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Admitted in RI*, MA¹, NY²

June 25, 2018

Via Electronic and Priority U.S. Mail

Luly Massaro, Commission Clerk
State of Rhode Island
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: SUEZ Water Rhode Island 2018 Rate Filing – Docket No. 4800
Town of South Kingstown, Town of Narragansett, and Union Fire District's
Responses to the Suez Water Rhode Island, Inc. First Set of Data Requests

Dear Ms. Massaro:

Third-Party Interveners, the Towns of South Kingstown and Narragansett and the Union Fire District, jointly submit herewith Responses to Suez Water Rhode Island, Inc.'s First Set of Data Requests. An original and nine (9) copies are provided to the Commission, and copies are being sent electronically to the parties on the Service List.

Yours sincerely,

URSILLO, TEITZ & RITCH, LTD.


Michael A. Ursillo

MAU/gb
Enclosure

cc: Robert C. Zarnetske, South Kingstown Town Manager
Jon R. Schock, South Kingstown Director of Public Services
Jeff Ceasrine, PE, Narragansett Town Engineer
John P. Blessing, Administrator, Union Fire District
Service List

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: SUEZ WATER RHODE ISLAND, INC.'S
GENERAL RATE FILING

Docket No. 4800

TOWN of SOUTH KINGSTOWN, TOWN of NARRAGANSETT, and UNION FIRE
DISTRICT'S RESPONSES TO THE SUEZ WATER RHODE ISLAND, INC. FIRST SET OF DATA
REQUESTS DIRECTED TO
TOWN of SOUTH KINGSTOWN, TOWN of NARRAGANSETT, and UNION FIRE
DISTRICT

Issued June 11, 2017

1. Please provide all workpapers, materials, and excel files (in live electronic format with formulae intact) associated with Docket No. 4800: SUEZ Water Rhode Island - Application to Change Rate Schedules.

RESPONSE:

See Attached Excel Attachment "Docket 4800-DGB-Intervenor"

Prepared by David Bebyn CPA

Suez Water Rhode Island

Schedule DGB-1

Operating Income as Adjusted at Present and Proposed Rates
Rate Year ending September 30, 2019

	Amount at Present Rates As Filed by SWRI	SKW Adjustments	Amount at Present Rates SKW Position	Revenue Increase/Decrease	Amounts After Rate Increase SKW Position
Operating Revenues	\$ 4,813,887	\$ 104,695	\$ 4,918,582	\$ 810,882	\$ 5,729,464
Operating Expenses				16.49%	
O&M Expenses	2,510,506	13,488	2,523,994	3,467	2,527,461
Depreciation Expenses	905,502	-	905,502	-	905,502
Taxes other than income	536,842	1,309	538,151	10,136	548,287
Net Income before income Taxes	861,037	89,898	950,935	797,279	1,748,214
Current Income Tax	88,931	24,724	113,655	167,429	281,084
Amort of Reg Liability TCJA	(33,604)	-	(33,604)	-	(33,604)
Amortization of ITC	(4,662)	-	(4,662)	-	(4,662)
Total Operating Expense	4,003,515	39,521	4,043,036	181,031	4,224,067
Rate Base Revenue Increase	\$ 810,372	\$ 65,174	\$ 875,546	\$ 629,851	\$ 1,505,396
Rate Base	\$ 20,542,519		\$ 20,455,136		\$ 20,455,136
Rate of Return	3.94%		4.28%		7.36%

Adjustments to Consumption Revenue at Present Rates
 Rate Year ending September 30, 2019

	MGL	Amount at Present Rates As Filed by SWRI
Consumption Charges		
Residential		
0-24 CCF	284,849	\$ 1,149,366
Over 24 CCF	<u>92,951</u>	<u>470,239</u>
General Metered Customers	234,256	3.853 902,588
Resale Customers	293,378	1.49 437,133
	<u>905,434</u>	<u>\$ 2,959,326</u>

	MGL	Amount at Present Rates SKW Position	
Consumption Charges			
Residential			
0-24 CCF	301,780	\$ 1,217,682	
Over 24 CCF	<u>98,476</u>	<u>498,190</u>	
General Metered Customers	229,139	3.853 882,873	
Resale Customers	312,266	1.49 465,276	
	<u>941,661</u>	<u>\$ 3,064,021</u>	
		Change in Revenue	\$ 104,695

Suez Water Rhode Island
 Summary of Adjustments to O&M Expenses
 Rate Year ending September 30, 2019

SKW Adjustments

Electric	\$ 13,389	Schedule DGB-5
Chemicals	1,805	Schedule DGB-6
Difference for Salary Increase	(2,153)	Originally Filed Exhibit 3 Sch2 updated with Com 1-19

PUC Assessment	448	Schedule DGB-4
	<u>13,488</u>	

Suez Water Rhode Island
 Adjustments to Purchase Power Cost
 Rate Year ending September 30, 2019

Schedule DGB-5

Rate Year Purchase Power Commodity Distribution	<u>Usage</u>	<u>Project Water</u>	<u>Ave Usage per MG</u>	<u>kwh ave cost</u>	<u>Total Cost</u>
	1717014	979	1,754	\$ 0.0850	\$ 145,946
	1717014	979	1,754	\$ 0.1176	\$ 201,921
				SKW Position	\$ 347,867
				As Filed by SWRI	\$ 334,478
				<u>SKW Adjustments</u>	\$ 13,389

Schedule DGB-6

Suez Water Rhode Island
Adjustments to Chemical Costs
Rate Year ending September 30, 2019

Rate Year Chemical Costs	Usage	Project Water	Ave Usage per MG	Chemical unit cost	Total Cost
Lime	109,455.84	979	111.84	\$ 0.1916	\$ 20,972
Sodium Hypochloride	9,724.00	979	9.94	\$ 1.5310	\$ 14,887
Zinc Orthophosphate	18,752.24	979	19.16	\$ 0.5928	\$ 11,116
				SKW Position	\$ 46,976
				As Filed by SWRI	\$ 45,171
				<u>SKW Adjustments</u>	\$ 1,805

Suez Water Rhode Island
 Cost of Capital & Rate of Return
 Rate Year ending September 30, 2019

	As Filed by SWRI (1)	SKW Position
Proposed Rate Base	\$ 20,542,519	\$ 20,455,136
Required Rate of Return	7.82%	7.36%
Net operating Income Required	1,606,425	1,505,396
Net operating Income at Present Rates	810,371	875,546
Net Income Surplus/(Deficiency)	(796,054)	(629,850)
Revenue Multiplier	1.28742	1.28742
Rate Base Revenue Increase	\$ 1,024,856	\$ 810,882
Revenue Increase	\$ 1,024,856	\$ 810,882
PUC Assessment	4,381	3,467
Gross Receipts Tax	12,811	10,136
Federal Taxable Income	\$ 1,007,664	\$ 797,279
Federal Tax	211,609	167,429
Net Income	\$ 796,055	\$ 629,851
Calculation of Revenue Multiplier		
Revenue		1.000000
PUC Assessment	0.4275%	0.004275
Gross Receipts Tax	1.2500%	0.012500
Federal Income Tax	21.0000%	0.983225
Revenue Conversion Factor		0.773225
Revenue Multiplier		1.28742

Suez Water Rhode Island

Summary of Rate Base

Rate Year ending September 30, 2019

	As Filed by SWRI (1)	SKW adjustments	SKW Position
Average Utility plant in Service	\$ 36,073,465	\$ -	\$ 36,073,465
Less:			
Accumulated Amortization	(8,362,574)		(8,362,574)
Contributions	(3,560,845)		(3,560,845)
Deferred Income Tax	(1,866,387)		(1,866,387)
Regulatory Liab - Tax Rate Change	(1,663,377)		(1,663,377)
Unamortized ITC	(66,926)		(66,926)
1/13th Unfunded FAS 106	(666,309)		(666,309)
Plus:			
Materials & Supplies	202,236		202,236
Working Capital	307,171		307,171
Deferred Tank Painting	58,682		58,682
Deferred Rate Case	87,383	(87,383)	-
Deferred Operations	-		-
Deferred Acquisitions	-		-
Total Rate Base	\$ 20,542,519	\$ (87,383)	\$ 20,455,136

Suez Water Rhode Island
 Cost of Capital & Rate of Return
 Rate Year ending September 30, 2019

Type of Capital	Ratios (1)	Cost Rate (%)	Weighted Cost Rate
Debt	45.81%	4.65 (1)	2.13%
Preferred Stock	0.00%	0	0.00%
Common Equity	54.19%	9.65 (2)	5.23%
Overall Cost of Capital	100.00%		7.36%

(1) Per Schedule 1 of Walker Testimony

(2) Bebyn Testimony page 6