

**DIRECT TESTIMONY OF
DAVID G. BEBYN CPA, VICE PRESIDENT
B&E CONSULTING LLC**

**for
PROVIDENCE WATER SUPPLY BOARD
DOCKET # _____**

March 2007

Introduction

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Q. Please state your name and business address for the record.

A. My name is David G. Bebyn CPA and my business address is 21 Dryden Lane, Providence, Rhode Island 02904.

Q. By whom are you employed and in what capacity?

A. I am the Vice President of B&E Consulting LLC. (B&E). B&E is a CPA firm that specializes in utility regulation, expert rate and accounting testimony, school budget reviews and accounting services.

Q. Mr. Bebyn, have you testified as an expert accounting witness prior to this docket?

A. Yes. I have prepared testimony and testified in the Pawtucket Water Supply Board's (PWSB) last two rate filing Dockets #3378 & #3497 in support of the adjusted test year. I also prepared testimony, but was not required to testify, in Dockets #3164 & #3193 on behalf of the PWSB and Docket #3655 on behalf of Block Island Power Company.

Q. What is your educational background?

A. I received my Bachelors of Science Degree in Accounting (BSA) from Rhode Island College. I became a Certified Public Accountant in 2000 after successfully passing the CPA exam.

Q. What is the purpose of your testimony?

A. B&E was engaged by Providence Water to provide testimony in support of its rate request. My testimony includes presentations in support of; (1) the normalized test year (June 30, 2006), and (2) the rate year expenditure for City Services.

Q. Does that conclude your introduction?

A. Yes.

Test Year (June 30, 2006)

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Q. Mr. Bebyn, was the test year audited?

A. Yes. Providence Water maintains its books and records on a fiscal year basis ending June 30th of each year. The fiscal year ending June 30, 2006 was audited by McGaldrey & Pullen.

Q. What adjustments did you make to convert the June 30, 2006 financial statements prepared on a Generally Accepted Accounting Principles (GAAP) basis to arrive at a normalized "rate making basis" test year?

A. I made nine adjustments to the test year prepared on a GAAP basis in order to present the test year on a normalized "rate making basis" as follows:

1. Retail and wholesale metered sales revenue levels were adjusted to reflect the increases approved in Providence Water's last Abbreviated Rate Filing Docket #3684. The increase in that Docket was implemented for consumption on and after January 1, 2006. Therefore, only a portion of the rate increase was included in the unadjusted test year (FYE June 30, 2006). I adjusted the test year revenue to reflect for rates approved in Docket #3684. I also adjusted the test year consumptions to reflect a four year average for both retail and wholesale sales as was done by the Division in Docket #3684. Furthermore, I adjusted the wholesale consumption to remove the non-recurring consumption from Narragansett Bay Commission's Combined Sewer Overflow Project.
2. Consistent with the Division's adjustment in the last docket, I have adjusted the number of water and fire service customers to actual, resulting in adjustments to service charge revenue (an increase of \$259,468), private fire (a decrease of \$66,271) and public fire (an increase of \$12,742). These adjustments were calculated by applying the current rates times the current number of customers.
3. Miscellaneous revenue was adjusted downward to account for a one-time grant of \$115,000 received for a security grant.

- 1 4. Removed a one time expense of \$30,306 in the printing and mailing of a lead service
2 brochure. I also added \$28,000 for the costs associated with the yearly expense of
3 Providence Water failing its lead test and because Providence Water is now mandated
4 to send customer mailings every six months. The net adjustment of these two items was
5 a reduction of \$2,360.
- 6 5. Removed a one time expense of \$15,650 due to a review of Providence Water's hazmat
7 plan. \$5,000 was added to reflect the yearly expense of implementing the plan. The net
8 adjustment of these two items was a reduction of \$10,650.
- 9 6. Capitalized labor for the T&D and Customer Account departments was added to the
10 test year, because Providence Water is regulated on a cash basis.
- 11 7. Next I restored the overhead applied amounts (Account 60550 \$1,746,342 and Account
12 60570 \$52,345) to put the expenditures on a cash basis, similar to the capitalized labor
13 adjustment.
- 14 8. The next account that appeared out of line in the test year when compared to the two
15 previous years is Account 67070 Bad Debts (credit balance). I found that the large
16 credit balance in FYE June 30, 2006 was the result of a negative expense posted by
17 Providence Water's auditor to reduce the accounts receivable allowance for
18 uncollectible accounts. An adjustment was made to remove this nonrecurring item.
- 19 9. The test year balance did not include alarm monitoring services which were present in
20 the prior two years. There is a contract with BCM for security services at a yearly cost
21 of \$85,400. An adjustment was made to add the \$85,400 in security services.

22

23 **Q. Mr. Bebyn, in your professional opinion, does your adjusted test year present a**
24 **proper normalized test year?**

25 A. Yes, I believe that the adjusted, normalized test year that I have prepared for this filing
26 (DGB-1 & DGB-2) fairly presents the operations of Providence Water in a normal year on
27 a ratemaking basis with currently approved rates.

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1 **Q. Did you prepare any other schedules in support of the test year?**

2 A. Yes, I did. I prepared schedule DGB-1a to detail the Test Year revenues by source,
3 tariff and rate class. Sales volumes and customer counts by rate class for the Test Year
4 were also presented. I also prepared schedule DGB-1b to show the development of the
5 Test Year consumption for retail and wholesale.

6

7 **Q. Does that conclude your testimony of the test year?**

8 A. Yes.

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10 **Q. What would you like to discuss next?**

11 A. I would like to review my schedules for City Services.

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City Services

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Q. Mr. Bebyn could you please provide an update as to the status of city service expenditure raised in the past dockets?

A. Certainly. The last time city services were reviewed was part of Docket # 3163 which was filed in June 2000 almost seven years ago. The parties in Docket #3163 agreed in the settlement agreement to re-evaluate and re-study city service expenses in its next full rate case. In that docket, Providence Water, in an attempt to reach a settlement, accepted a reduction of \$160,624 to city services expenses, resulting in an annual city services allowance of \$806,769. This was far less than the nearly \$1,000,000 amount suggested by the city service model presented in that docket by Providence Water. This issue was not raised in the Abbreviated Rate Filing in Docket #3684.

Q. Mr. Bebyn what step did you take to review and re-calculate the city service expenditures model for this filing?

A. First, I met with representatives of the City and Water Finance departments to evaluate the appropriateness of the departments selected and used in the city service model in Docket #3163. At that meeting we also reviewed other city departments to determine if any other city departments provide services to Providence Water.

Once the appropriate departments were selected, I reviewed the actual fiscal year expenses for each department to determine if any of the individual expense line items were inappropriate for allocation to Providence Water. In addition, I reviewed the fiscal year 2007 budgeted employee positions to determine which employees provide service to Providence Water. Lastly, I reviewed the non-departmental city expenses to determine if any of these expenses were or were not applicable for allocation to Providence Water.

Q. What if any other steps did you take in reviewing the city service expenditures?

A. I interview some of the department heads directly to determine exactly what level of service their department provided to Providence Water.

1 This step was particularly helpful in identifying interactions of new departments (like the
2 internal audit department) with Providence Water. I also reviewed the City's financial
3 statement and compared it with Providence Water's financial statements to identify any
4 apparent duplication of service.

5
6 **Q. After this preliminary review and follow-up what conclusions did you reach
7 relating to the previous used city service allocation model?**

8 A. I found that it was generally a type of overview model that did not provide the level of
9 detail analysis necessary to properly allocate the cost of city departmental efforts to
10 Providence Water. I anticipated that a more detailed review of individual line items,
11 interviews with department heads, and a review of duplicate effort would result in
12 significant adjustments to the model, which in turn would result in a significantly different
13 dollar amount of allocation to Providence Water.

14
15 **Q. At this point in your analysis did you know which way the change in the amount
16 allocated would go? Could you tell if it would be greater or less than the previous
17 model?**

18 A. No. However, I did expect that with the passage of time the costs in the various
19 departments being allocated to Providence Water would be much higher after seven years
20 of salary, benefit and inflationary increases.

21
22 **Q. Did you recalculate the city service allocation using the Docket #3163 model?**

23 A. Yes I did. I calculated that the city service allocation using the Docket #3163 model
24 would have resulted in a \$2,098,803 allocation to Providence Water in the rate year in this
25 docket (see schedule DGB-3). However, the results which I calculated using my new
26 model is a city services allocation to Providence Water of \$1,245,952 in the rate year (also
27 on Schedule DGB-3). This is a savings of over \$800,000. Further, I believe that my
28 model is more detailed, more conservative and in general a better model that provides a
29 better allocation of city service costs to Providence Water.

1 Detailed Review

2
3 **Q. I would like to go through the line items on your Schedule DGB-3 and try to hit**
4 **the highlights of your analysis. I will follow in the same order as the items are listed**
5 **on your Schedule DGB-3, is that OK with you?**

6 A. Certainly.

7
8 Mayor's Office, City Council and City Council Administration

9
10 **Q. The first three items on your Schedule DGB-3 are the Mayor's Office, City**
11 **Council and City Council Administration. Given that Providence Water has its own**
12 **Board and Administration why have you allocated any of these items to Providence**
13 **Water?**

14 A. Providence Water is not an independent agency. Providence Water is an enterprise
15 fund of the City of Providence and as a result final legislative authority resides with the
16 City. As with all other Departments within the City the Mayor's office deals with
17 Providence Water issues on a regular basis. City Council and City Council Administration
18 are appropriately allocated to Providence Water for a number of reasons; the most notable
19 is the City Council's authority to approve Providence Water's annual budget. It is also
20 obvious that the Council passes laws and ordinances which affects Providence Water.

21
22 **Q. In comparing your results (the first column of numbers) with the results of the**
23 **Docket #3163 model, I noticed that you have reduced these three items by a combined**
24 **amount of over \$100,000. What modifications have you made in the allocation of**
25 **these departments to save this \$100,000?**

26 A. First, I removed the contingencies expenses from the Mayor's office since this expense
27 relates directly with city only functions and does not impact Providence Water. Next, I
28 removed the audit expenses from the City Council since Providence Water pays directly for
29 its own audit which is then incorporated into the City's financial statements.

1 Lastly, the allocation to Providence Water is less because I adjusted the general overhead
2 allocation so that **only** City and Providence Water operating expenses were included. This
3 limiting of the operating expenses to the City's and Providence Water's provided a much
4 better general overhead allocation.

5

6

City Clerks Office

7

8 **Q. What services does the City Clerks Office provide to the Providence Water?**

9 A. As it does for most departments, the clerk's office drafts and maintains resolutions as
10 well as providing public notification on bids. The clerk also sits on the board of contracts
11 and the claims committee. Providence Water's bids are directly evaluated by the Board of
12 Contracts and Supply. The Clerk's Office has been allocated using the number of
13 resolutions and notifications exclusive to Providence Water compared to the combined
14 water and city activities.

15

16

Law Department

17

18 **Q. Since Providence Water maintains its own legal counsel for various activities,**
19 **why has the City's Law Department been allocated to Providence Water?**

20 A. This is the department that I believe was the most over allocated in the Docket #3163
21 model. My research and discussions with the law department deputy solicitor determined
22 that this department provides some advisory services to the Water Board but, they are very
23 limited. The City's Law Department is served on legal proceedings relating to Providence
24 Water in addition to Providence Water's own legal counsel being served. As a result of
25 their limited role, a large portion of this department's expenses have been reduced before
26 the allocation. The savings in this one department was in excess of \$600,000. The
27 Docket #3163 analysis allocated \$650,860 of the law Department expense to Providence
28 Water, compared to my \$40,647 allocation.

29

1 **Q. What modifications have you made in the allocation of this department to save**
2 **\$600,000?**

3 A. I removed the entire claims and damages section of the City's Law Department since
4 Providence Water pays directly for its own claims and damages. All fees not classified
5 were removed since these expenses could not be identified as having any benefit to
6 Providence Water. Lastly, all positions except for the City Solicitor and the Deputy City
7 Solicitor were removed from the allocation to Providence Water.

8
9 Finance Department

10
11 **Q. Mr. Bebyn, doesn't the City Finance Department provide a duplication of**
12 **services?**

13 A. No. The Department provides oversight for all Providence Water's financial
14 transaction and monitors their budget. The City Finance Director sits (uncompensated by
15 Providence Water) on the Water Board and signs all bond issuances for Providence Water.
16 The Assistant Finance Director also attends water board meetings. This department has
17 been allocated using the general overhead allocator since the department provides general
18 oversight to all City departments. Nevertheless, I was able to reduce the allocation of this
19 Department to Providence Water because of my adjustment to the general allocation factor
20 by \$10,000.

21
22 Controller's Office

23
24 **Q. Why has Controller's Office been included in the city services allocations to**
25 **Providence Water?**

26 A. Although Providence Water does maintain its own payable and payroll clerks all
27 transactions are reviewed and processed by the City Controller's office. Nevertheless, I felt
28 that it was appropriate to remove the city payable and payroll clerks from the City Services
29 allocation. The Controller's office provides other services besides supervision.

1 The Controller's Office processes all revenues transactions and the payment of all vendor
2 vouchers. In addition, the Controller's office provides support with the reconciliation of
3 bank accounts and reconciliation of financial information between the City and Providence
4 Water. I was able to reduce this allocation to Providence Water by over \$50,000
5 compared to the Docket #3163 model.

6
7 Retirement Department

8
9 **Q. What service does the Retirement Department provide to the Providence Water?**

10 A. As it does for all City Departments, the Retirement Department maintains all functions
11 of the retirement system for all city employees including Providence Water. Any questions
12 or loan requests from Providence Water employees are directed to this department. The
13 Retirement Department has been allocated using the number of Providence Water
14 employee vs. total city employees. I found no issue with the Docket #3163 model for the
15 allocation of this department.

16
17 Data Processing

18
19 **Q. Why has Data Processing department been included?**

20 A. This department is essentially the information technology (IT) department for the
21 entire City. Although Providence Water maintains its own software and inter-office server
22 system the City's Data Processing Department maintains the entire City of Providence
23 network used by all departments including Providence Water. Providence Water also uses
24 the City's Lawson software to enter purchasing and payroll data. The Data Processing
25 department pays all of the licensing and annual fees for Lawson.

26
27 **Q. What modifications if any have you made in the allocation of this department to
28 Providence Water?**

29 A. Many of the positions in this department are a duplication of Providence Water's IT
30 department. Therefore, positions except for the Chief Information Officer were

1 eliminated. Finally, the stationary expense (a large dollar item) for the department was
2 removed because Providence Water pays for its own paper needs. I was able to save
3 almost \$70,000 in the allocation of this department when compared to the Docket #3163
4 allocation model.

5
6 Treasurer's Office
7

8 **Q. What services does the Treasurer's Office provide to Providence Water?**

9 A. The Treasurer's Office processes all Providence Water vendor and payroll checks.
10 These checks are signed and handled by Treasurer's Office. These checks, however, are
11 mailed directly by Providence Water to its vendors so all postage expense in the
12 Treasurer's Office was excluded in the allocation to Providence Water.

13
14 The Treasurer's Office also reviews all investments held by the City. I found that the
15 fiscal agent fees listed in the Treasurer's Office budget related to only city investment so
16 this expense was removed. In all, I was able to reduce the allocation of the Treasurer's
17 Office by only about \$5,000.

18
19 Purchasing Department
20

21 **Q. Mr. Bebyn the Purchasing Department drew much of the attention in Docket**
22 **#3163 as a questionable department to include in the allocation. Could you elaborate**
23 **on why this department should be included?**

24 A. Certainly. Providence Water does maintain its own purchasing agents and clerks,
25 however all bids over \$5,000 must be processed through the bid specification of the Board
26 of Contracts and Supply. This processing bid procedure is required by law. The City's
27 Purchasing Department reviews and assists with the bid procedures. Since the city mainly
28 provides review services, I have removed all purchasing agents except for the supervisor
29 from the allocation. Lastly, Providence Water pays its own postage regarding the mailing
30 of purchase orders; therefore postage expense has been removed from the allocation.

1 **Q. What amount of savings did you achieve in the Purchasing Department when you**
2 **compare your allocation to the Docket #3163 allocation?**

3 A. I was able to reduce the allocation of this department by 68% from \$58,278 to only
4 \$18,490. I believe that my calculation should significantly reduce the concern voiced by
5 the parties in Docket #3163.

6
7 Personnel Department

8
9 **Q. Why has the Personnel department been included?**

10 A. The Personnel Department maintains the official personnel records for all City
11 employees. Also, the Personnel Department deals directly with union negotiations and
12 grievances. Furthermore, employee training and Equal Employment Opportunity (EEO)
13 issues are handled by the City's Personnel Department. Although Providence Water does
14 begin the processing of new employees, all new employees are processed through the City
15 Personnel Department to fill out employment forms.

16
17 **Q. What modifications have you made in the allocation of this department?**

18 A. I was able to eliminate advertising expense of the Personnel Department because
19 Providence Water pays for all publication of any vacant position. Also, Providence Water
20 does not use the Personnel Department for legal proceedings so legal expense was removed
21 in additions to the two claims examiner positions. Lastly, one of the personnel technicians
22 was eliminated to reflect some the processing done by Providence Water directly. The
23 savings in this department was about \$45,000.

24
25 Internal Auditors and Archives

26
27 **Q. Mr. Bebyn, I noticed that you added two new departments to the list of**
28 **departments to be allocated to Providence Water; Internal Audit and Archives. Why**
29 **have you included these departments for this docket?**

1 A. Providence Water hired B&E Consulting to provide a complete review of the City
2 Service charge to satisfy the Commission's Order in Docket #3163. Therefore, my review
3 included an analysis of all City departments (not just the ones included in the Docket
4 #3163 model) which provide services to Providence Water. My discussions with the
5 Internal Audit department determined that the Providence Water financial transaction and
6 controls are audited as are all city departments. This department has been allocated using
7 the general overhead allocator since the department provides general oversight to all City
8 departments.

9
10 The Archives department maintains all of the financial, personnel, retirement and other
11 records for the city, including those of Providence Water. Providence Water has also
12 utilized the archives department in the past to help answer Commission and Division data
13 requests. Clearly this department should be part of the City Services allocation.

14
15 **Q. Mr. Bebyn, are there any other departments that could be included in your**
16 **calculation?**

17 A. Yes. I have left a few additional departments with the City to further research and
18 provide justification for their inclusion. These departments were left from the prefiled
19 testimony due to time constraints with meeting the filing deadline. It is my intention to
20 include any of these additional departments in rebuttal testimony if warranted.

21
22 Non-Departmental Service Costs

23
24 **Q. Regarding the Non-Departmental Service Expenses, which expenses need to be**
25 **allocated to Providence Water?**

26 A. The only two that I found are 1) Stop Loss Insurance and 2) GASB 43/45 consultant.
27 These two were the only two non-departmental expenses which appeared to provide a
28 service to Providence Water.

29 1. The "Stop Loss Insurance" covers any overage in expenses not directly covered
30 by the medical insurance. Since this "Stop Loss Insurance" covers the City and

1 Providence Water employees the expense was allocated using the employee
2 related allocator.

- 3 2. The GASB 43/45 consultant expense is a new expense as of the fiscal year
4 2007. The City will require yearly calculation as part of GASB 43/45 financial
5 statement presentation requirements. This expense was allocated using the
6 employee related allocation since the consultant will calculate the post
7 retirement health benefit and future funding for all city employees and retirees.

8
9 **Q. What are you recommending for the Rate Year City Service Expense?**

10 A. As stated above, my revised model using the assumptions detailed above calculates
11 City Services at \$1,245,952. (See Schedule DGB-3) As stated earlier, I believe my model
12 presents a more conservative position than the Docket #3163 model. In fact, using the FY
13 2006 costs (Test Year) with Docket #3163 model and then adjusting to the rate year, I
14 calculated the city service expense would have been \$2,098,803. I believe that the
15 \$2,098,803 city service amount calculated using the Docket #3163 model would be
16 excessive.

17
18 **Q. Please describe your City Services schedules.**

19 A. There are four main schedules, and a few supporting schedule. These schedules are:
20

21 ➤ **Schedule DGB-3:** This schedule presents the summary results of my
22 City Service allocation model compared side by side with results of the
23 Docket #3163 model using the same cost of service. This schedule lists
24 the departments and non-departmental costs which have been allocated
25 to Providence Water. Near the bottom of the schedule I have also
26 presented a calculation to convert test year expenditure allocations to rate
27 year levels.

28 ➤ **Schedule DGB-4:** This schedule presents the total cost per
29 Department being allocated for the test year, the adjustments made by
30 me as a result of my detailed review of each department, the allocator
31 used to make the allocation to Providence Water and the resulting

1 allocation for the test year. Fringe benefit costs are added to each
2 department based on schedule DGB-4B.

3 ○ **Schedule DGB-4A:** This schedule reflects the amount of
4 salary expense that should be deducted from the departmental
5 costs before allocation to Providence Water based upon the fact
6 that these positions provide no services to Providence Water.

7
8 ○ **Schedule DGB-4B:** Fringe benefit costs are expensed to a
9 separate cost center and are not included in the departmental
10 expenses. This schedule calculates the City fringe benefit cost
11 for total salary dollars then allocates them to each department
12 based on departmental salary dollars. The department salary
13 dollars have also been adjusted to reflect the findings of
14 Schedule DGB-4A.

15
16 ➤ **Schedule DGB-5:** This schedule presents the allocation of City non-
17 departmental costs based on several service allocation factors. These
18 costs have also been evaluated by individual expense line items to
19 include only expenses for which Providence Water receives a benefit.

20
21 ➤ **Schedule DGB-6** This schedule presents the derivation of the various
22 allocation symbols or allocators that were used on schedules DGB-4 &
23 DGB-5.

24
25 **Q. Does that conclude your testimony?**

26 A. Yes.

27

**COMPARATIVE SCHEDULE OF REVENUES
PROVIDENCE WATER**

Schedule DGB-1

	FISCAL YEAR 06/30/04	FISCAL YEAR 06/30/05	TEST YEAR 06/30/06	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
<u>Metered Revenue</u>					
Residential	\$ 21,535,227	\$ 20,123,660	\$ 20,736,139	A \$ 2,149,940	\$ 22,886,079
Commercial	4,053,489	5,985,144	6,903,672	A (1,536,109)	5,367,563
Industrial	1,465,686	1,755,068	1,870,777	A (35,996)	1,834,781
Private Fire Supply	30	-	-		-
Sub-total Retail	27,054,432	26,963,872	29,510,588	577,835	30,088,423
Wholesale	12,574,605	12,589,817	12,907,786	A 880,169	13,787,955
Sub-total Metered	39,629,037	39,553,689	42,418,374	1,458,004	43,876,378
<u>Non-metered Water Revenue</u>					
Service Charge	3,621,587	3,535,598	3,635,703	B 259,468	3,895,171
Private Fire Supply	1,094,400	1,153,988	1,288,411	B (66,271)	1,222,140
Public Fire Supply	1,325,931	1,392,014	1,513,779	B 12,742	1,526,521
Sub-total Non-metered	6,041,918	6,081,600	6,437,893	205,939	6,643,832
Total Water Revenue	45,670,955	45,635,289	48,856,267	1,663,943	50,520,210
<u>Miscellaneous Revenue</u>					
	1,162,585	1,204,194	1,360,739	C (115,000)	1,245,739
Grand Total Revenue	\$ 46,833,540	\$ 46,839,483	\$ 50,217,006	\$ 1,548,943	\$ 51,765,949

(A) = Normalized Retail & Wholesale sales for average consumption and full year of Docket 3684 rate increase. See page 2 of DGB Testimony.
 (B) = Normalized Service Fee & Fire Protection Fees for a full year of Docket 3684 rate increase. See page 2 of DGB Testimony.
 (C) = Normalizing adjustment to remove money received by capital fund for a security grant. See page 2 of DGB Testimony.

TEST YEAR BILLING UNITS AT PRESENT RATES
PROVIDENCE WATER

Schedule DGB-1A

Billing Unit	Test Year Consumption & Counts	Current Rates	Annual Revenue
<u>Retail Consumption Charges</u>			
Residential (HCF)	11,688,498 *	\$ 1.958	\$ 22,886,079
Commercial (HCF)	2,852,053 *	\$ 1.882	\$ 5,367,563
Industrial (HCF)	1,005,359 *	\$ 1.825	\$ 1,834,781
Total	15,545,910		\$ 30,088,422
<u>Wholesale Consumption Charges</u>			
Consumption (HCF)	14,913,507 *	\$ 0.92453	\$ 13,787,955
(Million Gallons)	11,155.30	\$ 1,236.00	
<u>Quarterly Service Charges</u>			
5/8"	54,074	\$ 12.19	\$ 2,636,648
3/4"	10,281	13.05	536,668
1"	5,071	15.32	310,751
1.5"	1,475	18.33	108,147
2"	1,762	26.66	187,900
3"	39	87.93	13,717
4"	27	110.64	11,949
6"	55	163.59	35,990
8"	26	224.10	23,306
10"	3	278.93	3,347
12"	-	333.79	-
Total	72,813		\$ 3,868,424
<u>Monthly Service Charges</u>			
5/8"	-	\$ 7.25	\$ -
3/4"	-	7.50	-
1"	-	8.25	-
1.5"	1	9.27	111
2"	17	12.05	2,458
3"	3	32.47	1,169
4"	6	40.03	2,882
6"	19	57.67	13,149
8"	6	77.85	5,605
10"	-	96.14	-
12"	1	114.41	1,373
Total	53		\$ 26,747
Total Service Charge Revenue			\$ 3,895,171
<u>Private Fire Service Charges</u>			
3/4"	6	\$ 10.77	\$ 258
1"	9	14.26	\$ 513
1.5"	3	23.00	\$ 276
2"	29	33.48	\$ 3,884
4"	284	92.87	\$ 105,500
6"	1,149	180.22	\$ 828,291
8"	216	285.03	\$ 246,266
10"	4	407.30	\$ 6,517
12"	14	547.05	\$ 30,635
Total	1,714		\$ 1,222,140
<u>Public Fire Service Charges</u>			
Hydrants	6,082	\$ 250.99	\$ 1,526,521

* SEE SCHEDULE DGB-1B FOR TEST YEAR RETAIL AND WHOLESALE CONSUMPTION

TEST YEAR SALES VOLUMES BASED ON
AVERAGE SALES OVER THE PERIOD FY 2003 THROUGH FY 2006
 PROVIDENCE WATER

Schedule DGB-1B

	FY 2003	FY 2004	FY2005	FY2006	Test Year Consumption (4 year Average)
<u>Retail</u>					
Residential	12,203,733	12,030,853	11,242,268	11,277,137	11,688,498
Commercial	2,206,004	2,356,680	2,956,479	3,889,047	2,852,053
Industrial	1,000,891	877,656	1,050,937	1,091,953	1,005,359
Sub-total Retail	15,410,628	15,265,189	15,249,684	16,258,137	15,545,910
<u>Wholesale</u>					
East Providence	2,493,285	2,347,620	2,414,642	2,336,430	2,397,994
East Smithfield	346,036	349,221	347,134	316,751	339,786
Greenville	470,702	428,017	470,107	483,676	463,126
Kent County	3,529,317	3,857,756	3,915,227	3,806,377	3,777,169
Smithfield	433,016	425,587	434,665	421,925	428,798
Warwick	4,654,592	4,292,842	4,313,222	4,357,620	4,404,569
Lincoln	1,059,985	1,027,574	1,108,820	1,150,294	1,086,668
Johnston	163,387	156,251	180,321	290,227	197,547
Bristol County	1,892,471	1,942,031	1,803,583	1,633,316	1,817,850
Narra. Bay Commission	-	-	-	84,978	- (1)
Sub-total Wholesale	15,042,791	14,826,899	14,987,721	14,881,594	14,913,507
Grand Total	30,453,419	30,092,088	30,237,405	31,139,731	30,459,416

Note:

(Volumes in HCF)

- (1) The consumption from the Narragansett Bay Commission is a non-recurring revenue stream as a result of temporary consumption for NBC's Combined Sewer Overflow project.

**COMPARATIVE SCHEDULE OF EXPENSES
PROVIDENCE WATER**

Schedule DGB-2

ACCOUNT	TITLE	FISCAL YEAR 06/30/04	FISCAL YEAR 06/30/05	FISCAL YEAR 06/30/06	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
601 Operating Fund:						
Source of Supply						
60110	Salaries + Wages - Emp	\$ 358,404	\$ 352,766	\$ 332,332	\$ -	\$ 332,332
60120	Salaries + Wages - Emp	215,345	300,847	364,716	-	364,716
60320	Sal. + Wages - Officers, Dir	-	-	-	-	-
60410	Employee Pension + Ben	469,800	185,202	180,684	-	180,684
60420	Employee Pension + Ben	31,207	157,494	198,291	-	198,291
61510	Purchase Power	4	-	-	-	-
61610	Fuel for Power Purch	-	-	-	-	-
62010	Material + Supplies	6,122	12,458	9,580	-	9,580
62020	Material + Supplies	40,600	32,194	45,309	-	45,309
63110	Contractual Services - Engineer	-	-	4,500	-	4,500
63120	Contractual Services - Engineer	3,910	3,900	-	-	-
63420	Contractual Services - Mgt. Fees	-	-	-	-	-
63510	Contractual Services - Other	45,247	45,864	84,131	(2,360)	81,771
63520	Contractual Services - Other	14,214	22,990	19,753	-	19,753
64210	Rental of Equipment	-	100	-	-	-
64220	Rental of Equipment	-	-	-	-	-
65010	Transportation Exp.	-	-	-	-	-
65020	Transportation Exp.	-	-	-	-	-
67510	Misc. Expenses	5,590	4,075	19,414	(10,650)	8,764
67520	Misc. Expenses	5,714	4,756	3,799	-	3,799
	Total Source of Supply Expense	1,196,157	1,122,647	1,262,509	(13,010)	1,249,499
Pumping Expenses						
60123	Salaries + Wages - Emp	-	-	-	-	-
60126	Salaries + Wages - Emp	-	-	-	-	-
60423	Employee Pension + Ben	-	-	-	-	-
60426	Employee Pension + Ben	-	-	-	-	-
61523	Purchase Power	475,707	568,227	701,668	-	701,668
61623	Fuel for Power Purch	17,943	19,273	16,651	-	16,651
62023	Material + Supplies	-	-	453	-	453
62026	Material + Supplies	-	481	-	-	-
63123	Contractual Services - Engineer	-	-	-	-	-
63126	Contractual Services - Engineer	-	-	-	-	-
63523	Contractual Services - Other	16,369	8,807	4,871	-	4,871

**COMPARATIVE SCHEDULE OF EXPENSES
PROVIDENCE WATER**

Schedule DGB-2

ACCOUNT	TITLE	FISCAL YEAR 06/30/04	FISCAL YEAR 06/30/05	FISCAL YEAR 06/30/06	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
63526	Contractual Services - Other	412	6,465	-	-	-
64223	Rental of Equipment	-	-	-	-	-
64226	Rental of Equipment	-	-	-	-	-
65023	Transportation Exp.	-	-	-	-	-
67523	Misc. Expenses	-	-	-	-	-
67526	Misc. Expenses	-	-	-	-	-
	Total Pumping Expenses	510,432	603,254	723,642	-	723,642
	Water Treatment Expenses					
60130	Salaries + Wages - Emp	1,590,694	1,714,705	1,902,231	-	1,902,231
60140	Salaries + Wages - Emp	430,037	326,382	287,769	-	287,769
60430	Employee Pension + Ben	178,939	892,090	991,095	-	991,095
60440	Employee Pension + Ben	92,125	163,818	156,456	-	156,456
61530	Purchase Power	127,781	145,680	179,721	-	179,721
61630	Fuel for Power Purch	76,452	138,512	122,959	-	122,959
61830	Chemicals	(14,427)	-	-	-	-
62030	Material + Supplies	82,154	77,124	94,329	-	94,329
62040	Material + Supplies	85,706	91,915	92,559	-	92,559
63140	Contractual Services - Engineer	-	-	-	-	-
63240	Contract Services - Acctg	-	-	-	-	-
63430	Contractual Services - Mgt. Fees	8,441	6,852	14,710	-	14,710
63530	Contractual Services - Other	226,235	185,403	182,083	-	182,083
63540	Contractual Services - Other	34,114	38,581	55,705	-	55,705
64140	Rental Buildg/Real Prop	-	-	-	-	-
64230	Rental of Equipment	3,948	3,014	2,245	-	2,245
64240	Rental of Equipment	-	1,443	-	-	-
65030	Transportation Exp.	-	-	-	-	-
65640	Insurance Vehicle	-	-	-	-	-
65830	Insurance - W/C	-	-	-	-	-
65840	Insurance - W/C	-	-	-	-	-
66730	Regularity Com Exp. -Other	-	-	-	-	-
67530	Misc. Expenses	29,040	51,958	60,381	-	60,381
67540	Misc. Expenses	46	231	171	-	171
	Total Treatment Expense	2,951,284	3,837,708	4,142,413	-	4,142,413
	Transmission + Dist. Expense:					
60150	Salaries + Wages - Emp	860,119	788,057	834,719	-	834,719

**COMPARATIVE SCHEDULE OF EXPENSES
PROVIDENCE WATER**

Schedule DGB-2

ACCOUNT	TITLE	FISCAL YEAR 06/30/04	FISCAL YEAR 06/30/05	FISCAL YEAR 06/30/06	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
60160	Salaries + Wages - Emp	1,910,650	2,062,626	2,228,839	-	2,228,839
60250	Payroll Clearing -Emp	(472,859)	(368,514)	(375,518)	D	-
60260	Payroll Clearing -Emp	-	-	-	-	-
60450	Employee Pension + Ben	618,091	411,043	453,824	-	453,824
60460	Employee Pension + Ben	332,924	1,076,760	1,211,787	-	1,211,787
60550	Overhead Rate Applied	(1,764,480)	(1,596,815)	(1,746,342)	E	-
60560	Overhead Rate Applied	-	-	-	-	-
61550	Purchase Power	7,643	8,406	9,027	-	9,027
62050	Material + Supplies	119,767	327,874	138,933	-	138,933
62060	Material + Supplies	26,433	10,944	12,637	-	12,637
62560	Inventory Clearing	(100,286)	-	-	-	-
63150	Contractual Services - Engineer	-	-	-	-	-
63160	Contractual Services - Engineer	-	-	-	-	-
63460	Contractual Services - Mgt. Fees	-	-	-	-	-
63550	Contractual Services - Other	588,683	822,710	1,028,353	-	1,028,353
63560	Contractual Services - Other	53,215	26,934	37,731	-	37,731
64150	Rental Buidlg/Real Prop	-	-	-	-	-
64160	Rental Buidlg/Real Prop	(6,083)	-	-	-	-
64250	Rental of Equipment	6,830	4,750	4,009	-	4,009
64260	Rental of Equipment	-	-	-	-	-
65060	Transportation Exp.	-	-	-	-	-
65850	Insurance W/C	-	-	-	-	-
65860	Insurance W/C	-	-	-	-	-
65950	Insurance Other	-	-	-	-	-
66750	Regulatory Com Exp - Other T & D	284	-	-	-	-
66760	Regulatory Com Exp - Other T & D	-	-	-	-	-
67550	Misc. Expenses	31,350	12,459	3,625	-	3,625
67560	Misc. Expenses	198	483	675	-	675
	Total Transmission & Distribution	2,212,479	3,587,715	3,842,299	2,121,860	5,964,159
	Customer Accounts Expense:					
60170	Salaries + Wages - Emp	1,676,606	1,691,372	1,828,083	-	1,828,083
60270	Payroll Clearing -Emp	(15,305)	(14,243)	(13,397)	D	-
60470	Employee Pension + Ben	577,515	884,664	993,902	-	993,902
60570	Overhead Rate Applied	(57,889)	(52,674)	(52,345)	E	-
61670	Fuel for Power Purch	-	-	-	-	-
62070	Material + Supplies	16,194	13,338	10,731	-	10,731

**COMPARATIVE SCHEDULE OF EXPENSES
PROVIDENCE WATER**

Schedule DGB-2

ACCOUNT	TITLE	FISCAL YEAR 06/30/04	FISCAL YEAR 06/30/05	FISCAL YEAR 06/30/06	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
63370	Contractual Services - Legal	50,309	-	-	-	-
63570	Contractual Services - Other	48,943	44,620	33,883	-	33,883
65070	Transportation Exp. -CAO	-	-	-	-	-
65870	Insurance - Other	-	-	-	-	-
65970	Insurance Other	-	-	-	-	-
67070	Bad Debt Expense - CAO	-	-	(740,181)	740,181	-
67570	Misc. Expenses	101,357	70,313	121,241	-	121,241
	Total Customer Accounts	2,397,731	2,637,390	2,181,917	805,923	2,987,840
	Administrative and General					
60180	Salaries + Wages - Emp	4,531,989	4,674,296	4,718,358	-	4,718,358
60280	Payroll Clearing -Emp	-	-	-	-	-
60380	Salaries + wages - Officers, Dir.	27,780	35,021	36,918	-	36,918
60480	Employee Pension + Ben	3,595,530	2,417,096	2,569,882	-	2,569,882
60580	Overhead Rate Applied	-	-	-	-	-
61580	Purchase Power	79,129	103,302	119,872	-	119,872
61680	Fuel for Power Purch	138,431	114,493	184,535	-	184,535
62080	Material + Supplies	90,219	106,541	184,160	-	184,160
63180	Contractual Services - Engineer	6,652	-	24,377	-	24,377
63280	Contract Services - Acctg	-	-	-	-	-
63380	Contractual Services - Legal	41,536	8,925	87,716	-	87,716
63480	Contractual Services - Mgt. Fees	-	-	32,000	-	32,000
63580	Contractual Services - Other	449,703	588,539	364,356	85,400	449,756
64180	Rental Buildg/Real Prop	-	-	-	-	-
64280	Rental of Equipment	10,602	11,506	9,646	-	9,646
65080	Transportation Exp.	119,917	164,508	104,702	-	104,702
65780	Ins. Gen. Liability	-	-	-	-	-
65880	Insurance - W/C	-	-	-	-	-
65980	Insurance Other	-	-	-	-	-
66080	Advertising Expense	3,149	3,100	3,351	-	3,351
66680	Reg Com Exp - Amort of Rate Case	-	-	-	-	-
66780	Regulatory Com Exp. -Other	157,985	202,610	202,951	-	202,951
67580	Misc. Expenses	308,580	269,617	289,175	-	289,175
	Total Administration + General	9,561,203	8,699,553	8,931,999	85,400	9,017,399
	Total Operation & Maintenance	18,829,285	20,488,266	21,084,779	3,000,173	24,084,952

**COMPARATIVE SCHEDULE OF EXPENSES
PROVIDENCE WATER**

Schedule DGB-2

ACCOUNT	TITLE	FISCAL YEAR 06/30/04	FISCAL YEAR 06/30/05	FISCAL YEAR 06/30/06	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
857	Insurance Fund					
65840	Insurance W/C - WTM	25,862	24,457	-		-
65870	Insurance W/C - CAO	39,990	40,772	25,512		25,512
62080	Materials + Supplies - A&GO	17,569	4,156	612		612
63180	Contractual Services-Engineer	-	-	-		-
63380	Contract Services - Legal A&GO	-	-	-		-
63580	Contract Services - Other A&GO	2,388	1,650	1,875		1,875
65780	Ins. Gen. Liability	751,134	1,162,400	1,253,949		1,253,949
65980	Insurance-Other A&GO	-	-	-		-
65880	Insurance - W/C	168,625	471,591	533,567		533,567
67070	Bad Debt Expense-CAO	-	-	-		-
67580	Misc. Expense	39,439	23,686	152,140		152,140
	Total Insurance Fund	1,045,007	1,728,713	1,967,655	-	1,967,655
878	Chemical and Sludge Maintenance Fund					
61830	Chemicals - WTO	1,414,823	1,422,387	1,493,366		1,493,366
62030	Materials + Supplies WTO	36,338	29,405	15,545		15,545
63540	Contract Services - Other WTM	400,000	1,148	550,000		550,000
	Total Chemical and Sludge Maintenance Fund	1,851,161	1,452,940	2,058,911	-	2,058,911
	Full Operation and Maintenance	21,725,454	23,669,919	25,111,345	3,000,173	28,111,518
	City Services	729,994	729,994	729,994	-	729,994
	Property Taxes- Other Local Govern.					
40820	Town of North Providence	224,322	243,883	224,715		224,715
40821	Town of Glocester	135,693	55,075	43,112		43,112
40822	Town of West. Glocester	3,363	3,856	3,536		3,536
40823	Town Harmony	142	147	120		120
40824	Town Chepachet	145	145	145		145
40825	Town Scituate	4,657,788	4,604,052	4,857,896		4,857,896
40826	Town Warwick	26	20	21		21
40827	Town of Johnston	96,550	54,464	56,424		56,424
40828	Town of Foster	297,825	295,106	308,492		308,492
40829	City of Cranston	493,535	524,718	531,738		531,738
40830	City of West. Warwick	6,223	3,766	3,855		3,855
	Total Property Taxes	5,915,612	5,785,233	6,030,054	-	6,030,054

**COMPARATIVE SCHEDULE OF EXPENSES
PROVIDENCE WATER**

Schedule DGB-2

ACCOUNT	TITLE	FISCAL YEAR 06/30/04	FISCAL YEAR 06/30/05	FISCAL YEAR 06/30/06	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
	Capitalized Reimbursement					
	Total Other Expenses	6,645,606	6,515,227	(743,041) 6,017,007	- 0	(743,041) 6,017,007
	Restricted Expenditures					
	Capital	2,450,000	2,450,000	2,450,000	-	2,450,000
	Western Cranston	62,069	62,069	62,069	-	62,069
	Infrastructure	12,500,000	12,500,000	12,500,000	-	12,500,000
	Meter Replacement	466,667	400,000	400,000	-	400,000
	Equipment Replacement	1,100,000	1,100,000	600,000	-	600,000
	Total Restricted Expenditures	16,578,736	16,512,069	16,012,069	-	16,012,069
	Grand Total	\$44,949,796	\$46,697,215	\$47,140,421	\$3,000,173	\$50,140,594

- (D) = Changes to Lead Service mailings. See page 3 of DGB Testimony.
- (E) = Remove Hazmat study and add yearly implementation costs. See page 3 of DGB Testimony.
- (F) = Normalized Salary. See page 3 of DGB Testimony.
- (G) = Remove Overhead Applied. See page 3 of DGB Testimony.
- (H) = Remove Bad Debt Expense. See page 3 of DGB Testimony.
- (I) = Add Security Monitoring. See page 3 of DGB Testimony.

Summary of City Services
Providence Water

Schedule DGB-3

	<u>Service Cost</u>	<u>Service Cost using Docket 3163 Method</u>
Allocation of Departmental Service Costs (DGB-4)		
Mayor's Office	\$ 266,093	\$ 318,308
City Council	56,126	95,105
City Council Administration	63,728	72,769
City Clerk	112,887	112,887
Law Department	40,647	650,860
Finance Department	72,999	83,355
Controller's Office	100,830	153,730
Retirement Department	59,447	59,447
Data Processing	137,483	205,691
Treasurer's Office	32,575	37,303
Purchasing	18,490	58,278
Personnel Department	114,729	149,605
Internal Auditors	30,663	-
Archives	16,421	-
Allocation of Non-Departmental Service Costs (DGB-5)		
Stop Loss Insurance	50,994	-
Annual GASB 43/45 consulting fee	11,605	-
	<hr/>	<hr/>
Total City Service Expense	\$ 1,185,718	\$ 1,997,338
Percentage increase to revise to Rate Year (Calendar year 2008) (2% annually)	105.08%	105.08%
	<hr/>	<hr/>
Rate Year City Service Expense	<u>\$ 1,245,952</u>	<u>\$ 2,098,803</u>

Allocation of City Services by Department

Providence Water

Schedule DGB-4

Page 1 of 3

Department	Allocation Base	FY 2006	
		Actual Expense	Allocator Service Cost
Mayor's Office			
Provides executive office oversight and support staff for areas affecting Providence Water	Total Departmental Expense	\$ 2,093,359	
	Less account 101-101-55980 Contingencies	(155,708)	
	Plus Fringe Benefits not expensed in department accounts	1,332,989	
	Total	\$ 3,270,640	\$ 266,093
City Council			
Provides general operation oversight, passes laws and ordinance which affects Providence Water. The Council also approves the Water Supply's budget.	Total Departmental Expense	\$ 812,582	
	Less account 101-102-53320 Audit	(333,863)	
	Plus Fringe Benefits not expensed in department accounts	211,151	
	Total	\$ 689,870	\$ 56,126
City Council Administration			
Provides the council with research and drafting of ordinances, statistical information, and performs functions on council orders and requests.	Total Departmental Expense	\$ 478,484	
	Plus Fringe Benefits not expensed in department accounts	304,824	
	Total	\$ 783,308	\$ 63,728
City Clerk			
The clerk's office drafts and maintains resolutions. In addition this office processes claims of Providence Water. The clerk sits on the board of contracts and the claims committee.	Total Departmental Expense	\$ 532,670	
	Plus Fringe Benefits not expensed in department accounts	371,875	
	Total	\$ 904,545	\$ 112,887
Law Department			
Provides legal services arising from the city operations that affect Providence Water such as personnel. This office is served in addition to Water's own legal counsel on all claims against the Water Supply Board.	Total Departmental Expense	\$ 6,021,243	
	Less Department Employees that provide no service to PW	(1,150,483)	
	Less account 101-105-52120 Fees Not Classified	(596,260)	
	Less account 101-105-52192 Claims & Damages	(3,926,532)	
	Plus Fringe Benefits not expensed in department accounts	151,644	
	Total	\$ 499,612	\$ 40,647
Finance Department			
Provides oversight of all financial transactions and monitors Providence Water's budget. The department assists in preparing bond issues and the Finance Director signs Bond issuances for Providence Water. Finance Director also sits (uncompensated) on the Water Board.	Total Departmental Expense	\$ 525,824	
	Plus Fringe Benefits not expensed in department accounts	371,429	
	Total	\$ 897,253	\$ 72,999

Allocation of City Services by Department
Providence Water

Department	Allocation Base	FY 2006		FY 2006 Service Cost
		Actual Expense	Allocator	
Personnel Department				
Processes Providence Water personnel forms, maintains personnel records and represents the city resulting from personnel grievances from Providence Water employees.	Total Departmental Expense	\$ 858,817		
	Less Department Employees that provide no service to PW	\$ (156,245)		
	Less account 101-212-52175 Advertisements	\$ (9,376)		
	Less account 101-212-53200 Legal Expenses	\$ (38,579)		
	Plus Fringe Benefits not expensed in department accounts	389,323		
	Total	\$ 1,043,940	E	\$ 114,729
Internal Auditors				
Provides oversight that accounting controls and procedures are being maintained. The Internal Audit department reviews all city departments including Water.	Total Departmental Expense	\$ 226,301		
	Plus Fringe Benefits not expensed in department accounts	150,587	O	\$ 30,663
	Total	\$ 376,888		
Archives				
Provides long-term storage of city records including accounting and personnel records. All official personnel records are maintained by the City.	Total Departmental Expense	\$ 125,885		
	Plus Fringe Benefits not expensed in department accounts	75,955	O	\$ 16,421
	Total	\$ 201,840		

Analysis of City Services Salaries for Select Departments
Providence Water

Schedule DGB-4a

	Positions	FY 2007 Total Salaries	Less salaries which provide no PW service	City Service Salaries	FY 2006 City Service Salaries	Less salaries which provide no PW service	Adjusted City Service Salaries
Law Department							
Assist City Solicitor	9	\$ 443,807	\$ (443,807)	\$ -			
Secretary to City Solicitor	1	\$ 49,775	\$ (49,775)	\$ -			
City Solicitor	1	\$ 116,422	\$ -	\$ 116,422			
Deputy City Solicitor	1	\$ 92,984	\$ -	\$ 92,984			
Legal Secretary Law Dept	2	\$ 112,502	\$ (112,502)	\$ -			
Paralegal	2	\$ 81,583	\$ (81,583)	\$ -			
Senior Assist City Solicitor	5	\$ 372,959	\$ (372,959)	\$ -			
Spec. Assist City Solicitor	1	\$ 47,386	\$ (47,386)	\$ -			
				<u>\$ 209,406</u>			
Law Department					1,359,889	(1,150,483)	209,406
Controller's Office							
Accountant/Medical health	1	\$ 47,738	\$ -	\$ 47,738			
Accounts Payable Clerk	3	\$ 110,055	\$ (110,055)	\$ -			
Accounts Payable Supervisor	1	\$ 61,479	\$ -	\$ 61,479			
Assist to Accts Payable Supervisor	1	\$ 45,802	\$ -	\$ 45,802			
City Controller	1	\$ 95,774	\$ -	\$ 95,774			
Deputy City Controller	1	\$ 75,038	\$ -	\$ 75,038			
Fiscal Officer II	2	\$ 96,486	\$ -	\$ 96,486			
Fiscal Officer III	2	\$ 109,332	\$ -	\$ 109,332			
Medical Health Plan Admin	1	\$ 51,947	\$ -	\$ 51,947			
Payroll Clerk III	1	\$ 40,241	\$ (40,241)	\$ -			
Payroll Clerk/ Accounts Payable Officer	1	\$ 45,803	\$ (45,803)	\$ -			
Supervisor Fiscal	1	\$ 60,493	\$ -	\$ 60,493			
Supervisor Payroll	1	\$ 61,480	\$ -	\$ 61,480			
				<u>\$ 705,569</u>			
Controller's Office					946,525	(240,956)	705,569
Data Processing							
Chief Information Officer	1	\$ 107,641	\$ -	\$ 107,641			
Data Network Administrator	1	\$ 53,839	\$ (53,839)	\$ -			
Data Network Clerk/Help Desk	1	\$ 35,307	\$ (35,307)	\$ -			
GIS Director	1	\$ 65,367	\$ (65,367)	\$ -			
Network Engineer	1	\$ 65,979	\$ (65,979)	\$ -			
Provstat Director	1	\$ 82,689	\$ (82,689)	\$ -			
Web Master	1	\$ 66,385	\$ (66,385)	\$ -			
				<u>\$ 107,641</u>			
Data Processing					352,575	(244,934)	107,641
Purchasing							
Clerk III	1	\$ 29,071	\$ -	\$ 29,071			
Purchasing Agent II	1	\$ 127,791	\$ (127,791)	\$ -			
Purchasing Agent III	1	\$ 51,813	\$ (51,813)	\$ -			
Purchasing Agent IV	1	\$ 56,900	\$ -	\$ 56,900			
				<u>\$ 85,971</u>			
Purchasing					272,399	(186,428)	85,971
Personnel Department							
Admin Assistant	1	\$ 55,966	\$ -	\$ 55,966			
Assistant Claims Examiner	1	\$ 40,361	\$ (40,361)	\$ -			
Claims Examiner	1	\$ 60,314	\$ (60,314)	\$ -			
Coordinator of Employee Benefits	1	\$ 58,144	\$ -	\$ 58,144			
E.E.O. Officers	1	\$ 71,460	\$ -	\$ 71,460			
Human Resources Asst	1	\$ 39,619	\$ -	\$ 39,619			
Human Resources Director	1	\$ 100,550	\$ -	\$ 100,550			
Human Resources Generalist	1	\$ 61,743	\$ -	\$ 61,743			
MBE/WBE Program Admin	1	\$ 51,788	\$ -	\$ 51,788			
Personnel Technician I	1	\$ 40,361	\$ -	\$ 40,361			
Personnel Technician II	1	\$ 49,269	\$ (49,269)	\$ -			
Training Coordinator	1	\$ 57,987	\$ -	\$ 57,987			
				<u>\$ 537,618</u>			
Personnel Department					693,863	(156,245)	537,618

Summary of City Service Fringe Benefits
Providence Water

Schedule DGB-4b

	Total Salaries	City Service Salaries	Less salaries which provide no PW service	Adjusted City Service Salaries	Fringe Benefit Rate	City Service Fringe Benefit
Mayor's Office	1,840,730	1,840,730		1,840,730	\$ 0.72	1,332,989
City Council	291,579	291,579		291,579	\$ 0.72	211,151
City Council Administration	420,932	420,932		420,932	\$ 0.72	304,824
City Clerk	513,524	513,524		513,524	\$ 0.72	371,875
Law Department	1,359,889	1,359,889	(1,150,483)	209,406	\$ 0.72	151,644
Finance Department	512,907	512,907	-	512,907	\$ 0.72	371,429
Controller's Office	946,525	946,525	(240,956)	705,569	\$ 0.72	510,947
Retirement Department	303,276	303,276		303,276	\$ 0.72	219,621
Data Processing	352,575	352,575	(244,934)	107,641	\$ 0.72	77,950
Treasurer's Office	208,178	208,178		208,178	\$ 0.72	150,755
Purchasing	272,399	272,399	(186,428)	85,971	\$ 0.72	62,257
Personnel Department	693,863	693,863	(156,245)	537,618	\$ 0.72	389,323
Internal Auditors	207,946	207,946		207,946	\$ 0.72	150,587
Archives	104,886	104,886		104,886	\$ 0.72	75,955
City Sergeant	31,303					
Municipal Court	515,818					
Probate Court	244,602					
Housing Court	253,653					
City Collector	709,652					
City Tax Assessor	803,944					
Commissioner's Office	349,512					
Police Department	37,099,171					
Fire Department	45,793,346					
Communications	4,860,970					
Traffic Engineering	463,026					
Building Administration	712,995					
Structures & Zoning	585,290					
Plumbing	115,816					
Electrical	170,754					
Mechanical Equip & Installation	169,420					
Zoning Board	41,196					
Building Board	13,337					
Code Enforcement	352,397					
Prosecution	94,438					
Public Works Administration	609,027					
Engineering	349,555					
Environmental Control	497,328					
Highway	2,236,162					
Snow Removal	273,018					
Sewer Construction	336,436					
Garage Repair	375,728					
Recreation	851,617					
Recreation Seasonal	813,361					
Neighborhood Park Services	2,146,317					
Forestry Services	651,127					
Zoological Services	1,474,065					
Greenhouse	452,063					
Roger Williams Park Services	1,254,058					
Superintendent of Parks	551,296					
North Burial Ground	384,746					
Recorder of Deeds	361,103					
Vital Statistics	179,706					
Board Of Canvassers	300,064					
Bureau of Licenses	392,325					
Emergency Management	302,363					
Planning & Development	1,469,024					
Arts & Culture	90,265					
Human Services	197,345					
Housing Authority	3,035					
PERA	124,539					
Public Property	798,850					
Board of Tax Assessment	12,996					
TOTAL	118,897,368	8,029,209	(1,979,046)	6,050,163		4,381,307

CITY FRINGES

Health & Dental	39,018,141					
Union, Pension & Fica	7,090,908					
City Pension	39,992,080					
	<u>86,101,129</u>					
				<u>Total Fringes</u>	<u>86,101,129</u>	\$
				<u>Total Salaries</u>	<u>118,897,368</u>	
						0.72

Allocation of Non-Departmental City Services

Providence Water

Expenses not Allocated to a Specific Department

Stop Loss Insurance

This insurance premium covers claims not covered by Health Insurance. This premium is calculated on all city employees but is paid directly by the City.

Annual GASB 43/45 consulting fee

Annually the City will be required to calculate the post-retirement health benefit and funding as required under GASB 43/45. The calculation is required on all city employees (including Providence Water).

FY 2006 Actual Expense FY 2006 Service Cost

FY 2006 Actual Expense	Allocator	FY 2006 Service Cost
\$ 463,999	E	\$ 50,994
\$ 105,600	E	\$ 11,605

Explanation of Symbols Used to Allocate to Functions
Providence Water

Schedule DGB-6

Explanation		FY 2006 Service Cost percentage
<p>General Overhead Allocator - This allocator is calculated by taking the total PW audited operating expenses less depreciation and dividing it by PW audited operating expenses less depreciation plus the City operating expenses less debt service.</p> <p>PW (42,445,314 - 9,890,206) = 32,555,108 PW+City (414,245,691 - 46,657,763 + 32,555,108) = 400,143,036</p>	O	8.14%
<p>Clerk Allocator - This allocator is calculated by taking number of Providence Water activities compared to the total for the clerk's department (98 / 785 = 12.48%)</p>	C	12.48%
<p>Employee Related Allocator - This allocator is calculated by taking the number of PW employees compared to the total of City and PW employees (245 / 2,230 = 10.99%)</p>	E	10.99%
<p>Treasury Allocator - This allocator is calculated by taking the PW checks divided by the total of City checks plus PW checks (2,814 / 31,281 = 9.00%).</p>	T	9.00%
<p>Purchasing Allocator - This allocator is calculated by taking the number of PW contracts compared to the total of City and PW contracts. (131 / 1,077 = 12.16%)</p>	P	12.16%