

# Schacht & McElroy

Michael R. McElroy  
Robert M. Schacht (retired)

Attorneys at Law

(401) 351-4100  
fax (401) 421-5696

Members of Rhode Island  
and Massachusetts Bars

21 Dryden Lane  
Post Office Box 6721  
Providence, RI 02940-6721

www.McElroyLawOffice.com  
Michael@McElroyLawOffice.com

November 12, 2014

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

Re: Providence Water Supply Board – Docket No. 4406 – Motion to Reopen

Dear Luly:

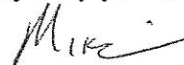
Enclosed for filing in this matter are an original and nine copies of the following:

1. Providence Water's Motion to Reopen Proceedings to Utilize Revised Consumptions to Establish a Revised Commercial Rate.
2. Testimony of Jeanne Bondarevskis in support of Providence Water's Motion.

If it is necessary to publish a notice in the newspaper and you would like me to draft an appropriate notice, please let me know.

If you could expedite this Motion, it would be greatly appreciated.

Very truly yours,



Michael R. McElroy

MRMc: tmg  
cc: Service List

*Providence Water/Motion to Reopen – Docket 4406/Motion to Reopen*

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: PROVIDENCE WATER SUPPLY BOARD : DOCKET No. 4406  
APPLICATION FOR GENERAL RATE RELIEF :

**PROVIDENCE WATER'S MOTION TO REOPEN PROCEEDINGS TO UTILIZE  
REVISED CONSUMPTIONS TO ESTABLISH A REVISED COMMERCIAL RATE**

**INTRODUCTION**

Providence Water Supply Board (Providence Water), by and through its undersigned counsel, and pursuant to Commission Rule 1.26 and/or Rule 1.28, moves to reopen these proceedings. The purpose of this Motion is a limited one. Providence Water seeks Commission approval for the utilization of revised consumption figures to establish a revised commercial rate. Providence Water is not seeking to change the revenue requirement or rate design. Providence Water seeks to reopen due to a material change/mistake of fact, which is the discovery of significantly overstated commercial consumption for FY2012 and FY2013 due to a serious meter defect at the State of Rhode Island's Cranston campus.

**RULE 1.26**

Commission Rule 1.26 provides in pertinent part as follows:

"1.26 REOPENING PROCEEDINGS

(a) By Parties.

(1) Except as provided in Rule 1.26(a)(3), at any time after the conclusion of a hearing in a proceeding, but before the issuance of the written order, any party to the proceeding may, for good cause shown, move to reopen the proceedings for the purpose of taking additional evidence. Copies of such motion shall be served upon all participants or their attorneys of record, and shall set forth clearly the facts claimed to constitute grounds requiring reopening of the proceedings, including material changes of fact or of law alleged to have occurred since the conclusion of the hearing

\* \* \*

(b) By the Commission. At any time prior to the issuance of its written order, after notice to the parties and opportunity to be heard, the Commission may reopen the proceeding for the receipt of further evidence.” (Emphasis added)

### RULE 1.28

Rule 1.28(b) and (c) provides in pertinent part as follows:

(b) Mistake, Inadvertence, Excusable Neglect, Newly Discovered Evidence, Fraud, Other. On motion and upon such terms as are just, the Commission may grant relief for the following reasons.

- (1) Mistake, inadvertence, surprise, or excusable neglect;
- (2) Newly discovered evidence, which by due diligence could not have been discovered in time to move to reopen the proceedings under Rule 1.26.

\* \* \*

(5) A prior order on which the order is based has been reversed or otherwise vacated, or it is no longer equitable that the order should have prospective application; or

(6) Any other reason justifying relief from the operation of the order.

\* \* \*

(c) Time. A motion shall be made within a reasonable time not more than one (1) year after the order is entered . . . This rule does not limit the power of the Commission to entertain an independent action to relieve a party from an order . . .

### TRAVEL

On March 29, 2013, Providence Water filed a General Rate filing with the Commission. On June 5, 2013 and June 18, 2013, public hearings were held. Four of Providence Water’s wholesale customers intervened and two of them filed testimony on August 23, 2013, along with the Division. Providence Water then filed rebuttal testimony on September 27, 2013.

At the request of the Commission, a tour of Providence Water's facilities was held on October 1, 2013, and a presentation regarding Providence Water's lead replacement program and water quality issues was made at technical session at the Commission on October 8, 2013.

The intervenors then had the opportunity to file surrebuttal testimony on October 25, 2013.

On November 5, 2013, Providence Water filed a settlement agreement with the Division. A revised settlement agreement was filed on November 12, 2013.

A final public hearing was held on November 12, 2013 and the evidentiary hearing was held on November 13, 2013.

At an open meeting held on November 22, 2013, the Commission reviewed the evidence presented at the hearing and considered the revised settlement. The Commission requested some changes to the settlement. As a result, a second revised settlement was filed on November 26, 2013. It was executed by all parties (Providence Water, the Division, the Kent County Water Authority, the Bristol County Water Authority, the City of Warwick, and the City of East Providence).

On December 6, 2013, the Commission held an open meeting and approved the second revised settlement. Rates were increased effective with consumption on or after December 7, 2013. However, the written Order has not yet been issued.

### **THE CONSUMPTION PROBLEM**

Providence Water's rates are set for various fixed and volume charges. In Docket No. 4406, 81% of Providence Water's revenue was derived from volume charges for water consumed. An average of consumption for FYs 2010, 2011, 2012, and 2013 was used to calculate the rates going forward for billing.

Unfortunately, a significant issue arose with a major State of Rhode Island commercial meter at their large Cranston facility. The State informed Providence Water that, due to a meter malfunction, they had been overbilled for an 18-month period from December 21, 2011 through June 20, 2013. Providence Water immediately repaired the meter. Providence Water then resolved the billing issue with the State in July, 2014. However, this issue substantially affects the calculation of Providence Water's commercial rate because the commercial consumption figures used for FY2012 and FY2013 were overstated.

The overstated commercial consumption for this one State account significantly impacts the 4-year average commercial consumption that was used to set the commercial rate in this Docket. As a result, the commercial rate is too low by approximately 3%. **All other things being equal, this will result in a revenue shortfall for Providence Water of approximately \$350,000 per year unless and until commercial rates are adjusted.**

Although Providence Water has a revenue reserve fund for shortages in revenue, the structural problem caused by this malfunctioning meter needs to be corrected. Because the Commission has not yet issued a final Report and Order in this Docket, under Rule 1.26, the Docket can be reopened to correct the commercial rate.<sup>1</sup> This will impact approximately 6,500 commercial accounts and result in an approximate 3% increase in commercial rates only. No other rates will be affected.

If this Motion is approved as filed, the commercial rate will increase from \$2.744 per hcf to \$2.825 per hcf.

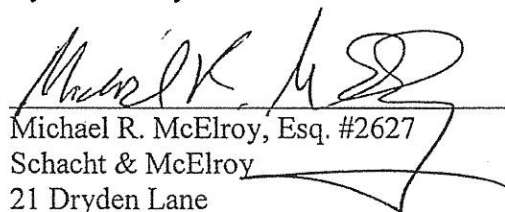
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<sup>1</sup> There is precedent for reopening a docket to correct consumption. See Order No. 20160 in Docket No. 4061, at pages 15-22. Moreover, even if a final Order had been issued, this mistake could be corrected under Rule 1.28.

**RELIEF REQUESTED**

For the reasons set forth above, Providence Water respectfully requests that the Commission reopen Docket No. 4406 and authorize Providence Water to utilize corrected consumption from the State of Rhode Island Cranston campus to revise Providence Water's commercial rate on a going forward basis. We are not seeking retroactive relief. Again, we emphasize that Providence Water is not requesting an increase in the revenue requirement, a change in rate design, or a change in any rates other than the commercial rates.

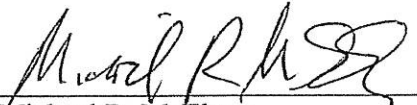

Respectfully submitted,  
PROVIDENCE WATER SUPPLY BOARD  
By its attorney



Michael R. McElroy, Esq. #2627  
Schacht & McElroy  
21 Dryden Lane  
P.O. Box 6721  
Providence, RI 02940-6721  
Tel: (401) 351-4100  
Fax: (401) 421-5696  
E-mail:  
[Michael@McElroyLawOffice.com](mailto:Michael@McElroyLawOffice.com)

CERTIFICATE OF SERVICE

I hereby certify that on the 12th day of November, 2014, I sent a true copy of the foregoing to the attached service list.

  
\_\_\_\_\_  
Michael R. McElroy  


*Providence Water/Motion to Reopen – Docket 4406 11-12-14*

**TESTIMONY**  
**of**  
**JEANNE BONDAREVSKIS**  
**before the**  
**PUBLIC UTILITIES COMMISSION**  
**IN SUPPORT OF**  
**PROVIDENCE WATER'S**  
**MOTION TO RE-OPEN DOCKET 4406 TO**  
**REVISE THE COMMERCIAL RETAIL RATE**  
**AND TO REVISE THE COMMERCIAL RATE TARIFF**

**November 2014**

**Docket No. 4406**



**PROVIDENCE WATER SUPPLY BOARD  
TESTIMONY OF  
JEANNE BONDAREVSKIS**

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

A. Jeanne Bondarevskis, Sr. Director - Administration for the Providence Water Supply Board (Providence Water).

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

A. I have been employed since March of 1987 or over 27 years.

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

A. I have a Master's Degree in Business Administration from Bryant College. I graduated Magna Cum Laude from Providence College with a Bachelor of Science Degree, majoring in Accounting.

Having worked for Providence Water since March of 1987, I have held many positions in the Finance department, which included Accounting, Regulatory, Budget, and Bond issues. I have participated to some degree in all of Providence Water's PUC and Division filings dating back to Docket 1900 in 1988.

I have been a member of the New England Water Works Association and American Water Works Association. Since January of 2002, I have been Treasurer of the Rhode Island Water Works Association.

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

A. I have prepared this testimony to support Providence Water's request to re-open Docket 4406. Subsequent to the hearings and open meeting in Docket 4406, Providence Water learned that a large overcharge of one commercial account, the State of RI Pastore Complex, resulted in a miscalculation of the current

**PROVIDENCE WATER SUPPLY BOARD  
TESTIMONY OF  
JEANNE BONDAREVSKIS**

Commercial Water rate. Since December 7, 2013, Providence Water has been charging rates approved by the Public Utilities Commission (PUC). Providence Water would therefore request to change the Commercial Rate based on more appropriate consumption data.

**Q. What is the material change/mistake of fact?**

A. In our last rate filing, Docket 4406, Providence Water used a four year average of consumption data from FY 2010 through FY 2013 in calculating our retail water consumption rates. Unfortunately there was a faulty meter reading device on a large 12 inch meter in one of our commercial accounts, the State of RI Pastore Complex. The faulty device resulted in overstated consumption for FY 2012 and FY 2013. The FY 2012 overstatement was approximately 1%, however, the FY 2013 overstatement was so large that it resulted in that year's commercial consumption being overstated by more than 10%. As a result, the average Commercial consumption used to set the pro forma rate was too high and the Commercial rate was set too low. The approximate impact is about 3% of the Pro Forma Commercial rate revenue.

**Q. What happened with the State?**

A. The State of RI contacted the Division. Several meetings took place. The Division provided Providence Water with a report and update on February 28, 2014, and a settlement was ultimately reached with the State in early July 2014, a copy of the Settlement is attached hereto as Attachment 1. An adjustment was posted to the account in FY 2014 and the State agreed to pay the balance on the account. Providence Water then replaced the meter in August of 2014 and has been reading the meter about once per week since then. The new meter appears to be working appropriately. The monthly reads through October 2014 are

**PROVIDENCE WATER SUPPLY BOARD  
TESTIMONY OF  
JEANNE BONDAREVSKIS**

included in our analysis.

**Q. Have you prepared schedules to demonstrate the overcharge, impact on the Commercial consumption and what the revised Commercial rate should be?**

A. Yes I have prepared schedules as well as graphs. Please see Exhibit JBB1 which shows the State Department of Facilities account as billed. The yellow shaded area depicts the 18 months questioned by the State of RI. Looking at the totals by fiscal year, it appears that FY 2013 was almost double of the average of the other four years depicted. The bottom half of the schedule shows what the account would be if the average monthly consumption for CY 09 – CY 11 ( the last three consecutive years prior to the period in question) was substituted for January 2012 through June 2013. This now shows that the adjusted FY 2013 amount is very consistent with the average of the other four years shown. The schedule also shows the up to date consumption through October 2014.

Exhibit JBB-2 shows a graphical depiction of the monthly consumption for the State of RI account as billed (FY 2014 does not include the negotiated settlement adjustment posted to the account). As shown, FY 2012 from January to June showed a modest increase, with FY 2013 showing amounts well above the other months and years depicted.

Exhibit JBB-3 shows the Commercial consumption for FY 2010 – FY 2013 at the top and FY 2010 – FY 2014 at the bottom. For Docket 4406, the average Commercial consumption used to set rates was 4,427,015. With the totals adjusted to remove the overcharge above the CY 09-CY 11 average for the State account, the new overall average would be 4,300,866. The bottom half of the schedule is for comparison purposes and includes the FY 2014 totals. Providence

**PROVIDENCE WATER SUPPLY BOARD  
TESTIMONY OF  
JEANNE BONDAREVSKIS**

Water will be proposing to use the FY 2010 – FY 2013 adjusted average Commercial consumption of 4,300,866 to revise the Commercial consumption rate. On upcoming Exhibit JBB-6 the calculation will be provided.

Exhibit JBB-4 shows graphically what the Commercial consumption has been from FY 2010 – FY 2013. The Commercial line shows the total consumption increasing from FY 2011 through FY 2013. However, when the adjustment is made for the State overcharge, the Adjusted Commercial actually decreases from FY 2011 after a slight increase in FY 2012. The existing Commercial rate has been set using the Docket 4406 Average. When the mistake is corrected, it should be set using the Adjusted Commercial Average amount.

Exhibit JBB-5 shows the graph from Exhibit JBB-4 with the addition of FY 2014. There is a clear linear downward trend in the Commercial consumption. While the Adjusted Commercial is slightly below the Adjusted Commercial Average, it is well below the Docket 4406 Average. Therefore, Providence Water contends that the Docket 4406 Average has to be corrected to correct the Commercial consumption rate.

Exhibit JBB-6 shows the Projected Volumes used on Settlement Schedule JDM-23. I have added 2 columns to show the Pro Forma Revenue by retail class and the Pro Forma Rates. The Wholesale volumes do not impact the calculation nor does Providence Water propose to adjust them. The lower half of the exhibit shows the adjustment for the State account and the change to the Commercial consumption for FY 2012 and FY 2013. The revised Commercial average is now 4,300,866, instead of the 4,427,015. Using the same Pro Forma Commercial revenue of \$12,149,391.01, the Commercial rate would have to be \$2.825/hcf,

**PROVIDENCE WATER SUPPLY BOARD  
TESTIMONY OF  
JEANNE BONDAREVSKIS**

instead of the \$2.744 included in the settlement schedules. This would result in a 2.93% increase in the Commercial rate. If it is not implemented, Providence Water would see a 2.85% shortfall in Commercial revenue or approximately \$350,000 per year.

**Q. What is Providence Water asking the Commission to do?**

A. Providence Water asks the Commission to reopen Docket 4406 (the Report and Order has not yet been issued) for the sole purpose of adjusting the commercial consumption average for FY 2010 – FY 2013 and allow the recalculation of the Commercial rate and implementation on water bills on a going forward basis.

**Q. How many customers will be affected?**

A. There are approximately 6,500 commercial accounts that would see an approximate 3% increase in their consumption rate. All other rates and charges would not be affected.

**Q. Have Providence Water's rate consultants reviewed the calculation of the revised Commercial consumption rate?**

A. Yes, Providence Water's consultants reviewed our proposed methodology for calculating the revised commercial rate. They suggested no other method of calculating the revised rate.

**Q. Will this filing result in Providence Water generating additional revenue over the amount authorized?**

A. No, this will not generate any additional revenue over what was authorized in Docket 4406. This filing will allow us to generate the full revenue authorized.

**PROVIDENCE WATER SUPPLY BOARD  
TESTIMONY OF  
JEANNE BONDAREVSKIS**

**Q. Has the Providence Water Board approved this filing?**

A. Yes. They approved the Settlement with the State of RI and they have been briefed on the need for this filing to correct the understated Commercial rate.

**Q. Have you provided a revised tariff sheet?**

A. Yes. Please see attached revised Tariff page for the Commission (Attachment 2).

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

A. Yes.

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION

DOCKET NO. 4406

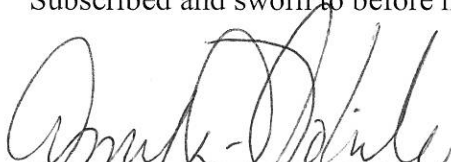
ATTESTATION UNDER RULE 2.7  
OF THE RULES OF PRACTICE AND PROCEDURE  
OF THE PUBLIC UTILITIES COMMISSION

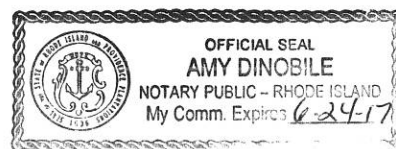
I, Jeanne Bondarevskis, in conformance with Rule 2.7 of the Rules of Practice and Procedure of the Public Utilities Commission, hereby attest that the facts contained in my direct testimony with exhibits and supporting documents are true and correct to the best of my knowledge, information, and belief. All changes and differences between the books and test year data and any changes in the manner of recording said data during the test year have been expressly noted.

  
Jeanne Bondarevskis

STATE OF RHODE ISLAND  
PROVIDENCE COUNTY

Subscribed and sworn to before me this 12 of November, 2014.

  
Notary Public



#750667

Providence Water

Exhibit JBB - 1

State Dept. of Facilities Account 813560 as billed

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Jul	46,957.98	45,618.50	44,694.77	50,802.64	61,700.28	45,753.92
Aug	42,325.95	42,577.27	43,133.38	61,637.45	44,176.09	31,319.40
Sep	48,022.08	42,577.27	36,528.22	51,235.76	47,935.19	34,552.80
Oct	35,956.07	34,231.59	41,593.38	51,099.41	38,767.37	34,852.20
Nov	34,239.61	32,120.77	28,502.04	53,972.21	30,872.20	
Dec	43,800.45	32,381.45	38,054.86	63,260.33	36,212.74	
Jan	36,595.06	41,209.72	44,539.70	113,934.64	50,562.01	
Feb	33,315.88	34,747.60	39,765.97	92,338.54	39,492.00	
Mar	39,204.51	36,556.30	40,157.65	92,365.27	36,794.25	
Apr	31,717.06	37,705.95	46,126.49	94,258.19	33,358.66	
May	32,888.10	33,465.60	41,947.64	141,141.31	21,868.81	
Jun	36,236.80	41,723.05	52,942.86	73,105.91	38,508.05	
<b>Total</b>	<b>461,259.56</b>	<b>454,915.08</b>	<b>497,986.97</b>	<b>939,151.66</b>	<b>480,247.64</b>	

FY 2010, 2011, 2012, 2014 Average = 473,602.32

FY 2013 as % of Average 198%

FY 2014 does not include settlement adjustment for prior periods

Shaded area in question by State of RI

State Dept. of Facilities Account 813560 with Adjustment \*

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Average</u>
Jul	46,957.98	45,618.50	44,694.77	45,757.09	61,700.28	45,753.92	48,413.76
Aug	42,325.95	42,577.27	43,133.38	42,678.87	44,176.09	31,319.40	41,035.16
Sep	48,022.08	42,577.27	36,528.22	42,375.86	47,935.19	34,552.80	41,998.57
Oct	35,956.07	34,231.59	41,593.38	37,260.35	38,767.37	34,852.20	37,110.16
Nov	34,239.61	32,120.77	28,502.04	31,620.81	30,872.20		31,471.09
Dec	43,800.45	32,381.45	38,054.86	38,078.92	36,212.74		37,705.68
Jan	36,595.06	41,209.72	43,852.14	43,852.14	50,562.01		43,214.21
Feb	33,315.88	34,747.60	36,208.28	36,208.28	39,492.00		35,994.41
Mar	39,204.51	36,556.30	38,212.60	38,212.60	36,794.25		37,796.05
Apr	31,717.06	37,705.95	38,520.06	38,520.06	33,358.66		35,964.36
May	32,888.10	33,465.60	35,828.18	35,828.18	21,868.81		31,975.78
Jun	36,236.80	41,723.05	38,510.71	38,510.71	38,508.05		38,697.86
<b>Total</b>	<b>461,259.56</b>	<b>454,915.08</b>	<b>463,638.63</b>	<b>468,903.87</b>	<b>480,247.64</b>		<b>461,377.09</b>

FY 2010, 2011, 2012, 2014 Average = 465,015.23

FY 2013 as % of Average 101%

FY 2014 does not include settlement adjustment for prior periods

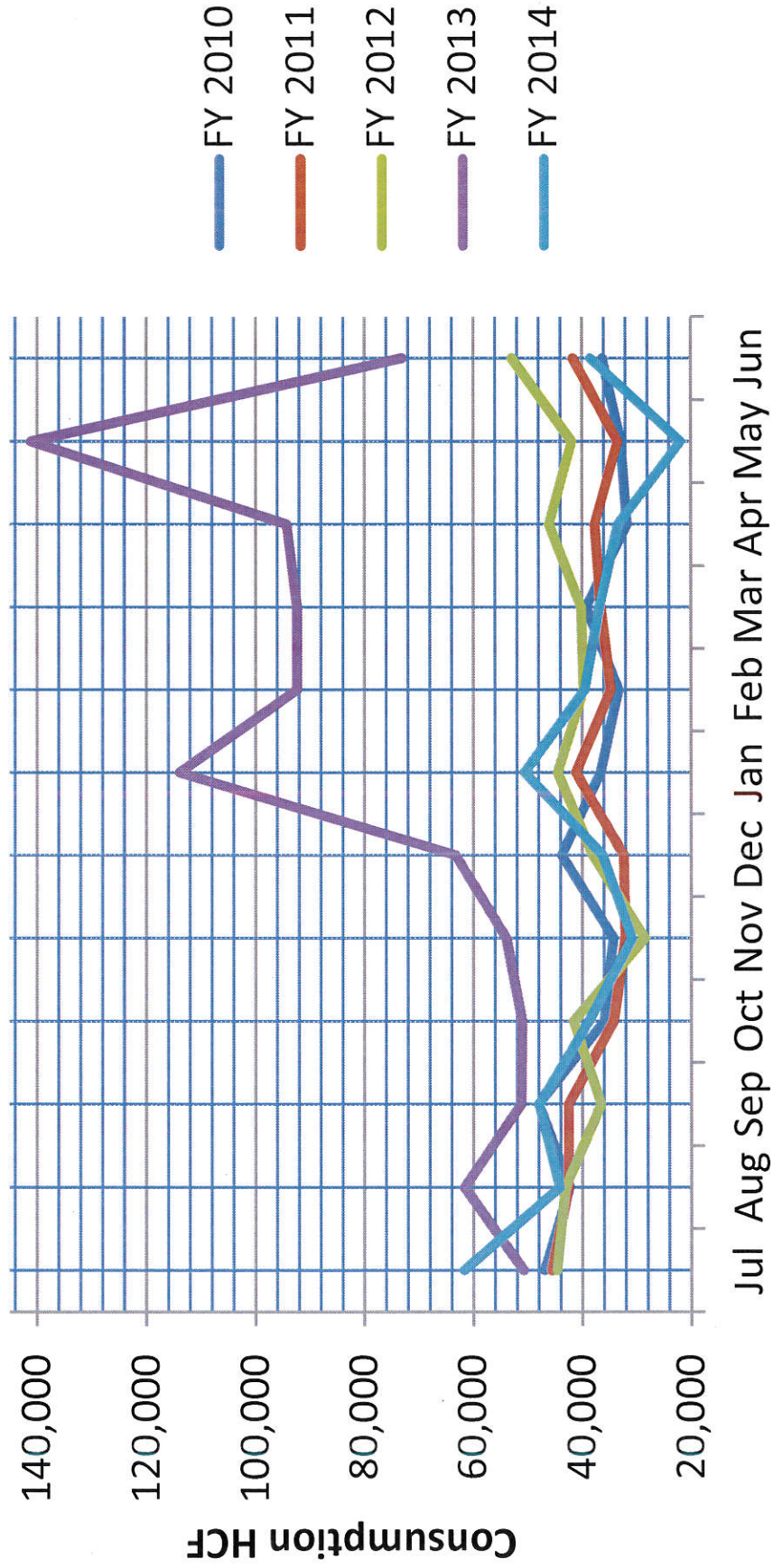
\* Shaded months adjusted to 3 year average CY 09 - CY 11.

**Difference 0.00 0.00 34,348.34 470,247.80 0.00**  
 Difference of original Billed consumption to Adjusted



# State Dept. of Facilities Account

Exhibit JBB-2



Providence Water  
Commercial Consumption FY 2010 - 2013

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Average</u>
Commercial as used in Docket 4406	4,465,417	4,284,895	4,392,712	4,565,034	4,427,015
Adjusted Commercial for State Account	4,465,417	4,284,895	4,358,364	4,094,786	4,300,866
Docket 4406 Average	4,427,015	4,427,015	4,427,015	4,427,015	4,427,015
Adjusted Commercial Average	4,300,866	4,300,866	4,300,866	4,300,866	4,300,866

Adjusted using 3 yr avg of CY 2009 -2011 for the State of RI account to adjust FY 12 and 13 total Commercial consumption.

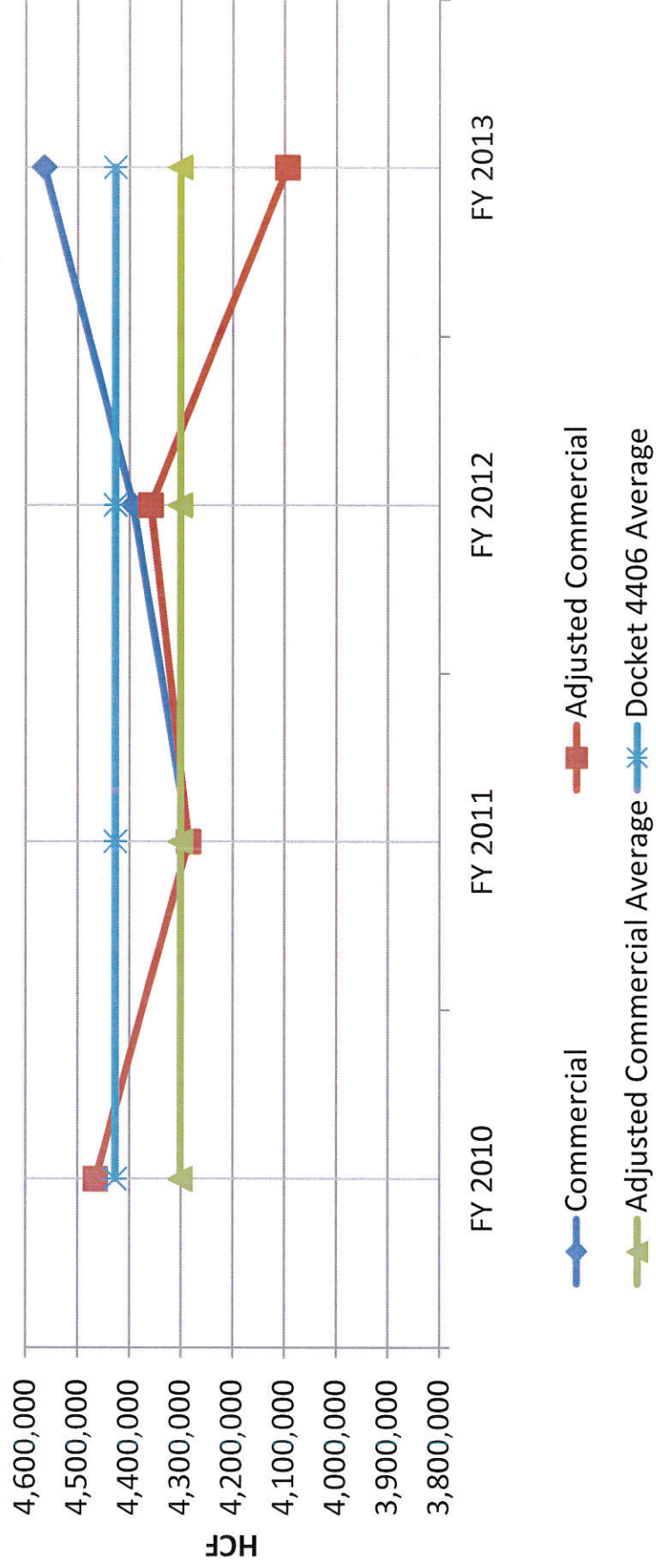
Providence Water  
Commercial Consumption FY 2010 - 2014

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>Average</u>
Commercial as used in Docket 4406	4,465,417	4,284,895	4,392,712	4,565,034	3,903,139	4,322,239
Adjusted Commercial for State Account	4,465,417	4,284,895	4,358,364	4,094,786	4,209,838	4,282,660
Docket 4406 Average	4,427,015	4,427,015	4,427,015	4,427,015	4,427,015	4,427,015
Adjusted Commercial Average	4,282,660	4,282,660	4,282,660	4,282,660	4,282,660	4,282,660

Adjusted using 3 yr avg of CY 2009 -2011 for the State of RI account to adjust FY 12 and 13 total Commercial consumption, and for the State of RI negotiated adjustment of 306,699.1094 hcf in FY 14

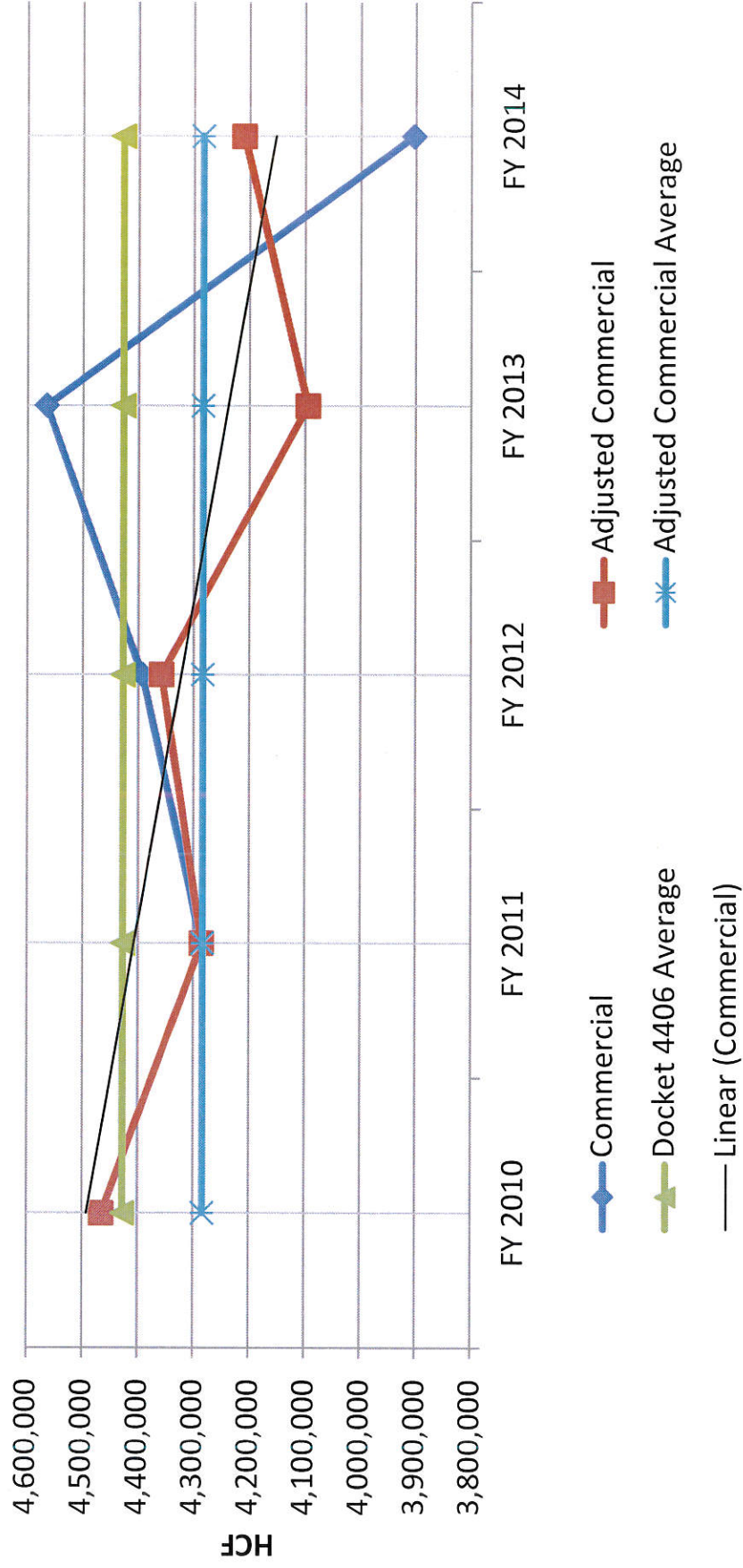
# PW Commercial Consumption

Exhibit JBB-4



# PW Commercial Consumption

Exhibit JBB-5



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

	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Average	Adjustments	Pro Forma Rate Year	Pro Forma Revenue	Pro Forma Rates
<b>Retail</b>									
Residential	8,482,954	8,754,316	8,487,320	8,345,520	8,517,528	-	8,517,528	\$ 24,534,070.40	\$ 2.880
Commercial	4,465,417	4,284,895	4,392,712	4,565,034	<b>4,427,015</b>	-	4,427,015	\$ 12,149,391.01	\$ 2.744
Industrial	190,880	181,838	201,227	184,632	189,644	-	189,644	\$ 511,024.48	\$ 2.695
Sub-total Retail	13,139,251	13,221,050	13,081,259	13,095,186	13,134,187		13,134,187	\$ 37,194,485.89	
<b>Wholesale</b>									
East Providence	2,024,316	2,217,299	2,015,566	1,947,969.25	2,051,288	-	2,051,288		
East Smithfield	300,103	311,937	279,817	272,257.00	291,029	-	291,029		
Greenville	423,935	450,932	442,414	416,632.89	433,478	-	433,478		
Kent County	2,602,627	2,717,984	2,800,752	2,424,742.83	2,636,526	-	2,636,526		
Smithfield	394,162	413,570	438,706	436,247.33	420,671	-	420,671		
Warwick	4,195,038	4,526,769	4,272,694	4,050,756.68	4,261,314	-	4,261,314		
Lincoln	1,016,536	1,075,944	1,017,940	1,007,954.55	1,029,594	-	1,029,594		
Johnston (1)	248,060	309,030	262,814	303,083.98	280,747	-	280,747		
Bristol County (2)	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	12,415,678	13,525,669	13,213,689	12,440,424	12,898,865	-	12,898,865		
<b>Grand Total</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>26,033,052</b>		

Calculation of Rate Year Sales Volumes w/ Deduction for State Account  
Schedule HJS-S9H  
(Volumes in HCF)

3 yr Average CY 2009 - 2011

	FY 2010	FY 2011	FY 2012	FY 2013	Four Year Average	Adjustments	Pro Forma Rate Year	Pro Forma Revenue	Pro Forma Rates
<b>State Adjustment to Commercial</b>			<b>(34,348.34)</b>	<b>(470,247.80)</b>					
<b>% of original consumption</b>			<b>-1%</b>	<b>-10%</b>					
<b>Retail</b>									
Residential	8,482,954	8,754,316	8,487,320	8,345,520	8,517,528	-	8,517,528	\$ 24,534,070.40	\$ 2.880
Commercial	4,465,417	4,284,895	<b>4,358,364</b>	<b>4,094,786</b>	<b>4,300,866</b>	-	4,300,866	\$ 12,149,391.01	\$ 2.825
Industrial	190,880	181,838	201,227	184,632	189,644	-	189,644	\$ 511,024.48	\$ 2.695
Sub-total Retail	13,139,251	13,221,050	13,046,911	12,624,939	13,008,037		13,008,037	\$ 37,194,485.89	
<b>Wholesale</b>									
East Providence	2,024,316	2,217,299	2,015,566	1,947,969.25	2,051,288	-	2,051,288		
East Smithfield	300,103	311,937	279,817	272,257.00	291,029	-	291,029		
Greenville	423,935	450,932	442,414	416,632.89	433,478	-	433,478		
Kent County	2,602,627	2,717,984	2,800,752	2,424,742.83	2,636,526	-	2,636,526		
Smithfield	394,162	413,570	438,706	436,247.33	420,671	-	420,671		
Warwick	4,195,038	4,526,769	4,272,694	4,050,756.68	4,261,314	-	4,261,314		
Lincoln	1,016,536	1,075,944	1,017,940	1,007,954.55	1,029,594	-	1,029,594		
Johnston (1)	248,060	309,030	262,814	303,083.98	280,747	-	280,747		
Bristol County (2)	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	12,415,678	13,525,669	13,213,689	12,440,424	12,898,865	-	12,898,865		
<b>Grand Total</b>	<b>25,554,929</b>	<b>26,746,719</b>	<b>26,260,600</b>	<b>25,065,362</b>	<b>25,906,903</b>	-	<b>25,906,903</b>		

	Projected Commercial Revenue	4 year Average	Calculated Rates
Original Commercial Consumption	\$ 12,149,391.01	4,427,015	\$ 2.744
Revised Commercial Consumption	\$ 11,803,190.68	4,300,866	\$ 2.825
Difference	\$ 346,200.33	(126,149)	\$ 0.080
Percentage	2.85%	-2.85%	2.93%

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is executed by and between the State of Rhode Island, by and through its Department of Administration (the "State"), and Providence Water Supply Board ("Providence Water") (collectively, the "Parties" or individually, "Party") and is effective upon signature by both Parties (hereinafter, the "Effective Date").

WHEREAS, Providence Water provides water to the State at the State's Cranston, Rhode Island facility ("Pastore Campus"); and,

WHEREAS, there was a billing dispute between the State and Providence Water that the Parties believe was caused by a faulty meter that was fixed by Providence Water when the problem was brought to Providence Water's attention; and,

WHEREAS, the State withheld payments as a result of the dispute; and,

WHEREAS, in order to avoid the risks of litigation, the Parties have negotiated an agreed settlement and reconciliation of the bills and outstanding charges through May 24, 2014, with the outstanding amount of \$1,329,019.08 ("Reconciliation Amount"), through a reconciliation/settlement date of May 24, 2014 ("Reconciliation Date"); and,

WHEREAS, this mutually agreed upon Reconciliation Amount is reflected in Appendix A to this Agreement; and,

WHEREAS, the Parties wish to resolve the aforementioned dispute amicably without further controversy.

NOW THEREFORE, the Parties hereby agree as follows:

1. The Parties agree that the Reconciliation Amount is \$1,329,019.08 as reflected in Appendix A attached hereto and incorporated herein.

2. Providence Water agrees to credit the State a settlement amount of \$800,000 for billings and a settlement amount of \$13,600 for interest, for a total credit amount of \$813,600 ("Credit Amount"), which shall be used to offset the Reconciliation Amount.

3. Providence Water agrees to pay 100% of the installation and maintenance cost for a new water meter at the Pastore Campus. Providence Water, in perpetuity, agrees not to charge or invoice the State for any costs related to the installation or maintenance of its water meter at the Pastore Campus, unless the meter is damaged by actions of the State or its agents.

4. As reflected in Appendix A, the State agrees to pay \$515,419.08, the difference between the Reconciled Amount of \$1,329,019.08 and the Credit Amount of \$813,600, as payment in full of all obligations of the State to Providence Water through the Reconciliation Date of May 24, 2014, for water usage or otherwise.

5. Payment by the State to Providence Water of the \$515,419.08 shall occur within five (5) business days from the Effective Date of this Agreement.

6. Upon payment by the State of \$515,419.08 to Providence Water, the Parties mutually release any and all claims of entitlement against the other Party in perpetuity for any and all amounts due to either Party through the Reconciliation Date.

7. This Agreement shall constitute the entire understanding of the Parties regarding this settlement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

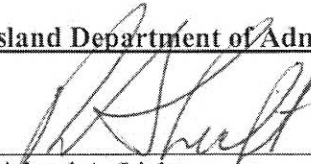
8. The Effective Date of this agreement shall be the date on which it has been signed by both parties.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective organizations, have executed this Agreement as of the dates set forth below.

**Providence Water Supply Board:**

By:  Date: 7/1/14  
Ricky Caruolo,  
General Manager

**Rhode Island Department of Administration:**

By:  Date: 7/2/14  
Richard A. Licht,  
Director of Administration



Department of Administration's  
Providence Water  
Settlement

**APPENDIX A - DOA - Pastore Center**  
Providence Water Outstanding Balance

Begin Date	End Date	Flow HCF	Consumption Rate	Service Charge # of Days	RI Water Fund Rate	Interest	Total Bill	Paid
Pre-FY 2009 Interest Unpaid								
Pre-FY 2009 Interest Total		0				\$ 8,710.89	\$ 8,710.89	\$0.00
FY 2009								
5/27/2009	6/25/2009	37,572.27	2.05	29	4.8783	\$ 0.21842	\$ 85,333.59	\$0.00
Interest						\$ 4,561.52	\$ 4,561.52	\$ 3,547.05
FY 2009 Total				29		\$	\$ 89,895.11	\$ 3,547.05
FY 2010								
Interest						\$ 2,874.29	\$ 2,874.29	\$0.00
Interest						\$ 6,400.95	\$ 6,400.95	\$ 6,400.95
FY 2010 Total						\$	\$ 9,275.24	\$ 6,400.95
FY 2011								
5/23/2011	6/24/2011	41,723.05	2.39	32	5.6877	\$ 0.21842	\$ 109,013.25	\$13,488.45
Interest						\$ 8,451.18	\$ 8,451.18	\$ 6,480.18
FY 2011 Total				32		\$	\$ 117,464.43	\$19,968.63
FY 2012								
6/24/2011	7/26/2011	44,694.76	2.39	32	5.6877	\$ 0.21842	\$ 116,764.70	\$116,764.74
7/26/2011	8/25/2011	43,133.37	2.39	30	5.6877	\$ 0.21842	\$ 114,636.12	\$112,680.60
8/25/2011	9/21/2011	36,528.21	2.39	27	5.6877	\$ 0.21842	\$ 95,434.49	\$95,434.53
9/21/2011	10/24/2011	41,593.37	2.39	33	5.6877	\$ 0.21842	\$ 108,680.67	\$108,680.70
10/24/2011	11/18/2011	28,502.03	2.39	25	5.6877	\$ 0.21842	\$ 74,487.46	\$74,487.49
11/18/2011	12/21/2011	38,054.84	2.39	33	5.6877	\$ 0.21842	\$ 101,425.82	\$99,450.74
12/21/2011	1/24/2012	44,539.69	2.39	34	5.6877	\$ 0.21842	\$ 116,371.59	\$116,371.64
1/24/2012	2/22/2012	39,765.95	2.39	29	5.6877	\$ 0.21842	\$ 103,891.26	\$103,891.28
2/22/2012	3/23/2012	40,157.64	2.39	30	5.6877	\$ 0.21842	\$ 106,913.48	\$106,913.51
3/23/2012	4/24/2012	46,126.48	2.39	32	5.6877	\$ 0.21842	\$ 120,499.23	\$120,499.26
4/24/2012	5/23/2012	41,947.62	2.39	29	5.6877	\$ 0.21842	\$ 111,712.68	\$111,712.71

Department of Administration's  
Providence Water  
Settlement

Begin Date	End Date	Flow HCF	Consumption Rate	Service Charge # of Days Daily Rate	RI Water Fund Rate	Interest	Total Bill	Paid
5/23/2012	6/25/2012	52,942.85	\$ 2.39	33 \$ 5.6877	\$ 0.21842	\$	\$ 138,284.88	\$138,284.92
<b>FY 2012 Total</b>				367			<b>\$ 1,309,102.37</b>	<b>\$ 1,305,172.12</b>
6/25/2012	7/24/2012	50,802.62	\$ 2.39	29 \$ 5.6877	\$ 0.21842	\$	\$ 132,679.52	\$132,679.56
7/24/2012	8/28/2012	61,637.43	\$ 2.39	35 \$ 5.6877	\$ 0.21842	\$ 925.72	\$ 161,901.10	\$160,975.43
8/28/2012	9/24/2012	51,235.75	\$ 2.39	27 \$ 5.6877	\$ 0.21842	\$	\$ 133,797.91	\$133,797.96
9/24/2012	10/24/2012	51,099.39	\$ 2.39	30 \$ 5.6877	\$ 0.21842	\$ 3,342.10	\$ 136,801.41	\$136,801.45
10/24/2012	11/19/2012	53,972.19	\$ 2.39	26 \$ 5.6877	\$ 0.21842	\$ 4,710.11	\$ 145,640.12	\$145,640.17
10/24/2012	11/19/2012	Duplicate payment less interest, paid on batch 13_289_011013						
11/19/2012	12/19/2012	63,260.31	\$ 2.39	30 \$ 5.6877	\$ 0.21842	\$	\$ 165,180.09	\$165,180.15
12/19/2012	1/25/2013	113,934.60	\$ 2.39	37 \$ 5.6877	\$ 0.21842	\$ 6,480.33	\$ 303,880.07	\$297,399.83
1/25/2013	2/25/2013	92,338.51	\$ 2.39	31 \$ 5.6877	\$ 0.21842	\$	\$ 241,033.93	\$241,034.01
2/25/2013	3/26/2013	92,365.24	\$ 2.39	29 \$ 5.6877	\$ 0.21842	\$ 659.62	\$ 241,751.91	\$241,751.99
3/26/2013	4/24/2013	94,258.16	\$ 2.39	29 \$ 5.6877	\$ 0.21842	\$ 659.62	\$ 246,689.43	\$246,689.52
4/24/2013	5/16/2013	84,662.57	\$ 2.39	34 \$ 5.6877	\$ 0.21842	\$ 3,126.52	\$ 224,155.44	\$224,155.44
5/16/2013	5/28/2013	56,478.70	\$ 2.39	\$ 5.6877	\$ 0.21842	\$	\$ 147,320.16	\$371,475.61
5/28/2013	6/20/2013	73,105.89	\$ 2.39	23 \$ 5.6877	\$ 0.21842	\$	\$ 190,821.67	\$190,821.73
<b>FY 2013 Total</b>				360			<b>\$ 2,471,652.76</b>	<b>\$2,605,177.47</b>
6/20/2013	7/24/2013	61,700.26	\$ 2.39	34 \$ 5.6877	\$ 0.21842	\$ 659.62	\$ 161,793.19	\$
7/24/2013	8/22/2013	44,176.09	\$ 2.39	29 \$ 5.6877	\$ 0.21842	\$	\$ 115,394.74	\$
8/22/2013	9/24/2013	47,935.19	\$ 2.39	33 \$ 5.6877	\$ 0.21842	\$ 3,431.50	\$ 128,654.30	\$
9/24/2013	10/25/2013	38,767.37	\$ 2.39	31 \$ 5.6877	\$ 0.21842	\$ 4,718.04	\$ 106,015.95	\$
10/25/2013	11/20/2013	30,872.20	\$ 2.39	26 \$ 5.6877	\$ 0.21842	\$	\$ 80,675.54	\$
11/20/2013	12/18/2013	21,986.31	\$ 2.39	17 \$ 5.6877	\$ 0.21842	\$	\$ 57,446.21	\$
11/20/2013	12/18/2013	14,226.43	\$ 2.74	11 \$ 6.2427	\$ 0.21842	\$ 6,584.96	\$ 48,798.30	\$
12/18/2013	1/23/2014	50,562.01	\$ 2.74	36 \$ 6.2427	\$ 0.21842	\$	\$ 150,010.66	\$
1/23/2014	2/21/2014	39,491.92	\$ 2.74	29 \$ 6.2427	\$ 0.21842	\$	\$ 117,172.70	\$
2/21/2014	3/24/2014	36,794.25	\$ 2.74	31 \$ 6.2427	\$ 0.21842	\$	\$ 109,187.30	\$
3/24/2014	4/24/2014	33,418.00	\$ 2.74	29 \$ 6.2427	\$ 0.21842	\$ 11,411.17	\$ 110,566.96	\$

Department of Administration's  
Providence Water  
Settlement

Begin Date	End Date	Flow HCF	Consumption Rate	Service Charge # of Days	RI Water Fund Rate	Interest	Total Bill	Paid
4/24/2014	5/24/2014	21,868.81	2.74	27	\$ 6.2427	\$ 12,515.50	\$ 77,468.65	\$ -
5/24/2014	6/24/2014		2.74		\$ 6.2427	\$ -	\$ -	\$ -
<b>FY 2014 Estimated Total</b>							<b>\$ 1,263,184.50</b>	<b>\$ -</b>
<b>Cumulative FY 2012-FY 2014</b>							<b>\$ 5,269,285.29</b>	<b>\$ 3,940,266.22</b>

**Subtotal - Amount Reconciled Billings** **\$ 1,329,019.08**

Agreed Deduction of Interest in FY 2014 \$ (13,600.00)

**Total - Providence Water Billings** **\$ 1,315,419.08**

Credit \$ (800,000.00)

**Amount Due** **\$ 515,419.08**

## SCHEDULE B

**Providence Water Supply Board  
Metered Sales  
Retail**

**Rhode Island Public Utilities Commission Docket No. 4406**

Effective: December 7, 2013

Applicability

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

Rates

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

Monthly Accounts

Residential	\$2.880
Commercial	\$2.744
Industrial	\$2.695

Terms of Payment

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

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

## SCHEDULE B

### Providence Water Supply Board Metered Sales Retail

#### Rhode Island Public Utilities Commission Docket No. 4406

Effective: ~~December 7, 2013~~ \_\_\_\_\_, 2014

#### Applicability

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

#### Rates

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

#### Monthly Accounts

Residential	\$2.880
Commercial	<del>\$2.744</del> \$2.825
Industrial	\$2.695

#### Terms of Payment

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

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**SCHEDULE B**

**Providence Water Supply Board  
Metered Sales  
Retail**

**Rhode Island Public Utilities Commission Docket No. 4406**

Effective: \_\_\_\_\_, 2014

Applicability

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

Rates

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

Monthly Accounts

Residential	\$2.880
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