

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION**

**IN RE: PAWTUCKET WATER SUPPLY BOARD'S  
APPLICATION TO CHANGE RATES**

**DOCKET NO. 4550**

**REPORT AND ORDER**

**I. Introduction**

On May 9, 2017, the Pawtucket Water Supply Board (Pawtucket Water) filed a Multi-Year Rate Plan Compliance Filing and Notice of Change in Rates, pursuant to R.I. Gen. Laws § 39-15.1-4.<sup>1</sup> This Compliance Filing sought to implement the third phase of a Multi-Year Rate Plan, proposed in a Revised Settlement Agreement and approved by the Public Utilities Commission (PUC) on October 1, 2015.<sup>2</sup> Pawtucket Water sought to increase its rates to derive additional revenue of \$485,574, resulting in total operating revenue of \$21,526,507. Although the 2015 Revised Settlement Agreement approved by the PUC in 2015 called for an across-the-board rate increase in step three of 3.8%, the Compliance Filing sought an increase of 2.3% on all rate classes, with an effective date of July 9, 2017. For the typical residential customer using 800 cubic feet of water per month, the rate increase was calculated at \$13.56 per year.<sup>3</sup>

**II. Direct Testimony of Pawtucket Water Supply Board**

In support of its application, Pawtucket Water presented prefiled testimony from two witnesses: Christopher P.N. Woodcock, a consultant, and Robert E. Benson, Pawtucket Water's Chief Financial Officer. Mr. Woodcock's testimony reviewed the proposed rate increase for FY

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<sup>1</sup> All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at [http://www.ripuc.org/eventsactions/docket/4550-PWSB-MutiRate2-Filing\\_4-8-16.pdf](http://www.ripuc.org/eventsactions/docket/4550-PWSB-MutiRate2-Filing_4-8-16.pdf).

<sup>2</sup> [http://www.ripuc.org/eventsactions/docket/4550-PWSB-Ord22951\\_11-10-17.pdf](http://www.ripuc.org/eventsactions/docket/4550-PWSB-Ord22951_11-10-17.pdf).

<sup>3</sup> Notice of Filing at Section C of Rate Filing; [http://www.ripuc.org/eventsactions/docket/4550-PWSB-ComplianceFiling\\_5-9-17.pdf](http://www.ripuc.org/eventsactions/docket/4550-PWSB-ComplianceFiling_5-9-17.pdf).

2018 as set forth in the approved Revised Settlement Agreement vis-à-vis the actual FY 2018 Compliance Filing. Mr. Woodcock explained that the most significant deviation between the two was the complete elimination of projected debt service funding requirements, resulting in savings of \$257,898. In addition, labor inflation was \$22,930 less than predicted. Funding of the revenue stabilization fund was \$21,448 less than anticipated and savings of \$29,883 were realized under the treatment plant contract.<sup>4</sup> Rate case expense was \$6,984 less than projected and property taxes in the amount of \$1,843 were eliminated.<sup>5</sup> These reductions resulted in a proposed rate increase of 2.3%, instead of the 3.8% originally approved for the third step. Most of Mr. Benson's testimony echoed Mr. Woodcock's, but Mr. Benson did provide updated consumption numbers that revealed a decrease in retail consumption and an increase in wholesale consumption.<sup>6</sup> He also explained that Pawtucket Water was able to achieve significant savings in debt service obligations through a debt forgiveness grant and bond refunds. Therefore, no increase in debt service was needed in FY 2018.

### **III. Division of Public Utilities and Carriers & Town of Cumberland's Responses**

The Division of Public Utilities and Carriers (Division) presented a joint memorandum, dated June 19, 2017, from its expert rate design and revenue consultants, Jerome D. Mierzwa and Lafayette K. Morgan, Jr.<sup>7</sup> The Division's consultants indicated that they had reviewed both the original and the revised filings. They concluded that the Compliance Filing, as revised, is consistent with the Settlement Agreement, except for an overstatement of rate case expense by \$13,016 and a corresponding decrease to rate stabilization amount, which they adjusted.<sup>8</sup>

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<sup>4</sup> Woodcock Test. at 3 (May 9, 2017); [http://www.ripuc.org/eventsactions/docket/4550-PWSB-ComplianceFiling\\_5-9-17.pdf](http://www.ripuc.org/eventsactions/docket/4550-PWSB-ComplianceFiling_5-9-17.pdf).

<sup>5</sup> *Id.*

<sup>6</sup> Benson Test. at 5 (May 9, 2017)

<sup>7</sup> [http://www.ripuc.org/eventsactions/docket/4550-DPU-PositionStatement\(6-19-17\).pdf](http://www.ripuc.org/eventsactions/docket/4550-DPU-PositionStatement(6-19-17).pdf).

<sup>8</sup> Division Statement at 2 (June 19, 2017).

Pawtucket Water did not object to the adjustments. On June 19, 2017, the Town of Cumberland filed a brief memo indicating that it was not opposed to the filing.<sup>9</sup>

**V. Decision**

At an Open Meeting held on July 6, 2017, the PUC reviewed the Compliance Filing, as amended, and the responses from the Division and Cumberland. The PUC found Pawtucket Water's filing for the third step of the multi-year rate plan to be in accordance with Commission Order No. 22951. Pawtucket Water was allowed an increase in its FY-2018 rates of \$472,167 and a total operating revenue of \$21,513,100 with an effective date of July 9, 2017. On July 12, 2017, Pawtucket Water filed its approved Tariffs.<sup>10</sup>

Accordingly, it is hereby

(22953) ORDERED:

1. The Compliance Filing dated May 11, 2017 is hereby approved, as amended.
2. The Revised Tariffs filed by the Pawtucket Water Supply Board on July 12, 2017 are hereby approved, for effect on July 9, 2017.
3. Pawtucket Water shall comply with all other terms and conditions in this Report and Order.

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<sup>9</sup>Cumberland Statement at 1 (June 19, 2017); [http://www.ripuc.org/eventsactions/docket/4550-Cumberland-PositionStatement\(6-19-17\).pdf](http://www.ripuc.org/eventsactions/docket/4550-Cumberland-PositionStatement(6-19-17).pdf).

<sup>10</sup> Compliance Tariffs (June 12, 2017); [http://www.ripuc.org/eventsactions/docket/4550-PWSB-ComplianceTariffs\(7-12-17\).pdf](http://www.ripuc.org/eventsactions/docket/4550-PWSB-ComplianceTariffs(7-12-17).pdf).

EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 9, 2017 PURSUANT TO AN  
OPEN MEETING HELD ON JULY 6, 2017. WRITTEN ORDER ISSUED NOVEMBER 10,  
2017.

PUBLIC UTILITIES COMMISSION

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Margaret E. Curran, Chairperson

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\*Herbert F. DeSimone, Jr., Commissioner

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Marion S. Gold, Commissioner

\*Commissioner DeSimone concurs with the decision but is unavailable for signature.

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws §39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.