



State of Rhode Island  
Division of Public  
Utilities & Carriers

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May 18, 2018

**TO:** Luly Massaro, Commission Clerk

**From:** Patricia Smith *P. S.*  
Utility Analyst, Division of Public Utilities & Carriers

**Subject:** Docket # 4618: Providence Water Request to Use  
Revenue Reserve Funds

On October 27, 2017, Providence Water filed a request with the Commission to transfer \$2,394,651 from its Restricted Revenue Reserve account to the Operating Fund. According to the request, Providence Water experienced a revenue shortfall due to reduced consumption for the 12-month period ending June 30, 2017.

The Commission establish the criteria for utilization of the funds in the revenue reserve account in Report and Order # 20160 in Docket 4061. The order stated in part that "Two percent (2%) of the reserve shall be restricted and may only be used to cover shortfalls in allowed revenues upon a showing by Providence Water Supply Board that the shortfall resulted from reduced consumption".

According to Providence Water's filing, the consumption for FY 2017 was 25,261,135 HCF. This amount agrees with the amount reported in its recently filed annual report and resulted in a shortfall of 711,182 HCF when compared to the Commission allowed consumption level of 25,972,317 HCF. There was a rate change during fiscal year 2017 so to determine the Commission allowed consumption level the company used a blended figure which they calculated based on the level allowed in each docket and taking into account the time period each of the dockets were in effect during the fiscal year. Schedule NEP 1 of the filing shows that the reduction in consumption resulted in a revenue shortfall of \$2,394,651.

I reviewed the filing in detail along with all other documents submitted related to Providence Water's request. As part of my review, I also recalculated the amounts included in the filing. I verified that the calculations were accurate. I concluded that for the 12-month period ending June 30, 2017, Providence Water had a revenue shortfall of \$2,394,651 due to a decline in consumption and that they have met the criteria establish by the Commission Order in Docket 4061 for making the requested transfer. The Division recommends approval of Providence Water's request as filed.