

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: PROVIDENCE WATER SUPPLY :
BOARD ABBREVIATED RATE FILING : DOCKET NO. 4571

REPORT AND ORDER

I. Procedural History

On June 18, 2015, Providence Water Supply Board (Providence Water) filed with the Public Utilities Commission (PUC or Commission) an application to raise retail rates by \$2,448,000 million in order to fund a \$30 million bond issuance to support the purchase and remodel of a building to house a new central operations facility located at 125 DuPont Drive in Providence.¹ In its filing, Providence Water requested the PUC decide the issue by September 1, 2015 in order for Providence Water to have a decision prior to the expiration of its “due diligence” period under the Purchase and Sales Agreement signed on May 7, 2015. After the expiration of the due diligence period, Providence Water would lose the \$250,000 deposit it made on the property in the event the purchase were not to move forward.

On July 1, 2015, after being advised by PUC legal counsel that all parties agreed to allow Providence Water’s filing to be docketed as an abbreviated rate filing with the caveat that Providence Water would need to file for a waiver of certain filing requirements, the PUC suspended the effective date of the proposed increase in order to conduct an investigation into the

¹ Providence Water initially filed the application as a Motion to Reopen Docket No. 4406 in order to restore funding disallowed by the PUC related to capital funding for a new central operations facility. In that case, the PUC relied on testimony by then General Manager Boyce Spinelli that the cost was not known and measurable. Therefore, the PUC found that including funding in rates would be inappropriate. The PUC applied the savings to retail customers. However, on June 29, 2015, Bristol County Water Authority (BCWA) and the City of East Providence, two wholesale customers, objected to the propriety of the Motion to Reopen. Following a contentious procedural conference, all parties agreed to allow Providence Water to file additional documentation required to convert the matter to an abbreviated rate filing under PUC Rule of Practice and Procedure 2.10 with any necessary waivers. A new docket number would be assigned. Several parties to the docket expressed grave concerns with the limited time provided for review of this matter. All parties from Docket No. 4406 were granted intervenor status. On August 13, 2015, Kent County Water Authority withdrew from the instant matter.

need and reasonableness of the proposal. On July 2, 2015, PUC legal counsel issued the procedural schedule in this matter. The procedural schedule defined the following issues in this docket: (1) need and reasonableness of putting costs of the central operations facility through rates; (2) if reasonable to pass through in rates, what is the appropriate amount for (a) the purchase price and (b) cost of remodeling; and (3) reasonableness of \$300,000 over and above the amount Providence Water needs for the proposed bond issuance.

On July 13, 2015, Providence Water filed a Motion for Waiver of certain requirements under Rule 2.10, including the limitation that abbreviated rate filings cannot change the previously approved rate design. Providence Water noted that in Docket No. 4406, when the PUC modified a settlement and disallowed certain capital funding, the savings were allocated to the retail rate class. In this matter, Providence Water is requesting the same amount that was previously disallowed and maintains that it would be appropriate to allocate it to the customers who previously benefitted.² No party objected to the waiver of the Rule 2.10 requirements, but BCWA did object to the expedited schedule.³ On July 22, 2015, the PUC granted the requested waivers but did not rule on BCWA's objection.⁴

² Motion for Waiver at 2; <http://www.ripuc.org/eventsactions/docket/4571-PWSB-Motion-PUCRule2-10.pdf>.

³ As part of its requested relief, Providence Water requested expedited relief in this matter. On July 15, 2015, thirteen days following the issuance of the procedural schedule, but only four days following Providence Water's Motion for Waiver, BCWA filed an objection to the procedural schedule and to Providence Water's request for expedited relief, arguing that the constraint of an approximately 60-day review period was entirely within Providence Water's control. In its objection, BCWA stated that "Providence Water, by failing to inform the parties of the proposed transaction in a timely fashion, and delaying its filing until June 17, 2015, established a review period of approximately sixty days. This is an extraordinarily short time to review a \$30 million project." BCWA Objection at 3-4; [http://www.ripuc.org/eventsactions/docket/4571-BCWA-Objection\(7-14-15\).pdf](http://www.ripuc.org/eventsactions/docket/4571-BCWA-Objection(7-14-15).pdf).

⁴ PUC Open Meeting Minutes (Jul. 22, 2015). The PUC did not set a suspension deadline on Providence Water's filing and for this reason, it does not need to be considered at this time. While the procedural schedule reflects a completion date for hearings of August 31, 2015, the PUC is not required to make a decision on that date if it does not have sufficient information. Therefore, no ruling is needed at this time. *Id.*; <http://www.ripuc.org/eventsactions/minutes/072215.pdf>. On July 14, 2015, Providence Water filed a supplement to the abbreviated rate filing with the additional information required in order to meet the provisions of Rule 2.10 for which waivers were not sought and on July 31, 2015, Providence Water filed additional information required under R.I. Gen. Laws § 39-3-12.1; [http://www.ripuc.org/eventsactions/docket/4571-PWSB-SupplementalFiling\(7-14-15\).pdf](http://www.ripuc.org/eventsactions/docket/4571-PWSB-SupplementalFiling(7-14-15).pdf); http://www.ripuc.org/eventsactions/docket/4571-PWSB-Supplement_7-31-15.pdf.

II. Providence Water's Testimony

In support of its filing, on June 18, 2015, Providence Water submitted written testimony of Ricky Caruolo, General Manager; Thomas Massaro, Senior Manager-Finance; Harold J. Smith, its rate consultant; and Gregg Giasson, Deputy General Manager-Operations. In his testimony, Mr. Caruolo addressed need, indicating that approximately one-third of Providence Water's non-treatment plant employees are located in Cranston, with the remaining in Providence. He stated that "having engineering and financial employees physically separate from administrative management presents a daily challenge"⁵ He indicated that the current Providence location at Academy Avenue is in a residential neighborhood within one mile of several academic institutions, causing congestion which, he maintained, hinders operational efficiency and causes danger to Providence Water and its neighbors.⁶ He stated that Providence Water has outgrown its Academy Avenue facility, cannot efficiently process equipment deliveries, and is almost two miles from the nearest highway.⁷

Mr. Caruolo, noting that the Academy Avenue land and building are owned by the City of Providence and provide, at no cost to Providence Water, discussed future repairs and upgrades that would be needed at a cost to Providence Water, including roofing, heating, windows, bathroom drainage, and garage floor repairs.⁸ He also pointed to a 2008 facility assessment finding the building to be functionally obsolete.⁹ Therefore, Providence Water has been seeking a facility to house all of its operations other than the treatment plant. According to Mr. Caruolo, the property

⁵ Caruolo Test., 2; http://www.ripuc.org/eventsactions/docket/4406-ProvWater-Motion-ReOpen-Caruolo-Massaro_6-17-15.pdf.

⁶ *Id.*

⁷ *Id.* at 3.

⁸ *Id.* at 4.

⁹ *Id.*

at 125 DuPont Drive would meet all of Providence Water's needs. Providence Water would purchase and own the facility.¹⁰

Mr. Massaro indicated that the purchase price of the property is \$10,350,000 plus an estimated \$16.3 million for renovations to the property and existing building. He anticipated additional expenses of approximately \$130,000 through the remainder of the due diligence period and budgeted \$100,000 for additional office furniture. This totals \$27,000,000.¹¹ He noted that Providence Water is awaiting approval for financing from the Rhode Island Clean Water Finance Agency (CWFA) and a Certificate of Approval from the Rhode Island Department of Health. These were expected in June and July, respectively.¹² Mr. Massaro expected CWFA to issue the bonds in March 2016 and would utilize the existing capital fund plus a line of credit in order to purchase the facility by the closing date of December 29, 2015. According to Mr. Massaro, once the bonds are issued, Providence Water would not only repay the line of credit, but would also restore the amount removed from the capital fund.¹³ The estimated annual debt service cost of the \$30 million bonds is approximately \$2,075,000.¹⁴

In support of PUC approval of more than the annual revenue requirement, Mr. Massaro noted that in Docket No. 4406, the PUC had approved \$50,000 of annual funding of the capital fund. In this matter, as part of the review of funding for the central operations facility, Providence Water was seeking an additional \$375,000 in annual funding to the capital fund to fund programs outside of the infrastructure replacement program. As the basis for this request, Mr. Massaro relied on the testimony provided in Docket No. 4406 and noted that Providence Water had spent

¹⁰ *Id.* at 4-5.

¹¹ Massaro Test., 2; http://www.ripuc.org/eventsactions/docket/4406-ProvWater-Motion-ReOpen-Caruolo-Massaro_6-17-15.pdf.

¹² *Id.* at 3.

¹³ *Id.*

¹⁴ *Id.* at 4.

\$587,000 in fiscal year 2015 on the design and construction for residual handling treatment, a GIS system, new fencing and roads, and the central operations facility.¹⁵

Mr. Smith provided schedules supporting the annual revenue requirement to repay the requested \$30 million bond issuance plus additional capital funding to support the requested \$2,448,000 increase to retail rates. He explained that the requested rate increase would equate to a 3.62% revenue increase. For a typical residential customer using 100 hundred cubic feet per year, their annual charges would increase from \$382.68 to \$401.68, or 5%.¹⁶

Mr. Giasson highlighted conclusions made by Camp Dresser & McKee included in a facility assessment, specifically related to the size of the current Academy Avenue parking facilities, limited and unsafe access to the facility for deliveries, and the costs related to the necessity for upgrades to bring the building up to code.¹⁷ According to Mr. Giasson, since that report, Providence Water evaluated 29 properties, many of which did not meet Providence Water's criteria for a central operations facility. This criteria includes that the facility must be within close proximity to the center of the distribution system, have a minimum of 10 acres for one facility or 5-8 for two, have a minimum of 400 parking spaces, have a minimum of 80,000 square feet, with a desired 100,000 to 140,000 square feet, have a minimum 44,000 square foot garage, with 52,000 square feet desired. Providence Water also desired a single facility over multiple ones, natural boundaries to provide a security buffer, and an expected 100 year future life with the ability to grow the operations.¹⁸ Mr. Giasson explained that the DuPont Drive facility met all of Providence Water's criteria with a 175,000 square foot facility on 16.5 acres near the center of the distribution system. The appraisals ranged from \$9.2 million to \$15 million; and the seller and Providence

¹⁵ *Id.* at 4-5.

¹⁶ Smith Test., 3-5; http://www.ripuc.org/eventsactions/docket/4406-ProvWater-Smith_6-17-15.pdf.

¹⁷ Giasson Test., 2; [http://www.ripuc.org/eventsactions/docket/4406-ProvWater-Giasson\(6-17-15\).pdf](http://www.ripuc.org/eventsactions/docket/4406-ProvWater-Giasson(6-17-15).pdf).

¹⁸ *Id.* at 3; Exhibit GG-2.

Water finally agreed on a purchase price of \$10.35 million.¹⁹ Providence Water had received a preliminary construction estimate of \$16.3 million to turn the existing 100% office space into 70% office space and 30% garage space. He stated that the purchase price, due diligence costs, borrowing costs, and renovation costs supported a \$30 million bond issuance.²⁰

III. Discovery Disputes

On August 4, 2015, BCWA filed a Motion to Compel Further Responses to Data Requests and Strike Objections. On August 14, 2015, Providence Water filed an Objection to the Motion to Compel. Providence Water also filed a Motion for Protective Treatment of its Response to Division Data Request 3-1. In its second set of data requests directed to Providence Water, BCWA sought portions of the Executive Session Minutes of the Providence Water Supply Board for dates previously identified by Providence Water in response to BCWA Data Requests 1-11, 1-14, 1-25, and 1-26. BCWA argued that Providence Water had failed to raise any objection to the previous request for board minutes and, thus, had waived the objection.²¹ BCWA also argued that the grounds for sealing the Executive Session minutes no longer applied because the Rhode Island Open Meetings Act allows Executive Session for discussions related to “a matter related to the question of the investment of public funds where *premature* disclosure would adversely affect the public interest” and “any discussions or considerations related to the acquisition or lease of real property for public purposes...wherein *advanced* public information would be detrimental to the interest of the public.”²² BCWA maintained that since the discussions are related to properties rejected for use as a central operations facility, the exception should not still apply. Providence

¹⁹ Giasson Test., 3-4.

²⁰ *Id.* at 4.

²¹ BCWA Memorandum in Support of Motion to Compel Further Responses to Data Requests and Strike Objections, 3.

²² *Id.* at 4, citing R.I. Gen. Laws § 42-46-5(a)(5) and (7) (emphasis in original).

Water responded that the Access to Public Records Act protects properly sealed Executive Session minutes from disclosure. Providence Water also argued that the identity of the previously rejected properties should still be protected because if the PUC rejects funding for the 125 Dupont Drive location, previously rejected properties may need to be revisited.²³

On August 17, 2015, through a Memorandum from legal counsel to the parties, Presiding Commissioner DeSimone issued the following rulings:

- (1) Providence Water Supply Board's (Providence Water) request for protective treatment of the response to DIV-3-1, provided to the PUC under seal in response to is hereby approved. The Division shall be entitled to an unredacted copy. Any party with whom Providence Water executes a confidentiality agreement shall also be entitled to a copy of the unredacted response.
- (2) BCWA's Motion to Compel Further Responses to Data Requests and to Strike Objections related to BCWA 1-11, 1-14, 1-25, 1-26, 2-1, 2-2, and 2-9, specifically related to the Executive Session Minutes of August 16, 2006, February 21, 2007, August 12, 2009, and May 4, 2011 are granted, in part. Providence Water shall produce the portions of the Executive Session Minutes related solely to the location of Providence Water employees and departments and/or a central operations facility as requested in BCWA's data requests. In its objection, Providence Water has properly noted that R.I. Gen. Laws § 38-2-2(4)(J) exempts the Executive Session Minutes from the definition of public document. For that reason, the preliminary finding is that the PUC will afford the Executive Session Minutes confidential treatment.

As additional support for granting protective treatment, like Providence Water, the PUC relies on R.I. Gen. Laws § 38-2-2(4)(I) and (N). Therefore, these minutes shall be accorded protective treatment and only provided pursuant to a confidentiality agreement between Providence Water and the party with whom the confidentiality agreement has been entered. While there is concern on Providence Water's part about releasing properly sealed Executive Session Minutes to the PUC and the parties under a confidentiality agreement, simply because the documents are not considered public documents does not make them irrelevant to the proceeding before the PUC wherein the PUC has been asked to approve rates to support spending by a public body. Therefore, the information is necessary for the PUC to properly carry out its role in ensuring just and reasonable rates.

Providence Water shall produce the documents by Friday, August 21, 2015 at 4:00 p.m.²⁴

²³ Memorandum in Support of Providence Water's Objection to BCWA's Motion to Compel Further Responses to Data Requests and to Strike Objections, 3-4.

²⁴ Memorandum from Cynthia G. Wilson-Frias, Deputy Chief of Legal Services, (Aug. 17, 2015); http://www.ripuc.org/eventsactions/docket/4571-PUC-DiscoveryDisputes-Ruling_%208-17-15.pdf. The records were timely produced to the PUC, Division and BCWA, the latter pursuant to executed confidentiality agreements.

IV. City of Warwick's Position Statement

On August 19, 2015, the City of Warwick (Warwick), a wholesale customer of Providence Water, submitted a position statement providing no current objection to Providence Water's filing on the basis that the instant request does not propose to immediately affect wholesale rates.²⁵ However, Warwick expressed concern with the allocation of the future cost recovery of the debt service costs over the customer base. According to Warwick:

The underlying dilemma for Warwick and the other wholesale water purchasers is that once the [central operations facility] is built, annual debt service will increase by the estimated \$2.4 million dollars, as will operation [and] maintenance expenses for the [central operations facility]. While [Providence Water] estimates that a typical retail customer will only be subject to a \$19.00 annual payment increase – other cost escalators are in play. All said, pressure will undoubtedly mount to diversify the capital costs for the [central operations facility] on all system users. Warwick, as will other wholesale water purchasers, will be exposed to payment, and resultantly, budgetary uncertainty. . . .²⁶

V. BCWA's Testimony

On August 19, 2015, BCWA filed the testimony of Christopher P.N. Woodcock, its consultant. After reviewing some history of the central operations facility issues from Docket No. 4406 and the interim, Mr. Woodcock raised five issues: (1) Providence Water's general need for the new facility, (2) Providence Water's specific need for the Dupont Drive location, (3) the costs associated with the Dupont Drive location, (4) disposition of proceeds from the sale of the Academy Avenue building, and (5) the allocation of the requested rate relief and restoration of funds to the Capital Fund that Providence Water already expended for the central operations facility.²⁷

²⁵ City of Warwick's Position Statement, 1; <http://www.ripuc.org/eventsactions/docket/4571-Warwick-Position.pdf>.

²⁶ *Id.* at 1-2.

²⁷ Woodcock Test., 3-7; http://www.ripuc.org/eventsactions/docket/4571-BCWA-DirectTestimony_8-19-15.pdf.

Mr. Woodcock noted that when the PUC disallowed continued funding of the Capital Fund for purposes of the central operations facility, it never reached the question of whether a facility was needed. Rather, it focused on the fact that testimony at the hearing revealed that the costs were not known and measurable in the rate year.²⁸ According to Mr. Woodcock, while Providence Water can now estimate potential costs for a central operations facility, there were still questions about the need for a central operations facility and the extent of the need.²⁹ He also questioned the reliability of the Dimeo construction estimates provided by Providence Water.³⁰

Mr. Woodcock pointed out that there was no order from any regulatory body ordering Providence Water to find a new central operations facility for the purposes of providing safe and potable water.³¹ Therefore, he characterized the new central operations facility as a “want” of Providence Water and not a “need.” He suggested that, in this case, a cost benefit analysis should be conducted, specifically to determine the amount Providence Water’s ratepayers should pay compared to the benefit they will receive.³²

He referenced a 2009 Camp Dresser & McKee, Inc. (CDM) report provided by Providence Water which stated that Providence Water could utilize the existing Cranston site.³³ Acknowledging that Providence Water posited that it could save money by pursuing the site at 125 Dupont Drive compared to utilizing the Cranston property, Mr. Woodcock argued that the construction estimates are for space that far exceeded Providence Water’s needs and not tailored to the Cranston site.³⁴ Citing from an earlier CDM report that included a needs assessment, Mr. Woodcock stated that “Providence [Water] is correct that the Dimeo [e]stimates range from \$36

²⁸ *Id.* at 8. The rate year was calendar year 2014.

²⁹ *Id.* at 8.

³⁰ *Id.*

³¹ *Id.* at 9.

³² *Id.*

³³ *Id.* at 9-10.

³⁴ *Id.* at 10.

to \$40 million, but they are for a [central operations facility] far larger than Providence needs.”³⁵

Mr. Woodcock maintained that there was inadequate time within the procedural schedule to adequately evaluate the need for the facility and that a more rigorous review is necessary.³⁶

Turning from the general need for a central operations facility to the specific need for the Dupont Drive location, Mr. Woodcock emphasized his belief that the proposed location “far surpasses Providence [Water’s] needs for a [central operations facility].”³⁷ He pointed out that it is almost triple the size recommended by the CDM needs assessment and then highlighted the areas, such as office space, acreage, garage and storage space, and parking, all of which exceed the specifications in the CDM needs assessment.³⁸ He concluded that ratepayers should not be required to fund an asset that exceeds the needs of the utility.³⁹

Turning to cost, Mr. Woodcock argued that while the cost of the purchase is known, a pre-design order of magnitude budget together with the approval of the Providence City Council to issue bonds up to \$39 million does not qualify an expense for the definition of “known and measurable.” On top of that, Mr. Woodcock noted that while Providence Water is a department of the City of Providence, Providence Water was anticipating paying property taxes to the City of Providence, despite not paying property taxes on any other of its assets in Providence. He calculated this at almost \$1 million per year based on the anticipated value of the property. He recalled that then General Manager Boyce Spinelli had testified in Docket No. 4406 that the City of Providence had directed Providence Water to locate its central operations facility in Providence. He continued, “[i]nitially, this limitation would seem to make sense and potentially lead to savings.

³⁵ *Id.* at 11.

³⁶ *Id.* at 12.

³⁷ *Id.* at 13.

³⁸ *Id.* at 13-15.

³⁹ *Id.* at 15.

Providence Water is a department of the City of Providence, and municipalities do not tax their own departments. Thus, a [central operations facility] located in the City of Providence could potentially cost less in the long term if Providence Water did not have to pay taxes on a new facility.” With the new information, Mr. Woodcock questioned the motives of the City of Providence for requiring the facility to be located within the city’s borders.⁴⁰ He also noted that Providence Water Supply Board’s approved rates did not account for additional expenses such as property taxes, that those expenses had not been requested in this case, and that based on prior Commission orders, it was questionable whether the PUC would pass through such costs in a future rate case.⁴¹ He warned that payment of these taxes would reduce revenues available for other approved expenses and could thus result in underfunding the last accounts funded in the order required by the various Trust Indentures.⁴² Finally, he questioned the veracity of the estimated ongoing general maintenance and utility costs for the proposed central operations facility, noting that the information provided by the seller may not match the usage needs of Providence Water.⁴³

Discussing the Academy Avenue property, Mr. Woodcock suggested that ratepayers should receive the benefit of any sale of the property and that the benefit should be a direct reduction of cost of any central operations facility approved for rate recovery by the PUC.⁴⁴ Mr. Woodcock, relying on excerpts from various rate orders and evidence presented in prior dockets, questioned Providence Water’s position that it does not own the Academy Avenue building.⁴⁵ He argued that “[a]t a minimum, Providence Water ratepayers should be reimbursed for all the

⁴⁰ *Id.* at 16.

⁴¹ *Id.* at 17-18.

⁴² *Id.* at 18.

⁴³ *Id.*

⁴⁴ *Id.* at 19.

⁴⁵ *Id.* at 19-20.

improvements to the property since it was purchased in 1927. This issue should be resolved...before funds are approved for a new [central operations facility].”⁴⁶

VI. Division of Public Utilities and Carriers’ Memorandum

On August 20, 2015, the Division of Public Utilities and Carriers (Division) filed a memorandum from Alberico Mancini, Rate Analyst, and John Bell, Assistant to Chief Accountant. The Division summarized some history of the central operations facility, including the fact that it appeared in a 2010 Infrastructure Replacement/Capital Improvement Plan filed with the PUC.⁴⁷ Citing from the CDM needs assessment which found that “given the age, condition, logistical and safety concerns of the Academy Avenue facility, it isn’t meeting the needs of Providence Water or its customers and the long term efficient operations would be best served by relocating the Academy Avenue facility.”⁴⁸ The Division agreed that “a new facility would improve operational efficiencies and be a benefit to Providence Water and its ratepayers.”⁴⁹ The Division concluded that 125 Dupont Drive would meet all of Providence Water’s needs, being large enough, providing additional records storage and computer space, addressing safety and access challenges, providing adequate parking and space for heavy equipment and materials storage, and providing easy highway access.⁵⁰ Therefore, after reviewing other cost estimates provided for other locations, the Division determined that the \$27.9 million estimate is a reasonable cost for Providence Water’s new central operations facility.⁵¹

Noting that no funding had been requested for any potential tax payments, the Division recommended the PUC condition approval of funding for the central operations facility on

⁴⁶ *Id.* at 20.

⁴⁷ Division Mem., 1-3; http://www.ripuc.org/eventsactions/docket/4571-DPU-PositionMemo_8-20-15.pdf.

⁴⁸ *Id.* at 2, citing Camp, Dresser and McKee Facility Assessment Report – Phase 1

⁴⁹ Division Mem., 3.

⁵⁰ *Id.* at 4.

⁵¹ *Id.* at 4.

Providence Water declining to pay any taxes that might be assessed on it by the City of Providence until the issue was fully vetted in the next general rate filing.⁵² However, the Division recommended the PUC allow funding for the full \$30 million bond, including in rates \$2,448,000 despite the fact that the annual debt service is estimated to be \$2,077,000. The Division supported Providence Water's proposal to utilize the excess for "ongoing capital projects."⁵³ The Division stated that Providence Water intends to file its next rate case by the end of this year.⁵⁴

VII. Hearing

On August 24, 2015, an evidentiary hearing was held at the PUC offices to take rebuttal testimony and allow for cross-examination of the witnesses.⁵⁵ Providence Water presented Mr. Caruolo for rebuttal and cross examination. Mr. Caruolo testified to the congestion in the area of the Academy Avenue facility, the constraints with security and the parking lot, and the travel time between the Scituate Avenue facility in Cranston and the Academy Avenue facility in Providence as reasons for the need for a single facility. He stated that he has not been required to limit the

⁵² *Id.* at 5.

⁵³ *Id.* at 5-6.

⁵⁴ *Id.* at 5.

⁵⁵ On August 21, 2015, in response to an email sent from Cynthia Wilson-Frias, Deputy General Counsel, to the attorneys in this matter addressing certain administrative matters, BCWA's attorney objected to two items: a proposal to put the witnesses up as a panel and allowing the Division to put up witnesses to support the Division's Memorandum and proffer surrebuttal testimony. BCWA's attorney also sought clarification on the treatment of confidential information at the hearing. A conference call was held with the presiding commissioner during which the attorneys for Providence Water, BCWA and the Division made their arguments. Commissioner DeSimone ruled that: (1) all witnesses will be put up separately and those who provided responses to data requests may be put up for purposes related to the responses; (2) Division witnesses will be put up to authenticate the memorandum and for cross examination separately based on the memo. Each should be prepared to identify his area of contribution to the memorandum and be subject to cross examination on those areas. Commissioner DeSimone did not rule on Division witnesses providing surrebuttal; (3) No decision was made on closing the hearing as we do not yet know whether that will be necessary. Counsel will be sensitive to the confidential nature of certain exhibits and witnesses should also be cautioned to listen to the question in order not to inadvertently disclose confidential information. At the hearing, the full Commission affirmed Commissioner DeSimone's initial ruling on confidentiality as it related to Providence Water's Responses to BCWA-2-1, 2-2, and 2-9 and Providence Water's Response to Division-3-1. Tr. 8/24/15 at 47. Providence Water was represented by Michael McElroy, Esq., BCWA by Joseph Keough, Esq., The City of East Providence by Timothy Chapman, Esq., The City of Warwick by Diana Pearson, Esq., Assistant City Solicitor, the Division by Christy Hetherington, Esq., Special Assistant Attorney General, and the PUC by Cynthia G Wilson-Frias, Deputy Chief of Legal Services. Two ratepayers of Providence Water offered public comment in opposition to the rate increase.

search to Providence, but after having reviewed approximately 27 facilities, it became clear that finding an administrative building is not nearly as challenging as locating an appropriate facility for operations. The construction vehicles and other heavy equipment make location a challenge. He maintained that the 2007 Camp Dresser & McKee assessment settled the question of need for a facility.⁵⁶

Addressing the specific need of the Dupont Drive facility, Mr. Caruolo testified that it was the first property out of nearly 30 that fits all of Providence Water's needs. It is near the center of the distribution system, close to the highway, and has train tracks and other natural boundaries, assisting in security. In addition, there is room for growth on the property which will be useful if, for example, Providence Water is requested to take over the Johnston and/or East Smithfield distribution systems. Finally, he stated that the facility is the lowest cost seen for a combined facility. He thought the Scituate Avenue property four miles away in Cranston was too far from the center of the distribution system. This would be inconvenient for customers who pay their bills in person.⁵⁷

Addressing cost, Mr. Caruolo stated that Providence Water had received three appraisals and the sale price falls within the range of the appraisals. He agreed that the only appraisal higher than the negotiated sales price was from Integra, a company that used no "comps" in Rhode Island. It was Mr. Caruolo's understanding that the appraisal companies had experienced difficulty in identifying appropriate comparable properties. Mr. Caruolo believed that Integra was the most specialized in appraising buildings of this type. On cross examination, Mr. Caruolo indicated that he had not looked at surrounding properties, particularly one that was for lease. Because of the

⁵⁶ Tr. 8/24/15 at 54-58.

⁵⁷ *Id.* at 58-65. However, he thought that customers could pay their bills at Providence City Hall. *Id.* at 134.

mixed use needs of Providence Water, he did not think it would be a good investment to lease unless the facility was “turn-key” for Providence Water’s needs.⁵⁸

Conceding that technological advances has made it easier to conduct business remotely through conference calls or video conferencing, Mr. Caruolo nonetheless stated that there are times when in-person meetings are necessary. He also stated that trainings need to be conducted in person and that Providence Water currently lacks the space. Additionally, records are currently located in Cranston, with the personnel that needs the information often in Providence. He pointed to seven benefits to ratepayers of spending in excess of \$30 million for a new facility, including the cost of 125 Dupont Drive is lower than costs seen during the search over the past eight years, the interest rates are currently low, the location is central, that quicker response time because of ease of access to the facility, the potential for an onsite laboratory, the ability for redundancy in the SCADA system, and availability of better security than on Academy Avenue.⁵⁹

Speaking to the confidentiality of the negotiations, Mr. Caruolo stated that the condition was imposed by the seller of the property. He indicated that he did not believe that public negotiations of a property are necessarily in the best interest of ratepayers because it could cause a property to increase in price. He believed that Providence Water was able to negotiate a better deal because the property had not come on the market, but rather, had been identified by Hayes & Sherry when that firm was approached to sell the property. Hayes & Sherry is the broker Providence Water had used to identify properties. He conceded that if the property had been put on the market, it was possible that Providence Water may have been able to negotiate a lower price.⁶⁰

⁵⁸ *Id.* at 67, 173-76.

⁵⁹ *Id.* at 202-03.

⁶⁰ *Id.* at 60, 68-69, 132-33.

Similar to the confidentiality agreement, Mr. Caruolo testified that the September 1, 2015 deadline to complete the due diligence review was a condition of the seller. Mr. Caruolo thought that it was because there was a tenant under lease in the property. As to why Providence Water had not notified wholesale customers earlier in the process, Mr. Caruolo noted that wholesale rates would not change under the proposed funding mechanism. He stated that he had not invited the wholesale customers to a meeting with PUC and Division staff because it was a meeting to discuss procedure only and that he did not even provide information of the location of the property. He stated that he was aware that Providence Water staff had attempted to get an extension on the deadline as recently as a week prior to the hearing, but that it was not granted by the seller. He had no knowledge of the seller's plans if Providence Water exercised its right on September 1, 2015 to back out of the sale and have the \$250,000 deposit returned. However, he was concerned that it would take a long time to find another property that would fit Providence Water's needs.⁶¹

Addressing the property tax issue raised by BCWA, Mr. Caruolo indicated that Providence Water would not pay the taxes if not allowed funding by the PUC. He confirmed that the City of Providence does not currently tax, nor does Providence Water pay taxes on personal property, such as vehicles or inventory. He reiterated that Providence Water is not seeking funding in rates to pay the taxes. He had not had any conversations with the Providence Tax Assessor to determine whether taxes would be assessed. Mr. Caruolo believed that if assessed, Providence Water should pay the taxes. He noted that title would be held by Providence Water Supply Board and be paid for entirely from ratepayer funds. He posited that if later sold, the entire proceeds should be credited to Providence Water's ratepayers.⁶²

⁶¹ *Id.* at 68, 95-98, 126-29.

⁶² *Id.* at 74-76, 101-02, 107-15, 195.

Providence Water presented Mr. Smith for rebuttal and cross examination. Mr. Smith testified that the cost of purchasing the property at 125 Dupont Drive is known and measurable. On cross examination, he testified that the order of magnitude cost estimate is “as known and measurable” as any other expense when a utility engages in any other capital project.⁶³

Providence Water next presented Mr. Giasson for rebuttal and cross examination. Mr. Giasson reiterated that the Academy Avenue facility was functionally obsolete and that the Scituate Avenue facility was almost twice the age of its expected life. He reiterated many of the seven reasons provided by Mr. Caruolo in his testimony regarding the benefits to ratepayers. As for the cost justification, Mr. Giasson testified that the order of magnitude estimate is based on industry standards and in conjunction with an architectural firm. He believed the maintenance and utility costs should be lower than those provided by Bank of America. He pointed out that the cost per square foot is lower than that which Providence Water has calculated for other sites. In response to concerns that the projected costs may too low, Mr. Giasson pointed out that there will be an additional “35% estimate” and further, that the contract will be a construction and management risk contract with a guaranteed “not to exceed price.” He conceded that there is no lab or “green initiatives” included in the order of magnitude budget which are currently available to be cut in the event costs come in higher than those included in the order of magnitude budget. While the facility at 125 Dupont Drive is larger than that recommended by CDM, Mr. Giasson stated that it is not based on a wish list, but a needs list.⁶⁴

Finally, Providence Water presented Mr. Massaro for rebuttal and cross examination. After testifying that the capital improvement program over the next four years, totaling approximately \$2.2 million, were based on \$50,000 of annual funding which is insufficient for Providence

⁶³ *Id.* at 220-23.

⁶⁴ *Id.* at 226, 235-37, 247-48, 270-71, 304-05.

Water's projects, he conceded that Providence Water has \$7.5 million available for spending in the Capital Account in addition to the annual funding. He testified that with the funds in the Capital Account plus the annual funding, Providence Water does not need the extra \$325,000 over the annual debt service payments in order to do the additional capital improvement program projects. However, Mr. Massaro provided a schedule showing that even if the PUC approves the full revenue requirement requested, Providence Water's rates will still be the lowest of the regulated water utilities in Rhode Island.⁶⁵

Mr. Massaro testified that because of debt service coverage requirements over the next three years of the loan, Providence Water actually requires the full \$2.4 million in rates immediately. However, he conceded that these funds would not be deposited into the debt service reserve fund, but into the capital improvement program fund. Furthermore, on cross examination, Mr. Massaro testified that Providence Water will likely not require the extra \$325,000 to meet the coverage for the central operations facility loan. Mr. Massaro was not sure when CWFA would issue the bonds.⁶⁶

On August 28, 2015, the PUC reconvened the evidentiary hearing. BCWA presented Mr. Woodcock for surrebuttal and cross examination. Addressing the rate request and debt coverage schedules, Mr. Woodcock noted that Providence Water has projected an annual revenue requirement for the repayment of the loan of \$2,075,000, leaving \$373,000 in the rate request. Providence Water's request for \$12,000 for the revenue reserve fund is not needed to service the loan. The requested \$36,000 to deposit to the operating reserve is not needed to service the debt. Therefore, he indicated that Providence Water is requesting approximately \$325,000 in addition to loan requirements in order to fund capital improvement program projects. He noted that

⁶⁵ *Id.* at 327-28, 368-70.

⁶⁶ *Id.* at 318-19, 342-44.

Providence Water plans to spend \$2.25 million over the next four years on capital improvement program projects. Providence Water has \$7.5 million in the capital improvement program fund available to spend on projects. Therefore, according to Mr. Woodcock, Providence Water does not need the full \$2.4 million in rates to either service the debt or engage in the additional capital improvement program projects listed in Providence Water's testimony and responses to data requests. He agreed that the additional capital improvement program projects were important, but he was concerned that those items were not originally part of the docket.⁶⁷

Speaking about the Trust Indenture requirements, Mr. Woodcock stated that, like other Trust Indentures, the debt service coverage requirements, rates, and future bond tests are typical. According to Mr. Woodcock, contrary to Mr. Massaro's testimony, the \$325,000 is not needed to meet debt service requirements. He explained that the net revenues need to equal 125% of the debt service. This is all revenues plus all deposits to the debt stabilization accounts less operating expenses. He calculated that the amount of net revenues available to Providence Water is in excess of 300% of the net revenues, far in excess of the required 125%. He explained that the requirement for the future bond issuance test is to provide a projection of net revenues for the year the bonds are issued and for the successive three years. In both of those cases, Providence Water has funds available far in excess of 125%.⁶⁸

In FY 2017, approval of the rate requested in this docket would result in 3.27 times net revenues without the debt service stabilization account being factored in. Therefore, he concluded, even without the additional \$325,000, Providence Water would meet the terms of the debt service coverage requirements. According to Mr. Woodcock, Providence Water does not need the full revenues requested in this case. He agreed that while Providence Water's requirements vary based

⁶⁷ Tr. 8/28/15 at 8-10, 97.

⁶⁸ *Id.* at 14-16

on year, the only payment due in the Rate Year is the March interest period. He noted that the first principal payment is due on September 1, 2016, one day following the rate year. Therefore, recognizing that the funds need to be available to meet the September 1, 2016 principal payment, Mr. Woodcock reviewed FY 2017 needs, noting that \$1,883,449 is the total revenues needed to service those two debt payments over the two fiscal years. Adding in the reserves, Mr. Woodcock stated that Providence Water requires only \$1,921,118 in additional rate revenues related to the cost of the central operations facility. Agreeing that the revenue requirement for debt service does grow in FY 2018 to \$1,966,514, he noted that the Trust Indenture requires a stabilization fund in which all additional funding approved by the PUC be deposited. He maintained that if the full request is granted, there will still be over \$1.2 million in the debt stabilization fund to cover the difference between rate revenues and the FY 2018 payment absent a subsequent rate case.⁶⁹

Turning to the ownership of the Academy Avenue facility, the purchase price for the property in the 1950s, as provided in Docket No. 3163, was \$114,000. Since the date of the purchase price, it has been reconstructed to fit Providence Water's needs using ratepayer funds. The question in Docket No. 3163 was focused on the source of payments for the Academy Avenue facility. According to Mr. Woodcock, because the case settled, the PUC has never made a finding as to ownership of the facility. He noted that Providence Water pays the insurance on not only the contents of the Academy Avenue facility, but on the building itself. In Docket No. 4406, Providence Water's asset listing included the "Building and Improvements Academy Ave." In 2010, the City of Providence sold the Academy Avenue facility to the Providence Public Building Authority. There was a question about the disposition of any future proceeds where the Trust Indenture appears to require all proceeds of system assets to be deposited into Providence Water

⁶⁹ *Id.* at 16, 21-23, 98-106.

revenues. Conceding that the land evidence records do not support Providence Water as title holder of the deed to Academy Avenue, Mr. Woodcock stated that while Providence Water may not be the owner of Academy Avenue, in reality, it appears ratepayers have paid for the facility and, as such, should get the proceeds of the facility. Furthermore, Mr. Woodcock questioned whether under the Trust Indenture, the definition of City encompassed the Providence Water Supply Board and the definition of system included all items that are used or necessary for the supply of water, whether purchased by Providence Water or on its behalf by the City. Mr. Woodcock agreed that, while important, Providence Water had not raised the issue of any disposition of funds related to the Academy Avenue facility in this case. In fact, he recognized that Providence Water was planning to remain at Academy Avenue until sometime in 2017.⁷⁰

With respect to need, on cross examination, Mr. Woodcock conceded that in Docket No. 4406, Ms. Marchand testified on behalf of BCWA that Providence Water is in need of a new central operations facility. He stated that he did not disagree. Addressing cost, he did not doubt Mr. Caruolo's word that he would not go over \$30 million, but was concerned with the lack of a laboratory contained in the Dimeo report. He was also concerned with the potential cost cutting related to energy efficiency where Mr. Giasson testified that the Dimeo report did not contain estimates for the energy efficiency measures. Mr. Woodcock testified that there was a lack of detail to support the ability to stay within the \$30 million budget.⁷¹

Agreeing that the rate request in this docket would not affect wholesale rates, Mr. Woodcock expressed concern about the rate impact in future rate cases. The witnesses agreed that an allocation of the central operations facility to various rate classes would be based on function. He reviewed what he thought the impact would be on wholesale customers as a group, but not on

⁷⁰ *Id.* at 28-41, 106-14, 149-51.

⁷¹ *Id.* at 73-76.

BCWA. He determined that the capital allocation on wholesale customers would be in the range of 15 to 25% of the costs of the debt service under the method agreed to in Docket No. 4406. However, he did not perform a full calculation because of the lack of information on increased operating expenses, including potential property taxes. On cross examination, he agreed that the impact of the capital costs would be approximately \$350,000 on wholesale customers and would likely raise BCWA's rates to its customers by less than 1%. Mr. Woodcock stated that BCWA did not oppose a central operations facility, but expressed concern with the size of the building in that it is double the size of that which was identified by CDM. The concern, he explained, is with the lack of due diligence contemplated by the parties in Docket No. 4406. He questioned whether Dupont Drive is too big, too costly, or being subject to a review that is too fast.⁷²

The Division presented Mr. Bell and Mr. Mancini for surrebuttal and cross examination. Both witnesses had reviewed the prefiled document and agree with its conclusions. Mr. Bell expanded on the analysis of the need for the facility based on the Division's experience with Providence Water. He stated that the purchase of the Scituate Avenue facility extended the life of the Academy Avenue facility, by providing more room for staff. He indicated that the Division was aware since the construction of the Scituate Avenue facility that there would be a need for a new facility.⁷³

Mr. Mancini testified that the search for a piece of property has been ongoing since 2008 and Providence Water has provided information to the Division on each of the facilities it has considered. Mr. Mancini stated that Providence Water has had difficulties finding an appropriate facility. Mr. Mancini testified that he was initially very concerned with the size of the chosen facility, but after reviewing the record and additional information provided by Providence Water,

⁷² *Id.* at 78-81, 87, 133-34.

⁷³ *Id.* at 177-78.

his concerns were satisfied based on cost. He characterized the Dupont Drive facility as a shell in which Providence Water will develop based on its needs. Referencing the tax assessor records, Mr. Mancini noted that 34% of the value of the property was land, so he did not think the price per square foot of the facility was overstated. According to Mr. Mancini, the Dupont Drive facility will meet Providence Water's needs at a reasonable cost. He further believed that the Dimeo estimate was reasonable. He did note that there were items missing, like the lab. He explained that the order of magnitude estimate was a quick cost estimate which needs to be better understood. He thought it might be on the conservative side. Mr. Mancini testified that the Dupont Drive location presents the cheapest option available to Providence Water based on several different analyses he performed. Reviewing the cost estimates based on square footage, Mr. Mancini opined that the CDM cost estimates were for a generic building in Providence while the Dimeo estimate was for the specific building. Additionally, looking at the type of work that needs to be completed, Mr. Mancini opined that the remodeling may come in at a lower cost.⁷⁴

Mr. Mancini testified that the Dupont Drive facility is centrally located and in a location he believed was ideal for Providence Water. He was not aware of any specific instances where Providence Water response times were delayed due to the location of the Providence Water facilities, but was aware of the congestion issues surrounding the Academy Avenue site.⁷⁵

Mr. Bell testified that the rate impact is reasonable. He did not object to the additional \$325,000 because there would be an upcoming rate case to review the funds. Allowing the funds in rates will provide additional funds to be used toward projects if Providence Water needs to, even absent a concrete spending plan in place. Mr. Bell stated that once Providence Water closes on

⁷⁴ *Id.* at 178-85.

⁷⁵ *Id.* at 189-90, 207-10. Though not having studied the traffic patterns of Route 10 in the morning, Mr. Mancini noted that there are ways around the traffic. *Id.* 216-19.

the property, the Capital Account will be zeroed out. He later clarified that Providence Water will have \$7.5 million available in its Capital Account once it received the proceeds from the bond issuance. Mr. Bell conceded that there was no filed spending plan in this docket to support the additional funding in the Capital Fund. However, he still supported the additional funding level because there would be a need in the future for additional capital projects. Mr. Bell had not done any analysis of the funds available to Providence Water to service its debt in the current debt service stabilization account. Mr. Bell estimated that allowing funding in rates for the additional capital improvement program projects would add approximately \$2 annually to a typical residential bill.⁷⁶

Mr. Mancini testified that if the sale does not go through, Providence Water will incur repairs to the current facility while continuing to look for a new one; it will miss out on currently, low interest rates; it might face a situation in the future where CWFA bonds are not available; and it will face increased construction costs. All of this, he believed, would be detrimental to ratepayer interests. Noting that additional time would allow for a more in-depth review, he was nonetheless comfortable that the Division has had enough time to review the project.⁷⁷ Mr. Bell echoed those sentiments, maintaining that the review has been more in depth than some other capital projects. He did not think a review over a full nine months would change the Division's opinion. He stated that the Division looked at cost and size and was comfortable that this was a reasonable expense.⁷⁸

VIII. Commission Findings

On August 28, 2015, after considering the evidence presented in this docket, the PUC was unanimous in finding that Providence Water had established need for the new facility. The PUC

⁷⁶ *Id.* at 185-88, 228-31, 235-39, 257-58.

⁷⁷ *Id.* at 190-93.

⁷⁸ *Id.* at 193-95.

also unanimously found that the property at 125 Dupont Drive in Providence, Rhode Island meets that need and is appropriate for ratepayer funding. Finding that Providence Water had not supported need for the \$2.448 million request, the Commission limited Providence Water to \$2,077,000 in additional rate revenue plus 2.0% to fund the operating reserve under the terms of the Second Revised Settlement approved in Docket No. 4406. Finally, noting that Providence Water had committed to not spending more than \$30 million on the facility and to allow the Commission to track the costs and timeframes, Providence Water shall file a report within thirty days of reaching each milestone listed in its response to PUC-1-5 and any other milestones identified, including any within a construction contract. Copies shall be provided to all parties to this docket.

The need for a new facility was uncontroverted in the Record. The question was whether 125 Dupont Drive met that need at a cost that was reasonable to be funded in rates. Providence Water's preference is to have a single facility for reasons supported by the Record. The location of the property is in the center of the distribution system and has excellent access to Route 10. It is a large facility and probably larger than Providence Water envisioned or than Camp Dresser & McKee indicated was necessary. However, the larger facility supports opportunities for growth, such as the possibility of taking over the East Smithfield and Johnston systems. It is appropriate for this type of investment to be made with a 100 year vision which supports growth. Given the fact that the Providence Water Supply Board authorized \$39 million in 2010 and this facility is projected to cost \$30 million, on balance, it is the right facility. The PUC shares Providence Water and the Division's concerns that if the deal does not go forward, it likely will cost ratepayers more in the future for Providence Water to purchase an appropriate central operations facility.

The revenue increase supported by the testimony in the record is \$2,077,000 to service the loan. Providence Water requested \$2,448,000, but within that request was operating reserve funds and roughly \$325,000 for the capital fund. Providence Water currently has approximately \$7.5 million in the capital fund, which is being funded in the amount of \$50,000 annually. The most concrete plan put forth by Providence Water was to spend approximately \$2.25 million over the next four years. Providence Water's original plan was to use the \$7.5 million as down payment on the facility. Now, Providence Water plans to restore the capital fund with proceeds from the bond issuance. The evidence in the Record suggests there are adequate funds available for Providence Water's needs.

While there was reference to other projects in Providence Water's data responses, and while those projects are likely worthwhile, the PUC questions the urgency of addressing those projects at this time and in this docket where the money has been in the fund for a number of years, unspent. This docket is not really a capital improvement program docket; it is a narrow one related only to the central operations facility. For all of these reasons, the PUC has limited funding in rates to the amount needed to service the loan, as calculated by the Division, plus the operating reserves. Failure to fund capital improvements alluded to in data responses should not be misconstrued as an indication that the PUC does not think that capital improvements are important. It is simply that those expenses are better included as part of the utility's overall expenses in a general rate filing.

The issue of property taxes was initially a hotly contested item. At the hearing, however, Mr. Caruolo committed that to not paying any property taxes to the City of Providence prior to a full review by the PUC in a general rate filing. The PUC expects that Providence Water will abide by Mr. Caruolo's commitment, regardless of any future change in leadership. The taxation issue

is an important one and needs to be considered in a broader docket, with sufficient time to consider input from all parties. Therefore, because of the agreement by Providence Water, the PUC does not reach the issue in this Order.

Finally, as a related matter, the issue of ownership of utility assets and the way the deeds are recorded, together with attendant and appropriate ratepayer benefit or responsibility, will certainly be an issue that will arise in the context of any review of taxes. In Docket No. 4406, the PUC approved a Second Revised Settlement wherein Providence Water was required to provide an accurate and updated asset listing for purposes of determining appropriate cost allocation and rate design. In light of the issues raised during the hearings in the instant docket, Providence Water should begin a review of the properties that are held for the benefit of ratepayers and identify ownership, the source of funds utilized to purchase the properties, and the ratepayer contribution to those properties. Any issues related to the disposition of the sales proceeds resulting from the Academy Avenue property are deferred to a future docket.

It is hereby,

(22065) ORDERED:

1. Providence Water Supply Board's rate filing of June 13, 2015 as supplemented on July 14, 2015, July 30, 2015, August 11, 2015, and August 21, 2015, is hereby denied and dismissed.
2. Providence Water Supply Board is granted a revenue increase of \$2,118,540 for a total revenue requirement of \$69,645,296 effective on usage on and after September 1, 2015.

3. Providence Water Supply Board shall file, within thirty days of the occurrence of an event listed in its response to PUC Data Request 1-5 or any other milestone identified, including any contained in construction contracts.
4. Providence Water Supply Board shall file compliance tariffs no later than September 4, 2015.
5. The Providence Water Supply Board shall comply with the reporting requirements and all other terms and conditions in this Report and Order.

EFFECTIVE AT WARWICK, RHODE ISLAND ON SEPTEMBER 1, 2015 PURSUANT TO AN OPEN MEETING DECISION ON AUGUST 28, 2015. WRITTEN ORDER ISSUED SEPTEMBER 1, 2015.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran, Chairman

*Paul J. Roberti, Commissioner

Herbert F. DeSimone, Jr., Commissioner

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

NOTICE OF RIGHT OF APPEAL PURSUANT TO R.I.G.L. SECTION 39-5-1, ANY PERSON AGGRIEVED BY A DECISION OR ORDER OF THE COMMISSION MAY, WITHIN SEVEN DAYS (7) 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.