



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

DIVISION OF PUBLIC UTILITIES & CARRIERS

Accounting Section
89 Jefferson Boulevard
Warwick, Rhode Island 02888
(401) 941-4500
(401) 941-9248 - Fax

To: Luly Massaro, Commission Clerk

From: Patricia Smith, Rate Analyst

Date: June 19, 2020

Subject: Narragansett Bay Commission (NBC)
Revisions to Tariffs, Terms and Conditions
RIPUC Docket No. 4976

On October 3, 2019, the Narragansett Bay Commission (NBC) submitted proposed Revisions to Tariffs, and Terms and Conditions related to the following items:

- A. Terms and Conditions — Sewer Tie-In Expense
- B. Tariffs
 - 1. Credit Card Transaction Fee
 - 2. Stormwater Review Fee

A. Terms and Conditions - Sewer Tie-In Expense

As stated in the filing, the Commission approved a revised settlement in NBC's General Rate Case (Docket 4890). As part of that approval, the Commission ordered NBC to amend its tariffs to include the expense for new sewer connections referenced in its Rules and Regulations for use of Wastewater Facilities. To comply with the Commission's order, NBC is proposing, in this filing, to include the following language in its Terms and Conditions:

Sewer Tie-in Expense

Pursuant to 835-RICR-20-00-1.4.16, all costs and expenses attributable to the installation of a main sewer line as determined by the NBC using methods(s) reasonably related to the cost of construction may be borne by the property owner.

Property owners connecting to the NBC sewer system directly or indirectly

The Sewer Tie-in Expense for owners who choose to connect to the NBC system will be based on the owner's parcel size. Specifically, NBC shall calculate a Per Acreage Amount by dividing the Project costs by the acreage of the total developable land of adjacent parcels as determined by NBC. The Sewer Tie-Expense for a new connection shall be the product of the Per Acreage Amount times the developable acreage of the property owners parcel.

As part of the sewer connection permit application, a property owner shall pay the Sewer Tie-in Expense along with the Sewer Connection Permit Application Fee and Capacity Charge, as applicable and set forth in NBC's Tariff.

The Division has reviewed the above language and found it to be reasonable. The calculation of the sewer tie-in expense is based on the actual main sewer line project cost and is allocated based on a ratio of a customer's developable parcel to the total developable land of adjacent parcels. This method ensures that a customer pays their share of the actual costs of the main extension. The Division recommends approval of the proposed language.

B. Tariffs - Credit Card Transaction Fee and Stormwater Fee

1. Credit Card Transaction Fee

In Docket 4904, the PUC approved a new credit card fee of \$2.95 per transaction with a maximum credit card payment allowed of \$400 per transaction. The credit card fees are a direct pass through of costs from the payment processor without any additional add-on charges from NBC.

In this filing, NBC is not proposing any changes to the current category of credit card conditions or fees, however they are proposing to allow for the expansion of credit card use to cover additional payment categories with its own separate fee structure. The additional uses include:

- a) Allowing customers to use credit cards to pay other non-recurring charges such as Sewer Connection Permit fees, Capacity Charges and Pretreatment Permit fees.
- b) Allowing Customers to pay outstanding balances over \$400 through a single transaction as opposed to multiply transactions.

The fee structure under the proposal is 2.95% of the transaction amount with a minimum transaction fee of \$1.95. According to the filing, this will be the actual fee paid to the credit card vendor.

NBC's proposal allows for the expanded use of credit cards and continues their current policy of passing the credit card vendor's transaction fees through to the credit card users. The Division finds the proposal reasonable since the fee is limited to the amount of the vendor's fee without

mark-up and also because customers have other no-fee payment options. The Division recommends approval.

2. Stormwater Management Application Review Fee

In its filing, NBC proposed to add a Stormwater Management Application Review Fee of \$550 to recover costs associated with the review and processing of Stormwater Management Applications.

As stated in NBC's filing, The Rhode Island Department of Environmental Management issued Rhode Island Pollution Discharge Elimination System (RIPDES) permits to NBC for the Fields Point and Bucklin Point Wastewater Treatment Facilities on December 1, 2017. In accordance with the permits, NBC was required to expand its stormwater mitigation program to encourage or require the implementation of practices that would reduce the volume of stormwater discharged to the combined sewer system by June 1, 2018. This requirement applies to commercial projects for new development or redevelopment and led to the development of a more comprehensive Stormwater Management Application.

NBC's filing explains that it is requesting a separate application fee at this time due to the increased volume of applications and the increased time to review the applications. Historically, NBC received approximately 8 annually. The number of applications has been trending upward in recent years and the estimate for FY 2020 is 32.

The filing includes a detailed breakdown of the costs to process the applications and supports the requested fee of \$550. Based on the anticipated number of applications, the fee will generate \$17,600 annually. Ideally, new fees would be added as part of a rate filing so any additional revenues could be taken into consideration. However, in this case, the amount of additional revenue is relatively minor when compared with NBC's cost of service which exceeds \$100 million. The Division supports the establishment of a separate fee for Stormwater Management Applications since the costs related to the review process are readily identifiable and establishing a separate fee aligns with the rate design principle of assigning costs to cost causers. For these reasons, the Division recommends approval of the proposed Stormwater Management Application Fee.