

September 29, 2005

Luly Massaro  
Clerk  
Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

RE: KENT COUNTY WATER AUTHORITY  
MOTION TO PASS THROUGH WHOLESAL RATE INCREASE  
DOCKET NO.

Dear Luly:

Enclosed please find an original and nine copies of the Motion to Pass Through Wholesale Rate Increases of the Kent County Water Authority for filing and docketing in connection with Docket # 3684 of the Providence Water Supply Board.

Please call should you have any questions.

Very truly yours,

Joseph J. McGair, Esq.

JJM:ld

Enclosures

Cc: Timothy J. Brown, P.E.  
William Leuker, Esq.  
Michael R. McElroy, Esq.  
Town Clerk, Town of East Greenwich  
City Clerk, City of Warwick  
Town Clerk, Town of West Greenwich  
Town Clerk, Town of Coventry  
Town Clerk, Town of West Warwick  
City Clerk, City of Cranston  
Town Clerk, Town of Scituate  
Town Clerk, Town of North Kingstown

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATION  
PUBLIC UTILITIES COMMISSION

IN RE: Kent County Water Authority )  
Motion to Pass Through ) Docket No.  
Wholesale Rate Increase )

**MOTION TO PASS THROUGH WHOLESALE RATE INCREASE**

Now comes the Kent County Water Authority ("KCWA") and hereby files this its request to pass through the wholesale rate increase requested by Providence Water Supply Board ("PWSB") and pending before the Public Utilities Commission in Docket No. 3684.

KCWA makes this motion to pass through a wholesale rate increase pursuant to Rhode Island General Laws 39-3-38.1 which provides as follows:

"Regulated water supply boards which purchase wholesale water from another regulated supply board may impose a retail rate increase provided the Public Utilities Commission has approved the wholesale rate increase. The total amount of the retail rate so imposed shall not exceed the amount of the wholesale rate increase. The proposed retail rate increase to be applied by the wholesale purchaser shall be submitted no less than thirty (30) days prior to its effective date to the Public Utilities Commission for its review and approval."

Attached hereto and made part hereof is testimony of Christopher Woodcock in support of this motion as well as proposed rate schedules and revenue schedules, each of which is incorporated herein by reference. This motion to pass through a wholesale rate increase is based upon the request of the PWSB for general rate relief which would increase wholesale rates from \$1,132.89 per million gallons to \$1,257.66 per million

gallons, an increase of \$124.77 per million gallons. As detailed in the attached documents and testimony, the proposed pass through will result in a rate increase in KCWA's metered rates in order to meet increased expenses of \$412,110 per year. If the Public Utilities Commission reduces the rate increase requested by the PWSB, the KCWA will request the PUC to reduce this requested pass through correspondingly.

WHEREFORE, KCWA requests, pursuant to Rhode Island General Laws §39-3-38.1, that the Public Utilities Commission grant a pass through of the wholesale increase to be granted to the PWSB in its docket 3684, such pass through relief to be effective 30 days from the date of the filing of this motion.

Respectfully submitted,  
Kent County Water Authority  
By its Attorneys,

---

Joseph J. McGair, Esq. #0304  
Petarca and McGair, Inc.  
797 Bald Hill Road  
Warwick, RI 02886  
(401) 821-1330

CERTIFICATE OF SERVICE

William Lueker, Esq.  
Office of the Attorney General  
150 South Main Street  
Providence, RI 02903

Michael R. McElroy, Esq.  
Schacht & McElroy  
21 Dryden Lane  
Providence, RI 02904

Town Clerk  
East Greenwich Town Hall  
111 Pierce Street  
East Greenwich, RI 02818

City Clerk  
Warwick City Hall  
3275 Post Road  
Warwick, RI 02886

Town Clerk  
West Greenwich Town Hall  
Victory Highway  
West Greenwich, RI 02816

Town Clerk  
Coventry Town Hall  
1670 Flat River Road  
Coventry, RI 02813

Town Clerk  
West Warwick Town Hall  
1170 Main Street  
West Warwick, RI 02893

City Clerk  
Cranston City Hall  
869 Park Avenue  
Cranston, RI 02910

Town Clerk  
Scituate Town Hall  
Main Street  
North Scituate, RI 02857

Town Clerk  
North Kingstown Town Hall  
80 Boston Neck Road  
North Kingstown, RI 02852

1  
2  
3  
4 **PREFILED TESTIMONY OF**  
5 **CHRISTOPHER P.N. WOODCOCK**

6  
7  
8 **Q: Please state your name and business address?**

9 A: My name is Christopher P.N. Woodcock and my business address is 18 Increase  
10 Ward Drive, Northborough, Massachusetts 01532.  
11

12 **Q: By whom are you employed and in what capacity?**

13 A: I am the President of Woodcock & Associates, Inc. a consulting firm specializing in  
14 water and wastewater rate and financial studies.  
15

16 **Prior Experience**

17 **Q: Please describe your qualifications and experience.**

18 A: I have undergraduate degrees in Economics and in Civil Engineering from Tufts  
19 University in Medford, Massachusetts. After graduating in 1974, I was employed by  
20 the environmental consulting firm of Camp, Dresser and McKee Inc. (CDM). For  
21 approximately 18 months I worked in the firm's environmental engineering group  
22 performing such tasks as designing water distribution and transmission pipes,  
23 sewer collection and interception systems, pumping facilities and portions of a  
24 wastewater treatment facility. From approximately January 1976, I worked in the  
25 firm's management and financial consulting services group, gaining increasing re-  
26 sponsibility. At the time of my resignation, I was a corporate Vice President and  
27 had been appointed the leader of the group overseeing all rate and financial stud-  
28 ies. In my career, I have worked on more than 300 water and wastewater rate and  
29 financial studies, primarily in the United States, but also for government agencies  
30 overseas. I have also worked on a number of engineering and financial feasibility  
studies in support of revenue bond issues, as well as several valuation studies,  
capital improvement financing analyses and management audits of public works  
agencies. In addition to my professional experience I have also held elected and  
appointed positions on municipal boards overseeing public works functions.

1

2 **Q: Have you previously testified before state regulatory commissions or courts**  
3 **on rate related matters?**

4 A: Yes, I have provided testimony on rate related matters before utility commissions in  
5 Rhode Island, Maine, Connecticut, New York, New Hampshire, Texas, and Alberta,  
6 Canada. In fact, I have testified on behalf of this agency a number of times. I have  
7 also been retained as an expert witness on utility rate related matters in proceed-  
8 ings in state courts in Massachusetts, Michigan, New Jersey, Maryland, Ohio, Ar-  
9 kansas, Pennsylvania, and Florida as well as the Federal Court in Michigan. I have  
10 been selected to several arbitration panels related to disputes over water rates and  
11 charges, I have provided testimony on rate related matters to the Michigan and  
12 Massachusetts legislatures, and I have provided testimony at administrative hear-  
13 ings on a number of occasions.

14

15 **Q: Do you belong to any professional organizations or committees?**

16 A: Yes, I am a member of the Water Environment Federation, the Rhode Island Water  
17 Works Association, the Massachusetts Water Works Association, the New England  
18 Water Works Association, and the American Water Works Association. For the Wa-  
19 ter Environment Federation, I am a member of the committee that prepares their  
20 manual on Wastewater Rates and Financing. For the New England Water Associa-  
21 tion, I am a member of the Conservation Committee and the co-chairman of the Fi-  
22 nancial Management Committee. In my capacity as Assistant Treasurer for the  
23 New England Water Works Association I also sit on the Board of Directors as well  
24 as several other administrative committees. For the American Water Works Asso-  
25 ciation, I am past chairman of the Financial Management Committee and the Rates  
26 and Charges Committee that has prepared the manuals on Revenue Requirements,  
27 Water Rates, Alternative Rate Structures, and Water Rates and Related Charges. I  
28 have been reappointed to and am currently a member of the Rates & Charges  
29 Committee.

30

1 **Q: Are you the same Christopher Woodcock that has prefiled testimony on be-**  
2 **half of the Kent County Water Authority in other rate filings?**

3 A: Yes I am.

4  
5 **Q: What is the purpose of your testimony in this docket?**

6 A: This testimony includes four schedules which present the calculation of new rates  
7 for the Authority that include the cost of the Providence Water Supply Board's  
8 (Providence Water) proposed new wholesale rates that were filed June 30, 2005  
9 (Docket 3684), the impacts on various customers, and a comparison of the existing  
10 rates and the rates with the pass through increase.

11  
12 **Q: What is the impact of the increase proposed by Providence Water on the Kent**  
13 **County Water Authority?**

14 A: The increase in Providence Water's wholesale rate from \$1,132.89/mg to the pro-  
15 posed \$1,257.66/mg will result in increased purchased water expenses of \$412,110  
16 per year as shown on CPNW Schedule 1.

17

18 **Q: What level of water purchases have you used?**

19 A: The wholesale water purchases presented in this filing are based on KCWA's water  
20 purchases from Providence Water in Fiscal Year 2005.

21

22 **Q: What level of retail water sales have you used in this filing?**

23 A: To match the wholesale purchases, I have used the actual FY 2005 retail sales after  
24 billing adjustments.

25

26 **Q: How does the Kent County Water Authority propose to recover these addi-**  
27 **tional costs?**

28 A: The Authority proposes to increase its metered water rates by 2.83% as shown in  
29 CPNW Schedule 2.

30

1 **Q: Does the Authority propose to adjust any other of its rates and charges?**

2 A: No, as in the past, the Authority is only proposing to increase the metered water  
3 rates for this pass through increase. In conformance with the Authority's cost of  
4 service study, nearly all of the purchased water costs are allocated to the base, me-  
5 tered water rates. As a result, only the metered water rates would be impacted by  
6 the pass through.

7  
8 **Q: Have you prepared a schedule which shows the reconciliation of revenues  
9 under your proposed pass through rates?**

10 A: Yes, the bottom portion of CPNW Schedule 2 presents the calculation of revenues  
11 under the proposed rates. Because the rates are rounded to the nearest \$0.001, the  
12 revenues do not match exactly.

13  
14 **Q: Have you prepared a schedule showing the impacts on various customers?**

15 A: Yes, CPNW Schedule 3 presents the impacts at various uses and meter sizes. Be-  
16 cause no change to the fire protection or service charges is proposed, the impacts  
17 vary. Fire service accounts see no increase. Smaller volume customers will see  
18 increases less than the average because a portion of their quarterly bill is due to the  
19 service charge where there is no change proposed. As usage increases and the  
20 metered water rate portion of the bill becomes larger, the percentage impacts ap-  
21 proach the increase in the metered rates that were calculated.

22  
23 **Q: Have you prepared a comparison of the current and proposed rates?**

24 A: Yes I have. CPNW Schedule 4 presents the current and proposed rates and shows  
25 the percentage change in each.

26  
27 **Q: Does this conclude your testimony?**

28 A: Subject to any changes that may subsequently be brought to my attention or in  
29 Providence Water's wholesale rate that is ultimately approved by the RI PUC, yes it  
30 does.



**KCWA - Increased Purchased Water Cost**

	<u>Rate (\$/mg)</u>	<u>Purchases (mg) *</u>	<u>Cost</u>
Current PWSB Rate (/mg)	\$1,132.89	3,302.96	\$3,741,887
Proposed PWSB Rate (/mg)	\$1,257.66	3,302.96	\$4,153,997
Increase (Percent)	11.01%		11.01%
Increase (Amount)	\$124.77		\$412,110

\*FY 2005 Purchases from PWSB

**KCWA - Calculation of Proposed Rates**

**CURRENT RATES**

	100 Cu Ft (FY 2005)	Current Rates	Current Revenue
Small (5/8-2" meters)	3,443,638	\$3.542	\$12,197,366
Medium (3&4" meters)	377,633	\$3.001	1,133,275
Large (6" & up meters)	488,209	\$2.543	1,241,516
	4,309,480		\$14,572,157

Increased Annual Revenue Required	\$412,110
Percent Increase Required	2.83%

**PROPOSED RATES**

	Current Rates	% Increase	Proposed Rates
Small (5/8-2" meters)	\$3.542	2.83%	\$3.642
Medium (3&4" meters)	\$3.001	2.83%	\$3.086
Large (6" & up meters)	\$2.543	2.83%	\$2.615

Revenues	Proposed Rates	Consumpt. (CCF)	Revenue
Small (5/8-2" meters)	\$3.642	3,443,638	\$12,541,730
Medium (3&4" meters)	\$3.086	377,633	\$1,165,374
Large (6" & up meters)	\$2.615	488,209	\$1,276,667
			\$14,983,771

Required Revenues			
Current		\$14,572,157	
Increase		\$412,110	
Total			\$14,984,267
	Difference		-\$496
	Percentage		-0.003%

**IMPACT OF PROPOSED RATES**

	MTR SIZE	QUARTERLY USE - CU FT	<---QUARTERLY BILL--->		\$ INCREASE	
			CURRENT RATES	PROPOSED RATES		
<u>Small</u>						
	5/8	2,000	\$79.04	\$81.04	\$2.00	2.53%
	5/8	2,500	\$96.75	\$99.25	\$2.50	2.58%
	5/8	3,500	\$132.17	\$135.67	\$3.50	2.65%
	5/8	4,000	\$149.88	\$153.88	\$4.00	2.67%
	5/8	5,000	\$185.30	\$190.30	\$5.00	2.70%
	5/8	6,000	\$220.72	\$226.72	\$6.00	2.72%
	5/8	6,666	\$244.31	\$250.98	\$6.67	2.73%
	5/8	8,000	\$291.56	\$299.56	\$8.00	2.74%
	5/8	10,000	\$362.40	\$372.40	\$10.00	2.76%
	5/8	12,000	\$433.24	\$445.24	\$12.00	2.77%
	5/8	14,000	\$504.08	\$518.08	\$14.00	2.78%
	5/8	15,000	\$539.50	\$554.50	\$15.00	2.78%
	5/8	20,000	\$716.60	\$736.60	\$20.00	2.79%
	5/8	25,000	\$893.70	\$918.70	\$25.00	2.80%
	1	30,000	\$1,072.44	\$1,102.44	\$30.00	2.80%
	1	40,000	\$1,426.64	\$1,466.64	\$40.00	2.80%
	1	46,666	\$1,662.75	\$1,709.42	\$46.67	2.81%
	1	75,000	\$2,666.34	\$2,741.34	\$75.00	2.81%
	2	100,000	\$3,557.58	\$3,657.58	\$100.00	2.81%
	2	200,000	\$7,099.58	\$7,299.58	\$200.00	2.82%
	2	300,000	\$10,641.58	\$10,941.58	\$300.00	2.82%
	2	400,000	\$14,183.58	\$14,583.58	\$400.00	2.82%
	2	600,000	\$21,267.58	\$21,867.58	\$600.00	2.82%
<u>Medium</u>						
	3	200,000	\$6,021.07	\$6,191.07	\$170.00	2.82%
	3	400,000	\$12,023.07	\$12,363.07	\$340.00	2.83%
	3	600,000	\$18,025.07	\$18,535.07	\$510.00	2.83%
	4	800,000	\$24,033.84	\$24,713.84	\$680.00	2.83%
	4	1,000,000	\$30,035.84	\$30,885.84	\$850.00	2.83%
	4	1,200,000	\$36,037.84	\$37,057.84	\$1,020.00	2.83%
<u>Large</u>						
	6	400,000	\$10,212.82	\$10,500.82	\$288.00	2.82%
	6	600,000	\$15,298.82	\$15,730.82	\$432.00	2.82%
	6	800,000	\$20,384.82	\$20,960.82	\$576.00	2.83%
	6	1,200,000	\$30,556.82	\$31,420.82	\$864.00	2.83%
	6	1,333,333	\$33,947.48	\$34,907.48	\$960.00	2.83%
	8	2,000,000	\$50,926.87	\$52,366.87	\$1,440.00	2.83%
	8	5,000,000	\$127,216.87	\$130,816.87	\$3,600.00	2.83%
	8	10,000,000	\$254,366.87	\$261,566.87	\$7,200.00	2.83%
	8	24,000,000	\$610,386.87	\$627,666.87	\$17,280.00	2.83%
Municipal Fire Service		300 hydrants	\$35,523.15	\$35,523.15	\$0.00	
Private Fire Service		8 Inch Service	\$280.57	\$280.57	\$0.00	

**COMPARISON OF CURRENT AND PROPOSED RATES**

<b><u>Metered Rates (\$/100 cu ft)</u></b>		<b><u>Current</u></b>	<b><u>Proposed</u></b>	<b><u>% Change</u></b>	
	Small (5/8 - 2" meters)	\$3.542	\$3.642	2.8%	
	Medium (3 & 4" meters)	\$3.001	\$3.086	2.8%	
	Large (6" & up meters)	\$2.543	\$2.615	2.8%	
<b><u>Service Charges</u></b>					
Quarterly	5/8 & 3/4	\$8.20	\$8.20	0.0%	
	1	\$9.84	\$9.84	0.0%	
	1 1/2	\$12.92	\$12.92	0.0%	
	2	\$15.58	\$15.58	0.0%	
	3	\$19.07	\$19.07	0.0%	
	4	\$25.84	\$25.84	0.0%	
	6	\$40.82	\$40.82	0.0%	
	8 & up	\$66.87	\$66.87	0.0%	
	Monthly	5/8 & 3/4	\$6.83	\$6.83	0.0%
		1	\$7.38	\$7.38	0.0%
1 1/2		\$8.40	\$8.40	0.0%	
2		\$9.29	\$9.29	0.0%	
3		\$10.46	\$10.46	0.0%	
4		\$12.71	\$12.71	0.0%	
6		\$17.70	\$17.70	0.0%	
8 & up		\$26.39	\$26.39	0.0%	
<b><u>Fire Service</u></b>					
Public	/hydrant	\$118.39	\$118.39	0.0%	
	/bill	\$6.15	\$6.15	0.0%	
Private	4 in	\$51.67	\$51.67	0.0%	
	6 in	\$135.98	\$135.98	0.0%	
	8 in	\$280.57	\$280.57	0.0%	
	10 in	\$500.15	\$500.15	0.0%	
	12 in	\$803.32	\$803.32	0.0%	
	hydrant	\$135.98	\$135.98	0.0%	