

**DIRECT TESTIMONY OF**  
**HAROLD J. SMITH**  
**RAFTELIS FINANCIAL CONSULTANTS, INC.**

**for**  
**PROVIDENCE WATER SUPPLY BOARD**

**ABBREVIATED FILING**  
**DOCKET # \_\_\_\_\_**

April 2009

PRE-FILED DIRECT TESTIMONY OF  
HAROLD J. SMITH

GENERAL MATTERS

1 **Q. Please state your name and business address.**

2 A. My name is Harold J. Smith and my business address is, 1031 South Caldwell Street,  
3 Suite 100, Charlotte, NC 28203.

4  
5 **Q. By whom are you employed and in what capacity?**

6 A. I am a Vice President of Raftelis Financial Consultants, Inc. (RFC), a consulting firm  
7 specializing in the areas of water and wastewater finance and pricing. RFC was  
8 established in 1993 in Charlotte, North Carolina to provide environmental and  
9 management consulting services to public and private sector clients. RFC is a national  
10 leader in the development of water and wastewater rates.

11  
12 **Q. Please describe your educational background and work experience.**

13 A. I obtained a Master of Business Administration from Wake Forest University in 1997 and  
14 a Bachelor of Science in Natural Resources from the University of the South in 1987. I  
15 am also a Licensed Professional Geologist in North Carolina. As an employee of RFC I  
16 have been involved on engagements involving a wide range of technical specialties  
17 including water utility cost of service and rate structure studies and water utility financial  
18 planning studies.

19  
20 **Q. Have you previously testified before any regulatory agencies or in court on utility  
21 rate related matters?**

22 A. Yes. I provided testimony before this Commission in Providence Water Supply  
23 Board's (Providence Water) most recent rate filing (Docket No. 3832) and in  
24 Newport Water's four most recent rate filings (Docket Nos. 3578, 3675, 3818 and  
25 4025). I have also provided testimony on water rate related matters before the

1 Tennessee Regulatory Authority as well as in state court proceedings in Arizona and  
2 Connecticut.

3  
4 **Q. Do you belong to any professional organizations or committees?**

5 A. Yes. I am a member of the American Water Works Association where I served as the  
6 chairman of the Strategic Management Practices Committee and I am a member of the  
7 Financial Management Committee of the New England Water Works Association.

8  
9 **Q. What is the purpose of your testimony?**

10 A. Providence Water hired RFC to prepare testimony and schedules in support of the test  
11 year and the rate year for an abbreviated rate filing before this Commission.

12  
13 **Q. Have you prepared any Exhibits to accompany your testimony?**

14 A. Yes, Exhibits identified as Schedules HJS 1 through HJS 15 have been prepared by me or  
15 have been prepared under my supervision.

16  
17 **Q. Please summarize your findings and recommendations to the Commission in this  
18 proceeding.**

19 A. As shown on Schedule HJS 3, comparison of rate year revenues under existing rates with  
20 the pro-forma rate year revenue requirements indicates that Providence Water is in need  
21 of an increase in rates and charges in order to ensure that its revenues will be sufficient to  
22 cover the cost of operating the system and making necessary capital improvements.

23  
24 **Q. How much of a revenue increase is Providence Water requesting in this abbreviated  
25 docket?**

26 A. Providence Water is requesting additional revenue of \$5,569,425. This represents a  
27 revenue increase of 9.79%.

28  
29 **Q. Will all rates increase by 9.79%?**

30 A. No, not all revenue accounts are impacted by the proposed rate increase. Therefore,  
31 the effective across-the-board rate increase on tariff rates approved by the PUC will

Providence Water Supply Board  
Harold J. Smith Testimony

1 be 10.08% with the actual proposed rate for each class rounded up to the appropriate  
2 number of decimal places. (See Schedule HJS-14)

3

TEST YEAR (FYE JUNE 30, 2008)

1  
2  
3 **Q. What is the test year that Providence Water is using for this rate filing?**

4 A. The test year for this filing is the fiscal year beginning July 1, 2007 and ending June 30,  
5 2008.  
6

7 **Q. Has the test year been audited?**

8 A. Yes.  
9

10 **Q. What adjustments did you make to the test year?**

11 A. I made six normalizing adjustments as follows:

- 12 • Since the rates currently in effect did not go into effect until four months into the  
13 test year, I adjusted the test year revenues by applying the current rates to the test  
14 year consumption and number of bills.
- 15 • I restored the Payroll Clearing and Overhead Rate Applied accounts (60250 and  
16 60550) and made a corresponding adjustment to Capital Reimbursement. These  
17 line items are used to account for the portion of O&M labor and materials that are  
18 capitalized and recognize that the IFR Fund reimburses the O&M account for  
19 these costs.
- 20 • I removed the credit for bad debt expense as this was a reconciling entry and was  
21 removed to put the schedules on a cash basis.
- 22 • I made a negative adjustment in the amount of \$71,386 to Transmission &  
23 Distribution Purchased Power (61550) to recognize the incorrect posting of a  
24 reimbursement for power costs from the Kent County Water Authority (KCWA)  
25 that was actually posted to Administrative & General, Contractual Services-Other  
26 (63580). I also made a corresponding positive adjustment to 63580.
- 27 • I made a negative adjustment of \$592,671 to Materials & Supplies under  
28 Transmission & Distribution (62050) to remove a one time inventory clearing  
29 adjustment.
- 30 • I increased the amount for City Services to \$839,167 which is the amount  
31 approved in Docket 3832.

1                   • I increased the test year amounts for the Infrastructure Replacement Fund, the  
2                   Cash Funded AMR/Meter Replacement Fund, the Insurance Fund, and the  
3                   Chemical/Sludge Maintenance Fund to reflect the fact that these accounts were  
4                   not fully funded in the test year because the funding requirements that resulted  
5                   from Docket 3832 did not go into effect until January 1, 2008 which was six  
6                   months into the test year. The adjustments bring the funding amounts to those  
7                   determined in Docket 3832.

8

9   **Q. Mr. Smith, does that conclude your test year testimony?**

10   **A.** Yes it does.

11

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

13   **A.** The next area we should discuss is the rate year and my rate year adjustments

14

Rate YEAR (CYE December 31, 2010)

1  
2  
3 **Q. What is the rate year that Providence Water is using for this rate filing?**

4 A. The rate year is the calendar year beginning January 1, 2010 ending December 31, 2010  
5

6 **Q. What are the projected sales volumes that Providence Water is using for this filing?**

7 A. Projected sales in this filing are being set equal to actual sales in the test year.  
8

9 **Q. Why are you not using an average as has been the case in previous filings?**

10 A. In the case of residential sales, we are using the test year volumes because as shown in  
11 Schedule HJS-11, with the exception of FY 2006, we have seen a steady decline in  
12 residential sales over the past five years, with the average annual percent decrease being  
13 approximately 4%. If we were to use a four year average, projected rate year sales would  
14 be higher than actual sales in the previous year which is inconsistent with the trend over  
15 the past five years.  
16

17 **Q. Is this decline in residential sales consistent with what you have seen with other  
18 water utilities?**

19 A. Yes, over the past five years many of our clients across the country have seen a similar  
20 decline in residential sales.  
21

22 **Q. To what do you attribute this decline in sales?**

23 A. I do not know for certain why sales are declining, but I suspect that it is attributable to a  
24 greater conservation awareness on the part of customers as well as an effort to reduce  
25 household spending during the current economic downturn.  
26

27 **Q. Why are you not using a four year average for your projection of sales to  
28 commercial and industrial accounts?**

29 A. I believe that the test year sales volumes for these two customer classes are more  
30 indicative of the sales we should expect in each class during the rate year because the test

1 year figures reflect the impact of a recent reclassification of customers that reduced the  
2 number of industrial customers from approximately 600 accounts to the current figure of  
3 33 accounts and resulted in a commensurate increase in the number of commercial  
4 accounts.

5  
6 **Q. What adjustments have you made to the adjusted test year to develop rate year**  
7 **expenses for this filing?**

8 A. After reviewing Providence Water's financial position, I have made rate year adjustments  
9 to the following eight expense categories:

Account	Amount
1. Salaries and Wages	\$377,201
2. Property Taxes	\$550,551
3. Insurance Expenses	\$245,986
4. Employee Pensions and Benefits	\$933,957
5. Regulatory Commission and Rate Case	\$171,354
6. Chemicals and Sludge Maintenance	\$691,802
7. Contractual Services - Other	\$150,000
8. Infrastructure Replacement Fund	\$2,100,000

10  
11 **Q. How did you calculate the required increase for rate year salaries and wages?**

12 A. I began with the adjusted test year amount for salaries and wages and increased this  
13 amount in accordance with the union contract currently in effect. The timing and  
14 magnitude of the increases used are as follows:

- 15
- 16 • July 1, 2008 – 1%
  - 17 • January 1, 2009 – 1%
  - 18 • July 1, 2009 – 0%
  - 19 • January 1, 2010 – 0%
  - 20 • July 1, 2010 – 2%

21 Please note that the 0% increases in July of 2009 and January of 2010 are the result of  
concessions recently agreed to by the union in negotiations with City administration.



1 These percent increases were used to calculate an adjustment factor of 1.0303. This  
2 adjustment factor was then applied to the test year expense to determine the rate year  
3 expenses. The resulting expense was compared to the test year expense to determine the  
4 amount of the adjustment. The total adjustment for this expense category is \$377,201.  
5 This adjustment is detailed on Schedules HJS – 5 and 5A.  
6

7 **Q. How did you determine the required property tax expenses?**

8 A. For all communities except Scituate, the rate year expenses were based on either FY 2008  
9 or FY 2009 expenses. For Foster, Cranston, Gloucester, West Warwick, and North  
10 Providence the projected tax expenses for FY 2010 and FY2011 were determined by  
11 applying an annual 4.5% increase to FY 2009 expenses. The rate year expense was  
12 determined by averaging the projected FY 2010 and FY2011 amounts. For West  
13 Gloucester Fire District the same process was used, but FY 2008 was the base year. For  
14 Johnston, Harmony Fire District, and Chepachet Fire District and Warwick the FY 2009  
15 tax expenses were used for the rate year expense. The rate year tax expenses for these  
16 communities are shown on Schedules HJS- 6 and 6A.  
17

18 **Q. How did you determine the rate year amount for the \$5 million refund as well as  
19 Scituate property taxes?**

20 A. As the Commission is aware, Providence Water and Scituate have a tentative agreement  
21 with respect to property tax that is awaiting bond funding by Scituate and formal  
22 signatures from all parties. If the agreement is implemented, Providence Water's rate year  
23 expense for Scituate property taxes would be \$5,274,161. If for some reason the  
24 agreement is not implemented the rate year expense would be \$5,969,094. For the  
25 purposes of this filing Providence Water has opted to use the amount that represents their  
26 maximum possible exposure. If the agreement is implemented prior to the disposition of  
27 this rate case Providence Water will adjust this amount to the amount in the agreement.  
28

29 **Q. What is the total required adjustment to the property tax expense category?**

30 A. The total required adjustment to this expense category is \$550,551.

1

2 **Q. Please describe how you arrived at the proposed adjustments to the insurance**  
3 **expenses category.**

4 A. Projected rate year insurance expenses were determined based on the estimated expenses  
5 for each component of the total insurance expenses for FY 2009 and FY 2010. The  
6 annual expenses for each category for these two fiscal years were averaged to determine  
7 the rate year expense. The magnitude of the required adjustments was determined by  
8 comparing the projected rate year expense to the test year expense. These calculations  
9 are shown on Schedules HJS – 7 and 7A. The total required adjustment to the insurance  
10 expenses category is \$245,986.

11

12 **Q. How did you determine the rate year expenses for employee pensions and other**  
13 **benefits?**

14 A. The employee pensions and other benefits expenses category is comprised of a number of  
15 different expense components. The rate year amounts for each component were  
16 determined as follows:

17 • Percent increases for the 1033 Union Combined Benefits, Laborers International  
18 Pension and Life Insurance Premium components of this expense category were  
19 determined based on union contract requirements as shown on Schedule HJS 8-B.  
20 These percent increases were applied to the test year amounts for each component  
21 to arrive at the rate year amount for each component.

22 • Percent increases in the amounts for FICA and ½% Wage Assignment are based  
23 on the compounded percent increase in salaries for the period between the test  
24 year and the rate year as specified in the union contract and as adjusted to reflect  
25 recent concessions on the part of the union.. These percent increases were then  
26 applied to the test year amounts for these cost components to arrive at the  
27 projected rate year expense.

28 • Percent increases for Blue Cross/United Health and Delta Dental are based on the  
29 percent increase between the FY 2009 rates and the average of the FY 2007 and  
30 FY 2008 rates as shown on Schedule HJS 8-C. These percent increases were

1 applied to the test year amounts for these cost components to arrive at the rate  
2 year expense.

- 3 • The requested rate year GASB 43/45 funding amount is the average of the  
4 funding amounts for FY 2010 and FY 2011 specified in the Post Retirement  
5 Medical Plan Analysis prepared for the City of Providence by Buck Consultants.
- 6 • The requested amount for Reimburse the City for Retiree Healthcare is one sixth  
7 of the \$1,489,080 that the City of Providence failed to collect from Providence  
8 Water to recover the costs associated with the City providing healthcare benefits  
9 to Providence Water retirees during the period beginning in 1997 and ending in  
10 2005. As the Commission will recall, Providence Water made a similar request to  
11 allow this expense, which is the amount agreed to by the Division and Providence  
12 Water in its last rate filing, but the request was denied. It is my understanding  
13 that the Commission's decision to disallow this expense is under appeal by the  
14 City of Providence before the Rhode Island Supreme Court. Providence Water  
15 continues to believe that it is appropriate for Providence Water to reimburse the  
16 City for an expense the City incurred on Providence Water's behalf. However, if  
17 the Supreme Court does not rule in the City's favor, and order the reimbursement  
18 prior to disposition of this rate case, Providence Water agrees that this amount  
19 should either be removed or placed in a restricted account pending the Supreme  
20 Court's decision.
- 21 • The requested amount for City Retirement was obtained from a report prepared by  
22 Buck Consultants in November of 2008 that specifies the amounts payable in FY  
23 2010 by each department of the City to fund the City retirement liability.

24  
25 **Q. What is the total rate year adjustment to the employee pensions and other benefits**  
26 **expense category?**

27 **A.** As shown on Schedule HJS – 8, the total adjustment for this expense category is  
28 \$933,957.

1 **Q. Please explain how you determined the rate year regulatory and rate case expense.**

2 A. This expenses category is also comprised of a number of components, the largest of  
3 which is the PUC assessment. The rate year expense for the PUC assessment was  
4 determined by increasing the test year expense by 5%. Other components of the  
5 regulatory expense are based on Providence Water's estimates of the rate year level of  
6 expenses. Rate case expenses were, to the extent possible, based on contract amounts to  
7 perform the various services required to prepare a rate case. The adjustments to the  
8 various components were determined by comparing the rate year estimates to the actual  
9 test year expenses. The total adjustment for the regulatory and rate case expense  
10 category is \$171,354 as shown on Schedule HJS-9.  
11

12 **Q. Please describe how the rate year chemical and sludge maintenance costs were  
13 determined?**

14 A. Anticipated chemicals costs for the rate year were determined by applying projected unit  
15 prices to the quantity of each chemical that is expected to be consumed in the rate year.  
16 Anticipated unit prices were determined based on historical cost data as shown on  
17 Schedule HJS - 10A. The rate year adjustments were determined by comparing the  
18 projected rate year amounts to the test year amounts as shown on Schedule HJS - 10.  
19 The total adjustment for the chemicals cost category is \$445,135. The requested rate year  
20 amount for sludge maintenance is the average of the contract amounts for FY 2009, FY  
21 2010 and FY 2011. The adjustment amount for this cost category that results when the  
22 requested rate year amount is compared to the test year amount is \$246,667. The total  
23 adjustment for chemicals and sludge management is \$691,802.  
24

25 **Q. Please explain the adjustment to Contractual Services - Other under Administrative  
26 and General?**

27 A. As discussed in the testimony of Ms. Marchand, this \$150,000 adjustment is to cover the  
28 cost of the strategic planning efforts in which Providence Water is currently engaged.  
29  
30

1 **Q. Please describe the adjustment you made to the Infrastructure Replacement Fund.**

2 A. This adjustment, in the amount of \$2,100,000, is to cover the cost of additional  
3 infrastructure replacement projects as discussed in Ms. Marchand's testimony and is  
4 shown on Schedule HJS-12.

5  
6 **Q. Does this conclude your testimony regarding adjustments to expense categories to  
7 arrive at the pro-forma rate year?**

8 A. Yes it does.  
9

10 **Q. Are there any other issues you would like to address?**

11 A. Yes, I would like to discuss the adjustments to the Insurance Fund, Chemical/Sludge  
12 Maintenance Fund and the Revenue Reserve Fund that are shown on Schedule HJS-12  
13 and I would also like to address Providence Water's request to increase the amount  
14 allowed as a net revenue reserve allowance.

15  
16 **Q. Please discuss the adjustments to the Insurance Fund and the Chemical/Sludge  
17 Maintenance Fund?**

18 A. As the Commission is aware, Providence Water is required by Order to fund certain  
19 restricted accounts that are used to fund expenses for certain operating costs. These  
20 accounts are the Insurance Fund and the Chemical/Sludge Maintenance Fund. As  
21 previously discussed, Providence Water is seeking approval for adjustments to the  
22 adjusted test year for these two expense categories, but the rate year request for each of  
23 these categories is less than the amount that was allowed in Providence Water's last rate  
24 filing (Docket 3832). Therefore, Providence Water is requesting that the required  
25 funding amounts for these two restricted accounts be adjusted such that they are equal to  
26 the rate year request for the expenses that these accounts fund. This would result in a  
27 negative adjustment of \$799,268 to the previous funding amount for the Insurance Fund  
28 and a negative adjustment of \$257,934 to the previous funding of the Chemical/Sludge  
29 Maintenance Fund as shown on Schedule HJS-12.

1 **Q. Please discuss the adjustment to the Revenue Reserve Fund?**

2 A. As the Commission will recall, this restricted account was established by the Order in  
3 Docket 3832 as the depository for two-thirds of the 3% net revenue allowance that was  
4 allowed in that docket. In keeping with the Order, Providence Water has been making  
5 the required deposits into this account and will continue to do so in the future. However,  
6 since the operating reserve allowance is calculated based on total expenses it is not  
7 appropriate to show the contributions to this account as an expense. Therefore, we have  
8 shown a negative adjustment to this funding requirement such that the net revenues on  
9 which the reserve allowance is based do not include the amount used to fund this account.  
10

11 **Q. Is Providence Water requesting an increase in the amount of the operating reserve  
12 allowance?**

13 A. Yes, as discussed in the testimony of Ms. Marchand, Providence Water is requesting that  
14 the operating reserve allowance be set to an amount equal to 5% of Providence Water's  
15 net revenues. As Ms. Marchand describes, Providence Water proposes that three fifths of  
16 the operating reserve allowance be restricted.  
17

18 **Q. In that case, what will the required funding for the Revenue Reserve Fund be in the  
19 rate year?**

20 A. The required funding for the Revenue Reserve Fund would be three fifths of the  
21 operating reserve allowance or \$1,733,889.  
22

23 **Q. Does this conclude your testimony?**

24 A. Yes.

Schedule HJS-1

Providence Water  
Comparative Schedule of Revenues

	Fiscal Year 6/30/2006	Fiscal Year 6/30/2007	Test Year 6/30/2008	Test Year Adjustments	Adjusted Test Year
<b><u>Metered Revenue</u></b>					
Residential	\$ 20,736,139	\$ 20,751,496	\$ 20,997,182	\$ 754,268	\$ 21,751,450
Commercial	6,903,672	7,167,566	8,037,325	282,539	8,319,864
Industrial	1,870,777	1,517,139	729,385	29,235	758,620
Sub-total Retail	\$ 29,510,588	\$ 29,436,201	\$ 29,763,892	\$ 1,066,042	\$ 30,829,934
Wholesale	\$ 12,907,786	\$ 12,926,560	\$ 14,821,307	\$ 876,191	\$ 15,697,498
Sub-total Metered	\$ 12,907,786	\$ 12,926,560	\$ 14,821,307	\$ 876,191	\$ 15,697,498
<b><u>Non-metered Water Revenue</u></b>					
Service Charge	\$ 3,635,703	\$ 3,913,679	\$ 4,511,204	\$ 488,075	\$ 4,999,279
Private Fire Service Charge	1,288,411	1,451,131	1,853,010	(19,934)	1,833,075
Public Fire Protection	1,513,779	1,563,821	1,717,680	52,547	1,770,227
Sub-total Non-metered Water Revenue	\$ 6,437,892	\$ 6,928,631	\$ 8,081,894	\$ 520,688	\$ 8,602,581
<b>Total Water Revenue</b>	\$ 48,856,267	\$ 49,291,392	\$ 52,667,093	\$ 2,462,921	\$ 55,130,014
<b>Miscellaneous Income</b>	\$ 1,360,739	\$ 1,520,546	\$ 1,402,137	\$ -	\$ 1,402,137
<b>Tax Refund Contribution</b>	\$ -	\$ -	\$ -	\$ 375,000	\$ 375,000
<b>Grand Total Revenue</b>	\$ 50,217,006	\$ 50,811,938	\$ 54,069,229	\$ 2,837,921	\$ 56,907,150

**Test Year Revenue Under Existing Rates**  
Year Ending June 30, 2008

<b>Retail Consumption Charges</b>			
Residential (HCF)	10,192,807	\$ 2.134	\$ 21,751,450
Commercial (HCF)	4,060,451	\$ 2.049	\$ 8,319,864
Industrial (HCF)	377,235	\$ 2.011	\$ 758,620
<b>Total</b>	<b>14,630,493</b>		<b>\$ 30,829,934</b>

<b>Wholesale Consumption Charges</b>			
Consumption (HCF)	14,415,751	\$ 1.089	\$ 15,697,498
Consumption (MGD)	10,783	\$ 1,455.77	\$ -
			<b>\$ 15,697,498</b>

Billing Unit	Units of Service	Current Rates	Total Revenues
<b>Quarterly Service Charges</b>			
5/8"	53,007	\$ 15.73	\$ 3,335,200
3/4"	10,265	\$ 16.70	\$ 685,702
1"	5,046	\$ 19.60	\$ 395,606
1.5"	1,479	\$ 23.47	\$ 138,849
2"	1,684	\$ 34.11	\$ 229,765
3"	83	\$ 112.49	\$ 37,347
4"	34	\$ 141.51	\$ 19,245
6"	69	\$ 209.25	\$ 57,753
8"	36	\$ 286.65	\$ 41,278
10"	2	\$ 356.80	\$ 2,854
12"	6	\$ 426.95	\$ 10,247
<b>Total</b>	<b>71,711</b>		<b>\$ 4,953,846</b>

<b>Monthly Service Charges</b>			
5/8"	-	\$ 9.28	\$ -
3/4"	-	\$ 9.60	\$ -
1"	-	\$ 10.57	\$ -
1.5"	2	\$ 11.86	\$ 285
2"	34	\$ 15.41	\$ 6,287
3"	11	\$ 41.53	\$ 5,482
4"	8	\$ 51.21	\$ 4,916
6"	20	\$ 73.78	\$ 17,707



8"	9	\$	99.59	\$	10,756
10"	-	\$	122.97	\$	-
12"	-	\$	146.35	\$	-
Total	84			\$	45,433

**Total Service Charge Revenue**

\$ 4,999,279

**Private Fire Service Charges**

3/4"	6	\$	16.88	\$	405
1"	10	\$	20.00	\$	800
1.5"	3	\$	24.62	\$	295
2"	31	\$	36.57	\$	4,535
4"	302	\$	156.72	\$	189,318
6"	1,220	\$	253.42	\$	1,236,690
8"	229	\$	380.78	\$	348,794
10"	4	\$	526.08	\$	8,417
12"	14	\$	700.38	\$	39,221
16"	1	\$	1,149.93	\$	4,600
Total	1,820			\$	1,833,075

**Public Fire Service Charges**

Hydrants 6,082 \$ 291.06 \$ 1,770,227

**Total Rate Revenues**

\$ 55,130,014

Schedule HJS-2

PROVIDENCE WATER  
COMPARATIVE SCHEDULE OF EXPENSES

ACCOUNT	TITLE	FISCAL YEAR 06/30/06	FISCAL YEAR 06/30/07	FISCAL YEAR 06/30/08	Test Year Adjustments	Adjusted Test Year
<b>Source of Supply</b>						
60110	Salaries + Wages - Emp	332,332	378,557	366,835		366,835
60120	Salaries + Wages - Emp	364,716	463,317	465,527		465,527
60320	Sal. + Wages - Officers, Dir	-	-	-		-
60410	Employee Pension + Ben	180,684	201,272	210,067		210,067
60420	Employee Pension + Ben	198,291	246,141	266,316		266,316
61510	Purchase Power	-	-	-		-
61610	Fuel for Power Purch	-	-	-		-
62010	Material + Supplies	9,580	11,842	14,084		14,084
62020	Material + Supplies	45,309	53,546	73,695		73,695
63110	Contractual Services - Engineer	4,500	1,350	4,900		4,900
63120	Contractual Services - Engineer	-	-	-		-
63310	Contract Services - Legal	-	-	-		-
63420	Contractual Services - Mgt. Fees	-	-	-		-
63510	Contractual Services - Other	84,131	15,851	92,524		92,524
63520	Contractual Services - Other	19,754	15,561	15,011		15,011
64210	Rental of Equipment	-	-	-		-
64220	Rental of Equipment	-	-	-		-
65010	Transportation Exp.	-	-	-		-
65020	Transportation Exp.	-	-	-		-
67510	Misc. Expenses	19,414	3,066	3,052		3,052
67520	Misc. Expenses	3,799	2,295	13,804		13,804
<b>Total Source of Supply Expense</b>		<b>1,262,510</b>	<b>1,392,798</b>	<b>1,525,813</b>		<b>1,525,813</b>
<b>Pumping Expenses</b>						
60123	Salaries + Wages - Emp	-	-	-		-
60126	Salaries + Wages - Emp	-	-	-		-
60423	Employee Pension + Ben	-	-	-		-
60426	Employee Pension + Ben	-	-	-		-
61523	Purchase Power	701,668	734,820	862,000		862,000
61623	Fuel for Power Purch	16,651	32,088	39,980		39,980
62023	Material + Supplies	453	-	-		-
62026	Material + Supplies	-	518	1,816		1,816
63123	Contractual Services - Engineer	-	-	-		-
63126	Contractual Services - Engineer	-	-	-		-
63523	Contractual Services - Other	4,871	6,694	3,007		3,007
63526	Contractual Services - Other	-	6,915	1,931		1,931
64223	Rental of Equipment	-	-	-		-
64226	Rental of Equipment	-	-	-		-
65023	Transportation Exp.	-	-	-		-

**PROVIDENCE WATER  
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/06	FISCAL YEAR 06/30/07	FISCAL YEAR 06/30/08	Test Year Adjustments	Adjusted Test Year
67523	Misc. Expenses	-	-	4,889	-	4,889
67526	Misc. Expenses	-	-	1,164	-	1,164
	<b>Total Pumping Expenses</b>	723,642	781,034	914,787	-	914,787
<b>Water Treatment Expenses</b>						
60130	Salaries + Wages - Emp	1,902,231	2,008,959	1,942,308	-	1,942,308
60140	Salaries + Wages - Emp	287,769	323,220	281,181	-	281,181
60430	Employee Pension + Ben	991,095	1,066,963	1,111,445	-	1,111,445
60440	Employee Pension + Ben	156,456	171,261	161,294	-	161,294
61530	Purchase Power	179,721	194,083	204,246	-	204,246
61630	Fuel for Power Purch	122,959	177,174	280,906	-	280,906
61830	Chemicals	-	-	-	-	-
62030	Material + Supplies	94,329	95,393	98,736	-	98,736
62040	Material + Supplies	92,559	69,342	106,793	-	106,793
63130	Contractual Services - Engineer	-	2,788	21,969	-	21,969
63240	Contract Services - Acctg	-	-	-	-	-
63430	Contractual Services - Mgt. Fees	14,710	8,864	9,466	-	9,466
63530	Contractual Services - Other	182,083	210,061	189,833	-	189,833
63540	Contractual Services - Other	55,705	42,759	57,155	-	57,155
64140	Rental Buidlg/Real Prop	-	-	-	-	-
64230	Rental of Equipment	2,245	2,000	500	-	500
64240	Rental of Equipment	-	-	-	-	-
65030	Transportation Exp.	-	1,010	-	-	-
65640	Insurance Vehicle	-	-	-	-	-
65830	Insurance - W/C	-	-	-	-	-
65840	Insurance - W/C	-	-	-	-	-
66730	Regulatory Com Exp. -Other	-	-	-	-	-
67530	Misc. Expenses	60,381	27,965	2,258	-	2,258
67540	Misc. Expenses	171	86	85	-	85
	<b>Total Treatment Expense</b>	4,142,413	4,401,928	4,468,176	-	4,468,176
<b>Transmission + Dist. Expense:</b>						
60150	Salaries + Wages - Emp	834,719	991,335	827,908	-	827,908
60160	Salaries + Wages - Emp	2,228,839	2,134,007	2,102,082	-	2,102,082
60250	Payroll Clearing -Emp	(375,518)	(461,465)	(508,181)	508,181	-
60260	Payroll Clearing -Emp	-	-	-	-	-
60450	Employee Pension + Ben	453,824	526,391	473,349	-	473,349
60460	Employee Pension + Ben	1,211,787	1,134,076	1,204,461	-	1,204,461
60550	Overhead Rate Applied	(1,746,342)	(1,266,377)	(456,546)	456,546	-
60560	Overhead Rate Applied	-	-	-	-	-
61550	Purchase Power	9,027	8,733	79,896	(71,386)	8,510
62050	Material + Supplies	138,933	102,076	681,173	(592,671)	88,502

**PROVIDENCE WATER  
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/06	FISCAL YEAR 06/30/07	FISCAL YEAR 06/30/08	Test Year Adjustments	Adjusted Test Year
62060	Material + Supplies	12,637	5,687	15,075	-	15,075
62560	Inventory Clearing	-	-	-	-	-
63150	Contractual Services - Engineer	-	-	1,360	-	1,360
63350	Contractual Services - Legal T&D	-	-	256	-	256
63460	Contractual Services - Mgt. Fees	-	-	-	-	-
63550	Contractual Services - Other	1,028,353	927,318	1,085,202	-	1,085,202
63560	Contractual Services - Other	37,731	96,748	-	-	-
64150	Rental Buidlg/Real Prop	-	-	-	-	-
64160	Rental Buidlg/Real Prop	-	-	-	-	-
64250	Rental of Equipment	4,009	1,097	2,081	-	2,081
64260	Rental of Equipment	-	-	-	-	-
65050	Transportation Exp. T&D	-	1,145	1,290	-	1,290
65850	Insurance W/C	-	-	-	-	-
65860	Insurance W/C	-	-	-	-	-
65950	Insurance Other	-	-	-	-	-
66750	Regulatory Com Exp - Other T & D	-	-	-	-	-
66760	Regulatory Com Exp - Other T & D	-	-	-	-	-
67550	Misc. Expenses	3,625	3,784	5,326	-	5,326
67560	Misc. Expenses	675	529	274	-	274
<b>Total Transmission &amp; Distributio</b>		<b>3,842,301</b>	<b>4,205,083</b>	<b>5,515,007</b>	<b>300,670</b>	<b>5,815,676</b>
<b>Customer Accounts Expense:</b>						
60170	Salaries + Wages - Emp	1,828,083	2,063,837	1,956,675	-	1,956,675
60270	Payroll Clearing -Emp	(13,397)	(11,090)	-	-	-
60470	Employee Pension + Ben	993,902	1,096,073	1,119,835	-	1,119,835
60570	Overhead Rate Applied	(52,345)	(37,458)	-	-	-
61670	Fuel for Power Purch	-	-	-	-	-
62070	Material + Supplies	10,731	15,630	6,848	-	6,848
63370	Contractual Services - Legal	-	-	-	-	-
63570	Contractual Services - Other	33,883	39,027	50,435	-	50,435
65070	Transportation Exp. -CAO	-	-	-	-	-
65870	Insurance - Other	-	-	-	-	-
65970	Insurance Other	-	-	-	-	-
67070	Bad Debt Expense - CAO	(740,181)	782,012	(417,668)	417,668	0
67570	Misc. Expenses	121,241	104,000	93,468	-	93,468
<b>Total Customer Accounts</b>		<b>2,181,916</b>	<b>4,052,032</b>	<b>2,809,592</b>	<b>417,668</b>	<b>3,227,260</b>
<b>Administrative and General</b>						
60180	Salaries + Wages - Emp	4,718,358	5,030,220	4,981,168	-	4,981,168
60280	Payroll Clearing -Emp	-	-	-	-	-
60380	Salaries + wages - Officers, Dir.	36,918	40,257	32,955	-	32,955
60480	Employee Pension + Ben	2,569,882	4,160,597	3,295,736	-	3,295,736

**PROVIDENCE WATER  
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/06	FISCAL YEAR 06/30/07	FISCAL YEAR 06/30/08	Test Year Adjustments	Adjusted Test Year
60580	Overhead Rate Applied	-	-	-	-	-
61580	Purchase Power	119,872	118,145	87,444	-	87,444
61680	Fuel for Power Purch	184,535	184,178	229,065	-	229,065
62080	Material + Supplies	184,160	99,500	124,798	-	124,798
63180	Contractual Services - Engineer	24,377	201,937	36,268	-	36,268
63280	Contract Services - Accig	-	-	-	-	-
63380	Contractual Services - Legal	87,716	114,369	41,728	-	41,728
63480	Contractual Services - Mgt. Fees	32,000	-	-	-	-
63580	Contractual Services - Other	364,356	277,060	514,962	71,386	586,348
64180	Rental Buidlg/Real Prop	-	-	-	-	-
64280	Rental of Equipment	9,646	11,045	9,184	-	9,184
65080	Transportation Exp.	104,702	114,752	107,657	-	107,657
65780	Ins. Gen. Liability	-	-	-	-	-
65880	Insurance - W/C	-	-	-	-	-
65980	Insurance Other	-	-	-	-	-
66080	Advertising Expense	3,351	611	8,508	-	8,508
66680	Reg Com Exp - Amort of Rate Casi	-	1,059	-	-	-
66780	Regulatory Com Exp. -Other	202,951	282,184	305,530	-	305,530
67580	Misc. Expenses	289,175	186,018	358,452	-	358,452
	<b>Total Administration + General</b>	<b>8,931,999</b>	<b>10,821,934</b>	<b>10,133,454</b>	<b>71,386</b>	<b>10,204,840</b>
	<b>Total Operation &amp; Maintenance</b>	<b>21,084,781</b>	<b>25,654,810</b>	<b>25,366,829</b>		<b>26,156,552</b>
	<b>Source of Supply</b>					
	Pumping	1,262,510	1,392,798	1,525,813	-	1,525,813
	Treatment	723,642	781,034	914,787	-	914,787
		4,142,413	4,401,928	4,468,176	-	4,468,176
	Transmission & Distrib.	3,842,301	4,205,083	5,515,007	300,670	5,815,676
	Customer Accounts	2,181,916	4,052,032	2,809,592	417,668	3,227,260
	Administration & General	8,931,999	10,821,934	10,133,454	71,386	10,204,840
	<b>Total Operation &amp; Maintenance</b>	<b>21,084,781</b>	<b>25,654,810</b>	<b>25,366,829</b>	<b>789,724</b>	<b>26,156,552</b>
	<b>857 Insurance Fund</b>					
	65840 Insurance W/C - WTM	-	-	-	-	-
	65870 Insurance W/C - CAO	25,512	-	-	-	-
	62080 Materials + Supplies - A&GO	612	21,097	763	-	763
	63180 Contractual Services-Engineer	-	-	-	-	-
	63380 Contract Services - Legal A&GO	-	-	-	-	-
	63580 Contract Services - Other A&GO	1,875	4,515	4,755	-	4,755
	65780 Ins. Gen. Liability	1,253,949	1,296,107	1,227,230	-	1,227,230
	65980 Insurance-Other A&GO	-	-	-	-	-
	65880 Insurance - W/C	533,567	(69,285)	672,370	-	672,370

**PROVIDENCE WATER  
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/06	FISCAL YEAR 06/30/07	FISCAL YEAR 06/30/08	Test Year Adjustments	Adjusted Test Year
67070	Bad Debt Expense-CAO	152,140	71,527	(6,954)		(6,954)
67580	Misc. Expense	1,967,654	1,323,960	1,898,164		1,898,164
<b>Total Insurance Fund</b>						
<b>878 Chemical and Sludge Maintenance Fund</b>						
61830	Chemicals - WTO	1,493,366	1,574,797	1,682,829		1,682,829
62030	Materials + Supplies WTO	15,545	-	-		-
62050	Materials + Supplies T&DO	-	17,827	-		-
63540	Contract Services - Other WTM	550,000	954,125	500,000		500,000
<b>Total Chemical and Sludge Maintenance Fund</b>		2,058,912	2,546,749	2,182,829		2,182,829
<b>Full Operation and Maintenance</b>		25,111,348	29,525,519	29,447,822	789,724	30,237,545
<b>City Services</b>						
<b>Property Taxes - Other Local Governm.</b>						
40820	Town of North Providence	224,715	231,643	234,826		234,826
40821	Town of Glocester	43,112	45,275	49,655		49,655
40822	Town of West. Glocester	3,536	3,928	3,928		3,928
40823	Town Harmony	120	142	155		155
40824	Town Chepachet	145	115	115		115
40825	Town Scituate	4,857,897	5,131,469	5,468,314		5,468,314
40826	Town Warwick	21	22	101		101
40827	Town of Johnston	56,424	64,195	86,135		86,135
40828	Town of Foster	308,492	278,751	292,391		292,391
40829	City of Cranston	531,739	(1,334,393)	88,629		88,629
40830	City of West. Warwick	3,855	4,040	4,294		4,294
<b>Total Property Taxes</b>		6,030,056	4,425,185	6,228,544		6,228,544
<b>Full Operation &amp; Maint.</b>						
<b>City Services</b>		25,111,348	29,525,519	29,447,822	789,724	30,237,545
<b>Total Property Taxes</b>		729,994	729,994	784,581	54,586	839,167
<b>Capital Reimbursement</b>		6,030,056	4,425,185	6,228,544		6,228,544
<b>Grand Total</b>		2,187,603	1,776,390	964,727	(964,727)	-
<b>Grand Total</b>		34,059,000	36,457,088	37,425,673	(120,417)	37,305,257

Schedule HJS-3

Providence Water  
Cost of Service Summary

	Adjusted Test Year	Combined Adjustments	Proforma Old Rates	Additional Revenue Generated	Proforma New Rates
Revenues:					
Service Charge	\$ 4,999,279	\$ -	\$ 4,999,279		\$ 5,504,393
Retail Sales	30,829,934	-	30,829,934		33,948,672
Wholesale Sales	15,697,498	-	15,697,498		17,279,814
Fire Protection	3,603,302	-	3,603,302		3,966,559
Miscellaneous Revenue	1,402,137	-	1,402,137		1,402,137
Other	375,000	-	375,000		375,000
<b>TOTAL REVENUES</b>	<b>\$ 56,907,150</b>	<b>\$ -</b>	<b>\$ 56,907,150</b>	<b>\$ 5,569,425</b>	<b>\$ 62,476,576</b>
				9.79%	
<b>Total Rate Revenues</b>	<b>\$ 55,130,014</b>	<b>\$ -</b>	<b>\$ 55,130,014</b>		
Expenses					
Operations and Maintenance	\$ 26,156,552	\$ 1,647,911	\$ 27,804,463		\$ 27,804,463
Insurance	1,898,164	245,986	2,144,150		2,144,150
Chemical & Sludge	2,182,829	691,802	2,874,631		2,874,631
City Service Expense	839,167	-	839,167		839,167
Property Taxes	6,228,544	550,551	6,779,095		6,779,095
Capital Reimbursement	(964,727)	(15,398)	(980,125)		(980,125)
<b>Net Operations</b>	<b>\$ 36,340,530</b>	<b>\$ 3,120,851</b>	<b>\$ 39,461,381</b>		<b>\$ 39,461,381</b>
Capital Fund	\$ 2,450,000	\$ -	\$ 2,450,000		\$ 2,450,000
Western Cranston Fund	62,069	-	62,069		62,069
Infrastructure Replacement Fund	13,900,000	2,100,000	16,000,000		16,000,000
Cash Funded AMR/Meter Repl. Fund	1,000,000	-	1,000,000		1,000,000
Equipment Replacement Fund	600,000	-	600,000		600,000
Property Tax Refund Fund	-	-	-		-
Revenue Reserve Fund	1,103,696	(1,103,696)	-		-
<b>TOTAL EXPENSES</b>	<b>\$ 55,456,295</b>	<b>\$ 4,117,155</b>	<b>\$ 59,573,450</b>		<b>\$ 59,573,450</b>
<b>Revenue Reserve</b>	<b>\$ 2,683,958</b>	<b>\$ -</b>	<b>\$ 2,689,816</b>		<b>\$ 2,889,816</b>
<b>Revenues Over (Under) Expenses</b>	<b>\$ (1,233,102)</b>	<b>\$ (4,117,155)</b>	<b>\$ (5,556,115)</b>		<b>\$ 13,310</b>
Total Increase to break even					9.76%
Rate Revenue Increase to break even					10.08%

Notes:

Revenue Reserve is calculated by formula (A - B - C)\*.05  
Revenue surplus results from rounding

Schedule HJS-4

Raw Revenue Requirements  
Rate Year Ending December 31, 2010

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
<b>Source of Supply</b>						
60110	Salaries + Wages - Emp	\$ 366,835	A	\$ 11,115	\$ -	\$ 377,950
60120	Salaries + Wages - Emp	465,527	A	14,106	-	479,632
60320	Sal. + Wages - Officers, Dir	-		-	-	-
60410	Employee Pension + Ben	210,067	D	25,028	-	235,095
60420	Employee Pension + Ben	266,316	D	31,730	-	298,045
61510	Purchase Power	-		-	-	-
61610	Fuel for Power Purch	-		-	-	-
62010	Material + Supplies	14,084		-	-	14,084
62020	Material + Supplies	73,695		-	-	73,695
63110	Contractual Services - Engineer	4,900		-	-	4,900
63120	Contractual Services - Engineer	-		-	-	-
63310	Contract Services - Legal	-		-	-	-
63420	Contractual Services - Mgt. Fees	-		-	-	-
63510	Contractual Services - Other	92,524		-	-	92,524
63520	Contractual Services - Other	15,011		-	-	15,011
64210	Rental of Equipment	-		-	-	-
64220	Rental of Equipment	-		-	-	-
65010	Transportation Exp.	-		-	-	-
65020	Transportation Exp.	-		-	-	-
67510	Misc. Expenses	3,052		-	-	3,052
67520	Misc. Expenses	13,804		-	-	13,804
	<b>Total Source of Supply Expense</b>	<b>\$ 1,525,813</b>		<b>\$ 81,979</b>	<b>\$ -</b>	<b>\$ 1,607,792</b>
<b>Pumping Expenses</b>						
60123	Salaries + Wages - Emp	\$ -		\$ -	\$ -	\$ -
60126	Salaries + Wages - Emp	-		-	-	-
60423	Employee Pension + Ben	-		-	-	-
60426	Employee Pension + Ben	-		-	-	-
61523	Purchase Power	862,000		-	-	862,000
61623	Fuel for Power Purch	39,980		-	-	39,980
62023	Material + Supplies	-		-	-	-
62026	Material + Supplies	1,816		-	-	1,816
63123	Contractual Services - Engineer	-		-	-	-
63126	Contractual Services - Engineer	-		-	-	-
63523	Contractual Services - Other	3,007		-	-	3,007
63526	Contractual Services - Other	1,931		-	-	1,931
64223	Rental of Equipment	-		-	-	-
64226	Rental of Equipment	-		-	-	-



ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
65023	Transportation Exp.	-	-	-	-	-
67523	Misc. Expenses	4,889	-	-	-	4,889
67526	Misc. Expenses	1,164	-	-	-	1,164
	<b>Total Pumping Expenses</b>	<b>\$ 914,787</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 914,787</b>
	<b>Water Treatment Expenses</b>					
60130	Salaries + Wages - Emp	1,942,308	A	\$ 58,854	\$ -	2,001,162
60140	Salaries + Wages - Emp	281,181	A	8,520	-	289,701
60430	Employee Pension + Ben	1,111,445	D	132,421	-	1,243,865
60440	Employee Pension + Ben	161,294	D	19,217	-	180,511
61530	Purchase Power	204,246	-	-	-	204,246
61630	Fuel for Power Purch	280,906	-	-	-	280,906
61830	Chemicals	-	-	-	-	-
62030	Material + Supplies	98,736	-	-	-	98,736
62040	Material + Supplies	106,793	-	-	-	106,793
63130	Contractual Services - Engineer	21,969	-	-	-	21,969
63240	Contract Services - Acctg	-	-	-	-	-
63430	Contractual Services - Mgt. Fees	9,466	-	-	-	9,466
63530	Contractual Services - Other	189,833	-	-	-	189,833
63540	Contractual Services - Other	57,155	-	-	-	57,155
64140	Rental Buidlg/Real Prop	-	-	-	-	-
64230	Rental of Equipment	500	-	-	-	500
64240	Rental of Equipment	-	-	-	-	-
65030	Transportation Exp.	-	-	-	-	-
65640	Insurance Vehicle	-	-	-	-	-
65830	Insurance - W/C	-	-	-	-	-
65840	Insurance - W/C	-	-	-	-	-
66730	Regularity Com Exp. -Other	-	-	-	-	-
67530	Misc. Expenses	2,258	D	-	-	2,258
67540	Misc. Expenses	85	-	-	-	85
	<b>Total Treatment Expense</b>	<b>\$ 4,468,176</b>		<b>\$ 219,012</b>	<b>\$ -</b>	<b>\$ 4,687,188</b>
	<b>Transmission + Dist. Expense:</b>					
60150	Salaries + Wages - Emp	827,908	A	\$ 25,086	\$ -	852,995
60160	Salaries + Wages - Emp	2,102,082	A	63,695	-	2,165,777
60250	Payroll Clearing -Emp	-	A	-	-	-
60260	Payroll Clearing -Emp	-	-	-	-	-
60450	Employee Pension + Ben	473,349	D	56,396	-	529,745
60460	Employee Pension + Ben	1,204,461	D	143,503	-	1,347,964
60550	Overhead Rate Applied	-	-	-	-	-
60560	Overhead Rate Applied	-	-	-	-	-
61550	Purchase Power	8,510	-	-	-	8,510
62050	Material + Supplies	88,502	-	-	-	88,502
62060	Material + Supplies	15,075	-	-	-	15,075

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
62560	Inventory Clearing	-		-	-	-
63150	Contractual Services - Engineer	1,360		-	-	1,360
63350	Contractual Services - Legal T&D	256		-	-	256
63460	Contractual Services - Mgt. Fees	-		-	-	-
63550	Contractual Services - Other	1,085,202		-	-	1,085,202
63560	Contractual Services - Other	-		-	-	-
64150	Rental Buildg/Real Prop	-		-	-	-
64160	Rental Buildg/Real Prop	-		-	-	-
64250	Rental of Equipment	2,081		-	-	2,081
64260	Rental of Equipment	-		-	-	-
65050	Transportation Exp. T&D	1,290		-	-	1,290
65850	Insurance W/C	-		-	-	-
65860	Insurance W/C	-		-	-	-
65950	Insurance Other	-		-	-	-
66750	Regulatory Com Exp - Other T & D	-		-	-	-
66760	Regulatory Com Exp - Other T & D	-		-	-	-
67550	Misc. Expenses	5,326		-	-	5,326
67560	Misc. Expenses	274		-	-	274
	<b>Total Transmission &amp; Distribution</b>	<b>\$ 5,815,676</b>		<b>\$ 288,681</b>	<b>\$ -</b>	<b>\$ 6,104,357</b>
	<b>Customer Accounts Expense:</b>					
60170	Salaries + Wages - Emp	1,956,675	A	\$ 59,289	\$ -	2,015,964
60270	Payroll Clearing -Emp	-		-	-	-
60470	Employee Pension + Ben	1,119,835	D	133,420	-	1,253,255
60570	Overhead Rate Applied	-		-	-	-
61670	Fuel for Power Purch	-		-	-	-
62070	Material + Supplies	6,848		-	-	6,848
63370	Contractual Services - Legal	-		-	-	-
63570	Contractual Services - Other	50,435		-	-	50,435
65070	Transportation Exp. -CAO	-		-	-	-
65870	Insurance - Other	-		-	-	-
65970	Insurance Other	-		-	-	-
67070	Bad Debt Expense - CAO	0		-	-	0
67570	Misc. Expenses	93,468		-	-	93,468
	<b>Total Customer Accounts</b>	<b>\$ 3,227,260</b>		<b>\$ 192,709</b>	<b>\$ -</b>	<b>\$ 3,419,970</b>
	<b>Administrative and General</b>					
60180	Salaries + Wages - Emp	4,981,168	A	\$ 150,934	\$ -	5,132,103
60280	Payroll Clearing -Emp	-		-	-	-
60380	Salaries + wages - Officers, Dir.	32,955	A	999	-	33,953
60480	Employee Pension + Ben	3,295,736	D	392,243	-	3,687,979
60580	Overhead Rate Applied	-		-	-	-
61580	Purchase Power	87,444		-	-	87,444
61680	Fuel for Power Purch	229,065		-	-	229,065

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
62080	Material + Supplies	124,798		-	-	124,798
63180	Contractual Services - Engineer	36,268		-	-	36,268
63280	Contract Services - Accg	-		-	-	-
63380	Contractual Services - Legal	41,728		-	-	41,728
63480	Contractual Services - Mgt. Fees	-		-	-	-
63580	Contractual Services - Other	586,348	H	-	150,000	736,348
64180	Rental Buildg/Real Prop	-		-	-	-
64280	Rental of Equipment	9,184		-	-	9,184
65080	Transportation Exp.	107,657		-	-	107,657
65780	Ins. Gen. Liability	-		-	-	-
65880	Insurance - W/C	-		-	-	-
65980	Insurance Other	-		-	-	-
66080	Advertising Expense	8,508		-	-	8,508
66680	Reg Com Exp - Amort of Rate Case	-		-	-	-
66780	Regulatory Com Exp. -Other	305,530	E	171,354	-	476,884
67580	Misc. Expenses	358,452		-	-	358,452
	<i>Total Administration + General</i>	<u>\$ 10,204,840</u>		<u>\$ 715,530</u>	<u>\$ 150,000</u>	<u>\$ 11,070,370</u>
	<b>Total Operation &amp; Maintenance</b>	<b>\$ 26,156,552</b>		<b>\$ 1,497,911</b>	<b>\$ 150,000</b>	<b>\$ 27,804,463</b>
	<b>Source of Supply</b>	<b>\$ 1,525,813</b>		<b>\$ 81,979</b>	<b>\$ -</b>	<b>\$ 1,607,792</b>
	<b>Pumping</b>	<b>914,787</b>		<b>-</b>	<b>-</b>	<b>914,787</b>
	<b>Treatment</b>	<b>4,468,176</b>		<b>219,012</b>	<b>-</b>	<b>4,687,188</b>
	<b>Transmission &amp; Distrib.</b>	<b>5,815,676</b>		<b>288,681</b>	<b>-</b>	<b>6,104,357</b>
	<b>Customer Accounts</b>	<b>3,227,260</b>		<b>192,709</b>	<b>-</b>	<b>3,419,970</b>
	<b>Administration &amp; General</b>	<b>10,204,840</b>		<b>715,530</b>	<b>150,000</b>	<b>11,070,370</b>
	<i>Total Operation &amp; Maintenance</i>	<u>\$ 26,156,552</u>		<u>\$ 1,497,911</u>	<u>\$ 150,000</u>	<u>\$ 27,804,463</u>
	<b>857 Insurance Fund</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
	65840 Insurance W/C - WTM	-		-	-	-
	65870 Insurance W/C - CAO	-		-	-	-
	62080 Materials + Supplies - A&GO	763	C	-	-	763
	63180 Contractual Services-Engineer	-		-	-	-
	63380 Contract Services - Legal A&GO	-		-	-	-
	63580 Contract Services - Other A&GO	4,755	C	4,950	-	9,705
	65780 Ins. Gen. Liability	1,227,230	C	66,811	-	1,294,041
	65980 Insurance-Other A&GO	-		-	-	-
	65880 Insurance - W/C	672,370	C	97,271	-	769,641
	67070 Bad Debt Expense-CAO	-		-	-	-
	67580 Misc. Expense	(6,954)	C	76,954	-	70,000
	<i>Total Insurance Fund</i>	<u>\$ 1,898,164</u>		<u>\$245,986</u>	<u>\$ -</u>	<u>\$ 2,144,150</u>
	<b>878 Chemical and Sludge Maintenance Fund</b>					

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
61830	Chemicals - WTO	\$ 1,682,829	F	\$ 445,135	\$ -	\$ 2,127,964
62030	Materials + Supplies WTO	-		-	-	-
62050	Materials + Supplies T&DO	-		-	-	-
63540	Contract Services - Other WTM	500,000	F	246,667	-	746,667
<b>Total Chemical and Sludge Maintenance Fund</b>		<b>\$ 2,182,829</b>		<b>\$ 691,802</b>	<b>\$ -</b>	<b>\$ 2,874,631</b>
<b>Total O&amp;M</b>		<b>\$ 30,237,545</b>		<b>\$ 2,435,699</b>	<b>\$ 150,000</b>	<b>\$ 32,823,244</b>
<b>Property Taxes- Other Local Governm.</b>						
40820	Town of North Providence	\$ 234,826	B	\$ (7,886)	\$ -	\$ 226,940
40821	Town of Glocester	49,655	B	10,596	-	60,251
40822	Town of West. Glocester	3,928	B	269	-	4,198
40823	Town Harmony	155	B	-	-	155
40824	Town Chepachet	115	B	(25)	-	90
40825	Town Scituate	5,468,314	B	500,780	-	5,969,094
40826	Town Warwick	101	B	5	-	107
40827	Town of Johnston	86,135	B	5,901	-	92,036
40828	Town of Foster	292,391	B	34,696	-	327,087
40829	City of Cranston	88,629	B	5,731	-	94,360
40830	City of West. Warwick	4,294	B	483	-	4,777
<b>Total Property Taxes</b>		<b>\$ 6,228,544</b>		<b>\$ 550,551</b>	<b>\$ -</b>	<b>\$ 6,779,095</b>
<u>Other Expenditures</u>						
City Services		\$ 839,167		\$ -	\$ -	\$ 839,167
Total Property Taxes		6,228,544		550,551	-	6,779,095
Capital Reimbursement		(964,727)	A	(15,398)	-	(980,125)
<b>Total Other Expenditures</b>		<b>\$ 6,102,984</b>		<b>\$ 535,153</b>	<b>\$ -</b>	<b>\$ 6,638,137</b>
<b>Capital Fund</b>						
Western Cranston Fund		\$ 2,450,000	G	\$ -	\$ -	\$ 2,450,000
Infrastructure Replacement Fund		62,069	G	-	-	62,069
Cash Funded AMR/Meter Repl. Fund		13,900,000	G	2,100,000	-	16,000,000
Equipment Replacement Fund		1,000,000	G	-	-	1,000,000
Property Tax Refund Fund		600,000	G	-	-	600,000
Revenue Reserve Fund (2)		-	G	-	-	-
		1,103,696	G	(1,103,696)	-	-
<b>Total Restricted Expenditures</b>		<b>\$ 19,115,765</b>		<b>\$ 996,304</b>	<b>\$ -</b>	<b>\$ 20,112,069</b>
<b>Total Other &amp; Rest. Expenditures</b>		<b>\$ 25,218,749</b>		<b>\$ 1,531,457</b>	<b>\$ -</b>	<b>\$ 26,750,206</b>
<b>Grand Total</b>		<b>\$ 55,456,295</b>		<b>\$ 3,967,155</b>	<b>\$ 150,000</b>	<b>\$ 59,573,450</b>

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
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**Explanation of Notes:**

- (A) = Payroll Expense Adjustments Schedule HJS-5
- (B) = Property Taxes Sched. HJS-6
- (C) = Insurance Expenses Sched. HJS-7
- (D) = Pension and Other Benefits Adjustment Sched. HJS-8
- (E) = Regulatory and Rate Case Expenses Sched. HJS-9
- (F) = Adjustment for Chemicals and Sludge Maintenance Sched. HJS-10
- (G) = Restricted Accounts Sched. HJS-12
- (H) = Additional \$150,000 for Strategic Planning

Schedule HJS-5

**PROVIDENCE WATER**  
**Salaries & Wages**

Actual Payroll Expense FY 2008	\$ 11,940,275
Normalizing adjustments	508,181
Adjusted Test Year	<u>\$ 12,448,457</u>
Contractual Increase *	x <u>1.0303</u>
Pro-forma amount, agrees to schedule C1, p.3 of 3	\$ 12,825,657
Adjustment	<u>\$ 377,201</u>

\* Source: Union Contract Article VI  
7/1/08 Increase of 1%  
1/1/09 Increase of 1%  
7/1/09 Increase of 0% (due to concessions)  
1/1/10 Increase of 0% (due to concessions)  
7/1/10 Increase of 2%

PROVIDENCE WATER SUPPLY BOARD

Detail Payroll Expense

ACCOUNT DESCRIPTION	Test Year	Normalize Test Year	Adjusted Test Year	Actual x 1.0303	Pro-Forma Adjustment
<b>SOURCE OF SUPPLY</b>					
60110 Salaries & Wages - Emp	\$ 366,835	\$ -	\$ 366,835	\$ 377,950	\$ 11,115
60120 Salaries & Wages - Emp	465,527	-	465,527	479,632	14,106
60320 Sal & Wages - Officers, Dir	-	-	-	-	-
TOTAL SOURCE OF SUPPLY	832,361	-	832,361	857,583	25,221
<b>PUMPING</b>					
60123 Salaries & Wages - Emp	-	-	-	-	-
60126 Salaries & Wages - Emp	-	-	-	-	-
TOTAL PUMPING	-	-	-	-	-
<b>WATER TREATMENT</b>					
60130 Salaries & Wages - Emp	1,942,308	-	1,942,308	2,001,162	58,854
60140 Salaries & Wages - Emp	281,181	-	281,181	289,701	8,520
TOTAL WATER TREATMENT	2,223,489	-	2,223,489	2,290,863	67,374
<b>TRANSMISSION &amp; DISTRIBUTION</b>					
60150 Salaries & Wages - Emp	827,908	-	827,908	852,995	25,086
60160 Salaries & Wages - Emp	2,102,082	-	2,102,082	2,165,777	63,695
60250 Payroll Clearing	(508,181)	508,181	-	-	-
60260 Payroll Clearing	-	-	-	-	-
TOTAL TRANSMISSION & DISTRIBUTION	2,421,809	508,181	2,929,990	3,018,772	88,782
<b>CUSTOMER ACCOUNT EXPENSE</b>					
60170 Salaries & Wages - Emp	1,956,675	-	1,956,675	2,015,964	59,289
60270 Payroll Clearing	-	-	-	-	-
TOTAL CUSTOMER ACCTS EXPENSE	1,956,675	-	1,956,675	2,015,964	59,289
<b>ADMINISTRATION</b>					
60180 Salaries & Wages - Emp	4,981,168	-	4,981,168	5,132,103	150,934
60280 Payroll Clearing	-	-	-	-	-
60380 Sal & Wages - Officers, Dir	32,955	-	32,955	33,953	999
TOTAL ADMINISTRATION EXPENSE	5,014,123	-	5,014,123	5,166,056	151,933
<b>O/M LABOR SUMMARY</b>					
SOURCE OF SUPPLY	832,361	-	832,361	857,583	25,221
PUMPING	-	-	-	-	-
WATER TREATMENT	2,223,489	-	2,223,489	2,290,863	67,374
TRANSMISSION & DISTRIBUTION	2,421,809	508,181	2,929,990	3,018,772	88,782
CUSTOMER ACCOUNTS	1,956,675	-	1,956,675	2,015,964	59,289
ADMINISTRATION	5,014,123	-	5,014,123	5,166,056	151,933
LESS: CAPITALIZED LABOR	(508,181)	-	(508,181)	(523,580)	(15,398)
<b>TOTAL</b>	<b>\$ 11,940,275</b>	<b>\$ 508,181</b>	<b>\$12,448,457</b>	<b>\$12,825,657</b>	<b>377,201</b>

RECAP:  
 Adjusted Test Year \$ 12,448,457  
 Contractual increases \$ 377,201  
 Pro-forma CY 2010 \$ 12,825,657

**PROVIDENCE WATER**  
Analysis of Property Taxes

Municipality	Test Year	Adjustments	Note	Pro-forma Amount *
Scituate	\$ 5,468,314	\$ 500,780	1	\$ 5,969,094
Foster	292,366	34,696	2	327,062
Cranston	88,629	5,731	2	94,360
North Providence	234,825	(7,886)	2	226,939
Johnston	86,135	5,901	3	92,036
Glocester	49,656	10,596	2	60,251
West Warwick	4,294	483	2	4,777
West Glocester Fire	3,928	269	2	4,197
Harmony Fire Dist.	155	-	3	155
Chepachet Fire Dist.	145	(25)	3	120
Warwick	101	5	3	107
<b>Total Expense</b>	<b>\$ 6,228,549</b>	<b>\$ 550,551</b>		<b>\$ 6,779,100</b>
<b>Test Year</b>				<b>6,228,549</b>
<b>Total Adjustment</b>				<b>\$ 550,551</b>

\* See Schedule HJS-6A for 5 year historical

Note:

1. Based on statutory increases and share of tax expenses paid by Operations.
2. See testimony of Harold J. Smith
3. FY 09 amount used.



**PROVIDENCE WATER  
COMPARATIVE SCHEDULE OF PROPERTY TAXES**

Municipality	FISCAL YEAR 7/1/03-6/30/04	FISCAL YEAR 7/1/04-6/30/05	FISCAL YEAR 7/1/05-6/30/06	FISCAL YEAR 7/1/06-6/30/07	FISCAL YEAR 7/1/07-6/30/08	FISCAL YEAR 7/1/08-6/30/09
Scituate	\$ 4,657,789	\$ 4,604,051	\$ 4,857,896	\$ 5,131,469	\$ 5,468,314	\$ 5,572,995
Foster	297,825	295,106	308,492	278,751	292,366	306,091
Cranston	493,535	524,718	531,738	351,185	88,629	88,310
North Providence	224,323	243,883	224,715	231,643	234,825	212,388
Johnston	96,550	54,464	56,424	59,247	86,135	86,135
Glocester	135,693	55,075	43,112	45,275	49,656	56,388
West Warwick	6,223	3,766	3,855	4,040	4,294	4,471
West Glocester Fire	3,363	3,363	3,536	3,928	3,928	4,125
Harmony Fire Dist.	142	142	120	120	155	155
Chepachet fire Dist.	145	145	145	145	145	120
Warwick	26	20	21	22	101	107
<b>Total</b>	<b>\$ 5,915,614</b>	<b>\$ 5,784,733</b>	<b>\$ 6,030,054</b>	<b>\$ 6,105,825</b>	<b>\$ 6,228,549</b>	<b>\$ 6,331,285</b>

	-2.21%	4.24%	1.26%	2.01%	1.65%
<b>% Change</b>					

Schedule HJS-7

**Providence Water  
Insurance Expense**

	Test Year	Adjustments	Pro-Forma Amount *
Property and Casualty	\$ 1,227,230	\$ 66,811	\$ 1,294,041
Worker's Compensation	672,370	97,271	769,641
Old Worker's Comp Claims	-	-	-
Injuries & Damages	(6,954)	76,954	70,000
Safety Supplies & Other	793	-	793
Program Expense	4,755	4,950	9,705
<b>Total Expenses</b>	<b>\$ 1,898,194</b>	<b>\$ 245,986</b>	<b>\$ 2,144,180</b>
Test Year amount			\$ 1,898,194
Pro-Forma Amount			2,144,180
Total Adjustment			\$ 245,986

\* See Schedule HJS-7A for calculations

Schedule HJS-7A

Providence Water

Insurance Expense

	FY2009 Estimate	FY2010 Estimate	Pro-Forma Amount
\$	1,232,420 \$	1,355,662 \$	1,294,041
Property and Casualty premium	754,402	784,880	769,641
Worker's Compensation premium	-	-	-
Old Worker's Comp Claims	70,000	70,000	70,000
Injuries & Damages	793	793	793
Safety Supplies & Other	9,705	9,705	9,705
Program Expense			
Total Expenses	\$ 2,067,320 \$	\$ 2,221,040 \$	\$ 2,144,180

Schedule HJS-8

**PROVIDENCE WATER  
Pension and Other Benefits**

FRINGE BENEFIT	Test Year FY 2008	Adjustment	Pro-Forma Amount	% Increase	Reference
1 1033 Union Combined Benefits	\$ 532,995	\$ 65,335	\$ 598,330	12.26%	Schedule HJS-8B
2 Laborers International Pension	362,742	19,560	382,302	5.39%	Schedule HJS-8B
3 Life Insurance Premium	1,845	226	2,071	12.26%	Schedule HJS-8B
4 FICA	953,638	28,896	982,534	3.03%	See Note 1
5 1/2% Wage Assignment	40,984	1,242	42,226	3.03%	See Note 1
6 Blue Cross/United Health	2,078,214	398,055	2,476,269	19.15%	Schedule HJS-8C
7 Delta Dental	224,371	22,786	247,157	10.16%	Schedule HJS-8C
8 GASB 43/45 Reserve Required	917,217	88,345	1,005,562	9.63%	Per OPEB Buck Report
9 Reimburse City for Retired Health	-	248,180	248,180	n/a	See Harold J. Smith Testimony
10 City Retirement	2,726,971	61,333	2,788,304	2.25%	Per Buck Report
<b>Total</b>	<b>\$ 7,838,977</b>	<b>\$ 933,958</b>	<b>\$ 8,772,935</b>		
Test Year FY 2008			<b>\$ 7,838,977</b>		
<b>Adjustment</b>			<b>\$ 933,957</b>		

Notes:

1) Compounded salary increase used 3.03%

Schedule HJS-8A

**PROVIDENCE WATER**

**Fringe Allocation to Naruc Accounts**

Naruc Account	Test Year FY 2008	Allocation	Pro-forma Adjustment
60410	\$ 210,067	2.68%	\$ 25,028
60420	266,316	3.40%	31,730
60423	-	0.00%	-
60426	-	0.00%	-
60430	1,111,445	14.18%	132,421
60440	161,294	2.06%	19,217
60450	473,349	6.04%	56,396
60460	1,204,461	15.37%	143,503
60470	1,119,835	14.29%	133,420
60480	3,292,212	42.00%	392,243
	<u>\$ 7,838,979</u>	<u>100.00%</u>	<u>\$ 933,958</u>

**PROVIDENCE WATER SUPPLY BOARD**  
**Schedule of Union Benefit Rates**

Description	FYE 06/30/08	Proforma Year	% Increase/ (Decrease)
<u>Union Pension</u>			
40 Hour	\$ 40.80	\$ 43.00	5.39%
35 Hour	\$ 35.70	\$ 37.63	5.39%
<u>Union Benefit Trust*</u>			
40 Hour	\$ 62.00	\$ 69.60	12.26%
35 Hour	\$ 54.25	\$ 60.90	12.26%
<u>Training</u>			
40 Hour	\$ 4.80	\$ -	-100.00%
35 Hour	\$ 4.20	\$ -	-100.00%

\* Union Trust benefits include Prescription Drug, Vision Care, Life Insurance, Legal Care and Wellness.

Source: Union Contract Article XX

**PROVIDENCE WATER SUPPLY BOARD**  
**Schedule of Insurance Rates (Health)**

Description	FYE 06/30/07	FYE 06/30/08	FYE 06/30/09	% Increase/ (Decrease)	Rate Year Increase*
<u>United Healthcare</u>					
Non-Bargaining					
Individual	381.13	423.05	479.11	25.71%	19.15%
Family	960.94	1,066.65	1,207.98	25.71%	19.15%
Non-Union:					
Individual	407.19	451.98	511.87	25.71%	19.15%
Family	1030.63	1,143.99	1,295.57	25.71%	19.15%
<u>Delta Dental</u>					
Union:					
Individual	27.81	31.27	32.54	17.01%	10.16%
Family	85.80	96.48	100.40	17.02%	10.16%
Non-Union:					
Individual	27.81	31.27	32.54	17.01%	10.16%
Family	85.80	96.48	100.40	17.02%	10.16%
<u>Blue Cross</u>					
Union:					
Individual	341.37	378.92	429.13	25.71%	19.15%
Family	834.76	926.58	1,049.35	25.71%	19.15%
Non-Union:					
Individual	419.48	465.62	527.32	25.71%	19.15%
Family	1042.91	1157.64	1,311.02	25.71%	19.15%

\* Calculated % increase between 01/01/08 and 06/30/09.

**PROVIDENCE WATER**

**Regulatory Commission and Rate Case Expense**

	Test Year	Pro-Forma
<b>Regulatory Commission Expense:</b>		
Summer Moratorium	\$ 88	\$ 5,000
Docket 3832 Full Rate Filing	42,359	-
Bond Filing	5,573	6,130
Credit Card Payment	1,481	-
Providence Street Ordinance	5,097	-
Legislation	3,300	5,000
Billing Disputes/Meter Retention	1,889	5,000
Miscellaneous Legal Matters	24,128	24,732
Miscellaneous PUC Matters	55,786	57,181
Proportionate Share PUC Expenses	165,830	174,122
Sub-total	<u>\$ 305,530</u>	<u>\$ 266,034</u>

**This Filing:**

Accounting	\$ 21,870
Conservation Rate	83,980
Legal	45,000
Division of Public Utilities estimated	60,000
Rate Case this filing	<u>\$ 210,850</u>
Estimated Regulatory Commission Expense	\$ 476,884
Test Year	\$ 305,530
<b>Adjustment</b>	<b>\$ 171,354</b>



**PROVIDENCE WATER**  
**Chemical & Sludge Maintenance Expense**

	FY 2008 Test Year	Adjustments	Note	Pro-Forma Amount
Chemicals:				
Ferric	\$ 1,134,106	\$ 150,375	1	\$ 1,284,481
Quicklime	278,594	63,774	1	342,368
Liquid Flouride	128,366	225,270	1	353,636
Chlorine	141,763	5,715	1	147,478
Sub-total Chemicals	\$ 1,682,829	\$ 445,135		\$ 2,127,964
Calgon	-	-		-
Sludge Maintenance	500,000	246,667	2	746,667
Total Expenses	<u>2,182,829</u>	<u>691,802</u>		<u>2,874,631</u>
Test Year Amount				2,182,829
Pro-Forma Amount				<u>2,874,631</u>
Total Adjustment				691,802

Docket 3832 funding amount \$3,132,565

1 See Schedule HJS-10A for calculations

2 Per contract amounts, pro-forma adjusted to FY 2009 - FY 2011 amounts averaged over 3 years.

**PROVIDENCE WATER**

Adjustment to Chemical Expense  
to Reflect Estimated Quantities and Prices

Chemical	Quantity Used FY 2007	Quantity Used FY 2008 (1)	FYTD 12/2008 (2)	Average	Unit Price (3)	CY 10 Proj. Expense	FY 08 Expense	Adjustment
Ferric Sulfate (gallons)	835,383.00	738,505.00	722,327.00	765,405	\$ 1.6782	\$ 1,284,481	\$ 1,134,106	\$ 150,375
Lime (tons)	1,674.57	1,702.05	1,619.04	1,665	\$ 205.6000	\$ 342,368	\$ 278,594	\$ 63,774
Chlorine (tons)	152.66	146.42	159.75	153	\$ 964.2600	\$ 147,478	\$ 141,763	\$ 5,715
Flouride (gallons)	99,008.00	99,100.00	96,884.00	98,331	\$ 3.5964	\$ 353,636	\$ 128,366	\$ 225,270
<b>Total Projected Costs</b>						<b>\$ 2,127,964</b>	<b>\$ 1,682,829</b>	<b>\$ 445,135</b>
<b>FY2008 expense</b>						<b>\$ 1,682,829</b>		
<b>Adjustment to Rate Year Expense</b>						<b>\$ 445,135</b>		

Notes:

- (1) Per Exhibit I, Table C
- (2) Chemical quantities used 12 months ended December 31, 2008
- (3) CY 2010 bid prices as projected below

Prices	FY 06	FY 07	FY 08	FY 09	Projected Percentage Increase	CY10 Projected Price
Ferric Sulfate (gallons)	0.974	1.27	1.44	1.48	13.39% (FY07 vs. FY08)	\$1.6782
Lime (tons)	133.75	133.75	168.9	186.35	10.33% (FY08 vs. FY09)	\$205.6000
Chlorine (tons)	840	840	900	900	7.14% (FY07 vs. FY08)	\$964.2600
Flouride liquid (gallons)	0.83225	0.83225	1.439	2.997	20.00%	\$3.5964

**Calculation of Rate Year Sales Volumes**  
Rate Year Ending December 31, 2010  
(Volumes in HCF)

	FY 2004	FY2005	FY2006	FY 2007	FY 2008	Four Year Average	Adjustments	Pro Forma Rate Year
Retail								
Residential	12,030,853	11,242,268	11,277,137	10,579,927	10,192,807	10,823,035		10,192,807
% Change from previous		-6.55%	0.31%	-6.18%	-3.66%			
Commercial	2,356,680	2,956,479	3,889,047	3,930,747	4,060,451	3,709,181	351,270	4,060,451
Industrial	877,656	1,050,937	1,091,953	828,155	377,235	837,070	(459,835)	377,235
Sub-total Retail	15,265,189	15,249,684	16,258,137	15,338,829	14,630,493	15,369,286		14,630,493
Wholesale								
East Providence	2,347,620	2,414,642	2,336,430	2,219,211	2,172,914	2,285,799		2,285,799
East Smithfield	349,221	347,134	316,751	311,203	358,783	333,468		333,468
Greenville	428,017	470,107	483,676	483,730	532,126	492,410		492,410
Kent County	3,857,756	3,915,227	3,806,377	3,699,225	3,249,131	3,667,490		3,667,490
Smithfield	425,587	434,665	421,925	424,238	490,053	442,720		442,720
Warwick	4,292,842	4,313,222	4,357,620	4,048,439	4,819,279	4,384,640		4,384,640
Lincoln	1,027,574	1,108,820	1,150,294	1,134,532	1,175,749	1,142,349		1,142,349
Johnston (1)	220,728	292,296	390,134	346,377	392,166	355,243		355,243
Bristol County (2)	1,942,031	1,803,583	1,633,316	1,295,416	1,327,848	1,311,632	(21,245)	1,311,632
Narr. Bay Comm (3)	-	-	84,978	-	-	21,245	(21,245)	-
Sub-total Wholesale	14,891,376	15,099,696	14,981,501	13,962,371	14,518,049	14,436,996		14,415,751
<b>Grand Total</b>	<b>30,156,565</b>	<b>30,349,380</b>	<b>31,239,638</b>	<b>29,301,200</b>	<b>29,148,542</b>	<b>29,806,281</b>	<b>(21,245)</b>	<b>29,046,244</b>
Unaccounted for Water								
Volume	3,597,024	3,384,149	3,221,458	3,473,389	3,692,970	3,442,992		3,355,198
Percentage	10.66%	10.03%	9.35%	10.60%	11.24%	10.36%		10.36%

Note:

- (1) FY 2002 through FY 2006 adjusted to reflect under-registering meter (Docket 3832)
- (2) Two year average
- (3) Adjustment to remove temporary consumption for CSO project

**PROVIDENCE WATER  
Debt Service / Capital Funding Requirements**

	<u>Test Year</u>	<u>Adjustments (1)</u>	<u>Adjusted TY 2008</u>	<u>Additional Requests</u>	<u>Pro-Forma Amount</u>
Capital Fund	\$ 2,450,000	\$ -	\$ 2,450,000	\$ -	\$ 2,450,000
Western Cranston Fund	62,069	-	62,069	-	62,069
Infrastructure Replacement Fund	13,200,000	700,000	13,900,000	2,100,000	16,000,000
Cash Funded AMR/Meter Repl. Fund	700,000	300,000	1,000,000	-	1,000,000
Equipment Replacement Fund	600,000	-	600,000	-	600,000
<b>Sub-total Capital Funds</b>	<b>\$ 17,012,069</b>	<b>\$ 1,000,000</b>	<b>\$ 18,012,069</b>	<b>\$ 2,100,000</b>	<b>\$ 20,112,069</b>
Insurance Fund	2,277,442	690,213	2,967,655	(799,268)	2,168,387
Chemical/Sludge Maintenance Fund	2,619,906	512,659	3,132,565	(257,934)	2,874,631
Property Tax Refund Fund	-	-	-	-	-
Revenue Reserve Fund (2)	551,848	551,848	1,103,696	(1,103,696)	-
<b>Sub-total Operational Funds</b>	<b>\$ 5,449,196</b>	<b>\$ 1,754,720</b>	<b>\$ 7,203,916</b>	<b>\$ (2,160,898)</b>	<b>\$ 5,043,018</b>
<b>Total Restricted Funds</b>	<b>\$ 22,461,265</b>	<b>\$ 2,754,720</b>	<b>\$ 25,215,985</b>	<b>\$ (60,898)</b>	<b>\$ 25,155,087</b>
Adjusted Test Year					\$ 25,215,985
<b>Total Adjustment</b>					<b>\$ (60,898)</b>

(1) Adjust to Docket 3832 authorized levels, per pages 71-75 in Report & Order # 19145

(2) As discussed in the testimony of Harold J. Smith, the funding of the Revenue Reserve Fund has been zeroed such that the funding of this account is not included in the expenses on which the operating reserve allowance is calculated. Based on the expenses requested in this filing, the required funding to this account in the rate year would be \$1,733,889

## Schedule HJS-12A

**Providence Water**  
**Restricted Account Sources and Uses of Funds**  
**Projected FY 2009 - FY 2011**

**Capital Fund**

Source of Funds	Fy 2009	Fy 2010	Fy 2011
D3832 (effective 11/1/2007)	2,450,000	2,450,000	2,450,000
Add'l. funding from New Docket effective 1/1/10	-	-	-
Interest	-	-	-
Carryover funds from prior year estimated	4,446,067	5,162,812	2,998,557
<b>Total Sources</b>	<b>6,896,067</b>	<b>5,162,812</b>	<b>2,998,557</b>
<b>Less obligated uses of funds:</b>			
Fruit Hill Bonds (P)	1,010,000	990,000	-
Fruit Hill Bonds (I)	73,255	24,255	-
Sub-total Debt Service	1,083,255	1,014,255	-
Cash Funded Projects	650,000	1,150,000	1,650,000
<b>Total Uses</b>	<b>1,733,255</b>	<b>2,164,255</b>	<b>1,650,000</b>
<b>End of Year Balance</b>	<b>5,162,812</b>	<b>2,998,557</b>	<b>1,348,557</b>

**Western Cranston Fund**

Source of Funds	Fy 2009	Fy 2010	Fy 2011
D3832 (effective 11/1/2007)	62,069	62,069	62,069
Add'l. funding from New Docket effective 1/1/10	-	-	-
Interest	-	-	-
Impact Fees estimated	100,000	100,000	100,000
Carryover funds from prior year estimated	1,476,055	2,340,104	1,075,810
Bond Proceeds maintained at RICWFA	877,562	-	-
<b>Total Sources</b>	<b>\$ 2,515,686</b>	<b>\$ 2,502,173</b>	<b>\$ 1,237,879</b>
<b>Less obligated uses of funds</b>			
RICWFA 2002B (P)	107,527	111,259	115,121
RICWFA 2002 (Pippin Main & WilburPS) (I)	68,055	60,182	67,649
Sub-total Debt Service	\$ 175,582	\$ 171,441	\$ 182,770
Cash Funded Projects	-	1,254,922	-
<b>Total Uses</b>	<b>175,582</b>	<b>1,426,363</b>	<b>182,770</b>
<b>End of Year Balance</b>	<b>\$2,340,104</b>	<b>\$1,075,810</b>	<b>\$1,055,109</b>

**Providence Water**  
**Restricted Account Sources and Uses of Funds**  
**Projected FY 2009 - FY 2011**

**Infrastructure Replacement Fund**

Source of Funds	Fy 2009	Fy 2010	Fy 2011
D3832 (effective 11/1/2007)	13,900,000	13,900,000	13,900,000
Add'l. funding from New Docket effective 1/1/10	-	1,050,000	2,100,000
Estimated Bond drawdowns	24,353,000	7,747,000	-
Interest	-	-	-
Carryover funds from prior year estimated	<u>6,524,000</u>	<u>\$24,377,762</u>	<u>\$26,476,814</u>
<b>Total Sources</b>	<b>\$ 44,777,000</b>	<b>\$ 47,074,762</b>	<b>\$ 42,476,814</b>
<b>Less obligated uses of funds:</b>			
RICWFA Debt (1994 \$12M) Refi 2005 (P)	774,000	794,000	814,000
RICWFA (various projects) (I)	160,036	139,919	118,164
RICWFA \$35M 2008 (P)	1,000	1,000	1,298,000
RICWFA \$35M 2008 (8)	<u>489,202</u>	<u>1,008,029</u>	<u>1,158,333</u>
Sub-total Debt Service	1,424,238	1,942,948	3,388,497
Cash Funded Projects	18,975,000	18,655,000	27,090,000
<b>Total Uses</b>	<b>20,399,238</b>	<b>20,597,948</b>	<b>30,478,497</b>
<b>End of Year Balance</b>	<b><u>\$24,377,762</u></b>	<b><u>\$26,476,814</u></b>	<b><u>\$11,998,317</u></b>

**AMR/Meter Replacement Fund**

Source of Funds	Fy 2009	Fy 2010	Fy 2011
D3832 (effective 11/1/2007)	1,000,000	1,000,000	1,000,000
Add'l. funding from New Docket effective 1/1/10	-	-	-
Carryover funds from prior year estimated	281,926	231,128	95,360
Line of Credit	-	-	-
<b>Total Sources</b>	<b>\$ 1,281,926</b>	<b>\$ 1,231,128</b>	<b>\$ 1,095,360</b>
<b>Less obligated uses of funds</b>			
Existing equipment and services	271,396	340,028	275,028
New/additional equipment and services	25,000	26,250	27,563
Replace Meters	754,402	769,490	792,575
Payment on Line of Credit	-	-	-
<b>Total Uses</b>	<b>\$ 1,050,798</b>	<b>\$ 1,135,768</b>	<b>\$ 1,095,165</b>
<b>End of Year Balance</b>	<b><u>\$231,128</u></b>	<b><u>\$95,360</u></b>	<b><u>\$195</u></b>

**Providence Water**  
**Restricted Account Sources and Uses of Funds**  
**Projected FY 2009 - FY 2011**

**Equipment Replacement Fund**

Source of Funds	Fy 2009	Fy 2010	Fy 2011
D3832 (effective 11/1/2007)	600,000	600,000	600,000
Add'l. funding from New Docket effective 1/1/10	-	-	-
Interest	-	-	-
Carryover funds from prior year estimated	<u>1,129,750</u>	<u>612,260</u>	<u>469,010</u>
<b>Total Sources</b>	<b>1,729,750</b>	<b>1,212,260</b>	<b>1,069,010</b>
<b>Less obligated uses of funds</b>			
Vehicle and Equipment purchases	769,490	527,000	636,501
Computer Equipment purchases	73,000	91,250	114,063
Office Furniture purchases	25,000	25,000	25,000
Reserve to Replace Computer System	<u>250,000</u>	<u>100,000</u>	<u>-</u>
<b>Total Uses</b>	<b>1,117,490</b>	<b>743,250</b>	<b>775,563</b>
<b>End of Year Balance</b>	<b>\$ <u>612,260</u></b>	<b>\$ <u>469,010</u></b>	<b>\$ <u>293,447</u></b>

**Insurance Fund**

Source of Funds	Fy 2009	Fy 2010	Fy 2011
D3832 (effective 11/1/2007)	2,967,655	2,967,655	2,967,655
Add'l. funding from New Docket effective 1/1/10	-	-	-
Carryover funds from prior year estimated	<u>438,041</u>	<u>1,158,874</u>	<u>1,724,737</u>
<b>Total Sources</b>	<b>3,405,696</b>	<b>4,126,529</b>	<b>4,692,392</b>
<b>Less obligated uses of funds</b>			
Property & Casualty	1,232,420	1,355,662	1,491,228
Workers Compensation	754,402	784,880	808,426
Injuries & Damages	225,000	225,000	225,000
Safety Supplies & Other	25,000	26,250	27,563
Program Expense	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
<b>Total Uses</b>	<b>2,246,822</b>	<b>2,401,792</b>	<b>2,562,217</b>
<b>End of Year Balance</b>	<b><u>\$1,158,874</u></b>	<b><u>\$1,724,737</u></b>	<b><u>2,130,175</u></b>

**Providence Water**  
**Restricted Account Sources and Uses of Funds**  
**Projected FY 2009 - FY 2011**

**Chemicals/Sludge Maintenance Fund**

Source of Funds	Fy 2009	Fy 2010	Fy 2011
D3832 (effective 11/1/2007)	3,132,565	1,566,283	-
Add'l. funding from New Docket effective 1/1/10	-	1,437,316	2,874,631
Carryover funds from prior year estimated	<u>850,247</u>	<u>1,334,848</u>	<u>1,010,482</u>
<b>Total Sources</b>	<b>3,982,812</b>	<b>4,338,446</b>	<b>3,885,113</b>
<b>Less obligated uses of funds</b>			
Chemicals	2,127,964	2,127,964	2,127,964
Sludge Maintenance	<u>520,000</u>	<u>1,200,000</u>	<u>500,000</u>
<b>Total Uses</b>	<b>2,647,964</b>	<b>3,327,964</b>	<b>2,627,964</b>
<b>End of Year Balance</b>	<b>\$1,334,848</b>	<b>\$1,010,482</b>	<b>\$1,257,149</b>

**Property Tax Fund**

Source of Funds	Fy 2009	Fy 2010	Fy 2011
D3832 (effective 11/1/2007)			
Add'l. funding from New Docket effective 1/1/10			
Interest			
Carryover funds from prior year estimated	<u>1,152,909</u>	<u>727,909</u>	<u>327,909</u>
<b>Total Sources</b>	<b>1,152,909</b>	<b>727,909</b>	<b>327,909</b>
<b>Less obligated uses of funds</b>			
Transfer to Operations (\$375/yr)	375,000	375,000	-
Transfer to Operations est Legal/Tax fees	<u>50,000</u>	<u>25,000</u>	<u>-</u>
<b>Total Uses</b>	<b>425,000</b>	<b>400,000</b>	<b>-</b>
<b>End of Year Balance</b>	<b>\$727,909</b>	<b>\$327,909</b>	<b>\$327,909</b>



**Providence Water**  
**Restricted Account Sources and Uses of Funds**  
**Projected FY 2009 - FY 2011**

**Revenue Reserve Fund**

Source of Funds	Fy 2009	Fy 2010	Fy 2011
D3832 (effective 11/1/2007)	1,103,696	1,103,696	1,103,696
Add'l. funding from New Docket effective 1/1/10	-	-	-
Interest	4,672	5,000	10,000
Carryover funds from prior year estimated	<u>551,848</u>	<u>1,660,216</u>	<u>2,768,912</u>
<b>Total Sources</b>	<b>1,660,216</b>	<b>2,768,912</b>	<b>3,882,608</b>
 <b>Less obligated uses of funds</b>			
 <b>Total Uses</b>			
<b>End of Year Balance</b>	<b><u>\$1,660,216</u></b>	<b><u>\$2,768,912</u></b>	<b><u>\$3,882,608</u></b>

Providence Water

Calculation of Revenues at Present and Proposed Rates

	Consumption /Units	Current Rates	Revenues Current	Revenues Proposed	Percent Increase
HCF					
Retail Customers					
Residential Sales	10,192,807	\$ 2.134	\$ 21,751,450	\$ 23,953,096	10.12%
Commercial Sales	4,060,451	\$ 2.049	\$ 8,319,864	\$ 9,160,377	10.10%
Industrial Sales	377,235	\$ 2.011	\$ 758,620	\$ 835,198	10.09%
<i>Sub-total Retail</i>	<u>14,630,493</u>		<u>\$ 30,829,934</u>	<u>\$ 33,948,672</u>	
Wholesale	14,415,751		\$ 15,697,498	\$ 17,279,814	10.08%
Total Consumption Revenue	29,046,244		\$ 46,527,432	\$ 51,228,487	10.10%
Service Charges	287,852		\$ 4,999,279	\$ 5,504,393	10.20%
Private Fire Service Charge	1,820		\$ 1,833,075	\$ 2,017,886	10.08%
Public Fire Protection	6,082	\$ 291.06	\$ 1,770,227	\$ 1,948,673	10.08%
Miscellaneous Revenues					
Miscellaneous Income			\$ 1,402,137	\$ 1,402,137	0.00%
Tax Refund Contribution			\$ 375,000	\$ 375,000	0.00%
<i>Subtotal</i>			<u>\$ 1,777,137</u>	<u>\$ 1,777,137</u>	
<b>Total Revenue</b>			<u>\$ 56,907,150</u>	<u>\$ 62,476,576</u>	9.79%
Rate Increase				\$ 5,569,425	

Schedule HJS-14

Providence Water  
Calculation of Water Rates

<u>Retail Consumption:</u>		Current	Proposed	% Increase
Residential	per HCF	\$ 2.134	\$ 2.350	10.12%
Commercial	per HCF	\$ 2.049	\$ 2.256	10.10%
Industrial	per HCF	\$ 2.011	\$ 2.214	10.09%

  

<u>Service Charge:</u> (Meter size inches)	Quarterly		Monthly		Percentage Increase
	Current Rates	Proposed Rates	Current Rates	Proposed Rates	
5/8"	\$ 15.73	\$ 17.32	\$ 9.28	\$ 10.22	10.11%
3/4"	\$ 16.70	\$ 18.39	\$ 9.60	\$ 10.57	10.12%
1"	\$ 19.60	\$ 21.58	\$ 10.57	\$ 11.64	10.10%
1.5"	\$ 23.47	\$ 25.84	\$ 11.86	\$ 13.06	10.10%
2"	\$ 34.11	\$ 37.55	\$ 15.41	\$ 16.97	10.09%
3"	\$ 112.49	\$ 123.83	\$ 41.53	\$ 45.72	10.08%
4"	\$ 141.51	\$ 155.78	\$ 51.21	\$ 56.38	10.08%
6"	\$ 209.25	\$ 230.35	\$ 73.78	\$ 81.22	10.08%
8"	\$ 286.65	\$ 315.55	\$ 99.59	\$ 109.63	10.08%
10"	\$ 356.80	\$ 392.77	\$ 122.97	\$ 135.37	10.08%
12"	\$ 426.95	\$ 469.99	\$ 146.35	\$ 161.11	10.08%

Wholesale:

Consumption	per HCF	\$ 1,088,913	\$ 1,198,676	10.08%
Consumption	per Million Gallons	\$ 1,455.77	\$ 1,602.52	10.08%

Public Fire Supply:

	per Hydrant	\$ 291.06	\$ 320.40	10.08%
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Private Fire Supply:  
(Service size inches)

Service size inches	Quarterly		Percentage Increase	
	Current Rates	Proposed Rates	Current Rates	Proposed Rates
3/4"	\$ 16.88	\$ 18.59	10.13%	10.13%
1"	\$ 20.00	\$ 22.02	10.10%	10.10%
1.5"	\$ 24.62	\$ 27.11	10.11%	10.11%
2"	\$ 36.57	\$ 40.26	10.09%	10.09%
4"	\$ 156.72	\$ 172.52	10.08%	10.08%
6"	\$ 253.42	\$ 278.97	10.08%	10.08%
8"	\$ 380.78	\$ 419.17	10.08%	10.08%
10"	\$ 526.08	\$ 579.11	10.08%	10.08%
12"	\$ 700.38	\$ 770.98	10.08%	10.08%
16"	\$ 1,149.93	\$ 1,265.85	10.08%	10.08%

**Providence Water  
Rate Impact**

	<b>Current Rates</b>	<b>Proposed Rate</b>	<b>Dollar Increase</b>	<b>Percent Increase</b>	<b>Proposed Quarterly Bill</b>
<b><u>Residential</u></b>					
100 Ccf w/ 5/8 meter					
Customer Charge	\$ 62.92	\$ 69.28	\$ 6.36		
Consumption	213.40	235.00	21.60		
<b>Total 100 Ccf</b>	<b>\$ 276.32</b>	<b>\$ 304.28</b>	<b>\$ 27.96</b>	<b>10.12%</b>	<b>\$ 76.07</b>
<b><u>Commercial</u></b>					
2,000 Ccf w/ 2in meter					
Customer Charge	\$ 136.44	\$ 150.20	\$ 13.76		
Consumption	4,098.00	4,512.00	414.00		
<b>Total 2000 Ccf</b>	<b>\$ 4,234.44</b>	<b>\$ 4,662.20</b>	<b>\$ 427.76</b>	<b>10.10%</b>	<b>\$ 1,165.55</b>
<b><u>Industrial</u></b>					
10,000 Ccf w/ 6in. meter					
Customer Charge	\$ 837.00	\$ 921.40	\$ 84.40		
Consumption	20,110.00	22,140.00	2,030.00		
<b>Total 10,000 Ccf</b>	<b>\$ 20,947.00</b>	<b>\$ 23,061.40</b>	<b>\$ 2,114.40</b>	<b>10.09%</b>	<b>\$ 5,765.35</b>
<b><u>Industrial (Large)</u></b>					
50,000 Ccf w/ 10in. meter					
Customer Charge	\$ 1,427.20	\$ 1,571.08	\$ 143.88		
Consumption	100,550.00	110,700.00	10,150.00		
<b>Total 50,000 Ccf</b>	<b>\$ 101,977.20</b>	<b>\$ 112,271.08</b>	<b>\$ 10,293.88</b>	<b>10.09%</b>	<b>\$ 28,067.77</b>
<b><u>Wholesale</u></b>					
400,000 Ccf	\$ 435,565.20	\$ 479,470.40	\$ 43,905.20	10.08%	\$ 119,867.60
2,500,000 Ccf	\$ 2,722,282.50	\$ 2,996,690.00	\$ 274,407.50	10.08%	\$ 749,172.50



**PROVIDENCE WATER  
Debt Service Schedule**

<u>Description of Debt</u>	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Test Year FY 2008</u>		<u>Rate Year CY 2010</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	\$950,000	\$106,857	\$0	\$0
<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	\$415,000	\$1,691	\$0	\$0
<u>Western Cranston Acquisition</u> Date of Acquisition: 12/04/01 Date of Maturity: 09/01/2021 Source of Funds: Rates (Western Cranston Fund) Purpose: Various water system projects in the WCWDS Repayment Terms: Semi-annual interest and annual principal payments Security Pledge: Operating Revenues	4.81%	\$2,500,000	\$103,920	\$66,446	\$115,121	\$60,182
<b>Totals</b>		\$16,185,000	\$1,468,920	\$174,994	\$115,121	\$60,182
Total Debt Service Capital fund				\$1,056,857		\$0
Total Debt Service Western Cranston fund				\$170,366		\$175,303
Total Debt Service				\$1,227,223		\$175,303

Pursuant to 2.10 (d) (5) 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 2008</u>		<u>Rate Year CY 2010</u>	
			<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>Safe Drinking Water Revolving Loan</u> Date of Issue: 12/28/94 \$12 million RICWFA bond , Refinanced 03/2005 Date of Maturity: 09/01/2015 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	\$756,000	\$178,668	\$814,000	\$129,438
<u>Clean Water Revenue Bonds</u> Date of Acquisition: 06/05/2008 Date of Maturity: 09/01/2029 Source of Funds: Rates (IFR fund) Purpose: Various Improvements to the Water System Repayment Terms: Semi-annual interest and annual principal payments Security Pledge: Operating Revenues	3.03%	\$35,000,000	\$0	\$0	\$1,298,000	\$1,140,543
<b>Totals</b>		\$43,101,000	\$756,000	\$178,668	\$2,112,000	\$1,269,980
<b>Total Debt Service IFR fund</b>			\$934,668			\$3,381,980

Pursuant to 2.10 (d) (6) of the Commission Rules of Practice and Procedure

**Providence Water  
Restricted Funds Reconciliation  
For the period ending 2/29/08**

	845 Capital	848 Infrastructure	849 AMR/Meter	857 Insurance	874 Rev. Reserve	875 Equipment	876 Property Tax	877 WCWDS	878 Chemical/Sludge
Beginning Balance 07/01/07	\$ 4,211,518	\$ 5,156,486	\$ 1,665	\$ 215,048	\$ -	\$ 696,398	\$ -	\$ 1,319,666	\$ 431,718
Due From Operating	-	7,972,682	0	(158,853)	-	6,339	-	-	34,405
Due From Restricted	7,200	4,618	0	-	-	0	-	-	-
Due To Operating	(46,602)	(1,781,179)	0	(27)	-	(3,650)	-	-	-
Due To Other Restricted	-	(7,200)	0	-	-	(582)	-	-	-
Due To/From Interfund	-	(358,927)	-	(9,277)	-	-	-	-	-
Sub-total Due To/Froms	\$ 4,172,116	\$ 10,986,479	\$ 1,665	\$ 46,890	\$ -	\$ 698,504	\$ -	\$ 1,319,666	\$ 466,124
<b>Funding</b>									
Tfr of Docket Revenue	1,633,333	8,566,667	366,667	1,351,629	262,883	400,000	-	41,379	1,575,718
Impact Fees	-	-	-	-	-	-	-	50,024	-
Interest	390,771	293,718	-	122,79	-	15,055	29,950	55,961	1,857
Refunds	-	-	-	-	-	-	1,510,096	-	-
Reimbursement	-	-	-	61,580	-	35,000	-	-	-
Sub-total Funding	\$ 2,024,104	\$ 8,860,385	\$ 366,667	\$ 1,413,322	\$ 262,883	\$ 450,055	\$ 1,540,046	\$ 147,365	\$ 1,577,574
<b>Expenses</b>									
Debt Service Principal	1,365,000	756,000	-	-	-	-	-	103,920	-
Debt Service Interest	76,398	178,668	-	-	-	-	-	67,649	-
Sub-total Debt	\$ 1,441,398	\$ 934,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,569	\$ -
Salary & Fringes	-	153,133	-	-	-	-	-	-	-
Transfer to Operating	-	409,320	-	-	-	-	-	-	-
Chemicals	-	-	-	-	-	-	-	-	1,224,579
Insurance	-	-	-	1,701,980	-	-	-	-	-
Claims	-	-	-	26,266	-	-	-	-	-
Equipment/Computers	-	-	-	-	-	94,046	-	-	-
Project Costs	718,555	9,871,445	68,132	-	-	-	-	-	-
Others Expenses	-	-	304,440	10,729	-	-	-	-	500,000
Line of Credit	-	-	-	-	-	-	-	-	-
Sub-total Expenses	\$ 718,555	\$ 10,433,898	\$ 372,572	\$ 1,738,974	\$ -	\$ 94,046	\$ -	\$ -	\$ 1,724,579
<b>Ending Balance 2/29/08</b>	\$ 4,036,266	\$ 8,478,298	\$ (4,240)	\$ (278,752)	\$ 262,883	\$ 1,054,513	\$ 1,540,046	\$ 1,295,461	\$ 319,119



**Providence Water  
Restricted Funds Reconciliation  
For the period ending 6/30/08**

	845 Capital	848 Infrastructure	849 AMR/Meter	857 Insurance	874 Rev. Reserve	875 Equipment	876 Property Tax	877 WCWDS	878 Chemical/Sludge
Beginning Cash Balance 03/01/08	\$ 3,039,385	\$ 1,399,279	\$ 48,260	\$ 206,907	\$ -	\$ 802,407	\$ 1,540,046	\$ 1,290,289	10,537
Due From Operating	1,020,833	8,206,015	(50,000)	(476,936)	262,883	256,339		5172.42	314,219
Due From Restricted		7,118	(2,500)			0			
Due To Operating	(23,952)	(499,595)		554		(3,650)			
Due To Other Restricted									
Due To/From Interfund	-	(624,519)	-	(9,277)	-	(582)	-	-	(5,636)
Sub-total Due To/Froms	\$ 4,036,266	\$ 8,478,298	\$ (4,240)	\$ (278,752)	\$ 262,883	\$ 1,054,514	\$ 1,540,046	\$ 1,295,462	\$ 319,120
<b>Funding</b>									
Tir of Docket Revenue	816,667	4,633,333	333,333	925,815	288,965	200,000	-	20,690	1,044,188
Impact Fees								152,280	
Interest	25,313	6,121		210.86		5,152	13,307	7,624	307
Refunds									
Reimbursement									
Sub-total Funding	\$ 841,980	\$ 4,639,454	\$ 333,333	\$ 926,026	\$ 288,965	\$ 205,152	\$ 13,307	\$ 180,594	\$ 1,044,495
<b>Expenses</b>									
Debt Service Principal									
Debt Service Interest	48,514								
Sub-total Debt	\$ 48,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salary & Fringes		86,440							
Transfer to Operating		410,019							
Chemicals				180,116					513,367
Insurance				24,031					
Claims									
Equipment/Computers						88,043			
Project Costs	383,664	6,366,990	47,167						
Others Expenses		9		5,086		41,872	\$ 18,556		
Line of Credit									
Sub-total Expenses	\$ 383,664	\$ 6,863,457	\$ 47,167	\$ 209,233	\$ -	\$ 129,915	\$ 393,556	\$ -	\$ 513,367
<b>Ending Balance 6/30/08</b>	\$ 4,446,067	\$ 6,254,295	\$ 281,926	\$ 438,041	\$ 551,848	\$ 1,129,750	\$ 1,159,797	\$ 1,476,055	\$ 850,247

**Providence Water  
Restricted Funds Reconciliation  
For the period ending 10/31/08**

	845 Capital	848 Infrastructure	849 AMR/Meter	857 Insurance	874 Rev. Reserve	875 Equipment	876 Property Tax	877 WCWDS	878 Chemical/Sludge
Beginning Cash Balance 07/01/08	\$ 3,653,353	\$ 974,811	\$ 201,093	\$ 460,793	\$ -	\$ 980,412	\$ 1,152,909	\$ 1,450,193	\$ 541,585
Due From Operating	816,667	6,592,872	83,333	(14,028)	551,848	156,339	6888.25	25,862.10	314,219
Due From Restricted		7,118	-			0			
Due To Operating	(23,952)	(604,313)	-	(8,723)		(3,650)			
Due To Other Restricted			(2,500)						
Due To/From Interfund		(716,193)				(3,351)			(5,557)
Sub-total Due To/Froms	\$ 4,446,068	\$ 6,254,295	\$ 281,926	\$ 438,041	\$ 551,848	\$ 1,129,750	\$ 1,159,797	\$ 1,476,055	\$ 850,247
<b>Funding</b>									
T/r of Docket Revenue	816,667	4,633,333	333,333	989,218	367,899	200,000	-	20,690	1,044,188
Impact Fees									
Interest	20,641	31,114		363.17	1719.57	3,084	5,702	16,048	2,097
Refunds									
Reimbursement		11,880,067							
Sub-total Funding	\$ 837,307	\$ 16,544,515	\$ 333,333	\$ 989,581	\$ 369,618	\$ 203,084	\$ 5,702	\$ 36,737	\$ 1,046,286
<b>Expenses</b>									
Debt Service Principal	1,010,000	774,000						107,527	
Debt Service Interest	49,000	177,852						32,923	
Sub-total Debt	\$ 1,059,000	\$ 951,852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,450	\$ -
Salary & Fringes		82,980							
Transfer to Operating									
Chemicals									
Insurance				875,033					
Claims				13,551					
Equipment/Computers						187,641			
Project Costs	212,625	5,869,971	112,474						
Accrued Interest Payables									
Others Expenses		519		(379)					
Line of Credit									
Sub-total Expenses	\$ 212,625	\$ 5,953,470	\$ 112,474	\$ 888,205	\$ -	\$ 187,641	\$ -	\$ 5,300	\$ 520,000
Ending Balance 10/31/08	\$ 4,011,750	\$ 15,893,488	\$ 502,786	\$ 539,417	\$ 921,466	\$ 1,145,192	\$ 1,165,499	\$ 1,367,043	\$ 643,454

**Providence Water  
Restricted Funds Reconciliation  
For the period ending 2/28/09**

	845 Capital	848 Infrastructure	849 AMR/Meter	857 Insurance	874 Rev. Reserve	875 Equipment	876 Property Tax	877 WCWDS	878 Chemical/Sludge
Beginning Cash Balance 11/01/08	\$ 3,831,536	\$ 6,704,570	\$ 338,619	\$ 381,673	\$ 737,517	\$ 730,666	\$ 1,158,611	\$ 1,356,698	\$ 73,744
Due From Operating	556,943	10,647,944	166,667	480,579	499,684	107,415	6888.25	10,344.54	575,267
Due From Restricted		7,418	-			0			
Due To Operating	(23,952)	(1,584,519)	-	(8,723)		(3,650)			(5,636)
Due To Other Restricted			(2,500)						
Due To/From Interfund		(82,980)				310,762			
Sub-total Due To/Froms	\$ 4,364,526	\$ 15,692,433	\$ 502,786	\$ 853,528	\$ 1,237,201	\$ 1,145,192	\$ 1,165,499	\$ 1,367,043	\$ 643,376
Funding									
Tfr of Docket Revenue	816,667	4,633,333	333,333	989,218	52,164	200,000	-	20,690	1,044,188
Impact Fees									
Interest	1,607	3,732		126	361	766	432	387	26
Refunds									
Reimbursement	-	554,990	-						
Sub-total Funding	\$ 818,274	\$ 5,192,055	\$ 333,333	\$ 989,345	\$ 52,525	\$ 200,766	\$ 432	\$ 21,077	\$ 1,044,215
Expenses									
Debt Service Principal	-	-	-	-	-	-	-	-	-
Debt Service Interest	-	-	-	-	-	-	-	-	-
Sub-total Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salary & Fringes		299,681							
Transfer to Operating									
Chemicals									476,657
Insurance				608,967					
Claims				28,092					
Equipment/Computers						123,714			
Project Costs	207,001	1,883,413	196,678					\$ 984	
Accrued Interest Payables									
Others Expenses		2,000							
Line of Credit									
Sub-total Expenses	\$ 207,001	\$ 2,185,094	\$ 206,323	\$ 637,059	\$ -	\$ 123,714	\$ -	\$ 984	\$ 476,657
Ending Balance 02/28/09	\$ 4,975,799	\$ 18,699,394	\$ 629,796	\$ 1,205,814	\$ 1,289,726	\$ 1,222,245	\$ 1,165,932	\$ 1,387,136	\$ 1,210,933