

#4417

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: Kent County Water Authority :  
Motion to Pass Through : Docket No.  
Wholesale Rate Increase :

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PUBLIC UTILITIES COMMISSION

MOTION TO PASS THROUGH WATER WHOLESALE RATE  
INCREASE/COMPLIANCE FILING

Now comes the KENT COUNTY WATER AUTHORITY (KCWA) and hereby files its Request to pass through the wholesale rate increase requested by Providence Water Supply Board (PWSB) in Docket No. 4406

KCWA makes its Motion to Pass Through a Wholesale Rate Increase pursuant to Rhode Island General Laws 39-3-38.1 which provides as follows:

§ 39-3-38.1 Rate adjustments – Purchase and sale of water between regulated water supply boards. – Regulated water supply boards which purchase wholesale water from another regulated water supply board may impose a retail rate increase provided the public utilities commission has approved the wholesale rate increase. The total amount of the retail rate so imposed shall not exceed the amount of the wholesale rate increase. The proposed retail rate increase to be applied by the wholesale purchaser shall be submitted no less than thirty (30) days prior to its effective date to the public utilities commission for its review and approval.

Attached hereto, As Exhibit A., is pre-filed testimony of Mr. Christopher P.N. Woodcock, together with exhibits in support of this Motion and the proposed rate schedules and revenue schedules, each of which is incorporated herein by reference. This Motion to Pass Through a Wholesale Rate Increase is based upon the compliance filing of the PWSB for Supplemental rate relief which would increase wholesale price of water by 32.8% from \$1,697.21 per million

gallons to \$2,253.99 per million gallons, which will result in increased purchased water expenses of \$1,477,047.00 per year. As detailed in the attached Exhibit A., the proposed pass through will result in a rate increase in KCWA's metering rates in order to meet increase annual expenses.

WHEREFORE, pursuant to § 39-3-38.1 Rate adjustments, KCWA hereby requests that the Rhode Island Public Utilities Commission grant Petitioner's Motion to Pass Through a Wholesale Rate Increase as it relates to any wholesale increase granted to PWSB in Docket No. 4406, such pass through relief to be effective the 1st day of July, 2013, as resulting from the Order of PUC Docket No. 4406.

Respectfully submitted,  
Kent County Water Authority,  
By its Attorney



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#### CERTIFICATION OF SERVICE

In accordance with Rule 1.7D of Rules of Practice and Procedure of the Public Utilities Commission, I hereby certify that on the 4th day of June, 2013, Nine (9) copies of the above Motion to Pass Through a Wholesale Rate Increase were filed with the Division.





1 studies, primarily in the United States, but also for government agencies overseas.

2 I also have worked on a number of engineering and financial feasibility studies in  
3 support of revenue bond issues, I have helped draft and review revenue bond in-  
4 dentures, and I worked on several valuation studies, capital improvement financing  
5 analyses, and management audits of public works agencies. In addition to my pro-  
6 fessional experience I have held elected and appointed positions on municipal  
7 boards overseeing public works functions.

8 **Q: Have you previously testified before state regulatory commissions or courts**  
9 **on rate related matters?**

10 A: Yes, in addition to testimony I have provided before this Commission on numerous  
11 occasions, I have provided testimony on rate related matters before utility commis-  
12 sions in New Hampshire, Maine, Massachusetts, Connecticut, New York, Maryland,  
13 Texas, and Alberta, Canada. I have been retained as an expert witness on utility  
14 rate related matters in proceedings in state courts in Arkansas, Florida, Massachu-  
15 setts, Michigan, New Jersey, Maryland, Ohio, Virginia, and Pennsylvania, as well as  
16 the Federal Court in Michigan. I have been selected to several arbitration panels  
17 related to disputes over water rates and charges; I have provided testimony on rate  
18 related matters to the Michigan and Massachusetts legislatures, and I have provid-  
19 ed testimony at administrative hearings on a number of occasions.

1 **Q: Do you belong to any professional organizations or committees?**

2 A: Yes, I am a member of the Water Environment Federation, the Rhode Island Water  
3 Works Association, the Massachusetts Water Works Association, the New England  
4 Water Works Association, and the American Water Works Association. For the Wa-  
5 ter Environment Federation, I was a member of the committee that prepared the  
6 manual on Wastewater Rates and Financing. I am past chairman and a current  
7 member of the New England Water Works Association's Financial Management  
8 Committee. In my capacity as Past President of the New England Water Works As-  
9 sociation I also sat on the Board of Directors as well as chairing and sitting on a  
10 number of other administrative committees. For the American Water Works Asso-  
11 ciation, I am past chairman of the Financial Management Committee and the Rates  
12 and Charges Committee that has prepared the manuals on Revenue Requirements,  
13 Water Rates, Alternative Rate Structures, and Water Rates and Related Charges. I  
14 have been reappointed to and am currently the longest standing member of the  
15 AWWA Rates & Charges Committee.

16

17 **Q: Are you the same Christopher Woodcock that has prefiled testimony on be-**  
18 **half of the Kent County Water Authority in other rate filings?**

19 A: Yes I am.

20

21 **Q: What is the purpose of your testimony in this docket?**

22 A: This testimony includes four schedules which present the calculation of new rates  
23 for the Authority that include the cost of the Providence Water Supply Board's  
24 (Providence Water) proposed new wholesale rates that were filed March 29, 2013

1 and amended on April 17, 2013 (Docket 4406), the impacts on various customers,  
2 and a comparison of the existing rates and the rates with the pass through increase.

3  
4 **Q: What is the impact of the increase proposed by Providence Water on the Kent  
5 County Water Authority?**

6 A: The increase in Providence Water's proposed wholesale rate from \$1,697.21/mg to  
7 the proposed \$2,253.99/mg will result in increased purchased water expenses of  
8 \$1,477,047 per year as shown on CPNW Schedule 1. Because Providence Water  
9 has not proposed to adopt the conservation rate, I have not prepared a pass  
10 through increase should that be authorized by the Commission. However, if such a  
11 rate is approved, I will amend this filing to reflect such a rate.

12  
13 **Q: What level of water purchases have you used?**

14 A: The wholesale water purchases presented in this filing are based on the Authority's  
15 net purchases (net of purchases and sales to and from Warwick) for the 12 month  
16 period July 2011 through June 2012.

17  
18 **Q: What level of retail water sales have you used in this filing?**

19 A: I have used the retail sales that were included in Docket 4142, the Authority's most  
20 recent docket before the Commission.

21  
22 **Q: How does the Kent County Water Authority propose to recover these addi-  
23 tional costs?**

24 A: The Authority proposes to increase its metered water rates by 8.68% as shown in  
25 CPNW Schedule 2.

26  
27 **Q: Does the Authority propose to adjust any other of its rates and charges?**

28 A: No, as in the past, the Authority is only proposing to increase the metered water  
29 rates for this pass through increase. In conformance with the Authority's cost of  
30 service study, nearly all of the purchased water costs are allocated to the base, me-

1       tered water rates. As a result, only the metered water rates would be impacted by  
2       the pass through.

3

4       **Q: Have you prepared a schedule which shows the reconciliation of revenues**  
5       **under your proposed pass through rates?**

6       A: Yes, the bottom portion of CPNW Schedule 2 presents the calculation of revenues  
7       under the proposed rates. Because the rates are rounded to the nearest \$0.001, the  
8       revenues do not match exactly.

9

10      **Q: Have you prepared a schedule showing the impacts on various customers?**

11      A: Yes, CPNW Schedule 3 presents the impacts at various uses and meter sizes. Be-  
12      cause no change to the fire protection or service charges is proposed, the impacts  
13      vary. Fire service accounts see no increase. Smaller volume customers will see  
14      increases less than the average because a portion of their quarterly bill is due to the  
15      service charge where there is no change proposed. As usage increases and the  
16      metered water rate portion of the bill becomes larger, the percentage impacts ap-  
17      proach the increase in the metered rates that were calculated.

18

19      **Q: Have you prepared a comparison of the current and proposed rates?**

20      A: Yes I have. CPNW Schedule 4 presents the current and proposed rates and shows  
21      the percentage change in each.

22

23      **Q: Does this conclude your testimony?**

24      A: I expect that the rates requested by Providence Water may be revised after investi-  
25      gation by the parties and the Commission. After a final wholesale rate is deter-  
26      mined by the Commission, I expect to file additional testimony presenting that im-  
27      pact on the Kent County Water Authority's rates. As we have done in the past, we  
28      are filing this pass through increase now, so the Commission and Division have an  
29      opportunity to review this proposal in advance. The Authority will need its pass  
30      through increase to coincide with that effective date of Providence Water's new

1 rates in order to be assured it has sufficient revenues to pay Providence Water for  
2 any increased cost.

3

**KCWA - Increased Purchased Water Cost**

	<u>Rate (\$/mg)</u>	<u>Purchases (mg) *</u>	<u>Cost</u>
Current PWSB Rate (/mg)	\$1,697.21	2,652.824	\$4,502,399
Proposed PWSB Rate (/mg)	\$2,253.99	2,652.824	\$5,979,446
Proposed Fixed Charge	\$0		<u>\$0</u>
Total Proposed			\$5,979,446
Increase (Percent)			32.81%
Increase (Amount)			\$1,477,047

\* Based on purchases (net of sales to/from Warwick) for July 2011 - June 2012

**KCWA - Calculation of Proposed Rates**

**CURRENT RATES**

	100 Cu Ft (Docket 4142)	Current Rates	Current Revenue
Small (5/8-2" meters)	2,962,736	\$5.225	\$15,480,296
Medium (3&4" meters)	128,324	\$4.452	571,297
Large (6" & up meters)	<u>252,345</u>	\$3.795	<u>957,648</u>
	3,343,404		\$17,009,241

Increased Annual Revenue Required	\$1,477,047
Percent Increase Required	8.68%

**PROPOSED RATES**

	Current Rates	% Increase	Proposed Rates
Small (5/8-2" meters)	\$5.225	8.68%	\$5.679
Medium (3&4" meters)	\$4.452	8.68%	\$4.839
Large (6" & up meters)	\$3.795	8.68%	\$4.125

Revenues	Proposed Rates	Consumpt. (CCF)	Revenue
Small (5/8-2" meters)	\$5.679	2,962,736	\$16,825,378
Medium (3&4" meters)	\$4.839	128,324	\$620,958
Large (6" & up meters)	\$4.125	252,345	<u>\$1,040,922</u>
			\$18,487,258

Required Revenues			
	Current	\$17,009,241	
	Increase	<u>\$1,477,047</u>	
	Total		\$18,486,289
	Difference		\$970
	Percentage		0.005%

**IMPACT OF PROPOSED RATES**

	MTR SIZE	QUARTERLY USE - CU FT	<---QUARTERLY BILL--->		\$ INCREASE	
			CURRENT RATES	PROPOSED RATES		
<b><u>Small</u></b>						
	5/8	2,000	\$114.76	\$123.84	\$9.08	7.91%
	5/8	2,500	\$140.89	\$152.24	\$11.35	8.06%
	5/8	3,500	\$193.14	\$209.03	\$15.89	8.23%
	5/8	4,000	\$219.26	\$237.42	\$18.16	8.28%
	5/8	5,000	\$271.51	\$294.21	\$22.70	8.36%
	5/8	6,000	\$323.76	\$351.00	\$27.24	8.41%
	5/8	6,666	\$358.56	\$388.82	\$30.26	8.44%
	5/8	8,000	\$428.26	\$464.58	\$36.32	8.48%
	5/8	10,000	\$532.76	\$578.16	\$45.40	8.52%
	5/8	12,000	\$637.26	\$691.74	\$54.48	8.55%
	5/8	14,000	\$741.76	\$805.32	\$63.56	8.57%
	5/8	15,000	\$794.01	\$862.11	\$68.10	8.58%
	5/8	20,000	\$1,055.26	\$1,146.06	\$90.80	8.60%
	5/8	25,000	\$1,316.51	\$1,430.01	\$113.50	8.62%
	1	30,000	\$1,581.07	\$1,717.27	\$136.20	8.61%
	1	40,000	\$2,103.57	\$2,285.17	\$181.60	8.63%
	1	46,666	\$2,451.87	\$2,663.73	\$211.86	8.64%
	1	75,000	\$3,932.32	\$4,272.82	\$340.50	8.66%
	2	100,000	\$5,250.17	\$5,704.17	\$454.00	8.65%
	2	200,000	\$10,475.17	\$11,383.17	\$908.00	8.67%
	2	300,000	\$15,700.17	\$17,062.17	\$1,362.00	8.68%
	2	400,000	\$20,925.17	\$22,741.17	\$1,816.00	8.68%
	2	600,000	\$31,375.17	\$34,099.17	\$2,724.00	8.68%
<b><u>Medium</u></b>						
	3	200,000	\$8,936.20	\$9,710.20	\$774.00	8.66%
	3	400,000	\$17,840.20	\$19,388.20	\$1,548.00	8.68%
	3	600,000	\$26,744.20	\$29,066.20	\$2,322.00	8.68%
	4	800,000	\$35,661.86	\$38,757.86	\$3,096.00	8.68%
	4	1,000,000	\$44,565.86	\$48,435.86	\$3,870.00	8.68%
	4	1,200,000	\$53,469.86	\$58,113.86	\$4,644.00	8.69%
<b><u>Large</u></b>						
	6	400,000	\$15,256.08	\$16,576.08	\$1,320.00	8.65%
	6	600,000	\$22,846.08	\$24,826.08	\$1,980.00	8.67%
	6	800,000	\$30,436.08	\$33,076.08	\$2,640.00	8.67%
	6	1,200,000	\$45,616.08	\$49,576.08	\$3,960.00	8.68%
	6	1,333,333	\$50,676.07	\$55,076.07	\$4,400.00	8.68%
	8	2,000,000	\$76,028.66	\$82,628.66	\$6,600.00	8.68%
	8	5,000,000	\$189,878.66	\$206,378.66	\$16,500.00	8.69%
	8	10,000,000	\$379,628.66	\$412,628.66	\$33,000.00	8.69%
	8	24,000,000	\$910,928.66	\$990,128.66	\$79,200.00	8.69%
Municipal Fire Service		300 hydrants	\$167,202.12	\$167,202.12	\$0.00	
Private Fire Service		8 Inch Service	\$1,251.76	\$1,251.76	\$0.00	

**COMPARISON OF CURRENT AND PROPOSED RATES**

<b><u>Metered Rates (\$/100 cu ft)</u></b>		<b><u>Current</u></b>	<b><u>Proposed</u></b>	<b><u>% Change</u></b>
	Small (5/8 - 2" meters)	\$5.225	\$5.679	8.7%
	Medium (3 & 4" meters)	\$4.452	\$4.839	8.7%
	Large (6" & up meters)	\$3.795	\$4.125	8.7%
<b><u>Service Charges</u></b>				
Quarterly	5/8 & 3/4	\$10.26	\$10.26	0.0%
	1	\$13.57	\$13.57	0.0%
	1 1/2	\$19.78	\$19.78	0.0%
	2	\$25.17	\$25.17	0.0%
	3	\$32.20	\$32.20	0.0%
	4	\$45.86	\$45.86	0.0%
	6	\$76.08	\$76.08	0.0%
	8 & up	\$128.66	\$128.66	0.0%
	Monthly	5/8 & 3/4	\$7.51	\$7.51
1		\$8.61	\$8.61	0.0%
1 1/2		\$10.67	\$10.67	0.0%
2		\$12.47	\$12.47	0.0%
3		\$14.82	\$14.82	0.0%
4		\$19.37	\$19.37	0.0%
6		\$29.44	\$29.44	0.0%
8 & up		\$46.97	\$46.97	0.0%
<b><u>Fire Service</u></b>				
Public	/hydrant/yr	\$557.32	\$557.32	0.0%
	/bill	\$6.12	\$6.12	0.0%
Private (per year)	4 in	\$222.76	\$222.76	0.0%
	6 in	\$600.36	\$600.36	0.0%
	8 in	\$1,251.76	\$1,251.76	0.0%
	10 in	\$2,231.52	\$2,231.52	0.0%
	12 in	\$3,589.40	\$3,589.40	0.0%
	hydrant	\$600.36	\$600.36	0.0%