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(1929 - 2001)

December 23, 2004

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

Re: Prudence Island Utilities Corp. – Changes to Terms and Conditions

Dear Luly:

As you know, this office represents Prudence Island Utilities Corp. (the “Utility”).

Please accept this letter of transmittal as an application for change to Terms and Conditions of the Utility pursuant to Commission Rule 1.9.

In accordance with that Rule, please be advised that the Terms and Conditions changed or added (referencing the paragraph number of the enclosed Terms and Conditions that are proposed) are as follows:

3. **Billing and Collection** – The proposed changes reduce the time periods in which the Utility may issue a shutoff notice (45 days) and actually shut water off (60 days from due date). It also specifies the time from which interest will be charged. The reason these changes are necessary is that many customers take advantage of the extended shutoff time in the present Terms & Conditions. This results in excessive time spent in collections and cash flow problems requiring unproductive use of the Utility’s credit line and interest charges. Charging interest from the due date of the invoice clarifies an industry standard.

4. **Shutoff** – This section again reduces the shutoff time period (60 days from 120 days) and increases the service charge for shutoff from \$35.00 to \$50.00. The proposed changes put the Utility in line with other utilities, and allow it to promote a positive cash flow.

13. **Fines.**

13.3 This new section defines and penalizes “Water Dumping” in response to situations arising in last winter’s extreme conditions. Specifically, the Company lost in excess of 50,000 gallons of water last winter when pipes froze as a result of customers not shutting off their water while their properties were unattended.

13.4 This new section imposes a \$20.00 fee for returned checks. The reason for this addition is that the Utility is charged by its bank when a check is returned for insufficient funds or other reason. As with the other proposed fees, the Utility seeks to avoid a rate change absorbed by all customers for these items caused by individual customers..

Also enclosed are: one (1) copy of changed pages of Terms and Conditions showing all changes in highlighting and one (1) copy of changed pages of Terms and Conditions as they will appear upon the effective date.

I hereby certify, as attorney for the Utility, that I have given notice (1) to the Division of Public Utilities and Carriers by sending a copy of this entire application for changes to Terms and Conditions to Thomas Ahern, Administrator; and (2) to Paul Roberti, Assistant Attorney General and Chief of the Regulatory Unit. I have also arranged for the giving of notice to the public by arranging for a notice to be published in the Sakonnet Times on December 22, 2004, and posted at the Prudence Island Ferry docks in Bristol and on Prudence Island, which reads as follows:

“NOTICE OF FILING. Prudence Island Utilities Corp. Notice of Application for Changes to Terms and Conditions. Please take notice that Prudence Island Utilities Corp., pursuant to Rule 1.9 of the Rules of the Public Utilities Commission, has filed an application for changes to the Prudence Island Utilities Corp.’s Terms and Conditions. These changes would, if approved, (1) change bill and collection procedures with regard to water shutoff by reducing time periods for notice (45 days) and shutoff (60 days) from payment due dates; (2) increase service charges for shutoff to \$50.00; (3) define “water dumping” as “unattended water leaks on the customer’s premises requiring the Company to shut off the customer’s water to prevent excessive water losses” and impose a fine of \$50.00 therefore; and (4) impose a \$20.00 fee for returned checks. If approved, these changes will go into effect on January 22, 2005. These changes will have no impact on the rates of the Prudence Island Utilities Corp.”

Please advise as to when the Commission will be considering this matter.

Very truly yours,

Ralph M. Kinder

RMK:jb

Enclosures

Sworn and subscribed before me this \_\_\_\_\_ day of December, 2004.

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Notary Public  
My Commission Expires:

***PRUDENCE ISLAND UTILITY CORPORATION***  
***Prudence Island, RI 02872***

**TERMS and CONDITIONS**

The following regulations are hereby adopted by the Prudence Island Utility Corporation, hereinafter referred to as the “Company.” The Company address is:

Prudence Island Utility Corporation  
PO Box 250  
Prudence Island, RI 02872

Business Hours: Weekdays - 8AM to 5PM  
Office Hours: Weekdays - 3PM to 5PM

**1. Application for Water Service Connection:**

All applications for the use of water must be made to the Office of the Company, in writing, by the owner of the premises to be served or by his or her authorized agent, on forms provided by the Company.

**1.1 Residential Applications:**

Based upon the availability of water, the Company will process applications in the order received. Applications, once approved will be treated as a request for a Water Service Connection and will be billed at the time of hookup and prorated for the portion of the year remaining. All Water Service Connections will be made as soon as practical. The existence of a dwelling is not a precondition for billing. The customer is paying for the availability of water.

**1.2 Commercial Applications:**

Commercial service, if approved, will be only for the purpose stated on the application, and such purpose will remain part of the Company’s records. Expanded or altered service is not permitted without Company approval.

**1.3 Life of Application based upon Water Availability:**

1.3.1 If water is currently available, an Application for Water Service will remain in effect for six months from the date the application is received by the Company.

1.3.2 If resources do not permit new water hookups, there is no time limit on an application. The Company will then maintain a chronological list of all applicants. At such time as water becomes available, the Company will offer water service to applicants in the order listed. Applicants have the right to refuse the offering of water

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and maintain their position on the list for a period of six months. After this time they will be removed from the list. The PIUC has the right to continue down the list to fill all available water connections.

## **Prudence Island Utility Corporation - Terms and Conditions - Page 2**

### **2. Service Connections**

2.1 After approval of an application, a Water Service Connection shall be supplied to the customer at the street line (where feasible) at the prevailing Company Rate. Service from the Company shutoff to the customer's premises shall be at the customer's expense and through pipes which are satisfactory to the Company in all respects. Refer to Section 11 for Extensions.

2.2 One Service Connection shall be required for each building or structure supplied with water, unless such building or structure is appurtenant to another building or structure and is not used as a dwelling or commercial establishment.

2.3 It will be the responsibility of the customer to notify the Company in writing of any change of use in water service.

2.4 Water users must supply a private shutoff to their premises. The shutoff at the Service connection is for Company use only.

### **3. Billing and Collection**

3.1 30 days from invoice date : Payment due

3.2 Interest shall be charged at a rate of 1-1/2% per month on the unpaid balance from the due date

3.3 45 days from invoice date : Shutoff Notice plus interest due

3.4 60 days from invoice date : Water Shutoff (Section 4.)

### **4. Shutoff**

4.1 In the event of non payment of a water bill, or specific fines imposed by the Company, water will be shutoff 60 days from the invoice date, and only after following PUC rules on termination.

4.2 To be reinstated after a shutoff, the customer must notify the Company, in writing, within 6 months of the date of the shutoff. Notice will then be sent of all charges, plus Interest to date on the outstanding balance, plus a \$50.00 service charge. This amount must be paid in its entirety within 60 days of said notice prior to being reinstated.

### **Prudence Island Utility Corporation - Terms and Conditions - Page 3**

4.3 Failure to comply with the conditions set forth in Section 4.2 will result in Suspension as in Section 4.4.

4.4 Suspensions: Suspension of water service will serve to remove a customer from the Company's list of customers. In order to be reinstated, the party must reapply for water service as in Section 1.

4.5 No shutoff will be knowingly made in violation of Rhode Island Public Utilities Commission rules and regulations.

4.6 A current copy of PUC rules and regulations governing water termination will be on file for customer review.

## **5. New Ownership**

5.1 Upon sale or transfer, the owner of record of the premises supplied with water shall notify the Company in writing of said sale or transfer and shall be responsible for settling their outstanding Company accounts as of the closing date.

5.2 The new owner is responsible on a pro rata basis for payment of the water bill as of the closing date.

## **6. Supply Interruptions**

6.1 In cases of causes beyond the Company's control, shortage of water supply, and in the event of repairs, or maintenance, the Company reserves the right, as deemed necessary, to shut off the water supply to any one or a number of premises without notice and without liability for the consequences. The Company will use reasonable effort to notify the effected customers in the event of a water shutoff.

6.2 Customers who depend upon the pressure from the street mains are cautioned against damage or inconvenience that may result when the pressure in the main is temporarily cut off.

6.3 Every hot water tank, heating installation, or other device connected to the Company system and depending upon pressure from same, shall be equipped with properly designed protective devices to insure adequate safeguards to prevent damage in the event the water is shut off.

## **Prudence Island Utility Corporation - Terms and Conditions - Page 4**

### **7. Incidental Water Use**

7.1 The Company reserves the right to charge for water used by contractors and others for various construction projects. The Company also reserves the right to charge for water use beyond the scope of the service normally provided to the customer.

7.2 The owner of the premises shall be responsible for any charges assessed under the provisions of Section 7.1

### **8. Access to Premises**

Agents of the Company shall at all times, during normal business hours, have access to the premises supplied with water for the purpose of metering or making such tests and examinations at reasonable intervals as may be deemed necessary or desirable or as may be required by law.

### **9. Metering**

The Company reserves the right to install meters upon such terms and conditions as it shall promulgate.

### **10. Interconnections**

10.1 The Company shall not supply water to premises where connection is made between the pipes supplied with water by the Company and pipes supplied with water from any other source.

10.2 Non-conformance to this regulation will result in the water being immediately disconnected.

## **11. Extensions**

11.1 All line extensions must be approved by the Company, and must be installed by the Company or under its supervision.

11.2 Before water mains are installed, each street must be accepted as a public highway and must have an established grade. In the event that such streets are not public highways and have no established grade, then at the option of the Company, water mains may be installed if suitable easements have been granted to the Company.

### **Prudence Island Utility Corporation - Terms and Conditions - Page 5**

11.3 The cost of extensions will be estimated by the Company and the applicant shall pay said estimate prior to the commencement of work. Adjustments will be made upon completion of the extension and the customer will be billed or credited accordingly.

## **12. Rates**

12.1 The charge for water service shall be as approved by the Rhode Island Public Utilities Commission.

12.2 Adjustments may be made to the rate by prorating for seasonal availability, only where conditions do not permit the Company to supply water on a year round basis.

## **13. Fines**

13.1 The Company reserves the right to impose fines for violations of Posted Water Conservation Bans. Specifically a customer will be assessed a fine for violations after having been issued a Warning Notice. Non payment of said fines shall constitute grounds for water shutoff per Section 4.

13.2 Fine Schedule:

1st violation .....Warning Notice

2nd violation .....\$35.00 Fine

3rd and subsequent violations .....\$50.00 Fine

13.3 Water Dumping, defined as unattended water leaks on the customer's premises requiring the Company to shut off the customer's water to prevent excessive water losses, shall be fined at the rate of 50.00 per incident.

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**EFFECTIVE: January 22, 2005**

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