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May 9, 2014

***Hand Delivered***

Ms. Luly Massaro, Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

***Re: United Water Rhode Island, Inc.***  
***Docket No. 4434***

Dear Ms. Massaro:

Enclosed herewith please find an original and nine (9) copies of United Water Rhode Island, Inc.'s compliance tariffs and revised joint settlement schedules in the above captioned docket. United Water Rhode Island, Inc. submits these tariffs pursuant to Rule 2.11 of the Rhode Island Public Utilities Commission's Rules of Practice and Procedure. In the compliance filing, you will note that United Water reduced the overall operating revenues in conformance with the Commission's decision to exclude two expense items at its May 7, 2014 hearing. An electronic copy of this filing has been provided to the service list.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough Jr.

JAK/kf  
Enclosures

UNITED WATER RHODE ISLAND, INC.

Summary of Operating Income  
Rate Year Ended December 31, 2014

	Amount per Company at Present Rates	Settlement Adjustments (1)	Amount per Settlement at Present Rates	Revenue Increase/ (Decrease)	Amounts After Revenue Incr. / (Decr.)
<u>Operating Revenues</u>					
Retail Sales	\$ 2,709,794	\$ 37,642	\$ 2,747,436	\$ 896,070	\$ 3,643,506
Sales for Resale	\$ 447,403	7,817	455,220	148,230	603,451
Fire Protection	477,732	608	478,340	156,406	634,746
Other Operating Revenues	35,337	-	35,337	-	35,337
Total Operating Revenues	\$ 3,670,266	\$ 46,067	\$ 3,716,333	\$ 1,200,706	\$ 4,917,039
<u>Operating Expenses</u>					
O&M Expense	\$ 2,301,468	(82,695)	\$ 2,218,773	3,760	\$ 2,222,533
Depreciation Expense	600,370	-	600,370	-	600,370
Property Tax	315,024	(8,192)	306,832	-	306,832
Payroll Rax	59,265	(499)	58,766	-	58,766
Gross Receipts Tax	45,878	576	46,454	15,009	61,463
Income before Income Taxes	\$ 348,261	\$ 136,878	\$ 485,139	\$ 1,181,937	\$ 1,667,076
Current Income Taxes	(152,784)	50,578	(102,206)	413,711	311,505
Deferred Federal Income Taxes	118,139	-	118,139	-	118,139
Amortization of ITCs	(4,662)	-	(4,662)	-	(4,662)
Total Operating Expenses	\$ 3,282,698	\$ (40,233)	\$ 3,242,465	\$ 432,480	\$ 3,674,946
Utility Operating Income	\$ 387,568	\$ 86,300	\$ 473,868	\$ 768,226	\$ 1,242,094
Rate Base	\$ 15,859,819		\$ 15,644,693		\$ 15,644,693
Rate of Return	2.44%		3.03%		7.94%

Note:

(1) Includes Commission adjustments to exclude \$5,000 of tank painting and \$2,500 of test year holiday party expense.

UNITED WATER RHODE ISLAND, INC.

Determination of Revenue Increase  
Rate Year Ended December 31, 2014

	Amount per Company (1)	Amount Per Settlement	Source
Proposed Rate Base	15,859,819	\$ 15,644,693	Schedule 2
Required Rate of Return	8.75%	7.94%	
Net Operating Income Required	\$ 1,387,734	\$ 1,242,189	
Net Operating Income at Present Rates	387,568	473,868	Schedule 1, page 1
Net Income Surplus/(Deficiency)	\$ (1,000,166)	\$ (768,321)	
Revenue Multiplier (2)	1.5628923	1.5628923	
Base Rate Revenue Increase	\$ 1,563,152	\$ 1,200,803	
Variance due to Rate Rounding		\$ (97)	Schedule 19, page 2
Net Increase in Revenue		\$ 1,200,706	
<b>Verification</b>			
Revenue Increase/(Decrease)	\$ 1,563,152	\$ 1,200,803	
PUC Assessment 0.31317%	\$ 4,895	\$ 3,761	
Gross Receipts Tax 1.25%	19,539	15,010	
Federal Taxable Income	\$ 1,538,717	\$ 1,182,032	
Federal Income Tax 35.00%	538,551	413,711	
Net Income	\$ (1,000,166)	\$ (768,321)	

Notes:

(1) Per Exhibit 1 (Prettyman), Schedule 1.

(2) Calculation of Conversion Factor

	Tax Rates	
Revenues		1.000000
PUC Assessment	0.31317%	0.003132
Gross Receipts Tax	1.25%	0.012500
Net Federal Taxable Income		0.984368
Federal Income Tax	35.00%	0.344529
Revenue Conversion Factor		0.6398394
Revenue Multiplier		1.5628923

UNITED WATER RHODE ISLAND, INC.

Summary of Rate Base  
Rate Year Ended December 31, 2014

<u>Description</u>	<u>Amount per Company (1)</u>	<u>Settlement Adjustments (2)</u>	<u>Adjusted Per Settlement</u>
Utility Plant in Service	\$ 28,149,420		\$ 28,149,420
Less: Accumulated Depreciation and Amortization	(7,003,970)		(7,003,970)
Net Utility Plant in Service	\$ 21,145,450	\$ -	\$ 21,145,450
Materials and Supplies	86,062		86,062
Cash Working Capital	287,684	(15,760)	271,924
Deferred Tank Painting (net of Deferred Income Tax)	168,165		168,165
Deferred Rate Case Expense	199,366	(199,366)	-
Total Additions	\$ 741,277	\$ (215,126)	\$ 526,151
	-	-	-
Contributions in Aid of Construction	(3,533,455)	-	(3,533,455)
Accumulated Deferred Income Taxes	(1,842,541)	-	(1,842,541)
Unamortized ITCs	(89,099)		(89,099)
Unfunded FAS 106 (net of Deferred Income Tax)	(561,813)	-	(561,813)
Total Deductions	\$ (6,026,908)	\$ -	\$ (6,026,908)
Total Rate Base	<u>\$ 15,859,819</u>	<u>\$ (215,126)</u>	<u>\$ 15,644,693</u>

Notes:

- (1) Per Exhibit 3 (Michaelson), Schedule 1, page 4 of 4.
- (2) Refer to page 2 of this Schedule.

UNITED WATER RHODE ISLAND, INC.

Summary of Adjustments to Rate Base  
Rate Year Ended December 31, 2014

	<u>Amount</u>	<u>Source</u>
Rate Base per Company Filing	\$ 15,859,819	Per Exhibit 3, Schedule 1, page 4
<u>Settlement Adjustments</u>		
Cash Working Capital	(15,760)	Schedule 5
Deferred Rate Case	(199,366)	Refer to Catlin Testimony
Accumulated Deferred Income Taxes	-	Schedule 6
Total Settlement Adjustments	<u>\$ (215,126)</u>	
Adjusted Rate Base	<u><u>\$ 15,644,693</u></u>	

UNITED WATER RHODE ISLAND, INC.

Summary of Adjustments to Net Income  
Rate Year Ended December 31, 2014

	Amount	Source
Net Income per Company	\$ 387,568	Exhibit 3 (Michaelson), Schedule 10
<u>Settlement Adjustments</u>		
Rate Year Revenue	29,476	Schedule-7
Wages and Benefits Charged to Expense	16,957	Schedule-8
Incentive Compensation-Company Employees	7,442	Schedule-9
Incentive Compensation-UWM&S Fees	10,377	Schedule-10
Chemicals Expense	5,879	Schedule-11
Power Expense	(14,640)	Schedule-12
PEPOB Transition Obligation	1,662	Schedule-13
Transportation Expense	3,158	Schedule-14
Outside Services Expense (1)	20,356	See Note (1)
Inflation	1,306	Schedule-16
Other O&M-Holiday Party (2)	1,674	See Note (2)
Property Taxes	5,325	Schedule-17
Interest Synchronization	(2,671)	Schedule-4
Total Adjustments	\$ 86,300	
Net Income Per Settlement	\$ 473,868	

Notes:

(1) Per Schedule TSC-15. Reflects Commission disallowance of \$5,000 of hydrant painting.

(2) Reflect Commission disallowance of test year expense of \$2,500 adjusted for inflation at 2.997%

UNITED WATER RHODE ISLAND, INC.

Summary of Adjustments to Net Income  
Rate Year Ended December 31, 2014

	Revenues	O&M Expenses	Depreciation Expense	Taxes Other Than Oincome	Current Federal Income Taxes	Deferred Federal Income Taxes	ITC Amortization	Net Operating Income
Net Income per Company	\$ 3,670,266	\$ 2,301,468	\$ 600,370	\$ 420,167	\$ (152,784)	\$ 118,139	\$ (4,662)	\$ 387,568
<u>Settlement Adjustments</u>								
Rate Year Revenue	46,067	144	-	576	15,871	-	-	29,476
Wages and Benefits Charged to Expense		(26,088)			9,131	-	-	16,957
Incentive Compensation-Company Employees		(10,951)		(499)	4,007	-	-	7,442
Incentive Compensation-UWM&S Fees		(15,965)			5,588	-	-	10,377
Chemicals Expense		(9,044)			3,165	-	-	5,879
Power Expense		22,523			(7,883)	-	-	(14,640)
PEPOB Transition Obligation		(2,557)			895	-	-	1,662
Transportation Expense		(4,858)			1,700	-	-	3,158
Outside Services Expense (1)		(31,317)			10,961	-	-	20,356
Inflation		(2,010)			703	-	-	1,306
Other O&M-Holiday Party (2)		(2,575)			901	-	-	1,674
Property Taxes				(8,192)	2,867	-	-	5,325
Interest Synchronization					2,671			(2,671)
Total Settlement Adjustments	\$ 46,067	\$ (82,695)	\$ -	\$ (8,116)	\$ 50,578	\$ -	\$ -	\$ 86,300
Adjusted Net Income per Settlement	<u>\$ 3,716,333</u>	<u>\$ 2,218,773</u>	<u>\$ 600,370</u>	<u>\$ 412,051</u>	<u>\$ (102,206)</u>	<u>\$ 118,139</u>	<u>\$ (4,662)</u>	<u>\$ 473,868</u>

Notes:

- (1) Per Schedule TSC-15. Reflects Commission disallowance of \$5,000 of hydrant painting.
- (2) Reflect Commission disallowance of test year expense of \$2,500 adjusted for inflation at 2.997%

UNITED WATER RHODE ISLAND, INC.

Calculation of Current Income Tax  
Rate Year Ended December 31, 2014

	Amount per Company at Present Rates (A)	Settlement Adjustments (B)	Adjusted per Settlement at Present Rates (C)	Revenue Increase/ (Decrease) (D)	Amounts After Revenue Increase (E)
Operating Revenue	\$ 3,670,266	\$ 46,067	\$ 3,716,333	\$ 1,200,803	\$ 4,917,136
O&M Expense	2,301,468	(82,695)	2,218,773	3,761	2,222,533
Depreciation Expense	600,370	-	600,370	-	600,370
Property Tax	315,024	(8,192)	306,832		306,832
Payroll Tax	59,265	(499)	58,766		58,766
Gross Receipts Tax	45,878	576	46,454	15,010	61,464
Operating Income Before Income Taxes	\$ 348,261	\$ 136,878	\$ 485,139	\$ 1,182,032	\$ 1,667,172
Interest Expense	447,247	(7,631)	439,616		439,616
Excess Tax Depreciation	337,539	-	337,539		337,539
Current Federal Taxable Income	(436,525)	144,509	(292,016)	1,182,032	890,017
Federal Income Tax at 35%	\$ (152,784)	\$ 50,578	\$ (102,206)	\$ 413,711	\$ 311,506
Deferred Federal Income Tax	118,139	-	118,139	-	118,139
Investment Tax Credit Amortization	(4,662)	-	(4,662)	-	(4,662)
Total Federal Income Tax	\$ (39,307)	\$ 50,578	\$ 11,271	\$ 413,711	\$ 424,982

Notes:

(1) Calculation of Interest Deduction

Rate Base	\$ 15,859,819		\$ 15,644,693	\$ 15,644,693
Weighted Cost of Debt	2.82%		2.81%	2.81%
Interest Deduction	\$ 447,247	\$ (7,631)	\$ 439,616	\$ 439,616
Federal Income Tax Effect at 35%		2,671		
Interest Synchronization Adjustment		\$ 2,671		



UNITED WATER RHODE ISLAND, INC.

Cash Working Capital Analysis  
Rate Year Ended December 31, 2014

	Expense Amount	Working Capital
O&M Expense per Company (1)	1,880,222	235,028
<u>Settlement Adjustments (2)</u>		
Exclude Tank Painting Amortization	(43,383)	(5,423)
Adjustment to Salaries and Wages	(15,931)	(1,991)
Adjustment to Benefits Transferred	(10,157)	(1,270)
Incentive Compensation-Company Employees	(10,951)	(1,369)
Incentive Compensation-UWM&S Fees	(15,965)	(1,996)
Chemicals Expense	(9,044)	(1,131)
Power Expense	22,523	2,815
PEPOB Transition Obligation	(2,557)	(320)
Transportation Expense	(4,858)	(607)
Outside Services Expense (1)	(31,317)	(3,915)
Inflation	(2,010)	(251)
Holiday Party	(2,575)	(322)
Regulatory Commission Assessment	144	18
		<u>(15,760)</u>
Adjustment to Cash Working Capital		
Cash Working Capital Per Settlement		<u>\$ 219,268</u>

Notes:

(1) Per Exhibit 3 (Michaelson), Schedule 1, page 4 of 4.

(2) Reflects exclusion of tank painting amortization and Division adjustments as summarized on Schedule TSC-3.

UNITED WATER RHODE ISLAND, INC.

Adjustment to Accumulated Deferred Income Taxes to  
Reflect Federal Bonus Depreciation  
Rate Year Ended December 31, 2014

	<u>Balance of ADIT Due to Tax Depreciation</u>	
	<u>Per Settlement (1)</u>	<u>Per Company (2)</u>
December 2013	\$ 1,662,459	\$ 1,662,459
January 2014	1,672,538	1,672,538
February	1,682,611	1,682,611
March	1,692,678	1,692,678
April	1,702,732	1,702,732
May	1,712,671	1,712,671
June	1,722,386	1,722,386
July	1,731,972	1,731,972
August	1,741,540	1,741,540
September	1,751,115	1,751,115
October	1,760,652	1,760,652
November	1,770,160	1,770,160
December 14	<u>1,780,598</u>	<u>1,780,598</u>
13 Month Average (3)	<u>\$ 1,721,855</u>	<u>1,721,855</u>
Adjustment to ADIT	<u>\$ -</u>	

Notes:

(1) Per response to Div. 2-49.

(2) Per Exhibit 4 (Michaelson), Schedule 5A, page 2 of 2.

(3) Amounts do not include ADIT related to AFUDC Equity or Cost of Removal.

UNITED WATER RHODE ISLAND, INC.

Determination of Water and Fire Service Revenues at Present Rates  
Based on Settlement Units of Service  
Rate Year Ended December 31, 2014

Quarterly Fixed Meter Revenue			
Meter Size	Pro Forma Year Normalized Bills	Service Charge	Fixed Meter Revenue
5/8"	29,627	24.01	\$ 711,344
3/4"	15	25.72	386
1"	1,093	37.73	41,239
1 1/2"	293	63.45	18,591
2"	588	85.75	50,421
3"	39	114.91	4,481
4"	4	171.51	686
6"	25	296.72	7,418
8"	4	514.55	2,058
<b>Total</b>	<b>31,688</b>		<b>\$ 836,625</b>

Monthly Fixed Meter Revenue			
Meter Size	Pro Forma Year Normalized Bills	Service Charge	Fixed Meter Revenue
5/8"	42	12.57	\$ 528
3/4"	-	13.14	-
1"	48	17.14	823
1 1/2"	12	25.72	309
2"	111	33.15	3,680
3"	35	42.87	1,500
4"	12	61.74	741
6"	-	103.48	-
8"	-	176.09	-
<b>Total</b>	<b>260</b>		<b>\$ 7,580</b>

Consumption Revenue			
	Consumption (CCF)	Rate (\$/CCF)	Consumption Revenue
Residential			
0-24 CCF	410,230	2.276	\$ 933,684
Over 24 CCF	124,770	2.853	355,968
Commercial	242,912	2.173	527,848
Industrial	2,857	2.173	6,208
Public Auth.	36,596	2.173	79,523
<b>Total</b>	<b>817,365</b>		<b>\$ 1,903,231</b>

UNITED WATER RHODE ISLAND, INC.

Determination of Water and Fire Service Revenues at Present Rates  
Based on Settlement Units of Service  
Rate Year Ended December 31, 2014

Resale Revenue				
Usage gallons)	('000	Current Rate (Per '000 gallons)	Current Fixed Monthly Charge	Revenue
	404,341	\$ 1.124	\$ 61.74	\$ 455,220

Fire Service Revenue			
Connection Size	Pro Forma Units	Quarterly Rate	Annual Revenue
2 1/2"	6	22.00	\$ 528
3"	-	32.00	-
4"	20	60.00	4,800
6"	139	162.00	90,072
8"	27	337.00	36,396
10"	-	601.00	-
12"	1	966.00	3,864
16"	-	2,050.00	-
Total Private Fire	193		\$ 135,660
Fire Hydrants	Pro Forma Units	Rate	Annual Revenue
Public Hydrants-Quarterly	352	130.00	183,040
Public Hydrants-Semi-Annual	307	260.00	159,640
Total Public Fire	659		\$ 342,680
Total Fire Service			<u>\$ 478,340</u>

Adjustment Summary			
	Amount per Company	Amount per Division	Adjustment
Retail Sales	\$ 2,709,794	\$ 2,747,436	\$ 37,642
Sales for Resale	447,403	455,220	7,817
Fire Protection	477,732	\$ 478,340	608
Other Operating Revenues	35,337	35,337	-
Total Revenue	\$ 3,670,266	\$ 3,716,333	\$ 46,067
Increase in Regulatory Commission Assessment at 0.31317%			144
Increase in Gross Receipts Tax at 1.25%			576
Net Adjustment to Income before Taxes			<u>\$ 45,347</u>

UNITED WATER RHODE ISLAND, INC.

Adjustment to Salaries and Wages and Benefits Expense  
to Reflect Updated Percentage Charged to Expense  
Rate Year Ended December 31, 2014

<b>Wages</b>		
Rate Year Salaries and Wages per Company (1)	\$	711,022
Net Percentage Charged to O&M per Division (2)		82.08%
Wages Charged to O&M per Division	\$	583,627
Amount per Company (1)		599,558
Adjustment to Rate Year Wage Expense	\$	(15,931)

<b>Benefits Transferred</b>		
Rate Year Benefits per Company (3)	\$	453,306
Net Percentage Capitalized/Transferred Out per Division (2)		17.92%
Benefits Transferred Out per Division	\$	(81,220)
Amount per Company		(71,063)
Adjustment to Rate Year Benefits Expense	\$	(10,157)

Notes:

- (1) Per Exhibit 3 (Gil), Schedule 2.
- (2) Refer to Page 2 of this Schedule.
- (3) Per Exhibit 3 (Gil), Schedule 3.

UNITED WATER RHODE ISLAND, INC.

Calculation of Normalized Percentage of Labor Costs Expensed and Capitalized  
Based on 3-Year Average for 2011 through 2013

Rate Year Ended December 31, 2014

		<u>2011 (1)</u>	<u>2012 (1)</u>	<u>2013 (2)</u>	<u>3 Yr Avg</u>
Gross Payroll	(a)	\$ 668,290	\$ 692,066	\$ 675,743	\$ 678,700
Capitalized	(b)	(126,307)	(132,479)	(146,804)	(135,197)
Transferred to Other BU's	(c)	-	-	-	-
Net Payroll	(d)	<u>\$ 541,983</u>	<u>\$ 559,587</u>	<u>\$ 528,939</u>	<u>\$ 543,503</u>
Expense Rate	(d) / (a)	<u>81.10%</u>	<u>80.86%</u>	<u>78.28%</u>	<u>80.08%</u>
Capitalized/Transferred Out	(b)+(c)	<u>\$ (126,307)</u>	<u>\$ (132,479)</u>	<u>\$ (146,804)</u>	<u>\$ (135,197)</u>
Capitalized/Transferred Out Rate	(b)+(c)/(a)	<u>18.90%</u>	<u>19.14%</u>	<u>21.72%</u>	<u>19.92%</u>
Transferred in	(c)	<u>\$ 9,923</u>	<u>\$ 11,618</u>	<u>\$ 19,237</u>	<u>\$ 13,593</u>
Transferred in Rate	(c)/(a)	<u>1.48%</u>	<u>1.68%</u>	<u>2.85%</u>	<u>2.00%</u>

Notes:

(1) Per Exhibit 3 (Gil), Schedule 2A, page 4.

(2) Amounts per response to Div. 4-5.

UNITED WATER RHODE ISLAND, INC.

Adjustment to Company Incentive Compensation Expense  
Rate Year Ended December 31, 2014

<u>Employee</u>	<u>2012 Base Salary (1)</u>	<u>Incentive Payment % (1)</u>	<u>Non Financial Percentage (2)</u>	<u>Recoverable Incentive Compensation</u>
Manager Rhode Island	\$ 104,653	15.00%	50.00%	\$ 7,849
Superintendent	82,856	10.00%	50.00%	4,143
Supervisor Office	67,443	5.00%	60.00%	2,023
Total				<u>\$ 14,015</u>
Amount per Company (1)				<u>27,356</u>
Reduction in Total Eligible Incentive Compensation				\$ (13,341)
Amount Charged to Capital at 17.92% (3)				<u>(2,390)</u>
Adjustment to O&M Expense				\$ (10,951)
Adjustment to FICA Taxes (4)				<u>(499)</u>
Total Adjustment to Rate Year Expense				<u><u>\$ (11,450)</u></u>

Notes:

(1) Amounts per Exhibit 3 (Gil), Schedule 2A.

(2) Per response to Div. 2-17.

(3) Per Schedule TSC-7, page 2 of 2.

UNITED WATER RHODE ISLAND, INC.

Adjustment to Incentive Compensation included in UWM&S Fees  
Rate Year Ended December 31, 2014

	<u>Amount</u>
<u>Financial Based Incentive Plan Costs in UWM&amp;S Fees</u>	
Short-Term Incentive Plan-Total (1)	\$ 16,260
Percent Attributable to Financial Goals (1)	<u>40%</u>
STIP Costs Attributable to Financial Goals in Test Year	\$ 6,504
Long-Term Incentive Plan for Test Year (1)	<u>7,612</u>
Total Incentive Compensation Attributable to Financial Goals	\$ 14,116
Increase to Rate Year at 5.06% (2)	<u>714</u>
Rate Year Incentive Compensation Attributable to Financial Goals	\$ 14,830
FICA Taxes at 7.65%	<u>1,135</u>
Adjustment to Rate Year UWM&S Fees	<u><u>\$ (15,965)</u></u>

Notes:

(1) Per response to Div. 4-7.

(2) Per Exhibit 3 (Gil), Schedule 15A



UNITED WATER RHODE ISLAND, INC.

Adjustment to Chemical Expense  
Rate Year Ended December 31, 2014

Chemical Usage (1)				
Chemical Name	2011	2012	2013	Average (2)
Lime (pounds)	110,650	117,600	108,250	112,167
Sodium Hypochlorite (gallons)	8,101	8,849	8,270	8,407
Nalco C-9 (pounds)	20,309	20,868	12,949	12,949

Production(MG) (Subject to Chemical Treatment) (1)				
	2011	2012	2013	Average
Production(MG) (Subject to Chemical Treatment)	1,082.74	1,144.40	1,044.90	1,090.68

Determination of Rate Year Expense				
Chemical Name	Average Usage Per MG (2)	Rate Year Production (3)	Rate Year Unit Cost (4)	Rate Year Costs
Lime (pounds)	102.84	1,065.30	\$ 0.1730	\$ 18,953
Sodium Hypochlorite (gallons)	7.71	1,065.30	1.6300	13,384
Nalco C-9 (pounds)	12.39	1,065.30	0.8600	11,354
Total Rate Year Chemicals Expense per Division				\$ 43,691
Amount per Company (Exhibit 3 (Gil) Schedule 5A)				52,735
Adjustment to Rate Year Expense				<u>\$ (9,044)</u>

Notes:

- (1) Per Exhibit 3 (Gil) Schedule 5A, except 2013 per response to Div. 4-13.
- (2) Amounts reflect 3 year average of 2011 through 2013 except Nalco C-9, which is based on 2013 only to reflect reduced usage due to modified treatment program.
- (3) Calculated based on projected rate year consumption per Schedule TSC-7 and average level of non revenue producing water for 2011 through 2013 as shown below.

Rate Year Billed Consumption (MG) Per Schedule TSC-7	1,026.47
Non-revenue water %	3.65%
Total Production Subject to Chemical Treatment (MG)	<u>1,065.30</u>

Non-Revenue Water %:

2011	3.76%
2012	6.17%
2013	1.01%
Three Year Average	<u>3.65%</u>

UNITED WATER RHODE ISLAND, INC.

Adjustment to Power Supply Expense  
Rate Year Ended December 31, 2014

Power - Account 50610					
Rate Year 2014	kWh Avg Usage (1)	Projected Water Production (MG) (2)	kWh	kWh Avg Cost (3)	Total Cost
Commodity (Constellation New Energy)	1,514.21	1,065.30	1,613,092	\$ 0.09245	149,130
Distribution (National Grid)	1,514.21	1,065.30	1,613,092	\$ 0.04918	79,329
Total Test Year Power Cost-Production Related					\$ 228,460
Non-Production Related (4)					8,175
Rate Year Power Costs per Division					\$ 236,635
Amount per Company (5)					\$ 210,429
Adjustment to Power Costs--Account 50610					\$ 26,206

Other Utilities-Power - Account 50620	
2011 (4)(5)	40,347
2012 (4)	24,416
2013 (6)	20,781
Rate Year (3 year average)	\$ 28,515
Amount per Company (4)	\$ 32,197
Adjustment to Power Costs--Account 50620	\$ (3,682)

Notes:

- (1) Calculated based on 2013 kWh for production of 1,582,200 divided by 2013 production of 1,044.9 million gallons. per Div. 4-9 and 4-13.

	(a) kWh Use	(b) MG produced	(c)=(a)/(b) kWh/MG
kWh Average Usage per MG	1,582,200	1,044.90	1,514.21

- (2) Reflects projected rate year consumption grossed up for average Non-Revenue Water. Refer to Schedule TSC-11 for calculation.
- (3) Based on contract price for supply with Constellation Energy including taxes and on average cost per kWh in 2013 for delivery service from National Grid per Div. 4-9 and 4-10.
- (4) Per Exhibit 3 (Gil) Schedule 4A.
- (5) Adjusted to exclude additional fuel and diesel costs resulting from the storm Irene per Div. 4-11.
- (6) Per response to Div. 4-11.

UNITED WATER RHODE ISLAND, INC.

Adjustment to PEBOP Transition Obligation  
Rate Year Ended December 31, 2014

	<u>Amount</u>
Unamortized Balance of Initial Transition Obligation as of January 1, 2014 (1)	\$ 5,113
Division Recommended Amortization Period (Years)	<u>2</u>
Annual Amortization Expense per Division	\$ 2,557
Amortization Expense per Company (1)	<u>5,113</u>
Adjustment to Amortization Expense	<u><u>\$ (2,557)</u></u>

Note:

(1) Per Exhibit 3 (Gil), Schedule 7 and response to Div 2-25.

UNITED WATER RHODE ISLAND, INC.

Adjustment to Transportation Expense  
Rate Year Ended December 31, 2014

	Company Rate Year Amount (1)	Settlement Rate Year Amount
Leases	\$ 32,902	\$ 32,902
Fuel (2)	36,104	35,794
Maintenance & Repair (2)	11,974	9,178
Insurance (2)	5,963	5,912
Depreciation	1,655	1,655
Other-Registration, plates, tolls, mileage, etc. (2)	2,580	2,558
Total Costs	\$ 91,178	\$ 88,000
Capitalized/Transferred Out (3)	(15,850)	(17,530)
Net Transportation Expense	<u>\$ 75,328</u>	<u>\$ 70,471</u>
Adjustment to Transportation expense		<u>\$ (4,858)</u>

Notes:

(1) Per Exhibit 3 (Gil) Schedule 10A

(2) Amounts are based upon three year average adjusted for inflation as follows:

Fuel:

3 Year Average	\$ 34,150	\$ 34,150
Apply inflation rate	5.722%	4.817%
Rate Year Amount	<u>\$ 36,104</u>	<u>\$ 35,794</u>

Maintenance & Repair:

2010	4,732	4,732
2011	5,414	5,414
2012 (4)	13,427	5,629
3 Year Average	7,858	\$ 5,258
Apply inflation rate	5.722%	4.817%
Rate Year Amount	\$ 8,307	\$ 5,512
Extraordinary repairs to back-hoe--3yr. amortization	3,667	3,667
Total Maintenance and Repair	<u>\$ 11,974</u>	<u>\$ 9,178</u>

Insurance

3 Year Average	5,641	\$ 5,641
Apply inflation rate	5.722%	4.817%
Rate Year Amount	<u>\$ 5,963</u>	<u>\$ 5,912</u>

Other Misc:

3 Year Average	2,441	\$ 2,441
Apply inflation rate	5.722%	4.817%
Rate Year Amount	<u>\$ 2,580</u>	<u>\$ 2,558</u>

(3) Capitalized amount based on 17.38% per Company and 19.92% per Division.

(4) 2012 expense adjusted to exclude abnormal costs of \$7,798 per response to Div. 2-28.

UNITED WATER RHODE ISLAND, INC.

Adjustment to Outside Services Expense  
Rate Year Ended December 31, 2014

	Company Rate Year Amount (1)	Settlement Rate Year Amount
Accounting & Auditing (2)	4,220	\$ 4,184
Legal (2)	2,088	2,070
Information Systems (2)	14,558	14,433
Temporary Help (3)	10,000	5,000
Other (2)	11,945	11,843
Management Fee (R&I Alliance) (2)	15,801	15,666
Efficiency Well Testing (4)	3,325	1,425
Well Rehabilitation (5)	40,000	16,000
Total	<u>\$ 101,937</u>	<u>\$ 70,620</u>
Adjustment to Outside Services Expense		<u>\$ (31,317)</u>

Notes:

(1) Company amounts per Exhibit 3 (Gil) Schedule 15A.

(2) Division amounts based on updated inflation rate of 2.997% as follows:

	Test Year	Rate Year
Accounting & Auditing	4,062	4,184
Legal	2,010	2,070
Information Systems	14,013	14,433
Other	11,498	11,843
Management Fee (R&I Alliance)	15,210	15,666

(3) Reflects inclusion of 50% of proposed allowance for summer help for hydrant painting.

(4) Division amount reflects corrected amount per response to Div. 4-17.

(5) Reflects normalization of costs based on frequency of every 2 to 3 years per response to Div. 4-18.

UNITED WATER RHODE ISLAND, INC.

Adjustment to Reflect Updated Inflation Factors  
Rate Year Ended December 31, 2014

	Company Rate Year Amount (1)	Division Rate Year Amount (2)
Other Benefits Expense	\$ 7,024	\$ 6,965
Insurance	51,714	51,511
Customer Information/Billing	58,556	58,065
Other O&M	227,343	226,076
	<u>\$ 344,637</u>	<u>\$ 342,617</u>
Adjustment to Rate Year Expense		\$ (2,020)
Less: Other Benefits reduction Allocated to Capital		(11)
Net Reduction in Rate Year Expense (4)		<u><u>\$ (2,010)</u></u>

Notes:

(1) Company amounts per Exhibit 3 (Gil) Schedule 15A.

(2) Settlement amounts reflect updated inflation rates as follows:

	Inflation Base	Inflation Amount (3)	Division Expense
Other Benefits Expense	\$ 6,762	2.997%	\$ 6,965
Insurance	50,700	1.600%	51,511
Customer Information/Billing	56,375	2.997%	58,065
Other O&M	219,498	2.997%	226,076

(3) Refer to page 2 of this schedule.

(4) The adjustment to Benefits Charged Out on Schedule TSC-7 was calculated based on UNWI's claimed benefits. This adjustment recognized that any reduction in benefits costs must be split between expense and capital.

UNITED WATER RHODE ISLAND, INC.

Adjustment to Reflect Updated Inflation Factors  
Rate Year Ended December 31, 2014

Description	Inflation Factor
Inflation Rate for 2012 to 2014	<u>2.997%</u>
Inflation rate for 2013 to 2014	<u>1.600%</u>
Inflation rate for 3-yr average to 2014	<u>4.817%</u>

	Increase in GDP Price Index (1)	Compound Rate from 2012 to 2014
2013	1.375%	1.375%
2014	1.600%	1.622%
		<b>2.997%</b>

	Increase in GDP Price Index (1)	Compound Rate from 3 yr. avg to 2014
2010	1.575%	
2011	2.000%	
2012 (2)	1.725%	1.767%
2013 (3)	1.375%	3.166%
2014 (4)	<b>1.600%</b>	<b>4.817%</b>

Notes:

- (1) Amounts per Blue Chip Financial Forecasts December 1, 2011 (Volume 30, No. 12) and Blue Chip Financial Forecasts January 10, 2013 (Volume 33, No. 1)  
2010-2013 amounts are an average of the 4 quarters and 2014 is consensus forecast.
- (2) Amount in compound rate column is average GDP price index for 2010, 2011, 2012.
- (3) Compound rate from 3 year average GDP to 2013.
- (4) Compound rate from 3 year average GDP to 2014.

UNITED WATER RHODE ISLAND, INC.

Adjustment to Property Tax Expense  
Rate Year Ended December 31, 2014

	<u>Amount</u>
Rate Year Property Taxes per Division (1)	\$ 306,832
Rate Year Property Taxes per Company (2)	<u>315,024</u>
Adjustment to Rate Year Property Tax Expense	<u><u>\$ (8,192)</u></u>

Notes:

(1) Calculated based on 3-year historical average increase applied to 2013 property tax expense as follows:

<u>Property Taxes</u>	<u>Amount</u>	<u>% Change</u>
2010	257,385	
2011	263,652	2.43%
2012	270,476	2.59%
2013	293,644	8.57%
Average Annual Increase		4.49%
2014 Projected	<u><u>\$ 306,832</u></u>	



UNITED WATER RHODE ISLAND, INC.

Determination of Overall Percentage Increase  
Rate Year Ended December 31, 2014

<u>Current Service Revenues per Division (1)</u>	<u>Amount</u>
Retail Sales	\$ 2,747,436
Sales for Resale	455,220
Fire Protection	<u>478,340</u>
Revenue at Present Rates	\$ 3,680,996
Revenue Deficiency (2)	<u>1,200,803</u>
Revenues at Proposed Rates	4,881,799
Overall Percentage Increase	<u><u>32.62%</u></u>

Notes:

(1) Per Schedule TSC-1.

(2) Per Schedule TSC-2.

UNITED WATER RHODE ISLAND, INC.

Determination of Water and Fire Service Revenues at Proposed Rates  
Based on Settlement Units of Service  
Rate Year Ended December 31, 2014

Quarterly Fixed Meter Revenue				
Meter Size	Current Rate	Proposed Rate	Pro Forma Year Normalized Bills	Fixed Meter Revenue
5/8"	\$ 24.01	\$ 31.84	29,627	\$ 943,324
3/4"	25.72	34.11	15	512
1"	37.73	50.04	1,093	54,694
1 1/2"	63.45	84.15	293	24,656
2"	85.75	113.72	588	66,867
3"	114.91	152.40	39	5,944
4"	171.51	227.46	4	910
6"	296.72	393.52	25	9,838
8"	514.55	682.41	4	2,730
<b>Total</b>			<b>31,688</b>	<b>\$ 1,109,473</b>

Monthly Fixed Meter Revenue				
Meter Size	Current Rate	Proposed Rate	Pro Forma Year Normalized Bills	Fixed Meter Revenue
5/8"	12.57	\$ 16.67	42	\$ 700
3/4"	13.14	17.43	-	-
1"	17.14	22.73	48	1,091
1 1/2"	25.72	34.11	12	409
2"	33.15	43.96	111	4,880
3"	42.87	56.86	35	1,990
4"	61.74	81.88	12	983
6"	103.48	137.24	-	-
8"	176.09	233.53	-	-
<b>Total</b>			<b>260</b>	<b>\$ 10,053</b>

Retail Consumption Revenue				
	Current Rate (\$/CCF)	Proposed Rate (\$/CCF)	Consumption (CCF)	Consumption Revenue
Residential				
0-24 CCF	2.276	\$ 3.018	410,230	\$ 1,238,075
Over 24 CCF	2.853	3.784	124,770	472,128
				-
Commercial	2.173	2.882	242,912	700,072
Industrial	2.173	2.882	2,857	8,234
Public Auth.	2.173	2.882	36,596	105,470
<b>Total</b>			<b>817,365</b>	<b>\$ 2,523,980</b>

**Total Retail Sales Revenue** \$ 3,643,506

UNITED WATER RHODE ISLAND, INC.

Determination of Water and Fire Service Revenues at Proposed Rates  
Based on Settlement Units of Service  
Rate Year Ended December 31, 2014

Resale Revenue				
	Current Rate	Proposed Rate	Thousand Gallons/ 4" Services	Annual Revenue
Consumption--1,000 Gallons	\$ 1.124	\$ 1.490	404,341	\$ 602,468
Service Charge	61.74	81.88	1	983
Total Resale				<u>\$ 603,451</u>

Private Fire Service Revenue				
Connection Size	Current Rate (Quarterly)	Proposed Rate (Quarterly)	Pro Forma Units	Annual Revenue
2 1/2"	22.00	29.00	6	\$ 696
3"	32.00	42.00	-	-
4"	60.00	80.00	20	6,400
6"	162.00	215.00	139	119,540
8"	337.00	447.00	27	48,276
10"	601.00	797.00	-	-
12"	966.00	1,281.00	1	5,124
16"	2,050.00	2,719.00	-	-
Total Private Fire			<u>193</u>	<u>\$ 180,036</u>

Public Fire Service Revenue				
Fire Hydrants	Current Rate	Proposed Rate	Pro Forma Units	Annual Revenue
Quarterly	130.00	172.50	352	\$ 242,880
Semi-Annual	260.00	345.00	307	211,830
Total Public Fire			<u>659</u>	<u>\$ 454,710</u>
Total Fire Service				<u>\$ 634,746</u>

Total Service Revenues	<u>\$ 4,881,702</u>
Target Revenue	4,881,799
Variance	\$ (97)

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: UNITED WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4434

SHEET NO. 17

Schedule of Metered Rates - Residential

Application:

To all residential customers.

Rates:

The rate will consist of the total of the (A) Customer Service charge and (B) Volume charge. The volume charge is based on all metered water for the billing period.

A. Customer Service Charge Per Billing Period

<u>Meter Size</u>	<u>Customers Billed Monthly</u>	<u>Customers Billed Quarterly</u>
5/8"	\$ 16.67	\$ 31.84
3/4"	17.43	34.11
1"	22.73	50.04
1-1/2"	34.11	84.15
2"	43.96	113.72
3"	56.86	152.40
4"	81.88	227.46
6"	137.24	393.52
8"	233.53	682.41

B. Volume Charge

<u>Monthly Use</u>	<u>Quarterly Use</u>	<u>Per 100 Cubic Feet</u>
First 8 ccf	First 24 ccf	\$ 3.018
Over 8 ccf	Over 24 ccf	3.784

Billing and Payment

Bills will be issued quarterly in arrears and are due and payable when rendered. Bills may be issued monthly or quarterly at the option of the Company. The customer service charge may be billed in advance at the option of the Company.

Any customer with service temporarily discontinued will be subject to the pro rata customer service charge for the period of service interruption.

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EFFECTIVE: May 13, 2014

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: UNITED WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4434

SHEET NO. 18

Schedule of Metered Rates - General

Application:

To all customers for commercial, industrial or municipal use, except for services under Schedule of Miscellaneous Fees and Charges or Schedule of Metered Rates - Public Authority for Resale.

Rates:

The rate will consist of the total of the (A) Customer Service charge and (B) Volume charge. The volume charge is based on all metered water for the billing period.

A. Customer Service Charge Per Billing Period

<u>Meter Size</u>	<u>Customers Billed Monthly</u>	<u>Customers Billed Quarterly</u>
5/8"	\$ 16.67	\$ 31.84
3/4"	17.43	34.11
1"	22.73	50.04
1-1/2"	34.11	84.15
2"	43.96	113.72
3"	56.86	152.40
4"	81.88	227.46
6"	137.24	393.52
8"	233.53	682.41

B. Volume Charge

<u>Monthly Use</u>	<u>Quarterly Use</u>	<u>Per 100 Cubic Feet</u>
All Use	All Use	\$2.882

Billing and Payment

Bills will be issued following meter reading and are due and payable when rendered. Bills will be issued monthly or quarterly at the option of the Company. The customer service charge may be billed in advance at the option of the Company.

Any customer with service temporarily discontinued will be subject to the pro rata customer service charge for the period of service interruption.

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EFFECTIVE: May 13, 2014

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: UNITED WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4434

SHEET NO. 19

Schedule of Metered Rates - Public Authorities for Resale

Application:

To all public authorities for resale.

Rates:

The rate will consist of the total of the (A) Customer Service charge and (B) Volume charge. The volume charge is based on all metered water for the billing period.

A. Customer Service Charge Per Billing Period

<u>Meter Size</u>	<u>Customers Billed Monthly</u>	<u>Customers Billed Quarterly</u>
5/8"	\$ 16.67	\$ 31.84
3/4"	17.43	34.11
1"	22.73	50.04
1-1/2"	34.11	84.15
2"	43.96	113.72
3"	56.86	152.40
4"	81.88	227.46
6"	137.24	393.52
8"	233.53	682.41

B. Volume Charge

	<u>Per 1000 Gallons</u>
For all water consumed	\$1.490

Terms of Payment:

Bills will be rendered monthly or quarterly in arrears at the option of the Company and are due and payable when rendered.

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EFFECTIVE: May 13, 2014

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: UNITED WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4434

SHEET NO. 22

Rates for Public Fire Hydrant Service

Application:

To all political subdivisions.

Rates:

For lateral connection to the curb and fire hydrant at the curb installed and maintained by the Company at its expense:

	<u>Per Quarter</u>	<u>Semi-Annual</u>	<u>Per Year</u>
Each Fire Hydrant	\$172.50	\$345.00	\$690.00

Terms of Payment:

Public fire hydrant service will be billed in advance either quarterly, semi-annually or annually at the option of the Company.

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EFFECTIVE: May 13, 2014

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: UNITED WATER RHODE ISLAND, INC.  
APPLICATION TO CHANGE RATE SCHEDULES

DOCKET NO: 4434

SHEET NO. 23

Rates for Private Fire Service

Application:

To all customers having private connections to the water system.

(C) Rates:

For each connection:

<u>Size</u>	<u>Monthly</u>	<u>Quarterly</u>
2 1/2"	\$ 9.67	\$ 29.00
3"	14.00	42.00
4"	26.67	80.00
6"	71.67	215.00
8"	149.00	447.00
10"	265.67	797.00
12"	427.00	1,281.00
16"	906.33	2,719.00

Terms of Payment:

Private fire protection will be billed monthly or quarterly on the basis of the size of the service connection, regardless of the number of sprinklers, hose connections or fire hydrants that the customer may have, at the option of the Company and bills are due and payable when rendered.

Conditions of Contract:

The Company reserves the right to meter any fire line where evidence indicates that water is being taken from the line for purposes other than fire protection, and such metered service shall then be billed in accordance with the regular schedule of meter rates in addition to the above rates, with proper allowance for water consumed in fire fighting.

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EFFECTIVE: May 13, 2014