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May 11, 2018

Ms. Luly Massaro, Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: *Providence Water Supply Board*
Docket 4618

Dear Ms. Massaro:

Enclosed herewith please find an original and nine copies of the following documents:

1. The Bristol County Water Authority's Supplemental Objection To The Providence Water Supply Board's Request To Transfer Funds.

Please be advised that electronic copies of these documents have been sent to the service list.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough, Jr.

JAK/kf
Enclosures

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

IN RE: PROVIDENCE WATER SUPPLY BOARD : DOCKET No. 4618

**THE BRISTOL COUNTY WATER AUTHORITY’S SUPPLEMENTAL OBJECTION TO THE PROVIDENCE
WATER SUPPLY BOARD’S REQUEST TO TRANSFER FUNDS**

I. INTRODUCTION

On October 27, 2017, the Providence Water Supply Board (“Providence”) filed a request to transfer \$2,394,651.28 from its restricted Revenue Reserve Account to its unrestricted Operating Fund. On November 2, 2017, the Bristol County Water Authority (“BCWA”) objected to this request to the extent it was considered a motion pursuant to Rule 1.15 of the Rule of Practice and Procedure for the Rhode Island Public Utilities Commission (“Commission”). The BCWA filed its procedural objection so that it could issue data requests and examine Providence’s request beyond the ten days allowed for objecting to motions under Rule 1.15. The BCWA now objects to the merits of Providence’s request.

Providence seeks to transfer funds pursuant to the Commission’s ruling in Docket 4061 that allowed Providence to use funds in its restricted Revenue Reserve Account “to cover shortfalls in allowed revenues upon a showing by Providence Water Supply Board that the shortfall resulted from reduced consumption.” Providence has not made this showing and its request should be denied for two reasons:

1. Fiscal Year 2017 used to support Providence’s request is a “mixed” year that incorporates projected consumption from two different dockets and is not a representative rate year.
2. Providence’s request lacks an evidentiary basis.

II. ARGUMENT

1. Fiscal Year 2017 Is Not A Representative Rate Year

Providence's request to withdraw funds is based on its Fiscal Year 2017 consumption. However, the "allowed revenues" in this fiscal year come from two different dockets – 4571 and 4618 (See Direct Testimony of Nancy Parrillo, p. 2, and Exhibit NEP 1A). As set forth in Exhibits NEP 1A and NEP 2, the projected consumption set by the Commission in Docket 4571 was 26,033,052 hcf. In Docket 4618, the Commission lowered Providence's projected consumption to 25,850,849 hcf. Thus, Providence received rate relief in Docket 4618 as its rates were based on lower consumption numbers, and lower consumption results in higher per unit charges for water. Yet, Providence now seeks additional relief by using eight months of consumption from Docket 4571 that the Commission already deemed low and adjusted by virtue of its decision in Docket 4618.

Thus, the Commission should reject (or at least delay acting on) Providence's request until the conclusion of Fiscal Year 2018, which will conclude in less than sixty days on June 30, 2018. This will allow the Commission and the parties to examine Providence's consumption, and more important its revenues, for Fiscal Year 2018 under the new rates granted in Docket 4618. This is important because declining consumption and a resulting loss in revenues is not "an ongoing trend" despite Providence's claims to the contrary. (See Direct Testimony of Nancy Parrillo, p. 2) Providence acknowledges that in Fiscal Years 2011, 2012, 2014 and 2015 its total consumption *exceeded* that allowed by the Commission. (See Providence Response to BCWA 1-4). Typically, an increase in consumption results in excess revenues, and this may be the case

for Fiscal Year 2018, especially considering the new rates in effect. Thus, the Commission should not allow Providence the relief it seeks based on a “mixed” fiscal year.

2. Providence’s Request Lacks An Evidentiary Basis

Providence’s request should be rejected on evidentiary grounds for two reasons:

1. Providence has not made “a showing...that the shortfall [in allowed revenues] resulted from reduced consumption.”
2. Providence has submitted contradictory and unreliable evidence.

First, the evidence in this matter shows that there is no direct correlation between Providence’s consumption and its revenue. As referenced above, Providence acknowledges that its consumption exceeded the consumption projected by the Commission in Fiscal Years 2011, 2012, 2014 and 2015. (See Providence Response to BCWA 1-4) This should normally result in a utility collecting more revenue than projected. However, this does not appear to be the case with Providence. In fact, Providence claims that it collected *less* revenue than approved by the Commission in three of the four years where consumption exceeded projections. (See Providence response to BCWA 2-1). Thus, without a historic correlation between consumption and revenues, Providence cannot meet its burden of proving that its revenue shortfall resulted from reduced consumption.

Second, Providence submitted contradictory and unreliable evidence in support of its’ request. Examples of this include:

- Schedule NEP 1 states that revenues from water sales totaled \$55,201,099 in Fiscal Year 2017. However, Providence’s annual report filed with the Commission on April 5, 2018 shows \$55,613,295 in revenue from water sales. (See Exhibit 1 attached)
- Providence seeks to transfer \$2,394,651.28 from the Restricted Revenue Reserve Fund to the Operating Fund. Yet, the deficit between revenues and expenses in Fiscal Year 2017 was only \$762,779. (See Providence response to BCWA 1-5)

- In the Rhode Island Superior Court cases of Town of Burrillville vs. Clear River Energy, LLC, et. al. (P.C. No. 2017-1039) and Conservation Law Foundation, Inc. vs. Clear River Energy, LLC, et. al. (P.C. No 2017-1037), Providence was asked to provide consumption information for Fiscal Years 2014, 2015 and 2016. The consumption numbers Providence provided differed from those provided in NEP 2, which Providence filed in support of its request to transfer funds. In the aggregate, the consumption numbers in the Superior Court case were approximately 280,000 hcf higher than those submitted in this case. Providence claims that the consumption numbers submitted in the Superior Court case were wrong and the numbers submitted in this case are correct. (See Providence response to BCWA 2-2)

The burden of proof in this case is on Providence and the evidence simply does not support its request.

WHEREFORE, the Bristol County Water Authority prays that the Rhode Island Public Utilities Commission deny the Providence Water Supply Board's requests and that the Commission grant the relief sought herein.

BRISTOL COUNTY WATER AUTHORITY
By its attorney,



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CERTIFICATION

I hereby certify that on May 11, 2018, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

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EXHIBIT 1

Name of Respondent Providence Water Supply Board	This Report is: (1) <u>X</u> An Original (2) <u> </u> A Resubmission	Date of Report (Mo, Da, Yr) 3/28/2018	Year of Report 6/30/2017
WATER OPERATING REVENUES SUMMARY			
Account Name and Number (a)	Revenues Prior Year (b)	Revenues Current Year (c)	Variance Cols. (c) - (b) (d)
Service Charge Revenues	7,412,397	7,490,751	78,354
Residential Sales (461.1)	24,512,003	26,164,915	1,652,912
Commercial Sales (461.2)	11,865,460	11,862,811	-2,649
Industrial Sales (461.3)	513,852	578,329	64,477
Other Metered Sales (461.5) East Smithfield Surcharge	0	30,320	30,320
Other Sales to Public Authorities (464)	0	0	0
Sales for Resale (466)	16,929,522	17,007,837	78,315
Misc Metered Sales not listed (Refunds, 52230)	-25,022	-30,918	-5,896
Total Metered Water Revenues (from p7, Ln57)	53,795,815	55,613,295	1,817,480
Public Fire Protection Sales (462.1)	1,133,276	1,231,790	98,514
Private Fire Protection Sales (462.2)	2,560,507	2,906,766	346,259
Providence Fire Protection Sales	1,189,662	1,189,280	-382
Subtotal Fire Protection Sales (462)	4,883,444	5,327,836	444,391
TOTAL WATER SERVICE REVENUES	66,091,656	68,431,882	2,340,225
Forfeited Discounts/ Interest Charges (470)	0	0	0
Miscellaneous Service Rev. (47045,47040,48001)	543,438	668,738	125,300
Explain: Forest Product Sales	92,450	73,053	-19,397
Impact Fee Revenue	60,570	75,250	14,680
State Grant	0	0	0
Rents From Water Property (45200)	74,364	2,513	-71,851
Other: Proposed Audit Adjustment	0	0	0
TOTAL OTHER OPERATING INCOME	770,822	819,554	48,732
Other Water Revenues			
Disposal of Fixed Assets	22,517	4,517	-18,000
Non Service Charges Other Water Revenues (lead service)	0	181,031	181,031
Other Water Revenues	0	0	0
Utility Surcharge #1	185,255	182,080	-3,176
Utility Surcharge #2 - State Surcharge	0	0	0
Other: Interest on Delinquent Accounts	413,947	396,914	-17,033
TOTAL OTHER WATER REVENUES (474)	621,719	764,542	142,823
TOTAL WATER INCOME	67,484,197	70,015,977	2,531,780
Gain (loss) from Disposition of Property (414)	0	0	0
Nonoperating Rental Income (418)	0	0	0
Interest and Dividend Income (45100)	8,382	10,476	2,093
Other: Interest Other Recog. Bond Principle Forgiveness (45120)	396,153	269,430	-126,723
Nonutility - Water Quality Protection Rev. (47050,47058)	1,725,294	1,762,098	36,804
Nonutility Income - Other (45000,52550)	0	0	0
Decrease in Allowance	0	0	0
Nonutility Income (47410) Contribution in Aid of Construction	267,683	405,252	137,569
Miscellaneous Nonutility Expenses (426)	0	0	0
Tax Refund Revenue	168,702	0	-168,702
TOTAL NON OPERATING & OTHER INCOME	2,566,214	2,447,255	-118,959
TOTAL REVENUES (Forward to p5, line 5)	70,050,411	72,463,232	2,412,821