

ANDREW K. MOFFIT
Chairman

JOSEPH D. CATALDI
Vice Chairman

BRUCE T. MILLER
Ex-Officio

CARISSA R. RICHARD
Secretary

FERNANDO S. CUNHA, ESQ.
Legal Advisor



DAVID N. CICILLINE
Mayor

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

JOSEPH DE LUCA
City Councilman

MICHAEL A. SOLOMON
City Councilman

JOHN A. FARGNOLI
Member

EVERETT BIANCO
Member

August 28, 2009

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

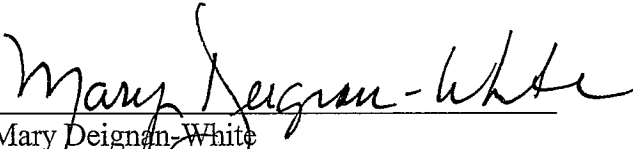
RE: Providence Water: Dk 4061 Rebuttal Testimony

Dear Luly:

Enclosed for filing is an original and nine copies of Providence Water's rebuttal testimony of Ms. Bondarevskis and Mr. Smith.

If you have any questions, I can be reached at 521-6300, extension 7217.

Sincerely,


Mary Deignan-White
Regulatory Manager

cc: Service List Dk 4061

H:\QPW\WPDOCS\PUC\LMTrebuttaltest82809.wpd

WWW.PROVWATER.COM

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

**REBUTTAL TESTIMONY OF
HAROLD J. SMITH, VICE PRESIDENT
RAFTELIS FINANCIAL CONSULTANTS, INC.**

for

**PROVIDENCE WATER SUPPLY BOARD
DOCKET # 4061**

August 2009

1 **INTRODUCTION**

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

3 A. My name is Harold J. Smith and my business address is 1031 South Caldwell Street, Suite
4 100, Charlotte, North Carolina, 28203.

5
6 **Q. Are you the same Harold Smith who submitted pre-filed direct testimony in these**
7 **proceedings?**

8 A. Yes I am.
9

10 **Q. Please describe the purpose of your testimony.**

11 A. I will respond to some of the issues and conclusions contained in the pre-filed direct
12 testimony of the Division and the Kent County Water Authority ("KCWA").
13

14 **Q. Have you had an opportunity to review the pre-filed testimony submitted by the**
15 **Division and the Kent County Water Authority?**

16 A. Yes. I have reviewed the testimony submitted by Mr. Catlin on behalf of the Division and the
17 testimony submitted by Mr. Woodcock on behalf of the KCWA.
18

19 **Q. What issues will you address in this rebuttal testimony?**

20 A. I would first like to address the testimony submitted by Mr. Woodcock and then I will address
21 the following issues raised by Mr. Catlin:
22

- 23 • Benefits Expense
- 24 • Capital Reimbursement
- 25 • Insurance Expense
- 26 • Chemicals Expense
- 27 • Sludge Maintenance Expense
- 28 • Rate Case Expense
- 29 • Property Taxes
- 30 • Operating Reserve
- 31 • Rate Design

1 **Q. Have you prepared any schedules to reflect any changes to Providence Water's request**
2 **resulting from your review of the testimony of Mr. Catlin and Mr. Woodcock?**

3

4 A. Yes, Schedules HJS 1 Rebuttal through HJS 15 Rebuttal reflect changes made in response to
5 the testimony of Messrs. Catlin and Woodcock and are attached to this testimony.

6

7 **Q. What comments do you have regarding Mr. Woodcock's testimony?**

8 A. Mr. Woodcock states that the KCWA does not oppose the increase requested by Providence
9 Water; however, he does suggest that the Commission require that Providence Water file a full
10 (not abbreviated) filing in the next rate case so that issues such as the allocation of unaccounted
11 for water can be addressed.

12

13 **Q. Do you have any issues with Mr. Woodcock's suggestion?**

14 A. I believe that the decision whether to prepare a full or abbreviated filing should not be based
15 solely on the need to address the issue of the allocation of unaccounted for water, but instead
16 should be driven by the needs of Providence Water at the time the next rate filing is being
17 prepared and that Providence Water should be allowed to make the decision at that time.

18

19 **Q. Does that conclude your testimony with respect to Mr. Woodcock's testimony?**

20 A. Yes, it does.

21

22

1 **Benefits Expense**

2
3 **Q. Please describe Mr. Catlin's suggested adjustments to Providence Water's request for**
4 **Benefits Expense?**

5 A. Mr. Catlin suggested four adjustments to Providence Water's request for Benefits Expenses.
6 First, he updated the amounts included for Union Combined Benefits, Union life insurance
7 premiums and Laborers International Pension expense to reflect updated Union 1033 contract
8 amounts for the rate year.

9
10 He also adjusted the amount included for medical and dental insurance to reflect the actual
11 premiums for FY 2010 in developing the rate year claim, instead of using the percentage increase
12 for FY 2009 compared to the average of FY 2007 and FY 2008 as Providence Water did in its
13 original filing.

14
15 Mr. Catlin also adjusted benefits expense to reflect increases in the percentage co-share of health
16 costs by both union and non-union employees. For union employees, he reflected the co-share
17 percentages specified in the Union Contract for FY 2010. For non-union employees, he
18 recognized the 20 percent health insurance co-pay incorporated in the City's FY 2010 Revised
19 Budget.

20
21 Lastly, he eliminated the \$248,180 included by Providence Water to reflect the reimbursement to
22 the City of Providence for retiree health benefits that the City failed to bill Providence Water for
23 from 1997 until 2005.

24
25 **Q. Do you agree with Mr. Catlin's suggested adjustments to Providence Water's request**
26 **for Benefits Expenses?**

27 A. I agree with three of his suggested adjustments: 1) the adjustments to Union Combined
28 Benefits, Union life insurance premiums and Laborers International Pension expenses; 2) the
29 adjustments to medical and dental insurance expenses; and 3) the adjustment to recognize the co-
30 share of health costs. These adjustments are reflected in the revised schedules attached to this

1 testimony. I do not however agree with his elimination of the reimbursement to the City of
2 Providence for retiree health benefits.

3
4 **Q. Why do you disagree with his removal of the reimbursement to the City of Providence?**

5 A. As indicated in my direct testimony, Providence Water continues to maintain that the retiree
6 health benefits expenses for Providence Water retirees that were paid by the City of Providence
7 benefited former employees of Providence Water and therefore benefitted Providence Water's
8 customers. As such, these expenses should be recovered from those customers through water
9 rates. Although the Commission rejected this request in Docket 3832, the issue is currently
10 pending before the Supreme Court.

11
12 **Capital Reimbursement**

13
14 **Q. Please describe the adjustment that Mr. Catlin made to the Capital Reimbursement**
15 **component of Providence Water's requested expenses.**

16 A. As Mr. Catlin points out, Providence Water's original filing failed to reflect the increase in
17 the benefits capitalized as a result of the claimed increases in benefits expense. Therefore he
18 adjusted the benefits capitalized to account for the increase in benefits expense from the test year
19 to the rate year.

20
21 **Q. Do you agree with this adjustment?**

22 A. I do. My revised schedules reflect this adjustment to the Capital Reimbursement component
23 of Providence Water's requested expenses.

24
25 **Insurance Expense**

26
27 **Q. Please describe the adjustment that Mr. Catlin made to the Insurance Expense**
28 **component of Providence Water's requested expenses.**

1 A. Mr. Catlin adjusted the amounts included for both property and casualty insurance and
2 worker's compensation to reflect the actual FY 2010 costs. For injuries and damages, he
3 included \$60,000 based on the average claims paid for FY 2007 through FY 2009. He also based
4 his suggested amounts for safety supplies and program expense on the expenses incurred in the
5 test year.

6

7 **Q. Do you agree with his suggested adjustments?**

8 A. I do. My revised schedules reflect these adjustments to the Insurance Expense component of
9 Providence Water's requested expenses.

10

11 **Chemicals Expense**

12 **Q. Please describe the adjustment that Mr. Catlin made to Providence Water's request**
13 **for Chemicals Expense.**

14 A. He proposes two changes to the requested Chemicals Expenses. First, he proposes to reduce
15 the quantity of ferric sulfate that will be required in the rate year, thereby reducing the ferric
16 sulfate expense. Second, he adjusted chemical costs to reflect the actual bid prices that were
17 recently received for 2010.

18

19 **Q. Do you agree with his suggested adjustments?**

20 A. I do. My revised schedules reflect the adjustment to the Chemicals Expense component of
21 Providence Water's requested expenses.

22

23 **Sludge Maintenance Expense**

24

25 **Q. Please describe Mr. Catlin's adjustment to the Sludge Maintenance Expense**
26 **component of Providence Water's requested expenses.**

27 A. Providence Water calculated its claimed expense based on a three year cycle with fixed
28 annual payments of \$520,000 for years one and two and an estimated payment of \$1,200,000 in
29 the third year of the current cycle. Mr. Catlin suggests that the estimated payment in year three
30 be reduced to \$1,050,000, which results in a decrease in the Sludge Maintenance Expense.

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

Q. Do you agree with his suggested adjustment?

A. I do. My revised schedules reflect this adjustment to the Sludge Maintenance Expense component of Providence Water's requested expenses.

Rate Case Expense

Q. Please describe Mr. Catlin's adjustment to the request for Rate Case Expenses

A. Mr. Catlin suggests that the costs of this case and the conservation rate filing be amortized over two years.

Q. Do you agree with his suggested adjustment?

A. I do. My revised schedules reflect this adjustment to Providence Water's request for Rate Case Expenses.

Property Taxes

Q. Please describe Mr. Catlin's adjustment to the request for Property Taxes.

A. Mr. Catlin has adjusted Property Tax Expense to recognize the reduced level of taxes that Providence Water will pay to Scituate in the rate year pursuant to the tax settlement reached between Providence Water and Scituate and finalized subsequent to Providence Water's original filing.

Q. Do you agree with his suggested adjustment?

A. Yes. As indicated in my original testimony, Providence Water's original request included the greater property tax payment due to Scituate in the event that the settlement between the two parties was not finalized. Because the settlement has now been finalized it is appropriate to adjust the request for Property Tax Expenses to reflect the actual amount that will be due to Scituate. My revised schedules reflect this adjustment.

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

Operating Reserve

Q. Please describe Mr. Catlin’s adjustment to Providence Water’s request for an Operating Reserve Allowance.

A. Mr. Catlin suggests that the existing three percent (1% unrestricted for unanticipated expenses; 2% restricted for revenue shortfalls due to reduced consumption) operating reserve be retained instead of the five percent allowance requested by Providence Water.

Q. What reasons does Mr. Catlin give for retaining the three percent operating reserve allowance instead of increasing the allowance to five percent?

A. He first points out that one reason Providence Water requested the increase in the reserve allowance was to protect itself from revenue instability that could accompany the implementation of conservation rate structures that Providence Water is exploring in response to the Commission’s Report and Order in Docket No. 3832. However, the implementation has been delayed for at least two years. He also maintains that there is insufficient evidence to determine whether or not the three percent allowance is adequate to address any revenue shortfalls that Providence Water may experience as a result of significant declines in water sales. Lastly, he points out that the three percent allowance currently in place is consistent with the allowance recently approved by the Commission for Newport Water and the KCWA.

Q. Isn’t it true, as Mr. Catlin states, that Providence Water will not be required to consider the implementation of conservation rates for at least two years?

A. That is true, which makes addressing the potential revenue instability and possible revenue shortfalls that could accompany conservation rates less of an issue, but recent declines in water sales serve to demonstrate that the current 2 percent restricted revenue reserve allowance is inadequate and highlight the need for a larger restricted revenue reserve allowance.

1

2 **Q. What types of declines in water sales has Providence Water experienced recently?**

3 A. As shown on the attached HJS Rebuttal Exhibit A, total water sales in FY 09 were 13 percent
4 less than water sales in FY 06. More importantly, total FY 09 water consumption was 9 percent
5 lower than the total water consumption that rates were projected on in Docket 3832. The
6 testimony of Jeanne Bondarevskis addresses the adverse impacts of this dramatic decline in
7 water sales and describes in more detail Providence Water's request for a larger revenue reserve
8 allowance.

9

10 **Rate Design**

11 **Q. Will you please summarize Mr. Catlin's comments regarding rate design?**

12 A. Mr. Catlin agrees that a uniform percentage increase in all rates for water service and fire
13 service is appropriate.

14

15 **Q. Do you have any issues with this comment?**

16 A. Since this is what was proposed by Providence Water, I have no issues with his comment.

17

18 **Q. Does this conclude your testimony with respect to the direct testimony of Mr.
19 Woodcock and Mr. Catlin?**

20 A. Yes it does.

21

22 **SUMMARY**

23 **Q. Will you please summarize the changes to Providence Water's request that you made in
24 response to the testimony of Mr. Catlin and Mr. Woodcock?**

25 A. As shown on HJS Rebuttal Exhibit B, I made the following adjustments to Providence
26 Water's request:

27

- 28 • I accepted three of Mr. Catlin's suggestions with respect to Benefits Expense; however, I
29 did not accept his suggestion to eliminate the reimbursement to the City for past retiree
30 benefits expenses that were paid by the City. The changes I made reduced the Benefits

1 Expense by \$254,362. The changes are addressed on Schedule HJS 8 Rebuttal, 8A
2 Rebuttal, 8B Rebuttal, and 8C Rebuttal.

- 3 • I accepted Mr. Catlin's adjustment to the Capital Reimbursement component of
4 Providence Water's requested expenses. This change resulted in an \$18,029 decrease in
5 Providence Water's request for Net Operating Expenses. This change is addressed on
6 Page 4 of Schedule HJS 4 Rebuttal.
- 7 • I accepted Mr. Catlin's changes to Providence Water's request for Insurance Expense.
8 This resulted in a \$367,088 reduction in Providence Water's request for Insurance
9 Expense. The changes are addressed on Schedule HJS 7 Rebuttal and 7A Rebuttal.
- 10 • I accepted Mr. Catlin's suggested changes to Providence Water's request for Chemicals
11 Expense. This change resulted in a \$365,689 decrease in Providence Water's request for
12 Chemicals Expense. The changes are addressed on Schedule HJS 10 Rebuttal and 10A
13 Rebuttal.
- 14 • I accepted Mr. Catlin's changes to Providence Water's request for Sludge Maintenance
15 Expense. This resulted in a \$50,000 reduction in Providence Water's request for Sludge
16 Maintenance Expense. The change is addressed on Schedule HJS 10 Rebuttal.
- 17 • I accepted Mr. Catlin's suggested change to Providence Water's request for Rate Case
18 Expense. This resulted in a \$105,425 reduction in Providence Water's request for Rate
19 Case Expense. The change is addressed on Schedule HJS 9 Rebuttal.
- 20 • I accepted Mr. Catlin's change to Providence Water's request for Property Taxes. This
21 resulted in a \$694,933 reduction in Providence Water's request for Property Taxes. The
22 change is addressed on Schedule HJS 6 Rebuttal and 6A Rebuttal.
- 23 • I did not accept Mr. Catlin's suggestion that the Operating Reserve Allowance be reduced
24 to 3 percent; however, due to the fact that I have accepted other changes that have
25 reduced Providence Water's request for revenues, the amount of the total Operating
26 Reserve Allowance should also be reduced to \$2,797,039 which is \$92,777 less than
27 Providence Water's original request for the Operating Reserve Allowance. The
28 calculation of the Operating Reserve Allowance is performed on Schedule HJS 3
29 Rebuttal.

- 1 • At Providence Water's request I have also revised my calculation of the required
2 contribution to the restricted revenue reserve fund to reflect Providence Water's revised
3 request as discussed in the rebuttal testimony of Jeanne Bondarevskis. This adjustment is
4 shown on Schedule HJS-12 Rebuttal.
- 5 • I have also updated the Insurance, Chemical/Sludge and Revenue Reserve Funds on
6 Schedule HJS-12A to reflect the changes made in my rebuttal testimony.

7

8 **Q. What is the net impact of the changes you have made of Providence Water's**
9 **request?**

10 A. The changes I have made in response to the testimony of Mr. Catlin and Mr. Woodcock
11 result in a \$1,855,526 reduction in the total expenses requested by Providence Water in this
12 docket. As a result of this decrease in requested expenses, Providence Water is now
13 requesting a 6.55 percent increase in rates and charges as opposed to the 10.08% increase
14 requested in the original filing. The proposed rates are shown on Schedule HJS-14 Rebuttal
15 and the rate impacts are shown on Schedule HJS-15 Rebuttal.

16

17 **Q. Does this conclude your rebuttal testimony?**

18 A. Yes it does.

Schedule HJS-1 Rebuttal

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
Metered Revenue					
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
Non-metered Water Revenue					
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
Total Water Revenue	\$ 48,856,267	\$ 49,291,392	\$ 52,667,093	\$ 2,462,921	\$ 55,130,014
Miscellaneous Income	\$ 1,360,739	\$ 1,520,546	\$ 1,402,137	\$ -	\$ 1,402,137
Tax Refund Contribution	\$ -	\$ -	\$ -	\$ 375,000	\$ 375,000
Grand Total Revenue	\$ 50,217,006	\$ 50,811,938	\$ 54,069,229	\$ 2,837,921	\$ 56,907,150

Schedule HJS-1A Rebuttal

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

Retail Consumption Charges				
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
Total	<u>14,630,493</u>		\$	<u>30,829,934</u>

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

Billing Unit	Units of Service	Current Rates	Total Revenues
--------------	------------------	---------------	----------------

Quarterly Service Charges			
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
Total	<u>71,711</u>		<u>\$ 4,953,846</u>

Monthly Service Charges

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

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
Source of Supply						
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
Total Source of Supply Expense		1,262,510	1,392,798	1,525,813		1,525,813

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
Pumping Expenses						
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.	-	-	-	-	-
67523	Misc. Expenses	-	-	4,889	-	4,889
67526	Misc. Expenses	-	-	1,164	-	1,164
Total Pumping Expenses		723,642	781,034	914,787		914,787

**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
Water Treatment Expenses						
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 Bldg/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	Regularity Com Exp. -Other	-	-	-	-	-
67530	Misc. Expenses	60,381	27,965	2,258	-	2,258
67540	Misc. Expenses	171	86	85	-	85
Total Treatment Expense		4,142,413	4,401,928	4,468,176		4,468,176

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
Transmission + Dist. Expense:						
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	-
60280	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
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
Total Transmission & Distribution		3,842,301	4,205,083	5,515,007	300,670	5,815,676

**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
Customer Accounts Expense:						
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 Purdh	-	-	-		-
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
	Total Customer Accounts	2,181,916	4,052,032	2,809,592	417,668	3,227,260

**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
Administrative and General						
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
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 - Acctg	-	-	-	-	-
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	686,348
64180	Rental Buildeg/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 Cast	-	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
	Total Administration + General	8,931,999	10,821,934	10,133,454	71,386	10,204,840
Total Operation & Maintenance						
		21,084,781	25,654,810	25,366,829		26,156,552
Source of Supply						
		1,262,510	1,392,798	1,525,813	-	1,525,813
	Pumping	723,642	781,034	914,787	-	914,787
	Treatment	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	2,809,952	417,668	3,227,260
	Administration & General	8,931,999	10,821,934	10,133,454	71,386	10,204,840
	Total Operation & Maintenance	21,084,781	25,654,810	25,366,829	789,724	26,156,552

**PROVIDENCE WATER
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/06	FISCAL YEAR 09/30/07	FISCAL YEAR 06/30/08	Test Year Adjustments	Adjusted Test Year
857 Insurance Fund						
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	533,567	(69,285)	672,370	-	672,370
67070	Bad Debt Expense-CAO	152,140	71,527	(6,954)	-	(6,954)
67580	Misc. Expense	-	-	-	-	-
	Total Insurance Fund	1,967,654	1,323,960	1,898,164	-	1,898,164
878 Chemical and Sludge Maintenance Fund						
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
	Total Chemical and Sludge Maintenance Fund	2,058,912	2,546,749	2,182,829	-	2,182,829
Full Operation and Maintenance						
		25,111,348	29,525,519	29,447,822	789,724	30,237,545
City Services						
		729,994	729,994	784,581	54,586	839,167
Property Taxes - Other Local Govern.						
40820	Town of North Providence	224,715	231,643	234,826	-	234,826
40821	Town of Gloucester	43,112	45,275	49,655	-	49,655
40822	Town of West. Gloucester	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
	Total Property Taxes	6,030,056	4,425,185	6,228,544	-	6,228,544
Full Operation & Maint.						
		25,111,348	29,525,519	29,447,822	789,724	30,237,545
City Services						
		729,994	729,994	784,581	54,586	839,167
Total Property Taxes						
		6,030,056	4,425,185	6,228,544	-	6,228,544
Capital Reimbursement						
		2,187,603	1,776,390	964,727	(964,727)	-
	Grand Total	34,059,000	36,457,088	37,425,673	(120,417)	37,305,257

Schedule HJS-3 Rebuttal

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	\$ 331,396	\$ 5,330,675
Retail Sales	30,829,934	-	30,829,934	2,024,949	32,854,883
Wholesale Sales	15,697,498	-	15,697,498	1,028,189	16,725,687
Fire Protection	3,603,302	-	3,603,302	236,070	3,839,372
Miscellaneous Revenue	1,402,137	-	1,402,137	-	1,402,137
Other	375,000	-	375,000	-	375,000
TOTAL REVENUES	\$ 56,907,150	\$ -	\$ 56,907,150	\$ 3,620,604	\$ 60,527,754
				6.36%	
Total Rate Revenues	\$ 55,130,014	\$ -	\$ 55,130,014		
Expenses					
Operations and Maintenance	\$ 26,156,552	\$ 1,288,124	\$ 27,444,676	\$ -	\$ 27,444,676
Insurance	1,898,164	(121,102)	1,777,062	-	1,777,062
Chemical & Sludge	2,182,829	276,113	2,458,942	-	2,458,942
City Service Expense	839,167	-	839,167	-	839,167
Property Taxes	6,228,544	(144,382)	6,084,162	-	6,084,162
Capital Reimbursement	(964,727)	(33,427)	(998,154)	-	(998,154)
Net Operations	\$ 36,340,530	\$ 1,265,325	\$ 37,605,855	\$ -	\$ 37,605,855
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)	-	-	-
TOTAL EXPENSES	\$ 55,456,295	\$ 2,261,629	\$ 57,717,924	\$ -	\$ 57,717,924
Revenue Reserve	\$ 2,683,958	\$ -	\$ 2,797,039	\$ -	\$ 2,797,039
Revenues Over (Under) Expenses	\$ (1,233,102)	\$ (2,261,629)	\$ (3,607,813)	\$ -	\$ 12,791
Total Increase to break even					6.34%
Rate Revenue Increase to break even					6.55%

Notes:

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

Schedule HJS-4 Rebuttal
Raw Revenue Requirements
Rate Year Ending December 31, 2010

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Propoma Rate Year
Source of Supply						
60110	Salaries + Wages - Emp	\$ 366,835	A	\$ 11,115	\$ -	\$ 377,950
60120	Salaries + Wages - Emp	485,527	A	14,106	-	479,632
60320	Sal. + Wages - Officers, Dir	-	-	-	-	-
60410	Employee Pension + Ben	210,067	D	18,212	-	228,278
60420	Employee Pension + Ben	286,316	D	23,088	-	289,404
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	Contract 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.	3,052	-	-	-	3,052
67510	Misc. Expenses	13,804	-	-	-	13,804
67520	Misc. Expenses	-	-	-	-	-
	Total Source of Supply Expense	\$ 1,525,813		\$ 66,521	\$ -	\$ 1,592,334
Pumping Expenses						
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	-	-	-	-	-
65023	Transportation Exp.	4,889	-	-	-	4,889
67523	Misc. Expenses	1,164	-	-	-	1,164
67526	Misc. Expenses	-	-	-	-	-
	Total Pumping Expenses	\$ 914,787		\$ -	\$ -	\$ 914,787

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
Water Treatment Expenses						
60130	Salaries + Wages - Emp	\$ 1,942,308	A	\$ 58,854	\$ -	\$ 2,001,162
60140	Salaries + Wages - Emp	281,151	A	8,520	-	289,701
60430	Employee Pension + Ben	1,111,445	D	96,356	-	1,207,801
60440	Employee Pension + Ben	161,294	D	13,983	-	175,277
61530	Purchase Power	204,246	-	-	-	204,246
61630	Fuel for Power Purch	280,906	-	-	-	280,906
61830	Chemicals	-	-	-	-	-
62030	Material + Supplies	99,736	-	-	-	99,736
62040	Material + Supplies	106,793	-	-	-	106,793
63130	Contractual Services - Engineer	21,969	-	-	-	21,969
63240	Contract Services - Acclg	-	-	-	-	-
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 Bldg/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	Regulatory Com Exp. - Other	2,258	-	-	-	2,258
67530	Misc. Expenses	85	-	-	-	85
67540	Misc. Expenses	-	-	-	-	-
	Total Treatment Expense	\$ 4,468,176		\$ 177,713	\$ -	\$ 4,645,889
Transmission + Dist. Expense:						
60150	Salaries + Wages - Emp	\$ 827,908	A	\$ 25,088	\$ -	\$ 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	41,037	-	514,385
60460	Employee Pension + Ben	1,204,461	D	104,420	-	1,308,881
60550	Overhead Rate Applied	-	-	-	-	-
60590	Overhead Rate Applied	-	-	-	-	-
61550	Purchase Power	8,510	-	-	-	8,510
62050	Material + Supplies	88,502	-	-	-	88,502
62060	Material + Supplies	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	1,085,202	-	-	-	1,085,202
63560	Contractual Services - Other	-	-	-	-	-
64150	Rental Bldg/Real Prop	-	-	-	-	-
64160	Rental Bldg/Real Prop	-	-	-	-	-
64250	Rental of Equipment	2,081	-	-	-	2,081
64260	Rental of Equipment	-	-	-	-	-
65650	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
	Total Transmission & Distribution	\$ 5,615,676		\$ 234,238	\$ -	\$ 6,049,915

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Profoma Rate Year
Customer Accounts Expense:						
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	97,083	-	1,216,918
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
	Total Customer Accounts	\$ 3,227,260		\$ 156,373	\$ -	\$ 3,383,633
Administrative and General						
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	-	33,955
60480	Employee Pension + Ben	3,295,736	D	285,416	-	3,581,152
60580	Overhead Rate Applied	-	-	-	-	-
61580	Purchase Power	87,444	-	-	-	87,444
61680	Fuel for Power Purch	229,065	-	-	-	229,065
62080	Material + Supplies	124,798	-	-	-	124,798
63180	Contractual Services - Engineer	36,268	-	-	-	36,268
63280	Contract Services - Accg	-	-	-	-	-
63380	Contract Services - Legal	41,728	-	-	-	41,728
63480	Contractual Services - Mpt. Fees	-	-	-	-	-
63580	Contractual Services - Other	588,348	H	-	150,000	736,348
64180	Rental of Equipment	-	-	-	-	-
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
66880	Reg Com Exp - Amort of Rate Case	-	-	-	-	-
66780	Regulatory Com Exp -Other	305,530	E	65,929	-	371,459
67580	Misc. Expenses	358,452	-	-	-	358,452
	Total Administration + General	\$ 10,204,840		\$ 503,278	\$ 150,000	\$ 10,858,118
	Total Operation & Maintenance	\$ 26,156,552		\$ 1,138,124	\$ 150,000	\$ 27,444,676
Source of Supply						
Pumping		\$ 1,525,813		\$ 66,521	\$ -	\$ 1,592,334
Treatment		914,787		-	-	914,787
Transmission & Distrib.		4,466,176		177,713	-	4,643,890
Customer Accounts		5,815,676		234,236	-	6,049,912
Administration & General		3,227,260		156,373	-	3,383,633
		10,204,840		503,278	150,000	10,858,118
	Total Operation & Maintenance	\$ 26,156,552		\$ 1,138,124	\$ 150,000	\$ 27,444,676

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
857 Insurance Fund						
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	4,755	C	(0)	-	4,755
63580	Contract Services - Other A&GO	1,227,230	C	(174,784)	-	1,052,446
65780	Ins. Gen. Liability	-		-	-	-
65880	Insurance-Other A&GO	672,370	C	(13,272)	-	659,098
67070	Bad Debt Expense-CAO	(6,954)	C	66,954	-	60,000
67580	Misc. Expense	-		-	-	-
	Total Insurance Fund	\$ 1,896,164		(\$121,102)	\$ -	\$ 1,777,062
878 Chemical and Sludge Maintenance Fund						
61830	Chemicals - WTO	-		\$ -	\$ -	\$ -
62030	Materials + Supplies WTO	1,682,829	F	78,448	-	1,762,275
62050	Materials + Supplies T&DO	-		-	-	-
63540	Contract Services - Other WTM	500,000	F	196,667	-	696,667
	Total Chemical and Sludge Maintenance Fund	\$ 2,182,829		\$ 278,113	\$ -	\$ 2,458,942
	Total O&M	\$ 30,237,545		\$ 1,293,134	\$ 150,000	\$ 31,680,680
Property Taxes - Other Local Govern.						
40820	Town of North Providence	234,826	B	(7,866)	-	226,940
40821	Town of Gloucester	49,655	B	10,596	-	60,251
40822	Town of West. Gloucester	3,928	B	269	-	4,198
40823	Town Harmony	155	B	-	-	155
40824	Town Chepachet	115	B	(25)	-	90
40825	Town Scituate	5,466,314	B	(194,153)	-	5,274,161
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
	Total Property Taxes	\$ 6,228,544		\$ (147,382)	\$ -	\$ 6,084,162
Other Expenditures						
	City Services	839,167		-	-	839,167
	Total Property Taxes	6,228,544		(144,382)	-	6,084,162
	Capital Reimbursement	(964,727)	A	(15,398)	(18,029)	(998,154)
	Total Other Expenditures	\$ 6,102,984		\$ (159,780)	\$ (18,029)	\$ 5,925,175
Capital Fund						
	Western Cranston Fund	2,450,000	G	-	-	2,450,000
	Infrastructure Replacement Fund	82,069	G	-	-	82,069
	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)	1,103,696	G	(1,103,696)	-	-
	Total Restricted Expenditures	\$ 19,115,765		\$ 996,304	\$ -	\$ 20,112,069
	Total Other & Rest. Expenditures	\$ 25,218,749		\$ 836,524	\$ (18,029)	\$ 26,037,244
	Grand Total	\$ 55,456,295		\$ 2,129,658	\$ 131,971	\$ 57,717,924

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

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
SOURCE OF SUPPLY					
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
PUMPING					
60123 Salaries & Wages - Emp	-	-	-	-	-
60126 Salaries & Wages - Emp	-	-	-	-	-
TOTAL PUMPING	-	-	-	-	-
WATER TREATMENT					
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
TRANSMISSION & DISTRIBUTION					
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
CUSTOMER ACCOUNT EXPENSE					
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
ADMINISTRATION					
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
O/M LABOR SUMMARY					
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)
TOTAL	\$ 11,940,275	\$ 508,181	\$ 12,448,457	\$ 12,825,657	377,201

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	\$ (194,153)	1	\$ 5,274,161
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
Total Expense	\$ 6,228,549	\$ (144,382)		\$ 6,084,167
Test Year				\$ 6,228,549
Total Adjustment				\$ (144,382)

* See Schedule HJS-6A for 5 year historical

Note:

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

Schedule HJS-6A Rebuttal

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
Total	\$ 5,915,614	\$ 5,784,733	\$ 6,030,054	\$ 6,105,825	\$ 6,228,549	\$ 6,331,285
% Change		-2.21%	4.24%	1.26%	2.01%	1.65%

Schedule HJS-7 Rebuttal

**Providence Water
Insurance Expense**

	Test Year	Adjustments	Pro-Forma Amount *
Property and Casualty	\$ 1,227,230	\$ (174,784)	\$ 1,052,446
Worker's Compensation	672,370	(13,272)	659,098
Old Worker's Comp Claims	-	-	-
Injuries & Damages	(6,954)	66,954	60,000
Safety Supplies & Other	793	-	793
Program Expense	4,755	(0)	4,755
Total Expenses	\$ 1,898,194	\$ (121,102)	\$ 1,777,092
Test Year amount	\$ 1,898,194		\$ 1,898,194
Pro-Forma Amount			1,777,092
Total Adjustment			<u>(121,102)</u>

* See Schedule HJS-7A for calculations

**Providence Water
Insurance Expense**

	FY 2008	FY 2009	FY 2010	Pro-Forma Amount
Property and Casualty premium	\$ 1,227,230	\$ 1,082,673	\$ 1,052,446	\$ 1,052,446
Worker's Compensation premium	672,370	693,928	659,098	659,098
Old Worker's Comp Claims	-	-	-	-
Injuries & Damages	48,232	63,911	60,000	60,000
Safety Supplies & Other	793	793	793	793
Program Expense	4,755	4,755	4,755	4,755
Total Expenses	\$ 1,953,380	\$ 1,846,060	\$ 1,777,092	\$ 1,777,092

Schedule HJS-8 Rebuttal

**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	\$ 51,580	\$ 584,575	9.68%	Schedule HJS-8B
2 Laborers International Pension	362,742	7,113	369,855	1.96%	Schedule HJS-8B
3 Life Insurance Premium	1,845	179	2,024	9.68%	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	334,177	2,412,391	16.08%	Schedule HJS-8C
7 Delta Dental	224,371	19,947	244,318	8.89%	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
Total	\$ 7,838,977	\$ 840,991	\$ 8,679,968		
	Less: Increase in Employee Co-Pay	(\$161,396)			
	Rate Year Amount	\$ 8,518,572			
Test Year FY 2008			\$ 7,838,977		
Adjustment			\$ 679,595		

Notes:

1) Compounded salary increase used 3.03%

Schedule HJS-8A Rebuttal

PROVIDENCE WATER

Fringe Allocation to Naruc Accounts

Naruc Account	Test Year FY 2008	Allocation	Pro-forma Adjustment
60410	\$ 210,067	2.68%	\$ 18,212
60420	266,316	3.40%	23,088
60423	-	0.00%	-
60426	-	0.00%	-
60430	1,111,445	14.18%	96,356
60440	161,294	2.06%	13,983
60450	473,349	6.04%	41,037
60460	1,204,461	15.37%	104,420
60470	1,119,835	14.29%	97,083
60480	3,292,212	42.00%	285,416
	<u>\$ 7,838,979</u>	<u>100.00%</u>	<u>\$ 679,595</u>

Schedule HJS-8B Rebuttal

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	\$ 41.60	1.96%
35 Hour	\$ 35.70	\$ 36.40	1.96%
<u>Union Benefit Trust*</u>			
40 Hour	\$ 62.00	\$ 68.00	9.68%
35 Hour	\$ 54.25	\$ 59.50	9.68%
<u>Training</u>			
40 Hour	\$ 4.80	\$ 5.40	12.50%
35 Hour	\$ 4.20	\$ 4.73	12.62%

* 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	FYE 06/30/10	% Increase/ (Decrease)	Rate Year Increase*
<u>United Healthcare</u>						
Non-Bargaining						
Individual	381.13	423.05	479.11	491.08	16.08%	16.08%
Family	960.94	1,066.65	1,207.98	1238.18	16.08%	16.08%
Non-Union:						
Individual	407.19	451.98	511.87	524.67	16.08%	16.08%
Family	1030.63	1,143.99	1,295.57	1327.96	16.08%	16.08%
<u>Delta Dental</u>						
Union:						
Individual	27.81	31.27	32.54	34.05	8.89%	8.89%
Family	85.80	96.48	100.40	105.06	8.89%	8.89%
Non-Union:						
Individual	27.81	31.27	32.54	34.05	8.89%	8.89%
Family	85.80	96.48	100.40	105.06	8.89%	8.89%
<u>Blue Cross</u>						
Union:						
Individual	341.37	378.92	429.13	439.86	16.08%	16.08%
Family	834.76	926.58	1,049.35	1075.58	16.08%	16.08%
Non-Union:						
Individual	419.48	465.62	527.32	540.5	16.08%	16.08%
Family	1042.91	1157.64	1,311.02	1343.8	16.08%	16.08%

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

PROVIDENCE WATER

Regulatory Commission and Rate Case Expense

	Test Year	Pro-Forma
Regulatory Commission Expense:		
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>	
Rate Case Amount Ammortized Over Two Years	\$ 105,425	
Estimated Regulatory Commission Expense	\$ 371,459	
Test Year	\$ 305,530	
Adjustment	\$ 65,929	

Schedule HJS-10 Rebuttal

PROVIDENCE WATER

Chemical & Sludge Maintenance Expense

	FY 2008 Test Year	Adjustments	Note	Pro-Forma Amount
Chemicals:				
Ferric	\$ 1,134,106	\$ (159,279)	1	\$ 974,827
Quicklime	278,594	68,520	1	347,114
Liquid Flouride	128,366	181,966	1	310,332
Chlorine	141,763	(11,760)	1	130,003
Sub-total Chemicals	\$ 1,682,829	\$ 79,446		\$ 1,762,275
Calgon	-	-		-
Sludge Maintenance	500,000	196,667	2	696,667
Total Expenses	2,182,829	276,113		2,458,942
Test Year Amount				2,182,829
Pro-Forma Amount				2,458,942
Total Adjustment				276,113

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	738,505	\$ 1.3200	\$ 974,827	\$ 1,134,106	\$ (159,279)
Lime (tons)	1,674.57	1,702.05	1,619.04	1,665	\$ 208.4500	\$ 347,114	\$ 278,594	\$ 68,520
Chlorine (tons)	152.66	146.42	159.75	153	\$ 850.0000	\$ 130,003	\$ 141,763	\$ (11,760)
Flouride (gallons)	99,008.00	99,100.00	96,884.00	98,331	\$ 3.1560	\$ 310,332	\$ 128,366	\$ 181,966
Total Projected Costs FY2008 expense						\$ 1,762,275	\$ 1,682,829	\$ 79,446
Adjustment to Rate Year Expense						\$ 1,682,829	\$ 79,446	

Notes:

- (1) Per Exhibit I, Table C
- (2) Chemical quantities used 12 months ended December 31, 2008
- (3) CY 2010 bid prices as per response to Div 1-12.

Schedule HJS-11 Rebuttal

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
Grand Total	30,156,565	30,349,380	31,239,638	29,301,200	29,148,542	29,806,281	(21,245)	29,046,244
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
Sub-total Capital Funds	\$ 17,012,069	\$ 1,000,000	\$ 18,012,069	\$ 2,100,000	\$ 20,112,069
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)	-
Sub-total Operational Funds	\$ 5,449,196	\$ 1,754,720	\$ 7,203,916	\$ (2,160,898)	\$ 5,043,018
Total Restricted Funds	\$ 22,461,265	\$ 2,754,720	\$ 25,215,985	\$ (60,898)	\$ 25,155,087
Adjusted Test Year					\$ 25,215,985
Total Adjustment					\$ (60,898)

(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 \$2,237,631

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

Capital Fund

Source of Funds	<u>Fy 2009</u>	<u>Fy 2010</u>	<u>Fy 2011</u>
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
Total Sources	<u>6,896,067</u>	<u>5,162,812</u>	<u>2,998,557</u>
Less obligated uses of funds:			
Fruit Hill Bonds (P)	1,010,000	990,000	-
Fruit Hill Bonds (I)	73,255	24,255	-
Sub-total Debt Service	<u>1,083,255</u>	<u>1,014,255</u>	-
Cash Funded Projects	650,000	1,150,000	1,650,000
Total Uses	<u>1,733,255</u>	<u>2,164,255</u>	<u>1,650,000</u>
End of Year Balance	<u>5,162,812</u>	<u>2,998,557</u>	<u>1,348,557</u>

Western Cranston Fund

Source of Funds	<u>Fy 2009</u>	<u>Fy 2010</u>	<u>Fy 2011</u>
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	-	-
Total Sources	<u>\$ 2,515,686</u>	<u>\$ 2,502,173</u>	<u>\$ 1,237,879</u>
Less obligated uses of funds			
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	<u>\$ 175,582</u>	<u>\$ 171,441</u>	<u>\$ 182,770</u>
Cash Funded Projects	-	1,254,922	-
Total Uses	<u>175,582</u>	<u>1,426,363</u>	<u>182,770</u>
End of Year Balance	<u>\$2,340,104</u>	<u>\$1,075,810</u>	<u>\$1,055,109</u>

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

Infrastructure Replacement Fund

Source of Funds	<u>Fy 2009</u>	<u>Fy 2010</u>	<u>Fy 2011</u>
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>
Total Sources	\$ 44,777,000	\$ 47,074,762	\$ 42,476,814
Less obligated uses of funds:			
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
Total Uses	20,399,238	20,597,948	30,478,497
End of Year Balance	<u>\$24,377,762</u>	<u>\$26,476,814</u>	<u>\$11,998,317</u>

AMR/Meter Replacement Fund

Source of Funds	<u>Fy 2009</u>	<u>Fy 2010</u>	<u>Fy 2011</u>
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	<u>-</u>	<u>-</u>	<u>-</u>
Total Sources	\$ 1,281,926	\$ 1,231,128	\$ 1,095,360
Less obligated uses of funds			
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	<u>-</u>	<u>-</u>	<u>-</u>
Total Uses	\$ 1,050,798	\$ 1,135,768	\$ 1,095,165
End of Year Balance	<u>\$231,128</u>	<u>\$95,360</u>	<u>\$195</u>

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>
Total Sources	1,729,750	1,212,260	1,069,010
Less obligated uses of funds			
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>
Total Uses	1,117,490	743,250	775,563
End of Year Balance	\$ <u>612,260</u>	\$ <u>469,010</u>	\$ <u>293,447</u>

Insurance Fund

Source of Funds	Fy 2009	Fy 2010	Fy 2011
D3832 (effective 11/1/2007)	2,967,655	1,483,828	-
Add'l. funding from New Docket effective 1/1/10	-	888,546	1,777,092
Carryover funds from prior year estimated	<u>438,041</u>	<u>1,559,639</u>	<u>2,154,921</u>
Total Sources	3,405,696	3,932,013	3,932,013
Less obligated uses of funds			
Property & Casualty	1,082,673	1,052,446	1,052,446
Workers Compensation	693,925	659,098	659,098
Injuries & Damages	63,911	60,000	60,000
Safety Supplies & Other	793	793	793
Program Expense	<u>4,755</u>	<u>4,755</u>	<u>4,755</u>
Total Uses	1,846,057	1,777,092	1,777,092
End of Year Balance	<u>\$1,559,639</u>	<u>\$2,154,921</u>	<u>2,154,921</u>

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	-	1,229,471	2,458,942
Carryover funds from prior year estimated	<u>850,247</u>	<u>1,334,848</u>	<u>1,318,326</u>
Total Sources	3,982,812	4,130,601	3,777,268
Less obligated uses of funds			
Chemicals	2,127,964	1,762,275	1,762,275
Sludge Maintenance	<u>520,000</u>	<u>1,050,000</u>	<u>500,000</u>
Total Uses	2,647,964	2,812,275	2,262,275
End of Year Balance	\$1,334,848	\$1,318,326	\$1,514,993

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>
Total Sources	1,152,909	727,909	327,909
Less obligated uses of funds			
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>
Total Uses	425,000	400,000	-
End of Year Balance	\$727,909	\$327,909	\$327,909

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	551,848	-
Add'l. funding from New Docket effective 1/1/10	-	1,118,816	2,237,631
Interest	4,672	5,000	10,000
Carryover funds from prior year estimated	<u>551,848</u>	<u>94,566</u>	<u>(1,009,984)</u>
Total Sources	1,660,216	1,770,230	1,237,647
Less obligated uses of funds			
Proposed request to draw revenue reserves	1,565,650	2,780,214	
Total Uses	<u>1,565,650</u>	<u>2,780,214</u>	<u>-</u>
End of Year Balance	<u>\$94,566</u>	<u>(\$1,009,984)</u>	<u>\$1,237,647</u>

Schedule HJS-13 Rebuttal

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	\$ 23,178,443	6.56%
Commercial Sales	4,060,451	\$ 2.049	\$ 8,319,864	\$ 8,868,025	6.59%
Industrial Sales	377,235	\$ 2.011	\$ 758,620	\$ 808,415	6.56%
<i>Sub-total Retail</i>	<u>14,630,493</u>		<u>\$ 30,829,934</u>	<u>\$ 32,854,883</u>	
Wholesale	14,415,751		\$ 15,697,498	\$ 16,725,687	6.55%
Total Consumption Revenue	29,046,244		\$ 46,527,432	\$ 49,580,570	6.56%
Service Charges	287,852		\$ 4,999,279	\$ 5,330,675	6.70%
Private Fire Service Charge	1,820		\$ 1,833,075	\$ 1,953,162	6.55%
Public Fire Protection	6,082	\$ 291.06	\$ 1,770,227	\$ 1,886,211	6.55%
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>	
Total Revenue			<u>\$ 56,907,150</u>	<u>\$ 60,527,754</u>	6.36%
Rate Increase				\$ 3,620,604	

Schedule HJS-14 Rebuttal

Providence Water
Calculation of Retail Water Rates

<u>Retail Consumption:</u>		Current	Proposed	% Increase
Residential	per HCF	\$ 2,134	\$ 2,274	6.56%
Commercial	per HCF	\$ 2,049	\$ 2,184	6.59%
Industrial	per HCF	\$ 2,011	\$ 2,143	6.56%

<u>Service Charge:</u> (Meter size inches)	Quarterly		Percentage Increase
	Current Rates	Proposed Rates	
5/8"	\$ 15.73	\$ 16.77	6.61%
3/4"	\$ 16.70	\$ 17.80	6.59%
1"	\$ 19.60	\$ 20.89	6.58%
1.5"	\$ 23.47	\$ 25.01	6.56%
2"	\$ 34.11	\$ 36.35	6.57%
3"	\$ 112.49	\$ 119.86	6.55%
4"	\$ 141.51	\$ 150.78	6.55%
6"	\$ 209.25	\$ 222.96	6.55%
8"	\$ 286.65	\$ 305.43	6.55%
10"	\$ 356.80	\$ 380.18	6.55%
12"	\$ 426.95	\$ 454.92	6.55%

<u>Wholesale:</u>		Current Rates	Proposed Rates	Percentage Increase
Consumption	per HCF	\$ 9.28	\$ 9.89	6.57%
Consumption	per Million Gallons	\$ 10.57	\$ 11.27	6.62%
		\$ 11.86	\$ 12.64	6.58%
		\$ 15.41	\$ 16.42	6.55%
		\$ 41.53	\$ 44.26	6.57%
		\$ 51.21	\$ 54.57	6.56%
		\$ 73.78	\$ 78.62	6.56%
		\$ 99.59	\$ 106.12	6.56%
		\$ 122.97	\$ 131.03	6.55%
		\$ 146.35	\$ 155.94	6.55%

<u>Public Fire Supply:</u>		Current Rates	Proposed Rates	Percentage Increase
Consumption	per Hydrant	\$ 1,088.913	\$ 1,160.237	6.55%
Consumption	per Million Gallons	\$ 1,455.77	\$ 1,551.13	6.55%

<u>Private Fire Supply:</u> (Service size inches)	Quarterly		Percentage Increase
	Current Rates	Proposed Rates	
3/4"	\$ 16.88	\$ 17.99	6.58%
1"	\$ 20.00	\$ 21.31	6.55%
1.5"	\$ 24.62	\$ 26.24	6.58%
2"	\$ 36.57	\$ 38.97	6.56%
4"	\$ 156.72	\$ 166.99	6.55%
6"	\$ 253.42	\$ 270.02	6.55%
8"	\$ 380.78	\$ 405.73	6.55%
10"	\$ 526.08	\$ 560.54	6.55%
12"	\$ 700.38	\$ 746.26	6.55%
16"	\$ 1,149.93	\$ 1,225.26	6.55%

Schedule HJS-15 Rebuttal

**Providence Water
Rate Impact**

	Current Rates	Proposed Rate	Dollar Increase	Percent Increase	Proposed Quarterly Bill
<u>Residential</u>					
100 Ccf w/ 5/8 meter					
Customer Charge	\$ 62.92	\$ 67.08	\$ 4.16		
Consumption	213.40	227.40	14.00		
Total 100 Ccf	\$ 276.32	\$ 294.48	\$ 18.16	6.57%	\$ 73.62
<u>Commercial</u>					
2,000 Ccf w/ 2in meter					
Customer Charge	\$ 136.44	\$ 145.40	\$ 8.96		
Consumption	4,098.00	4,368.00	270.00		
Total 2000 Ccf	\$ 4,234.44	\$ 4,513.40	\$ 278.96	6.59%	\$ 1,128.35
<u>Industrial</u>					
10,000 Ccf w/ 6in. meter					
Customer Charge	\$ 837.00	\$ 891.84	\$ 54.84		
Consumption	20,110.00	21,430.00	1,320.00		
Total 10,000 Ccf	\$ 20,947.00	\$ 22,321.84	\$ 1,374.84	6.56%	\$ 5,580.46
<u>Industrial (Large)</u>					
50,000 Ccf w/ 10in. meter					
Customer Charge	\$ 1,427.20	\$ 1,520.72	\$ 93.52		
Consumption	100,550.00	107,150.00	6,600.00		
Total 50,000 Ccf	\$ 101,977.20	\$ 108,670.72	\$ 6,693.52	6.56%	\$ 27,167.68
<u>Wholesale</u>					
400,000 Ccf	\$ 435,565.20	\$ 464,094.80	\$ 28,529.60	6.55%	\$ 116,023.70
2,500,000 Ccf	\$ 2,722,282.50	\$ 2,900,592.50	\$ 178,310.00	6.55%	\$ 725,148.13

Providence Water

HJS Rebuttal Exhibit A

Water Sales (HCF)

		FY 2006	FY 2007	FY 2008	FY 2009	Docket 3832	Change in Consumption between FY 06 and FY 09	Change in Consumption between FY 08 and FY 09	Change in Consumption between Docket 3832 and FY 09
Wholesale									
	E. Providence	2,336,430	2,219,211	2,172,914	2,034,591	2,329,476	-13%	-6%	-14%
	E. Smithfield	316,751	311,203	358,783	318,002	331,077	0%	-11%	-4%
	Greenville	483,676	483,730	532,126	459,960	466,383	-5%	-14%	-1%
	Kent Co.	3,806,377	3,699,225	3,249,131	2,663,178	3,819,646	-30%	-18%	-43%
	Smithfield	421,925	424,238	490,053	454,602	426,604	8%	-7%	6%
	Warwick	4,357,620	3,869,318	4,819,131	4,674,254	4,208,251	7%	-3%	10%
	Lincoln	1,150,294	1,134,532	1,175,749	1,016,655	1,105,305	-12%	-14%	-9%
	Cranston	-	-	-	-	-	N/A	N/A	N/A
	Johnston	290,227	346,377	392,166	302,765	312,384	4%	-23%	-3%
	Bristol Co.	1,633,316	1,295,416	1,327,848	1,283,706	1,257,500	-21%	-3%	2%
	NBC	84,978	-	-	-	-	N/A	N/A	N/A
Total Wholesale		14,881,594	13,783,250	14,517,901	13,207,713	14,256,626	-11%	-9%	-8%
Retail									
	Residential	11,277,137	10,579,927	10,192,807	9,201,454	11,282,546	-18%	-10%	-23%
	Commercial	3,889,047	3,930,747	4,060,451	4,636,996	3,283,238	19%	14%	29%
	Industrial	1,091,953	828,155	377,235	198,132	962,175	-82%	-47%	-386%
Total Retail		16,258,137	15,338,829	14,630,493	14,036,582	15,527,959	-14%	-4%	-11%
Total Consumption		31,139,731	29,122,079	29,148,394	27,244,295	29,784,585	-13%	-7%	-9%

Volume Charge Revenue

		FY 09 Volume Charge Revenue	Docket 3832 Volume Charge Revenue	Change in Revenue between Docket 3832 and FY 09
Wholesale				
	E. Providence	\$ 2,215,493	\$ 2,536,597	\$ (321,104)
	E. Smithfield	\$ 346,277	\$ 360,514	\$ (14,238)
	Greenville	\$ 500,856	\$ 507,851	\$ (6,994)
	Kent Co.	\$ 2,899,969	\$ 4,159,262	\$ (1,259,293)
	Smithfield	\$ 495,022	\$ 464,535	\$ 30,487
	Warwick	\$ 5,089,856	\$ 4,582,419	\$ 507,437
	Lincoln	\$ 1,107,049	\$ 1,203,581	\$ (96,532)
	Cranston	\$ -	\$ -	\$ -
	Johnston	\$ 329,685	\$ 340,159	\$ (10,474)
	Bristol Co.	\$ 1,397,844	\$ 1,369,308	\$ 28,536
	NBC	\$ -	\$ -	\$ -
Total Wholesale		\$ 14,382,050	\$ 15,524,225	\$ (1,142,175)
Retail				
	Residential	\$ 19,635,903	\$ 24,076,953	\$ (4,441,050)
	Commercial	\$ 9,501,205	\$ 6,727,355	\$ 2,773,850
	Industrial	\$ 398,443	\$ 1,934,934	\$ (1,536,490)
Total Retail		\$ 29,535,551	\$ 32,739,242	\$ (3,203,691)
Total Volume Charge Revenue		\$ 43,917,601	\$ 48,263,467	\$ (4,345,866)

**Providence Water
Summary of Rebuttal Adjustments**

HJS Rebuttal Exhibit B

Description	Division Adjustment	Providence Water Adjustment	Source
Benefits Expense	(\$502,543)	\$ (254,362)	Schedule HJS 8 Rebuttal
Capital Reimbursement	(\$18,029)	(\$18,029)	Schedule HJS 4 Rebuttal
Insurance Expense	(\$367,088)	(\$367,088)	Schedule HJS 7 Rebuttal
Chemicals Expense	(\$365,689)	(\$365,689)	Schedule HJS 10 Rebuttal
Sludge Maintenance	(\$50,000)	(\$50,000)	Schedule HJS 10 Rebuttal
Rate Case Expense	(\$105,425)	(\$105,425)	Schedule HJS 9 Rebuttal
Property Tax Expense	(\$694,933)	(\$694,933)	Schedule HJS 6 Rebuttal
Operating Reserve	<u>(\$1,219,037)</u>	<u>(\$92,777)</u>	Schedule HJS 3 Rebuttal
 Total Adjustments	 (\$3,322,745)	 \$ (1,948,303)	