DW 08-073
Exhibit 11

ORIGINAL
N.H.P.U.C. Case No. DW 08-073
Exhibit No. #11
Witness Panel 2
DO NOT REMOVE FROM FILE

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

DW 08-073

In the Matter of:
Pennichuck Water Works, Inc.
Petition for Permanent Rates and Step Increases

Direct Testimony

of

James L. Lenihan
Staff Utility Analyst, Gas and Water Division

March 24, 2009

1 **Q. Please state your name, business address and occupation.**

2 A. My name is James L. Lenihan, and my business address is 21 South Fruit St. Concord,
3 New Hampshire 03301. I am employed as a Utility Analyst by the New Hampshire
4 Public Utilities Commission (Commission). I am a graduate from St. Francis College,
5 Maine with a B.A. in Economics, and subsequently completed graduate courses at the
6 University of Maine. In 1985 I attended the Michigan State University Regulatory
7 Studies Program. During the period 1969-73 I was a Junior High School instructor in
8 Biddeford, Maine. In the fall of 1973 I joined the Cost of Living Council in Washington,
9 D.C. From 1974 to 1984 I held various positions in the Federal Energy Administration
10 and the Department of Energy as an Analyst in the areas of fossil fuel availability,
11 distribution, and price for the residential, industrial and utility sectors on a national as
12 well as regional level. In July of 1984 I joined the staff of the New Hampshire Public
13 Utilities Commission.

14 **Q. What is the purpose of your Testimony?**

15 A. The purpose of my testimony is to review Pennichuck Water Works Inc.'s (Pennichuck or
16 the Petitioner) Cost of Service findings and recommendations submitted in support of
17 this permanent rate proceeding.

18 **Q. How many customers are provided water service by Pennichuck?**

19 A. Pennichuck serves approximately 24,800 metered customers primarily located in the City
20 of Nashua. In addition, Pennichuck serves the entire town of Amherst, limited areas in
21 the towns of Merrimack, Hollis, Bedford, Derry, Plaistow, Milford, Epping, Salem and
22 Newmarket. Anheuser-Busch and the towns of Milford and Hudson are provided service

1 under the terms of special contracts. Pennichuck also provides Municipal as well as
2 private fire protection.

3 **Q. Would you describe Pennichuck's current rates prior to the authorization of**
4 **temporary rates in this proceeding?**

5 A. Pennichuck provides a general metered service which is comprised of a monthly $15.36,
6 or $46.08 quarterly service charge for a 5/8 in. residential meter as well as a volumetric
7 charge of $2.40 per hundred cubic feet for all water consumed. At the time of the filing,
8 Pennichuck was in the process of converting all customers from quarterly to monthly
9 bills. The conversion to monthly billing was completed in November 2008 and as of
10 December 2008 all customers were to be billed on a monthly basis. The consumption
11 portion of the bill is a single rate for all water consumed for all meter sizes. The special
12 contracts have minimum charges and volumetric rates which are established in
13 accordance with the terms and conditions of the special contracts. In addition to metered
14 water service, Pennichuck provides municipal and private fire service. The private fire
15 service costs are recovered through means of graduated charges increasing based on the
16 size of the service pipe entering the property. Costs of serving the municipal fire
17 protection customers are recovered by means of a hydrant charge and an inch-foot charge.

18 **Q. How much of an increase in annual revenue is Pennicuck seeking in this**
19 **proceeding?**

20 A. Pennichuck is requesting a permanent increase in rates to reflect an annual revenue
21 increase over the test year ending on December 31, 2007 in the amount $3,193,638 or a
22 14.72 percent increase over test year revenues. In addition, the Petitioner is requesting

1 two step increases to reflect post test year additions. The first step increase requested is
2 in the amount of $1,096,560 or a 5.05 percent increase over test year revenues and a
3 second step increase originally requesting a $1,195,589 or 5.51% increase which was
4 later modified to reflect capital additions that were deferred. The modified second step
5 reduced the amount of the increase requested to $822,299 or 3.79 percent over the test
6 year revenue. The total annual revenue increase sought by Pennichuck including the two
7 steps is 23.56 percent.

8 **Q. What are the factors resulting in the increases proposed by Pennichuck?**

9 A. The increases result from completion of upgrades to its water treatment plant in 2008,
10 replacing aging water mains, services, valves and hydrants in 2007 as well as the
11 installation of radio meter readers in 2007 to achieve the Company's transition form
12 quarterly to monthly billing. The step adjustment includes recovery of additional capital
13 expenditures beyond the end of the test year and into 2008. Operating expense increases
14 which have occurred or will occur within twelve months follow the test year are also
15 included in this permanent rate increase.

16 **Q. Does Pennichuck currently have temporary rates in effect?**

17 A. Yes, on December 30, 2008 by Commission Order 24,926 Pennichuck was granted an 11
18 percent increase over its last authorized annual revenue. Pennichuck originally filed for
19 an 11.27 percent increase, however, the parties to the stipulation agreement recommend
20 an 11 percent temporary rate increase in revenue and was approved by the Commission
21 for effect on service rendered on or after July 28, 2008. The temporary revenue increase
22 translated into a 3/8 inch residential monthly customer charge of $16.55 and a volumetric

1 rate of $2.64 per hundred cubic feet.

2 **Q. How did the Petitioner propose to adjust its current rates to achieve the 11.27**
3 **percent temporary rate increase?**

4 A. Originally, Pennichuck proposed to follow the results of its June 2008 Cost of
5 Service Study submitted in this proceeding for implementing temporary rates. The study
6 recommended the general metered class increase by 11.07 percent, private fire class by
7 69.72 percent, municipal fire protection by 1.1 percent, Anheuser Busch, 12.75 percent,
8 Milford Contract volumetric charges 11.99 percent and the Hudson volumetric charges
9 9.13 percent. Given the study recommended such a large increase in permanent rates for
10 private fire protection, it was recommended in the stipulation on temporary rates that less
11 that the full amount of the proposed increase to private fire protection be placed in effect
12 pending further investigation into the recommendations of the study. For the purposes of
13 establishing temporary rates, the increase in private fire protection was shared equally
14 between municipal and private fire protection customers. The remainder of the rate
15 increase was borne proportionally by all Pennichuck's customers in accordance with the
16 findings in the Cost of Service Study.

17 **Q. For the purpose implementing an increase in permanent rates and possibly**
18 **additional step increases in this proceeding, will staff continue to recommend the**
19 **increase to the private fire protection class be shared with the municipal customers?**

20 A. No, for the purpose of implementing a permanent increase in this proceeding, and should
21 the commission approve the step increases, staff would recommend that the private fire
22 protection class rates be adjusted in accordance with the recommendations in the of the

1 Cost of Service Study. Further investigation into the reasons for the increases were
2 outlined in the information submitted in response to staff data request 4-1 attached. It is
3 recommended, that although substantial, the private fire protection increases are
4 necessary to keep rates in line with cost. The only way not to fully implement the
5 increases to private fire protection would require the revenue short fall to be borne by the
6 other classes. Given the number and magnitude of rate increases Pennichuck customers'
7 have experienced in the past ten years, I would not recommend recovering a short fall
8 from other classes.

9 **Q. Did you have any other issues with the results and recommendations of the Cost of**
10 **Service Study?**

11 A. No.

12 **Q. What increase would a residential (5/8-inch meter) customer see as a result of the**
13 **proposed permanent and step increases?**

14 A. Should the permanent rate and step increases be approved as modified an annual water
15 bill for a single family home would be approximately $557.59 based on an average usage
16 of 9.53 hundred cubic feet of water per month. This would represent an increase of $8.23
17 per month over currently effective permanent rates.

18 **Q. When is Pennichuck proposing the increases become effective?**

19 A. The revised tariff pages submitted in this proceed governing the permanent, temporary
20 and step increases all identify and effective date of August 1, 2006. However since the
21 effective date of temporary rates in this proceeding is July 28, 2008, should the
22 Commission approve a permanent rate increase above the temporary rate level, the

1 temporary and permanent rates would be reconciled back to the effective date of the
2 temporary rates. If the Commission approves a step adjustment to reflect improvements
3 in 2008, staff recommends that the effective date of the step adjustments be no earlier
4 than the effective date of issuance of a final Commission Order in this proceeding. Staff
5 also recommends that any reconciliation not include any expenses associated with the
6 step adjustment.

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

8 **A.** Yes.

DW 08-073
PENNICHUCK WATER WORKS, INC. RESPONSE TO
STAFF DATA REQUESTS FROM TECHNICAL SESSION– SET 4

Date Request Received: 2/26/09
Request No. Staff 4-1

Date of Response: 3/11/09
Witness: Bonalyn J. Hartley
John R. Palko

REQUEST:

a) Please provide the percentage rate increase for public and private fire protection for the years 2001 through 2008.

b) Please explain the cost increase to the private fire protection.

RESPONSE:

a) Please see attached schedules for public and private fire protection rates and the footnoted percentage increases in 2007 and 2008. Also included is a schedule of public fire protection revenues from the years 2000 to 2007 that reflect revenue increases due to the number of inch foot and hydrants updated annually as well as the 2007 rate increases.

b) As was noted in the response to Staff 3-16, it is difficult to pinpoint any one item as being responsible for the increase in private fire protection rates. As further noted, the increase in private fire protection rates is due to the combination of changes, both in investment and in operating expenses, which have occurred since the prior study and to the totality of all allocations in the present study.

In order to obtain additional information and insight concerning the increase to private fire protection, a number of comparisons involving present rate revenues, the results of the present (i.e., the June 2008 study based on a 12/31/07 test period) cost of service allocation study, and the results of the prior (i.e., the July 2001 study based on a 12/31/00 test period) cost of service allocation study were developed. These comparisons are attached to this response. Note that identification of the attachments is provided in the footer at the bottom of each attachment.

A number of comparisons are set forth on the attached Schedule 1. The topmost compares present rate revenue to the results of the 12/31/00 cost allocation. As is shown thereon, the revenue from private fire protection showed a percentage increase of less than half the percentage increase of net revenues from sales while municipal fire protection revenues showed a greater percentage

increase than net revenues from sales. In and of itself, this indicates that, all else being equal, private fire protection would require greater increases than the overall increase and the increase to municipal fire.

The center portion of Schedule 1 compares the results of the 12/31/00 cost allocations with the results of the 12/31/07 cost allocations. This shows that relatively more costs were allocated to private fire in the 12/31/07 study than in the 12/31/00 study.

The bottom comparison on Schedule 1 shows the 12/31/07 indicated percentage increases over present rate revenues.

The attached Schedule 2 shows the increase in the number of both private and municipal fire protection billing units from the 12/31/00 study to the 12/31/07 study. As shown thereon, the number of private fire protection billing units increased by almost 20% while the increase in municipal fire protection billing units was only about 7%. This means that, on a percentage basis, more of the total fire protection cost responsibility would be allocated to private fire in the 12/31/07 study than was allocated in the 12/31/00 study.

Additionally, comparing the data set forth on Schedule 2 with that in the top portion of Schedule 1 shows that over the seven years between studies, the revenue increase from private fire was only slightly greater than the increase in billing units, while the revenue increase from public fire was significantly greater than the increase in billing units.

The attached Schedule 3 compares the private and the municipal class allocators used in the 12/31/07 and the 12/31/00 cost allocation studies. These allocators bear out the fact, as noted and discussed above, that the relatively greater increase in private fire protection billing units means that more of the total fire protection cost responsibility would be allocated to private fire. In the 12/31/00 study, 13.42% of the revenue requirement was attributable to all fire protection with 2.81% attributable to private fire protection and 10.61% attributable to municipal fire protection. In the 12/31/07 study, the total fire protection responsibility increased to 13.80%; however, municipal fire protection cost responsibility decreased to 10.12%, while private fire protection cost responsibility increased noticeably to 3.68% of the net revenue requirement.

Several other comparisons were developed to provide additional data and information for this response. The attached Schedule 4 sets forth a comparison of the results of the functional cost allocations from the 12/31/07 study and the 12/31/00 study. This comparison shows that there was minimal change in the fire hydrant functional cost but significant change in the base and extra capacity functional costs. Significant portions of the extra capacity functional costs are subsequently allocated to fire protection. Given the relatively greater increase in private fire protection billing units when compared with municipal fire protection billing units, relatively more of the fire protection responsibility for extra capacity costs would be allocated to private fire.

The attached Schedule 5 starts with the 12/31/07 functional cost allocation (which was also set forth on Schedule 4) and applies both the 12/31/07 private fire class allocators and the 12/31/00 private fire class allocators. The results show that if the 12/31/07 private fire class allocators were not changed from the 12/31/00 study, the indicated 12/31/07 private fire cost responsibility would be $806,793 or a decrease of $108,872 from the actual 12/31/07 study. This would represent a 57.36% increase above present rate private fire revenues. This is still significant, being more than 4 times the overall increase.

Finally, the attached Schedule 6 applies both the 12/31/00 functional cost allocation results and the 12/31/00 private fire class allocators to the current $24,898,859 net revenue requirement. Under this scenario, private fire would only be responsible for $699,681 of the 12/31/07 net revenue requirement. While this is a decrease of $215,984 from the indications of the 12/31/07 study, it represents an $186,967 (or 36.47%) increase above the $512,714 present rate private fire protection revenue. This is still significant, being about 2.8 times the overall increase.

It is noted that in developing fire service capacity units (refer to Schedule 7, Page 2 of 2 in the 12/31/07 cost of service allocation study), no weighting factors were applied to private fire service. It is not uncommon to weight private fire more than municipal fire given the fact that fire flow demands and requirements in areas served by private fire protection facilities are usually greater than the fire flow demands and requirements in areas served solely by municipal fire protection. If such a weighting were used in the 12/31/07 study, the resulting allocations to private fire protection service would have been ever greater.

Also note (either by reference to Schedule 5 herein or by reference to Schedule 5, Page 1 of 1 in the 12/31/07 study) that no functional customer-services costs were allocated to private fire. Arguments can be made that some portion of these costs should be allocated to private fire. If this were done, the overall allocation of cost responsibility of private fire protection service would increase even further.

In closing, it is noted that the allocations and resulting cost and rate increases to private fire protection service developed in the 12/31/07 study, even though large, are reasonable based on the study itself and the discussions and information set forth herein. Of course, a gradual approach can be taken in increasing the private fire protection rates and revenues, recognizing that any revenue not received from the private fire protection class would need to be recovered from other classes.

Pennichuck Water Works, Inc. **Response to Staff 4-1(a)**

Private Fire Protection Rates :

Size	2001	2002	2003	2004	2005	2006	(1) 2007	(2) 2007	(3) 2008
4" or smaller	$ 23.75	$ 23.75	$ 23.75	$ 23.75	$ 23.75	$ 23.75	$ 28.62	$ 29.35	$ 40.05
6"	$ 39.85	$ 39.85	$ 39.85	$ 39.85	$ 39.85	$ 39.85	$ 48.02	$ 49.25	$ 67.20
8"	$ 58.67	$ 58.67	$ 58.67	$ 58.67	$ 58.67	$ 58.67	$ 70.70	$ 72.51	$ 98.94

Public Fire Protection Rates:

Size	2001	2002	2003	2004	2005	2006	(1) 2007	(2) 2007	(3) 2008
Inch Foot	$ 0.0920	$ 0.0920	$ 0.0920	$ 0.0920	$ 0.0920	$ 0.0920	$ 0.1109	$ 0.1137	$ 0.1160
Hydrant	$ 134.40	$ 134.40	$ 134.40	$ 134.40	$ 134.40	$ 134.40	$ 162.00	$ 166.08	$ 201.96

Notes:

(1) 20.50% step increase for service rendered as of 1/5/07

(2) 3.07% additional step increase for service rendered as of 6/1/07

(3) reflect temporary increase of 36.45% for private and 21.64% for public hydrant and 2.04% for public inch foot issued 12/30/08 for services rendered as of 7/28/08.

Pennichuck Water Works, Inc.
Municipal Fire Protection Revenue

Response to Staff 4-1 (a)

	2001	2002	2003	2004	2005	2006	2007	2007 Recoupment	2008	2008 Recoupment
Nashua	$ 1,667,052.12	$ 1,677,648.96	$ 1,683,042.86	$ 1,694,475.46	$ 1,710,675.36	$ 1,721,564.97	$1,955,169.69	$ 131,230.09	$ 2,133,057.84	$ 44,743.44
Merrimack	$ 55,691.04	$ 56,156.64	$ 56,156.64	$ 56,156.64	$ 56,156.64	$ 56,156.64	$ 63,740.36	$ 4,261.74	$ 69,416.40	$ 1,072.20
Amherst	$ 100,986.00	$ 101,076.37	$ 101,075.28	$ 105,822.54	$ 105,822.24	$ 114,827.78	$ 133,240.03	$ 8,937.71	$ 145,073.40	$ 2,588.70
Derry	$ -	$ 21,215.16	$ 21,215.16	$ 21,215.16	$ 21,215.16	$ 21,215.16	$ 24,079.96	$ 1,478.24	$ 26,218.44	$ 572.66
Bedford	$ 43,949.16	$ 45,109.83	$ 68,236.87	$ 85,680.00	$ 94,542.00	$ 96,660.52	$ 114,297.41	$ 6,950.04	$ 139,359.00	$ 2,107.33

Municipal Fire Protection Revenues increase as the number of inch foot and the number of hydrants is updated annually.
* 20.50% step increase for service rendered as of 1/5/07 (DW 06-073)
** 3.07% additional step increase for service rendered as of 6/1/07 (DW 06-073)
2008 recoupment billed in 2009

Attachment JLL-1

Pennichuck Water Works, Inc.
Data for Request No. Staff 4-1
Allocation and Revenue Comparisons

Item	12/31/00 Allocation	Present Rate Revenue	$ Increase	% Increase
Private Fire Protection	421,450	512,714	91,264	21.65
Municipal Fire Protection	1,589,671	2,493,950	904,279	56.88
Net Revenue/Requirement	14,979,788	22,007,885	7,028,097	46.92

The above tabulation compares the results of the cost of service allocation based on the 12/31/00 test period with the present rate revenues which were current at the time of the June 2008 cost of service allocation study. Dollar increases and percentage increases are shown.

Item	12/31/00 Allocation	12/31/07 Allocation	$ Increase	% Increase
Private Fire Protection	421,450	915,665	494,215	117.27
Municipal Fire Protection	1,589,671	2,520,828	931,157	58.58
Net Revenue/Requirement	14,979,788	24,898,859	9,919,071	66.22

The above tabulation compares the results of the cost of service allocation based on the 12/31/00 test period with the results of the cost of service allocation based on the 12/31/07 test period. Dollar increases and percentage increases are shown.

Item	Present Rate Revenue	12/31/07 Allocation	$ Increase	% Increase
Private Fire Protection	512,714	915,665	402,951	78.59
Municipal Fire Protection	2,493,950	2,520,828	26,878	1.08
Net Revenue/Requirement	22,007,885	24,896,859	2,888,974	13.13

The above tabulation compares the present rate revenues with results of the cost of service allocation based on the 12/31/07 test period. Dollar increases and percentage increases are shown.

Pennichuck Water Works, Inc.
Data for Request No. Staff 4-1
Increase in Number of Fire Protection Billing Units

Private Fire Protection

Size	Number @12/31/07	Number @12/31/00	Increase In Number	% Increase
2"	25	16	9	56.25
4"	102	86	16	18.60
6"	359	308	51	16.56
8"	274	225	49	21.78
10"	6	5	1	20.00
12"	13	12	1	8.33
16"	1		1	
	780	652	128	19.63

Municipal Fire Protection

Size	Number @12/31/07	Number @12/31/00	Increase In Number	% Increase
Hydrant	2,458	2,309	149	6.45
Inch-Feet	18,344,114	17,116,582	1,227,532	7.17

This schedule compares the number of fire protection billing units in the 12/31/00 test period with the number of fire protection billing units in the 12/31/07 test period. The increase in number and the percentage increase are shown.

Pennichuck Water Works, Inc.
Data for Request No. Staff 4-1
Comparison of Class Allocators - Test Periods Ending 12/31/07 and 12/31/00

	Test Period Ending 12/31/07		Test Period Ending 12/31/00		Change Between Test Periods	
Functional Cost	% to Priv Fire	% to Muni Fire	% to Priv Fire	% to Muni Fire	Priv Fire	Muni Fire
Base Cost	0.28	0.72	0.24	0.70	0.04	0.02
Extra Cap Max Day	7.04	17.82	6.50	18.60	0.54	(0.78)
Extra Cap Max Hour	10.25	25.96	8.15	23.29	2.10	2.67
Cust - Comm'l	5.35	0.04	5.33	0.04	0.02	0.00
Cust - Meters	0.00	0.00	0.00	0.00	0.00	0.00
Cust - Services	0.00	0.00	0.00	0.00	0.00	0.00
Fire Hydrants	0.00	100.00	0.00	100.00	0.00	0.00
Net Revenue Req'm'nt	3.68	10.12	2.81	10.61	0.87	(0.49)
Combined Fire %	13.80		13.42		0.38	

This schedule compares the private and municipal fire class allocators used in the cost of service allocation studies based on the test periods ending 12/31/07 and 12/31/00. The last two columns show the magnitude of the change in each individual allocator.

Pennichuck Water Works, Inc.
Data for Request No. Staff 4-1
Comparisons of Functional Cost Allocations - Test Periods Ending 12/31/07 and 12/31/00

Functional Cost	Test Period Ending 12/31/07		Test Period Ending 12/31/00		12/31/07 Less 12/31/00		
	$	%	$	%	$ Increase	% Increase	% of Increase
Base Cost	9,858,898	39.60	6,489,201	43.32	3,369,697	51.93	33.97
Extra Cap Max Day	6,109,640	24.54	3,067,860	20.48	3,041,780	99.15	30.67
Extra Cap Max Hour	3,406,156	13.68	2,349,692	15.68	1,056,464	44.96	10.65
Cust - Comm'l	2,033,832	8.17	273,241	1.82	1,760,591	644.34	17.75
Cust - Meters	1,695,152	6.81	1,332,626	8.90	362,526	27.20	3.65
Cust - Services	1,317,118	5.29	995,716	6.65	321,402	32.28	3.24
Fire Hydrants	478,063	1.91	471,452	3.15	6,611	1.40	0.07
Net Revenue Req'm'nt	24,898,859	100.00	14,979,788	100.00	9,919,071	66.22	100.00

This schedule compares the results of the functional cost allocations for the test periods ending 12/31/07 and 12/31/00. The last three columns respectively show the dollar increse in the allocations, the percentage increase in the allocations, and the percentage of each element increase to the total increase.

Pennichuck Water Works, Inc.
Data for Request No. Staff 4-1
Effect of Using 12/31/00 Class Allocators for Private Fire

Functional Cost	12/31/07 Allocation Results	12/31/07 Allocation To Private Fire %	$	Private Fire Allocation Using 12/31/00 Factors %	$	$ Difference
Base Cost	9,858,898	0.28	27,605	0.24	23,661	3,944
Extra Cap Max Day	6,109,640	7.04	430,119	6.50	397,127	32,992
Extra Cap Max Hour	3,406,156	10.25	349,131	8.15	277,602	71,529
Cust - Comm'l	2,033,832	5.35	108,810	5.33	108,403	407
Cust - Meters	1,695,152	0.00	0	0.00	0	0
Cust - Services	1,317,118	0.00	0	0.00	0	0
Fire Hydrants	478,063	0.00	0	0.00	0	0
Net Revenue Req'm'nt	24,898,859		915,665		806,793	108,872

This schedule allocates the functional cost components developed in the cost of service allocation study based on the 12/31/07 test period to Private Fire using the class allocators from the 12/31/07 study and the class allocators from the 12/31/00 study. The last column shows the resulting differences between the two sets of class allocators.

Pennichuck Water Works, Inc.
Data for Request No. Staff 4-1
Current Private Fire Allocation Based on 12/31/00 Allocators

Functional Cost	12/31/00 %	Allocated $	% to Priv Fire	Allocated to Priv Fire
Base Cost	43.32	10,786,187	0.24	25,887
Extra Cap Max Day	20.48	5,099,286	6.50	331,454
Extra Cap Max Hour	15.68	3,904,141	8.15	318,187
Cust - Comm'l	1.82	453,159	5.33	24,153
Cust - Meters	8.90	2,215,998	0.00	0
Cust - Services	6.65	1,655,774	0.00	0
Fire Hydrants	3.15	784,314	0.00	0
Net Revenue Req'm'nt	100.00	24,898,859	2.81	699,681

This schedule uses the results of the 12/31/00 test period functional cost allocation and the 12/31/00 private fire class allocators to allocate the current $ 24,898,859 net revenue requirement to the private fire class. Based on the 12/31/000 test period parameters, private fire would be responsible for $ 699,681 of the current net revenue requirement. This represents a $ 186,967 (or 36.47%) increase above the $ 512,714 present rate revenue.