
EXETER

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REF: 3358

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Memorandum

To: Stephen Scialabba, John Bell

From: Thomas S. Catlin

Subject: Providence Water Supply Board
Motion to Reopen Docket No. 4061

I have reviewed Providence Water Supply Board's (Providence's) "Motion to Reopen Proceedings to Reflect CY2009 Consumptions to Establish Revised Rates" filed on January 27, 2010 in Docket No. 4061. Providence has calculated its revised rates based on the revenue requirements approved by the Commission in Docket No. 4061. The only change requested is to reflect retail and wholesale sales volumes for the calendar year (CY) 2009 in lieu of the sales volumes agreed upon in the September 10, 2009 Settlement (fiscal year ending June 30, 2008 for retail sales and a four year average for wholesale sales) in that docket. As part of its request, Providence has agreed that if sales increase in 2010 and revenues exceed the agreed upon revenue requirement, it will place the excess revenues in the restricted revenue reserve fund and will be required to seek Commission approval for disposition of the excess.

Based on my review, I have concluded that Providence has properly calculated the rates required to generate the revenue requirements approved in Docket Nos. 4061 based upon the reduced sales level that occurred in CY 2009. I would note that, unlike what Kent County Water Authority (KCWA) did in its recent filing in Docket No. 4142, Providence did not update meter, hydrant and fire service counts to end of 2009 levels. However, it is unlikely that this would have any meaningful impact on the rate calculations. In addition, Kent County's rates were approved more than one year ago so that Kent County is filing a new rate filing whereas Providence is seeking to modify rates approved in October 2009.