

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION**

**IN RE:           CITY OF WOONSOCKET                                 :**  
**WATER DEPARTMENT APPLICATION                                 :**       **DOCKET NO. 3800**  
**TO CHANGE RATE SCHEDULES   :**

**REPORT AND ORDER**

**I.     Introduction**

On December 8, 2006, the Woonsocket Water Division (“WWD”), a division within the City of Woonsocket’s Public Works Department and a non-investor owned utility, filed an abbreviated application with the Public Utilities Commission (“Commission”) to increase rates. The proposed rates are designed to collect additional revenues of approximately \$1.7 million for a total cost of service of \$8,623,437 resulting in an overall increase of 24.92%. To a typical residential customer using 10,000 cubic feet per year, the increase would be approximately 22% annually from \$404 to \$492 per year. WWD requested an effective date of January 8, 2007. At an Open Meeting on December 19, 2006 and in accordance with R.I. Gen. Laws §39-3-11, the Commission suspended the effective date of WWD’s proposed rates for the purpose of conducting discovery and hearings.<sup>1</sup>

The present abbreviated filing is WWD’s fourth request for an increase in rates in the last eight (8) years. The following outlines the history of WWD’s previous requests and the outcome of such requests.

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<sup>1</sup> R.I. Gen. Laws §39-3-11 authorizes the Commission to suspend the taking effect of proposed rate(s) for a period not to exceed six (6) months in order that it may investigate and hold public hearings on the propriety of the proposed change(s).

<u>Docket No.</u>	<u>Filing Date</u>	<u>Amount Requested</u>	<u>Amount Allowed</u>	<u>% of Increase</u>
2904	3/25/99	\$1,232,142	\$800,544	20.7%
3512	3/27/03	\$1,093,451	\$970,596	22.4%
3626	7/13/04	\$2,067,150	\$1,602,231	30.4%
3626(reopened)	6/6/05	\$1,819,773	\$1,819,773	34.8% <sup>2</sup>

## **II. Woonsocket Water Department's Pre-Filed Testimony**

In support of its abbreviated rate application filing, WWD submitted testimony and supporting exhibits of Carol C. Lariviere, Maureen Gurghigian, David G. Bebyn and Walter Edge, Jr. Ms. Lariviere, the Water Division Superintendent for WWD, provided testimony regarding an overview of the activities of the WWD, justification to support the request to increase WWD's revenue requirements, and an overview of the short and long term goals of WWD.<sup>3</sup> Ms. Lariviere explained that absent a rate increase, WWD's revenues will be insufficient to cover its costs due to a decrease in water volume sales and increase in expenses. Additionally, WWD must construct a new water treatment plant by 2010 in order to comply with new federal regulatory requirements. In order to assure that revenues will be sufficient to cover WWD's expenditures, Ms. Lariviere projected an increase of 24.92% over current rates as necessary.<sup>4</sup>

Ms. Lariviere noted that WWD has complied with all previous Commission Orders and was seeking only to modify an order at the present time. She pointed out that the Commission denied WWD's previous request to use ratepayer funds for the purpose

<sup>2</sup> WWD filed a Motion to Reopen the Proceedings after being notified of a discrepancy between the frequency of billing approved by the Commission and the frequency of billing set forth in WWD's compliance tariffs. WWD explained that while it anticipated increased revenues as a result of quarterly billing versus semi-annual billing, consumption was less and expenses were greater than allowed by the Commission at its March 8, 2005 Open Meeting. In an Open Meeting on June 16, 2005, the Commission allowed for an increase to rates of 34.84% or \$1,819,773.

<sup>3</sup> Footnotes to testimony will be provided at the end of each paragraph unless otherwise necessary.

<sup>4</sup> WWD Exhibit 1(a), Testimony of Carol C. Lariviere 2-3.

of performing curb to curb paving because the City of Woonsocket ("City") did not have a city-wide policy regarding the same. Since that time, the City enacted a formal written policy requiring prescribed maintenance activities that WWD and other utilities are mandated to employ when it is necessary to dig up a road.<sup>5</sup>

According to Ms. Lariviere and the data she provided, water sales have decreased over the last six years. This is due in large part to a significant decline in commercial water sales since FY2000. Ms. Lariviere testified that this decline is not likely to reverse, because the conservation efforts promoted by the WWD have been successful and there is no expectation that large water users will migrate to the City. In an effort to increase water sales, the City and the Town of North Smithfield entered into an Intermunicipal Agreement for the purpose of supplying up to 400,000 gallons per day of potable water to certain areas in North Smithfield with a commitment of increasing that amount and evaluating ways to extend WWD's water sales to more communities through a study to be funded by the City and the Town of North Smithfield. WWD requested that money collected in rates be used to fund the City's share of the study which was represented to be not more than \$150,000 excluding professional service fees necessary to prepare and analyze the study.<sup>6</sup> When asked in a data request from the Commission to explain whether this request was inconsistent with the Commission's previous ruling in Docket No. 3626 Order No. 18307<sup>7</sup>, WWD responded, through Walter E. Edge, that the study set forth in the Inter-Municipal Agreement is not a Regionalization Study covered by the

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<sup>5</sup> Id. at 3-5, Docket No. 3626 Order No. 18207. The policy may be accessed at <http://www.ci.woonsocket.ri.us/engineering.htm>.

<sup>6</sup> Id. at 6-10. Division Exhibit 2, Division of Public Utilities First Set of Data Requests and Responses, DIV-1, February 2, 2007, Division Exhibit 2, Div-1 (Intermunicipal Agreement).

<sup>7</sup> In Docket No. 3626 Order No. 18307, the Commission ordered that WWD "not use ratepayer funds for the purposes of regionalization or privatization studies undertaken by the City of Woonsocket after January 1, 2005."

ruling in Docket No. 3626, because it does not contemplate the sale of the utility and is focused on increasing the sale of water.<sup>8</sup> Ms. Lariviere also noted that WWD would be able to allocate fixed costs to a greater number of customers which would moderate the extent of future rate increases if they were to accomplish increased sales resulting in definite benefits to ratepayers. Because of the benefits that would accrue to the ratepayers, the ratepayers should incur the expense required to secure these benefits.<sup>9</sup>

Maureen E. Gurghigian, Managing Director at First Southwest Company, also submitted pre-filed testimony to provide information on WWD's debt service requirements for existing and planned debt. She noted that as of June 30, 2006, WWD had a total of \$16,649,223 in principal debt outstanding. Existing debt service is projected to increase approximately \$200,000 by FY2008, requiring a rate increase to pay for this expense. Additionally, WWD is planning to borrow: \$1 million from the Clean Water Finance Agency ("RICWFA") in FY2007 for capital projects related to the new water treatment facility and \$30 million in FY2008 to finance the construction of the new treatment facility. Ms. Gurghigian pointed out that the proposed \$1 million loan will have no immediate impact on rates as the debt service will be paid from current IFR (Infrastructure Replacement) funds until completion of the borrowing for the new treatment facility, the first issue of which is planned for early 2008. While the planned new debt is expected to increase the existing annual debt service by approximately \$2.3 million, the increase is moderated through the use of capitalized interest in the first two years of the loan.<sup>10</sup> This means that interest paid on the debt will be borrowed.

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<sup>8</sup> Commission Exhibit No. 1.

<sup>9</sup> WWD Exhibit No. 1(a), Testimony of Carol C. Lariviere at 10.

<sup>10</sup> WWD Exhibit No. 1(b), Testimony of Maureen E. Gurghigian at 1-5; Schedule MG-1.

David G. Bebyn, a CPA retained by WWD to provide testimony in support of its request for a rate increase, developed a test year by reviewing all prior year-end audit adjustments and balances, assuring that those adjustments and balances were properly recorded. Mr. Bebyn collected the detailed trial balances for June 30, 2006 for all water accounts and then adjusted all balances for depreciation, principal paid, loan proceeds received, capital additions and additional payables. In addition to being used for the test year in the instant filing, these adjusted balances were used to prepare WWD's 2006 Annual Report filed with the Commission.<sup>11</sup>

In order to present the test year on a normalized "rate making basis", Mr. Bebyn made nine adjustments to the test year: He made three adjustments which had the net effect of reducing test year revenue by \$633,037. Specifically, he

- added \$394 to public fire service revenues,
- deducted \$611,150 miscellaneous revenue attributable to two grants, and
- deducted \$22,281 interest revenue on restricted accounts.

He also made six adjustments to expenses which had the net effect of increasing test year expenses by \$815,240. To the expense accounts, he:

- added \$660 on property and fire taxes,
- reduced operating reserve expense by \$19,426 by adding \$8,716 to other independent service expenses for the Eisenhardt Group's consulting services relative to the analysis referenced in Ms. Lariviere's testimony and adding \$10,710 to engineering services,
- added \$1,250 for fiscal certification expense,

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<sup>11</sup>WWD Exhibit No. 1(c), Testimony of David G. Bebyn at 1-2.

- deducted \$456,435 from depreciation expense,
- added \$302,285 to restricted account expenses, and
- added \$967,480 to debt service expense.

The adjusted test year had \$7,031,353 in total expenses and a loss of (\$326,986) in net income. He also conducted a four-year analysis of the actual revenue and expenses to determine whether further adjustment was required to either the test year or the rate year. Mr. Bebyn noted that, in his professional opinion, the test year as adjusted fairly presents the operations of WWD in a normal year on a ratemaking basis with currently approved rates. As additional support of the test year, Mr. Bebyn prepared a schedule to detail the test year revenues by source, tariff and rate class.<sup>12</sup>

Mr. Bebyn included in his testimony proposed rates based on the cost allocations that are in conformance with those approved in Docket Nos. 2099, 2904 and 3626. In the instant case, the proposed service charges are lower than the current charges in most cases because of the shift to quarterly billing that was addressed in the Motion to Reopen in Docket No. 3626 and discussed in footnote 2 above. He attached a number of schedules outlining the various allocations approved in the prior dockets as well as supporting schedules, a schedule summarizing the current rate and proposed rates, a revenue check schedule incorporating the overall requested increase of 24.92 %, and a schedule that calculates the impact on each ratepayer class. Mr. Bebyn noted that the financial impact on a typical residential customer who uses 205 gallons per day or 10,000 cubic feet per year would be an increase of 22.01% from \$404 to \$492 per year. The

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<sup>12</sup> Id. at 2-4; Schedule DGB-1.

percentage is less than the overall increase of 24.92% because of the proposed reduction in the service charge which is a large portion of the smaller customers' total bill.<sup>13</sup>

Finally, the testimony of Walter E. Edge, Jr. was submitted. Mr. Edge, a CPA, was retained by WWD to provide expert testimony regarding the rate year revenue requirement. Mr. Edge explained that the major areas requiring adjustment in this case are the same as those in the last rate case, Docket No. 3626. He noted that WWD was requesting total rate year revenue of \$8,623,437 which would require an increase in the revenue requirement of \$1,720,064 or 24.92%.<sup>14</sup>

Mr. Edge explained his rate year testimony by grouping the revenue and expense accounts into six groupings: revenue accounts, personnel expense accounts, small dollar value accounts, insurance accounts, restricted accounts and other remaining accounts. Water sales, which account for approximately 87% of WWD's revenues, have been decreasing for the past few years. At the present time, WWD is investigating the possibility of increasing water sales to neighboring communities and is requesting \$150,000 to fund its share of commitments made in the Inter-Municipal Agreement. Mr. Edge noted that an increase in the number of customers will result in lower rates for all customer classes as fixed costs will be spread over a greater number of customers. He calculated the wholesale revenue for the rate year to be \$199,006.<sup>15</sup>

Mr. Edge addressed a number of the expense accounts and explained how they were adjusted. Regarding the personnel expense accounts, he noted that he prepared a schedule to address salary and longevity increases and adjustments to FICA. When preparing his schedule, Mr. Edge listed all of the positions projected to be in place during

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<sup>13</sup> Id. at 5-7; Schedules DGB-3, DGB 3A-3-D, DGB-4, DGB4A-4D, DGB-5-DGB-11.

<sup>14</sup> WWD Exhibit No. 1(d), Testimony of Walter E. Edge, Jr. at 1-3.

<sup>15</sup> Id. at 5-7; Schedules WEE-1, WEE-2.

the rate year. He developed another schedule to show the salary increases based on the union contract to arrive at the rate year salary levels. Mr. Edge did not adjust overtime expense because he explained that WWD is attempting to reduce overtime pay and not adjusting this item would provide an added incentive for WWD to continue the attempted reduction. Mr. Edge stated that it was unnecessary to allow for turnover because that is already built into the actual test year payroll and payroll related accounts.<sup>16</sup>

Because the Maintenance-Roads and Walk account varies considerably from year to year, Mr. Edge calculated the four year average and then adjusted the rate year to equal that average. In calculating the Light and Power account, Mr. Edge added the energy charge and backed out the Constellation New Energy (CNE) settlement, then he made an adjustment for Gross Receipts Tax (GRT) and SVC Tax (Rhode Island Service Sales Tax). He determined that the 6.6 cents per kWh charge would remain the same for the rate year as it was for the test year and added a 1.2 cent per kWh charge for the Forward Capacity Market (FCM). He adjusted for fire and property tax for the rate year by using the interim year increases and multiplying that by the interim level costs. He noted that if the rate year increases are available by the hearing date, he will update his adjustment.<sup>17</sup>

Mr. Edge adjusted the engineering services account by \$60,084 for engineering work on the system recommended by WWD's consultants, CDM, described by Mr. Edge as flushing. He also adjusted all of the insurance accounts for a total adjustment of \$230,970. He was provided with the rate year increases from the City Finance Director. Finally, Mr. Edge, noted increases to all of the restricted accounts except for the renewal and replacement restricted account but pointed out that if these accounts are over-funded,

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<sup>16</sup> Id. at 8-9, Schedules WEE-4, WEE-4a.

<sup>17</sup> Id. at 10-11; Schedules WEE-6, WEE-6a, WEE-7. Mr. Edge's testimony refers to the "Constellation New Energy settlement" as the "Consolidated New Energy settlement."



the funds could be returned to the ratepayers by under-funding the accounts in subsequent years. Specifically, he indicated the following allowances as appropriate: \$296,000 for chemicals, \$127,440 for net operating reserve, \$2,200,000 for IFR. Even though he expects the expenditure level for IFR to exceed \$2,200,000, he believes it will be adequate to allow WWD to complete a majority of the items planned for this particular program during 2008 through 2010. He also allocated \$162,728 for rate case expenses to be amortized over two years and a \$1,832,067 allowance for debt service.<sup>18</sup>

### **III. Division's Testimony**

On March 23, 2007, the Division of Public Utilities and Carriers ("Division") filed the Pre-filed Testimony of Andrea C. Crane, Vice President of The Columbia Group, Inc., who was retained as the Division's expert to review WWD's filing and to provide recommendations regarding revenue requirements. Ms. Crane reviewed WWD's testimony and exhibits and responses to data requests and concluded a rate increase of \$908,700 or 12.5 % to be appropriate in contrast to the \$1,720,064 or 24.92% requested by WWD. Ms. Crane noted that the increase requested by WWD is being driven primarily by its increase in debt service and personnel costs as well as its request for an increase to its IFR funding and its under-recovery during the test year which was identified by WWD as resulting from lower than anticipated sales. Ms. Crane pointed out that WWD responded to a data request from the Division that test year sales were significantly below the FY2005 levels. She stated that WWD's claim that it lost approximately \$326,986 in the test year is "somewhat misleading" because this claimed loss does not reflect the substantial grant revenues that WWD received during the test year and includes adjustments to various restricted accounts to reflect funding amounts

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<sup>18</sup> Id. at 12-15; Schedules WEE-9, WEE-11, WEE-12, WEE-13.

approved by the Commission rather than the amounts actually booked by WWD to the cost categories in the test year. She pointed specifically to a schedule prepared by Mr. Bebyn, Schedule DGB-1, that showed reported income of \$1,121,291 for the test year instead of the net loss that WWD used as the starting point in its filing.<sup>19</sup>

Ms. Crane noted that WWD determined pro forma revenue by using actual test year revenues from water sales and then adjusting that to reflect an additional \$199,006 of revenue relating to incremental wholesale sales for the 170,000 gallons per day to the Town of North Smithfield. She explained that in order to determine pro forma revenue, the first step is commonly to examine metered consumption, which she pointed out fluctuates based primarily on temperature and rainfall. Because of this fluctuation, an average consumption over a period of time is used to determine a “normalized” level of consumption for ratemaking purposes. Ms. Crane looked at five years of consumption and total WWD sales noting that the figures she evaluated do not represent a pattern of declining sales as alleged by WWD but that sales have remained relatively stable. She stated that residential sales have been stable on a per customer basis showing very little difference between the three and five year averages and that even though there has been a decline in commercial sales, that WWD indicated in response to a Commission data request, specifically number 15 of Commission Exhibit 1, that it is likely this commercial decline has stabilized. Based on her review and analysis, she recommended that WWD’s pro forma revenue be adjusted to reflect an average of total sales over the past two years resulting in pro forma sales of 1,713,789 Ccfs, first which will provide balance between

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<sup>19</sup> Division Exhibit No. 1, Testimony of Andrea C. Crane at 1-7; WWD Exhibit 1(c), ScheduleDGB-1.

using only the test year and the longer term average and second which considered incremental variable costs associated with sales such as power and chemicals.<sup>20</sup>

Ms. Crane also discussed the history associated with WWD's agreement for energy supply with Constellation New Energy, Inc. ("CNE") and the settlement agreement entered into between WWD and CNE regarding CNE's non-performance of the contract.<sup>21</sup> As a result of the non-performance the City was required to contract with TransCanada at a rate higher than the rate originally bid by TransCanada. Ms. Crane noted that WWD did not include the credit of 0.9 cents per kwh from the CNE settlement as an offset to its rate year costs even though the credit had not yet expired.<sup>22</sup> Ms. Crane recommended two adjustments to WWD's claim for light and power costs; first, that those costs be based on the actual rate in place during the rate year, fiscal year 2008, and second, that the Commission use the average estimated rate during the rate year of 0.93 cents per kwh for forward market capacity charges. Her adjustments reduced WWD's claim for light and power by \$16,537.<sup>23</sup>

Ms. Crane noted that WWD used the interim year increase totaling \$448,743 or 22% for its healthcare cost claim. She pointed out that this increase was significantly greater than any increase in the prior five years and recommended a pro forma increase of \$47,188 representing a 10.5% increase over the interim rate expense in WWD's filing. This results in a \$51,157 decrease in the increase requested by WWD. She also noted that at the time of her pre-filed testimony, WWD had not provided any true-up

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<sup>20</sup> Id. at 7-11, Schedule ACC-2. Ms. Crane also noted that her adjustment figure included incremental variable costs for power and chemicals.

<sup>21</sup> Id at 12-15. The contract with CNE contained a significant price differential between water and wastewater facilities with the benefit favoring wastewater facilities.

<sup>22</sup> Ms. Crane noted on page 14 of her direct testimony that this credit is due to expire at the end of 2007.

<sup>23</sup> Division Exhibit 1, Testimony of Andrea C. Crane at 12-15, Schedule ACC-3.

adjustments from Blue Cross and in the event that such information was provided, she may adjust her recommendation if required.<sup>24</sup>

Regarding the engineering services, Ms. Crane recommended disallowing the \$60,084 requested by WWD for two reasons, the first being inadequate documentation provided by WWD to support this claim and the second being that WWD's proposed IFR costs provide for flushing studies. Ms. Crane also recommended one adjustment, disallowing \$16,000 in costs covered by the general fund, to the Company's claim for rate case costs because she found it to constitute retroactive ratemaking. She found the \$146,728, the amount requested by WWD absent her \$16,000 adjustment, to be reasonable in both amount and time period of amortization. Ms. Crane commented that WWD's legal bills appeared very high and noted that while the later stages of the case usually require more work, i.e., legal hearings and briefing, WWD had already spent a significant amount on early stages of the case. She also pointed out that the legal invoices were vague making it impossible for her to verify the costs or the reasonableness of those costs. Because of this she would oppose future attempts by WWD to revise its claim and recommended that in the future legal invoices provide descriptions of legal work performed, hours spent on the WWD matter and applicable billing rates.<sup>25</sup>

Two adjustments were recommended by Ms. Crane to the IFR funding. In the instant case, WWD requested an increase of \$445,000 to \$2,200,00. Ms. Crane recommended that the \$50,000 finance cost associated with the \$1 million of new debt for the treatment plant be eliminated, because this cost was already included in debt service schedule. Ms. Crane also recommended that the requested increase remaining

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<sup>24</sup> Id. at 15-17, Schedule ACC-4.

<sup>25</sup> Id. at 17-23; Schedules ACC-5, ACC-6.

after the elimination of the finance costs be reduced by 50% and described this increase as generous in light of WWD's own consultants' IFR estimates. Specifically, the Eisenhardt Report prepared for WWD with financial projections to support the new treatment plant showed IFR spending at significantly less than the \$2.2 million requested by WWD.<sup>26</sup>

Ms. Crane recommended that WWD continue to be allowed to collect an operating reserve of 1.5% of expenses. However, she applied the 1.5% to all costs except the renewal and replacement fund, the IFR and the debt service requirement consistent with the Commission's decision in WWD's last rate case, Docket No. 3626. Finally, Ms. Crane noted that previously WWD requested funding for 33 positions which the Commission approved despite her recommendation that funding only be approved for 32 positions. In the instant matter, WWD requested funding for 33.5 positions. Since FY 2005, WWD has not had 33 employees. In light of the fact that it has operated successfully since 2005 with less than 33 employees, Ms. Crane suggests that one unfilled position with associated benefits be eliminated and that in order to determine the savings of this that the Commission use an average annual salary to determine the amount to be excluded from WWD's revenue requirement claim as opposed to eliminating costs for one specific position.<sup>27</sup>

#### **IV. Woonsocket Water Department's Rebuttal Testimony**

On April 20, 2007, Woonsocket Water Division filed the rebuttal testimony of Walter E. Edge, Jr. Mr. Edge noted that he had reviewed the testimony of Ms. Crane and found most of her suggested adjustments to be reasonable. Specifically, he found her

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<sup>26</sup> Id. at 23-28; Schedule AAC-7.

<sup>27</sup> Id. at 28-32; Schedule AAC-8.

adjustments to light and power, engineering services, rate case costs and IFR Program to be reasonable. He also agreed with the methodology used by Ms. Crane in calculating the Operating Reserve Allowance.<sup>28</sup>

In his rebuttal testimony, Mr. Edge noted two adjustments made by Ms. Crane with which he disagreed. The first was her adjustment to operating revenues where Ms. Crane used a two year period for her calculation which Mr. Edge noted would result in a shortfall of revenue and cause the postponement of improvements necessary to the distribution system. Mr. Edge pointed out that Ms. Crane's adjustment for the rate year residential sales could be achieved while her adjustment to rate year commercial sales is highly unlikely. He supported his comments regarding commercial sales by noting that they are not usually impacted by weather and pointed out that in the last five years, commercial water sales have not fluctuated as a result of changes in the weather. He pointed out that since 2002, commercial water sales have decreased and that there is no evidence supporting nor is it his opinion that there will be a change in the downward trend. Because of this he recommended that to calculate rate year commercial revenue, he would continue to use the test year sales level resulting in an adjustment to a rate year operating revenue adjustment of \$187,626.<sup>29</sup>

Mr. Edge also noted an issue with Ms. Crane's adjustment to WWD's health insurance costs. He pointed out that while Ms. Crane's 10.5 % adjustment for the rate year appeared reasonable, she, by her own admission, did not have the actual health insurance costs or the true-up for the previous 5 years. Mr. Edge obtained the actual cost of health insurance for the test year in the amount of \$746,850; however, the true-up of

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<sup>28</sup> WWD Exhibit No. 2, Rebuttal Testimony of Walter E. Edge, Jr., at 1.

<sup>29</sup> Id. at 2-3.

\$379,028 was for more than one year. Because of this uncertainty, Mr. Edge assumed the true up to be for a five year period and recommended adding \$75,806 to Ms. Crane's \$47,118 adjustment.<sup>30</sup>

## **V. Settlement of the Parties**

On May 11, 2007, WWD and the Division jointly filed a Settlement Agreement and requested Commission approval of the same. The Settlement Agreement requested a 16.02 % increase over present rate revenues for an increase of \$1,136,317 for a total net revenue requirement of \$8,277,316. The increase applies to all customers equally and the rate design changes made in Docket No. 2904 remain in effect. The Division and WWD agreed to the consumption figures for residential and commercial/industrial to be 1,181,122 HCF and 471,852 HCF, respectively. Total rate year revenues at the current rates are settled at \$7,090,999. With regard to the debt service level, WWD and the Division agreed that the \$1,832,067 debt service level include \$42,050 in borrowing costs in order to borrow \$1 million in new bonds related to preliminary work for the new treatment plant and the obligation related to the Clean Water Finance Revenue Bond approved in Division Docket No. D-05-05. The Division and WWD agreed to fund all other accounts at the levels reflected in their settlement schedules.<sup>31</sup>

## **VI. Hearing**

On May 21, 2007, the Commission conducted a public hearing to consider the proposed settlement. The following appearances were entered:

FOR WOONSOCKET WATER: Alan Shoer, Esq.  
Adler, Pollock & Sheehan

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<sup>30</sup> Id. at 4-5.

<sup>31</sup> WWD and Division Joint Exhibit No. 1, Settlement Agreement.

FOR THE DIVISION:

Leo Wold, Esq.  
Special Assistant Attorney General

FOR THE COMMISSION:

Patricia S. Lucarelli, Esq.  
Chief of Legal Services

Mr. Shoer presented the witnesses for WWD, Ms. Lariviere, Mr. Bebyn and Mr. Edge, as a panel along with the Division's witness, Ms. Crane. Mr. Edge testified that he had a couple of minor changes to make to his pre-filed testimony, that were corrected for the record. Mr. Edge testified that as a settlement, WWD accepted a significant number of adjustments made by Ms. Crane and that two issues, health insurance and operating revenue, were ultimately agreed to in settlement of the case.<sup>32</sup> Mr. Edge provided a brief review of the settlement agreement noting that the parties agreed to a net revenue requirement of \$8,227,316, an increase of 16.02 percent or \$1,136,317.<sup>33</sup> Both WWD and the Division noted that they supported the settlement agreement, and that WWD would likely return in the near future seeking an increase in rates.<sup>34</sup> Although a site for the new plant has not yet been determined, WWD must have it built by 2011 in order to avoid fines and penalties.<sup>35</sup>

In response to questioning from Commission staff, WWD reiterated the information that it had provided through pre-filed testimony and responses to data requests filed by both the Division and the Commission. Regarding rate case expense, WWD spent a considerable amount of time explaining why the amount sought in this filing was significantly higher than previous filings.<sup>36</sup> Mr. Edge explained that the \$8,000 sought for transcript fees was based on what was approved in the last case as well

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<sup>32</sup> Transcript of Hearing, May 21, 2007 ("Tr.") at 17.

<sup>33</sup> Tr. at 18.

<sup>34</sup> Tr. at 18-19.

<sup>35</sup> Tr. at 20, 121.

<sup>36</sup> Tr. at 107-108.



as what was the estimated cost based on an anticipated three days of hearings.<sup>37</sup> WWD was also questioned regarding certain legal expenses and agreed to provide detailed information to the Commission for the particular bills for which the Commission desired additional information.<sup>38</sup> Mr. Shoer, attorney for WWD, requested that the information be considered “under confidentiality” as it contained “attorney/client discussions and privileged information.”<sup>39</sup> In addition to the written documentation provided to the Commission, WWD also indicated that the hourly rate charged by its attorney is significantly lower than the attorney’s usual charges for legal services.<sup>40</sup>

Subsequent to the hearing, on June 13, 2007, WWD filed an Amended Settlement Agreement in order to address an unintentional omission of several thousand HCF of rate year water consumption. Because of this omission, WWD recalculated consumption. This recalculation had the effect of reducing the proposed commodity rate from \$3.96 to \$3.92 per HCF and reclassified a portion of residential consumption to commercial consumption. The rate year HCF was increased by 15,456 HCF over the original settlement agreement and resulted in a proposed decrease from the original settlement agreement in the rate year revenue figure of \$44,653. The adjustments in consumption also take into effect related costs for electricity and chemicals. After the calculations were completed, the requested increase in rate revenue by WWD was for 15.3% or \$1,091,664.<sup>41</sup> On July 31, 2007, WWD filed tariffs that are in compliance with the Amended Settlement.<sup>42</sup>

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<sup>37</sup> Id.

<sup>38</sup> Tr. at 113-116.

<sup>39</sup> Tr. at 116.

<sup>40</sup> Commission Exhibit 2, Response No. 1

<sup>41</sup> A copy of the Amended Settlement Agreement is attached hereto as Appendix A and is incorporated by reference herein.

<sup>42</sup> Copies of the tariffs are attached hereto as Appendix B and are incorporated by reference herein.

## **VII. Commission Findings**

On June 14, 2007, the Commission rendered its decision at an Open Meeting. The Commission approved the Amended Settlement submitted by the parties with one modification to rate case expense. The Commission found that rate case expense was reasonable; however, it reduced the amount funded for transcripts from \$8,000 to \$1,000, the remaining \$7,000 to be put into the IFR account over the period of two years. The Commission concluded that because it was charged approximately \$860 for original transcripts for two hearings, it was unlikely that the WWD would be billed more for copies, and thus found that \$1,000 was a reasonable allowance for transcripts.

In the prior Docket, No. 3626, a portion of the Maintenance – Roads and Walks expense was disallowed, because WWD did not provide evidence that a city policy requiring curb to curb repaving when an entity, including WWD, opens up a road that is less than five (5) years old was applied consistently to all entities. In light of the evidence provided by WWD, through testimony and data request responses, that there is a uniformly enforced formal repaving policy,<sup>43</sup> the Commission found the requested amount for Maintenance – Roads and Walks to be reasonable and approved such request.

The Commission accepted the parties' settlement to use test year consumption for commercial consumption and a two year average for residential consumption. Mr. Edge provided testimony at the hearing that residential consumption was mostly a function of the weather and did not show a trend, but that commercial consumption was not weather related and showed a clear downward trend with no variation. Mr. Edge testified that using a two year average for commercial consumption would suggest that in 2007

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<sup>43</sup> See footnote 5 above; Tr. at 61.

consumption would go up even though prior statistics show that for the last five years commercial consumption has decreased. He noted when a mill burns down, WWD loses a large commercial customer and while it may pick up smaller customers, it loses a tremendous amount of consumption. Also, he believes that commercial consumption will level off.<sup>44</sup> This testimony provided sufficient rationale for the Commission to accept WWD's using test year consumption for commercial consumption and a two year average for residential consumption as the basis for rate year consumption.

Also in the prior Docket, No. 3626, the Commission prohibited WWD from using ratepayer funds "for the purpose of regionalization or privatization studies." In the current docket, WWD is seeking to use \$150,000 in ratepayer money for a study, the purpose of which as noted by Mr. Edge is, to increase wholesale sales and not for the sale of the system.<sup>45</sup> The Commission accepted Mr. Edge's explanation that the present intent of WWD is to promote wholesale growth and thus increase wholesale sales and allowed the requested amount to be used for the study.

The Commission found that WWD has a total revenue requirement of \$8,227,316. This results in a \$1,091,664 or 15.3% increase over current rates. The Commission finds that the rates were supported by the evidence, just and reasonable, and in the interest of ratepayers.

Accordingly, it is hereby

(19034 ) ORDERED:

1. Woonsocket Water Department's abbreviated rate filing dated December 8, 2006 is hereby denied and dismissed.

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<sup>44</sup> Tr. at 31-34.

<sup>45</sup> Tr. at 130-137. Commission Exhibit I, No.1.

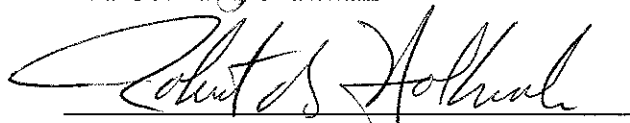
2. Woonsocket Water Department is granted a total cost of service of \$8,227,316 from rates, and is granted an increase to rates in the amount of \$1,091,664, or 15.3%, effective for usage on and after July 1, 2007.
3. Woonsocket Water Department's requested rate case expense of \$146,728 shall be reduced by \$7,000 to reflect transcript expenses of \$1,000 for a total rate case expense of \$139,728 being approved and authorizes that amount to be amortized over a two year period. The \$7,000 reduction shall divided equally and be put into the Infrastructure Replacement ("IFR") account for each of the following two years.
4. Woonsocket Water Department shall restrict the following accounts in the following amounts: Rate Case Expense - \$69,864, Debt Service - \$1,832,067, Renewal and Replacement - \$150,000, IFR - \$1,956,000, Chemicals - \$296,000.
5. Woonsocket Water Department shall continue to provide periodic reports to the Commission every four months. Included with these reports shall be a status report on Woonsocket Water Department's progress in constructing a new treatment plant.
6. The Commission finds Woonsocket Water Department's rate design to be reasonable.
7. The Parties shall act in accordance with all other findings and instructions contained in this Report and Order.


EFFECTIVE AT WARWICK, RHODE ISLAND, PURSUANT TO OPEN MEETING  
DECISION ON JUNE 14, 2007. WRITTEN ORDER ISSUED AUGUST 8,  
2007.

PUBLIC UTILITIES COMMISSION



  
Elia Germani, Chairman

  
Robert B. Holbrook, Commissioner

  
Mary E. Bray, Commissioner

APPENDIX A

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION**

**IN RE:           WOONSOCKET WATER DIVISION    )       DOCKET NO. 3800**  
                  **ABBREVIATED RATE FILING            )**

**AMENDED SETTLEMENT AGREEMENT**

This Amended Settlement Agreement ("Settlement Agreement" or "Settlement") is entered into by and between Woonsocket Water Division ("WWD") and the Division of Public Utilities and Carriers ("Division") and referred to collectively with WWD as the "Parties" in order to resolve the issues pending in the above-captioned proceeding. The Parties jointly request approval of this Amended Settlement Agreement by the Rhode Island Public Utilities Commission ("Commission").

**I. RECITALS**

Pursuant to R.I.G.L. § 39-3-11, on December 8, 2006, WWD filed with the Commission an Abbreviated Filing for Rate Change. In the initial filing, WWD requested approval of new rates designed to collect additional revenues in a 12-month period equal to \$1,720,064, over the current rates and charges, or an increase of approximately 24.9%. The increase was designed to apply equally to all customer classes. The filed total revenue requirement was \$8,623,437.

In response to WWD's filing, the Division conducted an investigation of WWD's proposed rate request through sets of data requests, by the aid of its public utilities rate analyst, John Bell, C.P.A. and the Division's consultant Andrea C. Crane. The Division, through its consultant Ms. Crane, filed direct testimony, dated March 23, 2007. In the Division's testimony, Ms. Crane recommended several adjustments to the WWD's request for additional revenues concerning the

following items: Pro Forma Operating Revenues; Light and Power expenses; Health Insurance Costs; Engineering Services; Rate Case Costs; IFR and Operating Revenue allowance. The Division's adjustments, taken together, suggested a revenue increase for WWD of \$908,701 or 12.5% over present rates.

On April 20, 2007, WWD filed Rebuttal Testimony through its consultant Walter E. Edge, Jr. Mr. Edge's Rebuttal Testimony concurred with the Division's proposed adjustments with respect to the following items: Light and Power Expenses; Engineering Services; Rate Case Costs, IFR and Operating Reserve Allowance. The only two items that remained in dispute concerned Operating Revenues and Health Insurance Costs.

After due consideration of the Parties' testimony, exhibits and other documentation included in the filings of WWD and the Division, the Parties have now agreed to a settlement which resolves all issues relating to WWD's Abbreviated Rate Filing. Schedules reflecting the settlement are restated and incorporated in this Settlement Agreement by reference and described as follows: The Rate Year Summary ("Schedule SETTLEMENT- 1"); Statement of Revenue – Rate Year ("Schedule SETTLEMENT - 1A"); Expense Summary – Rate Year ("Schedule SETTLEMENT – 1B"); Calculation of Operating Reserve ("Schedule SETTLEMENT – 1C"); Calculation of Test Year Consumption ("Schedule SETTLEMENT – 1D"); Comparison of Existing and Proposed Rates and Charges ("Schedule SETTLEMENT – 2"); Proof of Revenues ("Schedule SETTLEMENT – 3"); and Impact of Proposed Rates ("Schedule SETTLEMENT – 4").

The Parties believe that this settlement, as a whole, constitutes a just and reasonable resolution of the issues in this proceeding. The Parties jointly request its approval by the Commission.

## **II. TERMS OF SETTLEMENT**

1. The Parties agree to a net revenue requirement of \$8,227,316 which is an increase of \$1,091,664 or 15.30% over WWD's present rate revenues. See Schedule SETTLEMENT – 1.
2. The increase shall be applied to all WWD customer classes equally. The rate design changes that were made in Docket 2904 as the result of a full cost allocations study shall remain in effect.
3. The Parties agree to the Division's residential consumption figure of 1,148,924 Hundred Cubic Feet ("HCF"). The Parties agree to WWD's Commercial/Industrial consumption figure of 519,506 HCF. See "Schedule SETTLEMENT 1D". Total rate year revenues at current rates are settled at \$7,135,652. See "Schedule SETTLEMENT 1A".
4. The Parties agreed to a debt service level in the rate year of \$1,832,067, as more fully set forth in schedule WEE-12 in WWD's Initial Filing. This debt service includes \$42,050 in borrowing costs in order to borrow \$1 million in new bonds related to the preliminary work towards the new treatment plant, as well as sufficient revenues to meet WWD's remaining debt service obligations, including its most recent Clean Water Finance Revenue Bond (approved by the Division on Feb 2, 2005 in Docket No. D-05-05).
5. All other accounts shall be funded at levels in the Rate Year as reflected in the attached "Schedule SETTLEMENT – 1B," for "Expense Summary – Rate Year."
6. This Settlement Agreement is the product of negotiation and compromise. The making of this agreement establishes no principles or precedents. This agreement shall not be deemed to foreclose any party from making any contention in any future proceeding or investigation.



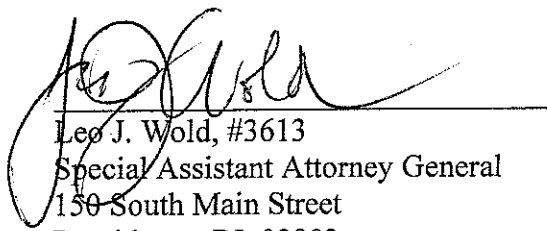
7. The acceptance of this agreement by the Commission shall not in any respect constitute a determination by the Commission as to the merits of any issue in any subsequent rate proceeding.

8. In the event that the Commission (i) rejects this Settlement Agreement, (ii) fails to accept this Settlement Agreement as filed, or (iii) accepts the Settlement Agreement subject to conditions unacceptable to any party hereto, then this Settlement Agreement shall be deemed withdrawn and shall be null and void in all respects.

9. The undersigned signatories hereby attest that each believes that the settlement is reasonable, in the public interest and in accordance with law and regulatory policy.

DIVISION OF PUBLIC UTILITIES  
AND CARRIERS  
By its attorney,

PATRICK C. LYNCH  
ATTORNEY GENERAL

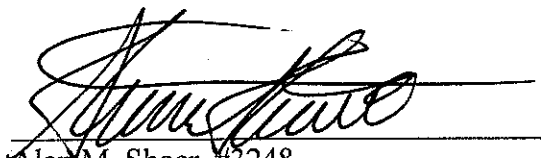


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WOONSOCKET WATER DIVISION

By its attorney,

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*Dated: June 11, 2007*

**RATE YEAR SUMMARY**  
**WOONSOCKET WATER DIVISION**

**Schedule SETTLEMENT-1**

	WWD Claim	WWD/Division Adjustment	Proposed Settlement	Rate Increase	Proposed New rates	
Revenue	\$ 6,903,373	\$ 232,278	\$ 7,135,652	\$ 1,091,664	\$ 8,227,316	15.30%
Expenses	8,623,437	(396,121)	8,227,316	(63,440)	8,163,876	
Net Profit	\$ (1,720,064)	\$ 628,399	\$ (1,091,664)	\$ 1,155,104	\$ 63,440	

Net revenue requirement	Rate Revenues	\$ 8,016,155
	Misc. Revenue	211,161
		<u>\$ 8,227,316</u>

**STATEMENT OF REVENUE - RATE YEAR**  
**WOONSOCKET WATER DIVISION**

Schedule SETTLEMENT-1A

ACCT. #	BUDGET ACCOUNT DESCRIPTION	WWD Claim	WWD/Division Adjustment	Proposed Settlement
<b>REVENUE</b>				
<i>Revenue from Rates and Charges</i>				
41010	Water Sales	\$ 5,145,211	A 232,278	\$ 5,377,489
	Wholesale Sales	199,006		199,006
	Customer Service Revenue	790,143		790,143
	Public Fire Service Revenue	497,582		497,582
	Private Fire Service Revenue	60,270		60,270
		6,692,212	232,278	6,924,491
<i>Miscellaneous Revenue</i>				
41030	Service & Extensions	66,243		66,243
41035	Repairs	8,663		8,663
41040	Miscellaneous Income	27,598		27,598
41070	Water Surcharge	22,891		22,891
42310	Interest on Bills	79,318		79,318
42320	Interest on Investments	6,448		6,448
	Interest on Restricted Accounts	-		-
		211,161	-	211,161
	<b>TOTAL REVENUE</b>	<b>\$ 6,903,373</b>	<b>\$ 232,278</b>	<b>\$ 7,135,652</b>

Adjustment (A)

Rate Year Consumption (Hcfs) (See Schedule SETTLEMENT-1D)	1,668,430	
Originally Claimed by WWD (Hcfs)	1,588,029	
Recommended Adjustment (Hcfs)	80,401	
Current Retail Rate (Hcf)	\$ 3.24	
Gross Revenue Adjustment	\$ 260,499	
Incremental Power and Chemical	(28,221)	(B)
Net Revenue Adjustment	\$ 232,278	

(B) Incremental Power and Chemical  
Adj (Hcfs) 80,401  
Cost per (Hcf) \$ 0.35 Rate per ACC-2  
\$ 28,221

**EXPENSE SUMMARY - RATE YEAR**  
**WOONSOCKET WATER DIVISION**

**Schedule SETTLEMENT-1B**

ACCT. #	BUDGET ACCOUNT DESCRIPTION	WWD Claim	WWD/Division Adjustment	Proposed Settlement
<b>EXPENSES</b>				
<i>Personnel Expense</i>				
51110	Permanent Services	\$ 1,312,822		1,312,822
51122	Temporary Labor	12,027		12,027
51141	Overtime Pay	122,321		122,321
51144	Out of Class	1,217		1,217
51145	Longevity Pay	43,631		43,631
51146	Medical Buy Back	5,953		5,953
51147	Sick Leave Reimbursement	4,522		4,522
51148	Comp Time Reimbursement	-		-
51149	Shift Differential	10,165		10,165
51153	Non-sick/Injury Bonus	1,250		1,250
51155	Bonus for Course	19,159		19,159
<i>Total Personnel Expenses</i>		1,533,067		1,533,067
<i>Maintenance &amp; Servicing Expenses</i>				
52211	Postage	18,466		18,466
52212	Telephone	25,929		25,929
52213	Dues & Subscriptions	4,033		4,033
52214	Advertising	6,017		6,017
52216	Travel Out of City	31		31
52219	Educational Training	7,523		7,523
52221	Printing & Reproducing	9,920		9,920
52231	General Maint. & Upkeep	54,269		54,269
52234	Vehicle & Outside Equip. Upkeep	17,586		17,586
52236	Maintenance - Office Equipment	2,778		2,778
52238	Maintenance - Roads & Walks	115,706		115,706
52239	Computer Software	2,026		2,026
52244	Land Rental Charges	2,043		2,043
52249	Other Rentals	4,307		4,307
52251	Heating	18,683		18,683
52252	Light & Power	269,182	B (16,537)	252,645
52255	Property & Fire Taxes	138,235		138,235
52256	Sewer Assessment	58,009		58,009
52258	State Pollution Monitoring Program	30,535		30,535
52260	Regulatory Assessments	30,013		30,013
52261	Conservation Services	1,070		1,070
52266	Police Details	8,553		8,553
52281	Other Independent Service	41,621		41,621
52282	Audit Service	6,250		6,250
52283	Legal Service	7,406		7,406
52289	Medical Examinations	201		201
52290	Engineering Service	100,000	C (60,084)	39,916
<i>Total Maintenance &amp; Servicing Expenses</i>		980,390	(76,621)	903,769
<i>Operating Supplies &amp; Expenses</i>				
53311	Office Supplies	3,520		3,520
53321	Gas & Diesel	27,878		27,878
53322	Tires & Batteries	122		122
53336	Chemicals - Water Supply	-		-

**EXPENSE SUMMARY - RATE YEAR**  
**WOONSOCKET WATER DIVISION**

**Schedule SETTLEMENT-1B**

ACCT. #	BUDGET ACCOUNT DESCRIPTION	WWD Claim	WWD/Division Adjustment	Proposed Settlement
<i>Operating Supplies &amp; Expenses (Continued)</i>		-		-
53344	Tools & Implements	9,022		9,022
53346	Cleaning & Housekeeping Supplies	1,619		1,619
53349	Other Supplies	66,540		66,540
53351	Lab Supplies	26,639		26,639
53363	Clothing & Footware	9,074		9,074
53366	Drug & Medical Supplies	1,280		1,280
53369	Clothing Allowance	4,613		4,613
<i>Total Operating Supplies &amp; Expenses</i>		150,306	-	150,306
<i>General Expenses</i>				
54413	Fiscal Certification	2,500		2,500
54434	FICA Employer Cost	117,280		117,280
54446	City Service Charges	281,162		281,162
54451	Insurance - Vehicles & Equipment	79,877		79,877
54452	Insurance - Workmen's Comp	82,189		82,189
54453	Insurance - Liability	123,261		123,261
54456	Insurance - Group Life	7,343		7,343
54471	Health Insurance	547,018		547,018
54472	Dental Insurance	32,172		32,172
<i>Total General Expenses</i>		1,272,802		1,272,802
<i>Restricted Account Expenses</i>				-
53336	Chemicals - Water Supply	296,000		296,000
54417	Operating Resrve	127,440	D (64,000)	63,440
54463	Infrastructure Replacement	2,200,000	E (247,500.00)	1,952,500
54464	Rate Case Expense	81,364	F (8,000.00)	73,364
54467	Debt Service Reimbursement Non-IFR	739,210		739,210
	Debt Service Reimbursement IFR	1,092,857		1,092,857
54473	Renewal & Replace Fund	150,000		150,000
<i>Total Other Miscellaneous Expenses</i>		4,686,871	(319,500)	4,367,371
<b>TOTAL EXPENSES</b>		<b>\$ 8,623,437</b>	<b>\$ (396,121)</b>	<b>\$ 8,227,316</b>

Excluding Operating Reserve      8,163,876

- B = electric adjustment per ACC-3.  
C = Elimination of flushing program per ACC-5.  
D = Reclaulation of Operating Reserve see Settlement-1C.  
E = Reduction of IFR program per ACC-7.  
F = Reduction of Rate case Reserve per ACC-6.

**CALCULATION OF OPERATING RESERVE  
WOONSOCKET WATER DIVISION**

**Schedule SETTLEMENT-1C**

	<b>Proposed Settlement</b>
<i><b>EXPENSES (See Settlement-1B)</b></i>	
<i>Total Personnel Expenses</i>	1,533,067
<i>Total Maintenance &amp; Servicing Expenses</i>	903,769
<i>Total Operating Supplies &amp; Expenses</i>	150,306
<i>Total General Expenses</i>	1,272,802
<i>Restricted Account Expenses</i>	
53336 Chemicals - Water Supply	296,000
54464 Rate Case Expense	73,364
<i>Total Other Miscellaneous Expenses</i>	369,364
<b>TOTAL</b>	<b>\$ 4,229,309</b>
<b>Ratio (See ACC-8)</b>	<b>1.5%</b>
<b>Settlement position</b>	<b>\$ 63,440</b>
<b>WWD Claim</b>	<b>\$ 127,440</b>
<b>adjustment</b>	<b>\$ (64,000)</b>

**CALCULATION OF TEST YEAR CONSUMPTION  
WOONSOCKET WATER DIVISION**

Schedule SETTLEMENT-1D

Residential (Hcfs) two year average	1,148,924 (A)
Commercial (Hcfs) Test Year Level	<u>519,506 (B)</u>
Corrected Consumption (Hcfs)	<u><u>1,668,430</u></u>

**Total Per Annual Report filed with both the Commission and Division**

	<u>FISCAL</u> <u>2006</u>	<u>FISCAL</u> <u>2005</u>	
Residential (Ccfs)			
1	48,497,952	55,326,732	
2	53,428,848	61,352,616	
9	4,927,468	6,253,208	
<b>TOTAL Res.</b>	<u>106,852,268</u>	<u>122,932,556</u>	<b>(A)</b>
Commercial (Ccfs)			
3	1,205,288	1,373,996	
5	47,185,209	55,459,782	
7	457,828	507,340	
8	143,603	200,458	
9	2,958,680	3,480,800	
<b>TOTAL Comm.</b>	<u>51,950,608</u>	<u>61,022,376</u>	<b>(B)</b>
<b>TOTAL</b>	<u><u>158,802,876</u></u>	<u><u>183,954,932</u></u>	<b>Total agree with response to Division 1-17</b>

**Consumption data per response to Division 1-17**

<u>PERIOD</u>	<u>FISCAL</u> <u>2006</u>	<u>FISCAL</u> <u>2005</u>	
<u>RTE</u>	<u>CONSUMPTION</u>	<u>CONSUMPTION</u>	<u>NOTE:</u>
1	48,497,952	55,326,732	RTE 1 RESIDENTIAL CUSTOMERS CITY OF WOONSOCKET
2	53,426,848	61,352,616	RTE 2 RESIDENTIAL CUSTOMERS CITY OF WOONSOCKET
3	1,205,288	1,373,996	RTE 3 SCHOOL DEPARTMENT CITY OF WOONSOCKET
5	47,185,209	55,459,782	RTE 5 COMMERCIAL CUSTOMERS CITY OF WOONSOCKET
7	457,828	507,340	RTE 7 MUNICIPAL DEPARTMENTS CITY OF WOONSOCKET
8	143,603	200,458	RTE 8 POLICE, FIRE, LIBRARY, CITY OF WOONSOCKET
9	7,886,148	9,734,008	RTE 9 RESIDENTIAL & COMMERCIAL CUSTOMERS OUTSIDE THE CITY OF WOONSOCKET
<b>TOTAL</b>	<u>158,802,876</u>	<u>183,954,932</u>	

Note Route 9 contains both Residential and Commercial Accounts  
Route 9 should be allocated since only Residential Accounts were averaged.

# Comparison of Existing and Proposed Rates & Charges

## Woonsocket Water Division

## Schedule SETTLEMENT-2

			Current	Proposed	% Increase
<u>Public Fire Protection</u>					
	4	Inch	\$ 110.82	\$ 130.74	17.97%
	6	Inch	\$ 321.91	\$ 379.76	17.97%
		Per Bill	\$ 14.00	\$ 7.84	-44.00%
<u>Private Fire Protection</u>					
	2	Inch	\$ 40.72	\$ 39.04	-4.13%
	3	Inch	\$ 78.20	\$ 83.06	6.22%
	4	Inch	\$ 143.30	\$ 159.68	11.43%
	6	Inch	\$ 368.44	\$ 424.83	15.31%
	8	Inch	\$ 756.98	\$ 882.26	16.55%
	10	Inch	\$ 1,329.48	\$ 1,556.63	17.09%
<u>Minimum Service Charge</u>					
	5/8	Inch	\$ 19.88	\$ 14.57	-26.72%
	3/4	Inch	\$ 22.34	\$ 17.39	-22.14%
	1	Inch	\$ 24.33	\$ 19.67	-19.16%
	1 1/2	Inch	\$ 33.14	\$ 29.77	-10.15%
	2	Inch	\$ 40.88	\$ 38.62	-5.52%
	3	Inch	\$ 51.16	\$ 50.23	-1.82%
	4	Inch	\$ 70.35	\$ 72.27	2.73%
	6	Inch	\$ 113.17	\$ 121.55	7.40%
	8	Inch	\$ 187.70	\$ 206.73	10.14%
	10	Inch	\$ 263.41	\$ 293.12	11.28%
<u>Metered Rates</u>					
Wholesale	Rate per 1,000,000 gallons		\$ 3,207.19	\$ 3,748.14	16.87%
Retail	Rate per 100 Cubic Feet		\$ 3.24	\$ 3.92	20.99%



**Proof of Revenues**  
**Woonsocket Water Division**

**Schedule SETTLEMENT-3**

		Count or Usage	Rate	Current Revenue	Proposed Revenue	Dollar Increase
<b><u>Public Fire Protection</u></b>						
4	Inch	30	\$ 130.74	\$ 3,325	\$ 3,922	\$ 598
6	Inch	1,535	\$ 379.76	\$ 494,132	\$ 582,928	\$ 88,796
	Per Bill	9	\$ 7.84	\$ 126	\$ 71	\$ (55)
				<u>\$ 497,582</u>	<u>\$ 586,921</u>	<u>\$ 89,338</u>
<b><u>Private Fire Protection</u></b>						
2	Inch	9	\$ 39.04	\$ 366	\$ 351	\$ (15)
3	Inch	5	\$ 83.06	\$ 391	\$ 415	\$ 24
4	Inch	49	\$ 159.68	\$ 7,022	\$ 7,824	\$ 802
6	Inch	89	\$ 424.83	\$ 32,791	\$ 37,810	\$ 5,019
8	Inch	19	\$ 882.26	\$ 14,383	\$ 16,763	\$ 2,380
10	Inch	4	\$ 1,556.63	\$ 5,318	\$ 6,227	\$ 909
				<u>\$ 60,271</u>	<u>\$ 69,391</u>	<u>\$ 9,120</u>
<b><u>Minimum Service Charge</u></b>						
5/8	Inch	33,976	\$ 14.57	\$ 675,443	\$ 494,988	\$ (180,455)
3/4	Inch	1,100	\$ 17.39	\$ 24,574	\$ 19,134	\$ (5,440)
1	Inch	1,428	\$ 19.67	\$ 34,743	\$ 28,087	\$ (6,656)
1 1/2	Inch	260	\$ 29.77	\$ 8,616	\$ 7,741	\$ (875)
2	Inch	512	\$ 38.62	\$ 20,931	\$ 19,775	\$ (1,156)
3	Inch	28	\$ 50.23	\$ 1,432	\$ 1,406	\$ (26)
4	Inch	56	\$ 72.27	\$ 3,940	\$ 4,047	\$ 108
6	Inch	72	\$ 121.55	\$ 8,148	\$ 8,752	\$ 603
8	Inch	60	\$ 206.73	\$ 11,262	\$ 12,404	\$ 1,142
10	Inch	4	\$ 293.12	\$ 1,054	\$ 1,172	\$ 119
				<u>\$ 790,143</u>	<u>\$ 597,507</u>	<u>\$ (192,636)</u>
<b><u>Metered Rates</u></b>						
Wholesale	Rate per 1,000,000 gallons	62	\$ 3,748.14	\$ 199,006	\$ 232,572	\$ 33,566
Retail	Rate per 100 Cubic Feet	1,668,430	\$ 3.92	<u>\$ 5,405,713</u>	<u>\$ 6,540,597</u>	<u>\$ 1,134,884</u>
				<u>\$ 5,604,719</u>	<u>\$ 6,773,169</u>	<u>\$ 1,168,450</u>
Total Rates and Charges				\$ 6,952,716	\$ 8,026,987	\$ 1,074,272
Misc Revenue				<u>\$ 211,161</u>	<u>\$ 211,161</u>	<u>\$ -</u>
Total Revenue				\$ 7,163,876	\$ 8,238,148	\$ 1,074,272
Revenue Required					8,227,316	
Variance					\$ 10,832	
					0.13%	

Impact of Proposed Rates  
Woonsocket Water Division

Schedule SETTLEMENT-4

	Current Revenue	Proposed Revenue	Dollar Increase	% Increase
5/8 Inch Meter 7,000 cu ft/yr	\$ 306.32	\$ 332.69	\$ 26	8.61%
5/8 Inch Meter 10,000 cu ft/yr	\$ 403.52	\$ 450.28	\$ 47	11.59%
5/8 Inch Meter 20,000 cu ft/yr	\$ 727.52	\$ 842.32	\$ 115	15.78%
1 Inch Meter 50,000 cu ft/yr	\$ 1,717.32	\$ 2,038.78	\$ 321	18.72%
4 Inch Meter 500,000 cu ft/yr	\$ 16,481.40	\$ 19,890.14	\$ 3,409	20.68%
6 Inch Meter 1,000,000 cu ft/yr	\$ 32,852.68	\$ 39,688.31	\$ 6,836	20.81%
Wholesale	\$ 199,006.14	\$ 232,572.33	\$ 33,566	16.87%

APPENDIX B

**City of Woonsocket Water Department  
TARIFF  
Bulk Sales to Public Authorities for Resale**

Effective Date: July 01, 2007

Replaces Tariff Approved in Docket 3626 February 18, 2005

Usage

Sales to Public Authorities at Bulk. Includes any community currently tied into the City of Woonsocket and communities tied into the City's water system in the future.

Rates

For all quantities of Metered water: \$ 3,748.14 per million gallons

Billing and Payment

All charges billed under this tariff are rendered in arrears on a frequency determined by the assigned billing cycle, and are due and payable in full when rendered.

**City of Woonsocket Water Department  
TARIFF  
Public Fire Protection**

Effective Date: July 01, 2007

Replaces Tariff Approved in Docket 3626 February 18, 2005

**Usage**

Applies to all municipal customers served by the Woonsocket Water Department for service to public fire hydrants, based on the size of the hydrant connection.

**Rates**

For each Hydrant:	<u>Annual Charge</u>
4 inch	\$ 130.74
6 inch	\$ 379.76

Plus \$ 7.84 per billing

**Billing and Payment**

All charges billed under this tariff are rendered in arrears on a frequency determined by the assigned billing cycle, and are due and payable in full when rendered.

**City of Woonsocket Water Department  
TARIFF  
Private Fire Protection**

Effective Date: July 01, 2007

Replaces Tariff Approved in Docket 3626 February 18, 2005

**Usage**

Applies to all private fire connection services served by the Woonsocket Water Department for service to private fire service connections owned and maintained by the customer, based on the size of the connection.

**Rates**

For each Connection:	<u>Annual Charge</u>	<u>Quart. Charge</u>
2 inch	\$ 39.04	\$ 9.76
3 inch	\$ 83.06	\$ 20.77
4 inch	\$ 159.68	\$ 39.92
6 inch	\$ 424.83	\$ 106.21
8 inch	\$ 882.26	\$ 220.57
10 inch	\$ 1,556.63	\$ 389.16

Unmetered private hydrants will be charged as 6 inch connections.

**Billing and Payment**

All bills for private fire service are rendered annually in advance and are due and payable when rendered usage through private fire service shall be billed in arrears at the general metered water service rates.

**City of Woonsocket Water Department  
TARIFF  
Customer Service Charge**

Effective Date: July 01, 2007

Replaces Tariff Approved in Docket 3626 February 18, 2005

Usage

Applies to all metered customers served by the Woonsocket Water Department, exclusive of public and private fire service.

Rates

For each meter connection, the following charges shall apply:

<u>Meter Size</u>	<u>Quarterly</u>
5/8	\$ 14.57
3/4	\$ 17.39
1	\$ 19.67
1 1/2	\$ 29.77
2	\$ 38.62
3	\$ 50.23
4	\$ 72.27
6	\$ 121.55
8	\$ 206.73
10	\$ 293.12

Billing and Payment

All customer service charges billed under this tariff are rendered quarterly in advance and are due and payable in full when rendered.

**City of Woonsocket Water Department  
TARIFF  
Metered Sales**

Effective Date: July 01, 2007

Replaces Tariff Approved in Docket 3626 February 18, 2005

**Usage**

Applies to all metered customers served by the Woonsocket Water Department, including metered private fire service.

**Rates**

For all metered quantities except bulk sales to public authorities:

<u>Quarterly Use</u>	\$ 3.92 per 100 cubic feet
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**Billing and Payment**

All metered sales bills are rendered in arrears quarterly and are due and payable in full when rendered.

**City of Woonsocket Water Department  
TARIFF  
Miscellaneous Charges**

Effective Date: July 01, 2007

Replaces Tariff Approved in Docket 3626 February 18, 2005

**Water Truck Sales**

\$56 per truck load up to 10,000 gallons payable in advance

**Remove Meter**

\$31 per meter removal. \$26 per meter reinstallation

Billed in arrears with payment due and payable upon presentation.

**Shut-off/Turn-on**

Service Shut-off Charge: \$31

Service Turn-on Charge: \$31

**New Water Meters**

Billed at cost of materials and hours of labor plus 33.3% when installed at the customers request with in the sequence developed by City.

No charge when installed in the sequence developed by City.

**Installation and Repair Work**

Billed at cost of materials and hours of labor plus 33.3%. Estimated cost billed and collected in advance. Final bill prepared after completion of work. Under payments are due payable upon completion of the work. Refunds for overpayments to be paid within 30 days.

**ARB Installation**

\$47 per installation for City owned meters. Billed in arrears, due and payable when rendered.

**Interest Rate on Delinquent Accounts**

Bills delinquent after 30 days from the due date of the bill will accrue interest at the rate of 1.5% beginning from the due date of the bill.