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January 10, 2017

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

Re: *Providence Water Supply Board*
Docket 4618

Dear Ms. Massaro:

Enclosed please find an original and nine copies of the Surrebuttal Testimony of Pamela M. Marchand, P.E., Executive Director and Chief Engineer of the Bristol County Water Authority. Please note that an electronic copy of this document has been provided to the service list.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

JAK/kf
Enclosure
cc: Service List (*via electronic mail*)

STATE OF RHODE ISLAND
AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

SURREBUTTAL TESTIMONY
of
PAMELA M. MARCHAND, P.E.
EXECUTIVE DIRECTOR & CHIEF ENGINEER
BRISTOL COUNTY WATER AUTHORITY

IN RE:
PROVIDENCE WATER SUPPLY BOARD
DOCKET 4618

January 10, 2017

1 **Introduction**

2 **Q. Please state your full name and by whom you are employed?**

3 A. Pamela M. Marchand, P.E., and since February, 2012 I have been the Executive
4 Director and Chief Engineer of the Bristol County Water Authority (“BCWA”).

5

6 **Q. Are you the same Pamela Marchand who provided Direct Testimony on behalf of
7 the BCWA in this Docket?**

8 A. Yes I am.

9

10 **Q. After you filed your Direct Testimony, did you review the Direct Testimony
11 submitted by the Kent County Water Authority and the Division of Public Utilities
12 and Carriers?**

13 A. Yes. I did.

14

15 **Q. Did you also review the Rebuttal Testimony filed by Providence Water?**

16 A. I did.

17

18 **Q. Did you review any of the other filings in this Docket since you filed your Direct
19 Testimony?**

20 A. Yes. I reviewed data requests and responses.

21

22 **Q. Can you provide an overview of your Surrebuttal Testimony?**

23 A. Yes, I will address the following issues:

24 1. The Division’s suggestion that Providence Water use “some or more of the
25 restricted funds in those accounts to offset rate increases, rather than
26 allowing the Company to retain existing reserves and/or to accumulate
27 greater reserves” as raised in the Direct Testimony of Ralph Smith. (Ralph
28 Smith Direct, p. 38, ll. 1-3)

- 1 2. The calculation of Unaccounted For Water (“UFW”) that I raised in my direct
2 testimony, and which was addressed in data responses and Providence’s
3 rebuttal testimony.
- 4
- 5 3. Costs for renovating the Central Operations Facility (“COF”) that I raised in my
6 direct testimony, and which were addressed in data responses and
7 Providence’s rebuttal testimony.
- 8
- 9 4. Providence’s proposed PILOT, which was addressed in data responses and
10 Providence’s rebuttal testimony, as well the direct testimony submitted by
11 the Division of Public Utilities and Carriers (“Division”) and the Kent County
12 Water Authority (“KCWA”).
- 13
- 14 5. Costs associated with the Unidirectional Flushing Program that I raised in my
15 direct testimony, which were addressed in data responses and Providence’s
16 rebuttal testimony.
- 17

18 **Restricted Accounts**

19 **Q. As you noted above, the Division’s witness, Ralph Smith, maintains that Providence**
20 **should use funds in its restricted accounts to reduce the proposed rate increases in**
21 **this Docket. Does the BCWA agree?**

22 A. Yes.

24 **Q. Does the BCWA agree with Mr. Smith’s specific proposal?**

25 A. The BCWA agrees with Mr. Smith’s suggested reductions to the Western Cranston
26 Fund and the Chemicals and Sludge Fund. The BCWA does not entirely agree with the
27 reduction to the Insurance Fund, and believes that rates can be reduced even further
28 by altering Providence’s proposal to withdraw money from the restricted Revenue
29 Reserve Fund.

31 **Q. Can you provide a brief history of Providence’s restricted Revenue Reserve Fund?**

32 A. Yes. A brief summary is as follows:

- 1 • **Docket 3832** – In 2007, the Commission issued an Order that allowed for a 3%
2 Net Operating Reserve with 2% restricted (a/k/a “Revenue Reserve”) and 1%
3 unrestricted. The restricted Revenue Reserve Fund was “to cover revenue
4 shortfalls resulting from reduced consumption once Providence Water
5 demonstrates to the Commission the need for such funds as a result of reduced
6 sales levels.”
7
8 • **Docket 3832-A** - On September 1, 2009, Providence Water filed a request to
9 withdraw money from the restricted Revenue Reserve Fund as it had experienced
10 a decline in consumption in FY 2009. Since the balance in the Revenue Reserve
11 was not enough to cover the deficit created by the reduced consumption,
12 Providence also requested that it be able to “book the remaining amount of the
13 shortfall as to Due to Operating in the Revenue Reserve Fund.” The Commission
14 granted Providence Water’s request to transfer \$1.9 million dollars from the
15 Revenue Reserve Fund, but rejected Providence’s request to create a “Due to
16 Operating” in the Revenue Reserve Fund for the remaining shortfall amount.
17
18 • **Docket 4061** – On April 30, 2009, Providence filed a request to increase rates. As
19 part of the request, Providence sought a 5% Operating Reserve with 4% restricted
20 in the Revenue Reserve Fund and 1% unrestricted. When the Commission issued
21 its decision in October 2009, it rejected this request and kept the 3% Operating
22 Reserve with 2% restricted in the Revenue Reserve Fund and 1% unrestricted.

23
24 The Commission also allowed Providence to collect an additional two percent
25 (2%) in rates (\$92,821 per month or \$1,113,852 per year). Providence Water was
26 required to deposit the \$92,821 per month into its IFR Fund in addition to the
27 amount it would otherwise deposit. The Commission limited the amount
28 Providence Water could collect in the IFR Fund from the additional revenues to
29 \$2,500,000.
30

- 31 • **Docket 4406** – On March 29, 2013, Providence filed a request to increase rates.
32 This Docket was resolved through a Settlement Agreement, which provided that:
33
34 “Providence Water’s Restricted Operating Reserve Fund is expected to exceed
35 the limit of two times the current total Operating Reserve Allowance of three
36 percent of revenues by the time the rates approved in this case go into effect.
37 Therefore, the settlement reduces the Operating Revenue Allowance to two
38 percent with 0.5 percent restricted and 1.5 percent unrestricted. The current
39 limitation on the use of the restricted reserve established in Docket No. 4061 will
40 remain in effect. It is agreed that no request will be made for the Commission to

1 open a proceeding at this time to adjust rates due to the limit being reached.
2 **Instead, in Providence Water’s next rate case the parties will have the**
3 **opportunity to review the level of the fund at that time and to propose**
4 **alternative uses of the amounts in the fund in excess of the limitation of two**
5 **times the current operating revenue allowance.” (emphasis added)**
6

7 **Q. What is Providence requesting in this Docket regarding funds in the Restricted**
8 **Revenue Reserve Fund?**

9 A. Providence Water seeks to withdraw \$3,047,949 from the restricted Revenue
10 Reserve Fund and transfer the money to five Restricted Accounts (Capital Fund,
11 AMR/Meter, Insurance, Equipment/Vehicle Replacement and Western Cranston) in
12 varying amounts. Providence’s support for this request is set forth in Nancy Parrillo’s
13 direct testimony:

14
15 “In Fiscal Year 2009, Providence Water experienced a shortfall in billings of \$4.3
16 million and the Commission allowed Providence Water to draw down the balance
17 of its Revenue Reserve, \$1.9 million and to institute a mechanism to recover
18 funding for the IFR Account. In Fiscal Year 2010, Providence Water’s revenues
19 amounted to \$58.2 million which was \$3.8 million less than the previous year’s
20 revenues. The Fiscal Year 2010 shortfall was managed by underfunding certain
21 Restricted Accounts by \$3,047,949.” (Parrillo Direct, p. 23, ll. 7-12)
22

23 Thus, Providence seeks to withdraw this amount from the restricted Revenue
24 Reserve Fund to reimburse the amounts it claims “are still due to the restricted
25 accounts” listed above in differing amounts (Parrillo Direct, p. 23, l. 13). This specific
26 request should be denied and the \$3,047,949 of excess funds in the Revenue Reserve
27 Fund should be used to offset Providence’s proposed rate increase.
28

29 **Q. Why?**

30 A. Providence Water has nine restricted accounts – Capital, Western Cranston, IFR
31 Replacement, AMR/Meter, Equipment/Vehicle Replacement, Insurance,
32 Chemicals/Sludge, Property Tax Refund, and Revenue Reserve. Based on Ms.

1 Parrillo’s schedules NEP 12 A-I, Providence had approximately \$15 million
2 (\$14,949,253) of combined balances in its restricted accounts at the end of FY 2016,
3 and it would seem that a portion of these balances can be used to reduce the rate
4 increase Providence seeks in this Docket.

5
6 **Q. Does the BCWA have any specific proposals for how these funds can be used to**
7 **reduce Providence’s rates?**

8 A. Yes. The money should not be transferred to simply reimburse restricted funds that
9 were underfunded six years ago. Rather, the transfer should be made in a manner
10 that best serves Providence’s customers. Ultimately, it is for the Commission to
11 decide how the excess Revenue Reserve Fund money should be distributed to lower
12 rates, but the BCWA has three options for the Commission to consider.

13
14 First, Providence seeks \$636,021 in additional funding for its restricted Insurance
15 Fund. The Division has recommended a \$236,568 adjustment that includes a
16 \$136,455 adjustment to remove amounts for worker’s compensation that are
17 received as salary. (Ralph Smith Direct, p. 17, ll. 5-6, p. 38, ll. 10-14) Providence
18 objects, and claims that based on a data response in Docket 4406, its Trust Indenture,
19 and a letter from Risk Management Insurance Consulting, that it must maintain a
20 balance “in excess of \$2 million” in the Insurance Fund. (Parrillo Rebuttal, p. 5, ll. 15-
21 23, p. 6., ll. 1-11) If the Commission finds that Providence should maintain a balance
22 in excess of \$2 million, it could do so while eliminating increased funding, and
23 lowering the ongoing funding, by transferring the \$3,047,949 of excess funds in the
24 Revenue Reserve Fund to the Insurance Fund.

25
26 As set forth on PMM Schedule 1, a transfer of the \$3,047,949 completely eliminates
27 the need for increased funding of \$636,021, and still leaves Providence with a

1 balance of \$2,637,179 at the end of FY 2019. (See Exhibit 1, PMM Schedule 1,
2 Scenario 1). Furthermore, the Commission could cut \$202,547 of the ongoing funding
3 (from \$1,802,547 to \$1,600,000), and still leave Providence with a balance in excess
4 of \$2 million at the end of FY 2019. (See Exhibit 1, PMM Schedule 1, Scenario 2). This
5 would cut over \$800,000 from Providence’s revenue request, and leave room for
6 further reductions if the Commission found that a \$2 million dollar balance in the
7 Insurance Fund is excessive.

8
9 Second, the balance in the restricted Revenue Reserve Fund is limited to two times
10 the overall Operating Revenue Allowance. In Docket 4571, the total Operating
11 Revenue Allowance was set at \$1,342,445 (See Exhibit 2, Docket 4571, Schedule HJS-
12 1 Compliance) Thus, the cap on the Revenue Reserve Fund is \$2,684,890. Ms.
13 Parrillo’s Schedule NEP-12 I shows that Providence will have a balance of \$2,860,718
14 at the end of FY 2017, *after* it makes the proposed \$3,047,949 transfer. This exceeds
15 the cap by \$175,828. Providence then projects balances of \$3,236,339 in FY 2018 and
16 \$3,611,690 in FY 2019 if it funds the Revenue Reserve at the levels requested in this
17 Docket. These balances greatly exceed the cap. Thus, Providence no longer needs to
18 fund this account. This will cut over \$375,000 from Providence’s revenue request.

19
20 Finally, Providence’s response to KCWA 2-5 A.1 shows that even if the \$3,047,949 is
21 not distributed as it proposed in its direct testimony, all of the restricted accounts
22 maintain positive balances through FY 2019 except for the Equipment/Vehicle
23 Replacement Fund. If Providence does not transfer \$300,000 to this account as it
24 proposes, it will run a deficit in FY 2018. To remedy this, the Commission could order
25 Providence to transfer the \$175,828 that exceeds the Revenue Reserve Fund cap to
26 the Equipment/Vehicle Replacement Fund.

27

1 **Q. In its response to BCWA 5-10, Providence Water states that restricted account**
2 **balances should not be used to offset operating expenses. Does the BCWA agree**
3 **with this position?**

4 A. No. First, the BCWA does not suggest that the restricted account balances should be
5 used to offset ongoing O&M expenses. The BCWA agrees with Providence that funds
6 from the Revenue Reserve should be transferred to other restricted accounts.
7 However, the BCWA suggests that Providence transfer these funds in a manner that
8 reduces its revenue request in this Docket. Furthermore, it is my understanding that
9 the Commission recently found that restricted account balances can – and should –
10 be used to offset operating expenses in Newport Water Docket 4595.

11

12 **UFW**

13 **Q. After reviewing Providence’s testimony and data responses, has the BCWA’s**
14 **positon regarding UFW changed?**

15 A. No. The BCWA still maintains that adjustments must be made to Providence’s UFW
16 calculation.

17

18 **Q. Why?**

19 A. To begin with, Schedule HJS-15 indicates that Providence calculated UFW based on a
20 three-year average (FY 2013-2015). However, Providence acknowledged that it
21 actually calculated UFW on a four-year average. (See Providence response to BCWA
22 4-1 (a)) Further, Providence acknowledged that the amounts used for FY 2012 and
23 2013 were greater than the amounts it reported to the Rhode Island Water
24 Resources Board. (See Providence response to BCWA 4-1 (a)) The BCWA believes that
25 the most recent two year average (FY 2014-2015) should be used. This would yield a
26 total UFW of 3,083,087 hcf.

27

1 **Central Operations Facility**

2 **Q. In your direct testimony, you questioned whether Providence had exceeded the**
3 **COF renovation costs it provided to the Commission in Docket 4571. Have you**
4 **confirmed this?**

5 A. Yes. Providence told the Commission in Docket 4571 that the “known and
6 measurable” renovation costs for the COF were \$16,272,843. Providence committed
7 to remaining within this amount, and told the Commission that the \$16,272,843
8 included a contingency that would absorb cost overruns. (See Docket 4571 Transcript,
9 pp. 231-234, 291-292) Further, if costs did exceed the \$16,272,843, they could make
10 cuts to keep it under budget. (See Docket 4571 Transcript, pp. 232-234) Now, the
11 renovation costs are estimated to be \$17,286,164, which is \$1,013,321 than
12 Providence claimed in Docket 4571. (See Providence response to BCWA 1-27)
13 Providence should not be allowed to spend more than \$16,272,843 on the COF
14 Renovations.

15

16 **PILOT**

17 **Q. Has the BCWA’s position regarding the PILOT changed?**

18 A. No it has not. As indicated in my direct testimony, the Commission already addressed
19 this issue in Docket 2048.

20

21 **Q. The BCWA acknowledged that it pays a PILOT to the towns it serves. Doesn’t this**
22 **change the BCWA’s position?**

23 A. No. The BCWA’s PILOT payments are made pursuant to agreements authorized by its
24 authorizing legislation.

25

26 **Q Did the Division and KCWA provide testimony on Providence’s request for a PILOT?**

27 A. Yes, and both parties similarly object to the PILOT.

1 **Unidirectional Flushing Program**

2 **Q. Did Providence address the BCWA’s concerns regarding the allocation of**
3 **Unidirectional Flushing costs to wholesale customers?**

4 A. The only witness who addressed this issue was Harold Smith, and he simply quoted
5 Providence’s response to BCWA 1-30. (Harold Smith Rebuttal, p. 10, ll. 3-18)

6
7 **Q. Does Providence’s response to BCWA 1-30 address the concerns regarding the**
8 **allocation of Unidirectional Flushing costs to wholesale customers?**

9 A. No. As set forth in my direct testimony, none of the costs associated with
10 unidirectional flushing should be assigned to the wholesale customers because the
11 amount of water flushed has a negligible effect on the velocity of water flow through
12 the transmission mains. Providence admits that a portion of the Unidirectional
13 Flushing costs are assigned to wholesale customers. However, Providence cannot
14 determine the exact amount because “Most of the UFP costs are contained in the
15 Transmission & Distribution division cost category and approximately 2% of the
16 Transmission & Distribution costs are allocated to the wholesale customer class.”
17 (See Providence Response to BCWA 1-30) Thus, this 2% allocation should be reduced
18 to eliminate the assignment of Unidirectional Flushing costs to wholesale customers.

19

20 **Conclusion**

21 **Q. Do you have any additional issues you would like to address?**

22 A. Not at this time, but I reserve the right to address any further changes Providence
23 makes in this filing before the hearings. In addition, I expect that the Division and
24 KCWA will raise certain issues in their respective surrebuttal testimonies, and I will
25 examine and comment on these issues during the hearings. Also, to the extent that
26 any further issues are raised through ongoing data requests, I will address these
27 issues at the hearings as well.

- 1 Q. **With these exceptions, does this conclude your Surrebuttal Testimony?**
- 2 A. Yes. It does.

EXHIBIT 1

INSURANCE FUND

Scenario 1 – No increased funding in Docket 4061

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Beginning Balance		\$1,470,484	\$3,985,993	\$3,360,154
Transfer from Revenue Reserve		\$3,047,949		
Docket 4571 Funding		\$1,802,547	\$1,802,547	\$1,802,547
Docket 4061 Funding		\$0	\$0	\$0
Subtotal		\$6,320,980	\$5,788,540	\$5,162,701
Total Uses		<u>(\$2,334,987)</u>	<u>(\$2,428,386)</u>	<u>(\$2,525,522)</u>
Year End Balance	\$1,470,484 ¹	\$3,985,993	\$3,360,154	\$2,637,179

Scenario 2 – No increased funding in Docket 4061 and reduce Docket 4571 Funding to \$1,600,000

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Beginning Balance		\$1,470,484	\$3,783,446	\$2,955,060
Transfer from Revenue Reserve		\$3,047,949		
Docket 4571 Funding (Reduced)		\$1,600,000	\$1,600,000	\$1,600,000
Docket 4061 Funding		\$0	\$0	\$0
Subtotal		\$6,118,433	\$5,383,446	\$4,555,060
Total Uses		<u>(\$2,334,987)</u>	<u>(\$2,428,386)</u>	<u>(\$2,525,522)</u>
Year End Balance	\$1,470,484	\$3,783,446	\$2,955,060	\$2,029,538

¹ Providence’s response to KCWA Data Request 2-5 (see attached).

**Schedule NEP-12E
Equip/Vehicle Replacement Fund**

Source of Funds	FY 2016	FY 2017	FY 2018	FY 2019
D4571 (effective 9/1/2015)	600,000	600,000	600,000	600,000
Adjustments to funding from new docket effective 1/1/17	-	-	-	-
Carryover funds from prior year estimated ⁴	<u>1,751,595</u>	<u>788,871</u>	<u>188,189</u>	<u>(44,611)</u>
Total Sources	2,351,595	1,388,871	788,189	555,389
Less obligated uses of funds				
Vehicle and Equipment purchases	962,372	886,882	707,800	515,000
Computer Equipment purchases	100,000	100,000	100,000	100,000
Office Furniture purchases	25,000	25,000	25,000	25,000
Security Equipment	148,500	189,000	-	64,000
Shop & Plant Equipment	<u>26,852</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Uses	1,262,724	1,200,682	832,800	704,000
End of Year Balance	\$ 1,088,871	\$ 188,189	\$ (44,611)	\$ (148,611)

4. FY2016 carry-over funds includes \$300,000 due from the Operating Fund created in 2010 when these funds were used to cover the revenue shortfall. FY2017 carry-over funds reflect a reduction in the balance after reversing the "due to" from the Operating Fund.

**Schedule NEP-12F
Insurance Fund**

Source of Funds	FY 2016	FY 2017	FY 2018	FY 2019
D4571 (effective 9/1/2015)	1,802,547	1,802,547	1,802,547	1,802,547
Adjustments to funding from new docket effective 1/1/17	-	318,010	636,021	636,021
Carryover funds from prior year estimated ⁵	<u>2,655,031</u>	<u>1,470,484</u>	<u>1,256,055</u>	<u>1,266,236</u>
Total Sources	4,457,578	3,591,041	3,694,622	3,704,803
Less obligated uses of funds				
Property & Casualty	1,054,593	1,096,777	1,140,648	1,186,274
Workers Compensation	1,026,940	1,068,017	1,110,738	1,155,167
Injuries & Damages	122,479	127,378	132,473	137,772
Safety Supplies & Other	4,623	4,808	5,000	5,200
Program Expense	<u>36,545</u>	<u>38,007</u>	<u>39,527</u>	<u>41,108</u>
Total Uses	2,245,180	2,334,987	2,428,386	2,525,522
End of Year Balance	\$2,212,398	\$1,256,055	1,266,236	1,179,282

5. FY2016 carry-over funds includes \$741,914 due from the Operating Fund created in 2010 when these funds were used to cover the revenue shortfall. FY2017 carry-over funds reflect a reduction in the balance after reversing the "due to" from the Operating Fund.

**Schedule NEP-12I
Revenue Reserve Fund**

Source of Funds	FY 2016	FY 2017	FY 2018	FY 2019
D4571 (effective 9/1/2015)	\$ 333,880	\$ 335,611	\$ 335,611	\$ 335,611
Adjustments to funding from new docket effective 1/1/17	-	20,005	40,010	40,010
Carryover funds from prior year estimated ⁶	<u>5,219,171</u>	<u>5,553,051</u>	<u>5,908,667</u>	<u>6,284,288</u>
Total Sources	\$ 5,553,051	\$ 5,908,667	\$ 6,284,288	\$ 6,659,909
Less obligated uses of funds				
Transfer to Restricted Funds*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Uses	\$ -	\$ -	\$ -	\$ -
End of Year Balance	\$ 5,553,051	\$ 5,908,667	\$ 6,284,288	\$ 6,659,909

6. Carry-over funds do not reflect the transfer of any amounts to other restricted funds to satisfy the "due to's" from the Operating Fund created in 2010 when these funds were used to cover the revenue shortfall.

EXHIBIT 2

**Schedule HJS-1 Compliance
Cost of Service Summary**

	Existing Rates		Adjustments	Rates	
	Second	Revised Settlement		Effective 9/1/2015	
Revenue					
Service Charge	\$	7,425,283	\$ -	\$	7,425,283
Retail Sales	\$	37,194,486	\$ 2,118,540	\$	39,313,026
Wholesale Sales	\$	16,702,792	\$ -	\$	16,702,792
Private Fire Protection	\$	2,630,126	\$ -	\$	2,630,126
Retail FPSC	\$	1,276,826	\$ -	\$	1,276,826
Public Fire Protection	\$	1,118,074	\$ -	\$	1,118,074
Miscellaneous Revenue	\$	1,179,169	\$ -	\$	1,179,169
Other	\$	-	\$ -	\$	-
TOTAL REVENUE	\$	67,526,756	\$ 2,118,540	\$	69,645,296
Total Rate Revenues	\$	66,347,587	\$ 2,118,540	\$	68,466,127
Expenses					
Operations and Maintenance	\$	28,974,912	\$ -	\$	28,974,912
Insurance	\$	1,802,547	\$ -	\$	1,802,547
Chemical & Sludge	\$	4,500,000	\$ -	\$	4,500,000
City Service	\$	839,167	\$ -	\$	839,167
Property Taxes	\$	6,487,515	\$ -	\$	6,487,515
Capital Reimbursement	\$	(2,091,772)	\$ -	\$	(2,091,772)
Net Operations	\$	40,512,369	\$ -	\$	40,512,369
Capital Fund	\$	50,000	\$ 2,077,000	\$	2,127,000
Western Cranston	\$	62,069	\$ -	\$	62,069
Infrastructure Replacement Fund	\$	24,000,000	\$ -	\$	24,000,000
Cash-Funded AMR/Meter Repl. Fund	\$	1,000,000	\$ -	\$	1,000,000
Equipment Replacement Fund	\$	600,000	\$ -	\$	600,000
Property Tax Refund Fund	\$	-	\$ -	\$	-
Revenue Reserve Fund (Restricted)	\$	325,226	\$ 10,385	\$	335,611
Capital	\$	26,037,295	\$ 2,087,385	\$	28,124,680
TOTAL EXPENSES	\$	66,549,664	\$ 2,087,385	\$	68,637,049
Operating Reserve (Unrestricted)	\$	975,679	\$ 31,155	\$	1,006,834
Total Cost of Service	\$	67,525,343	\$ 2,118,540	\$	69,643,883
Revenues Over (Under) Expenses	\$	1,413		\$	1,413
Total Increase to Break-Even					3.14%
Rate Revenue Increase to Break-Even					3.19%

Notes:

- *Revenue Reserve Restricted is ((A-B+C)-(D+E))* .005
- *Operating Reserve (Unrestricted) is ((A-B+C)-(D+E))* .015
- *Revenue surplus results from rounding

CERTIFICATION

I hereby certify that on January 10, 2017, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

Parties	E-mail	Phone
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