STATE OF RHODE ISLAND

PUBLIC UTILITIES COMMISSION

IN RE: PROVIDENCE WATER   :   Docket No. 4994
REQUEST TO CHANGE RATES   :

DIVISION'S RESPONSE TO COMMISSION'S
FIRST SET OF DATA REQUESTS
DIRECTED TO DIVISION

1-1   Assume that the PUC decided to implement individual rates for wholesale customers in this docket: Please provide what the Division of Public Utilities and Carriers believes would be the appropriate rate for each wholesale customer for each of the rate years. Please explain your position and methodology and how it is supported by generally accepted ratemaking principles.

Response

To develop individual cost-based rates for each wholesale customer, the base, maximum day, and maximum hour demands (collectively, "demands") of each customer would need to be known as would the specific facilities used by Providence Water to serve each wholesale customer. While the demands of each wholesale customer are known, there has been no analysis of the facilities used by Providence Water to serve each wholesale customer. As noted in DIV 4-5, based on the location of each wholesale customer, significantly more infrastructure is required to serve certain wholesale customers, including the Bristol County Water Authority, than other wholesale customers. In addition, as indicated in DIV 4-5, serving certain wholesale customers requires the use of pumping facilities while such facilities are not required to serve other wholesale customers. Therefore, because no evaluation of the infrastructure and facilities required to serve each wholesale customer has been conducted, it is the Division's position that appropriate cost-based rates for each customer cannot be developed in this proceeding. As also indicated in the response to DIV 4-5, Providence Water is willing to evaluate adopting individual rates for each wholesale customer in its next full rate filing. It is the Division's position that Providence Water should present an evaluation of adopting individual wholesale rates in its next full rate filing.

Jerome D. Mierzwa