

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: KENT COUNTY WATER AUTHORITY
MOTION TO PASSTHROUGH WHOLESALE
RATE INCREASE

DOCKET NO. 4067

ORDER

WHEREAS, On April 30, 2009, the Providence Water Supply Board (“Providence Water”) filed an application with the Public Utilities Commission (“Commission”) seeking to implement new rates designed to generate additional operating revenue requirements in the amount of \$5,569,425¹; and

WHEREAS, On October 5, 2009 the Commission approved a revenue increase of \$3,355,348; and

WHEREAS, The wholesale rate was increased to \$1,544.16 per million gallons; and

WHEREAS, On September 21, 2009, the Kent County Water Authority (“KCWA”) filed an Amended Petition pursuant to R.I.G.L. Section 39-3-38.1, seeking to pass through to its ratepayers the wholesale rate increase resulting from Providence Water’s rate filing;² and

WHEREAS, On October 2, 2009, after examination, the Division of Public Utilities and Carriers (“Division”) filed a memorandum supporting approval, contingent upon the Commission’s approval of Providence Water’s compliance tariffs implementing the increased wholesale rate to be approved by the Commission on October 5, 2009; and

¹ Docket No. 4061.

² KCWA filed its original Petition to Pass Through Wholesale Rate on June 16, 2009.

WHEREAS, The Commission finds that KCWA is entitled to pass through the aforementioned increase in wholesale rates; and

WHEREAS, The Commission finds that in accordance with R.I.G.L. § 39-3-12 that good cause exists for allowing Kent County Water Authority's rates to be changed with less than thirty (30) days notice because the expense is a pass-through from Providence Water Supply Board for usage on and after October 5, 2009 based on a decision by the Commission after hearings, and not the result of an increase in general operating expenses; and

WHEREAS, The Commission finds that KCWA's calculation of wholesale rates as filed on October 9, 2009 is accurate and reasonable and therefore, sets the following rates: Small customer class - \$4.714 per hcf; Medium customer class - \$4.017 per hcf; and Large customer class - \$3.424 per hcf.

WHEREAS, On January 27, 2010, the Providence Water filed a Motion to Reopen Docket No. 4061 with the Commission seeking to implement new rates designed to generate additional operating revenue requirements in the amount of \$5,271,763³; and

WHEREAS, On February 22, 2010, KCWA filed a Motion to Reopen Docket No. 4067 to pass through increased wholesale charges related to Providence Water's January 27, 2010 filing; and

WHEREAS, On February 25, 2010, the Kent County Water Authority ("KCWA") filed an Amended Petition pursuant to R.I.G.L. Section 39-3-38.1, seeking to pass through to its ratepayers the wholesale rate increase resulting from Providence Water's rate filing; and

WHEREAS, On April 27, 2010 the Commission approved a rate increase to allow Providence Water the opportunity to collect additional revenues of \$5,271,763 in order to realize the revenue requirement approved on October 5, 2009; and

WHEREAS, The wholesale rate was increased to \$1,697.21 per million gallons; and

WHEREAS, KCWA's application stated that Providence Water's proposed wholesale rate, if approved, would increase the annual purchased water expense of KCWA to approximately \$410,917.00; and

WHEREAS, On February 8, 2010, after examination, the Division of Public Utilities and Carriers ("Division") filed a memorandum from its consultant, Thomas Catlin, indicating that in calculating KCWA's rates, KCWA utilized updated consumption figures for the twelve-month period ending October 31, 2009 and the associated reduction in purchased water volumes in calculating the increase in KCWA's water usage rates that would be required to recover the increase in purchased water costs that would result from the Providence Water increase. The Division agreed with KCWA's calculations; and

WHEREAS, The Commission finds that KCWA is entitled to pass through the aforementioned increase in wholesale rates; and

WHEREAS, The Commission finds that in accordance with R.I.G.L. § 39-3-12 that good cause exists for allowing Kent County Water Authority's rates to be changed with less than thirty (30) days notice because the expense is a pass-through from Providence Water Supply Board for usage on and after April 27, 2010, based on a

³ Docket No. 4061. Providence Water did not request an increase to the revenue requirement approved in

decision by the Commission after hearings, and not the result of an increase in general operating expenses; and

WHEREAS, The Commission finds that KCWA's calculation of wholesale rates is accurate and reasonable and therefore, sets the following rates: Small customer class - \$4.841 per hcf; Medium customer class - \$4.125 per hcf; and Large customer class - \$3.516 per hcf.

Accordingly, it is

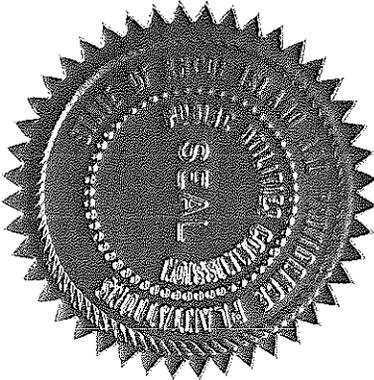
(20161) ORDERED:

1. That the amended motion to pass through the wholesale rate increase filed by the Kent County Water Authority on September 21, 2009 is hereby approved.
2. That Kent County Water Authority's Compliance Tariffs filed with the Commission on October 9, 2009 are hereby approved.
3. That Kent County Water Authority's Motion to Reopen Docket 4067 is hereby approved.
4. That the amended motion to pass through the wholesale rate increase filed by the Kent County Water Authority on February 25, 2010, is hereby approved for usage on and after April 27, 2010.
5. That Kent County Water Authority's Compliance Tariffs filed with the Commission on April 29, 2010 in conjunction with the Commission's decisions in Docket Nos. 4067 and 4142 are hereby approved.

on October 5, 2009 in Docket No. 4061.

EFFECTIVE AT WARWICK, RHODE ISLAND ON OCTOBER 5, 2009,
PURSUANT TO AN OPEN MEETING DECISION. EFFECTIVE AT WARWICK,
RHODE ISLAND ON APRIL 27, 2010 PURSUANT TO AN OPEN MEETING
DECISION. WRITTEN ORDER ISSUED ON OCTOBER 12, 2010 .

PUBLIC UTILITIES COMMISSION



Elia Germani, Chairman

Mary E. Bray, Commissioner

Paul J. Roberti, Commissioner

NOTICE OF RIGHT OF APPEAL PURSUANT TO R.I.G.L. SECTION 39-5-1, ANY PERSON AGGRIEVED BY A DECISION OR ORDER OF THE COMMISSION MAY, WITHIN SEVEN DAYS (7) DAYS FROM THE DATE OF THE ORDER, PETITION THE SUPREME COURT FOR A WRIT OF CERTIORARI TO REVIEW THE LEGALITY AND REASONABLENESS OF THE DECISION OR ORDER.