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*Legal Advisor*



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PAMELA M. MARCHAND, P.E.  
*Chief Engineer & General Manager*

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*City Councilman*

MICHAEL A. SOLOMON  
*City Councilman*

JOHN A. FARGNOLI  
*Member*

EVERETT BIANCO  
*Member*

August 31, 2007

Mrs. Luly Massaro  
Commission Clerk  
RI Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

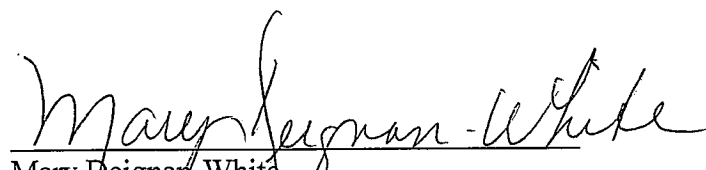
RE: Docket 3832 Public Utilities Commission; Set V

Dear Luly:

Enclosed for filing are an original and nine copies of Providence Water's responses to the fifth set of data request from the Commission. Please note that Comm 5-7 is not included and will be forwarded once available.

If there are any questions, I can be reached at 521-6300, extension 7217.

Sincerely,

  
Mary Deignan-White  
Regulatory Manager

cc: Pamela M. Marchand  
Boyce Spinelli  
Jeanne Bondarevskis  
Walter Edge  
Thomas S. Catlin  
Joseph J. McGair, Esq.  
Timothy J. Brown, P.E.  
Christopher P.N. Woodcock  
William Lueker, Esq.  
Thomas Massaro

Michael R. McElroy, Esq.  
Paul Gadoury  
Harold Smith  
David Bebyn  
Jerome Mierzwa  
Steve Frias, Esq.  
Steve Scialabba  
John Bell  
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file

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Here are the responses to Commission 5-1, 5-4 and 5-5.

Com 5-1: Provide a revised cost of service schedule which reflects the rebuttal position filed by Providence Water. Provide a listing of all changes to accounts that reflect a different amount than the initial filing of Providence Water.

Response: See attached. Please note that a calculation error was found while preparing the new rebuttal Schedule WEE-4-R which resulted in an additional adjustment to property taxes of \$104,814. Mr. Edge will correct his testimony on the stand during the hearings.

Prepared by WEE

	<u>Division</u>	<u>PWSB Rebuttal</u>
Wholesale Water Sales	513,835	513,835
Total Revenue Adjustments	<u>513,835</u>	<u>513,835</u>
Capital Reimbursement	(226,103)	(226,103)
Retiree Health	(51,820)	(51,820)
Purchase Power	(543,699)	(486,129)
PUC Assessment	(14,008)	-
A&G Contract Services	(73,185)	-
Property Tax	-	(352,111)
Operating Reserve	(876,492)	(36,507)
Rate Case Exp	-	4,600
Pension Cost	-	(99,746)
City Services	-	(5,597)
Total Expense Adjustments	<u>(1,785,307)</u>	<u>(1,253,413)</u>
Total Revenue Requirement Effect of Adjustments	<u>(2,299,142)</u>	<u>(1,767,248)</u>

**COST OF SERVICE SUMMARY  
PROVIDENCE WATER**

Schedule WEE-1-r

PROFORMA OLD RATES	Rebuttal Adjustments	Rebuttal Position at Present Rates	ADDITIONAL REVENUE REQUIREMENT	Rebuttal Position at Proposed Rates
<b>Revenue</b>				
Retail Water Sales		\$ 30,088,423		
Wholesale	\$ 513,835	13,342,961		
Retail Service Charge		3,895,171		
Private Fire Service Charge		1,222,140		
Public Fire protection		1,526,521		
Miscellaneous Income		1,245,739		
Net impact of expense adjustments (A)		-		
<b>Total Revenue</b>	\$ 513,835	\$ 51,320,955	\$ 7,921,072	\$ 59,242,027
			13.43%	
<b>Expenses</b>				
Operation and Maintenance	\$ (633,096)	\$ 26,966,209		\$ 26,966,209
Insurance		2,967,655		2,967,655
Chemical & Sludge		3,132,565		3,132,565
City Service Expense	(5,597)	1,240,355		1,240,355
Property Taxes	(352,111)	6,218,681		6,218,681
Capital Labor	(226,103)	(984,719)		(984,719)
Net Operations	(1,216,907)	39,540,746		39,540,746
Capital Fund Cash		2,450,000		2,450,000
Debt Service CIP Fund		-		-
Western Cranston Fund		62,069		62,069
Infrastructure Replacement *		13,900,000		13,900,000
Debt Service IFR Fund		-		-
102" Valve		-		-
Alternative Source of Supply		-		-
Meter Replacement		1,000,000		1,000,000
Equipment Replacement		600,000		600,000
Net Restricted		18,012,069		18,012,069
<b>Total Expense</b>	\$ (1,216,907)	\$ 57,552,815	\$ -	\$ 57,552,815
<b>Revenues Over (Under) Expenses (I)</b>	\$ (36,507)	\$ 1,689,212	\$ -	\$ 1,689,212
<b>Total Cost of Service</b>	\$ (1,253,414)	\$ 59,242,027	\$ -	\$ 59,242,027
<b>Revenue Surplus/ (Deficiency)</b>	\$ 1,767,249	\$ (7,921,072)	\$ 7,921,072	\$ -

(I) Includes Net Operating Revenue at 3.0%, Calculated (A-B) x .030

RATE YEAR WHOLESALE BILLING UNITS AT PRESENT RATES  
PROVIDENCE WATER

Schedule WEE-1A-r

Billing Unit	Rate Year	Rebuttal		Unit Rate	Annual Revenue
	Units of Service	Rebuttal Adjustments	Units of Service		
<b>Wholesale Consumption Charges</b>					
East Providence	2,397,994		2,397,994		
East Smithfield	339,786		339,786		
Greenville	463,126		463,126		
Kent County	3,777,169		3,777,169		
Smithfield	428,798		428,798		
Warwick	4,404,569		4,404,569		
Lincoln	1,086,668		1,086,668		
Johnston	197,547	79,029	276,576		
Bristol County	780,749	476,752	1,257,501		
Narra. Bay Commission	0	-	-		
Consumption (HCF)	13,876,406	476,752	14,432,187 *	\$ 0.92453	\$ 13,342,961
(Million Gallons)	10,379.55	356.61	10,795.28	\$ 1,236.00	
				Original Position	\$ 12,829,126
				Adjustment	\$ 513,835

**DETAIL COST OF SERVICE - EXPENSE**  
**PROVIDENCE WATER**

ACCOUNT	TITLE	Proforma Rate Year	Rebuttal Adjustments	Rebuttal Position
<b>601</b>	<b>Operating Fund</b>			
	<b>Source of Supply</b>			
60110	Salaries + Wages - Emp	\$ 357,859		357,859
60120	Salaries + Wages - Emp	392,732		392,732
60320	Sal. + Wages - Officers, Dir	-		-
60410	Employee Pension + Ben	223,138	(4,054)	219,084
60420	Employee Pension + Ben	244,882	(4,449)	240,433
61510	Purchase Power	-	-	-
61610	Fuel for Power Purch	-	-	-
62010	Material + Supplies	10,191		10,191
62020	Material + Supplies	48,200		48,200
63110	Contractual Services - Engineer	4,787		4,787
63120	Contractual Services - Engineer	-		-
63420	Contractual Services - Mgt. Fees	-		-
63510	Contractual Services - Other	86,988		86,988
63520	Contractual Services - Other	21,013		21,013
64210	Rental of Equipment	-		-
64220	Rental of Equipment	-		-
65010	Transportation Exp.	-		-
65020	Transportation Exp.	-		-
67510	Misc. Expenses	9,323		9,323
67520	Misc. Expenses	4,041		4,041
	<b>Total-Source of Supply</b>	<b>1,403,154</b>	<b>(8,502)</b>	<b>1,394,652</b>
	<b>Pumping</b>			
60123	Salaries + Wages - Emp	-		-
60126	Salaries + Wages - Emp	-		-
60423	Employee Pension + Ben	-		-
60426	Employee Pension + Ben	-		-
61523	Purchase Power	1,086,708	(344,173)	742,535
61623	Fuel for Power Purch	17,713		17,713
62023	Material + Supplies	482		482
62026	Material + Supplies	-		-
63123	Contractual Services - Engineer	-		-
63126	Contractual Services - Engineer	-		-
63523	Contractual Services - Other	5,181		5,181
63526	Contractual Services - Other	-		-
64223	Rental of Equipment	-		-
64226	Rental of Equipment	-		-

**DETAIL COST OF SERVICE - EXPENSE**  
**PROVIDENCE WATER**

ACCOUNT	TITLE	Proforma Rate Year	Rebuttal Adjustments	Rebuttal Position
65023	Transportation Exp.	-		-
67523	Misc. Expenses	-		-
67526	Misc. Expenses	-		-
	Total-Pumping	1,110,085	(344,173)	765,911
	<u>Water Treatment</u>			
60130	Salaries + Wages - Emp	2,048,348		2,048,348
60140	Salaries + Wages - Emp	309,874		309,874
60430	Employee Pension + Ben	1,223,964	(22,235)	1,201,730
60440	Employee Pension + Ben	193,217	(3,510)	189,707
61530	Purchase Power	265,410	(69,288)	196,122
61630	Fuel for Power Purch	130,804		130,804
61830	Chemicals	-		-
62030	Material + Supplies	100,347		100,347
62040	Material + Supplies	98,464		98,464
63140	Contractual Services - Engineer	-		-
63240	Contract Services - Accig	-		-
63430	Contractual Services - Mgt. Fees	15,648		15,648
63530	Contractual Services - Other	193,700		193,700
63540	Contractual Services - Other	59,259		59,259
64140	Rental Buildg/Real Prop	-		-
64230	Rental of Equipment	2,388		2,388
64240	Rental of Equipment	-		-
65030	Transportation Exp.	-		-
65640	Insurance Vehicle	-		-
65830	Insurance - W/C	-		-
65840	Insurance - W/C	-		-
66730	Regularity Com Exp. -Other	-		-
67530	Misc. Expenses	64,233		64,233
67540	Misc. Expenses	182		182
	Total-Water Treat. Exp.	4,705,839	(95,033)	4,610,806
	<u>Transmission &amp; Distribution</u>			
60150	Salaries + Wages - Emp	898,837		898,837
60160	Salaries + Wages - Emp	2,400,044		2,400,044
60250	Payroll Clearing -Emp	-		-
60260	Payroll Clearing -Emp	-		-

DETAIL COST OF SERVICE - EXPENSE  
PROVIDENCE WATER

ACCOUNT	TITLE	Proforma Rate Year	Rebuttal Adjustments	Rebuttal Position
60450	Employee Pension + Ben	560,455	(10,181)	550,274
60460	Employee Pension + Ben	1,496,511	(27,186)	1,469,325
60550	Overhead Rate Applied	-	-	-
60560	Overhead Rate Applied	-	-	-
61550	Purchase Power	11,195	(2,370)	8,824
62050	Material + Supplies	147,797	-	147,797
62060	Material + Supplies	13,443	-	13,443
62560	Inventory Clearing	-	-	-
63150	Contractual Services - Engineer	-	-	-
63160	Contractual Services - Engineer	-	-	-
63460	Contractual Services - Mgt. Fees	-	-	-
63550	Contractual Services - Other	1,093,962	-	1,093,962
63560	Contractual Services - Other	40,138	-	40,138
64150	Rental Buidlg/Real Prop	-	-	-
64160	Rental Buidlg/Real Prop	-	-	-
64250	Rental of Equipment	4,265	-	4,265
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	-	-	-
66760	Regulatory Com Exp - Other T & D	-	-	-
67550	Misc. Expenses	3,856	-	3,856
67560	Misc. Expenses	718	-	718
	Total-Trans/Dist Exp.	6,671,221	(39,738)	6,631,483
	<b>Customer Accounts</b>			
60170	Salaries + Wages - Emp			
60270	Payroll Clearing - Emp	1,968,504	-	1,968,504
60470	Employee Pension + Ben	-	-	-
60570	Overhead Rate Applied	1,227,431	(22,298)	1,205,133
61670	Fuel for Power Purch	-	-	-
62070	Material + Supplies	11,416	-	11,416
63370	Contractual Services - Legal	-	-	-
63570	Contractual Services - Other	36,045	-	36,045
65070	Transportation exp. - CAO	-	-	-
65870	Insurance - Other	-	-	-



DETAIL COST OF SERVICE - EXPENSE  
PROVIDENCE WATER

ACCOUNT	TITLE	Proforma Rate Year	Rebuttal Adjustments	Rebuttal Position
65970	Insurance Other	-		-
67070	Bad Debt Expense - CAO	-		-
67570	Misc. Expenses	128,976		128,976
	Total-Cust Accts Exp	3,372,372	(22,298)	3,350,075
	<b>Administration</b>			
60180	Salaries + Wages - Emp	5,080,792		5,080,792
60380	Salaries + wages - Officers, Dir.	39,754		39,754
60480	Employee Pension + Ben	3,160,684	(57,654)	3,103,030
60480	Board Health Insurance	-		-
61380	Purchase Power	190,673	(70,298)	120,375
61680	Fuel for Power Purch	196,308		196,308
62080	Material + Supplies	195,909		195,909
63180	Contractual Services - Engineer	25,932		25,932
63280	Contract Services - Acctg	-		-
63380	Contractual Services - Legal	93,312		93,312
63480	Contractual Services - Mgt. Fees	150,000		150,000
63580	Contractual Services - Other	478,450		478,450
64180	Rental Buidlg/Real Prop	-		-
64280	Rental of Equipment	10,261		10,261
65080	Transportation Exp.	111,382		111,382
66080	Advertising Expense	3,565		3,565
66680	Reg Com Exp - Amort of Rate Case	-		-
66780	Regulatory Com Exp. -Other	291,987	4,600	296,587
67580	Misc. Expense	307,624		307,624
	Total-Admin/Gen Exp	10,336,634	(123,352)	10,213,282
	Total Operating Fund	27,599,305	(633,096)	26,966,209
	<b>857 Insurance Fund</b>			
	Total Insurance Fund	2,967,655	-	2,967,655
	<b>878 Chemical and Sludge Maintenance Fund</b>			
	Total Chemical and Sludge Maintenance	3,132,565	-	3,132,565
	Total Operation and Maintenance Expenditures	33,699,525	(633,096)	33,066,429

**DETAIL COST OF SERVICE - EXPENSE  
PROVIDENCE WATER**

ACCOUNT	TITLE	Proforma Rate Year	Rebuttal Adjustments	Rebuttal Position
	<b>Other Expenditures</b>			
	City Services	1,245,952	(5,597)	1,240,355
	Property Taxes	6,570,792	(352,111)	6,218,681
	Capital Reimbursement	(758,616)	(226,103)	(984,719)
	Total Other Expenditures	7,058,128	(583,811)	6,474,317
	<b>Capital Fund Cash</b>			
	Western Cranston Fund	2,450,000		2,450,000
	Infrastructure Replacement (1)	62,069		62,069
	Meter Replacement	13,900,000		13,900,000
	Equipment Replacement	1,000,000		1,000,000
	Total Restricted Expenditures	18,012,069	-	18,012,069
	<b>Total Other &amp; Rest. Expenditures</b>	25,070,197	(583,811)	24,486,386
	<b>GRAND TOTAL</b>	\$ 58,769,721	\$ (1,216,907)	\$ 57,552,815

DETAIL PAYROLL EXPENSE  
PROVIDENCE WATER

ACCOUNT	TITLE	TEST YEAR	ACTUAL x 1.0768135	PRO-FORMA ADJUSTMENTS
<b>SOURCE OF SUPPLY</b>				
60110	Salaries & Wages - Emp	\$ 332,332	\$ 357,860	\$ 25,528
60120	Salaries & Wages - Emp	364,716	392,731	28,015
60320	Sal & Wages - Officers, Dir	-	-	-
	<b>TOTAL SOURCE OF SUPPLY</b>	697,048	750,591	53,543
<b>PUMPING</b>				
60123	Salaries & Wages - Emp	-	-	-
60126	Salaries & Wages - Emp	-	-	-
	<b>TOTAL PUMPING</b>	-	-	-
<b>WATER TREATMENT</b>				
60130	Salaries & Wages - Emp	1,902,231	2,048,348	146,117
60140	Salaries & Wages - Emp	287,769	309,874	22,105
	<b>TOTAL WATER TREATMENT</b>	2,190,000	2,358,222	168,222
<b>TRANSMISSION &amp; DISTRIBUTION</b>				
60150	Salaries & Wages - Emp	834,719	898,837	64,118
60160	Salaries & Wages - Emp	2,228,839	2,400,044	171,205
	<b>TOTAL TRANSMISSION &amp; DISTRIBUTION</b>	3,063,558	3,298,881	235,323
<b>CUSTOMER ACCOUNT EXPENSE</b>				
60170	Salaries & Wages - Emp	1,828,083	1,968,504	140,421
	<b>TOTAL CUSTOMER ACCTS EXPENSE</b>	1,828,083	1,968,504	140,421
<b>ADMINISTRATION</b>				
60180	Salaries & Wages - Emp	4,718,358	5,080,792	362,434
60280	Payroll Clearing	-	-	-
60380	Sal & Wages - Officers, Dir	36,918	39,754	2,836
	<b>TOTAL ADMINISTRATION EXPENSE</b>	4,755,276	5,120,545	365,269
	Capitalized Reimbursement - Labor	(202,766)	(218,341)	(15,575)
<b>O/M LABOR SUMMARY</b>				
	<b>SOURCE OF SUPPLY</b>			
	<b>PUMPING</b>	\$ 697,048	750,591	\$ 53,543
	<b>WATER TREATMENT</b>	2,190,000	2,358,222	168,222
	<b>TRANSMISSION &amp; DISTRIBUTION</b>	3,063,558	3,298,881	235,323
	<b>CUSTOMER ACCOUNTS</b>	1,828,083	1,968,504	140,421
	<b>ADMINISTRATION</b>	4,755,276	5,120,545	365,269
	Capitalized Reimbursement - Labor	(202,766)	(218,341)	(15,575)
	<b>TOTAL</b>	\$ 12,331,199	\$ 13,278,402	\$ 947,203
<b>RECAP:</b>				
	Adjusted Test Year		1.076814%	\$ 12,331,199
	Contractual increases			947,203
	Pro-forma CY 2008			\$ 13,278,402

**ANALYSIS OF PROPERTY TAXES  
PROVIDENCE WATER**

Schedule WEE-4-r

MUNICIPALITY	Interim Year	ADJUSTMENTS	NOTE	PRO-FORMA AMOUNT *	REBUTTAL ADJUSTMENTS	REBUTTAL AMOUNT **
Scituate	\$ 5,131,469	\$ 391,275	1	\$ 5,522,744	\$ (76,070)	\$ 5,446,674
Foster	278,751	21,255	1	300,006	(3,083)	296,923
Cranston	351,185	26,778	1	377,963	(287,960)	90,003
North Providence	231,643	17,663	1	249,306	(10,840)	238,466
Johnston	59,247	3,937	2	63,184	24,286	87,470
Glocester	45,275	3,452	1	48,727	1,697	50,425
West Warwick	4,040	308	1	4,348	13	4,361
West Glocester Fire	3,928	300	1	4,228	(239)	3,989
Harmony Fire Dist.	120	-	3	120	2	122
Chepachet Fire Dist.	145	-	3	145	2	147
Warwick	22	-	3	22	81	103
<b>Total Expense</b>	<b>\$ 6,105,825</b>	<b>\$ 464,967</b>		<b>\$ 6,570,792</b>	<b>\$ (352,110)</b>	<b>\$ 6,218,681</b>
		<b>Test Year</b>		<b>6,030,054</b>	<b>Original Position</b>	<b>6,570,792</b>
		<b>Total Adjustment</b>	<b>9.0%</b>	<b>\$ 540,738</b>	<b>Total Adjustment</b>	<b>\$ (352,111)</b>

\* See Schedule WEE-4A for 6 year historical

Note:

1. These Towns increased 5% per year for 1.5 years
2. Johnston increased 4.37% per year for 1.5 years.
3. FY 06 amount used.

\*\* Calculated using actual 2008 property tax with a 1.55% increase

**COMPARATIVE SCHEDULE OF PROPERTY TAXES  
PROVIDENCE WATER**

Schedule WEE-4A-r

MUNICIPALITY	FISCAL YEAR 7/1/01-6/30/02	FISCAL YEAR 7/1/02-6/30/03	FISCAL YEAR 7/1/03-6/30/04	FISCAL YEAR 7/1/04-6/30/05	FISCAL YEAR 7/1/05-6/30/06	FISCAL YEAR 7/1/06-6/30/07	FISCAL YEAR 7/1/07-6/30/08
Scituate	\$ 4,125,554	\$ 4,229,623	\$ 4,657,788	\$ 4,604,051	\$ 4,857,896	\$ 5,131,469	\$ 5,363,539
Foster	315,703	315,703	297,825	295,106	308,492	278,751	292,391
Cranston	431,198	508,299	493,535	524,718	531,738	351,185	88,629 **
North Providence	213,155	213,406	224,322	243,883	224,715	231,643	234,826
Johnston	158,168	166,877	96,550	54,464	56,424	59,247	86,135
Glocester	17,642	31,109	135,693	55,075	43,112	45,275	49,655
West Warwick	6,012	6,070	6,223	3,766	3,855	4,040	4,294
West Glocester Fire	988	1,921	3,363	3,363	3,536	3,928	3,928
Harmony Fire Dist.	69	137	142	142	120	120 *	120
Chepachet fire Dist.	55	131	145	145	145	145 *	145
Warwick	24	25	26	20	21	22	101
<b>Total</b>	<b>\$ 5,268,568</b>	<b>\$ 5,473,301</b>	<b>\$ 5,915,612</b>	<b>\$ 5,784,733</b>	<b>\$ 6,030,054</b>	<b>\$ 6,105,825</b>	<b>\$ 6,123,763</b>
% Increase	-	3.89%	8.08%	-2.21%	4.24%	1.25%	
<b>5 Yr. average % Increase</b>							

\*\* Please note that Cranston decreased significantly as the result of legal action. Non-recurring.

\* Estimate

INSURANCE EXPENSE  
PROVIDENCE WATER

Schedule WEE-5

	TEST YEAR	ADJUSTMENTS	PRO-FORMA AMOUNT *
Property and Casualty	\$ 1,253,949	\$ 212,147	\$ 1,466,096
Worker's Compensation	559,078	(2,540)	556,538
Injuries & Damages	146,737	55,388	202,125
Safety Training/WSASC-TPA	24,449	30,551	55,000
Program Expense	5,403	82,097	87,500
Total Expenses	\$ 1,989,616	\$ 377,643	\$ 2,367,259
Test Year			\$ 1,967,655
Pro-Forma Amount			2,367,259
Total Adjustment			\$ 399,604
Funding requirement per Schedule WEE-10G			\$ 1,000,000
Adjustment above			399,604
Additional adjustment required to support restricted fund activity			\$ 600,396

\* See Schedule WEE-5A for calculations

**INSURANCE EXPENSE  
PROVIDENCE WATER**

Schedule WEE-5A

	FY 2006 Actual	FY2007 Actual #	FY2008 ESTIMATE	FY2009 ESTIMATE	Pro-Forma AMOUNT
Property and Casualty premium	\$ 1,253,949	\$ 1,269,347	\$ 1,396,282	\$ 1,535,910	\$ 1,466,096
Worker's Compensation premium	559,078	481,851	530,036	583,040	556,538
Injuries & Damages *	146,737	175,000	192,500	211,750	202,125
Safety Training/WSASC-TPA *	24,449	55,000	55,000	55,000	55,000
Program Expense *	5,403	87,500	87,500	87,500	87,500
Total Expenses	\$ 1,989,616	\$ 2,068,698	\$ 2,261,318	\$ 2,473,200	\$ 2,367,259

\* Injuries & Damages, Safety Training, and Program expense are estimated base upon PW 2007 budget

PENSION AND OTHER BENEFITS  
PROVIDENCE WATER

Schedule WEE-6-r

FRINGE BENEFIT	TEST YEAR	ADJUSTMENTS	PRO-FORMA AMOUNT	Rebuttal Adjustments	Rebuttal Pro-Forma
1 Union Combined Benefits	610,235	-	610,235		610,235
2 Laborers International Pension	360,878	-	360,878	-	360,878
3 Life Insurance Premium	1,839	-	1,839		1,839
4 FICA	926,110	71,138	997,248		997,248
5 1/2% Wage Assignment	38,710	2,973	41,683		41,683
6 Blue Cross/United Health	1,774,881	485,430	2,260,311		2,260,311
7 Delta Dental	190,221	20,316	210,537		210,537
8 GASB 43/45 Reserve Required	330,613	403,243	733,856		733,856
9 Reimburse City for Retired Health	-	300,000	300,000	(51,820)	248,180
10 City Retirement	2,522,433	304,284	2,826,717	(99,746)	2,726,971
<b>Total</b>	<b>\$ 6,755,920</b>	<b>\$ 1,587,383</b>	<b>\$ 8,343,304</b>	<b>\$ (151,566)</b>	<b>\$ 8,191,738</b>
Test Year FY 2006/Proforma			6,755,920		8,343,304
<b>Adjustment</b>			<b>\$ 1,587,383</b>		<b>\$ (151,566)</b>

\* Compounded salary increase used 1.0768135%.



FRINGE ALLOCATION TO NARUC ACCOUNTS  
PROVIDENCE WATER

Schedule WEE-6A-r

<u>NARUC ACCOUNT</u>	<u>TEST YEAR</u>	<u>ALLOCATION</u>	<u>Rebuttal Position</u>
60410	\$ 180,684	2.67% \$	(4,054)
60420	198,291	2.94%	(4,449)
60423	-	0.00%	-
60426	-	0.00%	-
60430	991,095	14.67%	(22,235)
60440	156,456	2.32%	(3,510)
60450	453,824	6.72%	(10,181)
60460	1,211,787	17.94%	(27,186)
60470	993,902	14.71%	(22,298)
60480	2,569,882	38.04%	(57,654)
	<u>\$ 6,755,921</u>	<u>100.00% \$</u>	<u>(151,566)</u>

SCHEDULE OF INSURANCE RATES (HEALTH)  
PROVIDENCE WATER

Schedule WEE6B

DESCRIPTION	FYE 06/30/05	FYE 06/30/06	FYE 06/30/07	% INCREASE/ (DECREASE)	AVERAGE
<u>United Healthcare</u>					
Union:					
Individual Family	n/a 765.61	n/a 821.32	n/a 960.94	0.00% 25.51%	25.51%
Non-Union:					
Individual Family	323.39 821.37	348.03 880.88	407.19 1,030.63	25.91% 25.48%	25.69% <u>25.58%</u>
<u>Delta Dental</u>					
Union:					
Individual Family	25.12 77.54	26.38 81.42	27.81 85.80	10.71% 10.65%	10.68% 10.68%
Non-Union:					
Individual Family	25.12 77.54	26.38 81.42	27.81 85.80	10.71% 10.65%	10.68% <u>10.68%</u>
<u>Blue Cross</u>					
Union:					
Individual Family	312.78 764.85	334.68 818.39	341.37 834.76	9.14% 9.14%	9.14% 35.23%
Non-Union:					
Individual Family	312.78 764.85	358.53 891.38	419.48 1,042.91	34.11% 36.35%	18.18%

**PROVIDENCE WATER**  
Regulatory Commission (66780 & 66680) and Rate Case Expense

	Test Year	Pro-Forma Amount
<b>Regulatory Commission Expense: *</b>		
Meter Reading Investigation	278	
Credit Card Payments	656	2,500
Other Matters	3,649	
Winter/Summer Moratorium	-	5,000
Miscellaneous PUC Matters	5,545	10,000
Customer Billing Disputes	24,822	15,000
D3684 Abbreviated Filing	27,922	
Proportionate Share PUC Expenses	140,079	154,087
Sub-total (A)	\$ 202,951	\$ 186,587

**This Filing:**

Accounting (Rate Year and Test Year)	\$ 47,000
City Services (preparation of Analysis)	5,000
Rate Design	63,000
Legal *	55,000
Division of Public Utilities estimated	50,000
Total Estimated Rate Case this filing (1)	\$ 220,000
Two Year Amortization (B)	110,000
Estimated Regulatory Commission Expense (A) + (B)	\$ 296,587
Test Year	202,951
Adjustment	\$ 93,636
Adjustment in Direct Testimony	\$ 89,036
Increase in request	\$ 4,600

(1) From Response to Commission 1-4

\* Note: Providence Water's regulatory legal counsel, Mr. McElroy, has been working under various contracts (pursuant to bids) dating back to 1993. His rate has been fixed at \$175 per hour since 1993 (14 years). His contract expires 12/31/07, and will need to be rebid. Providence Water expects that the hourly rate for these legal services will in all likelihood increase significantly for 2008 and beyond.

**CHEMICAL & SLUDGE MAINTENANCE EXPENSE  
PROVIDENCE WATER**

Schedule WEE-8

	TEST YEAR	ADJUSTMENTS	NOTE	PRO-FORMA AMOUNT
Chemicals:				
Ferric	\$ 1,000,602	\$ 595,398	1	\$ 1,596,000
Quicklime	281,824	120,980	1	402,804
Liquid Flouride	86,515	64,805	1	151,320
Chlorine	122,444	11,956	1	134,400
Sub-total Chemicals	1,491,385	793,139		2,284,524
Calgon	17,526	(17,526)	3	-
Sludge Maintenance	550,000	98,042	2	648,042
Total Expenses	\$ 2,058,911	\$ 873,654		\$ 2,932,565
Pro-Forma Amount				\$ 2,932,565
Restricted Account balancing requirement				200,000
Rate year requirement			A	\$ 3,132,565
Test Year Balance			B	\$ 2,058,911
Total Adjustment			A-B	\$ 1,073,654

1 Per WEE-8A

2 Per contract amount \$50,000 reduction plus \$148,041 Cycle 2 True-up.

3 No longer used

**ADJUSTMENT TO CHEMICAL EXPENSE  
TO REFLECT ESTIMATED QUANTITIES AND PRICES  
PROVIDENCE WATER**

Schedule WEE-8A

CHEMICAL	QUANTITY USED		Projected FYE 2007	Projected FYE 2008 (A)	UNIT PRICE (3)	CY08 EXPENSE	FY 06 EXPENSE (4)	ADJUSTMENT
	FY 2006 (1)	Projected FYE 2007						
Ferric Sulfate (gallons)	1,027,481	1,242,455	1,200,000	1,200,000	1.33 \$	1,596,000 \$	1,000,602 \$	595,398
Lime (tons)	2,107	2,469	2,467	2,467	163.3	402,803	281,823	120,980
Chlorine (tons)	146	155	160	160	840	134,400	122,444	11,956
Flouride (gallons)	103,828	100,000	97,000	97,000	1.56	151,320	86,515	64,805
<b>Total Projected Costs</b>						<b>\$ 2,284,523</b>	<b>\$ 1,491,384</b>	<b>\$ 793,139</b>

Notes:

(1) Per Exhibit I, Table C accompanying the testimony of PWSB witness J. Bondarevskis

(2) Chemical quantities projected for FYE July 2007

(3) FY 2008 bid prices as projected below

Prices	FY 04	FY 05	FY 06	FY 07 Est.	CY08 Projected Price (A)
Ferric Sulfate (gallons)	0.707	0.772	0.974	1.276	1.33
Lime (tons)	130.675	133.75	133.75	148.5	163.3
Chlorine (tons)	450	490	840	840	840
Flouride liquid (gallons)	n/a	0.83225	0.83225	1.35	1.56

(A) Information provided by Mr. Crosby, Manager of Operations /Treatment, from FYE June 30, 2008 bid documents.

PURCHASE POWER EXPENSE  
PROVIDENCE WATER

	FY2006	FY2007	Rebuttal Amount	PRO-FORMA Amount	Rebuttal Adjustment
61510	\$ -	\$ -	\$ -	\$ -	\$ -
61523	701,668	734,820	742,536	1,086,709	(344,173)
61530	179,720	194,083	196,121	265,409	(69,288)
61550	9,027	8,733	8,825	11,195	(2,370)
61580	119,872	118,145	120,375	190,673	(70,298)
	\$ 1,010,287	\$ 1,055,781	\$ 1,067,856	\$ 1,553,986	\$ (486,130)

\* The pro-forma amount was calculated by increasing the interim year FY 2007 purchase power cost by the percentage increase in electric Kwh consumption from 2006 to 2007 .7% for 18 months (1.05%).

\*\* Account # 61580 was calculated differently because \$36,652 of the FY 2007 cost of \$118,145 represents gas purchases. The electric portion of the account was projected the same as the other accounts above but the gas portion of the account was increased by 3.75% (2.5% per year) the estimate percentage increase for gas for the 18 months following the interim year.

**Providence Water  
Capital Improvement Fund  
Sources and Uses of Funds  
Projected FY 2007 - FY 2010**

Source of Funds	Fy 2007	Fy 2008	Fy 2009	Fy 2010
D3684 (effective 1/1/2006)	\$ 2,450,000	\$ 2,450,000	\$ 2,450,000	\$ 2,450,000
Interest	95,774	81,307	29,204	-
Carryover funds from prior year estimated	3,830,974	3,252,269	1,168,177	(60,873)
<b>Total Sources</b>	<b>6,376,748</b>	<b>5,783,575</b>	<b>3,647,382</b>	<b>2,389,127</b>
<b>Less obligated uses of funds:</b>				
Fruit Hill Bonds (P)	915,000	950,000	1,010,000	990,000
Fruit Hill Bonds (I)	164,381	120,325	73,255	24,255
RICWFA 2002 (P)	405,000	415,000	-	-
RICWFA 2002 (Security) (I)	15,098	5,073	-	-
Sub-total Debt Service	1,499,479	1,490,398	1,083,255	1,014,255
Cash Funded Projects	1,625,000	3,125,000	2,625,000	625,000
<b>Total Uses</b>	<b>3,124,479</b>	<b>4,615,398</b>	<b>3,708,255</b>	<b>1,639,255</b>
<b>Total</b>	<b>\$ 3,252,269</b>	<b>\$ 1,168,177</b>	<b>\$ (60,873)</b>	<b>\$ 749,872</b>

**Providence Water  
WCWDS Fund  
Sources and Uses of Funds  
Projected FY 2007 - FY 2010**

Source of Funds	Fy 2007	Fy 2008	Fy 2009	Fy 2010
D3684 (effective 1/1/2006)	\$ 62,069	\$ 62,069	\$ 62,069	\$ 62,069
Interest	80,018	54,274	35,393	6,042
Impact Fees estimated	125,423	100,000	100,000	100,000
Carryover funds from prior year estimated	1,184,465	2,170,944	1,415,718	241,674
Bond Proceeds maintained at RICWFA	877,562	-	-	-
<b>Total Sources</b>	<b>2,329,537</b>	<b>2,387,287</b>	<b>1,613,180</b>	<b>409,785</b>
<b>Less obligated uses of funds</b>				
Western Cranston Acquisition Debt (P)	-	-	-	-
Western Cranston Acquisition Debt (I)	-	-	-	-
RICWFA 2002B (P)	100,434	103,920	107,527	111,259
RICWFA 2002 (Pippin Main & WilburPS) (I)	58,159	67,649	63,979	60,182
Sub-total Debt Service	158,593	171,569	171,506	171,441
Cash Funded Projects	-	800,000	1,200,000	-
<b>Total Uses</b>	<b>158,593</b>	<b>971,569</b>	<b>1,371,506</b>	<b>171,441</b>
<b>Total</b>	<b>\$ 2,170,944</b>	<b>\$ 1,415,718</b>	<b>\$ 241,674</b>	<b>\$ 238,344</b>



**Providence Water  
Infrastructure Replacement Restricted Fund  
Sources and Uses of Funds  
Projected FY 2007 - FY 2010**

Source of Funds	Fy 2007	Fy 2008	Fy 2009	Fy 2010
D3684 (effective 1/1/2006)	\$ 12,500,000	\$ 12,500,000	\$ 12,500,000	\$ 12,500,000
New Docket effective 1/1/08 proposed	1,000,000	(300,000)	2,000,000	2,000,000
Transfer of Meter Replacements to AMR/JMR fund			(600,000)	(600,000)
Estimated Bond drawdowns			7,500,000	7,500,000
Interest	177,894	227,376	51,102	(660)
Carryover funds from prior year estimated	10,104,618	9,095,053	2,044,061	(26,398)
<b>Total Sources</b>	<b>22,782,512</b>	<b>22,522,429</b>	<b>23,495,163</b>	<b>21,372,942</b>
<b>Less obligated uses of funds:</b>				
RICWFA Debt (1994 \$12M) Refi 2005 (P)	740,000	756,000	774,000	794,000
RICWFA (various projects) (I)	160,950	147,368	132,561	116,364
RICWFA Debt (2001 \$5M) (P)	1,046,676	-	-	-
RICWFA (90" Transmission) (I)	14,833	-	-	-
Estimated Debt Service *	-	-	-	576,571
Sub-total Debt Service	1,962,459	903,368	906,561	1,486,935
Cash Funded Projects **	11,725,000	19,575,000	22,615,000	19,535,000
<b>Total Uses</b>	<b>13,687,459</b>	<b>20,478,368</b>	<b>23,521,561</b>	<b>21,021,935</b>
<b>Total</b>	<b>\$ 9,095,053</b>	<b>\$ 2,044,061</b>	<b>\$ (26,398)</b>	<b>\$ 351,007</b>

\* Estimated on prior year draw of \$7.5 million, for 20 years, @ subsidized 4.5% interest  
 \*\* Net of Meter Replacement costs moved to AMR Meter Replacement fund as of 1/1/08

**Providence Water  
AMR/Meter Replacement Fund  
Sources and Uses of Funds  
Projected FY 2007 - FY 2010**

Source of Funds	Fy 2007	Fy 2008	Fy 2009	Fy 2010
D3684 (effective 1/1/2006)	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Transfer of Meter Replacements from IFR	-	300,000	600,000	600,000
Carryover funds from prior year estimated	13,525	50,615	7,741	22,906
Line of Credit	300,000	100,000	-	-
<b>Total Sources</b>	<b>713,525</b>	<b>850,615</b>	<b>1,007,741</b>	<b>1,022,906</b>
<b>Less obligated uses of funds</b>				
Existing equipment and services	276,000	218,055	271,396	375,028
New/additional equipment and services	-	7,209	7,569	7,948
Replace Meters	-	300,000	600,000	600,000
Interest Expense	1,910	17,610	5,870	-
Payment on Line of Credit	385,000	300,000	100,000	-
<b>Total Uses</b>	<b>662,910</b>	<b>842,874</b>	<b>984,835</b>	<b>982,976</b>
<b>Total</b>	<b>\$50,615</b>	<b>\$7,741</b>	<b>\$22,906</b>	<b>\$39,930</b>

**Providence Water  
Equipment/Vehicle Replacement Fund  
Sources and Uses of Funds  
Projected FY 2007 - FY 2010**

Source of Funds	Fy 2007	Fy 2008	Fy 2009	Fy 2010
D3684 (effective 1/1/2006)	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Interest	16,268	13,514	7,641	405
Carryover funds from prior year estimated	689,840	300,320	169,809	9,010
<b>Total Sources</b>	<b>1,306,107</b>	<b>913,834</b>	<b>777,451</b>	<b>609,416</b>
<b>Less obligated uses of funds</b>				
Vehicle and Equipment purchases	584,837	417,125	424,941	497,217
Computer Equipment purchases	120,950	76,900	268,500	73,000
Office Furniture purchases	25,000	25,000	25,000	25,000
Reserve to Replace Computer System	275,000	225,000	50,000	-
<b>Total Uses</b>	<b>1,005,787</b>	<b>744,025</b>	<b>768,441</b>	<b>595,217</b>
<b>Total</b>	<b>\$ 300,320</b>	<b>\$ 169,809</b>	<b>\$ 9,010</b>	<b>\$ 14,199</b>

**Providence Water  
Chemicals  
Sources and Uses of Funds  
Projected FY 2007 - FY 2010**

	<b>Fy 2007</b>	<b>Fy 2008</b>	<b>Fy 2009</b>	<b>Fy 2010</b>
<b>Source of Funds</b>				
D3684 (effective 1/1/2006)	\$ 2,069,714	\$ 1,034,857	\$ -	\$ -
New Docket effective 1/1/08	-	1,566,283	3,132,565	3,132,565
Carryover funds from prior year estimated	920,015	213,354	29,971	242,536
<b>Total Sources</b>	<b>2,989,729</b>	<b>2,814,494</b>	<b>3,162,536</b>	<b>3,375,101</b>
<b>Less obligated uses of funds</b>				
Chemicals	1,822,250	2,284,523	2,400,000	2,500,000
Sludge Maintenance	954,125	500,000	520,000	950,000
<b>Total Uses</b>	<b>2,776,375</b>	<b>2,784,523</b>	<b>2,920,000</b>	<b>3,450,000</b>
<b>Total</b>	<b>\$ 213,354</b>	<b>\$ 29,971</b>	<b>\$ 242,536</b>	<b>\$ (74,899)</b>

**Providence Water  
Insurance Fund  
Sources and Uses of Funds  
Projected FY 2007 - FY 2010**

Source of Funds	<u>Fy 2007</u>	<u>Fy 2008</u>	<u>Fy 2009</u>	<u>Fy 2010</u>
D3864 (effective 1/1/2006)	\$ 1,777,444	\$ 1,777,444	\$ 1,777,444	\$ 1,777,444
New Docket effective 1/1/08 proposed	-	500,000	1,000,000	1,000,000
Insurance Reimbursement for Spill	147,192	-	-	-
Carryover funds from prior year estimated	33,104	4,041	20,167	209,412
Borrowing from Operations	115,000	-	-	-
<b>Total Sources</b>	<b>2,072,739</b>	<b>2,281,485</b>	<b>2,797,611</b>	<b>2,986,856</b>
<b>Less obligated uses of funds</b>				
Property & Casualty	1,269,347	1,396,282	1,535,910	1,689,501
Workers Compensation	481,851	530,036	583,040	641,344
Injuries & Damages	175,000	192,500	211,750	232,925
Safety Supplies & Other	55,000	55,000	55,000	55,000
Program Expense	87,500	87,500	87,500	87,500
Repayment of Borrowing from Operations	-	-	115,000	-
<b>Total Uses</b>	<b>2,068,698</b>	<b>2,261,318</b>	<b>2,588,200</b>	<b>2,706,270</b>
<b>Total</b>	<b>\$4,041</b>	<b>\$20,167</b>	<b>\$209,412</b>	<b>\$280,586</b>

PROVIDENCE WATER SUPPLY BOARD  
Docket No. 3832  
Data Requests of the Public Utilities Commission  
Set 5

5-2 What amount of interest was charged (or collected) on delinquent accounts in fiscal years 2006 and 2007?

Answer: \$351,288 in 2006 and \$ 411,063 in 2007.

PROVIDENCE WATER SUPPLY BOARD  
Docket No. 3832  
Data Requests of the Public Utilities Commission  
Set 5

- 5-3 On Providence Water's 12/31/06 Semi-Annual fiscal report to the PUC (report filed on July 6, 2007 in response Commission request 1-36), the cash/ investment balances for most of the restricted accounts (as shown on page 8) reflect less funding than the amounts shown on the 'Restricted Accounts Summary' (shown on page 9). Please explain why the restricted accounts are under-funded; in particular, the following differences are noted:
- The Water Capital fund is under-funded by \$600,000.
  - The IFR fund in under-funded by \$4,683,000.
  - The Vehicle & Equipment fund is under-funded by \$202,000.
  - The Chemical / sludge fund is under-funded by \$705,000.
- All differences are approximate / rounded amounts.*

Answer: Page 8 of the Semi-annual report reflects the cash balances in the accounts. Page 9 reflects the cash balances as well as any Due to/from the Water Operating account. At December 2006, Providence Water was behind on funding many of the restricted funds due to a lack of cash in the Operating fund. Consumption was down, primarily attributable to the weather, therefore billings and operating cash were also down. By June 30, 2007, all of the restricted funds were fully cash funded, except for the Infrastructure Replacement fund, which was 8 months behind.

Com 5-4: Provide a calculation showing the proforma change in electric power costs from the test year amount of \$1,010,288 to the amount requested in Mr. Edge's rebuttal testimony - \$1,029,830. Please explain how the rate year amount was calculated.

Response: See the rebuttal Schedule WEE-9-R attached in response to Com 5-1.

Prepared by WEE



Com 5-5: Provide a calculation showing the proforma change in gas costs from the test year amount to the amount requested in Mr. Edge's rebuttal testimony - \$38,026. Please show the gas cost amount for the test year, and explain the calculation of the increase in gas to arrive at the rate year amount of \$38,026.

Response: See the rebuttal Schedule WEE-9-R attached in response to Com 5-1.

Prepared by WEE

PROVIDENCE WATER SUPPLY BOARD  
Docket No. 3832  
Data Requests of the Public Utilities Commission  
Set 5

5-6 Providence Water's funding for the future costs of postretirement benefits (GASB 43/345 costs) is at 50% of the 30-year amortization rate. In rebuttal testimony, Mr. Edge states Providence Water will fund this cost at the same funding level as the City and place the funding allotment in a restricted account.

(a) What is the amount of funding that Providence Water has included in this rate filing?

(b) What is the percentage of funding that this amount represents? [State the amortization period and the percent of funding level.]

(c) What is the percentage of funding for postretirement benefits that the City of Providence is funding in the current fiscal year (fiscal year ending June 30, 2008)?

- Answer:
- (a) Providence Water requested \$ 733,856 as explained in the response to DIV 1-33.
  - (b) 100% of the Normal costs and 50% of the 30 Year Amortization amount for 6/30/08 as shown on page 10 of the attachment to DIV 1-33.
  - (c) Please see the response to Commission 3-4 (b).