



**VIA E-MAIL**

February 13, 2025

Ms. Luly E. Massaro, Commission Clerk  
Rhode Island Public Utility Commission  
89 Jefferson Blvd.  
Warwick, RI 02888

**RE: Veolia Water Rhode Island, Inc.  
Application to Change Rate Schedules  
Docket No. 4800  
Distribution System Improvement Charge**

Dear Ms. Massaro,

Enclosed for filing, please find Veolia Water Rhode Island, Inc.'s Distribution System Improvement Charge calculation for the DSIC period August 1, 2024, through January 31, 2025. Since the Company first implemented DSIC in October 2018, it has invested over \$10.5 million in its facilities. After allowing for the approximately \$2.6 million allowed in the base rate case, this yields a DSIC surcharge of 20.90%. Pursuant to the DSIC rules, the maximum percentage allowed on an annual basis is 2.50%, which became effective November 5, 2021. The subsequent annual increase of 2.50% became effective on November 5, 2022, resulting in a rate of 5.00%. The next allowable increase of 2.50% for a total of 7.50%, became effective on November 5, 2023.

As the Company has reached its DSIC surcharge cap of 7.50%, it is not seeking to change the DSIC surcharge of 7.50% that became effective on November 5, 2023.

The enclosed filing also includes the Earnings Calculation for the 12 months ended January 31, 2025.

If you need any additional information, please advise.

Very truly yours,

A handwritten signature in black ink that reads "Jana Labella".

Jana Labella  
Manager – Regulatory Business  
cc: Service List

**Veolia North America**  
Jana Labella  
Manager - Regulatory Business  
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**Veolia Water Rhode Island, Inc.**  
**Proposed DSIC Calculation**  
**August 1, 2024 to January 31, 2025**

Line No.	Description	8/1/24 to 1/31/25
1	Eligible Investment net of base spend (page 2)	\$ 775,687
2	Less: Accumulated Depreciation (page 2)	(2,967)
	Accumulated Depreciation from prior surcharges (page 6)	(45,212)
3	Less: Deferred Tax (page 2)	(1,006)
	Accumulated Deferred Tax from prior surcharges (page 6)	(15,331)
4	Eligible Net Investment	\$ 711,171
5	Pre-Tax Rate of Return (page 3)	8.55%
6	Pre-Tax Return on Investment	\$ 60,805
7	Add: Depreciation Expense (page 2)	11,866
8	Revenue Recovery	\$ 72,671
9	Revenue Factor (page 4)	1.017061
10	Subtotal DSIC revenue Requirement Recovery Amount	\$ 73,911
11	Plus DSIC Revenue Requirement from 8/15/2024 Filing	\$ 617,876
12	Amount Under-collected 2/1/2024 to 7/31/2024 (page 7)	4,512
	Reverse to Net Zero	
13	Amount Over-collected 8/1/2024 to 1/31/2025 (page 7)	(10,110)
14	Total DSIC revenue Requirement Recovery Amount	\$ 686,189
	(L10+L11+L12+L13)	
15	Semi-Annual Projected Water Service Revenues (page 8)	\$ 3,283,356
16	Projected DSIC Rate Increase Percentage	20.90%
	(L14 / L15)	
17	<b>Effective DSIC Surcharge (Annual Cap)</b>	<b>7.50%</b>

**Veolia Water Rhode Island, Inc.**  
**Proposed DSIC Calculation**  
**August 1, 2024 to January 31, 2025**

Line No.	Description	8/1/24 to 1/31/25
1	Major Projects	\$ 602,284
2	Blanket Projects	330,478
3	Total DSIC Plant (pages 9-10)	932,761
5	Less: Base Spend (page 5)	(157,074)
6	Eligible Investment	\$ 775,687
	<u>Accumulated Depreciation</u>	
7	Composite Depreciation Rate	1.5298%
8	Depreciation Expense	11,866
9	Half Year Convention	2,967
	<u>Deferred Taxes</u>	
10	Eligible Investment	\$ 775,687
11	MACRS Rate for First Year Water Plant	4.00%
12	Tax Depreciation First Year	7,757
13	Book Depreciation	2,967
14	Tax Depreciation Greater Than Book	4,790
15	Deferred Taxes at 21%	\$ 1,006

**Veolia Water Rhode Island, Inc.**  
**Proposed DSIC Calculation**  
**August 1, 2024 to January 31, 2025**

Approved Capital Structure and Cost Rates

	Capital Structure Ratio	Cost Rate	Weighted Cost of Capital	Pre-Tax Rate of Return
Long Term Debt	45.57%	4.65%	2.12%	2.12%
Short Term Debt	0.52%	2.65%	0.01%	0.01%
Common Equity	53.91%	9.40%	5.07%	6.42%
Total	100.00%		7.20%	8.55%

Notes:

- 1) Capital structure and ROE per current authorized return Docket No. 4800
- 2) Pre-tax rate of return reflects 21% tax rate

**Veolia Water Rhode Island, Inc.**  
**Proposed DSIC Calculation**  
**August 1, 2024 to January 31, 2025**

Revenue Factor

Dollar of Revenue	1.000000
PSC Assessment	0.004275
Gross Receipts Tax	0.012500
	<hr style="width: 100%;"/>
	0.016775
Taxable income	0.983225
Federal Income Tax Rate @ 21%	0.983225
Net of tax	<hr style="width: 100%;"/>
	0.983225
Revenue Factor	<b><u><u>1.017061</u></u></b>

Notes:

1) Rates per Final Order in Docket No. 4800

**Veolia Water Rhode Island, Inc.**  
**Proposed DSIC Calculation**  
**August 1, 2024 to January 31, 2025**  
**DSIC Base Spending Schedule**

Line No.	Depreciation Expense	Account	Amount
1	Transmission and Distribution Mains	331	\$ 133,748
2	Services	333	76,806
3	Meters	334	81,768
4	Hydrants	335	<u>21,826</u>
5	Total Annual Base Spending		<u>\$ 314,148</u>
6	Total Semmiannual Base Spending	Line 5 / 2	<u>\$ 157,074</u>

## Notes:

- 1) SUEZ Water Rhode Island Annual Report to the Public Utilities Commission for 2020 has total depreciation expenses of \$823,676, Page 5 Line 25 column (d)
- 2) Referenced Accounts are those included in the definition of "Base Spending" per Docket No. 4800 DSIC Rules Effective 10/5/2018 Settlement Agreement Appendix A footnote 2 page 5 Updated account numbers in Order footnote 24 page 6



**Veolia Water Rhode Island, Inc.**  
**Proposed DSIC Calculation**  
**August 1, 2024 to January 31, 2025**  
**Revenues Collected**

Month	Actual	Authorized	Over(under) Collected
<b>11/5/2021</b>		<b>\$ 55,673</b>	<b>\$ 9,279</b>
11/30/2021	3,029	3,026	3
12/31/2021	9,374	9,279	95
1/31/2022	8,962	9,279	(297)
<b>Total Nov21-Jan22</b>	<b>\$ 21,365</b>	<b>\$ 21,584</b>	<b>\$ (199)</b>

2/28/2022	12,037	9,279	2,758
3/31/2022	8,714	9,279	(565)
4/30/2022	7,041	9,279	(2,238)
5/31/2022	10,829	9,279	1,550
6/30/2022	10,692	9,279	1,413
7/31/2022	12,967	9,279	3,688
<b>Total Feb22-Jul22</b>	<b>\$ 62,281</b>	<b>\$ 55,674</b>	<b>\$ 6,607</b>
Interest Rate on Overcollection			
Monthly Interest Rate	0.072000		
Months	6		
Cumulative Interest	\$ 1,199		
<b>Over Collection Plus Interest</b>	<b>\$ 7,806</b>		

Month	Actual	Authorized	Over(under) Collected
<b>5/4/2022</b>		<b>\$ 82,059</b>	<b>\$ 13,677</b>
<b>11/5/2022</b>		<b>\$ 120,247</b>	<b>\$ 20,041</b>
8/31/2022	19,037	13,677	5,360
9/30/2022	14,069	13,677	392
10/31/2022	11,669	13,677	(2,008)
11/30/2022	11,947	20,041	(8,094)
12/31/2022	18,809	20,041	(1,232)
1/31/2023	18,701	20,041	(1,340)
<b>Total Aug22-Jan23</b>	<b>\$ 94,231</b>	<b>\$ 101,154</b>	<b>\$ (6,923)</b>

Month	Actual	Authorized	Over(under) Collected
<b>11/5/2022</b>		<b>\$ 120,247</b>	<b>\$ 20,041</b>
2/28/2023	23,177	20,041	3,136
3/31/2023	17,110	20,041	(2,931)
4/30/2023	16,950	20,041	(3,091)
5/31/2023	18,236	20,041	(1,805)
6/30/2023	22,784	20,041	2,743
7/31/2023	27,144	20,041	7,103
<b>Total Feb23-Jul23</b>	<b>\$ 125,401</b>	<b>\$ 120,246</b>	<b>\$ 5,155</b>
Interest Rate on Overcollection			
Monthly Interest Rate	0.072000		
Months	6		
Cumulative Interest	\$ 936		
<b>Over Collection Plus Interest</b>	<b>\$ 6,091</b>		

Month	Actual	Authorized	Over(under) Collected
<b>5/4/2023</b>		<b>\$ 164,118</b>	<b>\$ 27,353</b>
<b>11/5/2023</b>		<b>\$ 180,371</b>	<b>\$ 30,062</b>
8/31/2023	35,191	27,353	7,838
9/30/2023	28,964	27,353	1,611
10/31/2023	25,203	27,353	(2,150)
11/30/2023	21,604	30,062	(8,458)
12/31/2023	28,022	30,062	(2,040)
1/31/2024	26,604	30,062	(3,458)
<b>Total Aug23-Jan24</b>	<b>\$ 165,587</b>	<b>\$ 172,245</b>	<b>\$ (6,658)</b>

Month	Actual	Authorized	Over(under) Collected
<b>11/5/2023</b>		<b>\$ 180,371</b>	<b>\$ 30,062</b>
2/28/2024	35,989	30,062	5,927
3/31/2024	25,749	30,062	(4,313)
4/30/2024	25,356	30,062	(4,706)
5/31/2024	28,752	30,062	(1,310)
6/30/2024	31,080	30,062	1,018
7/31/2024	37,265	30,062	7,203
<b>Total Feb24-Jul24</b>	<b>\$ 184,191</b>	<b>\$ 180,372</b>	<b>\$ 3,819</b>
Interest Rate on Overcollection			
Monthly Interest Rate	0.072000		
Months	6		
Cumulative Interest	\$ 693		
<b>Over Collection Plus Interest</b>	<b>\$ 4,512</b>		

Month	Actual	Authorized	Over(under) Collected
<b>5/4/2024</b>		<b>\$ 246,252</b>	<b>\$ 41,042</b>
<b>11/5/2024</b>		<b>\$ 180,446</b>	<b>\$ 30,074</b>
8/31/2024	53,573	41,042	12,531
9/30/2024	40,916	41,042	(126)
10/31/2024	38,092	41,042	(2,950)
11/30/2024	33,471	30,074	3,397
12/31/2024	28,698	30,074	(1,376)
1/31/2025	27,154	30,074	(2,920)
<b>Total Aug24-Jan25</b>	<b>\$ 221,905</b>	<b>\$ 213,348</b>	<b>\$ 8,557</b>
Interest Rate on Overcollection			
Monthly Interest Rate	0.072000		
Months	6		
Cumulative Interest	\$ 1,553		
<b>Over Collection Plus Interest</b>	<b>\$ 10,110</b>		

- (3) Under collection Aug 22-Jan 23
- (4) Over collection Feb 23-Jul 23 shall have interest at the adjusted weighted average cost of capital
- (5) Under collection Aug 23-Jan 24
- (6) Over collection Feb 24-Jul 24 shall have interest at the adjusted weighted average cost of capital
- (7) Over collection Aug 24-Jan 25



**Veolia Water Rhode Island, Inc.**  
**Proposed DSIC Calculation**  
**August 1, 2024 to January 31, 2025**  
**6 Months Revenues Projection**

(1) Revenues	Budget 2025 not available yet						<b>TOTAL</b>
	<b>Apr-24</b>	<b>May-24</b>	<b>Jun-24</b>	<b>Jul-24</b>	<b>Aug-24</b>	<b>Sep-24</b>	
Residential facilities	\$ 63,613	\$ 63,613	\$ 63,613	\$ 63,613	\$ 63,613	\$ 63,613	\$ 381,678
Commercial facilities	24,720	24,720	24,720	24,720	24,720	24,720	\$ 148,319
Industrial facilities	723	723	723	723	723	723	\$ 4,340
Public Auth facilities	4,205	4,205	4,205	4,205	4,205	4,205	\$ 25,229
Sales for Resale facilities	18,130	18,130	18,130	18,130	18,130	18,130	\$ 108,782
General Metered Consumption	203,528	218,352	302,779	411,696	467,107	425,539	\$ 2,029,001
Private Fire protection facilities	20,906	20,906	20,906	20,906	20,906	20,906	\$ 125,437
Public Fire protection facilities	45,498	45,498	45,498	45,498	45,498	45,498	\$ 272,988
Miscellaneous service revenue	2,500	2,500	2,500	2,500	2,500	2,500	\$ 15,000
Unbilled Revenue	4,732	94,519	93,820	56,324	(27,383)	(49,428)	\$ 172,582
<b>Revenue Projection</b>	<b>\$ 388,555</b>	<b>\$ 493,167</b>	<b>\$ 576,894</b>	<b>\$ 648,315</b>	<b>\$ 620,019</b>	<b>\$ 556,406</b>	<b>\$ 3,283,356</b> <sup>(3)</sup>
(2) Dist system improvement rev	\$ 15,983	\$ 21,213	\$ 25,399	\$ 28,971	\$ 27,556	\$ 24,375	\$ 143,497
	404,538	514,380	602,294	677,286	647,575	580,781	

Notes:

(1) 2024 Budget

(2) DISC Revenue Budget is not included in the Revenues Projection for Filing

(3) Projected Water Service Revenues are for the period April 2025 to September 2025

Veolia Water Rhode Island, Inc.  
 Main Replacement Projects  
 August 1, 2024 to January 31, 2025

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Project ID	Project Title	Project Scope	DSIC Category	Install Length	Replacement Main Size	Design Start Date	Construction Start Date	Engineering In-Service Date	Actual Project Cost (8/1/24 to 1/31/25)	Comments
C22D604_061	Ocean Road Phase 3		Replacement	2500 feet	12"	Mar-23	Sep-23	Jan-24	\$ 57,523	Project Complete
C23D601_061	Strathmore and Wanda WM Replacement Phase 1		Replacement	550 feet	12"	Aug-23	Apr-24	Jul-24	\$ 1,822	Paving and restoration to be completed in Q4 2025.
C24D602_061	Ocean Road Phase 4		Replacement	1800 feet	12"	Apr-24	Oct-24	Jan-25	\$ 542,938	Project Complete
									\$ 602,284	

Veolia Water Rhode Island, Inc.  
Blankets  
August 1, 2024 to January 31, 2025

Project Name	Project ID	Blanket Replacements No.	Expenditure between 8/1/24 to 1/31/25	Total Expenditure for DISC Filing
Replacement Hydrants	CYYD501	4	\$ 15,954	\$ 15,954
Replace Valves and section of Mains	CYYD502	8	\$ 131,845	\$ 131,845
Repl Domestic / Fire Services	CYYF501	30	\$ 94,800	\$ 94,800
Replace Meters	CYYG501	261	\$ 83,997	\$ 83,997
Replace RF Meters	CYYG502	261	\$ 3,621	\$ 3,621
Replace Curb Box	CYYF504	30	\$ 260	\$ 260
	<b>Total Blanket Expenditures</b>	<b>594</b>	<b>\$ 330,478</b>	<b>\$ 330,478</b>

**Veolia Water Rhode Island, Inc.**  
**Income Statement**  
**Earnings Calculation**

Line No.	Description	Actual 12 Months Ending 1/31/2025	Ratemaking Adjustments	Adjusted 12 Months Ending 1/31/2025
1	Operating Revenues	\$ 5,884,539		\$ 5,884,539
	Operating Expenses			
2	Operation and Maintenance Expenses	2,888,849 [1]	9,192 [2]	2,898,041
3	Depreciation and Amortization	943,487	3,312	946,799 [3]
4	Taxes Other Than Income	488,189		488,189
5	Operating Expenses Before Income Taxes	4,320,525		4,333,028
6	Pre-tax utility operating income	1,564,014		1,551,511
7	Federal Income Taxes (from tax calc tab)	193,459	5,586	199,045 [4]
8	Utility Operating Income	\$ 1,370,555		\$ 1,352,466
9	Rate Base	\$ 28,475,214		\$ 28,475,214
10	Return on Rate Base	4.81%		4.75%
11	Allowed Return on Rate Base	7.20%		7.20%
12	Earnings Adjustment	0.15%		0.15%
13	Earnings Base Rate of Return	7.35%		7.35%

Notes:

[1]	Operation & Maintenance Expenses		2,716,447
	71257426 Pension-Other componts of NPPC		167,288
	71258426 PBOP-Other components of NPPC		5,114
	Total Operation & Maintenance Expenses		\$ 2,888,849
[2]	O&M Expenses		
	Veolia M&S shared assets - return, interest taxes not booked		9,192
[3]	Depreciation Expense Annualized	JAN-25 Expense	\$ 78,900
			X12
			\$ 946,799

[4]	FIT Calculation		
	Pre-tax utility operating income		\$ 1,551,511
	Rate Base	\$ 28,475,214	
	Interest	2.12%	603,675
	Taxable income		947,836
	Federal income tax	21.00%	\$ 199,045

Return on Equity Calculation 1/31/2025	
Rate Base	\$ 28,475,214
Equity	53.91%
Equity on Rate Base	\$ 15,350,988
Utility Operating Income	\$ 1,352,466
Less Interest Expense	(603,675)
Utility Operating Income Net	\$ 748,791
ROE (Utility Operating Income Net / Equity on Rate Base)	4.88%