



February 8, 2017

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: Commission Record Request 28

Dear Mrs. Massaro:

Enclosed please a revised response to Commission Record Request 28 originally filed February 6, 2017. 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)

MEMBER

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Providence Water Docket 4618

Record Requests of the Commission

RR-28. (Providence Water) Please provide an itemization of the overhead costs of \$2.1 million identified by Ms. Parillo and how that figure was arrived at.

RESPONSE: ~~ REVISED RESPONSE ~~

The Capitalized Reimbursement amount of \$2,143,087 represents an offset to our expenses as shown on Schedule HJS-1. This amount is recovered through the IFR account and generally has been referred to as "overhead costs". The amount represents the total Capitalized Reimbursement from the IFR account for fiscal year 2015 (our test year).

The Capitalized Reimbursement consists of two components: labor costs and overheads. As previously explained in the surrebuttal testimony of Nancy Parrillo (see pages 3-4), the test year labor component is \$899,680; this is shown on page 33, line 31 of our fiscal year 2015 PUC Annual Report. The overhead component amounts to \$1,243,407. The overhead component consisted of: fringe benefits of \$451,356; general overheads of \$255,834; vehicle & equipment charges of \$429,061; materials amounting to \$101,286; and other costs of \$5,870.

The fiscal year 2015 Semi-Annual Report, filed in October 2015, reported capitalized labor, fringe and materials for fiscal year 2015 of \$2,073,692. This is reported on the page labeled "Providence Water Supply Addendum, Pursuant to Docket 4406". This amount differs with the above total of \$2,143,087 by \$69,395. This difference occurs as the amount reported in the Semi-Annual Report reflected our general ledger balances in September 2015, before all accounting entries were reflected for fiscal year 2015.