
EXETER

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REF: 3540

Memorandum

To: Luly Massaro, Clerk
Rhode Island Public Utilities Commission

From: Jerry Mierzwa and Lafayette Morgan,
Exeter Associates, Inc.
Consultants to the Division of Public Utilities and Carriers

Date: December 4, 2017

Subject: Kent County Water Authority, Multi-Year Rate Plan Compliance Filing,
Notice of Proposed Tariff Change and Change in Rate Schedules
Docket No. 4611

Introduction

On October 27, 2017, Kent County Water Authority (KCWA) filed its Multi-Year Rate Plan Compliance Filing and Notice of Change in Rates pursuant to R.I.G.L. § 39-15.1-4 with the Rhode Island Public Utilities Commission (the "Commission"). The filing sought to implement the single step increase pursuant to the Commission-approved settlement of KCWA's proposed Multi-Year Rate Plan that was filed as part of its general rate increase request in Docket No. 4611. According to the compliance filing, KCWA is seeking to increase its rates to derive additional revenues of \$1,057,660 or 4.73 percent effective January 1, 2018. If granted, the impact of this request would be an across-the-board rate increase of 4.73¹ percent on all rate classes. For a residential customer that uses 2,000 cubic feet of water per quarter, the impact of this request would result in an increase of \$6.26 per quarter.

¹ In the Commission-approved settlement agreement, the \$1,057,660 step increase is stated as a 4.77% increase. Because KCWA was allowed a pass-through rate increase to reflect Providence Water's wholesale rate increase, KCWA's annual revenue is now higher. Therefore, the \$1,057,660 increase now translates to a 4.73% increase, although the dollar value remained unchanged from the settlement. #

Findings

We have reviewed KCWA's Compliance Filing to ensure KCWA's proposed rate increase complies with the Settlement Agreement reached between the parties in Docket No. 4611, and approved by the Commission. During our review, we examined the reasonableness of each of the elements (or line items) of the Step increase. We find that KCWA's Compliance Filing and Notice of Change in Rates is consistent with the Settlement Agreement. Therefore, we do not object to the implementation of the rates as filed by KCWA.