

more particularly described in the prefiled testimony of Andrea Crane). The Division recommended a revenue increase of \$1,820,799 or 22.1% for a total revenue requirement of \$10,050,085.

Osram retained an expert who conducted a review of this filing and the filing in Docket 3192 and its effect on Osram. Osram's expert concluded that the rates assigned to Osram should generate no more than \$366,302, slightly less than the amount Osram was paying under the interim rate increase.

The City of Central Falls hired an expert whose testimony detailed the replacement and depreciated value of the Central Falls system.

After discussion the parties have agreed to settle this docket with a total revenue requirement of \$10,050,085, as set out in exhibit 1, which requires a revenue increase of \$1,820,799 or 22.1% subject to the following conditions:

1. The rate increase will be across the board except for private fire, public fire and the establishment of an extra large industrial rate class, as outline in paragraph 4;
2. Private fire will remain at the rate in place prior to the filing of this docket;
3. Public fire will increase by one and one half times of the overall revenue increase or 33.20%;
4. With the effective date of rates in this docket, the PWSB will establish an Extra Large Industrial class. This rate class will be applicable to customers that have annual consumption of 300,000 HCF or greater based on consumption in the twelve most recent billing months. The rates for

this class will be set at the levels established in conjunction with the interim rate increase in this docket;

5. The Project Engineer position sought by the PWSB in this filing may be filled and paid for out of Infrastructure Replacement Funds;
6. The Geographical Information Systems Technician position may be filled and paid for out of available funds within the approved revenue increase;
7. PWSB will present to the Division an agreed upon plan as to how the City of Pawtucket will pay the public hydrant charges which were not collected between the last rate case and this docket. Until approval of said plan PWSB is prohibited from making any payments to the City of Pawtucket for municipal charges. If the City of Pawtucket defaults under the plan PWSB will not make any payments for municipal charges until such default is cured;
8. All amounts collected from the City of Pawtucket under the payment plan outlined above will be deposited into the restricted Infrastructure Replacement Account;
9. PWSB shall continue to work towards resolution of the Central Falls contract and franchise fees with all deliberate speed. PWSB will file quarterly progress reports regarding the status of these issues, starting in January 2001;
10. PWSB is authorized to collect funds for ongoing franchise fee payments to the City of Central Falls for franchise fees owed from May 2000 forward. Payment of these fees are disputed and shall, therefore, be retained in a

restricted account. Funds collected for prospective franchise fees from May 2000 forward will be retained in the restricted account pending the outcome and resolution of the outstanding contract and franchise fee issues. No funds in the restricted account shall be released without specific Commission approval.

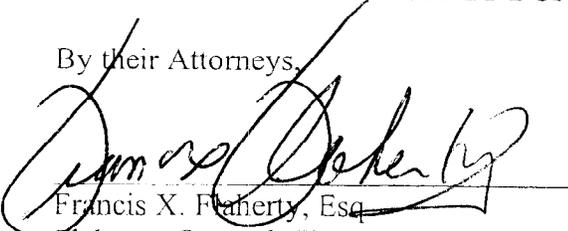
11. Docket 3192, the Cost of Service study filed by Pawtucket will proceed forward as a separate rate design docket;
12. The effective date of the rate increase will be November 1, 2000;
13. This settlement agreement is the product of negotiation and compromise. The making of this agreement establishes no principles or precedents. This agreement shall not be deemed to foreclose any party from making any contention in any future proceeding or investigation.
14. The acceptance of this agreement by the Commission shall not in any respect constitute a determination by the Commission as to the merits of any issue in any subsequent rate proceeding.

The undersigned signatories hereby attest that each believes that the settlement is reasonable, in the public interest and in accordance with law and regulatory policy.

Respectfully submitted,

PAWTUCKET WATER SUPPLY BOARD

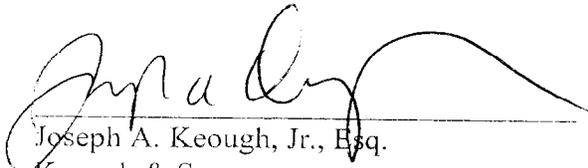
By their Attorneys,


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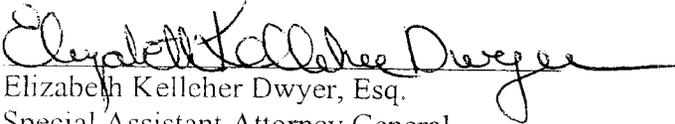
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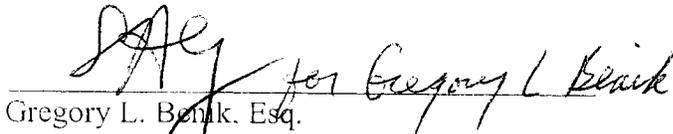
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Schedule 1

PAWTUCKET WATER SUPPLY BOARD

RATE YEAR ENDING JULY 31, 2001

REVENUE REQUIREMENT SUMMARY

	Board Request	Recommended Adjustments		Recommended Position
	(A)			
1. Administrative Expenses	\$3,016,120	(\$19,889)	(C)	\$2,996,231
2. Customer Services Expenses	297,641	0		297,641
3. Sources of Supply Expenses	514,680	0		514,680
4. Pumping Expenses	482,333	0		482,333
5. Purification Expenses	1,380,430	(69,761)	(D)	1,310,669
6. Transmission and Distribution	1,139,419	0		1,139,419
7. Engineering Expenses	333,243	0		333,243
8. Meter Department Expenses	393,252	0		393,252
Other Miscellaneous Expenses:				
9. Advertising and Classifieds	0	0		0
10. Amortization Expense	0	0		0
11. Other Miscellaneous Expense	1,461	0		1,461
12. Bond Principal Payments	279,828	0		279,828
13. Capital Lease Principal Payments	937,658	0		937,658
14. Capitalized Labor	0	0		0
15. Capitalized Materials and Supplies	115,000	0		115,000
16. Infrastructure Rehabilitation	900,000	0		900,000
17. WRB-Settlement	217,831	(113,275)	(E)	104,556
18. Central Falls Franchise Fees Backdue	227,309	(136,385)	(F)	90,924
17. Lead Pipe Replacement Expense	4,666	0		4,666
18. Trans. & Dist. Improvement Exp.	0	0		0
19. Sedimentation Basin Expense	0	0		0
20. TOTAL EXPENSES	\$10,240,871	(\$339,310)		\$9,901,561
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22. REVENUE REQUIREMENT	\$10,396,839	(\$346,754)		\$10,050,085
23. PRESENT RATE REVENUE (B)	8,107,240	122,046	(H)	8,229,286
24. REQUIRED RATE INCREASE	<u>\$2,289,599</u>	<u>(\$468,800)</u>		<u>\$1,820,799</u>

Sources:

- (A) Schedule WEERY-3.
 (B) Schedule WEERY-1.
 (C) Schedules 5, 6, and 7.
 (D) Schedule 4. Reflects total salary and wage adjustment.
 (E) Schedule 8.
 (F) Schedule 9.
 (G) Reflects 1.5% of total pro forma expenses.
 (H) Schedules 2 and 3.