

Prefiled Direct Testimony

Of

David G. Bebyn CPA

For

PAWTUCKET WATER SUPPLY BOARD

Docket #

February 2008

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

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

4

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

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

9

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

11 A. Yes. I have prepared testimony and testified in the Pawtucket Water Supply Board's
12 (PWSB) last three rate filing Dockets #3378, #3497 & #3674 in support of the adjusted test
13 year. I also prepared testimony and testified in the Providence Water Supply Board's last rate
14 filing Docket #3832 and Woonsocket Water Department's last rate filing Docket #3800 in
15 support of the adjusted test year. In addition, I also prepared testimony but was not required
16 to testify, in Docket #3762 on behalf of Interstate Navigation and Docket #3655 on behalf of
17 the Block Island Power Company (BIPCo) for the adjusted test year, working capital
18 allowance, and rate design.

19

20 **Q. What is your educational background?**

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

24

25 **Q. What is the purpose of your testimony?**

26 A. B&E was engaged by PWSB to provide testimony in support of its rate request. My
27 testimony includes a presentation of the normalized adjusted test year (July 1, 2006 - June 30,
28 2007).

29

30 **Q. Does that conclude your introduction?**

31 A. Yes.

TEST YEAR (June 30, 2007)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

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

A. Yes. Pawtucket Water maintains its books and records on a fiscal year basis ending June 30th of each year. The fiscal year ending June 30, 2007 was audited by Parmelee, Poirier and Associates, LLP.

Q. What adjustments did you make to convert the June 30, 2007 Generally Accepted Accounting Principles (GAAP) basis financial statements to arrive at a normalized “rate basis” test year?

A. I made twenty one adjustments to the audited test year prepared on a GAAP basis in order to present the test year on a normalized “rate making basis” as follows:

- A. Adjusted the metered sales revenue levels to reflect a four year average on residential consumption and maintain test year levels on commercial and industrial consumption (See DGB-3 & DGB-3A).
- B. Adjusted the sales for resale revenue amount to a four year average on consumption (See DGB-4).
- C. Adjusted the public fire service and private fire service revenue levels to reflect the number of services and hydrants at June 30, 2007 (See DGB-5). Some of the private service revenue was included in the test year (FYE June 30, 2007) Public Fire revenue before my adjustment.
- D. The Service Installation account was set at the 4 year average to normalize this revenue source. Penalty revenue was also set at the 4 year average to normalize the account to better reflect the normal level of revenue. (See DGB-6)
- E. Removed non-recurring miscellaneous revenue. The \$21,270 of other financing was obtained from Earth Tech for a one time reimbursement of consultant expense. The \$45,448 of miscellaneous revenue represents fees received in the land acquisition fund and is not available to pay for normal operations. Any related expenditures for land acquisition are capitalized and not charged to operations. Lastly, the \$60,335

1 adjustment to miscellaneous non-operating revenues represent a \$53,635 one time audit
2 adjustment to adjust Account Receivable and \$6,700 were developer meter deposits
3 which were charged to revenues since the contractor did not return the meters.

4 F. Adjusted the customer service revenue levels to reflect the count of meters at June 30,
5 2007 (See DGB-7).

6 G. Removed interest income earned on monies held in the restricted accounts required by
7 the Rhode Island Public Utilities Commission (RIPUC) and Rhode Island Clean Water
8 Finance Agency (RICWFA). The restricted accounts required by the RIPUC cover IFR,
9 Debt service, O&M reserve and Central Falls reserve. The restricted accounts required
10 by the RICWFA cover the residual project monies transferred from the closeout of the
11 PBA and monies restricted by bond covenants for the PBA defeasance and water
12 treatment plant financing.

13 H. Grant revenue is related to grant mandated expenditures and is not available to pay for
14 normal operations. Therefore, I have removed all of the grant revenues from the
15 GAAP basis financial statements. Since the grant revenues were earmarked for capital
16 purchases, the unadjusted test year did not include any expenses paid for by these
17 grants.

18 I. Adjusted the state surcharge revenue levels to reflect test year consumption per DGB-3.
19 The small meter size consumption was reduced to reflect elderly consumption exempt
20 from the state surcharge (See DGB-8).

21 J. Remove non-recurring expenses. The \$19,817 adjustment to miscellaneous customer
22 service expense was due to a one time sales tax assessment due to a sales tax audit.

23 K. Added the capitalized labor for T&D, engineering and Meter departments to the test
24 year, once again because PWSB is regulated on a cash basis.

25 L. Removed all depreciation expense from the test year because PWSB is regulated on a
26 cash basis.

27 M. Removed all amortization expense from the test year because PWSB is regulated on a
28 cash basis.

29
30

- 1 N. Increased the IFR expenditure to reflect the level granted and require to be restricted in
2 the last rate filing. This adjusted balance includes road surface restoration expenditures
3 which I moved from T&D expenses to this account. Capitalized labor in the last filing
4 was included in base salaries. Engineering salary for Project Manager was already
5 charged to this account.
- 6 O. I increased the O& M reserve expense level to reflect the amount granted in the last
7 docket and required to be restricted per bond covenants and the PUC.
- 8 P. I increased the Operating revenue account expense level to reflect the amount granted
9 in the last docket and required to be restricted per the PUC.
- 10 Q. Adjusted the Central Falls Franchise Requirement expense level to reflect the amount
11 granted in the last docket. The annual amount granted was \$172,831, however only
12 \$86,416 (or half of the annual amount) since this fund was only to be funded until
13 December 2006.
- 14 R. I increased the Calgon Royalties expense level to reflect the amount granted in the last
15 docket and required to be restricted per the PUC.
- 16 S. Adjusted the Central Falls system expense level to reflect the amount granted in the last
17 docket.
- 18 T. Added back to the test year bond and capitalized lease principal payments made in the
19 test year.
- 20 U. Increased the debt service interest expenditure (net of expenditures already listed in and
21 administration section) to reflect the level granted and required to be restricted in the
22 last rate filing docket #3497 (See DGB-8).

23

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

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

29

30

31 **Q. Did you complete any other reviews to prepare your test year adjustments?**

1 A. Yes, I did. I prepared a four-year analysis of the actual (audited) revenue and expenses
2 for the years 2004, 2005, 2006 & 2007 (See DGB-2). Major variances were investigated to
3 determine if an adjustment was needed. If so, I discussed these items with Mr. Benson and
4 Mr. Woodcock to decide if it required a test year or rate year adjustment.

5

6 **Q. Does that conclude your testimony?**

7 A. Yes.

ADJUSTED TEST YEAR
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-1

	TEST YEAR 6/30/07	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
BUDGET ACCOUNT DESCRIPTION			
REVENUE			
Meter Sales	\$ 10,913,076	(A) 509,865	\$ 11,422,942
Sales for Resale	1,616,333	(B) (184,677)	1,431,655
Public Fire Protection	1,219,100	(C) (10,894)	1,208,206
Private Fire Protection	470,544	(C) 18,835	489,379
Penalties Water Account	85,128	(D) (17,192)	67,936
Service Installation & Service Fees	209,895	(D) (1,841)	208,054
Other Financing	21,270	(E) (21,270)	-
Customer Service Charge	1,733,330	(F) 2,182	1,735,512
Misc. Revenue	45,448	(E) (45,448)	-
Gain (Loss) Disposal Property	-		-
Non-Operating Rental Income	17,530		17,530
Interest Income	10,365		10,365
Interest Inc,- Restricted	1,117,008	(G) (1,117,008)	-
Grant Revenue	520,400	(H) (520,400)	-
Land Acquisition-WRB grant	497,574	(H) (497,574)	-
State Surcharge .01/100 Gallons	54,549	(I) 2,522	57,071
Misc. Non Operating Revenue	67,325	(E) (60,335)	6,990
Earth Tech Reimb Revenue	-		-
TOTAL REVENUE	\$ 18,598,875	\$ (1,943,233)	\$ 16,655,641

**ADJUSTED TEST YEAR
PAWTUCKET WATER SUPPLY BOARD**

Schedule DGB-1

BUDGET ACCOUNT DESCRIPTION	TEST YEAR 6/30/07	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
EXPENSES			
<i>Source of Supply Expenses</i>			
Salaries & Wages - (601)	\$ 156,667	\$ -	\$ 156,667
Salaries & Wages - Payroll Taxes	11,789	-	11,789
Employee Pensions & Benefits (604)	46,779	-	46,779
Purchased Power (Account 615)	18,947	-	18,947
Materials and Supplies (Account 620)	2,501	-	2,501
Transportation Expenses (Account 650)	8,592	-	8,592
Miscellaneous Expense (Account 675)	104	-	104
Security Service	65,571	-	65,571
Education Training	245	-	245
Maint of Misc Plant	62,073	-	62,073
Other Utilities	2,053	-	2,053
<i>Total Source of Supply Expenses</i>	375,321	-	375,321
<i>Purification Expenses</i>			
Salaries & Wages - (601)	-	-	-
Salaries & Wages - Payroll Taxes	-	-	-
Purchased Power (Account 615)	557,025	-	557,025
Chemicals (Account 618)	-	-	-
Miscellaneous Expense (Account 675)	-	-	-
Education Training	-	-	-
Maint of Structures	-	-	-
Maint of Collection Reservoirs	-	-	-
Maint of Misc Plant	-	-	-
Op & Maint DBO	1,236,302	-	1,236,302
Other Utilities	(2,823)	(J) 2,823	-
Lab Testing	-	-	-
<i>Total Purification Expenses</i>	1,790,504	2,823	1,793,326
<i>Transmission & Distribution Expenses</i>			
Salaries & Wages - (601)	733,837	(K) 60,719	794,555
Salaries & Wages - [Engineering] (601)	90,147	(K) 327,263	417,411
Salaries & Wages - Payroll Taxes -	61,534	-	61,534
Salaries & Wages - Payroll Taxes - [Engineering]	30,845	-	30,845
Salaries & Wages - Police Details	71,364	-	71,364
Employee Pensions & Benefits - (604)	289,173	-	289,173
Employee Pensions & Benefits - [Engineering] (604)	110,609	-	110,609
Materials and Supplies - (Account 620)	35,466	-	35,466
Materials and Supplies - [Engineering] (Account 620)	23,000	-	23,000
Rental of Equipment (Account 642)	1,200	-	1,200
Rental of Equipment - [Engineering] (Account 642)	2,497	-	2,497
Transportation Expenses - (Account 650)	44,984	-	44,984
Transportation Expenses - [Engineering](Account 650)	10,242	-	10,242
Miscellaneous Expense - (Account 675)	3,534	-	3,534
Miscellaneous Expense - [Engineering] (Account 675)	-	-	-
Education Training	4,676	-	4,676
Education Training - [Engineering]	3,549	-	3,549
Repairs & Maintenance - general	4,575	-	4,575
Repairs & Maintenance - transmission/dist	11,515	-	11,515

**ADJUSTED TEST YEAR
PAWTUCKET WATER SUPPLY BOARD**

Schedule DGB-1

	BUDGET ACCOUNT DESCRIPTION	TEST YEAR 6/30/07	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
<i>Transmission & Distribution Expenses (Continued)</i>				
	Repairs & Maintenance - fire services	-	-	-
	Repairs & Maintenance - services	100	-	100
	Repairs & Maintenance - Hydrants	(1,344)	-	(1,344)
	Road surface restoration	6,831	(N) (6,831)	-
	Repairs & Maintenance - general	517	-	517
	Other Utilities	30,184	-	30,184
	Other Utilities - [Engineering]	7,070	-	7,070
	Printing	-	-	-
	Postage--[Engineering]	-	-	-
	<i>Total Transmission & Distribution Expenses</i>	1,576,105	381,151	1,957,256
<i>Customer Account Expenses</i>				
	Salaries & Wages - [customer service] (601)	151,981	-	151,981
	Salaries & Wages -[meter] (601)	336,470	(K) 53,178	389,648
	Salaries & Wages - Payroll Taxes - [Customer Service]	11,688	-	11,688
	Salaries & Wages - Payroll Taxes - [Meter]	29,775	-	29,775
	Employee Pensions & Benefits - [Cust. Srvc.] (604)	45,415	-	45,415
	Employee Pensions & Benefits - [Meter] (604)	141,699	-	141,699
	Materials and Supplies - [Cust. Srvc.] (Account 620)	2,067	-	2,067
	Materials and Supplies - [Meter] (Account 620)	8,808	-	8,808
	Contractual Services - Other - [Cust. Srvc.] (Account 635)	14,841	-	14,841
	Transportation Expenses - [Cust srvc.] (Account 650)	3,746	-	3,746
	Transportation Expenses - [Meter] (Account 650)	7,184	-	7,184
	Bad Debt Expense (Account 670)	67,727	(J) (67,727)	-
	Miscellaneous Expense - [Cust. Srvc.] (Account 675)	20,308	(J) (19,817)	491
	Miscellaneous Expense - [Meter] (Account 675)	136	-	136
	Education Training - [Cust. Srvc.]	230	-	230
	Education Training - [Meter]	1,513	-	1,513
	Repairs & Maintenance - general	893	-	893
	Repairs & Maintenance - meters	2,531	-	2,531
	Other Utilities - [Cust. Srvc.]	2,522	-	2,522
	Other Utilities - [Meter]	3,837	-	3,837
	Printing - [Cust. Srvc.]	15,651	-	15,651
	Printing - [Meter]	357	-	357
	Postage--[Cust. Srvc.]	33,478	-	33,478
	<i>Total Customer Account Expenses</i>	902,857	(34,365)	868,492
<i>Administrative Expenses</i>				
	Salaries & Wages - (601)	489,948	-	489,948
	Salaries & Wages - Payroll Taxes	35,743	-	35,743
	Employee Pensions & Benefits (604)	335,304	-	335,304
	Materials and Supplies (Account 620)	51,644	-	51,644
	Contractual Services - Legal (Account 633)	68,726	-	68,726
	Contractual Services - Mgt. Fees (634) City Chg	179,410	-	179,410
	Contractual Services - Other (Account 635)	75,625	-	75,625
	Rental of Equipment (Account 642)	4,938	-	4,938
	Transportation Expenses (Account 650)	4,626	-	4,626
	Insurance - General Liability (Account 657)	141,453	-	141,453
	Insurance - Worker's Compensation (658)	59,588	-	59,588
	Insurance - Other (Account 659)	2,140	-	2,140
	Regulatory Com Expense - Other (667)	41,364	-	41,364

**ADJUSTED TEST YEAR
PAWTUCKET WATER SUPPLY BOARD**

Schedule DGB-1

	BUDGET ACCOUNT DESCRIPTION	TEST YEAR 6/30/07	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
<i>Administrative Expenses (Continued)</i>				
	Reg Com Exp - Amort of Rate Case Exp (666)	83,433	-	83,433
	Miscellaneous Expense (Account 675)	64,184	-	64,184
	Other -pba fees	-	-	-
	Education Training	4,726	-	4,726
	Maint of Misc Plant	34,196	-	34,196
	Other Utilities	45,204	-	45,204
	Printing	18,143	-	18,143
	Postage	151	-	151
	Total Administrative Expenses	1,740,547	-	1,740,547
				-
<i>Other Miscellaneous Expenses</i>				
	Depreciation expense	1,157,283	(L) (1,157,283)	-
	Amortization	342,511	(M) (342,511)	-
	Property taxes	844,205	-	844,205
	Total Other Miscellaneous Expenses	2,343,999	(1,499,794)	844,205
				-
<i>Restricted Accounts</i>				
	Grant Expenditures - Consulting	-	-	-
	IFR Expenditures	77,898	(N) 3,022,102	3,100,000
	O&M Reserve		(O) 31,480	31,480
	Operating Revenue Allowance		(P) 130,883	130,883
	Central Falls Franchise Fee		(Q) 86,416	86,416
	Calgon Royalties Fund		(R) 73,000	73,000
	Central Falls System Fund		(S) 255,202	255,202
	RIWRB Grant - Land Acquisition	-	-	-
	Earth Tech Reimb. - Consulting Expenditures	-	-	-
	Total Restricted Accounts	77,898	3,599,083	3,676,980
				-
				-
<i>Restricted Accounts - Debt Service</i>				
	Bond Debt interest	3,247,799	(T) 1,452,783	4,700,582
	Lease interest	1,207	(T) 107,933	109,140
	Bond principal	-	(U) 1,035,431	1,035,431
	Lease principal	-	(U) 41,822	41,822
	Trustee Fees	308,657	-	308,657
	Total Restricted Accounts - Debt Service	3,557,663	2,637,969	6,195,632
				-
	TOTAL EXPENSES	\$ 12,364,892	\$ 5,086,867	\$ 17,451,759
	NET INCOME/(LOSS)	\$ 6,233,982	\$ (7,030,100)	\$ (796,118)

- (A) = Normalize Metered Sales (SEE DGB-3 & DGB-3A)
- (B) = Normalize Sales for Resale (SEE DGB-4)
- (C) = Normalize Fire Service (SEE DGB-5)
- (D) = Normalize Service Installations & Misc revenue (SEE DGB-6)
- (E) = Remove non-recurring revenues
- (F) = Normalize Customer Charges (SEE DGB-7)
- (G) = Remove interest income on restricted accounts
- (H) = Remove Grant revenue and expenditures
- (I) = Normalize State Surcharge Revenue (SEE DGB-8)

**ADJUSTED TEST YEAR
PAWTUCKET WATER SUPPLY BOARD**

Schedule DGB-1

	BUDGET ACCOUNT DESCRIPTION	TEST YEAR 6/30/07	TEST YEAR ADJUSTMENTS	ADJUSTED TEST YEAR
--	-----------------------------------	------------------------------	----------------------------------	-------------------------------

- (J) = Remove non-recurring expenses
- (K) = Added the capitalized labor to the test year
- (L) = Remove Depreciation
- (M) = Removed all amortization expense
- (N) = Increased the IFR expenditure to reflect the level granted in Docket 3674
- (O) = Adjusted the O&M Reserve expense level to reflect the amount granted in docket 3674
- (P) = Adjusted the Operating Revenue Allowance level to reflect the amount granted in docket 3674
- (Q) = Adjusted the Central Falls Franchise level to reflect the amount granted in docket 3674
- (R) = Adjusted the Calgon Royalties Fund level to reflect the amount granted in docket 3674
- (S) = Adjusted the Central Falls System Fund level to reflect the amount granted in docket 3674
- (T) = Adjusted the Debt Service Interest expense level to reflect the amount granted in docket 3674 (SEE DGB-9)
- (U) = Added back to the test year bond and capitalized lease principal

FOUR YEARS OF FISCAL YEAR
ACTUAL REVENUE & EXPENSES
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-2

BUDGET ACCOUNT DESCRIPTION	FY 2004 ACTUAL REVENUES	FY 2005 ACTUAL REVENUES	FY 2006 ACTUAL REVENUES	FY 2007 ACTUAL REVENUES
REVENUE				
Meter Sales	\$ 8,531,676	\$ 9,256,398	\$ 11,394,175	\$ 10,913,076
Sales for Resale	940,113	1,268,939	1,280,363	1,616,333
Public Fire Protection	746,896	823,169	1,027,952	1,219,100
Private Fire Protection	297,160	332,481	392,432	470,544
Penalties Water Account	61,037	54,277	71,302	85,128
Service Installation & Service Fees	246,389	173,227	202,705	209,895
Other Financing	0	-	-	21,270
Customer Service Charge	1,746,082	2,009,928	1,829,707	1,733,330
Misc. Revenue	178,562	-	-	45,448
Gain (Loss) Disposal Property	8,600	817	1,498	-
Non-Operating Rental Income	21,320	23,971	27,877	17,530
Interest Income	23,416	6,296	8,906	10,365
Interest Inc,- Restricted	134,395	340,599	760,750	1,117,008
Grant Revenue	144,614	21,874	-	520,400
Land Acquisition-WRB grant	100,000	1,974,288	108,219	497,574
State Surcharge .01/100 Gallons	64,364	64,229	61,096	54,549
Misc. Non Operating Revenue	11,581	14,836	28,576	67,325
Earth Tech Reimb Revenue	825,000	-	-	-
TOTAL REVENUE	\$ 14,081,203	\$ 16,365,329	\$ 17,195,556	\$ 18,598,875

FOUR YEARS OF FISCAL YEAR
ACTUAL REVENUE & EXPENSES
 PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-2

BUDGET ACCOUNT DESCRIPTION	FY 2004 ACTUAL EXPENSES	FY 2005 ACTUAL EXPENSES	FY 2006 ACTUAL EXPENSES	FY 2007 ACTUAL EXPENSES
EXPENSES				
<i>Source of Supply Expenses</i>				
Salaries & Wages - (601)	\$ 51,463	\$ 146,911	\$ 153,710	\$ 156,667
Salaries & Wages - Payroll Taxes	5,298	11,178	10,811	11,789
Employee Pensions & Benefits (604)	32,343	35,388	34,152	46,779
Purchased Power (Account 615)	23,888	19,352	26,850	18,947
Materials and Supplies (Account 620)	-	499	1,853	2,501
Transportation Expenses (Account 650)	11,404	5,104	6,146	8,592
Miscellaneous Expense (Account 675)	130	2,261	334	104
Security Service	67,847	67,472	67,597	65,571
Education Training	45	385	165	245
Maint of Misc Plant	119,201	143	16,778	62,073
Other Utilities	-	-	1,053	2,053
<i>Total Source of Supply Expenses</i>	311,619	288,693	319,449	375,321
<i>Purification Expenses</i>				
Salaries & Wages - (601)	405,488	-	-	-
Salaries & Wages - Payroll Taxes	30,980	-	-	-
Purchased Power (Account 615)	648,748	735,845	662,291	557,025
Chemicals (Account 618)	192,851	-	-	-
Miscellaneous Expense (Account 675)	12,068	(315)	-	-
Education Training	3,190	-	-	-
Maint of Structures	-	-	-	-
Maint of Collection Reservoirs	-	-	-	-
Maint of Misc Plant	-	-	11,603	-
Op & Maint DBO	430,839	1,162,309	1,198,277	1,236,302
Other Utilities	30,053	-	(331)	(2,823)
Lab Testing	25,663	-	-	-
<i>Total Purification Expenses</i>	1,779,880	1,897,839	1,871,839	1,790,504
<i>Transmission & Distribution Expenses</i>				
Salaries & Wages - (601)	723,691	780,321	776,116	733,837
Salaries & Wages - [Engineering] (601)	199,407	173,576	146,152	90,147
Salaries & Wages - Payroll Taxes -	68,219	67,545	65,489	61,534
Salaries & Wages - Payroll Taxes - [Engineering]	30,108	31,221	28,366	30,845
Salaries & Wages - Police Details	-	-	42,305	71,364
Employee Pensions & Benefits - (604)	228,046	244,927	240,133	289,173
Employee Pensions & Benefits - [Engineering] (604)	80,245	88,445	90,288	110,609
Materials and Supplies - (Account 620)	17,416	14,797	38,485	35,466
Materials and Supplies - [Engineering] (Account 620)	22,675	10,681	8,684	23,000
Rental of Equipment (Account 642)	-	-	-	1,200
Rental of Equipment - [Engineering] (Account 642)	-	-	182	2,497
Transportation Expenses - (Account 650)	49,026	47,087	61,166	44,984
Transportation Expenses - [Engineering] (Account 650)	7,487	10,086	11,538	10,242
Miscellaneous Expense - (Account 675)	30,621	41,763	5,841	3,534
Miscellaneous Expense - [Engineering] (Account 675)	9,634	9,572	9,916	-
Education Training	4,047	3,511	5,893	4,676
Education Training - [Engineering]	1,670	2,091	2,388	3,549
Repairs & Maintenance - general	2,789	13,090	1,934	4,575
Repairs & Maintenance - transmission/dist	19,541	600	2,244	11,515

FOUR YEARS OF FISCAL YEAR
ACTUAL REVENUE & EXPENSES
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-2

	FY 2004 ACTUAL EXPENSES	FY 2005 ACTUAL EXPENSES	FY 2006 ACTUAL EXPENSES	FY 2007 ACTUAL EXPENSES
BUDGET ACCOUNT DESCRIPTION				
<i>Transmission & Distribution Expenses (Continued)</i>				
Repairs & Maintenance - fire services	-	-	-	-
Repairs & Maintenance - services	11,225	(6,821)	-	100
Repairs & Maintenance - Hydrants	4,254	14,660	215	(1,344)
Road surface restoration	103,150	120,531	270,128	6,831
Repairs & Maintenance - general	148	482	402	517
Other Utilities	1,930	17,178	18,821	30,184
Other Utilities - [Engineering]	3,217	4,480	7,860	7,070
Printing	-	33	-	-
Postage--[Engineering]	-	6	15	-
Total Transmission & Distribution Expenses	1,618,545	1,689,859	1,834,563	1,576,105
<i>Customer Account Expenses</i>				
Salaries & Wages - [customer service] (601)	132,777	128,003	126,469	151,981
Salaries & Wages -[meter] (601)	305,509	311,218	336,589	336,470
Salaries & Wages - Payroll Taxes - [Customer Serv	10,114	10,238	9,594	11,688
Salaries & Wages - Payroll Taxes - [Meter]	26,617	27,036	28,916	29,775
Employee Pensions & Benefits - [Cust. Svc.] (604)	35,934	38,814	40,009	45,415
Employee Pensions & Benefits - [Meter] (604)	118,108	126,338	134,171	141,699
Materials and Supplies - [Cust. Svc.] (Account 620)	130	219	3,585	2,067
Materials and Supplies - [Meter] (Account 620)	34,350	55,388	10,757	8,808
Contractual Services - Other - [Cust. Svc.] (Account 620)	15,895	18,933	15,313	14,841
Transportation Expenses - [Cust svc.] (Account 650)	1,774	2,684	2,137	3,746
Transportation Expenses - [Meter] (Account 650)	9,560	7,395	7,876	7,184
Bad Debt Expense (Account 670)	-	44,823	(18,871)	67,727
Miscellaneous Expense - [Cust. Svc.] (Account 670)	1,776	1,591	130	20,308
Miscellaneous Expense - [Meter] (Account 675)	136	462	463	136
Education Training - [Cust. Svc.]	398	-	607	230
Education Training - [Meter]	935	265	1,605	1,513
Repairs & Maintenance - general	1,186	4,037	3,936	893
Repairs & Maintenance - meters	3,862	739	798	2,531
Other Utilities - [Cust. Svc.]	1,287	1,792	2,670	2,522
Other Utilities - [Meter]	1,501	2,090	4,025	3,837
Printing - [Cust. Svc.]	16,103	15,513	16,852	15,651
Printing - [Meter]	-	300	33	357
Postage--[Cust. Svc.]	25,840	26,800	31,528	33,478
Total Customer Account Expenses	743,791	824,677	759,192	902,857
<i>Administrative Expenses</i>				
Salaries & Wages - (601)	565,380	589,459	601,949	489,948
Salaries & Wages - Payroll Taxes	36,350	41,429	40,652	35,743
Employee Pensions & Benefits (604)	86,801	97,716	256,969	335,304
Materials and Supplies (Account 620)	59,092	60,047	52,398	51,644
Contractual Services - Legal (Account 633)	-	-	7,443	68,726
Contractual Services - Mgt. Fees (634) City Chg	136,250	-	165,364	179,410
Contractual Services - Other (Account 635)	157,510	111,160	107,040	75,625
Rental of Equipment (Account 642)	-	-	-	4,938
Transportation Expenses (Account 650)	-	-	290	4,626
Insurance - General Liability (Account 657)	143,287	148,044	135,192	141,453
Insurance - Worker's Compensation (658)	32,414	56,079	37,836	59,588
Insurance - Other (Account 659)	2,277	-	10,386	2,140

FOUR YEARS OF FISCAL YEAR
ACTUAL REVENUE & EXPENSES
 PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-2

	FY 2004 ACTUAL EXPENSES	FY 2005 ACTUAL EXPENSES	FY 2006 ACTUAL EXPENSES	FY 2007 ACTUAL EXPENSES
<i>Administrative Expenses (Continued)</i>				
Regulatory Com Expense - Other (667)	-	32,512	37,993	41,364
Reg Com Exp - Amort of Rate Case Exp (666)	134,861	118,868	112,833	83,433
Miscellaneous Expense (Account 675)	56,607	205,559	71,961	64,184
Other -pba fees	37,551	-	-	-
Education Training	9,727	8,570	6,158	4,726
Maint of Misc Plant	20,020	25,777	49,779	34,196
Other Utilities	50,722	55,684	38,468	45,204
Printing	8,068	24,994	21,014	18,143
Postage	12,222	13,728	3,394	151
<i>Total Administrative Expenses</i>	1,549,138	1,589,626	1,757,118	1,740,547
<i>Other Miscellaneous Expenses</i>				
Depreciation expense	1,025,174	1,021,813	1,089,785	1,157,283
Amortization	310,180	342,511	342,511	342,511
Property taxes	842,734	859,535	817,933	844,205
<i>Total Other Miscellaneous Expenses</i>	2,178,089	2,223,860	2,250,229	2,343,999
<i>Restricted Accounts</i>				
Grant Expenditures - Consulting	272,398	8,800	127,884	-
IFR Expenditures	313,957	37,591	76,040	77,898
RIWRB Grant - Land Acquisition	-	121,554	-	-
Earth Tech Reimb. - Consulting Expenditures	166,863	30,374	24,056	-
<i>Total Restricted Accounts</i>	753,219	198,319	227,981	77,898
<i>Restricted Accounts - Debt Service</i>				
Bond Debt interest	627,422	2,037,723	2,882,213	3,247,799
Lease interest	-	13,405	3,382	1,207
Bond principal	-	-	-	-
Lease principal	-	-	-	-
Trustee Fees	-	94,445	227,306	308,657
<i>Total Restricted Accounts - Debt Service</i>	627,422	2,145,573	3,112,901	3,557,663
TOTAL EXPENSES	\$ 9,561,702	\$ 10,858,446	\$ 12,133,271	\$ 12,364,892
NET INCOME/(LOSS)	\$ 4,519,502	\$ 5,506,883	\$ 5,062,285	\$ 6,233,982

**REVENUE ANALYSIS—METERED SALES REVENUE
PAWTUCKET WATER SUPPLY BOARD**

Schedule DGB-3

	<u>Test Year Consumption</u>	<u>Docket 3674 Rates</u>	<u>Test Year Revenue</u>
Small 5/8", 3/4" & 1"	3,036,850	2.903	8,815,975
Med 1-1/2" & 2"	640,469	2.709	1,735,031
Large 3" & 4"	242,871	2.544	617,864
X Large 6" and above	99,871	2.544	254,072

Total Adjusted Test Year Metered Sales Revenue 11,422,942

Total FY 2007 Metered Sales Revenue 10,913,076

Test Year Adjustment \$ 509,865

	<u>4 year average Cycles 1-6</u>	<u>FY 2007 Cycle 7</u>	<u>FY 2007 Cycle 11</u>	<u>Test Year All Cycles</u>
5/8-inch meter	2,798,150	18,027	371	2,816,548
3/4-inch meter	44,243	23,135	309	67,687
one-inch meter	93,094	56,391	3,130	152,615
	<u>2,935,487</u>	<u>97,553</u>	<u>3,810</u>	<u>3,036,850</u>
1-1/2-inch meter	42,996	77,525	3,600	124,121
two-inch meter	60,205	362,523	93,621	516,349
	<u>103,200</u>	<u>440,048</u>	<u>97,221</u>	<u>640,469</u>
three-inch meter	-	43,087	149,445	192,532
four-inch meter	-	25,171	25,168	50,339
	<u>-</u>	<u>68,258</u>	<u>174,613</u>	<u>242,871</u>
6-inch meter	-	890	98,981	99,871
8-inch meter	-	-	-	-
	<u>-</u>	<u>890</u>	<u>98,981</u>	<u>99,871</u>
	<u>3,038,687</u>	<u>606,749</u>	<u>374,625</u>	<u>4,020,061</u>

**REVENUE ANALYSIS—METERED SALES REVENUE
PAWTUCKET WATER SUPPLY BOARD**

Schedule DGB-3A

Consumption History Cycles 1-6

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>4 year average</u>	<u>Test Year</u>
5/8-inch meter	2,828,791	2,851,380	2,857,664	2,654,765	2,798,150	2,798,150
3/4-inch meter	44,633	45,943	44,180	42,217	44,243	44,243
one-inch meter	97,792	93,731	94,840	86,011	93,094	93,094
	<u>2,971,216</u>	<u>2,991,054</u>	<u>2,996,684</u>	<u>2,782,993</u>	<u>2,935,487</u>	<u>2,935,487</u>
1-1/2-inch meter	40,762	43,140	45,760	42,320	42,996	42,996
two-inch meter	56,356	58,708	64,069	61,686	60,205	60,205
	<u>97,118</u>	<u>101,848</u>	<u>109,829</u>	<u>104,006</u>	<u>103,200</u>	<u>103,200</u>
three-inch meter	-	-	-	-	-	-
four-inch meter	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6-inch meter	-	-	-	-	-	-
8-inch meter	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,068,334</u>	<u>3,092,902</u>	<u>3,106,513</u>	<u>2,886,999</u>	<u>3,038,687</u>	<u>3,038,687</u>

Consumption History Cycle 7 (Quarterly Business)

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>4 year average</u>	<u>Test Year</u>
5/8-inch meter	23,239	23,363	21,038	18,027	21,417	18,027
3/4-inch meter	15,235	15,583	15,189	23,135	17,286	23,135
one-inch meter	67,623	66,545	65,492	56,391	64,013	56,391
	<u>106,097</u>	<u>105,491</u>	<u>101,719</u>	<u>97,553</u>	<u>102,715</u>	<u>97,553</u>
1-1/2-inch meter	88,781	80,167	83,965	77,525	82,610	77,525
two-inch meter	407,582	387,694	390,783	362,523	387,146	362,523
	<u>496,363</u>	<u>467,861</u>	<u>474,748</u>	<u>440,048</u>	<u>469,755</u>	<u>440,048</u>
three-inch meter	51,731	41,617	44,015	43,087	45,113	43,087
four-inch meter	25,591	25,419	24,419	25,171	25,150	25,171
	<u>77,322</u>	<u>67,036</u>	<u>68,434</u>	<u>68,258</u>	<u>70,263</u>	<u>68,258</u>
6-inch meter	990	940	910	890	933	890
8-inch meter	-	-	-	-	-	-
	<u>990</u>	<u>940</u>	<u>910</u>	<u>890</u>	<u>933</u>	<u>890</u>
	<u>680,772</u>	<u>641,328</u>	<u>645,811</u>	<u>606,749</u>	<u>643,665</u>	<u>606,749</u>

Consumption History Cycle 11 (Monthly Business)

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>4 year average</u>	<u>Test Year</u>
5/8-inch meter	11,366	11,070	1,514	371	6,080	371
3/4-inch meter	2,183	2,529	1,977	309	1,750	309
one-inch meter	4,968	1,810	1,900	3,130	2,952	3,130
	<u>18,517</u>	<u>15,409</u>	<u>5,391</u>	<u>3,810</u>	<u>10,782</u>	<u>3,810</u>
1-1/2-inch meter	-	3,070	3,260	3,600	2,483	3,600
two-inch meter	169,898	166,404	138,340	93,621	142,066	93,621
	<u>169,898</u>	<u>169,474</u>	<u>141,600</u>	<u>97,221</u>	<u>144,548</u>	<u>97,221</u>
three-inch meter	219,720	238,688	196,690	149,445	201,136	149,445
four-inch meter	70,310	41,209	36,230	25,168	43,229	25,168
	<u>290,030</u>	<u>279,897</u>	<u>232,920</u>	<u>174,613</u>	<u>244,365</u>	<u>174,613</u>
6-inch meter	308,080	176,620	112,964	98,981	174,161	98,981
8-inch meter	3,290	-	-	-	823	-
	<u>311,370</u>	<u>176,620</u>	<u>112,964</u>	<u>98,981</u>	<u>174,984</u>	<u>98,981</u>
	<u>789,815</u>	<u>641,400</u>	<u>492,875</u>	<u>374,625</u>	<u>574,679</u>	<u>374,625</u>
	<u>4,538,921</u>	<u>4,375,630</u>	<u>4,245,199</u>	<u>3,868,373</u>		

**REVENUE ANALYSIS--WHOLESALE REVENUE
PAWTUCKET WATER SUPPLY BOARD**

Schedule DGB-4

Consumption History

FY 04	548,162
FY 05	666,953
FY 06	644,728
FY 07	723,207
	<u>2,583,050</u>

4 year average 645,763

	<u>Test Year Consumption</u>	<u>Docket 3674 Rates</u>	<u>Test Year Revenue</u>
Cumberland	645,763	\$ 2.2170	
<i>Total Adjusted Test Year Wholesale Revenue</i>			\$ 1,431,655
<i>Total FY 2007 Wholesale Revenue</i>			<u>1,616,333</u>
<i>Test Year Adjustment</i>			<u><u>\$ (184,677)</u></u>

**REVENUE ANALYSIS--PUBLIC & PRIVATE FIRE SERVICE
PAWTUCKET WATER SUPPLY BOARD**

Schedule DGB-5

Number of Services	Service Size	Docket 3674 Rates	Test Year Revenue
Private Fire			
25	2" service	\$ 185.92	\$ 4,648
42	4" service	523.75	21,998
371	6" service	876.95	325,348
91	8" service	1,386.65	126,185
4	10" service	1,715.05	6,860
2	12" service	2,170.20	4,340
Total Adjusted Test Year Private Fire Revenue			\$ 489,380
Total FY 2007 Private Fire Revenue			<u>470,544</u>
Test Year Adjustment (C)			<u><u>\$ 18,835</u></u>
Public Fire			
1518 Hydrants(Pawt)		\$ 629.93	\$ 956,234
203 Hydrants(CF)		629.93	127,876
197 Hydrants(Valley)		629.93	124,096
Total Adjusted Test Year Private Fire Revenue			\$ 1,208,206
Total FY 2007 Private Fire Revenue			<u>1,219,100</u>
Test Year Adjustment (C)			<u><u>\$ (10,894)</u></u>

REVENUE ANALYSIS--CUSTOMER CHARGE
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-7

Customer Charge:

<u>Meter Size</u>	<u>Number of Meters</u>	<u>Bills per Year</u>	<u>Docket 3674 Rates</u>	<u>Test Year Revenue</u>
Quarterly Billings				
5/8"	21,445	4	16.89 \$	1,448,824
3/4"	251	4	21.84	21,927
1"	480	4	29.72	57,062
1 1/2"	231	4	56.29	52,012
2"	377	4	71.87	108,380
3"	28	4	81.03	9,075
4"	12	4	183.66	8,816
6"	-	4	273.47	-
8"	-		388.93	-
Monthly Billings				
5/8"	9	12	8.34	901
3/4"	4	12	9.99	480
1"	11	12	12.61	1,665
1 1/2"	6	12	21.47	1,546
2"	30	12	26.66	9,598
3"	14	12	29.72	4,993
4"	6	12	63.93	4,603
6"	5	12	93.86	5,632
8"	-	12	132.35	-
	<u>22909</u>			
Total Adjusted Test Year Customer Charge Revenue				\$ 1,735,513
Total FY 2007 Customer Charge Revenue				<u>1,733,330</u>
Test Year Adjustment (F)				<u>\$ 2,182</u>

REVENUE ANALYSIS--SURCHARGE REVENUE
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-8

	<u>Test Year</u>	<u>Percent Subject to surcharge</u>	<u>Consumption net of Elderly Exemption</u>	<u>Surcharge Revenue portion</u>	<u>Surcharge Revenue</u>
<i>Small 5/8", 3/4" & 1"</i>	3,036,850	92.0%	2,793,902	\$ 0.01511	\$ 42,215
<i>Med 1-1/2" & 2"</i>	640,469	100.0%	640,469	0.01511	9,677
<i>Large 3" & 4"</i>	242,871	100%	242,871	0.01511	3,670
<i>X Large 6" and above</i>	99,871	100%	99,871	0.01511	<u>1,509</u>
Total Adjusted Test Year Surcharge Revenue					\$ 57,071
Total FY 2007 Surcharge Revenue					<u>54,549</u>
Test Year Adjustment					<u><u>\$ 2,522</u></u>

EXPENSE ANALYSIS--ADDITIONAL
RESTRICTED DEBT SERVICE
PAWTUCKET WATER SUPPLY BOARD

Schedule DGB-9

Debt Service approved Docket 3674		\$ 5,736,014
305-9510-652.84-10	Bond Debt interest	(63,872)
305-9510-652.84-20	Bond Rev 2003 A interest	(967,000)
305-9510-652.84-25	Bond Rev 2003 B interest	(459,300)
305-9510-652.84-30	Bond Rev 2004 A interest	(1,035,164)
305-9510-652.84-40	Bond Rev 2005 A interest	(722,464)
	Bond principal	<u>(1,035,431)</u>

Total Adjusted Test Year Additional Restricted Debt Service \$ 1,452,783

Total FY 2007 Additional Restricted Debt Service -

Test Year Adjustment (S) \$ 1,452,783

Capital Leases approved Docket 3674		\$ 150,962
305-9510-652.86-10	Lease interest	(1,207)
300-9510-652.86-20	Lease principal	<u>(41,822)</u>

Total Adjusted Test Year Additional Restricted Capital Leases \$ 107,933

Total FY 2007 Additional Restricted Capital Leases -

Test Year Adjustment (S) \$ 107,933