

Providence Water Docket No. 4061
Commission Record Request April 7, 2010

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: PROVIDENCE WATER SUPPLY :
BOARD ABBREVIATED APPLICATION : DOCKET NO. 4061
TO CHANGE RATE SCHEDULES :

COMMISSION'S RECORD REQUEST
TO PROVIDENCE WATER SUPPLY BOARD
(Issued April 07, 2010)

- 1 Please provide the impact to other customers if the increase was not applied to Public Fire.

Answer: The Public Fire Protection rate as filed on January 27, 2010, would increase from \$308.73 to \$339.33, or \$30.60, per hydrant per year. This would generate \$186,109 in additional revenue. Because there is less than $\frac{1}{4}$ of the fiscal year left, the increase would generate just under \$40,000 from all hydrant customers, or approximately \$12,000 from the City of Cranston in this fiscal year.

If the increase is not applied to Public Fire charges, the \$186,109 would have to be spread across all other rate customers. This would make the rate increase go from 9.911% to 10.274%, or .363% more. A typical residential customer using 100 hcf would see an annual increase of \$30.14, instead of the \$29 increase as filed. Commercial accounts would see a \$468.16 increase, instead of \$451.44 and Industrial customers would see an \$11,160.80 increase, instead of \$10,755.16. A small wholesale customer using 400,000 hcf per year would see an annual increase of \$47,468.80, instead of the \$45,793.60, or \$1,675.20 more. A large wholesale customer using 2,500,000 hcf would see a \$296,680 annual increase in their bill, or \$10,470 more. Please see attached schedules HJS Revised Settlement 1, 10, 11, and 12, revised as of 4/7/10.

Please also see a new schedule of the Hydrant Bill Impacts, which shows the increase on an annual basis and for the rest of FY 2010, if the proposed increase is effective after the open meeting on 4/13/10.

Lastly, please see a copy of the letter dated February 17, 2010, which was sent to the City of Cranston. Identical letters were sent to all other Hydrant customers as well.

PROVIDENCE WATER SUPPLY BOARD

Summary of Revenues and Expenses at
 Present and Proposed Rates
 Rate Year Ended December 31, 2010

	Rate Year Amount Per PWSSB	Settlement Adjustments	Rate Year at Settlement Rates	Increase from Settlement Rates	Rate Year at Proposed Rates
	Original Filing				
Revenue					
Retail Water Sales	\$ 30,829,934	\$ (1,132,087)	\$ 29,697,847	\$ 3,057,630	\$ 32,755,476
Wholesale Water Sales	15,697,498	\$ (1,317,143)	14,380,355	1,477,490	15,857,845
Retail Service Charges	4,999,279	\$ 304,383	5,303,662	544,032	5,847,694
Private Fire Protection	1,833,075	\$ 111,319	1,944,394	199,784	2,144,178
Public Fire Protection	1,770,227	\$ 107,469	1,877,696	-	1,877,696
Miscellaneous	1,777,137	-	1,777,137	-	1,777,137
Total Revenue	\$ 56,907,150	\$ (1,926,059)	\$ 54,981,091	\$ 5,278,935	\$ 60,260,026
Expenses					
Operation & Maintenance	27,804,463	(607,968)	27,196,495	-	27,196,495
Insurance	2,144,150	(367,088)	1,777,062	-	1,777,062
Chemical & Sludge	2,874,631	(415,689)	2,458,942	-	2,458,942
City Service Expense	839,167	-	839,167	-	839,167
Property Taxes	6,779,095	(694,933)	6,084,162	-	6,084,162
Capital Reimbursement	(980,125)	(18,029)	(998,154)	-	(998,154)
Net Operations	\$ 39,461,381	\$ (2,103,707)	\$ 37,357,674	\$ -	\$ 37,357,674
Capital Improvements	2,450,000	-	2,450,000	-	2,450,000
Western Cranson Fund	62,069	-	62,069	-	62,069
Infrastructure Replacement	16,000,000	-	16,000,000	-	16,000,000
Meter Replacement	1,000,000	-	1,000,000	-	1,000,000
Equipment Replacement	600,000	-	600,000	-	600,000
Net Restricted	\$ 20,112,069	\$ -	\$ 20,112,069	\$ -	\$ 20,112,069
Total Expenses	\$ 59,573,450	\$ (2,103,707)	\$ 57,469,743	\$ -	\$ 57,469,743
Operating Reserve	2,889,816	(105,185)	2,784,630	-	1,670,778
Deferred IFR Transfer*	-	-	-	-	1,113,852
Total Cost of Service	\$ 62,463,266	\$ (2,208,892)	\$ 60,254,373	\$ -	\$ 60,254,373
Revenue Surplus/(Deficiency)	\$ (5,556,116)	\$ 282,833	\$ (5,273,283)	\$ 5,278,935	\$ 5,652

* Deferred IFR Transfer of 2% and Operating Reserve of 3% per Commission modified Settlement 10/05/09.
 Revised 4/7/10 to remove Public Fire Protection

Percent Increase in Total Revenue 9.59%
 Percent Increase in Rate Revenue 9.911%

PROVIDENCE WATER SUPPLY BOARD

Calculation of Uniform Percentage Increase
Required to Recover Calculated Revenue Deficiency
Rate Year Ended December 31, 2010

	<u>Amount (1)</u>
Revenue at Existing Rates	
Retail Water Sales	\$ 29,697,847
Wholesale Water Sales	14,380,355
Retail Service Charges	5,303,662
Private Fire Protection	1,944,394
Public Fire Protection	-
Total Service Revenue	<u>\$ 51,326,258</u>
Revenue Deficiency per Settlement	<u>\$ 5,273,283</u>
Uniform Percentage Increase	<u><u>10.274%</u></u>

Note:

(1) Per Schedule HJS Revised Settlement-1.
Revised 4/7/10 to remove Public Fire Protection

PROVIDENCE WATER SUPPLY BOARD

Development of Proposed Rates and
 Proof of Revenue at Proposed Rates
 Rate Year Ended December 31, 2010

Billing Unit	Units of Service	Settlement Rates	Revenues at Settlement Rates	Proposed Rates	Proposed Revenues
Quarterly Service Charges					
5/8"	53,007	\$ 16.69	\$ 3,538,747	\$ 18.40	\$ 3,901,315
3/4"	10,265	17.71	727,173	19.53	801,902
1"	5,046	20.79	419,625	22.93	462,819
1.5"	1,479	24.89	147,249	27.45	162,394
2"	1,684	36.18	243,708	39.90	268,766
3"	83	119.32	39,614	131.58	43,685
4"	34	150.10	20,414	165.52	22,511
6"	69	221.95	61,258	244.75	67,551
8"	36	304.05	43,783	335.29	48,282
10"	2	378.46	3,028	417.34	3,339
12"	6	452.87	10,869	499.40	11,986
Total	71,711		\$ 5,255,469		\$ 5,794,549
Monthly Service Charges					
5/8"	-	\$ 9.84	\$ -	\$ 10.85	\$ -
3/4"	-	10.18	-	11.23	-
1"	-	11.21	-	12.36	-
1.5"	2	12.58	302	13.87	333
2"	34	16.35	6,671	18.03	7,356
3"	11	44.05	5,815	48.58	6,413
4"	8	54.32	5,215	59.90	5,750
6"	20	78.26	18,782	86.30	20,712
8"	9	105.64	11,409	116.49	12,581
10"	-	130.44	-	143.84	-
12"	-	155.24	-	171.19	-
Total	84		\$ 48,194		\$ 53,145
Total Service Charge Revenue			\$ 5,303,662		\$ 5,847,694
Retail Consumption Charges *					
Residential (HCF)	8,554,151	\$ 2.264	\$ 19,366,598	\$ 2.497	21,359,715
Commercial (HCF)	4,565,640	2.174	9,925,701	2.398	10,948,405
Industrial (HCF)	190,041	2.134	405,547	2.354	447,357
Total	13,309,832		\$ 29,697,847		\$ 32,755,476
Wholesale Consumption Charges *					
Consumption (HCF)	12,450,200	\$ 1.155030	\$ 14,380,355	\$ 1.273702	\$ 15,857,845
	9,312.75	1,544.16		1,702.81	
Private Fire Service Charges					
3/4"	6	\$ 17.90	\$ 430	\$ 19.74	474
1"	10	21.21	848	23.39	936
1.5"	3	26.11	313	28.79	345
2"	31	38.79	4,810	42.78	5,305
4"	302	166.24	200,818	183.32	221,451
6"	1,220	268.81	1,311,793	296.43	1,446,578
8"	229	403.90	369,972	445.40	407,986
10"	4	558.02	8,928	615.35	9,846
12"	14	742.90	41,602	819.23	45,877
16"	1	1,219.75	4,879	1,345.07	5,380
Total	1,820		\$ 1,944,394		\$ 2,144,178
Public Fire Service Charges					
Hydrants	6,082	\$ 308.73	\$ 1,877,696	\$ 308.73	\$ 1,877,696
Miscellaneous Revenue			\$ 1,777,137		1,777,137
Total Revenue			\$ 54,981,091		\$ 60,260,026
Revenue Requirement			\$ 60,254,373		\$ 60,254,373
Difference			\$ (5,273,283)		\$ 5,652

* Units based on CY09 consumption amounts
 Revised 4/7/10 to remove Public Fire Protection from increase

PROVIDENCE WATER SUPPLY BOARD

Customer Bill Impacts
 Rate Year Ended December 31, 2010

	Annual Water Bill (1)			
	Settlement Rates	Proposed Rate	Dollar Increase	Percent Increase
<u>Residential</u>				
100 Ccf w/ 5/8 meter				
Customer Charge	\$ 66.76	\$ 73.60	\$ 6.84	
Consumption	226.40	249.70	23.30	
Total 100 Ccf	\$ 293.16	\$ 323.30	\$ 30.14	10.28%
<u>Commercial</u>				
2,000 Ccf w/ 2in meter				
Customer Charge	\$ 196.20	\$ 216.36	\$ 20.16	
Consumption	4,348.00	4,796.00	448.00	
Total 2000 Ccf	\$ 4,544.20	\$ 5,012.36	\$ 468.16	10.30%
<u>Industrial</u>				
10,000 Ccf w/ 6in. meter				
Customer Charge	\$ 939.12	\$ 1,035.60	\$ 96.48	
Consumption	21,340.00	23,540.00	2,200.00	
Total 10,000 Ccf	\$ 22,279.12	\$ 24,575.60	\$ 2,296.48	10.31%
<u>Industrial (Large)</u>				
50,000 Ccf w/ 10in. meter				
Customer Charge	\$ 1,565.28	\$ 1,726.08	\$ 160.80	
Consumption	106,700.00	117,700.00	11,000.00	
Total 50,000 Ccf	\$ 108,265.28	\$ 119,426.08	\$ 11,160.80	10.31%
	Settlement Rates	Proposed Rate	Dollar Increase	Percent Increase
<u>Wholesale</u>				
400,000 Ccf	\$ 462,012.00	\$ 509,480.80	\$ 47,468.80	10.27%
2,500,000 Ccf	\$ 2,887,575.00	\$ 3,184,255.00	\$ 296,680.00	10.27%

(1) Assumes quarterly billing for Residential and monthly billing for Commercial, Industrial and Wholesale.
 Revised 4/7/10 to remove Public Fire Protection from increase

PROVIDENCE WATER SUPPLY BOARD

Hydrant Bill Impacts
Rate Year Ended December 31, 2010

Hydrant Communities	# of Hydrants	Settlement Rates	Proposed Rate	Settlement Rates	Annual Hydrant Bill Proposed Rate	Annual Dollar Increase	Annual Percent Increase	FY 10* Dollar Increase	FY 10* Percent Increase
Providence	3,244	\$ 308.73	\$ 339.33	\$ 1,001,520.12	\$ 1,100,786.52	\$ 99,266.40	9.91%	\$ 21,271.37	2.12%
Cranston	1,853	\$ 308.73	\$ 339.33	\$ 572,076.69	\$ 628,778.49	\$ 56,701.80	9.91%	\$ 12,150.39	2.12%
Johnston	447	\$ 308.73	\$ 339.33	\$ 138,002.31	\$ 151,680.51	\$ 13,678.20	9.91%	\$ 2,931.04	2.12%
North Providence	504	\$ 308.73	\$ 339.33	\$ 155,599.92	\$ 171,022.32	\$ 15,422.40	9.91%	\$ 3,304.80	2.12%
Lincoln	9	\$ 308.73	\$ 339.33	\$ 2,778.57	\$ 3,053.97	\$ 275.40	9.91%	\$ 59.01	2.12%
Total	6,057			\$ 1,869,977.61	\$ 2,055,321.81	\$ 185,344.20		\$ 39,716.61	

* Assume an effective date of 4/14/10, or 78 out of 91 days



552 Academy Avenue
Providence, RI 02908

401-521-6300

www.provwater.com

February 17, 2010

David N. Cicilline
Mayor

Pamela Marchand, P.E.
Chief Engineer &
General Manager

Ms. Dorothy Masonian
City of Cranston, Hydrant Accounts
301 Pontiac Avenue
Cranston, RI 02910

RE: Providence Water Hydrant Fee change - RIPUC Docket 4061

BOARD OF DIRECTORS

Andrew K. Moffit
Chairman

Joseph D. Cataldi
Vice Chairman

Bruce T. Miller
Ex-Officio

Joseph DeLuca
City Councilman

Michael A. Solomon
City Councilman

John A. Fagnoli
Member

Everett Bianco
Member

Carissa R. Richard
Secretary

Fernando S. Cunha, Esq.
Legal Advisor

Dear Ms. Masonian:

On January 27, 2010, Providence Water filed a motion to Reopen Docket 4061 with the RI Public Utilities Commission (PUC). The purpose of the Motion is to utilize calendar year 2009 consumption figures to calculate rates. Providence Water is not requesting any increase in its approved revenue requirement. The proposed Hydrant rate as submitted is \$339.33, per hydrant, per year. This is an increase of \$30.60, or 9.91%, from the existing rate of \$308.73 per hydrant.

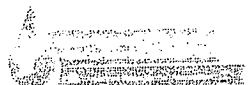
The proposed increase is subject to PUC review and a public hearing has been scheduled for April 7, 2010 at 9:30 a.m. at the PUC, 89 Jefferson Blvd, Warwick. Rates could increase anytime after the hearing. You will continue to be billed at the existing rate until the PUC has rendered a decision.

If you have any questions, you can contact me at extension 7217.

Respectfully,

by: Mary L. Deignan-White
Regulatory Manager

cc: Pamela Marchand
Boyce Spinelli
Jeanne Bondarevskis
Ricky Caruolo
Nancy Sohigian
Michael R McElroy, Esq.
Cynthia Wilson-Frais, Esq
file



Only Tap Water DELIVERS