

**DIRECT TESTIMONY OF
RALPH SMITH, CPA
BEFORE THE
RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**PROVIDENCE WATER SUPPLY BOARD
RATE CASE
DOCKET NO. 4618**

**ON BEHALF OF
THE DIVISION OF PUBLIC UTILITIES AND CARRIERS**

October 14, 2016

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Exhibits:

RCS-1, Ralph Smith Background and Qualifications

1 **INTRODUCTION**

2 **Q. What is your name, occupation, and business address?**

3 A. My name is Ralph Smith. I am a Certified Public Accountant licensed in the State
4 of Michigan and a senior regulatory consultant at the firm Larkin & Associates,
5 PLLC, Certified Public Accountants, with offices at 15728 Farmington Road,
6 Livonia, Michigan 48154.

7

8 **Q. Please describe the firm Larkin & Associates, PLLC.**

9 A. Larkin & Associates, PLLC ("Larkin"), is a Certified Public Accounting and
10 Regulatory Consulting Firm. The firm performs independent regulatory consulting
11 primarily for public service/utility commission staffs and consumer interest groups
12 (public counsels, public advocates, consumer counsels, attorneys general, etc.).
13 Larkin has extensive experience in the utility regulatory field as expert witnesses in
14 over 600 regulatory proceedings, including numerous electric, water and
15 wastewater, gas and telephone utility cases.

16

17 **Q. Mr. Smith, please summarize your educational background and recent work
18 experience.**

19 A. I received a Bachelor of Science degree in Business Administration (Accounting
20 Major) with distinction from the University of Michigan - Dearborn, in April 1979.
21 I passed all parts of the C.P.A. examination on my first sitting in 1979, received my
22 C.P.A. license in 1981, and received a certified financial planning certificate in
23 1983. I also have a Master of Science in Taxation from Walsh College, 1981, and a

1 law degree (J.D.) cum laude from Wayne State University, 1986. In addition, I
2 have attended a variety of continuing education courses in conjunction with
3 maintaining my accountancy license. I am a licensed Certified Public Accountant
4 and attorney in the State of Michigan. Since 1981, I have been a member of the
5 Michigan Association of Certified Public Accountants. I am also a member of the
6 Michigan Bar Association. I have also been a member of the American Bar
7 Association (ABA), and the ABA sections on Public Utility Law and Taxation.

8
9 **Q. Please summarize your professional experience.**

10 A. After graduating from the University of Michigan, and after a short period of
11 installing a computerized accounting system for a Southfield, Michigan realty
12 management firm, I accepted a position as an auditor with the predecessor CPA
13 firm to Larkin & Associates in July 1979. Before becoming involved in utility
14 regulation where the majority of my time for the past 37 years has been spent, I
15 performed audit, accounting, and tax work for a wide variety of businesses that
16 were clients of the firm.

17
18 **Q. Have you previously testified before the Rhode Island Public Utilities
19 Commission?**

20 A. No.

21
22 **Q. Have you previously testified before other state regulatory commissions?**

23 A. Yes. I have previously submitted testimony before many other state regulatory
24 commissions, including Alaska, Arizona, Arkansas, California, Connecticut,

1 Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana,
2 Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New
3 Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oregon,
4 Pennsylvania, South Carolina, Tennessee, Texas, Vermont, Virginia, Washington,
5 Washington D.C., and West Virginia.

6
7 **Q. Have you prepared an exhibit describing your qualifications and experience?**

8 A. Yes. I have attached Exhibit No. RCS-1, which is a summary of my regulatory
9 experience and qualifications.

10
11 **Q. On whose behalf are you appearing?**

12 A. Larkin & Associates, PLLC, was retained by the Division of Public Utilities and
13 Carriers ("the Division") to review the rate request of Providence Water Supply
14 Board ("Providence Water," "PWSD" or "Company"). Accordingly, I am
15 appearing on behalf of the Division.

16
17 **Q. What is the purpose of your testimony in this proceeding?**

18 A. I am presenting the Division's overall recommended revenue requirement for
19 Providence Water in this case. I also sponsor several adjustments to the Company's
20 proposed revenue requirement.

21
22 **Q. Have you attached any schedules to your testimony?**

23 A. Yes. I prepared Schedule Nos. RCS-1 through RCS-13, in support of the
24 adjustments discussed in my testimony. Schedule RCS-1 presents the revenue

1 requirement calculation for the 2017 rate year, giving effect to all of the
2 adjustments I am recommending in this testimony.

3

4 **Q. How will your testimony be organized?**

5 A. I first present the overall financial summary for the base rate change to be effective
6 for the rate year ended December 31, 2017, showing the revenue requirement and
7 revenue increase recommended by the Division. I then discuss several of my
8 proposed adjustments which impact the Company's revenue requirement. Schedule
9 RCS-1 presents a summary of my overall recommendation. Schedule RCS-2
10 presents a summary of my recommended adjustments. Schedules RCS-3 through
11 RCS-13 each present details for a specific recommended adjustment.

12

13 **OVERALL FINANCIAL SUMMARY – BASE RATE CHANGE**

14 **Q. What revenue increase is the Company is seeking?**

15 A. The Company is requesting a general base revenue adjustment of \$8,328,042¹ per
16 year to support its claimed total cost of service of \$77,728,472. Overall, the
17 increase requested by the Company would be 12.17%.

18

19 **Q. What revenue requirement do you recommend for Providence Water?**

20 A. As shown on Schedule RCS-1, my recommended adjustments in this case result in a
21 recommended revenue requirement for Providence Water of \$4,572,783. This is

¹ The schedules filed in conjunction with Providence Water witness Smith's direct testimony reflect a revenue deficiency of \$8,315,740. Due to rounding, the proposed rates would generate a revenue increase of \$8,328,042.

1 \$3,755,259 less than the \$8,328,042 base rate increase requested by Providence
2 Water in its filing.

3

4 **RECOMMENDED ADJUSTMENTS**

5 **Q. Would you please discuss each of your sponsored adjustments to Providence**
6 **Water's filing?**

7 A. Yes, I will address each adjustment I am sponsoring below.

8

9 Payroll Expense

10 **Q. Please explain how Providence Water developed its proposed allowance for**
11 **rate year payroll expense.**

12 A. As discussed in the direct testimony of Company witness Nancy E. Parrillo, there
13 are several components that comprise Providence Water's proposed rate year
14 payroll expense. Specifically, the Company started with the salaries and wages
15 posted to the general ledger for the test year. From this amount, the Company
16 removed the salaries of the engineers whose salaries are included in the
17 Infrastructure Replacement Fund ("IFR"). In addition, the Company added back
18 the salaries of certain employees that were out of work and receiving worker's
19 compensation insurance. Next, the Company estimated increases pursuant to
20 expected step increases for existing employees as well as employee promotions
21 through calendar year 2017. Furthermore, Providence Water included estimated
22 salaries for 14 proposed new positions that the Company claims relate to security
23 and maintenance and operations of the water system over the following two fiscal

1 years. Finally, the Company increased the 2017 rate year total by 3.4% to reflect
2 the compound effect of a 2% wage increase on July 1, 2016 and a 2.75% increase
3 on July 1, 2017. In this manner, Providence Water adjusted its actual FY 2015 test
4 year payroll expense from \$14,356,433 upward to its requested 2017 rate year
5 amount of \$15,960,949, as summarized on Schedule RCS-3.

6
7 **Q. Do you agree with Providence Water's proposed rate year payroll expense?**

8 A. No. I have identified several issues with the Company's proposed rate year payroll
9 expense. Specifically, by ignoring normal employee turnover and including wages
10 for vacant positions, Providence Water has overstated rate year payroll expense. In
11 response to Division data request Set 1, question 28 ("DIV 1-28"), Providence
12 Water listed its actual number of employees for fiscal years ("FY") 2014, 2015 and
13 2016, and estimated number of employees for FY2017. As shown there, the
14 number of permanent employees at Providence Water has declined from 242 at the
15 end of FY2014, to 237 at the end of FY2015, to 229 at year-end FY2016.
16 However, for FY2017, Providence Water projects 245 permanent employees in
17 every month. However, as shown in its response to DIV 1-28, Providence Water
18 has not had 245 permanent employees in any month of FY2014, FY2015, or
19 FY2016. Over the past three fiscal years, the Company's number of permanent
20 employees has been declining steadily, not increasing.

21
22 **Q. In the Commission's request PUC 1-2 to Providence Water, the Company was**
23 **asked to provide a list of all employees, title, union affiliation, base salary,**
24 **longevity and incentives, start data and increase dates. How many employees**

1 **are listed in Providence Water's response to Commission data request PUC 1-**
2 **2?**

3 A. A page-by-page count of the employee listing provided by Providence Water
4 provided in response to the Commission's request PUC 1-2 reveals a total of 201
5 employees. This is significantly below the level of 245 permanent employees that
6 Providence Water used in its rate filing.

7
8 **Q. How many vacant positions were identified in Providence Water's response to**
9 **the Commission's request PUC 1-3?**

10 A. Providence Water's response to the Commission's request PUC 1-3 identifies 16
11 vacant positions that were included in the salary expense in Providence Water's
12 filing that are currently vacant. That response also contains information on the
13 salary request for the vacant positions and an explanation of why the position is
14 needed. One of the currently vacant positions is for a board member for a \$3,500
15 annual salary, and another is for a Rain Gauge Keeper with a \$91 per month salary.
16 The other 14 currently vacant positions appear to be for full-time positions and have
17 annual salaries ranging from \$35,530² to \$68,862.³

18
19 **Q. Should the Company's request for additional payroll for 14 new positions be**
20 **accepted?**

21 A. No. The Company's projection of 245 permanent employees for FY2017 is not
22 supported by the Company's historical level of staffing and should be reduced to a
23 level that is representative. Specifically, given actual historical work force levels,

² Low end of salary ranges for a Water Supply Board Clerk, for which two vacant positions are listed.

³ High end of salary range for Real Estate Administrator

1 Providence Water has not justified its requested payroll expense for 14 new
2 positions, nor would that work force be consistent with actual levels in recent years.
3 Therefore, I am recommending the removal of the \$643,020 payroll expense for 14
4 new positions that was reflected in Providence Water's requested rate year payroll.
5

6 **Q. Are you recommending any adjustment for the Company's projected level of**
7 **part-time employees?**

8 A. No. The number of part-time employees has remained consistent at 11 positions
9 throughout FY2014, FY2015, and FY2016, and projects the same level of 11 part-
10 time employees for FY2017. Providence Water's response to DIV 1-28 shows that
11 the Company has not projected any temporary employees for FY2017 and that the
12 Company has not had temporary employees since August 2015. I am not taking
13 issue with the Company's projections of part-time or temporary employees for
14 FY2017, but am recommending that the Company's projections for 14 new
15 positions be rejected. As stated above, the Company has not had 245 permanent
16 positions in any month in FY2014, FY2015, or FY2016. It is unrealistic to assume
17 that Providence Water's level of permanent employees would jump by 16 positions
18 from the 229 actual positions in June 2016 to the projected level of 245 positions in
19 July 2016 or remain at 245 positions throughout FY2017. Consequently, I am
20 recommending removal of the \$643,020 payroll expense increase that Providence
21 Water reflected in its Schedule NEP-2 for the addition of 14 new employees.
22

1 **Q. When Providence Water has experienced turnover in its workforce and**
2 **reflected positions with new employees, what impact has that had on its payroll**
3 **costs?**

4 A. The Company's response to DIV 1-26 shows that during the July 1, 2014 to June
5 30, 2015 test year period, 15 positions having total salaries of \$807,478 were
6 replaced with replacement employees having salaries totaling \$800,657 for a net
7 reduction between old and new salaries for the positions of \$6,821. Additionally,
8 the Company's response to DIV 1-26 shows that for the period July 1, 2015 through
9 June 30, 2016, the 12 months subsequent to the test year, 24 positions having
10 salaries of \$1,228,412 were replaced by new or replacement employees having
11 salaries of \$1,147,595, for a net reduction between old and new salaries of \$80,817.
12 I am recommending that the difference between old and new salaries for the 12-
13 month period July 1, 2015 through June 30, 2016 be reflected as a known and
14 measurable adjustment to payroll expense, less an allocated capitalized amount.
15 The reduction to payroll expense to reflect employee turnover is \$76,014 as shown
16 on Schedule RCS-3, pages 1 and 2.

17
18 **Q. How did you compute the capitalized amount?**

19 A. I used an average of the capitalized payroll to total payroll expense for the fiscal
20 years 2013, 2014, and 2015 based on information that was provided in response to
21 DIV 1-27. As shown on Schedule RCS-3, page 2, this resulted in a capitalization
22 factor of 5.94%. I also checked the reasonableness of that capitalization percentage
23 by dividing the Company's capitalized payroll amount of \$392,372 for the period

1 July through December 2015 by the total payroll amount for that period of
2 \$6,772,185 from the Company's response to DIV 1-27.

3
4 **Q. Are you also proposing an adjustment to overtime expense?**

5 A. Yes. Based on the Company's response to DIV 1-27, there has been a notable
6 decline in overtime payroll expense from the \$911,601 in the test year to \$620,838
7 in the eleven month period July 2015 through May 2016 subsequent to the test year.
8 In prior years, the Company had recorded approximately \$100,000 of overtime
9 payroll cost shown for June, i.e., the Company's recorded amounts of June overtime
10 in FY 2015 (\$100,075), FY2014 (\$101,481) and FY2013 (\$100,230) from the
11 Company's response to DIV 1-27 produces an annualized overtime cost of
12 \$720,638. The Company supplemented its response to DIV 1-27 and shows that
13 the June 2016 overtime was \$66,288 and the total overtime for FY 2016 was
14 \$687,126. The test year recorded overtime cost of \$911,601 projected by the
15 Company is reduced by \$224,475 to adjust it to the FY 2016 level of \$687,126. The
16 \$224,475 total overtime pay cost reduction was adjusted to \$211,133 to reflect that
17 a portion was subject to capitalization.

18
19 **Q. Please explain how you adjusted the total reduction to overtime cost to an
20 O&M expense amount.**

21 A. The \$224,475 reduction to overtime cost is adjusted to an O&M expense amount by
22 removing an estimated capitalized amount calculated using the 5.94% average
23 capitalization factor discussed above. The reduction to O&M payroll expense for
24 overtime of \$211,133 is shown on Schedule RCS-3, page 2.

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Q. Have you prepared a schedule which shows the calculation of your recommended level payroll expense for the rate year?

A. Yes. As summarized on Schedule RCS-3, page 1, my recommendation regarding the appropriate level of salaries and wages for the rate year, (1) removes the payroll expense for 14 new positions to reflect recent actual employee levels, (2) adjusts for the effects of employee turnover by reflecting known differences for positions that were replaced during the 12 months after the test year, and (3) adjusting the level of overtime expense. I have adjusted Providence Water's request to reflect these changes. My adjusted payroll expense of \$14,999,156 is \$961,793 less than Providence Water's requested amount of \$15,960,949.

Payroll Clearing

Q. What is payroll clearing?

A. Payroll clearing represents capitalized labor that is associated with Providence Water construction projects. For investor-owned utilities that earn a return on rate base, capitalized labor becomes part of the capital investment which the utility is allowed to depreciate and earn a return. For Providence Water and other municipal utilities for which revenue requirements are determined on a cash basis, capitalized labor costs must be reimbursed from the Infrastructure Replacement ("IFR") fund or another capital fund because the Company's cost of service does not include depreciation of, and a return on, rate base.

1 **Q. How did Providence Water determine the amount of payroll clearing that will**
2 **be reimbursed from the IFR or other capital fund for the rate year?**

3 A. Providence Water included a credit or offset to salaries and wages for payroll
4 clearing equal to the payroll clearing in the FY2015 test year. As shown on
5 Company Schedule NEP-1, as reproduced on Schedule RCS-4, page 2, this credit is
6 \$899,680. However, this amount should be adjusted to reflect wage increases after
7 FY2015.

8

9 **Q. What adjustment are you recommending to make to payroll clearing?**

10 A. I recommend adjusting payroll clearing to reflect the effect of the increases in wage
11 rates that occurred after the test year ended June 30, 2015 on July 1, 2015, July 1,
12 2016, and one-half of the increase scheduled for July 1, 2017. As shown on
13 Schedule RCS-4, page 1, this adjustment increases payroll clearing and reduces test
14 year expenses by \$49,842.

15

16 **Q. Was a similar adjustment recommended by the Division in Providence Water's**
17 **last rate case and accepted by the Company?**

18 A. Yes. A similar adjustment to payroll clearing was recommended by the Division in
19 Providence Water's last rate case, Docket No. 4406, and was accepted by the
20 Company in that case.

21

22 Overhead Rate Applied

23 **Q. WHAT IS OVERHEAD RATE APPLIED?**

1 A. Similar to payroll clearing, overhead rate applied represents capital overheads that
2 are attributable to construction projects.

3

4 **Q. Has Providence Water treated these capitalized overheads in the same manner**
5 **as capitalized wages?**

6 A. No. Unlike payroll clearing or capitalized labor, Providence Water has not treated
7 overhead rate applied as being reimbursed from the IFR fund or another capital
8 fund. Instead, the Company has treated capitalized overheads as a normal O&M
9 expense.

10

11 **Q. Has Providence Water treated capitalized benefits as reimbursed from the IFR**
12 **or other capital account in prior rate cases?**

13 A. Yes. In its response to DIV 4-2 in its last rate case in Docket No. 4406, the
14 Company indicated that overhead rate applied was not treated as reimbursed from
15 the IFR fund in Docket No. 3832. However, in Providence Water's last rate case in
16 Docket No. 4406 as well as in Docket No. 4061, and in Docket Nos. 3446 and
17 3684, the two cases prior to Docket No. 3832, both capitalized labor and overheads
18 were reimbursed from the IFR or other capital fund.

19

20 **Q. How are you proposing to treat overhead rate applied amounts?**

21 A. I am proposing to treat overhead rate applied amounts as eligible for
22 reimbursement from the IFR fund or capital funds, as applicable. This approach
23 recognizes that these amounts are capitalized costs and not O&M expense, which is

1 consistent with the treatment of capitalized wages and the treatment of capitalized
2 overheads in prior Providence Water rate cases other than Docket No. 3832.

3

4 **Q. How did you determine the amount of capitalized overheads to be reimbursed**
5 **from capital funds for the rate year?**

6 A. During the FY2015 test year, overhead rate applied amounts totaled \$1,243,408 as
7 shown on Providence Water Schedule NEP-1 and reproduced on Schedule RCS-5,
8 page 2. These amounts include both fringe benefits, which reflect a percentage of
9 labor and a portion of the administration, finance, support, and engineering costs of
10 Providence Water. To estimate the rate year level of capitalized overheads, I
11 escalated the test year overheads applied by the same factor as payroll clearing.
12 This is the inflation factor from the FY2015 test year to the calendar year 2017 rate
13 year that I am recommending. As shown on Schedule RCS-5, page 1, I have
14 estimated the capitalized overheads to be reimbursed from the IFR or capital fund,
15 and excluded from O&M expense, to be \$1,312,293.

16

17 **Q. Are you proposing to increase IFR or other capital funding to account for the**
18 **additional amounts to be used to reimburse overheads applied?**

19 A. No. As shown on Schedule NEP-1, the Company projects that it will have a
20 balance of \$24 million in the IFR replacement fund as of June 30, 2014, and that
21 balance will grow to over \$27.6 million for the pro forma rate year. In addition,
22 Company Schedule NEP-1 also shows that Providence Water projects a surplus of
23 \$2.127 million in the capital fund (used to pay for cash funded projects) as of June
24 30, 2015 and projected for the rate year. Consequently, there will be more than

1 sufficient funds available to reimburse overheads applied during the rate year and
2 beyond.

3

4 **Q. Was a similar adjustment recommended by the Division in Providence Water's**
5 **last rate case and accepted by the Company?**

6 A. Yes. A similar adjustment to payroll clearing was recommended by the Division in
7 Providence Water's last rate case, Docket No. 4406, and was accepted by the
8 Company in that case.

9

10 Employee Benefits Expense

11 **Q. What adjustments have you made to Providence Water's projection of rate**
12 **year benefits expense?**

13 A. I have adjusted the expense to exclude the benefits cost of \$345,819 for vacant
14 positions to eliminate the cost for the Company's new positions, which are not filled
15 and which are in excess of those needed, based on the historical work force levels
16 identified in the Company's responses to DIV 1-27 and DIV 1-28, as discussed
17 above in conjunction with my recommended payroll expense adjustment. The
18 removal of the employee benefits cost that Providence Water requested for vacant
19 positions is consistent with my recommendation to remove the 14 new positions for
20 full time, permanent employees discussed above in my payroll expense adjustment.

21

22 **Q. Have you prepared a schedule showing your adjustment to employee benefits?**

1 A. Yes. Schedule RCS-6 presents my adjustment to the Company's requested estimate
2 of rate year employee benefits expense. As shown there, I have reduced the
3 Company's projected benefits expense of \$10,650,639 by \$345,819 to remove the
4 benefits costs for new positions. This results in an adjusted employee benefits
5 amount for the rate year of \$10,304,820.

6

7 Payroll Tax Expense

8 **Q. Please explain your adjustment to Payroll Tax Expense.**

9 A. My recommended adjustment to the Company's payroll tax expense is made in
10 conjunction with the recommended adjustment to payroll expense discussed
11 previously. The adjustment to payroll tax expense is shown on Schedule RCS-7.
12 Based upon my recommendations to (1) remove the payroll expense for 14 new
13 positions to reflect recent actual employee levels, (2) adjust for the effects of
14 employee turnover by reflecting known differences for positions that were replaced
15 during the 12 months after the test year, and (3) adjust the level of overtime
16 expense, I have reduced the Company's projected rate year payroll expense by
17 \$961,793. This results in a reduction to payroll tax expense of \$73,577 as shown on
18 Schedule RCS-7.

19

20 Insurance Expense

21 **Q. How did Providence Water develop its claim for insurance expense?**

22 A. The Company's filing includes an allowance for insurance expense that was
23 determined by adjusting the FY2015 funding amount of \$1,802,547 for the four

1 adjustment items listed on Schedule NEP-6, which I have reproduced in Schedule
2 RCS-8.

3

4 **Q. Please explain your adjustment to insurance expense for the rate year.**

5 A. As shown on Schedule RCS-8, I have adjusted insurance expense to remove
6 amounts for worker's compensation that are received as salary. The amounts for
7 salaries and wages paid as worker's compensation are reflected in adjusted payroll,
8 shown on my Schedule RCS-3.⁴ To the extent that any worker's compensation is
9 paid to employees in lieu of salary, those amounts should not be treated as worker's
10 compensation expense unless the salary for that employee is credited to the
11 insurance reserve. The portion of the workers' compensation expense that is being
12 paid as salaries and is reflected in the payroll expense should be removed from the
13 insurance expense. As shown on Schedule RCS-8, this reduces the Company's
14 proposed insurance expense by \$136,455.

15

16 Property Tax Expense and Application of Property Tax Refund Amount

17 **Q. Please explain the Company's proposed adjustment to rate year property tax**
18 **expense.**

19 A. As discussed in the direct testimony of Company witness Parrillo, the Company
20 used a 3% factor in determining its proposed amount of property taxes for the rate
21 year. Specifically, Ms. Parrillo stated that the Company performed an analysis of
22 the actual increases in Providence Water's tax bills for the test year and previous

⁴ See, e.g., Schedule RCS-3, line 4, which replicates the Company's increase to payroll expense for Normalizing Adjustments for Workers Compensation.

1 two years. According to Ms. Parrillo, the average actual increase in the overall
2 amount of property taxes paid was approximately 3%. As discussed by Ms.
3 Parrillo, the Company applied the 3% over the next two fiscal years to the actual
4 2016 property tax bill to estimate the 2017 tax bills. In addition, the same 3% was
5 applied to the 2017 estimates to calculate the 2018 tax bills. From these
6 calculations, the Company determined an average compounded percentage of
7 6.26%, which Providence Water applied to the 2015 test year property taxes to
8 derive the projected rate year amount.

9
10 **Q. Are there any other components to Providence Water's proposed rate year**
11 **property taxes?**

A. Yes. As discussed in Ms. Parrillo's testimony, the Company also included an amount for the East Smithfield Water District ("ESWD"), which according to Company Schedule NEP-4, will be acquired by Providence Water by 2017. Ms. Parrillo stated that ESWD is tax exempt and has not been responsible for paying property taxes in the past. However, Ms. Parrillo also stated that by using the Town of Smithfield's Tax Assessor website, the Company estimated the potential tax liability for the ESWD for FY2017 and used the aforementioned 3% factor to determine the FY2018 amount. As shown on Company Schedule NEP-4, the amount used by Providence Water for ESWD property taxes is \$7,005.

12 Based on the foregoing two sets of calculations, the Company is proposing
13 an increase to property taxes of \$416,455 as shown on Company Schedule NEP-4.
14

15 **Q. What is the Property Tax Refund Fund?**

1 A. As discussed on page 22 of Ms. Parrillo's direct testimony, the property tax refund
2 fund is not funded through rates, but through the refund of municipal taxes which
3 result from tax agreements that Providence Water has entered into with various
4 municipalities. Specifically, in 2015 the Company and the Town of Foster entered
5 into a tax agreement in which Providence Water will receive \$175,000 per year
6 from the Town of Foster for nine years and then will receive approximately
7 \$290,000 in year ten. The tax agreement reflects the overall payment of \$1.6
8 million to Providence Water. According to Ms. Parrillo, the \$1.6 million refunded
9 to Providence Water reflects the settlement of overcharges for property taxes for the
10 12-year period ending in 2014.

11

12 **Q. Did the Company reflect the amounts in the property tax refund fund in its**
13 **revenue requirement calculation?**

14 A. No. A review of Company Schedules NEP-11⁵ and HJS-1⁶ revealed that the
15 amounts in the Property Tax Refund Fund are not reflected in the Company's
16 revenue requirement calculation. However, it should be noted that all of the other
17 restricted funds listed on Schedule NEP-11 are reflected in the Company's revenue
18 requirement calculation that is shown on Schedule HJS-1.

19

20 **Q. Do you agree that the Property Tax Refund Fund amounts should not be**
21 **reflected in Providence Water's revenue requirement calculation?**

22 A. Not entirely. Past amounts are restricted to Commission designated uses. However,
23 the Company has recently reached an agreement with the Town of Foster, which

⁵ Schedule NEP-11 provides a summary of the Company's proposed restricted fund adjustments.

⁶ Providence Water's revenue requirement calculation is reflected on Schedule HJS-1.

1 has resulted in a significant refund amount that should be considered in the context
2 of Providence Water's current rate case.

3

4 **Q. Do you agree with the Company's proposed adjustment to property tax**
5 **expense?**

6 A. No, not entirely. As noted above, the Company has resolved its property tax
7 dispute with the Town of Foster. That resolution will not only result in reducing the
8 going-forward amounts of property tax expense, it has already resulted in refunds
9 being made, which Foster will be paying to Providence Water over the next several
10 years.

11

12 **Q. How has Providence Water proposed to apply the Foster property tax**
13 **refunds?**

14 A. On June 22, 2016 Providence Water made a filing with the Public Utilities
15 Commission concerning the tax agreement that it had executed with the town of
16 Foster. That filing included a copy of the tax agreement and a description of
17 Providence Water's proposed use of the Foster refund amounts.

18

19 **Q. Does the Company's proposed use of the Foster property tax refund amounts**
20 **reduce its revenue requirement in the current case?**

21 A. No. The Company's response to DIV 3-2(f) indicates that the Company has not
22 reduced the Foster refund amounts to offset expenses in the PWSB current rate case
23 because of Report and Order No. 19145 in connection with PUC Docket No. 3832,
24 filed in March 2007. The Company's response to DIV 3-2(g) claims that using a

1 portion of the funds in the Property Tax Refund Account to offset costs that have
2 been included in the revenue requirement in the current rate case would be
3 inconsistent with Report and Order No. 19145, which states at page 72 that: "...
4 Providence Water shall create a separate restricted account entitled Property Tax
5 Refund into which the funds received from the City of Cranston (\$1,510,096.16)
6 shall be deposited. ... The remaining balance in the account shall be used for
7 litigation expenses related to property tax challenges, but not increased property
8 taxes. Funds may be expended only on invoices for services rendered on and after
9 November 1, 2007. In addition, any future tax refunds or adjustments in Providence
10 Water's favor shall be deposited into this account for further disposition as ordered
11 by the Commission."

12

13 **Q. Since the future tax refunds that are deposited into the account are subject to**
14 **the further disposition as ordered by the Commission, could the Commission**
15 **order some of the Foster property tax refund to be applied in the current**
16 **PWSB rate case?**

17 A. Yes, it would appear that the Commission has retained discretion as to the
18 disposition of tax refunds that are deposited into the account. Therefore, there is no
19 apparent reason why the Commission could not order that some portion of the
20 Foster property tax refund be used to mitigate the rate increase requested by
21 Providence Water in the current rate case.

22

23 **Q. What is the balance in the Property Tax Refund Account?**

1 A. The Company's response to DIV 3-1(c) shows that the balance in the Property Tax
2 Refund Account at August 31, 2016 was \$742,482. That reflects the December 31,
3 2015 balance of \$578,249 plus a \$175,000 tax refund payment that PWSB received
4 from Foster in July 2016, less \$10,767 of July 2016 legal expenses.

5
6 **Q. Has Providence Water reflected any amortization of the Property Tax Refund**
7 **Account balances in the current rate case?**

8 A. No. According to the Company's response to DIV 3-2(h) it has not.

9
10 **Q. Does Providence Water expect to have activity in its Property Tax Refund**
11 **Account?**

12 A. Yes. The Company's response to DIV 3-1(d) states that it expects to have some
13 minimal activity in the account for the remainder of 2016. The Company's response
14 to DIV 3-1(e) states that: "The activity that is expected through 12/31/2016 is
15 related to the renegotiation of the tax treaty with the Town of Scituate. Costs
16 through the end of the year could be up to \$25,000. As the talks continue through
17 2017, that number could grow significantly based on the progress that is made."

18
19 **Q. What was the amount of the Foster property tax refund that Providence Water**
20 **has calculated?**

21 A. The Company's response to DIV 3-2 includes detailed calculations of the total
22 \$1,604,528 refund amount for tax years 2003 to 2014. The \$1,604,528 is to be
23 refunded to Providence Water from the Town of Foster going forward, with interest
24 at the prime rate, currently at 3.25%. Attachments to the Company's response to

1 DIV 3-2(b) show the calculation of the nine annual payments of \$175,000 starting
2 with the payment made on July 15, 2015 and continuing through July 15, 2023 and
3 the final payment of \$298,982.58 to be made on July 15, 2024, along with the
4 related interest, which Providence Computed at the current prime rate of 3.25%.

5
6 **Q. How did Providence Water record the Town of Foster property tax refund?**

7 A. According to the attachments provided with the Company's response to DIV 3-2(b),
8 the \$1,604,528 was debited to account 876-000 11300-000, Tax Treaty
9 Receivables, and credited to account 876-000 23000-0000, Deferred Revenue -
10 Taxes. The Company's journal edit listing shows a posting date of July 31, 2015
11 and a transaction date of August 30, 2016 for the "Town of Foster Agreement."
12 The journal edit listing provided is for fiscal year 2016, period 1. The Providence
13 Water "General Ledger Report" that was included with its response to DIV 3-2
14 shows that a deposit of \$175,000 was received from the Town of Foster and
15 recorded by the Company in account 10101-0000, Cash and Short-Term
16 Investments. The Company also recorded \$168,701.72 in account 48075-0000, Tax
17 Refund Revenue, and \$6,298.28 in account 45120.0000, Interest Income-Others.

18 The Company's "General Ledger Report" shows further that in July 2016
19 another \$175,000 was received from the Town of Foster and recorded by the
20 Company in account 10101-0000, Cash and Short-Term Investments. The
21 Company also recorded \$127,439.14 in account 48075-0000, Tax Refund Revenue,
22 and \$47,560.86 in account 45120.0000, Interest Income-Others.

1 **Q. When Providence Water received a substantial property tax refund from the**
2 **City of Cranston, how was that utilized by the Commission to reduce the**
3 **Company's revenue requirement?**

4 A. As described in the Commission's Report and Order for Docket No. 3832, at page
5 72 (an excerpt of which was provided by Providence Water in its response to DIV
6 3-2), "... Providence Water shall create a separate restricted account entitled
7 Property Tax Refund into which the funds received from the City of Cranston
8 (\$1,510,096.16) shall be deposited. Out of that account, \$375,000 shall be credited
9 to customer annually, for a total over three years of \$1,125,000."

10

11 **Q. Do you have a recommendation concerning the use of the Town of Foster**
12 **property tax refund in the current case?**

13 A. Yes. Based on the responses to discovery, Providence Water has already recorded
14 the funds to be received from the Town of Foster of \$1,604,528 but into the
15 accounts 876-000 11300-000, Tax Treaty Receivables, which was debited, and into
16 account 876-000 23000-0000, Deferred Revenue - Taxes, which was credited for
17 that amount. I recommend that the Commission require Providence Water to reflect
18 the Town of Foster refund of \$1,604,528 in the Property Tax Refund account, and
19 to credit customers annually \$175,000 for nine years, for a total of \$1,575,000. The
20 remaining balance in the account should be restricted for use for litigation expenses
21 related to property tax challenges, but not increased property taxes. This
22 recommendation reflects that Providence Water will be receiving at least \$175,000

1 from the Town of Foster for the next nine years (counting the July 2016 receipt)⁷
2 and reflects a similar treatment to that Ordered by the Commission for the City of
3 Cranston property tax refund in Docket No. 3832.

4
5 **Q. In computing your recommended revenue requirement for Providence Water,**
6 **how did you reflect this recommendation?**

7 A. My recommended adjustment for the Town of Foster property tax refund is shown
8 on Schedule RCS-9. In my recommended revenue requirement for Providence
9 Water shown on Schedule RCS-1, the \$175,000 is shown as a reduction to Property
10 Tax Expense on line 15. An alternative way of reflecting this recommendation
11 would be to have Providence Water credit the amount to operating revenues on a
12 schedule that would allow it to withdraw no more than the \$175,000 annually. As
13 noted in the Report and Order in Docket no. 3832, page 72, footnote 254, in
14 addressing the revenue requirement treatment applied by the Commission for the
15 City of Cranston property tax refund, it states that: "In reality, the \$375,000 per year
16 has been calculated into the rates approved by the Commission in this docket and
17 will not constitute an additional rate credit to customers. The Commission presumes
18 that Providence Water will credit the amount to its operating revenues on a
19 schedule that will allow it to withdraw no more than the \$375,000 annually."

20
21 **Q. Does Providence Water have any property tax appeals or assessment**
22 **challenges pending?**

⁷ It is noted that the payments to be made on July 15 of each year, 2016 through 2023 are \$175,000 each, and the final payment to be made to the Company from the Town of Foster on July 15, 2024 is \$298,982.58, per the Company's response to DIV 3-2(c).

1 A. According to the Company's response to DIV 3-3, it does not. That response does
2 mention, however, that if Providence Water is unable to successfully renegotiate an
3 extension of the Scituate tax agreement, extended and expensive tax appeals and
4 related litigation and significant costs for legal fees and appraisal fees could be
5 expected.

6

7 **Q. Do you have a recommendation concerning any money remaining in the**
8 **Property Tax Refund account?**

9 A. Yes. After the nine years of \$175,000 annual applications of the Town of Foster
10 property tax refund, if there is any money remaining in the Property Tax Refund
11 account, it should be held by Providence Water for disbursement back to ratepayers,
12 based on an appropriate future treatment to be determined by the Commission.

13

14 Payment in Lieu of Taxes for 125 Dupont Drive in Providence

15 **Q. What is the Company's adjustment for a payment in lieu of taxes?**

16 A. As discussed on pages 10-11 of Ms. Parrillo's direct testimony, the proposed
17 payment in lieu of taxes ("PILOT") relates to the purchase of property located 125
18 Dupont Drive in Providence, which will be the Company's Central Operation
19 Facility ("COF"). Ms. Parrillo stated that this property is on the City of Providence
20 tax rolls in the amount of \$325,991, which is the amount billed to the previous
21 owner of the property located at 125 Dupont Drive. However, according to Ms.
22 Parrillo, Providence Water is tax exempt from the City of Providence and therefore,

1 will not be required to pay property taxes to the City of Providence as it relates to
2 125 Dupont Drive.

3 On page 11 (lines 2-4) of her testimony, Ms. Parrillo stated: "If Providence
4 taxpayers should lose the existing tax revenue that otherwise would have been
5 received from another owner of the property, this would be equivalent to the
6 Providence taxpayers subsidizing the ratepayers of Providence Water." Therefore,
7 the Company is requesting that the Commission allow the PILOT to the City to
8 recover this otherwise lost revenue. As shown on Company Schedule NEP-5, the
9 Company has included an adjustment for the PILOT in the amount of \$326,000 and
10 reflected in the revenue requirement calculation shown on Company Schedule HJS-
11 1.

12
13 **Q. Does Providence Water intend to pay property taxes to the City of Providence**
14 **for the COF?**

15 A. No. On page 6 (lines 13-14) of his testimony, Company witness Ricky Caruolo
16 stated: "Providence Water will not pay taxes to the City of Providence unless
17 authorized to do so by the Commission." Mr. Caruolo goes on to state that the City
18 of Providence is entitled to the PILOT in order to make them whole.

19
20 **Q. Other than for this one specific property that was recently acquired, does the**
21 **Company have an expense for a PILOT?**

22 A. No. The 125 Dupont Drive property in Providence is the only item for which the
23 Company has requested a PILOT.

24

1 **Q. Has the Company paid the amount of its requested PILOT to the City?**

2 A. No, at least not yet. It appears that the Company is awaiting a ruling from the
3 Commission first authorizing the payment in rates prior to remitting the amount to
4 the City.⁸

5
6 **Q. Has the Company had discussions with the City of Providence Tax Division
7 regarding the PILOT amount for the Dupont Drive property?**

8 A. The Commission's data request set 1, item 12 (PUC 1-12) asked: "Has Providence
9 Water had any discussions with the City of Providence Tax Division to determine
10 an appropriate payment in lieu of taxes (PILOT) for the Dupont Drive, Providence
11 property?" The Company's response stated that:

12 Providence Water has not had any discussion with the City of
13 Providence Tax Division to determine an appropriate payment in
14 lieu of taxes for the Dupont Drive property. We determined
15 internally that it would be fair to make the City of Providence whole
16 for the loss in tax revenue from the sale of Dupont Drive to
17 Providence Water. The City of Providence has sent Providence
18 Water a tax bill on the Dupont Drive property; we have not paid that
19 tax bill.

20

21 **Q. Has the Division supplied you with information concerning past Commission
22 determinations about whether PILOT should be included in rates?**

23 A. Yes. The Division has supplied me with the following information as background
24 on the Commission's treatment of PILOT in previous utility rate cases in this
25 jurisdiction. Specifically, there are a number of previous cases wherein the
26 Commission addressed and rejected payments in lieu of taxes as an expense that the
27 Commission should allow in rates, as illustrated in the following excerpts:

⁸ See, e.g., the testimony of Company witness Ricky Caruolo at page 6, lines 13-14, cited above.

1 In Re: Providence Water Supply Board Application to Change Rates
2 Schedules, Docket No. 2048, Order No. 14096 at 29:

3 v. Payment-in-lieu-of-taxes ("PILOT")

4 According to the PWSB, this line item "is an amount to be paid by
5 the PWSB to the City of Providence for fixed assets utilized by the
6 PWSB within the City of Providence limits" (PWSB Exh. 3, p. 6).
7 Both the Division and the KCWA argue that there is no basis for this
8 expense in the PWSB's cost of service.

9 This docket does not represent the Commission's first exposure to a
10 proposal by a municipal water utility for a PILOT expense in its cost
11 of service. This very same issue came up in a Pawtucket Water
12 Supply Board rate case in 1991 (Docket No. 1989) and in a Newport
13 Water Department rate case earlier this year (Docket No. 2029). The
14 Commission rejected a PILOT expense in both of these cases. In the
15 Newport case we held that we could "not philosophically or
16 regulatorily accept the notion of the City of Newport taxing its own
17 water department" and that a "payment in lieu of taxes...is an
18 element of expense which this Commission has not previously
19 allowed in rates" (Order No. 13947). We see no justification to
20 deviate from this prior holding in this docket. Additionally, our
21 decision to approve a City Services allowance in this docket, to
22 compensate the City of Providence for the services it provides to the
23 PWSB, further negates the need for a PILOT.

24 As an ancillary observation, the Commission finds that the PWSB
25 failed to prove that the \$1,500,000 PILOT is based on the fair market
26 value of the PWSB's property. The Commission finds that the \$180
27 million amount, used as an appraisal of the system's value, was
28 arbitrarily chosen (Division Exh. 5; 8/26/92, T. 23). Moreover, the
29 Commission queries how the PWSB can reconcile this \$180 million
30 amount, with the book value equivalent amount of \$28,977,347
31 which was offered by the PWSB, through a data response, as
32 constituting the fair market value of its system in Providence
33 (Division Exh. 6) [4 That same data response indicated that the total
34 "assessed value" of the Providence system was \$5,424,800 (Division
35 Exh. 6).]

36 As a final note, the Commission was somewhat perplexed with the
37 PWSB's argument on this issue vis a vis its argument in the rental of
38 property issue. Here, the PWSB maintains that because it
39 constructively owns the property in the City of Providence, the City
40 of Providence is entitled to a PILOT. Conversely, in the rental of
41 property issue, the PWSB maintained that because the City of
42 Providence owns all PWSB property located in the City of
43 Providence, the City of Providence is entitled to lease payments. We
44 find this incongruity a fact which weakened both arguments.

1 A second example of where the Commission rejected a PILOT is **In Re:**
2 **Newport Water Dept. Proposed Changes in Rate Schedules**, Docket No. 2029,
3 Order No. 13947 where the Commission stated at 15 as follows:

4 The Commission considered the aforementioned recommendation
5 and finds it reasonable and in the best interests of Newport's
6 ratepayers, with one exception. The parties have agreed to include in
7 Newport's cost of service an expense entitled "payment in lieu of
8 taxes." This expense was defended by Mr. Esktrom as evidenced in
9 the following record excerpt:

10 Q. (Chairman Malachowski:)" . . .why should the Water Department
11 be paying taxes to the City of Newport?

12 A. (Mr. Ekstrom:) "We feel in order to get a true cost of producing
13 water we would have to have all the costs associated with producing
14 water. It seems kind of arbitrary that a treatment plant that happens
15 to be located within the border of Newport is not charged a tax.
16 Initially we were concerned about a cross-subsidization because
17 Newport taxpayers were not getting the benefit of that treatment
18 plant on its roles and thereby were subsidizing the water users. And
19 those are not the same population; because, obviously, Newport
20 taxpayers are people who own property in Newport. However, the
21 Water Department serves a good portion of Aquidneck Island,
22 including Middletown and Portsmouth. We felt that it would be a
23 fairer way to do it accounting-wise and the fairer way to handle it for
24 the taxpayers in the City of Newport and water ratepayers." (5/22/92,
25 T. 30-31).

26 This expense, despite Newport's argument, is not appropriate in the
27 opinion of this Commission. We cannot philosophically or
28 regulatorily accept the notion of the City of Newport taxing its own
29 water department. The City of Newport does not tax itself on its City
30 Hall and should therefore not tax its own water department.

31 Furthermore, the addition of a payment in lieu of taxes to the cost of
32 service is an element of expense which this Commission has not
33 previously allowed in rates. We note that the argument cited above
34 has some merit, but we feel that it is outweighed by other
35 considerations.

36
37 This Commission has consistently allowed, in rates, an expense to
38 cover payments from municipally-owned water companies to their
39 municipality's general fund for services provided by the
40 municipality. This expense has been historically allowed to prevent
41 any subsidy of services by the parent-municipality (taxpayers) which
42 should be borne by water ratepayers instead. In this filing, the

1 amount allowed the NWD is \$100,357, which covers administrative
2 cost and data processing charges due the City of Newport (Newport
3 Exh. 3A, Sch. K). In light of this allowance, the addition of a
4 payment in lieu of taxes to cover general municipal services would
5 in effect overcompensate the City of Newport. This would be
6 tantamount to two "bites of the apple" and inappropriate in the
7 opinion of this Commission.

8 This Commission closely followed ratepayer sentiment during this
9 docket. We are cognizant that Newport's water rates have
10 significantly increased over the last ten years. We are also aware that
11 sewer rates and property taxes have similarly increased. The
12 Commission must emphasize, however, that these latter two
13 expenses are beyond the purview of this tribunal. Newport's
14 ratepayers/taxpayers ought to raise these concerns with their local
15 government representatives. As for the water rates, we strongly
16 believe that the capital improvements which have resulted from
17 these rate increases are in the best interests of Newport's water
18 ratepayers. Newport has witnessed the construction of a new
19 treatment plant and the replacement of many miles of antiquated
20 pipe. The proposed Sakonnet River pipeline project, approved
21 previously by Newport's voters in 1989, proves to be a state-of-the-
22 art supply conduit that will provide water service for many years to
23 come. This Commission's decision to provide debt service revenues
24 for this project is a response to the public's demand for a modern
25 water system. We sincerely believe that the capital projects approved
26 by this Commission, both in the past and for the future, through this
27 rate increase, are in the best interests of Newport's water customers.
28 Predicated on this finding, the Commission shall approve the jointly
29 recommended revenue requirement of \$7,333,817 less the identified
30 payment in lieu of taxes amount of \$150,000.

31
32 A third example of where the Commission rejected a PILOT is **In Re:**

33 **Pawtucket Water Supply Bd. Rate Change** Application Filed November 2, 1990,

34 Docket No. 13711, Order No. 1989, which states at page 12 as follows:

35 a. Payments in Lieu of Taxes. The PWSB argued that such
36 payments are both widely accepted [68 The Board cites the
37 American Water Works Association rate book (M1) in support of its
38 proposition. See Brief for PWSB, p. 22.] and equitable. [69 The
39 Board points out that it pays over \$300,000 annually for Cumberland
40 property taxes, a charge borne by all ratepayers. It contends that
41 Pawtucket property tax payers are subsidizing Cumberland water
42 rate payers. Id.] The Division's position is that the taxes should be

1 assessed before the Commission authorizes their inclusion in the cost
2 of service. [70 See Div. Ex. D-1, p. 22; Div. Ex. D-2, p. 14.]

3 The Commission has detailed the history of City failure or even
4 refusal [71 Division witness Fox sought clarification from the City
5 Finance Director as to why the separate, interest-bearing accounts
6 ordered in Docket No. 1768 had not been set up. He testified that the
7 response was, "[H]ow dare I even suggest that the city was obligated
8 to pay any interest and stomped out of the room." (T. 5/16/91, 164)]
9 to keep its bargain and to obey the Commission's directives about
10 capital funds. Those circumstances are to be remedied through a
11 three-year amortization of the \$303,000 in interest which should
12 have accrued in the capital account. To simultaneously grant the City
13 the boon of a payment in lieu of taxes while acknowledging its
14 misfeasance with regard to a prior Commission order is inconsistent.
15 The \$33,675 added by the PWSB to the City Allocation
16 administrative expense account for payments in lieu of taxes shall be
17 disallowed.

18 A fourth example of where the Commission rejected a PILOT is **In Re:**

19 **Woonsocket Water Dept. Application to Change Rate Schedules,** Docket No.

20 2099, Order No. 14351, which states as follows at page 33:

21 vii. City Services

22 Woonsocket is seeking the same level of funding for City Services
23 expense as incurred in its test year, \$280,074. The Division
24 recommends reducing this allowance to \$245,522. The Division
25 arrived at its number by completely eliminating the allocation of
26 police department and fire department costs to the WWD (excluding
27 hydrant service expense); and by modifying the City Treasury
28 Division's cost allocation. The Division reasons that the allocation of
29 the costs associated with police and fire amounts to a "payment in
30 lieu of taxes" and should therefore be rejected. The Division also
31 rejects the City Treasury Division's cost allocation based on
32 evidence which shows that the Treasury Division does not issue the
33 WWD's water bills, as initially implied (8/23/93, T. 64). As an
34 alternative method of allocation, the Division recommended that the
35 expenses of the Treasury Division be allocated based on the ratio of
36 the WWD's percentage share of all of the operating budgets for the
37 City of Woonsocket.

38 The Commission finds for the Division on this issue. We similarly
39 consider the police and fire department cost allocations tantamount
40 to a payment in lieu of taxes. As we have consistently disallowed
41 such costs in the past, we must deny those costs here. We also agree
42 with the Division's position and rationale on the Treasury Division's
43 cost allocation. We shall adopt the Division's pro forma

1 recommendation of \$245,522. Finally, we must require that
2 Woonsocket provide more comprehensive support for any City
3 Service cost requests in future rate filings.
4

5 **Q. Has the Division made you aware of a statute that authorized a utility to make**
6 **a payment in lieu of taxes?**

7 A. Yes. The Division has advised me of Kent County Water's authorization to make a
8 PILOT, based upon the following statute:

9 Chapter 16. Kent County Water District

10 § 39-16-14. Payment in lieu of taxes – The authority shall pay
11 annually, having first made provision for the payment of principal
12 and interest on any bonds outstanding and any other charges payable
13 from revenues due in such year as may be provided in the resolution
14 or resolutions authorizing such bonds, in lieu of any property tax, as
15 a charge upon its earnings or revenues, to each city, town or district,
16 a sum equal in amount to any property tax levied on any property by
17 or on behalf of the city, town, or district during the year next
18 preceding the acquisition of such property by the authority. The
19 authority shall have no power to levy or collect ad valorem property
20 taxes.
21

22 **Q. How have you treated the Providence Water proposal to include the amount**
23 **related to the PILOT in its cost of service?**

24 A. The \$326,000 PILOT proposed by Providence Water for the Dupont Drive property
25 has been removed. The addition of a payment in lieu of taxes to the cost of service
26 is an element of expense which this Commission has indicated in the previous
27 orders cited above has not traditionally been allowed in rates. The office property
28 on Dupont Drive was previously taxable by the City of Providence but is not
29 taxable upon its acquisition by Providence Water. Moreover, the payment by
30 Providence Water of its requested amount is subject to the Commission's approval
31 of including that amount in the cost of service. Other than showing that the property

1 at Dupont Drive was previously taxed, Providence Water has not provided adequate
2 justification for rate inclusion of its proposed PILOT. As shown on Schedule RCS-
3 10, I have removed the Company's adjustment for the \$326,000 PILOT amount.

4 Miscellaneous Revenue

5 **Q. What amount of Miscellaneous Revenue did Providence Water reflect in its**
6 **filing?**

7 A. Providence Water reflected Miscellaneous Revenue in the amount of \$1,089,482 as
8 shown on Company Schedule HJS-1.

9
10 **Q. How does that amount compare with the recorded amount for FY2015 that**
11 **was provided in the Company's response to DIV 1-21?**

12 A. It is \$6,250 higher than the \$1,083,232 amount for FY2015 that was provided in the
13 Company's response to DIV 1-21. The response to DIV 1-21 shows \$18,750 for the
14 Administrative Fee Revenue for FY2015. The response to DIV 1-21 also shows
15 \$31,250 for Administrative Fee Revenue for FY 2016, and \$25,000 per year for
16 each year, FY 2012 through 2014. Apparently, \$6,250 of the Administrative Fee
17 revenue was recorded by the Company in FY 2016 that was applicable to FY 2015.
18 The Company's adjustment for this, increasing the FY 2015 amount by \$6,250
19 brings that up to \$25,000 which is consistent with years FY 2012 through FY 2014.

20
21 **Q. Has the Company's Miscellaneous Revenue fluctuated from year-to-year?**

22 A. Yes. Schedule RCS-11 uses the information provided by Providence Water in
23 response to DIV 1-21, including the supplemental information for FY 2016 to

1 review the Company's Miscellaneous Revenue for FY 2011 through FY 2016, i.e.,
2 for the last six fiscal years available. As shown on Schedule RCS-11, lines 16 and
3 17, Miscellaneous Revenue increased by \$186,448 or 18.8% from FY 2011 to FY
4 2012; increased by \$199,429 or 16.9% from FY 2012 to FY 2013; decreased by
5 \$376,451 or -27.3% from FY 2013 to FY 2014; increased by \$81,085 or 8.1% from
6 FY 2014 to FY 2015; and increased by \$257,121 or 23.7% from FY 2015 to FY
7 2016.

8
9 **Q. How does the amount proposed by Providence Water compare with average**
10 **Miscellaneous Revenue?**

11 A. Schedule RCS-11, column G, shows average Miscellaneous Revenue for the six,
12 five, four, three, and two year periods ending with FY 2016. Column I shows that
13 the amount for Miscellaneous Revenue proposed by Providence Water is lower than
14 the average Miscellaneous Revenue for the six, five, four, three, and two year
15 periods ending with FY 2016.

16
17 **Q. How are Miscellaneous Revenues used in the Company's filing?**

18 A. Miscellaneous Revenues are accounted for and are used to reduce the amount by
19 which base rates need to be adjusted in order to recover the cost of service.

20
21 **Q. Are you recommending an adjustment to Miscellaneous Revenues?**

22 A. Yes. As shown on Schedule RCS-11, the amount proposed by Providence Water of
23 \$1,089,482 is lower than the six, five, four, three, and two year periods ending with
24 FY 2016. At minimum, the amount should be adjusted to the three-year average of

1 \$1,141,911.⁹ The amount of Miscellaneous Revenues proposed by the Company is
2 being increased by \$52,429.

3 Restricted Fund Accounts

4 **Q. What restricted fund accounts are maintained by Providence Water?**

5 A. In addition to the Revenue and Operating funds, Providence Water maintains the
6 following restricted fund accounts:

- 7 • Capital Fund
- 8 • Western Cranston Fund
- 9 • IFR Replacement Fund
- 10 • AMR/Meter Replacement Fund
- 11 • Equip/Vehicle Replacement Fund
- 12 • Insurance Fund
- 13 • Chemicals/Sludge Maint. Fund
- 14 • Property Tax Refund Fund¹⁰

15
16 **Q. What are the current balances in those funds, and what balances has the**
17 **Company projected for the end of FY2016 and for the end of FY2019?**

18 A. The current balances in the Restricted Funds been summarized in the following
19 table from the Providence Water Schedules NEP-12A through NEP-12H and shows
20 the Company's estimated carryover funds from prior periods, the Company's

⁹ It is noted that the three year average for FY2014 through FY2016 is the lowest of the averages shown on Schedule RCS-11. Consequently, this adjustment should be viewed as being conservative.

¹⁰ Note A: The proposal by Providence Water to apply the Town of Foster property tax refunds being received in the amount of \$175,000 per year to spending on water protection expenditures rather than to reduce property taxes is addressed in an earlier section of my testimony.

1 estimated fund balance at the end of FY2016, the Company's proposed annual
 2 funding, and the Company's projected balance for the end of FY2019:

Providence Water Restricted Funds Summary							
Line No.	Providence Water Restricted Fund	Company Schedule Source	FY2016 Carryover funds from prior year estimated by PWSB	PWSB Estimated FY2016 Ending Balance	PWSB Proposed Annual Funding	PSWB Project Balance at End of FY2019	Notes
1	Capital Fund	Schedule NEP-12A	\$ 8,220,349	\$ 8,594,032	\$ 2,127,000	\$ 979,910	
2	Western Cranston Fund	Schedule NEP-12B	\$ 1,033,513	\$ 708,938	\$ 62,069	\$ 430,364	
3	IFR Replacement Fund	Schedule NEP-12C	\$ 13,197,215	\$ (1,911,287)	\$ 27,600,000	\$ 750,205	
4	AMR/Meter Replacement Fund	Schedule NEP-12D	\$ 3,355,365	\$ 3,100,453	\$ 500,000	\$ 1,072,906	
5	Equip/Vehicle Replacement Fund	Schedule NEP-12E	\$ 1,751,595	\$ 1,088,871	\$ 600,000	\$ 151,389	
6	Insurance Fund	Schedule NEP-12F	\$ 2,655,031	\$ 2,212,398	\$ 2,438,568	\$ 2,525,522	
7	Chemicals/Sludge Maint. Fund	Schedule NEP-12G	\$ 1,429,677	\$ 2,232,855	\$ 3,000,000	\$ 1,659,806	
8	Property Tax Refund Fund	Schedule NEP-12H	\$ 384,942	\$ 369,942		\$ 244,942	Note A
9	Totals Not Including Revenue and Operating Reserve		\$ 32,027,687	\$ 16,396,202	\$ 36,327,637	\$ 7,815,043	
Notes and Source							
Providence Water Schedules NEP-12A through NEP-12H							
Note A: The proposal by Providence Water to apply the Town of Foster property tax refunds being received in the amount of \$175,000 per year to spending on water protection expenditures rather than to reduce property taxes is addressed in an earlier section of my testimony							

3
4

5 **Q. Are you recommending any adjustments to Providence Water's proposed**
 6 **balances for certain restricted fund accounts?**

7 A. Yes. As shown on Schedule RCS-12, I am recommending adjustments to
 8 Providence Water's proposed balances for certain restricted fund accounts.

9

10 **Q. For what Providence Water restricted accounts are Division adjustments being**
 11 **recommended?**

12 A. Although all of the Providence Water restricted fund accounts are impacted by the
 13 Company's rate case filing, the Division recommended adjustments are being made
 14 for the following three accounts: (1) the Western Cranston Fund, (2) the Insurance
 15 fund, and (3) the Chemicals and Sludge fund. For these three restricted fund
 16 accounts, the Division's recommendation is that the Commission should require

1 Providence Water to use some or more of the restricted funds in those accounts to
2 offset rate increases, rather than allowing the Company to retain existing reserves
3 and/or to accumulate greater reserves.

4
5 **Q. What specific annual funding levels and adjustments do you recommend for**
6 **those three restricted funds?**

7 A. As shown on Schedule RCS-12, page 1, for the Western Cranston Fund, I
8 recommend an annual funding level of \$40,000, which is \$22,069 less than the
9 Company's proposal of \$62,069.

10 For the Insurance Fund, I recommend an annual funding level of \$2,200,000
11 which is \$238,568 lower than the Company's proposed amount of \$2,438,568. On
12 Schedule RCS-8, an adjustment to address salaries paid for Workers' Compensation
13 and to remove that from Insurance Expense was already addressed, so the net
14 adjustment shown on Schedule RCS-12 for Insurance is a reduction of \$102,113.

15 For the Chemicals & Sludge fund, I recommend an annual funding level of
16 \$2.8 million, which is \$200,000 less than Company's proposed amount of \$3
17 million.

18 The sum of these adjustments totals to \$460,637 less in annual funding than
19 has been proposed by Providence Water. After accounting for the adjustment to
20 address salaries paid for Workers' Compensation and to remove that from Insurance
21 Expense was already addressed on Schedule RCS-8, the net reduction related to
22 restricted fund balance funding shown on Schedule RCS-12 is \$324,182.

23

1 **Q. Have you prepared additional supporting calculations for these three**
2 **restricted funds, showing in detail how your recommendations would impact**
3 **the end of FY2019 balances?**

4 A. Yes. Schedule RCS-12, pages 2 through 4 present analysis of these
5 recommendations in similar format to Providence Water's analysis that the
6 Company presented on its Schedules NEP-12B, Schedule NEP-12F and Schedule
7 NEP-12G, respectively.

8 Revenue and Operating Reserves

9 **Q. Have you recalculated the Revenue and Operating Reserves to reflect the**
10 **impact of the Division's adjustments?**

11 A. Yes. As shown on Schedule RCS-13, I have recalculated the Revenue and
12 Operating Reserves to reflect the impact of the Division's adjustments. The
13 Revenue Reserve is calculated at 0.5% of the Net Amount for Calculation of
14 Revenues. The Operating Reserve is calculated at 1.5% of the Net Amount for
15 Calculation of Revenues. Based on the Division's adjustments, the allowances for
16 the Revenue and Operating Reserves are lower than the amounts requested by
17 Providence Water by the amounts shown on Schedule RCS-13.

18
19 **Q. Does this complete your direct testimony?**

20 A. Yes, it does.

Exhibit RCS-1
QUALIFICATIONS OF RALPH C. SMITH

Accomplishments

Mr. Smith's professional credentials include being a Certified Financial Planner™ professional, a Certified Rate of Return Analyst, a licensed Certified Public Accountant and attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving telephone, electric, gas, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington DC, West Virginia, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

Project manager in Larkin & Associates' review, on behalf of the Georgia Commission Staff, of the budget and planning activities of Georgia Power Company; supervised 13 professionals; coordinated over 200 interviews with Company budget center managers and executives; organized and edited voluminous audit report; presented testimony before the Commission. Functional areas covered included fossil plant O&M, headquarters and district operations, internal audit, legal, affiliated transactions, and responsibility reporting. All of our findings and recommendations were accepted by the Commission.

Key team member in the firm's management audit of the Anchorage Water and Wastewater Utility on behalf of the Alaska Commission Staff, which assessed the effectiveness of the Utility's operations in several areas; responsible for in-depth investigation and report writing in areas involving information systems, finance and accounting, affiliated relationships and transactions, and use of outside contractors. Testified before the Alaska Commission concerning certain areas of the audit report. AWWU concurred with each of Mr. Smith's 40 plus recommendations for improvement.

Co-consultant in the analysis of the issues surrounding gas transportation performed for the law firm of Cravath, Swaine & Moore in conjunction with the case of Reynolds Metals Co. vs. the Columbia Gas System, Inc.; drafted in-depth report concerning the regulatory treatment at both state and federal levels of issues such as flexible pricing and mandatory gas transportation.

Lead consultant and expert witness in the analysis of the rate increase request of the City of Austin - Electric Utility on behalf of the residential consumers. Among the numerous ratemaking issues addressed were the economies of the Utility's employment of outside services; provided both written and oral testimony outlining recommendations and their bases. Most of Mr. Smith's recommendations were adopted by the City Council and Utility in a settlement.

Key team member performing an analysis of the rate stabilization plan submitted by the Southern Bell Telephone & Telegraph Company to the Florida PSC; performed comprehensive analysis of the Company's projections and budgets which were used as the basis for establishing rates.

Lead consultant in analyzing Southwestern Bell Telephone separations in Missouri; sponsored the complex technical analysis and calculations upon which the firm's testimony in that case was based. He has also assisted in analyzing changes in depreciation methodology for setting telephone rates.

Lead consultant in the review of gas cost recovery reconciliation applications of Michigan Gas Utilities Company, Michigan Consolidated Gas Company, and Consumers Power Company. Drafted recommendations regarding the appropriate rate of interest to be applied to any over or under collections and the proper procedures and allocation methodology to be used to distribute any refunds to customer classes.

Lead consultant in the review of Consumers Power Company's gas cost recovery refund plan. Addressed appropriate interest rate and compounding procedures and proper allocation methodology.

Project manager in the review of the request by Central Maine Power Company for an increase in rates. The major area addressed was the propriety of the Company's ratemaking attrition adjustment in relation to its corporate budgets and projections.

Project manager in an engagement designed to address the impacts of the Tax Reform Act of 1986 on gas distribution utility operations of the Northern States Power Company. Analyzed the reduction in the corporate tax rate, uncollectibles reserve, ACRS, unbilled revenues, customer advances, CIAC, and timing of TRA-related impacts associated with the Company's tax liability.

Project manager and expert witness in the determination of the impacts of the Tax Reform Act of 1986 on the operations of Connecticut Natural Gas Company on behalf of the Connecticut Department of Public Utility Control - Prosecutorial Division, Connecticut Attorney General, and Connecticut Department of Consumer Counsel.

Lead Consultant for The Minnesota Department of Public Service ("DPS") to review the Minnesota Incentive Plan ("Incentive Plan") proposal presented by Northwestern Bell Telephone Company ("NWB") doing business as U S West Communications ("USWC"). Objective was to express an opinion as to whether current rates addressed by the plan were appropriate from a Minnesota intrastate revenue requirements and accounting perspective, and to assist in developing recommended modifications to NWB's proposed Plan.

Performed a variety of analytical and review tasks related to our work effort on this project. Obtained and reviewed data and performed other procedures as necessary (1) to obtain an understanding of the Company's Incentive Plan filing package as it relates to rate base, operating income, revenue requirements, and plan operation, and (2) to formulate an opinion concerning the reasonableness of current rates and of amounts included within the Company's Incentive Plan filing. These procedures included requesting and reviewing extensive discovery, visiting the Company's offices to review data, issuing follow-up information requests in many instances, telephone and on-site discussions with Company representatives, and frequent discussions with counsel and DPS Staff assigned to the project.

Lead Consultant in the regulatory analysis of Jersey Central Power & Light Company for the Department of the Public Advocate, Division of Rate Counsel. Tasks performed included on-site review and audit of Company, identification and analysis of specific issues, preparation of data requests, testimony, and cross examination questions. Testified in Hearings.

Assisted the NARUC Committee on Management Analysis with drafting the Consultant Standards for Management Audits.

Presented training seminars covering public utility accounting, tax reform, ratemaking, affiliated transaction auditing, rate case management, and regulatory policy in Maine, Georgia, Kentucky, and Pennsylvania. Seminars were presented to commission staffs and consumer interest groups.

Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, was involved primarily in utility regulatory consulting, and also in tax planning and tax research for businesses and individuals, tax return preparation and review, and independent audit, review and preparation of financial statements.

Installed computerized accounting system for a realty management firm.

Education

Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.

Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.

Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.

Continuing education required to maintain CPA license and CFP® certificate.

Passed all parts of CPA examination in first sitting, 1979. Received CPA certificate in 1981 and Certified Financial Planning certificate in 1983. Admitted to Michigan and Federal bars in 1986.

Michigan Bar Association.

American Bar Association, sections on public utility law and taxation.

Partial list of utility cases participated in:

79-228-EL-FAC	Cincinnati Gas & Electric Company (Ohio PUC)
79-231-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
79-535-EL-AIR	East Ohio Gas Company (Ohio PUC)
80-235-EL-FAC	Ohio Edison Company (Ohio PUC)
80-240-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
U-1933*	Tucson Electric Power Company (Arizona Corp. Commission)
U-6794	Michigan Consolidated Gas Co. --16 Refunds (Michigan PSC)
81-0035TP	Southern Bell Telephone Company (Florida PSC)
81-0095TP	General Telephone Company of Florida (Florida PSC)
81-308-EL-EFC	Dayton Power & Light Co.- Fuel Adjustment Clause (Ohio PUC)
810136-EU	Gulf Power Company (Florida PSC)
GR-81-342	Northern States Power Co. -- E-002/Minnesota (Minnesota PUC)
Tr-81-208	Southwestern Bell Telephone Company (Missouri PSC))
U-6949	Detroit Edison Company (Michigan PSC)
8400	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
18328	Alabama Gas Corporation (Alabama PSC)
18416	Alabama Power Company (Alabama PSC)
820100-EU	Florida Power Corporation (Florida PSC)
8624	Kentucky Utilities (Kentucky PSC)
8648	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
U-7236	Detroit Edison - Burlington Northern Refund (Michigan PSC)
U6633-R	Detroit Edison - MRCS Program (Michigan PSC)
U-6797-R	Consumers Power Company -MRCS Program (Michigan PSC)
U-5510-R	Consumers Power Company - Energy conservation Finance Program (Michigan PSC)
82-240E	South Carolina Electric & Gas Company (South Carolina PSC)
7350	Generic Working Capital Hearing (Michigan PSC)
RH-1-83	Westcoast Transmission Co., (National Energy Board of Canada)
820294-TP	Southern Bell Telephone & Telegraph Co. (Florida PSC)
82-165-EL-EFC (Subfile A)	Toledo Edison Company(Ohio PUC)
82-168-EL-EFC	Cleveland Electric Illuminating Company (Ohio PUC)
830012-EU	Tampa Electric Company (Florida PSC)
U-7065	The Detroit Edison Company - Fermi II (Michigan PSC)
8738	Columbia Gas of Kentucky, Inc. (Kentucky PSC)
ER-83-206	Arkansas Power & Light Company (Missouri PSC)
U-4758	The Detroit Edison Company – Refunds (Michigan PSC)
8836	Kentucky American Water Company (Kentucky PSC)
8839	Western Kentucky Gas Company (Kentucky PSC)
83-07-15	Connecticut Light & Power Co. (Connecticut DPU)
81-0485-WS	Palm Coast Utility Corporation (Florida PSC)
U-7650	Consumers Power Co. (Michigan PSC)
83-662	Continental Telephone Company of California, (Nevada PSC)
U-6488-R	Detroit Edison Co., FAC & PIPAC Reconciliation (Michigan PSC)
U-15684	Louisiana Power & Light Company (Louisiana PSC)
7395 & U-7397	Campaign Ballot Proposals (Michigan PSC)
820013-WS	Seacoast Utilities (Florida PSC)
U-7660	Detroit Edison Company (Michigan PSC)
83-1039	CP National Corporation (Nevada PSC)
U-7802	Michigan Gas Utilities Company (Michigan PSC)
83-1226	Sierra Pacific Power Company (Nevada PSC)
830465-EI	Florida Power & Light Company (Florida PSC)
U-7777	Michigan Consolidated Gas Company (Michigan PSC)
U-7779	Consumers Power Company (Michigan PSC)

U-7480-R	Michigan Consolidated Gas Company (Michigan PSC)
U-7488-R	Consumers Power Company – Gas (Michigan PSC)
U-7484-R	Michigan Gas Utilities Company (Michigan PSC)
U-7550-R	Detroit Edison Company (Michigan PSC)
U-7477-R**	Indiana & Michigan Electric Company (Michigan PSC)
18978	Continental Telephone Co. of the South Alabama (Alabama PSC)
R-842583	Duquesne Light Company (Pennsylvania PUC)
R-842740	Pennsylvania Power Company (Pennsylvania PUC)
850050-EI	Tampa Electric Company (Florida PSC)
16091	Louisiana Power & Light Company (Louisiana PSC)
19297	Continental Telephone Co. of the South Alabama (Alabama PSC)
76-18788AA	
&76-18793AA	Detroit Edison - Refund - Appeal of U-4807 (Ingham County, Michigan Circuit Court)
85-53476AA	
& 85-534785AA	Detroit Edison Refund - Appeal of U-4758 (Ingham County, Michigan Circuit Court)
U-8091/U-8239	Consumers Power Company - Gas Refunds (Michigan PSC)
TR-85-179**	United Telephone Company of Missouri (Missouri PSC)
85-212	Central Maine Power Company (Maine PSC)
ER-85646001	
& ER-85647001	New England Power Company (FERC)
850782-EI &	
850783-EI	Florida Power & Light Company (Florida PSC)
R-860378	Duquesne Light Company (Pennsylvania PUC)
R-850267	Pennsylvania Power Company (Pennsylvania PUC)
851007-WU	
& 840419-SU	Florida Cities Water Company (Florida PSC)
G-002/GR-86-160	Northern States Power Company (Minnesota PSC)
7195 (Interim)	Gulf States Utilities Company (Texas PUC)
87-01-03	Connecticut Natural Gas Company (Connecticut PUC))
87-01-02	Southern New England Telephone Company (Connecticut Department of Public Utility Control)
3673-	Georgia Power Company (Georgia PSC)
29484	Long Island Lighting Co. (New York Dept. of Public Service)
U-8924	Consumers Power Company – Gas (Michigan PSC)
Docket No. 1	Austin Electric Utility (City of Austin, Texas)
Docket E-2, Sub 527	Carolina Power & Light Company (North Carolina PUC)
870853	Pennsylvania Gas and Water Company (Pennsylvania PUC)
880069**	Southern Bell Telephone Company (Florida PSC)
U-1954-88-102	Citizens Utilities Rural Company, Inc. & Citizens Utilities Company, Kingman Telephone Division (Arizona CC)
T E-1032-88-102	Illinois Bell Telephone Company (Illinois CC)
89-0033	Puget Sound Power & Light Company (Washington UTC))
U-89-2688-T	Philadelphia Electric Company (Pennsylvania PUC)
R-891364	Potomac Electric Power Company (District of Columbia PSC)
F.C. 889	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf+Western, Inc. et al, defendants (Supreme Court County of Onondaga, State of New York)
Case No. 88/546*	
87-11628*	Duquesne Light Company, et al, plaintiffs, against Gulf+Western, Inc. et al, defendants (Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
890319-EI	Florida Power & Light Company (Florida PSC)
891345-EI	Gulf Power Company (Florida PSC)
ER 8811 0912J	Jersey Central Power & Light Company (BPU)
6531	Hawaiian Electric Company (Hawaii PUCs)

R0901595	Equitable Gas Company (Pennsylvania Consumer Counsel)
90-10	Artesian Water Company (Delaware PSC)
89-12-05	Southern New England Telephone Company (Connecticut PUC)
900329-WS	Southern States Utilities, Inc. (Florida PSC)
90-12-018	Southern California Edison Company (California PUC)
90-E-1185	Long Island Lighting Company (New York DPS)
R-911966	Pennsylvania Gas & Water Company (Pennsylvania PUC)
I.90-07-037, Phase II	(Investigation of OPEBs) Department of the Navy and all Other Federal Executive Agencies (California PUC)
U-1551-90-322	Southwest Gas Corporation (Arizona CC)
U-1656-91-134	Sun City Water Company (Arizona RUCO)
U-2013-91-133	Havasu Water Company (Arizona RUCO)
91-174***	Central Maine Power Company (Department of the Navy and all Other Federal Executive Agencies)
U-1551-89-102	Southwest Gas Corporation - Rebuttal and PGA Audit (Arizona Corporation Commission)
& U-1551-89-103	
Docket No. 6998	Hawaiian Electric Company (Hawaii PUC)
TC-91-040A and	Intrastate Access Charge Methodology, Pool and Rates
TC-91-040B	Local Exchange Carriers Association and South Dakota Independent Telephone Coalition
9911030-WS &	General Development Utilities - Port Malabar and
911-67-WS	West Coast Divisions (Florida PSC)
922180	The Peoples Natural Gas Company (Pennsylvania PUC)
7233 and 7243	Hawaiian Nonpension Postretirement Benefits (Hawaiian PUC)
R-00922314	
& M-920313C006	Metropolitan Edison Company (Pennsylvania PUC)
R00922428	Pennsylvania American Water Company (Pennsylvania PUC)
E-1032-92-083 &	
U-1656-92-183	Citizens Utilities Company, Agua Fria Water Division (Arizona Corporation Commission)
92-09-19	Southern New England Telephone Company (Connecticut PUC)
E-1032-92-073	Citizens Utilities Company (Electric Division), (Arizona CC)
UE-92-1262	Puget Sound Power and Light Company (Washington UTC)
92-345	Central Maine Power Company (Maine PUC)
R-932667	Pennsylvania Gas & Water Company (Pennsylvania PUC)
U-93-60**	Matanuska Telephone Association, Inc. (Alaska PUC)
U-93-50**	Anchorage Telephone Utility (Alaska PUC)
U-93-64	PTI Communications (Alaska PUC)
7700	Hawaiian Electric Company, Inc. (Hawaii PUC)
E-1032-93-111 &	Citizens Utilities Company - Gas Division
U-1032-93-193	(Arizona Corporation Commission)
R-00932670	Pennsylvania American Water Company (Pennsylvania PUC)
U-1514-93-169/	Sale of Assets CC&N from Contel of the West, Inc. to
E-1032-93-169	Citizens Utilities Company (Arizona Corporation Commission)
7766	Hawaiian Electric Company, Inc. (Hawaii PUC)
93-2006- GA-AIR*	The East Ohio Gas Company (Ohio PUC)
94-E-0334	Consolidated Edison Company (New York DPS)
94-0270	Inter-State Water Company (Illinois Commerce Commission)
94-0097	Citizens Utilities Company, Kauai Electric Division (Hawaii PUC)
PU-314-94-688	Application for Transfer of Local Exchanges (North Dakota PSC)
94-12-005-Phase I	Pacific Gas & Electric Company (California PUC)
R-953297	UGI Utilities, Inc. - Gas Division (Pennsylvania PUC)
95-03-01	Southern New England Telephone Company (Connecticut PUC)
95-0342	Consumer Illinois Water, Kankakee Water District (Illinois CC)
94-996-EL-AIR	Ohio Power Company (Ohio PUC)
95-1000-E	South Carolina Electric & Gas Company (South Carolina PSC)

Non-Docketed Staff Investigation E-1032-95-473 E-1032-95-433	Citizens Utility Company - Arizona Telephone Operations (Arizona Corporation Commission) Citizens Utility Co. - Northern Arizona Gas Division (Arizona CC) Citizens Utility Co. - Arizona Electric Division (Arizona CC) Collaborative Ratemaking Process Columbia Gas of Pennsylvania (Pennsylvania PUC)
GR-96-285 94-10-45 A.96-08-001 et al.	Missouri Gas Energy (Missouri PSC) Southern New England Telephone Company (Connecticut PUC) California Utilities' Applications to Identify Sunk Costs of Non- Nuclear Generation Assets, & Transition Costs for Electric Utility Restructuring, & Consolidated Proceedings (California PUC)
96-324 96-08-070, et al.	Bell Atlantic - Delaware, Inc. (Delaware PSC) Pacific Gas & Electric Co., Southern California Edison Co. and San Diego Gas & Electric Company (California PUC)
97-05-12 R-00973953	Connecticut Light & Power (Connecticut PUC) Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code (Pennsylvania PUC)
97-65	Application of Delmarva Power & Light Co. for Application of a Cost Accounting Manual and a Code of Conduct (Delaware PSC)
16705 E-1072-97-067 Non-Docketed Staff Investigation PU-314-97-12 97-0351 97-8001	Entergy Gulf States, Inc. (Cities Steering Committee) Southwestern Telephone Co. (Arizona Corporation Commission) Delaware - Estimate Impact of Universal Services Issues (Delaware PSC) US West Communications, Inc. Cost Studies (North Dakota PSC) Consumer Illinois Water Company (Illinois CC) Investigation of Issues to be Considered as a Result of Restructuring of Electric Industry (Nevada PSC)
U-0000-94-165	Generic Docket to Consider Competition in the Provision of Retail Electric Service (Arizona Corporation Commission)
98-05-006-Phase I 9355-U 97-12-020 - Phase I U-98-56, U-98-60, U-98-65, U-98-67 (U-99-66, U-99-65, U-99-56, U-99-52) Phase II of 97-SCCC-149-GIT PU-314-97-465 Non-docketed Assistance Contract Dispute	San Diego Gas & Electric Co., Section 386 costs (California PUC) Georgia Power Company Rate Case (Georgia PUC) Pacific Gas & Electric Company (California PUC) Investigation of 1998 Intrastate Access charge filings (Alaska PUC) Investigation of 1999 Intrastate Access Charge filing (Alaska PUC) Southwestern Bell Telephone Company Cost Studies (Kansas CC) US West Universal Service Cost Model (North Dakota PSC) Bell Atlantic - Delaware, Inc., Review of New Telecomm. and Tariff Filings (Delaware PSC) City of Zeeland, MI - Water Contract with the City of Holland, MI (Before an arbitration panel)
Non-docketed Project Non-docketed Project	City of Danville, IL - Valuation of Water System (Danville, IL) Village of University Park, IL - Valuation of Water and Sewer System (Village of University Park, Illinois)

E-1032-95-417	Citizens Utility Co., Maricopa Water/Wastewater Companies et al. (Arizona Corporation Commission)
T-1051B-99-0497	Proposed Merger of the Parent Corporation of Qwest Communications Corporation, LCI International Telecom Corp., and US West Communications, Inc. (Arizona CC)
T-01051B-99-0105	US West Communications, Inc. Rate Case (Arizona CC)
A00-07-043	Pacific Gas & Electric - 2001 Attrition (California PUC)
T-01051B-99-0499	US West/Quest Broadband Asset Transfer (Arizona CC)
99-419/420	US West, Inc. Toll and Access Rebalancing (North Dakota PSC)
PU314-99-119	US West, Inc. Residential Rate Increase and Cost Study Review (North Dakota PSC)
98-0252	Ameritech - Illinois, Review of Alternative Regulation Plan (Illinois CUB)
00-108	Delmarva Billing System Investigation (Delaware PSC)
U-00-28	Matanuska Telephone Association (Alaska PUC)
Non-Docketed	Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation (California PUC)
00-11-038	Southern California Edison (California PUC)
00-11-056	Pacific Gas & Electric (California PUC)
00-10-028	The Utility Reform Network for Modification of Resolution E-3527 (California PUC)
98-479	Delmarva Power & Light Application for Approval of its Electric and Fuel Adjustments Costs (Delaware PSC)
99-457	Delaware Electric Cooperative Restructuring Filing (Delaware PSC)
99-582	Delmarva Power & Light dba Conectiv Power Delivery Analysis of Code of Conduct and Cost Accounting Manual (Delaware PSC)
99-03-04	United Illuminating Company Recovery of Stranded Costs (Connecticut OCC)
99-03-36	Connecticut Light & Power (Connecticut OCC)
Civil Action No.	
98-1117	West Penn Power Company vs. PA PUC (Pennsylvania PSC)
Case No. 12604	Upper Peninsula Power Company (Michigan AG)
Case No. 12613	Wisconsin Public Service Commission (Michigan AG)
41651	Northern Indiana Public Service Co Overearnings investigation (Indiana UCC)
13605-U	Savannah Electric & Power Company – FCR (Georgia PSC)
14000-U	Georgia Power Company Rate Case/M&S Review (Georgia PSC)
13196-U	Savannah Electric & Power Company Natural Gas Procurement and Risk Management/Hedging Proposal, Docket No. 13196-U (Georgia PSC)
Non-Docketed	Georgia Power Company & Savannah Electric & Power FPR Company Fuel Procurement Audit (Georgia PSC)
Non-Docketed	Transition Costs of Nevada Vertically Integrated Utilities (US Department of Navy)
Application No.	Post-Transition Ratemaking Mechanisms for the Electric Industry
99-01-016,	Restructuring (US Department of Navy)
Phase I	
99-02-05	Connecticut Light & Power (Connecticut OCC)
01-05-19-RE03	Yankee Gas Service Application for a Rate Increase, Phase I-2002-IERM (Connecticut OCC)
G-01551A-00-0309	Southwest Gas Corporation, Application to amend its rate Schedules (Arizona CC)
00-07-043	Pacific Gas & Electric Company Attrition & Application for a rate increase (California PUC)

97-12-020	Pacific Gas & Electric Company Rate Case (California PUC)
Phase II	United Illuminating Company (Connecticut OCC)
01-10-10	Georgia Power FCR (Georgia PSC)
13711-U	Verizon Delaware § 271(Delaware DPA)
02-001	Blue Valley Telephone Company Audit/General Rate Investigation (Kansas CC)
02-BLVT-377-AUD	S&T Telephone Cooperative Audit/General Rate Investigation (Kansas CC)
02-S&TT-390-AUD	Sunflower Telephone Company Inc., Audit/General Rate Investigation (Kansas CC)
01-SFLT-879-AUD	Bluestem Telephone Company, Inc. Audit/General Rate Investigation (Kansas CC)
01-BSTT-878-AUD	
P404, 407, 520, 413 426, 427, 430, 421/ CI-00-712	Sherburne County Rural Telephone Company, dba as Connections, Etc. (Minnesota DOC)
U-01-85	ACS of Alaska, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-34	ACS of Anchorage, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-83	ACS of Fairbanks, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
U-01-87	ACS of the Northland, dba as Alaska Communications Systems (ACS), Rate Case (Alaska Regulatory Commission PAS)
96-324, Phase II	Verizon Delaware, Inc. UNE Rate Filing (Delaware PSC)
03-WHST-503-AUD	Wheat State Telephone Company (Kansas CC)
04-GNBT-130-AUD	Golden Belt Telephone Association (Kansas CC)
Docket 6914	Shoreham Telephone Company, Inc. (Vermont BPU)
Docket No.	
E-01345A-06-009	Arizona Public Service Company (Arizona Corporation Commission)
Case No.	
05-1278-E-PC-PW-42T	Appalachian Power Company and Wheeling Power Company both d/b/a American Electric Power (West Virginia PSC)
Docket No. 04-0113	Hawaiian Electric Company (Hawaii PUC)
Case No. U-14347	Consumers Energy Company (Michigan PSC)
Case No. 05-725-EL-UNC	Cincinnati Gas & Electric Company (PUC of Ohio)
Docket No. 21229-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 19142-U	Georgia Power Company (Georgia PSC)
Docket No.	
03-07-01RE01	Connecticut Light & Power Company (CT DPUC)
Docket No. 19042-U	Savannah Electric & Power Company (Georgia PSC)
Docket No. 2004-178-E	South Carolina Electric & Gas Company (South Carolina PSC)
Docket No. 03-07-02	Connecticut Light & Power Company (CT DPUC)
Docket No. EX02060363,	
Phases I&II	Rockland Electric Company (NJ BPU)
Docket No. U-00-88	ENSTAR Natural Gas Company and Alaska Pipeline Company (Regulatory Commission of Alaska)
Phase 1-2002 IERM,	
Docket No. U-02-075	Interior Telephone Company, Inc. (Regulatory Commission of Alaska)
Docket No. 05-SCNT-1048-AUD	South Central Telephone Company (Kansas CC)
Docket No. 05-TRCT-607-KSF	Tri-County Telephone Company (Kansas CC)
Docket No. 05-KOKT-060-AUD	Kan Okla Telephone Company (Kansas CC)
Docket No. 2002-747	Northland Telephone Company of Maine (Maine PUC)

Docket No. 2003-34	Sidney Telephone Company (Maine PUC)
Docket No. 2003-35	Maine Telephone Company (Maine PUC)
Docket No. 2003-36	China Telephone Company (Maine PUC)
Docket No. 2003-37	Standish Telephone Company (Maine PUC)
Docket Nos. U-04-022, U-04-023	Anchorage Water and Wastewater Utility (Regulatory Commission of Alaska)
Case 05-116-U/06-055-U	Entergy Arkansas, Inc. EFC (Arkansas Public Service Commission)
Case 04-137-U	Southwest Power Pool RTO (Arkansas Public Service Commission)
Case No. 7109/7160	Vermont Gas Systems (Department of Public Service)
Case No. ER-2006-0315	Empire District Electric Company (Missouri PSC)
Case No. ER-2006-0314	Kansas City Power & Light Company (Missouri PSC)
Docket No. U-05-043,44	Golden Heart Utilities/College Park Utilities (Regulatory Commission of Alaska)
A-122250F5000	Equitable Resources, Inc. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
E-01345A-05-0816	Arizona Public Service Company (Arizona CC)
Docket No. 05-304	Delmarva Power & Light Company (Delaware PSC)
05-806-EL-UNC	Cincinnati Gas & Electric Company (Ohio PUC)
U-06-45	Anchorage Water Utility (Regulatory Commission of Alaska)
03-93-EL-ATA,	
06-1068-EL-UNC	Duke Energy Ohio (Ohio PUC)
PUE-2006-00065	Appalachian Power Company (Virginia Corporation Commission)
G-04204A-06-0463 et. al	UNS Gas, Inc. (Arizona CC)
U-06-134	Chugach Electric Association, Inc. (Regulatory Commission of Alaska)
Docket No. 2006-0386	Hawaiian Electric Company, Inc (Hawaii PUC)
E-01933A-07-0402	Tucson Electric Power Company (Arizona CC)
G-01551A-07-0504	Southwest Gas Corporation (Arizona CC)
Docket No.UE-072300	Puget Sound Energy, Inc. (Washington UTC)
PUE-2008-00009	Virginia-American Water Company (Virginia SCC)
PUE-2008-00046	Appalachian Power Company (Virginia SCC)
E-01345A-08-0172	Arizona Public Service Company (Arizona CC)
A-2008-2063737	Babcock & Brown Infrastructure Fund North America, LP. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
08-1783-G-42T	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
08-1761-G-PC	Hope Gas, Inc., dba Dominion Hope, Dominion Resources, Inc., and Peoples Hope Gas Companies (West Virginia PSC)
Docket No. 2008-0083	Hawaiian Electric Company, Inc. (Hawaii PUC)
Docket No. 2008-0266	Young Brothers, Limited (Hawaii PUC)
G-04024A-08-0571	UNS Gas, Inc. (Arizona CC)
Docket No. 09-29	Tidewater Utilities, Inc. (Delaware PSC)
Docket No. UE-090704	Puget Sound Energy, Inc. (Washington UTC)
09-0878-G-42T	Mountaineer Gas Company (West Virginia PSC)
2009-UA-0014	Mississippi Power Company (Mississippi PSC)
Docket No. 09-0319	Illinois-American Water Company (Illinois CC)
Docket No. 09-414	Delmarva Power & Light Company (Delaware PSC)
R-2009-2132019	Aqua Pennsylvania, Inc. (Pennsylvania PUC)
Docket Nos. U-09-069, U-09-070	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Docket Nos. U-04-023, U-04-024	Anchorage Water and Wastewater Utility - Remand (Regulatory Commission of Alaska)
W-01303A-09-0343 & SW-01303A-09-0343	Arizona-American Water Company (Arizona CC)
09-872-EL-FAC & 09-873-EL-FAC	Financial Audits of the FAC of the Columbus Southern Power Company and the Ohio Power Company - Audit I (Ohio PUC)

2010-00036	Kentucky-American Water Company (Kentucky PSC)
E-04100A-09-0496	Southwest Transmission Cooperative, IHnc. (Arizona CC)
E-01773A-09-0472	Arizona Electric Power Cooperative, Inc. (Arizona CC)
R-2010-2166208,	
R-2010-2166210,	
R-2010-2166212, &	
R-2010-2166214	Pennsylvania-American Water Company (Pennsylvania PUC)
PSC Docket No. 09-0602	Central Illinois Light Company D/B/A AmerenCILCO; Central Illinois Public Service Company D/B/A AmerenCIPS; Illinois Power Company D/B/A AmerenIP (Illinois CC)
10-0713-E-PC	Allegheny Power and FirstEnergy Corp. (West Virginia PSC)
Docket No. 31958	Georgia Power Company (Georgia PSC)
Docket No. 10-0467	Commonwealth Edison Company (Illinois CC)
PSC Docket No. 10-237	Delmarva Power & Light Company (Delaware PSC)
U-10-51	Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
10-0699-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
10-0920-W-42T	West Virginia-American Water Company (West Virginia PSC)
A.10-07-007	California-American Water Company (California PUC)
A-2010-2210326	TWP Acquisition (Pennsylvania PUC)
09-1012-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 1 (Ohio PUC)
10-268-EL FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit II (Ohio PUC)
Docket No. 2010-0080	Hawaiian Electric Company, Inc. (Hawaii PUC)
G-01551A-10-0458	Southwest Gas Corporation (Arizona CC)
10-KCPE-415-RTS	Kansas City Power & Light Company – Remand (Kansas CC)
PUE-2011-00037	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
R-2011-2232243	Pennsylvania-American Water (Pennsylvania PUC)
U-11-100	Power Purchase Agreement between Chugach Association, Inc. and Fire Island Wind, LLC (Regulatory Commission of Alaska)
A.10-12-005	San Diego Gas & Electric Company (California PUC)
PSC Docket No. 11-207	Artesian Water Company, Inc. (Delaware PSC)
Cause No. 44022	Indiana-American Water Company, Inc. (Indiana Utility Regulatory Commission)
PSC Docket No. 10-247	Management Audit of Tidewater Utilities, Inc. Affiliate Transactions (Delaware Public Service Commission)
G-04204A-11-0158	UNS Gas, Inc. (Arizona Corporation Commission)
E-01345A-11-0224	Arizona Public Service Company (Arizona CC)
UE-111048 & UE-111049	Puget Sound Energy, Inc. (Washington Utilities and Transportation Commission)
Docket No. 11-0721	Commonwealth Edison Company (Illinois CC)
11AL-947E	Public Service Company of Colorado (Colorado PSC)
U-11-77 & U-11-78	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 11-0767	Illinois-American Water Company (Illinois CC)
PSC Docket No. 11-397	Tidewater Utilities, Inc. (Delaware PSC)
Cause No. 44075	Indiana Michigan Power Company (Indiana Utility Regulatory Commission)
Docket No. 12-0001	Ameren Illinois Company (Illinois CC)
11-5730-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 2 (Ohio PUC)
PSC Docket No. 11-528	Delmarva Power & Light Company (Delaware PSC)
11-281-EL-FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit III (Ohio PUC)

Cause No. 43114-IGCC-4S1	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 12-0293	Ameren Illinois Company (Illinois CC)
Docket No. 12-0321	Commonwealth Edison Company (Illinois CC)
12-02019 & 12-04005	Southwest Gas Corporation (Public Utilities Commission of Nevada)
Docket No. 2012-218-E	South Carolina Electric & Gas (South Carolina PSC)
Docket No. E-72, Sub 479	Dominion North Carolina Power (North Carolina Utilities Commission)
12-0511 & 12-0512	North Shore Gas Company and The Peoples Gas Light and Coke Company (Illinois CC)
E-01933A-12-0291	Tucson Electric Power Company (Arizona CC)
Case No. 9311	Potomac Electric Power Company (Maryland PSC)
Cause No. 43114-IGCC-10	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
Docket No. 36498	Georgia Power Company (Georgia PSC)
Case No. 9316	Columbia Gas of Maryland, Inc. (Maryland PSC)
Docket No. 13-0192	Ameren Illinois Company (Illinois CC)
12-1649-W-42T	West Virginia-American Water Company (West Virginia PSC)
E-04204A-12-0504	UNS Electric, Inc. (Arizona CC)
PUE-2013-00020	Virginia and Electric Power Company (Virginia SCC)
R-2013-2355276	Pennsylvania-American Water Company (Pennsylvania PUC)
Formal Case No. 1103	Potomac Electric Power Company (District of Columbia PSC)
U-13-007	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
12-2881-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 3 (Ohio PUC)
Docket No. 36989	Georgia Power Company (Georgia PSC)
Cause No. 43114-IGCC-11	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
UM 1633	Investigation into Treatment of Pension Costs in Utility Rates (Oregon PUC)
13-1892-EL FAC	Financial Audit of the FAC and AER of the Ohio Power Company – Audit I (Ohio PUC)
14-255-EL RDR	Regulatory Compliance Audit of the 2013 DIR of Ohio Power Company (Ohio PUC)
U-14-001	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
U-14-002	Alaska Power Company (The Regulatory Commission of Alaska)
PUE-2014-00026	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
14-0117-EL-FAC	Financial, Management, and Performance Audit of the FAC and Purchased Power Rider for Dayton Power and Light – Audit 1 (Ohio PUC)
14-0702-E-42T	Monongahela Power Company and The Potomac Edison Company (West Virginia PSC)
Formal Case No. 1119	Merger of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC, and New Special Purpose Entity, LLC (District of Columbia PSC)
R-2014-2428742	West Penn Power Company (Pennsylvania PUC)
R-2014-2428743	Pennsylvania Electric Company (Pennsylvania PUC)
R-2014-2428744	Pennsylvania Power Company (Pennsylvania PUC)
R-2014-2428745	Metropolitan Edison Company (Pennsylvania PUC)
Cause No. 43114-IGCC-12/13	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
14-1152-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
WS-01303A-14-0010	EPCOR Water Arizona, Inc. (Arizona CC)
2014-000396	Kentucky Power Company (Kentucky PSC)
15-03-45 [^]	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
A.14-11-003	San Diego Gas & Electric Company (California PUC)
U-14-111	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
2015-UN-049	Atmos Energy Corporation (Mississippi PSC)
15-0003-G-42T	Mountaineer Gas Company (West Virginia PSC)

PUE-2015-00027 Docket No. 2015-0022	Virginia Electric and Power Company (Commonwealth of Virginia SCC) Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company Limited, and NextEra Energy, Inc. (Hawaii PUC)
15-0676-W-42T 15-07-38 [^]	West Virginia-American Water Company (West Virginia PSC) Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
15-26 ^{^^}	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Massachusetts DPU)
15-042-EL-FAC	Management/Performance and Financial Audit of the FAC and Purchased Power Rider for Dayton Power and Light (Ohio PUC)
2015-UN-0080 Docket No. 15-00042 WR-2015-0301/SR-2015 -0302	Mississippi Power Company (Mississippi PSC) B&W Pipeline, LLC (Tennessee Regulatory Authority) Missouri American Water Company (Missouri PSC)
U-15-089, U-15-091, & U-15-092	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
Docket No. 16-00001	Kingsport Power Company d/b/a AEP Appalachian Power (Tennessee Regulatory Authority)
PUE-2015-00097 15-1854-EL-RDR	Virginia-American Water Company (Commonwealth of Virginia SCC) Management/Performance and Financial Audit of the Alternative Energy Recovery Rider of Duke Energy Ohio, Inc. (Ohio PUC)
Docket No. 40161 Formal Case No. 1137 160021-EI, et al.	Georgia Power Company – Integrated Resource Plan (Georgia PSC) Washington Gas Light Company (District of Columbia PSC) Florida Power Company (Florida PSC)

* Testimony filed, examination not completed

** Issues stipulated

*** Company withdrew case

[^] Testimony filed, case withdrawn after proposed decision issued

^{^^} Issues stipulated before testimony was filed

Providence Water Supply Board
Docket No. 4618
Revenue Requirement and Adjustment Schedules
Accompanying the Direct Testimony of Ralph Smith

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RCS-6	Adjustment to Employee Benefits Expense	1	No	10
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RCS-9	Adjustment for Town of Foster Property Tax Expense Refund	1	No	13
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Summary of Revenues and Expenses at Present and Proposed Rates
Rate Year Ended December 31, 2017

Line No.	Description	Rate Year Amount Per Providence (A)	Division Adjustments (B)	Rate year at Present Rates (C)	Proposed Rate Increase (D)	Rate Year at Proposed Rates (E)
1	Revenue					
2	Service Charge	\$ 7,603,522		\$ 7,603,522		
3	Retail Sales	39,204,882		\$ 39,204,882		
4	Wholesale Sales	16,502,082		\$ 16,502,082		
5	Private Fire Protection	2,576,961		\$ 2,576,961		
6	Retail FPSC (see note)	1,252,391		\$ 1,252,391		
7	Public Fire Protection	1,124,390		\$ 1,124,390		
8	Miscellaneous	1,089,482	52,429	\$ 1,141,911		
9	Total Revenue	\$ 69,353,710	\$ 52,429	\$ 69,406,139	\$ 4,572,783	\$ 73,978,922
10	Expenses					
11	Operation & Maintenance	33,753,883	(2,743,324)	\$ 31,010,559		31,010,559
12	Insurance	2,473,237	(238,568)	\$ 2,234,669		2,234,669
13	Chemicals & Sludge	3,000,000	(200,000)	\$ 2,800,000		2,800,000
14	City Services	957,400		\$ 957,400		957,400
15	Property Taxes	6,957,183	(175,000)	\$ 6,782,183		6,782,183
16	Payment in Lieu of Taxes	326,000	(326,000)	\$ -		-
17	Capital Reimbursement	(2,143,087)		\$ (2,143,087)		(2,143,087)
18	Net Operations	\$ 45,324,616	\$ (3,682,892)	\$ 41,641,724	\$ -	\$ 41,641,724
19	Capital Fund	2,127,000		\$ 2,127,000		2,127,000
20	Western Cranston	62,069	(22,069)	\$ 40,000		40,000
21	Infrastructure Replacement Fund	27,600,000		\$ 27,600,000		27,600,000
22	Cash Funded AMR/Meter Replacement	500,000		\$ 500,000		500,000
23	Equipment Replacement Fund	600,000		\$ 600,000		600,000
24	Property Tax Refund Fund			\$ -		-
25	Revenue Reserve Fund	375,621	(8,072)	\$ 367,549		367,549
26	Less: reserve Funded from Monthly Billing			\$ -		-
27	Total Capital	\$ 31,264,690	\$ (30,141)	\$ 31,234,549	\$ -	\$ 31,234,549
28	Total Expenses	\$ 76,589,306	\$ (3,713,032)	\$ 72,876,274	\$ -	\$ 72,876,274
29	Operating Reserve	1,126,863	(24,215)	\$ 1,102,648		\$ 1,102,648
30	Total Cost of Service	\$ 77,716,169	\$ (3,737,247)	\$ 73,978,922	\$ -	\$ 73,978,922
31	Revenue Surplus/(Deficiency)	\$ (8,362,459)	\$ 3,789,676	\$ (4,572,783)		\$ -
32	Company Proposed Increase	\$ 8,328,042		\$ 8,328,042		
33	Division Adjustment to Company's Request			\$ 3,755,259		

Notes and Source

Column A: Company Schedule HJS-1, "Pro-Form Old Rates" column

Line 6: Reflects Providence Water's Updated Cost of Service Study Model

As filed	\$ 1,299,110
Company Correction	\$ 46,719 Note A
Company Corrected Amount (Adjusted Test Year)	\$ 1,252,391

[A] The Company's original model incorrectly assumed that East Smithfield customers, who will become retail customers of Providence Water, would be assessed the Providence Only Fire Protection Charge. This resulted in the generation of the additional revenue from this charge. However, since the East Smithfield customers will not be assessed the Retail FPSC, the Company's revised model does not show this revenue.

Column B: Schedule RCS-2

Lines 25 and 29: See Schedule RCS-13

Providence Water Supply Board
Summary of Adjustments

Rate Year Ended December 31, 2017

Line No.	Description	Reference	Total Amount (A)	Operation & Maintenance (B)	Insurance (C)	Property Taxes (D)	Payment in Lieu of Taxes (E)	Restricted Funds (F)	Misc. Revenues (G)	Operating & Revenue Reserves (H)
1	Rate Year Salaries and Wages	Schedule RCS-3	\$ (961,793)	\$ (961,793)						
2	Payroll Clearing	Schedule RCS-4	\$ (49,842)	\$ (49,842)						
3	Overhead Clearing Expense	Schedule RCS-5	\$ (1,312,293)	\$ (1,312,293)						
4	Employee Benefits Expense	Schedule RCS-6	\$ (345,819)	\$ (345,819)						
5	Payroll Tax Expense	Schedule RCS-7	\$ (73,577)	\$ (73,577)						
6	Insurance Expense	Schedule RCS-8	\$ (136,455)		\$ (136,455)					
7	Foster Property Tax Refund	Schedule RCS-9	\$ (175,000)			\$ (175,000)				
8	PILOT	Schedule RCS-10	\$ (326,000)				\$ (326,000)			
9	Miscellaneous Revenues	Schedule RCS-11	\$ (52,429)						\$ (52,429)	
10	Restricted Funds	Schedule RCS-12	\$ (324,182)					\$ (324,182)		
11	Revenue and Operating Reserves	Schedule RCS-13	\$ (32,286)							\$ (32,286)
12	Total Division Adjustments		<u>\$ (3,789,676)</u>	<u>\$ (2,743,324)</u>	<u>\$ (136,455)</u>	<u>\$ (175,000)</u>	<u>\$ (326,000)</u>	<u>\$ (324,182)</u>	<u>\$ (52,429)</u>	<u>\$ (32,286)</u>

Notes

Col.F: Restricted Funds

13	Western Cranston Fund	\$ (22,069)					\$ (22,069)
14	Insurance Fund	\$ (102,113)		\$ (102,113)			
15	Chemicals & Sludge Fund	\$ (200,000)					\$ (200,000)
16	Total Division Adjustments	<u>\$ (324,182)</u>		<u>\$ (102,113)</u>			<u>\$ (222,069)</u>

17 Total Adjustment to Insurance, Schedule RCS-1, \$ (238,568) Line 12 and Line 16

Col.H Revenue and Operating Reserves

18	Revenue Reserve	\$ (8,072)
19	Operating Reserve	\$ (24,215)
20	Total	<u>\$ (32,286)</u>

Rate Year Ended December 31, 2017

Line No.	Description	Company Adjusted (A)	Division Adjusted (B)	Division Adjustment (C)
1	Total FY 2015 Salaries	\$ 14,713,727	\$ 14,713,727	\$ -
2	Less: Wages for Engineers Paid Directly from IFR	\$ (357,294)	\$ (357,294)	\$ -
3	Actual Payroll Expense FY 2015	\$ 14,356,433	\$ 14,356,433	\$ -
4	Plus: Normalizing Adjustments (Workers Compensation)	\$ 131,968	\$ 131,968	\$ -
5	Adjusted Test Year	\$ 14,488,400	\$ 14,488,400	\$ -
Pro-Forma Adjustments				
6	Plus: Step Increases	\$ 262,858	\$ 262,858	\$ -
7	Plus: Promotions	\$ 41,843	\$ 41,843	\$ -
8	14 New Employees	\$ 643,020	\$ -	\$ (643,020)
9	Employee Turnover	\$ -	\$ (76,014)	\$ (76,014)
10	Overtime	\$ -	\$ (211,133)	\$ (211,133)
11	Sub-Total Step Increases/New Positions	\$ 947,721	\$ 17,554	\$ (930,167)
12	Adjusted FY 2017 Salaries	\$ 15,436,121	\$ 14,505,954	\$ (930,167)
13	Contractual Increase *	1.034	1.034	
14	Adjusted FY 2017 Salaries with Contract Raise	\$ 15,960,949	\$ 14,999,156	\$ (961,793)

Notes and Source

Col. A: Amounts from Company Schedule NEP-2

Col. B: Amounts per the recommendations of Division witness Ralph C. Smith

Lines 9-10: See page 2

* Union Contract Article VI, Section 1. Effective 7/1/2015-6/30/2018

2% Increase on July 1, 2016 and 2.75% on July 1, 2017

Rate Year Ended December 31, 2017

Line No.	Description	Total Payroll Amount (A)	Capitalized Payroll Amount (B)	Capitalized Percentage (C)	Reference
Part I. Determine Average Capitalized Payroll Allocator					
1	Total Fiscal Year 2015	\$ 14,713,727	\$ 894,665	6.08%	
2	Total Fiscal Year 2014	\$ 14,545,224	\$ 956,558	6.58%	
3	Total Fiscal Year 2013	\$ 13,636,847	\$ 698,322	5.12%	
4	Total	<u>\$ 42,895,797</u>	<u>\$ 2,549,546</u>	<u>5.94%</u>	
5	Average	\$ 14,298,599	\$ 849,849	<u>5.94%</u>	
Part II. Employee Turnover					
6	Savings Between Old and New Salaries			\$ 80,817	DIV 1-26
7	Capitalized Portion of Savings Between Old and New Salaries			<u>\$ (4,803)</u>	L5 x L6
8	Adjustment to O&M Payroll Expense Related to Employee Turnover			<u>\$ 76,014</u>	L6 + L7
Part III. Overtime					
9	Total Fiscal Year 2016 Overtime Payroll Expense (through November)			\$ 620,838	DIV 1-27
10	Add Additional Overtime Expense to Annualize Through June 2016			<u>\$ 66,288</u>	Supp Response to DIV 1-27
11	Annualized Fiscal Year 2016 Overtime Payroll Expense			<u>\$ 687,126</u>	L9 + L10; Supp Rsp to DIV 1-27
12	Total Test Year Overtime Payroll Expense			<u>\$ 911,601</u>	DIV 1-27
13	Adjustment to Total Fiscal Year 2016 Overtime Payroll Expense			<u>\$ (224,475)</u>	L11 - L12
14	Capitalized Portion of Adjustment to Fiscal Year 2016 Overtime Payroll Expense			<u>\$ (13,342)</u>	L13 x L5 (Col. C)
15	O&M Adjustment to Total Fiscal Year 2016 Overtime Payroll Expense			<u>\$ (211,133)</u>	L13 - L14

Notes and Source

Cols. A&B (Lines 1-3): Amounts from the response to DIV 1-27

Reasonableness Check of Capitalization Percentage Using Amounts from DIV 1-27 Supp Response

Description	Date	Total Payroll Amount	Capitalized Payroll Amount	Capitalized As Percent of Total
16 Fiscal Year 2016	Total	<u>\$ 14,116,400</u>	<u>\$ 791,195</u>	
17		<u>\$ 14,116,400</u>	<u>\$ 791,195</u>	<u>5.60%</u>

Line No.	Description	Amount	Reference
1	Payroll Clearing in Test Year	\$ (899,680)	Note A
2	Adjustment to Reflect Wage Increases	<u>1.0554</u>	Note B
3	Rate Year Payroll Clearing	\$ (949,522)	
4	Test Year Payroll Clearing	<u>\$ (899,680)</u>	
5	Adjustment for Payroll Clearing Expense	<u><u>\$ (49,842)</u></u>	

Notes and Source

[A] Providence Water Schedule NEP-1, details reproduced on Schedule RCS-3, page 2

[B] Reflects:

6	2.07% Pro Forma Increase after June 30, 2015	Note C	1.0207
7	2% Increase on July 1, 2016	Note D	1.02
8	One-half annual effect of a 2.75% increase on July 1, 2017	Note D	<u>1.01375</u>
9	Cumulative wage increase adjustment		<u><u>1.0554</u></u>

[C] Per Company Pro Forma Increase after June 30, 2015:

10	Step Increases	\$ 262,858	Note D
11	Promotions	<u>\$ 41,843</u>	Note D
12	Pro Forma Step Increases and Promotions	<u>\$ 304,701</u>	
13	Total FY2015 Salaries	<u>\$ 14,713,727</u>	Note D
14	Percent Increase over FY2015 Salaries	<u><u>0.0207</u></u>	Line 12 / Line 13

[D] Per Providence Water Schedule NEP-2

LINE NO.	ACCOUNT	TITLE	FISCAL YEAR 06/30/13	FISCAL YEAR 06/30/14	FISCAL YEAR 06/30/15	Test Year Adjustments	Adjusted Test Year
1		Source of Supply					
2	60220	Payroll Clearing -Emp	(2,467)	(6,115)	(1,112)	1,112	-
3							
4		Water Treatment Expenses					
5		Payroll Clearing -Emp	(1,559)			-	
6		Payroll Clearing -Emp	(2,734)			-	
7							
8		Transmission + Dist. Expense:					
9	60250	Payroll Clearing -Emp	-	-	-	-	-
10	60260	Payroll Clearing -Emp	(229,438)	(261,573)	(299,504)	299,504	-
11							
12		Customer Accounts Expense:					
13	60270	Payroll Clearing -Emp	(93,825)	(54,629)	(27,576)	27,576	-
14							
15		Administrative and General					
16	60280	Payroll Clearing -Emp	(430,794)	(640,931)	(571,488)	571,488	-
17							
18		Total Payroll Clearing Expense	<u>(760,817)</u>	<u>(963,248)</u>	<u>(899,680)</u>	<u>899,680</u>	<u>-</u>

Notes and Source

Providence Water Schedule NEP-1

Line No.	Description	Amount	Reference
1	Payroll Clearing in Test Year	\$ (1,243,408)	Note A
2	Adjustment to Reflect Wage Increases	<u>1.0554</u>	Note B
3	Rate Year Payroll Clearing	\$ (1,312,293)	
4	Amount per Providence Water	<u> </u>	
5	Adjustment for Payroll Clearing Expense	<u><u>\$ (1,312,293)</u></u>	

Notes and Source

[A]	Providence Water Schedule NEP-1, details reproduced on Schedule RCS-4, page 2		
[B]	Reflects:		
6	2.07% Pro Forma Increase after June 30, 2015	Note C	1.0207
7	2% Increase on July 1, 2016	Note D	1.02
8	One-half annual effect of a 2.75% increase on July 1, 2017	Note D	<u>1.01375</u>
9	Cumulative wage increase adjustment		<u><u>1.0554</u></u>
[C]	Per Company Pro Forma Increase after June 30, 2015:		
10	Step Increases	\$ 262,858	Note D
11	Promotions	\$ 41,843	Note D
12	Pro Forma Step Increases and Promotions	<u>\$ 304,701</u>	
13	Total FY2015 Salaries	<u>\$ 14,713,727</u>	Note D
14	Percent Increase over FY2015 Salaries	<u><u>0.0207</u></u>	Line 12 / Line 13
[D]	Per Providence Water Schedule NEP-2		

PER PROVIDENCE WATER AMOUNTS

LINE NO.	ACCOUNT	TITLE	FISCAL YEAR 06/30/13	FISCAL YEAR 06/30/14	FISCAL YEAR 06/30/15	Test Year Adjustments	Adjusted Test Year
1	Source of Supply						
2		Overhead Rate Applied	(1,946)	(4,881)	(1,903)	1,903	-
3							
4	Water Treatment Expenses						
5		Overhead Rate Applied	(119)	-	-	-	-
6		Overhead Rate Applied	(209)	-	-	-	-
7							
8	Transmission + Dist. Expense:						
9	60550	Overhead Rate Applied	-	-	-	-	-
10	60560	Overhead Rate Applied	(685,387)	(735,243)	(831,840)	831,840	-
11							
12	Customer Accounts Expense:						
13	60570	Overhead Rate Applied	(393,700)	(200,554)	(101,176)	101,176	-
14							
15	Administrative and General						
16	60580	Overhead Rate Applied	(224,917)	(363,417)	(308,489)	308,489	-
17							
18	Total Overhead Clearing		(1,306,278)	(1,304,095)	(1,243,408)	1,243,408	-

Notes and Source

Providence Water Schedule NEP-1

Providence Water Supply Board
Adjustment to Employee Benefits Expense

Docket No. 4618
Schedule RCS-6
Page 1 of 1

Rate Year Ended December 31, 2017

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u> (A)	<u>Reference</u>
1	Total Proforma Employee Benefits Expense Per Company	\$ 10,650,639	A
2	Adjustment to Remove Projected Benefits for New Positions	\$ (345,819)	A & B
3	Division Adjusted Proforma Employee Benefits Expense	<u>\$ 10,304,820</u>	

Notes and Source

A: Amount from Company Schedule NEP-3 from Company filing

B: See Direct Testimony of Division witness Ralph C. Smith

Rate Year Ended December 31, 2017

<u>Line No.</u>	<u>Description</u>	<u>Amount</u> (A)	<u>Reference</u>
1	Division Adjustment to Payroll Expense	\$ (961,793)	A
2	OASHA Rate	6.20%	
3		<u>\$ (59,631)</u>	L1 x L2
4	Division Adjustment to Payroll Expense	\$ (961,793)	
5	Medicare Rate	1.45%	
6		<u>\$ (13,946)</u>	L4 x L5
7	Total Adjustment to Payroll Tax Expense	<u><u>\$ (73,577)</u></u>	L3 + L6

Notes and Source

A: See Schedule RCS-2

Rate Year Ended December 31, 2017

Line No.	Description	Test Year (A)	Company Adjustments (B)	PWSB Notes	Company Requested	Division Adjustments (D)	Division Adjusted (E)
					Pro-Forma Amount *		
1	Worker's Compensation	\$ 591,015	\$ 554,198	1,4	\$ 1,145,213	\$ (136,455) [A]	\$ 1,008,758
2	Contract Services - Legal A&GO*	\$ -			\$ -		
3	Injuries and Damages	117,059	2,721	2	119,780		\$ 119,780
4	Property and Casualty	1,089,797	78,186	1,3	1,167,983		\$ 1,167,983
5	Program Expense	34,928	812	1	35,740		\$ 35,740
6	Safety Supplies & Other	4,418	103	2	4,521		\$ 4,521
7							
8	Total Expenses	\$ 1,837,216	\$ 636,021		\$ 2,473,237	\$ (136,455)	\$ 2,336,782
9							
10	Test Year Funding				\$ 1,802,547		
11	Pro-Forma Adjustment				\$ 670,690		

Notes and Source

Company amounts and notes are from Providence Water Schedule NEP-6

Company notes:

- Inflation Adjustment: Based on 3 year average for the period of January 2013 through December 2015 of 0.93% multiplied by 2.5 which is the period from the end of the test year (June 2015) through the end of the rate year (December 2017).
- Adjustments: The adjustments for Injuries and Damages, Program Expense, and Safety Supplies % other are based solely on the Inflation Adjustment.
- Property & Casualty: The adjustment for the Property & Casualty expense is based on the Inflation adjustment 2.325% plus an additional \$30,000 for additional premium for the new Central Operating Facility plus \$22,849 on the vehicles and property for East Smithfield Water District.
- Workers' Comp: This adjustment is a combination of increased premium due to an increase in the Providence Water experience modification number that drives the premium. The experience modification number is expected to jump considerably due to the significant increase in the number of claims and the expected magnitude of the claims expense. The anticipated claims expense is calculated by the actuaries at The Hartford-the company that holds Providence Water Workers' Comp policy. The estimated premium based on this is \$425,000 plus the estimated claims amount of \$720,213.

Division Adjustment Notes:

[A] Workers' Compensation paid as salary should not be treated as workers' compensation expense unless the salary is credited to the insurance reserve

Workers' Compensation in Payroll	\$ 131,968	Schedule RCS-3 (also Schedule NEP-2)
Payroll escalation	1,034	Schedule RCS-3 (also Schedule NEP-2)
Adjustment to remove Workers' Compensation paid as salary	<u>\$ 136,455</u>	

[B] Providence Water proposed funding for insurance per above	\$ 2,473,237	Above, Col.C, \line 8
Providence Water insurance fund annual funding	\$ 2,438,568	Company Schedule NEP-12F
Unidentified difference	<u>\$ 34,669</u>	

Providence Water Supply Board
Adjustment for Town of Foster Property Tax Expense Refund

Docket No. 4618
Schedule RCS-9
Page 1 of 1

Rate Year Ended December 31, 2017

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u> (A)	<u>Reference</u>
1	Division Adjustment to Property Tax Expense	<u>\$ (175,000)</u>	A

Notes and Source

Property tax refund amounts to be paid to Providence Water from Foster RI annually for 7/15/2015 through 7/15/2023 (with a final payment of \$298,983 due on 7/15/2024) per the Company's response to DIV 3-1 and 3-2

Credit annually for nine years, total credits \$ 1,575,000

Rate Year Ended December 31, 2017

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u> (A)	<u>Reference</u>
1	Remove Company-Proposed PILOT	<u>\$ (326,000)</u>	A

Notes and Source

[A] This adjustment remove the Company's proposed PILOT for the reasons stated in the Division's testimony.
Amount is Company Schedule HJS-1, as reproduced on Schedule RCS-1, column A.

Rate Year Ended December 31, 2017

Line No.	Category	FY2011 (A)	FY2012 (B)	FY2013 (C)	FY2014 (D)	FY2015 (E)	FY2016 (F)
I. Amounts Recorded							
1	Admin Fee-NBC	\$ 36,924	\$ 25,000	\$ 25,000	\$ 25,000	\$ 18,750	\$ 31,250
2	Forest Product Sales	\$ 32,455	\$ 28,809	\$ 14,847	\$ 34,805	\$ 31,450	\$ 92,450
3	Interest Delinquent Accts.	\$ 389,249	\$ 472,048	\$ 430,557	\$ 304,119	\$ 407,331	\$ 413,947
4	Miscellaneous State Revenue	\$ 191,699	\$ 189,348	\$ 160,980	\$ 179,132	\$ 185,857	\$ 185,255
5	Other Miscellaneous	\$ 178,719	\$ 210,795	\$ 562,982	\$ 298,927	\$ 202,149	\$ 364,729
6	New Water Meter	\$ 41,707	\$ 38,443	\$ 54,787	\$ 57,205	\$ 48,957	\$ 42,789
7	Shut off/on Revenue	\$ 121,968	\$ 214,726	\$ 129,445	\$ 102,959	\$ 188,738	\$ 209,933
8	Total Miscellaneous Revenue	<u>\$ 992,721</u>	<u>\$ 1,179,169</u>	<u>\$ 1,378,598</u>	<u>\$ 1,002,147</u>	<u>\$ 1,083,232</u>	<u>\$ 1,340,353</u>
II. Year-Over-Year Change							
9	Admin Fee-NBC		\$ (11,924)	\$ -	\$ -	\$ (6,250)	\$ 12,500
10	Forest Product Sales		\$ (3,646)	\$ (13,962)	\$ 19,958	\$ (3,355)	\$ 61,000
11	Interest Delinquent Accts.		\$ 82,799	\$ (41,491)	\$ (126,438)	\$ 103,212	\$ 6,616
12	Miscellaneous State Revenue		\$ (2,351)	\$ (28,368)	\$ 18,152	\$ 6,725	\$ (602)
13	Other Miscellaneous		\$ 32,076	\$ 352,187	\$ (264,055)	\$ (96,778)	\$ 162,580
14	New Water Meter		\$ (3,264)	\$ 16,344	\$ 2,418	\$ (8,248)	\$ (6,168)
15	Shut off/on Revenue		\$ 92,758	\$ (85,281)	\$ (26,486)	\$ 85,779	\$ 21,195
16	Total Miscellaneous Revenue		<u>\$ 186,448</u>	<u>\$ 199,429</u>	<u>\$ (376,451)</u>	<u>\$ 81,085</u>	<u>\$ 257,121</u>
17	Percentage Change		18.8%	16.9%	-27.3%	8.1%	23.7%

III. Averages for Periods Ending with FY2016 and Comparison with Company Proposed Amount

	Average (G)	Company Proposed Amount (H)	Average vx Company Proposed (I)
18 Six Years	\$ 1,162,703	\$ 1,089,482 Note A	\$ 73,221
19 Five Years	\$ 1,196,700	\$ 1,089,482 Note A	\$ 107,218
20 Four Years	\$ 1,201,083	\$ 1,089,482 Note A	\$ 111,601
21 Three Years	\$ 1,141,911	\$ 1,089,482 Note A	\$ 52,429
22 Two Years	\$ 1,211,793	\$ 1,089,482 Note A	\$ 122,311

IV. Adjustment to Company-Proposed Amount

	Amount	
23 Division Adjusted Amount	\$ 1,141,911	Based on three-year average
24 Company Proposed Amount	1,089,482	Note A
25 Division Adjustment	<u>\$ 52,429</u>	

Notes and Source:

Providence Water response to DIV 1-21

FY2016 - Providence Water supplemental response to DIV 1-21

Note A: Company Schedule HJS-1. Also see, Schedule RCS-1, column A, line 8

26 FY 2015 Amount		\$ 1,083,232	Column E, line 8
27 Company adjustment for Admin Fee:			
28 Normalized Admin Fee	\$ 25,000		
29 FY 2015 Admin Fee	<u>\$ 18,750</u>		Column E, line 1
30 Company adjustment for Admin Fee		<u>\$ 6,250</u>	
31 Company proposed Miscellaneous Revenue		<u>\$ 1,089,482</u>	

Providence Water Supply Board
 Adjustment for Restricted Account Funding

Docket No. 4618
 Schedule RCS-12
 Page 1 of 4

Rate Year Ended December 31, 2017

Line, No.	Restricted Account Fund	PWSB Proposed Funding Level (A)	Division Recommendation (B)	Differenece Division Adjustment (C)	Less Other Division Adjustments (D)	Division Net Funding Adjustment (E)
1	Western Cranston Fund	\$ 62,069	\$ 40,000	\$ (22,069)		\$ (22,069)
2	Insurance Fund	2,438,568	2,200,000	\$ (238,568)	\$ (136,455)	\$ (102,113)
3	Chemicals & Sludge Fund	3,000,000	2,800,000	\$ (200,000)		\$ (200,000)
4	Sum of Differences			\$ (460,637)	\$ (136,455)	\$ (324,182)
5	Total Division Adjustment for Annual Funding					\$ (324,182)

Notes and Source

- Col.A Providence Water Schedules NEP-12B, Schedule NEP-12F and Schedule NEP-12G, respectively.
 Col.B See Division testimony
 Col.C Col. B - Col. A
 Col.D Division Adjustment for Insurance Expense from Schedule RCS-8

Rate Year Ended December 31, 2017

Line No.	Description	FY 2016 (A)	FY 2017 (B)	FY 2018 (C)	FY 2019 (D)
I. Per Company					
Source of Funds					
1	D4571 (effective 9/1/2015)	\$ 62,069	\$ 62,069	\$ 62,069	\$ 62,069
2	Impact Fees estimated	\$ 15,819	\$ 15,819	\$ 15,819	\$ 15,819
3	Carryover funds from prior year estimated	\$ 1,033,513	\$ 708,938	\$ 615,991	\$ 523,132
4	Total Sources	<u>\$ 1,111,402</u>	<u>\$ 786,827</u>	<u>\$ 693,879</u>	<u>\$ 601,021</u>
Less obligated uses of funds					
5	RICWFA 2002B (P)	\$ 141,276	\$ 146,180	\$ 151,253	\$ 156,503
6	RICWFA 2002 (Pippin Main & WilburPS) (I)	\$ 29,645	\$ 24,656	\$ 19,494	\$ 14,153
7	Sub-total Debt Service	<u>\$ 170,920</u>	<u>\$ 170,835</u>	<u>\$ 170,747</u>	<u>\$ 170,656</u>
8	Cash Funded Projects	\$ 231,543	\$ -	\$ -	\$ -
9	Total Uses	<u>\$ 402,463</u>	<u>\$ 170,835</u>	<u>\$ 170,747</u>	<u>\$ 170,656</u>
10	End of Year Balance	<u>\$ 708,938</u>	<u>\$ 615,991</u>	<u>\$ 523,132</u>	<u>\$ 430,364</u>
II. Per Division					
11	D4571 (effective 9/1/2015)	\$ 62,069	\$ 62,069	\$ 62,069	\$ 62,069
12	Division Recommended Adjustment to PWSB Proposed Funding Level	<u>\$ -</u>	<u>\$ (11,035)</u>	<u>\$ (22,069)</u>	<u>\$ (22,069)</u>
13	Division Recommended Funding Level	\$ 62,069	\$ 51,035	\$ 40,000	\$ 40,000
14	Impact Fees estimated	\$ 15,819	\$ 15,819	\$ 15,819	\$ 15,819
15	Carryover funds from prior year estimated	\$ 1,033,513	\$ 708,938	\$ 604,957	\$ 490,029
16	Total Sources	<u>\$ 1,111,402</u>	<u>\$ 775,792</u>	<u>\$ 660,776</u>	<u>\$ 545,848</u>
Less obligated uses of funds					
17	RICWFA 2002B (P)	\$ 141,276	\$ 146,180	\$ 151,253	\$ 156,503
18	RICWFA 2002 (Pippin Main & WilburPS) (I)	\$ 29,645	\$ 24,656	\$ 19,494	\$ 14,153
19	Sub-total Debt Service	<u>\$ 170,920</u>	<u>\$ 170,835</u>	<u>\$ 170,747</u>	<u>\$ 170,656</u>
20	Cash Funded Projects	\$ 231,543	\$ -	\$ -	\$ -
21	Total Uses	<u>\$ 402,463</u>	<u>\$ 170,835</u>	<u>\$ 170,747</u>	<u>\$ 170,656</u>
22	End of Year Balance	<u>\$ 708,938</u>	<u>\$ 604,957</u>	<u>\$ 490,029</u>	<u>\$ 375,192</u>

Notes and Source

Lines 1-10: Amounts from Schedule NEP-12B from PWSB filing

Line 12: See page 1

Rate Year Ended December 31, 2017

Line No.	Description	FY 2016 (A)	FY 2017 (B)	FY 2018 (C)	FY 2019 (D)
I. Per Company					
Source of Funds					
1	D4571 (effective 9/1/2015)	\$ 1,802,547	\$ 1,802,547	\$ 1,802,547	\$ 1,802,547
2	Adjustments to funding from new docket effective 1/1/17	\$ -	\$ 318,010	\$ 636,021	\$ 636,021
3	Carryover funds from prior year estimated	\$ 2,655,031	\$ 2,212,398	\$ 1,997,969	\$ 2,008,150
4	Total Sources	\$ 4,457,578	\$ 4,332,955	\$ 4,436,536	\$ 4,446,717
Less obligated uses of funds					
5	Property & Casualty	\$ 1,054,593	\$ 1,096,777	\$ 1,140,648	\$ 1,186,274
6	Workers Compensation	\$ 1,026,940	\$ 1,068,017	\$ 1,110,738	\$ 1,155,167
7	Injuries & Damages	\$ 122,479	\$ 127,378	\$ 132,473	\$ 137,772
8	Safety Supplies & Other	\$ 4,623	\$ 4,808	\$ 5,000	\$ 5,200
9	Program Expense	\$ 36,545	\$ 38,007	\$ 39,527	\$ 41,108
10	Total Uses	\$ 2,245,180	\$ 2,334,987	\$ 2,428,386	\$ 2,525,522
11	End of Year Balance	\$ 2,212,398	\$ 1,997,969	\$ 2,008,150	\$ 1,921,196
II. Per Division					
12	D4571 (effective 9/1/2015)	\$ 1,802,547	\$ 1,802,547	\$ 1,802,547	\$ 1,802,547
13	Adjustments to funding from new docket effective 1/1/17	\$ -	\$ 318,010	\$ 636,021	\$ 636,021
14	Company Adjusted Funding Level Per Filing	\$ 1,802,547	\$ 2,120,557	\$ 2,438,568	\$ 2,438,568
15	Division Recommended Adjustment to PWSB Proposed Funding Level	\$ -	\$ (51,057)	\$ (102,113)	\$ (102,113)
16	Division Recommended Funding Level	\$ 1,802,547	\$ 2,069,501	\$ 2,336,455	\$ 2,336,455
17	Carryover funds from prior year estimated	\$ 2,655,031	\$ 2,212,398	\$ 1,946,912	\$ 1,854,980
18	Total Sources	\$ 4,457,578	\$ 4,281,899	\$ 4,283,367	\$ 4,191,435
Less obligated uses of funds					
19	Property & Casualty	\$ 1,054,593	\$ 1,096,777	\$ 1,140,648	\$ 1,186,274
20	Workers Compensation	\$ 1,026,940	\$ 1,068,017	\$ 1,110,738	\$ 1,155,167
21	Injuries & Damages	\$ 122,479	\$ 127,378	\$ 132,473	\$ 137,772
22	Safety Supplies & Other	\$ 4,623	\$ 4,808	\$ 5,000	\$ 5,200
23	Program Expense	\$ 36,545	\$ 38,007	\$ 39,527	\$ 41,108
24	Total Uses	\$ 2,245,180	\$ 2,334,987	\$ 2,428,386	\$ 2,525,522
25	End of Year Balance	\$ 2,212,398	\$ 1,946,912	\$ 1,854,980	\$ 1,665,913

Notes and Source

Lines 1-11: Amounts from Schedule NEP-12F from PWSB filing

Line 15: See page 1

Rate Year Ended December 31, 2017

Line No.	Description	FY 2016 (A)	FY 2017 (B)	FY 2018 (C)	FY 2019 (D)
I. Per Company					
Source of Funds					
1	D4571 (effective 9/1/2015)	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000
2	Adjustments to funding from new docket effective 1/1/17		\$ (750,000)	\$ (1,500,000)	\$ (1,500,000)
3	Carryover funds from prior year estimated	\$ 1,429,677	\$ 2,232,855	\$ 2,482,404	\$ 2,074,791
4	Total Sources	\$ 5,929,677	\$ 5,982,855	\$ 5,482,404	\$ 5,074,791
Less obligated uses of funds					
5	Reimburse CIP for borrowing	\$ 600,000	\$ -	\$ -	\$ -
6	Chemicals	\$ 1,487,904	\$ 1,891,533	\$ 1,798,694	\$ 1,806,067
7	Sludge Maintenance	\$ 1,608,918	\$ 1,608,918	\$ 1,608,918	\$ 1,608,918
8	Total Uses	\$ 3,696,822	\$ 3,500,451	\$ 3,407,612	\$ 3,414,985
9	End of Year Balance	\$ 2,232,855	\$ 2,482,404	\$ 2,074,791	\$ 1,659,806
II. Per Division					
10	D4571 (effective 9/1/2015)	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000
11	Adjustments to funding from new docket effective 1/1/17		\$ (750,000)	\$ (1,500,000)	\$ (1,500,000)
12	Company Adjusted Funding Level Per Filing	\$ 4,500,000	\$ 3,750,000	\$ 3,000,000	\$ 3,000,000
13	Division Recommended Adjustment to PWSB Proposed Funding Level	\$ -	\$ (100,000)	\$ (200,000)	\$ (200,000)
14	Division Recommended Funding Level	\$ 4,500,000	\$ 3,650,000	\$ 2,800,000	\$ 2,800,000
15	Carryover funds from prior year estimated	\$ 1,429,677	\$ 2,232,855	\$ 2,382,404	\$ 1,774,791
16	Total Sources	\$ 5,929,677	\$ 5,882,855	\$ 5,182,404	\$ 4,574,791
Less obligated uses of funds					
17	Reimburse CIP for borrowing	\$ 600,000	\$ -	\$ -	\$ -
18	Chemicals	\$ 1,487,904	\$ 1,891,533	\$ 1,798,694	\$ 1,806,067
19	Sludge Maintenance	\$ 1,608,918	\$ 1,608,918	\$ 1,608,918	\$ 1,608,918
20	Total Uses	\$ 3,696,822	\$ 3,500,451	\$ 3,407,612	\$ 3,414,985
21	End of Year Balance	\$ 2,232,855	\$ 2,382,404	\$ 1,774,791	\$ 1,159,806

Notes and Source

Lines 1-9: Amounts from Schedule NEP-12G from PWSB filing

Line 13: See page 1

Providence Water Supply Board
 Operating Reserve and Revenue Reserve

Docket No. 4618
 Schedule RCS-13
 Page 1 of 1

Rate Year Ended December 31, 2017

Line No.	Description	Calculation Factors (A)	Company Adjusted (B)	Division Adjusted (C)	Division Adjustment (D) = C - B
1	Net Operations and Maintenance Expense		\$ 37,084,034	36,045,228	(1,038,805)
2	Capital Expense		\$ 30,889,069	\$ 30,867,000	(22,069)
3	City Services Expense		\$ 957,400	957,400	-
4	Property Taxes Expense		\$ 6,957,183	6,782,183	(175,000)
5	PILOT		\$ 326,000	-	(326,000)
6	Total Expenses Allocated		\$ 76,213,685	\$ 74,651,811	\$ (1,561,874)
7	Less: Miscellaneous Revenues		\$ (1,089,482)	\$ (1,141,911)	(52,429)
8	Net Amount for Calculation of Revenues		\$ 75,124,203	\$ 73,509,900	\$ (1,614,303)
9	.5% Revenue Reserve	0.50%	\$ 375,621	\$ 367,550	\$ (8,072)
10	1.5% Operating Reserve	1.50%	\$ 1,126,863	\$ 1,102,649	\$ (24,215)
11	Operating Reserve and Revenue Reserve		\$ 1,502,484	\$ 1,470,198	\$ (32,286)

Notes and Source

Cols. A and B: Amounts from Company Schedule NEP-10

Col. C: Amounts are the Division adjusted amounts from Schedule RCS-1