

Direct Testimony of David R. Stearns

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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3 A. My name is David R. Stearns and my business address is the Division of Public
4 Utilities and Carriers (“Division”), 89 Jefferson Boulevard, Warwick, RI 02888.

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6 Q. WHAT IS YOUR POSITION AT THE DIVISION?

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8 A. I am a Public Utilities Analyst V for the Division. I have been employed in this
9 position since June of 2001.

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11 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

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13 A. I graduated from Bryant College of Business Administration in 1978 with a Bachelor
14 of Science degree in Business Administration, with a major concentration in
15 Accounting. I have also completed several continuing professional educational
16 courses in the areas of utility accounting and ratemaking.

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18 Q. PLEASE DESCRIBE YOUR EMPLOYMENT BACKGROUND.

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20 A. Prior to accepting my current position with the Division in June 2001, I had been
21 employed with EUA Service Corporation since 1967, my most recent position being
22 Senior Rate Analyst. EUA Service Corporation, prior to its merger with National Grid
23 USA, provided accounting, engineering, ratemaking, and information services to three
24 retail electric utility companies: two located in Rhode Island and one in
25 Massachusetts.

26

27 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE RHODE ISLAND PUBLIC
28 UTILITIES COMMISSION (“PUC”, OR “COMMISSION”)?

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30 A. Yes, I have testified in various dockets.

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1 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

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3 A The purpose of my testimony is to address the effect of Narragansett Electric
4 Company's ("Narragansett") recently approved rate change on the rate year light and
5 power cost of the City of Woonsocket Water Division ("Woonsocket Water", or
6 "Company").

7 Narragansett supplies retail distribution service to Woonsocket Water. In accordance
8 with the Settlement Agreement reached by the parties in Commission Docket 3617
9 and subsequently approved by the Commission, the distribution rates of Narragansett
10 shall change, effective October 28, 2004 for base rates and November 1, 2004 for the
11 customer credit provision. The rate change was approved subsequent to Woonsocket
12 Water's rate filing, therefore it was not incorporated in that filing. Now that the new
13 rates are known, the Company's claim for rate year light and power cost should be
14 adjusted to reflect the new rates.

15 To quantify the adjustment to the Company's rate year light and power costs due to
16 Narragansett's rate change, I have prepared, and attached to this testimony, Schedule
17 DRS-1.

18

19 Q. PLEASE DESCRIBE SCHEDULE DRS-1.

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21 A. In the top left corner of the schedule is a chart containing the actual billing data for
22 the largest electricity account of Woonsocket Water, the treatment plant, for the test
23 year. This is a Narragansett Rate G-32 account, and it represents 82 percent of
24 Woonsocket Water's total 2003 kWh use as presented in the Company's filing
25 (Schedule 1-1, Page 3 of 4). Using these billing data, I calculated distribution costs,
26 first using rates in effect during the test year, then the Rate G-32 rate design approved
27 by the Commission in Docket 3617. These two calculations are on Schedule DRS-1,
28 Lines 1 through 21, Columns A through E. On Lines 22 through 26, I compared the
29 two results. The difference is my proposed adjustment, associated with Narragansett's
30 rate change, to the Company's rate year light and power cost.

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2 Q. WHAT IS THE AMOUNT OF YOUR RECOMMENDED ADJUSTMENT ?

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4 A. As a result of Narragansett's rate change, I recommend a decrease of \$5,080 in
5 Woonsocket Water's claimed rate year light and power cost. This adjustment is
6 reflected in Andrea Crane's revenue requirement summary Schedule ACC-1 and
7 supporting Schedule ACC-10.

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9 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

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11 A. Yes, it does.

DOCKET 3626: WOONSOCKET WATER DISTRICT
 RI DIVISION OF PUBLIC UTILITIES
 PROPOSED ADJUSTMENT TO RATE YEAR POWER COST

BILLING DATA CALENDAR YEAR 2003 (TEST YEAR)

Year	Month	Rate	KWH Total	Billed Dmd
2003	12	G32	170,400	396
2003	11	G32	108,000	396
2003	10	G32	182,400	396
2003	9	G32	184,800	396
2003	8	G32	165,600	396
2003	7	G32	170,400	528
2003	6	G32	168,000	378
2003	5	G32	144,000	378
2003	4	G32	148,800	378
2003	3	G32	158,400	378
2003	2	G32	163,200	378
2003	1	G32	158,400	378

TOTALS 1,922,400 4,776

TOTAL KWH JAN-OCT 1,644,000

NOTE: This account represents 82% of Woon. Water Division's billed 2003 kWh.

CALCULATION OF ADJUSTMENT TO COST OF ELECTRICITY DUE TO CHANGE IN DISTRIBUTION RATE

<u>COLUMN</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
	TEST YEAR 2003			RATE YEAR 2005	
	RATE DESIGN: RATE G-32			RATE DESIGN: RATE G-32	
<u>LINE</u>					
1	Customer Charge			Customer Charge	
2	(\$236.43 X 12)	\$ 2,837		(\$236.43 X 12)	\$ 2,837
3	<u>Demand Charges:</u>			<u>Demand Charges:</u>	
4	Transmission Chg.			Transmission Chg.	
5	(kW X \$1.27)	6,066		(kW X \$1.27)	6,066
6	Distr. Dmd. Chg.			Distr. Dmd. Chg.	
7	(kW X \$1.56)	7,451		(kW X \$2.10)	10,030
8	<u>Distr. Engy. Charges:</u>			<u>Distr. Engy. Charges:</u>	
9	Transition Chg.			Transition Chg.	
10	(kWh X \$0.00944)	18,147		(kWh X \$0.00855)	16,437
11	Transm Adj. Chg.			Transm Adj. Chg.	
12	(kWh X \$0.00063)	1,211		(kWh X \$0.00042)	807
13	Distr. Charge			Distr. Charge	
14	(kWh X \$0.01139)	21,896		(kWh X \$0.00889)	17,090
15	C&LM Adj.			C&LM Adj.	
16	(kWh X \$0.00230)	4,422		(kWh X \$0.00230)	4,422
17	Settlement Cr.			Settlement Cr.	
18	(kWh X -\$0.00038)	(731)		(NA)	0
19				Cust. Credit	
20				(Jan-Oct kWh X \$0.00231 / 3)	(1,266)
21	12-Month Total	<u>\$61,299</u>		12-Month Total	<u>\$ 56,422</u>
22	<i>DISTR. COST USING TEST YEAR RATE DESIGN</i>		\$ 61,299		
23	<i>DISTR. COST USING RATE YEAR RATE DESIGN</i>		\$ 56,422		
24	<i>ADJUSTMENT BEFORE RIGRT</i>		\$ (4,877)		
25	<i>RIGRT</i>		\$ (203)		
26	<i>RATE YEAR ADJUSTMENT</i>		\$ (5,080)		

1/ Represents 1/3 of Total Customer Credit for 2005.