

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: WOONSOCKET WATER DIVISION :  
GENERAL RATE APPLICATION FILING: DOCKET NO. 2904

REPORT AND ORDER

On March 25, 1999, the City of Woonsocket Water Division (“WWD”), a non-investor owned utility, filed with the Public Utilities Commission (“Commission”) a general rate application filing. WWD requested a rate increase of 31.83% for the collection of \$1,232,142 in additional operating revenues for a total revenue requirement of \$5,103,127. In addition, WWD sought to complete the phase out of its declining block rate structure and implement uniform commodity rates for retail and wholesale billings. An effective date of July 1, 1999 for the rate increase was requested. By order dated April 6, 1999, the Commission suspended the effective date of the original filing for a period of six months.

The instant general rate case filing represents WWD’s third such filing in the last fifteen years. The following table provides a brief history:

<u>Docket No.</u>	<u>Filing Date</u>	<u>Amount Requested</u>	<u>Amount Allowed</u>
1857	7/28/86	\$1,901,110	\$1,374,449
2099	4/9/93	\$2,335,532	\$1,999,026

I. Woonsocket Water Department.

In support of this filing, WWD filed the testimony of Emerson J. Marvel, Water Division Superintendent for the City of Woonsocket (“City”) Department of Public Works, and WWD’s consultant, Christopher P. N. Woodcock. In his prefiled testimony, Mr. Marvel noted that, since the previous rate case, WWD performed a comprehensive performance evaluation of the water treatment plant to determine if it met current and future Safe Drinking Water Act requirements. The evaluation concluded that the existing facility needs extensive upgrading to meet existing turbidity limits as well as the new lower limits of the Enhanced Surface Water Treatment Rule. WWD also upgraded its meter reading hardware and software. In accordance with the Water Quality Protection Act of 1987, the City has purchased approximately 150 acres of watershed protection land and has begun construction of the Crookfall Brook Pipeline. Pursuant to R.I.G.L. 46-15-4, WWD submitted a Water Supply Management Plan that was approved, and is also in the process of preparing an infrastructure replacement plan.

With regard to WWD’s proposed rate year cost of service adjustments, Mr. Marvel explained as follows: the adjustments in labor expenses are a proposed three percent annual increase for employees, increases in excess of the three percent baseline for key personnel, and a reduction of the total number of employees. The total rate year increase

in personnel costs above the test year sought by WWD was \$175,516<sup>1</sup>. The reduction in personnel was due to increases in the efficiency of meter reading personnel and the technology in meter reading equipment; therefore, the number of meter reader/repair positions was reduced from seven to six. Mr. Marvel also explained that all upgrades in pay approved in Docket 2099 were instituted. However, WWD was unable to fill all of the positions approved in Docket 2099 (other than the most critical positions) because the rates approved in that prior Docket did not produce the revenues needed to support that level of staffing.

In regards to the education and training expense, Mr. Marvel stated that the increase of \$1,929 in this category was required for training contact hours to maintain operator certification and to train new employees to obtain operator certification. Mr. Marvel explained that the increase in property and fire tax expense of \$52,803 above the test year was due to the acquisition of nearly 150 acres of land for watershed protection. The increase in expenses of the pollution-monitoring program, according to Mr. Marvel, reflects the additional burden the Reauthorization of the Safe Drinking Water Act has placed on WWD. Mr. Marvel explained that the \$300,000 in claims expense sought by WWD arose from a suit filed against WWD alleging that the Rhodes Avenue

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<sup>1</sup> The adjustments described in Mr. Marvel's prefiled testimony are set forth in Schedule 1.0 attached to Mr. Woodcock's prefiled testimony in this docket.

Pump Station is on land not owned by the City of Woonsocket. The claim was settled for \$300,000 payable over three years at \$100,000 per year.

Mr. Marvel also discussed WWD's request for \$650,605 in funding for infrastructure replacement (IFR) projects prior to submission of its IFR Plan. The three critical projects to be funded by the IFR request are: a 3 million gallon low service area storage tank for Logee Street; the removal and replacement of the Mt. St. Charles High Service Storage tank; and the engineering design for the Logee Street transmission main replacement. Other major rate year expense adjustments requested were: a \$125,995 increase in WWD's non-IFR debt service allowance over the test year amount of \$971,579, and a \$39,195 increase in city service charges over the test year amount of \$245,522.

In his prefiled testimony, Mr. Woodcock described a number of reasons why WWD needed a rate increase. He stated that, while WWD's costs (other than IFR-related costs) had increased very little over the revenue requirement approved in the previous Docket, the need for a rate increase was primarily due to a reduction in WWD's metered water sales since the previous rate order issued in December 1993. He noted that increases in labor, maintenance and operating costs, and costs of legal claims also contributed to the need for a rate increase. Mr. Woodcock explained that, while the bulk of WWD's IFR funding requirements would be included in a later filing, the costs of three IFR projects were included in the instant filing because these projects could not otherwise be funded

at this time either through current revenues or long term bond financing which would require voter approval.

Mr. Woodcock also outlined the proposed changes in WWD's rate design. He pointed out that in the last Docket, WWD had begun to phase out its declining block rate system as required by state law, and now proposed to complete the phase-out and implement a new uniform rate. He noted that, in general, larger volume users would see bigger percentage increases as a result of the new uniform rates. However, he also pointed out that large volume users have had notice since the last rate case that the declining block rate structure would be phased out. Finally, Mr. Woodcock explained that although WWD presently has no wholesale customers, it from time to time makes minor bulk sales to nearby communities and requires an approved wholesale rate for this purpose.

## II. The Division

Responding to the filing, the Division of Public Utilities and Carriers ("Division") conducted an investigation of WWD's proposed rate request through three sets of data requests. WWD's rate filing and its responses to the data requests were reviewed by the Division's staff and by its outside consultant, Thomas Catlin. The Division filed testimony recommending a revenue increase of \$665,190, or a 17.02% increase over present WWD's present rates.

In support of its recommendation, the Division filed testimony of its staff, Alberico Mancini and John Bell, and of its consultant, Thomas Catlin. In his prefiled testimony, Mr. Mancini, an engineering specialist for the Division, agreed that WWD required funding for the three critical IFR projects identified in the filing. With regard to the 3-million gallon storage tank, Mr. Mancini explained that if an emergency were to occur at the Woonsocket Treatment Plant, the amount of usable storage would supply the City of Woonsocket for approximately six hours on an average day and approximately three hours in a summer day of peak demand. The addition of the 3-million gallon pre-stressed concrete water reservoir tank requested by WWD would increase WWD's useful storage by approximately 1 million gallons. Mr. Mancini noted that although less expensive alternatives to a pre-stressed concrete tank were available, they would have higher maintenance costs.

Mr. Mancini's testimony next addressed the IFR project regarding Mount Saint Charles High Service Tank. In a study conducted in 1994, the Mount St. Charles Tank was determined to be structurally sound but, due to aging, replacement within five years was recommended. WWD has proposed replacing the existing tank with a 750,000-gallon fluted-column elevated storage tank. After evaluating the costs of alternative designs, Mr. Mancini concluded that WWD's request was reasonable. He also approved of the cost estimate for the IFR project involving the design of the Logee Street transmission main.

Finally, Mr. Mancini noted that, although WWD's cost estimates for the two IFR storage tank projects were 18% greater than the cost estimates he had independently obtained, he did not recommend an adjustment to these cost items. Rather, he recommended that if the actual project costs for the two storage tanks is less than the amount requested by WWD, the remaining funds should be used to fund future IFR projects. Accordingly, Mr. Mancini recommended that the requested level of IFR funding be expended through a specific restricted account earmarked for the three proposed IFR projects, with any leftover funds to be used for future IFR project costs.

In his prefiled testimony, Mr. Bell, an analyst for the Division, presented the Division's revenue requirement position in response to WWD's rate request. With regard to salary and benefits, Mr. Bell found WWD's request for 36 positions, as well as increases in salary for certain key personnel in excess of the baseline, to be reasonable. In particular, Mr. Bell observed that in the present tight labor market, a larger than baseline wage increase in the water engineer's salary reasonable. However, he recommended adjusting WWD's salary and benefits expenses to reflect an average of one open position due to turnover of staffing.

Mr. Bell disagreed with WWD's use of Consumer Price Index (CPI) for determining an attrition allowance in this rate case. Mr. Bell noted that the CPI is based on items, which have little correlation with the cost

of operating a water utility, and instead suggested the use of the Gross Domestic Product-Price Index (GDP-PI) for the second quarter of 2000. Furthermore, Mr. Bell disagreed with WWD's method for calculating its light and power expense because it did not take into account recent electric rate reductions, and instead, recommended the application of current electric rates to normalized usage. Mr. Bell also disapproved of WWD's method for determining pro forma chemical expense, because it did not consider the historic chemical expense WWD actually incurred or the accumulated balance in the chemical expense restricted account. Mr. Bell suggested an adjustment in WWD's actual chemical expense based on the most recent four-year average. In regard to the postage expense, Mr. Bell made an adjustment to WWD's claim for postage related to customer notification of this rate case.

As for pro forma rate case expense, Mr. Bell found WWD's estimate of \$173,000 to be too high. He noted that some \$200,000 was still available in WWD's rate case expense restricted account for payment of current rate case expenses. He also recommended a five-year rather than a three-year amortization of rate case expenses because of WWD's history of infrequent rate filings.

With regard to debt service, Mr. Bell noted that there were excess funds in WWD's debt service restricted account derived from the accumulation of funds for a bond that was never issued. He

recommended applying \$913,711 of these restricted debt service funds to pay down outstanding debt.<sup>2</sup>

As for WWD's request for \$100,000 in its pro forma cost of service to cover costs resulting from a settlement of the Rhodes Avenue Pump Station litigation, Mr. Bell maintained that the problem originated from an error committed by the City of Woonsocket; therefore, the costs of resolving the error should be borne by the City (i.e., the taxpayers) and not charged to the ratepayers of WWD. Mr. Bell also found a lack of justification for increasing the pro forma allowance for city service charges over the original test year expense.

Upon reviewing the historical consumption of water by WWD customers, Mr. Bell concluded that consumption had permanently dropped after 1995. However, he disagreed with using WWD's consumption figure to determine its present rate revenues because WWD's calculation was based partly on consumption in the first six months of 1999, which had dropped significantly. Mr. Bell opined that this drop was an anomaly due to a wetter than normal summer in 1998 and, therefore, should be disregarded in determining WWD's consumption.

The Division also filed testimony of its outside consultant, Thomas Catlin, who addressed the cost allocation and rate design proposed by

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<sup>2</sup> In particular, Mr. Bell recommended that WWD apply \$800,000 of its restricted debt service funds to pay down the outstanding revenue anticipation notes to \$1.2 million and \$113,711 of such funds to pay off the balance of the City's 1982 General Obligation Bonds (issued on behalf of WWD).

WWD. Mr. Catlin recommended three changes with regard to cost allocation. First, he recommended that the salary of the Water Supply Inspector be reassigned to the source of the supply function consistent with the job's actual duties and responsibilities. Second, he recommended that city service charges for the City's Treasury and M.I.S. Departments be reallocated so that one-half of the costs of each department are assigned to billing and collection and the other half to general and administrative. Third, Mr. Catlin recommended the allocation of a portion of service line-related costs to private fire service customers rather than assigning all of those costs to general water service customers. Mr. Catlin noted that none of the foregoing changes would cause any major shifts in the allocation of costs to function, nor in turn, to rates which have been developed based on such costs. Lastly, Mr. Catlin noted that WWD's rate design proposal would complete the phase out of its declining block rate structure and implement a uniform commodity rate. Mr. Catlin concluded that this rate design is reasonable.

### III. WWD's Rebuttal.

In response to the Division's testimony, WWD submitted rebuttal testimony from Mr. Marvel and Mr. Woodcock. In regards to the salary and benefit issue, Mr. Marvel stated that Mr. Bell's recommendation that only 35 positions be funded is not appropriate. Mr. Marvel noted that

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WWD has currently 35 positions and is presently advertising for the thirty-sixth position, and that if Mr. Bell's recommendation is adopted it would not be possible to fill the remaining position. Mr. Marvel also disagreed with Mr. Bell's disallowance of certain chemical expenses as being based on an anomalous year in which no carbon filter replacements took place. Mr. Marvel also disagreed with Mr. Bell's disallowance of the costs of settling the Rhodes Avenue Pump Station litigation. Mr. Marvel explained that WWD must continue supplying water to the Rhodes Avenue Service Area, and that constructing a new facility at a different location would be more expensive than settling the lawsuit. Therefore, in Mr. Marvel's view, the payment of \$300,000 to settle the land claim was reasonable and should be recoverable in rates.

Lastly, Mr. Marvel discussed the total consumption of water by WWD customers. Mr. Marvel explained that consumption by residential customers varies according to the weather and the seasons, and that the dramatic decline in consumption by residential customers in 1999 was affected by dry weather conditions. He also pointed out that commercial consumption declined during this same period at nearly 3 times the rate of decline in residential consumption. Mr. Marvel believed that this decrease in commercial consumption was not due to seasonal or weather conditions, but was permanent and directly attributable to the institution of efficiency and conservation measures. Mr. Marvel also noted that after the 1993 rate case, WWD never realized the revenues

approved by the Commission because of the decrease in consumption. He concluded that further permanent reductions in commercial consumption would result from elimination of the declining block rate structure.

WWD also submitted rebuttal testimony from Mr. Woodcock. Mr. Woodcock disagreed with Mr. Bell's position on salary and benefits. Mr. Woodcock pointed out that the Commission authorized 38 employees in WWD's last rate case, but in an effort to minimize the instant rate increase, WWD only sought funding for 36 employees. Mr. Woodcock agreed with Mr. Bell's adoption of GDP-PI, but did not agree with Mr. Bell's adjustments to light and power expenses. Mr. Woodcock stated that WWD's various properties are served under various electric rate schedules. He therefore determined the total expense by calculating the total kilowatt-hours of all WWD facilities and the demand charge from the main treatment plant, and applied these figures to current rates. Mr. Woodcock also disagreed with Mr. Bell's position on chemical expenses for the same reason as Mr. Marvel.

Mr. Woodcock agreed with Mr. Bell's adjustments for postage as well as adjustments to rate case expense. Mr. Woodcock also agreed with Mr. Bell's proposal to reduce the debt service costs through the use of restricted receipts. Mr. Woodcock, did, however, disagree with the Division's exclusion of the cost of settling the Rhodes Avenue Pump Station litigation. Mr. Woodcock explained that although Woonsocket's

taxpayers and ratepayers may overlap, they do not contribute to tax and water revenues in the same way. Mr. Woodcock argued that it would be unfair for taxpayers to pay for a cost associated with the water system, and that the cost of this settlement should be obtained from water revenues. Mr. Woodcock also disagreed with Mr. Bell's reduction to the city service charges, noting that WWD had updated these costs in a data response. Also, in discussing the calculation of revenues under current rates, Mr. Woodcock argued that WWD's inclusion of most recent consumption figures for the first six months of 1999 is appropriate, and pointed out that much of the reason for the requested rate increase is due to a permanent decline in sales revenues.

Lastly, Mr. Woodcock addressed Mr. Catlin's suggestions regarding cost allocation. First, Mr. Woodcock disagreed with the cost allocation for the Water Supply Inspector because the position description did not accurately reflect the duties of the individual. Second, Mr. Woodcock agreed with Mr. Catlin's recommendation regarding the 50/50 allocation of the portion of city service charges associated with the Treasury and M.I.S. Departments. Lastly, Mr. Woodcock agreed with Mr. Caitlin's position that a portion of the costs associated with service lines should be allocated to private fire protection customers. Mr. Woodcock, however, suggested that the 50/50 split between meters and services suggested by Mr. Catlin be modified to a 90/10 split, because more time is spent on meters than service lines.

#### IV. The Settlement Agreement

Following notice, a hearing for the purpose of taking public comment on the rate filing was conducted at the Woonsocket City Hall on July 13, 1999. WWD and the Division subsequently reached an agreement on WWD's rate filing, and on September 27, 1999 they jointly filed a Settlement Agreement ("Settlement")<sup>3</sup> with the Commission.

A public hearing on the proposed Settlement was conducted at the offices of the Commission, 100 Orange Street, Providence, Rhode Island on September 27, 1999. The following appearances were entered:

FOR WWD:	Joseph Carroll, Esq.
FOR THE DIVISION:	Leo Wold, Esq. Special Assistant Attorney General
FOR THE COMMISSION:	Steven Frias, Senior Legal Counsel

In the Settlement, the parties agreed to a net annual revenue requirement from rates of \$4,671,528, constituting an increase of \$800,544 or 20.68% over WWD's present rate revenues. The parties also agreed to settle WWD's sales volumes at 198,703,740 cubic feet.

The Division settled with WWD at the requested staffing level of 36 employees, thereby increasing the Division's calculation of pro forma personnel costs by \$40,703.

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<sup>3</sup> A copy of the Settlement and Revenue Requirement Summary is attached as Appendix A hereto and incorporated by reference herein.

The Division also agreed to allow a portion of the costs of settling the Rhodes Avenue Pump Station litigation to be recovered in rates. As \$200,000 of the \$300,000 settlement amount has already been paid by WWD, the parties agreed that the balance of \$100,000 would be recovered ratably in rates over a three-year period.

The Division settled with WWD in the amount of \$265,022 for city service charges, an increase of \$19,500 over the test year amount. WWD originally sought an increase of \$39,195, while the Division's original position would have disallowed any increase in city service charges over the test year amount.

WWD originally sought an additional \$26,353 in rate case expenses for a total annual recovery of \$57,667, while the Division's original position allowed for an annual recovery of \$24,600. The parties settled at \$20,000, and further agreed that after full recovery of rate case expenses arising from this Docket, WWD will transfer this annual recovery amount to the IFR restricted account.

A significant portion of WWD's requested increase was for the three IFR projects identified in the rate filing, and the Division agreed to WWD's request for \$650,605 in annual revenues to fund these projects. The Division also agreed to the cost allocation methodology set forth in Mr. Woodcock's rebuttal testimony.

WWD agreed that the funding for chemicals, debt service, rate case expenses, IFR, and renewal and replacement (set forth in Schedule 1 to the Settlement) will be maintained in separate interest-bearing restricted receipt accounts designated exclusively for the purposes outlined in the rate filing. Lastly, WWD agreed that the \$800,000 of the accumulated balance in the debt service restricted account will be applied against the principal balance of the revenue anticipation notes no later than January 1, 2000, with the remaining principal balance to be amortized over a maximum period of 10 years.

#### COMMISSION FINDINGS

At an open meeting conducted on October 5, 1999, the Commission considered the evidence presented in the case and found that the proposed Settlement was just and reasonable and in the best interest of ratepayers. In particular, the Commission approves the revenue increase of \$800,544, for a total cost of service of \$4,831,149. The Commission also concurs with WWD's proposed rate design which eliminates the declining block-rate structure for retail and wholesale rates and implements a uniform or flat commodity rate.<sup>4</sup>

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<sup>4</sup> The process of phasing-out WWD's declining block rates on a gradual basis commenced in 1987 in Docket No. 1857, wherein the Commission approved the reduction of WWD's then five-block retail rate structure to three blocks. Subsequently, in Docket No. 2099, the Commission approved a further reduction to a two-step, declining block rate structure in 1993. The elimination of WWD's declining block rate structure in this docket and the implementation of a uniform commodity rate for both retail and wholesale customers represents the final step in this process, in accordance with the policy enunciated in Section 46-15.4-6(8)(b) of the State's 1991 Water Supply Management Act.

In addition, although the Settlement did not expressly address the issue of reporting on restricted accounts or the status of WWD's short-term debt, the Commission determined that it would be in the best interest of the ratepayers for WWD to report three times per calendar year to the Commission regarding the status of the restricted accounts. Such reports shall indicate the amount of funds set aside; the amounts expended for the period; the interest earned; and the balance of the restricted accounts. The Commission also determined that it would be in the best interest of the ratepayers for WWD to report once every calendar year to the Commission on the status of WWD's short-term debt. Such reports shall indicate the amount of debt previously outstanding; the amount currently outstanding after the current year's pay-down; the interest rate on the debt; and the identity of the lender. With these additional reporting requirements, the Settlement was unanimously approved by the Commission.

Accordingly, it is

(16025) ORDERED:

1. The March 25, 1999 rate application filing by the Woonsocket Water Division is hereby denied and dismissed.

2. The Settlement Agreement filed on September 27, 1999 between the Woonsocket Water Division and the Division of Public Utilities and Carriers is approved.
3. The Woonsocket Water Division shall file with the Commission within thirty (30) days the issue date of this Report and Order, new tariffs designed to recover additional annual revenues of \$800,544 for a total cost of service of \$4,831,149; such tariffs to be effective for consumption on and after November 1, 1999.
4. The funding provided to the Woonsocket Water Division by this Report and Order for the chemicals, debt service, rate case expense, infrastructure replacement, and renewal and replacement capital accounts shall be set aside in interest-bearing restricted receipt accounts, and funds not expended will be carried forward to subsequent years for application to their designated purposes.
5. The Woonsocket Water Division shall comply with the reporting requirements set forth in this Report and Order, and furthermore shall abide by all other terms and conditions imposed by the Settlement Agreement and by this Report and Order.

EFFECTIVE AT PROVIDENCE, RHODE ISLAND, ON OCTOBER  
5, 1999, PURSUANT TO AN OPEN MEETING DECISION. WRITTEN  
ORDER ISSUED NOVEMBER 17, 1999.

PUBLIC UTILITIES COMMISSION

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James J. Malachowski, Chairman

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Kate F. Racine, Commissioner

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Brenda K. Gaynor, Commissioner

\*Chairman Malachowski concurs with the decision, but is unavailable for signature.

## **APPENDIX A**

### STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS PUBLIC UTILITIES COMMISSION

IN RE: WOONSOCKET WATER DIVISION                      DOCKET NO. 2904  
GENERAL RATE FILING

#### **SETTLEMENT AGREEMENT**

This Settlement Agreement is entered into by and between Woonsocket Water Division (“WWD”) and the Division of Public Utilities and Carriers (“Division” and referred to collectively with WWD as the “Parties”) in order to resolve the issues pending in the above-captioned proceeding. The Parties jointly request approval of this Settlement Agreement by the Rhode Island Public Utilities Commission (“Commission”).

#### **I. RECITALS**

On March 25, 1999, WWD filed a General Rate Filing with the Commission seeking \$1,232,142 in additional revenues, a 31.83% rate increase over WWD’s present rate revenue of \$3,870,985. The filed total net revenue requirement was \$5,103,127. A Revenue Requirement Summary containing WWD’s requests, the Division’s recommended adjustments and an agreed to position of the parties is annexed hereto and marked “Schedule 1”. Schedule 1 is restated and incorporated in this Settlement Agreement by reference.

In response to WWD’s filing, the Division conducted an investigation of WWD’s proposed rate request through three sets of

data requests, by the aid of its staff, John Bell and Alberico Mancini, who examined the accounting and engineering aspects of WWD's rate filing, respectively. The Division also retained an outside, expert consultant, Thomas Catlin, who reviewed WWD's rate filing in connection with issues of rate design. The Division filed testimony recommending a revenue increase of \$665,190, a 17.02% increase over present rates.

After due consideration of the Parties' testimony, exhibits and other documentation included in the filings of WWD and the Division, the Parties have now agreed to a settlement which resolves all issues relating to WWD's General Rate Filing. The Parties believe that this settlement, as a whole, constitutes a just and reasonable resolution of the issues in this proceeding, and jointly request its approval by the Commission.

## **II. TERMS OF SETTLEMENT**

1. The Parties agree to a net revenue requirement of \$4,671,528 which is an increase of \$800,544 or 20.68% over WWD's present rate revenues.

See Schedule 1.

2. The rates necessary to generate the net revenue requirements shall be based on the cost allocation methodology set forth in Christopher Woodcock's rebuttal testimony. This methodology reflects certain changes from Mr. Woodcock's direct testimony agreed to by the Parties.

3. The Parties further agree that WWD's sales volumes are settled at 198,703,740 cubic feet.
4. Moreover, WWD and the Division agree that the funding levels provided on Schedule 1 for chemicals, debt service, rate case expense, infrastructure replacement (IFR) and renewal and replacement will be maintained in a separate interest bearing restricted receipt accounts designated exclusively for the purposes outlined in the rate filing.
5. It is also agreed that \$800,000 of the accumulated balance in the debt service restricted account will be applied against the principal balance of the revenue anticipation notes as soon as practical and in no event later than January 1, 2000. The remaining principal balance will be amortized over a maximum period of 10 years.
6. After full recovery of rate case expenses arising from this docket, WWD agrees to transfer the rate case expense to the IFR restricted account.
7. Moreover, after the IFR projects proposed in WWD's General Rate Filing are fully funded, the Division acknowledges that WWD may apply IFR funds towards the implementation of its Department of Health approved IFR plan.
8. Lastly, the Parties agree to a staffing level for WWD of 36 employees.
9. 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.

10. 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.

11. In the event that the Commission (i) rejects this Settlement Agreement, (ii) fails to accept this Settlement Agreement as filed, or (iii) accepts the Settlement Agreement subject to conditions unacceptable to any party hereto, then this Settlement Agreement shall be deemed withdrawn and shall be null and void in all respects.

12. 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.

DIVISION OF PUBLIC UTILITIES  
AND CARRIERS  
By its attorney,

WOONSOCKET WATER DIVISION  
By its attorney,

SHELDON WHITEHOUSE  
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