



PROVIDENCE WATER

Tap Water Delivers

September 28, 2016

The Hon. Jorge O. Elorza  
Mayor  
Ricky Caruolo  
General Manager

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

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RE: Dk 4618: Kent County Water Authority; Set 2

Dear Mrs. Massaro:

Enclosed please find an original and nine copies of Providence Water's responses to the second set of data requests from Kent County.

If you have any questions I can be reached extension 7217.

Sincerely,

Mary L. Deignan-White  
Senior Manager of Regulatory

cc: service list(via email)

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Providence Water Docket 4618

**Data Requests of the  
Kent County Water Authority-Set 2  
9/7/2016**

KCWA 2-1: Please identify each and every rate year expense associated with the new Central Office Facility (e.g., Schedule NEP-6, additional \$30,000 for Property & Casualty Insurance) and identify the line or account number on Schedule NEP-1 where such expense is reflected.

Response: See below a list of expenses associated with the new COF for the rate year.

| Providence Water                   |                     |              |                |  |
|------------------------------------|---------------------|--------------|----------------|--|
| Rate Year Expenses for Dupont Dr   |                     |              |                |  |
| Description                        | Rate Year 2017      | Naruc        | Schedule NEP-1 |  |
|                                    |                     |              | Page Number    |  |
| 1 National Grid-Electric           | 273,376             | 61580        | 3              |  |
| 2 National Grid-Gas                | 95,244              | 61580        | 3              |  |
| 3 Materials & Supplies             | 43,200              | 62080        | 3              |  |
| 4 Maintenance-Contractual Services | 175,000             | 63580        | 3              |  |
| 5 Insurance Fund                   | 30,000              | 65980        | 3              |  |
| 6 Telephone/Internet               | 270,600             | 67580        | 3              |  |
| 7 Narragansett Bay Commission      | 7,304               | 67580        | 3              |  |
| 8 Other Expenditures (PILOT)       | 326,000             | Not Assigned | 4              |  |
| <b>Total Rate Year Expenses</b>    | <b>\$ 1,220,724</b> |              |                |  |

Providence Water Docket 4618

**Data Requests of the  
Kent County Water Authority-Set 2  
9/7/2016**

KCWA 2-2: Please identify each and every rate year expense associated with the provision of retail service to East Smithfield (e.g., Schedule NEP-6, additional \$22,849 for Property & Casualty Insurance) and identify the line or account number on Schedule NEP-1 where such expense is reflected.

Response: See below a list of expenses associated with East Smithfield for the rate year.

| <b>Providence Water</b>                       |                       |                             |                       |  |
|---|-----------------------|-----------------------------|-----------------------|--|
| <b>Rate Year Expenses for East Smithfield</b> |                       |                             |                       |  |
| <b>Description</b>                            | <b>Rate Year 2017</b> | <b>Naruc</b>                | <b>Schedule NEP-1</b> |  |
|   |                       |                             | <b>Page Number</b>    |  |
| 1 Customer Service Supervisor                 | 45,161                | 60170                       | 2                     |  |
| 2 Engineering Proj Coordinator (2)            | 95,726                | 60180                       | 2                     |  |
| 3 National Grid-Electric                      | 33,485                | 61523                       | 1                     |  |
| 4 Contractual Services-Other                  | 80,682                | 63560                       | 2                     |  |
| 5 Property & Casualty Insurance               | 22,849                | 65980                       | 3                     |  |
| 6 Postage and Billing                         | 38,844                | 67570                       | 2                     |  |
| 7 Smithfield Property Taxes                   | 7,005                 | Not Assigned                | 4                     |  |
| 8 Fringe Benefits for New Employees           | 64,000                | Pro-rated among all fringes | 1-3                   |  |
| <b>Total Rate Year Expenses</b>               | <b>\$ 387,751</b>     |                             |                       |  |

Providence Water Docket 4618

**Data Requests of the  
Kent County Water Authority-Set 2  
9/7/2016**

KCWA 2-3: Regarding Schedule NEP-9 (Rate & Regulatory Expenses) – please explain the \$97,696 for Docket 4571. Are these normal costs to be incurred in the rate year? Explain why recovery of these costs in this docket is not retroactive rate making.

Response: See the attached worksheet explaining all expenses related to DK 4571. Providence Water, under these proceedings, was required to prepare testimony, engage a consultant and answer many data requests. Some of these costs did occur in our current test year for Dk4618 and are most likely to occur in the rate year, especially if Providence Water makes another filing. Under Commission Rule 2.10 (d) (7) of Commission Rules and Regulations, such costs are allowed and are part of the revenue requirement and are typically amortized over a period of 2 to 3 years. In Dk 4571, these costs were not included at that time. Therefore, under the Commission rule noted above, Providence Water is including these costs at this time and as such this is not retroactive rate making.

**Providence Water  
Docket 4571  
Analysis of Costs**

**KCWA 2-3**

| <u>Description</u>                  | <u>Apr-15</u> | <u>May-15</u> | <u>Jun-15</u> | <u>Jul-15</u> | <u>Aug-15</u> | <u>Sep-15</u> | <u>Oct-15</u> | <u>Total</u> |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Raftelis                            | 2,430.00      | 11,992.50     | 6,292.50      | 6,845.00      | 7,371.47      |               |               | 34,931.47    |
| McElroy                             | 418.90        |               | 1,501.55      | 13,504.15     | 33,014.90     | 3,179.20      |               | 51,618.70    |
| Providence Journal<br>Printing Cost | -             | -             | -             | -             | -             | 53.74         | -             | 53.74        |
| Sub-total PW Cost                   | 2,848.90      | 11,992.50     | 7,794.05      | 20,349.15     | 40,386.37     | 3,232.94      |               | 86,603.91    |
| Exeter Associates                   | -             |               |               |               | 1,260.00      |               | 407.10        | 1,667.10     |
| A-1 Court Reporters                 | -             |               |               |               | 2,189.20      |               | 2,990.93      | 5,180.13     |
| Providence Journal                  | -             |               |               |               |               |               | 930.00        | 930.00       |
| Other DK 15-116                     | -             |               |               |               |               | 1,872.60      | 739.39        | 2,611.99     |
| Indirect cost division              | -             |               |               |               | 140.00        |               | 563.05        | 703.05       |
| Sub-Total Division                  | -             | -             | -             | -             | 3,589.20      | 1,872.60      | 5,630.47      | 11,092.27    |
| Total Dk 4571 Cost                  | \$ 2,848.90   | \$ 11,992.50  | \$ 7,794.05   | \$ 20,349.15  | \$ 43,975.57  | \$ 5,105.54   | \$ 5,630.47   | \$ 97,696.18 |

Providence Water Docket 4618

**Data Requests of the  
Kent County Water Authority  
Set 2**

**KCWA 2-4 :** Regarding Schedule NEP-12F (Insurance Fund) – please explain why this fund should carry a balance of some \$2 million through fiscal year 2019. If the Commission does not allow the requested adjustment of \$636,021 what will be the fund balance at the end of the rate year (December 2017)? Why will this not be sufficient?

**RESPONSE :**

The Insurance Fund is the restricted fund that is used to pay not only invoices for insurance policies but also insurance deductibles. The Providence Water risk management program is one that includes an element of self-insurance in an effort to keep premiums down. The commercial insurance policy has a \$50,000 per occurrence deductible which would be paid from this fund.

Providence Water also is responsible for paying claims paid under its Workers' Compensation policy. As pointed out in Note 4 of Schedule NEP-6 in Nancy Parrillo's pre-filed direct testimony, the actuarially calculated claims amount for the current workers' comp. claims could be \$720,213. This does not factor in any amounts for any additional claims.

If the Commission does not allow the requested adjustment of \$636,021, the balance in the Insurance Fund would drop to an estimated \$1,679,958 in FY2017, \$1,054,119 in FY2018 and could drop to as low as \$331,144 in FY2019. Please see Schedule KCWA 2-4A attached.

Projected FY 2016 - FY 2019

Schedule NEP-12F  
Insurance Fund

|   | <u>FY 2016</u>   | <u>FY 2017</u>   | <u>FY 2018</u>   | <u>FY 2019</u>   |
|---|------------------|------------------|------------------|------------------|
| <b>Source of Funds</b>                                  |                  |                  |                  |                  |
| 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 | -                |                  | -                | -                |
| Carryover funds from prior year estimated               | 2,655,031        | 2,212,398        | 1,679,958        | 1,054,119        |
| <b>Total Sources</b>                                    | <b>4,457,578</b> | <b>4,014,945</b> | <b>3,482,505</b> | <b>2,856,666</b> |
| <b>Less obligated uses of funds</b>                     |                  |                  |                  |                  |
| 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   | 36,545           | 38,007           | 39,527           | 41,108           |
| <b>Total Uses</b>                                       | <b>2,245,180</b> | <b>2,334,987</b> | <b>2,428,386</b> | <b>2,525,522</b> |

**End of Year Balance** \$2,212,398 \$1,679,958 \$1,054,119 \$331,144

## Providence Water Docket 4618

### Data Requests of the Kent County Water Authority Set 2

**KCWA 2-5 :** If Providence Water had a revenue shortfall in 2010 of over \$3 million, why did Providence Water wait until 2016 to ask for the transfer of \$3,047,949? Please provide copies (in excel format) of NEP-12A through NEP-12I showing the fund balances if the Commission approves the transfer from the Revenue Reserve Fund as outlined on page 23 of Ms. Parrillo's prefiled direct testimony.

#### **RESPONSE :**

The Revenue Reserve did not have sufficient funding to fully fund the deficit in the restricted funds until June 30, 2012, when the Revenue Reserve fund balance was \$3,060,000. If the PUC approved such a transfer at that time, the Revenue Reserve would have been depleted. As the funding of the Revenue Reserve had been set at an annual amount of \$325,226 in Docket 4406, a drawdown of \$3 million would mean that it would take approximately eight to nine years to achieve a meaningful reserve level. There were other considerations taken into account when a draw down in the Revenue Reserve was considered:

- Providence Water would like to have a Revenue Reserve that approximates 8 to 10% of our revenues. In fiscal year 2009, our revenue shortfall of \$4.3 million represented approximately 7.5% of our cost of service at that time. Our cost of service in Docket 4406 (rates from Docket 4406 were effective December 2013) was \$67.5 million and 8% of that amount is \$5.4 million. The Revenue Reserve did not reach that level of funding until December 31, 2015.
- There was not a critical need to draw down all or a large portion of our Revenue Reserve when some of the funding was not needed in the restricted accounts **at that time**. The Capital Fund, AMR / Meter Replacement Fund, and the Insurance Fund were owed \$2.7 million of the \$3.048 million not funded. These restricted accounts had adequate fund balances to allow us to maintain a reasonable funding level in our Revenue Reserve.
- The June 30, 2016, the Revenue Reserve Fund balance of \$5.6 million now puts us in a position to request that the Commission allow Providence Water to fully fund amounts owed to our restricted funds.

Providence Water  
Restricted Account Sources and Uses of Funds  
Projected FY 2016 - FY 2019

Schedule NEP-12A  
Capital Fund

| Source of Funds   | FY 2016              | FY 2017              | FY 2018             | FY 2019             |
|---|----------------------|----------------------|---------------------|---------------------|
| D4571 (effective 9/1/2015)                              | \$ 1,780,833         | \$ 2,127,000         | \$ 2,127,000        | \$ 2,127,000        |
| Adjustments to funding from new docket effective 1/1/17 | -                    | -                    | -                   | -                   |
| Bond CWFA 2015  | 13,135,155           | 14,543,560           | -                   | -                   |
| Repayment from Chemical Fund                            | 600,000              | -                    | -                   | -                   |
| Carryover funds from prior year estimated <sup>1</sup>  | 8,220,349            | 8,594,032            | 4,070,561           | 1,076,781           |
| <b>Total Sources</b>                                    | <b>\$ 23,736,338</b> | <b>\$ 25,264,592</b> | <b>\$ 6,197,561</b> | <b>\$ 3,203,781</b> |
| <b>Less obligated uses of funds:</b>                    |                      |                      |                     |                     |
| RICWFA Debt (2015)                                      | 72,151               | 500,471              | 1,945,780           | 1,948,871           |
| Sub-total Debt Service                                  | \$ 72,151            | \$ 500,471           | \$ 1,945,780        | \$ 1,948,871        |
| 125 Dupont Drive  | 13,135,155           | 14,543,560           | -                   | -                   |
| Cash Funded Projects*                                   | 1,935,000            | 6,150,000            | 3,175,000           | 275,000             |
| <b>Total Uses</b>                                       | <b>\$ 15,142,306</b> | <b>\$ 21,194,031</b> | <b>\$ 5,120,780</b> | <b>\$ 2,223,871</b> |
| <b>End of Year Balance</b>                              | <b>\$ 8,594,032</b>  | <b>\$ 4,070,561</b>  | <b>\$ 1,076,781</b> | <b>\$ 979,910</b>   |

1. FY2016 carry-over funds do NOT include \$1,225,000 due from the Operating Fund created in 2010 when these funds were used to cover the revenue shortfall.

See SS NEP-12A-1

Schedule NEP-12B  
Western Cranston Fund

| Source of Funds  | FY 2016             | FY 2017           | FY 2018           | FY 2019           |
|--|---------------------|-------------------|-------------------|-------------------|
| D4571 (effective 9/1/2015)                             | \$ 62,069           | \$ 62,069         | \$ 62,069         | \$ 62,069         |
| Impact Fees estimated                                  | 15,819              | 15,819            | 15,819            | 15,819            |
| Carryover funds from prior year estimated <sup>2</sup> | 1,033,513           | 677,903           | 584,956           | 492,097           |
| <b>Total Sources</b>                                   | <b>\$ 1,111,402</b> | <b>\$ 755,792</b> | <b>\$ 662,844</b> | <b>\$ 569,986</b> |
| <b>Less obligated uses of funds</b>                    |                     |                   |                   |                   |
| RICWFA 2002B (P)                                       | 141,276             | 146,180           | 151,253           | 156,503           |
| RICWFA 2002 (Pippin Main & WilburPS) (I)               | 29,645              | 24,656            | 19,494            | 14,153            |
| Sub-total Debt Service                                 | \$ 170,920          | \$ 170,835        | \$ 170,747        | \$ 170,656        |
| Cash Funded Projects                                   | 231,543             | -                 | -                 | -                 |
| <b>Total Uses</b>                                      | <b>\$ 402,463</b>   | <b>\$ 170,835</b> | <b>\$ 170,747</b> | <b>\$ 170,656</b> |
| <b>End of Year Balance</b>                             | <b>\$ 708,938</b>   | <b>\$ 584,956</b> | <b>\$ 492,097</b> | <b>\$ 399,329</b> |

2. FY2016 carry-over funds includes \$31,035 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-12D  
AMR/Meter Replacement Fund

| Source of Funds   | FY 2016             | FY 2017             | FY 2018             | FY 2019             |
|---|---------------------|---------------------|---------------------|---------------------|
| D4571 (effective 9/1/2015)                              | 1,000,000           | 1,000,000           | 1,000,000           | 1,000,000           |
| Adjustments to funding from new docket effective 1/1/17 | -                   | (250,000)           | (500,000)           | (500,000)           |
| Carryover funds from prior year estimated <sup>3</sup>  | 3,355,365           | 2,350,453           | 1,841,258           | 1,082,065           |
| <b>Total Sources</b>                                    | <b>\$ 4,355,365</b> | <b>\$ 3,100,453</b> | <b>\$ 2,341,258</b> | <b>\$ 1,582,065</b> |
| <b>Less obligated uses of funds</b>                     |                     |                     |                     |                     |
| East Smithfield RICWFA (Arra) \$400,000                 | \$ -                | 27,463              | 27,461              | 27,427              |
| Meter Replacement, Test & Repair                        | 1,254,911           | 1,231,732           | 1,231,732           | 1,231,732           |
| <b>Total Uses</b>                                       | <b>\$ 1,254,911</b> | <b>\$ 1,259,195</b> | <b>\$ 1,259,193</b> | <b>\$ 1,259,159</b> |
| <b>End of Year Balance</b>                              | <b>\$ 3,100,453</b> | <b>\$ 1,841,258</b> | <b>\$ 1,082,065</b> | <b>\$ 322,906</b>   |

3. FY2016 carry-over funds includes \$750,000 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-12E  
Equip/Vehicle Replacement Fund**

| <b>Source of Funds</b>                                  | <b>FY 2016</b>      | <b>FY 2017</b>    | <b>FY 2018</b>     | <b>FY 2019</b>      |
|---|---------------------|-------------------|--------------------|---------------------|
| 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 <sup>4</sup>  | <u>1,751,595</u>    | <u>788,871</u>    | <u>188,189</u>     | <u>(44,611)</u>     |
| <b>Total Sources</b>                                    | <b>2,351,595</b>    | <b>1,388,871</b>  | <b>788,189</b>     | <b>555,389</b>      |
| <b>Less obligated uses of funds</b>                     |                     |                   |                    |                     |
| 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>            |
| <b>Total Uses</b>                                       | <b>1,262,724</b>    | <b>1,200,682</b>  | <b>832,800</b>     | <b>704,000</b>      |
| <b>End of Year Balance</b>                              | <b>\$ 1,088,871</b> | <b>\$ 188,189</b> | <b>\$ (44,611)</b> | <b>\$ (148,611)</b> |

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**

| <b>Source of Funds</b>                                  | <b>FY 2016</b>     | <b>FY 2017</b>     | <b>FY 2018</b>   | <b>FY 2019</b>   |
|---|--------------------|--------------------|------------------|------------------|
| 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 <sup>5</sup>  | <u>2,655,031</u>   | <u>1,470,484</u>   | <u>1,256,055</u> | <u>1,266,236</u> |
| <b>Total Sources</b>                                    | <b>4,457,578</b>   | <b>3,591,041</b>   | <b>3,694,622</b> | <b>3,704,803</b> |
| <b>Less obligated uses of funds</b>                     |                    |                    |                  |                  |
| 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>    |
| <b>Total Uses</b>                                       | <b>2,245,180</b>   | <b>2,334,987</b>   | <b>2,428,386</b> | <b>2,525,522</b> |
| <b>End of Year Balance</b>                              | <b>\$2,212,398</b> | <b>\$1,256,055</b> | <b>1,266,236</b> | <b>1,179,282</b> |

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**

| <b>Source of Funds</b>                                  | <b>FY 2016</b>      | <b>FY 2017</b>      | <b>FY 2018</b>      | <b>FY 2019</b>      |
|---|---------------------|---------------------|---------------------|---------------------|
| 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 <sup>6</sup>  | <u>5,219,171</u>    | <u>5,553,051</u>    | <u>5,908,667</u>    | <u>6,284,288</u>    |
| <b>Total Sources</b>                                    | <b>\$ 5,553,051</b> | <b>\$ 5,908,667</b> | <b>\$ 6,284,288</b> | <b>\$ 6,659,909</b> |
| <b>Less obligated uses of funds</b>                     |                     |                     |                     |                     |
| Transfer to Restricted Funds*                           | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>            |
| <b>Total Uses</b>                                       | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>End of Year Balance</b>                              | <b>\$ 5,553,051</b> | <b>\$ 5,908,667</b> | <b>\$ 6,284,288</b> | <b>\$ 6,659,909</b> |

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.

Providence Water  
Restricted Account Sources and Uses of Funds  
Projected FY 2016 - FY 2019

Schedule NEP-12A  
Capital Fund

| Source of Funds   | FY 2016              | FY 2017              | FY 2018             | FY 2019             |
|---|----------------------|----------------------|---------------------|---------------------|
| D4571 (effective 9/1/2015)                              | \$ 1,780,833         | \$ 2,127,000         | \$ 2,127,000        | \$ 2,127,000        |
| Adjustments to funding from new docket effective 1/1/17 | -                    | 1,225,000            | -                   | -                   |
| Bond CWFA 2015  | 13,135,155           | 14,543,560           | -                   | -                   |
| Repayment from Chemical Fund                            | 600,000              | -                    | -                   | -                   |
| Carryover funds from prior year estimated <sup>1</sup>  | 8,220,349            | 8,594,032            | 5,295,561           | 2,301,781           |
| <b>Total Sources</b>                                    | <b>\$ 23,738,338</b> | <b>\$ 28,489,592</b> | <b>\$ 7,422,561</b> | <b>\$ 4,428,781</b> |
| <b>Less obligated uses of funds:</b>                    |                      |                      |                     |                     |
| RICWFA Debt (2015)                                      | 72,151               | 500,471              | 1,945,780           | 1,948,871           |
| Sub-total Debt Service                                  | \$ 72,151            | \$ 500,471           | \$ 1,945,780        | \$ 1,948,871        |
| 125 Dupont Drive  | 13,135,155           | 14,543,560           | -                   | -                   |
| Cash Funded Projects*                                   | 1,935,000            | 6,150,000            | 3,175,000           | 275,000             |
| <b>Total Uses</b>                                       | <b>\$ 15,142,306</b> | <b>\$ 21,194,031</b> | <b>\$ 5,120,780</b> | <b>\$ 2,223,871</b> |
| <b>End of Year Balance</b>                              | <b>\$ 8,594,032</b>  | <b>\$ 5,295,561</b>  | <b>\$ 2,301,781</b> | <b>\$ 2,204,910</b> |

1. FY2016 carry-over funds do NOT include \$1,225,000 due from the Operating Fund created in 2010 when these funds were used to cover the revenue shortfall. The FY2018 carry-over funds reflects the transfer.

See SS NEP-12A-1

Schedule NEP-12B  
Western Cranston Fund

| Source of Funds  | FY 2016             | FY 2017           | FY 2018           | FY 2019           |
|--|---------------------|-------------------|-------------------|-------------------|
| D4571 (effective 9/1/2015)                             | \$ 62,069           | \$ 62,069         | \$ 62,069         | \$ 62,069         |
| Impact Fees estimated                                  | 15,819              | 15,819            | 15,819            | 15,819            |
| Carryover funds from prior year estimated <sup>2</sup> | 1,033,513           | 708,938           | 615,991           | 523,132           |
| <b>Total Sources</b>                                   | <b>\$ 1,111,402</b> | <b>\$ 786,827</b> | <b>\$ 693,879</b> | <b>\$ 601,021</b> |
| <b>Less obligated uses of funds</b>                    |                     |                   |                   |                   |
| RICWFA 2002B (P)                                       | 141,276             | 146,180           | 151,253           | 156,503           |
| RICWFA 2002 (Pippin Main & WilburPS) (I)               | 29,645              | 24,656            | 19,494            | 14,153            |
| Sub-total Debt Service                                 | \$ 170,920          | \$ 170,835        | \$ 170,747        | \$ 170,656        |
| Cash Funded Projects                                   | 231,543             | -                 | -                 | -                 |
| <b>Total Uses</b>                                      | <b>\$ 402,463</b>   | <b>\$ 170,835</b> | <b>\$ 170,747</b> | <b>\$ 170,656</b> |
| <b>End of Year Balance</b>                             | <b>\$ 708,938</b>   | <b>\$ 615,991</b> | <b>\$ 523,132</b> | <b>\$ 430,364</b> |

2. FY2016 carry-over funds includes \$31,035 due from the Operating Fund created in 2010 when these funds were used to cover the revenue shortfall. This balance does not change with the approval of this transfer as the "due to" drops to \$0 but the cash balance changes on the balance sheet.

Schedule NEP-12D  
AMR/Meter Replacement Fund

| Source of Funds   | FY 2016             | FY 2017             | FY 2018             | FY 2019             |
|---|---------------------|---------------------|---------------------|---------------------|
| D4571 (effective 9/1/2015)                              | 1,000,000           | 1,000,000           | 1,000,000           | 1,000,000           |
| Adjustments to funding from new docket effective 1/1/17 | -                   | (250,000)           | (500,000)           | (500,000)           |
| Carryover funds from prior year estimated <sup>3</sup>  | 3,355,365           | 3,100,453           | 2,591,258           | 1,832,065           |
| <b>Total Sources</b>                                    | <b>\$ 4,355,365</b> | <b>\$ 3,850,453</b> | <b>\$ 3,091,258</b> | <b>\$ 2,332,065</b> |
| <b>Less obligated uses of funds</b>                     |                     |                     |                     |                     |
| East Smithfield RICWFA (Arra) \$400,000                 | \$ -                | 27,463              | 27,461              | 27,427              |
| Meter Replacement, Test & Repair                        | 1,254,911           | 1,231,732           | 1,231,732           | 1,231,732           |
| <b>Total Uses</b>                                       | <b>\$ 1,254,911</b> | <b>\$ 1,259,195</b> | <b>\$ 1,259,193</b> | <b>\$ 1,259,159</b> |
| <b>End of Year Balance</b>                              | <b>\$ 3,100,453</b> | <b>\$ 2,591,258</b> | <b>\$ 1,832,065</b> | <b>\$ 1,072,906</b> |

3. FY2016 carry-over funds includes \$750,000 due from the Operating Fund created in 2010 when these funds were used to cover the revenue shortfall. This balance does not change with the approval of this transfer as the "due to" drops to \$0 but the cash balance changes on the balance sheet.

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

| <b>Source of Funds</b>                                 | <b>FY 2016</b>      | <b>FY 2017</b>    | <b>FY 2018</b>    | <b>FY 2019</b>    |
|--|---------------------|-------------------|-------------------|-------------------|
| D4571 (effective 9/1/2015)                             | 600,000             | 600,000           | 600,000           | 600,000           |
| Carryover funds from prior year estimated <sup>4</sup> | 1,751,595           | 1,088,871         | 488,189           | 255,389           |
| <b>Total Sources</b>                                   | <b>2,351,595</b>    | <b>1,688,871</b>  | <b>1,088,189</b>  | <b>855,389</b>    |
| <b>Less obligated uses of funds</b>                    |                     |                   |                   |                   |
| Vehicle and Equipment purchases                        | 962,372             | 886,692           | 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                                 | 26,852              | -                 | -                 | -                 |
| <b>Total Uses</b>                                      | <b>1,262,724</b>    | <b>1,200,682</b>  | <b>832,800</b>    | <b>704,000</b>    |
| <b>End of Year Balance</b>                             | <b>\$ 1,088,871</b> | <b>\$ 488,189</b> | <b>\$ 255,389</b> | <b>\$ 151,389</b> |

*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. This balance does not change with the approval of this transfer as the "due to" drops to \$0 but the cash balance changes on the balance sheet.*

**Schedule NEP-12F  
Insurance Fund**

| <b>Source of Funds</b>                                  | <b>FY 2016</b>     | <b>FY 2017</b>     | <b>FY 2018</b>   | <b>FY 2019</b>   |
|---|--------------------|--------------------|------------------|------------------|
| 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 <sup>5</sup>  | 2,655,031          | 2,212,398          | 1,997,969        | 2,008,150        |
| <b>Total Sources</b>                                    | <b>4,457,578</b>   | <b>4,332,955</b>   | <b>4,436,536</b> | <b>4,446,717</b> |
| <b>Less obligated uses of funds</b>                     |                    |                    |                  |                  |
| Property & Casualty                                     | 1,054,593          | 1,098,777          | 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   | 36,545             | 38,007             | 39,527           | 41,108           |
| <b>Total Uses</b>                                       | <b>2,245,180</b>   | <b>2,334,987</b>   | <b>2,428,386</b> | <b>2,525,522</b> |
| <b>End of Year Balance</b>                              | <b>\$2,212,398</b> | <b>\$1,997,969</b> | <b>2,008,150</b> | <b>1,921,196</b> |

*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. This balance does not change with the approval of this transfer as the "due to" drops to \$0 but the cash balance changes on the balance sheet.*

**0  
Revenue Reserve Fund**

| <b>Source of Funds</b>                                  | <b>FY 2016</b>      | <b>FY 2017</b>      | <b>FY 2018</b>      | <b>FY 2019</b>      |
|---|---------------------|---------------------|---------------------|---------------------|
| D4571 (effective 9/1/2015)                              | \$ 333,860          | \$ 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               | 5,219,171           | 5,553,051           | 2,860,718           | 3,236,339           |
| <b>Total Sources</b>                                    | <b>\$ 5,553,051</b> | <b>\$ 5,908,667</b> | <b>\$ 3,236,339</b> | <b>\$ 3,611,960</b> |
| <b>Less obligated uses of funds</b>                     |                     |                     |                     |                     |
| Transfer to Restricted Funds*                           | -                   | 3,047,949           | -                   | -                   |
| <b>Total Uses</b>                                       | <b>\$ -</b>         | <b>\$ 3,047,949</b> | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>End of Year Balance</b>                              | <b>\$ 5,553,051</b> | <b>\$ 2,860,718</b> | <b>\$ 3,236,339</b> | <b>\$ 3,611,960</b> |

Providence Water Docket 4618

**Data Requests of the  
Kent County Water Authority  
Set 2**

**KCWA 2-6:** Please provide the allocation of the central operations facility to various rate classes based on the function analysis of uses of the new COF.

**Response:** The allocation of costs related to the central operations facility is not performed based on a “function analysis of the uses of the new COF”. Since the COF was still in the design stage when the rate filing was prepared it was not possible to determine with any degree of accuracy the way in which the COF would be utilized.