

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: PROVIDENCE WATER SUPPLY :  
BOARD'S COMPLIANCE FILING : DOCKET NO. 4070  
CONSERVATION RATE STRUCTURE :

**REPORT AND ORDER**

In Order No. 19145 (Docket No. 3832), the Public Utilities Commission ("Commission") approved a three percent (3.0%) operating revenue allowance with conditions, including restricting two percent (2.0%) to cover revenue shortfalls in the event of reduced consumption. Another condition to retain the three percent (3.0%) in rates was based on a requirement that Providence Water Supply Board ("Providence Water") file a rate proposal on or before July 1, 2009 which includes proposed conservation rates. In the event Providence Water were to fail to make such a filing, the two (2.0) percent reserve would cease and Providence Water would be required to immediately file to adjust rates to eliminate collection of two (2.0) percent of the operating reserve for usage on and after July 1, 2009.<sup>1</sup>

On July 1, 2009, Providence Water submitted a compliance filing which included two possible conservation rate structures for Commission consideration. The first option was an inclining block rate structure with three tiers. The second option was a seasonal rate structure. Each would apply to single-family residential customers only based on the purported ease of identifying discretionary versus non-discretionary usage. In order to develop the rate structures, Providence Water began performing monthly reads on all customers without altering the billing frequency. However, Providence Water requested

---

<sup>1</sup> Order No. 19145, Ordering Paragraph 9 (issued December 13, 2007).

the Commission defer ruling on its proposed conservation rates for another two years to allow Providence Water to continue collecting more information.<sup>2</sup>

On August 14, 2009, the Division of Public Utilities and Carriers (“Division”) submitted a Memorandum from John Bell, Public Utilities Analyst, providing its review and recommendation of Providence Water’s filing. The Division indicated that it had no objection to Providence Water’s request to keep the current rate structure in place while it continues to collect at least two additional years of billing data. However, the Division proposed that the Commission require Providence Water to file an updated conservation rate proposal by July 1, 2011.<sup>3</sup>

On September 2, 2009, at its Open Meeting, the Commission found that Providence Water’s July 1, 2009 compliance filing met the requirements of Ordering Paragraph 9 of Order No. 19145. Providence Water’s request to defer review of its conservation rate structure while Providence Water continues to collect more monthly billing data for two years is approved. Providence Water shall file an updated conservation rate proposal no later than July 1, 2011. There is no requirement that the rate proposal be part of an overall rate filing. Providence Water is encouraged to keep the Division and Kent County Water Authority apprised of its collection activities and work with them to ensure that there will be little or no dispute regarding the reliability of the data. Finally, Providence Water shall include as part of its semi-annual reporting requirements updates on the progress of its data collection including whether it is continuing and whether any changes have been made to the manner of data collection and

---

<sup>2</sup> Pre-Filed Testimony of Harold Smith, pp. 3-13, Division Memorandum dated 8/14/09, p. 1.

<sup>3</sup> Division Memorandum dated 8/14/09, p. 2.

compilation. The Commission is not seeking in the semi-annual report the type of analysis that would be undertaken in the July 2011 filing.

Accordingly, it is hereby,

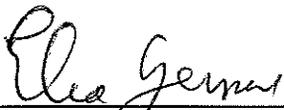
(19767) ORDERED:

1. Providence Water's July 1, 2009 compliance filing met the requirements of Ordering Paragraph 9 of Order No. 19145.
2. Providence Water shall file an updated conservation rate proposal no later than July 1, 2011.
3. Providence Water shall include as part of its semi-annual reporting requirements updates on the progress of its data collection.
4. Providence Water Supply Board shall comply with all findings and instructions contained in this Report and Order.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO AN OPEN MEETING DECISION ON SEPTEMBER 2, 2009. WRITTEN ORDER ISSUED SEPTEMBER 22, 2009.

PUBLIC UTILITIES COMMISSION



  
\_\_\_\_\_  
Elia Germani, Chairman

  
\_\_\_\_\_  
Mary E. Bray, Commissioner

\*  
\_\_\_\_\_  
Paul J. Roberti, Commissioner

\*Commissioner Roberti concurs but is unavailable for signature.