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*Chief Engineer & General Manager*

JOSEPH DE LUCA  
*City Councilman*

MICHAEL A. SOLOMON  
*City Councilman*

JOHN A. FARGNOLI  
*Member*

EVERETT BIANCO  
*Member*

September 4, 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 is an original and nine copies of Providence Water's response to Commission 5-7.

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

Sincerely,

A handwritten signature in black ink that reads "Mary Deignan-White". The signature is written in a cursive style and is positioned above a horizontal line.

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  
R. DiMeglio  
file

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RECEIVED  
2007 SEP 4 PM 1:00  
PUBLIC UTILITIES COMMISSION

PROVIDENCE WATER SUPPLY BOARD  
Docket No. 3832

Response to  
Fifth Set of Data Requests from the Commission

Commission 5-7: In the rebuttal testimony of Mr. Smith, he agrees to a number of revisions affecting cost allocations in his cost of service study. However, Mr. Smith has not provided:

- a revised 'Allocation Factor Legend' (Schedule HJS Exhibit 5 in Mr. Smith's direct testimony);
- other revised exhibits replacing the original filing of Mr. Smith; and
- the proposed rates resulting from the changes in cost allocations/rate design.

If Mr. Smith has developed this data, please provide it. If this data has not been developed, please explain why, and when it will be presented to the Commission and parties.

Response: HJS Exhibits 1 through 14 are attached. Changes from the previously filed testimony are:

- HJS Exhibit 14 was added, providing inch-mile calculations for use in allocation factor
- Included unaccounted for water in the calculations consistent with the methodology used in previous filings.
- Updated projected wholesale usage consistent with Schedule WEE-1A.
- Updated revenue requirements consistent with Schedule WEE-2-r.
- Updated allocation factors HM, HMC, and HOC based on FY 2004 through FY 2006 activities.
- Updated allocation factor F based on updated inch-mile calculations.
- Updated HJS Exhibit 4 consistent with Schedule WEE-4-r.
- Updated allocation factors for pension and benefits.
- Updated pumping allocation factors to accurately reflect raw water pumping costs.

Prepared by: Harold J. Smith, September 4, 2007

**Revenue Under Existing Rates**  
Rate Year Ending December 31, 2008

Billing Unit	Units of Service	Current Rates	Total Revenues
<b>Quarterly Service Charges</b>			
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	\$ -
<b>Total</b>	<b>72,813</b>		<b>\$ 3,868,424</b>
<b>Monthly Service Charges</b>			
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
<b>Total</b>	<b>53</b>		<b>\$ 26,747</b>
<b>Total Service Charge Revenue</b>			<b>\$ 3,895,171</b>
<b>Retail Consumption Charges</b>			
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
<b>Total</b>	<b>15,545,910</b>		<b>\$ 30,088,422</b>
<b>Wholesale Consumption Charges</b>			
Consumption (HCF)	14,432,187	\$ 0.925	\$ 13,342,961
Consumption (MGD)	10,795	\$ 1,236.00	\$ 13,342,961
<b>Private Fire Service Charges</b>			
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"	13	\$ 547.05	\$ 28,447
16"	1	\$ 547.05	\$ 2,188
<b>Total</b>	<b>1,714</b>		<b>\$ 1,222,140</b>
<b>Public Fire Service Charges</b>			
Hydrants	6,082	\$ 250.99	\$ 1,526,521
<b>Total Rate Revenues</b>			<b>\$ 50,075,215</b>
Miscellaneous Revenues			\$ 1,245,739
<b>Total Revenues</b>			<b>\$ 51,320,954</b>

Allocation of Operating & Maintenance and City Services Expenses  
Rate Year Ending December 31, 2008

Allocation Factor	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
<b>601 Operating Fund</b>								
<i>Source of Supply</i>								
60110 Salaries + Wages - Emp	\$ 357,859	\$ 191,870	\$ -	\$ -	\$ -	\$ -	\$ 3,579	\$ 162,411
60120 Salaries + Wages - Emp	\$ 392,732	\$ 210,567	\$ -	\$ -	\$ -	\$ -	\$ 3,927	\$ 178,238
60320 Sal. + Wages - Officers, Dir	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60410 Employee Pension + Ben	\$ 219,084	\$ 117,464	\$ -	\$ -	\$ -	\$ -	\$ 2,191	\$ 99,429
60420 Employee Pension + Ben	\$ 240,433	\$ 128,910	\$ -	\$ -	\$ -	\$ -	\$ 2,404	\$ 109,118
61510 Purchase Power	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61610 Fuel for Power Purch	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62010 Material + Supplies	\$ 10,191	\$ 5,464	\$ -	\$ -	\$ -	\$ -	\$ 102	\$ 4,625
62020 Material + Supplies	\$ 48,200	\$ 25,843	\$ -	\$ -	\$ -	\$ -	\$ 482	\$ 21,875
63110 Contractual Services - Engineer	\$ 4,787	\$ 2,567	\$ -	\$ -	\$ -	\$ -	\$ 48	\$ 2,173
63120 Contractual Services - Engineer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63420 Contractual Services - Mgt. Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63510 Contractual Services - Other	\$ 86,988	\$ 46,639	\$ -	\$ -	\$ -	\$ -	\$ 870	\$ 39,479
63520 Contractual Services - Other	\$ 21,013	\$ 11,266	\$ -	\$ -	\$ -	\$ -	\$ 210	\$ 9,537
64210 Rental of Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64220 Rental of Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65010 Transportation Exp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65020 Transportation Exp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67510 Misc. Expenses	\$ 9,323	\$ 4,999	\$ -	\$ -	\$ -	\$ -	\$ 93	\$ 4,231
67520 Misc. Expenses	\$ 4,041	\$ 2,167	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ 1,834
<b>Total-Source of Supply</b>	\$ 1,394,652	\$ 747,755	\$ -	\$ -	\$ -	\$ -	\$ 13,947	\$ 632,950
<b>Pumping</b>								
60123 Salaries + Wages - Emp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60126 Salaries + Wages - Emp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60423 Employee Pension + Ben	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60426 Employee Pension + Ben	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61523 Purchase Power	\$ 742,535	\$ 421,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320,926
61623 Fuel for Power Purch	\$ 17,713	\$ 10,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,656
62023 Material + Supplies	\$ 482	\$ 166	\$ 111	\$ 23	\$ -	\$ -	\$ -	\$ 182
62026 Material + Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63123 Contractual Services - Engineer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63126 Contractual Services - Engineer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63523 Contractual Services - Other	\$ 5,181	\$ 1,782	\$ 1,192	\$ 250	\$ -	\$ -	\$ -	\$ 1,957
63526 Contractual Services - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64223 Rental of Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64226 Rental of Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65023 Transportation Exp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67523 Misc. Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67526 Misc. Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total-Pumping</b>	\$ 765,911	\$ 433,614	\$ 1,303	\$ 273	\$ -	\$ -	\$ -	\$ 330,721

Allocation of Operating & Maintenance and City Services Expenses  
Rate Year Ending December 31, 2008

Allocation Factor	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
<i>Water Treatment</i>								
60130 Salaries + Wages - Emp	\$ 2,048,348	\$ 630,184	421,417	\$ -	\$ -	\$ -	\$ 20,483	\$ 976,263
60140 Salaries + Wages - Emp	\$ 308,874	\$ 95,334	63,752	\$ -	\$ -	\$ -	\$ 3,089	\$ 147,689
60430 Employee Pension + Ben	\$ 1,201,730	\$ 369,718	247,238	\$ -	\$ -	\$ -	\$ 12,017	\$ 572,757
60440 Employee Pension + Ben	\$ 189,707	\$ 58,364	39,029	\$ -	\$ -	\$ -	\$ 1,897	\$ 90,416
61530 Purchase Power	\$ 196,122	\$ 94,637	19,612	\$ -	\$ -	\$ -	\$ 1,765	\$ 80,107
61630 Fuel for Power Purch	\$ 130,804	\$ 40,242	26,911	\$ -	\$ -	\$ -	\$ 1,308	\$ 62,342
61830 Chemicals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62030 Material + Supplies	\$ 100,347	\$ 30,872	20,645	\$ -	\$ -	\$ -	\$ 1,003	\$ 47,826
62040 Material + Supplies	\$ 98,464	\$ 30,293	20,258	\$ -	\$ -	\$ -	\$ 985	\$ 46,929
63140 Contractual Services - Engineer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63240 Contract Services - Acctg	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63430 Contractual Services - Mgt. Fees	\$ 15,648	\$ 4,814	3,219	\$ -	\$ -	\$ -	\$ 156	\$ 7,458
63530 Contractual Services - Other	\$ 193,700	\$ 59,593	39,851	\$ -	\$ -	\$ -	\$ 1,937	\$ 92,319
63540 Contractual Services - Other	\$ 59,259	\$ 18,231	12,192	\$ -	\$ -	\$ -	\$ 593	\$ 28,243
64140 Rental Buildg/Real Prop	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64230 Rental of Equipment	\$ 2,388	\$ 735	491	\$ -	\$ -	\$ -	\$ 24	\$ 1,138
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	\$ 19,762	13,215	\$ -	\$ -	\$ -	\$ 642	\$ 30,614
67540 Misc. Expenses	\$ 182	\$ 56	37	\$ -	\$ -	\$ -	\$ 2	\$ 87
<b>Total-Water Treat. Exp.</b>	<b>\$ 4,610,806</b>	<b>\$ 1,452,836</b>	<b>927,867</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,912</b>	<b>\$ 2,184,190</b>

Allocation of Operating & Maintenance and City Services Expenses  
Rate Year Ending December 31, 2008

Allocation Factor	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
<i>Transmission &amp; Distribution</i>								
60150 Salaries + Wages - Emp	\$ 898,837	\$ 273,811	\$ 183,103	\$ 131,882	\$ 220,445	\$ -	\$ 26,438	\$ 63,157
60160 Salaries + Wages - Emp	\$ 2,400,044	\$ 731,122	\$ 488,916	\$ 352,148	\$ 588,625	\$ -	\$ 70,593	\$ 168,840
60250 Payroll Cleaning -Emp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60260 Payroll Cleaning -Emp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60450 Employee Pension + Ben	\$ 550,274	\$ 167,629	\$ 112,097	\$ 80,739	\$ 134,958	\$ -	\$ 16,185	\$ 38,665
60460 Employee Pension + Ben	\$ 1,469,325	\$ 447,598	\$ 299,318	\$ 215,588	\$ 360,360	\$ -	\$ 43,218	\$ 103,243
60550 Overhead Rate Applied	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60560 Overhead Rate Applied	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61550 Purchase Power	\$ 8,824	\$ 4,258	\$ 882	\$ -	\$ -	\$ -	\$ 79	\$ 3,604
62050 Material + Supplies	\$ 147,797	\$ 51,480	\$ 34,426	\$ 24,796	\$ -	\$ -	\$ 2,956	\$ 34,139
62060 Material + Supplies	\$ 13,443	\$ 4,683	\$ 3,131	\$ 2,255	\$ -	\$ -	\$ 269	\$ 3,105
62560 Inventory Clearing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63150 Contractual Services - Engineer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63160 Contractual Services - Engineer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63460 Contractual Services - Mgt. Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63550 Contractual Services - Other	\$ 1,093,962	\$ 284,242	\$ 190,078	\$ 136,906	\$ 281,700	\$ -	\$ 16,020	\$ 185,015
63560 Contractual Services - Other	\$ 40,138	\$ 13,597	\$ 9,092	\$ 6,549	\$ 1,447	\$ -	\$ 753	\$ 8,700
64150 Rental Buildg/Real Prop	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64250 Rental Buildg/Real Prop	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64260 Rental of Equipment	\$ 4,265	\$ 1,486	\$ 993	\$ 715	\$ -	\$ -	\$ 85	\$ 985
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	\$ 1,343	\$ 898	\$ 647	\$ -	\$ -	\$ 77	\$ 891
67560 Misc. Expenses	\$ 718	\$ 250	\$ 167	\$ 120	\$ -	\$ -	\$ 14	\$ 166
<b>Total</b>	<b>\$ 6,631,483</b>	<b>\$ 1,981,500</b>	<b>\$ 1,323,104</b>	<b>\$ 952,346</b>	<b>\$ 1,567,535</b>	<b>\$ -</b>	<b>\$ 176,688</b>	<b>\$ 610,310</b>

Allocation of Operating & Maintenance and City Services Expenses  
Rate Year Ending December 31, 2008

Allocation Factor	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
<b>Customer Accounts</b>								
D	\$ 1,968,504	\$ -	-	-	\$ -	\$ 984,252	\$ -	\$ -
D	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
D	\$ 1,205,133	\$ -	-	-	\$ -	\$ 602,567	\$ -	\$ -
D	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
D	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
D	\$ 11,416	\$ -	-	-	\$ -	\$ 5,708	\$ -	\$ -
D	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
D	\$ 36,045	\$ -	-	-	\$ -	\$ 18,022	\$ -	\$ -
D	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
D	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
D	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
D	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
D	\$ 128,976	\$ -	-	-	\$ -	\$ 64,488	\$ -	\$ -
D	\$ 3,350,075	\$ -	-	-	\$ -	\$ 1,675,037	\$ -	\$ -
<b>Administration</b>								
Y	\$ 5,080,792	\$ 1,293,756	701,921	293,601	\$ 1,087,784	\$ 597,023	\$ 77,714	\$ 1,028,993
Y	\$ 39,754	\$ 10,123	5,492	2,297	\$ 8,511	\$ 4,671	\$ 608	\$ 8,051
Y	\$ 3,103,030	\$ 790,146	428,669	179,313	\$ 664,350	\$ 364,624	\$ 47,463	\$ 628,444
Z	\$ 120,375	\$ 33,165	16,183	6,845	\$ 23,443	\$ 12,036	\$ 1,700	\$ 27,004
Z	\$ 196,308	\$ 54,086	26,392	11,163	\$ 38,230	\$ 19,628	\$ 2,772	\$ 44,038
Z	\$ 195,909	\$ 53,976	26,338	11,140	\$ 38,153	\$ 19,588	\$ 2,766	\$ 43,948
Y	\$ 25,932	\$ 6,603	3,583	1,499	\$ 5,552	\$ 3,047	\$ 397	\$ 5,252
Y	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
Y	\$ 93,312	\$ 23,761	12,891	5,392	\$ 19,978	\$ 10,965	\$ 1,427	\$ 18,898
Y	\$ 150,000	\$ 38,196	20,723	8,668	\$ 32,115	\$ 17,626	\$ 2,294	\$ 30,379
Y	\$ 478,450	\$ 121,831	66,099	27,648	\$ 102,435	\$ 56,221	\$ 7,318	\$ 96,899
Z	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
Z	\$ 10,261	\$ 2,827	1,380	583	\$ 1,988	\$ 1,026	\$ 145	\$ 2,302
Z	\$ 111,382	\$ 30,688	14,974	6,334	\$ 21,691	\$ 11,137	\$ 1,573	\$ 24,986
Y	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
Y	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
Y	\$ 3,565	\$ 982	479	203	\$ 684	\$ 356	\$ 50	\$ 800
Com Z	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -
Com Z	\$ 296,587	\$ 133,306	65,048	27,513	\$ -	\$ -	\$ 4,188	\$ 66,533
Z	\$ 307,824	\$ 84,756	41,357	17,492	\$ 59,909	\$ 30,758	\$ 4,344	\$ 69,009
Z	\$ 10,213,282	\$ 2,678,201	1,431,549	599,689	\$ 2,104,843	\$ 1,148,705	\$ 154,758	\$ 2,095,636

Allocation of Operating & Maintenance and City Services Expenses  
Rate Year Ending December 31, 2008

Allocation Factor	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
857 Insurance Fund								
65840 Insurance W/C - WTM	\$ 25,512	\$ 11,277	\$ 6,118	\$ 2,559	\$ -	\$ -	\$ -	\$ -
65870 Insurance W/C - CAO	\$ 31,163	\$ 8,586	\$ 4,190	\$ 1,772	\$ 6,069	\$ 3,116	\$ 390	\$ 5,167
62080 Materials + Supplies - A&GO	\$ 83,972	\$ 21,382	\$ 11,601	\$ 4,852	\$ 17,978	\$ 9,867	\$ 1,284	\$ 6,991
63580 Contract Services - Other A&GO	\$ 1,466,096	\$ 656,961	\$ 321,546	\$ 136,001	\$ -	\$ -	\$ 20,701	\$ 17,007
65780 Ins. Gen. Liability	\$ 531,027	\$ 234,734	\$ 127,354	\$ 53,270	\$ -	\$ -	\$ 8,122	\$ 328,888
65890 Insurance - W/C	\$ 212,172	\$ 95,364	\$ 46,534	\$ 19,682	\$ -	\$ -	\$ 2,996	\$ 107,547
Additional Insurance	\$ 207,528	\$ 57,177	\$ 27,900	\$ 11,801	\$ 40,415	\$ 20,750	\$ 2,930	\$ 47,596
67580 Misc. Expense	\$ 410,185	\$ 184,364	\$ 89,962	\$ 38,050	\$ -	\$ -	\$ 5,792	\$ 46,555
Funding Requirement	\$ 2,967,655	\$ 1,271,846	\$ 635,204	\$ 287,987	\$ 64,462	\$ 33,733	\$ 42,656	\$ 92,016
Total Insurance Fund	\$ 3,132,565	\$ 1,679,554	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,421,686
878 Chemical and Sludge Maintenance Fund								
61830 Chemicals - WTO	\$ 2,286,505	\$ 1,225,930	\$ -	\$ -	\$ -	\$ -	\$ 22,865	\$ 1,037,709
62030 Materials + Supplies WTO	\$ (1,981)	\$ (1,062)	\$ -	\$ -	\$ -	\$ -	\$ (20)	\$ (899)
Funding Requirement	\$ 200,000	\$ 107,232	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 90,768
63540 Contract Services - Other WTM	\$ 648,042	\$ 347,453	\$ -	\$ -	\$ -	\$ -	\$ 6,480	\$ 294,108
Total Chemical and Sludge Maintenance	\$ 3,132,565	\$ 1,679,554	\$ -	\$ -	\$ -	\$ -	\$ 31,326	\$ 1,421,686
Total Operating and Maintenance Expense	\$ 33,066,429	\$ 10,245,307	\$ 4,319,027	\$ 1,820,296	\$ 5,431,878	\$ 2,857,475	\$ 465,286	\$ 7,827,159
Less: Capital Labor	\$ 984,719	\$ 467,039	\$ 100,464	\$ 7,039	\$ 87,197	\$ -	\$ 11,062	\$ 311,918
Net Operating and Maintenance Expense	\$ 32,081,710	\$ 9,778,268	\$ 4,218,563	\$ 1,813,257	\$ 5,344,681	\$ 2,857,475	\$ 454,224	\$ 7,515,242
City Services Cost	\$ 1,240,355	\$ 341,738	\$ 166,754	\$ 70,530	\$ 241,555	\$ 124,017	\$ 17,513	\$ 278,248
Less: Miscellaneous Revenues	\$ 1,245,739	\$ 317,211	\$ 172,101	\$ 71,987	\$ 266,709	\$ 146,382	\$ 19,054	\$ 252,295



**Allocation of Capital Costs**  
Rate Year Ending December 31, 2008

Allocation Factor	Adjusted Test Year	Rate Year Adjustments	Proforma Rate Year	Base	Maximum Day	Maximum Hour	Meters	Billing & Collection	Fire Protection	Wholesale
Capital Fund Cash	\$ 2,450,000	\$ -	\$ 2,450,000	\$ 802,610	\$ 171,414	\$ 10,827	\$ 477,926	\$ -	\$ 162,539	\$ 824,685
Debt Service CIP Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Western Cranston Fund	\$ 62,069	\$ -	\$ 62,069	\$ 28,864	\$ 19,302	\$ 13,903	\$ -	\$ -	\$ -	\$ -
Infrastructure Replacement	\$ 12,500,000	\$ 1,400,000	\$ 13,900,000	\$ 7,514,856	\$ 1,604,949	\$ 101,371	\$ -	\$ -	\$ -	\$ 4,678,824
Debt Service IFR Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
102" Valve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Alternative Source of Supply	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Meter Replacement	\$ 400,000	\$ 600,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -
Equipment Replacement	\$ 600,000	\$ -	\$ 600,000	\$ 196,558	\$ 41,979	\$ 2,651	\$ 117,043	\$ -	\$ 39,805	\$ 201,964
<b>Total Capital Expenditures</b>	<b>\$ 16,012,069</b>	<b>\$ 2,000,000</b>	<b>\$ 18,012,069</b>	<b>\$ 8,542,888</b>	<b>\$ 1,837,644</b>	<b>\$ 128,762</b>	<b>\$ 1,594,969</b>	<b>\$ -</b>	<b>\$ 202,344</b>	<b>\$ 5,705,472</b>

**Allocation of Property Taxes**  
Rate Year Ending December 31, 2008

	Allocation Factor	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
Scituate	A	\$ 5,446,674	\$ 2,920,284	\$ -	\$ -	\$ -	\$ -	\$ 54,467	\$ 2,471,923
Foster	A	\$ 296,923	\$ 159,198	\$ -	\$ -	\$ -	\$ -	\$ 2,969	\$ 134,756
Cranston	A	\$ 90,003	\$ 48,256	\$ -	\$ -	\$ -	\$ -	\$ 900	\$ 40,847
North Providence	F	\$ 238,466	\$ 83,062	\$ 55,545	\$ 40,007	\$ -	\$ -	\$ 4,769	\$ 55,082
Johnston	A	\$ 87,470	\$ 46,898	\$ -	\$ -	\$ -	\$ -	\$ 875	\$ 39,697
Glocester	A	\$ 50,425	\$ 27,036	\$ -	\$ -	\$ -	\$ -	\$ 504	\$ 22,885
West Warwick	A	\$ 4,361	\$ 2,338	\$ -	\$ -	\$ -	\$ -	\$ 44	\$ 1,979
West Glocester Fire	A	\$ 3,989	\$ 2,139	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ 1,810
Harmony Fire Dist.	A	\$ 122	\$ 65	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 55
Chepachet Fire Dist.	A	\$ 147	\$ 79	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 67
Warwick	A	\$ 103	\$ 55	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 47
<b>Total Property Taxes</b>		<b>\$ 6,218,681</b>	<b>\$ 3,289,410</b>	<b>\$ 55,545</b>	<b>\$ 40,007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 64,571</b>	<b>\$ 2,769,148</b>

Allocation Factor Legend

Allocation	Description	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
A	1% allocated to fire protection, remainder allocated to base and wholesale based on consumption	53.62%					1.00%	45.38%
AA	1% allocated to fire protection, remainder allocated to base, maximum day, and wholesale based on consumption	30.77%					1.00%	47.66%
C	100% to Meters & Services				100.00%			
Com Y	Allocated Based on Methodology in Docket # 2048, Y - Labor Reallocated from Meters and Billing	44.20%	23.98%	10.03%	0.00%	0.00%	1.53%	20.25%
Com Z	Allocated Based on Methodology in Docket # 2048, Z - O&M Reallocated from Meters and Billing	44.95%	21.93%	9.28%	0.00%	0.00%	1.41%	22.43%
D	50% to Billing and Collections, 50% to Meters and Services				50.00%	50.00%		
F	2% to Fire, Allocated to Base & Wholesale by Proportion of T&D Pipe in Inch Miles, Retail to Base, Max Day and Hour	34.83%	23.29%	16.78%			2.00%	23.10%
FP	100% Fire Protection						100.00%	
HM	T&D Maintenance Based on FY 2004 - FY 2006 Activities	30.46%	20.37%	14.67%	24.53%	0.00%	2.84%	7.03%
HMC	T&D Contract Maintenance Based on FY 2004 - FY 2006 Activities	33.87%	22.65%	16.32%	3.61%	0.00%	1.88%	21.67%
HOC	T&D Contract Operations Based on FY 2004 - FY 2006 Activities	25.98%	17.38%	12.51%	25.75%	0.00%	1.46%	16.91%
K1	Allocated Based on Original Plant Investment less Land, Meters and Fire Reallocated to Retail	54.06%	11.55%	0.73%	0.00%	0.00%	0.00%	33.66%
K2	Allocated Based on Original Plant Investment less Land	32.76%	7.00%	0.44%	19.51%	0.00%	6.63%	33.66%
L	Based on Allocation of other Transmission & Distribution Plant except Services & Meters	19.87%	13.29%	3.11%	0.00%	0.00%	42.95%	20.77%
N	Allocation of Pumping Investment and Expenses	46.71%	8.67%	1.82%				42.80%
NO	Allocation of Pumping Investment and Expenses excluding Raw Water	34.40%	23.00%	4.83%				37.77%
NP	Allocation Factor NO with Maximum Day and Maximum Hour reallocated to Base	56.78%	0.00%	0.00%	0.00%	0.00%	0.90%	43.22%
P	10% allocated to maximum day, 90% allocated based on A	48.25%	10.00%	0.00%	0.00%	0.00%	0.90%	40.85%
T	Allocation of all Non-General Plant	33.78%	6.67%	0.43%	18.38%	0.00%	6.53%	34.21%
TD	Allocation of Base, Max Day and Max Hour of Retail only	46.50%	31.10%	22.40%				
X1	Allocation within a Particular Group Based on the Relationship between all Other Items in the Group	29.34%	19.62%	14.13%	25.39%	0.00%	3.63%	7.88%
X2	Allocation within a Particular Group Based on the Relationship between all Other Items in the Group	33.82%	22.62%	16.29%	4.08%	0.00%	1.85%	21.35%
X4	Allocation within a Particular Group Based on the Relationship between all Other Items in the Group	47.43%	10.20%	0.71%	8.86%	0.00%	1.12%	31.68%
Y	Based on Labor related O&M Expenses.	25.46%	13.82%	5.78%	21.41%	11.75%	1.53%	20.25%
Z	Based on Total O&M expenses, except for Administrative & General	27.55%	13.44%	5.69%	19.47%	10.00%	1.41%	22.43%

**Summary of Costs to be Recovered through Rates**  
Rate Year Ending December 31, 2008

	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
Net Operations & Maintenance Expense	\$32,081,710	\$ 9,778,268	\$ 4,218,563	\$ 1,813,257	\$ 5,344,681	\$ 2,857,475	\$ 454,224	\$ 7,615,242
Capital Expense	\$18,012,069	\$ 8,542,888	\$ 1,837,644	\$ 128,752	\$ 1,594,969	\$ -	\$ 202,344	\$ 5,705,472
City Services Expense	\$ 1,240,355	\$ 341,738	\$ 166,754	\$ 70,530	\$ 241,555	\$ 124,017	\$ 17,513	\$ 278,248
Property Taxes Expense	\$ 6,218,681	\$ 3,289,410	\$ 55,545	\$ 40,007	\$ -	\$ -	\$ 64,571	\$ 2,769,148
<b>Total Expenses Allocated</b>	<b>\$57,552,815</b>	<b>\$21,952,303</b>	<b>\$ 6,278,506</b>	<b>\$ 2,052,547</b>	<b>\$ 7,181,205</b>	<b>\$ 2,981,492</b>	<b>\$ 738,653</b>	<b>\$ 16,368,109</b>
less: Miscellaneous Revenues	\$ (1,245,739)	\$ (317,211)	\$ (172,101)	\$ (71,987)	\$ (266,709)	\$ (146,382)	\$ (19,054)	\$ (252,295)
plus: Net Operating Revenue	\$ 1,689,212	\$ 658,569	\$ 188,355	\$ 61,576	\$ 215,436	\$ 89,445	\$ 22,160	\$ 491,043
<b>Net Revenue Requirement</b>	<b>\$57,996,288</b>	<b>\$22,293,661</b>	<b>\$ 6,294,760</b>	<b>\$ 2,042,137</b>	<b>\$ 7,129,932</b>	<b>\$ 2,924,555</b>	<b>\$ 741,758</b>	<b>\$ 16,606,858</b>

**Units of Service**  
Rate Year Ending December 31, 2008

	Base		Maximum Day			Maximum Hour			Equivalent	
	Annual Use HCF	Average Rate HCF/day	Demand Factor	Total Capacity HCF/day	Extra Capacity HCF/day	Demand Factor	Total Capacity HCF/day	Extra Capacity HCF/day	Meters & Services Equiv. Meters	Bills
<b>Inside City</b>										
Residential	11,688,498	32,023	1.70	54,440	22,416	2.20	70,451	16,012		
Commercial	2,852,053	7,814	1.60	12,502	4,688	2.00	15,628	3,126		
Industrial	1,005,359	2,754	1.50	4,132	1,377	2.00	5,509	1,377		
Fire Protection				1,444	1,444		5,775	4,331		
<b>Total Inside City</b>	<b>15,545,910</b>	<b>42,592</b>		<b>72,517</b>	<b>29,926</b>		<b>97,363</b>	<b>24,846</b>	<b>119,103</b>	<b>298,744</b>
<b>Outside City</b>										
Wholesale	14,432,187	39,540	1.70	67,218	27,678	2.15	85,012	17,793		
<b>Total Units of Service</b>	<b>29,978,096</b>	<b>82,132</b>		<b>139,735</b>	<b>57,604</b>		<b>182,374</b>	<b>42,639</b>	<b>119,103</b>	<b>298,744</b>

**Unit Costs**  
Rate Year Ending December 31, 2008

	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection
<b>Retail System Units of Service:</b>							
Number		15,545,910	29,926	24,846	119,103	298,744	6,082
Units		MCF	MCF/day	MCF/day	Equiv. Meters	Bills	Hydrants
<b>O&amp;M Expense:</b>							
Retail	24,177,215	9,744,889	4,167,856	1,793,509	5,230,311	2,792,426	448,225
Retail Unit Cost (\$/unit)		\$ 0.63	\$ 139.27	\$ 72.19	\$ 43.91	\$ 9.35	\$ 73.70
Wholesale O&M Expense	\$ 7,583,835	\$ 7,583,835					
<b>Capital Expense:</b>							
Retail Capital Expense	12,675,795	8,799,174	1,892,773	132,615	1,642,818	-	208,415
Retail Cost (\$/unit)		\$ 0.57	\$ 63.25	\$ 5.34	\$ 13.79	\$ -	\$ 34.27
Wholesale Capital Expense	\$ 5,876,636	\$ 5,876,636					
<b>City Services Expense:</b>							
Retail City Services Expense	990,970	351,990	171,757	72,646	248,801	127,737	18,039
Retail Cost (\$/unit)		\$ 0.02	\$ 5.74	\$ 2.92	\$ 2.09	\$ 0.43	\$ 2.97
Wholesale City Services Expense	\$ 286,595	\$ 286,595					
<b>Property Tax Expense:</b>							
Retail Property Tax Expense	3,553,020	3,388,092	57,212	41,207	-	-	66,509
Retail Cost (\$/unit)		\$ 0.22	\$ 1.91	\$ 1.66	\$ -	\$ -	\$ 10.94
Wholesale Property Tax Expense	\$ 2,852,222	\$ 2,852,222					
<b>Total Unit Costs of Service</b>							
Retail Cost of Service	41,396,999	22,284,145	6,289,597	2,039,977	7,121,930	2,920,163	741,187
Retail Total Unit Cost (\$/unit)		\$ 1.43	\$ 210.17	\$ 82.11	\$ 59.80	\$ 9.77	\$ 121.87
Wholesale Cost of Service	\$ 16,599,289						
<b>Total Cost of Service</b>	<u>\$ 57,996,288</u>						

**Allocated Costs by Customer Class**  
Rate Year Ending December 31, 2008

	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection
<b>Inside City:</b>							
Unit Costs of Services (\$/unit)	\$	1.43	\$ 210.17	\$ 82.11	\$ 59.80	\$ 9.77	\$ 121.87
<b>Retail Service:</b>							
<b>Residential Volume Charge:</b>							
Units of Service - HCF		11,688,498	22,416	16,012			
Allocation Cost of Service - \$	\$22,780,766	\$16,754,772	\$4,711,340	\$1,314,653			
Consumption Rate - \$/HCF	\$ 1.9490						
<b>Commercial Volume Charge:</b>							
Units of Service - HCF		2,852,053	4,688	3,126			
Allocation Cost of Service - \$	\$ 5,330,238	\$ 4,088,249	\$ 985,364	\$ 256,626			
Consumption Rate - \$/HCF	\$ 1.8689						
<b>Industrial Volume Charge:</b>							
Units of Service - HCF		1,005,359	1,377	1,377			
Allocation Cost of Service - \$	\$ 1,843,654	\$ 1,441,123	\$ 289,454	\$ 113,077			
Consumption Rate - \$/HCF	\$ 1.8338						
<b>Retail Service Charge:</b>							
Units of Service					83,857	291,888	
Allocation Cost of Service - \$	\$ 7,867,479				\$5,014,332	\$2,853,147	
<b>Fire Protection Service:</b>							
Units of Service			1,444	4,331	35,246	6,856	6,082
Allocation Cost of Service	\$ 3,574,863		\$ 303,440	\$ 355,622	\$2,107,598	\$ 67,016	\$ 741,187
<b>Total Inside-City Allocated Cost of Service</b>	<u>\$41,396,999</u>						
<b>Outside City</b>							
<b>Wholesale:</b>							
Units of Service		14,432,187					
Allocation Cost of Service	\$16,599,289	\$16,599,289					
Consumption Rate - \$/HCF	\$ 1.1502						
<b>Total System Allocated Cost of Service</b>	<u><u>\$57,996,288</u></u>						

**Proposed Rates and Impacts**  
Rate Year Ending December 31, 2008

Billing Unit	Units of Service	Proposed Rates	Total Revenues	Current Rates	% Change
<b>Quarterly Service Charges</b>					
5/8"	54,074	\$ 24.73	\$ 5,349,000	\$ 12.19	102.9%
3/4"	10,281	\$ 26.22	\$ 1,078,271	\$ 13.05	100.9%
1"	5,071	\$ 30.71	\$ 622,922	\$ 15.32	100.5%
1.5"	1,475	\$ 36.69	\$ 216,471	\$ 18.33	100.2%
2"	1,762	\$ 53.13	\$ 374,460	\$ 26.66	99.3%
3"	39	\$ 174.22	\$ 27,178	\$ 87.93	98.1%
4"	27	\$ 219.07	\$ 23,660	\$ 110.64	98.0%
6"	55	\$ 323.71	\$ 71,216	\$ 163.59	97.9%
8"	26	\$ 443.30	\$ 46,103	\$ 224.10	97.8%
10"	3	\$ 551.69	\$ 6,620	\$ 278.93	97.8%
12"	-	\$ 660.07	\$ -	\$ 333.79	97.8%
<b>Total</b>	<u>72,813</u>		<u>\$ 7,815,902</u>		
<b>Monthly Service Charges</b>					
5/8"	-	\$ 14.76	\$ -	\$ 7.25	103.6%
3/4"	-	\$ 15.26	\$ -	\$ 7.50	103.5%
1"	-	\$ 16.76	\$ -	\$ 8.25	103.2%
1.5"	1	\$ 18.75	\$ 225	\$ 9.27	102.3%
2"	17	\$ 24.23	\$ 4,943	\$ 12.05	101.1%
3"	3	\$ 64.59	\$ 2,325	\$ 32.47	98.9%
4"	6	\$ 79.54	\$ 5,727	\$ 40.03	98.7%
6"	19	\$ 114.42	\$ 26,088	\$ 57.67	98.4%
8"	6	\$ 154.29	\$ 11,109	\$ 77.85	98.2%
10"	-	\$ 190.41	\$ -	\$ 96.14	98.1%
12"	1	\$ 226.54	\$ 2,718	\$ 114.41	98.0%
<b>Total</b>	<u>53</u>		<u>\$ 53,135</u>		
<b>Total Service Charge Revenue</b>			<u>\$ 7,869,037</u>	<u>\$ 3,895,171</u>	102.0%
<b>Retail Consumption Charges</b>					
Residential (HCF)	11,688,498	\$ 1.949	\$ 22,780,882	\$ 1.958	-0.5%
Commercial (HCF)	2,852,053	\$ 1.869	\$ 5,330,486	\$ 1.882	-0.7%
Industrial (HCF)	1,005,359	\$ 1.834	\$ 1,843,829	\$ 1.825	0.5%
<b>Total</b>	<u>15,545,910</u>		<u>\$ 29,955,197</u>	<u>\$ 30,088,422</u>	-0.4%



**Proposed Rates and Impacts**  
Rate Year Ending December 31, 2008

Billing Unit	Units of Service	Proposed Rates	Total Revenues	Current Rates	% Change
<b>Wholesale Charges</b>					
<u>Volume Charge</u>					
Consumption (HCF)	14,432,187	\$ 0.863		\$ 0.925	
Consumption (MGD)	10,795	\$ 1,154.00	\$ 12,457,748	\$ 1,236.00	-6.6%
<u>Monthly Base Charge</u>					
East Providence	2,397,994	\$ 57,460	\$ 689,520		
East Smithfield	339,786	\$ 8,142	\$ 97,704		
Greenville	463,126	\$ 11,098	\$ 133,176		
Kent County	3,777,169	\$ 90,508	\$ 1,086,096		
Smithfield	428,798	\$ 10,275	\$ 123,300		
Warwick	4,404,569	\$ 105,541	\$ 1,266,492		
Lincoln	1,086,668	\$ 26,039	\$ 312,468		
Johnston	276,576	\$ 6,628	\$ 79,536		
Bristol County	1,257,501	\$ 30,132	\$ 361,584		
Total Base Charges			\$ 4,149,876		
<u>Total Annual Charges</u>					
East Providence			\$ 2,759,449	\$ 2,217,013	24.5%
East Smithfield			\$ 391,004	\$ 314,141	24.5%
Greenville			\$ 532,942	\$ 428,172	24.5%
Kent County			\$ 4,346,518	\$ 3,492,099	24.5%
Smithfield			\$ 493,435	\$ 396,436	24.5%
Warwick			\$ 5,068,481	\$ 4,072,147	24.5%
Lincoln			\$ 1,250,471	\$ 1,004,655	24.5%
Johnston			\$ 318,274	\$ 255,702	24.5%
Bristol County			\$ 1,447,049	\$ 1,162,595	24.5%
Total Wholesale Charges			\$ 16,607,624	\$ 13,342,961	24.5%

**Proposed Rates and Impacts**  
Rate Year Ending December 31, 2008

Billing Unit	Units of Service	Proposed Rates	Total Revenues	Current Rates	% Change
<b>Private Fire Service Charges</b>					
3/4"	6	\$ 26.31	\$ 631	\$ 10.77	144.3%
1"	9	\$ 30.90	\$ 1,112	\$ 14.26	116.7%
1-1/2"	3	\$ 37.23	\$ 447	\$ 23.00	61.9%
2"	29	\$ 54.29	\$ 6,298	\$ 33.48	62.2%
4"	284	\$ 226.25	\$ 257,020	\$ 92.87	143.6%
6"	1,149	\$ 344.57	\$ 1,583,644	\$ 180.22	91.2%
8"	216	\$ 487.75	\$ 421,416	\$ 285.03	71.1%
10"	4	\$ 631.62	\$ 10,106	\$ 407.30	55.1%
12"	13	\$ 789.18	\$ 41,037	\$ 547.05	44.3%
16"	1	\$ 1,151.96	\$ 4,608	\$ 547.05	110.6%
Total	1,714		\$ 2,326,319	\$ 1,222,140	90.3%
<b>Public Fire Service Charges</b>					
Hydrants	6,082	\$ 205.30	\$ 1,248,635	\$ 250.99	-18.2%
<b>Total Rate Revenues</b>			<b>\$ 58,006,812</b>	<b>\$ 50,075,215</b>	<b>15.8%</b>
Miscellaneous Revenues			1,245,739	\$ 1,245,739	0.0%
<b>Total Revenues</b>			<b>\$ 59,252,551</b>	<b>\$ 51,320,954</b>	<b>15.5%</b>

**Comparison of Revenues by Customer Class**  
Rate Year Ending December 31, 2008

	Existing Rates	Proposed Rates	% Change
<b>Retail</b>			
Monthly Service Charge	\$ 3,895,171	\$ 7,869,037	102.0%
Volume Charge			
Residential	\$ 22,886,079	\$ 22,780,882	-0.5%
Commercial	\$ 5,367,563	\$ 5,330,486	-0.7%
Industrial	\$ 1,834,781	\$ 1,843,829	0.5%
<b>Total Retail</b>	<b>\$ 33,983,593</b>	<b>\$ 37,824,234</b>	<b>11.3%</b>
<b>Wholesale</b>			
East Providence	\$ 2,217,013	\$ 2,759,593	24.5%
East Smithfield	\$ 314,141	\$ 391,024	24.5%
Greenville	\$ 428,172	\$ 532,970	24.5%
Kent County	\$ 3,492,099	\$ 4,346,745	24.5%
Smithfield	\$ 396,436	\$ 493,461	24.5%
Warwick	\$ 4,072,147	\$ 5,068,745	24.5%
Lincoln	\$ 1,004,655	\$ 1,250,536	24.5%
Johnston	\$ 255,702	\$ 318,290	24.5%
Bristol County	\$ 1,162,595	\$ 1,447,124	24.5%
<b>Total Wholesale</b>	<b>\$ 13,342,961</b>	<b>\$ 16,608,489</b>	<b>24.5%</b>
<b>Fire Protection</b>			
Private Fire Protection	\$ 1,222,140	\$ 2,326,319	90.3%
Public Fire Protection	\$ 1,526,521	\$ 1,248,635	-18.2%
<b>Total Fire Protection</b>	<b>\$ 2,748,662</b>	<b>\$ 3,574,954</b>	<b>30.1%</b>
<b>Total Rate Revenues</b>	<b>\$ 50,075,215</b>	<b>\$ 58,007,677</b>	<b>15.8%</b>
Miscellaneous Revenues	\$ 1,245,739	\$ 1,245,739	0.0%
<b>Total Revenues</b>	<b>\$ 51,320,954</b>	<b>\$ 59,253,416</b>	<b>15.5%</b>

**Comparison of Typical Annual Charges**  
Rate Year Ending December 31, 2008

	Proposed Rates	Existing Rates	% Change
<b>Residential - (5/8" Meter, 100 HCF)</b>			
Fixed Quarterly Service Charge	\$ 98.92	\$ 48.76	102.9%
Volume Charge	\$ 194.90	\$ 195.80	-0.5%
<b>Total</b>	<b>\$ 293.82</b>	<b>\$ 244.56</b>	<b>20.1%</b>
<b>Commercial - (2" Meter, 2,000 HCF)</b>			
Fixed Quarterly Service Charge	\$ 212.52	\$ 106.64	99.3%
Volume Charge	\$ 3,738.00	\$ 3,764.00	-0.7%
<b>Total</b>	<b>\$ 3,950.52</b>	<b>\$ 3,870.64</b>	<b>2.1%</b>
<b>Industrial - (6" Meter, 10,000 HCF)</b>			
Fixed Monthly Service Charge	\$ 1,373.04	\$ 692.04	98.4%
Volume Charge	\$ 18,340.00	\$ 18,250.00	0.5%
<b>Total</b>	<b>\$ 19,713.04</b>	<b>\$ 18,942.04</b>	<b>4.1%</b>

*For wholesale impacts see HJS Exhibit 11*

**Revenue Proof**  
Rate Year Ending December 31, 2008

Net Operations & Maintenance Expense	\$ 32,081,710
Capital Expense	\$ 18,012,069
City Services Expense	\$ 1,240,355
Property Taxes Expense	\$ 6,218,681
Total Expenses Allocated	<u>\$ 57,552,815</u>
plus: Net Operating Revenue	\$ 1,689,212
<b>Net Revenue Requirement</b>	<b><u>\$ 59,242,027</u></b>
Retail	
Monthly Service Charge	\$ 7,869,037
Volume Charge	
Residential	\$ 22,780,882
Commercial	\$ 5,330,486
Industrial	\$ 1,843,829
Total Retail	<u>\$ 37,824,234</u>
Wholesale	
East Providence	\$ 2,759,593
East Smithfield	\$ 391,024
Greenville	\$ 532,970
Kent County	\$ 4,346,745
Smithfield	\$ 493,461
Warwick	\$ 5,068,745
Lincoln	\$ 1,250,536
Johnston	\$ 318,290
Bristol County	\$ 1,447,124
Total Wholesale	<u>\$ 16,608,489</u>
Fire Protection	
Private Fire Protection	\$ 2,326,319
Public Fire Protection	\$ 1,248,635
Total Fire Protection	<u>\$ 3,574,954</u>
Total Rate Revenues	<u>\$ 58,007,677</u>
Miscellaneous Revenues	\$ 1,245,739
<b>Total Revenues</b>	<b><u>\$ 59,253,416</u></b>
<b>Total Surplus / (Deficit)</b>	<b>\$ 11,389</b>

**Inch-Mile Calculations**  
 Year Ending June 20, 2006

Pipe Size (inches)	Length (miles)	Inch-Miles	
	6	468.64	2,811.84
	8	290.92	2,327.36
	10	1.62	16.20
	12	84.98	1,019.76
	16	35.80	572.80
	20	7.20	144.00
	24	26.23	629.52
	30	16.30	489.00
	36	1.91	68.76
	42	4.84	203.28
	48	3.21	154.08
	60	4.32	259.20
	66	1.60	105.60
	78	4.40	343.20
	90	4.50	405.00
	102	5.40	550.80
<b>Totals</b>	961.87	10,100.40	
Local Distribution (10" or less)	761.18	5,155.40	51.04%
Transmission (12" and greater)	200.69	4,945.00	48.96%
<b><u>Unaccounted for Water Responsibility</u></b>			
<i>Retail Customers</i>			
Local Distribution		51.04%	
Transmission		25.39%	
<b>Total Retail Share of Unaccounted for Water</b>		<b>76.43%</b>	
<i>Wholesale Customers</i>			
Local Distribution		0.00%	
Transmission		23.57%	
<b>Total Wholesale Share of Unaccounted for Water</b>		<b>23.57%</b>	