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April 3, 2014

Ms. Luly Massaro, Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**Re: *United Water Rhode Island, Inc. – Docket 4434***

Dear Ms. Massaro:

Enclosed please find an original and nine (9) copies of the following document:

1. A Comparison of the positions set forth by United Water Rhode Island, Inc. and the Division of Public Utilities and Carriers in their respective testimonies as compared to the Final Settlement reached between the parties.

This document is being provided to the Commission to assist it in its review of the proposed Settlement Agreement.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

JAK/kf  
Enclosures

United Water Rhode Island  
Comparison of As-Filed Proposed to Joint Settlement  
Income Statement

	Proposed 2013 Rate Case RY - 12/31/14	Division Staff		Company Rebuttal Adjustments to Staff		Joint Settlement Schedules	
		Adjustment	Proposed	Adjustment	Proposed	Adjustment	Proposed
Operating Revenues	\$3,670,266	\$80,673	\$3,750,939	(\$48,978)	\$3,701,961	\$14,372	\$3,716,333
Projected increase	<u>1,563,153</u>		<u>1,007,074</u>		<u>1,405,003</u>		<u>1,207,267</u>
Total operating revenues	<u>\$5,233,419</u>	<u>\$80,673</u>	<u>\$4,758,013</u>	<u>(\$48,978)</u>	<u>\$5,106,964</u>	<u>\$14,372</u>	<u>\$4,923,600</u>
	42.59%		26.85%		37.95%		32.49%
Operating Expenses							
Operating & maintenance expenses	2,306,364	(94,149)	2,212,215	58,624	2,270,839	(40,711)	2,230,128
Depreciation and Amortization	600,370		600,370		600,370		600,370
Taxes other than income	439,707	(14,634)	425,073	12,157	437,230	(10,087)	427,143
Federal income tax	<u>499,244</u>	<u>(116,782)</u>	<u>382,462</u>	<u>93,039</u>	<u>475,501</u>	<u>(50,492)</u>	<u>425,009</u>
Total Operating Expenses	<u>3,845,685</u>	<u>(225,565)</u>	<u>3,620,120</u>	<u>163,820</u>	<u>3,783,940</u>	<u>(101,290)</u>	<u>3,682,650</u>
Operating Income	<u>\$1,387,734</u>	<u>\$306,238</u>	<u>\$1,137,893</u>	<u>(\$212,798)</u>	<u>\$1,323,024</u>	<u>\$115,662</u>	<u>\$1,240,950</u>
Rate Base (Average)	<u>\$15,859,818</u>	<u>(\$1,122,445)</u>	<u>\$14,737,373</u>	<u>\$906,105</u>	<u>\$15,643,478</u>	<u>\$2,161</u>	<u>\$15,645,639</u>
Rate of Return	<u>8.75%</u>		<u>7.72%</u>		<u>8.46%</u>		<u>7.93%</u>

<u>United Water Rhode Island</u>		<u>Division Staff</u>		<u>Company Rebuttal</u>		<u>Joint Settlement</u>	
<u>Comparison of As-Filed Proposed to Joint Settlement</u>				<u>Adjustments to Staff</u>		<u>Schedules</u>	
<u>Operation and Maintenance Expenses</u>		<u>Adjustment</u>	<u>Proposed</u>	<u>Adjustment</u>	<u>Proposed</u>	<u>Adjustment</u>	<u>Proposed</u>
Wages and Salaries	\$561,813	(\$15,931)	545,882		545,882		545,882
Incentive Comp.	37,745	(11,450)	26,295	11,450	37,745	(11,450)	26,295
Fringe Benefits Transferred	(71,063)	(10,157)	(81,220)		(81,220)		(81,220)
Power Expense	242,627	10,129	252,756	23,687	276,443	(11,293)	265,150
Chemical Expense	52,735	(9,044)	43,691		43,691		43,691
Pension Expense	135,135		135,135		135,135		135,135
PEBOP Expense	58,300	(2,556)	55,744		55,744		55,744
Employee Health and Welfare Expense	188,130	(59)	188,071		188,071		188,071
Tank Painting Amortization	43,383		43,383		43,383		43,383
Transportation/Vehicle Expense	75,329	(4,857)	70,472	2,081	72,553		72,553
Insurance Expense	51,714	(203)	51,511		51,511		51,511
Customer Information/Billing Expense	58,566	(491)	58,075		58,075		58,075
Rate Case Expense	226,979		226,979		226,979		226,979
Rent Expense	25,800		25,800		25,800		25,800
M&S	273,503	(15,965)	257,538		257,538		257,538
Outside Services Expense	101,937	(31,266)	70,671	20,915	91,586	(15,966)	75,620
Regulatory Commission Expense	16,390	(1,032)	15,358	491	15,849	(2,002)	13,847
Other Operation and Maintenance Expense	<u>227,343</u>	<u>(1,267)</u>	<u>226,076</u>		<u>226,076</u>		<u>226,076</u>
<b>Total Operation and Maintenance Expenses</b>	<b><u>\$2,306,365</u></b>	<b><u>(\$94,149)</u></b>	<b><u>\$2,212,216</u></b>	<b><u>\$58,624</u></b>	<b><u>\$2,270,840</u></b>	<b><u>(\$40,711)</u></b>	<b><u>\$2,230,129</u></b>
<b>Taxes Other Than Income:</b>							
Property Tax Expense	315,024	(8,192)	306,832	8,192	315,024	(8,192)	306,832
Payroll Tax Expense	59,265	(499)	58,766	0	58,766		58,766
Gross Receipts Tax Expense	<u>65,418</u>	<u>(5,943)</u>	<u>59,475</u>	<u>3,965</u>	<u>63,440</u>	<u>(1,895)</u>	<u>61,545</u>
<b>Total Taxes Other Than Income</b>	<b><u>\$439,707</u></b>	<b><u>(\$14,634)</u></b>	<b><u>\$425,073</u></b>	<b><u>\$12,157</u></b>	<b><u>\$437,230</u></b>	<b><u>(\$10,087)</u></b>	<b><u>\$427,143</u></b>

United Water Rhode Island  
Comparison of As-Filed Proposed to Joint Settlement  
Rate Base (Average)

	Proposed 2013 Rate Case RY - 12/31/14	Division Staff		Company Rebuttal Adjustments to Staff		Joint Settlement Schedules	
		Adjustment	Proposed	Adjustment	Proposed	Adjustment	Proposed
Utility Plant In Service	\$28,149,420		\$28,149,420		\$28,149,420		\$28,149,420
Accumulated Depreciation	(7,003,970)		(7,003,970)		(7,003,970)		(7,003,970)
Net Utility Plant in Service	21,145,450	-	21,145,450	-	21,145,450	-	21,145,450
Materials and Supplies	86,062		86,062		86,062		86,062
Cash Working Capital (CWC)	287,684	(16,974)	270,710		270,710	2,161	272,871
Def'd Tank Painting (net of Def'd Tax)	168,165		168,165		168,165		168,165
Def'd Rate Case (net of Def'd Tax)	199,366	(199,366)	0		0		0
	741,276	(216,340)	524,936	-	524,936	2,161	527,097
CIAC	(3,533,455)		(3,533,455)		(3,533,455)		(3,533,455)
Def'd Income Tax	(1,842,541)	(906,105)	(2,748,646)	906,105	(1,842,541)		(1,842,541)
Unamortized ITC	(89,099)		(89,099)		(89,099)		(89,099)
Unfunded FAS 106 (net of Def'd Tax)	(561,813)		(561,813)		(561,813)		(561,813)
	(6,026,908)	(906,105)	(6,933,013)	906,105	(6,026,908)	-	(6,026,908)
<b>Total Rate Base</b>	<b>\$15,859,819</b>	<b>(\$1,122,445)</b>	<b>\$14,737,374</b>	<b>\$906,105</b>	<b>\$15,643,479</b>	<b>\$2,161</b>	<b>\$15,645,640</b>

United Water Rhode Island  
Comparison of As-Filed Proposed to Joint Settlement  
Capital Structure and Rate of Return

<u>Current rate case</u>	<u>Rate Case Pro-Forma as-filed</u>			<u>Division Staff</u>			<u>Company Rebuttal Schedules</u>			<u>Joint Settlement Schedules</u>		
	<u>Percent to Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Percent to Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Percent to Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>	<u>Percent to Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Long term debt	46.55%	6.05%	2.82%	46.24%	6.05%	2.80%	46.55%	6.05%	2.82%	46.24%	6.05%	2.80%
Short term debt				0.64%	1.00%	0.01%			0.00%	0.64%	1.00%	0.01%
Stockholder's equity	53.45%	11.10%	<u>5.93%</u>	53.13%	9.25%	<u>4.91%</u>	53.45%	10.55%	5.64%	53.13%	9.65%	5.13%
Total Capital	<u>100.00%</u>		<u>8.75%</u>	<u>100.01%</u>		<u>7.72%</u>	<u>100.00%</u>		<u>8.46%</u>	<u>100.01%</u>		<u>7.94%</u>