



Tap Water Delivers

September 16, 2016

The Hon. Jorge O. Elorza
Mayor
Ricky Caruolo
General Manager

Mrs. Luly Massaro
Commission Clerk
RI Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

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RE: Dk 4618; Division of Public Utilities & Carriers; Set 3

Dear Mrs. Massaro:

Enclosed please find an original and nine copies of Providence Water's responses to the third set of data requests from the Division.

If you have any questions I can be reached extension 7217.

Sincerely,

Mary L. Deignan-White
Senior Manager of Regulatory

cc: service list(via email)

Providence Water Docket 4618

**Data Requests of the
Division of Public Utilities and Carriers
Set 3**

DIV 3-1 : As of 12/31/2015, Providence Water showed a balance of \$578,249 in a Property Tax Refund Account.

- a. What is the account number for that account?
- b. Has there been any activity in the account since 12/31/2015?
- c. If the answer to part b is "yes" please list and explain all activity in the account from 12/31/2015 through the present.
- d. Does Providence Water have any projections of activity in the account for the remainder of 2016?
- e. If the answer to part d is "yes" please list and explain the estimated projected activity in the account through 12/31/2016.

RESPONSE :

3-1a. The Fund account number for the Property Tax Refund Account is 876.

3-1b. Yes there has been activity in this fund since 12/31/2015.

3-1c. The activity in the Tax Refund Account since 12/31/2015 is as follows:

Fund balance @ 12/31/2015	\$ 578,249.00
July 2016 Tax refund payment – Foster :	\$ 175,000.00
June 2016 Legal expenses :	<u><\$ 10,766.94 ></u>
Fund Balance @ 8/31/2016	\$ 742,482.06

3-1d. Yes, Providence Water does expect to have some minimal activity in this account.

3-1e. The activity that is expected through 12/31/2016 is related to the renegotiation of the tax treaty with the Town of Scituate. Costs through the end of the year could be up to \$25,000. As the talks continue through 2017, that number could grow significantly based on the progress that is made.

Providence Water Docket 4618

**Data Requests of the
Division of Public Utilities and Carriers
Set 3**

DIV 3-2 : On June 22, 2016 Providence Water made a filing with the Public Utilities Commission concerning the tax agreement that PWSB has executed with the town of Foster. That PWSB filing included a copy of that tax agreement, information relating to the agreement, and a description of PWSB's proposed use of those and other property tax refund funds. The following requests relate to the property tax refunds.

- a. For each proposed use of property tax refunds requested by PWSB that was stated in the June 22, 2016 letter, please identify, quantify and explain the impact on the PWSB revenue requirement in the current PWSB rate case. Include supporting calculations with your response. To the extent that one or more of the proposed uses have no impact on the current PWSB rate case, for each such proposed use, explain why there is no impact.
- b. Providence Water stated that: "The Settlement of the tax appeals resulted in a refund of \$1,604,528 for overpayment of taxes for the tax years 2003 to 2014." Show in detail how that refund has been accounted for. Include the journal entries.
- c. Providence Water stated that: "The refund will be paid to Providence Water over ten years from 2015 through 2024. The amount of \$175,000 will be paid in each of the first nine years. In the tenth year, a final payment representing the projected balance owed of \$269,454.58 will be made. The agreement provides for an annual interest rate on unpaid amounts equal to the "prime rate". The payment in the final year of \$269,454.58 was estimated using the then current prime rate of 3.25%." (1) Please show, year-by-year, how the \$269,454.58 was derived. (2) Please show, year-by-year, how Providence Water will account for each of the annual amounts.
- d. How much expense has Providence Water included in its test year revenue requirement for property tax expense (1) in total and (2) from the town of Foster?
- e. How does the agreement impact the amount of property tax that Providence Water will be paying to the town of Foster prospectively? Explain fully and show annual dollar amounts of payments (1) that are anticipated with the agreement and (2) that would have been anticipated without the agreement.
- f. Is there any reason why the amounts in the Property Tax Refund Account could not be used to offset expenses in the current Providence Water rate case, such as property tax expenses? If so, please identify and explain all reasons.
- g. Would the use of a portion of the funds in the Property Tax Refund Account to offset costs that have been included in the revenue requirement in the current rate case be consistent with the Public Utilities Commission's prior directives to Providence Water concerning the use of property tax refunds? If not, explain fully why not.
- h. Has Providence Water reflected any amortization of Property Tax Refund Account balances in its current rate case? (1) If not, explain fully why not. (2) If so,

**Data Requests of the
Division of Public Utilities and Carriers
Set 3**

where is that reflected and what is the amount of amortization and the amortization period?

RESPONSE :

3-2a. The proposed uses of the property tax refunds outlined in the July 22, 2016 letter do not have any impact on the revenue requirements in the current PWSB rate case as we would request that PWSB transfer these funds from the Tax Refund Account (restricted) to the Water Quality Protection Fund (restricted) which would have no effect on the operational accounts. All of the projects outlined are specific to direct maintenance and improvements to the watershed properties which fall under the purview of the Water Quality Protection Fund.

3-2b. The refund is accounted for as "Tax Treaty Receivable" on the PWSB general Ledger. Copies of Exhibit 1, page 2 of the tax treaty outlining the calculation of the overpayment of taxes and the journal entries to the PWSB general ledger are attached.

3-2c. Please see the attached repayment schedule. This schedule was calculated with a 3.25% interest rate which was the "prime rate" at the time of the execution of the treaty.

3-2d. The expense included in the test year the PWSB has included in total is \$6,540,728 and from the Town of Foster is \$317,863. The rate year expense for the Town of Foster is \$271,567. See testimony by Nancy Parrillo, Schedules NEP-4 and NEP-4A.

3-2e. This agreement impacts property taxes that PWSB would have to pay to the Town of Foster prospectively in that the taxes are based on a property valuation that is fixed for the next 10 years thus allowing us to budget with a degree of certainty – assuming the maximum 4% increase in the tax rate allowed by law, we can calculate an amount certain to include in the budget process. Had this agreement not been reached, PWSB would not be able to budget appropriately for this expense as the valuation would be subject to change as well as the tax rates. With this agreement, taxes are based on \$8,400 per acre. Without the tax agreement, Foster was basing taxes on \$10,000 to \$15,000 per acre.

3-2f. The reason that the amounts in the Property tax Refund Account are not used to offset expenses in the PWSB current rate case such as property tax expense goes back to Report & Order #19145 in connection to PUC Docket #3832, filed in March of 2007. See the attached copies of the appropriate section of Report & Order 19145.

3-2g. No. In Report & Order #19145, page 72, it states that "*In addition, Providence Water shall create a separate restricted account entitled Property Tax Refund into which*

**Data Requests of the
Division of Public Utilities and Carriers
Set 3**

the funds received from the City of Cranston (\$1,510,096.16) shall be deposited.... The

remaining balance in the account shall be used for litigation expenses related to property tax challenges, but not increased property taxes. Funds may be expended only on invoices for services rendered on and after November 1, 2007. In addition, any future tax refunds or adjustments in Providence Water's favor shall be deposited into this account for further disposition as ordered by the Commission."

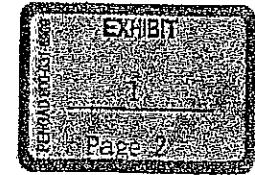
See attached DIV 3-2f.

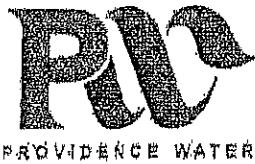
3-2h. No. The Foster tax refund is accounted for in our restricted Tax Refund Fund per the Commission's order in Docket #3832. See the attached response to 3-2g.

Providence Water
Town of Foster

1) Current Valuation Appeals

Assessed	Tax Year	Pd FY	Foster Value	Settled Per Acre	Per Acre Value	Over Assesment	Per Acre	Number of Acres	Tax Rate	Tax Overpayment
12/31/2002	2003	2004	\$12,650	\$8,400	\$4,250	2,165.96	\$14.24			\$ 131,083.90
12/31/2003	2004	2005	\$12,650	\$8,400	\$4,250	2,165.96	\$14.11			\$ 129,887.21
12/30/2004	2005	2006	\$12,650	\$8,400	\$4,250	2,165.96	\$14.75			\$ 135,778.62
12/31/2005	2006	2007	\$15,000	\$8,400	\$6,600	2,165.96	\$11.24			\$ 160,679.58
12/31/2006	2007	2008	\$15,000	\$3,400	\$6,600	2,165.96	\$11.79			\$ 168,542.01
12/31/2007	2008	2009	\$15,000	\$8,400	\$6,600	2,183.14	\$13.52			\$ 194,805.95
12/31/2008	2009	2010	\$12,500	\$8,400	\$4,100	2,183.14	\$17.12			\$ 153,238.96
12/31/2009	2010	2011	\$12,500	\$8,400	\$4,100	2,183.14	\$17.58			\$ 157,356.36
12/31/2010	2011	2012	\$12,500	\$8,400	\$4,100	2,183.14	\$17.58			\$ 157,356.36
12/31/2011	2012	2013	\$10,000	\$8,400	\$1,600	2,183.14	\$20.32			\$70,978.25
12/31/2012	2013	2014	\$10,000	\$8,400	\$1,600	2,183.14	\$20.40			\$71,257.69
12/31/2013	2014	2015	\$10,000	\$8,400	\$1,600	2,183.14	\$21.06			\$73,563.09
		Average:	\$12,538	\$8,400	\$4,138					\$ 1,604,527.98





October 5, 2015

The Honorable Jorge O. Elorza
Providence City Hall
25 Dorrance Street
Providence, RI 02903

Re: Foster Tax Agreement

The Hon. Jorge O. Elorza

Mayor

Ricky Caruolo
General Manager

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Since July 2003, Providence Water has appealed the tax classification and valuations of our property located in the Town of Foster. Negotiations with the Town have resulted in a tax agreement with the following terms:

- Ten year prospective tax treaty which also resolves twelve years of past disputes.
- During tax years 2003 through 2014, the average value per acre was \$12,538. The settled upon value is \$8,400 per acre. This results in a reduction of \$1,604,528 to be refunded going forward.
- The agreement may be extended for an additional ten years.
- The refund will be paid in ten installments with interest at the prime interest rate (currently 3.25%) on the outstanding balance.
- Foster can propose certain non-cash contributions such as land acquisitions, changes in land-use regulations, etc.
- All DEM certified forest land will be classified as such by the Town.
- During the period of the agreement, any additional land acquisitions will not be subject to taxation.

At the meeting of the Providence Water Supply Board held on October 17, 2012, all Board members present approved the tax agreement. Due to unexpected circumstances, the execution of the agreement had been delayed and it was necessary to make a few minor/miscellaneous updates to the agreement.

As you are aware, at the September 2, 2015 meeting of the Providence City Council, a resolution authorizing approval of the tax agreement was passed by the City Council. A copy of the resolution and the tax agreement is attached.

Your signature is needed on two copies of the tax agreement itself. The agreement has been reviewed by both Providence Water legal counsel and the City Solicitor. Please contact me at 521-6300 ext. 7188 if you have any questions.

Respectfully,
PROVIDENCE WATER SUPPLY BOARD

Ricky Caruolo, General Manager

City of Providence
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 126

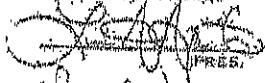
Approved September 11, 2015

RESOLVED, That the Members of the Providence City Council
hereby Authorize Approval of the Agreement by and among the Town of Foster
and the Providence Water Supply Board, an enterprise fund of the City of
Providence, The Providence Public Buildings Authority and the City of
Providence, relative to the Tax Agreement for the Town of Foster.

IN CITY COUNCIL

SEP 12 2015

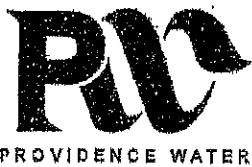
READ AND PASSED


S. J. H. [Signature]
Mayor
Date: 9/11/15

I HEREBY APPROVE

Date:

Attachment# 2015-026 15040 : Tax Agreement for the Town of Foster



June 22, 2016

The Hon. Jorge O. Elorza
Mayor

Ricky Caruolo
General Manager

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Luly Massaro, Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Compliance with Commission Directive

Dear Luly:

In Docket 3832, the Public Utilities Commission directed Providence Water Supply Board ("PWSB") to deposit into a restricted Property Tax Refund account any refund of taxes received.

The PWSB has executed a tax agreement with the town of Foster. This filing provides a copy of that tax agreement, information relating to the agreement, and the PWSB's request to utilize these and other property tax refund funds.

If you have any questions, please contact me.

Sincerely,

Mary Deignan-White
Senior Manager of Regulatory

cc: Commission
Ricky Caruolo
Michael R. McElroy
Nancy Parrillo
Stephen Scialabba



PROVIDENCE WATER

Tap Water Delivers.

July 2, 2015.

Council President Luis A. Aponte
 Providence City Hall
 25 Dorrance Street
 Providence, RI 02903

Re: Foster Tax Agreement

The Hon. Jorge O. Elorza
 Mayor

Ricky Carriero
 General Manager

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Dear President Aponte:

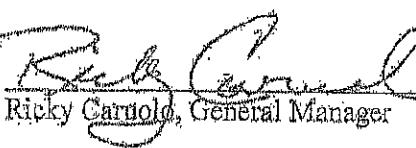
Since July 2003, Providence Water has appealed the tax classification and valuations of our property located in the Town of Foster. Negotiations with the Town have resulted in a proposed tax agreement with the following terms:

- Ten year prospective tax treaty which also resolves twelve years of past disputes.
- During tax years 2003 through 2014, the average value per acre was \$12,538. The settled upon value is \$8,400 per acre. This results in a reduction of \$1,604,528 to be refunded going forward.
- The agreement may be extended for an additional ten years.
- The refund will be paid in ten installments with interest at the prime interest rate (currently 3.25%) on the outstanding balance.
- Foster can propose certain non-cash contributions such as land acquisitions, changes in land-use regulations, etc.
- All DEM certified forest land will be classified as such by the Town.
- During the period of the agreement, any additional land acquisitions will not be subject to taxation.

At the meeting of the Providence Water Supply Board held on October 17, 2012, all Board members present approved the Foster Tax Agreement. Due to unexpected circumstances, the execution of the agreement has been delayed. As such, it has been necessary to make a few minor/miscellaneous updates to the agreement. We are requesting that this matter be placed on the July 16, 2015 City Council meeting docket for approval. A copy of the agreement is attached.

Please contact me at 521-6300 ext. 7188 if you have any questions.

Respectfully,
 PROVIDENCE WATER SUPPLY BOARD


 Ricky Carriero, General Manager

Providence Water Repayment Sched.

7/16/2015 12:21 PM Page 1

Compound Period: Daily

Nominal Annual Rate: 3.250%

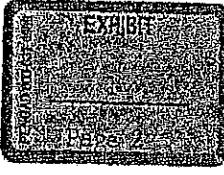
EXHIBIT

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1. Loan	6/1/2015	1,604,528.00	1		
2 Payment	7/15/2015	175,000.00	9	Annual	7/15/2023
3 Payment	7/15/2024	298,982.58	1		

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	6/1/2015				1,604,528.00
1 7/15/2015	7/15/2015	175,000.00	6,298.28	168,701.72	1,435,826.28
2015 Totals		175,000.00	6,298.28	168,701.72	
2 7/15/2016	7/15/2016	175,000.00	47,560.86	127,439.14	1,308,387.14
2016 Totals		175,000.00	47,560.86	127,439.14	
3 7/15/2017	7/15/2017	175,000.00	43,219.17	131,780.83	1,176,606.31
2017 Totals		175,000.00	43,219.17	131,780.83	
4 7/15/2018	7/15/2018	175,000.00	38,866.13	136,133.87	1,040,472.44
2018 Totals		175,000.00	38,866.13	136,133.87	
5 7/15/2019	7/15/2019	175,000.00	34,369.30	140,630.70	899,841.74
2019 Totals		175,000.00	34,369.30	140,630.70	
6 7/15/2020	7/15/2020	175,000.00	29,806.70	145,193.30	754,548.44
2020 Totals		175,000.00	29,806.70	145,193.30	
7 7/15/2021	7/15/2021	175,000.00	24,927.85	150,072.15	604,576.29
2021 Totals		175,000.00	24,927.85	150,072.15	
8 7/15/2022	7/15/2022	175,000.00	19,970.60	155,029.40	449,546.89
2022 Totals		175,000.00	19,970.60	155,029.40	
9 7/15/2023	7/15/2023	175,000.00	14,849.61	160,150.39	289,396.50
2023 Totals		175,000.00	14,849.61	160,150.39	
10 7/15/2024	7/15/2024	298,982.58	9,586.08	289,396.50	0.00
2024 Totals		298,982.58	9,586.08	289,396.50	
Grand Totals		1,873,982.58	269,454.58	1,604,528.00	



1) Current Valuation Appeals

Assessed	Tax Year	Pd FY	Foster Value	Settled Value	Per Acre	Number of Acres	Per Acre	Number of Acres	Per Acre	Tax Rate	Tax	Overpayment
12/31/2002	2003	2004	\$12,650	\$18,400	\$3,400	2,125.00	\$4,250	2,165.96	\$17.24		\$ 131,083.90	
12/31/2003	2004	2005	\$12,650	\$18,400	\$3,400	2,125.00	\$4,250	2,165.96	\$17.24		\$ 126,887.21	
12/31/2004	2005	2006	\$12,650	\$18,400	\$3,400	2,125.00	\$4,250	2,165.96	\$17.24		\$ 135,718.62	
12/31/2005	2006	2007	\$15,000	\$18,400	\$3,400	2,125.00	\$4,250	2,165.96	\$17.24		\$ 160,679.58	
12/31/2006	2007	2008	\$15,000	\$18,400	\$3,400	2,125.00	\$4,250	2,165.96	\$17.24		\$ 168,542.01	
12/31/2007	2008	2009	\$15,000	\$18,400	\$3,400	2,125.00	\$4,250	2,165.96	\$17.24		\$ 194,805.95	
12/31/2008	2009	2010	\$12,500	\$18,400	\$3,400	2,125.00	\$4,250	2,165.96	\$17.24		\$ 153,238.96	
12/31/2009	2010	2011	\$12,500	\$18,400	\$3,400	2,125.00	\$4,250	2,165.96	\$17.24		\$ 157,356.36	
12/31/2010	2011	2012	\$12,500	\$18,400	\$3,400	2,125.00	\$4,250	2,165.96	\$17.24		\$ 157,356.36	
12/31/2011	2012	2013	\$10,000	\$18,400	\$3,400	2,125.00	\$4,250	2,165.96	\$17.24		\$ 70,978.25	
12/31/2012	2013	2014	\$10,000	\$18,400	\$3,400	2,125.00	\$4,250	2,165.96	\$17.24		\$ 71,257.59	
12/31/2013	2014	2015	\$10,000	\$18,400	\$3,400	2,125.00	\$4,250	2,165.96	\$17.24		\$ 73,563.09	
	Average		\$12,538	\$18,400	\$3,400	2,125.00	\$4,250	2,165.96	\$17.24		\$ 1,604,527.98	

DIV 3-2 b

July 2015

Journal Entry Batch Name:					
RC Expenses Reclassified Entered By Richard Catoni Prepared by :ID Kuti					
Period # 1 Month: July 2015					
Category : Tax Refund FY2015 Reference: Tax Agreement from Town of Foster					
Description: To Record Tax Refund Agreement from Town of Foster Date July 2015					
<i>Lawson Entry:</i>					
Description:	Co.	Accounting Unit	Account	Sub Acct	Activity
Tax Treaty Receivable	3	876-000	11300	0000	
Deferred Revenue -Taxes	3	876-000	23000	0000	
Total>>					1,604,528.00
<i>Oracle Journal Entry :</i>					
No entry is required in Oracle anymore					

H:\MYFILES\Lawson Journal Entries Created by ID Kuti (Autosaved).xls

Journal Edit Listing

GL240 Date 08/30/16
Time 12:53

Company Edit 3 - Providence Water Supply Board USD

Page 1

Journal GL N 52-00 Town of Foster Agreement Hold Removal Operator Reverse No Period 1
Status Released Hold Code Transaction Date 08/30/16 Operator Reverse Pd
Posting Date 07/31/15 Document Ref. No
Reference Base Zone 601

Line	Account	Activity	Ref	SC RVS	Debit	Credit
1	876-000 11300-0000	To Record Tax Agree Town of JE			1,604,528.00	
2	876-000 23000-0000	To Record Tax Agree Town of JE				1,604,528.00
*** Totals For Journal entry N-						
	52-00	Source Code JE			Debits	Credits
	Base				1,604,528.00	0.00
	Reverse				0.00	0.00
	Entered				0.00	0.00
	Unit				0.00	0.00
*** Totals For Journal entry N-						
	52-00				Debits	Credits
	Base				1,604,528.00	0.00
	Reverse				0.00	0.00
	Entered				1,604,528.00	0.00
	Unit				0.00	0.00

DIV 3-26

Journal Edit Listing

GL240 Date 08/30/16
Time 12:53

Company 3 - Providence Water Supply Board USD
Journal Edit Listing
For Fiscal Year 2016 - Periods 01 - 01

***** Report Totals *****

*** Totals For Report, source code JE		Debits	Credits	Difference
Base	.	1,604,528.00	1,604,528.00	0.00
Reverse	.	0.00	0.00	0.00
Entered	.	1,604,528.00	1,604,528.00	0.00
Unit	.	0.00	0.00	0.00

*** Totals For Report		Debits	Credits	Difference
Base	.	1,604,528.00	1,604,528.00	0.00
Reverse	.	0.00	0.00	0.00
Entered	.	1,604,528.00	1,604,528.00	0.00
Unit	.	0.00	0.00	0.00

Div 3-26

General Ledger Report

GL290 Date 08/30/16
Time 13:14

Company 3 - Providence Water Supply Board USD							Sort Page 1	Variable Level, Account
ACCOUNT ANALYSIS - Account Analysis Detail							Amounts	Beg Bal and Activity
For Period 01 - 12 Ending June 30, 2016								
Accounting Unit	876-000	Water Prop Tax (Vlvs)	Bal Shrt	Resp		Level	0876-0100-0100-0100	
Pd Transaction Desc	Posting	Jrnl Ent	SC					
Account	10101-0000	CASH AND SHORT TERM INVESTMENTS				Debit		Credit
05 Deposit from Town of 11/30/15 N	1 JE					-----		-----
Total Activity	Source	JR				Begin Balance		Begin Balance
Total Activity	Account					175,000.00		403,248.71
						175,000.00		175,000.00
						175,000.00		175,000.00
						End Balance		578,248.71
								0.00
Account	11300-0000	TAX TREATY RECEIVABLES				Begin Balance		
01 To Record Tax Agree T 07/31/15 N	52 JE					1,604,528.00		
05 1st Payment Town of 11/30/15 N	1 JE					1,604,528.00		
Total Activity	Source	JR				1,604,528.00		1,68,701.72
Total Activity	Account					1,604,528.00		1,68,701.72
						1,604,528.00		1,435,826.28
						1,604,528.00		1,435,826.28
						End Balance		1,435,826.28
								25,367.50
Account	21000-0000	ACCRUED EXPENSE PAYABLE				Begin Balance		25,367.50
01 To Clear misposted J 07/31/15 N	42 JE					25,367.50		25,367.50
Total Activity	Source	JR				25,367.50		25,367.50
Total Activity	Account					25,367.50		25,367.50
						End Balance		0.00
Account	23000-0000	ACCURED EXPENSE PAYABLE				Begin Balance		
01 To Record Tax Agree T 07/31/15 N	52 JE					1,604,528.00		0.00
05 1st Payment Town of 11/30/15 N	1 JE					168,701.72		
Total Activity	Source	JR				168,701.72		1,435,826.28-
Total Activity	Account					168,701.72		1,604,528.00
						168,701.72		1,435,826.28-
						End Balance		1,435,826.28-
								18,306.60-
Account	29601-0000	DEFERRED REVENUE - TAXES				Begin Balance		
12 Due to /From McElroy 06/30/16 N	601 JE					10,766.91		
Total Activity	Source	JR				10,766.91		10,766.91

General Ledger Report

GL290 Date 08/30/16
Time 13:14

Company 3 - Providence Water Supply Board USD
ACCOUNT ANALYSIS - Account Analysis Detail
for Period 01 - 12 Ending June 30, 2016

Beg Bal and Activity

Accounting Unit 876-000		Water Prop Tax (Vlvs) Bal Sht		Resp		Level 1 0876-0100-0100-0100		Page 2	
Pd Transaction Desc		Posting Jrnln Ent SC				Debit -----		Credit -----	
Account 29601-0000		DUE TO - 601				Balance Fwd		Balance -----	
Account 30000-0000 RETAINED EARNINGS		42 JE		Total Activity Source JE		10,766.91		29,073.51-	
01 To clear misposted J/ 07/31/15 N		Total Activity Account				End Balance		29,073.51-	
29601-0000 DUE TO - 601									
Account 30000-0000 RETAINED EARNINGS		42 JE		Total Activity Source JE		25,367.50		1,159,796.88-	
Total Activity Account						Begin Balance		25,367.50	
30000-0000 RETAINED EARNINGS						25,367.50		25,367.50	
Account 31000-0000 UNRESERVED FUND BALANCE		31000-0000 UNRESERVED FUND BALANCE		Total Activity Source JE		End Balance		1,134,429.38-	
876-000 Water Prop Tax (Vlvs) Bal Sht						Begin Balance		840,322.70	
						End Balance		840,322.70	
						End Balance		255,068.52	
Accounting Unit 876-876		Water Prop Tax (Vlvs) Rev Exp Resp		Level 1 0876-0876-0876-0876		Debit -----		Credit -----	
Pd Transaction Desc		Posting Jrnln Ent SC				Balance -----		Balance -----	
Account 45120-0000 INTEREST INCOME-OTHERS		05 Deposit from Town of 11/30/15 N		1 JE		Begin Balance		0.00	
Total Activity Account						6,298.28		6,298.28	
45120-0000 INTEREST INCOME-OTHERS						End Balance		6,298.28	
Account 48075-0000 TAX REFUND REVENUE		05 Deposit From Town of 11/30/15 N		1 JE		Begin Balance		0.00	
Total Activity Account						168,701.72		168,701.72	
48075-0000 TAX REFUND REVENUE						End Balance		168,701.72	

DIV 3-26

General Ledger Report

		Company 3 - Providence Water Supply Board USD			Sort Page 3	
		ACCOUNT ANALYSIS - Account Analysis Detail			Variable Level, Account	
		For Period 01 - 12 Ending June 30, 2016			Amounts	
					Beg Bal and Activity	
Accounting Unit	876-876	Water Prop Tax (Vlvs)	Rev Exp	Resp	Level	0876-0879-0876-0876
Pd Transaction Desc	Posting JrnL Ent SC				Debit	Credit
Account	53200-0000	LEGAL EXPENSES			-----	-----
12 Due to /From McElroy	06/30/16 N	69 JE			Begin	Balance
Total Activity		Total Activity	Source	JE	10,766.91	0.00
Total Activity		Total Activity	Account		10,766.91	10,766.91
53200-0000	LEGAL EXPENSES				10,766.91	10,766.91
876-876	Water Prop Tax (Vlvs)	Rev Exp			End Balance	164,233.09-

Company 3 Totals:

Debit Transactions	1,984,364.13
Credit Transactions	1,984,364.13
Debit Balances	2,865,164.60
Credit Balances	2,774,329.17

General Ledger Report

GL290 Date 08/30/16
Time 13:15

Company 3 - Providence Water Supply Board USD
ACCOUNT ANALYSIS - Account Analysis Detail
For Period 01 - 12 Ending June 30, 2017

Accounting Unit	876-000	Water Prop Tax (VIVS)	Bal Sht	Resp	Level	0876-0100-0100-0100	Variable Amounts	Page 1	Sort Type	Level, Account	Reg Bal and Activity
Pd Transaction Desc		Posting	Jrnl Ent	SC			Credit		Balance		
Account	10101-0000	CASH AND SHORT TERM INVESTMENTS									
01 2nd Payment Town of	07/31/16 N	4 JE									
Total Activity	Source	JE									
Total Activity	Account										
10101-0000	CASH AND SHORT TERM INVESTMENTS										
Account	11300-0000	TAX TREATY RECEIVABLES									
01 2nd Payment Town of	07/31/16 N	4 JE									
Total Activity	Source	JE									
Total Activity	Account										
11300-0000	TAX TREATY RECEIVABLES										
Account	23000-0000	DEFERRED REVENUE - TAXES									
01 2nd Payment Town of	07/31/16 N	4 JE									
Total Activity	Source	JE									
Total Activity	Account										
23000-0000	DEFERRED REVENUE - TAXES										
Account	29601-0000	DUE TO -	601								
	29601-0000	DUE TO -	601								
Account	30000-0000	RETAINED EARNINGS									
	30000-0000	RETAINED EARNINGS									
Account	31000-0000	UNRESERVED FUND BALANCE									
	31000-0000	UNRESERVED FUND BALANCE									
	876-000	Water Prop Tax (VIVS)	Bal Sht								

Div 3-26

General Ledger Report

		Company 3 - Providence Water Supply Board			USD	Sort Type	Page Level, Account
		ACCOUNT ANALYSIS - Account Analysis Detail				Activity	Variable Amounts Beg Bal and Activity
For Period 01 - 12		Ending June 30, 2017					
Accounting Unit 876-876		Water Prop Tax (V1vs) Rev Exp Resp			Level 0876-0899-0876-0876		
Pd Transaction Desc	Posting Jrnln Ent SC	Debit	Credit				
Account 45120-0000 INTEREST INCOME-OTHERS							
01 2nd Payment Town of 07/31/16 N	4 JE						
Total Activity Source JE							
Total Activity Account							
45120-0000 INTEREST INCOME-OTHERS							
48075-0000 TAX REFUND REVENUE							
01 2nd Payment Town of 07/31/16 N	4 JE						
Total Activity Source JE							
Total Activity Account							
48075-0000 TAX REFUND REVENUE							
876-876 Water Prop Tax (V1vs) Rev Exp							
Company 3 Totals:							
Debit Transactions		302,439.14					
Credit Transactions		302,439.14					
Debit Balances		1,556,777.46					
Credit Balances		1,465,942.03					

November 2015

Lawson Ref. Number # 1						
Journal Entry Batch Name:						
C Expenses Reclassified						
Entered By Richard Catoni						
Prepared by I.D Kuti						
Period # 5						
Month: November 2015						
Category : Tax Refund FY2015						
Reference: Check from Town of Foster						
Description:						
o Record Town of Foster 1st Tax Refund Payment. Part of Agreement						
Lawson Entry:						
Description:	Co.	Accounting Unit	Account	Sub Acct	Activity	Comment
					Debit	Credit
Cash & Cash Equivalent	3	876-000	10101	0000		175,000.00
Tax Treaty Receivable	3	876-000	11300	0000		168,701.72
Interest Income-Others	3	876-876	45120	0000		6,298.28
Deferred Revenue	3	876-000	23000	0000		168,701.72
Tax Refund Revenue	3	876-876	48075	0000		168,701.72
					Total>>	343,701.72
						343,701.72
Oracle Journal Entry :						
No entry is required in Oracle anymore						

DIV 3-26

Journal Edit Listing

GL240 Date 08/30/16
Time 12:25

Journal Status	Posting Date	Reference	Base Zone	Line	Account	Activity	Ref	SC Rvs	Debit	Credit
				1	876-000	10101-0000	JE		175,000.00	
CASH AND SHORT TERM INVESTMENT	Unreleased	11/30/15	601			Deposit From Town of Foster				
TAX REFUND REVENUE				2	876-876	48075-0000	JE			168,701.72
INTEREST INCOME-OTHERS				3	876-876	45120-0000	JE			6,298.28
DEFERRED REVENUE - TAXES				4	876-000	23000-0000	JE			168,701.72
TAX TREATY RECEIVABLES				5	876-000	11300-0000	JE			168,701.72
*** Totals For Journal entry N-				1-00		Source Code JE				
Base	:	:	:					Debits	343,701.72	Credits
Reverse	:	:	:						0.00	0.00
Entered	:	:	:						0.00	0.00
Unit	:	:	:						0.00	0.00
*** Totals For Journal entry N-				1-00						
Base	:	:	:					Debits	343,701.72	Credits
Reverse	:	:	:						0.00	0.00
Entered	:	:	:						343,701.72	0.00
Unit	:	:	:						0.00	0.00
Difference										

DIV 3-2b

Vendor: 64241

PROVIDENCE WATER SUPPLY

10/26/2015

Check No.

DIV 3-26

14290

Account #	PO/Line	Invoice #	Invoice Amt	Discount	Amount
1-01-40-7-910-00	0	#1	\$6,298.28	0	\$6,298.28
1-01-40-7-910-00	0	#1	\$168,701.72	0	\$168,701.72
Total ****					\$175,000.00



Town of Foster

THE WASHINGTON TRUST WESTERLY
Company Member FDIC, RHODE ISLAND 02891

Check No.

14290

67-85/115

Date	Amount
10/26/2015	*\$175,000.00

EXACTLY *\$175,000 DOLLARS AND 00 CENTS

PROVIDENCE WATER SUPPLY
552 ACADEMY AVENUE
PROVIDENCE, RI 02908

Killen Russ
Dale E. Hunt Jr.

ARGUS
SECURE
RECORDS
MP

14290110015008581 913150501

COPY

July 2016

Lawson Ref. Number # 4						
Description:	Accounting	Account	Sub Acct	Activity	Debit	Comment
Description:	Ca.	Unit	Account	Category	Credit	
Cash & Cash Equivalent	3	876-000	10101	0000	175,000.00	2nd Payment on Tax Refund -From note
Tax Treaty Receivable	3	876-000	11300	0000		127,439.14
Interest Income-Others	3	876-876	45120	0000		47,560.86
Deferred Revenue	3	876-000	23000	0000	127,439.14	2nd Payment on Tax Refund -From note
Tax Refund Revenue	3	876-876	48075	0000		127,439.14
					Total>>	302,439.14
						302,439.14

Oracle Journal Entry :

No entry is required in Oracle anymore

Journal Edit Listing

GL240 Date 08/30/16
Time 12:45

Company 3 - Providence Water Supply Board
Journal Edit Listing
For Fiscal Year 2017 - Periods 01 - 01

Journal Status	GL N Released	4-00 Dep. Citizens Hold Code	7/16 Hold Removal	Fiscal Year Operator	2017 Reverse	No	Operator Reverse Pd	period 1	CITYHALLPROV\RC	Page 1
Posting Date	07/31/16	Transaction Date	07/26/16	Document			Journal Book			
Reference Base Zone	601	Activity	Ref	SC RVS	Debit	Credit				
Line	Account									
1	876~000 CASH AND SHORT TERM INVESTM	10101-0000 2nd Payment	town of Foster	JE		175,000.00				
2	TAX TREATY RECHTVALBES	11300-0000 2nd Payment	town of Foster	JE				127,439.14		
3	876-876 INTEREST INCOME-OTHERS	45120-0000 2nd Payment	Town of Foster	JE					47,560.86	
4	876-600 DEFERRED REVENUE - TAXES	23000-0000 2nd Payment	Town of Foster	JB						127,439
5	876-876 TAX REFUND REVENUE	48075-0000 2nd Payment	Town of Foster	JK						14
*** Totals For Journal entry N-										
		4-00 , Source Code JE		Debits		Credits				
		Base		302,439.14		302,439.14				
		Reverse		0.00		0.00				
		Entered		302,439.14		302,439.14				
		Unit		0.00		0.00				
*** Totals For Journal entry N-										
		4-00		Debits		Credits				
		Base		302,439.14		302,439.14				
		Reverse		0.00		0.00				
		Entered		302,439.14		302,439.14				
		Unit		0.00		0.00				

Div 3-26

Journal Edit Listing

GL240 Date 08/30/16
Time 12:45

Company 3 - Providence Water Supply Board USD
Journal Edit Listing
For Fiscal Year 2017 - Periods 01 - 01

*** Totals For Report, source code JE	
Base	Debits 302,439.14
Reverse	Credits 302,439.14
Entered	0.00
Unit	0.00

*** Totals For Report	
Base	Debits 302,439.14
Reverse	Credits 302,439.14
Entered	0.00
Unit	0.00

***** Report Totals *****	
Base	Debits 302,439.14
Reverse	Credits 302,439.14
Entered	0.00
Unit	0.00

***** Report Totals *****	
Base	Debits 302,439.14
Reverse	Credits 302,439.14
Entered	0.00
Unit	0.00

Div 3-2 b

Vendor: 64241

PROVIDENCE WATER SUPPLY

7/14/2016

Check No.

DIV 3-2b

15563

Account #

1-01-40-7-910-00

PO/Line

Invoice #

Invoice Amt

Discount

Amount

0

#2

\$175,000.00

0

\$175,000.00

Total **** \$175,000.00

876-000-1070
876-876-48075
876

THIS DOCUMENT CONTAINS UNARMED INK. AUCH OR PRESS WHERE RED IMAGE DISAPPEARS WITH HEAT



THE WASHINGTON TRUST COMPANY
WESTERLY, RHODE ISLAND, 02891

Check No.

15563

57-85/115

Date Amount
7/14/2016 *\$175,000.00

EXACTLY *\$175,000 DOLLARS AND 00 CENTS

Town of Foster

PAY TO THE ORDER OF

PROVIDENCE WATER SUPPLY
652 ACADEMY AVENUE
PROVIDENCE, RI 02908

Kelli DePietro
DUSTY MASTERS

155631 00115008581 91315050

THIS DOCUMENT CONTAINS UNARMED INK. AUCH OR PRESS WHERE RED IMAGE DISAPPEARS WITH HEAT

Security Features Inside Back

11

DIV 3-2C

Providence Water Repayment Sched.

/16/2015 12:21 PM Page 1

Compound Period: Daily

Nominal Annual Rate: 3.250%



CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1. Loan	6/1/2015	1,604,528.00	1		
2 Payment	7/15/2015	175,000.00	9	Annual	7/15/2023
3 Payment	7/15/2024	298,982.58	1		

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	6/1/2015				1,604,528.00
1 7/15/2015	175,000.00	6,298.28	168,701.72	1,435,826.28	
2015 Totals	175,000.00	6,298.28	168,701.72		
2 7/15/2016	175,000.00	47,560.86	127,439.14	1,308,387.14	
2016 Totals	175,000.00	47,560.86	127,439.14		
3 7/15/2017	175,000.00	43,219.17	131,780.83	1,176,606.31	
2017 Totals	175,000.00	43,219.17	131,780.83		
4 7/15/2018	175,000.00	38,866.13	136,133.87	1,040,472.44	
2018 Totals	175,000.00	38,866.13	136,133.87		
5 7/15/2019	175,000.00	34,369.30	140,630.70	899,841.74	
2019 Totals	175,000.00	34,369.30	140,630.70		
6 7/15/2020	175,000.00	29,806.70	145,193.30	754,648.44	
2020 Totals	175,000.00	29,806.70	145,193.30		
7 7/15/2021	175,000.00	24,927.85	150,072.15	604,576.29	
2021 Totals	175,000.00	24,927.85	150,072.15		
8 7/15/2022	175,000.00	19,970.60	155,029.40	449,546.89	
2022 Totals	175,000.00	19,970.60	155,029.40		
9 7/15/2023	175,000.00	14,849.61	160,150.39	289,396.50	
2023 Totals	175,000.00	14,849.61	160,150.39		
10 7/15/2024	298,982.58	9,586.08	289,396.50	0.00	
2024 Totals	298,982.58	9,586.08	289,396.50		
Grand Totals	1,873,982.58	269,454.58	1,604,528.00		

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: PROVIDENCE WATER SUPPLY :
BOARD'S APPLICATION TO CHANGE : DOCKET NO. 3832
RATE SCHEDULES :

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REPORT AND ORDER

I. Introduction

On March 30, 2007, Providence Water Supply Board ("Providence Water") made a general rate filing with the Public Utilities Commission ("Commission"). The rate filing, if approved, would result in an overall revenue increase of \$9,688,321 or 19.07 percent, increasing rates by 19.6 percent, for a total cost of service of \$60,495,441. The effect on a typical residential customer with annual consumption of 100 HCF would be an increase of \$41.60 or 17 percent, from \$244.56 to \$286.16 per year or approximately

charged by the City Departments to the respective water boards, departments or divisions for services rendered.

D. Restricted Accounts, Positions and Salaries, Cranston Property Tax Refund, Operating Revenue Allowance, Reporting Requirements

The Providence Water Supply Board shall continue to restrict the following accounts in the following amounts collected through rates: Capital Improvements - \$2,450,000; Western Cranston Fund - \$62,069; IFR - \$13,900,000; Meter Replacement - \$1,000,000; Insurance Fund - \$2,967,655; Chemicals and Sludge - \$3,132,565; and Equipment Replacement - \$600,000. As in the past, unspent funds within the restricted accounts at the end of each year shall remain in the respective accounts, subject to any modifications stated herein. Providence Water shall report the activity within its restricted accounts three times per year, or once every four months.

Providence Water shall file timely reports with the Commission. Semi-annual Reports shall be filed with the Commission no later than 90 days from the end of the reporting period. Failure to file all required reports prior to filing another rate case shall result in rejection of such rate case under the Commission's Rules of Practice and Procedure. In addition to the current requirements of the semi-annual reports, Providence Water shall also include the following with its semi-annual reports: (1) Pensions: amount of contribution, percentage of actuarial recommendation compared to the City's and the School Department's, any changes to the pension plan, the cost of the pension contribution as a percentage of actual payroll of those who are in the pension system, and once per year, shall provide the annual report from Providence Water' actuary on the pension plan and the annual audited report on the pension plan;²⁵³ (2) Retiree Health Care

²⁵³ Providence Water agreed to the additional reporting. Tr. 9/12/07, pp. 123-24.

Reporting related to GASB 43/45 actuarial recommendations: amount of contribution, percentage of the actuary's recommendation compared to the City's and the School Department's. Any amounts allowed in rates in excess of the actual contribution shall be restricted.

In addition, Providence Water shall create a separate restricted account entitled Property Tax Refund into which the funds received from the City of Cranston (\$1,510,096.16) shall be deposited. Out of that account, \$375,000 shall be credited to customers annually, for a total over three years of \$1,125,000.²⁵⁴ The remaining balance in the account shall be used for litigation expenses related to property tax challenges, but not increased property taxes. Funds may be expended only on invoices for services rendered on and after November 1, 2007. In addition, any future tax refunds or adjustments in Providence Water's favor shall be deposited into this account for further disposition as ordered by the Commission. In conjunction with its semi-annual financial report, Providence Water shall provide to the Commission, with a copy to the parties to this docket, a reconciliation of the activity in the account. Finally, there was no objection to KCWA's proposal that if after three years, there is any money remaining in the account, it is to be held for disbursement back to ratepayers in proportion to the current tax allocation or reconsideration by the Commission with notification to all parties in this docket. However, because the Commission does not know how long the currently pending tax challenges will take, the Commission will review the balance of the account and entertain proposals by Providence Water regarding the appropriate future treatment

²⁵⁴ In reality, the \$375,000 per year has been calculated into the rates approved by the Commission in this docket and will not constitute an additional rate credit to customers. The Commission presumes that Providence Water will credit the amount to its operating revenues on a schedule that will allow it to withdraw no more than the \$375,000 annually.

**Data Requests of the
Division of Public Utilities and Carriers
Set 3**

DIV 3-3: Does Providence Water have any property tax appeals or assessment challenges pending? If so, please identify and describe those, and indicate the estimated costs of pursuing them and the related time frame for the process and when final determinations are anticipated for each pending appeal and assessment challenge.

RESPONSE :

No, currently there are no property tax appeals or assessment challenges pending. However, if we are unable to successfully renegotiate an extension of the Scituate tax agreement, we expect extended and expensive tax appeals and related litigation and significant costs for legal fees and appraisal fees.