

AN ABBREVIATED RATE FILING
For
THE CITY OF WOONSOCKET WATER DIVISION

DIRECT TESTIMONY
OF
WALTER E. EDGE Jr. MBA CPA
PRESIDENT, B&E CONSULTING LLC

DOCKET # _____

DECEMBER 2006

1 **Q. Good morning Mr. Edge. Would you please give your name and business**
2 **address for the record?**

3 A. Certainly, my full name is Walter Edward Edge Jr. MBA CPA. I work for the
4 accounting/consulting firm of B&E Consulting LLC (B&E). My office is located at 21
5 Dryden Lane Providence RI 02904. B&E is a certified public accounting firm that
6 specializes in business, education and utility accounting/consulting.

7

8 **Q. Are you the same Walter E. Edge Jr. who has testified as an expert accounting**
9 **and rate witness in previous rate filings before the Rhode Island Public Utilities**
10 **Commission (PUC)?**

11 A. Yes. I have provided expert accounting and rate testimony for Narragansett Bay
12 Commission, Interstate Navigation Company, Block Island Power Company, Providence
13 Water Supply Board, Pawtucket Water Supply Board, Newport Water, Prudence Ferry,
14 and Stone Bridge Fire District. I have also provided accounting and rate testimonies for
15 intervention in PUC filings for Interstate Navigation (IHSF filing), the Town of North
16 Smithfield (Woonsocket Water filing) and Osram Sylvania (Pawtucket Water filing).
17 This is the first time that I have filed testimony for Woonsocket Water Division (WWD).

18

19 Further, I have completed rate studies for non-regulated utilities such as Warwick Water,
20 Warwick Sewer, East Providence Water, Greenville Water and Harrisville Fire District.

21

22 **Q. What is the purpose of your testimony in this docket?**

23 A. WWD hired B&E to develop a normalized test year, FYE June 30, 2006 and a rate
24 year, FYE June 30, 2008. B&E was engaged to prepare expert testimony in support of
25 both the test year and the rate year, which included all the schedules and exhibits required
26 by the rules and regulations of the PUC. In addition, B&E was asked to prepare and
27 present any appropriate rate design testimony. Mr. Bebyn, Vice President of B&E, will
28 present the test year and rate design testimony. My testimony will address the rate year
29 revenue requirement.

30

1 **Q. Before starting your explanation of the rate year revenue requirement , would**
2 **you please give the Division and the PUC an update as to the status of rate issues**
3 **raised in the last full rate filing?**

4 A. Certainly. The last full rate filing (Docket No. 3626) was filed on July 14, 2004 for
5 implementation in the rate year, FYE December 31st, 2005. The major issues were as
6 follows:

- 7 ➤ Increases in permanent services and overtime.
- 8
- 9 ➤ Salary upgrades for employees
- 10
- 11 ➤ Increases for road and walk repair
- 12
- 13 ➤ Increases for debt service.
- 14
- 15 ➤ Increases in funding for operations:
 - 16 ○ utilities,
 - 17 ○ property taxes,
 - 18 ○ State Pollution Monitoring,
 - 19 ○ legal services,
 - 20 ○ engineering services
 - 21 ○ and Infrastructure Replacement (IFR).
- 22
- 23 ➤ WWD also put forward a rate year averaging approach CY 2006 and CY 2007 to
24 address the lag between setting rates and collecting them.
- 25
- 26 ➤ Also WWD attempted to address the fact that the rate year debt service payments
27 for CY 2005 were less than the debt service payments in the subsequent year.
- 28
- 29 ➤ WWD put the Commission on notice that it would be filing rate cases more
30 frequently than it had in the past to address future capital needs. To address this
31 more frequent filing WWD requested an increase in the annual rate case expense
32 allowance of \$40,000.
- 33
- 34 ➤ Rates were calculated using a 1993 rate model approved by the Commission in
35 Docket # 2099. The result of using the model is that rates per customer class did
36 not increase uniformly across the board.
- 37

38 **Q. Does that conclude the cost of service and rate design issues raised in the last**
39 **docket?**

40 A. Yes.

1 **Q. What are the major issues or reasons for this rate request?**

2 A. The largest adjustments needed for this filing are in many of the same accounts raised
3 in the last filing as follows:

Account	Dollars
1. Wholesale Revenues	\$(199,006)
2. Salary Increases	221,967
3. Longevity	6,232
4. Payroll Taxes (FICA)	22,752
5. Maintenance (Roads and Walks)	53,722
6. Light and Power	50,828
7. Property Taxes	10,903
8. Engineering Services	60,084
9. Insurances	230,970
10. Chemicals	82,116
11. Operating Reserve	127,440
12. Infrastructure Replacement	444,570
13. Rate Case Expense	51,364
14. Debt Service	229,136

4

5 **Q. What revenue requirement increase is WWD requesting in this docket?**

6 A. WWD is requesting additional revenue in the amount of \$1,720,064 that will increase
7 total rate year revenue to \$8,623,437. This represents a revenue requirement increase of
8 24.92%.

9

10 **Q. Will all rates increase by 24.92% if the filing is approved as filed?**

11 A. No, Mr. Dave Bebyn has taken the rate year revenue requirement and using the cost
12 allocation model approved in the last filing has calculated new rates for all customer
13 classes. (See Schedule DGB-11 for the ratepayer impacts)

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15 **Q. Does that conclude your overview?**

16 A. Yes.

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RATE YEAR (FYE JUNE 30, 2008)

Q. Mr. Edge, how would you like to proceed with your rate year testimony?

A. In an attempt to reduce the number of issues in this docket to save the PUC and DPUC time and ratepayer money, I have reviewed the test year accounts (revenues and expenses) to determine the best approach for dealing with all of the general ledger accounts. I noticed that the accounts could be grouped into six loosely related account groups. These groupings could then be reviewed and evaluated together. My goal was to reduce the number of accounts that I had to analyze separately.

The groups are as follows:

1. Revenue accounts (12 accounts ranging from account #41010 to account #42320).
2. Personnel expense accounts (11 accounts). These accounts are all payroll and payroll related accounts.
3. Smaller dollar value accounts (revenues and expenses) that do not justify individual review were left at test year levels for the rate year. Also, there were other more substantial accounts that were reviewed and evaluated and it was determined that the test year level of those accounts were the most reasonable level for the projected rate year.
4. Insurance accounts.
5. Restricted accounts.
6. The remaining accounts must be analyzed separately.

1 **REVENUES:**

2

3 **Q. Mr. Edge, how did you project rate year revenues?**

4 A. WWD has been suffering for the past few years under a decreasing revenue base
5 (after excluding approved rate increases). Water Sales (which represent about 87% of
6 the total WWD revenues) have been decreasing each year for the past few years and I am
7 not sure if the downward trend will continue. However, WWD will be filing rate
8 increases annually for the next two or three years to address its treatment plant and
9 distribution system needs. Therefore if the trend continues WWD will only have to
10 suffer through the lost revenue for one year.

11

12 **Q. Mr. Edge, what if the downward trend does not end with the test year, what will**
13 **WWD do to address the revenue shortfall?**

14 A. The WWD management will have to face a shortfall in about 87% of its revenues.
15 WWD will have to either identify additional revenues (very unlikely in the rate year) or
16 postpone certain operating activities to balance the budget.

17

18 **Q. Is WWD trying to increase revenues?**

19 A. Yes. The WWD is investigating the possibility of increased wholesale water sales
20 (revenues) to North Smithfield and other Northern Rhode Island and Massachusetts
21 communities (see the testimony of Carol Lariviere and the Inter-Municipal Agreement
22 filed in this docket for details). Further, the possibility of additional water sales must be
23 addressed by WWD in the overall design of its new treatment plant. Therefore, the
24 WWD is requesting \$150,000 in this docket (part of the \$1,000,000 up front borrowing
25 needed to get the treatment plant project off the ground) to fund its share of the
26 commitments made in the Inter-Municipal Agreement. The WWD believes, and I
27 concur, that a \$150,000 investment at this time in an attempt to increase the customer
28 base and revenues is very beneficial. Also, more customers allow the WWD to spread
29 fixed costs over a greater number of customers, which in time will lower rates for all
30 customer classes.

31

1 **Q. Mr. Edge, is it management's responsibility to operate the WWD efficiently and**
2 **maintain a balanced budget?**

3 A. Yes. I strongly believe that it is management's responsibility to manage the
4 operations of the Water Division with a balanced budget as long as the revenue
5 requirement provided by the PUC is reasonable and is calculated using a rate making
6 approach that reflects future reality. For example, a three year average of revenues
7 (based on consumption), similar to the approach used by the Division in previous
8 dockets, will result in a lower revenue requirement, but unless actual sales revenue
9 increases in the rate year, over the test year, (which is very unlikely) management will be
10 starting the rate year in a revenue requirement hole. This type of built in shortfall is
11 often not manageable, even by the best of utility managers.

12
13 **Q. How have you projected the rate year revenue level for water sales and**
14 **customer service revenues?**

15 A. If WWD is fortunate and the downward trend does end with the test year, and we
16 leave these two revenue accounts at the test year levels, then WWD will collect the
17 appropriate revenues in the rate year. It is for this reason, that I have left the Water Sales
18 and Customer Service Revenue accounts at the test year levels for the rate year.

19
20 **Q. Mr. Edge, how did you project the remaining revenue accounts?**

21 A. The approach varies somewhat from account to account, but I reviewed each account
22 and my findings are as follows:

- 23
24 1. The City of Woonsocket entered into an Inter-Municipal Agreement with the
25 Town of North Smithfield which provides North Smithfield the opportunity to
26 take between 400,000 and 1,000,000 gallons a day on a wholesale basis to
27 serve North Smithfield's retail water customers. In the interim year, North
28 Smithfield has only been taking about 170,000 gallons per day.

1 I have calculated the rate year revenue for wholesale sales using the PUC
2 approved wholesale rate (\$3,207.19 per million gallons) times an average of
3 approximately 170,000 gallons per day (annual consumption 62.05MG). This
4 resulted in a wholesale revenue amount in the rate year of \$199,006.

5
6 2. Fire protection revenue stays about the same from year to year so I left these
7 two revenue accounts at the test year levels. Should these two revenue
8 accounts go up a little in the rate year the additional revenue could be used to
9 off-set any decrease in the two major revenue classes of Water Sales and
10 Customer Service Revenues.

11
12 3. Miscellaneous Operating Income (account #44502), Environmental
13 Enforcement (account #46500), Reimbursed Collection Costs (account
14 #47000), Grant Revenue (account #47500), and Capital Contributions, are all
15 zero balances in the adjusted test year and left at the adjusted test year levels.

16
17 4. The remaining revenue accounts are minor balances and I left them at the test
18 year levels for the rate year.

19
20
21 **Q. Does that complete your review of revenues for the rate year?**

22 **A. Yes it does.**

1 **EXPENSES:**

2
3 **Q. How would you like to proceed with your review of expenses?**

4 A. As I stated above, many expense accounts are insignificant (less than one third of one
5 percent of the total requested revenue requirement for the rate year) and I have left these
6 accounts at test year levels (See Schedule WEE-5). The remaining accounts will be
7 reviewed in the order they are listed on Schedule WEE-4 (whenever possible). The first
8 group of accounts, after the revenue accounts, is the Personnel Expense accounts.

9
10 **Q. How did you calculate the rate year level of expense for the Personnel Expense**
11 **accounts?**

12 A. In order to calculate the projected rate year level of the first two Personnel Expense
13 accounts, Permanent Service (salaries) and Longevity, I prepared my Schedule WEE-4.
14 On this schedule I have listed all of the positions projected to be in place in the rate year.
15 In support of the rate year salary levels on Schedule WEE-4, I completed Schedule WEE-
16 4a.

17
18 **Q. Mr. Edge can you explain Schedule WEE-4a for us?**

19 A. Yes. Schedule WEE-4a shows my calculations of the rate year salary levels for all
20 of the positions expected to be employed in the rate year. My schedule starts with salary
21 levels of all positions in the test year and progresses through the interim year salary
22 levels. I then increased the interim year salaries by 3% (the rate year percentage increase
23 required by the union contract was 4% over two increases. The effective rate of the two
24 increases was only 3%) to arrive at the rate year salary levels.

25
26 **Q. How did you calculate the longevity adjustment for the rate year?**

27 A. Longevity pay is calculated as a function of salary and years of service. On Schedule
28 WEE-4, I calculated the longevity pay for the rate year for all employees by multiplying
29 the rate year salary for each employee times the appropriate longevity percentage.

1 **Q. Are there any other adjustments calculated on your Schedule WEE-4?**

2 A. Yes. FICA is a function of personnel expense and I have calculated the rate year
3 FICA expense by multiplying the total personnel expense times 7.65%.

4

5 **Q. Have you adjusted any of the other personnel expense accounts?**

6 A. No. With the exception of overtime expense which would normally be increased by
7 the same percentage as the personnel expenses the remaining personnel accounts are
8 minor dollar amounts and were left at the test year levels. I did not increase the overtime
9 dollars by the same percentage as I did for the salary increases because WWD is making
10 every effort to reduce overtime pay. Not increasing the overtime pay line item for known
11 salary increases provides extra incentive for the WWD to continue to control overtime
12 costs.

13

14 **Q. Are there any other issues that you wish to address regarding salary costs?**

15 A. Yes. From my limited review of the current staffing levels, the current salary levels,
16 and the working environment at the WWD, I believe that WWD is understaffed, and in
17 spite of the salary adjustments allowed in the last case, some positions are still underpaid.
18 Further, the offices at the current plant are inadequate. Because this filing is an
19 abbreviated rate filing and the maximum increase allowed in an abbreviated rate filing is
20 25% it is impossible at this time to address these concerns. That said however, I believe
21 that the WWD will need to request additional staffing and in some cases better salaries in
22 up-coming dockets. Hopefully the office space issue will be addressed with the new
23 treatment plant.

24

26 **Q. Have you made an allowance for turnover in the rate year?**

27 A. No, I have not. No turnover allowance is needed in this docket because the turnover
28 allowance is already built into the actual test year payroll and payroll related accounts.
29 Included in the test year are an average number of employees, 33. WWD is requesting
30 that there be no change to the total number of FTEs approved in the order of Docket #
31 3626, namely 33.

32

1 **Q. The next account we need to review is Maintenance (Roads and Walks). How**
2 **did you calculate the rate year level for this account?**

3 A. This account varies widely from year to year so the best method of projecting this
4 account is by using a four year average. I calculated the average as \$115,706 and used
5 that amount for the rate year. The adjustment for the rate year is \$53,722.

6

7 **Q. Why such a large adjustment?**

8 A. As I stated above, this account varies significantly from year to year. In addition,
9 during the test year, WWD was very short of operating funds and chose to delay certain
10 projects to keep spending in this account as low as possible. I reviewed this account in
11 the interim year and found that WDD has already incurred over \$100,000 of maintenance
12 on roads and walks. I would expect that this account is not used much in the winter but
13 next spring I would expect that WWD will have to spend additional monies in this area
14 and will exceed the current \$100,000 balance by FYE June 30, 2007. The four year
15 average of \$115,706 appears to be reasonable for the interim year and I believe that it is a
16 good number for the rate year.

17

18 **Q. What is the next account that you would like to discuss?**

19 A. Light and Power. I completed two schedules to show my calculations for the rate
20 year projections for light and power. Schedule WEE-6 is a summary schedule while
21 Schedule WEE-6a shows the detail calculations I made to project the rate year cost of
22 Light and Power.

23

24 **Q. Schedule WEE-6a is quite complex, can you simplify it for us?**

25 A. Yes. First I calculated the test year expense by multiplying the consumption by the
26 weighted rates for each item listed before the energy charge. I then added the energy
27 charge and I backed out the Consolidated New Energy (CNE) settlement. Lastly I made
28 adjustment for Gross Receipts Tax (GRT) and SVC Tax (where applicable).

29

30

1 For the rate year I determined that the consumption levels are anticipated to remain the
2 same as the test year. Further, the energy charge of 6.6 cents per Kwh will be the same
3 in the test year and the rate year. Unfortunately, there will be a new charge in the rate
4 year from the Federal Energy Regulatory Commission (FERC) which is the Forward
5 Capacity Market (FCM) charge and the (CNE) credit is gone by the rate year. The only
6 additional thing that I had to do was to price out the items listed before the energy charge
7 using the most current rates and then adjust for GRT and SVCT. My rate year
8 projections are reflected in the last column of Schedule WEE-6a and then carried forward
9 to the summery Schedule WEE-6.

10

12 **Q. Looking down your Schedule WEE-3, the next account that you adjusted for**
13 **the rate year is Fire and Property Tax. Could you explain what you have done?**

14 A. Certainly. My Schedule WEE-7 shows that I started with the test year expense for
15 property taxes for the six communities that WWD pays property taxes to. I then got the
16 interim bills and posted the interim level cost to my Schedule WWE-7. Lastly I
17 calculated the rate year expense for property taxes using the interim year increases
18 (decreases) times the interim level costs. The result was a small increase in property
19 taxes about 4% a year on average. If the rate year increases are known by the hearing
20 dates or my rebuttal testimony I will update this adjustment.

21

22 **Q. Is the next account that you have to review Vehicle Insurance?**

23 A. Yes, however I would like to present my methodology and calculations for all of the
24 insurance accounts including Health and Dental at the same time. My Schedule WEE-8
25 summarizes my calculations for all of the insurance accounts.

26

27 **Q. Your next adjustment concerns engineering services. Could you please explain**
28 **your adjustment?**

29 A. Yes. My schedule WEE-3 shows that I made a \$60,084 adjustment to the rate year
30 expense for Engineering Services. This adjustment is for the engineering work on the
31 system that is required per the recommendations of WWD's consultants, CDM (e.g.
32 flushing).

1 **Q. Is the next account that you have to review Vehicle Insurance?**

2 A. Yes, however, I would like to present my methodology and calculations for all of the
3 insurance accounts including Health and Dental at the same time. My schedule WEE-8
4 summarizes my calculations for all the insurance accounts.

5

6 **Q. Have you calculated the projected rate year cost for all of the insurance**
7 **accounts using the same methodology?**

8 A. Yes I have. It is important to note that some of the rate year increases may become
9 known before this docket is completed. If there is any additional information made
10 available to me, I will be happy to update Schedule WEE-8 and provide it to the Division
11 and the Commission.

12

13 For all of the insurance accounts I had the test year and interim year costs. To project the
14 rate year cost I multiplied the interim year cost by the increase between the interim year
15 and the test year. By far the largest adjustment was for health insurance which was
16 increased 21.90 percent for FYE 2007 and FYE 2008. The other insurance increases are
17 far more modest.

18

19 **Q. It appears that we have now reached the restricted accounts. Are there any**
20 **changes needed for the restricted accounts?**

21 A. Yes there are. After reviewing the restricted accounts (See Schedule WEE-13), I
22 determined that only the renewal and replacement restricted account can be left at the test
23 year level. For each restricted account I reviewed the test year and interim year activity
24 then I projected the rate year and two additional years of activity.

25

26 It is important to point out that these accounts are restricted accounts and if over-funded
27 (as the chemical account was in previous years) the funds can be given back to the
28 ratepayers by under-funding in subsequent years. In other words if we are off a bit it
29 doesn't hurt the ratepayers.

30

31

1 **Q. What have you done with the chemical restricted account for the rate year?**
2 A. The chemical restricted fund had become over-funded and in the last docket the
3 funding level was set at \$213,884. Actual expenditures in 2006 and 2007 will be closer
4 to \$235,000 and \$296,000. The shortfall will be made up with the carry-forward balance
5 of \$116,384 from FY 2005. I have calculated that the cash reserve will be almost
6 depleted by the end of the interim year (less than \$20,000).
7
8 **Q. What is the appropriate allowance for chemicals in the rate year?**
9 A. I have calculated that the new revenue requirement for the restricted chemical
10 account will have to be \$296,000 which will result in the carry-forward balance shrinking
11 to only \$455 by FY 2010. Please see Schedule WEE-9 for the details of the chemical
12 restricted account.
13
14 **Q. Mr. Edge did you calculate an allowance for net operating reserve?**
15 A. Yes I calculated the allowance to be \$127,440.
16
17 **Q. What account is next?**
18 A. The next restricted account that I have addressed is the Infrastructure Replacement
19 (IFR) Fund. I have increased the funding for this account to \$2,200,000 per year starting
20 in the rate year. Although I expect that the expenditure level could be greater than
21 \$2,200,000 per year, I believe that the \$2,200,000 allowance is adequate and will allow
22 WWD to complete the majority of the items it has planned for its IFR program in 2008
23 through 2010. See my Schedule WEE-10 for details.
24
25 **Q. Your Schedule WEE-10 shows that in FY 2008, 2009 and 2010 WWD will end
26 the year in a nearly \$500,000 deficit in the IFR program restricted account. How
27 do you propose that the WWD will balance this account?**
28 A. I have included \$6 million dollars in distribution work on my Schedule WEE-10.
29 This amount is only about 20% of the \$30,000,000 of distribution work needed over the
30 next 15 years.

1 I believe that it is possible that the distribution work project may get delayed by a month
2 or two during FY 2008, 2009 or 2010 and that the delay could result in a savings during
3 the three years which would eliminate the shortfall. It is also possible that WWD may
4 not need all of the annual \$50,000 allowance to keep the old plant operating (or they
5 could need more). And it is possible that the financing of the new treatment plant may
6 provide for taking out the IFR up-front loan by FY 2009 saving the debt service payments
7 in FY 2009 in the IFR fund (See testimony of Maureen Gurghigian for more detail). I
8 believe that the \$2,200,000 is a reasonable level of funding of this account at this time.

9
10 **Q. Mr. Edge, how did you calculate rate case expense?**

11 A. I have prepared Schedule WEE-11 which shows the activity in the rate case restricted
12 account. Schedule WEE-11 shows that WWD had to cover the shortfall in the rate case
13 restricted account by transferring \$46,000 from other operating accounts in FY 2006. I
14 have calculated the rate case expense for this docket at \$162,728 and amortized it over
15 two years. My schedule shows that the WWD will have to fund the shortfall in this
16 account until the rate case expense recovery in FY 2009.

17
18 **Q. Could you amortize the rate case expense over three or more years?**

19 A. No, I do not believe that a longer amortization period would be prudent. First WWD
20 does not have extra cash to fund the cash shortfall over a longer period of time. Second,
21 as explained by the testimony of Carol Lariviere, WWD needs to build a new treatment
22 plant by 2010 to remain in compliance with all State and Federal laws. To have the new
23 treatment facility built by 2010 WWD will need to borrow \$30,000,000 over the next two
24 years. This cannot be done without filing for rate relief to cover the debt service
25 payments. It seems obvious to me that WWD will have to file rate cases for FYE June
26 30, 2009 and FYE June 30, 2010 in order to have sufficient funding in place to get the
27 new treatment plant built on time. It would be more prudent to amortize the rate case
28 expense over one year but the PUC doesn't normally approve a one year amortization.

29
30

1 **Q. I believe that we have reached the last of your rate year adjustments. What**
2 **makes up your rate year adjustment for debt service?**

3 A. WWD never received rate relief to pay the debt service for the most recent
4 \$4,000,000 (2005) Rhode Island Clean Water Financing Agency (Clean Water) debt.
5 That debt was approved after the last rate filing. The debt service on that debt in the rate
6 year is \$277,962.

7
8 **Q. If the debt service on the most recent Clean Water debt in the rate year is**
9 **\$277,962, why is the rate year net adjustment for debt service only \$229,136?**

10 A. The rate year net debt service adjustment is only \$229,136 because, with the passage
11 of time, the annual debt service requirement on WWD's other long term debt has
12 decreased, allowing for a smaller debt service increase at this time.

13

14 **Q. Mr. Edge what is the purpose of the \$42,050 amount on the debt service**
15 **schedule for new Clean Water debt?**

16 A. WWD is going to have to fast track the building of its new treatment plant in order to
17 remain in compliance with State and Federal laws as explained above and in the prefiled
18 testimony of Carol Lariviere. I have added this new debt service allowance in an attempt
19 to give WWD as much flexibility as I could in regards to obtaining additional financing
20 as soon as possible. I noticed that the debt service on the \$1,000,000 IFR interim
21 financing was about \$42,050 in the first year.

22

23 Since the WWD will need to borrow over \$30,000,000 for distribution work over the next
24 two years I added this allowance to provide the debt service for an additional \$1,000,000
25 for the upfront costs for continuing with the project after the design work is completed for
26 the new treatment plant. This item smoothes out the rate increases from 2008-2010,
27 provides some needed funds earlier to the WWD so that the plant project is not slowed
28 down because of up-front financing.

29

30 **Q. Does that conclude your rate year analysis?**

31 A. Yes.

RATE YEAR SUMMARY
WOONSOCKET WATER DIVISION

Schedule WEE-1

	<u>Adjusted Test Year</u>	<u>Adjustments</u>	<u>Rate Year Old rates</u>	<u>Rate Increase</u>	<u>Rate Year New rates</u>	
Revenue	\$ 6,704,367	\$ 199,006	\$ 6,903,373	\$ 1,720,064	\$ 8,623,437	24.92%
Expenses	7,031,353	1,592,084	8,623,437	-	8,623,437	
Net Profit	<u>\$ (326,986)</u>	<u>\$ (1,393,078)</u>	<u>\$ (1,720,064)</u>	<u>\$ 1,720,064</u>	<u>\$ -</u>	*

* Net operating reserve of \$ 127,440 is already included in the Rate Year Expenses

STATEMENT OF REVENUE - RATE YEAR
WOONSOCKET WATER DIVISION

Schedule WEE-2

ACCT. #	BUDGET ACCOUNT DESCRIPTION	ADJUSTED TEST YEAR	RATE YEAR ADJUSTMENTS	RATE YEAR 6/30/08
REVENUE				
<i>Revenue from Rates and Charges</i>				
41010	Water Sales	\$ 5,145,211	TY	\$ 5,145,211
	Wholesale Sales	-	(1) 199,006	199,006
	Customer Service Revenue	790,143	TY	790,143
	Public Fire Service Revenue	497,582	TY	497,582
	Private Fire Service Revenue	60,270	TY	60,270
		6,493,206	199,006	6,692,212
<i>Miscellaneous Revenue</i>				
41030	Service & Extentions	66,243	TY	66,243
41035	Repairs	8,663	TY	8,663
41040	Miscellaneous Income	27,598	TY	27,598
41070	Water Surcharge	22,891	TY	22,891
42310	Interest on Bills	79,318	TY	79,318
42320	Interest on Investments	6,448	TY	6,448
	Interest on Restricted Accounts	-		-
		211,161	-	211,161
	TOTAL REVENUE	\$ 6,704,367	\$ 199,006	\$ 6,903,373

TY = Item left at Test Year level for the Rate Year.

(1) = Wholesale adjustment

Wholesale Sales (mg)	62.05
Rate per 1,000,000 gallons	<u>\$ 3,207.19</u>
	<u>\$ 199,006.14</u>

**EXPENSE SUMMARY - RATE YEAR
WOONSOCKET WATER DIVISION**

Schedule WEE-3

ACCT. #	BUDGET ACCOUNT DESCRIPTION	ADJUSTED TEST YEAR	RATE YEAR ADJUSTMENTS	RATE YEAR 6/30/08
EXPENSES				
<i>Personnel Expense</i>				
51110	Permanent Services	\$ 1,090,856	(1) \$ 221,967	\$ 1,312,822
51122	Temporary Labor	12,027	TY -	12,027
51141	Overtime Pay	122,321	TY -	122,321
51144	Out of Class	1,217	TY -	1,217
51145	Longevity Pay	37,399	(1) 6,232	43,631
51146	Medical Buy Back	5,953	TY -	5,953
51147	Sick Leave Reimbursement	4,522	TY -	4,522
51148	Comp Time Reimbursement	-	TY -	-
51149	Shift Differential	10,165	TY	10,165
51153	Non-sick/Injury Bonus	1,250	TY	1,250
51155	Bonus for Course	19,159	TY	19,159
<i>Total Personnel Expenses</i>		1,304,869	228,198	1,533,067
<i>Maintenance & Servicing Expenses</i>				
52211	Postage	18,466	TY	18,466
52212	Telephone	25,929	TY -	25,929
52213	Dues & Subscriptions	4,033	TY -	4,033
52214	Advertising	6,017	TY -	6,017
52216	Travel Out of City	31	TY -	31
52219	Educational Training	7,523	TY -	7,523
52221	Printing & Reproducing	9,920	TY -	9,920
52231	General Maint. & Upkeep	54,269	TY -	54,269
52234	Vehicle & Outside Equip. Upkeep	17,586	TY -	17,586
52236	Maintenance - Office Equipment	2,778	TY -	2,778
52238	Maintenance - Roads & Walks	61,984	TY 53,722	115,706
52239	Computer Software	2,026	TY -	2,026
52244	Land Rental Charges	2,043	TY	2,043
52249	Other Rentals	4,307	TY	4,307
52251	Heating	18,683	TY -	18,683
52252	Light & Power	218,353	(2) 50,828	269,182
52255	Property & Fire Taxes	127,332	(3) 10,903	138,235
52256	Sewer Assessment	58,009	-	58,009
52258	State Pollution Monitoring Program	30,535	TY -	30,535
52260	Regulatory Assessments	30,013	TY -	30,013
52261	Conservation Services	1,070	TY	1,070
52266	Police Details	8,553	TY -	8,553
52281	Other Independent Service	41,621	TY -	41,621
52282	Audit Service	6,250	TY	6,250
52283	Legal Service	7,406	TY	7,406
52289	Medical Examinations	201	TY -	201
52290	Engineering Service	39,916	60,084	100,000
<i>Total Maintenance & Servicing Expenses</i>		804,853	175,538	980,391
<i>Operating Supplies & Expenses</i>				
53311	Office Supplies	3,520	TY -	3,520
53321	Gas & Diesel	27,878	TY -	27,878
53322	Tires & Batteries	122	TY -	122
53336	Chemicals - Water Supply	-	TY -	-

**EXPENSE SUMMARY - RATE YEAR
WOONSOCKET WATER DIVISION**

Schedule WEE-3

ACCT. #	BUDGET ACCOUNT DESCRIPTION	ADJUSTED TEST YEAR	RATE YEAR ADJUSTMENTS	RATE YEAR 6/30/08
<i>Operating Supplies & Expenses (Continued)</i>				
53344	Tools & Implements	9,022	TY -	9,022
53346	Cleaning & Housekeeping Supplies	1,619	TY -	1,619
53349	Other Supplies	66,540	TY -	66,540
53351	Lab Supplies	26,639	TY -	26,639
53363	Clothing & Footware	9,074	TY -	9,074
53366	Drug & Medical Supplies	1,280	TY -	1,280
53369	Clothing Allowance	4,613	TY -	4,613
<i>Total Operating Supplies & Expenses</i>		150,306	-	150,306
<i>General Expenses</i>				
54413	Fiscal Certification	2,500	TY	2,500
54434	FICA Employer Cost	94,528	(1) 22,752	117,280
54446	City Service Charges	281,162	TY	281,162
54451	Insurance - Vehicles & Equipment	53,620	(4) 26,257	79,877
54452	Insurance - Workmen's Comp	71,500	(4) 10,689	82,189
54453	Insurance - Liability	120,167	(4) 3,095	123,261
54456	Insurance - Group Life	6,675	(4) 668	7,343
54471	Health Insurance	367,822	(4) 179,196	547,018
54472	Dental Insurance	21,107	(4) 11,065	32,172
<i>Total General Expenses</i>		1,019,080	253,722	1,272,801
<i>Restricted Account Expenses</i>				
53336	Chemicals - Water Supply	213,884	(5) 82,116	296,000
54417	Operating Resrve	0	(6) 127,440	127,440
54463	Infrastructure Replacement	1,755,430	(7) 444,570	2,200,000
54464	Rate Case Expense	30,000	(8) 51,364	81,364
54467	Debt Service Reimbursement GO Debt	1,602,931	(9) (863,721)	739,210
	Debt Service Reimbursement RICWF		(9) 1,092,857	1,092,857
54473	Renewal & Replace Fund	150,000	TY	150,000
<i>Total Other Miscellaneous Expenses</i>		3,752,245	934,626	4,686,872
TOTAL EXPENSES		\$ 7,031,353	\$ 1,592,084	\$ 8,623,437

TY = Item left at Test Year level for the Rate Year WEE-5.

(1) = Payroll adjustment WEE-4.

(2) = Light & Power adjustment WEE-6.

(3) = Property Tax adjustment WEE-7.

(4) = Insurance adjustment WEE-8.

(5) = Chemical adjustment WEE-9.

(6) = Operating Reserve calculated at 1.5% of Total Expense before operating reserve.

(7) = IFR adjustment WEE-10.

(8) = Rate Case adjustment WEE-11.

(9) = Debt Service adjustment WEE-12.

LABOR EXPENSE SUMMARY - RATE YEAR
WOONSOCKET WATER DIVISION

Schedule WEE-4

POSITIONS	TEST YEAR	RATE YEAR ADJUSTMENTS	(a)		LONGEVITY PERCENTAGE	RATE YEAR Longevity
			TEST YEAR	RATE YEAR 6/30/08		
SUPERINTENDENT	68,212	5,697		73,909	6.0%	4,435
ASST SUPERINTENDENT	37,765	(37,765)		-	5.0%	-
PUB WORKS ACCT CLERK	25,694	3,132		28,826	5.0%	1,441
PRINCIPAL CLERK TYPIST	23,286	8,063		31,349	4.0%	1,254
PLANT EQUIP OPERATOR	34,970	4,262		39,232	4.5%	1,765
WATER WORKS CLERK	25,694	3,132		28,826	4.5%	1,297
CHEMIST/BACTERIOLOGIST	44,565	10,748		55,313	4.0%	2,213
WATER DIV ENGINEER	-	44,162		44,162	0.0%	-
WATER DIV ENGINEER AIDE	36,695	4,408		41,103	4.5%	1,850
WATER TREAT PLANT OPERATOR	265,817	48,769		314,586	3.0%	9,438
WATER T/D SUP		55,313		55,313	5.0%	2,766
SR WATER FOREPERSON	41,013	4,997		46,010	4.0%	1,840
WATER FOREPERSON	35,246	4,295		39,541	4.5%	1,779
UTILITY PERSON	121,333	14,784		136,117	1.0%	1,361
METER FOREPERSON	29,773	3,628		33,401	5.5%	1,837
METER READERS	83,177	(4,364)		78,813	3.2%	2,522
HEAVY EQUIPMENT OPERATORS	64,032	7,802		71,834	0.0%	-
PLANT MASTER MAINT MECHANIC	41,644	5,074		46,718	6.0%	2,803
WATER SUPPLY INSPECTOR	29,420	3,584		33,004	5.0%	1,650
MANAGERIAL ACCOUNTANT	45,120	5,421		50,541	4.0%	2,022
DATA ENTRY OPERATOR	10,415	(10,415)		-	0.0%	-
SR WATER DIV ACCT CLERK	26,985	3,289		30,274	0.0%	-
WATER TREAT LAB TECH	-	33,952		33,952	0.0%	-
TOTAL SALARIES	1,090,856	221,967		1,312,822	4.0%	1,358
						43,631

Total Personnel Expenses	1,533,067	(b)
	7.65%	
54434	FICA Employer	117,280

(a) obtained from WEE-4a
(b) obtained from WEE-3

**LABOR EXPENSE - RATE YEAR
WOONSOCKET WATER DIVISION**

Schedule WEE-4a

POSITIONS	Test Year #	TEST YEAR	Interim Year #	INTERIM YEAR	Rate Year #	FY 2008 increase PERCENTAGE	increase	RATE YEAR 6/30/08
SUPERINTENDENT	1	68,212	1	71,756	1	3.0%	2,153	73,909
ASST SUPERINTENDENT	1	37,765	0	-	0	-	-	-
PUB WORKS ACCT CLERK	1	25,694	1	27,986	1	3.0%	840	28,826
PRINCIPAL CLERK TYPST	1	23,286	1	30,436	1	3.0%	913	31,349
PLANT EQUIP OPERATOR	1	34,970	1	38,089	1	3.0%	1,143	39,232
WATER WORKS CLERK	1	25,694	1	27,986	1	3.0%	840	28,826
CHEMIST/BACTERIOLOGIST	1	44,565	1	53,702	1	3.0%	1,611	55,313
WATER DIV ENGINEER	0	-	1	42,876	1	3.0%	1,286	44,162
WATER DIV ENGINEER AIDE	1	36,695	1	39,906	1	3.0%	1,197	41,103
WATER TREAT PLANT OPERATOR	8	265,817	8	305,423	8	3.0%	9,163	314,586
WATER T/D SUP	0	-	1	53,702	1	3.0%	1,611	55,313
SR WATER FOREPERSON	1	41,013	1	44,670	1	3.0%	1,340	46,010
WATER FOREPERSON	1	35,246	1	38,389	1	3.0%	1,152	39,541
UTILITY PERSON	4	121,333	4	132,152	4	3.0%	3,965	136,117
METER FOREPERSON	1	29,773	1	32,428	1	3.0%	973	33,401
METER READERS	3	83,177	2.5	76,518	2.5	3.0%	2,296	78,813
HEAVY EQUIPMENT OPERATORS	2	64,032	2	69,742	2	3.0%	2,092	71,834
PLANT MASTER MAINT MECHANIC	1	41,644	1	45,357	1	3.0%	1,361	46,718
WATER SUPPLY INSPECTOR	1	29,420	1	32,043	1	3.0%	961	33,004
MANAGERIAL ACCOUNTANT	1	45,120	1	49,069	1	3.0%	1,472	50,541
DATA ENTRY OPERATOR	1	10,415	0	-	0	-	-	-
SR WATER DIV ACCT CLERK	1	26,985	1	29,392	1	3.0%	882	30,274
WATER TREAT LAB TECH	0	-	1	32,963	1	3.0%	989	33,952
TOTAL SALARIES	33	1,090,856	33.5	1,274,585	33.5		38,238	1,312,822

Test Year

During the Test Year the number of positions varied from 32 to 30 per the Annual Report which did not include the retiring Superintendent. However including the retiring Superintendent who was paid for at least half the year, there were 33 to 31 positions filled during the Test Year.

Interim Year

The Assistant Superintendent position was replaced with the Water T&D Supervisor position.
 A meter reader position will be changed from full time to on call and funded at 50% and the Water Division Engineer position will be fully funded.
 A Data entry position was eliminated and replaced with a Water Treatment Lab Tech.

EXPENSES LEFT AT TEST YEAR LEVELS
WOONSOCKET WATER DIVISION

Schedule WEE-5

ACCT. #	BUDGET ACCOUNT DESCRIPTION	FY 2003 ACTUAL EXPENSES	FY 2004 ACTUAL EXPENSES	FY 2005 ACTUAL EXPENSES	ADJUSTED TEST YEAR
EXPENSES					
<i>Personnel Expense</i>					
51122	Temporary Labor	11,809	11,730	12,808	12,027
51141	Overtime Pay	122,576	89,416	114,290	122,321
51144	Out of Class	740	1,090	2,126	1,217
51146	Medical Buy Back	-	4,718	5,575	5,953
51147	Sick Leave Reimbursement	2,933	24,018	30,303	4,522
51148	Comp Time Reimbursement	-	572	625	-
51149	Shift Differential	9,500	10,827	10,935	10,165
51153	Non-sick/Injury Bonus	-	2,250	1,750	1,250
51155	Bonus for Course	16,840	17,364	16,630	19,159
<i>Total Personnel Expenses</i>		164,397	161,984	195,041	176,614
<i>Maintenance & Servicing Expenses</i>					
52211	Postage	11,279	10,935	11,499	18,466
52212	Telephone	37,975	36,785	27,040	25,929
52213	Dues & Subscriptions	1,313	888	1,119	4,033
52214	Advertising	2,437	4,478	4,975	6,017
52216	Travel Out of City	1,274	2,692	18	31
52219	Educational Training	8,719	6,599	8,478	7,523
52221	Printing & Reproducing	10,351	7,921	17,144	9,920
52231	General Maint. & Upkeep	44,762	66,936	32,440	54,269
52234	Vehicle & Outside Equip. Upkeep	12,468	12,385	10,624	17,586
52236	Maintenance - Office Equipment	2,861	882	1,517	2,778
52238	Maintenance - Roads & Walks	64,046	208,706	128,089	61,984
52239	Computer Software	2,251	400	1,075	2,026
52244	Land Rental Charges	2,043	2,043	2,043	2,043
52249	Other Rentals	1,500	2,005	2,649	4,307
52251	Heating	15,527	13,227	25,694	18,683
52258	State Pollution Monitoring Program	12,994	24,067	31,462	30,535
52260	Regulatory Assessments	22,465	35,752	33,833	30,013
52261	Conservation Services	-	-	1,080	1,070
52266	Police Details	1,264	7,725	4,288	8,553
52281	Other Independent Service	5,432	12,042	22,401	41,621
52282	Audit Service	6,532	8,332	6,532	6,250
52283	Legal Service	1,258	54,958	29,939	7,406
52289	Medical Examinations	532	150	686	201
<i>Total Maintenance & Servicing Expenses</i>		269,282	519,906	404,623	361,243
<i>Operating Supplies & Expenses</i>					
53311	Office Supplies	4,657	5,715	6,567	3,520
53321	Gas & Diesel	6,610	12,421	23,381	27,878
53322	Tires & Batteries	2,993	3,359	1,673	122
53336	Chemicals - Water Supply	-	-	(433)	-
53344	Tools & Implements	3,103	7,346	11,930	9,022
53346	Cleaning & Housekeeping Supplies	1,783	2,911	620	1,619
53349	Other Supplies	51,836	63,464	37,174	66,540
53351	Lab Supplies	25,736	25,268	25,767	26,639
53363	Clothing & Footware	7,444	8,633	9,225	9,074

**EXPENSES LEFT AT TEST YEAR LEVELS
WOONSOCKET WATER DIVISION**

Schedule WEE-5

ACCT. #	BUDGET ACCOUNT DESCRIPTION	FY 2003 ACTUAL EXPENSES	FY 2004 ACTUAL EXPENSES	FY 2005 ACTUAL EXPENSES	ADJUSTED TEST YEAR
53366	Drug & Medical Supplies	1,721	580	1,833	1,280
53369	Clothing Allowance	3,808	4,145	3,508	4,613
<i>Total Operating Supplies & Expenses</i>		109,690	133,842	121,244	150,306
<i>General Expenses</i>					
54413	Fiscal Certification	550		1,250	2,500
54446	City Service Charges	265,022	265,022	281,162	281,162
<i>Total General Expenses</i>		265,572	265,022	282,412	283,662
<i>Restricted Account Expenses</i>					
54417	Operating Resrve				-
54473	Renewal & Replace Fund			107,889	150,000
<i>Total Other Miscellaneous Expenses</i>		-	-	107,889	150,000
TOTAL EXPENSES		\$ 808,941	\$ 1,080,754	\$ 1,003,320	\$ 971,826

ANALYSIS OF LIGHT & POWER EXPENSE
WOONSOCKET WATER DIVISION

Schedule WEE-6

Light & Power

11 *Small C&S Accounts (Rate C06)*
 3 *Small C&S Accounts subject to RISVC tax (Rate C06)*
 3 *General C&S Accounts (Rate G02)*
 1 *200KW Account (Rate G32)*
 prior year prepaid

Total

Adjusted Test Year	adjustment	Rate Year
\$ 18,281	\$ 3,407	\$ 21,688
2,226	447	2,673
26,707	4,857	31,564
171,208	42,053	213,261
(64)	64	-
\$ 218,358	\$ 50,828	\$ 269,186

**ANALYSIS OF LIGHT & POWER EXPENSE
WOONSOCKET WATER DIVISION**

Schedule WEE-6a

11 Small C&S Accounts (Rate C06)

	Test Year RATE (Weighted)	Usage	Test Year
Customer Service Charge	\$ 6.00	144	\$ 864
Distribution Charge	0.03658	152,146 Kwh	5,565
Transmission Charge	0.00826	152,146 Kwh	1,257
Transition Charge	0.00740	152,146 Kwh	1,126
Conservation Charge	0.00230	152,146 Kwh	350
Customer Credit	(0.00223)	152,146 Kwh	(339)
Energy Charge (TransCanada \$)	0.06600	152,147 Kwh	10,042
FCM Charge	-	152,148 Kwh	-
Usage of CNE Settlement	(0.00900)	152,149 Kwh	(1,369)
GRT (does not include CNE Settle.)	4.17%	\$ 18,864.55	786
Total			\$ 18,281

3 Small C&S Accounts subject to RISVC tax (Rate C06)

Customer Service Charge	\$ 6.00	27	\$ 162
Distribution Charge	0.03658	16,576 Kwh	606
Transmission Charge	0.00852	16,576 Kwh	141
Transition Charge	0.00687	16,576 Kwh	114
Conservation Charge	0.00230	16,576 Kwh	38
Customer Credit	(0.00151)	16,576 Kwh	(25)
Energy Charge (TransCanada \$)	0.06600	16,576 Kwh	1,094
FCM Charge	-	16,576 Kwh	-
Usage of CNE Settlement	(0.00900)	16,576 Kwh	(149)
GRT (does not include CNE Settle.)	4.17%	\$ 2,130.59	89
SVCT (does not include CNE Settle.)	7.00%	\$ 2,219.36	155
Total			\$ 2,226

3 General C&S Accounts (Rate G02)

Customer Service Charge	\$ 103.41	36	\$ 3,723
Distribution Energy	0.00777	218,473 Kwh	1,698
Distribution Charge	3.22417	1,141 KW	3,679
Transmission Charge	1.40000	1,141 KW	1,597
Transmission Adjustment	0.00302	218,473 Kwh	660
Transition Charge	0.00716	218,473 Kwh	1,564
Conservation Charge	0.00230	218,473 Kwh	502
Customer Credit	(0.00145)	218,473 Kwh	(316)
Energy Charge (TransCanada \$)	0.06600	218,473 Kwh	14,419
FCM Charge	-	218,473 Kwh	-
Usage of CNE Settlement	(0.00900)	218,473 Kwh	(1,966)
GRT (does not include CNE Settle.)	\$ 0.041666	\$ 27,526.43	1,147
Total			\$ 26,707

1 200KW Account (Rate G32)

Customer Service Charge	\$ 236.43	12	\$ 2,837
Distribution Energy	0.00889	1,917,600 Kwh	17,047
Distribution Charge	2.05060	4,442 KW	9,110
Transmission Charge	1.27000	4,442 KW	5,642
Transmission Adjustment	0.00302	1,917,600 Kwh	5,793
Transition Charge	0.00716	1,917,600 Kwh	13,729
Conservation Charge	0.00230	1,917,600 Kwh	4,410
High Voltage Mtr Disc	-1%	\$ 58,568.26	(586)
High Voltage Del Disc	(0.37000)	4,442 KW	(1,644)
Customer Credit	(0.00120)	1,917,600 Kwh	(2,294)
Energy Charge (TransCanada \$)	0.06600	1,917,600 Kwh	126,562
FCM Charge	-	1,917,600 Kwh	-
Usage of CNE Settlement	(0.00900)	1,917,600 Kwh	(17,258)
GRT (does not include CNE Settle.)	4.17%	\$ 180,606.93	7,525
Energy Profiler	\$ 27.86	12	334
Total			\$ 171,208

	Rate Year RATE (Weighted)	Usage	Rate Year
Customer Service Charge	\$ 6.00	132	\$ 792
Distribution Charge	0.03652	152,146 Kwh	5,556
Transmission Charge	0.00907	152,146 Kwh	1,380
Transition Charge	0.00575	152,146 Kwh	875
Conservation Charge	0.00230	152,146 Kwh	350
Customer Credit	-	152,146 Kwh	-
Energy Charge (TransCanada \$)	0.06600	152,147 Kwh	10,042
FCM Charge	0.01200	152,148 Kwh	1,826
Usage of CNE Settlement	-	152,149 Kwh	-
GRT (does not include CNE Settle.)	4.17%	\$ 20,820.59	868
Total			\$ 21,688

Customer Service Charge	\$ 6.00	36	\$ 216
Distribution Charge	0.03652	16,576 Kwh	605
Transmission Charge	0.00907	16,576 Kwh	150
Transition Charge	0.00575	16,576 Kwh	95
Conservation Charge	0.00230	16,576 Kwh	38
Customer Credit	-	16,576 Kwh	-
Energy Charge (TransCanada \$)	0.06600	16,576 Kwh	1,094
FCM Charge	0.01200	16,576 Kwh	199
Usage of CNE Settlement	-	16,576 Kwh	-
GRT (does not include CNE Settle.)	4.17%	\$ 2,398.06	100
SVCT (does not include CNE Settle.)	7.00%	\$ 2,497.98	175
Total			\$ 2,673

Customer Service Charge	\$ 103.41	36	\$ 3,723
Distribution Energy	0.00777	218,473 Kwh	1,698
Distribution Charge	3.22000	1,141 KW	3,674
Transmission Charge	1.40000	1,141 KW	1,597
Transmission Adjustment	0.00371	218,473 Kwh	811
Transition Charge	0.00575	218,473 Kwh	1,256
Conservation Charge	0.00230	218,473 Kwh	502
Customer Credit	-	218,473 Kwh	-
Energy Charge (TransCanada \$)	0.06600	218,473 Kwh	14,419
FCM Charge	0.01200	218,473 Kwh	2,622
Usage of CNE Settlement	-	218,473 Kwh	-
GRT (does not include CNE Settle.)	\$ 0.041666	\$ 30,301.85	1,263
Total			\$ 31,564

Customer Service Charge	\$ 236.43	12	\$ 2,837
Distribution Energy	0.00889	1,917,600 Kwh	17,047
Distribution Charge	2.02000	4,442 KW	8,974
Transmission Charge	1.27000	4,442 KW	5,642
Transmission Adjustment	0.00371	1,917,600 Kwh	7,114
Transition Charge	0.00575	1,917,600 Kwh	11,026
Conservation Charge	0.00230	1,917,600 Kwh	4,410
High Voltage Mtr Disc	-1%	\$ 57,051.10	(571)
High Voltage Del Disc	(0.37000)	4,442 KW	(1,644)
Customer Credit	-	1,917,600 Kwh	-
Energy Charge (TransCanada \$)	0.06600	1,917,600 Kwh	126,562
FCM Charge	0.01200	1,917,600 Kwh	23,011
Usage of CNE Settlement	-	1,917,600 Kwh	-
GRT (does not include CNE Settle.)	4.17%	\$ 204,409.70	8,517
Energy Profiler	\$ 27.86	12	334
Total			\$ 213,261

ANALYSIS OF PROPERTY TAX EXPENSE
WOONSOCKET WATER DIVISION

Schedule WEE-7

PROPERTY TAXES

	Adjusted Test Year	Interim Year	Rate Year	Percentage over Interim Year
NORTH SMITHFIELD	\$ 85,472	\$ 94,841	\$ 96,113	1.34%
BLACKSTONE	11,435	10,644	9,899	-7.00%
LINCOLN	17,678	17,996	18,267	1.51%
SMITHFIELD	11,549	12,115	12,721	5.00%
MANVILLE	446	453	460	1.51%
ALBION	752	764	775	1.51%
<i>Total</i>	\$ 127,332	\$ 136,813	\$ 138,235	

Interim year was obtained from FY 2007 property tax bills except for Manville and Albion. Manville and Albion uses the same tax rolls from Lincoln and had the same percentage increase as Lincoln for FY 2005 to FY 2006. Manville and Albion interim year used the known Lincoln increase of 1.51% for Test Year to Interim Year.

PROPERTY TAXES

	Adjusted Test Year	adjustment	Rate Year
NORTH SMITHFIELD	\$ 85,472	\$ 10,642	\$ 96,113
BLACKSTONE	11,435	(1,536)	9,899
LINCOLN	17,678	589	18,267
SMITHFIELD	11,549	1,172	12,721
MANVILLE	446	14	460
ALBION	752	23	775
<i>Total</i>	\$ 127,332	\$ 10,903	\$ 138,235

ANALYSIS OF INSURANCE EXPENSES
WOONSOCKET WATER DIVISION

Schedule WEE-8

Adjusted Test Year	Interim Year	Rate Year	Percentage over Interim Year
\$ 53,620	\$ 70,813	\$ 79,877	12.80%
71,500	78,650	82,189	4.50%
120,167	111,549	123,261	10.50%
6,675	7,343	7,343	0.00%
367,822	448,743	547,018	21.90%
21,107	29,516	32,172	9.00%

Insurance

- 54451 Insurance - Vehicles & Equipment
- 54452 Insurance - Workmen's Comp
- 54453 Insurance - Liability
- 54456 Insurance - Group Life
- 54471 Health Insurance
- 54472 Dental Insurance

Interim year was obtained from FY 2007 Budget Report
 Rate Year Increases were provided by letter from City Finance Director.

Adjusted Test Year	adjustment	Rate Year
\$ 53,620	\$ 26,257	\$ 79,877
71,500	10,689	82,189
120,167	3,095	123,261
6,675	668	7,343
367,822	179,196	547,018
21,107	11,065	32,172

Insurance

- 54451 Insurance - Vehicles & Equipment
- 54452 Insurance - Workmen's Comp
- 54453 Insurance - Liability
- 54456 Insurance - Group Life
- 54471 Health Insurance
- 54472 Dental Insurance

**Woonsocket Water Division
 Chemical
 Sources and Uses of Funds
 Projected FY 2007 - FY 2010**

Schedule WEE-9

Source of Funds	<u>Fy 2006</u>	<u>Interim Fy 2007</u>	<u>Rate Year Fy 2008</u>	<u>Fy 2009</u>	<u>Fy 2010</u>
D3626	213,884	213,884	-	-	-
New Docket effective 7/1/07 proposed			296,000	296,000	296,000
Interest	3,955	2,500	2,500	2,500	2,500
Carryover funds from prior year estimated	116,384	98,971	19,355	13,055	6,755
	-	-	-	-	-
Total Sources	334,223	315,355	317,855	311,555	305,255
Less obligated uses of funds					
Chemicals	59,252	120,000	120,000	120,000	120,000
Carbon	176,000	176,000	184,800	184,800	184,800
Total Uses	235,252	296,000	304,800	304,800	304,800
Total	<u>\$98,971</u>	<u>\$19,355</u>	<u>\$13,055</u>	<u>\$6,755</u>	<u>\$455</u>

**Woonsocket Water Division
Infrastructure Replacement Fund
Sources and Uses of Funds
Projected FY 2006 - FY 2010**

Schedule WEE-10

Source of Funds	<u>Fy 2006</u>	<u>Interim Fy 2007</u>	<u>Rate Year Fy 2008</u>	<u>Fy 2009</u>	<u>Fy 2010</u>
D3626	1,755,430	1,755,000	-	-	-
New Docket effective 7/1/07 proposed	-	-	2,200,000	2,200,000	2,200,000
Interest	16,466	16,500	16,500	16,500	16,500
Carryover funds from prior year estimated	<u>1,252,077</u>	<u>1,654,230</u>	<u>168,844</u>	<u>(496,431)</u>	<u>(495,963)</u>
Total Sources	3,023,973	3,425,730	2,385,344	1,720,069	1,720,537
Less obligated uses of funds:					
Studies - IFR Rehab	-	100,000			
Studies - Flushing		95,000			
Studies - Evaluation & Design Diamond Hill		30,000			
Studies - Evaluation & Design Rhodes Ave		30,000			
Tanks - Mt St Charles	859,691	667,338			
Tanks - Rhodes Ave		13,040			
Tanks - CobbleHill	140,529	81,548			
Tanks - Highland Park			700,000		
Pump Station - Mt St Charles	113,850				
Dam - Rehab	58,694				
Treatment Facility - Study	60,000				
			50,000	50,000	50,000
New Bonds paid from IFR (SEE MG-1)			42,500	76,757	-
Distribution - (\$8,357,100 over 4 years)			2,089,275	2,089,275	2,089,275
Transmission Mains - WTP to Logee St	136,979	500,860	-	-	-
Transmission Mains - others	-	1,739,100	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Uses	1,369,743	3,256,886	2,881,775	2,216,032	2,139,275
Total	<u>\$1,654,230</u>	<u>\$168,844</u>	<u>(\$496,431)</u>	<u>(\$495,963)</u>	<u>(\$418,738)</u>

**Woonsocket Water Division
Rate Case
Sources and Uses of Funds
Projected FY 2007 - FY 2009**

Schedule WEE-11

Source of Funds	Fy 2006	Interim Fy 2007	Rate Year Fy 2008	Fy 2009
D3626	30,000	30,000	-	-
New Docket effective 7/1/07 proposed Interest	-	-	81,364	81,364
Carryover funds from prior year estimated cover by General fund	11,730	109	(162,619)	(81,255)
	<u>46,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Sources	87,745	30,109	(81,255)	109
Less obligated uses of funds				
Existing services	87,636	-	-	-
New Rate Case	-	146,728	-	-
General Fund Repayment	-	46,000	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Uses	87,636	192,728	-	-
Total	<u>\$109</u>	<u>(\$162,619)</u>	<u>(\$81,255)</u>	<u>\$109</u>

Legal	75,000
Consultants (Testimony, Data Request, Hearings)	50,000
Notification (#of bills @ \$0.39)	3,728
Division	10,000
Transcripts	8,000
	<u>146,728</u>
Expense covered by General Funds (less Interim Year)	16,000
	<u>162,728</u>
2 year Amortization	81,364

DEBT SERVICE SUMMARY - RATE YEAR
WOONSOCKET WATER DIVISION

Schedule WEE-12

Debt Service -- Principal & Interest Amounts Due to Bondholders*	Test Year (FY 06)	Rate Year (FY 08)	GO-Debt		RICWFA IFR
			Non-IFR	IFR	
1998 GO Bond Issue (\$2,097,510) (refinanced 1988 \$2.7m)					
Principal Due	\$ 206,230	\$ 221,320	\$ 221,320	\$ 221,320	
Interest Due	42,779	22,187	22,187	22,187	
Total Due	249,009	243,507	243,507	243,507	
2005 GO Bond Issue (\$3,775,000) (refinanced 1994 \$6.4 m)					
Principal Due	385,000	380,000	380,000	380,000	
Interest Due	106,715	115,703	115,703	115,703	
Total Due	491,715	495,703	495,703	495,703	
2003 RICWFA Bond (\$10,165,250) (IFR)					
Principal & Fee Due	375,250	390,000	390,000	390,000	
Interest Due	370,607	382,845	382,845	382,845	
Total Due	745,857	772,845	772,845	772,845	
2005 RICWFA Bond (\$4,000,000) (IFR)					
Principal & Fee Due	1,000	153,000	153,000	153,000	
Interest Due	115,350	124,962	124,962	124,962	
Total Due	116,350	277,962	277,962	277,962	
WTP RICWFA Bond (Beg Contract) (IFR)					
Principal & Fee Due		42,050	42,050	42,050	
Interest Due		42,050	42,050	42,050	
Total Due		84,100	84,100	84,100	
Total - All Bond Issues			\$ 1,144,320	\$ 601,320	\$ 543,000
Interest Due			\$ 687,747	\$ 137,890	\$ 549,857
Total Due			\$ 1,832,067	\$ 739,210	\$ 1,092,857

Footnote on security pledged on borrowing

All GO debt is secured by the City of Woonsocket.
All RICWFA debt is secured by the Water Division's Revenue. Each year the WWD must certify they will sufficient revenues to cover 125% of the annual Debt service payment.

ACCOUNTING SUMMARY OF RESTRICTED ACCOUNTS
WOONSOCKET WATER DIVISION

Schedule WEE-13

Restricted Accounts Summary for the 12 Month Period Ended 6/30/06

<u>Account Description</u>	<u>July 1</u>	<u>Funding</u>	<u>Interest</u>	<u>Expenses</u>	<u>Balance</u>
<u>Renewal & Replacement</u> <u>Docket 3626 Funding-\$150,000</u>	\$108,669	\$150,000	\$602	\$153,531	\$105,740
<u>Chemicals</u> <u>Docket 3626 Funding-\$213,884</u>	\$116,384	\$213,884	\$3,955	\$235,252	\$98,971
<u>Debt Service</u> <u>Docket 3626 Funding-\$1,512,993</u>	\$119,639	\$1,512,993	\$1,243	\$1,602,931	\$30,944
<u>Rate Case Expense</u> <u>Docket 3626 Funding-\$30,000</u>	\$11,730	\$76,000	\$15	\$87,636	\$109
<u>Infrastructure Replacement</u> <u>Docket 3626 Funding-\$1,755,000</u>	\$1,252,077	\$1,755,430	\$16,466	\$1,369,743	\$1,654,230

Restricted Accounts Summary for the 12 Month Period Ended 6/30/05

<u>Account Description</u>	<u>July 1</u>	<u>Funding</u>	<u>Interest</u>	<u>Expenses</u>	<u>Balance</u>
<u>Renewal & Replacement</u> <u>Docket 3512 Funding-\$150,000</u>	\$66,192	\$150,000	\$366	\$107,889	\$108,669
<u>Chemicals</u> <u>Docket 3512 Funding-\$213,884</u>	\$175,362	\$213,884	\$2,000	\$274,862	\$116,384
<u>Debt Service</u> <u>Docket 3512 Funding-\$837,688</u>	\$193,466	\$882,000	\$1,456	\$957,283	\$119,639
<u>Rate Case Expense</u> <u>Docket 3512 Funding-\$20,000</u>	\$57,104	\$30,000	\$457	\$75,831	\$11,730
<u>Infrastructure Replacement</u> <u>Docket 3512 Funding-\$825,000</u>	\$1,614,164	\$875,000	\$10,934	\$1,248,021	\$1,252,077

Restricted Accounts Summary for the 12 Month Period Ended 6/30/04

<u>Account Description</u>	<u>July 1</u>	<u>Funding</u>	<u>Interest</u>	<u>Expenses</u>	<u>Balance</u>
<u>Renewal & Replacement</u> <u>Docket 2904 Funding-\$200,000</u>	\$124,663	\$150,000	\$560	\$209,031	\$66,192
<u>Chemicals</u> <u>Docket 2904 Funding-\$213,884</u>	\$333,256	\$213,884	\$2,763	\$374,541	\$175,362
<u>Debt Service</u> <u>Docket 2904 Funding-\$919,241</u>	\$190,688	\$837,688	\$1,538	\$836,448	\$193,466
<u>Rate Case Expense</u> <u>Docket 2904 Funding-\$0</u>	\$174,728	\$20,000	\$1,443	\$139,067	\$57,104
<u>Infrastructure Replacement</u> <u>Docket 2904 Funding-\$670,605</u>	\$1,674,198	\$825,000	\$17,597	\$902,631	\$1,614,164