

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: PROVIDENCE WATER SUPPLY BOARD :
ABBREVIATED APPLICATION : Docket No. 3684
FOR GENERAL RATE RELIEF :

STIPULATION/SETTLEMENT

Pursuant to Rule 1.24 of the Rules of Practice and Procedure, the parties executing this Stipulation/Settlement hereby stipulate and agree as follows:

1. On or about June 30, 2005, Providence Water Supply Board (Providence Water) filed for additional revenues of \$4,957,115 (an overall increase of 10.74%) to support a total revenue request of \$51,128,280. However, after negotiating several issues, all parties now agree that Providence Water may be granted additional revenues of \$4,065,347 (an overall increase of 8.84%) to provide total proforma revenues of \$50,074,694, as set forth on Schedule TSC-1 attached hereto and incorporated by reference herein.

2. Agreed calculations and adjustments to Providence Water's original proposal are set forth in the following schedules:

- Schedule TSC-2 (Summary of Division Adjustments).
- Schedule TSC-3 (page 1 of 2) (Adjustment to Revenues to Reflect Rate Year Billing Units at Present Rates).
- Schedule TSC-3 (page 2 of 2) (Calculation of Rate Year Sales Volumes Based on Average Sales over Period FY 2002 through FY 2005).
- Schedule TSC-4 (Adjustments to Salaries & Wages).

- Schedule TSC-5 (Adjustment to Remove Labor Expense Charged to Capital Projects).
- Schedule TSC-6 (Adjustment to Chemical Costs to Reflect Updated Chlorine Price).
- (There is no Schedule TSC-7).
- Schedule TSC-8 (Adjustment to Insurance Expense to Reflect Updated Results).
- Schedule TSC-9 (Adjustment to Property Tax Expense to Reflect Actual FY 2006 Tax Bills).
- Schedule TSC-10 (page 1 of 2) (Calculation of Uniform Percentage Increase Required to Recover Calculated Revenue Deficiency).
- Schedule TSC-10 (page 2 of 2) (Development of Proposed Rates and Proof of Revenue at Proposed Rates).
- Schedule TSC-11 (page 1 of 2) (Calculation of Incremental Percentage Increase Required to Recover Increase in Private Fire Rates from Other Services excluding Wholesale Service).
- Schedule TSC-11 (page 2 of 2) (Development of Alternative Rates with No Increase in Private Fire Service and Proof of Revenue at Alternative Rates).
- Schedule WEE-Rebuttal-2 (Purchase Power Expense).

3. The wholesale rate is set at \$1,236.00 per million gallons.

4. The residential retail rate is set at \$1.952 per hundred cubic feet (hcf); the commercial retail rate is set at \$1.876 per hcf; and the industrial retail rate is set at \$1.82 per hcf. However, if the Commission elects not to increase Private Fire Service rates, the residential retail rate will be set at \$1.958 per hcf; the commercial retail rate will be set at \$1.882 per hcf; and the industrial retail rate will be set at \$1.825 per hcf.

5. Retail consumption is projected at 15,307,697 hcf. Wholesale consumption is projected at 13,766,672 hcf. (See TSC-3 page 2 of 2). A four-year average (FY 2002

– FY 2005) was used, except that wholesale purchases by Bristol County Water Authority were adjusted as shown on TSC-3 page 2 of 2.

6. The uniform percentage rate increase is 9.065%. However, if the Commission elects not to increase Private Fire Service rates, the uniform percentage rate increase will be 9.364%, except there will be no increase in Fire Service rates, and Wholesale rates will increase 9.065%.

7. The Public Fire Supply rate is set at \$250.24 per hydrant, and Private Fire Service rates are shown on TSC-10 page 2 of 2. However, if the Commission elects not to increase Private Fire Service rates, then the Public Fire Supply rate will be \$250.99 per hydrant, and the Private Fire Service rates will be as set forth on Schedule TSC-11 page 2 of 2.

8. With regard to City services expenses, Providence Water agrees that these expenses will be reevaluated and restudied in its next full rate filing, including, but not limited to, purchasing, legal, personnel, and data processing expenses and allocations, as well as Providence Water's own expenses in relation to other City departments.

9. It is agreed that Providence Water may use IFR and CIP funds to pay for \$518,006 of capitalized labor costs, and for \$259,003 of capitalized benefits costs, for a total of \$777,009. In addition, Providence Water may use IFR and CIP funds to pay for the three additional engineers approved by the Commission to be paid from IFR and CIP funds in Docket No. 3163 on the terms set forth therein.

10. It is agreed that this change in rates may be implemented by Providence Water for consumption on and after January 1, 2006.

11. It is agreed that the three Board members of the Providence Water Supply Board currently receiving health benefits may continue to have those benefits paid from rates because those Board members were appointed with the explicit understanding that the health benefits were available to them. However, when each such member is replaced and a new Board member is appointed, it is agreed that such new member will be appointed with the explicit understanding that health benefits for the new Board member will not be paid by Providence Water ratepayers.

12. It is agreed that all accounts currently restricted by previous Commission Orders shall remain restricted, except as provided herein. It is agreed that the Wholesale Valve Restricted Fund and the Alternative Supply Restricted Fund shall both be closed on or before June 30, 2006. It is further agreed that all remaining balances (estimated to be \$702,905) in the Wholesale Valve Restricted Fund shall be transferred to the Insurance Restricted Fund on or before June 30, 2006, and that all remaining balances (estimated to be \$443,149) in the Alternative Supply Restricted Fund will be transferred to the Chemical/Sludge Restricted Fund on or before June 30, 2006. Lastly, it is agreed that the contingency for the wholesale valve project in the amount of \$400,000, which is intended to cover the cost of a line stop for the project as well as project overruns and any potential delay charges, shall be added as a line item to the Infrastructure Replacement (IFR) Restricted Fund.

13. It is agreed that Providence Water's new tariffs will be those shown as Schedules A through F (Attachment 1) inclusive, attached hereto. However it is also agreed that if the Commission elects not to increase Private Fire Service rates, then

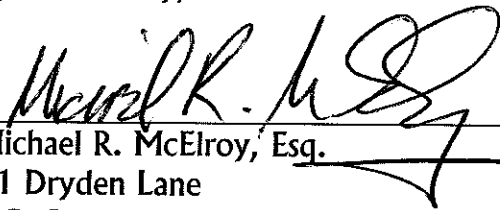
Providence Water's new tariffs will be those shown as Schedules A through F (Attachment 2) attached hereto.

14. This Stipulation/Settlement is the result of negotiated settlement among the parties. The agreement by the parties to this Stipulation/Settlement shall not be construed as an agreement to any matter of fact or law addressed in this Stipulation/Settlement in any future Division or Commission proceedings, and no party, by executing this Stipulation/Settlement, is bound by any of the positions taken in this Stipulation/Settlement, and no position taken by any of the parties to this Stipulation/Settlement on any issue is to be construed as a precedent in any future Division or Commission proceedings, nor shall it be cited as a precedent.

15. In the event the Commission rejects or fails to approve any part of this Stipulation/Settlement, the entire Stipulation/Settlement shall be void.

Executed this 4th day of November, 2005.

Providence Water Supply Board
By its attorney,



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PROVIDENCE WATER SUPPLY BOARD

Summary of Revenues and Expenses at
 Present and Proposed Rates
 Rate Year Ended December 31, 2006

	Rate Year Amount Per PWSB	Division Adjustments	Rate Year at Present Rates	Increase from Proposed Rates	Rate Year at Proposed Rates
Revenue					
Retail Water Sales	\$27,054,402	\$ 55,001	\$ 27,109,403	\$ 2,453,166	\$ 29,562,569
Wholesale Water Sales	11,903,083	(237,181)	11,665,902	1,061,772	12,727,674
Retail Service Charges	3,523,890	10,691	3,534,581	320,418	3,854,998
Private Fire Protection	1,142,763	9,673	1,152,436	104,484	1,256,920
Public Fire Protection	1,384,441	-	1,384,441	125,507	1,509,948
Miscellaneous	1,162,585	-	1,162,585	-	1,162,585
Total Revenue	\$46,171,164	\$ (161,817)	\$ 46,009,347	\$ 4,065,347	\$ 50,074,694
Expenses					
Operation & Maintenance	22,765,246	(236,658)	22,528,588	-	22,528,588
Insurance	1,999,100	(221,656)	1,777,444	-	1,777,444
Chemical & Sludge	2,069,714	37,533	2,107,247	-	2,107,247
City Service Expense	729,994	-	729,994	-	729,994
Property Taxes	6,295,742	(99,799)	6,195,943	-	6,195,943
Capitalized Labor	518,006	(518,006)	(0)	-	(0)
Net Operations	\$34,377,802	\$ (1,038,586)	\$ 33,339,216	\$ -	\$ 33,339,216
Capital Improvements	2,450,000	-	2,450,000	-	2,450,000
Western Cranston Fund	62,069	-	62,069	-	62,069
Infrastructure Replacement	12,500,000	-	12,500,000	-	12,500,000
Wholesale 102" Valves	-	-	-	-	-
Alternative Source of Supply	-	-	-	-	-
Meter Replacement	400,000	-	400,000	-	400,000
Equipment Replacement	600,000	-	600,000	-	600,000
Net Restricted	\$16,012,069	\$ -	\$ 16,012,069	\$ -	\$ 16,012,069
Total Expenses	\$50,389,871	\$ (1,038,586)	\$ 49,351,285	\$ -	\$ 49,351,285
Operating Reserve	738,409	(15,579)	722,831	-	722,831
Total Cost of Service	\$51,128,280	\$ (1,054,164)	\$ 50,074,116	\$ -	\$ 50,074,116
Revenue Surplus/(Deficiency)	\$ (4,957,116)	\$ 892,348	\$ (4,064,769)	\$ 4,065,347	\$ 579

PROVIDENCE WATER SUPPLY BOARD

Summary of Division Adjustments to
 Rate Year Revenues and Expenses at Present Rates
 Rate Year Ending December 31, 2006

<u>Description</u>	<u>Amount</u>	<u>Source</u>
Water and Fire Service Revenue	\$ (161,817)	Schedule TSC-3
Total Revenue Adjustments	\$ (161,817)	
Employee Vacancies	(127,313)	Schedule TSC-4
Capitalized Labor	(518,006)	Schedule TSC-5
Capitalized Benefits	(259,003)	Schedule TSC-5
Chemical Cost Update	37,533	Schedule TSC-6
Variable Electric Costs	-	Adjustment Withdrawn
Variable Chemical Costs	-	Adjustment Withdrawn
Insurance Update	(221,656)	Schedule TSC-8
Property Tax Expense	(99,799)	Schedule TSC-9
Electricity Cost Update	149,659	See Note (2)
Operating Reserve	(15,579)	See Note (1)
Total Expense Adjustments	\$ (1,054,164)	
Total Revenue Requirement Effect of Division Adjustments at Present Rates	\$ (892,348)	

Note:

- (1) Based on 1.5% of total expenses net of miscellaneous revenue.
- (2) Per response to informal data request.

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Revenues to Reflect
 Rate Year Billing Units at Present Rates
 Rate Year Ending December 31, 2006

Billing Unit	Units of Service	Unit Rate	Annual Revenue
Quarterly Service Charge:			
5/8"	53,885	\$ 11.14	\$ 2,401,116
3/4"	9,797	11.93	467,513
1"	5,049	14.00	282,744
1.5"	1,470	16.76	98,549
2"	1,849	24.37	180,241
3"	42	80.38	13,504
4"	33	101.14	13,350
6"	70	149.54	41,871
8"	30	204.86	24,583
10"	4	254.99	4,080
12"	1	305.13	1,221
Total	72,230		\$ 3,528,771
Monthly Service Charge:			
1"	1	\$ 7.55	\$ 91
1.5"	1	8.47	102
2"	4	11.01	528
4"	1	36.59	439
6"	6	52.72	3,796
8"	1	71.17	854
Total	14		\$ 5,810
Total Service Charge Revenue			\$ 3,534,581
Retail Consumption Charges:			
Residential (HCF)	11,855,827	\$ 1.79	\$ 21,221,930
Commercial (HCF)	2,457,002	\$ 1.72	\$ 4,226,043
Industrial (HCF)	994,866	\$ 1.67	\$ 1,661,429
Total	15,307,695		\$ 27,109,402
Wholesale Consumption Charge:			
Consumption (HCF)	13,766,672	\$ 0.84740	\$ 11,665,902
(Million Gallons)	10,297.47	\$ 1,132.89	
Private Fire Service Charge:			
3/4"	8	\$ 10.77	\$ 345
1"	16	14.26	913
1.5"	4	23.00	368
2"	29	33.48	3,884
4"	247	92.87	91,756
6"	1,089	180.22	785,038
8"	201	285.03	229,164
10"	5	407.30	8,146
12"	15	547.05	32,823
Total	1,614		\$ 1,152,436
Public Fire Service Charge:			
Hydrants	6,034	\$ 229.44	\$ 1,384,441
Total Revenue			\$ 44,846,762
Amount Per PWSE			\$ 45,008,579
Adjustment to Revenue			\$ (161,817)

PROVIDENCE WATER SUPPLY BOARD

Calculation of Rate Year Sales Volumes Based on
 Average Sales over Period FY 2002 through FY 2005
 Rate Year Ending December 31, 2006
 (Volumes in HCF)

	FY2002	FY 2003	FY 2004	FY2005	Four Year Average	Adjustments	Pro Forma Rate Year
<u>Retail</u>							
Residential	11,946,454	12,203,733	12,030,853	11,242,268	11,855,827	-	11,855,827
Commercial	2,308,845	2,206,004	2,356,680	2,956,479	2,457,002	-	2,457,002
Industrial	1,049,987	1,000,891	877,656	1,050,937	994,868	-	994,868
Sub-total Retail	15,305,286	15,410,628	15,265,189	15,249,684	15,307,697	-	15,307,697
<u>Wholesale</u>							
East Providence	2,346,770	2,493,285	2,347,620	2,414,642	2,400,579		2,400,579
East Smithfield	333,442	346,036	349,221	347,134	343,958		343,958
Greenville	445,396	470,702	428,017	470,107	453,556		453,556
Kent County	3,532,443	3,529,317	3,867,756	3,915,227	3,708,686		3,708,686
Smithfield	447,447	433,016	425,587	434,665	435,179		435,179
Warwick	4,372,840	4,654,592	4,292,842	4,313,222	4,408,374		4,408,374
Lincoln	1,047,007	1,059,985	1,027,574	1,108,820	1,060,847		1,060,847
Johnston	199,022	163,387	156,251	180,321	174,745		174,745
Bristol County (1)	1,350,122	1,892,471	1,942,031	1,803,583	1,942,031	(1,161,282)	780,749
Sub-total Wholesale	14,074,489	15,042,791	14,826,899	14,987,721	14,927,954	(1,161,282)	13,766,672
Grand Total	29,379,775	30,453,419	30,092,088	30,237,405	30,235,651	(1,161,282)	29,074,369

Note:

(1) Four year average for Bristol County is equal to FY 2004 volume. Adjustment is based on a reduction in purchases to a level of 1.6 MGD per Attachment A to the testimony of Walter Edge.

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Salaries & Wages
to Reflect Rate Year Wage Levels
Rate Year Ending December 31, 2006

Adjusted Test Year Wage Levels (1)	\$ 11,841,580
Reverse 50% of Adjustment to Reflect No Vacancies (2)	<u>(119,979)</u>
Actual Test Year Payroll	11,721,602
Rate Year Effect of Contractual Wage Increases (1)	<u>1.06113175</u>
Annualized Rate Year Wages	\$ 12,438,164
Amount per Company	<u>12,565,477</u>
Adjustment to Rate Year Expense	<u>\$ (127,313)</u>

Notes:

(1) Amounts per Schedule WEE-5.

(2) Reflects one half the annual effect of normalizing adjustment on Schedule WEE-5.

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Remove Labor Expense
Charged to Capital Projects
Rate Year Ending December 31, 2006

Test Year Capitalized Labor (1)	\$ 488,164
Rate Year Effect of Contractual Wage Increases (1)	<u>1,061,131.75</u>
Rate Year Labor Charged to IFR and CIP Funds	\$ 518,006
Fringe Benefits Capitalized at 50%	<u>259,003</u>
Adjustment to Rate Year Expense	<u><u>\$ (777,009)</u></u>

Notes:

- (1) Amount per Schedules WEE-4 and WEE-5.
- (2) Based on test year benefits and labor.

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Chemical Costs to Reflect Updated Chlorine Price
Rate Year Ending December 31, 2006

FY 2006 Chlorine Price per Ton (1)	\$	840
FY 2007 Chlorine Price per Ton (1)		<u>940</u>
Average Rate Year Price	\$	890
Annual Usage in Tons		<u>117</u>
Updated Annual Cost	\$	104,130
Amount Per Company (2)		<u>66,597</u>
Adjustment to Rate Year Expense	\$	<u><u>37,533</u></u>

Notes:

(1) Per response to DIV 2-2.

(2) Per Schedule WEE-10A.

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Insurance Expense
 to Reflect Updated Results
 Rate Year Ending December 31, 2006

	<u>FY2004 (1)</u>	<u>FY2005 (1)</u>	<u>FY2006 (1)</u>	<u>FY 2007 (2)</u>	<u>Rate Year Expense (3)</u>
Property and Casualty	\$ 751,134	\$ 1,158,536	\$ 1,237,535	\$ 1,321,921	\$ 1,279,728
Workers Compensation	166,383	408,009	404,039	404,039	404,039
Old Workers Comp Claims	68,094	130,762	50,000	50,000	50,000
Injuries & Damages	34,962	16,075	25,519	25,519	25,519
Safety Supplies & Other	22,046	10,233	16,140	16,140	16,140
Program Expense	<u>2,388</u>	<u>1,650</u>	<u>2,019</u>	<u>2,019</u>	<u>2,019</u>
Total Insurance Expense	\$ 1,045,007	\$ 1,725,265	\$ 1,735,251	\$ 1,819,637	\$ 1,777,444
Amount per PWSB Filing (3)				<u>1,999,100</u>	
Adjustment to Rate Year Expense					<u>\$ (221,656)</u>

Notes:

- (1) Per response to DIV 1-14.
- (2) Property and Casualty amount for FY 2007 reflects percentage over FY 2006 equal to FY 2006 percentage increase over FY 2005. Workers Comp was left at FY 2006 level. Old Workers Comp claims per Providence Water filing. Remaining items reflect average of FY 2004 and FY 2005 amounts.
- (3) Equal to average of FY 2006 and FY 2007.

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Property Tax Expense
to Reflect Actual FY 2006 Tax Bills
Rate Year Ending December 31, 2006

<u>Municipality</u>	<u>Actual FY 2006 Property Tax Expense (1)</u>	<u>Rate Year Property Tax Expense (2)</u>	<u>Rate Year Amount per PWSB (3)</u>	<u>Adjustment to Rate Year Expense</u>
Town of Scituate	\$ 4,857,896	\$ 4,991,488	\$ 5,017,408	\$ (25,920)
Town of Foster	308,492	316,975	319,899	(2,924)
City of Cranston	531,738	546,361	568,801	(22,440)
Town of North Providence	224,715	230,895	264,372	(33,477)
Town of Johnston	56,424	57,976	57,524	452
Glocester	43,112	44,298	59,702	(15,404)
Town of West Warwick	3,855	3,961	4,082	(121)
West Glocester Fire	3,577	3,675	3,646	29
Harmony Fire Department	147	147	142	5
Chepachet Fire District	145	145	145	-
City of Warwick	21	21	20	1
Total Property Taxes	\$ 6,030,123	\$ 6,195,942	\$ 6,295,741	\$ (99,799)

Notes:

- (1) Per response to Division 1-12. Amount for the West Glocester Fire District is estimated and the amount for the Chepachet Fire District is the FY 2005 amount because FY 2006 tax bills have not been received.
- (2) Actual FY 2006 expense plus one half of maximum increase of 5.5% to reflect growth for one-half year.
- (3) Per Schedule WEE-6.

PROVIDENCE WATER SUPPLY BOARD

Calculation of Uniform Percentage Increase
Required to Recover Calculated Revenue Deficiency
Rate Year Ending December 31, 2006

	<u>Amount (1)</u>
Revenue at Existing Rates	
Retail Water Sales	\$ 27,109,403
Wholesale Water Sales	11,665,902
Retail Service Charges	3,534,581
Private Fire Protection	1,152,436
Public Fire Protection	<u>1,384,441</u>
Total Service Revenue	\$ 44,846,762
 Revenue Deficiency per Division	 <u>\$ 4,065,347</u>
 Uniform Percentage Increase	 <u><u>9.065%</u></u>

Note:

(1) Per Schedule TSC-1.

PROVIDENCE WATER SUPPLY BOARD

Development of Proposed Rates and
 Proof of Revenue at Proposed Rates
 Rate Year Ending December 31, 2006

Billing Unit	Units of Service	Current Rates	Proposed Rates	Settlement Revenues
Quarterly Service Charges				
5/8"	53,885	\$ 11.14	\$ 12.15	\$ 2,618,811
3/4"	9,797	11.93	13.01	509,836
1"	5,049	14.00	15.27	308,393
1.5"	1,470	16.76	18.28	107,486
2"	1,849	24.37	26.58	196,586
3"	42	80.38	87.67	14,729
4"	33	101.14	110.31	14,561
6"	70	149.54	163.10	45,668
8"	30	204.86	223.43	26,812
10"	4	254.99	278.10	4,450
12"	1	305.13	332.79	1,331
Total	72,230			\$ 3,848,662
Monthly Service Charges				
5/8"	-	\$ 6.63	\$ 7.23	\$ -
3/4"	-	\$ 6.86	7.48	-
1"	1	\$ 7.55	8.23	99
1.5"	1	\$ 8.47	9.24	111
2"	4	\$ 11.01	12.01	576
3"	-	\$ 29.68	32.37	-
4"	1	\$ 36.59	39.91	479
6"	6	\$ 52.72	57.50	4,140
8"	1	\$ 71.17	77.62	931
10"	-	\$ 87.88	95.85	-
12"	-	\$ 104.59	114.07	-
Total	14			\$ 6,336
Total Service Charge Revenue				\$ 3,854,998
Retail Consumption Charges				
Residential (HCF)	11,855,827	\$ 1.79	\$ 1.9520	23,142,574
Commercial (HCF)	2,457,002	\$ 1.72	\$ 1.8760	4,609,336
Industrial (HCF)	994,868	\$ 1.67	\$ 1.8200	1,810,659
Total	15,307,697			\$ 29,562,569
Wholesale Consumption Charges				
Consumption (HCF)	13,766,672	\$ 0.84740	\$ 0.92453	\$ 12,727,674
	10,297.47	\$ 1,132.89	\$ 1,236.00	
Private Fire Service Charges				
3/4"	8	\$ 10.77	\$ 11.75	376
1"	16	\$ 14.26	\$ 15.55	995
1.5"	4	\$ 23.00	\$ 25.08	401
2"	29	\$ 33.48	\$ 36.51	4,235
4"	247	\$ 92.87	\$ 101.29	100,075
6"	1,089	\$ 180.22	\$ 196.56	856,215
8"	201	\$ 285.03	\$ 310.87	249,939
10"	5	\$ 407.30	\$ 444.22	8,884
12"	15	\$ 547.05	\$ 596.64	35,798
Total	1,614			\$ 1,256,920
Public Fire Service Charges				
Hydrants	6,034	\$ 229.44	\$ 250.24	\$ 1,509,948
Miscellaneous Revenue				1,162,585
Total Revenue				\$ 50,074,694
Revenue Requirement				\$ 50,074,116
Difference				\$ 579

PROVIDENCE WATER SUPPLY BOARD

Calculation of Incremental Percentage Increase
Required to Recover Proposed Increase in Private Fire Rates
from Other Services excluding Wholesale Service
Rate Year Ending December 31, 2006

	<u>Amount (1)</u>
Revenue at Proposed Rates	
Retail Water Sales	\$ 29,562,569
Wholesale Water Sales	-
Retail Service Charges	3,854,998
Private Fire Protection	-
Public Fire Protection	<u>1,509,948</u>
Total Service Revenue	<u>\$ 34,927,516</u>
Proposed Increase in Private Fire	<u>\$ 104,484</u>
Incremental Percentage Increase	<u><u>0.299%</u></u>

Note:

(1) Per Schedule TSC-1.

PROVIDENCE WATER SUPPLY BOARD

Development of Alternative Rates with No Increase in Private Fire Service
 and Proof of Revenue at Alternative Rates
 Rate Year Ending December 31, 2006

Billing Unit	Units of Service	Current Rates	Proposed Rates	Settlement Revenues
Quarterly Service Charges				
5/8"	53,885	\$ 11.14	\$ 12.19	\$ 2,627,433
3/4"	9,797	11.93	13.05	511,403
1"	5,049	14.00	15.32	309,403
1.5"	1,470	16.76	18.33	107,780
2"	1,849	24.37	26.66	197,177
3"	42	80.38	87.93	14,772
4"	33	101.14	110.64	14,604
6"	70	149.54	163.59	45,805
8"	30	204.86	224.10	26,892
10"	4	254.99	278.93	4,463
12"	1	305.13	333.79	1,335
Total	72,230			\$ 3,861,068
Monthly Service Charges				
5/8"	-	\$ 6.63	\$ 7.25	\$ -
3/4"	-	\$ 6.86	7.50	-
1"	1	\$ 7.55	8.25	99
1.5"	1	\$ 8.47	9.27	111
2"	4	\$ 11.01	12.05	578
3"	-	\$ 29.68	32.47	-
4"	1	\$ 36.59	40.03	480
6"	6	\$ 52.72	57.67	4,152
8"	1	\$ 71.17	77.85	934
10"	-	\$ 87.88	96.14	-
12"	-	\$ 104.59	114.41	-
Total	14			\$ 6,355
Total Service Charge Revenue				\$ 3,867,424
Retail Consumption Charges				
Residential (HCF)	11,855,827	\$ 1.79	\$ 1.958	23,213,709
Commercial (HCF)	2,457,002	\$ 1.72	\$ 1.882	4,624,078
Industrial (HCF)	994,868	\$ 1.67	\$ 1.825	1,815,634
Total	15,307,697			\$ 29,653,421
Wholesale Consumption Charges				
Consumption (HCF)	13,766,672	\$ 0.84740	\$ 0.92453	\$ 12,727,674
	10,297.47	\$ 1,132.89	\$ 1,236.00	
Private Fire Service Charges				
3/4"	8	\$ 10.77	\$ 10.77	345
1"	16	\$ 14.26	14.26	913
1.5"	4	\$ 23.00	23.00	368
2"	29	\$ 33.48	33.48	3,884
4"	247	\$ 92.87	92.87	91,756
6"	1,089	\$ 180.22	180.22	785,038
8"	201	\$ 285.03	285.03	229,164
10"	5	\$ 407.30	407.30	8,146
12"	15	\$ 547.05	547.05	32,823
Total	1,614			\$ 1,152,436
Public Fire Service Charges				
Hydrants	6,034	\$ 229.44	\$ 250.99	\$ 1,514,474
Miscellaneous Revenue				1,162,585
Total Revenue				\$ 50,078,013
Revenue Requirement				\$ 50,074,116
Difference				\$ 3,897

PURCHASE POWER EXPENSE
PROVIDENCE WATER

Schedule WEE-Rebuttal-2

	FY02	FY03	FY04	FY05	PRO-FORMA Originally Filed	PRO-FORMA per compliance *	Compliance ADJUSTMENT
61510 \$	- \$	- \$	4 \$	- \$	- \$	- \$	- \$
61523	452,235	441,041	475,707	568,227	569,700	676,190	106,490
61530	100,100	104,036	127,781	145,680	151,753	173,359	21,606
61550	3,192	3,305	7,643	8,406	8,820	10,003	1,183
61580	48,172	44,665	79,129	103,302	102,549	122,929	20,380
\$	603,699 \$	593,047 \$	690,264 \$	825,615 \$	832,822 \$	982,482 \$	149,659

	FY 02	FY 03	FY 04	FY 05
61523				
Activity Electric	452,235	441,041	475,707	568,227
61530				
Activity Electric	100,100	104,036	127,781	145,680
61550				
Activity Electric	3,192	3,305	7,643	8,405
61580				
Activity Electric	48,172	43,206	61,263	73,373
Gas	-	1,459	17,722	29,929
Inventory Control	-	-	144	-
	48,172	44,665	79,129	103,302

<i>Combined Narratives by Activity</i>				
Electric	603,699	591,588	672,394	795,685
Gas	-	1,459	17,722	29,929
Inventory Control	-	-	144	-
	603,699	593,047	690,260	825,614

* Proforma amount calculated by increasing FY05 by 19%.
The usage of 19% is further explained in Mr. Edge's Compliance Testimony.

**ATTACHMENT 1
PROPOSED TARIFFS**

PROVIDENCE WATER SUPPLY BOARD TARIFF

Replaces Tariff
January 1, 2003

Effective: January 1, 2006

RI Public Utilities Commission Docket No. 3684

TARIFF SCHEDULES

Schedule

- | | |
|---|---|
| A | Service Charges – Retail |
| B | Metered Sales – Retail |
| C | Bulk Sales to Public Authorities for Resale |
| D | Public Fire Protection |
| E | Private Fire Service |
| F | Miscellaneous Charges |

**ATTACHMENT 1
PROPOSED TARIFFS**

SCHEDULE A

Providence Water Supply Board
Service Charges
Retail

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable to all metered customers for industrial, commercial and residential use, exclusive of fire service connection, in the Providence Water Supply Board service area.

Rates

For each service connected to the Providence Water Supply Board mains, the following customer service charges shall apply:

<u>Size of Meter</u>	<u>Quarterly</u>	<u>Monthly</u>
5/8 "	\$12.15	\$7.23
3/4	13.01	7.48
1	15.27	8.23
1 ½	18.28	9.24
2	26.58	12.01
3	87.67	32.37
4	110.31	39.91
6	163.10	57.50
8	223.43	77.62
10	278.10	95.85
12	332.79	114.07

Terms of Payment

All customer service charges may be billed quarterly or monthly and are due and payable when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

**ATTACHMENT 1
PROPOSED TARIFFS**

SCHEDULE B

Providence Water Supply Board
Metered Sales
Retail

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable to all general metered water service in the Providence Water Supply Board service area.

Rates

For all quantities used, except for bulk sales for resale, the following rates shall apply:

Quarterly Accounts

Residential	\$1.9520
Commercial	\$1.8760
Industrial	\$1.8200

Monthly Accounts

Residential	\$1.9520
Commercial	\$1.8760
Industrial	\$1.8200

Terms of Payment

All metered sales bills are rendered in arrears quarterly or monthly at the option of the Providence Water Supply Board and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

**ATTACHMENT 1
PROPOSED TARIFFS**

SCHEDULE C

Providence Water Supply Board
Bulk Sales to Public Authorities for Resale

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable to all public authorities in the Providence Water Supply Board service area purchasing water for resale.

Rates

\$1,236.00 per million gallons

Terms of Payment

All bills for bulk sales are rendered quarterly or monthly in arrears in accordance with contract agreements and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

**ATTACHMENT 1
PROPOSED TARIFFS**

SCHEDULE D

Providence Water Supply Board
Public Fire Protection

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable to all service to public fire hydrants in the Providence Water Supply Board service area.

Rates

For each hydrant: \$250.24

Terms of Payment

All bills for public fire service are rendered quarterly and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

**ATTACHMENT 1
PROPOSED TARIFFS**

SCHEDULE E

Providence Water Supply Board
Private Fire Service

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable for service to private fire protection appliances owned and maintained by the customer in the Providence Water Supply service area.

Rates

For each fire service connection to the Providence Water Supply Board mains, the following charges shall apply:

<u>Size of Service</u>	<u>Quarterly</u>
3/4"	\$11.75
1	15.55
1 ½	25.08
2	36.51
4	101.29
6	196.56
8	310.87
10	444.22
12	596.64

Terms of Payment

All bills for private fire services are rendered quarterly and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

**ATTACHMENT 1
PROPOSED TARIFFS**

**SCHEDULE F
PROVIDENCE WATER
TERMS & CONDITIONS
SERVICE FEE SCHEDULE
(effective January 1, 2006)
page 1 of 2**

NOTE: All applicants must complete financial arrangements prior to services being rendered. Applicants are responsible for obtaining and paying for all permits and any additional fees.

SERVICE	FEE
PHOTOCOPYING	
Distribution Sheet	\$ 3.00/copy
Letter or Legal Size Document	\$.15/copy
LIEN CERTIFICATE	\$ 6.00
RETURNED CHECK FEE	\$ 20.00
PLAN CHECKING/WATER AVAILABILITY REVIEW	\$ 57.00/hour
EASEMENT/ABANDONMENT REQUEST	\$ 50.00/hour
FIRE HYDRANT FLOW TEST	\$ 118.00
NEW WATER SERVICE INSTALLATION - BASIC	
1" Water Service	\$1,673.00
1 ½" Water Service	2,596.00
2" Water Service	2,931.00
4" Water Service	3,700.00
6" Water Service	3,998.00

NEW WATER SERVICE INSTALLATION - SPECIAL CIRCUMSTANCES

All services greater than 6" will be installed and charged on a time and materials basis, consistent with the methodology used in computing the above service charges. **Notwithstanding the above schedule**, any sites where special circumstances may be encountered (ie. ledge, special fittings, routing around other utilities) will also be charged on a time and materials basis. The average time rate for all manpower and equipment (including overhead) averages approximately \$400/hr.

PAVEMENT/SIDEWALK RESTORATION CHARGES

Applicants are responsible for all *actual* road and/or sidewalk restoration charges, as the charge varies with the size of the excavation and the pavement thickness. For illustrative purposes, on average, the charge is approximately \$300 for payment restoration and \$75 for sidewalk.

**ATTACHMENT 1
PROPOSED TARIFFS**

**SCHEDULE F
PROVIDENCE WATER
TERMS & CONDITIONS
SERVICE FEE SCHEDULE
(effective January 1, 2006)
page 2 of 2**

SERVICE	FEE
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POLICE DETAILS

If the work being performed presents a safety hazard and it is necessary to employ police details for traffic control, the applicant will be responsible for such costs at the then current rate of the respective Town or City. For illustrative purposes, the hourly detail rates as of June 15, 2002 are as follows:

Cranston	\$40.12
Johnston	30.00
North Providence	33.00
Providence	42.00

NEW WATER METER INSTALLATION - INCLUDING ERT

5/8" Meter	\$ 184.00
3/4" Meter	230.00
1" Meter	266.00
1 1/2" Meter	457.00
2" Meter	545.00

All meters greater than 2" will be charged on an actual time and materials basis.

NEW ERT - ALL METER SIZES \$ 109.00

(Applies only to existing ERT's that are lost, stolen, or damaged by customers. There is no charge to retro-fit an existing meter to AMR technology.)

SERVICE SHUTOFF FEE \$ 64.00

SERVICE RESTORATION FEE \$ 43.00

SPECIAL REQUESTS FOR SERVICES NOT LISTED ABOVE THAT DO NOT BENEFIT ALL CUSTOMERS Billed at actual
Cost plus overhead
Rates in effect

**ATTACHMENT 2
ALTERNATIVE TARIFFS**

PROVIDENCE WATER SUPPLY BOARD TARIFF

Replaces Tariff
January 1, 2003

Effective: January 1, 2006

RI Public Utilities Commission Docket No. 3684

TARIFF SCHEDULES

Schedule

- | | |
|---|---|
| A | Service Charges – Retail |
| B | Metered Sales – Retail |
| C | Bulk Sales to Public Authorities for Resale |
| D | Public Fire Protection |
| E | Private Fire Service |
| F | Miscellaneous Charges |

**ATTACHMENT 2
ALTERNATIVE TARIFFS**

SCHEDULE A

Providence Water Supply Board
Service Charges
Retail

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable to all metered customers for industrial, commercial and residential use, exclusive of fire service connection, in the Providence Water Supply Board service area.

Rates

For each service connected to the Providence Water Supply Board mains, the following customer service charges shall apply:

<u>Size of Meter</u>	<u>Quarterly</u>	<u>Monthly</u>
5/8"	\$12.19	\$ 7.25
3/4	13.05	7.50
1	15.32	8.25
1 ½	18.33	9.27
2	26.66	12.05
3	87.93	32.47
4	110.64	40.03
6	163.59	57.67
8	224.10	77.85
10	278.93	96.14
12	333.79	114.41

Terms of Payment

All customer service charges may be billed quarterly or monthly and are due and payable when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

**ATTACHMENT 2
ALTERNATIVE TARIFFS**

SCHEDULE B

Providence Water Supply Board
Metered Sales
Retail

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable to all general metered water service in the Providence Water Supply Board service area.

Rates

For all quantities used, except for bulk sales for resale, the following rates shall apply:

Quarterly Accounts

Residential	\$1.958
Commercial	\$1.882
Industrial	\$1.825

Monthly Accounts

Residential	\$1.958
Commercial	\$1.882
Industrial	\$1.825

Terms of Payment

All metered sales bills are rendered in arrears quarterly or monthly at the option of the Providence Water Supply Board and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

**ATTACHMENT 2
ALTERNATIVE TARIFFS**

SCHEDULE C

Providence Water Supply Board
Bulk Sales to Public Authorities for Resale

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable to all public authorities in the Providence Water Supply Board service area purchasing water for resale.

Rates

\$1,236.00 per million gallons

Terms of Payment

All bills for bulk sales are rendered quarterly or monthly in arrears in accordance with contract agreements and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

**ATTACHMENT 2
ALTERNATIVE TARIFFS**

SCHEDULE D

Providence Water Supply Board
Public Fire Protection

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable to all service to public fire hydrants in the Providence Water Supply Board service area.

Rates

For each hydrant: \$250.99

Terms of Payment

All bills for public fire service are rendered quarterly and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

**ATTACHMENT 2
ALTERNATIVE TARIFFS**

SCHEDULE E

Providence Water Supply Board
Private Fire Service

Rhode Island Public Utilities Commission Docket No. 3684

Effective: January 1, 2006

Applicability

Applicable for service to private fire protection appliances owned and maintained by the customer in the Providence Water Supply service area.

Rates

For each fire service connection to the Providence Water Supply Board mains, the following charges shall apply:

<u>Size of Service</u>	<u>Quarterly</u>
3/4"	\$10.77
1	14.26
1 ½	23.00
2	33.48
4	92.87
6	180.22
8	285.03
10	407.30
12	547.05

Terms of Payment

All bills for private fire services are rendered quarterly and are due and payable in full when rendered.

Interest at a rate of 1% per month will be charged on unpaid account balances over 30 days from due date.

**ATTACHMENT 2
ALTERNATIVE TARIFFS**

**SCHEDULE F
PROVIDENCE WATER
TERMS & CONDITIONS
SERVICE FEE SCHEDULE
(effective January 1, 2006)
page 1 of 2**

NOTE: All applicants must complete financial arrangements prior to services being rendered. Applicants are responsible for obtaining and paying for all permits and any additional fees.

SERVICE	FEE
PHOTOCOPYING	
Distribution Sheet	\$ 3.00/copy
Letter or Legal Size Document	\$.15/copy
LIEN CERTIFICATE	\$ 6.00
RETURNED CHECK FEE	\$ 20.00
PLAN CHECKING/WATER AVAILABILITY REVIEW	\$ 57.00/hour
EASEMENT/ABANDONMENT REQUEST	\$ 50.00/hour
FIRE HYDRANT FLOW TEST	\$ 118.00
NEW WATER SERVICE INSTALLATION - BASIC	
1" Water Service	\$1,673.00
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**ATTACHMENT 2
ALTERNATIVE TARIFFS**

**SCHEDULE F
PROVIDENCE WATER
TERMS & CONDITIONS
SERVICE FEE SCHEDULE
(effective January 1, 2006)
page 2 of 2**

SERVICE	FEE
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POLICE DETAILS

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Cost plus overhead
Rates in effect