

**SUEZ Water Rhode Island Inc.**  
**Proposed Sample DSIC Calculation**  
**January 1, xxxx to June 30, xxxx**

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	<u>1/1/xx to 6/30/xx</u>
Eligible Investment (page 2)	\$78,795
Less: Accumulated Depreciation (page 2)	(671)
Less: Deferred Tax (page 2)	<u>(235)</u>
Eligible Net Investment	\$77,889
Pre-Tax Rate of Return (page 3)	<u>8.55%</u>
Pre-Tax Return on Investment	\$6,660
Add: Depreciation Expense (page 2)	<u>2,682</u>
Revenue Recovery	\$9,342
Revenue Factor (page 3)	<u>1.017061</u>
Total DSIC Revenue Requirement Recovery Amount	<u><u>\$9,501</u></u>
Revenues allowed in Docket No. 4800 ( $\$5,435,965 - 28,226 = 5,407,739$ )	<u><u>\$ 5,407,739</u></u>
Percent Increase	<u><u>0.18%</u></u>

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	1/1/xx to 6/30/xx
Major Projects	\$1,000,000
Blankets Investment	500,000
Eligible Investment	1,500,000
Less: amount reflected in rate case (page 4)	(1,321,205)
Eligible Investment	178,795
Less: Base Spend	(100,000)
Net Eligible Investment	78,795
 <u>Accumulated Depreciation</u>	
Composite Depreciation Rate (Based upon applicable accounts)	1.5000%
Depreciation Expense	2,682
Half Year Convention	671
 <u>Deferred Taxes</u>	
Eligible Investment	\$178,795
MACRS Rate for First Year Water Plant	4.00%
Tax Depreciation First Year	1,788
Book Depreciation	671
Tax Depreciation Greater Than Book	1,117
Deferred Taxes at 21%	\$235

Note: This schedule is for explanatory purposes.

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Approved Capital Structure and Cost Rates

	Capital Structure Ratio	Cost Rate	Weighted Cost of Capital	Pre-Tax Rate of Return
Long Term Debt	45.57%	4.65%	2.12%	2.12%
Short Term Debt	0.52%	2.65%	0.01%	0.01%
Common Equity	53.91%	9.40%	5.07%	6.42%
Total	100.00%		7.20%	8.55%

1) capital structure and ROE per current authorized return Docket No. 4800

Revenue Factor

Dollar of Revenue	1.00000
Gross Receipts Tax	0.01250
PUC Assessment	0.00428
Income Before Federal Taxes	<u>0.98323</u>
Revenue Factor	<u><u>1.017061</u></u>

Rates per Final Order in Docket No. 4800

Note: This schedule is for explanatory purposes.

**SUEZ Water Rhode Island**  
**Distribution System Improvement Charge**

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**DSIC Projects from Exhibit 5 - Capital Projects**

CYYD501_061	Replacement Fire Hydrants	348	\$46,093
CYYD502_061	Replacement Short Mains & Valves	343	384,447
CYYF501_061	Replacement Domestic Services	345	154,709
CYYF501_061	Replacement Domestic Services	345	178,603
CYYG501_061	Replacement Customer Meters	346	660,983
C18D601_061	River St Main Replacement	343	351,750
C19D601_061	Pond St/Winchester Dr Main Replacement	343	535,000
C19D602_061	Ocean Road Main Replacement including Westmoreland tie-in	343	642,000
			<u>\$2,953,585</u>

**Amount included in Rate Base - Exhibit 4, Schedule 1, Page 1 of 5**

		<u>9/30/2018</u>	<u>9/30/2019</u>	<u>Total</u>
CYYD501_061	Replacement Fire Hydrants	\$12,627	\$12,336	\$24,963
CYYD502_061	Replacement Short Mains & Valves	170,094	85,880	255,974
CYYF501_061	Replacement Domestic Services	32,388	40,592	72,980
CYYF501_061	Replacement Domestic Services	66,134	50,061	116,195
CYYG501_061	Replacement Customer Meters	146,537	181,202	327,739
C18D601_061	River St Main Replacement		318,271	318,271
C19D601_061	Pond St/Winchester Dr Main Replacement		44,583	44,583
C19D602_061	Ocean Road Main Replacement including Westmoreland tie-in		160,500	160,500
		<u>\$427,780</u>	<u>\$893,425</u>	<u>\$1,321,205</u>

