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May 31, 2013

The Hon. Angel Taveras
Mayor

Boyce Spinelli
General Manager

Mrs. Luly Massaro
Commission Clerk
RI Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Dk 4406; Division of Public Utilities & Carriers; Set 2

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Dear Mrs. Massaro:

Enclosed is an original and seven copies of Providence Water's responses to the second set of data requests from the Division.

If you have any questions you can contact me at extension 7217.

Sincerely,

Mary L. Deignan-White
Senior Manager of Regulatory

cc: service list

Member

Rhode Island Water Works Assn.
New England Water Works Assn.
American Water Works Assn.
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An EPA WaterSense Partner

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Providence Water Docket 4406

**Data Requests of the
Division of Public Utilities and Carriers
Set 2**

Div 2-1. Please provide a detailed breakdown of T&D labor costs by activity for 2012 comparable to that provided in tab "FY 2012 HM HOC HMC Alloc." of the cost of services study excel file for FY 2006.

Answer: Please see KCWA 1-15 response which is anticipated to be filed on Monday, June 3, 2013.

Providence Water Docket 4406

**Data Requests of the
Division of Public Utilities and Carriers
Set 2**

Div 2-2. Please provide the average, maximum day and maximum hour system-wide demands in each of the last three years.

Answer: Please see attached response from our Engineering department.

Engineering response to Division of PUC data request Set II:

Item DIV 2-2:

	<u>FY 2012</u>	<u>FY 2011</u>	<u>FY 2010</u>
Average Day Demand:	61.6 mgd	61.8 mgd	59.7 mgd
Maximum Day Demand:	107.4 mgd	110.2 mgd	113.4 mgd
Maximum Hour Demand:	110.4 mgd	118.1 mgd	135.2 mgd

Providence Water Docket 4406

**Data Requests of the
Division of Public Utilities and Carriers
Set 2**

DIV 2-3. Please explain how class demand factors on exhibit HJS-16 were determined and provide any supporting documentation and work papers.

Response: These were the factors employed and approved by the Commission in Docket 3832. They were maintained for this filing.

Providence Water Docket 4406

**Data Requests of the
Division of Public Utilities and Carriers
Set 2**

DIV 2-4. HJS-14 identifies allocation factors K1 and K2 as being based on original plant investment but the allocation factors are based on net plant investment. Did PWSB intend to use net plant investment?

Response: The labels in HJS-14 should read “net plant investment,” rather than “original plant investment.” Allocators K1 and K2 are based on net plant investment, as they were in Docket 3832. The labels will be revised in my rebuttal testimony.

Providence Water Docket 4406

**Data Requests of the
Division of Public Utilities and Carriers
Set 2**

DIV 2-5. In allocator K1 fire investment is reallocated to retail. Please explain the basis for this reallocation.

Response: This was the methodology employed and approved by the Commission in Docket 3832. It was maintained for this filing.

Providence Water Docket 4406

**Data Requests of the
Division of Public Utilities and Carriers
Set 2**

DIV 2-6. Please provide a calculation showing the derivation of allocation factors X1 and X2.

Response: Please see the attached "PWSB Response to DIV 2-6."

PWSB Response to DIV 2-6
Derivation of Allocation Factors X1 and X2

Derivation of Allocation Factors HO, HM, HOC, and HMC
Actual Costs for Fiscal Year ending June 30, 2006

Allocation Factor	Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
Transmission & Distribution - Salaries & Wages T&D (M)								
Check Trench	F \$ 5,336	\$ 1,888	\$ 1,246	\$ 886	\$ -	\$ -	\$ 107	\$ 1,209
Repair Trench	F \$ 624	\$ 221	\$ 146	\$ 104	\$ -	\$ -	\$ 12	\$ 141
Exercise Valve (Scheduled)	F \$ 5,754	\$ 2,036	\$ 1,344	\$ 955	\$ -	\$ -	\$ 115	\$ 1,304
Exercise Valve (Unscheduled)	F \$ 8,553	\$ 3,026	\$ 1,988	\$ 1,420	\$ -	\$ -	\$ 171	\$ 1,938
Check Condition of Valve	F \$ 7,674	\$ 2,715	\$ 1,792	\$ 1,274	\$ -	\$ -	\$ 153	\$ 1,739
Check Condition of Gate Box	F \$ 937	\$ 332	\$ 219	\$ 156	\$ -	\$ -	\$ 19	\$ 212
Check for No/Rusty Water	TD \$ 12,172	\$ 5,716	\$ 3,774	\$ 2,682	\$ -	\$ -	\$ -	\$ -
Close Stop No-Payment	C \$ 189	\$ -	\$ -	\$ -	\$ 189	\$ -	\$ -	\$ -
Close Stop Non-Use	C \$ 1,002	\$ -	\$ -	\$ -	\$ 1,002	\$ -	\$ -	\$ -
Close Stop Repair	C \$ 65,121	\$ -	\$ -	\$ -	\$ 65,121	\$ -	\$ -	\$ -
Close Stop Was Closed Non-Use	C \$ 751	\$ -	\$ -	\$ -	\$ 751	\$ -	\$ -	\$ -
Open Stop Closed Repair	C \$ 50,648	\$ -	\$ -	\$ -	\$ 50,648	\$ -	\$ -	\$ -
Open Stop Non-Payments	C \$ 5,145	\$ -	\$ -	\$ -	\$ 5,145	\$ -	\$ -	\$ -
Mark Out	F \$ 308,598	\$ 109,181	\$ 72,083	\$ 51,225	\$ -	\$ -	\$ 6,172	\$ 69,834
Open Stop (Seasonal)	C \$ 5,604	\$ -	\$ -	\$ -	\$ 5,604	\$ -	\$ -	\$ -
Close Stop (Demolition)	C \$ 143	\$ -	\$ -	\$ -	\$ 143	\$ -	\$ -	\$ -
Check Position & Condition of Stop	C \$ 10,152	\$ -	\$ -	\$ -	\$ 10,152	\$ -	\$ -	\$ -
Check Condition Curb Box	C \$ 3,490	\$ -	\$ -	\$ -	\$ 3,490	\$ -	\$ -	\$ -
Meter Maintenance	C \$ 662	\$ -	\$ -	\$ -	\$ 662	\$ -	\$ -	\$ -
Meter Work - Set Jump Pipe	C \$ 766	\$ -	\$ -	\$ -	\$ 766	\$ -	\$ -	\$ -
Check Condition of Hydrant	FP \$ 34,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,683	\$ -
Open/Close/Flush Hydrant	FP \$ 20,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,892	\$ -
Assist a Truck	X1 \$ 41,213	\$ 12,241	\$ 8,082	\$ 5,743	\$ 10,464	\$ -	\$ 1,495	\$ 3,188
Replace Covers	F \$ 7,910	\$ 2,799	\$ 1,848	\$ 1,313	\$ -	\$ -	\$ 158	\$ 1,793
Yard Work	TD \$ 172,805	\$ 81,199	\$ 53,609	\$ 38,097	\$ -	\$ -	\$ -	\$ -
Check Leak W/M/W/S/HYDT/V/L/M/TR	F \$ 51,070	\$ 18,089	\$ 11,929	\$ 8,477	\$ -	\$ -	\$ 1,021	\$ 11,574
T&D Misc.	X1 \$ 18,838	\$ 5,595	\$ 3,684	\$ 2,625	\$ 4,783	\$ -	\$ 683	\$ 1,457
Shut Down Notifications	C \$ 1,265	\$ -	\$ -	\$ -	\$ 1,265	\$ -	\$ -	\$ -
Leak Detection	F \$ 11,029	\$ 3,902	\$ 2,576	\$ 1,831	\$ -	\$ -	\$ 221	\$ 2,499
Transportation & Delivery	X1 \$ 236	\$ 70	\$ 46	\$ 33	\$ 60	\$ -	\$ 9	\$ 18
Lag Time	TD \$ 811,815	\$ 287,319	\$ 189,692	\$ 134,805	\$ -	\$ -	\$ -	\$ -
Trench Repair	F \$ 2,702	\$ 956	\$ 631	\$ 448	\$ -	\$ -	\$ 54	\$ 612
Check Trench	F \$ 3,830	\$ 1,355	\$ 895	\$ 636	\$ -	\$ -	\$ 77	\$ 868
ML Meter Leak	C \$ 63	\$ -	\$ -	\$ -	\$ 63	\$ -	\$ -	\$ -
Installed Mains/GV	F \$ 2,460	\$ 871	\$ 575	\$ 408	\$ -	\$ -	\$ 49	\$ 558
Installed Service	C \$ 189,165	\$ -	\$ -	\$ -	\$ 189,165	\$ -	\$ -	\$ -
Installed Hydrant	FP \$ 6,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,941	\$ -
Removed Service	C \$ 11,192	\$ -	\$ -	\$ -	\$ 11,192	\$ -	\$ -	\$ -
Contractor Installed Service	C \$ 298	\$ -	\$ -	\$ -	\$ 298	\$ -	\$ -	\$ -
Replacement 105's	C \$ 192,465	\$ -	\$ -	\$ -	\$ 192,465	\$ -	\$ -	\$ -
Contractor Replacement 105's	C \$ 92	\$ -	\$ -	\$ -	\$ 92	\$ -	\$ -	\$ -
Maintenance Work	F \$ 298,142	\$ 105,482	\$ 69,841	\$ 49,490	\$ -	\$ -	\$ 5,963	\$ 67,565
Operational Work	F \$ 10,018	\$ 3,544	\$ 2,340	\$ 1,663	\$ -	\$ -	\$ 200	\$ 2,270
Removal/Installation	C \$ 819	\$ -	\$ -	\$ -	\$ 819	\$ -	\$ -	\$ -
Total (used for Allocation factor HM)	\$ 2,183,356	\$ 648,515	\$ 428,158	\$ 304,272	\$ 554,335	\$ -	\$ 79,195	\$ 168,880
<i>Calculated Factor HM</i>		29.70%	19.61%	13.94%	25.39%	0.00%	3.63%	7.73%

Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
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Derivation of Allocation Factor X1

- Sum all line items for T&D Salaries and Wages
- Divide each row by total for T&D Salaries and Wages

3) Equals Allocation Factor X1

\$ 648,515	\$ 428,158	\$ 304,272	\$ 554,335	\$ -	\$ 79,195	\$ 168,880
\$ 2,183,356	\$ 2,183,356	\$ 2,183,356	\$ 2,183,356	\$ 2,183,356	\$ 2,183,356	\$ 2,183,356
29.70%	19.61%	13.94%	25.39%	0.00%	3.63%	7.73%

Transmission & Distribution - Contract Services Other T&D (O)

Unspecified	X2 \$ 119,021	\$ 40,876	\$ 26,987	\$ 19,178	\$ 4,851	\$ -	\$ 2,200	\$ 24,929
New Service Applications	C \$ 33,091	\$ -	\$ -	\$ -	\$ 33,091	\$ -	\$ -	\$ -
Uniforms	X2 \$ 34,535	\$ 11,860	\$ 7,630	\$ 5,565	\$ 1,408	\$ -	\$ 838	\$ 7,233
Equipment	X2 \$ 15,900	\$ 5,461	\$ 3,605	\$ 2,582	\$ 648	\$ -	\$ 294	\$ 3,330
Repair Leak on Service	C \$ 1,000	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ -
Road Restoration - Contractor	F \$ 663,854	\$ 234,871	\$ 155,065	\$ 110,197	\$ -	\$ -	\$ 13,277	\$ 150,443
Road Restoration - Force Work	F \$ 4,726	\$ 1,672	\$ 1,104	\$ 784	\$ -	\$ -	\$ 85	\$ 1,071
Markouts/Dig Safe	F \$ 33,913	\$ 11,998	\$ 7,921	\$ 5,829	\$ -	\$ -	\$ 678	\$ 7,885
Contractor Repair Leak Distribution Main	TD \$ 29,287	\$ 13,753	\$ 9,080	\$ 6,453	\$ -	\$ -	\$ -	\$ -
Switchboard Monitoring	X2 \$ 3,294	\$ 1,131	\$ 747	\$ 531	\$ 134	\$ -	\$ 61	\$ 890
Police Details	F \$ 70,600	\$ 24,978	\$ 16,491	\$ 11,719	\$ -	\$ -	\$ 1,412	\$ 15,999
Pages, cell phones	X2 \$ 19,133	\$ 6,571	\$ 4,338	\$ 3,083	\$ 780	\$ -	\$ 354	\$ 4,007
Total (used for Allocation factor HOC)	\$ 1,028,353	\$ 353,172	\$ 233,169	\$ 165,702	\$ 41,911	\$ -	\$ 19,009	\$ 215,389
<i>Calculated Factor HOC</i>		34.34%	22.67%	16.11%	4.08%	0.00%	1.85%	20.95%

Total	Base	Maximum Day	Maximum Hour	Meters & Services	Billing & Collection	Public Fire Protection	Wholesale
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Derivation of Allocation Factor X2

- Sum all line items for T&D Contract Svcs.
- Divide each row by total for T&D Contract Svcs.

3) Equals Allocation Factor X2

\$ 353,172	\$ 233,169	\$ 165,702	\$ 41,911	\$ -	\$ 19,009	\$ 215,389
\$ 1,028,353	\$ 1,028,353	\$ 1,028,353	\$ 1,028,353	\$ 1,028,353	\$ 1,028,353	\$ 1,028,353
34.34%	22.67%	16.11%	4.08%	0.00%	1.85%	20.95%

Providence Water Docket 4406

**Data Requests of the
Division of Public Utilities and Carriers
Set 2**

DIV 2-7. Reference HJS-11. Please explain why bad debt expense is allocated based on allocation factor D.

Response: This was the factor employed and approved by the Commission in Docket 3832. It was maintained for this filing.

Providence Water Docket 4406

**Data Requests of the
Division of Public Utilities and Carriers
Set 2**

DIV 2-8. Please explain the basis for allocating North Providence property taxes on factor F, and all other property taxes on factor A.

Answer: Providence Water researched the use of this allocation factor and we were able to determine that this basis has been used in our filings since Docket 2222, filed June 30, 1994. We determined that D2222, proposed the same allocation methodology and allocation factors approved in Docket 2048 (See page 8 of Walter Edge's testimony attached).

An excerpt of Report and Order 14096, dated December 30, 1992 is attached that discusses Allocators at issue. Please see page 82, where Providence Water is directed to use the Division's 'A' and 'F' allocators. Providence Water does not have a copy of the Division's testimony from this Docket in our files, and cannot provide any further information. However, we would not be adverse to using Allocator 'A' on this tax expense.



TESTIMONY AND DATA IN SUPPORT OF
GENERAL RATE RELIEF

DOCKET NO. 2222

PROVIDENCE WATER SUPPLY BOARD
552 ACADEMY AVENUE
PROVIDENCE, RI 02908

JUNE 30, 1994

1
2 RATE DESIGN
3

4 Q. Mr. Edge what rate design issues are appropriate for this
5 filing?

6 A. There should be no significant rate design issues relative
7 to the current rates and rate structure. PWSB is proposing the
8 same allocation methodology and allocation factors which were
9 approved by the Commission in Docket 2048.

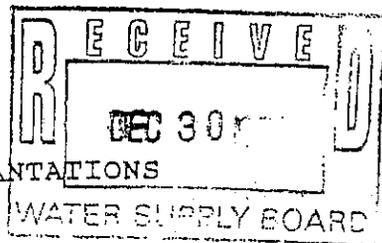
10
11 The only change from Docket 2048 is that the PWSB has identified
12 certain administrative costs which were inappropriately presented
13 in the last docket. These costs have been reclassified to the
14 proper cost centers using the NARUC Uniform System of Accounts
15 for Class A Water Utilities.

16
17 Also, PWSB requests not to implement the last step of the three
18 step phase in to uniform rates which was mentioned in Dockets
19 1900 and 2048. The PWSB believes that the adoption of a uniform
20 rate at this time would be extremely harmful to the larger users
21 of the system and the economy of PWSB's service area. See the
22 Chief Engineers testimony for the support of this position.

23
24 Q. Does that conclude your rate design testimony?

25 A. Yes.
26

RASIL



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: PROVIDENCE WATER SUPPLY BOARD :
APPLICATION TO CHANGE RATE SCHEDULES : DOCKET NO. 2048

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'Y' allocator. The 'Y' allocator is derived from O & M expenses (as is the 'Z') but is based on labor related expenses; both 'Z' and 'Y' result in very similar allocations. For the reasons stated above relating to our dissatisfaction with the 'G' allocator, we direct that the Division's 'Y' and 'Z' allocators be used for City Services.

Property Taxes--The overall allocations of the parties are not significantly different. The Division and the KCWA use allocators 'A' and 'F' for some tax allocations where the PWSB uses either its 'I' or 'B' allocator. The Divisions's and the KCWA's allocators result in less differential in blocks and a greater allocation to the wholesale class. We concur with the allocations of the Division and the KCWA in minimizing the block differential which is in accord with the rate design initiative from Docket No. 1900. Therefore, we direct that the Division's 'A' and 'F' allocators be used.

Depreciation Expense--The parties generally use the same allocators with one or two minor exceptions. We will utilize the PWSB allocators (as adjusted elsewhere in this order; i.e. for the allocation of unaccounted for water).

Net Investment-Land & Land Rights--The PWSB allocates its investment in Land & Land rights in five equal amounts to: base costs, add-on first block costs, Component A (of customer charges), Component B, and Wholesale. The KCWA uses its 'L' allocator which is based on all other T & D expenses. The Division also uses its 'L' allocator which is based on all T & D plant except services.

Providence Water Docket 4406

**Data Requests of the
Division of Public Utilities and Carriers
Set 2**

DIV 2-9. Please explain why a portion of source of supply investment was allocated on factor N.

Response: "Supply Mains" and "Other Power Production Equipment" were allocated on Factor N. They should be allocated on Factor A. This will be revised in my rebuttal testimony.