



STATE OF RHODE ISLAND  
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*Peter F. Neronha*  
*Attorney General*

March 15, 2023

*Via Electronic Mail*

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

***In Re: Veolia Water Rhode Island, Inc.'s Distribution System Adjustment Charge Filing for  
the Period August 1, 2022 Through January 1, 2023  
PUC Docket No. 4800***

Dear Ms. Massaro:

On behalf of the Division of Public Utilities and Carriers, please accept for filing the attached memorandum from Patricia Smith, that provides the agency's comments regarding the above reference docket.

Thank you for your attention to this submission.  
Very truly yours,

*/s/ Tiffany A. Parenteau*

Tiffany A. Parenteau,  
Special Assistant Attorney General  
On behalf of the Division of Public Utilities and Carriers

Enclosure

cc: 4800 Service List  
Linda George, Esq., Division Administrator  
John Spirito, Esq., Division Deputy Administrator  
Christy Hetherington, Esq., Division Chief Legal Counsel  
Paul Roberti, Esq., Division Chief Economic and Policy Analyst



## STATE OF RHODE ISLAND

### DIVISION OF PUBLIC UTILITIES & CARRIERS

Accounting Section  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888  
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**To: Luly Massaro, Commission Clerk  
Rhode Island Public Utilities Commission**

**From: Patricia Smith, Rate Analyst  
Division of Public Utilities & Carriers**

**Date: March 15, 2023**

**Re: Docket No. 4800 – Veolia Water Rhode Island, Inc.’s Distribution System  
Adjustment Charge Filing for the Period August 1, 2022 Through January 1, 2023**

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On February 15, 2023, Veolia Water Rhode Island Inc. (“Veolia” or “Company”) submitted a Distribution System Improvement Charge (DSIC) filing for the period August 1, 2022, through January 31, 2023, in accordance with the Company’s approved tariff (Sheet No. 26). In general, the DISC mechanism allows for a surcharge to be added to customer bills to allow for the recovery between rate cases of non-revenue producing qualified additions such as replacement and rehabilitation projects related to distribution infrastructure (mains, services, hydrants, valves, meters, etc).

Under the Company’s tariff, the DSIC surcharge is capped at 2.5% per fiscal year and 7.5% between base rate cases. The current DISC surcharge of 5%, which became effective November 5, 2022, is at the annual cap. Since the Company is at the annual cap, they did not request an increase in the surcharge as part of this filing.

The Company also submitted an earnings calculation for the 12 months ended January 31, 2023, in accordance with their tariff, which states:

k. After the first twelve-month DSIC period and each six-month period thereafter on a rolling twelve-month basis, the Company will include an Earnings Test as part of its DSIC Filing. If the Company is earning in excess of 15 basis points over the last allowed overall rate of return on rate base, as approved by the Commission in the Company’s most recent base rate case, then the DSIC surcharge would cease until such time as the Company is in an under-earnings position.

The Company's earnings calculation showed a return on equity of 5.75% for the 12-month period ending January 31, 2023. This is well below their allowed return on equity of 9.40%. I reviewed the earning calculation and did not find any exceptions.

As noted above, the Company is not requesting a change to the current surcharge. Also, since the Company's earnings are below their allowed return, they are allowed to continue charging the current surcharge. Based on my review, Veolia's filing meets the requirements of the approved DSIC mechanism, and the Division believes that no further action is needed at this time.