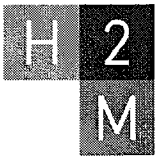


Capital, 30 Year O&M and Interest of Debt Service Costs for VOC Treatment Improvements at Plants 4 and 6

| | Total Costs |
|--|------------------------|
| Capital Costs - Plant 4 | |
| Construction - Phase 1 - AST Foundation and Clearwell | \$520,000.00 |
| Construction - Phase 2 - GAC Foundation | \$390,000.00 |
| Construction - Phase 3 - GAC Vessels | \$875,800.00 |
| Construction - Phase 4 - GAC and Site Piping | \$274,900.00 |
| Construction - Phase 5 - AST Treatment System and Building | \$4,289,830.00 |
| Engineering Study, Report, Preliminary Design and Final Design | \$384,856.51 |
| Environmental Abatement Monitoring | \$7,956.04 |
| Site Survey During Design and Construction | \$25,824.17 |
| Soil Borings | \$3,592.00 |
| Construction Administration - All Phases | \$126,806.36 |
| Construction Inspection - All Phases | \$239,572.44 |
| Additional O&M Costs - Plant 4 | |
| Present Value of 30 Year Annual O&M Costs | \$5,625,000.00 |
| Capital Costs - Plant 6 | |
| Construction - GAC Building | \$615,000.00 |
| Construction - GAC System | \$867,800.00 |
| Construction - Treatment Building Improvements | \$1,200,000.00 |
| Engineering Study, Report, Preliminary Design and Final Design | \$198,075.79 |
| Environmental Abatement Monitoring | \$2,089.36 |
| Site Survey During Design and Construction | \$13,873.31 |
| Soil Borings | \$3,950.00 |
| Construction Administration - All Phases | \$45,000.00 |
| Construction Inspection - All Phases | \$135,000.00 |
| Additional O&M Costs - Plant 6 | |
| Present Value of 30 Year Annual O&M Costs | \$3,763,000.00 |
| Public Bonding Costs | |
| Interest on Debt Through 12/31/11 (approximate) | \$475,000.00 |
| Total | \$20,082,925.98 |



SUMMARY OF ADDITIONAL ANNUAL OPERATING COSTS
VOC TREATMENT SYSTEM IMPROVEMENTS AT PLANT 4

INCREASE IN ANNUAL ELECTRICAL POWER COSTS

Electric Utility Provider: LIPA
Electrical Rate Code: 285
Increase in Plant Electrical Demand: 70 KW

Consumption Charges:

| <u>Demand</u> | <u>Operating Hours⁽¹⁾</u> | <u>Annual Demand</u> | <u>Rate Charge⁽²⁾</u> | <u>Annual Costs</u> |
|---------------|--------------------------------------|----------------------|----------------------------------|---------------------|
| 70 KW | 2,080 Hrs | 145,600 KW Hrs | \$0.185 / KW Hr | \$26,900 |

Increase in Annual Electrical Operating Costs = \$11,800 + \$28,300 = \$26,900

(1) Based on average Annual Pumpage over the last five years of 350 MGY.
(2) Includes fuel surcharge

ANNUAL FILTER REPLACEMENT OPERATING COSTS

Pre-Filters Must Be Replaced Every Month of Operation
Filters Must Be Replaced Twice per Year
Cost of Replacing Pre-Filters: \$200
Cost of Replacing Filters: \$400

Annual Filter Replacement Operating Costs = (\$200 x 12) + (\$400 x 2) = \$3,200

ANNUAL GAC REPLACEMENT COSTS

Quantity of Vessels: 6
GAC per Vessel: 20,000 lbs
Frequency of GAC Change-Outs: Every 5 Years
Cost of GAC Change-Out: \$2.00 per lb

Annual Cost of GAC Change-Out = (6 x 20,000 x \$2.00) / 5 years = \$48,000

INCREASE IN ANNUAL PLANT MONITORING LABOR COSTS

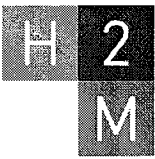
Required Additional Plant Monitoring = 1 Hrs / Day
Required Additional Man-hours = 1 Hrs / Day x 365 Days / year = 365 Hrs

Increase in Annual Plant Monitoring Labor Costs = \$50 / Hr* x 365 Hrs = \$18,250

* - Estimated hourly rate for plant operator – includes associated benefit costs.

INCREASE IN ANNUAL LAB MONITORING OPERATING COSTS

Monthly VOC Water Samples Required Post GAC
VOC Sample Rate Charge = \$165 / Sample



SUMMARY OF ADDITIONAL ANNUAL OPERATING COSTS
VOC TREATMENT SYSTEM IMPROVEMENTS AT PLANT 4

Annual Number of Samples Required = 4 Samples / Month x 12 Months = 48 Samples

Increase in Annual Lab Monitoring Operating Costs = \$165 x 48 Samples = **\$7,920**

SUM OF INCREASE IN ANNUAL DISTRICT OPERATING COSTS

| | |
|---|----------|
| 1. Increase in Annual Electrical Operating Costs: | \$26,900 |
| 2. Annual Filter Replacement Costs: | \$ 3,200 |
| 3. Annual GAC Replacement Costs: | \$48,000 |
| 4. Increase in Plant Monitoring Operating Costs: | \$18,250 |
| 5. Increase in Laboratory Monitoring Costs: | \$ 7,920 |

SUM OF INCREASE IN ANNUAL DISTRICT OPERATING COSTS: \$104,270

PRESENT WORTH VALUE

| | |
|------------------------------------|-----------|
| Additional Annual Operating Costs: | \$104,270 |
| Treatment System Life: | 30 Years |
| Operating Cost Inflation Rate | 5.0% |
| Investment Interest Rate | 1.5% |

PRESENT WORTH VALUE: \$5,625,000

Present Value Analysis AS

With savings deposit of \$5,625,000 settlement at Year 0

| Year | Savings Account Value at 1.5% Interest Rate | Additional Annual Operating Cost at 5.0% Inflation Rate | Savings Account Balance |
|------|---|---|-------------------------|
| 0 | \$5,625,000 | \$104,270 | \$5,520,730 |
| 1 | \$5,603,541 | \$109,484 | \$5,494,057 |
| 2 | \$5,576,468 | \$114,958 | \$5,461,511 |
| 3 | \$5,543,433 | \$120,706 | \$5,422,728 |
| 4 | \$5,504,069 | \$126,741 | \$5,377,328 |
| 5 | \$5,457,988 | \$133,078 | \$5,324,910 |
| 6 | \$5,404,784 | \$139,732 | \$5,265,052 |
| 7 | \$5,344,028 | \$146,718 | \$5,197,309 |
| 8 | \$5,275,269 | \$154,054 | \$5,121,215 |
| 9 | \$5,198,033 | \$161,757 | \$5,036,276 |
| 10 | \$5,111,820 | \$169,845 | \$4,941,975 |
| 11 | \$5,016,105 | \$178,337 | \$4,837,768 |
| 12 | \$4,910,334 | \$187,254 | \$4,723,080 |
| 13 | \$4,793,926 | \$196,617 | \$4,597,310 |
| 14 | \$4,666,269 | \$206,447 | \$4,459,822 |
| 15 | \$4,526,719 | \$216,770 | \$4,309,949 |
| 16 | \$4,374,599 | \$227,608 | \$4,146,990 |
| 17 | \$4,209,195 | \$238,989 | \$3,970,206 |
| 18 | \$4,029,759 | \$250,938 | \$3,778,821 |
| 19 | \$3,835,504 | \$263,485 | \$3,572,019 |
| 20 | \$3,625,599 | \$276,659 | \$3,348,939 |
| 21 | \$3,399,174 | \$290,492 | \$3,108,681 |
| 22 | \$3,155,311 | \$305,017 | \$2,850,294 |
| 23 | \$2,893,049 | \$320,268 | \$2,572,781 |
| 24 | \$2,611,373 | \$336,281 | \$2,275,092 |
| 25 | \$2,309,218 | \$353,095 | \$1,956,123 |
| 26 | \$1,985,465 | \$370,750 | \$1,614,715 |
| 27 | \$1,638,935 | \$389,287 | \$1,249,648 |
| 28 | \$1,268,393 | \$408,752 | \$859,641 |
| 29 | \$872,535 | \$429,189 | \$443,346 |
| 30 | \$449,996 | \$450,649 | -\$653 |



SUMMARY OF ADDITIONAL ANNUAL OPERATING COSTS
VOC TREATMENT SYSTEM IMPROVEMENTS AT PLANT 6

INCREASE IN ANNUAL ELECTRICAL POWER COSTS

Electric Utility Provider: LIPA
Electrical Rate Code: 285
Increase in Plant Electrical Demand: 35 KW

Consumption Charges:

| <u>Demand</u> | <u>Operating Hours⁽¹⁾</u> | <u>Annual Demand</u> | <u>Rate Charge⁽²⁾</u> | <u>Annual Costs</u> |
|---------------|--------------------------------------|----------------------|----------------------------------|---------------------|
| 35 KW | 1,785 Hrs | 62,500 KW Hrs | \$0.185 / KW Hr | \$11,560 |

Increase in Annual Electrical Operating Costs = \$11,800 + \$28,300 = \$11,560

(1) Based on average Annual Pumpage over the last five years of 300 MGY.
(2) Includes fuel surcharge

ANNUAL GAC REPLACEMENT COSTS

Quantity of Vessels: 4
GAC per Vessel: 20,000 lbs
Frequency of GAC Change-Outs: Every 5 Years
Cost of GAC Change-Out: \$2.00 per lb

Annual Cost of GAC Change-Out = (4 x 20,000 x \$2.00) / 5 years = \$32,000

INCREASE IN ANNUAL PLANT MONITORING LABOR COSTS

Required Additional Plant Monitoring = 1 Hrs / Day
Required Additional Man-hours = 1 Hrs / Day x 365 Days / year = 365 Hrs

Increase in Annual Plant Monitoring Labor Costs = \$50 / Hr* x 365 Hrs = \$18,250

* - Estimated hourly rate for plant operator – includes associated benefit costs.

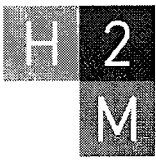
INCREASE IN ANNUAL LAB MONITORING OPERATING COSTS

Monthly VOC Water Samples Required Post GAC
VOC Sample Rate Charge = \$165 / Sample
Annual Number of Samples Required = 4 Samples / Month x 12 Months = 48 Samples

Increase in Annual Lab Monitoring Operating Costs = \$165 x 48 Samples = \$7,920

SUM OF INCREASE IN ANNUAL DISTRICT OPERATING COSTS

- 1. Increase in Annual Electrical Operating Costs: \$11,560
- 2. Annual GAC Replacement Costs: \$32,000
- 3. Increase in Plant Monitoring Operating Costs: \$18,250



SUMMARY OF ADDITIONAL ANNUAL OPERATING COSTS
VOC TREATMENT SYSTEM IMPROVEMENTS AT PLANT 6

| | |
|--|-----------------|
| 4. Increase in Laboratory Monitoring Costs: | \$ 7,920 |
| SUM OF INCREASE IN ANNUAL DISTRICT OPERATING COSTS: | \$69,730 |

PRESENT WORTH VALUE

| | |
|------------------------------------|----------|
| Additional Annual Operating Costs: | \$69,730 |
| Treatment System Life: | 30 Years |
| Operating Cost Inflation Rate | 5.0% |
| Investment Interest Rate | 1.5% |

| | |
|-----------------------------|--------------------|
| PRESENT WORTH VALUE: | \$3,763,000 |
|-----------------------------|--------------------|

Present Value Analysis AS

With savings deposit of \$3,763,000 settlement at Year 0

| Year | Savings Account Value at 1.5% Interest Rate | Additional Annual Operating Cost at 5.0% Inflation Rate | Savings Account Balance |
|------|---|---|-------------------------|
| 0 | \$3,763,000 | \$69,730 | \$3,693,270 |
| 1 | \$3,748,669 | \$73,217 | \$3,675,453 |
| 2 | \$3,730,584 | \$76,877 | \$3,653,707 |
| 3 | \$3,708,513 | \$80,721 | \$3,627,791 |
| 4 | \$3,682,208 | \$84,757 | \$3,597,451 |
| 5 | \$3,651,413 | \$88,995 | \$3,562,418 |
| 6 | \$3,615,854 | \$93,445 | \$3,522,409 |
| 7 | \$3,575,245 | \$98,117 | \$3,477,128 |
| 8 | \$3,529,285 | \$103,023 | \$3,426,262 |
| 9 | \$3,477,656 | \$108,174 | \$3,369,482 |
| 10 | \$3,420,024 | \$113,583 | \$3,306,441 |
| 11 | \$3,356,038 | \$119,262 | \$3,236,776 |
| 12 | \$3,285,328 | \$125,225 | \$3,160,103 |
| 13 | \$3,207,504 | \$131,486 | \$3,076,018 |
| 14 | \$3,122,158 | \$138,061 | \$2,984,097 |
| 15 | \$3,028,859 | \$144,964 | \$2,883,895 |
| 16 | \$2,927,154 | \$152,212 | \$2,774,942 |
| 17 | \$2,816,566 | \$159,822 | \$2,656,743 |
| 18 | \$2,696,595 | \$167,814 | \$2,528,781 |
| 19 | \$2,566,713 | \$176,204 | \$2,390,509 |
| 20 | \$2,426,366 | \$185,014 | \$2,241,352 |
| 21 | \$2,274,972 | \$194,265 | \$2,080,707 |
| 22 | \$2,111,917 | \$203,978 | \$1,907,939 |
| 23 | \$1,936,558 | \$214,177 | \$1,722,381 |
| 24 | \$1,748,216 | \$224,886 | \$1,523,330 |
| 25 | \$1,546,180 | \$236,131 | \$1,310,050 |
| 26 | \$1,329,700 | \$247,937 | \$1,081,763 |
| 27 | \$1,097,990 | \$260,334 | \$837,656 |
| 28 | \$850,221 | \$273,351 | \$576,870 |
| 29 | \$585,523 | \$287,018 | \$298,505 |
| 30 | \$302,983 | \$301,369 | \$1,614 |