



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

DIVISION OF PUBLIC UTILITIES AND CARRIERS

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To: Rhode Island Public Utilities Commission

From: John Bell *JB.*
Rate Analyst

Subject: Woonsocket Water Department
Docket 4309 – Fire Protection Charge

On December 29, 2011, the Woonsocket Water Department (WWD) submitted a tariff advice filing regarding fees for fire hydrants. The filing proposes to charge customers within the City of Woonsocket for the public fire protection costs which had previously been paid by the City of Woonsocket. This filing arose from the City's election to exempt itself from hydrant fees in accordance with R.I. Gen. Laws § 39-3-11.1(c).

According to the filing, the WWD will lose \$567,698 of Hydrant revenues from the City of Woonsocket. To make up for the loss of hydrant revenues, the WWD proposed to allocate the lost revenues to the ratepayers within the city of Woonsocket. The proposal is to allocate the lost revenues based on equivalent meters and include it in the customer charge.

Based on my review, I verified that the calculations to allocate the lost revenues based on equivalent meters were correct and that the WWD correctly used the Commission approved equivalency ratios from their most recent general rate case (Docket 3800) in their calculations.

In its filing, the WWD proposes to collect the new fire charge from City of Woonsocket ratepayers through an increase in the customer charge as opposed to a separate charge on customer's bills. The reasoning is that a separate charge would lead to customer confusion and numerous questions from customers. Under the WWD's proposal, the customer charge for a residential customer in the City of Woonsocket would increase from \$14.57 to \$28.15 per quarter while the customer charge for a residential customer outside the City would remain unchanged at \$14.57. The Division believes that since fire protection is a separate service that it would be more appropriate to show it as a separate line item on customer's bills which will provide transparency and full disclosure to ratepayers. In addition, this is the approach that the Commission approved in both the Pawtucket and Providence dockets related to this issue.

In conclusion, the Division believes that the WWD's method of allocating the lost fire service revenue to the ratepayers of the City of Woonsocket is reasonable and accurately calculated. However, the Division recommends that the Commission require the WWD to show the proposed fire protection fee as a separate line item on customer's bills as opposed to including it with the customer charge as proposed.