

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

**for**

**PROVIDENCE WATER SUPPLY BOARD  
DOCKET # 4406**

**September 2013**



1 REVENUE REQUIREMENTS:

- 2 • Rate Year Salaries and Wages
- 3 • Payroll Clearing
- 4 • Overhead Rate Applied
- 5 • Contractual Updates
  - 6 ○ Benefits
  - 7 ○ Insurance Expense
  - 8 ○ Property Tax Expense
  - 9 ○ Unidirectional Flushing Program
- 10 • Chemicals and Sludge Handling
- 11 • Inflation Factor
- 12 • Bad Debt Expense
- 13 • Regulatory and Rate Case Expense
  - 14 ○ Rate Case Amortization
- 15 • Miscellaneous Expenses
- 16 • Operating Reserve
- 17 • IFR and Central Operations Facility
- 18 • Potential Increased Cash Flow from Conversion to Monthly Billing

19  
20 COST OF SERVICE STUDY:

- 21 • General Updates
- 22 • Proposed Changes to Allocation Factor Calculations
- 23 • Plant Data and Allocation of Plant Investment
- 24 • Pro-Forma Water Sales
- 25 • Lost Water
- 26 • Peaking Factors
- 27 • Direct Allocation of Dedicated Facilities
- 28 • Allocation of the Unidirectional Flushing Program

29 CONSERVATION RATES

1 REVENUE REQUIREMENTS

2  
3 **RATE YEAR SALARIES AND WAGES**

4  
5 **Q. Mr. Smith, what issue has been raised regarding the level of rate year salaries and**  
6 **wages, and by whom?**

7 A. The Division has recommended the following adjustments to Rate Year Salaries and Wages  
8 in direct testimony:

- 9 • Utilize actual FY 2013 Wages as a starting point for determination of rate year salaries  
10 and wages
- 11 • Adjust FY 2013 wages to reflect:
- 12 ○ The amount that would have been paid if all employees were on the payroll and  
13 no employees received workers compensation claims.
  - 14 ○ Increase payroll to include three additional employees
  - 15 ○ The effect of a 3% increase on July 1, 2013 and 1.5% increase on July 1, 2014
- 16

17 **Q. Mr. Smith, do you agree with the modifications proposed above?**

18 A. I do. I have made a proportional adjustment to the salaries and wages operation and  
19 maintenance lines to match the totals proposed by the Division.

20  
21 **PAYROLL CLEARING**

22  
23 **Q. Mr. Smith, could you briefly explain what is meant by payroll clearing?**

24 A. Certainly. Payroll clearing amounts represent capitalized labor, for which Providence Water  
25 reimburses itself from its restricted IFR fund. Consequently, for the purpose of determining the  
26 rate year revenue requirement these amounts are excluded from the determination of rate year  
27 operation and maintenance expense.

28  
29 **Q. Mr. Smith, what issue has been raised regarding payroll clearing and what is your**  
30 **response?**

31 A. During the data discovery process, the Division asked why the salary increases had not been  
32 applied to the payroll clearing amounts. Since these amounts represent labor costs, which are  
33 subject to the contractual increases, the amount reimbursed should have been escalated by the

1 same factor which was applied to all other labors costs (i.e. 3% on July 1, 2013 and 1.5% on July  
2 1, 2014). In response to this data request I agreed to incorporate this adjustment in rebuttal. The  
3 Division has reiterated this fact in its testimony. I agree that the adjustment should be made, and  
4 have incorporated it in the schedules which accompany this testimony.

5  
6 **OVERHEAD RATE APPLIED**

7  
8 **Q. Mr. Smith, could you briefly explain what is meant by overhead rate applied?**

9 A. Certainly. Like payroll clearing, overhead rate applied amounts represent overhead costs  
10 other than labor used for various CIP and IFR projects. Unlike payroll clearing however,  
11 overhead rate applied amounts are not currently reimbursed from the IFR fund, or any other  
12 restricted funds.

13  
14 **Q. Mr. Smith, what has been proposed regarding overhead rate applied amounts and what  
15 is your response?**

16 A. The Division has proposed treating overhead rate applied in the same way as payroll clearing.  
17 In other words, it would be excluded from the rate year revenue requirement under the  
18 assumption that these amounts would be covered via a reimbursement from the IFR fund.

19  
20 Given that this additional expense is not currently recognized in the funding level for the IFR  
21 plan, this proposal should not be implemented at this time. If this proposal were implemented,  
22 with no corresponding increase in IFR funding, an under recovery of the rate year revenue  
23 requirement would occur equivalent to the amount of the overhead rate applied expense. If this  
24 change is implemented in the future, filings must recognize these expenses either as overhead  
25 rate applied or as an increase in IFR funding.

26  
27 **CONTRACTUAL UPDATES**

28  
29 **Q. Mr. Smith, what is meant by “contractual updates?”**

30 A. These items represent expenses whose exact amounts were not known at the time of my  
31 supplemental testimony, which I agreed to update when or if more updated data became  
32 available. Specifically the following:

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- o Benefits
- o Insurance Expense
- o Property Tax Expense
- o Unidirectional Flushing Program

**Q. Mr. Smith, have the Division, KCWA or BCWA proposed updates in accordance with the updated contractual information?**

A. Yes, the following updates have been proposed:

- **Benefits:** First, the Division revised the Union Combined benefits, Union Pension expense in accordance with updates provided in Providence Water’s response to DIV 1-18. Second, City Retirement was revised per Providence Water’s response to DIV 1-20. Third, for the remaining benefits which were escalated by inflation, the Division employed a lower inflation rate, based on its estimates of anticipated inflation (described below). Finally, medical insurance, employee co-pays and dental insurance were updated to reflect actual premiums for FY 2014 and were adjusted to account for the number of positions proposed by the Division in its determination of wages and salaries.
- **Insurance Expense:** The Division proposed adjustments to the pro-forma revenue requirement proposed in my supplemental testimony to account for changes to the way in which Providence Water handles workers compensation claims, and to determine a pro-forma amount for the remaining expenses based on historical experience.
- **Property Tax Expense:** At the time of my supplemental filing, property tax for CY 2014 was estimated based on projections of FY 2014 and 2015 taxes. The Division has maintained this approach, but has updated the FY 2014 tax amounts based on the bills, which were received after my initial testimony was filed. For FY 2015 the Division estimated the FY 2015 property tax expense, by municipality, based on historical experience. Gloucester was excluded from this analysis and was based on the tax treaty amount for FY 2015.
- **Unidirectional Flushing Program:** At the time of my supplemental filing the estimated costs associated with this program were included in the rate year revenue requirements.

1 The cost associated with field operations have been reduced from the original estimate of  
2 \$380,000 to \$290,000. The Division has proposed that this reduction be incorporated  
3 into the rate year revenue requirements.

4 **Q. Mr. Smith, should the contractual updates proposed above be incorporated into the**  
5 **revenue requirements and cost of service study?**

6 A. Yes. Generally the above are updates to expenses which were previously estimated, but  
7 whose amounts are now known. As such, it is appropriate to adjust the rate year revenue  
8 requirements to reflect these previously estimated costs. I have incorporated the above  
9 adjustments into the schedules which accompany this testimony.

10  
11 **CHEMICALS AND SLUDGE HANDLING EXPENSE**  
12

13 **Q. Mr. Smith please summarize the issues which have been raised regarding the level of**  
14 **chemical and sludge handling expense proposed in your supplemental filing.**

15 A. Mr. Catlin says that Providence Water's proposed Chemicals and Sludge Handling Expense  
16 is higher than necessary due to over estimates of the quantities of chemicals that will be used and  
17 recommends that \$4,450,000 be allowed for Chemicals and Sludge Handling.

18  
19 **Q. Do you agree with Mr. Catlin on this issue?**

20 A. I agree with him in general, but suggest that his recommended funding amount be increased  
21 to \$4,500,000 to reflect recent revisions in the sludge handling contract as detailed in the  
22 rebuttal testimony of Jeanne Bondarevskis .

23  
24 **INFLATION FACTOR**  
25

26 **Q. Mr. Smith, what issue has been raised regarding the inflation factor used to escalate**  
27 **some of the adjusted test year revenue requirements and what is your response?**

28 A. As mentioned in my supplemental testimony and clarified during the discovery process, I  
29 used the change in the consumer price index (CPI) in recent years to determine an escalation rate  
30 of 2.5% per year. The Division has recommended an alternative rate of 4.695% (from FY 2012-  
31 CY 2014) based on the Blue Chip Economic Indicators Index. Given the difficulties inherent in  
32 forecasting inflation, I am willing to accept the alternate rate as a reasonable alternative to the

1 rate I proposed in my supplemental testimony. I have incorporated that rate into the schedules,  
2 which accompany this testimony.

3  
4 **Q. Mr. Smith, have any other issues with regard to inflation been raised?**

5 A. Yes. The Division has proposed that costs associated with purchased power be excluded  
6 from the inflation adjustment, given that these contracts are fixed by contract through FY 2015.

7  
8 **Q. Do you agree that purchased power costs should not be escalated for inflation?**

9 A. Yes. Given that the amount is fixed per contract, it would not be appropriate to escalate these  
10 costs.

11  
12 **BAD DEBT EXPENSE**

13  
14 **Q. Mr. Smith, what issue has been raised regarding the proposed rate year revenue  
15 requirement associated with bad debt expense?**

16 A. Mr. Catlin recommends that this expense be excluded from Providence Water revenue  
17 requirements since in some fiscal years Providence Water has actually recovered more revenue  
18 that its billings for that same year.

19  
20 **Q. Do you agree with this adjustment?**

21 A. Yes, I do and have made the appropriate adjustment in the rate model.

22  
23 **REGULATORY AND RATE CASE EXPENSE**

24  
25 **Q. Mr. Smith, please summarize the issues which have been raised regarding the level of  
26 regulatory and rate case expense proposed in your supplemental filing.**

27 A. The Division has recommended that the funding for Docket 4061/Conservation filing  
28 (\$8,593) and the Hydrant Fees (\$9,033) be eliminated from the rate year revenue requirement  
29 associated with Regulatory and Rate Case Expense. KCWA has proposed altering the  
30 amortization period used to determine the level of rate year funding for Rate Case Expense.



1 **Q. Mr. Smith, should the expenses cited by the Division be excluded from the revenue**  
2 **requirement associated with regulatory and rate case expense, as the Division**  
3 **recommends?**

4 A. Yes and I have made the adjustment in the schedules which accompany my testimony.

5 **Q. Mr. Smith, should the currently accepted method of amortizing rate case expense be**  
6 **modified to amortize these expenses over three years?**

7 A. No. The current method of amortizing rate case expense over two years should be  
8 maintained. Providence Water's current plan is to file again on March 31, 2015 for rates  
9 effective on January 1, 2016 therefore the two year amortization is appropriate.

10  
11 **MISCELLANEOUS EXPENSES**

12  
13 **Q. Mr. Smith, what modifications have been proposed to the miscellaneous expenses?**

14 A. The Division has proposed eliminating the following miscellaneous expenses as being either  
15 not properly recovered from rate payers or non-recurring expenses (see Division TSC-14):

- 16 • Hazardous Waste Disposal
- 17 • Air Quality Violation
- 18 • Customer Refunds 1 and 2
- 19 • Software Conversion-Zandar
- 20 • Billing Software/Oracle Support-Adaptive Minds
- 21 • Appraisal Service-Sansoucy
- 22 • Legal Services/Strategic Plan-Partridge, Snow and Hahn

23 Note that, in Direct Testimony, the Division acknowledges that it did not have sufficient time to  
24 more thoroughly investigate these expenses and that it is "prepared to reevaluate [its]  
25 recommendation if Providence Water provides information in discovery or rebuttal testimony  
26 that demonstrates why the costs should be recovered from ratepayers (Division Direct, p. 23)."

1 **Q. Mr. Smith, has Providence Water provided additional explanation or justification**  
2 **regarding these expenses?**

3 A. Yes. In its responses to KCWA 6-3 and 6-4 Providence Water provided further justification  
4 for these expenses. To summarize, Providence Water's response to the above exclusions are as  
5 follows:

- 6 • **Hazardous Waste Disposal:** This is an ongoing expense and should be included.
- 7 • **Air Quality Violation:** This should be included, but reduced to \$400 to account for the  
8 annual permit fee paid to RIDEM.
- 9 • **Customer Refunds 1 and 2:** These were one-time expenses and should be excluded as  
10 the Division suggests.
- 11 • **Software Conversion-Zandar:** While the expense associated with this conversion will  
12 not recur, Providence Water will use this funding for other IT services.
- 13 • **Billing Software/Oracle Support-Adaptive Minds:** This is an ongoing expense and  
14 should be included.
- 15 • **Appraisal Service-Sansoucy:** Periodic updates to this appraisal will be needed,  
16 therefore this amount should be included.
- 17 • **Legal Services/Strategic Plan-Partridge, Snow and Hahn:** The legal services are  
18 expected to continue into the rate year, therefore this amount should be included.

19  
20 Providence Water accepts the removal of the customer refunds and a reduction of the air quality  
21 violation funding to \$400, all other amounts represent ongoing expenses or will be used for  
22 similar purposes (e.g. the IT funding).

23  
24 **OPERATING RESERVE AND IMPROVED CASH FLOW DUE TO MONTHLY**  
25 **BILLING**

26  
27 **Q. Mr. Smith, what issues have been raised with regard to the determination of Providence**  
28 **Water's operating reserve?**

29 A. In general, the Division has proposed determining the operating reserve in a manner  
30 consistent with previous filings. That is, a reserve of 3% of operating expenses would be  
31 incorporated into the filing, with 2% being restricted and 1% being unrestricted. However, the

1 Division is also proposing that the amount collected through proposed rates be reduced to  
2 account for “the incremental one time revenues that will be realized by Providence Water as a  
3 result of the switch from quarterly to monthly billing for all customers not currently billed  
4 monthly.” Specifically, the Division has proposed that the operating reserve be offset by \$1.1  
5 Million per year, for the next two years (i.e. approximately the amount provided in response to  
6 KCWA 2-12).

7  
8  
9 **Q. Mr. Smith, does Providence Water agree with the proposed adjustment to the currently**  
10 **accepted methodology for determining the operating reserve?**

11 A. Providence Water agrees that the operating reserve should be funded annually in an amount  
12 equal to 3% of expenses less miscellaneous revenue and that 2% should be restricted, but  
13 Providence Water does not agree that reserve should be funded with revenue resulting from the  
14 switch to monthly billing as Mr. Catlin proposes. Please see the testimony of Jeanne  
15 Bondarevskis for further details.

16  
17 **IFR AND CENTRAL OPERATIONS FACILITY**  
18

19 **Q. Mr. Smith, please summarize the issues raised with regard to the proposed level of IFR**  
20 **funding.**

21 A. KCWA has expressed concern regarding the proposed increase in the level of IFR funding,  
22 the total proposed level of IFR funding, and the ending balance in the IFR fund at the end of FY  
23 2013-2015. Consequently KCWA has proposed significant reductions in the proposed IFR  
24 funding increase (around a 50% reduction from the level proposed in my supplemental  
25 testimony).

26  
27 **Q. Mr. Smith, does Providence Water agree that the proposed increases to, and ending**  
28 **balances in, the IFR are excessive as KCWA claims?**

29 A. Providence Water does not agree. Please see the testimony of Jeanne Bondarevskis for  
30 further details.

31

1 **Q. Mr. Smith, what issues have been raised regarding the central operations facility and**  
2 **who has raised them?**

3 A. Both KCWA and BCWA have raised issues regarding the proposed central operations  
4 facility, a project whose initial funding falls within the "capital fund" (see HJS-12 in my  
5 supplemental testimony). KCWA contends that the new facility is not needed and that there is  
6 not sufficient information available to support funding for the construction of this facility.  
7 BCWA acknowledges that the facility is needed (see the Direct Testimony of Ms. Pamela  
8 Marchand), but contends that the costs of this new facility should not be borne by wholesale  
9 customers who would not benefit from the facility (see the Direct Testimony of Mr. David  
10 Russell). KCWA has proposed that the funding level for the capital fund be reduced to \$0.  
11 BCWA has proposed, should the level of funding in the capital fund be approved, that the  
12 allocation to wholesale customer should be minimal. Mr. Catlin, representing the Division, did  
13 not take issue with this funding in direct testimony.

14  
15 **Q. Mr. Smith, does Providence Water agree with the contentions of KCWA and BCWA?**  
16 **Specifically, that the facility is not needed, that it has not been thoroughly vetted and that it**  
17 **does not benefit wholesale customers?**

18 A. Providence Water does not agree with any of the above contentions. It believes that this  
19 facility, which has been in planning for several years, is necessary and benefits all of its  
20 customers. Please see the testimonies of Jeanne Bondarevskis and Paul Gadoury for further  
21 details.

22  
23  
24 **COST OF SERVICE STUDY**

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26  
27 **GENERAL UPDATES**

28  
29 **Q. Mr. Smith, can you elaborate regarding the term "General Updates"?**

30  
31 A. Yes. As described in my direct and supplemental testimonies, both the cost of service study,  
32 as well as the proposed rates, are dependent upon the units of service used in the calculations.  
33 For example, the determination of the monthly service charge is a function of the rate year

1 revenue requirements allocated to the service charge and the number of accounts within the  
2 PWSB service area at each meter size. Updating these units is important in that the rates should  
3 be sufficient to recover the cost of service and avoid any significant over or under-recovery of  
4 costs associated with using outdated units.

5  
6 **Q. Mr. Smith who has raised the issue of updating the units of service?**

7 A. KCWA addressed this issue in its direct testimony.

8  
9 **Q. Mr. Smith isn't Providence Water continually revising the number of customer meters,  
10 private fire lines and public fire hydrants?**

11 A. Yes. While it is important to base the rates on the most updated information available, it  
12 would be impractical to constantly update the rates based on updated units of service.  
13 Furthermore, in most cases the impact of the update would be relatively minimal.

14  
15 **Q. What has KCWA proposed regarding updated units of service and how do you  
16 respond?**

17 A. Mr. Woodcock of KCWA proposed updating the units of service based on Providence  
18 Water's responses to DIV 1-5 and KCWA 3-2. Given that these are the most up to date units of  
19 service which have been distributed to all interested parties, I agree that they should be used.  
20 Specifically:

- 21  
22 a) The number of accounts (by meter size) within the entire Providence Water service area  
23 has been updated per DIV 1-5,  
24 b) The number of accounts (by meter size) within the City of Providence as well as the  
25 number of private fire lines have been updated per KCWA 3-2,  
26 c) The number of public fire hydrants has been updated per KCWA 3-3.

27  
28 These units are up to date as of March 31, 2013.

1 **Q. Excluding the changes described above, did you make any other general updates, either**  
2 **as a result of the discovery process, or in response to the direct testimonies of Mr. Catlin,**  
3 **Mr. Mierzwa, Mr. Woodcock or Mr. Russell?**

4 A. Yes. The Division, in its second set of data requests, inquired as to why the allocation factor  
5 legend (HJS-14) states that Factors K1 and K2 were based on original plant investment, given  
6 that the calculation for these factors is based on net plant investment. In DIV 2-4, I agreed to  
7 change the label used to more accurately reflect the way these allocators are calculated. I have  
8 done so in the updated schedules which accompany this testimony. In addition, Administrative  
9 and General Employee Pension and Benefits were incorrectly allocated on Factor Z. Per my  
10 response to KCWA 1-18, I have agreed to use factor Y to allocate this line item, the factor used  
11 in previous filings. Finally, the "state 1 surcharge" revenues were inadvertently allocated on  
12 Factor A. Given that these are associated with retail customers only, they should be allocated on  
13 factor RR. I have incorporated these adjustments in the revised schedules which accompany this  
14 testimony.

15  
16 **MODIFICATIONS TO ALLOCATION FACTOR CALCULATIONS**  
17

18 **Q. Mr. Smith, can you elaborate regarding on what you mean by Allocation Factor**  
19 **Calculations?**

20 A. Yes. The allocation factors are proportions which are used to allocate the rate year revenue  
21 requirements to the cost components (i.e. Base, Max Day, Max Hour, Fire Protection and  
22 Wholesale) which drive the ultimate calculation of the pro-forma rates. Both the factors and the  
23 methodology used to calculate the factors have been refined over many dockets. Updates and  
24 modifications to the factors presented in Providence Water's direct testimony are generally  
25 proposed by the Division or the Intervener Utilities as a part of either the discovery process or in  
26 direct testimony.

27  
28 **Q. Mr. Smith, what modifications to the allocation factor calculations have been proposed**  
29 **and by whom have they been proposed?**

30 A. There are five issues which have been raised regarding the way in which the allocation factors  
31 presented in my supplemental testimony were calculated:

- 1 • **Factors HM, HMC and HOC:** These factors are used to allocate rate year operation and  
2 maintenance expenditures associated with Providence Water's transmission and distribution  
3 system. They are calculated based on a detailed allocation of Providence Water's work and  
4 service order projects. In my supplemental testimony, the factors were maintained from  
5 Docket 3832. The Division, KCWA and BCWA have all proposed that these factors be  
6 updated to reflect the average allocation for these factors from 2010-2012.
- 7 • **Factors N, NO and NP:** These factors are used to allocate rate year revenue requirements  
8 associated with pumping potable water throughout the Providence Water's service area. In  
9 Docket 3832 these allocators were developed based on allocation of the costs associated with  
10 each of Providence Water's pumping stations based on allocation Factors A, AA or TD, a  
11 methodology which was maintained in my supplemental testimony. In direct testimony  
12 KCWA has proposed incorporating an allocation to fire protection (none was included in Dk.  
13 3832), into these calculations.
- 14 • **Factors X1 and X2:** These factors are used in the development of allocators HM, HMC and  
15 HOC. The majority of projects presented in the work and service order data are allocated on  
16 Factors FP, F, C or TD. However some projects are not clearly allocable on these factors,  
17 and, as a result, receive a general allocation based on totals, which fall out for each category.  
18 In Docket 3832, the commission approved the use of the most recent year for which data  
19 were available for the purpose of calculating these allocators. In an effort to maintain the  
20 methodology accepted by all parties as of that Docket, I used the most recent year available  
21 in my supplemental schedules (i.e. FY 2012). Both KCWA and BCWA have proposed that  
22 the calculation of these factors be modified from the currently accepted methodology and  
23 that they be based on a three year average of this allocation from 2010-2012, similar to its  
24 proposal for allocators HM, HMC and HOC.
- 25 • **Allocator P:** This factor is used to allocate the rate year revenue requirements associated  
26 with purchased power. In Docket 3832, this allocator was calculated by allocating 10% of  
27 costs to max day, with the remaining 90% allocated according to allocator A, which is based  
28 on the proportion of pro-forma consumption which can attributed to either retail or wholesale  
29 customers. Though this approach was generally maintained in my supplemental testimony,  
30 the consumption was not adjusted to account for the wholesale and retail contributions to

1 unaccounted for water. BCWA has proposed in direct testimony, that Factor P—as  
2 calculated in my supplemental testimony—be modified to account for lost water.

3  
4 **Q. Mr. Smith, do you agree with the above proposals?**

5 A. Yes. In general, the above issues are either minor adjustments agreed to during the discovery  
6 process (Factors HM, HMC, HOC and P), or slight but reasonable deviations from past practice  
7 (Factors N, NO, NP, X1 and X2). I have incorporated and highlighted these adjustments in the  
8 attached schedules appended to this testimony.

9  
10 **Q. Mr. Smith, are there any modifications which should be made to the above proposals?**

11 A. Yes. The factors used to allocate transmission and distribution labor (i.e. HM, HOC, and  
12 HMC), should be calculated based on a 6 year average, rather than the typical three year average.  
13 Over the past three years (FY 2010-FY 2012) Providence Water has been engaged in more  
14 projects related to public fire protection and—as a result—the allocation of work and service  
15 order costs, which determine these allocators (HM, HOC, HMC) have driven a significant  
16 amount of costs to the fire protection cost component, which is a large determinant of the  
17 hydrant charge and the Providence fire protection service charge.

18  
19 If the three year average is used, the increase in public fire hydrant charges would be around  
20 65%, much greater than the overall percentage increase in the revenue requirements. As shown  
21 in the attached schedules, if the six year average is used, the increase would be around 49%.

22 While an increase in public fire protection charges is not unwarranted, given the work and  
23 service order costs Providence Water has incurred in recent years, Providence Water believes the  
24 cost shift to public fire—under the 3 year average methodology—could constitute rate shock,  
25 both on the part of the municipalities for which fire protection is provided, in addition to  
26 Providence ratepayers who pay the fire protection service charge.



1 **Q. Mr. Smith, would this constitute a deviation from generally accepted ratemaking**  
2 **principles and cost of service ratemaking?**

3 A. No. It would not. Generally speaking the appropriate methodology—which has been  
4 accepted by the Commission over many Dockets—involves the reasonable allocation of known  
5 and measurable costs based on the allocation factors, which all interested parties have  
6 contributed to developing. It is important to note that—as with any cost of service study—these  
7 allocations represent reasonable estimates of how costs are incurred by Providence Water. The  
8 Commission has, from time to time, acknowledged the necessity to employ discretion regarding  
9 the methodology used to develop the rates, so as to avoid rate shock. This is not inappropriate,  
10 especially considering that no methodology perfectly allocates costs.

11  
12 **CLASSIFICATION OF TRANSMISSION VERSUS DISTRIBUTION MAINS**

13  
14 **Q. What is the purpose of this classification?**

15 A. Transmission pipes are water mains which are used to convey water throughout different  
16 areas of the Providence Water system, at which point smaller distribution mains are used to  
17 convey water within these areas to the service lines, which provide water to each individual  
18 Providence Water customer. Transmission mains also convey water to Providence Water's  
19 wholesale customers, which have their own local distribution system that is used to provide  
20 water to their retail customers.

21  
22 In theory, transmission mains are understood to be 'used and useful' by both wholesale and retail  
23 customers, whereas distribution mains are only used by retail customers. In terms of main  
24 replacement, wholesale and retail customers should share in the cost of replacing transmission  
25 mains, whereas retail customers should solely be responsible for the distribution mains which  
26 serve them. Given that the water system is interconnected however, it can be difficult to  
27 determine exactly which customers are served by which mains.

28  
29 Consequently, Providence Water, like many utilities, has classified mains on the basis of pipe  
30 diameter. Since larger mains are generally used for the purpose of water transmission and  
31 smaller mains for distribution, a cut-off of 12 inches has been used for several dockets to

1 determine what proportion of mains are used to serve all customers (transmission mains) and  
2 what proportion are used to serve only retail customers (distribution mains). That is, mains that  
3 are 12 inches and larger are attributed to all customers and mains 10 inches and smaller are  
4 attributed to only retail customers. This methodology was approved by the commission in  
5 Docket 3832 and was not contested by the Division or the intervener KCWA at that time.

6  
7 **Q. How is this classification used within the cost of service study?**

8 A. Within the context of the calculations performed for this study, the classification of pipe  
9 between transmission and distribution is used directly in two places: first, in the determination of  
10 the proportion of unaccounted for water attributable to wholesale and retail customers; and  
11 second, to split the plant value of investment in mains between transmission and distribution  
12 mains, which drives the allocation of Providence Water's capital costs.

13  
14 **Q. Mr. Smith, what issue has been raised with regard to the classification and distribution**  
15 **mains, and by whom?**

16 A. Both KCWA and BCWA have challenged the classification of transmission and distribution  
17 mains which was previously accepted by all parties and accepted by the commission in Docket  
18 3832. Specifically both KCWA and BCWA contend that the classification should be changed  
19 such that mains with a diameter of 12 inches and below should be attributed to retail customers,  
20 and only mains 16 inches and above should be considered to provide wholesale service. This is  
21 based on the contention that mains 12 inches and below do not provide wholesale service and—  
22 as a result—should not be considered transmission mains for the purpose of cost allocation. The  
23 Division has not taken issue with this classification.

24  
25 **Q. Mr. Smith, does Providence Water agree with the contention of KCWA and BCWA on**  
26 **this issue?**

27 A. Providence Water does not agree with this contention. Please see the rebuttal testimony of  
28 Paul Gadoury for further details.

29

1 **Q. In terms of cost allocation, what would be the general impact of this deviation from past**  
2 **practice?**

3 A. In general, the impact of such a deviation from past practice would be to shift a significant  
4 amount of costs from the wholesale customer class to the retail customer classes, resulting in  
5 decreased wholesale rates and increased retail volumetric and fixed charges. To the extent that  
6 some of the costs associated with transmission mains are shifted to retail, the result would be an  
7 inappropriate rate subsidy from the retail customer class to the wholesale customer class.

8  
9  
10  
11 **PLANT DATA AND ALLOCATION OF NET PLANT INVESTMENT**  
12

13 **Q. Mr. Smith, what issues have been raised regarding the plant data and the allocation of**  
14 **net plant investment?**

15 A. There are three issues which have been raised:

- 16 • **Corrected Plant Data:** During the discovery process it was determined that the plant  
17 data used in the cost of service study submitted in my supplemental testimony would  
18 need to be revised. The Division, BCWA and KCWA requested the revised data and  
19 have—in direct testimony—proposed that it be incorporated in the cost of service study.
- 20 • **Exclusion of Land Related Assets for the calculation of Factors K1 and K2:**  
21 Allocators K1 and K2 are developed via a detailed allocation of Providence Water’s net  
22 plant investment in utility assets to the various cost components (e.g. base, max day etc.).  
23 In the past, land related assets have been excluded from the development of these factors.  
24 In the schedules provided with my supplemental testimony, land associated with “Lakes,  
25 River and Other Intakes” was inadvertently included in the determination of these factors.  
26 In DIV 3-1 I provided updated schedules which calculated K1 and K2 excluding all land  
27 items, in accordance with the methodology used in Docket 3832. KCWA in its direct  
28 testimony proposed maintaining the Docket 3832 approach of excluding land entirely  
29 from this calculation. The Division, by contrast, proposed that land items be *included* in  
30 the determination of these factors.
- 31 • **Allocation of Source of Supply Mains and Other Power Production Equipment:** In  
32 Docket 3832 these two asset lines were allocated on Factor A. In my supplemental

1 testimony they were inadvertently allocated on Factor N. These allocation factors were  
2 revised in the schedules I provided in response to DIV 3-1. The Division, KCWA and  
3 BCWA have proposed that this correction be incorporated in the final cost of service  
4 study.

5  
6 **Q. Mr. Smith, do you agree with the above described changes to the treatment of net plant  
7 investment in the cost of service study?**

8 A. I agree that the revised plant data should be incorporated in the final cost of service study and  
9 that Source of Supply Mains and Other Power Production Equipment should be allocated on  
10 Factor A. I also agree that land items should be included in the determination of allocation  
11 factors K1 and K2. In the past, land items were excluded under the theory that land would not be  
12 purchased in the future, while the other assets would be continually replaced. While it may be  
13 valid to assume that land will be purchased less frequently than other assets are replaced, this  
14 does not mean that no land will be purchased. Land is regularly purchased for watershed  
15 protection purposes. Moreover, land will, in all likelihood, be purchased for the construction of  
16 the Providence Water Operations Facility. In my revised schedules I have included the revised  
17 plant data and allocated Source of Supply Mains and Other Power Production Equipment on  
18 Factor A.

19  
20 **Q. Mr. Smith, are there any other issues which should be addressed regarding the net  
21 plant data?**

22 A. Yes. In the Excel<sup>®</sup> rate model provided by KCWA the value of Construction Works in  
23 Progress (CWIP) has been eliminated from the determination of allocation Factors K1 and K2.  
24 The corrected plant data described above included a CWIP value of around \$60 Million as of  
25 June 30, 2012. Though this is not addressed in the text of KCWA's testimony, the electronic  
26 schedules indicate that this amount has been zeroed out "per KCWA 2-18." In KCWA 2-18, Mr.  
27 Woodcock inquires as to whether Providence Water considers unspent bond proceeds to be  
28 Construction Works in Progress. The response of witness Jeanne Bondarevskis indicates that  
29 Providence Water does not consider them to be CWIP. However, the CWIP shown in  
30 Providence Water's responses to KCWA 1-2 and 2-18 does not contain any unspent bond

1 proceeds. These amounts are funds that have been spent on a project that is in progress and has  
2 not yet been closed to a plant asset account. Accordingly, the removal of this amount is not  
3 appropriate. The full amount of CWIP, \$60,594,212 should be included in the rate base used to  
4 calculate allocation factors K1 and K2.

5  
6 **PRO-FORMA WATER CONSUMPTION**

7  
8 **Q. Mr. Smith, please summarize the issue(s) surrounding the estimate of pro-forma**  
9 **consumption.**

10  
11 A. In my supplemental testimony, I based retail pro-forma water consumption on the average  
12 water sales for the retail classes from 2010-2012. A four year average (2009-2012) was used to  
13 determine the pro-forma water consumption for the wholesale customer class. While Providence  
14 Water has typically used the average of the four most recent fiscal years for retail and wholesale,  
15 the retail customer classes experienced above average consumption in FY 2009. Consequently, I  
16 excluded 2009 from the average used to determine pro-forma consumption for the retail  
17 customer classes. KCWA, in its direct testimony, asserted that both customer classes should use  
18 the same 3 year average, considering that—in KCWA’s view—FY 2009 constituted a “high  
19 year” for wholesale customers as well.

20  
21 **Q. Mr. Smith, what is your response to KCWA’s claims and proposed modification to the**  
22 **pro-forma water consumption estimate?**

23  
24 A. As mentioned above, the estimate of pro-forma consumption was based on the most recent  
25 data available. As of the date my initial testimony was filed, complete data for FY 2013 were  
26 not available, hence the use of the most recent available year, FY 2012. Since FY 2013 water  
27 sales are now known, they should be incorporated into the estimates. In addition, FY 2013 sales  
28 were relatively normative for both wholesale and retail customer classes. I therefore recommend  
29 that the four-year average from 2010-2013 be used for both wholesale and retail consumption.  
30 This is consistent with the methodology accepted in Docket 3832 and—because it excludes FY  
31 2009—it prevents consumption for either wholesale or retail customer from being skewed by  
32 that higher year.

1  
2 **PRO-FORMA LOST WATER**

3  
4 **Q. Mr. Smith, please summarize the issue(s) surrounding the estimate of pro-forma lost**  
5 **water.**

6  
7 A. There are two issues, which have been raised by the Division, KCWA and BCWA, with  
8 regard to unaccounted for water.

9  
10 The first relates to the pro-forma estimate of lost water, and the second relates to how lost water  
11 is allocated between the wholesale and retail customer classes. KCWA expressed concern that  
12 the four year average used to estimate lost water would result in an underestimate of the total  
13 consumption (i.e. sales plus lost water), which would ultimately be attributed to retail customers  
14 in the cost of service study.

15  
16 In addition, the Division, KCWA and BCWA have argued in direct testimony that lost water  
17 ought to be allocated based on pipe length (i.e., miles) rather than length and diameter (i.e., inch-  
18 miles). Inch-miles was the method employed in Docket 3832 and maintained in my  
19 supplemental testimony. The issue of potential water losses from customer service lines was  
20 also raised, with the Division and KCWA both incorporating an estimate of service line length in  
21 their determinations of the length of pipe allocable to transmission versus distribution (i.e. the  
22 proportional basis for the lost water allocation).

23  
24 **Q. Mr. Smith, what is your response to the potential underestimation of retail pro-forma**  
25 **consumption that might result from including FY 2009 in the estimate of pro-forma lost**  
26 **water?**

27 A. Though the accepted methodology has generally involved the use of the four year average for  
28 the determination of pro-forma lost water, the concern expressed by KCWA is not unreasonable.  
29 At the time of my supplemental testimony, the FY 2013 lost water total was not known. Given  
30 that data regarding lost water is now available, the average of FY 2010-2013 should now be  
31 used. This should address any concerns regarding the use of FY 2009 lost water and is

1 consistent with the treatment of retail and wholesale pro-forma consumption estimates described  
2 above.

3  
4 **Q. How do you respond to the changes proposed by the Division, KCWA and BCWA**  
5 **regarding the way in which lost water is allocated between retail and wholesale customer**  
6 **classes?**

7  
8 A. The Division, KCWA and BCWA all cite a commission decision (Report and Order 19671,  
9 Docket 3945) regarding this issue, in which the use of a proportional allocation of lost water  
10 based on pipe length was found to be a credible methodology and was consequently approved for  
11 such an allocation in that Docket. Given the Commission's acceptance of the pipe-length only  
12 methodology, I will not contest the change.

13  
14 However, the estimate of service line length proposed in KCWA's direct testimony (350 miles)  
15 seems excessive. While unable to provide an exact estimate of total length of customer service  
16 lines, Providence Water provided a good estimate of 225 miles of service pipe between the main  
17 and curb stop, in response to KCWA 4-2. To this amount, KCWA has added an additional 125  
18 miles of service line length (a 55% increase) to account for the line running from the property  
19 line to the customer's structure, the basis for which is neither explained nor justified in KCWA's  
20 direct testimony. I recommend that the amount (225 miles) estimated by Providence Water be  
21 used as the estimate of service line length. Note that this agrees with the Division's direct  
22 testimony, which only includes the 225 miles.

23  
24 **PEAKING FACTORS**

25  
26 **Q. Mr. Smith, what issue has been raised regarding the peaking factors employed in the**  
27 **cost of service study, and by whom?**

28 A. KCWA expressed concern regarding the way in which the peaking factors employed in the  
29 cost of service study were estimated. In addition, BCWA submitted numerous data requests  
30 regarding the provenance of these factors and the potential for producing a study which  
31 incorporates wholesale demand characteristics into the calculation of wholesale rates.

1 **Q. Mr. Smith, how do you respond to the issues raised above?**

2 A. Even though Providence Water has some data regarding monthly billing, the majority of its  
3 customers are currently billed on a quarterly basis. Given the plan to switch to monthly billing,  
4 calculating, and employing peaking factors for residential customer classes would not be  
5 appropriate.

6  
7 **Q. Mr. Smith, given that the data are available, why would determining—and  
8 employing—updated peaking factors be inappropriate at this time?**

9 A. Given the switch from quarterly to monthly billing, the demand characteristics of customers  
10 under the new billing methodology (monthly), might not be the same as their current demand  
11 characteristics (under quarterly billing). As explained in my testimony regarding conservation  
12 rates, customers will likely respond to seeing a bill more frequently and—as a result—might  
13 alter their patterns of water consumption. If this is the case, factors calculated based on historical  
14 data would not be representative of actual demand characteristics (i.e. max day and max hour  
15 peaks) imposed on the Providence Water system during the years the rates are effective. The  
16 result would be rates which do not appropriately recover costs from retail and wholesale  
17 customer classes, in accordance with how they are imposed on the Providence Water system.

18  
19  
20 While a thorough investigation regarding the appropriateness of the current factors may be  
21 reasonable, this should be conducted only after monthly billing has been instated for all  
22 Providence Water customers for several years. Once the necessary data have been gathered, the  
23 demand characteristics of Providence Water customers can be evaluated and modifications  
24 proposed.

25  
26 **DIRECT ALLOCATION OF DEDICATED FACILITIES**

27  
28 **Q. Mr. Smith, what is meant by “direct allocation of dedicated facilities?”**

29 A. This refers to a proposal by BCWA to allocate the cost of facilities presumed to serve either  
30 wholesale or retail customers only. Specifically, BCWA contends, in its direct testimony that the



1 costs associated with pumping stations and water mains, which are not used to serve wholesale  
2 customers, should not be allocated to wholesale customers.

3  
4 **Q. Mr. Smith, would this represent a significant deviation from the cost of service  
5 methodology employed and accepted by the Commission? If it does, is it still advisable?**

6 A. This would represent a significant change to the methodology approved by the Commission  
7 and previously uncontested by all interested parties (including BCWA). Any proposed changes  
8 to the currently accepted COS methodology should be closely examined and thoroughly vetted  
9 as they could result in significant cost shifts and potential rate shock.

10  
11 That said, it is not advisable to allocate the costs associated with facilities in this manner because  
12 it circumvents the entire process of allocating costs based on the way in which they are incurred  
13 (i.e. the cost components). The theory behind cost of service allocation involves reasonable  
14 allocations of how costs are incurred on a summary level, not the individual treatment of each  
15 and every component of the revenue requirements. One could, for example, go through the fixed  
16 asset record and allocate each and every asset to specific classes of customers, but this approach  
17 fails to recognize that the facilities used to produce and deliver water are operated as an  
18 interdependent system in which the vast majority of the assets are utilized to one degree or  
19 another by all customers of the system.

20  
21 **ALLOCATION OF THE UNIDIRECTIONAL FLUSHING PROGRAM**

22  
23 **Q. Mr. Smith, what issues have been raised regarding the proposed unidirectional flushing  
24 program?**

25 A. Both KCWA and BCWA contend that the costs of the unidirectional flushing program should  
26 not be allocated to wholesale customers. Specifically KCWA has contended that the O&M line  
27 item 63150 Contractual Services – Engineer, should be allocated on Factor TD, which allocates  
28 no costs to wholesale, as the majority of the costs of the program are associated with this expense  
29 line. The Division, by contrast, has proposed that this line be allocated on factor HM, which  
30 does allocate some costs to wholesale.

1 **Q. Mr. Smith, with which position does Providence Water concur, the Division, or the**  
2 **Wholesale interveners?**

3 A. Providence Water concurs with the assessment of the Division. While much of this line is  
4 associated with the UDF program, some of it is not. In addition, as the Division contends in its  
5 direct testimony, the costs associated with this item vary from year to year, making HM (based  
6 on a 3 year average of these costs) an appropriate allocator for this line.

7  
8 **CONSERVATION RATES**  
9

10 **Q. Mr. Smith, have the Division or the Wholesale interveners submitted any comment(s)**  
11 **on the conservation rates proposed in your direct testimony?**

12 A. Yes. The Division has reviewed the conservation rates proposed in my direct testimony and  
13 has concluded that they should not be implemented at this time. KCWA and BCWA expressed  
14 some concerns with the methodology used and also concluded that neither the conservation rates,  
15 nor the demand management (for wholesale customers) structures should be implemented at this  
16 time. These conclusions (that conservation rates should not be implemented until monthly  
17 billing has been in effect for some time) are consistent with those expressed in my direct  
18 testimony as well as that of General Manager Boyce Spinelli.

19  
20 **CONCLUSION**  
21

22 **Q. Mr. Smith, have you prepared updated schedules which detail the revenue**  
23 **requirements, cost of service study and rate calculations given the adjustments and**  
24 **responses described above?**

25 A. I have. The updated schedules, which reflect the above adjustments, have been included with  
26 this testimony.

27 **Q. Mr. Smith, does this conclude your rebuttal testimony?**

28 A. Yes it does.  
29

**Schedule HJS-S1  
Cost of Service Summary**

Revenue	Adjusted Test Year	Combined Adjustments	Pro-Forma Old Rates	Additional Revenue Generated	Pro-Forma New Rates
Service Charge	\$5,825,849	\$0	\$5,825,849	\$1,268,956	\$7,094,805
Retail Sales	\$32,217,079	\$36,616	\$32,253,695	\$6,884,417	\$39,138,112
Wholesale Sales	\$16,375,278	\$243,521	\$16,618,799	\$2,481,982	\$19,100,781
Private Fire Protection	\$2,290,098	(\$36,165)	\$2,253,933	\$510,917	\$2,764,850
Retail FPSC	\$1,182,374	\$0	\$1,182,374	\$479,314	\$1,661,688
Public Fire Protection	\$960,983	(\$1,018)	\$959,965	\$495,967	\$1,455,931
Miscellaneous Revenue	\$1,179,169	\$0	\$1,179,169	\$0	\$1,179,169
Other	\$0	\$0	\$0	\$0	\$0
<b>TOTAL REVENUE</b>	<b>\$60,030,829</b>	<b>\$242,954</b>	<b>\$60,273,783</b>	<b>\$12,121,553</b>	<b>\$72,395,336</b>
Total Rate Revenues	\$58,851,660	\$242,954	\$59,094,614		\$71,216,167
<b>Expenses</b>					
Operations and Maintenance	\$27,344,772	\$2,063,131	\$29,407,903		\$29,407,903
Insurance	\$1,959,648	(\$157,101)	\$1,802,547		\$1,802,547
Chemical & Sludge	\$3,124,965	\$1,375,035	\$4,500,000		\$4,500,000
City Service	\$839,167	\$0	\$839,167		\$839,167
Property Taxes	\$5,945,492	\$542,023	\$6,487,515		\$6,487,515
Capital Reimbursement	(\$834,389)	\$0	(\$834,389)		(\$834,389)
<b>Net Operations</b>	<b>\$38,379,654</b>	<b>\$3,823,089</b>	<b>\$42,202,743</b>		<b>\$42,202,743</b>
Capital Fund	\$2,450,000	\$0	\$2,450,000		\$2,450,000
Western Cranstion	\$62,069	\$0	\$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	\$0	\$1,000,000		\$1,000,000
Equipment Replacement Fund	\$600,000	\$0	\$600,000		\$600,000
Property Tax Refund Fund	\$0	\$0	\$0		\$0
Revenue Reserve Fund (Restricted)	\$1,113,852	\$268,861	\$1,382,713		\$1,382,713
<b>Capital</b>	<b>\$21,225,921</b>	<b>\$8,268,861</b>	<b>\$29,494,782</b>		<b>\$29,494,782</b>
<b>TOTAL EXPENSES</b>	<b>\$59,605,575</b>	<b>\$12,091,950</b>	<b>\$71,697,525</b>		<b>\$71,697,525</b>
Operating Reserve (Unrestricted)	\$573,126		\$691,356		\$691,356
<b>Revenues Over (Under) Expenses</b>	<b>(\$147,872)</b>		<b>(\$12,115,099)</b>		<b>\$6,454</b>
Total Increase to Break-Even			\$6,454		20.10%
<b>Rate Revenue Increase to Break-Even</b>					<b>20.50%</b>

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

Schedule HJS-S2  
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
<b>Source of Supply</b>						
60110	Salaries + Wages - Emp	\$ 619,326	A	7,412	\$ -	626,738
60120	Salaries + Wages - Emp	448,278	A	5,365	-	453,642
60320	Sal. + Wages - Officers, Dir	-		-	-	-
60410	Employee Pension + Ben	168,591	D	15,957	-	184,548
60420	Employee Pension + Ben	188,577	D	17,849	-	206,426
61510	Purchase Power	-		-	-	-
61610	Fuel for Power Purch	-		-	-	-
62010	Material + Supplies	18,958	I	890	-	19,848
62020	Material + Supplies	73,286	I	3,441	-	76,727
63110	Contractual Services - Engineer	2,460	I	115	-	2,576
63120	Contractual Services - Engineer	-		-	-	-
63310	Contract Services - Legal	18,238	I	856	-	19,094
63420	Contractual Services - Mgt. Fees	-		-	-	-
63510	Contractual Services - Other	419,915	I	19,715	-	439,630
63520	Contractual Services - Other	31,771	I	1,492	-	33,263
64210	Rental of Equipment	-		-	-	-
64220	Rental of Equipment	-		-	-	-
65010	Transportation Exp.	146	I	7	-	152
65020	Transportation Exp.	-		-	-	-
67510	Misc. Expenses	69,132	I	3,246	-	72,378
67520	Misc. Expenses	4,550	I	214	-	4,764
	<b>Total Source of Supply Expense</b>	<b>\$ 2,063,227</b>		<b>\$ 76,558</b>	<b>\$ -</b>	<b>2,139,785</b>
	<b>Check</b>	<b>\$ -</b>				
<b>Pumping Expenses</b>						
60123	Salaries + Wages - Emp	\$ -		\$ -	-	-
60126	Salaries + Wages - Emp	-		-	-	-
60423	Employee Pension + Ben	-		-	-	-
60426	Employee Pension + Ben	-		-	-	-
61523	Purchase Power	778,684	I	-	-	778,684

Schedule HJS-S2  
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
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	I	546	-	12,175
63526	Contractual Services - Other	-		-	-	-
64223	Rental of Equipment	-		-	-	-
64226	Rental of Equipment	-		-	-	-
65023	Transportation Exp.	-		-	-	-
67523	Misc. Expenses	-		-	-	-
67526	Misc. Expenses	-		-	-	-
	<b>Total Pumping Expenses</b>	\$ 790,313		\$ 546	\$ -	\$ 790,858
<b>Water Treatment Expenses</b>						
60130	Salaries + Wages - Emp	\$ 2,061,389	A	\$ 24,669	\$ -	\$ 2,086,058
60140	Salaries + Wages - Emp	336,221	A	4,024	-	340,245
60430	Employee Pension + Ben	606,264	D	57,384	-	663,647
60440	Employee Pension + Ben	134,901	D	12,769	-	147,670
61530	Purchase Power	226,424		-	-	226,424
61630	Fuel for Power Purch	230,829		-	-	230,829
61830	Chemicals	-		-	-	-
62030	Material + Supplies	124,833	I	5,861	-	130,694
62040	Material + Supplies	67,060	I	3,148	-	70,209
63130	Contractual Services - Engineer	-		-	-	-
63240	Contract Services - Acctg	-		-	-	-
63430	Contractual Services - Mgt. Fees	-		-	-	-
63530	Contractual Services - Other	141,797	I	6,657	-	148,455
63540	Contractual Services - Other	85,680	I	4,023	-	89,703
64140	Rental Buildg/Real Prop	-		-	-	-
64230	Rental of Equipment	-		-	-	-

Schedule HJS-S2  
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
64240	Rental of Equipment	-		-	-	-
65030	Transportation Exp.	5,806	I	273	-	6,078
65640	Insurance Vehicle	-		-	-	-
65830	Insurance - W/C	-		-	-	-
65840	Insurance - W/C	-		-	-	-
66730	Regularity Com Exp. -Other	-		-	-	-
67530	Misc. Expenses	96,719	I	4,541	-	101,260
67540	Misc. Expenses	2,027	I	95	-	2,122
	<i>Total Treatment Expense</i>	\$ 4,119,951		\$ 123,443	\$ -	\$ 4,243,393
<b>Transmission + Dist. Expense:</b>						
60150	Salaries + Wages - Emp	\$ 988,520	A, U	\$ 11,830	\$ 85,030	\$ 1,085,380
60160	Salaries + Wages - Emp	2,246,239	A	26,881	-	2,273,119
60250	Payroll Clearing -Emp	-	A	-	-	-
60260	Payroll Clearing -Emp	-		-	-	-
60450	Employee Pension + Ben	241,316	D, U	22,841	42,515	306,672
60460	Employee Pension + Ben	846,629	D	80,134	-	926,764
60550	Overhead Rate Applied	-		-	-	-
60560	Overhead Rate Applied	-		-	-	-
61550	Purchase Power	12,019		-	-	12,019
62050	Material + Supplies	269,822	I	12,668	-	282,490
62060	Material + Supplies	-		-	-	-
62560	Inventory Clearing	-		-	-	-
63150	Contractual Services - Engineer	36,120	I, U	1,696	290,000	327,816
63350	Contractual Services - Legal T&D0	-		-	-	-
63460	Contractual Services - Mgt. Fees	-		-	-	-
63550	Contractual Services - Other	453,727	I	21,302	-	475,030
63560	Contractual Services - Other	65,018	I	3,053	-	68,071
64150	Rental Buildg/Real Prop	-		-	-	-
64160	Rental Buildg/Real Prop	-		-	-	-
64250	Rental of Equipment	-		-	-	-

Schedule HJS-S2  
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
64260	Rental of Equipment	-		-	-	-
65050	Transportation Exp. T&D	2,748	I	129	-	2,877
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	I	1,784	-	39,778
67560	Misc. Expenses	-		-	-	-
	<i>Total Transmission &amp; Distribution</i>	\$ 5,200,152		\$ 182,318	\$ 417,545	\$ 5,800,015

Customer Accounts Expense:

60170	Salaries + Wages - Emp	\$ 1,916,813	A,M	\$ 22,939	42452	\$ 1,982,203
60270	Payroll Clearing -Emp	-		-	-	-
60470	Employee Pension + Ben	721,692	D,M	68,309	21226	811,227
60570	Overhead Rate Applied	-		-	-	-
61670	Fuel for Power Purch	-		-	-	-
62070	Material + Supplies	2,467	I	116	-	2,583
63370	Contractual Services - Legal	-		-	-	-
63570	Contractual Services - Other	10,979	I	515	-	11,495
65070	Transportation Exp. -CAO	1,012	I	48	-	1,060
65870	Insurance - Other	-		-	-	-
65970	Insurance Other	-		-	-	-
67070	Bad Debt Expense - CAO	-		-	-	-
67570	Misc. Expenses	194,180	I, M	9,117	319,015	522,312
	<i>Total Customer Accounts</i>	\$ 2,847,143		\$ 101,043	\$ 382,693	\$ 3,330,879

Administrative and General

60180	Salaries + Wages - Emp	\$ 5,499,360	A	\$ 63,311	\$ -	\$ 5,562,671
60280	Payroll Clearing -Emp	-		-	-	-
60380	Salaries + wages - Officers, Dir.	-	A	-	-	-

Schedule HJS-S2  
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
60480	Employee Pension + Ben	4,605,608	D	435,926	-	5,041,534
60580	Overhead Rate Applied	-	I	-	-	-
61580	Purchase Power	113,972		-	-	113,972
61680	Fuel for Power Purch	-	I	-	-	-
62080	Material + Supplies	515,672	I	24,211	-	539,883
63180	Contractual Services - Engineer	45,262	I	2,125	-	47,387
63280	Contract Services - Acctg	-	I	-	-	-
63380	Contractual Services - Legal	50,841	I	2,387	-	53,228
63480	Contractual Services - Mgt. Fees	-	I	-	-	-
63580	Contractual Services - Other	982,614	I, M	46,134	49,000	1,077,748
64180	Rental Buildg/Real Prop	-	I	-	-	-
64280	Rental of Equipment	-	I	-	-	-
65080	Transportation Exp.	6,390	I	300	-	6,690
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	142,597	-	370,066
67580	Misc. Expenses	276,798	I	12,996	-	289,794
	<i>Total Administration + General</i>	<u>\$ 12,323,986</u>		<u>\$ 729,986</u>	<u>\$ 49,000</u>	<u>\$ 13,102,972</u>
	<b>Total Operation &amp; Maintenance</b>	<b>\$ 27,344,772</b>		<b>\$ 1,213,893</b>	<b>\$ 849,238</b>	<b>\$ 29,407,903</b>
	<b>Source of Supply</b>	<b>\$ 2,063,227</b>		<b>\$ 76,558</b>	<b>\$ -</b>	<b>\$ 2,139,785</b>
	<b>Pumping</b>	790,313		546	-	790,858
	<b>Treatment</b>	4,119,951		123,443	-	4,243,393
	<b>Transmission &amp; Distrib.</b>	5,200,152		182,318	417,545	5,800,015
	<b>Customer Accounts</b>	2,847,143		101,043	382,693	3,330,879
	<b>Administration &amp; General</b>	<u>12,323,986</u>		<u>729,986</u>	<u>49,000</u>	<u>13,102,972</u>



Schedule HJS-S2  
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
<b>Total Operation &amp; Maintenance</b>						
		\$ 27,344,772		\$ 1,213,893	\$ 849,238	\$ 29,407,903
<b>Full O&amp;M</b>						
		\$ 27,344,772		\$ 1,213,893	\$ 849,238	\$ 29,407,903
<b>857 Insurance Fund</b>						
65840	Insurance W/C - WTM	-		-	-	-
65870	Insurance W/C - CAO	-		-	-	-
62080	Materials + Supplies - A&GO	17,602	C	826	-	18,428
63180	Contractual Services-Engineer	-		-	-	-
63380	Contract Services - Legal A&GO	-	C	-	-	-
63580	Contract Services - Other A&GO	-		-	-	-
	Injuries and Damages	54,528	C	9,820	-	64,348
65780	Ins. Gen. Liability	-		-	-	-
65980	Insurance-Other A&GO	1,006,353	C	12,400	-	1,018,753
65880	Insurance - W/C	874,015	C	(180,483)	-	693,532
67070	Bad Debt Expense-CAO	-		-	-	-
67580	Misc. Expense	7,150	C	336	-	7,486
	Funding Requirement					
<b>Total Insurance Fund</b>		\$ 1,959,648		\$ (157,101)	\$ -	\$ 1,802,547
		Check				
<b>878 Chemical and Sludge Maintenance Fund</b>						
61830	Chemicals - WTO	2,572,273	F	(72,951)	-	2,499,322
62030	Materials + Supplies WTO	-		-	-	-
62050	Materials + Supplies T&DO	-		-	-	-
63540	Contract Services - Other WTM	552,692	F	1,056,226	-	1,608,918
	Funding Requirement					
<b>Total Chemical and Sludge Maintenance Fund</b>		\$ 3,124,965		\$ 1,375,035	\$ -	\$ 4,500,000
		Check				

Schedule HJS-S2  
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
<b>Total O&amp;M</b>		\$ 32,429,384		2,431,828	\$ 849,238	\$ 35,710,450
<b>Property Taxes- Other Local Govern.</b>						
40820	Town of North Providence	\$ 266,581	B	4,237	\$ -	270,819
40821	Town of Gloucester	51,478	B	5,315	-	56,793
40822	Town of West. Gloucester	3,708	B	37	-	3,745
40823	Town Harmony	164	B	10	-	174
40824	Town Chepachet	131	B	10	-	141
40825	Town Scituate	5,087,357	B	534,428	-	5,621,785
40826	Town Warwick	-	B	-	-	-
40827	Town of Johnston	90,117	B	6,688	-	96,805
40828	Town of Foster	331,673	B	(20,693)	-	310,980
40829	City of Cranston	110,523	B	12,032	-	122,555
40830	City of West. Warwick	3,761	B	(42)	-	3,719
	<b>Total Property Taxes</b>	<b>\$ 5,945,492</b>		<b>542,023</b>	<b>\$ -</b>	<b>6,487,515</b>
<u>Other Expenditures</u>						
	City Services	\$ 839,167		-	\$ -	839,167
	<b>Total Property Taxes</b>	<b>5,945,492</b>		<b>542,023</b>	<b>-</b>	<b>6,487,515</b>
	Capital Reimbursement	(798,115)		-	-	(798,115)
	<b>Total Other Expenditures</b>	<b>\$ 5,986,544</b>		<b>542,023</b>	<b>\$ -</b>	<b>6,528,567</b>
	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

Schedule HJS-S2  
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
	Revenue Reserve Fund	1,113,852	G	\$268,860.86		1,382,713
	<i>Total Restricted Expenditures</i>	\$ 21,225,921		\$ 8,268,861	\$ -	\$ 29,494,782
	<b>Total Other &amp; Rest. Expenditures</b>	\$ 27,212,465		\$ 8,810,884	\$ -	\$ 36,023,349
	<b>Grand Total</b>	\$ 59,641,850		\$ 11,242,712	\$ 849,238	\$ 71,733,799

Explanation of Notes:

- A Schedule HJS-S3 Payroll Expense Adjustment
  - B Schedule HJS-S4 Property Tax Analysis
  - C Schedule HJS-S5 Insurance Expense Adjustment
  - D Schedule HJS-S6 Pension and Other Benefits
  - E Schedule HJS-S7 Regulatory Commission and Rate Case Expense
  - F Schedule HJS-S8 Chemical and Sludge Maintenance Expense
  - G Schedule HJS-S9 Restricted Fund Adjustments
  - U Additional costs associated with Uni-directional flushing Project
  - M Adjustments associated with switching to monthly billing
  - I Annual Inflation Adjustment
- Total Test Year to Rate Year Inflation Adjustment 4.6950%

Schedule HJS-S3  
 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>
Division Adjustments	\$ (454,494)
Division Adjusted Test Year	\$ 13,661,652
Contractual Increase *	<u>1,04545</u>
Division Pro-forma amount	\$ 14,282,574
Adjustment	<u>\$ 968,287</u>
%	<u>7.27%</u>

\* Source: Union Contract Article VI

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-S3A  
Detail Payroll Expense

PROVIDENCE WATER SUPPLY BOARD  
Detail Payroll Expense

ACCOUNT DESCRIPTION	Test Year	Normalize Test Year	Adjusted Test Year	DIV Adjustments	PWSB Actual x 1.0455*	DIV Actual x 1.0455*	Pro-Forma Adjustment
<b>SOURCE OF SUPPLY</b>							
60110 Salaries & Wages - Emp	\$ 581,072	\$ 38,254	\$ 619,326	\$ (19,836)	\$ 647,474	\$ 626,738	\$ 7,412
60120 Salaries & Wages - Emp	\$ 420,589	27,689	448,278	(14,357)	468,652	453,642	5,365
60320 Sal & Wages - Officers, Dir							
TOTAL SOURCE OF SUPPLY	1,001,661	65,943	1,067,604	(34,192)	1,116,126	1,080,380	12,776
<b>PUMPING</b>							
60123 Salaries & Wages - Emp	-	-	-	-	-	-	-
60126 Salaries & Wages - Emp	-	-	-	-	-	-	-
TOTAL PUMPING	-	-	-	-	-	-	-
<b>WATER TREATMENT</b>							
60130 Salaries & Wages - Emp	1,934,063	127,326	2,061,389	(66,021)	2,155,079	2,066,058	24,669
60140 Salaries & Wages - Emp	315,454	20,767	336,221	(10,768)	351,902	340,245	4,024
TOTAL WATER TREATMENT	2,249,517	148,093	2,397,610	(76,789)	2,506,681	2,426,302	28,692
<b>TRANSMISSION &amp; DISTRIBUTION</b>							
60150 Salaries & Wages - Emp	927,462	61,068	988,520	(31,660)	1,033,449	1,000,350	11,630
60160 Salaries & Wages - Emp	2,107,495	136,744	2,244,239	(71,941)	2,348,330	2,273,119	26,881
60250 Payroll Clearing	-	-	-	-	-	-	-
60260 Payroll Clearing	-	-	-	-	-	-	-
TOTAL TRANSMISSION & DISTRIBUTION	3,034,957	197,812	3,232,769	(103,601)	3,361,779	3,273,469	38,711
<b>CUSTOMER ACCOUNT EXPENSE</b>							
60170 Salaries & Wages - Emp	1,798,417	118,386	1,916,813	(61,390)	2,003,932	1,939,751	22,939
60270 Payroll Clearing	-	-	-	-	-	-	-
TOTAL CUSTOMER ACCTS EXPENSE	1,798,417	118,386	1,916,813	(61,390)	2,003,932	1,939,751	22,939
<b>ADMINISTRATION</b>							
60180 Salaries & Wages - Emp	5,229,735	289,625	5,499,360	(178,521)	5,749,306	5,562,671	63,311
60280 Payroll Clearing	-	-	-	-	-	-	-
60380 Sal & Wages - Officers, Dir	-	-	-	-	-	-	-
TOTAL ADMINISTRATION EXPENSE	5,229,735	289,625	5,499,360	(178,521)	5,749,306	5,562,671	63,311
<b>QIM LABOR SUMMARY</b>							
<b>SOURCE OF SUPPLY</b>							
PUMPING	1,001,661	65,943	1,067,604	(34,192)	1,116,126	1,080,380	12,776
WATER TREATMENT	2,249,517	148,093	2,397,610	(76,789)	2,506,681	2,426,302	28,692
TRANSMISSION & DISTRIBUTION	3,034,957	197,812	3,232,769	(103,601)	3,361,779	3,273,469	38,711
CUSTOMER ACCOUNTS	1,798,417	118,386	1,916,813	(61,390)	2,003,932	1,939,751	22,939
ADMINISTRATION	5,229,735	289,625	5,499,360	(178,521)	5,749,306	5,562,671	63,311
TOTAL	13,314,287	801,859	14,116,146	(454,494)	14,757,724	14,282,574	166,428
<b>RECAP:</b>							
Test Year							
Normalizing Adjustments							\$ 13,314,287
Adjusted Test Year							\$ 801,859
DIV Adjustments							\$ 14,116,146
DIV Test Year							\$ (454,494)
Contractual Increases							\$ 13,661,652
Pro-forma CY 2014							\$ 620,922.08
							\$ 14,282,574

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-S4  
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	\$ 4,237		\$ 270,819
*Glocester	\$ 51,478	\$ 5,315		\$ 56,793
West Glocester Fire	\$ 3,708	\$ 37		\$ 3,745
Harmony Fire District	\$ 164	\$ 10		\$ 174
Chepachet Fire District	\$ 131	\$ 10		\$ 141
*Scituate	\$ 5,087,357	\$ 534,428		\$ 5,621,785
Warwick	\$ -	\$ -		\$ -
Johnston	\$ 90,117	\$ 6,688		\$ 96,805
Foster	\$ 331,673	\$ (20,693)		\$ 310,980
Cranston	\$ 110,523	\$ 12,032		\$ 122,555
West Warwick	\$ 3,761	\$ (42)		\$ 3,719
<b>Total Expense</b>	<b>\$ 5,945,492</b>	<b>\$ 532,414</b>		<b>\$ 6,487,515</b>
<b>Test Year</b>				<b>\$ 5,945,492</b>
<b>Total Adjustment</b>				<b>\$ 542,023</b>
<b>%</b>				<b>9.12%</b>

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-S4A  
Property Tax Detail

PROVIDENCE WATER  
COMPARATIVE SCHEDULE OF PROPERTY TAXES

Municipality	Actual	Actual	Actual	Actual	Actual	Actual**	Division	CY 2014 Average
	FISCAL YEAR 2010	FISCAL YEAR 2011	FISCAL YEAR 2012	FISCAL YEAR 2013	FISCAL YEAR 2014	FISCAL YEAR 2015	FISCAL YEAR 2015	
North Providence	\$ 238,053	\$ 239,090	\$ 266,581	\$ 266,581	\$ 268,137	\$ 273,500	\$	270,819
*Glocester	\$ 53,363	\$ 49,380	\$ 51,478	\$ 53,537	\$ 55,679	\$ 57,906	\$	56,793
West Gloucester Fire	\$ 3,932	\$ 3,932	\$ 3,708	\$ 3,708	\$ 3,708	\$ 3,782	\$	3,745
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	\$ 5,566,124	\$ 5,677,446	\$	5,621,785
Warwick	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
Johnston	\$ 88,777	\$ 86,695	\$ 90,117	\$ 90,117	\$ 94,907	\$ 98,703	\$	96,805
Foster	\$ 322,994	\$ 331,673	\$ 331,673	\$ 306,694	\$ 307,901	\$ 314,059	\$	310,980
Cranston	\$ 105,624	\$ 107,568	\$ 110,523	\$ 118,597	\$ 120,152	\$ 124,958	\$	122,555
West Warwick	\$ 4,714	\$ 3,761	\$ 3,761	\$ 3,761	\$ 3,682	\$ 3,756	\$	3,719
Total	\$ 6,390,727	\$ 5,796,811	\$ 5,945,492	\$ 5,930,648	\$ 6,420,599	\$ 6,554,432	\$	6,487,515
% 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

\*\*Based on Actual Bills as of July 24, 2013

**Schedule HJS-S5  
Insurance Expense Adjustment**

	Test Year	Adjustments	DIV Pro-Forma Amount *	PWSB Pro-Forma Amount	Difference
Worker's Compensation	\$ 874,015	\$ (180,483)	\$ 693,532	\$ 929,740	(\$236,208)
Contract Services - Legal A&GO*	\$ -	\$ -	\$ 0	\$ -	\$ 0
Injuries and Damages	\$ 54,528	\$ 9,820	\$ 64,348	\$ 58,005	\$ 6,343
Property and Casualty	\$ 1,006,353	\$ 12,400	\$ 1,018,753	\$ 1,070,516	(\$51,763)
Program Expense	\$ 7,150	\$ 336	\$ 7,486	\$ 7,606	(\$120)
Safety Supplies & Other	\$ 17,602	\$ 826	\$ 18,428	\$ 18,724	(\$296)
<b>Total Expenses</b>	<b>\$ 1,959,648</b>	<b>\$ (157,101)</b>	<b>\$ 1,802,547</b>	<b>\$ 2,084,590</b>	<b>(\$282,043)</b>
Test Year				\$ 1,959,648	
Pro-Forma				\$ 1,802,547	
Adjustment				\$ (157,101)	



Schedule HJS-S6  
Pension and Other Benefits

**PROVIDENCE WATER**  
**Pension and Other Benefits**

FRINGE BENEFIT	Notes	Test Year FY 2012	Adjustment	Pro-Forma Amount	% increase	Notes
1 1033 Union Combined Benefits		\$ 586,821	\$ -	586,821	0.00%	Updated per Division Direct
2 Union Pension		331,312	124,905	456,217	37.70%	Updated per Division Direct
3 Death Benefit Insurance		1,943	91	2,034	4.68%	Updated per Division Direct
4 Educational Classes/Certification		2,649	124	2,773	4.68%	Updated per Division Direct
4 FICA		1,014,048	46,139	1,060,187	4.55%	
5 State Unemployment Compensation		14,716	670	15,386	4.55%	
6 Healthcare EE Cash Payment		9,500	(500)	9,000	-5.26%	Updated per Division Direct
7 1/2% Wage Assignment		35,820.00	1,630	37,450	4.55%	
8 Blue Cross		2,072,201	792,107	2,864,308	38.23%	Updated per Division Direct
Less Employee Co-Share		(355,216)	(137,709)	(492,925)	38.77%	Updated per Division Direct
9 Delta Dental		254,556	3,731	258,287	1.47%	Updated per Division Direct
10 GASB 43/45 Reserve Required		1,230,000	(750,000)	480,000		
11 City Retirement		2,315,228	629,981	2,945,209		Updated per Division Direct
Total		\$ 7,513,578	\$ 711,169	\$ 8,224,746		
				\$ 7,513,578		
<b>Adjustment</b>				<b>\$ 711,169</b>		

Schedule HJS-S6A  
 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%	\$ 15,957
60420	188,577	2.51%	17,849
60423	-	0.00%	-
60426	-	0.00%	-
60430	606,264	8.07%	57,384
60440	134,901	1.80%	12,769
60450	241,316	3.21%	22,841
60460	846,629	11.27%	80,134
60470	721,692	9.61%	68,309
60480	4,605,608	61.30%	435,926
	<u>\$ 7,513,578</u>	<u>100.00%</u>	<u>\$ 711,169</u>

Schedule HJS-S7  
 Regulatory Commission and Rate Case Expense

**PROVIDENCE WATER**  
Regulatory Commission and Rate Case Expense

	Test Year	Pro-Forma
<b>Regulatory Commission Expense:</b>		
Docket 4061/Conservation Rate Filing	\$ 8,527	\$ -
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	-
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
<b>Sub-total</b>	<b>\$ 227,470</b>	<b>\$ 253,256</b>

<b><u>This Filing:</u></b>		
Full Rate Filing	\$	101,415
Legal		73,632
Division of Public Utilities estimated		58,575
Rate Case this filing	\$	233,622
2 Year Amortization	\$	116,811
<b>Total Estimated R&amp;R Expenses</b>	<b>\$</b>	<b>370,067</b>
Test Year	\$	227,470
<b>Adjustment</b>	<b>\$</b>	<b>142,597</b>
<b>%</b>		<b>62.69%</b>

\*Pro-Forma is actual amount of FY 13 Expense

Schedule HJS-S8  
 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	\$ 10,472	\$ 1,591,351
Quicklime	\$ 621,118	\$ (14,188)	\$ 606,929
Chlorine	\$ 139,822	\$ 15,378	\$ 155,200
Flouride	\$ 171,663	\$ (25,821)	\$ 145,842
CO2	\$ 58,792	\$ (58,792)	\$ -
Sub-total Chemicals	\$ 2,572,273	\$ (72,951)	\$ 2,499,322
Calgon	-	-	-
Sludge Maintenance	552,692	1,056,226	1,608,918
Total Expenses	3,124,965	983,275	4,108,240
Test Year			3,124,965
Restricted Fund Balancing			(666,023)
Current Funding Requirement			2,458,942
Additional Funding Requirement			2,041,058
Rate Year Adjustments Above			983,275
Restricted Fund Balancing			(666,023)
Funding Requirement			391,760
Total Rate Year Adjustment			1,375,035
Pro-Forma C&S			4,500,000

Schedule HJS-S8A  
Adjustment to Chemical Expense

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

Chemical	Actual Use		Quantity Used Projected FY 2013	Greater of FY 2012 or FY 2013	Unit Price	CY 14 Projected Expense	TY 12 Expense	Adjustment
	Quantity Used FY 2012	Quantity Used FY 2013						
Ferric Sulfate	1,136,679	870,563	1,460,000	1,136,679	\$ 1.40	\$ 1,591,351	\$ 1,580,879	\$ 10,472
Quicklime	2,834	2,322	3,139	2,834	\$ 214.16	\$ 606,929	\$ 621,118	\$ (14,188)
Chlorine	173	194	200	194	\$ 800.00	\$ 155,200	\$ 139,822	\$ 15,378
Flouride	56,903	50,681	70,000	56,903	\$ 2.56	\$ 145,842	\$ 171,663	\$ (25,821)
CO2	506	353	1,000	506	\$ 109.00	-	\$ 58,792	\$ (58,792)
<b>Total Projected Costs FY 2012</b>						<b>\$ 2,499,322</b>	<b>\$ 2,572,273</b>	<b>\$ (72,951)</b>
<b>Adjustment to Rate Year Expense</b>						<b>\$</b>	<b>\$</b>	<b>\$</b>

Schedule HJS-S9  
Restricted Fund Adjustments

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

	<u>Test Year</u> <u>FYE 2012</u>	<u>Test Year</u> <u>Adjustments</u>	<u>Adjusted</u> <u>FY 2012</u>	<u>Rate Year</u> <u>Adjustments</u>	<u>Notes</u>	<u>Pro-Forma</u> <u>Amount</u> <u>CY 2014</u>
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
<b>Sub-total Capital Funds</b>	<b>\$ 20,112,069</b>	<b>\$ -</b>	<b>\$ 20,112,069</b>	<b>\$ 8,000,000</b>		<b>\$ 28,112,069</b>
Insurance Fund						
Chemicals/Sludge Maintenance Fund	\$ 1,948,485	\$ 11,163	\$ 1,959,648	\$ (157,101)		\$ 1,802,547
Property Tax Refund Fund	\$ 3,124,965	\$ -	\$ 3,124,965	\$ 1,375,035	2)	\$ 4,500,000
Revenue Reserve Fund	\$ -	\$ -	\$ -	\$ -		\$ -
Scituate Watershed Protection Fund	\$ 1,113,852	\$ -	\$ 1,113,852	\$ 268,861	3)	\$ 1,382,713
	\$ -	\$ -	\$ -	\$ -		\$ -
<b>Sub-total Operational Funds</b>	<b>\$ 6,187,302</b>	<b>\$ 11,163</b>	<b>\$ 6,198,465</b>	<b>\$ 1,486,795</b>		<b>\$ 7,685,260</b>
<b>Total Restricted Funds</b>	<b>\$ 26,299,371</b>	<b>\$ 11,163</b>	<b>\$ 26,310,534</b>	<b>\$ 9,486,795</b>		<b>\$ 35,797,329</b>
Adjusted Test Year						\$ 26,310,534
<b>Total Adjustment</b>						<b>\$ 9,486,795</b>

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

**Schedule HJS-S9A  
Capital Fund**

Source of Funds	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
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	7,871,212	5,900,050	5,053,242
<b>Total Sources</b>	<u>10,321,212</u>	<u>8,350,050</u>	<u>7,503,242</u>
<b>Less obligated uses of funds:</b>			
RICWFA Debt (ARRA 2009) (P)	233,452	236,234	238,476
RICWFA (ARRA 2009) (I)	7,710	5,574	2,536
Sub-total Debt Service	241,162	241,808	241,012
Cash Funded Projects	4,180,000	3,055,000	2,655,000
<b>Total Uses</b>	<u>4,421,162</u>	<u>3,296,808</u>	<u>2,896,012</u>
<b>End of Year Balance</b>	<u>5,900,050</u>	<u>5,053,242</u>	<u>4,607,230</u>

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

**Schedule HJS-S9B**  
**Western Cranston Fund (WCWDS Fund)**

Source of Funds	FY 2013	FY 2014	FY 2015
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
<b>Total Sources</b>	<b>\$ 1,739,926</b>	<b>\$ 1,650,761</b>	<b>\$ 311,671</b>
<b>Less obligated uses of funds</b>			
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	-
<b>Total Uses</b>	<b>171,233</b>	<b>1,421,159</b>	<b>171,082</b>
<b>End of Year Balance</b>	<b>\$1,568,692</b>	<b>\$229,602</b>	<b>\$140,589</b>



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

**Schedule HJS-S9C**  
**Infrastructure Replacement Fund**

Source of Funds	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
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	\$ 3,818,000	\$2,154,436	\$3,114,457
<b>Total Sources</b>	<b>\$ 29,818,000</b>	<b>\$ 32,154,436</b>	<b>\$ 37,114,457</b>
<b>Less obligated uses of funds:</b>			
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	37,620	-	-
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
<b>Total Uses</b>	<b>27,663,564</b>	<b>29,039,979</b>	<b>29,552,854</b>
<b>End of Year Balance</b>	<b>\$2,154,436</b>	<b>\$3,114,457</b>	<b>\$7,561,603</b>

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

**Schedule HJS-S9D**  
**AMR/Meter Replacement Fund**

Source of Funds	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
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
<b>Total Sources</b>	<b>\$ 3,273,119 \$</b>	<b>\$ 3,492,746 \$</b>	<b>\$ 2,898,217</b>
<b>Less obligated uses of funds</b>			
RICWFA Debt (ARRA 2009) (P)	385,895	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	-	-	-
<b>Total Uses</b>	<b>\$ 780,373 \$</b>	<b>\$ 1,594,529 \$</b>	<b>\$ 1,594,006</b>
<b>End of Year Balance</b>	<b>\$ 2,492,746</b>	<b>\$ 1,898,217</b>	<b>\$ 1,304,211</b>

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

**Schedule HJS-S9E  
Equipment/Vehicle Replacement Fund**

Source of Funds	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
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	1,388,272	939,272	604,272
<b>Total Sources</b>	<b>1,988,272</b>	<b>1,539,272</b>	<b>1,204,272</b>
<b>Less obligated uses of funds</b>			
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	298,000	150,000	200,000
<b>Total Uses</b>	<b>1,049,000</b>	<b>935,000</b>	<b>965,000</b>
<b>End of Year Balance</b>	<b>\$ 939,272</b>	<b>\$ 604,272</b>	<b>\$ 239,272</b>

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

**Schedule HJS-S9F  
Insurance Fund**

Source of Funds	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
D4061 (effective 4/27/10)	1,777,062	1,777,062	1,777,062
Add'l funding from new docket effective 1/1/14	-	12,743	25,485
Carryover funds from prior year estimated	3,273,421	3,041,333	2,769,005
<b>Total Sources</b>	<b>5,050,483</b>	<b>4,831,138</b>	<b>4,571,552</b>
<b>Less obligated uses of funds</b>			
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
<b>Total Uses</b>	<b>2,009,150</b>	<b>2,062,133</b>	<b>2,087,982</b>
<b>End of Year Balance</b>	<b><u>\$3,041,333</u></b>	<b><u>\$2,769,005</u></b>	<b><u>2,483,570</u></b>

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

**Schedule HJS-S9G**  
**Chemicals/Sludge Maintenance Fund**

Source of Funds	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
D4061 (effective 4/27/10)	2,458,942	2,458,942	2,458,942
Add'l funding from new docket effective 1/1/14	-	1,020,529	2,041,058
Add'l funding from IFR deferral	1,113,852	556,926	-
Carryover funds from prior year estimated	224,188	233,741	(380,293)
<b>Total Sources</b>	<b>3,796,982</b>	<b>4,270,138</b>	<b>4,119,707</b>
<b>Less obligated uses of funds</b>			
Chemicals	2,048,124	2,499,322	2,499,322
Sludge Overdue Amount*		542,191	
Sludge Maintenance	1,515,117	1,608,918	1,608,918
<b>Total Uses</b>	<b>3,563,241</b>	<b>4,650,431</b>	<b>4,108,240</b>
<b>End of Year Balance</b>	<b>233,741</b>	<b>(\$380,293)</b>	<b>\$11,467</b>

\*Per the 3rd Amendment to the Synagro Contract

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

**Schedule HJS-S9H**  
**Property Tax Refund Fund**

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

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

**Schedule HJS-S9I  
Revenue Reserve Fund**

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Source of Funds			
D4061 (effective 4/27/10)	1,113,852	1,113,852	1,113,852
Add'l funding from new docket effective 1/1/14	-	134,430	268,861
Carryover funds from prior year estimated	3,060,554	4,174,406	5,422,688
<b>Total Sources</b>	<b>4,174,406</b>	<b>5,422,688</b>	<b>6,805,401</b>
<b>Less obligated uses of funds</b>			
<b>Total Uses</b>			
<b>End of Year Balance</b>	<b><u>\$4,174,406</u></b>	<b><u>\$5,422,688</u></b>	<b><u>\$6,805,401</u></b>

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

**Schedule HJS-S9J  
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>	-	-
<b>Total Sources</b>	<b>\$ 187,572</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Less obligated uses of funds</b>			
Land deposits & appraisal fees	<u>187,572</u>		
<b>Total Uses</b>	<b>\$ 187,572</b>	<b>\$ -</b>	<b>\$ -</b>
<b>End of Year Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**Schedule HJS-S10  
Revenue Under Existing Rates**

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

<b>Retail Consumption Charges</b>				
Residential (HCF)	8,517,528	\$	2.488	\$ 21,191,609
Commercial (HCF)	4,427,015	\$	2.390	\$ 10,580,565
Industrial (HCF)	189,644	\$	2.346	\$ 444,905
<b>Total</b>	<b>13,134,187</b>			<b>\$ 32,217,079</b>

<b>Wholesale Consumption Charges</b>				
Consumption (HCF)	12,898,865	\$	1.269514	
Gallons (Million)	9,648	\$	1,697.21	\$ 16,375,278

	Billing Unit	Units of Service	Current Rates	Service Charge Revenue
<b>Quarterly Service Charges</b>				
5/8"		53,151	\$ 18.34	\$ 3,899,157.36
3/4"		10,645	\$ 19.47	\$ 829,032.60
1"		5,067	\$ 22.85	\$ 463,123.80
1.5"		1,493	\$ 27.39	\$ 163,573.08
2"		1,502	\$ 39.77	\$ 238,938.16
3"		93	\$ 131.15	\$ 48,787.80
4"		32	\$ 164.98	\$ 21,117.44
6"		59	\$ 243.95	\$ 57,572.20
8"		36	\$ 334.19	\$ 48,123.36
10"		2	\$ 415.97	\$ 3,327.76
12"		1	\$ 497.76	\$ 1,991.04
<b>Total</b>		<b>72,081</b>		<b>\$ 5,774,744.60</b>

<b>Monthly Service Charges</b>				
5/8"	1	\$	10.82	\$ 129.84
3/4"	0	\$	11.19	\$ -
1"	0	\$	12.32	\$ -
1.5"	2	\$	13.83	\$ 331.92
2"	34	\$	17.97	\$ 7,331.76
3"	13	\$	48.42	\$ 7,553.52
4"	7	\$	59.70	\$ 5,014.80

**Schedule HJS-S10  
Revenue Under Existing Rates**

**Test Year Revenue Under Existing Rates**

Rate Year Ending December 31, 2014	17 \$	86.02 \$	17,548.08
6"	17	\$	\$
8"	8	\$	11,146.56
10"	0	\$	-
12"	1	\$	2,047.56
<b>Total</b>	<b>83</b>	<b>\$</b>	<b>\$ 51,104.04</b>

**Total Service Charge Revenue**

**\$ 5,825,848.64**

**Quarterly Fire Protection  
Service Charge  
(Providence Only)**

	Units of Service (Providence Only)	Current Rates	Fire Protection Revenue
5/8"	25,446	\$ 3.08	\$ 313,494.72
3/4"	4,258	\$ 4.62	\$ 78,687.84
1"	1,996	\$ 11.54	\$ 92,135.36
1.5"	894	\$ 30.77	\$ 110,033.52
2"	891	\$ 73.86	\$ 263,237.04
3"	69	\$ 200.04	\$ 55,211.04
4"	21	\$ 338.52	\$ 28,435.68
6"	31	\$ 692.43	\$ 85,861.32
8"	14	\$ 1,046.34	\$ 58,595.04
10"	1	\$ 1,600.29	\$ 6,401.16
12"	-	\$ 2,646.63	\$ -
<b>Total</b>	<b>33,621</b>	<b>\$</b>	<b>\$ 1,092,092.72</b>

**Monthly Fire Protection  
Service Charge  
(Providence Only)**

5/8"	1	\$ 1.03	\$ 12.36
3/4"	-	\$ 1.54	\$ -
1"	-	\$ 3.85	\$ -
1.5"	-	\$ 10.26	\$ -
2"	27	\$ 24.62	\$ 7,976.88
3"	11	\$ 66.68	\$ 8,801.76
4"	5	\$ 112.84	\$ 6,770.40
6"	12	\$ 230.81	\$ 33,236.64
8"	8	\$ 348.78	\$ 33,482.88

**Schedule HJS-S10  
Revenue Under Existing Rates**

**Test Year Revenue Under Existing Rates**

	Rate Year Ending December 31, 2014	
10"	- \$	533.43 \$
12"	- \$	882.21 \$
Total	64	\$ 90,280.92

**Total Retail FPSC (Providence Only)**

\$ 1,182,373.64

**Total Service Charge**

\$ 7,008,222

**Private Fire Service Charges**

3/4"	3	\$	19.67	\$	236
1"	10	\$	23.31	\$	932
1.5"	3	\$	28.70	\$	344
2"	50	\$	42.63	\$	8,526
4"	349	\$	182.72	\$	255,077
6"	1,272	\$	295.45	\$	1,503,250
8"	254	\$	443.93	\$	451,033
10"	4	\$	613.33	\$	9,813
12"	17	\$	816.53	\$	55,524
16"	1	\$	1,340.64	\$	5,363
Total	1,963			\$	2,290,098

**Public Fire Service Charges**

Hydrants (Excluding Providence)	2832	\$	339.33	\$	960,983
<b>Total Rate Revenues</b>				\$	<b>58,851,660</b>

Schedule HJS-S11  
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	Protected	Wholesale
<b>601 Operating Fund</b>										
<b>Source of Supply</b>										
60110 Salaries + Wages - Emp	A	\$ 626,738	\$ 344,912	-	\$ -	\$ -	\$ -	\$ 6,267	\$ -	\$ 275,559
60120 Salaries + Wages - Emp	A	\$ 453,642	\$ 249,652	-	\$ -	\$ -	\$ -	\$ 4,536	\$ -	\$ 199,454
60320 Sal. + Wages - Officers, Dir	A	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60410 Employee Pension + Ben	A	\$ 184,548	\$ 101,562	-	\$ -	\$ -	\$ -	\$ 1,845	\$ -	\$ 81,141
60420 Employee Pension + Ben	A	\$ 206,426	\$ 113,602	-	\$ -	\$ -	\$ -	\$ 2,064	\$ -	\$ 90,760
61510 Purchase Power	A	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61610 Fuel for Power Purch	A	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62010 Material + Supplies	A	\$ 19,848	\$ 10,923	-	\$ -	\$ -	\$ -	\$ 198	\$ -	\$ 8,727
62020 Material + Supplies	A	\$ 76,727	\$ 42,225	-	\$ -	\$ -	\$ -	\$ 767	\$ -	\$ 33,735
63110 Contractual Services - Engineer	A	\$ 2,576	\$ 1,417	-	\$ -	\$ -	\$ -	\$ 26	\$ -	\$ 1,132
63120 Contractual Services - Engineer	A	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63310 Contract Services - Legal	A	\$ 19,094	\$ 10,508	-	\$ -	\$ -	\$ -	\$ 191	\$ -	\$ 8,395
63420 Contractual Services - Mt. Fees	A	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
63510 Contractual Services - Other	A	\$ 439,630	\$ 241,941	-	\$ -	\$ -	\$ -	\$ 4,396	\$ -	\$ 193,293
63520 Contractual Services - Other	A	\$ 33,263	\$ 18,306	-	\$ -	\$ -	\$ -	\$ 333	\$ -	\$ 14,625
64210 Rental of Equipment	A	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64220 Rental of Equipment	A	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65010 Transportation Exp.	A	\$ 152	\$ 84	-	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ 67
65020 Transportation Exp.	A	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
67510 Misc. Expenses	A	\$ 72,378	\$ 39,831	-	\$ -	\$ -	\$ -	\$ 724	\$ -	\$ 31,822
67520 Misc. Expenses	A	\$ 4,764	\$ 2,822	-	\$ -	\$ -	\$ -	\$ 48	\$ -	\$ 2,094
<b>Total Source of Supply Expense</b>	<b>Check</b>	<b>\$ 2,139,765</b>	<b>\$ 1,177,565</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,396</b>	<b>\$ -</b>	<b>\$ 940,802</b>
<b>Pumping Expenses</b>										
60123 Salaries + Wages - Emp	NO	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60126 Salaries + Wages - Emp	NO	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60423 Employee Pension + Ben	NO	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60426 Employee Pension + Ben	NO	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61523 Purchased Power	NP	\$ 778,684	\$ 441,581	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,102
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	\$ 12,175	\$ 3,932	-	\$ 532	\$ -	\$ -	\$ 97	\$ -	\$ 4,780
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	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Pumping Expenses</b>	<b>Check</b>	<b>\$ 790,868</b>	<b>\$ 445,513</b>	<b>\$ 2,833</b>	<b>\$ 532</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 97</b>	<b>\$ -</b>	<b>\$ 341,882</b>
<b>Water Treatment Expenses</b>										
60130 Salaries + Wages - Emp	AA	\$ 2,086,058	\$ 597,481	\$ 444,451	\$ -	\$ -	\$ -	\$ 20,861	\$ -	\$ 1,023,264
60140 Salaries + Wages - Emp	AA	\$ 340,245	\$ 97,452	\$ 72,482	\$ -	\$ -	\$ -	\$ 3,402	\$ -	\$ 166,899
60430 Employee Pension + Ben	AA	\$ 663,647	\$ 190,079	\$ 141,395	\$ -	\$ -	\$ -	\$ 6,636	\$ -	\$ 325,536
60440 Employee Pension + Ben	AA	\$ 147,670	\$ 42,295	\$ 31,462	\$ -	\$ -	\$ -	\$ 1,477	\$ -	\$ 72,436
61530 Purchase Power	P	\$ 226,424	\$ 112,147	\$ 22,642	\$ -	\$ -	\$ -	\$ 2,038	\$ -	\$ 89,597
61630 Fuel for Power Purch	AA	\$ 230,829	\$ 66,113	\$ 49,180	\$ -	\$ -	\$ -	\$ 2,308	\$ -	\$ 113,228
61830 Chemicals	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62030 Material + Supplies	AA	\$ 130,694	\$ 37,433	\$ 27,645	\$ -	\$ -	\$ -	\$ 1,307	\$ -	\$ 64,109
62040 Material + Supplies	AA	\$ 70,209	\$ 20,109	\$ 14,959	\$ -	\$ -	\$ -	\$ 702	\$ -	\$ 34,439
63130 Contractual Services - Engineer	AA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule HJS-S11  
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 Protect	Wholesale
63240 Contract Services - Acctg	AA	-	-	-	-	-	-	-	-
63430 Contractual Services - Mat. Fees	AA	-	-	-	-	-	-	-	-
63530 Contractual Services - Other	AA	148,455	42,520	31,630	-	-	-	1,485	72,821
63540 Contractual Services - Other	AA	89,703	25,692	19,112	-	-	-	897	44,002
64140 Rental Bldg/Real Prop	AA	-	-	-	-	-	-	-	-
64230 Rental of Equipment	AA	-	-	-	-	-	-	-	-
64240 Rental of Equipment	AA	-	-	-	-	-	-	-	-
65030 Transportation Exp.	AA	6,078	1,741	1,295	-	-	-	61	2,982
65640 Insurance Vehicle	AA	-	-	-	-	-	-	-	-
65830 Insurance - W/C	AA	-	-	-	-	-	-	-	-
65840 Insurance - W/C	AA	-	-	-	-	-	-	-	-
66730 Regularity Com Exp. -Other	AA	-	-	-	-	-	-	-	-
67530 Misc. Expenses	AA	101,260	29,002	21,574	-	-	-	1,013	49,670
67540 Misc. Expenses	AA	2,122	608	452	-	-	-	21	1,041
<b>Total Treatment Expense</b>		<b>4,243,393</b>	<b>1,262,673</b>	<b>878,490</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,208</b>	<b>2,060,023</b>
<b>Transmission + Dist. Expense:</b>	Check								
60150 Salaries + Wages - Emp	HM	1,085,380	283,761	188,249	132,316	346,865	-	103,468	30,721
60160 Salaries + Wages - Emp	HM	2,273,119	594,282	394,250	277,110	726,442	-	216,695	64,340
60250 Payroll Clearing -Emp	HM	-	-	-	-	-	-	-	-
60260 Payroll Clearing -Emp	HM	-	-	-	-	-	-	-	-
60450 Employee Pension + Ben	HMY	306,672	178,182	53,189	37,386	-	-	29,235	8,680
60460 Employee Pension + Ben	HMY	926,764	538,467	160,738	112,979	-	-	88,348	26,232
60550 Overhead Rate Applied	HM	-	-	-	-	-	-	-	-
60560 Overhead Rate Applied	HM	-	-	-	-	-	-	-	-
61550 Purchase Power	P	12,019	5,953	1,202	-	-	-	108	4,756
62050 Material + Supplies	F	282,490	118,815	78,823	55,403	-	-	5,650	23,800
62060 Material + Supplies	F	-	-	-	-	-	-	-	-
62560 Inventory Clearing	HM	-	-	-	-	-	-	-	-
63150 Contractual Services - Engineer	HM	327,816	85,704	56,856	39,963	104,763	-	31,250	9,279
63350 Contractual Services - Legal T&D	HM	-	-	-	-	-	-	-	-
63460 Contractual Services - Mgt. Fees	C	-	-	-	-	-	-	-	-
63550 Contractual Services - Other	HOC	475,030	200,376	132,930	93,434	-	-	9,264	39,026
63560 Contractual Services - Other	HMC	68,071	17,796	11,806	8,298	21,754	-	6,489	1,927
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	2,877	1,210	803	564	-	-	53	242
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	39,778	16,730	11,099	7,801	-	-	796	3,351
67560 Misc. Expenses	F	-	-	-	-	-	-	-	-
<b>Total Transmission &amp; Distribution</b>	Check	<b>5,800,015</b>	<b>2,041,276</b>	<b>1,089,946</b>	<b>765,255</b>	<b>1,199,824</b>	<b>-</b>	<b>481,360</b>	<b>212,355</b>
<b>Customer Accounts Expense:</b>									
60170 Salaries + Wages - Emp	D	1,982,203	-	-	-	991,102	991,102	-	-
60270 Payroll Clearing -Emp	D	-	-	-	-	-	-	-	-
60470 Employee Pension + Ben	DY	811,227	811,227	-	-	-	-	-	-
60570 Overhead Rate Applied	D	-	-	-	-	-	-	-	-
61670 Fuel for Power Purch	D	-	-	-	-	-	-	-	-
62070 Material + Supplies	D	2,583	-	-	-	1,291	1,291	-	-
63370 Contractual Services - Legal	D	-	-	-	-	-	-	-	-

Schedule HJS-S11  
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 Protect	Wholesale
63570 Contractual Services - Other	D	11,495	\$	-	-	5,747	5,747	-	-
65070 Transportation Exp. - CAO	D	1,060	\$	-	-	530	530	-	-
65870 Insurance - Other	D	-	\$	-	-	-	-	-	-
65970 Insurance Other	D	-	\$	-	-	-	-	-	-
67070 Bad Debt Expense - CAO	D	-	\$	-	-	-	-	-	-
67570 Misc. Expenses	D	522,312	\$	-	-	261,156	261,156	-	-
<b>Total Customer Accounts</b>	<b>Check</b>	<b>3,330,879</b>	<b>\$</b>	<b>811,227</b>	<b>\$</b>	<b>1,259,826</b>	<b>1,259,826</b>	<b>\$</b>	<b>\$</b>
<i>Administrative and General</i>									
60180 Salaries + Wages - Emp	Y	5,562,671	\$	691,259	257,421	1,297,988	623,142	223,346	1,106,725
60280 Payroll Clearing -Emp	Y	-	\$	-	-	-	-	-	-
60380 Salaries + wages - Officers, Dir.	YY	-	\$	-	-	-	-	-	-
60480 Employee Pension + Ben	Y	5,041,534	\$	626,499	233,305	1,176,368	564,763	202,422	1,003,042
60580 Overhead Rate Applied	Z	-	\$	-	-	-	-	-	-
61580 Purchase Power	Z	113,972	\$	13,779	5,353	17,193	8,806	3,880	24,850
61680 Fuel for Power Purch	Z	-	\$	-	-	-	-	-	-
62080 Material + Supplies	Z	539,883	\$	65,272	25,356	81,443	41,715	18,379	117,714
63180 Contractual Services - Engineer	Y	47,387	\$	5,889	2,193	11,057	5,308	1,903	9,428
63280 Contract Services - Acctg	Y	-	\$	-	-	-	-	-	-
63380 Contractual Services - Legal	Y	53,228	\$	6,615	2,463	12,420	5,963	2,137	10,590
63480 Contractual Services - Mgt. Fees	Y	-	\$	-	-	-	-	-	-
63580 Contractual Services - Other	Y	1,077,748	\$	133,929	49,874	251,477	120,731	43,272	214,424
64180 Rental Bldg/Real Prop	Z	-	\$	-	-	-	-	-	-
64280 Rental of Equipment	Z	-	\$	-	-	-	-	-	-
65080 Transportation Exp.	Z	6,690	\$	809	314	1,009	517	228	1,459
65780 Ins. Gen. Liability	Y	-	\$	-	-	-	-	-	-
65880 Insurance - W/C	Y	-	\$	-	-	-	-	-	-
65980 Insurance Other	Y	-	\$	-	-	-	-	-	-
66080 Advertising Expense	Y	-	\$	-	-	-	-	-	-
66880 Reg Com Exp - Amort of Rate Case	Com Z	-	\$	-	-	-	-	-	-
66780 Regulatory Com Exp. -Other	Com Z	370,066	\$	64,376	25,008	-	-	12,598	80,688
67580 Misc. Expenses	Z	289,794	\$	35,036	13,611	43,716	22,391	9,865	63,185
<b>Total Administration + General</b>	<b>Check</b>	<b>13,102,972</b>	<b>\$</b>	<b>1,643,462</b>	<b>614,899</b>	<b>2,892,652</b>	<b>1,393,336</b>	<b>518,030</b>	<b>2,632,104</b>
<i>Total Operation &amp; Maintenance</i>									
<b>Total Operation &amp; Maintenance</b>	<b>Check</b>	<b>29,407,903</b>	<b>\$</b>	<b>3,614,732</b>	<b>1,380,685</b>	<b>5,352,302</b>	<b>2,653,163</b>	<b>1,073,093</b>	<b>6,187,166</b>
<i>857 Insurance Fund</i>									
65840 Insurance W/C - WTM	YY	-	\$	-	-	-	-	-	-
65870 Insurance W/C - CAO	YY	-	\$	-	-	-	-	-	-
62080 Materials + Supplies - A&GO	Z	18,428	\$	2,228	866	2,780	1,424	627	4,018
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	64,348	\$	7,986	2,978	-	-	2,584	12,802
65780 Ins. Gen. Liability	Com Z	-	\$	-	-	-	-	-	-
65980 Insurance-Other A&GO	YY	1,018,753	\$	123,167	47,847	153,682	78,716	34,681	222,125
65880 Insurance - W/C	Z	693,532	\$	86,183	32,094	-	-	27,846	137,982
67070 Bad Debt Expense-CAO	Com Z	-	\$	-	-	-	-	-	-
67580 Misc. Expense	Z	7,486	\$	905	352	1,129	578	255	1,632
Funding Requirement	Com Z	-	\$	-	-	-	-	-	-
<b>Total Insurance Fund</b>	<b>Check</b>	<b>1,802,547</b>	<b>\$</b>	<b>220,480</b>	<b>84,136</b>	<b>157,591</b>	<b>80,718</b>	<b>65,993</b>	<b>378,560</b>

Schedule HJS-S11  
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 Protect	Wholesale
<b>878 Chemical and Sludge Maintenance Fund</b>									
61830 Chemicals - WTO	A	\$ 2,499,322	\$ 1,375,448	\$ -	\$ -	\$ -	\$ -	\$ 24,993	\$ 1,098,880
62030 Materials + Supplies WTO	A	-	-	-	-	-	-	-	-
62050 Materials + Supplies T&DO	A	-	-	-	-	-	-	-	-
63540 Contract Services - Other WTM	A	\$ 1,608,918	\$ 885,434	\$ -	\$ -	\$ -	\$ -	\$ 16,089	\$ 707,395
Funding Requirement	A	\$ 391,760	\$ 215,597	\$ -	\$ -	\$ -	\$ -	\$ 3,918	\$ 172,248
Total Chemical and Sludge Maintenance Fund	Check	\$ 4,500,000	\$ 2,476,479	\$ -	\$ -	\$ -	\$ -	\$ 45,000	\$ 1,978,521
<b>Total Operating and Maintenance Expense</b>	Check	\$ 35,710,450	\$ 12,438,310	\$ 3,835,212	\$ 1,464,822	\$ 5,509,893	\$ 2,733,880	\$ 1,184,086	\$ 8,544,247
<b>Less Capital Reimbursement</b>	X4	\$ (834,389)	\$ (366,831)	\$ (146,684)	\$ (66,077)	\$ (34,575)	\$ -	\$ (3,447)	\$ (216,775)
<b>Net Operating and Maintenance Expense</b>		\$ 34,876,061	\$ 12,071,478	\$ 3,688,528	\$ 1,398,745	\$ 5,475,318	\$ 2,733,880	\$ 1,180,639	\$ 8,327,472
<b>City Services Cost</b>	Z	\$ 839,167	\$ 295,352	\$ 101,455	\$ 39,413	\$ 126,591	\$ 64,840	\$ 28,567	\$ 182,969
New Meters	C	\$ 38,443	\$ -	\$ -	\$ -	\$ 38,443	\$ -	\$ -	\$ -
Lost or Stolen Meters	C	\$ 41,676	\$ -	\$ -	\$ -	\$ 41,676	\$ -	\$ -	\$ -
Abandonment	A	\$ 225	\$ 124	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 99
Admin Fee from NBC	D	\$ 25,000	\$ -	\$ -	\$ -	\$ 12,500	\$ 12,500	\$ -	\$ -
Misc. Accounts	A	\$ 15,594	\$ 8,682	\$ -	\$ -	\$ -	\$ -	\$ 156	\$ 6,856
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	\$ 14,824	\$ 9,895	\$ 6,913	\$ -	\$ -	\$ -	\$ -
Shut Off Service Charge	D	\$ 1,408	\$ -	\$ -	\$ -	\$ 704	\$ 704	\$ -	\$ -
Shut Off For Seasonal	D	\$ 127,232	\$ -	\$ -	\$ -	\$ 63,616	\$ 63,616	\$ -	\$ -
Shut Off Service Charge	D	\$ 11	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ 0	\$ 5
Subpoena	A	\$ 20,538	\$ -	\$ -	\$ -	\$ 10,269	\$ 10,269	\$ -	\$ -
Title Search Charge	D	\$ 279	\$ 154	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 123
\$ Transaction at Closing	A	\$ 86,086	\$ -	\$ -	\$ -	\$ 86,086	\$ -	\$ -	\$ -
Turn On Meter	C	\$ 42,330	\$ -	\$ -	\$ -	\$ 42,330	\$ -	\$ -	\$ -
Scrap Meter Fees Garbage Pick-Up	C	\$ 2,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46	\$ 2,037
Other Misc.	A	\$ 1,200	\$ 422	\$ 145	\$ 56	\$ 181	\$ 93	\$ 41	\$ 262
Rental Income	Z	\$ 472,048	\$ 264,948	\$ 82,571	\$ 34,852	\$ 63,439	\$ 26,238	\$ -	\$ -
Interest on Delinquent Accounts	RR	\$ 28,909	\$ 15,856	\$ -	\$ -	\$ -	\$ -	\$ 288	\$ 12,667
Forest Product Sales	A	\$ 6,180	\$ 3,401	\$ -	\$ -	\$ -	\$ -	\$ 62	\$ 2,717
Bad Checks	A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants	A	\$ 1,145	\$ 630	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ 503
Net Loss Disposal Fixed Assets	A	\$ 867	\$ 477	\$ -	\$ -	\$ -	\$ -	\$ 9	\$ 381
Misc. Revenue Water Lien	RR	\$ 189,348	\$ 106,276	\$ 33,121	\$ 13,980	\$ 25,447	\$ 10,525	\$ -	\$ -
State 1 Surcharge									
<b>Less: Miscellaneous Revenues</b>		\$ 1,179,169	\$ 418,249	\$ 125,672	\$ 55,800	\$ 406,963	\$ 146,217	\$ 618	\$ 25,650





**Schedule HJS-S13  
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	\$ 5,621,785	3,093,829	-	-	-	-	56,218	2,471,738
Foster	\$ 310,980	171,141	-	-	-	-	3,110	136,729
North Providence	\$ 270,819	113,906	75,566	53,114	-	-	5,416	22,817
Johnston	\$ 96,805	53,275	-	-	-	-	968	42,562
Cranston	\$ 122,555	67,446	-	-	-	-	1,226	53,884
*Glocester	\$ 56,793	31,255	-	-	-	-	568	24,970
West Warwick	\$ 3,719	2,047	-	-	-	-	37	1,635
West Glocester Fire	\$ 3,745	2,061	-	-	-	-	37	1,647
Harmony Fire District	\$ 174	96	-	-	-	-	2	76
Chepachet Fire District	\$ 141	78	-	-	-	-	1	62
Warwick	\$ -	-	-	-	-	-	-	-
	\$ 6,487,515	\$ 3,535,132	\$ 75,566	\$ 53,114	\$ -	\$ -	\$ 67,583	\$ 2,756,120

Schedule HJS-S14  
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	55.03%	0.00%	0.00%	0.00%	0.00%	1.00%	43.97%
AA	1% allocated to fire protection, remainder allocated to base, maximum day, and wholesale based on consumption	28.64%	21.31%	0.00%	0.00%	0.00%	1.00%	49.05%
C	100% to Meters & Services				100.00%			
Com Y	Allocated Based on Methodology in Docket # 2048, Y - Labor Reallocated from Meters and Billing	44.86%	22.75%	8.47%	0.00%	0.00%	4.02%	19.90%
Com Z	Allocated Based on Methodology in Docket # 2048, Z - O&M Reallocated from Meters and Billing	50.64%	17.40%	6.76%	0.00%	0.00%	3.40%	21.80%
Cran	Cranston Taxes, 16% Allocator F, 84% Allocator A	52.96%	4.46%	3.14%	0.00%	0.00%	1.16%	38.28%
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	42.08%	27.90%	19.61%	0.00%	0.00%	2.00%	8.43%
FP	100% Fire Protection						100.00%	0.00%
HM	T&D Maintenance Based on FY 2010 - FY 2012 Activities	26.14%	17.34%	12.19%	31.96%	0.00%	9.53%	2.83%
HMY	Reallocation from Billing and Collections and Meters and Services to Base of HM	58.10%	17.34%	12.19%			9.53%	2.83%
HMC	T&D Contract Maintenance Based on FY 2010-2012 Activities	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%
HOC	T&D Contract Operations Based on FY 2010-2012 activities	42.18%	27.98%	19.67%	0.00%	0.00%	1.95%	8.22%
K1	Allocated Based on Net Plant Investment less Land, Meters and Fire Reallocated to Retail	46.24%	18.46%	8.30%	0.00%	0.00%	0.00%	27.00%
K2	Allocated Based on Net Plant Investment less Land	40.40%	16.13%	7.25%	5.41%	0.00%	3.81%	27.00%
L	Based on Allocation of other Transmission & Distribution Plant except Services & Meters	32.90%	22.82%	9.59%	0.00%	0.00%	13.56%	21.13%
N	Allocation of Pumping Investment and Expenses	46.36%	8.88%	1.67%	0.00%	0.00%	0.92%	42.17%
NO	Allocation of Pumping and Investment Expenses Excluding Raw Water	32.30%	23.27%	4.37%	0.00%	0.00%	0.80%	39.26%
NP	Allocation Factor NO with Maximum Day and Maximum Hour reallocated to base	56.71%	0.00%	0.00%	0.00%	0.00%	0.00%	43.29%
P	10% allocated to maximum day, 90% allocated based on A	49.53%	10.00%	0.00%	0.00%	0.00%	0.90%	39.57%
RR	Retail Revenue	56.13%	17.49%	7.38%	13.44%	5.56%	0.00%	0.00%
T	Allocation of all Non-General Plant	40.40%	16.13%	7.25%	5.41%	0.00%	3.81%	27.00%
TD	Allocation of Base, Max Day and Max Hour of Retail only	46.95%	34.15%	21.89%	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	27.60%	18.31%	12.87%	26.61%	0.00%	11.20%	3.40%
X2	Allocation within a Particular Group Based on the Relationship between all Other Items in the Group	42.26%	28.04%	19.71%	0.00%	0.00%	1.92%	8.07%
X4	Allocation within a Particular Group Based on the Relationship between all Other Items in the Group	43.96%	17.58%	7.92%	4.14%	0.00%	0.41%	25.98%
Y	Based on Labor related O&M Expenses.	24.50%	12.43%	4.63%	23.33%	11.20%	4.02%	19.90%
YY	Reallocation from Billing and Collections and Meters and Services to base of YY	59.03%	12.43%	4.63%			4.02%	19.90%
Z	Based on Total O&M expenses, except for Administrative & General	35.19%	12.09%	4.70%	15.09%	7.73%	3.40%	21.80%
DY	Allocation Factor D with Meters and Services, Billing and Collection Reallocated to Base	100.00%						

Schedule HJS-S15  
Summary of Cost Allocations

Summary of Costs to be Recovered Through Rates

Rate Year Ending December 31, 2014

	Base	Maximum Day	Maximum Hour	Meters	Billing & Collection	Fire Protection	Wholesale
Net Operations and Maintenance Expense							
Capital Expense	12,071,478	3,688,528	1,398,745	5,475,318	2,733,880	1,180,639	8,327,472
City Services Expense	\$ 12,359,207	\$ 4,942,044	\$ 2,226,250	\$ 1,164,892	\$ -	\$ 116,145	\$ 7,303,532
Property Taxes Expense	\$ 6,487,515	\$ 3,535,132	\$ 75,566	\$ 53,114	\$ -	\$ -	\$ 2,766,120
Total	34,876,061	12,071,478	3,688,528	1,398,745	5,475,318	1,180,639	8,327,472
Total Expenses Allocated	70,314,812	28,261,149	8,807,593	3,717,521	6,766,801	2,798,720	18,570,093
Less: Miscellaneous Revenues	\$ (1,179,169.01)	\$ (418,248.80)	\$ (125,671.87)	\$ (55,800.41)	\$ (406,963.15)	\$ (618.28)	\$ (25,649.62)
Plus: Net Operating Revenue Allowance	\$ 2,074,069.29	\$ 835,287.01	\$ 260,457.64	\$ 109,851.62	\$ 190,795.14	\$ 41,769.50	\$ 556,333.30
Net Revenue Requirement	71,209,712	28,678,187	8,942,379	3,771,572	6,550,633	2,732,078	19,100,777

Schedule HJS-S16  
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)	Demand Factor	Total Capacity (HCF/Day)	Extra Capacity (HCF/Day)	Meters & Services (Equivalent Meters)	Bills
<b>Retail</b>										
Residential	8,517,528	23,272	1.7	39,862	16,290	2.2	51,198	11,635.97		
Commercial	4,427,015	12,096	1.6	19,353	7,257	2	24,191	4,838.27		
Industrial	189,644	518	1.5	777	259	2	1,036	259.08		
Fire Protection				2888	2888		11551	8663		
<b>Total Retail</b>	<b>13,134,187</b>	<b>35,886</b>		<b>62,580</b>	<b>26,695</b>		<b>87,977</b>	<b>25,396</b>	<b>123,918.40</b>	<b>297,172</b>
<b>Wholesale</b>										
Wholesale	12,898,865	35,242.80	1.7	59,913	24,670	2.15	75772.02	15,859		
<b>Total</b>	<b>26,033,052</b>	<b>71,128.56</b>		<b>122,493.05</b>	<b>51,364.49</b>		<b>163,748.72</b>	<b>41,255.67</b>	<b>123,918.40</b>	<b>297,172.00</b>

Schedule HJS-S17  
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								
Number	13,134,187	26,695	25,396	123,918	297,172	6,057		
Units								
O&M Expense								
Retail	26,156,922	3,669,742	1,383,233	5,220,406	2,665,294	1,215,421		
Retail Unit Cost (\$/Unit)	\$0.91	\$137.47	\$54.47	\$42.13	\$8.97	\$200.66		
Wholesale O&M Expense	8,550,877							
Capital Expense								
Retail Capital Expense	\$ 21,432,793	\$ 5,090,305	\$ 2,293,037	\$ 1,199,839	\$ -	\$ 119,629		
Retail Cost (\$/Unit)	\$0.97	\$190.69	\$90.29	\$9.68	\$0.00	\$19.75		
Wholesale Capital Expense	\$ 7,522,638							
City Services Expense								
Retail City Services Expense	\$ 675,884	\$ 104,499	\$ 40,595	\$ 130,389	\$ 66,785	\$ 29,425		
Retail Cost (\$/Unit)	\$0.02	\$3.91	\$1.60	\$1.05	\$0.22	\$4.86		
Wholesale City Services Expense	\$ 188,458							
Property Tax Expense								
Retail Property Tax Expense	\$ 3,843,337	\$ 3,641,186	\$ 77,833	\$ -	\$ -	\$ 69,611		
Retail Cost (\$/Unit)	\$0.28	\$2.92	\$2.15	\$0.00	\$0.00	\$11.49		
Wholesale Property Tax Expense	\$ 2,838,804							
Total Unit Cost of Service								
Retail Cost of Service	\$ 52,108,935.88	\$ 8,942,378.99	\$ 3,771,572.17	\$ 6,550,633.15	\$ 2,732,078.27	\$ 1,434,086.03		
Retail Total Unit Cost (\$/Unit)	\$2.18	\$334.99	\$148.51	\$52.86	\$9.19	\$236.77		
Wholesale Cost of Service	\$ 19,100,776.53	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Cost of Service	\$ 71,209,712.41							

**Schedule HJS-S18**  
**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	13,613,425	13,134,187	26,695	25,396	123,918	297,172	6,057
Total Retail Cost of Service	\$ 52,108,936	\$ 28,678,187.27	\$ 8,942,378.99	\$ 3,771,572.17	\$ 6,550,633.15	\$ 2,732,078.27	\$ 1,434,086.03
<b>Retail</b>							
Unit Cost of Service (\$/Unit)		\$2.18	\$334.99	\$148.51	\$52.86	\$9.19	\$236.77
<b>Retail Service:</b>							
Residential Volume Charge							
Units of Service - HCF	8,517,528	8,517,528	16290.35342	11,635.97			
Allocation Cost of Service - \$	25,782,948	18,597,821	5,457,092	1,728,035			
Consumption Rate - \$/HCF	\$3.027						
Commercial Volume Charge							
Units of Service - HCF	4,427,015	4,427,015	7257.401066	4,838.27			
Allocation Cost of Service - \$	12,815,955	9,666,282	2,431,151	718,522			
Consumption Rate - \$/HCF	\$2.895						
Industrial Volume Charge							
Units of Service - HCF	189,644	189,644	259.076793	259.08			
Allocation Cost of Service - \$	539,347	414,084	86,788	38,475			
Consumption Rate - \$/HCF	\$2.844						
Retail Service Charge							
Units of Service					83,844.20	289,320	
Allocation Cost of Service	\$7,092,102				\$4,432,211.81	\$2,659,890.18	
Fire Protection Service							
Units of Service			2,888	8,663	40,074	7,852	6,057
Allocation Cost of Service	\$5,878,584		\$967,348.40	\$1,286,540.49	\$2,118,421.34	\$72,188.09	\$1,434,086.03
Total Retail Allocated Cost of Service	<u>52,108,936</u>	<u>28,678,187.27</u>	<u>8,942,378.99</u>	<u>3,771,572.17</u>	<u>6,550,633.15</u>	<u>2,732,078.27</u>	<u>1,434,086.03</u>
Surmcheck							
Wholesale							
Wholesale:							
Units of Service	12,898,865	12,898,865					
Allocation Cost of Service	\$ 19,100,777	\$ 19,100,777					
Consumption Rate	1.480811	1.480811					
Total System Allocated Cost of Service	<u><u>71,209,712</u></u>						

**Schedule HJS-S19  
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
<b>Quarterly Service Charges</b>						
5/8"	53,151	-	\$ -	-	18.34	
3/4"	10,645	-	\$ -	-	19.47	
1"	5,067	-	\$ -	-	22.85	
1.5"	1,493	-	\$ -	-	27.39	
2"	1,502	-	\$ -	-	39.77	
3"	93	-	\$ -	-	131.15	
4"	32	-	\$ -	-	164.98	
6"	59	-	\$ -	-	243.95	
8"	36	-	\$ -	-	334.19	
10"	2	-	\$ -	-	415.97	
12"	1	-	\$ -	-	497.76	
<b>Total</b>	<b>72,081</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>		
<b>Monthly Service Charges</b>						
5/8"	1	53,152	\$ 7.48	4,770,923.52	10.82	-30.87%
3/4"	-	10,645	\$ 7.92	1,011,700.80	11.19	-29.22%
1"	-	5,067	\$ 9.24	561,828.96	12.32	-25.00%
1.5"	2	1,495	\$ 11.01	197,519.40	13.83	-20.39%
2"	34	1,536	\$ 15.85	292,147.20	17.97	-11.80%
3"	13	106	\$ 51.53	65,546.16	48.42	6.42%
4"	7	39	\$ 64.75	30,303.00	59.70	8.46%
6"	17	76	\$ 95.59	87,178.08	86.02	11.13%
8"	8	44	\$ 130.83	69,078.24	116.11	12.68%
10"	-	2	\$ 162.77	3,906.48	143.37	13.53%
12"	1	2	\$ 194.70	4,672.80	170.63	14.11%
<b>Total</b>	<b>83</b>	<b>72,164</b>	<b>\$ 7,094,804.64</b>	<b>7,094,804.64</b>		
<b>Total Retail Service Charge Revenue</b>					<b>\$ 5,825,849</b>	<b>21.78%</b>

**Schedule HJS-S19  
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 Fire Service Charge	Fire Service Charge Revenues	Current Rates	% Change
<b>Quarterly Service Charges</b>						
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	
<b>Total</b>	<b>33,340</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>		
<b>Monthly Service Charges</b>						
5/8"	1	25,267	\$ 1.56	\$ 472,998.24	1.03	51.46%
3/4"	-	4,207	\$ 2.34	\$ 118,132.56	1.54	51.95%
1"	-	1,998	\$ 5.84	\$ 140,019.84	3.85	51.69%
1.5"	-	896	\$ 15.55	\$ 167,193.60	10.26	51.56%
2"	27	901	\$ 37.32	\$ 403,503.84	24.62	51.58%
3"	11	69	\$ 101.07	\$ 83,685.96	66.68	51.57%
4"	5	19	\$ 171.04	\$ 38,997.12	112.84	51.58%
6"	12	30	\$ 349.86	\$ 125,949.60	230.81	51.58%
8"	8	16	\$ 528.67	\$ 101,504.64	348.78	51.58%
10"	-	1	\$ 808.55	\$ 9,702.60	533.43	51.58%
12"	-	-	\$ 1,337.22	\$ -	882.21	51.58%
<b>Total</b>	<b>64</b>	<b>33,404</b>	<b>\$ -</b>	<b>\$ 1,661,688.00</b>		
<b>Total Retail Fire Protection Service Charge Revenue</b>					<b>\$ 1,182,373.64</b>	<b>41%</b>
<b>Total Retail Service Charge Revenue</b>					<b>\$ 7,008,222.28</b>	<b>24.95%</b>



**Schedule HJS-S19  
Proposed Rates and Impacts**

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

<b>Retail Consumption Charges</b>							
Residential (HCF)	8,517,528	\$	3.027	\$	25,782,556.18	\$	2.488
Commercial (HCF)	4,427,015	\$	2.895	\$	12,816,207.41	\$	2.390
Industrial (HCF)	189,644	\$	2.844	\$	539,348.14	\$	2.346
<b>Total</b>	<u>13,134,187</u>	\$		\$	<u>39,138,111.73</u>	\$	<u>21.48%</u>

**Wholesale Charges**

<u>Volume Charge</u>							
Consumption (HCF)	12,898,865	\$	1.480811	\$	19,100,781.22	\$	16.64%
Consumption (MGD)	9,648						

**Total Consumption Charge Revenue**

**48,592,356.99**      **19.85%**

**Private Fire Service Charges**

	Current Units of Service	Proposed Units of Service	Proposed Monthly Pvt. Fire Charge	Private Fire Charge Revenues	Current Quarterly Pvt. Fire Charge
3/4"	3	3	\$8.01	288.36	19.67
1"	10	10	\$9.44	1,132.80	23.31
1-1/2"	3	3	\$11.60	417.60	28.70
2"	50	50	\$17.13	10,278.00	42.63
4"	349	349	\$72.70	304,467.60	182.72
6"	1,272	1,272	\$118.69	1,811,684.16	295.45
8"	254	254	\$180.07	548,853.36	443.93
10"	4	4	\$251.33	12,063.84	613.33
12"	17	17	\$337.76	68,903.04	816.53
16"	1	1	\$563.44	6,761.28	1,340.64
<b>Total</b>	<u>1,963</u>	<u>1,963</u>		<u>2,764,850.04</u>	<u>2,290,098</u>

**Public Fire Service Charges**

Hydrants	2,832	Proposed Rate	\$514.10	Revenue	\$1,455,931.20	Current Rate	\$339.33	% Change	51.50%
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**Total Fire Protection Charge Revenue**

**\$3,251,060.88**      **29.83%**

**Miscellaneous Revenues**

\$ (1,179,169.01)

**Total Revenues**

\$ 58,851,660.15      21.01%

\$ 60,030,829.16      20.60%

Schedule HJS-S20  
Comparison of Revenues by Customer Class

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

	Existing Rates	Proposed Rates	% Change
<b>Retail</b>			
Monthly Service Charge	\$ 5,825,849	\$ 7,094,805	21.8%
Periodic FPSC	\$ 1,182,374	\$ 1,661,688	40.5%
Volume Charge			
Residential	\$ 21,191,609	\$ 25,782,556	21.7%
Commercial	\$ 10,580,565	\$ 12,816,207	21.1%
Industrial	\$ 444,905	\$ 539,348	21.2%
<b>Total Retail</b>	<b>\$ 39,225,301</b>	<b>\$ 47,894,604</b>	<b>22.1%</b>
<b>Wholesale</b>			
East Providence	\$ 2,604,138	\$ 3,037,569	16.6%
East Smithfield	\$ 369,465	\$ 430,958	16.6%
Greenville	\$ 550,307	\$ 641,899	16.6%
Kent County	\$ 3,347,107	\$ 3,904,197	16.6%
Smithfield	\$ 534,048	\$ 622,935	16.6%
Warwick	\$ 5,409,798	\$ 6,310,201	16.6%
Lincoln	\$ 1,307,083	\$ 1,524,633	16.6%
Johnston	\$ 356,412	\$ 415,733	16.6%
Bristol County	\$ 1,896,931	\$ 2,212,655	16.6%
<b>Total Wholesale</b>	<b>\$ 16,375,290</b>	<b>\$ 19,100,781</b>	<b>16.6%</b>
<b>Fire Protection</b>			
Private Fire Protection	\$ 2,290,098	\$ 2,764,850	20.7%
Public Fire Protection	\$ 960,983	\$ 1,455,931	51.5%
<b>Total Fire Protection</b>	<b>\$ 3,251,081</b>	<b>\$ 4,220,781</b>	<b>29.8%</b>
<b>Total Rate Revenues</b>	<b>\$ 58,851,672</b>	<b>\$ 71,216,167</b>	<b>21.0%</b>
Miscellaneous Revenues	\$ (1,179,169)	\$ (1,179,169)	
<b>Total Revenues</b>	<b>\$ 60,030,841</b>	<b>\$ 72,395,336</b>	<b>20.60%</b>

**Schedule HJS-S21  
Typical Bill Comparison**

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

	Proposed Rates	Existing Rates	% Change
<b>Residential - (5/8" Meter, 100 HCF)</b>			
Service Charge*	\$ 89.76	\$ 73.36	22.4%
Volume Charge	\$ 302.70	\$ 248.80	21.7%
<b>Total</b>	<b>\$ 392.46</b>	<b>\$ 322.16</b>	<b>21.8%</b>
<b>Commercial - (2" Meter, 2,000 HCF)</b>			
Service Charge*	\$ 190.20	\$ 159.08	19.6%
Volume Charge	\$ 5,790.00	\$ 4,780.00	21.1%
<b>Total</b>	<b>\$ 5,980.20</b>	<b>\$ 4,939.08</b>	<b>21.1%</b>
<b>Industrial - (6" Meter, 10,000 HCF)</b>			
Service Charge *	\$ 1,147.08	\$ 975.80	17.6%
Volume Charge	\$ 28,440.00	\$ 23,460.00	21.2%
<b>Total</b>	<b>\$ 29,587.08</b>	<b>\$ 24,435.80</b>	<b>21.1%</b>

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

**Schedule HJS-S22  
Revenue Proof**

**Revenue Proof**  
Rate Year Ending December 31, 2014

Net Operations & Maintenance Expense	\$ 34,876,061
Capital Expense	\$ 28,112,069
City Services Expense	\$ 839,167
Property Taxes Expense	\$ 6,487,515
<b>Total Expenses Allocated</b>	<b>\$ 70,314,812</b>
plus: Net Operating Revenue	\$2,074,069.29
<b>Net Revenue Requirement</b>	<b>\$ 72,388,881</b>
<b>Retail</b>	
Monthly Service Charge	\$ 7,094,805
Retail FPSC	\$ 1,661,888
Volume Charge	
Residential	\$ 25,782,556
Commercial	\$ 12,816,207
Industrial	\$ 539,348
<b>Total Retail</b>	<b>\$ 47,894,604</b>
<b>Wholesale</b>	
East Providence	\$ 3,037,569
East Smithfield	\$ 430,958
Greenville	\$ 641,899
Kent County	\$ 3,904,197
Smithfield	\$ 622,935
Warwick	\$ 6,310,201
Lincoln	\$ 1,524,633
Johnston	\$ 415,733
Bristol County	\$ 2,212,655
<b>Total Wholesale</b>	<b>\$ 19,100,781</b>
<b>Fire Protection</b>	
Private Fire Protection	\$ 2,764,850
Public Fire Protection	\$ 1,455,931
<b>Total Fire Protection</b>	<b>\$ 4,220,781</b>
<b>Total Rate Revenues</b>	<b>\$ 71,216,167</b>
Miscellaneous Revenues	\$ 1,179,169
<b>Total Revenues</b>	<b>\$ 72,395,336</b>
<b>Total Surplus / (Deficit)</b>	<b>\$ 6,454</b>

Note: Surplus due rounding

Schedule HJS-S23  
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	FY 2013	Four Year Average	Adjustments	Pro Forma Rate Year
<b>Retail</b>								
Residential	9,201,454	8,482,954	8,754,316	8,487,320	8,345,520	8,517,528	-	8,517,528
% Change from previous			-14.11%	-3.05%				
Commercial	4,636,996	4,465,417	4,284,895	4,392,712	4,565,034	4,427,015	-	4,427,015
Industrial	198,132	190,880	181,838	201,227	184,632	189,644	-	189,644
Sub-total Retail	14,036,582	13,139,251	13,221,050	13,081,259	13,095,186	13,134,187	-	13,134,187
<b>Wholesale</b>								
East Providence	2,034,591	2,024,316	2,217,299	2,015,566	1,947,969,25	2,051,288	-	2,051,288
East Smithfield	318,002	300,103	311,937	279,817	272,257,00	291,029	-	291,029
Greenville	459,960	423,935	450,932	442,414	416,632,89	433,478	-	433,478
Kent County	2,663,178	2,602,627	2,717,984	2,800,752	2,424,742,83	2,636,526	-	2,636,526
Smithfield	454,602	394,162	413,570	438,706	436,247,33	420,671	-	420,671
Warwick	4,674,254	4,195,038	4,526,769	4,272,694	4,050,756,68	4,261,314	-	4,261,314
Lincoln	1,016,655	1,016,536	1,075,944	1,017,940	1,007,954,55	1,029,594	-	1,029,594
Johnston (1)	302,765	248,060	309,030	262,814	303,083,98	280,747	-	280,747
Bristol County (2)	1,283,706	1,210,901	1,502,205	1,682,988	1,580,779,41	1,494,218	-	1,494,218
Narr. Bay Comm (3)								
Sub-total Wholesale	13,207,713	12,415,678	13,525,669	13,213,689	12,440,424	12,898,865	-	12,898,865
<b>Grand Total</b>	<b>27,244,295</b>	<b>25,554,929</b>	<b>26,746,719</b>	<b>26,294,948</b>	<b>25,535,610</b>	<b>26,033,052</b>	<b>-</b>	<b>26,033,052</b>
<b>Unaccounted for Water Volume</b>	3,114,862	3,572,170	3,380,059	3,825,119	4,158,147	3,733,874		3,733,874

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
<b>Source of Supply</b>				
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
	<b>Total Source of Supply Expense</b>	<b>1,997,284</b>	<b>\$65,942.73</b>	<b>2,063,227</b>

**Pumping Expenses**

60123	Salaries + Wages - Emp			-
60126	Salaries + Wages - Emp			-
60423	Employee Pension + Ben			-
60426	Employee Pension + Ben			-

**PROVIDENCE WATER  
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/12	Test Year Adjustments	Adjusted Test Year
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			-
<b>Total Pumping Expenses</b>		<b>790,313</b>	<b>-</b>	<b>790,313</b>

**Water Treatment Expenses**

60130	Salaries + Wages - Emp	1,934,063	\$127,325.91	2,061,389
60140	Salaries + Wages - Emp	315,454	\$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 Bldg/Real Prop			-
64230	Rental of Equipment			-
64240	Rental of Equipment			-
65030	Transportation Exp.	5,806		5,806

**PROVIDENCE WATER  
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/12	Test Year Adjustments	Adjusted Test Year
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
<b>Total Treatment Expense</b>		<b>3,971,857</b>	<b>\$148,093.29</b>	<b>4,119,951</b>
<b>Transmission + Dist. Expense:</b>				
60150	Salaries + Wages - Emp	927,462	\$61,057.99	988,520
60160	Salaries + Wages - Emp	2,107,495	\$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			-
64260	Rental of Equipment			-
65050	Transportation Exp. T&D	2,748		2,748
65850	Insurance W/C			-
65860	Insurance W/C			-
65950	Insurance Other			-



**PROVIDENCE WATER  
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/12	Test Year Adjustments	Adjusted Test Year
66750	Regulatory Com Exp - Other T & D	-	-	-
66760	Regulatory Com Exp - Other T & D	-	-	-
67550	Misc. Expenses	37,994	-	37,994
67560	Misc. Expenses	-	-	-
<b>Total Transmission &amp; Distribution</b>		4,179,962	\$1,020,190.28	5,200,152
<b>Customer Accounts Expense:</b>				
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
<b>Total Customer Accounts</b>		2,703,575	\$143,568.20	2,847,143
<b>Administrative and General</b>				
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.	-	-	-
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 - Accig	-	-	-

**PROVIDENCE WATER  
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/12	Test Year Adjustments	Adjusted Test Year
63380	Contractual Services - Legal	50,841		50,841
63480	Contractual Services - Mgt. Fees			-
63580	Contractual Services - Other	982,614		982,614
64180	Rental Buidlg/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	227,469		227,469
66780	Regulatory Com Exp. -Other	358,418	(81,620)	276,798
67580	Misc. Expenses			
	<b>Total Administration + General</b>	<b>11,426,042</b>	<b>\$897,944.08</b>	<b>12,323,986</b>
	<b>Total Operation &amp; Maintenance</b>	<b>25,069,033</b>		<b>27,344,772</b>
	<b>Source of Supply</b>			
	<b>Pumping</b>			
	Treatment	1,997,284	\$65,942.73	2,063,227
	Transmission & Distrib.	790,313	-	790,313
	Customer Accounts	3,971,857	148,093	4,119,951
	Administration & General	4,179,962	1,020,190	5,200,152
	Total Operation & Maintenance	2,703,575	143,568	2,847,143
	Capitalized Overheads	11,426,042	897,944	12,323,986
	Full Operation & Maint. Operating Fund	25,069,033	2,275,739	27,344,772
	857 Insurance Fund			
	65840 Insurance W/C - WTM	1,202,718		1,202,718
	65870 Insurance W/C - CAO	26,271,752		26,271,752
	62080 Materials + Supplies - A&GO	17,602		17,602

**PROVIDENCE WATER  
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/12	Test Year Adjustments	Adjusted Test Year
63180	Contractual Services-Engineer	-	-	-
63380	Contract Services - Legal A&GO	(11,163) B	11,163	-
63580	Contract Services - Other A&GO	54,528	-	54,528
	Injuries and Damages	-	-	-
65780	Ins. Gen. Liability	1,006,353	-	1,006,353
65980	Insurance-Other A&GO	874,015	-	874,015
65880	Insurance - W/C	7,150	-	7,150
67070	Bad Debt Expense-CAO	-	-	-
67580	Misc. Expense	-	-	-
	<b>Total Insurance Fund</b>	<b>1,948,485</b>	<b>11,163</b>	<b>1,959,648</b>
<b>878 Chemical and Sludge Maintenance Fund</b>				
61830	Chemicals - WTO	2,572,273	-	2,572,273
62030	Materials + Supplies WTO	-	-	-
62050	Materials + Supplies T&DO	-	-	-
63540	Contract Services - Other WTM	552,692	-	552,692
	<b>Total Chemical and Sludge Maintenance Fund</b>	<b>3,124,965</b>		<b>3,124,965</b>
<b>Full Operation and Maintenance</b>				
		32,143,316	2,286,902	31,356,364
<b>City Services</b>				
		839,167		839,167
<b>Property Taxes- Other Local Govern.</b>				
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

**PROVIDENCE WATER  
COMPARATIVE SCHEDULE OF EXPENSES**

ACCOUNT	TITLE	FISCAL YEAR 06/30/12	Test Year Adjustments	Adjusted Test Year
40829	Cranston	110,522	1	110,523
40830	West. Warwick	3,761	-	3,761
<b>Total Property Taxes</b>		<b>5,945,612</b>		<b>5,945,492</b>
	Full Operation & Maint.	32,143,316	2,286,902	34,430,218
	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)	-
	<b>Grand Total</b>	<b>40,928,928</b>	<b>286,068</b>	<b>41,214,997</b>
	Capital Reimbursement	30,981,650		
		(798,115)	(36,274.33)	(\$834,389)

- A Adjustment to Normalize Payroll See: Schedule HJS-S3A
- B Adjustment to Remove Non-Recurring Expense due to Insurance reimbursement
- C Adjustment to Remove Bad Debt
- D Adjustment to Remove Non-Recurring Miscellaneous Expenses