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November 18, 2016


Ms. Luly Massaro, Clerk
RI Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

RE: Kent County Water Authority – Docket No. 4611

Dear Ms. Massaro:

Please find enclosed herewith an original and nine (9) copies of the Kent County Water Authority's Supplemental Response to the Division of Public Utilities and Carriers Data Request Set 7. An electronic copy has been provided to the service list. Should you have any questions, please contact me. Thank you.

Sincerely,


Mary B. Shekarchi
Attorney at Law

MBS/mdc
Enclosure

Cc: Docket 4611 Service List (via electronic mail)

KENT COUNTY WATER AUTHORITY
Docket No. 4611
Responses to
Seventh Set of Data Requests
Division of Public Utilities and Carriers

1. Please provide the basis for the statement at page 6, lines 2 to 5 of Mr. Woodcock's rebuttal testimony, that water and sewer utilities "throughout the country" use the water and sewer maintenance portion of the CPI as the appropriate inflation rate to adjust their cost of service for ratemaking purposes. If possible, for of those utilities, please provide a docket number or case number in which this methodology was used, if available. Also, identify each of those proceedings where Mr. Woodcock was the witness supporting the use of the water and sewer portion of the CPI.

Response:

The full testimony that is referenced in the question stated: "I would also note that the water and sewer portion of the CPI is now used by water and sewer utilities throughout the country to adjust their overall water and sewer rates, not just the "maintenance" portion of their rates." My testimony did not suggest that other utilities "use the water and sewer maintenance portion of the CPI as the appropriate inflation rate" as the question states.

Water and sewer rate adjustments based on general inflation indices are not uncommon. The American Water Works Association's MI Manual on water rates includes an entire chapter on this subject and specifically discusses the use of the CPI as an index. A quick search indicates the following utilities across the country have or do use the change in the CPI to make annual adjustments to their rates: Bradenton and Lady Lake, Florida; Placer County, Lake County, Napa, San Simeon, Torrance, McFarland and Hughson, California; Hartford County, MD; Poulsbo and Fife, WA; Chicago and Huntley, IL; Longs Peak, CO; and Lansing, MI. This is by no means a full list, but demonstrates that "the CPI is now used by water and sewer utilities throughout the country to adjust their overall water and sewer rates."

I have not conducted a search of cases where a state or provincial regulatory body has used the CPI as the basis for annual rate adjustments.

I have not provided testimony in any docket where I have advocated the use of the CPI as a basis for annual rate adjustments. That includes the current Docket 4611. I am not proposing that the Authority's rates and charges be adjusted to match a change in the CPI or a variant of the CPI; rather, I am proposing that the adjustments for some operating costs be based on a change in the CPI as adjusted for the more applicable water and sewer maintenance portion of the CPI. As explain, this adjustment is based on the Commission's Rules.

Witness Responsible: C. Woodcock

2. Reference page 6, lines 9 to 14 of Mr. Woodcock's rebuttal testimony, please provide listing of water and sewer utilities before the Rhode Island Public Utilities Commission that have used CPI in concert with the water and sewer maintenance CPI index as described by Mr. Woodcock. For each of those utilities, please provide docket number in which this methodology was used. Also, please indicate those proceedings where Mr. Woodcock was the witness supporting the use of this methodology.

Response: I am unaware of any such cases before the RI PUC.

Witness Responsible: C. Woodcock

3. Please provide a listing of Orders by the Rhode Island Public Utilities Commission where the Commission found the inflation rate to be used for ratemaking is the CPI in concert with the water and sewer maintenance index as described by Mr. Woodcock on page 6, lines 9 to 14 of his rebuttal testimony. For each of those utilities, please indicate those where Mr. Woodcock was the witness supporting the use of this methodology.

Response: I am unaware of any such cases before the RI PUC.

Witness Responsible: C. Woodcock

4. Reference page 10, line 21 through page 11, line 3 of Mr. Woodcock's testimony.
 - a. Please provide the dates on which the auditors made the adjustments to transfer the amounts from Miscellaneous Non-Operating Revenue to Transmission and Distribution Plant.
 - b. Please provide illustrative journal entries showing how the amounts were transferred from Miscellaneous Non-Operating Revenue to Transmission and Distribution Plant. In your response, include an explanation of the nature initial transaction and the reason for the auditors' adjustment.
 - c. Please show how those adjustments were reflected in the FY 18 and FY 19 step increases.

Response:

The adjustment for \$652,280.00 was made on June 30, 2013 and the adjustment for \$855,837.00 was made on June 30, 2014.

See attached for illustrative journal entries (General Ledger). It was determined that extensions to the system that were installed by outside contractors (not hired by KCWA) should be posted to Transmission and Distribution Plant and were approved by our auditors Marcum Accountants & Advisors. The adjustments were made to correct the FY2013 and FY 2014 journal entries made to Miscellaneous Non-Operating Revenue.

The adjustments were not reflected in the FY18 and FY19 step increases.

Witness Responsible: C. Heard

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Kent County Water Authority
 General REVENUE LEDGER

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ACCOUNT NUMBER/DESCRIPTION	POST DATE	JRNL. NO.	TRANS DATE	REF. NUMBER	VENDOR NUMBER	CHECK NUMBER	TRANSACTION DESCRIPTION	DEBIT	CREDIT	BALANCE
1-4210 MISC. NON-OPER. INCOME										.00
CR 04302014-024	04/20/2014	03197	04/30/2014				* BEGINNING BALANCE		24.90	
CR 04302014-026	04/20/2014	03197	04/30/2014				COLLECTIONS - FRONT DRAWER	257.93		
CR 20141231-016	12/20/2014	03380	12/08/2014				DEPOSIT SLIP	258.08		
CR 20141231-020	12/20/2014	03380	12/09/2014				DEPOSIT SLIP	823.82		
CR 20141231-065	12/20/2014	03380	12/31/2014				DEPOSIT SLIP	3072.70		
CR 20150109-013	01/20/2015	03376	01/09/2015				MISC	1206.08		
CR 20150122-039	01/20/2015	03376	01/22/2015				MISC	1101.72		
CR 20150210-008	02/20/2015	03409	02/06/2015				MISC	79335.00		
CR 20150217-002	02/20/2015	03422	02/17/2015				MISC	160.00		
CR 20150622-049	06/20/2015	03567	06/22/2015				MISC	302.01		
CR 20150629-064	06/20/2015	03567	06/29/2015				MISC	470.00		
CR 20150706-009	07/20/2015	03589	07/01/2015				MISC	509.03		
CR 20150710-022	07/20/2015	03589	07/01/2015				MISC	40.00		
CR 20150807-015	08/20/2015	03626	08/07/2015				MISC	490.00		
CR 20150814-027	08/20/2015	03626	08/14/2015				MISC	116.12		
CR 20150911-022	09/20/2015	03648	09/11/2015				MISC	245.00		
CR 20150922-045	09/20/2015	03648	09/22/2015				MISC	2857.56		
CR 20151006-008	10/20/2015	03662	10/06/2015				MISC	156.34		
CR 20151019-038	10/20/2015	03662	10/19/2015				MISC	4159.63		
CR 20151203-011	12/20/2015	03716	12/03/2015				MISC EXP	320.00		
CR 20151208-021	12/20/2015	03716	12/08/2015				MISC EXP	1305.47		
CR 20151215-036	12/20/2015	03716	12/15/2015				MISC EXP	416.70		
CR 20151221-049	12/20/2015	03716	12/21/2015				MISC	91.25		
CR 20160106-008	01/20/2016	03744	01/06/2016				MISC	554.31		
TOTAL CASH RECEIPTS								.00	26873.65	
JV 02282013-457	02/20/2013	02819	03/19/2013				CASH - FRONT DRAWER	7146.00		
JV 02282014-453	02/20/2014	03151	03/21/2014				CASH - FRONT DRAWER	3053.47		
JV 04302013-454	04/20/2013	02890	05/16/2013				CASH - FRONT DRAWER	307.59		
JV 04302015-302	04/20/2015	03526	04/30/2015				SUSPENSE SVC AND INSP FEE	22044.50		
JV 05312013-511	05/20/2013	02917	06/27/2013				CASH - FRONT DRAWER	28700.00		
JV 05312014-570	05/20/2014	03224	07/01/2014				FRONT DESK - CASH	544.00		
JV 06302013-531	06/20/2013	03064	06/30/2013				AUDIT ADJUSTMENTS	652280.00		
JV 06302014-560	06/20/2014	03351	06/30/2014				AUDITOR YEAR END ENTRY	87254.00		
JV 06302014-892	06/20/2014	03268	06/30/2014				JUNE JOURNAL ENTRIES	855837.00		
JV 06302014-958	06/20/2014	03333	06/30/2014				AUDIT YEAR END JE	9433.00		
JV 06302015-227	06/20/2015	03611	06/30/2015				JUNE JOURNAL ENTRY	173373.90		
JV 12312015-201	06/20/2016	03956	06/30/2016				Inspection Fees	66775.00		
JV 12312015-202	06/20/2016	03956	06/30/2016				Correct Posting Suspense	6000.00		
JV 20120731-546	07/20/2012	02628	08/15/2012				DRAWER - CASH ADJ	40.00		
JV 20120930-412	09/20/2012	02687	10/04/2012				CASH FRONT DRAWER	11.00		
JV 20121130-452	11/20/2012	02754	12/28/2012				CASH - FRONT DRAWER	518.27		
JV 20130630-453	06/20/2013	02927	07/10/2013				CASH - FRONT DRAWER	232.88		
JV 20131231-419	12/20/2013	03090	01/30/2014				CASH - FRONT DRAWER	6668.57		
JV 20140131-417	01/20/2014	03130	02/26/2014				CASH - FRONT DRAWER	1385.47		
JV 20140211-007	10/20/2014	03113	02/11/2014				CASH - FRONT DRAWER	7413.54		
JV 20140331-004	03/20/2014	03193	05/15/2014				FRONT DRAWER MARCH 2014	27.75		
JV 20140930-513	09/20/2014	03318	11/07/2014				CASH - OVER THE COUNTER	235.59		
JV 20141031-643	10/20/2014	03321	11/17/2014				CASH - FRONT DRAWER	3054.39		
JV 20141130-468	11/20/2014	03338	12/16/2014				CASH - FRONT COUNTER	1467.58		
JV 20151113-002	11/20/2015	03672	11/13/2015				Unclaimed Prop J/E	235.96		

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 General REVENUE LEDGER

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ACCOUNT NUMBER/DESCRIPTION	POST DATE	JRNL. NO.	TRANS DATE	REF. NUMBER	VENDOR NUMBER	CHECK NUMBER	TRANSACTION DESCRIPTION	DEBIT	CREDIT	BALANCE
JV 20151119-001	11/19/2015	03766	11/19/2015				Correct Unclaimed Propert			
JV 20160228-003	02/28/2016	03769	02/29/2016				GRAPHIC IMAGE	39.02		
JV 20160229-004	02/29/2016	03769	02/29/2016				INSPECTION 2 FORGE RD		20.00	
JV 20160229-005	02/29/2016	03769	02/29/2016				SAMPLES CEDAR RIDGE CONDO		300.00	
JV 20160229-006	02/29/2016	03769	02/29/2016				SAMPLES CEDAR RIDGE CONDO		300.00	
JV 20160229-007	02/29/2016	03769	02/29/2016				RI INTERLOCAL DUMP TRUCK		965.20	
JV 20160229-008	02/29/2016	03769	02/29/2016				SAMPLES 3323 SO COUNTY TR		150.00	
JV 20160229-009	02/29/2016	03769	02/29/2016				BLUE CROSS - SILVA		194.44	
JV 20160229-010	02/29/2016	03769	02/29/2016				WORKERS COMP DIVIDEND		8658.00	
JV 20160229-011	02/29/2016	03769	02/29/2016				SAMPLES CEDAR RIDGE CONDO		300.00	
JV 20160229-012	02/29/2016	03769	02/29/2016				SCRAP METAL		78.75	
JV 20160301-009	03/01/2016	03809	03/01/2016				ACCT# 104297			
JV 20160301-012	03/01/2016	03809	03/01/2016				INSPECTION FEE CORRECTION	132.88		
JV 20160331-002	03/31/2016	03813	03/31/2016				OTHER INC MARCH 2016		50.00	
JV 20160430-002	04/30/2016	03837	04/30/2016				OTHER INC PYMTS		4333.86	
JV 20160531-011	05/31/2016	03872	05/31/2016				OTHER INC		5539.62	
JV 20160630-002	06/30/2016	03898	06/30/2016				OTHER INC		1653.85	
JV 20160731-002	07/31/2016	03927	07/31/2016				OTHER INC		1872.50	
JV 20160831-021	08/31/2016	03983	09/01/2016				OTHER INC		8408.63	
JV 20160930-002	09/30/2016	04009	09/30/2016				OTHER INCOME		12595.91	
									3697.39	

TOTAL JOURNAL VOUCHERS

9604.90

TOTAL MISC. NON-OPER. INCOME

2000718.26

** ACCOUNT TOTALS

9604.90

 -1991113.36

*** ENDING BALANCE

 .00

TOTAL LEDGER BEGINNING BALANCE

 -1991113.36

TOTAL PERIOD TRANSACTIONS & ENDING BALANCE

9604.90

 -1991113.36

2000718.26

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SUMMARY PAGE INFORMATION

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Kent County Water Authority
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ACCOUNT NUMBER/DESCRIPTION	POST DATE	JRNL. NO.	TRANS DATE	REF. NUMBER	VENDOR NUMBER	CHECK NUMBER	TRANSACTION DESCRIPTION	DEBIT	CREDIT	BALANCE
1-101D TRANS. & DISTR. PLANT										
BEA01002916-004	07/2013	03067	01/09/2014				NEW YEAR BEGINNING BALANC	98833426.81		98281696.96
BBA01003134-004	07/2014	03366	01/23/2015				NEW YEAR BEGINNING BALANC	109564990.35		
BBA01003413-004	07/2015	03683	11/19/2015				NEW YEAR BEGINNING BALANC	109633146.16		
TOTAL AUTO JE YEAR END CLOSING									.00	
JV 06302013-529	06/2013	03064	06/30/2013				AUDIT ADJUSTMENTS		100550.15	
JV 06302013-530	06/2013	03064	06/30/2013				AUDIT ADJUSTMENTS	652280.00		
JV 06302014-223	06/2014	03279	06/30/2014				JUNE JOURNAL ENTRIES	184364.06		
JV 06302014-705	06/2014	03349	06/30/2014				REVERSE DUPLICATE ENTRY		184364.00	
JV 06302014-770	06/2014	03265	06/30/2014				JUNE JOURNAL ENTRIES			
JV 06302014-893	06/2014	03268	06/30/2014				JUNE JOURNAL ENTRIES	9700795.48		
JV 06302014-959	06/2014	03333	06/30/2014				AUDIT YEAR END JE	855837.00		
JV 06302014-976	06/2014	03333	06/30/2014				AUDIT YEAR END JE	184364.00	9433.00	
JV 06302015-225	06/2015	03611	06/30/2015				JUNE JOURNAL ENTRY		107872.09	
JV 06302015-226	06/2015	03611	06/30/2015				JUNE JOURNAL ENTRY	173373.90		
JV 06302015-403	06/2015	03613	06/30/2015				CLOSE 2010A	2654.00		
JV 06302016-704	06/2016	03963	06/30/2016				Journal Entries			
JV 06302016-705	06/2016	03963	06/30/2016				Journal Entries	7930291.50		
TOTAL JOURNAL VOUCHERS								19685116.24	402219.24	
TOTAL TRANS. & DISTR. PLANT										
** ACCOUNT TOTALS								337716679.56	402219.24	
*** ENDING BALANCE										435596157.28
* BEGINNING BALANCE										98281696.96
TOTAL LEDGER BEGINNING BALANCE										435596157.28
TOTAL PERIOD TRANSACTIONS & ENDING BALANCE								337716679.56	402219.24	

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Kent County Water Authority
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SUMMARY PAGE INFORMATION

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5. In Docket 4142, the Commission authorized a debt service funding level of \$3,932,319. In calendar year 2015, KCWA funded its debt service related accounts to a level of \$3,839,844 as follows:

Debt Service Savings 2004	\$1,116,000
Debt Service Savings 2012	544,344
Refunding Revenue Bonds 2012	<u>2,179,500</u>
Total	\$3,839,844

Please explain why there is a difference between the debt service allowance and the actual amount funded for calendar year 2015.

Response: Docket 4142 involved a quite narrow issue. With one exception, the authorized revenue requirements in that docket were based on Docket No. 3942, including the debt service authorized in Docket 4142 which was simply derived from the amount allowed in Docket 3942. In Docket 3942, the rate year debt service was based on Woodcock Sch. 1D which showed:

Sch. 1D
Pg 2 of 4

EXPLANATION OF ADJUSTMENTS TO TEST YEAR COSTS

Debt Service

<u>2004 Series A (Refunded 1994 bonds)</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>CY 2009 *</u>
Principal	\$950,000	980,000	1,030,000
Interest	<u>\$303,500</u>	<u>274,700</u>	234,900
Total	\$1,253,500	\$1,254,700	\$1,264,900
<u>2001 Bonds (\$10 million)</u>			
Principal	\$380,000	\$395,000	\$430,000
Interest	<u>\$398,861</u>	<u>\$383,836</u>	<u>\$359,536</u>
Total	\$778,861	\$778,836	\$789,536
<u>2002 Bonds (\$24.39 million)</u>			
Principal	\$870,000	\$895,000	\$955,000
Interest	<u>\$999,583</u>	<u>\$973,108</u>	<u>\$922,883</u>
Total	<u>\$1,869,583</u>	<u>\$1,868,108</u>	<u>\$1,877,883</u>
Total Existing	\$3,901,944	\$3,901,644	\$3,932,319

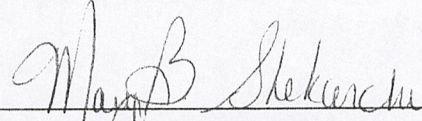
* CY 2009 used for Rate Year

All of the bonds shown above in Docket 3942 have been refunded. As shown on Rebut. Sch. 1D in this docket (4611), the only bonds outstanding are the 2012 Series A bonds.

Witness Responsible: C. Woodcock

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION
DOCKET NO. 4611

Respectfully submitted,



Mary B. Shekarchi (#4767)

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Dated: November 18, 2016

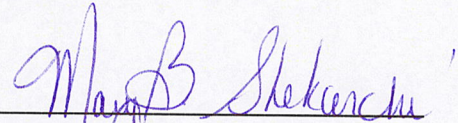
CERTIFICATION OF SERVICE

I hereby certify that on this 18th day of November, 2016, I sent a copy of within to the Parties listed on the attached service list.



STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION
DOCKET NO. 4611

Respectfully submitted,



Mary B. Shekarchi (#4767)

Attorney at Law

33 College Hill Rd., Suite #15E

Warwick, RI 02886

Tel. (401) 828-5030

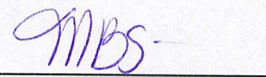
Fax (401) 823-1400

marybali@aol.com

Dated: November 18, 2016

CERTIFICATION OF SERVICE

I hereby certify that on this 18th day of November, 2016, I sent a copy of within to the Parties listed on the attached service list.



**Docket No. 4611- Kent County Water Authority – Multi-Year Rate Plan
Service List 10/27/16**

Name/Address	E-mail Address	Phone
Kent County Water Authority (KCWA) Mary B. Shekarchi, Esq. 33 College hill Rd., Suite 15-E Warwick, RI 02886	marybali@aol.com ;	401-828-5030
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Christopher Woodcock Woodcock & Associates, Inc. 18 Increase Ward Drive Northborough, MA 01532	chris@w-a.com ;	508-393-3337
Division of Public Utilities & Carriers (Division) Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	Lwold@riag.ri.gov ;	401-274-4400 Ext. 2218
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	maryann@rubroc.com ;	
Coventry Fire District (CFD) Arthur M. Read, Esq. Del Sesto & Read, Inc. 612 Greenwich Avenue Warwick, RI 02886	art@delamrlaw.com ;	401-340-1019
Central Coventry Fire District (CCFD) David M. D'Agostino, Esq. Nicholas Gorham, Esq. Gorham & Gorham, Inc. P.O. Box 46 25 Danielson Pike, Scituate, RI 02857	daviddagostino@gorhamlaw.com ;	401-647-1400

Town of Coventry Nicholas Gorham, Esq. Gorham & Gorham, Inc. P.O. Box 46 25 Danielson Pike, Scituate, RI 02857	nickgorham@gorhamlaw.com ;	401-647-1400
Original & nine (9) copies file w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ;	401-780-2107
	Cynthia.WilsonFrias@puc.ri.gov ;	
	Sharon.ColbyCamara@puc.ri.gov ;	
Kathleen Crawley Water Resources Board	Kathleen.crawley@wrb.ri.gov ;	401-222-6696