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April 26, 2016

Ms. Luly Massaro, Clerk
Division of Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, RI 02888

**Re: Pawtucket Water Supply Board
Docket 4550 Compliance Filing**

Dear Ms. Massaro:

Enclosed please find an original and nine copies of the following documents:

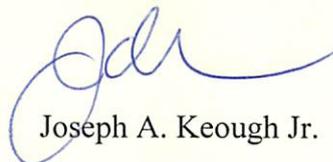
1. Schedule RB-05 Revised. This schedule should replace Schedule RB-05 attached to Robert Benson's testimony in the Pawtucket Water Supply Board's Multi-Year Rate Plan Compliance Filing, Proposed Tariff Change, and Change in Rate Schedules Pursuant to R.I.G.L. §39-15.1-4 submitted on April 8, 2016.
2. Step One Sch. 1.0 Revised. This schedule replaces Step One Sch. 1.0 attached to Christopher Woodcock's testimony in support of the Pawtucket Water Supply Board's Multi-Year Rate Plan Compliance Filing, Proposed Tariff Change, and Change in Rate Schedules Pursuant to R.I.G.L. §39-15.1-4.

Please note that the revised Schedule RB-05 corrects an error in Schedule RB-05 submitted in PWSB's original filing and reduces the cost of the PWSB's DBO O&M Contract. The Correction in Revised RB-05 is then incorporated into Revised Step One Sch. 1.0 and lowers the PWSB's proposed Step Increase for FY17 from 3.6% to 2.8%.

Please note that an electronic copy of this filing has been submitted to the service list.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "J.A. Keough Jr.", with a stylized flourish extending to the right.

Joseph A. Keough Jr.

JAK/kf
Enclosures
cc: Service List

Pawtucket Water Supply Board
Schedule RB - 00 DBO Costs for Docket 4550 Step One Compliance Filing
Water Treatment Facility Service Fee Analysis
Balances per PWSB Accounting Records
For year ending June 30, 2016

Service Fee Calculation

Mill Street WTP operations transferred to contractor on 2/15/04.
 Branch Street WTP completed and placed in service 3/18/08.

Contract awarded to Earth Tech 9/10/03. Earth Tech acquired by AECOM effective July 28, 2008.
 Current contractor is UNITED WATER. United Water acquired operations division from AECOM effective 2010.

[Consumer Price Index - All Urban Consumers: Northeast Urban - Size Class B/C \(from US Department of Labor website\)](#)

Calculate Annual CPI Factor	2012	2013	2014	2015	2016	2017	
Jan	145.456	147.337	149.186	147.599			
Feb	146.217	148.195	149.685	147.565			
Mar	146.961	147.909	150.706	148.225			
Apr	147.460	147.909	150.466	148.482			
May	147.244	147.971	151.354	149.237			
Jun	146.533	147.926	151.162	150.122			
Jul	146.456	148.223	151.359	150.008			
Aug	146.885	148.802	150.633	149.380			
Sep	147.846	148.683	150.559	148.967			
Oct	148.210	148.483	150.333	148.569			
Nov	147.246	148.420	149.150	148.509			
Dec	147.004	148.367	148.240	148.196			
	1763.5	1778.2	1802.8	1784.9	0.0	0.0	Average Last 3 Yrs
Calculate CPI Adjustment %							
Current Year End CPI factor	1,763.50	1,778.20	1,802.80	1,784.90			1,788.63
Prior Year End CPI factor	1,730.20	1,763.50	1,778.20	1,802.80			1,781.50
CPI adjustment	33.30	14.70	24.60	(17.90)			7.13
CPI Adjustment %	1.90%	0.80%	1.40%	-0.99%			0.40%
	1	1	1	1	0	0	3
	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
Calculate Annual Service Fee - Option B (New Treatment Facility)							
Current Service Fee	1,800,854.40	1,835,070.63	1,849,751.23	1,875,647.75	1,857,078.84	1,864,507.16	
CPI Adjustment %	1.90%	0.80%	1.40%	-0.99%	0.40%	0.40%	ave CPI adjust
Service Fee increase	34,216.23	14,680.57	25,896.52	(18,568.91)	7,428.32	7,458.03	
New Annual Service Fee	1,835,070.66	1,849,751.23	1,875,647.75	1,857,078.84	1,864,507.16	1,871,965.19	
Number of months	12	12	12	12	12	12	
New Monthly Service Fee	152,922.56	154,145.94	156,303.98	154,756.57	155,375.60	155,997.10	
Pass Through Costs							
Annual Performance Bond (annual term eff)	12,430.00	12,521.00	12,682.00	12,566.00	12,566.00	12,566.00	
Number of months	12	12	12	12	12	12	
Monthly Amount Pass Through Costs	1,035.84	1,043.42	1,056.83	1,047.17	1,047.17	1,047.17	
Monthly Invoice Amount	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77	157,044.27	

Pawtucket Water Supply Board
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	FY13	FY14	Year 12	Year 13	Year 14	Year 15
	2013	2014	FY15	FY16	FY17 Budget	FY18 Budget
Balance per general ledger for the	2013	2014	2015	2016	2017	2018
BUDGET	<u>1,827,143</u>	<u>1,861,340</u>	<u>\$ 1,869,781</u>	<u>\$ 1,883,295</u>	<u>\$ 1,871,646</u>	<u>\$ 1,879,083</u>
FY09 expenditures paid in FY2010						
Jul	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
Aug	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
Sep	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
Oct	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
Nov	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
Dec	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
Jan	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
subtotals- FY16 per GL as of 3/29/15	<u>1,057,624.96</u>	<u>1,077,708.80</u>	<u>1,086,325.52</u>	<u>1,101,525.67</u>	<u>1,090,626.18</u>	<u>1,094,959.39</u>
Adjust Performance Bond Premium retroactive increase to 2/15		1,039.63				
Feb	151,097.53	152,922.56	155,189.36	157,360.81	155,803.74	156,422.77
Mar	151,089.28	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77
retroactive increase for March	1,305.47	563.48	994.23	(363.32)	144.44	145.02
Apr	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77	157,044.27
retroactive increase for April						
May	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77	157,044.27
Jun	153,958.40	155,189.36	157,360.81	155,803.74	156,422.77	157,044.27
reclass FY09 payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GL Account 300-9550-652.30-40	<u>1,822,992.44</u>	<u>1,851,760.95</u>	<u>1,869,780.90</u>	<u>1,883,295.19</u>	<u>1,871,646.41</u>	<u>1,879,082.76</u>
DBO Costs per Docket 4550 Base year				<u>1,889,092.00</u>	<u>1,889,092.00</u>	
DBO cost increase per Step 1 Compliance Filing					<u>(17,445.59)</u>	

PROPOSED STEP INCREASES

YEAR 2 - FY 2017

Rate Year (FY 2016) Revenue Requirements = \$20,459,161
 Step Increases for 2017

New Debt	\$457,504
Property Tax Reduct.	(\$50,801)
Labor Increase	\$82,059
Inflation: Non-labor @ 2.00%	\$88,842
DBO O&M Contract	(\$17,446)
Rate Case Expense	\$13,016
Rev. Stabiliz @ 1.5%	\$8,598
	\$581,773

FY 2017 Revenue Requirements = \$ 21,040,933
 Proposed Step Increase for FY 2017 2.8%

	<u>Current -</u>	<u>Step Increase</u>		
	<u>Docket 4550</u>	<u>(FY 2017)</u>		
<u>Metered Rates</u>				
Small (5/8 - 1")	\$4.046	\$4.161		
Large (> 1")	\$3.804	\$3.912		
Wholesale	\$3.307	\$3.401		
<u>Service Charges</u>				
Monthly				
5/8	\$10.48	\$10.778		
3/4	\$13.66	\$14.048		
1	\$18.72	\$19.252		
1 1/2	\$35.78	\$36.797		
2	\$45.79	\$47.092		
3	\$51.67	\$53.139		
4	\$117.57	\$120.913		
6	\$175.24	\$180.223		
8	\$249.38	\$256.471		
<u>Fire Service</u>				
Public				
/hydrant/mo	\$55.29	\$56.862		
Pawtucket	\$/bill	\$4.947		
Private				
2	\$16.93	\$17.410		
4	\$36.55	\$37.587		
6	\$91.78	\$94.394		
8	\$167.02	\$171.766		
10	\$249.15	\$256.231		
12	\$362.98	\$373.297		
	<u>Current Bill</u>	<u>Step increase</u>	<u>\$ Increase</u>	<u>% Increase</u>
Impact on typical customer	\$42.85	\$44.07	\$1.22	2.8%