



***TESTIMONY AND DATA IN SUPPORT
OF THE PROVIDENCE WATER SUPPLY BOARD'S
REQUEST FOR GENERAL RATE RELIEF TO THE
PUBLIC UTILITIES COMMISSION
MARCH 29, 2013***

DOCKET # _____

PROVIDENCE WATER
Testimony and Data in Support of General Rate Relief

Table of Contents

	<u>Location</u>
Letter of Transmittal	Tab 1
Notice of Proposed Change in Rate Schedules Commission Notice, Rule 1.9 Providence Journal, Rule 2.4	Tab 2
Tariffs: Existing Tariffs Schedule A - F Proposed Tariffs Schedule A – F (redacted) Proposed Tariffs Schedule A - F	Tab 3
Attestation Under Rule 2.7	Tab 4
Letters of Notice to Municipalities and Water Authorities	Tab 5
Testimony of Boyce Spinelli with Exhibits	Tab 6
Exhibit 1-Compliance with R.I.G.L. § 39-3-12.1 Table A - Status of Physical Plant Table B - Maintenance Policy Table C - Water Treatment Methods and Chemicals Used Table D - Policy relating to Expansion and Renovation Table E - Non-Accounted for Water	Tab 7
Testimony of Paul Gadoury with Exhibits Exhibit PG-1 Consent Order-Department of Health Exhibit PG-2 Department of Health pH Transition Implementation Plan Exhibit PG-3 Existing IFR Water Main Rehabilitation Plan Exhibit PG-4 Proposed IFR Water Main Rehabilitation Plan Exhibit PG-5 Providence Water CIP Plan	Tab 8
Testimony of Harold J. Smith with Schedules for Test Year and Rate Year Schedule HJS-1.....Cost of Service Summary Schedule HJS-2.....Raw Revenue Requirements Schedule HJS-3.....Payroll Expense Adjustment Schedule HJS-3A.....Detail Payroll Expense Schedule HJS-4.....Property Tax Analysis Schedule HJS-4A.....Property Tax Detail Schedule HJS-5.....Insurance Expense Adjustment Schedule HJS-6.....Pension and other Benefits Schedule HJS-6A.....Fringe Allocation to Naruc Accounts	Tab 8

PROVIDENCE WATER
Testimony and Data in Support of General Rate Relief

Table of Contents

	<u>Location</u>
Schedule HJS-7.....Regulatory Commission and Rate Case Expense	
Schedule HJS-8.....Chemical and Sludge Maintenance Expense	
Schedule HJS-8A.....Adjustment to Chemical Expense	
Schedule HJS-9.....Debt Service/Capital Funding Requirements	
Schedule HJS-9A-9J.....Restricted Funds Sources and Uses	
 Testimony of Harold J. Smith Schedules Cost of Service Allocation/Rate Design	Tab 8
Schedule HJS-10.....Revenue Under Existing Rates	
Schedule HJS-11.....O&M Cost Allocation	
Schedule HJS-12.....Capital Cost Allocation	
Schedule HJS-13Property Tax Allocation	
Schedule HJS-14.....Allocations Legend	
Schedule HJS-15.....Summary of Cost Allocations	
Schedule HJS-16.....Units of Service	
Schedule HJS-17Units Cost of Service	
Schedule HJS-18.....Cost Distribution to Customer Class	
Schedule HJS-19.....Proposed Rates and Impacts	
Schedule HJS-20.....Comparison of Revenues by Customer Class	
Schedule HJS-21Typical Bill Comparison	
Schedule HJS-22Revenue Proof	
Schedule HJS-23Projected Volumes	
 Testimony of Harold J. Smith Schedules Conservation Rates	Tab 8
Schedule HJS-24.....Summary of Conservation Rates	
Schedule HJS-25.....Calculation of Revenue at Present & Proposed Rates	
Schedule HJS-26.....Calculation of Single-Family Residential Rates	
Schedule HJS-27Single-Family Residential Customer Impact	
Schedule HJS-28.....Wholesale Monthly Block Calculations	
Schedule HJS-29Bill Frequency Summary-Single Family	
Schedule HJS-30.....Wholesale Monthly Consumption Rates	
 Appendix:	Tab 9
Schedule HJS-A1.....Comparative Schedule of Expenses	
 Exhibit 2-Index and Responses for Rule 2.5(e) with attachments	
Exhibit 3-Audited Financial Statements 6/30/12 and 6/30/11	

Tab ~~1~~ 1



552 Academy Avenue
Providence, RI 02908

401-521-6300

www.provwater.com

March 29, 2013

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

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

RE: Providence Water Supply Board - General Rate Filing

Dear Chairman Germani:

BOARD OF DIRECTORS

Brett P. Smiley
Chairman

Joseph D. Cataldi
Vice Chairman

Michael L. Pearis
Ex-Officio

Michael A. Solomon
City Council President

Michael J. Correia
City Councilman

Andy M. Andujar
Member

Joan S. Badway
Member

Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

The Providence Water Supply Board (Providence Water), pursuant to the Rules of Practice and Procedure, herewith files a general rate filing to collect additional revenues of \$14,619,888 which is an overall increase of 24.3%, effective April 29, 2013.

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

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

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

Copies have also been provided to the Rhode Island Water Resources Board and the Rhode Island Attorney General's Office. All other wholesale customers and Fire Chiefs will be notified by mail of the potential effect this filing may have on their rate.

Member

Rhode Island Water Works Assn.
New England Water Works Assn.
American Water Works Assn.
Water Research Foundation

An EPA WaterSense Partner

[Only Tap Water Delivers](#)

Honorable Elia Germani, Chairman
March 29, 2013
Page 2

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

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

Respectfully,
Providence Water Supply Board


Boyce Spinelli
General Manager

Tab 2

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: PROVIDENCE WATER SUPPLY BOARD
 General Rate Filing of March 29, 2013

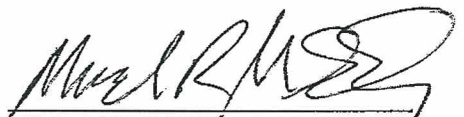
NOTICE OF CHANGE IN RATE SCHEDULES

Pursuant to R.I.G.L §39-3-11, and in accordance with Rule 1.9 and Part Two of the Rules of Practice and Procedure of the Rhode Island Public Utilities Commission (Commission), the Providence Water Supply Board (Providence Water), hereby gives notice of its proposed change in rates.

The proposed changes are contained in the written testimony and exhibits attached hereto and incorporated herein. The new rates will become effective April 29, 2013 and will collect an additional \$14,619,888 in revenue to support Providence Water's cost of service.

1. Providence Water Supply Board is a Board authorized by the City Charter of the City of Providence, Rhode Island with its principal place of business at 552 Academy Avenue, Providence, Rhode Island.
2. Correspondence for Providence Water in this General rate filing should be addressed to Mr. Boyce Spinelli, General Manager, Providence Water Supply Board, 552 Academy Ave, Providence R.I. 02908 and to Mr. Michael R. McElroy, Esq., P.O. Box 6721, Providence, RI 02940-6721
3. In accordance with the appropriate Rules and Regulations pursuant to R.I.G.L §39-3-11, the accompanying documents contain data, information and testimony in support of said request;
4. Also submitted herewith are documents and statements in conformance with R.I.G.L §39-3-12.1;
5. This document meets the requirements of Rule 1.5 of the Rules of Practice and Procedure for the Commission.

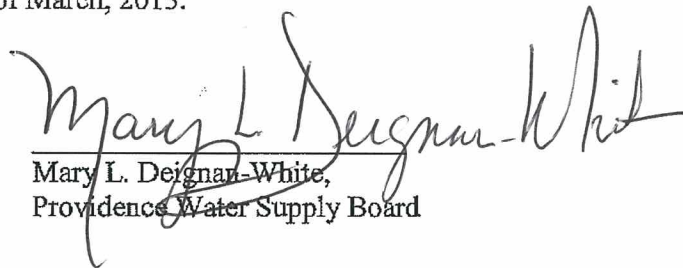
Providence Water Supply Board,
By its Attorney,



Michael R. McElroy, Attorney for
Providence Water Supply Board
21 Dryden Lane, P.O. Box 6721
Providence, RI 02940-6721
401-351-4100
401-351-5696 (fax)
Michael@McElroylawoffice.com

CERTIFICATION

I, the undersigned, hereby certify that a true copy of the within was hand delivered to the Public Utilities Commission, 89 Jefferson Boulevard, RI 02888 and mailed via first class mail to the Department of Attorney General, 150 South Main Street, Providence, RI 02903 on the 29th day of March, 2013.



Mary L. Deignan-White,
Providence Water Supply Board

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: PROVIDENCE WATER SUPPLY BOARD
 Docket No.

NOTICE OF FILING AND CHANGE IN RATE SCHEDULE

Pursuant to the Rules of Practice and Procedure of the Rhode Island Public Utilities Commission (Commission), the Providence Water Supply Board (Providence Water) filed with the Commission an application to revise its rates effective April 29, 2013.

The proposed rates will collect an additional \$14,619,888 in revenues, which represents an overall increase of approximately 24.3%. As proposed, the impact on a residential customer bill with an annual consumption of 100 HCF will be an increase of \$72.98 per year from \$322.16 to \$395.14 or a 22.7% increase. The rate impact on other retail customers and fire service customers will vary based on customer class and consumption levels. The impact on wholesale customers will be a rate increase of 32.8%.

While the new rates are proposed to become effective April 29, 2013, the Commission can suspend the rates for up to eight months from the proposed effective date. No rate change will take effect until the Commission has conducted a full investigation and hearing on the proposal. The Commission will publish a notice of the hearing dates when they are scheduled. Ratepayers may comment on the proposed rate increase at that time.

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

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

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

Providence Water Supply Board
552 Academy Avenue
Providence, RI 02908

Tab 3

EXISTING TARIFFS

PROVIDENCE WATER SUPPLY BOARD TARIFF

Replaces Tariff
October 5, 2009

Effective: April 27, 2010 & November 1, 2011

RI Public Utilities Commission Docket No. 4061 & 4287

TARIFF SCHEDULES

Schedule

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

EXISTING TARIFFS
SCHEDULE A

Providence Water Supply Board
Service Charges
Retail

Rhode Island Public Utilities Commission Docket No. 4287

Effective: **November 1, 2011**

Applicability

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

Rates

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

<u>Size of Meter</u>	<u>Quarterly</u>	<u>Monthly</u>
5/8"	\$18.34	\$10.82
3/4	19.47	11.19
1	22.85	12.32
1 ½	27.39	13.83
2	39.77	17.97
3	131.15	48.42
4	164.98	59.70
6	243.95	86.02
8	334.19	116.11
10	415.97	143.37
12	497.76	170.63

However, for each Providence Water service connected in the City of Providence the following additional Fire Protection service charge shall apply to Providence ratepayers:

<u>Size of Meter</u>	<u>Quarterly</u>	<u>Monthly</u>
5/8"	\$ 3.08	\$1.03
3/4	4.62	1.54
1	11.54	3.85
1 ½	30.77	10.26
2	73.86	24.62
3	200.04	66.68
4	338.52	112.84
6	692.43	230.81
8	1,046.34	348.78
10	1,600.29	533.43
12	2,646.63	882.21

Terms of Payment

All customer service charges may be billed quarterly or monthly and are due and payable when rendered. Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

EXISTING TARIFFS

SCHEDULE B

Providence Water Supply Board Metered Sales Retail

Rhode Island Public Utilities Commission Docket No. 4061

Effective: April 27, 2010

Applicability

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

Rates

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

Quarterly Accounts

Residential	\$2.488
Commercial	\$2.390
Industrial	\$2.346

Monthly Accounts

Residential	\$2.488
Commercial	\$2.390
Industrial	\$2.346

Terms of Payment

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

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

EXISTING TARIFFS

SCHEDULE C

Providence Water Supply Board Bulk Sales to Public Authorities for Resale

Rhode Island Public Utilities Commission Docket No. 4061

Effective: April 27, 2010

Applicability

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

Rates-Volume Charge

\$1,697.21 per million gallons, or
\$1.269514 per HCF

Terms of Payment

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

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

EXISTING TARIFFS
SCHEDULE D

Providence Water Supply Board
Public Fire Protection

Rhode Island Public Utilities Commission Docket No. 4287

Effective: **November 1, 2011**

Applicability

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

Rates

For each hydrant: \$339.33

For each hydrant in Providence, as allowed by statute: \$0

Terms of Payment

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

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

EXISTING TARIFFS

SCHEDULE E

**Providence Water Supply Board
Private Fire Service**

Rhode Island Public Utilities Commission Docket No. 4061

Effective: April 27, 2010

Applicability

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

Rates

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

<u>Size of Service</u>	<u>Quarterly</u>
3/4"	\$ 19.67
1	23.31
1 ½	28.70
2	42.63
4	182.72
6	295.45
8	443.93
10	613.33
12	816.53
16	1,340.64

Terms of Payment

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

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

EXISTING TARIFFS

**SCHEDULE F
PROVIDENCE WATER
TERMS & CONDITIONS
SERVICE FEE SCHEDULE
(effective April 27, 2010)
page 1 of 2**

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

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

NEW WATER SERVICE INSTALLATION - SPECIAL CIRCUMSTANCES

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

PAVEMENT/SIDEWALK RESTORATION CHARGES

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

EXISTING TARIFFS

SCHEDULE F PROVIDENCE WATER TERMS & CONDITIONS SERVICE FEE SCHEDULE (effective April 27 , 2010) page 2 of 2

SERVICE	FEE
---------	-----

POLICE DETAILS

If the work being performed presents a safety hazard and it is necessary to employ police details for traffic control, the applicant will be responsible for such costs at the then current rate of the respective Town or City. For illustrative purposes, the hourly detail rates as of January 31, 2007 are as follows:

Cranston	\$37.11
Johnston	40.05
North Providence	37.00
Providence	42.92

NEW WATER METER INSTALLATION - INCLUDING ERT

5/8" Meter	\$ 184.00
3/4" Meter	230.00
1" Meter	266.00
1 ½" Meter	457.00
2" Meter	545.00

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

NEW ERT - ALL METER SIZES \$ 109.00

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

SERVICE SHUTOFF FEE \$ 64.00

SERVICE RESTORATION FEE \$ 43.00

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

PROPOSED TARIFFS

PROVIDENCE WATER SUPPLY BOARD TARIFF

Replaces Tariff
~~October 5, 2009~~
~~April 27, 2010 & November 1, 2011~~

Effective: ~~April 27, 2010 & November 1, 2011~~
April 29, 2013

RI Public Utilities Commission Docket No.

TARIFF SCHEDULES

Schedule

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

PROPOSED TARIFFS

SCHEDULE A

Providence Water Supply Board Service Charges Retail

Rhode Island Public Utilities Commission Docket No.

Effective: ~~November 1, 2011~~
April 29, 2013

Applicability

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

Rates

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

<u>Size of Meter</u>	<u>Quarterly</u>	<u>Monthly</u>	
5/8"	\$18.34	\$10.82	\$ 7.47
3/4	19.47	11.19	7.88
1	22.85	12.32	9.12
1 ½	27.39	13.83	10.78
2	39.77	17.97	15.33
3	131.15	48.42	48.82
4	164.98	59.70	61.22
6	243.95	86.02	90.16
8	334.19	116.11	123.24
10	415.97	143.37	153.22
12	497.76	170.63	183.19

However, for each Providence Water service connected in the City of Providence the following additional Fire Protection service charge shall apply to Providence ratepayers:

<u>Size of Meter</u>	<u>Quarterly</u>	<u>Monthly</u>	
5/8"	\$ 3.08	\$1.03	\$ 1.47
3/4	-4.62	-1.54	2.21
1	-11.54	-3.85	5.51
1 ½	-30.77	-10.26	14.69
2	-73.86	-24.62	35.25
3	-200.04	-66.68	95.45
4	-338.52	-112.84	161.53
6	-692.43	-230.81	330.39
8	1,046.34	348.78	499.25
10	1,600.29	533.43	763.56
12	2,646.63	882.21	1,262.81

Terms of Payment

All customer service charges are billed quarterly or monthly and are due and payable when rendered. Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

PROPOSED TARIFFS

SCHEDULE B

Providence Water Supply Board Metered Sales Retail

Rhode Island Public Utilities Commission Docket No.

Effective: ~~April 27, 2010~~

April 29, 2013

Applicability

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

Rates

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

Quarterly Accounts

Residential	—————	\$2.488
Commercial	—————	\$2.390
Industrial	—————	\$2.346

Monthly Accounts

Residential	\$2.488	\$3.055
Commercial	\$2.390	\$2.922
Industrial	\$2.346	\$2.864

Terms of Payment

All metered sales bills are rendered in arrears ~~quarterly~~ or monthly and are due and payable in full when rendered.

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

PROPOSED TARIFFS

SCHEDULE C

Providence Water Supply Board Bulk Sales to Public Authorities for Resale

Rhode Island Public Utilities Commission Docket No.

Effective: ~~April 27, 2010~~
April 29, 2013

Applicability

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

Rates-Volume Charge

~~\$1,697.21~~ **\$2,253.99** per million gallons, or
~~\$1.269514~~ **\$1.685988** per HCF

Terms of Payment

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

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

PROPOSED TARIFFS

SCHEDULE D

Providence Water Supply Board Public Fire Protection

Rhode Island Public Utilities Commission Docket No.

Effective: ~~November 1, 2011~~

April 29, 2013

Applicability

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

Rates

For each hydrant: ~~\$339.33~~

\$486.84

or each hydrant in Providence, as allowed by statute: \$0

Terms of Payment

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

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

PROPOSED TARIFFS

SCHEDULE E

Providence Water Supply Board Private Fire Service

Rhode Island Public Utilities Commission Docket No.

Effective: ~~April 27, 2010~~

April 29, 2013

Applicability

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

Rates

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

<u>Size of Service</u>	<u>Quarterly</u>	<u>Monthly</u>
3/4"	\$ 19.67	\$ 7.88
1	23.31	9.12
1 ½	28.70	10.78
2	42.63	15.33
4	182.72	61.22
6	295.45	90.16
8	443.93	123.24
10	613.33	153.22
12	816.53	183.19
16	1,340.64	243.15

Terms of Payment

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

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

PROPOSED TARIFFS

**SCHEDULE F
PROVIDENCE WATER
TERMS & CONDITIONS
SERVICE FEE SCHEDULE
(effective April 29, 2013)
page 1 of 2**

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

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

NEW WATER SERVICE INSTALLATION - SPECIAL CIRCUMSTANCES

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

PAVEMENT/SIDEWALK RESTORATION CHARGES

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

PROPOSED TARIFFS

**SCHEDULE F
PROVIDENCE WATER
TERMS & CONDITIONS
SERVICE FEE SCHEDULE
(effective April 29 , 2013)
page 2 of 2**

SERVICE	FEE
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POLICE DETAILS

If the work being performed presents a safety hazard and it is necessary to employ police details for traffic control, the applicant will be responsible for such costs at the then current rate of the respective Town or City. For illustrative purposes, the hourly detail rates as of February 20, 2013 are as follows:

Cranston	\$40.55
Johnston	44.36
North Providence	41.62
Providence	52.89

NEW WATER METER INSTALLATION - INCLUDING ERT

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

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

NEW ERT - ALL METER SIZES \$ 109.00

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

SERVICE SHUTOFF FEE \$ 64.00

SERVICE RESTORATION FEE \$ 43.00

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

PROPOSED TARIFFS

PROVIDENCE WATER SUPPLY BOARD TARIFF

Replaces Tariff
April 27, 2010 & November 01, 2011

Effective: April 29, 2013

RI Public Utilities Commission Docket No.

TARIFF SCHEDULES

Schedule

- | | |
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| A | Service Charges – Retail |
| B | Metered Sales – Retail |
| C | Bulk Sales to Public Authorities for Resale |
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| F | Miscellaneous Charges |

PROPOSED TARIFFS

SCHEDULE A

Providence Water Supply Board Service Charges Retail

Rhode Island Public Utilities Commission Docket No.

Effective: April 29, 2013

Applicability

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

Rates

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

<u>Size of Meter</u>	<u>Monthly</u>
5/8"	\$ 7.47
3/4	7.88
1	9.12
1 ½	10.78
2	15.33
3	48.82
4	61.22
6	90.16
8	123.24
10	153.22
12	183.19

However, for each Providence Water service connected in the City of Providence the following additional Fire Protection service charge shall apply to Providence ratepayers:

<u>Size of Meter</u>	<u>Monthly</u>
5/8"	\$ 1.47
3/4	2.21
1	5.51
1 ½	14.69
2	35.25
3	95.45
4	161.53
6	330.39
8	499.25
10	763.56
12	1,262.81

Terms of Payment

All customer service charges are billed monthly and are due and payable when rendered. Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

PROPOSED TARIFFS

SCHEDULE B

Providence Water Supply Board Metered Sales Retail

Rhode Island Public Utilities Commission Docket No.

Effective: April 29, 2013

Applicability

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

Rates

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

Monthly Accounts

Residential	\$3.055
Commercial	\$2.922
Industrial	\$2.864

Terms of Payment

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

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

PROPOSED TARIFFS

SCHEDULE C

Providence Water Supply Board Bulk Sales to Public Authorities for Resale

Rhode Island Public Utilities Commission Docket No.

Effective: April 29, 2013

Applicability

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

Rates-Volume Charge

\$2,253.99 per million gallons, or
\$1.685988 per HCF

Terms of Payment

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

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

PROPOSED TARIFFS

SCHEDULE D

**Providence Water Supply Board
Public Fire Protection**

Rhode Island Public Utilities Commission Docket No.

Effective: April 29, 2013

Applicability

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

Rates

For each hydrant: \$486.84

For each hydrant in Providence, as allowed by statute: \$0

Terms of Payment

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

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

.

PROPOSED TARIFFS

SCHEDULE E

Providence Water Supply Board Private Fire Service

Rhode Island Public Utilities Commission Docket No.

Effective: April 29, 2013

Applicability

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

Rates

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

<u>Size of Service</u>	<u>Monthly</u>
3/4"	\$ 7.88
1	9.12
1 ½	10.78
2	15.33
4	61.22
6	90.16
8	123.24
10	153.22
12	183.19
16	243.15

Terms of Payment

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

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

PROPOSED TARIFFS

SCHEDULE F PROVIDENCE WATER TERMS & CONDITIONS SERVICE FEE SCHEDULE (effective April 29, 2013) page 1 of 2

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

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

NEW WATER SERVICE INSTALLATION - SPECIAL CIRCUMSTANCES

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

PAVEMENT/SIDEWALK RESTORATION CHARGES

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

PROPOSED TARIFFS

SCHEDULE F PROVIDENCE WATER TERMS & CONDITIONS SERVICE FEE SCHEDULE (effective April 29 , 2013) page 2 of 2

SERVICE	FEE
---------	-----

POLICE DETAILS

If the work being performed presents a safety hazard and it is necessary to employ police details for traffic control, the applicant will be responsible for such costs at the then current rate of the respective Town or City. For illustrative purposes, the hourly detail rates as of February 20, 2013 are as follows:

Cranston	\$40.55
Johnston	44.36
North Providence	41.62
Providence	52.89

NEW WATER METER INSTALLATION - INCLUDING ERT

5/8" Meter	\$ 184.00
3/4" Meter	230.00
1" Meter	266.00
1 ½" Meter	457.00
2" Meter	545.00

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

NEW ERT - ALL METER SIZES	\$ 109.00
---------------------------	-----------

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

SERVICE SHUTOFF FEE	\$ 64.00
---------------------	----------

SERVICE RESTORATION FEE	\$ 43.00
-------------------------	----------

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

Tab 4

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION

DOCKET NO. _____

ATTESTATION UNDER RULE 2.7
OF THE RULES OF PRACTICE AND PROCEDURE
OF THE PUBLIC UTILITIES COMMISSION

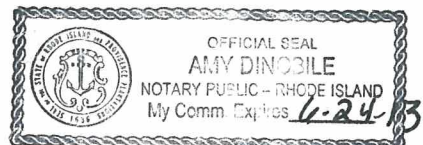
I, Jeanne Bondarevskis, in conformance with Rule 2.7 of the Rules of Practice and Procedure of the Public Utilities Commission, hereby attest that the financial data provided to our consultant and used by him in the rate case to present rate base, cost of service and other financial statements, purports to reflect the books of Providence Water and the results of operations and is true and correct to the best of my knowledge, information, and belief. All changes and differences between the books and test year data and any changes in the manner of recording said data during the test year have been expressly noted.


Jeanne Bondarevskis

STATE OF RHODE ISLAND
PROVIDENCE COUNTY

Subscribed and sworn to before me this 22 of March, 2013.


Notary Public



#750667

Tab 5



552 Academy Avenue
Providence, RI 02908

401-521-6300

www.provwater.com

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

BOARD OF DIRECTORS

Brett P. Smiley
Chairman

Joseph D. Cataldi
Vice Chairman

Michael L. Pearis
Ex-Officio

Michael A. Solomon
City Council President

Michael J. Correia
City Councilman

Andy M. Andujar
Member

Joan S. Badway
Member

Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

March 29, 2013

City Clerk
City of Providence
City Hall
Providence, RI 02903

RE: Providence Water Supply Board - General Rate Filing

Dear Sir or Madam:

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

Respectfully,

Providence Water Supply Board
Boyce Spinelli
General Manager

by: Mary L. Deignan-White
Senior Manager of Regulatory

MDW

Enclosure

Member

Rhode Island Water Works Assn.
New England Water Works Assn.
American Water Works Assn.
Water Research Foundation

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552 Academy Avenue
Providence, RI 02908

401-521-6300

www.provwater.com

March 29, 2013

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

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

RE: Providence Water Supply Board - General Rate Filing

Dear Sir or Madam:

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

Respectfully,

Providence Water Supply Board
Boyce Spinelli
General Manager

by: Mary L. Deignan-White
Senior Manager of Regulatory

MDW

Enclosure

BOARD OF DIRECTORS

Brett P. Smiley
Chairman

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Legal Advisor

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American Water Works Assn.
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552 Academy Avenue
Providence, RI 02908

401-521-6300

www.provwater.com

March 29, 2013

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

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

RE: Providence Water Supply Board - General Rate Filing

Dear Sir or Madam:

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

Respectfully,

Providence Water Supply Board
Boyce Spinelli
General Manager

by: Mary L. Deignan-White
Senior Manager of Regulatory

MDW

Enclosure

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552 Academy Avenue
Providence, RI 02908

401-521-6300

www.provwater.com

March 29, 2013

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

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

RE: Providence Water Supply Board - General Rate Filing

Dear Sir or Madam:

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

Respectfully,

Providence Water Supply Board
Boyce Spinelli
General Manager

by: Mary L. Deignan-White
Senior Manager of Regulatory

MDW

Enclosure

BOARD OF DIRECTORS

Brett P. Smiley
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552 Academy Avenue
Providence, RI 02908

401-521-6300

www.provwater.com

March 29, 2013

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

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

RE: Providence Water Supply Board - General Rate Filing

Dear Sir or Madam:

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

Respectfully,

Providence Water Supply Board
Boyce Spinelli
General Manager

by: Mary L. Deignan-White
Senior Manager of Regulatory

BOARD OF DIRECTORS

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The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

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Vice Chairman

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City Councilman

Andy M. Andujar
Member

Joan S. Badway
Member

Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

March 29, 2013

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

RE: Providence Water Supply Board - General Rate Filing

Dear Sir or Madam:

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

Respectfully,

Providence Water Supply Board
Boyce Spinelli
General Manager

by: Mary L. Deignan-White
Senior Manager of Regulatory

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The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

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Vice Chairman

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Ex-Officio

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Joan S. Badway
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Legal Advisor

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March 29, 2013

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

RE: Providence Water Supply Board - General Rate Filing

Dear Sir or Madam:

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

Respectfully,

Providence Water Supply Board
Boyce Spinelli
General Manager

by: Mary L. Deignan-White
Senior Manager of Regulatory

MDW

Enclosure



552 Academy Avenue
Providence, RI 02908

401-521-6300

www.provwater.com

March 29, 2013

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

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

RE: Providence Water Supply Board - General Rate Filing

Dear Sir or Madam:

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

Respectfully,

Providence Water Supply Board
Boyce Spinelli
General Manager

by: Mary L. Deignan-White
Senior Manager of Regulatory

MDW

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BOARD OF DIRECTORS

Brett P. Smiley
Chairman

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Vice Chairman

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552 Academy Avenue
Providence, RI 02908

401-521-6300

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March 29, 2013

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

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

RE: Providence Water Supply Board - General Rate Filing

BOARD OF DIRECTORS

Brett P. Smiley
Chairman

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Vice Chairman

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City Council President

Michael J. Correia
City Councilman

Andy M. Andujar
Member

Joan S. Badway
Member

Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

Dear Mr. Brown:

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

Respectfully,

Providence Water Supply Board
Boyce Spinelli
General Manager

by: Mary L. Deignan-White
Senior Manager of Regulatory

MDW

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552 Academy Avenue
Providence, RI 02908

401-521-6300

www.provwater.com

March 29, 2013

District Superintendent
Greenville Water District
P.O. Box 595
Greenville, RI 02828

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

RE: Providence Water Supply Board - General Rate Filing

Dear Sir or Madam:

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

Respectfully,

Providence Water Supply Board
Boyce Spinelli
General Manager

by: Mary L. Deignan-White
Senior Manager of Regulatory

MDW

Enclosure

BOARD OF DIRECTORS

Brett P. Smiley
Chairman

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552 Academy Avenue
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March 29, 2013

East Smithfield Water District
307 Waterman Avenue
Smithfield, RI 02917

The Hon. Angel Taveras
Mayor

RE: Providence Water Supply Board - General Rate Filing

Boyce Spinelli
General Manager

Dear Sir or Madam:

BOARD OF DIRECTORS

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

Brett P. Smiley
Chairman

Respectfully,

Joseph D. Cataldi
Vice Chairman

Providence Water Supply Board
Boyce Spinelli
General Manager

Michael L. Pearis
Ex-Officio

Michael A. Solomon
City Council President

by: Mary L. Deignan-White
Senior Manager of Regulatory

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City Councilman

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Member

Joan S. Badway
Member

Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

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552 Academy Avenue
Providence, RI 02908

401-521-6300

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March 29, 2013

Mrs. Pamela Marchand
Bristol County Water Authority
450 Child Street
Warren, RI 02885

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

RE: Providence Water Supply Board - General Rate Filing

Dear Mrs. Marchand:

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

Respectfully,

Providence Water Supply Board
Boyce Spinelli
General Manager

by: Mary L. Deignan-White
Senior Manager of Regulatory

BOARD OF DIRECTORS

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552 Academy Avenue
Providence, RI 02908

401-521-6300

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March 29, 2013

Mr. Kenneth Burke
RI Water Resources Board
1 Capitol Hill
Third Floor
Providence, RI 02908

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

RE: Providence Water Supply Board - General Rate Filing

BOARD OF DIRECTORS

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Ex-Officio

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City Council President

Michael J. Correia
City Councilman

Andy M. Andujar
Member

Joan S. Badway
Member

Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

Dear Mr. Kenneth Burke:

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

Respectfully,

Providence Water Supply Board
Boyce Spinelli
General Manager

by: Mary L. Deignan-White
Senior Manager of Regulatory

MDW

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Member

Rhode Island Water Works Assn.
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552 Academy Avenue
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The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

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Michael J. Correia
City Councilman

Andy M. Andujar
Member

Joan S. Badway
Member

Carissa R. Richard
Secretary

William E. O'Gara, Esq.
Legal Advisor

March 29, 2013

Mr. Leo Wold, Esq.
Office of the Attorney General
150 South Main Street
Providence, RI 02903

RE: Providence Water Supply Board - General Rate Filing

Dear Mr. Wold:

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

Respectfully,

Providence Water Supply Board
Boyce Spinelli
General Manager

by: Mary L. Deignan-White
Senior Manager of Regulatory

MDW

Enclosure

Member
Rhode Island Water Works Assn.
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Tab 6

TESTIMONY
of
BOYCE SPINELLI
before the
PUBLIC UTILITIES COMMISSION

FOR
GENERAL RATE RELIEF

for
PROVIDENCE WATER

March 2013

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
BOYCE SPINELLI**

1 **Q Please state your full name and title?**

2 A. Boyce Spinelli, General Manager of the Providence Water
3 Supply Board (Providence Water).

4

5 **Q. How long have you been employed by Providence Water?**

6 A. I have been employed by Providence Water since January
7 2001, or approximately 12 years. Prior to that, I was
8 Director of Finance for the City of Providence and
9 served as Ex-officio member of the Providence Water
10 Supply Board for 7 years.

11

12 **Q. Please explain your duties and responsibilities?**

13 A. As General Manager I am responsible for managing the
14 day to day activities of the Providence Water Supply
15 Board.

16

17 **Q. Would you please state your education, background and
18 professional associations?**

19 A. I have a BS degree in Economics from Lemoyne College in
20 Syracuse, New York. I spent several years in the
21 private sector, working in the Controller's office for
22 Ford Motor Co., and General Electric, before switching
23 to the public sector with stints as Finance Director
24 for three municipalities including the City of
25 Providence.

26

27 **Q. Have you testified before a regulatory agency with
28 respect to operating matters or rates either in your
29 current position or in your previous positions?**

30 A. Yes, I have testified before the RI Public Utilities
31 Commission and Division in several dockets for
32 Providence water.

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
BOYCE SPINELLI**

1 **Q. What is the purpose of this filing?**

2 A. Providence Water is requesting a general rate increase,
3 to secure sufficient funds to provide for adequate
4 operation and maintenance of the water system that
5 provides safe and potable drinking water to the
6 majority of the State of Rhode Island.

7
8 **Q. How was this filing prepared?**

9 A. Providence Water has engaged the services of Raftelis
10 Financial Consultants to prepare the Cost of Service,
11 Rate Design, and a Conservation Rate proposal, pursuant
12 to the Commission's prior Order. As in previous
13 filings, Providence Water's internal staff has provided
14 and overseen the preparation of the filing documents.

15
16 **Q. Has the Board approved this filing?**

17 A. Yes, at a special Board Meeting in March 2013, the
18 Board approved an increase not to exceed 25%, and
19 authorized staff to submit the filing.

20
21 **Q. Why is a revenue increase needed by Providence Water at
22 this time?**

23 A. This rate filing is the first request for additional
24 revenue in four years. Out of every dollar of
25 additional revenue requested in this filing, almost
26 eighty cents is earmarked for water quality efforts
27 including Infrastructure Replacement (IFR),
28 Chemical/Sludge Maintenance and a Unidirectional
29 Flushing (UDF) program. Only about twenty cents of
30 each dollar requested is needed for operational
31 increases.

32

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
BOYCE SPINELLI**

1 **Q. Please explain what you mean by Water Quality efforts?**

2 A. For a more detailed explanation, please refer to the
3 testimony of Paul J. Gadoury.

4

5 For the past several years, Providence Water has
6 experienced an increasing number of complaints of
7 discolored or red water. To a large extent this
8 problem is greatly exacerbated by the large quantity of
9 unlined cast iron mains in our distribution system.
10 Today over 50% (550 miles) of our water mains are
11 unlined cast iron. Since about 1950, unlined cast iron
12 mains have not been installed by most water utilities
13 because the interior of cast iron and ductile water
14 mains began to be coated with a protective cement
15 lining.

16

17 In addition to the red water complaints Providence
18 Water has also been in non-compliance with the EPA lead
19 'action level' since 2006.

20

21 Providence Water has been working very closely with The
22 RI Department of Health and nationally recognized water
23 industry experts to study this critical problem. As a
24 result of this collaboration and study, The RI
25 Department of Health has directed Providence Water to
26 submit a revised Infrastructure Replacement Program
27 incorporating a much more aggressive timetable for
28 rehabilitating unlined cast iron mains. In addition
29 Providence Water was directed to submit a much more
30 aggressive plan and timetable for implementing and
31 conducting a system wide Unidirectional Flushing (UDF)
32 Program.

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
BOYCE SPINELLI**

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This rate filing incorporates both mandated initiatives.

Q. For what will the additional revenue be utilized?

A. For a more detailed explanation, please refer to the testimony of Harold Smith of Raftelis.

The major areas of increase include:

- \$8 million increase in restricted IFR funding, \$2 million of which is for project costs and debt service; \$6 million of which is specifically dedicated to rehabilitation of water mains.
- \$3 million for restricted Chemicals & Sludge Maintenance expense as explained by Paul J. Gadoury.
- \$0.5 for implementation of a Unidirectional Flushing Program, also fully explained by Mr. Gadoury.

The above three items account for \$11.5 million (79%) of the \$14.6 million increase requested by Providence Water. \$2.7 million (18.5%) is for increases in salaries, fringes, property taxes, rate case expense, inflation, and reserves.

Finally, Providence Water has included a request for \$0.4 million to cover the cost of switching from quarterly billing to monthly billing. There are many advantages to monthly billing but if conservation rates are instituted, monthly billing becomes absolutely essential.

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
BOYCE SPINELLI**

1 **Q. Has Providence Water revised its' DOH approved**
2 **Infrastructure Replacement Plan?**

3 A. Yes we have. We have been working with the RI
4 Department of Health and have re-submitted our IFR plan
5 to specifically address their concerns regarding
6 increasing our efforts toward main replacements.
7 Providence Water was planning to request a \$2 million
8 dollar increase in IFR in this filing, but have had to
9 dramatically increase our request in order to comply
10 with DOH's Orders and to address the serious water
11 quality issues being experienced by some of our
12 customers.

13
14 Please also see the testimony of Paul Gadoury on this
15 matter.

16
17 **Q. Do you have any additional items to address?**

18 A. Yes. As I mentioned earlier in my testimony,
19 Providence Water has included funding for monthly
20 billing. We have done this for several reasons.
21 First, as our bills increase, we are aware that a
22 quarterly bill can be difficult for a customer to pay
23 in one amount. Breaking our bills into monthly amounts
24 will make it much more affordable for our customers.
25 Second, monthly billing will be necessary if Providence
26 Water implements conservation rates. Third, we are
27 hopeful that this will provide better cash flow and
28 reduce our receivables. We have provided Raftelis with
29 the estimated cost of issuing monthly bills and have
30 asked that they design rates to reflect this change.

31 **Q. Have you evaluated the Conservation Rate proposal**
32 **prepared by Raftelis?**

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
BOYCE SPINELLI**

1 A. Yes I have reviewed The Conservation Rate Proposal
2 prepared by Raftelis.

3

4 My main concern regarding the implementation of
5 conservation rates is the question of simultaneously
6 switching from quarterly billing to monthly billing and
7 implementing conservation rates.

8

9 I feel the ideal situation is to switch to monthly
10 billing first, to allow customers to become accustomed
11 to receiving bills and comparing consumption and dollar
12 amounts on a monthly basis. In this manner customers
13 will be comparing "apples with apples" so to speak
14 instead of comparing monthly consumption and dollar
15 amounts with previously issued quarterly bills.

16

17 Also the conversion from quarterly billing to monthly
18 billing could have a conservation effect in and of
19 itself.

20

21 For these reasons I feel that conservation rates would
22 be more effective if introduced after the introduction
23 of monthly billing, and the effectiveness could much
24 more easily be evaluated by introducing only one
25 variable at a time.

26

27 **Q. Is there any proposed change to the net operating**
28 **revenue percentage?**

29 A. No. Providence Water has kept this at the 3%
30 previously approved by the Commission.

31

32

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
BOYCE SPINELLI**

1 **Q. When is the proposed rate relief needed to take effect?**

2 A. Providence Water is requesting that the Commission
3 authorize the new rates effective 30 days from this
4 filing. We hope to have the new rates implemented for
5 billing on or before January 1, 2014. The rate year is
6 the calendar year ending December 31, 2014.

7

8 **Q. Have you attached the tables required by R.I.G.L. § 39-**
9 **3-12.1?**

10 A. Yes, they are attached as an Exhibit to my testimony.

11

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

13 A. Yes.

**TABLE A
STATUS OF FISCAL PLANT**

The physical plant of the Providence Water Supply Board consists of five (5) feeder reservoirs (Ponagansett, Moswansicut, Barden, Westconnaug, and Regulating) and the main Scituate Reservoir, a 100% surface water supply with a total storage capacity of 41,268 million gallons; a filtration plant with associated sedimentation basins, and chemical storage and feeding equipment, and a filtration capacity of 144 million gallons per day; a transmission and distribution system, consisting of more than 950 miles of transmission and distribution mains, which vary in size from 6 inch to 66 inches, and consisting primarily of pipe constructed of cast and ductile iron, asbestos-cement and concrete; four (4) completely enclosed distribution reservoirs with a total capacity of 115.3 million gallons; one (1) prestressed concrete cylindrical tank with a total capacity of 3.5 million gallons; four (4) distribution system pumping stations; one (1) raw water booster pumping station; six (6) pressure boosting pumping stations; eleven (11) emergency power systems, eight (8) driven by diesel engines and three (3) driven by gas engines; and administrative and maintenance garage facilities.

**TABLE B
MAINTENANCE POLICY**

It is the policy of the Water Supply Board to maintain its system in proper operating condition in accordance with all accepted standards. Leaks and damaged valves, hydrants and other appurtenances of the distribution system are repaired and/or replaced expeditiously. Physical plant maintenance is performed in a planned manner by permanent crews when possible. Outside contractors are used to supplement forces when needed. Distribution pipes (most recent main extensions) were installed through fiscal reporting year ending June 30, 2012. Total pipe installed (and or replaced) in the last ten (10) year period is as follows:

<u>Year</u>	<u>Feet</u>	<u>Miles</u>
2003	11,424	2.16
2004	7,606	1.44
2005	11,400	2.16
2006	13,388	2.54
2007	8,122	1.54
2008	7,868	1.49
2009	8,176	1.55
2010	7,873	1.49
2011	44,489	8.43
2012	<u>19,499</u>	<u>3.69</u>
Total	139,845	26.49

TABLE C
WATER TREATMENT METHODS AND CHEMICALS USED

During the last fiscal reporting period, (July 2011 through the end of June 2012), Providence Water utilized the following five (5) chemicals during the treatment process, as follows:

1. Ferric Sulfate- Used to coagulate and settle out micro-organisms and particles that cause color and turbidity,
2. Lime- Used to adjust PH
3. Chlorine-Used as a disinfectant
4. Fluoride- Used to prevent dental cavities
5. CO2- Used to increase the buffering capacity of the finished water

The quantities and costs of the chemicals used based on purification plant reporting data for dosing of specified water are as follows:

<u>Chemical</u>	<u>Quantity Used</u>	<u>Unit Cost</u>	<u>Total Cost *</u>
Ferric Sulfate	1,113,678.69 gals	\$ 1.40	\$ 1,580,879
Lime	2,838.65 tons	\$ 212.45	621,118
Chlorine	173.30 tons	\$ 800.00	139,822
Fluoride	56,902.83 gals	\$ 2.87	171,663
CO2	506 gals	\$ 106.40	<u>58,792</u>
	Total		\$2,572,273

*Total cost does not compute exactly from figures shown, as it includes audit adjustments.

**TABLE D
POLICY RELATED TO EXPANSION AND RENOVATION**

It is the policy of the Board to assure that the system will continue to provide service to all existing customers. Technical evaluations are made to determine future needs so that required expansion can proceed in a timely manner in order to assure that new customers can be provided with the same level of service without any degradation of service to existing customers. Providence Water has an Infrastructure Replacement Program that addresses the renovation or replacement of major system components. A Capital Improvement Program is also in place to address the implementation of new capital assets. Funding has been provided through rates established by the Public Utilities Commission. The programs are administrated through restricted funds for which semi-annual reports are provided to the Commission.

In fiscal year ending June 30, 2012, Providence Water invested approximately \$21.0 million into the infrastructure replacements and capital improvements to the system.

TABLE E
PROVIDENCE WATER SUPPLY BOARD
NON-ACCOUNTED FOR WATER
Hundred Cubic Feet

	<u>FYE 2008</u>	<u>FYE 2009</u>	<u>FYE 2010</u>	<u>FYE 2011</u>	<u>FYE 2012</u>
Total Quantity of Water Pumped	32,841,364	30,359,158	29,127,099	30,126,778	30,120,067
Sales to Ultimate Consumers	14,630,493	14,036,583	13,139,251	13,221,050	13,081,259
Sales for Resale	<u>14,517,901</u>	<u>13,207,713</u>	<u>12,415,678</u>	<u>13,525,669</u>	<u>13,213,689</u>
Sub-total Sales	29,148,394	27,244,296	25,554,929	26,746,719	26,294,948
Water used by Company	0	0	0	0	0
Non-accounted for Water	3,692,970	3,114,862	3,572,170	3,380,059	3,825,119
% of Total Water Pumped	11.24%	10.26%	12.26%	11.22%	12.70%

Tab 7

TESTIMONY
of
PAUL J. GADOURY
before the
PUBLIC UTILITIES COMMISSION

FOR
GENERAL RATE RELIEF

for
PROVIDENCE WATER

March 2013

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 **Q. Please state your name and your position?**

2 A. Paul Gadoury, former and recently retired Director of
3 Engineering for the Providence Water Supply Board
4 (Providence Water), now serving in a consulting capacity
5 for the agency.

6

7 **Q. Would you please state your education and professional
8 background?**

9 A. I graduated Magna Cum Laude from the University of
10 Rhode Island in 1971 with a Bachelor's Degree in Civil
11 Engineering. I am a Registered Professional Engineer in
12 both the State of Rhode Island and the Commonwealth of
13 Massachusetts. I was employed by Providence Water for 38
14 years, having served as Director of Engineering for 20
15 years before retiring in June 2012.

16

17 **Q. What issues are being addressed in this testimony?**

18 A. Addressed in this testimony will be the following
19 issues impacting this rate filing: 1) The impact of water
20 quality issues within the Providence Water system; 2)
21 Providence Water's institution of a unidirectional water
22 main flushing program; 3) The need for expanding water main
23 replacement/relining work within the IFR Program; 4)
24 Updated costs associated with water treatment chemicals and
25 treatment residuals (i.e. sludge) handling and disposal.

26

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1) Water Quality Issues

1
2
3 **Q. Please describe the referenced water quality issues**
4 **impacting the system.**

5 A. Under the Federal Lead and Copper Rule enacted in 1991,
6 a water system is deemed to have exceeded a defined lead
7 "action level" if more than 10% of its samples that are
8 tested for lead exceed a concentration of 15 parts per
9 billion (ppb). Up until 2006, Providence Water had
10 remained below this action level, albeit at times by a very
11 small margin. With the objective of achieving a greater
12 safety margin, Providence Water commissioned a study in
13 2004 to determine whether additional treatment measures
14 could be taken to further reduce lead levels in the system.
15 The recommendation from the study was that Providence Water
16 should lower the pH of its water from the existing level of
17 10.2 down to a pH of 9.7, based on the theory that lead is
18 less soluble at this pH. In response, in November 2005,
19 Providence Water gradually lowered the pH to this level.

20
21 The consensus among experts was that it would take some
22 time before the projected benefits from the pH change would
23 be realized. In 2006, for the first time, Providence Water
24 fell out of compliance with the regulatory action level for
25 lead concentration in the water, and has continued to
26 remain out of compliance since that time. As a result of
27 this non-compliance, it became regulatorily required by EPA

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 regulations that Providence Water replace a minimum of
2 1,792 (7%) of its 25,600 lead water services annually,
3 until compliance was achieved. Providence Water has been
4 replacing lead services at this rate since 2007, at a cost
5 of approximately \$8 million per year.

6

7 Concerns arose over the persistence of the lead levels in
8 the water, the questionable benefits provided by partial
9 lead service replacements, and the difficulty of finding a
10 proven solution to the persistent lead level issue. In
11 June 2012, the Rhode Island Department of Health (HEALTH),
12 in concert with the EPA, agreed to enter into a Consent
13 Agreement with Providence Water which granted a stay of the
14 lead service replacement requirement for 2012. Attached as
15 Exhibit PG-1 is a copy of the Consent Agreement.

16

17 As part of this agreement, HEALTH and EPA in turn required
18 that Providence Water convene a panel of national water
19 quality experts, to include regulators, water
20 professionals, and members of academia, to recommend
21 studies and/or treatment modifications with the objective
22 of reducing lead levels in the water. In compliance with
23 the terms of the agreement, Providence Water assembled a
24 panel of experts meeting HEALTH's approval. Following a
25 series of meetings, on August 31, 2012, the Panel issued a
26 report of its findings and recommendations.

27

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 **Q. Please provide a summary of the Expert Panel's**
2 **findings and recommendations.**

3 A. Some of the more significant findings in the Panel's
4 report were:

5 a) Contrary to what had been expected, the lowered pH of
6 the water contributed to an increase in lead levels.

7 b) The lowered pH of the water also contributed to
8 higher levels of iron in the water, with an increase
9 in customer "red water" complaints.

10 c) Increased difficulty was being encountered in
11 maintaining chlorine disinfectant residual levels
12 within the distribution system.

13 d) Experimental studies indicated that microbiological
14 films on pipe walls could be contributing to elevated
15 iron and lead levels.

16 e) Findings suggested that the higher iron
17 concentrations could be playing a significant role in
18 the increased lead levels at customer taps.

19 f) Notice was made of the high quantity of unlined cast
20 iron mains in the Providence Water system.

21

22 Based on its findings, the Panel recommended expanded
23 sampling measures within the system and suggested that some
24 future study work for enhanced corrosion control options
25 may be considered. Related to this rate filing, the Panel
26 also recommended the following actions:

27

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 a) Return to pre-2005 treatment conditions with a
2 finished water pH of 10.2, along with a sampling and
3 monitoring program to evaluate the water quality
4 impact of this change.

5 b) Distribution system cleanup effort through
6 development and implementation of a system-wide
7 unidirectional pipe flushing program.

8 c) Sequenced and prioritized replacement/relining of
9 unlined cast iron pipes.

10

11 **Q. Has the Expert Panel's report been submitted to HEALTH?**

12 A. Yes. The report was submitted to HEALTH on August 31,
13 2012. A response to the findings and recommendations of
14 the report was received from HEALTH by letter dated
15 December 6, 2012. A copy of HEALTH's response is attached
16 as Exhibit PG-2. Included in the response was an approval
17 to return to the higher pre-2005 pH levels, the requirement
18 for development and implementation of an aggressive
19 unidirectional flushing program, and the requirement that
20 Providence Water submit to HEALTH a revised Infrastructure
21 Replacement Program with an expanded program for the
22 replacement/relining of the system's unlined cast iron
23 mains.

24

25 In light of the findings and issues identified above,
26 Providence Water has now taken steps to return its water
27 treatment regime back to that which prevailed prior to the

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 2005 treatment change. Initiatives are also underway to
2 improve the condition of the distribution system through
3 the development and implementation of a new system-wide
4 unidirectional flushing program, and an expansion of our
5 program for relining and replacing unlined cast iron water
6 mains within the system.

7

8

2) Unidirectional Flushing Program

9

10 **Q. Please describe what is meant by a Unidirectional**
11 **Flushing Program.**

12 A. Unidirectional flushing (UDF) is a programmed approach
13 to flushing out water mains throughout the system by
14 flowing hydrants in such a manner as to achieve pipe
15 velocities conducive to flushing out loose sediments,
16 deposits, and films from the interior of water mains. In
17 this type of flushing operation, various control valves
18 within the piping system need to be strategically closed or
19 opened during each flushing sequence in order to direct
20 water along certain specific flow paths to maximize flow
21 velocities, induce water flows from a single pipe direction
22 only, and to strategically sequence water flows solely
23 through previously flushed pipe segments.

24

25 In a large and extensively looped system such as Providence
26 Water's, this type of operation entails extensive planning,
27 design, and field work involving thousands of sequenced

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 flushing operations, each requiring carefully planned and
2 executed valving configurations and hydrant operations.

3

4 The operation of a system-wide unidirectional flushing
5 program in a system the size of Providence Water is an
6 extremely labor-intensive, ongoing effort which requires
7 equipment and personnel specifically dedicated to that
8 function. In addition to the planning and design effort,
9 the operation entails extensive field work. Besides the
10 actual flushing operations requiring valve operation and
11 the flowing of hydrants, extensive and labor-intensive
12 advance field preparatory work is required. Advance
13 reconnaissance of targeted flushing areas must be done,
14 valves and hydrants checked for both accessibility and
15 operability, buried valves excavated and exposed,
16 malfunctioning valves and hydrants repaired, evaluations
17 made of affected properties, and notification and
18 coordination of efforts made with customers and local
19 authorities.

20

21 **Q. What steps is Providence Water taking towards the**
22 **development of this program?**

23 A. Providence Water has not historically had a systematic
24 system-wide flushing program. Flushing has predominantly
25 been in response to specific discolored water complaints.
26 Flushing in these instances has been a combination of low
27 flow flushing through hydrants to purge discolored water

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 from mains, or higher velocity flushing in an attempt to
2 generate cleaning action. In order to assist in the
3 development of a unidirectional flushing program,
4 Providence Water has replaced its hydraulic modeling
5 software with a new modeling software package which
6 includes a unidirectional flushing module that assists in
7 the analysis and development of unidirectional flushing
8 sequences. To facilitate this, Providence Water is also
9 presently engaged in expanding its hydraulic model piping
10 network, which has heretofore primarily included only the
11 more hydraulically significant water mains 12-inches and
12 larger in size, to now include all water mains within the
13 system.

14

15 Providence Water has also entered into a contract with an
16 outside consulting firm for services related to the
17 development and implementation of a large-scale UDF effort,
18 and has identified equipment and manpower needs for
19 implementation of the program.

20

21 **Q. Is Providence Water seeking additional revenue to**
22 **support the program?**

23 A. Yes. Providence Water is utilizing consultant services
24 for assistance in the planning and development of the
25 program flushing sequences, and their experienced field
26 personnel services. These consultants are being used in
27 conjunction with our in-house personnel in the initial

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 stages of the program. Following proper familiarization
2 and experience with the program, it is Providence Water's
3 intent to continue the program with in-house personnel.

4
5 Unidirectional flushing of the system will remain an
6 ongoing operational program. The initial development of
7 the UDF program will be funded from Capital, and the
8 implementation of the program will be funded on an ongoing
9 basis from Operations. The projected operational costs
10 requested in this filing for implementation of this program
11 are identified in Exhibit HJS-2 prepared by Harold Smith.
12 Equipment, including two new trucks needed for the program,
13 is being purchased with existing funds from Providence
14 Water's Equipment Fund supported by current revenues.

3) Water Main Replacement/Relining

15
16
17
18 **Q. Please describe the issue of unlined cast iron mains**
19 **relative to the Providence Water system.**

20 A. Like many older water systems, a large portion of the
21 Providence Water transmission and distribution system is
22 comprised of unlined cast iron water mains, where the
23 interior surface of the main is essentially bare cast iron
24 with no protective coating. As systems aged, these mains
25 experienced internal corrosion problems. Beginning around
26 1950, the interior of cast iron and ductile water mains
27 began to be coated with a protective cement lining.

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1

2 Almost all of the water mains installed in the Providence
3 Water system up until 1950 were of the unlined variety, and
4 today approximately 55% or 550 miles of the water mains in
5 the Providence Water system are of unlined cast iron, with
6 40% of these having been installed in the 1800s. These
7 mains have become very problematical in terms of both water
8 quality, and delivery capacity. From a water quality
9 standpoint, the interior rusted surfaces of these mains
10 contribute to numerous instances of rusty, discolored water
11 being delivered to customers. With the continued aging of
12 the system, this problem has become substantially worse in
13 recent years, with customer complaints now being received
14 on a virtually daily basis. Recent evidence also suggests
15 that the higher iron levels are contributory to Providence
16 Water's lead level problem. Tuberculation within the mains
17 is the buildup of deposits of iron-based growths along the
18 pipe walls resulting from corrosion activity. Corrosion
19 and tuberculation on the interior walls of Providence
20 Water's iron pipes has resulted in rusty water and has also
21 significantly reduced the internal diameter of many of
22 these mains, resulting in poor flow capacity and
23 degradation of available fire flow protection.

24

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 **Q. How has Providence Water addressed the problem with**
2 **these water mains to date?**

3

4 A. Rehabilitation of water mains has been part of
5 Providence Water's IFR program since its inception in 1996.
6 Due, however, to the more pressing funding demands
7 associated with the significant rehabilitation work that
8 was needed to other major critical components of the system
9 including the treatment plant, pump stations, reservoirs,
10 and aqueducts, rehabilitative work on water mains has by
11 necessity been of a relatively modest scale, with 22 miles
12 to date of water mains having been replaced or relined over
13 this period. Now that many of our major critical projects
14 have been completed, more of our IFR funds can now be
15 dedicated to main replacement work in upcoming years, as
16 shown in Providence Water's most recent formal approved IFR
17 plan submitted to HEALTH in 2010.

18

19 More recently, Providence Water has taken advantage of the
20 Consent Agreement with HEALTH granting a stay of lead
21 service replacement requirements for 2012 by redirecting
22 these funds to water main replacement/relining work.
23 Providence Water has also recently received Division
24 approval to borrow \$33 million to further accelerate the
25 water main work.

26

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 Q. In light of the identified water quality problems,
2 what are Providence Water's plans at this point relative to
3 the rehabilitation of its distribution system?
4

5 A. As discussed above, Providence Water's unlined cast
6 iron mains have become increasingly problematical. Iron
7 levels in the system have risen, complaints of rusty,
8 discolored water have increased, and evidence suggests that
9 higher iron levels could be a significant contributor to
10 Providence Water's lead problem. It is clear at this point
11 that increased resources need to be devoted to water main
12 rehabilitation. This is illustrated in Exhibit PG-3.
13 Shown is Providence Water's projected water main
14 replacement/relining work in accordance with its currently
15 approved 2010 IFR plan, with the further assumption of
16 previously earmarked lead replacement funds being
17 reallocated to water main work. Under that scenario, only
18 7% of Providence Water's unlined mains would be addressed
19 in the first 5 years of the program, and only 40% after the
20 20th year of the program.

21

22 Consistent with the needs of the system and HEALTH's
23 directive to expand the scope of main replacement work,
24 Providence Water is seeking an additional \$6 million in
25 annual rate revenue to be dedicated for water main
26 replacement/relining work. This is above and beyond the
27 planned \$2 million IFR revenue request presented in this

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 filing for continuance of the program's funding in
2 accordance with the Expenditure Plan of Providence Water's
3 presently approved IFR Plan. Exhibit PG-4 illustrates the
4 expanded scope of projected water main work under this
5 requested funding scenario.

6
7 **4) Treatment Chemicals and Residuals**

8
9 **Q. Please discuss Providence Water's treatment chemicals**
10 **and residuals handling needs.**

11 A. Providence Water uses significant quantities of four
12 chemicals in its treatment process: ferric sulfate as a
13 coagulant to promote settling of impurities, quicklime for
14 pH adjustment and corrosion control, chlorine for
15 disinfection, and hydrofluorosilicic acid (liquid fluoride)
16 to aid in the prevention of dental caries. Carbon dioxide
17 injection into the water has also been employed for past
18 couple of years, but is being phased out.

19
20 Another significant process associated with the chemical
21 treatment is that of the handling and disposal of treatment
22 residuals, sometimes otherwise called sludge. These
23 residuals are the accumulation of the material settled out
24 of the water in the treatment process in the plant's large
25 sedimentation basins. This material includes large amounts
26 of settled ferric coagulant along with attached impurities
27 settled out of the water, and of filtered impurities

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 disposed of in the plant's filter backwashing processes.
2 These treatment residuals are conveyed to large sludge
3 settling lagoons situated downstream of the Scituate Dam
4 where they are regularly removed, processed, and disposed
5 of off-site by a specialty contractor. Due to recent needs
6 to increase the quantity of ferric sulfate added to the
7 water in order to enhance total organic carbon (TOC)
8 removal, the production of these treatment residuals has
9 been significantly exceeding past quantity projections.

10

11 As a result of this, combined with environmental concerns
12 and new regulatory restrictions related to allowable iron
13 level discharges from the lagoons to the Pawtuxet River,
14 Providence Water will be changing its method of residuals
15 handling and removal. A new transmission line will be
16 installed to transport settled residuals directly from the
17 sedimentation basins at the plant to drying beds located
18 across the street from the plant, in the general area of
19 the lagoons. Rather than transporting large amounts of
20 residuals in a liquid slurry to the lagoon ponds as is
21 currently done, residuals will now instead be dredged
22 directly from the plant's sedimentation basins by the
23 specialty contractor, and pumped to the drying beds for
24 later disposal.

25

26

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 **Q. Is Providence Water requesting changes in funding for**
2 **chemical purchases and residuals handling?**

3 A. Yes. Capital costs of \$400,000 for the installation
4 of the new above-referenced pressure transport line are
5 shown in Exhibit PG-5. In accordance with previous rate
6 orders, funds for the purchase of treatment chemicals and
7 the residuals handling and disposal are allocated to the
8 restricted Chemical/Sludge Maintenance Fund that is
9 currently funded in accordance with past projections of
10 these costs. Our treatment plant personnel have updated
11 the cost projections for this filing to reflect the
12 following:

13 a) The change in water treatment whereby Providence
14 Water is returning to the pre-2005 treatment regime
15 with the finished water pH increasing from 9.7 to
16 10.2, necessitating additional lime purchases
17 relative to past projections.

18 b) An increase in the dosing rate of ferric sulfate in
19 order to comply with Total Organic Carbon (TOC)
20 removal requirements, necessitating additional ferric
21 sulfate purchases relative to past projections.

22 c) An increase in chlorine disinfectant dosing required
23 to maintain adequate disinfectant residuals within
24 the distribution system, necessitating additional
25 chlorine purchases relative to past projections.

26 d) A decrease in liquid fluoride dosing to reflect new
27 fluoride level guidelines, resulting in a decrease in

**PROVIDENCE WATER SUPPLY BOARD
TESTIMONY OF
PAUL GADOURY**

1 needed fluoride purchases relative to past
2 projections.

3 e) Increase in residual handling and disposal costs
4 based on residual quantities that are in excess of
5 previous estimates, and the new above described
6 change in methodology related to residuals handling
7 and disposal.

8 The updated costs for treatment chemical purchases and
9 residuals handling and disposal have been provided to
10 Harold Smith and they are included in Mr. Smith's testimony
11 as Schedules HJS-8 and HJS-9.

12

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

14 A. Yes.

DEPARTMENT OF HEALTH
OFFICE OF DRINKING WATER QUALITY

vs.

A.H. FILE NO. (DWQ)

Providence Water Supply Board

CONSENT ORDER

WHEREAS, the Department of Health (Health) has responsibility for safe drinking water and regulatory authority over public water systems in the state of Rhode Island; and

WHEREAS, the City of Providence public drinking water system (Providence Water) supplies water to people in the state of Rhode Island; and

WHEREAS, Health drinking water regulations in accordance with EPA standards require water testing for lead contamination; and

WHEREAS, Providence Water samplings taken in accordance with Health regulations *and* EPA standards have demonstrated a lead level which exceeds the satisfactory level and triggers a lead service line replacement program whereby seven percent (7%) of the service lines, as determined in 2005, must be replaced annually; and

WHEREAS, Providence Water is up to date through calendar year 2011 on its 7% service line replacements; and

WHEREAS; Provided Providence Water remains up to date on its lead service line replacements at a rate of 7% each year, no regulatory action by Health is warranted; and

WHEREAS, concerns that have been raised about the effectiveness of partial lead service line replacement in reducing lead exposure through water and the abatement of lead contained in water supplied by Providence Water; and

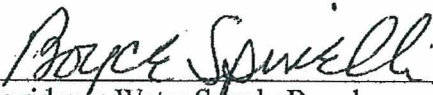
WHEREAS, Health has a lead abatement program designed to address the issue of lead reaching the citizenry of Rhode Island;

NOW, THEREFORE, Health and Providence Water agree to the following:

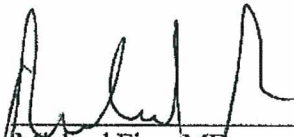
1. Health will grant Providence Water a stay during the 2012 season on its 7% service line replacement requirement.
2. Providence Water will contribute \$500,000 to Health's lead abatement program.

3. Providence Water will convene an expert advisory panel to evaluate corrosion control treatment in the Providence Water's water system, including consideration of simultaneous compliance issues. Costs of convening the panel, such as travel and hotel accommodations, shall be borne by the Providence Water. The panel shall be composed of representatives from Health, academia, and water supply professionals. Providence Water shall submit a proposal by June 30, 2012 to Health for approval detailing the membership, how and approximately how often the panel shall meet, and the proposed agenda for the panel. As soon as practicable, but no later than August 31, 2012, the expert panel shall provide a report and recommendations, including additional studies and/or treatment adjustments needed to achieve the lead action level. Upon approval by Health, studies and treatment adjustments shall be implemented by the system.
4. Providence Water shall remain on standard monitoring, as specified in the Rules and Regulations Pertaining to Public Drinking Water [R46-13-DWQ] (Regulations), Section 6.86 (a) through (d), and Water Quality Parameter monitoring as specified in Section 6.87(a) through (c). Providence Water shall also continue to meet the requirements regarding public education as specified in the Regulations, Section 6.85, and reporting requirements as specified in Section 6.90.
5. Prior to commencing scheduled or emergency system repairs or water main infrastructure replacement work which require partial or full service line replacements during 2012, Providence Water shall comply with the provisions of Section 6.84(d), regarding notification and education. Also, Providence Water shall provide NSF/ANSI-certified point-of-use water pitcher treatment units and one replaceable filter to affected residents who may experience short-term elevated lead levels in drinking water as a result of a partial lead service line replacement.
6. Outside of the lead service line replacements which shall take place under system repairs, Providence Water shall use best efforts to solicit and conduct additional full lead line replacements. Providence Water shall prioritize such best efforts in areas with the greatest numbers of vulnerable populations including day care centers and schools. For these full line replacements, Providence Water shall follow the requirements provided in Item #5 above.
7. Should Providence Water, after having been given reasonable notice of any alleged deficiencies, and a reasonable opportunity to cure any such deficiencies in performance relative to this agreement, fail to meet the requirements of items one (1) through six (6) above, a Tier 2 Treatment Technique violation shall be issued, for failure to replace at least 7% of lead service lines during 2012.

This Consent Order is satisfactory and accepted by both parties. The terms of this Order shall become effective upon signing by both parties.


Providence Water Supply Board
PWS#1592024

(Date)


Michael Fine, MD
Director of Health
R.I. Department of Health

(Date)



December 6, 2012

Mr. Paul Gadoury, PE
Providence Water Supply Board, Director of Engineering
430 Scituate Avenue
Cranston, Rhode Island 02921

RE: pH Transition Implementation Plan for Philip J. Holton Water Purification Plant

Dear Director Gadoury:

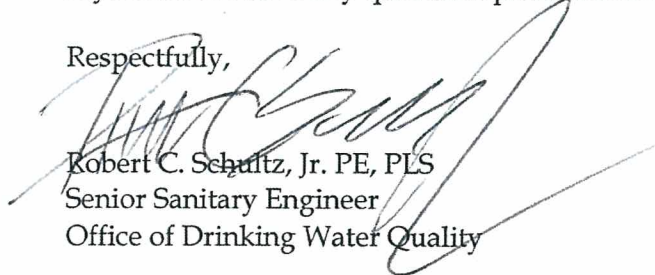
This letter serves as The Rhode Island Department of Health, Office of Drinking Water Quality (HEALTH) written review and conditional approval for the proposed Philip J. Holton Water Purification Plant Treatment change. The application prepared by Providence Water with supporting materials from the Expert Panel on Lead mitigation was received on August 31, 2012, and November 30, 2012. The materials were reviewed as submitted according to the Rules and Regulations Pertaining to Public Drinking Water [R-46-13-DWQ] (hereinafter Regulations). The following must be satisfactorily addressed prior to approval of the implementation of treatment changes:

1. HEALTH approves the request for a return to pre-2005 treatment regime, 10.2 pH and the associated alkalinity.
 - a) The return to pre-2005 treatment regime is a short term mitigating measure and not a final optimized solution for corrosion control.
 - b) The attached Field Protocol for Sampling Lead Service Line Water Quality In Association with Corrosion Control Treatment Changes at Providence Water is required.
2. Special sampling studies to define service line contributions to lead content in tap water shall be initiated immediately and results provided to HEALTH monthly. HEALTH anticipates this study will commence no later than March 1, 2013.
3. Special sampling studies to define lead attached iron particles contributions to lead content in tap water shall be initiated immediately and results provided to HEALTH monthly. HEALTH anticipates this study will commence no later than March 1, 2013.
4. Special sampling studies shall be in addition to compliance monitoring under the Lead and Copper Rule, which shall continue as required.

5. Experimental lead pipe loops shall be initiated immediately to examine alternative treatment schemes for optimization of corrosion control. All experimental loops shall conform to HEALTH's Pilot Study Requirements, attached herein, as applicable, unless relief is granted. Experimental pipe loops shall be initiated immediately and results provided to HEALTH monthly. HEALTH anticipates this study will commence no later than March 1, 2013. The experimental lead pipe loops shall include but not be limited to the following:
 - a) Orthophosphate Corrosion Inhibitor
 - b) Silicate Based Corrosion Inhibitor
 - c) pH/DIC based Corrosion Inhibitor (PbII Scale Equilibrium)
6. Measures shall be initiated to address the condition of Providence Water Distribution system. These measures shall include but not be limited to:
 - a) A system wide unidirectional flushing program (UDF). A schedule and implementation plan for UDF shall be submitted to HEALTH for approval no later than February 1, 2013. HEALTH anticipates UDF will be aggressive in approach and shall include at least 50% of the distribution system by 12/1/13.
 - b) An extensive infrastructure program consisting of cleaning lining and main replacement of the estimated 50 to 55% of the distribution system that is composed of unlined cast iron pipe. A revised Infrastructure Replacement Plan addressing this shall be submitted to HEALTH by March 1, 2013.
7. Until such time as corrosion control has been deemed optimized HEALTH shall be provided a monthly update on all activity related corrosion control.
8. All wholesale customers shall be appraised of any activity that could affect those system, included but not limited to treatment change implantation schedule and flushing activity.

If you should have any questions please feel free to contact June Swallow at 222-7824.

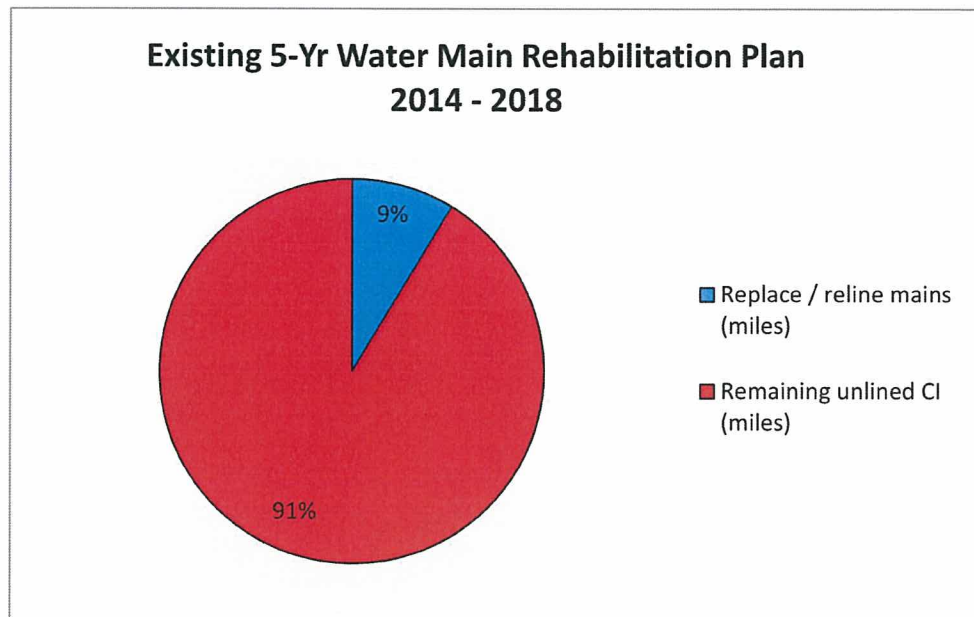
Respectfully,



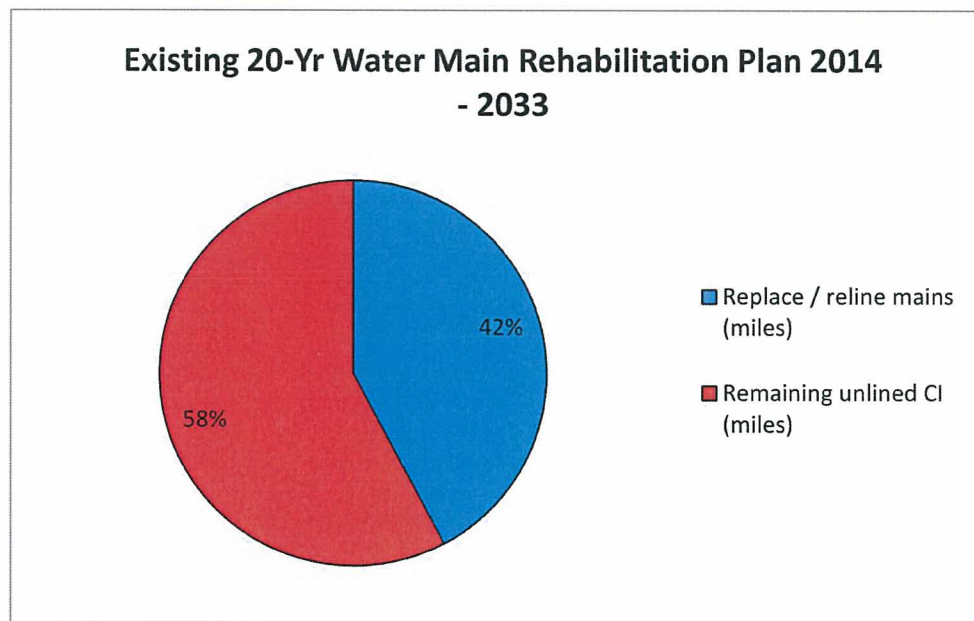
Robert C. Schultz, Jr. PE, PLS
Senior Sanitary Engineer
Office of Drinking Water Quality

xc: Clayton Commons, Lead Copper Rule Manager
June Swallow, Chief Drinking Water Quality
Dr. M. Fine, M.D. Director of Health
Boyce Spinelli, General Manger Providence Water
Greg Giasson, PE Senior Director - Operations Providence Water
Maureen McClelland, Senior Public Health Advisor for Drinking Water EPA Region 1
File

Existing IFR Plan



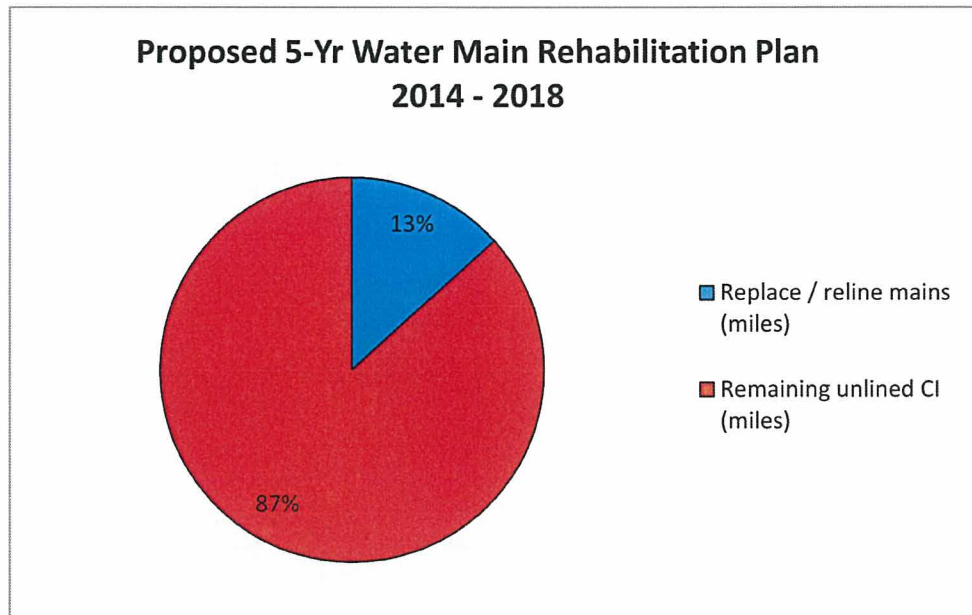
5 Year Period (2014-2018)	\$50 Million
Replace / reline mains	48 mi
Remaining unlined CI	502 mi



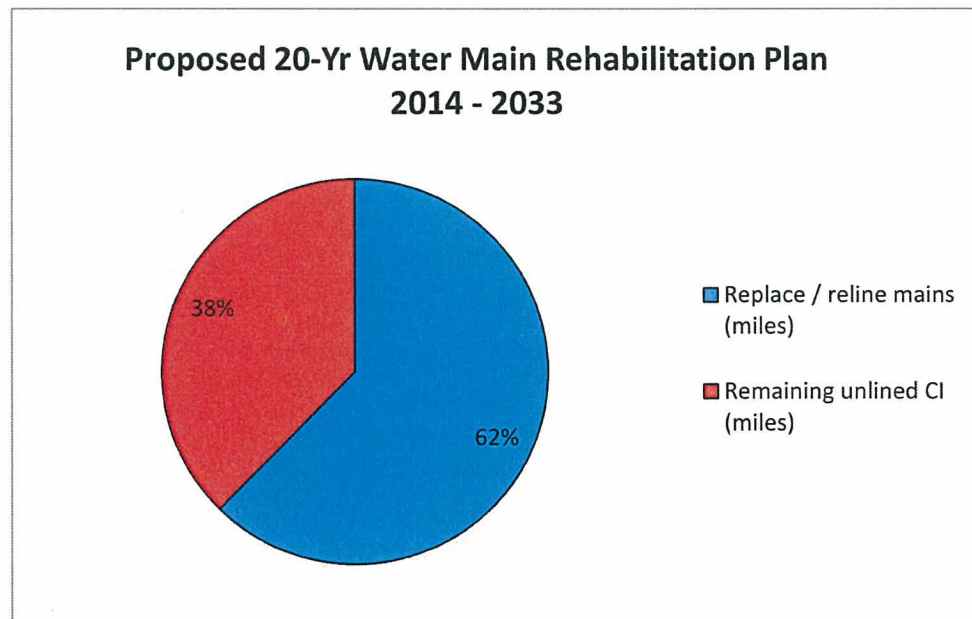
20 Year Period (2014-2033)	\$245 Million
Replace / reline mains	232 mi
Remaining unlined CI	318 mi

Total Miles of Unlined Cast Iron Main	550 miles
--	------------------

Proposed IFR Funding



5 Year Period (2014-2018)	\$77 Million
Replace / reline mains	73 mi
Remaining unlined CI	477 mi



20 Year Period (2014-2033)	\$362 Million
Replace / reline mains	343 mi
Remaining unlined CI	207 mi

Total Miles of Unlined Cast Iron Main	550 miles
--	------------------

**Providence Water
CIP Expenditure Plan
Fiscal Years 2013 through 2017**

	Total	Fy 2013	Fy 2014	Fy 2015	Fy 2016	Fy 2017
GIS System mapping conversion, data acquisition	1,600,000	1,000,000	500,000	100,000		
UDF Program Development	520,000	130,000	130,000	130,000	130,000	
ProvPort Meters	225,000	225,000				
Treatment Residuals Handling Improvements	400,000	400,000				
Installation of new fencing	125,000	25,000	25,000	25,000	25,000	25,000
New PW Central Operations Facility	12,000,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Total Amount	\$14,870,000	\$4,180,000	\$3,055,000	\$2,655,000	\$2,555,000	\$2,425,000

Tab 8

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

for

PROVIDENCE WATER SUPPLY BOARD

DOCKET # _____

March 2013

INTRODUCTION

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, North Carolina, 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, pricing and ratemaking. RFC
8 was established in 1993 in Charlotte, North Carolina, by George A. Raftelis to provide
9 environmental and management consulting services to public and private sector clients.
10 RFC is a national 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
14 and a Bachelor of Science in Natural Resources from the University of the South in 1987.
15 As an employee of Raftelis Financial Consultants, I have been involved in numerous
16 projects for public utilities including a number of studies involving a wide range of
17 technical specialties including water utility cost of service and rate structure studies and
18 water utility financial planning studies.

19

20 **Q. Have you previously testified before any Rhode Island regulatory agencies on
21 utility rate related matters?**

22 A. Yes. I provided testimony before the Rhode Island Public Utilities Commission
23 (RIPUC) in three of Providence Water Supply Board's (Providence Water) rate
24 filings (Docket Nos. 4070, 4061 and 3832) and in Newport Water's six most recent
25 filings (Docket Nos. 3578, 3675, 3818, 4025, 4243 and 4355). I have also provided
26 testimony on water rate related matters before the Tennessee Regulatory Authority as
27 well as in court proceedings in Arizona and Connecticut.

28

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

2 A. Yes. I am a member of the American Water Works Association where I served as
3 chairman of the Competitive Practices Committee and I am a member of the Financial
4 Management Committee of the New England Water Works Association.

5

6 **Q. Please describe your role in this proceeding?**

7 A. I have worked with Providence Water's Senior Director of Administration Jeanne
8 Bondarevskis, its General Manager Boyce Spinelli, and the staff of Providence Water to
9 develop a normalized test-year, the fiscal year ending (FYE) June 30, 2012 and a rate
10 year January 1, 2014 through December 31, 2014. In addition, RFC was engaged to
11 perform cost allocations and develop cost based rates and charges. Finally, RFC was
12 asked to develop, for the consideration of the RIPUC and Providence Water, a
13 conservation rate structure for single family residential customers and a demand
14 management structure for wholesale customers. The results of my analyses are presented
15 in the testimony and incorporated herein.

16

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

18 A. This testimony provides an explanation for each schedule attached to my testimony.
19 The schedules calculate the proposed commodity rates for retail customers of Providence
20 Water, and proposed wholesale rates for East Providence, East Smithfield, Greenville,
21 Kent County, Smithfield, Warwick, Lincoln, Johnston, and Bristol County. Other
22 charges calculated in the model include proposed monthly service charges, and proposed
23 public and private fire protection charges for Providence Water customers. The
24 testimony also serves as a guide to other sources where assumptions are used, the logic
25 that was used in the development of the model, and the flow of empirical and calculated
26 information.

27

1 **Q. What are your general conclusions?**

2 A. As shown on schedule HJS-1, Providence Water is in need of additional rate revenue
3 of \$14,619,888 to properly fund O&M and capital costs related to providing safe and
4 reliable service to its customers. This represents a revenue increase of 24.3%.

5
6 **Q. Will all rates increase by 24.3%?**

7 A. No, this represents the increase in the total revenue requirements. Please see HJS-19,
8 which provides a breakdown of current rates, proposed rates, and the associated
9 percentage changes.

10

11 **CONTENT OF EXHIBITS**

12 **Q. Please provide a brief description of your prefiled Exhibits.**

13 A. My pre-filed exhibits fall into two categories, those addressing the development of a
14 normalized test and rate year revenue requirements, and those addressing the cost of
15 service allocation and rate design. They are as follows:

16

17 1. Normalized Test-Year and Rate Year Revenue Requirements:

18 a. **Schedule HJS-1 Cost of Service Summary:** This schedule shows a
19 summary of the of costs and revenues associated with serving Providence
20 Water Customers, under the current rates (pro-forma old rates) and under
21 the proposed rates (pro-forma new rates).

22 b. **Schedule HJS-2 Raw Revenue Requirements:** This schedule shows the
23 revenue requirements in the adjusted test year, the rate-year adjustments
24 (reviewed below) and the rate-year revenue requirements used to
25 determine the pro-forma rates.

26 c. **Schedule HJS-3 Payroll Expense Adjustment:** This schedule
27 summarizes normalizing and contractual adjustments made to the test-year
28 payroll expenses to determine the appropriate rate year amounts for
29 payroll related expenses.

- 1 d. **Schedule HJS-3A Detail Payroll Expense:** This schedule shows the
2 detailed normalizing and contractual adjustments made to payroll related
3 expenses.
- 4 e. **Schedule HJS-4 Property Tax Expense:** This schedule summarizes the
5 adjustments made to the test year property tax expenses to determine the
6 appropriate pro-forma amounts.
- 7 f. **Schedule HJS-4A Property Tax Detail:** This schedule details the
8 adjustments made to the test year property tax amounts and shows a
9 comparison of the prior year's property tax amounts.
- 10 g. **Schedule HJS-5 Insurance Expense Adjustment:** This schedule
11 summarizes adjustments made to test year insurance expenses.
- 12 h. **Schedule HJS-6 Pension and Other Benefits:** This schedule
13 summarizes adjustments made to test-year Pension and Other Benefits
14 related expenses.
- 15 i. **Schedule HJS-6A Fringe Allocation:** This schedule summarizes the
16 allocation of the total rate year adjustment to Pension and Other Benefits
17 to the accounts associated with these benefits.
- 18 j. **Schedule HJS-7 Regulatory Commission and Rate Case Expense:**
19 This schedule summarizes the adjustments made to the test-year
20 regulatory and rate case expense.
- 21 k. **Schedule HJS-8 Chemical and Sludge Maintenance Expense:** This
22 schedule shows the adjustments to test-year chemical and sludge related
23 expenses.
- 24 l. **Schedule HJS-8A Adjustment to Chemical Expense:** This schedule
25 details the determination of the adjustment to the test-year chemical
26 expenses to reflect anticipated prices and quantities in the rate year.
- 27 m. **Schedule HJS-9 Restricted Fund Adjustments:** This schedule
28 summarizes all test-year and rate year adjustments made to restricted
29 funds.

- 1 n. **Schedules HJS-9A through 9J Restricted Funds:** This schedule details
2 the sources and uses of Providence Water's restricted funds.
- 3 2. **Cost of Service Allocation and Rate Design Methodology**
- 4 a. **Schedule HJS-10 Revenue under Existing Rates:** This schedule shows
5 the revenues that would be generated in the rate year under existing rates.
6 Revenues are shown by individual charge, including revenues generated
7 by quarterly and monthly service charges, retail and wholesale
8 consumption charges, and public and private fire protection charges.
- 9 b. **Schedule HJS-11 O&M Cost Allocation:** This schedule shows the way
10 in which operations and maintenance (O&M) costs and miscellaneous
11 revenues are allocated to different cost of service categories.
- 12 c. **Schedule HJS-12 Capital Cost Allocation:** This schedule shows the way
13 in which capital costs are allocated to the different cost of service
14 categories.
- 15 d. **Schedule HJS-13 Property Tax Allocation:** This schedule shows the
16 way in which Providence Water's property tax expenses are allocated to
17 different cost of service categories
- 18 e. **Schedule HJS-14 Allocations Legend:** This schedule provides a brief
19 explanation of each of the allocation factors used to allocate costs to the
20 cost of services categories and to customer classes.
- 21 f. **Schedule HJS-15 Summary of Cost Allocations:** This schedule
22 summarizes the rate year expenses that Providence Water is seeking to
23 recover through rates, as well as the allocation of these expenses to cost of
24 service categories. This schedule also presents a calculation of the net
25 operating revenue allowance increase required.
- 26 g. **Schedule HJS-16 Units of Service:** Projected water consumption and
27 peaking factors for each customer are shown on this schedule.
- 28 h. **Schedule HJS-17 Unit Cost of Service:** This schedule shows the
29 calculation of unit costs resulting from the allocation of different types of
30 expenses to the cost of service categories.

- 1 i. **Schedule HJS-18 Cost Distribution to Customer Classes:** The
2 allocation of categorized costs to customer classes based on their demand
3 characteristics is shown on this schedule.
- 4 j. **Schedule HJS-19 Proposed Rates and Impacts:** This schedule shows
5 the proposed water service charges and commodity charges for each
6 customer class, public and private fire charges, and the percent change that
7 the proposed charges represent over existing rates.
- 8 k. **Schedule HJS-20 Comparison of Revenues by Customer Class:** This
9 schedule provides a comparison of revenues generated from each
10 customer class under both the existing and proposed rates. Also shown is
11 the percent difference between revenues under existing and proposed
12 rates.
- 13 l. **Schedule HJS-21 Typical Charge Comparison:** This schedule provides
14 a comparison of typical annual charges under the existing and proposed
15 rates for typical residential, commercial and industrial customers.
- 16 m. **Schedule HJS-22 Revenue Proof:** This schedule provides a summary of
17 the revenue requirements and revenue to be recovered under the proposed
18 rates.
- 19 n. **Schedule HJS-23 Projected Volumes:** This schedule summarizes
20 consumption data for each of Providence Water's customer classes (and
21 each wholesale customer) for the test-year, pro-forma rate year and the
22 previous three fiscal years.
- 23 3. **Conservation Rate Filing:**
- 24 a. **HJS-24 Summary of Conservation Rates:** This schedule summarizes
25 current rates, proposed rates and alternative conservation rates, by charge,
26 for each customer class.
- 27 b. **HJS-25 Calculation of Revenue at Present and Proposed Rates:** This
28 schedule summarizes revenue under current rates, proposed rates and
29 alternative conservation rates, by major revenue source.

- 1 c. **HJS-26 Calculation of Single-Family Residential Conservation Rates:**
2 This provides an overview of the assumptions used to calculate the Single-
3 Family Residential conservation rates.
- 4 d. **HJS-27 Single Family Residential Customer Bill Impacts –**
5 **Conservation Rates:** This schedule indicates the bill impact of
6 conservation rates for typical Providence Water Single-Family Residential
7 Customers.
- 8 e. **HJS-28: Wholesale Monthly Block Calculations:** This schedule
9 summarizes the assumptions used to calculate the Wholesale Demand
10 Management rates.
- 11 f. **HJS-29 Bill Frequency Summary – Single Family Residential:** This
12 schedule summarizes the distribution of usage and bills of Providence
13 Water’s Single-Family Residential Customers.
- 14 g. **HJS-30 Wholesale Monthly Consumption for Conservation Rates:**
15 This schedule summarizes monthly consumption for each of Providence
16 Water’s wholesale customers as well as the consumption within each of
17 the blocks of the demand management rate structure.

18 4. Appendix Schedule(s):

- 19 a. **HJS-A1 Comparative Schedule of Expenses:** This schedule summarizes
20 the detailed test-year operating expenses as provided by Providence
21 Water, the test-year adjustments described below, and the adjusted test-
22 year values for each operating expense.

23
24 **NORMALIZED TEST-YEAR**

25 **Q. What adjustments did you make to the June 30, 2012 audited financial**
26 **statements to arrive at a normalized “rate making basis” test year?**

27 A. I made 5 normalizing adjustments as follows:

- 28 1. Retail and wholesale metered sales revenue levels (See HJS-10) were adjusted to
29 reflect the increases approved in Providence Water’s last abbreviated rate filing.
30 Test-year consumption levels were adjusted to reflect a four-year average for
31 wholesale and a three-year average for retail (see HJS-23).

- 1 2. Consistent with previous filings the current number of water and fire service
2 customer was used to calculate revenue under current rates (see HJS-10).
3 3. Normalizing adjustments were made to test-year payroll expense, to account, and
4 adjust for, payroll volatility experienced in the test year (see HJS-A1).
5 4. I removed the payroll clearing amounts, which represent operating expenses for
6 which Providence Water receives reimbursement from the IFR fund. Overhead
7 rate applied amounts, which are not reimbursed, were restored (see HJS-A1).
8 5. I made an adjustment to remove a non-recurring negative expense associated with
9 an insurance reimbursement, from Contractual Service Legal A&GO (see HJS-
10 A1).

11
12 **Q. Why was a three-year average used for retail consumption, rather than the four-**
13 **year average used in past filings?**

14 A. Providence Water experienced above average consumption in FY 2009. Including
15 this year, as the four-year average would, would result in a higher overall pro-forma
16 consumption for retail. I believe the three-year average is a better representation of retail
17 consumption for Providence Water retail customers going forward.

18
19 **Q. Mr. Smith, in your professional opinion, does your adjusted test year present a**
20 **proper normalized test-year?**

21 A. Yes, I believe that the adjusted, normalized test year I have prepared for this filing
22 fairly presents the operations of Providence Water in a normal year on a ratemaking basis
23 with currently approved rates.

24
25 **RATE YEAR (CYE December 31, 2014)**

26
27 **Q. Mr. Smith, what is the rate year for this Docket?**

28 A. The rate year is the calendar year beginning January 1, 2014 and ending December 31,
29 2014.

30

1 **Q. What adjustments have you made for the rate year in this filing?**

2 A. After reviewing Providence Water's test year financial position I have made rate year
3 adjustments to 9 specific accounts or groups of accounts as follows:

- 4 1. I made adjustments which total \$641,579 to Payroll related expense accounts to
5 account for contractual increases in salaries and wages in the Rate Year (see
6 Schedule HJS-3).
- 7 2. I made adjustments which total \$794,942 to Property Tax expense to account for
8 anticipated increases between the test-year and pro-forma rate year (see Schedule
9 HJS-4).
- 10 3. I made inflationary adjustments to Insurance related expenses, which total
11 \$124,943 (see Schedule HJS-5).
- 12 4. I made adjustments to Pension and Other Benefits (OPEB) related accounts,
13 which total \$130,954 in recognition of contractual and inflationary increases
14 associated with employee pensions, benefits and health insurance (see Schedule
15 HJS-6).
- 16 5. I made an adjustment of \$160,223 to the regulatory and rate case expense to
17 account for anticipated costs in the rate-year and a two-year amortization of the
18 rate case expense (see Schedule HJS-7).
- 19 6. I made an adjustment to accounts related to Chemicals and Sludge maintenance to
20 match the total required level for this restricted fund of \$5,458,942. The total
21 adjustment was \$2,333,977 (see Schedule HJS-8).
- 22 7. I made an \$8,000,000 adjustment to the current funding level of the Infrastructure
23 Replacement Fund. Please see Paul Gadoury's testimony for further details on
24 this adjustment (see Schedule HJS-9).

25
26 In addition to the above adjustments, I have also adjusted all remaining accounts for
27 inflation (2.5% per year) per Commission rule 2.6(c)(4), and made an adjustment to
28 provide for the net operating income allowance of 3% (see Schedule HJS-2).

29
30

1 **Q. How did you calculate the increase needed for salaries and wages for the rate**
2 **year?**

3 A. I started with the actual amount of salaries and wages for each account in the adjusted
4 test year June 30, 2012. Next I adjusted the test year amounts by 3% for the fiscal year
5 ending June 30, 2013 and 1.5% for the fiscal year ending June 30, 2014. The Union
6 Contract requires a 3% increase on July 1, 2013 and again on July 1, 2014. However,
7 since the 2014 increase occurs six months into calendar year 2014, it is an effective
8 increase of 1.5%. The total compounded salary increase is 4.55%

9

10 The resulting total payroll expense was then compared to the test year payroll expense to
11 calculate the rate year adjustment (See Schedules HJS-3 and HJS-3A).

12

13 **Q. The next adjustment listed is that for property taxes. How did you calculate the**
14 **rate year property taxes for this filing?**

15 A. I started with the actual FYE June 30, 2013 property taxes and projected the FYE
16 2014 and 2015 taxes based on the 4% statutory maximum, excluding Scituate and
17 Gloucester, whose amounts were based on their respective tax treaties with Providence
18 Water. The FYE 2014 and 2015 amounts were then averaged to determine the rate year
19 property tax amounts (see Schedule HJS-4A).

20

21 **Q. Mr. Smith, you have used projected increases for FYE 2014 and FYE 2015. Is it**
22 **your intention to update the estimates for CYE 2014 property taxes when the actual**
23 **percentage increases are known?**

24 A. Yes. I will advise the Division and Commission as to the actual FYE 2014 property
25 taxes when they become known (i.e., when the tax bills are issued) and I will adjust my
26 estimates for CY 2014, if needed.

27

28 **Q. What account would you like to discuss next?**

29 A. Insurance Expense. Six different activities comprise the insurance expense shown on
30 Schedule HJS-5. Workers Compensation and Property and Casualty represent the
31 majority of insurance expense, accounting for around 95% of the insurance expense
32 accounts. To estimate the CY 2014 Insurance Expense, I started with the actual

1 insurance expense for FYE June 30, 2012. I then adjusted to this amount by the 2.5% per
2 year inflation rate (6.38% total) for each Insurance Expense account (see Schedule HJS-
3 5). It should be noted that Providence Water will be taking bids for insurance contracts
4 in the coming months. These estimates will be updated when the exact amount of the
5 insurance expenses become known.

6

7 **Q. The next set of accounts is Pension and Other Benefits. How did you calculate**
8 **the rate year level of expense for these related accounts?**

9 A. The Pension and Other Benefits accounts are listed on Schedule HJS-6. This
10 schedule shows the test year level of expense for each item, the proposed adjustment and
11 the pro-forma expense for each item. It further shows the percentage increase used to
12 calculate the pro-forma adjustment.

13

14 **Q. Mr. Smith, how did you determine the appropriate increases for the Pension and**
15 **Other Benefit costs?**

16 A. The 1033 Union combined benefits and Union Pension were increased per the Union
17 Contract. The Death Benefit Insurance and Educational Classes/Certification, which vary
18 depending on participation, were increased by inflation (2.5% per year). FICA,
19 Unemployment Compensation and the ½% wage assignment were increased by the
20 compounded salary increase used to adjust wages (4.55%). The Blue Cross and Delta
21 Dental expenses were adjusted to remove the employee co-share and increased by 10%.
22 The GASB 43/45 was reduced from the total expense in FY 2012 to reflect the cash
23 portion of this expense. City Retirement expense was increased to the amount shown in
24 the Buck Report. Also, note that the total adjustment to Pension and Other Benefits has
25 been allocated proportionally to related NARUC accounts, as in previous filings (see
26 Schedule HJS-6A).

27

28 **Q. Mr. Smith, why did you use 10% instead of estimating the increase based on**
29 **prior premium increases, as has been done in previous filings?**

30

1 A. The City of Providence has recently made changes to health insurance plans
2 Providence Water provides for employees. As a result, the rates over the past few years
3 are not directly comparable, as they reflect changes in plans and the way the rates are
4 calculated. In addition, as with insurance related expenses, Providence Water will be
5 receiving working rates for health and dental insurance contracts in the coming months.
6 It is my intent to update the rate year estimates for health and dental insurance expenses
7 when the actual amount of the expenses becomes known.

8

9 **Q. How did you calculate the regulatory and rate case expense for the rate year?**

10 A. I began with the test year amounts for the Regulatory Commission expense.
11 Estimates for the Rate Year amounts were provided by Providence Water and are based
12 on a three-year average (for each category) of prior years, excluding the 'proportionate
13 share of PUC' expense, which is based on the actual amount paid in FY 2013. Added to
14 the Regulatory Commission Expense is the cost of the full rate filing (based on contract
15 amounts where available). The sum of the Regulatory Commission Expense and the Rate
16 Filing Expense (amortized over two years) was then compared to the test year total to
17 determine the rate year adjustment (see Schedule HJS-7).

18

19 **Q. The next set of accounts listed above are Chemical and Sludge. How did you**
20 **calculate the rate year level of expense for chemicals and sludge?**

21 A. Please see my schedules HJS-8 and HJS-8A. For the chemical expense adjustment, I
22 compared the projected prices and quantities from Providence Water's engineering
23 department for FYE June 30, 2013 to the test year 2012 expenses. The adjustment to
24 chemical expenses is the difference between the pro-forma chemical expenses and the
25 test-year expenses. The sludge maintenance adjustment is based on a comparison
26 between the expense incurred in the test year and the contractual amount in the pro-forma
27 rate year. Note that Providence Water is requesting an increase of \$3,000,000 over the
28 current chemical and sludge funding level of \$2,458,942, for a total pro-forma funding
29 level of \$5,458,942. Please see the testimony of Paul Gadoury for more detail on this
30 item.

1 **Q. Mr. Smith, why did you use the projected FYE 2013 prices and quantities to**
2 **determine the pro-forma expense, rather than an average of prior years?**

3 A. After examining the prices, quantities and resultant expense under the average
4 method, Providence Water's engineering department felt the 2013 projected amounts
5 were more representative of the chemical expense they would incur during the rate year.
6 Please see the testimony of Paul Gadoury for further details.

7
8 **Q. Mr. Smith, have any adjustments been made to restricted accounts?**

9 A. Yes. The following adjustments were made to restricted accounts.

- 10 1. As stated earlier, I adjusted the insurance fund level by \$307,528 to ensure the
11 funding level going forward will be sufficient to cover the level of expenditures
12 incurred during the test-year (which exceeded the current funding level) and any
13 anticipated increases associated with inflation. This adjustment accounts for the
14 difference between the current funding level (\$1,777,062) and the anticipated pro-
15 forma insurance expense (\$2,084,590) (see Schedule HJS-9F).
- 16 2. As stated earlier, the Chemical and Sludge Maintenance fund was adjusted by
17 the requested additional \$3,000,000 to cover expenses anticipated in the rate year
18 (see Schedule HJS-9G).
- 19 3. The Infrastructure Replacement Fund was increased by \$8,000,000 over the test
20 year level of funding. Please see the testimony of Mr. Paul Gadoury for further
21 details.
- 22 4. The revenue reserve fund contains the restricted portion of the operating
23 allowance (2% of operating expenses). I have adjusted the current level of
24 funding to a level that represents 2% of the operating expenses in the rate year. I
25 increased the balance of this fund to \$1,427,698, which is 2% of the rate year
26 operating expenses (see Schedule HJS-9I).

27
28 **Q. Mr. Smith, are there any other rate year adjustments you would like to address?**

29 A. Yes. I have made \$507,545 in additional adjustments to transmission and distribution
30 line items. These costs relate to the uni-directional flushing project Providence Water

1 will be engaged in over the next four years. I have also made \$431,493 in adjustments to
2 Customer Accounts and Administrative categories to reflect the additional costs
3 associated with the transition to monthly billing. These relate primarily to increases in
4 staffing and mailing expenses associated with the increase in billing frequency (see
5 Schedule HJS-2).

6

7 **COST ALLOCATION AND RATE DESIGN**

8

9 **Q. How are Providence Water's costs allocated to the different customer classes?**

10 A. The proposed rates are based on the same approach that Providence Water used in its
11 previous full rate filing, which is a modified base/extra capacity approach in which costs
12 are allocated to cost of service categories based on the type of service being provided and
13 then to customer classes based on the way in which each class demands service. For
14 instance, costs incurred to meet the average day demand of Providence Water's
15 customers are allocated to the "Base" cost of service category, while costs associated
16 with meeting peak daily demands are allocated to the "Max Day" category. Costs for
17 services that are provided regardless of how much water is consumed such as meter
18 reading and billing are allocated to either "Meters & Services" or "Billing & Collection".
19 Costs associated with providing fire protection to the general public through fire hydrants
20 are allocated to the "Public Fire Protection" category.

21

22 **Q. Why do you characterize the allocation approach as a "Modified" Base/Extra**
23 **Capacity approach?**

24 A. I make this distinction because the approach used in this and previous filings utilizes
25 a wholesale cost of service category to which costs associated with providing service to
26 wholesale customers are allocated. This approach is different from a standard base/extra
27 capacity approach in that it does not take into account the way in which the wholesale
28 class demands service but instead bases the allocation of costs to the wholesale customers
29 on their proportionate share of total consumption.

30

31 **Q. Is this approach incorrect or against standard industry practice?**

1 A. No, standard industry practice allows for a great deal of flexibility when it comes to
2 the way in which costs are allocated to customer classes. The modified approach used in
3 this filing assumes that the demand characteristics of all of the wholesale customers are
4 the same and that their demands for service are essentially the same as the demands
5 placed on the system by the entire retail class.

6

7 **Q. Mr. Smith, why have the quarterly units of service and associated charges been**
8 **eliminated for the various service charges shown in HJS-19?**

9 A. In this filing Providence Water is proposing a transition to monthly billing for all
10 retail customers.

11

12 **Q. Will this impact the way service charges are calculated?**

13 A. No, Service Charges in this filing were calculated using the same methodology as has
14 been used in prior filings. The only difference is that the number of bills has increased
15 (particularly for the retail service charge), due to the fact that retail customers, most of
16 whom are currently billed quarterly, would be billed monthly under the proposed rates.
17 There is also a slight increase in the overall revenue requirement allocated to the various
18 service charges, due to the expenses associated with increasing the bill frequency for
19 retail customers.

20

21 **Q. How are the revenue requirements allocated to each of Providence Water's**
22 **customer classes?**

23 A. The revenue requirements are allocated to each customer class based on the way in
24 which the class contributes to the demand for base and excess capacity. For instance, as
25 shown on HJS-16, the residential class is responsible for the demand associated with
26 approximately 23,000 hundred cubic feet (hcf) or approximately 65% of capacity
27 required to meet average day or "base" demand. Therefore it is allocated approximately
28 65% of the costs associated with meeting base demand.

29

30

1 **Q. How are costs allocated to the wholesale customers?**

2 A. As was the case in Providence Water's last full rate filing, costs are allocated to the
3 wholesale customers based on their proportionate share of total consumption and no
4 consideration is given to the demand characteristics of the wholesale customers. Where
5 appropriate, this proportion is adjusted to account for the wholesale share of lost water.

6

7 **Q. How are the rates and charges calculated?**

8 A. Rates are calculated as they were in Providence Water's previous rate filing. Retail
9 service charges are calculated by dividing the costs allocated to the Meters & Services
10 category by the number of 5/8" equivalent meters in the system to determine a cost per
11 5/8" equivalent meter and then dividing the costs allocated to the Billing & Collection
12 category by the total number of bills prepared each year to determine a unit cost per bill.
13 The sum of these two unit costs is the Service Charge.

14

15 Commodity rates are calculated by dividing the total of the base and extra capacity costs
16 allocated to each customer class by the projected rate year consumption of that customer
17 class. For example, the rate for the commercial class is determined by dividing total base
18 and extra capacity costs allocated to the commercial class (\$12,802,108) by projected
19 commercial class consumption in the rate year (4,381,008 hcf). The resulting value,
20 rounded up to the nearest tenth of a cent, is the proposed rate for the commercial class
21 (\$2.922/hcf).

22

23 **Q. What is the Providence Only Retail Fire Protection Service Charge?**

24 A. The Retail Fire Protection Service Charge is a monthly charge paid by Providence
25 Water retail customers living within the City of Providence. It is intended to recover the
26 cost of providing Public Fire Protection service within the City of Providence.
27 Providence Water previously recovered these costs through the Public Fire Protection
28 Service Charge, levied per hydrant for each hydrant located within the City of
29 Providence. When this charge was disallowed by law, a new charge was developed,

1 which recovers these costs from retail customers residing within the City of Providence.
2 Please refer to Docket No. 4287 for further details.

3
4 **Q. What is the Public Fire Protection Service Charge?**

5 A. The Public Fire Protection charge recovers the cost of providing Public Fire
6 Protection incurred by Providence Water. It is based on theoretical maximum day and
7 maximum hour demand that fire protection might place on the system. A portion of the
8 costs associated with this demand are recovered via the public fire protection charge, on a
9 per hydrant basis, of the City of Cranston, and the Towns of Johnston, Lincoln and North
10 Providence. As mentioned above, the costs associated with providing Public Fire
11 Protection to the City of Providence are now recovered from retail customers on an
12 equivalent meter basis.

13
14 **Q. How are wholesale rates calculated?**

15 A. Under the existing rates, wholesale customers pay a commodity charge that is
16 assessed based on their water consumption. The methodology used to calculate the
17 existing wholesale rate has been maintained for the proposed rate calculations in this
18 filing.

19
20 **Q. Is the disparity in the increases in wholesale rates and retail rates due to some
21 difference in the way costs are allocated to the wholesale customers or the way in
22 which their rates are calculated?**

23 A. No, the cost allocation approach used in this filing is the same as was used in
24 Providence Water's last full rate filing and the percentage of costs allocated to the
25 wholesale class is generally the same in this filing as it was in the last filing. The
26 disparity between the increases to wholesale rates and retail rates is most likely due to the
27 fact that the wholesale rate increases that were agreed to by the parties to Providence
28 Water's recent abbreviated filings were not based on a complete cost of service study and
29 did not reflect the true cost associated with providing wholesale service.

30

1 **Q. Have you provided information on what the customer impacts are projected to**
2 **be?**

3 A. Yes, Schedule HJS-21 shows bills under existing and proposed rates and the
4 percentage impacts that are likely to occur for typical residential, commercial, and
5 industrial customers. For a typical residential customer using 100 hcf per year, their
6 annual charges increase from \$322.16 to \$395.14 which represents a 23% increase.

7

8 **Q. What consideration has been given as to whether the revenues from the rates and**
9 **charges are sufficient to cover revenue requirements for Providence Water?**

10 A. HJS-22 serves as a revenue proof to determine revenue sufficiency of the proposed
11 rates and charges. The revenues that would be generated under the proposed rate
12 structure are shown for commodity rates, service charges, and fire protection charges.

13

14 **Q. According to the rate model, are the rates and charges calculated sufficient to**
15 **meet revenue requirements?**

16 A. Yes, as shown in HJS-22, the revenues projected to be recovered from the proposed
17 rates are approximately \$1,747 greater than the revenue requirements for the Rate Year.

18

19 CONSERVATION RATES

20

21 **Q. Please summarize your findings and recommendations to the Commission in**
22 **this proceeding.**

23 A. Working with Providence Water management and staff, RFC developed the above
24 rate year revenue requirements and cost of service allocations. These in turn were
25 used to develop a conservation rate structure for Providence Water's single-family
26 residential customers as well as a structure to promote conservation among
27 Providence Water's wholesale customers.

28

29

1 **Q. Is Providence Water requesting a revenue increase in this rate proposal?**

2 A. As mentioned above, the conservation structure is based on the revenues
3 Providence Water is proposing for this docket. The conservation rates are
4 designed to be revenue neutral, with respect to the proposed 'non-conservation'
5 filing detailed above. However, as shown on Schedule HJS-25, implementation of
6 the conservation rates would result in Providence Water collecting slightly higher
7 revenues (approximately 0.005%) than those requested in the proposed non-
8 conservation structure. This difference in revenues is simply the result of
9 rounding the rates to the appropriate number of decimal places.

10

11 **Q. Will all rates increase by the same amount?**

12 A. No. First, the conservation rate proposal only affects the commodity rates
13 assessed to Providence Water's single-family residential customers and its
14 wholesale customers; therefore the other rates and charges would remain the same
15 as those currently being proposed for this filing. Second, since the proposed rate
16 structures are inclining block rates, the change from the rates currently in effect
17 will be dependent upon the amount of water consumed.

18

19 **Q. Why have you only developed conservation rate structures for Providence
20 Water's single-family residential and wholesale customers?**

21 A. The proposed rate structures are designed to reduce discretionary consumption
22 and it is more difficult to distinguish between discretionary and non-discretionary
23 consumption for customers other than single-family residential. The most
24 common method for estimating non-discretionary usage for non-homogenous
25 customer classes, such as multi-family residential, commercial, and industrial
26 customers, is the use of individualized block rates, similar to what we have done
27 for the wholesale customers.

28

29 **Q. If that is the case, how were you able to develop conservation rates for the
30 wholesale customers?**

1 A. While the rates for the wholesale customers should help promote conservation,
2 they would be more accurately described as demand management rates in that
3 they involve assessing higher per unit rates when a wholesale customers demand
4 exceeds a predetermined level based on their past usage.
5

6 **Q. Do the proposed wholesale rates target discretionary consumption?**

7 A. Not directly, but since the proposed rates discourage consumption above a certain
8 level they should provide an incentive for each of Providence Water's wholesale
9 customers to implement their own conservation initiatives that will specifically
10 target discretionary consumption in an effort to reduce total demand. However, it
11 should be noted that it is possible that for wholesale customers the block rates
12 could promote undesirable results, in particular some customers may resort to less
13 sustainable water sources during peak usage periods to avoid the higher rates.
14

15 **Q. Please describe how you developed the details of the rate structures that you
16 are proposing.**

17 A. When developing any kind of rate structure, it is first necessary to determine
18 whether the utility has necessary data. An inclining block structure should be
19 based on customer demand data resulting from meter reads performed at least
20 monthly. This type of data is necessary in order to develop an understanding of
21 the customers' demand characteristics so that their reaction to conservation rates
22 can be predicted.
23

24 **Q. Would you describe the data used for this conservation filing?**

25 A. Providence Water provided consumption data for single family residential
26 customers for the fiscal year ending June 30, 2012. This data details the
27 distribution of consumption at various levels for each month of that fiscal year.
28 Providence Water also provided wholesale consumption by month for FY 2012.
29

1 **Q. How did you determine the appropriate number of blocks and block cut-offs**
2 **for the residential inclining block structure?**

3 A. The number of blocks and block cut-offs are to a large degree dependent upon the
4 type of demand that the utility wishes to target with its conservation message. In
5 Providence Water's case, it was decided that the utility wished to target
6 discretionary consumption. A three block inclining block structure helps achieve
7 this objective by charging a relatively low unit rate for non-discretionary usage; a
8 slightly higher rate for consumption that could be attributed to responsible lawn
9 irrigation and a still higher rate for usage that could be considered to be excessive.

10

11 **Q. Please discuss what you mean by non-discretionary consumption.**

12 A. For the residential class, non-discretionary consumption is consumption that is
13 necessary to support a modern lifestyle. It includes water for such things as
14 drinking, cooking, bathing, laundry and toilet flushing.

15

16 **Q. What about discretionary consumption?**

17 A. Discretionary consumption is water use other than non-discretionary use and
18 includes such things as lawn irrigation, pool filling and car washing although
19 many will make the argument that lawn irrigation is not truly discretionary. This
20 argument is valid to some extent in that many people have invested a significant
21 amount of money and time in their lawns and landscapes and proper irrigation is
22 necessary to maintain that investment. Thus many utilities consider a reasonable
23 level of lawn irrigation to be non-discretionary consumption.

24

25 **Q. How much non-discretionary water does a typical single-family residential**
26 **customer use?**

27 A. Obviously the level of non-discretionary usage varies by customer depending on a
28 number of variables, with the dominant variable being family size. Larger
29 families typically require more water than small families. One common way of
30 determining the typical level of non-discretionary usage within a service area is to

1 look at consumption during the winter months when outdoor water use is at a
2 minimum. In the case of Providence Water, average consumption by single-
3 family residential customers in December 2012 (the month with the lowest
4 consumption in the most recent twelve months examined) was approximately 5.5
5 hcf per month. We believe this is a reasonable estimate of the average non-
6 discretionary usage by Providence Water single-family customers.
7

8 **Q. What are the proposed blocks for single-family residential customers?**

9 A. Based on examination of Providence Water's data and discussions with
10 Providence Water staff the proposed block cut-offs are 6 hcf and 12 hcf per
11 month. There is no exact science for determining these cut-offs, but given the
12 usage patterns of Providence Water's customers and the utility's conservation
13 goals we believe they are appropriate.
14

15 **Q. How do the proposed conservation rates for single-family residential**
16 **customers compare to the proposed non-conservation rate for single-family**
17 **customers?**

18 A. The Block 1 rate for usage up to 6 hcf per month is 5.50% lower than the
19 proposed uniform volume rate, the Block 2 rate is 3.40% higher than the proposed
20 uniform volume rate, while the Block 3 rate is 17.15% higher than the proposed
21 uniform volume rate (see Schedule HJS-24).
22

23 **Q. What is the proposed block cut-off for wholesale customers?**

24 A. We have set the second block for wholesale customers at 120% of average winter
25 consumption. As discussed previously with the single-family residential blocks,
26 there is no exact science for determining this amount, but we believe that this will
27 encourage wholesale customers to implement their own conservation rates to
28 avoid the additional costs of buying water in the second block (see Schedule HJS-
29 28).
30

1 **Q. Why does the wholesale structure only have two rate blocks?**

2 A. As mentioned earlier, the proposed wholesale structure is a demand management
3 structure that is designed to provide an incentive to Providence Water's wholesale
4 customers to implement conservation initiatives of their own. The use of two
5 blocks accomplishes this goal, but is still relatively simple to calculate, implement
6 and understand.

7

8 **Q. How do the proposed rates for wholesale customers compare to the existing
9 rates?**

10 A. The Block 1 rate for usage up to 120% of average winter consumption (AWC) is
11 2.72% less than the current uniform volume rate while the rate for Block 2 usage
12 over 120% of AWC is 16.74% higher than the proposed uniform volume rate (see
13 Schedule HJS-28)

14

15 **Q. What period will be used to determine each wholesale customer's average
16 winter consumption (AWC)?**

17 A. Each wholesale customer's AWC will be set each year in May based on the
18 previous November through April billings.

19

20 **Q. How do the proposed rate changes for wholesale customers compare to those
21 of single-family residential customers?**

22 A. The difference between Block 1 and Block 2 was set at 20%, approximately the
23 same difference between Block 1 and Block 3 of the single-family residential
24 rates.

25

26 **Q. What are the impacts of the proposed wholesale rates on Providence Water
27 wholesale customers?**

28 A. The hypothetical impacts on wholesale customers based on their usage in the
29 period of July 2011 through June 2012 are shown at the bottom of Schedule HJS-
30 30. The total annual hypothetical impact ranges from a decrease of 2.72% for

1 Kent County Water Authority, which had no usage over its AWC in the period, to
2 an increase of 2.08% for Johnston, which had the highest percentage of usage
3 above its AWC during the period.
4

5 **Q. Does your conservation proposal impact any of the other charges mentioned**
6 **above?**

7 A. No, only the single family residential and wholesale volume rates are impacted
8 by the conservation proposal. The remaining proposed rates and charges were
9 determined as they were in the previous full rate filings (see Cost of Service
10 Analysis and Rate Design above) and are not impacted by the conservation rate
11 portion of this filing.
12

13 **Q. How would the change to monthly billing impact single-family residential**
14 **customers?**

15 A. As mentioned above the move to monthly billing means some additional costs
16 associated with increasing billing frequency. However, it is also important to note
17 that Providence Water is proposing to change to monthly billing regardless of
18 whether conservation rates are implemented. In other words, the additional costs
19 associated with monthly billing are already accounted for in the proposed service
20 charges, which would be unchanged in the conservation rate structure. The
21 overall bill impact under conservation rates depends upon the consumption of a
22 given single family residential customer. Please see HJS-27, for a summary of
23 bills, at various consumption levels, under the proposed and conservation rates.
24

25 **Q. Does your proposal include any other changes to Providence Water's revenue**
26 **requirements?**

27 A. We have not incorporated any changes in Providence Water's revenue
28 requirements beyond those already proposed above. However as noted above,
29 due to rounding, the conservation rates could result in revenue generation slightly
30 above what could occur under the non-conservation structure (around .005% of

1 total revenues). In addition, one potential area of concern that we will follow is
2 the potential revenue decrease due to the effectiveness of the conservation rates in
3 decreasing non-discretionary consumption. We have used a price elasticity of -.2
4 (Meaning that the proposed 10% increase in Block 3 rates would result in a 2%
5 decrease in usage in that block) to reflect the effectiveness of the conservation
6 rates. This estimate of elasticity is taken from the American Water Works
7 Association Manual M-1 (Chapter 21) which bases its estimate on elasticity
8 studies performed by others. However, if consumption decreases at a greater
9 level than that, Providence Water could face a revenue shortfall, so it may be
10 necessary to adjust the allowed reserve in the future.

11

12 **Q. In his testimony, Mr. Spinelli recommends that the transition to conservation**
13 **rates be postponed to evaluate the impact of monthly billing on customer**
14 **demand. Do you concur with Mr. Spinelli's assessment?**

15 A. Yes. It is possible that the switch to monthly billing might have an independent
16 effect on retail customer demand, even in the absence of conservation rates.
17 Implementing monthly billing first will allow Providence Water to evaluate the
18 impact of the change in billing frequency, without the confounding influence of
19 also implementing a conservation rate structure. This will provide better
20 information for the development of conservation rates going forward.

21

22 **Q. Mr. Smith, does that conclude your testimony?**

23 A. Yes it does.

Schedule HJS-1
Cost of Service Summary

Revenue	Adjusted Test Year	Combined Adjustments	Pro-Forma Old Rates	Additional Revenue Generated	Pro-Forma New Rates
Service Charge	\$ 5,726,796	\$ -	\$ 5,726,796	\$ 1,208,634	\$ 6,935,430
Retail Sales	\$ 32,253,695	\$ -	\$ 32,253,695	\$ 7,291,745	\$ 39,545,440
Wholesale Sales	\$ 16,618,799	\$ -	\$ 16,618,799	\$ 5,451,943	\$ 22,070,742
Private Fire Protection	\$ 2,253,933	\$ -	\$ 2,253,933	\$ (222,895)	\$ 2,031,039
Retail FPSC	\$ 1,095,131	\$ -	\$ 1,095,131	\$ 473,147	\$ 1,568,278
Public Fire Protection	\$ 959,965	\$ -	\$ 959,965	\$ 417,314	\$ 1,377,278
Miscellaneous Revenue	\$ 1,179,169	\$ -	\$ 1,179,169	\$ -	\$ 1,179,169
Other	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	\$ 60,087,487	\$ -	\$ 60,087,487	\$ 14,619,888	\$ 74,707,375
Total Rate Revenues	\$ 58,908,318	\$ -	\$ 58,908,318	\$ -	\$ 73,528,206
Expenses					
Operations and Maintenance	\$ 27,871,725	\$ 2,255,267	\$ 30,126,993	\$ -	\$ 30,126,993
Insurance	\$ 1,959,648	\$ 124,943	\$ 2,084,590	\$ -	\$ 2,084,590
Chemical & Sludge	\$ 3,124,965	\$ 2,333,977	\$ 5,458,942	\$ -	\$ 5,458,942
City Service	\$ 839,167	\$ -	\$ 839,167	\$ -	\$ 839,167
Property Taxes	\$ 5,945,492	\$ 794,942	\$ 6,740,435	\$ -	\$ 6,740,435
Capital Reimbursement	\$ (798,115)	\$ -	\$ (798,115)	\$ -	\$ (798,115)
Net Operations	\$ 38,942,882	\$ 5,509,130	\$ 44,452,012	\$ -	\$ 44,452,012
Capital Fund	\$ 2,450,000	\$ -	\$ 2,450,000	\$ -	\$ 2,450,000
Western Cranston	\$ 62,069	\$ -	\$ 62,069	\$ -	\$ 62,069
Infrastructure Replacement Fund	\$ 16,000,000	\$ 8,000,000	\$ 24,000,000	\$ -	\$ 24,000,000
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 (Restricted)	\$ 1,113,852	\$ 313,846	\$ 1,427,698	\$ -	\$ 1,427,698
Capital	\$ 21,225,921	\$ 8,313,846	\$ 29,539,767	\$ -	\$ 29,539,767
TOTAL EXPENSES	\$ 60,168,803	\$ 13,822,976	\$ 73,991,779	\$ -	\$ 73,991,779
Operating Reserve (Unrestricted)	\$ 578,758	\$ -	\$ 713,849	\$ -	\$ 713,849
Revenues Over (Under) Expenses	\$ (660,074)	\$ -	\$ (14,618,141)	\$ -	\$ 1,747
Total Increase to Break-Even					
Rate Revenue Increase to Break-Even					24.33%
					24.82%

Notes:
Operating Reserve is ((A-B+C)-(D+E))*01
Revenue surplus results from rounding

Schedule HJS-2
Raw Revenue Requirements

Raw Revenue Requirements
Rate Year Ending December 31, 2014

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
Source of Supply						
60110	Salaries + Wages - Emp	\$ 619,326	A	28,148	\$ -	647,474
60120	Salaries + Wages - Emp	448,278	A	20,374	-	468,652
60320	Sal. + Wages - Officers, Dir	-		-	-	-
60410	Employee Pension + Ben	168,591	D	2,938	-	171,529
60420	Employee Pension + Ben	188,577	D	3,287	-	191,864
61510	Purchase Power	-		-	-	-
61610	Fuel for Power Purch	-		-	-	-
62010	Material + Supplies	18,958	I	1,209	-	20,167
62020	Material + Supplies	73,286	I	4,673	-	77,959
63110	Contractual Services - Engineer	2,460	I	157	-	2,617
63120	Contractual Services - Engineer	-		-	-	-
63310	Contract Services -Legal	18,238	I	1,163	-	19,401
63420	Contractual Services - Mgt. Fees	-		-	-	-
63510	Contractual Services - Other	419,915	I	26,773	-	446,687
63520	Contractual Services - Other	31,771	I	2,026	-	33,797
64210	Rental of Equipment	-		-	-	-
64220	Rental of Equipment	-		-	-	-
65010	Transportation Exp.	146	I	9	-	155
65020	Transportation Exp.	-		-	-	-
67510	Misc. Expenses	69,132	I	4,408	-	73,540
67520	Misc. Expenses	4,550	I	290	-	4,840
	Total Source of Supply Expense	\$ 2,063,227		\$ 95,454	\$ -	2,158,681
		\$ -				
Pumping Expenses						
60123	Salaries + Wages - Emp	\$ -		-	\$ -	-
60126	Salaries + Wages - Emp	-		-	-	-
60423	Employee Pension + Ben	-		-	-	-
60426	Employee Pension + Ben	-		-	-	-
61523	Purchase Power	778,684	I	49,647	-	828,331
61623	Fuel for Power Purch	-		-	-	-
62023	Material + Supplies	-		-	-	-
62026	Material + Supplies	-		-	-	-

Schedule HJS-2
Raw Revenue Requirements

Raw Revenue Requirements
Rate Year Ending December 31, 2014

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
63123	Contractual Services - Engineer	-		-	-	-
63126	Contractual Services - Engineer	-		-	-	-
63523	Contractual Services - Other	11,629	I	741	-	12,370
63526	Contractual Services - Other	-		-	-	-
64223	Rental of Equipment	-		-	-	-
64226	Rental of Equipment	-		-	-	-
65023	Transportation Exp.	-		-	-	-
67523	Misc. Expenses	-		-	-	-
67526	Misc. Expenses	-		-	-	-
	Total Pumping Expenses	\$ 790,313		\$ 50,389	\$ -	\$ 840,701

Water Treatment Expenses

60130	Salaries + Wages - Emp	2,061,389	A	93,690	-	2,155,079
60140	Salaries + Wages - Emp	336,221	A	15,281	-	351,502
60430	Employee Pension + Ben	606,264	D	10,567	-	616,830
60440	Employee Pension + Ben	134,901	D	2,351	-	137,253
61530	Purchase Power	226,424	I	14,436	-	240,861
61630	Fuel for Power Purch	230,829	I	14,717	-	245,547
61830	Chemicals	-		-	-	-
62030	Material + Supplies	124,833	I	7,959	-	132,792
62040	Material + Supplies	67,060	I	4,276	-	71,336
63130	Contractual Services - Engineer	-		-	-	-
63240	Contract Services - Acctg	-		-	-	-
63430	Contractual Services - Mgt. Fees	-		-	-	-
63530	Contractual Services - Other	141,797	I	9,041	-	150,838
63540	Contractual Services - Other	85,680	I	5,463	-	91,143
64140	Rental Bldg/Real Prop	-		-	-	-
64230	Rental of Equipment	-		-	-	-
64240	Rental of Equipment	-		-	-	-
65030	Transportation Exp.	5,806	I	370	-	6,176
65640	Insurance Vehicle	-		-	-	-
65830	Insurance - W/C	-		-	-	-
65840	Insurance - W/C	-		-	-	-

Schedule HJS-2
Raw Revenue Requirements

Raw Revenue Requirements
Rate Year Ending December 31, 2014

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
66730	Regularity Com Exp. -Other	-		-	-	-
67530	Misc. Expenses	96,719	I	6,167	-	102,885
67540	Misc. Expenses	2,027	I	129	-	2,156
	Total Treatment Expense	\$ 4,119,951		\$ 184,447	\$ -	\$ 4,304,397
Transmission + Dist. Expense:						
60150	Salaries + Wages - Emp	\$ 988,520	A, U	\$ 44,928	\$ 85,030	\$ 1,118,479
60160	Salaries + Wages - Emp	2,246,239	A	102,092	-	2,348,330
60250	Payroll Clearing -Emp	-	A	-	-	-
60260	Payroll Clearing -Emp	-		-	-	-
60450	Employee Pension + Ben	241,316	D, U	4,206	42,515	288,037
60460	Employee Pension + Ben	846,629	D	14,756	-	861,385
60550	Overhead Rate Applied	-		-	-	-
60560	Overhead Rate Applied	-		-	-	-
61550	Purchase Power	12,019	I	766	-	12,785
62050	Material + Supplies	269,822	I	17,203	-	287,025
62060	Material + Supplies	-		-	-	-
62560	Inventory Clearing	-		-	-	-
63150	Contractual Services - Engineer	36,120	I, U	2,303	380,000	418,423
63350	Contractual Services - Legal T&D	-		-	-	-
63460	Contractual Services - Mgt. Fees	-		-	-	-
63550	Contractual Services - Other	453,727	I	28,929	-	482,656
63560	Contractual Services - Other	65,018	I	4,145	-	69,164
64150	Rental Buildg/Real Prop	-		-	-	-
64160	Rental Buildg/Real Prop	-		-	-	-
64250	Rental of Equipment	-		-	-	-
64260	Rental of Equipment	-		-	-	-
65050	Transportation Exp. T&D	2,748	I	175	-	2,923
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	-		-	-	-

Schedule HJS-2
Raw Revenue Requirements

Raw Revenue Requirements
Rate Year Ending December 31, 2014

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
67550	Misc. Expenses	37,994	I	2,422	-	40,416
67560	Misc. Expenses	-		-	-	-
	<i>Total Transmission & Distribution</i>	\$ 5,200,152		\$ 221,926	\$ 507,545	\$ 5,929,623
Customer Accounts Expense:						
60170	Salaries + Wages - Emp	\$ 1,916,813	A,M	\$ 87,119	42252 \$	2,046,184
60270	Payroll Clearing -Emp	-		-	-	-
60470	Employee Pension + Ben	721,692	D,M	12,578	21226	755,496
60570	Overhead Rate Applied	-		-	-	-
61670	Fuel for Power Purch	-		-	-	-
62070	Material + Supplies	2,467	I	157	-	2,624
63370	Contractual Services - Legal	-		-	-	-
63570	Contractual Services - Other	10,979	I	700	-	11,679
65070	Transportation Exp. -CAO	1,012	I	65	-	1,077
65870	Insurance - Other	-		-	-	-
65970	Insurance Other	-		-	-	-
67070	Bad Debt Expense - CAO	445,333	I	28,393	-	473,727
67570	Misc. Expenses	194,180	I, M	12,381	319,015	525,576
	<i>Total Customer Accounts</i>	\$ 3,292,477		\$ 141,393	\$ 382,493	\$ 3,816,363
Administrative and General						
60180	Salaries + Wages - Emp	\$ 5,499,360	A	\$ 249,946	\$ -	\$ 5,749,306
60280	Payroll Clearing -Emp	-		-	-	-
60380	Salaries + wages - Officers, Dir.	-	A	-	-	-
60480	Employee Pension + Ben	4,605,608	D	80,271	-	4,685,879
60580	Overhead Rate Applied	-	I	-	-	-
61580	Purchase Power	113,972	I	7,267	-	121,238
61680	Fuel for Power Purch	-	I	-	-	-
62080	Material + Supplies	515,672	I	32,878	-	548,550
63180	Contractual Services - Engineer	45,262	I	2,886	-	48,148
63280	Contract Services - Acctg	-	I	-	-	-
63380	Contractual Services - Legal	50,841	I	3,242	-	54,083
63480	Contractual Services - Mgt. Fees	-	I	-	-	-

Schedule HJS-2
Raw Revenue Requirements

Raw Revenue Requirements
Rate Year Ending December 31, 2014

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
63580	Contractual Services - Other	982,614	I, M	62,649	49,000	1,094,263
64180	Rental Buidg/Real Prop	-	I	-	-	-
64280	Rental of Equipment	-	I	-	-	-
65080	Transportation Exp.	6,390	I	407	-	6,797
65780	Ins. Gen. Liability	-	I	-	-	-
65880	Insurance - W/C	-	I	-	-	-
65980	Insurance Other	-	I	-	-	-
66080	Advertising Expense	-	I	-	-	-
66680	Reg Com Exp - Amort of Rate Case	-	I	-	-	-
66780	Regulatory Com Exp. -Other	227,469	E	160,223	-	387,692
67580	Misc. Expenses	358,418	I	22,852	-	381,270
	<i>Total Administration + General</i>	\$ 12,405,606		\$ 622,621	\$ 49,000	\$ 13,077,227
		\$ -				
	Total Operation & Maintenance	\$ 27,871,725		\$ 1,316,229	\$ 939,038	\$ 30,126,993
	Source of Supply	\$ 2,063,227		\$ 95,454	\$ -	\$ 2,158,681
	Pumping	790,313		50,389	-	840,701
	Treatment	4,119,951		184,447	-	4,304,397
	Transmission & Distrib.	5,200,152		221,926	507,545	5,929,623
	Customer Accounts	3,292,477		141,393	382,493	3,816,363
	Administration & General	12,405,606		622,621	49,000	13,077,227
	<i>Total Operation & Maintenance</i>	\$ 27,871,725		\$ 1,316,229	\$ 939,038	\$ 30,126,993
	Full O&M	\$ 27,871,725		\$ 1,316,229	\$ 939,038	\$ 30,126,993
	857 Insurance Fund					
	65840 Insurance W/C - WTM	-		-	-	-
	65870 Insurance W/C - CAO	-		-	-	-
	62080 Materials + Supplies - A&GO	17,602	C	1,122	-	18,724
	63180 Contractual Services-Engineer	-		-	-	-
	63380 Contract Services - Legal A&GO	-	C	-	-	-
	63580 Contract Services - Other A&GO	-		-	-	-

Schedule HJS-2
Raw Revenue Requirements

Raw Revenue Requirements
Rate Year Ending December 31, 2014

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
	Injuries and Damages	54,528	C	3,477	-	58,005
65780	Ins. Gen. Liability	-		-	-	-
65980	Insurance-Other A&GO	1,006,353	C	64,163	-	1,070,516
65880	Insurance - W/C	874,015	C	55,725	-	929,740
67070	Bad Debt Expense-CAO	-		-	-	-
67580	Misc. Expense	7,150	C	456	-	7,606
	Funding Requirement					
	<i>Total Insurance Fund</i>	\$ 1,959,648		\$ 124,943	\$ -	\$ 2,084,590
	878 Chemical and Sludge Maintenance Fund					
61830	Chemicals - WTO	2,572,273	F	501,607	-	3,073,881
62030	Materials + Supplies WTO	-		-	-	-
62050	Materials + Supplies T&DO	-		-	-	-
63540	Contract Services - Other WTM	552,692	F	1,147,308	-	1,700,000
	Funding Requirement			685,061		685,061
	<i>Total Chemical and Sludge Maintenance Fund</i>	\$ 3,124,965		\$ 2,333,977	\$ -	\$ 5,458,942
	Total O&M	\$ 32,956,338		\$ 3,775,149	\$ 939,038	\$ 37,670,525
	Property Taxes- Other Local Govern.					
40820	Town of North Providence	266,581	B	16,208	-	282,789
40821	Town of Glocester	51,478	B	5,315	-	56,793
40822	Town of West. Glocester	3,708	B	225	-	3,933
40823	Town Harmony	164	B	10	-	174
40824	Town Chepachet	131	B	10	-	141
40825	Town Scituate	5,087,357	B	758,514	-	5,845,871
40826	Town Warwick	-	B	-	-	-
40827	Town of Johnston	90,117	B	5,479	-	95,596
40828	Town of Foster	331,673	B	(6,332)	-	325,341
40829	City of Cranston	110,523	B	15,285	-	125,807
40830	City of West. Warwick	3,761	B	229	-	3,990

Schedule HJS-2
Raw Revenue Requirements

Raw Revenue Requirements
Rate Year Ending December 31, 2014

ACCOUNT	TITLE	Adjusted Test Year	Note	Rate Year Adjustments	Additional Adjustments	Proforma Rate Year
	Total Property Taxes	\$ 5,945,492		\$ 794,942	\$ -	\$ 6,740,435
	<i>Other Expenditures</i>					
	City Services	\$ 839,167		\$ -	\$ -	\$ 839,167
	Total Property Taxes	5,945,492		794,942	-	6,740,435
	Capital Reimbursement	(798,115)		-	-	(798,115)
	<i>Total Other Expenditures</i>	\$ 5,986,544		\$ 794,942	\$ -	\$ 6,781,487
	Capital Fund	\$ 2,450,000	G	\$ -	\$ -	\$ 2,450,000
	Western Cranston Fund (WCWDS Fund)	62,069	G	-	-	62,069
	Infrastructure Replacement Fund	16,000,000	G	8,000,000	-	24,000,000
	AMR/Meter Replacement Fund	1,000,000	G	-	-	1,000,000
	Equipment/Vehicle Replacement Fund	600,000	G	-	-	600,000
	Revenue Reserve Fund	1,113,852	G	\$313,846	-	1,427,698
	<i>Total Restricted Expenditures</i>	\$ 21,225,921		\$ 8,313,846	\$ -	\$ 29,539,767
	Total Other & Rest. Expenditures	\$ 27,212,465		\$ 9,108,789	\$ -	\$ 36,321,254
	Grand Total	\$ 60,168,803		\$ 12,883,938	\$ 939,038	\$ 73,991,779

Explanation of Notes:

A	Schedule HJS-3	Payroll Expense Adjustment	
B	Schedule HJS-4	Property Tax Analysis	
C	Schedule HJS-5	Insurance Expense Adjustment	
D	Schedule HJS-6	Pension and Other Benefits	
E	Schedule HJS-7	Regulatory Commission and Rate Case Expense	
F	Schedule HJS-8	Chemical and Sludge Maintenance Expense	
G	Schedule HJS-9	Restricted Fund Adjustments	
U	Additional costs associated with Uni-directional flushing Project		
M	Adjustments associated with switching to monthly billing		
I	Annual Inflation Adjustment		2.50%
	Total Test Year to Rate Year Inflation Adjustment		6.38%

Schedule HJS-3
 Payroll Expense Adjustment

PROVIDENCE WATER
Salaries & Wages

Actual Payroll Expense FY 2012	\$ 13,314,287
Normalizing adjustments	801,859
Adjusted Test Year	<u>\$ 14,116,146</u>
Contractual Increase *	<u>1,045,445</u>
Pro-forma amount	\$ 14,757,724
Adjustment	<u>\$ 641,579</u>
%	<u>4.55%</u>

* Source: Union Contract
 3% Increase on July 1, 2013 Per Union Contract
 3% Increase on July 1, 2014 Per Union Contract
 *2014 Increase occurs six months into CY 14 and is therefore an effective increase of 1.5% for the 2014 Rate Year.

Schedule HJS-3A
Detail Payroll Expense

PROVIDENCE WATER SUPPLY BOARD
Detail Payroll Expense

ACCOUNT DESCRIPTION	Test Year	Normalize Test Year	Adjusted Test Year	Actual x 1.0455*	Pro-Forma Adjustment
SOURCE OF SUPPLY					
60110 Salaries & Wages - Emp	\$ 581,072	\$ 38,254	\$ 619,326	\$ 647,474	\$ 28,148
60120 Salaries & Wages - Emp	\$ 420,589	20,769	448,278	468,652	20,374
60320 Sal & Wages - Officers, Dir					
TOTAL SOURCE OF SUPPLY	1,001,661	65,943	1,067,604	1,116,126	48,523
PUMPING					
60123 Salaries & Wages - Emp	-	-	-	-	-
60126 Salaries & Wages - Emp	-	-	-	-	-
TOTAL PUMPING	-	-	-	-	-
WATER TREATMENT					
60130 Salaries & Wages - Emp	1,934,063	127,326	2,061,389	2,155,079	93,690
60140 Salaries & Wages - Emp	315,454	20,767	336,221	351,502	15,281
TOTAL WATER TREATMENT	2,249,517	148,093	2,397,610	2,506,581	108,971
TRANSMISSION & DISTRIBUTION					
60150 Salaries & Wages - Emp	927,462	61,058	988,520	1,033,449	44,928
60160 Salaries & Wages - Emp	2,107,495	138,744	2,246,239	2,348,330	102,092
60250 Payroll Clearing	-	-	-	-	-
60260 Payroll Clearing	-	-	-	-	-
TOTAL TRANSMISSION & DISTRIBUTION	3,034,957	199,802	3,234,759	3,381,779	147,020
CUSTOMER ACCOUNT EXPENSE					
60170 Salaries & Wages - Emp	1,798,417	118,396	1,916,813	2,003,932	87,119
60270 Payroll Clearing	-	-	-	-	-
TOTAL CUSTOMER ACCTS EXPENSE	1,798,417	118,396	1,916,813	2,003,932	87,119
ADMINISTRATION					
60180 Salaries & Wages - Emp	5,229,735	269,625	5,499,360	5,749,946	249,946
60280 Payroll Clearing	-	-	-	-	-
60380 Sal & Wages - Officers, Dir	-	-	-	-	-
TOTAL ADMINISTRATION EXPENSE	5,229,735	269,625	5,499,360	5,749,946	249,946
O/M LABOR SUMMARY					
SOURCE OF SUPPLY					
PUMPING	1,001,661	65,943	1,067,604	1,116,126	48,523
WATER TREATMENT	2,249,517	148,093	2,397,610	2,506,581	108,971
TRANSMISSION & DISTRIBUTION	3,034,957	199,802	3,234,759	3,381,779	147,020
CUSTOMER ACCOUNTS	1,798,417	118,396	1,916,813	2,003,932	87,119
ADMINISTRATION	5,229,735	269,625	5,499,360	5,749,946	249,946
TOTAL	\$ 13,314,287	\$ 801,859	\$ 14,116,146	\$ 14,757,724	\$ 641,579

RECAP:	Test Year	Normalized Adjustments	Adjusted Test Year	Contractual Increases	Pro-forma CY 2014
Test Year	\$ 13,314,287	\$ 801,859	\$ 14,116,146	\$ 14,757,724	\$ 641,579
Normalized Adjustments	-	-	-	-	-
Adjusted Test Year	-	-	-	-	-
Contractual Increases	-	-	-	-	-
Pro-forma CY 2014	-	-	-	-	-
TOTAL	\$ 13,314,287	\$ 801,859	\$ 14,116,146	\$ 14,757,724	\$ 641,579

3% increase on July 1, 2013 Per Union Contract
 3% increase on July 1, 2014 Per Union Contract
 2014 increase occurs six months into CY 14 and is therefore an effective increase of 1.5% for the 2014 Rate Year.

Schedule HJS-4
Property Tax Analysis

PROVIDENCE WATER
Analysis of Property Taxes

Municipality	FYE 6/30/2012 Test Year	Adjustments	Note	Pro-forma Amount *
North Providence	\$ 266,581	\$ 16,208		\$ 282,789
*Glocester	\$ 51,478	\$ 5,315		\$ 56,793
West Glocester Fire	\$ 3,708	\$ 225		\$ 3,933
Harmony Fire District	\$ 164	\$ 10		\$ 174
Chepachet Fire District	\$ 131	\$ 10		\$ 141
*Scituate	\$ 5,087,357	\$ 758,514		\$ 5,845,871
Warwick	\$ -	\$ -		\$ -
Johnston	\$ 90,117	\$ 5,479		\$ 95,596
Foster	\$ 331,673	\$ (6,332)		\$ 325,341
Cranston	\$ 110,523	\$ 15,285		\$ 125,807
West Warwick	\$ 3,761	\$ 229		\$ 3,990
Total Expense	\$ 5,945,492	\$ 773,174		\$ 6,740,435
Test Year				\$ 5,945,492
Total Adjustment				\$ 794,942
%				13.37%

All other amounts are increased by the 4% statutory maximum and averaged to obtain CY 2014 proforma expens

*Glocester amount per tax treaty, Scituate amount calculated per Tax Treaty

Schedule HJS-4A
Property Tax Detail

PROVIDENCE WATER
COMPARATIVE SCHEDULE OF PROPERTY TAXES

Municipality	FISCAL YEAR 2010	FISCAL YEAR 2011	FISCAL YEAR 2012	FISCAL YEAR 2013	FISCAL YEAR 2014	FISCAL YEAR 2015	CY 2014 Average
North Providence	\$ 238,053	\$ 239,090	\$ 266,581	\$ 266,581	\$ 277,244	\$ 288,334	\$ 282,789
*Glocester	\$ 53,363	\$ 49,380	\$ 51,478	\$ 53,537	\$ 55,679	\$ 57,906	\$ 56,793
West Glocester Fire	\$ 3,932	\$ 3,932	\$ 3,708	\$ 3,708	\$ 3,856	\$ 4,010	\$ 3,933
Harmony Fire District	\$ 155	\$ 155	\$ 164	\$ 164	\$ 171	\$ 177	\$ 174
Chepachet Fire District	\$ 120	\$ 120	\$ 131	\$ 133	\$ 138	\$ 144	\$ 141
*Scituate	\$ 5,572,995	\$ 4,974,437	\$ 5,087,357	\$ 5,087,357	\$ 5,731,246	\$ 5,960,495	\$ 5,845,871
Warwick	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Johnston	\$ 88,777	\$ 86,695	\$ 90,117	\$ 90,117	\$ 93,722	\$ 97,471	\$ 95,596
Foster	\$ 322,994	\$ 331,673	\$ 331,673	\$ 306,694	\$ 318,962	\$ 331,720	\$ 325,341
Cranston	\$ 105,624	\$ 107,568	\$ 110,523	\$ 118,597	\$ 123,341	\$ 128,274	\$ 125,807
West Warwick	\$ 4,714	\$ 3,761	\$ 3,761	\$ 3,761	\$ 3,912	\$ 4,068	\$ 3,990
Total	\$ 6,390,727	\$ 5,796,811	\$ 5,945,492	\$ 5,930,648	\$ 6,608,270	\$ 6,872,599	\$ 6,740,435
% Change							

All other amounts are increased by the 4% statutory maximum and averaged to obtain CY 2014 proforma expense

*Glocester amount per tax treaty, Scituate amount calculated per Tax Treaty

Schedule HJS-5
Insurance Expense Adjustment

PROVIDENCE WATER
Insurance Expense Adjustment

	Test Year	Adjustments	Pro-Forma Amount *
Worker's Compensation	\$ 874,015	\$ 55,725	\$ 929,740
Injuries and Damages	\$ 54,528	\$ 3,477	\$ 58,005
Property and Casualty	\$ 1,006,353	\$ 64,163	\$ 1,070,516
Program Expense	\$ 7,150	\$ 456	\$ 7,606
Safety Supplies & Other	\$ 17,602	\$ 1,122	\$ 18,724
Total Expenses	\$ 1,959,648	\$ 124,943	\$ 2,084,590
Test Year	\$	\$	\$ 1,959,648
Pro-Forma	\$	\$	\$ 2,084,590
Adjustment			\$ 124,943
Inflation Adjustment			6.38%

Schedule HJS-6
Pension and Other Benefits

PROVIDENCE WATER
Pension and Other Benefits

FRINGE BENEFIT	Notes	Test Year FY 2012	Adjustment	Pro-Forma Amount	% Increase	Reference
1 1033 Union Combined Benefits	3)	\$ 586,821	\$ 24,845	\$ 611,666	4.23%	Per Union Contract
2 Union Pension	4)	331,312	136,542	467,854	41.21%	Per Union Contract
3 Death Benefit Insurance	2)	1,943	124	2,067	6.38%	Adjusted By Inflation
4 Educational Classes/Certification	2)	2,649	169	2,818	6.38%	Adjusted By Inflation
4 FICA	1)	1,014,048	46,139	1,060,187	4.55%	Salary Increase Used
5 State Unemployment Compensation	1)	14,716	670	15,386	4.55%	Salary Increase Used
6 Healthcare EE Cash Payment	2)	9,500	606	10,106	6.38%	Adjusted By Inflation
7 1/2% Wage Assignment	1)	35,820	1,630	37,450	4.55%	Salary Increase Used
8 Blue Cross		2,072,201	207,220	2,279,421	10.00%	Estimate
Less Employee Co-Share		(355,216)	(35,522)	(390,738)	10.00%	Estimate
9 Delta Dental		254,556	25,456	280,012	10.00%	Estimate
10 GASB 43/45 Reserve Required		1,230,000	(750,000)	480,000		OPEB Report
11 City Retirement		2,315,228	473,076	2,788,304		Buck Report
Total		\$ 7,513,577.79	\$ 130,954	\$ 7,644,532		
Adjustment				\$ 7,513,578		
				\$ 130,954		

Notes:

- 1) Compounded salary increase used 4.55%
- 2) Adjusted by inflation rate of: 6.38%
- 3) 1033 Benefits, per union contracts compounded increase used 4.23%
- 4) Union Pension, per Union Contracts compounded increase used 41.21%

Schedule HJS-6A
 Fringe Allocation to NARUC Accounts

PROVIDENCE WATER
Fringe Allocation to Naruc Accounts

Naruc Account	Test Year FY 2012	Allocation	Pro-forma Adjustment
60410	\$ 168,591	2.24%	\$ 2,938
60420	188,577	2.51%	3,287
60423	-	0.00%	-
60426	-	0.00%	-
60430	606,264	8.07%	10,567
60440	134,901	1.80%	2,351
60450	241,316	3.21%	4,206
60460	846,629	11.27%	14,756
60470	721,692	9.61%	12,578
60480	4,605,608	61.30%	80,271
	\$ 7,513,578	100.00%	\$ 130,954

Schedule HJS-7
Regulatory Commission and Rate Case Expense

PROVIDENCE WATER
Regulatory Commission and Rate Case Expense

	Test Year	Pro-Forma
Regulatory Commission Expense:		
Docket 4061/Conservation Rate Filing	\$ 8,527	\$ 8,593
Bond Filing/Bond Refunding	10,091	10,596
Bond Filing \$33 Million	-	6,500
Regional Water District	9,151	9,609
Hydrant Fees	8,603	9,033
New Headquarters	2,068	2,171
Miscellaneous Legal Matters	9,204	9,665
Miscellaneous PUC Matters	11,834	12,426
Proportionate Share PUC Expenses*	167,992	202,289
Sub-total	<u>\$ 227,470</u>	<u>\$ 270,882</u>

This Filing:		
Full Rate Filing	\$	101,415
Legal		73,632
Division of Public Utilities estimated		58,575
Rate Case this filing	\$	233,622
2 Year Amortization	<u>\$</u>	<u>116,811</u>
Total Estimated R&R Expenses	<u>\$</u>	<u>387,693</u>
Test Year	\$	227,470
Adjustment	\$	160,223
%		70.44%

*Pro-Forma is actual amount of FY 13 Expense

Schedule HJS-8
Chemical and Sludge Maintenance Expense

PROVIDENCE WATER
Chemical & Sludge Maintenance Expense

	FY 2012 Test Year	Rate Year Adjustments	Pro-Forma Amount
Chemicals:			
Ferric Sulfate	\$ 1,580,879	\$ 463,121	\$ 2,044,000
Quicklime	\$ 621,118	\$ 45,763	666,881
Chlorine	\$ 139,822	\$ 20,178	160,000
Flouride	\$ 171,663	\$ 31,337	203,000
CO2	\$ 58,792	\$ (58,792)	-
Sub-total Chemicals	\$ 2,572,273	\$ 501,607	\$ 3,073,881
Sludge Maintenance	552,692	1,147,308	1,700,000
Total Expenses	\$ 3,124,965	\$ 1,648,915	\$ 4,773,881
Test Year	3,124,965		3,124,965
Restricted Fund Balancing			(666,023)
Current Funding Requirement			\$ 2,458,942.00
Additional Funding Requirement			3,000,000
Rate Year Adjustments Above			1,648,915
Restricted Fund Balancing			(666,023)
Funding Requirement			\$ 685,061
Total Rate Year Adjustment		\$ 2,333,977	
Pro-Forma C&S		\$ 5,458,942	

Schedule HJS-8A
Adjustment to Chemical Expense

PROVIDENCE WATER
Adjustment to Chemical Expense
to Reflect Estimated Quantities and Prices

Chemical	Quantity Used FY 2011	Quantity Used FY 2012	Quantity Used Projected FY 2013	Unit Price	CY 14 Projected Expense	TY 12 Expense	Adjustment
Ferric Sulfate	830,283.00	1,113,678.69	1,460,000	1.40	\$ 2,044,000	\$ 1,580,879	\$ 463,121
Quicklime	1,997.91	2,838.65	3,139	212.45	\$ 666,881	\$ 621,118	\$ 45,763
Chlorine	161.63	173.30	200	800.00	\$ 160,000	\$ 139,821.62	\$ 20,178
Flouride	77,499.00	56,902.83	70,000	2.90	\$ 203,000	\$ 171,663	\$ 31,337
CO2	74.91	506	1,000	109.00	\$ -	\$ 58,792	\$ (58,792)

Total Projected Costs
FY 2012

\$ 3,073,881

\$ 2,572,273

\$ 501,607

Adjustment to Rate Year Expense

\$ 501,607

Schedule HJS-9
Restricted Fund Adjustments

PROVIDENCE WATER
Debt Service / Capital Funding Requirements

	Test Year FYE 2012	Test Year Adjustments	Adjusted TY 2012	Rate Year Adjustments	Notes	Pro-Forma Amount CY 2014
Capital Fund						
Western Cranston Fund (WCWDS Fund)	\$ 2,450,000	\$ -	\$ 2,450,000	\$ -		\$ 2,450,000
Infrastructure Replacement Fund	\$ 62,069	\$ -	\$ 62,069	\$ -		\$ 62,069
AMR/Meter Replacement Fund	\$ 16,000,000	\$ -	\$ 16,000,000	\$ 8,000,000	1)	\$ 24,000,000
Equipment/Vehicle Replacement Fund	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -		\$ 1,000,000
	\$ 600,000	\$ -	\$ 600,000	\$ -		\$ 600,000
Sub-total Capital Funds	\$ 20,112,069	\$ -	\$ 20,112,069	\$ 8,000,000		\$ 28,112,069
Insurance Fund						
Chemicals/Sludge Maintenance Fund	\$ 1,948,485	\$ 11,163	\$ 1,959,648	\$ 124,943		\$ 2,084,590
Property Tax Refund Fund	\$ 3,124,965	\$ -	\$ 3,124,965	\$ 2,333,977	2)	\$ 5,458,942
Revenue Reserve Fund	\$ -	\$ -	\$ -	\$ -		\$ -
Scituate Watershed Protection Fund	\$ 1,113,852	\$ -	\$ 1,113,852	\$ 313,846	3)	\$ 1,427,698
	\$ -	\$ -	\$ -	\$ -		\$ -
Sub-total Operational Funds	\$ 6,187,302	\$ 11,163	\$ 6,198,465	\$ 2,772,766		\$ 8,971,231
Total Restricted Funds	\$ 26,299,371	\$ 11,163	\$ 26,310,534	\$ 10,772,766		\$ 37,083,300
Adjusted Test Year						\$ 26,310,534
Total Adjustment						\$ 10,772,766

1) See Paul Gadoury testimony
 2) Amount from comparative schedule, adjusted to match restricted funding level from Docket 4061, plus 3 Million additional request
 3) Amount from Docket 4061 adjusted upward to 2% of rate year O&M

Providence Water
 Restricted Account Sources and Uses of Funds
 Projected FY 2013 - FY 2015

Schedule HJS-9A
 Capital Fund

	FY 2013	FY 2014	FY 2015
Source of Funds			
D4061 (effective 4/27/10)	\$ 2,450,000	\$ 2,450,000	\$ 2,450,000
Add'l funding from new docket effective 1/1/14	-	-	-
Carryover funds from prior year estimated	<u>7,871,212</u>	<u>5,900,050</u>	<u>5,053,242</u>
Total Sources	\$ 10,321,212	\$ 8,350,050	\$ 7,503,242
Less obligated uses of funds:			
RICWFA Debt (ARRA 2009) (P)	\$ 233,452	\$ 236,234	\$ 238,476
RICWFA (ARRA 2009) (I)	<u>7,710</u>	<u>5,574</u>	<u>2,536</u>
Sub-total Debt Service	\$ 241,162	\$ 241,808	\$ 241,012
Cash Funded Projects	\$ 4,180,000	\$ 3,055,000	\$ 2,655,000
Total Uses	\$ 4,421,162	\$ 3,296,808	\$ 2,896,012
End of Year Balance	\$ 5,900,050	\$ 5,053,242	\$ 4,607,230

Providence Water
 Restricted Account Sources and Uses of Funds
 Projected FY 2013 - FY 2015

**Schedule HJS-9B
 Western Cranston Fund (WCWDS Fund)**

Source of Funds	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
D4061 (effective 4/27/10)	\$ 62,069	\$ 62,069	\$ 62,069
Add'l funding from new docket effective 1/1/14	-	-	-
Impact Fees estimated	20,000	20,000	20,000
Carryover funds from prior year estimated	1,657,857	1,568,692	229,602
Total Sources	\$ 1,739,926	\$ 1,650,761	\$ 311,671
Less obligated uses of funds			
RICWFA 2002B (P)	123,252	127,530	131,956
RICWFA 2002 (Pippin Main & WilburPS) (I)	47,981	43,629	39,126
Sub-total Debt Service	171,233	171,159	171,082
Cash Funded Projects	-	1,250,000	-
Total Uses	\$ 171,233	\$ 1,421,159	\$ 171,082
End of Year Balance	\$ 1,568,692	\$ 229,602	\$ 140,589

Providence Water
 Restricted Account Sources and Uses of Funds
 Projected FY 2013 - FY 2015

Schedule HJS-9C

Infrastructure Replacement Fund

Source of Funds	FY 2013	FY 2014	FY 2015
D4061 (effective 4/27/10)	\$ 16,000,000	\$ 16,000,000	\$ 16,000,000
Add'l funding from new docket effective 1/1/14	-	4,000,000	8,000,000
New Bond 2013 Est(33 million)	10,000,000	10,000,000	10,000,000
Carryover funds from prior year estimated	<u>3,818,000</u>	<u>2,154,436</u>	<u>3,114,457</u>
Total Sources	\$ 29,818,000	\$ 32,154,436	\$ 37,114,457
Less obligated uses of funds:			
RICWFA Debt (1994 \$12M) Refi 2005 (P)	\$ 861,000	\$ 887,000	\$ 915,000
RICWFA (various projects) (I)	69,869	43,117	14,640
RICWFA Debt (Arra) (P)	359,079	390,773	393,485
RICWFA ARRA) (I)	105,828	103,164	99,970
RICWFA \$35M 2008 (P)	1,361,000	1,397,000	1,436,000
RICWFA \$35M 2008 (I)	1,091,787	1,053,926	1,013,759
RICWFA \$33M 2013 (P)	-	1,000	1,000
RICWFA \$33M 2013 (I)	22,864	299,676	491,944
Interest on Line of Credit Century	<u>37,620</u>	<u>-</u>	<u>-</u>
Sub-total Debt Service	\$ 3,848,564	\$ 3,874,979	\$ 3,872,854
Cash Funded Projects ***	\$ 23,815,000	\$ 25,165,000	\$ 25,680,000
Total Uses	\$ 27,663,564	\$ 29,039,979	\$ 29,552,854
End of Year Balance	\$ 2,154,436	\$ 3,114,457	\$ 7,561,603

Providence Water
Restricted Account Sources and Uses of Funds
Projected FY 2013 - FY 2015

Schedule HJS-9D
AMR/Meter Replacement Fund

Source of Funds	FY 2013	FY 2014	FY 2015
D4061 (effective 4/27/10)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Add'l funding from new docket effective 1/1/14	-	-	-
Carryover funds from prior year estimated	2,273,119	2,492,746	1,898,217
Total Sources	\$ 3,273,119	\$ 3,492,746	\$ 2,898,217
Less obligated uses of funds			
RICWFA Debt (ARRA 2009) (P)	380,895	385,435	389,092
RICWFA (ARRA 2009) (I)	12,580	9,094	4,914
Meter Replacement, Test & Repair	386,898	1,200,000	1,200,000
Payment on Line of Credit	-	-	-
Total Uses	\$ 780,373	\$ 1,594,529	\$ 1,594,006
End of Year Balance	\$ 2,492,746	\$ 1,898,217	\$ 1,304,211

Providence Water
 Restricted Account Sources and Uses of Funds
 Projected FY 2013 - FY 2015

Schedule HJS-9E
 Equipment/Vehicle Replacement Fund

Source of Funds	FY 2013	FY 2014	FY 2015
D4061 (effective 4/27/10)	\$ 600,000	\$ 600,000	\$ 600,000
Add'l funding from new docket effective 1/1/14	-	-	-
Carryover funds from prior year estimated	<u>1,388,272</u>	<u>939,272</u>	<u>604,272</u>
Total Sources	\$ 1,988,272	\$ 1,539,272	\$ 1,204,272
Less obligated uses of funds			
Vehicle and Equipment purchases	540,000	580,000	560,000
Computer Equipment purchases	156,000	150,000	150,000
Office Furniture purchases	25,000	25,000	25,000
Security Equipment	30,000	30,000	30,000
Shop & Plant Equipment	<u>298,000</u>	<u>150,000</u>	<u>200,000</u>
Total Uses	\$ 1,049,000	\$ 935,000	\$ 965,000
End of Year Balance	\$ 939,272	\$ 604,272	\$ 239,272

Providence Water
 Restricted Account Sources and Uses of Funds
 Projected FY 2013 - FY 2015

Schedule HJS-9F
 Insurance Fund

Source of Funds	FY 2013	FY 2014	FY 2015
D4061 (effective 4/27/10)	\$ 1,777,062	\$ 1,777,062	\$ 1,777,062
Add'l funding from new docket effective 1/1/14	-	153,764	307,528
Carryover funds from prior year estimated	3,273,421	3,041,333	2,910,026
Total Sources	\$ 5,050,483	\$ 4,972,159	\$ 4,994,617
Less obligated uses of funds			
Property & Casualty	1,031,150	1,056,929	1,070,558
Workers Compensation	900,000	922,500	930,000
Injuries & Damages	50,000	54,004	58,007
Safety Supplies & Other	18,000	18,450	18,911
Program Expense	10,000	10,250	10,506
Total Uses	\$ 2,009,150	\$ 2,062,133	\$ 2,087,982
End of Year Balance	\$ 3,041,333	\$ 2,910,026	\$ 2,906,635

Providence Water
 Restricted Account Sources and Uses of Funds
 Projected FY 2013 - FY 2015

Schedule HJS-9G
 Chemicals/Sludge Maintenance Fund

Source of Funds	FY 2013	FY 2014	FY 2015
D4061 (effective 4/27/10)	\$ 2,458,942	\$ 2,458,942	\$ 2,458,942
Add'l funding from new docket effective 1/1/14	-	1,500,000	3,000,000
Add'l funding from IFR deferral	1,113,852	556,926	-
Carryover funds from prior year estimated	224,188	(1,092,018)	(1,356,150)
Total Sources	\$ 3,796,982	\$ 3,423,850	\$ 4,102,792
Less obligated uses of funds			
Chemicals	3,189,000	3,080,000	3,080,000
Sludge Maintenance	1,700,000	1,700,000	1,700,000
Total Uses	\$ 4,889,000	\$ 4,780,000	\$ 4,780,000
End of Year Balance	\$ (1,092,018)	\$ (1,356,150)	\$ (677,208)

Providence Water
Restricted Account Sources and Uses of Funds
Projected FY 2013 - FY 2015

Schedule HJS-9H

Property Tax Refund Fund

Source of Funds	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
D4061 (effective 4/27/10)			
Add'l funding from new docket effective 1/1/14			
Interest	464,220	439,220	-
Carryover funds from prior year estimated	464,220	439,220	-
Total Sources	\$ 464,220	\$ 439,220	\$ -
Less obligated uses of funds			
Transfer to Operations	-	439,220	-
Transfer to Operations-Est Legal/Tax fees	25,000	-	-
Total Uses	\$ 25,000	\$ 439,220	\$ -
End of Year Balance	\$439,220	\$0	\$0

Providence Water
 Restricted Account Sources and Uses of Funds
 Projected FY 2013 - FY 2015

Schedule HJS-9I
 Revenue Reserve Fund

Source of Funds	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
D4061 (effective 4/27/10)	\$ 1,113,852	\$ 1,113,852	\$ 1,113,852
Add'l funding from new docket effective 1/1/14	-	156,923	313,846
Carryover funds from prior year estimated	3,060,554	4,174,406	5,445,181
Total Sources	\$ 4,174,406	\$ 5,445,181	\$ 6,872,879
Less obligated uses of funds			
Total Uses			
End of Year Balance	\$ 4,174,406	\$ 5,445,181	\$ 6,872,879

Providence Water
Restricted Account Sources and Uses of Funds
Projected FY 2013 - FY 2015

Schedule HJS-9J

Scituate Watershed Protection Fund

Source of Funds	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
D4061 (effective 4/27/10)		-	-
Add'l funding from new docket effective 1/1/14	-	-	-
Carryover funds from prior year estimated	<u>187,572</u>	-	-
Total Sources	\$ 187,572 \$	- \$	-
Less obligated uses of funds			
Land deposits & appraisal fees	<u>187,572</u>		
Total Uses	\$ 187,572 \$	- \$	-
End of Year Balance	\$ - \$	- \$	-

**Schedule HJS-10
Revenue Under Existing Rates**

**Test Year Revenue Under Existing Rates
Rate Year Ending December 31, 2014**

	Rate Year Ending December 31, 2014	Current Rates	Service Charge Revenue
Retail Consumption Charges			
Residential (HCF)	8,574,863 \$	2.488 \$	21,334,260
Commercial (HCF)	4,381,008 \$	2.390 \$	10,470,609
Industrial (HCF)	191,315 \$	2.346 \$	448,825
Total	13,147,187		32,253,695
Wholesale Consumption Charges			
Consumption (HCF)	13,090,687 \$	1.269514	
Gallons (Million)	9,792 \$	1,697.21 \$	16,618,799

Billing Unit	Units of Service	Current Rates	Service Charge Revenue
Quarterly Service Charges			
5/8"	52,943 \$	18.34 \$	3,883,898
3/4"	10,570 \$	19.47 \$	823,192
1"	5,059 \$	22.85 \$	462,393
1.5"	1,496 \$	27.39 \$	163,902
2"	1,492 \$	39.77 \$	237,347
3"	81 \$	131.15 \$	42,493
4"	18 \$	164.98 \$	11,879
6"	20 \$	243.95 \$	19,516
8"	22 \$	334.19 \$	29,409
10"	1 \$	415.97 \$	1,664
12"	- \$	497.76 \$	-
Total	71,702		5,675,692

Monthly Service Charges

5/8"	1 \$	10.82 \$	130
3/4"	0 \$	11.19 \$	-
1"	0 \$	12.32 \$	-

1.5"	2	\$	13.83	\$	332
2"	34	\$	17.97	\$	7,332
3"	13	\$	48.42	\$	7,554
4"	7	\$	59.70	\$	5,015
6"	17	\$	86.02	\$	17,548
8"	8	\$	116.11	\$	11,147
10"	0	\$	143.37	\$	-
12"	1	\$	170.63	\$	2,048
Total	83	\$		\$	51,104

Total Service Charge Revenue \$ 5,726,796

Quarterly Fire Protection Service Charge (Providence Only)	Units of Service (Providence Only)	Current Rates	Fire Protection Revenue
5/8"	25,266	\$ 3.08	\$ 311,277
3/4"	4,207	\$ 4.62	\$ 77,745
1"	1,998	\$ 11.54	\$ 92,228
1.5"	896	\$ 30.77	\$ 110,280
2"	874	\$ 73.86	\$ 258,215
3"	58	\$ 200.04	\$ 46,409
4"	14	\$ 338.52	\$ 18,957
6"	18	\$ 692.43	\$ 49,855
8"	8	\$ 1,046.34	\$ 33,483
10"	1	\$ 1,600.29	\$ 6,401
12"	-	\$ 2,646.63	\$ -
Total	33,340	\$	\$ 1,004,850

Monthly Fire Protection Service Charge (Providence Only)	Units of Service (Providence Only)	Current Rates	Fire Protection Revenue
5/8"	1	\$ 1.03	\$ 12
3/4"	-	\$ 1.54	\$ -
1"	-	\$ 3.85	\$ -
1.5"	-	\$ 10.26	\$ -
2"	27	\$ 24.62	\$ 7,977

3"	11	\$	66.68	\$	8,802
4"	5	\$	112.84	\$	6,770
6"	12	\$	230.81	\$	33,237
8"	8	\$	348.78	\$	33,483
10"	-	\$	533.43	\$	-
12"	-	\$	882.21	\$	-
Total	64			\$	90,281

Total Retail FPSC (Providence Only)

\$ 1,095,131

Total Service Charge

\$ 6,821,926

Private Fire Service Charges

3/4"	3	\$	19.67	\$	236
1"	9	\$	23.31	\$	839
1.5"	3	\$	28.70	\$	344
2"	45	\$	42.63	\$	7,673
4"	344	\$	182.72	\$	251,423
6"	1,244	\$	295.45	\$	1,470,159
8"	250	\$	443.93	\$	443,930
10"	4	\$	613.33	\$	9,813
12"	18	\$	816.53	\$	58,790
16"	2	\$	1,340.64	\$	10,725
Total	1,922			\$	2,253,933

**Public Fire Service Charges
Hydrants (Excluding Providence)**

	2829	\$	339.33	\$	959,965
Total Rate Revenues				\$	58,908,318

Schedule HJS-11
 O&M Cost Allocation
 Allocation of Operating and Maintenance and City Services Expense
 Rate Year Ending December 31, 2014

TITLE	Allocation Factor	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
601. Operating Fund									
Source of Supply									
60110 Salaries + Wages - Emp	A	\$ 647,474	\$ 340,365	\$ -	\$ -	\$ -	\$ -	\$ 6,475	\$ 300,634
60120 Salaries + Wages - Emp	A	\$ 468,652	\$ 246,362	\$ -	\$ -	\$ -	\$ -	\$ 4,687	\$ 217,604
60320 Sal. + Wages - Officers, Dir	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60410 Employee Pension + Ben	A	\$ 171,529	\$ 90,170	\$ -	\$ -	\$ -	\$ -	\$ 1,715	\$ 79,644
60420 Employee Pension + Ben	A	\$ 191,864	\$ 100,859	\$ -	\$ -	\$ -	\$ -	\$ 1,919	\$ 69,086
61510 Purchase Power	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61610 Fuel for Power Purch	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62010 Material + Supplies	A	\$ 20,167	\$ 10,601	\$ -	\$ -	\$ -	\$ -	\$ 202	\$ 9,364
62020 Material + Supplies	A	\$ 77,959	\$ 40,981	\$ -	\$ -	\$ -	\$ -	\$ 780	\$ 36,198
63110 Contractual Services - Engineer	A	\$ 2,617	\$ 1,376	\$ -	\$ -	\$ -	\$ -	\$ 26	\$ 1,215
63120 Contractual Services - Engineer	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63310 Contract Services - Legal	A	\$ 19,401	\$ 10,199	\$ -	\$ -	\$ -	\$ -	\$ 194	\$ 9,008
63420 Contract Services - Mt. Fees	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63510 Contractual Services - Other	A	\$ 446,687	\$ 234,815	\$ -	\$ -	\$ -	\$ -	\$ 4,467	\$ 207,405
63520 Contractual Services - Other	A	\$ 33,797	\$ 17,766	\$ -	\$ -	\$ -	\$ -	\$ 338	\$ 15,693
64210 Rental of Equipment	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64220 Rental of Equipment	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65010 Transportation Exp.	A	\$ 155	\$ 81	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 72
65020 Transportation Exp.	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67510 Misc. Expenses	A	\$ 73,540	\$ 38,658	\$ -	\$ -	\$ -	\$ -	\$ 735	\$ 34,146
67520 Misc. Expenses	A	\$ 4,840	\$ 2,544	\$ -	\$ -	\$ -	\$ -	\$ 48	\$ 2,247
Total Source of Supply Expense	Check	\$ 2,156,681	\$ 1,134,779	\$ -	\$ -	\$ -	\$ -	\$ 21,587	\$ 1,002,316
Pumping Expenses									
60123 Salaries + Wages - Emp	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60126 Salaries + Wages - Emp	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60423 Employee Pension + Ben	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60426 Employee Pension + Ben	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61523 Purchased Power	NP	\$ 828,331	\$ 463,597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 364,734
61623 Fuel for Power Purch	NP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62023 Material + Supplies	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62026 Material + Supplies	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63123 Contractual Services - Engineer	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63126 Contractual Services - Engineer	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63523 Contractual Services - Other	NO	\$ 12,370	\$ 4,003	\$ 2,886	\$ 541	\$ -	\$ -	\$ -	\$ 4,940
63526 Contractual Services - Other	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64223 Rental of Equipment	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64226 Rental of Equipment	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65023 Transportation Exp.	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67523 Misc. Expenses	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67526 Misc. Expenses	NO	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Pumping Expenses	Check	\$ 840,701	\$ 467,600	\$ 2,886	\$ 541	\$ -	\$ -	\$ -	\$ 369,674
Water Treatment Expenses									
60130 Salaries + Wages - Emp	AA	\$ 2,155,079	\$ 612,939	\$ 456,122	\$ -	\$ -	\$ -	\$ 21,551	\$ 1,064,467
60140 Salaries + Wages - Emp	AA	\$ 351,502	\$ 99,973	\$ 74,395	\$ -	\$ -	\$ -	\$ 3,515	\$ 173,619
60430 Employee Pension + Ben	AA	\$ 616,830	\$ 175,436	\$ 130,552	\$ -	\$ -	\$ -	\$ 6,168	\$ 304,673
60440 Employee Pension + Ben	AA	\$ 137,253	\$ 39,037	\$ 29,050	\$ -	\$ -	\$ -	\$ 1,373	\$ 67,794
61530 Purchase Power	P	\$ 240,861	\$ 107,534	\$ 24,086	\$ -	\$ -	\$ -	\$ 2,168	\$ 107,072
61630 Fuel for Power Purch	AA	\$ 245,547	\$ 69,837	\$ 51,970	\$ -	\$ -	\$ -	\$ 2,455	\$ 121,284
61830 Chemicals	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62030 Material + Supplies	AA	\$ 132,792	\$ 37,768	\$ 28,105	\$ -	\$ -	\$ -	\$ 1,328	\$ 66,591
62040 Material + Supplies	AA	\$ 71,336	\$ 20,289	\$ 15,098	\$ -	\$ -	\$ -	\$ 713	\$ 35,235
63130 Contractual Services - Engineer	AA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63240 Contract Services - Actg	AA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63430 Contractual Services - Mt. Fees	AA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63530 Contractual Services - Other	AA	\$ 150,838	\$ 42,901	\$ 31,925	\$ -	\$ -	\$ -	\$ 1,508	\$ 74,504
63540 Contractual Services - Other	AA	\$ 91,143	\$ 25,923	\$ 19,290	\$ -	\$ -	\$ -	\$ 911	\$ 45,019
64140 Rental Bullog/Real Prop	AA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule HJS-11
O&M Cost Allocation
Allocation of Operating and Maintenance and City Services Expense
Rate Year Ending December 31, 2014

TITLE	Allocation Factor	Total	Base	Maximum Dev	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
64230 Rental of Equipment	AA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64240 Rental of Equipment	AA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65030 Transportation Exp.	AA	\$ 6,176	\$ 1,757	\$ 1,307	\$ -	\$ -	\$ -	\$ 62	\$ 3,051
65640 Insurance Vehicle	AA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65830 Insurance - W/C	AA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65940 Insurance - W/C	AA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66730 Regularity Com Exp - Other	AA	\$ 102,885	\$ 29,262	\$ 21,776	\$ -	\$ -	\$ -	\$ -	\$ 50,819
67530 Misc. Expenses	AA	\$ 2,156	\$ 613	\$ 456	\$ -	\$ -	\$ -	\$ 22	\$ 1,065
Total Treatment Expense	Check	\$ 4,304,397	\$ 1,263,269	\$ 884,134	\$ -	\$ -	\$ -	\$ 42,803	\$ 2,114,192
<i>Transmission + Dist. Expense.</i>									
60150 Salaries + Wages - Emp	HM	\$ 1,118,479	\$ 344,774	\$ 227,625	\$ 161,762	\$ 274,313	\$ -	\$ 32,898	\$ 77,106
60160 Salaries + Wages - Emp	HM	\$ 2,348,330	\$ 723,879	\$ 477,915	\$ 339,632	\$ 575,941	\$ -	\$ 69,072	\$ 161,890
60250 Payroll Clearing -Emp	HM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60260 Payroll Clearing -Emp	HM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60450 Employee Pension + Ben	HMY	\$ 288,037	\$ 159,431	\$ 58,619	\$ 41,658	\$ -	\$ -	\$ 8,472	\$ 19,857
60460 Employee Pension + Ben	HMY	\$ 861,385	\$ 476,784	\$ 175,303	\$ 124,580	\$ -	\$ -	\$ 25,336	\$ 59,383
60550 Overhead Rate Applied	HM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60560 Overhead Rate Applied	HM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61550 Purchase Power	P	\$ 12,785	\$ 5,708	\$ 1,279	\$ -	\$ -	\$ -	\$ -	\$ 5,684
62050 Material + Supplies	F	\$ 287,025	\$ 99,946	\$ 66,341	\$ 46,642	\$ -	\$ -	\$ 5,740	\$ 68,355
62060 Material + Supplies	F	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62560 Inventory Clearing	HM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63150 Contractual Services - Engineer	HM	\$ 418,423	\$ 128,980	\$ 85,154	\$ 60,515	\$ 102,821	\$ -	\$ 12,307	\$ 28,845
63350 Contractual Services - Legal T&D	HM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63460 Contractual Services - Mgt. Fees	C	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63550 Contractual Services - Other	HOC	\$ 482,658	\$ 167,813	\$ 111,324	\$ 78,360	\$ 2,166	\$ -	\$ 9,573	\$ 113,420
63560 Contractual Services - Other	HMC	\$ 69,164	\$ 21,320	\$ 14,076	\$ 10,003	\$ 16,963	\$ -	\$ 2,034	\$ 4,768
64150 Rental Bldg/Real Prop	F	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64160 Rental Bldg/Real Prop	F	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64250 Rental of Equipment	F	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64260 Rental of Equipment	F	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65050 Transportation Exp. T&D	F	\$ 2,923	\$ 1,018	\$ 676	\$ 475	\$ -	\$ -	\$ 58	\$ 696
65850 Insurance W/C	HM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65860 Insurance W/C	HM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65950 Insurance Other	F	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66750 Regulatory Com Exp - Other T & D	F	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66760 Regulatory Com Exp - Other T & D	F	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67550 Misc. Expenses	F	\$ 40,416	\$ 14,073	\$ 9,342	\$ 6,568	\$ -	\$ -	\$ 808	\$ 9,625
67560 Misc. Expenses	F	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Transmission & Distribution	Check	\$ 5,929,623	\$ 2,143,727	\$ 1,227,652	\$ 870,195	\$ 972,004	\$ -	\$ 166,415	\$ 549,629
<i>Customer Accounts Expense:</i>									
60170 Salaries + Wages - Emp	D	\$ 2,046,184	\$ -	\$ -	\$ -	\$ 1,023,092	\$ -	\$ -	\$ -
60270 Payroll Clearing -Emp	D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60470 Employee Pension + Ben	DY	\$ 755,496	\$ 755,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60570 Overhead Rate Applied	D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61670 Fuel for Power Purch	D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62070 Material + Supplies	D	\$ 2,624	\$ -	\$ -	\$ -	\$ 1,312	\$ -	\$ -	\$ -
63370 Contractual Services - Legal	D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63570 Contractual Services - Other	D	\$ 11,679	\$ -	\$ -	\$ -	\$ 5,840	\$ -	\$ -	\$ -
65070 Transportation Exp. -CAO	D	\$ 1,077	\$ -	\$ -	\$ 538	\$ -	\$ 538	\$ -	\$ -
65870 Insurance - Other	D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65970 Insurance Other	D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67070 Bad Debt Expense - CAO	D	\$ 473,727	\$ -	\$ -	\$ -	\$ 236,863	\$ -	\$ -	\$ -
67570 Misc. Expenses	D	\$ 525,576	\$ -	\$ -	\$ -	\$ 262,788	\$ -	\$ -	\$ -
Total Customer Accounts	Check	\$ 3,816,363	\$ 755,496	\$ -	\$ -	\$ 1,530,434	\$ -	\$ -	\$ -
<i>Administrative and General</i>									
60180 Salaries + Wages - Emp	Y	\$ 5,749,306	\$ 1,490,421	\$ 777,879	\$ 315,539	\$ 1,175,940	\$ 643,855	\$ 86,971	\$ 1,255,701

Schedule HJS-11
O&M Cost Allocation
Allocation of Operating and Maintenance and City Services Expense
Rate Year Ending December 31, 2014

TITLE	Allocation Factor	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
60280 Payroll Clearing -Emp	Y	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60380 Salaries + wages - Officers, Dir.	YY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60480 Employee Pension + Ben	Z	\$ 4,685,679	\$ 1,584,391	\$ 561,187	\$ 239,309	\$ 687,759	\$ 420,617	\$ 63,433	\$ 1,109,184
60580 Overhead Rate Applied	Z	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61580 Purchase Power	Z	\$ 121,238	\$ 40,993	\$ 15,037	\$ 6,192	\$ 17,794	\$ 10,883	\$ 1,641	\$ 28,698
61680 Fuel for Power Purch	Z	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62080 Material + Supplies	Z	\$ 548,550	\$ 185,478	\$ 68,036	\$ 28,015	\$ 80,512	\$ 49,239	\$ 7,426	\$ 129,846
63180 Contractual Services - Engineer	Y	\$ 48,148	\$ 12,482	\$ 6,514	\$ 2,643	\$ 9,873	\$ 5,392	\$ 728	\$ 10,516
63280 Contract Services - Acctg	Y	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63380 Contractual Services - Legal	Y	\$ 54,083	\$ 14,020	\$ 7,317	\$ 2,968	\$ 11,090	\$ 6,057	\$ 818	\$ 11,812
63480 Contractual Services - Mgt. Fees	Y	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63580 Contractual Services - Other	Y	\$ 1,094,263	\$ 283,671	\$ 148,053	\$ 60,056	\$ 224,387	\$ 122,545	\$ 16,553	\$ 238,997
64180 Rental Bldg/Real Prop	Z	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64280 Rental of Equipment	Z	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65080 Transportation Exp.	Z	\$ 6,797	\$ 2,298	\$ 843	\$ 347	\$ 998	\$ 610	\$ 92	\$ 1,609
65780 Ins. Gen. Liability	Y	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65880 Insurance - W/C	Y	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65980 Insurance Other	Y	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
68080 Advertising Expense	Z	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66680 Reg Com Exp - Amort of Rate Case	Com Z	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66780 Regulatory Com Exp - Other	Com Z	\$ 387,692	\$ 191,502	\$ 70,247	\$ 28,925	\$ -	\$ -	\$ -	\$ 91,770
67580 Misc. Expenses	Z	\$ 381,270	\$ 128,915	\$ 47,289	\$ 19,472	\$ 55,960	\$ 34,224	\$ 5,161	\$ 90,250
Total Administration + General	Check	\$ 13,077,227	\$ 3,934,169	\$ 1,722,403	\$ 703,465	\$ 2,267,313	\$ 1,293,422	\$ 188,072	\$ 2,968,382
Total Operation & Maintenance	Check	\$ 30,126,993	\$ 9,699,040	\$ 3,837,075	\$ 1,574,201	\$ 4,769,751	\$ 2,823,856	\$ 418,878	\$ 7,004,193
857 Insurance Fund									
65840 Insurance W/C - WTM	YY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65870 Insurance W/C - CAO	YY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62080 Materials + Supplies - A&GO	Z	\$ 18,724	\$ 6,331	\$ 2,322	\$ 956	\$ 2,748	\$ 1,681	\$ 253	\$ 4,432
63180 Contractual Services-Engineer	Y	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63380 Contract Services - Legal A&GO	Com Z	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63580 Contract Services - Other A&GO	Com Y	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Injuries and Damages	YY	\$ 56,005	\$ 33,427	\$ 7,848	\$ 3,183	\$ -	\$ -	\$ 877	\$ 12,869
65780 Ins. Gen. Liability	Com Z	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65980 Insurance-Other A&GO	Z	\$ 1,070,516	\$ 381,963	\$ 132,775	\$ 54,672	\$ 157,122	\$ 96,092	\$ 14,492	\$ 253,399
65880 Insurance - W/C	YY	\$ 929,740	\$ 535,792	\$ 125,794	\$ 51,027	\$ -	\$ -	\$ 14,064	\$ 203,064
67070 Bad Debt Expense-CAO	Com Z	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67580 Misc. Expense	Z	\$ 7,606	\$ 2,572	\$ 943	\$ 388	\$ 1,116	\$ 683	\$ 103	\$ 1,800
Funding Requirement	Com Z	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Insurance Fund	Check	\$ 2,084,590	\$ 940,084	\$ 269,683	\$ 110,227	\$ 160,987	\$ 98,456	\$ 29,790	\$ 475,364
878 Chemical and Sludge Maintenance Fund									
61830 Chemicals - WTO	A	\$ 3,073,881	\$ 1,615,882	\$ -	\$ -	\$ -	\$ -	\$ 30,739	\$ 1,427,260
62030 Materials + Supplies WTO	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62050 Materials + Supplies T&DO	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63540 Contract Services - Other WTM	A	\$ 1,700,000	\$ 893,659	\$ -	\$ -	\$ -	\$ -	\$ 17,000	\$ 789,341
Funding Requirement	A	\$ 685,061	\$ 360,124	\$ -	\$ -	\$ -	\$ -	\$ 6,851	\$ 318,087
Total Chemical and Sludge Maintenance Fund	Check	\$ 5,466,942	\$ 2,869,665	\$ -	\$ -	\$ -	\$ -	\$ 54,589	\$ 2,534,688
Total Operating and Maintenance Expense	Check	\$ 37,670,525	\$ 13,508,769	\$ 4,106,757	\$ 1,684,428	\$ 4,930,738	\$ 2,922,311	\$ 503,257	\$ 10,014,245
Less Capital Reimbursement	X4	\$ (786,115)	\$ (326,945)	\$ (143,428)	\$ (48,049)	\$ (34,021)	\$ -	\$ (4,190)	\$ (241,483)

Schedule HJS-11
 O&M Cost Allocation
 Allocation of Operating and Maintenance and City Services Expense
 Rate Year Ending December 31, 2014

TITLE	Allocation Factor	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
Net Operating and Maintenance Expense		\$ 36,872,410	\$ 13,181,844	\$ 3,963,323	\$ 1,636,379	\$ 4,896,717	\$ 2,923,311	\$ 499,067	\$ 9,772,762
City Services Cost	Z	\$ 839,167	\$ 283,739	\$ 104,081	\$ 42,856	\$ 123,167	\$ 75,328	\$ 11,360	\$ 198,637
New Meters	C	\$ 38,443	\$ -	\$ -	\$ -	\$ 38,443	\$ -	\$ -	\$ -
Lost or Stolen Meters	C	\$ 41,676	\$ -	\$ -	\$ -	\$ 41,676	\$ -	\$ -	\$ -
Abandonment	A	\$ 225	\$ 118	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 104
Admin Fee from NBC	D	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 12,500	\$ -	\$ -
Misc. Accounts	A	\$ 15,594	\$ 8,198	\$ -	\$ -	\$ -	\$ -	\$ 156	\$ 7,241
Narragansett Shut-Off	D	\$ 6,634	\$ -	\$ -	\$ -	\$ 3,317	\$ 3,317	\$ -	\$ -
Narragansett Shut-Off	D	\$ 37,911	\$ -	\$ -	\$ -	\$ 18,956	\$ 18,956	\$ -	\$ -
Road Restoration	TD	\$ 31,572	\$ 14,819	\$ 9,637	\$ 6,916	\$ -	\$ -	\$ -	\$ -
Shut Off Service Charge	D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shut Off For Seasonal	D	\$ 1,408	\$ -	\$ -	\$ -	\$ 704	\$ 704	\$ -	\$ -
Shut Off Service Charge	D	\$ 127,232	\$ -	\$ -	\$ -	\$ 63,616	\$ 63,616	\$ -	\$ -
Subpoena	A	\$ 11	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Title Search Charge	D	\$ 20,538	\$ -	\$ -	\$ -	\$ 10,269	\$ 10,269	\$ 0	\$ 5
\$ Transaction at Closing	D	\$ 279	\$ 147	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 130
Turn On Meter	C	\$ 86,086	\$ -	\$ -	\$ -	\$ 86,086	\$ -	\$ -	\$ -
Scrap Meter Fees Garbage Pick-Up	C	\$ 42,330	\$ -	\$ -	\$ -	\$ 42,330	\$ -	\$ -	\$ -
Other Misc.	A	\$ -	\$ 2,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rental Income	Z	\$ 4,633	\$ 406	\$ 149	\$ 61	\$ 176	\$ 108	\$ 46	\$ 2,151
Interest on Delinquent Accounts	RR	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16	\$ 284
Forest Product Sales	A	\$ 472,048	\$ 267,263	\$ 86,208	\$ 32,078	\$ 58,364	\$ 28,136	\$ 288	\$ 13,377
Bad Checks	A	\$ 28,809	\$ 15,144	\$ -	\$ -	\$ -	\$ -	\$ 62	\$ 2,869
Federal Grants	A	\$ 6,180	\$ 3,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Loss Disposal Fixed Assets	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc. Revenue Water Lien	A	\$ 1,145	\$ 602	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 531
Slate 1 Surcharge	A	\$ 867	\$ 456	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ 403
		\$ 189,348	\$ 99,537	\$ -	\$ -	\$ -	\$ -	\$ 1,893	\$ 87,918
Less: Miscellaneous Revenues		\$ 1,179,169	\$ 412,379	\$ 96,193	\$ 39,055	\$ 376,437	\$ 137,605	\$ 2,487	\$ 115,013

**Schedule HJS-13
Property Tax Allocation**

Allocation of Property Taxes
Rate Year Ending December 31, 2014

Allocation Factor	Pro Forma Rate Year	Base	Maximum Day	Maximum Hour	Meters	Billing & Collection	Fire Protection	Wholesale
Scituate	\$ 5,845,871	3,073,066	-	-	-	-	58,459	2,714,346
Foster	\$ 325,341	171,026	-	-	-	-	3,253	151,062
North Providence	\$ 282,789	98,471	65,362	45,954	-	-	5,656	67,347
Johnston	\$ 95,596	50,253	-	-	-	-	956	44,387
Cranston	\$ 125,807	66,135	-	-	-	-	1,258	58,415
Glocester	\$ 56,793	29,855	-	-	-	-	568	26,370
West Warwick	\$ 3,990	2,097	-	-	-	-	40	1,853
West Glocester Fire	\$ 3,933	2,068	-	-	-	-	39	1,826
Harmony Fire District	\$ 174	91	-	-	-	-	2	81
Chepachet Fire District	\$ 141	74	-	-	-	-	1	66
Warwick	\$ -	-	-	-	-	-	-	-
	\$ 6,740,435	\$ 3,493,136	\$ 65,362	\$ 45,954	\$ -	\$ -	\$ 70,232	\$ 3,065,751

Schedule HJS-14
Allocations Legend

Allocation Factor Legend

Allocation	Description	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
A	1% allocated to fire protection, remainder allocated to base and wholesale based on consumption	52.57%	0.00%	0.00%	0.00%	0.00%	1.00%	46.43%
AA	1% allocated to fire protection, remainder allocated to base, maximum day, and wholesale based on consumption	28.44%	21.16%	0.00%	0.00%	0.00%	1.00%	49.39%
C	100% to Meters & Services				100.00%			
Com Y	Allocated Based on Methodology in Docket # 2048, Y - Labor Reallocated from Meters and Billing	44.21%	23.07%	9.36%	0.00%	0.00%	1.51%	21.84%
Com Z	Allocated Based on Methodology in Docket # 2048, Z - O&M Reallocated from Meters and Billing	49.40%	18.12%	7.48%	0.00%	0.00%	1.35%	23.67%
Cran	Cranston Taxes, 16% Allocator F, 84% Allocator A	49.73%	3.70%	2.60%	0.00%	0.00%	1.16%	42.81%
D	50% to Billing and Collections, 50% to Meters and Services				50.00%	50.00%		
F	2% to Fire, Allocated to Base & Wholesale by Proportion of T&D Pipe in Inch Miles, Retail to Base, Max Day	34.82%	23.11%	16.25%	0.00%	0.00%	2.00%	23.82%
FP	100% Fire Protection						100.00%	0.00%
HM	T&D Maintenance Based on FY 2004 - FY 2006 Activities	30.83%	20.35%	14.46%	24.53%	0.00%	2.94%	6.89%
HMY	Reallocation from Billing and Collections and Meters and Services to Base of HM	55.35%	20.35%	14.46%			2.94%	6.89%
HMC	T&D Contract Maintenance Based on FY 2012 Activities	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%
HOC	T&D Contract Operations based on FY 2012 activities	34.77%	23.06%	16.24%	0.45%	0.00%	1.98%	23.50%
K1	Allocated Based on Original Plant Investment less Land, Meters and Fire Reallocated to Retail	43.27%	18.96%	6.32%	0.00%	0.00%	0.00%	31.44%
K2	Allocated Based on Original Plant Investment less Land	36.11%	15.82%	5.28%	6.50%	0.00%	4.84%	31.44%
L	Based on Allocation of other Transmission & Distribution Plant except Services & Meters	34.34%	23.86%	9.87%	0.00%	0.00%	9.02%	22.91%
N	Allocation of Pumping Investment and Expenses	45.18%	8.90%	1.67%				44.24%
NO	Allocation of Pumping and Investment Expenses Excluding Raw Water	32.36%	23.33%	4.37%				39.94%
NP	Allocation Factor NO with Maximum Day and Maximum Hour reallocated to base	55.97%	0.00%	0.00%				44.03%
P	10% allocated to maximum day, 90% allocated based on A	44.65%	10.00%	0.00%	0.00%	0.00%	0.90%	44.45%
RR	Retail Revenue	56.62%	18.26%	6.80%	12.36%	5.96%	0.00%	0.00%
T	Allocation of all Non-General Plant	37.46%	14.54%	4.86%	5.95%	0.00%	4.54%	32.65%
TD	Allocation of Base, Max Day and Max Hour of Retail only	46.94%	31.16%	21.91%	0.00%	0.00%	0.00%	0.00%
X1	Allocation within a Particular Group Based on the Relationship between all Other Items in the Group	29.70%	19.61%	13.94%	25.39%	0.00%	3.63%	7.73%
X2	Allocation within a Particular Group Based on the Relationship between all Other Items in the Group	34.34%	22.67%	16.11%	4.08%	0.00%	1.85%	20.95%
X4	Allocation within a Particular Group Based on the Relationship between all Other Items in the Group	40.96%	17.97%	6.02%	4.26%	0.00%	0.52%	30.26%
Y	Based on Labor related O&M Expenses.	25.92%	13.53%	5.49%	20.51%	11.20%	1.51%	21.84%
YY	Reallocation from Billing and Collections and Meters and Services to base of YY	57.63%	13.53%	5.49%			1.51%	21.84%
Z	Based on Total O&M expenses, except for Administrative & General	33.81%	12.40%	5.11%	14.68%	8.98%	1.35%	23.67%
DY	Allocation Factor D with Meters and Services, Billing and Collection Reallocated to Base	100.00%						

Schedule HJS-15
Summary of Cost Allocations

Summary of Costs to be Recovered Through Rates
Rate Year Ending December 31, 2014

	Total	Base	Maximum Day	Maximum Hour	Meters	Billing & Collection	Fire Protection	Wholesale
Net Operations and Maintenance Expense	36,872,410	13,181,844	3,963,329	1,636,379	4,896,717	2,922,311	499,067	9,772,762
Capital Expense	\$ 28,112,069	\$ 11,516,010	\$ 5,051,990	\$ 1,692,420	\$ 1,198,313	\$ -	\$ 147,572	\$ 8,505,764
City Services Expense	\$ 839,167	\$ 283,739	\$ 104,081	\$ 42,856	\$ 123,167	\$ 75,326	\$ 11,360	\$ 198,637
Property Taxes Expense	\$ 6,740,435	\$ 3,493,136	\$ 65,362	\$ 45,954	\$ -	\$ -	\$ 70,232	\$ 3,065,751
Total Expenses Allocated	72,564,081	28,474,729	9,184,762	3,417,610	6,218,197	2,997,637	728,232	21,542,915
Less: Miscellaneous Revenues	\$ (1,179,169.01)	\$ (412,379.15)	\$ (96,193.27)	\$ (39,054.68)	\$ (376,436.73)	\$ (137,605.01)	\$ (2,487.16)	\$ (115,013.00)
Plus: Net Operating Revenue Allowance	\$2,141,547.35	\$841,870.49	\$272,657.05	\$101,356.65	\$175,252.82	\$85,800.97	\$21,772.33	\$642,837.05
Net Revenue Requirement	73,526,459	28,904,220	9,361,225	3,479,912	6,017,013	2,945,833	747,517	22,070,739

Schedule HJS-16
Units of Service

Units of Service

Rate Year Ending December 31, 2014

	Base		Maximum Day				Maximum Hour			Equivalent	
	Annual Use (HCF)	Average Rate (HCF/Day)	Demand Factor	Total Capacity (HCF/Day)	Extra Capacity (HCF/Day)	Total Capacity (HCF/Day)	Demand Factor	Total Capacity (HCF/Day)	Extra Capacity (HCF/Day)	Meters & Services (Equivalent Meters)	Bills
Retail		366									
Residential	8,574,863	23,429	1.7	39,829	16,400	51,543	2.2	51,543	11,714.29		
Commercial	4,381,008	11,970	1.6	19,152	7,182	23,940	2	23,940	4,787.99		
Industrial	191,315	523	1.5	784	261	1,045	2	1,045	261.36		
Fire Protection				2888	2888	11551		11551	8663		
Total Retail	13,147,187	35,921		62,652	26,731	88,079		88,079	25,427	121,271.95	295,492
Wholesale											
Wholesale	13,090,687	35,766.91	1.7	60,804	25,037	76898.85	2.15	76898.85	16,095		
Total	26,237,874	71,688.18		123,456.07	51,767.89	164,977.92		164,977.92	41,521.85	121,271.95	295,492.00

Schedule HJS-17
Unit Cost of Service

		Unit Costs						
		Rate Year Ending December 31, 2014						
Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection		
	Ccf	Ccf/Day	Ccf/Day	Equiv. Meters	Bills	Hydrants		
Retail Units of Service		13,147,187	26,731	25,427	121,272	295,492	6,048	
Number Units								
O&M Expense								
Retail	26,816,557	13,152,549	3,983,150	1,645,244	4,655,889	2,868,248	511,478	
Retail Unit Cost (\$/Unit)	\$1.00	\$149.01	\$64.71	\$38.39	\$9.71	\$84.57		
Wholesale O&M Expense	9,947,481							
Capital Expense								
Retail Capital Expense	\$ 20,194,494	\$ 11,861,490	\$ 5,203,549	\$ 1,743,193	\$ 1,234,263	\$ -	\$ 151,999	
Retail Cost (\$/Unit)	\$0.90	\$194.66	\$68.56	\$10.18	\$0.00	\$25.13		
Wholesale Capital Expense	\$ 8,760,937	\$ 8,760,937						
City Services Expense								
Retail City Services Expense	\$ 659,746	\$ 292,252	\$ 107,204	\$ 44,142	\$ 126,862	\$ 77,586	\$ 11,701	
Retail Cost (\$/Unit)	\$0.02	\$4.01	\$1.74	\$1.05	\$0.26	\$1.93		
Wholesale City Services Expense	\$ 204,596	\$ 204,596						
Property Tax Expense								
Retail Property Tax Expense	\$ 3,784,924	\$ 3,597,930	\$ 67,323	\$ 47,333	\$ -	\$ -	\$ 72,339	
Retail Cost (\$/Unit)	\$0.27	\$2.52	\$1.86	\$0.00	\$0.00	\$0.00	\$11.96	
Wholesale Property Tax Expense	\$ 3,157,723	\$ 3,157,723						
Total Unit Cost of Service								
Retail Cost of Service	\$ 51,455,720.42	\$ 28,904,220.12	\$ 9,361,225.45	\$ 3,479,911.53	\$ 6,017,013.38	\$ 2,945,833.26	\$ 747,516.68	
Retail Total Unit Cost (\$/Unit)	\$2.20	\$350.20	\$136.86	\$49.62	\$9.97	\$123.60		
Wholesale Cost of Service	\$ 22,070,738.57	\$ 22,070,738.57	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Cost of Service	\$ 73,526,458.98							

Schedule HJS-18
Cost Distribution to Customer Class

Allocated Costs by Customer Class Rate Year Ending December 31, 2014							
	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection
Total Retail Units of Service	13,622,156	13,147,187	26,731	25,427	121,272	295,492	6,048
Total Retail Cost of Service	51,455,720 \$	28,904,220 \$	9,361,225 \$	3,479,912 \$	6,017,013 \$	2,945,833 \$	747,517
Retail							
Unit Cost of Service (\$/Unit)		\$2.20	\$350.20	\$136.86	\$49.62	\$9.97	\$123.60
Retail Service:							
Residential Volume Charge							
Units of Service - HCF	8,574,863	8,574,863	16400.01205	11,714.29			
Allocation Cost of Service - \$	18,851,922	18,851,922	5,743,291	1,603,222			
Consumption Rate - \$/HCF	\$3.055						
Commercial Volume Charge							
Units of Service - HCF	4,381,008	4,381,008	7181.980557	4,787.99			
Allocation Cost of Service - \$	9,631,690	9,631,690	2,515,133	655,285			
Consumption Rate - \$/HCF	\$2.922						
Industrial Volume Charge							
Units of Service - HCF	191,315	191,315	261.3592577	261.36			
Allocation Cost of Service - \$	420,608	420,608	91,528	35,770			
Consumption Rate - \$/HCF	\$2.864						
Retail Service Charge							
Units of Service	\$6,932,042				81,886.15	287,804	
Allocation Cost of Service					\$4,062,852.62	\$2,869,189.68	
Fire Protection Service							
Units of Service	\$4,975,230		2,888	8,663	39,386	7,688	6,048
Allocation Cost of Service			\$1,011,273.90	\$1,185,634.67	\$1,954,160.76	76643,5846	747516.6805
Total Retail Allocated Cost of Service	51,455,720	28,904,220.12	9,361,225.45	3,479,911.53	6,017,013.38	2,945,833.26	747,516.68
Wholesale							
Wholesale:							
Units of Service		13,090,687					
Allocation Cost of Service	\$ 22,070,739	22,070,739					
Consumption Rate		1.685988					
Total System Allocated Cost of Service	<u>73,526,459</u>						

**Schedule HJS-19
Proposed Rates and Impacts**

**Proposed Rates and Impacts
Rate Year Ending December 31, 2014**

Billing Unit	Current Units of Service	Proposed Units of Service	Proposed Retail Service Charge	Retail Service Charge Revenues	Current Rates	% Change
Quarterly Service Charges						
5/8"	52,943	-	\$ -	-	18.34	
3/4"	10,570	-	\$ -	-	19.47	
1"	5,059	-	\$ -	-	22.85	
1.5"	1,496	-	\$ -	-	27.39	
2"	1,492	-	\$ -	-	39.77	
3"	81	-	\$ -	-	131.15	
4"	18	-	\$ -	-	164.98	
6"	20	-	\$ -	-	243.95	
8"	22	-	\$ -	-	334.19	
10"	1	-	\$ -	-	415.97	
12"	-	-	\$ -	-	497.76	
Total	71,702	-	\$ -	-		

Monthly Service Charges						
5/8"	1	52,944	\$ 7.47	4,745,900.16	10.82	-30.96%
3/4"	-	10,570	\$ 7.88	999,499.20	11.19	-29.58%
1"	-	5,059	\$ 9.12	553,656.96	12.32	-25.97%
1.5"	2	1,498	\$ 10.78	193,781.28	13.83	-22.05%
2"	34	1,526	\$ 15.33	280,722.96	17.97	-14.69%
3"	13	94	\$ 48.82	55,068.96	48.42	0.83%
4"	7	25	\$ 61.22	18,366.00	59.70	2.55%
6"	17	37	\$ 90.16	40,031.04	86.02	4.81%
8"	8	30	\$ 123.24	44,366.40	116.11	6.14%
10"	-	1	\$ 153.22	1,838.64	143.37	6.87%
12"	1	1	\$ 183.19	2,198.28	170.63	7.36%
Total	83	71,785		6,935,429.88		
Total Retail Service Charge Revenue					\$ 5,726,796	21.10%
					\$ 6,935,430	

Billing Unit	Current Units of Service	Proposed Units of Service	Proposed Fire Service Charge	Fire Service Charge Revenues	Current Rates	% Change
Quarterly, FP Service Charges (prov)						
5/8"	25,266	-	\$ -	\$ -	3.08	
3/4"	4,207	-	\$ -	\$ -	4.62	
1"	1,998	-	\$ -	\$ -	11.54	
1.5"	896	-	\$ -	\$ -	30.77	
2"	874	-	\$ -	\$ -	73.86	
3"	58	-	\$ -	\$ -	200.04	
4"	14	-	\$ -	\$ -	338.52	
6"	18	-	\$ -	\$ -	692.43	
8"	8	-	\$ -	\$ -	1,046.34	
10"	1	-	\$ -	\$ -	1,600.29	
12"	-	-	\$ -	\$ -	2,646.63	
Total	33,340	-	\$ -	\$ -		

Monthly, FP Service Charges(Prov)						
5/8"	1	25,267	\$ 1.47	\$ 445,709.88	1.03	42.72%
3/4"	-	4,207	\$ 2.21	\$ 111,569.64	1.54	43.51%
1"	-	1,998	\$ 5.51	\$ 132,107.76	3.85	43.12%
1.5"	-	896	\$ 14.69	\$ 157,946.88	10.26	43.18%
2"	27	901	\$ 35.25	\$ 381,123.00	24.62	43.18%
3"	11	69	\$ 95.45	\$ 79,032.60	66.68	43.15%
4"	5	19	\$ 161.53	\$ 36,828.84	112.84	43.15%
6"	12	30	\$ 330.39	\$ 118,940.40	230.81	43.14%
8"	8	16	\$ 499.25	\$ 95,856.00	348.78	43.14%
10"	-	1	\$ 763.56	\$ 9,162.72	533.43	43.14%
12"	-	-	\$ 1,262.81	\$ -	882.21	43.14%
Total	64	33,404	\$ 1,568,277.72	\$ 1,568,277.72		

Total Retail Fire Protection Service Charge Revenue

\$ 1,095,130.72 43%

Total Retail Service Charge Revenue

\$ 6,821,926.32 24.65%

Retail Consumption Charges

Residential (HCF)	8,574,863	\$ 3,055	\$ 26,196,207.82	2.488	22.79%
Commercial (HCF)	4,381,008	\$ 2,922	\$ 12,801,305.79	2.390	22.26%
Industrial (HCF)	191,315	\$ 2,864	\$ 547,926.09	2.346	22.08%

Total 13,147,187

\$ 32,253,695 22.61%

Wholesale Charges									
<u>Volume Charge</u>									
Consumption (HCF)	13,090,687			22,070,741.70				\$ 16,618,799	32.81%
Consumption (MGD)	9,792								
		\$ 1,685,988							
		\$ 2,253.99							
Total Consumption Charge Revenue				\$ 61,616,181.40				\$ 48,872,493.39	26.08%
Private Fire Service Charges									
3/4"	3	7.88		283.68				\$ 19.67	-59.94%
1"	9	9.12		984.96				\$ 23.31	-60.88%
1-1/2"	3	10.78		388.08				\$ 28.70	-62.44%
2"	45	15.33		8,278.20				\$ 42.63	-64.04%
4"	344	61.22		252,716.16				\$ 182.72	-66.50%
6"	1,244	90.16		1,345,908.48				\$ 295.45	-69.48%
8"	250	123.24		369,720.00				\$ 443.93	-72.24%
10"	4	153.22		7,354.56				\$ 613.33	-75.02%
12"	18	183.19		39,569.04				\$ 816.53	-77.56%
16"	2	243.15		5,835.60				\$ 1,340.64	-81.86%
Total	1,922			2,031,038.76				\$ 2,253,933	

Public Fire Service Charges									
Hydrants	2,829	\$486.84		\$1,377,278.28				\$ 339.33	43.47%
Total Fire Protection Charge Revenue				\$3,408,317.04				\$3,213,898.05	6.05%
Miscellaneous Revenues									
				\$ (1,179,169.01)				\$ (1,179,169.01)	
Total Revenues				\$ 73,528,206.04				\$ 58,908,317.76	24.82%
				\$ 74,707,375.05				\$ 60,087,486.77	24.33%

**Schedule HJS-20
Comparison of Revenues by Customer Class**

**Comparison of Revenues by Customer Class
Rate Year Ending December 31, 2014**

	Existing Rates	Proposed Rates	% Change
Retail			
Monthly Service Charge	\$ 5,726,796	\$ 6,935,430	21.1%
Periodic FPSC	\$ 1,095,131	\$ 1,568,278	43.2%
Volume Charge			
Residential	\$ 21,334,260	\$ 26,196,208	22.8%
Commercial	\$ 10,470,609	\$ 12,801,306	22.3%
Industrial	\$ 448,825	\$ 547,926	22.1%
Total Retail	\$ 39,075,621	\$ 48,049,147	23.0%
Wholesale			
East Providence	\$ 2,631,630	\$ 3,494,957	32.8%
East Smithfield	\$ 383,983	\$ 509,952	32.8%
Greenville	\$ 564,058	\$ 749,102	32.8%
Kent County	\$ 3,422,781	\$ 4,545,652	32.8%
Smithfield	\$ 539,873	\$ 716,983	32.8%
Warwick	\$ 5,607,683	\$ 7,447,327	32.8%
Lincoln	\$ 1,309,845	\$ 1,739,550	32.8%
Johnston	\$ 356,311	\$ 473,201	32.8%
Bristol County	\$ 1,802,646	\$ 2,394,018	32.8%
Total Wholesale	\$ 16,618,811	\$ 22,070,742	32.8%
Fire Protection			
Private Fire Protection	\$ 2,253,933	\$ 2,031,039	-9.9%
Public Fire Protection	\$ 959,965	\$ 1,377,278	43.5%
Total Fire Protection	\$ 3,213,898	\$ 3,408,317	6.0%
Total Rate Revenues	\$ 58,908,330	\$ 73,528,206	24.82%
Miscellaneous Revenues	\$ (1,179,169)	\$ (1,179,169)	
Total Revenues	\$ 60,087,499	\$ 74,707,375	24.33%

Schedule HJS-21
Typical Bill Comparison

Comparison of Typical Annual Charges
Rate Year Ending December 31, 2014

	Proposed Rates	Existing Rates	% Change
Residential - (5/8" Meter, 100 HCF)			
Service Charge*	\$ 89.64	\$ 73.36	22.2%
Volume Charge	\$ 305.50	\$ 248.80	22.8%
Total	\$ 395.14	\$ 322.16	22.7%
Commercial - (2" Meter, 2,000 HCF)			
Service Charge*	\$ 183.96	\$ 159.08	15.6%
Volume Charge	\$ 5,844.00	\$ 4,780.00	22.3%
Total	\$ 6,027.96	\$ 4,939.08	22.0%
Industrial - (6" Meter, 10,000 HCF)			
Service Charge *	\$ 1,081.92	\$ 975.80	10.9%
Volume Charge	\$ 28,640.00	\$ 23,460.00	22.1%
Total	\$ 29,721.92	\$ 24,435.80	21.6%

*Existing rates based on Quarterly billing, proposed based on Monthly Billing, for Wholesale Impacts see HJS-20

Schedule HJS-22
Revenue Proof

Revenue Proof
Rate Year Ending December 31, 2014

Net Operations & Maintenance Expense	\$	36,872,410
Capital Expense	\$	28,112,069
City Services Expense	\$	839,167
Property Taxes Expense	\$	6,740,435
Total Expenses Allocated	\$	72,564,081
plus: Net Operating Revenue	\$	2,141,547
Net Revenue Requirement	\$	74,705,628
Retail		
Monthly Service Charge	\$	6,935,430
Retail FPSC	\$	1,568,278
Volume Charge		
Residential	\$	26,196,208
Commercial	\$	12,801,306
Industrial	\$	547,926
Total Retail	\$	48,049,147
Wholesale		
East Providence	\$	3,494,957
East Smithfield	\$	509,952
Greenville	\$	749,102
Kent County	\$	4,545,652
Smithfield	\$	716,983
Warwick	\$	7,447,327
Lincoln	\$	1,739,550
Johnston	\$	473,201
Bristol County	\$	2,394,018
Total Wholesale	\$	22,070,742
Fire Protection		
Private Fire Protection	\$	2,031,039
Public Fire Protection	\$	1,377,278
Total Fire Protection	\$	3,408,317
Total Rate Revenues	\$	73,528,206
Miscellaneous Revenues	\$	1,179,169
Total Revenues	\$	74,707,375
Total Surplus / (Deficit)	\$	1,747

Note: Surplus due to rounding

Schedule HJS-23
Projected Volumes

Calculation of Rate Year Sales Volumes
Rate Year Ending December 31, 2014
(Volumes in HCF)

	FY 2009	FY 2010	FY 2011	FY 2012	Four Year Average	Adjustments	Pro Forma Rate Year
Retail							
Residential	9,201,454	8,482,954	8,754,316	8,487,320	8,731,511	(156,648)	8,574,863
% Change from previous			-14.11%	-3.05%			
Commercial	4,636,996	4,465,417	4,284,895	4,392,712	4,445,005	(63,997)	4,381,008
Industrial	198,132	190,880	181,838	201,227	193,019	(1,704)	191,315
Sub-total Retail	14,036,582	13,139,251	13,221,050	13,081,259	13,369,535	(222,349)	13,147,187
Wholesale							
East Providence	2,034,591	2,024,316	2,217,299	2,015,566	2,072,943	-	2,072,943
East Smithfield	318,002	300,103	311,937	279,817	302,465	-	302,465
Greenville	459,960	423,935	450,932	442,414	444,310	-	444,310
Kent County	2,663,178	2,602,627	2,717,984	2,800,752	2,696,135	-	2,696,135
Smithfield	454,602	394,162	413,570	438,706	425,260	-	425,260
Warwick	4,674,254	4,195,038	4,526,769	4,272,694	4,417,189	-	4,417,189
Lincoln	1,016,655	1,016,536	1,075,944	1,017,940	1,031,769	-	1,031,769
Johnston (1)	302,765	248,060	309,030	262,814	280,667	-	280,667
Bristol County (2)	1,283,706	1,210,901	1,502,205	1,682,988	1,419,950	-	1,419,950
Narr. Bay Comm (3)							
Sub-total Wholesale	13,207,713	12,415,678	13,525,669	13,213,689	13,090,687	-	13,090,687
Grand Total	27,244,295	25,554,929	26,746,719	26,294,948	26,460,223	(222,349)	26,237,874
Unaccounted for Water							
Volume	3,114,862	3,572,170	3,380,059	3,825,119	3,473,053		3,473,053
Percentage	11.43%	13.98%	12.64%	14.55%	13.13%		29,710,926

Note: Retail set to 3 Year average due to higher than normal consumption in 2009

Providence Water Supply Board
 Conservation Rate Filing
 Schedule HJS-24
 Summary of Conservation Rates

Retail Consumption:

	Current Rates		Proposed Rates		Conservation Rates		% Change From Current		% Change From Proposed	
	Current Rates	Conservation Filing	Proposed Rates	Conservation Filing	Current Rates	Proposed Rates	Conservation Filing	Proposed Rates	Current Rates	Proposed Rates
Residential										
per HCF										
Block 1	2,488	2,488	3,055	2,887	16.0%	16.0%	16.0%	16.0%	-5.50%	-5.50%
Block 2	2,488	2,488	3,055	3,159	27.0%	27.0%	27.0%	27.0%	3.40%	3.40%
Block 3	2,488	2,488	3,055	3,579	43.9%	43.9%	43.9%	43.9%	17.15%	17.15%
Commercial										
per HCF										
Industrial										
per HCF	2.39	2.39	2.922	2.922	22.3%	22.3%	22.3%	22.3%	0.0%	0.0%
per HCF	2.35	2.35	2.864	2.864	22.1%	22.1%	22.1%	22.1%	0.0%	0.0%

Service Charge:

(Meter size inches)	Quarterly		Monthly		% Increase From Current		% Increase From Proposed	
	Current Rates	Conservation Filing	Proposed Rates	Conservation Filing	Current Rates	Proposed Rates	Conservation Filing	Proposed Rates
5/8"	18.34	18.34	0.00%	0.00%	10.82	7.47	10.82	7.47
3/4"	19.47	19.47	0.00%	0.00%	11.19	7.88	11.19	7.88
1"	22.85	22.85	0.00%	0.00%	12.32	9.12	12.32	9.12
1.5"	27.39	27.39	0.00%	0.00%	13.83	10.78	13.83	10.78
2"	39.77	39.77	0.00%	0.00%	17.97	15.33	17.97	15.33
3"	131.15	131.15	0.00%	0.00%	48.42	48.82	48.42	48.82
4"	164.98	164.98	0.00%	0.00%	59.70	61.22	59.70	61.22
6"	243.95	243.95	0.00%	0.00%	86.02	90.16	86.02	90.16
8"	334.19	334.19	0.00%	0.00%	116.11	123.24	116.11	123.24
10"	415.97	415.97	0.00%	0.00%	143.37	153.22	143.37	153.22
12"	497.76	497.76	0.00%	0.00%	170.63	183.19	170.63	183.19

Wholesale:

	Current Rates	Proposed Rates	Conservation Filing	% Increase From Current	% Increase From Proposed
Consumption	\$ 1,269,514	\$ 1,685,988	\$ 1,640,188	32.81%	-2.72%
Up to 120% AWC	\$ 1,269,514	\$ 1,685,988	\$ 1,640,188	32.81%	-2.72%
Over 120% AWC	\$ 1,697.21	\$ 2,253.99	\$ 2,192.77	32.81%	-2.72%
per Million Gallons	\$ 1,697.21	\$ 2,253.99	\$ 2,192.77	32.81%	-2.72%
Over 120% AWC	\$ 1,697.21	\$ 2,253.99	\$ 2,192.77	32.81%	-2.72%

Periodic FPSC:

(Meter size inches)	Quarterly		Monthly		% Change From Current		% Change From Proposed	
	Current Rates	Conservation Filing	Proposed Rates	Conservation Filing	Current Rates	Proposed Rates	Conservation Filing	Proposed Rates
3/8"	3.08	3.08	0.00%	0.00%	1.03	1.47	1.03	1.47
3/4"	4.62	4.62	0.00%	0.00%	1.54	2.21	1.54	2.21
1"	11.54	11.54	0.00%	0.00%	3.85	5.51	3.85	5.51
1.5"	30.77	30.77	0.00%	0.00%	10.26	14.69	10.26	14.69
2"	73.86	73.86	0.00%	0.00%	24.62	35.25	24.62	35.25
3"	200.04	200.04	0.00%	0.00%	66.68	95.45	66.68	95.45
4"	338.52	338.52	0.00%	0.00%	112.84	161.53	112.84	161.53
6"	692.43	692.43	0.00%	0.00%	230.81	330.39	230.81	330.39
8"	1,046.34	1,046.34	0.00%	0.00%	348.78	499.25	348.78	499.25
10"	1,600.29	1,600.29	0.00%	0.00%	533.43	763.56	533.43	763.56
12"	2,646.63	2,646.63	0.00%	0.00%	882.21	1,262.81	882.21	1,262.81

Public Fire Supply:

	Current Rates	Proposed Rates	Conservation Filing	% Increase From Current	% Increase From Proposed
per Hydrant	\$ 339.33	\$ 486.84	\$ 486.84	43.47%	0.00%

Private Fire Supply:

(Service size inches)	Quarterly		Monthly		% Increase From Current		% Increase From Proposed	
	Current Rates	Conservation Filing	Proposed Rates	Conservation Filing	Current Rates	Proposed Rates	Conservation Filing	Proposed Rates
3/4"	19.67	19.67	\$0.00	\$0.00	0.0%	0.0%	0.0%	0.0%
1"	23.31	23.31	\$0.00	\$0.00	0.0%	0.0%	0.0%	0.0%
1.5"	28.70	28.70	\$0.00	\$0.00	0.0%	0.0%	0.0%	0.0%
2"	42.63	42.63	\$0.00	\$0.00	0.0%	0.0%	0.0%	0.0%
4"	182.72	182.72	\$0.00	\$0.00	0.0%	0.0%	0.0%	0.0%
6"	295.45	295.45	\$0.00	\$0.00	0.0%	0.0%	0.0%	0.0%
8"	443.93	443.93	\$0.00	\$0.00	0.0%	0.0%	0.0%	0.0%
10"	613.33	613.33	\$0.00	\$0.00	0.0%	0.0%	0.0%	0.0%
12"	816.53	816.53	\$0.00	\$0.00	0.0%	0.0%	0.0%	0.0%
16"	1,340.64	1,340.64	\$0.00	\$0.00	0.0%	0.0%	0.0%	0.0%

Providence Water Supply Board
 Conservation Rate Filing
 Schedule HJS-25

Calculation of Revenue at Present and Proposed Rates

	Consumption /Units	Revenues Current	New Docket		Conservation Rates	
			Revenues Proposed	Percent Increase	Revenues Proposed	Percent Increase
HCF						
Retail Customers						
Residential Sales						
Single Family	4,394,745	\$ 10,934,126	\$ 13,425,946	22.79%	\$ 13,429,856	22.83%
Multi-Family	4,180,118	\$ 10,400,135	\$ 12,770,262	22.79%	\$ 12,770,262	22.79%
Commercial Sales	4,381,008	\$ 10,470,609	\$ 12,801,306	22.26%	\$ 12,801,306	22.26%
Industrial Sales	191,315	\$ 448,825	\$ 547,926	22.08%	\$ 547,926	22.08%
Sub-total Retail	13,147,187	\$ 32,253,695	\$ 39,545,440		\$ 39,549,349	
Wholesale	13,090,687	\$ 16,618,799	\$ 22,070,742	32.81%	\$ 22,070,742	32.81%
Total Consumption Revenue	26,237,874	\$ 48,872,493	\$ 61,616,181	26.08%	\$ 61,620,091	26.08%
Service Charges	287,804	\$ 5,726,796	\$ 6,935,430	21.10%	\$ 6,935,430	21.10%
Periodic FPSC	88,939	\$ 1,095,130.72	\$ 1,568,278	43%	\$ 1,568,278	43.20%
Private Fire Service Charge	1,922	\$ 2,253,933	\$ 2,031,039	-10%	\$ 2,031,039	-9.89%
Public Fire Protection	2,829	\$ 959,965	\$ 1,377,278	43%	\$ 1,377,278	43.47%
Miscellaneous Revenues						
Miscellaneous Income		\$ 1,179,169	\$ 1,179,169	0.00%	\$ 1,179,169	0.00%
Total Revenue		\$ 60,087,486.77	\$ 74,707,375.05	24.33%	\$ 74,711,285	24.34%

Note: Differences due to rounding

\$ -
 \$ 3,910
 0.005%

Providence Water Supply Board
 Conservation Rate Filing
 Schedule HJS-26
 Calculation of Single-Family Residential Conservation Rates

Single Family Residential Test Units of Service	4,394,744.98	
Proposed Volume Rate	\$ 3.055	
Single Family Residential Volume Rate Revenue	\$ 13,425,945.91	
Allocation of Residential Volume Costs from Filing		
Base	\$ 16,771,879.77	72%
Maximum Day	\$ 5,189,006.62	22%
Maximum Hour	\$ 1,391,374.23	6%
Allocation of Single Family Residential Costs		
Base	\$ 9,642,679	72%
Maximum Day	\$ 2,983,322	22%
Maximum Hour	\$ 799,945	6%

Block Rate Calculations		Max Day	Max Hour	Totals
Consumption within Blocks				
Block 1	Cut-off= 6	2,561,025 HCF		58%
Block 2	Cut-off= 12	946,158 HCF		22%
Block 3		887,562 HCF		20%
Allocation of Costs to Blocks				
Block 1	Base	100.00%	85.00%	50.00%
Block 2		0.00%	15.00%	5.00%
Block 3		0.00%	0.00%	45.00%
Block 1		\$9,642,679	\$2,535,824	\$399,972
Block 2		\$0	\$447,498	\$39,997
Block 3		\$0	\$0	\$359,975
Test Year Units of Service				
Block 1		2,561,025.18 HCF		
Block 2		946,157.81 HCF		
Block 3		887,561.99 HCF		
Change in Usage Due to Change in Pricing				
Block 1		0.00%		
Block 2		-0.68%		
Block 3		-3.43%		
Test Year Units of Service Based on Adjusted Pricing				
Block 1		2,561,025.18 HCF		
Block 2		939,715.88 HCF		
Block 3		857,114.69 HCF		
Proposed Block Rates				
Block 1	Cut-off= 6	\$ 2.887 Per HCF		
Block 2	Cut-off= 12	\$ 3.159 Per HCF		
Block 3		\$ 3.579 Per HCF		

Note: Surplus due to rounding

Providence Water Supply Board
 Conservation Rate Filing
 Schedule HJS-27

Single-Family Residential Customer Bill Impacts - Conservation Rates

Monthly Consumption (HCF)	Monthly Bill at Proposed Rates	Proposed		
		Monthly Bill Under Conservation Rates	\$ Increase (Decrease)	% Increase (Decrease)
2	\$15.05	\$14.71	\$ (0.34)	-2.2%
4	\$21.16	\$20.49	\$ (0.67)	-3.2%
6	\$27.27	\$26.26	\$ (1.01)	-3.7%
8	\$33.38	\$32.58	\$ (0.80)	-2.4%
12	\$45.60	\$45.22	\$ (0.38)	-0.8%
15	\$54.77	\$55.95	\$ 1.19	2.2%
20	\$70.04	\$73.85	\$ 3.81	5.4%
25	\$85.32	\$91.74	\$ 6.43	7.5%
35	\$115.87	\$127.53	\$ 11.67	10.1%
50	\$161.69	\$181.22	\$ 19.53	12.1%
75	\$238.07	\$270.69	\$ 32.63	13.7%
100	\$314.44	\$360.17	\$ 45.73	14.5%
200	\$619.94	\$718.07	\$ 98.13	15.8%
300	\$925.44	\$1,075.97	\$ 150.53	16.3%
400	\$1,230.94	\$1,433.87	\$ 202.93	16.5%
2	\$ 20.74	\$20.40	\$ (0.34)	-1.6%
4	\$ 26.85	\$26.18	\$ (0.67)	-2.5%
6	\$ 32.96	\$31.95	\$ (1.01)	-3.1%
8	\$ 39.07	\$38.27	\$ (0.80)	-2.0%
12	\$ 51.29	\$50.91	\$ (0.38)	-0.7%
15	\$ 60.46	\$61.64	\$ 1.19	2.0%
20	\$ 75.73	\$79.54	\$ 3.81	5.0%
25	\$ 91.01	\$97.43	\$ 6.43	7.1%
35	\$ 121.56	\$133.22	\$ 11.67	9.6%
50	\$ 167.38	\$186.91	\$ 19.53	11.7%
75	\$ 243.76	\$276.38	\$ 32.63	13.4%
100	\$ 320.13	\$365.86	\$ 45.73	14.3%
200	\$ 625.63	\$723.76	\$ 98.13	15.7%
300	\$ 931.13	\$1,081.66	\$ 150.53	16.2%
400	\$ 1,236.63	\$1,439.56	\$ 202.93	16.4%

5/8 Inch Meter

Average Winter Usage

Average Summer Usage

1 Inch Meter

Providence Water Supply Board
 Conservation Rate Filing
 Schedule HJS-28
 Wholesale Monthly Block Calculations

Wholesale Rate Calculations	
Proposed Rate	1.685988
Proposed Usage	13,090,687.30
Proposed Revenues	22,070,742
Block 2 Differential	120%
Decrease in Consumption due to Conservation Rates	
Block 1	0.00%
Block 2	-3.35%
Block 1 Usage	11,696,176.11
Block 2 Usage	1,466,705.73
Block 1 Volume Rate	\$ 1.6402
Block 2 Volume Rate	\$ 1.9682
Revenue Under Conservation Rates	
Block 1	\$ 19,183,933
Block 2	\$ 2,886,809
	<u>\$ 22,070,742</u>
	% Change
	-2.72%
	16.74%

Providence Water Supply Board
 Conservation Rate Filing
 Schedule HJS-29
 Bill Frequency Summary - Single Family Residential

Usage Block (HCF)	Cumulative Usage %	Cumulative Usage of Bills
<= 0	0%	1.89%
0-1	12%	5.73%
1-2	23%	11.87%
2-3	34%	20.78%
3-4	43%	31.35%
4-5	52%	42.18%
5-6	58%	52.31%
6-7	64%	60.97%
7-8	68%	68.01%
8-9	72%	73.74%
9-10	75%	78.22%
10-11	78%	81.76%
11-12	80%	84.57%
12-13	82%	86.79%
13-14	83%	88.62%
14-15	85%	90.05%
15-16	86%	91.21%
16-17	87%	92.20%
17-18	88%	93.03%
18-19	89%	93.75%
19-20	89%	94.38%
20-21	90%	94.91%
21-22	91%	95.36%
22-23	91%	95.76%
23-24	92%	96.12%
24-25	92%	96.42%
25-30	94%	97.61%
30-35	95%	98.33%
35-40	96%	98.80%
40-45	97%	99.12%
45-50	97%	99.34%
50-55	98%	99.49%
55-60	98%	99.61%
60-65	98%	99.69%
65-70	98%	99.75%
70-75	99%	99.81%
75-80	99%	99.84%
80-85	99%	99.87%
85-90	99%	99.89%
90-95	99%	99.90%
95-100	99%	99.92%
100-125	99%	99.96%
125-150	99%	99.98%
150-175	99%	99.99%
175-200	99%	99.99%
200-300	99%	100.00%
300-400	99%	100.00%
400-500	100%	100.00%
> 500	100%	100.00%
Cut-Off		
Block 1	6	58.3%
Block 2	12	21.5%
Block 3		20.2%

Providence Water Supply Board
Conservation Rate Filing
Schedule HJS-30
Wholesale Monthly Consumption for Conservation Rates

	East Providence		East Smithfield		Greenville		Kent County		Smithfield		Wanwick		Lincoln		Johnston		Bristol County	
	Usage	Days	Usage	Days	Usage	Days	Usage	Days	Usage	Days	Usage	Days	Usage	Days	Usage	Days	Usage	Days
Jul-11	238,408	32	33,358	31	62,390	29	259,366	31	56,968	1	662,269	21	138,841	32	34,172	28	166,418	28
Aug-11	200,707	30	28,470	29	50,559	29	235,174	29	56,939	27	545,170	22	112,580	29	43,678	33	167,900	31
Sep-11	171,683	27	25,461	30	33,735	28	213,113	29	36,810	28	367,043	16	83,745	28	23,506	29	117,278	27
Oct-11	156,535	30	20,966	30	42,411	30	235,193	32	38,664	33	362,999	22	79,182	33	19,418	32	146,206	33
Nov-11	138,227	28	16,312	25	21,920	28	200,384	25	25,107	25	228,615	16	63,447	25	12,242	25	119,246	28
Dec-11	175,841	33	21,005	33	29,408	33	226,711	33	29,452	33	251,928	22	70,888	33	14,921	33	119,317	30
Jan-12	153,083	34	21,795	34	30,726	34	260,922	35	26,414	34	264,342	23	71,755	34	15,032	34	153,195	36
Feb-12	132,242	29	18,564	30	26,235	34	223,712	30	21,906	29	229,624	19	61,981	29	13,967	31	118,103	28
Mar-12	135,786	30	18,329	28	26,658	25	242,888	30	32,055	30	223,468	20	66,738	33	13,385	27	132,374	32
Apr-12	156,146	32	23,138	33	32,259	32	226,796	32	34,999	32	302,557	21	77,118	29	20,993	33	130,820	30
May-12	153,205	28	22,698	30	34,108	29	217,158	30	34,602	29	320,711	19	76,840	29	21,506	30	149,667	34
Jun-12	203,703	33	29,721	21	52,005	33	259,335	34	44,991	33	513,968	22	112,826	33	29,995	32	163,464	28
	4,792.07		651.05		898.96		7,528.14		928.60		12,333.16		2,261.89		494.75		4,201.38	
AWC (HCF Per Day)																		
AWC Factor 120%																		
Block 1 - Up to AWC Factor																		
Jul-11	184,015		24,480		31,284		259,366		1,114		315,729		86,857		16,624		141,167	
Aug-11	172,514		22,917		31,284		235,174		30,087		325,595		78,714		19,394		156,292	
Sep-11	155,263		20,966		32,362		235,193		36,772		236,797		76,000		17,119		117,278	
Oct-11	138,227		16,312		21,920		200,384		25,107		228,615		63,447		12,242		119,246	
Nov-11	175,841		21,005		29,408		226,711		226,711		251,928		70,888		14,921		119,317	
Jan-12	153,083		21,795		30,726		260,922		26,414		264,342		71,755		15,032		153,195	
Feb-12	132,242		18,564		26,235		223,712		21,906		229,624		61,981		13,967		118,103	
Mar-12	135,786		18,329		26,658		242,888		32,055		223,468		66,738		13,385		132,374	
Apr-12	156,146		23,138		32,259		226,796		34,999		302,557		77,118		19,592		130,820	
May-12	153,205		22,698		31,284		217,158		32,315		286,129		76,840		17,811		149,667	
Jun-12	189,766		16,667		35,599		259,335		36,772		325,595		89,571		18,900		141,167	
Block 2 - Over AWC Factor																		
Jul-11	54,392		8,878		31,106		-		55,854		346,540		51,984		17,549		24,252	
Aug-11	28,193		5,553		19,275		-		26,852		219,574		33,866		24,283		11,608	
Sep-11	16,420		1,763		3,530		-		5,409		130,246		7,745		6,387		-	
Oct-11	-		-		10,048		-		1,892		32,470		-		420		-	
Nov-11	-		-		-		-		-		-		-		-		-	
Dec-11	-		-		-		-		-		-		-		-		-	
Jan-12	-		-		-		-		-		-		-		-		-	
Feb-12	-		-		-		-		-		-		-		-		-	
Mar-12	-		-		-		-		-		-		-		-		-	
Apr-12	-		-		2,824		-		2,286		34,582		-		1,401		-	
May-12	-		-		16,406		-		8,218		188,372		23,255		3,694		-	
Jun-12	13,937		13,054		-		-		-		-		-		11,095		22,297	
Block 1 % of Usage																		
94.40%																		
Block 2 % of Usage																		
5.60%																		
88.52%																		
11.48%																		
77.72%																		
22.28%																		
100.00%																		
0.00%																		
77.09%																		
22.91%																		
88.52%																		
11.48%																		
75.33%																		
24.67%																		
96.54%																		
3.46%																		

Wholesale Customer Impacts

Revenue Under Current Rates	\$ 3,398,219	\$ 471,768	\$ 745,904	\$ 4,722,034	\$ 739,653	\$ 7,203,711	\$ 1,716,234	\$ 443,101	\$ 2,837,497
Revenue Under Conservation Rates									
Block 1	\$ 3,120,660	\$ 410,980	\$ 589,194	\$ 4,593,761	\$ 554,703	\$ 5,446,918	\$ 1,477,956	\$ 324,733	\$ 2,665,028
Block2	\$ 222,296	\$ 57,567	\$ 163,737	-	\$ 197,928	\$ 1,873,327	\$ 229,989	\$ 127,598	\$ 114,467
% Change	\$ 3,342,957	\$ 468,547	\$ 752,931	\$ 4,593,761	\$ 752,632	\$ 7,320,244	\$ 1,707,945	\$ 452,331	\$ 2,779,495
	-1.63%	-0.68%	0.94%	-2.72%	1.74%	1.62%	-0.48%	2.08%	-2.04%

Tab 9.

Schedule HJS-A1
Comparative Schedule of Expenses

PROVIDENCE WATER
COMPARATIVE SCHEDULE OF EXPENSES

ACCOUNT	TITLE	FISCAL YEAR 06/30/12	Test Year Adjustments	Adjusted Test Year
Source of Supply				
60110	Salaries + Wages - Emp	581,072	\$38,253.94	619,326
60120	Salaries + Wages - Emp	420,589	\$27,688.79	448,278
60320	Sal. + Wages - Officers, Dir			-
60410	Employee Pension + Ben	168,591		168,591
60420	Employee Pension + Ben	188,577		188,577
61510	Purchase Power			-
61610	Fuel for Power Purch			-
62010	Material + Supplies	18,958		18,958
62020	Material + Supplies	73,286		73,286
63110	Contractual Services - Engineer	2,460		2,460
63120	Contractual Services - Engineer			-
63310	Contract Services -Legal	18,238		18,238
63420	Contractual Services - Mgt. Fees			-
63510	Contractual Services - Other	419,915		419,915
63520	Contractual Services - Other	31,771		31,771
64210	Rental of Equipment			-
64220	Rental of Equipment			-
65010	Transportation Exp.	146		146
65020	Transportation Exp.			-
67510	Misc. Expenses	69,132		69,132
67520	Misc. Expenses	4,550		4,550
	Total Source of Supply Expense	1,997,284	\$65,942.73	2,063,227
Pumping Expenses				
60123	Salaries + Wages - Emp			-
60126	Salaries + Wages - Emp			-
60423	Employee Pension + Ben			-

**PROVIDENCE WATER
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/12	Test Year Adjustments	Adjusted Test Year
60426	Employee Pension + Ben	-	-	-
61523	Purchased Power	778,684	-	778,684
61623	Fuel for Power Purch	-	-	-
62023	Material + Supplies	-	-	-
62026	Material + Supplies	-	-	-
63123	Contractual Services - Engineer	-	-	-
63126	Contractual Services - Engineer	-	-	-
63523	Contractual Services - Other	11,629	-	11,629
63526	Contractual Services - Other	-	-	-
64223	Rental of Equipment	-	-	-
64226	Rental of Equipment	-	-	-
65023	Transportation Exp.	-	-	-
67523	Misc. Expenses	-	-	-
67526	Misc. Expenses	-	-	-
Total Pumping Expenses		790,313	-	790,313

Water Treatment Expenses

60130	Salaries + Wages - Emp	1,934,063	A	\$127,325.91	2,061,389
60140	Salaries + Wages - Emp	315,454	A	\$20,767.39	336,221
60430	Employee Pension + Ben	606,264	-	-	606,264
60440	Employee Pension + Ben	134,901	-	-	134,901
61530	Purchase Power	226,424	-	-	226,424
61630	Fuel for Power Purch	230,829	-	-	230,829
61830	Chemicals	-	-	-	-
62030	Material + Supplies	124,833	-	-	124,833
62040	Material + Supplies	67,060	-	-	67,060
63130	Contractual Services - Engineer	-	-	-	-
63240	Contract Services - Acctg	-	-	-	-
63430	Contractual Services - Mgt. Fees	-	-	-	-
63530	Contractual Services - Other	141,797	-	-	141,797
63540	Contractual Services - Other	85,680	-	-	85,680
64140	Rental Buildg/Real Prop	-	-	-	-

**PROVIDENCE WATER
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/12	Test Year Adjustments	Adjusted Test Year
64230	Rental of Equipment	-	-	-
64240	Rental of Equipment	-	-	-
65030	Transportation Exp.	5,806	-	5,806
65640	Insurance Vehicle	-	-	-
65830	Insurance - W/C	-	-	-
65840	Insurance - W/C	-	-	-
66730	Regularity Com Exp. -Other	-	-	-
67530	Misc. Expenses	96,719	-	96,719
67540	Misc. Expenses	2,027	-	2,027
	Total Treatment Expense	3,971,857	\$148,093.29	4,119,951
Transmission + Dist. Expense:				
60150	Salaries + Wages - Emp	927,462	A \$61,057.99	988,520
60160	Salaries + Wages - Emp	2,107,495	A \$138,743.53	2,246,239
60250	Payroll Clearing -Emp	(216,355)	216,355	-
60260	Payroll Clearing -Emp	-	-	-
60450	Employee Pension + Ben	241,316	-	241,316
60460	Employee Pension + Ben	846,629	-	846,629
60550	Overhead Rate Applied	(604,034)	604,034	-
60560	Overhead Rate Applied	-	-	-
61550	Purchase Power	12,019	-	12,019
62050	Material + Supplies	269,822	-	269,822
62060	Material + Supplies	-	-	-
62560	Inventory Clearing	-	-	-
63150	Contractual Services - Engineer	36,120	-	36,120
63350	Contractual Services - Legal T&D0	-	-	-
63460	Contractual Services - Mgt. Fees	-	-	-
63550	Contractual Services - Other	453,727	-	453,727
63560	Contractual Services - Other	65,018	-	65,018
64150	Rental Buildg/Real Prop	-	-	-
64160	Rental Buildg/Real Prop	-	-	-
64250	Rental of Equipment	-	-	-

**PROVIDENCE WATER
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/12	Test Year Adjustments	Adjusted Test Year
64260	Rental of Equipment	-	-	-
65050	Transportation Exp. T&D	2,748	-	2,748
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	37,994	-	37,994
67560	Misc. Expenses	-	-	-
Total Transmission & Distribution		4,179,962	\$1,020,190.28	5,200,152
Customer Accounts Expense:				
60170	Salaries + Wages - Emp	1,798,417	\$118,395.88	1,916,813
60270	Payroll Clearing -Emp	(93,057)	93,057	-
60470	Employee Pension + Ben	721,692	-	721,692
60570	Overhead Rate Applied	(377,449)	377,449	-
61670	Fuel for Power Purch	-	-	-
62070	Material + Supplies	2,467	-	2,467
63370	Contractual Services - Legal	-	-	-
63570	Contractual Services - Other	10,979	-	10,979
65070	Transportation Exp. -CAO	1,012	-	1,012
65870	Insurance - Other	-	-	-
65970	Insurance Other	-	-	-
67070	Bad Debt Expense - CAO	445,333	-	445,333
67570	Misc. Expenses	194,180	-	194,180
Total Customer Accounts		2,703,575	\$588,901.65	3,292,477
Administrative and General				
60180	Salaries + Wages - Emp	5,229,735	\$269,625.20	5,499,360
60280	Payroll Clearing -Emp	(488,703)	488,703	-
60380	Salaries + wages - Officers, Dir.	-	-	-

**PROVIDENCE WATER
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/12	Test Year Adjustments	Adjusted Test Year
60480	Employee Pension + Ben	4,605,608		4,605,608
60580	Overhead Rate Applied	(221,236)	221,236	-
61580	Purchase Power	113,972		113,972
61680	Fuel for Power Purch			-
62080	Material + Supplies	515,672		515,672
63180	Contractual Services - Engineer	45,262		45,262
63280	Contract Services - Acctg			-
63380	Contractual Services - Legal	50,841		50,841
63480	Contractual Services - Mgt. Fees			-
63580	Contractual Services - Other	982,614		982,614
64180	Rental Buidg/Real Prop			-
64280	Rental of Equipment			-
65080	Transportation Exp.	6,390		6,390
65780	Ins. Gen. Liability			-
65880	Insurance - W/C			-
65980	Insurance Other			-
66080	Advertising Expense			-
66680	Reg Com Exp - Amort of Rate Case			-
66780	Regulatory Com Exp. -Other	227,469		227,469
67580	Misc. Expenses	358,418		358,418
	Total Administration + General	11,426,042	\$979,564.08	12,405,606
	Total Operation & Maintenance	25,069,033		27,871,725
	Source of Supply			
	Pumping	1,997,284	\$65,942.73	2,063,227
	Treatment	790,313	-	790,313
	Transmission & Distrib.	3,971,857	148,093	4,119,951
	Customer Accounts	4,179,962	1,020,190	5,200,152
	Administration & General	2,703,575	588,902	3,292,477
	Total Operation & Maintenance	11,426,042	979,564	12,405,606
	Total Operation & Maintenance	25,069,033	2,802,692	27,871,725

**PROVIDENCE WATER
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/12	Test Year Adjustments	Adjusted Test Year
Capitalized Overheads				
Full Operation & Maint. Operating Fund		1,202,718		1,202,718
		26,271,752		26,271,752
857 Insurance Fund				
65840	Insurance W/C - WTM			-
65870	Insurance W/C - CAO			-
62080	Materials + Supplies - A&GO	17,602		17,602
63180	Contractual Services-Engineer			-
63380	Contract Services - Legal A&GO	(11,163)	11,163	-
63580	Contract Services - Other A&GO			-
	Injuries and Damages	54,528		54,528
65780	Ins. Gen. Liability			-
65980	Insurance-Other A&GO	1,006,353		1,006,353
65880	Insurance - W/C	874,015		874,015
67070	Bad Debt Expense-CAO			-
67580	Misc. Expense	7,150		7,150
Total Insurance Fund		1,948,485	11,163	1,959,648
878 Chemical and Sludge Maintenance Fund				
61830	Chemicals - WTO			
62030	Materials + Supplies WTO	2,572,273		2,572,273
62050	Materials + Supplies T&DO			-
63540	Contract Services - Other WTM	552,692		552,692
Total Chemical and Sludge Maintenance Fund		3,124,965		3,124,965
Full Operation and Maintenance		32,143,316	2,813,855	31,356,364
City Services		839,167		839,167

**PROVIDENCE WATER
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/12	Test Year Adjustments	Adjusted Test Year
Property Taxes- Other Local Govern.				
40820	North Providence	266,581	-	266,581
40821	Glocester	51,478	-	51,478
40822	West. Glocester	3,708	-	3,708
40823	Harmony	164	-	164
40824	Chepachet	251	(120)	131
40825	Scituate	5,087,356	0	5,087,357
40826	Warwick	-	-	-
40827	Johnston	90,117	(0)	90,117
40828	Foster	331,673	-	331,673
40829	Cranston	110,522	1	110,523
40830	West. Warwick	3,761	-	3,761
Total Property Taxes		5,945,612		5,945,492
Full Operation & Maint.		32,143,316	2,813,855	34,957,171
City Services		839,167	-	839,167
Total Property Taxes		5,945,612	-	5,945,612
Capitalized Labor and Overheads		2,000,833	(2,000,833)	-
Grand Total		40,928,928	813,022	41,741,950
Capital Reimbursement		30,981,650		
		(798,115)		

A Adjustment to Normalize Payroll See: Schedule HJS-3A
 B Adjustment to Remove Non-Recurring Expense due to Insurance reimbursement

Index and Responses in Compliance with Part 2

Item 2.5(a) Response	Current and Proposed Rate Schedules; Terms and Conditions Included under heading "Tariffs". See Tab 3.
Item 2.5 (b) Response	Complete Direct Case with Testimony and Exhibits Included as Testimony of Witnesses, with Exhibits
Item 2.5 (c)(1) Response	Annual Reports to Commission Filed
Item 2.5 (c)(2) Response	FERC or FCC annual reports Not applicable
Item 2.5 (c)(3) Response	FERC or FCC audit reports Not applicable
Item 2.5 (c)(4) Response	SEC Annual 10K reports Not applicable
Item 2.5(c)(5) Response	Prospectuses issued during last two (2) years Not applicable
Item 2.5 (c)(6) Response	Annual Reports to Stockholders Not applicable.
Item 2.5 (c)(7) Response	Statement reconciling any significant differences between items shown in filing and in any of above reports. Not applicable.
Item 2.6(a) Response	Cost of service schedules for the test year and the proposed rate year. Please see testimony of Harold Smith and supporting schedules. See Table of Contents.
Item 2.6(b) Response	Rate Year. The rate year is January 1, 2014 through December 31, 2014.
Item 2.6(c) Response	Adjustments to Test year. Please see testimony of Harold Smith and supporting schedules. See Table of Contents.
Item 2.7. Response	Attestation of Financial Data Included in Tab 4.

Index and Responses in Compliance with Part 2

- Item 2.9(a)
Response Cost of Service Schedules for test year and rate year.
Please see testimony of Harold Smith and supporting schedules. See
Table of Contents.
- Item 2.9(b)
Response Workpapers supporting working capital allowance.
Not applicable.
- Item 2.9(c)
Response Workpapers supporting allocations of cost of service amounts among
entities.
Not applicable.
- Item 2.9 (d)
Response Workpapers detailing the test year and rate year revenues.
Please see testimony of Harold Smith and supporting schedules. See
Table of Contents.
- Item 2.9 (e)
Response For each rate class, proposed rate change effects and copy of actual bill.
Please see HJS-20 and HJS-21. A copy of an actual bill is included at the
end of this Index.
- Item 2.9 (f)
Response Principal and Interest paid on Debt Service for Test Year and Rate Year.
Included at the end of this Index.
- Item 2.9 (g)
Response Schedule of Lease payments
Not applicable.
- Item 2.9 (h)
Response Adjustment Clause revenue analysis
Not applicable.
- Item 2.9 (i)
Response Rate year Municipal Tax Expense, and prior three years
Please see HJS-4 Analysis of Property Taxes, and HJS-4A Comparative
Schedule of Property Taxes.
- Item 2.9 (j)
Response Number of Employees and Overtime
Included at the end of this Index.
- Item 2.9 (k)
Response Summary of transactions with affiliated entities/funds
Included at the end of this Index.

Index and Responses in Compliance with Part 2

Item 2.9 (l)	(1) balance sheet (2) income statement (3) statement of changes in retained earnings
Response	Please see Exhibit 3 Audited Financial Statements for Fiscal Year ending 6/30/12 and 6/30/11 in Tab 9.
Item 2.9 (m)	Summary of rate case expense incurred and projected.
Response	Please see HJS-7 Schedule of Regulatory Commission & Rate Case Exp.
Item 2.9 (n)	Information for preceding five years (1) unaccounted for water (2) loss on transmission of electricity or gas (3) utility's own use of water
Response	(1) Please see Exhibit 1, Table E attached to Boyce Spinelli's testimony. (2) Not applicable. (3) Included at the end of this Index.
Item 2.9(o)	Summary of the status of compliance and reporting required by prior Commission orders.
Response	Providence Water is in compliance with all prior Commission orders. All semi and annual reports have been filed to the best of our knowledge.



PO BOX 1456
PROVIDENCE, RI 02901-1456

Bill Date	3/8/2013
Account Number	218068
Payment Due Date	Upon Receipt
Service Location	SWIFT ST
Total Amount Due	\$ 50.05

218068000308130000000005005000009650000008

Amount Enclosed \$ _____



Make Check / Money Order payable
PROVIDENCE WATER. INCLUDE ACCOUNT
NUMBER ON CHECK / MONEY ORDER.

To pay by ACH, go to www.provwater.com. To pay by credit card, either go to www.provwater.com or call 1-866-833-2560.
PLEASE RETURN TOP PORTION OF THIS PAGE, RETAIN BOTTOM AND FOLLOWING PAGE FOR YOUR RECORDS.

Service
Account Number ~~218068~~
Service Type Residential
Water Rate \$ 2.488
Meter Number 44956338
Meter Size 5/8"

Service Location
~~SWIFT ST~~
PROVIDENCE RI 02904

Bill To
~~MARK ROSSI~~
~~152 CHARLES ST~~
~~PROVIDENCE RI 02904~~

Billing Questions
(401) 521-5070

Emergency Service
(401) 521-6300

Business Hours
Monday - Friday
8:30 AM - 4:30 PM

Summer Hours
Monday - Friday
8:30 AM - 4:00 PM

Website
www.provwater.com

Conversions

1 CF (cu. ft.) = 7.48 Gallons
1 HCF = 100 CF = 748 Gallons

Bill Summary

Bill Date 3/8/2013
Usage Period 2/14/2013 - 03/07/2013

Previous Bill \$ 40.40
Payment Received \$ 0.00
Past Due Balance \$ 40.40

Current Charges

Consumption Charge	HCF	Rate	
	1.72	\$ 2.488	\$ 4.28
Service Charge(s)	Days	Daily Rate	
Regular service charge	21	\$ 0.2038	\$ 4.28
Fire protection service charge	21	\$ 0.0342	\$ 0.72
RI Water Fund Charge	HCF	Rate	
	1.72	\$ 0.21842	\$ 0.37

Total Current Charges \$ 9.65

Total Due \$ 50.05

Interest of 1% per month will be charged on payments received 30 days after the billing date.

Item 2.9(e)



PO BOX 1456
PROVIDENCE, RI 02901-1456

Account Number **216068**
 Bill To **MARK ROSSI**
152 CHARLES ST
PROVIDENCE, RI 02904
 Service Location **SWIFT ST**

This page has Billing and History Detail ONLY.

 For TOTAL DUE, please see Total Amount Due on **FIRST PAGE** of Billing Statement.

Current Consumption

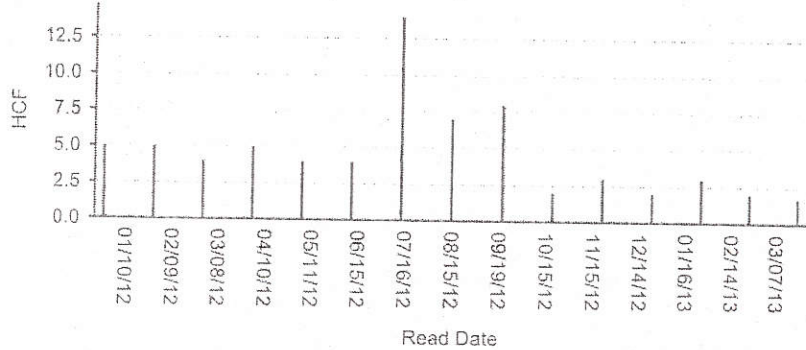
#Days	Read Date	Read Type	Meter Read	HCF
	02/14/2013	Actual	95100	
21	03/07/2013	Final	95272	1.72
			Total HCF:	1.72

JOIN THE NEW CUSTOMER NOTIFICATION NETWORK.
 Get important water information and alerts, sent directly to your phone, cell or e-mail account. Visit www.provwater.com to sign up and join the network for FREE!

IMPORTANT INFORMATION: LEAD IN DRINKING WATER
 Providence Water has found high levels of lead in drinking water in some homes. Lead can cause serious health problems. Ensure lead-free water by flushing a cold water faucet for 3 minutes if your water has not been used for several hours. You will use about 3 gallons for water and the cost will be about a penny. Save the flushed water for watering plants or household cleaning. 3-minute flushing is not necessary if you have used toilets, washing machines, showers or bathtubs first. However, for drinking or cooking, always flush the water from that faucet for at least 30 seconds.

SAVE WATER AND MONEY!
 Shorten your shower by 1 or 2 minutes and save up to 700 gallons of water a month. For more water saving tips, visit www.provwater.com, click on the News and Information drop-down menu, select "Facts", and click "About Conservation".

Historical Usage Trend



# Days	Read Date	Actual Usage			
		Read	HCF	GAL	Gals/Day
28	01/10/12	88800	5.00	3740	134
30	02/09/12	89300	5.00	3740	125
28	03/08/12	89700	4.00	2992	107
33	04/10/12	90200	5.00	3740	113
31	05/11/12	90600	4.00	2992	97
35	06/15/12	91000	4.00	2992	85
31	07/16/12	92400	14.00	10472	338
30	08/15/12	93100	7.00	5236	175
35	09/19/12	93900	8.00	5984	171
26	10/15/12	94100	2.00	1496	58
31	11/15/12	94400	3.00	2244	72
29	12/14/12	94600	2.00	1496	52
33	01/16/13	94900	3.00	2244	68
29	02/14/13	95100	2.00	1496	52
21	03/07/13	95272	1.72	1266	61

1 HCF = 100 CF = 748 gallons
 The recommended usage is 65 gallons per person per day. Divide the gallons per day by the number of people in your household to determine your daily, per person usage.

**PROVIDENCE WATER
DEBT SERVICE SCHEDULE**

	Interest Rate	Original Principal	Test Year 6/30/12		Rate Year CY 2014	
			Principal	Interest	Principal	Interest
Safe Drinking Water Revolving Loan RICWFA Bond	2.33%-3.60%	\$8,101,000	837,000	86,602	915,000	29,280
DOI: 12/28/94, \$12,000,000 Refinanced 3/05						
DOM: 09/01/2014						
Source of Funds: Rates IFR Fund						
Purpose: IFR Projects						
Repayment Terms: Per Loan Agreement						
Security Pledge: Operating Revenues						
Rhode Island Clean Water Finance Bond	2.846%	\$35,000,000	1,327,000	1,135,734	1,436,000	1,034,437
DOI: 05/19/2008						
DOM: 09/01/2029						
Source of Funds: IFR Fund						
Purpose: IFR Projects						
Repayment Terms: Per Loan Agreement						
Security Pledge: Operating Revenues						
Safe Drinking Water Revolving Loan RICWFA Bond	4.807%	\$2,500,000	119,117	50,810	131,956	41,415.88
DOI: 12/04/2001						
DOM: 09/01/2021						
Source of Funds: Rates WCWDS Fund						
Purpose: Western Cranston Improvements						
Repayment Terms: Per Loan Agreement						
Security Pledge: Operating Revenues						

**PROVIDENCE WATER
DEBT SERVICE SCHEDULE**

Description of Debt	Interest Rate	Original Principal	Test Year 6/30/12		Rate Year CY 2014	
			Principal	Interest	Principal	Interest
ARRA Stimulus Bond	3.8173%	\$3,930,000	762,000	54,851	798,000	29,335
DOI: 11/19/2009						
DOM: 10/02/15						
Source of Funds: Rates Capital & Meter Funds						
Purpose: Water Mains & Meter replacements/rehabilitation						
Repayment Terms: Per Loan Agreement						
Security Pledge: Operating Revenues						
ARRA Stimulus Bond	12.2802%	\$9,320,000	361,000	114,793	378,000	206,327
DOI: 11/19/2009						
DOM: 09/01/2030						
Source of Funds: Rates IFR Fund						
Purpose: Water Mains & Meter replacements/rehabilitation						
Repayment Terms: Per Loan Agreement						
Security Pledge: Operating Revenues						
Safe Drinking Water Revolving Loan RICWFA Bond	3.35%	\$3,000,000	0	1,844	126,000	61,444
DOI: 6/1/2012						
DOM: 09/01/2032						
Source of Funds: Rates WQP Fund						
Purpose: Watershed Acquisition						
Repayment Terms: Per Loan Agreement						
Security Pledge: Operating Revenues						

PROVIDENCE WATER Number of Employees and Overtime

<u>Time Period</u>	<u>Number of Employees</u>
Beginning of Test Year	261
End of Test Year	247
Estimated Rate Year	264

<u>Fiscal Year</u>	<u>Overtime Amount</u>
07/01/2009-6/30/2010	\$811,305
07/01/2010-6/30/2011	\$814,237
07/01/2011-6/30/2012	\$832,163

<u>Rate Year</u>	<u>Overtime Amount</u>
1/1/2014 -12/31/2014	\$870,026

PROVIDENCE WATER
Summary of Transactions with Affiliated Entities

Test Year Transactions:

City Services Billing from City of Providence	\$839,167
Other Water Billings to City of Providence (see note)	N/A
Loans to/from	\$0

Accounts Receivable Balance:

	<u>July 1, 2011</u>	<u>June 30, 2012</u>	<u>March 13, 2013</u>
Providence Hydrant Accounts	\$550,138.76	\$694,447.23	\$694,447.23
Providence School System	\$0.00	\$0.00	\$6,832
Other Providence Accounts	\$0.00	\$0.00	\$243,396.12

Note: Not readily available. Involves numerous accounts. Providence Water does periodically extract the accounts receivable balance to review with City personnel.

PROVIDENCE WATER
Utility Use of Water

<u>Consumption Period</u>		<u>Cubic Feet Consumption (CF)</u>	<u>Hundred Cubic Feet Consumption (CCF)</u>
07/06/2007	08/31/2008	42,150	422
09/01/2008	09/18/2009	31,970	320
09/19/2009	08/01/2010	30,790	308
08/02/2010	09/01/2011	52,150	522
09/02/2011	08/31/2012	<u>43,741</u>	<u>437</u>
		200,801	2009

CITY OF PROVIDENCE, RHODE ISLAND
WATER SUPPLY BOARD

**FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2012 AND 2011**

CITY OF PROVIDENCE, RHODE ISLAND
WATER SUPPLY BOARD

TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2012 AND 2011

	<u>PAGE(S)</u>
FINANCIAL SECTION:	
Report of Independent Auditors.....	1
 Basic Financial Statements and Required Supplementary Information:	
Management's Discussion and Analysis	2 - 5
 Financial Statements:	
Statement of Net Assets	6 - 7
Statements of Revenues and Expenses and Changes in Fund Net Assets	8
Statements of Cash Flows.....	9
 Notes to Financial Statements	10 - 20
 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	 21 - 22

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statements of net assets of the Providence Water Supply Board (the "Water Supply Board") (an enterprise fund of the City of Providence, Rhode Island) as of June 30, 2012 and 2011, and the related statements of revenues and expenses and changes in fund net assets and cash flows for the years then ended. These financial statements are the responsibility of the Water Supply Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements present only the Water Supply Board and do not purport to, and do not, present fairly the financial position of the City of Providence, Rhode Island, as of June 30, 2012 and 2011, and the changes in its financial position, or, where applicable its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

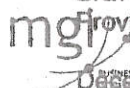
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Water Supply Board as of June 30, 2012 and 2011, and the respective changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards", we have also issued our report dated December 31, 2012 on our consideration of the Water Supply Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards", and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting in an appropriate operational, economic, or historical context. We have applied certain limited procedures, to the required supplementary information in accordance with accounting standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Braver, PC

Braver, PC
Providence, Rhode Island



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012 AND 2011

The management of the Providence Water Supply Board (the "Water Supply Board") offers readers of our financial statements the following narrative overview and analysis of our financial activities for the years ended June 30, 2012 and 2011.

Financial Statements

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

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

- The statements of net assets present information on the assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Water Supply Board is improving or deteriorating.
- The statements of revenues, expenses, and changes in net assets report the operating and non-operating revenues and expenses of the Water Supply Board for the fiscal year with the difference – the net income or loss – being combined with any capital contributions to determine the net change in assets for the fiscal year. That change combined with the previous year-end net assets total reconciles to the net assets at the end of the fiscal year.
- The statements of cash flows report cash and cash equivalents activity for the fiscal year resulting from operating activities, non-capital financing activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash and cash equivalents balance at the end of the fiscal year.

(CONTINUED)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012 AND 2011

Condensed Financial Information (In thousands)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current assets	\$ 39,753	\$ 40,695	\$ 49,147
Capital assets, net	266,247	254,291	235,100
Total assets	<u>306,000</u>	<u>294,986</u>	<u>284,247</u>
Current liabilities	12,469	12,780	17,235
Noncurrent liabilities	52,081	51,896	53,780
Total liabilities	<u>64,550</u>	<u>64,676</u>	<u>71,015</u>
Net assets:			
Invested in capital assets, net of related debt	213,758	201,281	179,800
Restricted	18,649	18,028	28,395
Unrestricted	9,043	11,001	5,037
Total net assets	<u>\$ 241,450</u>	<u>\$ 230,310</u>	<u>\$ 213,232</u>
Operating revenues	\$ 61,727	\$ 64,017	\$ 54,976
Operating expenses	37,404	34,674	39,447
Depreciation	12,191	11,380	11,421
Total operating expenses, including depreciation	<u>49,595</u>	<u>46,054</u>	<u>50,868</u>
Operating income	12,132	17,963	4,108
Nonoperating expense	(1,192)	(1,395)	(943)
Capital grants and contributions	200	510	773
Increase in net assets	<u>\$ 11,140</u>	<u>\$ 17,078</u>	<u>\$ 3,938</u>

(CONTINUED)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012 AND 2011

Financial Highlights

The Water Supply Board's net assets totaled \$ 241 million at June 30, 2012. Total net assets increased by \$11.1 million, or about 5% from June 30, 2011.

During the year, the Water Supply Board had operating revenues that exceeded operating expenses by \$12 million. This is primarily due to the large commitment to the replacement of infrastructure included in water rates.

At June 30, 2012, the Water Supply Board's net assets totaled \$ 241 million. Total assets were \$306 million, up \$ 11 million from last year's total assets of \$ 295 million.

At June 30, 2011, the Water Supply Board's net assets totaled \$ 230 million. Total assets were \$295 million, up \$ 10.8 million from the prior year's total assets of \$ 284.2 million.

The Water Supply Board's total operating revenues were \$61.7 million at June 30, 2012, which decreased from \$64 million at June 30, 2011. The total cost of operating the water system, including property taxes and depreciation, was \$49.6 million. This resulted in an operating income of \$12.1 million. Non-operating revenue consists of interest and dividend income. Interest on long-term restricted debt is the largest non-operating expense, followed by miscellaneous and other expenses. Non-operating expense for the fiscal year totaled (\$1.2) million, with capital grants of \$.2 million. The total increase in net assets was \$11.1 million.

The decrease in revenue in 2012 was attributable to a decrease in consumption based revenue. The increase in expenses were a result of increases in chemical costs, pension contribution, insurance and depreciation expense and an increase in bad debt expense.

The Water Supply Board's total operating revenues were \$ 64 million at June 30, 2011, which increased from \$54.9 million at June 30, 2010. The total cost of operating the water system, including property taxes and depreciation, was \$ 46 million. This resulted in an operating income of \$ 18 million. Non-operating revenue consists of interest and dividend income. Interest on long-term restricted debt is the largest non-operating expense, followed by miscellaneous and other expenses. Non-operating expense for the fiscal year totaled (\$1.4) million, with capital grants of \$.5 million. The total increase in net assets was \$ 17.1 million.

The increase in revenue in 2011 was attributable to an across the board increase in rates that was in place for all of 2011. The decrease in expenditures in 2011 was a result of negotiated adjustments to salaries, the reduction of some benefits, a reduction in property taxes and a reduction of bad debt expense.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2012, the Water Supply Board had \$ 266.2 million invested in various capital assets, including land, buildings and improvements, transmission and distribution reservoirs, mains, services, hydrants and appurtenances, machinery and equipment and construction work in progress. This amount represents a net increase of \$ 12 million, or 4.7%, over last year.

At June 30, 2011, the Water Supply Board had \$ 254.2 million invested in various capital assets, including land, buildings and improvements, transmission and distribution reservoirs, mains, services, hydrants and appurtenances, machinery and equipment and construction work in progress. This amount represents a net increase of \$ 19.2 million, or 8.2%, over the prior year.

(CONTINUED)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012 AND 2011

Major project expenditures included (In millions):

- ◆ Various distribution improvements, \$0.1
- ◆ Replace valves, \$0.1
- ◆ Replace fire hydrants, \$0.5
- ◆ Valve & Hydrant Assessment, \$.5
- ◆ Replace lead services, \$1.5
- ◆ Sludge Maintenance, \$1.0
- ◆ Geographic Info. Systems (GIS), \$0.1
- ◆ Replace water mains, \$6.7
- ◆ 102" aqueduct improvements, \$1.8
- ◆ Sand Filters, \$5.1
- ◆ Electrical and process control upgrades, \$0.1
- ◆ CO² system, \$0.3
- ◆ Mlog Leak Detection system, \$0.6
- ◆ Source Water Improvements, \$0.3
- ◆ Pump Station improvements, \$0.7

The Water Supply Board's fiscal 2013 capital budget includes projected expenditures of \$29 million for infrastructure and capital projects. The major projects are filter replacements and water main replacements, sludge removal and disposal, Source Water Improvements and Treatment Plant system upgrades, GIS system, and land acquisition. Other projects will be funded from bond proceeds available from bonds issued in prior fiscal years and with restricted cash funding from rate revenues. The majority of infrastructure projects are financed on a pay-as-you-go, cash basis. New capital additions, that benefit the ratepayers for many years, are paid for with debt financing on an as needed basis.

Debt

At June 30, 2012, the Water Supply Board had \$ 52.5 million in bonds and notes outstanding versus \$ 53 million in the previous year. This represented a decrease of \$.5 million or .9%. \$ 3 million in new debt was issued in 2012 to fund watershed land acquisition

At June 30, 2011, the Water Supply Board had \$ 53 million in bonds and notes outstanding versus \$ 55.3 million in the previous year. This represented a decrease of \$ 2.3 million or 4.2%. The 1996 PPBA bond was refinanced in November 2010. No additional debt was issued in 2011.

Contacting Providence Water's Financial Management

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

(CONCLUDED)

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

STATEMENT OF NET ASSETS
JUNE 30, 2012 AND 2011 (000's)

	2012	2011
ASSETS		
Current unrestricted assets		
Cash and cash equivalents (Note 3)	\$ 3,174	\$ 3,948
Accounts receivable, net of allowance for uncollectible accounts of \$2,786 in 2012 and \$2,378 in 2011	8,439	9,257
Accounts receivable - unbilled	4,828	4,752
Inventory	637	711
Other assets	479	487
Total current unrestricted assets	17,557	19,155
Current restricted assets (Note 2)		
Cash and cash equivalents (Note 3)	16,770	17,215
Investments (Note 3)	4,474	4,304
Accounts receivable	952	21
Total current restricted assets	22,196	21,540
Total current assets	39,753	40,695
 Capital Assets (Note 9)		
Land	21,917	19,305
Building and improvements	60,740	55,263
Improvements other than buildings	229,861	225,819
Machinery and equipment	28,002	27,239
Assets under capital leases (Note 7)	13,846	13,846
Scituate Reservoir Project	18,682	18,682
Construction in progress	63,796	52,543
	436,844	412,697
Less accumulated depreciation and amortization	170,597	158,406
Total capital assets, net	266,247	254,291
Total assets	306,000	294,986

(CONTINUED)

The accompanying notes are an integral part of these financial statements.

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

STATEMENT OF NET ASSETS
JUNE 30, 2012 AND 2011 (000's)

LIABILITIES

Current liabilities

Due to City of Providence General Fund (Note 6)	542	544
Accounts payable	819	1,021
Accrued expenses	1,980	2,216
Unearned revenues	1,979	1,966
Current portion of long-term debt (Note 5)	3,602	3,521
	<u>8,922</u>	<u>9,268</u>

Amounts to be paid from current restricted assets (Note 2)

Due to Water Resources Board	376	347
Accounts payable	3,171	3,165
	<u>3,547</u>	<u>3,512</u>

Total current liabilities

12,469 12,780

Non-current liabilities

General revenue bonds (Note 5)	48,887	49,489
Other post employment benefits (Note 10)	3,194	2,407
Total non-current liabilities	<u>52,081</u>	<u>51,896</u>

Total liabilities

64,550 64,676

NET ASSETS

Invested in capital assets, net of related debt	213,758	201,281
Restricted	18,649	18,028
Unrestricted	9,043	11,001
Total net assets	<u>\$ 241,450</u>	<u>\$ 230,310</u>

(CONCLUDED)

The accompanying notes are an integral part of these financial statements.

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

**STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND NET ASSETS
 FOR THE YEARS ENDED JUNE 30, 2012 AND 2011 (000's)**

	2012	2011
Operating Revenues		
Charges for services:		
Water sales (Note 1):		
General customers	\$ 41,457	\$ 42,266
Other local water suppliers	16,777	17,301
Fire protection services	1,104	2,060
Maintenance charges and other revenue	2,389	2,390
Total operating revenues	61,727	64,017
Operating Expenses		
Source of supply	1,932	2,183
Pumping operations	790	871
Water treatment	6,980	6,038
Transmission and distribution	4,024	3,578
Charge for services provided by other City departments (Note 6)	1,522	839
Customer accounts and service	2,179	2,829
Administrative and general	13,554	12,080
Depreciation and amortization	12,191	11,380
Property taxes - other local governments	6,423	6,256
Total operating expenses	49,595	46,054
Operating Income	12,132	17,963
Nonoperating Revenues (Expenses)		
Interest income	294	34
Interest expense and other	(1,486)	(1,429)
Net nonoperating expenses	(1,192)	(1,395)
Capital Grants and Contributions	200	510
Change in net assets	11,140	17,078
Net Assets, beginning of year	230,310	213,232
Net Assets, end of year	\$ 241,450	\$ 230,310

The accompanying notes are an integral part of these financial statements.

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011 (000's)

	2012	2011
Cash Flows From Operating Activities		
Cash received from customers	\$ 61,559	\$ 61,563
Cash paid to vendors	(23,343)	(26,058)
Cash paid to employees	(13,603)	(12,776)
Net cash provided by operating activities	24,613	22,729
Cash Flows From Non-Capital and Related Financing Activities		
Due to/from other funds	(2)	1,525
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(24,146)	(30,571)
Interest paid on debt	(1,486)	(1,429)
Repayment of long-term debt	(3,521)	(3,345)
Proceeds from long-term debt	3,000	1,056
Capital grants	200	510
Net cash used in capital and related financing activities	(25,953)	(33,779)
Cash Flows From investing Activities		
Purchase of investment securities	(171)	(1)
Investment income (loss)	294	34
Net cash provided by (used in) investing activities	123	33
Net decrease in cash and cash equivalents	(1,219)	(9,492)
Cash and cash equivalents		
Beginning	21,163	30,655
Ending	\$ 19,944	\$ 21,163
Unrestricted cash and cash equivalents	\$ 3,174	\$ 3,948
Restricted cash and cash equivalents	16,770	17,215
	\$ 19,944	\$ 21,163
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities:		
Operating income	\$ 12,132	\$ 17,963
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	12,191	11,380
Changes in assets and liabilities:		
Accounts receivable	(189)	(2,511)
Inventories	74	140
Other assets	8	36
Accounts payable and accrued expenses	384	(4,300)
Unearned revenue	13	21
Net cash provided by operating activities	\$ 24,613	\$ 22,729

The accompanying notes are an integral part of these financial statements.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011 (000's)

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

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

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

Significant accounting policies are as follows:

Basis of Presentation

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

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

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

Regulations and Operations

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

Cash equivalents

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

Investments

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

Inventory

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

(CONTINUED)

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011 (000's)

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets, depreciation and amortization

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

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

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

Restricted funds for construction of assets

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

Capital contributions

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

Revenues, operating revenues and expenses

Revenues include amounts billed and unbilled to all customers, including those customers outside the City of Providence, Rhode Island. All billed charges are based on rates approved by the PUC. Revenues for unbilled amounts to general customers are estimated based on billing amounts subsequent to year-end. The Water Supply Board distinguishes operating revenues and expenses from non-operating. Operating revenues result from charges to customers for water and related services. Operating expenses include the cost of operations, maintenance, sales and service, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as non-operating or capital contributions.

Proprietary fund accounting

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

Concentration of credit risk

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

(CONTINUED)

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011 (000's)

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

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

Compensated absences

Employees accumulate sick leave hours for subsequent use or for payment upon retirement. Sick leave and vacation vest may be carried forward into the following calendar year, but not to exceed 135 days and 30 days, respectively.

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

2. RESTRICTED ASSETS

The State of Rhode Island enacted the Public Drinking Water Protection Act of 1987 (the "Act") that empowers suppliers of public drinking water to levy a surcharge (the "surcharge") of one cent (\$0.01) per hundred gallons of water for all customers. The surcharge has been amended several times since 1987. The last increase was on July 1, 2002, when the surcharge increased to \$0.0292 per hundred gallons of water for all customers. In addition to the increase, the Water Supply Board will retain 36.1% of the surcharge in its Water Quality Protection fund, remit 57.0% to the State Water Resources Board and retain 6.9% for general operations. The funds collected in the Water Quality Protection fund are to be expended in the following manner:

- 1) at a minimum, 55% of the funds are to be spent for the acquisition of land or land rights or physical improvements to acquired land to protect the quality of the raw water of the water supply system;
- 2) 35% may be used to acquire a fee simple interest or a conservation restriction that directly protects the quality and safety of the public drinking water supply; and 3) 10% may be used by the supplier for any purpose relating to its operations.

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

3. CASH AND INVESTMENTS

The following is a summary of cash and investments:

	Fair Value
Cash and cash equivalents	\$ 3,174
Restricted cash and cash equivalents	16,770
Equity Mutual Funds	4,474
Total	\$ 24,418

(CONTINUED)

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011 (000's)

3. CASH AND INVESTMENTS (CONTINUED)

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

4. PENSION PLANS

Substantially all employees of the Water Supply Board participate in the Employees' Retirement System of the City of Providence (the "Plan"), a defined-benefit, single-employer plan. Disclosures about this plan, as a whole, are presented in the City of Providence, Rhode Island's basic financial statements. As of June 30, 2012 and 2011, the City recorded a liability for unpaid pension contributions of \$149,478 and \$136,115, respectively. Separate actuarial information related to the Water Supply Board employees is not available. Accordingly, only disclosures about the Water Supply Board's participation in the Plan are presented herein.

Water Supply Board employees participating in the Plan are eligible to retire at age 55 if hired prior to July 1, 2004, at age 60 if hired between July 1, 2004 and June 30, 2009, at age 62 with 10 years of service if hired on or after July 1, 2009 or at any age after 25 years of service if hired prior to July 1, 1995, or at any age after 30 years of service if hired on or after July 1, 1995. The total retirement allowance is equal to an annuity, which is the actuarial equivalent of accumulated contributions at the time of retirement, plus a pension which when added together either; 1) equals 1/40 of final compensation for each year of total service up to 20 years and 1/50 of final compensation for each year of service in excess of 20 years if hired prior to July 1, 1996 or; 2) equals 1/50 of final compensation for each year of total service credited if hired on or after July 1, 1996. These benefit provisions and all other requirements are established by City ordinance.

The Water Supply Board's allocation of the actuarial required contribution and amount contributed for the year ended June 30, 2012 were \$2,556 and \$2,315, respectively. The Water Supply Board's allocation of the actuarial required contribution and amount contributed for the year ended June 30, 2011 were \$2,589 and \$1,642, respectively. The employer and employees contribution rates are approximately 25% and 23%, respectively, for both 2012 and 2011.

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

5. LONG-TERM DEBT

Long-term liability activity for the years ended June 30, 2012 and 2011 were as follows:

	2012				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
Revenue bonds	\$ 53,010	\$ 3,000	\$ (3,521)	\$ 52,489	\$ 3,602
Total bonds	53,010	3,000	(3,521)	52,489	3,602
Total long-term liabilities	\$ 53,010	\$ 3,000	\$ (3,521)	\$ 52,489	\$ 3,602

(CONTINUED)

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011 (000's)

5. LONG-TERM DEBT (CONTINUED)

	2011				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
Revenue bonds	\$ 55,299	\$ 1,056	\$ (3,345)	\$ 53,010	\$ 3,521
Total bonds	55,299	1,056	(3,345)	53,010	3,521
Total long-term liabilities	\$ 55,299	\$ 1,056	\$ (3,345)	\$ 53,010	\$ 3,521

The following is a summary of bonds and notes outstanding at June 30, 2012 and 2011:

Description	June 30, 2012	
	Interest Rate	Balance
Revenue bonds:		
Safe Drinking Water Bonds (CWFA FY2002)	2.97%	\$ 1,444
Scituate Reservoir Project (PPBA FY 2011)	5.42%	882
Safe Drinking Water Bonds (CWFA FY2005)	2.25%	2,663
Safe Drinking Water Bonds (CWFA FY2008)	2.85%	32,376
Safe Drinking Water Bonds (CWFA FY2010)	2.21%	12,124
Safe Clean Water Bonds (CWFA FY2012)	3.35%	3,000
		\$ 52,489

Description	June 30, 2011	
	Interest Rate	Balance
Revenue bonds:		
Safe Drinking Water Bonds (CWFA FY2002)	2.97%	\$ 1,563
Scituate Reservoir Project (PPBA 1996)	5.40%	996
Safe Drinking Water Bonds (CWFA FY2005)	2.25%	3,500
Safe Drinking Water Bonds (CWFA FY2008)	2.85%	33,702
Safe Drinking Water Bonds (CWFA FY2010)	2.21%	13,249
Safe Clean Water Bonds (CWFA FY2012)	3.35%	-
		\$ 53,010

(CONTINUED)

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011 (000's)

5. LONG-TERM DEBT (CONTINUED)

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

Fiscal year ending June 30:	ARRA Principal			Total
	Principal	Forgiveness	Interest	
2013	\$ 3,602	\$ (263)	\$ 1,507	\$ 4,846
2014	3,816	(283)	1,477	5,010
2015	3,916	(289)	1,379	5,006
2016	3,080	(295)	1,288	4,073
2017	2,331	(108)	764	2,987
2018-2022	12,216	(587)	5,120	16,749
2023-2027	13,220	(684)	3,114	15,650
2028-2032	10,120	(659)	751	10,212
2033	188	(24)	3	167
	<u>\$ 52,489</u>	<u>\$ (3,192)</u>	<u>\$ 15,403</u>	<u>\$ 64,700</u>

In-Substance Defeasance Prior-Years

In prior years, the Water Supply Board has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the financial statements. As of June 30, 2012, the amount of defeased debt outstanding but removed from the Water Supply Board's statements was \$3,655.

6. TRANSACTIONS WITH CITY OF PROVIDENCE, RHODE ISLAND

The City of Providence performs various services for the Water Supply Board including certain accounting, personnel and cash management services and working capital support. The total billing to the Water Supply Board for services performed amounted to \$839 for each of the years ended June 30, 2012 and 2011, respectively. This amount is established by the City, approved by the Water Supply Board and ultimately approved by the PUC. The Water Supply Board also provides services to various City funds and departments, the charges for which have been included as revenue in the accompanying financial statements. Included within the Due To City of Providence General Fund balance on the statement of net assets are the related balances due for these services, pension and post employment benefit payments which at June 30, 2012 and 2011 totaled \$301 and \$544, respectively.

(CONTINUED)

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011 (000's)

7. LEASES

The assets and liabilities under all capital leases are recorded at the present value of the minimum lease payments. Amortization of these assets charged to expense amounted to \$185 for each of the years ended June 30, 2012 and 2011. Summary of book value is as follows:

	2012	2011
Cost	\$ 13,846	\$ 13,846
Accumulated amortization	(3,622)	(3,437)
Book value	\$ 10,224	\$ 10,409

8. COMMITMENTS AND CONTINGENCIES

Risk Management

The Water Supply Board has a complete comprehensive insurance program protecting all facilities, employees and liability claims.

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

Union Contract

The labor force of the Water Supply Board, with the exception of management, is covered by a union contract which is effective for the period January 1, 2011 to June 30, 2015.

Contingent Liability to City of Providence per Rhode Island G.L.

A law passed in 2003 (R.I.G.L. § 39-3-11.3 and § 46-15.3-21) required an annual payment by the Water Supply Board to the City of Providence of 5% of the Board's gross revenues for the fiscal years ending June 30, 2004, 2005 and 2006. The law specifically provides that this payment shall not be included as part of the Water Supply Board's rates for these years. These payments would total approximately \$2,500 per year.

The Water Supply Board has no material funds (other than revenues from rates) from which to make these payments and therefore has not made the payments. Further, since the payments can not be made from rate revenues the Board believes it is not liable for any amount to the City and therefore has not accrued an amount for the potential liability.

No action has been taken by either the City of Providence or the Rhode Island Public Utilities Commission concerning this matter.

(CONTINUED)

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011 (000's)

8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lead Service Replacement Program

The Water Supply Board is required to test for lead and copper in its water. In August 2006, 16 of 100 samples taken throughout the water system tested for trace lead levels higher than 15 parts per billion (ppb). The U.S. Environmental Protection Agency (EPA) regulations mandate specific actions that need to be taken by water utilities when more than 10% of test samples exceed the 15 ppb lead level. While there is no detectable lead in the drinking water that leaves the Water Supply Board's treatment plant, some older homes with lead pipes and lead connections to the water main in the street can show trace amounts of lead in the water.

Due to the results of the testing, the Water Supply Board was required by the U.S EPA, through the Rhode Island Department of Health (RIDOH), to engage in public education efforts related to lead in water, and to replace a minimum of 7% (1800 services per year) of the 25,600 active lead services in its system by September 30, 2007, and 7% each year thereafter. The Water Supply Board exceeded the mandate of 7% per year. On April 30, 2010, RIDOH informed the Water Supply Board that the excess installations could be applied to the next fiscal year to meet that year's mandate. Therefore, the Water Supply Board placed the Lead Service Replacement (LSR) Program in hiatus and redirected its efforts towards water main replacements for 2011. Again in 2012, RIDOH approached the Water Supply Board, and on June 12, 2012, a Consent Order was executed between both entities which granted the Water Supply Board a stay on the mandated yearly 7% replacements for 2012. Again, the Water Supply Board focused its efforts on water main replacements. At the moment, the 7% requirement holds true for 2013.

In July 2007, the Water Supply Board embarked on a Lead Service Replacement (LSR) program and engaged an engineering firm for a period of three years to provide assistance in managing the LSR program, and contracted with three construction firms for two-year periods to perform the actual replacement work. The initial contract with the engineering firm was extended to July 2011 and a three year contract was executed with the original engineering firm with a completion date of June 30, 2014. Concurrently, the intent is that the associated construction contracts would have a duration of two years and have a minimum of two contractors.

The mandated LSR Program is still viable and all requirements such as public education, notifications, sampling/testing, reporting, etc are still in place for any lead service replaced. The only exception is that the Water Supply Board was allowed a stay by RIDOH for the 7% goal of 1800 lead service replacements per year.

As mentioned, the Water Supply Board has a stay for the 1800 lead service replacements for EPA FY 2012 that ended September 30, 2012. The Board is not sure if there will be continuation of the stay through EPA FY 2013, or whether the lead service replacements requirement will be reinstated. Water main replacement contracts will continue in 2013, and if the lead service replacement stay is extended, the level of water main replacements will be increased.

Since the inception of the LSR Program in 2007, as of November 2012, approximately 10,100 lead services have been replaced of the original lead service inventory of 25,600 by the LSR Program, various water main replacement projects, and in-house Water Supply Board forces.

Should the LSR Program's 1800 service replacements be reinstated for 2013 and beyond, the intent would be to have 2-3 construction contractors perform the work under a two year contract spanning 2013 and 2014. The total cost of the replacements and the associated engineering effort is estimated to be \$15 million.

(CONTINUED)

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011 (000's)

9. CAPITAL ASSETS

The following is a summary of the activity in capital assets as of June 30, 2012:

	Balance June 30, 2011	Additions	Disposals	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 19,305	\$ 2,612	\$ -	\$ 21,917
Scituate Reservoir Project	18,682	-	-	18,682
Construction in progress	52,543	25,572	14,319	63,796
Total capital assets not being depreciated	<u>90,530</u>	<u>28,184</u>	<u>14,319</u>	<u>104,395</u>
Capital assets being depreciated:				
Buildings and improvements	55,263	5,476	-	60,739
Improvements other than buildings	225,819	4,042	-	229,861
Machinery and equipment	27,239	764	-	28,003
Assets under capital lease	13,846	-	-	13,846
	<u>322,167</u>	<u>10,282</u>	<u>-</u>	<u>332,449</u>
Less accumulated depreciation for:				
Buildings and improvements	33,812	6,000	-	39,812
Improvements other than buildings	97,049	5,194	-	102,243
Machinery and equipment	24,108	813	-	24,921
Assets under capital lease	3,437	184	-	3,621
	<u>158,406</u>	<u>12,191</u>	<u>-</u>	<u>170,597</u>
Total capital assets being depreciated, net	<u>163,761</u>	<u>(1,909)</u>	<u>-</u>	<u>161,852</u>
Total capital assets, net	<u>\$ 254,291</u>	<u>\$ 26,275</u>	<u>\$ 14,319</u>	<u>\$ 266,247</u>

(CONTINUED)

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011 (000's)

9. CAPITAL ASSETS (CONTINUED)

The following is a summary of the activity in capital assets as of June 30, 2011:

	Balance			Balance
	June 30, 2010	Additions	Disposals	June 30, 2011
Capital assets not being depreciated:				
Land	\$ 13,574	\$ 5,731	\$ -	\$ 19,305
Scituate Reservoir Project	18,682	-	-	18,682
Construction in progress	43,103	9,440	-	52,543
Total capital assets not being depreciated	75,359	15,171	-	90,530
Capital assets being depreciated:				
Buildings and improvements	48,637	6,626	-	55,263
Improvements other than buildings	217,730	8,089	-	225,819
Machinery and equipment	26,554	685	-	27,239
Assets under capital lease	13,846	-	-	13,846
Total capital assets being depreciated	306,767	15,400	-	322,167
Less accumulated depreciation for:				
Buildings and improvements	28,557	5,255	-	33,812
Improvements other than buildings	91,880	5,169	-	97,049
Machinery and equipment	23,336	772	-	24,108
Assets under capital lease	3,253	184	-	3,437
	147,026	11,380	-	158,406
Total capital assets being depreciated, net	159,741	4,020	-	163,761
Total capital assets, net	\$ 235,100	\$ 19,191	\$ -	\$ 254,291

(CONTINUED)

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011 (000's)

10. POST EMPLOYMENT BENEFITS

The Water Supply Board follows GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions".

The Water Supply Board's Post-Retirement Benefits Program of the City of Providence (the "Program") is a defined-benefit, single-employer post-retirement health and life insurance program. The Program provides lifetime health care and life insurance benefits to substantially all retired employees and their spouses. Disclosures about this program, as a whole, are presented in the City of Providence, Rhode Island's basic financial statements. As of June 30, 2012 and 2011, the City recorded a liability for unpaid post-retirement contributions of \$135,200 and \$98,408, respectively. Separate actuarial information related to the Water Supply Board employees is not available. Accordingly, only disclosures about the Water Supply Board's participation in the Plan are presented herein.

The Water Supply Board's allocation of the actuarial required contribution was \$1,229 and \$442 was contributed for the year ended June 30, 2012.

The Water Supply Board's allocation of the actuarial required contribution was \$1,476 and \$419 was contributed for the year ended June 30, 2011.

The unpaid balance of the actuarial required contribution at June 30, 2012 and June 30, 2011 of \$3,194 and \$2,407, respectively, is included in non-current liabilities on the Statement of Net Assets.

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

11. RECLASSIFICATIONS

Certain 2011 financial statement amounts have been reclassified to conform to the 2012 presentation. There is no change in the reported total net assets.

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