

PROVIDENCE WATER

Testimony and Data in Support of General Rate Relief

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ANDREW K. MOFFIT
Chairman

JOSEPH D. CATALDI
Vice Chairman

JOHN C. SIMMONS
Ex-Officio

CARISSA R. RICHARD
Secretary

FERNANDO S. CUNHA, ESQ.
Legal Advisor



DAVID N. CICILLINE
Mayor

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

JOSEPH DE LUCA
City Councilman

MICHAEL A. SOLOMON
City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

Hand Delivered

March 30, 2007

The Honorable Elia Germani
Chairman Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Providence Water Supply Board - General Rate Filing March 2007

Dear Chairman Germani:

The Providence Water Supply Board (Providence Water), pursuant to the Rules of Practice and Procedure, herewith files a general rate filing to collect additional revenues of \$9,688,321 which is an overall increase of 19.07%, effective April 30, 2007.

Included in this filing are pre-filed testimony of the witnesses to be presented by Providence Water, along with supporting schedules and work papers, as required by the Commission's Rules. We have complied with all requirements of Part two of the Commission's Rules of Practice and Procedure. We have also included the information required by Rhode Island General Laws 39-3-12.1.

Copies of this filing are being mailed by first class mail, postage prepaid, to the following affected parties to our system:

- City Clerk - Providence
- City Clerk - East Providence
- City Clerk - Cranston
- City Clerk - Warwick
- Town Clerk - North Providence
- Town Clerk - Johnston
- Town Clerk - Lincoln
- Town Clerk - Smithfield
- Kent County Water Authority
- Greenville Water District
- East Smithfield Water District
- Bristol County Water Authority

Copies will also be provided to the Rhode Island Water Resources Board and the Rhode Island Attorney General's Office. All other wholesale customers and Fire Chiefs will be notified by mail

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of the potential effect this filing may have on their rates.

A copy of our proposed Notice to be published in the Providence Journal is enclosed as required by Commission Rule 2.4. We will coordinate with the Commission Clerk to finalize the document prior to publication.

Michael R. McElroy, Esq., will be representing Providence Water as our legal counsel in this matter. He may be contacted at 21 Dryden Lane, Post Office Box 6721, Providence, RI 02940-6721.

Please note that, as agreed in a discussion between our legal counsel and the Commission Clerk, we are filing the original rate filing package today, Friday, March 30, 2007, and we will be filing and mailing all the required copies on Monday, April 2, 2007.

Respectfully,
Providence Water Supply Board

A handwritten signature in cursive script that reads "Pamela M. Marchand". The signature is written in black ink and is positioned above the printed name and title.

Pamela M. Marchand
Chief Engineer & General Manager

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION

IN RE: PROVIDENCE WATER SUPPLY BOARD

Docket No. _____

NOTICE OF FILING AND CHANGE IN RATE SCHEDULE

Pursuant to the Rules of Practice and Procedure of the Rhode Island Public Utilities Commission (Commission), the Providence Water Supply Board (Providence Water) filed with the Commission an application to revise its rates effective April 30, 2007.

The proposed rates will collect an additional \$9,688,321 in revenues, which represents an overall increase of approximately 19.07%. The impact of this proposal will be an increase of 19.6% on all rates.

While the new rates are proposed to become effective April 30, 2007, the Commission can suspend the rates for up to six months from the proposed effective date. No rate change will take effect until the Commission has conducted a full investigation and hearing on the proposal. The Commission will publish a notice of the hearing dates when they are scheduled. Ratepayers may comment on the proposed rate increase at that time.

A copy of the proposed filing is on file at Providence Water's office at 552 Academy Avenue, Providence, Rhode Island, and at the office of the Commission, 89 Jefferson Boulevard, Warwick, Rhode Island, and may be reviewed by the public during normal business hours.

A copy of this filing was also provided to the Cities of Providence, East Providence, Cranston and Warwick; the Towns of North Providence, Johnston, Lincoln and Smithfield; the Kent County Water Authority, Greenville Water District, East Smithfield Water District and Bristol County Water Authority.

Correspondence for Providence Water in this rate filing should be addressed to Ms. Pamela M. Marchand, Chief Engineer & General Manager, Providence Water Supply Board, 552 Academy Avenue, Providence, Rhode Island, 02908 and to Mr. Michael R. McElroy, Esq., Post Office Box 6721, Providence, Rhode Island, 02940-6721.

In accordance with the Commission Rules and Regulations, the documents accompanying this filing contain data, information, and testimony in support of Providence Water's application for a change in rates.

EXISTING TARIFFS

PROVIDENCE WATER SUPPLY BOARD TARIFF

Replaces Tariff
January 1, 2003

Effective: January 1, 2006

RI Public Utilities Commission Docket No. 3684

TARIFF SCHEDULES

Schedule

- A Service Charges – Retail
- B Metered Sales – Retail
- C Bulk Sales to Public Authorities for Resale
- D Public Fire Protection
- E Private Fire Service
- F Miscellaneous Charges

EXISTING TARIFFS

SCHEDULE A

Providence Water Supply Board
Service Charges
Retail

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable to all metered customers for industrial, commercial and residential use, exclusive of fire service connection, in the Providence Water Supply Board service area.

Rates

For each service connected to the Providence Water Supply Board mains, the following customer service charges shall apply:

<u>Size of Meter</u>	<u>Quarterly</u>	<u>Monthly</u>
5/8"	\$12.19	\$ 7.25
3/4	13.05	7.50
1	15.32	8.25
1 ½	18.33	9.27
2	26.66	12.05
3	87.93	32.47
4	110.64	40.03
6	163.59	57.67
8	224.10	77.85
10	278.93	96.14
12	333.79	114.41

Terms of Payment

All customer service charges may be billed quarterly or monthly and are due and payable when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

EXISTING TARIFFS

SCHEDULE B

Providence Water Supply Board
Metered Sales
Retail

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable to all general metered water service in the Providence Water Supply Board service area.

Rates

For all quantities used, except for bulk sales for resale, the following rates shall apply:

Quarterly Accounts

Residential	\$1.958
Commercial	\$1.882
Industrial	\$1.825

Monthly Accounts

Residential	\$1.958
Commercial	\$1.882
Industrial	\$1.825

Terms of Payment

All metered sales bills are rendered in arrears quarterly or monthly at the option of the Providence Water Supply Board and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

EXISTING TARIFFS

SCHEDULE C

Providence Water Supply Board
Bulk Sales to Public Authorities for Resale

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable to all public authorities in the Providence Water Supply Board service area purchasing water for resale.

Rates

\$1,236.00 per million gallons

Terms of Payment

All bills for bulk sales are rendered quarterly or monthly in arrears in accordance with contract agreements and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

EXISTING TARIFFS

SCHEDULE D

Providence Water Supply Board
Public Fire Protection

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable to all service to public fire hydrants in the Providence Water Supply Board service area.

Rates

For each hydrant: \$250.99

Terms of Payment

All bills for public fire service are rendered quarterly and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

EXISTING TARIFFS

SCHEDULE E

Providence Water Supply Board
Private Fire Service

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable for service to private fire protection appliances owned and maintained by the customer in the Providence Water Supply service area.

Rates

For each fire service connection to the Providence Water Supply Board mains, the following charges shall apply:

<u>Size of Service</u>	<u>Quarterly</u>
3/4"	\$10.77
1	14.26
1 1/2	23.00
2	33.48
4	92.87
6	180.22
8	285.03
10	407.30
12	547.05

Terms of Payment

All bills for private fire services are rendered quarterly and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

EXISTING TARIFFS

**SCHEDULE F
PROVIDENCE WATER
TERMS & CONDITIONS
SERVICE FEE SCHEDULE
(effective January 1, 2006)
page 1 of 2**

NOTE: All applicants must complete financial arrangements prior to services being rendered. Applicants are responsible for obtaining and paying for all permits and any additional fees.

SERVICE	FEE
PHOTOCOPYING	
Distribution Sheet	\$ 3.00/copy
Letter or Legal Size Document	\$.15/copy
LIEN CERTIFICATE	\$ 6.00
RETURNED CHECK FEE	\$ 20.00
PLAN CHECKING/WATER AVAILABILITY REVIEW	\$ 57.00/hour
EASEMENT/ABANDONMENT REQUEST	\$ 50.00/hour
FIRE HYDRANT FLOW TEST	\$ 118.00
NEW WATER SERVICE INSTALLATION - BASIC	
1" Water Service	\$1,673.00
1 ½" Water Service	2,596.00
2" Water Service	2,931.00
4" Water Service	3,700.00
6" Water Service	3,998.00

NEW WATER SERVICE INSTALLATION - SPECIAL CIRCUMSTANCES

All services greater than 6" will be installed and charged on a time and materials basis, consistent with the methodology used in computing the above service charges. **Notwithstanding the above schedule**, any sites where special circumstances may be encountered (ie. ledge, special fittings, routing around other utilities) will also be charged on a time and materials basis. The average time rate for all manpower and equipment (including overhead) averages approximately \$400/hr.

PAVEMENT/SIDEWALK RESTORATION CHARGES

Applicants are responsible for all *actual* road and/or sidewalk restoration charges, as the charge varies with the size of the excavation and the pavement thickness. For illustrative purposes, on average, the charge is approximately \$300 for pavement restoration and \$75 for sidewalk.

**SCHEDULE F
PROVIDENCE WATER
TERMS & CONDITIONS
SERVICE FEE SCHEDULE
(effective January 1, 2006)
page 2 of 2**

SERVICE	FEE
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POLICE DETAILS

If the work being performed presents a safety hazard and it is necessary to employ police details for traffic control, the applicant will be responsible for such costs at the then current rate of the respective Town or City. For illustrative purposes, the hourly detail rates as of June 15, 2002 are as follows:

Cranston	\$40.12
Johnston	30.00
North Providence	33.00
Providence	42.00

NEW WATER METER INSTALLATION - INCLUDING ERT

5/8" Meter	\$ 184.00
3/4" Meter	230.00
1" Meter	266.00
1 1/2" Meter	457.00
2" Meter	545.00

All meters greater than 2" will be charged on an actual time and materials basis.

NEW ERT - ALL METER SIZES	\$ 109.00
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(Applies only to existing ERT's that are lost, stolen, or damaged by customers. There is no charge to retro-fit an existing meter to AMR technology.)

SERVICE SHUTOFF FEE	\$ 64.00
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SERVICE RESTORATION FEE	\$ 43.00
--------------------------------	-----------------

SPECIAL REQUESTS FOR SERVICES NOT LISTED ABOVE THAT DO NOT BENEFIT ALL CUSTOMERS	Billed at actual Cost plus overhead Rates in effect
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PROPOSED TARIFFS

PROVIDENCE WATER SUPPLY BOARD TARIFF

Replaces Tariff
January 1, 2006

Effective: April 30, 2007

RI Public Utilities Commission Docket No.

TARIFF SCHEDULES

Schedule

- | | |
|---|---|
| A | Service Charges – Retail |
| B | Metered Sales – Retail |
| C | Bulk Sales to Public Authorities for Resale |
| D | Public Fire Protection |
| E | Private Fire Service |
| F | Miscellaneous Charges |

PROPOSED TARIFFS

SCHEDULE A

Providence Water Supply Board
Service Charges
Retail

Rhode Island Public Utilities Commission Docket No.

Effective: April 30, 2007

Applicability

Applicable to all metered customers for industrial, commercial and residential use, exclusive of fire service connection, in the Providence Water Supply Board service area.

Rates

For each service connected to the Providence Water Supply Board mains, the following customer service charges shall apply:

<u>Size of Meter</u>	<u>Quarterly</u>	<u>Monthly</u>
5/8"	\$16.44	\$ 9.90
3/4	17.42	10.23
1	20.36	11.21
1 ½	24.28	12.52
2	35.06	16.11
3	114.46	42.58
4	143.86	52.38
6	212.48	75.25
8	290.89	101.39
10	361.95	125.08
12	433.02	148.76

Terms of Payment

All customer service charges may be billed quarterly or monthly and are due and payable when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

PROPOSED TARIFFS

SCHEDULE B

Providence Water Supply Board
Metered Sales
Retail

Rhode Island Public Utilities Commission Docket No.

Effective: April 30, 2007

Applicability

Applicable to all general metered water service in the Providence Water Supply Board service area.

Rates

For all quantities used, except for bulk sales to public authorities for resale, the following rates per HCF shall apply:

Quarterly Accounts

Residential	\$2.204
Commercial	\$2.092
Industrial	\$2.046

Monthly Accounts

Residential	\$2.204
Commercial	\$2.092
Industrial	\$2.046

Terms of Payment

All metered sales bills are rendered in arrears quarterly or monthly at the option of the Providence Water Supply Board and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

PROPOSED TARIFFS

SCHEDULE C

Providence Water Supply Board
Bulk Sales to Public Authorities for Resale

Rhode Island Public Utilities Commission Docket No.

Effective: April 30, 2007

Applicability

Applicable to all public authorities in the Providence Water Supply Board service area purchasing water for resale.

Rates-Volume Charge

\$1,248.00 per million gallons

Rates-Service Charge

<u>Billing Unit</u>	<u>Monthly Charge</u>
East Providence	\$ 62,182
East Smithfield	8,811
Greenville	12,010
Kent County	97,944
Smithfield	11,119
Warwick	114,213
Lincoln	28,178
Johnston	5,123
Bristol County	20,246

Terms of Payment

All bills for bulk sales are rendered monthly in arrears and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

PROPOSED TARIFFS

SCHEDULE D

Providence Water Supply Board
Public Fire Protection

Rhode Island Public Utilities Commission Docket No.

Effective: April 30, 2007

Applicability

Applicable to all service to public fire hydrants in the Providence Water Supply Board service area.

Rates

For each hydrant: \$218.73

Terms of Payment

All bills for public fire service are rendered quarterly and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

PROPOSED TARIFFS

SCHEDULE E

Providence Water Supply Board
Private Fire Service

Rhode Island Public Utilities Commission Docket No.

Effective: April 30, 2007

Applicability

Applicable for service to private fire protection appliances owned and maintained by the customer in the Providence Water Supply service area.

Rates

For each fire service connection to the Providence Water Supply Board mains, the following charges shall apply:

<u>Size of Service</u>	<u>Quarterly</u>
3/4"	\$17.54
1	20.63
1 ½	25.06
2	36.72
4	154.14
6	242.33
8	354.52
10	476.38
12	617.85
16	969.03

Terms of Payment

All bills for private fire services are rendered quarterly and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

PROPOSED TARIFFS

SCHEDULE F PROVIDENCE WATER TERMS & CONDITIONS SERVICE FEE SCHEDULE (effective April 30, 2007) page 1 of 2

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SERVICE	FEE
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PROPOSED TARIFFS

**SCHEDULE F
PROVIDENCE WATER
TERMS & CONDITIONS
SERVICE FEE SCHEDULE
(effective April 30, 2007)
page 2 of 2**

SERVICE	FEE
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Legal Advisor



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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

March 30, 2007

City Clerk
City of Providence
City Hall
Providence, RI 02903

RE: Providence Water Supply Board - General Rate Filing to
the RI Public Utilities Commission for a Rate Adjustment Pursuant
to the Rules of Practice and Procedure of the RI Public Utilities Commission

Dear Sir or Madam:

Pursuant to the Rules of Practice and Procedure of the RI Public Utilities Commission, the Providence Water Supply Board has filed the enclosed document with the Public Utilities Commission in support of its application for a rate increase.

Respectfully,

Providence Water Supply Board
Pamela M. Marchand
Chief Engineer and General Manager

A handwritten signature in cursive script that reads "Jeanne Bondarevskis".

by: Jeanne Bondarevskis
Finance Director

JB

Enclosure

WWW.PROVWATER.COM

552 ACADEMY AVENUE ◦ PROVIDENCE, RHODE ISLAND ◦ 02908 ◦ (401) 521-6300 ◦ FAX (401) 331-5081 ◦ TDD (401) 751-0203

ANDREW K. MOFFIT
Chairman

JOSEPH D. CATALDI
Vice Chairman

JOHN C. SIMMONS
Ex-Officio

CARISSA R. RICHARD
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City Councilman

MICHAEL A. SOLOMON
City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

March 30, 2007

City Clerk
City of East Providence
145 Taunton Avenue
East Providence, RI 02914

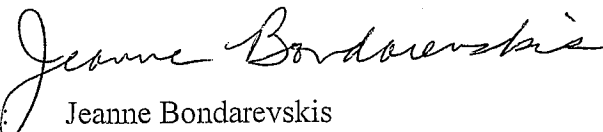
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Respectfully,

Providence Water Supply Board
Pamela M. Marchand
Chief Engineer and General Manager


by: Jeanne Bondarevskis
Finance Director

JB

Enclosure

WWW.PROVWATER.COM

552 ACADEMY AVENUE ◦ PROVIDENCE, RHODE ISLAND ◦ 02908 ◦ (401) 521-6300 ◦ FAX (401) 331-5081 ◦ TDD (401) 751-0203

ANDREW K. MOFFIT
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Vice Chairman

JOHN C. SIMMONS
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Member

March 30, 2007

City Clerk
City of Cranston
869 Park Avenue
Cranston, RI 02910


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Respectfully,

Providence Water Supply Board
Pamela M. Marchand
Chief Engineer and General Manager


by: Jeanne Bondarevskis
Finance Director

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Enclosure

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Vice Chairman

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EVERETT BIANCO
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March 30, 2007

City Clerk
City of Warwick
3275 Post Road
Warwick, RI 02886

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to the Rules of Practice and Procedure of the RI Public Utilities Commission

Dear Sir or Madam:

Pursuant to the Rules of Practice and Procedure of the RI Public Utilities Commission, the Providence Water Supply Board has filed the enclosed document with the Public Utilities Commission in support of its application for a rate increase.

Respectfully,

Providence Water Supply Board
Pamela M. Marchand
Chief Engineer and General Manager

A handwritten signature in cursive script that reads "Jeanne Bondarevskis".

by: Jeanne Bondarevskis
Finance Director

JB

Enclosure

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552 ACADEMY AVENUE ◦ PROVIDENCE, RHODE ISLAND ◦ 02908 ◦ (401) 521-6300 ◦ FAX (401) 331-5081 ◦ TDD (401) 751-0203



ANDREW K. MOFFIT
Chairman

JOSEPH D. CATALDI
Vice Chairman

JOHN C. SIMMONS
Ex-Officio

CARISSA R. RICHARD
Secretary

FERNANDO S. CUNHA, ESQ.
Legal Advisor

DAVID N. CICILLINE
Mayor

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

JOSEPH DE LUCA
City Councilman

MICHAEL A. SOLOMON
City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

March 30, 2007

Town Clerk
Town of North Providence
2008 Smith Street
North Providence, RI 02911

RE: Providence Water Supply Board - General Rate Filing to
the RI Public Utilities Commission for a Rate Adjustment Pursuant
to the Rules of Practice and Procedure of the RI Public Utilities Commission

Dear Sir or Madam:

Pursuant to the Rules of Practice and Procedure of the RI Public Utilities Commission, the Providence Water Supply Board has filed the enclosed document with the Public Utilities Commission in support of its application for a rate increase.

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City Councilman

MICHAEL A. SOLOMON
City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

March 30, 2007

Town Clerk
Town of Johnston
1385 Hartford Avenue
Johnston, RI 02919

RE: Providence Water Supply Board - General Rate Filing to
the RI Public Utilities Commission for a Rate Adjustment Pursuant
to the Rules of Practice and Procedure of the RI Public Utilities Commission

Dear Sir or Madam:

Pursuant to the Rules of Practice and Procedure of the RI Public Utilities Commission, the Providence Water Supply Board has filed the enclosed document with the Public Utilities Commission in support of its application for a rate increase.

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City Councilman

MICHAEL A. SOLOMON
City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

March 30, 2007

Town Clerk
Town of Lincoln
100 Old River Road
Lincoln, RI 02865

RE: Providence Water Supply Board - General Rate Filing to
the RI Public Utilities Commission for a Rate Adjustment Pursuant
to the Rules of Practice and Procedure of the RI Public Utilities Commission

Dear Sir or Madam:

Pursuant to the Rules of Practice and Procedure of the RI Public Utilities Commission, the Providence Water Supply Board has filed the enclosed document with the Public Utilities Commission in support of its application for a rate increase.

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MICHAEL A. SOLOMON
City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

March 30, 2007

Town Clerk
Town of Smithfield
64 Farnum Pike
Smithfield, RI 02917

RE: Providence Water Supply Board - General Rate Filing to
the RI Public Utilities Commission for a Rate Adjustment Pursuant
to the Rules of Practice and Procedure of the RI Public Utilities Commission

Dear Sir or Madam:

Pursuant to the Rules of Practice and Procedure of the RI Public Utilities Commission, the Providence Water Supply Board has filed the enclosed document with the Public Utilities Commission in support of its application for a rate increase.

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JOSEPH DE LUCA
City Councilman

MICHAEL A. SOLOMON
City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

March 30, 2007

Kent County Water Authority
P.O. Box 192
West Warwick, RI 02893
Attn: Mr. Timothy Brown

RE: Providence Water Supply Board - General Rate Filing to
the RI Public Utilities Commission for a Rate Adjustment Pursuant
to the Rules of Practice and Procedure of the RI Public Utilities Commission

Dear Mr. Brown:

Pursuant to the Rules of Practice and Procedure of the RI Public Utilities Commission, the Providence Water Supply Board has filed the enclosed document with the Public Utilities Commission in support of its application for a rate increase.

Respectfully,

Providence Water Supply Board
Pamela M. Marchand
Chief Engineer and General Manager

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By: Jeanne Bondarevskis
Finance Director

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JOSEPH DE LUCA
City Councilman

MICHAEL A. SOLOMON
City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

March 30, 2007

Mr. David M. Powers
District Superintendent
Greenville Water District
P.O. Box 595
Greenville, RI 02828

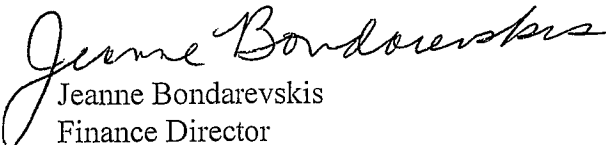
RE: Providence Water Supply Board - General Rate Filing to
the RI Public Utilities Commission for a Rate Adjustment Pursuant
to the Rules of Practice and Procedure of the RI Public Utilities Commission

Dear Mr. Powers:

Pursuant to the Rules of Practice and Procedure of the RI Public Utilities Commission, the Providence Water Supply Board has filed the enclosed document with the Public Utilities Commission in support of its application for a rate increase.

Respectfully,

Providence Water Supply Board
Pamela M. Marchand
Chief Engineer and General Manager

by:  Jeanne Bondarevskis
Finance Director

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City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

March 30, 2007

Mr. Raymond DiSanto
East Smithfield Water District
307 Waterman Avenue
Smithfield, RI 02917

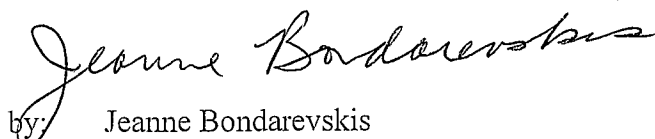
RE: Providence Water Supply Board - General Rate Filing to
the RI Public Utilities Commission for a Rate Adjustment Pursuant
to the Rules of Practice and Procedure of the RI Public Utilities Commission

Dear Mr. DiSanto:

Pursuant to the Rules of Practice and Procedure of the RI Public Utilities Commission, the Providence Water Supply Board has filed the enclosed document with the Public Utilities Commission in support of its application for a rate increase.

Respectfully,

Providence Water Supply Board
Pamela M. Marchand
Chief Engineer and General Manager


by: Jeanne Bondarevskis
Finance Director

JB

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City Councilman

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City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

March 30, 2007

Mr. Pasquale DeLise
Bristol County Water Authority
P.O. Box 447
Warren, RI 02885

RE: Providence Water Supply Board - General Rate Filing to
the RI Public Utilities Commission for a Rate Adjustment Pursuant
to the Rules of Practice and Procedure of the RI Public Utilities Commission

Dear Mr. DeLise:

Pursuant to the Rules of Practice and Procedure of the RI Public Utilities Commission, the Providence Water Supply Board has filed the enclosed document with the Public Utilities Commission in support of its application for a rate increase.

Respectfully,

Providence Water Supply Board
Pamela M. Marchand
Chief Engineer and General Manager

A handwritten signature in cursive script that reads "Jeanne Bondarevskis".

by: Jeanne Bondarevskis
Finance Director

JB

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City Councilman

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City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

March 30, 2007

RI Water Resources Board
Attn: Juan Mariscal
100 North Main Street
Providence, RI 02903

RE: Providence Water Supply Board - General Rate Filing to
the RI Public Utilities Commission for a Rate Adjustment Pursuant
to the Rules of Practice and Procedure of the RI Public Utilities Commission

Dear Mr. Mariscal:

Pursuant to the Rules of Practice and Procedure of the RI Public Utilities Commission, the Providence Water Supply Board has filed the enclosed document with the Public Utilities Commission in support of its application for a rate increase.

Respectfully,

Providence Water Supply Board
Pamela M. Marchand
Chief Engineer and General Manager

A handwritten signature in cursive script that reads "Jeanne Bondarevskis".

by: Jeanne Bondarevskis
Finance Director

JB

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Legal Advisor



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JOSEPH DE LUCA
City Councilman

MICHAEL A. SOLOMON
City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

March 30, 2007

Office of the Attorney General
Attn: Paul Roberti, Esq.
150 South Main Street
Providence, RI 02903

RE: Providence Water Supply Board - General Rate Filing to
the RI Public Utilities Commission for a Rate Adjustment Pursuant
to the Rules of Practice and Procedure of the RI Public Utilities Commission

Dear Mr. Roberti:

Pursuant to the Rules of Practice and Procedure of the RI Public Utilities Commission, the Providence Water Supply Board has filed the enclosed document with the Public Utilities Commission in support of its application for a rate increase.

Respectfully,

Providence Water Supply Board
Pamela M. Marchand
Chief Engineer and General Manager

A handwritten signature in cursive script that reads "Jeanne Bondarevskis".

by: Jeanne Bondarevskis
Finance Director

JB

Enclosure

WWW.PROVWATER.COM

552 ACADEMY AVENUE ◦ PROVIDENCE, RHODE ISLAND ◦ 02908 ◦ (401) 521-6300 ◦ FAX (401) 331-5081 ◦ TDD (401) 751-0203

McGladrey & Pullen
Certified Public Accountants

**CITY OF PROVIDENCE, RHODE ISLAND
WATER SUPPLY BOARD**

**FINANCIAL REPORT
JUNE 30, 2006 and 2005**

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McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Providence Water Supply Board
Providence, Rhode Island

We have audited the accompanying financial statements of the Providence Water Supply Board (the "Water Supply Board") (an enterprise fund of the City of Providence, Rhode Island) as of and for the years ended June 30, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the Water Supply Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Water Supply Board as of June 30, 2006 and 2005, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis on pages 2 through 5 is not a required part of the basic financial statements, but is supplementary information required by accounting standards generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with "Government Auditing Standards," we have also issued our report dated November 3, 2006, on our consideration of the Water Supply Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance and other matters. That report is an integral part of an audit performed in accordance with "Government Auditing Standards," and should be considered in assessing the results of our audit.

McGladrey & Pullen, LLP

New Haven, Connecticut
November 3, 2006

**Providence Water Supply Board
Management's Discussion and Analysis
June 30, 2006**

The management of the Providence Water Supply Board (the Water Supply Board) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended June 30, 2006 and 2005.

Financial Statements

Our financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. Under this method of accounting an economic resources measurement focus and the accrual basis of accounting is used.

Revenue is recorded when earned and expenses are recorded when incurred. The financial statements include statements of net assets, statements of revenues, expenses and changes in net assets, and statements of cash flows. These statements are followed by notes to the financial statements.

The statements of net assets present information on the assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Water Supply Board is improving or deteriorating.

The statements of revenues, expenses, and changes in net assets report the operating and nonoperating revenues and expenses of the Water Supply Board for the fiscal year with the difference – the net income or loss – being combined with any capital contributions to determine the net change in assets for the fiscal year. That change combined with the previous year-end net assets total reconciles to the net assets at the end of the fiscal year.

The statements of cash flows report cash and cash equivalents activity for the fiscal year resulting from operating activities, non-capital financing activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash and cash equivalents balance at the end of the fiscal year.

PROVIDENCE WATER SUPPLY BOARD
 (An enterprise fund of the City of Providence, Rhode Island)
 Management's Discussion and Analysis - Required Supplementary Information
 June 30, 2006 and 2005 (000's)

Condensed Financial Information (in thousands)

Condensed financial information from the statements of net assets and revenues, expenses, and changes in net assets is presented below.

	2006	2005	2004
Current assets	\$ 36,113	\$ 31,809	\$ 35,512
Capital assets, net	176,465	169,558	164,667
Total assets	<u>212,578</u>	<u>201,367</u>	<u>200,179</u>
Current liabilities	17,307	13,296	16,872
Noncurrent liabilities	14,829	18,573	22,086
Total liabilities	<u>32,136</u>	<u>31,869</u>	<u>38,958</u>
Net assets:			
Invested in capital assets, net of related debt	157,507	146,421	137,352
Restricted	16,746	15,411	15,860
Unrestricted	6,189	7,666	8,009
Total net assets	<u>\$ 180,442</u>	<u>\$ 169,498</u>	<u>\$ 161,221</u>
Operating revenues	<u>\$ 52,432</u>	<u>\$ 48,807</u>	<u>\$ 49,168</u>
Operating expenses	32,556	31,097	28,855
Depreciation	9,890	9,774	8,759
Total operating expenses, including depreciation	<u>42,446</u>	<u>40,871</u>	<u>37,614</u>
Operating income	9,986	7,936	11,554
Nonoperating expense	(351)	(1,123)	(1,163)
Capital grants and contributions	1,309	1,464	1,197
Increase in net assets	<u>\$ 10,944</u>	<u>\$ 8,277</u>	<u>\$ 11,588</u>

Financial Highlights

The Water Supply Board's net assets totaled \$ 180.4 million at June 30, 2006. Total net assets increased by \$10.9 million, or about 6.5% from June 30, 2005.

During the year, the Water Supply Board had operating revenues that exceeded operating expenses by \$10.0 million. This is primarily due to the large commitment to the replacement of infrastructure included in water rates. In addition, there was an increase in user rates during the year.

At June 30, 2006, the Water Supply Board's net assets totaled \$ 180.4 million. Total assets were \$212.6 million, up \$ 11.2 million from last year's total assets of \$ 201.4 million.

At June 30, 2005, the Water Supply Board's net assets totaled \$ 169.5 million. Total assets were \$201.4 million, up \$ 1.2 million from the prior year's total assets of \$ 200.2 million.

The Water Supply Board's total operating revenues were \$ 52.4 million at June 30, 2006, which increased from \$48.8 million in June 30, 2005. The total cost of operating the water system, including property taxes and depreciation, was \$ 42.4 million. This resulted in an operating income of \$ 10.0 million. Non-operating revenue consists of interest and dividend income. Interest on long-term restricted debt is the largest non-operating expense, followed by miscellaneous and other expenses. Non-operating income for the fiscal year totaled (\$.4) million, with capital grants of \$ 1.3 million. The total increase in net assets was \$ 10.9 million.

The Water Supply Board's total operating revenues were \$ 48.8 million at June 30, 2005 which slightly decreased from \$49.1 million in June 30, 2004. The total cost of operating the water system, including property taxes and depreciation, was \$ 40.9 million. This resulted in an operating income of \$ 7.9 million. Non-operating revenue consists of interest and dividend income. Interest on long-term restricted debt is the largest non-operating expense, followed by miscellaneous and other expenses. Non-operating income for the fiscal year totaled (\$1.1) million, with capital grants of \$ 1.5 million. The total increase in net assets was \$ 8.3 million.

The increase in expenditures in both 2006 and 2005 were a result of normal inflation, contractual and external factors.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2006, the Water Supply Board had \$ 176.5 million invested in various capital assets, including land, buildings and improvements, transmission and distribution reservoirs, mains, services, hydrants and appurtenances, machinery and equipment and construction work in progress. This amount represents a net increase of \$ 6.9 million, or 4.1%, over last year.

At June 30, 2005, the Water Supply Board had \$ 169.6 million invested in various capital assets, including land, buildings and improvements, transmission and distribution reservoirs, mains, services, hydrants and appurtenances, machinery and equipment and construction work in progress. This amount represents a net increase of \$ 4.9 million, or 3%, over the prior year.

Major project expenditures included (in millions):

- Sludge handling and disposal, \$2.0
- Various distribution improvements, \$0.6
- Replace fire hydrants, \$0.2
- Replace lead services, \$0.4
- Replace meters, \$1.7
- AMR system, \$0.8
- Geographic Info. Systems (GIS), \$0.3
- Rehabilitate chemical transfer systems, \$0.3
- Aqueduct Pump Station, \$1.5
- Neutaconkanut Reservoir, \$1.4
- Replace water mains, \$0.9
- Fire safety improvements, \$1.2
- 102" aqueduct improvements, \$2.3
- Sand Filters, \$0.2
- Clarification Optimization, \$0.1

The Water Supply Board's fiscal 2007 capital budget includes projected expenditures of \$15.5 million for infrastructure and capital projects. The major projects are a new pump station, sludge removal and disposal, pump station rehabilitation, chemical system upgrades, GIS system implementation, meter replacements, distribution system improvements, and transmission main inspection and rehabilitation. Other projects will be funded from bond proceeds available from bonds issued in prior fiscal years and with restricted cash funding from rate revenues. The majority of infrastructure projects are financed on a pay-as-you-go, cash basis. New capital additions, that benefit the ratepayers for many years, are paid for with debt financing on an as needed basis.

Debt

At June 30, 2006, the Water Supply Board had \$ 14.7 million in bonds and notes outstanding versus \$ 17.5 million in the previous year. This represented a decrease of \$ 2.8 million or 16.0%.

No new debt was issued in 2006.

At June 30, 2005, the Water Supply Board had \$ 17.5 million in bonds and notes outstanding versus \$ 20.8 million in the previous year. This represented a decrease of \$ 3.3 million or 15.7%.

Old debt was re-financed in 2005 to take advantage of lower interest rates. The present value of the projected savings was approximately \$1.2 million.

Contacting Providence Water's Financial Management

This financial report is designed to provide our customers, investors and creditors with a general overview of the Water Supply Board's finances and to show the Water Supply Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director at the Providence Water Supply Board, 552 Academy Avenue, Providence, RI 02908.

PROVIDENCE WATER SUPPLY BOARD
(An enterprise fund of the City of Providence, Rhode Island)

STATEMENTS OF NET ASSETS
June 30, 2006 and 2005 (000's)

	2006	2005
ASSETS		
Current Unrestricted Assets		
Cash and cash equivalents (Note 3)	\$ 4,200	\$ 115
Accounts receivable, net of allowance for uncollectible accounts of \$2,713 in 2006 and \$2,952 in 2005, respectively	6,670	9,496
Accounts receivable - unbilled	4,338	4,059
Inventory	403	1,158
Other assets	-	77
Due from other funds	41	28
Total unrestricted	15,652	14,933
Current Restricted Assets (Note 2)		
Cash and cash equivalents (Note 3)	18,079	14,701
Investments (Note 3)	1,476	1,333
Accounts receivable	373	319
Accounts receivable - unbilled	533	523
Total restricted	20,461	16,876
Total current assets	36,113	31,809
Capital Assets (Note 10)		
Land	10,289	10,258
Building and improvements	25,600	25,034
Improvements other than buildings	163,976	157,202
Machinery and equipment	24,150	23,255
Assets under capital leases (Note 7)	14,728	14,728
Scituate Reservoir Project	18,682	18,682
Construction in progress	23,150	14,618
	280,575	263,777
Less accumulated depreciation and amortization	104,110	94,219
Capital assets, net	176,465	169,558
Total assets	212,578	201,367

See accompanying notes to financial statements.

	2006	2005
LIABILITIES		
Current Liabilities		
Due to City of Providence General Fund (Note 6)	\$ 2,901	\$ 591
Accounts payable	2,261	2,554
Accrued expenses	2,662	2,566
Unearned revenues	1,639	1,556
Current portion of long-term debt (Note 5)	2,829	2,799
Current portion of obligations under capital lease (Note 7)	915	1,050
Line of credit (Note 8)	385	715
	<u>13,592</u>	<u>11,831</u>
Amounts to be paid from current restricted assets (Note 2)		
Due to Water Resources Board	450	447
Accounts payable	3,265	1,018
	<u>3,715</u>	<u>1,465</u>
Total current liabilities	<u>17,307</u>	<u>13,296</u>
Non-current Liabilities		
General revenue bonds (Note 5)	11,879	14,708
Obligations under capital lease (Note 7)	2,950	3,865
Total non-current liabilities	<u>14,829</u>	<u>18,573</u>
Total liabilities	<u>32,136</u>	<u>31,869</u>
Commitments and contingencies (Note 9)		
NET ASSETS		
Invested in capital assets, net of related debt	157,507	146,421
Restricted	16,746	15,411
Unrestricted	6,189	7,666
Total net assets	<u>\$ 180,442</u>	<u>\$ 169,498</u>

PROVIDENCE WATER SUPPLY BOARD
 (An enterprise fund of the City of Providence, Rhode Island)

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND NET ASSETS
 For the Years Ended June 30, 2006 and 2005 (000's)

	2006	2005
Operating Revenues		
Charges for services:		
Water sales (Note 1):		
General customers	\$ 35,020	\$ 32,312
Other local water suppliers	12,908	12,590
Fire protection services	1,514	1,392
Maintenance charges and other revenue	2,990	2,513
Total operating revenues	52,432	48,807
Operating Expenses		
Source of supply	1,737	1,488
Pumping operations	724	603
Water treatment	6,202	5,447
Transmission and distribution	3,811	3,690
Charge for services provided by other City departments (Note 6)	730	730
Customer accounts and service	2,215	2,676
Administrative and general	11,106	10,678
Depreciation and amortization	9,891	9,774
Property taxes - other local governments	6,030	5,785
Total operating expenses	42,446	40,871
Operating income	9,986	7,936
Nonoperating Revenues (Expenses)		
Interest income	864	427
Interest expense and other	(1,215)	(1,550)
Net nonoperating expenses	(351)	(1,123)
Capital Grants and Contributions	1,309	1,464
Change in net assets	10,944	8,277
Net Assets, beginning of year	169,498	161,221
Net Assets, end of year	\$ 180,442	\$ 169,498

See accompanying notes to financial statements.

PROVIDENCE WATER SUPPLY BOARD
(An enterprise fund of the City of Providence, Rhode Island)

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2006 and 2005 (000's)

	Business-Type Activities Enterprise Funds Water Supply Board	
	2006	2005
Cash Flows From Operating Activities		
Cash received from customers	\$ 54,914	\$ 50,443
Cash paid to vendors	(12,963)	(13,967)
Cash paid to employees	(16,622)	(17,669)
Net cash provided by operating activities	25,329	18,807
Cash Flows From Non-Capital and Related Financing Activities		
Due to/from other funds	2,297	(2,042)
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(16,798)	(14,663)
Interest paid on debt	(1,215)	(1,550)
Proceeds of long-term debt	-	8,101
Proceeds from line of credit	-	714
Repayment to line of credit	(330)	(400)
Repayment of long-term debt and capital leases	(3,849)	(4,829)
Payments to escrow	-	(7,766)
Capital grants	1,309	1,464
Net cash used in capital and related financing activities	(20,883)	(18,929)
Cash Flows From Investing Activities		
Purchase of investment securities	(144)	(98)
Investment income	864	427
Net cash provided by investing activities	720	329
Net increase (decrease) in cash and cash equivalents	7,463	(1,835)
Cash and cash equivalents		
Beginning	14,816	16,651
Ending	\$ 22,279	\$ 14,816
Unrestricted cash and cash equivalents	\$ 4,200	\$ 115
Restricted cash and cash equivalents	\$ 18,079	\$ 14,701

See accompanying notes to financial statements.

PROVIDENCE WATER SUPPLY BOARD
(An enterprise fund of the City of Providence, Rhode Island)

STATEMENTS OF CASH FLOWS, Continued
For the Years Ended June 30, 2006 and 2005 (000's)

	Business-Type Activities	
	Enterprise Funds	
	Water Supply Board	
	2006	2005
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities:		
Operating income	\$ 9,986	\$ 7,936
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	9,891	9,774
Changes in assets and liabilities:		
Accounts receivable	2,482	1,635
Inventories	755	137
Other assets	77	220
Accounts payable	2,055	(992)
Unearned revenue	83	97
Net cash provided by operating activities	\$ 25,329	\$ 18,807

See accompanying notes to financial statements.

PROVIDENCE WATER SUPPLY BOARD
(An enterprise fund of the City of Providence, Rhode Island)

NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005 (000's)

Note 1. Nature of Business and Significant Accounting Policies

Reporting entity

The Providence Water Supply Board, an enterprise fund of the City of Providence, (the "Water Supply Board") was created in 1940 by Chapter 832 of the Public Laws of the State of Rhode Island. Membership of the Water Supply Board is comprised of four persons appointed by the Mayor, who serve for four-year staggered terms and two City Council members elected by the City Council who serve during their four-year City Council term. The Finance Director of the City of Providence also serves as an ex-officio Water Supply Board member.

The Water Supply Board provides water supply services through metered sales in Providence and parts of the surrounding communities of North Providence, Johnston and Cranston. The Water Supply Board also sells water to other local water supply systems on a wholesale basis. The Water Supply Board's source of water supply is the Scituate Reservoir, located in the Town of Scituate, Rhode Island, and five tributary reservoirs.

Significant accounting policies are as follows:

Basis of Presentation

The Water Supply Board is considered an enterprise fund of the City of Providence (the "City"). The operations of the Water Supply Board are accounted for with a separate set of self-balancing accounts organized on a Proprietary Fund type (Enterprise Fund) basis.

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Water Supply Board utilizes the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when incurred.

Regulations and Operation

The Water Supply Board is subject, as to rates, and other matters, to the regulatory authority of the State of Rhode Island Public Utilities Commission (PUC).

PROVIDENCE WATER SUPPLY BOARD
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NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006 and 2005 (000's)

Cash equivalents

The Water Supply Board considers all highly liquid debt instruments with an original maturity of three months or less, when purchased, to be cash equivalents.

Investments

The Water Supply Board accounts for investments at fair values which are established by quoted market prices.

Inventory

Inventory, consisting of materials and supplies, is valued at the lower of average cost or market using the first-in, first-out method.

Capital assets, depreciation and amortization

Capital assets owned by the Water Supply Board are stated at cost. They are defined as assets with an initial cost of more than \$3,000 and an estimated useful life in excess of 1 year. Depreciation and amortization is provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building, source of supply structures, and improvements	5-75 years
Improvements other than buildings	3-75 years
Equipment	3-50 years

Depreciation expense is not reflected for construction in progress until such time as it is placed in service. Assets under capital leases are amortized under the Water Supply Board's normal depreciation policies for similar assets.

Restricted funds for construction of assets

Restricted funds for construction of assets represent unexpended revenue bond proceeds obtained specifically for construction of water facilities. These funds are included in restricted assets.

Capital contributions

Capital contributions consist of property and equipment paid for by customers for water installations. Once the installation is complete, the property and equipment transfers to the Water Supply Board at fair value.

Revenues, operating revenues and expenses

Revenues include amounts billed and unbilled to all customers, including those customers outside the City of Providence, Rhode Island. All billed charges are based on rates approved by the PUC. Revenues for unbilled amounts to general customers are estimated based on billing amounts subsequent to year-end. The Water Supply Board distinguishes operating revenues and expenses from non-operating. Operating

PROVIDENCE WATER SUPPLY BOARD
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NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006 and 2005 (000's)

revenues result from charges to customers for water and related services. Operating expenses include the cost of operations, maintenance, sales and service, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as non-operating or capital contributions.

Proprietary fund accounting

The Water Supply Board has implemented Statement No. 20 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting." This Statement provides guidance on the applicability of accounting pronouncements from other standard setting organizations. Under the Board's election, it must apply all GASB pronouncements and the following pronouncements issued before November 30, 1989 unless they contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins of the committee on Accounting Procedures.

Concentration of credit risk

The Water Supply Board's financial instruments that are exposed to concentrations of credit risk consist primarily of accounts receivable. Exposure to losses on receivables is principally dependent on each customer's financial condition. Concentration of credit risk with respect to receivables is limited due to the large number of customers. The Water Supply Board monitors its exposure for credit losses and maintains allowances for anticipated losses.

Use of estimates

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated absences

Employees accumulate sick leave hours for subsequent use or for payment upon termination or retirement. Sick leave and vacation vest and may be carried forward, but not to exceed 135 days and 55 days, respectively.

Vested sick leave and accumulated vacation leave are recorded as expenses and liabilities as the benefits accrue to employees.

Note 2. Restricted Assets

The State of Rhode Island enacted the Public Drinking Water Protection Act of 1987 (the "Act") that empowers suppliers of public drinking water to levy a surcharge (the "surcharge") on one cent (\$0.01) per hundred gallons of water for all customers. The surcharge has been amended several times since 1987.

PROVIDENCE WATER SUPPLY BOARD
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NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006 and 2005 (000's)

The last increase was on July 1, 2002, when the surcharge increased to \$0.0292 per hundred gallons of water for all customers. In addition to the increase, the Water Supply Board will retain 36.1% of the surcharge in its Water Quality Protection fund, remit 57.0% to the State Water Resources Board and retain 6.9% for general operations. The funds collected in the Water Quality Protection fund are to be expended in the following manner: 1) at a minimum, 55% of the funds are to be spent for the acquisition of land or land rights or physical improvements to acquired land to protect the quality of the raw water of the water supply system; 2) 35% may be used to acquire a fee simple interest or a conservation restriction that directly protects the quality and safety of the public drinking water supply; and 3) 10% may be used by the supplier for any purpose relating to its operations.

The restricted investments are pooled with the cash and cash equivalents and investments of other funds maintained by the City of Providence. The earnings from investments are allocated in proportion to each fund's balance.

Note 3. Cash and Investments

The following is a summary of cash and investments:

	Fair Value
Cash and cash equivalents	\$ 4,200
Restricted cash and cash equivalents	18,079
Equity Mutual Funds	1,476
Total	<u><u>\$ 23,755</u></u>

Responsibility for custodial credit risk of deposits and investments and interest rate risk and risk and concentration of investments rests with the City; accordingly separate disclosure is not possible. The City's financial statements should be read to determine the associated risks of the Water Supply Board's deposits and investments.

Note 4. Pension Plans

Substantially all employees of the Water Supply Board participate in the Employees' Retirement System of the City of Providence (the "Plan"), a defined-benefit, single-employer plan. Disclosures about this plan, as a whole, are presented in the City of Providence, Rhode Island's basic financial statements. As of June 30, 2006 and 2005, the City recorded a liability for unpaid pension contributions of \$121,000 and \$116,000, respectively. Separate actuarial information related to the Water Supply Board employees is not available. Accordingly, only disclosures about the Water Supply Board's participation in the Plan are presented herein.

All Water Supply Board employees participating in the Plan are eligible to retire at age 55 or at any age after 25 years of service. The total retirement allowance is equal to an annuity, which is the actuarial

PROVIDENCE WATER SUPPLY BOARD
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NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006 and 2005 (000's)

equivalent of accumulated contributions at the time of retirement, plus a pension which when added together, equals 1/40 of final compensation for each year of total service up to 20 years and 1/50 of final compensation for each year of service in excess of 20 years. These benefit provisions and all other requirements are established by City ordinance.

The Water Supply Board's allocation of the actuarial required contribution and amount contributed for the year ended June 30, 2006 were \$2,800 and \$2,500, respectively. The Water Supply Board's allocation of the actuarial required contribution and amount contributed for the year ended June 30, 2005 were \$2,700 and \$2,500, respectively. The employer and employees contribution rates are approximately 25% and 23%, respectively, for both 2006 and 2005.

The historical schedules of employer contributions and funding progress for the Plan are included in the City of Providence, Rhode Island's basic financial statements.

Note 5. Long-Term Debt

Long-term liability activity for the years ended June 30, 2006 and 2005 were as follows:

	2006				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
Revenue bonds	\$ 17,455	\$ -	\$ (2,747)	\$ 14,708	\$ 2,829
Notes payable	52	-	(52)	-	-
Total bonds and notes payable	17,507	-	(2,799)	14,708	2,829
Capital leases	4,915	-	(1,050)	3,865	915
	<u>\$ 22,422</u>	<u>\$ -</u>	<u>\$ (3,849)</u>	<u>\$ 18,573</u>	<u>\$ 3,744</u>

	2005				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
Revenue bonds	\$ 20,705	\$ 8,101	\$ (11,351)	\$ 17,455	\$ 2,747
Notes payable	104	-	(52)	52	52
Total bonds and notes payable	20,809	8,101	(11,403)	17,507	2,799
Capital leases	6,105	-	(1,190)	4,915	1,050
Total long-term liabilities	<u>\$ 26,914</u>	<u>\$ 8,101</u>	<u>\$ (12,593)</u>	<u>\$ 22,422</u>	<u>\$ 3,849</u>

PROVIDENCE WATER SUPPLY BOARD
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NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006 and 2005 (000's)

The following is a summary of bonds and notes outstanding at June 30, 2006 and 2005 (amounts in thousands):

Description	June 30, 2006	
	Interest Rate	Balance
Revenue bonds:		
Safe Drinking Water Bonds (CWFA FY2001)	3.14%	\$ 1,047
Safe Drinking Water Bonds (CWFA FY2002)	4.81%	2,101
Safe Drinking Water Bonds (CWFA FY2003)	2.59%	820
Scituate Reservoir Project (PPBA I)	7.21%	3,362
Safe Drinking Water Bonds (CWFA FY2005)	2.25%	7,378
		<u>\$ 14,708</u>

Description	June 30, 2005	
	Interest Rate	Balance
Revenue bonds:		
Safe Drinking Water Bonds (CWFA FY2001)	3.1-3.8%	\$ 2,070
Safe Drinking Water Bonds (CWFA FY2002)	4.81%	2,198
Safe Drinking Water Bonds (CWFA FY2003)	1.95%	1,215
Scituate Reservoir Project (PPBA I)	6.0%	3,871
Safe Drinking Water Bonds (CWFA FY2005)	2.22%	8,101
Note Payable City of Cranston	5.6%	52
		<u>\$ 17,507</u>

PROVIDENCE WATER SUPPLY BOARD
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NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006 and 2005 (000's)

Scheduled principal maturities of long-term debt are as follows:

	Principal	Interest	Balance
Fiscal year ending June 30:			
2007	\$ 2,829	\$ 455	\$ 3,284
2008	1,836	377	2,213
2009	1,471	326	1,797
2010	1,524	271	1,795
2011	1,570	213	1,783
2012-2016	4,554	451	5,005
2017-2021	757	97	854
2022-2026	167	3	170
	\$ 14,708	\$ 2,193	\$ 16,901

In-Substance Defeasance Prior-Years

In prior years, the Water Supply Board has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the financial statements. As of June 30, 2006, the amount of defeased debt outstanding but removed from the Water Supply Board's statements was \$7,765,000.

Note 6. Transactions with City of Providence, Rhode Island

The City of Providence performs various services for the Water Supply Board including certain accounting, personnel and cash management services and working capital support. The total billing to the Water Supply Board for services performed during the years ended June 30, 2006 and 2005, amounted to \$730. This amount is established by the City, approved by the Water Supply Board and ultimately approved by the PUC. The Water Supply Board also provides services to various City funds and departments, the charges for which have been included as revenue in the accompanying financial statements. Included within the accounts payable balance are the related balances due for these services and pension payments which at June 30, 2006 and 2005 totaled \$2,901 and \$591, respectively.

PROVIDENCE WATER SUPPLY BOARD
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NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006 and 2005 (000's)

Note 7. Leases

On July 1, 1988, the City of Providence, through its Water Supply Board, entered into a lease agreement with the Rhode Island Water Resources Board. The Water Supply Board has leased the project, which expires on September 15, 2010. At the expiration of the lease term, the Water Supply Board has the option to purchase the facilities for one dollar (\$1.00). This lease has been accounted for as a capital lease.

The assets and liabilities under all capital leases are recorded at the present value of the minimum lease payments. Amortization of these assets charged to expense during the years ended June 30, 2006 and 2005 amounted to \$312 and \$309, respectively. Summary of book value is as follows:

	<u>2006</u>	<u>2005</u>
Cost	\$ 14,728	\$ 14,728
Accumulated amortization	(3,323)	(3,011)
Book value	<u>\$ 11,405</u>	<u>\$ 11,717</u>

Minimum future lease payments under capital leases as of June 30, 2006 are as follows:

	<u>RI Water Resources Board</u>
2007	\$ 1,079
2008	1,070
2009	1,034
2010	990
Total minimum lease payments	<u>4,173</u>
Less amount representing interest	<u>(308)</u>
	<u>\$ 3,865</u>

PROVIDENCE WATER SUPPLY BOARD
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NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006 and 2005 (000's)

Note 8. Line of Credit

The Water Supply Board has a \$2,750 line of credit with an outstanding balance of \$385 and \$715 as of June 30, 2006 and 2005. The line of credit bears interest at 5.95% and 2.95%, and matures August 10, 2007.

Line of credit transactions for the year ended June 30, 2006 were as follows:

Outstanding, July 1, 2005	\$	715
Borrowings		-
Repayments		(330)
Outstanding, June 30, 2006	\$	<u>385</u>

Line of credit transactions for the year ended June 30, 2005 were as follows:

Outstanding, July 1, 2004	\$	400
Borrowings		715
Repayments		(400)
Outstanding, June 30, 2005	\$	<u>715</u>

Note 9. Risk Management

The Water Supply Board is subject to various claims and litigation that arise in the ordinary course of its operations. Legal counsel and management are of the opinion that the Water Supply Board's liabilities in such cases, if decided adversely to the Water Supply Board, would not materially affect the financial statements.

The Water Supply Board self insures its workers' compensation insurance plan. The plan, which is administered by an insurance company, contains certain stop loss clauses that limit the Water Supply Board's liability in the event of catastrophic losses (\$500 per incident). Claims are accrued as incurred based on available claim information and management's estimate of claims incurred but not yet reported. Changes in workers' compensation claims liability during fiscal 2006 and 2005 were as follows:

	<u>2006</u>	<u>2005</u>
Liability at beginning of the year	\$ 646	\$ 646
Payments for claims	(558)	(512)
Adjustments necessary to record estimated losses	558	512
Balance at end of year	<u>\$ 646</u>	<u>\$ 646</u>

PROVIDENCE WATER SUPPLY BOARD
(An enterprise fund of the City of Providence, Rhode Island)

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006 and 2005 (000's)

The Water Supply Board is also exposed to property and casualty, unemployment, employee health, and life insurance claims. Insurance coverage and indemnification (in the case of self-insurance) is managed by the City of Providence on behalf of the Water Supply Board. Information regarding risk management as it relates to the aforementioned claims is presented in the City of Providence's basic financial statements. Amounts paid to the City include claims incurred but not reported.

Note 10. Capital Assets

The following is a summary of the activity in capital assets as of June 30, 2006 (in thousands):

	Balance June 30, 2005	Additions	Disposals	Balance June 30, 2006
Capital assets not being depreciated:				
Land	\$ 10,258	\$ 31	\$ -	\$ 10,289
Scituate Reservoir Project	18,682	-	-	18,682
Construction in progress	14,618	15,384	6,852	23,150
Total capital assets not being depreciated	43,558	15,415	6,852	52,121
Capital assets being depreciated:				
Buildings and improvements	25,034	566	-	25,600
Improvements other than buildings	157,202	6,774	-	163,976
Machinery and equipment	23,255	895	-	24,150
Assets under capital lease	14,728	-	-	14,728
Total capital assets being depreciated	220,219	8,235	-	228,454
Less accumulated depreciation for:				
Buildings and improvements	16,724	2,090	-	18,814
Improvements other than buildings	57,947	6,070	-	64,017
Machinery and equipment	16,537	1,419	-	17,956
Assets under capital lease	3,011	312	-	3,323
	94,219	9,891	-	104,110
Total capital assets being depreciated, net	126,000	(1,656)	-	124,344
Total capital assets, net	\$ 169,558	\$ 13,759	\$ 6,852	\$ 176,465

PROVIDENCE WATER SUPPLY BOARD
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NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2006 and 2005 (000's)

The following is a summary of the activity in capital assets as of June 30, 2005 (in thousands):

	Balance		Balance	
	June 30, 2004	Additions	Disposals	June 30, 2005
Capital assets not being depreciated:				
Land	\$ 8,162	\$ 2,096	\$ -	\$ 10,258
Scituate Reservoir Project	18,682	-	-	18,682
Construction in progress	19,040	11,071	15,493	14,618
Total capital assets not being depreciated	45,884	13,167	15,493	43,558
Capital assets being depreciated:				
Buildings and improvements	21,981	3,053	-	25,034
Improvements other than buildings	146,363	10,839	-	157,202
Machinery and equipment	20,158	3,097	-	23,255
Assets under capital lease	14,728	-	-	14,728
	203,230	16,989	-	220,219
Less accumulated depreciation for:				
Buildings and improvements	14,256	2,468	-	16,724
Improvements other than buildings	52,436	5,511	-	57,947
Machinery and equipment	15,053	1,484	-	16,537
Assets under capital lease	2,702	309	-	3,011
	84,447	9,772	-	94,219
Total capital assets being depreciated, net	118,783	7,217	-	126,000
Total capital assets, net	\$ 164,667	\$ 20,384	\$ 15,493	\$ 169,558

Note 11. Post employments Benefits

The Water Supply pays health care benefits for certain retired employees and funds these benefits on a cash (pay-as-you-go) basis. During the year ended June 30, 2006, the cost of retiree health care benefits recorded by the Water Supply Board amounted to approximately \$300,000 (see Note 12).

Note 12. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2006 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

PROVIDENCE WATER SUPPLY BOARD
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NOTES TO FINANCIAL STATEMENTS, Continued
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- ♦ GASB Statement Number 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," issued April 2004, will be effective for the City beginning with its year ended June 30, 2007. This Statement establishes uniform financial reporting standards for OPEB (other postemployment benefits) and supersedes the interim guidance included in Statement No. 26, "Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans."
- ♦ GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," issued June 2004, will be effective for the City beginning with its year ending June 30, 2008. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits, expenses and related liabilities or assets, not disclosures and, if applicable, required supplementary information in the financial reports.
- ♦ Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues," issued September 2006, is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition, this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

APPENDIX

PROVIDENCE WATER Exhibit No. 3

Index and responses in Compliance with Part Two

Item 2.5(a)	Current and Proposed Rate Schedules; Terms and Conditions
Response	Included under heading "Tariffs"
Item 2.5 (b)	Complete Direct Case with Testimony and Exhibits
Response	Included as Testimony of Witnesses, with Exhibits
Item 2.5 (c)(1)	Annual Reports to Commission
Response	Filed
Item 2.5 (c)(2)	FERC or FCC annual reports
Response	Not applicable
Item 2.5 (c)(3)	FERC or FCC audit reports
Response	Not applicable
Item 2.5 (c)(4)	SEC Annual 10K reports
Response	Not applicable
Item 2.5(c)(5)	Prospectuses issued during last two (2) years
Response	Not applicable
Item 2.5 (c)(6)	Annual Reports to Stockholders
Response	Not applicable.
Item 2.5 (c)(7)	Statement reconciling any significant differences between items shown in filing and in any of above reports.
Response	Not applicable.
Item 2.6(a) & 2.9(a)	Cost of service schedules for the test year and the proposed rate year
Response	For cost of service schedules, see Schedules DGB-1 and DGB-2 for test year and WEE1 - WEE2 for proposed rate year including testimony.

APPENDIX

PROVIDENCE WATER Exhibit No. 3

Index and responses in Compliance with Part Two

- Item 2.6(b) Rate Year (January 1, 2008 to December 31, 2008)
- Response Please see attached Motion for Relief approved by the Commission at an open meeting on February 28, 2007.
- Item 2.6(c) Adjustments to Test year
- Response Please see Testimony and Exhibits of David Bebyn.
- Item 2.7 Attestation of Financial Data
- Response Please see last page of Testimony of Jeanne Bondarevskis
- Item 2.9 (b) Workpapers supporting working capital allowance
- Response Not applicable.
- Item 2.9 (c) Workpapers supporting allocations of cost of service amounts among entities
- Response Not applicable.
- Item 2.9 (d) Workpapers detailing the test year and rate year revenues
- Response Please see testimony of David Bebyn, Walter Edge and Harold Smith and supporting schedules.
- Item 2.9 (e) For each rate class, proposed rate change effects. Copy of actual bill.
- Response Please see Harold Smith's testimony and supporting schedule HJS-11. Actual bill sample attached.
- Item 2.9 (f) Principal and Interest paid on Debt Service
- Response Please see attached Debt Service Schedule.
- Item 2.9 (g) Schedule of Lease payments
- Response Please see attached Lease Schedule.
- Item 2.9 (h) Adjustment Clause revenue analysis

APPENDIX

PROVIDENCE WATER Exhibit No. 3

Index and responses in Compliance with Part Two

- Response Not applicable.
- Item 2.9 (i) Rate year Municipal Tax Expense, and prior three years
- Response Please see WEE-4 Analysis of Property Taxes, and WEE-4A Comparative Schedule of Property Taxes.
- Item 2.9 (j) Number of Employees and Overtime
- Response Please see attached Employee Number and Overtime Schedule.
- Item 2.9 (k) Summary of transactions with affiliated entities/funds
- Response Please see attached Summary of Transactions with Affiliated Entities.
- Item 2.9 (l) (1) balance sheet
(2) income statement
(3) statement of changes in retained earnings
- Response Please see attached Audited Financial Statements for Fiscal Year ending 6/30/06 and 6/30/05.
- Item 2.9 (m) Summary of rate case expense incurred and projected
- Response Please see WEE-7 Schedule of Regulatory Commission and Rate Case Expense.
- Item 2.9 (n) Information for preceding five years
(1) unaccounted for water
(2) loss on transmission of electricity or gas
(3) utility's own use of water
- Response (1) Please see Table E to Pamela Marchand's testimony
(2) Not applicable
(3) Please see attached Utility Use of Water.
- Item 2.9 (o) Summary of the status of compliance and reporting required by prior Commission orders.
- Response Providence Water is in compliance with all prior Commission orders. All semi and annual reports have been filed to the best of our knowledge.

(Note: All attached schedules to this Exhibit prepared by Mary Deignan-White)

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

IN RE: PROVIDENCE WATER SUPPLY BOARD : DOCKET NO. _____
FULL RATE FILING

**PROVIDENCE WATER SUPPLY BOARD'S MOTION FOR
RELIEF FROM RULE 2.6(b)**

1. Commission Rule 2.6(a) requires the use of a test year which constitutes "a historic year of actual data for a period ending within nine (9) months of the filing date." Providence Water Supply Board (Providence Water) plans to file a full rate case on or about March 31, 2007. This date is within nine (9) months of Providence Water's June 30, 2006 test year, which is also Providence Water's audited fiscal year.

2. However, PUC Rule 2.6(b), dealing with the rate year, states that:

"The rate year is the twelve-month period for which new rates are designed to recover the proposed cost of service. The rate year period shall be the filed test year or such other yearly period which commences no later than six (6) months after the proposed effective date of the new tariffs."

3. Commission Rule 2.3(b) provides that:

"In the event that any information, document or data required by this Part is unavailable and/or its ascertainment or submission would be unduly burdensome or it is not relevant in light of the schedule change which is the subject of the application, the applicant may file with the application a motion for an exemption from the requirement."

4. Pursuant to Commission Rules 1.15 and 2.3(b), Providence Water seeks relief from Rule 2.6(b) in order to allow Providence Water to (1) file a full rate case on or about March 31, 2007, (2) utilize a June 30, 2006, test year, and (3) utilize a rate year consisting of the calendar year January 1, 2008, to December 31, 2008.

5. Providence Water's financial information is maintained on a fiscal year ending June 30 basis. Providence Water makes appropriate cut offs for the semi-annual filing with the

PUC covering the period July 1 through December 31 of each year. Providence Water does not cut off its financial statements at any other time.

6. In addition, Providence Water has had its new rates go into effect on January 1st in each of the last few consecutive rate cases.

7. Providence Water cannot change its audited test year. Providence Water also did not want to expend the significant ratepayer dollars that would be needed to develop a rate year that did not begin on either July 1st or January 1st.


8. Because a 2008 calendar year rate year would technically be outside of the 6-month period set forth in Rule 2.6(b) for rate years, Providence Water requests relief from Rule 2.6(b) to allow the calendar year 2008 to be used as the rate year in the full rate case Providence Water will be filing on or about March 31, 2007, using a June 30, 2006, test year.

9. The Division has informed us that it has no objection to this motion.

WHEREFORE Providence Water respectfully requests relief from Rule 2.6(b) as set forth above.

Respectfully submitted,
PROVIDENCE WATER SUPPLY BOARD
By its attorney

Date: 2/7/07

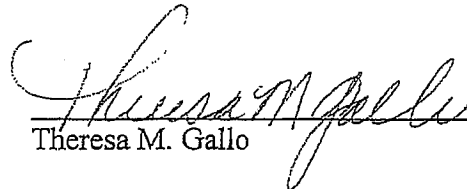


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E-mail: McElroyMik@aol.com

CERTIFICATE OF SERVICE

I hereby certify that on the 7th day of February, 2006, I mailed a true copy of the foregoing by first class mail to the following:

Paul Roberti, Esq.
Attorney General's Office
150 South Main Street
Providence, RI 02903



Theresa M. Gallo



Providence Water Supply Board

P.O. BOX 1456
Providence, RI 02901-1456

Billing Date: 2/12/2007
Account Nbr: 322115

Statement Nbr: 20702121605068
Type of Bill: REG Billing Cycle: 65

Total Due: \$68.89 Upon Receipt
Payment Amount: \$

3221150002120700000000006889000068890000004

Mailing Address:
MAPLECREST AVE
NORTH PROVIDENCE, RI 02911-2912

Service Location Address
MAPLECREST AVE
NORTH PROVIDENCE, RI 02911

Make check payable to Providence Water Supply Board. To pay by credit card, call 1-866-833-2560 or go to www.provwater.com.
Cut on the Dotted Line; Detach and Return This Top Portion With Your Payment.

Billing Date: 2/12/2007 Statement Nbr: 20702121605068 Previous Bill: \$49.69
Account Nbr: 322115 Type of Bill: REG Billing Cycle: 65 Payments Received: (\$49.69)
Balance Forward: \$0.00
Current Charges: \$68.89
Total Due: \$68.89

Activity/Charges for period 11/3/2006 to 2/3/2007

Meter Number: 16388663

Service Location Address

Bill Based on Actual Meter Reading: 76067
Previous Meter Reading: 73462

As Of Rdg Date: 2/3/2007

MAPLECREST AVE
NORTH PROVIDENCE, RI 02911

Table with 6 columns: Type of Charge, Rate, Consumption, Service Amt, Min Charge, Item Charge. Rows include CONSUMPTION, RI WATER FUND 1, RI WATER FUND 2, SERV CHRQ QTRLY, and Total Due for Meter Number: 16388663.

Total Due For Service Location 322115 \$68.89 \$68.89

Interest of 1% Per Month Will Be Charged On Payments Received 30 Days After the Billing Date. Thank you for using our services.

Current Period Account Billing \$68.89

CONSUMER RIGHTS

If you think your bill is incorrect please contact our Customer Service office at 521-5070. If you are still not satisfied after speaking to one of our representatives, you can submit the matter to the Division of Public Utilities at (401) 780-9700.

552 Academy Avenue - Providence, Rhode Island 02908 - (401) 521-5070

**PROVIDENCE WATER
Debt Service Schedule**

<u>Description of Debt</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Test Year FY 2006</u>		<u>Rate Year CY 2008</u>	
			<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>Fruit Hill Extra High Service System Capital Lease</u> Date of Issue: 03/15/90, refunded 07/15/97 by RI Water Resources Board Date of Maturity: 09/15/2009 Source of Funds: Rates (Capital Fund) Purpose: Extra high service system expansion to include Tank, Fruit Hill Avenue Pump Station, Distribution Mains and upgrades to other pump stations Repayment Terms: Semi-annual interest and annual principal payments Security Pledge: Pledge of all rentals payable pursuant to Lease Agreement	4.71%	\$11,685,000	\$865,000	\$194,444	\$1,010,000	\$98,000
<u>Clean Water Revenue Bonds</u> Date of Acquisition: 12/27/02 Date of Maturity: 09/01/2007 Source of Funds: Rates (Capital Fund) Purpose: Security Improvements throughout the Water Supply system Repayment Terms: Semi-annual interest and annual principal payments Security Pledge: Operating Revenues	2.59%	\$2,000,000	\$395,000	\$21,659	\$0	\$0
<u>Clean Water Revenue Bonds</u> Date of Acquisition: 12/4/01 Date of Maturity: 09/01/2021 Source of Funds: Rates (WCWDS fund) Purpose: Install mains Pippin Orchard/Wilbur Avenue Pump Station Repayment Terms: Semi-annual interest and annual principal payments Security Pledge: Operating Revenues	4.81%	\$2,500,000	\$97,065	\$73,500	\$107,527	\$65,845
Totals			\$1,357,065	\$289,603	\$1,117,527	\$163,845
Total Debt Service Capital fund			\$1,476,103			\$1,108,000
Total Debt Service Western Cranston fund			\$170,565			\$173,372
Total Debt Service			\$1,646,668			\$1,281,372

Pursuant to 2.9 (f) of the Commission Rules of Practice and Procedure

**PROVIDENCE WATER
Debt Service Schedule**

<u>Description of Debt</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Test Year FY 2006</u>		<u>Rate Year CY 2008</u>	
			<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Safe Drinking Water Revolving Loan Date of Issue: 12/28/94 by RI Clean Water Finance Agency, Refunded by RI Clean Water Finance Agency 3/23/05 Date of Maturity: 9/1/2014 Source of Funds: Rates (IFR fund) Purpose: Various infrastructure replacement projects Repayment Terms: Per Loan Agreement monthly principal and interest Security Pledge: Operating Revenues	2.33 - 3.60%	\$8,101,000	\$723,000	\$206,700	\$774,000	\$169,672
Clean Water Revenue Bonds Date of Acquisition: 04/01 Date of Maturity: 09/01/06 Source of Funds: Rates (IFR fund) Purpose: Rehab 90" Aqueduct project Repayment Terms: Semi-annual interest and annual principal payments Security Pledge: Operating Revenues	3.14%	\$5,000,000	\$1,022,799	\$34,499	\$0	\$0
Totals						
		██████████	\$1,745,799	\$241,199	\$774,000	\$169,672
		Total Debt Service IFR fund	\$1,986,998	\$943,672		

Pursuant to 2.9 (f) of the Commission Rules of Practice and Procedure

PROVIDENCE WATER
Lease Schedule Equipment Fund

<u>Description of Lease</u>	<u>Original Principal</u>	<u>Test Year FY 2006</u>		<u>Rate Year CY 2008</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>New Modular Office Building</u> Date of Issue: 05/27/97 Purpose: Office building located on Scituate Avenue in the City of Cranston Rhode Island	\$1,509,818	\$184,701	\$11,839	\$0	\$0
Totals	██████████	\$184,701	\$11,839	\$0	\$0
Total Lease Payments Equip. Repl Fund		\$196,540			

Pursuant to 2.9 (g) of the Commission Rules of Practice and Procedure

PROVIDENCE WATER
Employee Number and Overtime

<u>Time Period</u>	<u>Number of Employees</u>			<u>Total</u>
	<u>Full Time</u>	<u>Part Time</u>	<u>Temporary</u>	
Beginning of Test Year	243	11	0	254
End of Test Year	254	11	12	277

<u>Fiscal Year</u>	<u>Overtime Amount</u>
07/01/03-6/30/2004	\$796,222
07/01/04-6/30/2005	\$860,141
07/01/05-6/30/2006	\$849,652

<u>Rate Year</u>	
1/1/08 -12/31/08	\$914,917

(test year amount of \$849,652 x 1.0768135)

Number of Employees :	
Average # during Test Year	263
Plus additional positions	<u>0</u>
Rate Year Number	263

Pursuant to 2.9(j) of the Commission Rules of Practice and Procedure

Providence Water
Summary of Transactions with Affiliated Entities

City Services Billing from City of Providence	\$729,994
Hydrant Billing to City of Providence	\$785,462
Other Water Billings to City of Providence	N/A
Loans to/from	\$0
Outstanding Balance on Loan from City of Providence	\$0

Accounts Receivable:	<u>Beginning Test Year</u>	<u>End Test Year</u>	<u>Latest Balance 2/07</u>
Hydrant Account	\$46,795	\$73,040	\$689,472
Other City Water Accounts	\$205,789	\$263,158	\$197,609

N/A Not readily available. Involves numerous accounts. Providence Water does periodically extract the Accounts Receivable balance and review with City personnel. That is why this information is available.

Pursuant to 2.9(k) of the Commission Rules of Practice and Procedure

**Providence Water
Utility Use of Water**

<u>From Date</u>	<u>To Date</u>	<u>Beginning Readings</u>	<u>Ending Reading</u>	<u>Cubic Feet Consumption</u>	<u>HCF Consumption</u>
4/9/2001	4/4/2002	2,513,560	2,561,740	48,180	482
4/4/2002	4/1/2003	2,561,740	2,604,250	42,510	425
4/1/2003	3/24/2004	2,604,250	2,652,810	48,560	486
3/24/2004	3/16/2005	2,652,810	2,716,200	63,390	634
3/16/2005	3/10/2006	2,716,200	2,786,010	69,810	698
3/10/2006	9/6/2006	2,786,010	2,815,670	<u>29,660</u>	<u>297</u>
				302,110	3,021

Pursuant to 2.9(n) of the Commission Rules of Practice and Procedure