

KEOUGH & SWEENEY, LTD.

ATTORNEYS AND COUNSELORS AT LAW
41 MENDON AVENUE
PAWTUCKET, RHODE ISLAND 02861
TELEPHONE (401) 724-3600
FACSIMILE (401) 724-9909
www.keoughsweeney.com

JOSEPH A. KEOUGH JR.*
JEROME V. SWEENEY III*

SEAN P. KEOUGH*
STACIL L. KOLB

JEROME V. SWEENEY II
OF COUNSEL

*ADMITTED TO PRACTICE IN
RHODE ISLAND & MASSACHUSETTS

RAYNHAM OFFICE:
90 NEW STATE HIGHWAY
RAYNHAM, MA 02109
TEL. (508) 822-2813
FAX (508) 822-2832

BOSTON OFFICE:
171 MILK STREET
SUITE 30
BOSTON, MA 02109
TEL. (617) 574-0054
FAX (617) 451-1914

July 13, 2012

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

**Re: *Pawtucket Water Supply Board Petition for Waiver of Rules
Governing the Acceptance of Credit Cards by Utility Companies***

Dear Ms. Massaro:

Enclosed please find an original and nine (9) copies of the following document:

1. Pawtucket Water Supply Board's Response to the Rhode Island Public Utilities Commission Data Request (Set 1)

Please note that an electronic copy of this document has been provided to the service list.

Sincerely,



Joseph A. Keough Jr.

JAK/kf
Enclosures

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 3569
PETITION FOR WAIVER OF RULES GOVERNING THE
ACCEPTANCE OF CREDIT CARDS BY UTILITY COMPANIES
Response of The Pawtucket Water Supply Board
To The Rhode Island Public Utilities Commission's
Data Requests Set 1

Comm. 1-1: Please provide a breakdown of the costs associated with the processing of customer payments made by check through the mail which are included in rates.

Response: The costs associated with the processing of payments by check through the mail include the annual rental of a post office box, bank lockbox fees and PWSB labor to reconcile the daily electronic payment file to the cash deposit to the PWSB bank account at Century Bank.

FY 12 Lockbox Fees (See REB Schedule DR 1-4)	\$ 39,190.73
Annual rental of a post office box	1,100.00
Estimated annual labor cost	<u>8,957.00</u>
Total Annual Cost	\$49,244.73

PWSB and City Staff complete the following steps:

1. The bank courier delivers an envelope with the supporting documentation for the prior day's lockbox activity to the PWSB office. The supporting documentation includes unprocessed checks, returned checks (insufficient funds, etc.), the remittance coupons and any customer correspondence.
2. The City Information Technology staff retrieves the daily electronic payment file and posts the payment to the billing software. The billing software prints a daily exception report (i.e. invalid customer account numbers that need correction).
3. If the lockbox payment file does not agree with the cash deposit, PWSB staff reviews the daily payment exception report from the billing software. PWSB staff logs on to the bank web site, locates the image of the check for each item on the exception report, opens the lockbox payment file and corrects the payment posting errors for each item on the exception report. Once the payment batch is reconciled to agree with the deposit, PWSB staff closes the payment batch and submits the batch to the City Tax Collections Office so they can post the daily cash entries to the general ledger.
4. PWSB staff reviews all unprocessed checks and verifies the correct account number so payment can be posted to the customer's account.

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 3569
PETITION FOR WAIVER OF RULES GOVERNING THE
ACCEPTANCE OF CREDIT CARDS BY UTILITY COMPANIES
Response of The Pawtucket Water Supply Board
To The Rhode Island Public Utilities Commission's
Data Requests Set 1

5. PWSB staff provides all returned checks to the Customer Service Manager so a reverse payment transaction can be posted to the customer's account.
6. PWSB staff reviews all remittance coupons for any customer name and mailing address changes. The reverse side of the remittance coupon has space for the customer to provide this information. The PWSB staff updates name and address changes in the customer billing software.

The estimated labor cost is based on PWSB staff performing the above listed tasks one hour per day x 244 work days = 244 hours x \$36.71 (average labor rate with benefits) = \$8,957:

Prepared by: R. Benson

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 3569
PETITION FOR WAIVER OF RULES GOVERNING THE
ACCEPTANCE OF CREDIT CARDS BY UTILITY COMPANIES
Response of The Pawtucket Water Supply Board
To The Rhode Island Public Utilities Commission's
Data Requests Set 1

Comm. 1-2: Please provide a breakdown of the costs associated with the processing of customer payments made by check in person which are included in rates.

Response: In person payments consist of routine monthly billing payments and delinquent account payments prompted from water service shutoff notices or tax sale notice letters. The cost associated with processing payments by cash or check at the PWSB Offices or the City Tax Collection Offices are as follows:

Estimated annual labor cost – payment processing	\$ 48,604
Estimated annual labor cost – close cash draws	<u>\$ 7,158</u>
Total Annual Cost	\$ 55,762

PWSB and City Personnel complete the following steps:

1. The customer arrives at the cashier counter located in the PWSB Offices or Pawtucket City Hall to make payment using cash or check.
2. The cashier greets the customer and looks up the account in the utility billing software using the customer name, address or account number.
3. The customer and the cashier agree on the amount of the payment and the cashier processes the transaction in the utility billing software including a printed payment receipt.
4. Each PWSB cashier must close out and prepare a cash deposit batch summary report at least weekly. The cashier must also reconcile their cash draw to the cash batch summary. The City Hall Tax Collection Office cashiers must also reconcile their cash draws. Once the cash batch summary report is reconciled, the cashier submits the cash deposit to the City Hall Tax Collection Office. The PWSB cash deposits are consolidated with the municipal deposits and a daily cash deposit is prepared for deposit at the local branch of the City's primary bank (currently Bank of America).
5. The City provides a copy of all returned checks (insufficient funds, etc.) from the City's primary depository account to the Customer Service Manager so a reverse payment transaction can be posted to the customer's account.

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 3569
PETITION FOR WAIVER OF RULES GOVERNING THE
ACCEPTANCE OF CREDIT CARDS BY UTILITY COMPANIES
Response of The Pawtucket Water Supply Board
To The Rhode Island Public Utilities Commission's
Data Requests Set 1

The estimated labor cost is based on the following:

- Payment Processing Labor: 26,477 in person payments (see Schedule REB DR 1-4) x 3 minutes per payment ÷ 60 minutes = 1,324 hours x \$36.71 (average labor rate with benefits) = \$48,604
- Close Cash Draws And Prepare Cash Deposit: 4 cashiers x 45 minutes to reconcile cash batch and prepare the deposit x 52 weeks = 156 hours plus 25% (156 x 25%) to approximate the actual number of deposits prepared during the year = 195 hours x \$36.71 = \$7,158

Prepared by: R. Benson

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 3569
PETITION FOR WAIVER OF RULES GOVERNING THE
ACCEPTANCE OF CREDIT CARDS BY UTILITY COMPANIES
Response of The Pawtucket Water Supply Board
To The Rhode Island Public Utilities Commission's
Data Requests Set 1

Comm. 1-3: Please provide a breakdown of the costs associated with the processing of customer payments made (a) by electronic check and (b) by credit cards that PWSB would be seeking recovery of through rates in its next rate case. Please provide the underlying assumptions of customer usage.

Response: As set forth on REB-3 (submitted with the PWSB's initial filing in this Docket), the PWSB's customers paid \$28,721.15 in fees based on the number of electronic check and credit card payments between August 2009 and April 2012. During that same period, the PWSB would have paid \$6,894.12 in fees, and the average monthly cost to the PWSB would have been \$215.44, and the annual cost \$2,585.28.

As the Commission knows, Pascoag Utility District was granted a waiver from the Credit Card Rules. It is my understanding based on conversations with the Pascoag Utility District that credit card payments increased as follows:

- 2009 1,395 Credit Card Payments
- 2010 3,434 Credit Card Payments
- 2011 6,234 Credit Card Payments

Thus, if the PWSB's credit card and electronic check payments double, the PWSB would seek recovery of approximately \$5,170.56. This number could change once the PWSB has a larger sample size if the Credit Card Rules are waived.

Prepared by: R. Benson

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 3569
PETITION FOR WAIVER OF RULES GOVERNING THE
ACCEPTANCE OF CREDIT CARDS BY UTILITY COMPANIES
Response of The Pawtucket Water Supply Board
To The Rhode Island Public Utilities Commission's
Data Requests Set 1

Comm. 1-4: In its filing, PWSB provided the number of electronic payments made by customers and the related costs over various periods of time. Please provide the number of payments made by check or in person and the associated costs in the same format and over the same periods of time.

Response: See attached REB Schedule DR 1-4.

Prepared by: R. Benson

PAWTUCKET WATER SUPPLY BOARD
CASH UPDATE TRANSACTION ANALYSIS

DATE	Lockbox Transactions (checks by mail)		PWSB paid Lockbox Fees & PO Box Fee	Counter (In-person) Cash & check Transactions		Counter Collections
		Lockbox Collections				
July 2009 UL transactions	5,772	\$ 1,030,970.05	\$ 1,656.12	1,487	\$ 351,403.42	
Aug 2009 UL transactions	4,940	\$ 727,220.06	\$ 1,657.12	1,614	\$ 539,400.18	
Sept 2009 UL transactions	4,908	\$ 1,281,559.35	\$ 1,426.27	1,579	\$ 430,424.41	
Oct 2009 UL transactions	5,868	\$ 1,070,865.65	\$ 1,700.38	1,636	\$ 351,450.48	
Nov 2009 UL transactions	5,024	\$ 863,309.43	\$ 1,487.09	1,148	\$ 234,928.65	
Dec 2009 UL transactions	5,368	\$ 1,179,604.95	\$ 1,750.44	1,345	\$ 310,878.39	
Jan 2010 UL transactions	5,919	\$ 1,328,398.26	\$ 1,499.49	1,132	\$ 233,484.50	
Feb 2010 UL transactions	4,498	\$ 797,831.90	\$ 1,734.93	1,083	\$ 283,359.37	
Mar 2010 UL transactions	6,942	\$ 1,758,694.04	\$ 2,012.40	1,444	\$ 519,020.12	
Apr 2010 UL transactions	5,626	\$ 927,116.26	\$ 1,982.71	1,304	\$ 343,311.28	
May 2010 UL transactions	5,313	\$ 888,763.58	\$ 1,451.34	1,890	\$ 416,225.68	
June 2010 UL transactions	6,810	\$ 1,450,138.57	\$ 1,857.74	1,519	\$ 390,028.56	
TOTAL FY10 transactions	66,988	\$13,304,472.10	\$20,216.03	17,181	\$ 4,403,915.04	
July 2010 UL transactions	5,570	\$ 966,068.66	\$ 1,639.28	1,077	\$ 207,124.70	
Aug 2010 UL transactions	5,102	\$ 771,780.17	\$ 1,575.19	1,239	\$ 272,376.27	
Sept 2010 UL transactions	6,242	\$ 1,514,736.13	\$ 1,763.98	1,347	\$ 346,248.36	
Oct 2010 UL transactions	9,067	\$ 919,700.59	\$ 1,622.29	1,291	\$ 351,231.07	
Nov 2010 UL transactions	5,525	\$ 1,030,652.40	\$ 1,662.32	1,021	\$ 249,089.04	
Dec 2010 UL transactions	5,820	\$ 1,392,615.99	\$ 1,662.78	1,185	\$ 221,568.37	
Jan 2011 UL transactions	5,064	\$ 734,070.32	\$ 1,385.85	1,027	\$ 189,310.42	
Feb 2011 UL transactions	5,314	\$ 756,634.94	\$ 1,379.19	1,077	\$ 208,331.45	
Mar 2011 UL transactions	7,894	\$ 1,436,587.60	\$ 1,794.72	1,308	\$ 302,234.89	
Apr 2011 UL transactions	5,181	\$ 686,804.83	\$ 3,749.20	1,064	\$ 310,388.11	
May 2011 UL transactions <i>(monthly billing implemented)</i>	6,923	\$ 933,729.63	\$ 2,135.22	1,500	\$ 380,361.56	
June 2011 UL transactions <i>(first monthly bills due in June 2011)</i>	19,202	\$ 2,053,718.39	\$ 3,534.90	2,310	\$ 400,838.93	
TOTAL FY11 transactions	86,904	\$13,197,099.65	\$23,904.92	15,446	\$ 3,439,103.17	
July 2011 UL transactions	14,366	\$ 1,686,790.01	\$ 3,156.06	2,334	\$ 400,633.76	
Aug 2011 UL transactions	11,782	\$ 1,018,364.35	\$ 2,714.71	1,952	\$ 322,511.52	
Sept 2011 UL transactions	16,723	\$ 1,686,991.28	\$ 3,348.68	2,250	\$ 329,016.54	
Oct 2011 UL transactions	15,429	\$ 1,416,415.69	\$ 3,444.34	2,623	\$ 418,975.09	
Nov 2011 UL transactions	16,444	\$ 1,248,354.38	\$ 3,270.75	2,270	\$ 459,361.61	
Dec 2011 UL transactions	14,486	\$ 1,070,403.01	\$ 3,180.07	2,146	\$ 316,668.13	
Jan 2012 UL transactions	13,480	\$ 968,860.63	\$ 3,050.03	2,256	\$ 358,593.04	
Feb 2012 UL transactions	17,128	\$ 1,576,839.31	\$ 3,279.54	2,185	\$ 304,967.20	
Mar 2012 UL transactions	14,640	\$ 1,063,722.02	\$ 3,105.62	2,434	\$ 401,931.47	
Apr 2012 UL transactions	14,227	\$ 974,407.82	\$ 4,425.76	1,859	\$ 375,622.31	
May 2012 UL transactions	14,454	\$ 1,093,739.52	\$ 3,126.28	2,191	\$ 495,832.94	
June 2012 UL transactions	15,683	\$ 1,203,055.79	\$ 3,088.89	1,977	\$ 251,829.60	
TOTAL FY12 transactions	178,842	\$15,007,943.81	\$39,190.73	26,477	\$ 4,435,943.21	

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 3569
PETITION FOR WAIVER OF RULES GOVERNING THE
ACCEPTANCE OF CREDIT CARDS BY UTILITY COMPANIES
Response of The Pawtucket Water Supply Board
To The Rhode Island Public Utilities Commission's
Data Requests Set 1

Comm. 1-5: In his Pre-Filed Testimony, Mr. Benson indicates that electronic check payments have increased 417% and credit card payments have increased 166% since the implementation of monthly billing. Does this mean that the use of checks has decreased by the same amount? If not, please provide the information related to the reduction in the use of checks.

Response: No. All payment methods have increased significantly as a result of PWSB switching to monthly billing effective May 2011. See "REB Schedule DR 1-4" which documents the increase in check volume mailed to the lockbox and the increase of in person collections.

Prepared by: R. Benson

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 3569
PETITION FOR WAIVER OF RULES GOVERNING THE
ACCEPTANCE OF CREDIT CARDS BY UTILITY COMPANIES
Response of The Pawtucket Water Supply Board
To The Rhode Island Public Utilities Commission's
Data Requests Set 1

Comm. 1-6: Please provide a schedule showing how the increased use of electronic forms of payment have increased PWSB's collection rate.

Response: The PWSB does not have the data available to prepare a schedule showing how the increased use of electronic payments has increased its collection rate. However, as set forth in the testimony of James DeCelles, the PWSB believes that affording more cost-free payment options is another tool in helping to provide a consistent revenue stream through timely bill payment.

Prepared by: R. Benson

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 3569
PETITION FOR WAIVER OF RULES GOVERNING THE
ACCEPTANCE OF CREDIT CARDS BY UTILITY COMPANIES
Response of The Pawtucket Water Supply Board
To The Rhode Island Public Utilities Commission's
Data Requests Set 1

Comm. 1-7: If the Commission were to approve PWSB's request, please indicate whether PWSB expects any cost savings which will be passed on to all ratepayers in its next rate case as a result of increase electronic payments.

Response: The PWSB cannot monetarily quantify whether there will be cost savings passed along to ratepayers if the Commission waives the Credit Card Rules. However the PWSB believes that there will be a number of positive advantages for its customers if they don't have to pay a fee for making electronic check and credit card payments. These advantages were discussed in more detail in James DeCelles' testimony.

Prepared by: R. Benson

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 3569
PETITION FOR WAIVER OF RULES GOVERNING THE
ACCEPTANCE OF CREDIT CARDS BY UTILITY COMPANIES
Response of The Pawtucket Water Supply Board
To The Rhode Island Public Utilities Commission's
Data Requests Set 1

CERTIFICATION

I hereby certify that on July 13, 2012, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

Name/Address	E-mail	Phone/Fax
Thomas R. Teehan, Esq. National Grid 280 Melrose St. Providence, RI 02907	Thomas.teehan@us.ngrid.com	401-784-7667 401-784-4321
	Joanne.scanlon@us.ngrid.com	
Michael R. Kirkwood, General Mgr./CEO Pascoag Utility District 253 Pascoag Main St. PO Box 107 Pascoag, RI 02859	mirkwood@pud-ri.org	401-568-6222 401-568-0066
	bguertin@pud-ri.org	
Ricky Caruolo, Acting Director of Commercial Services Providence Water Supply Board 552 Academy Ave. Providence RI 02908	Rcaruolo@provwater.com	401-521-6300 401-331-5081
	jbondarevskis@provwater.com	
Karen L. Giebink, Director of A&F Narragansett Bay Commission One Service Road Providence RI 02905	kgiebink@narrabay.com	401-461-8848 401-461-6540
	Fbrown@narrabay.com	
James DeCelles, Chief Engineer Pawtucket Water Supply Board 85 Branch St. Pawtucket RI 02860	decelles@pwsb.org	401-729-5001
Julia Forgue, Director of Public Works Newport Water Department 70 Halsey St. Newport RI 02840	jforgue@cityofnewport.com	401-847-0154 401-846-0947
	lsitrin@CityofNewport.com	
Sheila McGouvran City of Woonsocket – Water Division 1500 Manville Rd. Woonsocket RI 02895	smcgauvran@woonsocketri.org	401-767-2482 401-765-2552

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 3569
PETITION FOR WAIVER OF RULES GOVERNING THE
ACCEPTANCE OF CREDIT CARDS BY UTILITY COMPANIES
Response of The Pawtucket Water Supply Board
To The Rhode Island Public Utilities Commission's
Data Requests Set 1

Timothy Brown, Mgr./Chief Engineer Kent County Water Authority 1072 Main St. PO Box 192 West Warwick RI 02893	tbrown@kentcountywater.org	401-821-9300 401-823-4810
Stanley Knox, Chief Engineer United Water Rhode Island 17 Arnold St. PO Box 429 Wakefield RI 02880	stanley.knox@unitedwater.com	401-789-0271 401-789-1270
Alan Shoer, Esq. Adler Pollock & Sheehan One Citizens Plaza, 8 th Floor Providence, RI 02903-1345	Ashoer@apslaw.com	401-274-7200 401-751-0604
Michael McElroy, Esq. Schacht & McElroy PO Box 6721 Providence RI 02940-6721	Michael@McElroyLawOffice.com	401-351-4100 401-421-5696
William L. Bernstein, Esq. 627 Putnam Pike Greenville, RI 02828	wlbessq@verizon.net	401-949-2228 401-949-1680
Joseph J. McGair, Esq. Petrarca and McGair, Inc. 797 Bald Hill Road Warwick RI 02886	jjm@petrarcamcgair.com	401-821-1330 401-823-0970
Joseph A. Keough, Jr., Esq. Keough & Sweeney 100 Armistice Blvd. Pawtucket, RI 02860	jkeoughjr@keoughsweeney.com	401-724-3600
Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence RI 02903	lwold@riag.ri.gov	401-222-2424
	jim.lanni@ripuc.state.ri.us	401-222-3016
	steve.scialabba@ripuc.state.ri.us RDIMeglio@riag.ri.gov	

STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO. 3569
PETITION FOR WAIVER OF RULES GOVERNING THE
ACCEPTANCE OF CREDIT CARDS BY UTILITY COMPANIES
Response of The Pawtucket Water Supply Board
To The Rhode Island Public Utilities Commission's
Data Requests Set 1

Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Boulevard Warwick RI 02888	lmassaro@puc.state.ri.us	401-941-4500
	plucarelli@puc.state.ri.us	401-941-8827
	cwilson@puc.state.ri.us	
	anault@puc.state.ri.us	



Joseph A. Keough, Jr., Esquire # 4925
KEOUGH & SWEENEY, LTD.
100 Armistice Boulevard
Pawtucket, RI 02860
(401) 724-3600 (phone)
(401) 724-9909 (fax)
jkeoughjr@keoughsweeney.com