALLOCATION (*)	\$1,707,848	
----- =	----- =	\$724.50
NUMBER OF PUBLIC HYDRANTS	2,357	
TOTAL QUARTERLY + BILLING		\$181.13 \$8.72

**PRIVATE FIRE PROTECTION**

PRIVATE FIRE ALLOCATION (**)	\$184,840	
----- =	----- =	\$6.72 /SQUIV.
NO. OF EQUIV. UNITS	29,879	

SIZE (IN)	DEMAND FACTOR	ANNUAL CHARGE	QUARTERLY CHARGE	BILLING CHARGE	CALCULATED CHARGE
4	30.32	\$256.74	\$64.19	\$8.72	\$72.95
6	111.81	\$745.75	\$186.45	\$8.72	\$195.18
8	237.21	\$1,590.30	\$397.52	\$8.72	\$406.24
10	426.58	\$2,898.11	\$714.53	\$8.72	\$723.24
12	690.04	\$4,616.84	\$1,154.15	\$8.72	\$1,162.88
HYDRANTS	11.34	\$745.79	\$186.45	\$8.72	\$195.18

(\*) Allocation from Sect 4A. Less subsidy

(\*\*) Private Fire includes allocated service maintenance costs as detailed below less subsidy:

Service Line Maintenance Cost =	\$160,350	
Added Allocation to Fire Service =	\$12,726	(3.16%)

<u>Service Line Equivalents</u>			<u>Municipal Water Service</u>		<u>Private Fire Service</u>	
<u>Meter Size (in)</u>	<u>Service Size (in)</u>	<u>Equivalents *</u>	<u>Number</u>	<u>Equivalents</u>	<u>Number</u>	<u>Equivalents</u>
60 & 3/4	1	1.00	22,085	22,085		
1	1.5	1.80	3,851	6,932		
1 1/2	2	3.20	335	1,096		
2	3	4.60	510	2,346		
3	4	5.50	12	78	18	101
4	5	5.60	92	583	26	512
6	8	18.90	95	1,822	138	2,382
>8	10	29.80	72	2,137	2	20
Total				33,614		3,404
				61.54%		2.46%

\* See Sect 5B

**Fire Protection Subsidy Calculation**

	<u>Existing</u>	<u>2019</u>	<u>Proposed</u>	<u>Difference</u>
Public Fire	\$1,313,209	\$2,313,725	\$1,707,804	\$605,921
Private Fire	\$169,691	\$271,074	\$207,589	\$63,485
Total	\$1,473,295	\$2,584,330	\$1,915,283	\$669,047

PROPOSED SERVICE CHARGES & DEMAND SURCHARGES

METER SIZE Inches SR &	<u>SERVICE CHARGE</u>		<u>DEMAND SURCHARGE</u>	
	<u>QUARTERLY</u> <u>ACCOUNTS</u>	<u>MONTHLY</u> <u>ACCOUNTS</u>	<u>QUARTERLY</u> <u>ACCOUNTS</u>	<u>MONTHLY</u> <u>ACCOUNTS</u>
3/4	\$14.71	\$10.71	\$0.00	\$0.00
1	\$18.53	\$12.31	\$0.00	\$0.00
1 1/2	\$28.43	\$15.31	\$0.00	\$0.00
2	\$38.28	\$17.50	\$1.00	\$0.00
3	\$48.47	\$21.20	\$3.00	\$0.00
4	\$58.24	\$27.89	\$5.00	\$0.00
5	\$108.98	\$42.17	\$5.00	\$0.00
>8	\$188.00	\$67.84	\$5.00	\$0.00

**ALLOCATION OF CUSTOMER SERVICE EXPENSES**

EXPENSE ITEM	TOTAL	ALLOC.	CUST. METER->		->CUST. BILL->	
	CUST. SERV.		%	AMOUNT	%	AMOUNT
<b>TRANS &amp; DISTR. EXPENSE</b>						
labor	\$0	AA	100.00%	\$0	0.00%	0.00
supplies	\$0	AA	100.00%	\$0	0.00%	0.00
labor-meter	\$54,709	AA	100.00%	\$54,709	0.00%	0.00
meter- supp & exp	\$13	AA	100.00%	\$13	0.00%	0.00
cust. instal.	\$0	AA	100.00%	\$0	0.00%	0.00
misc.	\$0,904	AA	100.00%	\$0,904	0.00%	0.00
maint. - struct. & improv.	\$17,127	AA	100.00%	\$17,127	0.00%	0.00
maint. - res & slp	\$0	AA	100.00%	\$0	0.00%	0.00
maint. - mains	\$0	AA	100.00%	\$0	0.00%	0.00
maint. - service	\$150,560	AA	100.00%	\$150,560	0.00%	0.00
maint. - meters	\$146,948	AA	100.00%	\$146,948	0.00%	0.00
maint. - hydraul	\$0	AA	100.00%	\$0	0.00%	0.00
construction labor	(\$20)	AA	100.00%	(\$20)	0.00%	0.00
<b>CUSTOMER ACCOUNT</b>						
labor-meter read	\$115,029	BB	0.00%	\$0	100.00%	115,028.73
cust record labor	\$212,511	BB	0.00%	\$0	100.00%	212,510.92
cust records sup	5100.171	BB	0.00%	\$0	100.00%	100,171.00
meter read supplies	\$2,819	BB	0.00%	\$0	100.00%	2,818.69
uncollectble	\$00,000	BB	0.00%	\$0	100.00%	00,000.00
<b>ADMIN. &amp; GENERAL</b>						
salaries	\$66,598	CC	42.46%	\$27,917	57.54%	50,681.12
office supplies & expenses	\$51,307	CC	42.46%	\$21,764	57.54%	29,523.44
insurance (property/liability)	\$51,305	CC	42.46%	\$21,763	57.54%	29,521.80
OPEB Trust Contrib.	\$25,688	CC	42.46%	\$10,991	57.54%	14,695.58
employee benefits	\$212,651	DD	41.02%	\$128,213	58.88%	184,318.43
maint. - plant	\$29,112	CC	42.46%	\$12,580	57.54%	16,531.72
maint. - vehicles	\$12,006	CC	42.46%	\$5,087	57.54%	6,900.40
miscellaneous	\$2,155	CC	42.46%	\$919	57.54%	1,235.16
vacation, holiday, sick	\$107,146	DD	41.02%	\$43,935	59.90%	56,653.06
regul. exp.	\$28,085	CC	42.46%	\$11,949	57.54%	16,136.87
outside service	\$17,059	CC	42.46%	\$7,200	57.54%	10,259.49
<b>SUBTOTAL G&amp;M</b>	<b>\$1,694,480</b>	<b>CC</b>	<b>42.46%</b>	<b>\$872,736</b>	<b>57.54%</b>	<b>\$1,1743.79</b>
<b>FIXED CHARGES</b>						
Debt Service	\$44,857	JJ	100.00%	\$44,857	0.00%	0.00
G&M Reserve	\$2,709	CC	42.46%	\$1,147	57.54%	1,554.83
R&R Reserve	\$2,724	JJ	100.00%	\$2,724	0.00%	0.00
G&M Reserve	\$2,050	JJ	100.00%	\$2,050	0.00%	0.00
Infrastructure Replacement	\$11,140	JJ	100.00%	\$11,140	0.00%	0.00
Meter Replacement	\$0	JJ	100.00%	\$0	0.00%	0.00
CIP	\$38,086	JJ	100.00%	\$38,086	0.00%	0.00
Payroll Taxes	\$58,877	DD	41.02%	\$28,315	58.98%	35,504.43
PILOT	<u>\$250</u>	EE	48.57%	<u>\$121</u>	51.43%	<u>124.49</u>
<b>SUBTOTAL FIXED</b>	<b>\$283,634</b>			<b>\$221,436</b>		<b>35,187.74</b>
<b>OPERATING REVENUE</b>						
OPERATING REVENUE	\$27,519	FF	48.57%	\$13,414	51.43%	14,205.64
<b>TOTAL EXPENSES</b>						
TOTAL EXPENSES	\$1,885,734	EE	48.57%	\$907,587	51.43%	\$61,147.07
Less:						
Miscellaneous Income	(\$23,312)	EE	48.57%	(\$8,499)	51.43%	(10,417.35)
Merchand & Jobbing	(\$1,531)	EE	48.57%	(\$750)	51.43%	(802.78)
3.9% of Water Prod Fee	(\$2,782)	FF	48.57%	(\$1,337)	51.43%	(1,345.78)
	=====			=====		=====
Total Revenue Requirement	\$1,843,079	EE	48.57%	\$895,177	51.43%	\$47,962.01

(1) See Joint Sect. Sch. 5C



ALLOCATION OF CUSTOMER SERVICE LABOR EXPENSES

<u>EXPENSE ITEM</u>	<u>TOTAL</u>	<u>ALLOC.</u>	<u>&lt;CUST. METER&gt;</u>		<u>&lt;CUST. BILL&gt;</u>	
	<u>CUST. SERV.</u>	<u>SYMBOL (1)</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>
<b>TRANS &amp; DISTR. EXPENSE</b>						
labor	3.00	AA	100.00%	\$0	3.00%	0.00
supplies	3.00	AA	100.00%	\$0	3.00%	0.00
labor-meter	51,207.23	AA	100.00%	51,207	3.00%	0.00
meter - supp & exp	0.00	AA	100.00%	\$0	0.00%	0.00
inst. install.	0.00	AA	100.00%	\$0	0.00%	0.00
misc.	0.00	AA	100.00%	\$0	0.00%	0.00
maint. - tes & altp	0.00	AA	100.00%	\$0	0.00%	0.00
maint. - mains	0.00	AA	100.00%	\$0	0.00%	0.00
maint. - service	113,447.53	AA	100.00%	\$113,448	0.00%	0.00
maint. - meters	48,867.86	AA	100.00%	48,868	0.00%	0.00
maint. - hydrants	0.00	AA	100.00%	\$0	0.00%	0.00
construction labor	0.00	AA	100.00%	\$0	0.00%	0.00
<b>CUSTOMER ACCOUNT</b>						
labor-meter read	103,843.28	BB	3.00%	\$0	100.00%	103,843.28
cust record labor	202,101.45	BB	0.00%	\$0	100.00%	202,101.45
cust records sup	0.00	BB	0.00%	\$0	100.00%	0.00
meter read supplies	0.00	BB	0.00%	\$0	100.00%	0.00
uncollectible	0.00	DD	0.00%	\$0	100.00%	0.00
<b>ADMIN. &amp; GENERAL</b>						
salaries	88,281.78	CC	42.46%	\$36,825	57.54%	49,638.88
office supplies & expense	0.00	CC	42.46%	\$0	57.54%	0.00
insurance (property/casualty)	0.00	CC	42.46%	\$0	57.54%	0.00
OPEB Trust Contrib.	0.00	DD	41.02%	\$0	58.98%	0.00
employee benefits	0.00	DD	41.02%	\$0	58.98%	0.00
maint. - plant	23,089.54	CC	42.46%	\$9,796	57.54%	13,274.74
maint. - vehicles	366.77	CC	42.46%	\$156	57.54%	400.64
miscellaneous	3.00	CC	42.46%	\$0	57.54%	3.00
vacation, holiday, sick	126,905.57	DD	41.02%	\$43,857	58.86%	63,048.52
regul. exp.	0.00	CC	42.46%	\$0	57.54%	0.00
outside service	0.00	CC	42.46%	\$0	57.54%	0.00
<b>TOTAL LABOR</b>	<b>741,465.42</b>	<b>DD</b>	<b>41.02%</b>	<b>\$334,160</b>	<b>58.98%</b>	<b>437,302.68</b>

(1) See Joint Sett. Sci. 5C

ALLOCATION SYMBOLS - CUSTOMER SERVICE

<u>ALLOCATION</u> <u>SYMBOL</u>	<u>CUSTOM</u> <u>METER</u>	<u>CUSTOM</u> <u>BILL</u>	<u>TOTAL</u>
AA	100.00%	0.00%	100.00% Meters
BB	0.00%	100.00%	100.00% Billing
CC	42.46%	57.54%	100.00% O&M
DD	41.08%	58.92%	100.00% Labor
EE	40.57%	59.43%	100.00% All Expenses
JJ	100.00%	0.00%	100.00% Capital/Crnt

**DETERMINATION OF EQUIVALENT METERS**

<u>METER SIZE (IN)</u>	<u>NUMBER</u>	<u>EQUIVALENCY FACTOR (1)</u>	<u>EQUIV. SIZE IN METERS</u>	<u>DEMAND FACTOR (2)</u>	<u>DEMAND EQUIV UNITS</u>
1/8 & 3/4	22,085	1.00	22,085	1.00	22,085
1	3,651	1.80	6,572	1.87	6,886
1 1/2	333	3.30	1,099	3.32	1,110
2	810	4.60	2,346	5.33	2,723
3	12	6.30	76	10.67	129
4	82	9.60	783	10.67	1,522
6	96	16.60	1,592	33.32	3,200
>6	72	29.60	2,151	55.33	3,642
TOTALS	26,851		36,914		49,701

(1) Based on prior KCWA practice

(2) Based on rated capacity of meter sizes

**DETERMINATION OF PROPOSED SERVICE & DEMAND CHARGES**

**SERVICE CHARGES**

**BILLING CHARGE**

CUST. BILLING ALLOC. (1)	=	\$947,852	=	
NUMBER OF BILLINGS		138,752		\$6.72 PER BILLING

**METER CHARGE**

CUST. METER ALLOC. (1,3)	=	\$882,401	=	
NO. EQUIV. METERS (2)		39,814		\$23.97 / EQ. METER/YR

**TOTAL SERVICE CHARGES**

METER SIZE (IN)	QUARTERLY ACCOUNTS			MONTHLY ACCOUNTS		
	METER CHARGE	BILLING CHARGE	TOTAL CHARGE	METER CHARGE	BILLING CHARGE	TOTAL CHARGE
3/8 & 3/4	\$5.99	\$9.72	\$14.71	\$2.00	\$9.72	\$10.71
1	\$10.79	\$9.72	\$19.50	\$3.50	\$9.72	\$12.91
1 1/2	\$19.77	\$9.72	\$29.49	\$5.89	\$9.72	\$15.81
2	\$27.98	\$9.72	\$35.29	\$9.19	\$9.72	\$17.93
3	\$37.75	\$9.72	\$45.47	\$12.58	\$9.72	\$21.30
4	\$57.53	\$9.72	\$65.24	\$19.18	\$9.72	\$27.89
6	\$131.27	\$9.72	\$150.99	\$38.79	\$9.72	\$42.47
>8	\$177.37	\$9.72	\$198.09	\$55.12	\$9.72	\$57.54

(1) See Joint Staff, Sec. 5A

(2) See Joint Staff, Sec. 5D

(3) Less allocation of Service Maintenance Costs to Private Fire Service - see Joint Staff, Sec. 4B and less

**DEMAND SURCHARGE**

DEMAND COSTS (4)	=	\$0	=	
NO. DEMAND EQUIVS (2)		10,701		\$0.00 / DEMAND EQ./YR

**TOTAL DEMAND SURCHARGES**

METER SIZE (IN)	QUARTERLY CHARGE	MONTHLY CHARGE
3/8 & 3/4	\$0.00	\$0.00
1	\$0.00	\$0.00
1 1/2	\$0.00	\$0.00
2	\$0.00	\$0.00
3	\$0.00	\$0.00
4	\$0.00	\$0.00
6	\$0.00	\$0.00
>8	\$0.00	\$0.00

(4) Share of fixed costs allocated based on meter capacity ratios

Costs to be recovered 50

ALLOCATION OF GENERAL WATER EXPENSES TO  
BASE AND EXTRA CAPACITY

EXPENSE ITEM	TOTAL GENL WATER	ALLOS. SYMBOL	BASE %	AMOUNT	EXTRA CAP-MAX DAY %	AMOUNT	EXTRA CAP-PEAK HB %	AMOUNT
<b>SOURCE OF SUPPLY</b>								
mainl. of w/sf/water supply study	\$18,427	aa	100.00%	\$18,427	0.00%	\$0	0.00%	\$0
purchased water	\$4,278,068	ah	100.00%	\$4,278,068	0.00%	\$0	0.00%	\$0
<b>PUMPING OPERATIONS</b>								
fuel for pumping	\$23,576	aa	100.00%	\$23,576	0.00%	\$0	0.00%	\$0
power	\$785,824	aa	100.00%	\$785,824	0.00%	\$0	0.00%	\$0
labor for pumping	\$85,455	ap	62.64%	\$52,906	57.38%	\$25,575	0.00%	\$0
pumping expenses	\$0	ap	02.64%	\$0	37.38%	\$0	0.00%	\$0
mainl. - structures & improv	\$28,000	ap	82.84%	\$23,151	57.37%	\$25,732	0.00%	\$0
deval. of	\$0	ap	82.84%	\$0	37.37%	\$0	0.00%	\$0
mainl. - equip	\$48,709	ap	82.84%	\$29,205	87.36%	\$17,491	0.00%	\$0
<b>WATER TREATMENT</b>								
chemicals	\$102,687	aa	100.00%	\$102,687	0.00%	\$0	0.00%	\$0
labor	\$158,281	aa	100.00%	\$158,281	0.00%	\$0	0.00%	\$0
operating & maintain	\$68,066	aa	100.00%	\$68,066	0.00%	\$0	0.00%	\$0
mainl. - water treat. equip	\$18,258	aa	100.00%	\$18,258	0.00%	\$0	0.00%	\$0
mainl. - structures	\$377	aa	100.00%	\$377	0.00%	\$0	0.00%	\$0
<b>TRANS &amp; DISTR. EXPENSE</b>								
storage facilities exp.	\$0	aa	0.00%	\$0	0.00%	\$0	100.00%	\$0
fuel	\$13,576	bb	\$1.34%	\$3,828	48.70%	\$8,012	0.00%	\$0
supplies	\$83,656	bb	\$3.37%	\$24,542	48.70%	\$58,092	0.00%	\$0
hire-mainl	\$0	cc	0.00%	\$0	0.00%	\$0	0.00%	\$0
mainl. - supp & exp	\$0	cc	0.00%	\$0	0.00%	\$0	0.00%	\$0
cont. install.	\$0	cc	0.00%	\$0	0.00%	\$0	0.00%	\$0
misc.	\$3,069	f	\$1.20%	\$3,471	45.47%	\$1,017	0.71%	\$251
mainl. - struct. & improv	\$28,782	f	\$1.20%	\$14,323	45.47%	\$13,057	2.71%	\$750
mainl. - res. & equip	\$16,578	dc	0.41%	\$0	0.00%	\$0	100.00%	\$15,570
mainl. - mains	\$470,505	bb	33.30%	\$250,002	48.70%	\$223,893	0.00%	\$0
mainl. - service	\$0	cc	0.00%	\$0	0.00%	\$0	0.00%	\$0
mainl. - streams	\$0	cc	0.00%	\$0	0.00%	\$0	0.00%	\$0
mainl. - hydraulic	\$415	cc	100.00%	\$415	0.00%	\$0	0.00%	\$0
construction labor	(\$39)	f	51.88%	(\$17)	50.00%	(\$15)	2.71%	(\$1)
<b>CUSTOMER ACCOUNT</b>								
labor - meter read	\$0	cc	0.00%	\$0	0.00%	\$0	0.00%	\$0
cust. record labor	\$0	cc	0.00%	\$0	0.00%	\$0	0.00%	\$0
cust. records sup.	\$0	cc	0.00%	\$0	0.00%	\$0	0.00%	\$0
meter read supplies	\$0	cc	0.00%	\$0	0.00%	\$0	0.00%	\$0
WMP Reimbursement	\$0	cc	0.00%	\$0	0.00%	\$0	0.00%	\$0
<b>ADMIN. &amp; GENERAL</b>								
relativ.	\$340,200	cc	50.54%	\$328,640	10.87%	\$85,132	0.67%	\$1,521
office supplies & expenses	\$157,417	cc	58.54%	\$175,370	10.87%	\$23,924	0.67%	\$1,150
insurance (property/liability)	\$157,403	pp	52.84%	\$873,967	10.00%	\$29,872	1.57%	\$1,113
CPED Trust Contrib.	\$11,001	hh	75.92%	\$83,737	22.88%	\$10,237	1.45%	\$583
employee benefits	\$630,540	hh	75.51%	\$407,810	22.88%	\$123,829	1.46%	\$8,001
mainl. - plant	\$112,210	gg	85.88%	\$99,500	10.50%	\$11,572	0.00%	\$23
mainl. - vehicles	\$45,156	gg	06.87%	\$11,033	10.50%	\$4,550	0.00%	\$24
miscellaneous	\$12,158	gg	06.07%	\$10,783	10.50%	\$1,320	0.00%	\$9
wed. off, holiday, sick	\$174,851	hh	73.58%	\$109,222	21.83%	\$30,579	1.40%	\$2,358
regul. exp.	\$111,918	gg	80.54%	\$89,121	10.87%	\$11,652	0.57%	\$63
cust. de service	\$85,870	gg	88.54%	\$23,121	10.00%	\$2,300	0.57%	\$205
<b>SUB-TOTAL Q&amp;M</b>	\$6,178,000		51.74%	\$7,038,967	7.04%	\$411,386	0.42%	\$84,885

ALLOCATION OF GENERAL WATER EXPENSES TO  
BASE AND EXTRA CAPACITY

EXPENSE LINE	TOTAL		ALLOC SYMBOL(S)	BASE		EXTRA CAP.-PEAK DAY		EXTRA CAP.-PEAK HB	
	GFY	GA FY		%	AMOUNT	%	AMOUNT	%	AMOUNT
<b>FIXED CHARGES</b>									
Coal Service	\$7,703,232		J	61.52%	\$4,803,816	32.58%	\$500,034	0.35%	\$11,1810
OSM Reserve	310,887		GA	00.00%	\$0,000	10.50%	\$1,102	0.07%	500
R&E Reserve	\$103,485		I	00.00%	\$0,000	37.30%	\$34,087	3.05%	\$0,700
Renewal & Replacement - Equip	\$78,184		J	60.00%	\$47,014	32.83%	\$25,743	5.88%	\$0,133
Infrastructure Replacement	\$1,221,420		F	60.00%	\$733,052	32.83%	\$1,350,103	6.85%	\$278,884
Water Replacement	\$2,000,000		mm	100.00%	\$2,000,000	0.00%	\$0	0.00%	\$0
DP	\$1,879,200		I	61.32%	\$1,152,589	32.00%	\$340,478	5.26%	\$18,365
Payroll Taxes	\$30,877		hh	75.00%	\$23,158	22.00%	\$22,461	1.10%	\$1,254
PILOT	\$13,010		I	51.51%	\$6,783	25.01%	\$3,255	30.50%	\$5,072
<b>SUBTOTAL FIXED</b>	<b>\$13,634,334</b>				<b>\$8,817,068</b>	<b>25.00%</b>	<b>\$2,490,264</b>	<b>0.17%</b>	<b>\$19,107</b>
<b>OPERATING REVENUE</b>	<b>\$268,788</b>		kk	<b>79.40%</b>	<b>\$211,037</b>	<b>17.81%</b>	<b>\$46,990</b>	<b>2.85%</b>	<b>\$7,877</b>
<b>TOTAL EXPENSES</b>	<b>\$18,753,875</b>		kk	<b>79.40%</b>	<b>\$14,932,802</b>	<b>17.01%</b>	<b>\$1,178,897</b>	<b>2.00%</b>	<b>\$281,881</b>
Less:									
Woolfenden Income	(\$160,204)		kk	79.40%	(\$126,783)	17.81%	(\$24,000)	2.50%	(\$5,282)
Interest Income	(\$17,203)		kk	79.40%	(\$13,603)	17.81%	(\$3,028)	2.88%	(\$57)
Mandrel & Jobling	(\$15,077)		kk	79.40%	(\$11,971)	17.81%	(\$2,825)	2.98%	(\$53)
0.0% of Water Cost Fee	(\$58,532)		kk	79.40%	(\$46,366)	17.81%	(\$9,423)	2.36%	(\$1,021)
	=====				=====		=====		=====
Total Revenue Requirement	\$17,755,661		kk	79.40%	\$14,122,479	17.01%	\$1,101,976	2.01%	\$581,418
Less: Demand Surcharge Rev	\$0		I	90.50%	\$0	32.83%	\$0	0.55%	\$0
Required From Mismatch Rates	\$17,755,661				\$14,122,479		\$1,101,976		\$581,418
Level Water replacement costs	(\$2,000,000)		mm	100.00%	(\$2,000,000)	0.00%	\$0	0.00%	\$0
Flow Fire Subsidy	\$870,017				\$700,017		\$0		\$0
Net After Meter Replacement	\$18,455,678				\$12,752,499		\$2,121,976		\$581,418
(1) See Item 8(d), Sch. KD					77.74%		1.003%		3.23%

ALLOCATION OF GENERAL WATER LABOR EXPENSE TO  
BASE AND EXTRA CAPACITY

EXPENSE ITEM	TOTAL	ALLOC.	BASE	EXTRA CAP. - WGS. DLY	EXTRA CAP. - PEAK HR			
	GENL WATER	SYMBOL	%	AMOUNT	%	AMOUNT	%	AMOUNT
<b>PUMPING OPERATIONS</b>								
blw-pumping	\$24,921	FP	82.84%	\$20,711	27.28%	\$24,233	0.00%	\$0
maint. - electricals & improv	\$51,718	FP	82.84%	\$50,355	11.28%	\$25,055	0.00%	\$0
maint. - water	\$30,909	FP	82.84%	\$25,620	11.76%	\$11,545	0.00%	\$0
<b>WATER TREATMENT</b>								
labor	\$161,200	FW	100.00%	\$161,200	0.00%	\$0	0.00%	\$0
<b>TRANS. &amp; DISTR. EXPENSE</b>								
labor	\$0	CB	83.33%	\$0	46.70%	\$0	0.00%	\$0
maint. - res & equip	\$12,001	CB	0.00%	\$0	0.00%	\$0	100.00%	\$12,001
maint. - mains	\$316,016	CB	23.20%	\$177,013	46.70%	\$147,112	0.00%	\$0
maint. - hydrants	\$184	CB	100.00%	\$184	0.00%	\$0	0.00%	\$0
<b>CUSTOMER ACCOUNT</b>								
labor - meter read	\$0	CB	0.00%	\$0	0.00%	\$0	0.00%	\$0
cust record labor	\$0	CB	0.00%	\$0	0.00%	\$0	0.00%	\$0
cust records sup	\$0	CB	0.00%	\$0	0.00%	\$0	0.00%	\$0
meter read supplies	\$0	CB	0.00%	\$0	0.00%	\$0	0.00%	\$0
miscellaneous	\$0	CB	0.00%	\$0	0.00%	\$0	0.00%	\$0
<b>ADMIN. &amp; GENERAL</b>								
water	\$251,911	GA	80.00%	\$201,529	10.00%	\$25,191	0.00%	\$0
maint. - plant	265,785	GA	88.84%	\$235,900	10.00%	\$24,408	0.00%	\$0
maint. - vehicles	\$2,881	GA	88.84%	\$2,558	10.00%	\$281	0.00%	\$0
miscellaneous	\$0	GA	88.84%	\$0	10.00%	\$0	0.00%	\$0
vacation, holiday, sick	\$104,217	GA	74.58%	\$129,228	22.60%	\$42,200	1.00%	\$2,757
regul. exp	\$0	GA	00.00%	\$0	1.00%	\$0	0.00%	\$0
contingencies	\$0	GA	00.00%	\$0	10.00%	\$0	0.00%	\$0
<b>TOTAL LABOR</b>	<b>\$1,278,419</b>	<b>hh</b>	<b>73.05%</b>	<b>\$936,328</b>	<b>22.43%</b>	<b>\$405,072</b>	<b>1.42%</b>	<b>\$15,662</b>

(1) See John Est. Sch. 80

**ALLOCATION SYMBOLS - GENERAL WATER**

ALLOCATION SYMBOL	BASE %	EXTRA CAPACITY		TOTAL
		MAX DAY %	PEAK HOUR %	
aa	100.00%	0.00%	0.00%	100.00% Supply & Treatment
bb	63.33%	06.33%	0.00%	100.00% T&D Mains
cc	0.00%	0.00%	0.00%	0.00% Meters
dd	0.00%	0.00%	100.00%	100.00% Storage
ee	0.00%	0.00%	0.00%	0.00% Not Used
ff	61.60%	45.40%	2.71%	100.00% Misc. T&D
gg	88.24%	10.80%	0.87%	100.00% Direct O&M plus 92% Over-White
hh	75.49%	22.83%	1.48%	100.00% Labor
ii	60.22%	32.80%	8.58%	100.00% IFR - same as capital
ll	60.22%	32.80%	8.58%	100.00% Debt Costs
kk	78.40%	10.00%	2.88%	100.00% All Expenses
ll	44.50%	25.04%	30.34%	100.00% P.L.O.C.
pp	62.34%	37.35%	0.00%	100.00% Pumping Facilities
mm	100.00%	0.00%	0.00%	100.00% Meter costs j. et. to a well water class base
System bb		<u>63.33%</u>	<u>0%</u>	
Average Day		6.568	52.52%	
Max Day Treatment		4.268	28.07%	
Maximum Day		10.470	100.00%	

Symbol/Item	Amount (\$)	Symbol	BASE	MAX DAY	PEAK HOUR
Source of Supply	\$1,612,733	aa	\$1,612,733	\$0	\$0
Pumping Plant	\$8,300,946	pp	\$5,243,961	\$3,127,385	\$0
Water Treat. Plant	\$21,847,128	aa	\$4,043,128	\$0	\$0
T&D Storage	\$7,272,428	dd	\$0	\$0	\$7,272,428
T&D Mains	\$71,643,288	bb	\$30,135,288	\$18,413,051	\$0
T&D Hydrants	\$6,812	cc	\$0	\$0	\$0
T&D Meters	\$0	cc	\$0	\$0	\$0
General Plant	\$2,428,237	jj	\$1,468,882	\$785,852	\$165,882
General Structures	<u>\$162,380</u>	jj	<u>\$84,350</u>	<u>\$187,842</u>	<u>\$83,282</u>
Total	\$112,673,190		\$69,847,513	\$37,525,837	\$7,488,704
Percent			61.22%	33.33%	6.65%

(1) See Joint Bill, Sch. 2B

Symbol/Item	Amount (\$)	Symbol	BASE	MAX DAY	PEAK HOUR
Storage	\$5,443	dd	\$0	\$0	\$5,443
Clubs	\$64	kk	\$758	\$108	\$28
PSMeters	<u>\$11,265</u>	pp	<u>\$7,272</u>	<u>\$4,528</u>	<u>\$0</u>
Total	\$16,772		\$8,030	\$4,506	\$5,471
Percent			46.00%	26.91%	30.88%

(2) See Joint Bill, Sch. 2B

Symbol/Item	%	Symbol	BASE	MAX DAY	PEAK HOUR
Supply Meters	25.00%	mm	20.00%	0.00%	0.00%
Distribution	05.00%	kk	42.84%	87.80%	0.00%
Total	1	pp	62.84%	87.80%	0.00%



ALLOCATION OF GENERAL WATER EXPENSES  
TO CUSTOMER CLASSES

Class Demands

CUSTOMER CLASS	AVERAGE DEMANDS		MAX DAY EXTRA CAPACITY			TOTAL PERCENT
	MG/SEC/DAY	PERCENT	LOCATION	TOTAL GAL/DAY	EXTRA GAL/DAY	
Small	8,024,184	80.48%	2.7	16,285,137	10,241,079	98.83%
Medium	188,783	2.05%	2	273,408	133,733	1.29%
Large	408,782	7.45%	1.4	588,421	185,683	1.88%
Total	8,657,599	100.00%		17,284,022	10,670,463	100.00%

CUSTOMER CLASS	AVERAGE DEMANDS		PEAK HOUR EXTRA CAPACITY			TOTAL PERCENT
	MG/SEC/DAY	PERCENT	LOCATION	TOTAL GAL/DAY	EXTRA GAL/DAY	
Small	8,024,184	80.48%	5.4	23,452,008	4,218,584	80.44%
Medium	188,783	2.05%	2.4	823,138	84,663	1.21%
Large	408,782	7.48%	1.8	794,377	36,340	2.35%
Total	8,657,599	100.00%		21,094,956	4,870,988	100.00%

(1) - Described in the April, 1982 Cost of Service Study and as used in the Orders from 2005 through 2007

Allocation of Costs to Classes

CUSTOMER CLASS	BASE COSTS		MON. DAY EXTRA CAPACITY		PEAK HR. EXTRA CAPACITY		TOTAL AMOUNT
	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	
Small	80.48%	\$18,375,298	80.48%	\$8,082,040	80.48%	\$812,345	\$27,100,527
Medium	2.05%	\$222,780	1.20%	\$40,480	1.21%	\$8,850	\$269,670
Large	7.48%	\$254,484	1.32%	\$38,536	2.32%	\$15,073	\$307,993
Total	100.00%	\$18,852,490	100.00%	\$8,159,375	100.00%	\$631,413	\$28,455,848

\* Adjusted to include all meter replacement costs in small class only

**METERED WATER RATES**

**Small (1/4" meters)**

Total Expense (2)	\$17,120,027	=	
Metered Sales (HCF) (1)	2,534,514	=	\$6,6295

**Medium (3/4" meters)**

Total Expense (2)	\$503,870	=	
Metered Sales (HCF) (1)	88,721	=	\$6,6145

**Large (1" & up meters)**

Total Expense (2)	\$1,025,381	=	
Metered Sales (HCF) (1)	242,856	=	\$1,2300

(1) See Sch 2

(2) See Sch 7

**COMPARISON TO CURRENT RATES**

		<u>Current</u>	<u>Proposed</u>	<u>\$ Change</u>	<u>% Change</u>	
<b><u>METERED RATES</u></b>						
	Small (5/8-2" meters)	\$5.254	\$5.824	\$0.570	10.85%	
	Medium (3&4" meters)	\$4.476	\$4.844	\$0.168	3.75%	
	Large (6" & up meters)	\$3.816	\$4.230	\$0.414	10.85%	
<b><u>SERVICE CHARGES</u></b>						
Quarterly	5/8 & 3/4	\$10.26	\$14.71	\$4.450	43.37%	
	1	\$13.57	\$19.50	\$5.930	43.70%	
	1 1/2	\$19.78	\$28.49	\$8.710	44.03%	
	2	\$25.17	\$36.28	\$11.110	44.14%	
	3	\$32.20	\$46.47	\$14.270	44.52%	
	4	\$45.86	\$68.24	\$20.380	44.44%	
	6	\$78.06	\$109.89	\$33.810	44.57%	
	8 & up	\$120.68	\$186.09	\$59.430	48.92%	
	Monthly	5/8 & 3/4	\$7.51	\$10.71	\$3.200	42.51%
		1	\$8.61	\$12.31	\$3.700	42.97%
1 1/2		\$10.67	\$15.31	\$4.640	43.49%	
2		\$12.47	\$17.90	\$5.430	43.54%	
3		\$14.52	\$21.30	\$6.780	43.72%	
4		\$19.37	\$27.89	\$8.520	43.99%	
6		\$29.44	\$42.47	\$13.030	44.26%	
8 & up		\$43.57	\$67.84	\$20.870	44.43%	

**COMPARISON TO CURRENT RATES**

<b><u>FIRE CHARGES</u></b>		<b><u>Current</u></b>	<b><u>Proposed</u></b>	<b><u>\$ Change</u></b>	<b><u>% Change</u></b>
<b><u>Fire Service (per quarter)</u></b>					
Public					
	/hydrant	\$139.33	\$181.13	\$41.800	30.00%
	/bill	\$6.12	\$8.72	\$2.600	42.48%
Private (per quarter)					
	4 in	\$55.89	\$72.90	\$17.210	30.80%
	6 in	\$160.08	\$195.16	\$45.070	30.03%
	8 in	\$312.94	\$406.04	\$93.100	29.75%
	10 in	\$557.88	\$723.24	\$165.360	29.64%
	12 in	\$897.35	\$1,162.88	\$265.530	29.59%
	hydrant	\$150.09	\$195.16	\$45.070	30.03%

**IMPACT OF PROPOSED RATES**

METER SIZE	QUARTERLY USE - CU FT	CURRENT RATES	PROPOSED		
			NEW BILL	\$ INCREASE	% INCREASE
Small					
5/8	1,500	\$89.07	\$102.07	\$13.00	14.6%
5/8	2,000	\$115.34	\$131.19	\$15.85	13.7%
5/8	2,500	\$141.61	\$160.31	\$18.70	13.2%
5/8	3,000	\$164.15	\$218.55	\$24.40	12.6%
5/8	4,000	\$220.42	\$247.67	\$27.25	12.4%
5/8	5,000	\$272.66	\$306.91	\$32.95	12.1%
5/8	6,000	\$326.60	\$384.16	\$38.65	11.9%
5/8	6,666	\$350.49	\$402.94	\$42.45	11.6%
5/8	8,000	\$430.58	\$480.63	\$50.05	11.6%
5/8	10,000	\$535.66	\$597.11	\$61.45	11.5%
5/8	12,000	\$640.74	\$713.59	\$72.85	11.4%
5/8	14,000	\$745.82	\$830.07	\$84.25	11.3%
5/8	15,000	\$798.36	\$888.31	\$88.95	11.3%
5/8	20,000	\$1,061.06	\$1,179.51	\$118.45	11.2%
5/8	25,000	\$1,323.76	\$1,470.71	\$146.95	11.1%
1	30,000	\$1,586.77	\$1,766.70	\$176.92	11.1%
1	40,000	\$2,115.17	\$2,349.10	\$233.93	11.1%
1	45,666	\$2,466.40	\$2,737.33	\$271.93	11.0%
1	75,000	\$3,954.07	\$4,387.50	\$433.43	11.0%
2	100,000	\$5,276.17	\$5,860.28	\$584.11	11.0%
2	200,000	\$10,533.17	\$11,684.28	\$1,151.11	10.9%
2	300,000	\$15,787.17	\$17,508.28	\$1,721.11	10.9%
2	400,000	\$21,041.17	\$23,332.28	\$2,291.11	10.9%
2	600,000	\$31,549.17	\$34,960.28	\$3,431.11	10.9%
Medium					
3	200,000	\$8,684.20	\$9,334.47	\$650.27	3.9%
3	400,000	\$17,636.20	\$18,622.47	\$986.27	3.8%
3	600,000	\$26,888.20	\$27,910.47	\$1,022.27	3.8%
4	500,000	\$36,653.66	\$37,216.24	\$562.58	3.8%
4	1,000,000	\$44,805.96	\$46,508.24	\$1,702.28	3.8%
4	1,200,000	\$53,757.56	\$55,764.24	\$2,006.68	3.8%
Large					
6	400,000	\$15,340.08	\$17,029.99	\$1,689.91	11.0%
6	600,000	\$22,972.08	\$25,486.99	\$2,514.91	11.0%
6	800,000	\$30,604.08	\$33,549.99	\$3,345.91	10.9%
8	1,200,000	\$45,868.08	\$50,869.99	\$5,001.91	10.9%
8	1,323,333	\$50,958.07	\$56,509.98	\$5,551.91	10.9%
8	2,000,000	\$76,446.68	\$84,786.09	\$8,339.41	10.9%
8	5,000,000	\$130,926.66	\$211,686.09	\$20,759.43	10.9%
8	10,000,000	\$381,726.66	\$423,166.09	\$41,439.43	10.9%
Municipal Fire Service	400 hydrants	\$55,738.12	\$72,460.72	\$16,722.60	30.0%
Private Fire Service	6 Inch Service	\$150.09	\$195.18	\$45.07	30.0%

**REVENUE RECONCILIATION**

Service Charge:	<u>←--- Current ---→</u>			<u>←--- Proposed ---→</u>	
	<u>Number</u>	<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>
<u>Quarterly</u>					
5/8 & 3/4	88,920	\$10.26	\$906,163	\$14.71	\$1,290,167
1	14,800	\$13.57	\$198,122	\$19.50	\$284,700
1 1/2	1,296	\$19.78	\$25,635	\$28.49	\$36,923
2	2,008	\$25.17	\$50,541	\$33.28	\$72,850
3	44	\$32.20	\$1,417	\$46.47	\$2,045
4	356	\$45.88	\$16,329	\$66.24	\$23,581
6	356	\$76.09	\$27,084	\$109.98	\$39,158
8 & up	268	\$126.66	\$33,846	\$186.09	\$49,872
<u>Monthly</u>					
5/8 & 3/4	60	\$7.51	\$451	\$10.71	\$643
1	12	\$8.61	\$103	\$12.81	\$148
1 1/2	108	\$10.87	\$1,152	\$15.31	\$1,653
2	96	\$12.47	\$1,197	\$17.90	\$1,718
3	12	\$14.82	\$178	\$21.30	\$256
4	36	\$19.37	\$697	\$27.88	\$1,004
6	64	\$29.44	\$2,473	\$42.47	\$5,567
8 & up	60	\$46.97	\$2,818	\$67.84	\$4,070

**REVENUE RECONCILIATION**

	<u>Number</u>	<u>Current</u>		<u>Proposed</u>	
		<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>
Consumption Charge: Proposed	100/su.ft.				
Small (3/8-2" meters)	2,939,584	\$5.25	\$15,444,574	\$5.82	\$17,120,187
Medium (3&4" meters)	88,721	\$4.48	\$298,644	\$4.64	\$309,863
Large (6" & up meters)	242,389	\$3.82	\$924,957	\$4.29	\$1,025,307
Fire Protection:					
Public Hydrants	2,357	\$557.32	\$1,313,603	\$724.52	\$1,707,694
# bills	32	\$6.12	\$196	\$8.72	\$279
Private Fire Protection					
4 in	16	\$222.76	\$3,584	\$251.80	\$4,066
6 in	95	\$600.36	\$57,034	\$780.64	\$74,181
8 in	16	\$1,261.76	\$20,026	\$1,924.19	\$26,987
10 in	1	\$2,231.52	\$2,232	\$2,892.98	\$2,893
12 in	1	\$3,583.40	\$3,589	\$4,651.52	\$4,652
hydrant	122	\$600.36	\$73,244	\$780.64	\$95,238
			=====		=====
Total			\$19,403,970		\$22,192,240
Plus: Misc Revenues			\$330,651		\$330,651
			=====		=====
Pro Forma Revenue			\$19,740,621		\$22,522,891
Required Revenue			\$22,521,587		\$22,521,587
Difference			-2,780,976		\$1,294
					0.01%
Increase in Revenues					\$2,782,270
Increase in Rate Revenues					\$2,782,270
Percent Increase in Total Revenues					14.09%
Percent Increase in Rate Revenues					14.33%

**SUMMARY OF COST OF SERVICE**

	<u>Test Year</u>	<u>Adjustments</u>	<u>Rate Year</u>
<b>Revenues</b>			
Service Charges	\$1,288,303	\$553,071	\$1,821,375
Demand Surcharge:	\$0	\$0	\$0
Metered Rates	\$16,668,176	\$1,787,121	\$18,455,297
Fire Protection	\$1,473,490	\$442,078	\$1,915,568
Miscellaneous	<u>\$330,651</u>	<u>\$0</u>	<u>\$330,651</u>
Total Revenue	\$19,740,621	\$2,782,270	\$22,522,891
<b>Expenses</b>			
<b><u>O&amp;M</u></b>			
Supply	\$4,999,638	(\$683,537)	\$4,316,101
Pumping	\$812,335	\$211,875	\$1,024,210
Treatment	\$310,572	\$133,773	\$444,345
T&D	\$1,164,782	\$130,014	\$1,294,796
Customer	\$470,456	\$19,883	\$490,339
Admin	<u>\$2,512,530</u>	<u>\$228,828</u>	<u>\$2,841,358</u>
Total O&M	\$10,370,313	\$40,836	\$10,411,149
<b><u>Fixed Charges</u></b>			
Debt Service	\$2,179,500	(\$1,000)	\$2,178,500
Reserves and Coverage	\$77,807	\$88,914	\$146,721
Renewal & Replacement	\$100,000	\$0	\$100,000
Infrastructure Replacement	\$5,400,000	\$0	\$5,400,000
Meter Replacement	\$0	\$2,000,000	\$2,000,000
CIP	\$0	\$1,753,819	\$1,753,819
Payroll Taxes	\$154,417	\$21,204	\$175,621
PILOT	<u>\$23,123</u>	<u>\$0</u>	<u>\$23,123</u>
Total Fixed	\$7,934,647	\$8,842,937	\$11,777,584
<b><u>Operating Revenue</u></b>	<b><u>\$583,313</u></b>	<b><u>(\$250,443)</u></b>	<b><u>\$332,864</u></b>
Total Expenses	\$18,888,273	\$3,633,324	\$22,521,597



**PROPOSED STEP INCREASES**

<b>YEAR 1 - CY 2018</b>		
Base Year (FY 2017) Revenue Requirements =		\$22,180,948
<b>Step Increases for 2018</b>		
New Deb: (see Joint Scttl. Sect. 1D)	\$	4,750
Salaries ("Jr Yr") (See Joint Scttl. Sect)	\$	68,830
Inflation (non-labor O&M)	\$	275,073
Additional Benefits	\$	92,577
Additional Meter Program Costs	\$	300,000
Additional OJP Costs	\$	(300,000)
IFF Increase	\$	300,000
Rev. Stabiliz @ 1.5%	\$	15,830
	\$	1,257,660
FY 2018 Revenue Requirement =		\$23,438,608
Proposed Step Increase for FY 2018		4.77%

**PROPOSED STEP RATES**

	Current	Proposed FY2017	Step Increase (CY 2013)
<b>Metered Rates</b>			
Small (5/8-3" meters)	\$5.254	\$5.624	\$0.102
Medium (3/4" meters)	\$4.476	\$4.541	\$4.035
Large (5" & up meters)	\$2.676	\$4.290	\$4.432
<b>Service Charges</b>			
<b>Quarterly</b>			
5/8 & 3/4"	\$10.26	\$14.71	\$15.41
1"	\$13.57	\$19.60	\$22.42
1 1/2"	\$19.76	\$28.49	\$26.85
2"	\$26.17	\$36.28	\$39.01
3"	\$32.20	\$48.47	\$49.88
4"	\$40.86	\$66.24	\$68.11
6"	\$73.00	\$109.99	\$115.29
8 & up	\$128.63	\$166.09	\$164.82
<b>Monthly</b>			
5/8 & 3/4"	\$7.51	\$10.71	\$11.22
1"	\$9.01	\$12.31	\$12.00
1 1/2"	\$10.67	\$15.31	\$16.04
2"	\$12.47	\$17.80	\$18.75
3"	\$14.62	\$21.30	\$22.52
4"	\$18.37	\$27.89	\$29.22
6"	\$29.44	\$42.47	\$44.46
8 & up	\$46.87	\$67.24	\$71.07
<b>Fire Service</b>			
Public Hydrant/quarter	\$139.33	\$181.13	\$189.76
Fall	\$8.12	\$8.72	\$9.14
<b>Private (1/quarter)</b>			
4 in	\$56.89	\$72.90	\$76.37
6 in	\$150.39	\$190.16	\$204.46
8 in	\$312.81	\$408.34	\$425.39
10 in	\$557.96	\$728.21	\$767.71
12 in	\$897.36	\$1,162.38	\$1,218.30
hydrant	\$150.39	\$190.16	\$204.46