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May 6, 2015

Ms. Luly Massaro, Clerk Division of Public Utilities and Carriers 89 Jefferson Boulevard Warwick, RI 02888

Re: Pawtucket Water Supply Board, General Rate Filing

Docket No. 4550

Dear Ms. Massaro:

RAYNHAM OFFICE:

90 NEW STATE HIGHWAY

RAYNHAM, MA 02109

TEL. (508) 822-2813

FAX (508) 822-2832

Enclosed please find an original and nine (9) copies of the Pawtucket Water Supply Board's Response to the Town of Cumberland's Data Requests (Set 2).

Please note that an electronic copy of this document has been provided to the service list.

Thank you for your attention to this matter.

Sincerely,

Joseph A. Keough Jr.

JAK/kf Enclosures

cc: Karen Lyons, Esquire

Set 2

Cumb. 2-1: [Ref. – Testimony Page 4, lines 2-8] What level of consumption did the

Commission approve in PWSB's last rate case (Docket 4171)? Please provide the levels of expected consumption attributed to each rate class. What were the component consumption levels by rate class recommended by the PWSB and the Division?

Response: Please see online RIPUC Docket page at

http://www.ripuc.org/eventsactions/docket/4171page.html . This reference contains the Commission's Report and Order and the compliance filing that includes the requested data.

The following presents the Test year volumes, the Rate Year as requested by Pawtucket Water, and the Rate Year as allowed by the Commission. The Rate Year was CY 2011.

METERED WATER USE (ccf/year)

<u>Class</u>	<u>Test Year</u>	<u>Filed RY</u>	<u>Rate Year</u>
Small (5/8 - 1")	2,773,813	2,564,588	2,669,201
Medium (1.5 - 2" & By pass)	640,780	601,855	621,318
Large (3" and up)	<u> 265,983</u>	223,894	244,938
Total	3,680,576	3,390,337	3,535,457
Wholesale			
Cumberland	578,899	559,457	569,178
Seekonk	<u>0</u>	<u>0</u>	<u>0</u>
Total	578,899	559,457	569,178

Set 2

Cumb. 2-2: [Ref. – Testimony Page 4, the table in the bottom half of Page 4] What

are the specific components (and amounts) that sum to the total

amount on the line listed as "Oper. Rev.?"

Response: There are three amounts for "Oper. Rev." presented.

1. The first (\$285,698) is the amount allowed by the Commission in

Docket 4171. See the Report and Order at

http://www.ripuc.org/eventsactions/docket/4171page.html.

2. The second (\$294,374) is the amount requested in this case. See

cell D150 on Costs Tab attached in the response to Div 1-1.

3. The third amount (\$8,676) is the difference between the two above.

Cumb. 2-3:

[Ref. – Testimony Page 5, lines 15-16] Wouldn't this sentence have been more appropriately stated as follows – Were it not for the drop in sales and the increase in miscellaneous revenues, PWSB would be seeking an increase of less than \$600,000? In other words while the increase in misc. revenues lowers the need to increase rate revenues by over \$300,000, total costs/expenses did increase by more than \$900,000, and not just \$600,000 that the referenced sentence suggests. If you disagree, please explain in detail your reason(s) for disagreeing.

Response:

I stand by the statement on Page 5, lines 15-16. A number of factors contribute to the request in Pawtucket Water's filing. The filing includes numerous changes in costs and revenues. The increase in miscellaneous revenues is just one of those numerous factors. The point of the referenced testimony was to present the impact on the filing of the drop in sales.

Cumb. 2-4:

[Ref. – Testimony Page 5, line 18] It appears that the percentages shown on the chart at the bottom of page 5 are the proportions of the Current (FY2016) expenses listed on the table at the bottom of page 4 to the Total Costs for that year (not "the components of the requested increase" that would correspond to the "\$ Changes" column on that same table). Do you agree? If you disagree, please explain in detail your reason(s) for disagreeing.

Response:

No. I do not agree. The percentages shown on the referenced chart are the percentages of the current or rate year costs for each listed component of the requested increase. They are not the percentage of the dollar change between the last and this docket. The percentages of the dollar amount of changes were presented on the previous page.

Cumb. 2-5: [Ref. – Testimony Page 6, lines 20-21] What was the rate increase that

inci. Testimony rage of mies 20 21] What was the rate merease the

was initially presented to the Board?

Response: Objection, this request calls for information protected by the attorney-

client privilege and materials protected from discovery by the work

product doctrine.

Prepared by: Joseph A. Keough Jr., Esquire

Cumb. 2-6: [Ref. – Testimony Page 6, lines 23-26] What would the rate year sales

(by customer class) be if they were developed using the annual change

between FY2013 and FY 2014?

Response: This calculation that can be made from the data provided in this

docket (Woodcock Sch. 2.1). It is simply a matter of calculating the percentage change between the years and applying that percentage to

the test year sales for each year to derive the rate year amounts.

Set 2

Cumb. 2-7: [Ref. – Testimony Page 6, line 27] By what amount did this

modification lower the level of increase needed? Why would PWSB not eliminate the salaries and benefits for positions that were vacant for a long time? Does PWSB intend to fill any of those positions in the

short term?

Response: We have not retained copies of the spreadsheets that were prepared

prior to the modification; they were updated throughout the process

with older version being overwritten.

The positions were not eliminated because the PWSB needs them. They were not filled because the PWSB never received the revenue projected by the PUC due to lower consumption. The PWSB intends to

fill these positions if it receives the funding and it is realized.

Prepared by: C. Woodcock, J. DeCelles

Cumb. 2-8:

[Ref. – Testimony Page 7, lines 1-4] By what amount was the debt service (DS) stabilization account lowered by in the rate year to keep debt service costs at the same level as allowed in Docket 4171? What will be the balance of the DS stabilization account after this amount is withdrawn? Of the amount remaining in the DS account after this amount is taken out, what amount would still be available that could be used for other purposes or to further lower the proposed increase? What are the total DS costs in FY2017 and FY2018 for which full recovery is being sought in those 2 years?

Response:

Please see the response to Div. 2-11, the response to Cumberland 1-29, and testimony of R. Benson, page 3.

As noted in Mr. Benson's testimony, funds from the debt service stabilization account would not only be used in FY 2016 but FY 2015 as well. To answer the question "What will be the balance of the DS stabilization account after this amount (the rate year amount) is withdrawn", one would need to deduct the rate year amount of debt service stabilization funds that are proposed to be used as discussed in Mr. Benson's testimony.

It is assumed that the third question refers to the DS stabilization account and not the DS (Debt Service) Account. The DS account is used to make the semi-annual principal and interest payments. Please see the response to Div 2-11, the response to Cumberland 1-29, and testimony of R. Benson, page 3.

Regarding the debt service costs in FY 2017 and FY 2018, please refer to Woodcock Sch. 1.1, Index Item 2.9(f) (Tab D) in the original filing, and the attachments to Mr. Benson's testimony. The requested information is presented in all three of places in the PWSB's filing.

Cumb. 2-9:

[Ref. – Testimony Page 7, lines 5-9] Is it correct to say that this modification doesn't lower the rate increase needed in the rate year because this account is allowed to be, and is funded at, the 1.5% level? If you disagree, please explain in detail your reason(s) for disagreeing.

Response:

I disagree. The Commission has generally allowed funding at 3% (half restricted and half unrestricted) since 2008 (See Kent County Water Authority Docket 3942). In this case, Pawtucket Water is not requesting the full 3% allowance until FY18, thereby reducing what would be a normal or standard request of 3% for the increases requested in FY16 and 17.

I also disagree with the presumption that this account is funded at "the 1.5% level". Due to consumption issues, the PWSB has not been able to fund this account at the 1.5% level. See the response to Cumb. 2-27.

Set 2

Cumb. 2-10: [Ref. – Testimony Page 7, lines 10-11] Is it correct to say that this modification would only reduce future expenses associated with rate filings before the Commission if a one-time increase were approved in this case, and it became necessary for PWSB to petition for another increase prior to the fall/winter of calendar 2017? If you disagree, please explain in detail your reason(s) for disagreeing. By what amount would you estimate this modification would reduce future expenses associated with rate filings before the Commission? Please provide any assumptions, analysis or calculations used to make this estimate, including a full description of the approach used.

Response:

I stand by the referenced testimony. One of the intentions of the legislation that provided for multi-year increases was to lower rate case expenses. If Pawtucket Water is granted the step increases, the cost of a compliance filing for the step increases will be significantly less than an abbreviated or full rate filing.

The question further presumes that it may not be necessary for Pawtucket Water to seek any step increase(s) prior to the conclusion of FY 2018. We believe that the increased expenses presented on Schedule 12 makes such a scenario highly unlikely.

It is impossible to quantify the savings as there are too many unknowns. See the response to Div. 3-9 for the cost of the multi-year filing in Docket 4171. See testimony of Woodcock for estimated cost of full rate filing in this instance.

Cumb. 2-11: [Ref. – Testimony Page 8, lines 5-10, and Sch. 2.0, page 1 of 2] Relative to the number of meters by meter size in going from the test year to the rate year the changes for all smaller meter sizes appears to be reasonable (1.5 inch and smaller). This is the case because the number of meters by size is related to the number of customers by meter size, and the change

in number of customers in an area such as this has been very stable, particularly in recent years. Relative to the larger meter sizes, the change projected are fairly dramatic (large). For example, for 2 inch meters you are projecting a net decrease of 30 customers (about 10%) with that size meter. Please provide the data that was used to compute the 5 year

averages.

Response: I disagree with the characterizations and statements included in the

preamble to the question. For example, the premise does not take into account customers changing meter sizes. Pawtucket Water's records support the changes from 2009 to 2014. See response attached to Div. 1-1, specifically the "Units" tab and cells N5:Q16, and response to Div. 2-3.

Cumb. 2-12: [Ref. – Testimony Page 8, lines 5-10, and Sch. 2.0, page 1 of 2] For these

larger meter sizes wouldn't it be more reasonable to assume that the rate year numbers are not likely to change significantly from the test year, unless there is knowledge of specific customers leaving or coming onto the system in the next few years? If you disagree, please explain in detail

your reason(s) for disagreeing.

Response: I stand by the referenced testimony. Cumberland is certainly free to

present evidence to the contrary. In my opinion it would be

unreasonable to assume that Pawtucket Water knows the plans for all its customers from the date of the filing (February 2015) through the rate

year (June 30, 2016).

Cumb. 2-13: [Ref. – Testimony Page 8, lines 5-10, and Sch. 2.0, page 2 of 2] Relative to the calculation of total inch-miles of pipe, please explain in detail why you didn't include an estimate of inch-feet of Service Pipes? Also, please re-compute the relative percentages of distribution pipe and transmission pipe including an estimate of inch-miles of Service Pipe assuming the average size service pipe is ¾ inch in diameter.

Response:

There was no need to include the inch-miles of service pipe. The inchmiles of pipe were used to split transmission and distribution pipe costs (see Schedule 3.3). These costs have nothing to do with service pipes (see Woodcock Sch. 1.0 – there is a separate line item for the cost of services). Cumberland can make the requested calculation if it chooses to use the calculation in its testimony.

Set 2

Cumb. 2-14: [Ref. – Testimony Page 8, lines 15-18, and Sch. 2.2, page 1 of 2] The BASE Annual Use levels in ccf/year were computed by applying the average change in use (compounded for 2 years) by rate class over the three year period from FY2012 to FY2014 times the level of use in FY2014. Did you consider using the average level of use over those 3 years as the base amount to apply the 2 years of average growth to derive the rate year levels? If you did, please explain your reason(s) in detail for not using it.

If you didn't, why not, and explain in detail why you believe this

case.

Response:

No. I did not consider doing that because I don't believe it is an appropriate method to estimate future sales. Please see my testimony on page 15, lines 8-28.

alternative method is not appropriate or why it should not be used in this

As shown in Sch. 2.1 there has been a downward trend in water use since 2008. The use of a simple average doesn't reflect such a trend and will mask the decreases that have occurred. This can best be illustrated in the following example.

Year 1	Year 2	Year 3	Year 4	Year 5	Avg	Trend
500	450	400	350	300	400	250

Using an average over the three years in this example would suggest use of 400. Clearly, the use in this example is dropping by 50 each year, and with this trend, the expected use the next year would be 250, not 400. Using incorrect methods to project sales has caused Pawtucket Water's revenue to be less than the amounts allowed by the Commission. As we have shown, it has resulted in nearly ¾ of the requested increase. Cumberland's suggested calculation would simply perpetuate this revenue shortfall.

Please also see the response to Cumb. 2-29.

Cumb. 2-15: [Ref. – Testimony Page 8, lines 15-18, and Sch. 2.2] What is the source of each of the MAXIMUM DAY Demand Factors used on Sch. 2.2. If any assumptions or calculations were used to derive each factor, provide a detailed discussion of any assumptions and the computations used to derive each factor. Provide your justification for using each demand factor and a description of other factors considered and why each was rejected. Were any of these factors derived from data and analysis specific to the PWSB system or are they applicable to other water systems or general industry estimates? Have you performed or are you aware of any study or analysis that was, or could be, used to derive demand factors based on the specific demands placed on PWSB's system? If affirmative, please provide a reference for each.

Response: These are the same values that were used and approved by the Commission in Docket 4171. No other factors were considered.

Cumb. 2-16: [Ref. – Testimony Page 8, lines 15-18, and Sch. 2.2] What is the source of each of the PEAK HOUR Demand Factors used on Sch. 2.2. If any assumptions or calculations were used to derive each factor, provide a detailed discussion of any assumptions and the computations used to derive each factor. Provide your justification for using each demand factor and a description of other factors considered and why each was rejected. Were any of these factors derived from data and analysis specific to the PWSB system or are they applicable to other water systems or general industry estimates? Have you performed or are you aware of any study or analysis that was, or could be, used to derive demand factors based on the specific demands placed on PWSB's system? If affirmative, please provide a reference for each.

Response: Please see the response to Cumb. 2-15.

Cumb. 2-17: [Ref. – Testimony Page 8, lines 15-18, and Sch. 2.2] Where on Sch. 2.2 are there "...historic production, sales and unaccounted for water for the system?" The historic sales numbers are on Sch. 2.1, but production and UAW numbers don't appear to be on either Sch. 2.2 or Sch. 2.1.

Response: Please see the response to Div 1-1. The requested values were mistakenly not printed in the filing but are in the spreadsheet that was provided to all parties. The data that was not printed is repeated below:

Unbilled Water	Unbilled Water (ccf/yr) 5 Yr Avg											
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	<u>2010-14</u>			
Plant Production Less: Retail	5,296,280	5,213,904	4,726,665	4,413,094	4,497,146	3,860,951	3,989,537	4,136,470	4,179,440			
Sales	3,884,773	3,949,963	3,611,646	3,593,567	3,779,526	3,426,499	3,373,788	3,410,888	3,516,854			
Wholesale Sales Semi-Annual	729,063	612,607	535,345	559,455	429,555	196,038	196,479	264,579	329,221			
Flush Estimated	70,194	113,493	100,936	123,462	78,587	109,780	91,937	40,080	88,769			
Fire	<u>26,481</u>	<u>26,070</u>	23,633	22,065	<u>19,056</u>	20,210	<u>19,050</u>	<u>18,100</u>	<u>19,696</u>			
Unbilled Water %	585,769	511,771	455,105	114,545	190,422	108,424	308,283	402,823	224,899			
Unaccounted	11.1%	9.8%	9.6%	2.6%	4.2%	2.8%	7.7%	9.7%	5.4%			

Cumb. 2-18:

[Ref. – Testimony Page 8, lines 20-22, and Sch. 3.0, Page 4 of 4] About 90% of IFR Capital Expenses are allocated to Base, Max. Day and Peak Hour cost components, a significant portion of which are later allocated to the wholesale class (Cumberland). What, if any, benefit does this wholesale customer receive from the IFR program? Has the transmission main (or mains) serving Cumberland been replaced or renewed and paid for with IFR funds up to this point in time or will it be over the next 5 years? Overall, what percentage of IFR funds have been used to repair/replace distribution mains versus transmission mains? What, if any, benefit do wholesale customer receive from distribution mains?

Response:

I disagree with the question's premise that "a significant portion" of the base, maximum day and peak hour costs "are later allocated to the wholesale class". In fact, only 6.7% of the base costs are allocated to the wholesale class, which accounts for more than 7% of the total sales. Only 3.5% of the maximum day and 0.1% of the peak hour costs are allocated to the wholesale class. These values (6.7%, 3.5% and 0.1%) can hardly be considered "significant".

The Commission has historically allowed for the allocation of IFR costs (and debt service costs) based on plant investment. This helps smooth out fluctuations in rates that would otherwise occur if costs were allocated based on annual expense projections. For example, if Pawtucket Water planned to spend all its IFR funds on meters in the rate year, the full cost would be assigned to the customer service charges, resulting in a massive increase for the rate year. If the next year the IFR was to all be spent on a pipe to Cumberland, it would then drop the service charges and significantly increase the charges to Cumberland. Such rate discontinuity is not desirable; accordingly, asset values are often used to smooth out these types of spikes.

Cumb. 2-19: [Ref. – Testimony Page 11, lines 1-4, and Sch. 1.1, page 1 of 2] Please provide your basis, including all assumptions, referenced indices and

analysis, for using a 3% escalation rate on all property taxes other than

Cumberland's.

Response: The 3% was used as a value that approximated the 3.08% inflation

adjustment.

Cumb. 2-20: [Ref. – Testimony Page 11, lines 6-11 and Sch. 1.1, page 1 of 2] This relates to the use of the debt stabilization account to compensate for increasing debt service costs. Please show the expected balance in the debt service stabilization account at the beginning of each fiscal year (FY2014 through FY2018) as PWSB has projected as part of the case, and at the end of each fiscal year after all additions and withdrawals have been made. Also, identify and quantify each of the annual additions and withdrawals during each of those five fiscal years.

Response: See attached. This does not include the proposed Step 2 and 3 increases.

Prepared by: R. Benson

PAWTUCKET WATER SUPPLY BOARD Restricted Debt Service Account Balances Years ended thru September 30, thru 2018

UPDATED THRU MARCH 31, 2015	FY14	FY15	FY16	FY17	FY18	
RICWFA Debt Stabilization Account						
Beginning Cash Balance	2,863,417.17	2,552,938.70	2,136,174.99	1,741,842.12	1,341,374.48	
<u>Additions</u>						
From Rates - cash transfer from revenue fund/Century Bank	52,653.80	387,204.72	393,872.11	397,959.14	397,668.43	
Investment Income	242.95	180.33				
Total Additions - Rate Revenue & Interest Income	52,896.75	387,385.05	393,872.11	397,959.14	397,668.43	
<u>Deductions</u>						
2003A Agency Fees Paid to RICWFA	12,087.50	12,087.50	12,087.50	12,087.50	12,087.50	
2003B Agency Fees Paid to RICWFA	4,784.38	4,784.38	4,784.38	4,784.38	4,784.38	
2004A Agency Fees Paid to RICWFA	146,490.02	135,712.50	124,630.02	113,220.00	101,460.00	
2005A Agency Fees Paid to RICWFA	125,280.00	118,455.00	111,415.00	104,147.50	96,640.00	
2009A Agency Fees Paid to RICWFA	20,650.81	19,767.55	18,861.26	17,930.01	16,969.95	
2011A Agency Fees Paid to RICWFA	35,252.50	33,777.52	32,277.52	30,750.00	29,192.50	
2012A Agency Fees Paid to RICWFA	8,368.65	8,960.10	8,577.42	8,187.42	7,790.11	
2013A Agency Fees Paid to RICWFA	10,461.36	32,595.49	39,940.22	38,287.15	36,615.21	
2015A Agency Fees Paid to RICWFA	-	-	11,109.55	27,466.22	27,640.00	
2016A Agency Fees Paid to RICWFA	-	-	-	12,957.46	22,809.50	
2003A&B Trustee Fees paid to Bank of NY	-	8,000.00	2,750.00	2,750.00	2,750.00	
2004A Trustee Fees paid to Bank of NY	-	5,375.00	1,375.00	1,375.00	1,375.00	
2005A Trustee Fees paid to Bank of NY	-	5,375.00	1,375.00	1,375.00	1,375.00	
2009A Trustee Fees paid to Bank of NY	-	5,250.00	2,750.00	2,750.00	2,750.00	
2011 DL Trustee Fees paid to Bank of NY	-	5,250.00	2,750.00	2,750.00	2,750.00	
2012A Trustee Fees paid to Bank of NY	-	4,250.00	2,750.00	2,750.00	2,750.00	
2013A Trustee Fees paid to Bank of NY	-	4,250.00	2,750.00	2,750.00	2,750.00	
Payments to US Bank - Admin Fees	-	6,500.00	3,250.00	3,250.00	3,250.00	
Payments to AMTEC - Arbitrage Services	-	2,400.00	2,400.00	2,400.00	2,400.00	
Legal Fees - Annual Continuing Disclosure	-	1,404.00	3,000.00	3,000.00	3,000.00	
Transfer funds to the Debt Service Account	<u> </u>	387,204.72	393,872.11	397,959.14	847,776.74	
Total Deductions	363,375.22	804,148.76	788,204.98	798,426.78	1,234,415.89	
Ending Cash Balance - Debt StabIlization	2,552,938.70	2,136,174.99	1,741,842.12	1,341,374.48	504,627.02	

Cumb. 2-23: [Ref. – Testimony Page 12, lines 15-18, and Sch. 1.1] Relative to the

increase of Operating Costs shown at the bottom of Sch. 1.1, page 1 of 2, shouldn't the line labeled "Annual Contract Rate Year" be "Annual Contract Test Year?" If the amount shown on the line labeled "Rate Year Estimate" was \$1,947,785 [\$1,851,761 x (1.0256)^2], wouldn't the

resulting "Increase over Test Year" equal \$96,024?

Response: Yes, the \$1,851,761 is the test year amount. The correct amount for the

rate year estimate is \$1,923,121. The correct increase is \$71,360. See

Mr. Benson's response to 2-47.

This will be corrected in the PWSB's rebuttal filing.

Prepared by: C. Woodcock, R. Benson

Cumb. 2-24: [Ref. – Testimony Page 12, lines 19-25 and Sch. 1.1] On Sch. 1,1, page 2 of 2 you used a rate of inflation for 2 years to escalate many test year costs to bring them to rate year levels. You based the inflation rate on GDP data published by the Bureau of Economic Analysis. Please explain in detail why you believe the GDP deflator is a better indicator of inflation for the costs to which it was applied than use of a Consumer Price Index (CPI) to determine the most appropriate inflation rate? Same question but substitute Producer Price Index (PPI) for the CPI index.

Response:

See Woodcock testimony page 12, line 24. We have agreed with the Division to use the GDP data based on prior docket recommendations and decisions of the Commission to use this basis.

Set 2

Cumb. 2-25: [Ref. – Testimony Page 12, lines 19-25, and Sch. 1.1] In escalating costs for the operations contract of the Water Treatment Plant (WTP) an inflation rate tied to the CPI is used (see Sch. RB-07). By what amount would your estimate that total expenses in each of the three rate years (FY2016 through F2018) decrease by if you used the same inflation rate (2.56%) that was used relative to the WTP operating contract for all expenses instead of the rate (3.08%) you used to escalate all such expenses? By what amount would your estimate that total expenses (including the WTP operating contract) in each of the three rate years (FY2016 through F2018) decrease by if you used an inflation rate of 1.73% (average rate for the most recent 5 years derived from the CPI index on Sch. RB-07) for all expenses instead of the rate (3.08%) you used to escalate all such expenses?

Response:

I have made the estimated calculations using the spreadsheet that was provided to the parties in response to Div. 1-1. Cumberland may make the calculations requested to verify the amounts shown below.

Using 2.56%

For the rate year: \$15,861

For Year 2 (2017): \$33,985 (note that this includes the amount from the

rate year)

For Year 3 (2018): \$35,888 (note this includes the amount from FY 2017)

Using 1.73%

For the rate year: \$62,662

For Year 2 (2017): \$88,781 (note that this includes the amount from the

rate year)

For Year 3 (2018): \$93,014 (note this includes the amount from FY 2017)

Cumb. 2-26: [Ref. – Testimony Page 12, lines 26-28 through Page 13, lines 1-3, and Sch. 1.1] Please provide the expected level of electricity usage (Kwh and KW, if applicable) expected in this case for fiscal years 2014 through 2018. Considering the increases in Power Costs from the test year to the rate year, is it correct to say that the rate year estimates assume the level of electricity usage in the rate year will be the same as in the test year? Assuming this correct, if PWSB were able to reduce their electricity usage by 5% in the rate year from the level of use in the test year then Power Costs in the rate year could be lowered by about 5% or approximately \$57,000. If you disagree, please explain in detail your reason(s) for disagreeing.

Response:

Please see Woodcock Schedule 1.1. We did not estimate Kwh or KW for this case; rather we split electric costs into their delivery and supply components. As noted on Sch. 1.1, the delivery costs were estimated to increase with inflation. Supply costs were increased based on Pawtucket Water's supply contract that became effective January 1, 2015. Implicit in this was the assumption that electricity usage (Kwh) would remain the same.

Pawtucket Water does not know the basis for Cumberland's assumption that it could reduce electricity usage by 5% in the rate year, and does not know where it would realize the savings that Cumberland has postulated.

Cumb. 2-27: [Ref. – Testimony Page 13, line 27 and Page 14, lines 1-21] Please show the expected balance in the revenue stabilization account at the beginning of each fiscal year (FY2014 through FY2018) that PWSB has projected as part of its case, and at the end of each fiscal year after all additions and withdrawals have been made. Also, identify and quantify each of the annual additions and withdrawals during each of those five fiscal years.

Response:

Please see the response to Cumberland 2-9. Pawtucket Water has never asked for more than the 1.5% operating revenue allowance. While this allowance is not restricted by the Commission, the PWSB opened a bank account for this fund and it has an approximate balance of \$600. The PWSB has not had sufficient collections because of decreased consumption to fully fund the 1.5% operating revenue allowance. Accordingly, there have been no withdrawals from this account.

Prepared by: C. Woodcock and R. Benson

Set 2

Cumb. 2-28:

[Ref. – Testimony Page 14, lines 24-27 and Page 15, lines 1-6] Assuming the Board did not propose an increase in the operating allowance of 1.5% in the final step of the multi-year increase, what impact (dollar amount and percentage) would this decision have on the increase proposed for FY2018?

Response:

Please refer to Woodcock Sch.12, page 2. The \$358,840 would be \$4,735 (1.5% of the increased costs). The percentage increase would be about 1.4%.

It is Pawtucket Water's position that not granting the additional 1.5% would be contrary to prior Commission practice. Furthermore, it should be noted that R.I.G.L. § 39-15.1-3 provides that: "A revenue stabilization account shall accumulate a maximum of ten percent (10%) of the annual operating expenses of the supplier and shall be used to supplement other revenues so that the supplier's reasonable costs are compensated. A supplier may draw upon its revenue stabilization account without further action of the commission if revenues in any fiscal year fall below the level sufficient to provide reasonable compensation for services rendered, subject to periodic review by the commission to ensure that the purposes of § 39-15.1-1 are fulfilled."

Cumb. 2-29: [Ref. – Testimony Page 15, lines 13-28, and Sch. 2.1] Please provide the same data in Sch. 2.1 for fiscal years 2012 through 2014 broken out between the first half and second half of each year, and for comparison purposes add the same information for the first 9 months of FY2015. [Note - also after FY 2015 has been completed, please provide the same data for the second half of FY2015. It is expected that this data will be available on or before the end of July, 2015.] By what amount and percentage did consumption in the first 9 months of FY2015 exceed the first 9 months of FY2014? Would you agree that from FY2013 to FY 2014 total sales actually increased by about 1%?

Response:

Please see enclosed attachment, which presents the monthly data for fiscal years 2012 – 2014 and the first part of FY 2015. Cumberland can perform the analysis it seeks using this data.

I agree that the total sales from FY 2013 to FY 2014 increased about 1%. From FY 2012 to FY 2013 they decreased about 2% and from FY 2011 to FY 2012 they decreased about 13%. These types of variations are why looking at short term averages can give misleading answers.

Prepared by: C. Woodcock and R. Benson

PWSB Monthly Consumption by Meter Size

Matan O'	De al at 4474	1-1-44	A 4.4	0	0.144	Nov. 44	D = 44	Jan. 40	F-1- 40	M 40	A 40	May 40	Jun 40	EV40
Meter Size		Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	FY12
	NSUMPTION (HC													
5/8		227,594	294,639	189,173	214,331	179,845	181,278	196,647	172,962	169,907	188,014	188,250	220,400	2,423,040
3/4		5,365	7,130	5,173	5,355	4,307	4,220	4,354	3,932	4,600	4,505	4,556	5,317	58,814
1		13,310	16,211	11,591	14,751	10,940	10,741	11,520	10,711	10,440	11,111	11,181	13,380	145,887
Small	2,669,201	246,269	317,980	205,937	234,437	195,092	196,239	212,521	187,605	184,947	203,630	203,987	239,097	2,627,741
11/2		10,510	12,740	8,560	10,470	8,400	8,350	8,840	8,020	8,020	8,950	8,440	9,710	111,010
2		43,013	56,562	36,283	42,404	35,682	39,213	36,722	34,562	35,031	43,452	36,183	41,411	480,518
Medium	621,318	53,523	69,302	44,843	52,874	44,082	47,563	45,562	42,582	43,051	52,402	44,623	51,121	591,528
3		10,128	13,640	9,764	17,485	8,500	8,458	8,039	7,906	8,350	8,671	8,937	9,966	119,844
4		4,419	7,768	4,171	5,309	3,423	3,101	2,293	2,362	1,796	2,361	3,652	2,749	43,404
6		8,428	9,820	6,867	8,952	8,336	8,536	7,564	8,689	6,003	6,403	5,595	7,937	93,130
Large	244,938	22,975	31,228	20,802	31,746	20,259	20,095	17,896	18,957	16,149	17,435	18,184	20,652	256,378
Retail	3,535,457	322,767	418,510	271,582	319,057	259,433	263,897	275,979	249,144	244,147	273,467	266,794	310,870	3,475,647
8						719	0	0	0	0	0	2,572	0	3,291
12		51,716	62,977	23,013	13,761	5,172	5,469	1,487	7,133	3,695	5,581	12,065	22,932	215,001
Whise	569,178	51,716	62,977	23,013	13,761	5,891	5,469	1,487	7,133	3,695	5,581	14,637	22,932	218,292
Totals Cumulative	4,104,635	374,483	481,487	294,595	332,818	265,324	269,366	277,466	256,277	247,842	279,048	281,431	333,802	3,693,939
YTD		374,483	855,970	1,150,565	1,483,383	1,748,707	2,018,073	2,295,539	2,551,816	2,799,658	3,078,706	3,360,137	3,693,939	
	4,104,635													
Variance														

Note: The Town of Seekonk has an emergency water connection and had 3 emergency purchases in the period of July 2011 through June 2012

This schedule is prepared based upon bill date. The meters are read on the first business day of the month which computes the prior month consumption

Meter Size	Docket 4171	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	FY13
	NSUMPTION (HC	Jui-12	Aug-12	3 c p-12	OCI-12	1404-12	Dec-12	Jan-13	1 C D-13	IVIAI-13	Api-13	Way-13	Juli-13	1113
5/8		209,652	245,011	257,582	181,193	189,971	191,780	176,675	177,902	164,190	182,234	179,705	227,746	2,383,641
3/4		5,049	5,813	6,565	4,818	4,764	4,524	4,060	4,324	3,827	4,151	4,219	5,314	57,428
1		12,360	15,500	16,870	12,670	12,160	11,570	10,670	11,400	10,490	11,200	11,260	14,110	150,260
Small	2,669,201	227,061	266,324	281,017	198,681	206,895	207,874	191,405	193,626	178,507	197,585	195,184	247,170	2,591,329
11/2		9,580	10,480	11,720	10,022	8,711	8,631	8,720	8,480	8,100	8,690	8,630	10,860	112,624
2		37,525	46,014	55,752	39,872	41,712	42,112	36,322	39,521	35,252	39,270	38,330	46,310	497,992
Medium	621,318	47,105	56,494	67,472	49,894	50,423	50,743	45,042	48,001	43,352	47,960	46,960	57,170	610,616
3		8,560	8,199	8,821	6,270	6,248	5,470	4,911	5,394	4,411	3,507	5,238	7,034	74,063
4		3,148	5,644	5,348	2,240	1,702	3,010	1,594	2,489	1,351	1,646	2,566	2,781	33,519
6		5,687	7,638	6,428	6,385	7,360	8,372	5,372	8,074	4,026	4,814	5,391	5,440	74,987
Large	244,938	17,395	21,481	20,597	14,895	15,310	16,852	11,877	15,957	9,788	9,967	13,195	15,255	182,569
Retail	3,535,457	291,561	344,299	369,086	263,470	272,628	275,469	248,324	257,584	231,647	255,512	255,339	319,595	3,384,514
8		259												
12		29,197	44,118	38,821	12,145	3,878	5,499	1,240	17,306	4,626	5,453	12,916	29,102	204,301
Whise	569,178	29,456	44,118	38,821	12,145	3,878	5,499	1,240	17,306	4,626	5,453	12,916	29,102	204,301
Totals	4,104,635	321,017	388,417	407,907	275,615	276,506	280,968	249,564	274,890	236,273	260,965	268,255	348,697	3,588,815
Cumulative YTD		321,017	709,434	1,117,341	1,392,956	1,669,462	1,950,430	2,199,994	2,474,884	2,711,157	2,972,122	3,240,377	3,589,074	
	4,104,635													
Variance														

Meter Size	Docket 4171	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
	ISUMPTION (HC												
5/8		196,715	246,205	246,886	189,365	194,159	187,073	185,748	191,607	162,915	169,310	176,831	207,481
3/4		4,589	5,590	6,099	4,719	5,128	4,574	4,347	4,823	4,070	4,301	4,321	5,047
1		12,730	15,360	16,300	13,210	13,230	11,920	11,980	12,500	10,640	11,260	11,880	13,770
Small	2,669,201	214,034	267,155	269,285	207,294	212,517	203,567	202,075	208,930	177,625	184,871	193,032	226,298
11/2		9,360	12,570	11,368	9,665	9,182	8,501	8,450	9,170	7,950	8,470	8,670	9,780
2		43,290	47,180	51,780	42,160	42,250	44,150	38,740	46,010	36,370	37,490	38,120	45,650
Medium	621,318	52,650	59,750	63,148	51,825	51,432	52,651	47,190	55,180	44,320	45,960	46,790	55,430
3		7,085	8,666	8,977	7,516	6,958	5,923	5,787	6,531	5,845	5,504	6,459	9,622
4		7,214	6,839	7,028	4,790	4,708	4,012	4,064	4,146	3,532	4,030	4,576	5,753
6		2,440	4,189	3,498	4,727	5,815	4,437	5,223	4,190	4,272	3,659	4,597	6,799
Large	244,938	16,739	19,694	19,503	17,033	17,481	14,372	15,074	14,867	13,649	13,193	15,632	22,174
Retail	3,535,457	283,423	346,599	351,936	276,152	281,430	270,590	264,339	278,977	235,594	244,024	255,454	303,902
8													
12		21,368	52,228	46,115	30,769	12,679	9,311	9,639	19,348	9,072	1,650	4,393	18,905
Whise	569,178	21,368	52,228	46,115	30,769	12,679	9,311	9,639	19,348	9,072	1,650	4,393	18,905
Totals Cumulative	4,104,635	304,791	398,827	398,051	306,921	294,109	279,901	273,978	298,325	244,666	245,674	259,847	322,807
YTD		304,791	703,618	1,101,669	1,408,590	1,702,699	1,982,600	2,256,578	2,554,903	2,799,569	3,045,243	3,305,090	3,627,897
	4,104,635												

Note: The Town

This schedule is

Variance

Meter Size		FY14
TOTAL CO	NSUMPTION (HO	•
5/8		2,354,295
3/4		57,608
1		154,780
Small	2,669,201	2,566,683
11/2		113,136
2		513,190
Medium	621,318	626,326
3		84,873
4		60,692
6		53,846
Large	244,938	199,411
Retail	3,535,457	3,392,420
8		
12		235,477
Whise	569,178	235,477
Totals Cumulative YTD	4,104,635	3,627,897
	4,104,635	
Variance		

Meter Size	Docket 4171	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
	NSUMPTION (HC	oui 14	Aug III	COP 14	300.14	NOV 14	200 14	oun 10	1 00 10	mai 10	7451.10	may 10	oun io
5/8		221,687	246,557	241,445	207,968	183,526	185,080	186,075	184,533	165,277	0	0	0
3/4		5,077	5,890	6,215	5,263	4,692	4,272	4,390	4,532	3,900	0	0	0
1		13,960	16,380	17,820	14,920	13,170	12,170	11,950	12,030	11,140	0	0	0
Small	2,669,201	240,724	268,827	265,480	228,151	201,388	201,522	202,415	201,095	180,317	0	0	0
11/2		9,830	11,192	11,496	10,344	9,472	9,030	9,110	9,640	9,240	0	0	0
2		44,020	50,950	51,890	48,430	44,360	40,890	40,730	42,130	39,710	0	0	0
Medium	621,318	53,850	62,142	63,386	58,774	53,832	49,920	49,840	51,770	48,950	0	0	0
3		7,575	9,611	8,243	8,527	7,314	6,519	5,991	6,142	4,833	0	0	0
4		5,133	7,419	7,858	5,538	4,744	4,525	4,426	3,416	3,811	0	0	0
6		5,802	4,622	4,652	4,273	916	7,420	2,869	30	50	0	0	0
Large	244,938	18,510	21,652	20,753	18,338	12,974	18,464	13,286	9,588	8,694	0	0	0
Retail	3,535,457	313,084	352,621	349,619	305,263	268,194	269,906	265,541	262,453	237,961	0	0	0
8													
12		50,464	58,106	45,961	35,401	10,495	4,810	6,209	4,915	5,555	0	0	0
Whise	569,178	50,464	58,106	45,961	35,401	10,495	4,810	6,209	4,915	5,555	0	0	0
Totals Cumulative	4,104,635	363,548	410,727	395,580	340,664	278,689	274,716	271,750	267,368	243,516	0	0	0
YTD		363,548	774,275	1,169,855	1,510,519	1,789,208	2,063,924	2,335,674	2,603,042	2,846,558	2,846,558	2,846,558	2,846,558
	4,104,635												
Variance													

	Docket 4171	FY15
TOTAL CO	NSUMPTION (HO	•
5/8		1,822,148
3/4		44,231
1		123,540
Small	2,669,201	1,989,919
11/2		89,354
2		403,110
Medium	621,318	492,464
3		64,755
4		46,870
6		30,634
Large	244,938	142,259
Retail	3,535,457	2,624,642
8		
12		221,916
Whise	569,178	221,916
Totals	4,104,635	2,846,558
Cumulative	.,,	_,0 :0,000
YTD		
	4,104,635	
Variance		

Cumb. 2-30: [Ref. – Testimony Page 15, lines 13-28, and Sch. 2.1] In addition to Osram Sylvania did any other of PWSB's large use customers go out of business, move out of the area, or have major reductions in their total consumption during the last 3 years? If affirmative, list all such customers and their annual reductions in total consumption and the approximate date their consumption stopped or dropped significantly? Is PWSB aware of any large use new customers that have come onto the system since the middle of FY2014, or that plan to become customers in the next year or two? If affirmative, list all such customers and their expected total annual consumption?

Response:

To the best of the PWSB's knowledge, Osram Sylvania is the only large retail customer to go out of business, move out of the area or have a major reduction in their total consumption during the past three years. It should be noted that the Town of Cumberland has had a major reduction in its wholesale water purchases since Docket 4171, which is documented on Sch. 2.1. The PWSB is not aware of any new large use customers that have come onto the system since the middle of FY14, nor is it aware of any large use customers that are scheduled to join the system in the next two years.

Prepared by: R. Benson

Set 2

Cumb. 2-31: [Ref. – Testimony Page 15, lines 13-28, and Sch. 2.1] Would you agree that in recent years (say from 2009 through 2013) economic conditions (employment, income, production, consumer confidence, discretionary spending, etc.) in Pawtucket, Cumberland and the state in general have trended downward over that period? If you disagree, please explain in detail your reason(s) for disagreeing. Would you also agree that there likely a strong correlation between the economy trending downward and the downward trend in PWSB's total sales? Would you also agree, that the regional economy began to trend upward in 2014/early2015 and that this trend is expected to continue for the foreseeable future by most economists? If you disagree, please explain in detail your reason(s) for

Response:

disagreeing.

The PWSB has not undertaken an analysis of whether "in recent years (say from 2009 through 2013) economic conditions (employment, income, production, consumer confidence, discretionary spending, etc.) in Pawtucket, Cumberland and the state in general have trended downward." Further, the PWSB does not know what studies or reports Cumberland relies on in the preamble to its question. Thus, at this time the PWSB does not agree or disagree with this statement.

Further, at this time, the PWSB is unable to characterize any correlation between the economy trending downward and the downward trend in PWSB's total sales as "strong."

The PWSB does not know what region Cumberland refers to when it states the regional economy began to trend upward in 2014/early 2015. The PWSB also does not know what indicators of upward trending Cumberland refers to in its request. Thus, the PWSB cannot agree or disagree that the "regional economy" began trending upward and is expected to continue for the foreseeable future. Further, the PWSB is unaware of what studies, analysis or economists Cumberland refers to when it states "this trend is expected to continue for the foreseeable future by most economists." Thus, once again, the PWSB cannot agree or disagree at this time.

Cumb. 2-32: [Ref. – Overall Testimony] Do you agree that if all three of the proposed

annual increases are allowed as proposed the compounded level of these increases at the beginning of FY 2018 (July 1,2017) will result in a total increase in rate revenues of 26.2%, and an increase in wholesale charges to Cumberland of 38.3%? If you disagree, please explain in detail your

reason(s) for disagreeing.

Response: We concur with the math.

Cumb. 2-33: [Ref. – Testimony Page 8, lines 19-22, and Sch. 3.0, page 4 of 4] Is the Revenue Stabilization Account the same as the Operating Revenue Allowance? If not, explain the differences between them and any interaction between them. Is PWSB proposing to increase one or both of them (if different) by \$294,374 from increased rate revenues in the rate year? If affirmative, explain in detail how that additional increase in revenue requirements will be used in the rate year and the two succeeding years.

Response:

Yes, the Revenue Stabilization Account is the same as the Operating Revenue Allowance. The Commission has used the terms interchangeably (See the Report and Order in Kent County Water Authority Docket 3942). However, the Commission has typically restricted 1.5% of the Allowance and the other 1.5% is unrestricted. Please see responses to Cumb 2-2, 2-9, and 2-28. The funds would be used in accordance with the Commission's Order in this Docket.

Cumb. 2-34:

[Ref. – Testimony Page 16, lines 3-5, Sch. 3.0, page 4 of 4 and Sch. 3.1] The "P" allocator includes asset values for all general benefit facilities (needed to provide service to all customers) and all specific benefit facilities (needed to provide service to only retail service customers). Shouldn't it be adjusted in some manner to insure that wholesale customers are not allocated some costs through its application that should only be allocated to retail customers? If you agree, please propose an appropriate adjustment and explain its derivation and use. If you disagree, explain your reason(s) in detail, including any compensating adjustment(s) that may already be included in your COSS.

Response: See response to Cumb. 2-18.

Cumb. 2-35: [Ref. – Testimony Page 16, lines 3-5, Sch. 3.0, page 4 of 4 and Sch. 3.4, page 1 of 2] Please provide all assumptions, calculations and rational for the derivation and use of the "P-M" allocator (which is labeled the "Meter & Service Capital" allocator). Is this the correct label for this allocator? If affirmative, why is less than 5% assigned to METERING and If negative, what should it be labeled? BILLING? What is the basis/rational for applying this allocator to the "Restrict. Bond Principal. Interest & RIC" CAPITAL EXPENSE on Sch. 3.0?

Response:

This is the allocator that was used in Docket 4171 and approved by the Commission in that docket. In Docket 3945, all meter and service costs were reallocated to the Base component. In Docket 4171 only half of those costs were reallocated. See the testimony of Division witness Thomas Catlin in Docket 4171

http://www.ripuc.org/eventsactions/docket/4171-DPU-Catlin(7-20-10).pdf

Cumb. 2-36: [Ref. – Testimony Page 16, lines 3-5, and Sch. 3.3] Please provide the

basis for and all assumptions, calculations and source line item(s) on your schedules, if any, used for the derivation of the "Retail Unacctd For (ccf/yr)" amount and the "Wholesale Unacctd For (ccf/yr)" amount

shown on this Schedule.

Response: Please see the response to Cumb. 2-17. This calculation was used to

assign unaccounted for water in Pawtucket Water Docket 3945 and was adopted by the Commission. Please see the record in that Docket for the complete basis. Please see the response to Div. 1-1 for calculations and

sources of information.

Cumb. 2-37: [Ref. – Testimony Page 15, lines 3-5, and Sch. 3.3] Please provide the basis for and all assumptions, calculations and source line item(s) on your

basis for and all assumptions, calculations and source line item(s) on your schedules, if any, used for the derivation of the three amounts under MAX DAY, "Less: Distribution Costs" shown on this Schedule. Namely, the three amounts corresponding to – "82.3% of T&D O&M," "Admin

O&M Share," and "Distribution Capital Items."

Response: Please see response to Cumb. 2-36, and the attachment to Div. 1-1,

where the calculations are presented in detail.

Cumb. 2-38: [Ref. – Testimony Page 17, lines 24-27 through Page 18, lines 1-10 and Sch. 12.0, page 1 of 2] What does the proposed step increase in FY2017 change to if the following changes are made:

- "New Debt" cost is reduced to \$750,000 (assumes the DS cost for only one of the remaining 2 IRF projects starts this year.)
- "Inflation; Non-Labor" escalation rate is reduced to 1.73%

Response: We found the instructions within the question somewhat confusing; it

was unclear if these are separate or additive. Cumberland can certainly perform this calculation using the spreadsheet provided in response to Div. 1-1. We believe the answer is 4.3%, but ask Cumberland to make its

own calculation to verify what it was requesting.

Cumb. 2-39: [Ref. – Testimony Page 17, lines 24-27 through Page 18, lines 1-10 and Sch. 12.0, page 2 of 2] What does the proposed step increase in FY2018 change to if the following changes are made:

- "New Debt" cost is increased to \$750,000 (assumes the DS cost for the other remaining IRF project starts this year.)
- "Inflation; Non-Labor" escalation rate is reduced to 1.73%
- "Rev. Stabiliz" remains @1.5%

Response:

We found the instructions somewhat confusing. For example, were we to assume the conditions in Cumb 2-38? Are these assumptions additive? Cumberland can certainly perform this calculation using the spreadsheet provided in response to Div. 1-1. We believe the answer is 4.3%, but ask Cumberland to make its own calculation to verify what it was requesting.

Cumb. 2-40: [Ref. – General question] Please provide a map/diagram showing the locations of all interconnection facilities serving the Town of Cumberland. Indicate the size of the main(s) directly supplying those interconnections and the distance of the service main from where it is connected to PWSB's transmission network and the size of the transmission main to which the service main is connected. Also show on this map/diagram the distance to PWSB's WTP.

Response:

Please see attached. The PWSB transmission and distribution system is an integrated, looped, pressure system that can provide water service from multiple points and directions. Like most water systems it is designed and operated this way so that service can be maintained under various scenarios, including line breaks, fires and emergency repairs. Accordingly, water that is delivered to the (primary) interconnection at the Marshal Ave. Pump Station can come from numerous sources, depending on conditions.

Prepared by: J. DeCelles

PAWTUCKET WATER SUPPLY BOARD ACTIVE WHOLESALE INTERCONNECTION (MARSHAL AVE. PUMP STATION) Pawtucket WATER SUPPLY BOARD TRANSMISSION AND DISTRIBUTION SYSTEM IN CUMBERLAND, RI **LEGEND** TREATMENT PLANT PUMP STATION **GROUND STORAGE TANK CHLORINE BOOSTER STATION CUMBERLAND EMERGENCY INTERCONNECTIONS** 16" Water 2" Water 4" Water 20" Water 24" Water 6" Water 36" Water 8" Water 10" Water 12" Water

Cumb. 2-41: [Ref. – Mr. Woodcock's Testimony Page 14, lines 24-27 and Page 15, lines

1-6] Assume PWSB's Board had not chosen to request an increase in the operating allowance of 1.5% in the final step of the multi-year increase. What would the resulting financial impacts be of delaying this increase by

one year? Please be specific and detailed in your answer.

Response: Please see the response to Cumb 2-28.

Cumb. 2-42: [Ref. – PWSB Response to Div. 1-6] Please reconcile the differences in the numbers on Sch.RB-DR#6 on line 1.d. Wholesale average day consumption for Fiscal years 2012 through 2014 and the numbers used by Mr. Woodcock in his COSS and as shown on his Sch. 1.1, on the line labeled "Cumberland?" Which numbers are correct? If Mr. Woodcock's are incorrect, would you agree he should change his numbers to the correct ones?

Response:

Mr. Woodcock's numbers are correct as they are based upon the consumption billed to the Town of Cumberland according to the billing dates for fiscal years FY12-FY14. Mr. Woodcock should rely on the numbers on his Sch. 2.1 (1.1 is an incorrect reference in Cumberland's request) and not change his numbers as they are the correct numbers. A corrected schedule RB-DR #1-6 is attached.

PAWTUCKET WATER SUPPY BOARD

DATA REQUEST NUMBER 6		Corrected Response		
1. For each of the last three years, please provide:		FY2012	FY2013	FY2014
a. System average day production;	MGD	7.11	7.56	8.55
b. System maximum day production;	MGD	13.48	12.34	14.72
c. System maximum hour production;	MGD	18.64	18.66	18.55
d. Wholesale average day consumption;	MGD	0.45	0.46	0.58
e. Wholesale maximum day consumption	MGD	2.21	2.22	2.62
f. Wholesale maximum hour consumption.	THE MAX H	OUR IS NOT RE ABLE	CORDED THER	EFORE IS

Cumb. 2-43: [Ref. – PWSB Response to Div. 1-7] Does PWSB provide any services to

the City of Pawtucket? Please provide a complete list of all such services (for example, snow plowing, other use of machinery and/or labor for public works projects/activities, free water service to any municipal buildings/facilities, free water for fire-fighting training or open hydrants on hot summer days, etc.). Over the last 3 years estimate what each of those services would cost if you charged the City the full cost of providing those services.

Response: No.

Cumb. 2-44: [Ref. – PWSB Response to Div. 1-9] Please provide an updated version of the data in Sch. RB-DR 1-9 and 1-10 to include the months of April, May and June as soon as possible after the completion of FY2015. How many of PWSB's retail customers are within the corporate boundaries of the Town of Cumberland? If available, provide a breakdown of this number by meter size. Also provide the annual consumption for just those retail customers in the Town of Cumberland for fiscal years 2011 through 2014, and 2015 as soon as it is available.

Response:

As stated in the responses to Div. 2-7 and Cumb. 1-40, the data for April thru June 2015 will be provided by the end of July.

The following is the total number of retail customers (accounts), number of meters by size and the retail consumption for the Town of Cumberland.

		CONSUMPTION (HCF)			
Meters by Size	Number	FY11	FY12	FY13	FY14
5/8" inch	2,720	252,392	248,907	243,919	240,020
3/4" inch	24	2,944	3,507	3,649	3,353
1" inch	28	4,310	4,190	4,660	4,510
1-1/2" inch	14	3,560	3,680	3,350	3,870
2" inch	18	24,190	19,990	20,610	17,340
4" inch	1	2,846	3,053	4,277	4,848
Total Meters	2,805	290,242	283,327	280,465	273,941
Total Accounts	2,805				

Cumb. 2-45: [Ref. – PWSB Response to Div. 1-11] Please provide the number of private fire service connections by size for only those customers that are within the corporate boundaries of the Town of Cumberland.

Response:

2" Service	8
4" Service	4
6" Service	30
8" Service	6

Set 2

[Ref. – PWSB Response to Div. 2-3] Please provide the total annual Cumb. 2-46:

consumption for fiscal years 2011 through September 2014 for your large customer – Osram Sylvania – that closed its production plant in

September 2014.

Response: FY **HCF**

FY11 38,321 FY12 40,900 FY13 36,824 FY14 40,672 FY15 (Jul – Sept) 15,773

Cumb. 2-47: [Ref. – PWSB Response to Div. 2-15] Are the numbers shown on RB-DPUC #2-15 the same as those shown on Sch. RB-07? If not, list all numbers that are not the same and the reason(s) for those differences. Should the rate year number shown at the bottom right cell (\$2,082,284) be calculated by multiplying the "Monthly Invoice Amount" by 12? If it is, why doesn't the amount equal \$1,958,842? If it is calculated in some other way, please show the details of how it should be calculated, and include any supporting documents and assumptions made.

Response:

Yes, RB-DPUC #2-15 and Sch. RB-07 are the same. The rate year is not arrived at by multiplying the monthly invoice amount by 12. The monthly invoice amount changes based upon the date the new treatment plant was placed in service (3/18/2008). There was an undetected error in the spreadsheet. The correct amount should be \$1,923,121. It is overstated by \$159,163. Here is the corrected detail to arrive at the rate year budget.

	Year 13
	FY16 Budget
	2016
Jul	159,162.24
Aug	159,162.24
Sep	159,162.24
Oct	159,162.24
Nov	159,162.24
Dec	159,162.24
Jan	159,162.24
Feb	159,162.24
subtotals- FY14 per GL as of 5/31/14	1,273,297.92
Mar	159,162.24
retroactive increase for March	950.73
Apr	163,236.81
May	163,236.81
Jun	163,236.81
GL Account 300-9550-652.30-40	1,923,121.32

Cumb. 2-48:

[Ref. – PWSB's case in chief] Assuming the proposed increases are approved by the RIPUC, most retail customers will receive rate increases of about 8% in FY2016 and FY2017, and only 3% in FY2018. While no one likes rate increases, these levels may not be unreasonable given that this utility has not increased its rates for 3 or 4 years (and assuming all proposed expenses are fully justified). However, the increases to 2 other classes of customers are very high, and could be characterized as resulting in rate shock. Wholesale customers (Cumberland) would experience a cumulative increase of nearly 40%, and Public Fire Protection customers (Cumberland and Central Falls) would experience a cumulative increase of nearly 125%. What, if any mitigation measures did PWSB at least consider in order to lessen the impact to these customers (delay a portion, phase in over more years, levelize the annual increases, etc.) If any were considered, why were none implemented? If none were considered, please explain in detail why not.

Response:

The PWSB agrees that customers generally are not in favor of rate increases, and the PWSB has done its best to limit rate increases. As referenced in the data request, the PWSB has not increased rates since 2010. Furthermore, the Commission granted a two- step increase in Docket 4171. The second step was to take effect on January 1, 2012, but the PWSB was able to forego that increase. The PWSB also took steps to mitigate the rate increase in this docket as set forth in the direct testimony in this filing. However, the PWSB believes that the proposed increase is reasonable, justified and necessary. As set forth in my direct testimony almost ¾ of the proposed increase is due a drop in consumption.

The increases to wholesale and public fire customers are supported by the Cost of Service Study. In fact, Pawtucket's cost of service has dictated that public fire should increase for many years. (Please see the PWSB's past Dockets, which are on the Commission's web site for confirmation.) However, the full cost of service was not recovered in past cases. Thus, this increase has been phased in over time.

As for the wholesale rate, Cumberland can compare the allocations provided in the response to Division 1-1 with the allocations in the

prior cost of service studies in past Dockets, which are available on the Commission's web site.

CERTIFICATION

I hereby certify that on May 6, 2015, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

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