

Theodore G. Garille
General Manager & CEO

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PUBLIC UTILITIES COMMISSION



PASCOAG
UTILITY DISTRICT

Pascoag Electric • Pascoag Water

State Of Rhode Island and Providence Plantations

PUBLIC UTILITIES COMMISSION

Re: PASCOAG UTILITY DISTRICT

TARIFF ADVICE FILING

Pursuant to Rhode Island General Laws (R.I.G.L.), Section 39-3-11, and in accordance with Section 2.4 of the Rules of Practice and Procedure of the Rhode Island Public Utilities Commission (RIPUC), the Pascoag Utility District hereby gives notice of a proposed change in tariffs filed and published in compliance with R.I.G.L. 39-3-10.

The proposed changes are contained in the exhibits submitted to the Rhode Island Public Utilities Commission. The proposed tariffs are requested to become effective thirty days from the filing date.

Be advised as follows:

1. Pascoag Utility District, incorporated by a special act of the General Assembly, is a quasi-municipal utility within the Village of Pascoag with offices located at 253 Pascoag Main Street, Pascoag, Rhode Island.
2. The Electric Department of the Pascoag Utility District operates an electric distribution system providing retail electric service to customers in the Villages of Pascoag and Harrisville, both in the Town of Burrillville, Rhode Island.
3. Correspondence for Pascoag Utility District in this case should be addressed to Theodore G. Garille, General Manager, Pascoag Utility District Electric Department, 253 Pascoag Main Street, PO Box 107, Pascoag, Rhode Island.
4. In accordance with the RIPUC Rules and Regulations, the documents accompanying this filing contain data and information in support of Pascoag Utility District's application. A copy of this filing is at our offices and may be examined by the public during business hours.

Theodore G. Garille, General Manager
Pascoag Utility District

STATE OF RHODE ISLAND
COUNTY OF PROVIDENCE

Subscribed and sworn to before me on the 21st day of December 2009

Christina L Cournoyer
Notary Public



PASCOAG
UTILITY DISTRICT

TESTIMONY AND DATA IN SUPPORT OF
PASCOAG UTILITY DISTRICT'S
TARIFF ADVICE FILING

PURSUANT TO RULE 1.9(C)
OF THE RULES OF PRACTICE AND PROCEDURE
OF THE PUBLIC UTILITIES COMMISSION

DECEMBER 2009

DOCKET NO. _____

PASCOAG UTILITY DISTRICT
TESTIMONY OF
THEODORE G. GARILLE

Q. Please state your full name and title?

A. Theodore G. Garille, General Manager of the Pascoag Utility District.

Q. How long have you been employed by Pascoag Utility District?

A. I have been employed since March of 1996 or approximately 13 years.

Q. Would you please state your education, background and professional associations?

A. Mr. Garille has been the General Manager of Pascoag Utility District since September 1996. Previously, Mr. Garille was Assistant Vice President for Facilities Operations for Allmerica Insurance, and prior to that was at Brown University in a similar capacity.

Mr. Garille had an extensive utility background with Southern California Edison prior to relocating to Rhode Island. He was District Manager of SCE's Blythe District with responsibility for customer service, as well as the operation and maintenance of the electric distribution facilities within that District.

In his duties as Pascoag's General Manager, Mr. Garille has the authority to exercise all functions for the full senior management of the Electric Department. As General Manager, he reports to a seven-member Board of Utility Commissioners. Commissioners are elected officials who serve three-year terms.

Mr. Garille has previously testified before the Rhode Island Public Utilities Commission on several dockets including base rate cases, rate adjustments, storm contingency funds, and Demand Side Management Programs. In addition, Mr. Garille has also testified at the Federal Energy Regulatory Commission on several interventions.

Mr. Garille holds a BS Degree in Management from Pacific Western University. Additionally he has completed numerous management and technical courses and seminars.

Mr. Garille represents the District by serving on the Board of Directors for Northeast Public Power Association. He is also past president of this organization. He is also an active member of the American Public Power Association.

Mr. Garille is a frequent speaker for various community, technical, and association groups and has served as State Chairman of the RI Good Neighbor Energy Fund on two occasions.

Q. Mr. Garille have you looked into the origins of the obligation to provide street lighting in the village of Pascoag?

A. Yes I have. In 1887, when the Pascoag Fire District was created by legislative charter, the District's mandate was to provide electric, water, lighting and fire suppression to the residents of the Village of Pascoag. The District provided all these services continually since that time until 2001, when the legislation creating the Pascoag Utility District was enacted. The effect of the 2001 legislation was to create a new utility district which assumed and was responsible to provide all services formerly provided by the Pascoag Fire District, except for fire prevention and suppression. One of the services that the Fire District continued to provide until now was the lighting portion. The expense was funded through the tax levied by the Fire District to all property owners in the district. In turn, the Utility District would bill the Fire District for the expenses of providing the street lights. In January or February of 2009 the Fire District unilaterally decided to terminate payments for the street lighting. It did so without any prior notice to the Utility District in an apparently unadvertised executive session.

Q. How did you learn of the Fire District's unilateral decision?

A. The fact that the Pascoag Fire District had stopped paying their monthly street light invoices was brought to my attention by a PUD employee. She was concerned that these obligations were "past due". Mr. William L. Guertin later advised me that he had learned that the Fire District Commissioners had actually voted to no longer pay for Pascoag's street lighting.

Q. What action did Pascoag take upon learning the Fire District defaulted in its obligation?

A. In the aftermath of the Fire District's refusal to pay, the Utility District was faced with the dilemma of how best to provide continuous street lighting. Because it was so essential to the safety and welfare of the residents of Pascoag, the option of not providing the lighting was not ever considered as a viable response to the decision by the Fire District. The options considered by management were: (1) to litigate the matter

by filing a complaint for injunctive relief and file complaints for violations of the open meetings law against the Fire District; or (2) to attempt to resolve the dispute without litigation and its potential costs.

With respect to the former, in weighing its options management was well aware of the potential for significant legal fees. Management was also mindful of the fact that there are no guarantees of success in litigation, that the expenses for the street lighting would continue to mount during the pendency of the lawsuits, that there are the inevitable delays in litigation, and the possibility of an appeal existing in the event the Utility District prevailed in the initial litigation. Also considered was the fact that the Fire District's defalcation occurred in the middle of our fiscal year there was no provision in the budget for street lighting.

With this in mind, management determined that the most prudent course of action was to negotiate a settlement which obligated the Fire District to pay its arrearage immediately and to continue to fund the expenses for street lighting until the end of the Utility District's fiscal year. These conditions were included in a settlement agreement entered into with the Fire District and ratified by the Board of Utility Commissioners. Under the terms of the agreement, the Utility District agreed to assume the obligation for providing the street lighting at the beginning of its next fiscal year (January 1, 2010).

Q. Is there an existing tariff that addresses this issue?

A. Yes, Commission Tariff No. 604 which was ratified and approved by the Public Utility Commission as part of the Utility's cost of service study in 2004.

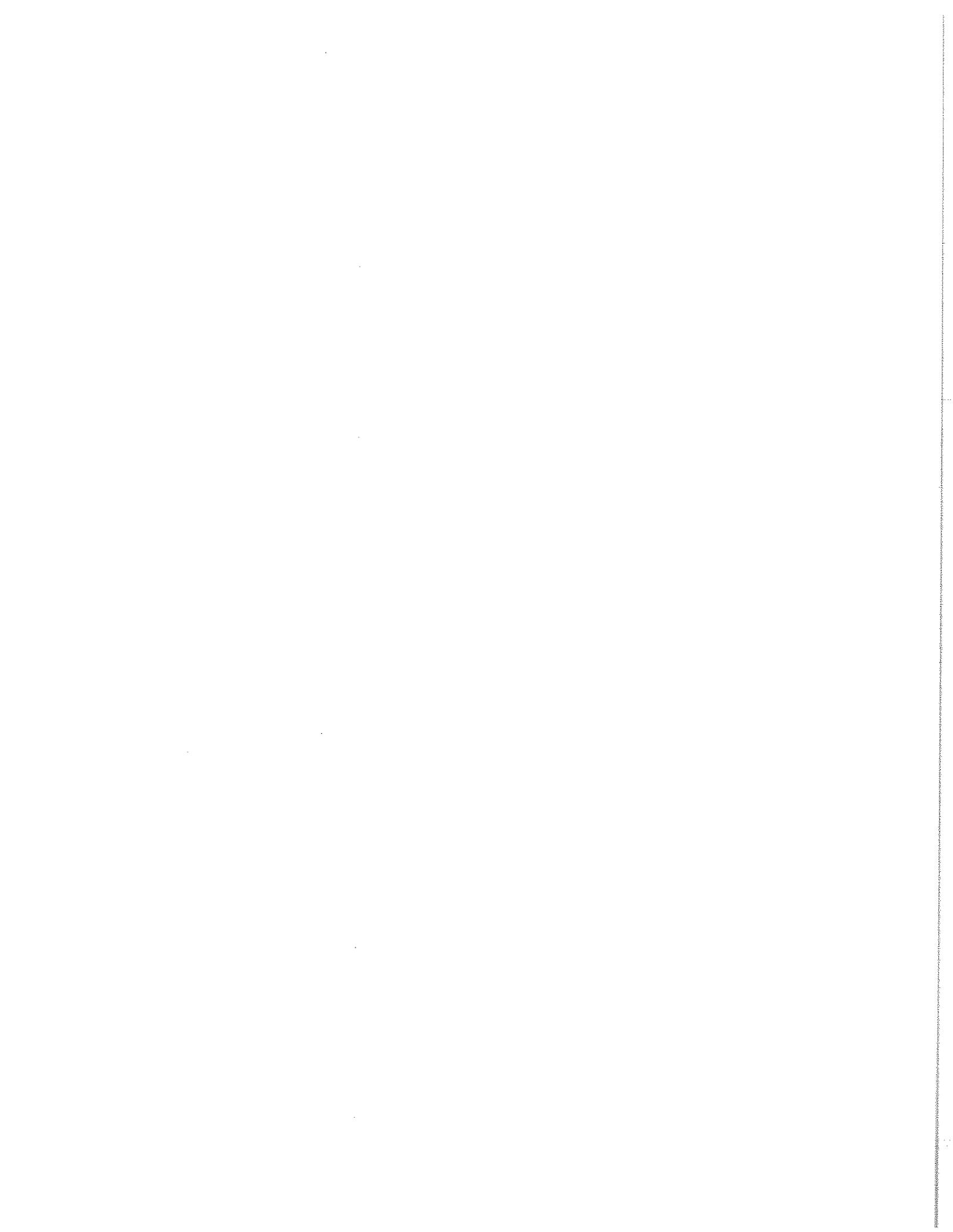
Q. Would approval of the Tariff modification result in a different ratepayer base?

A. Somewhat, however another reason that supports the wisdom of management's decision is that in assuming the obligation to provide street lighting the Utility District is instituting a more equitable distribution of the expense among those who benefit from it. When the Fire District collected payment for the street lights it did so through its taxing authority, levying a tax on all property owners in the district. Thus, the levy of the taxes omitted whole classes of people, such as renters or other electrical customers. It is clear that these omitted individuals derive a benefit from safe, well-lit streets in

Pascoag. Going forward, the cost of the street lights will be borne by all electric customers in the district (although the core group of payers might be the same whether the Fire District assesses the cost via its taxing authority or whether Utility District collects the costs via its tariff.) The latter method is a more reasonable way to assume that all those that deserve a benefit from the street lights bear the cost of that benefit. It is a more equitable distribution of the cost.

Q. What impact will the tariff have on your ratepayers going forward?

A. The impact on ratepayers will be negligible as the projected cost to each ratepayer will be approximately sixty-seven cents (plus any applicable tax) per month. We anticipate that this figure may be reduced further, as the Utility District contemplates conducting a full assessment of all street lighting facilities (which are fully owned by the Utility District). Once the Utility District assumes authority and control over the street lights, it is anticipated that a number of facilities may be eliminated without any adverse impact upon the safety and welfare of the ratepayers, and hence the expense will be lowered.



RIPUC No. 604
Canceling RIPUC No. 603

PUBLIC AND PRIVATE LIGHTING RATE

Lamp Size	Monthly Rate	Annual Rate
Mercury:		
175 Watt	\$5.77	\$69.24
Sodium:		
50 Watt	\$ 3.65	\$ 43.80
70 Watt	\$ 4.37	\$ 52.44
100 Watt	\$ 5.04	\$ 60.48
150 Watt	\$ 6.23	\$ 74.76
250 Watt	\$10.89	\$130.68
400 Watt	\$12.12	\$145.44

