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August 5, 2015

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

Re: Pawtucket Water Supply Board – Docket No. 4550

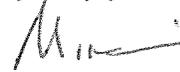
Dear Luly:

Enclosed are an original and nine copies of Cumberland's Responses to the Commission's 1st set of data requests.

An electronic version has been provided to the service list. Hard copies are being sent to you and the Attorney General.

If you have any questions, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc:tmg
cc: Service List

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: PAWTUCKET WATER SUPPLY BOARD : DOCKET No. 4550
GENERAL RATE FILING :

COMMISSION'S FIRST SET OF DATA REQUESTS
DIRECTED TO TOWN OF CUMBERLAND
(August 3, 2015)

COMM 1-1. Direct Testimony of David F. Russell, page 14, line 7. Is the correct mathematical equation shown for the large retail class' average annual change for the period FY2013 through FY2015? It does not appear to represent the sum of the previous two annual percentage levels divided by 2, as described on lines 1-2 (page 14). Please show the correct equation and the correct FY2016 sales level for the large retail class, if applicable.

RESPONSE:

Please note that Mr. Russell's testimony was corrected and filed with the Commission on July 15, 2015. The lines referred to in this request have therefore changed as follows:

- Page 14, line 7 is now page 14, line 14
- Page 14, lines 1-2 are now page 14, lines 8-9

The mathematical equation shown on that line is correct [as rounded to the one-hundredth fractional decimal point – plus 0.09 (or 9.0%) and minus 0.09 (or -9.0%)] as shown on both the original testimony and the corrected testimony. The equation for the large retail classes' sales in FY2016 is correct in both the original testimony (page 14, line 25) and the corrected testimony (page 15, line 3). One source of potential confusion may be that the level of sales for the large retail class for FY2015 listed on Table 1 (page 15) in the original testimony (190,995 HCF) was not correct. The correct level is 181,237 HCF as listed in Table 1 (page 15) of the corrected testimony.

I would also point out that by substituting actual levels of sales for the completed fiscal year 2015 (provided by PW about 2 weeks ago) into the updated estimating approach used by PW and as used in my testimony, estimated sales for the large retail class decreases to 170,269 HCF (from 181,237 HCF). However, estimated sales for each of the other 3 classes results in significantly higher estimated sales. Total estimated system sales in FY2016 increases to 3,749,049 HCF (from 3,721,795 HCF). The net impact on my recommendation relative to just the decreasing sales issue would be a reduction in total revenue requirements of \$676,636 (instead of \$518,518 as recommended in my corrected testimony – page 17, line 12). Thus,

PWSB's proposed increase of \$1,702,210 in total revenue requirements due to this issue should be reduced to \$1,025,574. Also, note that the level for wholesale sales used in calculating this larger reduction in total revenue requirements was maintained at 274,064 HCF in FY 2016 even though the actual sales to Cumberland increased to 302,733 HCF in FY2015 (nearly a 30% increase over FY2014 sales to Cumberland).

Prepared by David F. Russell

COMM 1-2. Direct Testimony of David F. Russell, page 30. If Mr. Russell is recommending no change to Pawtucket Water's proposed 3% funding of the Revenue Stabilization Account in FY2018, explain the estimated FY 2018 impacts shown on page 30, lines 18 and 26.

RESPONSE:

In PWSB's proposal the Revenue stabilization Account would increase in FY2018 to 3.0% from 1.5% or an increase of 1.5% of total revenues in FY2017. In Mr. Russell's proposal the Revenue Stabilization Account would increase in FY2018 to 3.0% from 0.75% or an increase of 2.25% of total revenues in FY2017. That is why Mr. Russell's proposal results in a larger increase for this account in FY2018 by about 0.75% (2.25% - 1.50%) times FY2017 total revenues or about \$166,000. Also, it should be noted that while on balance Mr. Russell's proposal results in the same level of funding for this account over the 3 year rate plan, it would shift some of the increase in FY2016 (where the proposed rate increase is relatively high) out to FY2018 (where the proposed rate increase is relatively small), mitigating some of the impact to ratepayers by leveling (or spreading more evenly) a portion of the total increase over the 3 year period.

Prepared by David F. Russell

**DOCKET NO. 4550 - Pawtucket Water Supply Board – Multi-Year Rate Filing
Service List updated 3/12/15**

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