



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

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Peter F. Kilmartin, Attorney General

February 28, 2012

Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

RE: CITY OF WOONSOCKET, WATER DIVISION – FIRE PROTECTION
SURCHARGE FOR RATEPAYERS RESIDING IN WOONSOCKET
Docket No. 4309

Dear Ms. Massaro,

Enclosed for filing with the Commission on behalf of the Division of Public Utilities and Carriers (“Division”), is an original and nine (9) copies of the Division’s Comments pursuant to the Commission’s Memorandum dated February 1, 2012.

Very truly yours,

Jon Hagopian
Special Assistant Attorney General

JGH/dmm

Encl.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: CITY OF WOONSOCKET, WATER :
DIVISION TARIFF ADVICE – FIRE : DOCKET NO. 4309
PROTECTION SURCHARGE FOR :
RATEPAYERS RESIDING IN PROVIDENCE :

DIVISION OF PUBLIC UTILITIES AND CARRIERS
RESPONSE TO COMMISSIONS' REQUEST FOR COMMENTS

Now comes the Division of Public Utilities and Carriers, (the "Division") and hereby responds to the following request by the Commission for Comments.

ISSUE

In response to Woonsocket's response to the Commission's First Record Request, the Commission requested WWD and the Division file comments with the Commission to the following:

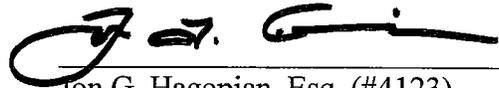
Where the City of Woonsocket has indicated it does not intend to pay the hydrant fees for FY 2012 that accrued prior to the notification of the Commission pursuant to R.I. Gen. Laws Sec. 39-3-11.1, the appropriateness under ratemaking principles of netting the 25 weeks of hydrant fees owed to WWD against the City Service charges that would be paid by WWD to the City of Woonsocket in FY 2012.

RESPONSE

The Division asserts that netting of the hydrant fees against the City Service charges has no ratemaking impact. Provided however that if the receivable to WWD for the hydrant fees goes unsatisfied, the cash needs of WWD will increase which ultimately will be borne by ratepayers of WWD. The appropriate level of City Service expenses allowed in rates was vetted in WWD's last general rate case (Docket 3800). Likewise the appropriate charge for public fire hydrants was reviewed and set by the Commission in Docket 3800. Since the Commission

already set the appropriate level of these two items for ratemaking purposes the question now is not whether the charges are valid but one of collections.

In a response to a Commission data request, the WWD requested that the collection of FY 2012 hydrant charges from the City (appx. \$300,000) be waived due to the financial position of the City. The commission has already determined through the ratemaking process that the hydrant charges are just and reasonable and that the revenues generated from these charges are necessary for the operation of the WWD. Since the Commission has already made this determination, the Division recommends against the waiver of these charges. Netting the amount of hydrant charges owed the WWD against City Service charges results in the same financial impact as the actual transfer of funds. As a result the Division is not opposed to netting the balance owed on hydrant charges against City Service charges owed from the WWD to the City. Finally, waiver of the receivable at issue here will set a poor precedent and is premature.

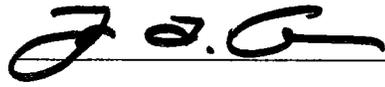


Jon G. Hagopian, Esq. (#4123)
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State of Rhode Island
Department of Attorney General
150 South Main Street
Providence, RI 02903

Dated: February 29, 2012

CERTIFICATE OF SERVICE

I hereby certify that on the 29th day of February, 2012, that I transmitted an electronic copy of the within Response to the attached service list and to Luly Massaro, Division Clerk via electronic mail and regular mail.



**Woonsocket Water Division - Docket No. 4309 – Fire Service Protection Charge
Service List 1/3/12**

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