

KEVIN H. DOHERTY  
**Director – Regulatory Business**

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Via FedEx

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

December 5, 2013

SUBJECT: United Water Rhode Island Inc.  
Docket No. 4434

Dear Ms. Massaro:

Enclosed please find an original and nine (9) copies of United Water Rhode Island Inc.'s responses to the Division's Third Set of Data Requests.

- Div. 3-1; Div. 3-2; Div. 3-3

Very truly yours,

A handwritten signature in blue ink that reads 'Kevin Doherty'.

Kevin H. Doherty  
*Director – Regulatory Business*

**CERTIFICATION**

I hereby certify that on December 5, 2013, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and FedEx.

<b>Parties/Address</b>	<b>E-mail Distribution</b>	<b>Phone</b>
<b>United Water RI</b> Joseph A. Keough, Jr., Esq. Keough & Sweeney 41 Mendon Ave. Pawtucket, RI 02861	<a href="mailto:jkeoughjr@keoughsweeney.com">jkeoughjr@keoughsweeney.com</a>	401-724-3600
Gary S. Prettyman UWM&S Inc. 200 Old Hook Road Harrington Park, NJ 07640	<a href="mailto:gary.prettyman@UnitedWater.com">gary.prettyman@UnitedWater.com</a>	201-784-7083
<b>Division of Public Utilities</b> Christy Hetherington, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	<a href="mailto:chetherington@riag.ri.gov">chetherington@riag.ri.gov</a> <a href="mailto:jmunoz@riag.ri.gov">jmunoz@riag.ri.gov</a> <a href="mailto:dmacrae@riag.ri.gov">dmacrae@riag.ri.gov</a>	401-222-2424
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<b>Town of South Kingstown</b> Michael A. Ursillo, Esq. South Kingstown Town Solicitor Ursillo, Teitz & Ritch, Ltd. 2 Williams St. Providence, RI 02903	<a href="mailto:mikeursillo@utrlaw.com">mikeursillo@utrlaw.com</a>	401-331-2222
David Bebyn, CPA B&E Consulting 21 Dryden Lane Providence, RI 02904	<a href="mailto:dbebyn@beconsulting.biz">dbebyn@beconsulting.biz</a>	401-785-0800 Ext. 29
<b>Town of Narragansett</b> Mark A. McSally, Esq. Kelly, Kelleher, Reilly & Simpson 28 Caswell St. Narragansett, RI 02882	<a href="mailto:mmcsally@kkrs.com">mmcsally@kkrs.com</a>	401-789-7800
<b>Union Fire District of So. Kingstown</b> Margaret L. Hogan, Esq. Hogan & Hogan 344 Main St., Suite 200 Wakefield, RI 02879	<a href="mailto:Hogan.hogan@verizon.net">Hogan.hogan@verizon.net</a>	401-782-4488
<b>File an original and nine (9) copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:luly.massaro@puc.ri.gov">luly.massaro@puc.ri.gov</a> <a href="mailto:patricia.lucarelli@puc.ri.gov">patricia.lucarelli@puc.ri.gov</a> <a href="mailto:sharon.colbycamara@puc.ri.gov">sharon.colbycamara@puc.ri.gov</a>	401-780-2107

*Linda Talone*

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION

DOCKET NO. 4434

Response of United Water Rhode Island, Inc.

To The Division of Public Utilities And Carriers'

Data Requests

Set 3

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Div. 3-1: Please update the Company's data response to Division I-5 to September 30, 2013. The response should include the actual September 30, 2013 capital structure, the September 30, 2013 statement of long-term debt (i.e., with the calculation of the embedded cost of long-term debt), and the UWW balance sheet at September 30, 2013.

RESPONSE: Please refer to the attached schedules.

Prepared by: Prettyman

**United Waterworks Inc**  
**Consolidated Capital Structure**

		<u>30-Sep-13</u>			
Item	Amount	Percentage	Cost	Weighted COC	
Long-term Debt	\$ 324,390,000	46.04%	6.05%	2.78%	
Common Equity	380,152,057	53.96%	10.00%	5.40%	
Total	<u>\$ 704,542,057</u>	<u>100.00%</u>		<u>8.18%</u>	

**Common Equity**

Common Stock	1,164
Paid in Capital	174,411,374
Retained Earnings	205,739,520
Total	<u>380,152,057</u>

UNITED WATERWORKS  
Actual at September 30, 2013  
COMPOSITE COST RATE OF DEBT

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
Line #	Description of Debt	Issue Date	Maturity Date	[a] Amount Outstanding	Unamortized Net Discount, Premium and Expense	Net Proceeds (C.4+/-C.5)	Stated Interest Rate	Annual Interest Expense (C.4xC.7)	Amortization of Net Discount Premium and Expense	Annual Cost (C.8+C.9)	Effective Cost Rate	Weighted Embedded Cost Rate
1	Medium Term Note Series A 1998	Feb-98	Feb-23	25,000,000	907,312	24,092,688	6.97%	1,742,500	97,212	1,839,712	7.64%	0.59%
2	Medium Term Note Series A 1998	Dec-98	Dec-17	5,000,000	17,136	4,982,864	6.90%	345,000	4,032	349,032	7.00%	0.11%
3	Medium Term Note Series A 1998	Feb-98	Feb-28	15,000,000	114,896	14,885,104	7.10%	1,065,000	8,016	1,073,016	7.21%	0.34%
4	Tax Exempt-Dauphin 92 TEF Series B	Jun-92	Jun-17	4,185,000	15,092	4,169,908	6.70%	280,395	4,116	284,511	6.82%	0.09%
5	Tax Exempt-Boise 2001 TEF	Sep-01	Sep-31	25,955,000	2,367,322	23,587,678	5.00%	1,297,750	132,132	1,429,882	6.06%	0.46%
6	Tax Exempt-DE 2002 TEF	Mar-02	Mar-33	16,090,000	1,455,687	14,634,313	5.15%	828,635	74,964	903,599	6.17%	0.29%
7	Tax Exempt NY (NR) 2002 TEF	Mar-02	Mar-34	11,275,000	1,090,005	10,184,995	5.15%	580,663	53,388	634,051	6.23%	0.20%
8	Tax Exempt-Dauphin 92 TEF Series A	Jun-92	Jun-24	10,000,000	197,009	9,802,991	6.90%	690,000	18,480	708,480	7.23%	0.23%
9	Tax Exempt-Boise 05 TEF	May-05	May-35	18,325,000	1,494,670	16,830,330	4.55%	833,788	65,460	899,248	5.34%	0.29%
10	Tax Exempt-Pennsylvania Series 2007	Feb-07	Feb-37	23,560,000	1,020,880	22,539,120	4.50%	1,060,200	43,752	1,103,952	4.90%	0.35%
11	Senior Note Series 2010	Jan-10	Jan-25	45,000,000	1,000,853	43,999,147	4.92%	2,214,000	88,800	2,302,800	5.23%	0.74%
12	Senior Note Series A	Nov-07	Nov-17	15,000,000	63,600	14,936,400	5.66%	849,000	15,264	864,264	5.79%	0.28%
13	Senior Note Series B	Nov-07	Nov-28	15,000,000	110,292	14,889,708	6.13%	919,500	7,272	926,772	6.22%	0.30%
14	Medium Term Note Mutual of Omaha A	Oct-08	Oct-29	7,500,000	39,552	7,460,448	6.54%	490,500	2,472	492,972	6.61%	0.16%
15	Medium Term Note Mutual of Omaha B	Dec-08	Dec-29	7,500,000	39,964	7,460,036	6.59%	494,250	2,472	496,722	6.66%	0.16%
16	Medium Term Note NY Life A	Oct-08	Oct-18	12,500,000	43,200	12,456,800	6.21%	776,250	8,640	784,890	6.30%	0.25%
17	Medium Term Note NY Life B	Dec-08	Dec-18	12,500,000	44,888	12,455,112	6.31%	788,750	8,688	797,438	6.40%	0.26%
19	Tax-Exempt-NY Series 2010A	Sep-10	Sep-40	35,000,000	972,553	34,027,447	4.88%	1,706,250	36,132	1,742,382	5.12%	0.56%
20	Senior Note Series 2011	Dec-11	Dec-27	20,000,000	754,794	19,245,206	4.10%	820,000	52,968	872,968	4.54%	0.28%
21	Total Long-Term Debt			324,390,000	11,749,705	312,640,295		17,782,430	724,260	18,506,690		5.92%
22	<u>Additional Debt Costs</u>											
23	Unamortized Costs Associated With Retired Medium Term Note (\$10M@8.84%)				63,648				5,616	5,616	0.002%	0.002%
24	Premium on Retirement of Medium Term Note				250,376				22,092	22,092	0.01%	0.01%
25	Premium on Retirement of Prudential Capital Corp.Debt (\$20M @10.05%, and \$15M @ 9.57%)				3,608,832				340,992	340,992	0.11%	0.11%
26	Unamortized Costs Associated With Retired Jacksonville Debt (\$12M @ 6.75%)				228,596				24,924	24,924	0.01%	0.01%
27	Unamortized Costs Associated With Retired UW Westchester TEF (\$2.25M @ 8.85%)				21,360				8,544	8,544	0.003%	0.003%
28	Totals				15,922,517				1,126,428	18,908,858		6.05%

Report ID: BSCOR176  
Layout ID: BSCOR100  
Scope Definition: UWW\_PRE\_PUR

# UWW Pre Purchase Accounting

General Ledger System  
Consol'd B/S- UWWPPA

Period Ending: Sep 30, 2013

Run on 04/10/13 at 05:10 PM

	- Current Month -		Increase or (Decrease)
	<u>This Year</u>	<u>Last Year</u>	
<b>Assets</b>			
Utility plant	1,227,547,581.66	1,227,429,814.79	117,766.87
Net Utility plant acquisition adjustment	2,067,806.55	2,134,874.55	(67,068.00)
Less accumulated depreciation & amortization	(299,822,667.79)	(291,840,329.46)	(7,982,338.33)
Construction work in progress	12,141,721.66	11,921,476.87	220,244.79
Plant held for future use	103,108.23	104,036.10	(927.87)
Net utility plant	<u>942,037,550.31</u>	<u>949,749,872.85</u>	<u>(7,712,322.54)</u>
Investments - long term consolidating companies	0.00	0.00	0.00
Investments - long term non-consolidated companies	1,516.35	1,516.35	0.00
Equity investments	100,077.00	100,481.00	(404.00)
Non-utility property & equipment	477,270.86	487,170.86	(9,900.00)
Depreciation non-utility properties	0.00	0.00	0.00
Other properties & investments	<u>578,864.21</u>	<u>589,168.21</u>	<u>(10,304.00)</u>
Goodwill, net	2,586,138.00	2,586,138.00	0.00
Other intangibles, net	0.00	0.00	0.00
Goodwill & other intangibles	<u>2,586,138.00</u>	<u>2,586,138.00</u>	<u>0.00</u>
Cash	16,941,070.37	1,783,280.39	15,157,789.98
Restricted cash	0.00	0.00	0.00
Accounts receivable - customer	38,208,650.62	43,150,916.87	(4,942,266.25)
A/R - associated companies	0.00	0.00	0.00
A/R affiliated companies	0.00	0.00	0.00
Interest and dividends receivable	0.00	0.00	0.00
Notes receivable - short term	0.00	0.00	0.00
Materials & supplies inventory	2,392,142.55	2,559,907.68	(167,765.13)
Prepaid expenses	3,449,422.16	3,660,678.42	(211,256.26)
Other current assets	0.00	0.00	0.00
Total current and accrued assets	<u>60,991,285.70</u>	<u>51,154,783.36</u>	<u>9,836,502.34</u>
Unamortized debt discount/expense	15,922,517.00	17,048,945.00	(1,126,428.00)
Prepaid employee benefits	0.00	0.00	0.00
Regulatory assets	76,331,903.29	74,811,450.37	1,520,452.92
Other deferred charges & assets	4,642,217.32	5,269,142.41	(626,925.09)
Notes receivable - long term	0.00	0.00	0.00
Clearing accounts	532,603.49	416,897.02	115,706.47
Non-current assets	<u>97,429,241.10</u>	<u>97,546,434.80</u>	<u>(117,193.70)</u>
Total assets	<u>1,103,623,079.32</u>	<u>1,101,626,397.22</u>	<u>1,996,682.10</u>

Report ID: BSCOR176  
Layout ID: BSCOR100  
Scope Definition: UWW\_PRE\_PUR

# UWW Pre Purchase Accounting

General Ledger System  
Consol'd B/S- UWWPPA

Period Ending: Sep 30, 2013

Run on 04/10/13 at 05:10 PM

		- Current Month -		Increase or (Decrease)
		<u>This Year</u>	<u>Last Year</u>	
<b>Capitalization and Liabilities</b>				
20100	Common Stock Issued	1,163.83	1,163.83	0.00
20110	Premium on Capital Stock	45,113,982.17	45,113,982.17	0.00
20700	Additional Paid-in Capital	129,297,391.45	129,297,391.45	0.00
	Common stock	174,412,537.45	174,412,537.45	0.00
	Cumulative translation adjustment	0.00	0.00	0.00
	Preferred stock	0.00	0.00	0.00
	Preference stock	0.00	0.00	0.00
	<b>Total capital stock</b>	<b>174,412,537.45</b>	<b>174,412,537.45</b>	<b>0.00</b>
	Retained earnings - beginning	197,495,088.61	208,695,455.17	(11,200,366.56)
	Adjustments	0.00	0.00	0.00
	Preference stock dividend	0.00	0.00	0.00
	Common stock dividends	(12,000,000.00)	(37,000,000.00)	25,000,000.00
	Income before income taxes	38,526,544.58	46,570,445.42	(8,043,900.84)
	Provision for Income taxes	(18,282,113.58)	(19,540,394.46)	1,258,280.88
	Current years earnings	20,244,431.00	27,030,050.96	(6,785,619.96)
	<b>Total retained earnings</b>	<b>205,739,519.61</b>	<b>198,725,506.13</b>	<b>7,014,013.48</b>
	<b>Accumulated other comprehensive income</b>	<b>(7,403,872.00)</b>	<b>(4,782,973.00)</b>	<b>(2,620,899.00)</b>
	<b>Other Equity Noncontrolling Interest</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
22111	Long-Term Debt	324,390,000.00	324,495,000.00	(105,000.00)
	Long term debt	324,390,000.00	324,495,000.00	(105,000.00)
	<b>Total Capitalization</b>	<b>697,138,185.06</b>	<b>692,850,070.58</b>	<b>4,288,114.48</b>
	<b>Minority interest</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	Accounts payable	5,763,549.29	5,116,695.61	646,853.68
	Accounts Payable - associated companies	0.00	0.00	0.00
	Notes payable	0.00	19,000,000.00	(19,000,000.00)
	Notes payable - associated companies	0.00	0.00	0.00
	Current portion of long term debt	0.00	0.00	0.00
23500	Customer Deposits - Regulatory	188,247.58	75,785.63	112,461.95
23510	Customer Deposits - Other	9,483.93	0.00	9,483.93
	<b>Customer deposits</b>	<b>197,731.51</b>	<b>75,785.63</b>	<b>121,945.88</b>
	Accrued taxes	35,366,960.14	17,129,618.78	18,237,341.36
	Accrued interest	3,751,215.27	3,754,458.61	(3,243.34)
	Preferred dividends payable	0.00	0.00	0.00
	Other current liabilities	11,995,594.04	13,285,862.83	(1,290,268.79)
	<b>Total current liabilities</b>	<b>57,075,050.25</b>	<b>58,362,421.46</b>	<b>(1,287,371.21)</b>
	Deferred income taxes & credit	91,311,553.43	93,926,116.30	(2,614,562.87)
	Customer advances for construction	35,077,957.82	36,531,383.04	(1,453,425.22)
	Contribution in aid of construction	153,292,172.18	155,202,288.71	(1,910,116.53)
	Pension and benefits	65,847,481.04	61,196,118.14	4,651,362.90
	Regulatory liabilities	3,555,070.06	2,962,575.00	592,495.06

## STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION

DOCKET NO. 4434

Response of United Water Rhode Island, Inc.

To The Division of Public Utilities And Carriers'

Data Requests

Set 3

Div. 3-2: Please update the Company's response to Division I-8 through October 31, 2013.

## RESPONSE:

Jan 2011	\$26,500,000	1.100%	Aug 2012	\$38,036,000	1.241%
Feb 2011	\$28,000,000	1.100%	Sept 2012	\$19,000,000	1.224%
Mar 2011	\$28,000,000	1.100%	Oct 2012	\$10,660,000	1.214%
Apr 2011	\$30,000,000	1.093%	Nov 2012	\$20,000,000	1.148%
May 2011	\$33,000,000	1.008%	Dec 2012	\$ 3,000,000	1.000%
Jun 2011	\$36,000,000	1.066%	Jan 2013	\$20,000,000	1.000%
Jul 2011	\$35,000,000	1.156%	Feb 2013	\$ 0	0%
Aug 2011	\$30,000,000	1.155%	Mar 2013	\$ 0	0%
Sep 2011	\$62,500,000	1.167%	Apr 2013	\$ 0	0%
Oct 2011	\$66,000,000	1.245%	May2013	\$ 0	0%
Nov 2011	\$60,000,000	1.252%	Jun 2013	\$ 0	0%
Dec 2011	\$25,000,000	1.325%	Jul 2013	\$ 0	0%
Jan 2012	\$40,000,000	1.294%	Aug 2013	\$ 0	0%
Feb 2012	\$40,000,000	1.267%	Sep 2013	\$ 0	0%
Mar 2012	\$35,500,000	1.244%	Oct 2013	\$ 0	0%
Apr 2012	\$40,000,000	1.241%			
May 2012	\$35,000,000	1.239%			
Jun 2012	\$ 8,778,000	1.240%			
Jul 2012	\$40,000,000	1.246%			

Prepared by: Prettyman

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION

DOCKET NO. 4434

Response of United Water Rhode Island, Inc.  
To The Division of Public Utilities And Carriers'  
Data Requests  
Set 3

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Div. 3-3: The Company's response to Division I-5 states that the common equity balance at March 31, 2013 is \$372.5 million. Please confirm that this balance omits a negative \$7.4 million for other comprehensive income ("OCI"). Please provide a complete explanation for omitting the negative OCI from capital structure. As part of the response, please cite to any Rhode Island Commission precedent or authority supporting this exclusion.

RESPONSE: The March 31, 2013 balance of \$372.5 million does exclude \$7.4 million for Other Comprehensive Income ("OCI"). OCI represents revenues, expenses, gains and losses that have not yet been realized. For United Waterworks this amount represents unrecognized prior service costs and unrecognized gains and losses related to Pension and OPEB plans.

Prepared by: Prettyman