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April 26, 2016

Ms. Luly Massaro, Clerk  
Division of Public Utilities and Carriers  
89 Jefferson Boulevard  
Warwick, RI 02888

**Re: *Pawtucket Water Supply Board***  
***Docket 4550 Compliance Filing***

Dear Ms. Massaro:

Enclosed please find an original and nine copies of the following documents:

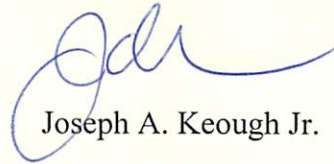
1. Schedule RB-05 Revised. This schedule should replace Schedule RB-05 attached to Robert Benson's testimony in the Pawtucket Water Supply Board's Multi-Year Rate Plan Compliance Filing, Proposed Tariff Change, and Change in Rate Schedules Pursuant to R.I.G.L. §39-15.1-4 submitted on April 8, 2016.
2. Step One Sch. 1.0 Revised. This schedule replaces Step One Sch. 1.0 attached to Christopher Woodcock's testimony in support of the Pawtucket Water Supply Board's Multi-Year Rate Plan Compliance Filing, Proposed Tariff Change, and Change in Rate Schedules Pursuant to R.I.G.L. §39-15.1-4.

Please note that the revised Schedule RB-05 corrects an error in Schedule RB-05 submitted in PWSB's original filing and reduces the cost of the PWSB's DBO O&M Contract. The Correction in Revised RB-05 is then incorporated into Revised Step One Sch. 1.0 and lowers the PWSB's proposed Step Increase for FY17 from 3.6% to 2.8%.

Please note that an electronic copy of this filing has been submitted to the service list.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J.A. Keough Jr.', with a stylized flourish at the end.

Joseph A. Keough Jr.

JAK/kf  
Enclosures  
cc: Service List

**Pawtucket Water Supply Board**  
**Schedule RB - 00 DBO Costs for Docket 4550 Step One Compliance Filing**  
**Water Treatment Facility Service Fee Analysis**  
**Balances per PWSB Accounting Records**  
**For year ending June 30, 2016**

**Service Fee Calculation**

Mill Street WTP operations transferred to contractor on 2/15/04.

Branch Street WTP completed and placed in service 3/18/08.

Contract awarded to Earth Tech 9/10/03. Earth Tech acquired by AECOM effective July 28, 2008.

Current contractor is UNITED WATER. United Water acquired operations division from AECOM effective 2010.

Consumer Price Index - All Urban Consumers: Northeast Urban - Size Class B/C ( from US Department of Labor website)

<b><u>Calculate Annual CPI Factor</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	
Jan	145.456	147.337	149.186	147.599			
Feb	146.217	148.195	149.685	147.565			
Mar	146.961	147.909	150.706	148.225			
Apr	147.460	147.909	150.466	148.482			
May	147.244	147.971	151.354	149.237			
Jun	146.533	147.926	151.162	150.122			
Jul	146.456	148.223	151.359	150.008			
Aug	146.885	148.802	150.633	149.380			
Sep	147.846	148.683	150.559	148.967			
Oct	148.210	148.483	150.333	148.569			
Nov	147.246	148.420	149.150	148.509			
Dec	147.004	148.367	148.240	148.196			
	1763.5	1778.2	1802.8	1784.9	0.0	0.0	<b>Average Last 3 Yrs</b>
<b><u>Calculate CPI Adjustment %</u></b>							
Current Year End CPI factor	1,763.50	1,778.20	1,802.80	1,784.90			1,788.63
Prior Year End CPI factor	1,730.20	1,763.50	1,778.20	1,802.80			1,781.50
CPI adjustment	33.30	14.70	24.60	(17.90)			7.13
CPI Adjustment %	1.90%	0.80%	1.40%	-0.99%			0.40%
	1	1	1	1	0	0	3
	<b>Year 10</b>	<b>Year 11</b>	<b>Year 12</b>	<b>Year 13</b>	<b>Year 14</b>	<b>Year 15</b>	
<b><u>Calculate Annual Service Fee - Option B (New Treatment Facility)</u></b>			<b><u>FY15 Budget</u></b>	<b><u>FY16 Budget</u></b>	<b><u>FY17 Budget</u></b>	<b><u>FY18 Budget</u></b>	
Current Service Fee	1,800,854.40	1,835,070.63	1,849,751.23	1,875,647.75	1,857,078.84	1,864,507.16	
CPI Adjustment %	1.90%	0.80%	1.40%	-0.99%	0.40%	0.40%	ave CPI adjust
Service Fee increase	34,216.23	14,680.57	25,896.52	(18,568.91)	7,428.32	7,458.03	
New Annual Service Fee	1,835,070.66	1,849,751.23	1,875,647.75	1,857,078.84	1,864,507.16	1,871,965.19	
Number of months	12	12	12	12	12	12	
New Monthly Service Fee	152,922.56	154,145.94	156,303.98	154,756.57	155,375.60	155,997.10	
<b><u>Pass Through Costs</u></b>							
Annual Performance Bond (annual term eff	12,430.00	12,521.00	12,682.00	12,566.00	12,566.00	12,566.00	
Number of months	12	12	12	12	12	12	
Monthly Amount Pass Through Costs	1,035.84	1,043.42	1,056.83	1,047.17	1,047.17	1,047.17	
<b>Monthly Invoice Amount</b>	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77	157,044.27	

**Pawtucket Water Supply Board**  
**Schedule RB - 00 DBO Costs for Docket 4550 Step One Compliance Filing**  
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**For year ending June 30, 2016**

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	<b>FY13</b>	<b>FY14</b>	<b>Year 12</b>	<b>Year 13</b>	<b>Year 14</b>	<b>Year 15</b>
	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17 Budget</b>	<b>FY18 Budget</b>
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Balance per general ledger for the						
<b><i>BUDGET</i></b>	<b>1,827,143</b>	<b>1,861,340</b>	<b>\$ 1,869,781</b>	<b>\$ 1,883,295</b>	<b>\$ 1,871,646</b>	<b>\$ 1,879,083</b>
FY09 expenditures paid in FY2010						
Jul	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
Aug	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
Sep	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
Oct	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
Nov	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
Dec	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
Jan	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
<b><i>subtotals- FY16 per GL as of 3/29/15</i></b>	<b>1,057,624.96</b>	<b>1,077,708.80</b>	<b>1,086,325.52</b>	<b>1,101,525.67</b>	<b>1,090,626.18</b>	<b>1,094,959.39</b>
Adjust Performance Bond Premium		1,039.63				
retroactive increase to 2/15						
Feb	151,097.53	152,922.56	155,189.36	157,360.81	155,803.74	156,422.77
Mar	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
retroactive increase for March	1,305.47	563.48	994.23	(363.32)	144.44	145.02
Apr	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77	157,044.27
retroactive increase for April						
May	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77	157,044.27
Jun	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77	157,044.27
reclass FY09 payables	-	-	-	-	-	-
<b><i>GL Account 300-9550-652.30-40</i></b>	<b>1,822,992.44</b>	<b>1,851,760.95</b>	<b>1,869,780.90</b>	<b>1,883,295.19</b>	<b>1,871,646.41</b>	<b>1,879,082.76</b>
DBO Costs per Docket 4550 Base year				1,889,092.00	1,889,092.00	
DBO cost increase per Step 1 Compliance Filing					(17,445.59)	

## PROPOSED STEP INCREASES

### YEAR 2 - FY 2017

Rate Year (FY 2016) Revenue Requirements = \$20,459,161  
Step Increases for 2017

New Debt	\$457,504
Property Tax Reduct.	(\$50,801)
Labor Increase	\$82,059
Inflation: Non-labor @ 2.00%	\$88,842
DBO O&M Contract	(\$17,446)
Rate Case Expense	\$13,016
Rev. Stabiliz @ 1.5%	\$8,598
	\$581,773

FY 2017 Revenue Requirements = \$ 21,040,933  
Proposed Step Increase for FY 2017 2.8%

		<u>Current -</u>	<u>Step Increase</u>
		<u>Docket 4550</u>	<u>(FY 2017)</u>
<u>Metered Rates</u>			
Small (5/8 - 1")		\$4.046	\$4.161
Large (> 1")		\$3.804	\$3.912
Wholesale		\$3.307	\$3.401
<u>Service Charges</u>			
Monthly	5/8	\$10.48	\$10.778
	3/4	\$13.66	\$14.048
	1	\$18.72	\$19.252
	1 1/2	\$35.78	\$36.797
	2	\$45.79	\$47.092
	3	\$51.67	\$53.139
	4	\$117.57	\$120.913
	6	\$175.24	\$180.223
	8	\$249.38	\$256.471
<u>Fire Service</u>			
Public	/hydrant/mo	\$55.29	\$56.862
Pawtucket	\$/bill	\$4.81	\$4.947
Private			
	2	\$16.93	\$17.410
	4	\$36.55	\$37.587
	6	\$91.78	\$94.394
	8	\$167.02	\$171.766
	10	\$249.15	\$256.231
	12	\$362.98	\$373.297
	<u>Current Bill</u>	<u>Step increase</u>	<u>\$ Increase</u>
Impact on typical customer	\$42.85	\$44.07	\$1.22
			<u>% Increase</u>
			2.8%