

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DIVISION OF PUBLIC UTILITIES AND CARRIERS**

**IN RE: KENT COUNTY WATER)
AUTHORITY MOTION TO PASS)
THROUGH WHOLESALE RATE)
INCREASE)**

Docket No. 3699

**DIVISION’S RESPONSE TO KENT COUNTY WATER
AUTHORITY’S MOTION TO PASS THROUGH
WHOLESALE RATE INCREASE**

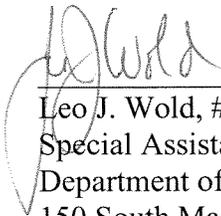
The Division of Public Utilities and Carriers (“Division”) hereby responds to the motion of Kent County Water Authority (“KCWA”) to pass through the wholesale rate increase proposed by Providence Water Supply Board (“PWSB”) in Commission Docket # 3684. The motion requests that the Commission grant a pass through of the wholesale rate increase proposed in Docket # 3684 and that the pass though be effective thirty (30) days after the filing of the motion.

The Division agrees that KCWA has the right to pass along the additional costs of wholesale rate increases to its retail customers, through a retail rate change. However, the Division believes that the motion is premature as the Commission has just begun to review PWSB’s abbreviated rate filing, and has suspended the proposed rates of PWSB in that docket until the review and deliberation process has run its course. Discovery is underway and hearings in the case are scheduled to commence on November 21, 2005. The rate used by KCWA in the calculations submitted with the motion, therefore, may not be the final wholesale rate that will be approved by the Commission. The Division recommends that further action on the proposed

KCWA rate increase stemming from the proposed PWSB rate increase be suspended pending finalization of the PWSB rate. The Division, therefore, takes no position at this time on the propriety of the calculation used by KCWA to develop rates to pass through the cost of the wholesale rate increase to its customers and requests that the Commission suspend the request until after a final decision is reached in Docket # 3684.

DIVISION OF PUBLIC UTILITIES AND
CARRIERS
By its attorneys,

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Dated: October 4, 2005

CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of October, 2005, the within Division's Response to Kent County Water Authority's Motion to Pass Through Wholesale Rate Increase was served by regular mail, postage prepaid, to Michael R. McElroy, Esq. Schacht & McElroy, 21 Dryden Lane, Providence, RI 02904 and Joseph J. McGair, Esq., Petrarca and McGair, Inc., 797 Bald Hill Rd., Warwick, Rhode Island 02886.

